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

REGULAR MEETING
OF THE
BOARD OF DIRECTORS

January 7, 2020
9:30 AM
Alfredo R. Santistevan Board Room
NMRHCA Offices, Suite 207
4308 Carlisle Blvd. NE
Albuquerque, NM 87107

New Mexico Retiree Health Care Authority
Regular Meeting

BOARD OF DIRECTORS

ROLL CALL

January 7, 2020

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

NMRHCA BOARD OF DIRECTORS
January 2020

Mr. Wayne Propst
Executive Director
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Mr. Joe Montaño, Vice President
NM Assoc. of Educational Retirees
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Ms. Pamela Moon
NM Association of Counties
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pmoon@bernco.gov
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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

January 7, 2020
9:30 AM
Alfredo R. Santistevan Board Room
NMRHCA Offices, Suite 207
4308 Carlisle Blvd. NE
Albuquerque, NM 87107

AGENDA

1.	Call to Order	Mr. Sullivan, President	Page
2.	Roll Call to Ascertain Quorum	Ms. Beatty, Recorder	
3.	Pledge of Allegiance	Mr. Sullivan, President	
4.	Approval of Agenda	Mr. Sullivan, President	4
5.	Approval of Regular Meeting Minutes November 5, 2019	Mr. Sullivan, President	5
6.	Public Forum and Introductions	Mr. Sullivan, President	
7.	Committee Reports	Mr. Sullivan, President	
8.	Executive Director's Updates	Mr. Archuleta, Executive Director	
	a. HR Updates		13
	b. Village of Cimarron Request to Join Program		
	c. Legislative		18
	d. Interagency Pharmaceuticals Purchasing Council		
	e. ACA Changes		
	f. Presbyterian Data Breach		30
	g. Medical, Dental and Vision RFP		
	h. Fall Switch Enrollment		34
	i. HIPAA Compliance Training		
	j. GAS 74 Final Report		36
	k. October 31/November 30, 2019 SIC Report		80
9.	Staff Appointment (Action Item)	Mr. Archuleta, Executive Director	82
10.	FY20 New Contracts (Action Item)	Mr. Archuleta, Executive Director	96
11.	FY20 Financial Audit RFP (Action Item)	Mr. Archuleta, Executive Director	98
12.	Case No. D-101-cv 2019-025446	Mr. Archuleta, Executive Director	99
13.	Other Business	Mr. Sullivan, President	
14.	Executive Session Pursuant to NMSA 1978, Section 10-15-1(H)(6) To Discuss Limited Personnel Matters	Mr. Sullivan, President	
15.	Date & Location of Next Board Meeting	Mr. Sullivan, President	

February 4, 2020, 9:30AM
Alfredo R. Santistevan Board Room / PERA Building – Senator Fabian Chavez, Jr. Board Room
4308 Carlisle Blvd. NE., Suite 207 / 33 Plaza La Prensa
Albuquerque, NM 87107 / Santa Fe, NM 87507

16. Adjourn

ACTION SUMMARY

RETIREE HEALTH CARE AUTHORITY/REGULAR BOARD MEETING

November 5, 2019

Item	Action	Page
APPROVAL OF AGENDA	Approved	3
APPROVAL OF MINUTES: October 1, 2019	Approved	3
PUBLIC FORUM & INTRODUCTIONS	Informational	3
COMMITTEE REPORTS	Informational	3
EXECUTIVE DIRECTOR'S UPDATE HR Updates Staff Appointment Albuquerque Office Space FY20 Financial Audit Medical, Dental and Vision RFP Fall Switch Enrollment Legislative September 30, 2019 SIC Report	Informational	3
GAS 74 VALUATION – JUNE 30, 2019	Informational	6
FY20 Q1 BUDGET STATUS REPORT	Informational	6
NMRHCA CONTRIBUTIONS & ELIGIBILITY	Informational	7

MINUTES OF THE

NEW MEXICO RETIREE HEALTH CARE AUTHORITY/BOARD OF DIRECTORS

REGULAR MEETING

November 5, 2019

1. CALL TO ORDER

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

2. ROLL CALL TO ASCERTAIN A QUORUM

A quorum was present.

Members Present:
Mr. Tom Sullivan, President
Mr. Doug Crandall, Secretary
The Hon. Tim Eichenberg, NM State Treasurer
Ms. Jan Goodwin
Ms. Pamela Moon
Mr. Wayne Propst
Ms. Therese Saunders

Members Excused:
Mr. Joe Montaño, Vice President
Mr. Terry Linton
Mr. Lawrence Rael

Staff Present:
Mr. Dave Archuleta, Executive Director
Mr. Neil Kueffer, Deputy Director
Mr. Greg Archuleta, Director of Communication & Member Engagement
Ms. Peggy Martinez, Chief Financial Officer
Ms. Charmaine Clair for Judith S. Beatty, Board Recorder

Others Present:
[See sign-in sheet.]

3. PLEDGE OF ALLEGIANCE

Chairman Sullivan led the pledge.

4. APPROVAL OF AGENDA

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

5. APPROVAL OF REGULAR MEETING MINUTES: October 1, 2019

Ms. Moon moved approval of the minutes of the October 1, 2019, as submitted. Mr. Crandall seconded the motion, which passed unanimously.

6. PUBLIC FORUM AND INTRODUCTIONS

Chairman Sullivan welcomed staff and guests.

There were no speakers from the floor.

7. COMMITTEE REPORTS

-- Chairman Sullivan reported that the Executive Committee met last week to review the agenda with Mr. Archuleta and staff.

-- Chairman Sullivan stated that Mr. Montaño, who was not present today, had indicated that the Legislative Committee had not met but that he wanted to schedule something. Chairman Sullivan suggested that the board have a discussion later in this agenda about a schedule and who might be invited to an organizational meeting.

-- Mr. Crandall said the Finance/Investment Committee met, but there was no quorum. It was noted that the fund is now up to $733 million.

-- Ms. Goodwin reported that the Wellness Committee has not met, but will try to meet next month. The Audit Committee will be meeting later this month.

8. EXECUTIVE DIRECTOR'S UPDATE

a. HR Updates

Mr. Archuleta reported three vacancies: an IT position, and two customer service positions, one in Albuquerque and one in Santa Fe.

Mr. Crandall asked if these vacancies will have a negative effect during switch enrollment. Mr. Archuleta responded that, thanks to good leadership among staff, things are running smoothly and he did not expect anything to fall through the cracks.

b. Staff Appointment

Mr. Archuleta reported that he was recently appointed by the Governor to the New Mexico Acequia Commission for a four-year term. He disclosed that he is also a member of the Land Grant Committee in

Abiquiu, which he has been doing on his own time for the past five years. As a member of the Acequia Commission, he will be required to attend meetings on the last Friday of each month.

Mr. Archuleta noted that the Absence and Leave Policy states in Section E.2 that "Employees who are members of a state board or commission may be entitled to Administrative Leave to attend meetings or transact business of the board or commission." He said he wanted the board to be aware of that and that it could opt to vote against it, in which case he could use his annual leave to participate.

Mr. Crandall said this in keeping with standard procedure and he didn't see a problem with it.

Mr. Eichenberg asked that this be placed on next month's agenda so the board could give formal approval, which he felt would make Mr. Archuleta more comfortable. Ms. Saunders agreed.

Chairman Sullivan commented that he has always felt that this kind of networking can be very beneficial down the line because it involves interacting with decision-makers on a variety of different topics.

c. <u>Albuquerque Office Space</u>

Mr. Archuleta stated that GSD has been notified about the NMRHCA's intention to move out of the Carlisle office location. The goal is to co-locate with PERA in Santa Fe, and the agency is looking for an ideal office location so it can better serve the members. The hope is to do something similar here in Albuquerque.

Mr. Archuleta said the lease is up November 2020; however, because October is the busiest month, it may be necessary to schedule the move in September.

Mr. Archuleta stated that the going rate for office space is $18-$20 per square foot. The agency is paying $15.75, which includes utilities, based on the agreement 10 years ago. The good news is that the agency doesn't need the amount of space it has on Carlisle.

Ms. Saunders commented that it would make sense to make the move in September so that the new location information can be disseminated at the switch enrollment meetings.

Responding to Mr. Crandall, Mr. Archuleta said the NMRHCA could break the lease early if it is moving a state-owned office space. It has other documented reasons for moving early, as well.

d. <u>FY 20 Financial Audit</u>

Mr. Archuleta extended his thanks to CFO Peggy Martinez and her staff for making sure they were well prepared in advance of the audit, and to Moss Adams for doing a thorough review of all of the agency's finances. This will be the end of a three-year agreement with Moss, which has done a great job and have been very helpful and collaborative. The exit conference is scheduled on Friday, November 22. Outside of the one self-reported audit finding, where the agency underestimated the Medicare Advantage contract amount by $30,000, he was unaware of any other findings or areas of concern.

e. <u>Medical, Dental and Vision RFP</u>

Mr. Archuleta reported that the RFP was released last Monday. Responses are due December 10 and proposals will be evaluated over the holidays, with finalist interviews during the first or second week of January. While the agency is on an abbreviated time schedule, he was confident the contracts could be in place well in advance of the July timeframe. He stated the APS procurement manager is managing the process, and there will be three to five evaluators from each IBAC entity.

f. Fall Switch Enrollment

Mr. Archuleta reported that about 2,500 people attended the 16 switch enrollment meetings, which were held in 13 different locations in October. He said there were very few complaints, none of them substantial. The number of people switching is being compiled and a final tally will be available in December.

Ms. Saunders said she attended a few of the meetings. She commented that Mr. Archuleta and Mr. Kueffer do an excellent job. They are wonderful presenters and represent the agency well. The vendors themselves also did a great job, and a number of them commented to the attendees how fortunate they were to have the NMRHCA offer them so many options.

g. Legislative

Mr. Archuleta discussed the presentation given at the Interagency Pharmaceuticals Purchasing Council meeting held on October 3. The IPPC is conducting a procurement for a consultant to help them in evaluating cost savings opportunities.

Mr. Archuleta stated that the NMRHCA presented its FY21 appropriation request on October 31 at the Legislative Finance Committee and also reviewed its legislative proposal, which includes an increase in employee/employer contributions. He said he hopes to be able to present this for an IPOC endorsement on December 4, and will be meeting with the IPOC Vice Chair next week.

Chairman Sullivan noted that Mr. Montaño has sent his schedule of availability (November 11-15 and November 18-21) and wants to organize an introductory meeting of the committee, and is also looking for people to participate.

Chairman Sullivan said they are also looking for non-educator constituent groups to reach out to, as well.

Mr. Crandall said he hoped the agency could get the word out to active employees. He asked Mr. Archuleta if there has been any progress toward finding a representative to fill that seat on the board. Mr. Archuleta responded that he has spoken with the Governor’s Office and believed this was in the works.

Ms. Saunders stated that the original position she is filling on the board was to be an active employee, so she is a retiree who is representing active employees. When the previous administration imposed restrictions on teacher leave, it wasn’t possible to find someone who could take time off because it would have counted against them on their evaluation, so she was asked to step in.

Ms. Moon suggested that it would be very helpful for PERA, ERB and NMRHCA to get speaking engagements when active employees go to training classes, as what employees are reading in the paper does not offer them the whole picture and can lead to misunderstanding.

Mr. Archuleta said the winter newsletter will include a legislative update.

Mr. Propst said the Governor's Office is taking the lead with the NM Association of Counties in dealing with the task force recommendations and concerns, and PERA is providing whatever support it can.

Following discussion, the introductory committee meeting was set for November 22 following the Audit Committee. If this does not work for Mr. Montaño, the alternate meeting would be on November 21 after 11:00 a.m.

h. <u>September 30, 2019 SIC Report</u>

Mr. Archuleta reported a balance on September 30 of $733 million.

9. <u>GAS 74 VALUATION – JUNE 30, 2019</u>

Melissa Krumholz, Senior Health Consultant & Actuary with Segal Consulting, presented this report.

Ms. Krumholz said that, as of 6/30/19, the plan is 18.8 percent funded, which will go up to 18.9 percent after audit adjustments.

Ms. Krumholz said total liability has decreased since 6/30/18 from $5 billion to about $4 billion. New census data caused a 4 percent drop. Other big drops were from updated claim costs, significant gains in Medicare Advantage renewals, and updated participation assumptions.

In discussing the reason for the improved numbers, Mr. Archuleta said there has been a large uptake in the number of people moving into Medicare Advantage plans. All the growth the agency has experienced over the last two years has been on the Medicare side, with virtually all of that on the Medicare Advantage side with a steady decline in the Medicare Supplement plan. Last year, the range of decreases on the Medicare Advantages plans was anywhere between 2 and 37 percent. This year, while the agency was anticipating an increase, the numbers stayed flat. Combined with the revised PBM contract and the trend associated with that, the agency is in a much better position than it was two years ago. In addition, the pre-Medicare population is down almost 15,000 members from 18,000 three years ago, and about 25 percent of that population is in the value plan. There were 97,000 active participants two years ago, which went down to 93,000 last year and 91,0000 this year. All of this contributes to the agency slowly moving toward the 20 percent funding mark, which is very good news.

Ms. Moon commented that it is a real celebration to go from a 13.14 percent unfunded liability to 18.8 percent in just one year. She said it hasn't been that long since the NMRHCA was a pay-as-you-go plan. She said she has seen other organizations that haven't gotten this far in such a short period.

10. <u>FY20 Q1 BUDGET STATUS REPORT</u>

Mr. Archuleta presented this report.

11. NMRHCA CONTRIBUTIONS & ELIGIBILITY

Mr. Archuleta stated that a couple of questions have come up recently, driven by some of the changes that have happened with the pension funds in terms of Return to Work employees, their eligibility and their requirements to contribute to the fund. New Mexico statute is very specific in that an active employee who is part of an employer group under the NMRHCA is required to contribute, and the employer groups are required to contribute on the employee's behalf. There are no exceptions for any classification, whether it is elective Return to Work or part-time employees. A legal opinion has also been rendered that agrees that if someone is occupying a position that would otherwise be required to pay the NMRHCA. they are required to do so.

Mr. Archuleta stated that, in terms of eligibility to receive the benefits from the NMRHCA, someone has to receive a pension from PERA or ERB, but if someone is a Return to Work employee, they are required to pick up whatever active coverage they have. The NMRHCA has no way of auditing that, however. For instance, it would be nearly impossible to capture information from the counties or municipalities or private employers such as Sandia. In addition, there are different rules from each of the feeder groups – NMPSIA, APS and the State --- in terms of their participation requirements. The NMRHCA also provides this information at switch enrollment meetings, at Medicare presentations, and whenever it meets with active employees: If someone has access to active coverage, they're required to pick it up, but they can always come back to the NMRHCA.

Mr. Archuleta told board members that if questions continue from members who are confused about the rules, the board could consider looking at modifying NMRHCA rules to make them uniform across the board.

Mr. Archuleta commented that if someone is going back to work for a month, the NMRHCA wouldn't expect them to drop their coverage and dis-enroll from Medicare Part B, etc. Mr. Crandall asked what the cutoff point would be. Mr. Archuleta responded that if it is intended to be a long-term position or longer than three months, the NMRHCA would require them to pick up that coverage.

Chairman Sullivan said school districts are looking for experienced certified teachers to take long-term substitute positions, but they can no longer due that under the new rules. Classrooms of children are now regularly subject to disruption because of the way that is being enforced.

Ms. Goodwin explained that the ERB used to have a Return to Work exception rule that allowed retirees to work no more than the greater of $15,000 or .25 FTE. ERB attorneys stated that having a dollar cap is not a good way to allow people to work in retirement, and that it was better to have them work .25 FTE or less. A qualified pension plan cannot pay people their retirement if they are still working at a substantial level, and a lot of the people working for $15,000 were working for most of the school year, well in excess of .25 FTE and jeopardizing the ERB's status as a qualified retirement plan. She said that, in August, APS said that they only used 9 percent of their sub positions. She commented that this gets back to the bigger problem of how education is being paid for in New Mexico and how big of a priority that is.

12. OTHER BUSINESS

None.

13. <u>EXECUTIVE SESSION</u>

None.

13. <u>EXECUTIVE SESSION</u>

None.

14. DATE AND LOCATION OF NEXT BOARD MEETING:
DECEMBER 3, 2019, 9:30 A.M.
ALFREDO R. SANTISTEVAN BOARD ROOM, STE. 207
4308 CARLISLE BLVD., N.E.
ALBUQUERQUE, NM, 87107

<u>ADJOURN</u>

Meeting adjourned at 10:50 a.m.

Accepted by:

____
Tom Sullivan, President

Archuleta, David, NMRHCA

From: Coleman, Pamela, SPO
Sent: Thursday, December 5, 2019 5:54 PM
To: Archuleta, David, NMRHCA
Cc: Kueffer, Neil, NMRHCA; Martinez, Peggy, NMRHCA
Subject: FW: Termination of HR Services as of April 6, 2020

Dear David,

Your agency has either signed or we are awaiting your signature on a Memorandum of Understanding (MOU) for HR Services (formerly known as Shared HR Services). After carefully examining our mission as an oversight agency and our current and future staffing, we have determined that the HR Services program is unsustainable. Therefore, effective April 6, 2020, State Personnel will exercise its right under the MOU to terminate that Agreement.

Don't worry. Pending April 6, 2020, we will work closely with you and your staff to strategize how best to meet your agency's HR needs, including whether we help you identify and train an existing member of your staff, hire a dedicated HR professional, hire and share a dedicated HR professional with another agency, etc. We know many of your agencies have budgetary constraints and challenges, and we are here to discuss what options may be available and the needs of your agency.

The decision to provide these services happened during a time when previous State Personnel leadership envisioned the HR function as a centralized role which would be performed by a consolidated statewide HR agency. In January 2018, HR Consolidation was fully implemented across Executive agencies, which temporarily transferred Executive agency HR staff into State Personnel, increasing the number of HR professionals to over 100, though the actual State Personnel Office staff numbers fell during that time due to a reduced budget appropriation and previous leadership's desire to downsize the statewide HR function. During Consolidation, State Personnel continued to provide day-to-day HR services to your agency.

Determining that HR Consolidation was not in the best interest of an effective administration of state government, on May 20, 2019, Governor Lujan Grisham issued Executive Order 2019-011 *Return of Human Resources Operations to Certain Previously Consolidated Departments and Agencies Within the Executive Branch of State Government*. https://www.governor.state.nm.us/wp-content/uploads/2019/05/Executive-Order-2019-011.pdf That EO returned all temporarily transferred consolidated staff to their respective agencies. By July 1, 2019, all of those staff were returned. The Order ended the consolidated model and returned State Personnel to our statutorily-centered mission of oversight, training, and professional development for state employees and statewide HR personnel.

Again, please don't worry. I am sending this notice with plenty of time to work out the details and the hand-off of HR responsibilities.

If you have any questions please call me directly. My number is below.

Thank you.

Best,
Pam

Pamela D. Coleman
Director
NM State Personnel Office

State of New Mexico

Michelle Lujan Grisham
Governor

EXECUTIVE ORDER 2019-036

PAID PARENTAL LEAVE FOR ELIGIBLE STATE EMPLOYEES

WHEREAS, the State of New Mexico is committed to recruiting, retaining, and supporting dedicated and talented employees to serve New Mexicans; and

WHEREAS, paid parental leave promotes physical and mental health, increases worker retention, and improves worker productivity and morale; and

WHEREAS, providing paid parental leave can reduce the likelihood that working parents apply for government assistance within their new child's first year or leave their jobs in state government; and

WHEREAS, our State must support working families by making it easier for them to fulfill their caregiving responsibilities without risking financial insecurity.

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, hereby order as follows:

1. It shall be the policy of the Office of the Governor and state departments and agencies for which the Governor has oversight to provide twelve (12) workweeks of fully paid parental leave to Eligible Employees following the birth or adoption of a child. The purpose of this policy will be to promote activities related to the bonding, care, and well-being of newborn and newly adopted child(ren). Paid parental leave shall be paid based upon the

Eligible Employee's base salary (excluding temporary increases of pay, such as temporary promotion increases, temporary recruitment differentials, temporary retention differentials, or temporary salary increases) determined by the employee's regularly scheduled work hours.

2. The State Personnel Office will develop a statewide paid parental leave policy pursuant to this Order. All departments and agencies shall implement the statewide paid parental leave policy without delay upon receiving it from the State Personnel Office. The effective date of the policy for all departments and agencies shall be January 1, 2020 regardless of when it is adopted. Eligible Employees may request paid parental leave as of January 1, 2020.

3. An Eligible Employee, as used in this Order, means a full-time classified employee who has completed the one (1) year probationary period as defined by the State Personnel Board rules, or an exempt employee who has been employed with the State of New Mexico twelve (12) consecutive months, prior to the start of paid parental leave, excluding temporary, emergency, and term appointments. Paid parental leave may not be donated and any such leave not utilized within the six-month period explained below shall be forfeited. Domestic partners as defined by the State Personnel Board rules are eligible for paid parental leave when children join their household via birth or adoption. If both parents, including a Domestic Partner of a parent, are Eligible Employees, each parent or partner is eligible to receive Paid Parental Leave under this policy.

4. Eligible Employees must take paid parental leave during the first six (6) months following the birth or adoption of a child. Eligible Employees may utilize one (1) term of paid parental leave (up to 12 workweeks) per birth or adoption event. Employees utilizing paid parental leave shall continue to accrue vacation and sick leave in accordance with state

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rules and regulations during the period of parental leave. If an official holiday occurs during the Eligible Employee's paid parental leave, the Eligible Employee will receive holiday pay in lieu of paid parental leave, provided the Eligible Employee is in pay status the day before and the day after the official holiday.

5. Paid parental leave shall run concurrently with leave under the federal Family Medical Leave Act (FMLA) as applicable.

6. Eligible Employees cannot receive short-term disability benefits and paid parental leave benefits at the same time.

7. Eligible Employees shall be required to notify their employer at least thirty (30) days in advance of their intention to use paid parental leave so that the employer may secure backfill coverage as necessary. When thirty (30) days' notice is not possible, the employee must provide this notice as soon as practicable.

8. Other statewide elected officials and state departments and agencies not subject to the Governor's oversight are encouraged but not required to comply with this Order.

I DIRECT that every executive state department or agency affected by this Order shall cooperate with the State Personnel Director in implementing this Order without delay.

I FURTHER DIRECT that this Order does not create a private cause of action and is consistent with and does not abrogate federal or state law.

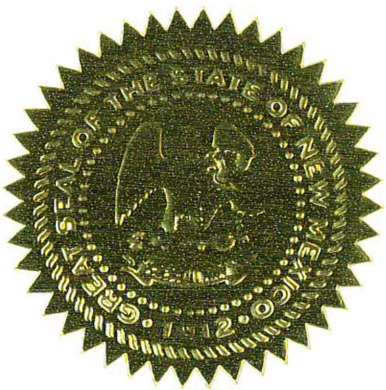
I FURTHER DIRECT that this Order shall not be construed to restrict a cabinet secretary or executive state agency head from exercising every power expressly enumerated in law to that cabinet secretary or executive state agency head.

THIS ORDER supersedes any other previous orders, proclamations, or directives to the extent they are in conflict. This Order shall take effect January 1, 2020 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 31ST DAY OF DECEMBER 2019

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

Michelle Lujan Grisham

MICHELLE LUJAN GRISHAM
GOVERNOR

HOUSE BILL 45

54TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2020

INTRODUCED BY

Tomás E. Salazar and Raymundo Lara

ENDORSED BY THE INVESTMENTS AND PENSIONS OVERSIGHT COMMITTEE

AN ACT

RELATING TO RETIREE HEALTH CARE; INCREASING EMPLOYEE AND EMPLOYER CONTRIBUTION RATES TO THE RETIREE HEALTH CARE FUND; TRANSFERRING MONEY TO THE RETIREE HEALTH CARE FUND; MAKING AN APPROPRIATION.

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

SECTION 1. Section 10-7C-15 NMSA 1978 (being Laws 1990, Chapter 6, Section 15, as amended by Laws 2009, Chapter 287, Section 2 and by Laws 2009, Chapter 288, Section 3) is amended to read:

"10-7C-15. RETIREE HEALTH CARE FUND CONTRIBUTIONS.--

A. Following completion of the preliminary contribution period, each participating employer shall make contributions to the fund pursuant to the following provisions:

(1) for participating employees who are not

.216154.2SA

underscored material = new
[~~bracketed material~~] = delete

members of an enhanced retirement plan, the employer's contribution shall equal

[~~(a) one and three-tenths percent of each participating employee's salary for the period from July 1, 2002 through June 30, 2010~~

~~(b) one and six hundred sixty-six thousandths percent of each participating employee's salary for the period from July 1, 2010 through June 30, 2011;~~

~~(c) one and eight hundred thirty-four thousandths percent of each participating employee's salary for the period from July 1, 2011 through June 30, 2012; and~~

~~(d)~~] two <u>and thirty-three hundredths</u> percent of each participating employee's salary [~~beginning July 1, 2012~~];

(2) for participating employees who are members of an enhanced retirement plan, the employer's contribution shall equal:

[~~(a) one and three-tenths percent of each participating employee's salary for the period from July 1, 2002 through June 30, 2010~~

~~(b) two and eighty-four thousandths percent of each participating employee's salary for the period from July 1, 2010 through June 30, 2011;~~

~~(c) two and two hundred ninety-two thousandths percent of each participating employee's salary for~~

<u>underscored material = new</u>
[~~bracketed material~~] = delete

~~the period from July 1, 2011 through June 30, 2012; and~~

~~(d)~~] two and [~~one-half~~] ninety-three hundredths percent of each participating employee's salary [~~beginning July 1, 2012~~]; and

(3) each employer that chooses to become a participating employer after January 1, 1998 shall make contributions to the fund in the amount determined to be appropriate by the board.

B. Following completion of the preliminary contribution period, each participating employee, as a condition of employment, shall contribute to the fund pursuant to the following provisions:

(1) for a participating employee who is not a member of an enhanced retirement plan, the employee's contribution shall equal

[~~(a) sixty-five hundredths of one percent of the employee's salary for the period from July 1, 2002 through June 30, 2010~~

~~(b) eight hundred thirty-three thousandths of one percent of the employee's salary for the period from July 1, 2010 through June 30, 2011;~~

~~(c) nine hundred seventeen thousandths of one percent of the employee's salary for the period from July 1, 2011 through June 30, 2012; and~~

~~(d)~~] one and seventeen-hundredths percent

underscored material = new
[~~bracketed material~~] = delete

of the employee's salary [~~beginning July 1, 2012~~];

(2) for a participating employee who is a member of an enhanced retirement plan, the employee's contribution shall equal

[~~(a) sixty-five hundredths of one percent of the employee's salary for the period from July 1, 2002 through June 30, 2010;~~

~~(b) one and forty-two thousandths percent of the employee's salary for the period from July 1, 2010 through June 30, 2011;~~

~~(c) one and one hundred forty-six thousandths percent of the employee's salary for the period from July 1, 2011 through June 30, 2012; and~~

~~(d)~~] one and [~~one-fourth~~] <u>forty-seven hundredths</u> percent of the employee's salary [~~beginning July 1, 2012~~]; and

(3) as a condition of employment, each participating employee of an employer that chooses to become a participating employer after January 1, 1998 shall contribute to the fund an amount that is determined to be appropriate by the board. Each month, participating employers shall deduct the contribution from the participating employee's salary and shall remit it to the board as provided by any procedures that the board may require.

C. [~~On or after July 1, 2009~~] No person who has obtained service credit pursuant to Subsection B of Section 10-11-6 NMSA 1978, Section 10-11-7 NMSA 1978 or Paragraph (3) or (4) of Subsection A of Section 22-11-34 NMSA 1978 may enroll with the authority unless the person makes a contribution to the fund equal to the full actuarial present value of the amount of the increase in the person's health care benefit, as determined by the authority.

D. Except for contributions made pursuant to Subsection C of this section, a participating employer that fails to remit before the tenth day after the last day of the month all employer and employee deposits required by the Retiree Health Care Act to be remitted by the employer for the month shall pay to the fund, in addition to the deposits, interest on the unpaid amounts at the rate of six percent per year compounded monthly.

E. Except for contributions made pursuant to Subsection C of this section, the employer and employee contributions shall be paid in monthly installments based on the percent of payroll certified by the employer.

F. Except in the case of erroneously made contributions or as may be otherwise provided in Subsection D of Section 10-7C-9 NMSA 1978, contributions from participating employers and participating employees shall become the property of the fund on receipt by the board and shall not be refunded under any circumstances, including termination of employment or

underscored material = new
[~~bracketed material~~] = delete

termination of the participating employer's operation or participation in the Retiree Health Care Act.

G. Notwithstanding any other provision in the Retiree Health Care Act and at the first session of the legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section [~~7-1-6.1~~] 7-1-6.30 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

H. As used in this section, "member of an enhanced retirement plan" means:

(1) a member of the public employees retirement association who, pursuant to the Public Employees Retirement Act, is included in:

(a) state police member and adult correctional officer member coverage plan 1;

(b) municipal police member coverage plan 3, 4 or 5;

(c) municipal fire member coverage plan 3, 4 or 5; or

(d) municipal detention officer member coverage plan 1; or

(2) a member pursuant to the provisions of the Judicial Retirement Act."

SECTION 2. TRANSFER.--Twelve million three hundred eighty-four thousand two hundred ninety-six dollars ($12,384,296) is transferred from the general fund to the retiree health care fund to restore a portion of the losses to the retiree health care fund resulting from previous changes to the distributions received from the tax administration suspense fund. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.

SECTION 3. EFFECTIVE DATE.--The effective date of the provisions of this act is July 1, 2020.

State of New Mexico
LEGISLATIVE FINANCE COMMITTEE

325 Don Gaspar, Suite 101 • Santa Fe, NM 87501
Phone: (505) 986-4550 • Fax (505) 986-4545

David Abbey
Director

December 16, 2019

David Archuleta, Executive Director
New Mexico Retiree Health Care Authority
4308 Carlisle Blvd., NE Suite 104
Albuquerque, NM 87107

Dear Mr. Archuleta:

The Legislative Finance Committee has selected a consulting team to conduct a fiscal analysis of the Health Security Act Plan, as required by House Memorial 92, and work is beginning on the project. The memorial requests that state agencies, health insurers and providers provide healthcare cost and coverage data to inform the analysis, and also requests that the LFC coordinate with other agencies to avoid duplication of effort. A copy of the memorial is attached for your reference.

LFC staff are currently working with the consultant team, led by KNG Health, to identify the parameters for a data request for the IBAC agencies, including, of course, RHCA. Nathan Eckberg, Program Evaluator, is the contract manager and is the LFC's point of contact for the project. We would also like to connect RHCA directly with the consultant team, so that the consultants can obtain a full understanding of the agency's programs. Toward that end, please designate a contact person to coordinate the project on behalf of RHCA.

Should you have any questions regarding this project, please contact Mr. Eckberg at 986-4558, or Charles Sallee, Deputy Director for Budget, at 986-4528.

Thank you for your cooperation.

Sincerely,

David Abbey

David Abbey, Director

Cc: Senator John Arthur Smith, Chair, Legislative Finance Committee
Representative Patricia Lundstrom, Vice Chair, Legislative Finance Committee
John Bingaman, Chief of Staff, Office of the Governor
Lane Koenig, President, KNG Health Consulting

A MEMORIAL

REQUESTING THE LEGISLATIVE FINANCE COMMITTEE TO CONDUCT A FISCAL ANALYSIS OF A HEALTH SECURITY PLAN AND REPORT ITS FINDINGS TO THE LEGISLATIVE HEALTH AND HUMAN SERVICES COMMITTEE.

WHEREAS, while the number of uninsured residents in New Mexico has decreased, they are still experiencing increases in health care premiums, high deductibles, rising out-of-pocket expenses and increased pharmaceutical drug costs; and

WHEREAS, rising health care costs adversely affect state and local government budgets, as well as family budgets; and

WHEREAS, uncertainty regarding health insurance coverage at the federal level compels states to explore innovative opportunities and solutions to provide greater access to affordable high-quality health coverage to their residents; and

WHEREAS, studies completed in 1994 and 2007 by independent policy research firms examined the possible benefits of covering most or all residents under one health risk pool; and

WHEREAS, this approach could result in greater economies of scale, substantially contain costs, reduce administrative complexity and uncompensated care and create a more stable health care system that benefits all New Mexico residents;

and

WHEREAS, the provisions of House Bill 295 and Senate Bill 279, introduced during the first session of the fifty-fourth legislature, outline an innovative health security plan based on decades of efforts to provide for statewide comprehensive health care coverage regardless of age, employment or health status; and

WHEREAS, the health security plan was first conceived twenty-seven years ago; and

WHEREAS, over the last several years, legislation has been sponsored to enact a health security plan; and

WHEREAS, proposals for a health security plan have been developed over many years with input from diverse sectors from all over the state; and

WHEREAS, over the years, one hundred seventy New Mexico organizations and thirty-five cities and counties representing a broad bipartisan cross-section of New Mexicans from all parts of the state have endorsed the creation of a health security plan; and

WHEREAS, before creating a health security plan, a thorough fiscal analysis is needed to determine its fiscal viability;

NOW, THEREFORE, BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF THE STATE OF NEW MEXICO that the legislative finance committee be requested to work with contractors or consultants as needed to conduct a fiscal analysis of the health security plan as provided for in House Bill 295 and Senate Bill 279 of the first session of the fifty-fourth legislature; and

BE IT FURTHER RESOLVED that the office of superintendent of insurance, the human services department, the department of health and other state agencies and commissions; the New Mexico health insurance exchange; and New Mexico health insurers and providers be requested to provide health care cost and coverage information to the legislative finance committee as needed; and

BE IT FURTHER RESOLVED that the legislative finance committee be requested to ensure that the collection of the data needed to conduct its fiscal analysis be coordinated with the human services department and other agencies and commissions to prevent duplication of effort; and

BE IT FURTHER RESOLVED that the legislative finance committee be requested to report the results of its analysis to the legislative health and human services committee no later than July 31, 2021; and

BE IT FURTHER RESOLVED that copies of this memorial be transmitted to the co-chairs of the New Mexico legislative council, the speaker of the house of representatives, the chair and vice chair of the legislative finance committee, the superintendent of insurance, the secretary of human services, the secretary of health and the board of directors of the New Mexico health insurance exchange.

PRESBYTERIAN

C/O ID Experts
Return Mail Processing Center
P.O. Box 6336
Portland, OR 97228-6336

To Enroll, Please Call:
(833) 297-6405
Or Visit:
https://ide.myidcare.com/presbyterian-protect
Enrollment Code: <<Activation Code>>

<<Mail ID>>
<<Name 1>>
<<Name 2>>
<<Address 1>>
<<Address 2>>
<<Address 3>>
<<Address 4>>
<<Address 5>>
<<City>><<State>><<Zip>>
<<Country>>

<<Date>>

Dear <<Name 1>>:

We recently notified you about unauthorized access to some workforce member email accounts that may have contained some of your health information. As a result of Presbyterian's ongoing investigation, we determined on November 14, 2019, that certain affected email accounts also included data containing your name and Social Security number.

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 encourage you to contact ID Experts with any questions and to enroll in free MyIDCare services by calling (833) 297-6405 or going to https://ide.myidcare.com/presbyterian-protect and using the Enrollment Code provided above. MyIDCare experts are available Monday through Friday from 7 am - 7 pm Mountain Time. Please note the deadline to enroll is February 25, 2020.

You will find detailed instructions for enrollment on the enclosed Recommended Steps document. Also, since you will need to reference the enrollment code at the top of this letter when calling or enrolling online, please do not discard this letter.

Again, at this time, there is no evidence that your information has been misused. However, we encourage you to take full advantage of this service offering. MyIDCare representatives have been versed on the incident and can answer questions or concerns you may have regarding protection of your personal information.

As we recently communicated, Presbyterian is committed to protecting the privacy and confidentiality of every individual's information, and we continue to take steps to enhance the security of our systems as part of this commitment.

Sincerely,

Sophia Collaros
Privacy Officer

25 de noviembre del 2019

Estimado(a) <<Name 1>>:

Recientemente Presbyterian notificamos sobre el acceso no autorizado a algunas cuentas de correo electrónico de empleados que pueden haber contenido parte de su información de salud. Como resultado de la investigación en curso de Presbyterian, determinamos el 14 de noviembre de 2019 que ciertas cuentas de correo electrónico afectadas también incluían datos que contenían su nombre y número de seguro social.

Además, sin costarle nada a usted, le estamos ofreciendo servicios de protección contra el robo de identidad mediante ID Experts®, el experto de filtración de datos y servicios de recuperación, 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.

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 noche, tiempo de la zona de montaña. La fecha límite para inscribirse es 25 de febrero del 2020.

Encontrará instrucciones detalladas para la inscripción en el documento adjunto "Pasos Recomendados". Además, dado que deberá hacer referencia al código de inscripción en la parte superior de esta carta cuando llame o se inscriba en línea, no descarte esta carta.

En este momento, no hay evidencia de que su información haya sido mal utilizada. Sin embargo, le recomendamos que aproveche esta oferta de servicios. Los representantes de MyIDCare conocen el incidente y pueden responder preguntas o inquietudes que pueda tener con respecto a la protección de su información personal.

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. Queremos asegurarle de que Presbyterian se compromete a proteger la privacidad y confidencialidad de los datos de todas las personas. Continuamos tomando medidas para mejorar la seguridad de nuestros sistemas como parte de este compromiso.

Atentamente,

Sophia Collaros
Encargada de privacidad

MyIDCare™

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 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.equifax.com	Experian Fraud Reporting 1-888-397-3742 P.O. Box 9554 Allen, TX 75013 www.experian.com	TransUnion Fraud Reporting 1-800-680-7289 P.O. Box 2000 Chester, PA 19022-2000 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 website at https://oag.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, 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, 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, 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, Telephone: 1-919-716-6400.

Oregon Residents: Oregon Department of Justice, 1162 Court Street NE, Salem, OR 97301-4096, 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, Telephone: 401-274-4400.

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

	Switch Enrollment Numbers
Santa Fe	250
Raton	70
Las Vegas	110
Roswell	145
Hobbs	75
Clovis	110
Santa Fe	150
Albuquerque	625
Silver City	50
Las Cruces	175
Las Cruces	75
Espanola	120
Farmington	115
Gallup	75
Albuquerque	250
Rio Rancho	150
Total	**2545**

Medical Plans
January 2020 Switch Enrollment Counts
Additional Members and Members who Cancelled

		NON-MEDICARE				MEDICARE									
	FROM	**TO** BCBS Premier	**TO** BCBS VP	**TO** Pres Premier	**TO** Pres VP	**TO** BCBS Supp	**TO** BCBS MA I	**TO** BCBS MA II	**TO** Humana Plan I	**TO** Humana Plan II	**TO** Pres Plan I	**TO** Pres Plan II	**TO** United Plan I	**TO** United Plan II	**TOTAL TERMED FROM EACH**
PRE 65	BCBS Premier		56	23	12	40	3		16	4	3		7	8	**172**
	BCBS Value Plan	56		10	14	2	1		1	2				2	**88**
	Presbyterian Premier	58			58	4			1		33	1	3	3	**161**
	Presbyterian Value Plan	22	17	33				1			14	1	1		**89**
MEDICARE	BCBS Supplemental						43	4	19	5	34	5	39	27	**176**
	BCBS MA Plan I					17		2	7	3	18	3	7	10	**67**
	BCBS MA Plan II					8	9		2	14		3	3	4	**43**
	Humana MA Plan I					19	1	3		10	2	1	6	4	**46**
	Humana MA Plan II					1		2	5		2	3	1	7	**21**
	Presbyterian MA Plan I					23	11	2	10	3		13	27	8	**97**
	Presbyterian MA Plan II					1	2	1	1	6	29		1	7	**48**
	United Healthcare MA Plan I					8	5			2	7	2		22	**46**
	United Healthcare MA Plan II					4		1	1	8			19		**33**
	TOTAL ADDITIONS TO EACH	**136**	**73**	**66**	**84**	**127**	**75**	**16**	**63**	**57**	**142**	**32**	**114**	**102**	**1,087**
	NET +/-	**(36)**	**(15)**	**(95)**	**(5)**	**(49)**	**8**	**(27)**	**17**	**36**	**45**	**(16)**	**68**	**69**	**-**

	Cancelled Participation in the NMRHCA									
Medicare Plans	BCBS Supp	BCBS MA I	BCBS MA II	Humana I	Humana II	Pres Senior I	Pres Senior II	United I	United II	Total Members Cancelled
Cancelled	43	15	4	3	1	21	2	5	4	98

	Cancelled Participation in the NMRHCA				
Non-Medicare Plans	BCBS Premier	BCBS VP	Pres Premier	Pres VP	Total Members Cancelled
Cancelled	37	10	27	28	102

	New Enrollments in the NMRHCA									
Medicare Plans	BCBS Supp	BCBS MA I	BCBS MA II	Humana I	Humana II	Pres Senior I	Pres Senior II	United I	United II	Total New Members
New	37	6	8	2	15	46	6	8	14	142

	New Enrollments in the NMRHCA				
Non-Medicare Plans	BCBS Premier	BCBS VP	Pres Premier	Pres VP	Total New Members
New	109	25	40	72	246

New Mexico Retiree Health Care Authority (NMRHCA)

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

FINAL

Segal Consulting

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

November 18, 2019

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

Dear Board members:

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

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

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

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

Sincerely,

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

By: Melissa A. K

Mary Kirby

Thomas Bergman

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

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

Thomas Bergman, ASA, MAAA
Retiree Health Actuary

cc: *David Archuleta, Executive Director*

SECTION 1

VALUATION SUMMARY

SECTION 2

GASB 74 INFORMATION

SECTION 3

SUPPORTING INFORMATION

Purpose

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

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

General Observations on GASB 74 Actuarial Valuations

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

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

Significant Issues in Valuation Year

The following findings were the results of this actuarial valuation.

- The NOL has decreased from $4.348 billion as of June 30, 2018 to $3.242 billion as of June 30, 2019. The decrease was primarily due to:
  - Health care costs lower than projected in the prior valuation,
  - A lower than expected number of new retirees who elected to enroll in NMRHCA benefits,
  - Decreasing the assumption for percentage of future retirees expected to enroll in NMRHCA benefits.
- The discount rates used to determine the TOL and NOL as of June 30, 2019 and 2018 were 4.16% and 4.08% respectively. The detailed calculations used in the derivation of the "cross-over date" to determine the discount rate of 4.16 % used in the calculation of the TOL and NOL as of June 30, 2019 can be found in Exhibit 5 of Section 2. Various other information that is required to be disclosed can be found throughout Exhibits 1 through 4 in Section 2.
- The discount rate used in the valuation for financial disclosure purposes as of June 30, 2019 is a blend of the assumed investment return on Plan assets (e.g. 7.25% for the June 30, 2019 valuation) and the rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (e.g. 3.50 % as of June 30, 2019). Because NMRHCA is not fully prefunding benefits, Plan assets, when projected in accordance with the method prescribed by GASB 74, are expected to be sufficient to make benefit payment through June 30, 2039 (the projected beginning balance at July 1, 2039 is less than the projected benefit payments for the 2039/2040 year, before including projected contributions for the year). Projected benefit payments are discounted by the Plan investment return assumption of 7.25% until June 30, 2039. Benefit payments after June 30, 2039 are then discounted by the municipal bond rate of 3.50 %. The 4.16% is the blended discount rate reflecting benefits discounted by the Plan investment return assumption rate and the bond rate.
- Amended November 29, 2018, and subsequently approved, the subsidy eligibility requirement of age 55 and the NMRHCA subsidy percentages based upon creditable service were deferred one year (from 2020) and will be effective for eligible retirees not in a PERA enhanced retirement plan who commence benefits on or after January 1, 2021.

Summary of Key Valuation Results

	2019	2018
Disclosure elements for fiscal year ending June 30:		
1. Service cost[1]	$156,597,766	$188,372,284
2. Total OPEB Liability	3,999,137,737	5,006,011,109
3. Plan Fiduciary Net Position[2]	756,748,991	657,656,294
4. Net OPEB Liability	$3,242,388,746	$4,348,354,815
Schedule of contributions for fiscal year ending June 30:		
5. Statutory contributions	$160,077,200	$156,266,741
6. Actual contributions	159,030,773	154,358,714
7. Contribution deficiency (excess)	1,046,427	1,908,027
Demographic data for plan year ending June 30:		
8. Number of retired members, beneficiaries, and married dependents	52,179	51,205
9. Number of vested terminated members	10,916	11,471
10. Number of active members	91,082	93,349
Key assumptions as of June 30:		
11. Discount rate	4.16%	4.08%
12. Medical cost trend rates		
Non-Medicare medical plan	Graded from 8.00% in fiscal year 2019/2020 to ultimate 4.50% over 14 years	Graded from 8.00% in fiscal year 2017/2018 to ultimate 4.50% over 14 years
Medicare medical plans	Graded from 7.50% in fiscal year 2019/2020 to ultimate 4.50% over 12 years	Graded from 7.50% in fiscal year 2017/2018 to ultimate 4.50% over 12 years

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

(2) *The assets as of June 30, 2019 and June 30, 2018 were based on final financial statements provided by NMRHCA.*

Important Information about Actuarial Valuations

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

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

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

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

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

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

Actuarial Certification

November 18, 2019

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

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

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

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

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

By: Melissa A. Krumholz   Mary Kirby   Thomas Bergman

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

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

Thomas Bergman, ASA, MAAA
Retiree Health Actuary

EXHIBIT 1

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

Plan Description

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

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

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

Benefits provided

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

	FY 2020	**FY 2021 And Later**
Non-Medicare Retiree	35.5%	36.0%
Non-Medicare Spouse	63.0%	64.0%
Medicare Retiree	50.0%	50.0%
Medicare Spouse	75.0%	75.0%

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

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

EXHIBIT 2

Net OPEB Liability

The components of the Net OPEB Liability are as follows:

	June 30, 2019	June 30, 2018
Total OPEB Liability	$3,999,137,737	$5,006,011,109
Plan Fiduciary Net Position	756,748,991	657,656,294
System's Net OPEB Liability	$3,242,388,746	$4,348,354,815
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	18.92%	13.14%

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

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

Plan provisions. The plan provisions used in the measurement of the Total OPEB Liability (TOL) as of June 30, 2019 are outlined in Exhibit II of Section 3.

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

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

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

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

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

Investment policy:

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

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

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

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

Discount rate: The discount rate used to measure the TOL was 4.16% as of June 30, 2019 and 4.08% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed employer and plan member contributions will be made at the current contribution rate. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the OPEB Plan's assets was projected to be sufficient to make projected future benefit payments for current plan members through June 30, 2039 (the projected beginning balance at July 1, 2039 is less than the projected benefit payments for the 2039/2040 year, before including projected contributions for the year). Payments after that date would be funded by employer assets. Therefore, the long-term expected rate of return on OPEB Plan investments (7.25%) was applied to periods of projected benefit payments through June 30, 2039, and the 20-year municipal bond rate (3.50 %) was applied to periods after June 30, 2039 to determine the TOL.

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

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

	1% Decrease (3.16%)	**Current Discount (4.16%)**	**1% Increase (5.16%)**
Net OPEB Liability as of June 30, 2019	$3,966,222,871	$3,242,388,746	$2,673,387,007

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

	1% Decrease	**Current Trend***	**1% Increase**
Net OPEB Liability as of June 30, 2019	$2,699,497,654	$3,242,388,746	$3,677,049,973

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

EXHIBIT 3

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

	2019	2018
Total OPEB Liability		
Service cost	$156,597,766	$188,372,284
Interest	208,644,150	199,583,585
Change of benefit terms	14,004,267	0
Differences between expected and actual experience	(753,099,464)	(145,524,098)
Changes of assumptions	(535,456,730)	(225,363,066)
Benefit payments[1]	(97,563,361)	(122,199,255)
Net change in Total OPEB Liability	($1,006,873,372)	($105,130,550)
Total OPEB Liability – beginning	$5,006,011,109	$5,111,141,659
Total OPEB Liability – ending (a)	$3,999,137,737	$5,006,011,109
Plan Fiduciary Net Position[2]		
Contributions – total employer	$88,516,368	85,401,662
Contributions – total employee	44,258,184	42,700,831
Net investment income	41,663,496	49,757,591
Benefit payments[1]	(97,563,361)	(122,199,255)
Administrative expense	(2,921,370)	(2,821,224)
Other[3]	25,139,380	25,348,048
Net change in Plan Fiduciary Net Position	$99,092,697	$78,187,653
Plan Fiduciary Net Position – beginning	$657,656,294	$579,468,641
Plan Fiduciary Net Position – ending (b)	$756,748,991	$657,656,294
Plan's Net OPEB Liability – ending (a) – (b)	$3,242,388,746	$4,348,354,815
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	18.92%	13.14%
Covered payroll	$4,172,928,635	$4,290,616,760
Plan Net OPEB Liability as percentage of covered payroll	77.70%	101.35%

See accompanying notes to this exhibit on the next page.

[(1)] *For measurement date June 30, 2019, this category equals Premium and claims paid ($296,459,494) offset by the sum of Retiree contributions ($172,270,192) and Medicare Part D, subrogation, refunds, rebates and miscellaneous ($26,625,941). For measurement date June 30, 2018, this category equals Premium and claims paid ($320,403,577) offset by the sum of Retiree contributions ($167,949,226) and Medicare Part D, subrogation, refunds, rebates and miscellaneous ($30,255,096).*

[(2)] *The Plan Fiduciary Net Position values are based on final financial statements provided by NMRHCA (via its auditor).*

[(3)] *For measurement date June 30, 2019, this category equals sum of Employer buy-ins interest portion ($67,291) and Tax administration suspense fund revenue ($26,256,221) offset by the sum of Losses and loss adjustment accrual decrease (-$42,000), Refunds – retirees ($962,603), and Depreciation expense ($263,529). For measurement date June 30, 2018, this category equals sum of Employer buy-ins revenue ($939,677), employer buy-ins interest portion ($78,947), and tax administration suspense fund revenue ($26,256,221) offset by the sum of Losses and loss adjustment accrual increase ($1,076,000), Refunds – retirees ($426,884), and Depreciation expense ($423,913).*

EXHIBIT 4

Schedule of NMRHCA's Contributions – Last Ten Fiscal Years

Year Ended June 30	Actuarially Determined Contributions[(1)(2)]	Contributions in Relation to the Actuarially Determined Contributions[(1)]	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2010	$297,999,753	$114,847,107	$183,152,646	N/A	N/A
2011	326,994,988	120,873,224	206,121,764	$4,001,802,240	3.02%
2012	340,074,787	142,053,551	198,021,236	N/A	N/A
2013	353,657,828	135,388,449	218,269,379	3,876,220,608	3.49%
2014	367,804,141	149,277,185	218,526,956	N/A	N/A
2015	292,656,765	156,670,251	135,986,514	3,941,587,760	3.97%
2016	303,631,394	159,862,801	143,768,593	N/A	N/A
2017	317,546,941	159,379,195	158,167,747	4,165,647,340	3.83%
2018[(3),(4)]	156,266,741	154,358,714	1,908,027	4,290,616,760	3.60%
2019[(3)]	160,077,200	159,030,773	1,046,427	4,172,928,635	3.81%

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

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

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

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

EXHIBIT 5

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

Year Beginning July 1,	Projected Beginning Plan Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses (d)	Projected Investment Earnings (e)	Projected Ending Plan Fiduciary Net Position* (f) = (a) + (b) - (c) - (d) + (e)
2019	$756,748,991	$157,728,768	$133,497,294	$0	$55,742,693	$836,723,158
2020	836,723,158	149,971,190	138,779,336	0	61,068,134	908,983,146
2021	908,983,146	143,845,490	145,351,653	0	65,846,680	973,323,663
2022	973,323,663	138,373,335	149,468,070	0	70,163,781	1,032,392,709
2023	1,032,392,709	133,237,989	155,999,474	0	74,023,368	1,083,654,592
2024	1,083,654,592	128,357,529	162,515,246	0	77,326,741	1,126,823,616
2025	1,126,823,616	123,586,386	169,218,558	0	80,040,546	1,161,231,990
2026	1,161,231,990	118,887,014	176,595,845	0	82,097,374	1,185,620,533
2027	1,185,620,533	114,163,629	184,815,319	0	83,396,365	1,198,365,208
2028	1,198,365,208	109,455,631	193,873,881	0	83,821,316	1,197,768,274
2029	1,197,768,274	104,722,502	203,056,604	0	83,273,589	1,182,707,761
2030	1,182,707,761	99,998,134	212,483,267	0	81,668,727	1,151,891,355
2031	1,151,891,355	95,225,287	222,660,662	0	78,892,591	1,103,348,571
2032	1,103,348,571	90,525,698	231,775,326	0	74,872,472	1,036,971,415
2033	1,036,971,415	85,857,865	241,034,850	0	69,555,262	951,349,692
2034	951,349,692	81,307,131	249,566,898	0	62,873,436	845,963,361
2035	845,963,361	77,204,609	256,796,223	0	54,822,148	721,193,895
2036	721,193,895	73,477,149	263,701,462	0	45,390,926	576,360,507
2037	576,360,507	70,151,058	270,575,232	0	34,520,760	410,457,094
2038	410,457,094	67,026,776	276,986,637	0	22,147,094	222,644,326
2039	222,644,326	64,163,331	283,456,359	0	8,192,341	11,543,639
2040	11,543,639	61,290,859	289,788,962	0	0	0

Note: Shown until Projected Plan Fiduciary Net Position goes to zero. The discount rate is determined by discounting the projected benefits financed by the OPEB plan investments (benefit payments through the 2038/2039 plan year, since the projected beginning balance at July 1, 2039 is less than the projected benefit payments for the 2039/2040 year, before including projected contributions for the year) using the 7.25% discount rate and benefit payments beyond the 2038/2039 plan year using the index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (3.50%).

EXHIBIT 5

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

($ in thousands) - Continued

Notes:

(1) Amounts may not total exactly due to rounding.

(2) Years beyond 2040/2041 have been omitted from this table as the Fiduciary Net Position is zero.

(3) Column (b): Projected total contributions are calculated as fixed percentages of payroll plus the Pension Tax Revenue. Contributions are assumed to occur halfway through the year on average.

(4) Column (c): Projected benefit payments have been determined in accordance with paragraphs 43-47 of GASB Statement No. 74 and are based on the closed group of active, retired members, and beneficiaries as of June 30, 2019.

(5) Column (d): Projected administrative expenses have been reflected in benefit payments.

(6) Column (e): Projected investment earnings are based on the assumed investment rate of return of 7.25% per annum and reflect the assumed timing of benefit payments made at the beginning of each month.

(7) As illustrated in this Exhibit, the Plan's fiduciary net position was projected to be exhausted by June 30, 2041.

Rationale for Demographic and Economic Assumptions:	Mortality, Retirement, Disability, Turnover, Inflation Rate and Salary Scale assumptions are based on: ➤ For PERA, the Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2018. ➤ For ERB, the New Mexico Educational Retirement Board (ERB) Actuarial Valuation Report as of June 30, 2018.
Data:	Detailed census data and financial data for postemployment benefits were provided by: The non-retired census information was provided by New Mexico ERB and PERA. The retiree census and medical data information was provided by NMRHCA. The financial information was provided by the auditors.
Actuarial Cost Method:	Entry age, level percent of pay, calculated on individual basis.
Measurement Date:	June 30, 2019
Census Date:	January 1, 2019
Discount Rate:	4.16%

Assumptions used for PERA members

PERA Post-Retirement Mortality Rates:

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

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

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

PERA Termination Rates before Retirement:

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

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

EXHIBIT I

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

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

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

EXHIBIT I

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

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

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

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

Assumptions used for PERA members

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

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

Assumptions used for PERA members

PERA Retirement Rates:

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

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

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

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

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

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

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

Assumptions used for ERB members

ERB Post-Retirement Mortality Rates:

After Retirement:	
Males:	RP-2000 Combined Healthy Mortality Table with White Collar Adjustment generationally projected with Scale BB.
Females:	GRS Southwest Region Teacher Mortality Table, set back one year, generationally projected with Scale BB.
After Disability Retirement:	RP-2000 Disabled Mortality Table, set back three years for males and no set back for females, projected with Scale BB to 2016.
	The tables shown above were determined so as to reasonably reflect future mortality improvement, based on the June 30, 2018 ERB pension valuation.

ERB Assumptions used for ERB members

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

ERB Disability Rates before Retirement:

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

Assumptions used for ERB members

ERB Termination Rates before Retirement (continued):

Active Members Terminating During year – Rates (%)

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

Assumptions used for ERB members

ERB Retirement Rates:

Members Hired before July 1, 2010 and Normal Retirement for Members Hired on or After July 1, 2010

Retirement – Rates(%)

Males

Age	Years of Service 0-4	5-9	10-14	15-19	20-24	25+
45	0	0	0	0	0	15
50	0	0	0	0	0	18
55	0	0	0	0	5	20
60	0	0	0	15	20	25
62	0	0	30	30	30	30
65	0	40	35	30	30	30
67	0	25	25	25	30	30
70	100	100	100	100	100	100

Females

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

EXHIBIT I

Actuarial Assumptions and Actuarial Cost Method (continued)

Assumptions used for ERB members

ERB Retirement Rates:

Members Hired on or after July 1, 2010

Retirement – Rates(%)

Males

	Years of Service		
Age	15-19	20-24	25-29
55	0	0	5
60	0	20	20
62	30	30	30
65	30	30	30

Females

	Years of Service		
Age	15-19	20-24	25-29
55	0	0	6
60	0	15	15
62	30	30	30
65	40	40	40

ERB Salary Increases:

General Increase in Wage Level Due to:

Inflation:	2.50%
Productivity increase rate:	0.75%

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

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

EXHIBIT I

Actuarial Assumptions and Actuarial Cost Method (continued)

Administrative Expenses:

Non-Medicare:	$349/year
Medicare Supplement:	$450/year
Medicare Advantage:	$60/year

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

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

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

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

EXHIBIT I

Actuarial Assumptions and Actuarial Cost Method (continued)

	United Healthcare Medicare Advantage				BCBS Supplemental				BCBS (Medicare Advantage)			
	Retiree		Spouse		Retiree		Spouse		Retiree		Spouse	
Age	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**
65	$1,668	$1,418	$1,668	$1,418	$5,340	$4,539	$5,340	$4,539	$1,127	$958	$1,127	$958
70	1,933	1,528	1,933	1,528	6,189	4,891	6,189	4,891	1,306	1,032	1,306	1,032
75	2,083	1,645	2,083	1,645	6,670	5,265	6,670	5,265	1,408	1,111	1,408	1,111
80	2,243	1,773	2,243	1,773	7,182	5,676	7,182	5,676	1,516	1,198	1,516	1,198

	Presbyterian Medicare Advantage				Medicare Drug Rebates				Medicare Drug Subsidy			
	Retiree		Spouse		Retiree		Spouse		Retiree		Spouse	
Age	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**
65	$2,099	$1,784	$2,099	$1,784	-$2,036	-$1,731	-$2,036	-$1,731	-$74	-$63	-$74	-$63
70	2,433	1,923	2,433	1,923	-2,360	-1,865	-2,360	-1,865	-86	-68	-86	-68
75	2,622	2,070	2,622	2,070	-2,543	-2,007	-2,543	-2,007	-92	-73	-92	-73
80	2,823	2,231	2,823	2,231	-2,738	-2,164	-2,738	-2,164	-100	-79	-100	-79

	Humana Medicare Advantage			
	Retiree		Spouse	
Age	**Male**	**Female**	**Male**	**Female**
65	$819	$696	$819	$696
70	949	750	949	750
75	1,023	808	1,023	808
80	1,102	871	1,102	871

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

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

Medicare Part D Subsidy Assumption:	These calculations include an offset for retiree prescription drug plan federal subsidies that the Plan is eligible to receive because the Plan has been determined to be a Medicare PDP. The subsidy shown above per eligible retiree or spouse for 2019/2020, was assumed to increase by 4%.
Unknown Data for Members:	Same as those exhibited by members with similar known characteristics. If not specified, members are assumed to be male. For active participants with unknown dates of birth, we assumed their age at entry was that of the average for actives with date of birth.
Spouse Coverage:	35% male, 30% female.
Age of Spouse:	Wives are 3 years younger than their husbands.

Future Benefit Accruals: 1.0 year of service per year.

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

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

Non-Medicare Plan	Medical Election %
Premier	78%
Value Plan	22%

Medicare Plan	Medical Election %
BCBS Medicare Supplement	60%
BCBS Senior Plan I or II	10%
Presbyterian Senior Plan I or II	19%
United Healthcare Plan I or II	9%
Humana Plan I or II	2%

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

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

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

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

Health Care Cost Subsidy Trend Rates:

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

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

EXHIBIT I

Actuarial Assumptions and Actuarial Cost Method (continued)

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

EXHIBIT II

Summary of Plan

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

Eligibility:	A retiree who was an employee of either New Mexico PERA or an ERB eligible to receive a pension, is eligible for retiree health benefits.
	For employers who "buy-in" to the plan, retirees are eligible for benefits six months after the effective date of employer participation.
	Amended November 29, 2018, the Board of Directors of the NMRHCA approved a change to its subsidy eligibility requirements such that retirees not in a PERA enhanced (Fire, Police, Corrections) pension plan who commence benefits on or after January 1, 2021 will not receive any subsidy from NMRHCA before age 55.
Benefit Types:	Retirees and spouses are eligible for medical and prescription drug benefits.
	For Calendar years 2017 and prior there was a NMRHCA-paid Basic Life benefit of $6000 for all retirees who commenced benefits on or before December 31, 2012. The $6000 benefit decreases $1500 per year commencing January 1, 2018 until January 1, 2021 at which time retirees must pay 100% of the premium cost.
	Dental and vision benefits are also available, but were not included in this valuation, since they are 100% retiree-paid.
	A description of these benefits may be found at www.nmrhca.state.nm.us by clicking on Enrolled Participants.
Duration of Coverage:	Employees and dependents are valued for life.

EXHIBIT II

Summary of Plan (continued)

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

	FY 2020	FY 2021 And Later
Non-Medicare Retiree	35.5%	36.0%
Non-Medicare Spouse	63.0%	64.0%
Medicare Retiree	50.0%	50.0%
Medicare Spouse	75.0%	75.0%

EXHIBIT II

Summary of Plan (continued)

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

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

Dental	
Eligibility	This benefit was not included in the valuation, because retirees pay 100% of the cost.
Vision	
Eligibility	This benefit was not included in the valuation, because retirees pay 100% of the cost.
Life Insurance Death Benefit	
Eligibility	For Calendar years 2017 and prior there was a NMRHCA-paid Basic Life benefit of $6000 for all retirees who commenced benefits on or before December 31, 2012. The $6000 benefit decreases $1500 per year commencing January 1, 2018 until January 1, 2021 at which time retirees must pay 100% of the premium cost.
Excise Tax on High Cost Health Plans Imposed by The Affordable Care Act (ACA "Cadillac Tax")	In 2013, NMRHCA's Board of Directors approved its intent to modify plan designs as necessary to preclude the payment of any excise tax established by the ACA. Therefore, we have only valued benefits up to the tax threshold levels.
Plan Changes since Prior Valuation	Amended November 29, 2018, the subsidy eligibility requirement of age 55 and the lower NMRHCA subsidy percentages were deferred one year (from 2020) and will be effective for eligible retirees not in a PERA enhanced retirement plan who commence benefits on or after January 1, 2021.

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New Mexico Retiree Health Care Authority (CP)
Change in Market Value
For the Month of Oct 2019
(Report as of November 18, 2019)

Investment Name	Prior Ending Market Value	Contributions	Distributions	Fees	Income	Gains-Realized & Unrealized	Market Value
Core Bonds Pool	155,170,564.91	2,000,000.00	-	-	358,784.27	(17,080.34)	157,512,268.84
Credit & Structured Finance	107,506,936.99	1,500,000.00	-	-	104,349.11	109,380.44	109,220,666.55
NM Retiree Health Care Authority Cash Account	-	-	-	-	-	-	-
Non-US Developed Markets Index Pool	96,933,478.19	1,400,000.00	-	-	115,639.19	3,176,782.13	101,625,899.50
Non-US Emerging Markets Index Pool	67,106,714.67	1,000,000.00	-	-	92,812.92	2,865,450.92	71,064,978.52
Private Equity Pool	82,080,402.97	1,000,000.00	-	-	20,762.83	184,926.57	83,286,092.37
Real Estate Pool	73,953,361.85	1,000,000.00	-	-	229,231.04	(103,700.35)	75,078,892.55
Real Return Pool	34,822,053.03	500,000.00	-	-	99,347.50	(355,686.45)	35,065,714.08
US Large Cap Index Pool	102,401,220.52	1,400,000.00	-	-	122,194.14	2,076,083.10	105,999,497.76
US Small/Mid Cap Pool	13,549,708.92	200,000.00	-	-	4,391.85	521,595.76	14,275,696.52
Sub - Total New Mexico Retiree Health Care	733,524,442.05	10,000,000.00	-	-	1,147,512.85	8,457,751.78	753,129,706.69
Total New Mexico Retiree Health Care A	**733,524,442.05**	**10,000,000.00**	**-**	**-**	**1,147,512.85**	**8,457,751.78**	**753,129,706.69**

New Mexico Retiree Health Care Authority (CP)
Change in Market Value
For the Month of Nov 2019
(Report as of December 17, 2019)

Investment Name	Prior Ending Market Value	Contributions	Distributions	Fees	Income	Gains-Realized & Unrealized	Market Value
Core Bonds Pool	157,512,268.84	-	-	(25,895.61)	383,061.52	(611,591.63)	157,257,843.12
Credit & Structured Finance	109,220,666.55	-	-	-	249,991.34	298,497.47	109,769,155.36
NM Retiree Health Care Authority Cash Account	-	-	-	-	-	-	-
Non-US Developed Markets Index Pool	101,625,899.50	-	-	(9,823.08)	158,841.34	1,227,352.83	103,002,270.58
Non-US Emerging Markets Index Pool	71,064,978.52	-	-	(20,405.93)	503,513.26	(56,502.40)	71,491,583.45
Private Equity Pool	83,286,092.37	-	-	-	168,771.28	(295,272.33)	83,159,591.32
Real Estate Pool	75,078,892.55	-	-	-	156,173.34	(185,512.51)	75,049,553.38
Real Return Pool	35,065,714.08	-	-	(9,834.79)	114,678.73	(282,443.35)	34,888,114.67
US Large Cap Index Pool	105,999,497.76	-	-	(2,553.05)	224,618.53	3,770,737.30	109,992,300.54
US Small/Mid Cap Pool	14,275,696.52	-	-	(16,793.47)	17,570.93	459,658.06	14,736,132.04
Sub - Total New Mexico Retiree Health Care	753,129,706.69	-	-	(85,305.93)	1,977,220.27	4,324,923.44	759,346,544.46
Total New Mexico Retiree Health Care A	**753,129,706.69**	**-**	**-**	**(85,305.93)**	**1,977,220.27**	**4,324,923.44**	**759,346,544.46**

State of New Mexico

Michelle Lujan Grisham
Governor

September 30, 2019

Mr. David Archuleta
[redacted]

Dear Mr. Archuleta:

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

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

Sincerely yours,

Michelle Lujan Grisham
Governor

Attest:

Maggie Toulouse Oliver
Secretary of State

ABSENCE AND LEAVE POLICY

Section 1. Purpose

Section 2. References

Section 3. Definitions

Section 4. Policies

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

Section 5. Procedures

A. Processing leave requests
B. Processing donated leave

Section 6. Forms

Section 1. PURPOSE

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

Section 2. REFERENCES

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

Section 3. DEFINITIONS

A. **ABSENCE WITHOUT LEAVE (AWOL)** means failure to appear for work without authorized leave or appearing for work but in violation of any NMRHCA policy governing readiness for work.

B. **ADMINISTRATIVE LEAVE** means pre-approved absence from duty with full pay and benefits.

C. **EMPLOYEE** means a person employed by the agency who is in either a position in the classified service, including probationary, temporary and career status, or an exempt service position.

D. **LEAVE DONATIONS** mean annual and/or sick leave donations as promulgated by the State Personnel Board Rules.

E. **LEAVE WITHOUT PAY (LWOP)** is unpaid leave for less than thirty consecutive days.

F. **MEDICAL EMERGENCY** means an unexpected, non-elective medical condition of an employee, requiring immediate medical attention, and requiring an absence from work for at least two consecutive work weeks. Conditions that do not constitute "medical emergencies" for purposes of the donated leave program include, but are not limited to:

   1. Temporary conditions not requiring hospitalization or ongoing treatments, such as colds, influenza or stress;
   2. Elective or cosmetic surgeries that can be scheduled and are not required to be performed on an emergency basis; and
   3. Pregnancy and childbirth that do not have associated complications.

Section 4: POLICIES

A. REQUESTING LEAVE

1. **Written Notice.** Employees requesting any manner of leave, including, but not limited to, annual leave, sick leave, administrative leave, leave without pay, military leave, or personal leave, shall do so in writing provided that:

   a. Written notice via email to their immediate supervisor shall include reference to the specific leave(s) being requested in advance to taking leave.
   b. Submission of advance notice should be at least one work day in advance for each consecutive work day (or partial work day) of leave being sought.
   c. It is the employee's responsibility to verify approval or disapproval with their immediate supervisor prior to taking leave.

2. **Exigent Circumstances.** Where circumstances arise and the employee cannot give timely advance written notice as directed herein, the immediate supervisor may grant the requested leave without the stipulated notice, provided that:

   a. The employee must notify the immediate supervisor, or his/her designee, no later than 15 minutes after the beginning of the employee's work day;
   b. Where such request is made verbally, the request and approval/disapproval shall be reduced to writing via email, upon return to work, or otherwise, as soon as practicable;
   c. It remains the employee's responsibility to verify approval or disapproval with their immediate supervisor, or his/her designee, prior to taking leave and
   d. Overuse, misuse or patterns of use of this exception to written notice as set forth in (a) above may be deemed an Abuse of Leave, subjecting the employee to disciplinary action, provided that the supervisor shall put the employee on notice as this situation arises.
   e. Each employee is expected to maintain an accurate record of hours worked and leave taken, including the type of leave taken, pursuant to agency Time Reporting policy.
   f. Excessive absenteeism and failure to maintain a bank of twenty (20) combined leave hours, regardless of approval thereof, may be deemed an abuse of this General Policy for Requesting Leave, subjecting the employee to disciplinary action up to and including termination, provided that the supervisor shall put the employee on notice as this situation arises.

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

B. ANNUAL LEAVE

1. Classified employees accrue annual leave at the rate of:
   - 3.08 hours per pay period if less than 3 years of cumulative employment;
   - 3.69 hours per pay period if 3 or more but less than 7 years of cumulative employment;
   - 4.61 hours per pay period if 7 or more but less than 11 years of cumulative employment;
   - 5.54 hours per pay period if 11 or more but less than 15 years of cumulative employment; and
   - 6.15 hours per pay period if 15 years of more of cumulative employment.

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

C. SICK LEAVE

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

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

D. ADMINISTRATIVE LEAVE FOR VOTING

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

E. ADMINISTRATIVE LEAVE

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

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

F. BEREAVEMENT LEAVE

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

G. GENERAL EXPECTATIONS REGARDING ADMINISTRATIVE LEAVE

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

H. MILITARY LEAVE

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

I. PERSONAL HOLIDAY LEAVE

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

J. ABSENCE WITHOUT LEAVE (AWOL)

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

K. LEAVE WITHOUT PAY (LWOP)

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

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

    Examples of Requests for LWOP which will not be approved:
    A. To work at another job, whether or not for pay, except as stated above;
    B. To do unpaid volunteer work;
    C. To start or participate in a business venture; and
    D. To take non-work related educational courses.
15. An employee on LWOP due to illness who fails to present acceptable proof/documentation of ability to perform the essential functions of their position may be denied reentry to the workplace, continued LWOP at the employee's request (provided maximum durations have not been exceeded), or be placed on AWOL status as appropriate. In the latter case, an employee is subject to dismissal.

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

L. DONATION OF LEAVE

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

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

Section 5. PROCEDURES

A.PROCESSING LEAVE REQUESTS

1. Subject to this policy or as otherwise provided, all requests for leave, regardless the manner of leave, shall be initiated by the employee via email.

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

B.PROCESSING DONATED LEAVE

1. Subject to this policy, all requests for donated leave shall be submitted by, or on behalf of, the employee using Request for Donated Leave form, to the Human Resources Manager.

    a. Employees participating in this program are assured of confidentiality to the greatest extent possible. All documents related to Donated Leave applications will be maintained in a separate confidential file, not in an employee's Personnel File, and are typically not subject to public inspection of records without written consent of the employee.
    b. The Human Resources Manager shall transfer the donated leave to the leave account of the employee.

c. The medical emergency affecting a leave recipient shall be considered to have terminated as of the date the agency determines that the condition no longer exists as substantiated by a health care provider's certification; if the employee resigns; if the agency terminates employment in accordance with State Personnel Board Rules governing Separation Without Prejudice; if the employee is dismissed from employment through disciplinary action; or if the employee is released to return to work on a full or part-time basis.

d. For continued receipt of leave donations, the recipient must submit a monthly health care provider's certification verifying the continued need for an anticipated duration of absence from work. For receipt of leave donations upon return to work on a part-time basis, the recipient must submit a health care provider's certification verifying the need, anticipated duration and number of hours per week.

e. The Human Resources Manager shall monitor the status of the medical emergency affecting the leave recipient and shall ensure the leave recipient does not use or receive transferred leave after the medical emergency ceases to exist.

f. Transferred leave remaining to the credit of a leave recipient when the leave recipient's employment terminates or when the medical emergency ceases to exist, shall revert back to the donating employee(s) on a prorated basis.

g. An employee may be eligible for donated leave under the Family and Medical Leave Act ("FMLA"), regardless of whether he or she is approved under the agency's Donated Leave program. This may include leave to care for the serious medical condition of the employee or an immediate family member, and leave for the birth or adoption of a child. Employees are encouraged to speak with a Human Resources representative if they have questions regarding their eligibility for FMLA leave.

h. Employees who are found to have abused the Donated Leave program through falsification of their medical condition or need for leave will be ineligible from further participation in the program. The employee who has falsified his or her medical condition or need for leave will be subject to disciplinary action up to and including dismissal.

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

REVIEW AND APPROVAL

Celeste DeBari — 12/5/13

Celeste DeBari, Human Resources Manager — **Date**

[signature] — 12-5-13

Mark Tyndall Executive Director — **Date**

REQUEST FOR DONATED LEAVE FORM

Name of Employee Requesting Leave:____________________________________

Reason For Request:____

____

____

Number of hours of donated leave requesting:____________________________

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

________________________________ ____________________________
Employee or Authorized Legal Rep Signature Date

________________________________ ____________________________
Reviewed by HR Manager Date

____

____

____
HR Manager Recommendations

________________________________ ____________________________
Approved by Executive Director Date

NEW MEXICO RETIREE HEALTH CARE AUTHORITY
4308 CARLISLE BLVD NE, SUITE 104
ALBUQUERQUE, NM 87107-4849
TOLL FREE 800.233.2576 SANTA FE 505.476.7340
FAX 505.884.8611 WWW.NMRHCA.STATE.NM.US

DONATION OF LEAVE FORM

Name of Employee Donating Leave:______________________________

Name of Recipient:______________________________

Type of Leave Donated_______________Annual_________________Sick***

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

Number of hours of leave donated:______________________________

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

______________________________ ______________________________

Signature Date

FY20 New Contracts (Action Item)
Program Support

Background. In October 2019, NMRHCA staff requested Board approval to amend a small purchase agreement with the Rodey Law Firm, who serves as general counsel for NMRHCA. Typically, these services include a broad range of legal advice including: contract review and execution, statute and administrative code review and interpretation, agency policy reviews, etc. The cost of these services have ranged from $23,000 to $40,000 since 2013 depending upon the demand for services in any given year. At the time, staff reported that legal expenditures had exceeded previously anticipated amounts related to an unforeseen appeal process resulting from the termination of a member from the plan. NMRHCA staff reported the need for additional legal services through the remainder of the fiscal year, specifically related to the upcoming medical, dental and vision contract negotiations in the spring. However, in addition to the anticipated workload, the member whose termination was upheld by the Board filed an expedited motion to stay the Board's decision, resulting in the need for additional legal services. The scope of work for this engagement is limited to the following:

> Litigation services and representation of NMRHCA with respect to an administrative appeal filed against the NMRHCA in the State's First judicial district. Litigation services would include preparation of response brief, motion practice and oral arguments, as necessary, as well as consultation with NMRHCA staff and board.

Also, NMRHCA is required to perform a concurring review of the GAS 75 employer allocation report developed by the actuaries at Segal and audited by Moss Adams. CliftonLarsonAllen (CLA) was the selected vendor based on their experience performing similar services for both PERA and ERB since the inception of the concurring review requirements established by the Audit Rule.

Program Support Contractual Services Information

FY20 Approved Operating Budget - Program Support/Contractual Services --- $616,600						
Adjusted Operating Budget	*$791,600*					
Contract	**Amount Encumbered YTD**	**Expended End of Q2**	**Contract Balance**	**Percent Remaining**	**Proposed Amendment/ New**	**Revised Total**
Segal	$345,000	$165,486	$179,514	52.0%	$0	$345,000
Judith Beatty	$6,500	$2,988	$3,512	54.0%	$0	$6,500
Moss Adams	$71,363	$37,487	$33,876	47.5%	$0	$71,363
Rodey	$60,000	$46,495	$13,505	22.5%	$0	$60,000
CLA - New	*$0*	*$0*	*$0*	*0.0%*	*$9,000*	*$9,000*
Real Time Solutions	$1,295	$1,295	$0	0.0%	$0	$1,295
Work Quest	$4,275	$1,779	$2,496	58.4%	$0	$4,275
RESPEC	$189,000	$28,099	$160,901	85.1%	$0	$189,000
APS (MOU)	$33,750	$0	$33,750	100.0%	$0	$33,750
SPO (MOU)	$15,800	$7,900	$7,900	50.0%	$0	$15,800
Dan Lopez	$16,275	$0	$16,275	100.0%	$0	$16,275
Investment Advisory (new)	$0	$0	$0	NA	$0	$0
Rodey (New)	*$0*	*$0*	*$0*	*NA*	*$20,000*	*$20,000*
Total	**$743,258**	**$291,527**	**$451,730**	60.8%	**$29,000**	$772,258
Unencumbered Balance	$48,343	$48,343	NA	NA	$19,343	$19,343

Requested Action

NMRHCA staff respectfully requests authority to execute a new small purchase agreement with CliftonLarsonAllen (CLA) for concurring review of the GAS 75 Employer Allocation Schedules, as well as a small purchase agreement with the

Rodey Law Firm regarding the ongoing administrative appeal filed in District Court. The combination of these two agreements totals $29,000 resulting in a balance of $19,343 for other contractual services through the remainder of fiscal year 2020.

Financial Audit RFP (Action Item)

Background: The New Mexico Retiree Health Care Authority is authorized to enter 1-year agreements for up to 3 years prior to initiating the procurement process for Independent Public Accountant (IPA) services. The financial audit for FY19 represents the limit of NMRHCA's agreement with Moss Adams for audit services. Additionally, Audit Rule and State Procurement Code require NMRHCA to seek approval from the Office of the State Auditor (OSA) prior to beginning the process of procuring IPA services. As such, in anticipation of the State Auditor releasing directions and guidelines regarding the 2020 Audit Rule and procuring parameters, NMRHCA staff is seeking Board approval to initiate the IPA procurement process.

Action Item: NMRHCA staff respectfully requests approval to seek the OSA's authorization to issue a RFP for professional financial audit services.

FIRST JUDICIAL DISTRICT COURT
COUNTY OF SANTA FE
STATE OF NEW MEXICO

VICTORIA LOPEZ,

Plaintiff-Appellant,

v. Case No. D-101-cv-2019-02546

NEW MEXICO RETIREE HEALTHCARE AUTHORITY,

Defendant-Appellee.

ORDER ON PLAINTIFF-APPELLANT'S EXPEDITED MOTION FOR STAY

THIS MATTER having been brought before the Court on Plaintiff-Appellant Victoria Lopez's Expedited Motion for Stay; and the Court having considered the pleadings submitted in support of and in opposition to the Motion; and having heard the arguments of counsel in open court on December 16, 2019; the Court FINDS that consideration of the four factors under Rule 1-074(Q)(1)(c) NMRA favor granting a stay.

IT IS THEREFORE ORDERED that the September 6, 2019 decision of Defendant-Appellee New Mexico Retiree Health Care Authority to terminate Plaintiff-Appellant's health insurance coverage shall be and hereby is stayed, and

IT IS FURTHER ORDERED that Plaintiff-Appellant's health insurance coverage shall be reinstated as of April 1, 2019 and shall remain in place until the Court enters judgment on Plaintiff-Appellant's appeal; and

IT IS FURTHER ORDERED that Plaintiff-Appellant shall be and hereby is responsible for payment of all premiums incurred as a result of this Order, and shall continue making premium payments to continue coverage.

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HON. BRYAN BIEDSCHEID
DISTRICT COURT JUDGE

PREPARED AND SUBMITTED BY:

DISABILITY RIGHTS NEW MEXICO

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APPROVED AS TO FORM ONLY BY:

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