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Why Portsmouth paid SchoolCare under protest: McEachern

Mayor Deaglan McEachern Portsmouth Herald

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SchoolCare is a self-funded health insurance pool covering school employees across New Hampshire, overseen by the Secretary of State's office. Cities and towns join collectively, paying premiums in exchange for stable, predictable coverage. Portsmouth has been a member for years. The arrangement is simple: pay in, manage costs responsibly, adjust rates transparently so communities can budget.

That is not what happened.

When the Secretary of State came before the Portsmouth City Council this week, we were told their office had been in constant communication with SchoolCare and that everyone was doing the right thing.

So here is a simple question: if there was constant communication, why did SchoolCare's financial position collapse from nearly \$30 million in reserves to a deficit in just a few years?

That is the question taxpayers deserve answered.

Nobody is pretending healthcare costs are not rising. Claims are up. Specialty drugs are expensive. Cancer care is expensive. Medical inflation is real. But rising costs do not excuse a failure of oversight.

What happened was not a sudden shock for SchoolCare or the Office of the Secretary of State. This was a multi-year deterioration that SchoolCare then turned into a sudden shock when it handed local communities a collective \$30 million bill all at once.

SchoolCare went from a strong reserve position to a deficit and moved to recover in one year what had been lost over several. It is not just the size of the bill that matters. It is how it was done.

This did not come through rates over time. It came through an unprecedented one-time assessment. That distinction matters because the agreement between SchoolCare and its members explicitly prohibited it. Communities were supposed to operate under a rate setting model that allowed for budgeting, planning, and meaningful comparison of alternatives. Instead, the bill arrived after any realistic chance to change providers had already passed.

It was like buying a plane ticket, only to be hit with a second charge in the air, with no chance to shop for another flight, and then being told you had to cover not just the rest of this trip, but future flights too.

When prior rates hide the true cost, and then a sudden assessment lands after communities are locked in, it is fair to ask whether this was purely a financial decision or also a business one. It is fair to ask whether the structure of this assessment shielded SchoolCare from the market competition communities need to make the best choice for employees and taxpayers.

Even worse, Portsmouth and every community was told that unless it paid the disputed multi-year future assessment, SchoolCare would stop paying claims for school employees starting May 1st. The airline was willing to throw passengers off the plane before the trip was over.

Faced with the risk that claims could go unpaid and care disrupted, the City Council made the only responsible decision available. Portsmouth paid under protest.

We did not do that because we approved of the process.

We did it because Portsmouth was not going to use the same tactics against our school employees that SchoolCare used against us.

More: Portsmouth to pay \$1.57M to SchoolCare 'under protest'

The public supports local government and public education because these institutions are essential. In return, those institutions owe competence, discipline, and honesty.

The real cost was not just financial. It was what communities across New Hampshire had to give up to pay it all at once. Teachers were cut. Positions went unfilled. Programs were eliminated. Taxpayers did not pay more and get more. They paid more and got less — because money that should have gone into classrooms and services went instead toward cleaning up someone else's failure.

That is exactly why legislation like Senate Bill 661 opening the door wider to assessments would be a mistake. It would not fix the problem. It would normalize it, turning bad oversight into another unfunded mandate.

Portsmouth's position has been simple. Keep coverage in place. Protect employees. Demand answers. And refuse to pretend that a one-year cash call to repair a multi-year collapse is normal.

Because it is not.

This was a governance failure. It was a financial oversight failure. And taxpayers were left to absorb the cost.

Constant communication is not oversight.

Results are oversight.

And on that measure, this system failed.

Deaglan McEachern, mayor of Portsmouth

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