

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

REGULAR MEETING OF THE BOARD OF DIRECTORS



June 4, 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

June 4, 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

June 2019

Mr. Wayne Propst
Executive Director
Public Employees Retirement Association
33 Plaza La Prensa
Santa Fe, NM 87507
PO Box 2123
Santa Fe, NM 87504-2123
Wayne.Propst@state.nm.us
W: 505-476-9301

Mr. Lawrence Rael
100 Marquette Ave, 11th Floor
City/County Building
Albuquerque, NM 87102
F: 505-768-3700
lrael@cabq.gov

Ms. Jan Goodwin
Executive Director
Educational Retirement Board
PO Box 26129
Santa Fe, NM 87502-0129
jan.goodwin@state.nm.us
W: 505-827-8030
F: 505-827-1855

Mr. Terry Linton
Governor's Appointee
1204 Central Ave. SW
Albuquerque, NM 87102
terry@lintonandassociates.com
505-247-1530

Mr. Joe Montaña, Vice President
NM Assoc. of Educational Retirees
5304 Hattiesburg NW
Albuquerque, NM 87120
Jmountainman1939@msn.com
505- 897-9518

Ms. Pamela Moon
NM Association of Counties
One Civic Plaza
10th Floor, Suite 10045
Albuquerque, NM 87102
pmoon@bernco.gov
505-468-1407

Mr. Doug Crandall
Retired Public Employees of New Mexico
14492 E. Sweetwater Ave
Scottsdale, AZ 85259
dougcinaz@gmail.com

The Honorable Mr. Tim Eichenberg
NM State Treasurer
2055 South Pacheco Street
Suite 100 & 200
Santa Fe, NM 87505
Tim.Eichenberg@state.nm.us
W: 505-955-1120
F: 505-955-1195

Ms. Therese Saunders
NEA-NM, Classroom Teachers Assoc., & NM
Federation of Educational Employees
5811 Brahma Dr. NW
Albuquerque, NM 87120
tsaunders3@mac.com
505-934-3058

Mr. Tom Sullivan, President
Superintendents' Association of NM
800 Kiva Dr. SE
Albuquerque, NM 87123
tsullivan48@gmail.com
505-330-2600

Ms. Leanne Larranaga-Ruffy
Alternate for PERA Executive Director
33 Plaza La Prensa
Santa Fe, NM 87507
PO Box 2123
Santa Fe, NM 87504
Leanne.Larranaga@state.nm.us
505-476-9332

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

June 4, 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 May 7, 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		14
b. GAS 75		18
c. Medical, Dental and Vision RFP		
d. Legislative		31
e. Wise and Well Event – Health Fair		42
f. Proposed Medicare Part D Changes		43
g. April 30, 2019 SIC Report		51
9. 2019 Annual Board Meeting Agenda	Mr. Archuleta, Executive Director	53
10. 2020 Plan Discussion/Solvency	Mr. Archuleta, Executive Director Ms. Patani, Senior Consultant & Actuary	67
11. Delegation of Authority to Conduct Adjudicatory Hearing for Appeal of Executive Director's Decision Regarding Eligibility of V. L. (Action Item)	Mr. Archuleta, Executive Director	77
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	
July 11, 2019, 9:30AM / July 12, 2019, 9:00AM Hotel Don Fernando de Taos 1005 Paseo Del Pueblo Sur Taos, NM 87571		
15. Adjourn		

ACTION SUMMARY

RETIREE HEALTH CARE AUTHORITY/REGULAR BOARD MEETING

May 7, 2019

<u>Item</u>	<u>Action</u>	<u>Page</u>
APPROVAL OF AGENDA	Approved	3
<u>APPROVAL OF MINUTES:</u> April 2, 2019	Approved	3
<u>PUBLIC FORUM & INTRODUCTIONS</u>	Informational	3
COMMITTEE REPORTS	Informational	3
<u>EXECUTIVE DIRECTOR'S UPDATES</u> FY20 Operating Budget HR Update GAS 75 Life and Disability RFP Spring Newsletter Legislative Wise and Well Event December 31 Investor Performance Report March 31, 2019 SIC Report	Informational	4
FY20 CONTRACTS	Approved	6
MEDICAL, DENTAL, VISION CONSULTANT RFP	Approved	6
OUT OF STATE TRAVEL REQUEST	Approved	7
2020 PRELIMINARY PLAN DISCUSSION	Approved	7
OTHER BUSINESS	Discussion	7

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

May 7, 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 Montañño, Vice President
Mr. Doug Crandall, Secretary
Ms. Yvonne Lucero [for Mr. Eichenberg]
Mr. Rod Ventura [for Ms. Goodwin]
Mr. Terry Linton
Ms. LeAnne Larrañaga-Ruffy
Mr. Lawrence Rael
Ms. Therese Saunders

Members Excused:

Ms. Pamela Moon

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. Charmaine Clair for Judith Beatty, Board Recorder

Others Present:

[See sign-in sheets]

3. PLEDGE OF ALLEGIANCE

Mr. Linton led the Pledge.

4. APPROVAL OF AGENDA

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

5. APPROVAL OF REGULAR MEETING MINUTES: April 2, 2019

Mr. Linton moved approval of the minutes of the April 2, 2019, meeting, as submitted. Mr. Crandall 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 last Thursday to review today's agenda with the Executive Director.

Chairman Sullivan reported that the Finance Committee met on April 30 and approved the FY2020 budget in time to meet the May 1 submission deadline.

Mr. Montaña reported that the Legislative Committee met on April 25, with all committee members present in addition to Ms. Moon, who made some very valuable contributions. Also present was NMAER lobbyist Amy Griffith, who offered some very good suggestions, and NMAER Executive Director Russell Goff. Mr. Archuleta reviewed the history of the NMRHCA, discussed the five failed attempts to increase employee contributions through legislative proposals and also discussed alternative actions that may be needed to keep the fund solvent. The committee agreed that in order to get the necessary legislation passed, stakeholder group membership is going to have to increase and efforts are going to have to intensify.

Chairman Sullivan said a meeting is scheduled with DFA Secretary Olivia Padilla-Jackson, who has previously served on the NMRHCA Board of Directors. The committee is also hoping to meet with AARP representatives in the near future.

8. EXECUTIVE DIRECTOR'S UPDATES

a. FY20 Operating Budget

Mr. Archuleta referred a high level overview of the Opbud2 to Opbud3 reconciliation for the FY20 Operating Budget. The \$71,800 difference reflects a 4 percent salary increase authorized for public employees through the General Appropriation Act and a .25 percent increase in PERA contributions. The total operating budget approved is \$361.2 million.

b. HR Update

Mr. Archuleta announced that CFO Peggy Martinez would be interviewing for the vacant position in her office on May 13. In addition, the vacant Service Manager position will be advertised for 10 days. The Special Projects Coordinator is in the process of being reclassified to Wellness Coordinator.

Mr. Archuleta reported that he and Mr. Kueffer are now designated as Certified Government Benefit Administrators.

c. GAS 75

Mr. Archuleta reported that the schedules were completed by Segal, audited by Moss Adams, and CliftonLarsonAllen completed a concurring review. Final drafts and edits have been incorporated, and the information will be presented to the Audit Committee on May 23, prior to submission to the State Auditor's Office, which is due on June 25.

d. Life and Disability RFP

Mr. Archuleta said the agency is in the final process of drafting a contract that will be submitted to the State Purchasing Division for final approval. It will then be brought back to this board for final approval with an announcement of who the selected vendor will be.

Mr. Archuleta reminded the board that the average increase in rates, beginning July 1, will be 3.9 percent, and individual notifications will be sent in June to affected members regarding the change. As a result of the RFP, everyone will experience an increase with the exception of those between the ages of 45 and 49.

e. Spring Newsletter

a. Employee

Mr. Archuleta stated that the first quarterly newsletter was released to employees offering helpful advice, status of the program, a summary of actions of the board, updates on legislative matters, investment earnings and FAQs.

b. Retiree

Mr. Archuleta said the retiree newsletter includes an update on the agency's failed attempt at the legislature and information on the June 21 Wise and Well Health Fair. He said 500 or more are expected to attend, and guest speakers are being arranged. The newsletter also has an update regarding calls about a durable medical equipment scam; information about exercise, and 2019 Medicare seminars.

f. Legislative

Mr. Archuleta stated that the Legislative Committee met on April 25 to discuss strategy for the 2020 legislative session, and reviewed challenges over the last six or seven years. A meeting is scheduled with DFA Secretary Olivia Padilla-Jackson to get feedback on Governor Lujan Grisham's position on increasing employer contributions.

Mr. Archuleta said he and Mr. Kueffer met with Representative Tomas Salazar to discuss strategy for the upcoming session. They will contact Vice Chair Patricia Roybal Caballero to ensure that NMRHCA is included in interim committee meetings and is part of the discussion. Finally, they will be meeting with the Association of Counties executive director on May 3, and hope to meet with the Municipal League executive director in the near future.

g. Wise and Well Event – Health Fair

Mr. Archuleta reported that a two-sided postcard would go out to members in the four-county area surrounding Albuquerque about the upcoming Health Fair (June 21). The agency has already received a large number of calls from people wanting to sign up.

h. December 31, 2018 Investor Performance Report

Mr. Archuleta reported that the return for CY 2018 was -1.32 percent net, but beat out the benchmark of -2.09 percent. The 3-year net return, however, was 7.74 percent, which exceeded the expected return of 7.25 percent, while the 5-year return was 5.27 percent and the 10-year return was 8.52 percent, suggesting that NMRHCA will not have to revise its expected rate of return.

i. March 31, 2019 SIC Report

Mr. Archuleta reported that the balance on March 31 was at \$684 million, \$20 million from the goal of \$704 million. It is likely the agency will contribute \$10 million on June 1 to the fund, however, leaving \$10 million to make up. He said he is hopeful that the goal will be reached by June 30.

9. FY20 CONTRACTS

Mr. Archuleta reviewed the contract list on page 78, reflecting contracts that needed to be amended and new contracts required to meet the agency's business obligations with regard to the administration of both the Healthcare Benefits Administration Program and Program Support.

In reviewing the program support budget for contractual services, Mr. Archuleta said \$72,200 remains available to accommodate the cost of consulting services for the upcoming medical, dental and vision RFP, which would be split four ways. The NMRHCA's share was \$35,000 when the contract was initiated four years ago, so the range this year could be between \$35,000 and \$40,000. He said this would leave about \$30,000 that could be applied to investment advisory services for the spring of 2020.

Mr. Archuleta requested approval of the proposed contract amendments and new contracts listed on pages 78 and 79 of the board book.

Mr. Rael said he felt the board should make a decision now, rather than later, about whether to hire a lobbyist for the upcoming legislative session. He commented that many lobbyists are already looking for clients during the summer months.

Following discussion, Mr. Montaña agreed that, while no one knows right now whether the Governor would support legislation in the upcoming session or in 2021, it would be a good idea to be prepared to take action.

Chairman Sullivan said that, regardless of the timeline, the board should invest the money this year in the interest of being well prepared for any action it has to take.

Mr. Rael said he would provide a sample RFP containing language that could be used in drawing up any lobbyist contract.

Mr. Archuleta said he would obtain quotes for services so discussion can begin right away.

Mr. Crandall moved approval of the contracts, as presented by staff, including looking for a lobbyist. Ms. Larrañaga-Ruffy seconded the motion, which passed unanimously.

10. MEDICAL, DENTAL, VISION CONSULTANT RFP

Mr. Archuleta stated that APS would serve as procurement manager with this RFP. NMRHCA will serve as an evaluator and later enter into a memorandum of understanding with APS to pay its prorated share of the contract.

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

11. OUT-OF-STATE TRAVEL REQUEST

Mr. Archuleta stated that NMRHCA staff has been invited to attend the 2019 Major Accounts Council in Chicago on May 28-30. This event includes participation from all major accounts (including IBAC members) for interactive discussion with senior leaders from Blue Cross Blue Shield to discuss ongoing trends and solutions in the healthcare market.

Mr. Rael moved for approval of this travel request. Ms. Saunders seconded the motion, which passed unanimously.

12. 2020 PRELIMINARY PLAN DISCUSSION

Mr. Archuleta presented the 2020 Preliminary Plan recommendations.

Pre-Medicare/Medicare Rates

1. Increase retiree premiums in accordance with projected medical trend for all self-insured plans based upon loss ratios calculated in May – estimate available by June Board meeting.

NMRHCA's long-term solvency projections include annual 8 percent rate increases as part of its baseline assumptions in order to keep pace with rising medical costs. Changes to this rate of increase in any given year are based on an evaluation of NMRHCA's overall loss ratio (how closely NMRHCA rates match actual costs) or any changes made to the plans' cost-sharing provisions (deductibles, out-of-pocket maximums, etc.).

Pre-Medicare Plan Design

2. No recommended changes.

Pre-Medicare Subsidies

3. Spouse/domestic partner reduction – 2 percent/36 to 34 percent

NMRHCA's five-year strategic plan includes a provision to reduce the subsidies for pre-Medicare spouses. This would be the third phase of that process, which has already reduced the subsidy level from 40 percent to 38 percent for plan year 2015 and from 38 percent to 36 percent in 2016.

4. Retiree subsidy reduction -- 1 percent/64 to 63 percent

NMRHCA's five-year strategic plan also includes a provision to reduce the subsidies for pre-Medicare retirees. This would be the second phase of that process as the maximum subsidy was reduced from 65 percent to 64 percent in 2016.

Medicare Supplement Plan Design

5. Supplement – introduce \$250 copay for inpatient stay (1 per year)
 - 189 admits per 1,000 people = \$1 million savings
6. Supplement – increase annual Part B cost sharing by \$50
 - Approximately 21,000 x \$50 = \$1 million savings

Pharmacy Benefits

7. No recommended copay changes.
8. Evaluating the cost associated with the addition of Livongo.

Additional Variables Impacting Solvency Report/Year End Goals:

- Inclusion of minimum age and increased years of service requirement
- Life Insurance rate Increase – 3.9 percent
- 3rd year of 4-year basic life phase-out
- Medicare Advantage Rates -- HIT Effective January 1, 2020 [Estimated 14-45 percent increase across all MA plans]
- Possible changes associated with medical, dental, vision and Medicare Advantage procurement effective July 1, 2020 (mid-calendar year).

Mr. Crandall commented that the changes over the last five years have been with the idea that this is a two-way street, but that hasn't been the case at all. He said he supported rate increases based on medical trends, but was not inclined to vote for new changes until there was word from the legislature about its willingness to do its part.

Mr. Montañó said he would like to see a future timeline reflecting no employer-employee increases so the board can see when it will have to begin instituting harsh changes. This can be shared with the stakeholders, who may not have an idea of how severe this situation will become if the agency can't get legislative support.

13. OTHER BUSINESS

Chairman Sullivan noted that some of today's discussion was about an issue that hadn't been placed on the agenda but had been on the mind of some board members. He suggested that, going forward, board members ask for agenda items in terms of advance planning and board needs.

Chairman Sullivan stated that, for the last several years, the board has started an Executive Director evaluation process in the spring with action during the annual meeting in July. He understands there is no prohibition from the state level for the board to make compensation decisions at a time other than during submittal of the budget. He said he would send last year's evaluation to board members for review and then ask for feedback.

14. EXECUTIVE SESSION

Pursuant to NMSA 1978, Section 10-15-1(H)(6) to Discuss Limited Personnel Matters

[None.]

15. DATE AND LOCATION OF NEXT BOARD MEETING:

JUNE 4, 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 10:45 a.m.

Accepted by:

Tom Sullivan, President



State of New Mexico

Michelle Lujan Grisham
Governor

EXECUTIVE ORDER 2019-011

RETURN OF HUMAN RESOURCES OPERATIONS TO CERTAIN PREVIOUSLY CONSOLIDATED DEPARTMENTS AND AGENCIES WITHIN THE EXECUTIVE BRANCH OF STATE GOVERNMENT

WHEREAS, Section 4 of Article V of the New Mexico Constitution vests the executive power of the State of New Mexico in the Governor; and

WHEREAS, the purpose of the State Personnel Act [Chapter 10, Article 9 NMSA 1978] pursuant to NMSA 1978, Section 10-9-2, is to establish for New Mexico a system of personnel administration based solely on qualification and ability, which will provide greater economy and efficiency in the management of state affairs; and

WHEREAS, Executive Order 2017-002, dated February 22, 2017 sought to centralize and consolidate the State's human resource functions under the State Personnel Office for classified employees (the "HR Consolidation"); and

WHEREAS, on January 17, 2018, the Board of Finance authorized the temporary transfer of certain human resources employees and positions from certain state departments and agencies to the State Personnel Office pursuant to NMSA, 1978, Section 10-7-1; and

WHEREAS, HR Consolidation has not optimized or enhanced human resources services for departments and agencies nor has HR Consolidation augmented state government's ability to deliver human resources operations; and

WHEREAS, it is no longer necessary to temporarily transfer employees from

departments and agencies to the State Personnel Office to further the economical and efficient operation of state human resources operations as contemplated by NMSA 1978, Section 10-7-1; and

WHEREAS, it is necessary in the interest of effective administration of government to return human resources operations to those departments and agencies that provided human resources employees and positions to the State Personnel Office for the purpose of the HR Consolidation; and

NOW, THEREFORE, I, Michelle Lujan Grisham, Governor of the State of New Mexico, by the virtue of authority vested in me by the Constitution and the laws of the State of New Mexico, do hereby order as follows:

1. The State Personnel Office shall work with departments and agencies that transferred their HR operations to the State Personnel Office pursuant to the HR Consolidation to identify and return known duties, functions, responsibilities, personnel, and equipment relating to human resource operations, as mutually agreed between the State Personnel Office and the receiving department or agency.
2. Going forward, the State Personnel Office shall serve as a hub for human resources expertise, solutions, collaboration and training to meet the evolving needs of the State's departments and agencies.
3. The State Personnel Office shall continue providing human resources services for those departments and agencies with which the State Personnel Office has agreements to provide such services, to the extent that such agreements are not terminated pursuant to this Order.
4. The State Personnel Office shall continue its role in promoting efficiency and

consistency of human resources operation across state departments and agencies within the classified service personnel system and administering the State Personnel Act, which covers all classified employees except those exempted pursuant to NMSA 1978, Section 10-9-4.

5. The State Personnel Office shall continue to provide leadership and oversight of the classified service personnel system and administration of the State Personnel Act.
6. The State Personnel Office and the departments and agencies shall use lessons learned from the HR Consolidation and continue to work together to enhance human resources operations for the greater good of the State and the people it serves.
7. All transfers contemplated herein shall be completed as soon as practicable.
8. Upon the completion of the transfers authorized by this Executive Order, duties, functions, responsibilities, personnel, and equipment, relating to human resource operations shall be conducted and managed by the receiving department or agency.

I DIRECT that every executive state department or agency affected by this Executive Order shall cooperate with the State Personnel Director in implementing this Order.

I FURTHER DIRECT that this Executive Order shall not be construed to restrict a cabinet secretary or executive state agency head from exercising every power expressly enumerated in law to that cabinet secretary or executive state agency head.

THIS EXECUTIVE ORDER supersedes any other previous orders, proclamations, or directives to the extent they are in conflict. This Executive Order shall take effect immediately and shall remain in effect until such time as it is rescinded by the Governor.

ATTEST:

Maggie Toulouse Oliver

MAGGIE TOULOUSE OLIVER
SECRETARY OF STATE



DONE AT THE EXECUTIVE OFFICE

THIS 20 DAY OF MAY, 2019

WITNESS MY HAND AND THE GREAT
SEAL OF THE STATE OF NEW MEXICO

Michelle Lujan Grisham
MICHELLE LUJAN GRISHAM
GOVERNOR



May 23, 2019

Moss Adams LLP
6565 Americas Parkway NE, Suite 600
Albuquerque, NM 87110

We are providing this letter in connection with your audit of the schedules of employer allocations, OPEB amounts by employer, and deferred OPEB amortization by employer of New Mexico Retiree Health Care Authority (RHCA) as of and for the year ended June 30, 2018, and the related notes to these schedules (collectively, the Schedules) for the purpose of expressing an opinion as to whether the Schedules are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of the date of this letter.

Schedules

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 29, 2019, for the preparation and fair presentation of the Schedules in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of Schedules that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
5. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. All events subsequent to the date of the Schedules and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.

8. We acknowledge our responsibility for presenting the net OPEB liability and sensitivity analysis by employer and the additional disclosure information by employer (collectively, the supplementary information) in accordance with accounting principles generally accepted in the United States of America and we believe the supplementary information, including its form and content, is fairly presented in accordance with such accounting principles. The methods of measurement and presentation of the supplementary information has not changed from those used in the prior periods, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

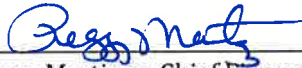
Information Provided

9. We have provided you with:
 - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the Schedules such as records, documentation and other matters;
 - b. Minutes of the meetings of the RHCA Board or summaries of actions of recent meetings for which minutes have not yet been prepared;
 - c. Additional information that you have requested from us for the purpose of the audit;
 - d. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
10. All transactions have been properly recorded in the accounting records and are reflected in the Schedules.
11. We have disclosed to you the results of our assessment of the risk that the Schedules may be materially misstated as a result of fraud.
12. We have disclosed to you all information that we are aware of regarding fraud or suspected fraud that affects the entity and involves—
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others when the fraud could have a material effect on the Schedules
13. We have disclosed to you all information that we are aware of regarding allegations of fraud or suspected fraud, affecting the financial statements and the Schedules communicated by employees, former employees, analysts, regulators or others.
14. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the Schedules.
15. We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the Schedules and we have not consulted legal counsel concerning litigation, claims, or assessments.
16. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
17. All sponsoring employers have been identified and are included in the Schedules.
18. The contributions received by participating employers are accurate and complete as presented in the schedule of employer allocations.

19. We have no knowledge of any material omissions from the participants' data provided to RHCA's actuary for the purpose of determining the total OPEB liability and other actuarially determined amounts in the Schedules.
20. We have worked with our actuaries to determine that that census data accurate and represents all individuals enrolled with RHCA.
21. Management agrees with the actuarial methods and assumptions used by the actuary for funding purposes and for determining the total OPEB liability and has no knowledge or belief that such methods or assumptions are inappropriate in the circumstances. We did not give any, nor cause any, instructions to be given to actuary with respect to values or amounts derived, and we are not aware of any matters that have impacted the independence or objectivity of the actuary.
22. We are responsible for complying with the requirements of laws, regulations, and the provisions of contracts and agreements and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and agreements that are considered to have a direct and material effect on the Schedules. We are not aware of any violations of state or regulatory provisions or other contractual provisions.



David Archuleta, Executive Director

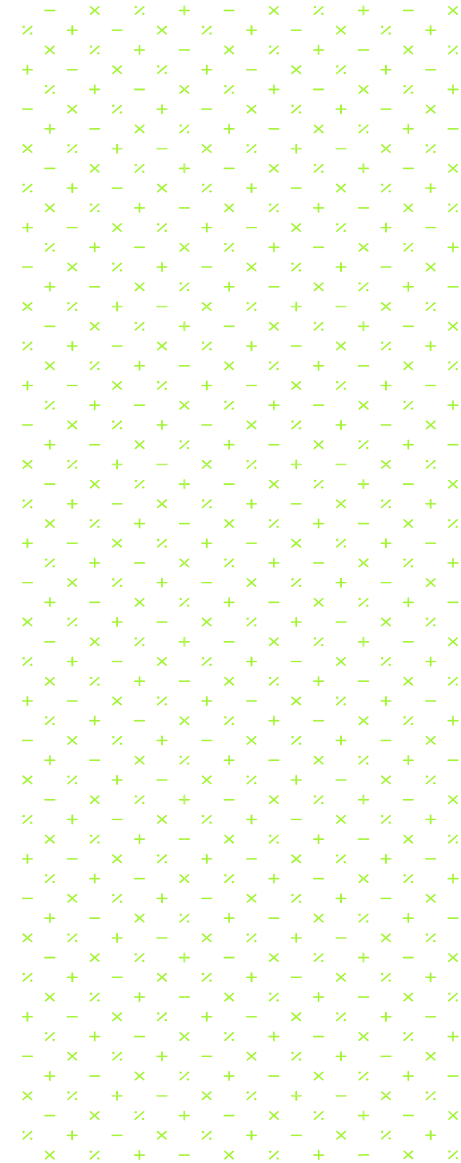


Peggy Martinez, Chief Financial Officer



New Mexico Retiree Health Care Authority

Audit of Employer Allocation Schedules (GASB No. 75)
Exit Conference
May 23, 2019



Agenda

- Your Team
- Issued Report
- Scope of Services
- Significant Allocation Audit Procedures
- Required Communications



Your Team – Audit of Employer Allocations



Kory Hoggan
Audit Partner & Engagement Reviewer
kory.hoggan@mossadams.com
(505) 878-7214



Aaron Hamilton
Audit Manager
aaron.hamilton@mossadams.com
(505) 837-7630



Jim Lanza
Concurring Reviewer



Issued Report



We issued the following report for the measurement year ended June 30, 2018

- Audit report on the schedules of employer allocations and OPEB amounts by employer of New Mexico Retiree Health Care Authority
- Audited schedule totals and footnotes based on information in audited financial statements for fiscal 2018 with our report dated November 21, 2018



4

Unmodified opinion

Schedules are presented fairly in accordance with accounting principles generally accepted in the United States of America

Scope of Services

Audited schedules

- Schedule of employer allocations
- Schedule of OPEB amounts by employer
- Notes to the schedules

Supplementary information

- Schedule of deferred OPEB amortization by employer
- Net OPEB liability sensitivity by employer – discount rate
- Net OPEB liability sensitivity by employer – trend rate
- Report on supplementary information “in relation to” schedule of employer allocations and OPEB amounts by employer

Other

- Schedules also reviewed by second audit firm in accordance with NMAC 2.2.2 (Audit Rule)
- Separate user guide (unaudited) will be prepared and made available by June 30, 2018



Significant Allocation Audit Procedures

- Sent and received contribution confirmations from 100 of 302 participating employers
- Performed detailed census data verification for 17 of 302 participating employers (111 participants tested)
- Performed census data matching of 100% of participating employers
- Performed clerical testing of schedules and referencing to audited financial statements and actuarial valuation and measurement reports provided by Segal Consulting
- Agreed actuarial assumptions used methods allowed under GASB No. 74 and No. 75



Required Communications

Separate written memo to Board to summarize required communications with those charged with governance

- Significant accounting policies for allocations schedules
 - Summarized in Note 2
 - Each employer's proportionate share of RHCA's net OPEB liability and other pension amounts calculated based on employer's contributions as a percentage of total employer contributions for fiscal 2018
- Schedule disclosures were consistent, clear and understandable
 - Recommended disclosures under GASB No. 75 and AICPA Audit and Accounting Guide for State and Local Governments



Required Communications (continued)

- Representations received in management representations letter dated May 23, 2019
- Auditor proposed adjusting entries and uncorrected adjustments (none)
- There were no disagreements with management
- Consultation with other independent auditors (none other than required secondary review under NMAC 2.2.2)
- Difficulties encountered during the audit (none)



Required Communications (continued)

- Illegal acts (none noted)
- Ability to continue as a going concern (no disclosure necessary)
- Consideration of fraud
 - Procedures performed included updating fraud interviews and journal entry testing from financial statement audit
- Moss Adams is independent with respect to New Mexico Retiree Health Care Authority





**THANK
YOU**

**TENTATIVE AGENDA
for the
FIRST MEETING
of the
INVESTMENTS AND PENSIONS OVERSIGHT COMMITTEE**

**June 5, 2019
State Capitol, Room 321
Santa Fe**

Wednesday, June 5

- 9:00 a.m. **Call to Order and Introductions**
 —Senator George K. Munoz, Chair
 —Representative Patricia Roybal Caballero, Vice Chair
- 9:10 a.m. (1) **Update from the Public Employees Retirement Association (PERA)**
 —Wayne Propst, Executive Director, PERA
 —Dominic Garcia, Chief Investment Officer, PERA
- 9:40 a.m. (2) **Update from the State Investment Council (SIC)**
 —Steven K. Moise, State Investment Officer, SIC
 —Vince Smith, Deputy State Investment Officer, SIC
- 10:10 a.m. (3) **Update from the Educational Retirement Board (ERB)**
 —Jan Goodwin, Executive Director, ERB
 —Bob Jacksha, Chief Investment Officer, ERB
- 10:40 a.m. (4) **Update from the Retiree Health Care Authority (RHCA)**
 —David Archuleta, Executive Director, RHCA
- 11:10 a.m. (5) **Proposed 2019 Interim Work Plan and Meeting Schedule**
 —Anthony Montoya, Staff Attorney, Legislative Council Service
- 11:20 a.m. **Public Comment**
- 11:30 a.m. **Adjourn**



Investments & Pensions Oversight Committee

Senator George K. Munoz, Chair

Representative Patricia Roybal Caballero, Vice Chair

New Mexico Retiree Health Care Authority Updates

June 5, 2019

Tom Sullivan, President

Joe Montaño, Vice President

Doug Crandall, Secretary

David Archuleta, Executive Director

Background Information & Composition

- Created in 1990 (no appropriation or material pre-funding period)
- Governed by 11-member Board of Directors
- Broad authority for administration of the Health Care Benefits Administration Program
- Legislature maintains authority over employee/employer contributions
- Public Employer Groups - 302
 - All school districts and charter schools – 50%
 - All state agencies – 25%
 - Municipalities, counties & universities – 25%
 - Active members – 93,349 (June 30, 2018)
- Covered Members – 63,372 (June 1, 2019)
 - Medicare – 39,234 / Pre-Medicare - 15,312 / Voluntary Only – 8,826
 - Average age - 67.8 / Average age at enrollment – 60.56 (2018)
 - Retirees under age 55 - 2,230
 - Retirees - 39,650
 - Spouses/domestic partners – 13,006
 - Dependent children – 1,890

Budget & Finance

FY20 Operating Budget

Healthcare Benefits Administration

- Uses:
 - Benefits - \$358 million
 - ACA Fees - \$42,000
 - Other Financing Uses - \$3.1 million (operations)
- Sources:
 - EE/ER Contributions - \$124.6 million
 - Retiree Contributions - \$170 million
 - Tax & Rev Suspense Fund - \$32.9 million
 - Misc. Revenue - \$30.2 million
 - Interest - \$100,000

Program Support (26 FTE)

- Salaries & Benefits - \$2 million
- Contractual Services - \$616,000
- Other Costs - \$538,100

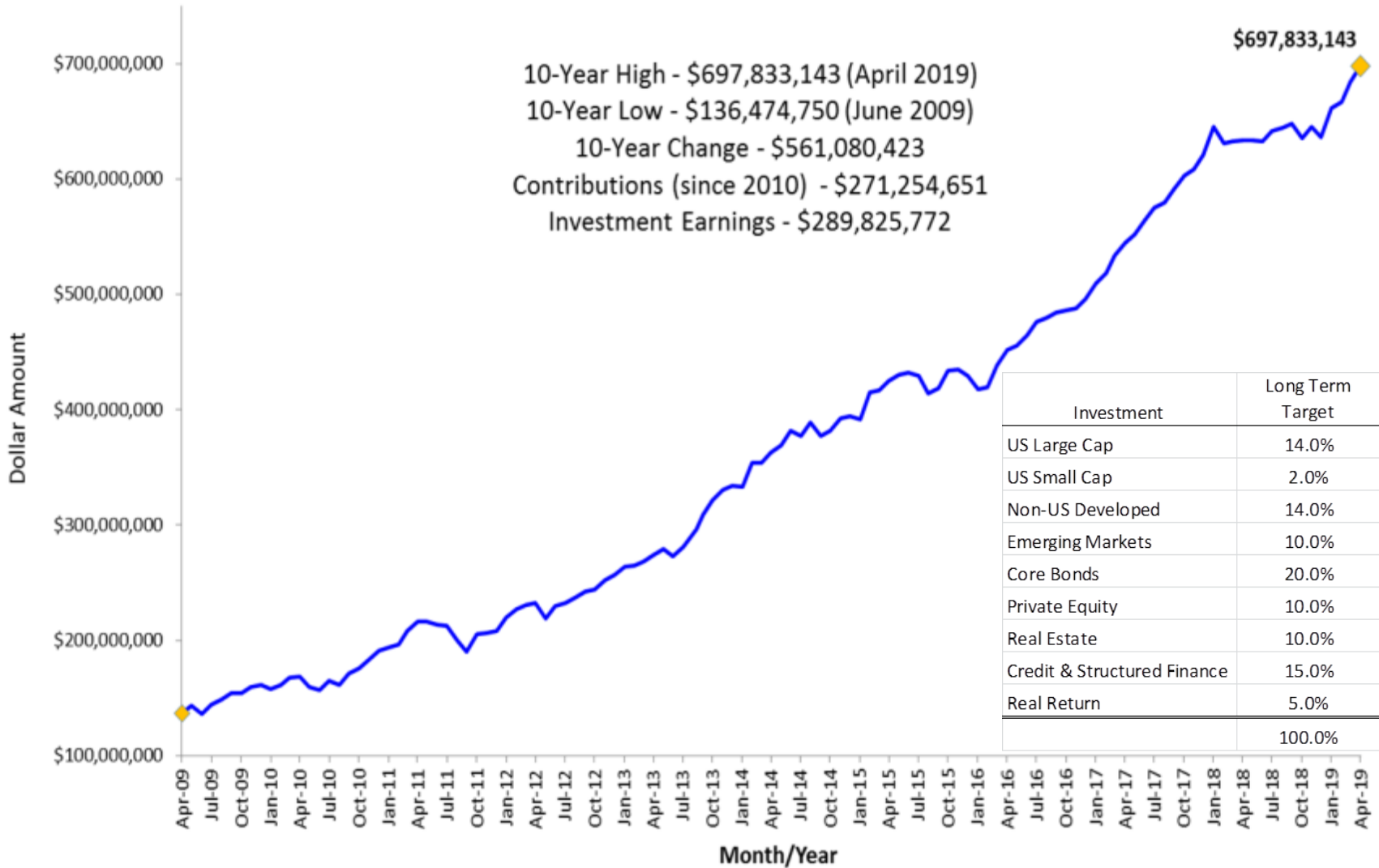
Finance

NMRHCA Trust Fund

- Investments held by State Investment Council (SIC)
- NMRHCA charged pro rata portion of investment fees
- 2018 Asset Allocation – performed by Wilshire

Investment	10-Year Expected Compound Return	Expected Risk
US Large Cap	7.00%	17.00%
US Small Cap	7.00%	17.00%
Non-US Developed	7.50%	18.00%
Emerging Markets	7.50%	26.00%
Core Bonds	3.80%	5.15%
Private Equity	10.50%	28.00%
Real Estate	6.85%	14.15%
Credit & Structured Finance	6.55%	8.10%
Real Return	8.50%	14.35%

NMRHCA Trust Fund Balance History April 2009 - April 2019



2019 Program Benefits

Pre-Medicare

- Premier PPO Plan (BCBS and Presbyterian) -- \$260.76 per month*
 - \$800 deductible / \$4,500 annual out-of-pocket maximum
- Value HMO Plan (BCBS and Presbyterian) -- \$203.69 per month*
 - \$1,500 deductible / \$5,500 annual out-of-pocket maximum

Medicare

- Medicare Supplement (BCBS) -- \$211.96 per month*
- Medicare Advantage Plans -- Costs range: \$22.15 - \$94.68 per month*
 - Presbyterian, BCBS, Humana and UnitedHealthcare

Voluntary Coverages

- Dental (Delta Dental and United Concordia) -- \$17.78 - \$42.93 per month
 - Comprehensive & Basic
- Vision -- \$4.76 per month
 - Davis Vision
- Life Insurance (\$2,000 - \$60,000) -- \$0.68 - \$164.00 per month
 - The Standard

*20 years of service

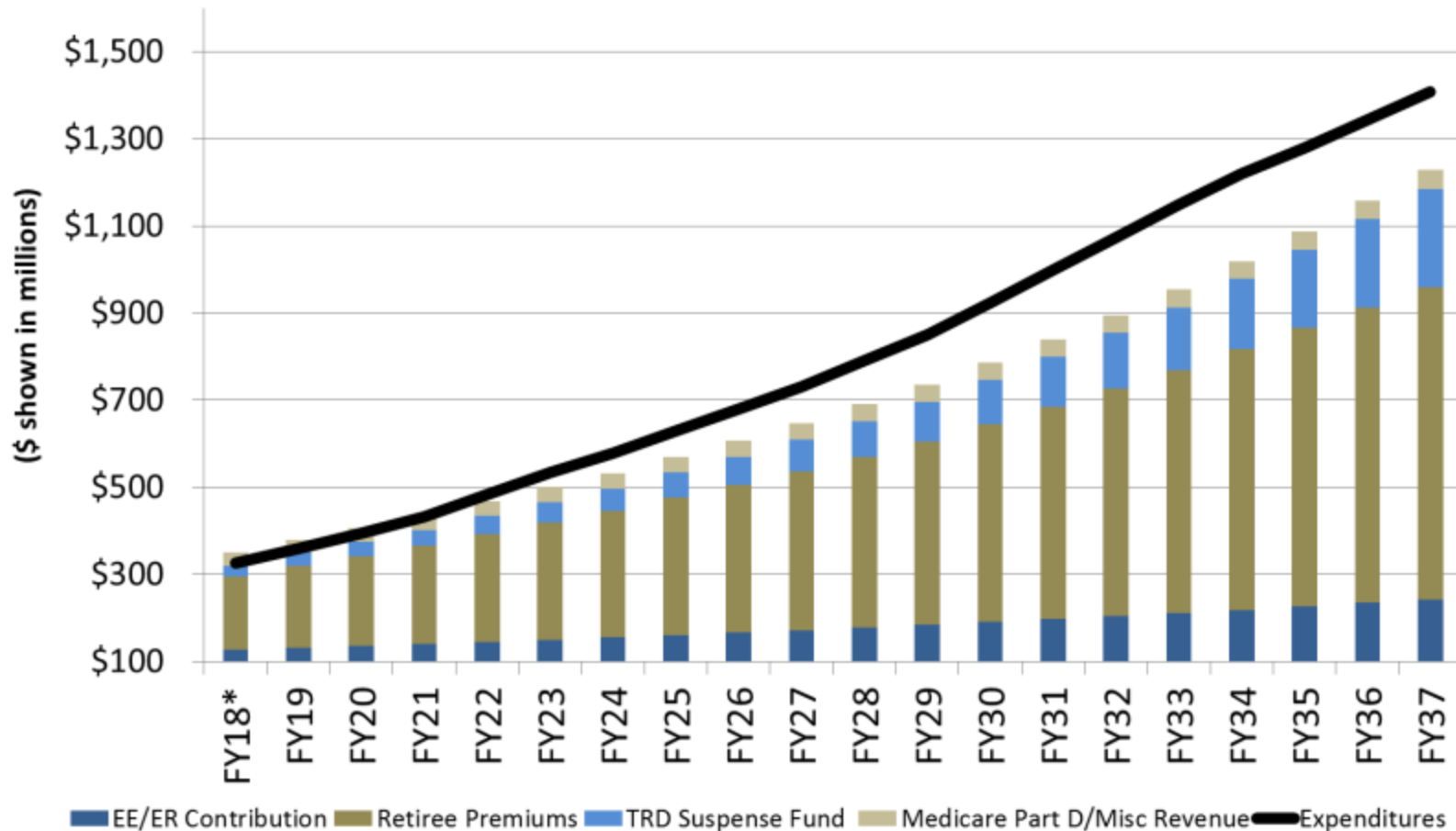
Solvency Analysis

- Solvency Study
 - Performed Annually
 - Analysis of future cash inflows and outflows
 - Used for strategic planning purposes
 - Plan design i.e., copays, deductibles, coinsurance
 - Medicare reimbursements and prescription drug rebates
 - Subsidy levels
 - Network/medical and prescription drug access
 - 2018 Projected Year of Deficit Spending - 2022
 - Expenditures exceed revenues - \$15.3 million
 - 2018 Projected Year of Insolvency: FYE 2037 (18 years)
 - FY37 Projected Expenditures - \$1.3 billion / Revenue \$1.2 billion
 - 2019 Solvency Analysis
 - July 2019 / Post Annual Board Meeting

2018 Solvency Analysis

*Unaudited

Projected Revenues and Expenditures
FY18 Actuals, FY19 - FY37 Projected



GASB 74 & 75

- GASB 74: Financial Reporting for Postemployment Benefits Other Than Pension Plans – November 2018
 - Total OPEB liability - \$5,006,011,109
 - Fiduciary net position - \$657,656,294
 - Net OPEB liability - \$4,348,354,815
 - Net position as percentage of total liability – 13.14%
- GASB 75: Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions – May 2019
 - Employer Allocations at of June 30, 2018
 - Employer Contributions
 - Employer Allocation Percentage
 - Applies to 302 employer groups
 - Produced by Segal
 - Audited by Moss Adams
 - Concurring Review Performed by CliftonLarsonAllen LLP

Updates & Notices

- Rule Changes Effective January 1, 2021
 - Minimum age 55 (non-enhanced retirees)
 - Increased years of service to receive maximum subsidy
- Annual Board Meeting – July 11 & 12, 2019
 - CY2020 Plan Changes
- Health Insurer Fee – 2020
 - Suspended in 2019
 - Applicable to Medicare Advantage Plans
 - \$30 - \$40 PMPM (21 – 68% increase in 2020)
- Part D Rebates moving to Point of Sale
 - Significant negative impact to Medicare Supplement and Medicare Advantage Plan Rates
 - Announcement expected in June

New Mexico Retiree Health Care Authority

David Archuleta, Executive Director

505-222-6416

david.archuleta@state.nm.us

Please call 800-233-2576 / 505-222-6400

Or visit us at: www.nmrhca.org or www.facebook.com/nmrhca

Office Hours: 8:00AM – 5:00PM (Monday through Friday)



June 21 Wise and Well Health Fair Schedule
Smith Brasher Hall on CNM campus (717 University Blvd. SE)

- 8:30 a.m.** **Doors open (23 vendor tables with information and small-item giveaways, similar to Switch Enrollment meetings)**
- 8:30 a.m.** **Mobile screening trucks from Assured Imaging (for mammograms, colorectal screening kits through pre-event appointments) and Blue Cross Blue Shield Care Van (blood pressure, glucose and cholesterol screening) will be available in the South Parking Lot.**
- 9:30 a.m.** **Health fair officially begins with NMRHCA introduction and first keynote presentation, “The Happiness Effect” — James Reese/SilverSneakers (30 minutes)**
- 9:30 a.m.** **Door prize giveaways start (and will be announced prior to the start of each presentation and at the conclusion of the second keynote presentation)**
- 10:05 a.m.** **Breakout sessions begin (each session conducted twice during Health Fair)**
Auditorium — Good Measures
Large Classroom/Room 103-104 — SilverSneakers
- 10:30 a.m.** **Breakout sessions**
Auditorium — United Concordia
Large Classroom/Room 103-104 — BCBS Tai Chi
- 11:00 a.m.** **Breakout sessions**
Auditorium — Good Measures
Large Classroom/Room 103-104 — SilverSneakers
- 11:30 a.m.** **Breakout sessions**
Auditorium — United Concordia
Large Classroom/Room 103-104 — BCBS Tai Chi
- Noon** **Second keynote presentation: “Practical Ways To Enhance Cognitive Health at Any Age” — Dr. Raquel Garzon (45 minutes)**
- 1 p.m.** **Health Fair ends**

Take Action on the Administration's Proposed Rebate Rule

OVERVIEW

- On Feb. 6, 2019, the Department of Health and Human Services (HHS) released a proposed rule to remove rebate safe harbor protections in Medicare and Medicaid and mandate price concessions paid by brand drug manufacturers to health plans and PBMs be made available to beneficiaries directly at the point of sale.
 - In Medicaid, most managed care enrollees already pay low, flat copays for their prescriptions, and it is not clear how enrollees would benefit; however, overall drug spending would rise.
 - For Medicare, the proposed rule would raise premiums for all Medicare beneficiaries to lower costs for a few, foregoing more efficient ways to reduce high out-of-pocket expenses for all Medicare beneficiaries.
- While the proposed rule can only impact federal programs, there has been increasing interest in Congress to address rising drug costs with similar changes to the rebate system for employer-sponsored coverage.

WHY THIS SHOULD MATTER TO YOU AS AN EMPLOYER OR PLAN SPONSOR

- There is widespread misunderstanding about the role rebates play in improving overall affordability and choice for beneficiaries. Rebates are a critical tool to achieve affordability. Rebates are not the cause of, or solution to, high drug prices.
- The proposed changes would increase premiums for all current Part D beneficiaries, while providing only limited relief on out-of-pocket costs for select beneficiaries whose prescriptions carry rebates.
 - Only 36% of brand (sole-source/innovator) drugs have rebates.¹
- The proposed rule would require that the Manufacturer Administrative Fee (MAF) be changed from a percentage off the list price to a flat fee. This means that you would no longer receive a portion of the negotiated fee.
- Many studies show rebates do not lead to higher list prices. The actuarial firm Milliman found that, on average, the highest cost drugs have the lowest manufacturer rebates (as a percentage of gross drug cost), for brand drugs with rebates.
 - Non-rebated drugs continue to see double-digit increases, burdening patients, plan sponsors, and taxpayers.²
- All Medicare discounts today are passed through to Part D customers in the form of lower premiums. Removing the discount means premiums for beneficiaries and federal spending will rise significantly.
 - The recent CBO score estimated that implementing the rule as proposed would increase federal spending for Medicare by about \$177 billion from 2020-2029.³
- Express Scripts and all of our clients are committed to providing quality, access and affordability for all of the patients we serve. The fact is, mandating the treatment of rebates does not benefit all patient groups.
- Through flexibility and ability to innovate, large employers have driven new solutions and choices in the market. More than 56% of Americans access coverage through their employer.⁴ Employers must retain the flexibility to tailor affordable solutions for their workforce and not be mandated into one-size-fits-all approach via federal legislation.
 - Employers currently have the flexibility to design benefits plans based on the needs of their employee population. This includes whether to use the value of rebates to lower premiums and cost-sharing, expand access, enhance benefits or provide the discounts to enrollees at the point of sale.
 - An employer's ability to adapt to the evolving needs of their employees is critical. Any new federal proposals should strengthen and support employer-sponsored coverage, not weaken it through restrictive rules and regulations.

TIMING

The Administration has indicated they would like to finalize the proposed rule in the coming weeks and your assistance will be critical in helping to stop it. Congress is concurrently considering legislation on drug pricing that could include rebate changes impacting the employer market. We ask that you take action now to help members of Congress understand the true role that rebates play.

SUGGESTED ADVOCACY POINTS

- **Reach out to your members of Congress to voice your concern with HHS's proposed rule on rebates.**
 - This rule will adversely affect your employees and retirees due to higher premiums while providing relief to only certain patient groups.
 - According to a projection by the CMS Office of the Actuary, only one in five Part D enrollees would see savings, but premiums would increase for all beneficiaries by 25% over the next 10 years.
- **Ask your members of Congress to urge the Administration to stop the rebate rule by withdrawing it.**
- **Tell your members of Congress to oppose any legislation that would extend the concept of this rule into the commercial market.**
 - In the U.S. Senate, Sen. Mike Braun (R-IN) has legislation that would require any rebates or discounts be provided to the consumer at point of sale in the commercial market.
 - Similar to the potential impacts in Medicare Part D, this legislation could increase costs for the majority of enrollees while providing limited relief to those whose prescriptions carry rebates.
 - In the U.S. House of Representatives, proactively tell your Representative that he/she should not support introduction of any rebate legislation in the House of Representatives.

SUGGESTED PATHS OF ADVOCACY

- **Employer Trades:** Communicate to all trade associations in which your company participates the urgency and importance of their continued advocacy to the Administration and Congress.
 - Associations may include: Business Roundtable, American Benefits Council, Human Resources Professionals Association (HRPA), National Business Group on Health, U.S. Chamber of Commerce, ERISA Industry Committee (ERIC), National Retail Federation, Retail Industry Leaders Association, American Hotel & Lodging Association, and more.
- **Direct Advocacy:** Through your Washington, D.C. office or D.C. representative, reach out on behalf of your company to the Administration and/or Members of Congress. Phone calls and meetings are even more valuable and timely than letters or emails, if possible. We suggest setting up a meeting in the district office of your elected official. We can help you determine contact information.
- **Advocacy Groups:** Talk with your organization's government affairs office to leverage any company relationships with advocacy groups to educate those groups on the implications of cost and consumer value, and urge them to express support at least for implementation timing points.

1. Milliman, Prescription Drug Rebates and Part D Drug Costs. July 16, 2018.

2. Ibid

3. Congressional Budget Office, Incorporating the Effects of the Proposed Rule on Safe Harbors for Pharmaceutical Rebates in CBO's Budget Projections, May 2019.

4. Edward R. Berchick, Emily Hood and Jessica C. Barnett, U.S. Census Bureau, "Health Insurance Coverage in the United States: 2017," Sept. 2018.



News & Updates

“DOSE OF REALITY” BREAKING DOWN THE BIG PHARMA DOLLAR

Part II: An Industry Booming Off of Price-Gouging

The average American spends \$1,200 per year out-of-pocket on prescription drugs. Altogether, the 10 largest U.S.-based Big Pharma drug manufacturers pulled in a colossal \$245 billion in revenue in just one year.

As prescription drug prices continue to climb, causing one in four Americans to not be able to afford their medications, do you ever wonder how Big Pharma spends all those dollars? We set out to get you the answer.

CSRxP, in partnership with GlobalData, conducted a study to determine how Big Pharma allocates revenue across six categories and broke down to the dollar:



Yesterday, we showed how the math undercuts Big Pharma's favorite go-to excuse: that they need to raise prices in order to fund research and development (R&D). Today we're looking at Big Pharma's profits.

How Big Pharma Is Doing

The CSRxP and GlobalData **study** found 18 cents out of every Big Pharma dollar goes to profits. That means pharmaceutical companies enjoy some of the highest profits of any industry.

Drug makers have the power to unilaterally set list prices and have become very skilled at gaming the system to prevent potential competitors from entering the market.

The result of Big Pharma's price-gouging and anti-competitive practices is the industry is booming while patients are struggling. In fact, pharmaceutical companies recently reported their **earnings** for the first three months of this year. 10 of the largest drug makers in the world, including Pfizer, Merck, AbbVie, Bristol-Myers Squibb and Eli Lilly, all bested earnings forecasts and raised their outlooks for the year.

The CSRxP/GlobalData study found that 27 cents out of every dollar allocated by Big Pharma goes to profits and corporate overhead – outweighing investment in R&D by five cents.

How They Do It



the campaign for
SUSTAINABLE Rx PRICING



- **Even After Drug Companies Said They Would Pause On Price Hikes, More Than 30 Manufacturers Announced They Would Raise Prices In The Beginning Of 2019.** (Michael Erman and Robin Respaut, "Big Pharma Returning To U.S. Price Hikes In January After Pause," [Reuters](#), 12/19/18)
- **The Price Of A 10-Milliliter Vial Of Eli Lilly's Humalog Insulin Cost \$21 In 1996, But The Same Vial Now Costs \$275.** "In 1996, when Eli Lilly debuted its Humalog brand of insulin, the list price of a 10-milliliter vial was \$21. The price of the same vial is now \$275. Those costs can be compounded by the multiple vials that diabetics may require to survive each month." (Tiffany Stanley, "Life, Death And Insulin," [The Washington Post](#), 1/7/19)
- **The Pfizer Drugs Receiving Price Hikes Account For Nearly Half Of The Company's Revenue.** "[T]hough Pfizer, for example, increased the list prices for just 10% of its drugs, those drugs account for about half of Pfizer's revenue." (Sam Baker, "The Latest Drug Price Hikes," [Axios](#), 1/25/19)
- **A Recent Report Found That Bristol-Myers Squibb Raised Prices On Two Of Its Best-Selling Drugs, Coumadin and Sustiva, 163 Times From 2015 to 2019.** (Bob Herman, "Drug Makers Still Raising Prices, But Seeking Fewer Hikes," [Axios](#), 1/22/19)

Despite mounting pressure to stop the price-gouging bonanza, Big Pharma continues to put profits before patients. Fortunately, there is growing bipartisan momentum in Washington to take action and hold drug makers accountable.

With billions in profits, where is all of this money going? We'll take a deeper dive into Big Pharma's spending tomorrow.

[CLICK HERE](#) to read: Breaking Down the Big Pharma Dollar Part I: The Math Undercuts the R&D Defense.

###

SIGN-UP FOR UPDATES



the campaign for
SUSTAINABLE Rx PRICING



SIGN UP

ABOUT

Who We Are

Contact Us

RESOURCES

Fact Sheets

Infographics

Videos

NEWS & UPDATES

Press Release

Media

Blog Posts

Newsletter

search



© 2019 – CSRxP • All Rights Reserved

[Privacy Policy](#)



May 22, 2019

Seema Verma, Administrator
The Centers for Medicare & Medicaid Services
Department of Health and Human Services
P.O. Box 8016
Baltimore, MD 21244-8013

**Re: Organizations' Proposal to Protect Medicare Advantage Employer Group Waiver Plan (EGWP)
Beneficiaries from Sharp Premium Increases**

Administrator Verma:

As organizations and employers who value the high-quality, cost-effective health insurance coverage for retirees afforded by Medicare Advantage through employer group waiver plans (EGWPs), we are writing to express deep concerns about recent proposed policies that would drastically increase premiums for EGWP retirees. We ask that CMS issue additional guidance that offers financial relief to EGWPs and their beneficiaries, similar to the relief it provided on April 5, 2019 to individual Part D plans and beneficiaries.

The **4.3 million retirees** in Medicare Advantage-Prescription Drug (MA-PD) EGWPs – including former teachers, local and state government employees, and first responders – represent **20 percent** of all Medicare Advantage beneficiaries.¹ Employers are increasingly selecting EGWPs as a cost-effective, high-quality solution to meeting commitments made to former employees to offer health and prescription drug coverage in retirement in return for their years of service. EGWPs enable employers to provide retirees access to comprehensive coverage that includes care coordination, disease management, and protections against high out-of-pocket costs. The popularity of EGWPs is a reason they are one of the fastest growing segments of Medicare Advantage – according to MedPAC's recent report,² enrollment in EGWPs grew **12 percent** in 2018.

In January, the Department of Health & Human Services (HHS) and the Office of the Inspector General (OIG) issued a proposed rule entitled, *Removal of Safe Harbor Protection for Rebates Involving Prescription Pharmaceuticals and Creation of New Safe Harbor Protection for Certain Point-of-Sale Reductions in Price on Prescription Pharmaceuticals and Certain Pharmacy Benefit Manager Service Fees*, that would eliminate the safe harbor protection for manufacturer rebates in Part D – including EGWPs that provide Part D coverage. The comment period for the proposed rule closed on April 8th. There is near unanimous consensus that finalization of the proposed rule would result in increased beneficiary premiums, including by CMS itself, which stated in the proposed rule that premiums would increase under the proposal.

On April 5th, CMS released additional guidance in which it announced that, if the rebate rule is finalized as proposed, it would offer a voluntary, two-year demonstration program in which the government would absorb 95

¹ Analysis of CMS Medicare Advantage Enrollment files, accessed April 1, 2019.

² Medicare Payment Advisory Commission (MedPAC) Report to Congress, March 2019.

percent of any losses (beyond the first 0.5 percent) experienced by Part D plans in 2020 resulting from the elimination of rebates. **However, while the demonstration would be available to individual Part D and Medicare Advantage-Prescription Drug (MA-PD) plans, EGWPs would be ineligible to participate.** The demonstration would function by narrowing risk corridors in Part D, but because EGWPs do not submit individual bids, they do not participate in the risk corridor program.

Administrators of EGWP programs have expressed deep concerns that they will not be able to absorb new costs associated with eliminating rebates and will have to pass along increased cost or reduced benefits to retirees. Given that the demonstration program would not afford protection to millions of EGWP beneficiaries from the devastating premium increases resulting from the elimination of manufacturer rebates, additional action is needed to protect EGWP enrollees.

For this reason, we are asking that CMS take action to shield EGWP beneficiaries from significant premium increases. Specifically, we are asking CMS to provide additional subsidy payments to EGWPs that reflect the average risk corridor payment made to individual Part D plans as part of the demonstration. We believe this option is an administratively feasible, straightforward way to provide some financial protection to EGWP beneficiaries and mitigate excessive premium increases in the coming years.

We welcome the opportunity to meet with you or your staff to discuss this issue in more detail. We are committed to ensuring that EGWPs continue to be a viable, cost-effective, high-quality solution for retiree health care coverage, and we look forward to engaging with you further on this issue.

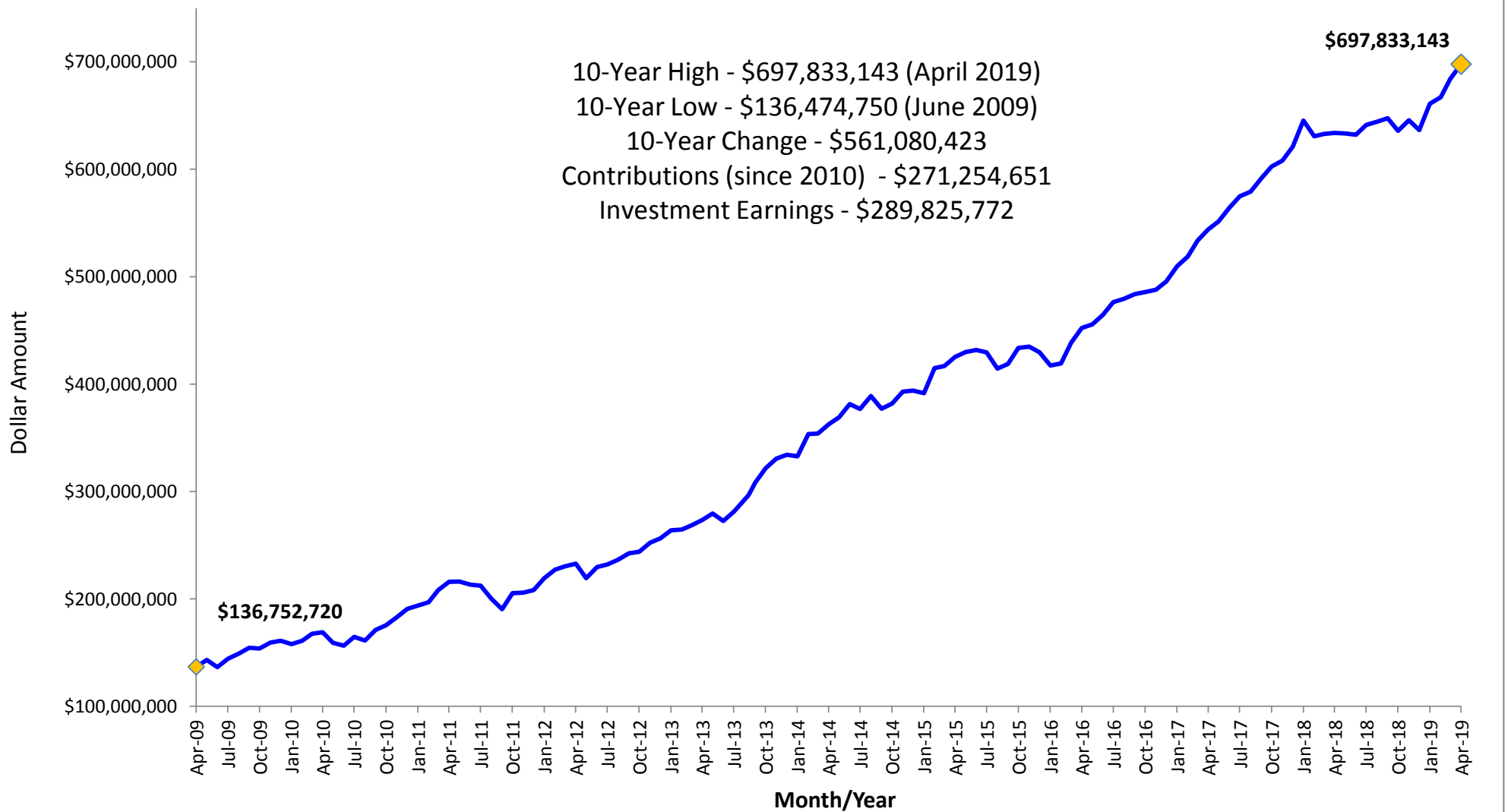
Sincerely,



David Archuleta
Executive Director

NEW MEXICO RETIREE HEALTH CARE AUTHORITY										
CHANGE IN NET ASSET VALUE										
FOR THE MONTH ENDED										
April 30, 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 3/31/2019	\$93,462,069.84	\$90,814,177.33	\$67,362,938.73	\$12,202,186.64	\$101,743,554.77	\$141,527,226.64	\$73,480,310.22	\$70,088,614.28	\$33,515,353.26	\$684,196,431.71
CONTRIBUTIONS	700,000.00	700,000.00	500,000.00	100,000.00	750,000.00	1,000,000.00	500,000.00	500,000.00	250,000.00	5,000,000.00
WITHDRAWALS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FEES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
INCOME EARNED	106,694.78	349,156.91	94,401.49	4,732.45	137,585.10	332,162.62	7,072.67	207,185.76	63,510.71	1,302,502.49
CAPITAL APPR/DEPR	3,695,872.86	2,227,989.29	1,459,941.17	499,179.34	78,456.05	(348,100.53)	250,851.69	(418,596.46)	(111,385.03)	7,334,208.38
Market Value 4/30/2019	\$97,964,637.48	\$94,091,323.53	\$69,417,281.39	\$12,806,098.43	\$102,709,595.92	\$142,511,288.73	\$74,238,234.58	\$70,377,203.58	\$33,717,478.94	\$697,833,142.58

NMRHCA Trust Fund Balance History April 2009 - April 2019



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

July 11 & 12, 2019
9:30 AM / 9:00 AM
Hotel Don Fernando de Taos
1005 Paseo Del Pueblo Sur
Taos, NM 87571

AGENDA – July 11th

- | | |
|--|---|
| 1. Call to Order | Mr. Sullivan, President |
| 2. Roll Call to Ascertain Quorum | Ms. Beatty, Recorder |
| 3. Pledge of Allegiance | Mr. Sullivan, President |
| 4. Approval of Agenda | Mr. Sullivan, President |
| 5. Approval of Regular Meeting Minutes
June 4, 2019 | Mr. Sullivan, President |
| 6. Public Forum and Introductions | Mr. Sullivan, President |
| 7. Election of Board Officers (Action Item) | Mr. Sullivan, President |
| a. Board Policies and Procedures | |
| b. Committee Assignments | |
| c. Code of Ethics | |
| d. Open Meetings Act Resolution | |
| 8. Committee Reports | President |
| 9. State Investment Council Updates | Mr. Wollman, Director, Communications,
Legislative & Client Relations, SIC |
| 10. Provider Presentations | |
| a. Presbyterian Health Plan | Mr. Witt, Account Management Supervisor |
| b. Blue Cross Blue Shield of New Mexico | Ms. Bell, Account Executive |
| | Ms. Hentz, Account Executive |
| c. Express Scripts | Ms. Daily, Sr. Account Executive |
| | Mr. Zeyae, Sr. Clinical Account Executive |
| (Recess for lunch at the pleasure of the Board) | |
| 11. Review of Actuarial Concepts and Principals | Ms. Kirby, Segal Co. |
| 12. Actuarial Presentations | Mr. Madalena, Madalena Consulting
Ms. Patani, Segal Co. |
| 13. Review of Calendar Year 2020 Plan Changes | Mr. Archuleta, Executive Director |

(Recess until 9:00AM, July 12, 2019, in the same location)

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

July 11 & 12, 2019
9:30 AM / 9:00 AM
Hotel Don Fernando de Taos
1005 Paseo Del Pueblo Sur
Taos, NM 87571

AGENDA – July 12th

- | | |
|---|-----------------------------------|
| 1. Call to Order | President |
| 2. Roll Call to Ascertain Quorum | Ms. Beatty, Recorder |
| 3. Pledge of Allegiance | President |
| 4. Public Forum and Introductions | President |
| 5. Executive Director's Update | Mr. Archuleta, Executive Director |
| a. HR | |
| b. Legislative | |
| c. GASB 75 | |
| 6. Provider Presentations Continued | Mr. Archuleta, Executive Director |
| a. Humana | |
| b. UnitedHealthcare | |
| c. Delta Dental | |
| d. United Concordia | |
| 7. Medical, Dental, Vision Consultant Selection (Action Item) | Mr. Kueffer, Deputy Director |
| 8. Medical, Dental, Vision RFP (Action Item) | Mr. Kueffer, Deputy Director |
| 9. CY2020 Plan Year Recommendations (Action Item) | Mr. Archuleta, Executive Director |
| 10. 2020 Legislative Proposals | Mr. Archuleta, Executive Director |
| 11. Other Business | President |
| 12. Date & Location of Next Board Meeting | President |
| Tentative -- August 29, 2019, 9:30 AM | |
| Alfredo R. Santistevan Board Rm., Suite 207 | |
| 4308 Carlisle Blvd. NE | |
| Albuquerque, NM 87107 | |
| 13. Executive Session | President |
| Pursuant to NMSA 1978, Section 10-15-1(H)(6) To Discuss Limited Personnel Matters | |
| 14. Adjourn | |

NEW MEXICO RETIREE HEALTH CARE AUTHORITY
RESOLUTION NO. ~~2019~~2020-1

WHEREAS the Board of Directors of the New Mexico Retiree Health Care Authority (NMRHCA) met at its annual meeting at 9:30 a.m. on July __, ~~2018~~2019, and

WHEREAS, Section 10-15-I(B) of the Open Meeting Acts (NMSA 1978, Section 10-15-1 to 4) states that, except as may be otherwise provided in the Constitution of the State of New Mexico or in the provisions of the Open Meetings Act, all meetings of a quorum of members of any board, commission, administrative adjudicatory body or other policy-making body of any state agency, any agency or authority of any county, municipality, district or any political subdivision, held for the purpose of formulating public policy, including the development of personnel policy, rules, regulations or ordinances, discussing public business or for the purpose of taking any action within the authority of or the delegated authority of such body, are declared to be public meetings open to the public at all times; and

WHEREAS, any meeting subject to the Open Meetings Act at which the discussion or adoption of any proposed resolution, rule, regulation or formal action occurs shall be held only after reasonable notice to the public; and

WHEREAS, Section 10-15-1(D) of the Open Meetings Act requires the NMRHCA Board to determine at least annually in a public meeting what constitutes reasonable notice of its public meetings;

NOW, THEREFORE, BE IT RESOLVED by the NMRHCA that the following is determined to constitute reasonable notice to the public of its meetings:

1. Location and Time of Meetings: Unless otherwise specified by the NMRHCA Board, regular meetings will be held on the first Tuesday of every month. All regular meetings may be held at a location in Albuquerque or Santa Fe beginning at 9:30 a.m. or as indicated in the meeting notice.
2. Meeting Notice and Agenda: A meeting notice shall be prepared by the NMRHCA for each board meeting. Each meeting notice shall include either the agenda of the meeting or information on how the public may obtain a copy of the agenda of the meeting. Each meeting agenda shall consist of a list of specific items of business to be discussed or transacted at the meeting. Except for emergency matters, the NMRHCA shall take action only on items appearing on the agenda.

Except in the case of an emergency meeting, the agenda will be available to the public at least seventy-two (72) hours prior to the meeting from the Executive Director, whose office is located at 4308 Carlisle Blvd. NE, Suite 104, Albuquerque, NM 87107. In the case of an emergency meeting, the agenda shall be made available to the public as soon as is reasonably possible.

3. Regular Meetings: Notice of regular meetings will be made at least ten (10) days in advance of the meeting date.

4. Special Meetings: A special meeting of the board is a meeting other than a regular or emergency meeting and may be called by the president, vice-president or any three (3) board members at least seventy-two (72) hours prior to the meeting date for the specific purposes specified in the call.

5. Emergency Meetings: An emergency meeting of the board is a meeting other than a regular or special meeting and may be called by the president, vice-president, or any two (2) board members only under unforeseen circumstances which demand immediate action to protect the health, safety and property of citizens or to protect the NMRHCA from substantial financial loss. Within ten (10) days of taking action on an emergency matter, the NMRHCA shall report to the New Mexico Attorney General's office the action taken and the circumstances creating the emergency; provided that the requirement to report to the attorney general is waived upon the declaration of a state or national emergency.

6. Notification Process:

A. Regular Meetings: For the purposes of regular meetings described in paragraph 1 of this resolution, notice requirements are met if notice of the date, time, place and agenda (or information on how the public may obtain a copy of the agenda) is posted on NMRHCA's website and posted in the office(s) of the NMRHCA not less than ten (10) calendar days before the time the regular meeting is to commence. Within the same time frame, a copy of the notice must be mailed to broadcast stations licensed by the Federal Communications Commission and newspapers of general circulation that have made a written request for notice of public meetings.

B. Special and Emergency Meetings: For the purpose of special meetings and emergency meetings described in paragraphs 4 and 5 of this resolution, notice requirements are met by posting notice of the date, time, place and agenda in the offices of the NMRHCA. Additionally, if practicable, notice of the date, time, place and agenda (or information on how the public may obtain a copy of the agenda) may be placed on NMRHCA's website. Within the same time frame, telephonic notice will be provided to broadcast stations licensed by the Federal Communications Commission and newspapers of general circulation that have made a written request for notice of public meetings.

7. Accommodation of Individuals with Disabilities: In addition to the information specified above, all notices shall include the following language:

"If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service, contact the NMRHCA at 1-800-233-2576, at least one week prior to the meeting or as soon as possible. Public documents, including the agenda and minutes, can be provided in various accessible formats. Please contact the NMRHCA at 1-800-233-2576 if a summary or other type of accessible format is needed."

8. Closed Meetings: The NMRHCA Board may close a meeting to the public only if the subject matter of such discussion or action is exempted from the open meeting requirement under Section 10-15-1(H) of the Open Meetings Act or by the New Mexico Constitution.

A. If any meeting is closed during an open meeting, such closure shall be approved by a majority vote of a quorum of the NMRHCA Board taken during the open meeting. The authority for the closure and the subjects to be discussed shall be stated with reasonable specificity in the motion for closure and the vote on closure of each individual member shall be recorded in the minutes. Only those subjects specified in the motion may be discussed in a closed meeting.

B. If the decision to hold a closed meeting is made when the NMRHCA Board is not in an open meeting, the closed meeting shall not be held until public notice, appropriate under the circumstances, stating the specific provision of law authorizing the closed meeting and the subjects to be discussed with reasonable specificity is given to the members and to the general public.

C. Following completion of any closed meetings, the minutes of the open meeting that was closed, or the minutes of the next open meeting if the closed meeting was separately scheduled, shall state whether the matters discussed in the closed meeting were limited only to those specified in the motion or notice for closure.

D. Except as provided in Section 10-15-1(H) of the Open Meetings Act, any action taken as a result of discussions in a closed meeting shall be made by vote of the NMRHCA in an open public meeting.

9. Annual Meeting of NMRHCA Board: Pursuant to NMAC 2.81.1.12, the Board shall hold an annual meeting at such time as the Board determines.

| Passed by the NMRHCA Board this ___th day of July ~~2018~~2019.

Board President

David Archuleta, Executive Director

BOARD POLICIES AND PROCEDURES MISSION STATEMENT

The New Mexico Retiree Health Care Authority ("NMRHCA" or "Authority") is committed to offering an affordable, comprehensive health care program for present and future eligible retirees and their dependents.

ADMINISTRATION

The Authority is governed by a Board of Directors ("Board"), which is composed of not more than 12 members (the "Board Members" or individually a "Board Member"). The Board is authorized to take all actions reasonably necessary to implement the Retiree Health Care Act (the "Act"). Currently, the Authority maintains two offices and a full time staff of ~~27~~26 employees. The Authority offers comprehensive medical, dental, vision and life insurance to more than ~~6463~~,000 retired public employees. NMRHCA receives revenue from premiums paid by retirees, contributions from active employees and their employers, and funding and revenue from other various sources. The Board and Authority administer the Authority's Trust Fund ("Fund"), which is invested and managed by the New Mexico State Investment Council, as required by the Act.

Currently, the Authority has approximately ~~300~~302 participating public entities including all State agencies, public and charter schools, many counties and cities, as well as several universities.

ANNUAL REVIEW OF BOARD POLICIES AND PROCEDURES

The Board will review its Policies and Procedures annually. Proposed changes will first be solicited by NMRHCA staff from the Board's Executive Committee. Once approved by the Executive Committee, the initial revised Policies and Procedures will be presented to the full Board at its next regularly scheduled meeting. The Board will review the changes and make final recommendations to the Executive Committee, which will meet to revise the Policies and Procedures in accordance with those recommendations, and then present the Board with the Policies and Procedures for final action at the next regularly scheduled Board meeting.

OFFICERS, TERM OF OFFICE, DUTIES

Term of Office

Terms of office for the president and chairperson (the "Chairperson"), the vice president and vice-chairperson (the "Vice-Chairperson"), and the secretary (the "Secretary") will be from the date elected until a successor is sworn in, unless the office is vacated, in which case, the next lower officer shall automatically assume the duties of the higher officer.

Procedure for Electing Officers

The Board will elect a slate of officers annually to serve for the ensuing twelve-month period.

The three officers will comprise the Board's Executive Committee.

In the event of a vacancy in the office of Chairperson, the Vice-Chairperson will succeed the Chairperson. In the event of a vacancy in the office of the Vice-Chairperson, the Secretary will succeed the Vice-Chairperson. In the event of a vacancy in the office of Secretary, an election will be held at the next Board meeting. Nominations will be taken from the floor. The individual receiving the highest vote count will be elected to the office of Secretary.

Duties of the Chairperson

The duty of the Chairperson is, primarily, to ensure the integrity of the Board's processes and oversee the conduct of the Board at Board and committee meetings.

Duties of the Vice-Chairperson

The duty of the Vice-Chairperson is to act as temporary Chairperson in the absence of the Chairperson.

Duties of the Secretary

The duty of the Secretary is to act as temporary Chairperson in the absence of the Chairperson and Vice-Chairperson.

BOARD COMMITTEES

The Board has the following standing committees:

- 1 The Executive Committee, consisting of the officers of the Board.
- 2 The Audit Committee, consisting of four Board Members, including the Chairperson.
- 3 The Finance and Investment Committee consisting of five Board Members, including the Chairperson.
- 4 The Legislative Committee consisting of five Board Members, including the Chairperson
- 5 The Wellness Committee consisting of five Board Members.

The Chairperson is responsible for establishing membership in each standing committees. Additionally, the Chairperson has authority to establish, from time-to-time, other committees for specific purposes and will appoint the membership of those committees. All committee members are entitled to per diem and mileage, as authorized under 2.81.1.21, NMAC.

CODE OF CONDUCT

Board Members are expected to adhere to the highest ethical standards and, at all times, comply with their fiduciary responsibilities. Board Members will avoid any conflict of interest or perceived conflict of interest and may not have a direct financial or direct personal interest in any company or business that has a contractual obligation with the NMRHCA.

Board Members, as fiduciaries, should discharge their duties solely in the interest of the Authority and be governed by all applicable State and Federal laws, rules and regulations.

Each year at its annual meeting, Board Members will complete a financial disclosure form as set out in 2.81.3.8, NMAC.

Board Members will adhere to all requirements set forth in 2.81.3, NMAC, which establishes a Code of Ethics for Board Members.

BOARD TRAVEL

Board Members must submit to the Chairperson any request to participate in an event requiring travel where that travel is paid for by the Authority.

Speakers: Any Board Member that accepts a request to be a speaker at a conference or seminar requiring travel will notify the Chairperson of the request and their intention to participate in their capacity as a member of the Authority.

Payment for Travel: All travel paid for by the Authority is subject to 2.81.1.21, NMAC, the New Mexico Per Diem and Mileage Act, NMSA 1978, 10-8-1 and current New Mexico Department of Finance and Administration rules and regulations.

PROCEDURES FOR CONDUCT OF NMRHCA BOARD MEETINGS

In general, the Board will follow a modified version of Robert's Rules of Order, Revised ("RRO"). In addition, the Board will adhere to the Open Meetings Act and all other applicable provisions of State laws and the Board's rules and regulations.

A quorum of the Board must be present in order to convene and conduct any official meeting. A quorum is a majority of Board Members. Once a quorum is present, action may be taken by majority vote of participating Board Members. Although physical attendance by Board Members is encouraged, Board Members may attend meetings by telephone, provided that each Board Member participating telephonically can be identified when speaking, all participants are able to hear each other at the same time, and members of the public attending the meeting are able to hear any Board Members who speak during the meeting.

Regular Meetings

The date, time, and place of the regular Board meeting will be established by Board action and be announced to the public pursuant to the requirements of the Open Meetings Act (Section 1015-1 et seq. NMSA 1978).

The Board will meet at least once a year.

Special or Emergency Meetings

A special meeting of the Board is a meeting other than a regular or emergency meeting and may be called by the Chairperson, Vice-Chairperson or any three (3) Board Members for the specific purposes specified in the call.

An emergency meeting of the Board is a meeting other than a regular or special meeting and may be called by the Chairperson, Vice-Chairperson, or any two (2) Board Members to consider a sudden or unexpected set of circumstances affecting the NMRHCA which require the immediate attention of the Board.

Public Notice

The New Mexico Open Meeting Act, Section 10-15-1, NMSA 1978, provides that any meeting of a quorum of the members of a public body held for the purpose of formulating public policy discussing public business, or taking action within the authority of the Board, or at which the discussion or adoption of any proposed resolution, rule, regulation, or formal action occurs will be held only after reasonable notice to the public. In accordance with the Open Meetings Act, the Board will establish, at least annually, what constitutes reasonable notice of its meetings.

Agenda

The Chairperson, in consultation with the Executive Committee and the Executive Director, will prepare an agenda for each regular meeting of the Board. The Executive Director will ensure timely dissemination of the agenda to the Board and public.

Any Board Member may request of the Chairperson to have an item placed on, or removed from, the agenda.

Open and Closed Meetings

In addition to requiring public notice of Board meetings, the Open Meetings Act requires all Board meetings to be open to the public at all times unless an exception found in the Open Meetings Act permits a closed meeting.

Minutes

Pursuant to the Open Meetings Act, written minutes will be kept of all public Board meetings, as well as committee meetings, and all minutes shall be open to public inspection. Draft minutes will be approved, amended or disapproved at the next meeting where a quorum is present. Draft minutes may be inspected by members of the public after completion in final draft form but will not become official until approved by the Board.

Board Meeting Attendance

Board Members will ensure strict compliance with 2.81.1.11, NMAC which governs Board meeting attendance.

EXECUTIVE DIRECTOR

General Provisions

The Executive Director will comply with the Code of Ethics established for the Authority (2.81.3, NMAC) and may not have a direct financial or direct personal interest in any company or business that has a contractual obligation with the NMRHCA.

The Executive Director will ensure that all employees of the Authority are aware of their rights and responsibilities and ensure at a minimum:

- 1 Confidentiality of retiree and dependent enrollment and medical and fiscal records.
- 2 No conflict of interest or appearance thereof with respect to participation on boards, corporations, or public or private organizations. No conflict of interest or appearance thereof with respect to professional, occupations, or business licenses.
- 3 Adherence to a pertinent professional code of ethics and standard of professional conduct as prescribed by the Board.
- 4 No solicitation of gifts, favors, or other items of value from persons with whom the NMRHCA transacts business or companies with whom the NMRHCA may contract.
- 5 No acceptance of unsolicited items of value that are of such character as to manifest, or appear to manifest, influence upon an employee in carrying out his/her responsibilities to the NMRHCA.

Responsibilities of the Executive Director

The Executive Director is responsible for organizational performance and exercises authority over the day-to-day operations of the Authority. The Executive Director is responsible for the management of all staff and the Board delegates authority for staff management to the Executive Director.

In general, all personnel decisions made by the Executive Director are final. However, the Authority may utilize an appeals process that allows for personnel decisions to be reviewed by the Board.

Employment of the Executive Director

Employment of the Executive Director will be by the Board. The terms of employment for the Executive Director will be subject to applicable policies as they pertain to exempt employees and conditions outlined by the Board.

The Board believes that the selection of an Executive Director is one of the most important tasks performed by the Board. To that end, the Board will carefully consider the following:

- Specifying what the Board expects the Executive Director to do;
- Specifying the education and experience the Board considers essential to performing the work of Executive Director;
- Developing and implementing a recruitment strategy for the position; and
- Applying screening processes, interviewing qualified candidates, and selecting the candidate deemed to be most qualified for the position.

Executive Director Evaluations

The Executive Committee of the Board is responsible for evaluating the Executive Director and will utilize mechanisms to provide periodic feedback on Executive Director performance and on the overall performance of the agency.

The Board endorses the use of an evaluation instrument as a tool in planning, goal setting, establishing shared understandings, providing feedback, and making other decisions. For this reason, the Board may implement a written evaluation form with the Executive Director, whether or not one is required by other controlling agencies such as the Department of Finance and Administration.

Sound personnel practices provide that evaluation instruments are most effective when done at least annually, when the raters and individual establish shared understandings at the beginning of the evaluation period concerning expectations and performance criteria, and when feedback is provided on an ongoing basis.

Executive Director Leave

The Executive Director will notify the Chairperson for approval when annual leave is to be taken. The notice will be given as far in advance as possible.

APPEAL OF BENEFIT DETERMINATIONS

The Board will not consider appeals of medical, dental or visions benefit determinations made by contracted carriers or staff of the Authority. As such, it is the policy of the Board that beneficiaries wishing to appeal benefit determinations made by contracted carriers or staff should make their appeal to the Office of the Superintendent of Insurance.

The Executive Director will report to the board the outcome of any appeals determined by the Office of the Superintendent of Insurance.

Executive Director Evaluation Form

New Mexico Retiree Health Care Authority

Executive Director's Name: David Archuleta

Rater's Name:

Date:

Rating Key: 5 - Outstanding performance, 4 - Exceeds expectations, 3- Meets expectations, 2 - Requires Minor improvements to meet expectations, 1 – Requires significant improvement to meet expectations.

1. Leadership.

- a. Initiates and implements sound and progressive policies, procedures and standards.
- b. Effectively plans, organizes and administers all program areas for which the Retiree Health Care Authority is statutorily responsible.
- c. Manages retiree health care programs and agency in cost effective manner.
- d. Ensures that proper internal controls are developed and implemented to keep the operation of the retiree health care system functioning successfully.
- e. Manages, motivates and develops agency staff effectively.

Rating for Leadership: 5 4 3 2 1 =

Comments:

2. Strategic Planning.

- a. Provides leadership to the Board in the development of plan design changes that ensure program solvency while providing comprehensive health coverage to members at cost-effective prices.
- b. Develops effective short and long-term plans and meets goals and objectives.
- c. Develops realistic budgets that meet the needs of the retiree health care program.

Rating for Strategic Planning: 5 4 3 2 1 =

Comments:

3. Public Relations.

- a. Maintains effective relations with members of the legislative and executive branches.
- b. Makes sound recommendations to the executive and legislative branches concerning retiree health care programs.
- c. Testifies before legislative committees to represent the retiree health care programs.
- d. Develops and maintains effective communications with participating employers, employees and retirees.
- e. Makes presentations to and participates in the activities of participating, local, state, and national organizations engages in activities related to retiree health care programs.
- f. Maintains appropriate media relations.

Rating for Public Relations: 5 4 3 2 1 =

4. Board Relations.

- a. Ensures timely and expert staffing is provided to the Board and its committees.
- b. Keeps the Board apprised on financial, economic, operational, and political developments.
- c. Participates in projecting actuarial solvency of the retiree health care system and future costs.
- d. Develops and composes rule changes and drafts statutory changes as needed.

Rating for Board Relations: **5 4 3 2 1 =**

OVERALL RATING: 5 4 3 2 1 =

Additional Comments:

Rater Signature

Date

2020 Plan Discussion

Background

1. Please see summary of plan changes 2010 -2019
2. Pre-Medicare Actual vs. Projected
3. MA Premium Actual vs. Projected

2018 Solvency Analysis

Projected Year of Insolvency – 2037 (18 years)

- Projected revenues - \$1.2 billion
- Projected expenditures - \$1.3 billion

Projected Year of Deficit Spending – 2022

- Expenditures exceed revenues by \$15.3 million

Baseline - 2019 Solvency Analysis

Proposed Changes - Medicare Supplement 5% + Pre-Medicare 7%

Projected Year of Insolvency – 2045 (25 years)

- Projected revenues - \$1.7 billion
- Projected expenditures - \$1.8 billion

Projected Year of Deficit Spending – 2023

- Expenditures exceed revenues by \$11.3 million

Baseline 1 - 2019 Solvency Analysis

Proposed Changes - Medicare Supplement 5% + Pre-Medicare 7% + Pre-Medicare Spousal Subsidy Reduction 2%

Projected Year of Insolvency – 2046 (25 years)

- Projected revenues - \$1.8 billion
- Projected expenditures - \$1.9 billion

Projected Year of Deficit Spending – 2023

- Expenditures exceed revenues by \$10.6 million

Baseline 2 - 2019 Solvency Analysis

Proposed Changes - Medicare Supplement 5% + Pre-Medicare 7% + Pre-Medicare Retiree Subsidy Reduction 1% + Pre-Medicare Spousal Subsidy Reduction 2%)

Projected Year of Insolvency – beyond projection period

- Projected revenues (2050) - \$2.6 billion
- Projected expenditures (2050) - \$2.4 billion

Projected Year of Deficit Spending – 2023 - 2047

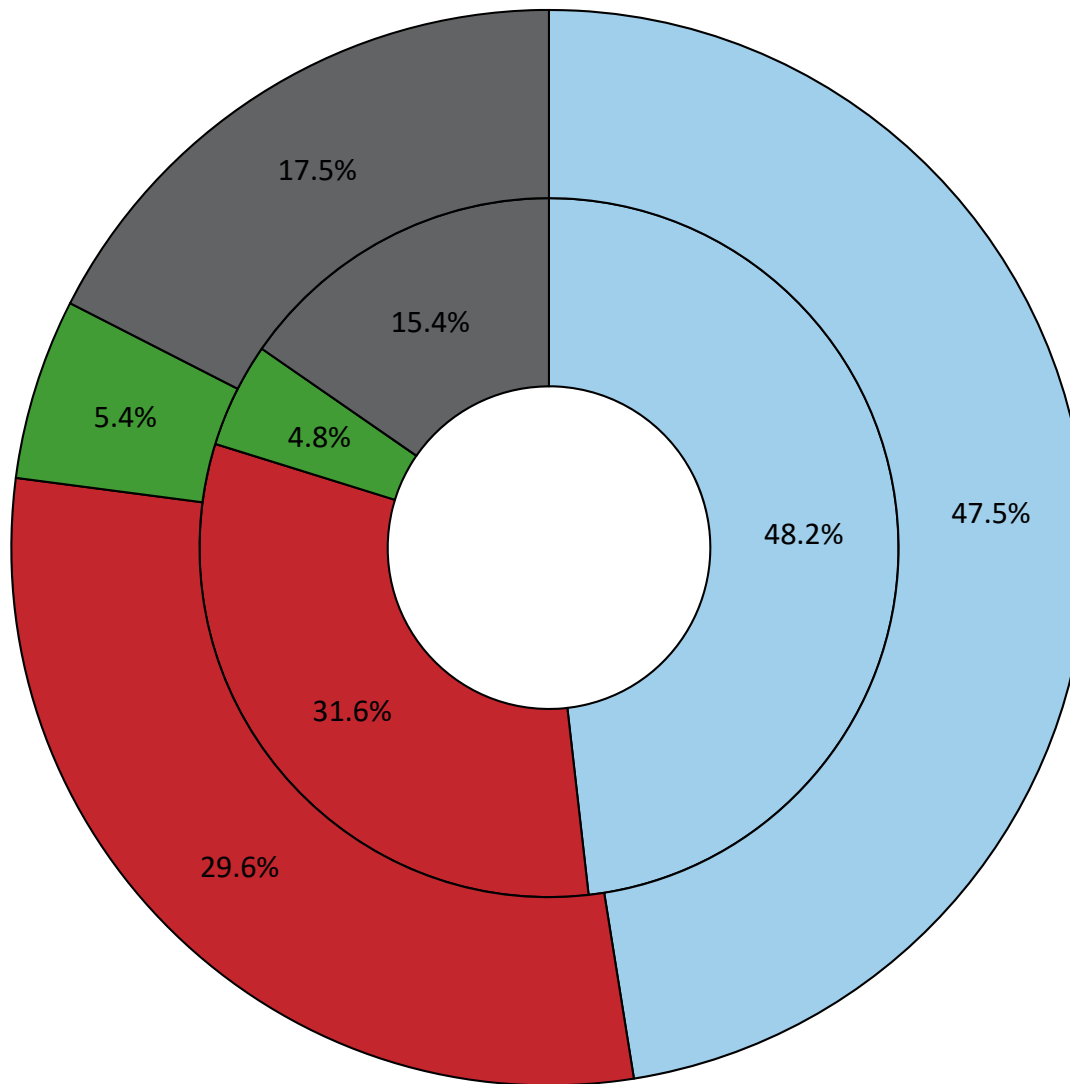
- Expenditures exceed revenues by \$9.4 - \$165.3 million each year

Requested Action

Informational.

Summary of Plan Changes 2010 - 2019												
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Rate Changes												
Pre-Medicare												
1 Premier Plus (% Change)	8%	8%	8%	8%	8%	8%	8%	Eliminated				
2 Premier Plus Rate	\$ 199.95	\$ 215.94	\$ 233.22	\$ 251.88	\$ 272.03	\$ 293.79	\$ 326.36	NA				
3 Premier (% Change)	8%	8%	8%	8%	8%	8%	8%	29%	8%	8%	TBD	TBD
4 Premier Rate	\$ 106.99	\$ 115.55	\$ 124.79	\$ 134.77	\$ 145.55	\$ 157.20	\$ 174.63	\$ 223.56	\$ 241.44	\$ 260.76	TBD	TBD
5 Value (% Change)								Created	8%	8%	TBD	TBD
6 Value Rate								\$ 174.63	\$ 188.60	\$ 203.69	TBD	TBD
Medicare												
7 Supplement (% Change)	6%	6%	6%	8%	6%	5%	6%	6%	6%	6%	TBD	TBD
8 Supplement Rate	\$ 122.00	\$ 131.76	\$ 139.67	\$ 150.84	\$ 159.89	\$ 167.88	\$ 177.96	\$ 188.64	\$ 199.96	\$ 211.96	TBD	TBD
9 Advantage Rates	\$6.12 - \$80.50	\$9.00 - \$91.50	\$9.00 - \$93.50	\$0 - \$49	\$8.67 - \$58.45	\$14.75 - \$79	\$17.85 - \$88.50	\$18.95 - \$94.69	\$23.30 - \$104.16	\$22.15 - \$94.68	TBD	TBD
Subsidy Levels												
Pre-Medicare												
10 Retiree	65%	65%	65%	65%	65%	65%	64%	64%	64%	64%	TBD	TBD
11 Spouse/Domestic Partner	40%	40%	40%	40%	40%	38%	36%	36%	36%	36%	TBD	TBD
12 Dependent Child	100%	100%	100%	75%	50%	25%	12.5%	0%	0%	0%	0%	0%
Medicare												
13 Retiree	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
14 Spouse/Domestic Partners	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
15 Dependent Child	100%	100%	100%	75%	50%	25.0%	12.5%	0.0%	0%	0%	0%	0%
Rules												
16 Minimum Age (Non-Enhanced)												55
17 Years of Service (Max Subsidy)	20	20	20	20	20	20	20	20	20	20	20	25
18 Implement/Enforce Open Enrollment								X	X	X	X	X
Plan Changes/Elimination												
19 Basic Life Conversion	100%	100%	100%	100%	100%	100%	100%	75%	50%	25%	0%	0%
20 Enhanced Wellness Program/Incentives							X	X	X	X	TBD	TBD
21 Medicare Advantage Default									X	X	X	X
22 Elimination of OTC Prescriptions								X	X	X	X	X
23 Increase Prescription Drug Copays											TBD	TBD
24 Voluntary Smart 90 Program												
Flat copays for certain procedures												
25 (Presbyterian)												
26 Introduction 3rd Tier Coverage (BCBS)												
27 Eliminate Premier Plus Plan												
28 Create Value Plan												
29 Increase Premier Plan Cost Share												

New Mexico Retiree Health Care Authority CY2019 Pre-Medicare Plan Mix - Actual vs. Projected



Outer ring = actual plan mix based on data through March 2019.

Inner ring = projected 2019 plan mix used in 2018 solvency modeling (based on data through March 2018).

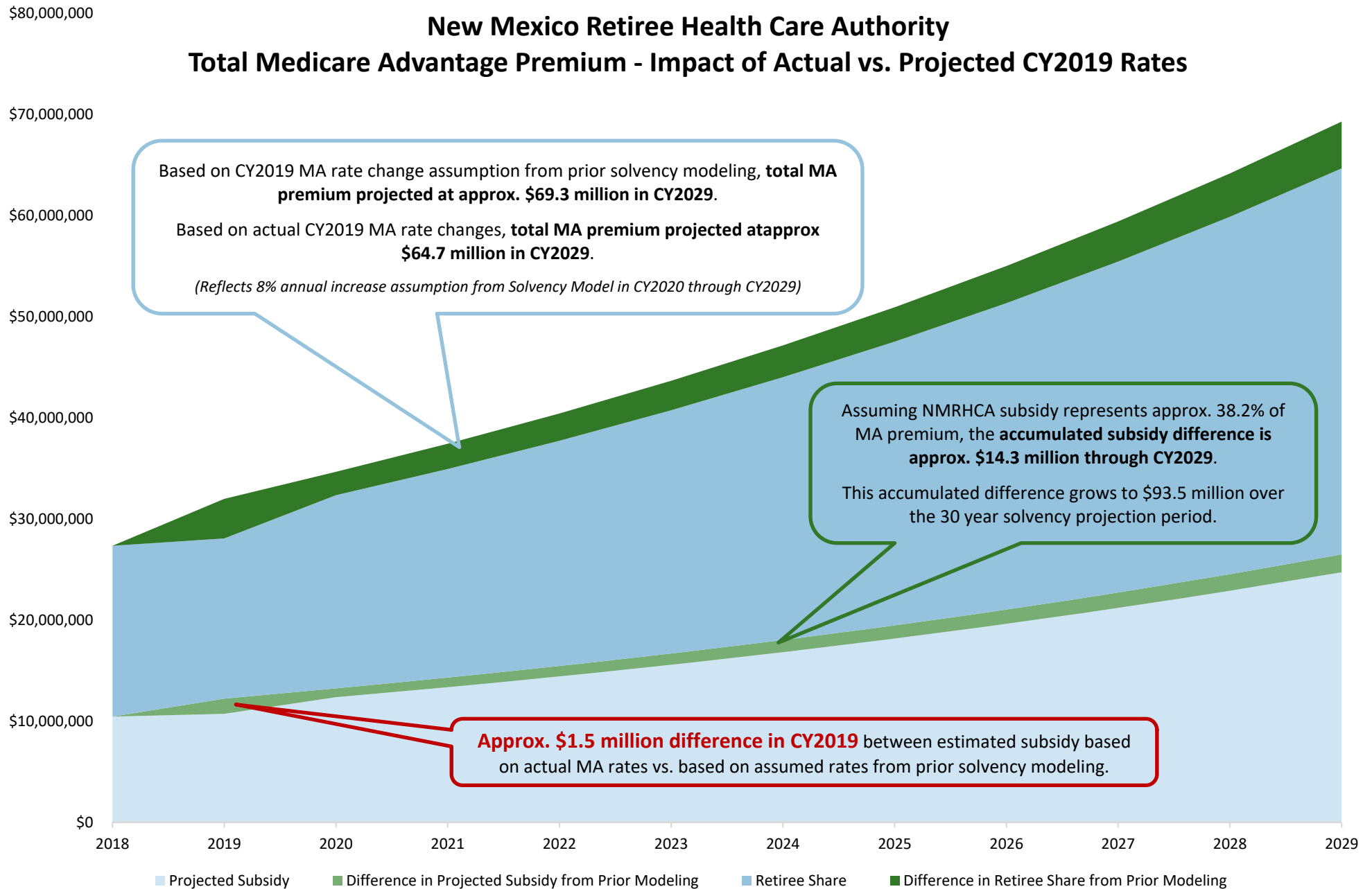
Approx. 430 *more* members shifted to a Value plan than originally projected.

On average, Value plan participant Medical claims are \$260 lower than Premier plan participants.

**426 x \$260 x 12 = \$1.3 million
annual impact on solvency
modeling.**

- BCBS Premier
- Presbyterian Premier
- BCBS Value
- Presbyterian Value

New Mexico Retiree Health Care Authority Total Medicare Advantage Premium - Impact of Actual vs. Projected CY2019 Rates



New Mexico Retiree Health Care Authority
Baseline Scenario Assumptions for Long-Term Solvency Projections

<u>Assumption</u>	<u>Prior Assumption July 2014</u>	<u>Prior Assumption July 2015</u>	<u>Prior Assumption July 2016</u>	<u>Prior Assumption July 2017</u>	<u>Current Assumption July 2018</u>	<u>Current Assumption July 2019</u>
Asset Balance	Use May 31, 2014 fund balance of \$369,131,762 as an estimate for 7/1/2014 fund balance	Use May 31, 2015 fund balance of \$429,925,522 as an estimate for 7/1/2015 fund balance	Use May 31, 2016 fund balance of \$455,592,072 as an estimate for 7/1/2016 fund balance	Use May 31, 2017 fund balance of \$551,412,183 as an estimate for 7/1/2017 fund balance	Use May 31, 2018 fund balance of \$633,374,610 as an estimate for 7/1/2018 fund balance	Use April 30, 2019 fund balance of \$697,081,565 as an estimate for 7/1/2019 fund balance
Investment Return	No Change	No Change	No Change	7.25%	No Change	No Change
Annual Growth in Payroll	F20Y14 payroll estimated to be \$3,941,587,760, increasing 3% through 6/30/15 and 3.5% thereafter	F20Y15 payroll estimated to be \$4,040,779,736, increasing 3.5% annually	FY2016 payroll estimated to be \$4,126,747,451, increasing 3.5% annually	FY2017 payroll estimated to be \$4,165,647,339, increasing 0.0% through FY2020 and 3.5% thereafter	FY2018 payroll estimated to be \$4,169,085,993, increasing 2.0% in FY2019, 0.0% in FY2020, and 3.5% thereafter	FY2019 payroll estimated to be \$4,172,928,635, increasing 4.0% in FY2020, 0.0% in FY2021, and 3.0% thereafter
Contribution Rates (Employer/Employee)						
Public Safety, et al	2.50%/1.25%	No Change	No Change	No Change	No Change	No Change
Other Occupations	2.00%/1.00%	No Change	No Change	No Change	No Change	No Change
Annual Growth in Retirees						
Non-Medicare	1.75% annually through 6/30/2015, then based on FY2009 open valuation output table	No Change	based on FY2014 open valuation output table	No Change	No Change	No Change
Medicare	5.8% through 6/30/2015, then based on FY2009 open valuation output table	No Change	based on FY2014 open valuation output table	No Change	No Change	No Change
Retiree Ancillary Costs	Assumed to equal premium expenses and is paid fully by retirees	No Change	No Change	No Change	No Change	No Change
Pension Tax Revenue	\$20,931,300 for FY2014, increasing 12% thereafter	\$23,443,056 for FY2015, increasing 12% thereafter	\$26,256,200 for FY2016, increasing 12% thereafter	\$28,306,470 for FY2017, frozen through FY2019 and increasing 12% thereafter	\$26,256,221 for FY2018, frozen through FY2019, increasing 12% thereafter	\$29,406,967 for FY2019, increasing 12% thereafter
HB 728/573 Revenue	\$3 million annually, no sunset	No Change	No Change	Eliminated effective 1/1/2017	No Change	No Change
Rx Rebates	Rebates of \$8,407,050 estimated for FY14, reflecting proposed contract terms through FY18; all annual figures increased at retiree growth rate	Rebates of \$8,960,237 estimated for FY15, reflecting proposed contract terms through FY18; all annual figures increased at retiree growth rate	Rebates of \$8,566,058 estimated for FY2016, reflecting proposed contract terms through FY2018; all annual figures increased at retiree growth rate	Rebates of \$18,321,264 estimated for FY2017, reflecting proposed contract terms through FY2018; all annual figures increased at retiree growth rate	Rebates of \$32,085,060 estimated for FY2019; proposed contract terms reflected through FY2020, increased at retiree growth rate thereafter.	FY2020Rebates of \$31,288,479 based on projection provided by ESI; increased at retiree growth rate thereafter.
EGWP Revenue Components:						
Direct Subsidy	CY2014-15 projected by ESI; thereafter increases annually at retiree growth rate, plus one half of Medicare Rx trend +1% for donut hole closure CY16 through CY20 (one half of Medicare Rx trend CY2021+)	CY2015-16 projected by ESI; thereafter increases annually at retiree growth rate, plus one half of Medicare Rx trend +1% for donut hole closure CY17 through CY20 (one half of Medicare Rx trend CY2021+)	CY2016 and CY2017 projected by ESI; thereafter increases annually at retiree growth rate, plus one half of Medicare Rx trend +1% for donut hole closure CY2018 through CY2020 (one half of Medicare Rx trend CY2021+)	CY2017 and CY2018 projected by ESI; thereafter increases annually at retiree growth rate, plus one half of Medicare Rx trend +1% for donut hole closure CY2019 through CY2020 (one half of Medicare Rx trend CY2021+)	CY2018 and CY2019 projected by ESI; thereafter increases annually at retiree growth rate, plus one half of Medicare Rx trend +1% for donut hole closure through CY2020 (one half of Medicare Rx trend CY2021+)	CY2019 and CY2020 projected by ESI; thereafter increases annually at retiree growth rate, plus one half of Medicare Rx trend +1% for donut hole closure through CY2020 (one half of Medicare Rx trend CY2021+)
Federal Reinsurance	CY2014-15 projected by ESI; CY2016+ annual increase at only retiree growth rate	CY2015-16 projected by ESI; CY2017+ annual increase at only retiree growth rate	CY2016 and CY2017 projected by ESI; CY2018+ annual increase at only retiree growth rate	CY2017 and CY2018 projected by ESI; CY2019+ annual increase at only retiree growth rate	CY2018 and CY2019 projected by ESI; CY2020+ annual increase at only retiree growth rate	CY2019 and CY2020 projected by ESI; CY2021+ annual increase at only retiree growth rate
Low Income Subsidy	0.0% annual increase to CY2014 estimate of \$2.85 PMPM	0.0% annual increase to CY2015 estimate of \$3.40 PMPM	0.0% annual increase to CY2016 estimate of \$3.40 PMPM	0.0% annual increase to CY2017 estimate of \$2.84 PMPM	0.0% annual increase to CY2018 estimate of \$2.87 PMPM	0.0% annual increase to CY2019 estimate of \$2.96 PMPM
Coverage Gap Discount Program	CY2014-15 projected by ESI; CY2016+ annual increase at only retiree growth rate	CY2015-16 projected by ESI; CY2017+ annual increase at only retiree growth rate	CY2016 and CY2017 projected by ESI; CY2018+ annual increase at only retiree growth rate	CY2017 and CY2018 projected by ESI; CY2019+ annual increase at only retiree growth rate	CY2018 and CY2019 projected by ESI; CY2020+ annual increase at only retiree growth rate	CY2019 and CY2020 projected by ESI; CY2021+ annual increase at only retiree growth rate
Short Term Interest	\$0 projected for FY2014, increasing 0.0% annually	No Change	No Change	No Change	No Change	No Change
Subrogation	\$239,932 estimated for FY2014, increased at retiree growth rate	\$277,326 estimated for FY2015, increased at retiree growth rate	\$327,942 estimated for FY2016, increased at retiree growth rate	\$279,589 estimated for FY2017, increased at retiree growth rate	\$283,753 estimated for FY2018, increased at retiree growth rate	\$372,748 estimated for FY2019, increased at retiree growth rate

New Mexico Retiree Health Care Authority
Baseline Scenario Assumptions for Long-Term Solvency Projections

<u>Assumption</u>	<u>Prior Assumption July 2014</u>	<u>Prior Assumption July 2015</u>	<u>Prior Assumption July 2016</u>	<u>Prior Assumption July 2017</u>	<u>Current Assumption July 2018</u>	<u>Current Assumption July 2019</u>
Annual Trend						
Medical						
Medicare Advantage	8.00%	No Change	No Change	No Change	No Change	CY2020 increases estimated at 30% for Humana, 12% for BCBS, 15% for Presbyterian, and 20% for United Healthcare; 8% thereafter
Medicare Supplement	8.00%	No Change	No Change	No Change	No Change	9% for CY2020; 8% thereafter
Medicare Rx	8.00%	No Change	No Change	No Change	No Change	10% for CY2020; 8% thereafter
Non-Medicare Medical	8.00%	No Change	No Change	No Change	No Change	9% for CY2020; 8% thereafter
Mental Health	Included in Medical Trend	No Change	No Change	No Change	No Change	No Change
Non-Medicare Rx	8.00%	No Change	No Change	No Change	No Change	10% for CY2020; 8% thereafter
Medical Rates	Annual Non-Medicare rate increases of 8% in 2015-2020 and 3% thereafter, 5% Medicare Supplement rate increase in 2015 and 6% thereafter	Annual Non-Medicare rate increases of 8% in 2016-2021 and 4% thereafter, 6% Medicare Supplement rate increase in 2016-2033 and 3% thereafter	2017 rates for Premier and new Value plan set per pricing exercise; Annual Non-Medicare rate increases of 8% in 2018-2022 and 4% thereafter, 6% Medicare Supplement rate increase in 2017-2030 and 3% thereafter	Annual Non-Medicare rate increases of 8% in 2018-2022 and 4% thereafter, 6% Medicare Supplement rate increase in 2017-2031 and 3% thereafter	Annual Non-Medicare rate increases of 8% in 2019-2023 and 4% thereafter, 6% Medicare Supplement rate increase in 2019-2033 and 3% thereafter	Annual Non-Medicare rate increases of 7% in 2020, 8% in 2021-2023 and net 8% with plan changes, 5% Medicare Supplement rate increase in 2020, 6% in 2021-2033 and net 6% with plan changes thereafter
Life Insurance	Assumes level total premium on Basic Life for duration of projection	Assumes level total premium on Basic Life through CY17 decreasing 25% per year through CY21	No Change	No Change	No Change	Reflects impact of 2019 RFP
Dental	0.06	No Change	No Change	No Change	No Change	No Change
Vision	5.00%	No Change	No Change	No Change	No Change	No Change
Program Support	\$2,929,300 budgeted for FY2015, increasing 2.5% annually thereafter	\$3,012,900 budgeted for FY2016, increasing 2.5% annually thereafter	\$3,118,300 budgeted for FY2016, increasing 2.5% annually thereafter	\$2,936,800 budgeted for FY2017, increasing 2.5% annually thereafter	\$3,015,200 budgeted for FY2018, increasing 2.5% annually thereafter	\$3,135,900 budgeted for FY2019, increasing 2.5% annually thereafter
Administrative Services Fee	Individual fee components based on existing contract terms in place, increasing 2.00% annually thereafter	No Change	No Change	No Change	No Change	No Change
Plan Design Changes						
Medical						
Medicare	Annual plan changes in CY2034 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2034 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2031 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2032 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2034 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2034 and beyond such that projected claims and expenses remain beneath Excise Tax threshold
Non-Medicare	Consolidation of Non-Medicare plans in CY2017, annual plan changes in CY2021 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Consolidation of Non-Medicare plans in CY2017, annual plan changes in CY2022 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Beginning CY2017: Elimination of Premier Plus plan, introduction of Value plan, Premier plan OOP max increase to \$4,500, deductible and copays accumulating to OOP max; annual plan changes in CY2023 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Beginning CY2018, expanding value option to BCBS; annual plan changes in CY2023 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Discontinue NM Health Connections Value plan effective 6/30/18 with members assumed to migrate to BCBS Value plan. Beginning CY2019, add 3rd BCBS Premier plan tier with restricted network; annual plan changes in CY2024 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2024 and beyond such that projected claims and expenses remain beneath Excise Tax threshold
Rx						
Medicare	Annual plan changes in CY2034 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2034 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Eliminate coverage for drugs now available over the counter (OTC); Annual plan changes in CY2031 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Add Voluntary Smart90 program; annual plan changes in CY2032 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Beginning CY2019, increase brand copays; annual plan changes in CY2034 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2034 and beyond such that projected claims and expenses remain beneath Excise Tax threshold
Non-Medicare	No changes for 1/1/2015 or beyond	No changes for 1/1/2016 or beyond	Eliminate coverage for drugs now available over the counter (OTC)	Add Voluntary Smart90 program	Beginning CY2019, add SavOnSP Copay Assistance Program and increase brand copays	Annual plan changes in CY2024 and beyond such that projected claims and expenses remain beneath Excise Tax threshold
Basic Life and AD&D	No new entrants	No new entrants	No new entrants	No new entrants	No new entrants	No new entrants
Annual Index in Cadillac Tax Thresholds	3%	3%	3%	3%	3%	3%
Annual Increase in PCORI Fee	Projected increase in National Health Expenditures, per CMS Office of the Actuary	Projected increase in National Health Expenditures, per CMS Office of the Actuary	Projected increase in National Health Expenditures, per CMS Office of the Actuary	Projected increase in National Health Expenditures, per CMS Office of the Actuary	Projected increase in National Health Expenditures, per CMS Office of the Actuary	N/A. PCORI fee has now expired
Member Rate Share						
Retiree						
Medicare	50%	No Change	No Change	No Change	No Change	No Change
Non-Medicare	35%	36% in CY2016+	No Change	No Change	No Change	No Change
Spouse						

New Mexico Retiree Health Care Authority
Baseline Scenario Assumptions for Long-Term Solvency Projections

<u>Assumption</u>	<u>Prior Assumption</u> <u>July 2014</u>	<u>Prior Assumption</u> <u>July 2015</u>	<u>Prior Assumption</u> <u>July 2016</u>	<u>Prior Assumption</u> <u>July 2017</u>	<u>Current Assumption</u> <u>July 2018</u>	<u>Current Assumption</u> <u>July 2019</u>
Medicare	75%	No Change	No Change	No Change	No Change	No Change
Non-Medicare	62% in CY2015+	64% in CY2016+	No Change	No Change	No Change	No Change
Child(ren)						
Medicare	100%	No Change	No Change	No Change	No Change	No Change
Non-Medicare	100%	No Change	No Change	No Change	No Change	No Change
Minimum Service to Receive Full Subsidy	20 years	No Change	No Change	No Change	No Change	Consistent with Board Approved Rule Change to 2.8.11 NMAC effective January 2021
Minimum Participation Age	None	No Change	No Change	No Change	No Change	No Change

New Mexico Retiree Health Care Authority Long-Tem Solvency Modeling
Projected Year of Insolvency: FYE2045
Scenario: Baseline

9% trend for Non-Medicare and Medicare medical and 10% trend for Non-Medicare and Medicare Rx in CY2020; 8% trend for Non-Medicare and Medicare medical and Rx in FY2021 and beyond; Annual Non-Medicare Medical Plan Changes in CY2024+; Annual Medicare Supplement & EGWP plan changes in CY2034+; Annual Non-Medicare Rate Increases of 7% in CY2020, 8% in CY2021-2023, and net 8% with plan changes thereafter, Medicare Rate Increase of 5% in CY2020, 6% in CY2021-2033, and net 6% with plan changes thereafter. Assumed rate of return of 7.25%; Payroll growth assumption of 3.0% beginning FY2022 consistent with GASB report; Board Approved Change to Minimum Age Requirement and Years of Service for Maximum Subsidy in 2.81.11 NMAC eff. Jan 2021

		REVENUE									EXPENDITURES							Rev. - Exp.		
Fiscal Year	BOY Invested	Employer	Employee	Retiree	Retiree	Medicare PDP &			Total	Investment	Medical/Rx		Ancillary	ASO & HC Reform	Total	Rev. - Exp.	Fiscal Year	EOY Invested		
Beginning	Assets	Contribution	Contribution	Medical	Ancillary	Tax Revenue	Discount	Miscellaneous	Revenue	Income			Premiums	Fees	Program Support	Expenditures	Income	End	Assets	
7/1/2019	\$697,081,565	\$88,969,782	\$44,484,891	\$146,462,591	\$33,093,930	\$29,406,967	\$28,965,850	\$374,296	\$371,758,307	\$51,962,413	\$281,561,373	\$1,123,211	\$33,093,930	\$13,561,142	\$3,135,900	\$332,475,557	\$39,282,750	6/30/2020	\$788,326,728	
7/1/2020	\$788,326,728	\$88,969,782	\$44,484,891	\$160,265,675	\$35,366,319	\$32,935,804	\$31,047,346	\$371,780	\$393,441,596	\$58,064,181	\$315,324,656	\$374,404	\$35,366,319	\$14,044,875	\$3,214,298	\$368,324,551	\$25,117,046	6/30/2021	\$871,507,954	
7/1/2021	\$871,507,954	\$91,638,875	\$45,819,438	\$175,176,053	\$37,951,782	\$36,888,100	\$32,129,857	\$370,645	\$419,974,750	\$63,735,991	\$348,981,333	\$0	\$37,951,782	\$14,528,642	\$3,294,655	\$404,756,411	\$15,218,339	6/30/2022	\$950,462,285	
7/1/2022	\$950,462,285	\$94,388,042	\$47,194,021	\$193,082,675	\$40,982,922	\$41,314,672	\$33,131,013	\$380,272	\$450,473,616	\$68,950,142	\$389,786,544	\$0	\$40,982,922	\$15,178,812	\$3,377,021	\$449,325,299	\$1,148,317	6/30/2023	\$1,020,560,744	
7/1/2023	\$1,020,560,744	\$97,219,683	\$48,609,841	\$209,356,416	\$43,757,923	\$46,272,433	\$34,105,978	\$374,870	\$479,697,144	\$73,579,660	\$428,072,015	\$0	\$43,757,923	\$15,743,530	\$3,461,447	\$491,034,915	(\$11,337,771)	6/30/2024	\$1,082,802,633	
7/1/2024	\$1,082,802,633	\$100,136,273	\$50,068,137	\$223,368,034	\$46,499,472	\$51,825,124	\$34,938,662	\$369,114	\$507,204,817	\$77,776,368	\$460,985,037	\$0	\$46,499,472	\$16,222,606	\$3,547,983	\$527,255,098	(\$20,050,281)	6/30/2025	\$1,140,528,720	
7/1/2025	\$1,140,528,720	\$103,140,362	\$51,570,181	\$240,514,063	\$50,094,639	\$58,044,139	\$35,893,920	\$373,974	\$539,631,277	\$81,568,037	\$499,946,299	\$0	\$50,094,639	\$16,858,358	\$3,636,683	\$570,535,978	(\$30,904,701)	6/30/2026	\$1,191,192,055	
7/1/2026	\$1,191,192,055	\$106,234,573	\$53,117,286	\$257,931,178	\$53,414,797	\$65,009,436	\$36,762,508	\$371,557	\$572,841,335	\$84,847,437	\$540,021,639	\$0	\$53,414,797	\$17,442,453	\$3,727,600	\$614,606,488	(\$41,765,153)	6/30/2027	\$1,234,274,339	
7/1/2027	\$1,234,274,339	\$109,421,610	\$54,710,805	\$275,463,669	\$56,811,247	\$72,810,568	\$37,603,783	\$365,427	\$607,187,109	\$87,602,064	\$580,529,006	\$0	\$56,811,247	\$17,966,077	\$3,820,790	\$659,127,120	(\$51,940,011)	6/30/2028	\$1,269,936,392	
7/1/2028	\$1,269,936,392	\$112,704,258	\$56,352,129	\$296,658,854	\$60,974,154	\$81,547,837	\$38,405,114	\$372,596	\$647,014,942	\$89,662,748	\$629,926,158	\$0	\$60,974,154	\$18,615,992	\$3,916,309	\$713,432,613	(\$66,417,671)	6/30/2029	\$1,293,181,469	
7/1/2029	\$1,293,181,469	\$116,085,386	\$58,042,693	\$317,923,690	\$64,792,208	\$91,333,577	\$39,045,786	\$372,270	\$687,595,609	\$90,826,731	\$680,395,679	\$0	\$64,792,208	\$19,191,460	\$4,014,217	\$768,393,563	(\$80,797,954)	6/30/2030	\$1,303,210,245	
7/1/2030	\$1,303,210,245	\$119,567,947	\$59,783,974	\$343,046,708	\$69,678,781	\$102,293,606	\$39,657,919	\$386,792	\$734,415,727	\$90,871,458	\$740,337,775	\$0	\$69,678,781	\$19,906,249	\$4,114,573	\$834,037,378	(\$99,621,651)	6/30/2031	\$1,294,460,052	
7/1/2031	\$1,294,460,052	\$123,154,986	\$61,577,493	\$369,049,002	\$74,328,220	\$114,568,839	\$40,176,743	\$394,734	\$783,250,017	\$89,528,837	\$803,276,311	\$0	\$74,328,220	\$20,587,128	\$4,217,437	\$902,409,095	(\$119,159,079)	6/30/2032	\$1,264,829,810	
7/1/2032	\$1,264,829,810	\$126,849,635	\$63,424,818	\$395,362,061	\$79,070,291	\$128,317,100	\$40,621,741	\$400,343	\$834,045,988	\$86,677,307	\$868,010,356	\$0	\$79,070,291	\$21,203,964	\$4,322,873	\$972,607,483	(\$138,561,495)	6/30/2033	\$1,212,945,622	
7/1/2033	\$1,212,945,622	\$130,655,124	\$65,327,562	\$421,023,800	\$84,524,594	\$143,715,152	\$41,114,099	\$410,368	\$886,770,699	\$82,332,530	\$930,569,478	\$0	\$84,524,594	\$21,894,727	\$4,430,945	\$1,041,419,743	(\$154,649,044)	6/30/2034	\$1,140,629,107	
7/1/2034	\$1,140,629,107	\$134,574,778	\$67,287,389	\$444,635,635	\$90,530,762	\$160,960,970	\$42,936,925	\$426,742	\$939,939,151	\$76,725,235	\$986,903,137	\$0	\$90,530,762	\$22,663,548	\$4,541,718	\$1,104,639,165	(\$164,700,014)	6/30/2035	\$1,052,654,328	
7/1/2035	\$1,052,654,328	\$138,612,021	\$69,306,011	\$465,470,800	\$95,995,324	\$180,276,286	\$41,977,058	\$426,446	\$992,063,947	\$70,244,012	\$1,035,665,764	\$0	\$95,995,324	\$23,290,403	\$4,655,261	\$1,159,606,752	(\$167,542,805)	6/30/2036	\$955,355,535	
7/1/2036	\$955,355,535	\$142,770,382	\$71,385,191	\$487,531,974	\$102,006,132	\$201,909,441	\$42,531,944	\$426,557	\$1,048,561,621	\$63,155,892	\$1,086,359,507	\$0	\$102,006,132	\$23,903,907	\$4,771,643	\$1,217,041,188	(\$168,479,568)	6/30/2037	\$850,031,860	
7/1/2037	\$850,031,860	\$147,053,494	\$73,526,747	\$509,975,471	\$107,989,668	\$226,138,574	\$42,936,925	\$427,204	\$1,108,048,082	\$55,574,414	\$1,137,666,830	\$0	\$107,989,668	\$24,477,100	\$4,890,934	\$1,275,024,531	(\$166,976,450)	6/30/2038	\$738,629,823	
7/1/2038	\$738,629,823	\$151,465,098	\$75,732,549	\$532,590,148	\$114,110,676	\$253,275,203	\$43,385,612	\$421,681	\$1,170,980,967	\$47,686,793	\$1,188,619,930	\$0	\$114,110,676	\$24,999,065	\$5,013,207	\$1,332,742,879	(\$161,761,912)	6/30/2039	\$624,554,704	
7/1/2039	\$624,554,704	\$156,009,051	\$78,004,526	\$557,708,595	\$120,939,315	\$283,668,227	\$43,830,886	\$421,702	\$1,240,582,302	\$39,649,143	\$1,244,271,230	\$0	\$120,939,315	\$25,573,157	\$5,138,537	\$1,395,922,240	(\$155,339,939)	6/30/2040	\$508,863,909	
7/1/2040	\$508,863,909	\$160,689,323	\$80,344,661	\$585,781,185	\$128,402,463	\$317,708,414	\$44,257,547	\$424,543	\$1,317,608,136	\$31,522,082	\$1,305,880,458	\$0	\$128,402,463	\$26,211,345	\$5,267,001	\$1,465,761,266	(\$148,153,131)	6/30/2041	\$392,232,861	
7/1/2041	\$392,232,861	\$165,510,003	\$82,755,001	\$617,096,207	\$136,799,483	\$355,833,424	\$44,604,753	\$435,107	\$1,403,033,977	\$23,351,877	\$1,374,165,412	\$0	\$136,799,483	\$26,946,413	\$5,398,676	\$1,543,309,984	(\$140,276,007)	6/30/2042	\$275,308,731	
7/1/2042	\$275,308,731	\$170,475,303	\$85,237,651	\$650,235,491	\$145,520,956	\$398,533,435	\$44,889,593	\$444,786	\$1,495,337,214	\$15,266,459	\$1,446,063,085	\$0	\$145,520,956	\$27,693,295	\$5,533,643	\$1,624,810,978	(\$129,473,764)	6/30/2043	\$161,101,426	
7/1/2043	\$161,101,426	\$175,589,562	\$87,794,781	\$685,402,505	\$154,883,634	\$446,357,447	\$45,130,628	\$456,483	\$1,595,615,038	\$7,490,564	\$1,522,165,552	\$0	\$154,883,634	\$28,460,463	\$5,671,984	\$1,711,181,633	(\$115,566,5			

Scenario: Baseline 1

		REVENUE										EXPENDITURES						Rev. - Exp.		
Fiscal Year Beginning	BOY Invested Assets	Employer Contribution	Employee Contribution	Retiree Medical	Retiree Ancillary	Tax Revenue	Medicare PDP & Manufacturers Discount	Miscellaneous	Total Revenue	Investment Income	Medical/Rx	Basic Life	Ancillary Premiums	ASO & HC Reform Fees	Program Support	Total Expenditures	Excluding Inv. Income	Fiscal Year End	EOY Invested Assets	
7/1/2019	\$697,081,565	\$88,969,782	\$44,484,891	\$147,011,745	\$33,093,930	\$29,406,967	\$28,965,850	\$374,296	\$372,307,461	\$51,982,320	\$281,561,373	\$1,123,211	\$33,093,930	\$13,561,142	\$3,135,900	\$332,475,557	\$39,831,905	6/30/2020	\$788,895,790	
7/1/2020	\$788,895,790	\$88,969,782	\$44,484,891	\$160,853,697	\$33,366,319	\$32,935,804	\$31,047,346	\$371,780	\$394,029,618	\$58,126,753	\$315,324,656	\$374,404	\$35,366,319	\$14,044,875	\$3,214,298	\$368,324,551	\$25,705,068	6/30/2021	\$872,727,611	
7/1/2021	\$872,727,611	\$91,638,875	\$45,819,438	\$175,806,211	\$37,951,782	\$36,888,100	\$32,129,857	\$370,645	\$420,604,908	\$63,847,260	\$348,981,333	\$0	\$37,951,782	\$14,528,642	\$3,294,655	\$404,756,411	\$15,848,497	6/30/2022	\$952,423,368	
7/1/2022	\$952,423,368	\$94,388,042	\$47,194,021	\$193,772,427	\$40,982,922	\$41,314,672	\$33,131,013	\$380,272	\$451,163,368	\$69,117,324	\$389,786,544	\$0	\$40,982,922	\$15,178,812	\$3,377,021	\$449,325,299	\$1,838,069	6/30/2023	\$1,023,378,761	
7/1/2023	\$1,023,378,761	\$97,219,683	\$48,609,841	\$210,082,641	\$43,757,923	\$46,272,433	\$34,105,978	\$374,870	\$480,423,368	\$73,810,292	\$428,072,015	\$0	\$491,034,915	\$15,743,530	\$3,461,447	\$491,034,915	(\$10,611,547)	6/30/2024	\$1,086,577,506	
7/1/2024	\$1,086,577,506	\$100,136,273	\$50,068,137	\$224,106,447	\$46,499,472	\$51,825,124	\$34,938,662	\$369,114	\$507,943,230	\$78,076,814	\$460,985,037	\$0	\$46,499,472	\$16,222,606	\$3,547,983	\$527,255,098	(\$19,311,868)	6/30/2025	\$1,145,342,452	
7/1/2025	\$1,145,342,452	\$103,140,362	\$51,570,181	\$241,276,700	\$50,094,639	\$58,044,139	\$35,893,920	\$373,974	\$540,393,914	\$81,944,678	\$499,946,299	\$0	\$50,094,639	\$16,858,358	\$3,636,683	\$570,535,978	(\$30,142,064)	6/30/2026	\$1,197,145,065	
7/1/2026	\$1,197,145,065	\$106,234,573	\$53,117,286	\$258,713,870	\$53,414,797	\$65,009,436	\$36,762,508	\$371,557	\$573,624,027	\$85,307,403	\$540,021,639	\$0	\$53,414,797	\$17,442,453	\$3,727,600	\$614,606,488	(\$40,982,462)	6/30/2027	\$1,241,470,007	
7/1/2027	\$1,241,470,007	\$109,421,610	\$54,710,805	\$276,257,468	\$56,811,247	\$72,810,568	\$37,603,783	\$365,427	\$607,980,908	\$88,152,525	\$580,529,006	\$0	\$56,811,247	\$17,966,077	\$3,820,790	\$659,127,120	(\$51,146,211)	6/30/2028	\$1,278,476,321	
7/1/2028	\$1,278,476,321	\$112,704,258	\$56,352,129	\$297,485,241	\$60,974,154	\$81,547,837	\$38,405,114	\$372,596	\$647,841,329	\$90,311,849	\$629,926,158	\$0	\$60,974,154	\$18,615,992	\$3,916,309	\$713,432,613	(\$65,591,284)	6/30/2029	\$1,303,196,886	
7/1/2029	\$1,303,196,886	\$116,085,386	\$58,042,693	\$318,779,772	\$64,792,208	\$91,333,577	\$39,045,786	\$372,270	\$688,451,692	\$91,583,881	\$680,395,679	\$0	\$64,792,208	\$19,191,460	\$4,014,217	\$768,393,563	(\$79,941,872)	6/30/2030	\$1,314,838,896	
7/1/2030	\$1,314,838,896	\$119,567,947	\$59,783,974	\$343,954,286	\$69,678,781	\$102,293,606	\$39,657,919	\$386,792	\$735,323,305	\$91,747,435	\$740,337,775	\$0	\$69,678,781	\$19,906,249	\$4,114,573	\$834,037,378	(\$98,714,073)	6/30/2031	\$1,307,872,258	
7/1/2031	\$1,307,872,258	\$123,154,986	\$61,577,493	\$370,008,334	\$74,328,220	\$114,568,839	\$40,176,743	\$394,734	\$784,209,349	\$90,533,998	\$803,276,311	\$0	\$74,328,220	\$20,587,128	\$4,217,437	\$902,409,095	(\$118,199,747)	6		

[illegible][illegible]

5582653_v.

New Mexico Retiree Health Care Authority Long-Tem Solvency Modeling
Projected Year of Insolvency: Exceeds Projection Period
Scenario: Baseline 2

9% trend for Non-Medicare and Medicare medical and 10% trend for Non-Medicare and Medicare Rx in CY2020; 8% trend for Non-Medicare and Medicare medical and Rx in FY2021 and beyond; Annual Non-Medicare Medical Plan Changes in CY2024+; Annual Medicare Supplement & EGWP plan changes in CY2034+; Annual Non-Medicare Rate Increases of 7% in CY2020, 8% in CY2021-2023, and net 8% with plan changes thereafter, Medicare Rate Increase of 5% in CY2020, 6% in CY2021-2033, and net 6% with plan changes thereafter. Assumed rate of return of 7.25%; Payroll growth assumption of 3.0% beginning FY2022 consistent with GASB report; Board Approved Change to Minimum Age Requirement and Years of Service for Maximum Subsidy in 2.81.11 NMAC eff. Jan 2021; 2% percent spousal subsidy reduction (pre-Medicare) and 1% retiree subsidy reduction (pre-Medicare)

		REVENUE								EXPENDITURES								Rev. - Exp.		
Fiscal Year Beginning	BOY Invested Assets	Employer Contribution	Employee Contribution	Retiree Medical	Retiree Ancillary	Tax Revenue	Medicare PDP & Manufacturers Discount	Miscellaneous	Total Revenue	Investment Income	Medical/Rx	Basic Life	Ancillary Premiums	ASO & HC Reform Fees	Program Support	Total Expenditures	Excluding Inv. Income	Fiscal Year End	EOY Invested Assets	
7/1/2019	\$697,081,565	\$88,969,782	\$44,484,891	\$147,898,571	\$33,093,930	\$29,406,967	\$28,965,850	\$374,296	\$373,194,287	\$52,014,467	\$281,561,373	\$1,123,211	\$33,093,930	\$13,561,142	\$3,135,900	\$332,475,557	\$40,718,731	6/30/2020	\$789,814,763	
7/1/2020	\$789,814,763	\$88,969,782	\$44,484,891	\$161,803,290	\$35,366,319	\$32,935,804	\$31,047,346	\$371,780	\$394,979,211	\$58,227,802	\$315,324,656	\$374,404	\$35,366,319	\$14,044,875	\$3,214,298	\$368,324,551	\$26,654,660	6/30/2021	\$874,697,225	
7/1/2021	\$874,697,225	\$91,638,875	\$45,819,438	\$176,823,666	\$37,951,782	\$36,888,100	\$32,129,857	\$370,645	\$421,622,363	\$64,026,940	\$348,981,333	\$0	\$37,951,782	\$14,528,642	\$3,294,655	\$404,756,411	\$16,865,952	6/30/2022	\$955,590,116	
7/1/2022	\$955,590,116	\$94,388,042	\$47,194,021	\$194,884,789	\$40,982,922	\$41,314,672	\$33,131,013	\$380,272	\$452,275,730	\$69,387,237	\$389,786,544	\$0	\$40,982,922	\$15,178,812	\$3,377,021	\$449,325,299	\$2,950,431	6/30/2023	\$1,027,927,784	
7/1/2023	\$1,027,927,784	\$97,219,683	\$48,609,841	\$211,252,936	\$43,757,923	\$46,272,433	\$34,105,978	\$374,870	\$481,593,664	\$74,182,519	\$428,072,015	\$0	\$43,757,923	\$15,743,530	\$3,461,447	\$491,034,915	(\$9,441,251)	6/30/2024	\$1,092,669,052	
7/1/2024	\$1,092,669,052	\$100,136,273	\$50,068,137	\$225,295,754	\$46,499,472	\$51,825,124	\$34,938,662	\$369,114	\$509,132,536	\$78,561,563	\$460,985,037	\$0	\$46,499,472	\$16,222,606	\$3,547,983	\$527,255,098	(\$18,122,562)	6/30/2025	\$1,153,108,054	
7/1/2025	\$1,153,108,054	\$103,140,362	\$51,570,181	\$242,504,083	\$50,094,639	\$58,044,139	\$35,893,920	\$373,974	\$541,621,297	\$82,552,177	\$499,946,299	\$0	\$50,094,639	\$16,858,358	\$3,636,683	\$570,535,978	(\$28,914,681)	6/30/2026	\$1,206,745,549	
7/1/2026	\$1,206,745,549	\$106,234,573	\$53,117,286	\$259,972,805	\$53,414,797	\$65,009,436	\$36,762,508	\$371,557	\$574,882,962	\$86,049,074	\$540,021,639	\$0	\$53,414,797	\$17,442,453	\$3,727,600	\$614,606,488	(\$39,723,526)	6/30/2027	\$1,253,071,097	
7/1/2027	\$1,253,071,097	\$109,421,610	\$54,710,805	\$277,533,883	\$56,811,247	\$72,810,568	\$37,603,783	\$365,427	\$609,257,323	\$89,039,874	\$580,529,006	\$0	\$56,811,247	\$17,966,077	\$3,820,790	\$659,127,120	(\$49,869,797)	6/30/2028	\$1,292,241,175	
7/1/2028	\$1,292,241,175	\$112,704,258	\$56,352,129	\$298,813,322	\$60,974,154	\$81,547,837	\$38,405,114	\$372,596	\$649,169,410	\$91,357,944	\$629,926,158	\$0	\$60,974,154	\$18,615,992	\$3,916,309	\$713,432,613	(\$64,263,203)	6/30/2029	\$1,319,335,916	
7/1/2029	\$1,319,335,916	\$116,085,386	\$58,042,693	\$320,155,110	\$64,792,208	\$91,333,577	\$39,045,786	\$372,270	\$689,827,030	\$92,803,817	\$680,395,679	\$0	\$64,792,208	\$19,191,460	\$4,014,217	\$768,393,563	(\$78,566,534)	6/30/2030	\$1,333,573,199	
7/1/2030	\$1,333,573,199	\$119,567,947	\$59,783,974	\$345,411,291	\$69,678,781	\$102,293,606	\$39,657,919	\$386,792	\$736,780,311	\$93,158,488	\$740,337,775	\$0	\$69,678,781	\$19,906,249	\$4,114,573	\$834,037,378	(\$97,257,068)	6/30/2031	\$1,329,474,620	
7/1/2031	\$1,329,474,620	\$123,154,986	\$61,577,493	\$371,547,569	\$74,328,220	\$114,568,839	\$40,176,743	\$394,734	\$785,748,584	\$92,157,966	\$803,276,311	\$0	\$74,328,220	\$20,587,128	\$4,217,437	\$902,409,095	(\$116,660,512)	6/30/2032	\$1,304,972,074	
7/1/2032	\$1,304,972,074	\$126,849,635	\$63,424,818	\$397,979,787	\$79,070,291	\$128,317,100	\$40,621,741	\$400,343	\$836,663,715	\$89,682,514	\$868,010,356	\$0	\$79,070,291	\$21,203,964	\$4,322,873	\$972,607,483	(\$135,943,769)	6/30/2033	\$1,258,710,819	
7/1/2033	\$1,258,710,819	\$130,655,124	\$65,327,562	\$423,781,562	\$84,524,594	\$143,715,152	\$41,114,099	\$410,368	\$889,528,461	\$85,750,475	\$930,569,478	\$0	\$84,524,594	\$21,894,727	\$4,430,945	\$1,041,419,743	(\$151,891,282)	6/30/2034	\$1,192,570,013	
7/1/2034	\$1,192,570,013	\$134,574,778	\$67,287,389	\$447,582,720	\$90,530,762	\$160,960,970	\$41,522,875	\$426,742	\$942,886,236	\$80,597,782	\$986,903,137	\$0	\$90,530,762	\$22,663,548	\$4,541,718	\$1,104,639,165	(\$161,752,929)	6/30/2035	\$1,111,414,866	
7/1/2035	\$1,111,414,866	\$138,612,021	\$69,306,011	\$468,544,820	\$95,995,324	\$180,276,286	\$41,977,058	\$426,446	\$995,137,967	\$74,615,584	\$1,035,665,764	\$0	\$95,995,324	\$23,290,403	\$4,655,261	\$1,159,606,752	(\$164,468,785)	6/30/2036	\$1,021,561,666	
7/1/2036	\$1,021,561,666	\$142,770,382	\$71,385,191	\$490,711,502	\$102,006,132	\$201,909,441	\$42,531,944	\$426,557	\$1,051,741,149	\$68,071,094	\$1,086,359,507	\$0	\$102,006,132	\$23,903,907	\$4,771,643	\$1,217,041,188	(\$165,300,039)	6/30/2037	\$924,332,721	
7/1/2037	\$924,332,721	\$147,053,494	\$73,526,747	\$513,272,322	\$107,989,668	\$226,138,574	\$42,936,925	\$427,204	\$1,111,344,933	\$61,080,737	\$1,137,666,830	\$0	\$107,989,668	\$24,477,100	\$4,890,934	\$1,275,024,531	(\$163,679,598)	6/30/2038	\$821,733,859	
7/1/2038	\$821,733,859	\$151,465,098	\$75,732,549	\$535,977,294	\$114,110,676	\$253,275,203	\$43,385,612	\$421,681	\$1,174,368,113	\$53,834,620	\$1,188,619,930	\$0	\$114,110,676	\$24,999,065	\$5,013,207	\$1,332,742,879	(\$158,374,766)	6/30/2039	\$717,193,713	
7/1/2039	\$717,193,713	\$156,009,051	\$78,004,526	\$561,210,945	\$120,939,315	\$283,668,227	\$43,830,886	\$421,702	\$1,244,084,652	\$46,492,432	\$1,244,271,230	\$0	\$120,939,315	\$25,573,157	\$5,138,537	\$1,395,922,240	(\$151,837,589)	6/30/2040	\$611,848,556	
7/1/2040	\$611,848,556	\$160,689,323	\$80,344,661	\$589,436,083	\$128,402,463	\$317,708,414	\$44,257,547	\$424,543	\$1,321,263,033	\$39,120,959	\$1,305,880,458	\$0	\$128,402,463	\$26,211,345	\$5,267,001	\$1,465,761,266	(\$144,498,233)	6/30/2041	\$506,471,282	
7/1/2041	\$506,471,282	\$165,510,003	\$82,755,001	\$620,966,562	\$136,799,483	\$355,833,424	\$44,604,753	\$435,107	\$1,406,904,332	\$31,774,463	\$1,374,165,412	\$0	\$136,799,483	\$26,946,413	\$5,398,676	\$1,543,309,984	(\$136,405,652)	6/30/2042	\$401,840,094	
7/1/2042	\$401,840,094	\$170,475,303	\$85,237,651	\$654,342,431	\$145,520,956	\$398,533,435	\$44,889,593	\$444,786	\$1,499,444,154	\$24,588,859	\$1,446,063,085	\$0	\$145,520,956	\$27,693,295	\$5,533,643	\$1,624,810,978	(\$125,366,825)	6/30/2043	\$301,062,128	
7/1/2043	\$301,062,128	\$175,589,562	\$87,794,781	\$689,767,255	\$154,883,634	\$446,357,447	\$45,130,628	\$456,483	\$1,599,979,789	\$17,795,937	\$1,522,165,552	\$0	\$154,883,634	\$28,460,463	\$5,671,984	\$1,711,181,633	(\$111,201,844)	6/30/2044	\$207,656,222	
7/1/2044	\$																			

**Delegation of Authority to Conduct Adjudicatory Hearing for Appeal of Executive Director's Decision
Pursuant to Section 2.81.1.20.B NMAC – Action Item**

Background

The purpose of the NMRHCA is to provide comprehensive core group health insurance for persons who have retired from certain public service in New Mexico, as well as other eligible parties as described in the Retiree Health Care Act and its regulations. On November 5, 2015, an eligible retiree filed paper work with the NMRHCA to provide dependent coverage to his daughter, V. L. NMRHCA coverage for V. L. commenced on January 1, 2016. Coverage was terminated on March 31, 2019 based upon the Executive Director's determination that V. L. is not an "eligible dependent" under the Retiree Health Care Act and not entitled to retiree health care coverage from the NMRHCA.

Notice of the Executive Director's determination and appeal rights were provided to V. L. Subsequently V. L. timely advised the Executive Director of her intention to appeal the decision to the board of the NMRHCA and request reinstatement on the plan, pursuant to NMAC 2.81.6.9:

C. Dispute resolution: As to questions of enrollment and eligibility, disputes not resolved between the retiree and the NMRHCA or its contractors shall be submitted to and resolved by the NMRHCA executive director. Any aggrieved person may within 30 days of the executive director's decision, appeal such to the NMRHCA board and its decision shall be final, except as otherwise provided by law.
[2.81.6.9 NMAC - Rp, 2.81.6.9 NMAC, 1/1/2017]

The Executive Director advised V. L. that her appeal would be heard at the board's regular meeting set for June 4, 2019. V. L. engaged Joseph Turk with Disability Rights New Mexico to represent her in the appeal.

On May 30, 2019, Mr. Turk reached out to our legal counsel to request an extension of time for the board to hear the appeal. Legal counsel advised that an extension is appropriate based on the request of V.L. Legal counsel also suggested that, with this additional time, the board consider a delegation of the board's authority to a hearing authority in order to provide requested accommodations to V. L. including flexibility as to the timing of the hearing and further defined administrative procedures and opportunity to present witnesses. The hearing is projected to occur prior to the board's August 2019 regular meeting. Legal counsel advises that Mr. Turk approved the proposed timing and process.

Consistent with the advice provided by agency's general counsel, NMRHCA staff recommends the delegation of authority to a hearing officer to conduct an adjudicatory hearing pursuant to the New Mexico Retiree Health Care Act and its Rules. The hearing officer should be independent of our legal counsel and may be a member of the board or a third party, but should not be the Executive Director or a member of NMRHCA staff.

Requested Action

NMRHCA staff respectfully requests that the Board of Directors delegate authority to conduct an adjudicatory hearing as allowed by NMAC 2.81.1.20:

B. Board Hearing Authority Delegable: In any instance in which the board is authorized to conduct an adjudicatory hearing pursuant to the New Mexico Retiree Health Care Act, or pursuant to these regulations, the board may delegate the authority to conduct such an adjudication to a hearing authority, designation of which shall be in the sole and exclusive authority of the board, pursuant to procedures to be adopted by the hearing authority in consultation with the board's general counsel. Upon completion of the hearing, the hearing authority shall issue a disposition to the board, and, upon the application of either party to the adjudication, the board shall determine by majority vote whether to adopt the hearing authority's disposition as its own or to consider the matter further itself. In the event the board votes to consider the matter further, it shall also determine whether such consideration will include the parties' written submissions only, such written submissions plus oral argument before the board, or rehearing of all or part of the matter before the board.