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ANNUAL MEETING
OF THE
BOARD OF DIRECTORS

July 11/12 2019
9:30/9:00 A.M.
Hotel Don Fernando
1005 Paseo Del Pueblo Sur
Taos, NM 87571

July 11, 2019

New Mexico Retiree Health Care Authority
Annual Meeting

BOARD OF DIRECTORS

ROLL CALL

July 11, 2019

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

NMRHCA BOARD OF DIRECTORS

July 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 Montaño, 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
tlsullivan48@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

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	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 June 4, 2019	Mr. Sullivan, President	5
6.	Public Forum and Introductions	Mr. Sullivan, President	
7.	Election of Board Officers (Action Item)	Mr. Sullivan, President	
	a. Board Policies and Procedures		12
	b. Committee Assignments		19
	c. Code of Ethics		21
	d. Open Meetings Act Resolution		27
8.	Committee Reports	President	
9.	Provider Presentations		
	a. Presbyterian Health Plan	Mr. Witt, Account Management	30
	b. Blue Cross Blue Shield of New Mexico	Ms. Bell, Account Executive Ms. Hentz, Account Executive	46
	c. Express Scripts	Ms. Daily, Sr. Account Executive Mr. Zeyaee, Sr. Clinical Account Exec	69

(Recess for lunch at the pleasure of the Board)

10.	Review of Actuarial Concepts and Principals	Ms. Kirby, Segal Co. Ms. Krumholz, Segal Co.	82
11.	Actuarial Presentations	Mr. Madalena, Madalena Consulting Ms. Patani, Segal Co.	113
12.	Review of Calendar Year 2020 Plan Changes	Mr. Archuleta, Executive Director	152
13.	State Investment Council Updates	Mr. Wollmann, Director, Communications Legislative & Client Relations, SIC	161

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

ACTION SUMMARY

RETIREE HEALTH CARE AUTHORITY/REGULAR BOARD MEETING

June 4, 2019

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APPROVAL OF MINUTES: May 7, 2019	Approved	3
PUBLIC FORUM & INTRODUCTIONS	Informational	3
COMMITTEE REPORTS	Informational	3
EXECUTIVE DIRECTOR'S UPDATES HR Update GAS 75 Medical, Dental and Vision RFP Legislative Wise and Well Event Proposed Medicare Part D Changes March 31, 2019 SIC Report	Informational	4
2019 ANNUAL BOARD MTG AGENDA	Informational	6
2020 PLAN DISCUSSION/SOLVENCY	Informational	6
DELEGATION OF AUTHORITY TO CONDUCT ADJUDICATORY HEARING FOR APPEAL OF EXEC DIRECTOR'S DECISION REGARDING ELIGIBILITY OF V.L.	Delegate selection of hearing officer to Board President	6
OTHER BUSINESS – None		
EXECUTIVE SESSION: Personnel Matter	No action	7

MINUTES OF THE

NEW MEXICO RETIREE HEALTH CARE AUTHORITY/BOARD OF DIRECTORS

REGULAR MEETING

June 4, 2019

1. CALL TO ORDER

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

2. ROLL CALL TO ASCERTAIN A QUORUM

A quorum was present.

Members Present:
Mr. Tom Sullivan, President
Mr. Joe Montaño, Vice President
Mr. Doug Crandall, Secretary
The Hon. Tim Eichenberg, New Mexico State Treasurer
Ms. Jan Goodwin
Ms. Pamela Moon
Ms. Leanne Larrañaga-Ruffy
Ms. Therese Saunders

Members Excused:
Mr. Terry Linton
Mr. Lawrence Rael

Staff Present:
Mr. David Archuleta, Executive Director
Mr. Neil Kueffer, Deputy Director
Mr. Greg Archuleta, Director of Communication & Member Engagement
Ms. Peggy Martinez, Chief Financial Officer
Mr. Tomas Rodriguez, It Director
Ms. Judith Beatty, Board Recorder

Others Present:
Dr. Nura Patani, Segal
[See sign-in sheets]

3. PLEDGE OF ALLEGIANCE

Mr. Crandall led the Pledge.

4. APPROVAL OF AGENDA

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

5. APPROVAL OF REGULAR MEETING MINUTES: May 7, 2019

Mr. Crandall moved approval of the May 7 minutes, as submitted. Ms. Goodwin 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

Executive Committee: Chairman Sullivan stated that the committee was unable to secure a quorum to work on today's agenda.

In discussing outreach efforts, Chairman Sullivan stated that Ms. Moon was able to schedule a meeting with the director and deputy director of the Association of Counties, which he attended with Director Archuleta. He learned that twenty-three of New Mexico's 33 counties are member organizations, and all class A counties are NMRHCA members.

Chairman Sullivan said he also recently spoke with the director of the School Boards Association, and the director said he was more than willing to put the NMRHCA on the agenda in front of their leadership team. The NMRHCA was also invited to attend their July retreat in Ruidoso; however, it is scheduled on the same day as the NMRHCA's annual retreat in Taos. He said he is also interested in meeting with their affiliate groups, since those, too, have a stake in the NMRHCA.

Audit Committee: Ms. Goodwin reported that the Audit Committee met two weeks ago to review the GASB 75 report.

Legislative: Mr. Montaño reported that, while there was no Legislative Committee meeting, he and Dave Archuleta did meet with AARP New Mexico State Director Buffie Saavedra and also DeAnza Valencia, AARP's advocacy director. They had a very good meeting with them, and he feels they will offer a lot of crucial support to NMRHCA. He said Ms. Saavedra would be arranging for the NMRHCA to meet with Rep. Deborah Armstrong.

Mr. Montaño stressed that the agency will have to be far more proactive than it has ever been in the past.

Ms. Saunders said she has been working on setting up a meeting with the Lt. Governor's Office.

8. EXECUTIVE DIRECTOR'S UPDATE

a. HR Update

Mr. Archuleta reported that the Governor issued an Executive Order on May 20, dissolving the consolidated HR model that applied to all state agencies.

Mr. Archuleta provided a brief update on vacant positions and scheduled interviews.

b. GAS 75

Mr. Archuleta reported that the exit conference with Moss Adams was held on May 23 [presentation to Audit Committee was in board book on page 21]. The information was submitted to the State Auditor's Office on May 28, well in advance of the June 15 deadline.

c. Medical, Dental and Vision RFP

Mr. Archuleta said consultant responses were due last Friday, and proposals will be reviewed this week. Staff will make a recommendation at the July meeting.

d. Legislative

Mr. Archuleta stated that the Investments and Pensions Oversight Committee has requested a brief update about the NMRHCA, and he will be making a presentation tomorrow morning along with PERA, the SIC, and the ERB.

Mr. Archuleta reported that he met with DFA Secretary Olivia Padilla-Jackson recently after she requested additional information in terms of what incremental changes the NMRHCA Board could make to control costs, and what impact any such changes would have on solvency. He said he would be providing her with the most recently updated solvency information that the board would be reviewing at the annual retreat, although this could be subject to change depending on fund balances reported by the SIC.

Mr. Archuleta stated that he, Chairman Sullivan and Ms. Moon met with representatives from the Association of Counties last Friday. At the meeting, they reviewed the NMRHCA program, changes that have been implemented over the past couple of years along with pending changes, and the board's strategy in addressing solvency. The NMRHCA will make a presentation to their group in August and also at a January conference.

Mr. Archuleta commented that the discussion he and Mr. Montaño had with AARP representatives Buffie Saavedra and DeAnza Valencia was very constructive and positive. At their suggestion, he met with Rep. Deborah Armstrong. Rep. Armstrong is former cabinet secretary of the Aging & Long Term Services Department and has sponsored a number of legislative bills supporting healthcare-related initiatives. One idea proffered by Rep. Armstrong was that the NMRHCA consider seeking a one-time infusion of money in the event there is a lack of support for other initiatives. The money would be either deposited into the fund or else used to offset premium increases in FY 2021.

Mr. Archuleta said he has met with one lobbyist about potentially doing work for the NMRHCA, and hopes to meet with him again to discuss possible proposals for the board to consider in July, should it decide to hire a lobbyist. Mr. Archuleta stated that staff is also looking at some of the lobbyists who have contracts with NMRHCA member organizations, and he will be meeting with Board Member Rael tomorrow to discuss other possible lobbyists.

Mr. Crandall said that, while RPENM and NMAER each have lobbyists, he was not in favor of hiring either of them, feeling that the NMRHCA should have its own lobbyist. This would offer a three-pronged approach for the board, and the NMRHCA would not be paying lobbyists who are already being paid by RPENM and NMAER.

e. Wise and Well Event – Health Fair

Mr. Archuleta said there is a lot of interest and excitement over this event, which will take place at Smith Brasher Hall on the CNM campus on June 21. Depending on the success of this event, NMRHCA may hold additional events later in the year in Las Cruces and Santa Fe.

f. Proposed Medicare Part D Changes

Mr. Archuleta discussed proposed changes to the way Part D programs like the NMRHCA's (EGWP programs) are administered. He said the large amount of money the NMRHCA receives in rebates ($25-$30 million annually), which is based on prescription drug usage by the membership, would be affected because the members would receive the rebate at the point of sale instead. He said the NMRHCA's prescription drug spend is fairly large, with the largest piece coming from Medicare members on the Supplement plan, but equally important are the people served by the Medicare Advantage plans. If the rebates go to the members instead, it would not be of much help to them, since they already have a minimum and maximum amount set for their copays, but it would have a substantially negative impact on the NMRHCA. Based on current estimates, for the Supplement Plan it would be $35-$65 per member per month, so it would not only affect solvency, it would affect each member's cost share. It would also be passed along to the Medicare Advantage plans in the form of the increased premiums.

Mr. Archuleta said Amy Daily of Express Scripts has stated that the idea is gaining traction in Washington because it will help individuals, even though it leaves out group plans like the ones the NMRHCA administers. He said the NMRHCA did write a letter to the CMS administrator indicating its opposition, and will be sending a copy to the Congressional delegation. He added that there is some sentiment that this rule change could be postponed until after the 2020 elections, which would give the NMRHCA time to properly gauge the impact.

Ms. Daily described active efforts being made by Express Scripts to have EGWPs excluded from this rule.

f. April 30, 2019 SIC Report

Mr. Archuleta reported a total balance of $697.8 million, close to the $704 million targeted for this year.

9. 2019 ANNUAL BOARD MEETING AGENDA

Mr. Archuleta reviewed the July 11 and 12 draft agenda.

10. 2020 PLAN DISCUSSION/SOLVENCY

Mr. Archuleta reviewed major actions taken by the board since 2010 to address solvency and proposed changes for this year. Regardless of which scenario the board chooses, deficit spending will begin in 2023.

Segal actuarial consultant Nura Patani discussed the impact of the migration to the value plans in terms of what was projected versus what actually occurred. The original projection was 20.2 percent enrollment in the value plans by CY 2019 with the remaining 79.8 percent in the premier plans. The actual migration to the value plans was 430 more than projected. She said this creates a $1.3 million annual impact on solvency modeling.

Dr. Patani also stated that the health insurer tax was suspended for 2019, which dramatically decreased Medicare Advantage rates. The original projection was based on an assumption of an 8 percent increase. The impact between projections and reality has impacted the amount the NMRHCA is subsidizing, and the difference is about $1.5 million in additional savings. The health insurer tax for 2020 hasn't been suspended, however. The Medicare Advantage rates in 2020 are unknown but are expected to come in higher, so the solvency model numbers are inflated from the 8 percent that is historically used.

Ms. Goodwin said the NMRHCA should continue to remind legislators and the members that the agency was in the hole the year it was started, when members were given a huge retroactive benefit that no one had paid for. In addition, the contributions were never high enough to pay for the cost of the benefit, the premiums weren't allowed to increase at a rate to cover the actual increased cost each year, and it was only in recent years that the board was able to increase the premiums beyond what was set in statute. Because of all of this, there is a $4 billion unfunded liability.

Mr. Crandall commented that this gets back to his concern, which is that the board keeps doing things to increase contributions and lower benefits and copays, and gets nothing in return from the legislature. While he is 100 percent behind the baseline solvency analysis, which allows the proposed changes to Medicare and pre-Medicare in terms of rates, he saw no reason why people's benefits should be cut. If the legislature is unwilling to work with the NMRHCA to increase solvency, then he saw no point in continuing to cut benefits and raise rates in what could be a futile effort to save the NMRHCA.

11. DELEGATION OF AUTHORITY TO CONDUCT ADJUDICATORY HEARING FOR APPEAL OF EXECUTIVE DIRECTOR'S DECISION REGARDING ELIGIBILITY OF V. L.

Mr. Archuleta said that it was recently brought to his attention by one of the NMRHCA's customer service representatives that a dependent child member was on the plan that was not eligible to participate in the plan. Following additional research, it was his own conclusion that this member was not eligible to participate as a disabled dependent, as there are certain statutory requirements associated with qualifying as a disabled dependent to participate in the plan after the age of 26. He notified the member of the termination, which occurred on March 31, 2019. He gave what he believed to be a reasonable period of time for them to find coverage elsewhere; however, the member disagrees with his assessment and would like to appeal that to the board. Based on the correspondence between the

Disability Rights of New Mexico counsel, which is helping this individual, as well as the NMRHCA general counsel, it was suggested that a hearing officer conduct a hearing and make a recommendation to the board.

Attorneys Justin Horwitz and Jenica Jacobi of the Rodey law firm were present as representatives of the NMRHCA Board. Mr. Horwitz said it is recommended that the board delegate authority to hear the matter at a hearing to be set in June or July, in advance of the August meeting. The board would then hear the recommendation in either open or closed session, depending upon the substance of the report and HIPAA concerns with respect to the subject matter. The board would either accept the report or have its own hearing, as the decision of the hearing officer is not binding.

Ms. Jacobi recommended that Chairman Sullivan be delegated to select the hearing officer.

Mr. Crandall moved that the board delegate selection of a hearing officer to the Board President. Ms. Moon seconded the motion, which passed unanimously.

12. OTHER BUSINESS

None.

13. EXECUTIVE SESSION: 11:00 A.M.

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

Mr. Crandall moved that the board go into Executive Session pursuant to NMSA 1978, Section 10-15-1(H)6, to discuss limited personnel matters. Ms. Goodwin seconded the motion, which passed unanimously, with Chairman Sullivan, Vice Chairman Montaño, Secretary Crandall, Ms. Goodwin, Ms. Saunders, Mr. Eichenberg, Ms. Larrañaga-Ruffy and Ms. Moon voting in favor.

The board came out of executive session at approximately 11:25 a.m. Chairman Sullivan stated that the only matter discussed was a limited personnel matter.

14. DATE AND LOCATION OF NEXT BOARD MEETING:
JULY 11, 2019, 9:30 AM/JULY 12, 2019, 9:00 AM
HOTEL DON FERNANDO DE TAOS
1005 PASEO DEL PUEBLO SUR
TAOS, NM 87571

15. ADJOURN

Meeting adjourned at 11:25 a.m.

Accepted by:

_____

Tom Sullivan, President

2019 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 26 employees. The Authority offers comprehensive medical, dental, vision and life insurance to more than 63,000 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 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 ăλÈ Board Members, including the Chairperson.

4 The Legislative Committee consisting of five Board Members, including the Chairperson

5 The Wellness Committee consisting of f2ʤℕ 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.

FY20 Board Elections/Committee Assignments

Background

Article 7C Section 10-7C-6. Board created; membership; authority.

A. There is created the "board of the retiree health care authority". The board shall be composed of not more than twelve members.

B. The board shall include:

(1) one member who is not employed by or on behalf of or contracting with an employer participating in or eligible to participate in the Retiree Health Care Act and who shall be appointed by the governor to serve at the pleasure of the governor;

(2) the educational retirement director or the educational retirement director's designee;

(3) one member to be selected by the public school superintendents' association of New Mexico;

(4) one member who is a teacher who is certified and teaching in elementary or secondary education to be selected by a committee composed of one person designated by the New Mexico association of classroom teachers, one person designated by the national education association of New Mexico and one person designated by the New Mexico federation of teachers;

(5) one member who is an eligible retiree of a public school and who is selected by the New Mexico association of retired educators;

(6) the executive secretary of the public employees retirement association or the executive secretary's designee;

(7) one member who is an eligible retiree receiving a benefit from the public employees retirement association and who is selected by the retired public employees of New Mexico;

(8) one member who is an elected official or employee of a municipality participating in the Retiree Health Care Act and who is selected by the New Mexico municipal league;

(9) the state treasurer or the state treasurer's designee; and

(10) one member who is a classified state employee selected by the personnel board.

C. The board, in accordance with the provisions of Paragraph (3) of Subsection D of Section 10-7C-9 NMSA 1978, shall include, if they qualify:

(1) one member who is an eligible retiree of an institution of higher education participating in the Retiree Health Care Act and who is selected by the New Mexico association of retired educators; and

(2) one member who is an elected official or employee of a county participating in the Retiree Health Care Act and who is selected by the New Mexico association of counties.

D. Every member of the board shall serve at the pleasure of the party that selected that member.

E. The members of the board shall begin serving their positions on the board on the effective date of the Retiree Health Care Act or upon their selection, whichever occurs last, unless that member's corresponding position on the board has been eliminated pursuant to Subsection D of Section 10-7C-9 NMSA 1978.

F. The board shall elect from its membership a president, vice president and secretary.

G. The board may appoint such officers and advisory committees as it deems necessary. The board may enter into contracts or arrangements with consultants, professional persons or firms as may be necessary to carry out the provisions of the Retiree Health Care Act.

H. The members of the board and its advisory committees shall receive per diem and mileage as provided in the Per Diem and Mileage Act [10-8-1 NMSA 1978] but shall receive no other compensation, perquisite or allowance.

History: Laws 1990, ch. 6, § 6; 1993, ch. 362, § 2; 2003, ch. 382, § 1.

Action Item

In compliance with section F, NMRHCA's board elections typically occur in July of each year for the ensuing 12-month period. In addition, committee assignments are designated for same time period with a full list of current committee assignments is provided below.

Current Committee Assignments

Executive	**Finance & Investment**	**Legislative**
Mr. Sullivan, Chair	Mr. Crandall, Chair	Mr. Montaño, Chair
Mr. Montaño	Mr. Sullivan	Mr. Linton
Mr. Crandall	Ms. Goodwin	Ms. Saunders
	Mr. Montaño	Ms. Goodwin
	Ms. Larrañaga-Ruffy	Ms. Larrañaga-Ruffy
	Mr. Linton	

Audit	**Wellness (Ad-Hoc)**
Ms. Goodwin, Chair	Ms. Goodwin, Chair
Mr. Sullivan	Mr. Montaño
Mr. Montaño	Ms. Saunders
Mr. Linton	Mr. Linton

This rule was filed as 2 NMAC 81.3.

TITLE 2 PUBLIC FINANCE
CHAPTER 81 RETIREE HEALTH CARE FUNDS
PART 3 CODE OF ETHICS

2.81.3.1 ISSUING AGENCY: NM Retiree Health Care Authority ("NMRHCA").
[6/15/98; Recompiled 10/01/01]

2.81.3.2 SCOPE: This rule applies to all board members, employees, actuaries, consultants, attorneys and members of ad. hoc. or standing committees of the NMRHCA.
[6/15/98; Recompiled 10/01/01]

2.81.3.3 STATUTORY AUTHORITY: This rule is promulgated pursuant to the New Mexico Retiree Health Care Act (the "Act"), Sections 10-7C-1 et seq. NMSA 1978.
[6/15/98; Recompiled 10/01/01]

2.81.3.4 DURATION: Permanent.
[6/15/98; Recompiled 10/01/01]

2.81.3.5 EFFECTIVE DATE: June 15, 1998 [unless a later date is cited at the end of a section].
[6/15/98; Recompiled 10/01/01]

2.81.3.6 OBJECTIVE:

A. The objective of this rule is to establish procedures governing a code of ethics that must be adhered to by those persons covered and provide penalties for failure to comply. The proper operation of a democratic government requires that public representatives and those attorneys, consultants, agents and employees on who they rely for advice and opinions be independent, impartial, and responsible to the people.

B. NMRHCA decisions and policy should be made through proper channels of the NMRHCA structure and public office, employment or contracts should not be used for personal gain. A conflict of interest exists when a public representative's, public employee's or public contractor's private or personal interests conflict with his/her public duties or when a public representative, public employee, agent, consultant or attorney for the public entity uses insider knowledge, official position, power or influence to further his/her private interests.

C. When a sound code of ethics is promulgated and enforced, the public has confidence in the integrity of its government. The objective of the code of ethics rule is to advance openness in government by requiring disclosure of private interests that may affect public acts, to set standards of ethical conduct, to minimize pressures on public representatives and to establish a process for reviewing and settling alleged violations.
[6/15/98; Recompiled 10/01/01]

2.81.3.7 DEFINITIONS: As used in the code of ethics rule:

A. **"business"** means a corporation, partnership, sole proprietorship, firm, organization, or individual carrying on a business or owning real property other than a personal residence;

B. **"insider information"** or **"confidential information"** means information which is confidential under law or practice or which is not generally available outside the circle of those who regularly serve the NMRHCA as a board member, public representative, official, employee, agent, consultant or attorney;

C. **"financial interest"** means:

(1) an interest of ten percent or more in a business or an interest exceeding ten thousand dollars ($10,000.00) in a business; for a board member, official, employee, agent, consultant attorney or other public representative this means an interest held by the individual or his or her spouse, siblings, parents, or children;

(2) an ownership interest held by the individual or his/her spouse, siblings, parents or children in business; or

(3) any employment or prospective employment (for which negotiations have already begun) of the individual or his/her spouse, siblings, parents or children;

D. **"public representative"** means a person serving the NMRHCA as board member, official, employee, agent, consultant or attorney or as a member of an ad.hoc. or standing NMRHCA advisory committee;

E. **"controlling interest"** means an interest which is greater than twenty percent;

F. **"official act"** means an official decision, recommendation, approval, disapproval or other action which involves the use of discretionary authority, except the term does not mean an act of the legislative or an act of general applicability.
[6/15/98; Recompiled 10/01/01]

2.81.3.8 PUBLIC REPRESENTATIVE/REGISTRATION/DISCLOSURE:

A. Upon becoming a public representative, the public representative shall provide registration information to the NMRHCA office as listed below. This information shall be updated at the end of every fiscal year and shall be available to the public at all times:

(1) name;

(2) address and telephone number;

(3) professional, occupational or business licenses;

(4) membership on boards of directors of corporations, public or private associations or organizations; and

(5) the nature, but not the extent or amount, of any financial interests and controlling interests as defined in the code of ethics rule within one month of becoming a public representative.

B. A public representative who has a financial interest which may be affected by an official act of the NMRHCA, ad. hoc. or advisory committee shall declare such interest prior to discussion, voting, advising or taking any other action and that declaration shall be entered in the official minutes of the NMRHCA. A public representative shall abstain from voting, advising or taking any other action including discussion on that issue if the decision, in the public representative's opinion, may affect his/her financial interest in a manner different from its effect on the general public.
[6/15/98; Recompiled 10/01/01]

2.81.3.9 PROHIBITIONS/PRIVATE BENEFITS OR GIFTS/PERSONAL REPRESENTATION/ USE OF NMRHCA SERVICES/ACQUIRING FINANCIAL INTEREST:

A. No public representative nor a member of his/her family shall request or receive and accept a gift or loan for his/her personal use or for another, if:

(1) it tends to influence the public representative in the discharge of his/her official acts; or

(2) the public representative, within two years, has been involved in any official act directly affecting the donor or lender or knows that he/she will be involved in any official act directly affecting the donor or lender.

B. No public representative shall request or receive a gift or loan for personal use or for the use of others from any person or business involved in a business transaction with the NMRHCA with the following exceptions:

(1) an occasional nonpecuniary gift of insignificant value;

(2) an award publicly presented in recognition of public service;

(3) a commercially reasonable loan made in the ordinary course of business by an institution authorized by the laws of the state to engage in the business of making loans; or

(4) a political campaign contribution, provided that such gift or loan is properly reported and actually used in a political campaign.

C. No public representative shall personally represent private interests before the board of the NMRHCA or any ad. hoc. or standing committee, which the public representative is a member, or directly or indirectly receive compensation for that representation.

D. No public representative shall personally represent private interests before the NMRHCA board, ad. hoc., standing committees or directly or indirectly receive compensation for that representation.

E. No public representative shall use or disclose insider information for his or others private purposes.

F. No public representative shall use NMRHCA services, personnel or equipment for personal benefit, convenience or profit, except when such use is generally available to the public and when in accordance with policies of the NMRHCA board.

G. No public representative shall acquire or negotiate to acquire a financial interest at a time when the official believes or has reason to believe that it will be substantially or directly affected by his official acts.

H. No public representative shall enter into a contract or transaction with the NMRHCA or its public representatives, unless the contract or transaction is made public by filing notice with the NMRHCA board.

I. A public representative shall disqualify himself from participating in any official act directly affecting a business in which he has a financial interest.

J. No public representative shall use confidential information acquired by virtue of his employment, office or status for his or another's private gain.

K. The NMRHCA shall not enter into any contract with an employee of the state or with a business in which the employee has a controlling interest, involving services or property of a value in excess or one thousand dollars ($1,000), when the employee has disclosed his controlling interest unless the contract is made after public notice and competitive bidding; provided that this section does not apply to a contract of official employment with the NMRHCA.

L. The NMRHCA shall not enter into a contract with, nor take any action favorable affecting, any person or business which is:

(1) represented personally in the matter by a person who has been an employee of the state within the preceding year if the value of the contract or action is in excess of one thousand dollars ($1,000) and the contract is a direct result of an official act by the employee; or

(2) assisted in the transaction by a former employee of the state whose official act, while in state employment, directly resulted in the NMRHCA's making that contract or taking that action.

M. The NMRHCA shall not enter into any contract of purchase with a legislator or with a business in which such legislator has controlling interest, involving services or property in excess of one thousand dollars ($1,000) where the legislator has disclosed his controlling interest, unless the contract is made after public notice and competitive bidding. As used in Section 9.13 [now Subsection M of 2.81.3.9 NMAC], contract shall not mean a "lease."
[6/15/98; Recompiled 10/01/01]

2.81.3.10 ENFORCEMENT/COMPLAINT/HEARING OFFICER/PENALTY FOR VIOLATION/ FRIVOLOUS COMPLAINTS:

A. Any contract approval, sale or purchase entered into or official action taken by a public official in violation of this rule may be voided by action of the NMRHCA board.

B. Any person may make a sworn, written complaint to the NMRHCA board of a violation by a public official of any provisions of the code of ethics rule. Such complaint shall be filed with the NMRHCA executive director or if it is a complaint against him, with a member of the NMRHCA board, who shall maintain the confidentiality thereof and instruct the complainant of the confidentiality provisions of the code of ethics rule, and shall refer said complaint to the NMRHCA board at its next regularly scheduled meeting in executive session. The complaint shall state the specific provision of the code of ethics rule which has allegedly been violated and the facts which the plaintiff believes support the complaint.

C. Within fifteen days of receiving the complaint, the NMRHCA board in executive session shall appoint a hearing officer to review the complaint for probable cause. Within fifteen days of undertaking the inquiry to determine probable cause, the hearing officer shall report his findings to the NMRHCA board. Upon find of probable cause, within 30 days, the hearing officer shall conduct an open hearing in accordance with due process of law. Fifteen days notice in advance of the hearing shall be provided to the person subject to the complaint. Within a time specified by the NMRHCA board, the hearing officer shall report his findings and recommendations to the NMRHCA board for appropriate action based on those findings and recommendations.

D. If the complaint is found to be frivolous, the NMRHCA board may assess the complainant the costs of the hearing officer's fees.

E. Except for the hearing, the proceedings shall be kept confidential by all parties concerned, unless the accused public official requests that the process be open at any stage. Persons complained against shall have the opportunity to submit documents to the hearing officer for his review in determining probable cause.

F. Any violation of the law shall be referred to the appropriate law enforcement agency for prosecution.
[6/15/98; Recompiled 10/01/01]

2.81.3.11 CODE OF ETHICS HEARING OFFICER/APPOINTMENT/QUALIFICATIONS/DUTIES:

A. A hearing officer shall be appointed by the NMRHCA board for each complaint. The hearing officer may be an authority board member, agent or employee of the NMRHCA or another person. The complainant and the person complained against have the right to one disqualification of a designated hearing officer.

B. The hearing officer shall:

(1) receive written complaints regarding violations of the code of ethics rule, notify the person complained against of the charge, and reject complaints not supported by probable cause; in the event the hearing officer rejects a complaint as lacking in probable cause, he shall provide a written statement of reasons for his rejection to the NMRHCA board and the complainant;

(2) conduct hearings of all complaints received; and

(3) report the findings of the hearings and make recommendations on resolving the complaint to the NMRHCA board.

C. The decision of the board shall be final and not subject to appeal.
[6/15/98; Recompiled 10/01/01]

2.81.3.12 VIOLATION: It is a violation of this rule for any public official knowingly, willfully or intentionally to conceal or fails to disclose any financial interest called for by the code or violate any of the provisions hereof.
[6/15/98; Recompiled 10/01/01]

2.81.3.13 PENALTIES: Upon recommendation of the hearing officer the NMRHCA board may:

A. issue a public reprimand to the public official;
B. remove or suspend from his office, employment or contract the public official; and
C. refer complaints against public officials to the appropriate law enforcement agency for investigation and prosecution.

[6/15/98; Recompiled 10/01/01]

HISTORY OF 2.81.3 NMAC:

Pre-NMAC History: The material in this part was derived from that previously filed with the State Records Center and Archives under:
RHCA Rule 90-3, Code of Ethics, 7/10/90.

History of Repealed Material: [RESERVED]

New Mexico Retiree Health Care Authority

Code of Ethics Disclosure Statement

Pursuant to Retiree Health Care Authority Rule Title 2, Chapter 81, Part 3, within one month of becoming a board member, employee, actuary, consultant, attorney, or member of ad hoc or standing committee, and at the end of every fiscal year thereafter, you are required to furnish the following information:

1. **Name:** _____

2. **Address:** _____

   _____

   Home Phone: _____ **Work Phone:** _____

3. **Professional, occupational, or business licenses, if any:**

Type of License	License No.

Continue on separate sheet if necessary

4. **Identify each corporation, and public or private association and organization, on the board of which you are a member:**

Name of Organization	Address of Organization	Position or Office in Organization

Continue on separate sheet if necessary

5. **The NMRHCA Code of Ethics defines the terms used in this form as follows:**

   "Business" *means: a corporation, partnership, sole proprietorship, firm, organization, or individual carrying on a business or owning real property other than a personal residence.*

"Financial Interest" *means:*

(a) An interest of ten percent (10%) or more in a Business or an interest exceeding ten thousand dollars ($10,000) in a Business; or

(b) An ownership interest in a business; or

(c) Any employment or prospective employment (for which negotiations have already begun) with a Business,

on the part of a board member, official, employee, agent, consultant, or attorney, or by the spouse, siblings, parents, or minor children of such individual.

Identify each Business in which you have a Financial Interest as those terms are defined in the NMRHCA Code of Ethics.

Name of Business	Address of Business	Nature of Business

Continue on separate sheet if necessary

SIGNATURE: _____

PRINT NAME: _____

DATE: _____

NEW MEXICO RETIREE HEALTH CARE AUTHORITY
RESOLUTION NO. 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 11 and 12, 2019.

WHEREAS, Section 10-15-l(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 11th day of July 2019.

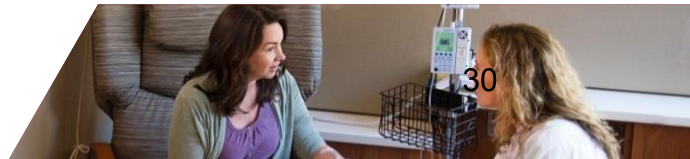
_____ _____

Board President David Archuleta, Executive Director

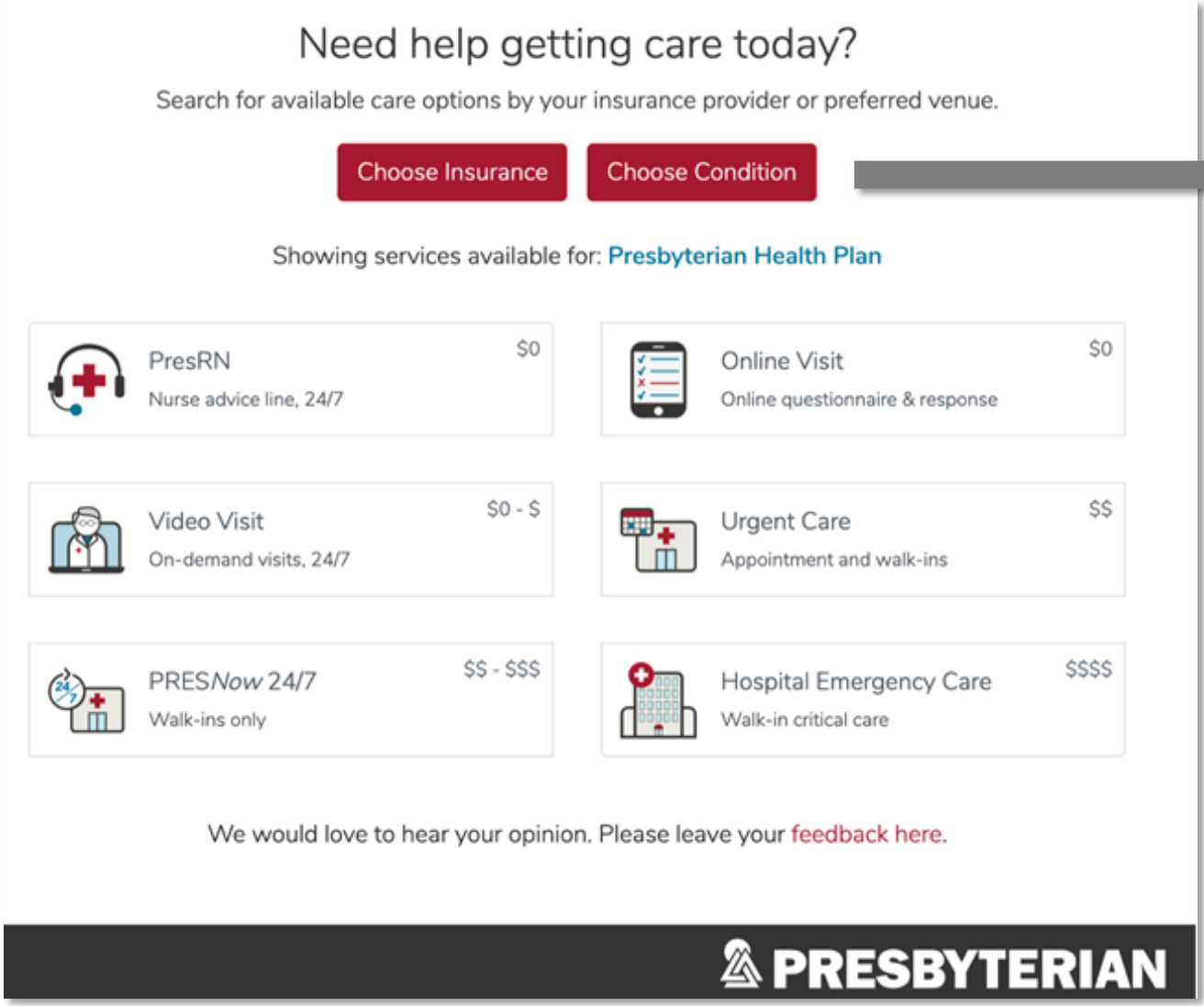
PRESBYTERIAN

HOW ARE WE BENDING THE COST CURVE

NEW MEXICO RETIREE HEALTH CARE AUTHORITY
ANNUAL BOARD RETREAT
JULY 11TH



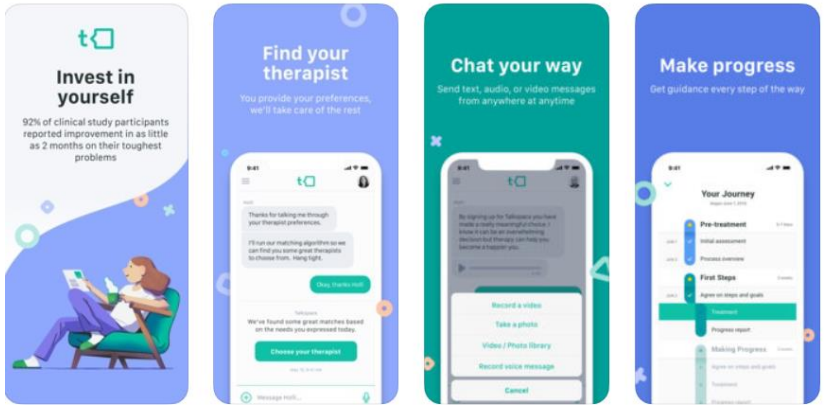
Here When You Need Us How You Need Us At Your Convenience



No-fee Services that can get you healthy, keep you healthy

75% of individuals
prefer a non-medication care option
for behavioral health treatment.[8]

talkspace

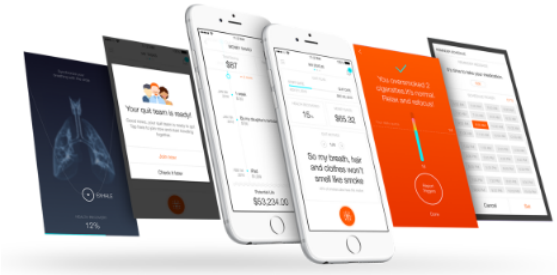


On To Better Health

Self-help tools and resources at your fingertips

Clickotine®

A Digital Therapeutics™ Program for Smoking Cessation



Personalized Quit Plan

We help you make, and stick with, a customized quit plan - all while monitoring your improvement over time

8. Marks, I. M., Kenwright, M., McDonough, M., Whittaker, M., & Mataix-Cols, D. (2004). Saving clinicians' time by delegating routine aspects of therapy to a computer: a randomized controlled trial in phobia/panic disorder. Psychological Medicine, 34, 1, 9-17.

Access to New Mexico's first Urgent and Emergency Care under one roof

Ambulatory Surgical Centers

- Lower Cost Setting: 30-50% Reduction
- Increased Member Satisfaction
- Effective Services
- 3 Locations Albuquerque Metro Area

PRESBYTERIAN

NMRHCA Wellness 2019

PRESENTED ON 07/11/2019

BY THE SOLUTIONS GROUP A DIVISION OF PRESBYTERIAN HEALTHCARE SERVICES

INGRID JORUD, WELLNESS SPECIALIST, MS, RD, LD, CPT

Wellness Mid-Year Summary Highlight

Onsite events

- 24% increase in participation at Blood Pressure Academies, 211 at three events
- Diabetes Academies scheduled for September and November
- New monthly cooking classes in Santa Fe

Online Email Video Courses *(Blood Pressure, Diabetes, Bone Strength)*

- Expansion to include Dinner with a Dietitian: Blood Pressure Edition
- Participation at 74% (140) of 2018 total participation

Good Measures

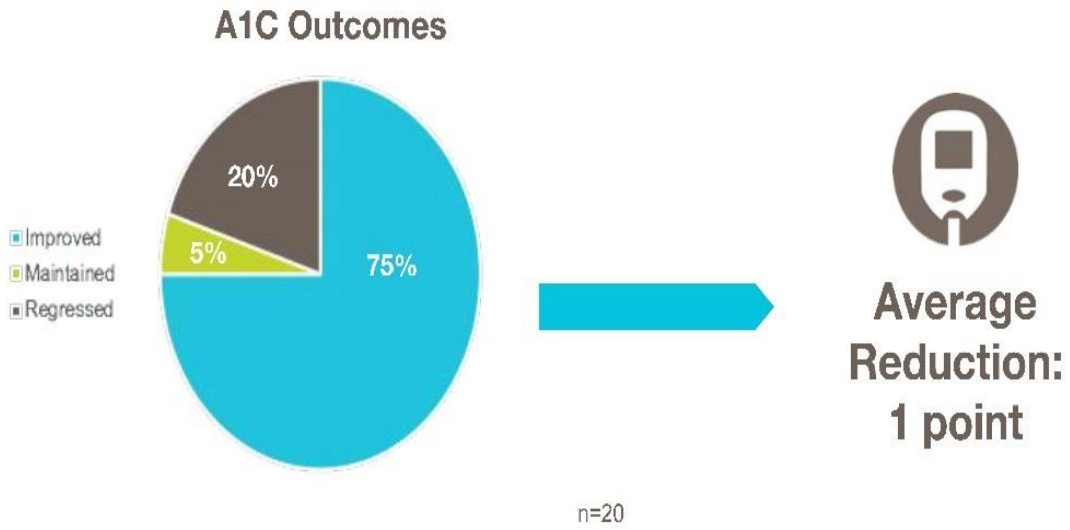
- Participation at 97% of 2018 total participation
- Introduction of Health Weight program in June email newsletter

Good Measures: Diabetes Prevention Program* & Connected Diabetes Program

Good Measures had a Positive Impact on A1C Measures

75% reduced their A1C

- Those who improved their A1C saw a 1 point reduction, on average.
- Starting average A1C for those who improved was 7.6, whereas average starting for those who maintained and regressed were 6.2 and 6.3, respectively.
- Every percentage point drop in A1C reduces the risk for microvascular complications by 37%.
- Studies have shown that a 1% reduction in A1C translates to substantial savings ranging from ~$1,500 to $8,000.*



good measures

*DPP individuals began program in 2017 and finished in 2018.

PRESBYTERIAN

PRESBYTERIAN

NMRHCA
Commercial Clinical Performance Guarantees

PRESENTED ON 07/11/2019

BY PRESBYTERIAN HEALTH PLAN

KYANDRA FOX, PROGRAM MANAGER

NMRHCA Clinical Performance Guarantees Status

NMRCHA Clinical Performance Guarantees are supported by the Population Health Model

Measure	Baseline	Goals	Qtr 1 (7/31 – 9/30)	Qtr 2 (10/1 – 12/31)	Qtr 3 (1/1 – 3/31)	Qtr 4^ (4/1 – 5/31)
Diabetes – A1c Test	90.86%	90.86%				
Diabetes – A1c ≥ 9	44.53%	44.53%				
Diabetes – Kidney Screening	85.44%	86.44%				
Diabetes – Eye Exam	34.54%	36.54%				
Follow-up After Hospitalization	N/A	37.35%	N/A*	N/A*	N/A*	N/A*

Monitored

- Asthma Medication Management
- Anti-Depression Medication Management (Acute)
- Prenatal and postpartum visits

Legend:

Green – Meeting 95-100% of goal

Blue – Meeting 85-94% of goal

Yellow – Meeting 75-84% of goal

Red – Meeting 74% or less of goal

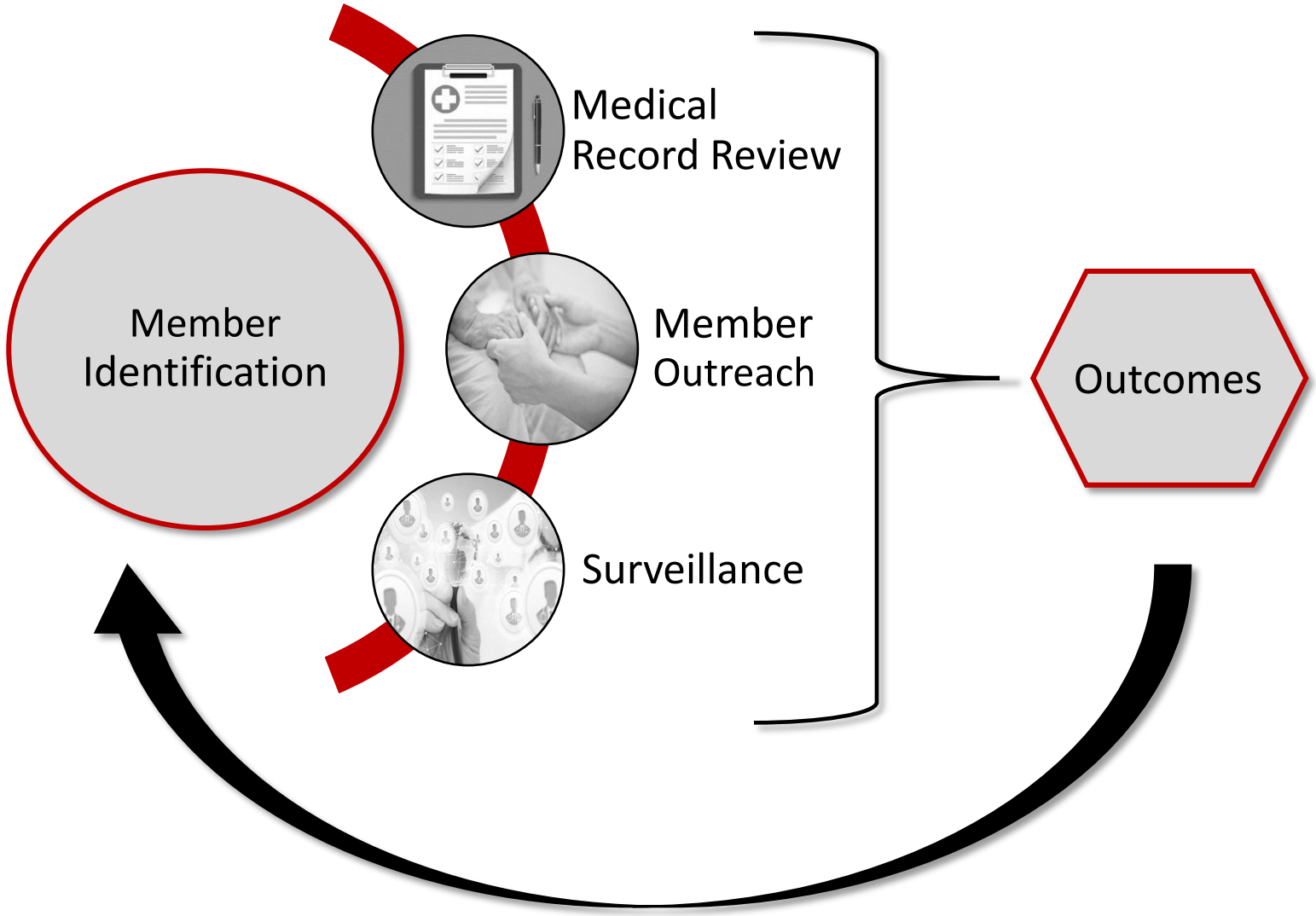
^ indicates final rate pending

* N/A indicates that there are less than 30 Members in the sample

Initiative Overview

Initiatives across Presbyterian's Integrated System ensure we improve Member health outcomes

Member Identification & Stratification

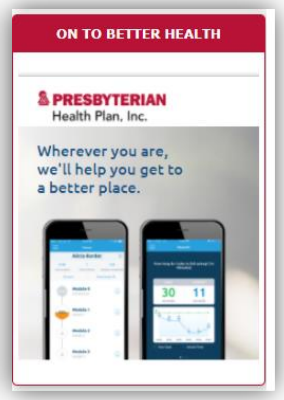


Outcome Summary – Member Outreach & Medical Record Review

As of June 2019

Member Outreach

- 712 Members with Diabetes and missing screenings
  - Outreached to 712 via phone and letter
- June Wise & Well Event
  - Interacted with over 300 Members
- Wellness at Work Portal Links to Resources
- Promotion of Wellness Programs
- Developed Outreach Materials



Medical Record Review (MRR)

- MRR done from February – Present
  - Examples:
    - March

Type of Screening	Identified for MRR	Needed	Evidence
A1c	143	131	42
Kidney	219	55	5
Eye	101	173	3
Blood Sugar in Control	42	232	3

    - April

Type of Screening	Identified for MRR	Needed	Evidence
A1c	114	114	0
Kidney	188	171	17
Eye	584	580	4
Blood Sugar in Control	197	193	4

Outcome Summary – Internal Partnerships, Data Review & Program Research

As of June 2019

Partnerships

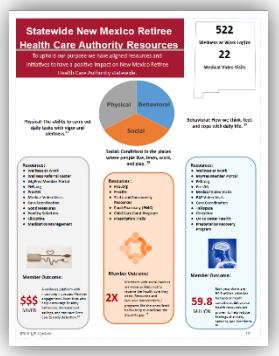
- Coordination & Referrals to Partners
- Monthly RHCA Strategy Meetings
- Quarterly Reporting

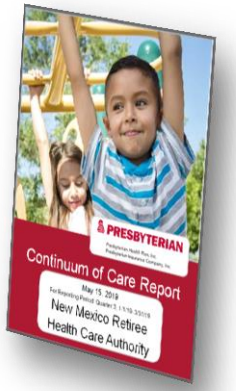
Program Research

- Diabetes and hypertension programs
  - Virta
  - Livongo
  - Good Measures
  - Brook
  - Healthy Solutions
  - Hello Heart

Data Review & Quarterly Reports

- Performance Guarantee Rates
- Member Gap in Care Lists
- Social Determinants of Health Data
- Continuum of Care Report





Preliminary End of Year Summary

Final Clinical Performance Guarantee Rates Available in Fall 2019

- Met 5 of 5 Performance Guarantees
  - Comprehensive Diabetes Care
    - A1c Test completed
    - Blood Sugar controlled
    - Diabetes Eye screening
    - Diabetes Kidney Screening
  - Follow-Up after Hospitalization
- Engaged Members
- Population Surveillance
- Increased resource accessibility
- Excellent Partnerships

THANK YOU

Blue Cross and Blue Shield of New Mexico Current and Future Landscape

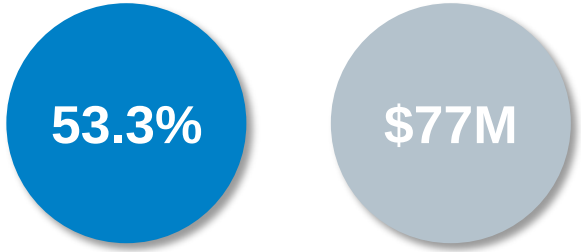
New Mexico Retiree Health Care Authority

BlueCross BlueShield of New Mexico

NEW MEXICO RETIREE HEALTH CARE AUTHORITY

Value of the Network

Network Discount Savings
Paid Claims Jan 2018 - Dec 2018



Discount percentage for network and par providers

Discount savings for network and par providers

3yr Discount and Network Utilization

Network Discount	2016	2017	2018
Inpatient	53.9%	56.8%	59.7%
Outpatient	41.0%	43.6%	44.8%
Professional	51.2%	54.3%	58.3%
Summary	**47.7%**	**51.0%**	**53.3%**
Network Utilization	**2016**	**2017**	**2018**
In Network	98.2%	97.6%	98.3%
Out of Network	1.8%	2.4%	1.7%

Network Discount by Benefit Plan	2016	2017	2018
Inpatient			
BLUAVP			56.0%
RHCA PREMIER	53.0%	56.8%	59.9%
RHCA PREMIER PLUS	55.2%		
Total	53.9%	56.8%	59.4%
Outpatient			
BLUAVP			46.3%
RHCA PREMIER	42.2%	43.6%	44.7%
RHCA PREMIER PLUS	39.6%		
Total	41.0%	43.6%	44.8%
Professional			
BLUAVP			59.9%
RHCA PREMIER	51.4%	54.3%	58.3%
RHCA PREMIER PLUS	50.9%		
Total	51.2%	54.3%	58.3%
Summary	**47.7%**	**51.0%**	**53.3%**

Claims Payment Integrity

Pre-payment Activities
$311M
Allowed Savings

Post-payment Activities
$1M
Paid Savings

NEW MEXICO RETIREE HEALTH CARE AUTHORITY

Total Audits and Recoveries
$312 million

Safeguarding your investment in health care through careful stewardship of ASO funds:

Pre-payment

$311M ineligible charges
25% of total billed
178,474 claims denied

- **HCSC is committed to ensuring accuracy within the claims adjudication process.**
- **World-renowned McKesson ClaimsXten auditing software for extensive pre-payment scrutiny.**
- **Verscend and eviCore Claims editing tool.**
- **Continuous Employee Training.**
- **Special Investigation Department performs pre-payment review on flagged providers.***

Post-payment

$1M Subrogation and Audits
$32.3K Fraud and Abuse

- **Special Investigation Department identifies and investigates health care fraud schemes.***
- **Claims Reimbursement and Subrogation Unit mines for potential overpayments.**
- **Extensive investigation provides updated coordination of benefits and retroactive membership cancellations.**

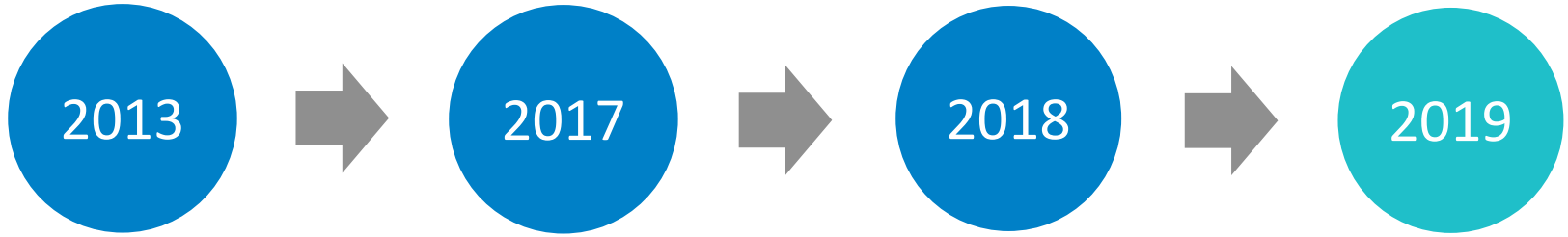
Data Parameters:

Activities from 1/1/2018 to 12/31/2018

*Fraud & Abuse include pre-payment, prevented, and post-payment activities.
Savings calculated on a net basis

Specialty Review Unit

Evolution of SRU Program



2013

Program created to provide consistent, timely, and clinically accurate reviews for all J codes that require medical necessity reviews on the medical benefit. Limited number of specialty drugs in scope.

2017

13 clinical pharmacists
12 pharmacy technicians
33 medical drugs reviewed

2017 Results

$331 million in savings
$2.30 PMPM savings

2018

19 clinical pharmacists
31 pharmacy technicians
140+ medical drugs reviewed

2018 Results

$490 million in savings
70,430 reviews completed

2019

Continued focus on new-to-market drugs and opportunities to include existing therapies

Collaboration with HCM for infusion site of care activities

Additional data metrics to be provided (e.g., reviews, approvals, denials, interventions, etc.)

NEW MEXICO RETIREE HEALTH CARE AUTHORITY

$883,760

Specialty Review Unit 2018 Savings

Category: Oncology

- **Avastin**
- **Keytruda**
- **Opdivo**
- **Perjeta**
- **Rituxan**
- **Yervoy**
  $824,833

Current Partners / Solutions

A Modern Approach to Health and Wellbeing

BLUE CARE CONNECTION®	WELLBEING MANAGEMENT
Utilization Management (UM) fixed	UM expansion variable options
Separate programs for disease management and case management supported by different clinicians	Holistic Health Management supported by a multidisciplinary team
Telephonic lifestyle management program	Tobacco cessation and weight management support via Well onTarget®
Limited digital, self-management wellness content and coaching	Extensive digital, self-management wellness content and coaching via Well onTarget
Telephonic engagement	Multi-channel engagement (telephonic, email, click to schedule a call)
Cost avoidance	Near-term, hard-dollar cost savings

ALWAYS INNOVATING

to provide member outcomes and deliver increased savings

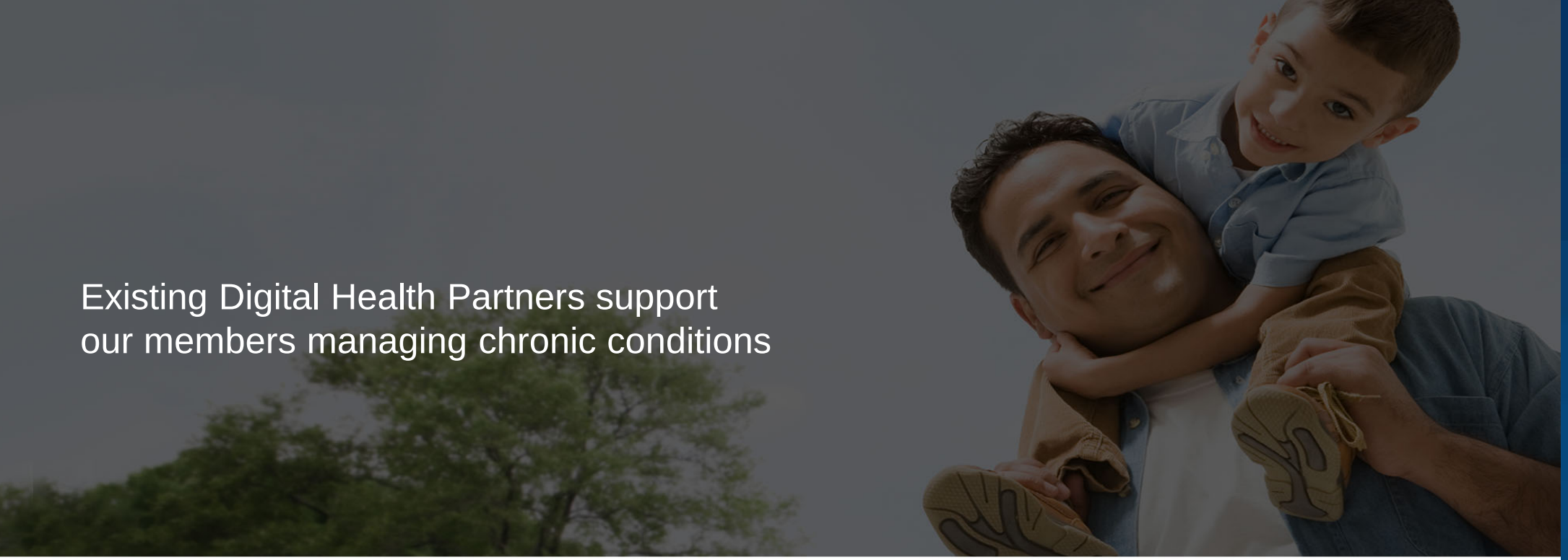
BETTER ENGAGEMENT

New programs lead to GREATER member engagement

MORE SAVINGS

Better engagement leads to near-term, hard-dollar, measurable savings with average range of $10 – $20 PEPM*

*DEPENDENT ON THE PRODUCT PACKAGE



Existing Digital Health Partners support our members managing chronic conditions

Metabolic Syndrome Reversal Program	Obesity-related Chronic Disease Prevention Solutions	Diabetes Management
naturally slim®	omada	Livongo®
Lose weight. Not pleasure.	Healthy habits, built over time	Effectively manage diabetes

*HMO network and Fully Insured availability under evaluation

Naturally Slim is an independent company that provides Metabolic Syndrome Management for Blue Cross and Blue Shield of New Mexico. Naturally Slim is solely responsible for the products and services that it provides.
Omada is an independent company that provides Obesity-related Chronic Disease Prevention and Hypertension Management Solutions for Blue Cross and Blue Shield of New Mexico. Omada is solely responsible for the products and services that it provides.
Livongo is an independent company that provides Diabetes and Hypertension Management Solutions for Blue Cross and Blue Shield of New Mexico. Livongo is solely responsible for the products and services that it provides.

A virtual visit is, on average:
$70 less than an in-person PCP visit
$125 less than an urgent care visit
$1,080 less than an emergency room visit[2]

Average wait time to schedule
a new-patient visit in a large city: **24 days**[3]
Average wait time for a virtual visit: **20 minutes**[4]

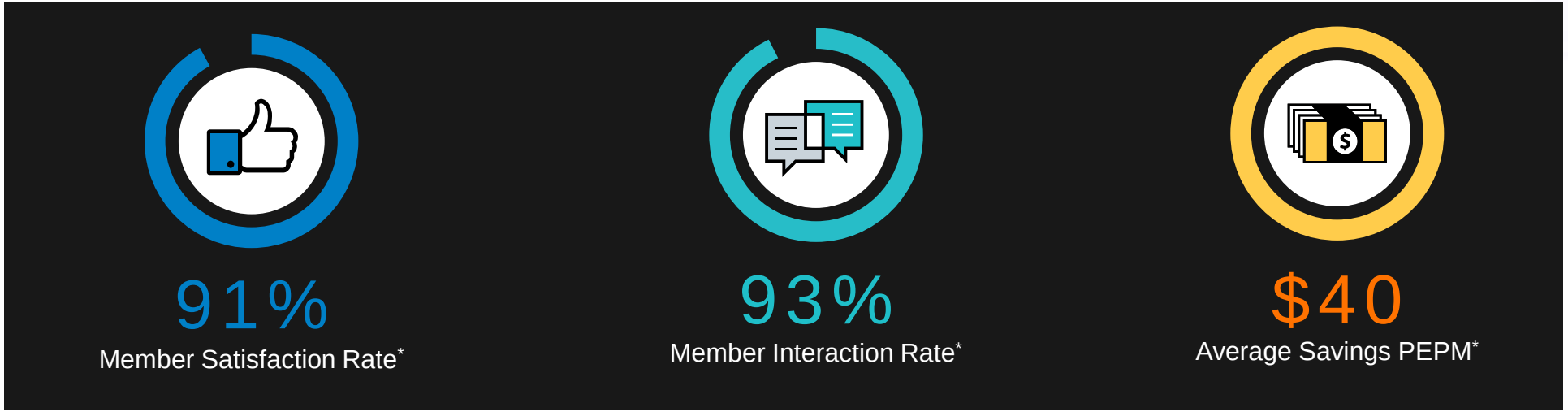
One in four Americans experiences
a mental health issue in a given year[5]

FOUR OUT OF FIVE
smartphone users would like to interact with a health care provider via mobile phone[1]

[1]Judy Mottl, FierceMobileHealthcare.com, June 29, 2014
[2]BCBSNM Analytics Team, July 2017; savings based on allowed amounts
[3]Merritt Hawkins 2017 Survey of Physician Appointment Wait Times and Medicare and Medicaid Acceptance Rates
[4]Based on 14,000 MDLIVE consultations, June 2017
[5]CDC and National Institutes of Health, 2014, http://www.cdc.gov/mentalhealth/basics.htm

Health Advocacy Solutions

One Stop for Your Employees. One Solution for You.



Personal Advocacy Experience

- One number, one team, one company
- Direct connection to your personal, dedicated advocate
- High-touch concierge experience
- Best positioned to impact both member and provider sides of the health care journey

Meaningful Engagement and Enhanced Navigation

- Advanced engagement strategies
- Enhanced navigation outreach
- Innovative Holistic Health Management and wellness resources
- Personalized, value-driven technology ecosystem and interaction model

Performance Guaranteed

- A new level of savings potential
- 2:1 ROI or more
- Innovative performance payback
- Sustainable savings and outcome improvement

*Disclaimer: Savings and Interaction results vary by client based on the Health Advocacy Solutions package and configuration components selected. Health Advocacy Solutions Results are based on current Health Advocacy Solutions membership and activity/claims data incurred and paid 1/1/2018 – 6/30/2019. Savings are illustrative and subject to change. Inpatient facility claims are highly volatile and subject to change. Services and procedures included in the package subject to change. Member Satisfaction Rate achieved by the member being very satisfied and somewhat satisfied with their overall experience with their Health Advocate in the Member Engagement Customer Satisfaction Survey. Member Interaction Rate includes bidirectional contact between Blue Cross and Blue Shield and High Cost Claimant households. High Cost Claimant (HCC) thresholds vary by client and include $50k HCCs, $75k HCCs, and $100k HCCs.

Ally TotalSupport℠

Intelligent healthcare guidance

Personalized expert guidance that helps employees and their families find the most-effective care and treatment for all medical conditions.

Ally TotalSupport* delivers high-touch, compassionate guidance by our physician-led Medical Ally Team:

- Unlimited **Medical Decision Support*** for any condition
  - Evidence-based expert guidance and research
  - Tailored questions to ask the treating physician
  - Multi-channel access to doctors, nurses and personalized information
- **Surgery Decision Support*** with powerful incentives for common, high-cost elective procedures: hip and knee replacement, low back surgery, hysterectomy and obesity
- In-person and remote **expert opinions**

All delivered across the **5** Drivers of **QUALITY CARE™**:

- **Diagnosis:** Ensuring accuracy
- **Doctor:** Data-driven approach to finding the best practitioners
- **Treatment:** Guidance to the most-effective clinical plan
- **Hospital:** Data-driven approach to finding the best facilities
- **Coping:** Helping the patient and loved ones deal with treatment

Proven **Results**, Measurable **Impact**

$6,142	Expert opinion per-case savings
$26,125	Per-case savings from avoided surgery
88%	Improved clinical outcomes
25%	Diagnosis corrected or changed
62%	Treatment corrected or changed
99%	Satisfaction rate
4:1	ROI

Tools to drive your program's success:

- Robust engagement strategies
- Extensive reporting and dashboards
- Integration with health plans and vendor partners
- Guaranteed ROI

Additional options present greater benefits:

- Predictive Outreach™ identifies and ranks those most at risk for preference-sensitive conditions and procedures, with proactive, targeted outreach to increase engagement.
- Claims Advocacy supports employees with medical billing issues, navigation of denials and appeals, and understanding of medical benefits coverage.

*This program includes Medical Decision Support, Surgery Decision Support, $400 gift card incentive (included in PEPM fees) and guaranteed $1:1 claims-based ROI with 100% of fees at risk.

To learn more about ConsumerMedical and our solutions, call (877) 229-7780

consumermedical℠
Your Medical Ally®

Empower your employees and their families to make better medical decisions by connecting them to elite physicians and facilities for both primary and specialty care.

Our program integrates in-person and remote expert opinion in a solution built on big data and superior clinical expertise.

In-Person Expert Opinion:

- Leverages our physician-quality algorithm spanning 12 billion claims data records covering 98% of U.S. physicians.
- Integrates the participant's unique condition, preferences and needs.
- Verifies provider credentials and confirms insurance coverage and new patient/appointment availability.
- Aligns with High Performing Network providers and Center of Excellence facilities.

Proven **Results**, Measurable **Impact**

$6,142	Expert opinion per-case savings
25%	Diagnosis corrected or changed
62%	Treatment corrected or changed

Remote Expert Opinion:

- Written and video consults from an extensive world-class physician network* when an in-person consult is not possible or convenient.
- Medical records collection.
- 48-hour turnaround (post-medical record acquisition).
- Global support.

* Remote Expert Opinion physicians are trained or affiliated with top academic medical institutions and Centers of Excellence across the U.S., including the Cleveland Clinic, Massachusetts General Hospital, Brigham and Women's Hospital, Dana-Farber Cancer Institute, Memorial Sloan Kettering, Johns Hopkins, City of Hope and others.

Optimize Your Care Network and Expert Opinions

- Filter data to include physicians affiliated with your high-performance networks
- Steer participants to top network physicians.
- Expand care expertise with remote services for participants with geographic or physical limitations

To learn more about ConsumerMedical and our solutions, call (877) 229-7780

consumermedical℠
Your Medical Ally®

Reference-Based Pricing (RBP)

This innovative strategy:

- Sets a maximum coverage amount for specific procedures related to high-tech radiology.
- Motivates members to understand cost variance to maximize their benefits.
- Is supported by online transparency tools and Customer Advocates to assist members with their decision.

Leading members to high-quality, lower-cost care

Future Landscape

A Multi-faceted Approach
that supports employees when, where and how they prefer

New digital communication option to interact with clinical staff

(Click to schedule appointment with health advisor and click to chat with a clinician)

Targeted outreach via a variety of convenient channels

(Mobile app, web, phone, text, email)

Expanded wellness and lifestyle coaching online or telephonically

(Enhanced wellness portal with new self-management courses and 1-on-1 coaching topics)

New Incentives Processor keeping basic Blue Points℠ and incorporating employer-funded incentives and corporate wellness challenges

Blue Points Program Rules are subject to change without prior notice. See the Program Rules on the Well onTarget Member Wellness Portal at wellontarget.com for further information.

Blue Points℠

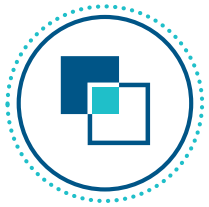
No Changes to Blue Points

- Accounts will continue to have basic Blue Points giving members a specific set of incentive activities funded by us
- Redeemable for items on rewards mall

Employer-funded Incentives

Simplifying by Standardizing Incentives and Rewards

- Allow accounts to select a combination of incentive activities that work best for their employees paired with an optimized reward
- Reward value will be decided by employer from pre-determined gift card values
- Offer more robust and timely reporting



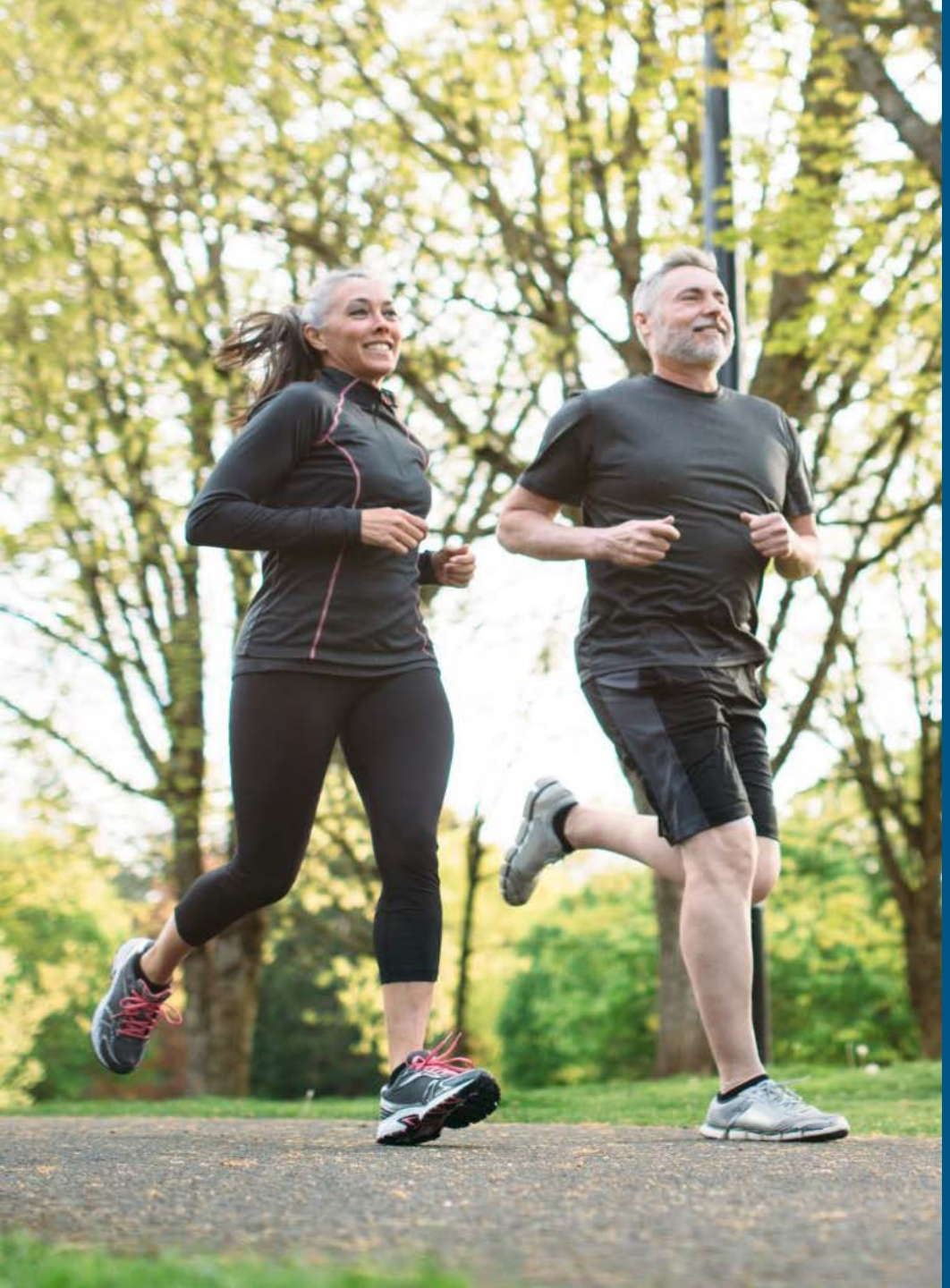
Buy-up Option: Configurable Incentives Package

Highly Flexible Selection of Incentives and Rewards

Blue Points Program Rules are subject to change without prior notice. See the Program Rules on the Well onTarget Member Wellness Portal at wellontarget.com for further information.

Digital Hypertension – 2020

- Scale our existing offerings to support members that have hypertension overlapping with diabetes
- Integrated experience with real-time support, seamless data synching and robust educational resources
- Clients can match their hypertension solution to best fit their member population



Digital Musculoskeletal – 2020

Oncology Navigator – 2020

Provide education to increase treatment adherence through management of symptoms, minimize complications or adverse events and support our members to ensure the best possible outcome and quality of life.

Goal of the program is to:

- Minimize treatment complications
- Decrease avoidable ER visits and hospitalizations yielding member cost savings
- Support member in receiving seamless, attentive and comprehensive oncology care

Wellness

Naturally Slim Engagement Numbers June 30, 2019

- 253 TOTAL ENROLLMENTS
- 93 BCBSNM MEDICARE
- 93 BCBSNM PRE-MEDICARE
- 67 PRESBYTERIAN

Why Risk It? Email Promotion sent to 8,200 NMRHCA members

- Of the **148** accepted, **107** participated in 2 or more sessions
- **64%** of those that did 2 or more sessions participated in at least 8 sessions
- Those that logged their weight at session 10 lost an average of **4.6%** of their starting body weight
- The total weight loss so far has been **703 lbs!**

Email Promotion and Campaign Manager

Why Risk It? Email Promotion sent to 8,200 NMRHCA members

Campaign Manager

A - NM RETIREE 2019 NATURALLY SLIM	5/6/19 - current
Total # of Inbound Contacts with targeted members	1,108
Inbound Contacts Offered a Campaign	505 (46%)
Accepted	438 (87%)
Later	9 (2%)
Not Interested	58 (11%)
Engagement Rate	45.06%

Why Risk it?

natura)(yslim®

NEW MEXICO RETIREE HEALTH CARE AUTHORITY

WISE AND Well

Learn how to improve your health and lose weight while eating the foods you love.

New Mexico Retiree Health Care Authority is offering you an opportunity to improve your health and lose weight – for free – with a program called Naturally Slim. Naturally Slim is an online program that helps you learn how to eat to reduce your chance of getting a serious disease, like diabetes or heart disease, and increases your chances for living a longer, healthier life. Lose weight, plus improve your overall health – all while eating the foods you love!

Enroll now.

www.naturallyslim.com/NMRHCA

Members enrolled on BCBSNM and Presbyterian Medical Plans (excluding Medicare Advantage Members) are eligible to participate in the program.

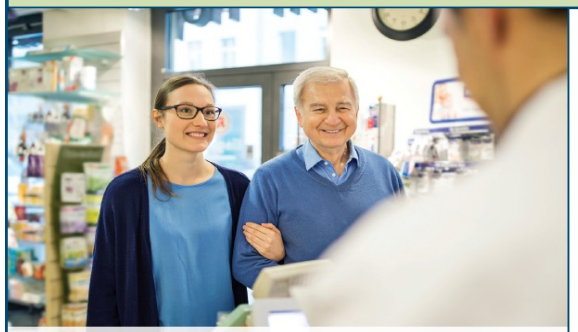
BlueCross BlueShield of New Mexico

Albertsons market

Asthma/COPD Education Classes

Join an in-store pharmacist for this exclusive class
just for Blue Cross and Blue Shield of New Mexico members!
It's all part of our Living365® program!

Class Dates & Times



You will be greeted for the class at the store's entrance.

Saturday, June 1
10:00 a.m. - 11:30 a.m.
Albertsons Market
6600 Central Avenue SW
Albuquerque, NM 87121

Wednesday, June 5
6:00 p.m. - 7:30 p.m.
Albertsons Market
4300 Ridgecrest Drive
Rio Rancho, NM 87124

Thursday, June 6
6:00 p.m. - 7:30 p.m.
Albertsons Market
12201 Academy Road NE
Albuquerque, NM 87111

Saturday, June 15
10:00 a.m. - 11:30 a.m.
Albertsons Market
600 N. Guadalupe
Santa Fe, NM 87501

Tuesday, June 18
2:00 p.m. - 3:30 p.m.
Albertsons Market
2351 Main Street SE
Los Lunas, NM 87031

Saturday, June 29
10:00 a.m. - 11:30 a.m.
Albertsons Market
6200 Coors Blvd. NW
Albuquerque, NM 87120

Reserve your spot TODAY! Call 877-728-6655 Monday through Friday from 9:00 am – 6:30 pm, local time OR visit www.albertsons.com/Living365_AC.

If scheduling online, enter desired ZIP code and fill out the information as requested on the website.
If you have any issues, please call 877-728-6655 Monday through Friday from 9:00am – 6:30 pm local time.

STRATEGIC PLANNING
AND REVIEW CONSULTATION

ESI Board Presentation

Amy Daily, Sr. Account Executive

Harris Zeyaee, Sr. Clinical Account Executive

July 12, 2019

EXPRESS SCRIPTS®

CHAMPIONS FOR BETTER

Express Scripts is now part of Cigna

OPTIMIZING CARE
Delivering industry-leading innovation by leveraging technology and data to enhance care delivery and improve outcomes

DESIGNING PERSONALIZED SOLUTIONS
Offering a fully integrated suite of medical, behavioral, disability, pharmacy, specialty pharmacy and other health engagement services

CREATING VALUE THROUGH COLLABORATION
Expanding value-based health care reimbursement models

Cigna®

EXPRESS SCRIPTS®

Top Line Performance Metrics: By LOB

- RHCA Pre-Medicare had the lowest Plan Cost Net PMPM at $115.37, trending at -3.9%
- RHCA EGWP had the highest Plan Cost Net PMPM at $238.95, trending at 0.2%
- RHCA EGWP had the largest percent of their cost in the specialty bucket (51.2%)

RHCA EGWP and Commercial - Key Stats by Population									
	RHCA Combined			RHCA Pre-Medicare			RHCA EGWP		
Description	7-18 - 5-19	7-17 - 5-18	Change	7-18 - 5-19	7-17 - 5-18	Change	7-18 - 5-19	7-17 - 5-18	Change
Average Members per Month	38,806	39,522	-1.8%	15,806	16,321	-3.2%	23,000	23,200	-0.9%
Number of Unique Patients	37,542	37,914	-1.0%	15,154	15,551	-2.6%	22,838	22,999	-0.7%
Total Plan Cost Net	$80,512,019	$82,425,486	-2.3%	$20,058,754	$21,564,072	-7.0%	$60,453,265	$60,861,414	-0.7%
Total Days	40,883,497	40,375,663	1.3%	10,391,531	10,461,177	-0.7%	30,491,966	29,914,486	1.9%
Adjusted Rxs	1,470,290	1,448,583	1.5%	382,246	385,045	-0.7%	1,088,044	1,063,538	2.3%
Average Member Age	66.9	66.6	0.6%	54.5	54.3	0.4%	75.5	75.2	0.4%
Plan Cost Net PMPM	$188.61	$189.60	-0.5%	$115.37	$120.11	-3.9%	$238.95	$238.49	0.2%
Plan Cost Net/Day	$1.97	$2.04	-3.5%	$1.93	$2.06	-6.4%	$1.98	$2.03	-2.6%
Plan Cost Net per Adjusted Rx	$54.76	$56.90	-3.8%	$52.48	$56.00	-6.3%	$55.56	$57.23	-2.9%
Nbr Adjusted Rxs PMPM	3.44	3.33	3.4%	2.20	2.14	2.5%	4.30	4.17	3.2%
Generic Fill Rate	88.3%	88.6%	-0.3	87.5%	87.4%	0.1	88.6%	89.1%	-0.4
90 Day Utilization	60.1%	61.0%	-0.9	48.5%	41.8%	6.8	64.1%	67.8%	-3.7
Retail - Maintenance 90 Utilization	20.8%	20.7%	0.1	13.2%	3.5%	9.7	23.4%	26.7%	-3.3
Home Delivery Utilization	39.3%	40.4%	-1.1	35.3%	38.3%	-3.0	40.7%	41.1%	-0.4
Member Cost Net %	13.4%	13.0%	0.4	15.5%	14.0%	1.6	12.7%	12.7%	0.1
Specialty Percent of Plan Cost Net	50.9%	44.5%	6.4	50.2%	47.8%	2.4	51.2%	43.4%	7.8
Specialty Plan Cost Net PMPM	$96.09	$84.39	13.9%	$57.89	$57.40	0.9%	$122.33	$103.39	18.3%
Formulary Compliance Rate	98.4%	98.7%	-0.3	99.0%	99.0%	0.0	98.2%	98.6%	-0.4

* Rebates are estimated based on paid and expected to be paid amounts. Actual rebate payments may differ from estimates.

Top Line Performance Metrics: Peer Comparison

- Utilization (Adjusted Rxs PMPM) for both the RHCA Commercial and RHCA EGWP populations are below their respective peers (13.2% lower for the Pre-Medicare population and 4.7% lower for the EGWP population)
- RHCA Pre-Medicare Plan Cost Net PMPM is 29.7% lower than the peer, while RHCA EGWP is 6.0% higher than the peer mainly due to higher specialty spend
- Both Generic Fill Rate and 90 Day utilization are lower for all three RHCA populations compared to their respective peers

	RHCA EGWP and Commercial	Government Retirement Plans - Combined	RHCA Pre-Medicare	Government Retirement Plans - Non-Medicare	RHCA EGWP	Government Retirement Plans - Medicare
Description	7-18 - 5-19	7-17 - 5-18	7-18 - 5-19	7-17 - 5-18	7-18 - 5-19	7-17 - 5-18
Average Member Age	66.9	72.0	54.5	56.4	75.5	75.9
Plan Cost Net PMPM	$188.61	$213.24	$115.37	$164.02	$238.95	$225.33
Plan Cost Net per Adjusted Rx	$54.76	$51.75	$52.48	$64.75	$55.56	$49.95
Nbr Adjusted Rxs PMPM	3.44	4.12	2.20	2.53	4.30	4.51
Generic Fill Rate	88.3%	90.6%	87.5%	88.7%	88.6%	90.9%
90 Day Utilization	60.1%	71.9%	48.5%	56.4%	64.1%	74.0%
Retail - Maintenance 90 Utilization	20.8%	24.9%	13.2%	4.5%	23.4%	27.6%
Home Delivery Utilization	39.3%	47.0%	35.3%	51.9%	40.7%	46.4%
Member Cost Net %	13.4%	14.3%	15.5%	13.8%	12.7%	14.3%
Specialty Percent of Plan Cost Net	50.9%	42.1%	50.2%	47.7%	51.2%	41.1%
Specialty Plan Cost Net PMPM	$96.09	$89.77	$57.89	$78.20	$122.33	$92.62
Formulary Compliance Rate	98.4%	98.8%	99.0%	98.6%	98.2%	98.8%

Top 10 Indications

- The largest financially impactful change was in Cancer, driving $2.9M in increased net cost from a 21.3% increase in Net PMPM
- Inflammatory Conditions saw a 3% increase in members but nearly 3% decrease in Net PMPM
- Pain/Inflammation utilization decreased and Plan Cost Net PMPM reduced by -17.4%

Represent

66.5%

Of Your Total Plan Cost Net

Top Indications by Plan Cost Net

				7-18 - 5-19						7-17 - 5-18					% Change
AUM Strategy	Rank	Peer Rank	Indication	Adjusted Rxs	Patients	Plan Cost Net	Generic Fill Rate	Peer Generic Fill Rate	Plan Cost Net PMPM	Rank	Adjusted Rxs	Patients	Generic Fill Rate	Plan Cost Net PMPM	Plan Cost Net PMPM
ST/PA/DQM	1	2	CANCER	6,566	822	$18,132,804	78.2%	82.8%	$42.48	1	6,067	781	79.4%	$35.01	21.3%
ST/PA/DQM	2	1	INFLAMMATORY CONDITIONS	9,006	1,011	$9,664,779	65.3%	54.7%	$22.64	2	8,912	986	62.8%	$23.26	-2.7%
ST/PA/DQM	3	3	DIABETES	120,025	7,541	$8,286,686	54.3%	43.6%	$19.41	3	117,934	7,589	55.6%	$19.10	1.6%
ST/PA/DQM	4	4	MULTIPLE SCLEROSIS	708	73	$3,604,184	31.5%	21.2%	$8.44	4	814	86	19.8%	$9.57	-11.8%
PA	5	7	ANTICOAGULANT	23,517	2,945	$3,549,558	40.2%	31.4%	$8.32	6	22,477	2,885	50.7%	$6.79	22.4%
ST/PA/DQM	6	5	PAIN/INFLAMMATION	94,768	14,954	$3,002,656	95.4%	94.2%	$7.03	5	98,420	15,615	95.4%	$8.52	-17.4%
ST/PA/DQM	7	19	PULMONARY HYPERTENSION	414	34	$2,500,293	36.7%	61.0%	$5.86	10	361	36	26.3%	$4.92	19.0%
ST/DQM	8	8	HIGH BLOOD PRESS/HEART DISEASE	349,839	22,090	$2,072,283	99.3%	98.2%	$4.85	7	344,844	22,203	99.1%	$6.09	-20.3%
ST/PA/DQM	9	10	ASTHMA	38,855	6,291	$1,967,960	41.0%	48.0%	$4.61	8	37,446	6,513	38.8%	$5.21	-11.6%
ST/PA/DQM	10	15	GI DISORDERS	4,861	1,204	$1,881,314	55.3%	56.3%	$4.41	11	4,677	1,215	57.3%	$3.80	15.9%
			Total Top 10:	648,559		$54,662,517	83.6%		$128.06		641,952		84.2%	$122.29	4.7%
			Differences Between Periods:	6,607		$1,498,633	-0.6%		$5.77						

Peer = Express Scripts Peer 'Government' market segment

Top 25 Drugs

- Represent 36.1% of your total Plan Cost Net and comprise 12 indications
- 17 of your top 25 are specialty drugs, making up 69.2% of your Top 25 spend

Top Drugs by Plan Cost Net														
					7-18 - 5-19				7-17 - 5-18				% Change	
AUM Strategy	Rank	Peer Rank	Brand Name	Indication	Adj. Rxs	Pts.	Plan Cost Net	Plan Cost Net PMPM	Rank	Adj. Rxs	Pts.	Plan Cost Net PMPM	Plan Cost Net PMPM	
PA	1	2	REVLIMID*	CANCER	305	43	$4,351,722	$10.19	2	239	36	$7.00	45.5%	
PA/DQM	2	7	IMBRUVICA*	CANCER	233	32	$2,480,694	$5.81	3	167	22	$3.92	48.1%	
ST/PA/DQM	3	1	HUMIRA PEN*	INFLAMMATORY CONDITIONS	639	80	$2,461,019	$5.77	1	883	109	$8.14	-29.2%	
PA	4	3	ELIQUIS	ANTICOAGULANT	7,160	959	$1,681,386	$3.94	9	4,815	665	$2.58	52.7%	
PA	5	9	XARELTO	ANTICOAGULANT	5,903	811	$1,335,240	$3.13	8	4,984	733	$2.73	14.7%	
ST/PA/DQM	6	5	ENBREL SURECLICK*	INFLAMMATORY CONDITIONS	377	44	$1,289,900	$3.02	4	441	51	$3.53	-14.3%	
ST/PA/DQM	7	19	XTANDI*	CANCER	133	20	$1,256,554	$2.94	5	144	22	$3.27	-10.1%	
ST	8	8	LYRICA	PAIN/INFLAMMATION	3,157	485	$1,159,525	$2.72	7	3,124	479	$3.05	-11.0%	
PA/DQM	9	4	TRULICITY	DIABETES	2,896	382	$1,107,495	$2.59	14	2,030	277	$1.92	35.1%	
PA/DQM	10	21	IMATINIB MESYLATE*	CANCER	104	11	$1,007,498	$2.36	11	105	11	$2.23	5.7%	
PA/DQM	11	12	IBRANCE*	CANCER	95	16	$995,957	$2.33	6	136	18	$3.25	-28.3%	
ST	12	34	AUBAGIO*	MULTIPLE SCLEROSIS	168	17	$933,921	$2.19	12	171	17	$2.15	1.9%	
DQM	13	41	XIFAXAN	GI DISORDERS	547	119	$920,669	$2.16	16	480	105	$1.75	23.1%	
ST/DQM	14	11	JANUVIA	DIABETES	6,455	802	$911,705	$2.14	13	6,246	793	$2.03	5.0%	
ST/PA/DQM	15	51	FORTEO*	OSTEOPOROSIS	317	47	$891,660	$2.09	10	359	59	$2.39	-12.6%	
ST/PA/DQM	16	25	ZYTIGA*	CANCER	70	15	$716,694	$1.68	41	38	10	$0.88	91.3%	
PA	17	60	AFINITOR*	CANCER	48	8	$691,605	$1.62	19	41	6	$1.41	15.2%	
PA/DQM	18	43	OFEV*	IDIOPATHIC PULMONARY FIBROSIS	71	8	$673,693	$1.58	36	46	6	$0.97	62.3%	
N/A	19	47	SHINGRIX	VACCINATIONS	4,180	2,987	$652,701	$1.53	98	1,225	1,061	$0.43	255.5%	
ST/PA	20	86	OPSUMIT*	PULMONARY HYPERTENSION	75	10	$615,930	$1.44	44	46	7	$0.87	65.9%	
PA/DQM	21	44	TAGRISSO*	CANCER	33	5	$593,326	$1.39	147	6	2	$0.29	373.2%	
ST/PA/DQM	22	18	VICTOZA 3-PAK	DIABETES	1,109	156	$583,818	$1.37	25	1,089	154	$1.27	7.6%	
N/A	23	139	LEVOTHYROXINE SODIUM	THYROID DISORDERS	85,240	8,801	$583,244	$1.37	20	84,424	8,870	$1.40	-2.4%	
ST/PA/DQM	24	29	ENBREL*	INFLAMMATORY CONDITIONS	201	25	$579,240	$1.36	15	251	33	$1.77	-23.5%	
ST/PA	25	13	HUMIRA(CF) PEN*	INFLAMMATORY CONDITIONS	148	31	$563,474	$1.32						
				Total Top 25:	119,664		$29,038,670	$68.03		111,490		$59.26	14.8%	
				Differences Between Periods:	8,174		$3,277,160	$8.77						

*Specialty Drugs

Peer = Express Scripts Peer 'Government' market segment

RHCA EGWP & Pre-Medicare Clinical Savings

Trend Management	Plan Cost Savings	Plan Cost Savings PMPM	Program Description
Prior Authorization	$4,825,396	$11.30	A review of the indication and other pertinent information is performed to confirm that products are covered only when clinical criteria are met.
Drug Quantity Management	$2,271,689	$5.32	Review claims and allow FDA approved quantities
Step Therapy/PSM	$1,159,523	$2.72	Promote lower cost first line agents before more expensive brand name products.

Total Plan Cost Savings $8,256,608 or $19PMPM

Reporting Period: 07/01/2018 - 5/31/2019

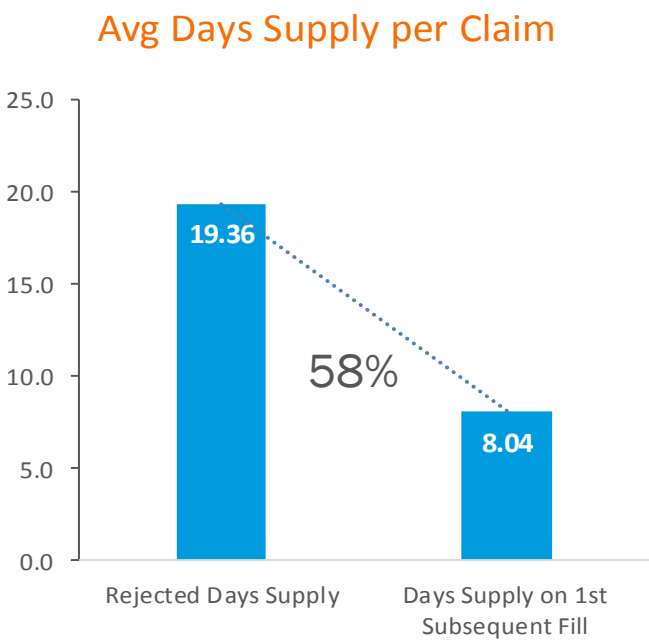
Decreasing the amount of opioids dispensed – AOM Successes

58% reduction in the average day supply per claim for first time short acting opioids

93% of short acting opioid patients prescribed an opioid for the first time exceeding a 7-day supply and were successfully reduced to a 7-day supply or less

71% of patients prescribed a long-acting opioid as initial therapy were redirected to safer, short-acting

7% claims paid for >7 day supply with PA override short acting opioids



5,766 member education letters mailed

1,127 drug disposal bags mailed

1,384 Opioid Alerts Sent to Physicians

Improved Patient Outcomes, reduced healthcare costs

Utilizing a health safety solution with clinical rules in an integrated pharmacy and medical claims repository to identify and alert healthcare providers of potential adverse drug events:

- Improves primary care utilization
- Decreases utilization of the Emergency Room
- Decreases utilization of inpatient hospital facilities
- Decreases charged costs

When compared to the control sample, those in the intervention group incurred an additional $244 PMPY in PCP visit costs while saving $526 PMPY in ER costs and $1,197 PMPY in inpatient costs*

$1,479 Intervention Group Per Member Per Year Savings*

RHCA's Results
July 2018 – May 2019

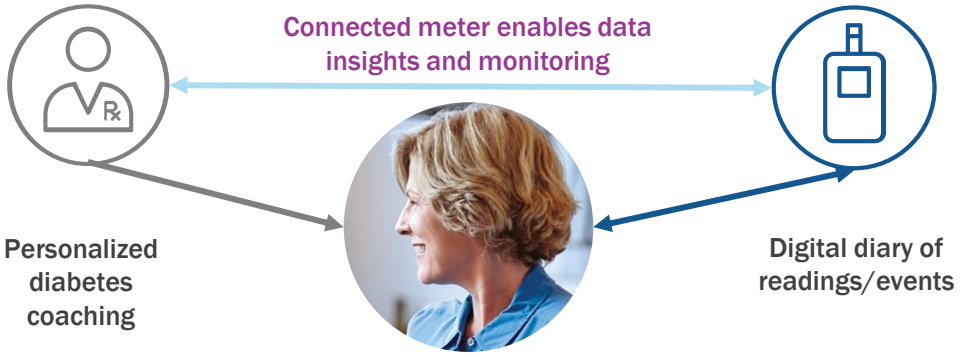
- RationalMed drove 40,307 safety alerts with a 38% (12,053) success rate.
- 13,028 total unique members with safety alerts this period.
- RationalMed secured $2.47M in Rx savings for this period.

* The intervention group consisted of those triggering RationalMed Adverse Drug Risk Category Rules.

Empower your members living with diabetes—personalized care within their life flow

Diabetes trend near 20% for the next three years and is the #1 costliest traditional therapy class for past six years.

Remote monitoring empowers patients to better control their diabetes by combining a glucose meter connected to their cell phone and personalized coaching with diabetes specialists.

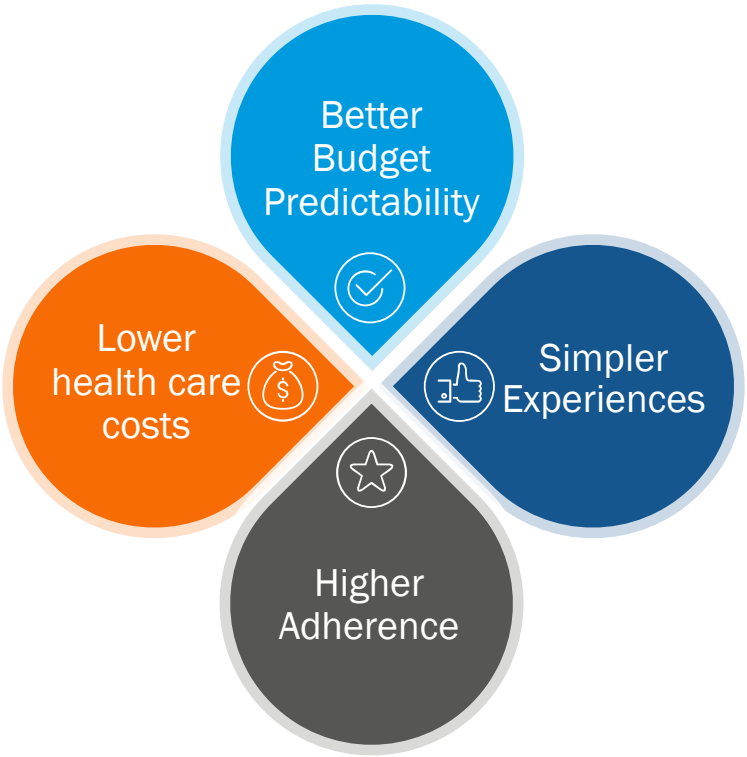


PROVEN RESULTS:

60%	Lowered their A1c levels by at least .5
8%	increase in average adherence to oral diabetes medications
36%	Drop in hypoglycemic episodes
42%	Drop in hyperglycemic episodes

Results are based on pilot program and may vary based on client.

Providing A New Level Of Relief For Members



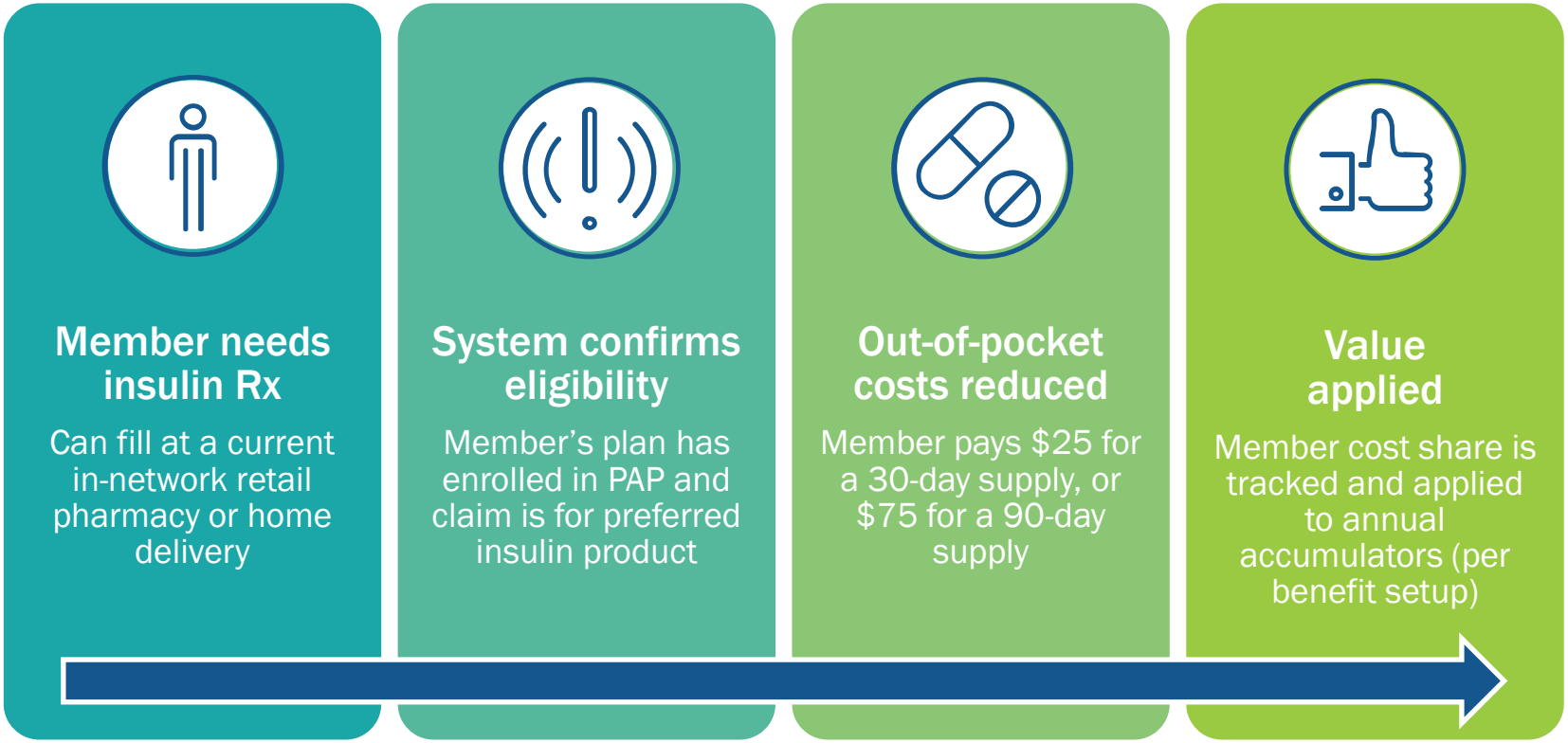
Better Budget Predictability: Eliminating surprise costs can ease the financial burden.

Simpler Experiences: No added steps required for your members to realize predictable $25 out-of-pocket cost. Value is applied automatically at the point-of-sale.

Lower health care costs: The member responsibility is reduced to $25 for a 30-day supply and $75 for a 90-day supply.

Higher adherence: Removing the barrier of cost can lead to taking medication as prescribed.

How It Works



Impact to RHCA's EGWP Plan

- Update
  - Rule is currently being reviewed by Office of Management and Budget
  - Still may move forward for 1/1/2020
- Modeled financial impact
  - $7.47M in annual impact
  - $323.39 PMPY
- Possible changes to help mitigate the impact
  - Move to a closed formulary
  - Move to a generic based formulary
  - Add a deductible

New Mexico Retiree Health Care Authority

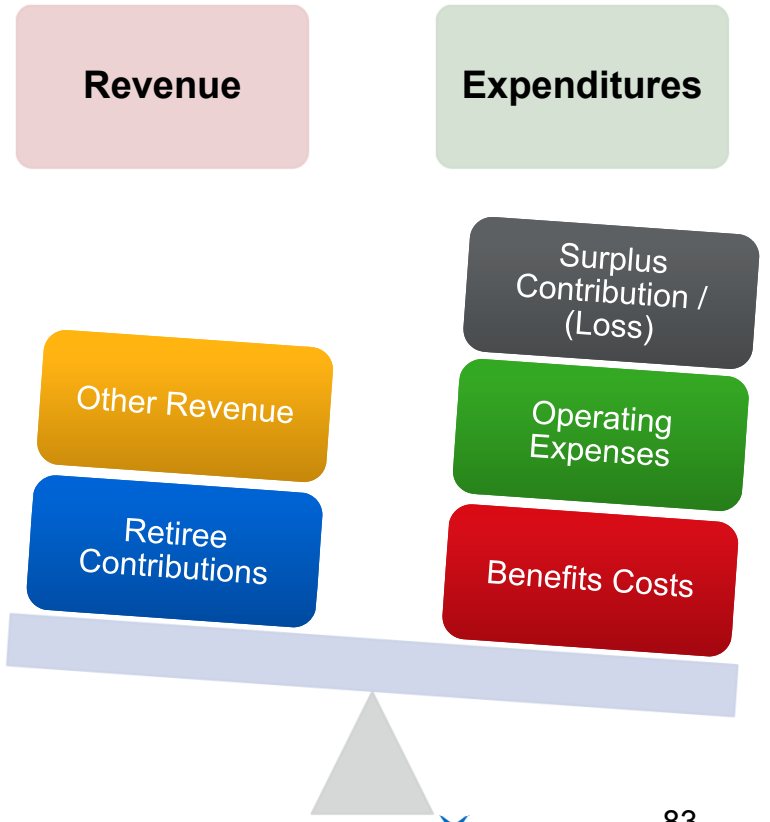
RETIREE HEALTH VALUATION BASICS

July 11, 2019

Segal Consulting

Primary Actuarial Tasks for NMRHCA

- Estimate liability for Incurred but Not Reported (IBNR) claims
- Develop Calendar Year target rates as basis for Retiree Contributions
  - For fully insured benefits, typically equals negotiated premium or estimated renewal premium
  - For self-funded benefits, project claim payments and administration expenses for calendar year
- **Valuation of OPEB liabilities under GASB 74/75**
- **Long-Term Solvency modeling**
  - 30-year projection on a fiscal year basis
  - Multiple Scenarios + Sensitivity Analysis



Agenda

- **Valuation of OPEB Liabilities**
  - Some History
  - GASB Statements
  - Basics of the OPEB Valuation
  - Accounting
- **Long-Term Solvency Model**
- **Funding Considerations**

Agenda

- **Valuation of OPEB Liabilities**
  - Some History
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- **Long-Term Solvency Model**
- **Funding Considerations**

Some History

- Why do the accounting standards around retirement exist?
- In the beginning, benefits were not a big deal
- Then came ERISA (mid ‘70s)
  - Focus: qualified retirement plans
  - Concept of “vesting” or “the promise”
  - Funding
- Accounting—was on a cash or pay-as-you-go basis
- Accountants woke up and FAS 87 (now ASC 715) was adopted in the mid ‘80s
- This standard required employers/multiemployer plans to book liabilities and record expenses associated with their pension plans

Some History *continued*

- What is the difference between qualified pension plans and retiree health plans?
  - ERISA—no funding required for retiree health plans
  - No vesting
  - If costs are low, these plans are deemed immaterial
- In the early '90s, Funds would just pay for retiree health benefits out of general assets or a trust
- The accounting profession began to realize that there were significant liabilities for Other Postemployment Benefits (OPEB), most of which were unfunded
- ASC 965 (formerly SOP 92-6) and ASC 715 (formerly FAS 106/132) required disclosure of these liabilities for private sector/non-governmental plans/sponsors

Then Came GASB

- Corporate and Multiemployer were reporting these liabilities, but public sector was not under the purview of the Financial Accounting Standards Board (FASB)
- Then, around 1999, the Governmental Accounting Standards Board issued GASB 43 and 45, which set forth rules for employer and Plan accounting effective from 2006-2008 depending upon size
- The accounting rules for GASB 43/45 did not follow FAS
  - Different cost methods for calculating the liability
  - Different ways to calculate expense
  - Different terminology
- Most recently, GASB came out with Statements No. 74 and 75, which replaced GASB 43 and 45
  - Changes around how expense and liabilities are calculated

GASB OPEB Statements

In June 2015, GASB released final Statements related to Other Post-employment Benefits (OPEB)

Statement No.75: Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions

- Supersedes the requirements of GASB Statements No. 45 and No. 57
- Deals with employer reporting—applies to all plans and plan sponsors
- Effective for fiscal years beginning **after June 15, 2017**

Statement No. 74: Financial Reporting for Postemployment Benefits Other Than Pension Plans

- Replaces the requirements of GASB Statement No. 43 and No. 57
- Also includes requirements for defined contribution OPEB plans that would replace the requirements for these plans in GASB Statements No. 25, No. 43, and No. 50
- Proposes new standards for financial reporting for OPEB benefit plans—typically only applies to pre-funded plans (i.e., plans with Trusts)
- Effective for fiscal years beginning **after June 15, 2016**

Final Statements

Objectives

- Improve accounting and financial reporting by state and local governments for OPEB
- Improve information provided by state and local government employers about financial support for OPEB that is provided by other entities
- Improve the usefulness of information about OPEB included in the general purpose external financial reports of state and local governmental plans for making decisions and assessing accountability
- Establish standards for measuring liabilities, expenses, and deferred inflow/outflow of resources
- **Does not address funding**
  - GASB took position that funding is a policy decision for government officials to determine

Many provisions required by the new GASB Statements 67 and 68 for pensions have carried over to final GASB Statements 74 and 75.

Distinctions Among Different Types of Plans

Different plan types, different reporting requirements

Single Employer Plans

- Provide defined benefit OPEB to the employees of one employer

Agent Multiple Employer Plans

- Provides defined benefit OPEB to employees of multiple employers
- Plan assets are pooled for investment purposes but separate accounts are maintained so each employer's share of the assets is only available to pay the benefits of its employees

Cost-Sharing Multiple Employer Plans (NMRHCA)

- Provides defined benefit OPEB to employees of multiple employers
- OPEB obligations are pooled and plan assets can be used to pay the benefits of the employees of any employer in the plan.
- Note that there could be a cost-sharing subgroup within an agent plan, if subgroups have separate reporting requirements

Net OPEB Liability Reported on Employer Financials

- Net OPEB liability (in GASB 43/45, the Unfunded Actuarial Accrued liability (UAAL))
  - Total OPEB liability less market value of assets (Plan Fiduciary Net Position)
- Net OPEB Liability is the Unfunded Actuarial Accrued Liability calculated using:
  - Projected future benefits
    - Includes projected future service, health care trend, morbidity, and salary increases (if benefit connected to compensation)
  - Blended discount rate for those plans that have assets
  - Entry Age Normal, using a level percentage of pay
    - NMRHCA currently uses this method
  - Market Value of Assets
- Net OPEB Liability will include a calculation for the excise tax on high cost plans

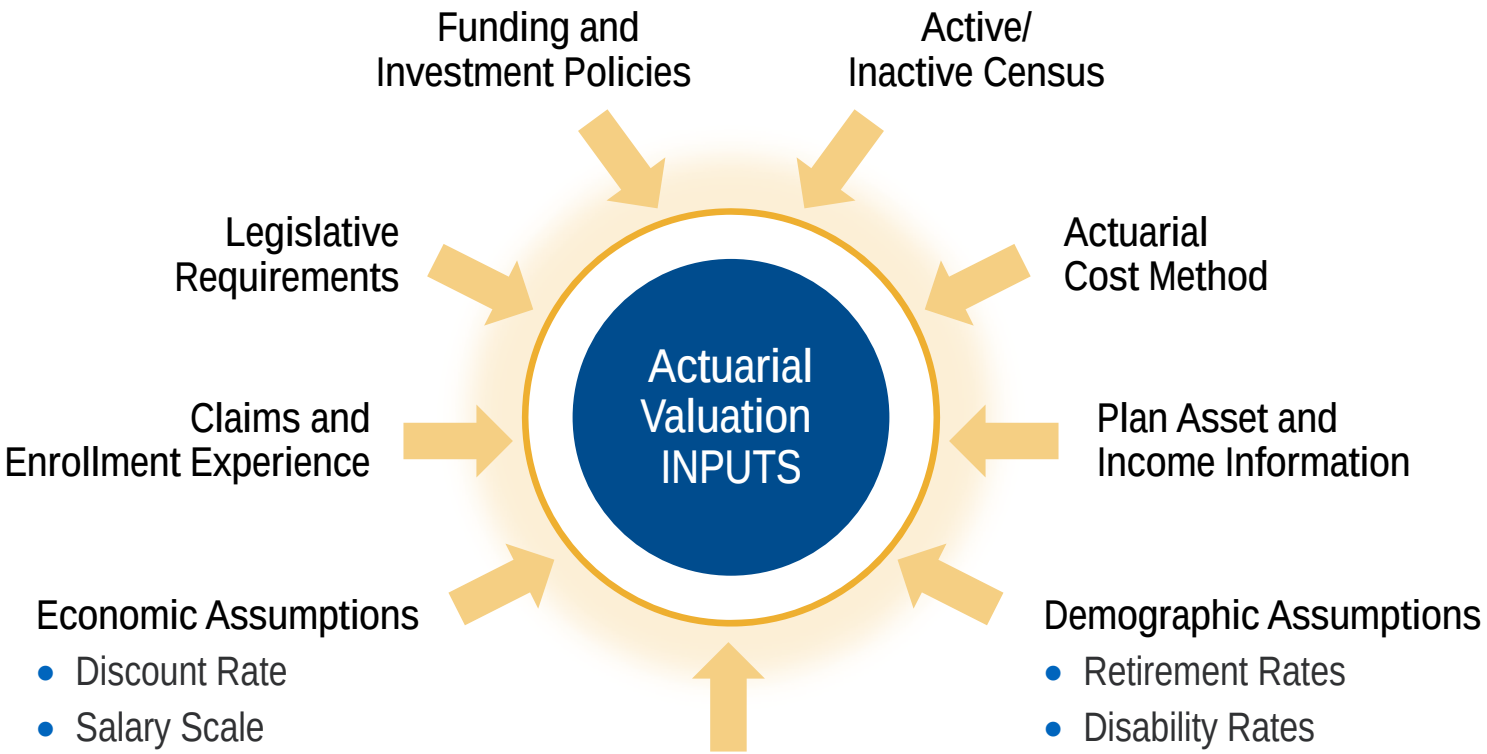
New GASB Statements
What's Changed?

	GASB 43/45	GASB 74/75	Impact
CAFR Disclosures	Footnote	Balance Sheet Line Item, and expanded	Bond rating agency interest
Discount Rate	Judgment based	Direct calculation based on yield curve and funded status	Likely lower discount rate—higher liability
Actuarial Method	6 options (many used Projected Unit Credit)	Entry Age Normal (salary)	Increase in disclosures if used PUC
OPEB Expense	Based on Annual Required Contribution (ARC)	Change in OPEB liability year to year, adjusted for deferred recognition of gains/losses	More complicated—some winners and some losers; Also increased volatility likely due to shorter amortization period(s)

GASB specifically states that the new standards are for accounting purposes only and are not for the purpose of establishing funding standards.

Basics of the OPEB Valuation

Inputs



Demographic and Economic Assumptions

Actuaries make assumptions as to when and why a member will leave active service, and estimate the amount and duration of the benefits paid.

Demographic

- Retirement
- Disability
- Withdrawal
- Mortality
- Morbidity
- Health plan participation

Economic

- Inflation: 3.00%
- Interest Rate: 7.25%, net of investment expenses
- Salary Increases: 2.25% for PERA, 2.5% for ERB
- Payroll Growth: 2.75% for PERA, 3.00% for ERB
- Health Care Cost and Trend: variable by plan and year
- Medicare Coordination

Blended Discount Rate

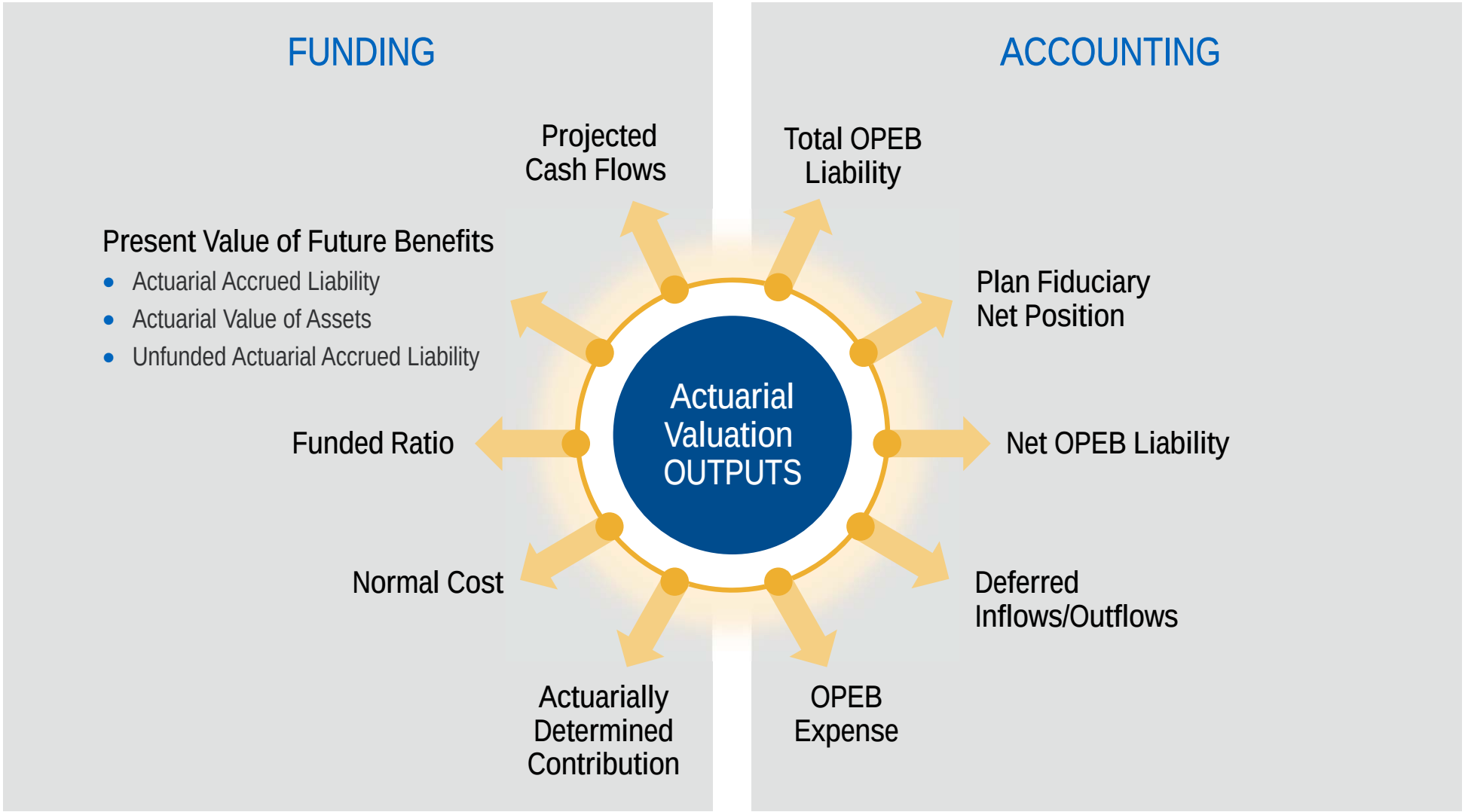
- Based on projected benefits, current assets and projected assets for current members
  - Projected assets include contributions on behalf of current members and excludes contributions intended to fund service costs for future employees
- For projected benefits that are covered by projected assets
  - Discount using the long-term expected rate of return on assets
    - Should be net of investment expenses but without reduction for administrative expenses
- For projected benefits that are not covered by projected assets
  - Discount using yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher
    - 3.58% as of June 30, 2017
    - 3.87% as of June 30, 2018
- Solve for a single rate that gives the same total present value
  - Use that single equivalent rate to calculate the OPEB liability

For plans with assets, the derivation of the discount rate will require significant additional calculations by the actuary.

Blended Discount Rate *continued*

- For the Retiree Health Care Authority, we assumed in our projections that the employer and plan member contributions would be made at the current contribution rate
- Based on this, the Plan Assets were projected to be sufficient to make future benefit payments for current plan members through June 30, 2029
- The long term expected rate of return on OPEB plan investments was 7.25%
- The 20-year municipal bond rate at June 30, 2018 was 3.87%
- The blended discount rate used for the June 30, 2018 GAS 74 valuation was 4.08%

Basics of the OPEB Valuation
Outputs



Accounting

- Total OPEB Liability
  - For June 30, 2018, the total OPEB liability was $5.01 billion
- Plan Fiduciary Net Position
  - For June 30, 2018, the Fiduciary Net Position was $0.66 billion
- Net OPEB Liability
  - The difference between the Total OPEB Liability and the Plan Fiduciary Net Position
  - For June 30, 2018, the Net OPEB liability was $4.35 billion

Calculating OPEB Expense

Current OPEB Expense

- Based on the Annual Required Contribution (ARC) – GASB 43
  - Normal Cost plus
  - Amortization of the UAAL
    - Period of not greater than 30 years
    - Closed or open amortization period
    - Level dollar or level percent of payroll amortization
  - Can be based on any of six actuarial cost methods
- Annual OPEB Cost (AOC) – GASB 45
  - ARC plus
  - Interest on Net OPEB Obligation
  - Adjustment to the ARC

New OPEB Expense

- Is the change in net OPEB liability each year, with deferred recognition of certain elements
- Components of new OPEB expense
  - Service Cost with interest
  - Interest on the total OPEB liability
  - Projected investment returns over the year
  - Plan amendments
  - Differences between expected and actual experience *(with certain deferrals)*
  - Differences between actual and projected earnings over the year *(5-year spread)*

GASB specifically states that the new standards are for accounting purposes only and are not for the purpose of establishing funding standards.

Deferred Recognition

- Changes in actuarial assumptions/actuarial gains and losses
  - Recognized in expense over average expected remaining service lives of active and inactive members (including retirees)
  - Average remaining service life of inactive members is 0
  - Resulting amortization periods will be very short
  - Based on the most recent valuation, the amortization for NMRHCA was 5.72 years compared to a 30 year, open, level percentage of pay amortization period that was being used for GASB 43/45 ARC
  - Method must be systematic and rational, using closed period
- Differences between actual and projected earnings over the year (i.e., investment gain/loss)
  - Recognized in expense over closed 5-year period
  - Net OPEB liability on balance sheet will be “market volatile” but expense will reflect asset smoothing

Deferred Items

Deferred items are shown as "Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB"

- "Deferred outflows" are increases in net OPEB liability that have not been recognized through expense (aka losses)
- "Deferred inflows" are decreases in net OPEB liability that have not been recognized through expense (aka gains)
- For example, if average expected remaining service is 6 years, 1/6th of demographic actuarial gains/losses would be recognized in OPEB expense for the year; the remaining 5/6^{ths} would be recorded as deferred inflow/outflow
  - Includes the impact of any changes in the blended discount rate from one measurement date to the next
- Similarly, 1/5th of investment gains/losses in the fiscal year are recognized in OPEB expense for the year and the remaining 4/5^{ths} are recorded as deferred inflow/outflow

Cost Sharing Plans

- Provides defined benefit OPEB to employees of multiple employers
- OPEB obligations are pooled and plan assets can be used to pay the benefits of the employees of any employer in the plan
- Each employer must disclose their proportionate share of:
  - Net OPEB liability
  - OPEB expense
  - Deferred outflows of resources and deferred inflows of resources related to OPEB
- Proportionate share of net OPEB liability
  - Calculation must reflect any different contribution rates associated with different components of the collective net OPEB Liability
    - For example, rates based separate assets and liabilities for different classes or tiers of employees
  - A description of the basis for determining the proportionate share of net OPEB liability must be disclosed in the notes
- Changes in proportionate share from year to year are spread over the future service life of actives and inactives

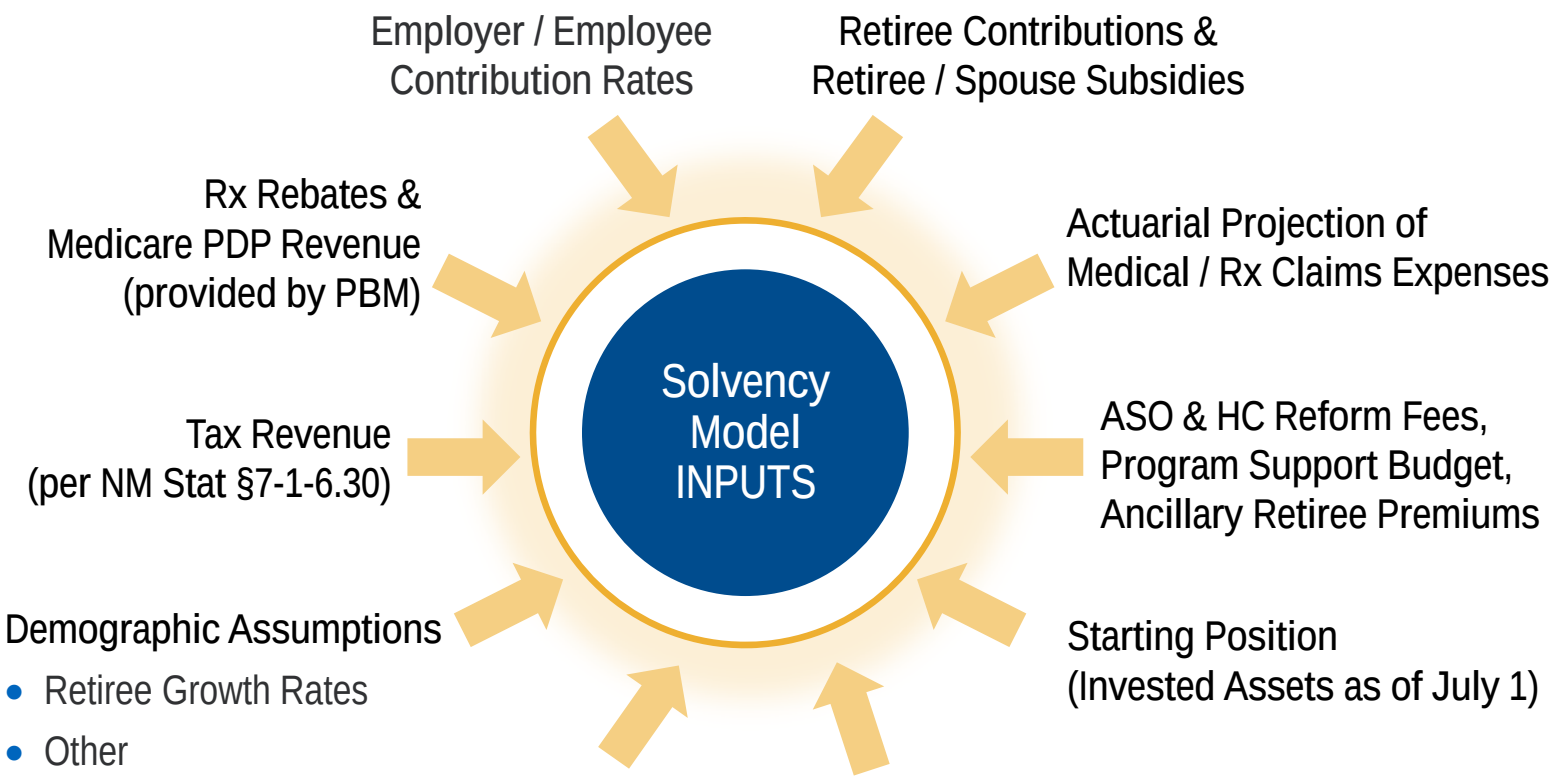
Cost Sharing Plans *continued*

- Proportionate share of OPEB expense and deferred inflows/outflows
  - Collective OPEB expense
    - Amortization of items based on average expected remaining service life of all employees
  - Proportionate share of OPEB expense
    - Multiply collective OPEB expense by the ratio of the employer's portion of the net OPEB liability to the collective net OPEB liability
- Employers in pooled plans required to report a proportion of pooled liability on their balance sheets

Agenda

- Valuation of OPEB Liabilities
  - Some History
  - GASB Statements
  - Basics of the OPEB Valuation
  - Accounting
- **Long-Term Solvency Model**
- Funding Considerations

Long Term Solvency Model Basics



The expected period of insolvency is the fiscal year that trust fund assets are projected to be depleted and no longer available to fund future benefits

Key Assumption Differences: Solvency vs. GASB

	Solvency	GASB 75 (FY 2019 reporting)
Long Term Investment Returns	7.25%, net of investment expenses	7.25%, net of investment expenses
Discount Rate*		4.08%
Increase in Covered Pay	4.0% in FY2020; 0.0% in FY2021; 3.0% thereafter	2.75% for PERA, 3.0% for ERB
Health Care Trend (Pre-Medicare)	7.0% in CY2020; 8.0% thereafter (historical 15-year average)	8.0% in 2018/2019 decreasing 0.25% per year to ultimate 4.5%
Health Care Trend (Medicare)	5.0% in CY2020; 6.0% thereafter	7.50% in 2018/2019 decreasing 0.25% per year to ultimate 4.5%
Retiree Growth	Based on "Open Group" Valuation	"Closed Group" Valuation
Medicare Advantage Premium Increase	Varies by carrier in CY2020 (30% Humana, 12% BCBS, 15% Presbyterian, 20% UHC); 8.0% thereafter	Built into Medicare Trend

* Long-term investment rate blended with 20-year, tax-exempt general obligation municipal bonds (avg. rating of AA/Aa or higher) 3.87 % as of June 30, 2018

Solvency Projection – Limitations

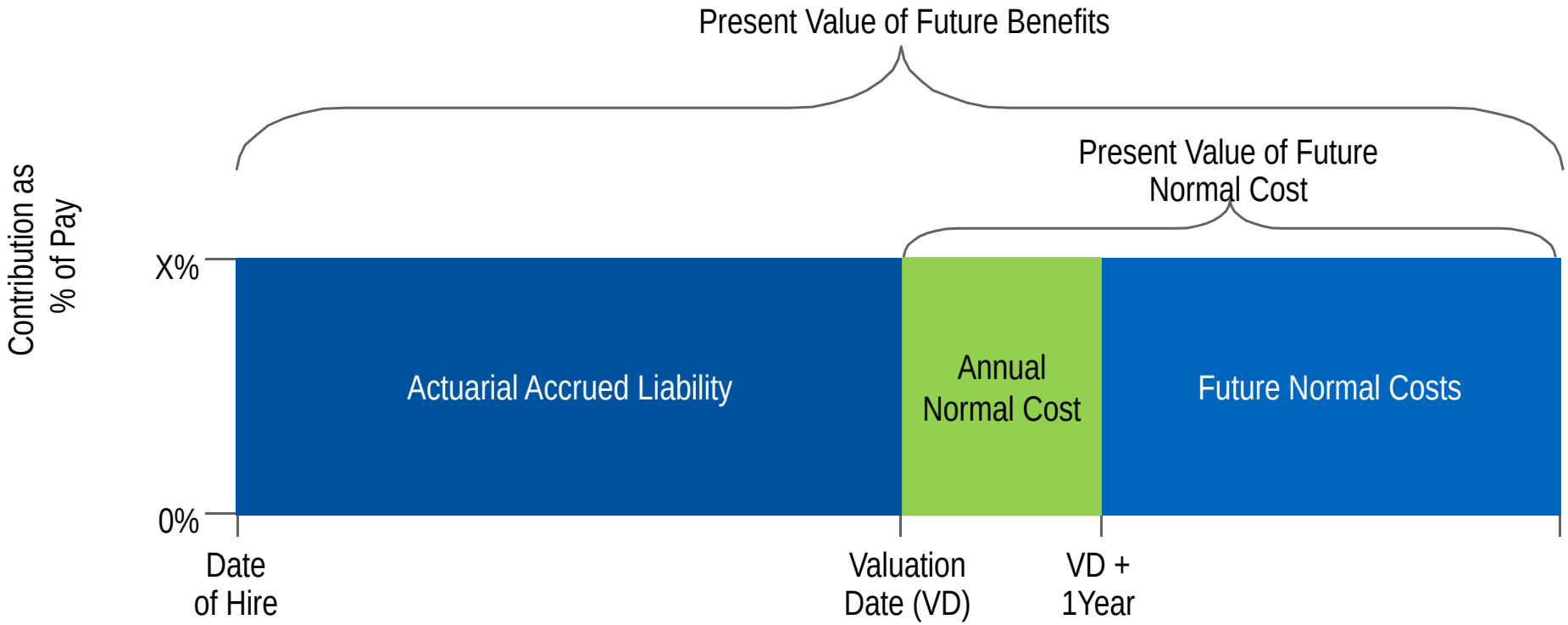
- Unpredictability of long term health care trends over next 25 years
- Small changes in starting revenue/cost assumptions are magnified by compounding nature of projections
  - Health care inflation plus growth in retirees is compounding more rapidly than statutory revenue sources
- Even if assumptions are perfect, in order to maintain stable periods of long term solvency, there must be continuing adjustment to revenue/cost factors (i.e., 15 year solvency becomes 13 year solvency 2 years down the road unless an automatic adjustment mechanism exists)
- External stakeholder (legislature) influence and impact of actions
- Unanticipated healthcare marketplace changes; including CMS programs and related funding, market reforms/legislation
- Does not address unfunded accrued liability / historic gain/loss
- Market volatility impact on assets

Agenda

- Valuation of OPEB Liabilities
  - Some History
  - GASB Statements
  - Basics of the OPEB Valuation
  - Accounting
- Long-Term Solvency Model
- **Funding Considerations**

Renewed Focus on Funding Policy

- Actuarially Determined Contribution
  - If determined, GASB required that method and amount be disclosed
  - GASB provides no basis for the ADC except “actuarial standards of practice”
  - Although ADC is used in GASB reporting, it is completely independent of GASB and is based solely on the employer’s actuarial funding policy
- **Funding Process:**



Actuarial Accrued Liability (AAL) - Assets = Unfunded Actuarial Accrued Liability (UAAL)

Funding Policy Components

- **Actuarial cost method** allocates present value of member's future benefits to years of service
  - Defines Normal Cost and Actuarial Accrued Liability (AAL)
  - NMRHCA's actuarial cost method is the "entry age normal" method
- **Asset smoothing method**
  - Determines the Unfunded Actuarial Accrued Liability (UAAL)
  - Assets can be market value or smoothed
    - Smoothing assets can reduce year to year volatility in the ADC due to market returns
    - Smoothing assets may understate or overstate the actual funds available as of the measurement date
  - Using a market value of assets gives a more accurate measurement of the actual funds available as of the measurement date
  - A 7.25% return on assets is assumed
- **Amortization method** sets contributions to systematically pay off the UAAL
  - Length of time and structure of payments
  - Level dollar amount
    - UAAL is amortized like a mortgage
    - Payment is the same each year (level)
    - $3.0 million, $3.0 million, $3.0 million, etc.
  - Level percentage of payroll
    - UAAL is amortized with payments that increase each year
    - Annual increase in payment is based on payroll growth assumption (i.e., 3.00%)
    - $3.0 million, $3.1 million, $3.2 million, etc.
    - UAAL may grow if payments are less than interest on the UAAL

Amortization of Unfunded Actuarial Accrued Liability (continued)

Open ("Rolling") versus Closed Amortization Period

- Open means the UAAL is re-amortized over a new period every year
  - Like refinancing your home with a new 30-year mortgage every year
  - Allowed by current GASB standards and viewed as an appropriate funding policy based on idea that governments are perpetual
    - » Became widely accepted practice
- Closed means the UAAL will be fully amortized over the period
  - Like a 30-year mortgage – your home will be paid off after 30 years
- NMRHCA may periodically change the amortization method based on existing environment

Key Components for NMRHCA*

- Normal Cost: $64,994,031 (as of 6/30/18, 7.25% basis)
- Payroll: $4,290,616,760
- Normal Cost as a % of payroll: 1.51%
- Total actuarial accrued liability: $3,176,816,520
- Market Value of Assets: $657,656,294
- Unfunded Actuarial Accrued Liability: $2,519,160,226
- UAAL Amortization estimate as of FYE18: $142,062,239, 3.31% of payroll (1.0725/1.03-1 =4.126%, approx. 17.7 equiv yrs)
- Normal Cost and UAAL estimate for FYE18: 4.82% of payroll

**Normal cost and certain other key components have been updated from prior calculations. Updates are currently in draft and therefore subject to change following review. These estimates may be thought of as a lower bound for the purpose of a broader discussion of NMRHCA funding.*

NEW MEXICO RETIREE HEALTH CARE AUTHORITY

New Mexico Retiree Health Care Authority

Claims and Demographics Study

July 11-12, 2019

Segal Consulting

❶ Review of CY2018 Incurred Claims

- Cost & Utilization Trends by Type of Service
- Claims Distribution
- Comparison to Facility and Professional Benchmarks

❷ CY2018 Demographic Analysis, Risk Scores, and Large Claimant Analysis

- Understanding Enrollment Risk
- Age Distribution & Age Risk Factor by Carrier
- Non-Medicare Health Status by Carrier and Plan

2018 Non-Medicare Claims

	Blue Cross Blue Shield of New Mexico Non-Medicare				Presbyterian Healthcare Services Non-Medicare			
Type of Service	**2018 Encounters**	**% of 2018 Encounters**	**2018 Paid**	**% of 2018 Paid**	**2018 Encounters**	**% of 2018 Encounters**	**2018 Paid**	**% of 2018 Paid**
Inpatient Hospital Facility	1,163	0.6%	$15,393,626	24.1%	1,032	0.7%	$12,969,753	27.8%
Outpatient Hospital Facility	10,642	5.8%	$7,710,556	12.1%	7,005	4.8%	$4,353,954	9.3%
Emergency Room Facility	779	0.4%	$482,079	0.8%	1,811	1.2%	$570,195	1.2%
Anesthesia	1,712	0.9%	$890,939	1.4%	1,153	0.8%	$722,437	1.5%
Surgery	18,890	10.2%	$7,167,989	11.2%	14,671	10.0%	$7,192,919	15.4%
Lab / Path	43,384	23.5%	$10,698,934	16.8%	34,999	23.8%	$7,273,224	15.6%
Evaluation and Management	39,602	21.4%	$2,967,875	4.7%	32,165	21.9%	$2,387,094	5.1%
Well Visits	3,233	1.7%	$480,598	0.8%	3,526	2.4%	$484,846	1.0%
Emergency Room Professional	2,122	1.1%	$1,610,846	2.5%	1,809	1.2%	$1,112,099	2.4%
Chiropractic	6,682	3.6%	$80,442	0.1%	2,762	1.9%	$22,836	0.0%
Medicine	35,014	18.9%	$4,114,169	6.5%	29,965	20.4%	$2,265,563	4.9%
Infusions and Injections	7,781	4.2%	$7,784,551	12.2%	5,486	3.7%	$5,366,858	11.5%
DME	5,989	3.2%	$1,821,928	2.9%	4,278	2.9%	$681,057	1.5%
Ambulance and Other	7,778	4.2%	$2,566,179	4.0%	6,153	4.2%	$1,291,820	2.8%
Total	**184,771**	**100.0%**	**$63,770,713**	**100.0%**	**146,815**	**100.0%**	**$46,694,654**	**100.0%**

- Inpatient facility charges continue to be the highest cost service for both BCBSNM and Presbyterian
- Surgery made up a higher percentage of Presbyterian claims (15.4%) than BCBSNM claims (11.2%)
  - Surgery has consistently comprised a higher percentage of Presbyterian claims than BCBSNM claims since 2008.

2018 vs 2017 All Carriers Premier Plan Claims Experience

	Premier Plan (BCBSNM & Presbyterian)								
Type of Service	**2018 Encounters per 1,000 Members**	**2017 Encounters per 1,000 Members**	**% Change**	**2018 Paid per Encounter**	**2017 Paid per Encounter**	**% Change**	**2018 Paid PMPY**	**2017 Paid PMPY**	**% Change**
Inpatient Hospital Facility	159	128	23.6%	$12,545	$14,911	-15.9%	$1,989	$1,912	4.0%
Outpatient Hospital Facility	1,301	1,255	3.7%	$706	$646	9.3%	$918	$810	13.3%
Emergency Room Facility	175	166	5.8%	$418	$425	-1.8%	$73	$71	3.9%
Anesthesia	206	194	6.6%	$566	$561	1.0%	$117	$109	7.7%
Surgery	2,399	2,406	-0.3%	$426	$422	1.2%	$1,023	$1,014	0.9%
Lab / Path	5,541	5,157	7.4%	$233	$228	2.2%	$1,293	$1,178	9.8%
Evaluation and Management	5,122	4,827	6.1%	$75	$75	0.7%	$385	$360	6.9%
Well Visits	446	419	6.5%	$145	$146	-0.9%	$65	$61	5.6%
Emergency Room Professional	280	265	5.7%	$705	$680	3.7%	$197	$180	9.6%
Chiropractic	716	687	4.2%	$12	$11	8.0%	$8	$7	12.5%
Medicine	4,603	4,599	0.1%	$103	$101	2.4%	$475	$464	2.5%
Infusions and Injections	966	914	5.7%	$929	$747	24.3%	$898	$683	31.5%
DME	770	701	9.8%	$249	$307	-19.0%	$191	$215	-11.1%
Ambulance and Other	1,012	1,034	-2.2%	$287	$238	20.4%	$290	$246	17.7%
Total	**23,694**	**22,750**	**4.1%**	**$334**	**$321**	**4.1%**	**$7,923**	**$7,311**	**8.4%**

- Premier plan encounters PMPM increased 4.1% from 1.90 in 2017 to 1.97 in 2018
- Premier plan PMPY trend of 8.4% was less favorable than 8.0% medical paid trend assumption for calendar year 2018
  - Key drivers: Infusions and Injections, Lab / Pathology, Outpatient Hospital Facility

2018 vs 2017 All Carriers Value Plan Claims Experience

Type of Service	2018 Encounters per 1,000 Members	2017 Encounters per 1,000 Members	% Change	2018 Paid per Encounter	2017 Paid per Encounter	% Change	2018 Paid PMPY	2017 Paid PMPY	% Change
Inpatient Hospital Facility	79	65	20.0%	$15,617	$13,197	18.3%	$1,227	$864	42.0%
Outpatient Hospital Facility	540	445	21.2%	$496	$412	20.4%	$268	$183	46.0%
Emergency Room Facility	134	147	-8.9%	$354	$278	27.3%	$47	$41	15.9%
Anesthesia	104	90	15.6%	$542	$572	-5.4%	$56	$52	9.4%
Surgery	1,290	1,211	6.5%	$438	$357	22.6%	$565	$433	30.5%
Lab / Path	3,234	2,811	15.1%	$205	$167	22.5%	$661	$469	40.9%
Evaluation and Management	2,789	2,652	5.1%	$71	$66	7.5%	$197	$174	13.1%
Well Visits	392	372	5.3%	$134	$140	-4.2%	$53	$52	0.8%
Emergency Room Professional	154	156	-1.2%	$613	$592	3.5%	$95	$93	2.2%
Chiropractic	219	203	8.2%	$2	$2	26.0%	$0	$0	36.4%
Medicine	2,645	2,083	27.0%	$67	$66	1.3%	$177	$138	28.6%
Infusions and Injections	447	375	19.2%	$1,467	$380	285.9%	$656	$143	360.0%
DME	268	229	17.3%	$195	$287	-32.1%	$52	$66	-20.4%
Ambulance and Other	480	414	15.8%	$204	$165	23.5%	$98	$68	43.0%
Total	**12,774**	**11,255**	**13.5%**	**$325**	**$247**	**31.8%**	**$4,152**	**$2,775**	**49.6%**

- Value plan encounters PMPM increased 13.5% from .94 in 2017 to 1.06 in 2018
- Value plan PMPY trend of 49.6% was significantly less favorable than 8.0% medical paid trend assumption for calendar year 2018
  - Key Drivers: Infusions and Injections, Inpatient Hospital Facility, Lab / Pathology

2018 vs 2017 BCBSNM All Plans Claims Experience

	Blue Cross Blue Shield of New Mexico Non-Medicare								
Type of Service	**2018 Encounters per 1,000 Members**	**2017 Encounters per 1,000 Members**	**% Change**	**2018 Paid per Encounter**	**2017 Paid per Encounter**	**% Change**	**2018 Paid PMPY**	**2017 Paid PMPY**	**% Change**
Inpatient Hospital Facility	142	125	13.3%	$13,236	$16,193	-18.3%	$1,875	$2,024	-7.4%
Outpatient Hospital Facility	1,296	1,414	-8.3%	$725	$645	12.3%	$939	$912	3.0%
Emergency Room Facility	95	107	-11.2%	$619	$618	0.1%	$59	$66	-11.1%
Anesthesia	209	217	-4.0%	$520	$524	-0.7%	$109	$114	-4.6%
Surgery	2,301	2,671	-13.9%	$379	$383	-1.0%	$873	$1,024	-14.7%
Lab / Path	5,284	5,428	-2.6%	$247	$244	1.2%	$1,303	$1,323	-1.5%
Evaluation and Management	4,824	5,073	-4.9%	$75	$75	-0.4%	$361	$382	-5.3%
Well Visits	394	405	-2.7%	$149	$153	-2.9%	$59	$62	-5.5%
Emergency Room Professional	258	275	-5.9%	$759	$718	5.7%	$196	$197	-0.5%
Chiropractic	814	888	-8.4%	$12	$11	8.3%	$10	$10	-0.7%
Medicine	4,265	4,952	-13.9%	$118	$114	3.0%	$501	$565	-11.3%
Infusions and Injections	948	1,011	-6.3%	$1,000	$706	41.6%	$948	$714	32.8%
DME	729	736	-0.9%	$304	$400	-24.0%	$222	$295	-24.7%
Ambulance and Other	947	1,158	-18.2%	$330	$253	30.4%	$313	$293	6.7%
Total	**22,506**	**24,459**	**-8.0%**	**$345**	**$326**	**5.8%**	**$7,767**	**$7,980**	**-2.7%**

- BCBSNM encounters PMPM decreased 8.0% from 2.04 in 2017 to 1.88 in 2018
- BCBSNM PMPY trend of -2.7% was more favorable than 8.0% medical paid trend assumption for calendar year 2018
  - Key Drivers: Surgery, Inpatient Hospital Facility

2018 vs 2017 Presbyterian All Plans Claims Experience

	Presbyterian Healthcare Services Non-Medicare								
Type of Service	2018 Encounters per 1,000 Members	2017 Encounters per 1,000 Members	% Change	2018 Paid per Encounter	2017 Paid per Encounter	% Change	2018 Paid PMPY	2017 Paid PMPY	% Change
Inpatient Hospital Facility	140	115	22.1%	$12,568	$13,141	-4.4%	$1,761	$1,524	15.6%
Outpatient Hospital Facility	951	849	12.1%	$622	$646	-3.8%	$591	$528	11.9%
Emergency Room Facility	246	224	9.8%	$315	$306	3.1%	$77	$68	13.7%
Anesthesia	157	139	12.5%	$627	$634	-1.2%	$98	$87	12.2%
Surgery	1,993	1,770	12.6%	$490	$496	-1.2%	$977	$847	15.4%
Lab / Path	4,753	4,208	13.0%	$208	$203	2.4%	$988	$831	18.8%
Evaluation and Management	4,368	3,930	11.2%	$74	$74	0.7%	$324	$284	14.0%
Well Visits	479	422	13.4%	$138	$137	0.3%	$66	$58	14.0%
Emergency Room Professional	246	224	9.7%	$615	$618	-0.5%	$151	$139	8.7%
Chiropractic	375	336	11.5%	$8	$10	-16.3%	$3	$3	8.7%
Medicine	4,070	3,516	15.8%	$76	$77	-1.8%	$308	$266	15.5%
Infusions and Injections	745	656	13.6%	$978	$826	18.4%	$729	$500	45.9%
DME	581	528	10.0%	$159	$151	5.3%	$92	$91	1.7%
Ambulance and Other	836	603	38.5%	$210	$209	0.6%	$175	$126	39.3%
Total	**19,940**	**13,405**	**48.7%**	**$318**	**$313**	**1.7%**	**$6,342**	**$5,353**	**18.5%**

- Presbyterian encounters PMPM increased 48.7% from 1.12 in 2017 to 1.66 in 2018
- Presbyterian PMPY trend of 18.5% was less favorable than 8.0% medical paid trend assumption for calendar year 2018
  - Key Drivers: Inpatient Hospital Facility, Infusions and Injections, Lab / Pathology, Surgery

2018 Claims Distribution – Non-Medicare Medical only

Annual Claims	2018 % of Members	2018 Cumulative % of Members	2017 % of Members	2017 Cumulative % of Members	2018 Medical Paid	% of 2018 Medical Paid	Cumulative % of 2018 Medical Paid	2017 Medical Paid	% of 2017 Medical Paid	Cumulative % of 2017 Medical Paid
$0	15.3%	15.3%	15.9%	15.9%	$0	0.0%	0.0%	$16,485	0.0%	0.0%
$1-$100	1.4%	16.8%	1.9%	17.9%	$8,837	0.0%	0.0%	$14,079	0.0%	0.0%
$100-$300	7.6%	24.4%	8.0%	25.9%	$173,293	0.2%	0.2%	$200,454	0.2%	0.2%
$301-$800	13.3%	37.7%	14.0%	39.9%	$798,210	0.7%	0.9%	$952,699	0.9%	1.1%
$801-$5,000	35.2%	72.9%	36.5%	76.4%	$8,212,496	7.6%	8.5%	$9,634,421	9.0%	10.1%
$5,001-$10,000	10.3%	83.2%	9.6%	86.0%	$7,079,495	6.6%	15.1%	$7,605,998	7.1%	17.1%
$10,001-$15,000	4.6%	87.7%	3.9%	89.9%	$5,174,166	4.8%	19.9%	$5,328,523	5.0%	22.1%
$15,001-$20,000	2.6%	90.3%	2.2%	92.1%	$4,049,124	3.8%	23.7%	$4,278,654	4.0%	26.1%
$20,001+	9.7%	100.0%	7.9%	100.0%	$82,232,144	76.3%	100.0%	$79,479,322	73.9%	100.0%
Medical Total	**100.0%**		**100.0%**		**$107,727,765**	**100.0%**		**$107,510,635**	**100.0%**	

- In 2018, 84.9% of non-Medicare Medical claims were incurred by the 16.8% of members with annual claims in excess of $10,000
  - As expected, claims in excess of $10,000 have increased as a percentage of Medical Paid, from 82.9% in 2017, 79.0% in 2016, 78.4% in 2015, 76.5% in 2014, 76.1% in 2013, 75.4% in 2012, 73.5% in 2011, and 71.7% in 2010

Facility Benchmarks

- Combines Non-Medicare and Medicare experience

Measure	NMRHCA CY2018 Result	CY2018 Benchmark Result*	CY2018 Ratio of NMRHCA to Benchmark
Inpatient admissions per 1,000 members	79.99	82.67	0.97
Inpatient days per 1,000 members	393.51	392.03	1.00
Outpatient hospital encounters per 1,000 members**	1,661.44	1,639.62	1.01
Emergency room encounters per 1,000 members**	183.24	190.11	0.96

* Benchmark result has been adjusted based upon age and gender

** Method has been revised for this report to reflect updated data availability

- Inpatient admissions has declined from 83.03 per 1,000 in 2017 and relative to the benchmark (0.99 in 2017)
- Benchmark includes 4,850,000 active (28%) and retired (72%) public sector participants

Professional Benchmarks

- Combines Non-Medicare and Medicare experience

Measure*	NMRHCA CY2018 Result	CY2018 Benchmark Result**	CY2018 Ratio of NMRHCA to Benchmark
Evaluation and Management	5.200	4.830	1.077
Well Visits	0.252	0.276	0.914
Anesthesia	0.500	0.495	1.010
Surgeries	1.056	0.963	1.096
Radiology	1.795	1.659	1.082
Pathology	2.529	2.648	0.955
Medicine	3.962	3.803	1.042
Injectables	0.489	0.449	1.088
Total	**15.783**	**15.124**	**1.044**

* Measures are on a per member per year basis

** Benchmark result has been adjusted based upon age and gender

- Benchmark includes 4,850,000 active (28%) and retired (72%) public sector participants

❶ Review of CY2018 Incurred Claims

- Cost & Utilization Trends by Type of Service
- Claims Distribution
- Comparison to Facility and Professional Benchmarks

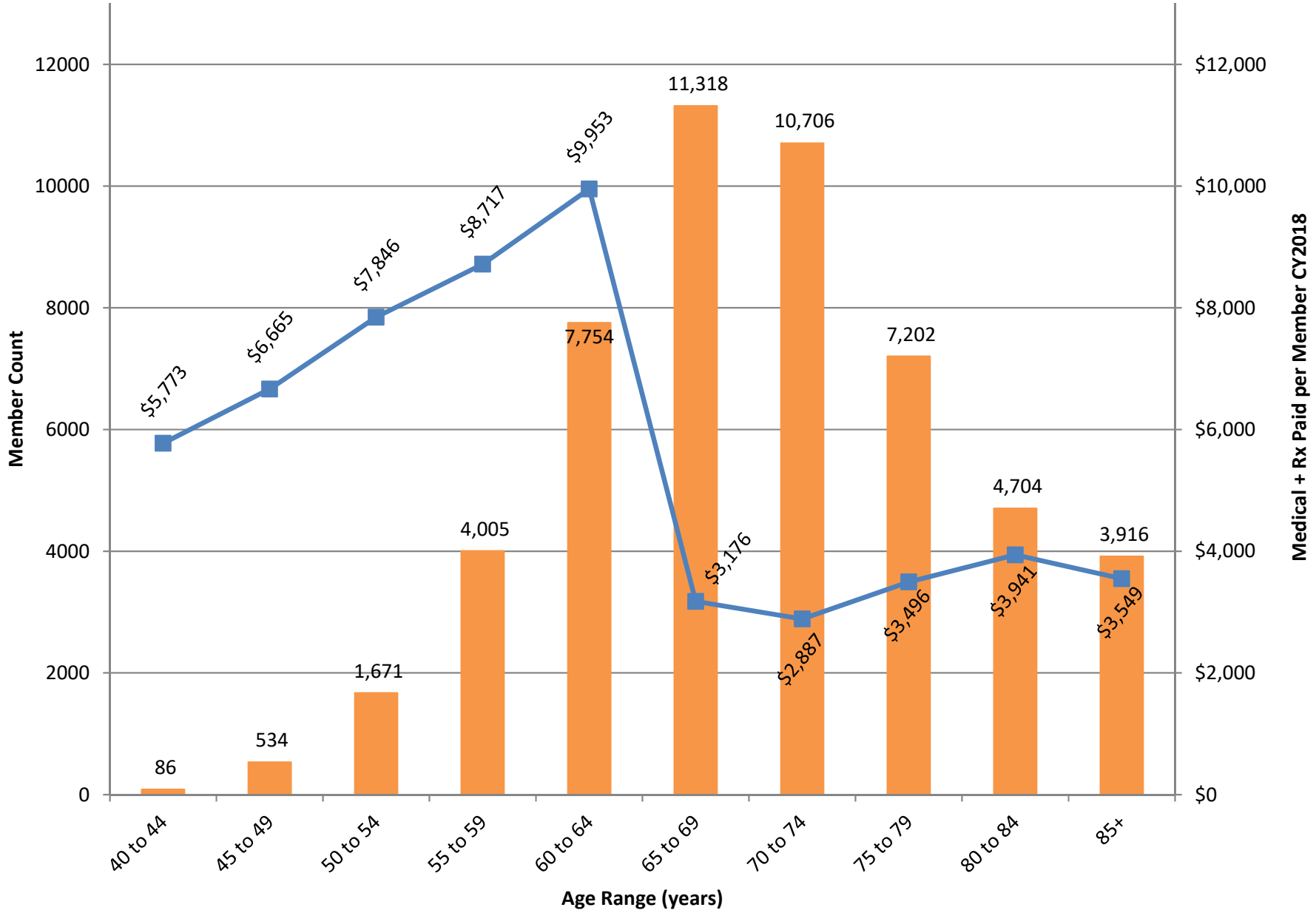
❷ CY2018 Demographic Analysis, Risk Scores, and Large Claimant Analysis

- Understanding Enrollment Risk
- Age Distribution & Age Risk Factor by Carrier
- Non-Medicare Health Status by Carrier and Plan

Understanding Enrollment Risk

- Enrollment risk exists in many forms. With two plans and carriers being offered, specific risks include:
  - Risk that competing plans do not get enrollees with similar age/gender profiles
  - Risk that competing plans do not get enrollees with similar average health status
  - Risk that competing plans do not have equivalent cost impact on NMRHCA due to benefit level
- Unmanaged, enrollment risk drives up overall plan cost. Members are not incented to elect the plan which would be in the best financial interest of NMRHCA.
- Plan designs that do not adjust for enrollment risk frequently result in adverse selection against the plan
  - Adverse selection is the process whereby the plan participant has enough information to determine that one course of action presents a financial advantage to them, and also to the detriment of NMRHCA
    - For example, you are offered a new Honda or BMW and the BMW costs you only $1,000 more

NMRHCA Members Age 40+ & CY2018 Claims Paid per Member



2018 Non-Medicare Members by Age and Carrier

	Age Group	2018 Members	% of 2018 Members	2017 Members	% of 2017 Members	Difference
BCBSNM	40 to 44	28	0%	34	1%	-0.1%
Non-Medicare	45 to 49	197	3%	208	3%	0.0%
	50 to 54	650	10%	702	10%	-0.4%
	55 to 59	1,790	28%	1,821	27%	0.6%
	60 to 64	3,769	59%	3,930	59%	-0.1%
BCBSNM Average Age		**6,434**	**55.4 years**	**6,695**	**55.0 years**	**0.3 years**
Presbyterian	40 to 44	20	0%	48	1%	-0.3%
Non-Medicare	45 to 49	142	4%	338	5%	-1.7%
	50 to 54	525	13%	915	14%	-1.2%
	55 to 59	1,193	29%	1,900	29%	0.0%
	60 to 64	2,169	54%	3,250	50%	3.2%
Presbyterian Average Age		**4,049**	**55.0 years**	**6,451**	**54.4 years**	**0.6 years**
Total	40 to 44	48	0%	82	1%	-0.2%
Non-Medicare	45 to 49	339	3%	546	4%	-0.9%
	50 to 54	1,175	11%	1,617	12%	-1.1%
	55 to 59	2,983	28%	3,721	28%	0.2%
	60 to 64	5,938	57%	7,180	55%	2.0%
Non-Medicare Average Age		**10,483**	**55.2 years**	**13,146**	**54.7 years**	**0.5 years**

- Excludes members under age 40, over age 64, and those for whom age is not available
- In 2018, 61% of Non-Medicare members enrolled in BCBS (2017=50%; 2016=52%)
- Decimal places beyond 0.1 years are not displayed in Average Age figures, but are incorporated in Difference calculation

2018 Medicare Members by Age and Carrier

	Age Group	2018 Members	% of 2018 Members	2017 Members	% of 2017 Members	Difference
BCBSNM	less than 55	0	0%	0	0%	0.0%
Medicare	55 to 59	151	1%	163	1%	0.0%
Supplement	60 to 64	348	2%	402	2%	-0.2%
	65 to 69	5,077	22%	5,590	24%	-1.9%
	70 to 74	6,001	26%	5,919	26%	0.7%
	75 to 79	4,663	20%	4,709	20%	0.1%
	80 to 84	3,475	15%	3,310	14%	0.9%
	85+	3,146	14%	3,069	13%	0.5%
Average Age		**22,861**	**75.4 years**	**23,162**	**75.0 years**	**0.4 years**
BCBSNM	less than 55	0	0%	0	0%	0.0%
Medicare	55 to 59	33	1%	41	1%	-0.2%
Advantage	60 to 64	64	2%	73	2%	-0.2%
	65 to 69	648	17%	755	19%	-2.1%
	70 to 74	1,196	31%	1,263	32%	-0.6%
	75 to 79	836	22%	835	21%	0.8%
	80 to 84	604	16%	579	15%	1.2%
	85+	438	11%	412	10%	1.1%
Average Age		**3,819**	**75.3 years**	**3,958**	**74.8 years**	**0.5 years**
Presbyterian	less than 55	0	0%	0	0%	0.0%
Medicare	55 to 59	79	1%	84	1%	-0.2%
Advantage	60 to 64	164	2%	170	3%	-0.3%
	65 to 69	3,055	42%	3,014	45%	-3.0%
	70 to 74	2,283	31%	1,997	30%	1.5%
	75 to 79	1,193	16%	1,018	15%	1.2%
	80 to 84	382	5%	324	5%	0.4%
	85+	187	3%	150	2%	0.3%
Average Age		**7,343**	**71.0 years**	**6,757**	**70.7 years**	**0.4 years**
United Healthcare	less than 55	0	0%	0	0%	0.0%
Medicare	55 to 59	24	1%	27	1%	-0.2%
Advantage	60 to 64	72	2%	108	3%	-1.5%
	65 to 69	1,540	44%	1,471	48%	-3.9%
	70 to 74	1,112	32%	851	28%	4.0%
	75 to 79	460	13%	374	12%	0.9%
	80 to 84	205	6%	167	5%	0.4%
	85+	107	3%	88	3%	0.2%
Average Age		**3,520**	**71.0 years**	**3,086**	**70.5 years**	**0.5 years**
Humana	less than 55	0	0%	0	0%	0.0%
Medicare	55 to 59	7	1%	3	1%	0.1%
Advantage	60 to 64	8	1%	5	2%	-0.5%
	65 to 69	392	70%	167	65%	5.4%
	70 to 74	81	14%	43	17%	-2.2%
	75 to 79	36	6%	22	9%	-2.1%
	80 to 84	20	4%	12	5%	-1.1%
	85+	15	3%	6	2%	0.4%
Average Age		**559**	**68.5 years**	**258**	**68.8 years**	**-0.3 years**
Medicare	less than 55	0	0%	0	0%	0.0%
Total	55 to 59	294	1%	318	1%	-0.1%
	60 to 64	656	2%	758	2%	-0.3%
	65 to 69	10,712	28%	10,997	30%	-1.4%
	70 to 74	10,673	28%	10,073	27%	0.9%
	75 to 79	7,188	19%	6,958	19%	0.2%
	80 to 84	4,686	12%	4,392	12%	0.5%
	85+	3,893	10%	3,725	10%	0.2%
Medicare Average Age		**38,102**	**74.0 years**	**37,221**	**73.8 years**	**0.2 years**

- The Humana Medicare Advantage plan has a higher proportion of Medicare beneficiaries under age 70 enrolled followed by United Healthcare Medicare Advantage plan
- Decimal places beyond 0.1 years are not displayed, but are incorporated in Difference calculation

2018 Non-Medicare Health Status Risk Index by Carrier

Carrier	Plan	2018 Risk Index
BCBSNM	Premier	0.91
BCBSNM	Value	0.61
Presbyterian	Premier	0.84
Presbyterian	Value	0.63
Total Non-Medicare	Premier	0.88
	Value	0.62

Based on 2018 membership:

- Risk Index based on John Hopkins Adjusted Clinical Groups (ACGs)
  - A risk score is calculated for each member month
- Premier participants are anticipated to cost 41.5% more than Value participants based on Health Risk Index
- BCBSNM participants are anticipated to cost 15.7% more than Presbyterian based on Health Status Risk Index
  - In 2017, BCBSNM participants were anticipated to cost 19.6% more than Presbyterian participants on based solely on their Health Status Risk Index

2018 Continuing Non-Medicare Members' Health Status Risk Index by Plan

2017 Plan	2018 Plan	Members	% of Continuing Non-Medicare Membership	2018 Risk Index
Premier	Premier	10,314	82.41%	0.89
Value	Premier	77	0.61%	0.92
Premier	Value	471	3.77%	0.56
Value	Value	1,653	13.21%	0.64
		12,515	100.00%	0.84

- Member count excludes members for whom either a 2017 or 2018 plan code was not available, due to new enrollment or disenrollment from NMRHCA pre-Medicare plans
- The overall Risk Index was essentially flat, increasing slightly from 0.83 in 2017 to 0.84 in 2018.

Questions?

Segal Consulting

New Mexico Retiree Health Care Authority

LONG-TERM CASH FLOW AND SOLVENCY MODELING

Methodology

July 11, 2019

Presented by:

Nura Patani, PhD, ASA, MAAA
Senior Consultant and Actuary

Segal Consulting

1230 West Washington Street Suite 501
Tempe, AZ 85281-1248
T 602.381.4024 www.segalco.com

Nura Patani, PhD, ASA, MAAA
Senior Consultant and Actuary
npatani@segalco.com

July 11, 2019

New Mexico Retiree Health Care Authority
Board of Directors
4308 Carlisle NE, Suite 104
Albuquerque, NM 87107

Dear Board of Directors:

Enclosed please find a brief description of the methodology used to project the various revenue and expense components included in our long-term cash flow and solvency modeling. This methodology detail is included as one component in a reporting package consisting of:

- Historical year to date and projected loss ratios for CY2019 & CY2020
- Long-Term Cash Flow and Solvency Modeling Methodology Report
- July 1, 2019 long-term solvency assumptions for Baseline Scenario
- Baseline Scenario long-term solvency illustration as of July 1, 2019
- Alternate long-term solvency illustrations as of July 1, 2019
- Sensitivity analysis to July 1, 2019 long-term solvency assumptions for Baseline Scenario

This reporting package should be transmitted and considered only in its entirety. Our analysis is intended to illustrate the future cash flows of the New Mexico Retiree Health Care Authority (NMRHCA) based on membership information available through March 31, 2019 and projected changes to enrollment from that day forward. Calculations are prepared annually at the Board's request to aid in its strategic planning and should not be relied upon for any other purpose.

To prepare our analysis we relied upon data from several sources, which are detailed in the following description of our long-term projection methodology. We did not audit this data and our review was limited to determining that it appears to be reasonable and acceptable for the projection of revenues and expenditures under the NMRHCA benefits program. We certify to the best of our knowledge that the data, methods, and assumptions used to develop our projections are reasonable and are calculated in accordance with generally accepted and consistently applied actuarial principles.

The projections in this report are estimates of future costs and are based on information available to Segal Consulting at the time the projections were made. Projections are not a guarantee of future results. Actual experience may differ due to variables including, but not limited to, changes in the regulatory environment, local market pressure, changes in group demographics, overall inflation rates, and claims volatility, and this difference may be material. The accuracy and reliability of health projections decrease as the projection period increases. Although changes in the relative size of NMRHCA's membership have been projected, the health status of future members is unknown.

I, Nura Patani, am an Associate of the Society of Actuaries and a Member of the American Academy of Actuaries. I meet the *Qualification Standards for Actuaries Issuing Statements of Opinion in the United States* promulgated by the American Academy of Actuaries and am qualified to render an opinion with regard to health plan projections, valuations, and related items.

If you should have any questions regarding the information contained herein, please feel free to contact us via the telephone numbers and/or e-mail addresses provided below.

Sincerely,

Nura Patani, PhD, ASA, MAAA
Senior Consultant and Actuary
602-381-4033
npatani@segalco.com

Table of Contents

Long Term Cash Flow and Solvency Modeling Methodology

July 11, 2019

Beginning of Year Invested Assets

Invested assets as of July 1, 2019 were assumed to equal actual invested assets as of May 31, 2019.

Revenues

Employer Contribution

Current employer contribution percentages were established in New Mexico House Bill 351 during the 2009 Regular Legislative Session. Continued applicability was verified at www.nmrhca.org on the *Employers* page.

The employer contributions are comprised of Enhanced Program ("Public Safety, et al") employer contributions and Non-Enhanced Program ("Other Occupations") employer contributions. The employer contribution percentages for each of the first fifteen projection years and one assumption for projection years sixteen through thirty-two are displayed in the first and third green-shaded rows (indicating NMRHCA policy) under the general heading *Assumptions with Fiscal Year Basis*. The contribution percentages displayed are applied directly to projected payroll.

NMRHCA staff provided baseline Employer/Employee Contributions, as well as the percentage of contributions originating from Enhanced Programs versus Non-Enhanced Programs. This information allowed us to estimate FY2019 active payroll to be approximately $4.17 billion.

Payroll was projected separately for Enhanced Program ("Public Safety, et al") employees and Non-Enhanced Program ("Other Occupations") employees. Each payroll component is assumed to increase at the *Annual Payroll Growth* rates displayed in the first two rows under the heading *Assumptions with Fiscal Year Basis*. NMRHCA staff provided the *Annual Payroll Growth* assumptions, which are intended to encompass both increases in rate of pay as well as any growth or decline in the workforce of participating employers.

Employee Contribution

Current employee contribution percentages were established in New Mexico House Bill 351 during the 2009 Regular Legislative Session. Continued applicability was verified at www.nmrhca.org on the *Employers* page.

The employee contributions are comprised of Enhanced Program ("Public Safety, et al") employee contributions and Non-Enhanced Program ("Other Occupations") employee contributions. The employee contribution percentages for each of the first fifteen projection years and one assumption for projection years sixteen through thirty-two are displayed in the second and fourth green-shaded rows (indicating NMRHCA policy) under the heading *Assumptions with Fiscal Year Basis*. The contribution percentages displayed are applied directly to projected payroll.

NMRHCA staff provided baseline Employer/Employee Contributions, as well as the percentage of contributions originating from Enhanced Programs versus Non-Enhanced Programs. This information allowed us to estimate FY2019 active payroll to be approximately $4.17 billion.

Payroll was projected separately for Enhanced Program ("Public Safety, et al") employees and Non-Enhanced Program ("Other Occupations") employees. Each payroll component is assumed to increase at the Annual Payroll Growth rates displayed in the first two rows under the general heading *Assumptions with Fiscal Year Basis*. NMRHCA staff provided the *Annual Payroll Growth* assumptions, which are intended to encompass both increases in rate of pay as well as any growth or decline in the workforce of participating employers.

Retiree Medical

Baseline contribution and premium rates and subsidy percentages were verified at www.nmrhca.org on the 2019 Rate Sheet included on the *Forms And Important Information* page.

The *Retiree Medical* revenue measures projected retiree contributions toward medical and prescription drug coverage and is comprised of the Retiree, Spouse, and Dependent rate shares for each pre-Medicare and Medicare plan. Total unsubsidized medical and prescription drug contribution rates per member per month for self-funded plans are projected to increase on January 1st for each of the thirty-two projection years at the percentages displayed in the blue-shaded area under the heading *Premium Rates for Self-funded Plans effective 1/1*. Total premium rates per member per month for fully insured Medicare Advantage plans are projected to increase on January 1st by at the percentages displayed by carrier in the last four rows under the general heading *Assumptions with Calendar Year Basis*. The Medicare Advantage premium rate annual increase assumptions are detailed for each of the first fifteen projection years, with a consistent increase assumption applied in projection years sixteen through thirty-two.

Membership is projected by plan for pre-Medicare members and Medicare-eligible members at the rates of change displayed under the general heading *Assumptions with Fiscal Year Basis*. The basis of the assumed rates of change is an open valuation projection of covered lives, and all other components based on assumptions consistent with those utilized in the July 1, 2014 valuation of NMRHCA's liability for Other Post-Employment Benefits under the Governmental Accounting Standards Board's Statement Number43 and adjusted to reflect the impact of changes effective January 1, 2021 to subsidy levels on the basis of age and years of creditable service. Total annual unsubsidized contributions and premiums are calculated directly by multiplying projected monthly rates by projected member months.

In the Baseline Scenario, the CY19 subsidy provided by NMRHCA is assumed to remain constant in all future years. NMRHCA staff provided years of service at retirement by enrollment category as of May 1, 2019. The current subsidy was calculated and applied to future annual contributions and premiums individually for the following enrollment categories: pre-Medicare Retirees, pre-Medicare Spouses, pre-Medicare Dependents (no subsidy), Medicare Supplement Retirees, Medicare Supplement Spouses, Medicare Supplement Dependents (no subsidy), Medicare Advantage Retirees, Medicare Advantage Spouses, and Medicare Advantage Dependents (no subsidy).

The *Retiree Medical* revenue measures projected retiree contributions toward medical and prescription drug coverage and equals the total annual unsubsidized contributions and premiums less the subsidy provided by NMRHCA, summed across all plans and enrollment categories.

Consistent with the methodology used in the prior year, new Medicare retirees are assumed to automatically enroll into a Medicare Advantage plan. Presbyterian pre-Medicare members assumed to enroll into the richer United HealthCare (UHC) Medicare Advantage plan while BCBSNM pre-Medicare members assumed to enroll into the richer Humana Medicare Advantage plan, with 50 percent opting to enroll in the Medicare Supplement plan.

Retiree Ancillary

Retiree Ancillary revenue measures projected retiree contributions toward non-medical supplemental coverage and is comprised of supplemental life insurance, dental, and vision premiums. NMRHCA staff provided baseline annual ancillary premium expenditures, which are assumed to increase annually at constant rates by line of coverage for all thirty-two projection years as well as by the combined pre-Medicare and Medicare retiree growth rate. The pre-Medicare and Medicare combined retiree growth rate is a member-weighted average of the individual growth rates displayed under the general heading *Assumptions with Fiscal Year Basis*. Since these ancillary coverages are paid fully by retirees, revenues are assumed to equal expenditures.

Specifically, the following premium rate increases were assumed to apply in all thirty-two projection years:

- Supplemental Life: 0.0%
- Dental: 6.0%
- Vision: 5.0%

Tax Revenue

NMRHCA staff provided baseline information on Taxation and Revenue Suspense Fund revenues. Pension tax revenue is assumed to remain at FY2016 levels through June 30, 2019 and increase 12.0% per annum in the remaining projection years in accordance with statute.

In accordance with Senate Bill 7 from the 2016 Second Special Session, House Bill 351 revenue has been eliminated and is no longer included in the Long-Term Solvency Model.

Medicare PDP & Manufacturers Discount

This revenue item is comprised of the following revenue sources associated with the Employer Group Waiver Plan (EGWP) that provides prescription drug benefits to Medicare-eligible retirees enrolled in the Medicare Supplement plan. Express Scripts, Inc. (ESI) provided baseline values and Year 1 projections. These revenues are projected individually and assumed to change annually on a calendar year basis at the respective rates displayed under the general heading

Assumptions with Calendar Year Basis in addition to the *Annual Growth in Retirees age 65+* displayed under the general heading *Assumptions with Fiscal Year Basis*:

- Direct Subsidy from U.S. Government
- Coverage Gap Discount Program from drug manufacturers
- Federal Reinsurance from U.S. Government
- Low Income Premium Subsidy from U.S. Government

Miscellaneous

Miscellaneous revenue is comprised of projected employer buy-in revenue and subrogation collections. NMRHCA staff provided the projection of employer buy-in revenue. Blue Cross Blue Shield of New Mexico (BCBSNM) and Presbyterian Health Plan (PHP) provided information on recent subrogation recoveries. The baseline subrogation recoveries are assumed to increase at the rate of *Annual Growth in Retiree under age 65* displayed under the general heading *Assumptions with Fiscal Year Basis*.

Total Revenue

Total Revenue is the sum of Employer Contribution Revenue, Employee Contribution Revenue, Retiree Medical Revenue, Retiree Ancillary Revenue, Tax Revenue, Medicare PDP & Manufacturers Discount Revenue and Miscellaneous Revenue.

Investment Income

Investment income is assumed to be credited at the midpoint of each fiscal year, to the *Beginning of Year Invested Assets* plus half the difference between annual fiscal year Total Revenue and Total Expenditures. The *Annual Investment Return* assumption is displayed under the general heading *Assumptions with Fiscal Year Basis*.

Expenditures

Medical/Rx

This expenditure is comprised of projected claim expenses for each of the following self-funded plans.

- Pre-Medicare Retiree Premier Medical
- Pre-Medicare Retiree Value Medical
- Pre-Medicare Retiree Prescription Drug Claims and Dispensing Fees
- Pre-Medicare Spouse Premier Medical
- Pre-Medicare Spouse Value Medical
- Pre-Medicare Spouse Prescription Drug Claims and Dispensing Fees
- Pre-Medicare Dependent Premier Medical
- Pre-Medicare Dependent Value Medical
- Pre-Medicare Dependent Prescription Drug Claims and Dispensing Fees
- Medicare Supplement Medical
- Medicare EGWP Prescription Drug Claims and Dispensing Fees

Madalena Consulting, LLC, who maintains NMRHCA's data warehouse under subcontract to Segal Consulting, provided the historical paid claims and membership information which serves as the experience base for our baseline projections.

Claims per member per month are projected individually for each plan. To do so, the historical paid claims experience base is adjusted to reflect the baseline year known plan provisions, and the claims trend assumption is applied from the midpoint of the experience base to the midpoint of the baseline projection period. Claims in each subsequent projection year are developed by applying the respective calendar year claims trend and benefit modification assumptions itemized under the general heading *Assumptions with Calendar Year Basis* and the sub-heading *Self-funded Plan Benefit Modifications effective 1/1*. Individual annual claims trend assumptions are applied during the first fifteen projection years, with a constant trend assumption applied in projection years sixteen through thirty-two. Individual annual benefit modification assumptions are applied during each of all thirty-two projection years.

Membership is projected by plan for pre-Medicare members and Medicare-eligible members at the growth rates displayed under the general heading *Assumptions with Fiscal Year Basis*. The basis of the assumed rates of change is an open valuation projection of covered lives, based on assumptions consistent with those utilized in the July 1, 2014 valuation of NMRHCA's liability for Other Post-Employment Benefits under the Governmental Accounting Standards Board's Statement Number 43 and adjusted to reflect the impact of changes effective January 1, 2021 to

subsidy levels on the basis of age and years of creditable service. Total annual medical and prescription drug claims are calculated directly by multiplying projected per member per month paid claims by projected member months.

Finally, projected Medical/Rx Expenditures are offset by projected prescription drug rebates. Pre-Medicare and EGWP plan prescription drug rebates are projected individually, with baseline information provided by ESI. Prescription drug rebate trend is applied on a fiscal year basis, and is based on actual contract provisions to the extent known. Prescription drug rebate trend is displayed in the last two rows under the general heading *Assumptions with Fiscal Year Basis*. The annual rate of change for projection years 1-4 may be based on actual contract terms. Membership is projected separately for pre-Medicare members and Medicare-eligible members at the rates displayed under the general heading *Assumptions with Fiscal Year Basis*. The basis of the assumed rates of change is an open valuation projection of covered lives, based on assumptions consistent with those utilized in the July 1, 2014 valuation of NMRHCA's liability for Other Post-Employment Benefits under the Governmental Accounting Standards Board's Statement Number 43 and adjusted to reflect the impact of changes effective January 1, 2021 to subsidy levels on the basis of age and years of creditable service. Total annual prescription drug rebates are calculated directly by multiplying projected rebates per member per month by projected member months.

Consistent with the methodology used in the prior year, new Medicare retirees are assumed to automatically enroll into a Medicare Advantage plan. Presbyterian pre-Medicare members assumed to enroll into the richer United HealthCare (UHC) Medicare Advantage plan while BCBSNM pre-Medicare members assumed to enroll into the richer Humana Medicare Advantage plan, with 50 percent opting to enroll in the Medicare Supplement plan.

Basic Life

Basic life premium is conservatively assumed to remain flat (i.e. no mortality assumption is used), as basic life coverage is no longer provided to new retirees. The portion of the Basic life premium paid by NMRHCA is scheduled to decrease from 50% in calendar year 2019 by 25% annually until it reaches 0% in calendar year 2021. NMRHCA staff provides baseline basic life premiums.

Ancillary Premiums

The *Ancillary Premiums* expenditures are comprised of supplemental life insurance, dental, and vision premiums. NMRHCA staff provides baseline annual ancillary premium expenditures. Baseline premiums are assumed to increase annually at constant rates by line of coverage for all thirty-two projection years as well as by the combined pre-Medicare and Medicare retiree growth rate. The pre-Medicare and Medicare combined retiree growth rate is a member-weighted average of the individual growth rates displayed under the general heading *Assumptions with Fiscal Year Basis*.

Specifically, the following premium rate increases were assumed to apply in all thirty-two projection years:

- Supplemental Life: 0.0%
- Dental: 6.0%
- Vision: 5.0%

ASO & HC Reform Fees

The *ASO & HC Reform Fees* expenditures are comprised of several fees associated with Network, Claims Administration, Utilization and Care Management Programs, and Wellness Services.

Specifically, this expenditure projection includes the following components:

- BCBSNM pre-Medicare Network Access and Claims Administration
- BCBSNM pre-Medicare Disease Management
- BCBSNM pre-Medicare Wellness Services
- BCBSNM Medicare Supplement plan Claims Administration
- PHP pre-Medicare Network Access and Claims Administration
- PHP pre-Medicare Disease Management
- PHP Wellness Services
- ESI pre-Medicare per member per month Administration fee
- ESI pre-Medicare per member per month Advanced Opioid Management Program fee
- ESI EGWP per Rx Administration fee
- ESI EGWP per member per month Administration fee
- ESI EGWP per member per month Advanced Opioid Management Program fee

The annual rate of change for the fees paid to BCBSNM, PHP, and ESI are based on actual contract provisions to the extent known, with all fees assumed to increase 2.0% per annum thereafter.

Membership is projected by carrier for pre-Medicare members and Medicare-eligible members at the growth rates displayed under the general heading *Assumptions with Fiscal Year Basis*. The basis of the assumed rates of change is an open valuation projection of covered lives, based on assumptions consistent with those utilized in the July 1, 2014 valuation of NMRHCA's liability for Other Post-Employment Benefits under the Governmental Accounting Standards Board's Statement Number 43 and adjusted to reflect the impact of changes effective January 1, 2021 to subsidy levels on the basis of age and years of creditable service. Total annual *ASO & HC Reform Fees* are calculated directly by multiplying projected per member per month fees by projected member months.

Program Support

NMRHCA staff provided the approved FY2020 Program Support budget. The budget for Program Support is assumed to increase 2.5% per annum.

Total Expenditures

Total Expenditures equals the sum of *Medical/Rx*, *Basic Life*, *Ancillary Premiums*, *ASO & HC Reform Fees*, and *Program Support*.

End of Year Invested Assets

End of Year Invested Assets equals *Beginning of Year Invested Assets* plus *Total Revenue* less *Total Expenditures* plus *Investment Income*.

Projected Year of Insolvency

The projected year of insolvency is the fiscal year during which *End of Year Invested Assets* becomes negative. Projection years during which *Total Revenue* exceeds *Total Expenditures* are shaded green. Projection years during which *Total Expenditures* exceeds *Total Revenue* but the program would be able to continue operations during at least a partial year are shaded yellow.

Based on the July 1, 2019 Baseline Assumptions and the methodology described herein, as applied to claims and membership information through March 31, 2019, the projected year of insolvency was estimated to be fiscal year 2044.

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

Assumption	Prior Assumption July 2014	Prior Assumption July 2015	Prior Assumption July 2016	Prior Assumption July 2017	Current Assumption July 2018	Current Assumption July 2019
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 May 31, 2019 fund balance of $684,913,335 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.	FY2020 Rebates of $31,566,468 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

Assumption	Prior Assumption July 2014	Prior Assumption July 2015	Prior Assumption July 2016	Prior Assumption July 2017	Current Assumption July 2018	Current Assumption July 2019
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

Assumption	Prior Assumption July 2014	Prior Assumption July 2015	Prior Assumption July 2016	Prior Assumption July 2017	Current Assumption July 2018	Current Assumption July 2019
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
July 2019 Long-Term Solvency Modeling
Sensitivity to Specific Assumption Changes within Baseline Scenario

Scenario Summary	Baseline Scenario	Low Trend: -1%	High Trend: +1%	Low Payroll Growth: -0.5%	High FY2020 Medicare Advantage Premium Increase	Very High FY2020 Medicare Advantage Premium Increase
Changing Cells:						
Non-Medicare Medical Claims Trend	8.00%	7.00%	9.00%	8.00%	8.00%	8.00%
Medicare Medical Claims Trend	8.00%	7.00%	9.00%	8.00%	8.00%	8.00%
Annual Payroll Growth - Starting CY2022	3.00%	3.00%	3.00%	2.50%	3.00%	3.00%
Humana Medicare Advantage Premium Increase - CY2020	30.00%	30.00%	30.00%	30.00%	33.00%	36.00%
BCBS Medicare Advantage Premium Increase - CY2020	12.00%	12.00%	12.00%	12.00%	13.20%	14.40%
Presbyterian Medicare Advantage Premium Increase - CY2020	15.00%	15.00%	15.00%	15.00%	16.50%	18.00%
United Healthcare Medicare Advantage Premium Increase - CY2020	20.00%	20.00%	20.00%	20.00%	22.00%	24.00%
Non-Medicare Rate Increase - CY2020	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Non-Medicare Rate Increase - CY2021 to CY2023	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Medicare Supplement Rate Increase - CY2020	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Medicare Supplement Rate Increase - CY2021 to CY2033	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Annual Investment Return	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%
Result Cells:						
Projected Year of Deficit Spending	2023	2024	2022	2023	2023	2023
Projected Year of Fiscal Insolvency	2044	Exceeds Projection Period	2038	2042	2044	2044
Assets as of July 1, 2043	$102,019,626	$1,932,573,992	($1,166,163,404)	($305,063,800)	$57,414,146	$12,808,666

Scenario Summary	Baseline Scenario	High Short-term Non-Medicare Rate Increase: +1%	Low Short-term Non-Medicare Rate Increase: -1%	High Short-term Medicare Supplement Rate Change: +1%	Low Short-Term Medicare Supplement Rate Change: -1%	Low Investment Return: -1%	Very Low Investment Return: -2%
Changing Cells:							
Non-Medicare Medical Claims Trend	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Medicare Medical Claims Trend	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Annual Payroll Growth - Starting CY2022	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Humana Medicare Advantage Premium Increase - CY2020	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
BCBS Medicare Advantage Premium Increase - CY2020	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%
Presbyterian Medicare Advantage Premium Increase - CY2020	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
United Healthcare Medicare Advantage Premium Increase - CY2020	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Non-Medicare Rate Increase - CY2020	7.00%	8.00%	6.00%	7.00%	7.00%	7.00%	7.00%
Non-Medicare Rate Increase - CY2021 to CY2023	8.00%	9.00%	7.00%	8.00%	8.00%	8.00%	8.00%
Medicare Supplement Rate Increase - CY2020	5.00%	5.00%	5.00%	6.00%	4.00%	5.00%	5.00%
Medicare Supplement Rate Increase - CY2021 to CY2033	6.00%	6.00%	6.00%	7.00%	5.00%	6.00%	6.00%
Annual Investment Return	7.25%	7.25%	7.25%	7.25%	7.25%	6.25%	5.25%
Result Cells:							
Projected Year of Deficit Spending	2023	2023	2022	2023	2022	2023	2023
Projected Year of Fiscal Insolvency	2044	Exceeds Projection Period	2043	Exceeds Projection Period	2040	2041	2039
Assets as of July 1, 2043	$102,019,626	$299,152,711	($87,884,491)	$940,068,899	($577,731,014)	($362,045,100)	($671,110,668)

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New Mexico Retiree Health Care Authority Long-Tem Solvency Modeling

Projected Year of Insolvency: FYE2044

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								
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	Rev. - Exp. Excluding Inv. Income	Fiscal Year End	EOY Invested Assets
7/1/2019	$684,913,335	$88,969,782	$44,484,891	$146,462,591	$33,093,930	$29,406,967	$28,965,850	$374,296	$371,758,307	$51,090,294	$281,283,385	$1,123,211	$33,093,930	$13,561,142	$3,135,900	$332,197,568	$39,560,739	6/30/2020	$775,564,368
7/1/2020	$775,564,368	$88,969,782	$44,484,891	$160,265,675	$35,366,319	$32,935,804	$31,047,346	$371,780	$393,441,596	$57,150,346	$315,009,154	$374,404	$35,366,319	$14,044,875	$3,214,298	$368,009,049	$25,432,547	6/30/2021	$858,147,261
7/1/2021	$858,147,261	$91,638,875	$45,819,438	$175,176,053	$37,951,782	$36,888,100	$32,129,857	$370,645	$419,974,750	$62,778,773	$348,665,973	$0	$37,951,782	$14,528,642	$3,294,655	$404,441,051	$15,533,699	6/30/2022	$936,459,733
7/1/2022	$936,459,733	$94,388,042	$47,194,021	$193,082,675	$40,982,922	$41,314,672	$33,131,013	$380,272	$450,473,616	$67,946,563	$389,466,376	$0	$40,982,922	$15,178,812	$3,377,021	$449,005,131	$1,468,485	6/30/2023	$1,005,874,781
7/1/2023	$1,005,874,781	$97,219,683	$48,609,841	$209,356,416	$43,757,923	$46,272,433	$34,105,978	$374,870	$479,697,144	$72,521,104	$427,901,639	$0	$43,757,923	$15,743,530	$3,461,447	$490,864,538	($11,167,395)	6/30/2024	$1,067,228,490
7/1/2024	$1,067,228,490	$100,136,273	$50,068,137	$223,363,077	$46,499,472	$51,825,124	$34,938,662	$369,114	$507,199,859	$76,647,924	$460,961,275	$0	$46,499,472	$16,222,606	$3,547,983	$527,231,336	($20,031,477)	6/30/2025	$1,123,844,938
7/1/2025	$1,123,844,938	$103,140,362	$51,570,181	$240,502,780	$50,094,639	$58,044,139	$35,893,920	$373,974	$539,619,994	$80,359,245	$499,913,444	$0	$50,094,639	$16,858,358	$3,636,683	$570,503,124	($30,883,129)	6/30/2026	$1,173,321,053
7/1/2026	$1,173,321,053	$106,234,573	$53,117,286	$257,916,985	$53,414,797	$65,009,436	$36,762,508	$371,557	$572,827,142	$83,552,425	$539,989,928	$0	$53,414,797	$17,442,453	$3,727,600	$614,574,778	($41,747,635)	6/30/2027	$1,215,125,842
7/1/2027	$1,215,125,842	$109,421,610	$54,710,805	$275,446,406	$56,811,247	$72,810,568	$37,603,783	$365,427	$607,169,846	$86,214,309	$580,497,660	$0	$56,811,247	$17,966,077	$3,820,790	$659,095,773	($51,925,927)	6/30/2028	$1,249,414,223
7/1/2028	$1,249,414,223	$112,704,258	$56,352,129	$296,637,901	$60,974,154	$81,547,837	$38,405,114	$372,596	$646,993,989	$88,175,278	$629,894,517	$0	$60,974,154	$18,615,992	$3,916,309	$713,400,972	($66,406,982)	6/30/2029	$1,271,182,519
7/1/2029	$1,271,182,519	$116,085,386	$58,042,693	$317,898,930	$64,792,208	$91,333,577	$39,045,786	$372,270	$687,570,850	$89,232,059	$680,363,964	$0	$64,792,208	$19,191,460	$4,014,217	$768,361,849	($80,790,999)	6/30/2030	$1,279,623,579
7/1/2030	$1,279,623,579	$119,567,947	$59,783,974	$343,017,300	$69,678,781	$102,293,606	$39,657,919	$386,792	$734,386,319	$89,161,545	$740,305,039	$0	$69,678,781	$19,906,249	$4,114,573	$834,004,642	($99,618,323)	6/30/2031	$1,269,166,801
7/1/2031	$1,269,166,801	$123,154,986	$61,577,493	$369,014,645	$74,328,220	$114,568,839	$40,176,743	$394,734	$783,215,660	$87,695,046	$803,242,802	$0	$74,328,220	$20,587,128	$4,217,437	$902,375,587	($119,159,927)	6/30/2032	$1,237,701,920
7/1/2032	$1,237,701,920	$126,849,635	$63,424,818	$395,322,671	$79,070,291	$128,317,100	$40,621,741	$400,343	$834,006,598	$84,710,339	$867,976,376	$0	$79,070,291	$21,203,964	$4,322,873	$972,573,504	($138,566,905)	6/30/2033	$1,183,845,354
7/1/2033	$1,183,845,354	$130,655,124	$65,327,562	$420,978,889	$84,524,594	$143,715,152	$41,114,099	$410,368	$886,725,788	$80,222,395	$930,534,645	$0	$84,524,594	$21,894,727	$4,430,945	$1,041,384,911	($154,659,123)	6/30/2034	$1,109,408,626
7/1/2034	$1,109,408,626	$134,574,778	$67,287,389	$444,583,992	$90,530,762	$160,960,970	$41,522,875	$426,742	$939,887,508	$74,461,181	$986,867,184	$0	$90,530,762	$22,663,548	$4,541,718	$1,104,603,212	($164,715,704)	6/30/2035	$1,019,154,103
7/1/2035	$1,019,154,103	$138,612,021	$69,306,011	$465,413,314	$95,995,324	$180,276,286	$41,977,058	$426,446	$992,006,460	$67,814,471	$1,035,629,640	$0	$95,995,324	$23,290,403	$4,655,261	$1,159,570,627	($167,564,167)	6/30/2036	$919,404,407
7/1/2036	$919,404,407	$142,770,382	$71,385,191	$487,468,999	$102,006,132	$201,909,441	$42,531,944	$426,557	$1,048,498,646	$60,548,461	$1,086,323,410	$0	$102,006,132	$23,903,907	$4,771,643	$1,217,005,092	($168,506,446)	6/30/2037	$811,446,422
7/1/2037	$811,446,422	$147,053,494	$73,526,747	$509,906,588	$107,989,668	$226,138,574	$42,936,925	$427,204	$1,107,979,199	$52,775,780	$1,137,630,765	$0	$107,989,668	$24,477,100	$4,890,934	$1,274,988,467	($167,009,268)	6/30/2038	$697,212,935
7/1/2038	$697,212,935	$151,465,098	$75,732,549	$532,515,829	$114,110,676	$253,275,203	$43,385,612	$421,681	$1,170,906,648	$44,682,664	$1,188,584,355	$0	$114,110,676	$24,999,065	$5,013,207	$1,332,707,303	($161,800,655)	6/30/2039	$580,094,944
7/1/2039	$580,094,944	$156,009,051	$78,004,526	$557,628,243	$120,939,315	$283,668,227	$43,830,886	$421,702	$1,240,501,950	$36,424,185	$1,244,235,720	$0	$120,939,315	$25,573,157	$5,138,537	$1,395,886,730	($155,384,780)	6/30/2040	$461,134,349
7/1/2040	$461,134,349	$160,689,323	$80,344,661	$585,693,699	$128,402,463	$317,708,414	$44,257,547	$424,543	$1,317,520,650	$28,059,812	$1,305,844,768	$0	$128,402,463	$26,211,345	$5,267,001	$1,465,725,576	($148,204,926)	6/30/2041	$340,989,234
7/1/2041	$340,989,234	$165,510,003	$82,755,001	$616,999,657	$136,799,483	$355,833,424	$44,604,753	$435,107	$1,402,937,427	$19,634,535	$1,374,128,970	$0	$136,799,483	$26,946,413	$5,398,676	$1,543,273,542	($140,336,115)	6/30/2042	$220,287,655
7/1/2042	$220,287,655	$170,475,303	$85,237,651	$650,128,959	$145,520,956	$398,533,435	$44,889,593	$444,786	$1,495,230,682	$11,274,923	$1,446,025,741	$0	$145,520,956	$27,693,295	$5,533,643	$1,624,773,634	($129,542,952)	6/30/2043	$102,019,626
7/1/2043	$102,019,626	$175,589,562	$87,794,781	$685,285,012	$154,883,634	$446,357,447	$45,130,628	$456,483	$1,595,497,546	$3,285,129	$1,522,127,192	$0	$154,883,634	$28,460,463	$5,671,984	$1,711,143,273	($115,645,727)	6/30/2044	($10,340,972)
7/1/2044	($10,340,972)	$180,857,249	$90,428,624	$722,613,858	$164,886,907	$499,920,340	$45,368,086	$468,487	$1,704,543,551	$0	$1,602,440,265	$0	$164,886,907	$29,255,838	$5,813,783	$1,802,396,793	($97,853,241)	6/30/2045	($108,194,213)
7/1/2045	($108,194,213)	$186,282,966	$93,141,483	$762,639,932	$175,575,038	$559,910,781	$45,615,149	$480,808	$1,823,646,157	$0	$1,688,069,910	$0	$175,575,038	$30,077,743	$5,959,128	$1,899,681,819	($76,035,662)	6/30/2046	($184,229,875)
7/1/2046	($184,229,875)	$191,871,455	$95,935,727	$805,342,486	$186,995,355	$627,100,075	$45,872,205	$493,452	$1,953,610,757	$0	$1,778,994,252	$0	$186,995,355	$30,927,212	$6,108,106	$2,003,024,925	($49,414,169)	6/30/2047	($233,644,044)
7/1/2047	($233,644,044)	$197,627,599	$98,813,799	$851,240,573	$199,198,466	$702,352,084	$46,139,655	$506,429	$2,095,878,604	$0	$1,875,954,336	$0	$199,198,466	$31,805,322	$6,260,809	$2,113,218,932	($17,340,328)	6/30/2048	($250,984,372)
7/1/2048	($250,984,372)	$203,556,427	$101,778,213	$900,733,954	$212,238,483	$786,634,334	$46,417,914	$519,747	$2,251,879,072	$0	$1,979,235,017	$0	$212,238,483	$32,713,194	$6,417,329	$2,230,604,022	$21,275,050	6/30/2049	($229,709,322)
7/1/2049	($229,709,322)	$209,663,119	$104,831,560	$954,046,814	$226,173,266	$881,030,454	$46,707,417	$533,416	$2,422,986,046	$0	$2,089,406,604	$0	$226,173,266	$33,652,001	$6,577,762	$2,355,809,634	$67,176,413	6/30/2050	($162,532,910)
7/1/2050	($162,532,910)	$215,953,013	$107,976,506	$1,011,631,649	$241,064,687	$986,754,109	$47,008,612	$547,444	$2,610,936,021	$0	$2,207,355,573	$0	$241,064,687	$34,622,965	$6,742,206	$2,489,785,432	$121,150,589	6/30/2051	($41,382,321)

Assumptions with Fiscal Year Basis:	**FY2020**	**FY2021**	**FY2022**	**FY2023**	**FY2024**	**FY2025**	**FY2026**	**FY2027**	**FY2028**	**FY2029**	**FY2030**	**FY2031**	**FY2032**	**FY2033**	**FY2034**	**FY2035+**
Public Safety, et al Annual Payroll Growth	4.00%	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Other Occupations Annual Payroll Growth	4.00%	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Public Safety, et al Employer Rate	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Public Safety, et al Employee Rate	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%
Other Occupations Employer Rate	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Other Occupations Employee Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Annual Investment Return	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%
Annual Growth in Retirees under age 65	0.42%	-0.68%	-0.97%	2.60%	-1.42%	-1.54%	1.32%	-0.65%	-1.65%	1.96%	-0.09%	3.90%	2.05%	1.42%	2.50%	varies
Annual Growth in Retirees age 65+	4.80%	3.76%	4.05%	3.40%	3.36%	2.59%	3.27%	2.54%	2.57%	2.34%	1.71%	1.75%	1.34%	1.15%	1.34%	varies
Non-Medicare Prescription Drug Rebate Trend	7.57%	8.26%	0.64%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Medicare Prescription Drug Rebate Trend	11.63%	0.95%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Assumptions with Calendar Year Basis:	**CY2020**	**CY2021**	**CY2022**	**CY2023**	**CY2024**	**CY2025**	**CY2026**	**CY2027**	**CY2028**	**CY2029**	**CY2030**	**CY2031**	**CY2032**	**CY2033**	**CY2034**	**CY2035+**
Non-Medicare Medical Claims Trend	9.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Non-Medicare Prescription Drug Claims Trend	10.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Medicare Medical Claims Trend	9.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Medicare Prescription Drug Claims Trend	10.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Annual Growth in EGWP Direct Subsidy	-3.49%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Annual Growth in Coverage Gap Discount Program Revenue	14.41%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Annual Growth in EGWP Federal Reinsurance	4.89%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Annual Growth in EGWP Low Income Subsidy	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Humana Medicare Advantage Premium Increase	30.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
BCBS Medicare Advantage Premium Increase	12.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Presbyterian Medicare Advantage Premium Increase	15.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
United Healthcare Medicare Advantage Premium Increase	20.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%

Self-funded Plan Benefit Modifications effective 1/1:	**CY2020**	**CY2021**	**CY2022**	**CY2023**	**CY2024**	**CY2025**	**CY2026**	**CY2027**	**CY2028**	**CY2029**	**CY2030**	**CY2031**	**CY2032**	**CY2033**	**CY2034**	**CY2035**
Non-Medicare Premier	0.00%	0.00%	0.00%	0.00%	-3.07%	-5.33%	-5.09%	-5.10%	-5.07%	-4.71%	-4.83%	-4.87%	-4.69%	-4.85%	-4.86%	-4.60%
Non-Medicare Value	0.00%	0.00%	0.00%	0.00%	-3.07%	-5.33%	-5.09%	-5.10%	-5.07%	-4.71%	-4.83%	-4.87%	-4.69%	-4.85%	-4.86%	-4.60%
Non-Medicare Prescription Drug	0.00%	0.00%	0.00%	0.00%	-3.07%	-5.33%	-5.09%	-5.10%	-5.07%	-4.71%	-4.83%	-4.87%	-4.69%	-4.85%	-4.86%	-4.60%
Medicare Supplement	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-3.60%	-4.87%
Medicare Prescription Drug	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-3.60%	-4.87%

Member Rate-Share for Self-funded Plans effective 1/1:	**CY2020**	**CY2021**	**CY2022**	**CY2023**	**CY2024**	**CY2025**	**CY2026**	**CY2027**	**CY2028**	**CY2029**	**CY2030**	**CY2031**	**CY2032**	**CY2033**	**CY2034**	**CY2035+**
Non-Medicare Retiree Rate Share (20+ years of service)	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%
Non-Medicare Spouse Rate Share (20+ years of service)	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%
Medicare Retiree Rate Share (20+ years of service)	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*
Medicare Spouse Rate Share (20+ years of service)	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*

Premium Rates for Self-funded Plans effective 1/1:	**CY2020**	**CY2021**	**CY2022**	**CY2023**	**CY2024**	**CY2025**	**CY2026**	**CY2027**	**CY2028**	**CY2029**	**CY2030**	**CY2031**	**CY2032**	**CY2033**	**CY2034**	**CY2035**
Non-Medicare Retiree % Increase	7.00%	8.00%	8.00%	8.00%	4.00%	2.67%	2.91%	2.90%	2.93%	3.29%	3.17%	3.13%	3.31%	3.15%	3.14%	3.40%
Non-Medicare Spouse % Increase	7.00%	8.00%	8.00%	8.00%	4.00%	2.67%	2.91%	2.90%	2.93%	3.29%	3.17%	3.13%	3.31%	3.15%	3.14%	3.40%
Non-Medicare Child % Increase	7.00%	8.00%	8.00%	8.00%	4.00%	2.67%	2.91%	2.90%	2.93%	3.29%	3.17%	3.13%	3.31%	3.15%	3.14%	3.40%
Medicare Supplement % Increase	5.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	2.40%	1.13%

New Mexico Retiree Health Care Authority Long-Tem Solvency Modeling

Projected Year of Insolvency: FYE2043

Scenario: Baseline - Alternative (CY2020 6% Non-Medicare & 4% Medicare Supplement Rate Increase)

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 6% in CY2020, 8% in CY2021-2023, and net 8% with plan changes thereafter, Medicare Rate Increase of 4% 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								
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	Rev. - Exp. Excluding Inv. Income	Fiscal Year End	EOY Invested Assets
7/1/2019	$684,913,335	$88,969,782	$44,484,891	$145,838,985	$33,093,930	$29,406,967	$28,965,850	$374,296	$371,134,701	$51,067,688	$281,283,385	$1,123,211	$33,093,930	$13,561,142	$3,135,900	$332,197,568	$38,937,134	6/30/2020	$774,918,157
7/1/2020	$774,918,157	$88,969,782	$44,484,891	$158,962,059	$35,366,319	$32,935,804	$31,047,346	$371,780	$392,137,980	$57,056,240	$315,009,154	$374,404	$35,366,319	$14,044,875	$3,214,298	$368,009,049	$24,128,931	6/30/2021	$856,103,328
7/1/2021	$856,103,328	$91,638,875	$45,819,438	$173,761,745	$37,951,782	$36,888,100	$32,129,857	$370,645	$418,560,442	$62,579,319	$348,665,973	$0	$37,951,782	$14,528,642	$3,294,655	$404,441,051	$14,119,391	6/30/2022	$932,802,038
7/1/2022	$932,802,038	$94,388,042	$47,194,021	$191,532,911	$40,982,922	$41,314,672	$33,131,013	$380,272	$448,923,853	$67,625,201	$389,466,376	$0	$40,982,922	$15,178,812	$3,377,021	$449,005,131	($81,279)	6/30/2023	$1,000,345,961
7/1/2023	$1,000,345,961	$97,219,683	$48,609,841	$207,690,276	$43,757,923	$46,272,433	$34,105,978	$374,870	$478,031,003	$72,059,867	$427,901,639	$0	$43,757,923	$15,743,530	$3,461,447	$490,864,538	($12,833,535)	6/30/2024	$1,059,572,293
7/1/2024	$1,059,572,293	$100,136,273	$50,068,137	$221,603,949	$46,499,472	$51,825,124	$34,938,662	$369,114	$505,440,731	$76,029,082	$460,961,275	$0	$46,499,472	$16,222,606	$3,547,983	$527,231,336	($21,790,605)	6/30/2025	$1,113,810,770
7/1/2025	$1,113,810,770	$103,140,362	$51,570,181	$238,627,744	$50,094,639	$58,044,139	$35,893,920	$373,974	$537,744,958	$79,563,797	$499,913,444	$0	$50,094,639	$16,858,358	$3,636,683	$570,503,124	($32,758,166)	6/30/2026	$1,160,616,401
7/1/2026	$1,160,616,401	$106,234,573	$53,117,286	$255,927,054	$53,414,797	$65,009,436	$36,762,508	$371,557	$570,837,211	$82,559,202	$539,989,928	$0	$53,414,797	$17,442,453	$3,727,600	$614,574,778	($43,737,567)	6/30/2027	$1,199,438,037
7/1/2027	$1,199,438,037	$109,421,610	$54,710,805	$273,345,625	$56,811,247	$72,810,568	$37,603,783	$365,427	$605,069,065	$85,000,789	$580,497,660	$0	$56,811,247	$17,966,077	$3,820,790	$659,095,773	($54,026,708)	6/30/2028	$1,230,412,118
7/1/2028	$1,230,412,118	$112,704,258	$56,352,129	$294,397,665	$60,974,154	$81,547,837	$38,405,114	$372,596	$644,753,753	$86,716,417	$629,894,517	$0	$60,974,154	$18,615,992	$3,916,309	$713,400,972	($68,647,218)	6/30/2029	$1,248,481,316
7/1/2029	$1,248,481,316	$116,085,386	$58,042,693	$315,521,750	$64,792,208	$91,333,577	$39,045,786	$372,270	$685,193,669	$87,500,049	$680,363,964	$0	$64,792,208	$19,191,460	$4,014,217	$768,361,849	($83,168,179)	6/30/2030	$1,252,813,186
7/1/2030	$1,252,813,186	$119,567,947	$59,783,974	$340,472,997	$69,678,781	$102,293,606	$39,657,919	$386,792	$731,842,016	$87,125,561	$740,305,039	$0	$69,678,781	$19,906,249	$4,114,573	$834,004,642	($102,162,626)	6/30/2031	$1,237,776,121
7/1/2031	$1,237,776,121	$123,154,986	$61,577,493	$366,299,924	$74,328,220	$114,568,839	$40,176,743	$394,734	$780,500,939	$85,320,813	$803,242,802	$0	$74,328,220	$20,587,128	$4,217,437	$902,375,587	($121,874,648)	6/30/2032	$1,201,222,286
7/1/2032	$1,201,222,286	$126,849,635	$63,424,818	$392,439,931	$79,070,291	$128,317,100	$40,621,741	$400,343	$831,123,858	$81,961,066	$867,976,376	$0	$79,070,291	$21,203,964	$4,322,873	$972,573,504	($141,449,645)	6/30/2033	$1,141,733,707
7/1/2033	$1,141,733,707	$130,655,124	$65,327,562	$417,943,912	$84,524,594	$143,715,152	$41,114,099	$410,368	$883,690,811	$77,059,283	$930,534,645	$0	$84,524,594	$21,894,727	$4,430,945	$1,041,384,911	($157,694,100)	6/30/2034	$1,061,098,889
7/1/2034	$1,061,098,889	$134,574,778	$67,287,389	$441,422,725	$90,530,762	$160,960,970	$41,522,875	$426,742	$936,726,241	$70,844,129	$986,867,184	$0	$90,530,762	$22,663,548	$4,541,718	$1,104,603,212	($167,876,971)	6/30/2035	$964,066,047
7/1/2035	$964,066,047	$138,612,021	$69,306,011	$462,162,257	$95,995,324	$180,276,286	$41,977,058	$426,446	$988,755,403	$63,702,737	$1,035,629,640	$0	$95,995,324	$23,290,403	$4,655,261	$1,159,570,627	($170,815,224)	6/30/2036	$856,953,560
7/1/2036	$856,953,560	$142,770,382	$71,385,191	$484,130,120	$102,006,132	$201,909,441	$42,531,944	$426,557	$1,045,159,767	$55,899,740	$1,086,323,410	$0	$102,006,132	$23,903,907	$4,771,643	$1,217,005,092	($171,845,325)	6/30/2037	$741,007,975
7/1/2037	$741,007,975	$147,053,494	$73,526,747	$506,481,451	$107,989,668	$226,138,574	$42,936,925	$427,204	$1,104,554,062	$47,544,831	$1,137,630,765	$0	$107,989,668	$24,477,100	$4,890,934	$1,274,988,467	($170,434,405)	6/30/2038	$618,118,401
7/1/2038	$618,118,401	$151,465,098	$75,732,549	$529,015,837	$114,110,676	$253,275,203	$43,385,612	$421,681	$1,167,406,656	$38,821,436	$1,188,584,355	$0	$114,110,676	$24,999,065	$5,013,207	$1,332,707,303	($165,300,647)	6/30/2039	$491,639,189
7/1/2039	$491,639,189	$156,009,051	$78,004,526	$554,041,827	$120,939,315	$283,668,227	$43,830,886	$421,702	$1,236,915,534	$29,881,135	$1,244,235,720	$0	$120,939,315	$25,573,157	$5,138,537	$1,395,886,730	($158,971,196)	6/30/2040	$362,549,129
7/1/2040	$362,549,129	$160,689,323	$80,344,661	$582,005,187	$128,402,463	$317,708,414	$44,257,547	$424,543	$1,313,832,137	$20,778,675	$1,305,844,768	$0	$128,402,463	$26,211,345	$5,267,001	$1,465,725,576	($151,893,439)	6/30/2041	$231,434,365
7/1/2041	$231,434,365	$165,510,003	$82,755,001	$613,188,326	$136,799,483	$355,833,424	$44,604,753	$435,107	$1,399,126,097	$11,553,647	$1,374,128,970	$0	$136,799,483	$26,946,413	$5,398,676	$1,543,273,542	($144,147,445)	6/30/2042	$98,840,566
7/1/2042	$98,840,566	$170,475,303	$85,237,651	$646,188,218	$145,520,956	$398,533,435	$44,889,593	$444,786	$1,491,289,941	$2,652,609	$1,446,025,741	$0	$145,520,956	$27,693,295	$5,533,643	$1,624,773,634	($133,483,694)	6/30/2043	($31,990,518)
7/1/2043	($31,990,518)	$175,589,562	$87,794,781	$681,207,625	$154,883,634	$446,357,447	$45,130,628	$456,483	$1,591,420,159	$0	$1,522,127,192	$0	$154,883,634	$28,460,463	$5,671,984	$1,711,143,273	($119,723,115)	6/30/2044	($151,713,632)
7/1/2044	($151,713,632)	$180,857,249	$90,428,624	$718,395,346	$164,886,907	$499,920,340	$45,368,086	$468,487	$1,700,325,039	$0	$1,602,440,265	$0	$164,886,907	$29,255,838	$5,813,783	$1,802,396,793	($102,071,754)	6/30/2045	($253,785,386)
7/1/2045	($253,785,386)	$186,282,966	$93,141,483	$758,273,302	$175,575,038	$559,910,781	$45,615,149	$480,808	$1,819,279,527	$0	$1,688,069,910	$0	$175,575,038	$30,077,743	$5,959,128	$1,899,681,819	($80,402,291)	6/30/2046	($334,187,677)
7/1/2046	($334,187,677)	$191,871,455	$95,935,727	$800,822,538	$186,995,355	$627,100,075	$45,872,205	$493,452	$1,949,090,809	$0	$1,778,994,252	$0	$186,995,355	$30,927,212	$6,108,106	$2,003,024,925	($53,934,117)	6/30/2047	($388,121,794)
7/1/2047	($388,121,794)	$197,627,599	$98,813,799	$846,558,988	$199,198,466	$702,352,084	$46,139,655	$506,429	$2,091,197,019	$0	$1,875,954,336	$0	$199,198,466	$31,805,322	$6,260,809	$2,113,218,932	($22,021,913)	6/30/2048	($410,143,707)
7/1/2048	($410,143,707)	$203,556,427	$101,778,213	$895,880,559	$212,238,483	$786,634,334	$46,417,914	$519,747	$2,247,025,677	$0	$1,979,235,017	$0	$212,238,483	$32,713,194	$6,417,329	$2,230,604,022	$16,421,655	6/30/2049	($393,722,052)
7/1/2049	($393,722,052)	$209,663,119	$104,831,560	$949,011,389	$226,173,266	$881,030,454	$46,707,417	$533,416	$2,417,950,622	$0	$2,089,406,604	$0	$226,173,266	$33,652,001	$6,577,762	$2,355,809,634	$62,140,988	6/30/2050	($331,581,064)
7/1/2050	($331,581,064)	$215,953,013	$107,976,506	$1,006,401,970	$241,064,687	$986,754,109	$47,008,612	$547,444	$2,605,706,342	$0	$2,207,355,573	$0	$241,064,687	$34,622,965	$6,742,206	$2,489,785,432	$115,920,910	6/30/2051	($215,660,154)

Assumptions with Fiscal Year Basis:	**FY2020**	**FY2021**	**FY2022**	**FY2023**	**FY2024**	**FY2025**	**FY2026**	**FY2027**	**FY2028**	**FY2029**	**FY2030**	**FY2031**	**FY2032**	**FY2033**	**FY2034**	**FY2035+**
Public Safety, et al Annual Payroll Growth	4.00%	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Other Occupations Annual Payroll Growth	4.00%	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Public Safety, et al Employer Rate	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Public Safety, et al Employee Rate	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%
Other Occupations Employer Rate	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Other Occupations Employee Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Annual Investment Return	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%
Annual Growth in Retirees under age 65	0.42%	-0.68%	-0.97%	2.60%	-1.42%	-1.54%	1.32%	-0.65%	-1.65%	1.96%	-0.09%	3.90%	2.05%	1.42%	2.50%	varies
Annual Growth in Retirees age 65+	4.80%	3.76%	4.05%	3.40%	3.36%	2.59%	3.27%	2.54%	2.57%	2.34%	1.71%	1.75%	1.34%	1.15%	1.34%	varies
Non-Medicare Prescription Drug Rebate Trend	7.57%	8.26%	0.64%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Medicare Prescription Drug Rebate Trend	11.63%	0.95%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Assumptions with Calendar Year Basis:	**CY2020**	**CY2021**	**CY2022**	**CY2023**	**CY2024**	**CY2025**	**CY2026**	**CY2027**	**CY2028**	**CY2029**	**CY2030**	**CY2031**	**CY2032**	**CY2033**	**CY2034**	**CY2035+**
Non-Medicare Medical Claims Trend	9.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Non-Medicare Prescription Drug Claims Trend	10.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Medicare Medical Claims Trend	9.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Medicare Prescription Drug Claims Trend	10.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Annual Growth in EGWP Direct Subsidy	-3.49%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Annual Growth in Coverage Gap Discount Program Revenue	14.41%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Annual Growth in EGWP Federal Reinsurance	4.89%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Annual Growth in EGWP Low Income Subsidy	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Humana Medicare Advantage Premium Increase	30.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
BCBS Medicare Advantage Premium Increase	12.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Presbyterian Medicare Advantage Premium Increase	15.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
United Healthcare Medicare Advantage Premium Increase	20.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%

Self-funded Plan Benefit Modifications effective 1/1:	**CY2020**	**CY2021**	**CY2022**	**CY2023**	**CY2024**	**CY2025**	**CY2026**	**CY2027**	**CY2028**	**CY2029**	**CY2030**	**CY2031**	**CY2032**	**CY2033**	**CY2034**	**CY2035**
Non-Medicare Premier	0.00%	0.00%	0.00%	0.00%	-3.07%	-5.33%	-5.09%	-5.10%	-5.07%	-4.71%	-4.83%	-4.87%	-4.69%	-4.85%	-4.86%	-4.60%
Non-Medicare Value	0.00%	0.00%	0.00%	0.00%	-3.07%	-5.33%	-5.09%	-5.10%	-5.07%	-4.71%	-4.83%	-4.87%	-4.69%	-4.85%	-4.86%	-4.60%
Non-Medicare Prescription Drug	0.00%	0.00%	0.00%	0.00%	-3.07%	-5.33%	-5.09%	-5.10%	-5.07%	-4.71%	-4.83%	-4.87%	-4.69%	-4.85%	-4.86%	-4.60%
Medicare Supplement	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-3.60%	-4.87%
Medicare Prescription Drug	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-3.60%	-4.87%

Member Rate-Share for Self-funded Plans effective 1/1:	**CY2020**	**CY2021**	**CY2022**	**CY2023**	**CY2024**	**CY2025**	**CY2026**	**CY2027**	**CY2028**	**CY2029**	**CY2030**	**CY2031**	**CY2032**	**CY2033**	**CY2034**	**CY2035+**
Non-Medicare Retiree Rate Share (20+ years of service)	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%
Non-Medicare Spouse Rate Share (20+ years of service)	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%
Medicare Retiree Rate Share (20+ years of service)	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*
Medicare Spouse Rate Share (20+ years of service)	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*

Premium Rates for Self-funded Plans effective 1/1:	**CY2020**	**CY2021**	**CY2022**	**CY2023**	**CY2024**	**CY2025**	**CY2026**	**CY2027**	**CY2028**	**CY2029**	**CY2030**	**CY2031**	**CY2032**	**CY2033**	**CY2034**	**CY2035**
Non-Medicare Retiree % Increase	6.00%	8.00%	8.00%	8.00%	4.00%	2.67%	2.91%	2.90%	2.93%	3.29%	3.17%	3.13%	3.31%	3.15%	3.14%	3.40%
Non-Medicare Spouse % Increase	6.00%	8.00%	8.00%	8.00%	4.00%	2.67%	2.91%	2.90%	2.93%	3.29%	3.17%	3.13%	3.31%	3.15%	3.14%	3.40%
Non-Medicare Child % Increase	6.00%	8.00%	8.00%	8.00%	4.00%	2.67%	2.91%	2.90%	2.93%	3.29%	3.17%	3.13%	3.31%	3.15%	3.14%	3.40%
Medicare Supplement % Increase	4.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	2.40%	1.13%

NEW MEXICO
RETIREE
HEALTH CARE
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2020 Plan Recommendations

Summary of Recommended Changes 2019 / 2020

- 2019 Plan Rates
  - Premier Plan – 8 percent
  - Value Plan – 8 percent
  - Medicare Supplement – 6 percent
- 2019 Pre-Medicare Plan Design
  - 3rd Tier Coverage
  - Bundled Payment Agreement
- Prescription Drug Copays
  - Brand Increase
- Addition of SaveOn Program
- Addition of Naturally Slim Program
- Pilot Project w/Ground Rounds
  - Expert Medical Opinions
- 2020 Plan Rates
  - Premier Plan – 7 percent
  - Value Plan – 7 percent
  - Medicare Supplement – 5 percent
- 2020 Pre-Medicare Plan Design
  - No Change
- Prescription Drug Copays
  - Patient Assistance Program
- Medicare Advantage
  - Health Insurance Tax
  - Medicare Part D Rule Change
- Additional Considerations
  - Medicare Part D Rule Change
  - Livongo
    - Diabetes Management Program
- 2020 Medical, Dental and Vision RFP

Summary of Recommended Changes: 2010-2019

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/Elimintation												
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	Elimininations of OTC Prescriptions								X	X	X	X	X
23	Increase Prescription Drug Copays			Mail Order Coinsurance							Brand Copay	TBD	TBD
24	Voluntary Smart 90 Program									Walgreens/Mail Order			
25	Flat copays for certain procedures (Presbyterian)						MRI/PET/CT				Bundled Agreements	TBD	TBD
26	Introduction 3rd Tier Coverage (BCBS)										X		
27	Eliminate Premier Plus Plan							$300 deductible / $3500 OOP Max					
28	Create Value Plan							$1500 deductible / $5500 OOP Max					
29	Increase Premier Plan Cost Share							$800 deductible / $4500 OOP Max					

2020 Proposed Plan Design Changes

Non-Medicare Premier PPO Plans ($279.01 per month)

- No Change

Non-Medicare Value HMO Plans ($217.95 per month)

- No Change

Medicare Supplement Plan ($222.56 per month)

- No Change

Medicare Advantage Plans (TBD)

- TBD

Non-Medicare Premier/Value Plans

- Patient Assurance Program

2020 Proposed Monthly Plan Rates
Solvency 2044 / Deficit Spend 2023

Pre-Medicare Plans – 7% /Medicare Supplement – 5%

	2019	2020	Monthly Difference	Annual Difference
BCBS/Presbyterian Premier				
Retiree	$ 260.76	$ 279.01	$ 18.25	$ 219.03
Spouse/Domestic Partner	$ 494.92	$ 529.56	$ 34.64	$ 415.73
Child	$ 253.11	$ 270.83	$ 17.72	$ 212.61
BCBS/Presbyterian Value				
Retiree	$ 203.69	$ 217.95	$ 14.26	$ 171.10
Spouse/Domestic Partner	$ 386.58	$ 413.64	$ 27.06	$ 324.73
Child	$ 197.37	$ 211.19	$ 13.82	$ 165.79

	2019	2020	Monthly Difference	Annual Difference
Medicare Supplement				
Retiree	$211.96	$222.56	$10.60	$127.17
Spouse/Domestic Partner	$317.94	$333.83	$15.90	$190.76
Dependent Child	$423.92	$445.11	$21.20	$254.35

2020 Proposed Monthly Plan Rates – "Alternative" Solvency 2043 / Deficit Spend 2022

Pre-Medicare Plans – 6% /Medicare Supplement – 4%

	2019	2020	Monthly Difference	Annual Difference
BCBS/Presbyterian Premier				
Retiree	$ 260.76	$ 276.41	$ 15.65	$ 187.75
Spouse/Domestic Partner	$ 494.92	$ 524.62	$ 29.70	$ 356.34
Child	$ 253.11	$ 268.30	$ 15.19	$ 182.24
BCBS/Presbyterian Value				
Retiree	$ 203.69	$ 215.91	$ 12.22	$ 146.66
Spouse/Domestic Partner	$ 386.58	$ 409.77	$ 23.19	$ 278.34
Child	$ 197.37	$ 209.21	$ 11.84	$ 142.11

	2019	2020	Monthly Difference	Annual Difference
Medicare Supplement				
Retiree	$211.96	$220.44	$8.48	$101.74
Spouse/Domestic Partner	$317.94	$330.66	$12.72	$152.61
Dependent Child	$423.92	$440.88	$16.96	$203.48

Participation by Plan

Enrollment Counts
July 1, 2019

Description	Retiree	Spouse	Dependent	Grand Total
BCBS Premier	4,773	1,579	819	7,171
Presbyterian Premier	3,267	717	482	4,466
BCBS Value Plan	493	226	138	857
Presbyterian Value Plan	1,658	659	422	2,739
BCBS Medicare Supplemental Plan	17,562	5,516	16	23,094
BCBS Medicare Advantage I	1,733	759	2	2,494
BCBS Medicare Advantage II	940	388	3	1,331
Humana Medicare Advantage I	289	112		401
Humana Medicare Advantage II	301	112		413
Presbyterian Medicare Advantage I	4,704	1,480	4	6,188
Presbyterian Medicare Advantage II	1,248	428	2	1,678
United Healthcare Medicare Advantage I	1,302	507	1	1,810
United Healthcare Medicare Advantage II	1,430	529	4	1,963
Grand Total	39,700	13,012	1,893	54,605
Voluntary	5,610	2,624	628	8,862
Total Enrollment	45,310	15,636	2,521	63,467
Non-Medicare				15,233
Medicare				39,372

Supplemental Information

	Retirees & Beneficiaries	Average Annual Pension	Average Monthly Pension	Premier PPO Retiree	Percent of Monthly Income	Premier PPO Retiree + Spouse	Percent of Monthly Income	Premier PPO Retiree + Spouse + Dep	Percent of Monthly Income
State General	18,770	$ 28,180	$ 2,348	$ 279.01	12%	$ 808.57	34%	$ 1,079.40	46%
State Police	1,553	$ 32,114	$ 2,676	$ 279.01	10%	$ 808.57	30%	$ 1,079.40	40%
Municipal General	13,515	$ 25,973	$ 2,164	$ 279.01	13%	$ 808.57	37%	$ 1,079.40	50%
Muncipal Police	3,598	$ 39,082	$ 3,257	$ 279.01	9%	$ 808.57	25%	$ 1,079.40	33%
Municipal Fire	1,938	$ 41,415	$ 3,451	$ 279.01	8%	$ 808.57	23%	$ 1,079.40	31%
Judicial	174	$ 61,904	$ 5,159	$ 279.01	5%	$ 808.57	16%	$ 1,079.40	21%
Magistrate	104	$ 37,501	$ 3,125	$ 279.01	9%	$ 808.57	26%	$ 1,079.40	35%
ERB	48,919	$ 23,520	$ 1,960	$ 279.01	14%	$ 808.57	41%	$ 1,079.40	55%

	Retirees & Beneficiaries	Average Annual Pension	Average Monthly Pension	Value HMO Retiree	Percent of Monthly Income	Value HMO Retiree + Spouse	Percent of Monthly Income	Value HMO Retiree + Spouse + Dep	Percent of Monthly Income
State General	18,770	$ 28,180	$ 2,348	$ 217.95	9%	$ 631.59	27%	$ 842.78	36%
State Police	1,553	$ 32,114	$ 2,676	$ 217.95	8%	$ 631.59	24%	$ 842.78	31%
Municipal General	13,515	$ 25,973	$ 2,164	$ 217.95	10%	$ 631.59	29%	$ 842.78	39%
Muncipal Police	3,598	$ 39,082	$ 3,257	$ 217.95	7%	$ 631.59	19%	$ 842.78	26%
Municipal Fire	1,938	$ 41,415	$ 3,451	$ 217.95	6%	$ 631.59	18%	$ 842.78	24%
Judicial	174	$ 61,904	$ 5,159	$ 217.95	4%	$ 631.59	12%	$ 842.78	16%
Magistrate	104	$ 37,501	$ 3,125	$ 217.95	7%	$ 631.59	20%	$ 842.78	27%
ERB	48,919	$ 23,520	$ 1,960	$ 217.95	11%	$ 631.59	32%	$ 842.78	43%

Pension amounts shown: PERA/ERB 2018 CAFRs

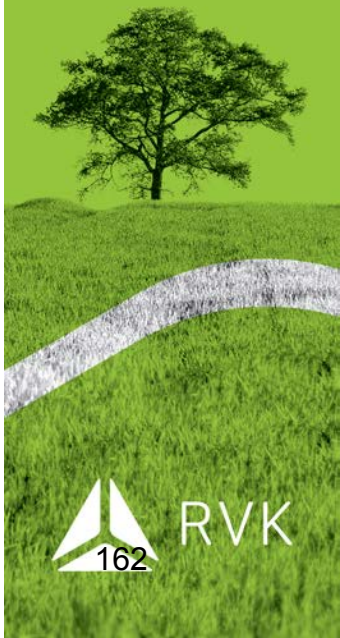
Plan Premiums for individual member per month with employer subsidy of 64%	**Premier PPO -** $260.76 (BCBS Tier 1 and Both plans Tier 2)	**Value Plan HMO -** $203.69	**SONM HMO -** $193.42	**SONM PPO -** $224.94	**NMPSIA High Option -** $245.58, $198.60	**NMPSIA EPO -** $221.02	**NMPSIA Low Option -** $190.81, $154.33
Annual Deductible	$500 to $800/Individual	$1,500/Individual	$350 or $425/Individual	$500/Individual	$750/Individual	$500/Individual	$2,000/Individual
Annual Out-of-Pocket Limit	$3,000 to 4,500/Individual	$5,500/Individual	$3,750 or $4,000/Individual	$4,000/Individual	$3,750/Individual	$3,250/Individual	$3,750/Individual
Office Services	Primary - $20 or $30 Specialist - $35 to $45	Primary -$35 Specialist - $55	Primary -$25 or $35 Specialist - $45 or $50	Primary -$40 Specialist - $60	Primary -$30 Specialist - $50	Primary -$25 Specialist - $35	Primary -$35 Specialist - $60
Preventive Services	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%
Related testing (includes routine Pap test, mammograms, colonoscopy, physicals, etc.) & immunization (deductible waived)	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%
Lab, X-Ray, and Pathology	Plan pays 100%	Plan pays 100%	20% or 25%	30%	$30 freestanding lab/ radiology or actual allowed or $60 hospital outpatient or actual allowed, (which ever is less per day)	$25 freestanding lab/ radiology or actual allowed or $50 hospital outpatient or actual allowed, (which ever is less per day)	$35 freestanding lab/ radiology or actual allowed or $70 hospital outpatient or actual allowed, (which ever is less per day)
Emergency Room	$125	$175	$275 or $300	$325	$150 copay plus 20%	$150 copay then 20%	$150 copay plus 25%
Urgent Care Facility	$35	$40	$55 or $60	$65	$50	$45	$60
Ambulance Services	10% or 25%	30%	$30 Ground/$100 Air	20%	$30	$25	25%
High-Tech Radiology (MRI, PET & CT)	10%, 25% or $100 office/ freestanding radiology	30% or $125 office/ freestanding radiology	20% to max $200 per test or 25% up to max $250 per test	25% to max $300 per test	$600 copay or 20% which ever is less per day	$500 copay or 20% which ever is less per day	$700 copay or 25% which ever is less per day
Rehabilitation Inpatient or Outpatient (Occupational, Physical, and Speech)	10% or 25% / $30 Physical therapy services outpatient as alternative to surgery	30% / $35 Physical therapy services outpatient as alternative to surgery	$600 or $700 Inpatient/$45 Outpatient	$1,250 Inpatient/ $55 Outpatient	$500 copay plus 20% Inpatient/ $50 up to $500 then no charge rest of year Outpatient	$500 copay plus 20% Inpatient/ $35 up to $350 then no charge rest of year Outpatient	25%
Alternative (chiropractic, acupuncture, etc.)	10% or 25%	30%	$50 or $55, max 25 combined visits a year	$60, max 25 combined visits a year	$50, combined max 30 visits	$35, combined max 30 visits	25%, combined max 30 visits
Hospitalization - Inpatient	10% or 25%	30%	$600 or $700 per admission	$1,250 per admission	$500 facility copay per admission plus 20%	$500 facility copay per admission plus 20%	25%
Surgery - Outpatient	10% or 25%	30%	20% or 25%	25%	$150 copay plus 20%	$150 copay plus 20% after deductible	25%
Majority of Other Covered Services	10% or 25%	30%	Vary	Vary	Vary	Vary	25%

Quarterly Investment Performance Analysis

New Mexico State Investment Council

Period Ended: March 31, 2019

Total Fund



General Market Commentary

- Risk assets and fixed income markets performed well over the first quarter, largely driven by a more accommodative stance by the FOMC.
- At its March meeting, the FOMC maintained policy rates in the range of 2.25% to 2.50%. Interest rates declined notably over the period amidst signs of weakness in economic growth and a continued lack of inflationary pressure.
- Equity markets posted positive returns for the quarter as the S&P 500 (Cap Wtd) Index returned 13.65% and the MSCI EAFE (Net) Index returned 9.98%. Emerging markets returned 9.93% as measured by the MSCI EM (Net) Index.
- The Bloomberg US Aggregate Bond Index returned 2.94% over the quarter, outperforming the 1.59% return by the Bloomberg US Treasury Int Term Index.
- The Cambridge US Private Equity Index returned 10.61% for the trailing one-year period and 11.82% for the trailing five-year period ending December 2018.
- Real estate strategies, as measured by the NCREIF ODCE Index (Net), returned 1.20% for the quarter and 6.55% over the trailing one-year period.

Land Grant Asset Allocation vs. Interim Target

	Asset Allocation ($)	Asset Allocation (%)	Interim Target (%)	Differences (%)	Long-Term Target (%)
Land Grant TF Composite	18,077,666,747	100.00	100.00	0.00	100.00
US Equity	4,083,747,201	22.59	24.00	-1.41	20.00
Non-US Equity	3,861,044,108	21.36	20.00	1.36	20.00
Core Fixed Income	2,738,890,013	15.15	11.00	4.15	10.00
Non-Core Fixed Income	1,764,972,281	9.76	14.00	-4.24	15.00
Private Equity	2,103,641,110	11.64	10.00	1.64	11.00
Real Estate	1,657,673,889	9.17	10.00	-0.83	12.00
Real Return	1,530,141,482	8.46	10.00	-1.54	12.00
Cash Equivalent	337,556,662	1.87	1.00	0.87	0.00

NMSIC Performance Attribution Summary

- The Land Grant's interim strategic asset allocation remains the primary driver of absolute returns experienced over the last 3 years, with exposure to public and private equity continuing to be the most significant contributor.
- Manager excess performance, especially from Real Return and Fixed Income managers, contributed positively to the Fund's relative performance. Asset class structures contributed to, while deviations from the interim policy targets modestly detracted from, relative performance.
- Over the past year, public and private equity exposure has driven the majority of absolute returns experienced, with US and private equity contributing to, and Non-US Equity detracting from, absolute returns.
- Deviations from the interim policy targets detracted from relative performance. In aggregate, asset class structures and manager performance had a neutral impact on relative performance.
- MFS Int'l Large Cap Growth, BlackRock Alpha Tilts, and T. Rowe Price LC Growth provided the largest relative performance among NMSIC's active managers. Seizert Capital Partners, Donald Smith & Company, and T. Rowe Price Int'l Core trailed their benchmarks by the largest margin among NMSIC's active managers.

*Severance Tax (Ex ETI) Asset Allocation vs. Interim Target

	Asset Allocation ($)	Asset Allocation (%)	Interim Target (%)	Differences (%)	Long-Term Target (%)
Severance Tax TF Composite	5,166,706,005	100.00	100.00	0.00	100.00
US Equity	1,181,365,600	22.86	25.00	-2.14	20.00
Non-US Equity	1,162,139,496	22.49	20.00	2.49	20.00
Core Fixed Income	728,520,956	14.10	12.00	2.10	12.00
Non-Core Fixed Income	432,835,743	8.38	12.00	-3.62	12.00
Private Equity	606,248,805	11.73	10.00	1.73	12.00
Real Estate	494,893,826	9.58	10.00	-0.42	12.00
Real Return	444,541,563	8.60	10.00	-1.40	12.00
Cash Equivalent	116,160,017	2.25	1.00	1.25	0.00

	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years
NMSIC Total Fund Composite	**6.35**	**6.35**	**3.13**	**4.27**	**8.81**	**6.37**	**7.78**	**9.65**
Land Grant Total Fund Composite	**6.31**	**6.31**	**3.10**	**4.07**	**8.82**	**6.35**	**7.76**	**9.70**
Land Grant Interim Policy Index	*6.55*	*6.55*	*3.10*	*4.14*	*8.01*	*6.21*	*7.44*	*10.31*
Difference	-0.24	-0.24	0.00	-0.07	0.81	0.14	0.32	-0.61
Severance Tax Total Fund Composite	**6.33**	**6.33**	**3.09**	**4.90**	**8.74**	**6.33**	**7.64**	**9.37**
Severance Tax Interim Policy Index	*6.66*	*6.66*	*3.15*	*4.23*	*8.13*	*6.28*	*7.49*	*10.22*
Difference	-0.33	-0.33	-0.06	0.67	0.61	0.05	0.15	-0.85

NMSIC Total Fund - Schedule of Investable Assets

Periods Ending	Beginning Market Value ($)	Net Cash Flow ($)	Gain/Loss ($)	Ending Market Value ($)	% Return
CYTD	**23,241,124,893**	**-87,079,407**	**1,475,107,557**	**24,629,153,042**	**6.35**

Performance shown is gross of fees. Total Fund Composite gross performance is a mix of gross and net performance due to the valuation and reporting nature of underlying alternative investments. Performance is annualized for periods greater than one year. Fiscal year ends June 30.
*Severance Tax target allocation excludes economically targeted investments.

	Allocation		Performance (%)										
	Market Value ($)	%	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	10 Years	2018	2017	2016	2015
NMSIC Total Fund Composite	**24,629,153,042**	**100.00**	**6.31**	**6.31**	**3.05**	**4.10**	**8.63**	**6.19**	**9.44**	**-1.70**	**14.87**	**7.42**	**0.14**
Land Grant Total Fund Composite	**18,077,666,747**	**73.40**	**6.27**	**6.27**	**3.02**	**3.89**	**8.63**	**6.18**	**9.50**	**-1.78**	**15.10**	**7.37**	**0.07**
Land Grant Interim Policy Index			*6.55*	*6.55*	*3.10*	*4.14*	*8.01*	*6.21*	*10.31*	*-2.07*	*13.97*	*7.29*	*0.84*
Difference			-0.28	-0.28	-0.08	-0.25	0.62	-0.03	-0.81	0.29	1.13	0.08	-0.77
Severance Tax Total Fund Composite	**5,210,379,694**	**21.16**	**6.29**	**6.29**	**3.01**	**4.73**	**8.56**	**6.16**	**9.17**	**-1.21**	**13.97**	**7.36**	**0.56**
Severance Tax Interim Policy Index			*6.66*	*6.66*	*3.15*	*4.23*	*8.13*	*6.28*	*10.22*	*-2.02*	*14.12*	*7.35*	*0.85*
Difference			-0.37	-0.37	-0.14	0.50	0.43	-0.12	-1.05	0.81	-0.15	0.01	-0.29
Global Equity Composite	**10,943,534,625**	**44.43**	**12.18**	**12.18**	**1.11**	**1.34**	**10.86**	**7.14**	**12.59**	**-10.16**	**24.50**	**8.69**	**-1.42**
Global Equity Custom Index			*12.11*	*12.11*	*1.64*	*2.54*	*11.14*	*7.48*	*13.61*	*-9.21*	*23.82*	*9.17*	*-1.57*
Difference			0.07	0.07	-0.53	-1.20	-0.28	-0.34	-1.02	-0.95	0.68	-0.48	0.15
US Equity Composite	**5,693,485,966**	**23.12**	**13.28**	**13.28**	**4.28**	**7.41**	**12.89**	**9.53**	**14.55**	**-5.75**	**20.95**	**11.78**	**0.43**
Russell 3000 Index			*14.04*	*14.04*	*4.70*	*8.77*	*13.49*	*10.36*	*16.00*	*-5.24*	*21.13*	*12.74*	*0.48*
Difference			-0.76	-0.76	-0.42	-1.36	-0.60	-0.83	-1.45	-0.51	-0.18	-0.96	-0.05
Non-US Equity Composite	**5,250,048,659**	**21.32**	**10.85**	**10.85**	**-2.50**	**-5.33**	**8.38**	**2.69**	**8.75**	**-15.02**	**30.37**	**3.38**	**-5.68**
Non-US Equity Custom Index			*10.31*	*10.31*	*-2.42*	*-4.96*	*7.94*	*2.54*	*8.84*	*-14.76*	*27.81*	*4.41*	*-5.90*
Difference			0.54	0.54	-0.08	-0.37	0.44	0.15	-0.09	-0.26	2.56	-1.03	0.22
Core Fixed Income Composite	**3,841,357,702**	**15.60**	**3.19**	**3.19**	**4.49**	**4.41**	**3.30**	**3.37**	**N/A**	**0.23**	**4.74**	**4.95**	**-0.12**
Bloomberg US Agg Bond Index			*2.94*	*2.94*	*4.65*	*4.48*	*2.03*	*2.74*	*3.77*	*0.01*	*3.54*	*2.65*	*0.55*
Difference			0.25	0.25	-0.16	-0.07	1.27	0.63	N/A	0.22	1.20	2.30	-0.67
Non-Core Fixed Income Composite	**2,314,346,152**	**9.40**	**0.99**	**0.99**	**1.77**	**2.42**	**5.76**	**3.42**	**N/A**	**2.88**	**7.86**	**4.16**	**-0.61**
Non-Core Fixed Income Custom Index			*3.65*	*3.65*	*2.45*	*3.31*	*6.92*	*4.19*	*8.50*	*-0.81*	*6.16*	*12.14*	*-2.00*
Difference			-2.66	-2.66	-0.68	-0.89	-1.16	-0.77	N/A	3.69	1.70	-7.98	1.39
Cash Equivalent Composite	**454,559,086**	**1.85**	**0.93**	**0.93**	**2.00**	**2.43**	**1.42**	**0.90**	**-0.01**	**1.80**	**1.24**	**0.39**	**0.12**
ICE BofAML 3 Mo US T-Bill Index			*0.60*	*0.60*	*1.66*	*2.12*	*1.19*	*0.74*	*0.43*	*1.87*	*0.86*	*0.33*	*0.05*
Difference			0.33	0.33	0.34	0.31	0.23	0.16	-0.44	-0.07	0.38	0.06	0.07

Performance shown is net of fees and calculated using investment manager fee schedules through the third quarter of 2015. Performance beyond the third quarter of 2015 is calculated using investment manager fees reported in New Mexico SIC Investment Holdings Reports. During periods of no fee accruals, gross and net performance will be the same. Performance is annualized for periods greater than one year. Fiscal year ends June 30. *Indicates performance is lagged 1 quarter.

	Allocation		Performance (%)										
	Market Value ($)	%	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	10 Years	2018	2017	2016	2015
Private Equity Composite (Ex. State)*	**2,383,886,814**	**9.68**	**0.14**	**0.14**	**8.56**	**10.20**	**12.03**	**9.59**	**8.83**	**14.05**	**15.93**	**7.39**	**5.73**
Cambridge US Prvt Eq Index (Lagged 1 Qtr)			*-1.66*	*-1.66*	*7.56*	*10.61*	*14.04*	*11.82*	*13.95*	*18.58*	*17.48*	*8.88*	*6.14*
Difference			1.80	1.80	1.00	-0.41	-2.01	-2.23	-5.12	-4.53	-1.55	-1.49	-0.41
Townsend-Reported Real Estate Composite*	**2,113,053,482**	**8.58**	**1.42**	**1.42**	**5.02**	**8.05**	**8.79**	**10.94**	**6.39**	**10.27**	**8.04**	**11.52**	**14.42**
NCREIF ODCE Index (Net) (Lagged 1 Qtr)			*1.52*	*1.52*	*5.29*	*7.36*	*7.27*	*9.41*	*6.01*	*7.71*	*6.70*	*9.08*	*13.86*
Difference			-0.10	-0.10	-0.27	0.69	1.52	1.53	0.38	2.56	1.34	2.44	0.56
NCREIF/Townsend Wtd Index (Lagged 1 Qtr)			*1.44*	*1.44*	*5.27*	*7.34*	*8.32*	*10.63*	*6.58*	*8.78*	*8.19*	*10.57*	*14.71*
Difference			-0.02	-0.02	-0.25	0.71	0.47	0.31	-0.19	1.49	-0.15	0.95	-0.29
Real Return Composite*	**2,010,740,506**	**8.16**	**3.77**	**3.77**	**2.08**	**5.40**	**7.60**	**3.15**	**N/A**	**1.88**	**5.74**	**9.30**	**-8.65**
Real Return Custom Index			*3.11*	*3.11*	*0.31*	*1.14*	*2.95*	*0.29*	*2.46*	*-1.70*	*3.27*	*6.23*	*-5.41*
Difference			0.66	0.66	1.77	4.26	4.65	2.86	N/A	3.58	2.47	3.07	-3.24
Financial Real Return Composite	**407,508,008**	**1.65**	**20.75**	**20.75**	**-1.90**	**4.23**	**5.70**	**1.08**	**N/A**	**-16.52**	**0.25**	**13.34**	**-10.53**
Townsend-Reported Real Return*	**1,522,123,698**	**6.18**	**0.16**	**0.16**	**2.38**	**4.29**	**8.94**	**5.51**	**N/A**	**7.06**	**10.69**	**9.94**	**-8.00**

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	Allocation		Performance (%)										
	Market Value ($)	%	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	10 Years	2018	2017	Since Incep.	Inception Date
NMSIC Total Fund Composite	**24,629,153,042**	**100.00**	**6.31**	**6.31**	**3.05**	**4.10**	**8.63**	**6.19**	**9.44**	**-1.70**	**14.87**	**5.17**	**01/01/2000**
US Equity Composite	**5,693,485,966**	**23.12**	**13.28**	**13.28**	**4.28**	**7.41**	**12.89**	**9.53**	**14.55**	**-5.75**	**20.95**	**6.25**	**05/01/1999**
Russell 3000 Index			*14.04*	*14.04*	*4.70*	*8.77*	*13.49*	*10.36*	*16.00*	*-5.24*	*21.13*	*6.27*	
US Large Cap Equity Composite	**5,175,923,581**	**21.02**	**13.42**	**13.42**	**5.26**	**8.36**	**13.23**	**10.25**	**14.44**	**-4.84**	**21.89**	**5.90**	**05/01/1999**
Russell 1000 Index			*14.00*	*14.00*	*5.54*	*9.30*	*13.52*	*10.63*	*16.05*	*-4.78*	*21.69*	*6.14*	
Brown Brothers Harriman	462,925,135	1.88	11.68	11.68	6.80	8.03	9.82	7.18	N/A	-6.51	19.64	11.64	06/01/2012
Russell 1000 Index			*14.00*	*14.00*	*5.54*	*9.30*	*13.52*	*10.63*	*16.05*	*-4.78*	*21.69*	*14.27*	
T. Rowe Price LC Growth	661,079,641	2.68	14.87	14.87	7.02	14.26	22.28	15.49	N/A	4.48	38.53	18.77	06/01/2012
Russell 1000 Grth Index			*16.10*	*16.10*	*6.61*	*12.75*	*16.53*	*13.50*	*17.52*	*-1.51*	*30.21*	*15.86*	
AQR US SPLO	1,078,859,952	4.38	13.10	13.10	3.82	5.00	N/A	N/A	N/A	-7.14	N/A	9.06	08/01/2017
Russell 1000 Index			*14.00*	*14.00*	*5.54*	*9.30*	*13.52*	*10.63*	*16.05*	*-4.78*	*21.69*	*10.74*	
NT SciBeta US HFE Index	768,640,433	3.12	13.14	13.14	5.47	7.51	N/A	N/A	N/A	-5.85	N/A	8.39	08/01/2017
Russell 1000 Index (0.85 Beta Adjusted)			*11.93*	*11.93*	*5.11*	*8.37*	*11.67*	*9.18*	*13.69*	*-3.67*	*18.34*	*9.48*	
NT Russell Fundamental LC Index Fund	521,482,872	2.12	12.46	12.46	3.54	7.04	11.31	N/A	N/A	-7.16	17.25	9.17	02/01/2015
Russell 1000 Val Index			*11.93*	*11.93*	*4.45*	*5.67*	*10.45*	*7.72*	*14.52*	*-8.27*	*13.66*	*7.88*	
NT Russell 1000 Index Fund	1,677,113,784	6.81	14.03	14.03	5.49	9.24	13.46	10.60	N/A	-4.86	21.58	12.93	08/01/2011
Russell 1000 Index			*14.00*	*14.00*	*5.54*	*9.30*	*13.52*	*10.63*	*16.05*	*-4.78*	*21.69*	*13.03*	
US Small/Mid Cap Equity Composite	**517,562,385**	**2.10**	**12.04**	**12.04**	**-5.46**	**-1.86**	**9.31**	**3.53**	**N/A**	**-14.60**	**12.61**	**7.14**	**05/01/2011**
US Small/Mid Cap Equity Custom Index			*15.18*	*15.18*	*-2.69*	*3.40*	*12.64*	*7.63*	*15.85*	*-10.40*	*15.84*	*9.55*	
Seizert Capital Partners	97,994,781	0.40	9.40	9.40	-3.17	-3.05	8.77	3.83	N/A	-10.23	6.77	11.76	01/01/2012
Russell Mid Cap Index			*16.54*	*16.54*	*3.55*	*6.47*	*11.82*	*8.81*	*16.88*	*-9.06*	*18.52*	*13.44*	
Donald Smith & Company	171,344,391	0.70	10.03	10.03	-6.79	-5.14	3.44	-0.56	N/A	-20.31	16.68	7.07	01/01/2012
Russell 2000 Val Index			*11.93*	*11.93*	*-7.51*	*0.17*	*10.86*	*5.59*	*14.12*	*-12.86*	*7.84*	*10.93*	
BlackRock Alpha Tilts	174,142,564	0.71	16.05	16.05	-3.62	4.71	13.25	7.47	N/A	-9.31	11.16	12.47	02/01/2012
Russell 2000 Index			*14.58*	*14.58*	*-5.29*	*2.05*	*12.92*	*7.05*	*15.36*	*-11.01*	*14.65*	*11.24*	
NT S&P 600 Index Fund	73,422,121	0.30	11.71	11.71	-6.67	1.62	N/A	N/A	N/A	-8.55	N/A	8.68	06/01/2017
S&P Sm Cap 600 Index (Cap Wtd)			*11.61*	*11.61*	*-6.63*	*1.57*	*12.55*	*8.45*	*17.00*	*-8.48*	*13.23*	*8.37*	

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	Allocation		Performance (%)										
	Market Value ($)	%	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	10 Years	2018	2017	Since Incep.	Inception Date
Non-US Equity Composite	**5,250,048,659**	**21.32**	**10.85**	**10.85**	**-2.50**	**-5.33**	**8.38**	**2.69**	**8.75**	**-15.02**	**30.37**	**4.90**	**05/01/1999**
Non-US Equity Custom Index			*10.31*	*10.31*	*-2.42*	*-4.96*	*7.94*	*2.54*	*8.84*	*-14.76*	*27.81*	*5.41*	
Non-US Developed Markets Composite	**4,281,191,381**	**17.38**	**10.77**	**10.77**	**-3.09**	**-4.41**	**8.05**	**3.37**	**9.24**	**-14.41**	**28.64**	**4.09**	**05/01/1999**
Non-US Developed Markets Custom Index			*10.08*	*10.08*	*-3.33*	*-4.57*	*7.30*	*2.47*	*9.03*	*-14.40*	*26.16*	*3.79*	
LSV Int'l Large Cap Value	577,830,571	2.35	8.70	8.70	-3.10	-7.77	8.22	1.38	N/A	-15.89	27.69	3.62	09/01/2013
MSCI ACW Ex US Val Index (USD) (Net)			*8.33*	*8.33*	*-1.61*	*-5.39*	*7.73*	*1.08*	*8.19*	*-13.97*	*22.66*	*3.25*	
T. Rowe Price Int'l Core	623,841,749	2.53	10.03	10.03	-5.14	-6.10	7.81	3.00	N/A	-15.42	28.44	5.20	09/01/2013
MSCI EAFE Index (USD) (Net)			*9.98*	*9.98*	*-2.51*	*-3.71*	*7.27*	*2.33*	*8.96*	*-13.79*	*25.03*	*4.55*	
Neuberger Berman Int'l	222,272,843	0.90	12.43	12.43	-4.14	-4.67	6.25	N/A	N/A	-16.24	27.68	4.76	12/01/2015
MSCI EAFE Index (USD) (Net)			*9.98*	*9.98*	*-2.51*	*-3.71*	*7.27*	*2.33*	*8.96*	*-13.79*	*25.03*	*5.12*	
MFS Int'l Large Cap Growth	537,582,237	2.18	12.87	12.87	1.81	4.36	11.57	6.53	N/A	-8.74	33.51	6.49	10/01/2013
MSCI ACW Ex US Grth Index (USD) (Net)			*12.31*	*12.31*	*-1.65*	*-3.05*	*8.42*	*4.01*	*9.47*	*-14.43*	*32.01*	*4.56*	
Templeton Int'l Small Cap Equity	366,288,515	1.49	13.70	13.70	-5.37	-8.57	7.32	3.54	N/A	-18.37	32.86	4.44	10/01/2013
MSCI ACW Ex US Sm Cap Index (USD) (Net)			*10.26*	*10.26*	*-7.07*	*-9.49*	*7.01*	*3.26*	*11.86*	*-18.20*	*31.65*	*4.46*	
BLK MSCI World Ex-US IM Custom Factor Index	775,965,232	3.15	10.86	10.86	-2.57	-3.57	N/A	N/A	N/A	-13.79	N/A	3.62	07/01/2017
MSCI Wrld Ex US IM Index (USD) (Net)			*10.52*	*10.52*	*-3.22*	*-3.97*	*7.29*	*2.40*	*9.23*	*-14.68*	*25.17*	*2.42*	
BLK FTSE Developed Ex US Min Var Index	253,820,932	1.03	7.91	7.91	-2.04	-2.48	7.16	N/A	N/A	-10.44	26.69	7.40	12/01/2015
FTSE Developed Ex US Min Var Index			*7.97*	*7.97*	*-2.00*	*-2.56*	*7.03*	*5.28*	*11.27*	*-10.65*	*26.77*	*7.31*	
Alliance Bernstein MSCI World Ex US IM Index	922,543,882	3.75	10.45	10.45	-3.18	-3.77	7.39	2.38	8.96	-14.36	25.79	5.07	06/01/1998
AB Non-US Developed Markets Custom Index			*10.52*	*10.52*	*-3.22*	*-3.97*	*7.30*	*2.34*	*8.96*	*-14.68*	*25.82*	*4.06*	
Non-US Emerging Markets Composite	**968,857,278**	**3.93**	**11.25**	**11.25**	**0.14**	**-8.61**	**10.52**	**2.95**	**8.10**	**-16.77**	**39.18**	**7.41**	**05/01/1999**
MSCI Emg Mkts Index (USD) (Net)			*9.93*	*9.93*	*0.60*	*-7.41*	*10.68*	*3.68*	*8.95*	*-14.58*	*37.28*	*7.79*	
BlackRock Emg Mkts Opp Fund	551,733,244	2.24	9.66	9.66	-0.25	-9.45	11.00	4.80	N/A	-16.07	38.97	4.26	10/01/2013
MSCI Emg Mkts Index (USD) (Net)			*9.93*	*9.93*	*0.60*	*-7.41*	*10.68*	*3.68*	*8.95*	*-14.58*	*37.28*	*3.60*	
William Blair Emg Mkts	340,767,444	1.38	14.68	14.68	0.76	-7.36	9.79	N/A	N/A	-18.51	41.43	8.69	12/01/2015
MSCI Emg Mkts Index (USD) (Net)			*9.93*	*9.93*	*0.60*	*-7.41*	*10.68*	*3.68*	*8.95*	*-14.58*	*37.28*	*10.65*	
Alliance Bernstein Emerging Markets Index	76,336,527	0.31	8.12	8.12	0.05	-8.23	10.03	3.10	N/A	-14.10	35.95	2.82	11/01/2012
MSCI Emg Mkts Index (USD) (Net)			*9.93*	*9.93*	*0.60*	*-7.41*	*10.68*	*3.68*	*8.95*	*-14.58*	*37.28*	*3.33*	

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	Allocation		Performance (%)										
	Market Value ($)	%	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	10 Years	2018	2017	Since Incep.	Inception Date
Fixed Income Composite	**6,155,703,855**	**24.99**	**2.39**	**2.39**	**3.57**	**3.75**	**4.32**	**3.63**	**6.41**	**1.35**	**5.70**	**4.96**	**05/01/1999**
Bloomberg US Unv Bond Index			*3.32*	*3.32*	*4.81*	*4.53*	*2.65*	*3.00*	*4.36*	*-0.25*	*4.09*	*4.99*	
Core Fixed Income Composite	**3,841,357,702**	**15.60**	**3.19**	**3.19**	**4.49**	**4.41**	**3.30**	**3.37**	**N/A**	**0.23**	**4.74**	**4.03**	**12/01/2010**
BlackRock Core Bonds Fund	1,114,679,073	4.53	2.13	2.13	4.12	4.22	1.94	N/A	N/A	0.84	3.33	2.31	11/01/2014
J.P. Morgan Asset Mgmt Short Duration	415,290,680	1.69	1.38	1.38	2.89	3.16	N/A	N/A	N/A	1.48	1.18	1.42	05/01/2016
Loomis Sayles Bloomberg US Universal	689,528,982	2.80	3.18	3.18	4.24	4.10	4.10	3.48	N/A	-0.05	5.00	4.47	04/01/2011
PIMCO Bloomberg US Universal	2,948,906	0.01	-0.65	-0.65	0.79	1.05	2.92	3.05	N/A	0.97	6.18	3.66	04/01/2011
PIMCO Investment Grade Active	365,813,792	1.49	5.47	5.47	6.66	5.62	N/A	N/A	N/A	-1.30	N/A	3.27	01/01/2018
PGIM Bloomberg US Universal	681,271,419	2.77	4.58	4.58	5.63	5.32	4.58	4.26	N/A	-0.25	6.92	5.20	04/01/2011
Shenkman HY Short Duration	571,824,781	2.32	3.97	3.97	4.25	N/A	N/A	N/A	N/A	N/A	N/A	4.64	05/01/2018
Bloomberg US Agg Bond Index			*2.94*	*2.94*	*4.65*	*4.48*	*2.03*	*2.74*	*3.77*	*0.01*	*3.54*	*7.30*	*01/01/1976*
Non-Core Fixed Income Composite	**2,314,346,152**	**9.40**	**0.99**	**0.99**	**1.77**	**2.42**	**5.76**	**3.42**	**N/A**	**2.88**	**7.86**	**5.58**	**12/01/2010**
Absolute Return Composite	88,703,625	0.36	0.90	0.90	3.44	3.81	6.01	2.84	4.35	5.16	8.59	2.79	09/01/2005
Non-Core Fixed Income Pool	842,703,678	3.42	0.34	0.34	1.81	2.47	13.49	8.74	18.84	4.41	5.03	4.61	04/01/2006
Rio Grande Fund LLC	701,065,184	2.85	0.14	0.14	2.06	3.33	7.40	5.09	N/A	4.65	9.47	5.09	04/01/2014
Unconstrained Fixed Income Pool	338,964,680	1.38	1.83	1.83	1.07	0.86	3.77	2.39	N/A	-0.76	5.31	2.32	11/01/2013
Bank Loan Pool	342,908,986	1.39	3.36	3.36	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.77	09/01/2018
Non-Core Fixed Income Custom Index			*3.65*	*3.65*	*2.45*	*3.31*	*6.92*	*4.19*	*8.50*	*-0.81*	*6.16*	*5.67*	*01/01/2005*
Cash Equivalent Composite	**454,559,086**	**1.85**	**0.93**	**0.93**	**2.00**	**2.43**	**1.42**	**0.90**	**-0.01**	**1.80**	**1.24**	**3.14**	**07/01/1988**
ICE BofAML 3 Mo US T-Bill Index			*0.60*	*0.60*	*1.66*	*2.12*	*1.19*	*0.74*	*0.43*	*1.87*	*0.86*	*3.21*	

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	Allocation		Performance (%)										
	Market Value ($)	%	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	10 Years	2018	2017	Since Incep.	Inception Date
Private Equity													
Private Equity Composite (Ex. State)*	**2,383,886,814**	**9.68**	**0.14**	**0.14**	**8.56**	**10.20**	**12.03**	**9.59**	**8.83**	**14.05**	**15.93**	**5.59**	**06/01/2001**
Cambridge US Prvt Eq Index (Lagged 1 Qtr)			*-1.66*	*-1.66*	*7.56*	*10.61*	*14.04*	*11.82*	*13.95*	*18.58*	*17.48*	*11.55*	
Real Estate													
Townsend-Reported Real Estate Composite*	**2,113,053,482**	**8.58**	**1.42**	**1.42**	**5.02**	**8.05**	**8.79**	**10.94**	**6.39**	**10.27**	**8.04**	**5.20**	**10/01/2004**
NCREIF ODCE Index (AWA) (Net) (Lagged 1 Qtr)			*1.52*	*1.52*	*5.29*	*7.36*	*7.27*	*9.41*	*6.01*	*7.71*	*6.70*	*7.12*	
NCREIF/Townsend Wtd Index (Lagged 1 Qtr)			*1.44*	*1.44*	*5.27*	*7.34*	*8.32*	*10.63*	*6.58*	*8.78*	*8.19*	*7.77*	
Real Return													
Real Return Composite*	**2,010,740,506**	**8.16**	**3.77**	**3.77**	**2.08**	**5.40**	**7.60**	**3.15**	**N/A**	**1.88**	**5.74**	**4.37**	**06/01/2012**
Real Return Custom Index			*3.11*	*3.11*	*0.31*	*1.14*	*2.95*	*0.29*	*2.46*	*-1.70*	*3.27*	*0.96*	
Financial Real Return Composite	**407,508,008**	**1.65**	**20.75**	**20.75**	**-1.90**	**4.23**	**5.70**	**1.08**	**N/A**	**-16.52**	**0.25**	**1.83**	**06/01/2013**
Real Return Custom Index			*3.11*	*3.11*	*0.31*	*1.14*	*2.95*	*0.29*	*2.46*	*-1.70*	*3.27*	*0.68*	
Harvest MLP	407,508,008	1.65	20.75	20.75	1.57	15.22	7.84	N/A	N/A	-13.55	-5.66	-5.02	05/01/2015
S&P MLP Index (TR)			*18.75*	*18.75*	*3.84*	*17.50*	*8.84*	*-3.86*	*11.01*	*-11.67*	*-5.58*	*-6.73*	
Townsend-Reported Real Return*	**1,522,123,698**	**6.18**	**0.16**	**0.16**	**2.38**	**4.29**	**8.94**	**5.51**	**N/A**	**7.06**	**10.69**	**9.06**	**04/01/2011**
ETI													
Economically Targeted Investments	**43,673,689**	**0.18**	**-1.37**	**-1.37**	**-0.95**	**4.14**	**2.49**	**3.19**	**0.49**	**5.17**	**-0.80**	**-0.75**	**07/01/1998**
ICE BofAML 3 Mo US T-Bill Index			*0.60*	*0.60*	*1.66*	*2.12*	*1.19*	*0.74*	*0.43*	*1.87*	*0.86*	*1.99*	
Severance Tax State PE Program*	**407,020,304**	**1.65**	**-1.07**	**-1.07**	**7.98**	**24.47**	**8.58**	**8.24**	**5.41**	**25.83**	**-4.28**	**-1.48**	**08/01/2001**
Cambridge US VC Index (Lagged 1 Qtr)			*1.71*	*1.71*	*13.60*	*18.04*	*9.69*	*12.76*	*12.80*	*19.63*	*8.18*	*4.24*	

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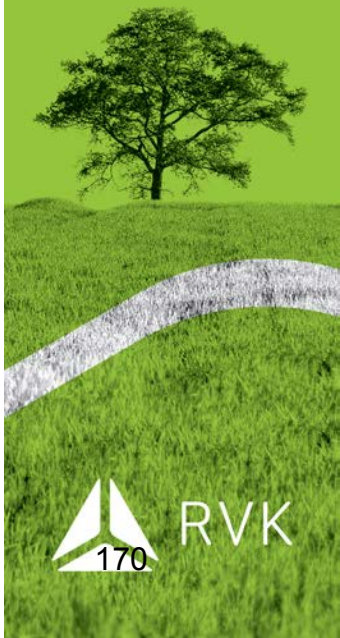
Third Party Investors



New Mexico State Investment Council (SIC) Client Investment Pools				
Market Cap/Style	Management	Benchmark	Annual Investment Management Fee	Underlying Investment Managers
Large Cap US Equity Active	Active	Russell 1000 Index	0.28%	Brown Brothers Harriman & T. Rowe Price
Large Cap US Equity Index	Passive	Russell 1000 Index	0.01%	Northern Trust
Small/Mid Cap US Equity Active	Active	US Small/Mid Cap Equity Custom Index	0.53%	Seizert, Donald Smith, & BlackRock
Non-US Developed Markets Active	Active	Non-US Dvl'd Mkts Custom Index	0.51%	LSV, T. Rowe Price, Neuberger Berman, MFS, & Templeton
Non-US Developed Markets Index	Passive	Non-US Dvl'd Mkts Passive Custom Index	0.04%	Alliance Bernstein
Non-US Emerging Markets Active	Active	MSCI Emg Mkts Index (Net)	0.63%	BlackRock & William Blair
Non-US Emerging Markets Index	Passive	MSCI Emg Mkts Index (Net)	0.13%	Alliance Bernstein
US Core Plus Bonds	Active	Bloomberg US Unv Bond Index	0.18%	PIMCO, Prudential, & Loomis Sayles
US Core Bonds Index	Passive	Bloomberg US Agg Bond Index	0.07%	BlackRock & PIMCO
Private Pool	Active	-	-	Credit & Structured Finance, Absolute Return, Real Estate, and Private Equity

Annual investment management fees are estimates.

New Mexico State Investment Council
Third Party Investment Pools
Comparative Performance - (Net of Fees)

As of March 31, 2019

	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	10 Years	2018	2017	Since Incep.	Inception Date
US Equity											
US Large Cap Active Pool	**13.47**	**13.47**	**6.92**	**11.59**	**15.96**	**11.60**	**14.61**	**-0.63**	**26.60**	**5.82**	**05/01/1999**
Russell 1000 Index	14.00	14.00	5.54	9.30	13.52	10.63	16.05	-4.78	21.69	6.14	
US Large Cap Index Pool	**14.03**	**14.03**	**5.49**	**9.25**	**13.47**	**10.62**	**15.44**	**-4.86**	**21.61**	**6.54**	**05/01/1999**
Russell 1000 Index	14.00	14.00	5.54	9.30	13.52	10.63	16.05	-4.78	21.69	6.14	
US Small/Mid Cap Active Pool	**12.10**	**12.10**	**-4.70**	**-1.07**	**9.50**	**2.96**	**12.82**	**-13.96**	**12.69**	**7.37**	**11/01/1998**
US Small/Mid Cap Equity Custom Index	15.18	15.18	-2.69	3.40	12.64	7.63	15.85	-10.40	15.84	8.95	
Non-US Equity											
Non-US Developed Markets Active Pool	**11.18**	**11.18**	**-3.35**	**-5.10**	**8.32**	**3.50**	**N/A**	**-15.05**	**29.99**	**5.28**	**09/01/2013**
Non-US Developed Markets Custom Index	10.08	10.08	-3.33	-4.57	7.30	2.47	9.03	-14.40	26.16	4.68	
Non-US Developed Markets Index Pool	**10.45**	**10.45**	**-3.18**	**-3.77**	**7.40**	**2.51**	**8.82**	**-14.36**	**25.80**	**3.88**	**05/01/1999**
Non-US Developed Markets Passive Custom Index	10.52	10.52	-3.22	-3.97	7.30	2.34	8.96	-14.68	25.82	3.76	
Non-US Emerging Markets Active Pool	**11.52**	**11.52**	**0.13**	**-8.66**	**10.60**	**2.88**	**N/A**	**-17.02**	**39.85**	**2.43**	**10/01/2013**
MSCI Emg Mkts Index (USD) (Net)	9.93	9.93	0.60	-7.41	10.68	3.68	8.95	-14.58	37.28	3.60	
Non-US Emerging Markets Index Pool	**8.12**	**8.12**	**0.05**	**-8.23**	**10.03**	**3.12**	**8.42**	**-14.10**	**35.96**	**7.57**	**05/01/1999**
MSCI Emg Mkts Index (USD) (Net)	9.93	9.93	0.60	-7.41	10.68	3.68	8.95	-14.58	37.28	7.79	
Fixed Income											
US Core Plus Bonds Pool	**3.81**	**3.81**	**4.91**	**4.79**	**4.27**	**3.85**	**4.73**	**0.05**	**6.05**	**5.35**	**05/01/1999**
Bloomberg US Unv Bond Index	3.32	3.32	4.81	4.53	2.65	3.00	4.36	-0.25	4.09	4.99	
US Core Bonds Index Pool	**2.88**	**2.88**	**4.74**	**4.56**	**1.95**	**N/A**	**N/A**	**0.14**	**3.33**	**2.24**	**11/01/2014**
Bloomberg US Agg Bond Index	2.94	2.94	4.65	4.48	2.03	2.74	3.77	0.01	3.54	2.37	
Credit & Structured Finance Pool	**0.25**	**0.25**	**1.95**	**3.03**	**7.52**	**4.98**	**16.78**	**4.52**	**8.85**	**3.21**	**04/01/2006**
Non-Core Fixed Income Custom Index	3.65	3.65	2.45	3.31	6.92	4.19	8.50	-0.81	6.16	5.73	

Performance shown is net of fees and calculated using investment manager fee schedules through the third quarter of 2015. Performance beyond the third quarter of 2015 is calculated using investment manager fees reported in New Mexico SIC Investment Holdings Reports. During periods of no fee accruals, gross and net performance will be the same. Performance shown for Private Equity, Real Estate, and Real Return investments is 0.00% during intra-quarter months. Performance is annualized for periods greater than one year. Fiscal year ends June 30. *Indicates performance is lagged 1 quarter.

New Mexico State Investment Council
Third Party Investment Pools
Comparative Performance - (Net of Fees)

As of March 31, 2019

	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	10 Years	2018	2017	Since Incep.	Inception Date
Private Equity											
Private Equity Pooled Funds*	**0.14**	**0.14**	**8.57**	**10.21**	**11.98**	**9.57**	**N/A**	**14.07**	**15.75**	**10.04**	**07/01/2011**
Cambridge US Prvt Eq Index (Lagged 1 Qtr)	-1.66	-1.66	7.56	10.61	14.04	11.82	13.95	18.58	17.48	12.81	
Real Estate											
Townsend-Reported Real Estate Composite*	**1.42**	**1.42**	**5.02**	**8.05**	**8.79**	**10.94**	**6.39**	**10.27**	**8.04**	**5.20**	**10/01/2004**
NCREIF ODCE Index (Net) (Lagged 1 Qtr)	1.52	1.52	5.29	7.36	7.27	9.41	6.01	7.71	6.70	7.12	
NCREIF/Townsend Wtd Index (Lagged 1 Qtr)	1.44	1.44	5.27	7.34	8.32	10.63	6.58	8.78	8.19	7.77	
Real Return											
Real Return Composite*	**3.77**	**3.77**	**2.08**	**5.40**	**7.60**	**3.15**	**N/A**	**1.88**	**5.74**	**4.37**	**06/01/2012**
Real Return Custom Index	3.11	3.11	0.31	1.14	2.95	0.29	2.46	-1.70	3.27	0.96	

The Private Equity Pooled Funds excludes the Severance Tax Stock Distributions account, which differs from the Private Equity Composite (Ex. State). As such, performance for the Private Equity Pooled Funds differs from the Private Equity Composite (Ex. State).

Performance shown is net of fees and calculated using investment manager fee schedules through the third quarter of 2015. Performance beyond the third quarter of 2015 is calculated using investment manager fees reported in New Mexico SIC Investment Holdings Reports. During periods of no fee accruals, gross and net performance will be the same. Performance shown for Private Equity, Real Estate, and Real Return investments is 0.00% during intra-quarter months. Performance is annualized for periods greater than one year. Fiscal year ends June 30. *Indicates performance is lagged 1 quarter.

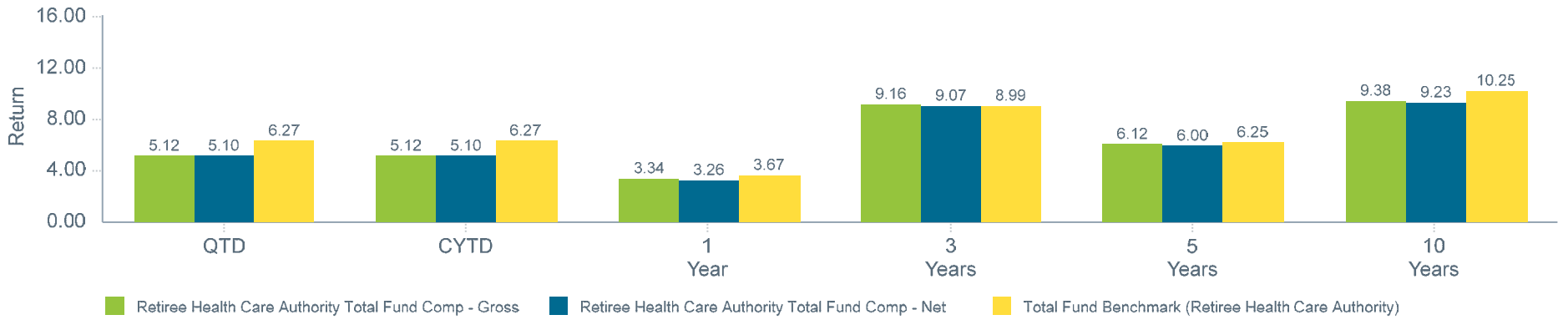
Overview

The New Mexico Retiree Health Care Authority (NMRHCA) was established in 1990 to provide health care coverage to retirees of state agencies and eligible participating public entities. Approximately 300 public entities including cities, counties, universities and charter schools participate in NMRHCA. The agency provides medical plans for both non Medicare and Medicare eligible retirees and their dependents as well as dental, vision and life insurance. The Authority currently provides coverage to approximately 58,000 retirees and their dependents.

Asset Allocation vs. Target Allocation

	Market Value ($)	Allocation (%)	Target (%)	Difference (%)
Large Cap US Equity Index	93,462,056	13.66	14.00	-0.34
Small/Mid Cap US Equity Active	12,202,077	1.78	2.00	-0.22
Non-US Developed Markets Index	90,814,088	13.27	14.00	-0.73
Non-US Emerging Markets Index	67,362,866	9.85	10.00	-0.15
US Core Bonds	141,527,230	20.69	20.00	0.69
Credit & Structured Finance	101,743,555	14.87	15.00	-0.13
Private Equity	73,479,917	10.74	10.00	0.74
Real Estate	70,088,613	10.24	10.00	0.24
Real Return	33,515,354	4.90	5.00	-0.10
Total Fund	684,195,756	100.00	100.00	0.00

Comparative Performance



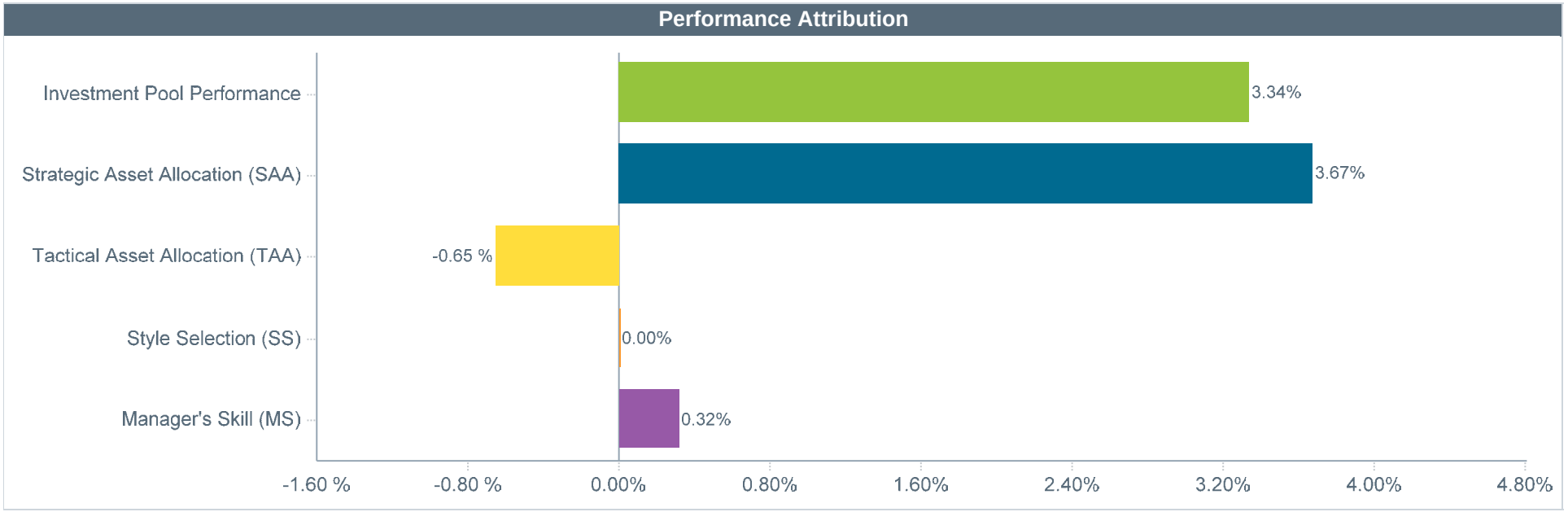
Comparative Performance

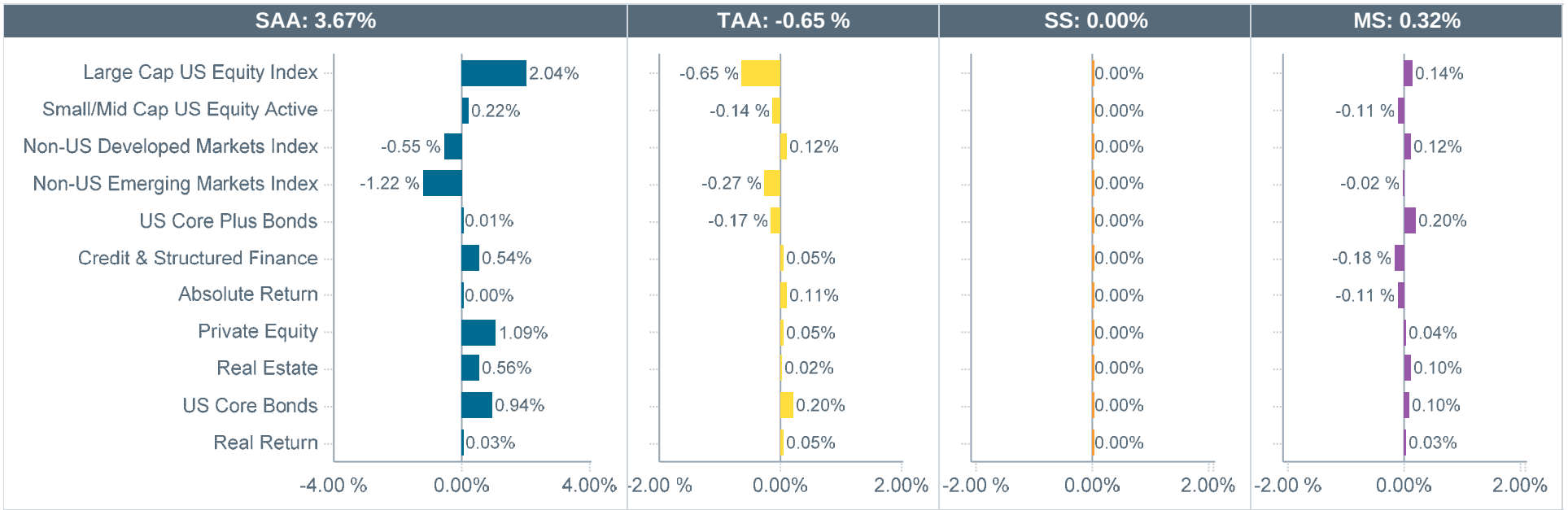
	QTD	CYTD	1 Year	3 Years	5 Years	10 Years	2018	2017	2016
Retiree Health Care Authority Total Fund Comp - Gross	**5.12**	**5.12**	**3.34**	**9.16**	**6.12**	**9.38**	**-1.24**	**17.44**	**8.09**
Total Fund Benchmark (Retiree Health Care Authority)	*6.27*	*6.27*	*3.67*	*8.99*	*6.25*	*10.25*	*-2.04*	*16.92*	*8.44*
Difference	-1.15	-1.15	-0.33	0.17	-0.13	-0.87	0.80	0.52	-0.35
Retiree Health Care Authority Total Fund Comp - Net	**5.10**	**5.10**	**3.26**	**9.07**	**6.00**	**9.23**	**-1.32**	**17.35**	**7.99**
Total Fund Benchmark (Retiree Health Care Authority)	*6.27*	*6.27*	*3.67*	*8.99*	*6.25*	*10.25*	*-2.04*	*16.92*	*8.44*
Difference	-1.17	-1.17	-0.41	0.08	-0.25	-1.02	0.72	0.43	-0.45

Schedule of Investable Assets

Periods Ending	Beginning Market Value ($)	Net Cash Flow ($)	Gain/Loss ($)	Ending Market Value ($)	% Return
CYTD	**636,363,301**	**14,995,494**	**32,836,961**	**684,195,756**	**5.10**

Allocations shown may not sum up to 100% exactly due to rounding. Performance shown is net of fees, except where noted otherwise.





Performance shown is gross of fees. Calculation is based on monthly periodicity. See Glossary for additional information regarding the Total Fund Attribution - IDP calculation.

Third Party Investors Allocation by Pool

May 31, 2019

	US Large Cap Active Pool	US Large Cap Index Pool	US Small/Mid Cap Pool	Core Plus Bonds Pool	Non US Developed Index Pool	Non-US Emerging Index Pool	Core Bonds Pool	Non-US Emerging Active Pool	Non-US Developed Active Pool	Credit & Structured Finance Pool	Private Equity Pool	Real Estate Pool	Real Asset Pool	Total Investments
New Mexico Military Institute - Trust Scholarship	-	3,128,666	769,040	2,798,542	847,574	207,729								7,751,551
New Mexico Military Institute - Legislative Scholarship	-	6,346,021	1,627,114	6,020,108	1,773,075	408,365								16,174,683
New Mexico Military Institute - Patterson Account	-	2,417,535	620,146	2,288,537	674,317	154,575								6,155,110
New Mexico Military Institute - Capital Outlay	-	892,742	219,506	798,988	241,914	59,254								2,212,403
New Mexico Military Institute - Capital Operations	-	549,260	157,820	783,687	212,342	58,486								1,761,595
New Mexico Institute of Mining and Technology- Employee Benefit Trust	-	1,049,585	164,314	350,211	112,008	-								1,676,118
New Mexico Institute of Mining and Technology- Plant/Debt/Allocated Fund	-	-	-	17,156,244	-	-								17,156,244
New Mexico Institute of Mining and Technology- Endowment Fund	-	28,840,769	-	16,516,915	-	-								45,357,684
New Mexico Tech Research Fund	-	11,942,911	-	7,118,141	-	-								19,061,052
New Mexico Military Institute - LFC/VC	-	2,974,182	731,232	2,661,544	805,897	197,409								7,370,264
New Mexico School for the Visually Handicapped	1,589,007	-	1,290,507	5,305,257	1,251,707	966,180								10,402,658
New Mexico Retiree Health Care Authority	-	91,720,562	11,750,867	-	89,659,553	64,370,410	145,459,760			103,863,829	74,195,433	70,339,455	33,553,481	684,913,350
New Mexico Commissioner of Public Lands-O&G	6,302,928	5,595,876	-	3,925,367	-	-								15,824,171
Eastern New Mexico University	-	8,716,775	1,922,474	2,589,572	1,042,471	85,110								14,356,402
Interstate Stream Commission-Improvement to the Rio Grande	1,459,044	-	-	933,431	-	-								2,392,475
Interstate Stream Commission-Improvement Works Construction	10,551,804	-	-	6,602,556	-	-								17,154,360
Office of the Superintendent of Insurance	-	4,729,102	1,696,095	27,073,778	1,835,707	1,332,570								36,667,251
Los Alamos County - Permanent	5,583,228	5,959,949	3,045,844	7,135,009	3,277,745	656,640								25,658,414
Los Alamos County - Cemetery	204,058	213,736	109,528	256,579	117,779	23,869								925,549
Los Alamos County - General Fund	3,700,329	3,872,778	1,999,381	4,699,008	2,146,591	423,743								16,841,829
New Mexico Mortgage Finance Authority	-	8,030,945	3,131,110	8,502,279	3,843,395	1,084,103	(0)							24,591,832
New Mexico Mortgage Finance Authority - IFT Housing	-	-	-	13,730,703	-	-								13,730,703
New Mexico Public Schools Insurance Authority - Benefits	-	5,330,589	1,609,297	8,900,660	2,713,464	847,482								19,401,492
New Mexico Public Schools Insurance Authority- Risk	-	2,265,105	694,199	3,795,095	1,168,074	353,426								8,275,900
New Mexico Highlands University - Endowment	-	2,556,838	538,351	1,203,640	245,315	125,893								4,670,038
Springer Municipal School District	-	39,387	46,803	30,944	45,290	39,246								201,670
CYFD - Trust Fund Non-Expendable	1,062,962	-	-	3,662,380	175,094	40,485								4,940,921
CYFD - Next Generation Fund	412,324	-	-	1,396,993	62,862	12,551								1,884,730
New Mexico Higher Education Department	473,696	720,809	199,018	773,049	29,697	-								2,196,268
City of Las Cruces	7,329,124	4,810,991	6,148,020	-	3,046,043	-								21,334,178
San Juan College Foundation	2,836,866	-	1,663,135	2,312,524	2,895,614	1,458,603								11,166,742
Clovis Community College Foundation Fund	-	2,535,983	-	547,940	-	-								3,083,924
John R. Carver Testamentary Trust	-	519,052	-	107,166	-	-								626,218
New Mexico Small Business Investment Corporation	-	-	-	12,046,114	-	-								12,046,114
Interstate Stream Commission-NM Unit Fund	-	11,599,623	3,068,653	18,384,011	7,050,856	-		2,115,018						42,218,161
New Mexico Tech Research Restricted Fund	-	3,414,790	-	2,138,357	-	-								5,553,147
Central New Mexico Community College	-	670,518	253,768	580,268	-	-		79,857	243,956					1,828,366
New Mexico Tech Proceeds from Albuquerque Building Sale	-	-	-	813,764	-	-								813,764
City of Albuqerque		170,463			36,740	35,571								242,774
New Mexico Tech Research Enhanced				61,075										61,075
														-
Total	41,505,369	221,615,542	43,456,221	194,000,440	125,311,121	72,941,700	145,459,760	2,194,874	243,956	103,863,829	74,195,433	70,339,455	33,553,481	1,128,681,172

Change in Market Value
For the Month Ended May 31, 2019

Fund Name	Market Value 4/30/2019	Contributions	Distributions	Interfund Transfers	Fees	Asset re-allocation	Income	Gains - Realized & Unrealized	Market Value 5/31/2019
New Mexico Tech Research Fund									
Investment in US Large Cap Index Pool	12,755,947	-			(302)	-	28,039	(840,773)	11,942,911
Investment in US Core Plus Bonds Pool	7,008,621	-			(3,217)	-	23,452	89,285	7,118,141
	19,764,567	-	-	-	(3,519)	-	51,491	(751,487)	19,061,052
New Mexico Tech Research Restricted Fund									
Investment in US Large Cap Index Pool	3,647,259			-	(86)	-	8,017	(240,400)	3,414,790
Investment in US Core Plus Bonds Pool	2,105,456			-	(966)	-	7,045	26,822	2,138,357
	5,752,716	-	-	-	(1,053)	-	15,062	(213,577)	5,553,147
New Mexico Tech Proceeds from ABQ Building Sale									
Investment in US Core Plus Bonds Pool	801,244	-			(368)	-	2,681	10,207	813,764
	801,244	-	-	-	(368)	-	2,681	10,207	813,764
New Mexico School for the Blind and Visually Impaired									
Investment in US Large Cap Active Pool	1,672,093				(1,341)		1,961	(83,706)	1,589,007
Investment in US Small/Mid Cap Pool	1,406,392				(2,204)		1,712	(115,393)	1,290,507
Investment in US Core Plus Bonds Pool	5,223,630				(2,398)	-	17,479	66,546	5,305,257
Investment in Non-US Developed Markets Index Pool	1,313,577				(107)		7,965	(69,728)	1,251,707
Investment in Non-US Emerging Markets Index Pool	1,041,933				(290)		2,785	(78,248)	966,180
	10,657,624	-	-	-	(6,340)	-	31,902	(280,529)	10,402,658
New Mexico Retiree Health Care Authority									
Investment in US Large Cap Index Pool	97,964,602				(2,321)	-	215,338	(6,457,056)	91,720,562
Investment in US Small/Mid Cap Pool	12,806,069				(20,071)	-	15,589	(1,050,720)	11,750,867
Investment in US Core Bonds Pool	142,511,278				(28,129)	-	339,368	2,637,243	145,459,760
Investment in Non-US Developed Markets Index Pool	94,091,322				(7,640)	-	570,505	(4,994,634)	89,659,553
Investment in Non-US Emerging Markets Index Pool	69,417,341				(19,299)	-	185,573	(5,213,204)	64,370,410
Investment in Credit and Structured Finance Pool	102,709,613				-	-	95,737	1,058,478	103,863,829
Investment in Private Equity Pool	74,238,255				-	-	65,635	(108,457)	74,195,433
Investment in Real Estate Pool	70,377,199				-	-	114,814	(152,558)	70,339,455
Investment in Real Return Pool	33,717,484				(10,130)	-	119,678	(273,551)	33,553,481
	697,833,162	-	-	-	(87,591)	-	1,722,238	(14,554,458)	684,913,350
New Mexico Commission of Public Lands-O&G									
Investment in US Large Cap Index Pool	5,976,825				(142)	-	13,138	(393,945)	5,595,876
Investment in US Large Cap Active Pool	6,632,495	-		-	(5,320)	-	7,777	(332,025)	6,302,928
Investment in US Core Plus Bonds Pool	3,864,971	-	-	-	(1,774)	-	12,933	49,237	3,925,367
	16,474,291	-	-	-	(7,236)	-	33,848	(676,733)	15,824,171
Eastern New Mexico University									
Investment in US Large Cap Index Pool	9,310,185				(221)		20,465	(613,654)	8,716,775
Investment in US Small/Mid Cap Pool	2,095,107				(3,284)		2,550	(171,900)	1,922,474
Investment in US Core Plus Bonds Pool	2,549,729	-		-	(1,170)	-	8,532	32,482	2,589,572
Investment in Non-US Developed Markets Index Pool	1,093,999	-		-	(89)	-	6,633	(58,072)	1,042,471
Investment in Non-US Emerging Markets Index Pool	91,783	-		-	(26)	-	245	(6,893)	85,110
	15,140,803	-	-	-	(4,789)	-	38,425	(818,037)	14,356,402
Interstate Stream Commission-Improvement to the Rio Grande									
Investment in US Large Cap Active Pool	1,535,335	-	-	-	(1,232)	-	1,800	(76,859)	1,459,044
Investment in US Core Plus Bonds Pool	919,070	-	-	-	(422)	-	3,075	11,708	933,431
	2,454,404	-	-	-	(1,653)	-	4,875	(65,151)	2,392,475

New Mexico Retiree Health Care Authority (CP)
Portfolio Policy Report

Classification	Balance	Weight	Long Term Target	Difference
Core Bonds Pool	145,459,759	21.24 %	20.00 %	1.24 %
Large Cap Index	91,720,482	13.39 %	14.00 %	-0.61 %
Non US Developed Index	89,659,554	13.09 %	14.00 %	-0.91 %
Non US Emerging Index	64,370,473	9.40 %	10.00 %	-0.60 %
Mid/Small	11,750,887	1.72 %	2.00 %	-0.28 %
Private Equity	74,195,432	10.83 %	10.00 %	0.83 %
Real Estate	70,339,456	10.27 %	10.00 %	0.27 %
Credit & Structured	103,863,829	15.16 %	15.00 %	0.16 %
Real Return	33,553,481	4.90 %	5.00 %	-0.10 %
Cash and Equivalents	-			
Total	**684,913,352**	**100.00 %**	**100.00 %**	

FY18 Management Fees Summary

Asset Class	Annual Fees in basis points (100bp=1%)
Domestic Equity	19
International Equity	35
Fixed Income	19
Private Equity	80
Private Real Estate	81
Real Return	93
Opportunistic Credit (C&S)	110

- Data is produced annually for the Legislative Finance Committee. Calculation methodology is as agreed to by SIC, ERB & PERA. Stock and bond categories are a combination of active, passive and/or factor-based management. Estimates are based on Net Asset Values and unfunded commitment totals as of 6/30/18. Carried interest for private market strategies are not included in fee calculation.