

# HOUSE . . . . . No. 5895

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## *The Commonwealth of Massachusetts*

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HOUSE OF REPRESENTATIVES, July 8, 1991.

The committee on Insurance, to whom was referred the petition (accompanied by bill, House, No. 1348) of Francis G. Mara, Shannon P. O'Brien, John F. Cox, Susan F. Rourke, Thomas P. Walsh and Marc R. Pacheco for legislation to improve access to affordable private health insurance, reports recommending that the accompanying bill (House, No. 5895) ought to pass.

For the committee,

FRANCIS G. MARA.

**The Commonwealth of Massachusetts**

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In the Year One Thousand Nine Hundred and Ninety-One.

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AN ACT RELATIVE TO ESTABLISHING CERTAIN ALTERNATIVE APPROACHES TO PROVIDING HEALTH INSURANCE FOR EMPLOYEES OF GOVERNMENTAL UNITS.

*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 16 of Chapter 32B of the General Laws  
2 is hereby amended by deleting the period at the end of the final  
3 paragraph and adding the following clause:  
4 “ ; provided however, that any governmental unit which as in  
5 any year made available coverage through a health maintenance  
6 organization shall be deemed to have accepted this section.”

1 SECTION 2. Chapter 32B of the General Laws, as appearing  
2 in the 1988 Official Edition, is hereby amended by adding after  
3 Section 17, the following new section:  
4 Section 18. (a) Notwithstanding the provisions of any other  
5 section in this chapter, the appropriate public authority of any  
6 governmental unit which as undertaken to provide health  
7 coverage to its employees, retirees, surviving spouses or  
8 dependents who shall hereafter be referred to as subscribers by  
9 acceptance of any other section of this chapter may instead elect  
10 to provide health coverage to all such subscribers pursuant to the  
11 provisions of this section, by entering into a contract or contracts  
12 with any one or more health carriers or through the group  
13 insurance commission as provided in subsections (d) and (e)  
14 below. This section shall be deemed to have been accepted by a  
15 governmental unit where all its public employers and the appro-  
16 priate employee organizations have reached agreement regarding  
17 health coverage and the public authority has, in conformity with  
18 any applicable collective bargaining agreements, entered into one  
19 or more contracts with a health carrier or carriers pursuant to the  
20 terms of this section or transferred subscribers to the group

21 insurance commission pursuant to subsections (d) or (e). Nothing  
22 in this section shall preclude a public employer from agreeing to  
23 establish a health and welfare trust under section fifteen of this  
24 chapter.

25 For purposes of this section, a health carrier shall include any  
26 insurance company, medical service corporation, hospital service  
27 corporation, health maintenance organization, preferred provider  
28 arrangement, or, in the case of a governmental unit which is  
29 partially or fully self-insured with respect to health coverage, any  
30 third party administrator selected by the governmental unit, which  
31 may include but is not limited to any health carrier.

32 The appropriate public authority may contract with a health  
33 carrier for direct coverage of subscribers, or for a combination  
34 of direct coverage for those subscribers for whom the carrier's  
35 geographic service area provides appropriate access and coverage  
36 for other subscribers in accordance with subsection (d) below.

37 (b) Nothing in this section shall be deemed to require, preclude  
38 or permit any change in any aspect of health coverage for active  
39 employees authorized by this section except where the parties to  
40 a collective bargaining agreement under chapter one hundred and  
41 fifty E agree to provide for such change in an agreement entered  
42 into or modified subsequent to the effective date of this subsection.

43 (c) Nothing in this section shall be construed so as to relieve  
44 any governmental unit from providing health coverage to any  
45 employee, retiree, surviving spouse or dependent to whom it has  
46 an obligation to provide coverage under any other provision of  
47 this chapter.

48 (d) If the appropriate public authority enters into a contract  
49 with a health carrier under this section, the health carrier may,  
50 pursuant to this subsection, provide or arrange for the provision  
51 of coverage from those subscribers who, by reason of residence  
52 or domicile, could not be appropriately served within the service  
53 area. Notwithstanding any other law to the contrary, coverage  
54 provided for such subscribers may be based upon such contractual  
55 arrangements with providers, subscribers, or other carriers as may  
56 be consistent with the contract between the health carrier and the  
57 appropriate public authority.

58 Coverage for active employees under this subsection shall be  
59 pursuant to and in conformity with any applicable collective

60 bargaining agreement and shall conform to the requirements of  
61 this section 18, including subsections (b) and (c) hereof. Such  
62 coverage may be provided by transfer of such active employees  
63 to the group insurance commission.

64 If the appropriate public authority is unable to procure  
65 coverage for any retiree by reason of the retiree's domicile or  
66 residence which is substantially equivalent to that which the  
67 appropriate public authority can procure for active employees, the  
68 appropriate public authority shall transfer those retirees to the  
69 group insurance commission.

70 The commission shall negotiate and purchase health coverage  
71 for subscribers transferred under this subsection and shall  
72 promulgate regulations for coverage of such subscribers  
73 transferred under this subsection. The claim experience of all  
74 retirees transferred hereunder shall be combined with the claim  
75 experience of all active employees transferred under this  
76 subsection. The schedule of benefits by the group insurance  
77 commission in accordance with chapter thirty-two A. All such  
78 subscribers shall be offered at least the same choice as to health  
79 carriers as is made available to state employees. The governmental  
80 unit's contribution to the cost of health coverage for such  
81 subscribers shall be as determined under this section, and shall  
82 not be subject to the provisions on contributions in said  
83 chapter thirty-two A. The group insurance commission may  
84 require the governmental unit to collect and forward to the group  
85 insurance commission the full premium or cost of coverage,  
86 including the employee's contribution, if any. The group insurance  
87 commission may also charge the governmental unit an adminis-  
88 trative fee to be determined by the commission which shall be paid  
89 by the governmental unit and shall not be considered as part of  
90 the cost of coverage for purposes of determining the governmental  
91 unit's contribution to the cost of health coverage.

92 (e) Where collective bargaining agreements covering all  
93 collective bargaining units of the governmental unit executed or  
94 modified subsequent to the effective date of this subsection so  
95 provide, the appropriate public authority shall, for a period of  
96 time specified by regulation of the group insurance commission  
97 established under chapter thirty-two A of the General Laws,  
98 transfer to the group insurance commission all subscribers for

99 whom it provides health coverage. The regulation of the commis-  
100 sion shall permit the governmental unit, upon agreement with all  
101 collective bargaining units of the governmental unit, to withdraw  
102 from the group insurance commission after a period not to exceed  
103 five years. The commission shall negotiate and purchase health  
104 coverage for subscribers transferred under this subsection and  
105 shall promulgate regulations for coverage of such subscribers  
106 transferred under this subsection. The schedule of benefits  
107 available to such transferred subscribers shall be determined by  
108 the group insurance commission in accordance with chapter  
109 thirty-two A. All such subscribers shall be offered at least the same  
110 choice as to health carriers as is made available to state employees.  
111 The governmental unit's contribution to the cost of health  
112 coverage for such subscribers shall be as determined under this  
113 section, and shall not be subject to the provisions on contributions  
114 in said chapter thirty-two A. The group insurance commission  
115 may require the governmental unit to collect and forward to the  
116 group insurance commission the full premium or cost of coverage,  
117 including the employee's contribution, if any. The group insurance  
118 commission may also charge the governmental unit an adminis-  
119 trative fee to be determined by the commission which shall be paid  
120 by the governmental unit and shall not be considered as part of  
121 the cost of coverage for purposes of determining the governmental  
122 unit's contribution to the cost of health coverage.

123 (f) For purposes of this subsection (f) and subsections (g)  
124 and (h), a governmental unit shall be deemed to be offering its  
125 subscribers a primary carrier if, pursuant to collective bargaining  
126 agreements executed or modified subsequent to the effective date  
127 of this subsection, it offers those subscribers comprehensive health  
128 insurance coverage through an entity licensed under chapter 175,  
129 176A or 176B, by contracting with such an entity, by transferring  
130 subscribers to the group insurance commission under subsec-  
131 tion (e), or by providing such coverage through self-insurance and  
132 a third party administrator as defined in subsection (a).

133 (g) If the carrier or carriers selected to provide coverage to  
134 subscribers under this section include a primary carrier, the  
135 governmental unit's contribution to the premium or cost of such  
136 coverage, exclusive of any administrative fee charged pursuant  
137 to subsections (d) and (e), shall be as established for active

138 employees and retirees pursuant to sections seven, seven A,  
139 nine A, and nine E of this chapter; and the governmental unit's  
140 contribution to any other carrier, including other carriers with  
141 whom the appropriate public authority contracts directly and  
142 other carriers whose products are made available to employees  
143 transferred to the group insurance commission pursuant to  
144 subsections (d) or (e), shall be the same amount as the govern-  
145 mental unit's contribution to the premium or cost of coverage  
146 provided by the primary carrier.

147 (h) If the carrier or carriers selected to provide coverage to  
148 subscribers under this section do not include a primary carrier,  
149 the governmental unit shall contribute to the premium or cost for  
150 coverage by any carrier of active employees and retirees at least  
151 a minimum percentage of the premium or cost equal to the  
152 weighted average percentage contributed by the governmental  
153 unit on behalf of all employees who were covered by a carrier other  
154 than a primary carrier as of July first, nineteen hundred and  
155 ninety-one.

1 SECTION 3. No action on the part of the Group Insurance  
2 Commission or any other state agency shall bar any eligible  
3 employee and/or retiree from enrolling in any health care plan  
4 or with any insurer who insured employees and/or retirees during  
5 fiscal year nineteen hundred and ninety-one and who continues  
6 to insure employees and/or retirees in fiscal year nineteen hundred  
7 and ninety-two during any enrollment period established by the  
8 Group Insurance Commission during fiscal year nineteen hundred  
9 and ninety-two, and in particular any enrollment which is a result  
10 of a municipality choosing to insure its employees and/or retirees  
11 through the Group Insurance Commission.

1 SECTION 4. Section one, subsections (a), (b), (c), (f), (g),  
2 and (h) of section two, and section 3 shall be effective July first,  
3 nineteen hundred and ninety-two. In subsection (d) of section 2,  
4 the first paragraph and the first sentence of the second para-  
5 graph shall be effective upon passage and the second sentence of  
6 the second paragraph and the third and fourth paragraphs shall  
7 be effective July first, nineteen hundred and ninety-two.



