



CITY OF NEWBURYPORT
OFFICE OF THE MAYOR
DONNA D. HOLADAY, MAYOR

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Dear Colleagues,

First, please accept my thanks for your service to the residents, businesses and visitors to the City of Newburyport. I am always impressed and grateful for the work you do.

The purpose of this communication is to address a topic of recent discussion that impacts all of us – our health insurance.

Simply put, here are the facts:

- Since 2010, health insurance premiums have increased 46.2% and could increase another 5.3% for Fiscal 2018, a total increase of 53.9%.
- For someone on the HMO family plan, \$6,154 comes out of your paycheck each year with \$18,463 being funded by the taxpayers.
- The projected Fiscal 2018 increase alone results in an increase of over \$490,000 for the taxpayers - a total annual health insurance bill of \$13.1 million.
- Health insurance premiums are increasing by 6.7% per year on average over the past five years and pension costs are increasing 5.0% per year.
- As an employee, your cost of living increases have been from 1.0% to 2.0% over the past five years and as a city, our budget increases about 3.0% to 4.0% per year.

Clearly, we have a problem. Not only is this path not sustainable for the City, it is not sustainable for employees.

We must continue to call for reforms at the federal and state level to get these costs under control while at the same time take actions on our part to make modifications. This need to take local action is why the order went to the City Council. The hope was to open a dialog that would allow us to explore changes to the health insurance plan as provided by the Municipal Health Insurance Reform Act.

My intention and goal was to engage in a process of exploring other plan designs that would mitigate the skyrocketing insurance premiums funded 25% by the employee and 75% by the City. There was never an intention to shift more costs onto employees or retirees or usurp the collective bargaining process. It is unfortunate that misinformation was presented to union members and the public. The objective was and continues to be to negotiate changes that would be beneficial to the City, employees and retirees. To be very clear, through the collective bargaining process, all health insurance

negotiations were removed from individual union contracts and are negotiated by the Public Employee Committee which represents each union in the city.

As a participant on the City's health insurance plan, this impacts me as well. My hope is to look forward to continuing to work with the Public Employee Committee and engaging in dialog with all of you regarding *our* health insurance plan. We owe it to ourselves and we owe it to the residents of Newburyport to do the homework, have the hard conversations, and get us back on a path that works for us and the city as a whole.

Thank you, again, for all you do for our community.

 Donna Holaday

Mayor