

Summary of Retiree Healthcare Benefits Reform (House Bill 59)

Section Number	Item	Recommendation
1,8	Minimum Age	Minimum age of eligibility for retiree health care benefits increased by 5 years for all groups (60 for Group 1, 55 for Group 2, 50 for Groups 3 and 4)
1,8	Minimum Years of Service to Receive Benefit	Minimum years of service increased from 10 to 20 years for all groups
2,3,5,9,10,11	Pro-Rating of Benefits	Prorated from 50% premium contribution after 20 years to maximum current retiree benefit (currently 80% of premium for State retirees) at 30 years
1,8	Affected Population	All future employees. All current employees except (i) those with 20 years of service and within 5 years of pension eligibility as of July 1, 2013; (ii) those within 5 years of Medicare eligibility and with a minimum of 9 years of creditable service as of July 1, 2013; and (iii) teachers enrolled in Retirement Plus, upon reaching age 57 and the statutory maximum of 80%.
1,8	Continuing Service	Individuals who leave public service without retiring will not be eligible for contribution upon retirement unless (1) they have at least 25 years of creditable service and retire within 5 years after leaving or (2) they have at least 20 years of creditable service and are enrolled in Medicare Parts A and B.
2,10, 19	Phase-In of New Requirements	Any current employee who, on July 1, 2013, is at least age 50 and has completed 15 years of service shall be eligible to receive a 50% premium contribution upon retirement. Any current employee who, on July 1, 2013, is at least age 55 and has completed 10 years of service, shall be eligible to receive a 50% premium contribution upon retirement. Implementation postponed for communities where contribution level for retirees is set by special act
1,2,8, 10	Disability Retirements	Accidental disability retirements exempted from new requirements. Ordinary disability retirements will be exempt from the reform until the 2014 Affordable Care Act exchange is available. At that time, ordinary disability retirees shall receive a 50% premium contribution for 10 to 20 years of service. Beyond 20 years, prorating will apply.
4	Non-Contributory Coverage	State retirees who are not eligible for contributions to coverage under the reform may continue coverage at full cost.
6, 12-18	Survivor Benefits	Future surviving spouses eligible for a minimum of 50% premium share; current surviving spouses enrolled in governmental unit's coverage and paying higher share of coverage eligible for minimum of 50% premium contribution.

7	Retired Municipal Teachers	GIC administers a separate program for retired municipal teachers. This section applies the reform rules to this group.
10	Future Changes to Premium Contributions	Municipal retiree contributions are "frozen" at levels as of 1/1/2013 for a period of three years, but changes adopted locally before 1/1/2013, shall be honored. Following the moratorium, the ability to reduce contributions shall be returned to local option, but any municipality that exercises this right shall hold harmless (grandfather) existing retirees at their current level of contribution at the time of implementation.
20	Sustainability	A&F, in consultation with Division of Local Services, GIC and PERAC shall establish a procedure for monitoring the continuing fiscal sustainability of state and local retiree health care benefits.

Summary of Exemptions of Certain Individuals from Proposed Reform

The legislation as drafted exempts certain categories of people who are retired, or near retirement. These categories include:

- Current retirees
- Employees and former employees who, on July 1, 2013, are within 5 years of eligibility for superannuation retirement under chapter 32 and have received a minimum of 20 years of creditable service;
- Employees and former employees who, on July 1, 2013, are within 5 years of eligibility for Medicare and have received a minimum of 9 years of creditable service;
- Individuals who are members of the Teachers Retirement System or the State-Boston Retirement System who participate in the alternative superannuation retirement benefit program established under subsection 4 of section 5 of chapter 32 and are at least 57 years old and eligible for a retirement benefit of 80 per cent;
- Individuals receiving an accidental disability retirement under section 7 of chapter 32; and
- Individuals receiving an ordinary disability retirement under section 6 until access to healthcare benefits through a Health Insurance Exchange becomes available to qualified individuals under the Patient Protection and Affordable Care Act, Public Law 111-148.

Additionally, the following employees, though not fully exempt, are entitled to a 50% contribution from the state:

- An employee who, by July 1, 2013 is at least 50 years old and has completed 15 years of creditable service;
- An employee who, by July 1, 2013, is at least 55 years old and has completed at least 10 years of creditable service; and
- An ordinary disability retiree with between 10 and 20 years of service.