LEGISLATIVE COMMITTEE MINUTES

SB543

Bill as Introduced

SB 543-FN - AS INTRODUCED

2018 SESSION

18-2981
10/01

SENATE BILL *543-FN*

AN ACT relative to health care premium payments for certain retired state workers.

SPONSORS: Sen. Feltes, Dist 15; Sen. Cavanaugh, Dist 16; Sen. Fuller Clark, Dist 21; Sen. Hennessey, Dist 5; Sen. Lasky, Dist 13; Sen. Soucy, Dist 18; Sen. Watters, Dist 4; Sen. Woodburn, Dist 1; Rep. Bove, Rock. 5; Rep. Welch, Rock. 13

COMMITTEE: Finance

ANALYSIS

This bill changes the eligibility date for the application of the premium contribution percentage for retired state employees and spouses.

- -

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

18-2981
10/01

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Eighteen

AN ACT relative to health care premium payments for certain retired state workers.

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

1 State Retiree Health Benefits; Premium Contribution. Amend RSA 21-I:30, XIII(b) to read as follows:

(b) The commissioner of administrative services shall invoice and collect from retired state employees and/or spouses who are eligible for Medicare Parts A and B due to age or disability receiving medical and surgical benefits provided under this section, who do not receive a retirement allowance as defined in RSA 100-A:1, XXII, a premium contribution amount based on a percentage of the total monthly premium attributable to the applicable retiree and/or spouse, as determined by the commissioner of administrative services, with prior approval by the fiscal committee of the general court, provided the percentage is not lower than 10 percent. Such premium contribution shall only be collected from eligible state retirees and spouses [~~with a date of birth~~] ***for employees whose employment with the state began*** on or after [~~January 1, 1949~~] ***September 1, 2009.***

2 Retirement System; Retired State Employees; Premium Contribution. Amend RSA 100-A:54, III(b) to read as follows:

(b) The retirement system shall deduct from the monthly retirement allowance of a retired state employee and/or spouse who are eligible for Medicare Parts A and B due to age or disability receiving medical and surgical benefits provided pursuant to RSA 21-I:30, a premium contribution amount based on a percentage of the total monthly premium attributable to the applicable retiree and/or spouse, as determined by the commissioner of administrative services, with prior approval by the fiscal committee of the general court, provided the percentage is not lower than 10 percent. Such premium contribution shall only be collected from eligible state retirees and spouses [~~with a date of birth~~] ***for employees whose employment with the state began*** on or after [~~January 1, 1949~~] ***September 1, 2009.***

3 Judicial Retirement Plan; Health Insurance; Premium Contribution. Amend RSA 100-C:11-a, II to read as follows:

II. Retired judges and/or spouses who are eligible for Medicare Parts A and B due to age or disability shall be responsible for payment of the premium contribution amount based on a percentage of the total monthly premium attributable to the applicable retiree and/or spouse, as determined by the commissioner of administrative services, with prior approval by the fiscal committee of the general court, provided the percentage is not lower than 10 percent. Such premium contribution shall only be collected from eligible retired judges and spouses [~~with a date of birth~~] ***for employees whose employment with the state began*** on or after [~~January 1, 1949~~]

September 1, 2009.

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

LBAO
18-2981
12/19/17

SB 543-FN- FISCAL NOTE
AS INTRODUCED

AN ACT relative to health care premium payments for certain retired state workers.

FISCAL IMPACT: [X] State [ ] County [ ] Local [ ] None

STATE:	Estimated Increase / (Decrease)			
	FY 2019	FY 2020	FY 2021	FY 2022
Appropriation	$0	$0	$0	$0
Revenue	($687,200)	($1,798,200)	($2,316,700)	($2,851,700)
Expenditures	$0	$0	$0	$0
Funding Source:	[ ] General [ ] Education [ ] Highway [X] Other - Medicare-Eligible Retiree Premium Contribution			

METHODOLOGY:

This bill changes premium contribution requirements for retired state employees and/or spouses who are eligible for Medicare Parts A and B due to age or disability, and are therefore eligible for retiree coverage under the State Health Benefit Plan (HBP). The bill does not affect non-Medicare-Eligible Retirees who qualify for premium-paid coverage under the HBP.

Currently, Medicare-Eligible Retirees (subscribers and spouses) with a date of birth (DOB) on or after January 1, 1949, make a premium contribution that is not lower than 10 percent of the total premium attributable to those members. Medicare-Eligible Retirees with a DOB before January 1, 1949, are exempt from any premium contribution. The Department of Administrative Services (DAS) reports as of October 2017 (FY 2018), the Medicare-Eligible Retiree population is divided as follows:

- DOB on and after January 1, 1949: approximately 2,600 member pay $36.24 each per month
- DOB earlier than January 1, 1949: approximately 7,000 members pay $0 each per month

Currently, as more people age into eligibility for the Medicare-Eligible Retiree HBP, the population making a contribution will increase. As the number of members exempt from paying a premium contribution die or withdraw from the plan, the exempt population will become smaller.

This bill replaces the Medicare-Eligible Retiree DOB provision with a requirement based on employment with the State. The new provision requires Medicare-Eligible Retirees whose employment with the State began on or after September 1, 2009, pay the premium contribution of not less than 10 percent of the total premium attributable to those members. Those Medicare-Eligible Retirees hired prior to September 1, 2009 shall be exempt from any premium contribution. Therefore, Medicare-Eligible Retirees, the largest group of retirees, will be exempt from paying a premium contribution until 2029. Beginning in 2029, the Medicare-Eligible Retiree premium contribution revenue will grow slowly, as these retirees hired September 1, 2009 and later age into the Medicare-Eligible Retiree HBP.

The loss of HBP premium revenue beginning in FY 2019 will require action to meet estimated plan expenses, including one or more of the following:

- Funding from the General Fund;
- Funding from Self-Funded Agencies such as DOT, Safety, Liquor, and Lottery;
- An increase in the non-Medicare eligible population's premium contribution. (This population of approximately 2,800 subscribers and spouses will make a premium contribution of 20% in calendar year 2018 or $210.29 per month, per subscriber/spouse);
- Changes in HBP design, so that fewer services and products are covered, and/or higher co-pays and deductibles are required;
- Implementation of a defined contribution plan. A defined contribution plan (DC) will cap state expenditures for the HBP to an amount allocated for this purpose in the budget.

DAS assumed the following to estimate the impact of this bill in FY 2019-FY 2022:

- 4% annual net increase in the projected number of Medicare-Eligible Retirees;
- 3% annual decrease in the exempt Medicare-Eligible Retirees due to death;
- 7.5% estimated annual health trend applied to the monthly Medicare Plan premium.

DAS assumes this legislation will not be effective until January 1, 2019 because the federal Centers for Medicare and Medicaid (CMS) does not permit changes to health benefit plans that supplement Medicare coverage until the beginning of the next benefit year. The State HBP runs on a calendar year, and therefore the change must be made on or after January 1, 2019.

DAS calculated the premium contribution revenue loss by projecting the total population of Medicare-Eligible Retirees less the projected population of exempt Medicare-Eligible Retirees based upon a DOB on or before December 31, 1948 and resulting in the projected population of Medicare-Eligible Retirees who will pay a premium contribution with a date of birth on or after January 1, 1949.

	Number of Medicare-Eligible	FY	FY	FY	FY

	Retirees Projected Paying 10% Premium Contribution (Current Law)	2019	2020*	2021*	2022*
1A	Projected number of Medicare-Eligible Retirees, assumes a 4% annual increase (excluding self-payers who pay 10%)	9,929	10,320	10,730	11,160
1B	Projected number of Medicare-Eligible Retirees who are exempt (retirees with a DOB on or before 12/31/48), based on enrollment as of 12/31/16 with a projected decrease of 3% per year.	7,202	6,990	6,790	6,590
1C	Projected number of Medicare-Eligible Retirees to pay a contribution with a DOB of 1/1/49 or later	2,727	3,330	3,940	4,570

**rounded to the nearest tenth for FY 2020, FY 2021 and FY 2022*

DAS projected lost premium contribution revenue by estimating the budget rate and the premium for Medicare-Eligible Retirees, estimating the net 10% premium contribution, and then multiplying that number times the number of Medicare-Eligible Retirees who would pay the premium contribution based on a DOB on or after January 1, 1949.

	Estimated Lost Medicare-Eligible Retiree Premium Contribution Revenue	FY 2019 Total PC Revenue 1/1/19 to 6/30/19	FY 2020 Total PC Revenue	FY 2021 Total PC Revenue	FY 2022 Total PC Revenue
2A	Estimated Budget Rate for Medicare-Eligible Plan with an estimated 7.5% annual increase (rounded to nearest dollar)	$421	$453	$487	$523
2B	x 10% Premium Contribution (PC) (rounded to nearest dollar)	$42	$45	$49	$52
2C	Medicare-Eligible Retirees to pay the contribution for one month of PC revenue (1C x 2B)	$114,534	$149,850	$193,060	$237,640
2D	Months	x 6 months	x 12 months	x 12 months	x 12 months
2E	Projected Medicare-Eligible Retiree PC Revenue (rounded to nearest hundred)	$687,200	$1,798,200	$2,316,700	$2,851,700

DAS estimated the projected increases in General Fund and non-General Fund revenues to offset the decrease in premium contribution revenue, assuming no changes are made to the services covered by the HBP.

	FY 2019 1/1/19 to 6/30/19	FY 2020	FY 2021	FY 2022
Increase in General Fund Revenue	$440,700	$1,161,000	$1,499,400	$1,847,100
Increase in non-General Fund Revenue	$246,500	$637,200	$817,300	$1,004,600
Total PC Revenue Decrease	($687,200)	($1,798,200)	($2,316,700)	($2,851,700)
Total Estimated Budget Impact	$0	$0	$0	$0

AGENCIES CONTACTED:

Department of Administrative Services

Committee Minutes

Senate Finance Committee

Deb Martone 271-4980

SB 543-FN, relative to health care premium payments for certain retired state workers.

Hearing Date: February 6, 2018

Time Opened: 2:15 p.m. **Time Closed:** 3:12 p.m.

Members of the Committee Present: Senators Daniels, Reagan, Giuda, Morse, D'Allesandro and Feltes

Bill Analysis: This bill changes the eligibility date for the application of the premium contribution percentage for retired state employees and spouses.

Sponsors:

Sen. Feltes	Sen. Cavanaugh	Sen. Fuller Clark
Sen. Hennessey	Sen. Lasky	Sen. Soucy
Sen. Watters	Sen. Woodburn	Rep. Bove
Rep. Welch		

Who supports the bill: Senators Feltes, Watters, Soucy, Woodburn, Hennessey, Lasky, Cavanaugh and Fuller Clark; Ernest Loomis; Merry Fortier; Richard Gulla; Roy Schweiker; Karen Irwin; Dick de Seve; Maureen Timmins; Jim Timmins; Hester Langh; Maralyn Doyle; Lucinda Reid; George Fryer; John Amrol; Avis Crane; Kenneth Chenette; Dorie Meyer; Laurie Pelletier; Dana Mosher; Nancy Goodell; Alan Goode; Jean Chellis; Al Little; John Thyng; Joe Cicirelli; Jay Ward; David Holt; Andrew Capen; Robert Lyon; Henry Goode; Steven Noyes; Peter Bartlett.

Who opposes the bill: Commissioner Charlie Arlinghaus, Deputy Commissioner Cassie Keane and Sarah Trask, New Hampshire Department of Administrative Services.

Summary of testimony presented in support:

<u>Senator Feltes, Prime Sponsor</u>:

- Senator Feltes represents thousands of retired state workers in Senate District #15. Many of them live on fixed incomes, and struggle to meet their health care needs and their basic necessities.
- This subject matter is something we have had much debate and discussion on over the last few years.
- What the Legislature did during the last budget process was certainly better, in respect to state retiree health care, than what was initially presented in the

budget. However, it is still unfair.

- If you started state employment after September 1, 2009, which is the time when the premiums first went into effect for under 65 year olds, you were placed on actual notice that the state was not going to pay these premiums. This bill grandfathers those state retirees, Medicare-eligible, that started work prior to September 1, 2009. The bill makes sense and is logical.
- The Senate Finance Committee has had discussions as to what were the communications to our state workforce about retiree health care. Was it from the New Hampshire Retirement System? Was it from the Department of Administrative Services? Was it written? Formal? When were premiums actually put in place on state retirees? September, 2009--let's use that date.
- Workers who started their employment after that date were aware they might have to pay premiums.
- That is a better nexus than the grandfathering that happened last year, based on date of birth. Here, the nexus is actual notice that premiums could occur.
- Based on the Fiscal Note of the bill in FY 2019, $687,200 will be required to make this proposal work. The Fiscal Committee on November 20, 2017, received a report about the retiree health benefit account. As of October 31, 2017, it had a surplus of approximately $9.1 million. It is a dedicated fund that can't be shifted around, and must be used for retiree health care. The reason why the surplus is present is due to less health care claims than anticipated.
- This surplus could take care of the shortfall for 2019, the $687,200, as well as money being available to take care of things going forward.
- Most people continue to be of the opinion if you are Medicare-eligible, you shouldn't pay any premium.
- SB 543-FN is between what the Legislature passed last year, and what most people's position is. You will have to pay that premium if you started work with the state on or after September 1, 2009. That is when those premiums actually took place. At that time, employees were placed on notice when they started working for the state.
- This is a reasonable proposal; the money is there. All members of the Senate Finance Committee feel deeply about helping state retirees. This proposal will not "break the bank".
- Senator Giuda noted in the Fiscal Note that revenue will continue to increase through FY 2022. He inquired if Senator Feltes might know when that revenue loss will reverse itself. Senator Feltes stated he had not done any computations.
- Senator Daniels asked about the projected 4-year trend of decreasing revenue. How can Senator Feltes indicate it will increase over time? Senator Feltes revised his earlier statement to say the *amount* of decreasing revenue would *likely increase* over time. Senator Feltes agreed with Senator Giuda's observation that FY 2023 is likely to be more than the projected $2.8 million for FY 2022.

Major Ernest Loomis, New Hampshire Retired State Troopers Association:

- This bill would directly affect some of the state troopers who have been retired for a while and are Medicare-eligible. They found out last year when the law was changed that they would suddenly become liable for 10 percent of the premium for both themselves and their spouse. Their cost for Medicare was also increased a considerable portion.

- The State Police are not subject to Social Security; therefore, they do not pay into Social Security.
- These individuals' costs were increased without warning, while their income continues to erode each year. Major Loomis remarked his pension provides less buying power every single year, and urged support of SB 543-FN.

Richard Gulla, President, State Employees Association:

- It was just last spring after the budget proposal was delivered, members of SEA appeared before the House and Senate Finance Committees, asking that the Legislature maintain what they believed was a commitment made to state employees throughout their career. That is, a fully paid health benefit in retirement. The Association was especially concerned about the group that was Medicare-eligible, as they were in the least position to be able to absorb escalating premiums the Governor's Budget was about to ask of them.
- Retirees in their 70s, 80s, 90s and even a few over 100 years of age, were faced with the possibility of a 10 percent premium payment that they could not have foreseen coming, nor could many of them have afforded.
- While we still disagree with the budget bill provision that charges 10 percent premiums for those Medicare-eligibile retirees who were born prior to January 1, 1949, SEA appreciates the fact that this change from what the Governor proposed was an attempt to take care of those most vulnerable. However, the attempt to grandfather purely based on one's birthday was perhaps the best out of a series of bad choices.
- Mr. Gulla shared with committee members an example of a retiree who had worked for the state for 38 years, and had been looking forward to retirement and a bit of relief, after paying a 17.5 percent premium for both himself and his wife. Because he was born two weeks too late, he received his post-retirement premium charge, which will continue to increase over his retirement years.
- There must be a better way to do this.
- It was not until September of 2009 when the first retirees saw the commitment of a fully paid premium changed to a charge of $65.00 per month per person for health care for those who are non-Medicare eligible. Since then, those retirees are now paying a 20 percent premium, or $210.00 per month.
- If we're going to draw some kind of line of notice that was given to retirees, the actual date of the premium charge is one that makes sense. This allows for employees to plan throughout their career to pay their premium, versus having one sprung on them in mid- or late-career.
- SB 543-FN provides for employees coming in the door to know what they can expect. This bill also would hit the pause button on charging this group of retirees an ever increasing premium, and give us time to figure out over the next year how best we can honor the long-term service of future retirees beyond just their birth date.
- Senator Giuda inquired if SEA has done an assessment of when this curve of increasing revenue losses might break, based on actuarial expectations and the age of the group of retirees they are concerned about. Mr. Gulla indicated he

had not done an assessment himself. He believes the retiree health fund currently has enough funds to handle this situation in the short-term. Senator Giuda stated he wanted to work with SEA to come up with numbers on where this goes and for how long.

Karen Irwin:

- Ms. Irwin has testified many times in the past on this legislation and the pending change.
- Her recurring theme is that this change shouldn't have happened. The Legislature has mechanisms through the budget process to assess post retirement, an indirect cost rate. It is required to be charged, and is called additional fringe benefits. Post retirement is used to reimburse the General Fund for retirees' health insurance. Unless payments are made directly to the retirement system, agencies with pension-covered positions that are paid for with other than General Funds should budget at least 10.50 percent (in the 2016/2017 budget) for Group I and Group II positions. What happened in the 2018-2019 budget is that rate decreased to 7.35 percent. This occurred when the House was entertaining bills to increase the premiums for those over 65 years of age.
- We have the mechanism in place. It doesn't make any sense that we lowered the rate in the budget to 7.35 percent when premiums for health care were increasing. This amount is set and billed by the Department of Administrative Services, and goes into the General Fund.
- Why is this option not included in the Fiscal Note for alleviating the shortfall projected by SB 543-FN?
- Ms. Irwin suggested amending the bill by deleting the last line, "Such premium contribution shall only be collected from eligible retired judges and spouses for employees whose employment with the state began on or after September 1, 2009".
- Before the state starts charging retirees, it should be looking at all available revenue and expense options.
- Ms. Irwin has a 2017 LBA spreadsheet she will forward to committee members on funds that could potentially be raised, based on expenses. Money coming in currently from post retirement should be coming in at a higher rate in the future.
- A further review of the budget process should be undertaken. Prescription drugs should be separated from health insurance to determine what exactly is raising expenditures. Is it prescription drugs or is it health care?
- Ms. Irwin noted an item included in the Fiscal Note for HB 653 at the time which indicated there were 502 retirees over the age of 65 who received a pension which was not large enough for the premium payment that was envisioned. That amount was 5.5 percent of the total needing to be billed as they did not earn enough money to afford the premium. Approximately 9,100 retirees 65 and over were budgeted for in the 2017 budget; 3,100 retirees under 65 were budgeted.
- With an estimated post retirement percentage of 10.50 percent for the future, even at six months, this would cover the anticipated shortfall. Historically, we

should be using that mechanism. It should also be placed into the budget to show how much of the General Fund goes toward retiree costs.

Al Little:

- Mr. Little was a 25-year, full-time instructor at Manchester Community College, teaching the repair of residential heating and air conditioning systems.
- Instead of being employed by the state, he could have made more money working in the private sector as a heating technician. Mr. Little chose that career path as he loved teaching, and believed he was making a contribution to this state by teaching students to become heating and air conditioning technicians.
- His wife worked in education, as well. They accepted the lower wages they were being paid by the state, but appreciated the generous health benefits. In planning for their retirement they put less money away, but counted on not paying for health care in their retirement. He retired in 2010 when needing heart surgery and then diagnosed with cancer. It was earlier than Mr. Little had planned on retiring.
- For those under 65 years, the Littles have seen the rate and amount of premiums continually increase. Currently, it is 20 percent of the cost of insurance, $210.38. That equates to a bit more than 10 percent of Mr. Little's pension. It, obviously, will not go down.
- If this bill does not pass, Mr. Little's wife will have to pay for the Medicare supplemental policy. When the both of them transition to Medicare in August, Mrs. Little will pay $130 per month for Medicare, and a not so unreasonable additional $36.
- Currently, Mr. Little is healthy enough to teach part-time. Once his wife retirees she, too, plans on working part-time. SB 543-FN would be extremely helpful to them. When they transition to Medicare, they will be able to save approximately $80 per month. Mr. Little does have some health care costs related to his cancer that are not covered, and that extra $80 can be applied to those expenses.
- People who started employment with the state in 2009 knew they had to pay a portion of premiums for their health care in retirement. That is why this bill is reasonable. Folks could plan for that, or choose not to stay employed by the state. They have that choice. Mr. Little did not have that choice. This bill helps him stay independent.

Summary of testimony presented in opposition:

Charlie Arlinghaus, Commissioner, Cassie Keane, Deputy Commissioner and Sarah Trask, Administrator-Risk/Benefit Management, NH Department of Administrative Services:

- Commissioner Arlinghaus explained a significant change was made in the budget process in how this program is managed. It was an attempt to make the numbers work.
- Previously, any cost sharing among retirees was done entirely by people under 65 years of age.

- Senator Feltes made mention in his testimony of a $9 million surplus. Anytime you are operating a plan with numbers of this size you need some sort of a reserve. This is thought of as a cash balance reserve. The Department is in the process of adopting rules on just how much that reserve should be. In all likelihood, it will be 2-3 months of operating expenses. The $9 million represents roughly one month of operating expenses.
- Deputy Commissioner Keane reviewed for the committee a bit of the history on this subject matter over the last 2 years. The 2016/2017 budget gave the Department $5.5 million less than they had projected to meet the needs for the retiree health benefit plan over the biennium. In late June the Department's medical consultants, the Segal Company, were asked to do an analysis of the Cadillac Tax. In conjunction with that analysis, the Segal Company informed the Department their prescription drug plan was "going through the roof". In the rates, the Department projected an 8 percent increase for prescription drugs. The expenses are currently coming in at a 13 percent increase. That will result in a $4 million biennium deficit. Add that $4 million to the $5.5 million. And, in addition, the federal government informed Express Scripts that $1 million in federal revenue the Department was projecting to receive was not forthcoming. That resulted in a total $10.6 million projected deficit.
- The Department began working with the Fiscal Committee to determine what tools it had available to manage the deficit. They could increase the premium contribution for under 65 retirees, which is the smallest group of retirees. At the time the number was approximately 3,000, which is down to 2,675 currently. How much pain can you transfer to a small group of people when most of your retirees are Medicare retirees? Today, there are 9,000 Medicare retirees.
- Another option would be to change the plan design for medical or prescription drug, which meant increasing copays, deductibles and/or out-of-pocket expenses, and co-insurance, if applicable.
- These are limited tools for the Department. If you burden those who are the sickest and using the plan the most, it is a harsh result for those older individuals.
- The remaining option was a premium contribution which would apply to the larger group of retirees.
- The Fiscal Committee ended up increasing the premium contribution for non-Medicare retirees from 12.5 percent to 17.5 percent. The committee also increased copays and maximum out-of-pocket expenses on the prescription drug benefit for all retirees.
- Those combined changes resulted in $4.8 million, versus the $10.6 million deficit. Luckily, there was excess cash in the reserve account and it helped the Department bridge the gap over the course of 2016/2017 to make it through to the next budget cycle.
- By law, the Department can only operate the plan within the funds appropriated by the Legislature. Something had to be done.
- In 2016 there were 5 pieces of retiree health care legislation, debating all kinds of issues. None of the bills passed.
- The Department was asked by the Fiscal Committee to undertake a long-term

study of retiree health, which they completed. One of the options included in the plan was a premium contribution by the largest group participating in the plan.

- The Department also discussed a defined contribution plan. How much money do we have? How far does it go? How much does an individual get? DAS even talked about contracting with a private Medicare exchange. Individuals would take their defined contribution and buy the plan that best suits their needs. Many retirees would have to dig deeper into their pocket to meet their needs, than potentially this current premium contribution that is spread across all retirees.
- In the last budget process premium contributions for the under 65 group was raised to 20 percent, effective October 1, 2017. The Medicare retiree premium contribution went into effect January 2018. The Department, in fact, just collected the first month of premium contributions.
- The Department's concern is the sustainability of the retiree health benefit plan.
- This bill would eliminate one of the Department's "tools from its toolkit". People hired September 1, 2009 forward would someday be eligible for paying a Medicare premium contribution. That someday could come 20 years later. In order to be eligible for retiree health benefits employees need to have state creditable service. Up until July 2003, 10 years of state creditable service was required. It was changed to 20 years. If SB 543-FN passes, it means until an employee hired in 2029 was hired, we'd be closing the door to charging a premium contribution to this largest group of retirees.
- The Department has worked hard over the last 2.5 years to provide the very best benefits it possibly can within the funds appropriated by the Legislature, as well as being sensitive to the needs of retirees.
- The Department also developed some short-term options, including cutting benefits under the prescription drug plan or the medical plan, or increasing copays, deductibles and co-insurances. Those options hurt those people who need to use the plan the most, the sickest and oldest individuals. The best option is to spread the cost among the large group.
- Commissioner Arlinghaus added rates can be increased or lowered; we're not locked into a rate. The point is, that tool exists and can be moved in any direction desired.
- Senator Feltes reiterated on October 31st the account had a surplus of $9.1 million. Do we know what it is today? Deputy Commissioner Keane replied it remains at that approximate number. Senator Feltes then inquired if the Department has a projection for the surplus over the next 6-12 months. Ms. Trask stated the rates are set on an annual basis. New rates went into effect January 1, 2018. Those are projected expenses; an increase in the surplus is not projected. Senator Feltes indicated he understood the Department's objection to the bill based on the amount of work done on the subject matter. But there continues to be debate about this. He doesn't believe there is consensus on the topic.
- Senator Feltes then cited an example of a 40-year state employee who was born

on January 2, 1949. Why should he have to pay? Commissioner Arlinghaus interjected the Department's opposition to the bill is not based on the volume of work that has been done. The opposition is based on the quality of work that has been done, as well as learning lessons from the past. There are effective tools in place, based on what we know from past experience. At any point, a line will be drawn. There will always be someone on the other side of that line. And if you move that line, there will still be someone on the other side. That will always be the case. That doesn't mean, however, that you don't have to draw the line.

- Senator Morse questioned if we needed almost triple the amount of money in the surplus account. Commissioner Arlinghaus was hesitant to use the word "*need*". But it is important to have a surplus that is an operating reserve. There are very significant fluctuations. He believes the Department has lower reserves than what it should have ideally. He wouldn't want to be more than three times larger than what we are, but probably at least twice what we are. Senator Morse then inquired if anything has happened since July that was not planned. Deputy Commissioner Keane responded no. They implemented the premium contribution.
- Senator D'Allesandro pointed out the account is not really a surplus. It is income the Department needs to pay projected expenses, and they will need that money. Deputy Commissioner Keane indicated the Department will now refer to that account as "cashflow reserve"; it more accurately reflects what that money is. When you run a health benefit plan, bills don't come in month after month the same way. They go up one month and down the next. Trends change. There is a certain amount of unpredictability. Sometimes the Department builds a cashflow reserve, and other times it is forced to dip into the reserve. Authority to do so is required from the Fiscal Committee. The Department requires a certain amount of flexibility on a monthly basis to administer a health benefit plan. Senator D'Allesandro added the most important thing to do is ensure everyone is covered. Commissioner Arlinghaus added the account may not be used for any other purpose.
- Deputy Commissioner Keane concluded the funds that go into the health benefit plan are nonlapsing and continually appropriated. They are there to pay the state's health care bills.
- Senator Feltes asked about the statutory reserve of 3 percent. Deputy Commissioner Keane corrected Senator Feltes in that the statutory reserve is a ***minimum*** of 3 percent. Senator Feltes wondered what that amounts to. Ms. Trask indicated it is currently set at 5 percent, approximately $4.5 million. Commissioner Arlinghaus pointed out the statutory reserve and the cashflow reserve are two very different items. The statutory reserve is essentially untappable. The other is about flexibility and claim premiums. The Department believes the way they should think about the reserve is in terms of months of average operating expense. It's not about the number. It is prudent to have a 2-3 month reserve. That is, however, an arguable number.
- Deputy Commissioner Keane clarified for Senator Feltes that there is $4.5 million in the statutory reserve, and $9.1 million in the surplus. That

information was contained in the Department's bimonthly report to the Fiscal Committee. Having that surplus on hand is what saved the state in the 2016/2017 budget cycle.

Future Action: Pending

dm
Date Hearing Report completed: February 8, 2018

Speakers

SENATE FINANCE COMMITTEE

Date: 02/06/2018 Time: 2:05 p.m. Public Hearing on SB 543-FN

Relative to health care premium payments for certain retired state workers.

Please check box(es) that apply.

SPEAKING	FAVOR	OPPOSED	NAME (Please print)	REPRESENTING
☑	☑	☐	Sen Dan Feltes	SD 15
☐	☑	☐	Sen. David Watters	SD#4
☐	☑	☐	Sen. Donna Soucy	SD#18
☐	☑	☐	Sen. Jeff Woodburn	SD#1
☐	☑	☐	Sen. Martha Hennessey	SD#5
☐	☑	☐	Sen. Bette Lasky	SD#13
☐	☑	☐	Sen. Kevin Cavanaugh	SD#16
☐	☑	☐	Senator Fuller Clark	SD#21
☑	☒	☐	Marjorie Loomis	NHRSTA
☐	☒	☐	Merry Fortier	State Retired
☒	☒	☐	Richard Gulla	SEA
☐	☒	☐	Roy Schweiker	self
☑	☑	☐	Karen Irwin	Self
☐	☑	☐	Dick de Sève	self
☐	☑	☐	Maureen Timmins	SEA
☐	☑	☐	Jim Timmins	Self
☐	☑	☐	Hester Laughlin	"
☐	☑	☐	Maralyn Doyle	Self
☐	☑	☐	Lucinda E. Reid	Self
☐	☑	☐	George E. Tuper	SEA

SENATE FINANCE COMMITTEE

Date: 02/06/2018 Time: 2:05 p.m. Public Hearing on SB 543-FN

Relative to health care premium payments for certain retired state workers.

Please check box(es) that apply:

SPEAKING	FAVOR	OPPOSED	NAME (Please print)	REPRESENTING
☐	☒	☐	John Amrol	STATE Retiree ✓
☐	☒	☐	Avis Crane	State Employee ✓
☐	☒	☐	Kenneth Chenette	R State Employee ✓
☐	☒	☐	Dorrie Meyer	Ret. State employee
☐	☒	☐	Laurie Pelletier	Ret State Employee
☐	☒	☐	Diana Mosher	RETIRED STATE EMPLOYEES ✓
☐	☒	☐	Nancy Goodell	Retired State employee ✓
☐	☒	☐	Alan Goode	" " " ✓
☐	☒	☐	Jean Chellis	Self ✓
✓ ☒	☒	☐	Al Little	Self ✓
✓ ☒	☐	☒	Carrie Keane / Charlie Arlinghaus / Sarah Trask	✓
☐	☒	☐	John Thyng	self ✓
☐	☒	☐	Joe Cicirelli	Citizen ✓
☐	☒	☐	Jay Ward	✓
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SENATE FINANCE COMMITTEE

Date: 02/06/2018 Time: 2:05 p.m. Public Hearing on SB 543-FN

Relative to health care premium payments for certain retired state workers.

Please check box(es) that apply:

SPEAKING	FAVOR	OPPOSED	NAME (Please print)	REPRESENTING	
☐	☒	☐	David Holt	Self	✓
☐	☒	☐	Andrew Capen	Self	✓
☐	☒	☐	Robert Lyon	Self	✓
☐	☒	☐	HENRY GOODE	SELF	✓
☐	☒	☐	Steven Noyes	Self	✓
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SENATE FINANCE COMMITTEE

Date: 02/06/2018 Time: 2:05 p.m. Public Hearing on SB 543-FN

Relative to health care premium payments for certain retired state workers.

Please check box(es) that apply.

SPEAKING	FAVOR	OPPOSED	NAME (Please print)	REPRESENTING
☐	☒	☐	Peter Bartlett	self
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Testimony

Karen K. Irwin
102 Bassett Mill Road
Hopkinton, NH 03229
(603)-496-2637
k.irwin.nh@gmail.com

February 6, 2017

Honorable Senator Gary Daniels, Chairman
Senate Finance Committee
Members of the Committee
State House Room 103
Concord, NH 03301

Re: SB 543 relative to health care premium payments for certain retired state workers

I am writing to support SB 543 as the amendment that happened to RSA 21-I:30, XVIII(b) to charge retirees with a date of birth on or after January 1, 1949 a Health Benefit Plan Premium should never have happened. An individual with a birthday of January 1, 1949 would be now 69 years old. If they had previously retired before the recent changes to this section of the law at age 62 and took social security at age 62 they would be into their fixed income for 7 years.

During the budget process for every year DAS publishes an indirect cost rate called post retirement as it always has. For some reason the 100% federal and 100% other funded post retirement rate dropped from 10.50% in the 2016-2017 budget to 7.35% for the SFY 2018-2019 budget. This was at the time the changes to RSA 21-I:30, XIII(b) passed and at a time where DAS reflected significant increases in costs for health care. So why would DAS reduce the indirect cost rate set for the State of NH from 10.50% to 7.35% then support legislation that then charged the individuals whom are now age 69 and younger a Health Benefit Plan Premium where none had existed before.

If they merely followed the process per the budget bill and reflected the appropriate changes for the cost increases in health care and billed and charged for those increases. They could have raised more revenue then the change to RSA 21-I:30, XVIII(b) supplied. There is not a direct connection unfortunately as the funding charged by the post retirement rate is not reflected as it should be in the appropriation but goes to the general fund surplus. The DAS budget should also reflect all funding sources that relate to retiree health care in the funding in appropriation 2903. The fiscal note reflects "that the loss of HBP premium revenue beginning in FY 2019 will require action to meet estimated plan expenses, including one or more of the following". They neglect to reflect any increases in the budget manual for the indirect cost rate for the 2020-2021 budget process as a viable option.

I do not believe that any elected members of the legislature should raise revenues without fully exhausting all the revenue and expenditure tools at their disposal.

The following information below was submitted to the finance committee during the budget process of the 2018-2019 budget. I have included this information as I was not able to get the same detailed spreadsheet for the 2018-2019 budget as I was able to for the 2016-2017 budget so could not give you accurate information. I hope you will understand my point from the well documented information although historical information that I am supplying today.

The finance committee should look at budget manual and follow its own recommendations. In SFY 2016-2017 the Post Retirement budget manual page 45 read as follows:

042 – Post Retirement: Also known as additional fringe benefits, post retirement is used to reimburse the general fund for retiree's health insurance. Unless payments are made directly to the Retirement System, agencies with pension covered positions that are paid from other than general funds should budget at least 10.50% for Group I and Group II positions.

Please look at the following schedule of budgeted percentages for post-retirement:

Post Retirement Percentages By Biennium Budget Period			
042	2012-2013		11.41%
042	2014-2015		10.50%
042	2016-2017		10.50%
042	2018-2019		7.35%

If we looked at all the non-general fund positions by class line 10, 11, 12, 13, 14, 15, 16, and 17 the total that could have been budgeted is $33,280,097 in 2017 instead of the $14,077,934 that actually was budgeted. A difference of $19,202,163 in SFY 2017 which at the time could have been billed and charged in that fiscal year.

As this fiscal note comes from Administrative Services they should be able to recalculate the fiscal note based upon the adjustment of July 1, 2019 or SFY 2020 and even a half year impact should more than compensate the variance reflected in this fiscal note. I will attach my spreadsheet reflecting these calculations in an electronic format for the 2016-2017 budget.

Also, please look into why the post retirement rate went down from 10.50% to 7.35% or why it went down from 11.41% to 10.50% as costs for health insurance have not gone down. Adjust the budget manual appropriately.

Next make sure it is charged on all non-general fund sources and separate the prescription drugs from the health care part of the health insurance through the use of object codes. So in the future we can look at the increases in costs by type of insurance before raising the costs to retirees.

Let's take a look at the Retirees Health Insurance Account:

2903 RETIREES HEALTH INSURANCE
SOURCE OF FUNDS SFY 2017

001 Transfer to Other Agencies	$21,997,462	30.19%
008 Agency Income	$11,974,718	16.43%
009 Agency Income	$5,615,096	7.71%
GENERAL FUND	$33,280,097	45.67%
TOTAL SOURCE OF FUNDS	$72,867,373	100.00%
GENERAL FUNDS	$33,280,097	
-Less Budgeted Post Retirement	$14,077,934	
Subtotal GENERAL FUNDS	$19,202,163	
-Less Understated Post Retirement	$19,202,163	
Remaining GENERAL FUNDS	$0.00	
SFY 2017 Budget	$72,867,373	
SFY 2016 Budget	$69,832,381	
Increase	$3,034,992	
Percentage Increase	4.17%	

As the health insurance budget increases every year so should the post retirement amount calculated not remain level from year to year.

Lastly, please make sure that the amount charged under 042 is reflected in the retirement account so the public can see the true picture of general funds used in this account. I do not know if what is paid in premium payments is currently reflected in the source of funds for this account. My understanding is that 3,100 under 65 retirees and spouses and 9,100 65 and over retires are in this account for 2017. In HB 653 the fiscal note stated that 502 over 65 retirees either do not receive a pension that would be large enough to pay the health benefit plan premiums that is 5.52% of the retirees with the average for all retirees being $12,000 per year. My mother has a state retirement of $7,700 per year but she is thankful she has it.

I respectfully request that before addressing this bill that the fiscal note reflect the amount of revenue that could be raised appropriately by using an estimated post retirement percentage which should not be lower than the adopted rate in the 2016-2017 budget. Please vote in favor of this bill or further modify it by eliminating the wording "for employees whose employment with the state began on or after September 1, 2009."

Sincerely,

Karen K Irwin

Karen K. Irwin

VERSION NO: 04
Committee of Conference

STATE TOTALS BY CLASS
SFY 2016-2017 PERSONAL SERV CLASSES

Total Other/Federal Funds x Post Retirement Calculation Rate in 2017 at 10.50%

CLASS		FUND		FY2016	FY2017	10.50%	Total Personal Services	10.50% (042) Post Retirement Calculation
010	Personal Services-Perm. Classi		Federal Funds	112,801,777	113,357,744	$11,902,563 12		
			Other	144,274,394	147,186,803	$15,454,614 32		
		10	General Fund	181,639,237	184,319,617			
		12	Liquor Commission	12,896,703	13,494,603	$1,416,933.32		
		15	Highway Fund	50,674,239	52,499,390	$5,512,435.95		
		17	Turnpike Fund	11,536,472	11,661,862	$1,224,495.51		
		13	Sweepstakes Fund-Lottery	1,942,772	1,975,816	$207,460.68		
		14	Sweepstakes Fund-R&CG	901,884	919,500	$96,547.50		
		20	Fish and Game Fund	5,531,340	5,694,672	$597,940.56		
TOTAL CLASS 010 Personal Services-Perm. Classi				522,198,818	531,110,007	$36,412,990.95	531,110,007	$36,412,990.95
011	Personal Services-Unclassified		Federal Funds	548,642	547,885	$57,527.93		
			Other	3,451,184	3,468,897	$364,234 19		
		10	General Fund	15,593,894	15,775,961			
		12	Liquor Commission	492,629	492,928	$51,757 44		
		15	Highway Fund	111,423	112,626	$11,825.73		
		17	Turnpike Fund	25,581	25,626	$2,690.73		
		13	Sweepstakes Fund-Lottery	18,158	18,158	$1,906.59		
		14	Sweepstakes Fund-R&CG	61,222	31,450	$3,302 25		
		20	Fish and Game Fund	96,005	96,078	$10,088.19		
TOTAL CLASS 011 Personal Services-Unclassified				20,398,738	20,569,609	$503,333.04	20,569,609	$503,333.04
012	Personal Services-Unclassified		Federal Funds	3,318,717	3,334,536	$350,126.28		
			Other	2,316,046	2,321,315	$243,738.08		
		10	General Fund	5,765,536	5,793,544			
		15	Highway Fund	65,547	66,491	$6,981.56		
		13	Sweepstakes Fund-Lottery	20,742	20,743	$2,178.02		
TOTAL CLASS 012 Personal Services-Unclassified				11,486,588	11,536,629	$603,023.93	11,536,629	$603,023.93
013	Personal Services-Unclassified		Federal Funds	619,315	620,707	$65,174.24		
			Other	2,656,362	2,663,340	$279,650.70		
		10	General Fund	2,987,028	3,069,059			
		15	Highway Fund	71,404	72,430	$7,605.15		
		13	Sweepstakes Fund-Lottery	104,730	104,729	$10,996.55		
TOTAL CLASS 013 Personal Services-Unclassified				6,438,839	6,530,265	$363,426.63	6,530,265	$363,426.63
014	Personal Services-Unclassified		Federal Funds	394,072	395,984	$41,578.32		
			Other	277,272	277,382	$29,125 11		
		10	General Fund	1,791,648	1,854,861			
		15	Highway Fund	65,776	66,617	$6,994 79		
TOTAL CLASS 014 Personal Services-Unclassified				2,528,768	2,594,844	$77,698.22	2,594,844	$77,698.22
015	Personal Services-Unclassified		Federal Funds	131,263	129,224	$13,568 52		
			Other	88,320	88,649	$9,308.15		
		10	General Fund	367,538	371,868			
		15	Highway Fund	176,724	179,154	$18,811 17		
TOTAL CLASS 015 Personal Services-Unclassified				763,845	768,895	$41,687.84	768,895	$41,687.84
016	Personal Services Non Classifi		Federal Funds	366,526	376,031	$39,483.26		
			Other	4,003,971	4,030,064	$423,156.72		
		10	General Fund	10,838,424	11,181,289			
TOTAL CLASS 016 Personal Services Non Classifi				15,208,921	15,587,384	$462,639.98	15,587,384	$462,639.98
017	FT Employees Special Payments		Federal Funds	168,398	168,246	$17,665.83		
			Other	2,700,048	2,686,882	$282,122.61		
		10	General Fund	258,456	258,802			
		15	Highway Fund	562,497	564,911	$59,315.66		
		17	Turnpike Fund	68,880	68,881	$7,232.51		
		13	Sweepstakes Fund-Lottery	50,256	53,903	$5,659.82		
TOTAL CLASS 017 FT Employees Special Payments				3,808,535	3,801,625	$371,996.42	3,801,625	$371,996.42
018	Overtime		Federal Funds	2,878,141	2,847,411			
			Other	4,951,315	5,034,160			
		10	General Fund	6,060,980	5,621,884			
		12	Liquor Commission	1,706,775	1,928,329			
		15	Highway Fund	5,662,649	5,697,145			

	Total Personal Services	10.50% (042) Post Retirement Calculation
Total Personnel/Post Retirement	$592,499,258	$38,836,797
(042) Currently Budgeted		($14,077,934)
Difference Between Budget and Calculated in 2017		$24,758,863

SPECIAL CLASS NOTES (continued)

041 – Audit Fund Set-aside - RSA 124:16 require all agencies which receive federal funds to set aside a percentage of the amount received to pay for financial and compliance audits. Class 041 must be budgeted based on an amount equal to .1% of estimated revenue from class 000.

042 – Post Retirement - Also known as additional fringe benefits, post retirement is used to reimburse the general fund for payments made for retirees health insurance. Unless payments are made directly to the Retirement System, agencies with pension covered positions that are paid from other than general funds should budget at least 11.41% for Group I and Group II positions.

SPECIAL CLASS NOTES (continued)

Note: Agencies should consult RSA 124:11 and specific federal regulations governing its grant awards for any exceptions to these requirements.

041 – Audit Fund Set-aside – RSA 124:16 requires all agencies which receive federal funds to set aside a percentage of the amount received to pay for financial and compliance audits. Class 041 must be budgeted based on an amount equal to .1% of estimated revenue from class 000.

042 – Post Retirement – Also known as additional fringe benefits, post retirement is used to reimburse the general fund for payments for retirees health insurance. Unless payments are made directly to the Retirement System, agencies with pension covered positions that are paid from other than general funds should budget at least 10.50% for Group I and Group II positions.

057 / 500531 – Books/Periodicals/Subscriptions – Include expenditures for books, new or replacement, previously charged to class 030/500340 and all periodicals and pamphlets purchased for reference material previously charged to class 020/500201 publications.

class similar to the process used for class 028 (transfers to General Services) and 064 (Retirement Pension & Health). Monthly billing invoices are prepared by SSC and e-mailed to paying agencies prior to an AP upload by SSC.

039 – Telecommunications: All telecommunications expenses shall be budgeted in class 039. Primarily data should be budgeted in class 039/500188 (voice) and 500180 (data) respectively. Additionally, expenditures for SUTDN and VoIP implementation should be budgeted in Class 039 using expense account 500191 for VoIP and 500192 for SUTDN data network.
***Detailed planning assumptions for telecommunication budgeting can be found in Appendix C.**

040- Indirect Costs: RSA 124:11 requires all agencies receiving federal grants to compute an indirect cost rate. Agencies must include their own indirect costs, as well as those indirect costs included in the Statewide Cost Allocation Plan (SWCAP) billed to agencies by Administrative Services, when developing their indirect cost rates. These rates should then be applied to budgeted federal programs to arrive at the amount to budget for indirect costs in each year of the biennium. Additionally, all dedicated/non-general funded budgets should include a budget for the SWCAP if the operations supported receive benefits from the State's Central Services paid for by the general fund.

041 – Audit Fund Set-Aside: RSA 124:16 requires all agencies which receive federal funds to set aside a percentage of the amount received to pay for financial and compliance audits. Class 041 must be budgeted based on the amount equal to .1% (.001) of estimated revenue from Federal Revenue Class (000).

042 – Post Retirement: Also known as additional fringe benefits, post retirement is used to reimburse the general fund for payments for retiree's health insurance. Unless payments are made directly to the Retirement System, agencies with pension covered positions that are paid from other than general funds should budget at least 10.50% for Group I and Group II positions.

> ***Note (041 & 042): Agencies should consult RSA 124:11 and specific federal regulations governing its grant awards for any exceptions to these requirements.**

046 – Consultants: All consultants should be considered independent contractors and budgeted in class 046. Legal consultants (500460); Medical consultants (500462); Engineering (500463) and General consultants (500464), etc., shall be budgeted in this class rather than in program services classes. IT consultants (500465) may be budgeted in classes 037 and 038 when warranted.

066 – Employee Training: Expenditures directly related to employee training must be budgeted in this class. Expenses for travel to and from training and meals during training should be charged to employee travel unless the costs are not able to be broken out from the costs of a total training charge.

041 must be budgeted based on the amount equal to .1% (.001) of estimated revenue from Federal Revenue Class (000).

042 – Post Retirement: Also known as additional fringe benefits, post retirement is used to reimburse the general fund for payments for retiree's health insurance. Unless payments are made directly to the Retirement System, agencies with pension covered positions that are paid from other than general funds should budget at least 7.35% for Group I and Group II positions.

> ***Note (041 & 042): Agencies should consult RSA 124:11 and specific federal regulations governing its grant awards for any exceptions to these requirements.**

046 – Consultants: All consultants should be considered independent contractors and budgeted in class 046. Legal consultants (500460); Medical consultants (500462); Engineering (500463) and General consultants (500464), etc., shall be budgeted in this class rather than in program services classes. IT consultants (500465) may be budgeted in classes 037 and 038 when warranted.

When using this class line, it is important to differentiate a consultant from a vendor (contract for operational services) and sub-recipients (contracts for program services). The Oxford Dictionary defines consultant as "a person who provides expert advice professionally". So to the extent a business is contracted to provide advice and guidance, they are a consultant. Consultants help you with the "how to do it" while vendors and sub recipients perform tasks or services for you.

066 – Employee Training: Expenditures directly related to employee training must be budgeted in this class. Expenses for travel to and from training and meals during training should be charged to employee travel unless the costs are not able to be broken out from the costs of a total training charge. Unrelated expenses such as subscription renewals or training of non-State employees should be moved to a more appropriate class and expense account. Detailed descriptions of the expense accounts allowed in this class can be found in Appendix B or on Sunspot.

068 – Remuneration: This class shall be reserved for expenditure budgets not able to be categorized into an already existing expense class suitable for the service. Business Supervisors at DAS will scrutinize requests for budgeting in this class and determine appropriateness.

070/080 – Travel: In-State and Out-of-State travel expenses command a heightened awareness and understanding of DAS MOP1100. DAS business process auditors review all travel vouchers and follow the manual of procedures guidelines which include the following constraints. A) It is the State's policy to limit costs to only those expenses that are necessary to conduct State business. B) Employees who are on travel status are required to keep costs within reasonable

STATE TOTALS BY CLASS

CLASS	FUND	FY2016	FY2017
040 Indirect Costs	Federal Funds	7,133,152	7,169,454
	Other	3,413,575	3,450,067
	10 General Fund	255,668	255,950
	12 Liquor Commission	992,367	1,019,786
	15 Highway Fund	2,735,342	2,833,250
	17 Turnpike Fund	217,389	224,360
	13 Sweepstakes Fund-Lottery	99,286	112,660
	14 Sweepstakes Fund-R&CG	24,548	25,286
	20 Fish and Game Fund	245,825	246,000
TOTAL CLASS 040 Indirect Costs		15,117,152	15,336,813
041 Audit Fund Set Aside	Federal Funds	1,717,123	1,744,158
	Other	14,154	14,278
	10 General Fund	2,000	1,986
	20 Fish and Game Fund	2,574	2,592
TOTAL CLASS 041 Audit Fund Set Aside		1,735,851	1,763,014
042 Additional Fringe Benefits	Federal Funds	8,189,048	8,567,065
	Other	5,240,498	5,319,593
	10 General Fund	276,057	191,276
TOTAL CLASS 042 Additional Fringe Benefits		13,705,603	14,077,934

	FY 2016 ACTUAL EXPENSE	FY 2017 ADJUSTED AUTH	FY 2018 GOVERNOR'S RECOMMENDED	FY 2019 GOVERNOR'S RECOMMENDED
01 GENERAL GOVERNMENT	(CONT.)			
14 ADMINISTRATIVE SERVICES DEPT	(CONT.)			
14 ADMINISTRATIVE SERV DEPT OF	(CONT.)			
143510 RISK AND BENEFIT MANAGEMENT	(CONT.)			
2901 RISK MANAGEMENT UNIT	(CONT.)			
210 Bonding Insurance	6,352	6,500	6,500	6,500
211 Catastophic Casualty Insurance	308,905	357,500	598,500	598,500
TOTAL	1,439,140	1,817,199	2,586,399	2,642,105
ESTIMATED SOURCE OF FUNDS FOR RISK MANAGEMENT UNIT				
009 Agency Income	1,004,833	1,271,283	1,849,827	1,902,022
GENERAL FUND	434,307	545,916	736,572	740,083
TOTAL SOURCE OF FUNDS	1,439,140	1,817,199	2,586,399	2,642,105
NUMBER OF POSITIONS				
PERMANENT CLASSIFIED	12	12	16	16
UNCLASSIFIED POSITIONS	1	1	1	1
TOTAL NUMBER OF POSITIONS	13	13	17	17
01 GENERAL GOVERNMENT				
14 ADMINISTRATIVE SERVICES DEPT				
14 ADMINISTRATIVE SERV DEPT OF				
143510 RISK AND BENEFIT MANAGEMENT				
2903 RETIREES HEALTH INSURANCE				
102 Contracts for program services	70,427,345	72,967,373	80,953,300	90,407,200
TOTAL	70,427,345	72,967,373	80,953,300	90,407,200
ESTIMATED SOURCE OF FUNDS FOR RETIREES HEALTH INSURANCE				
001 Transfer from Other Agencies	18,792,208	21,997,462	21,433,500	23,728,300
008 Agency Income	13,335,358	11,974,718	12,497,600	12,558,600
009 Agency Income	5,837,528	5,615,096	9,736,600	13,191,900
GENERAL FUND	32,462,251	33,380,097	37,285,600	40,928,400
TOTAL SOURCE OF FUNDS	70,427,345	72,967,373	80,953,300	90,407,200

Current Retiree Contribution

= 11,452,624 in 2016/2017

Proposed Retiree Contribution = 22,928,500

Retirees Change
Δ = 11,475,876 = 100% Increase

2016-2017 GF Share = 65,842,348 *1

*1. Not included is the Post Retirement Collections which goes into the general fund Maximum Possible Calculation for SFY 2017 = 38,836,797

2018-2019 GF Share = 78,214,000

GF Change
Δ = 12,371,652 = 18.79% Increase

01 GENERAL GOVERNMENT (CONT.)
14 ADMINISTRATIVE SERVICES DEPT (CONT.)
14 ADMINISTRATIVE SERVICES DEPT (CONT.)
142010 FINANCIAL DATA MANAGEMENT (CONT.)
1370 FINANCIAL DATA MGT (CONT.)

	FISCAL YEAR 2018	FISCAL YEAR 2019
ESTIMATED SOURCE OF FUNDS FOR FINANCIAL DATA MGT		
GENERAL FUND	5,623,753	5,810,570
TOTAL SOURCE OF FUNDS	5,623,753	5,810,570

01 GENERAL GOVERNMENT
14 ADMINISTRATIVE SERVICES DEPT
14 ADMINISTRATIVE SERVICES DEPT
142010 FINANCIAL DATA MANAGEMENT
8119 WORKERS COMPENSATION

	FISCAL YEAR 2018	FISCAL YEAR 2019
062 Workers Compensation	250	250
TOTAL	250	250
ESTIMATED SOURCE OF FUNDS FOR WORKERS COMPENSATION		
GENERAL FUND	250	250
TOTAL SOURCE OF FUNDS	250	250
EXPENDITURE TOTAL FOR FINANCIAL DATA MANAGEMENT	5,624,003	5,810,820
GENERAL FUND	5,624,003	5,810,820
TOTAL ESTIMATED SOURCE OF FUNDS FOR FINANCIAL DATA MANAGEMENT	5,624,003	5,810,820

01 GENERAL GOVERNMENT
14 ADMINISTRATIVE SERVICES DEPT
14 ADMINISTRATIVE SERVICES DEPT
143510 RISK AND BENEFIT MANAGEMENT
2901 RISK MANAGEMENT UNIT

	FISCAL YEAR 2018	FISCAL YEAR 2019
010 Personal Services-Perm. Classi	1,078,796	1,103,261
011 Personal Services-Unclassified	109,560	109,861
018 Overtime	20,000	20,000

01 GENERAL GOVERNMENT (CONT.)
14 ADMINISTRATIVE SERVICES DEPT (CONT.)
14 ADMINISTRATIVE SERVICES DEPT (CONT.)
143510 RISK AND BENEFIT MANAGEMENT (CONT.)
2901 RISK MANAGEMENT UNIT (CONT.)

	FISCAL YEAR 2018	FISCAL YEAR 2019
020 Current Expenses	10,620	10,620
026 Organizational Dues	1,225	1,221
030 Equipment New/Replacement	3,600	500
039 Telecommunications	8,318	8,318
050 Personal Service-Temp/Appointe	72,600	72,600
060 Benefits	668,028	701,822
066 Employee training	3,581	3,581
070 In-State Travel Reimbursement	643	643
080 Out-Of State Travel	4,118	4,118
103 Contracts for Op Services	310	560
210 Bonding Insurance	6,500	6,500
211 Catastophic Casualty Insurance	598,500	598,500
TOTAL	2,586,399	2,642,105

ESTIMATED SOURCE OF FUNDS FOR
RISK MANAGEMENT UNIT

	FISCAL YEAR 2018	FISCAL YEAR 2019
009 Agency Income	1,849,827	1,902,022
GENERAL FUND	736,572	740,083
TOTAL SOURCE OF FUNDS	2,586,399	2,642,105

01 GENERAL GOVERNMENT
14 ADMINISTRATIVE SERVICES DEPT
14 ADMINISTRATIVE SERVICES DEPT
143510 RISK AND BENEFIT MANAGEMENT
2903 RETIREES HEALTH INSURANCE

	FISCAL YEAR 2018	FISCAL YEAR 2019
102 Contracts for program services	80,953,300	90,407,200
TOTAL	80,953,300	90,407,200

ESTIMATED SOURCE OF FUNDS FOR
RETIREES HEALTH INSURANCE

	FISCAL YEAR 2018	FISCAL YEAR 2019
001 Transfer from Other Agencies	21,697,900	24,544,300

01 GENERAL GOVERNMENT (CONT.)
14 ADMINISTRATIVE SERVICES DEPT (CONT.)
14 ADMINISTRATIVE SERVICES DEPT (CONT.)
143510 RISK AND BENEFIT MANAGEMENT (CONT.)
2903 RETIREES HEALTH INSURANCE (CONT.)

	FISCAL YEAR 2018	FISCAL YEAR 2019
008 Agency Income	12,497,600	12,558,600
009 Agency Income	8,773,400	10,526,100
GENERAL FUND	37,984,400	42,778,200
TOTAL SOURCE OF FUNDS	80,953,300	90,407,200

ORGANIZATION NOTES

* The funds in Accounting Unit 2903 shall not lapse until June 30, 2019.

	FISCAL YEAR 2018	FISCAL YEAR 2019
EXPENDITURE TOTAL FOR RISK AND BENEFIT MANAGEMENT	83,539,699	93,049,305
GENERAL FUND	38,720,972	43,518,283
OTHER FUNDS	44,818,727	49,531,022
TOTAL ESTIMATED SOURCE OF FUNDS FOR RISK AND BENEFIT MANAGEMENT	83,539,699	93,049,305

01 GENERAL GOVERNMENT
14 ADMINISTRATIVE SERVICES DEPT
14 ADMINISTRATIVE SERVICES DEPT

AGENCY NOTES

* Department of Administrative Services (DAS1410) appropriation budgeted in class 023 Heat-Electricity-Water, shall not lapse until June 30, 2019. In the event the expenditures are greater than amounts appropriated, the Commissioner may request, with prior approval of the Fiscal Committee, that Governor and Council authorize additional funding. Upon Fiscal Committee, and Governor and Council approval, the Governor is authorized to draw a warrant from money in the Treasury not otherwise appropriated.

	FISCAL YEAR 2018	FISCAL YEAR 2019
EXPENDITURE TOTAL FOR ADMINISTRATIVE SERVICES DEPT	139,314,405	149,267,063
FEDERAL FUNDS	249,579	251,529
GENERAL FUND	62,580,984	68,250,577
OTHER FUNDS	76,483,842	80,764,957
TOTAL ESTIMATED SOURCE OF FUNDS FOR ADMINISTRATIVE SERVICES DEPT	139,314,405	149,267,063

Committee Report

STATE OF NEW HAMPSHIRE

SENATE

REPORT OF THE COMMITTEE

Monday, March 12, 2018

THE COMMITTEE ON Finance

to which was referred **SB 543-FN**

AN ACT relative to health care premium payments for certain retired state workers.

Having considered the same, the committee recommends that the Bill

IS INEXPEDIENT TO LEGISLATE

BY A VOTE OF: 5-1

Senator Bob Giuda
For the Committee

Deb Martone 271-4980