**HB 653-FN - AS INTRODUCED**

2017 SESSION

17-0646
10/05

HOUSE BILL ***653-FN***

AN ACT relative to health care premium contributions for Medicare eligible state retirees.

SPONSORS: Rep. Kurk, Hills. 2

COMMITTEE: Executive Departments and Administration

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ANALYSIS

This bill requires a health care premium contribution for retired state employees and spouses receiving benefits who are eligible for Medicare Parts A and B due to age or disability.

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

17-0646
10/05

STATE OF NEW HAMPSHIRE

*In the Year of Our Lord Two Thousand Seventeen*

AN ACT relative to health care premium contributions for Medicare eligible state retirees.

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

1 Department of Administrative Services; State Employees Group Insurance; Retiree Medical Benefits. Amend RSA 21-I:30, II to read as follows:

II. The state shall pay a premium ***or partial premium*** for each Medicare-eligible retired employee, as defined in paragraphs VI and VII of this section, and his or her spouse for their lifetimes, toward group hospitalization, hospital medical care, surgical care and other medical benefits plan or a self-funded alternative within the limits of the funds appropriated at each legislative session and providing any change in plan is approved by the fiscal committee of the general court, after a duly noticed public hearing on any proposed changes to the plan is held before the fiscal committee, prior to its adoption. Retired employees who are eligible for Medicare may voluntarily cease participation in plan benefits at any time and may reenroll without restriction.

2 Department of Administrative Services; State Employees Group Insurance; Retiree Medical Benefits; Premium Contribution for Medicare Eligible. Amend RSA 21-I:30, XIII to read as follows:

XIII.***(a)*** The commissioner of administrative services shall invoice and collect from retired state employees and/or each applicable spouse who are not Medicare eligible and receiving medical and surgical benefits provided under this section, who do not receive a retirement allowance as defined in RSA 100-A:1, XXII, a premium contribution amount based on a percentage of the total monthly premium attributable to the applicable retiree and/or spouse, as determined by the commissioner of administrative services, with prior approval by the fiscal committee of the general court, provided the percentage is not lower than 12.5 percent.

***(b) The commissioner of administrative services shall invoice and collect from retired state employees and/or spouses who are eligible for Medicare Parts A and B due to age or disability receiving medical and surgical benefits provided under this section, who do not receive a retirement allowance as defined in RSA 100-A:1, XXII, a premium contribution amount based on a percentage of the total monthly premium attributable to the applicable retiree and/or spouse, as determined by the commissioner of administrative services, with prior approval by the fiscal committee of the general court, provided the percentage is not lower than 12.5 percent.***

***(c)*** The commissioner of administrative services is also authorized to invoice and collect from such other participants contribution amounts as specified by law.

***(d)*** Collected amounts shall be deposited in the employee and retiree benefit risk management fund. Failure to remit payment of the contribution amount in full within 30 days of

billing shall be grounds for terminating benefits, effective from the beginning of the billing period. Reenrollment shall be dependent upon payment of any outstanding contribution or other amounts within 6 months of the termination date. If a participant fails to remit payment in full for participation within 30 days of billing, on the 30th day the participant shall be notified by certified mail, return receipt requested, that he or she shall remit payment to the department within 10 business days of receiving the letter or his or her benefits shall be terminated effective upon the 10th business day after receipt of the letter and that reenrollment shall be dependent upon payment of any outstanding contribution or other amount within 6 months of the termination date.

3 New Hampshire Retirement System; Deductions; Retiree Medical Benefits. Amend RSA 100-A:54, III to read as follows:

III.***(a)*** The retirement system shall deduct from the monthly retirement allowance of retired state employees and/or each applicable spouse who are not Medicare eligible and receiving medical and surgical benefits provided pursuant to RSA 21-I:30, a premium contribution amount based on a percentage of the total monthly premium attributable to the applicable retiree and/or spouse, as determined by the commissioner of administrative services, with prior approval by the fiscal committee of the general court provided the percentage is not lower than 12.5 percent.

***(b) The retirement system shall deduct from the monthly retirement allowance of a retired state employee and/or spouse who are eligible for Medicare Parts A and B due to age or disability receiving medical and surgical benefits provided pursuant to RSA 21-I:30, a premium contribution amount based on a percentage of the total monthly premium attributable to the applicable retiree and/or spouse, as determined by the commissioner of administrative services, with prior approval by the fiscal committee of the general court, provided the percentage is not lower than 12.5 percent.***

***(c)*** The department of administrative services shall provide information as to the total monthly premium cost for each participant to the retirement system for purposes of calculating this deduction. Deducted amounts, which shall be in addition to and notwithstanding any amounts payable by the retirement system pursuant to RSA 100-A:52, RSA 100-A:52-a, and RSA 100-A:52-b, shall be deposited in the employee and retiree benefit risk management fund. In the event the retiree's monthly allowance is insufficient to cover the certified contribution amount, the retirement system shall so notify the department of administrative services, which shall invoice and collect from the retiree and/or each applicable spouse the remaining contribution amount. Failure to remit payment of the contribution amount in full within 30 days of billing shall be grounds for terminating benefits, effective from the beginning of the billing period. Reenrollment shall be dependent upon payment of any outstanding contribution or other amounts within 6 months of the termination date. The department of administrative services shall provide notice of the termination of benefits as provided in RSA 21-I:30, XIII.

4 Judicial Retirement Plan; Deductions; Retiree Health Insurance. Amend RSA 100-C:11-a to read as follows:

100-C:11-a Retiree and Spouse Health Insurance Premium Contribution.

***I.*** Retired judges and their applicable spouses who are not Medicare eligible and receiving medical and surgical benefits shall be responsible for payment of a premium contribution amount based on a percentage of the total monthly premium attributable to the applicable retiree and/or spouse, as determined by the commissioner of administrative services, with prior approval by the fiscal committee of the general court, provided the percentage is not lower than 12.5 percent.

***II. Retired judges and/or spouses who are eligible for Medicare Parts A and B due to age or disability shall be responsible for payment of the premium contribution amount based on a percentage of the total monthly premium attributable to the applicable retiree and/or spouse, as determined by the commissioner of administrative services, with prior approval by the fiscal committee of the general court, provided the percentage is not lower than 12.5 percent.***

***III.*** The department of administrative services shall provide information as to the total monthly premium cost for each participant to the judicial retirement plan for purposes of calculating this deduction. The judicial retirement plan shall deduct the payment required under this section from the retiree's monthly retirement allowance. Deducted amounts shall be remitted to the administrative office of the courts within 14 days along with a statement identifying from whom the deduction was made, and shall be used to pay for plan retiree and spouse health care expenses and any administrative costs related thereto.

5 Effective Date. This act shall take effect January 1, 2018.

LBAO
17-0646
1/20/17

**HB 653-FN- FISCAL NOTE**
**AS INTRODUCED**

AN ACT relative to health care premium contributions for Medicare eligible state retirees.

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

| | Estimated Increase / (Decrease) | | | |
|---|---|---|---|---|
| **STATE:** | **FY 2018** | **FY 2019** | **FY 2020** | **FY 2021** |
| **Appropriation** | $0 | $0 | $0 | $0 |
| **Revenue** | $0 | $0 | $0 | $0 |
| **Expenditures** | Indeterminable | Indeterminable | Indeterminable | Indeterminable |
| ***Funding Source:*** | [ X ] General | [ ] Education | [ ] Highway | [ X ] Other |

**METHODOLOGY:**

This bill requires a health care premium contribution for retired State employees and spouses receiving benefits who are eligible for Medicare Parts A and B due to age or disability. The Department of Administrative Services states this bill will result in a shift in revenue sources in the Retiree Health Benefits budget. The shift in sources will not change the total revenue stream but a part-time position will be needed for administration. Premium contribution revenue to be paid by Medicare (over age 65) retirees would decrease the general fund revenue in the budget and it would decrease the premiums paid by self-funded agencies to the Department for their retirees. Self-funded agency payments and premium contribution payments are designated as other funds. There are at least 300 Medicare-eligible retirees who do not receive a pension and who therefore would not be able to have the contribution withheld from their pensions by the New Hampshire Retirement System. There may be other members whose monthly pension is too small to pay the monthly premium in full. This would require the Risk Management Unit to manually invoice those retirees for their contribution on a monthly basis, and create an indeterminable but potentially significant administrative burden on staff. The Department estimates this would require the service of a part-time Accountant position (Labor Grade 16, step 1). The total salary and benefits for this position is $23,531 for FY 2018, $19,276 for FY 2019, $20,053 for FY 2020, and $20,829 for FY 2021. Using historical data, the Department assumes that the Medicare-eligible enrollment will continue to increase by 4% annually and the fiscal year budget rates will increase by 10% annually. These calculations assume a 12.5% Medicare-eligible contribution. The retiree contribution will increase if the percentage amount is increased by the Fiscal Committee. Medicare-eligible retirees only are shown in the chart below.

| | FY 2018 | FY 2019 | FY 2020 | FY 2021 |
|---|---|---|---|---|
| Projected Total Enrollment | 9,730 | 10,138 | 10,544 | 10,965 |
| Projected Number of Retirees that pay 100% | 202 | 209 | 217 | 226 |
| Projected Number of Retirees that would pay a Contribution | 9,528 | 9,929 | 10,326 | 10,739 |
| 12.5% Retiree Contribution | $47.53 | $52.62 | $58.14 | $64.25 |
| Total Monthly Contribution | $452,900 | $522,500 | $600,400 | $690,000 |
| Total Medicare-Eligible Contribution Annualized | $5,434,400 | $6,269,600 | $7,204,400 | $8,279,900 |
| | | | | |
| Total Medicare-Eligible Annual Contributions | $5,434,400 | $6,269,600 | $7,204,400 | $8,279,900 |
| General Fund Revenue Decrease | ($3,566,100) | ($4,105,300) | ($4,754,900) | ($5,464,700) |
| Self-funded Agency Revenue Decrease | ($1,868,300) | ($2,164,300) | ($2,449,500) | ($2,815,200) |

The New Hampshire Retirement System states the deduction of the health insurance premium contribution from the monthly retirement allowance of a retired State employee over 65 years of age would result in a $2,500 preliminary cost to the System's pension database software. This estimate may be adjusted when detailed specifications are developed.

**AGENCIES CONTACTED:**

Department of Administrative Services and New Hampshire Retirement System