

Chelmsford Retirees Challenge Insurance Hikes

NOV 2006 - Argue Town Reneging On Its Promise - Chelmsford retirees, with the help of local unions, are challenging recent increases in the percentage that some of them are contributing to their health insurance. But, this one differs from other local insurance disputes that we've been reporting on recently.

Here, there is a written agreement, in which it's argued, the town agreed to pay the same percentage of the health insurance premiums for retirees as for active employees. "Other than towns that have adopted the coalition bargaining law (Section 19 of Chapter 32B) and Chelmsford is not one of them, we normally don't see written contracts that specify the contribution rates for retirees," comments Insurance Coordinator Cheryl Stillman. "In that regard, the Chelmsford situation is somewhat unique."

According to Association member Don Stevens, who has been serving as the retiree representative on the town's insurance advisory committee, "Back in '03, the town signed an agreement (Memorandum of Understanding) with a number of unions, in which it agreed to pay 75% of the HMO Blue Plan and 63% of the Blue Care Elect Preferred Plan. More importantly, officials acknowledged that the agreement's benefits also attach to all retired employees.

"We believe that the agreement is clear and whatever employees are paying towards these plans, then retirees, enrolled in them, should be paying the same amount. And, the town is obligated to pay the balance."

Unfortunately, Chelmsford officials don't share Steven's opinion. In their view, when it comes to retirees, the town is not bound by the agreement but can reduce its contribution to their premiums unilaterally.

To support their position, they refer back to decisions made, in the 80s, by the selectmen and town meeting voters to pay only 60% of the retirees' premiums. According to Town Manager Bernie Lynch, the selectmen have the sole authority to set the rates for retirees, and they never voted to pay any more than 60% of their premiums.

Unfair Labor Practice

Having adopted that position, it was inevitable that officials would act on it, to the detriment of retirees and their families. Until this past July 1, Chelmsford had been paying 75% of the HMO Blue premium and 63% of the Blue Care premium for both retirees and employees. Now, the town is paying only 60% of the retiree premium.

"One must remember that for the retirees in the HMO Blue plan, this means a 60% increase in real dollars contributed by them," points out Stevens. "When you factor in the 12.5% overall rise in premiums this past July, a retiree and his wife are being hit with a \$231 increase each month to continue their coverage with HMO Blue.

"For some retirees, it's creating an unbelievable hardship,

which can't be tolerated. In my opinion, the town is violating its agreement to pay more."

It should be noted that Chelmsford does not require its Medicare eligible retirees to enroll in the federal program (Section 18 of Chapter 32B). Retirees, who are insured by HMO Blue or Blue Care and consider switching to Chelmsford's Medicare supplement plans, may not be able to do so without paying a hefty penalty to Medicare for signing up after age 65. Therefore, they may have no choice but to remain in HMO Blue or Blue Care.

As reported earlier, the increases are being challenged with the help of local unions. Two unions, AFSCME Local 1703 and Chelmsford Federation of Teachers, have filed an unfair labor practice complaint against the town for the increases. Editor's Note: At press time, other unions were considering similar complaints. Also, no decision had been issued in connection with the Federation and Local 1703's complaints.

"I've been working with Bruce Thomas, the Federation's local president, and keeping the Association updated on developments" continued Stevens. "I'm hopeful that others will join with us in this challenge."

"Chelmsford presents some unusual legal issues," comments Counsel Bill Rehrey, who is conferring with Stevens, as well as Federation officials, about the situation. "It will be most interesting to see which legal arguments — those presented by the retirees and employees or the town's — prevail."