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State of New Hampshire

DEPARTMENT OF ADMINISTRATIVE SERVICES

25 Capitol Street

Concord, New Hampshire 03301

(603) 271-3201 | Office@das.nh.gov

Charles M. Arlinghaus
Commissioner

Catherine A. Keane
Deputy Commissioner

Sheri L. Rockburn
Assistant Commissioner

October 13, 2025

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

REQUESTED ACTION

Authorize the Department of Administrative Services (DAS), Division of Risk and Benefits to amend the existing contract with Anthem Health Plans of New Hampshire, Inc., d/b/a Anthem Blue Cross and Blue Shield (Anthem) (VC# 177335), Manchester, NH 03101-2000, by increasing the price limitation by \$3,833,000, bringing the total amount of the contract from \$69,388,000 up to an amount not to exceed of \$73,221,000 to cover the premiums for the fully-insured group Medicare Advantage with a prescription drug (MA-PD) plan pursuant to RSA 21-I:30. The original contract was approved by the Governor and Executive Council on July 19, 2023 (Item #75), cover letter attached. This first amendment will become effective upon Governor and Executive Council approval for the final year of the three-year contract starting January 1, 2026 through December 31, 2026. **Approximately 34% General Funds, 2% Enterprise Funds, 6% Highway Funds, 1% Turnpike Funds and 57% Other Funds.**

Funding is available in the Employee Benefit Risk Management Fund contingent upon availability and continued appropriations for all fiscal years with the authority to adjust encumbrances in each of the State fiscal years through the Budget Office if needed and justified:

State Fiscal Year	Current Contract	Increase (Decrease) Amount	Amended Contract
2024	\$11,335,000	\$0	\$11,335,000
2025	\$22,876,000	\$0	\$22,876,000
2026	\$23,359,000	\$1,907,900	\$25,266,900
2027	\$11,818,000	\$1,925,100	\$13,743,100
Total Medicare Advantage Premium Expense	\$69,388,000	\$3,833,000	\$73,221,000

EXPLANATION

The purpose of this item is to obtain authority to increase the monthly premium rate and accordingly the contract price limitation by \$3,833,000 to cover the premiums of the fully insured group Medicare Advantage with Prescription Drug (MA-PD) plan that benefits approximately 11,100 Medicare eligible State retirees. Anthem won the group MA-PD bid in 2023 (item #75, July 19, 2023) offering medical and prescription drug coverage at a guaranteed \$162.73 premium per member per month (PMPM) for the three-year term. The premium guarantee is contingent upon Centers for Medicare and Medicaid Services (CMS) reimbursement methodologies and/or plan design changes.

The Inflation Reduction Act (IRA) of 2022 includes benefit cost-sharing changes for group MA-PD plans effective in calendar year 2025, allowing members to move through the Medicare Part D coverage phases faster, resulting in lower member out-of-pocket costs and lower federal reimbursement, shifting those costs to group MA-PD plans, like Anthem. As a result of the IRA, most group MA-PD plans increased premiums in Plan Year 2025. However, Anthem deferred those premium increases with respect to the State of New Hampshire's MA-PD plan in the wake of its poor implementation experience in 2024, that resulted in Anthem paying the state over \$2.5 million in performance guarantees.

January 1, 2026 starts the final year of the three-year MA-PD contract with Anthem. As the nationwide group Medicare Advantage market continues its challenges with declining federal subsidies, Anthem is exercising their contractual option to adjust premiums in 2026 due to the IRA. This contract amendment reflects the new premium rate per member per month (PMPM) of \$220.19, an increase of approximately \$58 PMPM or \$3,833,000 for the year, allowing for changes in enrollment. In addition, the amendment reflects updated standard contract language pertaining to rate assumptions and stipulations in the event DAS chooses to exercise its option to extend the group MA-PD contract for one or two more years. Finally, the amendment also clarifies standard gain sharing terms and conditions in the event loss ratios turn favorable in the last year of the contract.

As stated above, this is the final year of the Anthem group MA-PD contract. The group MA-PD marketplace remains very competitive today with several major players in the NH service area. DAS, with assistance from Segal, the State Health Benefit Plan (HBP) consultant, continues to monitor the market in an effort to sustain the current level of benefits within the funds appropriated to the Retiree HBP.

Based on the foregoing, I am respectfully recommending approval of this amendment to the final year of the Anthem group Medicare Advantage with Prescription Drug plan contract.

DAS has determined that Anthem is in good standing with the Secretary of State's Office, has secured the required levels of insurance, and has provided evidence of authority to execute and be bound by the contract. Documents supporting these assertions are available at DAS, for review upon request.

Respectfully submitted



Charles M. Arlinghaus

**FIRST AMENDMENT TO THE
FULLY INSURED MEDICARE ADVANTAGE W/ PRESCRIPTION DRUG GROUP
AGREEMENT BETWEEN THE STATE OF NEW HAMPSHIRE AND
ANTHEM BLUE CROSS AND BLUE SHIELD OF NH**

This Amendment ("Amendment") to the Fully Insured Medicare Advantage with Prescription Drug Group Agreement approved by the Governor and Executive Council on July 19, 2023 ("Agreement"), is by and between Anthem Health Plans of NH, Inc. doing business as Anthem Blue Cross and Blue Shield of New Hampshire ("Anthem" or "Contractor"), and the State of New Hampshire ("State"), each a "Party" and together the "Parties" hereto. This Amendment shall become effective on the date of Governor and Executive Council approval ("Effective Date"). The Agreement Period for this Amendment shall commence at 12:00 a.m. on January 1, 2026.

RECITALS

WHEREAS, the Parties previously entered into the Agreement setting forth the terms and conditions under which Contractor would provide the administrative services to the State set forth in Exhibit B ("Scope of Services"), and in Exhibit C "Pricing and Payment Terms") to the Agreement ; and

WHEREAS, the State wishes to amend the Agreement; and

WHEREAS, pursuant to Section 18 of the P-37 of the Agreement, the Agreement may be amended only by an instrument in writing signed by the parties hereto and only after approval of such amendment by the Governor and Executive Council of the State of New Hampshire; and

NOW THEREFORE, in consideration of the mutual promises and obligations set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, agree as follows:

1. SCOPE OF AMENDMENT

The purpose of this Amendment is to modify certain provisions of the Agreement as follows:

- (a) P-37, Section 1.8 Price Limitation;
- (b) Exhibit C, Pricing and Payment Terms relative to the Contract Price;
- (c) Exhibit C, Pricing and Payment Terms relative to the Plans and Rates – MAPD table;
- (d) Exhibit C, Pricing and Payment Terms relative to Assumptions and Conditions;
- (e) Exhibit C, Pricing and Payment Terms relative to Multi-Year Stipulations; and
- (f) Exhibit C, Gain Share Summary.

2. AMENDMENT

- (a) Section 1.8 of the P-37. Section 1.8 of the P-37 is hereby amended by changing the Price Limitation to \$73,221,000.
- (b) Exhibit C, Pricing and Payment Terms relative to the Contract Price. Hereby delete the first paragraph under Contract Price in Exhibit C, and replace it as follows:

Anthem hereby agrees to provide Medicare Advantage with Prescription Drug coverage for State of New Hampshire Medicare-eligible Retirees and eligible dependents in compliance with the terms and conditions specified in this Agreement for an amount not to exceed the price limitation of \$73,221,000 reflected in the Form P-37, Box 1.8.

- (c) Exhibit C. Pricing and Payment Terms relative to the Plans and Rates – MAPD. The Plans and Rates – MAPD fee table is hereby deleted and replaced by separating the third year of the Agreement into its own column as follows:

	Effective: January 01, 2024 through December 31, 2025		Effective: January 01, 2026 through December 31, 2026
Medical Plan	Medicare Advantage Custom PPO OPHD with 10/25/40 (E3) ECDHLP Pharmacy Plan	Medicare Advantage Custom PPO OPHD with PP 10/25/40 (E3) ECDHLP Preferred Pharmacy Plan	Medicare Advantage Custom PPO OPHD with PP 10/25/40_NoDed FG CMAX (E3) ECDHLP SG Preferred Pharmacy Plan
Monthly Medical Premium Rate (PMPM)	\$0.00	\$0.00	\$0.00
Monthly Pharmacy Premium Rate (PMPM)	\$169.00	\$162.73	\$220.19
Total Monthly Premium Rate (PMPM)	\$169.00	\$162.73	\$220.19
Optional Weight Loss Rider (PMPM)	\$3.65	\$3.65	N/A

- (d) Exhibit C. Pricing and Payment Terms relative to Assumptions and Conditions.

- a. Delete the following Assumptions and Conditions: #8 and #12.
- b. Add the following Assumption and Condition: The pricing census included a total of 10,932 retired members, including 169 Medicare eligible, pre-65 retired members. If the enrolled total membership differs from the pricing census by more than 10% Anthem reserves the right to review and change the pricing if necessary.

- (e) Exhibit C. Pricing and Payment Terms relative to Multi-Year Stipulations:

- a. Delete the following Multi-Year Stipulations: #13, #19, #21 and #25.
- b. Delete "2024" in Stipulation #19.
- c. Add the following Multi-Year Stipulation: Notwithstanding any other Assumptions and Conditions, or Multi-Year Stipulations, in no event shall rates change mid-year.

- (f) Exhibit C. Pricing and Payment Terms relative to Gain Share Summary.

Anthem Initials *MAPD*
Date: *10/13/25*

- a. Delete the first two Gain Share stipulations.
- b. Amend the third stipulation to read: State of New Hampshire is only eligible for the Gain Share Amount if the State of New Hampshire maintains continuous coverage during the period in which the Gain Share is measured.
- c. Amend the final stipulation to read: CMS requires funds associated with the rebate portion of the CMS Revenue be used for the purpose of payment of Part B premiums, supplemental drug coverage, or supplemental health benefits. In the event of a gainshare payout, the employer must agree to allocating the estimated rebate portion of the payout for these purposes. Estimated rebate value to be provided at time of settlement. All Gain Share payments shall be used for the benefit of the members.

3. GENERAL PROVISIONS

- (a) Except as expressly set forth herein, nothing contained in this Amendment shall, or shall be construed to, modify, alter or amend the Agreement. By execution hereof, the parties expressly reaffirm the Agreement, as modified by this Amendment.
- (b) To the extent any provision contained in this Amendment conflicts with the terms and conditions of the Agreement, the specific terms in this Amendment shall control.
- (c) This Amendment shall be effective as of the Amendment Effective Date.

IN WITNESS WHEREOF, the parties have caused this Amendment to be duly executed as of the Amendment Effective Date.

**The State of New Hampshire Employee and Retiree Health Benefit Program
Department of Administrative Services**

Charles Arlinghaus
State Agency Signature
10-13-25
Date

Charles Arlinghaus, Commissioner
Name and Title of State Agency Signatory

Anthem Health Plans of NH, Inc., d/b/a Anthem Blue Cross and Blue Shield of New Hampshire

Maria M. [Signature]
Contractor Signature
10/13/25
Date

President + GM Anthem BCBS NH
Name and Title of Contractor Signatory

Anthem Initials: MMP
Date: 10/13/25

Approval by the Attorney General (Form, Substance and Execution)

Christen Lavers
Department of Justice

Christen Lavers, Sr. Assistant AG
Name and Title of DOJ Signatory

10/13/25
Date

Approved by the Governor and Executive Council of the State of New Hampshire on:

Date: _____, item # _____.

Office of the Secretary of State

Name and Title of SOS Signatory

Anthem Initials MMP
Date: 10/13/25



State of New Hampshire

DEPARTMENT OF ADMINISTRATIVE SERVICES
25 Capitol Street – Room 100
Concord, New Hampshire 03301
(603) 271-3201 | Office@das.nh.gov

Original Contract
Approved by G&C
on July 19, 2023,
Item #75

Charles M. Arlinghaus
Commissioner

Catherine A. Keane
Deputy Commissioner

Sheri L. Rockburn
Assistant Commissioner

June 29, 2023

His Excellency, Governor Christopher T. Sununu
and the Honorable Council
State House
Concord, NH 03301

REQUESTED ACTION

Authorize the Department of Administrative Services (DAS), Division of Risk and Benefits to enter into a fully-insured group Medicare Advantage with a prescription drug (MA-PD) plan agreement with Anthem Health Plans of New Hampshire, Inc., d/b/a Anthem Blue Cross and Blue Shield (Anthem) (VC# 177335), Manchester, NH 03101-2000, for members covered under the State’s Medicare-eligible Retiree Health Benefit Plan (HBP) in an amount not to exceed \$69,388,000, effective upon Governor and Council approval for the period of January 1, 2024 through December 31, 2026, with an option to extend for up to two additional years. **Approximately 48% General Funds, 3% Enterprise Funds, 13% Highway Funds, 1% Turnpike Funds and 35% Other Funds.**

Funding is available in the Employee Benefit Risk Management Fund contingent upon availability and continued appropriations for all fiscal years with the authority to adjust encumbrances in each of the State fiscal years through the Budget Office if needed and justified:

MEDICARE ADVANTAGE with PRESCRIPTION DRUG PLAN (MA-PD)

<u>Fully-Insured Plan Costs</u>	<u>SFY2024</u>	<u>SFY2025</u>	<u>SFY2026</u>	<u>SFY2027</u>
01-14-14-140560-66500000 102-500653 14FINO-J	\$11,335,000	\$22,876,000	\$23,359,000	\$11,818,000
FISCAL YEAR TOTALS	\$11,335,000	\$22,876,000	\$23,359,000	\$11,818,000
GRAND TOTAL				\$69,388,000

EXPLANATION

The DAS Commissioner is authorized, pursuant to RSA 21-1:28, to enter into contracts with "any organization necessary to administer and provide a health plan." DAS currently contracts with Aetna Life Insurance Company (Aetna) (item #78, August 5, 2020) to provide a fully-insured group Medicare Advantage plan (MA plan) offering medical-only coverage for Medicare eligible retirees, spouses, and eligible dependents in accordance with the provisions of RSA 21-1:30. The Aetna group MA plan contract expires on December 31, 2023. In addition, the State currently contracts with Express Scripts, Inc. (ESI) (tabled item #89, October 13, 2021) to provide prescription drug coverage for active employees and retirees and their families, including a self-funded, Medicare prescription drug (Medicare Part D) plan through an Employee Group Waiver Plan (EGWP). The ESI contract expires on December 31, 2024, which includes a provision for the State to terminate the EGWP plan at any time during the contract term if the State determines it to be in its best interest to do so with no impact on pricing conditions.

DAS, with the assistance of its health benefits consultant, the Segal Group (Segal), issued a Request for Proposal (RFP) for the administration of the State of New Hampshire's fully-insured retiree Medicare Advantage plan. DAS instructed the bidders to provide two separate quotes, one for a fully-insured, medical-only, group MA plan (herein referred to as the MA plan) and one for a fully-insured group MA plan that also includes a fully-insured, group Medicare Part D, prescription drug plan (herein referred to as the MA-PD plan) on February 24, 2023. DAS published notice of this RFP on the DAS Division of Procurement and Support Services website. All major national Medicare Advantage plan carriers with passive PPO networks in NH were contacted, including Aetna, Anthem, UnitedHealthcare (UHC) and Humana.

In the group insurance marketplace, if 51% of a group MA plan's membership lives in the network service area, i.e., NH, the carrier may offer a "passive PPO". This means that members receive the same level of benefits regardless of whether they use an in-network or out-of-network provider, as long as the provider accepts Medicare. Since there are State retirees residing in states across the country, a passive PPO enables them to have the flexibility to see in- and/or out-of-network providers nationwide. On April 21, 2023, DAS received proposals from all four major carriers referenced above and each carrier has a large in-network provider presence nationwide. No other bidders responded to the RFP. DAS evaluated and scored proposals for the MA plan and MA-PD plan.

The total possible score for the MA plan is 100-points which is divided evenly with 50 points for the financial and 50 points for the non-financial components. The non-financial component further breaks down into the following categories: Network Match and Access (15%), Performance Guarantees (5%), Administrative, Member, and Claim Paying Services (9%), Data Reporting and Revenue Maximization (6%), Enrollment, Implementation, and Communication (9%), Medical Management and Member Case Management (6%).

The total possible score for the MA-PD plan is 120-points which is divided evenly with 60 points for the financial and 60 points for the non-financial components to account for the addition of the prescription drug formulary and clinical program management. The non-financial component further breaks down into the following categories: Network Match and Access (18%), Performance Guarantees (5%), Administrative, Member, and Claim Paying Services (9%), Data Reporting and Revenue Maximization (6%), Enrollment, Implementation, and Communication

(9%), Medical Management, Member Case Management (6%) and Rx formulary and clinical program management (7%).

The first RFP bid request continues the Medicare-eligible Retiree Health Benefit Plan (HBP) as it is today with a fully-insured medical-only group MA plan. The Medicare Part D prescription drug coverage would remain as it is today through a separate contract for a self-funded pharmacy benefit management third-party administrator, currently with ESI. Aetna's MA plan proposal ranked first with a total score of 97.8 out of 100 points. Aetna's quote continues their current \$0 per member per month (PMPM) rate guarantee for the three-year term. Anthem ranked competitively in second place at 96.7 total points, with a matched \$0 PMPM rate guarantee over the three-year term. However, Aetna's non-financial response was stronger, specific to performance guarantees and medical management. Because the total projected costs for the two remaining carriers, UHC and Humana, exceeded the threshold of 25% higher cost than the lowest cost proposal, they were both received zero (0) points for their financial scores.

The second RFP bid request consolidates the self-funded Medicare prescription drug benefits with the group MA plan under one fully-insured group MA-PD plan. Anthem's proposal ranked first with a total score of 115.6 out of 120 points with a projected total cost that is approximately \$6M lower than Humana (99.5 point) as the second lowest cost proposal at over the three-year term. The third and fourth place carriers were Aetna (92.8 points) and UHC (56.3 points), respectively. UHC's cost proposal exceeded the 25% cost threshold resulting in zero (0) points for their financial score. All four carriers were competitive for the non-financial components.

In order for DAS to determine if it was in the best interest of the State to consolidate the medical and prescription drug benefits into one fully-insured group MA-PD plan, it was necessary to calculate the PMPM rate for the final (CY2024) year of the current ESI Medicare Part D contract term and add it to the highest scoring medical-only group MA response from Aetna. In doing so, DAS estimated that the CY2024 PMPM rate to maintain the self-funded EGWP plan with ESI would cost approximately \$190 PMPM, plus Aetna's medical-only group MA plan PMPM rate of \$0, for a total of \$190 PMPM.

In comparison, if the State transitioned to the consolidated fully-insured group MA-PD plan, Anthem's estimated PMPM premium rate is \$169 PMPM. In total, DAS estimates that by transitioning to the MA-PD plan, the State will save approximately \$2.5M in CY2024. The savings projections for CY2025 and CY2026 will vary based on trend and the uncertainty of the Centers for Medicare and Medicaid Services (CMS) potential funding changes pursuant to the Inflation Reduction Act of 2022 (IRA). All four bidder responses contained caveats to renegotiate proposed rates if federal changes are too significant to sustain existing rates.

The implementation and consolidation into the one fully-insured MA-PD plan requires DAS to transition over 11,000 State Medicare-eligible retirees and spouses from their current medical and pharmacy benefits to their new MA-PD by October 2023 in order to comply with all CMS notification and enrollment requirements. As with any change, there is expected to be member disruption.

However, due to the nature of the nationwide passive PPO, Anthem can provide retirees with the same network access to the providers who accept Medicare that they use today. Retirees should not have to change doctors and should not experience any increase in out-of-pocket costs. In addition, many of our retirees were Retiree Health Benefit Plan members in 2019 and 2020 when Anthem administered the state's first fully-insured Medicare Advantage Plan. Retirees are still subject to the Medicare Part B deductible established by CMS on an annual basis just as they are today. There is also expected to be minimal member disruption when transitioning prescriptions from Express Scripts to Anthem. The most notable difference retirees should expect is to change from two member ID cards in their wallets for medical and prescription drug benefits to only one member ID card for both benefit plans.

The approval of this contract will continue to support DAS' work to contain healthcare costs. Since the inception of the fully-insured, group MA plan in 2019, the State achieved approximately \$59.5M in savings. The initial implementation of the fully-insured Anthem group MA plan (medical-only) in 2019 and 2020 totaled approximately \$11.8M in savings. In 2021 through 2023, DAS transitioned to Aetna's fully-insured, group MA plan with a three-year \$0 PMPM rate guarantee adding approximately \$45.2M to the State's savings. As stated above, by consolidating the Medicare Part D prescription drug plan into the fully-insured group MA-PD plan, DAS is projecting to add an estimated \$2.5M to the State's savings from the first year of the three-year contract term.

Containing health care costs is important not just to the state but to our retirees who pay a percentage of the monthly premium cost, as well as copays and other out of pocket costs. In short, when the state saves money, our retirees save money. Anthem's MA-PD plan also provides members access to additional benefits above and beyond the benefits offered through the State's required plan design for the Medicare Retiree Health Benefit Plan. Examples of those additional benefits include fitness discounts through the Silver Sneakers program and additional pharmacy copayment discounts if retirees choose to use a pharmacy in Anthem's Preferred Pharmacy network.

DAS is confident that Anthem's fully-insured group MA-PD plan will provide State of New Hampshire retirees and spouses the same level of coverage and service they have become accustomed to over the years. In addition to the quality and performance measures that CMS requires and monitors, DAS negotiated contractual performance guarantees and quality indicators to manage vendor performance. DAS looks forward to developing a renewed MA-PD partnership with Anthem over the next three years. Based on the foregoing, I am respectfully recommending approval of the agreement with Anthem Health Plans of New Hampshire, Inc.

Respectfully submitted,



Charles M. Arlinghaus
Commissioner
Administrative Services