

# Bill as Introduced

SB 119 - AS INTRODUCED

2011 SESSION

11-1038  
01/10

SENATE BILL **119**

AN ACT relative to qualified association trusts.

SPONSORS: Sen. Bradley, Dist 3; Sen. Stiles, Dist 24; Sen. Barnes, Jr., Dist 17; Sen. Boutin, Dist 16; Sen. Carson, Dist 14; Sen. Gallus, Dist 1; Sen. Lambert, Dist 13; Sen. Odell, Dist 8; Sen. Rausch, Dist 19; Sen. Sanborn, Dist 7; Rep. Hunt, Ches 7; Rep. Charron, Rock 7; Rep. Jennifer Coffey, Merr 6; Rep. Umberger, Carr 1; Rep. F. Rice, Rock 15

COMMITTEE: Commerce

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ANALYSIS

This bill modifies the definition of a qualified association trust to enable certain entities to offer health insurance to their employees.

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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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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 Eleven*

AN ACT                   relative to qualified association trusts.

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

1           1 Health Insurance; Definitions. Amend the introductory paragraph of RSA 420-G:2, XV to read  
2 as follows:

3           XV. "Qualified association trust or other entity" means an association established trust or  
4 other entity *run by an association that operated one or more other trusts that were* in  
5 existence on January 1, 1995, and providing [health] coverage within the state of New Hampshire to  
6 at least 1,000 employees and/or the dependents of association members, which association:

7           2 Effective Date. This act shall take effect 60 days after its passage.

# Committee Minutes

**AMENDED**  
**SENATE CALENDAR NOTICE**  
**COMMERCE**

Printed: 02/24/2011 at 11:44 am

Senator Russell Prescott Chairman  
Senator Raymond White V Chairman  
Senator Tom De Blois  
Senator Matthew Houde  
Senator Andy Sanborn

For Use by Senate Clerk's Office ONLY	
<input type="checkbox"/>	Bill Status
<input type="checkbox"/>	Docket
<input type="checkbox"/>	Calendar
Proof: <input type="checkbox"/>	Calendar <input type="checkbox"/>
	Bill Status

Date: February 24, 2011

**HEARINGS**

**Tuesday**

**3/8/2011**

COMMERCE

LOB 102

9:00 AM

(Name of Committee)

(Place)

(Time)

**EXECUTIVE SESSION MAY FOLLOW**

**Comments:** Please note that SB 156-FN-L has been moved to Friday, March 11th. SB 77-FN has been moved from 9:00 a.m. to 9:20 a.m. and SB 119, SB 175 and SB 110 have been added to the

9:00 AM	SB119	relative to qualified association trusts.
9:20 AM	SB77-FN	relative to the special fund for payment for second injuries under the workers' compensation law.
9:40 AM	SB175	regulating the commercial use of a person's identity.
10:00 AM	SB110	relative to condominium development projects and application of the state fire code.

**Sponsors:**

**SB119**

Sen. Jeb Bradley  
Sen. Sharon Carson  
Sen. Jim Rausch  
Rep. Jennifer Coffey

Sen. Nancy Stiles  
Sen. John Gallus  
Sen. Andy Sanborn  
Rep. Karen Umberger

Sen. John Barnes, Jr.  
Sen. Gary Lambert  
Rep. John Hunt  
Rep. Frederick Rice

Sen. David Boutin  
Sen. Bob Odell  
Rep. Gene Charron

**SB77-FN**

Sen. Andy Sanborn  
Rep. Seth Cohn

Sen. Raymond White  
Rep. Kenneth Kreis

Sen. Jeb Bradley

Rep. Thomas Keane

**SB175**

Sen. Bob Odell

Sen. Matthew Houde

Rep. Gene Chandler

Rep. Gary Daniels

**SB110**

Sen. Tom De Blois

Patrick Murphy 271-3067

Sen. Russell Prescott

Chairman

# Commerce Committee Hearing Report

**To:** Member of the Senate  
**From:** Patrick Murphy, *Legislative Aide*  
**Re:** Hearing Report on SENATE BILL 119 relative to qualified association trusts.

**Hearing Date:** March 8, 2011

**Members of the Committee Present:**  
Senator White, Senator De Blois, Senator Sanborn, Senator Houde

**Members of the Committee Absent:**  
Senator Prescott

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**Sponsor(s):**  
Sen. Bradley, Dist 3; Sen. Stiles, Dist 24; Sen. Barnes, Jr., Dist 17; Sen. Boutin, Dist 16; Sen. Carson, Dist 14; Sen. Gallus, Dist 1; Sen. Lambert, Dist 13; Sen. Odell, Dist 8; Sen. Rausch, Dist 19; Sen. Sanborn, Dist 7; Rep. Hunt, Ches 7; Rep. Charron, Rock 7; Rep. Jennifer Coffey, Merr 6; Rep. Umberger, Carr 1; Rep. F. Rice, Rock 15

**What the bill does:**  
This bill modifies the definition of a qualified association trust to enable certain entities to offer health insurance to their employees.

**Supporters of the bill:**  
Sen. Bradley, Dist 3; Sen. Stiles, Dist 24; Sen. Carson, Dist 14; Sen. Rausch, Dist 19; Sen. Gallus, Dist 1; Sen. Boutin, Dist 16; Mike Somers, NH Lodging & Restaurant Association; Tom Boucher, T-Bones & CJ's Grill

**Those in opposition to the bill:**  
None

**Speaking to the bill/Neutral:**  
Leslie Ludtke, NH Department of Insurance; Paula Rogers, Anthem BC/BS

## **Summary of testimony received:**

Senator Sanborn, Dist 7

- Introduced the bill for Senator Bradley who was unable to attend the hearing.
- SB 119 would change the definition of qualified association trust by expanding it to include a trust that is run by an association that has operated one or more trusts that have been in existence since January 1, 1995.
- This change would allow an association such as the NH Lodging & Restaurant Association to form a health trust to provide health coverage for its members. This association has a long record of successfully operating a workers compensation trust, and should be allowed to offer a similar health insurance product to its members.

**Senator Sanborn disclosed that he is a Board Member of the NH Lodging & Restaurant Association and intends to participate.**

**Senator White disclosed that he is in the insurance business and receives compensation through the sale of employee benefits and intends to participate.**

Mike Somers, NH Lodging & Restaurant Association

- Asked the prime sponsor to introduce this legislation.
- Over the last few years members have had to make the difficult decisions of either not offering health insurance benefits to their employees or they found that due to having to increase employee contribution rates they were no longer to qualify as a small group.
- In response to a January survey, 85% of members responded that they believe it is either important or very important to their business to have NHLRA start a health association trust to reduce health insurance costs.
- There are currently 6 different health trusts in NH.
- The Board of directors felt that if there was anyway to affect the bottom line for member businesses it was worth a try.
- Believes there could be a handful of organizations that would like to do this. The objective is to form a large group with improved buying power to lower costs.

Leslie Ludtke, NH Department of Insurance

- The provision being amended came in through statute in 1995 along with a new federal law. Certain organizations were grandfathered in that were creating large groups. Group insurance is only available to employers under federal law. Some industry organizations that did have large group buying power in 1995 were grandfathered in. Only know of three groups that were grandfathered in, those are the Bankers, Auto Dealers, and Medical Society.
- Those 3 groups were allowed to continue to purchase group health insurance. An auto dealer who purchases under the group plan is still rated as a small business but their experience rating is done by the group.

- There has been a push to open this opportunity to allow similar groups to do the same thing. SB 179 from 2010 did this. If you can reach 3,000 members you can create a group to go to the department to be qualified as a group for purchasing health insurance. The 3,000 number was chosen on purpose and was based on actuarial data, and provides for stability. This bill lowers that number to 1,000.
- The Department is a little concerned about this. The DOI does not currently regulate this. If this passes we would have no idea who was taking part in this.
- SB 179 did create a pathway for this, and provides for a regulatory structure. We think the 3,000 member requirement makes sense.
- In response to questions from the Committee, the witness responded that a large employer is defined as 50 people. As far as the witness knows, no groups have producer licenses.

Paula Rogers, Anthem BC/BS

- No position on this bill but has concerns that this poses a risk of dividing up the market. All of the turbulence in the market combined with this proposal could lead to market segmentation. There could be drainage of the small market pool which can create further market stress. This could erode the small market pool. The small employer market in NH already has some stresses on it according to a Department report located on their website.
- In response to questions from the Committee, the witness responded that the approach NH takes is unique in the way experience is allowed to be a factor.

Tom Boucher, T-Bones & CJ's Grill

- There has been two consecutive years of contraction in the restaurant industry in NH due to the recession and poor individual business decisions. The minimum wage increase and the tip wage increase that came with it cost us \$300,000 just for tip wage increase. In response we changed our retirement plan. The unemployment tax increase also cost us \$100,000. In this time frame we have seen health insurance cost increase anywhere from 10% to 35%.
- There are four major carriers in NH. Two companies now refuse to give us quotes and another company tells us they will continue to quote us the same numbers as two years ago. Don't you think the one remaining company knows this is happening? We are very concerned about the new federal law. We have considered dropping coverage for our employees but we have concerns about the fines that take effect in 2014. The plans that the auto dealers have obviously work because the members continue to stay in the plan.

**Funding:**

None

**Action:**

Pending



# Speakers





# Testimony

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MEMORANDUM

TO: Senate Commerce Committee  
FROM: Edward C. Dupont for Harvard Pilgrim Health Care  
RE: SB 119 - relative to qualified association trusts  
DATE: March 8, 2011

SB 119 expands and changes the definition of a "Qualified association trust or other entity" by saying that the association will operate "... one or more other trusts that were in existence on January 1, 1995. We assume that the intent is to expand the number of qualified association trusts that could operate in New Hampshire, but we're not sure what is meant by operating one or more other trusts in existence as of January 1, 1995 and we are hoping to receive clarification by hearing testimony offered today.

SB 119 also drops the requirement that the qualified association trust provide health coverage to at least 1,000 employees and simply refers to providing coverage without specifying what that coverage is. Presumably, an association providing property and casualty coverage could be qualified for the purpose of providing health coverage. Again, we're not sure if that is the bill's intent, and we hope for clarification on that point.

We have several concerns regarding this bill:

1. To the extent that the Exchanges in the federal Affordable Care Act are established in 2014, the expansion of qualified association trusts at this point in time could result in more turmoil as we enter 2014, especially if small groups believe they can obtain tax credits or better rates through the Exchanges.
2. The expansion of Qualified association trusts will create losers as well as winners in terms of affordable rates. To the extent a qualified association trust attracts members with better experience or who are younger, rates will be lower. For those whose members experience catastrophic events or are older, they may face higher rates. In addition, the overall small group risk pool will likely deteriorate and experience higher rates as groups with better experience peel off from the overall pool.
3. Finally, and most importantly, this bill does not address the main drivers of premium costs such as the growth in medical costs and cost-shifting from government programs such as Medicare and especially Medicaid onto the private sector. These cost drivers need to be addressed in order to deal with the rate of increase in premiums.

Thank you for the opportunity to provide these comments.

# Committee Report

STATE OF NEW HAMPSHIRE  
SENATE  
REPORT OF THE COMMITTEE

Date: March 24, 2011

THE COMMITTEE ON Commerce

to which was referred Senate Bill 119

AN ACT                    relative to qualified association trusts.

Having considered the same, the committee recommends that the Bill:

**IS INEXPEDIENT TO LEGISLATE**

BY A VOTE OF:    3-1

AMENDMENT #        s

Senator Raymond White  
For the Committee

Patrick Murphy 271-3067

## New Hampshire General Court - Bill Status System

**Docket of SB119**

Docket Abbreviations

**Bill Title:** relative to qualified association trusts.*Official Docket of SB119:*

<b>Date</b>	<b>Body</b>	<b>Description</b>
1/19/2011	S	Introduced and Referred to Commerce, <b>SJ 3</b> , Pg.37
2/24/2011	S	Hearing: 3/8/11, Room 102, LOB, 9:00 a.m.; <b>SC13</b>
3/24/2011	S	Committee Report: Inexpedient to Legislate, 3/30/11; <b>SC17</b>
3/30/2011	S	Inexpedient to Legislate, MA, VV === BILL KILLED ===; <b>SJ 11</b> , Pg.204

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**NH House****NH Senate**

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# Other Referrals

# COMMITTEE REPORT FILE INVENTORY

SB 119 ORIGINAL REFERRAL \_\_\_\_\_ RE-REFERRAL

1. THIS INVENTORY IS TO BE SIGNED AND DATED BY THE COMMITTEE AIDE AND PLACED INSIDE THE FOLDER AS THE FIRST ITEM IN THE COMMITTEE FILE.
2. PLACE ALL DOCUMENTS IN THE FOLDER FOLLOWING THE INVENTORY IN THE ORDER LISTED.
3. THE DOCUMENTS WHICH HAVE AN "X" BESIDE THEM ARE CONFIRMED AS BEING IN THE FOLDER.
4. THE COMPLETED FILE IS THEN DELIVERED TO THE CALENDAR CLERK.

- DOCKET (Submit only the latest docket found in Bill Status)
- COMMITTEE REPORT
- CALENDAR NOTICE
- HEARING REPORT
- HANDOUTS FROM THE PUBLIC HEARING
- PREPARED TESTIMONY AND OTHER SUBMISSIONS
- SIGN-UP SHEET(S)

ALL AMENDMENTS (passed or not) CONSIDERED BY COMMITTEE:

\_\_\_\_\_ - AMENDMENT # \_\_\_\_\_      \_\_\_\_\_ - AMENDMENT # \_\_\_\_\_  
\_\_\_\_\_ - AMENDMENT # \_\_\_\_\_      \_\_\_\_\_ - AMENDMENT # \_\_\_\_\_

ALL AVAILABLE VERSIONS OF THE BILL:

AS INTRODUCED      \_\_\_\_\_ AS AMENDED BY THE HOUSE  
\_\_\_\_\_ FINAL VERSION      \_\_\_\_\_ AS AMENDED BY THE SENATE

OTHER (Anything else deemed important but not listed above, such as amended fiscal notes): \_\_\_\_\_

IF YOU HAVE A RE-REFERRED BILL, YOU ARE GOING TO MAKE UP A DUPLICATE FILE FOLDER

DATE DELIVERED TO SENATE CLERK 8-5-11      Patrick Murphy  
BY COMMITTEE AIDE