



CITY OF BOSTON • MASSACHUSETTS

OFFICE OF THE MAYOR  
THOMAS M. MENINO

November 30, 2010

TO THE CITY COUNCIL

Dear Councilors,

I transmit herewith for your approval a Home Rule Petition entitled, "An Act Relative to the Establishment of the City of Boston Group Insurance Commission."

This Act provides for the formation of a Commission that will be charged with the duty of selecting health insurance plans for the employees of the City of Boston. The Commission will be comprised of both management and union representatives who will work together to contain rising health costs and ensure the sustainability of health insurance for City employees and retirees and their dependants.

I urge your Honorable Body to join me in this effort.

Sincerely,

Thomas M. Menino  
Mayor of Boston

# CITY OF BOSTON

## IN CITY COUNCIL

### AN ACT RELATIVE TO THE ESTABLISHMENT OF THE CITY OF BOSTON GROUP INSURANCE COMMISSION

Section 1 It is the purpose of this special act to ensure the provision of affordable health insurance benefit options for eligible persons, as such term is defined in section 3(a).

Section 2.

(a) There shall be established within the city of Boston, a Boston group insurance commission (hereinafter in this Act referred to as the commission), consisting of the director of administration and finance, the director of human resources, and nine members to be appointed by the mayor, one of whom shall be a retired city of Boston employee, one of whom shall be a health economist, and three of whom shall be full-time city of Boston employees with the following union affiliations, one nominee of the Boston teachers union, one nominee of the city's public safety unions, and one nominee by a union representing non-public safety and city of Boston non-teacher employees.

(b) In implementing subsection (a), each union or group, as applicable, shall nominate an eligible representative to the commission by providing notice of the individual selected for appointment to the Mayor, who shall then appoint said

individual to the commission. Union-nominated positions on the commission shall remain vacant until such notice is provided. Any such vacancy shall not, except as otherwise provided herein, impede the business of the commission.

(c) No member of the commission may be an insurance agent, broker, employee or officer of an insurance company.

(d) The initial terms of the nine members appointed by the mayor shall be two members for a one-year term, three members for a two-year term and four members for a three-year term, all successor-appointments shall be for a term of three years. In the event of a vacancy prior to expiration of any term of a union appointee, the mayor may appoint an individual to serve until the process for selection of a successor union appointee described in subsection (b) has been completed.

(e) A simple majority of the members of the commission shall constitute a quorum, and any action taken by the commission shall require a simple majority vote.

### Section 3.

(a) The commission shall negotiate with and purchase, on such terms as it deems to be in the best interest of the city of Boston and eligible persons, from one or more insurance carriers, non-profit hospital, medical, dental or other service corporations, health maintenance organizations, preferred provider organizations, independent practice associations or other third-party health care administrators, a

policy or policies or administrative services or similar contracts providing hospital, surgical, medical, dental and other health insurance benefits covering eligible persons, and shall seek acceptance of the city of Boston to execute all agreements or contracts pertaining to said policies or any amendments thereto for and on behalf of and in the name of the city of Boston. For the purposes of this special act, eligible persons shall mean city of Boston employees and retirees, and the surviving spouses or dependants of such persons. Such term shall also include employees who are employed by entities for which the city of Boston administers health insurance by operation of law or mutual written agreement, retirees of such entities, and the surviving spouses or dependents of such persons.

(b) The commission shall also negotiate with and purchase, on such terms as it deems to be in the best interests of the City of Boston and its employees, from one or more insurance companies or savings banks, a policy or policies of group life and accidental death and dismemberment insurance covering employees.

(c) The commission shall also negotiate with and purchase on such terms as it deems to be in the best interest of the city of Boston and eligible persons who are active and retired employees and their dependants insured or eligible to be insured under this chapter (including the surviving spouse of said employees) and who are eligible for coverage under the federal health insurance for the aged act, 42 U.S.C 1395 *et. seq.*, from one or more insurance companies or nonprofit hospital, medical, or other service corporations or other third-party health care administrators a policy or policies of group general or blanket insurance providing hospital, surgical, medical, dental and other health insurance, to be known as optional medicare

extension, and shall seek acceptance of the city of Boston to execute all agreements or contracts pertaining to said policies or any amendments thereto for and on behalf of and in the name of the city of Boston. Said policy or policies shall consist of one or more schedules of benefits which, as determined by the commission, may be related to the schedule of benefits purchased under the provisions of subsection (a) of this section. Such schedule of benefits may include on behalf of any person insured under this section the payment of any premium which may be required by the federal health insurance for the aged act, to be paid by any enrollee thereof. The claim experience of persons insured for optional medicare extension may, as determined by the commission, be maintained apart from, or made a part of, the claim experience applicable to the schedules of benefits provided under said subsection (a).

#### Section 4.

(a) The commission shall ensure, in negotiations undertaken pursuant to section 3(a) with respect to any health insurance benefit purchased on behalf of eligible persons, that premiums, deductibles, and co-payments payable by any such eligible person shall be set at a level that results in an actuarial value of the benefit design of any such health insurance benefit that is at least equal to the actuarial value of the benefit design for the health insurance benefits purchased under authority of section 4 of chapter 32A of the General Laws of Massachusetts and

made available to persons in the service of the commonwealth pursuant to section 5 of such chapter. For purposes of this subsection, the actuarial value of such health insurance benefits shall be determined by the secretary of administration and finance and shall be determined by reference to the health insurance plan purchased pursuant to section 4 of such chapter with the largest subscriber enrollment.

(b) The commission shall ensure, in negotiations undertaken pursuant to section 3(c) with respect to any optional medicare extension purchased on behalf of any eligible person that premiums, deductibles and co-payments payable by any such eligible person shall be set at a level that results in an actuarial value of the benefit design of any such medicare extension that is at least equal to the actuarial value of the benefit design of the medicare extension purchased under authority of section 10C of chapter 32A of the General Laws of Massachusetts and made available to persons in the service of the commonwealth or retirees pursuant to section 5 of such chapter. For purposes of this subsection, the actuarial value of such medicare extension shall be determined by the secretary of administration and finance and shall be determined by reference to the medicare extension purchased pursuant to section 10C of such chapter with the largest subscriber enrollment.

(c) Any determination or attestation made pursuant to subsections (a) or (b) of this section regarding the actuarial equivalence of benefit design shall be reviewed and certified by an independent actuary meeting the qualification standards established by the American Academy of Actuaries who, in so

determining or attesting, is following the applicable standards of practice in issuing an actuarial opinion.

Section 5. All contracts for health insurance plans executed by the commission pursuant to section 3 and implemented by the city of Boston, and applicable premiums, deductibles, and copayments shall be binding on all eligible persons for whom insurance is being purchased. The negotiation and purchase of insurance, including the execution, implementation and application of any insurance agreement, or contract, applicable premiums, deductibles and copayments, by the commission or the city of Boston pursuant to the provisions of this Special Act shall not be subject to collective bargaining under chapter one hundred fifty E, nor shall it be subject to any statutory impasse proceeding.

Section 6. The commission shall adopt such rules and regulations as it may deem necessary to undertake its obligations under this act. Such rules and regulations shall ensure that eligible persons understand the benefits available from the insurance programs, including the cost thereof.

Section 7. All members of the commission who are not full time employees of the city of Boston shall be deemed special municipal employees for the purposes of general laws chapter 268A.

Section 8. The commission shall not be subject to the requirements of general laws chapter 30A, sections 18 through 25.

Section 9. Application of Chapter 32B:--

(a) Upon enactment of this Special Act, the following provisions of Chapter 32B shall no longer apply to the city of Boston:

(1) Section 3;

(2) Sections 7 and 7A, except that, the commission shall specify a process for withholding from each payment of salary, wages, or other compensation to an eligible person the applicable premium established for benefits purchased pursuant to section 3 of this Special Act;

(3) Sections 9A and 9E, insofar as such sections pertain to hospital, surgical, medical, dental and other health insurance;

(4) Section 11C; except that the commission shall establish rules similar to the rules in subsections (a) and (c) of such section in implementing section 3(c) of this special act.

(b) Except as provided in subsection (c), every section of Chapter 32B or portion thereof that i) is in effect as of the effective date of this act, ii) is not subject to local option, and iii) is not listed in subsection (a), shall continue to apply to the city of Boston to the extent that the application of such section or portion thereof is not inconsistent with the application of this special act. Every local option section or portion thereof in Chapter 32B that has been accepted by the city of Boston as of the effective date of this act, and which is not otherwise listed in subsection (a), shall continue to apply to the city of Boston to the extent that the application of such section or portion thereof is not inconsistent with the application of this special act.

(c) Rule for Application of Chapter 32B, Section 10:-- For purposes of this Special Act, and notwithstanding any other provision of law, the second paragraph of section 10 of Chapter 32B of the General Laws, as appearing in the 2008 Official Edition of the Massachusetts General Laws on the date of the enactment of this special act, shall not apply to the city of Boston.

Section 10. Effective Date:--

(a) Except as provided in subsection (b), the provisions of this Special Act shall take effect upon its enactment.

(b) No change in insurance benefits for any group of employees covered by a collective bargaining agreement in effect as of the effective date of this Act specified in subsection (a), as a result of action taken by the commission or the city of Boston hereunder, shall take effect prior to the expiration of such agreement.

**I HEREBY CERTIFY THAT  
THE FOREGOING, IF PASSED IN  
THE ABOVE FORM, WILL BE IN  
ACCORDANCE WITH LAW.**

  
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WILLIAM F. SINNOTT  
CORPORATION COUNSEL MAC