

HB 445-FN-LOCAL – AS INTRODUCED

2013 SESSION

13-0666
01/10

HOUSE BILL ***445-FN-LOCAL***

AN ACT allowing public employers in the state to buy into the state health insurance plan.

SPONSORS: Rep. Hammond, Hills 24; Rep. Gale, Hills 28; Rep. Spratt, Hills 4; Rep. Porter, Hills 1; Rep. Jane Hunt, Merr 15; Sen. Gilmour, Dist 12

COMMITTEE: Executive Departments and Administration

ANALYSIS

This bill allows state and local government public employers to participate in the state group insurance coverage.

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 Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

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STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Thirteen

AN ACT allowing public employers in the state to buy into the state health insurance plan.

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

1 1 Public Employees Added. Amend RSA 21-I:26 to read as follows:

2 21-I:26 Purpose and Policy. This subdivision is to provide permanent group life insurance and
3 group hospitalization, hospital medical care, surgical care and other medical and surgical benefits for
4 New Hampshire state employees and their families, and retired state employees and their spouses.
5 ***This subdivision also provides access to such benefits for public employers in the state of***
6 ***New Hampshire and its political subdivisions, including school districts, the community***
7 ***college system, and the state university system at a cost to the applicable employer that is***
8 ***determined by the commissioner of the department of administrative services.*** In view of the
9 accepted value of group insurance to the well-being and efficiency of employees on the part of small
10 and large private employers and the other 5 New England states in obtaining benefits of this type of
11 insurance for their employees, the state of New Hampshire implements this subdivision in order that
12 the state shall compare favorably to the standards now commonly accepted by private employers and
13 the state employees in the other 5 New England states by making available to state employees and
14 their families and retired state employees and their spouses permanent group life insurance and
15 group hospitalization, hospital medical care, surgical care and other medical and surgical insurance
16 benefits.

17 2 Public Employees Added. Amend RSA 21-I:30, I to read as follows:

18 I. The state shall pay a premium for each state employee and permanent temporary or
19 permanent seasonal employee as defined in RSA 98-A:3 including spouse and minor, fully dependent
20 children, if any, toward group hospitalization, hospital medical care, surgical care and other medical
21 benefits plan or a self-funded alternative, within the limits of the funds appropriated at each
22 legislative session. ***Public employers in the state of New Hampshire and its political***
23 ***subdivisions, including school districts, the community college system, and the state***
24 ***university system may participate in the group insurance plans at a cost to the applicable***
25 ***employer that is determined by the commissioner of the department of administrative***
26 ***services.***

27 3 Eligibility. Amend RSA 21-I:32 to read as follows:

28 21-I:32 Eligibility.

29 I. Only full time state employees shall be authorized to participate, on a voluntary basis, in
30 the permanent group life insurance program. All full time state employees and retired state
31 employees shall be authorized to participate, on a voluntary basis, in the group hospitalization,

HB 445-FN-LOCAL – AS INTRODUCED
- Page 2 -

1 hospital medical care, surgical care and other medical and surgical benefits program.

2 *II. Notwithstanding paragraph I, public employers of the state of New Hampshire*
3 *and its political subdivisions, including school districts, the community college system, and*
4 *the state university system may participate in the group insurance plans at a cost to the*
5 *applicable employer that is determined by the commissioner of the department of*
6 *administrative services.*

7 4 Effective Date. This act shall take effect 60 days after its passage.

HB 445 FISCAL NOTE

AN ACT allowing public employers in the state to buy into the state health insurance plan.

FISCAL IMPACT:

The Department of Administrative Services, Community College System of New Hampshire, University System of New Hampshire, New Hampshire Municipal Association, and New Hampshire Association of Counties state this bill, **as introduced**, will have an indeterminable impact on state, county, and local expenditures in FY 2014 and each year thereafter. There is no impact on state, county, or local revenue.

METHODOLOGY:

The Department of Administrative Services (DAS) states this bill would expand the scope of the state's self-insured employee and retiree health benefits plan to all public employers in the state. The DAS states public employers would be responsible for paying the cost of participation as determined by the DAS Commissioner. However, the DAS reports it is unable to determine the fiscal impact of this bill because there are too many unknowns. DAS expects there would be a significant increase in expenditures due to increased administrative, claims, and information systems costs. In addition, the DAS reports staffing would need to increase to account for the additional complexities and responsibilities resulting from this bill. The DAS also notes the state, because the plan is self-funded, would assume the risk that claims will exceed the working rate premiums collected for the individual. The DAS reports this risk increases with each additional person added to the plan because the state does not currently purchase stop loss insurance, resulting in the plan's potential exposure for claims in excess of premiums. Finally, the DAS states "adverse selection" is likely to occur as the plan may attract employers unable to find suitable coverage at a lower cost in the marketplace because of its unfavorable claims history, resulting in an increase in working rate premiums adversely impacting state agencies.

The Community College System of New Hampshire states it cannot determine the fiscal impact of this bill because it does not know what the cost of participation would be, but it does expect there will be some transition costs of an indeterminable amount and ongoing administrative expenditures related to administering the plan for CCSNH employees.

The University System of New Hampshire states the fiscal impact of this bill is indeterminable because it does not know the cost of the plan which is set by the DAS Commissioner.

The New Hampshire Municipal Association states it is unable to determine a fiscal impact because it is unknown whether municipalities or their employees would choose to participate.

The New Hampshire Association of Counties states it is unable to determine a fiscal impact of this bill because there is no way to determine how many counties would participate in the plan or how the plan's costs compare to benefits counties currently provide.