Bill as Introduced

HB 823-FN-LOCAL – AS INTRODUCED

2003 SESSION

03-0947
10/09

HOUSE BILL ***823-FN-LOCAL***

AN ACT relative to eligibility of retired teachers for payment of medical benefits.

SPONSORS: Rep. P. LaFlamme, Hills 61; Rep. Jean, Hills 65; Rep. McElroy, Hills 61; Sen. O'Hearn, Dist 12

COMMITTEE: Executive Departments and Administration

ANALYSIS

This bill allows retired teacher members of the retirement system with out-of-state service to use such service as creditable service for purposes of eligibility for payment of medical benefits. The applicable benefit is prorated according to the amount of in-state service.

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

HB 823-FN-LOCAL - AS INTRODUCED

03-0947
10/09

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Three

AN ACT relative to eligibility of retired teachers for payment of medical benefits.

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

1 Credit for Out-of-State Service. Amend the introductory paragraph of RSA 100-A:4-b, I to read as follows:

I. Notwithstanding any provision of RSA 100-A to the contrary, any group I employee or teacher member of the New Hampshire retirement system, in service on or after June 30, 1990, who was formerly a member of a public employees' retirement system outside of New Hampshire, shall be allowed to purchase credit for such out-of-state service as creditable service in the New Hampshire retirement system; provided, however, that ***except as permitted under paragraph III*** creditable service in the New Hampshire retirement system which is purchased under this paragraph shall not be deemed creditable service for the purpose of eligibility for medical and surgical benefits as a retired employee under RSA 21-I:30. For [~~such~~] employee [~~or teacher~~] members, only creditable service performed in the state of New Hampshire as a member of the New Hampshire retirement system shall be counted as creditable service for the purpose of eligibility for medical and surgical benefits as a retired employee under RSA 21-I:30. For the purposes of this section, "public employees' retirement system" shall include any retirement system established and maintained by the United States government, the members of which are federal government employees. For the purposes of this section, any military service not otherwise authorized pursuant to RSA 100-A:4, IV and V shall not be included as creditable service in a public employees' retirement system. The group I employee or teacher member shall meet the following conditions:

2 Eligibility for Medical Benefits. Amend RSA 100-A:4-b, III to read as follows:

III. [~~In no case shall~~] Out-of-state service purchased as creditable service in the New Hampshire retirement system under the provisions of this section ***shall only*** be deemed to be creditable state service for the purposes of eligibility for medical benefits after retirement under the provisions of [~~RSA 21-I:30 or~~] RSA 100-A:52-a ***where the teacher member completed at least 30 years of service with at least 15 years in this state.***

3 New Paragraph; Payment by Retirement System; Teachers; Reduction Based on In-state Service. Amend RSA 100-A:52-a by inserting after paragraph I- a the following new paragraph:

I-b. A group I teacher member qualifying for payment by the retirement system under this section by including out-of-state service as provided in RSA 100-A:4-b, III shall have his or her amount paid by the retirement system under this section reduced by 5 percent for each year of out-of-state service included.

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

LBAO
03-0947
1/28/03

HB 823-FN-LOCAL - FISCAL NOTE

AN ACT relative to eligibility of retired teachers for payment of medical benefits.

FISCAL IMPACT:

Due to time constraints, the Office of Legislative Budget Assistant is unable to provide a fiscal note for this bill at this time. When completed, the fiscal note will be forwarded to the House Clerk's Office.

LBAO
03-0947
Revised 3/11/03

HB 823 FISCAL NOTE

AN ACT relative to eligibility of retired teachers for payment of medical benefits.

FISCAL IMPACT:

The New Hampshire Retirement System states this bill will have no fiscal impact on state, county and local revenue or expenditures. The New Hampshire Retirement System's Special Account will decrease by an indeterminable amount in FY 2004.

METHODOLOGY:

The New Hampshire Retirement System states this bill would allow retired teacher members of the System to use out-of-state service for the purpose of determining eligibility for the health insurance premium subsidy. Out-of-state service purchased as creditable service under the provisions of RSA 100-A:4-b would only be used for eligibility for medical benefits if the teacher member has completed at least 30 years of service with at least 15 years in New Hampshire. In addition, the amount of the subsidy would be reduced by 5% for each year of out-of-state service included. The System states the terminal funding cost for each member who anticipates purchasing 15 years of out-of-state service is $2,000, $9,000, and $13,000, assuming that their age as of June 30, 2003 is 45, 55, and 60, respectively. There would be no additional administrative expenses.

The Special Account balance for Teachers as of June 30, 2002 was $134,800,000.

The Actuary's letter is on file in the bill jacket in the House Clerk's Office.

Amendments

Rep. Zolla, Rock. 77
March 19, 2003
2003-0856h
10/09

Amendment to HB 823-FN-LOCAL

NOT USED

Amend the title of the bill by replacing it with the following:

AN ACT relative to the administration of board of trustees of the New Hampshire retirement system.

Amend the bill by replacing all after the enacting clause with the following:

1 Retirement System; Board of Trustees; Administration; Disability Subcommittees Deleted. Amend RSA 100-A:14, I to read as follows:

I. The administration of this system is vested in a board of 13 trustees. The state treasurer shall be an ex officio voting member of the board. The governor and council shall appoint 2 trustees, to be known as non-member trustees, who shall be qualified persons with business experience and not be members of the system, and who shall serve for a term of 2 years and until their successors are appointed and qualified, except that the original appointment of one of the non-member trustees shall be for a term of one year. The remaining 10 members of the board shall consist of 2 employees, 2 teachers, 2 permanent policemen, 2 permanent firemen, one member of the senate who serves on the insurance committee and who shall be appointed annually by the senate president, and one member of the house of representatives who serves on the executive departments and administration committee and who shall be appointed annually by the speaker of the house. Whenever a vacancy occurs, the senate president or the speaker of the house shall fill the vacancy in the same manner by appointing a senate or a house member who shall serve for the unexpired term. The New Hampshire state employees' association, the New Hampshire education association, the New Hampshire police association, and the New Hampshire state permanent firemen's association shall each annually nominate from their members a panel of 5 persons, all of whom shall be active members of the retirement system, or one of the 4 predecessor systems, no later than May 31 of each year, and the panels so named shall be filed with the secretary of state no later than June 10 of each year. From each of the above named panels the governor and council shall originally appoint 2 persons, and thereafter one annually to the board. Members appointed to the board in the manner aforesaid shall serve for a term of 2 years, except that the original appointments of one of the persons from each panel shall be for a term of one year. Each member so appointed shall hold office until his ***or her*** successor shall be appointed and qualified. Whenever a vacancy occurs, the governor and council shall fill the vacancy by appointing a member who shall serve for the unexpired

term from the same panel from which the former member was appointed. The governor shall designate one of the non-member trustees to serve as chairman of said board of trustees. [~~The chairman, the senate member, the house member, and the 4 group I members shall constitute one subcommittee and the chairman, the senate member, the house member, and the 4 group II members shall constitute another subcommittee. Each subcommittee shall, relative to the members of their respective group, consider policy problems and make recommendations relative to the same to the board of trustees and make recommendations to the board of trustees concerning applications under the provisions of RSA 100-A:6. For the purposes of transacting any business, 4 members of a subcommittee shall constitute a quorum.~~]

2 Board of Trustees; Quorum; Voting. Amend RSA 100-A:14, IV to read as follows:

IV. Each trustee shall be entitled to one vote in the board of trustees. [~~Six~~] ***Seven*** trustees shall constitute a quorum for the transaction of any business[~~. Six votes~~], ***and a majority vote of those members present*** shall be necessary for any resolution or action by the board at any meeting.

3 Effective Date. This act shall take effect upon its passage.

2003-0856h

AMENDED ANALYSIS

This bill removes the separate subcommittee requirement of the retirement system board of trustees for hearing disability claims, and changes the quorum and voting numbers for the board.

Speakers

SIGN UP SHEET

To Register Opinion If Not Speaking

Bill # HB 823-FN-L Date March 10, 2003

Committee E D+A

**** Please Print All Information ****

Name	Address	Phone	Representing	(check one) Pro	Con
Rep Henry McElroy	Nashua		Dist. 61	✓	

Hearing Minutes

HOUSE COMMITTEE ON EXECUTIVE DEPARTMENTS AND ADMINISTRATION

PUBLIC HEARING ON HB 823-FN-L

BILL TITLE: relative to eligibility of retired teachers for payment of medical benefits.

DATE: March 10, 2003

LOB ROOM: 100 SH **Time Public Hearing Called to Order:** 1:10 PM

Time Adjourned: 2:00 PM

(please circle if present)

Committee Members: Reps. O'Neil, Hamel, Langer, Goulet, Zolla, N. Allan, Dexter, Hall, C. Robertson, Bergin, LaFlamme, Milligan, W. Field, Fitzgerald, Maybeck, Clayton, Schulze, DeJoie, Irwin, Pilotte and F. Sullivan.

Bill Sponsors: Rep. P. LaFlamme, Hills 61; Rep. Jean, Hills 65; Rep. McElroy, Hills 61; Sen. O'Hearn, Dists 12

TESTIMONY

* Use asterisk if written testimony and/or amendments are submitted.

Rep. LaFlamme, sponsor. Bill submitted at request of constituent. This is the third time around. Right now a teacher needs 20 years of service. This bill is different. More time is needed
Sen. O'Hearn, co-sponsor. Supports bill. This will help to bring new teachers into the system.
Rep. Jean, co-sponsor. Supports bill. Talks about new for health benefits.
Kenneth Inamorati, representing himself. He is a guidance counselor. Talking about medical insurance subsidy. 17 years from Mass, 16 years in NH. He needs 20 years.
Rep. Christiansen, supports bill.
Rick Trombly, representing NH-NEA, opposes bill. Need to look at way to achieve the medical subsidy.
*Eric Henry, representing NH Retirement System. Original estimate is $46,000. Semi-opposes bill. The actuary cost for people not aware of bill maybe $2,000 to $13,000 and not telling how much.

Respectfully submitted,

Ray L. Langer

Rep. Ray Langer, Clerk

Testimony

BUCK CONSULTANTS
A Mellon Consulting Company

500 Plaza Drive
Secaucus, New Jersey 07096-1533

March 7, 2003

Mr. Eric Henry
Executive Director
New Hampshire Retirement System
4 Chenell Drive
Concord, New Hampshire 03301-8509

Dear Eric:

As requested, we have estimated the cost to allow teacher members of the New Hampshire Retirement System (NHRS) to use out-of-state service for purposes of determining eligibility for the health insurance premium subsidy.

The terminal funding as of June 30, 2003 for each member who anticipates purchasing 15 years of out-of-state service is $2,000, $9,000 and $13,000 assuming that their age as of June 30, 2003 is 45, 55 and 60, respectively. Our results assume that the member would also have 15 years of creditable service in the NHRS and; therefore, the member would not be eligible for the health insurance premium subsidy if the out-of-state service is not purchased.

The out-of-state service purchased as creditable service under the provisions of RSA 100-A:4-b would only be used for eligibility for medical benefits under the provisions of RSA 100-A:53a if the teacher member has completed at least 30 years of service with at least 15 years in New Hampshire. In addition, the amount of the subsidy will be reduced by 5% for each year of out-of-state service included.

Our calculations are based on the same data, assumptions and methods as were used in the June 30, 2001 valuation of the System including a 9% interest rate, an 8% increase per year on medical premiums. We have assumed that 80% of the members are married and of those married members 20% have coverage elsewhere and will not receive the subsidy. We have assumed that 20% of the members who retire with a vested benefit will elect to receive the monthly allowance. In addition, we have assumed the member will participate in an employer sponsored health plan after retirement. Lastly, we have assumed all spouses who elected a refund are currently alive.

If you have any questions, please call.

Very truly yours,

Janet H. Cranna
Principal, Consulting Actuary

LAW:DS/DOC:L04177JC.DOC

pc: Lisa Witlen

Voting Sheets

HOUSE COMMITTEE ON EXECUTIVE DEPARTMENTS AND ADMINISTRATION

EXECUTIVE SESSION on HB 823-FN-L

BILL TITLE: **relative to eligibility of retired teachers for payment of medical benefits.**

DATE: March 19, 2003

LOB ROOM: 100 SH

Amendments:

Sponsor: Rep. OLS Document #:

Sponsor: Rep. OLS Document #:

Sponsor: Rep. OLS Document #:

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep. Zolla

Seconded by Rep. Bergin

Vote: 13-5 (Please attach record of roll call vote.)

Motions: OTP, OTP/A, ITL, Interim Study (Please circle one.)

Moved by Rep.

Seconded by Rep.

Vote: (Please attach record of roll call vote.)

CONSENT CALENDAR VOTE: 18-0

(Vote to place on Consent Calendar must be unanimous.)

Statement of Intent: Refer to Committee Report

Respectfully submitted,

Rep. Joan Schulze, Acting Clerk

OFFICE OF THE HOUSE CLERK 2003 SESSION

EXECUTIVE DEPARTMENTS AND ADMINISTRATION

Bill #: HB 823 Title: retired teachers for payment of medical benefits

PH Date: __/__/__ Exec Session Date: 3/19/03

Motion: ITL Amendment #:

MEMBER	YEAS	NAYS
O'Neil. Michael. Chairman	13	
Hamel. Albert W. V Chairman	1	
Langer. Rav F	abs	
Goulet. Maurice E	2	
Zolla. William R	3	
Allan. Nelson S		1
Dexter. Judson K		2
Hall. Charles Q	4	
Robertson. Carl G	5	
Bergin. Peter F	abs	
LaFlamme. Paul G		3
Milligan. Robert H	6	
Field. William D	7	
Fitzgerald. James M	8	
Mavbeck. Margie	9	
Clavton. William K		4
Schulze. Joan H		5
DeJoie. John	10	
Irwin. Anne-Marie	11	
Pilotte. Maurice L	12	
Sullivan. Francis B	abs	
	13	5

TOTAL VOTE:
Printed: 1/6/2003

Committee Report

COMMITTEE REPORT

COMMITTEE: **Executive Departments and Administration**

BILL NUMBER: **HB 823-FN-L**

TITLE: relative to eligibility of retired teachers for payment of medical benefits.

DATE: March 20, 2003 CONSENT CALENDAR YES ☒ NO ☐

☐ OUGHT TO PASS

☐ OUGHT TO PASS WITH AMENDMENT

☒ INEXPEDIENT TO LEGISLATE

☐ REFER TO COMMITTEE FOR INTERIM STUDY
(Available only in second year of biennium.)

STATEMENT OF INTENT
(Include Committee Vote)

The original bill would allow retired teachers with out of state service to use said service for purposes of eligibility for payment of medical benefits. The intention of the bill was to encourage teachers to come to New Hampshire. The bill represented a major policy change with respect to the retirement system in violation of RSA 100-4:CIII. It was the feeling of the committee that the retirement system should continue as a reward for service rather than an incentive to serve.

Vote 13-5.

Rep. William R. Zolla
FOR THE COMMITTEE

Original: House Clerk
cc: Committee Bill file

USE ANOTHER REPORT FOR MINORITY REPORT

CONSENT CALENDAR

Executive Departments and Administration

HB 823-FN-L, relative to eligibility of retired teachers for payment of medical benefits. **INEXPEDIENT TO LEGISLATE**

Rep. William R. Zolla for Executive Departments and Administration: The original bill would allow retired teachers with out of state service to use said service for purposes of eligibility for payment of medical benefits. The intention of the bill was to encourage teachers to come to New Hampshire. The bill represented a major policy change with respect to the retirement system in violation of RSA 100-4:CIII. It was the feeling of the committee that the retirement system should continue as a reward for service rather than an incentive to serve. **Vote 13-5.**

HB 823 ~~OFR~~ IR 13-5

William R. Zolla

THE ORIGINAL BILL WOULD ALLOW RETIRED TEACHER MEMBERS with out of STATE SERVICE TO USE SUCH SERVICE AS CREDITABLE SERVICE for purposes of ELIGIBILITY for PAYMENT of MEDICAL BENEFITS. The intention of the Bill was to incentivate Teachers to come into the STATE. The Bill REPRESENTED A MAJOR POLICY CHANGE with REGARD to the RETIREMENT SYSTEM IN VIOLATION of RSA 100-A:C III. It was the feeling of the committee that the RETIREMENT SYSTEM should continue AS A REWARD for SERVICE RATHER THAN AN INCENTIVE TO SERVE.