# Committee Minutes

**Date:** February 24th, 2000
**Time:** 10:00am
**Room:** SH Room 103

The Senate Committee on **Insurance** held a hearing on the following:

**SB395-FN-L** ***relative to creditable service for eligibility by retired teachers for payment of medical benefits.***

Members of Committee present:

***Senator Wheeler, Chairman***
***Senator Francoeur, Vice-Chair***
***Senator Eaton***
***Senator Fraser***
***Senator Squires***

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The Chair, Senator **Katie Wheeler**, opened the hearing.

**Senator Katherine W. Wheeler, D. 21:**
I will now open the Hearing on SB395, *"relative to creditable service for eligibility by retired teachers for payment of medical benefits,"* and call on the prime sponsor, Senator Squires.

**Senator James W. Squires, D. 12:**
Thank you very much Madame Chairman, I'm the sponsor of this bill, I represent District 12. The process of this bill has been interesting, it is introduced to you on behalf of a constituent with whom I have spoken, with whom I have communicated by email, but whom I have not met until this morning. It may be a sign of times to come, I don't know, but it is interesting how communication has changed.

There are a number of technical issues here that future speakers will illuminate for you, but in brief this is the problem. It has to do with, as the title of the bill says, the eligibility for retired, in this instance, a teacher to receive health care benefits. And the present criteria to be eligible, assumes a certain number of years in the system.

*(Senator Squires continues)*

The point at issue is that the individual, for whom you will hear, had several years, many years, in Massachusetts. He then moved to New Hampshire and he transferred the sums that he placed in the Massachusetts fund into the New Hampshire fund. And then he continued his time in New Hampshire but then ran up against the mandatory retirement age and so; although the retirement itself is not an issue, what is an issue is the eligibility for medical benefits. He has not had a sufficient number of years in New Hampshire to qualify for that benefit even though money has been paid into the system.

It is probably going to be an increasing issue. As we heard yesterday, New Hampshire is at an interesting dynamic. That more people are now moving to New Hampshire then are born here, for the first time in it's history the number of; I don't want to use the word immigrants, but the number of people who have migrated to New Hampshire exceeds the number of natives. Our work force, in fact, is dependent on the people coming here. We don't produce enough from our own educational system and our own population to keep up with the growth.

So, this issue I believe, will become more eminent as time goes on. And there are a number of teachers out there, in the system, that are facing this exact problem. The problem, which is a society one, the issue of health care benefits when you decide to retire until you become eligible credited, which we all know.

So, the decision that has to be made here is whether or not the present eligibility requirements for the health care benefits, or teachers that are retiring in New Hampshire, whether or not those criteria need to be changed, modified in some manner to allow unusual circumstances. And this is one of them, while those individuals that find themselves in those circumstances, to receive benefits.

There is a different point on view on this as you can probably imagine. But that's the essence of the problem. This individual, my constituent, is trapped in a set of circumstances not of his own making, faces a major problem in his life and this bill attempts to assist him. Thank you.

**Senator Katherine W. Wheeler, D. 21:**
Thank you Senator Squires. Are there any questions from the Committee? Senator Eaton.

**Senator Thomas R. Eaton, D. 10:**
Senator Squires, how many years did this teacher teach in Massachusetts and then in New Hampshire?

**Senator James W. Squires, D. 12:**
You can ask him, but the New Hampshire one is very close, it's like 18 or 19 years and then the time in Massachusetts prior to that. But then he ran up against retirement. That point is one as a committee we need to address, what is the cut-off? Is it 20, is 19, 18, 10, 5? I mean is it anything if he paid in all the money? It should be something. So, it is an arbitrary number at this point and this individual is just short.

**Senator Katherine W. Wheeler, D. 21:**
Senator Francoeur.

**Senator Gary R. Francoeur, D. 14:**
Senator Squires, if you had somebody who got in at 15 and the others got in at like 20 years would they have not really paid in all the money because of the Special Fund, working for all those months, and I think that's were this money comes from?

**Senator James W. Squires, D. 12:**
This individual has invested more than 20 years into the plan. It's just that it wasn't New Hampshire investments. He transferred his funding from Massachusetts into this one.

**Senator Gary R. Francoeur, D. 14:**
Right, but the Special Fund, which is that which is above and beyond the 9% here in New Hampshire. I don't know what the other State is, maybe he didn't...I believe that that is where this money comes from, out of the Special fund.

**Senator James W. Squires, D. 12:**
I guess we would have to ask my constituent that question. I don't know.

**Senator Katherine W. Wheeler, D. 21:**
Thank you Senator Squires. Kenneth, I'm sorry I cannot read your last name... Kenneth says Inamorati... Inamorati, welcome.

**Kenneth Inamorati:**
Thank you for the opportunity. My name is Ken Inamorati; I've been a New Hampshire resident for 30 years. All my children have been educated in public education here in New Hampshire through the University and this marks my 37 years in public education. I've been looking at the possibility of retiring 2 more years after this year, so I will have 39 years in.

I went before the retirement board, as so many of the educators have in the last several years, especially from the Nashua areas and the cities. There are several people my age that have comparable years of experience and went to the retirement board last summer just to find out approximately what the situation would be financially 2 years hence. As I was leaving the office the bill that had just taken effect in January 2000, was explained to me at the time and with part; which is a substantial amount, part of the insurance premium would then be given to the retirees through the New Hampshire retirement system.

I was informed as I was leaving, wait a minute you're not that gentleman to whom I spoke? You know I don't think you're eligible for that. I said, "Well why not?" He told me you had to have 20 years in New Hampshire. Now when I retire, I will have 16 years in New Hampshire. I transferred 18, bought in 18 years back in 1994. When I first came professional to New Hampshire, in 1986, I had 23 years in at the time. Five of those were in non-public education, so I took what eligibility that I had, 18 years, and at the time could not buy into New Hampshire, it wasn't allowed. And then it did become allowable and in the mean time and that's why the decision was made in 1994 to purchase those 18 years in, at a considerable some of money, some $75,000.00. Part of which came from the years, the retirement years in Massachusetts.

So then I was told that the, that is "creditable" experience from outside the State. However, as the present law reads, "creditable" service, even though you have creditable service and you're entitled to retirement compensation. It does not allow the years purchased from outside service in another State did not count toward the creditable service of that particular item, the reimbursement or the health with the insurance premiums.

Of course with the fixed income in retirement, naturally, it becomes a... it comes up to quite a bit of money for myself. My wife it would be over $400.00 a month. So, at that particular time I figured I'd.... the only way to... I talked to several people about it and the only way, the option that I really had was to try, in this particular case to contact Senator Squires, which leads us to where we are today.

**Senator Katherine W. Wheeler, D. 21:**
Questions for Mr. Inamorati? Senator Fraser.

**Senator Leo W. Fraser, Jr., D. 4:**
Do I understand Mr. Inamorati that there are 2 sets of rules, one for your retirement eligibility and one for your health coverage eligibility?

**Kenneth Inamorati:**
In effect Senator, I would be eligible to be getting retirement benefits. However, I am not at present entitled to that portion that began in January of 2000, which allows for insurance premium coverage for a retiree because I would not have 20 years in the State of New Hampshire physically. Even if I had 37, 38, 39 years and when I retire I will have service of 39 years, 34 of which New Hampshire recognizes as creditable. However, the outside years purchased do not reflect eligibility in so far as that same creditable service is concerned.

**Senator Katherine W. Wheeler, D. 21:**
Further Questions? Senator Francoeur.

**Senator Gary R. Francoeur, D. 14:**
How old will you be when you retire?

**Kenneth Inamorati:**
I'll be 60.

**Senator Gary R. Francoeur, D. 14:**
And that's in 2 years, right?

**Kenneth Inamorati:**
Yes, sir.

**Senator Gary R. Francoeur, D. 14:**
Is that the mandatory retirement age for the district you're in?

**Kenneth Inamorati:**
No. No, it isn't. That is, Senator, being arrived at by many educators at this particular time, for optimum benefit. As far as retirement a lot of the cut-off years, say 30 years experience, 60 years of age. There are many variables involved.

**Senator Gary R. Francoeur, D. 14:**
It's a combination?

**Kenneth Inamorati:**
Exactly.

**Senator Katherine W. Wheeler, D. 21:**
Senator Fraser.

**Senator Leo W. Fraser, Jr., D. 4:**
Mr. Inamorati at what level do you teach?

**Kenneth Inamorati:**
I'm an elementary guidance counselor, sir. I've done several things over the years. That's what I did when I left Massachusetts, I was an administrator for nearly 20 years. And seeing so many referrals, disciplinary wise etc, is what kind of got me interested in guidance. It graduated after several years to elementary and I've enjoyed if very much.

**Senator Katherine W. Wheeler, D. 21:**
Further questions from the committee? Seeing none, thank you very much. Dennis Murphy has signed up in opposition.

**Dennis Murphy – Concord NEA-NH:**
Senator Wheeler, Members of the Committee, for the record my name is Dennis Murphy, representing NEA-New Hampshire. I signed up in opposition because there is no place to sign up to be neutral. There is no gray or waffle area. I will be brief but I wanted to just go through a little bit of the history.

*(Dennis Murphy continues)*

Health insurance benefit as part of retirement, began in 1988 with health insurance benefits for retired Police and Fire. At that time the legislature specifically excluded the out-of-state service as being part of the service credit for health benefit. It did so on the theory that, what we wanted to do is, to reward a career of public service in New Hampshire and we defined that career at 20 years.

The bill that passed last year that provided a health benefit for retired teachers continued those same eligibility requirements. And that is 20 years of service in the State of New Hampshire, again excluding out-of-state service. Again, it was done on the bases of rewarding a career of service in the State of New Hampshire.

What ever happens with out-of-state services, if we are going to start counting that, I think we need to be consistent. And we need to draw a line that covers everybody. The difficulty with this bill, the way it is drafted, is it doesn't cover everybody. And that it draws a date of anyone who has 30 years of service prior to January 1, 2000 would be eligible. I have a letter, I know a women wrote to Senator Wheeler, a women named Rita Stevens who will be in the exact same position as Ken when she retires in 2004.

But this bill even if it passed wouldn't help her because she doesn't have the 30 years of services as of January 1, 2000. And in talking with Ken prior to the opening of the hearing, the bill doesn't help because he's a year short as of January 1, 2000. Fortunately, Ken is not retired yet. My suggestion is that we refer the bill for Interim Study so that we have a rationale discussion of to what extent should out-of-state service credit be counted. And what should be the minimum.

For example, I have been contacted by people who have 19 years and 6 months of New Hampshire service credit in the New Hampshire Retirement System; some of them have bought out-of-state service credit but not enough to have a total credit of 30 years. What do we do with them? So that every time we draw a line, there is always someone on the other side of that line who will claim that it is unfair and it may be.

But I think when we change that line; we need to change that line after some thorough discussion. We know what the cost of changing that line is and that we do it for everyone who's similarly situated so that we won't have bill after bill coming in the Legislature that will take care of an individual problem.

*(Dennis Murphy continues)*

So, again, my suggestion is that perhaps we spend some time over the summer, if anyone has any time, to look at where that line ought to be drawn. To what extent, if any, out of state service credit should apply and apply it to everyone within the system. Not just teachers but apply the same standards to Police and Fire. And also there's a bill before this Committee, SB415 that would provide that benefit for retired employees of political subdivisions. And I think we need to treat them the same way as we treat everyone else.

So, I think what ever we do needs to be consistent and to be thought out. And I think we have the time to do that because Ken won't be retiring for a couple of years. And I would be glad to answer any questions that I can answer and if there are questions that are beyond my technical capability, there are people from the New Hampshire Retirement System here who can provide even more information.

**Senator Katherine W. Wheeler, D. 21:**
Thank you. Are there questions for Mr. Murphy? Do you think that there's an interest in pursuing this discussion?

**Dennis Murphy:**
I think there is, because I think this issue is going to arise. And I think having a discussion about it; it would be good. So that we have a... at least then we'd have a rationale. So when people call me or people call you that they would be all getting the same answer. And it would be an answer, which is given from thought, as opposed to that is just the way it is.

One of the things we want to avoid is we want to avoid having New Hampshire become the "Mecca" for retirees' who have a career of service some place else. And come to New Hampshire and teach the last 2 years of their career and collect a health benefit at the expense of the New Hampshire Retirement System.

Because we want to make certain that this benefit is sustainable. It's an expensive benefit and we need to draw some lines so that we do indeed reward a career of service. And do so in a way that the system, the Special Account of the system, can sustain this benefit over the long haul. So I think there are some long-term implications to changing that line.

*(Dennis Murphy continues)*

And I think some discussion as to whether there are some circumstances where a person has 30 years of total service; I mean that outlined in this bill, that may be a rational place to draw a line. And if we come to that conclusion then we need to say "ok" but then what's the reason we are not doing that for someone with 19 years and 6 months and 10 years of out-of-state service. So that when we get through it we really believe that we've drawn a rational line that is defensible for people who question us after we've done it.

Now the line is simple, no out of state service credit counts. The goal here is to reward a career of service in the State of New Hampshire. That is the rationale behind the current law. I think Senator Squires has brought some issues that warrant some discussion of that line.

**Senator Katherine W. Wheeler, D. 21:**
Thank you. Further questions for Mr. Murphy? Seeing none. Thank you very much for testifying. Is there anyone else who wishes to testify on SB395? Seeing none, I will close the hearing on SB395.

**Hearing on SB395 closed at 10:21am.**

*Respectfully submitted,*
*Linda Brosseau, Senate Secretary*

# Committee Report

# |SB395 Docket



**Bill Title:** relative to creditable service for eligibility by retired teachers for payment of medical benefits.

| Date | Body | Description |
|---|---|---|
| **1/5/2000** | S | Introduced and Ref. to Insurance; SJ Convening Day, Pg.12 |
| **1/6/2000** | S | Hearing, 2/22/00, Room 103, SH, 10:30 a.m.; SC1, Pg.9 |
| **2/16/2000** | S | ==RESCHEDULED== Feb.24, Room 103, SH,10:00 a.m., SC 12, Pg.8 |
| **3/6/2000** | S | Committee Report Interim Study; SC15, Pg.3 |
| **3/9/2000** | S | Refer to Interim Study, MA, VV; SJ 5, Pg.139 |



*Docket Abbreviations*