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By Mr. Donahue, a petition of Maurice A. Donahue for legislation to provide a contributory group hospital, surgical, medical and other health insurance program to be known as optional medicare extension to active and retired state employees and of certain political subdivisions as a supplement to the Federal Health Insurance for the Aged Act. Insurance.

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## The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Sixty-Six.

AN ACT TO PROVIDE A CONTRIBUTORY GROUP HOSPITAL, SURGICAL, MEDICAL AND OTHER HEALTH INSURANCE PROGRAM TO BE KNOWN AS OPTIONAL MEDICARE EXTENSION TO ACTIVE AND RETIRED EMPLOYEES OF THE COMMONWEALTH AND OF CERTAIN POLITICAL SUBDIVISIONS AS A SUPPLEMENT TO THE FEDERAL HEALTH INSURANCE FOR THE AGED ACT.

1 *Whereas*, The deferred operation of this act would tend to  
2 defeat its purpose, which is to immediately make available a  
3 contributory group hospital, surgical, medical and other  
4 health insurance program to be known as Optional Medicare  
5 Extension to active and retired employees of the common-  
6 wealth and their dependents and to active and retired em-  
7 ployees and their dependents of certain counties, cities, towns  
8 and districts as a supplement for coverage under the Federal  
9 Health Insurance For The Aged Act, therefore it is hereby  
10 declared to be an emergency law, necessary for the immediate  
11 preservation of the public convenience.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1 SECTION 1. Section 2 of chapter 32A of the General Laws  
2 as most recently amended by chapter 647 of the acts of 1962  
3 is hereby amended by adding after paragraph (f) the follow-  
4 ing paragraph: —

5 (g) "Optional Medicare Extension", a program of hospital,  
6 surgical, medical, dental and other health insurance authorized

9 ance shall be reduced to one thousand dollars of group life  
10 insurance and the retired employee shall make payment of  
11 fifty percent of the average group premium as determined by  
12 the commission for the group life insurance. Further, the  
13 group general or blanket insurance providing hospital, surgical,  
14 medical and other health insurance as provided under sections  
15 five and ten C, as may be applicable, shall be continued and  
16 the retired employee shall pay fifty percent of the average  
17 group premium as determined by the commission for such  
18 hospital, surgical, medical and other health insurance. The  
19 commonwealth shall contribute the remaining fifty percent of  
20 the average group premium costs.

21 Prior to retirement, an insured employee who terminates  
22 his service with the commonwealth and who has a right to  
23 retire but whose retirement is deferred as provided in sec-  
24 tion ten of chapter thirty-two shall for the purposes of this  
25 chapter only be deemed to have been granted a leave of ab-  
26 sence without pay and may continue all insurance coverages  
27 to which he would have been entitled if he had not terminated  
28 his services; provided, he files an application therefor with  
29 the commission, and makes payment for the entire cost of  
30 such insurance, with no contribution by the commonwealth,  
31 to the commission in such manner as it may prescribe.

32 Any policy or policies issued under this chapter shall pro-  
33 vide that, on termination of employment, an employee shall be  
34 entitled to convert his insurance to an individual type of policy,  
35 subject to the provisions of section one hundred and thirty-  
36 four of chapter one hundred and seventy-five with respect to  
37 life insurance, and subject to the requirements of the com-  
38 mission with respect to the other insurance coverages pro-  
39 vided in this chapter. No employee will be permitted to con-  
40 vert his insurance on separation from service more than one  
41 time if such converted insurance would result in a greater  
42 amount of insurance than is provided in section six.

1 SECTION 6. Section 10B of chapter 32A of the General  
2 Laws, as amended by chapter 461 of the acts of 1964 is hereby  
3 further amended by adding at the end of the second sentence

4 the following sentence: — Such schedule of benefits for elderly  
5 governmental retirees may include the payment of any pre-  
6 mium which may be required by the federal health insurance  
7 act, referred to in paragraph (g) of section two to be paid  
8 by the enrollee thereof. — and by adding at the end of para-  
9 graph (e) the following sentence: — Each such retiree or his  
10 dependent may also authorize the withholding of any pre-  
11 mium which may be required by the federal health insurance  
12 act, referred to in paragraph (g) of section two to be paid  
13 by enrollee thereof, or make direct payment to the commis-  
14 sion as it may determine, and the commission shall transmit  
15 all such amounts to the appropriate federal agency on behalf  
16 of such employee in a manner prescribed by said agency.

1 SECTION 7. Chapter 32A of the General Laws is hereby  
2 further amended by inserting after section 10B the following  
3 section: —

4 *Section 10C.* The commission shall negotiate with and pur-  
5 chase on such terms as it deems to be in the best interest  
6 of the commonwealth, certain political subdivisions that have  
7 been approved by the commission for inclusion under this  
8 section, and the active and retired employees and their de-  
9 pendents insured or eligible to be insured under this chapter  
10 including the surviving spouse of said employees who are  
11 eligible for medicare, from one or more insurance companies  
12 or non-profit hospital, medical, or other service corporations,  
13 a policy or policies of group general or blanket insurance  
14 providing hospital, surgical, medical, dental and other health  
15 insurance to be known as optional medicare extension. Said  
16 policy or policies shall consist of one or more schedules of  
17 benefits which, as determined by the commission, may be  
18 related to the schedule of benefits purchased by the common-  
19 wealth under the provisions of section four, or the schedule of  
20 benefits purchased by counties, cities, towns and districts  
21 under the provisions of sections three and five of chapter  
22 thirty-two B. Such schedule of benefits may include on behalf  
23 of any person insured under this section the payment of any  
24 premium which may be required by the federal health in-

25 surance act, referred to in paragraph (g) section two to be  
26 paid by any enrollee thereof. The claim experience of per-  
27 sons insured for optional medicare extension may, as deter-  
28 mined by the commission, be maintained apart from, or made  
29 a part of, the claim experience applicable to the schedules of  
30 benefits provided under section four, or sections three and  
31 five of chapter thirty-two B.

32 The commission shall execute all agreements or contracts  
33 pertaining to said policy or policies or any amendment thereto  
34 for and on behalf and in the name of the commonwealth for  
35 a period not exceeding five years as it may, in its discretion,  
36 deem to be the most advantageous to the commonwealth; pro-  
37 vided, however, that the portion of the cost of the premium to  
38 be borne by the commonwealth shall not exceed the estimated  
39 monthly cost for which funds have been appropriated by the  
40 general court for the then current fiscal year.

41 Every policy whether original or renewal shall, in the case  
42 of all persons insured under this section who immediately  
43 prior to the effective date of such original or new policy  
44 were covered by group insurance benefits under this chapter or  
45 under chapter thirty-two B, provide protection by continuing  
46 uninterrupted coverage without regard to waiting periods for  
47 benefits.

48 (a) Each person or his dependent to which this section  
49 applies shall furnish the commission, in such form  
50 as it shall prescribe, such information as is necessary  
51 to be insured for optional medicare extension, and shall  
52 authorize the withholding of the appropriate premium  
53 from salary, wages, compensation, pension, annuity  
54 or retirement allowance by the appropriate govern-  
55 mental agency or public authority. Each person may  
56 also authorize the withholding of any premium which  
57 may be required by the federal health insurance act,  
58 referred to in paragraph (g) of section two to be paid  
59 by any enrollee thereof, or may make direct payment  
60 to the commission as it may determine, and the com-  
61 mission shall transmit all such amounts to the ap-

62        appropriate federal agency on behalf of such enrollee in a  
63        manner prescribed by said agency.

64        (b) With respect to any period of insurance authorized by  
65        this section which is in effect for an active employee  
66        and his dependent as defined in section two, payment  
67        for such insurance shall be made as provided in section  
68        eight.

69        (c) With respect to any period of insurance authorized by  
70        this section which is in effect for an active employee  
71        or an active employee and his dependent of a county,  
72        city, town or district, notwithstanding any general or  
73        special law to the contrary, there shall be withheld  
74        from each monthly payment of salary, wages or other  
75        compensation by the appropriate public authority or  
76        the duly authorized representative thereof fifty percent  
77        of the premium for such insurance and the common-  
78        wealth shall make primary payment of the remaining  
79        fifty percent of said premium subject to reimbursement  
80        as authorized in paragraph (f) of this section.

81        (d) With respect to any period of insurance authorized by  
82        this section which is in effect for a retired employee  
83        and his dependent of a county, city, town or district  
84        notwithstanding the provisions of section nineteen of  
85        chapter thirty-two or any other general or special law  
86        to the contrary, there shall be withheld from each  
87        monthly payment of pension, annuity or retirement al-  
88        lowance, by the respective retirement system or by the  
89        appropriate retiring authority, fifty percent of the pre-  
90        mium for such insurance, and the commonwealth shall  
91        make primary payment of the remaining fifty percent  
92        of said premium subject to reimbursement as provided  
93        in paragraph (f) of this section.

94        (e) All amounts withheld from the salary, wages or other  
95        compensation of an active employee of a county, city,  
96        town or district shall be forwarded at least as often  
97        as monthly by the responsible governmental official to  
98        the commission in a manner prescribed by it and all  
99        amounts withheld from the pension, annuity or retire-

100 ment allowance of a retiree of a county, city, town or  
101 district shall be forwarded at least as often as monthly  
102 by the responsible governmental official of the teachers'  
103 retirement system, and of the retirement system es-  
104 tablished in a county, city, town or district as well as  
105 under any non-contributory pension or annuity to the  
106 commission in a manner prescribed by it.

107 (f) The commission shall determine at least annually, or  
108 sooner, the amount of premiums which shall be reim-  
109 bursed to the commonwealth by agencies thereof, by  
110 housing and redevelopment authorities and counties,  
111 cities, towns and districts having persons insured under  
112 this section. The commission shall also determine, at  
113 least annually, the portion of the commission's expense  
114 of administering this optional medicare extention pro-  
115 gram for such persons applicable to the agency, au-  
116 thority or political subdivision where they are em-  
117 ployed or from which they have retired. After such  
118 determinations, the commission shall certify the  
119 amounts determined as aforesaid to the state treasurer  
120 for assessment. The state treasurer shall issue a war-  
121 rant in the manner provided by section twenty of chap-  
122 ter fifty-nine requiring the counties, cities, towns and  
123 districts concerned to pay into the treasury of the  
124 commonwealth the amounts of such premium and ad-  
125 ministrative expenses attributable to such political sub-  
126 divisions. The aforementioned manner of payment  
127 shall not prevent the commission, when deemed neces-  
128 sary, to require a political subdivision from making  
129 payment directly to the state treasurer.

130 (g) Upon the death of an active or retired employee in-  
131 sured under this section, the surviving spouse may  
132 continue the insurance under this section, or the group  
133 hospital, surgical, medical, dental and other health  
134 insurance benefits provided under section five, which-  
135 ever may be applicable, and the duration of such in-  
136 surance, the determination and the amount of premium  
137 to be paid will be in accordance with section eleven.

- 138 (h) Any dividend or refund accepted by the commission  
139 from the carrier as a result of the contract negotiated  
140 under this section, shall be deposited by the commis-  
141 sion with the state treasurer as provided in section  
142 nine. The commission shall determine the amount of  
143 dividend or refund apportionable to the various coun-  
144 ties, cities, towns and districts having persons insured  
145 hereunder, and shall notify the state treasurer to re-  
146 duce the premium charges and administrative expenses  
147 attributable to the applicable political subdivision by  
148 the amount of refund so applicable. If no premium is  
149 payable by a political subdivision for the succeeding  
150 year, the commission shall certify same to the state  
151 treasurer who shall pay over the amount of such refund  
152 to the political subdivision entitled thereto.
- 153 (i) The commission may issue rules and regulations im-  
154 plementing the provisions of this section and such rules  
155 and regulations shall not be subject to the provisions  
156 of chapter thirty A.





