

High health costs strangling cities, towns

By Paul Bachman and Frank Conte | Monday, May 17, 2010 | <http://www.bostonherald.com> | Op-Ed

Firefighters from across Massachusetts recently urged legislators to spare cuts to local aid. They also used their State House visit to push back on proposed changes in municipal health insurance.

But in arguing against a much-needed tool for municipal leaders, firefighters overplayed their hand. Legislators would be better served by listening to mayors and town managers. For unlike the firefighters, municipal leaders have a partial solution to their fiscal problems: gaining control over health insurance plan design.

The current municipal health care insurance system is unsustainable. It is crowding out basic services.

A House bill would give cities and towns the same power to design health plans as the state enjoys through its Group Insurance Commission - free of the high transaction costs of collective bargaining. For the last 10 years municipalities have seen their insurance costs spike by 146 percent. The GIC, enabled by legislative reforms of 2007, has faced only an 86 percent increase.

The Legislature made life easier for its managers by allowing them to design health plans for a large number of state workers. For Boston that task is insurmountable: It must negotiate changes in health plans with 44 unions.

Under the city's insurance plans, employees enjoy zero deductibles for inpatient stays, outpatient surgery and high-end radiology. In comparison, a state employee pays at least \$250 for inpatient stays, \$150 for surgery and \$75 co-pay for high-end radiology. When it comes to drugs, city workers by and large only pay \$5 for generics while state employees pay double that. Even subsidized enrollees in Commonwealth Care pay higher point-of-service costs than some municipal workers.

Boston could save more than \$1 million a month and close a quarter of the budget deficit it faced in January if it were able to revise health plans and change features such as co-payments. All cities and towns collectively could save \$75 million to \$100 million under the proposed bill. We estimate that the plan design changes alone would allow municipalities to save the equivalent of between 1,070 and 1,630 municipal jobs.

Were municipalities allowed to change employee premium contributions outside collective bargaining along with the power to redesign plans, they would save an additional 1,300 to 1,530 jobs.

Ideally, municipalities should have the same flexibility to control health costs as the state GIC. But for now, redesigning health benefits should be an attainable goal. Meanwhile it's odd that as employers, municipalities are doing the work unions should be - protecting jobs.

Article URL: http://www.bostonherald.com/news/opinion/op_ed/view.bg?articleid=1255253



[Contact us](#) | [Print advertising](#) | [Online advertising](#) | [Herald history](#) | [News tips](#) | [Electronic edition](#) | [Browser upgrade](#) | [Home delivery](#) | [Herald wireless](#)

[Save on Boston Herald Home Delivery](#)

[Jobs with Herald Media](#)

For back copy information and more information on other collectible copies please call 617-426-3000 Ext. 7714. [Click here for Celtics , Patriots and Red Sox back copies](#)



© Copyright by the Boston Herald and Herald Media.
No portion of BostonHerald.com or its content may be reproduced without the owner's written permission. [Privacy Commitment](#)