

CITY COUNCIL STANDING COMMITTEE
Ordinances & Administration
Tuesday, August 7, 2012 – 1:30 p.m.
Kyrouz Auditorium – City Hall
Workshop – Minutes

Adoption of MGL c. 32B, §21, §22 and §23 as relates to Health Care Reform

Present: Chair, Councilor Sefatia Theken; Vice Chair, Councilor Robert Whynott; Councilor LeBlanc
Absent: None.

Also Present: Councilor McGeary; Jim Duggan; Sally Polzin; Holly Dougwillo
Public Employee Committee (PEC) Representatives: Douglas MacArthur; Gardner Porter; Diane Palmisano; Joseph Johnson; Warren Coleman; Phil Bouchie; Karen Andrews; Melissa Teixeira; Jane Morse; Tom LoGrande; Heidi Fialho

The Workshop commenced at 1:30 p.m.

Councilor Theken explained the workshop was to review the current health insurance scheme for the City and the anticipated status this fall of negotiations for next year's health insurance. It is up to the Public Employee Committee (PEC) which insurer is chosen. They don't have the new premiums from the Group Insurance Commission (GIC) yet to take into consideration. She wanted to also make sure if the City did choose to switch to the GIC, that the retired teachers are protected also. People need to know ahead of time, especially the retirees who live on a tighter budget.

Holly Dougwillo, Personnel Department explained that the PEC negotiates for the municipal health insurance. It is too early to get the numbers from the insurer or the GIC. But there is also the matter of the adoption of the MGL. The Council has to vote whether to adopt MGL c. 32B, Sections 21, 22 and 23. The main point of this law is that if the PEC comes to an impasse with the Administration in their negotiations on health insurance, then the adopted law would give a specific pathway through the impasse.

Mr. Duggan stated the request in November 2011 brought forward by the Administration was to ask the Council to adopt the MGL pursuant to c. 32B, Sections 21, 22, 23. It was the adoption of the law at issue, not to vote to go into the GIC. They are being asked to adopt the law so that if they do come to an impasse in the negotiations between the PEC and the Administration, there is a process in place to resolve it. **Ms. Dougwillo** pointed out it relates to how much the savings are. It's not just a Mayor saying they don't like what's being offered and making an arbitrary decision. They have to meet a certain specific savings threshold.

Tom LoGrande expressed his interpretation of the law as a shift of power from two equal sides of the table, and giving considerably more power to one side.

Douglas MacArthur, PEC (State Retired) Alternate offered last year the unions were at odds with the Administration which not unique to Gloucester but took place across much of the State.

Jane Morse, representing the school paraprofessionals stated the PEC has been working with the City on insurance. A year ago when the adoption of the MGL first came up, her understanding was that a subcommittee would be formed with City Council representation to educate the Council and the PEC on the GIC. Once they had all that information they were supposed to get together and figure out what would be the best next move. The PEC is not yet educated on the GIC, with many questions relating to the GIC offerings needing answers. She suggested an ad hoc committee be formed for educational purposes composed of a City Councilor, and representatives from the Administration and the PEC.

Phil Bouchie, PEC Chair stated MGL c.32B, Sections 21, 22 and 23 don't have to be adopted in order for the City to go with the GIC. That decision is not connected to the adoption of the law. He disagreed that the City's unions didn't cooperate with the Administration the previous year; while tenuous at times; they did resolve their issues and saved the City .41 percent.

Melissa Teixeira, School Committee explained she has been a member of the GIC for many years and found it to be a good plan and a cost savings. She expressed hope for a goal to bring in people from the GIC to get the information they need to start talking about it to see if it is an option. There are a variety of plans for different sectors of municipal employees and retirees that should be explored. **Councilor Whynott** pointed out his wife is enrolled in the State GIC. It is not the same plan as for the municipal GIC's; there is a great difference.

Councilor Theken stated there is a need to request that the Administration ask the GIC to come and inform them of their programs. She would need this information before going back to the Council. The Mayor had informed her

that the Council could adopt this MGL or not; it is whatever they have to do to save money by working together that is her concern. **Mr. Duggan** confirmed this to be the case.

Councilor McGeary asked what the difference is between GIC and private health insurers; do they know the rates and co-pays in advance are, for instance; and he was told it was not, due to the timing of when a municipality can join the GIC, having to notice the desire to join six months in advance of the actual start date. They can only know in a broad sense what the numbers are for the municipal GIC plans before joining.

Ms. Dougwillo stated the vote on the adoption does not have anything to do with the negotiation of the best plan for health insurance for the City employees for the following year. The PEC handles looking at every plan option available, including the GIC, which has to be a "best guess" because of their timing of announcing their rates. The City Council, she reiterated, is deciding whether to put on the books MGL c. 30B, Sections 21 through 23.

Councilor Whynott asked if the Mayor wanted to go with the GIC, but the unions/PEC did not, then it goes to a meeting. The Mayor gets a vote, the State gets a vote and the PEC gets a vote to make the decision. He had been told it was a two-to-one situation, and expressed concern for which group the State vote would go with under those circumstances.

Mr. Duggan cautioned against speculation saying the panel reviews the two different positions and then makes a binding ruling with two conditions: 25 percent of the savings realized has to go to employees and are prohibited from raising retirees' rates for three years (an unnamed PEC member offered it was one year, not three years). This is triggered if there is an impasse. He asked, as suggested for the Committee, that a group be formed with two members from the PEC, a City Councilor and two members from the Administration to gain from this meeting a determination of what questions need to be answered, work through them and report back to the larger group. Consensus was expressed with Mr. Duggan's plan by the Councilors and PEC members present.

Mr. LoGrande noted one section of the law dealt with how an Administration could decide go with a plan; that there had to be a 5 percent savings; then the PEC had 30 days to at least equal the savings. If not, they go to a mediator. He asked how they would get a plan designed in 30 days if it was "dropped in their lap." This, he said, is where the power shift occurs and has people feeling uneasy. **Mr. Duggan** pointed out much of that legwork is done prior to the impasse and so that information is available. **Councilor Theken** understood they're already looking at difference insurance plans and talking in the meantime. The Mayor picks one. If they don't agree they now have 30 days to negotiate a plan. **Mr. LoGrande** stated 25 percent of the savings goes back to the employees (only the first year savings) according to the law. The plan is locked in for three years. On inquiry by **Councilor Theken** **Mr. LoGrande** stated the law requires 25 percent has to be split with the employees, of the first year savings. **Ms.**

Dougwillo stated they are unable to negotiate health insurance rates beyond a one year period. If they go with the GIC, the City is locked in for three years. They aren't able to tell if there would be a savings after the first year.

Councilor McGeary clarified there are two issues - who are they going with for health insurance which has to be negotiated; the other separate issue is whether to adopt the sections of state law to allow the Administration after a series of steps at some point they could impose a solution for health insurance coverage. This only comes into play if they adopt the state law and if there is an impasse. **Councilor Theken** endorsed the creation of an ad hoc committee as proposed by Mr. Duggan and to come back with the information they gather to educate the group as a whole. **Mr. Duggan** amended the proposal for the subcommittee to be three representatives from the PEC, up to three staff from the Administration, and one City Councilor. Both **Councilors Whynott** and **LeBlanc** endorsed Councilor Theken be their representative to the ad hoc committee. It was confirmed this is not a voting committee. The PEC and the Administration will advise the names of their appointees to the ad hoc committee to the Clerk of Committees. Upon the slots being filled by August 21st, Councilor Theken will coordinate a meeting of the ad hoc committee.

The workshop was adjourned at 2:08 p.m.

Respectfully submitted,

Dana C. Jorgenson
Clerk of Committees