Are There Other Costs?

Municipalities pay for their costs of evaluating and implementing the GIC option, plus an administrative fee to the Commission, which may not exceed 1% of premium; this amount is only used to administer the program. The GIC does not use brokers and there are no broker fees, commissions or reinsurance/stop loss costs.

How Do We Proceed?

If it makes financial sense for your community to look into the GIC option, your unionized municipality must adopt Section 19 of Chapter 32B, Coalition Bargaining, to bring together a Public Employee Committee (PEC), made up of representatives of employees and retirees. The decision to join the GIC would be made collectively between municipal leaders and the PEC. These negotiations will include:

- Whether or not to join the GIC
- If joining the GIC, the contribution ratio to be paid by the employees/ retirees and the municipality by plan type
- Provisions for opting out of the GIC after three or six years
- Additional provisions for Retired Municipal Teachers if they currently participate in the GIC's RMT program.

For comprehensive information on this topic, including information for non-unionized municipalities, refer to the Chapter 67 Questions and Answers, available on the GIC's website.

Also visit the Metropolitan Area Planning Council's website: **www.mapc.org**

Is This Option Beneficial for All Municipalities?

Although this option can save money for many municipalities and their employees and retirees, it may not be the right choice for all. For example, some municipalities have joined joint purchasing arrangements that have helped to keep health care costs in check. Also, the GIC option only applies to health insurance. Municipalities that join continue to provide other benefits, such as life, dental, vision, or disability income insurance.

For additional information, see the Municipal Resources section of the GIC's website
www.mass.gov/gic
Group Insurance Commission
P.O. Box 8747
Boston, MA 02114-8747
617-727-2310
TDD/TTY: 617-227-5181

RED SUN PRESS

GIC Municipal Health Insurance Option

- **Low premiums**
- **Comprehensive Options**
- **Rate increases lower than most municipalities have realized on their own**

Commonwealth of Massachusetts
Group Insurance Commission
Your Benefits Connection

Why Consider the GIC Health Insurance Option?

Municipal health insurance costs continue to grow at unsustainable rates, resulting in a negative impact on municipal governments, employees, retirees, and taxpayers. With flat or reduced municipal revenues, cities and towns are looking for relief from these increases in an effort to attract and retain qualified employees while maintaining services.

The Group Insurance Commission (GIC) provides health insurance and other benefits to more than 300,000 state employees, retirees, their dependents and survivors. The GIC's buying power and expertise has resulted in:

- Lower premiums than most municipalities can negotiate on their own
- Comprehensive health plan options
  - Indemnity (Non-Medicare and Medicare options), which are available throughout the country
  - Statewide PPO-type options (employees and Non-Medicare retirees/survivors), which are also available in other New England states
  - Regional HMOs (Medicare and Non-Medicare)
- Rate increases lower than most municipalities have realized on their own

How Do We Evaluate This Option?

One way to get an estimated total current year cost of insuring your town's employees and retirees through the GIC, is to do the following calculations:

First, estimate which GIC health plan your employees and retirees would select, factoring in the health plans in which they are currently enrolled, contribution splits and whether the GIC offers a plan by your current carrier(s).

Second, take the number of enrollees estimated to enroll in each health plan by coverage type (individual, family or Medicare) and multiply by twelve times the full cost premium of that coverage for each GIC plan multiplied by the municipal contribution.

Current year full cost GIC premium rates are in the municipal resource section of our website (www.mass.gov/gic):

Complete the same calculation for each GIC health plan and coverage type and add all results together.

Third, compare the amount you calculated to your municipality's health care expenses for the current year.

To estimate future savings, compare the GIC's premium trends applied to the GIC cost estimate you just calculated with the rate increases your municipality experienced over the last few years applied to your municipality's current health care expenses.

You also will need to compare and contrast the GIC's health benefits with your current plan options. The GIC's premium trends and current health plan benefits are on our website, mass.gov/gic

Example:

[# of GIC Plan A individual enrollees] x [12] x [GIC full cost monthly premium for GIC Plan A individual coverage] x [% Municipal contribution for this type of plan (e.g., HMO)]

Background on the Law

Leaders of municipal organizations, public employee unions, retired municipal employee organizations, state legislators, and GIC senior staff began meeting in September 2005 to find solutions to rising municipal health insurance costs. This Municipal Health Insurance Working Group was staffed by the Metropolitan Area Planning Council (MAPC) and chaired by John Hamill, former Chairman of Sovereign Bank of New England. The group drafted the final legislation that carefully balanced the priorities and concerns of all participants. This legislation allows municipalities to join the GIC's health coverage.