



June 8, 2022

To the Honorable City Council President, Nick Mosby
and Members of the Baltimore City Council
City Hall, 100 N. Holliday Street, Room 409
Baltimore, Maryland 21202

Re: CC Bill 22-0211 – City Employees and Retirees Health Care Reform

The Department of Human Resources (DHR) has reviewed City Council Bill 22-0211 – City Employees and Retirees Health Care Reform. For the purpose of establishing the Employee and Retiree Health Benefits Program for City employees; defining certain terms; providing for the administration of the Program; establishing membership, procedures, and duties for the City Health Insurance Committee; requiring certain reports and the provision of certain data; and generally relating to healthcare for City employees, retirees, their spouses, and their dependents.

DHR has reviewed the above-referenced bill and **opposes** the legislation. Art. 1, §50 of the Baltimore City Code provides for a Baltimore Benefits Commission that is charged with studying, monitoring, and reporting on compensation and benefits (including health benefits) for City employees and retirees. Even though the proposed legislation expands upon what is currently in the code, it is very broad. There are various terms within the bill that are not expressly defined and are subject to interpretation, including whether or not the plan year is based on the calendar year or fiscal year (§11-1), definitions of unreasonable time frames with regard to responding to requests for information (§11-6), and the subject matter of the three (3) mandatory meetings (§11-5).

If enacted, this legislation could adversely impact both the overall cost of the health benefit and the quality of the benefit as the legislation as drafted restricts cost containment measures that are industry best practices such as re-evaluation cost shares or plan designs. Moreover, the requirements of the Bill will undoubtedly require additional staff in the Department of Human Resources, Department of Finance, Fire and Police Retirement Systems and Employee Retirement Systems to meet the requirements of the Bill related to retiree health benefits. The new requirements would also increase the scope of work of the City’s health consultant and actuary.

Operationally, the legislation would diminish the City’s authority in the administration of the health benefits. Currently, employee labor organizations have a seat at the table in the discussions regarding benefits through the Health Insurance Committee (“HIC”). That notwithstanding, the City as the employer oversees the everyday administration of the benefits. The legislation gives employee organizations the ability to request up to four (4) meetings per year (§11-4), access to the gain and loss statements (§11-10), as well as the supporting documents used to compile those reports. The Bill also restricts the City from making changes to plan design or cost shares to any retiree’s plan post retirement. Pursuant to the current Health Insurance Agreement that was

collectively bargained between the City and the employee organizations, employee organizations can request up to two (2) HIC meetings per year. While the employee organizations' increased involvement in requesting HIC meetings is not necessarily a poor notion, this increased involvement could potentially delay critical decision-making processes. Additionally, there would have to be measures to ensure that no proprietary information from health vendors or the City's actuarial vendor would be shared by providing such information. It is worth noting that the requirements imposed by the Bill eradicate concessions made by both the City and the labor stakeholders in the longstanding bargaining history related to the Health Insurance Committee.

A review of similar jurisdictions uncovered no comparable benefits' administration programs or systems within the state of Maryland. Neither Baltimore County nor Prince George's County have collective bargaining in their health benefits administration. Within Baltimore County's explanation of the oversight of their Health Insurance Fund, it is stated that the Director of Finance had oversight of the fund, and that the Health Care Review Committee is the sole health care bargaining agent for Baltimore County employees. There is not representation for multiple employee organizations on the committee. (Baltimore County Code 4-3-501) and it has been that way since at least 1994.

According to Prince George's County Code §16-212, The County Executive shall establish the health and insurance plans for the benefit of all permanent staff members. Additionally, the benefits and the county contributions can be increased from time to time by the County Executive, but can't be decreased without prior approval from the County Council. While health benefits are a term or condition of employment, the employee labor organizations have no part in the administration of these benefits.

Montgomery County code §511 allows for collective bargaining with binding arbitration by the authorized representatives of the officers and employees.

Anne Arundel's County Code §6-1-308 states that the County Employee and Retiree Health benefits program is administered by the Personnel Officer and the employer subsidies for and components of the health insurance plan available to employees represented by an exclusive employee representative and their dependents are subject to collective bargaining. Additionally, this collective bargaining is set to begin eighteen (18) months prior to the expiration of a health insurance plan or prescription drug plan. However, employees and retirees not represented by an exclusive employee representative are not subject to collective bargaining. It is worth noting that in Baltimore City, the components of the health benefit plan are subject to collective bargaining. Labor stakeholders have engaged in coalition bargaining to achieve economy of scale by having the same health benefit offerings for all employees as opposed to offering similar albeit nuanced benefits for each separate bargaining unit.

While bargaining over the components of the health benefit is commonplace, it is not common within similar jurisdictions to have collective bargaining in the administration of employee and retiree benefits and certainly not to the extent to what is within the proposed legislation. While it is important for all interested parties to have a seat at the table, it is not necessary or beneficial for them to have such an involved role in all of the aspects of the operation of the health benefit administration.

As the legislation as proposed creates a great risk to the future cost and quality of health insurance benefits for employees and retirees and impinges on the City's ability to operate its benefit program, the Department of Human Resources opposes this legislation.

For additional questions or concerns, contact me at Quinton.Herbert@baltimorecity.gov or by phone at 410-396-1563.

Sincerely,

A handwritten signature in blue ink that reads "Quinton M. Herbert". The signature is written in a cursive style with a large, stylized initial "H" at the end.

Quinton M. Herbert, JD