

June 16, 2011

The Honorable Stephen M. Brewer
Chairman,
Senate Committee on Ways & Means
State House, Room 212
Boston, MA 02113

The Honorable Brian S. Dempsey
Chairman,
House Committee on Ways & Means
State House, Room 243
Boston, MA 02113

The Honorable Steven A. Baddour
Vice Chairman,
Senate Committee on Ways & Means
State House, Room 212
Boston, MA 02113

The Honorable Stephen Kulik
Vice Chairman,
House Committee on Ways & Means
State House, Room 243
Boston, MA 02113

The Honorable Michael Knapik
Senate Committee on Ways & Means
State House, Room 212
Boston, MA 02113

The Honorable Viriato deMacedo
House Committee on Ways & Means
State House, Room 243
Boston, MA 02113

Dear Chairman Brewer, Chairman Dempsey, Vice Chairman Baddour, Vice Chairman Kulik, Senator Knapik, and Representative deMacedo:

On behalf of the undersigned business and advocacy groups, we ask the conference committee to present a meaningful, workable municipal health care plan design reform that will be passed by the legislature and implemented by municipalities this year.

With that goal in mind, there are five major issues we would like the Conference Committee to resolve.

First, we oppose language that sets retiree premium contributions equal to active employee contributions and urge its rejection. Dozens of communities would immediately lose out on the benefits of municipal health care reform because of the increased costs for retirees. As the MTF analysis released earlier this week noted, a detailed cost analysis shows that many communities would see first-year increases of hundreds of thousands of dollars.

Even those communities that have identical contribution rates today would have their hands permanently tied in controlling unaffordable retiree health costs. Since virtually no community in the state can pay for its current retiree health care liability, limiting the ability of local officials to make changes in the future will send cities and towns into a permanent spiral with ever deeper cuts in critical local services such as schools and public safety.

Second, while the House plan would give cities and towns the unfettered ability to move forward with changes after appropriate discussions with labor, the Senate plan proposed the creation of a three person review panel. We believe that such a panel could be beneficial as long as its scope is limited to certifying that the municipal plan meets the benchmark set by the GIC, agreeing

on the savings estimate in the first year, and developing a plan to mitigate cost increases for the most vulnerable municipal employees and retirees.

Third, we oppose additional barriers for municipalities that wish to join the GIC. We ask that you do not include any language that requires a municipality first to show that it can achieve at least ten percent greater savings by joining the GIC than the maximum savings achievable under plan design.

Fourth, we oppose changes that would restrict full plan design authority or the ability of communities to implement the reform law in a timely manner. Specifically, we oppose language restricting plan design changes to simply increasing existing co-pays and deductibles, as this could prohibit movement to lower-cost tiered network plans in those communities that do not have these plans in place now. This has been a major source of savings for the Commonwealth, and cities and towns should not be prevented from putting similar tiered network plans in place at the local level.

Fifth, please do not restrict the ability of municipalities to implement reforms so long as there is no conflict with existing union contracts. Overly broad language could delay implementation of plan design if a community has adopted section 19, or if they have just one contract which contains specific co-pays or deductibles. The House language adequately addresses these issues.

While we recognize the importance of broader health care payment reforms, giving plan design to municipal officials with the above issues resolved is the single biggest step the state could take to control health care costs.

Thank you very much.

Associated Industries of Massachusetts
The Boston Foundation
Boston Municipal Research Bureau
Greater Boston Chamber of Commerce
Massachusetts Business Roundtable
Massachusetts High Tech Council
Massachusetts Taxpayers Foundation
Massachusetts High Tech Council
Massachusetts Business Alliance for Education
Stand for Children