



Critical Legislative Alert

Dear Member Groups,

I am writing with important legislative updates, and to encourage you to make your voices heard. During the current legislative session, it is very likely that the future of risk pools in New Hampshire will be determined. I sincerely ask that you read this message in its entirety. **Please note, an informational sheet providing an overview of health risk pool reserve levels is linked both in the body of the message and [here](#). Additionally, two hearings are scheduled for next Tuesday (2/3; Senate Bill 605) and Wednesday (2/4; House Bill 1491), the details for which are at the end of this message.**

Brief Background

During the 2025 legislative session, the regulator of risk pools in New Hampshire (the Secretary of State) sought legislation through Senate Bill 297 (SB297) that would lower the maximum contingency reserves that health risk pools in New Hampshire are allowed to maintain. Contingency reserves are funds held in case claims are worse than projected in the rating process. Under the view held by the regulator, if these limited reserves prove insufficient, risk pools are expected to invoice their member groups as needed to remain solvent. In other words, the solution to the solvency problem caused by low reserves is to levy assessments, which are required to be paid in addition to monthly premiums. The issues of reserves and payment of assessments are currently before the State Legislature.

A Sustainable Risk Pool Model Requires Sufficient Reserves

HealthTrust is a non-assessable risk pool. Under our model, we offer fixed-cost coverage to our member groups. If claims exceed contributions, HealthTrust is responsible for paying the additional costs from reserves, and may replenish reserves through prospective rate increases in future renewal cycles. This model protects member groups (and their taxpayers) from surprise assessments. In order to operate this model, **HealthTrust targets a larger reserve than would be allowed under the Secretary of State's proposed model, focusing on maintaining solvency over a 5-year (not 1-year) projection periodⁱ.**

HealthTrust sets its contingency reserve following the guidance of its external actuaries, and has historically maintained a higher reserve than the other two health risk pools in the state. **When faced with unexpected claims spikes during FY2022 and FY2023, HealthTrust's larger contingency reserve proved sufficient and all claims were paid, without levying assessments on Member Groups.**

Rather than levy assessments after experiencing losses, HealthTrust adopted a reasonable rebuild plan starting in January 2024. As a result, HealthTrust experienced year end gains in FY2024 of \$10.1M and FY2025 of \$9.5M, and a year-to-date gain in FY2026 of \$10M. HealthTrust's model has proven effective in handling this challenging market. HealthTrust is the longest running and largest health risk pool in New Hampshire, founded more than 40 years ago, before the enactment of RSA 5-B which currently governs risk pools. The HealthTrust model was affirmed by the legislature when it enacted RSA 5-B in 1987ⁱⁱ.

Today, HealthTrust is the only health risk pool in New Hampshire operating with a positive financial position as of the latest fiscal year end, and the only health risk pool to not issue surprise assessments to its groups due to insufficient contingency reservesⁱⁱⁱ.

Despite the proven effectiveness of our model over more than four decades, HealthTrust is being challenged by the Secretary of State, who has repeatedly stated over the past year that the HealthTrust model, which does not include assessments but relies on adequately funded contingency reserves, is not and should not be allowed in New Hampshire^{iv}. Rather than support HealthTrust's financially sustainable model, the Secretary has proposed legislation and engaged in an enforcement action, to force HealthTrust into the low maximum contingency reserve model that led to disastrous results for New Hampshire's school districts and municipalities with the precipitous depletion of the contingency reserves held by the other two health risk pools in the state.

Low Contingency Reserve Model

During the 2025 legislative secession, the Secretary of State – through SB297 –sought to explicitly limit health risk pool contingency reserves to between 12-16% of contributions. The upper limit of this range is less than half the national average. **The Association for Governmental Risk Pools (AGRiP – a premier risk pool industry group) reports that nationally health risk pools hold an average of 34%-38% of contributions in reserves^v.** This data includes both assessable and non-assessable risk pools. For comparison, the health insurance industry norm is approximately 33%^{vi}. By further comparison, HealthTrust's reserves in FY2020 equated to 20% of contributions and is currently rebuilding to reach a target equivalent to 22% of contributions.

Disruptive Impacts in New Hampshire

Recent experience of health risk pools in New Hampshire demonstrates that the contingency reserve model favored by the Secretary of State is too low.

Over the past decade, three risk pools offered health coverage to political subdivisions in New Hampshire: HealthTrust, SchoolCare, and New Hampshire Interlocal Trust (NHIT). **Two of the risk pools, SchoolCare and NHIT, historically operated within the 12-16% reserve range preferred by the regulator per their operating agreements (Risk Pool Practices Agreements) with the Secretary of State.^{vii}** HealthTrust has not entered into such an operating agreement with the Secretary and instead has relied on the expertise of its actuaries to set its contingency reserve target between 19 and 22% of contributions.

Under the Secretary of State's model, both SchoolCare and NHIT depleted their contingency reserves in 2025. NHIT suddenly closed on June 30, 2025, and the receiver appointed by the

Secretary billed \$2.5M in surprise assessments to NHIT groups that were enrolled in coverage as of June 30, 2025^{viii}. Even though NHIT groups had fully paid for their coverage through June 30 and were unexpectedly forced to seek coverage elsewhere on July 1, the groups were forced by the receiver to pay the assessments or risk that claims incurred prior to June 30 would not be paid.

Facing diminished contingency reserves as of June 30, 2025, SchoolCare renewed coverage on July 1, 2025 but later announced in September that they did not have enough assets to cover liabilities. SchoolCare billed groups that were enrolled in its coverage as of June 30, 2025 a total of \$30M in surprise assessments (equivalent to approximately 12% of annual contributions)^{ix} with the support of the Secretary of State^x.

As the receiver had done, SchoolCare told groups that claims would not be paid if they did not pay these surprise assessments^{xi}. These assessments hit the public sector hard, with many school districts and municipalities draining reserves intended for other purposes, using last year's fund balances, cutting projects/positions, and raising taxes in an attempt to pay these assessments. To date, it is unclear if these assessments have been sufficient to restore financial stability as SchoolCare has not yet released audited financials for FY2025 nor has it publicly issued year-to-date reports of its financial condition for FY2026, even though this fiscal year began July 1, 2025^{xii}.

The assessments issued in 2025 by NHIT and SchoolCare were the first assessments issued by any risk pool in New Hampshire history. When issued, questions were raised publicly by participating groups about whether such assessments were allowed per the bylaws and agreements of the organizations. The assessments hit hard, and it is unclear if they will be sufficient. Low reserves and surprise assessments are not the answer for maintaining long term sustainability for risk pools or long-term stability for the groups, employees, retirees, and taxpayers that rely on risk pools for health coverage.

Assessments Would Have Been Required, not Prevented, Under SB297

SB297, as introduced last year, would have required all risk pools to operate in the 12-16% contingency reserve range that NHIT and SchoolCare operated within, based on their agreements with the Secretary of State. It would have required risk pools to issue assessments to their public sector member groups when these reserves proved insufficient, just as NHIT and SchoolCare did. **SB297 would not have prevented these issues. In fact, the very methodology that led to these issues would have been required by law and applied to HealthTrust^{xiii}.**

Benefits of Risk Pools in New Hampshire

Health risk pools have served the public sector well in New Hampshire for over 40 years. Designed to serve the public sector, they provide better benefits at lower costs than the commercial market. They exist in free-market competition with each other and commercial carriers, yet the vast majority of the public sector chooses risk pools in order to be able to proactively plan and set budgets, and keep their costs lower than what is available in the commercial market.

Standard, common-sense requirements to promote financial stability used throughout the country and in New Hampshire by the Insurance Department would have prevented these situations and protected the

cities, towns, school districts, counties, and other public sector entities that risk pools serve, along with their employees and taxpayers. **Two of the three health risk pools followed the Secretary of State's contingency reserve requirements with harmful results^{xiv}. Legislative efforts to impose these requirements on the last remaining financially stable health risk pool will likely remove what is the only viable option for affordable health coverage that many political subdivisions have in the State of New Hampshire.**

Throughout the country, risk pools continue to be viable through volatile events, offering stable and lower rates than the commercial market. Sufficient reserves result in a stable and protective experience. Only in New Hampshire are insufficient reserves being mandated by the regulator with required corresponding and significant assessments.

Attachment

Please view the [linked document](#) that summarizes the reserves of the three health risk pools in New Hampshire. We strongly encourage you review this document.

We also encourage you to review the HealthTrust Annual Report, located [here](#). The report contains detailed information on HealthTrust's financials and a two-page spread showing HealthTrust's contingency reserves over time.

As of June 30, 2025, HealthTrust is the only health risk pool in New Hampshire with a positive financial position.

Legislation

In response to recent events with risk pools, multiple bills have been filed for consideration during the 2026 legislative session. The bills, and HealthTrust's positions, are summarized below. We encourage our Member Groups, their Covered Individuals, and other stakeholders (such as unions and taxpayers) to assert their positions on each of these bills.

Direct outreach to your Senators and Representatives has proven extremely effective, as they care about the experiences of their local municipalities, schools, employees, and taxpayers. Additionally, testifying at the public hearing for each bill is an exceptional way for the committees to hear your feedback in an impactful manner.

If you are unable to testify in person, each hearing allows for testimony to be provided online and gives the ability to attach written testimony.

To submit a short, written statement online to the committee, follow these steps:

For the House of Senate (SB605):

1. Go to this link: <https://gc.nh.gov/remotecommitteesenate.aspx>
2. Select 2/3 as the date of the hearing

3. Choose the Committee: Senate Finance
4. Choose bill SB605
5. Complete and submit

For the House of Representatives (HB1491):

1. Go to this link: <https://gc.nh.gov/house/committees/remotetestimony/default.aspx>
2. Fill in the fields as applicable
3. Select 2/4 as the date of the hearing
4. Choose the Committee: House Commerce and Consumer Affairs
5. Choose bill HB1491
6. Complete and submit

The future of risk pools will change this legislative session; make your voice heard!

Senate Bill SB605

Title: relative to special assessment requests from pooled risk management programs.

Sponsors: (Prime) Perkins Kwoka (D), Watters (D), Rosenwald (D), Altschiller (D)

Next/Last Hearing:

Senate Finance

2/3/2026 at 2:15 p.m. Location: State House

Text: https://gc.nh.gov/bill_Status/billinfo.aspx?id=1466

SB605 would amend RSA 5-B to require that if a risk pool is assessable, then member groups must be provided up to 36 months to pay assessments.

HealthTrust supports this bill for two reasons. First, by stating “if” in the text, it expressly recognizes that both assessable and non-assessable risk pools are allowed to exist under RSA 5-B. While this has been the case for the 40 years of risk pool history in New Hampshire, SB605 bill would make clear the legislature’s intent that both assessable and non-assessable risk pools are allowed to operate in the state.

Second, by requiring member groups of assessable risk pools to have 36 months to pay assessments, it requires risk pools to plan reserves with a solvency analysis that uses at least a 4-year projection period. HealthTrust’s external actuaries use a 5-year projection period to evaluate solvency. However, SB297 as introduced last year and the reserve model championed by the Secretary of State and utilized by SchoolCare, only used a 12-month projection period to evaluate solvency. Given budget cycles, a longer projection period is prudent because it allows risk pools and their members time to adjust when claims expenses exceed actuarial projections. Instead of having to issue drastic, immediate assessments to restore solvency, SB605 would provide a reasonable period over which to rebuild contingency reserves.

HB1491

Title: relative to pooled risk management programs.

Sponsors: (Prime) Hunt (R), Porcelli (R), Innis (R), Perkins Kwoka (D)

Next/Last Hearing:

House Commerce and Consumer Affairs

2/4/2026 at 1:45 p.m. Location: Granite Place

Text: https://gc.nh.gov/bill_Status/billinfo.aspx?id=1598

HealthTrust strongly supports HB1491. This bill is substantially the same as passed the House last year (House Amended Version of SB297).

This bill:

1. Allows assessable risk pools such as SchoolCare (termed “assessment risk pools”) to continue under the Secretary of State with the changes to RSA 5-B that the Secretary requested in SB297.
2. Requires non-assessable risk pools (like HealthTrust; termed “advance premium risk pools”) to seek the approval of the Insurance Department and be subject to new regulations set forth in RSA 420-R. While this new oversight has more stringent standards (including rate approval), the regulatory model allows non-assessable risk pools to be successful, for the benefit of their member groups. Notably, the regulation allows non-assessable risk pools to maintain adequate reserves with regulatory standards adopted by the New Hampshire Insurance Department.
3. **For non-assessable risk pools such as HealthTrust, HB1491 allows for strong oversight, prudent reserves, and a solvency model applied to similar insurance entities nationally by all 50 state Insurance Departments (RBC).**

Senate Bill – Late Bill (No Bill Number Yet)

Title: Unknown

Sponsors: Senator Carson

No Hearing Date Yet

Text: Not Available Yet

On January 15, Senator Carson sought and received permission from the Senate Rules Committee to file a late bill related to risk pools. Although the text has not yet been released, in asking for the exception to file the late bill, Senator Carson stated she would be introducing the same bill as passed the Senate last year (Senate-Amended Version of SB297).

If the text is the same, this bill would outlaw non-assessable risk pools, such as HealthTrust. Further, it would require a maximum reserve level that is far too low (12-16% of contributions), which is less than half of the national average for health risk pools and for the health insurance industry overall. In seeming recognition that this was too little in reserves, SB297 as passed by the Senate required the towns, cities, schools, and others that participate in a risk pool to fund their own reserves of 4% in order to pay assessments when they invariably come through.

HealthTrust strongly opposes any bill that outlaws non-assessable risk pools and requires risk pools to attempt to operate with maximum reserves at less than half the national average.

In Closing

Thank you for taking the time to read this message. It is our sincere hope that we can work together to ensure risk pools in New Hampshire have a bright future!

If you have any questions or concerns, please feel free to reach out at the contact information below.

Sincerely,



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Footnotes:

ⁱ 2025 Secretary of State enforcement action against HealthTrust summarizes their position in the Staff Petition for Preliminary, Permanent, and Other Relief including “HealthTrust has violated RSA 5-B:5, I(c) by improperly retaining net assets of the pooled risk management program to establish a ‘target’ level of capital to ensure Health Trust’s solvency over a five-year period, an impermissible purpose under RSA 5-B:5, I(c), which does not recognize accumulating and retaining as a “target” earnings and surplus beyond what is required for administration, claims, reserves, and purchase of excess insurance during a program’s fiscal year.” And “HealthTrust’s Board persistently insists that a capital adequacy reserve target level for five years of solvency of HealthTrust is required, despite the fact that the reserve level required for one fiscal year at a 95% confidence level is significantly different.” And “The Board also insists on a five-year solvency period despite the fact that neither RSA 5-B:5, I(c) nor RSA 5-B:5, I(t) authorizes the retention of excess earnings and surplus for this purpose.”

ⁱⁱ RSA 5-B:1 Purpose. – “The purpose of this chapter is to provide for the establishment of pooled risk management programs and **to affirm the status of such programs established for the benefit of political subdivisions of the state.**” (emphasis added)

ⁱⁱⁱ See referenced document titled “Contingency Reserves as A Percent of Contributions” dated January 29, 2026 including footnotes.

^{iv} See footnote above regarding 2025 Secretary of State enforcement action against HealthTrust.

^v The Association of Governmental Risk Pools (AGRiP) is a leading industry group for risk pools nationally. AGRiP's Financial Benchmarking Initiative (FBI) was most recently updated for 2023. AGRiP obtains financial statements from each risk pool and displays benchmarks for the population based on various standard industry financial tests. AGRiP reports that as of its most recent data (updated in 2024 using the most recent audited financial statements on file), in the aggregate, health pools hold an average net position of \$31,654,000 and average annual contributions of \$92,443,000, which equates to net position (reserves) of 34% of annual contributions. A different measure, Contribution Leverage, compares an organization's net contributions to its net position. Nationally, AGRiP reports the average contribution leverage for all health risk pools in their database is 2.575. This means for every \$2.58 dollars in contribution, the risk pools maintain an average of \$1.00 in reserves. This equates to 38.6%.

^{vi} Guy Carpenter and Company LLC is a leading global risk and reinsurance specialist firm. They prepared information used in the AGRiP Financial Benchmarking Initiative (FBI) tool. The tool's companion guidebook states a 3 to 1 contribution leverage (see Footnote v) is a common insurance industry standard and notes that "pools are often less leveraged than traditional insurers when it comes to net contributions and net position because pricing stability is very important within the public entity environment."

^{vii} The New Hampshire School Health Care Coalition (SchoolCare) FY2024 Audited Financial Statements state "The Coalition's Risk Pool Practices Agreement with the NH Secretary of State expired as of April 25, 2017. Although the agreement is no longer in effect, operations and policies adopted as a result of its execution remain in place." Further, SchoolCare's actuary (WTW) states in their FY2025 contingency reserve report dated September 25, 2025 "the June 30, 2024 Medical Risk Corridor of \$34,154,000 based on stochastic modeling at the 95% confidence level is consistent with the language of the Risk Pool Practices Agreement." New Hampshire Interlocal Trust 2020 Risk Pool Practices Agreement states "Contingent Reserves shall be calculated for each coverage line based on the following cap: Contingent Reserves shall not exceed fifteen percent (15%) of Claims Reserves and Net Ultimate Claims Loss."

^{viii} "Weekly NHIT Runout Updates" from NHIT Receiver to NHIT Member Groups dated June 27, 2025 stating "What I have decided to do is make a preliminary assessment of \$2.5M." and "Weekly NHIT Runout Updates" from NHIT receiver to NHIT Member Groups states "I am now limiting claims releases to claims incurred by members to those that have paid their assessments..."

^{ix} SchoolCare notice to groups dated September 23, 2025 including attached "Questions & Answers" document stating "SchoolCare's reserves are critically low, leaving us with a projected deficit of \$4.5 million. Without corrective action, the stability of the pool is at risk." The notice then states \$30M is equivalent to 12% of contributions, which would make \$4.5M roughly equivalent to 2% of contributions (1.8%).

^x SchoolCare Board of Directors Meeting Minutes from August 20, 2025 show Secretary of State Scanlan and Secretary of State Chief of Staff Lang are in attendance. Meeting Minutes from September 3, 2025 show Chief of Staff Lang is in attendance. SchoolCare Board when discussing whether they are allowed/able to issue assessments states their legal counsel "also reported a positive meeting with the Secretary of State's staff and consultants, who expressed support." Meeting Minutes of September 11, 2025

show Chief of Staff Lang is in attendance. Meeting Minutes of September 21, 2025 where Chief of Staff Lang is in attendance. Union Leader article titled "Risk Pool Seeks \$30M from School Districts to Erase Budget Deficit" dated September 30, 2025 references a statement by Secretary of State Scanlan stating "SchoolCare's current steps should provide stability and sustainability to the pooled risk management program so that members' needs continue to be met for this coverage period."

^{xi} SchoolCare notice to groups dated September 23, 2025 including attached "Questions & Answers" document stating "If no payment plan or intent to pay is in place by May 1, 2026, claims will be held... If unpaid by July 15, 2026, claims will be denied and covered individuals of the member entity become responsible for costs."

^{xii} Typically posted to their public website in October or November, SchoolCare has still not posted audited financial statements (as of January 28, 2026) for the year ending June 30, 2025. In their annual filing to the Secretary of State, they state audited financials are expected to be completed and accepted by their Board on February 2, 2026. SchoolCare and the Secretary of State have not yet (January 28, 2026) provided financials in response to a Right to Know request issued by HealthTrust on January 5, 2026. Both organizations advised they would need approximately 30 days to locate responsive records

^{xiii} SB297 as Introduced required health risk pools to maintain a contingency reserve range of between 12-16% of contributions. Both SchoolCare and NHIT operated with reserve levels in this range per their agreements with the Secretary of State (see footnote vii). Further, SB297 as Introduced required risk pools to issue assessments to replenish reserves if reserves fell below 4% of claims. Both the receiver of NHIT and SchoolCare issued assessments. See referenced document titled "Contingency Reserves as A Percent of Contributions" dated January 29, 2026 including footnotes. SB297 as Amended by the Senate would have required participating member groups (cities, towns, schools, etc.) to build and fund their own reserves of 4% to pay assessments. For comparison, the assessment issued by SchoolCare was \$30M, equivalent to 12% of annual contributions, far exceeding the 4% member groups would have been required to build and maintain.

^{xiv} See referenced document titled "Contingency Reserves as A Percent of Contributions" dated January 29, 2026 including footnotes.