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REGULAR MEETING
OF THE
BOARD OF DIRECTORS

November 13, 2018
9:30 AM
Alfredo R. Santistevan Board Room
Suite 207
4308 Carlisle Blvd. NE
Albuquerque, NM 87107

New Mexico Retiree Health Care Authority
Regular Meeting

BOARD OF DIRECTORS

ROLL CALL

November 13, 2018

	Member in Attendance		
Mr. Sullivan, President			
Mr. Montaño, Vice President			
Mr. Crandall, Secretary			
Mr. Propst			
Ms. Goodwin			
Mr. Linton			
Ms. Saunders			
Mr. Eichenberg			
Ms. Larranaga-Ruffy			
Mr. Smith			
Mr. Rael			

NMRHCA BOARD OF DIRECTORS

November 2018

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Regular Meeting of the
NEW MEXICO RETIREE HEALTH CARE AUTHORITY
BOARD OF DIRECTORS

November 13, 2018
9:30 AM
Alfredo R. Santistevan Board Room
2nd Floor, Suite 207
4308 Carlisle Blvd. NE
Albuquerque, NM 87107

AGENDA

1.	Call to Order	Mr. Sullivan, President	Page
2.	Roll Call to Ascertain Quorum	Ms. Beatty, Recorder	
3.	Pledge of Allegiance	Mr. Sullivan, President	
4.	Approval of Agenda	Mr. Sullivan, President	4
5.	Approval of Regular Meeting Minutes October 2, 2018	Mr. Sullivan, President	5
6.	Public Forum and Introductions	Mr. Sullivan, President	
7.	Committee Reports	Mr. Sullivan, President	
8.	Executive Director's Updates	Mr. Archuleta, Executive Director	
	a. HR Update		
	b. FY19 Financial Audit		
	c. Hospital Price Transparency Study		12
	d. Switch Enrollment Update		
	e. HIPAA Breach Notification and Action		21
	f. Pending RFPs		
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9.	Rule Change – Minimum Age and Years of Service Requirements (Action Item)	Mr. Archuleta, Executive Director	41
10.	2019 Proposed Legislation (Action Item)	Mr. Archuleta, Executive Director	50
11.	FY19 1st Quarter Budget Status Report	Mr. Kueffer, Deputy Director	62
12.	FY19 Contract Amendment (Action Item)	Mr. Kueffer, Deputy Director	67
13.	Other Business	Mr. Sullivan, President	
14.	Executive Session Pursuant to NMSA 1978, Section 10-15-1(H)(6) To Discuss Limited Personnel Matters	Mr. Sullivan, President	
15.	Date & Location of Next Board Meeting	Mr. Sullivan, President	

December 4, 9:30AM
Senator Fabian Chavez Jr. Board Room
PERA Building
33 Plaza La Prensa
Santa Fe, NM 87507

16. Adjourn

ACTION SUMMARY

RETIREE HEALTH CARE AUTHORITY/REGULAR BOARD MEETING

October 2, 2018

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APPROVAL OF MINUTES: August 28, 2018	Approved	3
PUBLIC FORUM & INTRODUCTIONS	Informational	3
COMMITTEE REPORTS	Informational	3
EXECUTIVE DIRECTOR'S UPDATES Switch Packet/Fall Newsletter Audit Entrance Conference HR Updates Legislative Cigna/Express Scripts Merger Presbyterian Hospital Santa Fe UNITEDHEALTHCARE/Presbyterian Medical Group Contract Rule Change – Minimum Age & Years of Service Requirement Actuarial and Benefits Consulting RFP Life and Disability RFP June 30, 2018 Investment Performance Report August 31, 2018 SIC Report	Informational	3
2019 PROPOSED LEGISLATION	Discussion	6
FY19 CONTRACT AMENDMENTS	Approved	6

MINUTES OF THE

NEW MEXICO RETIREE HEALTH CARE AUTHORITY/BOARD OF DIRECTORS

REGULAR MEETING

October 2, 2018

1. CALL TO ORDER

A Regular Meeting of the Board of Directors of the New Mexico Retiree Health Care Authority was called to order on this date at 9:30 a.m. in the Alfredo R. Santistevan Board Room, 4308 Carlisle Boulevard, N.E., Albuquerque, New Mexico.

2. ROLL CALL TO ASCERTAIN A QUORUM

A quorum was present.

Members Present:
Mr. Tom Sullivan, President
Mr. Joe Montaño, Vice President
Mr. Doug Crandall, Secretary
Ms. Jan Goodwin
Mr. Terry Linton
Ms. LeAnne Larrañaga-Ruffy
Ms. Therese Saunders
Mr. James E. Smith

Members Excused:
The Hon. Tim Eichenberg, NM State Treasurer
Mr. Lawrence Rael

Staff Present:
Mr. Dave Archuleta, Executive Director
Mr. Greg Archuleta, Director of Communication & Member Engagement
Mr. Tomas Rodriguez, IT Manager
Ms. Judith Beatty, Board Recorder

Others Present:
Mr. Richard M. Romero, lobbyist
[See sign-in sheet]

3. PLEDGE OF ALLEGIANCE

Mr. Smith led the Pledge.

4. APPROVAL OF AGENDA

Ms. Saunders moved approval of the agenda, as published. Mr. Crandall seconded the motion, which passed unanimously.

5. APPROVAL OF REGULAR MEETING MINUTES: August 28, 2018

Mr. Crandall moved approval of the minutes of the August 28, 2018 meeting, as submitted. Ms. Goodwin seconded the motion, which passed unanimously.

6. PUBLIC FORUM AND INTRODUCTIONS

Chairman Sullivan welcomed guests. There were no speakers from the floor.

7. COMMITTEE REPORTS

Executive Committee

Chairman Sullivan said the Executive Committee met to review some of the talking points that are being developed in advance of the upcoming legislation. Given the number of groups that this board represents, a large menu of ideas has been created that each individual organization can pull from and use to develop its own priorities.

Legislative Committee

Vice Chair Montaño said the Legislative Committee is scheduled to meet with stakeholders on Friday, October 5, at 1:30. Additional meetings may be scheduled, depending on the need.

8. EXECUTIVE DIRECTOR'S UPDATES

a. Switch Packet/Fall Newsletter

Mr. Archuleta said he regretted to inform the board about an error that occurred this year as part of the switch enrollment process. NMRHCA goes through the process each year of sending a switch enrollment information packet to 46,000 enrollees. Last week, the first batch of mailings went out, informing 15,000 people about the switch enrollment meetings scheduled in Silver City, Las Cruces, and Santa Fe. Later in the week, NMRHCA received a couple of phone calls indicating that some individuals had received incorrect information. After looking into this, staff discovered that the wrong address was picked up in the first batch of data files and sent to the wrong members, with 586 members affected, so that one member received some information about another member, including the last four digits of the other member's social security number and listing of coverages. Staff is notifying those people individually to let them know what is being done to correct it. The agency is also looking at potentially offering free credit monitoring services to those individuals for up to a year, and is asking each of the people affected to either return or destroy the information they have received.

Mr. Archuleta said NMRHCA is taking this very seriously and is taking steps to remedy the situation and prevent it from happening in the future.

Mr. Rodriguez provided details on how and why this error occurred in the system. The program will be modified to include additional checks to make sure all addresses are correct.

Mr. Archuleta said NMRHCA is notifying the appropriate federal oversight agency with regard to this error.

Mr. Archuleta reviewed items in the fall newsletter.

b. Audit Entrance Conference

Mr. Archuleta said the audit entrance conference took place on August 28. The audit is due at the State Auditor's Office on November 21.

c. HR Updates

Mr. Archuleta stated that Jesse Godfrey has been hired as supervisor in the Santa Fe office, and his previous experience at PERA has turned out to be very helpful. There is one vacancy in the Santa Fe office, and NMRHCA is looking into sending one of the Albuquerque office representatives to Santa Fe at least twice a week to offer assistance. Even when there was a staff of four in Santa Fe, it was fairly shorthanded during the switch enrollment period. Yesterday, for instance, one staff member was on jury duty, and the remaining two people handled in excess of 20 walk-ins and 60 voice mail messages in addition to the phone calls that they were able to take during the course of the day.

Mr. Archuleta stated that Deborah Hernandez was promoted from receptionist to customer service representative in the Albuquerque office.

d. Legislative

Mr. Archuleta said NMRHCA will present its FY20 appropriation request to the Legislative Finance Committee on October 26 at 10:15 a.m.

Mr. Montaño noted that Mr. Archuleta and Ms. Goodwin made presentations at the annual NMAER conference in Gallup, with about 40 people in attendance, and both were very well received.

e. Cigna/Express Scripts Merger

Mr. Archuleta reported that this merger was approved in September.

f. Presbyterian Hospital Santa Fe

Mr. Archuleta stated that, as part of the Consumer Advisory Board meeting last week in Santa Fe, members were provided a tour of the new hospital, which is very impressive. The December meeting of the NMRHCA Board will take place in Santa Fe, after which the board members will be given the opportunity of touring the new facility and grounds.

g. UnitedHealthcare/Presbyterian Medical Group Contract

Mr. Archuleta noted that last year, the board approved a policy that would default the members from pre-Medicare plans into Medicare Advantage plans, instead of the Medicare Supplement Plan. The proposal was to move the people participating in the Presbyterian plan into UnitedHealthcare's Medicare Advantage Plan I, and moving the people in the Blue Cross Blue Shield plan (and Health Connections at the time) into Humana's Advantage Plan I. In January, some UnitedHealthcare members received notice that they could no longer see their Presbyterian doctors, which came as a surprise. NMRHCA subsequently revised the defaulting strategy and allowed people to make a change outside of the normal cycle. He said UnitedHealthcare and Presbyterian now have a contract in place so that this will not happen again.

h. Rule Change – Minimum Age and Years of Service Requirement

Mr. Archuleta reported that more than 90 people had submitted written comments on the proposals as of the October board meeting date, and several others have called the office with questions. The rules hearing will take place on October 19 from 9:30 to 11:30 a.m., and a fairly large turnout is expected. Documents collected at the meeting, along with the written comments, will be forwarded to the board for its consideration, and the board is expected to take action at the November meeting.

Mr. Archuleta said a frequently asked question is how many people will be affected by this change, and he would venture to say that most of the 97,000 people participating in the program would be affected by it, with the exception of those participating under an enhanced retirement program. He noted that NMRHCA projected back in 2014 that this would save an estimated $45 million, and failure to make this change would mean having to make equivalent cuts to the program in order to maintain the same solvency status.

Speaking from the floor, lobbyist Richard M. Romero commented that the agency's lobbyists have been trying to get this fixed legislatively over the last five years on behalf of NMRHCA, and the board can expect pushback, which is understandable. While the unions have been historically okay with increasing employee contributions on a 2:1 ratio, he was not sure they would be agreeable to a 1:1 ratio, given that it has been years since employees have received raises. He added that there is a strong sentiment among legislators that the solvency problem needs to be fixed, but many of them know that NMRHCA is not constitutionally protected and one legislator has suggested dismantling the plan altogether. Mr. Romero said he would strongly recommend that NMRHCA get the word out to as many people as possible about this rule change so that everyone is given an opportunity to weigh in on this change and not later say they didn't know anything about it.

Responding to Chairman Sullivan, Mr. Archuleta said the rule change could certainly be delayed for a year, but it would obviously affect solvency and that would have to be addressed. Next year, he could present a menu of options to absorb the cut to maintain the solvency window.

Ms. Goodwin commented that the ERB is looking at where the liability is. At ERB, 60 percent of it rests with its 47,000 retirees, while the 60,000 actives are only responsible for 40 percent of the liability. She suggested that NMRHCA conduct the same analysis. She pointed out that many retirees have never paid any contributions at all.

Chairman Sullivan noted that the bylaws state that, if a retiree or spouse has access to insurance through a second employer, that person must drop his or her NMRHCA coverage. He asked how well that is communicated to the members and how well is it monitored. Mr. Archuleta responded that this is communicated to the retirees to the extent possible; however, with respect to how many maintain their

NMRHCA coverage if they have access to coverage elsewhere, he would imagine most would opt for getting access through an active employer group, whose plans tend to be more affordable. He said he could have an audit done of everyone who's eligible in the program, but he suspected that the number of people was relatively small.

i. Actuarial and Benefits Consulting RFP

Mr. Archuleta reported that this RFP went out on September 14, with responses due on October 12. Four actuarial consulting firms are proposing to bid on these services.

j. Life and Disability RFP

Mr. Archuleta reported that the final draft was received from Segal this week. He hoped to present recommendations to the board at the December meeting.

k. June 30, 2018 Investment Performance Report

Mr. Archuleta reported that one-year returns were 8.54 percent gross, and 8.43 percent net of fees. The three-year return was just over 7 percent net, and the 2017 return was 17.35 percent, which obviously represented a very good year.

l. August 31, 2018 SIC Report

Mr. Archuleta reported a balance of $641 million at 7/31/18.

9. 2019 PROPOSED LEGISLATION

Mr. Archuleta reviewed highlights from the 2019 Draft Legislative & Solvency Proposal.

Ms. Goodwin said NMRHCA should look at the spousal subsidy, with the idea that spouses should be making at least a nominal contribution so it can be said that all members are contributing something to the fund, which sends a very important message to the legislature.

Chairman Sullivan responded that he thought the steps NMRHCA was taking to reduce the spousal subsidy were appropriate.

Ms. Goodwin clarified that she was not suggesting that the spousal subsidy be eliminated, but only that spouses contribute something. She said the agency needs to acknowledge where its liabilities are with the goal of reaching 100 percent funding because the reality is that the June 30, 2018 financials for the state will include $1 billion as the state's share of NMRHCA's unfunded liability, and that will have an impact on the state's bond rating.

Mr. Archuleta stated that at the next meeting, the board will be asked to formally adopt a recommendation to propose to the legislature, so any changes to the proposal should be addressed at today's meeting.

In response to a request from the board, Mr. Archuleta said he would draw up alternative proposals, including an additional 1/2 percent on the employer side. He noted that if the 1 percent contribution did

not change but the ratio changed to 3/4 percent from the employer and 1/4 percent from the employee, the numbers would obviously not change. If the 1 percent were changed to 1.5 percent, the amount in the fund would increase in 2049 from $4.6 billion to $7.8 billion, which would go toward the 100 percent funding scenario.

10. FY19 CONTRACT AMENDMENTS

Mr. Archuleta said this would amend the Medicare Advantage contracts to reflect the rates approved by CMS and the providers for January 1.

Mr. Crandall reported that the Executive Committee reviewed this amendment and recommended approval.

Mr. Crandall moved for approval. Ms. Goodwin seconded the motion, which passed unanimously.

11. OTHER BUSINESS

None.

12. EXECUTIVE SESSION

None.

13. DATE AND LOCATION OF NEXT BOARD MEETING:
NOVEMBER 13, 2018, 9:30 A.M.
ALFREDO R. SANTISTEVAN BOARD ROOM, STE. 207
4308 CARLISLE BLVD., N.E.
ALBUQUERQUE, NM, 87107

14. ADJOURN

Meeting adjourned at 10:50 a.m.

Accepted by:

_____

Tom Sullivan, President

National Hospital Price Transparency Study
Frequently Asked Questions (FAQs)

Chapin White, RAND
Gloria Sachdev, Employers' Forum of Indiana (EFI)
August 29, 2018

Contents

1. What is the national hospital price transparency study?

The study is an employer-led initiative to measure and report publicly the prices paid for hospital care *at the hospital- and service-line level*. This study is the first of its kind in that it is an employer-led initiative that uses claims data to compare hospital prices publicly.

The core goals of the study are:

- to enable employers to be better-informed shoppers for health plans and provider networks; and
- to hold hospitals and health plans accountable for the prices they have negotiated.

The first round of the study was completed in mid-2017, and the results are available in three formats:

- a final report, including summary findings, methodology and detailed findings, has been published online on RAND's website,[1]
- a summary slide deck is available from the Employers' Forum of Indiana (EFI),[2] and
- an interactive online map that allows users to pinpoint hospital locations and view their prices.[3]

2. Why is it important for employers, and coalitions of employers, to participate?

Our health care system consumes vast economic resources, without producing commensurate health benefits. Employers, in their role as purchasers of health benefits, have been too passive and have not aligned around a strategy that is capable of materially increasing value from the health care system. Becoming an active, informed purchaser starts with "turning on the lights" and recognizing, as Zack Cooper and colleagues put it, "the price ain't right."[4]

3. How will round two be different from round one?

Round 1 of the study (https://www.rand.org/pubs/research_reports/RR2106.html/) was limited to hospitals in Indiana, and included claims data from mid-2013 through mid-2016 for 225 thousand covered lives.

For round 2, we are expanding and improving the study in several ways:

- we are broadening participation among employers in Indiana and increasing the number of covered lives in the state;
- we are inviting employers, and coalitions of employers, across the country to participate, so that a broader set of employers can benchmark their hospital prices locally and with hospitals in other regions;
- we will be updating the analysis to include claims data through 2017.

4. How is the study funded?

Through a combination of foundation grants and contributions from participating employers. The Robert Wood Johnson Foundation (RWJF) fully funded the first round of the study and has expressed an interest in supporting the second round. But, RWJF has also indicated that the second round of the study must be on a path to sustainability, and must draw support from participating employers.

5. How much does it cost for employers to participate?

Each self-funded employer who participates in the study will be asked to contribute $0.20 per covered life, up to a maximum of $15,000 per employer. For example, an employer with 1000 covered lives would contribute $200, and a mega-employer with 75,000 lives or more would contribute the maximum of $15,000. Participating employers' claims data will be included in the public report, and each employer will also receive a customized report showing the prices they paid to each hospital relative to average prices paid.

Fully insured health plans and state-based all payer claims databases (APCDs) will be invited to participate in the study solely as data contributors. For self-funded employers who do not have funds available to contribute to the study, they still will be welcome to participate in the study. These "data-only" participants will provide claims data to be included in the study, but will not receive employer-specific price reports.

6. Why are only self-funded employers asked to contribute?

Self-funded employers are asked to contribute because they have the most to gain. They will receive private individual employer-level reports in addition to the published aggregate reports. Their data comes in messy from the health plans, thus it takes considerable effort to scrub their data clean for analyses. Also, often multiple data files are sent per plan which require data streamlining.

All-payer claims databases (APCDs) can contribute their claims data without charge, because the organizations that maintain APCDs are either not-for-profit entities or governmental agencies. Including claims data from APCDs strengthens the study and provides public benefit to the APCDs and other participants, but those APCDs do not generally have revenue streams or funding available to support analytics by external research organizations. In addition, their data typically comes in clean.

For the fully insured health plans, there is no charge for this group because we decline to accept funding directly from health plans. As opposed to self-funded employers, employers purchasing these products do not own their own claims data and generally have relatively few enrollees, which means that securing study funding from them would be a considerable challenge. At the same time, including claims data from fully insured health plans strengthens the study and provides a public benefit.

7. What information will the employer-specific reports provide?

The employer-specific reports will include:

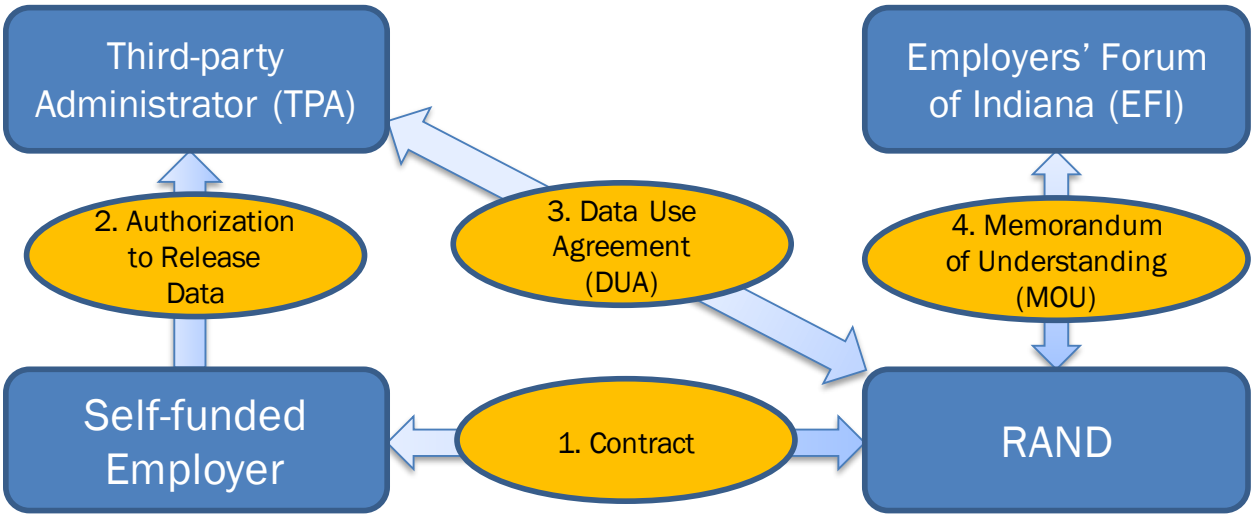
- the actual individual employer total allowed amounts paid to specified hospitals for inpatient and outpatient care, compared to the amount that Medicare would have paid for the same services from the same hospitals;

- individual employer trends of total amounts paid for hospital care relative to state, regional, and national aggregated paid trends of average commercial rates, and relative to trends in Medicare payment rates; and
- individual employer-specific allowed amounts for named hospitals relative to Medicare reimbursement for that same set of services.

Please contact Chapin White (cwhite@rand.org) the lead study researcher, if you would like to receive an example of the tables and figures in an employer-specific price report.

8. What agreements need to be in place for a self-funded employer to participate?

A self-funded employer who participates in the study will enter into a contract with RAND (1. in the figure below) that describes the services RAND will perform and the contribution the employer will provide. The employer will send an authorization (2.) to their third-party administrator (TPA) instructing them to supply RAND with a copy of their claims data from July 2013-Dec 2017. (3.) RAND and the TPA will enter into a data use agreement (DUA) that specifies the data being transferred and the privacy safeguards that will be in place. RAND and EFI will have a memorandum of understanding (MOU) (4.) that describes the purposes of the study and the roles of the two organizations—that MOU will be referenced by the other 3 agreements.



To view the four agreements, please contact Chapin White (cwhite@rand.org).

9. How will RAND ensure data security and privacy of protected health information (PHI)?

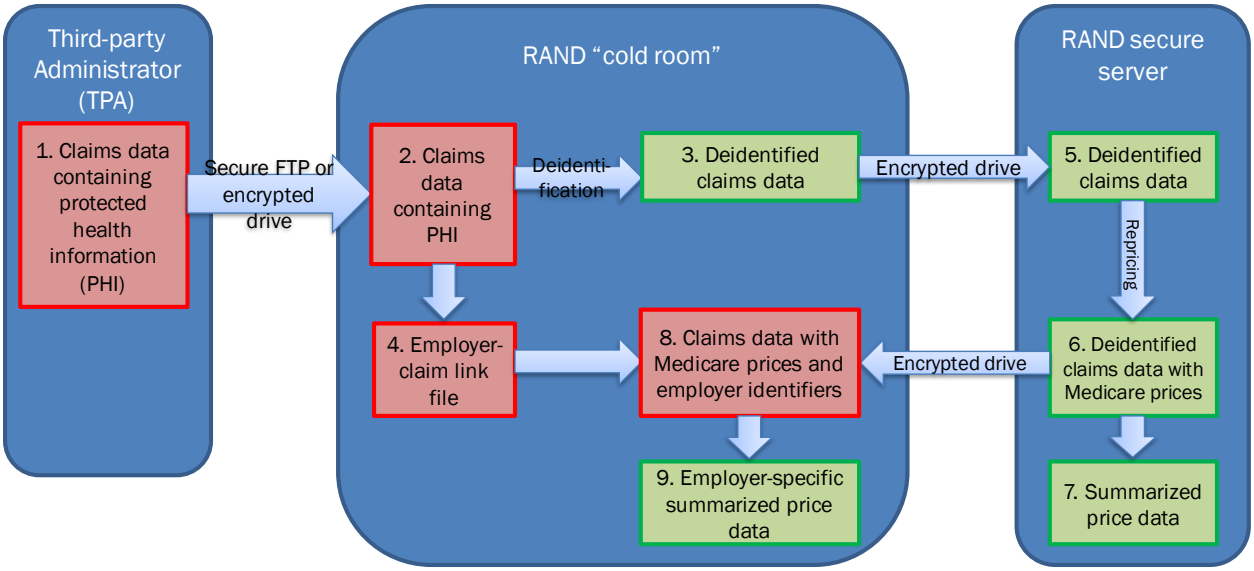
As defined under the Health Insurance Portability and Accountability Act (HIPAA) Privacy Rule, protected health information (PHI) refers to information that identifies an individual and that relates to the individual's medical conditions or health care services.[5] Health insurers, health care providers, and employers that self-fund their health plans are all considered "covered entities," and are, therefore,

subject to the HIPAA Privacy Rule, meaning that they must take safeguards to maintain the privacy of PHI.

RAND will enter into DUAs with the TPAs and any other suppliers of claims data, and those DUAs will obligate RAND to adhere to HIPAA privacy standards. The DUAs will specify a data safeguarding plan for protecting privacy of PHI, including physical access controls, network security, and a process for securely deleting PHI once it is no longer needed for the study.

In general, RAND will avoid receiving any data elements that are unnecessary for the study or that could be used to directly identify patients, and RAND will erase data containing PHI as soon as those data have been processed and are no longer necessary. RAND will also limit publication of results based on the number of data points available. For example, hospital-specific prices will only be reported if a minimum number of claims are available. (For the first round, hospital-specific prices were reported only if a minimum of 11 claims were available. That minimum will be reduced to 5 for the current study in order to include more hospitals, while still maintaining statistical reliability and ensuring patient privacy.)

To illustrate the data safeguarding procedure, the key steps in the data processing are summarized in the figure below.



TPAs and other data suppliers will create extracts of their claims data (1. in the figure) that will contain the minimum fields necessary for the study. Those raw claims data *will not* include direct identifiers (e.g. patient names or medical record numbers) but they will identify the employer and will include detailed information (including dates of service) on health care services. Employer identifiers, when combined with the health and medical records of their employees, are considered PHI because they could, in small firms, be linked to individual employees. Because service dates and employer identifiers are included in the raw claims data, those data must be considered PHI even though direct identifiers are not included.

The TPAs and other data suppliers will transmit the PHI either by secure file transfer protocol (SFTP) or by encrypted drive. Once RAND receives the raw claims data (2. in the figure), it will be loaded onto an "airgapped" workstation (i.e., a computer that it is permanently disconnected from the RAND network

and from the internet) in a "cold room" (a locked, high-security workspace that requires a passkey for entry), and the SFTP files and encrypted drive will be securely erased.

RAND analysts will then create two derivative files in the cold room. The first derivative file will be a deidentified claims dataset (3. in the figure) that excludes service dates (except for year) and excludes employer identifiers and thereby satisfies the HIPAA safe harbor standard for deidentification. The second file will be an employer-claim link file (4. in the figure) that only includes two fields: a unique identifier for each claim (this unique identifier will also be included in 3.) and a unique identifier for each employer.

Once RAND has created a deidentified claims dataset in the cold room, it will be transferred using an encrypted drive to a limited-access folder on RAND's secure server (5. in the figure). RAND analysts will then go through the process of repricing the claims using Medicare's payment formulas, resulting in a deidentified dataset (6. in the figure) containing actual allowed amounts from the raw claims data in addition to simulated Medicare payment amounts. RAND will then produce summarized price data for the public report (7. in the figure).

To produce employer-specific reports, RAND will transfer the deidentified claims data with Medicare prices (6.) back to the cold room using an encrypted drive. Those claims data will then be merged in the cold room with the employer-claim link file to produce a dataset (8. in the figure) containing claims data with actual allowed amounts, simulated Medicare payment amounts, and employer identifiers. That claims dataset will then be processed in the cold room to create employer-specific summarized price data (9. in the figure)—that summary data will include employer identifiers but will not include any individual-level health records and will not, therefore, include PHI.

10. Which employers and coalitions have been invited to participate?

We have reached out to a wide range of employer coalitions and individual employers, including:

- Colorado Business Group on Health
- Economic Alliance for Michigan
- Employers Health
- Florida Health Care Coalition
- Kentuckiana Health Collaborative
- Midwest Business Group on Health
- Minnesota Health Action Group
- Montana Association of Health Care Purchasers
- Northeast Business Group on Health
- Pacific Business Group on Health
- Rhode Island Business Group on Health
- South Carolina Business Coalition on Health
- St. Louis Area Business Health Coalition
- Washington Health Alliance
- Wyoming Business Coalition on Health

11. What is RAND? What is EFI?

From RAND's website (https://www.rand.org/about.html), "The RAND Corporation is a research organization that develops solutions to public policy challenges to help make communities throughout the world safer and more secure, healthier and more prosperous." RAND is a nonprofit 501(c)(3) headquartered in Santa Monica, California with offices in Washington, D.C., Pittsburgh, and Boston.

From EFI's website (https://employersforumindiana.org/), "The Forum is an employer-led health care coalition of employers, physicians, hospitals, health plans, public health officials and other interested parties. Our goal is to improve the value payers and patients receive for their health care expenditures."

12. Who can I contact for more information?

Please contact:

- Chapin White (cwhite@rand.org, 703-413-1100 x5684);
- Chris Whaley (cwhaley@rand.org, 310-393-0411, x7969); or
- Gloria Sachdev (gloria@employersforumindiana.org, 317-847-1969).

13. Does this study fall in the antitrust "safety zone"?

The Federal Trade Commission (FTC) and the U.S. Department of Justice (DOJ) share responsibility for monitoring mergers and anti-competitive behavior, and protecting consumer interests through enforcement of antitrust law. The FTC and DOJ in 1996 released guidance describing their general approach to antitrust enforcement in the health care industries,[6] and the FTC and DOJ have issued more-recent guidance relating specifically to Accountable Care Organizations[7] and to the public disclosure of contracts between health plans and providers.[8]

Hospitals and health systems would put themselves in legal jeopardy with the FTC and DOJ if they engaged in private exchanges of information regarding prices and costs for anticompetitive purposes ("price fixing"). The FTC and DOJ recognize, however, the potential benefits of public exchanges of health care price and cost information, and they have defined a "safety zone" for such exchanges. Those exchanges will not be challenged if "(1) the survey is managed by a third-party, … (2) the information provided by survey recipients is based on data more than 3 months old; and (3) there are at least five providers reported data upon which each disseminated statistic is based, no individual provider's data represents more than 25 percent on a weighted basis of that statistics, and any information disseminated is sufficiently aggregated such that it would not allow recipients to identify the prices charged or compensation paid by any particular provider."[9]

This study satisfies conditions (1) and (2) for the safety zone, but not condition (3)—the reporting of hospital-specific prices falls outside the safety zone. But, as the FTC and DOJ make clear, "public, non-provider initiated surveys may not raise competitive concerns," as long as they are "for procompetitive purposes." The current study, given that it is initiated and supported by employers in their role as purchasers of health care, is clearly procompetitive in its intent, execution, and impact.

The Center for Improving Value in Health Care (CIVHC), the not-for-profit organization that administers Colorado's all payer claims database, analyzes and publicly reports provider-specific price and cost data similar to the public price reports that will result from this study. CIVHC has shared a legal opinion

supporting those exchanges, with the key takeaway being that public reports, even if they fall outside the safety zone, are generally permissible "unless competitor recipients of the reports used the information to enter into price-fixing agreements."[10]

14. What is the timeline?

In early 2019, self-funded employers will begin their design their health plans and benefits in preparation for open enrollment for plan year 2020. The timeline for the project has been set with the goal of making the reports available in time to be relevant and useful to that process.

Achieving the milestones listed below will require steady progress by RAND and all pariticipating employers, health plans and APCDs. Please let Chapin White (cwhite@rand.org) know if you have questions or concerns about the timeline.

Month, Year	**Milestone**
September, 2018	Agreements in place between RAND and employers, DUAs in place between RAND and health plans/APCDs, and authorizations sent by self-funded employers to their TPAs
October, 2018	Data delivery complete
November, 2018	Data testing and analysis, drafting of public report
December, 2018	Draft public report submitted to RAND quality assurance process (QA), private employer-level reports generated
January, 2019	Public report finalized and made public online, private employer-level reports distributed

[1] White, Chapin, *Hospital Prices in Indiana: Findings from an Employer-Led Transparency Initiative*, RR-2106-RWJ, October, 2017. https://www.rand.org/pubs/research_reports/RR2106.html

[2] White, Chapin, *Hospital Prices in Indiana: Findings from an Employer-Led Transparency Initiative*, September 20, 2017. http://employersforumindiana.org/media/2017/09/Hospital-Prices-in-Indiana-Findings-Chapin-White-9-20-17-updated.pdf

[3] RAND Corporation, *Hospital Price Comparisons in Indiana*, 2017. https://www.rand.org/health/projects/indiana-hospital-prices.html

[4] Cooper, Zack, Stuart V. Craig, Martin Gaynor, and John Van Reenen, *The Price Ain't Right? Hospital Prices and Health Spending on the Privately Insured*, May 7, 2018. http://www.healthcarepricingproject.org/sites/default/files/20180507_variationmanuscript_0.pdf

[5] Department of Health and Human Services, *Guidance Regarding Methods for De-identification of Protected Health Information in Accordance with the Health Insurance Portability and Accountability Act (HIPAA) Privacy Rule* November 26, 2012. https://www.hhs.gov/sites/default/files/ocr/privacy/hipaa/understanding/coveredentities/De-identification/hhs_deid_guidance.pdf

[6] U.S. Department of Justice, and Federal Trade Commission, *Statements of Antitrust Enforcement Policy in Health Care*, August, 1996. http://www.ftc.gov/sites/default/files/attachments/competition-policy-guidance/statements_of_antitrust_enforcement_policy_in_health_care_august_1996.pdf.

[7] Federal Trade Commission, and Department of Justice, "Statement of Antitrust Enforcement Policy Regarding Accountable Care Organizations Participating in the Medicare Shared Savings Program; Notice," *Federal Register,* Vol. 76, No. 209, October 28, 2011. http://www.gpo.gov/fdsys/pkg/FR-2011-10-28/pdf/2011-27944.pdf

[8] Federal Trade Commission, *Amendments to the Minnesota Government Data Practices Act Regarding Health Care Contract Data*, June 29, 2015. https://www.ftc.gov/system/files/documents/advocacy_documents/ftc-staff-comment-regarding-amendments-minnesota-government-data-practices-act-regarding-health-care/150702minnhealthcare.pdf

[9] U.S. DOJ and FTC, 1996, p. 50.

[10] Center for Improving Value in Health Care, *Antitrust Legality of Reports and Analytic Data Sets Generated based on All Payer Claims Data*, 2014. https://www.apcdcouncil.org/sites/apcdcouncil.org/files/media/state/final_anti_trust_summary_05-02-14.pdf

NEW MEXICO
RETIREE
HEALTH CARE
AUTHORITY

October xx, 2018

To: Retiree Health Care Authority Members
Re: Incorrect Switch Enrollment Packet Information

Dear Member,

Recently, you may have received a switch enrollment packet that contained health insurance coverage information for another member but was erroneously sent to your address.

The error was due to a glitch in our computer system's data base that meshed current, 2018 information for an isolated number of retirees with an outdated file from 2017 that was used to identify addresses (Those files change annually in our system). The outdated files are automatically replaced, but the glitch resulted in the retention of an outdated file, causing some members' information to be sent to the wrong addresses.

If you are still in possession of the erroneous packet, we ask that you send back the sheets of information containing the erroneous health insurance information back to us in the postage-paid return envelopes included with this letter or that you discard the information promptly and thoroughly.

We have notified those individuals whose information was erroneously sent to the wrong addresses and are working to get them their packets. We sincerely apologize for the error and assure you we take this matter seriously and will work diligently to prevent such errors in the future.

If you have any questions, please call us toll free at 1-800-233-2576 or email us at customerservice@state.nm.us.

Sincerely,

David Archuleta
Executive Director, NMRHCA

October 31, 2018

[Name]

[Address]

[City, State Zip Code]

Dear [Name of Person]:

I am writing to you with important information about a recent unauthorized disclosure of your personal information from the New Mexico Retiree Health Care Authority.

Brief Description of Incident

The following outlines a brief description of the facts of the incident*:* the New Mexico Retiree Health Care Authority (NMRHCA) mailed your personalized switch enrollment form to the wrong address. This mistake was the result of a technical error that incorrectly merged certain names and addresses during the printing process. The types of unsecured Protected Health Information that were involved in the incident included: your first and last name, a summary of your current coverages, the names of your eligible dependents (if applicable) and the last 4 digits of our social security number. **NO OTHER PERSONALLY IDENTIFIABLE INFORMATION WAS DISCLOSED.**

We became aware of this event on Thursday, September 27, 2018 and after investigation have discovered that the incident occurred between September 21 and September 27, 2018.

Steps We Have Taken

We take the privacy and security of your Protected Health Information very seriously. We have taken the following steps:

NMRHCA has filed a breach of notification with the Office for Civil Rights at the Department of Health and Human Services. NMRHCA is reviewing the processes associated with generating your personalized switch packet to ensure the accuracy of all information included in our communication.

We have investigated the situation and have taken steps to prevent this from happening again. We have also notified you and offered ways you can protect yourself.

Steps You May Need To Take

You may want to take the following steps:

- Because the last four digits of your Social Security number were involved, you may want to place a **fraud alert** on your credit files. **Call the toll-free numbers of any of the three major credit bureaus (below) to place a fraud alert on your credit report**. This can help prevent an identity thief from opening additional accounts in your name. As soon as a credit bureau confirms your fraud alert, the other two credit bureaus will automatically be notified to place alerts on your

credit report through their bureau too, and all three credit reports will be sent to you free of charge.

For Additional Information Contact

We sincerely regret that the disclosure of Protected Health Information has occurred and wish to assist you with questions you may have. If you need additional information please contact Greg Archuleta, toll-free at: (800) 233-2576.

Credit Monitoring Services

Out of an abundance of caution, we are offering a complimentary one-year membership of Experian Identity WorksSM Credit 3B. This product helps detect possible misuse of your personal information and provides you with identity protection services focused on immediate identification and resolution of identity theft. Identity Works Credit 3B is completely free to you, and enrolling in this program will not hurt your credit score. You will receive a separate notification from Experian that includes instructions on how to activate your complimentary one-year membership.

Fraud Prevention Tips

- ✓ **Equifax:** 1-800-525-6285 or 1-800-525-6285 or 1-888-766-0008 or 1-800-685-1111; www.equifax.com; P.O. Box 740241, Atlanta, GA 30374-0241.
- ✓ **Experian:** 1-888-EXPERIAN (397-3742); www.experian.com; P.O. Box 9532, Allen, TX 75013.
- ✓ **TransUnion:** 1-800-680-7289 or 1-800-916-8800; www.transunion.com; Fraud Victim Assistance Division, TransUnion Fraud Victim Assistance Department P.O. Box 2000 Chester, PA 19022-2000

A fraud alert requires potential creditors to use what the law refers to as "reasonable policies and procedures" to verify your identity before issuing credit in your name. A fraud alert lasts for 90 days and can be renewed. Just call one of the three credit reporting agencies at a number below. This will let you automatically place an alert with all of the agencies. You will receive letters from all three, confirming the fraud alert and letting you know how to get a free copy of your credit report from each.

- **Order your credit reports**. By establishing a fraud alert, you will receive a follow-up letter that will explain how you can receive a free copy of your credit report. When you receive your credit report, examine it closely and look for signs of fraud, such as credit accounts that are not yours.

  When you receive your **credit reports**, look them over carefully. Look for accounts you did not open and do not recognize. Look for inquiries from creditors that you did not initiate. Look for personal information, such as home address and Social Security number that is not accurate. If you find anything you don't understand, call the credit bureau at the telephone number listed on the report. Credit bureau staff will review your report with you. If the information can't be explained, then you will need to contact the creditors involved and you may want to also report the unexplained accounts as a crime to your local police or sheriff's office. Tell them you want to block, or remove, any information on the report that is the result of identity theft.

  You may find some inquiries identified as "promotional." These occur when a company has gotten your name and address from a credit bureau to send you an offer of credit. Promotional

inquiries are not a sign of fraud. Also, as a general precaution, verify your Social Security number, address and name are correct.

Continue to monitor your credit reports. Even though a fraud alert has been placed on your account, you should continue to monitor your credit reports from time to time to ensure an imposter has not opened an account with your personal information.

While we are uncertain whether your personal information was actually obtained, we want to bring this situation to your attention. We take very seriously our role of safeguarding your personal information and using it in an appropriate manner. We offer our sincerest apology for this unfortunate incident and we are taking measures to prevent a reoccurrence.

Sincerely,

Greg Archuleta
Privacy Officer for the New Mexico Retiree Health Care Authority
4308 Carlisle Blvd. NE, Suite 104
Albuquerque, NM 87107
(800) 233-2576

[Company Logo]

[Return Address]
[Return Address]

[Date]

[Insert Recipient's Name]
[Insert Address]
[Insert City, State, Zip]

RE: Important Security Notification
Please read this entire letter.

Dear [Insert customer name]:

We are contacting you regarding a data security incident that has occurred between September 21 and September 27, 2018 at the New Mexico Retiree Health Care Authority. This incident involved your Name and Address. As a result, your personal information may have been potentially exposed to others. Please be assured that we have taken every step necessary to address the incident.

What we are doing to protect your information:
To help protect your identity, we are offering a complimentary one-year membership of Experian's® IdentityWorks℠. This product provides you with superior identity detection and resolution of identity theft. To activate your membership and start monitoring your personal information please follow the steps below:

- Ensure that you **enroll by**: **[enrollment end date]** (Your code will not work after this date.)
- **Visit** the Experian IdentityWorks website to enroll: [URL]
- Provide your **activation code**: **[code]**

If you have questions about the product, need assistance with identity restoration or would like an alternative to enrolling in Experian IdentityWorks online, please contact Experian's customer care team at 877.890.9332 by **[enrollment end date].** Be prepared to provide engagement number **[engagement #]** as proof of eligibility for the identity restoration services by Experian.

ADDITIONAL DETAILS REGARDING YOUR {12-MONTH} EXPERIAN IDENTITYWORKS MEMBERSHIP:

A credit card is **not** required for enrollment in Experian IdentityWorks.

You can contact Experian **immediately** regarding any fraud issues, and have access to the following features once you enroll in Experian IdentityWorks:

- **Experian credit report at signup:** See what information is associated with your credit file. Daily credit reports are available for online members only.*
- **Credit Monitoring:** Actively monitors Experian, Equifax and Transunion files for indicators of fraud.

- **Identity Restoration:** Identity Restoration specialists are immediately available to help you address credit and non-credit related fraud.
- **Experian IdentityWorks ExtendCARE™**: You receive the same high-level of Identity Restoration support even after your Experian IdentityWorks membership has expired.
- **Up to $1 Million Identity Theft Insurance**:** Provides coverage for certain costs and unauthorized electronic fund transfers.

If you believe there was fraudulent use of your information and would like to discuss how you may be able to resolve those issues, please reach out to an Experian agent at 877.890.9332. If, after discussing your situation with an agent, it is determined that Identity Restoration support is needed, then an Experian Identity Restoration agent is available to work with you to investigate and resolve each incident of fraud that occurred (including, as appropriate, helping you with contacting credit grantors to dispute charges and close accounts; assisting you in placing a freeze on your credit file with the three major credit bureaus; and assisting you with contacting government agencies to help restore your identity to its proper condition).

Please note that this Identity Restoration support is available to you for one year from the date of this letter and does not require any action on your part at this time. The Terms and Conditions for this offer are located at www.ExperianIDWorks.com/restoration. You will also find self-help tips and information about identity protection at this site.

We sincerely apologize for this incident and regret any inconvenience it may cause you. Should you have questions or concerns regarding this matter, please do not hesitate to contact us at New Mexico Health Care Authority 800.233.2576

Sincerely,

David Archuleta Executive Director New Mexico Retiree Health Care Authority

* Offline members will be eligible to call for additional reports quarterly after enrolling

** Identity theft insurance is underwritten by insurance company subsidiaries or affiliates of American International Group, Inc. (AIG). The description herein is a summary and intended for informational purposes only and does not include all terms, conditions and exclusions of the policies described. Please refer to the actual policies for terms, conditions, and exclusions of coverage. Coverage may not be available in all jurisdictions

NEW MEXICO
RETIREE
HEALTH CARE
AUTHORITY

Legislative Finance Committee

Representative Patricia A. Lundstrom, Chair
Senator John Arthur Smith, Vice Chair

FY20 Appropriation Request
October 26, 2018

Tom Sullivan, President
Joe Montaño, Vice President
Doug Crandall, Secretary
David Archuleta, Executive Director

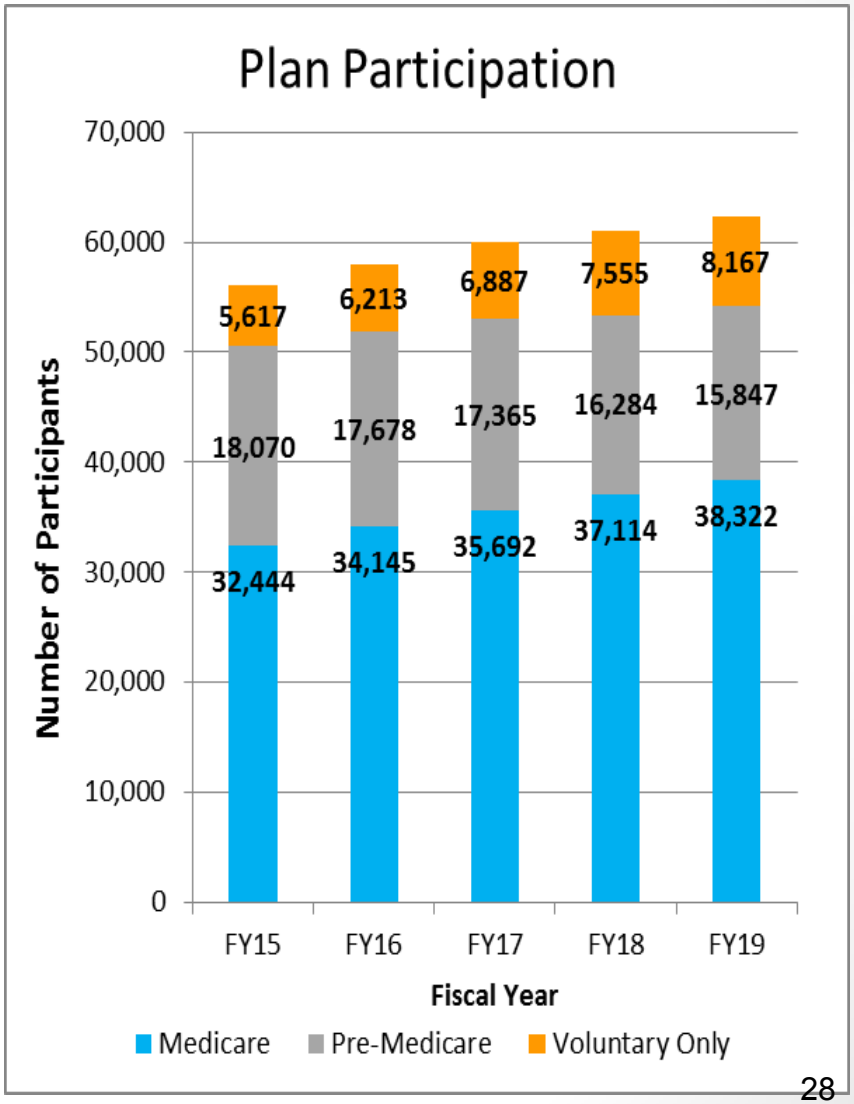
Program Composition and Participation

Active participation – 97,349 (6/30/17)

- Public Employer Groups - 302
  - Schools – 50%
  - State agencies – 25%
  - Local government– 25%

Retiree participation – 63,119 (10/1/18)

- Medicare - 38,759
- Pre-Medicare - 15,962
- Voluntary Only - 8,398
- Retirees - 39,645
- Spouses/DP – 13,068
- Dependent Children - 2,008
- Average Age – 67.06
  - Enrollment – 60.56 (2018)
- Members Under age 55 - 2,320



Program Benefits & Upcoming Procurements

Pre-Medicare (self-insured)

- Premier PPO Plan
  - Offered through BCBS and Presbyterian
  - $800 deductible
  - $4,500 annual out-of-pocket maximum
- Value HMO Plan
  - Offered through BCBS and Presbyterian
  - $1,500 deductible
  - $5,500 annual out-of-pocket maximum

Medicare

- Medicare Supplement (self-insured)
  - BCBS
- Medicare Advantage (fully-insured)
  - 2 HMO products – Presbyterian & BCBS
  - 2 PPO products – Humana & UnitedHealthcare

Voluntary Coverages

- Dental
  - Comprehensive & Basic
  - Offered through Delta and United Concordia
- Vision
  - Davis Vision
- Life Insurance
  - The Standard

Upcoming Procurements

- Benefit and Consulting Services – Pending
- Life Insurance – Pending
- Medical, Dental, Vision, and Medicare – Fall 2019

FY20 Appropriation Request
Healthcare Benefits Administration

	Health Benefit Fund Expenditure Summary					
	Contractual Services	FY18 Actuals	FY19 OPBUD	FY20 Inc/Dec	FY20 Request	Percent Change
1	Prescriptions	$ 104,558.0	$ 107,025.7	$ 9,500.0	$ 116,525.7	8.9%
2	Medical - Supplement/Self- Insured	$ 157,638.4	$ 162,075.0	$ 7,500.0	$ 169,575.0	4.6%
3	Medicare Advantage	$ 25,037.8	$ 29,000.0	$ 3,500.0	$ 32,500.0	12.1%
4	Voluntary Coverages	$ 33,169.4	$ 34,350.0	$ 3,150.0	$ 37,500.0	9.2%
5	**Total Contractual Services**	$ 320,403.6	$ 332,450.7	$ 23,650.0	$ 356,100.7	7.1%
	Other					
6	PCORI Fee	$ 39.4	$ 42.0	$ -	$ 42.0	0.0%
7	**Total Other**	$ 39.4	$ 42.0	$ -	$ 42.0	0.0%
	Other Financing Uses					
8	Program Support	$ 2,936.8	$ 3,047.6	$ 118.4	$ 3,166.0	3.9%
9	**Total Other Financing Uses**	$ 2,936.8	$ 3,047.6	$ 118.4	$ 3,166.0	3.9%
10	**Total Expenditures**	$ 323,379.8	$ 335,540.3	$ 23,768.4	$ 359,308.7	7.1%

- NMRHCA is requesting an additional $9.5 million, or 8.9 percent compared to FY19 approved operating levels to accommodate projected growth in drug costs related to costly treatments for migraines, gene therapy and non-alcoholic fatty liver disease.
- Medical/Self-Insured are trending between 6 and 8 percent, which are expected to be partially offset by a shrinking pre-Medicare population, along with continued migration to lower costing/higher out-of-pocket-expense plans.
- Medicare Advantage Plans are expected to continue growing in terms of participation as well as cost, which is approved by CMS.
- Participation in the voluntary plans are expected to continue growing at nearly 10 percent per year, given the average growth rate going back to FY15.

FY20 Appropriation Request
Program Support

	Program Support Expenditure Summary								
	Uses		FY18 OPBUD	FY18 Actual	FY19 OPBUD	FY20 Inc/Dec	FY20 Request	Percent Change	
1	200	Personal Services/ Employee Benefits	1,858.8	1,767.8	1,937.5	43.8	1,981.3	2.3%	1
2	300	Contractual Services	544.8	534.0	566.3	80.3	646.6	14.2%	2
3	400	Other Costs	533.2	471.3	543.8	(5.7)	538.1	-1.0%	3
4		**TOTAL**	**2,936.8**	**2,773.1**	**3,047.6**	**118.4**	**3,166.0**	**3.9%**	4

- Personal services and employee benefits includes a $43,800, or 2.3 percent, increase above FY19 approved operating levels to include full funding for all 26 FTE according to the E1 calculation in the budget preparation system. This request does not include funding for 1 FTE currently dedicated to the State Personnel Office, as part of the Executive Order issued in 2017, consolidating resources under the State Personnel Office.
- The request in the contractual services category includes sufficient funding for actuarial and benefits consulting services related to the annual solvency study, GASB valuation, and Medical, Dental, Vision RFP scheduled for release in the fall of 2019. The request also includes $40,000 for investment advisory services related to the ongoing review of our investment portfolio, audit services according the State Auditor's published schedule, legal service fees and transfers to the State Personnel Office for agency shared services similar to the fees paid by the State Investment Council.
- Lastly, the request in the Other Costs category includes sufficient amounts to support the projected operating expenses of the agency in FY20.

Recent Updates

2019 Board Actions

- Rate Increases
  - Pre-Medicare Plans – 8 percent
  - Medicare Supplement Plans – 6 percent
- Prescription Drug Copay Increase
  - Brand Name Drugs – min, max and coinsurance
- Bundled payment agreements for certain outpatient procedures
- Adoption of 3-tier network under BCBS
  - Lower-cost incentives for certain providers
- Introduction of Naturally Slim Program aimed at preventing and controlling diabetes and metabolic syndrome reversal
- SaveOn Program for Specialty Medications

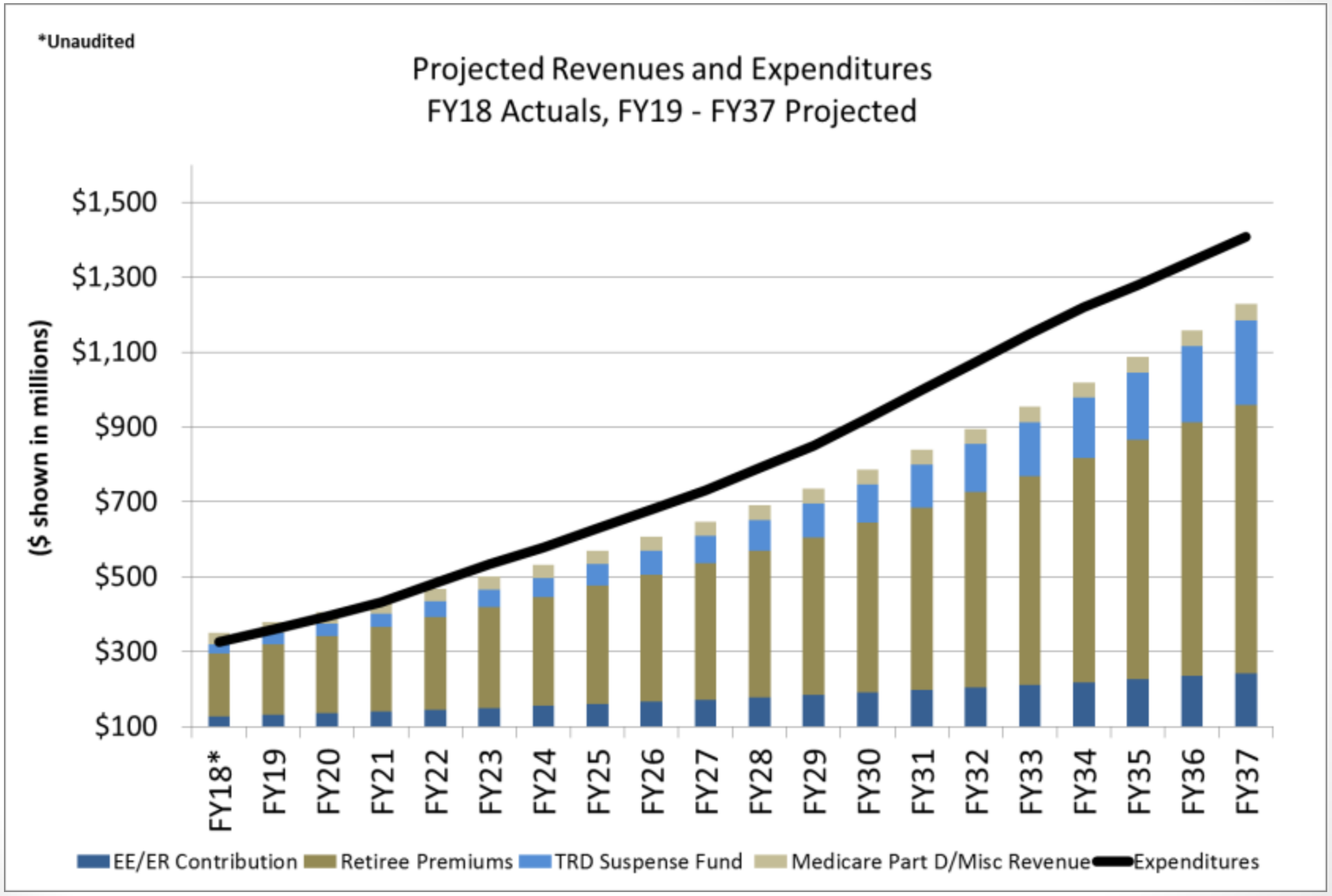
Rule Change – Effective January 1, 2020

- Minimum Age 55 to receive program subsidy (excludes enhanced retirees as defined by statute)
- Years of service requirements increased from 20 to 25 to receive maximum subsidy
- Public Hearing held on October 19
- 159 written comments received and 10 oral testimonies disagreeing with or opposing the proposed rules

GASB 75:

- Completed June 15, 2018
- Based on GASB 74
  - Completed October 2017
  - Total OPEB Liability - $5.1 billion
  - Under 65 Liability (Current) - $475 million
  - Under 65 Vested Terms & Retiree Liability - $1.7 billion
  - Fiduciary Net Position - $575 million
  - Net OPEB Liability - $4.5 billion
  - Net position as percentage of total liability – 11.26%
- Employer Allocations as of June 30, 2017
  - Employer Contributions
  - Employer Allocation Percentage
- Applies to 301 employer groups
- Net OPEB Liability Amounts (6/30/17):
  - SONM - $1.1 billion
  - APS - $509 million
  - BERNCO - $130 million
  - City of Albuquerque - $323 million
  - Las Cruces Schools - $137 million
- Rating agency impact – TBD

2018 Solvency Analysis



Sustainability

Benefits

- Reduce Pre-Medicare retiree subsidies
  - Currently 64 percent
- Reduce Pre-Medicare spousal/domestic partner subsidies
  - Currently 36 percent

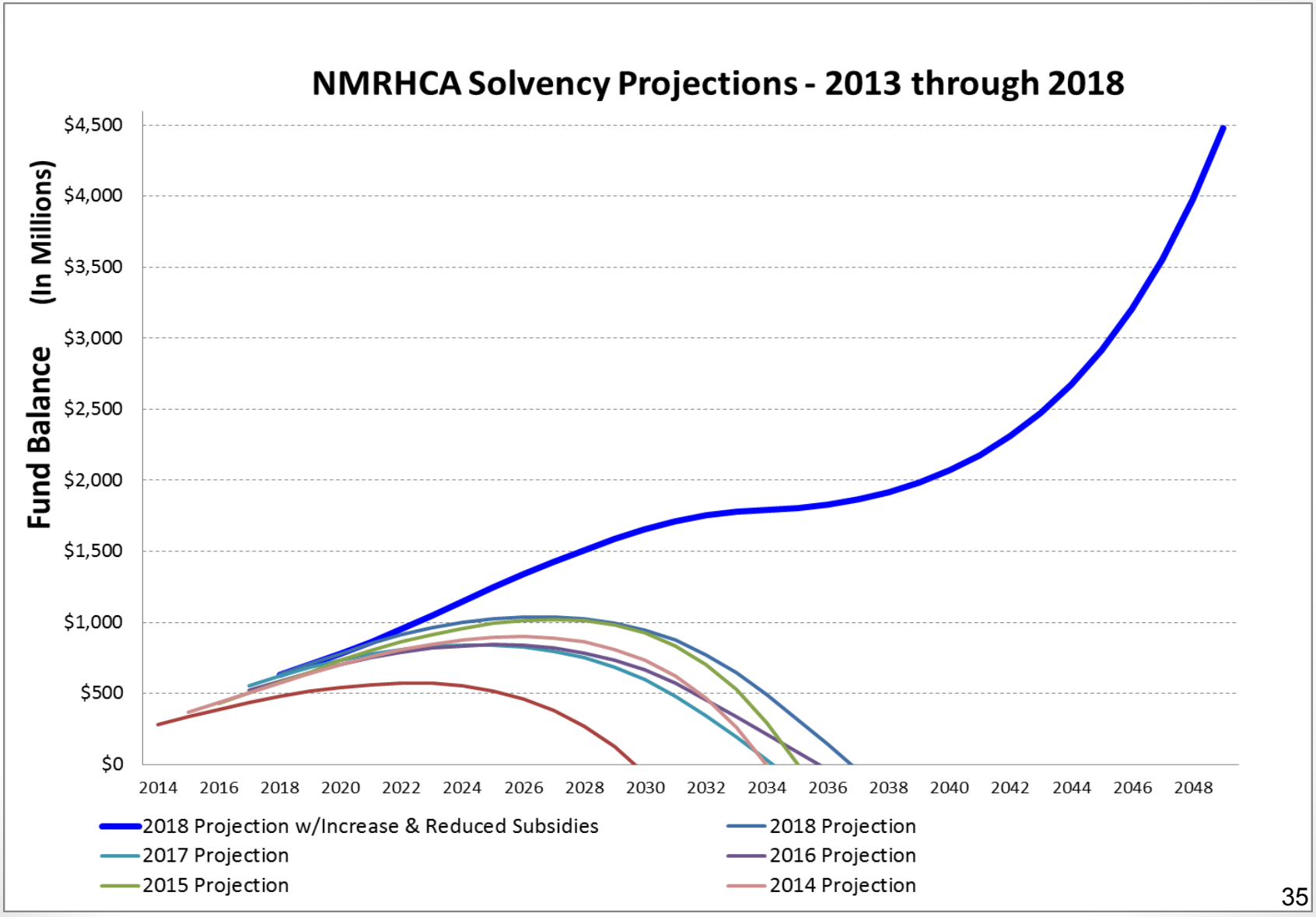
Revenues

- Retiree Premiums
  - Projected to grow in accordance with medical/prescription trend
- Employee/Employer Contributions
  - Employee 1% / 1.25% (enhanced)
  - Employer 2%/ 2.5% (enhanced)
  - Growth limited by statute
- Tax Suspense Fund Revenue
  - Growth defined by statute
- Medicare Subsidies and Prescription Drug Rebates
  - Moderate/minimal growth projected

Legislative Proposal

- Increase employee/employer contributions from 3 percent to 4 percent incrementally from FY21 – FY24

Sustainability



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Alternatives

- Convert to a defined contribution program
  - Flat monthly contribution toward purchase of coverage regardless of overall cost
- Eliminate subsidies for spouses and domestic partners (Pre-Medicare/Medicare)
- Eliminate subsidies for all Pre-Medicare coverage
  - Medicare Only Plan
- Eliminate Medicare Supplement Plan
- Limit access to care i.e., narrow/limited network for doctors, facilities and hospitals
- Implement mandatory mail order for all maintenance medications (Pre-Medicare Plans)

AGENDA

Legislative Education Study Committee
State Capitol, Room 322
Santa Fe, New Mexico
November 14 - 16, 2018

Wednesday, November 14

9:00 **(1)** Call to Order, Introductions, and Approval of November Agenda and September Minutes. **Senator Mimi Stewart**, Chair

9:10 **(2)** School Accountability Systems and Measurement of School Climate. **Dr. Jennifer DePaoli**, Senior Researcher, Learning Policy Institute

10:45 **(3)** LESC School Grades Workgroup Report. **Dr. Tim Hand**, Deputy Director, LESC; and **Kata Sandoval**, Senior Director of Academics and School Performance, Native American Community Academy; **Dr. Ellen Bernstein**, President, Albuquerque Teachers Federation; **Beata Thorstensen**, District Data Administrator, Rio Rancho Public Schools; and **Dr. Angelo Gonzales**, Chief Strategy Officer, United Way of Central New Mexico

12:00 Lunch

1:00 **(4)** Local Teacher Recruitment and Retention Strategies: Educators Rising, University of New Mexico (UNM) Teacher Residency Pilot, and Teacher Loan for Service and Loan Repayment Programs. **Miskee Blatner**, Central Region Coordinator, Educators Rising; **Dr. Viola Florez**, Professor, College of Education, UNM, **Dr. Smith Frederick**, Operations Director, Center for Student Success, UNM; and **Dr. Harrison Rommel**, Director of Institutional Finance and Financial Aid, New Mexico Higher Education Department

3:00 **(5)** Chronic Absenteeism and its Impact on Student Learning: A Shift from Focusing on Unexcused Absences. **Jaime Gonzales**, Deputy Director of Policy, Innovation, and Measurement, Public Education Department (Invited); **Dr. Angelo Gonzales**; and **Representative Patricio Ruiloba**

4:15 **(6)** Logan Future Farmers of America (FFA) Parliamentary Procedure Team. **Clay Lightfoot**, Advisor, Logan FFA Parliamentary Procedure Team; **Kyle Hamilton**, **Amanda Kanapilly**, **Mackenzie Lightfoot**, **Mesa Modissette**, **Amber Rivera**, and **Robert Stringfellow**, Logan FFA Parliamentary Procedure Team

5:00 Community Input

5:00 Recess

Thursday, November 15

9:00 **(7)** Building a Highly Effective Public Education System. **Dr. Linda Darling Hammond**, President and Chief Executive Officer, Learning Policy Institute; **Dr. Jeannie Oakes**, Senior Fellow in Residence, Learning Policy Institute Presidential Professor Emeritus, University of California, Los Angeles; and **Allan Oliver**, Executive Director, Thornburg Foundation

11:15 (**8)** Retiree Health Care Act Solvency. **David Archuleta**, Executive Director, New Mexico Retiree Health Care Authority

12:00 Lunch

1:00 **(9)** Charter School Facility Issues: Cost Effectiveness of Current Facilities and Lease Assistance. **Jonathan Chamblin**, Director, Public School Facilities Authority; **Matt Pahl**, Executive Director, Coalition for Charter Schools; **Dr. Joseph Escobedo**, Senior Director, Office of Innovation and School Choice, Albuquerque Public Schools; **Daniel Barbour**, Assistant General Manager, The ASK Academy; and **Susan Lumley**, Principal, The Academy for Technology and the Classics

2:45 **(10)** Getting Teacher Evaluation and Teacher Licensure Right. **Dr. Darling Hammond**

Friday, November 16

9:00 **(11)** Director's Report.

Informational Items

a. Administrative Rulemaking

Proposed Rules

- Charter School Application and Appeal Requirements
- Teacher Leader Development Framework
- Mentorship Programs for Beginning Teachers
- New Mexico Computer Science Standards
- Grading of Public Schools and Public School Accountability

Adopted Rules

- Licensure for Attendance Coaches

b. November Newsletter

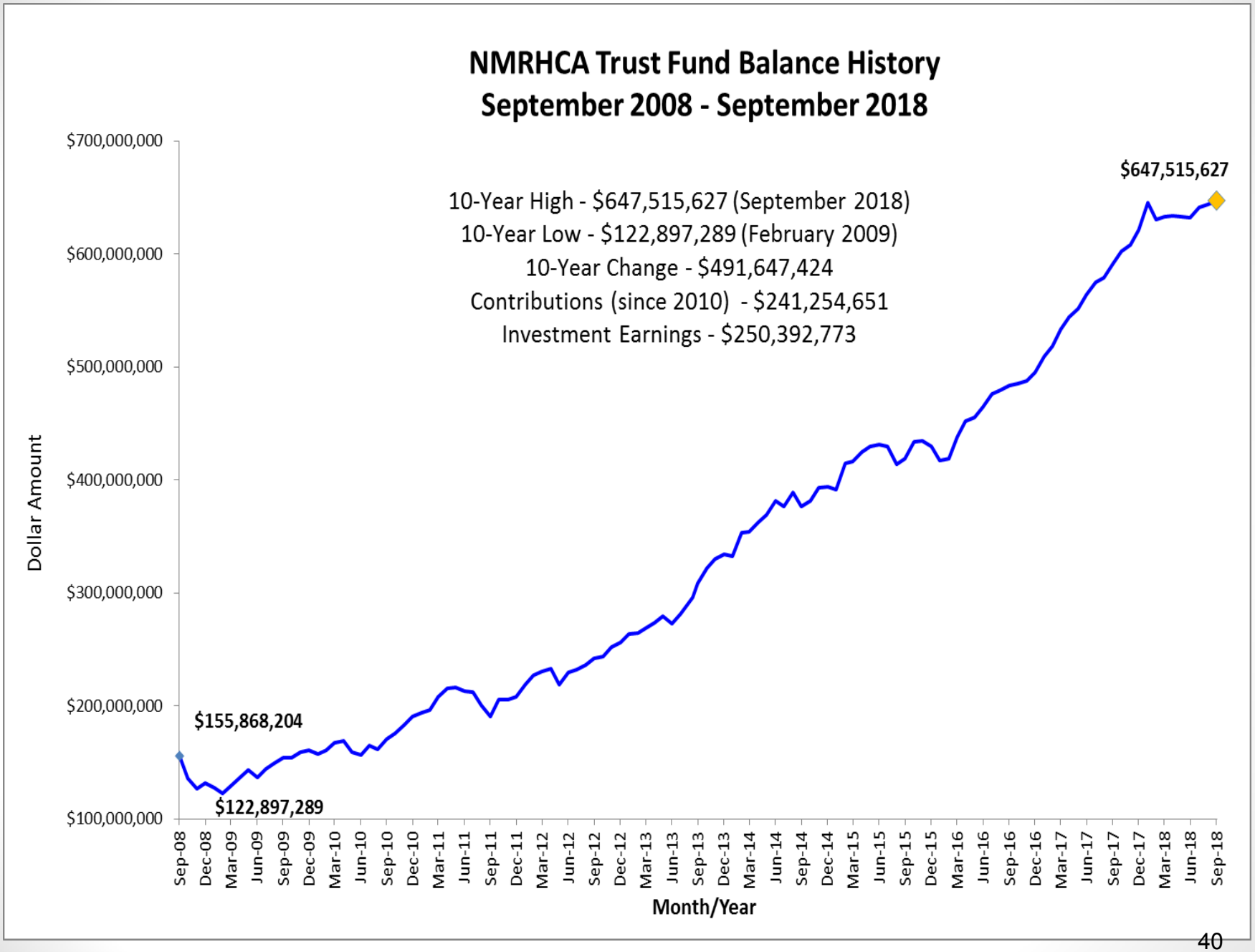
10:30 **(12)** Potential Committee Sponsored Legislation – First Review of Bill Drafts. **LESC Staff**

12:00 ADJOURN

For instructions for written materials or power point presentations, please visit: https://www.nmlegis.gov/Entity/LESC/Documents/Presenter%20Guidelines%20and%20PowerPoint%20Instructions.pdf

NEW MEXICO RETIREE HEALTH CARE AUTHORITY
CHANGE IN NET ASSET VALUE
FOR THE MONTH ENDED
September 30, 2018

	Core Plus Bonds	Large Cap Index	Non US Dev Index	Non US Emg Index	Small Mid Cap	Credit and Structure	Absolute Return	Private Equity	Real Estate	Total
Market Value 8/31/2018	$160,366,032.01	$137,156,618.78	$74,868,601.84	$85,387,171.16	$20,789,537.45	$65,095,616.64	$0.00	$66,684,512.76	$33,765,368.36	$644,113,459.00
CONTRIBUTIONS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
WITHDRAWALS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FEES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
INCOME EARNED	539,625.86	193,335.17	218,685.61	170,643.83	19,763.92	1,653.57	0.00	203,744.78	205,426.78	1,552,879.52
CAPITAL APPR/DEPR	(1,070,640.74)	327,234.03	234,613.12	(1,294,577.23)	(447,219.64)	240,334.20	0.00	3,395,039.33	464,505.87	1,849,288.94
Market Value 9/30/2018	$159,835,017.13	$137,677,187.98	$75,321,900.57	$84,263,237.76	$20,362,081.73	$65,337,604.41	$0.00	$70,283,296.87	$34,435,301.01	$647,515,627.46


NMRHCA Trust Fund Balance History
September 2008 - September 2018
10-Year High - $647,515,627 (September 2018)
10-Year Low - $122,897,289 (February 2009)
10-Year Change - $491,647,424
Contributions (since 2010) - $241,254,651
Investment Earnings - $250,392,773
$647,515,627
$155,868,204
$122,897,289
Dollar Amount
$700,000,000
$600,000,000
$500,000,000
$400,000,000
$300,000,000
$200,000,000
$100,000,000
Sep-08
Dec-08
Mar-09
Jun-09
Sep-09
Dec-09
Mar-10
Jun-10
Sep-10
Dec-10
Mar-11
Jun-11
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Dec-15
Mar-16
Jun-16
Sep-16
Dec-16
Mar-17
Jun-17
Sep-17
Dec-17
Mar-18
Jun-18
Sep-18
Month/Year

NEW MEXICO RETIREE HEALTH CARE AUTHORITY
STATE OF NEW MEXICO

CONCISE EXPLANATORY STATEMENT REGARDING PROPOSED RULEMAKING AMENDING AND RENAMING 2.81.11 NMAC

WHEREAS, the board of directors of the New Mexico Retiree Health Care Authority ("Board") resolved on May 8, 2018 to initiate rulemaking proceedings to increase the years of service requirement to receive the maximum subsidy of health care premiums for some retirement plans and to establish a minimum age requirement for receiving the subsidy for some retirement plans;

WHEREAS, the New Mexico Retiree Health Care Authority ("NMRHCA") is authorized to promulgate rules to implement the Retiree Health Care Act, NMSA 1978, Sections 10-7C-1 to -16 (1990, as amended through 2009) ("Act") by NMSA 1978, Section 10-7C-7 (1998);

WHEREAS, the NMRHCA held a hearing and created a record for the rulemaking in accordance with the Act, the State Rules Act, NMSA 1978, Sections 14-4-1 to -11 (1967, as amended through 2017) and the Default Procedural Rule for Rulemaking, 1.24.25 NMAC (4/10/2018).

NOW, THEREFORE, THE BOARD STATES:

1. The record was forwarded to the Board for consideration on October 22, 2018.

2. The Board finds that:
   a. The Board has had sufficient time to review the record and has familiarized itself with the record.

   b. There is good reason to adopt the proposed rule as drafted.

3. The Board discussed the proposed rule on November 13, 2018.

4. The Board voted to approve adoption of the proposed rule on November 13, 2018

5. The proposed rule is adopted as of the date of execution of this statement.

6. The reasons for adopting the proposed rule are as follows:

   Since the inception of the Retiree Health Care Act, accounting rules and standards have evolved to require the reporting of OPEB liabilities on state and local governments' financial statements included in Governmental Accounting Standards Board (GASB) Statements 74 and 75.

   According to the Governmental Accounting Standards Board (GASB) 74 Actuarial Valuation for the Other Postemployment Benefits (OPEB) as of June 30, 2017, the New Mexico Retiree Health Care Authority (NMRHCA) reported the following:

Total OPEB Liability	$5,111,141,659
Plan Fiduciary Net Position	$579,468,641

Net OPEB Liability	$4,531,673,018
Plan Fiduciary Net Position as a percentage of the total OPEB liability	11.34%

This information represents the following demographic data:

Number of retired members, beneficiaries, and married dependents	51,208
Number of vested terminated members	11,478
Number of active members	97,349

GASB Statement 75 requires the reporting and distribution of the Net OPEB Liability contained in GASB 74 to the participating employer groups on a prorated basis. This distribution will add to the liabilities in each employer group's financial statements, as reported in their year-end audits.

According the latest solvency study, as of June 30, 2018, NMRHCA is projected to begin deficit spending in fiscal year 2022, at which time, revenues from employee and employer contributions, retiree premiums, Taxation and Revenue Department Suspense Fund distributions, miscellaneous revenues, and interest earning, are no longer sufficient to support the benefit levels provided to members of the program, requiring the use of fund balances to offset the difference between projected revenues and expenditures. In fiscal year 2037, NMRHCA is expected to completely exhaust all trust fund balances and revenue sources will no longer be sufficient to support current benefit levels.

b. According to the Retiree Health Care Act, Section 10-7C-3 (emphasis placed on bolded sections below):

The legislature further finds and declares that the public employees covered by the Retiree Health Care Act have entered into public employment in circumstances where they have received in exchange for their services a present salary and an expectation of receiving a future stream of benefits, including payment of certain retirement benefits. The legislature declares that the expectation of receiving future benefits may be modified from year to year in order to respond to changing financial exigencies, but that such modification must be reasonably calculated to result in the least possible detriment to the expectation and to be consistent with any employer-employee relationship established to meet that expectation. **The legislature does not intend for the Retiree Health Care Act to create trust relationships among the participating employees, retirees, employers and the authority administering the Retiree Health Care Act nor does the legislature intend to create contract rights which may not be modified or extinguished in the future;** rather the legislature intends to create, through the Retiree Health Care Act, a means for maximizing health care services returned to the participants for their participation under the Retiree Health Care Act.

The legislature further finds and declares that nothing in the Retiree Health Care Act shall prohibit the legislature from increasing or decreasing participating employer and employee contributions, eligible retiree premiums or group health insurance coverages or plans, and that participation in the Retiree Health Care Act by retired and active public employees shall not be construed to establish rights between the retired and active public employees and the state for health care benefits which cannot be modified or extinguished in the future to meet changes in economic or social conditions.

Given the long-term financial challenges illustrated by the GASB Valuation, Solvency Study and Statutory reference with regard to legislative intent and prerogative, it is necessary to limit the growth in total OPEB liabilities, avoid deficit spending, and negatively impacting the solvency of the trust fund.

7. The published proposed rule pertaining to both establishing a minimum age requirement and increasing the years of service to receive the maximum subsidy are adopted with the change of providing clarification regarding the definition of "enhanced retiree" to reference the applicable section of Statute and regarding applicability of both years of service and minimum age for subsidy.

8. The program's financial outlook limits the Board's ability to postpone or phase in the proposed increase in years of service and minimum age requirements over a period of time as was suggested in comments received by the Board. The Board maintains fiduciary responsibility for the Program and as specified in NMSA 1978, Section 10-7C-7 (E) may promulgate and adopt necessary rules, regulations and procedures for implementation of the Retiree Health Care Act. The impact on younger retirees described in the comments and expressed at the Rule Hearing is consistent with the legitimate purpose of the proposed rule to help to ensure the solvency of the trust fund. NMSA 1978, Section 10-7C-3 establishes that the legislature intended flexible management of the fund.

PASSED, ADOPTED AND APPROVED ON November 13, 2018.

_____
Tom Sullivan, President
New Mexico Retiree Health Care Authority
Board of Directors

ATTEST:

_____
Doug Crandall, Secretary
New Mexico Retiree Health Care Authority
Board of Directors

This is an amendment to 2.81.11 NMAC, Sections 6 through 9, adding Section 10 and changing part name, effective xx/xx/2018.

TITLE 2 PUBLIC FINANCE
CHAPTER 81 RETIREE HEALTH CARE FUNDS
PART 11 ESTABLISHING SUBSIDY LEVELS ON THE BASIS OF AGE AND YEARS OF CREDITABLE SERVICE

2.81.11.6 OBJECTIVE: The objective of this rule is to establish subsidy levels commensurate with a retiree's years of credited service with a participating employer for employees who become eligible for enrollment into the NMRHCA health care program on or after July 1, 2001, and their dependents, and subject to a minimum retiree age for employees who become eligible for enrollment into the NMRHCA health care program on or after January 1, 2020.
[2.81.11.6 NMAC - N, 2/14/2002; A, xx/xx/2018]

2.81.11.7 DEFINITIONS:

A. [~~"Retiree Health Care Authority" or "Authority" or "NMRHCA" means, the Retiree Health Care Authority established by chapter 6 laws of New Mexico, 1990 [Sections 10-7C-1 et seq. NMSA 1978].~~

~~**B.** "Board" means, the board of directors of the NMRCHA.~~

~~**C.** "Subsidy" means a set portion of the cost of an eligible retiree's monthly coverage, a varying percentage of which is borne by the authority as determined by the board.~~

~~**D.** "Credited service" means the number of full years of employment with a participating employer as verified by the authority.~~

~~**E.** "Disabled retiree" means an eligible retiree who has been authorized to retire due to disability by the appropriate state retirement agency.~~

~~**F.** "State retirement agency" means each of the agencies created and authorized by law to administer the educational retirement act, the public employees retirement act, the judicial retirement act, the magistrate retirement act, the public employees retirement reciprocity act, or the retirement program of an independent public employer on or before July 1, 1990.~~] **"Board"** means, the board of directors of the NMRCHA.

B. **"Credited service"** means the number of full years of employment with a participating employer as verified by the authority.

C. **"Disabled retiree"** means an eligible retiree who has been authorized to retire due to disability by the appropriate state retirement agency.

D. **"Member of an enhanced retirement plan"** means a member of a retirement plan ~~in which a retiree is eligible to receive a full pension after 20 years of credited service~~as defined by Section 10-7C-15 NMSA 1978.

E. **"Retiree Health Care Authority" or "Authority" or "NMRHCA"** means, the Retiree Health Care Authority established by chapter 6 laws of New Mexico, 1990 (Sections 10-7C-1 et seq. NMSA 1978).

F. **"State retirement agency"** means each of the agencies created and authorized by law to administer the educational retirement act, the public employees retirement act, the judicial retirement act, the magistrate retirement act, the public employees retirement reciprocity act, or the retirement program of an independent public employer on or before July 1, 1990

G. **"Subsidy"** means a set portion of the cost of an eligible retiree's monthly coverage, a varying percentage of which is borne by the authority as determined by the board.
[2.81.11.7 NMAC - N, 2/14/2002; A, 12/30/2002; xx/xx/2018]

2.81.11.8 NMRHCA CONTRIBUTION OF A PERCENTAGE OF A SUBSIDY TO MONTHLY PREMIUMS OF ELIGIBLE RETIREES:

A. Except as otherwise provided ~~here~~in 2.81.11.9 NMAC, for eligible retirees who are members of an enhanced retirement plan and become eligible for participation on or after July 1, 2001, or are not members of an enhanced retirement plan and become eligible for participation on or after July 1, 2001 but before January 1, 2020, and the eligible dependents of such retirees, the NMRCHA will contribute the following percentages of the subsidy to the monthly premiums according to the corresponding numbers of years of credited service with an NMRHCA-participating employer:

[~~**A.**~~] **(1)** Example: If the subsidy for a particular plan is one half the premium cost, then for a retiree with 20 years of credited service the NMRHCA would provide [~~100~~] one hundred percent of the subsidy; half the cost.

[~~B.~~] **(2)** Example: For the same subsidy of one half the premium cost, the percent of subsidy for a retiree with eight years of credited service would be [~~25~~] twenty-five percent of the [~~50~~] fifty percent subsidy: [~~12.5~~] twelve and one-half percent of the cost.

Years of credited service	Percentage of subsidy
5	6.25
6	12.50
7	18.75
8	25.00
9	31.25
10	37.50
11	43.75
12	50.00
13	56.25
14	62.50
15	68.75
16	75.00
17	81.25
18	87.50
19	93.75
20	100.00

B. Subject to 2.81.11.10 NMAC and e~~E~~xcept as otherwise provided ~~here~~in 2.81.11.9 NMAC, for eligible retirees who are not members of an enhanced retirement plan and become eligible for participation on or after January 1, 2020, and the eligible dependents of such retirees, the NMRCHA will contribute the following percentages of the subsidy to the monthly premiums according to the corresponding numbers of years of credited service with an NMRHCA-participating employer:

[~~A.~~] **(1)** Example: If the subsidy for a particular plan is one half the premium cost, then for a retiree with 25 years of credited service the NMRHCA would provide one hundred percent of the subsidy; half the cost.

[~~B.~~] **(2)** Example: For the same subsidy of one half the premium cost, the percent of subsidy for a retiree with twelve years of credited service would be thirty-eight and one-tenth percent of the fifty percent subsidy: nineteen and five-hundredths percent of the cost.

Years of credited service	Percentage of subsidy
5	4.76
6	9.52
7	14.29
8	19.05
9	23.81
10	28.57
11	33.33
12	38.10
13	42.86
14	47.62
15	52.38
16	57.14
17	61.90
18	66.67
19	71.43
20	76.19
21	80.95
22	85.71

23	90.48
24	95.24
25	100.00

[2.81.11.8 NMAC - N, 2/14/2002; A, 4/30/2003; A, xx/xx/2018]

2.81.11.9 SUBSIDIES FOR DISABLED RETIREES: Notwithstanding any other provision of this rule:

A. The subsidy paid by the NMRHCA for a disabled retiree with a "duty disability," as described in Subsection B of 2.81.7.10 NMAC [~~subsection B~~], and to the dependents of such a retiree, shall be at the [~~100~~] one hundred percent level, corresponding to the applicable maximum [~~20~~] year level set forth in [~~the foregoing~~] 2.81.11.8 NMAC, regardless of such retiree's period of credited service and age.

B. The subsidy paid by the NMRHCA for a disabled retiree with a "non-duty disability," as described in Subsection C of 2.81.7.10 NMAC [~~subsection C~~], and to the dependents of such a retiree, shall be as set forth in [~~the foregoing subsection~~] Subsection A of 2.81.11.9 NMAC, *provided*, that, as a condition of eligibility for benefits, such retiree has five or more years of credited service.

[2.81.11.9 NMAC - N, 2/14/2002; A, 12/30/2002; A, 4/30/2003; A, xx/xx/2018]

2.81.11.10 AGE REQUIREMENT FOR SUBSIDIES: Except as otherwise provided ~~here~~in 2.81.11.9 NMAC, for eligible retirees who are not members of an enhanced retirement plan and become eligible for participation on or after January 1, 2020, the minimum retiree age requirement to be eligible for subsidies is 55.

[2.81.11.10 NMAC - N, xx/xx/2018]

This is an amendment to 2.81.11 NMAC, Sections 6 through 9, adding Section 10 and changing part name, effective xx/xx/2018.

TITLE 2 PUBLIC FINANCE
CHAPTER 81 RETIREE HEALTH CARE FUNDS
PART 11 ESTABLISHING SUBSIDY LEVELS ON THE BASIS OF AGE AND YEARS OF CREDITABLE SERVICE

2.81.11.6 OBJECTIVE: The objective of this rule is to establish subsidy levels commensurate with a retiree's years of credited service with a participating employer for employees who become eligible for enrollment into the NMRHCA health care program on or after July 1, 2001, and their dependents, and subject to a minimum retiree age for employees who become eligible for enrollment into the NMRHCA health care program on or after January 1, ~~2020~~2022.
[2.81.11.6 NMAC - N, 2/14/2002; A, xx/xx/2018]

2.81.11.7 DEFINITIONS:

A. [~~"Retiree Health Care Authority" or "Authority" or "NMRHCA" means, the Retiree Health Care Authority established by chapter 6 laws of New Mexico, 1990 [Sections 10-7C-1 et seq. NMSA 1978].~~

B. ~~"Board" means, the board of directors of the NMRCHA.~~

C. ~~"Subsidy" means a set portion of the cost of an eligible retiree's monthly coverage, a varying percentage of which is borne by the authority as determined by the board.~~

D. ~~"Credited service" means the number of full years of employment with a participating employer as verified by the authority.~~

E. ~~"Disabled retiree" means an eligible retiree who has been authorized to retire due to disability by the appropriate state retirement agency.~~

F. ~~"State retirement agency" means each of the agencies created and authorized by law to administer the educational retirement act, the public employees retirement act, the judicial retirement act, the magistrate retirement act, the public employees retirement reciprocity act, or the retirement program of an independent public employer on or before July 1, 1990.~~] **"Board"** means, the board of directors of the NMRCHA.

B. **"Credited service"** means the number of full years of employment with a participating employer as verified by the authority.

C. **"Disabled retiree"** means an eligible retiree who has been authorized to retire due to disability by the appropriate state retirement agency.

D. **"Member of an enhanced retirement plan"** means a member of a retirement plan ~~in which a retiree is eligible to receive a full pension after 20 years of credited service~~as defined by Section 10-7C-15 NMSA 1978.

E. **"Retiree Health Care Authority" or "Authority" or "NMRHCA"** means, the Retiree Health Care Authority established by chapter 6 laws of New Mexico, 1990 (Sections 10-7C-1 et seq. NMSA 1978).

F. **"State retirement agency"** means each of the agencies created and authorized by law to administer the educational retirement act, the public employees retirement act, the judicial retirement act, the magistrate retirement act, the public employees retirement reciprocity act, or the retirement program of an independent public employer on or before July 1, 1990

G. **"Subsidy"** means a set portion of the cost of an eligible retiree's monthly coverage, a varying percentage of which is borne by the authority as determined by the board.
[2.81.11.7 NMAC - N, 2/14/2002; A, 12/30/2002; xx/xx/2018]

2.81.11.8 NMRHCA CONTRIBUTION OF A PERCENTAGE OF A SUBSIDY TO MONTHLY PREMIUMS OF ELIGIBLE RETIREES:

A. Except as otherwise provided ~~here~~in 2.81.11.9 NMAC, for eligible retirees who are members of an enhanced retirement plan and become eligible for participation on or after July 1, 2001, or are not members of an enhanced retirement plan and become eligible for participation on or after July 1, 2001 but before January 1, ~~2020~~2022, and the eligible dependents of such retirees, the NMRCHA will contribute the following percentages of the subsidy to the monthly premiums according to the corresponding numbers of years of credited service with an NMRHCA-participating employer:

[~~A.~~] **(1)** Example: If the subsidy for a particular plan is one half the premium cost, then for a retiree with 20 years of credited service the NMRHCA would provide [~~100~~] one hundred percent of the subsidy; half the cost.

[~~B.~~] **(2)** Example: For the same subsidy of one half the premium cost, the percent of subsidy for a retiree with eight years of credited service would be [~~25~~] twenty-five percent of the [~~50~~] fifty percent subsidy: [~~12.5~~] twelve and one-half percent of the cost.

Years of credited service	Percentage of subsidy
5	6.25
6	12.50
7	18.75
8	25.00
9	31.25
10	37.50
11	43.75
12	50.00
13	56.25
14	62.50
15	68.75
16	75.00
17	81.25
18	87.50
19	93.75
20	100.00

B. Subject to 2.81.11.10 NMAC and e~~E~~xcept as otherwise provided ~~here~~in 2.81.11.9 NMAC, for eligible retirees who are not members of an enhanced retirement plan and become eligible for participation on or after January 1, ~~2020~~2022, and the eligible dependents of such retirees, the NMRCHA will contribute the following percentages of the subsidy to the monthly premiums according to the corresponding numbers of years of credited service with an NMRHCA-participating employer:

[~~A.~~] **(1)** Example: If the subsidy for a particular plan is one half the premium cost, then for a retiree with 25 years of credited service the NMRHCA would provide one hundred percent of the subsidy; half the cost.

[~~B.~~] **(2)** Example: For the same subsidy of one half the premium cost, the percent of subsidy for a retiree with twelve years of credited service would be thirty-eight and one-tenth percent of the fifty percent subsidy: nineteen and five-hundredths percent of the cost.

Years of credited service	Percentage of subsidy
5	4.76
6	9.52
7	14.29
8	19.05
9	23.81
10	28.57
11	33.33
12	38.10
13	42.86
14	47.62
15	52.38
16	57.14
17	61.90
18	66.67
19	71.43
20	76.19
21	80.95
22	85.71

23	90.48
24	95.24
25	100.00

[2.81.11.8 NMAC - N, 2/14/2002; A, 4/30/2003; A, xx/xx/2018]

2.81.11.9 SUBSIDIES FOR DISABLED RETIREES: Notwithstanding any other provision of this rule:

A. The subsidy paid by the NMRHCA for a disabled retiree with a "duty disability," as described in Subsection B of 2.81.7.10 NMAC [~~subsection B~~], and to the dependents of such a retiree, shall be at the [~~100~~] one hundred percent level, corresponding to the applicable maximum [~~20~~] year level set forth in [~~the foregoing~~] 2.81.11.8 NMAC, regardless of such retiree's period of credited service and age.

B. The subsidy paid by the NMRHCA for a disabled retiree with a "non-duty disability," as described in Subsection C of 2.81.7.10 NMAC [~~subsection C~~], and to the dependents of such a retiree, shall be as set forth in [~~the foregoing subsection~~] Subsection A of 2.81.11.9 NMAC, *provided*, that, as a condition of eligibility for benefits, such retiree has five or more years of credited service.

[2.81.11.9 NMAC - N, 2/14/2002; A, 12/30/2002; A, 4/30/2003; A, xx/xx/2018]

2.81.11.10 AGE REQUIREMENT FOR SUBSIDIES: Except as otherwise provided ~~here~~in 2.81.11.9 NMAC, for eligible retirees who are not members of an enhanced retirement plan and become eligible for participation on or after January 1, ~~2020~~2022, the minimum retiree age requirement to be eligible for subsidies is 55.

[2.81.11.10 NMAC - N, xx/xx/2018]

NEW MEXICO
RETIREE
HEALTH CARE
AUTHORITY

2019 Proposed Legislation

November 2018

Tom Sullivan, President
Joe Montaño, Vice President
Doug Crandall, Secretary
David Archuleta, Executive Director

Legislation

NMRHCA Sponsored

- 2013 – Introduced legislation requesting 2.5% total contribution increase – passed through multiple committees in both chambers, but received no floor votes
- 2014 – Introduced legislation requesting 2.5% total contribution increase – passed through multiple committees in both chambers and passed house floor vote
- 2015 – Introduced legislation requesting 1.25% contribution increase – passed through multiple committees in both chambers and passed house floor vote
- 2016 – Introduced legislation requesting 1.25% contribution increase – passed through multiple committees in both chambers and passed house floor vote

Enacted Legislation

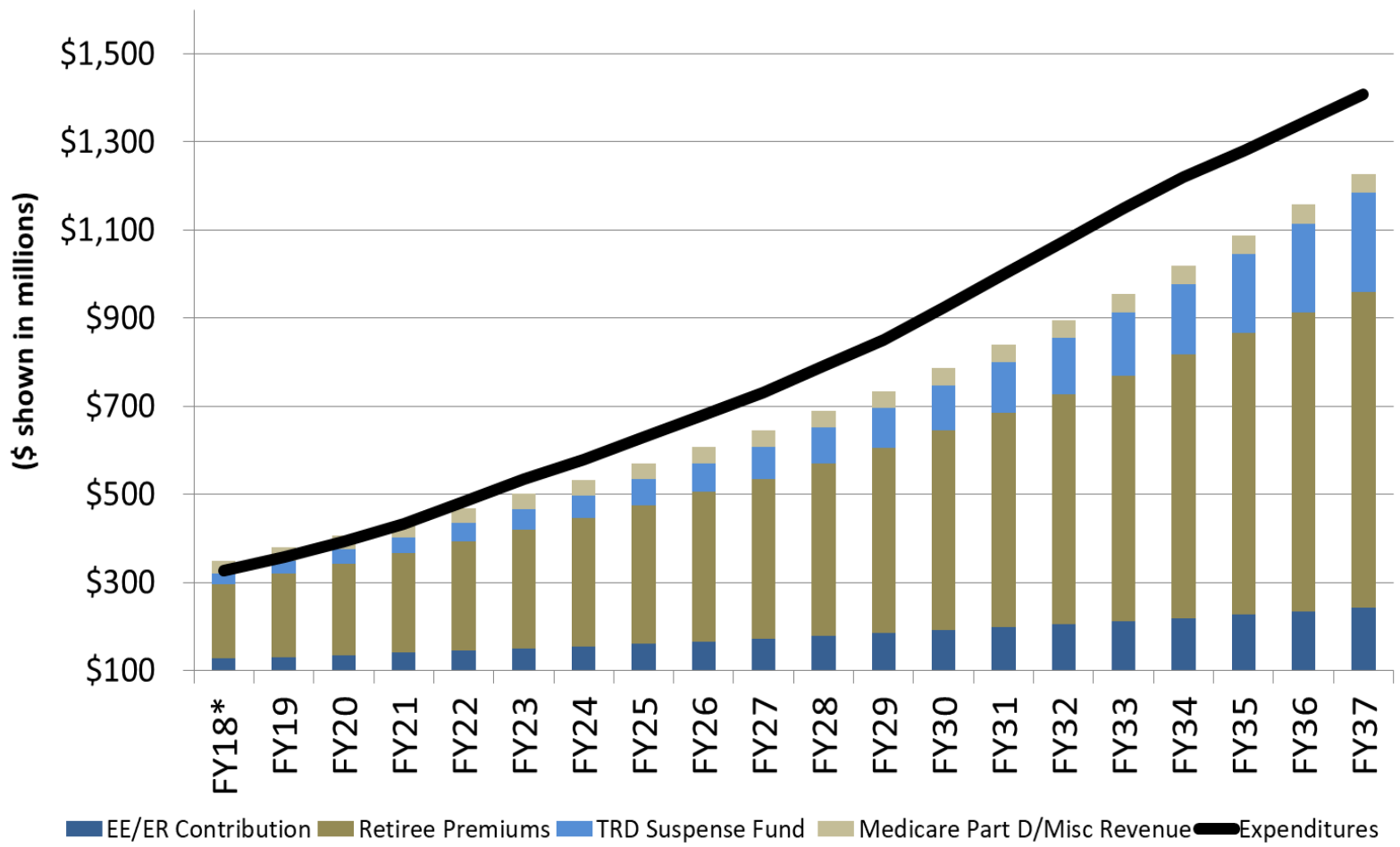
- 2016 Special Session – SB7 Public Fund Distribution Changes
- Permanent removal of $3 million annual special distribution from taxation and revenue suspense fund
- Removal of annual 12 percent increase in transfers received from taxation and revenue suspense fund regular distribution

Resulting Impact

- Solvency period reduced to 2030 (post SB7 implementation)
- Projected deficit spending 2020
- Reduction of $350 million revenues over life of Trust Fund
- Need for increase in employee & employer contributions

Fundamental Challenge

*Unaudited



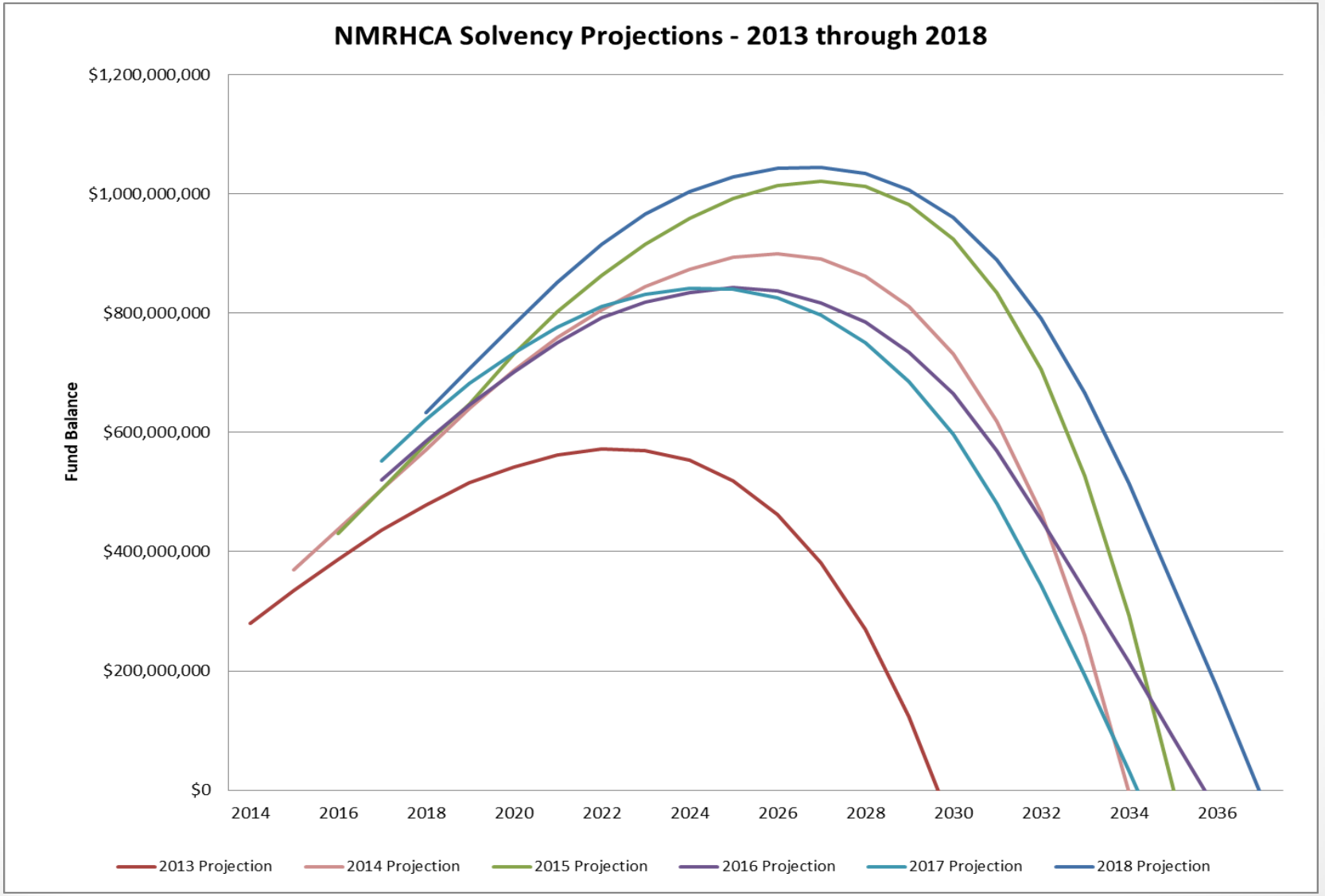
52

2017/2018 Solvency Study

- Solvency Study Performed Annually
- Analysis of future cash inflows and outflows
- Used for strategic planning purposes
  - Plan design i.e., copays, deductibles, coinsurance
  - Subsidy levels
  - Network/medical and prescription drug access

Results	2017	2018
Deficit Spending Period	2020	2022
Expenditures exceed revenues	$9.1 million	$14.6 million
Projected Year of Insolvency	2035	2037
Projected Solvency Period	18 years	19 years
2035 Deficit	$159 million	NA
2037 Deficit	NA	$178 million

Solvency Results (2013 -2018)



GASB 74 &75

- GASB 74: Financial Reporting for Postemployment Benefits Other Than Pension Plans
  - Completed October 2017
  - Total OPEB Liability - $5.1 billion
  - Fiduciary Net Position - $575 million
  - Net OPEB Liability - $4.5 billion
  - Net position as percentage of total liability – 11.26%
- GABS 75: Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions
  - Completed June 15, 2018
  - Employer Allocations at of June 30, 2017
    - Employer Contributions
    - Employer Allocation Percentage
  - Applies to 301 employer groups
  - Rating agency impact - TBD

Sustainability

Strategic Plan (2018 – 2022)

- Apply downward pressure on prescription drug costs for all members (network, contracts, cost sharing)
- Apply downward pressure on pre-Medicare medical plans (network, contracts, cost-sharing)
- Reduce pre-Medicare retiree subsidies
- Reduce pre-Medicare spousal/domestic partner subsidies
- Evaluate emerging and existing programs for inclusion in either plan coverage or incentive support
- Develop and implement value-based purchasing initiatives
- Continue to accommodate ongoing demographic trends and make program adjustments annually
- Provide plan participants with the information necessary to better manage their individual health care
- Increase employee/employer contributions (requires legislative action)

2019 Proposed Legislation

	Employee	Employer	Total	Employee	Employer	Total	Additional	Est.
FY20	1.000%	2.000%	3.000%	$43,549,337.00	$ 87,098,674.00	$130,648,011.00	NA	GF Impact
FY21	1.125%	2.125%	3.250%	$47,733,255.00	$ 93,703,450.00	$141,436,705.00	$10,788,694.00	$ 3,302,388.00
FY22	1.250%	2.250%	3.500%	$52,983,880.00	$ 99,213,213.00	$152,197,093.00	$21,549,082.00	$ 6,057,269.50
FY23	1.375%	2.375%	3.750%	$58,282,268.00	$104,769,153.00	$163,051,421.00	$32,403,410.00	$ 8,835,239.50
FY24	1.500%	2.500%	4.000%	$63,527,672.00	$110,280,010.00	$173,807,682.00	$43,159,671.00	$11,590,668.00

Employee Impact/$40,000 Average Salary

- FY19/20 - $400 per year /$15.38 per pay period
- FY21 - $450 per year / $17.31 per pay period / $1.93 increase
- FY22 - $500 per year / $19.23 per pay period / $3.85 increase
- FY23 - $550 per year / $21.15 per pay period / $5.77 increase
- FY24 - $600 per year / $23.08 per pay period / $7.70 increase

Solvency Impact

Revenue

- Employee/Employer Contribution Increase (3 – 4% of payroll)

Liability Containment

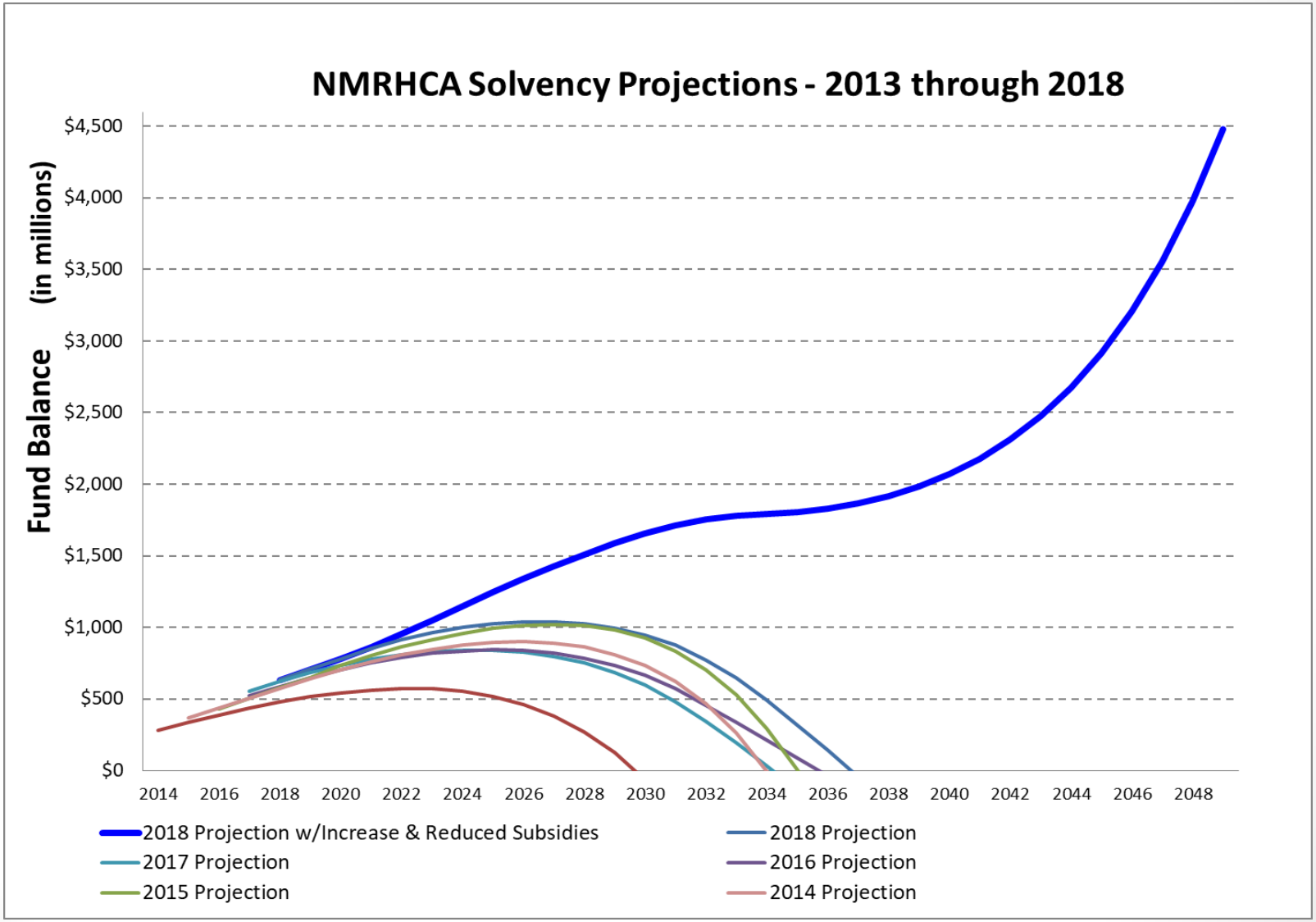
- Pre-Medicare Retiree Subsidy Reduction (64 percent – 60 percent)
- Pre-Medicare Spousal Subsidy Reduction (36 percent – 30 percent)

Results

- Solvency Periods Exceeds 30 years
- 2037 Projected Trust Fund Balance - $1.9 billion
- 2049 Projected Trust Fund Balance - $5.2 billion

	Employee	Employer	Total
1990 - 2001 (12 years)	0.500%	1.000%	1.500%
2002 - 2009 (8 years)	0.650%	1.300%	1.950%
2010 (1 year)	0.833%	1.660%	2.493%
2011 (1 year)	0.917%	1.840%	2.757%
2012 - 2020 (9 years)	1.000%	2.000%	3.000%
2021	1.125%	2.125%	3.250%
2022	1.250%	2.250%	3.500%
2023	1.375%	2.375%	3.750%
2024 and beyond	1.500%	2.500%	4.000%

Solvency Impact Cont.



Alternative Scenarios

Proposal A							Additional	Est.
	Employee	Employer	Total	Employee	Employer	Total	Revenue	GF Impact
FY20	1.000%	2.000%	3.000%	$ 43,549,337.00	$ 87,098,674.00	$130,648,011.00	NA	NA
FY21	1.125%	2.125%	3.250%	$ 47,733,255.00	$ 93,703,450.00	$141,436,705.00	$10,788,694.00	$ 3,302,388.00
FY22	1.250%	2.250%	3.500%	$ 52,983,880.00	$ 99,213,213.00	$152,197,093.00	$21,549,082.00	$ 6,057,269.50
FY23	1.375%	2.375%	3.750%	$ 58,282,268.00	$ 104,769,153.00	$163,051,421.00	$32,403,410.00	$ 8,835,239.50
FY24	1.500%	2.500%	4.000%	$ 63,527,672.00	$ 110,280,010.00	$173,807,682.00	$43,159,671.00	$ 11,590,668.00

Proposal B							Additional	Est.
	Employee	Employer	Total	Employee	Employer	Total	Revenue	GF Impact
FY20	1.000%	2.250%	3.250%	$ 43,549,337.00	$ 99,213,213.00	$142,762,550.00	$12,114,539.00	$ 6,057,269.50
FY21	1.000%	2.500%	3.500%	$ 43,549,337.00	$ 110,280,010.00	$153,829,347.00	$23,181,336.00	$ 11,590,668.00
FY22	1.250%	2.500%	3.750%	$ 52,983,880.00	$ 110,280,010.00	$163,263,890.00	$32,615,879.00	$ 11,590,668.00
FY23	1.500%	2.500%	4.000%	$ 63,527,672.00	$ 110,280,010.00	$173,807,682.00	$43,159,671.00	$ 11,590,668.00

Proposal C							Additional	Est.
	Employee	Employer	Total	Employee	Employer	Total	Revenue	GF Impact
FY20	1.000%	2.125%	3.125%	$ 43,549,337.00	$ 93,703,450.00	$137,252,787.00	$ 6,604,776.00	$ 3,302,388.00
FY21	1.000%	2.250%	3.250%	$ 43,549,337.00	$ 99,213,213.00	$142,762,550.00	$12,114,539.00	$ 6,057,269.50
FY22	1.000%	2.370%	3.370%	$ 43,549,337.00	$ 104,769,153.00	$148,318,490.00	$17,670,479.00	$ 8,835,239.50
FY23	1.000%	2.500%	3.500%	$ 43,549,337.00	$ 110,280,010.00	$153,829,347.00	$23,181,336.00	$ 11,590,668.00
FY24	1.125%	2.500%	3.625%	$ 47,733,255.00	$ 110,280,010.00	$158,013,265.00	$27,365,254.00	$ 11,590,668.00
FY25	1.250%	2.500%	3.750%	$ 52,282,268.00	$ 110,280,010.00	$162,562,278.00	$31,914,267.00	$ 11,590,668.00
FY26	1.375%	2.500%	3.875%	$ 58,282,268.00	$ 110,280,010.00	$168,562,278.00	$37,914,267.00	$ 11,590,668.00
FY27	1.500%	2.500%	4.000%	$ 63,527,672.00	$ 110,280,010.00	$173,807,682.00	$43,159,671.00	$ 11,590,668.00

Alternative Scenarios

Proposal D							Additional	Est.
	Employee	Employer	Total	Employee	Employer	Total	Revenue	GF Impact
FY20	1.000%	2.000%	3.000%	$ 43,549,337.00	$ 87,098,674.00	$130,648,011.00	NA	NA
FY21	1.125%	2.250%	3.375%	$ 47,733,255.00	$ 99,213,213.00	$146,946,468.00	$16,298,457.00	$ 6,057,269.50
FY22	1.250%	2.500%	3.750%	$ 52,983,880.00	$ 110,280,010.00	$163,263,890.00	$32,615,879.00	$ 11,590,668.00
FY23	1.375%	2.750%	4.125%	$ 58,282,268.00	$ 122,394,549.00	$180,676,817.00	$50,028,806.00	$ 17,647,937.00
FY24	1.500%	3.000%	4.500%	$ 63,527,672.00	$ 134,509,088.00	$198,036,760.00	$67,388,749.00	$ 22,657,464.50

Proposal E							Additional	Est.
	Employee	Employer	Total	Employee	Employer	Total	Revenue	GF Impact
FY20	1.000%	2.500%	3.500%	$ 43,549,337.00	$ 110,280,010.00	$153,829,347.00	$23,181,336.00	$ 11,590,668.00
FY21	1.000%	3.000%	4.000%	$ 43,549,337.00	$ 134,509,088.00	$178,058,425.00	$47,410,414.00	$ 22,657,464.50
FY22	1.250%	3.000%	4.250%	$ 52,983,880.00	$ 134,509,088.00	$187,492,968.00	$56,844,957.00	$ 22,657,464.00
FY23	1.500%	3.000%	4.500%	$ 63,527,672.00	$ 134,509,088.00	$198,036,760.00	$67,388,749.00	$ 22,657,464.00

Proposal F							Additional	Est.
	Employee	Employer	Total	Employee	Employer	Total	Revenue	GF Impact
FY20	1.000%	2.250%	3.250%	$ 43,549,337.00	$ 99,213,213.00	$142,762,550.00	$12,114,539.00	$ 6,057,269.50
FY21	1.000%	2.500%	3.500%	$ 43,549,337.00	$ 110,280,010.00	$153,829,347.00	$23,181,336.00	$ 11,590,688.00
FY22	1.000%	2.750%	3.750%	$ 43,549,337.00	$ 122,394,549.00	$165,943,886.00	$35,295,875.00	$ 17,647,937.50
FY23	1.000%	3.000%	4.000%	$ 43,549,337.00	$ 134,509,088.00	$178,058,425.00	$47,410,414.00	$ 22,657,464.00
FY24	1.125%	3.000%	4.125%	$ 47,733,255.00	$ 134,509,088.00	$182,242,343.00	$51,594,332.00	$ 22,657,464.00
FY25	1.250%	3.000%	4.250%	$ 52,282,268.00	$ 134,509,088.00	$186,791,356.00	$56,143,345.00	$ 22,657,464.00
FY26	1.375%	3.000%	4.375%	$ 58,282,268.00	$ 134,509,088.00	$192,791,356.00	$62,143,345.00	$ 22,657,464.00
FY27	1.500%	3.000%	4.500%	$ 63,527,672.00	$ 134,509,088.00	$198,036,760.00	$67,388,749.00	$ 22,657,464.00

New Mexico Retiree Health Care Authority
Fiscal Year 2019 1st Quarter Budget Review

Health Care Benefit Fund

Between July 1, 2018 and September 30, 2018, expenditures from the Healthcare Benefits Administration Program were $77 million and revenues were $83 million, creating a surplus of $6 million, compared to $3.6 million during the same time period in FY18. Overall expenditures through the first quarter of FY19 as compared to the same time frame in FY18 have decreased by $1 million, or approximately minus 1.4 percent. Current projections indicate a $22.6 million surplus at the end of FY19.

Upward pressures include:

1. Overall plan participation (medical and voluntary coverages) has grown by 1,207 members, or 2 percent between September 2017 and September 2018 compared to 1,508 members or 2.9 percent during the same time frame the previous fiscal year.
2. Claim costs typically increase during the 3rd and 4th quarters of the plan year (calendar year) as members have begun to meet their deductibles and out-of-pocket maximum expenses.

Downward pressures include:

1. Overall pre-Medicare plan participation has shrunk by 534 members or 3.2 percent – combined with increased participation in the Value Plan options 3,421 (September 2018) compared to 2,615 (September 2017).
2. Under the Medicare plans – Medicare Advantage Plans grew by over 1,233 members (8.8 percent) while growth in participation with the supplement plan has shrunk by 140 members, or approximately half a percent.
3. Continued decline in dependent children participation in the medical plans 2,016 (September 2018) compared to 2,164 (September 2017).

Below is an annual summary of the cash contributions made to the State Investment Council (SIC) between fiscal years 2011 – 2018, as well as monthly contribution(s) made in FY19:

FY11 Total	$	21,879,651
FY12 Total	$	21,060,000
FY13 Total	$	15,315,000
FY14 Total	$	57,500,000
FY15 Total	$	42,500,000
FY16 Total	$	35,000,000
FY17 Total	$	28,000,000
FY18 Total	$	20,000,000
Transfer Effective	Amount Transferred	
October 1, 2018	$	10,000,000
FY19 Total	$	10,000,000
Total Transfers	**$**	**251,254,651**

New Mexico Retiree Health Care Authority

FY19 1st Quarter Budget Review

Comparison of Projected vs. Actual

(in thousands)

Healthcare Benefit Fund

FY19/FY18 Comparison

	FY19 Approved Q1 Budget	FY19 Q1 Actual	FY18 Q1 Actual	Dollar Change	Percent Change
Sources:					
Employer/Employee Contributions	$ 32,081.3	$ 31,818.3	$ 29,989.4	$ 1,828.9	6.1%
Retiree Contributions	$ 37,629.4	$ 41,822.3	$ 44,553.8	$ (2,731.5)	-6.1%
Taxation & Revenue Fund	$ 7,351.7	$ 4,376.0	$ 2,188.1	$ 2,187.9	100.0%
Other Miscellaneous Revenue	$ 6,807.7	$ 5,095.4	$ 4,945.6	$ 149.8	3.0%
Interest Income	$ 15.0	$ 86.0	$ 29.0	$ 57.0	157.0%
Refunds	$ -	$ (167.4)	$ (89.5)	$ (77.9)	87.0%
Total Sources	$ 83,885.1	$ 83,030.6	$ 81,616.4	$ 1,414.2	1.7%
Uses:					
Medical Contractual Services	$ 82,482.7	$ 75,431.4	$ 76,545.7	$ (1,114.3)	-1.5%
ACA Fees (PCORI)	$ 42.0	$ 38.8	$ 36.1	$ 2.7	7.5%
Other Financing Uses	$ 761.9	$ 1,523.8	$ 1,468.4	$ 55.4	3.8%
Total Uses	$ 83,286.6	$ 76,994.0	$ 78,014.1	$ (1,056.2)	-1.4%
Sources Over Uses	**NA**	**$ 6,036.6**	**$ 3,602.3**	**NA**	**NA**

FY19 Budget Compared to Actual

	FY19 Approved Budget	FY19 Actuals	Remaing Balance	Percent Expended/ Collected	FY19 Projected Total
Sources:					
Employer/Employee Contributions	$ 128,325.1	$ 31,818.3	$ 96,506.8	24.8%	$ 127,273.2
Retiree Contributions	$ 150,517.6	$ 41,822.3	$ 108,695.3	27.8%	$ 174,289.2
Taxation & Revenue Fund	$ 29,406.9	$ 4,376.0	$ 25,030.9	14.9%	$ 17,504.0
Other Miscellaneous Revenue	$ 27,230.7	$ 5,095.4	$ 22,135.3	18.7%	$ 20,381.6
Interest Income	$ 60.0	$ 86.0	$ (26.0)	143.3%	$ 100.0
Refunds	$ -	$ (167.4)	$ -	NA	$ (385.0)
Total Sources	$ 335,540.3	$ 83,030.6	$ 252,342.3	24.7%	$ 339,163.0
Uses:					
Medical Contractual Services	$ 332,450.7	$ 75,431.4	$ 257,019.3	22.7%	$ 313,441.8
ACA Fees (PCORI)	$ 42.0	$ 38.8	$ -	92.4%	$ 39.4
Other Financing Uses	$ 3,047.6	$ 1,523.8	$ 1,523.8	50.0%	$ 3,047.6
Total Uses	$ 335,540.3	$ 76,994.0	$ 258,543.1	22.9%	$ 316,528.8
Sources Over Uses	**NA**	**$ 6,036.6**	**NA**	**NA**	**$ 22,634.2**

New Mexico Retiree Health Care Authority
1st Quarter Healthcare Benefit Fund Detail
Fiscal Year 2019
(in thousands)

	FY19 Q1 Actuals	FY18 Q1 Actuals	FY19 - FY18 Difference
REVENUE:			
Employer/Employee Contributions	$ 31,818.3	$ 29,989.4	$ 1,828.9
Retiree Contributions	$ 41,822.3	$ 44,553.8	$ (2,731.5)
Taxation and Revenue Suspense Fund	$ 4,376.0	$ 2,188.1	$ 2,187.9
Other Miscellaneous Revenue	$ 5,095.4	$ 4,945.6	$ 149.8
Interest Income	$ 86.0	$ 29.0	$ 57.0
Refunds	$ (167.4)	$ (89.5)	$ (77.9)
TOTAL REVENUE:	**$ 83,030.6**	**$ 81,616.4**	**$ 1,414.2**
EXPENDITURES:			
Prescriptions			
Express Scripts	$ 20,501.3	$ 25,846.1	$ (5,344.8)
Total Prescriptions	$ 20,501.3	$ 25,846.1	$ (5,344.8)
Non-Medicare			
Blue Cross Blue Shield	$ 16,172.6	$ 14,252.3	$ 1,920.3
BCBS Administrative Costs	$ 513.2	$ 505.5	$ 7.7
Presbyterian	$ 10,922.3	$ 10,019.1	$ 903.2
Presbyerian Administrative Costs	$ 508.5	$ 504.5	$ 4.0
NM Health Connections	$ 65.5	$ 155.4	$ (89.9)
NM Health Connections Admin	$ -	$ 32.6	$ (32.6)
PCORI Fee	$ -	$ 39.4	$ (39.4)
Total Non-Medicare	$ 28,182.1	$ 25,508.8	$ 2,673.3
Medicare			
Blue Cross Blue Shield	$ 9,887.0	$ 9,968.3	$ (81.3)
BCBS Administrative Costs	$ 1,428.1	$ 1,397.4	$ 30.7
Presbyterian MA	$ 3,920.5	$ 3,184.8	$ 735.7
UnitedHealthCare MA	$ 1,643.9	$ 1,300.7	$ 343.2
Humana MA	$ 197.1	$ 84.9	$ 112.2
BCBS MA	$ 1,216.3	$ 1,101.7	$ 114.6
Total Medicare	$ 18,292.9	$ 17,037.8	$ 1,255.1
Other Benefits			
Davis Vision	$ 580.1	$ 555.7	$ 24.4
Delta Dental	$ 2,550.2	$ 2,378.6	$ 171.6
Standard Life Insurance	$ 2,855.7	$ 2,746.9	$ 108.8
United Concordia Dental	$ 2,469.1	$ 2,471.8	$ (2.7)
Total Other Benefits	$ 8,455.1	$ 8,153.0	$ 302.1
Other Expenses			
Program Support	$ 1,523.8	$ 1,468.4	$ 55.4
Total Other Expenses	$ 1,523.8	$ 1,468.4	$ 55.4
TOTAL EXPENDITURES:	***$ 76,955.2***	**$ 78,014.1**	**$ (1,058.9)**
Total Revenue over Total Expenditures	***$ 6,075.4***	**$ 3,602.3**	**$ 2,473.1**

New Mexico Retiree Health Care Authority
FY19 1st QTR Budget Review
Comparison of Budget vs. Actual
(in thousands)

Program Support

FY19/FY18 Comparison

	FY19 Approved Q1 Budget	FY19 Actuals	FY18 Actual	Dollar Change	Percent Change
Sources:					
Other Transfers	$ 761.9	$ 1,523.8	$ 1,468.4	$ 55.4	3.8%
Total Sources	**$ 761.9**	**$ 1,523.8**	**$ 1,468.4**	**$ 55.4**	**3.6%**
Uses:					
Personal Services and Benefits	$ 484.4	$ 462.2	$ 467.9	$ (5.7)	-1.2%
Contractual Services	$ 141.6	$ 34.7	$ 52.6	$ (17.9)	-34.0%
Other Costs	$ 136.0	$ 137.2	$ 128.8	$ 8.4	6.5%
Total Uses	**$ 761.9**	**$ 634.1**	**$ 649.3**	**$ (15.2)**	**-2.3%**

New Mexico Retiree Health Care Authority
FY19 1st QTR Budget Review
Comparison of Budget vs. Actual
(in thousands)

Program Support

FY19 Budget Compared to Actual

	Approved Operating Budget	FY19 Actuals	Remaining Balance	Percent Expended	FY19 Projected	Projected Surplus/ Deficiency
Sources:						
Other Transfers	$ 3,047.6	$ 1,523.8	$ 1,523.8	50%	$ 1,468.4	$ 55.4
Total Sources	**$ 3,047.6**	**$ 1,523.8**	**$ 1,523.8**	**50%**	**$ 1,468.4**	**$ 55.4**
Uses:						
Personal Services and Benefits	$ 1,937.5	$ 462.2	$ 1,475.3	24%	$ 1,466.0	$ 9.3
Contractual Services	$ 566.3	$ 34.7	$ 531.6	6%	$ 525.9	$ 5.7
Other Costs	$ 543.8	$ 137.2	$ 406.6	25%	$ 399.0	$ 7.6
Total Uses	**$ 3,047.6**	**$ 634.1**	**$ 2,413.5**	**21%**	**$ 2,390.9**	**$ 22.6**

Program Support

Expenditure Summary (in thousands)

Acct #	Account Description	A Approved Budget	B Expended Budget	C Remaing Balance	D Projected	E Balance
200	Personal Services/ Employee Benefits	1,937.5	462.2	1,475.3	1,466.0	9.3
300	Contractual Services	566.3	34.7	531.6	525.9	5.7
400	Other Costs	543.8	137.2	406.6	399.0	7.6
	TOTAL	**3,047.6**	**634.1**	**2,413.5**	**2,390.9**	**22.6**

Expenditure Detail (in thousands)

Personal Services / Employee Benefits

Acct #	Account Description	Approved Budget	Expended Budget	Remaining Balance	Projected	Balance
520100	Exempt Positions	165.5	68.3	97.2	139.8	(42.6)
520300	Classified Perm. Positions	1,212.5	250.4	962.1	902.4	59.7
520800	Annual & Comp Paid	0.0	3.5	(3.5)	0.0	(3.5)
521100	Group Insurance Premium	196.4	45.4	151.0	143.8	7.2
521200	Retirement Contributions	219.6	54.1	165.5	179.3	(13.8)
521300	FICA	105.0	23.4	81.6	79.5	2.1
521400	Workers Comp	0.2	0.1	0.1	0.0	0.1
521410	GSD Work Comp Ins	1.6	1.6	0.0	0.0	0.0
521500	Unemployment Comp	0.0	0.0	0.0	0.0	0.0
521600	Employee Liability Insurance	9.3	9.0	0.3	0.0	0.3
521700	Retiree Health Care	27.4	6.4	21.0	21.2	(0.2)
521900	Other Employee Benefits	0.0	0.0	0.0	0.0	0.0
	TOTAL	**1,937.5**	**462.2**	**1,475.3**	**1,466.0**	**9.3**

Contractual Services

Acct #	Account Description					
535200	Professional Services	344.8	0.0	344.8	342.4	2.4
535300	Other Services	15.0	0.0	15.0	15.0	0.0
535400	Audit Services	81.5	0.0	81.5	81.5	0.0
535500	Attorney Services	35.0	5.4	29.6	27.0	2.6
535600	Information Technology Services	90.0	29.3	60.7	60.0	0.7
	TOTAL	**566.3**	**34.7**	**531.6**	**525.9**	**5.7**

Other Costs

Acct #	Account Description					
542100	Employee In-State Mileage & Fares	2.0	0.1	1.9	0.8	1.1
542200	Employee In-State Meals & Lodging	2.0	0.2	1.8	1.8	0.0
542300	Board & Commission - In-State	10.0	1.8	8.2	8.2	0.0
542500	Transportation-Fuel & Oil	1.0	0.1	0.9	0.3	0.6
542600	Transportation	0.1	0.0	0.1	0.1	0.0
542700	Transportation - Insurance	0.2	0.4	(0.2)	0.0	(0.2)
542800	State Transportation Pool Charges	4.7	2.3	2.4	1.9	0.5
543200	Maintenance - Furniture, Fixtures & Equipment	3.7	1.2	2.5	1.5	1.0
543300	Maintenance - Building & Structure	3.0	0.0	3.0	1.5	1.5
543400	Maintenance - Property Insurance	0.3	0.3	0.0	0.3	(0.3)
543820	Maintenance IT	10.0	0.0	10.0	3.0	7.0
544000	Supply Inventory IT	15.4	5.5	9.9	11.7	(1.8)
544100	Supplies - Office Supplies	10.0	1.5	8.5	7.5	1.0
544900	Supplies - Inventory Exempt	3.0	0.0	3.0	5.0	(2.0)
545600	Rep/Recording	1.0	2.2	(1.2)		
545700	DoIT - ISD Services	4.1	0.7	3.4	3.0	0.4
545701	DoIT - HCM Fees	10.4	0.0	10.4	9.1	1.3
545900	Printing & Photo. Services	66.0	0.1	65.9	63.0	2.9
546100	Postage & Mail Services	112.0	59.7	52.3	50.3	2.0
546400	Rent of Land & Buildings	120.5	28.1	92.4	98.2	(5.8)
546409	Rent - Interagency	7.8	1.9	5.9	5.9	0.0
546500	Rent of Equipment	51.0	10.4	40.6	40.0	0.6
546600	Telecomm	21.0	4.1	16.9	15.0	1.9
546610	DOIT Telecomm	62.1	9.8	52.3	49.0	3.3
546700	Subscriptions & Dues	4.0	0.4	3.6	2.6	1.0
546800	Employee Training & Education	5.0	0.0	5.0	3.5	1.5
546801	Board Member Training	2.0	0.3	1.7	1.5	0.2
546900	Advertising	0.2	0.1	0.1	1.1	(1.0)
547900	Miscellaneous Expense	1.3	0.3	1.0	1.7	(0.7)
547999	Request to Pay Prior Year	0.0	0.1	(0.1)	0.0	(0.1)
548300	Information Technology Equipment	5.0	5.2	(0.2)	7.5	(7.7)
549600	Employee Out-Of-State Mileage & Fares	1.0	0.0	1.0	1.0	0.0
549700	Employee Out-Of-State Meals & Lodging	1.0	0.0	1.0	1.0	0.0
549800	B&C-Out-Of-State Mileage & Fares	1.5	0.0	1.5	1.0	0.5
549900	B&C- Out-Of-State Meals & Lodging	1.5	0.4	1.1	1.0	0.1
	TOTAL	**543.8**	**137.2**	**406.6**	**399.0**	**7.6**

Healthcare Benefits Administration Program
FY19 Contract Amendment – Action Item*

The chart below includes a list of existing contracts and a proposed amendment, increasing the compensation associated with the self-insured agreement through New Mexico Health Connections. New Mexico Health Connections is currently paying run-out claims on behalf of members covered under their plan through June 30, 2018. In FY18, total claims paid on behalf of New Mexico Health Connections plan participants totaled $636 thousand for approximately 425 members. In September, NMRHCA received a funding request totaling $120 thousand for one claim incurred on or before June 30.

Healthcare Benefits Administration Program FY19 Proposed Contract Amendments

The proposed contracts administered through the Healthcare Benefits Administration Program are as follows:

	FY19 Approved Operating Budget (Contractual Services)	**$332,450,700.0**	**$ 332,450,700**	**$ 332,450,700**	
	Proposed New Contracts	**Amount Encumbered YTD**	**FY19 Proposed**	**Revised Total**	**Type**
	BCBS				
1	Non-Medicare/Supplement	$ 113,500,000	$ -	$ 113,500,000	NA
2	Medicare Advantage	$ 5,500,000	$ -	$ 5,500,000	NA
	Presbyterian				
3	Non-Medicare	$ 48,500,000	$ -	$ 48,500,000	NA
4	Medicare Advantage	$ 15,500,000	$ -	$ 15,500,000	NA
5	NM Health Connections	$ 75,000	$ 200,000	$ 275,000	Comp Increase/Projected Claims
6	UnitedHealthcare	$ 6,500,000	$ -	$ 6,500,000	NA
7	Humana	$ 1,500,000	$ -	$ 1,500,000	NA
8	United Concordia	$ 10,750,000	$ -	$ 10,750,000	NA
9	Delta	$ 9,750,000	$ -	$ 9,750,000	NA
10	Davis Vision	$ 2,500,000	$ -	$ 2,500,000	NA
11	Express Scripts	$ 105,000,000	$ -	$ 105,000,000	NA
12	The Standard	$ 11,350,000	$ -	$ 11,350,000	NA
	Total	**$ 330,425,000**	**$ 200,000**	**$ 330,625,000**	
	Unencumbered Balance	**NA**		**$ 1,825,700**	**Available for End-of-Year Adjustments**

Conclusion: In order to process this funding request and any other outstanding requests through December 31, NMRHCA staff respectfully requests approval of the proposed contract amendment in order to meet its financial obligations through the remainder of the run-out period.