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



**August 27, 2019**

**1:00 PM**

**Alfredo R. Santistevan Board Room**

**NMRHCA Offices, Suite 207**

**4308 Carlisle Blvd. NE**

**Albuquerque, NM 87107**

New Mexico Retiree Health Care Authority  
Regular Meeting

BOARD OF DIRECTORS

**ROLL CALL**

**August 27, 2019**

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

## NMRHCA BOARD OF DIRECTORS

August 2019

Mr. Wayne Propst  
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Mr. Doug Crandall  
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The Honorable Mr. Tim Eichenberg  
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Regular Meeting of the  
NEW MEXICO RETIREE HEALTH CARE AUTHORITY  
BOARD OF DIRECTORS

August 27, 2019

1:00 PM

Alfredo R. Santistevan Board Room  
NMRHCA Offices, Suite 207  
4308 Carlisle Blvd. NE  
Albuquerque, NM 87107

AGENDA

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1. Call to Order	Mr. Sullivan, President	
2. Roll Call to Ascertain Quorum	Ms. Beatty, Recorder	
3. Pledge of Allegiance	Mr. Sullivan, President	
4. Approval of Agenda	Mr. Sullivan, President	4
5. Approval of Regular Meeting Minutes July 11/12, 2019	Mr. Sullivan, President	6
6. Public Forum and Introductions	Mr. Sullivan, President	
7. Committee Reports	Mr. Sullivan, President	
8. Executive Director's Updates	Mr. Archuleta, Executive Director	
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11. FY21 Appropriation Request (Action Item)	Mr. Archuleta, Executive Director	88
12. Out-of-State Travel Request (Action Item)	Mr. Archuleta, Executive Director	95
13. Hearing for Appeal of Executive Director's Decision Regarding Eligibility of V. L. (Action Item)	Mr. Archuleta, Executive Director	
The Appeal may be closed during those times permitted by Federal law and the Open Meetings Act		
14. Other Business	Mr. Sullivan, President	
15. Executive Session	Mr. Sullivan, President	
Pursuant to NMSA 1978, Section 10-15-1(H)(6) To Discuss Limited Personnel Matters		



16. Date & Location of Next Board Meeting  
October 1, 2019, 9:30AM  
Alfredo R. Santistevan Board Room  
4308 Carlisle Blvd. NE., Suite 207  
Albuquerque, NM 87107

Mr. Sullivan, President

17. Adjourn

## ACTION SUMMARY

### RETIREE HEALTH CARE AUTHORITY ANNUAL MEETING/DAY 1

July 11, 2019

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Presbyterian Health Plan		
Blue Cross Blue Shield		
Express Scripts		
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STATE INVESTMENT COUNCIL UPDATES	Informational	8
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EXECUTIVE SESSION	No action	9

**MINUTES OF THE**  
**NEW MEXICO RETIREE HEALTH CARE AUTHORITY/BOARD OF DIRECTORS**  
**ANNUAL MEETING/DAY 1**

**July 11, 2019**

**1. CALL TO ORDER**

Day 1 of the Annual 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. at the Hotel Don Fernando de Taos, 1005 Paseo del Pueblo Sur, Taos, New Mexico.

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

A quorum was present.

**Members Present:**

Mr. Tom Sullivan, President  
Mr. Joe Montañño, Vice President  
Mr. Doug Crandall, Secretary  
The Hon. Tim Eichenberg, NM State Treasurer  
Ms. Jan Goodwin  
Mr. Terry Linton  
Ms. LeAnne Larrañaga-Ruffy  
Ms. Therese Saunders  
Ms. Pamela Moon  
Mr. Lawrence Rael

**Members Excused:**

None.

**Staff Present:**

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

**Others Present:**

Mr. Connor Jorgensen, LFC Analyst  
[See sign-in sheet]

**3. PLEDGE OF ALLEGIANCE**

Mr. Linton led the Pledge.

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

Chairman Sullivan stated that the purpose of the Executive Session was the annual review of the Executive Director's job performance.

**Mr. Crandall moved approval of the agenda for July 11 and 12, as published. Mr. Montaña seconded the motion, which passed unanimously.**

#### **5. APPROVAL OF REGULAR MEETING MINUTES: June 4, 2019**

**Mr. Crandall moved approval of the June 4 meeting minutes, as submitted. Mr. Montaña seconded the motion, which passed unanimously.**

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

Guests introduced themselves.

#### **7. ELECTION OF BOARD OFFICERS**

**Ms. Saunders moved to retain the current slate of officers. Mr. Linton seconded the motion, which passed unanimously.**

##### **a. Board Policies and Procedures**

Mr. Archuleta said the Board Policies and Procedures have been updated to reflect the increase in membership as reflected in the Mission Statement.

Executive Committee members agreed to review the Policies and Procedures over the course of the next few months to see if any changes should be recommended.

##### **b. Committee Assignments**

Board members reviewed committee assignments. Changes are reflected below:

- Executive: Mr. Sullivan, Chair; Mr. Montaña; Mr. Crandall.
- Finance & Investment: Mr. Crandall, Chair; Mr. Sullivan; ~~Mr. Montaña~~; Ms. Goodwin; Ms. Larrañaga-Ruffy; Mr. Linton
- Legislative: Mr. Montaña, Chair; Mr. Linton; Ms. Saunders; Ms. Goodwin; Ms. Larrañaga-Ruffy.
- Audit: Ms. Goodwin, Chair; Mr. Sullivan; Mr. Montaña; Mr. Linton; Ms. Moon.
- Wellness: Ms. Goodwin, Chair; Mr. Montaña; Ms. Saunders; Mr. Linton

##### **c. Code of Ethics**

Board members were asked to sign and turn in the Code of Ethics form before the conclusion of today's meeting.

**d. Open Meetings Act Resolution**

There were no changes to the resolution from the previous year.

**Mr. Crandall moved for approval of items a, b, c and d. Mr. Rael seconded the motion, which passed unanimously.**

**8. COMMITTEE REPORTS**

Finance & Investment Committee: Mr. Crandall stated that the items covered in the Finance Committee meeting would be addressed as part of today's agenda.

Legislative Committee: Mr. Montañño said the committee has not met but is working to schedule meetings with key legislators to determine what direction to take. In addition, the committee agreed to expand the membership of the groups that participate with NMRHCA.

Responding to a question from Chairman Sullivan about a lobbyist contract, Mr. Archuleta said he is hoping to schedule a meeting with Dr. Dan Lopez, former president of NM Tech. He said Mark Duran indicated that he did not feel he would be a good fit for NMRHCA.

Audit Committee: Mr. Archuleta said the audit has been released and will be discussed at tomorrow's meeting.

Wellness Committee: Ms. Goodwin reported that the committee is not seeing very much take-up of the members for the gift cards but realize that many people are participating in wellness activities without taking the gift cards. They will continue to try to expand outreach for wellness activities because there are a number of new programs available.

**9. PROVIDER PRESENTATIONS**

**a. Presbyterian Health Plan**

Representatives Keith Witt, Ingrid Jorud and Kyandra Fox made this presentation.

**b. Blue Cross Blue Shield of New Mexico**

Representatives Lori Bell, Lisa Hentz and Heather LeClerc made this presentation.

Responding to questions from Mr. Rael on outreach to the membership through various means, including the use of technology, Mr. Archuleta said Research & Polling conducted a survey for NMRHCA about four years ago, and the vast majority of the members at that time indicated that they preferred mail communication.

**c. Express Scripts**

Representatives Amy Daily and Harris Zeyae made this presentation.

Ms. Daily announced that the rebate rule (proposed changes to Medicare Part D) has been killed. The two main reasons were that the changes would have cost \$180 billion and would have had a detrimental effect on Medicare eligible retirees. For NMRHCA, it would have cost more than \$7 million.

[Lunch break: 12:00-1:00 p.m.]

## **10. REVIEW OF ACTUARIAL CONCEPTS AND PRINCIPLES**

Segal actuaries Mary Kirby, Melissa Krumholz and Nura Patani appeared before the board and discussed what concepts and principles they would focus on in the actuarial presentations today.

Dr. Patani reviewed the actuarial tasks that Segal undertakes every year for NMRHCA, which includes valuation of OPEB liabilities under GASB 74/75 and long-term solvency modeling. She said Segal would also provide information on employer/employee contribution levels that would be necessary to be fully funded in 30 years.

Ms. Kirby provided some background and history leading up to GASB statements 74 and 75, which was implemented last year and changed how expenses and liabilities are calculated. GASB 75 applies to the plans and plan sponsors (accounting and financial reporting piece) and GASB 74 is more for reporting of liabilities. This applies to pre-funded plans and trusts like NMRHCA. The new statements have everyone reporting on the same basis, which allows for easy comparisons.

Ms. Kirby said that, in GASB 75, the Net OPEB Liability (previously called Unfunded Actuarial Accrued Liability) is the total liability less the market value of assets. Before this, smoothing was allowed. Under the new requirement, there is more volatility in the number. GASB 75 also introduced the concept of a blended discount rate that includes certain calculations by the actuaries.

Ms. Kirby reviewed the impact of changes in moving from GASB 43/45 to GASB 74/75:

-- CAFR disclosures. In 43/45, it was in the footnote section and included various assumptions. In 75, it is a balance sheet line item. This is important because the concern has always been that the bond rating agencies will be looking at liabilities.

-- Discount Rate. It used to be judgment based, but now it requires a direct calculation based on yield curve and funded status. This is likely to lower the discount rate, which equals a higher liability, which actually happened.

-- OPEB Expense. Under 45, it was based on Annual Required Contribution. Under GASB 75, it is the change in liability from year to year with adjustments for gains and losses. The impact is more complicated, since there are winners and losers under this change.

Ms. Kirby discussed the blended discount rate calculation. GASB 75 requires NMRHCA to project forward its assets and benefits until they run out (June 30, 2029). In all of the years that the assets cover the benefit payments, a higher discount rate (7.25 percent) can be used; for the other years, they have to use the 20-year municipal bond rate, which on 6/30/18 was 3.87 percent. The blended discount rate was therefore 4.08 percent.

Dr. Patani highlighted the basic components in the long-term solvency model. She stressed that the retiree growth rates in the solvency model are very different from the changes in retirement rates in the GASB because that uses a closed valuation, whereas the long-term solvency calculations include new retirees coming into the program, which is an open valuation.

Ms. Kirby discussed limitations to solvency projections:

- Unpredictability of long-term healthcare trends over the next 25 years
- Small changes in starting revenue/cost assumptions are magnified by compounding nature of projections (healthcare 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
- 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

Ms. Kirby reviewed different funding policy components and methods, e.g., actuarial cost method, asset smoothing method, amortization method, and open (rolling) versus closed amortization period.

Responding to Chairman Sullivan, Mr. Archuleta said that, if NMRHCA wanted to pay off its unfunded portion of \$4.4 billion over 30 years, it would have to contribute \$157 million a year of excess funds over expenditures, which would be a combination of investment earnings and raising the employer/employee contribution from 3 percent to 6 percent.

Chairman Sullivan added that this would require a medical trend of 5-8 percent annually, as well. Mr. Archuleta said that was correct, and this also assumes NMRHCA would continue to increase retiree premiums.

Mr. Crandall asked if 100 percent OPEB funding is the standard; and if so, how many plans have reached that. Mr. Archuleta responded that, of 48 states, 19 have not set aside any funds, and 8 states have a 30 percent funded ratio or above. He said a handful of states have 100 percent funding, but all of them are Defined Contribution plans. Ms. Kirby said Segal wasn't suggesting that NMRHCA strive for 100 percent funding; this was a hypothetical goal that Segal was asked to address. She commented that no two plans have exactly the same goal because there are so many variables within them.

Mr. Montaña commented that, if NMRHCA wants to get to 100 percent funding, it would have to go to a Defined Contribution plan. He said it would be exceedingly difficult to get there otherwise because it is unrealistic to expect employees and employers to double their contribution rate, and at that point it would be impossible to say NMRHCA was providing insurance.

Ms. Kirby stressed that NMRHCA would have to decide on a goal and then figure out how to get there.

Mr. Rael suggested looking at best practices in other states or other programs.

Mr. Linton commented that he thought NMRHCA was conservative with its healthcare trend of 7 percent in CY 2020 and 8 percent thereafter versus the actuarial community's estimate of future trends, which is good news for NMRHCA. At the same time, it also has a 7.25 percent goal, which appears to be too high, and he wondered if it was reasonable given recent returns.

Mr. Archuleta responded that, based upon the last analysis NMRHCA received last fall, it was justified in maintaining the 7.25 percent goal. He said the 10-year rolling average is 9 percent.

Chairman Sullivan asked where the 7.25 percent was in relation to other funds, and Ms. Krumholz responded that most of the funds she has seen recently are in the 7.0 to 7.5 percent range. Ms. Kirby added that she has seen a couple of funds at 7.75 percent, but those are outliers and will probably come down this year.

## **11. ACTUARIAL PRESENTATIONS**

Mike Madalena, Madalena Consulting, reviewed CY 2018 incurred claims, including cost and utilization trends by type of service. Highlights from his presentation:

- Premier plan encounters PMPM increased 4.1%. Key drivers: Infusions and Injections; Lab/Pathology; Outpatient Hospital Facility

- Under 2018 non-Medicare Claims: Inpatient facility charges continue to be the highest cost service for both BCBSNM and Presbyterian. Surgery has consistently comprised a higher percentage of Presbyterian claims than BCBSNM claims since 2008.

- Value Plan encounters PMPM increased 13.5%. Key drivers: Infusions and Injections; Lab/Pathology; Inpatient Hospital Facility.

- All Plans claims experience: Infusions and Injections up 46%, and Ambulance and Other up 39% for Presbyterian. For BCBSNM, those numbers are 32.8% and 6.7% respectively. Total All Plans Claims Experience: +18.5% for Presbyterian and -2.7% for BCBSNM.

Mr. Madalena reviewed a chart reflecting claims paid per member in various age categories, noting that the amount paid per member is \$8,717 in the 55-59 age group, and then peaks in the 60-64 age group at \$9,953. Chairman Sullivan noted Ms. Goodwin's recent comment that the average retirement age in education is now almost 62. Mr. Madalena commented that this is happening in a lot of states, where people are taking longer to retire. For NMRHCA, people are staying in the active plan longer, and the amount paid per member continues to go up as they're hitting NMRHCA.

Chairman Sullivan asked if it is possible to predict what the average age of the membership will look like in five or 10 years based on the older retirement age. Dr. Patani and Mr. Madalena said they would put together some information for the board to review. Mr. Madalena added that it is not an uncommon approach to require people to be at least 60 to get health benefits.

In reviewing the 2018 non-Medicare health status risk index by carrier, Mr. Madalena noted that Premier plan participants are anticipated to cost 41.5 percent more than Value participants based on the index.



Mr. Linton asked if this infers there should or could be a 41 percent difference in the premium. Dr. Patani responded that anytime there is choice, care needs to be taken about having the premium match the risk. Mr. Linton asked if Segal could offer advice on this, and Dr. Patani agreed to take a look at the relative value of the plans and the risk score and come up with reasonable and comfortable ranges.

Mr. Archuleta said the Premier plan people are gradually migrating into the Value plan, which is what happened before when the Premier Plus people were migrating into the Premier plan. The risk pool gets sicker, and at some point the premiums have to be increased.

Dr. Patani said baseline scenario assumptions were shared at the June meeting. All items highlighted in red reflected changes from last year's model, and two items changed from last month: the asset balance was updated, and the pharmacy rebate projections were refined. Dr. Patani stated that the projected year of insolvency was estimated to be FY 2044, with the projected year of deficit spending in 2023.

### **13. STATE INVESTMENT COUNCIL UPDATES**

Charles Wollmann, Director of Communications for the State Investment Council, presented the March 31, 2019 quarterly report.

Mr. Wollmann noted very strong performance in the equity markets over the last year, 3-year, 5-year and 10-year periods.

Mr. Wollmann stated that NMRHCA has seen underperformance in the US small/mid-cap active pool, which has been problematic for the SIC. One manager in the portfolio is on watch, and another manager was terminated in April. This should help with performance on a forward-moving basis, but the SIC is planning to offer a more straightforward option to its clients. He stated that all of NMRHCA's investments are targeting passive strategies right now with the exception of the small/mid-cap, which is actively managed and costing NMRHCA 53 basis points a year. He said the SIC plans to offer an index pool in this area, which will reduce the fees to 5-6 basis points.

Mr. Wollmann said the new passive allocation to small/mid-cap will be managed by Northern Trust, with had 5 basis points of outperformance over the last year.

Mr. Wollmann reviewed a graph of NMRHCA investment performance recently and historically. There has been underperformance for the one-year period, some outperformance over the last three years (annualized), and flat to slight underperformance for the five-year period, with bigger underperformance for the 10-year period because of legacy issues.

Mr. Wollmann said the SIC is building its portfolios with a value bias, preferring a conservative approach. On the Land Grant and Severance Tax permanent funds side, its approach has been to reduce exposure to public equity and the stock markets. Ten years ago, its allocation to public equities was 65-70 percent; today, that is much closer to its long term target of 40 percent, and it believes the additional diversification in the portfolio, and the income-generating strategies the SIC undertaken, will help protect it when the markets pull back. Mr. Wollmann said that could happen in the next year or so.

Mr. Wollmann stated that NMRHCA paid \$87,000 in management fees for the quarter and about \$350,000 a year for management of publicly owned assets. That amounts to about 6 basis points, which is probably as cheap as it gets, and will shrink even more when NMRHCA moves its small/mid-cap money.

Mr. Wollmann stated that the SIC is rolling out a new investment accounting system, Parilux, which will automate some services and create better reports.

Mr. Wollmann reported that the SIC settled with the remaining defendants after nearly a decade of recovery litigation. This settlement will return another \$4-6 million after court approvals and legal details are wrapped up over the next year or so. In total, the SIC has recovered more than \$50 million over the years; it was the right thing to do, and it sent an important message.

## **12. REVIEW OF CALENDAR YEAR 2020 PLAN CHANGES**

Mr. Archuleta reviewed a summary of staff's recommended changes for 2020:

- **2020 Proposed Monthly Plan Rates [Solvency 2044/Deficit Spend 2023]**
  - 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, Effective January 1. [Express Scripts]
- **Medicare Advantage**
  - Health Insurance Tax
- **Additional Considerations**
  - Livongo [Diabetes Management Program Under Consideration]
- **2020 Medical, Dental and Vision RFP**

Mr. Archuleta and the board discussed ways of effectively explaining the NMRHCA's solvency and liability issues to members who may question the need to increase plan rates.

## **14. EXECUTIVE SESSION: 4:15 p.m.**

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

[The two-day agenda was reprioritized to move this item to the Day 1 agenda.]

**Mr. Crandall moved to go into executive session to conduct the annual review of the Executive Director's job performance. Mr. Montañó seconded the motion, which passed on the following roll call vote:**

**For: Chairman Sullivan; Vice Chairman Montañó; Secretary Crandall; Ms. Goodwin; Mr. Linton; Ms. Saunders; Mr. Eichenberg; Ms. Larrañaga-Ruffy; Ms. Moon.**

**Against: None.**

[Board came out of executive session at 4:30 p.m.]

**Mr. Crandall moved to come out of executive session, noting that the only matter discussed in executive session was as stated on the agenda. Mr. Montaña seconded the motion, which passed unanimously.**

**[RECESS.]**

**ACTION SUMMARY**

**RETIREE HEALTH CARE AUTHORITY ANNUAL MEETING/DAY 2**

**July 12, 2019**

<b><u>Item</u></b>	<b><u>Action</u></b>	<b><u>Page</u></b>
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<u>EXECUTIVE DIRECTOR'S UPDATE</u> HR Legislative GASB 74/75 Wise and Well/Health Fair Medicare Summit – August 23	Informational	2
<u>PROVIDER PRESENTATIONS</u> Delta Dental United Concordia	Informational	3
LIFE INSURANCE CONTRACT	Approved/The Standard	4
MEDICAL, DENTAL, VISION CONSULTANT SELECTION	Enter into MOU w/APS	4
MEDICAL, DENTAL, VISION RFP	Approved	5
CY2020 PLAN YEAR RECOMMENDATIONS	Approved	5
2020 LEGISLATIVE PROPOSALS	Informational	5

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

**ANNUAL MEETING/DAY 2**

**July 12, 2019**

**1. CALL TO ORDER**

Day 2 of the Annual Meeting of the Board of Directors of the New Mexico Retiree Health Care Authority was called to order on this date at 9:00 a.m. at the Hotel Don Fernando de Taos, 1005 Paseo del Pueblo Sur, Taos, New Mexico.

**Members Present:**

Mr. Tom Sullivan, President  
Mr. Joe Montaño, Vice President  
Mr. Doug Crandall, Secretary  
The Hon. Tim Eichenberg, NM State Treasurer  
Ms. Jan Goodwin  
Mr. Terry Linton  
Ms. LeAnne Larrañaga-Ruffy  
Ms. Therese Saunders  
Ms. Pamela Moon  
Mr. Lawrence Rael

**Members Excused:**

None.

**Staff Present:**

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

**Others Present:**

[See sign-in sheet]

**5. PUBLIC FORUM AND INTRODUCTIONS**

Chairman Sullivan welcomed staff and guests

**6. EXECUTIVE DIRECTOR'S UPDATE**

**a. HR**

Mr. Archuleta reported that NMRHCA is promoting someone internally from the front desk position into the full-on customer service advanced position, so the agency will be advertising for someone to fill that role in the near future. In addition, the agency has made a verbal offer for someone to supervise the Santa Fe office, the name to be announced later.

**b. Legislative**

[Deferred to discussion under Item 12.]

**c. GASB 74/75**

Mr. Archuleta said the report was released on July 2 from the Office of the State Auditor, and there were no additional changes or comments made. The information will be posted on the website.

**d. Wise and Well/Health Fair**

Mr. Archuleta reported that 400 people showed up at the event, so it was fairly successful, and an overwhelming amount of positive feedback was received from attendees. He said 65 seniors received three separate screenings and 12 people received the 3-D mammography screening. Additional people received other screenings. Mr. Archuleta said the agency hopes to schedule another event in the southern part of the state and Santa Fe next year.

**e. Medicare Summit – August 23**

Mr. Archuleta reported that he has been invited to participate as a panel member at the New Mexico Association of Health Underwriters Medicare Summit on August 23.

**7. PROVIDER PRESENTATIONS (Cont'd)**

**a. Delta Dental**

Delta Dental representative Rich Bolstad presented an update.

**b. United Concordia**

United Concordia representative Stephanie Anthony presented an update.

Mr. Crandall commented that he was not convinced NMRHCA needed two dental providers and would like to see the two plans be more competitive.

Ms. Anthony agreed to come up with new and innovative things for the plan.

Mr. Archuleta explained that, four years ago, when NMRHCA went out to bid for these services, it received four competitive proposals and selected two, with three of the groups selecting one carrier and two of the groups selecting United Concordia. He said it is obviously convenient to have those members participating flow into those plans, but it also offers different price points for members. Next year, the agency will look at whether these plans – which have been the same plans for the last eight years – are

still good plans. He said a common complaint from retirees who need a lot of dental work is that each of the plans has a \$1500 annual maximum, which is sometimes not enough to cover the total cost.

## **8. LIFE INSURANCE CONTRACT**

Mr. Kueffer reported on the timeline and scope of work. The Evaluation Committee included representatives from all four IBAC agencies, each of which has the opportunity to select a vendor that is appropriate for them. The State of New Mexico selected The Hartford, while NMRHCA selected The Standard Life Insurance Company, which received the highest score.

Mr. Archuleta said the board is required to take all actions in an open meeting and approve all contracts it issues, but it can't take action on any of the contracts until after the State Purchasing Division approves them. Today's action would formalize the process.

Mr. Kueffer requested approval of a one-year agreement with The Standard, renewable for up to three additional years.

**Mr. Crandall so moved. Mr. Linton seconded the motion, which passed unanimously.**

## **9. MEDICAL, DENTAL, VISION CONSULTANT SELECTION**

Mr. Kueffer reported that best and final interviews have been completed after each of the IBAC Evaluation Committee members submitted their scores and supporting justification to the Manager. APS was the procurement manager in this process, and NMRHCA has made a selection.

Mr. Kueffer requested approval to enter into a memorandum of understanding with APS to pay for NMRHCA's prorated portion of the cost associated with the upcoming medical, dental, vision and Medicare procurement upon final contract negotiations between APS and the selected vendor.

Mr. Crandall questioned the meaningfulness of the board's role as an IBAC member in approving contract negotiations with vendors who haven't yet been identified, or approving agreements only after approval by the State Purchasing Division. Mr. Rael added that his concern was why NMRHCA doesn't simply enter into its own agreements given that IBAC members can individually choose different vendors in the same bidding process; or, in this case, why can't the board wait until APS makes a decision and then piggyback off of its contract.

Mr. Archuleta responded that the Healthcare Purchasing Act requires the issuance of joint procurements and working together to find efficiencies. NMRHCA has been taking the lead for the last couple of years on procurements, and now APS is taking that lead, which NMRHCA is happy to let APS do. He added that NMRHCA did have input into the selection of the carrier.

Mr. Kueffer commented that membership in the IBAC helps NMRHCA leverage its buying power and get the best benefits for all of the groups. With respect to this particular consultant, Mr. Kueffer said the initiative for value-based care will not necessarily be done by one small group; if the goal is to disrupt the healthcare market, it will take all four IBAC agencies to really try and hold the vendors accountable and ensure that the users are getting the best cost and the best care.

Responding to Mr. Rael, Mr. Archuleta said that, if the board would feel more comfortable not approving this until the name of the selected consultant is available, this request could be scheduled for the August 28 meeting.

Mr. Crandall commented that he thought the board really had no choice in this.

**Mr. Crandall moved approval of staff's recommendation. Ms. Larrañaga-Ruffy seconded the motion, which passed unanimously.**

#### **10. MEDICAL, DENTAL, VISION RFP**

Mr. Kueffer requested approval to issue an RFP for medical, dental, and vision services.

Responding to a request from Mr. Crandall, Mr. Archuleta agreed to share the changes in the final RFP as drafted compared to what it was four years ago; and as part of the selection process, staff will divulge the selection criteria and other information with the board in executive session.

**Mr. Crandall moved approval of staff's request. Ms. Saunders seconded the motion, which passed unanimously.**

#### **11. CY2020 PLAN YEAR RECOMMENDATIONS**

Mr. Archuleta stated that the CY2020 recommended changes chiefly include passing along the 7 percent increases across all of the pre-Medicare plans and 5 percent on the Medicare Supplement plan, and the addition of the Patient Assurance Protection Program with Express Scripts to cap what members are paying for their insulin each month. After today's meeting concludes, NMRHCA will receive a proposal from Humana to go over the Medicare Advantage rates for 2020. The rates from Blue Cross Blue Shield have been received, and in the next couple of weeks the rates from UnitedHealthcare and Presbyterian will be available. The solvency date will be moved from 2038 to 2044.

**Mr. Crandall moved to adopt the recommended changes. Mr. Montañó seconded the motion, which passed unanimously.**

Chairman Sullivan asked Mr. Archuleta to discuss next steps and what he envisioned for the agency. Mr. Archuleta responded that he would discuss this under the next agenda item.

#### **12. 2020 LEGISLATIVE PROPOSALS**

Mr. Archuleta reviewed a graph of employer/employee contributions from 1990 to 2020. In 1990, the total was 1.5 percent of payroll, and that has grown to 3 percent. There have been only two occasions when they have increased the employer/employee contributions, the second time in 2010, when the increase was phased in over a three-year period.

Mr. Archuleta noted that the actions adopted by the board in November 2018 regarding the rule change moved the solvency window much farther out. Deficit spending would not begin until 2023, and expenditures would exceed revenues beginning in 2044.



Mr. Archuleta reviewed legislative proposals in more recent years with resulting scenarios had those increases been approved. Since 2013, the only legislation that has passed actually hurt NMRHCA, and that was in 2016, with the \$3 million reduction in the annual distribution that the agency received through Senate Bill 7. During the first part of the 2019 legislative session, there was discussion about giving the NMRHCA its money back, but the thought was to give it in a lump sum through a special appropriation and not through restoration of the annual distribution.

Mr. Archuleta said the board could consider a different strategy and request a one-time appropriation, given the state's improved revenue picture, but he also pointed out that it would not solve NMRHCA's problem, which is the need to have money deposited on a recurring basis.

Mr. Archuleta commented that, in the last legislative session, NMRHCA had a fairly comprehensive proposal; and given the efforts the board had given up to that point, he thought there would be some reciprocation from the legislature. However, there was no real movement toward getting HB 95 passed, even though it was endorsed by the IPOC.

Mr. Archuleta suggested that incremental improvements might be a reasonable path forward, and presented three scenarios prepared by Segal:

Scenario I: 0.25% increase in employer contribution/no change to the employee

- Deficit spending – 2024
- Revenues – additional \$11 million annually
- General fund impact - \$5.9 million
- Projected solvency – beyond 30 years

Scenario II: 0.5% increase in employer contribution/no change to the employee

- Deficit spending – 2025
- Revenues – additional \$22 million annually
- General fund impact - \$11.8 million
- Projected solvency – beyond 30 years

Scenario III: 0.5% increase in employer contribution/0.25% increase in employee contribution

- Deficit spending – 2026
- Revenues – additional \$33 million annually
- General fund impact -- \$17.7 million
- Projected solvency – beyond 30 years

Mr. Archuleta noted that the Governor's Office has stated that it supports shoring up the solvency of the program.

Mr. Rael expressed concern about going with the incremental approach. While legislation may be successful in the first year, it may not be successful in the second. He said he thought starting with a stronger position would make more sense.

Mr. Archuleta said another approach might be to allow employers to decide what contribution levels they have.

Ms. Goodwin said she supported Mr. Rael's position that NMRHCA should ask for the full fix up front with the goal of reaching 100 percent funding in 30 years.

Ms. Saunders said she thought NMRHCA should not only ask for increases to the employer/employee contribution, but also for a recurring infusion of money.

Mr. Archuleta responded that NMRHCA could ask for a special appropriation or the monies that were taken from it between 2016 and 2019. He commented that he personally did not feel comfortable, as a taxpayer, with the idea of taking general fund money and giving it to this program when it is not being earned by employees or employers. When NMRHCA gets general fund money, it is forgoing other forms of contribution from other state funds, including money given to it from counties, cities and municipalities that don't receive general fund money. He said he thought the employer/employee contribution scenario was more equitable because people know they are paying for it and their employers are paying for it, and it goes toward solving the long-term solvency issue by making it recurring. He said receiving a one-time infusion of cash raises the question of what NMRHCA should do with the extra money, too, and it does not fix the problem.

Mr. Linton stressed the importance of presenting NMRHCA's funding goal to legislators.

**13. OTHER BUSINESS**

None.

**14. DATE AND LOCATION OF NEXT BOARD MEETING:  
AUGUST 27, 2019, 9:30 A.M.  
ALFREDO R. SANTISTEVAN BOARD ROOM, STE. 207  
4308 CARLISLE BLVD., N.E.  
ALBUQUERQUE, NM, 87107**

**15. ADJOURN**

Meeting adjourned at 10:40 a.m.

Accepted by:

---

Tom Sullivan, President



# **New Mexico State Personnel Board**

## **State Personnel Office**

**Michelle Lujan Grisham**  
Governor

**Pamela D. Coleman**  
Director

**State Personnel Board**  
Christine B. Romero, Chair  
Jerry Manzagol, Vice Chair  
Carmen V. Chavez, Member

### **MEMORANDUM OF UNDERSTANDING** **BETWEEN THE NEW MEXICO RETIREE HEALTH CARE AUTHORITY** **AND THE NEW MEXICO STATE PERSONNEL OFFICE**

**THIS MEMORANDUM OF UNDERSTANDING (MOU)** is entered by and between the State Personnel Office (SPO) and the New Mexico Retiree Health Care Authority (RHCA) (individually, Party, and collectively, the Parties) as of July 1, 2019, or the last date of execution by the Parties below, whichever is later.

#### **RECITALS**

**WHEREAS**, SPO, governed by the Personnel Act, NMSA 1978 §10-9-1, *et seq.*, serves as a resource for supporting and facilitating better management and development of human resources (HR) in state government; and,

**WHEREAS**, State Personnel Director Pamela D. Coleman, governed by the Personnel Act, NMSA 1978 §10-9-1, *et seq.*, has a duty to supervise all administrative and technical personnel activities of the state; and,

**WHEREAS**, RHCA has been charged with duties and responsibilities pursuant to NMSA 1978 §10-7C-1, *et seq.*; and,

**WHEREAS**, SPO currently employs staff, recognized by SPO and RHCA, to have specialized HR skills and abilities, and due to such qualifications, RHCA is requesting, and SPO has agreed to accept and provide its specialized HR support services to RHCA to provide consistency, accuracy, and efficiency for RHCA's HR functions.

#### **AGREEMENT**

**NOW, THEREFORE**, the Parties agree that this MOU is entered into expressly and solely for the purpose for SPO to support RHCA's HR functions.

**IT IS THEREFORE AGREED** in consideration of the mutual covenants and obligations contained herein and other good and valuable consideration, the receipt of which is hereby acknowledged, that the parties agree to the conditions contained herein:

- I. Scope:
  - A. The parties will work in collaboration to positively impact RHCA's business operations through SPO's HR Services.
  - B. SPO HR Services personnel will support RHCA's HR functions.

Such functions will include:

1. Administering employee and position transactions, including, but not limited to, the completion of all necessary paperwork and final entries through the PeopleSoft - SHARE system, consistent with the State Personnel Act and corresponding State Personnel Board Rules.
2. Maintaining contact with Executive Management of RHCA to discuss human capital management actions, receive directives, and provide guidance.
3. Assisting in development and implementation of personnel policies and procedures for RHCA, if necessary. RHCA ultimately remains responsible for policy development and implementation.
4. Providing oversight to the payroll process so that time sheets are submitted correctly and in compliance with Department of Finance and Administration (DFA) rules, regulations, and deadlines.

C. RHCA's personnel files and position records will be housed at SPO.

D. RHCA will be responsible for submitting requests to proper approving authorities for position transactions, including, but not limited to submittals to DFA for approval.

E. RHCA will be responsible for obtaining its own legal support and counsel related to employee and position transactions and other employment-related legal matters, including coordination with Risk Management Division for assignment of counsel or investigation services when necessary.

II. Compensation:

RHCA shall reimburse SPO in the amount of \$15,800.00 for Fiscal Year 2020 (FY20) for all services provided pursuant to this MOU. The reimbursement shall occur through the Operating Transfer Process, through the Financial Control Division of DFA.

III. Terms and Conditions of this MOU:

A. SPO and RHCA shall designate one (1) individual each with primary responsibility for all financial matters related to this MOU. SPO's initial designation is Stuart R. Hamilton, Chief Financial Officer. RHCA's initial designation is Peggy Martinez, Chief Financial Officer. A Party may change the person with primary responsibility for all financial matters related to this MOU by giving written notice of such change.

B. The Parties agree to attempt to resolve any issues at the lowest level possible, in accordance with the following hierarchy:

1. Employee specific issues or macro issues related to this MOU shall be resolved, if possible, by the individuals responsible for the supporting RHCA's HR functions related to this MOU.
2. Issues not resolved pursuant to subparagraph (1) of this paragraph shall be resolved by the Chief Hearing Officer of RHCA and the Director of SPO.

C. This MOU shall become effective upon its execution by both parties through June 30, 2020. Either Party may terminate or seek to further negotiate this understanding upon thirty (30) days written notice to the other. Further, if this understanding should terminate, neither Party may nullify obligations already incurred for performance, or failure to perform, prior to the date of termination, and any outstanding reimbursements shall be made pro rata.

- D. This understanding shall not be altered, changed, or amended, except by instrument of writing executed by both parties.
- E. RHCA shall fully indemnify, defend, and hold SPO, its officers, agents, and employees harmless from any liability, losses, or damages that it may suffer as a result of claims, suits, demands, costs, or judgments against RHCA or SPO that directly or indirectly result from, or arise in connection with, the activities to be carried out pursuant to this MOU. Any liability in connection with this Agreement is subject to the immunities and limitations of the New Mexico Tort Claims Act.
- F. This Agreement is not intended to and does not create any rights in any persons or entity not a party hereto.

**REVIEWED by SPO Legal Counsel:**

By:  Date: 8-1-19

**REVIEWED by RHCA Legal Counsel:**

By:  Date: July 31, 2019

**IN WITNESS WHEREOF**, the parties have executed this MOU.

By:  Date: 8/1/19  
Pamela D. Coleman  
Director  
State Personnel Office

By:  Date: 8/1/19  
David Archuleta  
Director  
Retiree Health Care Authority



# State of New Mexico

Michelle Lujan Grisham  
*Governor*

## EXECUTIVE ORDER 2019-024

### **DIRECTING THE DEVELOPMENT AND IMPLEMENTATION OF GUIDELINES FOR STATE AGENCIES AND DEPARTMENTS TO PROMOTE EMPLOYEE FITNESS AND WELLNESS**

WHEREAS, the overall fitness and wellness of State of New Mexico employees is vital to the State's collective health, productivity, and quality of life;

WHEREAS, effective worksite wellness programs improve the health and productivity of the workforce, contributing to the capacity of State departments and agencies to accomplish their missions and to better serve New Mexicans;

WHEREAS, healthcare costs continue to rise, largely due to chronic diseases which can otherwise be prevented by adopting healthy lifestyle practices, such as engaging in physical fitness and wellness activities; and

WHEREAS, as one of the largest employers in New Mexico, state government recognizes that employers can provide a workplace environment that supports fitness and wellness.

NOW, THEREFORE, I, Michelle Lujan Grisham, Governor of the State of New Mexico, by the virtue of authority vested in me by the Constitution and the laws of the State of New Mexico, declare my commitment to improve the fitness and wellness of State of New Mexico employees and hereby order as follows:

1. The State Personnel Office shall develop fitness and wellness guidance, including a policy template for departments and agencies to implement.
2. Each State department and agency will implement fitness and wellness policies based on the guidance provided by the State Personnel Office.
3. State employees who choose to participate in fitness and wellness programs are expected to comply with the policies and procedures outlined in their department or agency policy as a condition of their participation in the programs.
4. The State Personnel Office shall also lead a labor/management steering committee to further develop additional programs and resources related to health, fitness, and wellness promotion for employees of State agencies and departments. The scope of the committee's work may include, but is not limited to, alternative work schedules, employee awareness campaigns, health risk appraisals, blood pressure and cholesterol screenings, illness and injury prevention training programs, exercise programs, and education related to smoking, alcohol, and drug abuse.

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

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

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

ATTEST:

*Maggie Toulouse Oliver*

MAGGIE TOULOUSE OLIVER  
SECRETARY OF STATE



DONE AT THE EXECUTIVE OFFICE  
THIS 25TH DAY OF JULY, 2019

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

*Michelle Lujan Grisham*

MICHELLE LUJAN GRISHAM  
GOVERNOR



# Presbyterian data breach affects some 183,000 patients

By Stephen Hamway / Journal Staff Writer

Published: Friday, August 2nd, 2019 at 11:45pm  
Updated: Saturday, August 3rd, 2019 at 3:12pm



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Presbyterian Healthcare Services reported a data breach that allowed unauthorized access to personal information belonging to around 183,000 patients and health plan members.

On Friday, Presbyterian began mailing letters to alert the members and patients affected by the breach.

Melanie Mozes, spokeswoman for Presbyterian, said the breach allowed access to names, dates of birth, Social Security numbers and other types of information after a Presbyterian employee responded to a “phishing” scam designed to gain access to private information. Mozes added that most of the victims were New Mexico residents.

She said the health care provider doesn’t believe any of the information has been used in any way. President and CEO Dale Maxwell said in a prepared statement that there is no evidence that hackers accessed electronic health record or billing information.

“At Presbyterian, we take the responsibility of protecting the privacy of our patients and members very seriously,” Maxwell said. “We deeply regret that this event occurred and are committed to taking steps to help prevent this type of incident from happening again.”

Presbyterian serves around 855,000 patients and members across New Mexico.

Phishing scams involve deceptive emails or text messages designed to trick users into giving scammers personal information, according to the Federal Trade Commission. Around May 9, Presbyterian employees fell victim to a deceptive email, allowing anonymous, unauthorized access to information normally protected by the health care provider.

Mozes said Presbyterian became aware of the incident on June 6, and responded by securing and reviewing the affected email accounts and letting federal law enforcement know about the data breach.

Jodi McGinnis Porter, director of communications for the New Mexico Human Services Department, confirmed that some of the residents impacted were Medicaid recipients, though she did not provide an estimate of how many were affected.

She added that the Human Services Department is encouraging Medicaid members who have been a member or who have received health care services through a Presbyterian provider to carefully review their health statements and verify that the information is correct.



“Identity theft is alive and real,” McGinnis Porter said.

In order to prevent future data breaches, Mozes said Presbyterian is adding additional security measures to protect its email system, which will complement its existing annual security training for employees.

Presbyterian is offering free credit monitoring and identity protection services for members. It has also established a dedicated call center to answer questions from impacted members. Members can call 833-297-6405 from 7 a.m. to 7 p.m., Monday through Friday.

More from ABQJournal.com

### **ID theft stings, but it's hard to pin on specific data hacks**



Equifax 2017. Marriott 2018. Capital One 2019. Presbyterian Healthcare Services this week.... *continue reading* »



C/O ID Experts  
PO Box 4219  
Everett WA 98204

ENDORSE



VER

FIRST NAME LAST NAME



ADDRESS1

ADDRESS2

CSZ

SEQ  
CODE 2D COUNTRY

BREAK

To Enroll, Please Call:

(833) 297-6405

Or Visit:

<https://ide.myidcare.com/presbyterian-protect>

Enrollment Code: <<XXXXXXXXXX>>

August 2, 2019

Dear <<First Name>> <<Last Name>>,

At Presbyterian, we are committed to protecting the privacy of our patients and members. You are receiving this letter because you have received health care services through a Presbyterian provider and/or you have been a Presbyterian Health Plan member.

Recently, Presbyterian discovered that an unauthorized person may have accessed some employee email accounts that contained health information. As part of our commitment to you, we want to explain what occurred, share steps we are taking to prevent this from happening again and offer resources for you.

On June 6, 2019, Presbyterian discovered anonymous, unauthorized access gained through a deceptive email to some of Presbyterian's workforce members around May 9, 2019. We believe that the unauthorized access to these email accounts was part of a scam or deceptive email trying to get information, known as "phishing." These email accounts included your name and social security number and might have contained your date of birth, clinical and/or health insurance information.

We are very sorry that unauthorized access to some of the workforce members' emails occurred. We are not aware of any improper use, or attempted use of your information, but we believe it is important to notify you of this incident.

We are continuing to investigate and conduct a thorough review of each impacted Presbyterian email account. Once we became aware of this incident, Presbyterian secured these email accounts and alerted federal law enforcement.

We take the responsibility of safeguarding your information very seriously. To help prevent this incident from happening again, Presbyterian is taking several steps and implementing additional security measures to further protect our email system. In addition, all workforce members annually must successfully complete mandatory training about the importance and requirement to safeguard all information. In particular, workforce members have received, and will continue to receive, reminders about safeguarding information stored electronically and how to avoid phishing scams.

We recommend that you review the statements that you receive from your health plan or your health care providers regarding your health care services. If you see any service that you believe you did not receive, please contact the health plan or provider immediately.

In addition, at no cost to you, we are offering identity theft protection services through ID Experts® to provide you with MyIDCare™. MyIDCare services include: 12 months of credit and CyberScan monitoring, a \$1,000,000 insurance reimbursement policy, and fully managed id theft recovery services. With this protection, MyIDCare will help you resolve issues if your identity is compromised.

We want to assure you that Presbyterian is committed to protecting the privacy and confidentiality of every individual's information.

If you have any questions, please call (833) 297-6405 or go to <https://ide.myidcare.com/presbyterian-protect> for assistance or for any additional questions you may have, Monday through Friday, 7:00 a.m. to 7:00 p.m. Mountain Time.

Sincerely,

A handwritten signature in black ink, appearing to read "Sophia Collaros", enclosed within a large, stylized circular flourish.

Sophia Collaros  
Privacy Officer



2 de agosto del 2019

Estimado(a) <<First Name>> <<Last Name>>,

Aquí en Presbyterian, nos comprometemos a proteger la privacidad de nuestros pacientes y asegurados. Le enviamos la presente porque usted ha recibido servicios de un proveedor de atención médica de Presbyterian y/o ha sido asegurado de Presbyterian Health Plan.

Recientemente, Presbyterian descubrió que a lo mejor una persona no autorizada obtuvo acceso a las cuentas de correo electrónico de unos empleados, las cuales contenían datos de salud. Como parte de nuestro compromiso con usted, queremos explicarle lo sucedido, contarle las medidas que estamos llevando a cabo para que no vuelva a suceder y ofrecerle unos recursos.

El 6 de junio del 2019, Presbyterian descubrió que hubo acceso anónimo no autorizado que se obtuvo mediante un mensaje engañoso enviado por correo electrónico a algunos de los empleados de Presbyterian alrededor del 9 de mayo del 2019. Creemos que el acceso no autorizado a esas cuentas de correo electrónico forma parte de una estafa o un fraude con la intención de obtener información por correo electrónico, que en inglés se llama “*phishing*” [fraude electrónico]. Dichas cuentas de correo electrónico incluían su nombre y número de seguro social y a lo mejor también tenían su fecha de nacimiento, datos clínicos y/o de seguro médico.

Sentimos mucho que haya sucedido el acceso no autorizado a las cuentas de correo electrónico de algunos de los empleados. No sabemos que su información se haya utilizado inapropiadamente, o que se haya intentado hacerlo, sin embargo creemos que es importante avisarle de este incidente.

Seguimos investigando y llevando a cabo una revisión completa de cada cuenta de correo electrónico afectada de Presbyterian. Una vez que nos dimos cuenta de este incidente, Presbyterian protegió dichas cuentas de correo electrónico y avisó a los cuerpos policiales federales.

Tomamos muy en serio la responsabilidad de salvaguardar su información. Para ayudar a prevenir que suceda de nuevo este incidente, Presbyterian está realizando varios remedios e implementando medidas de seguridad adicionales a fin de proteger más a fondo nuestro sistema de correo electrónico. Además cada año, todos los empleados tienen que realizar con éxito una capacitación obligatoria sobre la importancia y obligación de salvaguardar toda la información. En particular, los empleados han recibido y seguirán recibiendo notas para recordarles que deben salvaguardar la información que se guarda electrónicamente y cómo evitar las estafas de fraudes electrónicos.

Recomendamos que revise todos los estados de cuenta que reciba de su plan de seguro médico o de sus proveedores de atención médica con respecto a los servicios médicos. Si se indica un servicio que usted cree que no ha recibido, favor de comunicarse enseguida con el plan de seguro médico o el proveedor de atención médica.

Además, sin costarle nada a usted, le estamos ofreciendo servicios de protección contra el robo de identidad mediante ID Experts® para proporcionarle MyIDCare™. Los servicios que ofrece MyIDCare incluyen: 12 meses de monitorización de su crédito y CyberScan, una póliza de seguro de reembolso de \$1.000.000 y servicios plenamente dirigidos de recuperación contra el robo de identidad. Con esta protección, MyIDCare le ayudará a resolver problemas si su identidad se ha puesto en riesgo.

Queremos asegurarle de que Presbyterian se compromete a proteger la privacidad y confidencialidad de los datos de todas las personas.

Si usted tiene preguntas, favor de llamar al (833) 297-6405 o vaya a <https://ide.myidcare.com/presbyterian-protect> para recibir ayuda o para conseguir respuestas a las preguntas que tenga, de lunes a viernes, de las 7:00 de la mañana a las 7:00 de la tarde, tiempo de la zona de montaña.

Atentamente,

A handwritten signature in black ink, appearing to read "Sophia Collaros", enclosed within a large, stylized circular flourish.

Sophia Collaros  
Encargada de privacidad



9585230303

### Recommended Steps to help Protect your Information

- 1. Website and Enrollment.** Go to <https://ide.myidcare.com/presbyterian-protect> and follow the instructions for enrollment using your Enrollment Code provided at the top of the letter.
- 2. Activate the credit monitoring** provided as part of your MyIDCare membership. The monitoring included in the membership must be activated to be effective. Note: You must have established credit and access to a computer and the internet to use this service. If you need assistance, MyIDCare will be able to assist you.
- 3. Telephone.** Contact MyIDCare at (833) 297-6405 to gain additional information about this event and speak with knowledgeable representatives about the appropriate steps to take to protect your credit identity.
- 4. Review your credit reports.** We recommend that you remain vigilant by reviewing account statements and monitoring credit reports. Under federal law, you also are entitled every 12 months to one free copy of your credit report from each of the three major credit reporting companies. To obtain a free annual credit report, go to [www.annualcreditreport.com](http://www.annualcreditreport.com) or call 1-877-322-8228. You may wish to stagger your requests so that you receive a free report by one of the three credit bureaus every four months.

If you discover any suspicious items and have enrolled in MyIDCare, notify them immediately by calling or by logging into the MyIDCare website and filing a request for help.

If you file a request for help or report suspicious activity, you will be contacted by a member of our ID Care team who will help you determine the cause of the suspicious items. In the unlikely event that you fall victim to identity theft as a consequence of this incident, you will be assigned an ID Care Specialist who will work on your behalf to identify, stop and reverse the damage quickly.

You should also know that you have the right to file a police report if you ever experience identity fraud. Please note that in order to file a crime report or incident report with law enforcement for identity theft, you will likely need to provide some kind of proof that you have been a victim. A police report is often required to dispute fraudulent items. You can report suspected incidents of identity theft to local law enforcement or to the Attorney General.

**5. Place Fraud Alerts** with the three credit bureaus. If you choose to place a fraud alert, we recommend you do this after activating your credit monitoring. You can place a fraud alert at one of the three major credit bureaus by phone and also via Experian's or Equifax's website. A fraud alert tells creditors to follow certain procedures, including contacting you, before they open any new accounts or change your existing accounts. For that reason, placing a fraud alert can protect you, but also may delay you when you seek to obtain credit. The contact information for all three bureaus is as follows:

#### Credit Bureaus

Equifax Fraud Reporting  
1-866-349-5191  
P.O. Box 105069  
Atlanta, GA 30348-5069  
[www.alerts.equifax.com](http://www.alerts.equifax.com)

Experian Fraud Reporting  
1-888-397-3742  
P.O. Box 9554  
Allen, TX 75013  
[www.experian.com](http://www.experian.com)

TransUnion Fraud Reporting  
1-800-680-7289  
P.O. Box 2000  
Chester, PA 19022-2000  
[www.transunion.com](http://www.transunion.com)

It is necessary to contact only ONE of these bureaus and use only ONE of these methods. As soon as one of the three bureaus confirms your fraud alert, the others are notified to place alerts on their records as well. You will receive confirmation letters in the mail and will then be able to order all three credit reports, free of charge, for your review. An initial fraud alert will last for one year.

**Please Note: No one is allowed to place a fraud alert on your credit report except you.**



**6. Security Freeze.** By placing a security freeze, someone who fraudulently acquires your personal identifying information will not be able to use that information to open new accounts or borrow money in your name. You will need to contact the three national credit reporting bureaus listed above to place the freeze. Keep in mind that when you place the freeze, you will not be able to borrow money, obtain instant credit, or get a new credit card until you temporarily lift or permanently remove the freeze. There is no cost to freeze or unfreeze your credit files.

**7. You can obtain additional information** about the steps you can take to avoid identity theft from the following agencies. The Federal Trade Commission also encourages those who discover that their information has been misused to file a complaint with them.

**California Residents:** Visit the California Office of Privacy Protection (<http://www.ca.gov/Privacy>) for additional information on protection against identity theft.

**Kentucky Residents:** Office of the Attorney General of Kentucky, 700 Capitol Avenue, Suite 118 Frankfort, Kentucky 40601, [www.ag.ky.gov](http://www.ag.ky.gov), Telephone: 1-502-696-5300.

**Maryland Residents:** Office of the Attorney General of Maryland, Consumer Protection Division 200 St. Paul Place Baltimore, MD 21202, [www.oag.state.md.us/Consumer](http://www.oag.state.md.us/Consumer), Telephone: 1-888-743-0023.

**New Mexico Residents:** You have rights pursuant to the Fair Credit Reporting Act, such as the right to be told if information in your credit file has been used against you, the right to know what is in your credit file, the right to ask for your credit score, and the right to dispute incomplete or inaccurate information. Further, pursuant to the Fair Credit Reporting Act, the consumer reporting agencies must correct or delete inaccurate, incomplete, or unverifiable information; consumer reporting agencies may not report outdated negative information; access to your file is limited; you must give your consent for credit reports to be provided to employers; you may limit “prescreened” offers of credit and insurance you get based on information in your credit report; and you may seek damages from a violator. You may have additional rights under the Fair Credit Reporting Act not summarized here. Identity theft victims and active duty military personnel have specific additional rights pursuant to the Fair Credit Reporting Act. You can review your rights pursuant to the Fair Credit Reporting Act by visiting [www.consumerfinance.gov/f/201504\\_cfpb\\_summary\\_your-rights-under-fcra.pdf](http://www.consumerfinance.gov/f/201504_cfpb_summary_your-rights-under-fcra.pdf), or by writing Consumer Response Center, Room 130-A, Federal Trade Commission, 600 Pennsylvania Ave. N.W., Washington, D.C. 20580.

**North Carolina Residents:** Office of the Attorney General of North Carolina, 9001 Mail Service Center Raleigh, NC 27699-9001, [www.ncdoj.gov](http://www.ncdoj.gov), Telephone: 1-919-716-6400.

**Oregon Residents:** Oregon Department of Justice, 1162 Court Street NE, Salem, OR 97301-4096, [www.doj.state.or.us/](http://www.doj.state.or.us/), Telephone: 877-877-9392

**Rhode Island Residents:** Office of the Attorney General, 150 South Main Street, Providence, Rhode Island 02903, [www.riag.ri.gov](http://www.riag.ri.gov), Telephone: 401-274-4400

**All US Residents:** Identity Theft Clearinghouse, Federal Trade Commission, 600 Pennsylvania Avenue, NW Washington, DC 20580, [www.consumer.gov/idtheft](http://www.consumer.gov/idtheft), 1-877-IDTHEFT (438-4338), TTY: 1-866-653-4261.



# 2019 NMRHCA SWITCH ENROLLMENT IMPORTANT INFORMATION

The annual New Mexico Retiree Health Care Authority Switch Enrollment Schedule is now available (see reverse side). For specific information regarding rate changes effective Jan. 1, 2020, please attend a meeting to determine the best health care plan option for you in the coming year. Also, Switch Enrollment Packets will be mailed out mid-September and will include a summary of your existing coverages and your options for 2020. Please read this information carefully.



**\*NMRHCA deadline to make changes: November 8, 2019**  
Watch for Information Packet in September

\* This deadline is unrelated to any general Medicare deadline

## HEALTH CARE PLAN SWITCH ENROLLMENT

Flu shots and screenings once again will be offered at meeting locations. NMRHCA will visit key locations throughout the state to offer personal assistance. You may also contact a customer service representative: M-F, 8am-5pm at 800-233-2576 or visit [www.nmrhca.org](http://www.nmrhca.org).

PRESORT STD  
US POSTAGE  
PAID  
ABQ., NM  
PERMIT #1645

### FALL 2019 NMRHCA SCHEDULE

Santa Fe: Oct. 2 & Oct. 16 9:30 a.m. Santa Fe Community College	Albuquerque: Oct. 17 & 31 9:30 a.m. UNM Continuing Education Auditorium
Raton: Oct. 3 9:30 a.m. Convention Center	Silver City: Oct. 22 1 p.m. WNMU
Las Vegas: Oct. 4 9:30 a.m. NMHU Student Center	Las Cruces: Oct. 23 & 24 9:30 a.m. Farm & Ranch Heritage Museum
Roswell: Oct. 8 9:30 a.m. Convention & Civic Center	Española: Oct. 28 9:30 a.m. Northern NM College
Hobbs: Oct. 9 9:30 a.m. NM Junior College	Farmington: Oct. 29 10:30 a.m. Civic Center
Clovis: Oct. 10 9:30 a.m. Civic Center	Gallup: Oct. 30 9:30 a.m. Red Rock State Park
	Rio Rancho: Nov. 1 9:30 a.m. Santa Ana Star Center



<https://www.facebook.com/nmrhca/>

4308 CARLISLE BLVD. NE, SUITE 104, ALBUQUERQUE, NM 87107 /  
33 PLAZA LA PRENSA, SANTA FE, NM 87507 / 800-233-2576



# NMRHCA

## Quarterly Online Newsletter

### August 2019

# Board of Directors Focused On Long-Term Goals at Annual Meeting

**AGENCY UPDATES:** The New Mexico Retiree Health Care Authority (NMRHCA) held its annual meeting in Taos on July 11 and 12, at which the Board of Directors (the Board) received an update regarding the actuarial condition of the program, trends affecting our membership and new investment opportunities being made available through the State Investment Council.

The annual meeting is particularly important because the Board considers a range of options and plan recommendations for managing the costs of the program and meeting our financial obligations over the coming year (beginning January 1, 2020). These options include changes to monthly premiums (what the members pay), subsidy levels (what NMRHCA pays on the members behalf) and cost-sharing arrangements (deductibles, copays and coinsurance).

This process involves evaluating trends specific to NMRHCA's membership and comparing the design of the program to that of similar organizations i.e., the programs administered by the State of New Mexico, New Mexico Public School Insurance Authority and Albuquerque Public Schools.

Unfortunately, NMRHCA couldn't avoid a premium increase for pre-Medicare and Medicare Supplement plan members in 2020. However, the increase is limited to 5 percent for the Medicare Supplement Plan and 7 percent for both the Premier and Value pre-Medicare plans.

Also, the Board took action to enroll the Patient Assurance Program, made available through our partnership with Express Scripts. This program applies to our insulin

dependent pre-Medicare diabetic population and caps the insulin copays at \$25 for a 30-day supply and \$75 for a 90-day supply. While saving members money by lowering their out-of-pocket expenses, this program is designed to increase adherence by removing the barrier of cost that leads some people to avoid taking their medication as prescribed.

**CONCLUSION:** Despite rapidly rising health care costs, the NMRHCA program continues to make improvements to the financial condition of its trust fund. As of June 30, 2019, NMRHCA is expected to remain solvent through 2044 (25 years). However, our net Other Post Employment Benefit liabilities remain in excess of \$4.3 billion, as of the June 30, 2018, measurement.

While much work still remains, this improvement will ensure affordable access to health care for current and future plan participants. Our goal has been and will continue to be the improvement to our funded ratio, limiting the growth in our long-term liabilities and maintaining the value of the benefits offered to our members.

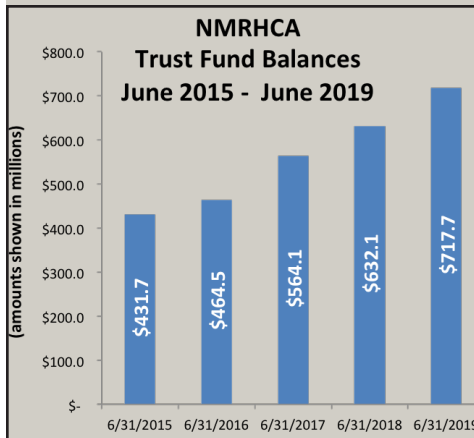
**REMINDERS:** Back in November 2018, the Board adopted a rule change effective Jan. 1, 2021, increasing the number of years required to receive the maximum subsidy and establishing a minimum age requirement of 55 in order to receive subsidized health coverage --- this rule change does not apply to folks who retired from an enhanced retirement plan, i.e., firefighters, police officers, correctional officers.

This change has resulted in the extension of our solvency from 2037 (last year) to 2044 or 25 years.

*The New Mexico Retiree Health Care Authority fosters quality of life and peace of mind by responsibly administering affordable, secure health care benefits for public retirees and their families.*



## Investments



## GASB 74 / 75

NMRHCA has posted the latest employer allocations, as well as the 2019 GASB 75 user guide and excel reporting sheet on our website, NMRHCA.org, under the heading, GASB Reporting (under the Employers tab).

When using the GASB Reporting tab, go to the link titled “GASB 75 Employer Allocations — June 30, 2018” for the schedule of employer allocations.

Click on the link titled, “2019 GASB 75 User Guide” for information on the the journal entry tool.

Finally, click on the “2019 GASB 75 User Guide Excel Tool” tab to download the excel reporting form

Please contact Jenny Haikin, NMRHCA Financial Specialist, at 505-222-6409 if you have any questions.

## Important Links:

New Mexico Retiree Health Care Authority:  
[www.nmrhca.org](http://www.nmrhca.org)

New Mexico Educational Retirement Board:  
[www.nmerb.org](http://www.nmerb.org)

Public Employees Retirement Association:  
[www.nmpera.org](http://www.nmpera.org)

## 2021 Rule Change of a Minimum Age Requirement of 55

# Frequently Asked Questions

**Q. If I retire under 55 and don't take NMRHCA's plan before 2020, would I be grandfathered in under the old rules if I purchase an NMRHCA plan after 2021 because my retirement date was before 2020?**

A: Yes

**Q: If I retire before Jan. 1, 2020, and then go back to work, would I be grandfathered into the existing rules before the minimum age requirement and years of service increase kick in?**

A: As long as you don't go back to work for a participating entity that affects your pension, which would nullify your original retirement date. If you go back to work and your new employer offers health insurance, you cannot remain on an NMRHCA Pre-Medicare plan as your primary insurance. But when you leave that employer, you still will be able to go back to NMRHCA under the rules prior to the Jan. 1, 2021, changes.

**Q. Why didn't NMRHCA use a hire date, as PERA did with its tier system, to differentiate retirees under the original rule from retirees under the Age Minimum rule?**

A. Because of the time it would take for the new “tier” to age into retirement. It would take too long for the rule to have an impact on the agency's solvency; the agency would already be bankrupt by the time new tier retirees started enrolling in an NMRHCA plan.

**Q. If retirees under age 55 are healthier than older retirees, how would NMRHCA save money insuring those individuals? They wouldn't have as many health care costs.**

A. There still is a cost to the agency to insure every person. So if someone age 50 wants to participate in NMRHCA, the agency would not have to assume the costs to insure that person for five years before the age of 55, and that's

where the savings come in.

**Q. Does any service credit time I've purchased with PERA/ERB count toward more years with NMRHCA?**

A. No. You have to purchase service credit through NMRHCA separately from PERA/ERB.

**Q. If my spouse is an active employee under the age of 55 but dies before he/she retires, can I get access to RHCA coverage?**

A. No.

**Q. If I meet the PERA Tier 2 Rule of 85 requirement (age and years of service), can I get insurance if I'm not 55?**

A. NMRHCA does not follow PERA's retirement eligibility tiers. The new rule would require retirees to be 55 to be eligible for a subsidy through NMRHCA, regardless of years of service.

**Q. Doesn't NMRHCA have to get legislative approval to change the rules?**

A. No. NMRHCA's Board of Directors has authority to update any and all rules. NMRHCA complied with all the requirements for a rulemaking change in the New Mexico Administrative Code.

**Q. Can I pay more to be an enhanced plan member and be immune to the rule change?**

A: Enhanced plan members are members working in public safety (police officers, firefighters, corrections officers, some judges) who pay more of their salary to NMRHCA. Other active employees are not allowed to pay more to become enhanced plan members.

**Q. Can I opt out of paying the 1% of my salary toward the Retiree Health Care Authority?**

A. No. The deduction is a condition of employment with a participating agency with NMRHCA.



# your Benefit Messenger

NMRHCA 2019 Newsletter Vol. 4 - Fall Edition

## FIRST WISE AND WELL HEALTH FAIR DRAWS A LARGE AUDIENCE

**T**he New Mexico Retiree Health Care Authority tried its hand at hosting a health fair on the first day of summer.

Thanks to our members, we think the fair was a big hit — for staff, health partners and retirees!

NMRHCA's first-ever Wise and Well Health and Wellness fair took place on June 21 at the Smith Brasher Hall on the Central New Mexico Community College main campus in Albuquerque.

This being our first foray into the health fair business, we had no idea what to expect. To give everyone a hint of how inexperienced we were at putting on such a health offering, we had the audacity to schedule our event while the Senior Olympics were still going on in our fair city.



See NMRHCA on Page 2

## EXECUTIVE DIRECTOR'S UPDATE:

## BENEFITS FOR MEMBERS ARE NUMEROUS IN ATTENDING SWITCH ENROLLMENT MEETINGS

**F**all is on the way. ... Mornings are already getting cooler, days are getting shorter, kids are back in school and before we know it, the leaves on trees across New Mexico will change colors.

Another seasonal activity you can count on is that the New Mexico Retiree Health Care Authority (NMRHCA) staff and our health plan partners will soon pay a visit to a community near you.

We are pleased to announce that this year's Switch Enrollment meetings will kick off Oct. 2 with the first of two sessions in Santa Fe and conclude on Nov. 1 in Rio Rancho.

Similar to previous years, we will hold 16 meetings in 13 different locations including: Silver City, Hobbs, Raton, Farmington and nine other locations in between.

If you are either new to the plan or have been with us for several years, please join us at one of the meetings to find out more about your benefits and how they work for you.

These meetings provide an opportunity to learn more about your health plan and how to maximize savings opportunities associated with accessing care through specific provider organizations in certain locations.

They also provide an opportunity to compare the benefits and restrictions associated with each plan to help you make an informed decision about your health care plan selection.

Lastly, these meetings provide a convenient opportunity to get your flu and pneumococcal vaccinations, health care screenings and information regarding our wellness program.

In general, the meeting will include an update from NMRHCA staff regarding the funding status of the program, legislative initiatives, trends affecting our health care operations, plan changes effective Jan. 1, 2020 and important reminders. In summary, effective Jan. 1, 2020, changes and updates are as follows:

See Rate/Plan on Page 5





**Keynote speaker Dr. Raquel Garzon (with microphone) speaks to an interested group of retirees at NMRHCA's Wise and Well Health Fair on June 21 at CNM.**

## NMRHCA WISE AND WELL HEALTH FAIR IS ROUSING SUCCESS

*Continued From Page 1*

And yet, our members showed up. In droves!

We estimated an attendance of nearly 400 people, many of whom stayed for the entire 3 ½-hour event.

The health fair included a pair of keynote presentations — one from James Reese of SilverSneakers on “The Happiness Effect” to kick off the event and one from Dr. Raquel Garzon on “Practical Ways To Enhance Cognitive Health at Any Age” that capped the day’s activities.

Both speakers knocked it out of the park; they provided information that members can use on a daily basis.

The Wise and Well fair also included breakout sessions from

SilverSneakers on fitness, Good Measures (a weight management program), United Concordia (dental health) and Blue Cross Blue Shield of New Mexico (a tai chi and falls prevention class).

The event presented opportunities for mammogram, blood pressure and glucose monitoring, as well as Visiderm skin screening.

Members had a chance to complete personal health assessments and talk with NMRHCA and 14 other health and wellness representatives.

Thanks to donations from NMRHCA’s participating groups, as well as NMRHCA’s outreach efforts, several members also walked away with some great raffle prizes — including a Fitbit, a Ninja Blender, a

12-week class from Oasis Learning Center, Albuquerque Isotopes baseball tickets and University of New Mexico Lobo football tickets.

In addition, almost half — 178 — turned in Wise and Well Incentive Program completion forms and earned a \$50 Visa gift card for participating in two wellness activities.

The fair gave NMRHCA another opportunity to promote its Well and Wise Incentive Program.

Our goal with the program continues to be to encourage our members to take an active role in monitoring — and improving — their health so that they can stay more active for as long

**See 1st on Page 3**

# 1ST HEALTH FAIR COULD LEAD TO MORE EVENTS IN FUTURE

Continued From Page 2

as possible.

If the incentive helps members seek out a couple of activities — going to the gym, participating in a weight management program, walking more often that they can track on their Fitbits or pedometer devices — that can have lasting impact on the quality of their health, then our efforts will have been worth it.

In 2018, 287 people qualified for the gift card ... for the entire year. We had about two-thirds of that total qualify for the gift card in one day!

And it was a day of non-stop activity itself.

The members received lots of health information — not to mention lots of freebies and healthy snacks — and learned how they can take charge of their health. The only time the health fair came to any semblance of a standstill was during the announcements of prize winners for each gift.

The following is just one comment we received after hosting the event:

“I did attend. Great event! Wish I had told some friends that have retiree health care, but I did not know it would be so good. ... Will tell them next year.”

NMRHCA wishes to thank Mr. Reese and Dr. Garzon for their time.

We are indebted to our health partners who helped us not only host the event but also help us plan for the event throughout the year: BCBSNM, Presbyterian Health Plan,



**James Reese of Silver Sneakers, facing camera, kicked off the health fair by demonstrating some quick and easy exercises members can do at home.**

UnitedHealthcare, Humana, Delta Dental, United Concordia, Express Scripts and Davis Vision.

We'd also like to thank Albuquerque Oasis Learning Center, the Diabetes Prevention Program, Good Measures, Paths To Health, Resolute Seniors and Silver Sneakers for participating and providing information to our retirees.

And NMRHCA is appreciative of the donations made by both the Isotopes and the UNM athletic department.

But most of all, we'd like to thank all our members and their friends and family who attended. We hope you found it educational and enjoyed the fair.

Based on the success of the health fair, NMRHCA is planning to continue with similar events — not only in Albuquerque, but also Las Cruces and Santa Fe, with the possibility of more expansion based on the outcomes of those events.



**Blue Cross Blue Shield wellness coordinator Marlene Mier, left, answers some questions from a Wise and Well health fair attendee at CNM's Smith Brasher Hall.**



# HOME SECURITY: KEEPING THE WOLVES FROM YOUR DOOR ... OR PHONE

By Piaf Azul

Anyone can be the victim of a crime, but seniors are often targeted by criminals who see them as easy pickings. Knowing how to secure your home against intruders and being able to spot telephone scams are the most important weapons in your arsenal.

## How can I prevent a burglary?

Burglars want to get in and out of a house or apartment quickly and without being seen, slow them down and bring them out of the shadows if you can. Remember to close and lock your doors and windows; only 31 percent of burglars force their way into a home. Solid wood or metal doors, dead-bolt locks and window-locking devices are sound deterrents. Criminals dislike burglar alarms, outdoor lighting and dogs.

Do not inadvertently let a thief in through your front door. Never open the door to a stranger, and always ask service people for identification before letting them in. A peephole lets you screen visitors safely. And never leave a key under a flowerpot or doormat. Instead, leave an extra key with a trusted neighbor.

Whether you're at the supermarket or away for the holidays, your house is most vulnerable when it's unoccupied. For short absences, leave the TV or light on. During vacations, have a neighbor collect your mail. Consider getting timed lights that come on at a certain time each day.

## If I'm a woman living alone, what other safety measures I should take?

Don't put Ms., Miss, or Mrs. on your nameplate; use your first initial and

last name only. If you feel comfortable doing so, get a male friend or relative to record the outgoing message on your answering machine. Have his message imply that there are two or more people living at your house. Never tell a caller or stranger that you're home alone.

## How can I stop a scam artist?

Even if your house is secure, some intruders may try to get to you by phone. Fraudulent telemarketers are more than just a nuisance; they're criminals. Many scammers target seniors, thinking they'll be easy marks.

Follow these tips to protect yourself:

- Never give a telemarketer any information, especially your credit card, bank account, or Social Security number.
- Feel free to end a conversation. If you're uncomfortable, hang up the phone. If you're persistently harassed, call the police to have your phone monitored.
- Buy over the phone only from reputable companies you've patronized before. Before you buy from an unfamiliar seller, ask that written information be sent to your home.
- Learn to recognize the earmarks of fraud. A caller who pressures you to sign up immediately or before you have all the information, refuses to send written materials, or — worst of all — requires that you send money by private courier or wire is likely to be fraudulent. Other clues that something is amiss: vague language, a request for cash or the offer of a no-risk investment

with huge returns.

- Know the guidelines legitimate telemarketers must follow. They're required to tell you the name of the company, what they're selling, and that it's a sales call. Under the law, they cannot call before 8 a.m., after 9 p.m., or after being told not to call again.
- Use common sense. If an offer sounds too good to be true, it probably is. Be wary of cheap home-improvement offers.
- If you don't want telemarketers to call, add your phone number to the Do Not Call Registry (<https://www.donotcall.gov>). After 31 days on the list, most telemarketing calls will stop (Charities, political organizations and phone surveyors are still allowed to call).

## What are the most common forms of telephone fraud?

- A caller says you've won a prize but asks you to send money for shipping and handling, taxes, or some other use. Legitimate prizes require no payment on the part of the winner.
- A caller says you can recover money previously lost to fraud for an up-front fee. Con artists often target those who have been victims in the past, hoping to steal more money from them.
- A caller offers to "fix" your bad credit rating if you pay a sum of money in advance. Your credit record cannot be fixed this way.

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Source: *Consumer Healthday*



# RATE CHANGES FOR NMRHCA HEALTH PLANS IN 2019

	2019	2020	Monthly Difference	Annual Difference
<b><u>PRE-MEDICARE PLANS</u></b>				
<b><u>BCBS/Presbyterian</u></b>				
Premier	\$260.76	\$279.01	\$18.25	\$219.00
Value	\$203.69	\$217.95	\$14.26	\$171.12
<b><u>SUPPLEMENT PLAN</u></b>				
Blue Cross Blue Shield	\$211.96	\$222.56	\$10.60	\$127.20
<b><u>ADVANTAGE PLANS</u></b>				
<b><u>Blue Cross Blue Shield</u></b>				
Plan I	\$66.10	\$64.80	-\$1.30	-\$15.60
Plan II	\$22.15	\$21.70	-\$0.45	-\$5.40
<b><u>Presbyterian</u></b>				
Plan I	\$94.50	\$94.50	---	---
Plan II	\$71.00	\$71.00	---	---
<b><u>Humana</u></b>				
Plan I	\$66.82	\$66.82	---	---
Plan II	\$34.07	\$34.07	---	---
<b><u>UnitedHealthcare</u></b>				
Plan I	\$94.68	\$94.68	---	---
Plan II	\$49.65	\$49.65	---	---

*Prices quoted for table above are for members with 20-plus years of service credit.*

## RATE/PLAN CHANGES & SAVINGS OPPORTUNITIES FOR 2019 ANNOUNCED

Continued From Page 1

### Rates

- All pre-Medicare plans (Premier and Value): 7% increase
- Medicare Supplement Plan: 5% increase
- Medicare Advantage Plans
  - BCBS MA Plans I & II : 2% decrease
  - Humana Plans I & II: no rate change
  - UnitedHealthcare Plans I & II: no rate change
  - Presbyterian Plans I & II: no

- rate change
- Dental Plans
  - United Concordia Basic & Comprehensive: no rate change
  - Delta Dental Basic & Comprehensive: no rate change

### Pre-Medicare Plan Changes

- Rehabilitation inpatient and outpatient physical therapy service copays will not exceed the copays for primary care office visits

Please keep an eye out for your personalized switch enrollment packet in the mail, which will include information regarding meeting dates, times, locations and schedule of specific presentations to be made in each location.

If you cannot attend one of our meetings, please read and review the information contained in your Switch Enrollment packet in its entirety, as it contains important information.

**See Executive on Page 6**

## 2019 NMRHCA SWITCH ENROLLMENT IMPORTANT INFORMATION

The annual New Mexico Retiree Health Care Authority Switch Enrollment Schedule is now available (see reverse side). For specific information regarding rate changes effective Jan. 1, 2020, please attend a meeting to determine the best health care plan option for you in the coming year. Also, Switch Enrollment Packets will be mailed out mid-September and will include a summary of your existing coverages and your options for 2020. Please read this information carefully.



**\*NMRHCA deadline to make changes: November 8, 2019**

Watch for Information Packet in September

\* This deadline is unrelated to any general Medicare deadline

## EXECUTIVE DIRECTOR'S UPDATE: ATTENDING SWITCH ENROLLMENT MEETINGS ARE BENEFICIAL

Continued From Page 5

### FALL UPDATES AND REMINDERS

NMRHCA has begun evaluating the development of its evaluation criteria for the procurement of medical, dental, vision and Medicare programs, which is scheduled for release in the early fall, in collaboration with the State of New Mexico, Public School Insurance Authority and Albuquerque Public Schools — collectively referred to as the Interagency Benefits Advisory Committee.

These procurements typically occur once every four years, or in no case, no longer than once every four years, as required by state procurement laws. As this process develops, NMRHCA will solicit bids from qualified offerors to provide comprehensive services at the lowest cost.

This process allows us to evaluate the effectiveness of existing services and consider the potential for new services, as we seek to meet our

members' health care needs.

As mentioned early this year, NMRHCA developed the Wise and Well Program to support healthy living. This program aims to improve communication, increase engagement in wellness-related activities, help prevent chronic disease and incentivize value-based care to better manage our costs. For more information about the activities and plans available online and in person, please visit [www.nmrhca.org](http://www.nmrhca.org) and click on the Wellness link, which will include specific resources from each of our health plan partners.

Finally, the switch enrollment period allows members who currently do not have dental, vision or life insurance through NMRHCA to sign up with coverage to take effect on Jan. 1, 2020 — **however**, they must be eligible to do so under NMRHCA rules.

**- David Archuleta**  
Executive Director

## NMRHCA AT A GLANCE

### MEDICARE SEMINAR UPDATE

Because of October's Switch Enrollment meetings, our next Medicare seminar will be Dec. 11 in Albuquerque (9:30 a.m.) and Santa Fe (1:30 p.m.).

Our 2020 dates are:

Feb. 12 — Albuquerque and Santa Fe.

March 11 — Albuquerque only.

April 8 — Both locations

May 13 — Albuquerque

June 10 — Both locations

July 15 — Albuquerque

Aug. 12 — Both locations

Sept. 9 — Albuquerque

Dec. 9 — Both locations

Dates and times for additional sites (tentatively in Las Cruces and Farmington) will be included in our 2020 Winter Newsletter.

### WE WANT YOUR EMAIL ADDRESS

Help us help you by cutting down our postage costs! If you wish to receive your newsletter online, email us at [CustomerService@state.nm.us](mailto:CustomerService@state.nm.us), or call us at 800-233-2576. Giving us your email address also helps us let you know about the status of your Wise and Well Wellness Incentive forms.

### FIND US ON FACEBOOK

Our Facebook page provides wellness information as well as notifications for upcoming NMRHCA events. Like us at [www.facebook.com/nmrhca/](http://www.facebook.com/nmrhca/).

# SWITCH ENROLLMENT MEETING SCHEDULE

DATE	LOCATION	TIME		VENUE
10/2/2019 10/16/2019	Santa Fe	9:30 a.m. 11:30 a.m. 12:15 p.m.	Medicare Medical/RX Voluntary Coverage Non-Medicare Medical/RX	Santa Fe Community College Jemez Room 6401 Richards Ave. Santa Fe, NM 87508
10/3/2019	Raton	9:30 a.m. 11:30 a.m. 12:15 p.m.	Medicare Medical/RX Voluntary Coverage Non-Medicare Medical/RX	Raton Convention Center 901 S. 3rd St. Raton, NM 87740
10/4/2019	Las Vegas	9:30 a.m. 11:30 a.m. 12:15 p.m.	Medicare Medical/RX Voluntary Coverage Non-Medicare Medical/RX	NM Highlands University Student Center 800 National Ave. Las Vegas, NM 87701
10/8/2019	Roswell	9:30 a.m. 11:30 a.m. 12:15 p.m.	Medicare Medical/RX Voluntary Coverage Non-Medicare Medical/RX	Roswell Convention and Civic Center 912 N. Main St. Roswell, NM 88201
10/9/2019	Hobbs	9:30 a.m. 11:30 a.m. 12:15 p.m.	Medicare Medical/RX Voluntary Coverage Non-Medicare Medical/RX	NM Junior College Training and Outreach Facility 5317 North Lovington Highway Hobbs, NM 88240
10/10/2019	Clovis	9:30 a.m. 11:30 a.m. 12:15 p.m.	Medicare Medical/RX Voluntary Coverage Non-Medicare Medical/RX	Clovis Civic Center 801 Schepps Blvd. Clovis, NM 88101
10/17/2019 10/31/2019	Albuquerque	9:30 a.m. 11:30 a.m. 12:15 p.m.	Medicare Medical/RX Voluntary Coverage Non-Medicare Medical/RX	UNM Continuing Education Auditorium 1634 University Blvd., NE Albuquerque, NM 87131
10/22/2019	Silver City	1 p.m. 3 p.m. 3:45 p.m.	Medicare Medical/RX Voluntary Coverage Non-Medicare Medical/RX	Western New Mexico University Besse-Forward Global Resource Center Corner of 12th and Kentucky Silver City, NM 88061
10/23/2019 10/24/2019	Las Cruces	9:30 a.m. 11:30 a.m. 12:15 p.m.	Medicare Medical/RX Voluntary Coverage Non-Medicare Medical/RX	NM Farm & Ranch Heritage Museum 4100 Dripping Springs Rd. Las Cruces, NM 88011
10/28/2019	Española	9:30 a.m. 11:30 a.m. 12:15 p.m.	Medicare Medical/RX Voluntary Coverage Non-Medicare Medical/RX	Northern NM College - Nick. L. Salazar Center for Performing Arts 921 Paseo de Oñate Española, NM 87532
10/29/2019	Farmington	10:30 a.m. 12:30 p.m. 1:15 p.m.	Medicare Medical/RX Voluntary Coverage Non-Medicare Medical/RX	Farmington Civic Center - Miriam Taylor Theater 200 W. Arrington St. Farmington, NM 87401
10/30/2019	Gallup	9:30 a.m. 11:30 a.m. 12:15 p.m.	Medicare Medical/RX Voluntary Coverage Non-Medicare Medical/RX	Red Rock State Park Dining and Conference Room Gallup, NM 87311
11/1/2019	Rio Rancho	9:30 a.m. 11:30 a.m. 12:15 p.m.	Medicare Medical/RX Voluntary Coverage Non-Medicare Medical/RX	Santa Ana Star Center 3001 Civic Center Circle NE Rio Rancho, NM 87144

**Reminder: Free flu shots and screenings, including a take-home Fecal Occult Blood Test to check for symptoms of colorectal cancer, will be offered at all Open/Switch Enrollment meetings. Those unable to attend the Open/Switch Enrollment meetings may request an FOBT to be sent to them by calling 505-923-8105 and leaving their name, number and short message regarding the kit.**







Find us on Facebook: <https://www.facebook.com/nmrhca>



## NMRHCA CONTACT INFORMATION

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Albuquerque, NM 87107-4849

33 Plaza La Prensa, Suite 101  
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505-884-8611 (Fax)  
Email: [customerservice@state.nm.us](mailto:customerservice@state.nm.us)

Hours: 8 a.m.-5 p.m. Monday-Friday

Please visit us online at [www.nmrhca.org](http://www.nmrhca.org)

## CONTACT YOUR HEALTHCARE PROVIDERS DIRECTLY

### Blue Cross Blue Shield

BCBSNM.....800-788-1792  
BCBSNM Medicare Advantage.....877-299-1008  
[www.bcbsnm.com](http://www.bcbsnm.com)

### Presbyterian Health Plan

Presbyterian Health Plan ..... 888-275-7737  
Presbyterian Medicare Advantage .800-797-5343  
[www.phs.org](http://www.phs.org)

### Express Scripts

Express Scripts Medicare .....800-551-1866  
Express Scripts Non-Medicare .. 800-501-0987  
[www.express-scripts.com](http://www.express-scripts.com)

Humana ..... 866-396-8810  
<https://our.humana.com/nmrhca>

UnitedHealthcare.....866-622-8014  
[www.uhcretiree.com](http://www.uhcretiree.com)

United Concordia..... 888-898-0370  
[www.ucci.com](http://www.ucci.com)

Delta Dental.....877-395-9420  
[www.deltadentalnm.com](http://www.deltadentalnm.com)

Davis Vision ..... 800-999-5431  
[www.davisvision.com](http://www.davisvision.com)

Standard Insurance.....888-609-9763  
[www.standard.com/mybenefits/newmexico\\_rhca](http://www.standard.com/mybenefits/newmexico_rhca)

HOUSE BILL 81

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

INTRODUCED BY

Eliseo Lee Alcon

AN ACT

RELATING TO HEALTH COVERAGE; ENACTING SECTIONS OF THE HEALTH CARE PURCHASING ACT, THE NEW MEXICO INSURANCE CODE, THE HEALTH MAINTENANCE ORGANIZATION LAW AND THE NONPROFIT HEALTH CARE PLAN LAW TO ESTABLISH LIMITS ON COST SHARING FOR PHYSICAL REHABILITATION SERVICES.

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

SECTION 1. A new section of the Health Care Purchasing Act is enacted to read:

"[NEW MATERIAL] PHYSICAL REHABILITATION SERVICES--LIMITS ON COST SHARING.--

A. Group health coverage, including any form of self-insurance, offered, issued or renewed under the Health Care Purchasing Act that offers coverage of physical rehabilitation services shall not impose a member cost share

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1 for physical rehabilitation services that is greater than that  
2 for primary care services on a coinsurance percentage basis  
3 when coinsurance is applied or on an absolute dollar amount  
4 when a copay is applied.

5 B. As used in this section:

6 (1) "physical rehabilitation services" means  
7 services aimed at maximizing an individual's level of function,  
8 returning to a prior level of function or maintaining or  
9 slowing the decline of function, which services are provided by  
10 or under the direction of a licensed physical therapist,  
11 occupational therapist or speech therapist; and

12 (2) "primary care services" means the first  
13 level of basic or general health care for a person's health  
14 needs, including diagnostic and treatment services, initiation  
15 of referrals for other health care services and maintenance of  
16 the continuity of care when appropriate."

17 SECTION 2. A new section of Chapter 59A, Article 22 NMSA  
18 1978 is enacted to read:

19 "[NEW MATERIAL] PHYSICAL REHABILITATION SERVICES--LIMITS  
20 ON COST SHARING.--

21 A. An individual or group health insurance policy,  
22 health care plan or certificate of health insurance that is  
23 delivered, issued for delivery or renewed in this state shall  
24 not impose a member cost share for physical rehabilitation  
25 services that is greater than that for primary care services

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1 on a coinsurance percentage basis when coinsurance is applied  
2 or on an absolute dollar amount when a copay is applied.

3 B. As used in this section:

4 (1) "physical rehabilitation services" means  
5 services aimed at maximizing an individual's level of function,  
6 returning to a prior level of function or maintaining or  
7 slowing the decline of function, which services are provided by  
8 or under the direction of a licensed physical therapist,  
9 occupational therapist or speech therapist; and

10 (2) "primary care services" means the first  
11 level of basic or general health care for a person's health  
12 needs, including diagnostic and treatment services, initiation  
13 of referrals for other health care services and maintenance of  
14 the continuity of care when appropriate."

15 SECTION 3. A new section of Chapter 59A, Article 23 NMSA  
16 1978 is enacted to read:

17 "[NEW MATERIAL] PHYSICAL REHABILITATION SERVICES--LIMITS  
18 ON COST SHARING.--

19 A. A group or blanket health insurance policy,  
20 health care plan or certificate of health insurance that is  
21 delivered, issued for delivery or renewed in this state shall  
22 not impose a member cost share for physical rehabilitation  
23 services that is greater than that for primary care services  
24 on a coinsurance percentage basis when coinsurance is applied  
25 or on an absolute dollar amount when a copay is applied.

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1 B. As used in this section:

2 (1) "physical rehabilitation services" means  
3 services aimed at maximizing an individual's level of function,  
4 returning to a prior level of function or maintaining or  
5 slowing the decline of function, which services are provided by  
6 or under the direction of a licensed physical therapist,  
7 occupational therapist or speech therapist; and

8 (2) "primary care services" means the first  
9 level of basic or general health care for a person's health  
10 needs, including diagnostic and treatment services, initiation  
11 of referrals for other health care services and maintenance of  
12 the continuity of care when appropriate."

13 SECTION 4. A new section of the Health Maintenance  
14 Organization Law is enacted to read:

15 "[NEW MATERIAL] PHYSICAL REHABILITATION SERVICES--LIMITS  
16 ON COST SHARING.--

17 A. An individual or group health maintenance  
18 contract that is delivered, issued for delivery or renewed in  
19 this state shall not impose a member cost share for physical  
20 rehabilitation services that is greater than that for primary  
21 care services on a coinsurance percentage basis when  
22 coinsurance is applied or on an absolute dollar amount when a  
23 copay is applied.

24 B. As used in this section:

25 (1) "physical rehabilitation services" means,

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1 services aimed at maximizing an individual's level of function,  
2 returning to a prior level of function or maintaining or  
3 slowing the decline of function, which services are provided by  
4 or under the direction of a licensed physical therapist,  
5 occupational therapist or speech therapist; and

6 (2) "primary care services" means the first  
7 level of basic or general health care for a person's health  
8 needs, including diagnostic and treatment services, initiation  
9 of referrals for other health care services and maintenance of  
10 the continuity of care when appropriate."

11 SECTION 5. A new section of the Nonprofit Health Care  
12 Plan Law is enacted to read:

13 "[NEW MATERIAL] PHYSICAL REHABILITATION SERVICES--LIMITS  
14 ON COST SHARING.--

15 A. An individual or group health care plan that is  
16 delivered, issued for delivery or renewed in this state shall  
17 not impose a member cost share for physical rehabilitation  
18 services that is greater than that for primary care services  
19 on a coinsurance percentage basis when coinsurance is applied  
20 or on an absolute dollar amount when a copay is applied.

21 B. As used in this section:

22 (1) "physical rehabilitation services" means,  
23 services aimed at maximizing an individual's level of function,  
24 returning to a prior level of function or maintaining or  
25 slowing the decline of function, which services are provided by

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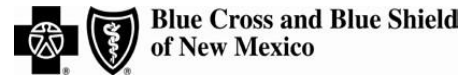
1 or under the direction of a licensed physical therapist,  
2 occupational therapist or speech therapist; and

3 (2) "primary care services" means the first  
4 level of basic or general health care for a person's health  
5 needs, including diagnostic and treatment services, initiation  
6 of referrals for other health care services and maintenance of  
7 the continuity of care when appropriate."

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## NMRHCA Premier 3 Tier Plan – 01/01/19



The following highlights are for the New Mexico Retiree Health Care Authority Preferred Provider Organization (PPO) Plan that is administered by Blue Cross and Blue Shield of New Mexico (BCBSNM). This plan is offered statewide; and is available to members living out of state. This summary contains highlights only and is subject to change. Any services received must be medically necessary to be covered. **The specific terms of coverage, exclusions, and limitations are contained in the carrier's Member Benefit Booklet.**

PPO Benefits (This plan has no lifetime maximum benefit, though certain services have maximum annual limits. See below).	What You Pay		
	Tier 1 Provider Blue Preferred Plus (NBP)	Tier 2 Provider Preferred (PPO)	Tier 3 Provider Nonpreferred (OON)
<b>Annual Deductible<sup>1</sup></b> (Deductible applies to all services unless indicated as "waived" below). There is no family deductible. Deductible for Blue Preferred Plus and Preferred Providers cross apply.	\$500 Individual	\$800 Individual	\$1,500 Individual
<b>Annual Out-of-Pocket Limit</b> (Includes copayments, deductible and coinsurance only - NOT penalty amounts, or noncovered charges). No family out of pocket amount. Out-of-Pocket for Blue Preferred Plus and Preferred Providers cross apply. <sup>2</sup>	\$3,000	\$4,500	\$6,000
<b>Primary Preferred Provider (PPP)* Office Services</b> - (Deductible waived for Blue Preferred Plus and Preferred Providers.) Office Visit (Includes mental health and chemical dependency services. Other services received during the office visit, such as therapy or surgery, are subject to deductible and coinsurance as listed in the rest of the summary.)	\$20	\$30	50%
<b>Specialist Provider Office Services</b> (Deductible waived for Blue Preferred Plus and Preferred Providers.) Office Visit (Services received during the office visit, such as therapy or surgery, are subject to deductible and coinsurance as listed in the rest of the summary.)	\$35	\$45	50%
<b>Office Surgery</b> (including casts, splints, and dressings) <sup>4</sup>	10%	25%	50%
<b>Allergy Injections, Tests, Serum</b>	10%	25%	50%
<b>Preventive Services</b> - Routine Adult Physicals and Gynecological exams, certain services for Family Planning, Well-Child Care, Routine Vision or Hearing Screenings (only through age 18) and Immunizations. (Deductible waived for Blue Preferred Plus and Preferred Providers.)	Plan pays 100%		50%
Related Testing (includes routine Pap tests, mammograms, cholesterol tests, urinalysis, etc.), and Immunizations (Deductible waived for Blue Preferred Plus and Preferred Providers.)	Plan pays 100%		50%
<b>Lab, X-Ray, and Pathology</b> (Deductible waived for Blue Preferred Plus and Preferred Providers.) <sup>4</sup>	Plan pays 100%		50%
<b>EKG</b>	10%	25%	50%
<b>High-Tech Radiology</b> (e.g., MRI, MRA, CT Scan, PET Scans) <sup>4</sup> (Office/Free Standing Radiology)	\$100 copay (deductible and coinsurance waived)		50%
<b>High-Tech Radiology</b> (e.g., MRI, MRA, CT Scan, PET Scans) <sup>4</sup> (Outpatient Department of Hospital)	10%	25%	50%
<b>Ambulance Services, Ground or Emergency Air Transport</b>	10%	25%	50%
<b>Biofeedback</b> (for specified medical conditions only)	10%	25%	50%
<b>Cardiac and Pulmonary Rehabilitation, Outpatient<sup>4</sup></b>	10%	25%	50%
<b>Colonoscopies (initial routine or medical diagnostic)</b>	Plan pays 100%		50%
<b>Emergency Room/Observation Room Treatment</b> (Emergency only. Deductible waived; copay waived if admitted inpatient.) <sup>3</sup>	\$125		\$125
Physician and other Professional Provider Charges <sup>3</sup>	10%	25%	50%
<b>Hearing Aids and Related Services:</b> Hearing aids for members under age 21 are paid at 100% of covered charges (deductible waived) up to a maximum of <b>\$2,200</b> per ear during any 3 year period. Exams/testing subject to usual cost-sharing provisions. For members age 21 and older, benefits for hearing aids are limited to <b>\$500</b> per member during any 3 year period, subject to Plan deductible and coinsurance.			
<b>Home Health Care/Home I.V. Services<sup>4</sup></b>	10%	25%	50%
<b>Hospice Services<sup>4</sup></b>	10%	25%	50%

\*A Primary Preferred Provider (PPP) is a preferred physician or other professional provider in one of the following categories of practice: Family or General Practice, Internal Medicine, Pediatrics, Obstetrics and Gynecology, and Gynecology Only.

PPO Benefits (This plan has no lifetime maximum benefit, though certain services have maximum annual limits. See below).	What You Pay		
	Tier 1 Provider	Tier 2 Provider	Tier 3 Provider
	Blue Preferred Plus (NBP)	Preferred (PPO)	Nonpreferred (OON)
Inpatient Hospital/Facility Services (See “Short-Term Rehabilitation - Inpatient” for rehabilitation and skilled nursing facility admissions. See “Transplant Services,” if applicable.)			
Medical/Surgical, Mental Health & Chemical Dependency (includes partial hospitalization) and Maternity-Related Room and Board and Covered Ancillaries <sup>5</sup>	10%	25%	50%
Physician and Other Professional Provider Charges	10%	25%	50%
Maternity Services, including Routine Pediatrician Care for Covered Newborns (See “Inpatient Hospital/Facility”) <sup>5</sup>	10%	25%	50%
Prosthetics and Orthotics <sup>4,6</sup> (Max.\$1,000/yr. Nonpreferred)	10%	25%	50%
Short-Term Rehabilitation - Inpatient (Includes services in a rehabilitation facility or skilled nursing facility)	10%	25%	50%
Short-Term Rehabilitation- Outpatient			
Physical Therapy Services (copay on first 4 visits); obtained as alternative to Surgery.	\$320 copay/per visit (deductible waived), thereafter no charge for rest of calendar year	\$30 copay/per visit (deductible waived), thereafter no charge for rest of calendar year	50%
Occupational and Speech Therapy Services	40%\$20	25%\$30	50%
Chiropractic Services, Acupuncture, Massage Therapy, and Rolfing (combined max. \$1,500/year) <sup>7</sup>	10%	25%	50%
Smoking/Tobacco Use Cessation	Plan Pays 100%		50%
Supplies and Durable Medical Equipment <sup>4,6</sup> (Incontinence supplies limited to \$200/month; wigs, if covered, limited to \$200 every 3 years.)	10%	25%	50%
Outpatient Facility and Physician Services (Including surgery, outpatient and intensive outpatient mental health and chemical dependency.) <sup>4,5</sup>	10%	25%	50%
Therapy: Chemotherapy, Dialysis, and Radiation <sup>4</sup>	10%	25%	50%
TMJ Services, Dental Accident, Oral Surgery <sup>4</sup>	10%	25%	50%
Transplant Services (Must be received at a facility that contracts with BCBSNM or the national BCBS transplant networks.)			
Cornea, Kidney, and Bone Marrow <sup>4,5</sup> Heart, Heart-Lung, Liver, Lung, and Pancreas-Kidney <sup>4,5</sup>	10%	25%	No Benefit
Urgent Care Facility (Includes physician services. Deductible waived for Blue Preferred Plus and Preferred Provider services.)	\$35		50%
Prescription Drugs – Administered by the pharmacy benefit manager (PBM). Please refer to literature provided by the PBM for benefit and copay information or call NMRHCA at 1-800-233-2576.			

**Footnotes:**

<sup>1</sup> The deductible must be met before benefit payments are made (excluding emergency room facility charges; Blue Preferred Plus and Preferred Provider routine/preventive services, office visits, urgent care facility visits, and lab, X-ray and diagnostic tests; and hearing aids for members under age 21).

<sup>2</sup> After a member reaches the applicable out-of-pocket limit, the Plan pays 100 percent of most of that member's covered charges for the remainder of the calendar year.

<sup>3</sup> Initial treatment of a medical emergency is paid at Blue Preferred Plus or Preferred Provider level. Follow-up treatment from a Nonpreferred Provider and treatment that is not for an emergency is paid at Nonpreferred Provider level. Emergency/observation room copayment waived if admitted.

<sup>4</sup> Certain services are not covered if prior approval is not obtained from the Claims Administrator. See a Member's Benefit Booklet for a list of services requiring prior approval.

<sup>5</sup> Admission review is required for inpatient admissions. You pay a \$300 penalty for covered medical/surgical facility services if approval is not obtained. Some services, such as transplants and physical rehabilitation, require additional approval. If you do not receive approval for these individually-identified procedures and services, benefits for any related admissions will be denied. See a Member's Benefit Booklet for details.

<sup>6</sup> Rental benefits for medical equipment and other items will not exceed the purchase price of a new unit.

<sup>7</sup> Services administered by a licensed medical doctor (M.D.), doctor of osteopathy (D.O.), physical therapist (R.P.T. or L.P.T.), licensed massage therapist (L.M.T.), doctor of oriental medicine (D.O.M.), and doctor of chiropractic (D.C.) are covered. Roling must be provided by a certified rolfer.

**IMPORTANT: Deductible amounts and coinsurance percentages are applied to BCBSNM's covered charges, which may be less than the provider's billed charges. Preferred Providers will not charge you the difference between the covered charge and the billed charge for covered services; Nonpreferred Providers may.**

**Claim Administrator provides administrative claims payment services only and does not assume any financial risk or obligation with respect to claims, except as maybe specified in the Agreement.**

		Value HMO In-Network Care
<b>Other Services</b> <i>continued</i>	Hearing Aids – (Deductible waived) Benefits are limited. Please see “Hearing Aids” under Durable Medical Equipment subsection of Section 4 - Covered Services for details on this benefit.	No Copay
	Home health care <sup>1</sup>	30%
	Hospice <sup>1</sup>	30%
	Bereavement counseling <b>(limited to 3 sessions during the Hospice benefit period)</b>	
	Respite care <b>(limited to 10 continuous days and no more than 2 respite stays allowed during a 6-month Hospice benefit period)</b>	
	Physical, Occupational and Speech Therapy <sup>1,2</sup>	30% Copay \$35
	If PT obtained as alternative to surgery (Maximum of 4 copayments per course of treatment) (Deductible waived)	\$35 Copay
	Dialysis/Plasmapheresis/ Photopheresis	30%
	Skilled Nursing Facility <sup>1,2</sup> <b>(limited to 60 days per Calendar Year)</b>	30%
	Smoking cessation (Deductible waived)	Plan pays 100%
<b>Transplants</b>	Coverage for human organ transplants <sup>1,2</sup> (refer to <i>Member Benefit Booklet</i> for complete details on transplant coverage)	30%
<b>Prescription Drugs</b>	Administered by Express Scripts. Call Express Scripts at <b>1-800-501-0987</b> .	

The Deductible must be met before benefit payments are made. (Deductible may be waived for routine/preventive services, drugs and other services as indicated on the Summary of Benefits.)

After Member reaches the applicable Out-of-Pocket Maximum, the Plan pays 100 percent (up to Reasonable and Customary for Out-of-network Providers) of most of that Member's covered charges. (Copayments are not waived after the Out-of-Pocket Maximum is met.)

		Premier Option	
		In-Network Care	Out-of-Network
<b>Other Services</b> <i>continued</i>	Hearing Aids – (Deductible waived) Benefits are limited. Please see "Hearing Aids" under Durable Medical Equipment subsection of Section 4 - Covered Services for details on this benefit.	No Copay	No Copay
	Home health care <sup>1</sup>	25%	50%
	Hospice <sup>1</sup>	25%	50%
	Bereavement counseling ( <b>limited to 3 sessions during the Hospice benefit period</b> )		
	Respite care ( <b>limited to 10 continuous days and no more than 2 respite stays allowed during a 6-month Hospice benefit period</b> )		New
	Physical, Occupational and Speech Therapy <sup>1,2</sup>	<del>25%</del> Copay \$30	50%
	If PT obtained as alternative to surgery (Maximum of 4 copayments per course of treatment) (Deductible waived)	\$30 Copay	50%
	Dialysis/Plasmapheresis/ Photopheresis	25%	50%
	Skilled Nursing Facility <sup>1,2</sup> ( <b>limited to 60 days per Calendar Year</b> )	25%	50%
	Smoking cessation (Deductible waived)	Plan pays 100%	Plan pays 100%
<b>Transplants</b>	Coverage for human organ transplants <sup>1,2</sup> (refer to <i>Member Benefit Booklet</i> for complete details on transplant coverage)	25%	<b>No benefit</b>
<b>Prescription Drugs</b>	Administered by Express Scripts. Call Express Scripts at <b>1-800-501-0987</b> .		

# New Mexico Retiree Health Care Authority (CP)

## Change in Market Value

### For the Month of Jul 2019

(Report as of August 20, 2019)

Investment Name	Prior Ending Market Value	Contributions	Distributions	Contributions - Client	Distributions - Client	Transfers	Fees	Income	Gains - Realized	Gains - Unrealized	Gains - Total	Market Value
Core Bonds Pool	149,338,189.52	-	-			-	-	337,595.53	88,592.59	(383,033.03)	(294,440.44)	149,381,344.61
Credit & Structured Finance	105,350,653.73	-	-			-	-	89,312.80	-	306,770.14	306,770.14	105,746,736.68
NM Retiree Health Care Authority Cash Account	-	-	-			-	-	-	-	-	-	-
Non-US Developed Markets Index Pool	96,262,802.89	-	-			-	-	67,439.69	(6,116.38)	(1,083,565.68)	(1,089,682.06)	95,240,560.52
Non-US Emerging Markets Index Pool	69,359,863.77	-	-			-	-	314,843.36	(8,543.85)	(1,262,831.89)	(1,271,375.74)	68,403,331.39
Private Equity Pool	78,054,279.43	-	-			-	-	34,610.14	(457,240.84)	216,131.38	(241,109.46)	77,847,780.12
Real Estate Pool	72,216,567.38	-	-			-	-	201,780.15	42,670.04	(339,005.43)	(296,335.39)	72,122,012.14
Real Return Pool	34,646,560.92	-	-			-	-	78,343.08	9,501.37	(95,431.45)	(85,930.08)	34,638,973.91
US Large Cap Index Pool	99,580,510.67	-	-			-	-	128,052.67	128,575.90	1,295,294.01	1,423,869.91	101,132,433.25
US Small/Mid Cap Pool	12,925,911.23	-	-			-	-	2,545.08	73,601.41	290,259.68	363,861.09	13,292,317.40
Sub - Total New Mexico Retiree Health Care	717,735,339.54	-	-			-	-	1,254,522.50	(128,959.76)	(1,055,412.27)	(1,184,372.03)	717,805,490.02
<b>Total New Mexico Retiree Health Care</b>	<b>717,735,339.54</b>	<b>-</b>	<b>-</b>			<b>-</b>	<b>-</b>	<b>1,254,522.50</b>	<b>(128,959.76)</b>	<b>(1,055,412.27)</b>	<b>(1,184,372.03)</b>	<b>717,805,490.02</b>

## 2020 Medicare Advantage Rates

**Background:** Only July 1, 2019 the New Mexico Retiree Health Care Authority (NMRHCA) entered third and final renewal for Medicare Advantage Plans effective July 1, 2019 – June 30, 2020, with rates become effective January 1, 2020. The plan design and rates charged for these programs are subject to approval by the Centers for Medicare and Medicaid Services, subject to changes annually beginning January 1<sup>st</sup> of each year. The rates shown below provide a comparison of charges for calendar year 2019 and 2020. The rates shown below reflect a Medicare Plan participant with 20 years of service.

Total					
	2019 Rates	2020 Rates	Change		
Blue Cross Blue Shield					
Plan I	\$ 132.20	\$ 129.60	\$ (2.60)		-2%
Plan II	\$ 44.30	\$ 43.40	\$ (0.90)		-2%
Presbyterian					
Plan I	\$ 189.00	\$ 189.00	\$ -		0%
Plan II	\$ 142.00	\$ 142.00	\$ -		0%
Humana					
Plan I	\$ 133.65	\$ 133.65	\$ -		0%
Plan II	\$ 68.15	\$ 68.15	\$ -		0%
United Healthcare					
Plan I	\$ 189.37	\$ 189.37	\$ -		0%
Plan II	\$ 99.31	\$ 99.31	\$ -		0%
Retiree Rate					
	2019 Rates	2020 Rates	Change		
Blue Cross Blue Shield					
Plan I	\$ 66.10	\$ 64.80	\$ (1.30)		-2%
Plan II	\$ 22.15	\$ 21.70	\$ (0.45)		-2%
Presbyterian					
Plan I	\$ 94.50	\$ 94.50	\$ -		0%
Plan II	\$ 71.00	\$ 71.00	\$ -		0%
Humana					
Plan I	\$ 66.83	\$ 66.83	\$ -		0%
Plan II	\$ 34.08	\$ 34.08	\$ -		0%
United Healthcare					
Plan I	\$ 94.69	\$ 94.69	\$ -		0%
Plan II	\$ 49.66	\$ 49.66	\$ -		0%



**Summary:** Beginning January 1, 2020, all 39,612 Medicare plan participants (as of September 2019) have the opportunity to pay less in monthly premium beginning January 1, 2019, by switching from the Medicare Supplement or higher costing Medicare Advantage Plan. In addition, Presbyterian has included the following benefit enhancements: \$0 copay for routine and Medicare-covered hearing exams; \$10 copay for all eye visits to contracted ophthalmology and optometry providers (CMS did not allow current process); \$0 copay for Tier 1 (Preferred Generic) drugs; elimination of the \$300 prescription drug deductible on Plan II.

**Requested Action:** None.



Solvency  
Funding Targets  
Proposed Legislation

# Solvency Components

## Revenues

- BOY Invested Assets - \$684.9 million / *\$717 million (end of June)*
- Employee & Employer Contributions
- Retiree Medical Premiums
- Retiree Ancillary – No impact
- Pension Tax Revenue
- Medicare PDP/Rx Rebates – per PBM contract (projected)
- Miscellaneous Revenue – Insignificant source of revenue
- Investment income

## Expenditures

- Claims
- Administrative Fees
- Operational Expenses

# Solvency Assumptions

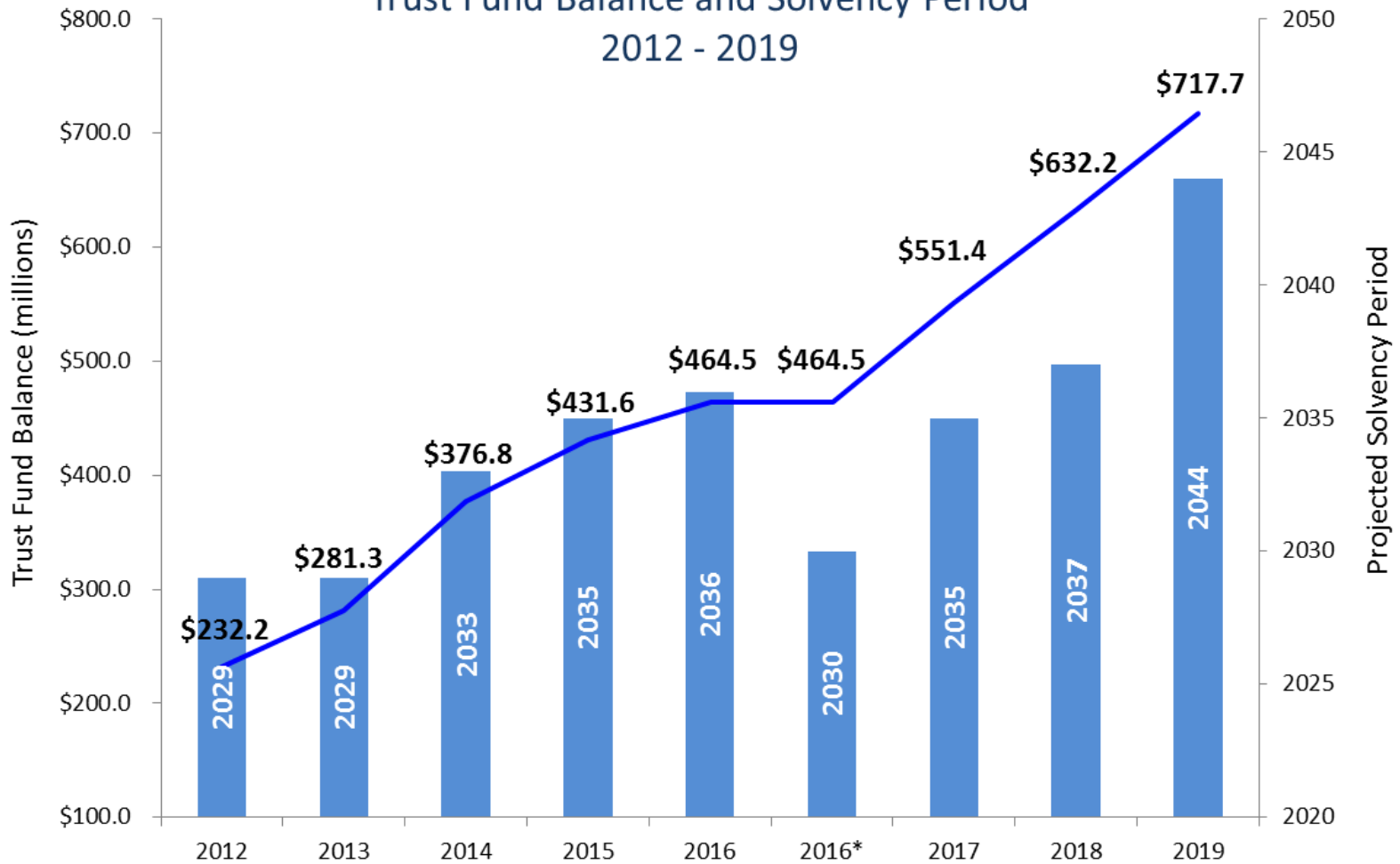
## Included

- Employee & Employer Contributions
  - Payroll growth – 4% in FY20, 0% in FY21 and 3% thereafter
- Retiree Medical Rate increases
  - Pre-Medicare: 7% - 2020, 8% 2021- 2023 and 4% thereafter
  - Medicare: 5% - 2020, 6% - 2021 – 2033 and 3% thereafter
  - Medicare Advantage: Range 8 – 30% / Range -2 – 0%
- Pension Tax Revenue – 12% annual growth (FY20 – beyond)
  - FY50 - \$1 billion compared to \$215 million employer contributions
- Discount rate – 7.25 percent
- Plan changes to remain beneath Federal Excise Tax Threshold

## Not Included

- Medicare changes
- Pension tax changes

## Trust Fund Balance and Solvency Period 2012 - 2019

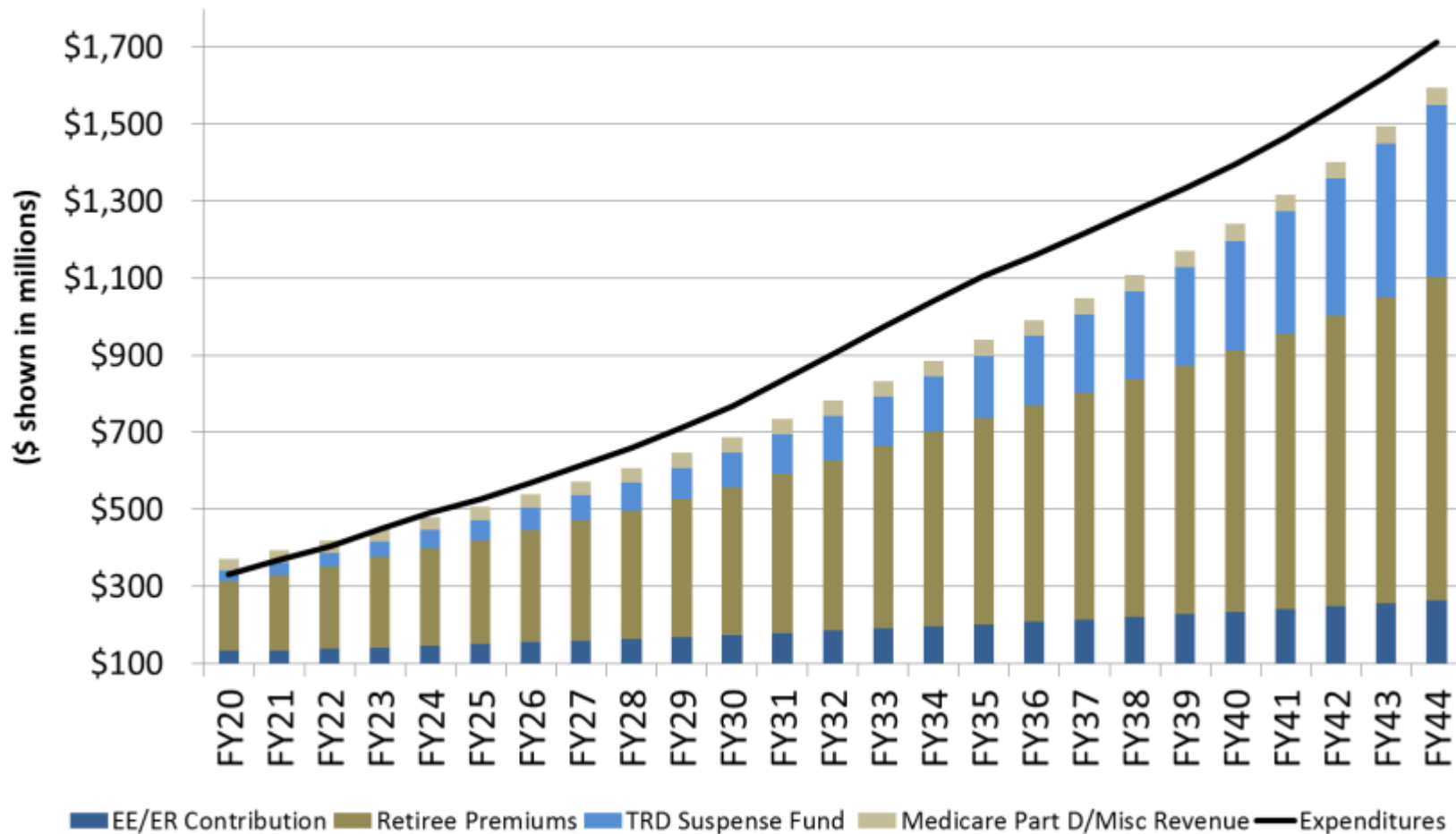


\*Post 2016 Special Session  
Action

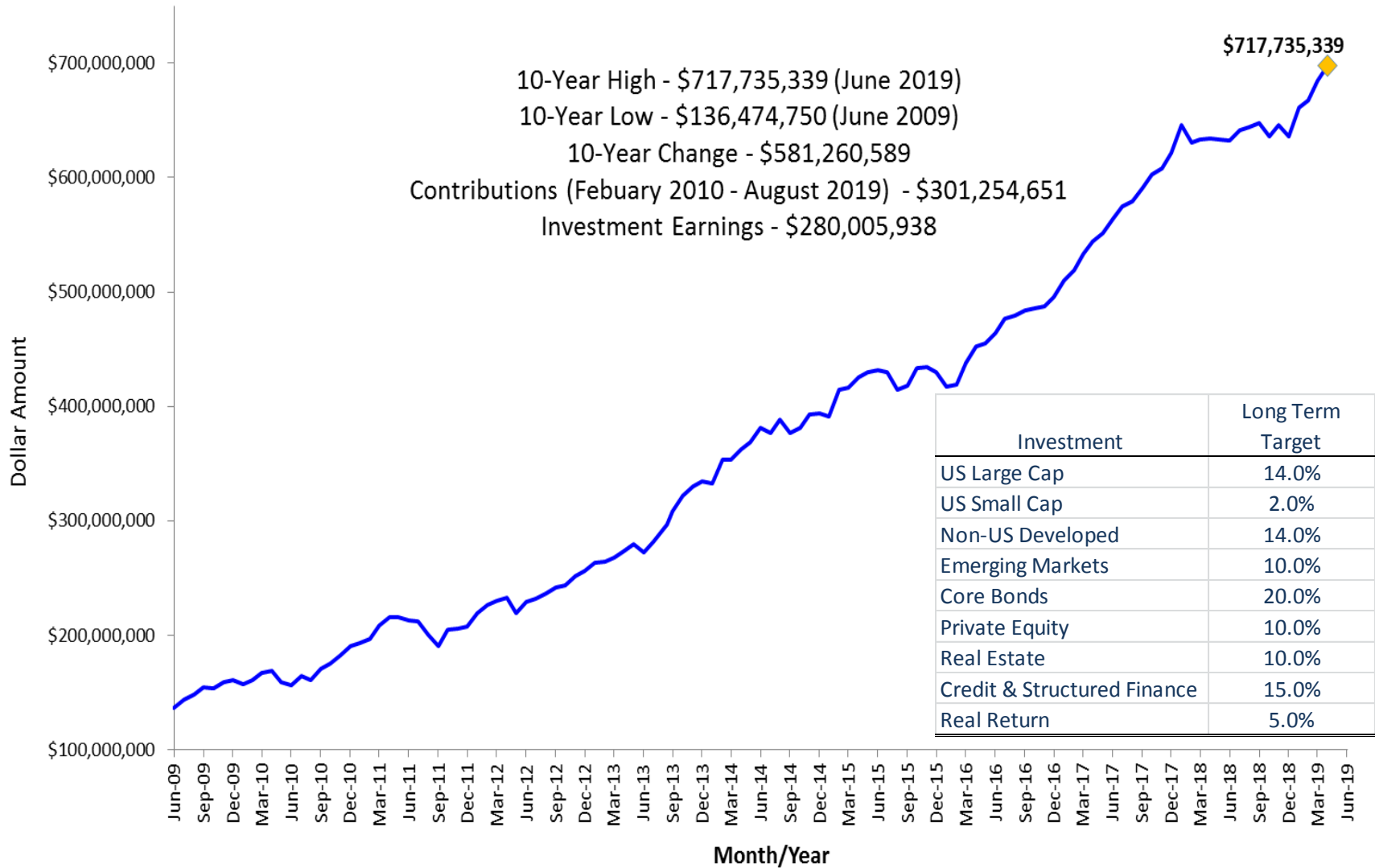
■ Solvency Period    — Trust Fund Balance

# 2019 Solvency Analysis

Projected Revenues and Expenditures  
FY20 - FY44 Projected



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





# GAS 74 & 75

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

# NMRHCA and GASB

	<b>2006</b>	<b>2008</b>	<b>2010</b>	<b>2012</b>
GASB Statement	43	43	43	43
Actuarial Accrued Liability	\$ 4,264,180,967	\$ 3,116,915,900	\$ 3,523,664,871	\$ 3,915,114,104
Actuarial Value of Assets	\$ 154,538,668	\$ 170,626,271	\$ 176,922,935	\$ 227,487,895
Unfunded Actuarial Accrued Liability	\$ 4,109,642,299	\$ 2,946,289,629	\$ 3,346,741,936	\$ 3,687,626,209
Funded Ratio	3.62%	5.47%	5.02%	5.81%
Covered Payroll	\$ 4,073,731,873	\$ 4,020,508,902	\$ 4,001,802,240	\$ 3,876,220,608
Total Participants	140,292	130,381	146,166	146,590
	<b>2014</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
GASB Statement	43	43	74	74
Actuarial Accrued Liability	\$ 3,740,369,299	\$ 4,277,042,499	\$ 5,111,141,659	\$ 5,006,011,109
Actuarial Value of Assets	\$ 377,087,017	\$ 471,978,347	\$ 579,468,641	\$ 657,656,294
Unfunded Actuarial Accrued Liability	\$ 3,363,280,282	\$ 3,805,064,152	\$ 4,531,673,018	\$ 4,348,354,815
Funded Ratio	10.08%	11.04%	11.34%	13.14%
Covered Payroll	\$ 3,941,587,760	\$ 4,271,183,612	\$ 4,165,647,340	\$ 4,165,647,340
Total Participants	155,098	159,642	160,035	156,025

# 50-State Survey of Retiree Health Care Liability

## Overview

States reported a total liability of \$696 billion in nonpension retirement benefits from their employees, known as other post-employment benefits (OPEB), in 2016. This figure represents a 0.4 percent increase from 2015, when states reported \$692 billion in liabilities. However, states had only \$46 billion in assets in 2016 to pay for these benefits – a slight drop from the \$48 billion they reported in 2015.

Of the 48 states that reported OPEB liabilities in 2016, 19 have not put aside any funds to pay for promised benefits or their available funds are negligible; 10 have a funded ratio of less than 10 percent; 11 have a funded ratio of 10 to 29 percent; and only eight have a funded ratio of 30 percent or above. Nebraska and South Dakota do not recognize OPEB in state financial reports. In contrast, every state pre-funds the pension benefits offered to public workers, with an average funded ratio of 66 percent.

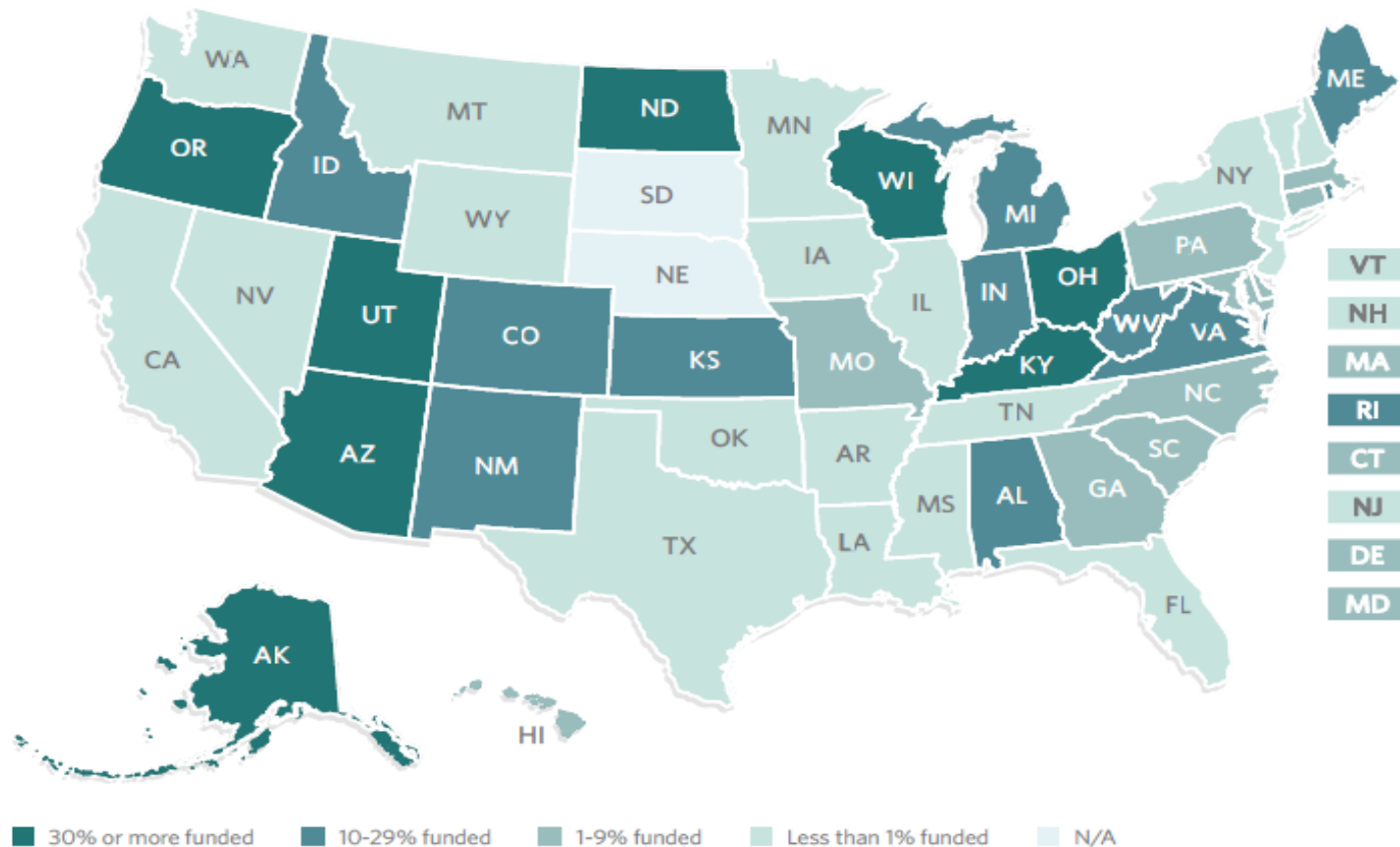
Source: <https://www.pewtrusts.org/-/media/assets/2019/02/50statesurveyretireehealthcareliabilities-factsheet2016master-revised.pdf>

# 50-State Survey of Retiree Health Care Liability Cont.

Figure 1

## 2016 State OPEB Funded Ratios

A majority of states have funded levels below 30%



Sources: State comprehensive annual financial reports, OPEB actuarial valuations, and state data verification responses

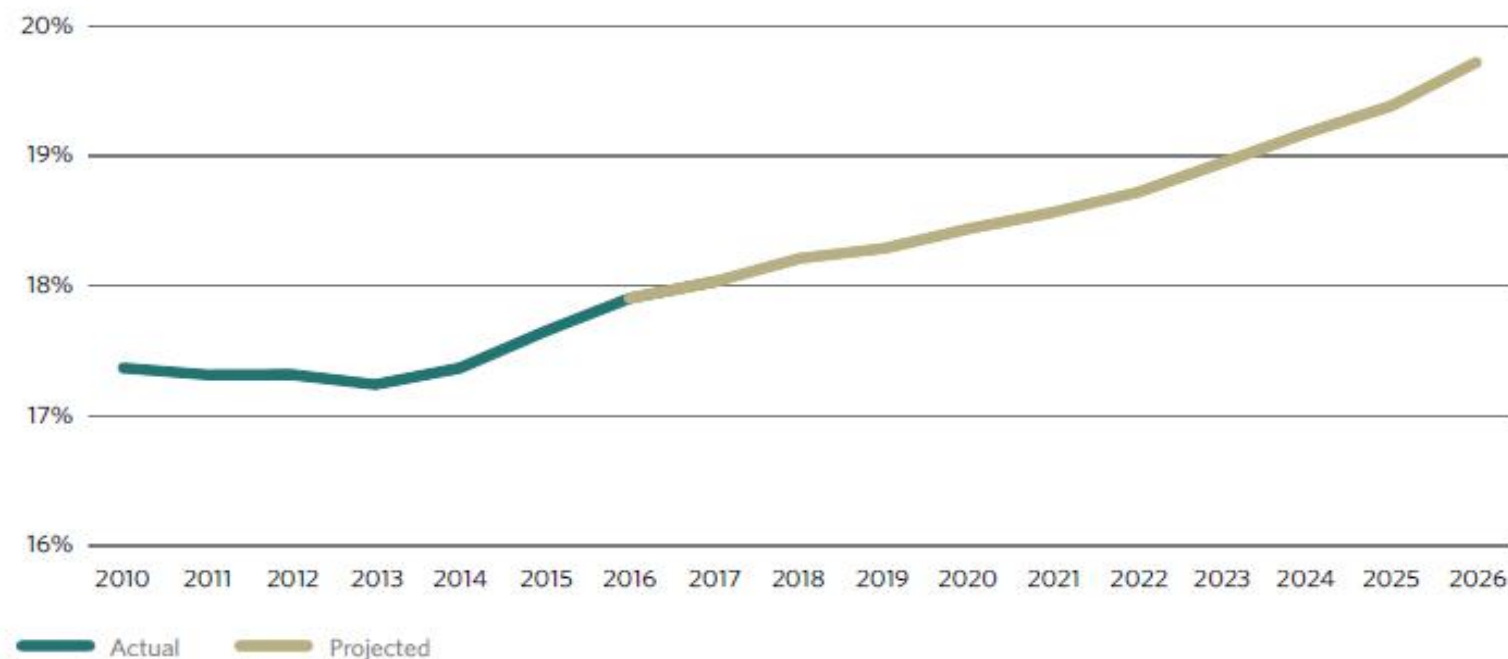
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# 50-State Survey of Retiree Health Care Liability Cont.

Figure 3

## National Health Expenditures for All Americans as a Percentage of GDP Projections

Spending increases since 2014 are projected to continue



Sources: Centers for Medicare & Medicaid Services, Office of the Actuary; U.S. Department of Commerce, Bureau of Economic Analysis; U.S. Census Bureau

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# 50-State Survey of Retiree Health Care Liability Cont.

## Options for managing OPEB costs

“As states grapple with rising unfunded liabilities for these plans, they have a couple of options, including pre-funding the benefits or reducing the benefits.”

“the majority of state OPEB plans are funded on a pay-as-you-go basis, using annual appropriations. However, 34 states have at least one plan that has adopted pre-funding policies”

“Of the 34 states with some level of assets accumulated in OPEB trust funds in 2016, eight had funded ratios over 30 percent.”

“Hawaii presents an example of the costs and benefits of pre-funding. The state committed to pre-funding its OPEB benefits with the passage of Act 268 in 2013. Pre-funding will require additional funds to build up the assets needed to match Hawaii’s liabilities – the bill for that will be about \$400 million in 2019 beyond simply paying out benefits as they come due. However, in 2045, when Hawaii’s OPEBs are projected to be fully funded, the annual bill will drop by more than \$1 billion and the state is expected to save \$800 million to \$900 million annually”

Source: <https://www.pewtrusts.org/en/research-and-analysis/fact-sheets/2018/12/update-50-state-survey-of-retiree-health-care-liabilities>

# Plan Costs / Participation: 2015 - 2019

Plan	2015	2016	2017	2018	2019
Pre-Medicare	\$ 105,596.1	\$ 109,244.5	\$ 106,970.1	\$ 113,240.5	\$ 109,450.1
Pre-Medicare Prescription	\$ 18,649.3	\$ 22,588.3	\$ 2,283.9	\$ 25,861.8	\$ 19,629.1
	\$ 124,245.4	\$ 131,832.8	\$ 109,254.0	\$ 139,102.3	\$ 129,079.2
Medicare	\$ 51,155.6	\$ 57,391.9	\$ 62,585.3	\$ 68,687.6	\$ 73,265.9
Medicare Prescription	\$ 55,948.1	\$ 67,764.8	\$ 68,651.7	\$ 77,858.4	\$ 58,887.2
	\$ 107,103.7	\$ 125,156.7	\$ 131,237.0	\$ 146,546.0	\$ 132,153.1
Voluntary	\$ 29,286.5	\$ 30,847.1	\$ 31,334.3	\$ 33,169.4	\$ 34,885.2

\*Amounts shown above in thousands

September	2015	2016	2017	2018	2019
Medicare	34,588	36,086	37,533	38,626	39,612
Non-Medicare	17,927	17,491	16,524	15,990	15,405
Retirees Under Age 55	3,926	4,158	3,331	3,463	3,623
Voluntary Only	6,330	6,989	7,638	8,286	8,939
Retirees	37,091	38,124	38,882	39,554	40,042
Spouses/DPs	12,897	13,066	13,011	13,046	13,071
Dep Children	2,527	2,387	2,164	2,016	1,904
Average Age (Beginning)*	60.17	60.18	60.68	60.53	60.41



# Employee / Employer Contribution Changes

Scenario I: 0.25% increase employer contribution / no change to the employee

- Deficit spending – 2024
- Revenues – additional \$11 million annually
- General Fund Impact - \$5.9 million
- Projected solvency – beyond 30 years
  - Projected EOY High (FY31) - \$1,474,277,523
  - FY50 – Revenues: \$2,637,270,883 / Expenditures: \$2,489,785,432 / EOY: \$1,507,496,624

Scenario II: 0.5% increase in employer contribution / no change to the employee

- Deficit spending – 2025
- Revenues – additional \$22 million annually
- General Fund Impact - \$11.8 million
- Projected solvency – beyond 30 years
  - Projected EOY High (FY33) - \$1,721,146,795
  - FY50 – Revenues: \$2,663,605,745 / Expenditures: \$2,489,785,432 / EOY: \$3,162,488,554

Scenario III: 0.5% increase in employer contribution / .25% increase in employee contribution

- Deficit spending – 2026
- Revenues – additional \$33 million annually
- General Fund Impact - \$11.8 million
- Projected solvency – beyond 30 years
  - Projected EOY High (FY50) - \$4,817,480,485
  - FY50 – Revenues: \$2,689,940,607 / Expenditures: \$2,489,785,432 / EOY: \$4,817,480,485

# Targets

Additional Payroll Contribution	Solvency	Funded Ratio 30-Years
0%	2044	25%*
0.5%	Beyond Projection	50%
1.3%	Beyond Projection	75%
2.0%	Beyond Projection	100%

- \*25% projected in 20 years
- The results show above are very sensitive to the assumptions. Any change in the assumptions can have a significant impact on the results.
- Most recent OPEB used for analysis.
- Pension Tax Revenue will increase 12% per year until 2032 (when it is expected to exceed employer contributions) , then remain flat for 10 years before it begins to increase 12% each year (in 2042)

# Proposed Legislation / Board Actions

- Employee & Employer Contributions
  - 0.25 percent
  - 0.5 percent
  - 0.75 percent
  - 1.00 percent
  - 1.30 percent
  - 2.00 percent
- Commitment to implementing elements of strategic plan and consideration of alignment of subsidy-levels between pre-Medicare and Medicare plan options.

## MEMORANDUM

**To:** David Archuleta  
Nura Patani  
**From:** Melissa Krumholz  
Mary P. Kirby  
**Date:** August 21, 2019  
**Re:** Other Post-Employment Benefits (OPEB) Funding Options

---

This memo outlines a few of the different types of funding contribution options for the New Mexico Retiree Health Care Authority (NMRHCA). At the meeting in July, NMRHCA asked us to review different funding options to assist them in determining a reasonable goal for funding their OPEB liability. These options are intended to provide a high-level perspective for the purpose of developing Board consensus around funding targets and timelines and should not be considered for any other purpose.

We projected the benefits and liabilities for 30 years and evaluated how much additional contribution as a percentage of payroll would be required to meet the following objectives:

- 100% funded in 30 years
- 75% funded in 30 years
- 50% funded in 30 years
- 25% funded in 30 years

The results are listed as the increase to payroll contributions required to meet the funding goal.

It should be noted that the Pension Tax Revenue is not a component used to develop the normal cost, however it was used in the calculation to determine the unfunded liability every year. For that purpose, we assumed that the tax revenue will grow at the current rate of 12% annually until 2032 when it is projected to exceed employer contributions. At that point, we assumed the tax revenue would remain flat for ten years before returning to the 12% growth rate.

Also noteworthy is that the funding scenario for 25% funded in 30 years reflects no change to the current contribution rates and results in reaching that funding level after 20 years.

<b>Funding Scenario</b>	<b>Average <i>Additional</i> Payroll Contribution Required</b>
100% in 30 years	2.0%
75% in 30 years	1.3%
50% in 30 years	0.5%
25% in 30 years	0.0%

It should be noted that this is the average increase over 30 years. We can look at different increases over the years in order to meet the funding needs.

### **Assumptions**

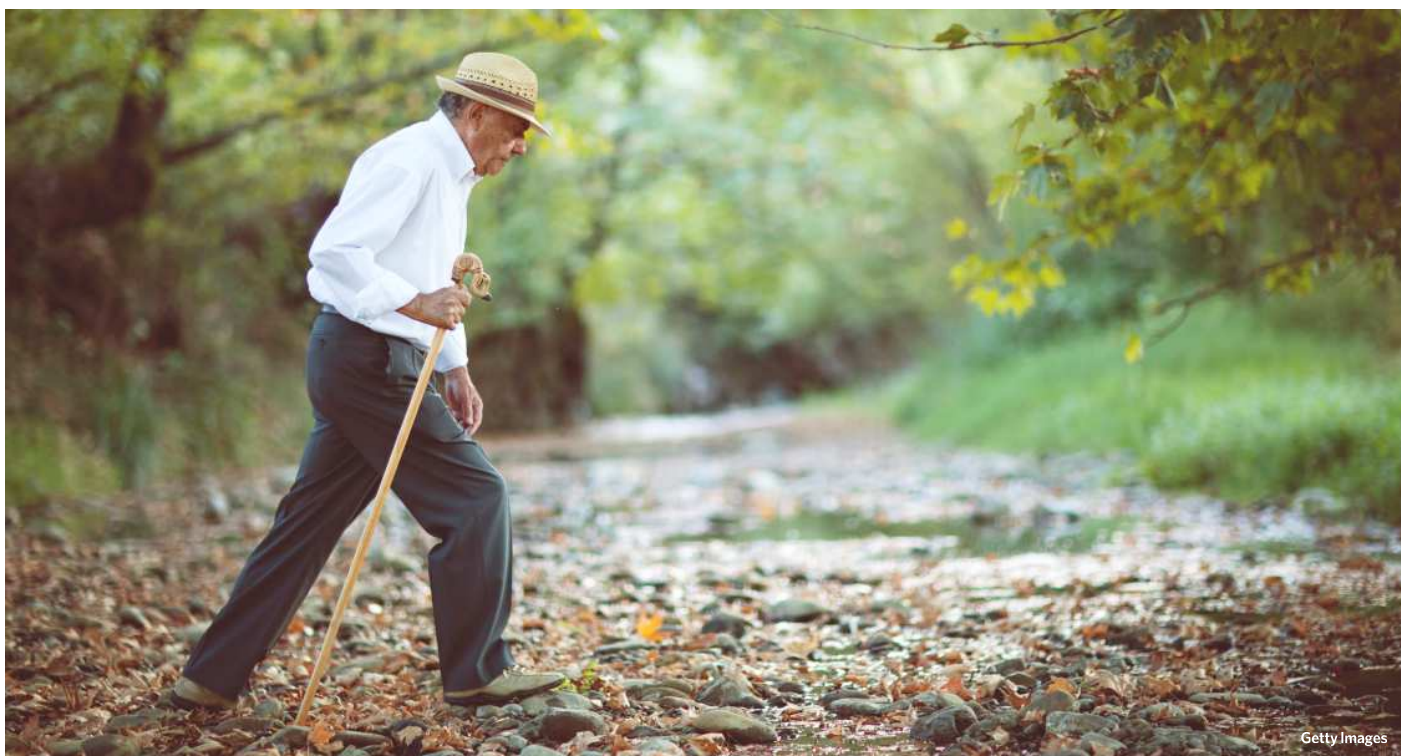
It should be noted that these results are very sensitive to the assumptions. Any change in the assumptions can have a significant impact on results. We also used the most recent OPEB valuation for this analysis. We would anticipate, once NMRHCA decides on an objective, we can discuss the various assumptions to refine our analysis. Some of our main assumptions are as follows:

- The Pension Tax Revenue will increase 12% per year until 2032, then remain flat for 10 years before it begins to increase 12% each year (in 2042).
- The Pension Tax Revenue was not used in the normal cost component of the actuarially determined contributions. It was, however, used in the calculation to determine the unfunded liability and thus the amortization of that liability.
- Overall salary scale of 3%.
- Growth in population of 1.7% per year.
- Discount Rate: 7.25%.
- Valuations assumptions as outlined in the 2018 GASB valuation report.
- 2014 open projection patterns were applied to the 2017 census to simulate an “open” projection.
- Fiscal year end 2019 payroll and asset balance.

We look forward to discussing this with you. If you have any questions, please let us know.

cc:

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Getty Images

# Update: 50-State Survey of Retiree Health Care Liabilities

Most recent data show changes to benefits, funding policies could help manage rising costs

## Overview

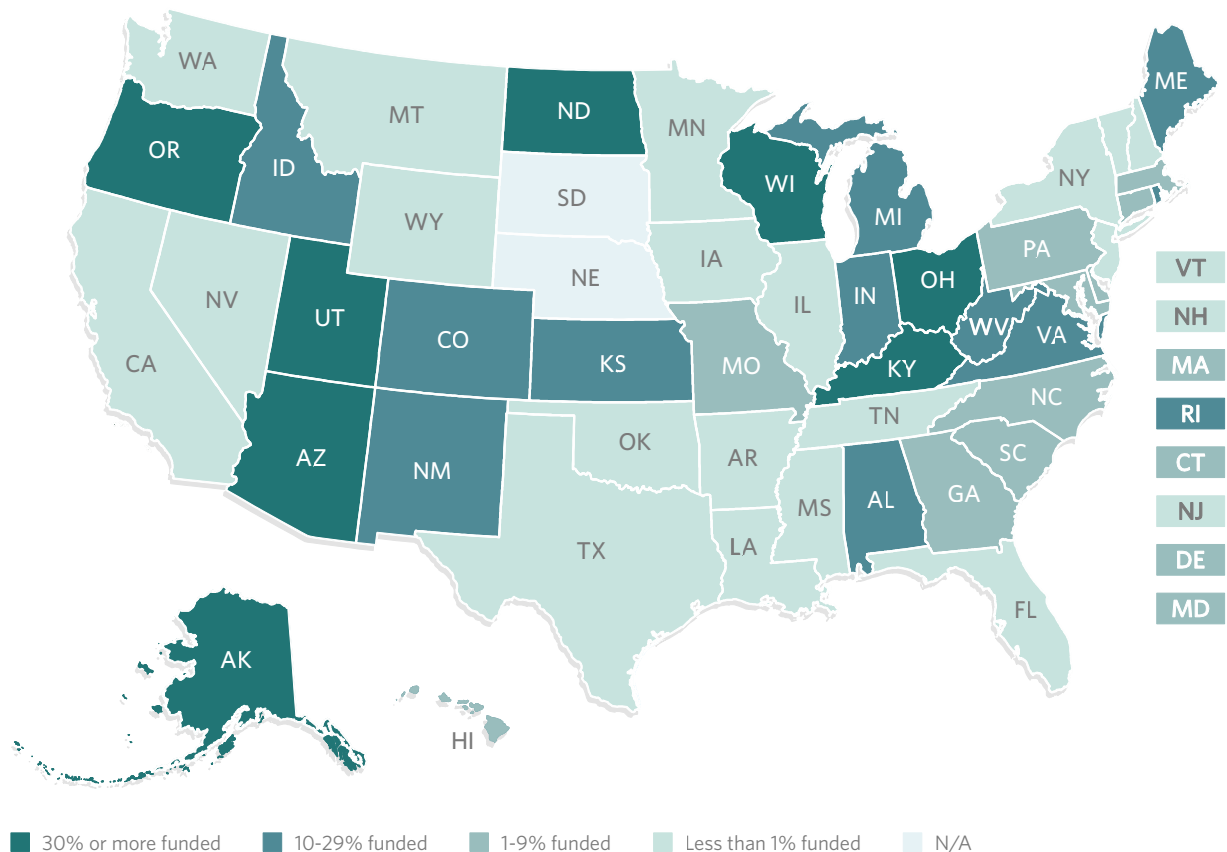
States reported a total liability of \$696 billion in nonpension retirement benefits for their employees, known as other post-employment benefits (OPEB), in 2016. This figure represents a 0.4 percent increase from 2015, when states reported \$692 billion in liabilities. However, states had only \$46 billion in assets in 2016 to pay for these benefits—a slight drop from the \$48 billion they reported in 2015. This fact sheet serves as a data update to a 2017 issue brief from The Pew Charitable Trusts, “State Retiree Health Care Liabilities: An Update,” and explores two options to help states better manage rising OPEB costs.

Of the 48 states that reported OPEB liabilities in 2016, 19 have not put aside any funds to pay for promised benefits or their available funds are negligible; 10 have a funded ratio of less than 10 percent; 11 have a funded ratio of 10 to 29 percent; and only eight have a funded ratio of 30 percent or above. (See Figure 1.) Nebraska and South Dakota do not recognize OPEB in state financial reports. In contrast, every state pre-funds the pension benefits offered to public workers, with an average funded ratio of 66 percent.

Figure 1

## 2016 State OPEB Funded Ratios

A majority of states have funded levels below 30%



Sources: State comprehensive annual financial reports, OPEB actuarial valuations, and state data verification responses

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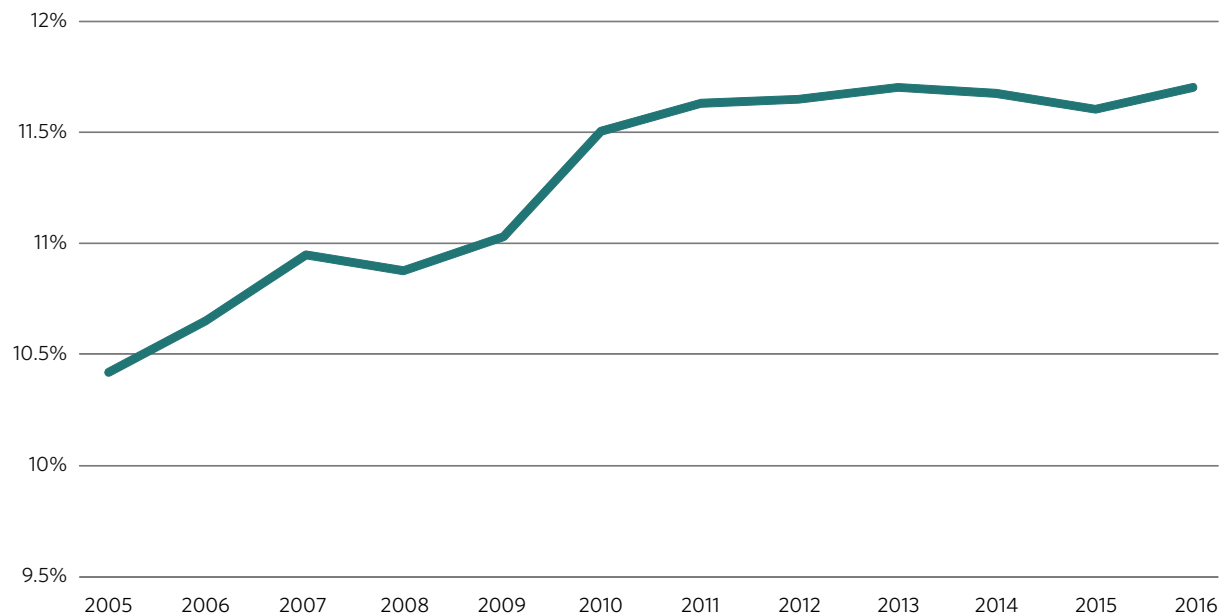
Retiree health care costs account for almost all of states' OPEB liabilities, and the price tag for health care is continuing to rise. The average annual health care premiums for single coverage rose 24 percent from 2010 to 2015, and premium costs for family coverage have risen 61 percent over the past decade.<sup>1</sup> Consequently, employer health care costs as a percentage of total compensation have also increased. Figure 2 illustrates the increase in employer contributions for active employees.



Figure 2

## Share of Total Compensation Spent on Health Care for Active Employees

Employer costs are rising



Source: Bureau of Labor Statistics, National Compensation Survey

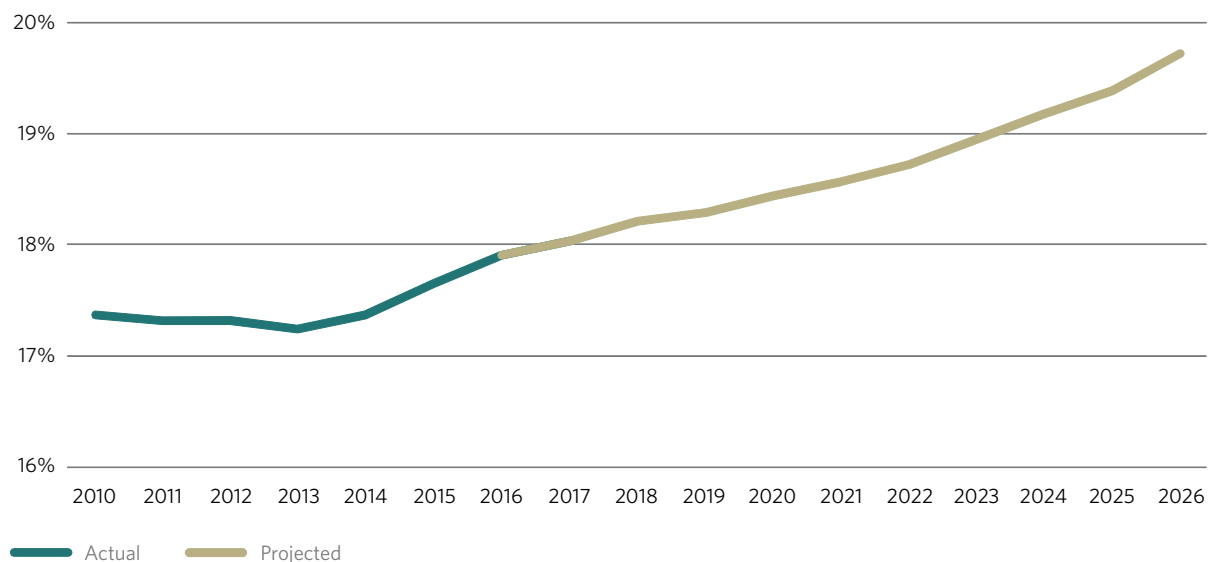
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Health care costs have been rising overall, with the Centers for Medicare & Medicaid Services projecting a 70 percent increase in national health expenditures in the coming decade as more Baby Boomers retire. But from 2010 to 2013, states experienced a reprieve because of lower-than-expected cost inflation. During this period, total OPEB liabilities declined, from \$660 billion in 2010 to \$628 billion in 2013, because actual health claims were lower than projected. In 2014, health cost inflation started to rise, however, and retiree health care benefits are expected to become increasingly expensive for states. Washington state's estimated OPEB liabilities rose 24 percent between 2013 and 2015 based on increases in health care spending and updated assumptions about cost growth. New Jersey's reported OPEB liabilities went up by 9 percent for similar reasons.

Figure 3

## National Health Expenditures for All Americans as a Percentage of GDP Projections

Spending increases since 2014 are projected to continue



Sources: Centers for Medicare & Medicaid Services, Office of the Actuary; U.S. Department of Commerce, Bureau of Economic Analysis; U.S. Census Bureau

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## Options for managing OPEB costs

The funding status of state retirement health care plans continued to fall from 2015 to 2016. As states grapple with rising unfunded liabilities for these plans, they have a couple of options, including pre-funding the benefits or reducing benefits.

For example, the majority of state OPEB plans are funded on a pay-as-you-go basis, using annual appropriations. However, 34 states have at least one plan that has adopted pre-funding policies, meaning that assets are set aside to cover the state's share of future benefit costs.

States with pre-funding policies calculate OPEB liabilities using their own accounting assumptions. As a result, those states can expect decreases in their reported unfunded OPEB liabilities. Of the 34 states with some level of assets accumulated in OPEB trust funds in 2016, eight had funded ratios over 30 percent.

Hawaii presents an example of the costs and benefits of pre-funding. The state committed to pre-funding its OPEB benefits with the passage of Act 268 in 2013. Pre-funding will require additional funds to build up the assets needed to match Hawaii's liabilities—the bill for that will be about \$400 million in 2019 beyond simply paying out benefits as they come due. However, in 2045, when Hawaii's OPEBs are projected to be fully funded, the annual bill will drop by more than \$1 billion, and the state is expected to save \$800 million to \$900 million annually compared to its earlier approach. The timing and magnitude of realized savings will depend on how investments and financial markets perform as well as trends in health care costs—risks that Hawaii and other

states similarly manage with their pension plans. Pre-funding also ensures that retirement benefits are paid out of a dedicated trust rather than current budgets, so taxpayers are funding the public employees who are providing services today rather than requiring future generations to foot that bill.

States can also alter benefit levels to better manage costs. Unlike pension benefits, which accrue over an employee's tenure and have stringent legal protections, OPEB benefits typically have limited legal protections because they accrue only when employees reach a certain age or years of service. As a result, states can generally adjust benefit levels, deductibles, copayments, and coinsurance amounts or restrict eligibility by requiring longer service to qualify.

For example, Maryland doubled its years-of-service requirement for eligible retirees to 10 years and changed its formula for premium contributions to decrease costs. It is important to note, however, that state law allowed for these changes. Other states may have more robust protections for OPEB benefits.

Given projections for continued increases in health care costs over the next decade, OPEB spending may cause growing pressures on state budgets. Adequate pre-funding of OPEB benefits, adjustment of benefit levels, or a combination of the two may provide states with the tools to prevent fiscal challenges in the future.

Figure 4

## State OPEB Liabilities and Funded Ratios, 2016

Liabilities overall increased 6% while assets declined

State OPEB liabilities and funded ratios (in millions)							
State	2016 liability	2016 assets	2016 funded ratio	2016 actual contributions	2016 % of annual required contribution paid	% change in liability, 2015-16	% change in contributions, 2015-16
Alabama	\$10,267	\$1,391	13.5%	\$387	46.4%	-1.4%	7.0%
Alaska	\$18,445	\$10,211	55.4%	\$292	25.9%	6.5%	-52.9%
Arizona	\$2,295	\$2,170	94.6%	\$61	100%	-1.7%	-43.6%
Arkansas	\$2,285	\$0	0%	\$59	28.7%	20.4%	11.4%
California	\$78,679	\$237	0.3%	\$2,603	33.4%	-16.3%	5.8%
Colorado	\$2,253	\$361	16%	\$110	67.6%	-0.2%	1.0%
Connecticut	\$22,117	\$230	1%	\$566	36%	0%	-0.9%
Delaware	\$7,460	\$310	4.2%	\$217	51%	18%	-4.7%
Florida	\$9,198	\$0	0%	\$148	20.6%	3.3%	40.3%

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State OPEB liabilities and funded ratios (in millions)							
State	2016 liability	2016 assets	2016 funded ratio	2016 actual contributions	2016 % of annual required contribution paid	% change in liability, 2015-16	% change in contributions, 2015-16
Georgia	\$18,070	\$1,643	9.1%	\$1,118	78.3%	3.1%	38.8%
Hawaii	\$9,287	\$221	2.4%	\$551	74.2%	8.9%	40%
Idaho	\$146	\$31	20.9%	\$9	70.5%	-1.9%	3.5%
Illinois	\$53,473	-\$106	-0.2%	\$298	7.7%	0%	-67.4%
Indiana	\$476	\$137	28.8%	\$42	115.8%	8.4%	31.4%
Iowa	\$643	\$0	0%	\$25	36.2%	2.1%	-5.7%
Kansas	\$263	\$40	15.1%	\$53	82%	-44.2%	-29.7%
Kentucky	\$6,925	\$2,386	34.4%	\$387	161.3%	2.5%	16.7%
Louisiana	\$5,329	\$0	0%	\$206	58.1%	-28%	-3.5%
Maine	\$2,121	\$298	14.1%	\$103	69.9%	-2.3%	0.8%
Maryland	\$12,721	\$291	2.3%	\$506	71.6%	23.7%	9.1%
Massachusetts	\$17,083	\$760	4.5%	\$614	43.3%	3.5%	-3.6%
Michigan	\$10,982	\$1,422	12.9%	\$1,654	96.7%	-55.7%	-5.1%
Minnesota	\$944	\$0	0%	\$54	44%	-2.4%	3.6%
Mississippi	\$709	\$0	0%	\$32	68.2%	-3.1%	0.1%
Missouri	\$3,213	\$154	4.8%	\$122	58%	-7.9%	1.5%
Montana	\$458	\$0	0%	\$12	27.6%	-1.8%	-12.8%
Nebraska							
Nevada	\$1,499	\$1	0.1%	\$63	44.2%	3.6%	-6.6%
New Hampshire	\$3,013	\$27	0.9%	\$111	52.8%	7.1%	10.8%
New Jersey	\$85,425	\$0	0%	\$2,274	27.9%	1.3%	11.4%
New Mexico	\$4,277	\$472	11%	\$0		14.3%	

Continued on next page

State OPEB liabilities and funded ratios (in millions)							
State	2016 liability	2016 assets	2016 funded ratio	2016 actual contributions	2016 % of annual required contribution paid	% change in liability, 2015-16	% change in contributions, 2015-16
New York	\$91,768	\$0	0%	\$1,654	38%	16.2%	6.6%
North Carolina	\$33,868	\$1,401	4.1%	\$943	36.6%	0%	9.2%
North Dakota	\$191	\$98	51.3%	\$15	172.7%	16%	-29.1%
Ohio	\$25,482	\$15,464	60.7%	\$290	30.3%	5.8%	-33.2%
Oklahoma	\$5	\$0	0%	\$0	59.3%	8.3%	-0.9%
Oregon	\$605	\$484	80%	\$24	24.2%	-0.3%	4.8%
Pennsylvania	\$24,216	\$526	2.2%	\$1,066	64.6%	9.2%	2.3%
Rhode Island	\$862	\$142	16.4%	\$53	100%	9.7%	-13.4%
South Carolina	\$11,548	\$1,063	9.2%	\$465	60.9%	6.4%	-19.6%
South Dakota							
Tennessee	\$1,380	\$0	0%	\$74	56.6%	-4.3%	-3.9%
Texas	\$88,422	\$641	0.7%	\$1,630	22.8%	10.2%	-34.7%
Utah	\$405	\$220	54.4%	\$37	122.2%	0.1%	16.8%
Vermont	\$1,823	\$0	0%	\$49	40.4%	-13.5%	12%
Virginia	\$7,276	\$1,845	25.4%	\$441	66%	4%	4.4%
Washington	\$10,879	\$0	0%	\$151	14.7%	0%	0%
West Virginia	\$3,417	\$705	20.6%	\$187	65.7%	0%	21.8%
Wisconsin	\$2,642	\$1,222	46.3%	\$43	23.2%	1.3%	-18.8%
Wyoming	\$666	\$0	0%	\$15	27.8%	163.8%	40.6%
U.S.	\$695,513	\$46,500	6.7%	\$19,815	37.6%	0.4%	-4.8%

Note: Nebraska does not calculate its liability for retiree health care and other benefits. South Dakota stopped reporting an OPEB liability as of 2014.

Sources: State comprehensive annual financial reports, OPEB actuarial valuations, and state data verification responses

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## Endnote

- 1 Kaiser Family Foundation, “Premiums and Worker Contributions Among Workers Covered by Employer (Employer-Sponsored Coverage), 1999-2018” (2018), <https://www.kff.org/interactive/premiums-and-worker-contributions-among-workers-covered-by-employer-sponsored-coverage-1999-2018/#/?endYear=2015&startYear=2010>.

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*An earlier version of this fact sheet included an error in New York’s OPEB data that resulted in inaccurate U.S. totals. In addition, the fact sheet contained discrepancies or outdated information for several states. This version, published Feb. 8, 2019, contains corrected and updated state-level data and accurate U.S. data.*

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## For further information, please visit:

[pewtrusts.org/pensions](https://pewtrusts.org/pensions)

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**Contact:** Sarah Jones, communications officer

**Email:** [sjones@pewtrusts.org](mailto:sjones@pewtrusts.org)

**Project website:** [pewtrusts.org/pensions](https://pewtrusts.org/pensions)

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**The Pew Charitable Trusts** is driven by the power of knowledge to solve today’s most challenging problems. Pew applies a rigorous, analytical approach to improve public policy, inform the public, and invigorate civic life.



FY21 Appropriation Request

Presented to the Finance Committee

August 22, 2019



## FY21 Appropriation Request (Action Item)

### Background

The statutory deadline for submission of the FY21 Appropriation Request to the State Budget Division and Legislative Finance Committee is September 1, each year. However, September 1 falls on a Sunday and Monday is a holiday, therefore the recognized due date is September 3. The information presented includes actual expenditures for period between July 1, 2018 and June 30, 2019 (FY19), the approved operating budget for July 1, 2019 – June 30, 2020 (FY20), and proposed increases for the period beginning July 1, 2020 (FY21).

### Summary

The chart below provides a summary of NMRHCA's programs for fiscal years 2020 and 2021:

	FY20 Operating	FY21 Request	Inc/Dec	Percent
<b>Healthcare Benefits Administration</b>				
Contractual Services	\$ 354,743.4	\$ 374,708.4	\$ 19,965.0	5.6%
Other	\$ 42.0	\$ -	\$ (42.0)	-100.0%
Other Financing Uses	\$ 3,207.7	\$ 3,326.0	\$ 118.3	3.7%
<b>Total</b>	<b>\$ 357,993.1</b>	<b>\$ 378,034.4</b>	<b>\$ 20,041.3</b>	<b>5.6%</b>
<b>Program Support</b>				
PS&EB	\$ 2,053.0	\$ 2,068.0	\$ 15.0	0.7%
Contractual Services	\$ 616.6	\$ 691.8	\$ 75.2	12.2%
Other	\$ 538.1	\$ 566.2	\$ 28.1	5.2%
<b>Total</b>	<b>\$ 3,207.7</b>	<b>\$ 3,326.0</b>	<b>\$ 118.3</b>	<b>3.7%</b>
<b>Agency Total</b>				
PS&EB	\$ 2,053.0	\$ 2,068.0	\$ 15.0	0.7%
Contractual Services	\$ 355,360.0	\$ 375,400.2	\$ 20,040.2	5.6%
Other	\$ 580.1	\$ 566.2	\$ (13.9)	-2.4%
Other Financing Uses	\$ 3,207.7	\$ 3,326.0	\$ 118.3	3.7%
<b>Total</b>	<b>\$ 361,200.8</b>	<b>\$ 381,360.4</b>	<b>\$ 20,159.6</b>	<b>5.6%</b>

### Health Care Benefits Administration

Overall, the FY21 request totals \$378 million, a 5.6 percent increase above the approved FY20 approved operating budget. Assumptions with regard to revenues are shown in the table below and described thereafter.

Health Benefit Fund - Revenue Detail							
	FY19 OPBUD	FY19 Actuals	FY20 OPBUD	FY21 Inc/Dec	FY21 Request	Percent Change	
<b>REVENUE:</b>							
1 Employer/Employee Contributions	\$ 128,325.1	\$ 132,722.6	\$ 124,696.7	\$ 5,187.6	\$ 129,884.3	4.2%	1
2 Retiree Contributions	\$ 150,517.6	\$ 172,270.2	\$ 170,030.0	\$ 14,853.7	\$ 184,883.7	8.7%	2
3 Taxation and Revenue Suspense Fund	\$ 29,406.9	\$ 24,068.2	\$ 32,935.7	\$ -	\$ 32,935.7	0.0%	3
4 Other Miscellaneous Revenue	\$ 27,230.7	\$ 26,464.3	\$ 30,230.7	\$ -	\$ 30,230.7	0.0%	4
5 Interest Income	\$ 60.0	\$ 100.5	\$ 100.0	\$ -	\$ 100.0	0.0%	5
6 <b>TOTAL REVENUE:</b>	<b>\$ 335,540.3</b>	<b>\$ 355,625.8</b>	<b>\$ 357,993.1</b>	<b>\$ 20,041.3</b>	<b>\$ 378,034.4</b>	<b>5.6%</b>	<b>6</b>

- In FY20 employee and employer contributions are expected to grow by at least 4 percent compared to FY19 actuals and well in excess of FY20 approved operating amounts.
- Retiree contributions are expected to grow by more than 8.7 percent (growth in membership + increase in monthly premiums) compared to FY20 approved operating levels and likely approach \$190 million, with the difference between actual and budgeted amounts being transferred to the long-term trust fund. Assumptions are as follows:
  - Premium increases on the self-insured plans of 7 and 5 percent effective for half of FY21 (July 1, 2020 – December 31, 2020), with additional increases in premium effective January 1, 2021 - June 30, 2021.
  - Medicare Advantage Rates will remain flat or experience a slight decrease during the second half of FY20, which will carry through the first half of FY21. Overall, it is expected that rates and participation will increase January 1, 2021.
  - Flat/negative growth in participation with the Pre-Medicare Plans combined with continued selection of lower costing Value Plan.
  - Continued growth in Voluntary Programs (dental, vision and life insurance) – does not have a financial impact to the agency, but it does have a budgetary impact.
  - Beginning January 1, 2020 retiree will begin paying 75 percent of the \$4.1 million annual cost associated with providing the basic/supplemental life insurance policy granted to members who retired prior to December 31, 2012. This will have an approximate \$3.1 million increase in revenue impact in FY20, as the member cost share grows from 50 to 75 percent for half of FY20 and 100 percent for half of FY21.
- Revenues received from the Tax Suspense Fund are established by statute and distributed according to a schedule developed by the TRD.
- Miscellaneous revenues are expected to remain flat with FY19 approved operating amounts.
- Interest income is projected to earn between FY19 actuals and FY20 budgeted amounts.

Assumptions with regard to expenditures are shown in the table below and described thereafter.

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

- Expenditures related to our self-insured prescription drug plan (line 1) for our pre-Medicare and Medicare Supplement benefits are expected to grow by less than 5 percent compared to the FY20 approved operating budget.
- Expenditures for the medical plan (line 2) reflect projected expenditures for the pre-Medicare plans and Medicare Supplement plan reflect limited/no growth in participation combined with medical trend (7 percent) minus migration toward lower monthly premium/higher out-of-pocket and Medicare Advantage Plans.

- Expenditures related to Medicare Advantage (MA) Plans are expected to account for a growing percentage of our overall costs. The increase includes assumptions with regard to continued growth in participation as well as assumed rate increases approved by CMS for each of our Medicare Advantage offerings beginning January 1, 2021 (mid-FY21).
- Expenditures related to voluntary coverages (dental, vision and life) are expected to grow at a rate in line with increased participation (10.8 percent in FY16, 9.8 percent in F17, 7 percent in FY18, and 8.5 percent in FY19), combined with likely increases in rates charged for the dental and vision plans beginning July 1, 2020.  
Voluntary coverages (except for basic life) are 100% paid for by the retiree.
- Patient Centered Outcomes Research Institute Fee (PCORI) has been eliminated for FY21 (lines 6 and 7).
- Lastly, the request will include an amount sufficient to support the operating activities of the agency as reflected in the "Other Financing Uses" category (lines 8 and 9).

### **Program Support**

The chart below provides a categorical summary of expenditures related to the operating activities of the agency. Overall, the request includes a \$118.4 thousand increase above the FY20 approved operating budget, to include increases in the personal services and employee benefits categories, contractual services and other costs categories.

<b>Program Support Expenditure Summary</b>								
	<b>Uses</b>		<b>FY19 OPBUD</b>	<b>FY19 Actual</b>	<b>FY20 OPBUD</b>	<b>FY21 Inc/Dec</b>	<b>FY21 Request</b>	<b>Percent Change</b>
1	200	Personal Services/ Employee Benefits	1,937.5	1,847.6	2,053.0	15.0	2,068.0	0.7%
2	300	Contractual Services	566.3	511.1	616.6	75.2	691.8	12.2%
3	400	Other Costs	543.8	523.1	538.1	28.1	566.2	5.2%
4		<b>TOTAL</b>	<b>3,047.6</b>	<b>2,881.8</b>	<b>3,207.7</b>	<b>118.3</b>	<b>3,326.0</b>	<b>3.7%</b>
<b>Summary of Revenues</b>								
	<b>Sources</b>		<b>FY19 OPBUD</b>	<b>FY19 Actual</b>	<b>FY20 OPBUD</b>	<b>FY21 Inc/Dec</b>	<b>FY21 Request</b>	<b>Percent Change</b>
5	112	Other Transfers	3,047.6	3,047.6	3,207.7	118.3	3,326.0	3.7%
6		<b>Total</b>	<b>3,047.6</b>	<b>3,047.6</b>	<b>3,207.7</b>	<b>118.3</b>	<b>3,326.0</b>	<b>3.7%</b>
7		<b>FTE</b>	<b>27.0</b>	<b>27.0</b>	<b>26.0</b>	<b>0.0</b>	<b>26.0</b>	<b>0.0%</b>

Changes in projected expenditures are shown in the table below and described thereafter.

Expenditure Detail (Personal Services and Employee Benefits)									
			FY19	FY19	FY20	FY21	FY21	Percent	
			OPBUD	Actual	OPBUD	Inc/Dec	Request	Change	
1	520100	Exempt Positions	165.5	273.7	276.1	9.9	286.0	3.6%	1
2	520300	Classified Perm. Positions	1,212.5	1,034.6	1,203.4	(19.7)	1,183.7	-1.6%	2
3	520800	Annual & Comp Paid	-	4.7	-	-	-		3
4	521100	Group Insurance Premium	196.4	183.6	197.6	1.1	198.7	0.6%	4
5	521200	Retirement Contributions	219.6	219.7	232.1	15.2	247.3	6.5%	5
6	521300	FICA	105.0	94.6	105.5	6.6	112.1	6.3%	6
7	521400	Workers Comp	0.2	0.2	0.2	-	0.2	0.0%	7
8	521410	GSD Work Comp Ins	1.6	1.6	1.6	(0.4)	1.2	-25.0%	8
9	521500	Unemployment Comp	-	-	-	-	-		9
10	521600	Employee Liability Insurance	9.3	9.0	9.0	0.5	9.5	5.6%	10
11	521700	Retiree Health Care	27.4	25.9	27.5	1.8	29.3	6.5%	11
12	521900	Other Employee Benefits	-	-	-	-	-		12
13		TOTAL	1,937.5	1,847.6	2,053.0	15.0	2,068.0	0.7%	13
Expenditure Detail (Contractual Services)									
			FY19	FY19	FY20	FY21	FY21	Percent	
			OPBUD	Actual	OPBUD	Inc/Dec	Request	Change	
14	535200	Professional Services	344.8	308.0	399.8	15.2	415.0	3.8%	14
15	535300	Other Services	15.0	7.6	10.0	2.5	12.5	25.0%	15
16	535309	Other Services InterA	-		20.0	(2.5)	17.5	-12.5%	16
17	535400	Audit Services	81.5	70.5	86.8	-	86.8	0.0%	17
18	535500	Attorney Services	35.0	40.9	40.0	30.0	70.0	75.0%	18
19	535600	Information Technology Services	90.0	84.1	60.0	30.0	90.0	50.0%	19
20		TOTAL	566.3	511.1	616.6	75.2	691.8	12.2%	20
Expenditure Detail (Other)									
			FY19	FY19	FY20	FY21	FY21	Percent	
			OPBUD	Actual	OPBUD	Inc/Dec	Request	Change	
21	542100	Employee In-State Mileage & Fares	2.0	0.7	1.5	-	1.5	0.0%	21
22	542200	Employee In-State Meals & Lodging	2.0	2.3	2.5	-	2.5	0.0%	22
23	542300	Board & Commission - In-State	10.0	10.7	13.5	-	13.5	0.0%	23
24	542500	Transportation-Fuel & Oil	1.0	0.8	1.0	-	1.0	0.0%	24
25	542600	Transportation	0.1	0.7	0.1	-	0.1	0.0%	25
26	542700	Transporation Insurance	0.2	0.4	0.2	-	0.2	0.0%	26
27	542800	State Transportation Pool Charges	4.7	4.5	4.5		4.5	0.0%	27
28	543200	Maintenance - Furniture, Fixtures & Equipment	3.7	6.5	6.0	-	6.0	0.0%	28
29	543300	Maintenance - Building & Structure	3.0	-	4.5	-	4.5	0.0%	29
30	543400	Maintenance - Property Insurance	0.3	0.2	-	-	-	0.0%	30
31	543820	IT Maintenance	10.0	0.9	7.5	-	7.5	0.0%	31
32	544000	Supply Inventory IT	15.4	18.9	25.0	-	25.0	0.0%	32
33	544100	Supplies - Office Supplies	10.0	17.6	10.0	-	10.0	0.0%	33
34	544900	Supplies - Inventory Exempt	3.0	1.9	9.3	(4.3)	5.0	-46.2%	34
35	545600	Reporting & Recording	1.0	6.1	6.0	(6.0)	-	-100.0%	35
36	545609	Report/Record Inter St Agency	-	-	-	-	-	*	36
37	545700	DoIT ISD Services	4.1	4.2	3.8	0.4	4.2	10.5%	37
38	545710	DoIT HCM Assessment	10.4	10.4	10.7	-	10.7	0.0%	38
39	545900	Printing & Photo. Services	66.0	53.6	56.0	-	56.0	0.0%	39
40	546100	Postage & Mail Services	112.0	123.6	105.0	15.0	120.0	14.3%	40
41	546400	Rent of Land & Buildings	120.5	115.6	112.8	11.3	124.1	10.0%	41
42	546409	Rent Expense - Interagency	7.8	7.8	8.1	0.3	8.4	3.7%	42
43	546500	Rent of Equipment	51.0	44.4	46.0	2.3	48.3	5.0%	43
44	546600	Communications	21.0	13.8	21.0	-	21.0	0.0%	44
45	546610	DOIT Communications	62.1	58.3	59.8	(0.9)	58.9	-1.5%	45
46	546700	Subscriptions & Dues	4.0	6.9	2.0	5.0	7.0	250.0%	46
47	546800	Employee Training & Edu.	5.0	2.9	3.0	2.0	5.0	66.7%	47
48	546801	Board Member Training	2.0	-	5.0	-	5.0	0.0%	48
49	546900	Advertising	0.2	0.4	0.5	0.5	1.0	100.0%	49
50	547900	Miscellaneous Expense	1.3	2.3	1.3	-	1.3	0.0%	50
51	547999	Request to Pay Prior Year	-	-	-	-	-	*	51
52	548300	Information Technology Equipment	5.0	-	5.0	-	5.0	0.0%	52
53	549600	Employee Out-Of-State Mileage & Fares	1.0	1.8	1.5	0.5	2.0	33.3%	53
54	549700	Employee Out-Of-State Meals & Lodging	1.0	1.8	2.0	-	2.0	0.0%	54
55	549800	B&C-Out-Of-State Mileage & Fares	1.5	3.1	1.5	2.0	3.5	133.3%	55
56	549900	B&C- Out-Of-State Meals & Lodging	1.5	-	1.5	-	1.5	0.0%	56
57		TOTAL	543.8	523.1	538.1	28.1	566.2	5.2%	57

- Personal services and employee benefits includes a \$15 thousand or 0.7 percent increase above FY20 approved operating levels to include full funding for all 26 FTE according to the E1 calculation in the budget preparation system.
- The request in the contractual services category includes sufficient funding for the following services:
  - Actuarial and benefits consulting services related to our annual solvency projections and GAS reporting requirements
  - Investment advisory services related the biennial review of our trust fund asset allocation.
  - Consulting services related to a PBM rebate audit
  - Board recording and reporting and document destruction services
  - Interagency transfers related to HR services provided by the State Personnel Office
  - Increase in funding for legal fees related to the review and recommended changes to NMAC, questions that may arise in the fall of 2020 related to the minimum age requirement rule change, and other legal matters
  - Increase in IT funding for programing changes related to the rule change effective January 1, 2021
- Lastly, the request in the other category includes sufficient amounts to support the projected operating expenses of the agency in FY21 including rent of 2 offices locations, rent of copying and printing equipment, printing, postage, employee and board members training, office supplies and IT related charges.

### **Performance Measures**

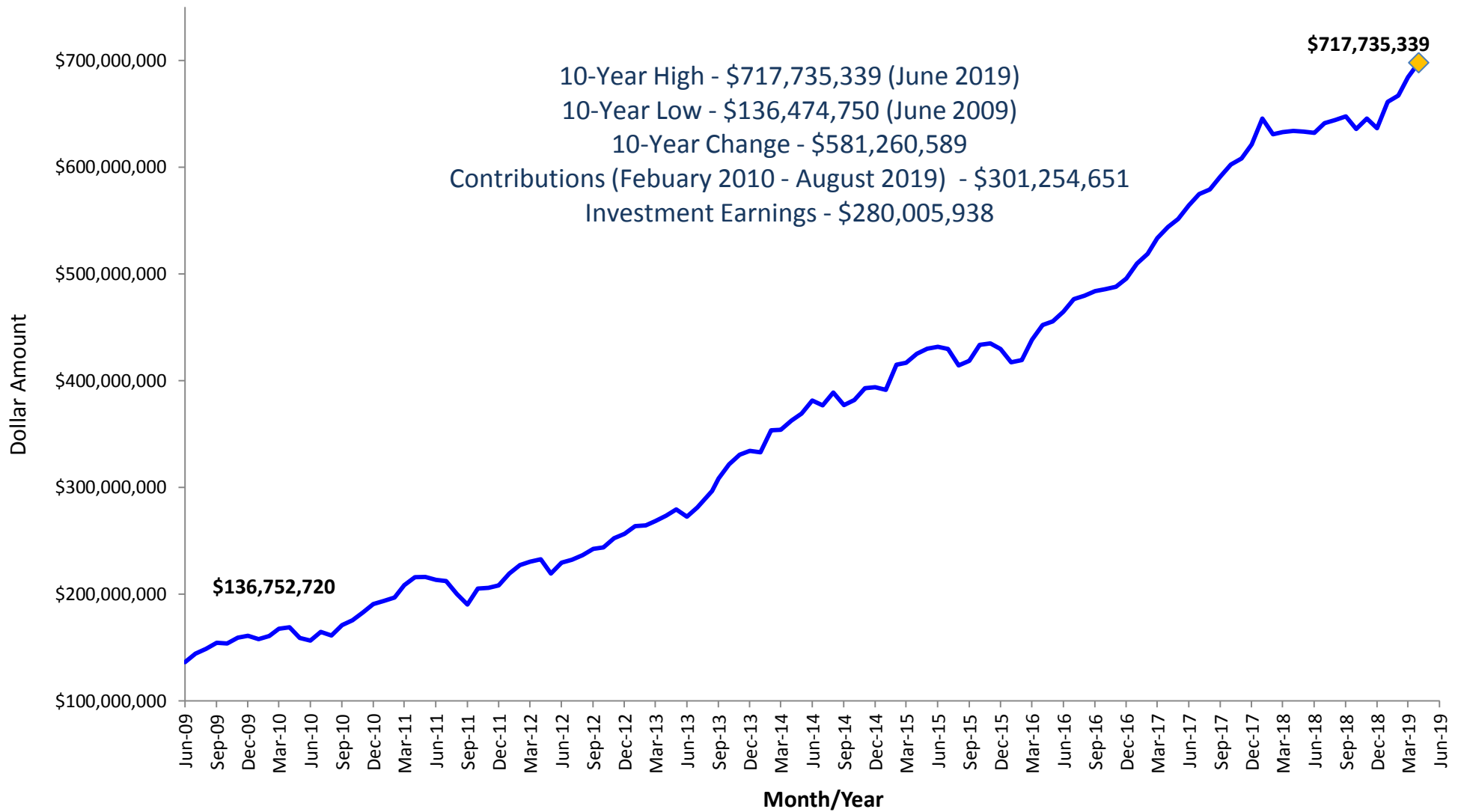
The table below provides a list of performance measures approved by DFA and LFC, FY19 targets, FY19 reported performance, FY20 targeted performance and FY21 requested targets.

Healthcare Benefits Administration						FY19 Target	FY19 Actuals	FY20 Target	FY21 Request
1 Output	Minimum number of years of positive fund balance					18	18	18	25
2 Outcome	Number of years of projected balanced spending					5	4	5	3
3 Outcome	Percent of diabetics properly managed according to clinical guidelines					75%	TBD	75%	75%
4 Outcome	Emergency room visits per thousand members					350	183.2	300	200
Program Support									
5 Outcome	Percent of deposits made within 24 hours					100%	100%	100%	100%
6 Efficiency	Percent of payments made within 30 days					100%	99%	99%	99%

### **Requested Action**

NMRHCA staff respectfully requests Finance Committee approval of the FY21 appropriation request as detailed above and to be presented to the Board of Directors at its meeting on August 27, 2019.

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



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

**Background.** NMRHCA staff has been invited to attend the Public Sector HealthCare Roundtable (PSHRT) Annual Conference scheduled on November 5 – 8, 2019 in Old Town Alexandria, VA. This conference provides an opportunity to hear from high-level government officials and experts in the public purchaser work space and learn about the latest trends, network with benefit administrators from public organizations across the country. The agenda has not been finalized, but last year's conference included presentations from the Secretary of the Kentucky Teachers Retirement System, ABC News's Political Director, Senior Policy Advisors and Legislative Assistants for Congressman and Senators, and senior officials for large health care and pharmacy benefit management companies.

**PSHRT Information.** The Public Sector HealthCare Roundtable is a non-partisan, member directed coalition that exists to give public sector health care purchasers and state and local health plan administrators a voice in the design, development, and implementation of national health care policies. The Roundtable does this by providing in-depth policy analysis and monitoring, education on issues relevant to public sector purchasers, and a forum to collectively engage with key decision-makers in Washington, D.C. , for more information please visit the Roundtable's website:

<https://www.healthcareroundtable.org/>

**Requested Action.** NMRHCA staff respectfully requests permission to attend the Public Sector HealthCare Roundtable's Annual Conference in Old Town Alexandria, VA on November 5 – 8, 2019.





# Save the Date!

**15<sup>th</sup> Annual Conference | November 5-8, 2019**  
**The Alexandrian Hotel, Old Town Alexandria, VA**

## About the Agenda

*The Roundtable's highly-regarded annual conference provides members and guests a unique opportunity to hear presentations by high level government officials and key experts – from Congress and the Administration, academics, benefit consultants, plan administrators, advocates and industry leaders in an intimate dialogue-oriented setting. This year's conference speakers will discuss:*

- Congressional Action: Affordable Care Act Reforms and their Impact on Public Purchasers
- Containing Drug Costs... Trump Administration Policies and Federal Legislation to Address Soaring Prices
- Repealing the Cadillac and Health Insurance Taxes: Strategies to Bring Relief to Public Purchasers
- Health Insurance Market Volatility: A Focus on Coverage and Stabilization
- The Delivery Reform Agenda and Value-Based Purchasing – Updates and Forecasts from CMS
- Addressing the Opioid Epidemic – Federal Legislative Efforts and State Implementation
- Applying Research: Reauthorizing the Patient-Centered Outcomes Research Institute (PCORI)

## Who Should Attend

*If you're responsible for managing health care benefits and implementing health care reforms for public employees in any governmental unit – large or small – this conference is for you. In addition to a first-rate agenda, you'll have an opportunity to network with some of the Nation's largest and most innovative public sector health care purchasers, industry experts, and service providers.*

## The Alexandrian Hotel

*This year's conference is being held at the Alexandrian, a Marriott Autograph Collection Hotel in Old Town Alexandria. With a luxuriously rich design and landmark Old Town location that Roundtable members have come to appreciate, the Alexandrian provides all you need for a successful and enjoyable conference. Just a short distance from Reagan National Airport, the hotel also offers easy access to the Washington, DC metro via the King Street station.*

## For More Information

*For more information, to register for the 2019 Annual Conference, and to reserve your room at the Alexandrian Hotel, watch the Roundtable website – [healthcareroundtable.org](http://healthcareroundtable.org) – for updates and key planning dates.*



## Roundtable Partners with SALGBA for Plan Administrators' Roundtable

This year, the Roundtable will once again partner with SALGBA to present a one-day State Health Plan Administrators' Roundtable prior to the opening of our annual conference. The agenda will focus on management and operational topics solicited from registered attendees.

The joint program, which is complimentary for any Roundtable or SALGBA state health plan member, will take place on Wednesday, November 6th. The Roundtable's 15th Annual Conference will officially open with a reception later that evening.

Details regarding the 2019 Annual Conference and the joint Roundtable-SALGBA State Plan Administrators' Roundtable will be announced in early June.



## **State Health Plan Administrators' Roundtable**

*(Complimentary for all Roundtable & SALGBA Statewide Plan Members)*

### *Preliminary Schedule*

Tuesday, November 5, 2019

5:30 PM – 7:00 PM

Welcome Reception

*Del Ray Room*

Wednesday, November 6, 2019

8:00 AM – 9:00 AM

Breakfast

*Old Town Center/East*

9:00 AM – 12:00 Noon

Roundtable Discussion

12:00 Noon – 1:00 PM

Luncheon

1:00 PM – 5:00 PM

Roundtable Discussion

5:00 PM – 6:30 PM

Reception

*Old Town West*

## **15<sup>th</sup> Annual HealthCare Roundtable Conference**

*(Roundtable Registration Fees Apply)*

### *Preliminary Schedule*

Wednesday, November 6, 2019

5:00 PM – 6:30 PM

Welcome Reception

*Old Town West*

Thursday, November 7, 2019

8:00 AM – 9:00 AM

Breakfast

*Old Town Ballroom*

9:00 AM – 12:00 Noon

General Session

12:00 Noon – 1:00 PM

Luncheon

1:00 PM – 5:00 PM

General Session

5:00 PM – 6:30 PM

Reception

Friday, November 8, 2019

8:00 AM – 9:00 AM

Breakfast

*Old Town Central/West*

8:30 AM – 9:00 AM

Business Meeting

9:00 AM – 12:30 PM

General Session

12:30 PM – 1:30 PM

Buffet Lunch

1:30 PM – 2:00 PM

Wrap-Up Session