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**Suburban Coalition**

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Testimony by the Suburban Coalition for the need for Plan Design of Health Insurance costs at the local level:

For the last 2 years, Massachusetts along with all of the other states has benefited from federal stimulus and related “jobs” bills. Giving municipal officials the power to design health insurance plans for their communities is a FY12 JOBS BILL for Massachusetts. The difference is that the federal stimulus money was one-time revenue, whereas reducing the cost of municipal health insurance will create revenue that will be able to sustain jobs each year.

We applaud Governor Patrick for taking the step that he has to recognize the need for changes in this area. As municipal managers, we cannot do our jobs responsibly if we avoid this conversation any longer. We need to remind everyone that Massachusetts has an unsustainable model if we continue with the current levels of costs paid by municipalities. We need to work together to control the overall costs of health insurance, regardless of whom is paying and we need to respect the reality that some good and important work has already occurred at local bargaining tables, where union members have already agreed to move employees to either “Ratesaver” options with higher deductibles and co-pays or the GIC.

We think it is important to frame the need to control health insurance costs in the most collegial, factual and cooperative of ways and in ideal cases, this would happen at the local levels where trust has been built up over years at the bargaining table. What makes that statement idealistic is that based on turn-over alone, it often happens that there is no history and little trust. And then add to that the fact we, as a state and municipalities are in uniquely different times and traditional bargaining is not what is needed. But that said, there have been many examples where locally unions and elected officials have successfully emerged from the difficult conversations related to the need for reduced benefits in order to avoid lay-offs and have

negotiated significant health care concessions. Every one of these local unions deserve tremendous credit and as a coalition, we are representing some communities where these negotiations have succeeded.

But from a practical point of view, the Suburban Coalition believes that the Governor's proposal needs to be supported and also amended in the following ways:

- The GIC is not the best financial value for every city or town. And over the long term, Massachusetts will benefit from the competition provided by similar health care options. Create a simple and easy way to use the GIC costs as the financial maximums allowed but encourage the financially competitive options.
- On the specific topic of health insurance "savings", management must be given the legislative right to reinvest all of the savings into services provided by the municipality. The current economic collapse has created a downward "correction" for management and employees in the private sector. The comparable thing needs to happen in the public sector.

These are difficult conversations to have because people naturally resist change and the sound bites oversimplify the story so much that it becomes distorted. It would be wrong to "spin" the importance of this conversation or to sugar-coat it in any way. Unions will consider it a setback. But without some out-of-the-ordinary corrective action on the cost of municipal health insurance, our cities and towns will be left with no options except more and more reductions in vital services. State, federal and private employers have been judiciously using this management tool as they have weathered financial crises. Municipal officials deserve the same tool. It is a tool that is overdue and is critical to preserving public schools and public safety at the local levels.

We have been encouraged by the recent news reports with quotes from state union leadership indicating an understanding of the seriousness of this problem. We hope that with respect and honesty,

we can talk to union members both locally and at the state level, about the need for this management tool. Too many good employees have already lost their jobs in Massachusetts classrooms, police and fire stations. Massachusetts needs to create its own “jobs bill” and this is it for local municipal jobs. So, the Suburban Coalition applauds the Governor’s leadership and encourages the Legislature to support and refine his proposal. The time is now, as evidenced by some of the previous speakers and by the 8 home rule petitions and 2 petitions for flexibility within GIC that are currently scheduled to appear before you.

Thank you for the opportunity to participate and please use us as a resource going forward in this process.