

**The Town of West Boylston**  
**Employee Health Insurance Discussion**  
**November 28, 2011**

**Impact of New Health Care Law passed in July 2011**

**Chapter 69 of the Acts of 2011: “An Act Relative to Municipal Health Insurance**

**A. Modifies Chapter 32B by allowing West Boylston to change the co-pays, deductibles or other cost sharing plan design features up to the level contained in the GIC THP Navigator (non-Medicare) or Unicare OME (Medicare) plans (currently the plans identified as most populated under A & F rules).**

**Or**

**B. To join the GIC**

**The Process**

- 1. The Board of Selectman votes to adopt Section 21a as a local option under MGL Chapter 32B. Advance notice must be provided to unions. This is done once by the BOS which then directs the Town’s Insurance Authority (Town Manager’s Office) to propose changes to a “Section 21a IAC/PEC”.**
- 2. The Town’s insurance authority evaluates potential cost savings:**
  - a. Based on cost sharing features up to the defined GIC plan design (similar to the GIC most popular plan)**  
**or**
  - b. Based on going to the GIC**
- 3. Then the Town’s insurance authority meets with the IAC to review how savings amounts were developed which will likely include;**
  - a. Request the current vendor to rate “GIC” level of benefits (estimate provided by HPHC)**
  - b. If GIC being proposed, review how estimated savings under the GIC produces 5% or more over above.**
- 4. A formal proposal is presented to “Section 21a PEC” (each union provided with weighted vote + retirees get 10%). Majority (51%) required to approve proposal. The proposal must include:**
  - a. Proposed changes**
  - b. Estimated savings**
  - c. How will 25% of total premium savings be allocated to impacted members**
    - i. Anticipate setting up formal HRA arrangement**
      - 1. Retirees**
      - 2. Low income**
      - 3. High utilizers**
- 5. Negotiations over savings to be concluded within 30 days**
- 6. If no agreement, Municipal Health Insurance Review Panel will decide**
  - a. If procedure met, then proposal implemented**
  - b. If procedure not met, develop new proposal**

**GIC deadlines:**      **1/1/2012 for a 4/1/2012 eff date**  
                              **3/1/2012 for a 7/1/2012 eff date**  
                              **Then each October 1<sup>st</sup> for following July 1st**

**Other: No changes to retiree contribution for 3 years after implementation.**

**Regular contributions or excessive plan design features still subject to current Collective Bargaining - 150e or Section 19 PEC?**

**GIC withdrawal available after 3 years (data will be provided to study effectiveness of transfer).**

**If GIC transfer, initial analysis and “true” up analysis required after enrollment completed.**

**Duplicating the precise THP Navigator (even direct from THP) may be problematic.**

**“FINANCIAL ESTIMATES”**

<b>Current annualized Health Care Plan Premium:</b>	<b><u>\$3,920,000</u></b>
<b>Town Share:</b>	<b><u>\$3,046,000</u></b>
<b>Member Share:</b>	<b><u>\$874,000</u></b>
Based on current enrollment	
Assumes current contributions	
Current HRA claims excluded	

<b>Estimated annualized premium if plans changed up to Navigator and Unicare OME style (-5.5% est)</b>	<b><u>\$3,704,000</u></b>
<b>Town Share:</b>	<b><u>-5.5%</u></b>
<b>Member Share:</b>	<b><u>\$2,878,000</u></b>
	<b><u>\$826,000</u></b>

<b>Note: The Town would provide 25% of the premium</b>	
<b>Savings towards a mitigation fund for members:</b>	<b><u>\$54,000</u></b>
<b>Net District premium savings would be:</b>	<b><u>\$114,000</u></b>
<b><u>Result of Section 21a – 22 change on Town budget:</u></b>	<b><u>-3%</u></b>

**Impact of GIC**

**Current largest plan membership in HPHC HMO**  
**GIC “HMO” plans may limit member elections**  
**Result might be migration to PPO plans (Limited networks)**  
**West Boylston current rates competitive with GIC now**

**THE GIC REQUIRES FURTHER ANALYSIS INCLUDING SAMPLING THE MEMEBRS FOR THEIR PROVIDER UTILIZATION TO DETERMINE PLAN ACCESSABILITY!**