

Committee Report

CONSENT CALENDAR

February 18, 2021

HOUSE OF REPRESENTATIVES

REPORT OF COMMITTEE

The Committee on Executive Departments and Administration to which was referred HB 130,

AN ACT relative to administration by the retirement system of certain health care premium deductions.

Having considered the same, report the same with the recommendation that the bill OUGHT TO PASS.

Rep. Dianne Schuett

FOR THE COMMITTEE

COMMITTEE REPORT

Committee:	Executive Departments and Administration
Bill Number:	HB 130
Title:	relative to administration by the retirement system of certain health care premium deductions.
Date:	February 18, 2021
Consent Calendar:	CONSENT
Recommendation:	OUGHT TO PASS

STATEMENT OF INTENT

This bill was requested to resolve an inconsistency in the statutes regarding deductions made from certain retirees' monthly allowances toward their health care premium. Specifically, it clarifies whether the New Hampshire Retirement System deductions should precede Department of Administrative Services deductions. It deletes language which has been interpreted in such a way that, in some cases, deductions in excess of the total cost of the medical premium are possible. Passage of this legislation will reinforce legislative intent for the order in which the deductions should be taken.

Vote 19-0.

Rep. Dianne Schuett
FOR THE COMMITTEE

Original: House Clerk
Cc: Committee Bill File

CONSENT CALENDAR

Executive Departments and Administration

HB 130, relative to administration by the retirement system of certain health care premium deductions. **OUGHT TO PASS.**

Rep. Dianne Schuett for Executive Departments and Administration. This bill was requested to resolve an inconsistency in the statutes regarding deductions made from certain retirees' monthly allowances toward their health care premium. Specifically, it clarifies whether the New Hampshire Retirement System deductions should precede Department of Administrative Services deductions. It deletes language which has been interpreted in such a way that, in some cases, deductions in excess of the total cost of the medical premium are possible. Passage of this legislation will reinforce legislative intent for the order in which the deductions should be taken. **Vote 19-0.**

Original: House Clerk

Cc: Committee Bill File

Archived: Tuesday, April 20, 2021 9:30:58 AM
From: Carol McGuire
Sent: Monday, February 22, 2021 9:25:39 AM
To: Miriam Simmons; Pam Smarling
Subject: Fwd: HB 130 committee statement
Response requested: No
Importance: Normal

----- Forwarded message -----
From: **Dianne Schuett** <Dianne.Schuett@leg.state.nh.us>
Date: Fri, Feb 19, 2021 at 6:35 PM
Subject: RE: HB 130 committee statement
To: Carol McGuire <mcguire4house@gmail.com>

Yes, that's fine...thanks again,

~Dianne

From: Carol McGuire <mcguire4house@gmail.com>
Sent: Friday, February 19, 2021 4:34 PM
To: Dianne Schuett <Dianne.Schuett@leg.state.nh.us>
Subject: Re: HB 130 committee statement

edits OK?

On Thu, Feb 18, 2021 at 12:34 PM Dianne Schuett <Dianne.Schuett@leg.state.nh.us> wrote:

This bill was requested to resolve an inconsistency in the statutes regarding deductions made from certain retiree's monthly allowances toward their health care premium. Specifically, whether the New Hampshire Retirement System deductions should precede Department of Administrative Services deductions. It deletes language which *has been interpreted in such a way that, in some cases, deductions that exceed the total cost of the medical premium are possible*. Passage of this legislation will reinforce legislative intent for the order in which the deductions should be taken.

Rep. Dianne Schuett

Voting Sheets

HOUSE COMMITTEE ON EXECUTIVE DEPARTMENTS AND ADMINISTRATION

EXECUTIVE SESSION on HB 130

BILL TITLE: relative to administration by the retirement system of certain health care premium deductions.

DATE: February 18, 2021

LOB ROOM: Remote / Hybrid

MOTIONS: OUGHT TO PASS

Moved by Rep. Schuett

Seconded by Rep. Schultz

Vote: 19-0

CONSENT CALENDAR: YES

Statement of Intent: Refer to Committee Report

Respectfully submitted,

Rep John Sytek, Clerk



2021 SESSION

Executive Departments and Administration

Bill #: HB 130 Motion: OTP AM #: _____ Exec Session Date: 2-18-21

<u>Members</u>	<u>YEAS</u>	<u>Nays</u>	<u>NV</u>
McGuire, Carol M. Chairman	X		
Roy, Terry Vice Chairman	X		
Sytek, John Clerk	X		
Pearson, Stephen C.	X		
Yakubovich, Michael	X		
Lekas, Tony	X		
Alliegro, Mark C.	X		
Bailey, Glenn	X		
Lanzara, Tom E.	X		
Santonastaso, Matthew	X		
Goley, Jeffrey P.	X		
Schuett, Dianne E.	X		
Jeudy, Jean L.	X		
Schmidt, Peter B.	X		
Schultz, Kristina M.	X		
Fellows, Sallie D.	X		
Fontrieau, Timothy J.	X		
Grote, Jaci L.	X		
O'Brien, Michael B.	X		
TOTAL VOTE:			

19-0

Hearing Minutes

HOUSE COMMITTEE ON EXECUTIVE DEPARTMENTS AND ADMINISTRATION

PUBLIC HEARING ON HB 130

BILL TITLE: relative to administration by the retirement system of certain health care premium deductions.

DATE: January 27, 2021

LOB ROOM: LOB Hybrid **Time Public Hearing Called to Order:** 1:15 p.m.

Time Adjourned: 1:30 p.m.

(please circle if present)

Committee Members: Reps. McGuire, Roy, Sytek, S. Pearson, Yakubovich, Lekas, Alliegro, Bailey, Lanzara, Santonastaso, P. Schmidt, Schultz, Goley, Jedy, Schuett, Fellows, Fontneau, Grote, M. O'Brien

Bill Sponsors:

Rep. Schuett
Rep. S. Pearson

Rep. P. Schmidt

Rep. McGuire

TESTIMONY

HB 130 relative to the administration of the retirement system of certain health care premium reductions. (1:15/1:30)

Rep. Roy in the Chair as Rep. McGuire was a co-sponsor of this bill.

Rep. Schuett introduced the bill as the request of the NHRS and indicated that there was an amendment. This was last year's bill but did not go through because of COVID.

Marty Karlon, Public Information Officer of the NHRS said that the NHRS was looking for clarity, was not taking a position. There was a disagreement between DAS and the NHRS about how the medical subsidy and the premium payment by employees were to be funded. He described the history of the medical subsidy which was a closed pool and complications such as whether the payment was a deduction from the employee paycheck or a direct payment.

Charlie Arlinghaus, DAS Commissioner, agreed with the intent. He noted some other issues such as the medical subsidy of 2001 was for the plan, not the individual. He wanted to ensure that the employee retiree health plan had sufficient revenues.

Public hearing adjourned at 1:30 p.m.

Respectfully submitted by,

Rep. John Sytek

Committee Clerk

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House Remote Testify

Executive Departments and Administration Committee Testify List for Bill HB130 on 2021-01-27

Support: 4 Oppose: 0 Neutral: 1 Total to Testify: 2

<u>Name</u>	<u>Email Address</u>	<u>Phone</u>	<u>Title</u>	<u>Representing</u>	<u>Position</u>	<u>Testifying</u>	<u>Signed Up</u>
Schuett, Dianne	dianne.schuett@leg.state.nh.us	603.224.0314	An Elected Official	Sponsor - (Merr. 20)	Support	Yes (0m)	1/27/2021 12:29 AM
Karlon, Marty	marty.karlon@nhrs.org	603.410.3594	State Agency Staff	NH Retirement System	Neutral	Yes (0m)	1/22/2021 11:36 AM
Rathbun, Eric	ericrathbun@gmail.com	860.912.3751	A Member of the Public	Myself	Support	No	1/26/2021 9:17 PM
Watters, Senator David	david.watters@leg.state.nh.us	603.271.2104	An Elected Official	Myself (SD 4)	Support	No	1/27/2021 8:35 AM
Arlinghaus, Charles	charles.m.arlinghaus@das.nh.gov	603.848.1200	State Agency Staff	Myself	Support	No	1/27/2021 9:15 AM

Testimony



NHRS

New Hampshire Retirement System

To: NHRS Legislative Committee

From: Mark F. Cavanaugh, Associated Counsel and Compliance Officer

Date: January 2, 2020

Re: Medical Subsidy Issues Relating to Authorized Medical Premium Deductions for State Retirees

Item: Action: Discussion: Informational:

The purpose of this memorandum is to explain the longstanding administrative practice utilized by NHRS when paying the medical subsidy and how it coordinates with the authorized deductions for retiree medical insurance for State of New Hampshire retirees.

RSA 100-A:52 and RSA 100-A:52-b provide, for Group I and Group II members, that NHRS “*shall pay the cost of . . . medical and surgical benefits, in the employer-sponsored [medical] plan provided for active employees of a retiree's former employer, . . .*” This “medical subsidy” is paid directly to the State on behalf of eligible State retirees. In some cases, multiple subsidies are paid for retirees with eligible spouses and dependents. The amount paid on behalf of an eligible retiree or beneficiary is determined by whether that person is or is not entitled to Medicare.

RSA 100-A:54, III(a) and (b) provide that NHRS “*shall deduct from the monthly retirement allowance*” a percentage of the total monthly medical insurance premium attributable to the applicable retiree and/or spouse, as determined by the Commissioner of the Department of Administrative Services (DAS). RSA 100-A:54, III(c) provides that “*[d]educted amounts, which shall be in addition to and notwithstanding any amounts payable by the retirement system pursuant to RSA 100-A:52, . . . and RSA 100-A:52-b, . . .*” shall be remitted to DAS.

It has been NHRS’ long-standing administrative practice to pay the full subsidy owed prior to taking any authorized premium deduction. NHRS interprets the phrase “*shall pay the cost*” as imposing an absolute obligation on NHRS to pay the full subsidy for which a retiree is eligible up to the total medical insurance premium. However, in a few cases for retirees eligible for multiple subsidies, the total amount of the subsidy payable exceeds the total medical insurance premium. In those cases, NHRS limits the subsidy payment to the total premium and no premium deduction is taken from the retiree’s monthly annuity payment.

It is the understanding of NHRS that the State believes that the use of the phrase “*which shall be in addition to and notwithstanding any amounts payable by the retirement system pursuant to RSA 100-A:52*” requires that the retirees’ share of the premium must be deducted even if the total subsidy payable exceeds the total cost of the medical insurance. However, in the view of NHRS, this phrase is ambiguous and

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could equally be interpreted to mean that the State is entitled to the authorized premium deduction and the full subsidy to which a retiree is entitled such that the State receives in total an amount in excess of the full cost of the medical premium, a conclusion that NHRS believes is untenable.

Because 100-A:54, III(c) is arguably ambiguous and/or untenable as written, and is inconsistent with NHRS' established administrative practice, NHRS believes it is obligated to continue administering the medical subsidy benefits consistent with prior practice, unless or until the provisions in question are revised as to be clear in terms of the legislative intent.

Staff has prepared a draft of two alternative suggested legislative changes that seek to clarify the legislative intent under RSA 100-A:54, III(c) for the Committee's review. Following that review, staff is respectfully requesting that the Committee give consideration to exercising the authority granted under its Charter to bring this clarifying legislation to the Board for its review and approval for consideration by the Legislature.

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100-A:54 Miscellaneous Provisions. –

Option One: Premium Deduction Comes First

III.

(c) The department of administrative services shall provide information as to the total monthly premium cost for each participant to the retirement system for purposes of calculating this deduction. ~~Deducted amounts, which shall be in addition to and notwithstanding any amounts~~ The deductions pursuant to subsections (a) and (b) above shall be made prior to any payments made payable by the retirement system pursuant to RSA 100-A:52, RSA 100-A:52-a, and RSA 100-A:52-b, and shall be deposited in the employee and retiree benefit risk management fund. In the event the retiree's monthly allowance is insufficient to cover the certified contribution amount, the retirement system shall so notify the department of administrative services, which shall invoice and collect from the retiree and/or each applicable spouse the remaining contribution amount. Failure to remit payment of the contribution amount in full within 30 days of billing shall be grounds for terminating benefits, effective from the beginning of the billing period. Reenrollment shall be dependent upon payment of any outstanding contribution or other amounts within 6 months of the termination date. The department of administrative services shall provide notice of the termination of benefits as provided in RSA 21-I:30, XIII.

Option Two: Medical Subsidy Comes First

III.

(c) The department of administrative services shall provide information as to the total monthly premium cost for each participant to the retirement system for purposes of calculating this deduction. ~~Deducted amounts, which shall be in addition to and notwithstanding any amounts~~ The deductions pursuant to subsections (a) and (b) above shall be made after all payments made payable by the retirement system pursuant to RSA 100-A:52, RSA 100-A:52-a, and RSA 100-A:52-b, and shall be deposited in the employee and retiree benefit risk management fund. In the event the retiree's monthly allowance is insufficient to cover the certified contribution amount, the retirement system shall so notify the department of administrative services, which shall invoice and collect from the retiree and/or each applicable spouse the remaining contribution amount. Failure to remit payment of the contribution amount in full within 30 days of billing shall be grounds for terminating benefits, effective from the beginning of the billing period. Reenrollment shall be dependent upon payment of any outstanding contribution or other amounts within 6 months of the termination date. The department of administrative services shall provide notice of the termination of benefits as provided in RSA 21-I:30, XIII.

Amendment to HB 130

1 Amend the bill by replacing section 1 with the following:

2

3 1 Retirement System; Insurance Premium Cost. Amend RSA 100-A:54, III(c) to read as follows:

4 (c) The department of administrative services shall provide information as to the total
5 monthly premium cost for each participant to the retirement system for purposes of calculating this
6 deduction. ~~[Deducted amounts, which shall be in addition to and notwithstanding any amounts~~
7 ~~payable]~~ ***The deductions pursuant to subparagraphs (a) and (b) shall be made after all***
8 ***payments made*** by the retirement system pursuant to RSA 100-A:52, RSA 100-A:52-a, and RSA
9 100-A:52-b, ***and*** shall be deposited in the employee and retiree benefit risk management fund. In
10 the event the retiree's monthly allowance is insufficient to cover the certified contribution amount,
11 the retirement system shall so notify the department of administrative services, which shall invoice
12 and collect from the retiree and/or each applicable spouse the remaining contribution amount.
13 Failure to remit payment of the contribution amount in full within 30 days of billing shall be
14 grounds for terminating benefits, effective from the beginning of the billing period. Reenrollment
15 shall be dependent upon payment of any outstanding contribution or other amounts within 6 months
16 of the termination date. The department of administrative services shall provide notice of the
17 termination of benefits as provided in RSA 21-I:30, XIII.

Bill as
Introduced

HB 130 - AS INTRODUCED

2021 SESSION

21-0073

10/08

HOUSE BILL **130**

AN ACT relative to administration by the retirement system of certain health care premium deductions.

SPONSORS: Rep. Schuett, Merr. 20; Rep. P. Schmidt, Straf. 19; Rep. McGuire, Merr. 29; Rep. S. Pearson, Rock. 6

COMMITTEE: Executive Departments and Administration

ANALYSIS

This bill clarifies the deduction by the retirement system of a member's or beneficiary's health care premium costs as determined by the department of administrative services.

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.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty One

AN ACT relative to administration by the retirement system of certain health care premium deductions.

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

1 1 Retirement System; Insurance Premium Cost. Amend RSA 100-A:54, III(c) to read as follows:

2 (c) The department of administrative services shall provide information as to the total
3 monthly premium cost for each participant to the retirement system for purposes of calculating this
4 deduction. [~~Deducted amounts, which shall be in addition to and notwithstanding any amounts~~
5 ~~payable]~~ ***The deductions pursuant to subparagraphs (a) and (b) shall be made prior to any***
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14 of the termination date. The department of administrative services shall provide notice of the
15 termination of benefits as provided in RSA 21-I:30, XIII.

16 2 Effective Date. This act shall take effect 60 days after its passage.