

# HOUSE . . . . . No. 3580

Sections 51, 52, 58, 199, 200, 201 and 202 contained in the engrossed Bill making appropriations for the fiscal year 2012 for the maintenance of the departments, boards, commissions, institutions and certain activities of the Commonwealth, for interest, sinking fund and serial bond requirements and for certain permanent improvements (see House, No. 3535), which had been returned by His Excellency the Governor with recommendation of amendment (for message, see Attachment F of House, No. 3581). July 11, 2011.

## The Commonwealth of Massachusetts

In the Year Two Thousand Eleven.

### AN ACT RELATIVE TO MUNICIPAL HEALTH INSURANCE.

*Whereas*, The deferred operation of this act would tend to defeat its purpose, which is immediately to authorize municipalities to implement local health insurance changes, therefore it is hereby declared to be an emergency law, necessary for the immediate preservation of the public convenience.

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

1 SECTION 1. Chapter 32B of the General Laws is hereby amended by striking out section 2,  
2 as so appearing, and inserting in place thereof the following section:-

3 Section 2. As used in this chapter the following words shall, unless the context clearly  
4 requires otherwise, have the following meanings:-

5 “Appropriate public authority”, as to a county, except Worcester county, the county  
6 commissioners; as to a city, the mayor; as to a town, the selectmen; as to a district, the governing  
7 board of the district and for the purposes of this chapter if a collective bargaining agreement is in  
8 place, as to a commonwealth charter school as defined by section 89 of chapter 71, the board of  
9 trustees; and as to an education collaborative, as defined by section 4E of chapter 40, the board of  
10 directors.

11 “Commission”, the group insurance commission established by section 3 of chapter 32A.

12 “Dependent”, an employee’s spouse, an employee’s unmarried children under 19 years of age  
13 and any child 19 years of age or over who is mentally or physically incapable of earning the  
14 child’s own living; provided, however, that any additional premium which may be required shall  
15 be paid for the coverage of such child 19 years of age or over; provided further, that “dependent”  
16 shall also include an unmarried child 19 years of age or over who is a full-time student in an  
17 educational or vocational institution and whose program of education has not been substantially  
18 interrupted by full-time gainful employment, excluding service in the armed forces; provided  
19 further, that any additional premium which may be required for the coverage of such student shall  
20 be paid in full by the employee. The standards for such full-time instruction and the time required  
21 to complete such a program of education shall be determined by the appropriate public authority.

22 “District”, any water, sewer, light, fire, veterans’ services or other improvement district or  
23 public unit created within 1 or more political subdivisions of the commonwealth to provide public  
24 services or conveniences.

25 “Employee”, any person in the service of a governmental unit or whose services are divided  
26 between 2 or more governmental units or between a governmental unit and the commonwealth,  
27 and who receives compensation for any such service, whether such person is employed,  
28 appointed or elected by popular vote, and any employee of a free public library maintained in a  
29 city or town to the support of which that city or town annually contributes not less than one-half  
30 of the cost; provided, however, that the duties of such person require not less than 20 hours,  
31 regularly, in the service of the governmental unit during the regular work week of permanent or  
32 temporary employment; provided further, that no seasonal employee or emergency employees  
33 shall be included, except that persons elected by popular vote may be considered eligible  
34 employees during the entire term for which they are elected regardless of the number of hours  
35 devoted to the service of the governmental unit. A member of a call fire department or other  
36 volunteer emergency service agency serving a municipality shall be considered an employee, if

37 approved by vote of the municipal legislative body, and the municipality shall charge such  
38 individual 100 per cent of the premium. If an employee's services are divided between  
39 governmental units, the employee shall, for the purposes of this chapter, be considered an  
40 employee of the governmental unit which pays more than 50 per cent of the employee's salary.  
41 But, if no one governmental units pays more than 50 per cent of that employee's salary, the  
42 governmental unit paying the largest share of the salary shall consider the employee as its own for  
43 membership purposes, and that governmental unit shall contribute 50 per cent of the cost of the  
44 premium. If the payment of an employee's salary is equally divided between governmental units,  
45 the governmental unit having the largest population shall contribute 50 per cent of the cost of the  
46 premium. If an employee's salary is divided in any manner between a governmental unit and the  
47 commonwealth, the governmental unit shall contribute 50 per cent of the cost of the premium. An  
48 employee eligible for coverage under this chapter shall not be eligible for coverage as an  
49 employee under chapter 32A. Teachers and all other public school employees shall be deemed to  
50 be employees during the months of July and August under this chapter; provided, however, that  
51 employee contributions for such health insurance for those 2 months are deducted from the  
52 compensation paid for services rendered during the previous school year. A determination by the  
53 appropriate public authority that a person is eligible for participation in the plan of insurance shall  
54 be final. Nothing in this paragraph shall apply to Worcester county or its employees.

55 "Employer", the governmental unit.

56 "Governmental unit", any political subdivision of the commonwealth.

57 "Health care flexible spending account", a federally-recognized tax-exempt health benefit  
58 program that allows an employee to set aside a portion of earnings to pay for qualified expenses  
59 as established in an employer's benefit plan.

60 "Health care organization", an organization for the group practice of medicine, with or  
61 without hospital or other medical institutional affiliations, which furnishes to the patient a

62 specified or unlimited range of medical, surgical, dental, hospital and other types of health care  
63 services.

64 “Health reimbursement arrangement”, a federally-recognized tax-exempt health benefit  
65 program funded solely by an employer to reimburse subscribers for qualified medical expenses.

66 “Optional Medicare extension”, a program of hospital, surgical, medical, dental and other  
67 health insurance for such active employees and their dependents and such retired employees and  
68 their dependents, except elderly governmental retirees insured under section 11B, as are eligible  
69 or insured under the federal health insurance for the aged act, as may be amended from time to  
70 time.

71 “Political subdivision”, any county, except Worcester county, city, town or district.

72 “Savings”, for the purposes of sections 21, 22 and 23, shall mean the difference between the  
73 total projected premium costs for health insurance benefits provided by a political subdivision  
74 with changes made to health insurance benefits under section 22 or 23 for the first 12 months  
75 after the implementation of such changes and the total projected premium costs for health  
76 insurance benefits provided by that subdivision without such changes for the same 12 month  
77 period.

78 “Subscribers”, employees, retirees, surviving spouses and dependents of the political  
79 subdivision and may include employees, retirees, surviving spouses and dependents of a district  
80 who previously received health insurance benefits through the political subdivision.

81

82 SECTION 2. Section 12 of said chapter 32B is hereby amended by inserting, at the end  
83 thereof, the following paragraph:-

84 The board of a trust or joint purchase group established by 2 or more governmental units may  
85 vote to implement changes to co-payments, deductibles, tiered provider network copayments and  
86 other cost-sharing plan design features which do not exceed those which an appropriate public  
87 authority may offer under section 22; provided, however, that each governmental unit that is a

88 member of a trust or group shall comply with the requirements set forth in section 21 before any  
89 such changes may be applied to the health insurance coverage of such governmental unit's  
90 subscribers. If such changes to the dollar amounts for copayments, deductibles, tiered provider  
91 network copayments and other cost-sharing plan design features do not exceed those permitted  
92 under section 22, such changes shall be approved in accordance with the provisions of section 21.

93

94 SECTION 3. Said chapter 32B is hereby further amended by adding the following 9  
95 sections:-

96 Section 21. (a) Any political subdivision electing to change health insurance benefits under  
97 sections 22 or 23 shall do so in the following manner: in a county, except Worcester county, by a  
98 vote of the county commissioners; in a city having Plan D or a Plan E charter, by majority vote of  
99 the city council and approval by the manager; in any other city, by majority vote of the city  
100 council and approval by the mayor; in a town, by vote of the board of selectmen; in a regional  
101 school district, by vote of the regional district school committee; and in all other districts, by vote  
102 of the registered voters of the district at a district meeting. This section shall be binding on any  
103 political subdivision that implements changes to health insurance benefits pursuant to section 22  
104 or 23.

105 (b) Prior to implementing any changes authorized under sections 22 or 23, the appropriate  
106 public authority shall evaluate its health insurance coverage and determine the savings that may  
107 be realized after the first 12 months of implementation of plan design changes or upon transfer of  
108 its subscribers to the commission. The appropriate public authority shall then notify its insurance  
109 advisory committee, or such committee's regional or district equivalent, of the estimated savings  
110 and provide any reports or other documentation with respect to the determination of estimated  
111 savings as requested by the insurance advisory committee. After discussion with the insurance  
112 advisory committee as to the estimated savings, the appropriate public authority shall give notice  
113 to each of its collective bargaining units to which the authority provides health insurance benefits

114 and a retiree representative, hereafter called the public employee committee, of its intention to  
115 enter into negotiations to implement changes to health insurance benefits provided by the  
116 appropriate public authority. The retiree representative shall be designated by the Retired State,  
117 County and Municipal Employees Association. A political subdivision which has previously  
118 established a public employee committee under section 19 may implement changes to its health  
119 insurance benefits pursuant to this section and sections 22 and 23.

120 Notice to the collective bargaining units and retirees shall be provided in the same manner as  
121 prescribed in section 19. The notice shall detail the proposed changes, the appropriate public  
122 authority's analysis and estimate of its anticipated savings from such changes and a proposal to  
123 mitigate, moderate or cap the impact of these changes for subscribers, including retirees, low-  
124 income subscribers and subscribers with high out-of-pocket health care costs, who would  
125 otherwise be disproportionately affected.

126 (c) The appropriate public authority and the public employee committee shall have not more  
127 than 30 days from the point at which the public employee committee receives the notice as  
128 provided in subsection (b) to negotiate all aspects of the proposal. An agreement with the  
129 appropriate public authority shall be approved by a majority vote of the public employee  
130 committee; provided, however, that the retiree representative shall have a 10 per cent vote. If  
131 after 30 days the appropriate public authority and public employee committee are unable to enter  
132 into a written agreement to implement changes under section 22 or 23, the matter shall be  
133 submitted to a municipal health insurance review panel. The panel shall be comprised of 3  
134 members, 1 of whom shall be appointed by the public employee committee, 1 of whom shall be  
135 appointed by the public authority and 1 of whom shall be selected through the secretary of  
136 administration and finance who shall forward to the appropriate public authority and the public  
137 employee committee a list of 3 impartial potential members, each of whom shall have  
138 professional experience in dispute mediation and municipal finance or municipal health benefits,  
139 from which the appropriate public authority and the public employee committee may jointly

140 select the third member; provided, however, that if the appropriate public authority and the public  
141 employee committee cannot agree within 3 business days upon which person to select as the third  
142 member of the panel, the secretary of administration and finance shall select the final member of  
143 the panel. Any fee or compensation provided to a member for service on the panel shall be shared  
144 equally between the public employee committee and the appropriate public authority.

145 (d) The municipal health insurance review panel shall approve the appropriate public  
146 authority's immediate implementation of the proposed changes under section 22; provided,  
147 however, that any increases to plan design features have been made in accordance with the  
148 provisions of section 22. The municipal health insurance review panel shall approve the  
149 appropriate public authority's immediate implementation of the proposed changes under section  
150 23; provided that the panel confirms that the anticipated savings under those changes would be at  
151 least 5 per cent greater than the maximum possible savings under section 22. If the panel does  
152 not approve implementation of changes made pursuant to section 22 or section 23, the public  
153 authority may submit a new proposal to the public employee committee for consideration and  
154 confirmation under this section.

155 (e) Within 10 days of receiving any proposed changes under sections 22 or 23, the municipal  
156 health insurance review panel shall: (i) confirm the appropriate public authority's estimated  
157 monetary savings due to the proposed changes under section 22 or 23 and ensure that the savings  
158 is substantiated by documentation provided by the appropriate public authority; provided,  
159 however, that if the panel determines the savings estimate to be unsubstantiated, the panel may  
160 require the public authority to submit a new estimate or provide additional information to  
161 substantiate the estimate; (ii) review the proposal submitted by the appropriate public authority to  
162 mitigate, moderate or cap the impact of these changes for subscribers, including retirees, low-  
163 income subscribers and subscribers with high out-of-pocket health care costs, who would  
164 otherwise be disproportionately affected; and (iii) concur with the appropriate public authority  
165 that the proposal is sufficient to mitigate, moderate or cap the impact of these changes for

166 subscribers, including retirees, low-income subscribers and subscribers with high out-of-pocket  
167 health care costs, who would otherwise be disproportionately affected or revise the proposal  
168 pursuant to subsection (f).

169 (f) The municipal health insurance review panel may determine the proposal to be insufficient  
170 and may require additional savings to be shared with subscribers, particularly those who would be  
171 disproportionately affected by changes made pursuant to sections 22 or 23, including retirees,  
172 low-income subscribers and subscribers with high out-of-pocket costs. In evaluating the  
173 distribution of savings to retirees, the panel may consider any discrepancy between the percentage  
174 contributed by retirees, surviving spouses and their dependents to plans offered by the public  
175 authority as compared to other subscribers. In reaching a decision on the proposal under this  
176 subsection, the municipal health insurance review panel may consider an alternative proposal,  
177 with supporting documentation, from the public employee committee to mitigate, moderate or cap  
178 the impact of these changes for subscribers. The panel may require the appropriate public  
179 authority to distribute additional savings to subscribers in the form of health reimbursement  
180 arrangements, wellness programs, health care trust funds for emergency medical care or inpatient  
181 hospital care, out-of-pocket caps, Medicare Part B reimbursements or reimbursements for other  
182 qualified medical expenses; provided, however that in no case shall the municipal health  
183 insurance review panel designate more than 25 per cent of the estimated savings to subscribers.  
184 The municipal health insurance review panel shall not require a municipality to implement a  
185 proposal to mitigate, moderate or cap the impact of changes authorized under section 22 or 23  
186 which has a total multi-year cost that exceeds 25 per cent of the estimated savings. All  
187 obligations on behalf of the appropriate public authority related to the proposal shall expire after  
188 the initial amount of estimated savings designated by the panel to be distributed to employees and  
189 retirees has been expended. The panel shall not impose any change to contribution ratios.

190 (g) The decision of the municipal health insurance review panel shall be binding upon all  
191 parties.

192 (h) The secretary of administration and finance shall promulgate regulations establishing  
193 administrative procedures for the negotiations with the public employee committee and the  
194 municipal health insurance review panel, and issue guidelines to be utilized by the appropriate  
195 public authority and the municipal health insurance review panel in evaluating which subscribers  
196 are disproportionately affected, subscriber income and subscriber out-of-pocket costs associated  
197 with health insurance benefits.

198 Section 22. (a) Upon meeting the requirements of section 21, an appropriate public authority  
199 of a political subdivision which has undertaken to provide health insurance coverage to its  
200 subscribers by acceptance of any other section of this chapter may include, as part of the health  
201 plans that it offers to its subscribers not enrolled in a Medicare plan under section 18A,  
202 copayments, deductibles, tiered provider network copayments and other cost-sharing plan design  
203 features that are no greater in dollar amount than the copayments, deductibles, tiered provider  
204 network copayments and other cost-sharing plan design features offered by the commission  
205 pursuant to section 4 or 4A of chapter 32A in a non-Medicare plan with the largest subscriber  
206 enrollment; provided, however, that for subscribers enrolled in a Medicare plan pursuant to  
207 section 18A the appropriate public authority may include, as part of the health plans that it offers  
208 to its subscribers, copayments, deductibles, tiered provider network copayments and other cost-  
209 sharing plan design features that are no greater in dollar amount than the copayments,  
210 deductibles, tiered provider network copayments and other cost-sharing plan design features  
211 offered by the commission pursuant to section 4 or 4A of chapter 32A in a Medicare plan with the  
212 largest subscriber enrollment. The appropriate public authority shall not include a plan design  
213 feature which seeks to achieve premium savings by offering a health benefit plan with a reduced  
214 or selective network or providers unless the appropriate public authority also offers a health  
215 benefit plan to all subscribers that does not contain a reduced or selective network of providers.

216 (b) An appropriate public authority may increase the dollar amounts for copayments,  
217 deductibles, tiered provider network copayments and other cost-sharing plan design features;

218 provided that, for subscribers enrolled in a non-Medicare plan, such features do not exceed plan  
219 design features offered by the commission pursuant to section 4 or 4A of chapter 32A in a non-  
220 Medicare plan with the largest subscriber enrollment and, for subscribers enrolled in a Medicare  
221 plan under section 18A, such features do not exceed plan design features offered by the  
222 commission pursuant to section 4 or 4A of chapter 32A in a Medicare plan with the largest  
223 subscriber enrollment; provided, however, that the public authority need only satisfy the  
224 requirements of subsection (a) of section 21 the first time changes are implemented pursuant to  
225 this section; and provided, further that the public authority meet its obligations under subsections  
226 (b) to (h), inclusive, of section 21 each time an increase to a plan design feature is proposed.

227 Nothing herein shall prohibit an appropriate public authority from including in its health  
228 plans higher copayments, deductibles or tiered provider network copayments or other plan design  
229 features than those authorized by this section; provided, however, such higher copayments,  
230 deductibles, tiered provider network copayments and other plan design features may be included  
231 only after the governmental unit has satisfied any bargaining obligations pursuant to section 19 or  
232 chapter 150E.

233 (c) The decision to accept and implement this section shall not be subject to bargaining  
234 pursuant to chapter 150E or section 19. Nothing in this section shall preclude the implementation  
235 of plan design changes pursuant to this section in communities that have adopted section 19 of  
236 this chapter or by the governing board of a joint purchasing group established pursuant to section  
237 12.

238 (d) Nothing in this section shall relieve an appropriate public authority from providing health  
239 insurance coverage to a subscriber to whom it has an obligation to provide coverage under any  
240 other provision of this chapter.

241 (e) The first time a public authority implements plan design changes under this section or  
242 section 23, the public authority shall not increase before July 1, 2014, the percentage contributed  
243 by retirees, surviving spouses and their dependents to their health insurance premiums from the

244 percentage that was approved by the public authority prior to and in effect on July 1, 2011;  
245 provided however, that if a public authority approved of an increase in said percentage  
246 contributed by retirees before July 1, 2011, but to take effect on a date after July 1, 2011, said  
247 percentage increase may take effect upon the approval of the secretary of administration and  
248 finance based on documented evidence satisfactory to the secretary that the public authority  
249 approved the increase prior to July 1, 2011.

250 Section 23. (a) Upon meeting the requirements of section 21, an appropriate public authority  
251 which has undertaken to provide health insurance coverage to its subscribers may elect to provide  
252 health insurance coverage to its subscribers by transferring its subscribers to the commission and  
253 shall notify the commission of such transfer. The notice shall be provided to the commission by  
254 the appropriate public authority on or before December 1 of each year and the transfer of  
255 subscribers to the commission shall take effect on the following July 1. On the effective date of  
256 the transfer, the health insurance of all subscribers, including elderly governmental retirees  
257 previously governed by section 10B of chapter 32A and retired municipal teachers previously  
258 governed by section 12 of chapter 32A, shall be provided through the commission for all  
259 purposes and governed under this section. As of the effective date and for the duration of this  
260 transfer, subscribers transferred to the commission's health insurance coverage shall receive  
261 group health insurance benefits determined exclusively by the commission and the coverage shall  
262 not be subject to collective bargaining, except for contribution ratios.

263 Subscribers transferred to the commission who are eligible or become eligible for Medicare  
264 coverage shall transfer to Medicare coverage, as prescribed by the commission. In the event of  
265 transfer to Medicare, the political subdivision shall pay any Medicare part B premium penalty  
266 assessed by the federal government on retirees, spouses and dependents as a result of enrollment  
267 in Medicare part B at the time of transfer into the Medicare health benefits supplement plan. For  
268 each subscriber's premium and the political subdivision's share of that premium, the subscriber  
269 and the political subdivision shall furnish to the commission, in such form and content as the

270 commission shall prescribe, all information the commission deems necessary to maintain  
271 subscribers' and covered dependents' health insurance coverage. The appropriate public authority  
272 of the political subdivision shall perform such administrative functions and process such  
273 information as the commission deems necessary to maintain those subscribers' health insurance  
274 coverage including, but not limited to, family and personnel status changes, and shall report all  
275 changes to the commission. In the event that a political subdivision transfers subscribers to the  
276 commission under this section, subscribers may be withdrawn from commission coverage at 3  
277 year intervals from the date of transfer of subscribers to the commission.

278       The appropriate public authority shall provide notice of any withdrawal by October 1 of the  
279 year prior to the effective date of withdrawal. All withdrawals shall be effective on July 1  
280 following the political subdivision's notice to the commission and the political subdivision shall  
281 abide by all commission requirements for effectuating such withdrawal, including the notice  
282 requirements in this subsection. In the event a political subdivision withdraws from commission  
283 coverage under this section, such withdrawal shall be binding on all subscribers, including those  
284 subscribers who, prior to the transfer to the commission, received coverage from the commission  
285 under sections 10B and 12 of chapter 32A and, after withdrawal from the commission, those  
286 subscribers who received coverage from the commission under said sections 10B and 12 of said  
287 chapter 32A shall not pay more than 25 per cent of the cost of their health insurance premiums.  
288 In the event of withdrawal from the commission, the political subdivision and public employee  
289 unions shall return to governance of negotiations of health insurance under chapter 150E and this  
290 chapter; provided, however, that the political subdivision may transfer coverage to the  
291 commission again after complying with the requirements of subsections (b) to (h), inclusive, of  
292 section 21.

293       The commission shall issue rules and regulations consistent with this section related to the  
294 process by which subscribers shall be transferred to the commission.

295 (b) To the extent authorized under chapter 32A, the commission shall provide group coverage  
296 of subscribers' health claims incurred after transfer to the commission. The claim experience of  
297 those subscribers shall be maintained by the commission in a single pool and combined with the  
298 claim experience of all covered state employees and retirees and their covered dependents,  
299 including those subscribers who previously received coverage under sections 10B and 12 of  
300 chapter 32A.

301 (c) A political subdivision that self-insures its group health insurance plan under section 3A  
302 and has a deficit in its claims trust fund at the time of transferring its subscribers to the  
303 commission and the deficit is attributable to a failure to accrue claims which had been incurred  
304 but not paid may capitalize the deficit and amortize the amount over 10 fiscal years in 10 equal  
305 amounts or on a schedule providing for a more rapid amortization. Except as provided otherwise  
306 herein, subscribers eligible for health insurance coverage pursuant to this section shall be subject  
307 to all of the terms, conditions, schedule of benefits and health insurance carriers as employees and  
308 dependents as defined by section 2 and commission regulations. The commission shall,  
309 exclusively and not subject to collective bargaining under chapter 150E, determine all matters  
310 relating to subscribers' group health insurance rights, responsibilities, costs and payments and  
311 obligations excluding contribution ratios, including, but not limited to, the manner and method of  
312 payment, schedule of benefits, eligibility requirements and choice of health insurance carriers.  
313 The commission may issue rules and regulations consistent with this section and shall provide  
314 public notice, and notice at the request of the interested parties, of any proposed rules and  
315 regulations and provide an opportunity to review and an opportunity to comment on those  
316 proposed rules and regulations in writing and at a public hearing; provided, however, that the  
317 commission shall not be subject to chapter 30A.

318 (d) The commission shall negotiate and purchase health insurance coverage for subscribers  
319 transferred under this section and shall promulgate regulations, policies and procedures for  
320 coverage of the transferred subscribers. The schedule of benefits available to transferred

321 subscribers shall be determined by the commission pursuant to chapter 32A. The commission  
322 shall offer those subscribers the same choice as to health insurance carriers and benefits as those  
323 provided to state employees and retirees. The political subdivision's contribution to the cost of  
324 health insurance coverage for transferred subscribers shall be as determined under this section,  
325 and shall not be subject to the provisions on contributions in said chapter 32A. Any change to the  
326 premium contribution ratios shall become effective on July 1 of each year, with notice to the  
327 commission of such change not later than January 15 of the same year.

328 (e) A political subdivision that transfers subscribers to the commission shall pay the  
329 commission for all costs of its subscribers' coverage, including administrative expenses and the  
330 governmental unit's cost of subscribers' premium. The commission shall determine on a periodic  
331 basis the amount of premium which the political subdivision shall pay to the commission. If the  
332 political subdivision unit fails to pay all or a portion of these costs according to the timetable  
333 determined by the commission, the commission may inform the state treasurer who shall issue a  
334 warrant in the manner provided by section 20 of chapter 59 requiring the respective political  
335 subdivision to pay into the treasury of the commonwealth as prescribed by the commission the  
336 amount of the premium and administrative expenses attributable to the political subdivision. The  
337 state treasurer shall recoup any past due costs from the political subdivision's cherry sheet under  
338 section 20A of chapter 58 and transfer that money to the commission. If a governmental unit fails  
339 to pay to the commission the costs of coverage for more than 90 days and the cherry sheet  
340 provides an inadequate source of payment, the commission may, at its discretion, cancel the  
341 coverage of subscribers of the political subdivision. If the cancellation of coverage is for  
342 nonpayment, the political subdivision shall provide all subscribers health insurance coverage  
343 under plans which are the actuarial equivalent of plans offered by the commission in the  
344 preceding year until there is an agreement with the public employee committee providing for  
345 replacement coverage.

346 The commission may charge the political subdivision an administrative fee, which shall not  
347 be more than 1 per cent of the cost of total premiums for the political subdivision, to be  
348 determined by the commission which shall be considered as part of the cost of coverage to  
349 determine the contributions of the political subdivision and its employees to the cost of health  
350 insurance coverage by the commission.

351 (f) If there is a withdrawal from the commission under this section, all retirees, their spouses  
352 and dependents insured or eligible to be insured by the political subdivision, if enrolled in  
353 Medicare part A at no cost to the retiree, spouse or dependents, shall be required to be insured by  
354 a Medicare extension plan offered by the political subdivision under section 11C or section 16. A  
355 retiree shall provide the political subdivision, in such form as the political subdivision shall  
356 prescribe, such information as is necessary to transfer to a Medicare extension plan. If a retiree  
357 does not submit the information required, the retiree shall no longer be eligible for the retiree's  
358 existing health insurance coverage. The political subdivision may from time to time request from  
359 a retiree, a retiree's spouse and dependents, proof certified by the federal government of the  
360 retiree's eligibility or ineligibility for Medicare part A and part B coverage. The political  
361 subdivision shall pay the Medicare part B premium penalty assessed by the federal government  
362 on those retirees, spouses and dependents as a result of enrollment in Medicare part B at the time  
363 of transfer into the Medicare health benefits supplement plan.

364 (g) The decision to implement this section shall not be subject to collective bargaining  
365 pursuant to chapter 150E or section 19.

366 (h) Nothing in this section shall relieve a political subdivision from providing health  
367 insurance coverage to a subscriber to whom it has an obligation to provide coverage under any  
368 other provision of this chapter or change eligibility standards for health insurance under the  
369 definition of "employee" in section 2.

370 Section 24. An appropriate public authority of a political subdivision which has undertaken to  
371 provide health insurance coverage to its subscribers under this chapter may provide health care

372 flexible spending accounts to allow certain subscribers, as determined by the appropriate public  
373 authority, to set aside a portion of earnings to pay for qualified expenses which may include, but  
374 shall not be limited to, out-of-pocket costs such as inpatient and outpatient copayments, calendar  
375 year deductibles, office visit copayments and prescription drug copayments.

376 Section 25. Notwithstanding any general or special law or regulation to the contrary, the  
377 appropriate public authority of a political subdivision which has undertaken to provide health  
378 insurance coverage to its subscribers under this chapter or transfer its subscribers to the  
379 commission under this chapter may provide health reimbursement arrangements to reimburse  
380 subscribers for qualified medical expenses which may include, but shall not be limited to, out-of-  
381 pocket costs such as inpatient and outpatient copayments, calendar year deductibles, office visit  
382 copayments and prescription drug copayments.

383 Section 26. An appropriate public authority of a political subdivision which has undertaken to  
384 provide health insurance coverage to its subscribers under this chapter shall conduct an  
385 enrollment audit not less than once every 2 years. The audit shall be completed in order to ensure  
386 that members are appropriately eligible for coverage.

387 Section 27. An insurance carrier, third party purchasing group or administrator or the  
388 commission in the case of a governmental unit, which has undertaken to provide health insurance  
389 coverage to its subscribers by acceptance of sections 19 or 23, shall, upon written request, provide  
390 the governmental unit or public employee committee with its historical claims data within 45  
391 days of such request; provided, that all personally identifying information within such claims  
392 shall be redacted and released in a form and manner compliant with all applicable state and  
393 federal privacy statutes and regulations including, but not limited to, the federal Health Insurance  
394 Portability and Accountability Act of 1996.

395 Section 28. Nothing in section 21, 22 or 23 shall be construed to prevent 2 or more  
396 governmental units under a joint purchase or trust agreement from jointly negotiating and  
397 purchasing coverage as authorized in section 12.

398 Section 29. Each fiscal year, the commission shall prepare and place on its website a report  
399 delineating the dollar amount of the copayments, deductibles, tiered provider network co-  
400 payments and other design features offered by the commission in the non-Medicare plan with the  
401 largest subscriber enrollment and the dollar amount of the copayments, deductibles, tiered  
402 provider network copayments and other design features offered by the commission in the  
403 Medicare extension plan with the largest subscriber enrollment. The commission shall also  
404 provide information on its plans with the largest subscriber enrollment upon request of any  
405 appropriate public authority or political subdivision.

406 SECTION 4. Notwithstanding any general or special law to the contrary, an appropriate  
407 public authority that implements changes to health insurance benefits pursuant to sections 22 and  
408 23 of chapter 32B of the General Laws shall delay implementation of such changes, as to those  
409 subscribers covered by a collective bargaining agreement or section 19 agreement that is in effect  
410 on the date of implementation of such changes, of any changes to the dollar amounts of  
411 copayments, deductibles or other cost-sharing plan design features that are inconsistent with any  
412 dollar limits on copayments, deductibles or other cost-sharing plan design features that are  
413 specifically included in the body of that collective bargaining agreement or section 19 agreement,  
414 until the initial term stated in that collective bargaining agreement or section 19 agreement has  
415 ended.

416 SECTION 5. Nothing in this act shall be construed to alter, amend or affect chapter 36 of the  
417 acts of 1998, chapter 423 of the acts of 2002, chapter 27 of the acts of 2003 or chapter 247 of the  
418 acts of 2004.

419 SECTION 6. Notwithstanding any general or special law to the contrary, the group insurance  
420 commission shall prescribe procedures to permit a political subdivision to transfer all subscribers  
421 for whom it provides health insurance coverage to the commission on or before January 1, 2012,  
422 if such political subdivision provides notice to the group insurance commission on or before  
423 September 1, 2011, that it is transferring its subscribers to the group insurance commission under

424 sections 19 or 23 of chapter 32B of the General Laws; provided further, the commission shall also  
425 prescribe procedures to permit a political subdivision to transfer all subscribers for whom it  
426 provides health insurance coverage to the commission on or before April 1, 2012, if such political  
427 subdivision provides notice to the group insurance commission on or before December 1, 2011,  
428 that it is transferring its subscribers to the group insurance commission under said sections 19 or  
429 23 of said chapter 32B; provided further, the commission shall also prescribe procedures to  
430 permit a political subdivision to transfer all subscribers for whom it provides health insurance  
431 coverage to the commission on or before July 1, 2012, if such political subdivision provides  
432 notice to the group insurance commission on or before March 1, 2012, that it is transferring its  
433 subscribers to the group insurance commission under said sections 19 or 23 of said chapter 32B.

434 SECTION 7. Notwithstanding any general or special law to the contrary, unless otherwise  
435 agreed, a governmental unit transferring its subscribers to the group insurance commission under  
436 section 23 of chapter 32B of the General Laws shall use current contribution ratios in existence  
437 for each class of plan for each collective bargaining unit in order to transfer to the commission. If  
438 a governmental unit was not offering both a preferred provider organization plan or an indemnity  
439 plan on the date of transfer to the commission, the governmental unit's initial contribution ratio  
440 toward the commission's preferred provider organization plans and indemnity plans shall be the  
441 ratio that the governmental unit was contributing toward its preferred provider organization plan  
442 or indemnity plan for each collective bargaining unit on that date. Except as specifically provided  
443 in this section, all contribution ratios shall remain subject to bargaining pursuant to chapter 32B  
444 of the General Laws and chapter 150E of the General Laws.