

# Senate Executive Departments and Administration Committee

*Deb Chroniak 271-1403*

**HB 418**, relative to the state retiree health plan commission.

**Hearing Date:** April 5, 2017

**Time Opened:** 10:00 a.m.

**Time Closed:** 10:05 a.m.

**Members of the Committee Present:** Senators Carson, Reagan, Gannon, Soucy and Woodburn

**Members of the Committee Absent :** None

**Bill Analysis:** This bill repeals duties of the state retiree health plan commission established in RSA 100-A:56.

**Sponsors:**

Rep. L. Ober

Rep. Kurk

Sen. Carson

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**Who supports the bill:** Representative Lynne Ober, Prime Sponsor; Senator Sharon Carson, District 14; Representative Carol McGuire, Merrimack 29; Cassie Keane, Director, Risk and Benefits, Department of Administrative Services

**Who opposes the bill:** No one

**Who is neutral to the bill:** No one

**Summary of testimony presented in support:**

**Representative Lynne Ober**

- A simple bill.
- Line 1 of the bill repeals two sections of existing law, section (c) and (d). Section (c) “analyze premium contributions for retirees under the age of 65 receiving medical and surgical benefits as provided under RSA 21-I:30”. Presently, this section has been assigned in state law to the Fiscal Committee or the Legislature.
- In looking at HB 1 and HB 2, the Governor proposed this in HB 2.
- Section (d) “make recommendations for premium contribution that is fair and equitable for retirees under the age of 65”. This section has been moved by state law as part of the Legislature’s job, to hold public hearings, and if it is an off year, goes to the Fiscal Committee who also has a state law to hold a public hearing.
- These two duties are no longer a part of this Commission.
- This bill was a request of the agency because state law transitioned these two responsibilities to other bodies.

**Senator Reagan** asked, why not eliminate this Commission. Representative Ober said the agency felt there was benefit to this Commission. The Director of Risk Management (DAS) stated they wanted to keep sections (a) and (b).

**Cassie Keane**

- She administers the Retiree Health Benefit Plan.
- In answer to Senator Reagan's question as to why not do away with this commission Ms. Keane stated the Commission serves an important function.
- Reviews assumptions underlying the valuation of the other post-employment benefit costs. This valuation appears every year on the state's Comprehensive Annual Financial Statement (the CAF). The long-term cost of retiree health is very significant – over thirty years it was about \$2.1 billion dollars.
- This is one body that pays attention to the liability.
- Over the last few years there has been a lot of legislative attention to retiree health.
- This came about due to a crisis. There was a deficit in their budget in 2015, \$10.6 million.
- They worked with the Fiscal Committee to look at ways to amend the plan.
- In 2015 the Fiscal Committee increased the non-Medicare retirees' premium contribution from 12.5% to 17.5%.
- This was a considerable amount of work for the Fiscal Committee. Their focus is on the budget and can DAS meet its responsibility to manage the Retiree Health Benefit Plan within the funds appropriated by the Legislature.
- If the Commission did not exist, the Legislature would feel cut out from the discussion. This is why the Commission serves an important function.

**Summary of testimony presented in opposition:** No one

**Future Action:** Ought to Pass

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Date Hearing Report completed: April 7, 2017  
[file: HB 418-F report]