



The Commonwealth of Massachusetts

Group Insurance Commission



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August 12, 2009

David J. Holway
National President
National Association of Government Employees
159 Burgin Parkway
Quincy, MA 02169

Dear Mr. Holway:

In response to your request that the GIC hold an off-cycle open enrollment because the legislature has increased the premium percentage paid by employees, I am afraid that that is not feasible for several reasons.

First, there is the legal issue of the IRS rules against allowing plan changes in Section 125 plans except at annual enrollment, unless there is a status change, or significant financial effects. Given that these changes at their highest level are \$42.76 per pay period, or approximately \$20.53 per week, I am not sure that breaking that prohibition can be justified.

Further, the disruption caused by such a process would be enormous. Open enrollments are costly, labor intensive, and involve almost every department of the GIC from Public Information, Communications, Operations, and Information Technology and Data Processing, and all of these departments will be heavily involved in the integration of the transportation agencies as well as the sheriffs' departments of seven counties over the next six months. To add an additional open enrollment for state enrollees would overwhelm our small staff.

The disruption to our plans which have already spent time and dollars to enroll members, print and distribute member cards, member handbooks and so on, would be affected, and again, would cost time and money. Our plans are anticipating and are legitimately entitled to some degree of member stability; indeed, a multiple year enrollment is not unheard of in some plans' relationships with purchasers.

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Our annual enrollment documents always carry a warning that rates can change because of the legislative process, so people are forewarned about possible changes in rates, providers, and so on, especially in these difficult times. Incidentally, there was a similar rate increase in 1993, and we did not open up the plans at that time either.

I recognize that no one welcomes a 5% increase in premiums, but given the very modest increases in rates between 2009 and 2010, all but one plan below \$10, and six below \$5, the new rates are not exorbitant even with the 5% increase, compared to those experienced in the rest of the market. For all of these reasons, I cannot recommend that we agree to your suggestion.

Very truly yours,



Dolores L. Mitchell
Executive Director

DLM/jk