



# Memo

**To:** Hopedale Select Board

**From:** Mitch F. Ruscitti, Town Administrator

**cc:** Hopedale Finance Committee

**Date:** 12/26/23

**Re:** Employee Healthcare Costs

---

As the Board is likely aware, the Town is currently in the process of negotiating several union contracts; healthcare benefits have been collectively negotiated with the unions together as part of a Public Employee Committee (PEC) group.

In working with MIIA, the Town's insurance provider, this office has been able to project future increases in healthcare costs, which are slated to be substantial. In working with union representatives and other town officials to explore alternative methods to decrease overall healthcare expenditures, my office examined prior agreements, town records, and the history of the issue in the Town to have a better understanding.

Having gone through historical data related to healthcare expenditures in the Town of Hopedale, it is my understanding that the town has **not** voted to accept M.G.L c. 32B, Section 7A., the local option statute that allows for a municipality to make premium contributions greater than 50%. This provision would have needed to be accepted at a Town Meeting after the passing of the law in 1968, or by a ballot vote; having reviewed all town meeting, special town meeting, and ballot votes for the Town of Hopedale since 1968, I do not believe this was ever accomplished. In fact, Town Meeting in 1976 had voted **not** to place Section 7A on a ballot for town vote and acceptance. Therefore, it is my opinion that the Town has been providing benefits to town employees in violation of Massachusetts General Law.

Having discovered this to be a potential issue that would impact future contract negotiations, I have asked KP Law, Town Counsel, to issue a written opinion on the matter. The firm concludes that:

*Because the Town has not accepted Section 7A, the Town cannot lawfully enter into a new agreement with its PEC under G.L. c. 32B ss19 or 21-23, or separate agreements with its unions pursuant to G.L. c. 150E, that would provide for health insurance premium*

*payments greater than 50%. The Town must first accept 7A before it can negotiate a new agreement with its PEC (or separate agreements with its unions) that would offer premium payments greater than 50%.*

This issue *could* be placed for the Warrant at Annual Town Meeting in the Spring. I have scheduled a PEC meeting on the 2<sup>nd</sup> of January to discuss this with the unions; it is my hope that this issue will have a positive resolution for all involved by ATM, where this will be thoroughly explained to the public, and will allow for benefits provided into the future that are amicable to both employees and the residents of Hopedale.

Clearly, the Town has been providing benefits in violation of M.G.L for a period of years; however, now that this is known to public officials, the town must be brought into compliance with applicable State law. If an article or agreement is not reached and voted upon at Town Meeting, benefits must be returned to their maximum legal limit without 7A acceptance, which is 50%.