



The Commonwealth of Massachusetts Group Insurance Commission



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MUNICIPAL GROUP INSURANCE LAW QUESTIONS AND ANSWERS

The new Municipal Group Insurance Law known as Chapter 67 of the Acts of 2007 was signed into law on July 25, 2007 and became effective on that date. Below are some questions and answers about the law's terms and conditions for joining the GIC's health coverage.

DECIDING WHETHER TO JOIN GIC COVERAGE

Under the new law, who may join GIC coverage?

Cities, towns and districts, regional councils of government and regional planning agencies, education collaboratives and charter schools may join. **In this document, the term "Municipal Employer" is used to refer to all of these entities unless otherwise specified.**

Must a Municipal Employer vote to adopt section 19 of Mass. General Laws chapter 32B in order to join the GIC's health coverage?

Cities, towns and districts must formally adopt section 19's local option to join the GIC's health coverage. Other Municipal Employers do not have to adopt section 19.

What is the process for joining GIC health coverage?

Unionized Municipal Employers decide with their unions, negotiating as a group, whether to join GIC health coverage. The parties draft a written agreement to join GIC health coverage and send it to the GIC as its notice of intent to join GIC coverage. Receipt of the agreement will begin the implementation process for the Municipal Employer's transfer to GIC health coverage. Agreements must be received by the GIC by October 1 of any year in order to begin work to transfer municipal subscribers to GIC health coverage that begins the following July 1. (For important details about the coalition bargaining process and a model agreement, contact the Metropolitan Area Planning Council at 617/451-2770 or log on to "Health Insurance Action Center" on its website at www.mapc.org.)

Non-union Municipal Employers decide as follows: a non-union city, town or district's Chief Executive Officer decides whether to join GIC coverage; a non-union education collaborative decides by a majority vote of its Board of Directors; a Commonwealth charter school decides by a majority vote of its Board of Trustees; a regional planning agency or regional council of government decides by a majority vote of its governing board. Non-union Municipal Employers must send a letter to the GIC as its notice of intent to join GIC coverage by October 1 of any year for coverage to begin the following July 1. Additional notice requirements can be found in the "Notice of Intent" section of this document.

If only some of a Municipal Employer's employees are unionized, how does the employer determine whether to join GIC coverage?

The unions' vote determines whether all of the Municipal Employer's eligible subscribers join GIC health coverage. Contact MAPC at 617/451-2770 or log on to MAPC's website, www.mapc.org, for more information about the approval process.

Are Municipal Employers required to re-enroll for GIC coverage each year?

No. Municipal Employers who join GIC coverage must remain in GIC coverage for a minimum of three years, and may withdraw from GIC coverage at three or six year intervals.

THE AGREEMENT (Unionized Municipal Employers)

What must be in the bargained agreement to join GIC health coverage?

Three issues: (1) whether to join GIC health coverage; (2) the health premium contribution ratios for the Municipal Employer's subscribers, which can differ only by type of plan (Medicare, PPO, HMO or Indemnity) and not by type of subscriber (active, retired or survivor); and (3) the terms for revocation of section 19 if the Municipal Employer or its subscribers wish to withdraw after three or six years of enrollment in GIC health coverage.

May we bargain benefits and carriers?

No. For Municipal Employers joining GIC health coverage, the law suspends all collective bargaining related to municipal subscribers' health insurance except the level of their GIC health premium contribution ratios. The law vests with the GIC the exclusive authority to determine all other matters relating to municipal subscribers' GIC health insurance rights, responsibilities, cost and payment obligations, including, for example, the manner and method of payment, eligibility requirements and choice of benefits and health carriers.

May we negotiate to give subscribers incentives to join GIC health coverage?

With the exception of reimbursing enrollees' Medicare Part B premiums (which is a local option), the law prohibits Municipal Employers from altering the choice of health carriers, health benefits, and subscribers' out-of-pocket costs; from offering health benefits or health benefit compensation not otherwise provided to other GIC subscribers; and from making contributions to offset GIC health premium or specific health benefits, including compensating the difference between current municipal benefits and GIC benefits. **Violations of the prohibition described here will result in termination of the municipal subscribers' GIC coverage.** Municipal Employers are urged to contact the GIC if they have questions about incentives.

HEALTH PREMIUM CONTRIBUTIONS

Who determines the health premium contribution ratios?

Unionized Municipal Employers determine the premium contribution ratios with their unions through coalition bargaining. *Non-union charter schools and education collaboratives, regional planning agencies and regional councils of government* receive GIC coverage through the GIC's statute (Mass. General Laws chapter 32A); therefore, their health premium contribution ratios are determined by the Legislature.

May premium contribution ratios differ by the type of subscriber (actives vs. retirees vs. survivors)?

No; the law requires that they be covered at the same ratio, differing only by type of plan (i.e., HMO, PPO, Indemnity, or Medicare). However, the law provides one exception for Retired Municipal Teachers who transfer from the GIC's RMT coverage: once transferred, their premium contribution ratios must be no more than the lower of 25% of premium or the health premium contribution ratios determined for all others in the pool, depending on the type of plan.

Is there a minimum and/or maximum premium contribution percentage that Municipal Employers or employees/retirees must pay for GIC coverage?

Yes, Municipal Employers must pay between 50% and 99% of their subscribers' health premium. And as stated above, the maximum health premium contribution for Retired Municipal Teachers who transfer from the GIC's RMT program to the Municipal Employer's GIC health coverage can be no more than 25% (and may be less than 25%).

NOTICE OF INTENT

What documents must a Municipal Employer file with the GIC as its notice of intent to join GIC health coverage?

Unionized Municipal Employers must provide two documents to the GIC by October 1: (1) a copy of the signed and executed bargained agreement to join GIC health coverage; and (2) a cover letter from an authorized official of the Municipal Employer confirming the Municipal Employer's intent to join GIC health coverage.

As to *non-union Municipal Employers*, Commonwealth charter schools must provide a certified copy of a majority vote of their board of trustees to join GIC coverage; non-union education collaboratives must provide a certified copy of their board of directors' majority vote to join GIC coverage. Regional planning agencies and regional councils of government must provide a letter from their governing board stating their decision to join GIC coverage, and non-union cities, towns, and districts must send a letter from their Chief Executive Officer stating their decision to transfer the Municipal Employer's subscribers to GIC coverage. **All notices of intent must be filed by October 1 of any year for coverage to begin the following July 1. This is a firm deadline.**

Why must Municipal Employers give notice of intent so far in advance?

Municipal Employers must give notice by October 1 because the GIC and their health carriers need to know the size of the pool with enough time to more accurately price their proposed rates, which occurs in November of each year for coverage the following July. In addition, there is a great deal of implementation work required for Municipal Employers and the GIC in order to transfer subscribers to GIC coverage the following July 1. Regardless of the number of subscribers to be transferred, each Municipal Employer has information systems exchanges and testing to be done with the GIC, subscriber communications to draft, multiple implementation meetings to be held, eligibility verification for all subscribers and their dependents, fiscal arrangements, and enrollment activities -- all of which must be completed before coverage can begin.

What happens if Municipal Employers miss the notice deadline?

Municipal Employers may file their required documents in subsequent years, by October 1.

Where must notices of intent to join GIC coverage be sent?

All notices must be sent to: Executive Director, Group Insurance Commission, P.O. Box 8747, Boston, MA 02114-8747.

WHO'S COVERED

Must Municipal Employers transfer all of their subscribers to GIC health coverage, or may they enroll only certain groups?

The law requires that Municipal Employers enroll all of their eligible subscribers in GIC health coverage.

Must Municipal Employers cover their retirees, survivors and dependents if they decide to join GIC coverage?

Yes. All eligible active employees, retired employees, survivors and dependents must be offered GIC coverage.

Our retired teachers are currently in the GIC's Retired Municipal Teachers (RMT) program. Can they stay in GIC health coverage?

Yes, but they must join the same pool of GIC health coverage as that of their non-teacher colleagues (and state employees), in order to obtain the benefit of the pool's favorable experience and lower rates.

If we decide to leave GIC health coverage after joining it, can our Retired Municipal Teachers return to the RMT program?

According to the law, Retired Municipal Teachers cannot return to the RMT program if the Municipal Employer withdraws its subscribers from GIC coverage.

OTHER BENEFITS

Are unionized Municipal Employers' subscribers eligible for other GIC benefits?

No, the law specifies that by joining the GIC through adoption of Mass. General Laws chapter 32B, section 19, they are eligible only for the GIC's health coverage. Other non-health employee/retiree benefits currently provided by Municipal Employers will continue to be the Municipal Employers' responsibility.

Are non-union cities, towns and districts eligible for other GIC benefits?

No. According to the new law, they join GIC health coverage by adopting Mass. General Laws chapter 32B, section 19, and thus are eligible only for the GIC's health coverage. Other benefits currently provided by Municipal Employers will continue to be the Municipal Employers' responsibility.

Since non-union charter schools and education collaborative subscribers join GIC health coverage through the GIC's law (as opposed to chapter 32B, section 19), are they eligible for other GIC benefits?

Yes. Under the new law, all Municipal Employers who join GIC coverage through the GIC's law, chapter 32A -- Commonwealth charter schools and non-union education collaboratives, regional planning agencies and regional councils of government -- are eligible to receive other GIC state employee and retiree benefits. These entities may log on to the GIC's website at www.mass.gov/gic for more information about additional GIC benefits.

MEDICARE

Must Medicare-eligible retirees enroll in Medicare Part A and Part B in order to join GIC health coverage?

Yes, Medicare eligible retirees 65 years and older must enroll soon after the Municipal Employer files a notice of intent by October 1 of any year to join the GIC. They must enroll in Medicare before the following July 1 in order to have GIC coverage at that time. Medicare annual enrollment runs from January 1 to March 31 of each year.

Do we need to enroll them in Medicare before joining the GIC?

Municipal Employers who have not formally adopted section 18 of chapter 32B must, after providing notice of intent to join the GIC by October 1 of any year, **promptly contact their retirees who are 65 years old or older to inform them that (1) they are required to sign up for Medicare Part B if they are eligible for Part A for free in order to have GIC health coverage by the following July 1; and (2) the Medicare annual enrollment period for Medicare Part B begins January 1 and ends March 31 for health coverage effective July 1.**

Who must pay the Medicare Part B premium penalty, if any, for persons' enrollment in Medicare Part B?

By law, the city, town or district must pay the penalty if it is entering GIC coverage through section 19.

FISCAL

Is there a Municipal Employer administrative cost for joining GIC coverage?

Yes, the law requires an administrative fee of up to 1% of total premium per year to pay for this program, because there are significant GIC costs for systems, operations, customized communications, customer service, and other needs in order to accommodate and cover Municipal Employers' subscribers each year.

Will the administrative fee be included in subscribers' and Municipal Employers' share of health premium?

Yes, the law requires that the fee be included in their respective health premium contributions.

May brokers' fees be factored into Municipal Employers' and their subscribers' premium contributions to GIC coverage?

No. Since the GIC and its consultant will be performing the services that brokers perform, there will be no need for any brokers' fees. The GIC prohibits the payment of any such fees.

SYSTEMS

How do we physically exchange eligibility and other forms of electronic data with the GIC?

All Municipal Employers exchange data using the State's secure e-mail system (SFED). The GIC's IT staff will provide information on how to use this process. All data exchanges will require the Municipal Employer to use the standard formats developed by the GIC for each particular file process.

Are there any other technical requirements that we need to know?

The GIC requires that all Municipal Employers designate a technical contact in order to ensure that all data exchanges are handled in a timely and efficient manner. The GIC IT staff will endeavor to assist Municipal Employers with the IT requirements.

OPERATIONS

Are there administrative tasks that the Municipal Employer must continue to provide once its subscribers transfer to GIC coverage?

Yes; the Municipal Employer must collect and provide to the GIC all information necessary to maintain subscribers and covered dependents' coverage. The Municipal Employer will perform administrative functions and process information as necessary to maintain the coverage, including family and personnel status changes, enrollment activities, reporting enrollee changes monthly to the GIC and otherwise communicating with subscribers and the GIC as necessary. The GIC will provide detailed information to Municipal Employers about implementation when they submit notice of intent to the GIC.

COMMISSION REPRESENTATION

Will Municipalities have representation on the Commission?

Yes. Several new GIC Commissioners representing municipalities are to be added soon (a labor representative nominated by the Mass. Teachers Association, and a management representative nominated by the Mass. Municipal Association). After 45,000 additional municipal subscribers have enrolled, two more Commissioners - also representing labor (nominated by a public safety union) and management (a second MMA nominee) - will be added.

MISCELLANEOUS

Will Blue Cross/Blue Shield be available as one of the GIC's health plans?

Possibly; we will begin a new procurement this Fall for health plans for coverage beginning July 1, 2008. Over the years, Blue Cross/Blue Shield has provided indemnity, PPO and HMO health coverage to GIC subscribers, although it has not been a GIC vendor since 1998. As with all GIC procurements, all qualified plans are welcome to bid; however, we cannot know at this time what health plans will be offered by the GIC next year or in future years..

Where can I find more information about this law?

www.MAPC.org

www.MMA.org

www.mass.gov/gic

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