

Bill as Introduced

HB 1277-FN - AS INTRODUCED

2010 SESSION

10-2256

10/09

HOUSE BILL **1277-FN**

AN ACT relative to eligibility for medical benefits payment by the retirement system for certain vested deferred group I members.

SPONSORS: Rep. Nixon, Hills 17; Rep. Walsh, Hills 11; Rep. Craig, Hills 9; Rep. McEachern, Rock 16; Sen. DeVries, Dist 18

COMMITTEE: Executive Departments and Administration

ANALYSIS

This bill allows a group I teacher or political subdivision employee member of the retirement system who was eligible to retire with a vested deferred retirement allowance on July 1, 2008 an additional year to retire in order to be included in the payment of medical benefits by the retirement system.

Explanation: Matter added to current law appears in ***bold italics***.
Matter removed from current law appears [~~in brackets and struck through~~].
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Ten

AN ACT relative to eligibility for medical benefits payment by the retirement system for certain vested deferred group I members.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 1 Retirement System; Medical Benefits Payment; Vested Deferred Group I Teachers and
2 Political Subdivision Employee; Eligibility Extended. RSA 100-A:52-a, I(b) is repealed and reenacted
3 to read as follows:

4 (b) Any person who for reasons other than retirement or death ceases to be a group I
5 teacher or political subdivision employee and retires with a vested deferred retirement allowance on
6 or before July 1, 2010 if such person was eligible to retire as of July 1, 2008 either: (1) with no less
7 than 20 years of group I creditable service and being at least 60 years old or subsequently attaining
8 age 60; or (2) with no less than 30 years of group I creditable service and being at least 55 years of
9 age or subsequently attaining age 55.

10 2 Effective Date. This act shall take effect upon its passage.

LBAO
10-2256
10/28/09

HB 1277-FN - FISCAL NOTE

AN ACT relative to eligibility for medical benefits payment by the retirement system for certain vested deferred group I members.

FISCAL IMPACT:

The New Hampshire Retirement System states this bill may increase state expenditures by \$100,000 in FY 2012 and each year thereafter, and county and local expenditures by an indeterminable amount in FY 2012 and each year thereafter. There will be no fiscal impact on state, county, or local revenue.

METHODOLOGY:

The New Hampshire Retirement System states this bill would change medical subsidy eligibility for certain Group I employees. The System states, under current law, medical subsidy eligibility is open to Group I teacher or political subdivision employees after the age condition (55 years old or 60 years old) is attained if the employee has attained the service condition (30 years or 25 years), terminates employment for reasons other than death or retirement, is eligible to receive vested deferred benefits on or before July 1, 2008, and will begin receiving benefits on or before July 1, 2009. The System states the proposed legislation extends the 'retire-by date' of July 1, 2009 by one year to July 1, 2010. The System states this widening of eligibility for the medical subsidy would increase state, county and local expenditures in the form of higher employer contributions. Employer contributions have been set for FY 2010 and FY 2011, so the higher employer contribution amounts will not be seen until FY 2012. The System's actuary estimates this increase in state expenditures to be \$100,000 in FY 2012 and each year thereafter and in the political subdivisions (county and local) to be \$300,000 in FY 2012 and each year thereafter. The actuary could not break down the political subdivision amount further into the county and local portions, so those amounts are reported as one number.

This bill does not contain an appropriation.

Speakers

Hearing Minutes

HOUSE COMMITTEE ON EXECUTIVE DEPARTMENTS AND ADMINISTRATION

PUBLIC HEARING ON HB 1277-FN

BILL TITLE: relative to eligibility for medical benefits payment by the retirement system for certain vested deferred group I members.

DATE: January 20, 2010.

LOB ROOM: 306 **Time Public Hearing Called to Order:** 10:03 am

Time Adjourned: 11:03 am

(please circle if present)

Committee Members: Reps. Irwin, Harding, Pilotte, P. McMahon, Judy, Schmidt, Beck, D. Sullivan, D. Petterson, Houde-Quimby, Flurey, Hawkins, R. Day, Reagan, K. Gould, S. Scamman, McGuire, C. Pratt, D. Ryde, and Vita.

Bill Sponsors: Rep. Nixon, Hills 17; Rep. Walsh, Hills 11; Rep. Craig, Hills 9; Rep. McEachern, Rock 16; Sen. DeVries, Dist 18

TESTIMONY

* Use asterisk if written testimony and/or amendments are submitted.

Rep. Nixon, prime sponsor, introduced bill to correct an injustice

- 4th grade teacher from Raymond, Carollee Mesmer) to retire after teaching 35 years
- Last year would have more benefits - \$9,000 per year
- System change and Raymond teachers not aware – bill hopes to change this injustice – quirk in law.
- She was not informed regarding the change.
- NEA represents these teachers

Dean Michener, representing NH School Boards Assn. Opposes bill.

- This was extended to July 1, 2009, now want to change it to 2010
- 2008-09 – 57% increase
- 2010-11 – 20% increase over previous year
- 2012-13 30% increase
- Annual cost of \$24 million
- Depletion schedule will run out in 2011
- Teachers were given ample notice of when to retire to receive benefits
- \$250 million transferred from special account to the pension fund to “offset” the increase in employee rates: it was not enough for teachers. School districts had a net increase in rate and can not keep expanding the pool of recipients and adding to employer cost
- Can not keep changing the date to extend the benefit

Respectfully submitted,


Stella Scamman, Acting Clerk

Carollee Mesmer, teacher from the Raymond School District. Supports bill.

- Was not 55 years old before this year
- Because she did not qualify until this year, deadline was 2008 – changed to 201-
- June 26th 2009, she advised she wanted to retire
- Has 35 years experience
- Was law changed to those who were vested in 2008 – not retired
- In 2005, received notice that the benefit would expire in 2011 – thought it was for 1 year
- Change was never noticed to her by NHRS

Ann McLaughlin, Teacher, Raymond School District. Supports bill.

- In past, contract agreement was to substitute health coverage for salary increase
- In 2007 retired. Was informed that subsidy would disappear in 2011
- She told other teachers that they would lose it in 2011. Gave false information
- When she found it was going to be there for life – it was too late for others in Raymond

Chris Aylward, teacher, Raymond School District. Supports bill.

- Misinformed about health care subsidy

Karen Paulsen, teacher, Raymond School District, Supports bill.

- System is unfair

Frank Mesmer, husband of Raymond School District teacher. Supports bill.

- Teachers work hard and paid into system
- Health insurance will eat up half the benefit
- Got cut off unexpectedly – did not receive notice that the benefit would be for life

Mary McDonald, former Raymond School District teacher. Supports bill.

- 2008 retired and received benefit
- She misinformed colleagues

Susan Lassins, teacher, Raymond School District. Supports bill.

- Retired in 2008 – told benefit would expire in 2011
- Did not know till much later that it would be for life
- Colleagues deserve it

Mary Gingras, teacher, Raymond School District. Supports bill.

- Colleague – last June – informed it was too late
- Notified in 2007 that needed 2008 retirement – but would expire in 2011

Rick Trombly, lobbyist, representing NEA-NH. Supports bill

- 1999 subsidy was established for 4 years
- Needed to be retired by date certain
- 2000 – changed from 2004 to 2008
- Teacher money went from special account to a specific health subsidy account
- Teacher money lost investment and could not be forever
- Problem was that funds would expire in 2015 – though money would run dry before this

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January 20, 2010
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- When \$250 million transfer made – it was obvious certain teachers would have 30 or more years but would not have the required age
- PREB will be suggested by commission
 - Will need 4-5 years to contribute but won't qualify
- NHRS noticed people that subsidy would end in 2011
- NEA-NH newsletter gave other information which was probably not understood

Retirement subcommittee

Respectfully submitted,

Rep. Maurice L. Pilotte, Clerk

HOUSE COMMITTEE ON EXECUTIVE DEPARTMENTS AND ADMINISTRATION

PUBLIC HEARING ON HB 1277-FN

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Bill Sponsors: Rep. Nixon, Hills 17; Rep. Walsh, Hills 11; Rep. Craig, Hills 9; Rep. McEachern, Rock 16; Sen. DeVries, Dist 18

TESTIMONY

* Use asterisk if written testimony and/or amendments are submitted.

① Rep. David Nixon

To correct an injustice

4th Gr. teacher from Raymond to Retire (35 yrs) teaching
last yr. would have more benefits \$9000-yr.
System changed & Raymond Teachers not aware - bill hopes to change this injustice - Quirk in the law, she was not informed regarding the change
NEA represents these teachers.

→ her name Carollee Mesmer

② Dean Midrener - NH School Boards Asso. - Against

this was extended to July 1, 09

now want to change it to 2010

2008-09 - 57% increase

2010-11 20% increase over previous year

2012-13 30% increase

annual cost of \$24M

depletion schedule go away

?
1
[HB 1645 Medical to

Special account to Medical
gave ample notice as to when to retire
to get the benefit.
can't just keep changing the date to extend the benefit

Carolee Mesmer - Teacher - Raymond School District.

- Wasn't 55 yrs old ~~since~~ before this year -
- Because she did not qualify until this year
Deadline was 2008 - Changed to 2010 -
- June 26th 2009 - she advised she wanted to
~~retire~~
- Has 35 years experience.
- wants law changed to those were vested in
2008 - not ~~not~~ retired
- In 2005 received notice that the benefit would
expire in 2011 - thought it was for 4 years.
- Change was never mentioned ~~noted~~ to her

~~Ann McLaughlin~~ by NRS.

Ann McLaughlin - Teacher - Raymond Public School

- In part agreement was to forgo salary for
health coverage -
- In 2007 retired. was informed that subsidy
et would disappear in 2011.
- She told other teachers that they would lose it in 2011
gave false information.
- When she found ~~there was~~ that it was going to be
there for life - it was too late for others in
Raymond.

Chris Aylward - Teacher - Teaching over 30 years - Raymond.

- Misinformed about health care subsidy -

Karen Paulsen - Teacher - Raymond

- system is unfair.

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Frank Mesmer - Husband of Teacher in Raymond
- Teachers worked hard and paid into the system.
- Health insurance will eat up half of benefit.
- Got cut off unexpectedly - did not receive notice that the benefit would be for life.

Mary McDonald - Former Teacher in Raymond
- 2008 retired and received benefit.
- She misinformed colleagues.

Susan Bassins - Teacher ^{37 yrs} Raymond -
- Retired 2008 - told benefit would expire in 2011 -
- Did not know til much later that it would be for life.
- Colleagues deserve it.

Mary Gingras - Teacher Raymond
- Colleague - last June - informed it was too late -
- Notified in 2007 that needed 2008 retirement - but would expire in 2011.

Rick Trombly - Lobbyist - NEA NH.
- 1999 subsidy was established for 4 yrs.
- Needed to be retired by date certain.
- 2000 - Changed from 2004 to 2008

AB. 1277

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Rick Trimby

- Teacher money went from ~~cost~~ special account to ~~other~~ specific account.
- Teacher money cost investment and could not be forever -
- Problem was that funds would expire in 2015 - Though money would run dry before this -
- When \$250 M transfer made - certain funds would have 30 or more years but would not have the required age.
- PREB will be suggested by Commission -
 - Will need 4-5 years to contribute but won't qualify - -
- NHRS - noticed people that ~~of~~ subsidy ~~would~~ would end in 2011.
- NEA - Newsletter gave other information which was probably not understood -

Retirement Sub-committee -

HB. 1277 FD

~~Reason~~

~~Q~~

~~Hard~~

~~Good~~

~~Day~~

Sub-Committee Actions

HOUSE COMMITTEE ON EXECUTIVE DEPARTMENTS AND ADMINISTRATION

SUBCOMMITTEE WORK SESSION ON HB 1277-FN

BILL TITLE: rrelative to eligibility for medical benefits payment by the retirement system for certain vested deferred group I members.

DATE: January 26, 2010

Subcommittee Members: Reps. Hawkins, Sullivan, and McMahon

Comments and Recommendations:

Amendments:

Sponsor: Rep. OLS Document #:

Sponsor: Rep. OLS Document #:

Sponsor: Rep. OLS Document #:

Motions: OTP, OTP/A, ITL, Retained (Please circle one.)

Moved by Rep. Hawkins

Seconded by Rep. McMahon

Vote: 2-1

Motions: OTP, OTP/A, ITL, Retained (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote:

Respectfully submitted,

Rep. Ken Hawkins
Subcommittee Chairman/Clerk

HOUSE COMMITTEE ON EXECUTIVE DEPARTMENTS AND ADMINISTRATION

SUBCOMMITTEE WORK SESSION ON HB 1277-FN

BILL TITLE: rrelative to eligibility for medical benefits payment by the retirement system for certain vested deferred group I members.

DATE: 1/26/10 3 PM

Subcommittee Members: Reps. *Hawkins, Sullivan, McWhorter*

Comments and Recommendations:

Amendments:

Sponsor: Rep. OLS Document #:
Sponsor: Rep. OLS Document #:
Sponsor: Rep. OLS Document #:

Motions: OTP, OTP/A, ITL Retained (Please circle one.)

Moved by Rep. *Hawkins*
Seconded by Rep. *McWhorter*
Vote: *2-1*

Motions: OTP, OTP/A, ITL, Retained (Please circle one.)

Moved by Rep.
Seconded by Rep.
Vote:

Respectfully submitted,
Rep. *[Signature]*
Subcommittee Chairman/Clerk

Testimony

TOPIC: HB 1277

DATE: 1/20/2010

FILE UNDER: Highlights of NRSBA Testimony in Opposition

PAGE:

Dean Michener - 228-2061

- NRSBA Fiscal Note: Extends "Retire-by-Date" and widens coverage
Approx Cost to School Districts: \$300,000, but could be more

- Date was originally 7/1/08; Extended by HB 1643 in 2008 to 7/1/09
This proposal would extend it further to 7/1/10

- School District contribution rate ~~to~~ for org Teachers
57% increase in 2008/2009
20% increase in 2010/2011
anticipate 30% increase in 2012/2013

	Pension	Medical Subsidy	Total Rate
2010 and 2011	9.38%	1.32%	10.70%
2012 and 2013	11.51%	2.44%	13.95%

Currently Provide Average Benefit of \$488/month to 4,179 retired teachers at an annual cost of \$24,463,744 source: 2009 Valuation

- Medical Subsidy Benefit: originally funded by the Special Account
• Depletion Schedule projected funds to run out in 2011
• ~~HB~~ Legislature moved this benefit onto the employer rates, and now it will Never Run Out
• \$250 million transfer from Special Account to the Pension Fund to "offset" the increase in employer rates: it was NOT ENOUGH for Teachers. School Districts had a net increase in rate.

★★ - Can't keep expanding the pool of recipients and ADDING to employer cost

- Retiree Medical Benefit Commission - proposal legislative

Voting Sheets

HOUSE COMMITTEE ON EXECUTIVE DEPARTMENTS AND ADMINISTRATION

EXECUTIVE SESSION on HB 1277-FN

BILL TITLE: relative to eligibility for medical benefits payment by the retirement system for certain vested deferred group I members.

DATE: February 2, 2010

LOB ROOM: 306

Amendments:

Sponsor: Rep. OLS Document #:

Sponsor: Rep. OLS Document #:

Sponsor: Rep. OLS Document #:

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep. McMahon

Seconded by Rep. Hawkins

Vote: 13-4 (Please attach record of roll call vote.)

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote: (Please attach record of roll call vote.)

CONSENT CALENDAR VOTE: NO

(Vote to place on Consent Calendar must be unanimous.)

Statement of Intent: Refer to Committee Report

Respectfully submitted,

Rep. Maurice L. Pilotte, Clerk

HOUSE COMMITTEE ON EXECUTIVE DEPARTMENTS AND ADMINISTRATION

EXECUTIVE SESSION on HB 1277-FN

BILL TITLE: relative to eligibility for medical benefits payment by the retirement system for certain vested deferred group I members.

DATE: February 2, 2010

LOB ROOM: 306

Amendments:

Sponsor: Rep.	OLS Document #:
Sponsor: Rep.	OLS Document #:
Sponsor: Rep.	OLS Document #:

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep. *McMahon*

Seconded by Rep. *Hawkins*

Vote: *13-4* (Please attach record of roll call vote.)

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote: (Please attach record of roll call vote.)

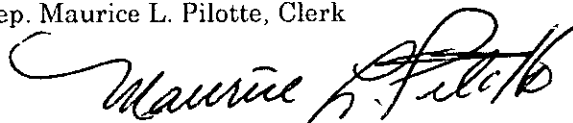
CONSENT CALENDAR VOTE:

(Vote to place on Consent Calendar must be unanimous.)

Statement of Intent: Refer to Committee Report

Respectfully submitted,

Rep. Maurice L. Pilotte, Clerk



EXECUTIVE DEPARTMENTS AND ADMINISTRATION

Bill #: HB1277Fol Title: Re: eligibility for medical benefits payment by the retirement system for certain vested group 1 members
 PH Date: 1/20/10 Exec Session Date: 2/2/10

Motion: ITL Amendment #: _____

MEMBER	YEAS	NAYS
Irwin, Anne-Marie, Chairman	✓	
Harding, Laurie, V Chairman	✓	
Pilotte, Maurice L, Clerk	✓	
McMahon, Patricia M	✓	
Judy, Jean L	Absent	
Schmidt, Peter B	✓	
Beck, Catriona D	✓	
Sullivan, Daniel J		✓
Petterson, Don		✓
Houde-Quimby, Charlotte	✓	
Flurey, Joan S		✓
Hawkins, Ken	✓	
Day, Russell C	✓	
Reagan, John M	✓	
Gould, Kenneth H		✓
Scamman, Stella	✓	
McGuire, Carol M	Absent	
Pratt, Calvin D	✓	
Ryder, Donald F	✓	
Vita, Carol M	Absent	

TOTAL VOTE: 13-4
 Printed: 12/18/2009

Committee Report

REGULAR CALENDAR

February 3, 2010

HOUSE OF REPRESENTATIVES

REPORT OF COMMITTEE

**The Committee on EXECUTIVE DEPARTMENTS AND
ADMINISTRATION to which was referred HB1277-FN,**

**AN ACT relative to eligibility for medical benefits
payment by the retirement system for certain vested
deferred group I members. Having considered the
same, report the same with the following Resolution:
RESOLVED, That it is INEXPEDIENT TO LEGISLATE.**

Rep. Patricia M McMahon

FOR THE COMMITTEE

COMMITTEE REPORT

Committee:	EXECUTIVE DEPARTMENTS AND ADMINISTRATION
Bill Number:	HB1277-FN
Title:	relative to eligibility for medical benefits payment by the retirement system for certain vested deferred group I members.
Date:	February 3, 2010
Consent Calendar:	NO
Recommendation:	INEXPEDIENT TO LEGISLATE

STATEMENT OF INTENT

This bill would change the medical subsidy for teachers and municipal employees and extend the date of eligibility an additional year. The legislature in the past two sessions has extended the date as well as the eligibility requirements several times because of concern that school districts and communities might lose employees to retirement in order to receive a medical subsidy. Because of the extended dates some retirements were averted and other employees chose vested deferred. The bill if enacted would increase state, county and municipal expenditures. The System's actuary estimates that increases to the state would be \$100,000 in FY 2012 and in each succeeding year and \$300,000 for the political subdivisions in FY 2012 and in each year thereafter.

Vote 13-4.

Rep. Patricia M McMahan
FOR THE COMMITTEE

Original: House Clerk
Cc: Committee Bill File

REGULAR CALENDAR

EXECUTIVE DEPARTMENTS AND ADMINISTRATION

HB1277-FN, relative to eligibility for medical benefits payment by the retirement system for certain vested deferred group I members. **INEXPEDIENT TO LEGISLATE.**

Rep. Patricia M McMahon for EXECUTIVE DEPARTMENTS AND ADMINISTRATION.

This bill would change the medical subsidy for teachers and municipal employees and extend the date of eligibility an additional year. The legislature in the past two sessions has extended the date as well as the eligibility requirements several times because of concern that school districts and communities might lose employees to retirement in order to receive a medical subsidy. Because of the extended dates some retirements were averted and other employees chose vested deferred. The bill if enacted would increase state, county and municipal expenditures. The System's actuary estimates that increases to the state would be \$100,000 in FY 2012 and in each succeeding year and \$300,000 for the political subdivisions in FY 2012 and in each year thereafter.

Vote 13-4.

Original: House Clerk
Cc: Committee Bill File

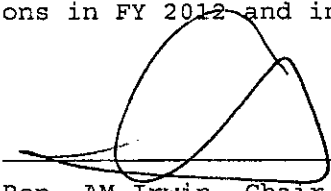
DRAFT

ED&A

HB 1277

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Rep. McMahon



Rep. AM Irwin, Chair

From: ricia mcMahon <msricia@yahoo.com>
Subject: 4 Blurbs from the pension pals
Date: February 2, 2010 7:15:53 PM EST
To: Anne-Marie Irwin <amirwin@myfairpoint.net>, laurie harding <lharding@valley.net>
Cc: gail welch <gail.welch@leg.state.nh.us>, charlotte quimby <cquimby@tds.net>, ricia mcMahon <msricia@yahoo.com>
▷ 1 Attachment, 28.5 KB

EXECUTIVE DEPARTMENTS AND ADMINISTRATION

HB 1277-FN, relative to eligibility for medical benefits payment by the retirement system for certain vested deferred Group I members. INEXPEDIENT TO LEGISLATE.

Rep. Patricia M. McMahon for Executive Departments and Administration: This bill would change the medical subsidy for teachers and municipal employees and extend the date of eligibility an additional year. The legislature in the past two sessions has extended the date as well as the eligibility requirements several times because of concern that school districts and communities might lose employees to retirement in order to receive a medical subsidy. Because of the extended dates some retirements were averted and other employees chose vested deferred. The bill if enacted would increase state, county and municipal expenditures. The System's actuary estimates that increases to the state would be \$100,000 in FY 2012 and in each succeeding year and \$300,000 for the political subdivisions in FY 2012 and in each year thereafter. Vote 13-4.

HB 1646-FN, granting Group II retirement system status to certain positions in the department of corrections. INEXPEDIENT TO LEGISLATE.

Rep. Patricia M. McMahon for Executive Departments and Administration: This bill seeks a review of sixty two (62) positions in the NH Department of Corrections that are currently in Group I to consider for a change in their classification to Group II status. The criteria for this category of employee require that they work within a correctional facility in close and immediate contact with prisoners on a daily basis and have responsibility for security. The committee was not able to review the analysis of each of the positions to determine if all of the proposed positions for Group II retirement met the elements and criteria. These positions were reviewed by the ED&A Committee in a previous session and while eleven of the job descriptions at that time met the criteria the funds in that year were not available from Finance. Vote 16-1.

HB 1668-FN, requiring state creditable service for Group II retirees to receive state employee medical benefits. OUGHT TO PASS WITH AMENDMENT.

Rep. Patricia M. McMahon for Executive Departments and Administration: This bill assures that in order for Group II members to be eligible for the state paid health benefits an employee must have 20 years of creditable service years as a retired state employee. Previously the requirement was any Group II retiree must only be eligible to retire in order to receive state paid medical and surgical benefits with twenty years of service. If this eligibility rule had been in effect in 2009, based on 2010 working rates the savings to the state would have been approximately \$353,372.00 in 2010.
Vote 19-0

HB 1681-FN, including education support personnel in employees participating in the New Hampshire retirement system. INEXPEDIENT TO LEGISLATE.

Rep. Patricia M. McMahon for Executive Departments and Administration: this bill would require that all school districts which elect to provide Retirement System coverage for their non-teacher employees must apply the minimum participation requirements of Teacher classification (30 hours per week). Currently 145 of 165 districts elect Retirement System coverage for their paraprofessional and support positions but select the option of Employee classification (35 hours per week) to determine eligibility for those positions. Only 15 of the 145 districts currently choose to adhere to the Teacher classification requirements. This bill represents a potential expansion of employees covered by the Retirement System of the 130 districts that choose the Employees classification. Because employer rates have