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work or have worked in one or more of Wal-Mart's 3,400 stores in 41 regions at any time since 1998.

The seven plaintiffs in the case had charged that women employed by Wal-Mart were paid less than men in comparable positions despite higher performance ratings and greater seniority and that they received fewer—and waited longer—for promotions to in-store management positions than did men. They are seeking injunctive and declaratory relief, lost pay and punitive damages.

The appellate court said its decision is based on a limited review as to whether the lower court abused its broad discretion in ruling the case should be granted class action

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as well as eliminate a current inequity in which an enrollee with family coverage is saddled with a bigger deductible than an enrollee

ments.

In all, the provisions, which

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Public entities grapple with health cost hikes

Municipalities look to state purchasing pools, but some risks seen

By **JOANNE WOJCIK**

While Massachusetts lawmakers consider opening the state's health plan to other public entities, lawmakers in neighboring New Jersey are grappling with the unintended consequences of a similar pooling arrangement.

The legislation, which was introduced by Rep. Rachel Kaprielian, D-Watertown, and Sen. Richard Moore, D-Uxbridge, would permit

cities and towns to join Massachusetts' Group Insurance Commission—as long as representatives of employees and retirees agree. Communities would pay an administrative fee of 1% of premiums paid. While GIC would negotiate plan terms and rates, municipalities would bargain with unions to determine the employer-employee premium split.

The legislation was introduced earlier this month in response to recommendations of the state's Municipal Health Insurance Working Group, which has been meeting since September 2005 to try to find

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reserved.

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Public: Mass., N.J. paths diverging in employee health insurance pools

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a way to slow the rate of increase in municipal employee health insurance rates, which climbed 63% in a four-year period (see chart).

The group's recommended solution would allow the public entities to participate in the GIC, which provides health insurance and other benefits for 266,000 state employees, retirees and their families. GIC health insurance rates have increased about half as much as those of many municipalities.

"Our track record has been better than that of municipalities," said Dolores Mitchell, chief executive officer of the Boston-based GIC. She estimated the city of Boston, for example, would have paid \$38 million less for health benefits this year had it been able to buy through the GIC.

"They are much bigger than any of the purchasing groups we have in

the state and can negotiate better deals," said Sanford Pooler, chief administrative officer for Newton, Mass., which averaged 10% annual health care premium increases for the last decade. By contrast, the GIC has experienced an annual average increase of just 6.6% since 2001.

Springfield, Mass., joined the GIC Jan. 1 under an emergency regulation responding to its dire financial situation. The town of Saugus, facing a \$2.5 million health insurance trust fund deficit, is seeking permission to join.

New Jersey's experience

But pooling health care purchasing of public employees has had just the opposite effect in New Jersey, where public entities that participate in the State Health Benefits System are required to offer a uniform level of benefits, resulting in a 150% cost increase over five years—in large part because unions resisted

increased cost-sharing. Just last week, the New Jersey Legislature passed legislation to allow public entities to negotiate benefit packages locally.

"Once upon a time, everyone was part of the State Health Benefits System—teachers included," explained L. Mason Neely, finance director for East Brunswick, N.J., and chairman of the League of Municipalities' pension and health benefits committee. "If a public entity withdraws from the state health benefits system, it would have to maintain the benefit levels."

With the just-passed legislation allowing withdrawal from the state fund, Mr. Neely estimates public entities would save \$34 million the first year alone—primarily from reduced benefits and increased cost-sharing.

Concern about groups coming and going in response to market fluctuations has led many states to

unstable and, therefore, unattractive to insurers."

New Jersey's situation also shows how large benefit purchasing cooperatives can sometimes reach a point of diminishing returns, said Paul Hackleman, director of benefits for San Mateo County, Calif. (see sidebar)

He cited the California Public Employees' Retirement System, the nation's largest statewide purchasing agent, which can no longer control costs as well as it once did.

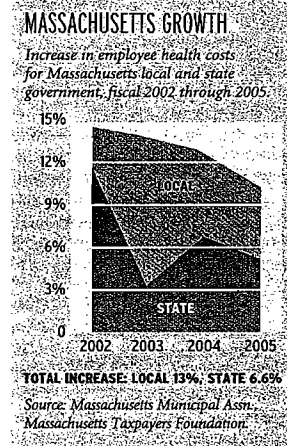
"Their strategy focused singularly on using economies of scale. That was a dead-end strategy," Mr. Hackleman said. "That precluded them from doing what many of us who weren't the gorilla on the block were doing," such as wellness programs and disease management.

A spokeswoman for Sacramento-based CalPERS was unavailable for comment.

Darrell Wells, director of risk management and benefits for Odessa, Texas, agreed that savings from pooling are not always sustainable.

"Group purchasing and pooling, per se, do nothing to control claim costs," which represent more than 90% of the total cost of health benefit programs, Mr. Wells said.

"Even if successful, all you've done is reduce the administrative portion of the cost—not the huge, untouched, mass of claims," Mr. Wells said.



put certain requirements on the local governments that participate in their plans, said Tom Billet, a senior consultant at Watson Wyatt Worldwide in Stamford, Conn., citing New Jersey's situation as an example.

"Years ago, the states were more than happy to have local or municipal groups to participate because pooling provides an opportunity to increase number of lives and negotiate better terms, plus the larger the group the more stable experience tends to be," Mr. Billet said. "In-and-out cherry-picking year-to-year makes the experience of the group

Cheaper health premiums eluding big groups

By JOANNE WOJCIK

Buying in bulk may be a good idea for warehouse shoppers, but it may not always work for purchasing health benefits for public employees.

"The era of using economies of scale—if it isn't well past its end, it's close to its end," said Paul Hackleman, director of benefits for San Mateo County, Calif.

Mr. Hackleman said that several years ago, the county considered, and then decided against, purchasing health benefits for some of its employees through the California Public Employees' Retirement System, the nation's largest state health plan.

One particular stumbling block was a CalPERS requirement that public entity participants provide the same level of benefits to retirees as to active employees, Mr. Hackleman said.

"We felt we were being locked into a benefit structure vastly dif-

ferent from our own and that over the long term it would be more expensive," he said.

Marc Waldman, treasurer/collector for the city of Wellesley, Mass., has similar reservations about participating in the Group Insurance Commission, which would be permitted under a bill pending in the Massachusetts Legislature.

Though the proposal would allow public entities to continue to set employer and employee premium contribution levels locally, it would require that the selection of benefit plans offered be governed by the GIC.

"Many municipalities are very leery of losing local control," Mr. Waldman said.

Moreover, public entities would be able to participate only if their unions approve of the move, he said.

"We're still obligated by law to bargain any changes with our unions," Mr. Waldman said.

By contrast, when the GIC was created, the Legislature gave it the authority to change benefits as necessary to meet state budget constraints without having to enter into collective bargaining agreements with unions that represent state workers, Mr. Waldman said.

"That has a lot to do with why their costs are lower," he said.

At least one executive of a union that represents more than 1.4 million public workers said his members would be hesitant to relinquish control over benefit plan content to a higher authority.

"Our concern is losing the right to collectively bargain at a local level to tailor plans to different groups," said Steve Kreisberg, collective bargaining director for the American Federation of State, County and Municipal Employees in Washington, which represents about half of the nation's public employees.

Canada: Ruling on accommodating workers instructive for employers

CONTINUED FROM PAGE 4

human rights laws regarding the duty to accommodate are "very

The court expressly stated that automatic termination clauses do not definitively determine the specific accommodation measure an

workplace—have the right to negotiate clauses to ensure employee attendance, said Connie Reeve, senior partner in the labor and

An employer, though, must review each situation individually to determine if accommodating an employee would cause undue hard-

the consequence of absence for a fixed period are found in employment contracts and human resources policies, and the McGill