Boston College Law School
Digital Commons @ Boston College Law School

Boston College Law School Faculty Papers

12-1-2012

Massachusetts Implements Municipal Health Insurance Reform

Karen Breda
Boston College Law Library, karen.breda@bc.edu

Follow this and additional works at: http://lawdigitalcommons.bc.edu/lsfp

Part of the Health Law Commons, Insurance Law Commons, and the State and Local Government Law Commons

Recommended Citation
Karen Breda. "Massachusetts Implements Municipal Health Insurance Reform." *American Bar Association TIPS Insurance Regulation Committee Newsletter* (2012): 10-10.

This Article is brought to you for free and open access by Digital Commons @ Boston College Law School. It has been accepted for inclusion in Boston College Law School Faculty Papers by an authorized administrator of Digital Commons @ Boston College Law School. For more information, please contact nick.szydlowski@bc.edu.

Illinois insurers as they file programs with insurance departments across the country, which will be expected to honor the newly-enacted fee cap. David I. Schonbrun -- *Hiscox USA,* (914) 273-7487, David.Schonbrun@Hiscox.com

LOUISIANA

Update on Louisiana Citizens Property Insurance Corporation Depopulation Program

With the latest round of annual depopulation completed, Louisiana Insurance Commissioner Jim Donelon has announced that the homeowners insurer of last resort, Louisiana Citizens Property Insurance Corporation, has moved an additional 10,890 homeowners policies into the private insurance market. This should decrease Citizens' market share from 5.3% at the end of 2010 to approximately 4.3%. Access Home, Capitol Preferred, Centauri Specialty, Lighthouse and Occidental insurance companies all made successful bids to assume policies from Citizens. Since the Louisiana Department of Insurance began the Citizens Depopulation Program in 2008, more than 67,000 policies have been assumed by private insurers from Citizens. Van R. Mayhall, III -- *Breazeale, Sachse & Wilson, LLP*, (225) 381-3169, van.mayhall.III@bswllp.com

MASSACHUSETTS

Massachusetts Implements Municipal Health Insurance Reform

In July, 2011, Massachusetts enacted a municipal health insurance reform law. In Massachusetts each city and town negotiates and contracts for health benefits separately, while state employees are insured through the state Group Insurance Commission. Facing exorbitant health care costs and decreased revenues, some municipalities had resorted to laying off employees and diverting funds earmarked for public services in order to pay for health benefits. The purpose of the legislation is to provide municipalities with the tools to effectively manage escalating health care costs. The new legislation gives municipalities two options to cut health insurance costs: 1) an expedited collective bargaining process to negotiate new health insurance plans, which can be used to adopt co-pays, deductibles and other cost-sharing features and 2) the ability to transfer employees into the state Group Insurance Commission if the transfer would result in at least a 5% savings compared to the municipal health plan. The reform legislation includes protections for retirees and employees with exceptionally high health care costs. The collective savings for Massachusetts municipalities is projected at more than $100 million. The legislation is being lauded as one of the most significant measures to assist Massachusetts cities and towns in the past thirty years.

The new law is codified in Massachusetts General Laws chapter 32B and is implemented by the regulations in 805 Code of Massachusetts Regulations 8.01 et seq. Karen Breda -- *Boston College Law School*, (617) 552-4407, bredaka@bc.edu

MINNESOTA

Minnesota Department of Commerce Reorganization

The Minnesota Department of Commerce has undergone a significant and strategic reorganization. The Department created the Division of Insurance to house its insurance units and to unify regulatory oversight of all insurance activities. The Division of Insurance will include the insurance financial solvency and actuarial groups formerly part of the Financial Institutions Division, as well as the Insurance Product Filing unit and Life, Health, Workers Comp and Self-Insurance Staff. The Enforcement Division will retain authority over insurance related enforcement matters. "Consolidating all of the department's insurance regulatory activity into one cohesive, collaborative division is crucial to the mission of our department," Commissioner Rothman said on the Department's website. "From settling a claim to filing a complaint to complying with the state's licensing requirements, this new Division of Insurance will provide a single accessible resource for consumers and businesses working to navigate complex insurance matters in our state." Michelle M. Carter -- *Arthur Chapman*, (612) 375-5980, mmcarter@arthurchapman.com

NEW YORK

Large Commercial Insureds

Under legislation effective November 15, 2011, New York has expanded commercial deregulation by amending New York Insurance Law Article 63, to permit insurers admitted in New York to provide more kinds of insurance to large commercial insureds, defined in detail in the amendment, without prior approval of rates and forms. Article 63 established the New York Free Trade Zone to permit the sale of policies to large commercial insureds, in the admitted market, with reduced regulatory oversight. Policies issued under the new standards must comply with New York policy requirements. The Superintendent has authority to order an insurer to cease using a non-complying form, after notice and a hearing. Among the types of insurance that can now be issued