



Deaglan McEachern  
Mayor

## CITY OF PORTSMOUTH

Municipal Complex  
1 Junkins Avenue  
Portsmouth, New Hampshire 03801  
mayor@portsmouthnh.gov  
(603) 610-7200

WRITTEN TESTIMONY FROM MAYOR DEAGLAN MCEACHERN  
ON BEHALF OF THE CITY OF PORTSMOUTH  
IN OPPOSITION TO SENATE BILL 297  
HOUSE COMMERCE AND CONSUMER AFFAIRS COMMITTEE

The City of Portsmouth is a participating Member Group of HealthTrust, a municipal risk pool, which serves as a mechanism for managing risk, ensuring financial stability, and providing affordable coverage options for municipalities and public entities across New Hampshire.

The City of Portsmouth has adopted Principles for Legislative Policies that inform whether the City will support or oppose proposed legislation. One of those principles is to support measures that *increase the efficiency of local government operations*. The City is opposed to SB 297 because it will ***decrease the efficiency of local government operations*** due to its negative fiscal impact on the City of Portsmouth for the following reasons:

- SB 297 would impose significant and unrealistic financial and administrative burdens on risk pools and their members, including municipalities like the City of Portsmouth, the largest Member Group of HealthTrust
- SB 297 imposes vague and subjective standards that could trigger unexpected mid-year assessments, disrupt municipal budgeting, and threaten long-term financial planning
- SB 297 introduces new oversight and administrative costs that would further strain local budgets
- SB 297 mandates new contingency reserve requirements that could cause sudden and significant rate increases, creating volatility and undermine the predictability that towns and cities require for responsible fiscal planning
- SB 297 shifts the financial risk from risk pool programs on to cities and towns

Additionally, HealthTrust has indicated that it would cease to operate if this legislation is passed as it is currently drafted. This would put approximately half of the State's political subdivision's health care in jeopardy and potentially cost taxpayers in the future. Enacting legislation that would potentially create higher costs and reduced services, while removing a risk pool provider, appears to contradict the Legislature's stated purpose in RSA 5-B:1, which provides:

...insurance and risk management is essential to the proper functioning of political subdivisions; ... that pooled risk management is an essential governmental function by providing focused public sector loss prevention programs... that the resources of political subdivisions are presently burdened by the securing of insurance protection through standard carriers.

For the reasons stated above, the City of Portsmouth hereby expresses its strong opposition to SB 297, as it is currently drafted, and urges the House Commerce and Consumer Affairs Committee to vote SB 297 ITL.

In the alternative, the City urges the House Commerce and Consumer Affairs Committee to amend SB 297 to create a study committee on risk pool management programs. This bill was introduced, passed out of the Senate and scheduled for a public hearing in the House in slightly over two months. That is far too fast for a bill that will have huge repercussions for the majority of political subdivisions in the State. A study committee would give municipalities, risk pool managers, and Legislators time to work collaboratively to support financially sound and administratively feasible approaches to oversight and risk management.

Thank you for your consideration.