

PROPOSED CHANGES IN JUDICIAL BRANCH EMPLOYEES' HEALTH INSURANCE BENEFITS

In his February 12, 2009 Budget Address, Governor Lynch announced a proposal to reduce state expenditures for employee health insurance benefits and to pass some of those savings along to employees in the form of a one time payment. The Legislature is now considering this proposal. In its present posture, this proposal would affect the health benefits of (1) judicial branch employees except court monitors; (2) legislative branch employees; (3) non-classified executive branch employees; and (4) other unclassified executive branch employees. It would not affect executive branch employees who are subject to Collective Bargaining Agreements. At the same time, collective bargaining negotiations are underway, and although confidential, may include discussions about health insurance benefits.

The Governor has projected savings of \$3.5 million over the next biennium in connection with implementation of the revised health benefit plan. We have no information concerning how much of those savings would be returned to employees in the first year or how much money each judicial branch employee would receive or when the payments would be made.

This proposal would shift to judges, masters, and judicial branch employees some of the costs of our health insurance plan and would also provide improved services and some cost reductions. This proposal includes (1) increases in health insurance payroll contributions; (2) increases in co-pays for retail and mail order prescription drugs; (3) an increase in total out-of-pocket expenditures for prescriptions; (4) an increase in the deductible limits on durable medical equipment; (5) the introduction of "hospital tiering" which is an effort to contain rising health care costs by creating incentives for consumers to choose hospitals that charge less for certain services; and (6) some service improvements and cost reductions. Those changes are summarized below and are outlined on the attached schedule.

The House Finance Committee has approved House Bill 2 which includes a provision that would require the judicial branch to lapse \$345,563 in FY 2010 and \$748,725 in FY 2011 in connection with the implementation of this revised health benefit plan. The Department of Administrative Services will bring the revised health benefit plan before the Joint Legislative Fiscal Committee, presumably in May or June of this year. The changes cannot be implemented until and unless the Fiscal Committee approves them. The current plan is to implement the revisions January 1, 2010, subject to Fiscal Committee approval.

1. The plan calls for an increase in health insurance payroll contributions.

Judicial branch employees covered by health insurance currently pay \$30 per pay period for their coverage, by payroll deduction. Under the proposal, the **one-person health plan** payroll deduction will remain at **\$30 per paycheck**; the **two-person health plan** payroll deduction will increase to **\$60 per paycheck**; and the **family health plan** payroll deduction will increase to **\$80 per paycheck**.

2. The plan calls for increases in co-pays for prescriptions drugs;

Co-pays for **monthly retail prescriptions** are currently \$5 for generic prescriptions, \$10 for preferred prescriptions, and \$20 for non-preferred prescriptions. The proposal would double co-pays to \$10 for generic prescriptions, \$20 for preferred prescriptions, and \$40 for non-preferred prescriptions. Co-pays for **mail order prescription** drugs are currently \$10 for generic prescriptions, \$20 for preferred prescriptions and \$30 for non-preferred prescriptions. The proposal would increase those mail order co-pays to \$20 for generic prescriptions, \$40 for preferred prescriptions, and \$70 for non-preferred prescriptions, all for a 90-day supply.

3. The plan calls for an increase in total out-of-pocket expenditures for prescriptions.

The maximum **out-of-pocket expense** for prescription drugs would increase from \$500 to \$1,000 for an individual and from \$1,000 to \$2,000 for a family, under the proposal.

4. The plan calls for deductibles on durable medical equipment purchases.

There is currently no deductible for **durable medical equipment (DME)** purchases. The proposal includes a \$100 deductible for each purchase of durable medical equipment with a limit of \$5,000.

5. The plan introduces the concept of Hospital Tiering.

The proposal includes deductibles for plan members when they obtain care from higher cost hospitals in the state. The Department of Insurance has analyzed New Hampshire hospitals and categorized them into two groups, according to the costs of services at those facilities. Tier 1 hospitals charge lower fees; Tier 2 hospitals charge higher fees. Tier 2 hospitals include Catholic Medical Center, Dartmouth-Hitchcock Medical, Exeter, Frisbee Memorial, Littleton Regional, Franklin Regional, Portsmouth Regional, and St. Joseph's. Under this plan, if you seek services at a Tier 2 hospital, your co-pays will be \$100 for inpatient services and \$50 for outpatient services.

6. The plan includes some service improvements and some cost reductions.

Our current plan has a 30-day limit on **skilled nursing care and rehabilitation services** for Point of Service members. Under the proposal, that limit would increase by 70 days to 100 days.

Our co-pay for **urgent care** is currently \$50. The proposal would decrease that co-pay to \$25.

Our current plan covers a **vision exam** every other year; the proposal would cover an annual vision exam.