



MASSACHUSETTS AFL-CIO

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**Testimony of Steven A. Tolman, President, Massachusetts AFL-CIO
To the Joint Committee on Public Service
Thursday, July 25, 2019 ~ State House Hearing Room B-2**

IN SUPPORT OF:

H.2179, *An Act relative to GIC composition and transparency*, filed by Representative Capano
H.2323, *An Act establishing fairness in GIC premium contributions*, filed by Representative Mark
S.1532, *An Act relative to Group Insurance Commission premium contributions*, filed by Senator
Friedman
S.1537, *An Act reforming the group insurance commission*, filed by Senator Friedman

TESTIMONY: Chairman Parisella, Chairman Brady, and members of the Committee, thank you for the opportunity to testify on behalf of several bills today that address the increasing burden of healthcare costs on workers and retirees throughout the Commonwealth who receive their healthcare through the Group Insurance Commission (GIC).

We all know that health care costs have been increasing at exponential rates here in Massachusetts and across the country; outpacing wage growth and adding to a rapidly increasing cost-of-living. And while increased health costs place a burden on employers and employees alike, here in the Commonwealth public employees have had to share disproportionately in that burden through multiple rounds of increases to co-pays and deductibles in recent years. These increases cause real fiscal strain on families and often result in a lack of utilization of health care, even when it's needed.

H.2179 filed by Representative Capano and S.1537 filed by Senator Friedman make several important reforms to the GIC's decision-making structure and process, which as currently constituted leads to decisions with significant financial impacts on workers and retirees being made without giving adequate weight to the concerns of GIC subscribers, or their representatives who sit on the Commission.

Currently, on the 17 member Group Insurance Commission there are 5 seats designated for representatives of employees and one seat designated for a retiree representative; all of whom are appointed by the Governor. Far too often, major votes impacting the healthcare decisions and finances of working families are decided by an 11-6 margin, with employee and retiree representatives as the lone dissenting voices with little chance of prevailing on or even meaningfully influencing major healthcare coverage decisions. It should be noted that in the winter of 2018 when the GIC voted to eliminate certain plan offerings, leading to immediate and overwhelming backlash, and an eventual

reversal, it was *only* the employee representatives on the Commission who voted against this decision that was later universally recognized as misguided. If employee representation is to be more than just symbolic, the voice of employees on the commission must be more closely weighted with that of management representatives.

H.2179 and S.1537 seek to provide a more effective voice for employees on the Commission, and a more transparent and open process for GIC subscribers in the following ways:

Increase the number of employee seats on the commission: H.2179 and S.1537 add two additional employee representatives to be appointed by the state employee unions with the largest number of GIC subscribers that do not currently have a representative on the commission: SEIU Local 509 and MOSES. These additional employee seats do not add to the overall size of the Commission, but instead replace seats that are currently appointed by the Governor as public members. This would bring the total number of employee representatives to 7. While these bills short of equalizing the weight of the commission between employee and management representatives, an increased voice for employees is necessary to help other Commissioners understand the real-life impact of policy changes on working families.

Allow employee organizations to appoint their own representatives: Currently, the enabling statute for the GIC does not allow any employee or retiree organization the ability to appoint members to the Commission, and only two employee organizations are allowed by statute to make recommendations to the Governor. These bills allow each employee organization named in the statute to appoint its own representative to the Commission, and also names the Retired State, County and Municipal Employees Association of Massachusetts (MassRetirees) as the appointing organization for the retiree seat.

Ensures GIC members with health care expertise: S.1537 adds requirements to the seats appointed by the Governor to ensure that the Commission receives valuable expertise in the areas of health care delivery, health care administration, employee benefits administration, and health insurance plans.

Increased Transparency: In addition to changing the composition of the commission, these bills also add a significant layer of transparency by requiring multiple public hearings to be held before any changes can be made to plan offerings, plan designs, or cost-sharing, and require at least 14 days notice to Commissioners before votes can be taken on such matters.

I also want to register the support of the Massachusetts AFL-CIO for H.2323 filed by Representative Mark and S.1532 filed by Senator Friedman which equalize all state employees at a 20% premium contribution for GIC healthcare plans. Currently, employees hired after July 1, 2003 pay 25% of their health insurance premiums. Since this two-tiered premium system was implemented in 2003 in order to cut health costs for the state, the Commonwealth has continued to pile hundreds of millions of dollars in cost-shifting measures onto the backs of workers. Treating all state employees equally with the same premium contribution of 20% is just simply fair, and represents only a small share of the cost that has been shifted onto workers since this change went into effect.

Thank you to the Committee for your consideration in these matters, and I urge you to issue these bills a favorable report.