



TOWN OF LINCOLN
MIDDLESEX COUNTY MASSACHUSETTS

Timothy Higgins
Town Administrator

TOWN OFFICES
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TO: Insurance Advisory Committee
FR: Timothy Higgins, Town Administrator
DT: July 27, 2010
Revised August 11, 2010
RE: **Massachusetts Interlocal Insurance Agency (MIIA)
Health Insurance Option**

Thank you again for agreeing to meet on such short notice. As a result of your unanimous vote of support (July 21, 2010 IAC meeting), I will be contacting all of our unions to request bargaining with the intent of securing agreements that would enable the Town to join the MIIA health insurance program effective November 1, 2010.

I look forward to meeting with the representatives of our unions to review the benefits of the MIIA program and to answer any questions folks may have.

In the meantime, I did want to confirm the key points that were discussed during our recent meeting:

- 1) MIIA is municipal joint purchase collaborative. We've had very positive experiences as members of MIIA's Workers Compensation and General Insurance programs.
- 2) Blue Cross Blue Shield is the sole provider to MIIA.
- 3) All Lincoln employees/retirees would be required to enroll with Blue Cross.
- 4) The MIIA rate increase is 3%. This is 9% lower than what we are being quoted on our current plans. The MIIA HMO rates are 30% lower than our Harvard Pilgrim rates. A copy of Mary Day's updated rate comparison sheet and projected savings analysis is attached.
- 5) The primary care physicians of all 40 +/- employees currently enrolled with Harvard Pilgrim are members of the Blue Cross network. Mary Day has researched and confirmed.
- 6) We will agree to grandfather all current employees who are receiving contribution rates above the now standard rate of 60/40.
- 7) There will be no change in plan design except that the pharmacy co-pays go from \$5/\$15/\$35 to \$10/\$20/\$35. **Please note that the \$10/\$20/\$35 co-payments are already in effect for Blue Cross Blue Shield subscribers. The 40 or so employees currently enrolled with Harvard-Pilgrim will realize a \$5 increase at the first two co-payments levels.**
- 8) We need to inform MIIA of our intent to join no later than September 15th.

Please forward comments if you believe my summary needs to be revised in any manner.

I expect to be in contact with your union representatives within the next few days.

Premium Rates & Savings

	BCBS Blue Choice	BCBS HMO Blue	BCBS Blue Care Elect	BCBS Medex (8% Increase)	Harv- Pilgrim HMO*
Current Total Premium Individual	912.34	681.40	993.08	513.42	878.92
With Proposed 12.0% Inc.	1,021.82	763.16	1,112.25	554.50	984.39
Current Total Premium Family	2,408.58	1,798.80	2,621.73	N/A	2364.30
With Proposed 12.0% Inc.	2,697.61	2,014.66	2,936.34	N/A	2,648.00
MIIA Proposed Rates					
Individual	940.88	702.70	1,024.10	529.48	702.70
Family	2,483.91	1,855.06	2,708.89	N/A	1,855.06
Monthly Savings-Individual	80.94	60.46	88.15	25.02	281.69
Town (60%)	48.56	36.28	52.89	15.01	169.01
Employee (40%)	32.38	24.18	35.26	10.01	112.68
Monthly Savings – Family	213.70	159.60	227.45	N/A	792.94
Town (60%)	128.22	95.76	136.47		475.76
Employee (40%)	85.48	63.84	90.98		317.18
Annual Savings –Individual	971.28	725.52	1,057.80	300.24	3,380.28
Town (60%)	582.77	435.31	634.68	180.14	2,028.17
Employee (40%)	388.51	290.21	423.12	120.10	1,352.11
Annual Savings - Family	2,564.40	1,915.20	2,729.40	N/A	9,515.28
Town (60%)	1,538.64	1,149.12	1,637.64		5,709.17
Employee (40%)	1,025.76	766.08	1,091.76		3,806.11

* This assumes that Harvard Pilgrim has a rate increase of 12% and that the HMO Blue plan replaces the Harvard Pilgrim HMO.

MEMORANDUM OF AGREEMENT
BETWEEN THE
TOWN OF LINCOLN
AND
[INSERT NAME OF UNION]

AUGUST __, 2010

Now comes the Town of Lincoln (“the Town”) acting by and through its Town Administrator and the [insert name of union] (“the Union”) who hereby agree as follows:

WHEREAS, the Town and the Union recognize that the issue of health insurance costs are of utmost importance to their respective interests;

WHEREAS, the Town and the Union are of the common desire to provide quality health insurance to employees of the Town at a reasonable cost to all parties;

WHEREAS, the Town and the Union wish to provide for health insurance coverage by the Massachusetts Interlocal Insurance Agency (“MIIA”);

NOW THEREFORE, the parties agree as follows:

Transfer of Health Coverage to MIIA

1. The Town will transfer subscribers to MIIA as of November 1, 2010, and will continue coverage through MIIA through October 31, 2012. For purposes of this Agreement, the term “subscribers” shall mean all employees, retirees, surviving spouses and dependents currently eligible for and receiving health insurance through the Town and any employees, retirees, surviving spouses and dependents who become eligible for and receive health insurance through the Town in the future.

- A. The parties explicitly recognize that MIIA offers BC/BS plans exclusively.
- B. The Town will take all reasonable and necessary actions required by MIIA to effectuate the transfer as of November 1, 2010 and to maintain coverage thereafter for the duration of this Agreement.
- C. For the duration of this Agreement, no employee will experience a decrease in the Town's contribution rate as a result of the Town's enrollment in the MIIA health insurance program. Employees currently receiving a 60% contribution from the town will continue at this rate. Employees receiving a contribution rate of greater than 60% will be grandfathered at their current rate.
- D. The parties agree that the Plan Design effective November 1, 2010 shall remain as is with the exception that pharmacy co-pays shall be \$10/20/35. The Plan Design shall remain as is, with the exception noted for two years.

Effect of Agreement

2. This Agreement shall be binding on all subscribers and shall supersede any conflicting provisions of any Town policies, rules or regulations or any collective bargaining agreements between the Town and any unions representing Town employees.

Severability

3. If any provision or portion of this Agreement is found to be unenforceable or unlawful, the remaining provisions or portions shall remain binding.

Scope and Modification

4. This Agreement shall constitute the whole of the Agreement between the Town and the Union. The Agreement may be modified only by a writing signed by the Town and the Union.

Additional Contingencies

5. The terms of this Agreement are also contingent on the Town and the unions listed below reaching agreement on the transfer of coverage to MIIA.

- (a) AFSCME, Local 1703
- (b) Lincoln Police Association
- (c) International Association of Fire Fighters, Local 2796
- (d) AFSCME School Custodian
- (e) Lincoln Teachers Association
- (f) Lincoln School Secretarial Association

Should the Town fail to reach agreement with one or more of the above unions regarding the transfer of subscribers to MIIA, the parties agree that this Agreement shall be null and void and that the Town shall not be bound by any of the promises contained herein.

TOWN OF LINCOLN

UNION

Timothy Higgins
Town Administrator