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By Mr. Dever of Arlington, petition of Edward J. Dever, Jr., for legislation to require an option for public employees to select health insurance from commercial insurers, non-profit or medical service corporations or health care organizations. Insurance.

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**The Commonwealth of Massachusetts**

In the Year One Thousand Nine Hundred and Seventy-Two.

AN ACT TO REQUIRE AN OPTION FOR PUBLIC EMPLOYEES TO SELECT HEALTH INSURANCE FROM COMMERCIAL INSURERS, NON-PROFIT HOSPITAL OR MEDICAL SERVICE CORPORATIONS OR HEALTH CARE ORGANIZATIONS.

*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 4 of chapter 32A of the General Laws,  
2 as amended by section 1 of chapter 389 of the acts of 1960, is  
3 hereby amended by striking out the first paragraph and in-  
4 serting in place thereof the following three paragraphs: —

5 The commission shall negotiate with and purchase, on such  
6 terms as it deems to be in the best interest of the common-  
7 wealth and its employees, from one or more insurance com-  
8 panies or savings banks a policy or policies of group life and  
9 accidental death and dismemberment insurance covering  
10 persons in the service of the commonwealth.

11 The commission shall also negotiate with and purchase, on  
12 such terms as it deems to be in the best interest of the  
13 commonwealth and its employees, from one or more insurance  
14 companies, from one or more non-profit hospital service or  
15 medical service corporations and from one or more health care  
16 organizations, (organizations, organized for the group practice  
17 of medicine and furnishing a specified or unlimited range of  
18 medical, surgical, hospital or other types of health care ser-  
19 vices), group general or blanket insurance, or its equivalent,  
20 providing medical, surgical and hospital benefits covering per-  
21 sons in the service of the commonwealth and their dependents.

22 The purpose of this paragraph is that every employee shall have  
23 the choice of obtaining the benefits described in this section  
24 from a commercial insurer, or from a non-profit hospital ser-  
25 vice or medical service corporation or both, or, where his place  
26 of residence makes the furnishing of such benefits feasible,  
27 from a health care organization. Benefits made available from a  
28 health care organization may be furnished through a com-  
29 mercial insurer, a non-profit hospital service or medical service  
30 corporation or directly. In entering into such a contract the  
31 commission shall determine the geographical area covered by  
32 the health care organization. Employees residing in such an  
33 area shall have the option of electing benefits through that  
34 health care organization. The schedule of benefits provided  
35 each employee and his dependents from one or more com-  
36 mercial insurers and from one or more hospital service or  
37 medical service corporations shall be as similar as practicable.

38 The commission may negotiate any contract required or  
39 authorized by this section for such term not exceeding five  
40 years as it may, in its discretion, deem to be the most advan-  
41 tageous to the commonwealth; provided, however, that the  
42 portion of the cost of the premium per month to be borne by  
43 the commonwealth shall not exceed the estimated monthly  
44 cost for which funds have been appropriated by the general  
45 court for the then current fiscal year. All agreements or con-  
46 tracts required or authorized by this section, and any amend-  
47 ments thereto, shall be executed for and on behalf and in the  
48 name of the commonwealth.

1 SECTION 2. Section 5 of chapter 32A of the General Laws,  
2 as most recently amended by section 2 of chapter 840 of the  
3 acts of 1965, is hereby further amended by inserting the  
4 following new second paragraph in said section 5: —

5 Each employee shall be given the option within thirty days  
6 of employment whether to elect medical, surgical and hospital  
7 benefits from a commercial insurer, from a non-profit hospital  
8 service or medical service corporation or both, or where fea-  
9 sible, from a health care organization. If such an employee  
10 does not exercise the option, he shall be assigned to the

11 commercial carrier or non-profit hospital service or medical  
12 service corporation, or both, which at the time of initial em-  
13 ployment has a contract with the commission providing bene-  
14 fits at the lowest cost to the commonwealth and the employee.  
15 Any election made by an employee may be changed no more  
16 often than once a year.

1 SECTION 3. Section 3 of chapter 32B of the General Laws,  
2 as amended by section 1 of chapter 100 of the acts of 1968, is  
3 hereby amended by striking out the first sentence of the first  
4 paragraph thereof and inserting in place thereof the following  
5 two paragraphs: —

6 Upon acceptance of this chapter as hereinafter provided, the  
7 appropriate public authority of the governmental unit shall  
8 negotiate with and purchase, on such terms as it deems to be  
9 in the best interest of the governmental unit and its employees,  
10 from one or more insurance companies or savings banks a  
11 policy or policies of group life and accidental death and dis-  
12 memberment insurance covering employees.

13 The appropriate public authority of the governmental unit  
14 shall also negotiate with and purchase, on such terms as it  
15 deems to be in the best interest of the governmental unit and  
16 its employees, from one or more insurance companies, from  
17 one or more non-profit hospital service or medical service  
18 corporations and, where feasible, from one or more health care  
19 organizations (organizations organized for the group practice of  
20 medicine and furnishing a specified or unlimited range of medi-  
21 cal, surgical, hospital or other types of health care services),  
22 group general or blanket insurance, or its equivalent, providing  
23 medical, surgical and hospital benefits covering persons in the  
24 service of the governmental unit and their dependents as pro-  
25 vided under section eleven and section eleven A if applicable.  
26 The purpose of this paragraph is that every employee shall have  
27 the choice of obtaining the benefits described in this section  
28 from a commercial insurer, or from a non-profit hospital ser-  
29 vice or medical service corporation or both, or, where his place  
30 of residence makes the furnishing of such benefits feasible,  
31 from a health care organization. Benefits made available from a  
32 health care organization may be furnished through a com-

33 merical insurer, a non-profit hospital service or medical service  
34 corporation or directly. The governmental unit shall only enter  
35 into a contract with a health care organization which provides  
36 services in an area where a substantial number of employees of  
37 the governmental unit reside. The schedule of benefits provided  
38 each employee and his dependents from one or more com-  
39 mercial insurers and from one or more hospital service or  
40 medical service corporations shall be as similar as practicable.  
41 All agreements or contracts required or authorized by this  
42 section, and any amendments thereto, shall be executed for  
43 and on behalf and in the name of such governmental unit.

1 SECTION 4. Section 4 of chapter 32B of the General Laws,  
2 as most recently amended by section 2 of chapter 841 of the  
3 acts of 1965, is hereby further amended by inserting the  
4 following new second paragraph in said section 4: —

5 Each employee shall be given the option within thirty days  
6 of employment whether to elect medical, surgical and hospital  
7 benefits from a commercial insurer, from a non-profit hospital  
8 service or medical service corporation or both, or where fea-  
9 sible, from a health care organization. If such an employee  
10 does not exercise the option, he shall be assigned to the  
11 commercial carrier or non-profit hospital service or medical  
12 service corporation or both, which at the time of initial em-  
13 ployment has a contract with the governmental unit providing  
14 benefits at the lowest cost to the governmental unit and the  
15 employee. Any election made by an employee may be changed  
16 no more often than once a year.