

Amendment to HB 405

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

2

3 AN ACT relative to the duties of the decennial retirement commission, and relative to the
4 function and organization of the department of administrative services risk
5 management unit and division of personnel.
6

7 Amend the bill by replacing all after section 1 with the following:

8

9 2 Insurance. Amend RSA 9:27 to read as follows:

10 9:27 Insurance.

11 *I. Any agency or department of the state may, with the approval of the governor and*
12 *council and within the limits of its appropriation, secure casualty or liability insurance on any*
13 *property owned by the state or in connection with any program or activity of the state; provided,*
14 *however, **that all such purchases shall first be reviewed and approved by the risk***
15 ***management unit of the department of administrative services and** that any insurance*
16 *specifically required by law shall be carried.*

17 *II. All casualty or liability insurance secured by an agency or department and in*
18 *effect on July 1, 2017, shall be reported to the risk management unit by September 1, 2017.*

19 3 New Subparagraph; Department of Administrative Services; General Functions. Amend
20 RSA 21-I:1, II by inserting after subparagraph (n) the following new subparagraph:

21 (o) Serving as the employer for the purpose of ensuring compliance with the
22 requirements of RSA 281-A.

23 4 Risk Management. RSA 21-I:7-c is repealed and reenacted to read as follows:

24 21-I:7-c Risk Management. There is established within the office of the commissioner of
25 administrative services a risk management unit, under the supervision of an unclassified manager
26 of risks and benefits, who shall be qualified to hold that position by reason of education and
27 experience, and who shall perform such duties as the commissioner from time to time may
28 authorize. The functions of the risk management unit shall be divided across the following bureaus:

29 I. The bureau of health and benefits, under the supervision of a classified administrator,
30 who shall be responsible for the following functions, in accordance with applicable law:

31 (a) Overseeing and administering the state employee and retiree group insurance
32 programs authorized by RSA 21-I:26 through RSA 21-I:36, in accordance with administrative rules
33 adopted pursuant to RSA 21-I:14, XIII.

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1 (b) Coordinating the employee and retiree benefit programs administered through the
2 risk management unit with the benefits and programs offered through the New Hampshire
3 retirement system and the state's deferred compensation commission established in RSA 101-B.

4 (c) Overseeing and administering all additional employee or retiree benefit programs
5 offered by the state, other than those related to the New Hampshire retirement system or the
6 state's deferred compensation commission established in RSA 101-B.

7 (d) Conducting ongoing studies of alternative financing methods and benefit offerings.

8 (e) To the extent deemed necessary by the manager of risks and benefits, creating for
9 potential incorporation into the department of administrative services manual of procedures
10 described at RSA 21-I:14, I(b), a technical assistance manual that clearly explains procedures
11 related to the bureau's functions, including but not limited to procedures relating to employee and
12 retiree benefits.

13 (f) Developing and monitoring insurance and third party administrator contracts
14 related to the state employee and retiree group insurance program in accordance with applicable
15 law, by:

16 (1) Developing bid specifications for insurance and third party administrator
17 contracts and ensuring bid specifications are in compliance with applicable collective bargaining
18 agreements.

19 (2) Negotiating final contract terms with the vendors awarded contracts through
20 the procurement process.

21 (3) Formalizing contract agreements.

22 (4) Monitoring contracts on an ongoing basis to ensure timely procurement,
23 renewals, amendments, updates, statutory compliance, and extensions.

24 (5) Ensuring that vendors comply with the requirements of contract agreements by:

25 (A) Implementing, monitoring, and enforcing performance guarantees.

26 (B) Receiving and analyzing state employee and retiree group insurance
27 utilization data and statistics.

28 (C) Monitoring Medicare issues to ensure compliance with federal law and
29 programs.

30 (g) Reviewing and making recommendations to the manager of risks and benefits that
31 are intended to ensure the proper operation and long term sustainability of the bureau's programs.

32 (h) Implementing, overseeing, and administering employee wellness initiatives.

33 (i) Advising the manager of risks and benefits and, upon request, the commissioner, the
34 governor and executive council, the general court, the state retiree health plan commission
35 established in RSA 100-A:56, the joint legislative fiscal committee established in RSA 14:30-a, and
36 other entities regarding employee and retiree benefits program.

37 (j) Ensuring that the bureau's programs are compliant with applicable state and federal

1 law.

2 (k) Monitoring agencies' activities for compliance with benefit program requirements.

3 II. The bureau of property, casualty and workers' compensation, under the supervision of a
4 classified administrator, who shall be responsible for the following functions, in accordance with
5 applicable law:

6 (a) Overseeing and administering the state's workers' compensation program under
7 RSA 21-I:24 and RSA 21-I:25-a or other applicable law.

8 (b) Identifying loss exposure for all state real and personal property and for personal
9 injury, except as otherwise provided by law, on a continuing basis.

10 (c) Identifying cost-effective means for protecting against various types of losses,
11 including self-funding, commercial insurance purchases and risk assumption, and recommending to
12 the manager of risks and benefits, actions to be taken through the budget process, or other
13 processes, to implement such means.

14 (d) After consultation with, and approval by the manager of risks and benefits,
15 purchasing liability insurance under a fleet policy covering the operation of state-owned vehicles
16 and motorboats, and such other insurance and surety bonds as any state department, agency or
17 official may be legally authorized to secure, or required to furnish; provided that approval shall not
18 be granted for any such insurance or surety bonds unless the same have been marketed and
19 procured through a resident agent of an insurance company registered and licensed to do business
20 in this state. With the exception of any risk located outside the state, no such insurance company
21 or resident agent, personally or by another, shall allow, give, or pay, directly or indirectly, to any
22 nonresident agent or nonresident broker any part of the commission on the sale of such insurance
23 or surety bonds. The insurance commissioner may suspend or revoke the license of any resident
24 agent or insurance company violating the provisions hereof.

25 (e) Conducting ongoing studies of alternative financing methods and benefit offerings.

26 (f) Overseeing the state employee workers' compensation and commercial insurance
27 programs, by:

28 (1) Preparing bid specifications for commercial insurance and third party
29 administrator contracts related to workers' compensation and commercial insurance in accordance
30 with applicable law, and ensuring bid specifications are in compliance with collective bargaining
31 agreements.

32 (2) Negotiating final contract terms with the vendors awarded contracts through
33 the procurement process, formalizing contract agreements and monitoring contracts on an ongoing
34 basis to ensure timely procurement, renewals, amendments, updates, statutory compliance, and
35 extensions.

36 (3) Managing claims payments and statistical data related to workers' compensation
37 and commercial insurance and ensuring vendors comply with the requirements of contract

1 agreements.

2 (4) Coordinating and developing processes and procedures related to the workers'
3 compensation and commercial insurance programs.

4 (5) Monitoring agencies' workers' compensation and commercial insurance activities
5 for compliance with requirements.

6 (g) To the extent deemed necessary by the manager of risks and benefits, creating for
7 potential incorporation into the department of administrative services manual of procedures
8 described at RSA 21-I:14, I(b), a technical assistance manual or manuals that clearly explains
9 procedures related to the bureau's functions.

10 (h) Evaluating risks facing the state and developing and operating health, safety, loss
11 control, and risk reduction programs, in accordance with loss prevention guidelines adopted
12 pursuant to RSA 21-I:14, II.

13 (i) Reviewing and making recommendations to the manager of risks and benefits to that
14 are intended to ensure the proper operation and long term sustainability of the bureau's programs.

15 (j) Advising the manager of risks and benefits and, upon request, the commissioner, the
16 governor and executive council, the general court, and other entities regarding the bureau's
17 programs.

18 (k) Ensuring that the bureau's programs are compliant with applicable state and
19 federal law.

20 III. The bureau of finance, under the supervision of a classified administrator, who shall be
21 responsible for the following functions, in accordance with applicable law:

22 (a) Managing claims payments, vendor payments, statistical data, and financial
23 reporting related to the risk management unit's responsibilities.

24 (b) Conducting ongoing studies of alternative financing methods and benefit offerings.

25 (c) To the extent deemed necessary by the manager of risks and benefits, creating for
26 potential incorporation into the department of administrative services manual of procedures
27 described at RSA 21-I:14, I(b), a technical assistance manual that clearly explains procedures
28 related to the bureau's functions.

29 (d) Establishing working rate tables for application to self-insured health benefit
30 programs, including by coordinating and reviewing actuarial projections, considering rate
31 alternatives and modeling, and developing full working rate tables.

32 (e) Reviewing and making recommendations to the manager of risks and benefits that
33 are intended to ensure the proper operation and long term sustainability of the bureau's programs.

34 (f) Advising the manager of risks and benefits and, upon request, the commissioner, the
35 governor and executive council, the general court, and other entities regarding the bureau's
36 programs.

37 (g) Ensuring that the bureau's programs are compliant with applicable state and

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1 federal law.

2 (h) Monitoring agencies' financial activities for compliance with financial requirements
3 of the state's health benefit program.

4 5 Duties of the Commissioner of Administrative Services; Retiree Benefit Programs. Amend
5 RSA 21-I:13, IX to read as follows:

6 IX. Administer all state employee **and retiree** benefit programs, other than those
7 administered by the retirement system **or the deferred compensation commission established**
8 **in RSA 101-B**, as provided by RSA 21-I:28.

9 6 Rulemaking Authority of the Commissioner of Administrative Services. Amend RSA 21-I:14,
10 XIII to read as follows:

11 XIII. Management of the state employees **and retiree** group insurance program authorized
12 by RSA 21-I:26 through 21-I:36 **and the programs established in RSA 21-I:44-a and RSA 21-**
13 **I:44-b.**

14 **XIII-a. Implementation of the programs established in RSA 21-I:44-a and RSA 21-**
15 **I:44-b.**

16 7 Authority for Payment. Amend RSA 21-I:24, I to read as follows:

17 I. The commissioner of administrative services, **through the department's risk**
18 **management unit**, is hereby authorized to pay such sum or sums as may be awarded [~~to state~~
19 ~~employees~~] under the provisions of RSA 281-A, and the expense of **insurance and third party**
20 **administrator services providing** managed care programs authorized by RSA 281-A:23-a and
21 similar services directly related to the provision and monitoring of workers' compensation benefits
22 payable to state employees.

23 8 Authority for Payment. Amend RSA 21-I:24, IV to read as follows:

24 IV. If managed care program expenses, or other expenses directly related to the provision
25 and monitoring of workers' compensation benefits payable to state employees, are procured by the
26 payment of a group insurance premium or [~~other risk-shifting method~~] **third party administrator**
27 **services**, the commissioner of administrative services shall charge state agencies the cost of such
28 general expenses in proportion to the number of agency employees who receive the services in
29 question in the manner provided by RSA 21-I:24, II.

30 9 Procurement of Managed Care and Other Risk-Shifting Services. Amend RSA 21-I:25-a to
31 read as follows:

32 21-I:25-a Procurement of Managed Care and Other Risk-Shifting Services. By following the
33 procedures of RSA 21-I:28, the commissioner of administrative services, **through the**
34 **department's risk management unit, and** after consultation with the governor and council, may
35 contract for or purchase **insurance or third party administrator services providing** managed
36 care program services and similar services directly related to the provision and monitoring of
37 workers' compensation benefits payable to state employees. [~~Such services may be combined with~~

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~~one or more group health insurance contracts authorized by RSA 21-I:28.]~~

10 New Section; Administrative Cost of Programs; Obligation of Employee. Amend RSA 21-I by inserting after section 30-e the following new section:

21-I:30-f Administrative Cost of Certain Programs Administered by the Risk Management Unit; Obligation of Employee. The risk management unit may use moneys in the employee benefit adjustment account, established under RSA 9:17-c, for the purposes of paying the administrative fees for the dependent care assistance program established under RSA 21-I:44-a and the medical and related expenses program established under RSA 21-I:44-b. The risk management unit may also use such moneys in the event money must be paid to the contracting party in advance to cover the employee's medical expenses, when the employee has not contributed all of such costs from payroll deductions, provided that the employee benefit adjustment account shall be repaid when the employee fulfills his or her obligation.

11 Division of Personnel. Amend the introductory paragraph of RSA 21-I:42 to read as follows:

21-I:42 Division of Personnel. There is hereby established within the department of administrative services the division of personnel, under the supervision of an unclassified director of personnel appointed under RSA 21-I:2, who shall **report to the commissioner and** be responsible for the following functions in accordance with applicable laws:

12 Division of Personnel; Preparation of Annual Report. Amend RSA 21-I:42, VII to read as follows:

VII. Preparing an annual report detailing the work of the division. This report, which shall include a narrative summary of the findings of division investigations conducted under RSA 21-I:42, IV, shall be submitted to the governor and council **by the director of personnel** and the commissioner of administrative services.

13 Rulemaking by the Director of Personnel. Amend RSA 21-I:43, I to read as follows:

I. The provisions of RSA 21-G:9, II(b) shall not apply to the rules adopted pursuant to this section. It is the intent of the general court that the director of personnel shall have the sole authority to adopt and interpret, subject to the appeals process established under this chapter, the rules provided for in this section. The commissioner shall review all proposed rules of the director and may comment on them in writing. **In the case of a vacancy in the office of the director of personnel, the commissioner of administrative services may exercise the rulemaking authority granted to the director of personnel.**

14 Internal Organization. Amend RSA 21-I:44 to read as follows:

21-I:44 Internal Organization.

I. Except as set forth in paragraph II, **the commissioner of administrative services, after consultation with** the director of the division of personnel shall be responsible for establishing the internal organizational units of the division. The **commissioner and the** director shall adhere to the provisions of RSA 21-G:6 in structuring the internal units of the division.

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1 II. There is established within the division a bureau of employee relations, under the
2 direction of an unclassified manager of employee relations, who shall serve a 4-year term. [~~and~~
3 ~~who~~] ***The bureau of employee relations*** shall be responsible for the following functions, in
4 accordance with applicable laws:

5 ~~(a) [Administering employee benefit programs.~~

6 ~~(b) Conducting ongoing studies of alternative financing methods and benefit offerings.~~

7 ~~(c) Administering the state employee group insurance program.~~

8 ~~(d)~~ Administering all collective bargaining agreements with classified employees.

9 ***(b) Representing the state in collective bargaining negotiations.***

10 ~~(e)~~ ***(c)*** Providing professional support and assistance to the governor in the conduct of
11 negotiations with representatives of classified employees.

12 ~~(f)~~ ***(d)*** Representing the state, in cooperation with the attorney general, in all
13 grievance actions related to collective bargaining agreements before the public employee labor
14 relations board.

15 ***(e) Coordinating the compilation of data necessary to the collective bargaining***
16 ***process and the implementation of agreements.***

17 ***(f) Providing technical advice and interpretations to all state agencies for***
18 ***implementation and administration of collective bargaining agreements to ensure***
19 ***consistent policies, practices, and contract compliance.***

20 ***(g) Investigating, preparing for, and representing the state in grievance***
21 ***mediation and settlement negotiations.***

22 ***(h) Performing such other duties as may be assigned by the commissioner.***

23 III. In order to provide for the development and implementation of programs for the
24 training and education of state employees, there shall be an unclassified education and training
25 officer within the division of personnel. The education and training officer shall develop and
26 coordinate the implementation of a training program plan for executive departments. Any training
27 program conducted under this plan in any department shall not be limited to employees of that
28 department. In addition, the education and training officer shall perform such duties as are
29 assigned by the director.

30 IV. The ***commissioner, after consultation with the*** director of personnel shall nominate
31 the manager of employee relations and the education and training officer who shall be appointed by
32 the governor, with the consent of the council. The manager of employee relations and the education
33 and training officer shall be qualified by reason of education and experience and shall each serve a
34 4-year term. The salary of the manager of employee relations and the education and training officer
35 shall be as specified in RSA 94:1-a.

36 15 Dependent Care Assistance Program and Medical and Related Expenses Program. Amend
37 RSA 21-I:44-a and RSA 21-I:44-b to read as follows:

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1 21-I:44-a Dependent Care Assistance Program Established. There is established a dependent
2 care assistance program to be administered by the ~~[division of personnel,]~~ **risk management unit**
3 **of the** department of administrative services **with the assistance of the division of accounting**
4 **services of the department of administrative services and the treasury department.** Under
5 this program, an employee may have a certain amount of his salary withheld, before taxes, for the
6 purpose of day care expenses.

7 21-I:44-b Medical and Related Expenses Program Established. There is established a medical
8 related expenses program to be administered by the ~~[division of personnel,]~~ **risk management**
9 **unit of the** department of administrative services **with the assistance of the division of**
10 **accounting services of the department of administrative services and the treasury**
11 **department.** Under this program, an employee may have a certain amount of his salary withheld,
12 before taxes, for the purpose of medical expenses.

13 16 Part-Time State Employees. Amend RSA 98-A:6 to read as follows:

14 98-A:6 Working on a Part-Time Basis. An individual working on a part-time basis shall not be
15 eligible to utilize either sick or annual leave but at each anniversary of employment should the total
16 working time during the preceding year amount to the equivalent of 6 months or more he **or she**
17 shall be paid all accumulated annual leave not in excess of ~~[those allowed by Per 307.03 of the rules~~
18 ~~of]~~ **that which may be allowed in rules adopted by** the division of personnel.

19 17 Repeal. The following are repealed:

20 I. RSA 21-I:42, VIII, relative to oversight by the division of personnel of all employee benefit
21 programs other than those related to the New Hampshire retirement system.

22 II. RSA 21-I:44-c, relative to rulemaking authority of the division of personnel for the
23 dependent care assistance and medical and related expenses programs.

24 III. RSA 21-I:44-d, relative to the administrative cost of the programs established under
25 RSA 21-I:44-a and RSA 21-I:44-b.

26 18 Effective Date.

27 I. Section 1 of this act shall take effect upon its passage.

28 II. The remainder of this act shall take effect 60 days after its passage.

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2017-1458s

AMENDED ANALYSIS

This bill:

I. Adds duties to the decennial retirement commission to be established in 2017 pursuant to RSA 100-A:57.

II. Establishes within the department of administrative services, risk management unit a bureau of health and benefits, a bureau of property, casualty and workers' compensation, and a bureau of finance.

III. Clarifies the duties of the risk management unit, division of personnel, and office of the commissioner of administrative services.