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# **REGULAR MEETING OF THE BOARD OF DIRECTORS**



**November 5, 2019**

**9:30 AM**

**Alfredo R. Santistevan Board Room**

**NMRHCA Offices, Suite 207**

**4308 Carlisle Blvd. NE**

**Albuquerque, NM 87107**

New Mexico Retiree Health Care Authority  
Regular Meeting

BOARD OF DIRECTORS

**ROLL CALL**

**November 5, 2019**

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

## NMRHCA BOARD OF DIRECTORS

November 2019

Mr. Wayne Propst  
Executive Director  
Public Employees Retirement Association  
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Santa Fe, NM 87507  
PO Box 2123  
Santa Fe, NM 87504-2123  
[Wayne.Propst@state.nm.us](mailto:Wayne.Propst@state.nm.us)  
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Ms. Pamela Moon  
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Mr. Doug Crandall  
Retired Public Employees of New Mexico  
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The Honorable Mr. Tim Eichenberg  
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Regular Meeting of the  
NEW MEXICO RETIREE HEALTH CARE AUTHORITY  
BOARD OF DIRECTORS

November 5, 2019

9:30 AM

Alfredo R. Santistevan Board Room

NMRHCA Offices, 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 1, 2019	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 Updates		13
b. Staff Appointment		
c. Albuquerque Office Space		
d. FY20 Financial Audit		
e. Medical, Dental and Vision RFP		27
f. Fall Switch Enrollment		
g. Legislative		30
h. September 30, 2019 SIC Report		51
9. GAS 74 Valuation – June 30, 2019	Ms. Krumholz, Actuary, Segal	53
10. FY20 Q1 Budget Status Report	Mr. Archuleta, Executive Director	97
11. NMRHCA Contributions & Eligibility	Mr. Archuleta, Executive Director	102
12. Other Business	Mr. Sullivan, President	
13. Executive Session	Mr. Sullivan, President	
Pursuant to NMSA 1978, Section 10-15-1(H)(6) To Discuss Limited Personnel Matters		
14. Date & Location of Next Board Meeting	Mr. Sullivan, President	
December 3, 2019, 9:30AM		
Alfredo R. Santistevan Board Room		
4308 Carlisle Blvd. NE., Suite 207		
Albuquerque, NM 87107		
15. Adjourn		

**ACTION SUMMARY**

**RETIREE HEALTH CARE AUTHORITY/REGULAR BOARD MEETING**

**October 1, 2019**

<b><u>Item</u></b>	<b><u>Action</u></b>	<b><u>Page</u></b>
APPROVAL OF AGENDA	Approved	3
<u>APPROVAL OF MINUTES:</u> August 27, 2019	Approved	3
<u>PUBLIC FORUM &amp; INTRODUCTIONS</u>	Informational	3
<u>COMMITTEE REPORTS</u> HR Updates Medical, Dental and Vision RFP Fall Switch Enrollment Legislative August 31, 2019 SIC Report June 30, 2019 Investment Report Other Updates	Informational	3
FY20 BUDGET ADJUSTMENT REQUESTS: PROGRAM SUPPORT	Approved	5
FY20 CONTRACT AMENDMENTS/NEW	Approved	6
SOLVENCY/FUNDING TARGETS/ PROPOSED LEGISLATION	Approved	6

**MINUTES OF THE**  
**NEW MEXICO RETIREE HEALTH CARE AUTHORITY/BOARD OF DIRECTORS**

**REGULAR MEETING**

**October 1, 2019**

**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  
The Hon. Tim Eichenberg, NM State Treasurer  
Mr. Rod Ventura [for Jan Goodwin]  
Ms. Pamela Moon  
Ms. Leanne Larrañaga-Ruffy  
Ms. Therese Saunders

**Members Excused:**

Mr. Terry Linton  
Mr. Lawrence Rael

**Staff Present:**

Mr. Dave Archuleta, Executive Director  
Mr. Neil Kueffer, Deputy Director  
Mr. Greg Archuleta, Director of Communication & Member Engagement  
Ms. Peggy Martinez, Chief Financial Officer  
Ms. Judith Beatty, Board Recorder

**Others Present:**

Mr. Connor Jorgensen, LFC  
Mr. Simon Miller, DFA  
[See sign-in sheets]

**3. PLEDGE OF ALLEGIANCE**

Mr. Montaña led the Pledge.

**4. APPROVAL OF AGENDA**

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

**5. APPROVAL OF REGULAR MEETING MINUTES: August 27, 2019**

Ms. Saunders moved approval of the minutes of the August 27, 2019, as submitted. Ms. Moon seconded the motion, which passed unanimously.

**6. PUBLIC FORUM AND INTRODUCTIONS**

Chairman Sullivan welcomed staff and guests.

There were no speakers from the floor.

**7. COMMITTEE REPORTS**

Chairman Sullivan reported that the Executive Committee met by phone to review materials for today's meeting.

Mr. Crandall reported that the Finance and Investment Committees did meet. Although there was no quorum, they did discuss items on today's agenda.

Chairman Sullivan said it has come to his attention through some conversations with stakeholders that the ERB rule changes, particularly those affecting substitute teachers, may have affect the NMRHCA's population as well.

Mr. Archuleta responded that contributions to the NMRHCA are a condition of employment. The statute doesn't exclude any particular group, whether they be elected officials, part time workers, or substitute teachers. If someone contributes to the ERB or PERA, then they're required to contribute to the NMRHCA.

Chairman Sullivan asked where that leaves a substitute teacher who may be a legitimate Return to Work teacher with 365 days of separation and who returns to work so they can continue to withdraw their pension. He asked if they have to drop the RHCA and go on NMPSIA. Mr. Archuleta responded that if they're eligible for active benefits, they are required to pick them up, but they are also required to contribute to the RHCA.

Chairman Sullivan commented that his concern is that teachers who have retired and are now working as substitutes may not realize their health coverage is also impacted by the ERB rule. Mr. Archuleta responded that the agency communicates that as part of their enrollment documentation and an update and reminder is also part of the presentation at the switch enrollment meetings. He conceded,

however, that there might be individuals who fall through the cracks unless their HR group reports them to the NMRHCA on their behalf.

Chairman Sullivan said there are people who come back on an interim basis, who substitute for multiple districts, etc. He wondered who the gatekeeper is, and will people inadvertently violate the NMRHCA's rules and potentially be ineligible for coverage for a year because of NMRHCA sanctions. He questioned what the magic number is for people who work on an interim basis, or will they just be expected to fill out new paperwork every time they make a move. He suggested board members who represent the affected stakeholders meet with them and seek feedback.

Mr. Archuleta said staff would do research between now and the next meeting and return with information and some direction on what the agency might do to make this clearer.

## **8. EXECUTIVE DIRECTOR'S UPDATES**

### **a. HR Updates**

Mr. Archuleta provided updates:

-- Network administrator Jennifer Mills, who has been with the agency for 12 years, has accepted a promotional opportunity at the Department of Health.

-- Customer service representative Yvette Tenorio has retired.

-- Former employee Deborah Chavez has returned to the organization and will occupy the front desk slot she had before she left three or four years ago.

### **b. Medical, Dental and Vision RFP**

Mr. Archuleta reported that APS is running this procurement, which is slightly behind schedule; however, the draft RFP will be available tomorrow for a full review, and the process continues to move forward.

### **c. Fall Switch Enrollment**

Mr. Archuleta said the 16 meetings kick off tomorrow, with the first meeting to take place in Santa Fe.

### **d. Legislative**

#### **a. Investments & Pensions Oversight Committee**

Mr. Archuleta reported that the NMRHCA provided the IPOC with an update in early September, including information on the actions taken by the board during the July retreat and a status report on the solvency picture.

**b. Interagency Pharmaceuticals Purchasing Council**

Mr. Archuleta said the IPPC will meet later this week, when the NMRHCA will be presenting an update on the last procurement process it went through, including the criteria it used and other information.

**e. August 31, 2019 SIC Report**

Mr. Archuleta reported a fund balance of \$725 million.

**f. June 30, 2019 Investment Performance Report**

Mr. Archuleta reviewed highlights from the RV Kuhns quarterly investment performance report, which is provided by the SIC. The good news is that, since January, the calendar year return has been 7.88 percent, and the 10-year return is 8.94 percent.

**Other updates**

-- With respect to the appeal heard at last month's meeting, the board's action to uphold the decision of the Hearing Officer will be appealed in District Court.

-- The agency is looking at property at 6300 Jefferson as a potential new location for the NMRHCA.

**9. FY20 BUDGET ADJUSTMENT REQUESTS – PROGRAM SUPPORT**

Mr. Archuleta presented two BAR requests:

1) To transfer \$25,000 in vacancy savings from the personal services and employee benefits category to the contractual services category. The savings have been generated by two vacant positions and two soon-to-be vacant positions.

2) To increase the contractual services category by \$150,000, which is supported by transfers from the other financing uses category of the Healthcare Benefits Administration Fund. These transfers are the result of revenues in excess of expenditures.

Mr. Archuleta said programming changes need to occur in the CareView system to accommodate the rule change that will take place in January 2020, and the quote to do these program changes was \$150,000. Although the agency could seek a special appropriation in the spring to cover this, he would prefer starting this work before then.

Mr. Archuleta said the other shortage is in the agency's legal services contract. In any given year, expenses are between \$20,000 and \$40,000 for legal services. While typically the contractual work requested is restricted to contractual review issues and occasional statutory and rule change issues that the Rodey Law Firm helps out with, this year the appeal process required additional resources, and that small purchase contract has been exhausted. The NMRHCA will need contract review work throughout the spring, and a BAR is being requested to support that increase.

Responding to a question from Chairman Sullivan, Mr. Archuleta stated that the NMRHCA is between \$170,000 and \$173,000 short, and the two BARs would increase the budget in the contractual services category by \$175,000, but any expense resulting from a recent appeal would not be included in the total.

Mr. Crandall said the Finance Committee reviewed this. Although there was not a quorum, approval was recommended. Mr. Montañón is not a member of the Finance Committee, but attended the meeting.

**Mr. Crandall moved for approval. Ms. Larrañaga-Ruffly seconded the motion, which passed unanimously.**

#### **10. FY20 CONTRACT AMENDMENTS/NEW**

As follow-up to the last item, Mr. Archuleta requested approval to amend the compensation sections of the following contracts:

- Rodey Law Firm -- \$20,000/\$60,000 total
- RESPEC -- \$150,000/\$189,000 total [programming and CareView]

NMRHCA staff also requests authority to execute a new small purchase agreement with Dr. Dan Lopez for lobbying services on behalf of NMRHCA:

- Dan Lopez -- \$16,275/\$16,275 total

Mr. Archuleta said the NMRHCA solicited several bids for these services before selecting Dr. Lopez.

**Mr. Crandall moved for approval. Ms. Larrañaga-Ruffly seconded the motion, which passed unanimously.**

#### **11. SOLVENCY/FUNDING TARGETS/PROPOSED LEGISLATION**

Mr. Archuleta made a presentation, including the following highlights:

-- FY19 revenues increased \$1.1 billion compared to FY18. FY20 growth over FY18 remains at \$1 billion. "New money" is projected at \$907 million for FY21, or 12.8 percent growth from the FY20 recurrent budget level.

-- There is general consensus and ongoing discussion and emphasis about the need to shore up the two pension programs. The NMRHCA has champions in the legislature who try to make sure the agency is part of the discussion and its issues are also being heard, but for the most part there is not as much focus on the need to maintain solvency. It is reasonable to assume, though, that the NMRHCA can be part of this picture because it has a legitimate need for some of the surplus revenues. It can cite the continued improvements to the fund, with tough choices made by the board in the interest of keeping the fund solvent.

-- In conversations with the LFC and DFA analysts, it is important to put in perspective what the NMRHCA's request means and how it compares to either similar requests or competing priorities. The

general fund increases for FY21 are greater than the amount projected to be available next year because of large amounts being proposed for specific purposes.

-- The PERA Pension Solvency Task Force is recommending an increase in employee and employer contributions by 4 percent (2 percent employee, 2 percent employer), which is opposed by the Association of Counties. In addition, it is recommending a one-time appropriation of \$76 million. The Educational Retirement Board is going to recommend an increase in employer contributions, to be determined by a percentage of payroll, and might also request a one-time appropriation.

Mr. Crandall pointed out that, unlike the ERB and PERA, the NMRHCA has the authority to change benefits, and it has made substantial changes, all of them on the backs of the retirees. He said the agency is trying as hard as it can on its own, but it needs help from the legislature.

Chairman Sullivan commented that the NMRHCA's commitment in its five-year plan was that it would follow the lead of PERA and ERB, which it did when they went to age 55. The NMRHCA didn't have the luxury of grandfathering members in and only affecting new hires. If the expectation from legislative agencies is that the NMRHCA is going to run point and be the lead on changes for age eligibility, this was never the agency's intent.

Mr. Archuleta reviewed the agency's 2020 legislative proposal, which would include a one-time infusion of \$12,384,296, plus a .5 percent increase split 2:1 between employer and employee. These two requests would have minimal impact on the general fund; and in combination with gradually reduced pre-Medicare subsidy levels, would extend the agency's funded status well beyond 30 years and result in a FY50 projected fund balance in excess of \$3.7 billion.

Chairman Sullivan said he personally likes this proposal because it doesn't force the agency into a choice between one goal or the other but gets the solvency well beyond 30 years and a funded ratio percentage above 50 percent.

Chairman Sullivan noted that the NM Association of Counties has expressed opposition to the PERA Pension Solvency Task Force recommendation to increase employee and employer contributions by 4 percent (2 percent each), and asked Ms. Moon if she thought the .33 employer increase proposed by the NMRHCA would also be opposed. Ms. Moon responded that the Association is concerned about some New Mexico counties as well as some cities that have no excessive cash and no increased revenues. She said she supported this smaller request (the aggregate .5 percent), as it was more likely to be passed.

Chairman Sullivan asked Ms. Moon if she thought it would be helpful if Mr. Archuleta along with some board members appeared before the Association board and made a presentation well in advance of the legislative session. Ms. Moon responded that she thought it would be important to do that. In addition, meeting with county and city managers would be very helpful.

With respect to the 50 percent funding, Mr. Crandall pointed out that, unlike PERA and the ERB, the NMRHCA has no idea what its expenses and liabilities are 20 years from now, and to try to achieve 100 percent funding is unrealistic. He said he thought 50 percent funding with a very small increase was reasonable; however, if there is not going to be any help from the employees and employers, there should not be any reductions to any benefits, either.

Mr. Crandall moved to approve staff's recommendations of a .5 percent increase in the aggregate for FY21 on a 2:1 ratio, with a \$12 million one-time infusion. Ms. Saunders seconded the motion, which passed unanimously.

**12. OTHER BUSINESS**

None.

**13. EXECUTIVE SESSION**

None.

**14. DATE AND LOCATION OF NEXT BOARD MEETING:  
NOVEMBER 5, 2019, 9:30 A.M.  
ALFREDO R. SANTISTEVAN BOARD ROOM, STE. 207  
4308 CARLISLE BLVD., N.E.  
ALBUQUERQUE, NM, 87107**

**ADJOURN**

Meeting adjourned at 10:45 a.m.

Accepted by:

---

Tom Sullivan, President



## State of New Mexico

Michelle Lujan Grisham  
*Governor*

September 30, 2019

Mr. David Archuleta  
[REDACTED]  
Santa Fe, NM 87505

Dear Mr. Archuleta:

In accordance with NMSA 1978, Section 73-2-65, I am pleased to appoint you to the New Mexico Acequia Commission and hereby authorize and empower you to execute and fulfill the duties of that office according to the law, and to uphold said office with the rights and emoluments thereto legally appertaining unto you.

Your appointment will commence today on September 30, 2019 and expire on July 18, 2023.

Sincerely yours,

A handwritten signature in black ink that reads "Michelle Lujan Grisham".

Michelle Lujan Grisham  
Governor

Attest:

A handwritten signature in black ink that reads "Maggie Toulouse Oliver".

Maggie Toulouse Oliver  
Secretary of State



## **ABSENCE AND LEAVE POLICY**

### **Section 1. Purpose**

### **Section 2. References**

### **Section 3. Definitions**

### **Section 4. Policies**

- A. Requesting Leave
- B. Annual Leave
- C. Sick Leave
- D. Administrative Leave for Voting
- E. Administrative Leave
- F. Bereavement Leave
- G. General expectations regarding Administrative Leave
- H. Military Leave
- I. Personal Holiday Leave
- J. Absent Without Leave (AWOL)
- K. Leave Without Pay (LWOP)
- L. Donation of Leave

### **Section 5. Procedures**

- A. Processing leave requests
- B. Processing donated leave

### **Section 6. Forms**

## **Section 1. PURPOSE**

To establish the agency's policy for requesting, granting and donating leave.

## **Section 2. REFERENCES**

State Personnel Board Rule 1.7.7 et seq. NMAC, Absence and Leave; the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA); Policies for Exempt Employees (Department of Finance Administration).

## **Section 3. DEFINITIONS**

- A. ABSENCE WITHOUT LEAVE (AWOL)** means failure to appear for work without authorized leave or appearing for work but in violation of any NMRHCA policy governing readiness for work.
- B. ADMINISTRATIVE LEAVE** means pre-approved absence from duty with full pay and benefits.
- C. EMPLOYEE** means a person employed by the agency who is in either a position in the classified service, including probationary, temporary and career status, or an exempt service position.
- D. LEAVE DONATIONS** mean annual and/or sick leave donations as promulgated by the State Personnel Board Rules.
- E. LEAVE WITHOUT PAY (LWOP)** is unpaid leave for less than thirty consecutive days.
- F. MEDICAL EMERGENCY** means an unexpected, non-elective medical condition of an employee, requiring immediate medical attention, and requiring an absence from work for at least two consecutive work weeks. Conditions that do not constitute "medical emergencies" for purposes of the donated leave program include, but are not limited to:
  - 1.** Temporary conditions not requiring hospitalization or ongoing treatments, such as colds, influenza or stress;
  - 2.** Elective or cosmetic surgeries that can be scheduled and are not required to be performed on an emergency basis; and
  - 3.** Pregnancy and childbirth that do not have associated complications.

## Section 4: POLICIES

### A. REQUESTING LEAVE

1. **Written Notice.** Employees requesting any manner of leave, including, but not limited to, annual leave, sick leave, administrative leave, leave without pay, military leave, or personal leave, shall do so in writing provided that:
  - a. Written notice via email to their immediate supervisor shall include reference to the specific leave(s) being requested in advance to taking leave.
  - b. Submission of advance notice should be at least one work day in advance for each consecutive work day (or partial work day) of leave being sought.
  - c. It is the employee's responsibility to verify approval or disapproval with their immediate supervisor prior to taking leave.
2. **Exigent Circumstances.** Where circumstances arise and the employee cannot give timely advance written notice as directed herein, the immediate supervisor may grant the requested leave without the stipulated notice, provided that:
  - a. The employee must notify the immediate supervisor, or his/her designee, no later than 15 minutes after the beginning of the employee's work day;
  - b. Where such request is made verbally, the request and approval/disapproval shall be reduced to writing via email, upon return to work, or otherwise, as soon as practicable;
  - c. It remains the employee's responsibility to verify approval or disapproval with their immediate supervisor, or his/her designee, prior to taking leave and
  - d. Overuse, misuse or patterns of use of this exception to written notice as set forth in (a) above may be deemed an Abuse of Leave, subjecting the employee to disciplinary action, provided that the supervisor shall put the employee on notice as this situation arises.
  - e. Each employee is expected to maintain an accurate record of hours worked and leave taken, including the type of leave taken, pursuant to agency **Time Reporting policy**.
  - f. Excessive absenteeism and failure to maintain a bank of twenty (20) combined leave hours, regardless of approval thereof, may be deemed an abuse of this General Policy for Requesting Leave, subjecting the employee to disciplinary action up to and including termination, provided that the supervisor shall put the employee on notice as this situation arises.

In addition to complying with the general policy for requesting leave, employees shall comply with specific directives set forth below concerning annual leave, sick leave, administrative leave, leave without pay, military leave, personal leave, or as otherwise cross-referenced.

## **B. ANNUAL LEAVE**

1. Classified employees accrue annual leave at the rate of:
  - 3.08 hours per pay period if less than 3 years of cumulative employment;
  - 3.69 hours per pay period if 3 or more but less than 7 years of cumulative employment;
  - 4.61 hours per pay period if 7 or more but less than 11 years of cumulative employment;
  - 5.54 hours per pay period if 11 or more but less than 15 years of cumulative employment; and
  - 6.15 hours per pay period if 15 years or more of cumulative employment.(Accrual rates for Governor-Exempt employees can be found in the Policies for Governor Exempt Employees.)
2. Annual leave may not be used before it is accrued.
3. Part-time employees, employees who are on furlough, and employees who have unpaid time during a pay period earn leave on a pro-rated basis.
4. A maximum of 240 hours of annual leave may be carried forward after the last pay period beginning in December and ending in January.
5. Annual leave must be requested as far in advance as practicable in order to allow supervisors to develop staffing plans. Individual supervisors may require that annual leave requests, absent emergency situations, be submitted a specific number of days in advance of the time requested.
6. A Supervisor must consider staffing needs when approving or disapproving requests for annual leave. Approvals are not to be unreasonably withheld.
7. A supervisor may cancel previously approved leave requests only in the event of a reasonably unforeseen circumstance requiring the cancellation of the leave in order to meet critical operational needs.

## **C. SICK LEAVE**

1. Sick leave shall be accrued in accordance with the State Personnel Rules, or in the case of Gov-Ex employees, with the Policies for Governor Exempt Employees (Department of Finance and Administration). At the time of this writing, sick leave is accrued at the rate of 3.69 hours per 80 hour pay period.
2. Sick leave may not be used before it is accrued.
3. There is no limit as to how much sick leave may be accrued.
4. An employee may use sick leave for personal medical treatment of illness or for medical treatment or illness of a relation by blood or marriage within the third degree, or of a person residing in the employee's household.
5. An employee may use up to 3 work days of accrued sick leave in the event of the death of a family member related to the employee by blood or marriage within the third degree or of a person residing in the employee's household.
6. Relation by blood or marriage within the third degree includes spouse, domestic partner, parent, mother-in-law, step-child, brother, stepbrother, brother-in-law, sister, step-sister, sister-in-law, grandparent, grandchild, uncle, aunt, nephew, niece, great-grandchild, and great-grandparent.

7. A supervisor may require a doctor's note for sick leave in excess of 3 consecutive days, if abuse of leave is reasonably suspected, or, if after a verbal warning, the employee habitually maintains a low sick leave balance without providing evidence of the need for such relatively high utilization.

#### **D. ADMINISTRATIVE LEAVE FOR VOTING**

1. Employees who are registered voters may absent themselves from work for two hours for the purpose of voting between the time of the opening and the time of the closing of the polls.
2. Supervisors may specify the hours during which the employee may be absent in order to ensure sufficient staffing of the office.
3. This leave is not available to employees whose work day begins more than two hours subsequent to the time of opening the polls or ends more than three hours prior to the time of closing the polls.
4. Time taken for the purpose of voting in accordance with this policy shall be recorded as paid Administrative Leave.
5. Requests for Administrative Leave for the purpose of voting needs to be submitted to the supervisor for review.

#### **E. ADMINISTRATIVE LEAVE**

1. The Executive Director or his or her designee may approve paid Administrative Leave of up to five (5) consecutive workdays when it is in the best interests of the agency and the State to do so. Administrative Leave in excess of five (5) consecutive workdays requires the approval of the State Personnel Director or the Secretary of Finance and Administration, depending on whether the affected employee is classified or exempt.
2. Employees who are members of a state board or commission may be entitled to Administrative Leave to attend meetings or transact business of the board or commission.
3. Employees shall be entitled to Administrative Leave when appearing during regular work hours in obedience to a subpoena as a witness before a grand jury or court or before a federal or state agency. Fees received as a witness, excluding reimbursement for travel, shall be remitted to the RHCA.
4. Employees shall be entitled to Administrative Leave for serving on a grand or petit jury during regularly scheduled work hours. Fees received shall be remitted to the RHCA.
5. Employees may be granted Administrative Leave to participate in an employee assistance program, counseling, or a drug or alcohol rehabilitation program for up to 240 work hours for the initial voluntary self-identification only, and pursuant to State Personnel Board Rule 1.7.8.19 NMAC.
6. Employees may be granted Administrative Leave to participate in an employee assistance program, counseling, or drug or alcohol rehabilitation program for up to 240 work hours for the initial reasonable suspension referral only, and pursuant to State Personnel Board Rule 1.7.8.19 NMAC.

7. Employees may be authorized Administrative Leave for a period of up to 160 consecutive work hours during a disciplinary action proceeding or for a pending investigation in accordance with State Personnel Board Rule 1.7.11.12 NMAC. (The State Personnel Director must approve administrative leave in excess of 160 consecutive work hours.)
8. The Executive Director may grant Administrative Leave on special occasions. Such Administrative Leave will be administered in accordance with the instructions for the specific occasion. In some situations the Administrative Leave will also apply to employees who are on paid leave; in other situations it may apply to only those employees at work on the particular day for which the Administrative Leave is granted.
9. The reason for granting the Administrative Leave must be documented in writing and a copy provided to the Human Resources Manager, with a copy to the employee's personnel and/or payroll file.

#### **F. BEREAVEMENT LEAVE**

1. The Executive Director may approve up to three days of Administrative Leave in the event of the death of an immediate family member.
2. For the purposes of the above paragraph only, immediate family member means spouse, domestic partner, child, step-child, domestic partner's child, parent, step-parent, sibling, grandparent, a person residing in the employee's household, or child's other parent or grandparents.

#### **G. GENERAL EXPECTATIONS REGARDING ADMINISTRATIVE LEAVE**

1. Employees shall not be paid per diem or use a state vehicle while on administrative leave status.
2. Based on the circumstances for which administrative leave is authorized, employees may be expected to be available for contact or to promptly return to work upon notification. Under such circumstances, the employee will be provided notice of this expectation.

#### **H. MILITARY LEAVE**

1. The State Personnel Rules provide for paid Military Leave up to a certain number of workdays for employees 1) who are members of organized reserve units, the national guard who are ordered to active duty training, 2) members of the state defense force to attend officially authorized training or instruction courses, and 3) members of the civil air patrol for search and rescue missions.
2. The Rules also provide for unpaid leave for employees who are members of a reserve component of the US armed forces to perform active or inactive duty training. Refer to State Personnel Board Rule 1.7.7.16 NMAC for more specific information.

## **I. PERSONAL HOLIDAY LEAVE**

1. Classified employees who are in "career" status shall be awarded one (1) Personal Holiday each calendar year. Probationary and temporary employees are not eligible for a Personal Holiday. Governor-exempt employees are awarded their first Personal Holiday upon appointment.
2. Personal Holidays must be requested and approved in advance.
3. Personal Holidays must be taken all at once. In other words, it is not possible to break-up taking a personal holiday over more than one work day.
4. Personal Holidays *not* taken by December 31 will be lost.
5. Personal Holidays are not paid out when an employee separates from State service.

## **J. ABSENCE WITHOUT LEAVE (AWOL)**

1. Employees who fail to appear for work without authorized leave or who appear for work but are in violation of agency policy governing their readiness for work may be placed on absence without leave and not allowed to remain on duty status.
2. Employees who appear for work but are in violation of agency policy governing their readiness for work or who are absent without leave may face disciplinary action up to and including termination.
3. Absence without leave is unpaid time.
4. Annual and sick leave will not be earned while on absence without leave.
5. In accordance with State Personnel Board Rule 1.7.4.17 NMAC, an employee who is charged absence without leave on the workday prior to or directly following a holiday shall not be paid for the holiday.
6. An employee who is absent without leave for three (3) or more consecutive days will be considered to have abandoned his or her job and may face disciplinary action of termination in accordance with the State Personnel Rules.

## **K. LEAVE WITHOUT PAY (LWOP)**

1. In general, employees should be working their full schedule and using applicable accrued time to cover absences from the office. In other words, Leave Without Pay is not approved as a matter of routine.
2. Leave Without Pay may be authorized by the Executive Director in certain instances that require an employee to be absent from work beyond the employee's applicable accrued leave balances.
3. In the normal course of business, employees must request in writing and receive approval for Leave Without Pay in advance. Requests must provide the reason for which the request is being made, and the agency may require evidence or related documentation to support the request. Requests are reviewed on a case-by-case basis and approval is not automatic.
4. If the request is approved, supporting documentation for the leave request shall be attached and all documentation must be forwarded to the Human Resources Manager for inclusion in the employee's payroll, personnel and/or confidential medical file, as appropriate.

5. In the case of probationary employees or employees in term status with less than one year of employment, Leave Without Pay may not exceed 30 consecutive calendar days. For periods over 30 consecutive calendar days, the agency must secure approval from the State Personnel Office.
6. In the case of "career" status employees, Leave Without Pay may not exceed twelve consecutive months. For periods over twelve consecutive months, the agency must secure approval from the State Personnel Office.
7. In the case of emergency and temporary status employees, Leave Without Pay may not exceed 30 consecutive calendar days.
8. Classified employees and term status employees with more than one year of employment, may be authorized Leave Without Pay for up to one (1) year to temporarily accept a position in the exempt service. Extension of such leave is subject to the approval of not only the agency but also of the State Personnel Board.
9. Leave without pay may only be approved when the agency can assure a position of like status and pay, at the same geographic location, upon the return of the employee from leave without pay, or if the employee agrees in writing to waive this requirement.
10. An employee granted leave without pay may be subject to disciplinary action for abuse of leave, disruption of work in progress or other work related issues, provided that the supervisor shall put the employee on notice as this situation arises.
11. Any full-time continuous leave, except for military leave, taken during the probationary period exceeding 30 calendar days shall extend the probationary period by the number of days of leave that exceeds 30 calendar days.
12. An employee does not earn service credit under PERA in any month in which he or she receives less than 50% of his or her regular monthly salary.
13. If a supervisor feels that circumstances warrant it, he or she can make recommendations to the employee to seek assistance through the Employee Assistance Program.
14. Examples of Requests for LWOP which may be approved:
  - A. Attending job-related education courses;
  - B. Appointment to a position in the Exempt Service in the agency;
  - C. Long-term illness, injury or disability of the employee if likely that the employee will be able to return to employment at the conclusion of the LWOP;
  - D. An employee who is not covered by the Hatch Act and seeks to be a candidate for a partisan political office, in accordance with the State Personnel Act and 1.7.6.11 NMAC.Examples of Requests for LWOP which will not be approved:
  - A. To work at another job, whether or not for pay, except as stated above;
  - B. To do unpaid volunteer work;
  - C. To start or participate in a business venture; and
  - D. To take non-work related educational courses.
15. An employee on LWOP due to illness who fails to present acceptable proof/documentation of ability to perform the essential functions of their position may be denied reentry to the workplace, continued LWOP at the employee's request (provided maximum durations have not been exceeded), or be placed on AWOL status as appropriate. In the latter case, an employee is subject to dismissal.

16. An employee who fails to report to work upon expiration of approved LWOP is considered AWOL, thus considered to have abandoned their job, and subject to dismissal.

#### **L. DONATION OF LEAVE**

1. Donation of leave will be administered in accordance with the applicable State Personnel Rule, and in the case of exempt employees, with the Policies for the Governor Exempt Employees.
2. Agency employees who are classified may donate leave to other agency employees for a medical emergency with the approval of the Executive Director. (The remainder of this policy is written with classified employees in mind; consult the Policies for Governor Exempt Employees for policy and procedural parameters involving exempt employees.)
3. This policy is not intended to apply in situations where the medical issue or procedure is elective, minor, or ordinary in nature, or where the time away from work is minimal.
4. The employee, or an authorized legal representative when the employee is unable, may initiate a request for donation of leave.
5. Annual leave is the primary type of leave that can be donated under this policy; however, sick leave of up to 120 hours (if over 600 hours of accrued sick leave) at 50% of the monetary value of the total hours transferred to another agency employee for a medical emergency who has been approved for leave donations, provided:
  - a. Employees may do so once per fiscal year on either the pay date immediately following the first full pay period in January or the first full pay period in July or
  - b. Upon retirement, Employees may donate up to 400 hours (if over 600 hours of accrued sick leave) at 50% of the monetary value of the total hours transferred.
6. Intended recipients of donated leave must have first exhausted their own leave balances including annual and sick leave, compensatory time and personal leave day.
7. Leave donations will not be used in conjunction with Worker's Compensation benefits.
8. Leave donations are not an employer-provided benefit accrued by an employee. The donations are voluntarily donated by other NMRHCA employees. NMRHCA acts solely as the agent in transferring donated leave from one employee to another and is not responsible for initiating requests.
9. The employee or his or her authorized legal representative submits a written request using the [Request for Donated Leave From](#) to the HR Manager. The request should have attached a description from a licensed health care provider describing the nature, severity, and anticipated duration of the emergency and a statement that the employee is unable to work all or a portion of their scheduled hours.
10. The HR Manager will review the request and submit it to the Executive Director along with any recommendations.

11. When transfer of leave is approved by the Executive Director (and the Secretary of DFA where required), the HR Manager will seek donation of leave and administer the program.
12. Leave is transferred by converting it to a dollar amount based on the donor's hourly pay rate and then dividing the total dollar amount donated based on the recipient's hourly rate. If any donated leave remains at the end of the medical emergency, the donated leave will be returned to the employees who donated leave on a prorated basis.

## **Section 5. PROCEDURES**

### **A.PROCESSING LEAVE REQUESTS**

1. Subject to this policy or as otherwise provided, all requests for leave, regardless the manner of leave, shall be initiated by the employee via email.
  - a. **Absent exigent circumstances**, the request for leave shall be in advance of said leave, to be approved in advance by the employee's immediate supervisor, with the approved (or disapproved) via email to the employee for his/her records.
  - b. **Requests for Leave Without Pay (LWOP)** shall be submitted by the employee via email with supporting documentation to the Human Resources Manager for inclusion in the employee's payroll, personnel and/or confidential medical file, as appropriate.
  - c. **Coding of Leave.** Leave that is requested and approved pursuant to this directive shall be coded by, or on behalf of the employee, in the employee's SHARE system in accordance with, **Time Reporting Policy**. An employee's failure to properly code authorized leave may be deemed a violation of the agency's policy and/or falsification of records, and may result in disciplinary action up to and including dismissal.
  - d. **Documentation.** In some cases, the HR Manager can request verification of certain types of leave such as Administrative Leave for inclusion in the payroll files or the employee's personnel and/or confidential files, as appropriate

### **B.PROCESSING DONATED LEAVE**

1. Subject to this policy, all requests for donated leave shall be submitted by, or on behalf of, the employee using **Request for Donated Leave form**, to the Human Resources Manager.
  - a. Employees participating in this program are assured of confidentiality to the greatest extent possible. All documents related to Donated Leave applications will be maintained in a separate confidential file, not in an employee's Personnel File, and are typically not subject to public inspection of records without written consent of the employee.
  - b. The Human Resources Manager shall transfer the donated leave to the leave account of the employee.



- c. The medical emergency affecting a leave recipient shall be considered to have terminated as of the date the agency determines that the condition no longer exists as substantiated by a health care provider's certification; if the employee resigns; if the agency terminates employment in accordance with State Personnel Board Rules governing Separation Without Prejudice; if the employee is dismissed from employment through disciplinary action; or if the employee is released to return to work on a full or part-time basis.
- d. For continued receipt of leave donations, the recipient must submit a monthly health care provider's certification verifying the continued need for an anticipated duration of absence from work. For receipt of leave donations upon return to work on a part-time basis, the recipient must submit a health care provider's certification verifying the need, anticipated duration and number of hours per week.
- e. The Human Resources Manager shall monitor the status of the medical emergency affecting the leave recipient and shall ensure the leave recipient does not use or receive transferred leave after the medical emergency ceases to exist.
- f. Transferred leave remaining to the credit of a leave recipient when the leave recipient's employment terminates or when the medical emergency ceases to exist, shall revert back to the donating employee(s) on a prorated basis.
- g. An employee may be eligible for donated leave under the Family and Medical Leave Act ("FMLA"), regardless of whether he or she is approved under the agency's Donated Leave program. This may include leave to care for the serious medical condition of the employee or an immediate family member, and leave for the birth or adoption of a child. Employees are encouraged to speak with a Human Resources representative if they have questions regarding their eligibility for FMLA leave.
- h. Employees who are found to have abused the Donated Leave program through falsification of their medical condition or need for leave will be ineligible from further participation in the program. The employee who has falsified his or her medical condition or need for leave will be subject to disciplinary action up to and including dismissal.

**CROSS REFERENCE:**  
**Request for Donated Leave Form**  
**Donated Leave Form**  
**Time Reporting Policy**

**REVIEW AND APPROVAL**

  
Celeste DeBari, Human Resources Manager

  
Mark Tyndall Executive Director

  
Date  
  
Date

## REQUEST FOR DONATED LEAVE FORM

Name of Employee Requesting Leave: \_\_\_\_\_

Reason For Request: \_\_\_\_\_

Number of hours of donated leave requesting: \_\_\_\_\_

\*\*\*Please attach a description from a licensed health care provider describing the nature, severity, and anticipated duration of the emergency and a statement that the employee is unable to work all or a portion of their scheduled hours.

\_\_\_\_\_  
Employee or Authorized Legal Rep Signature                      Date

\_\_\_\_\_  
Reviewed by HR Manager                      Date

\_\_\_\_\_  
HR Manager Recommendations

\_\_\_\_\_  
Approved by Executive Director                      Date



4308 CARLISLE BLVD NE, SUITE 104  
ALBUQUERQUE, NM 87107-4849  
TOLL FREE 800.233.2576 SANTA FE 505.476.7340  
FAX 505.884.8611 [WWW.NMRHCA.STATE.NM.US](http://WWW.NMRHCA.STATE.NM.US)

BOARD OF DIRECTORS:  
Tom Sullivan-Chair  
Joe Montano-Vice Chair  
Doug Crandall-Secretary  
Mark Tyndall-Executive Director

## DONATION OF LEAVE FORM

Name of Employee Donating Leave: \_\_\_\_\_

Name of Recipient: \_\_\_\_\_

Type of Leave Donated \_\_\_\_\_ Annual \_\_\_\_\_ Sick\*\*\*

\*\*\*Must meet special requirements for donation of sick leave

Number of hours of leave donated: \_\_\_\_\_

I am donating the hours listed above to the named recipient. I understand that any leave remaining at the end of the medical situation shall be returned to the donors on a prorated basis.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

**Albuquerque Public Schools  
on behalf of**

**The Interagency Benefits Advisory Council (IBAC):**

Albuquerque Public Schools (APS), New Mexico Public Schools Insurance Authority (NMPSIA),  
New Mexico Retiree Health Care Authority (NMRHCA), and  
State of New Mexico Risk Management Division (SONM)

**Request for Proposal**

**RFP 20-014MG**

**IBAC Benefits: Medical, Dental, Vision, Employee Assistance Program (EAP)  
& Medicare Programs**

**RFP Schedule**

Action	Date & Time
RFP Issued	10/28/2019
Populations and Plan Data Attachment Posted	11/4/2019
Deadline for Acknowledgement of Receipt Form	11/7/2019
Pre-proposal Meeting and Location	11/13/2019 at 10:00 AM Albuquerque Public Schools, 6400 Uptown Blvd NE Rio Bonito Room, West Tower 1 <sup>st</sup> Floor Albuquerque, New Mexico
Deadline for Questions	11/18/2019 @ 5:00pm (local time)
RFP Due Date and Time	12/10/2019 @ 3:00pm (local time)
<b><i>Proposals must be received by the due date and time. No late proposals will be accepted. The only acceptable evidence to establish the time of receipt is the date/time stamp imprint from the APS Procurement bid clock.</i></b>	
Evaluation of Proposals	TBD
Finalist Interviews/Best and Final Offers	TBD
Contract Negotiations	TBD

**RFP Buyer Contact Information**

<b>Name</b>	Marilee P. Gallacher
<b>Phone Number</b>	505-878-6118
<b>E-Mail</b>	Marilee.Gallacher@aps.edu
<i>Any inquiries or requests regarding clarification of this RFP document shall be submitted to the buyer in writing. Offerors may contact ONLY the buyer regarding the terminology stated in the procurement documents.</i>	

**RFP Submittal Location**

<b>Physical Address (No USPS Mail*) For Walk-in Delivery or Carrier Service (UPS, FedEx, etc.)</b>	<b>USPS Mailing Address Allow 5 additional business days for APS internal delivery</b>
Albuquerque Public Schools ATTN: Procurement Department 6400 Uptown Blvd. NE, Suite 500E Albuquerque, NM 87110	Albuquerque Public Schools ATTN: Procurement Department, City Center, Suite 500E P.O. Box 25704 Albuquerque, NM 87124-0704
<b>Continued on Page 2</b>	

Ensure that the following RFP information is clearly labeled on the **sealed package** containing the RFP submission. **Please note: if the sealed proposal is placed inside a carrier envelope or package for shipping, all of this information must be re-written and clearly visible on the outermost envelope or package containing the sealed proposal:**

- ☐ Offeror's **Business** Name (not an individual's name)
- ☐ RFP Number & Title
- ☐ RFP Due Date & Time

**\*APS does not have a mailbox on site. US Postal Service Mail is accepted only at the PO Box address. If a letter or parcel is mailed via the USPS to the APS physical address, it will NOT reach our office.**

### **RFP Term**

APS reserves the right to enter into a four (4) year contract with the respective awarded Offerors.

NMPSIA reserves the right to enter into a one (1) year contract with the respective awarded Offerors, with the option of three (3) one year (1-year) contract renewals, not to exceed a total of four (4) years.

NMRHCA reserves the right to enter into a one (1) year contract with the respective awarded Offerors, with the option of three (3) one year (1-year) contract renewals, not to exceed a total of four (4) years.

SONM reserves the right to enter into a one (1) year contract with the respective awarded Offerors, with the option of three (3) one year (1-year) contract renewals, not to exceed a total of four (4) years.

## INTERAGENCY PHARMACEUTICALS PURCHASING COUNCIL

New Mexico Human Services Department  
New Mexico Department of Health  
New Mexico Children, Youth and Families Department  
New Mexico Corrections Department  
Risk Management Division, General Services Department, State of New Mexico  
New Mexico Retiree Health Care Authority  
New Mexico Public Schools Insurance Authority  
Albuquerque Public Schools  
University of New Mexico  
New Mexico Counties  
New Mexico Municipal League

### MEETING AGENDA

Thursday, October 3, 2019 | 1:30 – 4:30 pm

New Mexico State Capitol Building  
3<sup>rd</sup> Floor, Rm. 321  
Paseo de Peralta and Old Santa Fe Trail, Santa Fe, NM 87501

	<b>Agenda Item</b>	<b>Action</b>
1.	Welcome Call to Order Roll Call	To establish quorum
2.	Approval of the Agenda	Vote
3.	Approval of Minutes from 8/29/19 Meeting	Vote
4.	IPPC Open Meeting Resolution	Discussion, Approve, and Adopt
5.	IPPC Consultant Procurement Recommendations <b>IPPC Subcommittee</b>	Discussion and approval to proceed with IPPC Consultant procurement
6.	Update of IBAC (Interagency Benefits Advisory Committee) Pharmaceutical Purchasing Program <b>Mark Tyndall, IBAC Chair</b>	Presentation
7.	Update of Pharmaceutical Purchasing Program from IPPC Members: <b>APS, RHCA, NMPSIA, GSD, UNM, NM Counties, NM Municipal League</b>	Presentation
8	Update of Pharmaceutical Purchasing Program from UNM Hospital <b>Annalee Esterly</b>	Presentation
9.	Public Comment	Discussion
10.	Next Steps for IPPC	Discussion
11.	Adjourn	Vote



## Interagency Pharmaceuticals Purchasing Council

### IPPC Member Updates October 3, 2019

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

# Background Information

## Retiree Health Care Authority Act

- Created in 1990
- Created to provide comprehensive core group health insurance for persons who have retired from certain public service in New Mexico.
- Governed by 11-member Board of Directors
- Broad authority for administration of the Health Care Benefits Administration Program
  - Eligibility guidelines and requirements
  - Subsidy levels
  - Plan design
- Public employer groups - 302
  - All school districts and charter schools – 50%
  - All state agencies – 25%
  - Municipalities, counties & universities – 25%
- Active Members on Medical Plan – 55,087 (10/1/19)
  - Pre-Medicare – 15,389
  - Medicare – 39,698
    - Medicare Supplement – 23,107
    - Medicare Advantage – 16,591

# Pharmacy Benefits

## NMRHCA MEDICARE PLAN COMPARISON

Effective: January 1, 2020

BCBSNM MEDICARE SUPPLEMENT	BCBS Medicare Advantage Plan I	Presbyterian Medicare Advantage Plan I	UnitedHealthcare Medicare Advantage Plan I	Humana Medicare Advantage Plan I	BCBS Medicare Advantage Plan II	Presbyterian Medicare Advantage Plan II	UnitedHealthcare Medicare Advantage Plan II	Humana Medicare Advantage Plan II
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### Retail Pharmacy - 31-day

						\$310 Deductible			
Preferred Generic	\$5 - \$15	\$0 - \$5	\$0	\$15	\$4	\$0 - \$5	\$0	\$10	\$4
Non-Preferred Generic		\$5 - \$10	\$10	\$70	\$4	\$7 - \$12	\$10	\$35	\$4
Preferred Brand	\$30 - \$60	\$40 - \$45	\$45	\$35	\$40	\$40 - \$45	\$45	\$20	\$40
Non-Preferred Brand		\$90 - \$95	\$95	\$70	\$90	\$90 - \$95	\$95	\$35	\$90
Specialty Drug		33%	\$100	\$70	33%	25%	27%	\$35	33%
Non-Formulary	\$50 - \$125								

### Mail Order - 90 day

	*** Smart 90								
Preferred Generic	\$12 - \$35	\$15	\$0	\$30	\$0	\$15	\$0	\$20	\$0
Non-Preferred Generic		\$30	\$30	\$140	\$0	\$36	\$30	\$70	\$0
Preferred Brand	\$60 - \$120	\$135	\$135	\$70	\$80	\$135	\$135	\$40	\$80
Non-Preferred Brand		\$285	\$285	\$140	\$180	\$285	\$285	\$70	\$180
Non - Formulary	\$100 - \$250								

### Prescription Coverage

Coverage Gap	No	No	No	No	No	No	Yes**	Yes**	Yes**
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### NON-MEDICARE PRESCRIPTION DRUG PLAN ADMINISTERED BY EXPRESS SCRIPTS

<i>Copay (Retail)</i>	<i>Minimum</i>	<i>Maximum</i>
<b>Generic</b>	\$5	\$15
<b>Preferred Brand</b>	\$30	\$60
<b>Non-Preferred Brand</b>	\$50	\$125

Maximum of 34-day supply or 100 unit or as prescribed by your physician or an approved exception.

<i>Copay (Mail Order or **Smart 90)</i>	<i>Minimum</i>	<i>Maximum</i>	**90 day refill supply can be filled through Mail Order or through a retail pharmacy in the Smart 90 network. Visit <a href="http://www.express-scripts.com">www.express-scripts.com</a> or call Express Scripts at 1-800-501-0987 for locations.
<b>Generic</b>	\$12	\$35	
<b>Preferred Brand</b>	\$60	\$120	
<b>Non-Preferred Brand</b>	\$100	\$250	

Maximum of 90-day supply or 300 units or as prescribed by your physician or an approved exception.

<b>Accredo (Special Pharmaceuticals)</b>	<b>Closed Network</b>
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# Performance Metrics

	RHCA EGWP & Commercial Combined	Government Retirement Plans - Combined	RHCA Pre-Medicare	Government Retirement Plans - Non-Medicare	RHCA Medicare (EGWP)	Government Retirement Plans - Medicare
Description	7-18 - 6-19	7-18 - 6-19	7-18 - 6-19	7-18 - 6-19	7-18 - 6-19	7-18 - 6-19
Average Member Age	67.0	72.1	54.5	56.4	75.5	75.9
Plan Cost Net PMPM	\$188.21	\$213.02	\$113.83	\$162.92	\$239.23	\$225.28
Plan Cost Net/Day	\$1.97	\$1.86	\$1.91	\$2.35	\$1.99	\$1.79
Plan Cost Net per Adjusted Rx	\$54.83	\$51.85	\$51.99	\$64.62	\$55.82	\$50.10
Nbr Adjusted Rxs PMPM	3.43	4.11	2.19	2.52	4.29	4.50
Generic Fill Rate	88.4%	90.6%	87.6%	88.8%	88.7%	90.9%
90 Day Utilization	60.1%	71.9%	48.6%	56.4%	64.0%	74.0%
Retail - Maintenance 90 Utilization	20.8%	24.9%	13.4%	4.6%	23.4%	27.7%
Home Delivery Utilization	39.3%	47.0%	35.2%	51.7%	40.7%	46.3%
Member Cost Net %	13.6%	14.2%	16.1%	13.9%	12.7%	14.3%
Specialty Percent of Plan Cost Net	49.7%	42.3%	48.0%	47.7%	50.3%	41.4%
Specialty Plan Cost Net PMPM	\$93.61	\$90.16	\$54.66	\$77.69	\$120.33	\$93.22
Formulary Compliance Rate	98.5%	98.8%	99.0%	98.6%	98.3%	98.8%

- Plan costs net PMPM decreased \$1.59 (-0.8%) to \$188.21, primarily driven by the Unit Cost Trend Component
- Specialty plan cost net PMPM increased \$8.99 (+10.6%) to \$93.61, primarily driven by the Specialty Utilization Trend Component
- Generic fill rate decreased 0.2 percentage points to 88.4%

# Top 25 Drugs

## Top Drugs by Plan Cost Net

7-18 - 6-19								7-17 - 6-18				% Change	
AUM Strategy	Rank	Peer Rank	Brand Name	Indication	Adj. Rxs	Pts.	Plan Cost Net	Plan Cost Net PMPM	Rank	Adj. Rxs	Pts.	Plan Cost Net PMPM	Plan Cost Net PMPM
PA	1	2	REVLIMID*	CANCER	333	43	\$4,789,589	\$10.30	2	268	37	\$7.15	44.1%
PA/DQM	2	7	IMBRUVICA*	CANCER	252	32	\$2,696,303	\$5.80	3	190	24	\$4.10	41.4%
ST/PA/DQM	3	1	HUMIRA PEN*	INFLAMMATORY CONDITIONS	676	80	\$2,538,709	\$5.46	1	970	111	\$8.25	-33.8%
PA	4	3	ELIQUIS	ANTICOAGULANT	7,856	1,004	\$1,833,065	\$3.94	9	5,360	700	\$2.63	49.9%
PA	5	9	XARELTO	ANTICOAGULANT	6,418	833	\$1,441,964	\$3.10	8	5,483	769	\$2.75	12.6%
ST/PA/DQM	6	24	XTANDI*	CANCER	148	20	\$1,385,887	\$2.98	5	154	22	\$3.19	-6.6%
ST/PA/DQM	7	5	ENBREL SURECLICK*	INFLAMMATORY CONDITIONS	408	46	\$1,374,597	\$2.96	4	467	53	\$3.46	-14.5%
ST	8	8	LYRICA	PAIN/INFLAMMATION	3,421	503	\$1,254,814	\$2.70	7	3,408	496	\$3.03	-10.8%
PA/DQM	9	4	TRULICITY	DIABETES	3,184	395	\$1,180,958	\$2.54	14	2,268	290	\$1.97	28.8%
PA/DQM	10	12	IBRANCE*	CANCER	106	17	\$1,112,055	\$2.39	6	143	18	\$3.14	-23.8%
PA/DQM	11	20	IMATINIB MESYLATE*	CANCER	112	11	\$1,085,485	\$2.33	11	117	11	\$2.28	2.4%
ST	12	29	AUBAGIO*	MULTIPLE SCLEROSIS	185	18	\$1,014,201	\$2.18	12	178	17	\$2.06	6.0%
DQM	13	38	XIFAXAN	GI DISORDERS	587	124	\$987,129	\$2.12	15	521	110	\$1.75	21.6%
ST/DQM	14	13	JANUVIA	DIABETES	7,055	819	\$972,254	\$2.09	13	6,781	809	\$2.03	3.1%
ST/PA/DQM	15	49	FORTEO*	OSTEOPOROSIS	336	48	\$939,707	\$2.02	10	398	61	\$2.44	-17.3%
PA	16	54	AFINITOR*	CANCER	54	8	\$777,615	\$1.67	20	42	6	\$1.32	26.4%
ST/PA/DQM	17	27	ZYTIGA*	CANCER	75	15	\$769,203	\$1.65	38	45	13	\$0.96	72.6%
N/A	18	40	SHINGRIX	VACCINATIONS	4,601	3,198	\$719,947	\$1.55	85	1,558	1,275	\$0.51	206.5%
ST/PA	19	88	OPSUMIT*	PULMONARY HYPERTENSION	85	11	\$695,449	\$1.50	46	50	7	\$0.87	71.9%
PA/DQM	20	41	OFEV*	IDIOPATHIC PULMONARY FIBROSIS	73	8	\$693,636	\$1.49	36	50	6	\$0.97	53.5%
ST/PA	21	10	HUMIRA(CF) PEN*	INFLAMMATORY CONDITIONS	180	36	\$650,315	\$1.40	835	2	1	\$0.02	8979.6%
ST/PA/DQM	22	21	VICTOZA 3-PAK	DIABETES	1,210	162	\$633,022	\$1.36	23	1,197	161	\$1.27	6.8%
PA	23	25	POMALYST*	CANCER	37	8	\$630,356	\$1.36	32	35	6	\$1.06	28.4%
N/A	24	130	LEVOTHYROXINE SODIUM	THYROID DISORDERS	92,635	8,863	\$628,537	\$1.35	19	91,902	8,936	\$1.40	-3.7%
PA/DQM	25	46	TAGRISSO*	CANCER	35	5	\$622,440	\$1.34	117	8	3	\$0.36	271.4%
			Total Top 25:		130,062		\$31,427,239	\$67.59		121,595		\$58.97	14.6%
			Differences Between Periods:		8,467		\$3,491,175	\$8.62					

# Cost Containment

Trend Management	Plan Cost Savings	Plan Cost Savings PMPM	Program Description
Prior Authorization	\$5,262,657	\$11.32	A review of the indication and other pertinent information is performed to confirm that products are covered only when clinical criteria are met.
Drug Quantity Management	\$2,451,369	\$5.27	Review claims and allow FDA approved quantities
Step Therapy	\$1,173,660	\$2.52	Promote lower cost first line agents before more expensive brand name products.
Total Plan Cost Savings \$8,887,686 or \$19.11 PMPM			

Reporting Period: 07/01/2018 - 6/30/2019

# Cost Containment Continued

- Savon Program (4/1/19 – 9/26/19)
  - Net Savings - \$796,849 (185 participants)
    - Inflammatory Conditions - \$589,181
      - Humira, Enbrel, Xeljanz, Otezla, plus 10 others
    - MS - \$82,691
      - Aubagio, Gilenya, Copaxone, Avonex , Tecfidera
    - Oncology - \$80,670
      - Ibrance, Xtandi, Bosulif, Lunparza, plus 6 others
    - Hepatitis C - \$19,399
      - Epclusa and Harvoni
    - Hemophilia - \$8,175
      - Promacta and Granix
    - PAH - \$7,024
    - Asthma - \$5,419
    - Gastrointestinal - \$2,738
    - Osteoporosis - \$1,613
- Market Check Agreement
  - 18 months from 7/1/18

**TENTATIVE AGENDA**  
**Legislative Finance Committee**  
**State Capitol, Room 322 - Santa Fe, New Mexico**  
**October 29 - November 1, 2019**

**Tuesday, October 29<sup>th</sup>**

- 8:30 -- Public School Support (993) Preview of FY21 Appropriation Request -- Ryan Stewart, Secretary Designee, Public Education Department; Charles Sallee, Deputy Director, Legislative Finance Committee; Micaela Fischer, Program Evaluation Manager, Legislative Finance Committee
- Review of FY20 Public School Budgets
  - Outlook of FY21 Funding Formula
- 10:30 -- New Mexico Corrections Department (770) Preview of FY21 Appropriation Request -- Alisha Tafoya Lucero, Secretary, New Mexico Corrections Department
- LFC Progress Report: Corrections Department Capital Outlay -- Brian Hoffmeister, Program Evaluator, Legislative Finance Committee
- 12:00 -- Working Lunch: Criminal Justice Reform Subcommittee Recommendations -- Representative Antonio Maestas, Co-Chair, Senator Sander Rue, Co-Chair
- 1:00 -- Break
- 1:30 -- Department of Health (665) Preview of FY21 Appropriation Request -- Kathyleen Kunkel, Secretary, Department of Health
- Developmental Disability Supports Waiver Proposal
- 4:00 -- Renewable Energy Transmission Authority -- Robert Busch, Chairman, Renewable Energy Transmission Authority
- Renewable Energy Economic and Resources
- 4:30 -- Spaceport Authority -- Daniel Hicks, Chief Executive Officer, Spaceport Authority
- 5:30 -- Adjourn

**Wednesday, October 30<sup>th</sup>**

- 8:30 -- Human Services Department (630) Preview of FY21 Appropriation Request -- Dr. David Scrase, Secretary, Human Services Department
- 10:00 -- Early Childhood Services Department Preview of FY21 Appropriation Request -- TBD
- 11:30 -- Children, Youth, and Families Department (690) Preview of FY21 Appropriation Request -- Brian Blalock, Secretary, Children, Youth, and Families Department
- LFC Progress Report: Domestic Violence -- Dr. Sarah Dinces, Program Evaluator, Legislative Finance Committee
- 12:30 -- Lunch

## **Wednesday, October 30<sup>th</sup> (Continued)**

1:30 --

### **Subcommittee A - Room 322**

Senator Pete Campos, Vice-Chair  
Senator William F. Burt  
Senator TBD

Representative Roberto "Bobby" J. Gonzales, Chair  
Representative Randal S. Crowder  
Representative Jason C. Harper  
Representative Candie G. Sweetser

Senator John Arthur Smith  
Representative Patricia A. Lundstrom  
**Ex-officio**

#### **Executive/General Control:**

1. Lieutenant Governor (360) -- Nichols
2. State Commission of Public Records (369) -- Montoya
3. Education Trust Board (949) -- Valenzuela
4. State Investment Council (337) -- Iglesias

#### **Regulation:**

5. Board of Veterinary Medicine (479) -- Wan
6. Medical Board (446) -- Klundt
7. Board of Nursing (449) -- Klundt
8. Board of Examiners for Architects (404) -- Martinez, N.
9. State Board of Registration for Professional Engineers & Surveyors (464) -- Martinez, N.
10. Public Employees Labor Relations Board (379) -- Jorgensen
11. Gaming Control Board (465) -- Nichols
12. Racing Commission (469) -- Nichols
13. Administrative Hearings Office (340) -- Nichols

### **Subcommittee B - Room 321**

Senator George K. Muñoz, Chair  
Senator Steven P. Neville  
Senator Clemente Sanchez  
Senator James P. White

Representative Javier Martinez, Vice-Chair  
Representative Gail Armstrong  
Representative Rodolpho "Rudy" S. Martinez

Senator John Arthur Smith  
Representative Patricia A. Lundstrom  
**Ex-officio**

#### **Courts/Other:**

1. Supreme Court (216) -- Dick-Peddie  
Supreme Court Building Commission (219)  
Supreme Court Law Library (205)
2. Court of Appeals (215) -- Dick-Peddie
3. New Mexico Compilation Commission (208) -- Dick-Peddie
4. Judicial Standards Commission (210) -- Dick-Peddie
5. Ethics Commission -- Nichols

#### **Public Safety:**

6. Department of Military Affairs (705) -- Rabin
7. Juvenile Public Safety Advisory Board (765) -- Bachechi
8. Crime Victims Reparation Commission (780) -- Rabin
9. Parole Board (760) -- Rabin

## **Thursday, October 31<sup>st</sup>**

8:00 -- LFC Program Evaluation: Maximizing Value in Procurement -- Micaela Fischer, Program Evaluation Manager, Legislative Finance Committee; Jacob Rowberry, Program Evaluator, Legislative Finance Committee; Mitchel Latimer, Program Evaluator, Legislative Finance Committee; Mark Hayden, Director, State Purchasing Division, General Services Department

## **Thursday, October 31<sup>st</sup> (continued)**

9:30 -- Staff Reports

1. Indian Affairs Department (609) -- Edwards
2. Department of Homeland Security and Emergency Management (795) -- Rabin
3. Veterans' Services Department (670) -- Klundt
4. Retiree Healthcare Authority (343) -- Jorgensen
5. Educational Retirement Board (352) -- Jorgensen

12:00 -- Lunch

1:00 -- Staff Report: Public Employees Retirement Association (366) -- Jorgensen

1:45 -- **Subcommittee A - Room 322**

Senator Pete Campos, Vice-Chair  
Senator William F. Burt  
Senator TBD

Representative Roberto "Bobby" J. Gonzales, Chair  
Representative Randal S. Crowder  
Representative Jason C. Harper  
Representative Candie G. Sweetser

Senator John Arthur Smith  
Representative Patricia A. Lundstrom  
**Ex-officio**

### **Health and Human Services/Natural Resources/Other:**

1. Commission for the Deaf and Hard-of-Hearing Persons (604) -- Esquibel
2. Governor's Commission on Disability (645) -- Esquibel
3. Developmental Disabilities Planning Council (647) -- Klundt
4. Commission for the Blind (606) -- Esquibel
5. Miners' Hospital (662) -- Esquibel
6. Martin Luther King, Jr. Commission (605) -- Bachechi
7. Office of African American Affairs (603) -- Bachechi
8. Workers' Compensation Administration (632) -- Bachechi
9. Division of Vocational Rehabilitation (644) -- Esquibel
10. Department of Game and Fish (516) -- Wan
11. Office of Natural Resources Trustee (668) -- Wan
12. Youth Conservation Corps (522) -- Wan
13. Livestock Board (508) -- Wan
14. New Mexico Sentencing Commission (354) -- Rabin

### **Subcommittee B - Room 321**

Senator George K. Muñoz, Chair  
Senator Steven P. Neville  
Senator Clemente Sanchez  
Senator James P. White

Representative Javier Martinez, Vice-Chair  
Representative Gail Armstrong  
Representative Rodolpho "Rudy" S. Martinez

Senator John Arthur Smith  
Representative Patricia A. Lundstrom  
**Ex-officio**

### **Economic Development/Other:**

1. Cumbres and Toltec Scenic Railroad Commission (490) -- Martinez, J.
2. Intertribal Ceremonial Office (538) -- Martinez, J.
3. Border Authority (417) -- Martinez, J.
4. Office of Military Base Planning (491) -- Martinez, J.
5. State Fair Commission (460) -- Armstrong

### **Education:**

6. Public School Insurance Authority (342) -- Jorgensen
7. Regional Educational Cooperatives (930) -- Liu
8. Public School Facilities Authority (940) -- Martinez, N.
9. Cooperative Extension Service/Agriculture Experiment Station -- Valenzuela
10. New Mexico Department of Agriculture (954) -- Valenzuela
11. Small Business Development Centers -- Valenzuela

5:30 -- Adjourn

Revised 10/13/99

**Friday, November 1<sup>st</sup>**

- 8:00 -- LFC Program Evaluation: Broadband in New Mexico -- Brian Hoffmeister, Program Evaluator, Legislative Finance Committee; Jacob Rowberry, Program Evaluator, Legislative Finance Committee; Vince Martinez, Secretary, Department of Information Technology
- 9:30 -- New Mexico Mortgage Finance Authority Budget and Program Overview -- Jay Czar, Executive Director, New Mexico Mortgage Finance Authority; Gina Hickman, Deputy Director of Finance and Administration, New Mexico Mortgage Finance Authority
- 10:15 -- New Mexico Finance Authority Budget Overview FY20 - FY21 -- John Gasparich Interim Chief Executive Officer, New Mexico Finance Authority; Oscar Rodriguez, Chief Financial Officer, New Mexico Finance Authority
- 11:00 -- Staff Report: Governor (356) -- Nichols
- 11:30 -- Miscellaneous Committee Business

**Action Items**

- 1) Approval of Border Trip Report
- 2) Approval of LFC Contracts
- 3) Approval of Tax Expenditure Policy Principles

**Review of Monthly Financial Reports & Information Items**

- 4) LFC FY20 Budget Status
- 5) BAR Report
- 6) September Cash Balance Report
- 7) October Full Time Employees by Agency
- 8) LFC Program Evaluation Status Report
- 9) Capital Outlay Report -- LFC Staff

- 12:00 -- Adjourn

**If you require special accommodations such as an American Sign Language interpreter or reader to attend and participate in any scheduled Legislative Finance Committee meeting, please contact Sharon Boylan, (505) 986-4570 [TDD (505) 986-4657], at least five (5) working days prior to a scheduled meeting. Agendas and minutes of scheduled meetings can be made available in alternative formats upon request.**



## Legislative Finance Committee

Senator John Arthur Smith, Chair

Representative Patricia A. Lundstrom, Vice Chair

FY21 Appropriation Request

October 31, 2019

Tom Sullivan, President

Joe Montañó, Vice President

Doug Crandall, Secretary

David Archuleta, Executive Director

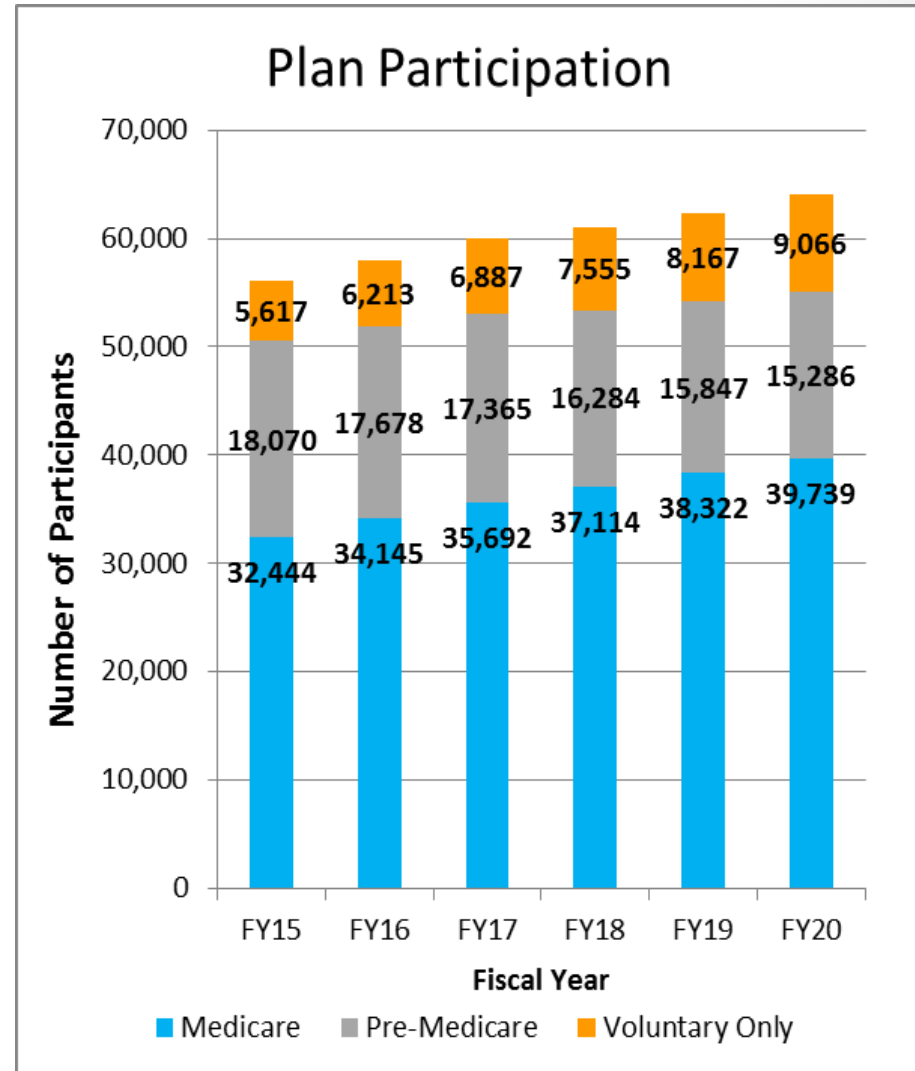
# Program Composition and Participation

Active participation – 91,082 (6/30/19)

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

Retiree participation – 64,091 (11/1/19)

- Retirees – 40,097
  - Pre-Medicare - 10,286
  - Medicare – 29,811
- Spouses/DP – 13,058
  - Pre-Medicare – 3,162
  - Medicare – 9,896
- Dependent Children – 1,870
- Average Age – 67.57
  - Enrollment – 60.56 (2018)
  - Enrollment – 56.92 (2019)
- Members Under age 55 - 2,203



# 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)
  - Blue Cross Blue Shield of New Mexico
- 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

## Completed/Upcoming Procurements

- Life Insurance – Effective 7/1/19
- Bid Consultant – Effective 7/1/19
- Medical, Dental, Vision, and Medicare – Posted 10/28/19
- Care Navigation – Spring 2020

# FY21 Appropriation Request

## Healthcare Benefits Administration

Health Benefit Fund Expenditure Summary							
		FY19	FY19	FY20	FY21	FY21	Percent
	Contractual Services	OPBUD	Actuals	OPBUD	Inc/Dec	Request	Change
1	Prescriptions	\$ 107,025.7	\$ 78,855.2	\$ 105,000.0	\$ 5,000.0	\$ 110,000.0	4.8%
2	Medical - Supplement/Self- Insured	\$ 162,075.0	\$ 154,510.1	\$ 175,000.0	\$ 8,250.0	\$ 183,250.0	4.7%
3	Medicare Advantage	\$ 29,000.0	\$ 28,208.9	\$ 36,343.4	\$ 2,875.0	\$ 39,218.4	7.9%
4	Voluntary Coverages	\$ 34,350.0	\$ 34,885.2	\$ 38,400.0	\$ 3,840.0	\$ 42,240.0	10.0%
5	<b>Total Contractual Services</b>	\$ 332,450.7	\$ 296,459.4	\$ 354,743.4	\$ 19,965.0	\$ 374,708.4	5.6%
	<b>Other</b>						
6	PCORI Fee	\$ 42.0	\$ 39.5	\$ 42.0	\$ (42.0)	\$ -	-100.0%
7	<b>Total Other</b>	\$ 42.0	\$ 39.5	\$ 42.0	\$ (42.0)	\$ -	-100.0%
	<b>Other Financing Uses</b>						
8	Program Support	\$ 3,047.6	\$ 3,047.6	\$ 3,207.7	\$ 118.3	\$ 3,326.0	3.7%
9	<b>Total Other Financing Uses</b>	\$ 3,047.6	\$ 3,047.6	\$ 3,207.7	\$ 118.3	\$ 3,326.0	3.7%
10	<b>Total Expenditures</b>	\$ 335,540.3	\$ 299,546.5	\$ 357,993.1	\$ 20,041.3	\$ 378,034.4	5.6%

- NMRHCA is requesting an additional 4.8 percent compared to FY20 approved operating levels to accommodate projected growth in pharmacy benefit management expenses.
- Medical/self-insured plans are trending between a 5- to 7-percent increase, which is being offset by 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, beginning January 1, 2021.
- 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 combined with an unknown rate increase after July 1, 2020.

# FY21 Appropriation Request

## Program Support

Program Support Expenditure Summary									
			FY19	FY19	FY20	FY21	FY21	Percent	
	Uses		OPBUD	Actual	OPBUD	Inc/Dec	Request	Change	
1	200	Personal Services/ Employee Benefits	1,937.5	1,847.6	2,053.0	15.0	2,068.0	0.7%	1
2	300	Contractual Services	566.3	511.1	616.6	75.2	691.8	12.2%	2
3	400	Other Costs	543.8	523.1	538.1	28.1	566.2	5.2%	3
4		<b>TOTAL</b>	<b>3,047.6</b>	<b>2,881.8</b>	<b>3,207.7</b>	<b>118.3</b>	<b>3,326.0</b>	<b>3.7%</b>	4

- Personal services and employee benefits includes a \$15,000, or 0.7 percent, increase above FY20 approved operating levels to include full funding for all 26 FTE according to the E1 calculation in the budget preparation system.
- The request in the contractual services category includes sufficient funding for actuarial and benefits consulting services, investment advisory services, human resource and legal services, IT programing charges, and board reporting and recording services.
- Lastly, the request includes additional funding for moving services related to the relocation of our Albuquerque office space along with sufficient amounts to support the projected operating expenses of the agency in FY21.

# Recent Updates

## CY20 Board Actions

- Rate Increases
  - Pre-Medicare Plans: 7 percent
  - Medicare Supplement Plans: 5 percent
  - Medicare Advantage: -2 to 0 percent
  - Dental: No Change
  - Vision: No Change

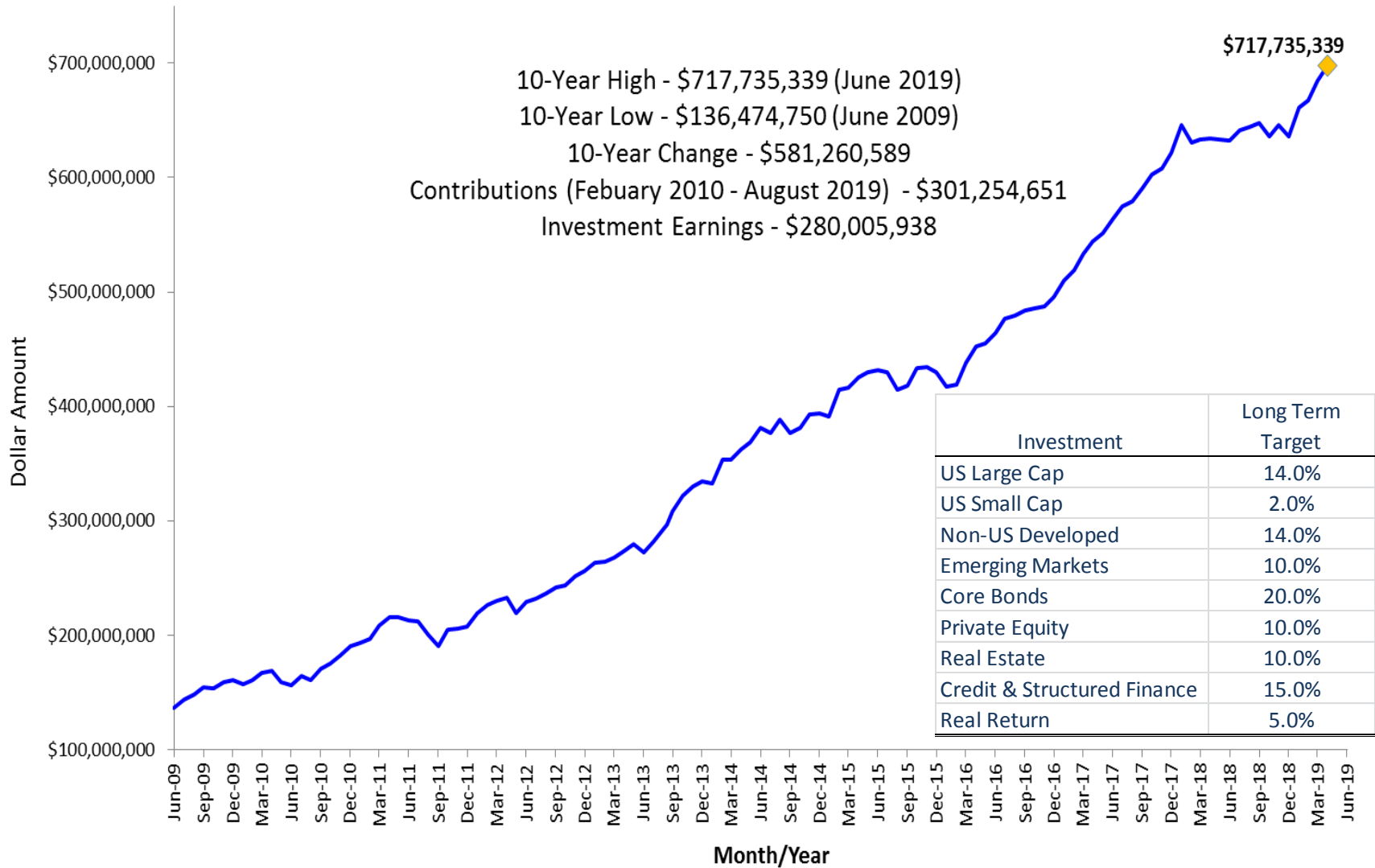
## Rule Change – Effective January 1, 2021

- 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
- Does not apply to current or future retirees who retire prior to January 1, 2021

## GASB 74:

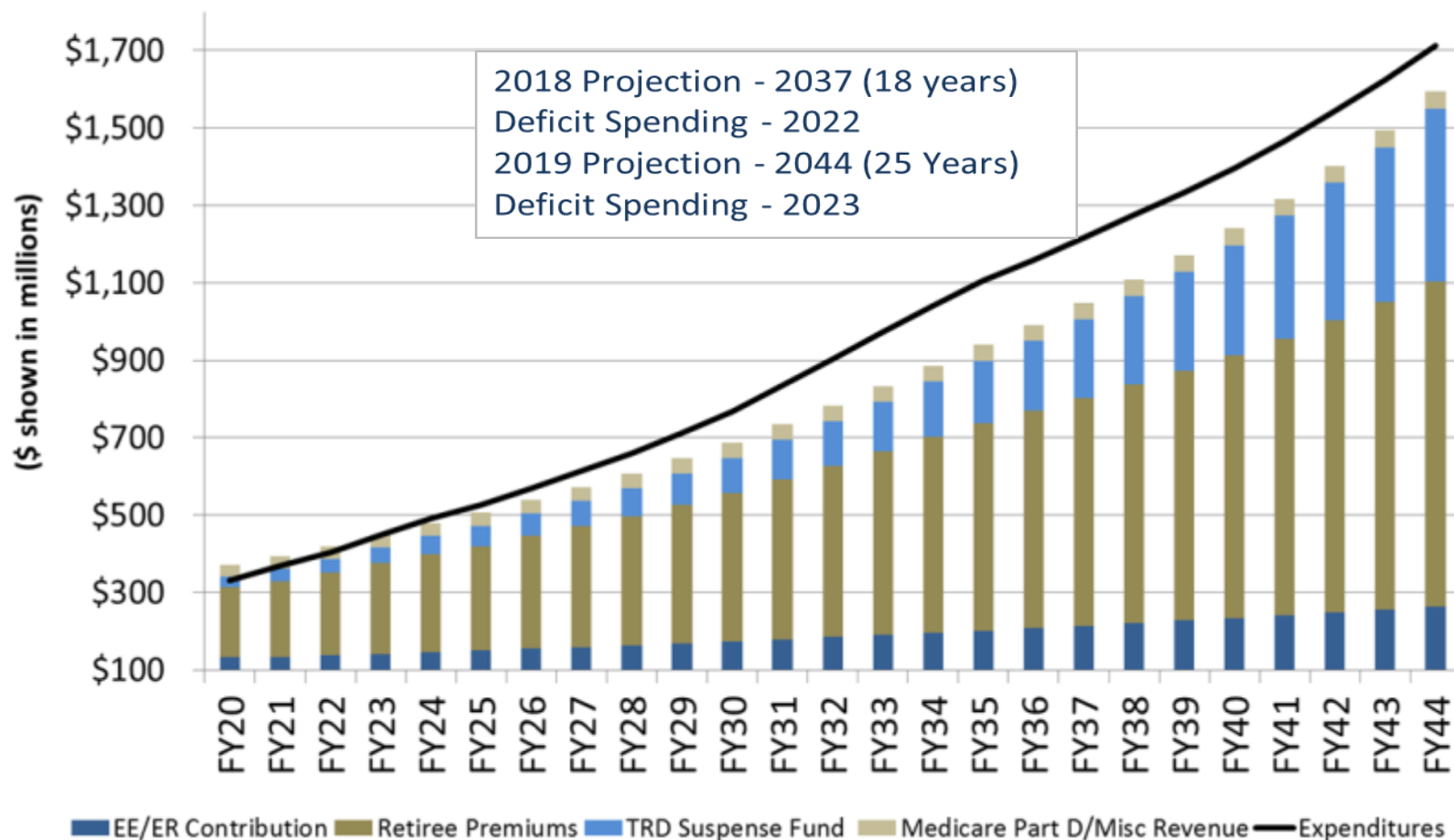
- Completed October 14, 2019
- As of June 30, 2019
  - Total OPEB Liability - \$3.9 billion
  - Fiduciary Net Position - \$751.8 million
  - Net OPEB Liability - \$3.2 billion
  - Net position as percentage of total liability – 18.80%
- As of June 30, 2018
  - Total OPEB Liability - \$5 billion
  - Fiduciary Net Position - \$657.6 million
  - Net OPEB Liability - \$4.3 billion
  - Net position as percentage of total liability – 13.14%
- 2018/2019 Change
  - *Total OPEB Liability - \$1 billion*
  - *Fiduciary Net Position - \$94.2 million*
  - *Net OPEB Liability - \$1.1 billion*
  - *Net position as percentage of total liability – 5.66%*

## NMRHCA Trust Fund Balance History June 2009 - June 2019



# 2019 Solvency Analysis

Projected Revenues and Expenditures  
FY20 - FY44 Projected



# 2020 Legislative Proposal / Sustainability

## Funding:

30-Year Funded Status Estimate: Exceeds 50%						
	Employee	Employer	Total	GF Impact	Additional Revenue	Projected Solvency
FY20	1.000%	2.000%	3.000%	\$ -	\$ -	2044
FY21	1.170%	2.330%	3.500%	\$ 8,000,000	\$ 22,600,000	Beyond 30 Years
FY22	1.170%	2.330%	3.500%	\$ 8,000,000	\$ 22,600,000	Beyond 30 Years
FY23	1.170%	2.330%	3.500%	\$ 8,000,000	\$ 22,600,000	Beyond 30 Years
FY24	1.170%	2.330%	3.500%	\$ 8,000,000	\$ 22,600,000	Beyond 30 Years
FY25	1.170%	2.330%	3.500%	\$ 8,000,000	\$ 22,600,000	Beyond 30 Years
Average Employee		Annual Cont.	Pay Period			
Current	\$ 40,000	\$ 400.00	\$ 15.38		FY50 Projected Fund Balance	\$3,740,000,000
FY21	\$ 40,000	\$ 468.00	\$ 18.00			
Difference		\$ (68.00)	\$ (2.62)			
Plus One Time Infusion (FY21) = \$12,384,296						

## Benefits:

- Consideration of additional eligibility restrictions
- Continued plan modification
- Pre-Medicare subsidy reduction
- Procurement
  - Collaborative purchasing
  - Provider negotiations
  - Referenced-based pricing

# 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
  - Medicare Advantage Plans Only
- Limit access to care i.e., narrow/limited network for doctors, facilities and hospitals
- Adopt a more restricted pharmacy benefit management formulary

# New Mexico Retiree Health Care Authority (CP)

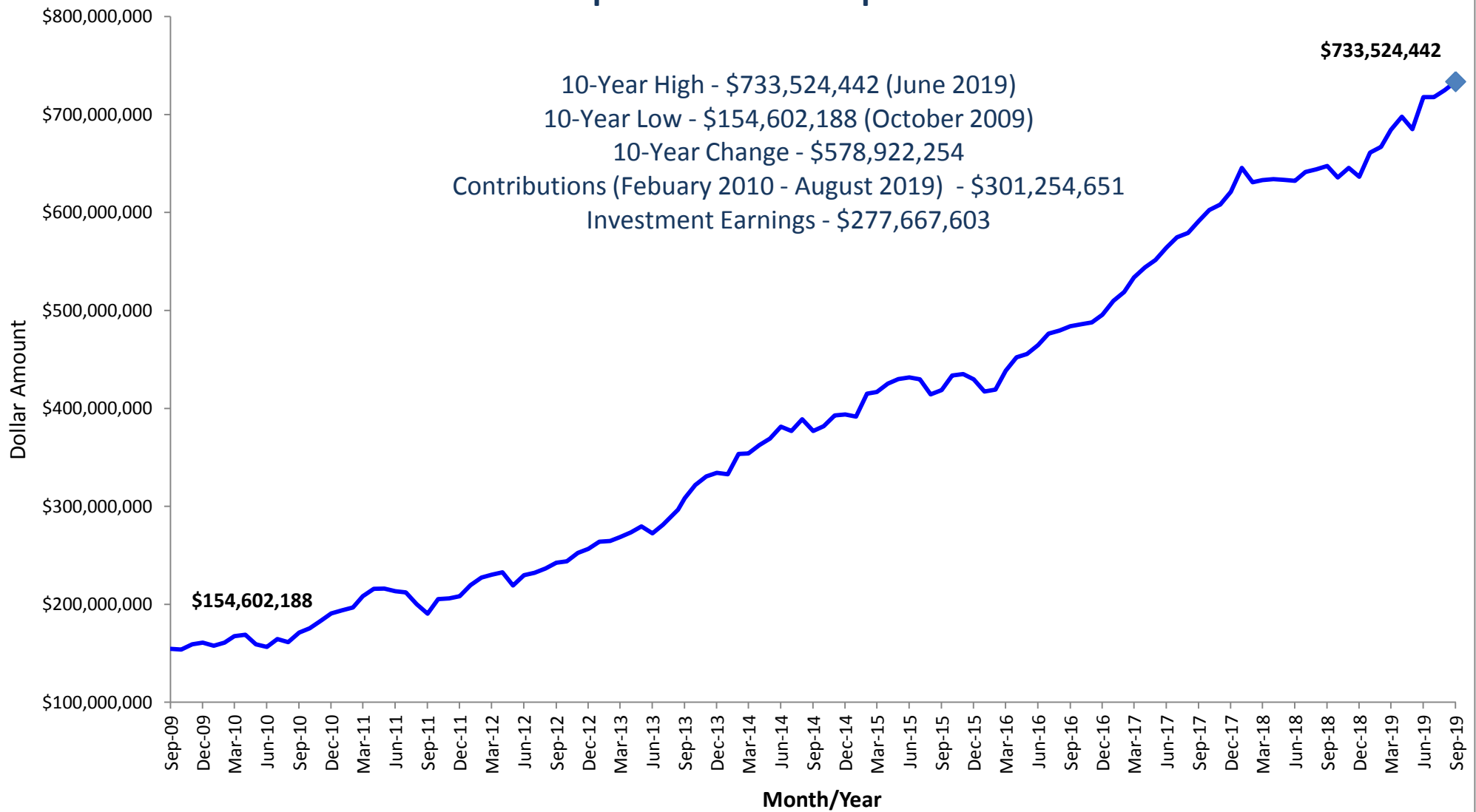
## Change in Market Value

For the Month of Sep 2019

(Report as of October 18, 2019)

Investment Name	Prior Ending Market Value	Contributions	Distributions	Income	Gains-Realized & Unrealized	Market Value
Core Bonds Pool	156,349,547.98	-	-	337,630.16	(1,516,613.24)	155,170,564.91
Credit & Structured Finance	107,729,762.08	-	-	13,024.03	(235,849.12)	107,506,936.99
NM Retiree Health Care Authority Cash Account	-	-	-	-	-	-
Non-US Developed Markets Index Pool	94,356,070.45	-	-	314,001.94	2,263,405.80	96,933,478.19
Non-US Emerging Markets Index Pool	65,944,045.00	-	-	126,937.55	1,035,732.13	67,106,714.67
Private Equity Pool	78,760,345.75	-	-	111,325.29	3,208,731.93	82,080,402.97
Real Estate Pool	73,094,767.29	-	-	342,933.75	515,660.80	73,953,361.85
Real Return Pool	34,819,845.74	-	-	173,356.83	(171,149.55)	34,822,053.03
US Large Cap Index Pool	100,653,414.55	-	-	155,616.70	1,592,189.27	102,401,220.52
US Small/Mid Cap Pool	13,173,351.15	-	-	23,660.71	352,697.06	13,549,708.92
Sub - Total New Mexico Retiree Health Care	724,881,149.99	-	-	1,598,486.96	7,044,805.08	733,524,442.05
<b>Total New Mexico Retiree Health Care</b>	<b>724,881,149.99</b>	<b>-</b>	<b>-</b>	<b>1,598,486.96</b>	<b>7,044,805.08</b>	<b>733,524,442.05</b>

## NMRHCA Trust Fund Balance History September 2009 - September 2019



## **New Mexico Retiree Health Care Authority (NMRHCA)**

**Governmental Accounting Standards Board (GASB) 74  
Actuarial Valuation and Review of Other  
Postemployment Benefits (OPEB)  
as of June 30, 2019**

This report has been prepared at the request of NMRHCA Board to assist in administering the Fund. This valuation report may not otherwise be copied or reproduced in any form without the consent of the NMRHCA Board and may only be provided to other parties in its entirety. The measurements shown in this actuarial valuation may not be applicable for other purposes.

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7951 E. Maplewood Ave Ste 327 Greenwood Village, CO 80111  
T 303.714.9937 www.segalco.com

October 14, 2019

Board of Directors

New Mexico Retiree Health Care Authority  
4308 Carlisle Blvd NE, Suite 104  
Albuquerque, NM 87107

Dear Board members:

We are pleased to submit this Governmental Accounting Standards Board (GASB) 74 Actuarial Valuation and Review of Other Postemployment Benefits (OPEB) as of June 30, 2019. The report summarizes the actuarial data used in the valuation, discloses the Net OPEB Liability (NOL) as of June 30, 2019, and analyzes the preceding year's experience. The non-retired census information was provided by New Mexico ERB and PERA. The retiree census and medical data information was provided by NMRHCA. The financial information was provided by the auditors. We have based our calculations on the information provided by these parties and assistance is gratefully acknowledged.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law.

This report was prepared in accordance with generally accepted actuarial principles and practices to assist in administering the Plan. The actuarial calculations were completed under the supervision of Thomas Bergman, ASA, MAAA, and Mary Kirby, FCA, FSA, MAAA. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Board are reasonably related to the experience of and expectations for NMRHCA.

We look forward to reviewing this report at your next meeting and to answering any questions.

Sincerely,

Segal Consulting, a Member of The Segal Group, Inc.

By:

Melissa A. Krumholz, FSA, MAAA  
Senior Health Consultant & Actuary

Mary Kirby, FCA, FSA, MAAA  
Senior Vice President & Consulting Actuary

Thomas Bergman, ASA, MAAA  
Retiree Health Actuary

cc: David Archuleta, Executive Director

## SECTION 1

### VALUATION SUMMARY

Purpose .....	i
General Observations on GASB 74 Actuarial Valuations .....	i
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## SECTION 2

### GASB 74 INFORMATION

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## SECTION 3

### SUPPORTING INFORMATION

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## Purpose

This report has been prepared by Segal Consulting to present certain disclosure information required by Statement No. 74 of the Governmental Accounting Standards Board as of June 30, 2019. This valuation is based on:

- The benefit provisions of the Other Postemployment Benefits (OPEB) Plan, as administered by the Board;
- The characteristics of covered active members, inactive vested members, and retired members and beneficiaries as of June 30, 2019, provided by NMRHCA;
- The assets of the Plan as of June 30, 2019, provided by NMRHCA;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other (health and non-health) actuarial assumptions, regarding employee terminations, retirement, death, health care trend and enrollment, etc.

## General Observations on GASB 74 Actuarial Valuations

The following points should be considered when reviewing this GASB 74 report:

- The Governmental Accounting Standards Board (GASB) rules only define OPEB liability and expense for financial reporting purposes, and do not apply to contribution amounts for OPEB funding purposes. Employers and plans can still develop and adopt funding policies under current practices.
- When measuring OPEB liability, GASB uses the Entry Age actuarial cost method and, for benefits that are being fully funded on an actuarial basis, GASB prescribes the derivation of the discount rate used to calculate liabilities.
  - Pursuant to Paragraph 48 of the GASB Statement No. 74 and based on our understanding of subsequent guidance provided in *Implementation Guide No. 2017-2, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, OPEB plans that are not being fully funded on an actuarial basis are required to go through a cross-over test in determining the discount rate that would be used in the valuation.
- The Net OPEB Liability (NOL) is equal to the difference between the Total OPEB Liability (TOL) and the Plan's Fiduciary Net Position. The Plan's Fiduciary Net Position is equal to the market value of assets. The NOL reflects all investment gains and losses as of the measurement date.

### Significant Issues in Valuation Year

The following findings were the results of this actuarial valuation.

- The NOL has decreased from \$4.348 billion as of June 30, 2018 to \$3.247 billion as of June 30, 2019. The decrease was primarily due to:
  - Health care costs lower than projected in the prior valuation,
  - A lower than expected number of new retirees who elected to enroll in NMRHCA benefits,
  - Decreasing the assumption for percentage of future retirees expected to enroll in NMRHCA benefits.
- The discount rates used to determine the TOL and NOL as of June 30, 2019 and 2018 were 4.16% and 4.08% respectively. The detailed calculations used in the derivation of the “cross-over date” to determine the discount rate of 4.16 % used in the calculation of the TOL and NOL as of June 30, 2019 can be found in Exhibit 5 of Section 2. Various other information that is required to be disclosed can be found throughout Exhibits 1 through 4 in Section 2.
- The discount rate used in the valuation for financial disclosure purposes as of June 30, 2019 is a blend of the assumed investment return on Plan assets (e.g. 7.25% for the June 30, 2019 valuation) and the rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (e.g. 3.50 % as of June 30, 2019). Because NMRHCA is not fully prefunding benefits, Plan assets, when projected in accordance with the method prescribed by GASB 74, are expected to be sufficient to make benefit payment through June 30, 2039. Projected benefit payments are discounted by the Plan investment return assumption of 7.25% until June 30, 2039. Benefit payments after June 30, 2039 are then discounted by the municipal bond rate of 3.50 %. The 4.16% is the blended discount rate reflecting benefits discounted by the Plan investment return assumption rate and the bond rate.
- Amended November 29, 2018, and subsequently approved, the subsidy eligibility requirement of age 55 and the NMRHCA subsidy percentages based upon creditable service were deferred one year (from 2020) and will be effective for eligible retirees not in a PERA enhanced retirement plan who commence benefits on or after January 1, 2021.

## Summary of Key Valuation Results

	2019	2018
<b>Disclosure elements for fiscal year ending June 30:</b>		
1. Service cost <sup>(1)</sup>	\$156,597,766	\$188,372,284
2. Total OPEB Liability	3,999,137,737	5,006,011,109
3. Plan Fiduciary Net Position <sup>(2)</sup>	<u>751,832,642</u>	<u>657,656,294</u>
4. Net OPEB Liability	\$3,247,305,095	\$4,348,354,815
<b>Schedule of contributions for fiscal year ending June 30:</b>		
5. Statutory contributions	\$160,077,200	\$156,266,741
6. Actual contributions	159,030,774	154,358,714
7. Contribution deficiency (excess)	(1,046,426)	1,908,027
<b>Demographic data for plan year ending June 30:</b>		
8. Number of retired members, beneficiaries, and married dependents	52,179	51,205
9. Number of vested terminated members	10,916	11,471
10. Number of active members	91,082	93,349
<b>Key assumptions as of June 30:</b>		
11. Discount rate	4.16%	4.08%
12. Medical cost trend rates		
Non-Medicare medical plan	Graded from 8.00% in fiscal year 2019/2020 to ultimate 4.50% over 14 years	Graded from 8.00% in fiscal year 2017/2018 to ultimate 4.50% over 14 years
Medicare medical plans	Graded from 7.50% in fiscal year 2019/2020 to ultimate 4.50% over 12 years	Graded from 7.50% in fiscal year 2017/2018 to ultimate 4.50% over 12 years

<sup>(1)</sup> The service cost is always based on the previous year's valuation, meaning the 2019 and 2018 values are based on the valuations as of June 30, 2018 and June 30, 2017, respectively.

<sup>(2)</sup> The assets as of June 30, 2019 and June 30, 2018 were based on draft financial statements provided by NMRHCA.

## Important Information about Actuarial Valuations

An actuarial valuation is a budgeting tool with respect to the financing of future projected obligations of an OPEB plan. It is an estimated forecast – the actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.

In order to prepare an actuarial valuation, Segal Consulting (“Segal”) relies on a number of input items. These include:

- **Plan of benefits** Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary in this report to confirm that Segal has correctly interpreted the plan of benefits.
- **Participant data** An actuarial valuation for a plan is based on data provided to the actuary by NMRHCA. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
- **Assets** This valuation is based on the market value of assets as of the valuation date. The assets were based on draft financial statements provided by NMRHCA.
- **Actuarial assumptions** In preparing an actuarial valuation, Segal projects the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. This projection requires actuarial assumptions as to the probability of death, disability, termination, and retirement of each participant for each year. In addition, the benefits projected to be paid for each of those events in each future year reflect actuarial assumptions as to health care trends and member enrollment in retiree health benefits. The projected benefits are then discounted to a present value, based on the assumed rate of return that is expected to be achieved on the plan’s assets. There is a reasonable range for each assumption used in the projection and the results may vary materially based on which assumptions are selected. It is important for any user of an actuarial valuation to understand this concept. Actuarial assumptions are periodically reviewed to ensure that future valuations reflect emerging plan experience. While future changes in actuarial assumptions may have a significant impact on the reported results, that does not mean that the previous assumptions were unreasonable.

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

- The actuarial valuation is prepared at the request of the Board to assist the sponsors of the Fund in preparing items related to the OPEB plan in their financial reports. Segal is not responsible for the use or misuse of its report, particularly by any other party.
- An actuarial valuation is a measurement of the plan's assets and liabilities at a specific date. Accordingly, except where otherwise noted, Segal did not perform an analysis of the potential range of future financial measures other than those required by GASB 74. The actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.
- If NMRHCA is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
- Segal does not provide investment, legal, accounting, or tax advice. Segal's valuation is based on our understanding of applicable guidance in these areas and of the plan's provisions, but they may be subject to alternative interpretations. The Board should look to their other advisors for expertise in these areas.

As Segal Consulting has no discretionary authority with respect to the management or assets of the Plan, it is not a fiduciary in its capacity as actuaries and consultants with respect to the NMRHCA Plan.

## Actuarial Certification

**October 14, 2019**

*This is to certify that Segal Consulting, a Member of The Segal Group, Inc., has conducted an actuarial valuation of certain benefit obligations of NMRHCA's other postemployment benefit programs based on a June 30, 2019 measurement date for plan reporting as of June 30, 2019, in accordance with generally accepted actuarial principles and practices. The actuarial calculations presented in this report have been made on a basis consistent with our understanding of GASB Statement No. 74 for the determination of the liability for postemployment benefits other than pensions.*

*The actuarial valuation is based on the plan of benefits verified by NMRHCA and reliance on participant, premium, claims and expense data provided by the NMRHCA or from vendors employed by NMRHCA. Segal Consulting does not audit the data provided. The accuracy and comprehensiveness of the data is the responsibility of those supplying the data. Segal, however, does review the data for reasonableness and consistency.*

*The actuarial computations made are for purposes of fulfilling plan accounting requirements. Determinations for purposes other than meeting financial accounting requirements may be significantly different from the results reported here. Accordingly, additional determinations may be needed for other purposes, such as judging benefit security at termination of the plan, or determining short-term cash flow requirements.*

*Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: retiree group benefits program experience or rates of return on assets differing from that anticipated by the assumptions; changes in assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in retiree group benefits program provisions or applicable law. Retiree group benefits models necessarily rely on the use of approximations and estimates, and are sensitive to changes in these approximations and estimates. Small variations in these approximations and estimates may lead to significant changes in actuarial measurements. The scope of the assignment did not include performing an analysis of the potential change of such future measurements except where noted.*

*To the best of our knowledge, this report is complete and accurate and in our opinion presents the information necessary to comply with GASB Statement No. 74 with respect to the benefit obligations addressed. The signing actuaries are members of the Society of Actuaries, the American Academy of Actuaries, and other professional actuarial organizations and meet the "General Qualification Standards for Statements of Actuarial Opinions" to render the actuarial opinion contained herein.*

By:



Melissa A. Krumholz, FSA, MAAA  
Senior Health Consultant & Actuary



Mary Kirby, FCA, FSA, MAAA  
Senior Vice President & Consulting Actuary



Thomas Bergman, ASA, MAAA  
Retiree Health Actuary

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**EXHIBIT 1****General Information – Financial Statements, Note Disclosures and Required Supplementary Information for a Multiple-Employer Cost Sharing OPEB Plan**

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**Plan Description**

*Plan administration.* The NMRHCA administers the OPEB Plan - a multiple employer cost sharing OPEB plan that is used to provide postemployment benefits other than pensions (OPEB) for retirees who were an employee of an employer participating in NMRHCA and eligible to receive a pension from either the New Mexico Public Employees Retirement Association (PERA) or Educational Retirement Board (ERB). For employers who “buy-in” to the plan, retirees are eligible for benefits six months after the effective date of employer participation. At the July 11, 2014 meeting, the Board of Directors of the NMRHCA approved a change to its subsidy eligibility requirements such that retirees not in a PERA enhanced (Fire, Police, Corrections) pension plan who commence benefits on or after January 1, 2020 will not receive any subsidy from NMRHCA before age 55. Amended November 29, 2018, the subsidy eligibility requirement of age 55 was deferred one year (from 2020) such that retirees not in a PERA enhanced pension plan who commence benefits after January 1, 2021 will not receive a subsidy from NMRHCA before age 55.

*Plan membership.* At June 30, 2019 (captured as of January 1, 2019 with service for active members increased by half-year from census date to valuation date), OPEB Plan membership consisted of the following

Retired members, beneficiaries and married dependents	52,179
Vested terminated members entitled to, but not yet receiving benefits	10,916
Active members	<u>91,082</u>
Total	154,177

***Benefits provided***

<b>Benefit Types:</b>	Retirees and spouses are eligible for medical and prescription drug benefits. Dental and vision benefits are also available, but were not included in this valuation, since they are 100% retiree-paid. A description of these benefits may be found at <a href="http://www.nmrhca.org">www.nmrhca.org</a> by clicking on Retirees.
<b>Duration of Coverage:</b>	Employees and dependents are valued for life.
<b>Dependent Benefits:</b>	Same as retirees.
<b>Dependent Coverage:</b>	Same as retirees.
<b>Retiree Contributions:</b>	The retiree contribution is derived on a service-based schedule implemented effective July 1, 2001 and updated annually. The table below shows the anticipated retiree paid portion of claims.

	<b><u>FY 2020</u></b>	<b><u>FY 2021 And Later</u></b>
Non-Medicare Retiree	35.5%	36.0%
Non-Medicare Spouse	63.0%	64.0%
Medicare Retiree	50.0%	50.0%
Medicare Spouse	75.0%	75.0%

Amended November 29, 2018, the Board of Directors of the NMRHCA approved a change to its subsidy eligibility requirements for retirements after 2020 and not in a Public Safety pension plan:

<u>Years of Service</u>	<u>Retired Before 2021 or in Public Safety Pension Plan</u>	<u>Retired After 2020 and Not in Public Safety Pension Plan</u>
	<u>Percent of full subsidy based on service</u>	<u>Percent of full subsidy based on service</u>
5	6.25%	4.76%
6	12.50%	9.52%
7	18.75%	14.29%
8	25.00%	19.05%
9	31.25%	23.81%
10	37.50%	28.57%
11	43.75%	33.33%
12	50.00%	38.10%
13	56.25%	42.86%
14	62.50%	47.62%
15	68.75%	52.38%
16	75.00%	57.14%
17	81.25%	61.90%
18	87.50%	66.67%
19	93.75%	71.43%
20	100.00%	76.19%
21	100.00%	80.95%
22	100.00%	85.71%
23	100.00%	90.48%
24	100.00%	95.24%
25+	100.00%	100.00%

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**EXHIBIT 2****Net OPEB Liability**

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The components of the Net OPEB Liability are as follows:

	<b>June 30, 2019</b>	<b>June 30, 2018</b>
Total OPEB Liability	\$3,999,137,737	\$5,006,011,109
Plan Fiduciary Net Position	<u>751,832,642</u>	<u>657,656,294</u>
System's Net OPEB Liability	\$3,247,305,095	\$4,348,354,815
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	18.80%	13.14%

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The Net OPEB Liability was measured as of June 30, 2019 and 2018. The Plan's Fiduciary Net Position (plan assets) was valued as of the measurement date:

- Discount rate has been calculated as a blend of the investment return on plan assets and municipal bond rate in accordance with GASB 74 and Illustration 2 of *Implementation Guide No. 2017-2, Financial Reporting Postemployment Benefit Plans Other Than Pension Plans*.

*Plan provisions.* The plan provisions used in the measurement of the TOL as of June 30, 2019 are outlined in Exhibit II of Section 3.

- Amended November 29, 2018 and subsequently approved, the subsidy eligibility requirement of age 55 and the lower NMRHCA subsidy percentages were deferred one year (from 2020) and will be effective for eligible retirees not in a PERA enhanced retirement plan who commence benefits on or after January 1, 2021.

*Actuarial assumptions.* The TOL as of June 30, 2019 is based upon the GASB 74 valuation as of June 30, 2019. The mortality, retirement, disability, turnover and salary increase assumptions are based on the Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2018 and the New Mexico Educational Retirement Board (ERB) Actuarial Valuation Report as of June 30, 2018. In particular, the following actuarial assumptions were applied to all periods included in the June 30, 2019 measurement:

Inflation	2.50% for ERB, 2.50% for PERA
Salary increases	ERB: Ranges from 3.25% to 12.00% based on years of service, including inflation. PERA: Ranges from 3.25% to 13.50% based on years of service, including inflation.
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation.
Other assumptions	Same as those shown in Exhibit I of Section 3.
Health care trend	8.0% in 2019/2020 graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% in 2019/2020 graded down to 4.5% over 12 years for Medicare medical plan costs.

The TOL measured as of June 30, 2018 is based upon the GAS 74 valuation dated November 14, 2018.

The long-term expected rate of return on OPEB Plan investments was determined using a building block method in which expected future real rates of return (expected returns, net of OPEB Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, and by adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return, after deducting inflation, but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

**Investment policy:**

The New Mexico Retiree Health Care Authority's Investment Policy, signed March 3, 2015, detailed in the following table is the Board's adopted asset allocation policy as of June 30, 2018 and June 30, 2019:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	20%	7.1%
Mid/Small Cap U.S. Equity	3	7.1
Developed Non-US Equity	12	7.8
Emerging Markets Equity	15	10.2
U.S. Core Fixed Income	20	2.1
Private Equity	10	11.8
Credit & Structured Finance	10	5.3
Absolute Return	5	4.1
Real Estate	<u>5</u>	4.9
<b>Total</b>	100%	

Rate of return. For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense and margin for adverse deviation, was assumed to be 7.25%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Municipal Bond Rate:* 3.50% and 3.87% based on the 20-year municipal bond rate for the Bond Buyer 20-Bond GO Index as of June 30, 2019 and June 30, 2018, respectively.

*Discount rate:* The discount rate used to measure the Total OPEB Liability was 4.16% as of June 30, 2019 and 4.08% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed employer and plan member contributions will be made at the current contribution rate. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the OPEB Plan's assets was projected to be sufficient to make projected future benefit payments for current plan members through June 30, 2039. Payments after that date would be funded by employer assets. Therefore, the long-term expected rate of return on OPEB Plan investments (7.25%) was applied to periods of projected benefit payments through June 30, 2039, and the 20-year municipal bond rate (3.50 %) was applied to periods after June 30, 2039 to determine the Total OPEB Liability.

*Funding Policy:* Retiree benefits are funded from a combination of employer contributions as a percentage (2.50% for Public Safety, and 2.00% for Other Occupations) of compensation and member contributions as a percentage (1.25% for Public Safety and 1.00% for Other Occupation) of compensation to fund the cost of the subsidy, with the remaining cost funded by retiree contributions, RHCA Statutory Distribution, investment income and pharmacy plan subsidies from CMS.

*Sensitivity of the Net OPEB Liability to changes in the discount rate.* The following presents the Net OPEB Liability of NMRHCA as of June 30, 2019, calculated using the discount rate of 4.16%, as well as what NMRHCA's Net OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.16%) or 1-percentage-point higher (5.16%) than the current rate:

	<b>1% Decrease (3.16%)</b>	<b>Current Discount (4.16%)</b>	<b>1% Increase (5.16%)</b>
Net OPEB Liability as of June 30, 2019	\$3,971,139,220	\$3,247,305,095	\$2,678,303,356

*Sensitivity of the Net OPEB Liability to changes in the trend rate.* The following presents the Net OPEB Liability of NMRHCA as of June 30, 2019, calculated using the current trend rates as well as what NMRHCA's Net OPEB Liability would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<b>1% Decrease</b>	<b>Current Trend*</b>	<b>1% Increase</b>
Net OPEB Liability as of June 30, 2019	\$2,704,414,003	\$3,247,305,095	\$3,681,966,322

\* Current (applied to fiscal year ending June 30, 2020) trend rates: 8.00% graded down to 4.50% over 14 years for Non-Medicare medical plan costs and 7.50% graded down to 4.50% over 12 years for Medicare medical plan costs.

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**EXHIBIT 3****Schedules of Changes in NMRHCA's Net OPEB Liability – Most Recent Two Fiscal Years**

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	2019	2018
<b>Total OPEB Liability</b>		
Service cost	\$156,597,766	\$188,372,284
Interest	208,666,100	199,583,585
Change of benefit terms	14,004,267	0
Differences between expected and actual experience	(754,197,414)	(145,524,098)
Changes of assumptions	(535,456,730)	(225,363,066)
Benefit payments <sup>(1)</sup>	<u>(96,487,361)</u>	<u>(122,199,255)</u>
<b>Net change in Total OPEB Liability</b>	(\$1,006,873,372)	(\$105,130,550)
<b>Total OPEB Liability – beginning</b>	<u>\$5,006,011,109</u>	<u>\$5,111,141,659</u>
<b>Total OPEB Liability – ending (a)</b>	<u>\$3,999,137,737</u>	<u>\$5,006,011,109</u>
<b>Plan Fiduciary Net Position<sup>(2)</sup></b>		
Contributions – total employer	\$88,516,368	85,401,662
Contributions – total employee	44,258,185	42,700,831
Net investment income	36,747,143	49,757,591
Benefit payments <sup>(1)</sup>	(96,487,361)	(122,199,255)
Administrative expense	(2,921,366)	(2,821,224)
Other <sup>(3)</sup>	<u>24,063,379</u>	<u>25,348,048</u>
<b>Net change in Plan Fiduciary Net Position</b>	\$94,176,348	\$78,187,653
<b>Plan Fiduciary Net Position – beginning</b>	<u>\$657,656,294</u>	<u>\$579,468,641</u>
<b>Plan Fiduciary Net Position – ending (b)</b>	<u>\$751,832,642</u>	<u>\$657,656,294</u>
<b>Plan's Net OPEB Liability – ending (a) – (b)</b>	\$3,247,305,095	\$4,348,354,815
<b>Plan Fiduciary Net Position as a percentage of the Total OPEB Liability</b>	18.80%	13.14%
<b>Covered payroll</b>	\$4,172,928,635	\$4,290,616,760
<b>Plan Net OPEB Liability as percentage of covered payroll</b>	77.82%	101.35%

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*See accompanying notes to this exhibit on the next page.*

- <sup>(1)</sup> For measurement date June 30, 2019, this category equals Premium and claims paid (\$295,383,494) offset by the sum of Retiree contributions (\$172,270,192) and Medicare Part D, subrogation, refunds, rebates and miscellaneous (\$26,625,941). For measurement date June 30, 2018, this category equals Premium and claims paid (\$320,403,577) offset by the sum of Retiree contributions (\$167,949,226) and Medicare Part D, subrogation, refunds, rebates and miscellaneous (\$30,255,096).
- <sup>(2)</sup> For measurement date June 30, 2019, the Plan Fiduciary Net Position values are based on draft financial statements provided by NMRHCA.
- <sup>(3)</sup> For measurement date June 30, 2019, this category equals sum of Employer buy-ins interest portion (\$67,290) and Tax administration suspense fund revenue (\$26,256,221) offset by the sum of Losses and loss adjustment accrual increase (\$1,034,000), refunds – retirees (\$962,603), and Depreciation expense (\$263,529). For measurement date June 30, 2018, this category equals sum of Employer buy-ins revenue (\$939,677), employer buy-ins interest portion (\$78,947), and tax administration suspense fund revenue (\$26,256,221) offset by the sum of Losses and loss adjustment accrual increase (\$1,076,000), Refunds – retirees (\$426,884), and Depreciation expense (\$423,913).

**EXHIBIT 4****Schedule of NMRHCA's Contributions – Last Ten Fiscal Years**

<b>Year Ended June 30</b>	<b>Actuarially Determined Contributions<sup>(1)(2)</sup></b>	<b>Contributions in Relation to the Actuarially Determined Contributions<sup>(1)</sup></b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2010	\$297,999,753	\$114,847,107	\$183,152,646	N/A	N/A
2011	326,994,988	120,873,224	206,121,764	\$4,001,802,240	3.02%
2012	340,074,787	142,053,551	198,021,236	N/A	N/A
2013	353,657,828	135,388,449	218,269,379	3,876,220,608	3.49%
2014	367,804,141	149,277,185	218,526,956	N/A	N/A
2015	292,656,765	156,670,251	135,986,514	3,941,587,760	3.97%
2016	303,631,394	159,862,801	143,768,593	N/A	N/A
2017	317,546,941	159,379,195	158,167,747	4,165,647,340	3.83%
2018 <sup>(3),(4)</sup>	156,266,741	154,358,714	1,908,027	4,290,616,760	3.60%
2019 <sup>(3)</sup>	160,077,200	159,030,774	(1,046,426)	4,172,928,635	3.81%

<sup>(1)</sup> Includes an interest adjustment to the end of the year through fiscal year-end June 30, 2017.

<sup>(2)</sup> All "Actuarially Determined Contributions" through June 30, 2017 were determined as the "Annual Required Contribution" (ARC) under GASB 43.

<sup>(3)</sup> The funding policy for the Plan does not rely upon an actuarially determined contribution. For illustration purposes, for fiscal years ended after June 30, 2017, we have applied the statutory contributions as described in the funding policy to payroll as of the beginning of the period.

<sup>(4)</sup> Covered payroll was rolled forward from the June 30, 2017 at 3.00% assumed payroll increases using a member-weighted average by PERA and ERB payroll growth rates rounded to the nearest 0.25%.

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**EXHIBIT 5****Projection of OPEB Plan's Fiduciary Net Position for Use in Calculation of Discount Rate as of June 30, 2019**

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<b>Year Beginning July 1,</b>	<b>Projected Beginning Plan Fiduciary Net Position  (a)</b>	<b>Projected Total Contributions  (b)</b>	<b>Projected Benefit Payments  (c)</b>	<b>Projected Administrative Expenses  (d)</b>	<b>Projected Investment Earnings  (e)</b>	<b>Projected Ending Plan Fiduciary Net Position*  (f) = (a) + (b) - (c) - (d) + (e)</b>
2019	\$751,832,642	\$157,728,768	\$133,497,294	\$0	\$55,386,257	\$831,450,373
2020	831,450,373	149,971,190	138,779,336	0	60,685,857	903,328,084
2021	903,328,084	143,845,490	145,351,653	0	65,436,688	967,258,609
2022	967,258,609	138,373,335	149,468,070	0	69,724,065	1,025,887,939
2023	1,025,887,939	133,237,989	155,999,474	0	73,551,772	1,076,678,226
2024	1,076,678,226	128,357,529	162,515,246	0	76,820,954	1,119,341,463
2025	1,119,341,463	123,586,386	169,218,558	0	79,498,090	1,153,207,381
2026	1,153,207,381	118,887,014	176,595,845	0	81,515,590	1,177,014,140
2027	1,177,014,140	114,163,629	184,815,319	0	82,772,401	1,189,134,851
2028	1,189,134,851	109,455,631	193,873,881	0	83,152,115	1,187,868,716
2029	1,187,868,716	104,722,502	203,056,604	0	82,555,871	1,172,090,485
2030	1,172,090,485	99,998,134	212,483,267	0	80,898,974	1,140,504,326
2031	1,140,504,326	95,225,287	222,660,662	0	78,067,031	1,091,135,982
2032	1,091,135,982	90,525,698	231,775,326	0	73,987,060	1,023,873,414
2033	1,023,873,414	85,857,865	241,034,850	0	68,605,657	937,302,086
2034	937,302,086	81,307,131	249,566,898	0	61,854,985	830,897,304
2035	830,897,304	77,204,609	256,796,223	0	53,729,859	705,035,549
2036	705,035,549	73,477,149	263,701,462	0	44,219,446	559,030,681
2037	559,030,681	70,151,058	270,575,232	0	33,264,348	391,870,856
2038	391,870,856	67,026,776	276,986,637	0	20,799,592	202,710,586
2039	202,710,586	64,163,331	283,456,359	0	6,747,145	0

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*Note: Shown until Projected Plan Fiduciary Net Position goes to zero. The discount rate is determined by discounting the projected benefits financed by the OPEB plan investments (benefit payments through the 2038/2039 plan year) using the 7.25% discount rate and benefit payments beyond the 2038/2039 plan year using the index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (3.50%).*

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**EXHIBIT 5****Projection of OPEB Plan's Fiduciary Net Position for Use in Calculation of Discount Rate as of June 30, 2019  
(\$ in thousands) - Continued**

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Notes:

- (1) Amounts may not total exactly due to rounding.
- (2) Years beyond 2039/2040 have been omitted from this table as the Fiduciary Net Position is zero.
- (3) Column (b): Projected total contributions are calculated as fixed percentages of payroll plus the Pension Tax Revenue. Contributions are assumed to occur halfway through the year on average.
- (4) Column (c): Projected benefit payments have been determined in accordance with paragraphs 43-47 of GASB Statement No. 74 and are based on the closed group of active, retired members, and beneficiaries as of June 30, 2019.
- (5) Column (d): Projected administrative expenses have been reflected in benefit payments.
- (6) Column (e): Projected investment earnings are based on the assumed investment rate of return of 7.25% per annum and reflect the assumed timing of benefit payments made at the beginning of each month.
- (7) As illustrated in this Exhibit, the Plan's fiduciary net position was projected to be exhausted by June 30, 2040.

## EXHIBIT I

### Actuarial Assumptions and Actuarial Cost Method

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**Rationale for Demographic and Economic Assumptions:**

Mortality, Retirement, Disability, Turnover, Inflation Rate and Salary Scale assumptions are based on:

- For PERA, the Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2018.
- For ERB, the New Mexico Educational Retirement Board (ERB) Actuarial Valuation Report as of June 30, 2018.

**Data:**

Detailed census data and financial data for postemployment benefits were provided by: The non-retired census information was provided by New Mexico ERB and PERA. The retiree census and medical data information was provided by NMRHCA. The financial information was provided by the auditors.

**Actuarial Cost Method:**

Entry age, level percent of pay, calculated on individual basis.

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**Measurement Date:**

June 30, 2019

**Census Date:**

January 1, 2019

**Discount Rate:**

4.16%

**EXHIBIT I****Actuarial Assumptions and Actuarial Cost Method (continued)****Assumptions used for PERA members****PERA Post-Retirement Mortality Rates:**

*After Service Retirement:* Headcount-Weighted RP-2014 Blue Collar Annuitant Mortality, set forward one year for females, projected generationally with Scale MP-2017 times 60%.

*After Disability Retirement:* Headcount-Weighted RP-2014 Blue Collar Annuitant Mortality, set forward one year for females, projected generationally with Scale MP-2017 times 60%.

The tables shown above were determined so as to reasonably reflect future mortality improvement, based on the June 30, 2018 PERA pension valuation.

**PERA Termination Rates before Retirement:**

*Pre-Retirement Mortality:* Headcount-Weighted RP-2014 Blue Collar Employee Mortality, set forward one year for females, projected generationally with Scale MP-2017 times 60%.

State General Males					
Rates of Active Members Terminating During Year					
Sample	Sample Service (Yr.):				
Ages	2	4	6	8	10+
20	18.76%	10.86%	8.21%	7.78%	5.11%
25	17.72	11.06	8.10	7.07	4.65
30	16.45	11.27	7.97	6.18	4.13
35	15.31	10.81	7.59	5.58	3.89
40	14.30	9.97	7.08	5.40	3.86
45	13.55	9.06	6.63	5.40	3.86
50	13.26	8.45	6.49	5.40	3.86
55	13.26	8.37	6.49	5.40	3.86
60	13.26	8.37	6.49	5.40	3.86

**EXHIBIT I****Actuarial Assumptions and Actuarial Cost Method (continued)**  
**Assumptions used for PERA members**

<b>State General Females</b>					
<b>Rates of Active Members Terminating During Year</b>					
<b>Sample</b>	<b>Sample Service (Yr.):</b>				
<b>Ages</b>	<b>2</b>	<b>4</b>	<b>6</b>	<b>8</b>	<b>10+</b>
20	18.13%	11.95%	8.22%	6.05%	4.83%
25	17.76	11.95	8.02	5.81	4.25
30	17.28	11.89	7.81	5.54	3.55
35	16.34	11.23	7.45	5.28	3.46
40	15.22	10.24	6.99	5.06	3.46
45	14.19	9.20	6.58	4.95	3.46
50	13.52	8.55	6.45	4.80	3.46
55	13.37	8.50	6.45	4.70	3.46
60	13.37	8.50	6.45	4.70	3.46

<b>Municipal General Males</b>					
<b>Rates of Active Members Terminating During Year</b>					
<b>Sample</b>	<b>Sample Service (Yr.):</b>				
<b>Ages</b>	<b>2</b>	<b>4</b>	<b>6</b>	<b>8</b>	<b>10+</b>
20	21.70%	14.59%	11.29%	8.93%	8.54%
25	20.00	13.52	10.26	8.05	7.32
30	17.73	12.04	8.96	6.94	5.69
35	15.77	10.65	8.01	6.20	4.61
40	14.06	9.37	7.29	5.73	3.92
45	12.80	8.39	6.87	5.58	3.65
50	12.20	8.01	6.79	5.58	3.65
55	12.18	8.01	6.79	5.58	3.65
60	12.18	8.01	6.79	5.58	3.65

**EXHIBIT I**

**Actuarial Assumptions and Actuarial Cost Method (continued)**  
**Assumptions used for PERA members**

<b>Municipal General Females</b>					
<b>Rates of Active Members Terminating During Year</b>					
<b>Sample</b>	<b>Sample Service (Yr.):</b>				
<b>Ages</b>	<b>2</b>	<b>4</b>	<b>6</b>	<b>8</b>	<b>10+</b>
20	24.40%	17.77%	14.41%	11.94%	7.51%
25	21.96	16.06	12.80	10.32	6.38
30	18.85	13.77	10.63	8.16	4.94
35	16.69	11.96	9.08	6.70	4.09
40	15.16	10.49	7.84	5.74	3.67
45	14.28	9.49	6.50	5.31	3.62
50	14.01	9.14	6.50	5.30	3.62
55	14.01	9.14	6.50	5.30	3.62
60	14.01	9.14	6.50	5.30	3.62

<b>Service Based Rates of Active Members Terminating During Year</b>					
<b>All Ages</b>	<b>Sample Service (Yr.):</b>				
	<b>1</b>	<b>3</b>	<b>5</b>	<b>7</b>	<b>10+</b>
State Police & Corrections*	20.00%	16.00%	9.00%	8.00%	5.75%
Municipal Detention	22.00	16.00	10.00	10.00	6.00
Municipal Police	14.00	9.50	6.80	5.15	3.50
Municipal Fire	10.00	7.50	5.00	3.30	2.75

\* Police and Corrections were not identified separately in the census data. We have used the Corrections assumption because the subgroup comprises about 70% of the combined group total.

## EXHIBIT I

### Actuarial Assumptions and Actuarial Cost Method (continued)

#### Assumptions used for PERA members

Age	Rates (%) – Disability Incidence						
	State General		State Police and Corrections*	Municipal General		Municipal Police	Municipal Fire
	Male	Female		Male	Female		
25	0.02	0.02	0.14	0.03	0.04	0.01	0.02
30	0.04	0.03	0.16	0.06	0.04	0.01	0.02
35	0.08	0.06	0.21	0.09	0.04	0.05	0.02
40	0.13	0.12	0.27	0.13	0.06	0.11	0.08
45	0.24	0.20	0.46	0.18	0.14	0.18	0.08
50	0.41	0.39	0.90	0.30	0.25	0.28	0.33
55	0.57	0.61	1.40	0.49	0.39	0.46	0.33
60	0.74	0.73	1.88	0.60	0.51	0.74	1.17
65	0.75	0.73	1.88	0.62	0.59	1.08	1.17

\* Police and Corrections were not identified separately in the census data. We have used the Corrections assumption because the subgroup comprises about 70% of the combined group total.

## EXHIBIT I

### Actuarial Assumptions and Actuarial Cost Method (continued)

#### Assumptions used for PERA members

#### PERA Retirement Rates:

These rates are applicable when employee becomes eligible for retirement based on age/service combination.

Retirement Ages	Retirement Rates (%)						
	State General		State Police and Corrections*	Municipal General		Municipal Police**	Municipal Fire**
	Male	Female		Male	Female		
40	25	25	40	20	25	30	30
45	25	25	40	20	25	30	25
50	25	25	40	20	25	30	20
55	25	25	40	20	25	30	25
60	30	25	35	15	25	30	20
65	25	25	35	15	25	30	20
70	25	20	100	20	15	100	100
75	25	20		20	15		
80	100	100		100	100		

\* Police and Corrections were not identified separately in the census data. We have used the Corrections assumption because the subgroup comprises about 70% of the combined group total.

\*\* Plan 1-5 were not identified separately in the census data. We have used the Plan 3-5 assumptions because this subgroup comprises over 95% of the combined group total for Municipal Police and Fire.

**PERA Salary Increases:**

Salary increases occur in recognition of (i) individual merit and longevity, (ii) inflation-related depreciation of the purchasing power of salaries, and (iii) other factors such as productivity gains and competition from other employers for personnel. Sample rates follow:

Attributable to:	Annual Rates (%) of Salary Increase for Sample Years of Service				
	1	5	10	15	20
General Increase in Wage Level Due to:					
Inflation	2.50	2.50	2.50	2.50	2.50
Other factors	0.75	0.75	0.75	0.75	0.75
Increase Due to Merit/Longevity:					
State General	5.00	1.25	0.50	0.00	0.00
State Police and Corrections*	9.75	3.50	2.00	1.50	1.50
Municipal General	2.50	1.50	0.50	0.00	0.00
Municipal Police	7.75	2.75	1.50	0.75	0.75
Municipal Fire	7.75	2.75	1.50	1.25	1.25

\* Police and Corrections were not identified separately in the census data. We have used the Corrections assumption because the subgroup comprises about 70% of the combined group total.

## EXHIBIT I

### Actuarial Assumptions and Actuarial Cost Method (continued)

#### Assumptions used for ERB members

##### ERB Post-Retirement Mortality Rates:

###### *After Retirement:*

Males: RP-2000 Combined Healthy Mortality Table with White Collar Adjustment generationally projected with Scale BB.

Females: GRS Southwest Region Teacher Mortality Table, set back one year, generationally projected with Scale BB.

*After Disability Retirement:* RP-2000 Disabled Mortality Table, set back three years for males and no set back for females, projected with Scale BB to 2016.

The tables shown above were determined so as to reasonably reflect future mortality improvement, based on the June 30, 2018 ERB pension valuation.

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##### ERB Assumptions used for ERB members

*Pre-Retirement Mortality* RP-2000 Employee Mortality Table, set back two years and scaled 80% for males and set back five years and scaled 70% for females, projected with Scale BB to 2016.

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##### ERB Disability Rates before Retirement:

Age	Disability Incidence – Rates(%)	
	Males	Females
25	0.007	0.010
30	0.007	0.020
35	0.042	0.050
40	0.091	0.080
45	0.133	0.120
50	0.168	0.168
55	0.182	0.168

**EXHIBIT I****Actuarial Assumptions and Actuarial Cost Method (continued)****Assumptions used for ERB members****ERB Termination Rates before Retirement (continued):****Active Members Terminating During year – Rates (%)**

<b>Completed Service</b>	<b>Males</b>	<b>Females</b>
0	43.4	31.4
1	28.1	23.8
2	19.6	17.2
3	14.3	13.5
4	11.9	10.6
5	10.0	9.8
6	9.1	8.6
7	7.3	7.2
8	6.1	6.3
9	5.7	5.5
10	5.2	5.0
11	4.2	4.7
12	4.0	4.2
13	3.4	3.6
14	3.4	3.5
15	3.1	3.3
16	2.2	2.3
17	2.3	2.7
18	2.3	2.1
19 and over	0.0	0.0

**EXHIBIT I****Actuarial Assumptions and Actuarial Cost Method (continued)****Assumptions used for ERB members****ERB Retirement Rates:****Members Hired before July 1, 2010 and Normal Retirement for Members Hired on or After July 1, 2010****Retirement – Rates(%)**

Age	<u>Males</u>					
	<u>Years of Service</u>					
	0-4	5-9	10-14	15-19	20-24	25+
45	0	0	0	0	0	15
50	0	0	0	0	0	18
55	0	0	0	0	5	20
60	0	0	0	15	20	25
62	0	0	30	30	30	30
65	0	40	35	30	30	30
67	0	25	25	25	30	30
70	100	100	100	100	100	100
Age	<u>Females</u>					
	<u>Years of Service</u>					
	0-4	5-9	10-14	15-19	20-24	25+
45	0	0	0	0	0	15
50	0	0	0	0	0	18
55	0	0	0	0	6	23
60	0	0	0	20	15	25
62	0	0	40	30	30	35
65	0	35	40	40	40	40
67	0	25	25	25	30	30
70	100	100	100	100	100	100

**EXHIBIT I**

**Actuarial Assumptions and Actuarial Cost Method (continued)**

**Assumptions used for ERB members**

**ERB Retirement Rates:**

**Members Hired on or after July 1, 2010**

**Retirement – Rates(%)**

**Males  
Years of Service**

<u>Age</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>
55	0	0	5
60	0	20	20
62	30	30	30
65	30	30	30

**Females  
Years of Service**

<u>Age</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>
55	0	0	6
60	0	15	15
62	30	30	30
65	40	40	40

**ERB Salary Increases:**

General Increase in Wage Level Due to:

Inflation: 2.50%

Productivity increase rate: 0.75%

Salary increases occur in recognition of (i) individual merit and longevity, (ii) plus step-rate/promotional as shown:

<b>Years of Service</b>	<b>Annual Step-Rate (%) / Promotional Component Rates of Increase</b>	<b>Total Annual Rate (%) of Increase</b>
0	8.75	12.00
1	3.00	6.25
2	2.00	5.25
3	1.50	4.75
4	1.25	4.50
5	1.00	4.25
6	0.75	4.00
7	0.50	3.75
8	0.50	3.75
9	0.50	3.75
10 or more	0.00	3.25

## EXHIBIT I

### Actuarial Assumptions and Actuarial Cost Method (continued)

<b>Administrative Expenses:</b>	Non-Medicare:	\$349/year
	Medicare Supplement:	\$450/year
	Medicare Advantage:	\$60/year

The administrative expenses were assumed to increase by 2.5% in 2019/2020 and thereafter.

**Per Capita Cost Development:** The assumed costs on a composite basis (and other demographic factors such as sex and family status) are the future costs of providing postretirement health care benefits at each age. To determine the assumed costs on a composite basis, historical claims costs are reviewed, and adjusted for increases in the cost of health care services.

**Per Capita Costs:** Annual medical and drug claims costs for the 2019/2020 plan year, excluding assumed expenses were developed actuarially for retirees and spouses at select ages and are shown in the table below. These costs are net of deductibles and other benefit plan cost sharing provisions.

Age	Premier Non-Medicare				Value Non-Medicare				Non-Medicare Drug Rebates			
	Retiree		Spouse		Retiree		Spouse		Retiree		Spouse	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
50	\$8,384	\$9,550	\$5,856	\$7,668	\$6,105	\$6,954	\$4,264	\$5,583	-\$487	-\$555	-\$340	-\$446
55	9,957	10,280	7,837	8,876	7,250	7,485	5,706	6,463	-579	-597	-455	-516
60	11,825	11,081	10,491	10,294	8,610	8,068	7,639	7,496	-687	-644	-610	-598
64	13,567	11,755	13,243	11,586	9,878	8,559	9,643	8,436	-788	-683	-769	-673

**EXHIBIT I**

**Actuarial Assumptions and Actuarial Cost Method (continued)**

Age	United Healthcare Medicare Advantage				BCBS Supplemental				BCBS (Medicare Advantage)			
	Retiree		Spouse		Retiree		Spouse		Retiree		Spouse	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
65	\$1,668	\$1,418	\$1,668	\$1,418	\$5,340	\$4,539	\$5,340	\$4,539	\$1,127	\$958	\$1,127	\$958
70	1,933	1,528	1,933	1,528	6,189	4,891	6,189	4,891	1,306	1,032	1,306	1,032
75	2,083	1,645	2,083	1,645	6,670	5,265	6,670	5,265	1,408	1,111	1,408	1,111
80	2,243	1,773	2,243	1,773	7,182	5,676	7,182	5,676	1,516	1,198	1,516	1,198
Age	Presbyterian Medicare Advantage				Medicare Drug Rebates				Medicare Drug Subsidy			
	Retiree		Spouse		Retiree		Spouse		Retiree		Spouse	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
65	\$2,099	\$1,784	\$2,099	\$1,784	-\$2,036	-\$1,731	-\$2,036	-\$1,731	-\$74	-\$63	-\$74	-\$63
70	2,433	1,923	2,433	1,923	-2,360	-1,865	-2,360	-1,865	-86	-68	-86	-68
75	2,622	2,070	2,622	2,070	-2,543	-2,007	-2,543	-2,007	-92	-73	-92	-73
80	2,823	2,231	2,823	2,231	-2,738	-2,164	-2,738	-2,164	-100	-79	-100	-79
Age	Humana Medicare Advantage											
	Retiree		Spouse									
	Male	Female	Male	Female								
65	\$819	\$696	\$819	\$696								
70	949	750	949	750								
75	1,023	808	1,023	808								
80	1,102	871	1,102	871								

**Drug Increase Rebate Assumptions**

The 2019/2020 annual drug rebate for non-Medicare retirees was assumed to have no projected future increases.

The 2019/2020 annual drug rebate for Medicare retirees with BCBS Medicare Supplement plan was assumed to have no projected future increases.

**Medicare Part D  
Subsidy Assumption:**

These calculations include an offset for retiree prescription drug plan federal subsidies that the Plan is eligible to receive because the Plan has been determined to be a Medicare PDP. The subsidy shown above per eligible retiree or spouse for 2019/2020, was assumed to increase by 4%.

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**Unknown Data for Members:**

Same as those exhibited by members with similar known characteristics. If not specified, members are assumed to be male. For active participants with unknown dates of birth, we assumed their age at entry was that of the average for actives with date of birth.

**Spouse Coverage:**

35% male, 30% female.

**Age of Spouse:**

Wives are 3 years younger than their husbands.

**EXHIBIT I****Actuarial Assumptions and Actuarial Cost Method (continued)**

**Future Benefit Accruals:** 1.0 year of service per year.

**Participation and Election:** 60% of the active participants are assumed to continue coverage at retirement. 25% of employees terminating prior to retiring, and eligible, are assumed to elect NMRHCA benefits at retirement.

Future retirees are assumed to elect medical carriers in the same proportion as current retirees:

<u>Non-Medicare Plan</u>	<u>Medical Election %</u>
Premier	78%
Value Plan	22%
<u>Medicare Plan</u>	<u>Medical Election %</u>
BCBS Medicare Supplement	60%
BCBS Senior Plan I or II	10%
Presbyterian Senior Plan I or II	19%
United Healthcare Plan I or II	9%
Humana Plan I or II	2%

**Former Vested Retirement Age:** Former vested members are assumed to begin receiving retiree health benefits at the later of age 60 and early retirement eligibility.

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**Actuarial Value of Assets\*:** The actuarial value of assets is equal to the market value of assets.

**Actuarial Cost Method:** Entry Age Actuarial Cost Method. Entry Age is the age at the member's hire date. Actuarial Accrued Liability is calculated on an individual basis and is based on costs allocated as a level percentage of compensation.

*\* The assets as of June 30, 2019 were based on draft financial statements provided by the auditor.*

**EXHIBIT I****Actuarial Assumptions and Actuarial Cost Method (continued)****Health Care Cost Subsidy  
Trend Rates:**

Health care trend measures the anticipated overall rate at which health plan costs are expected to increase in future years. Trend rates are used to increase the stated subsidies into the future. For example, the projected per capita cost for a male retiree age 64 covered under the Premier Plan in the year July 1, 2020 through June 30, 2021 would be determined with the following formula:  $[\$13,567 \times (1 + 8.0\%)] = \$14,652$ .

<b>Plan Year Ended June 30,</b>	<b>Rates (%)</b>	
	<b>All Non-Medicare Plans</b>	<b>All Medicare Plans</b>
2020	8.00	7.50
2021	7.75	7.25
2022	7.50	7.00
2023	7.25	6.75
2024	7.00	6.50
2025	6.75	6.25
2026	6.50	6.00
2027	6.25	5.75
2028	6.00	5.50
2029	5.75	5.25
2030	5.50	5.00
2031	5.25	4.75
2032	5.00	4.50
2033	4.75	4.50
2034 & Later	4.50	4.50

## EXHIBIT I

### Actuarial Assumptions and Actuarial Cost Method (continued)

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<b>Funding Policy:</b>	Retiree benefits are funded from a combination of employer contributions as a percentage (2.50% for Public Safety, and 2.00% for Other Occupations) of compensation and member contributions as a percentage (1.25% for Public Safety and 1.00% for Other Occupation) of compensation to fund the cost of the subsidy, with the remaining cost funded by retiree contributions, RHCA Statutory Distribution, investment income and pharmacy subsidies from CMS.
<b>Plan Design:</b>	Development of plan liabilities was based on the substantive plan of benefits in effect as described in Exhibit III.
<b>Changes in Assumptions:</b>	<p>Per capita health costs were recalculated based on more recent data.</p> <p>Medical carrier election assumptions were updated.</p> <p>The discount rate was updated from 4.08% to 4.16%.</p> <p>Mortality, salary scale, disability, retirement, and turnover rates were updated for PERA members.</p> <p>The assumed retirement age was updated for inactive vested members.</p> <p>Participation in retiree health for future retirees was lowered from 75% to 60%.</p> <p>Spouse coverage for future male retirees was lowered from 55% to 35%.</p> <p>Future trend rates were updated.</p>

## EXHIBIT II

### Summary of Plan

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This exhibit summarizes the major benefit provisions as included in the valuation. To the best of our knowledge, the summary represents the substantive plans as of the measurement date. It is not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions.

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#### **Eligibility:**

A retiree who was an employee of either New Mexico PERA or an ERB eligible to receive a pension, is eligible for retiree health benefits.

For employers who “buy-in” to the plan, retirees are eligible for benefits six months after the effective date of employer participation.

Amended November 29, 2018, the Board of Directors of the NMRHCA approved a change to its subsidy eligibility requirements such that retirees not in a PERA enhanced (Fire, Police, Corrections) pension plan who commence benefits on or after January 1, 2021 will not receive any subsidy from NMRHCA before age 55.

#### **Benefit Types:**

Retirees and spouses are eligible for medical and prescription drug benefits.

For Calendar years 2017 and prior there was a NMRHCA-paid Basic Life benefit of \$6000 for all retirees who commenced benefits on or before December 31, 2012. The \$6000 benefit decreases \$1500 per year commencing January 1, 2018 until January 1, 2021 at which time retirees must pay 100% of the premium cost.

Dental and vision benefits are also available, but were not included in this valuation, since they are 100% retiree-paid.

A description of these benefits may be found at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us) by clicking on Enrolled Participants.

#### **Duration of Coverage:**

Employees and dependents are valued for life.

## EXHIBIT II

### Summary of Plan (continued)

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**Retiree Contributions:**

The retiree contribution is derived on a service-based schedule implemented effective July 1, 2001 and updated annually. The table below shows the anticipated employee paid portion of claims.

	<u><b>FY 2020</b></u>	<u><b>FY 2021 And Later</b></u>
Non-Medicare Retiree	35.5%	36.0%
Non-Medicare Spouse	63.0%	64.0%
Medicare Retiree	50.0%	50.0%
Medicare Spouse	75.0%	75.0%

## EXHIBIT II

### Summary of Plan (continued)

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Amended November 29, 2018 and subsequently approved, the Board of Directors of the NMRHCA approved a change to its subsidy eligibility requirements for retirements after 2020 and not in a Public Safety pension plan:

	<u>Retired Before 2021 or in Public Safety Pension Plan</u>	<u>Retired After 2020 and Not in Public Safety Pension Plan</u>
<u>Years of Service</u>	<u>Percent of full subsidy based on service</u>	<u>Percent of full subsidy based on service</u>
5	6.25%	4.76%
6	12.50%	9.52%
7	18.75%	14.29%
8	25.00%	19.05%
9	31.25%	23.81%
10	37.50%	28.57%
11	43.75%	33.33%
12	50.00%	38.10%
13	56.25%	42.86%
14	62.50%	47.62%
15	68.75%	52.38%
16	75.00%	57.14%
17	81.25%	61.90%
18	87.50%	66.67%
19	93.75%	71.43%
20	100.00%	76.19%
21	100.00%	80.95%
22	100.00%	85.71%
23	100.00%	90.48%
24	100.00%	95.24%
25+	100.00%	100.00%

## EXHIBIT II

### Summary of Plan (continued)

---

#### **Dental**

##### *Eligibility*

This benefit was not included in the valuation, because retirees pay 100% of the cost.

#### **Vision**

##### *Eligibility*

This benefit was not included in the valuation, because retirees pay 100% of the cost.

#### **Life Insurance Death Benefit**

##### *Eligibility*

For Calendar years 2017 and prior there was a NMRHCA-paid Basic Life benefit of \$6000 for all retirees who commenced benefits on or before December 31, 2012. The \$6000 benefit decreases \$1500 per year commencing January 1, 2018 until January 1, 2021 at which time retirees must pay 100% of the premium cost.

#### **Excise Tax on High Cost Health Plans Imposed by The Affordable Care Act (ACA “Cadillac Tax”)**

In 2013, NMRHCA’s Board of Directors approved its intent to modify plan designs as necessary to preclude the payment of any excise tax established by the ACA. Therefore, we have only valued benefits up to the tax threshold levels.

#### **Plan Changes since Prior Valuation**

Amended November 29, 2018, the subsidy eligibility requirement of age 55 and the lower NMRHCA subsidy percentages were deferred one year (from 2020) and will be effective for eligible retirees not in a PERA enhanced retirement plan who commence benefits on or after January 1, 2021.

5596705v10/05496.013

# New Mexico Retiree Health Care Authority

## Fiscal Year 2020 1<sup>st</sup> Quarter Budget Review

### Health Care Benefit Fund

Between July 1, 2019 and September 30, 2019, expenditures from the Healthcare Benefits Administration Program were \$82.7 million and revenues were \$96.9 million. The result is a surplus of \$14.2 million, compared to \$6 million during the same time period in FY19. Overall expenditures through the first quarter of FY20 as compared to the same time frame in FY19 have decreased by \$5.7 million, or 7.4 percent. Current projections indicate a \$33 million surplus at the end of FY20.

Upward pressures include:

1. Overall plan participation (medical and voluntary coverages) has grown by 1,054 members, or 1.7 percent between September 2018 and September 2019 compared to 1,207 members or 2 percent during the same time frame the previous fiscal year.
2. Claim costs typically increase during the 3<sup>rd</sup> and 4<sup>th</sup> 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. Pre-Medicare Plan Participation
  - Premier Plans: -821 members (-6.5%)
  - Value Plans: 236 members (6.9%)
  - Net: -585 members (-3.7%)
2. Medicare Plan Participation
  - Medicare Supplement: -322 members (-1%)
  - BCBS MA Plans: -61 members (-1.6%)
  - Humana MA Plans: 359 members (70.4%)\*
  - Presbyterian MA Plans: 705 members (9.7%)\*
  - UnitedHealthcare MA Plans: 305 members (8.7%)
3. Continued decline in dependent children participation in the medical plans 1,904 (September 2019) compared to 2,016 (September 2018).

\*Default Plans --- Presbyterian to Presbyterian / BCBS to Humana

Below is an annual summary of the cash contributions made to the State Investment Council (SIC) between fiscal years 2011 – 2019, as well as monthly contribution(s) made in FY20:

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	\$	33,000,000
FY18 Total	\$	20,000,000
FY19 Total	\$	45,000,000
Transfer Effective	Amount Transferred	
August 1, 2019	\$	10,000,000
October 1, 2019	\$	10,000,000
FY20 Total	\$	20,000,000
<b>Total Transfers</b>	<b>\$</b>	<b>311,254,651</b>

FY20 1st Quarter Budget Review						
Comparison of Projected vs. Actual						
(in thousands)						
Healthcare Benefit Fund						
FY20/FY19 Comparison						
	FY20 Approved Q1 Budget	FY20 Q1 Actual	FY19 Q1 Actual	Dollar Change	Percent Change	
<b>Sources:</b>						
Employer/Employee Contributions	\$ 31,174.2	\$ 36,007.4	\$ 31,818.3	\$ 4,189.1	13.2%	
Retiree Contributions	\$ 42,507.5	\$ 53,194.5	\$ 41,822.3	\$ 11,372.2	27.2%	
Taxation & Revenue Fund	\$ 8,233.9	\$ 2,450.6	\$ 4,376.0	\$ (1,925.4)	-44.0%	
Other Miscellaneous Revenue	\$ 7,557.7	\$ 5,372.3	\$ 5,095.4	\$ 276.9	5.4%	
Interest Income	\$ 25.0	\$ 196.9	\$ 86.0	\$ 110.9	157.0%	
Refunds	\$ -	\$ (244.5)	\$ (167.4)	\$ (77.1)	46.1%	
<b>Total Sources</b>	<b>\$ 89,498.3</b>	<b>\$ 96,977.2</b>	<b>\$ 83,030.6</b>	<b>\$ 13,946.6</b>	<b>16.8%</b>	
<b>Uses:</b>						
Medical Contractual Services	\$ 88,055.9	\$ 81,164.3	\$ 75,470.2	\$ 5,694.1	7.5%	
ACA Fees (PCORI)	\$ 42.0	\$ 39.2	\$ 36.1	\$ 3.1	8.6%	
Other Financing Uses	\$ 801.9	\$ 1,603.9	\$ 1,523.8	\$ 80.1	5.3%	
<b>Total Uses</b>	<b>\$ 88,899.8</b>	<b>\$ 82,768.2</b>	<b>\$ 76,994.0</b>	<b>\$ 5,777.3</b>	<b>7.5%</b>	
<b>Sources Over Uses</b>	<b>NA</b>	<b>\$ 14,209.0</b>	<b>\$ 6,036.6</b>	<b>NA</b>	<b>NA</b>	
FY20 Budget Compared to Actual						
	FY20 Approved Budget	FY20 Actuals	Remaing Balance	Percent Expended/ Collected	FY20 Projected Total	
<b>Sources:</b>						
Employer/Employee Contributions	\$ 124,696.7	\$ 36,007.4	\$ 88,689.3	28.9%	\$ 144,000.0	
Retiree Contributions	\$ 170,030.0	\$ 53,194.5	\$ 116,835.5	31.3%	\$ 170,000.0	
Taxation & Revenue Fund	\$ 32,935.7	\$ 2,450.6	\$ 30,485.1	7.4%	\$ 29,406.9	
Other Miscellaneous Revenue	\$ 30,230.7	\$ 5,372.3	\$ 24,858.4	17.8%	\$ 25,000.0	
Interest Income	\$ 100.0	\$ 196.9	\$ (96.9)	196.9%	\$ 300.0	
Refunds	\$ -	\$ (244.5)	\$ -	NA	\$ (500.0)	
<b>Total Sources</b>	<b>\$ 357,993.1</b>	<b>\$ 96,977.2</b>	<b>\$ 260,771.4</b>	<b>27.1%</b>	<b>\$ 368,206.9</b>	
<b>Uses:</b>						
Medical Contractual Services	\$ 354,743.4	\$ 81,164.3	\$ 273,579.1	22.9%	\$ 332,038.8	
ACA Fees (PCORI)	\$ 42.0	\$ 39.2	\$ 2.8	93.3%	\$ 39.4	
Other Financing Uses	\$ 3,207.7	\$ 1,603.9	\$ 1,603.8	50.0%	\$ 3,207.8	
<b>Total Uses</b>	<b>\$ 357,993.1</b>	<b>\$ 82,807.4</b>	<b>\$ 275,185.7</b>	<b>23.1%</b>	<b>\$ 335,286.0</b>	
<b>Sources Over Uses</b>	<b>NA</b>	<b>\$ 14,169.8</b>	<b>NA</b>	<b>NA</b>	<b>\$ 32,920.9</b>	

**New Mexico Retiree Health Care Authority**  
**1st Quarter Healthcare Benefit Fund Detail**  
**Fiscal Year 2020**  
**(in thousands)**

	FY20 Q1 Actuals	FY19 Q1 Actuals	FY20 - FY19 Difference
<b>REVENUE:</b>			
Employer/Employee Contributions	\$ 36,007.4	\$ 31,818.3	\$ 4,189.1
Retiree Contributions	\$ 53,194.5	\$ 41,822.3	\$ 11,372.2
Taxation and Revenue Suspense Fund	\$ 2,450.6	\$ 4,376.0	\$ (1,925.4)
Other Miscellaneous Revenue	\$ 5,372.3	\$ 5,095.4	\$ 276.9
Interest Income	\$ 196.9	\$ 86.0	\$ 110.9
Refunds	\$ (244.5)	\$ (167.4)	\$ (77.1)
<b>TOTAL REVENUE:</b>	<b>\$ 96,977.2</b>	<b>\$ 83,030.6</b>	<b>\$ 13,946.6</b>
<b>EXPENDITURES:</b>			
<b>Prescriptions</b>			
Express Scripts	\$ 22,940.1	\$ 20,501.3	\$ 2,438.8
<b>Total Prescriptions</b>	<b>\$ 22,940.1</b>	<b>\$ 20,501.3</b>	<b>\$ 2,438.8</b>
<b>Non-Medicare</b>			
Blue Cross Blue Shield	\$ 17,545.2	\$ 16,172.6	\$ 1,372.6
BCBS Administrative Costs	\$ 521.2	\$ 513.2	\$ 8.0
Presbyterian	\$ 11,550.9	\$ 10,922.3	\$ 628.6
Presbyterian Administrative Costs	\$ 485.6	\$ 508.5	\$ (22.9)
NM Health Connections	\$ -	\$ 65.5	\$ (65.5)
NM Health Connections Admin	\$ -	\$ -	\$ -
PCORI Fee	\$ 39.2	\$ 38.8	\$ 0.4
<b>Total Non-Medicare</b>	<b>\$ 30,142.1</b>	<b>\$ 28,220.9</b>	<b>\$ 1,921.2</b>
<b>Medicare</b>			
Blue Cross Blue Shield	\$ 10,294.4	\$ 9,887.0	\$ 407.4
BCBS Administrative Costs	\$ 1,443.8	\$ 1,428.1	\$ 15.7
Presbyterian MA	\$ 4,275.3	\$ 3,920.5	\$ 354.8
UnitedHealthCare MA	\$ 1,623.1	\$ 1,643.9	\$ (20.8)
Humana MA	\$ 245.3	\$ 197.1	\$ 48.2
BCBS MA	\$ 1,143.6	\$ 1,216.3	\$ (72.7)
<b>Total Medicare</b>	<b>\$ 19,025.5</b>	<b>\$ 18,292.9</b>	<b>\$ 732.6</b>
<b>Other Benefits</b>			
Davis Vision	\$ 602.6	\$ 580.1	\$ 22.5
Delta Dental	\$ 2,840.1	\$ 2,550.2	\$ 289.9
Standard Life Insurance	\$ 3,011.9	\$ 2,855.7	\$ 156.2
United Concordia Dental	\$ 2,602.0	\$ 2,469.1	\$ 132.9
<b>Total Other Benefits</b>	<b>\$ 9,056.6</b>	<b>\$ 8,455.1</b>	<b>\$ 601.5</b>
<b>Other Expenses</b>			
Program Support	\$ 1,603.9	\$ 1,523.8	\$ 80.1
<b>Total Other Expenses</b>	<b>\$ 1,603.9</b>	<b>\$ 1,523.8</b>	<b>\$ 80.1</b>
<b>TOTAL EXPENDITURES:</b>	<b>\$ 82,768.2</b>	<b>\$ 76,994.0</b>	<b>\$ 5,774.2</b>
<b>Total Revenue over Total Expenditures</b>	<b>\$ 14,209.0</b>	<b>\$ 6,036.6</b>	<b>\$ 8,172.4</b>

New Mexico Retiree Health Care Authority						
FY20 1st QTR Budget Review						
Comparison of Budget vs. Actual						
(in thousands)						
Program Support						
FY20/FY19 Comparison						
	FY20 Approved Q1 Budget	FY20 Actuals	FY19 Actuals	Dollar Change	Percent Change	
<b>Sources:</b>						
Other Transfers	\$ 801.9	\$ 1,603.9	\$ 1,523.8	\$ 80.1	5.3%	
<b>Total Sources</b>	<b>\$ 801.9</b>	<b>\$ 1,603.9</b>	<b>\$ 1,523.8</b>	<b>\$ 80.1</b>	<b>5.0%</b>	
<b>Uses:</b>						
Personal Services and Benefits	\$ 513.3	\$ 490.7	\$ 462.2	\$ 28.5	6.2%	
Contractual Services	\$ 154.2	\$ 142.3	\$ 34.7	\$ 107.6	310.1%	
Other Costs	\$ 134.5	\$ 90.9	\$ 137.2	\$ (46.3)	-33.7%	
<b>Total Uses</b>	<b>\$ 801.9</b>	<b>\$ 723.9</b>	<b>\$ 634.1</b>	<b>\$ 89.8</b>	<b>14.2%</b>	

New Mexico Retiree Health Care Authority						
FY20 1st QTR Budget Review						
Comparison of Budget vs. Actual						
(in thousands)						
Program Support						
FY20 Budget Compared to Actual						
	Approved Operating Budget	FY20 Actuals	Remaining Balance	Percent Expended	FY20 Projected	
<b>Sources:</b>						
Other Transfers	\$ 3,207.7	\$ 1,603.9	\$ 1,603.9	50%	\$ 1,468.4	
<b>Total Sources</b>	<b>\$ 3,207.7</b>	<b>\$ 1,603.9</b>	<b>\$ 1,603.9</b>	<b>50%</b>	<b>\$ 1,468.4</b>	
<b>Uses:</b>						
Personal Services and Benefits	\$ 2,053.0	\$ 490.7	\$ 1,562.3	24%	\$ 1,527.5	
Contractual Services	\$ 616.6	\$ 142.3	\$ 474.3	23%	\$ 647.7	
Other Costs	\$ 538.1	\$ 90.9	\$ 447.2	17%	\$ 436.3	
<b>Total Uses</b>	<b>\$ 3,207.7</b>	<b>\$ 723.9</b>	<b>\$ 2,483.8</b>	<b>23%</b>	<b>\$ 2,611.5</b>	

Program Support						
Expenditure Summary (in thousands)						
Acct #	Account Description	A Approved Budget	B Expended Budget	C Remaining Balance	D Projected	E Balance
200	Personal Services/ Employee Benefits	2,053.0	490.7	1,562.3	1,527.5	34.8
300	Contractual Services	616.6	142.3	474.3	647.7	(173.4)
400	Other Costs	538.1	90.9	447.2	436.3	10.9
	<b>TOTAL</b>	<b>3,207.7</b>	<b>723.9</b>	<b>2,483.8</b>	<b>2,611.5</b>	<b>(127.7)</b>
Expenditure Detail (in thousands)						
Personal Services / Employee Benefits						
Acct #	Account Description	Approved Budget	Expended Budget	Remaining Balance	Projected	Balance
520100	Exempt Positions	276.1	72.3	203.8	221.3	(17.5)
520300	Classified Perm. Positions	1,203.4	266.7	936.7	864.5	72.2
520800	Annual & Comp Paid	0.0	3.8	(3.8)	0.0	(3.8)
521100	Group Insurance Premium	197.6	47.3	150.3	147.0	3.3
521200	Retirement Contributions	232.1	58.4	173.7	187.8	(14.1)
521300	FICA	105.5	24.9	80.6	84.6	(4.0)
521400	Workers Comp	0.2	0.1	0.1	0.1	0.0
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	9.0	8.9	0.1	0.1	(0.0)
521700	Retiree Health Care	27.5	6.7	20.8	22.1	(1.3)
521900	Other Employee Benefits	0.0	0.0	0.0	0.0	0.0
	<b>TOTAL</b>	<b>2,053.0</b>	<b>490.7</b>	<b>1,562.3</b>	<b>1,527.5</b>	<b>34.8</b>
Contractual Services						
Acct #	Account Description	Approved Budget	Expended Budget	Remaining Balance	Projected	Balance
535200	Professional Services	399.8	97.1	302.7	288.0	14.7
535300	Other Services	30.0	2.2	27.8	42.0	(14.2)
535400	Audit Services	86.8	0.0	86.8	81.5	5.3
535500	Attorney Services	40.0	33.8	6.2	26.2	(20.0)
535600	Information Technology Services	60.0	9.2	50.8	210.0	(159.2)
	<b>TOTAL</b>	<b>616.6</b>	<b>142.3</b>	<b>474.3</b>	<b>647.7</b>	<b>(173.4)</b>
Other Costs						
Acct #	Account Description	Approved Budget	Expended Budget	Remaining Balance	Projected	Balance
542100	Employee In-State Mileage & Fares	1.5	0.1	1.4	0.8	0.6
542200	Employee In-State Meals & Lodging	2.5	0.1	2.4	1.8	0.6
542300	Board & Commission - In-State	13.5	1.3	12.2	8.2	4.0
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	0.0	0.2	0.0	0.2
542800	State Transportation Pool Charges	4.5	4.4	0.1	(0.2)	0.3
543200	Maintenance - Furniture, Fixtures & Equipment	6.0	1.1	4.9	2.5	2.4
543300	Maintenance - Building & Structure	4.5	0.0	4.5	1.5	3.0
543400	Maintenance - Property Insurance	0.0	0.0	0.0	0.3	(0.3)
543820	Maintenance IT	7.5	0.0	7.5	5.0	2.5
544000	Supply Inventory IT	25.0	0.0	25.0	20.0	5.0
544100	Supplies - Office Supplies	10.0	1.8	8.2	7.2	1.0
544900	Supplies - Inventory Exempt	9.3	0.0	9.3	7.5	1.8
545600	Rep/Recording	6.0	0.0	6.0	0.0	6.0
545700	DoIT - ISD Services	3.8	0.7	3.1	3.0	0.1
545701	DoIT - HCM Fees	10.7	0.0	10.7	9.1	1.6
545900	Printing & Photo. Services	56.0	11.5	44.5	44.0	0.5
546100	Postage & Mail Services	105.0	1.0	104.0	109.0	(5.0)
546400	Rent of Land & Buildings	112.8	28.1	84.7	90.0	(5.3)
546409	Rent - Interagency	8.1	1.9	6.2	5.9	0.3
546500	Rent of Equipment	46.0	10.4	35.6	40.0	(4.4)
546600	Telecomm	21.0	3.0	18.0	15.0	3.0
546610	DOIT Telecomm	59.8	9.3	50.5	49.0	1.5
546700	Subscriptions & Dues	2.0	0.2	1.8	2.8	(1.0)
546800	Employee Training & Education	3.0	0.3	2.7	3.2	(0.5)
546801	Board Member Training	5.0	0.0	5.0	1.5	3.5
546900	Advertising	0.5	0.0	0.5	1.2	(0.7)
547900	Miscellaneous Expense	1.3	0.5	0.8	1.5	(0.7)
547999	Request to Pay Prior Year	0.0	0.0	0.0	0.0	0.0
548300	Information Technology Equipment	5.0	13.9	(8.9)	1.1	(10.0)
549600	Employee Out-Of-State Mileage & Fares	1.5	0.0	1.5	1.0	0.5
549700	Employee Out-Of-State Meals & Lodging	2.0	0.0	2.0	1.0	1.0
549800	B&C-Out-Of-State Mileage & Fares	1.5	0.4	1.1	1.5	(0.4)
549900	B&C- Out-Of-State Meals & Lodging	1.5	0.8	0.7	1.5	(0.8)
	<b>TOTAL</b>	<b>538.1</b>	<b>90.9</b>	<b>447.2</b>	<b>436.3</b>	<b>10.9</b>

## **Contributions & Eligibility**

### **Contributions**

The Retiree Health Care Act, Section 10-7C-15. Retiree health care fund contributions specifies that each participating employer shall make contributions to the fund pursuant Section A and B applicable to employees and employers for regular and enhanced employment. Nothing in the Act provides an exemption for contributing employees and employers, regardless of their employment status (elected, return-to-work, or part-time).

### **Eligibility**

#### **NMRHCA:**

According to NMRHCA's summary of benefits a retiree is eligible to participate in NMRHCA, if:

- You receive a disability or normal retirement benefit from public service in New Mexico with an NMRHCA-participating employer, and you did one of the following:
  - You retired with a pension before your employer's effective date with the NMRHCA program, or;
  - You and/or your employer (on your behalf) made contributions to the NMRHCA fund from your employer's NMRHCA effective date until your date of retirement, or;
  - You and/or your employer (on your behalf) made contributions to the NMRHCA fund for at least five years before your date of retirement. (If you are awarded a duty-related disability retirement, you are not required to meet the 5-year contribution rule).

When referencing Return to Work situations, the summary provides the following: If you take employment after your retirement or choose to be covered under your spouse's coverage, you may choose one of the two NMRHCA options:

- Delay or terminate your enrollment in the NMRHCA and take your new employer's plan or spouse's plan. Under this option, you will be allowed to enroll into the NMRHCA at a later date, if you apply within 31 days of your involuntary loss of coverage and there has been no lapse in your medical coverage since your retirement. You will be required to submit evidence of continuous coverage and involuntary loss when you apply for NMRHCA enrollment. Examples of involuntary loss of coverage are (1) termination of your employment; (2) retirement from your new employer, causing your employer to cancel your health care benefits; (3) cancellation of your health care benefit program by the employer; and (4) dissolution of the company.

- Take the new employer's plan of benefits and enroll yourself and eligible dependents into the NMRHCA, thus receiving health care benefits from both plans through NMRHCA's and your new employer's insurance carrier's Coordination of Benefits Provision. Please note that the Retiree Health Care Act requires that the NMRHCA program of health care benefits be secondary to your employer's benefit plans. This means your claims will be paid primarily by your employer's insurance plan, and the balance will be considered by your NMRHCA insurance plan.

If your employer does not offer medical coverage, you will need to submit a letter from your employer verifying that no insurance is offered or available in order for NMRHCA benefits to remain as primary.

**2.81.6.8 REQUIREMENTS FOR ENROLLMENT IN COVERAGES:** An eligible retiree, spouse, domestic partner or dependent shall be enrolled pursuant to his/her actual status at the time of enrollment or at any time thereafter when a change in status occurs. A retiree may add eligible dependents at the time of acquiring them. A retiree may enroll himself/herself only, and any eligible dependents, or no eligible dependents. Each such enrollee's status must be the same for all lines of coverage (i.e. single, two party or family). An eligible spouse, domestic partner or dependent of a retiree may not be enrolled unless the eligible retiree is enrolled, except as otherwise provided by court order pursuant to the Mandatory Medical Support Act Sections 40-4C-1 to 14 NMSA 1978. A spouse, domestic partner or dependent of a deceased eligible retiree receiving a survivor's pension benefit may enroll separately. Any eligible retiree, spouse, domestic partner or dependent desiring to enroll for coverages shall meet the following requirements:

**A. Spouse, domestic partner and dependent enrollment/medical insurability:** An eligible retiree, spouse, domestic partner or dependent may enroll without evidence of medical insurability only during an open enrollment period.

**B. Eligible retiree, spouse, domestic partner, dependent change in status/enrollment:** Where an eligible retiree, spouse, domestic partner or dependent was receiving or eligible to receive group health benefit coverages through a third party and because of a change in status they lose the coverage and become ineligible for the coverage the eligible retiree, spouse, domestic partner or dependent may be enrolled without evidence of medical insurability if enrolled during an open enrollment period. If the loss of coverage due to the change in status was not caused by any neglect or wrong doing by the eligible retiree, spouse, domestic partner or dependent, they may enroll at any time so long as they do so within 31 calendar days of the change of status. **If an eligible retiree is employed by an**

employer offering its employees a basic plan of benefits, the coverage provided by the NMRHCA plan shall be secondary regardless of whether the retiree enrolls in his employer's plan.

**APS:**

Eligible if the employee is classified as the following APS employee status codes:

A1: meaning a full-time employee (30 or more hours of service/week) who is benefit eligible on a pre-tax or post-tax basis;

A3: meaning an non-full-time employee who works at least 0.45 FTE, has been continuously enrolled for benefits and is eligible for medical, dental, vision and life insurance plans available on a pre-tax or post-tax basis;

ACA status: meaning the non-full-time employee's hours of service are assessed (in accordance with Affordable Care Act [ACA] and IRS regulations) to determine if and when the employee is eligible for an offer of medical plan coverage. ACA status includes employees in any of the following codes:

1. A4, A5, A6, A8, and A9: a part-time or variable hour employee who is medical benefit plan eligible in a stability period only if the employee achieves an average of 30 hours of service or more in the corresponding measurement period. If eligibility is achieved, the employee is offered medical/prescription drug benefits only, benefits are offered to the employee and their eligible dependents and benefits are payable on a post-tax basis.
2. Part-time Employee means an employee for whom, based on facts and circumstances on their hire date, the employee is reasonably expected to average less than 30 hours of service per week during their initial measurement period. Variable hour employee means an employee for whom, based on facts and circumstances on their hire date, it cannot be determined whether the employee is reasonably expected to average at least 30 hours of service/week during an initial measurement period.
3. ACA status employees are measured under the look-back measurement method to determine if the employee averages 30 or more hours of service/week in the corresponding stability period.

**NMPSIA:**

Employees are eligible to participate in the New Mexico Public Schools Insurance Authority (NMPSIA) employee benefits program if they are actively at work and work the minimum

qualifying number of hours established by their employer. In most cases, employees qualify for basic life insurance coverage because they work 15 hours or more per week. In most cases, employees qualify for all other lines of coverage because they work a minimum of 20 or more hours per week. If an employee works fewer than 20 hours per week but at least 15 hours per week, the employee may be eligible to participate if the employer group passed a part-time employee resolution which has been approved by NMPSIA's board of directors.

Also, under the Frequently Asked Questions section of NMPSIA's Program Guide –

Q. I am a return to work retiree. I am currently enrolled for benefits under the New Mexico Retiree Health Care Authority (NMRHCA). Do I need to cancel my NMRHCA coverage and enroll under NMPSIA?

A. NMRHCA requires retirees who return to work to enroll in their employer's group plan (if eligible to participate). You should discuss further with NMRHCA at 1-800-233-2576 to ensure you are complying with NMRHCA rules and regulations.

**State:**

Employees who are hired as classified, Governor-exempt, probationary, temporary, term or hourly, and scheduled to work a minimum of 20 hours/week (and meets the prospective employers waiting period), are eligible to elect coverage. Elected Officials of the State or Local Public Bodies (LPB) are considered eligible and not required to meet the work schedule of 20 hours/week. Independent contractors are not eligible under the state benefit plan.

Temporary employees whose original term of employment was to be less than six months, but it is later determined will be longer than six months, may be eligible for coverage if they are scheduled to work at least 20 hours per week. Employees will be eligible for benefits, as long as the employee has met the required eligibility waiting period, upon the offer to extended employment (the two pay period wait is not required for State employees).