

Amendment to SB 297-FN

1 Amend RSA 5-B:2, V as inserted by section 1 of the bill by replacing it with the following:

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3 V. "Administration", as used in RSA 5-B:5, I(c), means reasonable expenses for risk  
4 management, including processing, evaluation and settlement services incurred in the payment of  
5 claims and other related losses and for auditor, actuarial, and accounting services for administration  
6 of the pooled risk program. The reasonability of an expense for administration under this chapter  
7 may be determined in an examination or administrative hearing commenced by the secretary of  
8 state pursuant to RSA 5-B:4-a.

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10 Amend RSA 5-B:4-b as inserted by section 2 of the bill by replacing it with the following:

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12 5-B:4-b Insolvency or Financial Impairment.

13 I. If at the end of any fiscal month, the contingency reserve of a pooled risk management  
14 program for health coverage is at or below 8 percent of annual paid claims or of a pooled risk  
15 management program for workers compensation and other property and casualty lines is at or below  
16 20 percent of annual contributions as determined by the prior year's audited fiscal year financial  
17 statements, the pooled risk management program shall notify its members in writing within 30 days  
18 that a potential assessment may be necessary pursuant to RSA 5-B:4-b, II if the pooled risk  
19 management program's contingency reserve continues to decrease and shall submit a written  
20 proposed course of action to the secretary of state with respect to alleviating the contingency reserve  
21 deficiency. Any such notification to a pooled risk management program's members under this  
22 section shall include an estimate of the amount of that potential assessment.

23 II. If, at the end of any fiscal month, the contingency reserve of a pooled risk management  
24 program for health coverage is at or below 4 percent of annual paid claims or if a pooled risk  
25 management program for workers compensation and other property casualty lines is at or below 10  
26 percent of annual contributions, the pooled risk management program shall notify the secretary of  
27 state of the contingency reserve deficiency within 5 business days. The secretary of state shall notify  
28 the program's governing board of the deficiency and shall have the power to issue to the governing  
29 board an order requiring abatement of the deficiency.

30 III. If the governing board fails to comply with the order within 30 days after the date of the  
31 notice, the secretary of state may apply to and seek from the superior court an order requiring the  
32 pooled risk management program to abate the deficiency or receivership of the program, as the

1 circumstances may require, and authorizing the secretary of state or any officer designated by the  
2 secretary of state to oversee the required abatement or receivership. The pooled risk management  
3 program shall reimburse the secretary of state for the cost incurred for such oversight.

4 IV. If a pooled risk management program is determined to be insolvent, financially  
5 impaired, or otherwise unable to discharge its claim and administrative losses and liabilities and  
6 other legal obligations of the plan, each participating member of the program shall be assessed on a  
7 pro rata basis calculated by the amount of its annual contribution to satisfy the amount of the  
8 deficiency.

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10 Amend RSA 5-B:5, I(g) as inserted by section 3 of the bill by replacing it with the following:

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12 *(g)(1) To ensure funds are available should an assessment become necessary,*  
13 *political subdivision members of a pooled risk management program providing health line*  
14 *of coverage shall establish a risk management program health care stabilization fund of*  
15 *at least 4 percent of their annual contributions, to be held and managed by the member in*  
16 *a designated, distinct capital reserve fund under RSA 34 et seq. and RSA 35 et seq. as*  
17 *applicable to each political subdivision. The fund's purpose shall be for payment of any*  
18 *assessments of the member by the pooled risk management program and obligations of the*  
19 *member related to health care or health benefits. Any excess earnings and surplus*  
20 *returned by the program to the member may also be deposited into the fund.*

21 *(2) If a pooled risk management program's contingency reserve is above 4*  
22 *percent of annual payments as of the effective date of this chapter, each participating*  
23 *member shall build its fund at a rate of at least 1 percent of the member's annual*  
24 *contributions per year up to 4 percent, beginning no later than its next setting of fiscal*  
25 *year budgets.*

26 *(3) If a pooled risk management program's contingency reserve is below 4*  
27 *percent of annual payments as of the effective date of this chapter, each participating*  
28 *member shall in the first year build its fund at a rate of at least 1 percent of the member's*  
29 *annual contributions plus the amount of a pro rata share of the contingency reserve's*  
30 *shortfall. The pro rata share provided to the pooled risk management program member*  
31 *shall be calculated by the risk pool and approved by the secretary of state, beginning no*  
32 *later than the member's next setting of fiscal year budgets. After the first year, each of*  
33 *those members shall build its fund at a rate of at least 1 percent of the member's annual*  
34 *contributions per year up to 4 percent.*

35 *(4) Once a member has built up its fund to hold at least 4 percent of the*  
36 *member's annual contributions, if the fund is below the 4 percent threshold at the end of a*  
37 *fiscal year, the member shall rebuild the fund at a rate of at least 1 percent of its annual*

1 *contributions per year up to 4 percent, beginning no later than its next setting of fiscal*  
2 *year budgets.*

3 *(5) The risk management program health care stabilization funds may be*  
4 *invested, and any earnings on fund monies shall be added to the fund. A participating*  
5 *political subdivision member may close its fund if that member's participation in a pooled*  
6 *risk management program's health line of coverage ends, and the member does not begin*  
7 *participating in another pooled risk management program's health line of coverage.*

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9 Amend RSA 5-B:5, I(i) as inserted by section 3 of the bill by inserting after subparagraph (3) the  
10 following new subparagraphs:

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12 (4) By July 1, 2027, and for every 4 years thereafter, the secretary of state or their  
13 designee shall hold a hearing with all pooled risk management programs and any affected party to  
14 receive input and data regarding the contingency reserve rate ranges outlined in subparagraphs  
15 (i)(1) and (i)(2) above. A report of the findings of the hearing, which shall include all written  
16 testimony and reports submitted during the hearing, and include any recommendations made by the  
17 secretary of state or their designee, shall be delivered to the governor, senate president, speaker of  
18 the house, and the chair of any committee with jurisdiction over pooled risk management programs  
19 by October 1, 2027.

20 (5) The board of directors of a pooled risk management program may, after vote of  
21 the board of directors and written notification to the governing bodies of its members, submit a  
22 written request to the secretary of state for a one-year increase to the maximums stated in RSA 5-  
23 B:5, I(i)(1) of an additional 5 percent for workers' compensation and other property casualty coverage  
24 and RSA 5-B:5, I(i)(2) of an additional 2 percent for health coverage. Any written request pursuant  
25 to this section with respect to any increase of the maximum percentage shall include a resolution of  
26 the board of directors, copies of the written notifications made by the pooled risk management  
27 program to its members governing bodies, a report by a certified auditor of the current financial  
28 position of the program, a detailed analysis explaining the purpose of the temporary increase, and an  
29 actuarial analysis conducted by an actuary with qualifications as detailed in RSA 5-B:5, I(f) of the  
30 impact to the contribution and finances of the program. The secretary of state shall approve or deny  
31 the request within 30 days of receipt of any such request.