

News Release

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Municipal Health Care Savings Continue to Climb

Scores of communities across the state are acting on municipal health care reform with first-year savings now reaching almost \$80 million, according to a new analysis released today by the Massachusetts Taxpayers Foundation. The savings are certain to exceed the original estimate of \$100 million statewide.

As of March 19, at least 127 municipalities and regional school districts have taken steps to adopt the municipal health reform law or use traditional collective bargaining to achieve savings on employee health insurance.

- Since the law was signed in July 2011, 50 municipalities and school districts have reached agreements with employees to implement health plan changes, totaling nearly \$50 million in savings, either by adopting and following the reform law process or by using traditional collective bargaining. All 50 have successfully reached agreements through negotiations with employee committees and avoided turning to the outside review panel included in the statute.
- A dozen communities anticipate first-year savings of nearly \$30 million from health plan changes negotiated through traditional collective bargaining between January 2011 and the law's signing in July. These include cities such as Boston, Lynn, and Medford, as well as smaller communities like Lynnfield.
- At least 19 more communities are in negotiations and are expected to finalize agreements within 30 days. Thirty-two cities, towns, and regional school districts have adopted the reform law but have not begun formal negotiations. Fourteen municipalities and regional school districts have scheduled votes on the law. The pace with which municipalities vote on the law and finalize agreements is expected to increase as the deadline nears for communities to negotiate health plan changes in time for their fiscal 2013 budgets.
- At least two health insurance purchasing groups will discontinue existing plans and offer only plans that are on par with those offered by the state's Group Insurance Commission (GIC). These purchasing groups represent a total of 32 cities, towns, and regional school districts, each of which must adopt reform on its own. Of those, 19 have finalized agreements and are included in the 50 in the first bullet; 13 still have to finalize agreements with employee groups. In addition, 23 other local entities, such as fire

districts and vocational schools, are members of these purchasing groups but are excluded from our totals.

While 94 municipalities and school districts have formally accepted the reform law, only four communities have voted against the reform: Brockton, Easton, Kingston, and West Springfield.

Employees are expected to share approximately 45 percent, or more than \$35 million, of the total of \$80 million in first-year savings, either through premium reductions or mitigation plans.

The Massachusetts Taxpayers Foundation is an independent, nonprofit organization that conducts research on state and local taxes, government spending, and the economy. Founded in 1932, the Foundation has won more than a dozen prestigious national awards over the last two decades for its work on transportation reform, business costs, capital spending, state finances, MBTA restructuring, state government reform, and health care.
