



The Retail REVIEW

Above: Fourth Generation Michelson's Shoes, founded in 1919, is a family footwear tradition for shoppers in Lexington and Needham.

Below: A young Jerry Michelson on the job in the 1980s; Owners Eric (L) and Jerry (R) with their father (Center), the late Richard "Dick" Michelson.



RETAILERS ASSOCIATION OF MASSACHUSETTS

The Retail Review

September/October 2018

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You can contact RAM at:

18 Tremont Street
Suite 810

Boston, MA 02108

Phone: (617) 523-1900

Fax: (617) 523-4321

www.retailersma.org

Dear RAM Member:

Recently, the Massachusetts Center for Health Information and Analysis (CHIA) presented their 2018 Annual Report. The report was widely reported in the press for showing much slower overall growth in healthcare spending—1.6% vs. the state's 3.1% benchmark, and recent 4 year average of 3.6% increases. Yet, totally missed by the press and general public was how the increased costs were disparately distributed among a wide variety of consumers. Dissecting how the overall healthcare "pie" is divided is extremely important for small businesses, as important questions remain whether costs are being fairly distributed across all classes of purchasers.

Commercial, fully-insured premiums increased 4.9%, yet within that market, small businesses saw an increase of 6.9%. Subsidized individuals in the Connector saw a 3.0% increase, unsubsidized individuals saw a 3.8% increase, large groups saw a 4.1% increase, and the state Group Insurance Commission (the GIC; the buying group for state & local employees) saw a 4.4% increase. Meanwhile the state's Medicaid program saw a drop of -0.2%.

But just looking at the disturbing and unequal premium trends isn't enough, you also need to look at cost sharing and high deductible plans as you compare the fairness of the markets. Besides seeing a far higher than average premium increase than individuals and large groups, small businesses and their employees saw a greater increase in cost sharing and high deductible plan growth than other market sectors. While 28.2% of the commercial market are now in high deductible plans, 57.5% of small businesses are in that cost sharing space, while the state's taxpayer funded GIC is at 0%.

So year after year, small businesses and their employees have seen disproportionate increases in their premiums, while receiving lower quality of coverage as their premium dollars have covered less and less.

What gives?

Are employees of small businesses less healthy than state employees, big business employees, Medicaid populations, or taxpayer subsidized individuals buying through the Connector?

Are they worse consumers than those other groups?

Or do they in fact face government imposed discrimination in the marketplace?

Two facts seem to indicate marketplace discrimination. Small businesses look like society: young, old, sick, healthy; and they are likely at least average—if not better—consumers. To be always well above the state benchmark (which is in fact an average across all classes of healthcare purchasing); and the fact that Massachusetts is the only state in the country which puts small group and individuals in the same risk pool, leads us to the conclusion that small business owners and their employees are paying more so others can pay less. This is a discriminatory playing field and must change.

Government should not discriminate and pick winners and losers in the marketplace, yet that has clearly happened with health insurance.

Perhaps changes are beginning to occur. This past summer, the US Department of Labor (DOL) issued regulations to allow for Association Health Plans (AHPs), which would allow organizations like RAM to do what the GIC does for state employees, the Connector does for individuals, and self-insured big employers do for their workforces. For the purposes of procuring health insurance, RAM members would operate as one employer, instead of separate consumers.

Equality under the laws and the marketplace is the only sure way to make sure health care costs are being distributed fairly among all classes of consumers. RAM has attempted for six years to seek exactly that under state law through our health insurance cooperative—RAMHIC. Yet federal government rules under the ACA got in the way of fair and equitable savings for our members. We played by the rules, yet government changed the rules which made a state level form of AHPs to be less effective and less fair.

Therefore RAM will be seeking DOL approval to convert our state cooperative into a federal AHP. The flexibility to negotiate with insurers and providers, to create financial incentives to be healthier and better consumers and set fair rates, while not unfairly cross subsidizing others is what makes this federal reform so attractive.

We recognize the pain Main Street has felt on your health care costs. We hope our public policy leaders will similarly recognize the discrimination in the marketplace, and will work with us to make sure small business employees are no longer relegated to second class consumers under the law. In the weeks ahead, RAM will keep you informed of our important efforts to reinvent and take to the next level our health insurance cooperative—RAMHIC.

Jon Hurst, President

Is Your Business Ready for Premium Pay Repeal?

Is your business open on Sundays? Are you a retailer subject to premium pay under the MA Blue Laws? Do you regularly schedule employee's to work over 40 hours a week? With changes to the Retail Premium Pay Law coming on January 1, 2019, now is the time to review your current payroll and scheduling practices and consider making changes to facilitate compliance with state and federal wage and overtime laws.

For employees you know will not exceed 40 hours in a work week, Retail Premium Pay compliance is straightforward—starting January 1, 2019, work performed on Sundays and required holidays must be compensated at 1.4 times the employee's regular rate of pay. The multiplier will then continue to reduce on an annual basis as follows—1.3 in 2020, 1.2 in 2021, 1.1 in 2022, then straight time starting in 2023. While employers may choose to apply the 1.4 premium rate to all employees, for full-timers eligible for overtime compensation additional considerations discussed below should be made.

Regardless of employee type, the easiest step for businesses to take in an effort to facilitate compliance is to adopt a Monday through Sunday payroll period. This will simplify your payroll process and provide for easier, more accurate accounting of employee hours thereby allowing you to better manage your scheduling in light of the law change and to prevent payroll mistakes. Making a switch in your payroll start date is as simple as notifying your employees in advance of the change and then running a payroll for a short week to transition your employees to the new day.

Switching to a Monday start date will be particularly helpful in monitoring and managing full-time employees eligible for overtime

compensation for hours worked in excess of 40 hours in a week. In Massachusetts, Sunday and holiday hours compensated at the current 1.5 retail premium may be excluded from overtime calculations. However, the offset will no longer apply for employers choosing to take advantage of the reduced Sunday and holiday premium pay schedule.

Businesses who regularly schedule overtime hours may therefore want to consider continuing to pay the current retail premium rate of 1.5 on Sundays and required holidays in order to continue taking advantage of this offset.

Whether you choose to remain at the 1.5 rate or move to the newly allowed 1.4 rate for work performed on Sunday and required holidays, a switch to a Monday start date will allow you to track hours worked over the course of a pay week and react appropriately.

Many employers have begun preparing for this law change by contacting their payroll service providers and employment attorneys in order to explore best options for their business. RAM again strongly urges all RAM members to do the same. Please note that in Massachusetts employers are required to provide employees 90 days written notice of certain changes to an employee's payroll period. Members should therefore take action now in order to provide enough time for notification in the event it is required.

Members with questions regarding applicability of the Blue Laws, the forthcoming changes to premium pay requirements or the issues discussed in this article please feel free to contact the RAM office. Also stay tuned for RAM's 2018-2019 holiday calendar which will provide further guidance on premium pay requirements.



Join Us for RAM's 100th Annual Board of Directors Meeting and Celebratory Reception

Following the annual Board of Directors meeting, we will be hosting a special program and reception to celebrate RAM's 100 year anniversary. The program will include a retail panel discussion moderated by Jon Chesto from the Boston Globe, remarks by state officials and a video commemorating our past 100 years and a look to our future.

Members are invited to attend both the annual meeting and the reception that will take place in Boston at the Omni Parker House. Watch for your invitation and how to RSVP.

Thursday, November 15

Annual Board Meeting

12:00 pm - 3:30 pm

100 Year Anniversary Celebration

4:00 pm - 5:30 pm — program

5:30 pm - 6:30 pm — reception

Omni Parker House,

60 School Street, Boston



RAM Board Urges NO on Question 1, YES on Question 3

The RAM Board of Directors recently voted unanimously to officially oppose the passage of Question 1, which would mandate rigid, costly and medically unproven nurse-to-patient staffing ratios in every hospital in the Commonwealth. Appropriate staffing decisions are best left to the experienced nurses and doctors working directly with patients – not set by an inflexible and bureaucratic government mandate. Studies estimate that should this question pass it would increase healthcare costs in the Commonwealth by over \$1 Billion each year.

The RAM Board urges a NO vote on Question 1. For more information visit the Coalition to Protect Patient Safety at <https://www.protectpatientsafety.com/>.

The Board also took a position on Question 3, which asks voters whether or not the state's recent law prohibiting discrimination against persons based on gender identity should remain on the books. RAM opposes discrimination on any basis, of any kind, and supports the basic rights of all individuals to be treated fairly and equally.

The RAM Board urges a YES vote on Question 3, to keep in place the current law, which prohibits discrimination on the basis of gender identity in places of public accommodation.

The official voter's summaries of the questions that will appear on the ballot this November can be found on the Secretary of State's website at www.sec.state.ma.us.

Free Health Care Seminar
from the Family Business Association



Nov. 2, 2018
Needham Sheraton

The Family Business Association presents an opportunity for business owners and managers to get the health care insurance, legal, tax, and major cost saving implications for small and mid-sized businesses now and in the near future.

The FBA continues its mission to educate family businesses and put them in the best possible position to succeed. We continue that effort this fall with an outstanding free program on healthcare and health insurance for mid-sized and small business in New England.

Change is constant and fast moving in this field, and you need to stay on top of what's next. Health insurance is a critical benefit and cost within your business, and getting it right is crucial. Spending a morning learning from

top experts in insurance, healthcare, tax code and benefits is not only a smart decision but a vital one for the future of your business and its employees.

Your current insurer will give you information. But this seminar provides multiple points of view from independent third parties.

Privately owned and family run businesses are invited to attend. Visit www.retailersma.org and click on the front page article regarding the seminar to access the registration page on the FBA website. The event takes place on November 2, 2018 from 8:30 AM to 11:30 AM at the Needham Sheraton.

This quick but comprehensive seminar is brought to you by Blue Cross Blue Shield of Massachusetts, inc., the largest health insurer in Massachusetts.

Grand Bargain Briefing for Small Business

RAM has partnered with the NFIB/ MA and local chambers around the state to provide an opportunity for small business owners to learn about what was included in the final “Grand Bargain” legislative package. This legislation bundled parts from three ballot questions slated for the November 2018 ballot: 1) \$15 Minimum Wage, 2) Paid Family and Medical Leave and 3) Sales Tax Rollback.

This is your opportunity to learn about the final package and how it will impact your business. Following the presentation, there will be time for questions on how best to prepare your business for the new law, some of which goes into effect on January 1, 2019.

Visit the RAM website at www.retailersma.org for dates and locations. Contact Andi Shea, RAM Membership Director to RSVP at 617.523.1900 or at ashea@retailersma.org.

Boston Plastic Bag Ban & Mandatory \$0.05 Fee,

Now Less than 3 Months Away

Are you ready?



The City of Boston’s plastic bag ban ordinance, passed in early December of 2017, is set to take effect on December 14, 2018.

The ordinance states that any “checkout bags” provided by retailers to customers must be a reusable bag, a recyclable paper bag, or a compostable plastic bag. Retailers MUST charge a minimum five cents (\$0.05) per checkout bag, with the retailer keeping all bag charge fees collected. The charge must be separately stated on the sales receipt provided to the customer at the time of purchase and listed as the “checkout bag charge.”

For a copy of the ordinance, definitions and specifications of allowable checkout bags, exemptions, and forthcoming guidance materials from the City go to <https://www.boston.gov/departments/environment/reducing-plastic-bags-city-boston>.

The ban applies to all retail establishments that sell or provide merchandise, goods or materials directly to a customer, including but not limited to restaurants, pharmacies, convenience and grocery stores, liquor stores, seasonal and temporary businesses, jewelry stores, and household goods stores.

The ordinance does allow for a retailer to apply to the City for a temporary exemption from compliance due to an “undue hardship,” such as the need for additional time to draw down an existing inventory of single-use plastic checkout bags that are prohibited by the ordinance. Guidance on the process to apply for that exemption is also expected to be posted to the City’s website shortly.

RAM will continue to work with the City as the ordinance is implemented to ensure that all members needs and interests are addressed. Please contact RAM Vice President, Bill Rennie, brennie@retailersma.org, with any questions or comments.

Welcome 35 New Members

Bar & Kitchen Hospitality, Inc.
Boston

Beer & Wine Hobby II
Woburn

Cambridge Wear
Belmont

Canary Square
Jamaica Plain

Christopher's Sports Tavern
Springfield

Coda Etals
Boston

Colette
Cambridge

Common Ground
Allston

Dunkin Donuts
Dracut

Firefly's BBQ
Marlborough

Five Guys
Millis

Flynn VW Audi BMW
Pittsfield

IM Wireless
Woburn

Jake's Restaurant
Northampton

Kamakura LLC
Boston

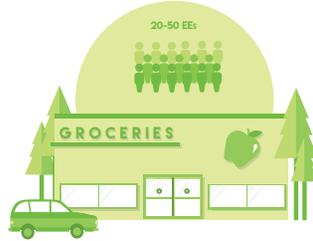
Ken's Steak House, Inc.
Framingham

Lapels
Stoughton

Luigi's Italian Kitchen LLC
Arlington

Maggie's Foods for Pets LLC
West Boylston

Mercy Tavern
Salem



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- **FREEDOM** to focus on your business

*Approved by Mass Retail Workers' Compensation Group



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Hundreds of RAM members are saving on their health insurance premiums and taking advantage of additional money saving benefits by enrolling in coverage through the RAM Health Insurance Cooperative (RAMHIC).

RAMHIC offers a variety of plan options from Fallon Health and Blue Cross Blue Shield of MA (BCBSMA). All plans offered come with a 1% upfront premium discount and cooperative membership provides members with access to additional cost saving options not available in the open market.

To start taking advantage of these cost saving options members may contact their broker or our providers directly to request a quote.

RAM also works with Met Life for Dental and Vision. For more information, please call Ann Dickey at 800-456-8715.



For more information regarding these offerings as well as additional ancillary benefits please visit our webpage at www.retailersma.org/RAMHIC

or contact RAM's Insurance & Human Resources Director, Larry Mulrey, at (617) 523-1900 ext. 180.

2018



2018

On Thursday, September 13th the retail associations from across New England, led by the Retailers Association of Massachusetts Loss Prevention Committee, hosted its 12th annual conference at the DCU Center in Worcester MA. This year's event brought together about 200 loss prevention, law enforcement and vendor professionals to discuss trends in analytics, organized retail crime, emerging fraud trends and local regulatory changes.

Speakers included Bob Moracca, Vice President of Loss Prevention for the National Retail Federation, who kicked off the event with a "state of the union," giving great perspective on our industry, where it stands and where it's headed; Detective Mark Solomon from Greenwich CT Police Department, who appeared for his second time at our conference giving an update on skimming and fraud trends; Shanon LaCorte, Assistant Deputy Attorney General, Organized Crime Task Force, New York State Office of the Attorney General, gave an overview of the regional ORC case, Operation Sticky Fingers, and the investigative steps taken to close that significant case; Kellie Woefel from Profitect gave an excellent presentation on prescriptive analytics and the power that technology has to drive better business decisions and execution; the Department of Transitional Assistance: Corey Belanger, State Law Enforcement Bureau Outreach Manager, and Anne O'Sullivan, Asst. Commissioner for Compliance, gave an update on regulations regarding prohibited use of EBT in retail establishments; and our keynote speaker was Todd McGhee, Co-Founder of Protecting the Homeland Innovations, LLC. His presentation on Active Shooter Awareness served as a stark reminder of the real-life situations we can potentially encounter in our personal and professional lives.

This year we were also able to acknowledge two individuals that have made significant contributions to the New England LP community over the years:

Kevin Plante of Party City was awarded the Distinguished Service Award. After serving thirteen years as Chairman, Plante stepped down from RAM Loss Prevention Committee after

last year's conference. Under Kevin's guidance and direction the committee has grown from a few individuals to an expansive network of loss prevention professionals that constantly engage, communicate and support each other. As chair, Plante oversaw the growth of our annual conference from one focused solely on ORC to a more comprehensive Loss Prevention Expo, the passage of ORC legislation in MA, and the creation of the New England ORC Alliance (NEORCA), an information sharing platform for loss prevention and law enforcement which has grown to a network of over 1000 individuals. Kevin's accolades and contributions extend far beyond these key accomplishments.

Also recognized with an award for Loss Prevention Person of the Year was Ken Spurling of Sephora. Ken has been an integral part in developing and driving adoption within NEORCA. He has played a big role in developing a partnership between NEORCA and the New England State Police Information Network (NESPIN), a partnership which has led to training of several hundred law enforcement officers to better educate them on Organized Retail Crime. Ken is very active in various LP retailer meetings and is a great peer to all LP field.

RAM thanks our sponsors at NRF, Wegman's, BJ's Wholesale Club and Rite Aid, as well as all the presenters, solution providers and members of the RAM LP Board for their support in making this event happen: Brendan Fitzgerald (BJ's Wholesale Club), Jason Adams (Apple), Kevin Foote (Staples), Matt Taylor (Walgreens), Alisha Le (Wegman's) and Greg LaPre (Security Consulting).

We look forward to another great event in 2019!





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New Members

Continued from page 5

Metropolitan Furniture
Burlington

Nantucket Sound
Shrewsbury

New England Wheels, Inc.
Billerica

Northeast Restaurant Equipment
Mashpee

Osgood Textile Company, Inc.
West Springfield

Randy's Automotive Service, Inc.
Medfield

Route 28 Diner
Yarmouth

Six Star Auto Repair
Maynard

Spinelli's LLC
Lynnfield

Sweet Lydia's
Lowell

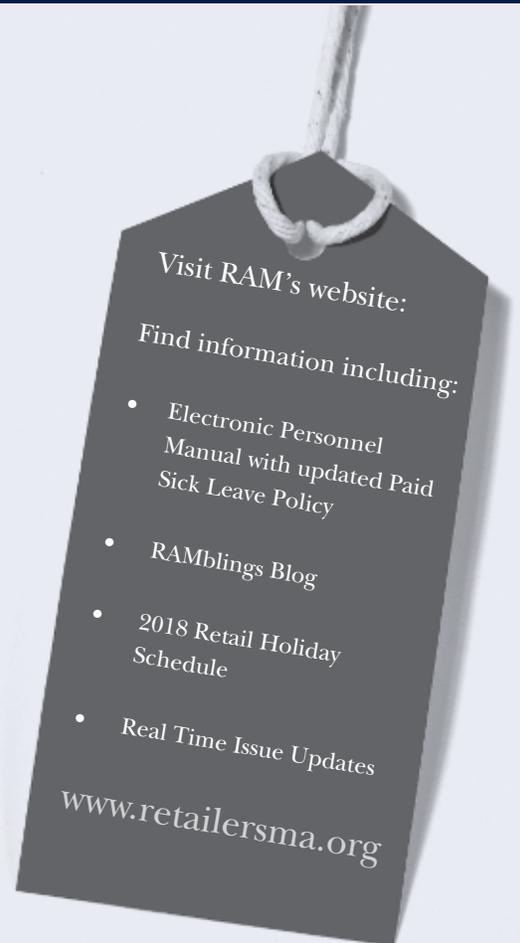
Ted's Boot Shop, Inc.
Northampton

The Angler
Westminster

The Muffin Shop
Marblehead

Theory Wine Bar + Listening Room
Andover

Tim Lea Restoration LLC
North Andover



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