



Labor, Employment & Benefits Alert
January 2011

Governor Patrick Proposes Municipal Health Care Changes

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Massachusetts Governor Deval Patrick has recently filed legislation intended to help cities and towns save on the increasing cost of public employee health care. The legislation, entitled “An Act Further Strengthening the Commonwealth’s Partnership with its Municipalities,” would make two major changes to municipal health care, and Governor Patrick has stated that, if adopted, these changes could save cities and towns in the Commonwealth over \$120 million.

First, the bill would require that, by Fiscal Year 2012, every Massachusetts municipality must provide health insurance coverage to its employees either through the Commonwealth’s Group Insurance Commission (“GIC”), or through an insurance plan “with benefits of comparable actuarial value” to those provided by the GIC. Public employers have been permitted to participate in the GIC since 2008; however, to date only 31 municipalities and regional school districts have voluntarily joined the GIC. Part of the impediment to greater municipal participation in the GIC has been resistance from public employee unions. The current law requires that, in order to join the GIC, a municipality must negotiate an agreement with union representatives and gain approval of the unions representing at least 70% of the municipality’s employees. Under the Governor’s proposed plan, if a municipality and its unions cannot reach such an agreement within a prescribed time period, the municipality will have the authority to transfer its employees’ health coverage to either the GIC or a comparable plan, without union approval.

The second major part of the proposed bill would require all municipal employers to move retirees eligible for Medicare into that federal program. While the current law allows municipalities to adopt a local option to move retirees to Medicare, it has never been required, and many cities and towns have not adopted the local option.

The proposal likely to cause the most debate in the Legislature is the one which would give a municipality the authority to transfer employees’ health coverage to the GIC without union agreement. Health insurance matters have long been recognized as mandatory subjects of bargaining, and public employers have been prohibited from making major health insurance changes without bargaining to agreement or impasse with the unions. While House Speaker Robert A. DeLeo has voiced support for curtailing the power of unions to prevent a move to the GIC, it remains uncertain if the proposal will find support in the



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Legislature and how strong the opposition from public employee unions will be. The answers will come as the 2011 Legislative Session proceeds.

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If you have any questions or concerns about the material in this Advisory, please contact Katherine A. Hesse, Brian P. Fox, Kevin F. Bresnahan or the attorney assigned to your account at (617) 479-5000.

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