HB 1729-FN - AS INTRODUCED

2018 SESSION

18-2159
10/08

HOUSE BILL ***1729-FN***

AN ACT allowing the state retiree medical benefits subsidy to be used for alternative group insurance plans.

SPONSORS: Rep. Stone, Rock. 1

COMMITTEE: Executive Departments and Administration

ANALYSIS

This bill allows for retired state group I and group II retirement system members who do not enroll in the state medical insurance plan to use the state partial premium payment for medical benefits to pay the cost of an alternative group insurance health care plan.

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

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STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Eighteen

AN ACT allowing the state retiree medical benefits subsidy to be used for alternative group insurance plans.

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

1 Retiree Medical Benefits; Group II; Payment. Amend RSA 100-A:52, VIII to read as follows:

VIII. Any person who is eligible to receive group insurance or other medical benefits under the provisions of this section, but who does not need and who declines such benefits because they would be duplicative of coverage under any employer-sponsored plan, shall [~~nevertheless~~] continue to be eligible [~~and, upon ceasing to be eligible for the other coverage, shall be permitted to receive the benefits allowable under this section~~] ***to reenroll in the state group insurance plan*** without any waiting period. ***Any retired group II state employee eligible for partial premium payments under RSA 21-I:30, II or III shall, upon request and showing of enrollment in an alternative group insurance plan for health care benefits, be paid the amount of the state partial premium payment for which the person is eligible to be used in paying for such alternative group insurance health care benefits.***

2 Retiree Medical Benefits; Group I; Payment. Amend RSA 100-A:52-b, XI to read as follows:

XI. Any person who is eligible to receive group insurance or other medical benefits under the provisions of this section, but who does not need and who declines such benefits because they would be duplicative of coverage under any employer-sponsored plan, shall [~~nevertheless~~] continue to be eligible [~~and, upon ceasing to be eligible for the other coverage, shall be permitted to receive the benefits allowable under this section~~] ***to reenroll in the state group insurance plan*** without any waiting period. ***Any retired group I state employee eligible for partial premium payments under RSA 21-I:30, II or III shall, upon request and showing of enrollment in an alternative group insurance plan for health care benefits, be paid the amount of the state partial premium payment for which the person is eligible to be used in paying for such alternative group insurance health care benefits.***

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

LBAO
18-2159
11/16/17

HB 1729-FN- FISCAL NOTE
AS INTRODUCED

AN ACT allowing the state retiree medical benefits subsidy to be used for alternative group insurance plans.

FISCAL IMPACT: [X] State [ ] County [ ] Local [ ] None

	Estimated Increase / (Decrease)			
STATE:	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**
Appropriation	$0	$0	$0	$0
Revenue	$0	$0	$0	$0
Expenditures	Indeterminable	Indeterminable	Indeterminable	Indeterminable
Funding Source:	[X] General	[X] Education	[X] Highway	[X] Other

METHODOLOGY:

This bill allows retired Group I and Group II state employees who are eligible to receive group insurance and other medical benefits, but who decline such coverage, to be paid the amount of the state partial premium payment to use toward the cost of their alternative group health care benefits. Retirees may also reenroll in the state group insurance plan without any waiting period.

The Department of Administrative Services (DAS) indicates the bill requires review of an applicants proof of alternative coverage to determine if the applicant is eligible for the state partial premium and to make regular payments directly to eligible retirees. The Risk Management Unit of DAS may require additional staff and/or resources depending on the number of retirees who submit such requests and proof that needs verification. If total premium payments are lower than the cost of claims that would have been associated with participating retirees, the state will save money. If total premium payments are higher than the claims that would have been associated with participating retirees, the state will incur additional costs. The total increase or reduction in cost to the state is indeterminable because the number of state retirees who may qualify for payments and engage alternative coverage is unknown. For calendar year 2018, the state partial premium payment for each non-Medicare retiree is 80% of the monthly health premium, or $841.16 and the state partial premium payment for Medicare retirees born on or after 1/1/1949 is 90% of the monthly health premium, or $326.15. For Medicare retirees born before 1/1/1949, the state premium payment is 100% of the monthly health premium, or $362.39. The DAS indicates the bill incentivizes younger, healthier retirees to purchase alternative, less expensive health care coverage and pay for such

coverage with the higher monthly partial premium payment from DAS. Members remaining on the plan are therefore more likely to be older and sicker retirees. Members electing alternative coverage may not even need to purchase alternate coverage if they have access to a current employer's plan or to a spouse's employer plan. Members with alternate coverage are also incentivized to return to the State Retiree Health Benefit Plan if they develop a serious or chronic illness. These incentives are likely to increase the State Retiree Health Benefit Plan costs and working rates by an indeterminable amount.

The New Hampshire Retirement System assumes that NHRS is not obligated to pay a medical subsidy under RSA 100-A:52 and RSA 100-A:52-b on behalf of retirees who are not enrolled in the State health care plan. If the intent is to allow for such payment, this would increase the amount of subsidy currently payable to the state but because it is unknown how many retirees are enrolled in an alternative plan and currently not receiving the benefit of the medical subsidy, the amount of such increased subsidy is indeterminable.

AGENCIES CONTACTED:

Department of Administrative Services and New Hampshire Retirement System