
Shady changes to Senate bill undermine health care savings

June 9, 2011

LAST-MINUTE provisions inserted in the Senate budget undermine much of the effort on Beacon Hill to give cities and towns the tools they need to control the rising health care costs of municipal workers. It's a setback to the stellar work of the House, which earlier passed a plan to save an estimated \$100 million annually by allowing municipalities to place their workers in the state's less-costly Group Insurance Commission or a similar plan.

Just a few weeks ago, it seemed that the Senate also understood that cities and towns could no longer provide basic city services if forced to cover double-digit increases in health care costs for their workforce. Apparently not. The Senate budget passed instead with amendments that would almost certainly discourage communities from seeking relief. The worst by far is a provision that would require cities and towns that seek to make changes to their health care plans to equalize the percentage of costs paid by active workers and retirees. If, for example, a town now pays 85 percent of the premium for current workers and 70 percent for retirees, local governments would be forced to pay the difference — a potentially huge expense.

These provisions must not become law. House and Senate negotiators must restore the House language to a final bill — and the Senate should pass it.

The Massachusetts Municipal Association estimates that savings in at least a third of the state's communities would be wiped out under the ill-conceived retiree adjustment plan in the Senate budget. Perhaps the senators were hibernating in February when the Massachusetts Taxpayers Foundation released a report showing that the state's 50 largest cities and towns alone face a retiree health care bill of \$20 billion over the next 30 years.

Other mischief in the Senate budget would make it harder for cities and towns to join the GIC or steer workers into lower-cost tiered network plans common for state workers.

Unions and special interests battered the House, seeking to weaken the municipal health reform effort. The House stood firm. There wasn't much action in the Senate, however. Suddenly, it's clear why. The Senate isn't serious about municipal health care reform.

© Copyright 2011 Globe Newspaper Company.



The perils of 'parity'

By Boston Herald Editorial Staff | Wednesday, June 15, 2011 | <http://www.bostonherald.com> | Editorials

State senators who are undermining a critical municipal health insurance reform effort say they're simply looking out for retired public servants who are living on fixed incomes.

But what about the retirees living on fixed incomes in the same community who didn't have the good fortune to retire from *government jobs*? *They're* among those who will continue paying through the nose if this attempt to "protect the vulnerable" makes it through.

Indeed, if the measure survives final budget negotiations, *all* local taxpayers could be denied the most meaningful relief from the high cost of providing health insurance to employees and retirees.

The House and Senate, of course, fought off all manner of attack from organized labor to adopt separate reform measures that give cities and towns more power to control health insurance costs — costs that are crowding out spending in every other area of local government. The measures, projected to save taxpayers \$100 million, are now the subject of closed-door negotiations.

But an analysis this week by the Massachusetts Taxpayers Foundation concludes that dozens of municipalities and regional school districts would end up paying higher costs for retiree health care — costs that would consume "much — if not all — of the savings" — if one amendment, adopted on the Senate floor, is retained in the final bill. And that's simply unacceptable.

The amendment mandates that cities and towns contribute the same amount for retiree health plan premiums as they do for active employees. So if a community now pays 70 percent for active employees and 50 percent for retirees, the retiree contribution would have to be jacked up. The measure also ties the hands of communities with large retiree health care liabilities, who would be restrained in future cost-saving efforts.

Yes, we know, municipal retirees are a powerful lobby on Beacon Hill. But they shouldn't have the power to gut real reform.

Article URL: <http://www.bostonherald.com/news/opinion/editorials/view.bg?articleid=1345566>

Related Articles:

Advocates: 'glitches' keep Mass. kids uninsured
</business/healthcare/view.bg?articleid=1344709>

\$103G scam among \$1.2M in health-care fraud
</news/regional/view.bg?articleid=1344405>

Blue Shield of California pledges profit cap
</business/healthcare/view.bg?articleid=1343749>

AdChoices

[Contact us](#) | [Print advertising](#) | [Online advertising](#) | [Herald history](#) | [Send a news tip](#) | [Electronic edition](#) | [Browser upgrade](#) | [Home delivery](#) | [Mobile Edition](#)

[Save on Boston Herald Home Delivery](#)

[Jobs with Herald Media](#)

For back copy and collectible issue information please call 617-426-3000 Ext. 7714. [Click here for Celtics, Patriots and Red Sox and Bruins back copies](#)

© Copyright by the Boston Herald and Herald Media.

No portion of BostonHerald.com or its content may be reproduced without the owner's written permission. [Privacy Commitment](#)

June 15, 2011

Our View: MTF report reveals flaws in Senate bill

A Massachusetts Taxpayers Foundation report released yesterday reveals the glaring flaws in the Senate-approved version of a bill meant to give cities and towns more control over the cost of their employee health plans.

Indeed, the watchdog group points out that by requiring some municipalities to increase health benefits for retirees, "the Senate amendment runs directly counter to the entire purpose of the municipal health reform legislation" — which is to allow them to spend less, not more, on health insurance.

By allowing mayors, town managers and selectmen greater flexibility in determining the kinds of plans that would be offered employees, it was estimated the legislation would save cities and towns an estimated \$100 million per year in total. But for some, much of those savings could be eaten up by a Senate provision that would require communities to pay the same portion of retirees' health insurance as they do for active employees.

We hope House conferees will stick to their version of plan design (which does not include the windfall for retirees) in resolving differences between theirs and the Senate's version of the budget for the next fiscal year.

EagleTribune.com, North Andover, MA

June 15, 2011

Editorial: Spending our savings before we see it

—

A Massachusetts Taxpayers Foundation report released yesterday reveals the glaring flaws in the Senate-approved version of a bill meant to give cities and towns more control over the cost of employee health plans. Indeed, the watchdog group points out that by requiring some municipalities to increase health benefits for retirees, "the Senate amendment runs directly counter to the entire purpose of the municipal health reform legislation" — which is to allow them to spend less, not more, on health insurance.

By allowing mayors, town managers and selectmen greater flexibility in determining the kinds of plans that would be offered employees, it was estimated the legislation would save cities and towns an estimated \$100 million per year in total. But for some, much of those savings could be eaten up by a Senate provision that would require communities to pay the same portion of retirees' health insurance as they do for active employees.

Every time it looks like our elected leaders might offer taxpayers a chance to save a dime, they end up handing out our savings — and more — to one of their favored interest groups. Or, as one editor here noted, the rats are in the seed corn again.

We hope House conferees will stick to their version of plan design (which does not include the windfall for retirees) in resolving differences between theirs and the Senate's version of the budget for the next fiscal year.

To print this article open the file menu and choose Print.

[Click here to return to previous page](#)

Article published Jun 16, 2011

Design flaw

Senate bill undermines savings

The rapidly rising cost of municipal health insurance is perhaps the leading budget buster in Massachusetts and across the nation, and finding ways to tame those costs — even to slow their rate of increase — ranks among the top priorities for every mayor, city council, town manager and board of selectmen.

So when the House approved legislation that would give cities and towns the power to design health plans without requiring the approval of unions, everyone tasked with producing or balancing a municipal budget had reason to hope.

The power to set new co-payments and deductibles, at levels that still offer public employees excellent coverage, represents a potential savings of millions of dollars across the state.

But a version of the legislation adopted by the Senate would undo all that. Under the Senate plan, municipalities would be required to cover the same percentage of health insurance premiums for retirees and current employees.

That sounds fair — everyone pays the same. But it isn't how the system works now in most cities and towns, where employees pay 20 percent or 25 percent of their premiums, while retirees usually pay 50 percent.

If the Legislature decrees that cities and towns must pay as much toward retirees' plans as they do toward those for active employees, the costs to taxpayers will skyrocket. In fact, a report by the Massachusetts Taxpayers Foundation says communities would face increases of 6.7 percent to 60 percent in their municipal health budgets.

Such help is no help at all.

Those kinds of increases would consume a good deal of the savings that authority over plan design is intended to confer. Worse yet, the legislation would establish a "new normal" for health cost sharing that is significantly higher going forward, at a time when increases in premiums are continuing to rise year after year.

The Senate action is born of a misplaced concern to be fair to retirees. In the face of relentless increases in health care costs, it is time to enact reform that produces serious savings — and leaves that savings entirely with the taxpayers. If lawmakers and the governor are serious about helping cities and towns, they should grant them plan design authority that won't bust the budget.

Order the Telegram & Gazette, delivered daily to your home or office! www.telegram.com/homedelivery

Copyright 2011 Worcester Telegram & Gazette Corp.