



# TOWN of BROOKLINE

## Massachusetts

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Sandra A. DeBow-Huang, Director  
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To: Commonwealth's Health Policy Commission

From: Sandra DeBow-Huang, Director of Human Resources  
Melvin Kleckner, Town Administrator, Town of Brookline:

Re: Written Testimony, in response to Questions of the HPC in "Exhibit B"

Our response to the Questions listed in Exhibit B, we would provide the following responses:

1.) **What has been your experience participating in the Group Insurance Commission? What are your observations of health care cost trends before and after your participation?**

The Town of Brookline entered the Group Insurance Commission (GIC) for the Fiscal Year 2011 plan year beginning July 1, 2010. The Town and its Public Employee Committee bargained extensively under MGL Ch. 32B, sec. 19 to enter the GIC. As part of our negotiations the Town's contribution rate increased from 75% to 83%. Despite the increase, the Town's health care appropriation decreased \$3.85 million in FY 2011, instead of increasing an estimated \$1.7 million. The GIC's annual rate increases have been well below our previous increase, which played a key role in our balancing budgets and also has saved employees money through lower premiums, net of increased out-of-pocket costs. The most recent plan changes indicate, however, that even the GIC is not immune to the national's escalating health care costs

2) **What methods, if any, does your organization use to encourage employee to use high value (high quality, low cost) providers? What has been the effectiveness of these efforts?**

We do not point our employees to specific plans; rather we educate them on the various types of plans, e.g., PPO versus HMO, and explain the pros and cons of each. We find that our employees are better consumers now as they must now be aware of deductibles and higher co-pays. We find that the more information we provide the more comfortable the employee is subscribing to a health plan that truly fits their need, i.e., high quality/low cost. For individuals whose providers and medical care does not vary year by year, we can generally guide them to a limited network plan or an HMO plan. Due to the large influx of new teachers who are often younger and/or coming off their parents' plan, it is hard to gage the impact of our ongoing educational efforts. However, we do know that the questions we answer are much more sophisticated than previously.

3) **What methods, if any, do you use to educate employees about tiered and limited networks plans offered by the Group Insurance Commission? What has been the reaction of you employees to these products?**

We provide the GIC materials to our employees during open enrollment and also review the benefits, including tiering, during orientation. As most subscribers have been GIC subscribers for

over five years, they are more comfortable with the tiered and limited network systems. We still do a lot of hand holding during open enrollment that includes reference to the GIC website as well as the providers' websites. Helping them navigate the information path so that they can find the information they need is critically important. We find subscribers will share the information and experience with one another so it is important that our emails, written materials and informational packets are accurate and readily available.

**4) Please identify any additional health care cost drivers that you believe should be examined in subsequent years and explain your reasoning.**

We are concerned about the ever increasing costs of generic prescription drugs. The changes to the GIC plans this year, due to these increases, have definitely hit our employees with chronic illnesses. Out of pocket prescription costs are not covered by our Health Reimbursement Account (HRA), although subscribers who use an FSA do receive a bit of relief. We expect this national problem to continue to impact our subscribers.

We are also concerned about some of the ripple effect of the federal Affordable Care Act's, such as the "Cadillac tax" that we expect may hit us in a couple of years due to the richness of some of our plans. We also continue to review the impact of the ACA's mandate reporting that is required and the increased potential cost of having to cover some groups that formerly were not covered under our insurance rules.

**5) Please provide any additional comments or observations you believe will help to inform our hearing and our final recommendations.**

Two issues have been prominent for the Town of Brookline's GIC subscribers. The Town of Brookline has a Health Reimbursement Account (HRA) that reimburses employees for the high co-pays associated with the GIC plans. However, we cap the reimbursements to encourage subscribers to use the first and second tiered providers. Although we speculate the HRA is underutilized, we know that it is a benefit that provides assurances to the Unions and their members that the subscribers benefit from savings of the GIC plans, along with the Town.

Another issue that has impacted employees has to do with the FSA limits set by the federal government over the last couple of years. Those employees who participate in the FSA perceived a real loss when over-the-counter drugs were no longer covered by the FSAs. In part, we believe this contributed to their very strong demand for the HRA to defray the cost of the higher co-pays in the GIC plans.

*Ms. Sandra DeBow-Huang, Director of Human Resources, and Mr. Mel Kleckner, Town Administrator, the signatories of this written testimony, are legally authorized and empowered to represent the Town of Brookline, MA for the purposes of testimony and the testimony is signed under the pains and penalties of perjury.*