

HOUSE No. 1140

By Mr. Kaufman of Lexington, petition of Jay R. Kaufman and others for legislation to establish retiree health care liability funds for municipalities. Health Care Financing.

The Commonwealth of Massachusetts

PETITION OF:

Jay R. Kaufman	Douglas W. Petersen
Todd M. Smola	William Smitty Pignatelli
John P. Fresolo	John W. Scibak
James E. Timilty	Paul C. Casey
Bruce E. Tarr	Louis L. Kafka
Mary S. Rogeness	James B. Eldridge
Michael R. Knapik	

In the Year Two Thousand and Seven.

AN ACT TO ESTABLISH RETIREE HEALTH CARE LIABILITY FUNDS FOR MUNICIPALITIES.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 Chapter 32B of the General Laws, as appearing in the 2004 Offi-
2 cial Edition, is hereby amended by inserting at the end thereof the
3 following new section:—
4 Section 20. A town, city, district, or county, if it accepts the provi-
5 sions of this section, may establish a retiree health care funding
6 schedule. The schedule, and future updates to it, shall be designed,
7 consistent with standards issued by the Governmental Accounting
8 Standards Board, to reduce the unfunded actuarial liability of health
9 care and other post-employment benefits to zero as of an actuarially
10 acceptable period of years and to meet the normal cost of all future
11 such benefits for which the governmental unit is obligated. The
12 schedule, and any future updates thereto, shall be developed by the
13 governmental unit's chief executive office and approved by the
14 actuary in the division of insurance. The funding schedule shall be
15 reviewed triennially by the chief executive officer and any future
16 updates to the schedule shall be approved by the actuary.

17 The legislative body of the governmental unit may appropriate
18 such amounts, as required by the schedule, which shall be credited to
19 a separate fund to be known as the retiree health care liability fund.
20 Any interest or other income shall be added to and become part of
21 the fund. Amounts that a governmental unit receives as a participant
22 in the Retiree Drug Subsidy Program created under the Medicare
23 Prescription Drug, Improvement, and Modernization Act of 2003
24 (Public Law No. 108-173), may be added to and become part of the
25 fund.

26 The treasurer of the town, city, district, or county shall be the cus-
27 todian of the fund. Notwithstanding any general or special law to the
28 contrary, the selectmen in a town, the city council in a city, the gov-
29 erning board in a district, or the county commissioners in a county,
30 may assign responsibility for the investment and reinvestment of the
31 fund to the retirement board of which the employees of the govern-
32 mental unit are members or may assign responsibility for the invest-
33 ment and reinvestment of the fund to the pension reserves
34 investment management board, in accordance with section 23 of
35 chapter 32.

36 The provisions of this section may be accepted in a town by vote
37 of the town at a town meeting; in a city having a Plan D or Plan E
38 charter by majority vote of its city council; in any other city by vote
39 of its city council, approved by the mayor; in a district by vote of the
40 governing board of the district; and in a county by vote of the county
41 commissioners.