

By Mr. Mara of Brockton, petition of Francis G. Mara and Shannon P. O'Brien relative to establishing certain alternative approaches to providing health insurance for employees of governmental units. Public Service.

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**The Commonwealth of Massachusetts**

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

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AN ACT RELATIVE TO ALTERNATIVE APPROACHES TO MUNICIPAL HEALTH INSURANCE.

*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. The first paragraph of section 3 of chapter 32B  
2 of the General Laws as appearing in the 1990 Official Edition is  
3 hereby amended by striking out the sixth and seventh sentences  
4 and inserting in place thereof the following three sentences: —  
5 Prior to the purchase of said insurance, and execution of all such  
6 agreements or contracts within the limits established by said  
7 sections, the appropriate public authority shall consult with an  
8 advisory committee for the purpose of securing the written  
9 recommendations of a majority of the membership of said  
10 committee. Said committee shall consist of eight members as  
11 follows: seven persons to be duly elected or appointed to  
12 membership on such committee by organizations of the employees  
13 affected, and one person who shall be a retiree of a governmental  
14 unit who shall be duly appointed to membership on said  
15 committee by the appropriate public authority.

1 SECTION 2. Chapter 32B of the General Laws is hereby  
2 amended by adding the following section: —

3 Section 19. (a) Notwithstanding the provisions of any other  
4 section in this chapter the appropriate public authority of any  
5 governmental unit which has undertaken to provide health  
6 coverage to its employees, retirees, surviving spouses or

7 dependents, who shall hereafter be referred to collectively as  
8 subscribers by acceptance of any other section of this chapter may  
9 instead elect to provide health coverage to all such subscribers  
10 pursuant to the provisions of this section, by entering into a  
11 contract or contracts with any one or more health carriers, or by  
12 transferring such subscribers to the group insurance commission  
13 established in chapter thirty-two A, pursuant to subsections (d)  
14 or (e) herein. This section shall take effect in a county, except in  
15 Worcester county, city, town or district upon its acceptance in the  
16 following manner: in a county except in Worcester county, by a  
17 vote of the county commissioners; in a city having Plan D or  
18 Plan E charter by majority vote of its city council, in any other  
19 city by vote of its city council approved by the mayor; in a town  
20 by vote of the board of selectmen; in a regional school district  
21 by vote of the regional district school committee, and in all other  
22 districts by vote of the registered voters of the district at a district  
23 meeting.

24 Notwithstanding the provisions of Subsection (c) of Section 4  
25 of Chapter 4 of the General Laws, the acceptance of this  
26 designation may be revoked in the same manner it was accepted  
27 in accordance with all other Subsections of Section 4B of Chapter  
28 4 of the General Laws. Nothing in this section shall preclude a  
29 public employer from agreeing to establish a jointly managed  
30 health and welfare trust.

31 Any such contract or contracts with any one or more health  
32 insurance carriers shall be in conformity with an agreement  
33 reached by a public employer committee and a public employee  
34 committee. Such election by the appropriate public authority may  
35 be renewed in conformity with any successor agreement reached  
36 with a public employee committee.

37 The public employee committee shall be composed of a  
38 representative of each collective bargaining unit in the  
39 governmental unit. The retiree representative shall be a designee  
40 of the Retired State, County and Municipal Employees  
41 Association. Each representative of the public employee  
42 committee shall have one vote. Any agreement with public  
43 employer committee must be approved by a majority of votes cast  
44 by the representative on the public employee committee.

45 For purposes of this section, a health carrier shall include any  
46 insurance company organized pursuant to chapter one hundred  
47 seventy-five, hospital service corporation organized pursuant to  
48 chapter one hundred seventy-six A, medical service corporation  
49 organized pursuant to chapter one hundred seventy-six B, health  
50 maintenance organization organized pursuant to chapter one  
51 hundred seventy-six G, preferred provider organization organized  
52 pursuant to chapter one hundred and seventy-six I, or, in the case  
53 of a governmental unit which is partially or fully self-insured with  
54 respect to health coverage, any third party administrator selected  
55 by the governmental unit, which may include but is not limited  
56 to any health carrier.

57 An agreement so approved under this Section shall be binding  
58 on all active and retired employees for whom health coverage is  
59 being purchased; shall supersede any conflicting provisions of all  
60 collective bargaining agreements between the governmental unit  
61 and all collective bargaining units and shall itself not be subject  
62 to supersedence in any statutory impasse proceeding under  
63 G.L. c. 150E.

64 A governmental unit which elects to provide health coverage  
65 to subscribers under this section shall be deemed in full  
66 compliance with any other provision of this chapter regulating the  
67 procurement of health insurance.

68 A governmental unit which elects to provide health coverage  
69 under this section pursuant to an agreement approved by a public  
70 employee committee, may provide such coverage either as a single  
71 public employer or, pursuant to Section 12 of this Chapter,  
72 through joint purchase with other governmental units or, with  
73 multiple governmental units, through a risk-sharing pool or trust  
74 or administered by a health carrier or by a third party  
75 administrator, or by establishing a jointly managed health and  
76 welfare trust to provide health coverage under this section either  
77 as a single governmental unit or together with multiple  
78 governmental units.

79 For purposes of this section, a health carrier shall include any  
80 insurance company organized pursuant to chapter one hundred  
81 seventy-five, hospital service corporation organized pursuant to  
82 chapter one hundred seventy-six A, medical service corporation

83 organized pursuant to one hundred seventy-six B, health  
84 maintenance organization organized pursuant to chapter one  
85 hundred seventy-six G, preferred provider organization organized  
86 pursuant to chapter one hundred and and seventy-six I, or, in the  
87 case of a governmental unit which is partially or fully self-insured  
88 with respect to health coverage, any third party administrator  
89 selected by the governmental unit, which may include but is not  
90 limited to any health carrier.

91 The appropriate public authority may contract with a health  
92 carrier for direct coverage of subscribers for whom the carrier's  
93 geographic service area provides appropriate access and coverage  
94 for other subscribers in accordance with subsection (d) herein.

95 (b) Nothing in this section shall be deemed to require, preclude  
96 or permit any change in any aspect of health coverage for active  
97 employees authorized by this section except where an agreement  
98 to provide for such change is reached by a public employer  
99 committee and a public employee committee in an agreement  
100 entered into or modified subsequent to the effective date of this  
101 subsection. In the absence of agreement approved under this  
102 section the public employer and the employee organization  
103 representing all bargaining units hereunder retain all their rights  
104 and obligations under G.L. c. 150E in an agreement entered into  
105 or modified pursuant to this section subsequent to the effective  
106 date of this subsection.

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

112 (d) If the appropriate public authority enters into a contract  
113 with health carrier under this section, the health carrier may,  
114 pursuant to this subsection, provide for or arrange for the  
115 provision of coverage for those subscribers who, by reasons of  
116 residence or domicile, could not be appropriately served within  
117 the service area of said health carrier.

118 Coverage for active employees under this subsection shall be  
119 pursuant to and in conformity with any applicable agreement  
120 reached by the appropriate public authority and the public  
121 employee committee and shall conform to the requirements of this

122 section, including subsections (b) and (c). Notwithstanding any  
123 other law to the contrary, coverage that may be provided by said  
124 health carrier for subscribers who by reason of residence or  
125 domicile cannot be appropriately served within the service area  
126 of said health carrier, may be based upon contractual  
127 arrangements with health care providers or other carriers,  
128 provided that such contractual arrangements are consistent with  
129 the contract between the health carrier and the appropriate public  
130 authority; and provided further that such arrangements shall  
131 provide coverage for retirees which is substantially equivalent to  
132 the coverage provided to retirees within the health carrier's service  
133 area. The Commissioner of Insurance shall determine whether  
134 such coverage is substantially equivalent.

135 In the event the health carrier is unable to procure such coverage  
136 for subscribers by reason of their residence or domicile, the health  
137 carrier shall forward the names of such subscribers to the  
138 appropriate public authority, or in the event the appropriate  
139 public authority is otherwise unable to procure such coverage for  
140 said subscribers, the appropriate public authority shall transfer  
141 said subscribers to the group insurance commission, consistent  
142 with the provisions of subsection (f).

143 (e) Where an agreement reached by an appropriate public  
144 authority and a public employee committee covering all collective  
145 bargaining units of the governmental unit executed or modified  
146 subsequent to the effective date of this subsection so provides, the  
147 appropriate public authority shall, for a period of time specified  
148 by regulation of the group insurance commission transfer to said  
149 commission all subscribers for whom it provides health coverage.  
150 The regulations of said commission shall permit the governmental  
151 unit, upon agreement reached by the appropriate public authority  
152 and the public employee committee pursuant to this section, to  
153 withdraw from such transfer to said commission after a period  
154 of not less than three years following such transfer consistent with  
155 the provisions of subsection (f).

156 (f) Said commission shall negotiate and purchase health  
157 coverage for subscribers transferred pursuant to subsection (d)  
158 and subsection (e) and shall promulgate regulations for coverage  
159 of such subscribers so transferred. The schedule of benefits  
160 available to such transferred subscribers shall be determined by

161 said commission in accordance with chapter thirty-two A. All such  
162 subscribers shall be offered at least the same choice as to health  
163 carriers as is made available to state employees. The governmental  
164 unit's contribution to the cost of health coverage for such  
165 subscribers shall be as determined under this section, and shall  
166 not be subject to the provisions on contributions in said chapter  
167 thirty-two A. Said commission may require the governmental unit  
168 to collect and forward to the said commission the full premium  
169 or cost of coverage, including the subscriber's contribution, if any.  
170 For the purposes of determining the cost to subscribers transferred  
171 pursuant to subsection (d), the dollar amount payable by said  
172 subscribers shall be the same as the dollar amount paid by  
173 subscribers covered by the plan offered by the appropriate  
174 governmental unit, distinguishing only by the type of plan,  
175 individual family or optional medicare extension plan, the  
176 subscriber enrolls in. If there is more than one plan offered by  
177 said governmental unit, the dollar amount shall be the average  
178 of the dollar amounts payable by subscribers covered by all plans  
179 offered by the said governmental unit. Said governmental unit  
180 shall pay the remainder of the cost of coverage for subscribers  
181 transferred to said commission pursuant to subsection (d). Said  
182 commission may also charge the governmental unit an  
183 administrative fee to be determined by said commission which  
184 shall be paid by the governmental unit and shall not be considered  
185 as part of the cost of coverage for purposes of determining the  
186 contributions of the governmental unit and its employees to the  
187 cost of health coverage.

188 (g) For purposes of this subsection, and subsections (h) and (i),  
189 a governmental unit shall be deemed to be offering its subscribers  
190 a primary carrier, if, pursuant to an agreement between a public  
191 employer committee and a public employee committee executed  
192 or modified subsequent to the effective date of this subsection,  
193 it offers those subscribers comprehensive health insurance  
194 coverage by contracting with an entity license under chapter one  
195 hundred and seventy-five, chapter one hundred and seventy-six A  
196 or chapter one hundred and seventy-six B, by transferring  
197 subscribers to the group insurance commission under sub-  
198 section (e), or by providing such coverage through self-insurance  
199 and a third party administrator as defined in subsection (a).

200 (h) If the carrier or carriers selected to provide coverage to  
201 subscribers under this section include a primary carrier, the  
202 governmental unit's contribution to the premium or cost of such  
203 coverage, exclusive of an administrative fee charged pursuant to  
204 subsection (f), shall be as established for active employees and  
205 retirees pursuant to sections seven, seven A, nine A and nine E  
206 of this chapter; and the governmental unit's contributions to any  
207 other carrier, including other carriers with whom the appropriate  
208 public authority contracts directly and other carriers whose  
209 products are available to employees transferred to the said  
210 commission pursuant to subsections (d) and (e), shall be the same  
211 amount as the governmental unit's contribution to the premium  
212 or cost of coverage provided by the primary carrier.

213 (i) The governmental unit's contribution to the premium or  
214 cost of health coverage provided under this section, exclusive of  
215 any administrative fee charged pursuant to subsection (f), shall  
216 be established for active employees and retirees and survivors  
217 pursuant to sections seven A and nine A and nine D of this  
218 chapter; provided, where a governmental unit has accepted the  
219 provisions of sections seven A, and nine E of this chapter, the  
220 governmental unit's contribution in excess of fifty percent may  
221 be established by agreement with the public employees committee.

