

# MGL 32B Sections 21 to 23 Health Insurance

Malden City Council

Finance Committee

July 29, 2025

# Why- The Big Picture

- Fy 2026 Budget balanced with \$8.5 million in one-time funds
- Multi year inflationary pressure, school funding requirements, depleted reserves and double digit increases in Health costs require that we find new revenue sources and reduce expenses
- One of a series of steps the City will have to take to get on firm footing
- Health insurance efficiencies are one of the most evenly spread impacts across the city employee & retiree base
- Without using every tool available to us, the impact to a smaller group of people becomes greater

# GIC Plan Potential Benefits for Malden

More options for employees to choose from

- Pick the plan design that fits your individual circumstances

Eliminates the year-to-year risk of managing a self-insured system

- Once premiums are set, that's it for that year; Currently we estimate and then have to adjust at year end (ie fund more later)

Smooths out insurance risk over a larger pool with more buying power

Simplifies the administration locally

# MGL Chapter 32B Sections 21-23



Sets the framework under which the City, Employees and Retirees work together on desired Health Plan changes



Allows for paths forward where the parties come to agreement; where they can't a review panel is appointed to facilitate agreement



Highly structured with rigid deadlines that move in a linear fashion



City Council vote is a vote to proceed under this section with a transparent & collaborative process

# 20 Step Regulation Driven Timeline

Task #	Target Date	Description	Notes & Status
1	06/1/2025	City to notify the heads of each Collective Bargaining Unit (CBU) and Retirees (Through Retired State, County and Municipal Employees Association of Mass or RSCME) of the intent to vote on whether to implement the process of Sections 21 to 23.	City (ML) notified all units via email on May 29, 2025, of the plan to transition to the GIC. Notice of intent to vote on whether to implement the process of sections 21 to 23 was sent certified mail on June 18, 2025.
2	06/15/2025	City meets with representatives of each CBU to discuss the process and answer questions.	A meeting was held on 6/12 to address questions (the meeting was voluntary, not required).
3	08/01/2025	Malden City Council votes to implement the process outlined in Section 21-23.	Council Finance to meet on 7/29/25 will likely push back these dates.
4	08/07/2025	City to notify the IAC of the proposed changes (Implementation Notice), the estimated savings that may be realized during the first 12 months post implementation, and the mitigation proposal.	Note that given there is no IAC the notification should go to the head of each CBU who shall provide representatives (effectively becomes the IAC). The <u>Mayor</u> should pick one Malden Retiree member to send this notice to as well.
5	08/15/2025	City to meet with IAC to discuss and review the estimated savings.	Note that if the IAC does not ( <u>ie</u> refuses to) meet with the City within 10 days after receiving the notice, it shall be considered to have discussed the matter.
6	08/16/2025	The city provides notice to the designee of each CBU and to RSCME requesting that each CBU and RSCME designate a PEC representative. Notice shall include the # of eligible employees in each bargaining unit.	Not later than 2 days after the meeting or 10 days after IAC receives notice of the meeting. RSCME will designate a Malden retiree.
7	08/21/2025	The city is provided with a PEC representative by each CBU and RSCME.	Due within 5 days of receipt of notice in task #6. Note that City may recommend to RSCME a Malden representative.
8	08/23/2025	City shall provide to PEC the written Implementation Notice provided to the IAC as outlined in Task #4.	Due within 2 days of the receipt of the PEC representatives as outlined in Task #7.
9	09/01/2025 to 09/30/2025	The City and PEC shall negotiate on the City's proposal and any agreement reached must be reduced to writing and executed by the two parties.	Remaining steps assume that the parties reach agreement
10	09/04/2025	The City shall notify the Secretary of A&F of the start and end dates of the negotiation period and provide a representative for a Health Insurance Review Panel	Note that providing a name is JUST IN CASE the parties cannot reach agreement. Due within 3 days of the start of negotiations.

Task #	Target Date	Description	Notes & Status
11	09/04/2025	The PEC shall notify the City and the Secretary of A&F of their representative for a Health Insurance Review Panel	Note that the providing of a name is JUST IN CASE the parties cannot reach agreement. Due within 3 days of the start of negotiations.
12	09/15/2025	The Secretary of A&F shall provide to the City and PEC a list of 3 impartial potential members to serve on the review panel, as well as the name of an actuary to serve on the panel.	Note that the providing the three names is JUST IN CASE the parties cannot reach agreement. Due within 10 days of the date the Secretary receives the notices in Tasks 10 & 11.
13	09/18/2025	The City and PEC shall jointly select the third Panel member from the list provided and notify the Secretary.	Due within 3 days of when the Secretary provides the list.
14	09/30/2025	ONLY IF THE PARTIES DIDN'T AGREE Matter is submitted to panel for review/ action.	
15	10/3/2025	ONLY IF THE PARTIES DIDN'T AGREE The City shall submit to the review panel its original proposal with a copy to each member of the PEC and the Secretary. The PEC shall submit <u>any</u> alternative proposal to the review panel with a copy to the City and the Secretary.	Due within 3 business days after the negotiation period ends.
16	ONGOING	ONLY IF THE PARTIES DIDN'T AGREE The parties may agree in writing to terminate or suspend the review process because they reached an agreement, would like additional time to negotiate, or have decided to return to collective bargaining under 150E.	This can happen any time up until the review panel has made a decision.
17	10/5/2025	ONLY IF THE PARTIES DIDN'T AGREE The impartial member shall fix a time, date and place for the panel to convene.	It must be scheduled within 2 business days of when the panel has been notified in Task 15.
18	10/15/2025	ONLY IF THE PARTIES DIDN'T AGREE The review panel shall review the City's proposed changes and determine if they meet the guidelines, as well as review the estimated savings. The panel shall also review the <u>City's</u> Mitigation Proposal.	Within 10 days
19	12/1/2025	City MUST notify the GIC of the intent to join the GIC.	Deadline to join on 7/1/2026.
20	4/25/2026	The city must notify subscribers before implementing any changes in benefits.	It must be 60 days before an effective date (7/1/26).

# Key Takeaways

The process is rigid and driven by regulation; we need the first step done to move to the next.

Employees and retirees have a seat at the table and a voice. The process is by design collaborative.

In the event agreement can't be reached, a review panel is established under the Secretary of A&F.

Hard notification deadline of December 1, 2025 to move to GIC July 1, 2026