

**HOUSE . . . . . No. 3295**

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**The Commonwealth of Massachusetts**

PRESENTED BY:

***James J. Lyons, Jr.***

*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 providing retiree healthcare benefits reform.**

PETITION OF:

NAME:

*James J. Lyons, Jr.*

DISTRICT/ADDRESS:

*18th Essex*

**HOUSE . . . . . No. 3295**

By Mr. Lyons of Andover, a petition (accompanied by bill, House, No. 3295) of James J. Lyons, Jr., for legislation to provide for public employee retiree healthcare benefits reform. Public Service.

**The Commonwealth of Massachusetts**

**In the One Hundred and Ninetieth General Court  
(2017-2018)**

An Act providing retiree healthcare benefits reform.

*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 a  
4 retirement allowance from a system, as defined in section 1 of chapter 32 and who is eligible for  
5 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. (1) An individual who receives a superannuation retirement from a position  
10 classified as Group 1 under section 3 of chapter 32 shall not be a qualified retiree unless the  
11 individual is at least 60 years old. An individual who receives a superannuation retirement from  
12 a position classified as Group 2 under section 3 of chapter 32 shall not be a qualified retiree  
13 unless the individual is at least 55 years old. An individual who receives a superannuation

14 retirement from a position classified as Group 3 under section 3 of chapter 32 shall not be a  
15 qualified retiree unless the individual is at least 50 years old. An individual who receives a  
16 superannuation retirement from a position classified as Group 4 under section 3 of chapter 32  
17 shall not be a qualified retiree unless the individual is at least 50 years old. In addition, a retired  
18 employee shall not be a qualified retiree for purposes of this chapter unless the retired employee  
19 has received a minimum of 20 years of creditable service. (2) A retired employee shall not be  
20 considered a qualified retiree unless the individual was employed by the public employer at the  
21 time of retirement, but this requirement shall not apply to retired employees with at least 25  
22 years of creditable service if they apply for retirement within 5 years after leaving public  
23 employment or to retired employees with at least 20 years of creditable service if they are  
24 enrolled in Medicare parts A and B. (3) The requirements of subparagraphs (1) and (2) of this  
25 definition shall not apply to (a) individuals who retired before July 1, 2013; (b) employees and  
26 former employees who, on July 1, 2013, are within 5 years of eligibility for superannuation  
27 retirement under chapter 32 and have received a minimum of 20 years of creditable service; (c)  
28 employees and former employees who, on July 1, 2013, are within 5 years of eligibility for  
29 Medicare and have received a minimum of 9 years of creditable service; (d) individuals who are  
30 members of the teachers retirement system or the State-Boston retirement system who participate  
31 in the alternative superannuation retirement benefit program established under subsection 4 of  
32 section 5 of chapter 32 and are at least 57 years old and eligible for a retirement benefit of 80 per  
33 cent; (e) individuals receiving an accidental disability retirement under section 7 of chapter 32;  
34 or (f) individuals receiving an ordinary disability retirement under section 6 until access to  
35 healthcare benefits through a Health Insurance Exchange becomes available to qualified  
36 individuals under the Patient Protection and Affordable Care Act, Public Law 111-148.

37 Individuals in these categories, upon retirement, shall be considered qualified employees for  
38 purposes of this chapter.

39 SECTION 2. Section 8 of said chapter 32A, as appearing in the 2010 Official Edition, is  
40 hereby amended by striking out the first paragraph and inserting in place thereof the following 4  
41 paragraphs:- For policies of group life insurance and accidental death and dismemberment  
42 insurance, and group health insurance purchased by the commission in accordance with sections  
43 4, 5 and 10C, the commonwealth, on behalf of active employees and their dependents shall  
44 contribute not less than 75 per cent of the total monthly premium or rate applicable to said  
45 coverages. For policies of group life insurance and accidental death and dismemberment  
46 insurance, and group health insurance purchased by the commission in accordance with sections  
47 4, 5 and 10C, the commonwealth, on behalf of qualified retirees and their dependents, shall  
48 contribute not less than 50 per cent of the total monthly premium or rate applicable to said  
49 coverages and the qualified retirees on behalf of themselves or themselves and their dependents  
50 shall contribute the remaining 50 per cent of the total monthly premium or rate. For purposes of  
51 this section, “maximum available benefit” shall mean the percentage of the total monthly  
52 premium or rate paid by the commonwealth to qualified retirees with a minimum of 30 years of  
53 creditable service. The commonwealth shall contribute an increased amount of the total  
54 monthly premium or applicable rate according to the following schedule: (a) Qualified retirees  
55 with a minimum of 20 years of creditable service shall be eligible to receive a minimum of 50  
56 per cent of the total monthly premium or applicable rate. (b) Qualified retirees with a minimum  
57 of 23 years of creditable service shall be eligible to receive a minimum of 50 per cent of the total  
58 monthly premium or applicable rate, plus 1/3 of the difference between 50 per cent and the  
59 maximum available benefit. (c) Qualified retirees with a minimum of 27 years of creditable

60 service shall be eligible to receive a minimum of 50 per cent of the total monthly premium or  
61 applicable rate, plus  $\frac{2}{3}$  of the difference between 50 per cent and the maximum available  
62 benefit. (d) Individuals receiving an ordinary disability retirement under section 6 of chapter 32  
63 who have received a minimum of 10 years of creditable service shall be eligible to receive a  
64 minimum of 50 per cent of the total monthly premium or applicable rate. (e) Notwithstanding  
65 clauses (a) through (d), qualified retirees who are not subject to the requirements of  
66 subparagraphs (1) and (2) of subsection section (j) of section 2 shall be eligible to receive the  
67 maximum available benefit. An employee who retires after July 1, 2013 and is not a qualified  
68 retiree shall be eligible to receive 50 per cent of the total monthly premium or applicable rate if,  
69 by July 1, 2013, the employee: (i) is at least 50 years old and has completed 15 years of  
70 creditable service, or (ii) is at least 55 years old and has completed at least 10 years of creditable  
71 service. The active and retired employees on behalf of themselves or themselves and their  
72 dependents shall contribute the remaining share of the total monthly premium or rate, except,  
73 that upon approval by way of an annual, or more frequent appropriation act, the commonwealth  
74 may contribute more than the percentage indicated above, but less than the entire total monthly  
75 premium or rate. Each appropriation act as may be applicable, shall provide the necessary sum  
76 based upon the estimated monthly cost as required by section 4 and shall describe the ratio of  
77 contribution to be paid by the commonwealth and by the active and retired employees insured  
78 under the aforesaid sections. The description of the ratio may include a condition that if, as a  
79 result of a change in the total monthly premium or rate which occurs during the current or  
80 ensuing fiscal year from a change in a contract between the commission and the insurance carrier  
81 or carriers, the amount of the contribution paid by the active and retired employee and  
82 dependents is to remain unchanged and the difference in the amount thus paid and the total

83 monthly premium or rate as changed is to be added to, or deducted from as the case may be, the  
84 contribution by the commonwealth. This ratio shall continue until changed by a subsequent  
85 appropriation act, and the aforesaid sum shall also include the commonwealth's contribution of  
86 the total monthly premium or rate required for coverages contained in other sections of this  
87 chapter.

88 SECTION 3. The second paragraph of said section 8 of said chapter 32A, as so  
89 appearing, is hereby amended by striking out the second sentence and inserting in place thereof  
90 the following sentence:- With respect to any period of insurance authorized by this chapter which  
91 is in effect for a qualified retiree and dependent, there shall be withheld from each payment of  
92 pension or retirement allowance not more than 50 per cent of the aforesaid total monthly  
93 premium, or there shall be withheld a lesser amount as provided in this section and the most  
94 recent applicable appropriation act.

95 SECTION 4. The first paragraph of section 10 of said chapter 32A, as so appearing, is  
96 hereby amended by adding the following sentence:- A retiree who is not a qualified retiree may  
97 continue all such insurance coverage if the retiree files an application to the commission on a  
98 form prescribed by the rules and regulations of the commission, and makes payment to the  
99 commission for the total monthly premium or rate applicable to the coverage in such manner as  
100 the commission may prescribe.

101 SECTION 5. Section 10C of said chapter 32A, as so appearing, is hereby amended by  
102 striking out, in lines 69 to 71, the words "fifty per cent of the premium for such insurance, and  
103 the commonwealth shall make primary payment of the remaining fifty per cent" and inserting in

104 place thereof the following words:- the appropriate per cent of the premium for such insurance,  
105 and the commonwealth shall make primary payment of the remaining share.

106 SECTION 6. Section 11 of said chapter 32A, as so appearing, is hereby amended by  
107 striking out, in lines 13 to 14, the words “contributes, pursuant to section eight, on behalf of  
108 retired employees,” and inserting in place thereof the following words:- had contributed on  
109 behalf of the deceased employee or retiree as of the date of death, but for the surviving spouse of  
110 an employee or retired employee who died before July 1, 2013, the commonwealth shall  
111 contribute 90 per cent of the cost of the monthly premium or rate applicable to the coverage.  
112 Contributions by the commonwealth under this section shall be.

113 SECTION 7. Section 12 of said chapter 32A, as so appearing, is hereby amended by  
114 inserting, after the first paragraph, the following paragraph:- Notwithstanding the first paragraph  
115 of this section, for retired teachers who are qualified retirees as defined in section 2 of chapter  
116 32B, the commission shall determine a schedule of contribution ratios consistent with section 5  
117 of chapter 32B. Notwithstanding the first paragraph of this section, a retired teacher who is not a  
118 qualified retiree as defined in section 2 of chapter 32B may continue all insurance coverage to  
119 which the retiree is entitled under this section if the retiree files an application therefor with the  
120 commission, and makes payment for the total monthly premium or rate applicable to the  
121 coverage to the commission in such manner as it may prescribe.

122 SECTION 8. Section 2 of chapter 32B of the General Laws, as amended by section 1 of  
123 chapter 69 of the acts of 2011, is hereby further amended by inserting after the definition of  
124 “political subdivision” the following definition:- “Qualified retiree,” a retired employee who is  
125 eligible for contributions to group health care coverage under this chapter. (1) An individual who

126 receives a superannuation retirement from a position classified as Group 1 under section 3 of  
127 chapter 32 shall not be a qualified retiree unless the individual is at least 60 years old. An  
128 individual who receives a superannuation retirement from a position classified as Group 2 under  
129 section 3 of chapter 32 shall not be a qualified retiree unless the individual is at least 55 years  
130 old. An individual who receives a superannuation retirement from a position classified as Group  
131 4 under section 3 of chapter 32 shall not be a qualified retiree unless the individual is at least 50  
132 years old. In addition, a retired employee shall not be a qualified retiree for purposes of this  
133 chapter unless the retired employee has received a minimum of 20 years of creditable service. (2)  
134 A retired employee shall not be considered a qualified retiree unless the individual was employed  
135 by the employer at the time of retirement, but this requirement shall not apply to retired  
136 employees with at least 25 years of creditable service if they apply for retirement within 5 years  
137 after leaving public employment or to retired employees with at least 20 years of creditable  
138 service if they are enrolled in Medicare parts A and B. (3) The requirements of subparagraphs (1)  
139 and (2) of this definition shall not apply to (a) individuals who retired before July 1, 2013; (b)  
140 employees and former employees who, on July 1, 2013, are within 5 years of eligibility for  
141 superannuation retirement under chapter 32 and have received a minimum of 20 years of  
142 creditable service; (c) employees and former employees who, on July 1, 2013, are within 5 years  
143 of eligibility for Medicare and have received a minimum of 9 years of creditable service; (d)  
144 individuals who are members of the teachers retirement system or the State-Boston retirement  
145 system who participate in the alternative superannuation retirement benefit program established  
146 under subsection 4 of section 5 of chapter 32 and are at least 57 years old and eligible for a  
147 retirement benefit of 80 per cent; (e) individuals receiving an accidental disability retirement  
148 under section 7 of chapter 32 or (f) individuals receiving an ordinary disability retirement under



149 section 6 until access to healthcare benefits through a Health Insurance Exchange becomes  
150 available to qualified individuals under the Patient Protection and Affordable Care Act, Public  
151 Law 111-148. Individuals in these categories, upon retirement, shall be considered qualified  
152 employees for purposes of this chapter.

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

156 SECTION 10. Section 9 of said chapter 32B, as appearing in the 2010 Official Edition,  
157 is hereby amended by inserting, after the first paragraph, the following 3 paragraphs:-  
158 Notwithstanding the first paragraph of this section, for policies of group health insurance  
159 purchased by the appropriate public authority in accordance with this chapter, the governmental  
160 unit, on behalf of qualified retirees and their dependents, shall contribute no less than 50 per cent  
161 of the total monthly premium or rate applicable to said insurance coverage and the qualified  
162 retirees on behalf of themselves or themselves and their dependents shall contribute the  
163 remaining 50 per cent of the total monthly premium or rate. For purposes of this section,  
164 “maximum available benefit” shall mean the percentage of the total monthly premium or rate  
165 paid by the governmental unit to qualified retirees with a minimum of 30 years of creditable  
166 service. The governmental unit shall contribute an increased amount of the total monthly  
167 premium or applicable rate according to the following schedule: (a) Qualified retirees with a  
168 minimum of 20 years of creditable service shall be eligible to receive a minimum of 50 per cent  
169 of the total monthly premium or applicable rate. (b) Qualified retirees with a minimum of 23  
170 years of creditable service shall be eligible to receive a minimum of 50 per cent of the total  
171 monthly premium or applicable rate, plus 1/3 of the difference between 50 per cent and the

172 maximum available benefit. (c) Qualified retirees with a minimum of 27 years of creditable  
173 service shall be eligible to receive a minimum of 50 per cent of the total monthly premium or  
174 applicable rate, plus 2/3 of the difference between 50 per cent and the maximum available  
175 benefit. (d) Individuals receiving an ordinary disability retirement under section 6 of chapter 32  
176 who have received a minimum of 10 years of creditable service shall be eligible to receive a  
177 minimum of 50 per cent of the total monthly premium or applicable rate. (e) Qualified retirees  
178 who are not subject to the requirements of subparagraphs (1) and (2) of the definition of qualified  
179 retiree in section 2 shall be eligible to receive the maximum available benefit. An employee who  
180 retires after July 1, 2013 and is not a qualified retiree shall be eligible to receive 50 per cent of  
181 the total monthly premium or applicable rate if, by July 1, 2013, the employee: (i) is at least 50  
182 years old and has completed 15 years of creditable service, or (ii) is at least 55 years old and has  
183 completed at least 10 years of creditable service. A governmental unit shall not reduce the  
184 percentage of its contribution to premiums of qualified retirees from the percentage contributed  
185 on January 1, 2013 before January 1, 2016, but the governmental unit may implement changes in  
186 contribution percentage adopted before January 1, 2013. Reductions in contribution percentage  
187 for qualified retirees made after January 1, 2016 shall not apply to individuals who retire before  
188 the change in contribution percentage takes effect.

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

192 SECTION 12. Said chapter 32B is hereby further amended by striking out section 9B, as  
193 so appearing, and inserting in place thereof the following section:- Section 9B. Upon the death  
194 of an employee or a qualified retiree, the surviving spouse may continue the group general or

195 blanket insurance coverage for himself or his dependents providing hospital, surgical, medical,  
196 dental and other health benefits, until the remarriage or death of the surviving spouse; provided,  
197 that application for this insurance coverage shall be filed with the appropriate public authority  
198 and a method for the payment of premiums shall be determined in accordance with its rules and  
199 regulations. For the surviving spouse of an employee or qualified retiree who dies after July 1,  
200 2013, the governmental unit shall contribute not less than 50 per cent of the cost of the  
201 premiums, and the surviving spouse shall pay the remaining cost. A surviving spouse who is  
202 enrolled in a governmental unit's insurance coverage on January 1, 2013 and is contributing a  
203 portion of the premium in excess of 50 per cent shall have the surviving spouse's share of the  
204 premium contribution reduced to no more than 50 per cent. A surviving spouse who is enrolled  
205 in a governmental unit's insurance coverage on January 1, 2013 and is contributing less than 50  
206 per cent of the premium shall continue to contribute the same per cent of the premium.

207 SECTION 13. Section 9C of said chapter 32B, as so appearing, is hereby amended by  
208 striking out the second paragraph and inserting in place thereof the following paragraph:- For the  
209 surviving spouse of an employee or qualified retiree who dies after July 1, 2013, the  
210 governmental unit shall contribute not less than 50 per cent of the cost of the premiums, and the  
211 surviving spouse shall pay the remaining cost. A surviving spouse who is enrolled in a  
212 governmental unit's insurance coverage on July 1, 2013 and is contributing a portion of the  
213 premium in excess of 50 per cent shall have the surviving spouse's share of the premium  
214 contribution reduced to no more than 50 per cent. A surviving spouse who is enrolled in a  
215 governmental unit's insurance coverage on July 1, 2013 and is contributing less than 50 per cent  
216 of the premium shall continue to contribute the same per cent of the premium.

217 SECTION 14. Section 9D of said chapter 32B is hereby repealed.

218 SECTION 15. Section 9D1/2 of said chapter 32B, as so appearing, is hereby amended by  
219 striking out, in lines 11 to 12 and 22, the words “nine D” and inserting in place thereof, in each  
220 instance, the following number:- 9B.

221 SECTION 16. Said section 9D1/2 of said chapter 32B, as so appearing, is hereby further  
222 amended by striking out, in lines 13 to 14, the words “or retired employee” and inserting in place  
223 thereof the following words:- employee or qualified retiree.

224 SECTION 17. Said section 9D1/2 of said chapter 32B, as so appearing, is hereby further  
225 amended by striking out, in line 20, the words “retired employee” and inserting in place thereof  
226 the following words:- qualified retiree.

227 SECTION 18. Section 9G of said chapter 32B, as so appearing, is hereby amended by  
228 striking out the second paragraph and inserting in place thereof the following paragraph:- For the  
229 surviving spouse of an employee or qualified retiree who dies after July 1, 2013, the  
230 governmental unit shall contribute not less than 50 per cent of the cost of the premiums, and the  
231 surviving spouse shall pay the remaining cost. A surviving spouse who is enrolled in a  
232 governmental unit’s insurance coverage on January 1, 2013 and is contributing a portion of the  
233 premium in excess of 50 per cent shall have the surviving spouse’s share of the premium  
234 contribution reduced to no more than 50 per cent. A surviving spouse who is enrolled in a  
235 governmental unit’s insurance coverage on January 1, 2013 and is contributing less than 50 per  
236 cent of the premium shall continue to contribute the same per cent of the premium.

237 SECTION 19. Notwithstanding any general or special law to the contrary, an appropriate  
238 public authority that changes its contribution percentages to retiree group health care coverage  
239 under this act shall delay implementation of these changes as to those retirees whose contribution

240 level is specifically included in a special act that is in effect on the date of implementation of  
241 these changes until the term stated in that act has ended.

242 SECTION 20. The executive office for administration and finance, in consultation with  
243 the division of local services in the department of revenue, the group insurance commission and  
244 the public employee retirement administration commission, shall establish a process to monitor  
245 the continuing fiscal sustainability of state and local retiree health care benefits. The process  
246 shall include (a) periodic analysis of the rate of growth of retiree health care benefit costs and  
247 liabilities and metrics for the sustainable rate of growth in public sector revenue available to pay  
248 for these benefits based on pre-determined information to be supplied by state and local  
249 governments on a regular basis to the division of local services and the public employee  
250 retirement administration commission , (b) a mechanism developed by the executive office for  
251 administration and finance for determining whether the retiree health benefit costs or liabilities  
252 are growing faster than sustainable rates of growth, and (c) a process for notifying local  
253 government officials and legislators if the level of spending is determined to be unsustainable  
254 and for the executive director of the Group Insurance Commission to identify additional cost  
255 saving strategies that would cause the rate of growth for the costs of these benefits and the  
256 liability for these benefits to meet benchmarks for sustainability.