

SENATE No. 1380

The Commonwealth of Massachusetts

PRESENTED BY:

Brian A. Joyce

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act to ensure continued public retiree healthcare benefits.

PETITION OF:

NAME:

Brian A. Joyce

Donald H. Wong

DISTRICT/ADDRESS:

Norfolk, Bristol and Plymouth

9th Essex

SENATE No. 1380

By Mr. Joyce, a petition (accompanied by bill, Senate, No. 1380) of Brian A. Joyce and Donald H. Wong for legislation to ensure continued public retiree healthcare benefits. Public Service.

The Commonwealth of Massachusetts

In the One Hundred and Eighty-Ninth General Court
(2015-2016)

An Act to ensure continued public retiree healthcare benefits.

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. Section 2 of chapter 32A of the General Laws, as amended by section 34 of
2 chapter 224 of the acts of 2012, is hereby further amended by adding the following subsection:-

3 (j) “Qualified retiree,” a person who was an employee after January 1, 1956, is receiving
4 a retirement allowance from a system, as defined in section 1 of chapter 32 and who is eligible
5 for contributions to group health care coverage under this chapter, including retirees receiving a
6 retirement allowance from the optional retirement plans of participating retirees under section 40
7 of chapter 15A, but excluding retirees receiving a retirement allowance from any plan designed
8 specifically to comply with the federal Omnibus Budget Reconciliation Act of 1990 (P.L. 101 -
9 508), as amended.

10 (1) An individual who receives a superannuation retirement from a position classified as
11 Group 1, Group 2, Group 3, or Group 4 under section 3 of chapter 32 shall not be a qualified
12 retiree for purposes of this chapter unless the individual has received a minimum of 20 years of
13 creditable service

14 (2)The requirements of subparagraph (1) of this definition shall not apply to (a)
15 employees who were hired prior to January 1, 2016 or (b) individuals receiving an accidental
16 disability retirement under section 7 of chapter 32. Individuals in these categories, upon
17 retirement, shall be considered qualified retirees for purposes of this chapter.

18 SECTION 2. Section 8 of said chapter 32A, as appearing in the 2012 Official Edition, is
19 hereby amended by striking out the first paragraph and inserting in place thereof the following
20 paragraphs:

21 For policies of group life insurance and accidental death and dismemberment insurance,
22 and group health insurance purchased by the commission in accordance with sections 4, 5 and
23 10C, the commonwealth, on behalf of active employees and their dependents shall contribute not
24 less than 75 per cent of the total monthly premium or rate applicable to said coverages.

25 For policies of group life insurance and accidental death and dismemberment insurance,
26 and group health insurance purchased by the commission in accordance with sections 4, 5 and
27 10C, the commonwealth, on behalf of qualified retirees and their dependents, shall contribute not
28 less than 40 per cent of the total monthly premium or rate applicable to said coverages and the
29 qualified retirees on behalf of themselves or themselves and their dependents shall contribute the
30 remaining 60 per cent of the total monthly premium or rate. For purposes of this section,
31 “maximum available benefit” shall mean the percentage of the total monthly premium or rate
32 paid by the commonwealth to qualified retirees with a minimum of 35 years of creditable
33 service. The commonwealth shall contribute an increased amount of the total monthly premium
34 or applicable rate according to the following schedule:

35 (a) Qualified retirees with a minimum of 20 years of creditable service shall be eligible to
36 receive a minimum of 40 per cent of the total monthly premium or applicable rate.

37 (b) Qualified retirees with a minimum of 23 years of creditable service shall be eligible to
38 receive a minimum of 40 per cent of the total monthly premium or applicable rate, plus 1/4 of the
39 difference between 40 per cent and the maximum available benefit.

40 (c) Qualified retirees with a minimum of 27 years of creditable service shall be eligible to
41 receive a minimum of 40 per cent of the total monthly premium or applicable rate, plus 1/2 of the
42 difference between 50 per cent and the maximum available benefit.

43 (d) Qualified retirees with a minimum of 31 years of creditable service shall be eligible to
44 receive a minimum of 40 per cent of the total monthly premium or applicable rate, plus 3/4 of the
45 difference between 40 per cent and the maximum available benefit.

46 (e) Qualified retirees with a minimum of 35 years of creditable service shall be eligible to
47 receive the maximum available benefit.

48 (f) Individuals receiving an ordinary disability retirement under section 6 of chapter 32
49 who have received a minimum of 10 years of creditable service shall be eligible to receive a
50 minimum of 40 per cent of the total monthly premium or applicable rate.

51 (g) Notwithstanding clauses (a) through (f), individuals considered qualified retirees
52 pursuant to subparagraph (2) of subsection (j) of section 2 shall be eligible to receive the
53 maximum available benefit.

54 The active and retired employees on behalf of themselves or themselves and their
55 dependents shall contribute the remaining share of the total monthly premium or rate, except,

56 that upon approval by way of an annual, or more frequent appropriation act, the commonwealth
57 may contribute more than the percentage indicated above, but less than the entire total monthly
58 premium or rate. Each appropriation act as may be applicable, shall provide the necessary sum
59 based upon the estimated monthly cost as required by section 4 and shall describe the ratio of
60 contribution to be paid by the commonwealth and by the active and retired employees insured
61 under the aforesaid sections. The description of the ratio may include a condition that if, as a
62 result of a change in the total monthly premium or rate which occurs during the current or
63 ensuing fiscal year from a change in a contract between the commission and the insurance carrier
64 or carriers, the amount of the contribution paid by the active and retired employee and
65 dependents is to remain unchanged and the difference in the amount thus paid and the total
66 monthly premium or rate as changed is to be added to, or deducted from as the case may be, the
67 contribution by the commonwealth. This ratio shall continue until changed by a subsequent
68 appropriation act, and the aforesaid sum shall also include the commonwealth's contribution of
69 the total monthly premium or rate required for coverages contained in other sections of this
70 chapter.

71 SECTION 3. The second paragraph of said section 8 of said chapter 32A, as so
72 appearing, is hereby amended by striking out the second sentence and inserting in place thereof
73 the following sentence:-

74 With respect to any period of insurance authorized by this chapter which is in effect for a
75 qualified retiree and dependent, there shall be withheld from each payment of pension or
76 retirement allowance not more than 60 per cent of the aforesaid total monthly premium, or there
77 shall be withheld a lesser amount as provided in this section and the most recent applicable
78 appropriation act.

79 SECTION 4. The first paragraph of section 10 of said chapter 32A, as so appearing, is
80 hereby amended by adding the following sentence:-

81 A retiree who is not a qualified retiree may continue all such insurance coverage if the
82 retiree files an application to the commission on a form prescribed by the rules and regulations of
83 the commission, and makes payment to the commission for the total monthly premium or rate
84 applicable to the coverage in such manner as the commission may prescribe.

85 SECTION 5. Section 10C of said chapter 32A, as so appearing, is hereby amended by
86 striking out, in lines 69 to 71, the words “fifty per cent of the premium for such insurance, and
87 the commonwealth shall make primary payment of the remaining fifty per cent” and inserting in
88 place thereof the following words:- the appropriate per cent of the premium for such insurance,
89 and the commonwealth shall make primary payment of the remaining share.

90 SECTION 6. Section 11 of said chapter 32A, as so appearing, is hereby amended by
91 striking out, in lines 13 to 14, the words “contributes, pursuant to section eight, on behalf retired
92 employees,” and inserting in place thereof the following words:- had contributed on behalf of the
93 deceased employee or retiree as of the date of death.

94 SECTION 7. Section 12 of said chapter 32A, as so appearing, is hereby amended by
95 inserting, after the first paragraph, the following paragraph:

96 Notwithstanding the first paragraph of this section, for retired teachers who are qualified
97 retirees as defined in section 2 of chapter 32B, the commission shall determine a schedule of
98 contribution ratios consistent with section 5 of chapter 32B. Notwithstanding the first paragraph
99 of this section, a retired teacher who is not a qualified retiree as defined in section 2 of chapter
100 32B may continue all insurance coverage to which the retiree is entitled under this section if the

101 retiree files an application therefor with the commission, and makes payment for the total
102 monthly premium or rate applicable to the coverage to the commission in such manner as it may
103 prescribe.

104 SECTION 8. Section 2 of chapter 32B of the General Laws, as amended by section 1 of
105 127 chapter 69 of the acts of 2011, is hereby further amended by inserting after the definition of
106 “political subdivision” the following definition:-

107 “Qualified retiree,” a retired employee who is eligible for contributions to group
108 healthcare coverage under this chapter.

109 (1) An individual who receives a superannuation retirement from a position classified as
110 Group 1, Group 2, Group 3 or Group 4 under section 3 of chapter 32 shall not be a qualified
111 retiree unless the individual has received a minimum of 20 years of creditable service.

112 (2) The requirements of subparagraph (1) of this definition shall not apply to (a)
113 employees or former employees who were hired prior to January 1, 2016 or (b) individuals
114 receiving an accidental disability retirement under section 7 of chapter 32. Individuals in these
115 categories, upon retirement, shall be considered qualified employees for purposes of this chapter.

116 SECTION 9. Section 7 of said chapter 32B, as so appearing, is hereby amended by
117 striking out, in line 2, the words “or retired employee” and inserting in place thereof the
118 following words:- employee or qualified retiree.

119 SECTION 10. Section 9 of said chapter 32B, as appearing in the 2012 Official Edition, is
120 hereby amended by inserting, after the first paragraph, the following 3 paragraphs:-

121 Notwithstanding the first paragraph of this section, for policies of group health insurance
122 purchased by the appropriate public authority in accordance with this chapter, the governmental
123 unit, on behalf of qualified retirees and their dependents, shall contribute no less than 40 per cent
124 of the total monthly premium or rate applicable to said insurance coverage and the qualified
125 retirees on behalf of themselves or themselves and their dependents shall contribute the
126 remaining 60 per cent of the total monthly premium or rate. For purposes of this section,
127 “maximum available benefit” shall mean the percentage of the total monthly premium or rate
128 paid by the governmental unit to qualified retirees with a minimum of 35 years of creditable
129 service. The governmental unit shall contribute an increased amount of the total monthly
130 premium or applicable rate according to the following schedule:

131 (a) Qualified retirees with a minimum of 20 years of creditable service shall be eligible to
132 receive a minimum of 40 per cent of the total monthly premium or applicable rate.

133 (b) Qualified retirees with a minimum of 23 years of creditable service shall be eligible to
134 receive a minimum of 40 per cent of the total monthly premium or applicable rate, plus 1/4 of the
135 difference between 40 per cent and the maximum available benefit.

136 (c) Qualified retirees with a minimum of 27 years of creditable service shall be eligible to
137 receive a minimum of 40 per cent of the total monthly premium or applicable rate, plus 1/2 of the
138 difference between 40 per cent and the maximum available benefit.

139 (d) Qualified retirees with a minimum of 31 years of creditable service shall be eligible to
140 receive a minimum of 40 per cent of the total monthly premium or applicable rate, plus 3/4 of the
141 difference between 40 per cent and the maximum available benefit.

142 (e) Qualified retirees with a minimum of 35 years of creditable service shall be eligible to
143 receive the maximum available benefit.

144 (f) Individuals receiving an ordinary disability retirement under section 6 of chapter 32
145 who have received a minimum of 10 years of creditable service shall be eligible to receive a
146 minimum of 50 per cent of the total monthly premium or applicable rate.

147 (g) Notwithstanding clauses (a) through (f), individuals considered qualified retirees
148 pursuant to subparagraph (2) of the definition of qualified retiree in section 2 shall be eligible to
149 receive the maximum available benefit.

150 SECTION 11. Section 9A of said chapter 32B, as so appearing, is hereby amended by
151 striking out, in lines 7 and 12, the words “retired employee” and inserting in place thereof, in
152 each instance, the following words:- qualified retiree.

153 SECTION 12. Notwithstanding any general or special law to the contrary, an appropriate
154 public authority that changes its contribution percentages to retiree group health care coverage
155 under this act shall delay implementation of these changes as to those retirees whose contribution
156 level is specifically included in a special act that is in effect on the date of implementation of
157 these changes until the term stated in that act has ended.

158 SECTION 13. The General Laws are hereby amended by inserting after chapter 32B the
159 following chapter:-

160 CHAPTER 32C.

161 Retiree Health Care Trust Fund.

162 Section 1. The Executive Office of Administration and Finance shall promulgate rules
163 and regulations to effectuate the purposes of this chapter, which are to establish and operate a
164 Retiree Health Care Trust Fund similar in nature to the PRIT fund in order to reimburse the cost
165 to the Commonwealth and its Counties, Cities, Towns and Districts of providing retiree
166 healthcare benefits to public employees hired after January 1, 2016.

167 Section 2. There is established outside the state treasury and separate from the PRIT fund,
168 a trust fund to be known as the "Retiree Healthcare Trust Fund". The fund shall consist of
169 contributions, interest, income, dividends, refunds, rate credits, and other returns. Any and all
170 sums contributed or paid from any source to the fund created by this part, and all assets of the
171 fund including any and all interest and earnings on the same, are and shall be held in trust by the
172 Pension Reserves Investment Management Board for the exclusive use of providing a funding
173 source to reimburse the cost to the Commonwealth and its Counties, Cities, Towns and Districts
174 of their obligations to pay for health coverage for qualified retired persons under General Laws
175 Chapters 32A and 32B hired after January 1, 2016, and their survivors. No assets shall be
176 subject to appropriation for any other purpose whatsoever. The fund shall be separate from the
177 PRIT fund and shall be under the control of the board and placed under the Executive Office of
178 Administration and Finance for administrative purposes.

179 Section 3. Payments to the Commonwealth and its Counties, Cities, Towns and Districts
180 shall be paid out of the income of the fund, and the amount paid shall be in proportion to the
181 relative contributions of their employees to the Retiree Health Care Trust Fund. The Executive
182 Office of Administration and Finance shall establish rules and regulations for effectuating fair
183 and proportional payments under this section.

184 Section 4. Within 14 days of their hiring date, all public employees hired after January 1,
185 2016 shall contribute 2 per cent of their monthly base salary to the Retiree Healthcare Trust
186 Fund. Employee contributions to the Retiree Health Care Trust Fund are not refundable.