

Health Insurance Double Standard Continues

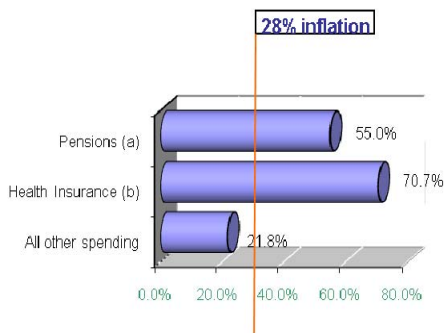
Legislature fails to provide any relief for skyrocketing local health insurance expenses

The Massachusetts Legislature has approved its recommended FY11 operating budget but no provisions were adopted to enable cities and towns to better manage its employee health insurance costs, the #1 budget buster for every municipality. Mayor Menino's resubmitted FY11 operating budget provides for an increase of \$49.4M or 2.2% over FY10 and 40.5% of that total is due solely to the increased budget for employee health insurance. No tools to better manage this expense comes as cities and towns begin the third consecutive year of local aid cuts on July 1 with steeper cuts expected in FY12.

and service expenses over the 7 years from FY04 to the FY11 budget.

The state's Group Insurance Commission (GIC) is able to administratively determine plan selection and design, including deductibles and co-payments, outside of the collective bargaining process. Changes in the premium share between state and employees are set by the Legislature. A comparison of the premium growth for comparable health plans for the City of Boston and the GIC demonstrates the cost advantage of the state model.

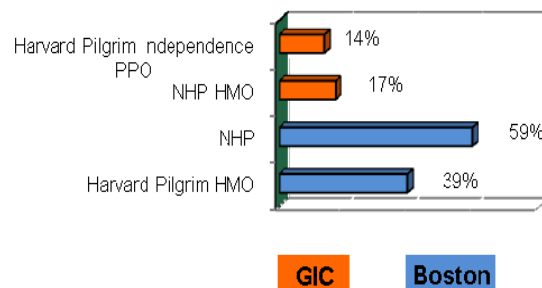
Boston Budget Drivers FY04-11



- (a) Net of Teacher Pension reimbursement
- (b) Includes City & BPS Health Insurance

Why this issue is critical to municipalities is demonstrated in the graph above which shows how Boston spending for health insurance and pensions far exceeds the aggregate spending for all other departmental

City of Boston vs GIC Health Premium Increases FY06-10



Cities and towns should have the same plan design authority available to the state and be able to join the GIC without additional hurdles. The state took collective bargaining out of its management of employee health insurance in 1955 and should do the same for municipalities in 2010.