
Republican Budget Members Call for Subpoena Power to Compel Treasury Docs & Testimony on Health Benefit Rate Increases

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The request was made in a letter sent by Senate Republican Leader Steven Oroho, Republican Budget Officer Declan O'Scanlon, Senator Sam Thompson, and Senator Michael Testa to Senate President Nicholas Scutari, Majority Leader Teresa Ruiz, and Budget Committee Chairman Paul Sarlo.

The Republican senators said subpoenas were necessary since the Murphy administration has refused to answer important questions or provide documents that could help the Legislature, impacted employees and retirees, and the public to understand the recent 22% rate increase.

Further, the senators noted that the Treasurer has provided testimony previously to the committee that has proven to not be accurate or truthful, leading to their request that she be compelled to testify under oath.

The full text of the letter is below ([click here for PDF](#)):

October 19, 2022

Dear Senators Scutari, Ruiz and Sarlo,

We are writing to request that the Senate Budget and Appropriations Committee be given the authority to issue subpoenas to compel the Treasurer to provide documents relating to the State Health Benefits Plan and to compel her testimony under oath before the Committee at the soonest possible opportunity regarding recently adopted premium increases of 22% in State-run health benefit programs. It has become abundantly clear that the Treasurer – either at the direction of the Governor or of her own volition – is refusing to discuss or share proposals to control program costs or to communicate related information to stakeholders, including public employee unions, local government associations, the Legislature, and the public.

Obviously, the Governor and the Treasurer's failure to control health care costs is having the unacceptable impact of causing hundreds of thousands of employees, retirees, and their families to pay more than \$2,000 in out-of-pocket increases in premium sharing for their health care. It will also impact property taxpayers to the tune of more than \$300 million annually. Despite the Treasurer's inaction, there are cost-saving options that can be considered and implemented. There are almost certainly options that have been explored and costed out by AON, the State's health care consultant. Public employee unions and our colleagues on both sides of the aisle have proposed additional savings proposals of their own.

Seven months ago, the nonpartisan Office of Legislative Services (OLS) asked the Department of Treasury for an accounting of savings ideas that have been considered. That was one of many requests for data and questions to Treasury that have never been unanswered. Ironically, not only won't Treasury share savings ideas that surely have been the subject of AON's work product, they won't even share basic information about two recent cost-shifting co-pay increases (with obviously insignificant savings) recently embraced by the Administration in return for capping premium sharing increases for State employees to 3%, which will cost taxpayers hundreds of millions of dollars.

We request that the committee be charged with subpoenaing responses to all the unanswered questions posed by OLS. That charge should also seek though subpoena:

- AON's cost-outs and discussions of the savings ideas advanced by public employee unions;
- AON's savings or cost-shift estimates of recently enacted changes in co-pays;
- The cost to taxpayers of capping state employee premium sharing increases at 3%;
- The precise number of State employees whose premium is capped at 3% and whether the cap proposal is applicable to: employees at State universities and authorities; employees in collective bargaining units not signatories to the 3% agreement; and nonunionized employees.
- The status of the State complaint filed against Horizon in May 2021 – later withdrawn

with unfulfilled promises to refile it – alleging their failure to comply with service requirements under state contract designed to educate health care consumers about providers, improve health care outcomes, and reduce costs; and

- Any other reasonable request by any of our colleagues.

Additionally, we are requesting that when the Treasurer finally testify before the committee about this issue – or any other issue – that she be placed under oath as we no longer have confidence that her testimony will be complete or reflect the truth unless she is under penalty of perjury.

This request is only partially prompted by the Treasurer's failure to communicate basic information about health care cost increases and then lying about the department's lack of transparency by oddly stating that 7-month-old requests for information by OLS have been fulfilled when clearly they have not. The lack of candor and misleading statements have become a pattern with the State's finances. Consider:

- Two years ago, the Treasurer knowingly provided grossly manipulated revenue forecasts to the Legislature to justify the issuance of massive amounts of debt. To obtain the authority to issue debt, Treasury and the administration also fabricated claims that the State would shortly be unable to pay its bills even though Treasury's cash flow never dipped below \$5 billion. Even if estimates were sincere in the early phases of the crisis, she failed to correct them in a timely manner to justify overborrowing and spending.
- When she issued emergency debt, she borrowed \$4.3 billion on a noncallable basis and claimed not to have told the Governor – despite his promises to return the money if it wasn't needed. To this day, she characterizes the borrowing as \$3.7 billion -- \$600 million less than it really was. And after only defeasing \$2.25 billion of other debt, she misrepresented the defeasement as being more than \$4 billion.
- Most recently, the Treasurer has been stating that long-term debt has decreased significantly when it actually increased by more than \$25 billion.
- She failed to tell anyone when the State received a \$6.2 billion federal cash payment of a grant which was later disclosed only after a direct question asked in a public setting.
- The Treasurer routinely fails to provide Executive Branch fiscal notes to the Legislature as required by law -- which has obvious impacts. For example, one impact was enactment of a bill amending laws to relax enforcement of motor vehicle fines which later put the State in danger of defaulting on bonds backed by such revenues, requiring a massive State subsidy.
- The Treasurer disbanded the Pension and Health Benefits Review Commission which had long provided (as required by law) the Legislature and public with financial information about pension and health benefits legislation with potentially enormous financial impacts.
- Federal financial disclosures omitted crucial information that could expose the state to bondholder liability and/or actions by the Securities and Exchange Commission.
- The Treasurer continues to ignore, and not discuss, a long-term structural budget imbalance that State budget experts at Rowan University describe as billions of dollars starting in 2024 when program costs escalate, and one-time revenues disappear.

Maybe the Treasurer is “only following orders” when she refuses to be transparent or honest. Regardless, without subpoenaing documents and information and compelling her testimony

under oath, the Legislature, public employee unions, and public will continue to receive very little information needed to solve a serious financial problem. And when we receive information not under oath, what we receive must be considered incomplete, misleading, and/or dishonest.

Sincerely,

Steven V. Oroho
Declan J. O'Scanlon, Jr.
Samuel D. Thompson
Michael L. Testa, Jr.