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Rep. Vallee Supports Proposed Changes To Save Cities and Towns
Millions on Health Care Costs

Removing union veto power could speed enrollment in GIC, prompt savings

(BOSTON)- Representative James E. Vallee (*D – Franklin*) announced today that he will support plans to file legislation in January to remove union veto power over cities and towns seeking to save hundreds of millions of dollars by joining the state health insurance plan.

“Cities and towns need our help and I am committed to doing all I can to help my communities weather the current fiscal crisis,” said Rep. Vallee. Vallee continued, “I believe these changes will help communities save money by allowing them to join the state health insurance plan. The cost savings to communities is tremendous.”

The GIC law was first proposed by House leaders in response to the soaring costs of health care across the Commonwealth, which is putting a further strain on city and town budgets and contributing to the increase in property taxes. Under the law approved by the Legislature and signed into law by Governor Patrick in July 2007, communities could join GIC for their workers and retirees, receiving the same health care as state employees and also saving money.

The Massachusetts Municipal Association and Massachusetts Taxpayers Foundation estimated the average rate of municipal health care cost increased 13 percent per year the last six years, almost double the nominal increase in the rate for state

workers under GIC. In addition to saving millions, local employees would in many cases have access to a much broader array of health plans and services.

Under the law negotiated with municipal labor unions, municipal officials must employ collective bargaining to negotiate the conditions for entering GIC with a local committee of union and retiree representatives, with a weighted vote of 70 percent of the municipality's Public Employee Committee required to join.

To date, according to data provided by GIC, 27 entities across the state have joined for Fiscal Year 2008 or 2009 or intend to join for Fiscal Year 2010. In all, 480 entities are eligible to join GIC under the section of the Municipal Partnership law approved by the Legislature – including all 351 cities and towns, 61 charter schools, 55 regional school districts and 13 planning councils.

The MTF further estimated that if all cities and towns joined the GIC, they could save as much as \$764 million in Fiscal Year 2013 and as much as \$2.5 billion by Fiscal Year 2018.

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