



State of New Hampshire

DEPARTMENT OF ADMINISTRATIVE SERVICES

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Charles M. Arlinghaus
Commissioner

Catherine A. Keane
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September 25, 2025

The Honorable Ken Weyler, Chairman
Fiscal Committee of the General Court

Her Excellency, Governor Kelly A. Ayotte
and the Honorable Council
State House
Concord, New Hampshire 03301

REQUESTED ACTION

Pursuant to RSA 14:30-a, VI, authorize the Department of Administrative Services (DAS), to accept and expend \$12,849,200 from the Retiree Health Benefits Reserve Account to cover anticipated increases for health insurance for State retirees. Funding is effective upon Fiscal Committee and Governor and Executive Council approval, through June 30, 2027. **100% Agency Income**

Funds will be budgeted as follows:

010-014-014-144310-29030000 Retirees Health Insurance

FISCAL YEAR 2026

Class	Rev. Group	Account	FY26 Current Budget	Requested Action	FY26 Adjusted Budget
001-Transfer Other Agy	69	486499- Transfers	16,735,400		16,735,400
008-Agency Income	44	402308-Misc. Income (medical subsidy)	8,057,800		8,057,800
009-Agency Income	68	401126-Retiree Health Transfer	11,614,200		11,614,200
009-Agency Income	68	401126-Retiree Health Transfer (Reserve Share)		6,624,000	6,624,000
00S-State Share	00S	000010-General Fund	26,492,292		26,492,292
Total Revenue			62,899,692	6,624,000	69,523,692
102-Contracts		500731	62,899,692	6,624,000	69,523,692
Total Expense			62,899,692	6,624,000	69,523,692

FISCAL YEAR 2027

Class	Rev. Group	Account	FY27 Current Budget	Requested Action	FY27 Adjusted Budget
001-Transfer Other Agy	69	486499- Transfers	19,418,700		19,418,700
008-Agency Income	44	402308-Misc. Income (medical subsidy)	8,723,900		8,723,900
009-Agency Income	68	401126-Retiree Health Transfer	13,040,400		13,040,400
009-Agency Income	68	401126-Retiree Health Transfer (Reserve Share)		6,225,200	6,225,200
00S-State Share	00S	000010-General Fund	33,601,808		33,601,808
Total Revenue			74,784,808	6,225,200	81,010,008
102-Contracts		500731	74,784,808	6,225,200	81,010,008
Total Expense			74,784,808	6,225,200	81,010,008

EXPLANATION

The DAS, Division of Risk and Benefits, is responsible for overseeing and administering the State’s retiree group insurance programs authorized by RSA 21-I:26 through RSA 21-I:36, and accordingly the entire cost of the State’s Retiree Health Benefit plan is budgeted in DAS’s operating budget. General Funds cover about 45% of the overall cost with the remaining funding from several income sources including but not limited to premium contributions from retirees, self-funded state agencies premium payments, and the medical subsidy from the New Hampshire Retirement System.

Every year (normally in the March – April period), the federal Centers for Medicaid and Medicare Services (CMS) publishes a “Call Letter” providing new and/or clarifying regulations pertaining to how Medicare Advantage Plans, like Anthem provides State of NH Medicare retirees, are reimbursed by CMS. Insurance carriers use the guidance provided in the Call Letter to project the rates for the upcoming 2026 plan year starting on January 1, 2026 (state fiscal year 2026). A Call Letter could in theory result in an increase or decrease in a rate or it might have no impact on a rate. Based on current trends in healthcare and the anticipated Call Letter, DAS and Segal, the State’s Health Benefit Plan actuary, worked with Anthem to develop an estimate of the forthcoming rate increase. This increase required DAS to adjust its budget request at the end of the House budget phase.

The Department worked with Division I of House Finance to modify the Retiree Health budget by using approximately \$6 million per year from the State’s Retiree Health Benefit reserves to offset the total projected increases to the general fund and self-funded agency budgets. This modification was discussed and supported in both the Senate and House budgets. Unfortunately, the keying of the budget correctly reduced the general funds to balance the budget but inadvertently did not add a line showing the reserve transfer as a revenue source in the Retiree Health Benefit budget. It wasn’t until the budget was enacted that DAS realized the omission. The request to accept and expend funding from the reserve is to address what amounts to a clerical error and has no impact on general funds.

Respectfully submitted,



Charles M. Arlinghaus
Commissioner