



SB297 (as Amended by 2025-0894s) Fact Sheet

March 11, 2025

Member Group Impacts:

1. You are ultimately responsible for losses.
 - a. **Effective upon passage:**
 - b. You **must** agree in writing that you (as a Member Group) are ultimately responsible for any potential losses incurred while participating in a NH RSA 5-B risk pool, such as HealthTrust.
 - c. You **must** acknowledge that HealthTrust coverage is not insurance, does not function like an insurance company, and is not an insurer.
 - d. HealthTrust **must** collect funds from Members (through assessments or replenishments) in the event of losses that cause HealthTrust reserves to fall below the minimum reserve requirements or insolvency.
 - e. If you terminate coverage, you remain responsible for losses that occurred during the prior year.
 - f. This policy change stands in stark contrast to the current arrangement. Today, HealthTrust (a non-profit New Hampshire corporation) would be the responsible entity. This shifts the ultimate liability to each Member Group.
2. You will need to create a reserve.
 - a. **Effective upon the next setting of fiscal year budgets following passage.**
 - b. In order to participate in a RSA 5-B health risk pool, you **must** create a non-lapsing reserve account held by you as a Member Group.
 - c. This reserve will be utilized to fund assessments for which you may be responsible.
 - d. You **must** fund an amount equivalent to at least 1% of your health coverage contributions each year, until the reserve account is funded to a total of 4% of contributions.
 - e. If you utilize these reserves, you **must** rebuild the fund at a rate of at least 1% the following year, until the 4% funding has been achieved.
 - f. You may **not** participate in a RSA 5-B risk pool for health coverage without having this reserve account in place.
 - g. In the years where there are returns of surplus from HealthTrust, they may be deposited into this reserve account.
3. You **must** pay replenishments and/or assessments when needed. You, as the Member Groups, would utilize the funds created in Section 2 above to pay these costs.
 - a. **Replenishments:**
 - i. **Effective as of closure of HealthTrust Fiscal Year 2026 (for renewals starting January 1, 2027 and July 1, 2027)**
 - ii. If HealthTrust reserves fall below 12% of member group contributions in a fiscal year, HealthTrust **must** include a contingency reserve replenishment amount in the next rating cycle (i.e., FY2028 in the first year) that mandates a recovery to at least that 12% level.

- iii. This replenishment amount will be due from Groups who participated in the fiscal year for which the replenishment is calculated, even if they have terminated membership.

b. **Assessments:**

- i. **Effective upon passage.**
- ii. If HealthTrust reserves fall below 8% of annual paid claims, HealthTrust **must** notify you of a potential required assessment if reserves fall below 4% of annual paid claims.
- iii. If HealthTrust reserves fall below 4% of annual paid claims, you **must** pay an assessment **within 30 days** to satisfy the amount of the deficiency.
- iv. Evaluation occurs at the end of each fiscal month.
- v. Calculated on a pro-rata basis based on contribution amounts.

HealthTrust Reserves:

1. HealthTrust contingency reserves (Capital Adequacy Reserves) **must** be between 12% and 16% of Member Group contributions for the current fiscal year.
 - a. The upper limit may be temporarily increased to 18% if we apply for, and are granted, an exception.
 - b. The bill states that the contingency reserve rate ranges will be reviewed by July 1, 2027 and every 4 years thereafter. No actuarially sound standards have been identified as the basis for this review such as those used by the New Hampshire Insurance Department.
 - c. As written, the upper limit is less than the minimum reserve level (\$95 million, which is 20% of contributions for the current fiscal year) that our actuaries have determined is necessary in order to have only a 5% chance of reserves being depleted within 5 years.
 - d. As of the end of FY2024, HealthTrust is at a contingency reserve level equivalent to 7% of contributions and is in the midst of a Board-approved, actuarially-modeled plan to rebuild reserves over a period of three rating cycles. This would halt that rebuild effort at the 16% allowable limit and thereby prevent HealthTrust from accumulating the level of reserves that has been actuarially determined appropriate.
 - e. **If HealthTrust becomes financially impaired, Groups will be responsible to replenish HealthTrust reserves through prescribed replenishments and/or assessments detailed above.**