

(PLEASE FIND THE AGENDA/TABLE OF CONTENTS ON PAGE 4.)

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



**April 2, 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**

**April 2, 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

April 2019

Mr. Wayne Propst  
Executive Director  
Public Employees Retirement Association  
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Mr. Terry Linton  
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Mr. Joe Montaña, Vice President  
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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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Ms. Leanne Larranaga-Ruffy  
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Regular Meeting of the  
NEW MEXICO RETIREE HEALTH CARE AUTHORITY  
BOARD OF DIRECTORS

April 2, 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 March 5, 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 Update		
b. Presbyterian Health Plan/CHS Contract Negotiations		12
c. GASB75		
d. Legislative		13
e. February 28, 2019 SIC Report		20
9. 3 <sup>rd</sup> Quarter Budget Review	Mr. Archuleta, Executive Director	21
10. FY19 Contract Amendments (Action Item)	Mr. Archuleta, Executive Director	27
11. FY20 Operating Budget (Action Item)	Mr. Archuleta, Executive Director	28
12. Out-of-State Travel Request (Action Item)	Mr. Archuleta, Executive Director	30
13. Other Business	Mr. Sullivan, President	
14. Executive Session	Mr. Sullivan, President	
Pursuant to NMSA 1978, Section 10-15-1(H)(6) To Discuss Life Insurance Procurement		
15. FY20 Life Insurance Contract (Action Item)	Mr. Archuleta, Executive Director	31
16. Date & Location of Next Board Meeting	Mr. Sullivan, President	
May 7, 2019, 9:30AM		
Alfredo R. Santistevan Board Room		
4308 Carlisle Blvd. NE., Suite207		
Albuquerque, NM 87107		
17. Adjourn		

**ACTION SUMMARY**

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

**March 5, 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> February 5, 2019	Approved	3
<u>PUBLIC FORUM &amp; INTRODUCTIONS</u> Drug Recall Update from Presbyterian Health Plan on contract negotiations	Informational	3
COMMITTEE REPORTS	Informational	5
<u>EXECUTIVE DIRECTOR'S UPDATES</u> HR Update Life and Disability RFP City of Bayard Legislative January SIC Report	Informational	5
PRESBYTERIAN MA PLAN UPDATE	Informational	7
BCBS MA PLAN UPDATE	Informational	7
2020 PRELIMINARY PLAN DISCUSSION	Informational	7
OTHER BUSINESS [none]		
EXECUTIVE SESSION [none]		

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

**REGULAR MEETING**

**March 5, 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 Senator Fabian Chavez Jr. Board Room, PERA Building, 33 Plaza La Prensa, Santa Fe, New Mexico.

**2. ROLL CALL TO ASCERTAIN A QUORUM**

A quorum was present.

**Members Present:**

Mr. Tom Sullivan, President  
Mr. Joe Montaño, Vice President  
Mr. Doug Crandall, Secretary  
Ms. Jan Goodwin  
Ms. LeAnne Larrañaga-Ruffy  
Mr. Terry Linton [by telephone]  
Ms. Pamela Moon  
Mr. Lawrence Rael [by telephone]  
Ms. Therese Saunders

**Members Excused:**

The Hon. Tim Eichenberg, NM State Treasurer

**Staff Present:**

Mr. David Archuleta, Executive Director  
Mr. Neil Kueffer, Deputy Director  
Mr. Greg Archuleta, Director of Communication & Member Engagement  
Ms. Judith Beatty, Board Recorder

**Others Present:**

[See sign-in sheets]

**3. PLEDGE OF ALLEGIANCE**

Mr. Crandall led the Pledge.

#### **4. APPROVAL OF AGENDA**

The agenda was amended to add two items, Drug Recall and Update from Presbyterian Health Plan, to Public Comment.

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

#### **5. APPROVAL OF REGULAR MEETING MINUTES: February 5, 2019**

**Mr. Montañó moved approval of the minutes of the February 5, 2019, meeting, as submitted. Mr. Crandall seconded the motion, which passed unanimously.**

#### **6. PUBLIC FORUM AND INTRODUCTIONS**

##### Drug Recall

Mr. Archuleta noted that there has been a second drug recall for a blood pressure medication, which NMRHCA is monitoring, as the number of members affected is not yet known.

Express Scripts representative Harris Zeyae stated that the January recall was for one lot of the blood pressure medication, Losartan, and 24 members out of the 3,000 members using this particular medication were affected. Some more lots were recently identified, and Express Scripts has safety procedures in place to identify what members have been affected. In every case, Express Scripts reaches out to all affected members to let them know of the recall and all of the potential options they have in having the medication replaced.

##### Update from Presbyterian Health Plan

Mr. Archuleta said NMRHCA has been advised that there are ongoing contract negotiation challenges that are looming with some providers in southern New Mexico who are not willing to contract with Presbyterian. Some NMRHCA members may be receiving notification of this in the near future.

Presbyterian representative Keith Witt stated that Community Health Systems is a conglomerate of hospitals that includes Carlsbad Medical Center, MountainView in Las Cruces, Lea Regional in Hobbs, and Eastern in Roswell. Presbyterian currently has a contract with CHS for all of its lines of business, including its Medicaid line of business. The issue arose last October, when Presbyterian made the acquisition for the UnitedHealthcare Centennial Medicaid plan. He explained that CHS is very profitable, and the CHS population under UnitedHealthcare was being reimbursed at a much higher level than the contract Presbyterian has with them. Presbyterian's statewide philosophy has always been that if you want to contract with the commercial lines of business, you have to contract with the Medicaid program under Centennial care and partner with all of New Mexico. Presbyterian received a termination notice from CHS for its Medicaid line of business, which goes into effect March 31. If no agreement is reached by then, Presbyterian intends to issue a contract termination for all lines of business, with 120 days notice, or until July 31. The following day, those hospitals would become out-of-network providers. While Presbyterian does not think it will get to that point, notices will be going out, so it wants to keep members apprised.

Mr. Witt noted that a 2018 claims analysis reflected that 197 NMRHCA members accessed one of the CHS facilities in southern New Mexico. He added that there are facilities within 35 miles of each of the other facilities, which would allow Presbyterian to meet all of the access standards across southern New Mexico.

Mr. Archuleta stated that NMRHCA would allow members to switch to another plan if they found the additional mileage to be unacceptable.

#### Other comments

There was no further public comment.

### **7. COMMITTEE REPORTS**

Highlights from board members:

- The Executive Committee met by phone to set today's agenda.

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

#### **a. HR Update**

Mr. Archuleta reported that the agency is down to one vacant position; however, he was sad to say their newly added Santa Fe supervisor, Jesse Godfrey, will return to work at PERA. He said he was pleased to report, however, that the new director at the State Personnel Office is working with NMRHCA to reclassify some positions to make the salary levels more equitable with equivalent positions at other state agencies.

Mr. Archuleta stated that he will be meeting with SPO tomorrow to discuss the creation of a Wellness Coordinator position.

#### **b. Life and Disability RFP**

Mr. Archuleta stated that, as reported to the board last month, the RFP to be issued jointly by NMRHCA and other IBAC participants has been delayed. Some of this delay is the result of limited staffing at the State Purchasing Division.

Mr. Archuleta added that, after last month's meeting, NMRHCA was notified that all but one of the four proposals received were disqualified. The collective decision of IBAC members was to reissue the RFP for a 10-day period. Proposals are due today and will be reviewed later today, and finalist interviews are scheduled for the end of next week. He said the final recommendation will be reviewed at the April NMRHCA meeting in executive session.

#### **c. City of Bayard**

Mr. Archuleta announced that the City of Bayard would like to be added as an employer group, and are investigating the opportunity to join with their 22 employees. Segal roughly estimates that the cost to buy into the program will be between \$290,000 and \$340,000.



Typically, NMRHCA allows payment over the course of 13 years at .0775 percent. If the city starts paying contributions on July 1, the effective date of coverage would be January 1, 2020.

Chairman Sullivan commented that he had reservations about adding any new employer groups right now, given the lack of legislative action during the current session.

**d. Legislative**

Mr. Archuleta presented a high level overview of the action taken by the legislature on next fiscal year's operating budget. The Executive recommendation is now before the Senate for final action.

Mr. Archuleta reported on progress with SB 131, creating the Interagency Pharmaceuticals Purchasing Council. He said the bill is not intended to supersede the authority that NMRHCA has over the approval of its contracts for pharmacy benefit management services.

Mr. Archuleta made a report on the fate of HB 95. Given that this fifth attempt at increasing the employer/employee contributions was unsuccessful, he said it is important for the agency to reevaluate its situation. He commented he had hoped that the value of actions taken by the NMRHCA Board of Directors and the agency itself over the years to address solvency would have received some recognition. While there was reluctant support from the union groups, there was no one that came forward to speak against the bill.

Mr. Archuleta stated that there have been certain suggestions that the board look at increasing the minimum age requirement to 65. He noted that the LFC's view is that the agency's pre-Medicare benefit is harmful to the state's finances because it does not induce employees to work longer careers, thus giving vested funds longer to grow, and so the state is effectively subsidizing early retirement to the detriment of the pension plans.

Mr. Archuleta stated that there are 39,000 Medicare eligible retirees participating in the plan, and about 17,000 pre-Medicare participants. About 8,000 people do not participate in the medical plan, but they access the discounted dental, vision and life insurance the NMRHCA offers them. The average age of a participant in the NMRHCA is 70, and the average age in 2018 of someone joining the program was 60. As of today, there are about 2,300 members under 55, including those that retire under the enhanced retirement plan. If the agency eliminated all subsidies for future retirees into the program until age 65, and pulled the subsidies from people already retired today, that would shave \$1.6 million off of the agency's total liability of \$5 billion. Funding would still be less than 20 percent.

Ms. Goodwin suggested that NMRHCA do what the NMERB plans to do, which is to assume it will receive no future employer contribution increases, look at what changes will be necessary to reach 100 percent funding within 25 years, what cuts have to be made to current members, and what contribution increases have to be made to future members. She commented that this is a scorched earth approach, but it is also a hard reality.

Vice Chair Montaño agreed that the board was going to have to take a hard look at the program and what changes would be necessary to keep it going. He expressed doubt that it could realistically reach 100 percent funding while remaining a viable insurance program, given

the premium increases and cuts that would be necessary, and which could drive people out. He said the board needs to know how much longer it can sustain itself under the current practice of extending solvency one year at a time, and how soon the agency would have to go to a full Medicare program. He commented that people paying into the program deserve to know what to expect.

Ms. Goodwin said the legislature should also be regularly reminded that the agency inherited this situation; rather, when the legislature created the program, they gave a retroactive benefit to 15,000 people who had never paid contributions while they were working; the employee/employer contributions never reflected the cost of the benefit; and they put an artificial cap of 3 percent on premium increases.

Mr. Archuleta noted that Chairman Sullivan emphasized these points to the House Appropriations & Finance Committee last week.

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

Mr. Archuleta reported a January 31 balance of \$661 million. The agency's solvency target on June 30, 2019 is \$704 million.

**9. PRESBYTERIAN MA PLAN UPDATE**

Representative Rosanne Tena presented this update.

**10. BCBS MA PLAN UPDATE**

Representative Lori Bell presented this update.

**11. 2020 PRELIMINARY PLAN DISCUSSION**

Mr. Archuleta stated that the following items are in the NMRHCA's favor impacting the board's decisions for 2020:

- The uptake in the number of people who have moved from the Premier plan to the Value plan continues to outpace expectations that were built into last year's solvency analysis.

- The uptake in the number of members selecting the Medicare Advantage plans upfront (as opposed to those moving from a Supplement plan into a Medicare Advantage plan) is also saving some money.

- There are also some cost savings associated with the selection of Express Scripts and reduced prescription drug costs through the first six months of this fiscal year.

- Most notably, the implementation of the minimum age of 55 has not yet been considered as part of the solvency analysis.

On the down side, Mr. Archuleta said reinstatement of the health insurance tax on Medicare Advantage plans for 2020 is very likely, which could add \$30 a month to the average monthly premium.

Mr. Archuleta presented a brief overview of the board's actions taken since 2014 to address solvency.

**12. OTHER BUSINESS**

None.

**13. EXECUTIVE SESSION**

None.

**14. DATE AND LOCATION OF NEXT BOARD MEETING:  
APRIL 2, 2019, 9:30 A.M.  
ALFREDO R. SANTISTEVAN BOARD ROOM, STE. 207  
4308 CARLISLE BLVD., N.E.  
ALBUQUERQUE, NM, 87107**

**15. ADJOURN**

Meeting adjourned at 11:20 a.m.

Accepted by:

---

Tom Sullivan, President



### **Community Health Systems Talking Points**

- As part of a local, not-for-profit organization, we are committed to ensuring members have access to care that is close to home.
- We are working in good faith with Community Health Systems to come to an agreement on this matter.

### **Did Presbyterian Health Plan term their contract with Community Health Systems?**

Community Health Systems has informed Presbyterian that it will no longer see Presbyterian Centennial Care members effective March 31. Presbyterian has not termed CHS. Presbyterian is committed to ensuring that all of our members, regardless of plan, are able to have equal access to care. This ensures, for example, that no provider can refuse serving Presbyterian's Medicaid members while accepting Presbyterian's commercial members.

### **My Community Health System hospital is in my town, the other options are out of town. What are my options, in town, for seeking care?**

In emergencies, our members may and should seek treatment at the hospital closest to them, including Community Health Systems hospitals.

In Hobbs and Carlsbad, Presbyterian contracts with Nor-Lea General Hospital in Lovington which is 21 miles from Hobbs and Artesia General Hospital is 34.5 miles from the Carlsbad. Presbyterian already contracts with Lovelace Regional in Roswell and Memorial Medical Center in Las Cruces so there is no change in those areas.

### **Will Community Health Systems ever be part Presbyterian's Centennial Care network again?**

As part of a local, not-for-profit organization, Presbyterian is committed to ensuring members have access to care that is close to home. We cannot speculate to whether or not they will be in our Centennial Care network in the future as it requires a mutual agreement between Presbyterian and CHS.

SENATE BILL 131

**54TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2019**

INTRODUCED BY

Jeff Steinborn and Joanne J. Ferrary

AN ACT

RELATING TO PROCUREMENT; ESTABLISHING THE INTERAGENCY  
PHARMACEUTICALS PURCHASING COUNCIL; PROVIDING FOR COORDINATED  
PROCUREMENT OF PHARMACEUTICALS AND PHARMACEUTICAL BENEFITS  
AMONG CERTAIN STATE AGENCIES AND OTHER GOVERNMENTAL ENTITIES  
AND FOR REPORTING; MAKING AN APPROPRIATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. [NEW MATERIAL] INTERAGENCY PHARMACEUTICALS  
PURCHASING COUNCIL--CREATION--MEMBERSHIP--DUTIES.--

A. The "interagency pharmaceuticals purchasing  
council" is created and is administratively attached to the  
general services department. The council shall:

(1) review and coordinate cost-containment  
strategies for the procurement of pharmaceuticals and pharmacy  
benefits and the pooling of risk for pharmacy services by the

.211507.6

1 constituent agencies;

2 (2) identify ways to leverage constituent  
3 agencies' pharmaceutical and pharmacy benefits procurement to  
4 maximize the purchasing power of New Mexico residents  
5 purchasing pharmaceuticals or pharmacy benefits in the private  
6 sector; and

7 (3) identify other cost-saving opportunities  
8 for New Mexico residents purchasing pharmaceuticals or pharmacy  
9 benefits in the private sector.

10 B. Pursuant to its review of these strategies and  
11 related data, the interagency pharmaceuticals purchasing  
12 council shall decide by vote which cost-containment strategies  
13 it will recommend. Constituent agencies shall make their own  
14 procurement decisions. The secretary of general services shall  
15 serve as director of the council and shall be responsible for  
16 the coordination of the day-to-day activities of the council.

17 C. The interagency pharmaceuticals purchasing  
18 council shall be composed of the following eleven members  
19 serving as voting, ex-officio members:

20 (1) the secretary of human services or the  
21 secretary's designee;

22 (2) the secretary of health or the secretary's  
23 designee;

24 (3) the secretary of children, youth and  
25 families or the secretary's designee;

.211507.6

1 (4) the secretary of corrections or the  
2 secretary's designee;

3 (5) the director of the risk management  
4 division of the general services department or the director's  
5 designee;

6 (6) the executive director of the retiree  
7 health care authority or the executive director's designee;

8 (7) the executive director of the public  
9 school insurance authority or the executive director's  
10 designee;

11 (8) the superintendent of the Albuquerque  
12 public school district or the superintendent's designee;

13 (9) the president of the university of  
14 New Mexico or the president's designee; and

15 (10) two members, appointed by the governor,  
16 who are officers of, or representative of organizations that  
17 represent, county, municipal or local government entities that  
18 participate in consolidated purchasing of pharmaceuticals or  
19 pharmacy benefits with other constituent agencies.

20 D. The interagency pharmaceuticals purchasing  
21 council shall convene its first meeting by September 1, 2019 at  
22 the call of the secretary of general services. After the  
23 initial meeting of the council, it shall meet at least once  
24 quarterly at the call of the secretary of general services.  
25 Meetings of the council shall be subject to the Open Meetings

.211507.6

1 Act. In addition to notice provided pursuant to that act, the  
2 secretary of general services shall provide written notice of  
3 each scheduled meeting of the council to the director of the  
4 legislative finance committee at least ten days before each  
5 meeting.

6 E. The interagency pharmaceuticals purchasing  
7 council shall review and coordinate cost-containment strategies  
8 for the procurement of pharmaceuticals and pharmacy benefits  
9 and the pooling of risk for pharmacy services by the  
10 constituent agencies. The cost-containment strategies that the  
11 council shall examine shall include:

12 (1) the benchmarking of pricing for  
13 pharmaceuticals and pharmacy benefits to the pricing that the  
14 state's medical assistance plans achieve for pharmaceuticals  
15 and pharmacy benefits; provided that the human services  
16 department shall seek federal authorization prior to making any  
17 changes to medical assistance pharmaceuticals purchasing or  
18 pharmacy benefits;

19 (2) active medical management to optimize  
20 health outcomes and reduce costs;

21 (3) the establishment of a common formulary  
22 for all pharmaceuticals and pharmacy benefits plans offered by  
23 constituent agencies;

24 (4) a single purchase agreement for all  
25 constituent agencies' pharmaceuticals and pharmacy benefits;

.211507.6



1 (5) common procurement of expert services,  
2 including, at minimum, pharmacy benefits management, pharmacy  
3 benefits management oversight services, medical direction and  
4 actuarial services;

5 (6) identifying any opportunities to  
6 consolidate purchasing among two or more constituent agencies;

7 (7) identifying any opportunities for pooling  
8 risk among two or more constituent agencies or populations the  
9 constituent agencies serve;

10 (8) identifying any opportunities for  
11 consolidating purchasing with other entities and states of the  
12 United States;

13 (9) ensuring that all agencies, programs,  
14 clinics, hospitals and other health-related centers and  
15 entities, including those identified by the human services  
16 department pursuant to Paragraph (3) of Subsection A of Section  
17 27-2-12.13 NMSA 1978, that are eligible for pharmaceutical  
18 discounts pursuant to Section 340B of the federal Public Health  
19 Service Act participate in that Section 340B federal  
20 pharmaceutical price discount program;

21 (10) identifying any opportunities for  
22 maximizing the use of generic pharmaceuticals where safe and  
23 cost-effective to do so;

24 (11) negotiating advantageous pricing and  
25 incentives with insurers, pharmacy benefits managers,

.211507.6

1 pharmacies, manufacturers, distributors and vendors of  
2 pharmaceuticals and other third-party entities involved in  
3 supplying pharmaceuticals, pharmacy benefits and management  
4 services to the council's constituent entities;

5 (12) identifying ways to leverage constituent  
6 agencies' pharmaceutical and pharmacy benefits procurement to  
7 maximize the purchasing power of New Mexico residents  
8 purchasing pharmaceuticals and pharmacy benefits in the private  
9 sector;

10 (13) identifying other cost-saving  
11 opportunities for New Mexico residents purchasing  
12 pharmaceuticals or pharmacy benefits in the private sector; and

13 (14) identifying any other opportunities for  
14 maximizing efficiency and a high standard of health care  
15 quality.

16 F. The legislative finance committee shall annually  
17 review and validate the interagency pharmaceuticals purchasing  
18 council's progress. The legislative finance committee shall  
19 incorporate this information into its budget and policy  
20 analysis and recommendations for the council or any of the  
21 council's implementing constituent agencies.

22 G. As used in this section, "constituent agency"  
23 means:

24 (1) the human services department, including  
25 any medical assistance program it administers;

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1 (2) the department of health;  
2 (3) the children, youth and families  
3 department;  
4 (4) the corrections department;  
5 (5) the risk management division of the  
6 general services department;  
7 (6) the retiree health care authority;  
8 (7) the public school insurance authority;  
9 (8) the publicly funded health care program of  
10 the Albuquerque public school district;  
11 (9) the university of New Mexico health  
12 benefits program for university employees and retirees;  
13 (10) the university of New Mexico hospitals;  
14 or  
15 (11) any local, county or municipal government  
16 that opts to participate in consolidated pharmaceuticals or  
17 pharmacy benefit purchasing.

18 SECTION 2. APPROPRIATION.--Four hundred thousand dollars  
19 (\$400,000) is appropriated from the general fund to the general  
20 services department for expenditure in fiscal year 2020 for  
21 staffing the interagency pharmaceuticals purchasing council and  
22 for professional services to evaluate and coordinate cost-  
23 containment strategies. Any unexpended or unencumbered balance  
24 remaining at the end of fiscal year 2020 shall revert to the  
25 general fund.

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NEW MEXICO RETIREE HEALTH CARE AUTHORITY CHANGE IN NET ASSET VALUE FOR THE MONTH ENDED February 28, 2019										
	Large Cap Index	Non US Dev Index	Non US Emg Index	Small Mid Cap	Credit and Structure	Core Bond	Private Equity	Real Estate	Real Asset	Total
Market Value 1/31/2019	\$87,481,497.31	\$86,854,855.75	\$66,065,794.81	\$11,893,274.56	\$98,943,549.50	\$136,850,273.07	\$72,430,318.44	\$67,922,637.13	\$32,664,487.54	\$661,106,688.11
CONTRIBUTIONS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
WITHDRAWALS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FEES	(2,071.38)	(8,589.10)	(19,689.58)	(14,216.17)	0.00	(24,279.34)	0.00	0.00	(9,630.08)	(78,475.65)
INCOME EARNED	191,667.42	184,849.50	67,546.72	13,962.50	97,516.76	301,956.31	25,273.18	34,328.54	100,892.87	1,017,993.80
CAPITAL APPR/DEPR	2,792,568.08	1,971,734.33	(191,421.30)	288,820.87	647,615.68	(405,524.97)	(82,180.69)	(26,361.97)	(13,559.42)	4,981,690.61
Market Value 2/28/2019	\$90,463,661.43	\$89,002,850.48	\$65,922,230.65	\$12,181,841.76	\$99,688,681.94	\$136,722,425.07	\$72,373,410.93	\$67,930,603.70	\$32,742,190.91	\$667,027,896.87

# **New Mexico Retiree Health Care Authority**

## **Fiscal Year 2019 3<sup>rd</sup> Quarter Budget Review**

### **Health Care Benefit Fund**

Between July 1, 2018 and March 26, 2019, expenditures from the Healthcare Benefits Administration Program were \$220.2 million and revenues were \$255.1 million, creating a surplus of \$34.9 million, compared to \$6.9 million during the same time period in FY18. Overall expenditures through the third quarter of FY19 as compared to the same time frame in FY18 have shrunk by \$25.6 million, or 10.4 percent. Current projections indicate a \$42.1 million surplus at the end of FY19.

Upward budgetary pressures include:

1. Overall plan participation (medical and voluntary coverages) has grown by 1,317 members, or 2.1 percent between March 2018 and March 2019, compared to 1,270 members or 2.1 percent during the same time frame between March 2017 and March 2018.
2. Summary of claims costs by category are as follows:
  - a. \$21.3 million reduction in pharmacy costs
  - b. \$5.3 million reduction in pre-Medicare health plan costs
  - c. \$142,000 reduction in Medicare health plan costs
  - d. \$1.2 million increase in voluntary plan costs, including;
    - i. \$71,000 – Davis Vision
    - ii. \$648,000 – Delta Dental
    - iii. \$315,000 – The Standard Life Insurance
    - iv. \$125,000 – United Concordia Dental

Downward pressures include:

1. Overall pre-Medicare plan participation has shrunk by 467 members or 2.9 percent – combined with increased participation (migration and selection) in the Value Plan options 3,587 (March 2019) compared to 3,262 (March 2018).
2. Under the Medicare plans – Medicare Advantage Plans grew by over 1,289 members (8.8 percent) compared to negative growth on the supplement plan - 236 members, or 1 percent. Growth by plan was as follows:
  - a. Medicare Supplement: -236 members
  - b. BCBS Medicare Advantage: -64 members
  - c. Humana: 341 members
  - d. Presbyterian: 667 members
  - e. Unitedhealthcare: 345 members
3. Significant decrease in per-member, per-month charges for all Medicare Advantage Plans effective January 1, 2019 (-2.1% / -35%)
4. Significant savings resulting from the new PBM contract effective July 1, 2018.

Current projections indicate a \$42 million surplus through the end of FY19. NMRHCA staff will continue to monitor revenues and expenditures each week and present the final end-of-year projections at its annual meeting in July.

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

FY11 Total	\$ 21,879,651
FY12 Total	\$ 21,060,000
FY13 Total	\$ 15,315,000
FY14 Total	\$ 57,500,000
FY15 Total	\$ 42,500,000
FY16 Total	\$ 35,000,000
FY17 Total	\$ 33,000,000
FY18 Total	\$ 20,000,000
Transfer Effective	Amount Transferred
October 1, 2018	\$ 10,000,000
November 1, 2018	\$ 5,000,000
January 1, 2019	\$ 5,000,000
March 1, 2019	\$ 10,000,000
FY19 Total	\$ 30,000,000
<b>Total Transfers</b>	<b>\$ 276,254,651</b>

#### **Program Support Fund**

The approved operating budget for FY19 totals \$3,047,600 with supporting transfers made from the Health Care Benefit Fund. This includes: \$1,937,500 for personnel costs, \$566,300 for contractual services and \$543,800 for other costs. Expenditures from the personal services and employee benefits category are \$30,000 more compared the same time frame in FY18, which can be attributed to fewer vacancies and pay increases authorized by the Legislature beginning the first full pay period in FY19. Contractual services costs are \$56,000 greater than the same time period in FY18 related to legal costs incurred related to the Rule Change adopted by the board in November and the completion of the actuarial calculations related to GASB reporting requirements ahead of last year's schedule. Lastly, expenditures from the other category are approximately \$12,200 higher compared to FY18, with no significant increase in any specific line item of this category. Overall, projected expenditures are expected to remain within the total appropriation for FY19.

New Mexico Retiree Health Care Authority					
FY19 3rd Quarter Budget Review					
Comparison of Projected vs. Actual					
(in thousands)					
Healthcare Benefit Fund					
FY19/FY18 Comparison					
	FY19 Approved Q3 Budget	FY19 Q3 Actual	FY18 Q3 Actual	Dollar Change	Percent Change
<b>Sources:</b>					
Employer/Employee Contributions	\$ 96,243.83	\$ 96,644.1	\$ 91,749.1	\$ 4,895.0	5.3%
Retiree Contributions	\$ 112,888.20	\$ 123,043.7	\$ 120,508.7	\$ 2,535.0	2.1%
Taxation & Revenue Fund	\$ 22,055.18	\$ 15,316.1	\$ 15,316.1	\$ -	0.0%
Other Miscellaneous Revenue	\$ 20,423.03	\$ 20,178.9	\$ 25,325.8	\$ (5,146.9)	-20.3%
Interest Income	\$ 45.0	\$ 425.6	\$ 87.6	\$ 338.0	157.0%
Refunds	\$ -	\$ (486.1)	\$ (311.3)	\$ (174.8)	56.2%
<b>Total Sources</b>	<b>\$ 251,655.2</b>	<b>\$ 255,122.3</b>	<b>\$ 252,676.0</b>	<b>\$ 2,446.3</b>	<b>1.0%</b>
<b>Uses:</b>					
Medical Contractual Services	\$ 249,338.0	\$ 217,096.1	\$ 242,825.2	\$ (25,729.1)	-10.6%
ACA Fees (PCORI)	\$ 42.0	\$ 39.6	\$ 36.1	\$ 3.5	9.7%
Other Financing Uses	\$ 2,285.7	\$ 3,047.6	\$ 2,936.8	\$ 110.8	3.8%
<b>Total Uses</b>	<b>\$ 251,665.7</b>	<b>\$ 220,182.5</b>	<b>\$ 245,762.0</b>	<b>\$ (25,614.8)</b>	<b>-10.4%</b>
<b>Sources Over Uses</b>	<b>NA</b>	<b>\$ 34,939.8</b>	<b>\$ 6,914.0</b>	<b>NA</b>	<b>NA</b>
FY19 Budget Compared to Actual					
	FY19 Approved Budget	FY19 Q3 Actual	Remaing Balance	Percent Expended/ Collected	FY19 Projected Total
<b>Sources:</b>					
Employer/Employee Contributions	\$ 128,325.1	\$ 96,644.1	\$ 31,681.0	75.3%	\$ 129,000.0
Retiree Contributions	\$ 150,517.6	\$ 123,043.7	\$ 27,473.9	81.7%	\$ 165,000.0
Taxation & Revenue Fund	\$ 29,406.9	\$ 15,316.1	\$ 14,090.8	52.1%	\$ 26,256.2
Other Miscellaneous Revenue	\$ 27,230.7	\$ 20,178.9	\$ 7,051.8	74.1%	\$ 27,500.0
Interest Income	\$ 60.0	\$ 425.6	\$ (365.6)	709.3%	\$ 500.0
Refunds	\$ -	\$ (486.1)	\$ -	NA	\$ (340.0)
<b>Total Sources</b>	<b>\$ 335,540.3</b>	<b>\$ 255,122.3</b>	<b>\$ 79,931.9</b>	<b>76.0%</b>	<b>\$ 347,916.2</b>
<b>Uses:</b>					
Medical Contractual Services	\$ 332,450.7	\$ 217,096.1	\$ 115,354.6	65.3%	\$ 302,689.6
ACA Fees (PCORI)	\$ 42.0	\$ 38.8	\$ -	92.4%	\$ 39.4
Other Financing Uses	\$ 3,047.6	\$ 3,047.6	\$ -	100.0%	\$ 3,047.6
<b>Total Uses</b>	<b>\$ 335,540.3</b>	<b>\$ 220,182.5</b>	<b>\$ 115,354.6</b>	<b>65.6%</b>	<b>\$ 305,776.6</b>
<b>Sources Over Uses</b>	<b>NA</b>	<b>\$ 34,939.8</b>	<b>NA</b>	<b>NA</b>	<b>\$ 42,139.6</b>

**New Mexico Retiree Health Care Authority**  
**3rd Quarter Healthcare Benefit Fund Detail**  
**Fiscal Year 2019**  
**(in thousands)**

	FY19	FY18	FY19 - FY18
	Q3 Actuals / 3.26.19	Q3 Actuals	Difference
<b>REVENUE:</b>			
Employer/Employee Contributions	\$ 96,644.1	\$ 91,749.1	\$ 4,895.0
Retiree Contributions	\$ 123,043.7	\$ 120,508.7	\$ 2,535.0
Taxation and Revenue Suspense Fund	\$ 15,316.1	\$ 15,316.1	\$ -
Other Miscellaneous Revenue	\$ 20,178.9	\$ 25,325.8	\$ (5,146.9)
Interest Income	\$ 425.6	\$ 87.6	\$ 338.0
Refunds	\$ (486.1)	\$ (311.3)	\$ (174.8)
<b>TOTAL REVENUE:</b>	<b>\$ 255,122.3</b>	<b>\$ 252,676.0</b>	<b>\$ 2,446.3</b>
<b>EXPENDITURES:</b>			
<b>Prescriptions</b>			
Express Scripts	\$ 58,423.3	\$ 79,758.2	\$ (21,334.9)
<b>Total Prescriptions</b>	<b>\$ 58,423.3</b>	<b>\$ 79,758.2</b>	<b>\$ (21,334.9)</b>
<b>Non-Medicare</b>			
Blue Cross Blue Shield	\$ 44,963.6	\$ 49,781.7	\$ (4,818.1)
BCBS Administrative Costs	\$ 1,402.5	\$ 1,515.1	\$ (112.6)
Presbyterian	\$ 31,682.6	\$ 31,692.9	\$ (10.3)
Presbyterian Administrative Costs	\$ 1,513.8	\$ 1,506.9	\$ 6.9
NM Health Connections	\$ 191.9	\$ 499.5	\$ (307.6)
NM Health Connections Admin	\$ -	\$ 132.0	\$ (132.0)
PCORI Fee	\$ 39.6	\$ 39.4	\$ 0.2
<b>Total Non-Medicare</b>	<b>\$ 79,794.0</b>	<b>\$ 85,167.5</b>	<b>\$ (5,373.5)</b>
<b>Medicare</b>			
Blue Cross Blue Shield	\$ 28,296.8	\$ 29,019.1	\$ (722.3)
BCBS Administrative Costs	\$ 3,575.5	\$ 4,194.9	\$ (619.4)
Presbyterian MA	\$ 12,020.2	\$ 10,759.4	\$ 1,260.8
UnitedHealthCare MA	\$ 4,899.9	\$ 5,290.4	\$ (390.5)
Humana MA	\$ 617.9	\$ 437.4	\$ 180.5
BCBS MA	\$ 3,575.5	\$ 3,426.6	\$ 148.9
<b>Total Medicare</b>	<b>\$ 52,985.8</b>	<b>\$ 53,127.8</b>	<b>\$ (142.0)</b>
<b>Other Benefits</b>			
Davis Vision	\$ 1,764.1	\$ 1,692.6	\$ 71.5
Delta Dental	\$ 7,934.5	\$ 7,286.8	\$ 647.7
Standard Life Insurance	\$ 8,679.8	\$ 8,363.9	\$ 315.9
United Concordia Dental	\$ 7,553.4	\$ 7,428.4	\$ 125.0
<b>Total Other Benefits</b>	<b>\$ 25,931.8</b>	<b>\$ 24,771.7</b>	<b>\$ 1,160.1</b>
<b>Other Expenses</b>			
Program Support	\$ 3,047.6	\$ 2,936.8	\$ 110.8
<b>Total Other Expenses</b>	<b>\$ 3,047.6</b>	<b>\$ 2,936.8</b>	<b>\$ 110.8</b>
<b>TOTAL EXPENDITURES:</b>	<b>\$ 220,182.5</b>	<b>\$ 245,762.0</b>	<b>\$ (25,579.5)</b>
<b>Total Revenue over Total Expenditures</b>	<b>\$ 34,939.8</b>	<b>\$ 6,914.0</b>	<b>\$ 28,025.8</b>



New Mexico Retiree Health Care Authority						
FY19 3rd QTR Budget Review						
Comparison of Budget vs. Actual						
(in thousands)						
Program Support						
FY19/FY18 Comparison						
	FY19 Approved Q3 Budget	FY19 Q3 Actual	FY18 Q3 Actual	Dollar Change	Percent Change	
<b>Sources:</b>						
Other Transfers	\$ 3,047.6	\$ 3,047.6	\$ 2,936.8	\$ 110.8	3.8%	
<b>Total Sources</b>	<b>\$ 3,047.6</b>	<b>\$ 3,047.6</b>	<b>\$ 2,936.8</b>	<b>\$ 110.8</b>	<b>3.6%</b>	
<b>Uses:</b>						
Personal Services and Benefits	\$ 1,453.1	\$ 1,357.7	\$ 1,327.7	\$ 30.0	2.3%	
Contractual Services	\$ 424.7	\$ 314.3	\$ 258.3	\$ 56.0	21.7%	
Other Costs	\$ 407.9	\$ 345.1	\$ 332.9	\$ 12.2	3.7%	
<b>Total Uses</b>	<b>\$ 2,285.7</b>	<b>\$ 2,017.1</b>	<b>\$ 1,918.9</b>	<b>\$ 98.2</b>	<b>5.1%</b>	

New Mexico Retiree Health Care Authority						
FY19 3rd QTR Budget Review						
Comparison of Budget vs. Actual						
(in thousands)						
Program Support						
FY19 Budget Compared to Actual						
	Approved Operating Budget	FY19 Actual	Remaining Balance	Percent Expended	FY19 Projected	Projected Surplus/ Deficiency
<b>Sources:</b>						
Other Transfers	\$ 3,047.6	\$ 1,523.8	\$ 1,523.8	50%	\$ 1,468.4	\$ 55.4
<b>Total Sources</b>	<b>\$ 3,047.6</b>	<b>\$ 1,523.8</b>	<b>\$ 1,523.8</b>	<b>50%</b>	<b>\$ 1,468.4</b>	<b>\$ 55.4</b>
<b>Uses:</b>						
Personal Services and Benefits	\$ 1,937.5	\$ 1,357.7	\$ 579.8	70%	\$ 553.0	\$ 26.8
Contractual Services	\$ 566.3	\$ 314.3	\$ 252.0	56%	\$ 224.0	\$ 28.0
Other Costs	\$ 543.8	\$ 345.1	\$ 198.7	63%	\$ 191.2	\$ 7.5
<b>Total Uses</b>	<b>\$ 3,047.6</b>	<b>\$ 2,017.1</b>	<b>\$ 1,030.5</b>	<b>66%</b>	<b>\$ 968.2</b>	<b>\$ 62.3</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	1,937.5	1,357.7	579.8	553.0	26.8
300	Contractual Services	566.3	314.3	252.0	224.0	28.0
400	Other Costs	543.8	345.1	198.7	191.2	7.5
	<b>TOTAL</b>	<b>3,047.6</b>	<b>2,017.1</b>	<b>1,030.5</b>	<b>968.2</b>	<b>62.3</b>
Expenditure Detail (in thousands)						
Personal Services / Employee Benefits						
Acct #	Account Description	Approved Budget	Expended Budget	Remaining Balance	Projected	Balance
520100	Exempt Positions	165.5	200.0	(34.5)	73.7	(108.2)
520300	Classified Perm. Positions	1,212.5	756.8	455.7	317.5	138.2
520800	Annual & Comp Paid	0.0	3.6	(3.6)	0.0	(3.6)
521100	Group Insurance Premium	196.4	134.9	61.5	57.6	3.9
521200	Retirement Contributions	219.6	162.6	57.0	66.5	(9.5)
521300	FICA	105.0	70.0	35.0	29.9	5.1
521400	Workers Comp	0.2	0.1	0.1	0.0	0.1
521410	GSD Work Comp Ins	1.6	1.6	0.0	0.0	0.0
521500	Unemployment Comp	0.0	0.0	0.0	0.0	0.0
521600	Employee Liability Insurance	9.3	9.0	0.3	0.0	0.3
521700	Retiree Health Care	27.4	19.1	8.3	7.8	0.5
521900	Other Employee Benefits	0.0	0.0	0.0	0.0	0.0
	<b>TOTAL</b>	<b>1,937.5</b>	<b>1,357.7</b>	<b>579.8</b>	<b>553.0</b>	<b>26.8</b>
Contractual Services						
Acct #	Account Description					
535200	Professional Services	344.8	166.0	178.8	140.0	38.8
535300	Other Services	15.0	1.8	13.2	10.0	3.2
535400	Audit Services	81.5	60.5	21.0	35.0	(14.0)
535500	Attorney Services	35.0	23.8	11.2	11.0	0.2
535600	Information Technology Services	90.0	62.2	27.8	28.0	(0.2)
	<b>TOTAL</b>	<b>566.3</b>	<b>314.3</b>	<b>252.0</b>	<b>224.0</b>	<b>28.0</b>
Other Costs						
Acct #	Account Description					
542100	Employee In-State Mileage & Fares	2.0	0.3	1.7	0.8	0.9
542200	Employee In-State Meals & Lodging	2.0	1.8	0.2	1.8	(1.6)
542300	Board & Commission - In-State	10.0	8.0	2.0	3.5	(1.5)
542500	Transportation-Fuel & Oil	1.0	0.5	0.5	0.3	0.2
542600	Transportation	0.1	0.0	0.1	0.1	0.0
542700	Transportation - Insurance	0.2	0.4	(0.2)	0.0	(0.2)
542800	State Transportation Pool Charges	4.7	4.5	0.2	(0.3)	0.5
543200	Maintenance - Furniture, Fixtures & Equipment	3.7	4.6	(0.9)	1.5	(2.4)
543300	Maintenance - Building & Structure	3.0	0.0	3.0	1.5	1.5
543400	Maintenance - Property Insurance	0.3	0.3	0.0	0.3	(0.3)
543820	Maintenance IT	10.0	0.9	9.1	3.0	6.1
544000	Supply Inventory IT	15.4	11.7	3.7	3.5	0.2
544100	Supplies - Office Supplies	10.0	10.0	0.0	(1.0)	1.0
544900	Supplies - Inventory Exempt	3.0	1.2	1.8	2.0	(0.2)
545600	Rep/Recording	1.0	4.9	(3.9)	4.0	(7.9)
545700	DoIT - ISD Services	4.1	2.8	1.3	2.0	(0.7)
545701	DoIT - HCM Fees	10.4	10.4	0.0	0.0	0.0
545900	Printing & Photo. Services	66.0	34.2	31.8	30.0	1.8
546100	Postage & Mail Services	112.0	62.7	49.3	45.0	4.3
546400	Rent of Land & Buildings	120.5	85.0	35.5	35.0	0.5
546409	Rent - Interagency	7.8	5.9	1.9	3.9	(2.0)
546500	Rent of Equipment	51.0	34.5	16.5	8.0	8.5
546600	Telecomm	21.0	10.3	10.7	4.5	6.2
546610	DOIT Telecomm	62.1	39.4	22.7	28.0	(5.3)
546700	Subscriptions & Dues	4.0	4.1	(0.1)	0.3	(0.4)
546800	Employee Training & Education	5.0	2.3	2.7	2.0	0.7
546801	Board Member Training	2.0	0.0	2.0	2.0	0.0
546900	Advertising	0.2	0.3	(0.1)	0.5	(0.6)
547900	Miscellaneous Expense	1.3	1.5	(0.2)	0.0	(0.2)
547999	Request to Pay Prior Year	0.0	0.2	(0.2)	0.0	(0.2)
548300	Information Technology Equipment	5.0	0.0	5.0	5.0	0.0
549600	Employee Out-Of-State Mileage & Fares	1.0	0.0	1.0	1.0	0.0
549700	Employee Out-Of-State Meals & Lodging	1.0	0.0	1.0	1.0	0.0
549800	B&C-Out-Of-State Mileage & Fares	1.5	0.5	1.0	1.0	0.0
549900	B&C- Out-Of-State Meals & Lodging	1.5	1.9	(0.4)	1.0	(1.4)
	<b>TOTAL</b>	<b>543.8</b>	<b>345.1</b>	<b>198.7</b>	<b>191.2</b>	<b>7.5</b>

## Healthcare Benefits Administration FY19 Contract Amendments – Action Item

### Background

NMRHCA staff proposes to amend the existing agreements with our healthcare plan partners according to the amounts listed below based on projected expenditures through FY19, including assumptions with regard to growth and reductions in participation, specific to each plan. Each of the requested amendments is supported by increases in participation for the Presbyterian and Unitedhealthcare Medicare Advantage plans, Delta Dental and Life Insurance. Proposed increases total — \$2,060,000; however, only \$1,786,100 remains unencumbered and available to support upward adjustments. Therefore, the proposed amendment column includes a \$300,000 reduction in the Blue Cross Blue Shield contract to “free up” budget authority in support of the requested increases. The chart below includes a list of existing contracts, expenditures through March 25, contract balances, projected expenditures and proposed amendments:

### Healthcare Benefits Administration Contractual Services Information

<b>FY19 Approved/Adjusted Operating Budget</b>	<b>\$332,450,700</b>						
		<b>Expended</b>					
<b>Contract</b>	<b>Amount</b>	<b>3rd QTR</b>	<b>Contract</b>	<b>Percent</b>	<b>Projected</b>	<b>Projected</b>	<b>Proposed</b>
	<b>Encumbered YTD</b>	<b>3.25.19</b>	<b>Balance</b>	<b>Remaining</b>	<b>Expenditures</b>	<b>Balance</b>	<b>Amendment</b>
BCBS -- Self Insured	\$113,500,000	\$78,461,682	\$35,038,318	30.9%	\$ 109,148,909	\$4,351,091	\$0
NMHC	\$275,000	\$191,956	\$83,044	30.2%	\$ 191,956	\$83,044	\$0
Presbyterian -- Self Insured	\$48,500,000	\$31,927,698	\$16,572,302	34.2%	\$ 45,103,598	\$3,396,402	\$0
Presbyterian MA	\$15,500,000	\$12,020,157	\$3,479,843	22.5%	\$ 16,100,157	-\$600,157	\$625,000
BCBS MA	\$5,500,000	\$3,956,113	\$1,543,887	28.1%	\$ 4,731,113	\$768,887	(\$300,000)
Humana MA	\$1,500,000	\$617,934	\$882,066	58.8%	\$ 852,934	\$647,066	
UnitedHealthcare MA	\$6,500,000	\$4,899,980	\$1,600,020	24.6%	\$ 6,508,282	-\$8,282	\$35,000
Express Scripts	\$105,000,000	\$58,423,340	\$46,576,660	44.4%	\$ 84,577,714	\$20,422,286	\$0
United Concordia	\$10,750,000	\$7,553,924	\$3,196,076	29.7%	\$ 10,178,924	\$571,076	\$0
Delta	\$9,750,000	\$7,934,478	\$1,815,522	18.6%	\$ 10,784,478	-\$1,034,478	\$1,075,000
Standard	\$11,350,000	\$8,679,766	\$2,670,234	23.5%	\$ 11,649,766	-\$299,766	\$325,000
Davis Vision	\$2,500,000	\$1,764,115	\$735,885	29.4%	\$ 2,379,115	\$120,885	\$0
PCORI Fee	\$39,600	\$39,557	\$43	0.0%			
<b>Total</b>	<b>\$330,664,600</b>	<b>\$216,470,701</b>	<b>\$114,193,899</b>	<b>34.5%</b>	<b>\$ 302,206,947</b>	<b>\$28,418,054</b>	<b>\$1,760,000</b>
<b>Unencumbered Balance</b>	<b>\$1,786,100</b>	<b>\$1,786,100</b>	<b>\$1,786,100</b>	<b>100.0%</b>	<b>NA</b>	<b>NA</b>	<b>\$26,100</b>

### Requested Action

NMRHCA staff respectfully requests approval to amend the compensation sections of the following contracts, as follows:

- Presbyterian Health Plan Medicare Advantage - \$625,000
- Unitedhealthcare Medicare Advantage - \$35,000
- Delta Dental of New Mexico - \$1,075,000
- The Standard - \$325,000
- Blue Cross Blue Shield Medicare Advantage: (\$300,000)

## FY20 Operating Budget – Action Item

**Background:** The State Budget Act (Section 6-3-7 NMSA 1978) mandates the completion and submission of the FY20 operating budget to the State Budget Division (SBD) by close of business on Wednesday, May 1, 2019. The State Budget Act specifies that operating budgets require SBD approval, and expenditures cannot be made without such approval. In addition, the Retiree Health Care Act (Section 10-7C-16) includes a requirement that “expenditures for the administration of the Retiree Health Care Act shall be made as provided by an operating budget adopted by the board.” In accordance with these requirements, the FY20 operating budget submitted by the agency will be consistent with the amounts contained in Section 4 of General Appropriation Act of 2019 (House Bill 2).

(\$ shown in thousands)					
Agency	FY19 Approved Operating	FY20 Request	HB2/GAA	FY20 Growth	Percent
Personal Services & Employee Benefits*	\$ 1,937.5	\$ 1,981.3	\$ 1,981.2	\$ 43.7	2.3%
Contractual Services	\$ 333,017.0	\$ 356,747.3	\$ 355,360.0	\$ 22,343.0	6.7%
Other	\$ 585.8	\$ 580.1	\$ 580.1	\$ (5.7)	-1.0%
Other Financing Uses*	\$ 3,047.6	\$ 3,166.0	\$ 3,135.9	\$ 88.3	2.9%
<b>Total</b>	<b>\$ 338,587.9</b>	<b>\$ 362,474.7</b>	<b>\$ 361,057.2</b>	<b>\$ 22,469.3</b>	<b>6.6%</b>
<b>Healthcare Benefits Administration</b>					
Contractual Services	\$ 332,450.7	\$ 356,100.7	\$ 354,743.4	\$ 22,292.7	6.7%
Other	\$ 42.0	\$ 42.0	\$ 42.0	\$ -	0.0%
Other Financing Uses*	\$ 3,047.6	\$ 3,166.0	\$ 3,135.9	\$ 88.3	2.9%
<b>Subtotal</b>	<b>\$ 335,540.3</b>	<b>\$ 359,308.7</b>	<b>\$ 357,921.3</b>	<b>\$ 22,381.0</b>	<b>6.7%</b>
<b>Program Support</b>					
Personal Services & Employee Benefits*	\$ 1,937.5	\$ 1,981.3	\$ 1,981.2	\$ 43.7	2.3%
Contractual Services	\$ 566.3	\$ 646.6	\$ 616.6	\$ 50.3	8.9%
Other	\$ 543.8	\$ 538.1	\$ 538.1	\$ (5.7)	-1.0%
<b>Subtotal</b>	<b>\$ 3,047.6</b>	<b>\$ 3,166.0</b>	<b>\$ 3,135.9</b>	<b>\$ 88.3</b>	<b>2.9%</b>
<b>Total</b>	<b>\$ 338,587.9</b>	<b>\$ 362,474.7</b>	<b>\$ 361,057.2</b>	<b>\$ 22,469.3</b>	<b>6.6%</b>
<b>FTE</b>	<b>27</b>	<b>26</b>	<b>26</b>	<b>(1.0)</b>	<b>-3.7%</b>
*Subject to change based upon Section 8 GAA					

### Applicable Language:

#### Section 4: Fiscal Year 2020 Appropriations.

Any unexpended balance in program support of the retiree health care authority remaining at the end of fiscal year 2020 shall revert to the healthcare benefits administration program.

#### Section 8. Compensation Appropriations.

Subsection A. Fifty-four million four hundred fifty-eight thousand nine hundred dollars (\$54,458,900) is appropriated from the general fund to the department of finance and administration for expenditure in fiscal year 2020 to provide salary increases to employees in budgeted positions who have completed their probationary period subject to satisfactory job performance. Police officers of the department of public safety shall be exempt from the requirement to compete their probationary period. The salary increases shall be effective in the first full pay period after July 1, 2019 and distributed as follows:

- (4) twenty-one million six hundred eleven thousand two hundred dollars (\$21,611,200) to provide incumbents in agencies governed by the State Personnel Act, the New Mexico state police career pay system, attorney general employees, workers' compensation judges and executive exempt employees with an average salary increase of four percent;

Subsection D. For those state employees whose salaries are referenced in or received as a result of nongeneral fund appropriations in the General Appropriation Act of 2019, the department of finance and administration

shall transfer from the appropriate fund to the appropriate agency the amount required for the salary increases equivalent to those provided for in this section. Such amounts are appropriated for expenditure in fiscal year 2020. Any unexpended or unencumbered balances remaining at the end of the fiscal year 2020 shall revert to the appropriate fund.

Subsection E. One million two hundred sixty-seven thousand four hundred (\$1,267,400) is appropriated from the general fund to the department of finance and administration to provide incumbents in positions covered by state general member coverage plan 3 an employer-paid pension increase contingent on enactment of House Bill 501 or similar legislation increasing employer-paid pension contributions by twenty-five hundredths of one percent. Any unexpended or unencumbered balances remaining at the end of fiscal year 2020 shall revert to the general fund.

#### Section 11. Certain Fiscal Year 2020 Budget Adjustment Requests Authorized.

Subsection C. In addition to the specific category transfers authorized in Subsection E of this section and unless a conflicting category transfer is authorized in Subsection E of this section, all agencies, including legislative agencies, may request category transfers among personal services and employee benefits, contractual services and other.

Subsection D. Unless a conflicting budget increase is authorized in Subsection E of this section, a program with internal service funds/interagency transfers appropriations or other state funds appropriations that collects money in excess of those appropriated may request budget increases in an amount not to exceed five percent of its internal service funds/interagency transfers or other state funds appropriation contained in Section 4 of the General Appropriation Act of 2019. To track the five percent transfer limitation, agencies shall report cumulative budget adjustment request totals on each budget request submitted. The department of finance and administration shall certify agency reporting of these cumulative totals.

Subsection E. Section (19) – the healthcare benefits administration program of the retiree health care authority may request budget increases from other state funds for claims.

**Performance Measures:** Only one performance measure was selected for inclusion in the General Appropriation Act – Output: Minimum number of years of positive fund balance / Target: 18

#### Other Substantive Information:

Subsection D authorizes budget adjustments by program as follows:

	GAA	5%	Total
Healthcare Benefits Administration	\$ 357,921.30	\$ 17,896.07	\$ 375,817.37
Program Support	\$ 3,135.90	\$ 156.80	\$ 3,292.70
<b>Total</b>	<b>\$ 361,057.20</b>	<b>\$ 18,052.86</b>	<b>\$ 379,110.06</b>

**Conclusion:** The deadline for submission is prior to the next regularly scheduled board meeting, therefore, NMRHCA staff respectfully requests delegation of authority to the Finance Committee (to be scheduled last week of April) for the approval of the FY20 operating budget, as indicated by program and category in the HB2/GAA column of the table above combined with OPBUD 2 amounts directed by the State Budget Division.

### **Out-of-state Travel Request (Action Item)**

**Background.** Express Scripts has extended an invitation to NMRHCA for folks to attend the annual Government Advisory Panel (GAP) and Express Scripts Outcomes Symposium. The GAP and Outcomes Symposium provides an opportunity to learn about the latest trends, network with benefit administrators from both public and private organizations across the nations and learn about the solutions being used to address current and future challenges.

Last Year's Breakout Sessions included the following topics:

- A New Solution for Rare Disease Cost and Care Management
- Better Care of Lower Costs? Achieving Both With Value Based Strategies
- Let's Get Right to the Point (Of Care!) Enabling Physicians, Improving Outcomes
- Stop, Collaborate and Listen: Working Together To Prevent Rare Disease Costs From Mounting
- Cracking the Code on Gene Therapies
- Taking on Healthcare's Toughest Challenge...Human Behavior
- Q&A: How the Quality and Accountability of Your Pharmacy Network Impact Your Plan
- Is Your Medicare Plan Stuck in Neutral? Strategies To Position For Competitive Growth
- Having a No Cost-Containment Plan...Has a Cost
- The New Frontier: Transforming Drug Therapies From Treatments to Cures
- No More Sugar-Coating: An End-to-End Diabetes Management Approach
- A Patient Killer: What Are You Doing To Combat Opioid Abuse
- A View From the Hill: Understanding Healthcare Policy Today and Tomorrow

As of March 28, 2019, the breakout session agenda has not been finalized.

**Requested Action.** NMRHCA staff respectfully requests permission to attend the Express Scripts Outcomes Symposium in Lake Buena Vista, FL on May 15 -17.

**Group Basic Life and AD&D, Group Voluntary Life and AD&D, and Group Long Term Disability Coverage  
New Contract - Action Item**

**Background**

The New Mexico Public School Insurance Authority (NMPSIA), State of New Mexico (SONM), Albuquerque Public Schools (APS) and New Mexico Retiree Health Care Authority (NMRHCA) commonly referred to as the interagency benefits advisory committee (IBAC) are subject to the requirements contained in the Health Care Purchasing Act (the Act), 13-7-1 NMSA 1978. The Act requires the IBAC to enter into a cooperative effort to provide plans of “health care benefits” for the benefit of eligible participants of the respective agencies. In order to leverage the purchasing power of the consolidated group, it has become the IBAC’s practice to extend its purchasing efforts to other areas, including life, disability and consulting services. However, the responding proposals do not always result in the maximum benefit applied equally to each agency. Therefore, each agency is required to evaluate the technical and financial proposals independently and make recommendations to each of their governing authorities based upon the best interest of their respective organizations.

The current agreement for Life Insurance Coverage between the New Mexico Retiree Health Care Authority and the Standard is set to expire on June 30, 2019. A joint RFP between the Public Schools Insurance Authority, Albuquerque Public Schools, State of New Mexico and the New Mexico Retiree Health Care Authority was re-issued for Group Basic Life and AD&D, Group Voluntary Life and AD&D, and Group Long Term Disability Coverage on February 21, 2019 and responses were due on March 5, 2019.

A timeline of events is shown below:

<b>Action</b>	<b>Responsible Party</b>	<b>Due Dates</b>
1. Issue RFP	SPD	February 21, 2019
2. Acknowledgment of Receipt	Potential Offerors	February 25, 2019
4. Deadline to submit Questions	Potential Offerors	February 26, 2019
5. Response to Written Questions	NMPSIA Procurement Manager	February 28, 2019
6. References Due	SPD	March 1, 2019
<b>7. Submission of Proposal</b>	<b>Potential Offerors</b>	<b>March 5, 2019</b>
8. Proposal Evaluation	Evaluation Committee	March 5, 2019-March 8, 2019
9. Selection of Finalists	Evaluation Committee	March 8, 2019
10. Oral Presentation(s)	Finalist Offerors	March 11, 2019-March 15, 2019
11. Finalize Contractual Agreements	Agency/Finalist Offerors	March 22, 2019
12. Contract Awards	Agency/ Finalist Offerors	April 4, 2019
13. Protest Deadline	SPD	+15 days

## **Scope of Work**

The Contractor shall perform the following work specific to NMRHCA:

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

1. Quote only the current Additional Retiree and Dependent Life plan designs, on a fully insured basis. The Additional Life plan does not have AD&D benefits. Duplicate the current Life plan design as closely as possible.
2. The current Basic Life plan was converted to Additional Life, effective January 1, 2018, and will be phased out by January 1, 2021. The current Basic Life coverage will be “rolled over” to the existing Additional Life plan. Coverage amounts under the current Basic Life plan will be added to any existing Additional Life elections, and must be grandfathered, with no Evidence of Insurability requirements.
3. Coverage for all current enrollees in the Basic Life plan will be continued under the Additional Life plan but only to the amount of coverage that existed under the Basic Life plan (\$6,000). Retirees will pay 100% of premium for any amount over that. Effective with the 2018 plan year, Retirees who were covered under the Basic Life plan will then be allowed to either keep or drop the amount of coverage they previously had under the Basic Life plan, and will begin paying 100% of premium for any amount they elect under the Additional Life plan.
4. The NMRHCA currently pays 75% of the premium for Retirees enrolled in the Basic Life plan; however, the NMRHCA will phase out their contribution over a graduated period of time 50% (2019), 25% (2020), and 0% (2021).

NMRHCA:

- Will pay 100% of premium in plan year 2017
- Will pay 75% of premium in plan year 2018
- Will pay 50% of premium in plan year 2019
- Will pay 25% of premium in plan year 2020
- Will cease all contributions to premium, beginning with plan year 2021

## **Evaluation**

The Evaluation Committee members are as follows:

Katherine Chavez, Benefits and Wellness Operations Manager, NMPSIA  
Neil Kueffer, Deputy Director RHCA  
Mark Tyndall, Director, APS  
Cynthia Maestas, State of NM Risk Management Division  
Janet Montoya, State of NM Risk Management Division  
Tammy Martinez, State of NM Risk Management Division

Technical Advisors are as follows:

Gary Petersen, Vice President, Consulting Actuary, Segal Company  
Dr. Nura Patani, Actuary, Segal Company



Ernestine Chavez, Executive Director, NMPSIA  
 Richard Valerio, Deputy Director, NMPSIA  
 David Archuleta, Executive Director, RHCA  
 Ann Johnson, Benefits Analyst, APS

This Evaluation Committee Report summarizes all criteria used in scoring the technical responses prior to the release of the Completed Cost Response form. Each agency contributed one score for each category of the technical specifications, with the State of New Mexico submitting the average of the three scores taken from each evaluator.

The criteria used to evaluate the technical and business specifications were as follows:

<b>Factors – correspond to section IV.B and IV C</b>	<b>Points Available</b>
<b>A. Technical Specifications</b>	
B. 1. Organizational Qualifications	100
B. 2. Client Service Qualifications	100
B. 3. Administrative Capabilities	100
B. 4. Organizational References	100
B. 5. Oral Presentations	100
B. 6. Mandatory Specification	
B.6.a) Refer to Exhibit 2A for Mandatory Specification	200
<b>B. Business Specifications</b>	
C.1. Financial Stability	Pass/Fail
C.2. Letter Of Transmittal	Pass/Fail
C.3. Signed Campaign Contribution Disclosure Form	Pass/Fail
C.4. Cost	
Exhibit 3: Cost Options 1 and 3	200
Exhibit 4: Quoting Long Term Disability	100
<b>TOTAL</b>	<b>1000 points</b>
C.5.A. New Mexico Preference - Resident Vendor Points per Section IV C. 6	
C.5.B. New Mexico Preference - Resident Veterans Points per Section IV C.6	

### **Recommended Action**

Based on the technical and business specifications, NMRHCA staff respectfully requests permission to enter into contract negotiations with the highest scoring offeror to provide detailed scope of work highlighted above.