



"We are pleased the House endorsed a plan to bring relief to cities and towns who are facing untenable increases in employee health care costs. Under the House plan, municipal employees will continue to receive excellent health care, and retain more bargaining power than state employees. For the first time, municipalities will be granted some of the power currently enjoyed by the state to contain costs through plan design. The avoided costs can be used to maintain jobs and service delivery upon which taxpayers rely. We commend Speaker DeLeo and Chairman Dempsey for their leadership on this issue, and look forward to continuing this progress in the Senate."

Signed by

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 Business Alliance for Education, and
Stand for Children



April 26, 2011

An open letter to Legislators:

RE: Support for House Ways and Means proposal on municipal plan design authority.

This week, the House is having serious and difficult discussions about the state budget. After several years of declining revenue and budget cuts, core budget items that deliver essential services to the people of the Commonwealth are being drastically reduced. These cuts include reductions in local aid, and reductions to programs that municipalities rely on to help deliver essential services, such as public safety, public health, and transportation.

In recognition of the strain on local budgets, the Ways and Means Committee budget advanced a municipal health proposal that provides immediate relief to municipalities. We commend Speaker DeLeo and Ways & Means Chairman Dempsey for their work, and urge the House to adopt this proposal without amendments.

Over the last decade, health care cost growth averaged 10.8 percent per year for Massachusetts municipalities while the state's Group Insurance Commission (GIC) averaged just 6.4 percent annual growth. The proposal in front of you would grant our cities and towns the same ability as the state to control the rising cost of employee health plans through plan design authority. Municipal employees would still receive excellent health plans, similar to those you all receive through the State's Group Insurance Commission, and cities and towns will be able to redirect vital resources to save jobs and provide essential services.

A report released last month by The Boston Foundation and authorized by the Massachusetts Taxpayers Foundation compared the health care benefits across sectors and found that those offered to municipal employees are far more generous than those offered in private sector, or those offered to state and federal employees. A prior report released by The Boston Foundation and the Massachusetts Business Alliance for Education in December put in clear and compelling focus what many have suspected for some time—that our good-faith efforts to close the achievement gap in K-12 education are being erased by the cost of health care. From 2000 to 2007, health care costs in school budgets grew by \$1 billion, \$300 million more than the increase in Chapter 70 aid.

We value municipal employees, which is why we want to keep them working by providing the necessary revenue so that they can keep and perform their jobs. The city of Boston experienced an increase in employee salaries and benefits in fiscal 2010 despite reduced employee levels by 790 positions in calendar 2009. It is in the interests of all to keep police on the beat, teachers in the classroom, and DPW workers on the streets, with the resources necessary to provide business and taxpayers with the essential municipal service upon which they rely.



Opposition to the proposal is largely based on the false belief that it violates the principle of collective bargaining. An analysis of the history of municipal health benefits performed by the Massachusetts Municipal Association shows that these benefits were not set through collective bargaining. The state law that helped municipalities transition from indemnity plans to HMOs in the 1970s set HMO contribution rates - this was not achieved through collective bargaining, and any subsequent changes to plan design had to be then bought back from unions by municipalities at the bargaining table.

It should also be noted that the House Ways and Means proposal maintains the right of unions to negotiate their health insurance premium share in collective bargaining, giving municipal employees an important voice in their overall health care costs not offered to state employees in the GIC. Further, failure to pass the House Ways and Means proposal on municipal plan design authority would eliminate over 400,000 total covered lives in the municipal market from health care cost proposals. Municipal employees cannot be divorced from the larger goal to reduce soaring health care increases. Giving plan design to municipal officials is the single biggest step the state could take to control health care costs in this budget.

On a larger scale, outdated benefits packages to public employee unions have moved our commonwealth, and our nation, from being an investment society to solely a maintenance society, preventing investment in resources necessary to improve the quality of life for all of the Commonwealth's citizens. Business leaders, civic leaders, and most residents of Massachusetts have recognized this. Attached to this letter are 13 different editorial and columns endorsing municipal plan design, as well as a list of 34 chambers of commerce and other business organizations that endorse municipal plan design.

We, the undersigned, urge you to vote in favor of the Ways and Means municipal health plan proposal. Without action, communities will be forced to make even more painful and severe cuts to education and other basic services.

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



A Broad Group of Business Organizations Has Endorsed the Proposal that Gives Municipal Officials Plan Design Authority Outside of Collective Bargaining

Affiliated Chambers of Commerce of Greater Springfield
Assabet Valley Chamber of Commerce
Associated Industries of Massachusetts
Boston Municipal Research Bureau
Cape Ann Chamber of Commerce
Cape Cod Chamber of Commerce
Chicopee Chamber of Commerce
Eastham Chamber of Commerce
Fall River Area Chamber of Commerce
Franklin County Chamber of Commerce
Greater Haverhill Chamber of Commerce
Greater Holyoke Chamber of Commerce
Greater Newburyport Chamber of Commerce and Industry
Lynn Area Chamber of Commerce
Massachusetts Business Alliance for Education
Massachusetts Business Roundtable
Massachusetts High Technology Council
Massachusetts Taxpayers Foundation
Merrimack Valley Chamber of Commerce
Metro South Chamber of Commerce
MetroWest Chamber of Commerce
NAIOP Massachusetts
Nashoba Valley Chamber of Commerce
National Federation of Independent Business
Neponset Valley Chamber of Commerce
New Bedford Area Chamber of Commerce
North Central MA Chamber of Commerce
North Shore Chamber of Commerce
North Suburban Chamber of Commerce
Plymouth Area Chamber of Commerce
Retailers Association of Massachusetts
Saugus Chamber of Commerce Route One Area Business Assoc.
South Shore Chamber of Commerce
Tri-Town Chamber of Commerce



Editorial Support for House Budget Proposal to Reform Municipal Health Care

- The Boston Globe, *DeLeo's plan to save on cities' health costs has courage, vision*, April 21, 2011
- The Boston Herald, *A cure for what ails*, April 14, 2011
- The Boston Globe, *From labor, a health care Trojan horse*, Scot Lehigh, April 22, 2011
- The MetroWest Daily News, *Give towns a tool to cut health costs*, April 24, 2011
- The Springfield Republican, *House Speaker Robert DeLeo's plan to control public employees' health plans not such a bitter pill*, April 23, 2011
- Lawrence Eagle Tribune, *Health insurance plan is a good start*, April 19, 2011
- Worcester Telegram, *Solid design: DeLeo's budget grants key power to municipalities*, April 19, 2011
- Salem News, *House takes lead in containing municipal health costs*, April 15, 2011
- The Lowell Sun, *Excruciating burden*, April 11, 2011
- The MetroWest Daily News, *Help cities, towns rein in health costs*, April 11, 2011
- Newburyport News, *Governor needs to get serious on helping cities, towns*, April 7, 2011
- The Patriot Ledger, *Keeping \$5 co-pay not worth damage to union image*, April 6, 2011
- Worcester Telegram, *Sharing health care's burden*, Richard Kennedy, CEO of the Worcester Regional Chamber of Commerce, April 19, 2011

DeLeo's plan to save on cities' health costs has courage, vision

April 21, 2011

EMBRACING COMMON sense in state government shouldn't require unusual political courage. But as cities and towns across Massachusetts creak under the weight of their employees' health care costs, House Speaker Robert DeLeo and House Ways and Means Chairman Brian Dempsey have incurred the wrath of powerful unions by proposing a straightforward way to help local governments bring those costs under control. Under their House budget plan, municipal officials would have the power to alter the terms of health insurance coverage without having to negotiate each provision with unions.

The long-overdue change goes well beyond a fuzzier plan by Governor Patrick that calls for further negotiations between towns and local unions, and it's far superior to a union-backed plan that raises the prospect of binding arbitration. The \$100 million a year the House plan will save would greatly assist municipal governments in preventing layoffs, keeping parks and libraries open, and preserving education programs. The House plan would ease the adjustment for local employees by allowing cities and towns to use 10 percent of the first year's savings to pay for health-related expenses. But ultimately, local workers would be under the same rules as state employees — who still enjoy more extensive health benefits than comparable private workers.

A recent report by the Massachusetts Taxpayers Foundation and the Boston Foundation concluded that the average family premium for city and town employees is 37 percent higher than the typical private-sector policy and 21 percent higher than that of state employees.

Local taxpayers can't keep absorbing huge increases in health premiums. But when each provision is subject to negotiation, it's extraordinarily difficult to reduce costs as private employers might — for instance, by switching to a \$20 primary-care copay from the current municipal average of \$11. Nor can cities and towns easily enroll their employees in the Group Insurance Commission, which offers high-quality coverage for state employees at a reasonable price.

Current law allows cities and towns to join the state insurance plan, but unions have a veto. So while some communities have reaped savings — DeLeo's hometown of Winthrop, for instance, is saving \$800,000 or more a year — few others have been able to follow suit.

Opponents of the House proposal have linked it to Wisconsin's effort to strip public-employee unions of all collective bargaining rights. But it's nothing of the sort. Labor and

management would still bargain over what portion of the overall premium taxpayers would have to cover — leaving unions significant influence over the health care costs their members will bear.

What else, exactly, are cities and towns supposed to do? Federal stimulus money is drying up. And as the economy remains weak, and as private-sector workers endure stagnant wages and higher health care costs, it's unthinkable to raise taxes to cover rising municipal health care costs. DeLeo and Dempsey have advanced a fair way to avoid local layoffs and service cuts, and lawmakers ought to pass it.■

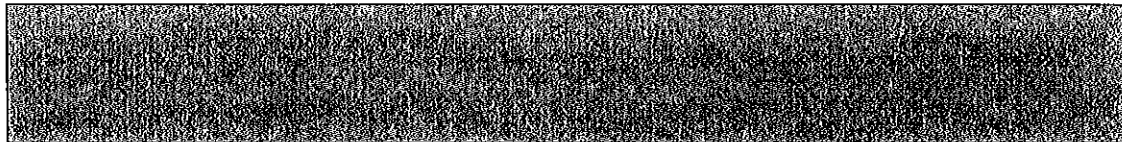
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...while no promise lasts forever

April 21, 2011

As the debate over public employees' health care heats up on Beacon Hill, an important ruling last week in Suffolk County Superior Court should reassure lawmakers of their ability to make reforms stick. After a 2009 transportation-reform bill moved MBTA employees and retirees into the state's cost-saving Group Insurance Commission, unions claimed a breach of contract. Last week, Judge Linda Giles dismissed their suit. She argued that, even if the T had demonstrably promised generous benefits at some point in the past, the Legislature could change such a policy "if reasonable and necessary to serve an important public purpose." The need to stabilize a vital agency such as the T — after years of premium hikes at rates well beyond the inflation rate — is surely such a purpose. The notion that benefits are forever has often been an obstacle to reforms on Beacon Hill, but it shouldn't be.

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A cure for what ails

By Boston Herald Editorial Staff | Thursday, April 14 2011 | <http://www.bostonherald.com> | Editorials

On its own, a House plan to give cities and towns more power to control their employee health care costs doesn't balance the state's out-of-balance budget for the next fiscal year.

But it is the single most important step that Beacon Hill can take to grant those communities desperately-needed fiscal relief. House Speaker Robert DeLeo and his budget team, who unveiled the proposal yesterday, estimate it will more than offset the \$65 million in local aid cuts included in their budget plan, potentially saving \$100 million for property taxpayers.

Finally, we're *getting* somewhere!

As DeLeo and House Ways and Means Chairman Brian Dempsey note, that's \$100 million that isn't being used to hire teachers, cops or firefighters, to plow roads or to replace textbooks.

The plan improves on Gov. Deval Patrick's earlier proposal, empowering municipal managers to set deductibles and co-payments for municipal workers outside of collective bargaining, using state employee health costs as a benchmark. In the first year 10 percent of any savings would go back to the unions for health-related expenses — a reasonable overture to appease organized labor, which is spitting nails at the thought of (gasp!) \$20 office co-pays.

"I feel, quite frankly, that this is pro-union, in the sense that we are saving jobs," DeLeo said.

It won't appease labor, of course, and they'll throw up every local roadblock they can.

As for the rest of the House budget, well, it's a bit of a high-wire act. A \$1.9 billion gap looms for the next fiscal year, and the feds aren't coming through with more cash. The House wisely rules out tax hikes and instead uses a mix of cuts, "savings initiatives" and reforms — among them, a plan to privatize more prison services, and reforms to the public defender system.

And it all rests on some rather lofty assumptions — including that the state can save \$799 million in health care costs, largely by re-negotiating with health insurers for subsidized insurance plans. We'll see.

The details will be hammered out with the Senate before July 1, but at least when it comes to municipal health care, the House plan should set the standard.

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From labor, a health care Trojan horse

By Scot Lehigh

April 22, 2011

JUST WHEN we are finally starting to make progress toward breaking the logjam on municipal health care costs, labor's legislative lumberjacks have sprung into action to re-jam the logs.

For the progress, we can thank House Speaker Robert DeLeo and Ways and Means Chairman Brian Dempsey, who have put forward a bold reform. Their proposal would give cities and towns the authority to alter health insurance plans without negotiating each and every change with the local unions, as long as copays and deductibles are comparable to those state workers pay. If doing so would leave to greater savings, municipalities would also have the unencumbered option of joining the Group Insurance Commission, which provides plans for state workers.

That would be a meaningful change. Currently, very generous local health care plans, combined with rapidly escalating health care costs, are consuming ever larger shares of municipal budgets. Those rising costs have absorbed virtually all of recent increases in state education-reform dollars, while forcing other service cuts and layoffs.

In response to the House leadership plan, labor has rallied 50 House Democrats behind a proposal that's billed as a compromise but would be better described as the Municipal Health Care Trojan Horse. Unions and municipal managers would have a 45-day period to negotiate health-plan changes, though no savings would be required. If they failed to reach agreement, the matter would go to arbitration.

This is absurdly wrong-headed. Although unions are now professing their eagerness to be part of the solution, they have long impeded community efforts to cut health care costs by enrolling with the GIC. Secondly, as Boston Municipal Research Bureau President Sam Tyler observes, this scheme would essentially reimpose binding arbitration on cities and towns, something voters eliminated when they passed Proposition 2 1/2 back in 1980. Although the Legislature reinstated a revised arbitration process for firefighters and police, arbitration awards now must be approved by the city's appropriating body. That is, the city council or board of selectmen or aldermen.

The labor-backed "reform" would expand health-plan arbitration to all municipal employees. What's more, arbitration awards would be binding on a city or town unless rejected by a two-thirds vote of the council or selectmen.

The effect of all that is that an unelected, unaccountable third party would frequently be the de facto decision-maker about local health care plans, notes Geoff Beckwith, executive director of the Massachusetts Municipal Association. And as we've seen in several high-profile Boston labor disputes, the arbitration process is frequently skewed toward labor.

To sum it all up then, the labor plan doesn't represent any forward progress. Instead, it would be a big step back.

In an attempt to up the political ante, Bob Haynes, the state's blustery AFL-CIO chief, has declared in a letter to legislators that this is a moment when they must make clear "what side you are on."

That's actually right. What's wrong is the way Haynes frames the choice; that is, as between hard-working, eager-to-compromise union members and "intractable, uncompromising" municipal management types. Rather, it's between protecting the prerogatives of local unions or looking after the broader interests of all town taxpayers and residents.

That choice should be crystal clear. After all, what public employee unions are engaged in here is an effort to preserve local health benefits that are not only much better than most private-sector offerings, but also significantly more generous than the state's well-regarded plans.

4/22/2011

From labor, a health care Trojan horse ...

Further, the notion that bringing local benefits into a more reasonable balance constitutes a frontal assault on collective bargaining is simply silly. State employees don't get to negotiate the details of their health plans. Nor do most private sector workers. Why, then, should municipal workers?

Now, Haynes is a paper tiger, one whose over-the-top antics often leave Beacon Hill decision-makers rolling their eyes.

But local unions do matter in legislative races. To counteract their electioneering influence, everyday residents need to let their lawmakers know that while unions consider this matter a labor litmus test, they see meaningful reform as a taxpayers' issue — and that they, too, will be watching closely.

Scot Lehigh can be reached at lehigh@globe.com.

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Editorial: Give towns a tool to cut health costs

The MetroWest Daily News

Apr 24, 2011

javascript:window.print()

For years municipal officials, and local taxpayers, have watched employee health insurance premiums take an ever-larger share of city and town budgets. Premiums have been rising for private employers and for state employees covered through the Group Insurance Commission, but the increases have been steepest for cities and towns, largely because even the smallest change in health policies has been subject to collective bargaining.

Municipal unions have taken a tough line, as is their right. They've resisted the increases in co-pays and deductibles private companies and the state GIC have used to cut costs, or have demanded concessions that would make the projected savings disappear. A state law enacted several years ago encouraged cities and towns to put their employees in the GIC, and has saved millions in the towns that adopted it, but it gives the unions a veto over the switch, so few communities have gone along.

The budget to be considered by the House this week would break the logjam. It gives municipal officials the power to change co-pays and deductibles without union approval. The percentage of premiums paid by employees will still be set through collective bargaining, and municipalities will be required to apply at least 10 percent of the first year's savings to health costs.

Let us be clear: This is cost-shifting, and what's really needed is the health care cost restraint that families and businesses, as well as government, need. But the House leadership's plan is a modest, reasonable step that promises breathing room for cash-strapped cities and towns. One estimate puts the annual savings to local budgets at \$100 million. Those savings are sorely needed to prevent public employee layoffs and the loss of programs and services.

Legislators are being heavily lobbied to stop this reform by municipal employees with a direct stake in the outcome. But all who pay local property taxes, who have children in school or who rely on local services have at least an indirect stake. Without stable finances, the quality of life is threatened in all our communities.

With the federal and state governments tapped out, municipalities must rescue their budgets on their own. This municipal health insurance reform is the strongest measure the Legislature can take to help cities and towns balance their books. It should be kept in the budget.

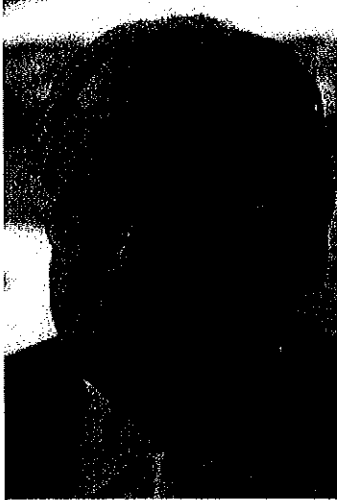
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Editorial: House Speaker Robert DeLeo's plan to control public employees' health plans not such a bitter pill

Published: Saturday, April 23, 2011, 5:00 AM Updated: Saturday, April 23, 2011, 9:32 PM

R By **The Republican Editorials**



Robert A. DeLeo

Massachusetts House Speaker **Robert A. DeLeo** and House Ways and Means Chairman **Brian Dempsey** have hit on a sensible prescription to rein in the soaring costs of public employees' health plans and save cities and towns a bundle of money. But it's not sitting well with municipal labor unions.

The proposal - aimed at saving cities and towns \$100 million in the budget year beginning July 1 - would give local officials the authority to set co-payments and deductibles for public employees without having to negotiate with unions.

While employee unions view any concessions on collective bargaining rights a bitter pill to swallow, we think the proposal is just what the doctor ordered to help Massachusetts get back on its feet.

To make the medicine go down a little easier, 10 percent of the savings from the changes would be given back to union workers for one year.

A recent report by the Massachusetts Taxpayers Foundation and the Boston Foundation found that the average family premium for city and town employees is 37 percent higher than the typical private-sector policy - and 21 percent higher than the state employees' policy. We agree with Massachusetts Taxpayers Foundation President Michael J. Widmer who said health care benefits for public workers are "excessively generous."

We hope the Legislature approves the DeLeo-Dempsey plan; it's one that promotes the greater good. In addition to helping make up for the loss of \$1.5 billion in federal stimulus money, the plan could help mayors avoid layoffs as cities and towns face another reduction in local aid.

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EagleTribune.com, North Andover, MA

April 19, 2011

Editorial: Health insurance plan is a good start

Don't pay any attention to Big Labor's whining about Massachusetts going the way of Wisconsin with its attempt to get a handle on the amount cities and towns pay for their employees' health care.

The plan unveiled by the House leadership Wednesday as part of its \$30.45 billion state budget for the fiscal year that begins July 1 is by no means extreme. Nor should it have come as a surprise to union leaders who have spent the last several years fighting efforts to reform the very expensive status quo.

All that municipal officials are asking — and the House is proposing to give them — is the same right the state has now to determine the scope of the health insurance policies offered their employees. Known as "plan design," this flexibility figures to save cities and towns an estimated \$100 million in the first year and \$2 billion over the next 10, allowing them to save jobs and services.

If anything, the House bill, aimed at helping municipalities cope with a fourth consecutive decline in unrestricted local aid, doesn't go far enough. It would require individual cities and towns to accept the legislation — allowing unions to raise another ruckus when the matter comes before the city council or town meeting; mandate that 10 percent of any "savings" be set aside to reimburse employees for their additional health care expenses; and require continued negotiation with the unions regarding employees' share of premiums and any co-pays or deductibles that exceed those of the state's Group Insurance Commission plan.

But at least it's a start, and one that deserves the support of all members of the region's legislative delegation.

"Faced with a \$1.9 billion deficit and no assistance from the federal government, this budget was crafted to protect essential services, provide tools to cash-strapped municipalities and implement reforms that generate real savings," House Ways & Means Committee chairman Brian Dempsey, D-Haverhill, declared. Implementing plan design is critical to the overall goal of allowing cities and towns money to manage their finances while at the same time keeping a lid on property taxes.

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Article published Apr 19, 2011

Solid design DeLeo's budget grants key power to municipalities

Five years after universal health care came to Massachusetts, the state continues to struggle with seemingly relentless increases in health insurance premiums. The problem affects everyone, but it affects cities and towns in a particularly intractable way, for municipalities are subject to labor agreements that make it very difficult to simply pass along premium increases to their employees.

House Speaker Robert A. DeLeo's \$30.45 billion state budget proposal, then, is notable for at least one potential game-changer: giving cities and towns the power to raise co-payments and deductibles for their workers, and to do so without first having to obtain unions' permission.

Granting municipalities so-called "plan design" power has the potential to save \$100 million a year. It is the single most important move that the state can make to grant relief to communities.

The option of joining the state's Group Insurance Commission has been on the table for some time, but too often the GIC approach came with a very big string attached — union approval. To their credit, some unions have indeed agreed to pay more toward their health care. But others have insisted on other benefits or pay increases in exchange.

Evidence that Mr. DeLeo's proposal is the genuine article came from Raymond McGrath, legislative director of the powerful SEIU-NAGE union, who told the Boston Herald: "It's almost Wisconsin-esque, I would say, that they would eliminate our right to bargain, sit down and meet with our employer on the issue of health insurance."

It's too soon to tell whether Massachusetts is in fact taking a page from Wisconsin's book, but it has become clear that if cities and towns wait any longer for union agreement, it will be too late. The reforms and savings are needed now, and whether municipal workers wind up with the GIC or something similar to it, they will still have excellent health care benefits.

In Worcester, granting the city these powers would mean that all employees — police, fire, DPW, schoolteachers, school administrators, and City Hall workers, would be paying 25 percent toward their health care costs. That will save jobs and preserve city services.

We applaud Mr. DeLeo for including the plan design provision, and urge the Legislature to support it

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SalemNews.com, Salem, MA

April 15, 2011

Our View: House takes lead in containing municipal health costs

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Don't pay any attention to Big Labor's whining about Massachusetts going the way of Wisconsin with its attempt to get a handle on the amount cities and towns pay for their employees' health care.

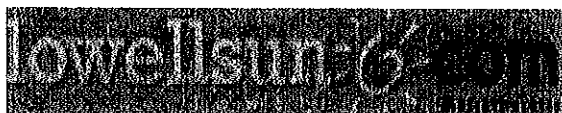
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But at least it's a start, and one that deserves the support of all members of the North Shore's legislative delegation.

"Faced with a \$1.9 billion deficit and no assistance from the federal government, this budget was crafted to protect essential services, provide tools to cash-strapped municipalities and implement reforms that generate real savings," House Ways & Means Committee Chairman Brian Dempsey, D-Haverhill, declared. Implementing plan design is critical to the overall goal of allowing cities and towns money to manage their finances while at the same time keeping a lid on property taxes.



Excruciating burden

The Lowell Sun

Updated: 04/11/2011 01:40:31 PM EDT

A report released earlier this week by the Boston Foundation and the Massachusetts Taxpayers Foundation on the growing economic disparity between public- and private-sector health-care plans reveals the excruciating burden faced by municipal taxpayers and the unfairness of a divided government system.

The report, titled "The Utility of Trouble -- Municipal Health Plans: Gilded Benefits from a Bygone Era," is only 20 pages long and can be found at www.tbf.org/Home.aspx. It is a must read for all state legislators and municipal elected officials.

Overall, the report concludes Massachusetts is already in the throes of a fiscal meltdown because of municipal health-care costs that are rising faster than the tax receipts needed to cover widening gap. Libraries are being shut down, promising young teachers laid off, community-center hours reduced, recreation programs eliminated, all because municipal unions want to maintain \$10 deductibles and zero co-pays for doctor and hospital visits.

Just this past week, the president of the Boston firefighters union spoke of "killing" all GOP-led efforts to end collective-bargaining rights on health care that won approval in the states of Wisconsin and Ohio. It won't happen here, he said.

The Boston Foundation report concluded that this lack of union compromise, to absorb even a \$5 increase in deductibles and \$15 to \$20 in co-pays, illustrates why state and local governments

have to act so strongly to end the intransigence. That's why city and town managers are pushing for "design plan" authority to create health-care options for workers without union approval.

The report says efforts to get more municipalities to join the state's Group Insurance Commission plan have stalled, despite saving a total of \$35 million for the 20 Massachusetts communities that have signed on. Why? Municipalities need approval from 70 percent of all unions to join. The threshold has

proved "insurmountable," the report said.

The study's findings show just how overly generous taxpayer-funded insurance plans are compared to private-sector plans. For instance:

n For family coverage, the average municipal premium is \$5,600, or 37 percent higher than the average private-sector premium, 33 percent higher than the federal-plan premium, and 21 percent more than the state's GIC plans.

n In the municipal plans, the average co-payment for a visit to a primary-care physician (PCP) is only \$11. State, federal and private-sector employees, on average, pay almost twice as much for visits to PCPs. Specialist visits averaged only \$14 for municipal workers, while the co-pays were a minimum \$20 in the GIC plans, \$30 for federal workers, and averaged \$20 for private sector HMO plans.

n Municipal employees pay less for generic prescriptions than other employees and the disparity grows as drug prices increase along a three-tier scale.

n Nine of the 14 communities covered in the study have no co-pays for most other medical services, including high-tech imaging, outpatient surgery, and inpatient hospitalization -- the three largest cost drivers of medical care. At a minimum, state, federal and private-sector workers pay \$75 for high-tech imaging, \$150 for outpatient surgery, and \$250 for inpatient hospitalization.

n Amazingly, no municipal plan includes a





deductible. In other public and private plans, members are responsible for a minimum annual deductible of \$250 for individual and \$750 for families.

Is it fair that municipal unions don't want to pay a dime toward medical services that other union workers in the GIC plan and federal plan routinely contribute? No, it is not. And that's what the collective-bargaining debate is all about. Cost-sharing must be accepted by the unions without conditions, or then collective bargaining on insurance premiums must be legislatively eliminated.

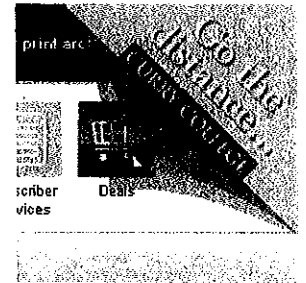
The report's final analysis is chilling: "On a larger scale, these outdated benefits packages to public employees unions have moved our Commonwealth, and our nation, from being an investment society to solely a maintenance society. We are no longer able to invest in local aid or higher education or public safety or the environment ..." because of the widening gap.

A black and white advertisement for Dell. In the top right corner is the Dell logo (a circle with "DELL" inside). The main text in the center reads "Increase your productivity" in a serif font. At the bottom right, there is a button that says "Shop Now".

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The METROWEST DAILY NEWS



Editorial: Help cities, towns rein in health costs

GHS

Posted April 12, 2011 11:31 AM

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The latest report on municipal health costs puts hard numbers on something political leaders already knew: that unionized workers in Massachusetts cities and towns get better health insurance than their private sector peers, and that taxpayers pay a higher price for it.

The Boston Foundation and the Massachusetts Taxpayers Foundation looked closely at 14 cities and towns - including Marlborough and Franklin - and for the first time made comparisons between municipal, state and private plans. It found that the average municipal family coverage premium is \$5,600, or 37 percent, higher than in the private sector, 33 percent higher than the plan for federal employees and 21 percent higher than plans under the Group Insurance Commission covering state employees.

It's easy to see why the premiums are higher: Municipal employees, on average, pay much less in deductibles and co-pays for office visits and prescription drugs.

There is variation among municipalities, especially when it comes to what portions of premiums are paid by the town and the employee. In Franklin, for instance, the employer pays just 50 percent of premium costs - \$9,993 - for its most expensive family plan, while Marlborough pays 60 percent of premiums - more than \$14,000 for a more expensive family plan.

Marlborough had an even more generous plan several years ago, but city officials negotiated a new deal with unions, raising co-pays, which had been as low as \$3. They claimed to have achieved greater savings than had they joined the GIC, but the figures in the MTF study disagree. GIC total premiums cost \$6,959 for individual coverage and \$16,896 for families, compared to Marlborough's total premium costs of \$8,986 for individuals and \$23,553 for families. Marlborough also offers a less expensive plan (though still higher than the GIC), but the city pays 70 percent of premium costs for it.

The study comes amid a push in the Legislature to give city and town officials authority to design plans that raise co-pays and deductibles without requiring approval from unions. A second proposal, from Gov. Deval Patrick, would back up that authority with a threat: If communities don't design plans at least as inexpensive as the state's, they could be forced to join the GIC.

Of the two, we prefer the first plan, supported by the Mass. Municipal Association. While the GIC has a good record of keeping employer costs down, forcing everyone into that plan would discourage private sector insurers from coming up with plans that save even more.

The subtitle of the MTF report calls municipal plans "gilded benefits from a bygone era," revealing the larger issue. Public employee insurance plans look so generous only because most private sector employers have reduced their benefits and dramatically raised the burden on employees. This race to the bottom ends up forcing all employees to pay more and get less.

This debate, like the debate in Washington over Medicare and Medicaid, misses an important point. Whether in the public or private sector, the reaction to sharp increases in health care costs has been to argue over how to split the cost between employers and employees, taxpayers and the recipients of Medicare and Medicaid benefits.

That's just cost-shifting. What's needed is cost containment. Patrick this week chided legislators who seem in no hurry to give serious consideration to his plan to restructure the health delivery system to remove incentives for unnecessary spending. He's right.

While municipal officials need new tools to rewrite the terms of public employee health insurance plans, the real problem is that none of us, whether business owners or employees, in the private or public sector, can afford the double-digit annual premium increases we've had to pay.

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NewburyportNews.com, Newburyport, MA

April 7, 2011

Governor needs to get serious on helping cities, towns

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Two recent studies show public employees health care costs are out of control. Still, Gov. Deval Patrick resists taking the steps needed to give cities and town the tools they need to manage those expenses.

Mayors, selectmen and town managers argue that they need more flexibility in designing the type of health plan that should be offered employees — an authority described as "plan design."

A recent Metropolitan Area Planning Council survey has debunked Patrick's claim that Bay State cities and towns can save plenty of money in health care costs without resorting to plan design.

In this post-Wisconsin environment, some legislators, but the governor especially, seem petrified of taking any action that might aggravate the public employee unions. And those unions don't want to lose their ability to trade concessions on health care for pay increases — despite the fact many municipalities can't afford either the current level of benefits or to give employees raises.

Thus, the effort to win plan-design authority has so far fallen on deaf ears in many precincts of the Statehouse. (One notable exception: House Speaker Robert DeLeo who has made clear his feeling that the status quo can't be tolerated.)

Patrick has for months tried to shift the focus off plan design by insisting there are millions to be saved if only cities and towns would shift retirees to Medicare — something that can be done without legislative approval.

One problem: According to MAPC, 90 percent of the 101 communities in the metropolitan Boston area have already taken that step. Most communities require retirees to sign up for Medicare when they become eligible.

How significant is this problem? Very. A study this week from The Boston Foundation and the Massachusetts Taxpayers Foundation labeled municipal government health plans "gilded benefits from a bygone era" and called upon Patrick and the Legislature to allow municipal health plans to be designed outside of collective bargaining, the State House News Service reported.

The study compared municipal premiums and cost sharing for 28 municipal government plans, two state plans, one federal plan and the average benefits in plans found in a 2010 statewide survey of employers conducted by Associated Industries of Massachusetts.

The study found that:

The average co-payment for a visit to a primary-care physician in a municipal plan is \$11. State, federal and

private workers on average pay twice as much.

No municipal plan studied included a deductible. In the other public and private plans, members are responsible for a minimum deductible of \$250 for individuals and \$700 for families.

Municipal workers pay less for generic drugs and many face no co-payments for medical services such as high-tech imaging, outpatient surgery or hospitalization.

Like it or not, if Patrick and the Legislature are sincere about helping cities and towns cope with rising health-care costs, they're going to have to address plan design. And they have only three months to act before fiscal 2012 budgets take effect July 1.

PatriotLedger.com

OUR OPINION: Keeping \$5 co-pay not worth damage to union image

GateHouse News Service

Posted Apr 06, 2011 @ 01:00 AM

EDITORIAL —

If you're still paying \$5 to see the doctor, there are a couple of possible explanations for how you've managed to avoid the ever-growing health insurance co-payments that most people shoulder.

You're either a corporate titan whose compensation in salary and benefits extends beyond the comprehension of most Americans.

Or you're a municipal employee.

While there has been a steady stream of stories casting an unfavorable light on both groups, a **report** issued Tuesday is likely to particularly tarnish taxpayers' perceptions of the latter.

Done by the Boston Foundation and the Massachusetts Taxpayers Foundation, the report concludes municipalities in Massachusetts provide workers with health insurance plans that are far more costly and generous than those offered in the private sector or in state and federal government.

Cities and towns in the study, including Marshfield and Norwell, were found to be paying on average 37 percent more toward family plans for workers than what is paid to workers in the private sector.

In many local communities – including Abington, Brockton and Stoughton – municipal workers still pay the same doctor's visit co-payment that existed 50 years ago when the fee was introduced by health insurance companies: \$5.

Tuesday's report on these "gilded benefits from a bygone era" will likely further fuel debate on how to rein in municipal health costs that are decimating public programs and leading to steady layoffs.

Municipal leaders are pushing for legislation that would remove health benefits from the collective bargaining process. The governor is pushing a plan that would force many cities and towns into the lower-cost state health insurance program.

Many unions meanwhile just seem to be pushing back, often on the grounds that it isn't their problem.

"We didn't get ourselves into this fiscal crisis," said Richard Smith, president of the Abington firefighters union. "It's not a revenue issue. It's a spending issue. They (the town) are not handling their money properly, and now it's going to be shifted on us."

The truth is there's plenty of blame to go around for the current fiscal crisis. Unions are not at the core of the problem, but those who deny any responsibility are undermining their broader agenda and tainting their hard-earned and deserved image as just defenders of workers' rights.

Those who suggest municipal employees are getting rich on the backs of taxpayers are overreaching. Salaries and retirement benefits for the vast majority put them squarely in the middle class. But unions' stance on health care is creating a chasm between members and the people who pay them.

Their response to this crisis has been underwhelming and if they continue to balk and blame others, state leaders should take what actions are necessary to bring their health benefit contributions in line with what has become the norm.

There's no denying the importance of unions and they deserve support in any fight in which workers are being mistreated.

But as long as city and town employees have \$5 co-pays for doctor visits, the ones being mistreated would seem to be taxpayers.

Sharing health care's burden

AS I SEE IT

By Richard B. Kennedy

There are two real world solutions to balancing the city's budget. Boiled down, it amounts to layoffs or restructuring health insurance.

The global downturn has been hitting home and will continue to do so. A case in point — in 2008, the city of Worcester received about \$57 million in unrestricted local aid. For the 2012 budget cycle, the city expects to receive just \$37 million, a loss of more than \$20 million. To add to the problem, in the past five years, new construction has declined by well over \$1 million. During that same timeframe, motor vehicle excise taxes have declined by about \$2 million. This is not good news for an already pressured budget.

The Worcester Regional Chamber of Commerce applauds City Manager Michael O'Brien for his stellar job in navigating the past few budget cycles. Worcester has emerged stronger and with a solid bond rating. But even with serious belt tightening, the city manager is projecting a \$7 million deficit for fiscal year 2012. We must not let the city manager's hard work and the prudent choices of the city councilors be for naught in the upcoming budget cycle.

Faced with the challenge of overcoming the \$7 million deficit, let's take a look at the city's largest expenditure — wages and benefits, which comprise 85 percent of the municipal budget. There are two real-world solutions to balancing the city's budget. Boiled down, it amounts to layoffs or restructuring health insurance.

No one wants to see fewer firefighters, police officers, teachers, or DPW workers on the job. So, let's examine the cost of providing health insurance to city employees. It's clear that the rising cost of health care is putting pressure on the budgets of both the public and private sectors. The city of Worcester employs about 3,500 in the public schools and another 1,300 municipal workers. Non-represented employees (and even some represented employees) contribute 25 percent of the cost of their health insurance. Conversely, most represented workers contribute only 20 percent. When coupled with what is an extremely generous health insurance package that includes no deductibles, very low office and prescription co-pays, and ER visits with co-pays of just \$75, the result is an enormous expenditure. In fact, most private sector companies have passed along more of the costs to their employees and have also scaled back on coverage.

Without a reduction in health care coverage expenses, the city of Worcester faces losing 46 police officers, 45 firefighters, 40 DPW workers, 19 other slots and no way to fill nearly 50 vacant positions. Clearly, this would have a wide-ranging impact on the city's residents. With a viable alternative available, the Chamber feels strongly that we cannot let these positions go unfilled.

The Massachusetts Speaker of the House is moving legislation forward to allow

municipalities to participate in the GIC (Group Insurance Commission) program — the very same program that the commonwealth participates in to help control the cost of health insurance. City Manager O'Brien is proposing that all Worcester municipal employees elect to move to a "GIC-like" product that will allow for greater flexibility and cost control but at the same time maintains collective bargaining rights. Importantly, the offer on the table is much better than if these employees were forced to move to the existing GIC product.

It is important the proposal not be seen as punitive but as a response to a changing economic and health care landscape. The outstanding quality of the city's employees and the valuable services they provide remain intact. They are what make Worcester an outstanding place to live. Passing along these costs to the taxpayer is not the solution — they are feeling the pain already as most private sector health insurance plans require at least a 25 percent employee contribution, with some requiring a 50 percent share. It is not uncommon to see high-deductible insurance plans where employees pay the first \$500 to \$1,000 of their health care expenses. It is important to strike a balance that maintains the fiscal health of the city while providing for its employees.

The Chamber strongly urges represented employees — in both education and municipal sectors — to move to this type of product. Time is of the essence. The city manager must submit a balanced budget to the city council by the end of April. The projected \$7 million deficit must be dealt with.

Please let the city manager and city council know you support the move to a realistic health care product to save city services.

Richard B. Kennedy is president and CEO of the Worcester Regional Chamber of Commerce.