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REGULAR MEETING
OF THE
BOARD OF DIRECTORS

July 9, 2020
9:00 AM

Teleconference: https://global.gotomeeting.com/join/949353309
Telephone: 571-317-3122 / Access Code: 949-353-309

New Mexico Retiree Health Care Authority
Regular Meeting

BOARD OF DIRECTORS

ROLL CALL

July 9, 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. Bhakta			
Ms. Moon			
Ms. Madrid			

NMRHCA BOARD OF DIRECTORS

JULY 2020

Mr. Wayne Propst
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Mr. Joe Montaño, Vice President
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Annual Meeting of the
NEW MEXICO RETIREE HEALTH CARE AUTHORITY
BOARD OF DIRECTORS

July 9 & 10, 2020
9:00 AM / 9:00 AM
Via Teleconference: https://global.gotomeeting.com/join/949353309
Telephone: 571-317-3122 / Access Code: 949-353-309

AGENDA – July 9th

1.	Call to Order	Mr. Sullivan, President	Page
2.	Roll Call to Ascertain Quorum	Ms. Beatty, Recorder	
3.	Pledge of Allegiance	Mr. Sullivan, President	
4.	Approval of Agenda	Mr. Sullivan, President	4
5.	Approval of Regular Meeting Minutes June 2, 2020	Mr. Sullivan, President	6
6.	Public Forum and Introductions	Mr. Sullivan, President	
7.	Executive Director's Update (20 minutes)		
	a. Board Member Appointment – NMAER		13
	b. Legislative		
	c. Attorney General Opioid and Generic Drug Litigation		
	d. Human Resources/Office Relocation		
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	g. Case No. D101-cv 2019-025446		15
	h. GAS75 Employer Allocation Schedules		25
	i. May 31, 2020 SIC Report		27
8.	Committee Reports	Mr. Sullivan, President	
9.	Calendar Year 2021 Plan Changes (15 Minutes)	Mr. Archuleta, Executive Director	28
10.	Actuarial Presentations (35 minutes)	Ms. Patani, PhD, ASA, MAAA	42
	a. Methodology Report	Ms. Krumholz, FSA, MAAA	
	b. Solvency Study	Segal Co.	
	c. Sensitivity Analysis		
11.	Claims and Demographics (35 minutes)	Mr. Madalena, Madalena Consulting	
	a. Non-Medicare		67
	b. Medicare		
	c. COVID-19 Effects		

(10 Minute Break)

12.	Provider Introductions & Updates		93
	a. Presbyterian Health Plan (15 minutes)	Mr. Witt, Large Group Account Manager	
	i. Pre-Medicare	Ms. Perea, Senior Account Manager	
	ii. Medicare Advantage	Ms. Tena, Sr. Marketing Account Exec	
	b. Blue Cross Blue Shield of New Mexico (15 minutes)	Ms. Bell, Account Executive	115
	Pre-Medicare	Ms. Hentz, Account Executive	
	Medicare Supplement		
	Medicare Advantage		

c. UnitedHealthcare Medicare Advantage (12 Minutes)	Mr. Cadriel, VP Client Mgt. Director	130
d. Humana Medicare Advantage (12 Minutes)	Ms. Bodenski, Sr. Account Exec.	138
e. Express Scripts (12 minutes)	Ms. Daily, Sr. Account Executive Mr. Zeyaee, Sr. Clinical Exec.	157

13. Executive Session — Mr. Sullivan, President

Pursuant to NMSA 1978, Section 10-15-1 (H)(6) To Discuss Limited Personnel Matters – Executive Director's Employee Evaluation

(Recess until 9:00AM, July 10, 2020, GoToMeetings)

ACTION SUMMARY

NM RETIREE HEALTH CARE AUTHORITY/REGULAR BOARD MEETING

June 2, 2020

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APPROVAL OF MINUTES: May 5, 2020	Approved	3
COMMITTEE REPORTS	Informational	3
PUBLIC FORUM & INTRODUCTIONS	Informational	3
EXECUTIVE DIRECTOR'S UPDATES Delta Dental Premium Waiver Program Summer Newsletter Employer Allocaiton Schedules – GAS 75 HR Updates ABQ Office Relocation Legislative COVID-19 April 30 SIC Report	Informational	3
MINIMUM AGE AND YEARS-OF-SERVICE REQUIREMENTS RULE CHANGE	Approved	5
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MINUTES OF THE

NEW MEXICO RETIREE HEALTH CARE AUTHORITY/BOARD OF DIRECTORS

REGULAR MEETING/VIA TELECONFERENCE

June 2, 2020

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. via teleconference.

2. ROLL CALL TO ASCERTAIN A QUORUM

A quorum was present.

Members Present:
Mr. Tom Sullivan, President
Mr. Joe Montaño, Vice President
Mr. Doug Crandall, Secretary
The Hon. Tim Eichenberg, NM State Treasurer
Mr. Sanjay Bhakta
Ms. Jan Goodwin
Ms. LeAnne Larrañaga-Ruffy
Mr. Terry Linton
Ms. Leane Madrid
Ms. Pamela Moon
Ms. Therese Saunders

Members Excused:
None.

Staff Present:
Mr. Dave Archuleta, Executive Director
Mr. Neil Kueffer, Deputy Director
Mr. Greg Archuleta, Director of Communication & Member Engagement
Ms. Peggy Martinez, CFO
Ms. Judith S. Beatty, Board Recorder

3. PLEDGE OF ALLEGIANCE

Mr. Sullivan led the pledge.

4. APPROVAL OF AGENDA

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

5. APPROVAL OF REGULAR MEETING MINUTES: May 5, 2020

Ms. Saunders moved approval of the May 5 minutes, as submitted. Ms. Moon seconded the motion, which passed unanimously.

6. PUBLIC FORUM AND INTRODUCTIONS

There were no speakers.

7. COMMITTEE REPORTS

Chairman Sullivan reported that the Executive Committee met to set today's agenda.

Mr. Linton reported on activities by the nominating committee, with the following candidate names submitted: President, Jan Goodwin and Doug Crandall; Vice President, Therese Saunders; Secretary, LeAnne Larrañaga-Ruffy and Pamela Moon.

Chairman Sullivan said a ballot will be prepared with these candidate names for the July annual meeting, and he would certainly be comfortable with accepting additional nominations from the floor at that time.

Ms. Goodwin said the Audit Committee will meet following today's meeting.

8. EXECUTIVE DIRECTOR'S UPDATES

a. Delta Dental Premium Waiver program

Mr. Archuleta said Delta Dental has notified NMRHCA that it would be implementing its pandemic relief program by issuing a one-time credit for premiums paid during the month of April for all NMRHCA members enrolled in either the comprehensive or basic plan. The billing statement for April totaled $986,324.30. The June statement was only $1,875.86, meaning that Delta refunded $984,448.44 on behalf of 19,252 retirees, or about $4,600 on the basic plan and 14,700 on the comprehensive plan. All affected members were notified in May.

Mr. Archuleta said United Concordia and Davis Vision are considering something similar but on a national basis.

b. Summer Newsletter

Mr. Archuleta reviewed highlights from the summer newsletter.

Mr. Archuleta said NMRHCA is preparing an employer newsletter to update employer groups and active employees with respect to actions taken by the board today on the rule change status. NMRHCA will also ask the ERB to send the newsletter out to its employer groups.

c. Employer Allocation Schedules – GAS 75

Mr. Archuleta said the Audit Committee will have its exit conference with Moss Adams at the conclusion of this meeting. CliftonLarsonAllen, which did its review of the employer allocation schedules last week, gave notice to NMRHCA of its intent to notify the State Auditor's Office that there were no problems with its review.

d. HR Updates

Mr. Archuleta presented HR updates.

e. Albuquerque Office Relocation

Mr. Archuleta reported that staff is scheduled to meet with Contract Associates tomorrow to go over the final design and layout of the new office and a plan for moving the furniture from the old location to the new one in the latter part of August. The new address is 6300 Jefferson St., NE.

f. Legislative

Mr. Archuleta said the special session is scheduled for Thursday, June 18, to address the shortfalls for the current fiscal year along with projected shortfalls for FY 2021.

Mr. Archuleta noted that House Bill 295/Senate Bill 297 proposed the Health Security Act last year, creating a state-administered health insurance plan or health security plan with the goal of providing universal health insurance coverage and access to affordable high quality healthcare coverage for all state residents, including public and private employees. The Legislative Finance Committee hired a consultant to help with that report, which is on the LFC website. The 80-plus-page draft goes through how the LFC will propose studying this and determining the affordability of the program, which would reach into the billions of dollars and replace Medicaid and many of the programs that people have come to rely on. This is a five-year study, with conclusions expected by 2024; and while NMRHCA will not be replaced this next year, that may be some consideration of that in the future.

g. COVID-19

Mr. Archuleta stated that NMRHCA continues to make a broad range of resources available to the members online. Some health plan partners have elected in some instances to waive copays for primary care physician visits and online visits, and mental health resources are also being made available.

Mr. Archuleta also reported that, as of last week, between the Medicare and Medicare Supplement plans, there have been 29 claims from Blue Cross Blue Shield related to COVID-19 of about $1,500, and 17 claims on the Presbyterian side of about $20,000. Standard has also reported that there have been no COVID-related deaths among those members with life insurance policies through NMRHCA.

h. April 30, 2020 SIC Report

Mr. Archuleta reported balances of $746 million on April 30, less than the $770 million projected on June 30. This will have some bearing on the solvency for next year, but shows a significant improvement over March's $715 million balance.

9. MINIMUM AGE AND YEARS-OF-SERVICE REQUIREMENTS RULE CHANGE

Mr. Archuleta said the proposed amendment to this rule changes the effective date from January 1, 2021 to July 31, 2021. The impact to the trust fund is projected to be between $3.7 million and $4.1 million over the life of the fund.

Mr. Archuleta said the minutes from the public hearing held last Friday, along with written comments and other related documents, were in the board book for review.

Chairman Sullivan moved for approval. Mr. Crandall seconded the motion.

Mr. Crandall stated that the Executive Committee reviewed this and recommends approval.

The motion passed unanimously.

Chairman Sullivan commented that the process has clearly worked, and the agency has been responsive to the concerns of the constituents, albeit belatedly. He said NMRHCA has board members who represent the groups that were affected by this, and yet none was approached by members of their constituency expressing concern about this matter. Board members first heard about this during one of their legislative committee meetings, and then later during the legislative session, when the board was essentially reprimanded by the Secretary of Education during one of its meetings. He said he would hope that the constituents would at least recognize that the agency has processes and representation that could have avoided this becoming what it became.

10. ATTESTATION OF INTENT

As background, Mr. Archuleta stated that, in 2013, the board adopted an attestation of intent which stated, "NMRHCA's Board of Directors would like to state its intent to modify plan designs as necessary to preclude the payment of any excise tax established by 2010's Patient Protection and Affordable Care Act (PPACA) beginning in 2018." This action allows the agency's consultants to incorporate certain assumptions regarding future growth in plan expenditures, as well as the value of the agency's unfunded liabilities. Implementation of the "Cadillac" tax has been delayed twice since then, and it was permanently repealed late last year.

Mr. Archuleta stated that, in order to incorporate those same assumptions into the solvency projections and GASB valuation, the board would have to reaffirm its intent to continue to modify the plan designs into the future in order to stay within that threshold. He said NMRHCA is therefore asking the board to reaffirm its intent to modify its plan designs (pre-Medicare and Medicare Supplement) to limit the future value of those plans.

Mr. Crandall said the Executive Committee recommended approval on this.

Responding to a question from Mr. Crandall about why this couldn't be voted on every year at the annual meeting rather than on an ad hoc basis ahead of time, Mr. Archuleta explained that he and Segal felt it important to get the board's commitment beforehand. He said Segal wanted assurances from the board on its position, given that the Cadillac tax was finally and permanently repealed last December. He said Segal could have solvency scenarios run reflecting a board decision either way.

Mr. Crandall said any issue that the board passes over the years that continues to affect NMRHCA as this does should probably be addressed at the annual meeting as an informational item.

Mr. Linton said he didn't understand the need for this attestation because it concerns a threshold that is no longer in existence.

Mr. Archuleta responded that NMRHCA is limiting the value of these plans in the future, as every year it continues to increase unless the agency makes modifications to them to keep them below a threshold. It is important to make sure that, 10 years from now, there isn't an $800 deductible plan when those basically don't exist, and when the lowest deducible plan would probably be closer to $2,000. For long-term calculations, the agency is committing to making future adjustments to cap out that value.

Segal actuarial consultant Nura Patani added that, with the excise tax having been repealed at the end of last year, if they were to run through the solvency model assuming those future plan changes weren't made, it would result in fewer years of solvency and would increase GASB liability. She said Segal would prepare a scenario for the annual meeting illustrating the impact of that.

Mr. Crandall moved to issue the attestation of intent. Mr. Montaño seconded the motion, which passed, with Mr. Linton dissenting.

11. 2021 PRELIMINARY PLAN DISCUSSION

Mr. Archuleta said NMRHCA's long-term solvency projections include annual 8 percent (pre-Medicare) and 6 percent (Medicare Supplement) rate increases as part of its baseline assumptions in order to keep pace with rising medical costs. He reviewed a chart reflecting the effect of these changes on the Value, Premier and Supplement plans, with options showing lower percentage increases.

In addition:

Medicare Advantage Defaulting Strategy: Revise default strategy based on 2019 Medical, Dental, Vision, EAP and Medicare Programs RFP (pending State Purchasing Division approval).

Pre-Medicare Plan Design: Staff is working with Mike Madalena to identify certain copay adjustments necessary to avoid any significant differential between NMRHCA and its IBAC partners.

Pre-Medicare Subsidies: Depending on where solvency lies, reconsider subsidy reductions discussed in the past or which are included as part of the plan moving forward.

Additional Variables Impacting Solvency Report/Year End Goals:

- Changes to minimum age and increased years of service rules
- 2020 special legislative session: employee/employer contributions

- Implementation of Livongo Diabetes Management Program
- Additional programs resulting from 2019 Medical, Dental, Vision, EAP and Medicare Programs RFP (pending State Purchasing Division approval)
- Fourth year of four-year basic life phase-out

12. ANNUAL BOARD RETREAT/MEETING

a) Board Policies and Procedures
b) Election of Officers
c) Committee Assignments
d) Open Meetings Act Resolution

Mr. Archuleta reviewed the July 9 and 10 draft agendas.

13. OTHER BUSINESS

None.

14. EXECUTIVE SESSION

None.

15. DATE AND LOCATION OF NEXT BOARD MEETING

July 9 & 10, 2020, TBD
Via Teleconference
GoToMeeting.com

ADJOURN

Meeting adjourned at 11:00 a.m.

Accepted by:

_____

Tom Sullivan, President

New Mexico Association of Educational Retirees

H. Russell Goff
Executive Director

July 1, 2020

David Archuleta, Executive Director
New Mexico Retiree Health Care Authority
4308 Carlisle Boulevard, NE
Albuquerque, NM 87107

Dear Mr. Archuleta:

On Monday, June 29, 2020, the NMAER Executive Board met and officially accepted the resignation of Joe Montano as Representative to the New Mexico Retiree Health Care Authority, Board of Trustees. President, Michael Torrez, with confirmation from the Executive Board, appointed Dr. Tomas Salazar to fill Joe Montano's term of office until June 30, 2023. Dr. Salazar's appointment is effective July 15, 2020.

Yours,

Russell Goff
NMAER Executive Director

cc Michael Torrez
Dr. Tomas Salazar
Joe Montano

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June 9, 2020

David Archuleta
New Mexico Retiree Health Care Authority
Email: David.Archuleta@state.nm.us

Dear Mr. Archuleta,

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

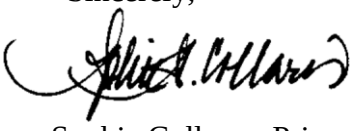
As we have communicated in the past, this is an ongoing investigation of unauthorized anonymous access gained through a deceptive email to some of Presbyterian's workforce members around May 9, 2019 and discovered on June 6, 2019. As a result of this ongoing investigation we determined on April 7, 2020 certain affected email accounts may have included data containing names and possibly an address, date of birth, clinical and/or health insurance information for one of your current or previous members. No medical records were accessed.

We are not aware of any improper or attempted use of this information, but we believe it important to notify you of the results of this ongoing investigation. We apologize that this incident occurred and for any concern it may cause. We are in the process of notifying all members that were identified in this phase of the investigation. Attached is a list of those members who were under your contract at the time of the incident.

We take the responsibility of safeguarding our member's information very seriously. All workforce members must successfully complete annual mandatory training about the importance and requirement to safeguard all information. We want to assure you that 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.

If members have any questions they may call (833) 297-6405 or go to h*ttps://ide.myidcare.com/presbyterian-protect* for assistance, Monday through Friday, 7:00 a.m. to 7:00 p.m. Mountain Time.

Sincerely,



Sophia Collaros, Privacy Officer
Presbyterian Health Plan

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

VICTORIA LOPEZ

Plaintiff-Appellant,

v. No. D-101-CV-2019-02546

NEW MEXICO RETIREE HEALTHCARE AUTHORITY

Defendant-Appellees.

ORDER ON NMRA § 1-074 APPEAL

THIS MATTER having come before the Court on Appellant Victoria Lopez's (Ms. Lopez) appeal of Final Order by the New Mexico Retiree Healthcare Authority (NMRHCA) terminating her health benefits. This appeal is brought to the district court, by the agreement of the parties, pursuant to NMRA §1-074.

Appellant Lopez filed a Statement of Issues, to which the Appellee New Mexico Retiree Healthcare Authority filed a response and Lopez filed a reply. A hearing was requested and held on April 9, 2020. After full consideration of the facts and the record, the Decision and Order of the New Mexico Retiree Healthcare Authority is AFFIRMED.

STATEMENT OF ISSUES PRESENTED

The Appellant presents the following issues for review:

A. Did NMRHCA act arbitrarily and capriciously, or not in accordance with the law, by submitting *ex parte* communications to the Hearing Officer?

B. Did NMRHCA act arbitrarily and capriciously, or not in accordance with the law, by terminating Ms. Lopez's health insurance?

C. Did NMRHCA violate Ms. Lopez's substantive and procedural due process rights by terminating her health insurance coverage?

STANDARD OF REVIEW

When a district court sits in its appellate capacity to review the actions of a state agency, the court applies the standard of review, set out in Rule 1-074(R) which requires the court to determine:

(1) whether the agency acted fraudulently, arbitrarily, or capriciously;

(2) whether based upon the whole record on appeal, the decision of the agency is not supported by substantial evidence;

(3) whether the action of the agency was outside the scope of authority of the agency; or

(4) whether the action of the agency was otherwise not in accordance with law.

In addition, "when the district court sits as an appellate tribunal, in the absence of a statutory exception, it is limited to consideration of the record below. *Zamora v. Vill. of Ruidoso Downs,* 120 N.M. 778, 783, 907 P.2d 182, 187 (1995)." *Maso v. New Mexico Taxation and Revenue Department*, 2004 NMCA-025, ¶16.

The Court cannot reverse a Decision because it may disagree with the result. However, such a ruling "is arbitrary and capricious if it is unreasonable or without a rational basis, when viewed in light of the whole record." *Sais v. NM Dept. of Corrections,* 2012-NMSC-009, ¶17, 275 P.3d 104. (internal quotation marks and citation omitted). Though the court must perform a whole record review, "[w]e must be careful not to substitute our own judgment for that of the agency. ... " *Id.* Rather, "we must consider all evidence bearing on the findings, favorable or unfavorable, to determine if there is substantial evidence to support the result." *Tom Growney Equip. Co. v. Jouett,* 2005-NMSC-015, 13, 137 N.M. 497, 113 P.3d 320 (internal quotation marks and citation omitted). "Where the testimony is conflicting, the issue on appeal is not whether there is evidence to support a contrary result, but rather whether the evidence supports the findings of the trier of fact." *Id.* (internal quotation marks and citation omitted). *Sais,* 2012-NMSC-009, ¶16.

SUMMARY OF THE PROCEEDINGS

On November 1, 1990, the NMRHCA instituted a health insurance program for qualifying retirees. Richard H. Lopez, was a qualified retiree and enrolled himself, his wife

and one of his sons in the program. His son, was covered as a disabled eligible dependent. Mr. Lopez, did not enroll Victoria Lopez, his daughter at that time.

Ms. Lopez was diagnosed with mitochondrial disease in 1999, she was almost 30 when the rest of the family was enrolled and 38 when she was diagnosed with mitochondrial disease. Ms. Lopez's testimony at the hearing indicated that she had this condition since birth and it likely impacted her before the ages or 19 and/or 26 and that her health has progressively worsened over time.

On November 5, 2015 Mr. Lopez submitted an application for coverage for Ms. Lopez, she was approximately 54 years old at the time. A letter from her physician stating her diagnosis was submitted with the application.

Initially, Ms. Lopez's application was approved by the Executive Director, Mark Tyndall and noted "OK to add 1-1-16."

Ms. Lopez's coverage began January 1, 2016 and continued until January of 2019. A new Executive Director, David Archuleta, received a report from a customer service agent that Ms. Lopez's coverage did not seem to comply with the NMRHCA regulations. Initially it was thought that she was on the wrong plan that she should have been on a Medicare supplemental plan like her brother. Based on this information, Mr. Archuleta contacted Ms. Lopez regarding her plan and indicated she should apply for Social Security Disability benefits.

Upon further review, Mr. Archuleta determined that the initial approval of coverage back in 2015 violated the Retiree Health Care Act and that it was not a matter of applying for Medicare or Social Security. Mr. Archuleta determined that her coverage would have to be terminated, and notified her it would be terminated on March 31, 2019.

Ms. Lopez appealed the termination under 2.81.6.9(C) NMAC and it was referred to a hearing officer who made a recommendation to the NMRHCA that the insurance be terminated. The NMRHCA Board heard from both parties as to the recommendation of the hearing officer, and adopted the hearing officer's report and recommendation. This appeal followed.

ANALYSIS OF ISSUES PRESENTED

A. Did NMRHCA act arbitrarily and capriciously, or not in accordance with the law, by submitting *ex parte* communications to the Hearing Officer?

The hearing was held on August 2, 2019. After the hearing was completed, the parties submitted written closing arguments on August 9, 2019. On August 19, 2019 counsel for NMRHCA emailed Ms. Lopez's counsel with a proposed offer to reinstate Ms. Lopez's health insurance pending the decision of the Board. The appeal was to be heard by the Board on August 27, 2019.

On August 21, 2019 counsel responded with questions regarding the offer. Ms. Lopez wanted to extend the timeframe of the reinstatement for four months, she had already lost the four months of coverage, so wanted it to go forward for four months, which NMRHCA turned down. There was discussion of her coverage starting August 2 and continuing to the decision by the Board.

The e-mail exchange was then sent to the Hearing Officer. The submission to the hearing officer, which also went to Ms. Lopez was submitted on August 23, 2019 at 2:10 pm. At 3:01pm on August 23, 2019, the hearing officer's decision was forwarded to NMRHCA's outside counsel.

One of the issues raised at the hearing, had been a due process claim by Ms. Lopez. The hearing officer found that the offer to reinstate the health benefits made it unnecessary for her to review those claims.

Ms. Lopez's counsel requested reconsideration of the due process claim, because the offer of reinstatement was made ex parte and did not moot the issue.

The Board considered whether the e-mails should be added to the record after hearing Ms. Lopez's objection, but approved adding them to the record. Ms. Lopez was given the opportunity to challenge the admission of the e-mails, but ultimately the decision went against her. If the Board had believed they were ex parte, or erroneously considered, it could have excluded them, but it did not.

What happened in this case is distinguishable from *State, ex rel. Human Services Dept. v. Gomez*, 1982-NMSC-153, 99 N.M. 261. In *Gomez*, the Hearing Officer considered a report

that had not been available to Gomez before the hearing and concluded consideration of the report by the hearing officer violated the Program Manual for the agency. *Gomez*, at ¶35. While the court believed that it was error for the hearing officer to consider the report, the Court did not find it was reversible error. In the case before the Court, the offer of reinstatement had been conveyed to Ms. Lopez before the hearing officer made her recommendation. In addition, Ms. Lopez was given an opportunity to challenge the consideration of the evidence in front of the Board, before a final decision was made.

Ms. Lopez was seeking reinstatement of her health benefits, and the offer of reinstatement provided her the remedy she was seeking, it was appropriate to apprise the Hearing Officer of the reinstatement and any error was rectified by the opportunity to be heard in front of the Board.

Mr. Lopez is denied relief on this issue.

B. **Did NMRHCA act arbitrarily and capriciously, or not in accordance with the law, by terminating Ms. Lopez's health insurance?**

When Ms. Lopez's father retired, the health insurance benefit was not available to retirees. It did not become available until 1990, when the NMRHCA was created. Mr. Lopez's son, who was diagnosed with the same disease, was covered as a disabled eligible dependent. Mr. Lopez, did not enroll Victoria Lopez, his daughter, who was 29 years old. In order to qualify for health insurance as a "disabled eligible dependent," Mr. Lopez would have had to present evidence that Victoria was wholly dependent on her father and incapable of self-sustaining employment by reason of intellectual disability[1] or physical handicap.

The Retiree Health Care Act defines "Eligible Dependent" as a person obtaining retiree health care coverage based upon that person's relationship to an eligible retiree as follows:

> (1) a spouse;
> (2) an unmarried child under the age of nineteen who is:
> (a) a natural child;
> (b) a legally adopted child;
> (c) a stepchild living in the same household who is primarily dependent on the eligible retiree for maintenance and support;
> (d) a child for whom the eligible retiree is the legal guardian and who is primarily dependent on the eligible retiree for

[1] The appropriate section uses the term mental retardation, but that is an antiquated term to describe a person with an intellectual disability.

> maintenance and support, as long as evidence of the guardianship is evidenced in a court order or decree; or
> (e) a foster child living in the same household;
> (3) a child described in Subparagraphs (a) through (e) of Paragraph (2) of this subsection who is between the ages of nineteen and twenty-five and is a full-time student at an accredited educational institution; provided that "full-time student" shall be a student enrolled in and taking twelve or more semester hours or its equivalent contact hours in primary, secondary, undergraduate or vocational school or a student enrolled in and taking nine or more semester hours or its equivalent contact hours in graduate school;
> (4) a dependent child over nineteen who is wholly dependent on the eligible retiree for maintenance and support and who is incapable of self-sustaining employment by reason of mental retardation or physical handicap; provided that proof of incapacity and dependency shall be provided within thirty-one days after the child reaches the limiting age and at such times thereafter as may be required by the board;
>
> NMSA 1978 § 10-7C-4

In addition, the NMRHCA created a Disabled Dependent Certification form to be completed by individuals who are relying on the above section of the Act. This form states:

> Your NMRHCA-covered unmarried child up to the age of 26 (including a legally adopted child of the retiree, step-child, foster child and child for whom the retiree is the legal guardian) is wholly dependent on you.for maintenance and support and is incapable of self-sustaining, employment by reason of mental incapacity or physical handicap. Proof of incapacity and dependency must be provided within 31 days after the child reaches the limiting age. The disability must have occurred before the child reached the limiting age.

The testimony at the hearing by Mr. Archuleta, the Executive Director of NMRHCA was that a disabled eligible dependent may enter NMRHCA's coverage after the age of 26 when the eligible retiree retires, the disabled eligible dependent was covered under the eligible retiree's employer's plan, and the eligible retiree applies for coverage with NMRHCA immediately upon retirement. This is essentially a continuation of benefits and is not applicable in Ms. Lopez's case since application for her coverage was not made in 1990, but rather 2015.

So there were three points in time at which Ms. Lopez could have pursued NMRHCA coverage if the requirements had been met, upon turning 19, upon turning 26 or upon application in 1990 when her father enrolled himself, his spouse and his disabled son into the retirement plan. The fact that he chose not to seek enrollment of Victoria in 1990 was the event that lead to her denial of coverage. Nothing indicated that she was "wholly dependent" on her father for support. If she had been, it would seem that her father would have applied to put her on his health insurance when he applied to put his son on the policy. Unfortunately, her diagnosis 9 years later does not provide an avenue for relief.

Ms. Lopez's argument that others are treated differently is not supported by the record. Mr. Archuleta indicated that persons who are already on a parent's plan prior to the employee parent retiring, are then carried over to the retirement plan and it is considered a continuation of coverage. This is so because the parent employee has already submitted the information required to prove that the dependent is wholly dependent on the parent for support. Here, Ms. Lopez was not on her father's state covered policy, as was her brother. She was a new applicant and had to meet the eligibility requirements, but she did not.

Ms. Lopez had the same opportunity as every other dependent whose employee parent retires and for the first time becomes eligible for the NMRHCA plan. In 1990, when Mr. Lopez applied for his son, he could also have applied for his daughter, but he did not. Ms. Lopez failed to put forth evidence of any dependent, over the age of 26 being granted health insurance for the first time without going through the application process.

It would seem that Ms. Lopez is arguing that the first Executive Director was right and Executive Director Archuleta was wrong. However a reading of the applicable rules and regulations show the reverse is true. Once Mr. Archuleta realized that Ms. Lopez was not entitled to disabled dependent coverage, he had no choice but to terminate her. Ms. Lopez tries to find fault with Mr. Archuleta's initial attempts to move her to a different kind of coverage, but the bottom line was that she was not entitled to coverage and he had to enforce that.

The NMRHCA's decision was not arbitrary and capricious. In *Rio Grande Chapter of the Sierra Club v. N.M. Mining Comm'n*, 2003–NMSC–005, ¶ 17, 133 N.M. 97, 61 P.3d 806., the court held an administrative agency's ruling is arbitrary and capricious if it is unreasonable

or without rational basis when viewed in light of the whole record. The decision is not unreasonable or without a rational basis.

Ms. Lopez is denied relief on this issue.

C. **Did NMRHCA violate Ms. Lopez's substantive and procedural due process rights by terminating her health insurance coverage?**

In this issue, Ms. Lopez argues that her constitutional rights were violated by terminating her insurance in the manner they did. During the course of this litigation, it was admitted that the NMRHCA does not get a great deal of appeals relating to their coverage decisions. Admittedly, it could have been handled better than it was, but that does not equate to a constitutional violation.

The requirements for eligibility under the NMRHCA plan, and the application of these criteria to Ms. Lopez, do not violate her right to equal protection of the law. The interests implicated by these eligibility criteria "are of an economic or financial nature," meaning that "[r]ational basis scrutiny is the appropriate equal protection analysis to be employed." *Trujillo v. City of Albuquerque*, 1998-NMSC-031, ¶ 26, 125 N.M. 721. Under rational basis scrutiny, "the legislation is considered presumptively valid," and the challenger of the legislation must "show that the statute's classification is not rationally related to the legislative goal" in order to prevail. Id. ,¶15. Ms. Lopez did not meet this difficult burden, and the eligibility criteria are valid.

The eligibility criteria require that a disabled dependent over the age of twenty-six provide notice to the NMRHCA of the dependent's disability within thirty-one days of the dependent's twenty-sixth birthday. § 10-7C-4(F)(4). This requirement serves as a means of preserving and maximizing benefits for public employee retirees in accordance with the Act. §10-7C-3. Such financial considerations are rational and closely related to the requirements of the Act, thus confirming the constitutionality of the eligibility criteria.

It is rational and appropriate that the NMRHCA allowed disabled dependents over the age of twenty-six to be excepted from the strict requirements of Section 10-7C-4(F)(4) if they were currently receiving health insurance from the public employer plan. At some point that disabled defendant was required to prove that they were wholly dependent on the employee parent, as was probably the case with Mr. Lopez's son. As with all employee benefits, there

are deadlines and requirements. In this case, the requirements of proof of dependency at a certain time is rationally related to the purpose of the Plan and its solvency.

It was clear Mr. Archuleta was trying to help Ms. Lopez maintain her health coverage when he first realized the error and offered suggestions to move her from the Premium Plan to the Medicaid Plan, but after further investigation, he realized she was not eligible for any plan offered by NMRHCA. This does not support the claim that she did not receive notice.

When Mr. Lopez applied for health insurance coverage for Ms. Lopez, it was for an entire new policy of insurance. Therefore, the Executive Director should have enforced the eligibility requirements. Ms. Lopez was 54 years old and well past the age of 26. In addition, it was also 25 years after her father came into the plan for the first time.

Appellant Lopez also argues her due process rights were violated because she did not get proper notice. However, the Court notes that she did receive notice; she had a hearing in front of the hearing officer, and another in front of the NMRHCA. At the hearing Ms. Lopez was able to call witnesses and present evidence. The requirements of *Goldberg v. Kelly*, 397 U.S. 254 (1970) and *Mathews v. Eldridge*, 424 U.S. 319 (1976) have been met.

Ms. Lopez's attorney also stated to the NMRHCA Board that the Hearing Officer had everything she needed to make the decision.

Ms. Lopez has failed to show that she was entitled to health coverage under a NMRHCA plan. She was given a hearing in front of a hearing officer, and then a hearing in front of the NMRHCA Board. Prior to the recommendation of the hearing officer, the NMRHCA offered to reinstate her insurance pending an appeal in this matter, and this court extended the stay through these proceedings. The relief she requested was reinstatement, and she received that, retroactive to when she was terminated. She has received all the process she was due.

Both the NMRHCA Board and this Court have determined that she was not eligible for health coverage under this plan. This decision was made after a fair hearing. Ms. Lopez is not entitled to relief under this issue.

CONCLUSION

Based upon the pleadings and all matters of record, this Court finds:

1. This Court has jurisdiction over the parties hereto and the subject matter hereof.

2. This review is governed by Rule 1-074, NMRA.
3. The decision of the NMRHCA was not arbitrary and capricious.
4. The decision of the NMRHCA was supported by substantial evidence.
5. The NMRHCA had the authority to review this case.
6. The decision of the Board was within the scope of the law.
7. Appellant Lopez was not denied procedural or substantive due process.

IT IS **THEREFORE ORDERED, ADJUDGED AND DECREED BY THE COURT** that the decision of the NMRHCA is **AFFIRMED**.

IT IS HEREBY ORDERED

BRYAN BIEDSCHEID
District Court Judge

4DDEF

CERTIFICATE OF SERVICE

I, the undersigned, hereby certify that copies of this order were e-served on the date of acceptance for e-filing to counsel who registered for e-service as required by the rules and mailed to pro se parties, if any to:

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Administrative Assistant

OK To Print Communication

Date: **July 1, 2020**

Number of pages including cover sheet: 2

Subject:	**New Mexico Retiree Health Care Authority – Schedules of Employer Allocations and OPEB Amounts by Employers**
Agency #:	343-A
Fiscal Year:	June 30, 2019

IPA

Attention:	Kory Hoggan
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AGENCY

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From:	Office of the State Auditor 2540 Camino Edward Ortiz, Ste #A Santa Fe, NM 87507
Attention:	Lynette Kennard
e-mail:	reports@osa.state.nm.us
Telephone:	(505) 476-3800
Fax:	(505) 827-3512

In accordance with the Audit Act, Section 12-6-1 et seq., NMSA 1978, and the 2018 Audit Rule, NMAC 2.2.2.1 et seq., the Office of the State Auditor ("OSA") reviewed this financial and compliance audit report or agreed-upon procedures report ("Report"). In accordance with Audit Act, the OSA has determined that the Report has been made in accordance with the provisions of the contract and applicable rules promulgated by the OSA. **Therefore this Report is "OK to Print".** 1 SEARCHABLE electronic copy labeled "Final" per 2.2.2.9(B)(3) NMAC) should be submitted to the OSA **within five business days** of receipt of this communication. You do not need to submit a hard-copy final Report to the OSA.

The following items, prepared using the most current templates posted on the OSA website in accordance with the instructions provided, must be submitted with the Final Report for financial and compliance audit Reports (**these items are not required for agreed-upon procedures Reports**):

- The electronic Excel version of the Findings Summary form,
- The electronic Excel version of the Vendor Schedule form,
- The electronic Excel version of the Fund Balance Schedule form,
- The electronic Excel version of the GASBS 77 Disclosure template, if applicable, and
- The electronic Excel version of the Indigent Care Cost and Funding Report and Calculations of Cost of Providing Indigent Care Worksheet, if applicable (Hospitals only)
- The electronic Excel version of the schedules of asset management costs, if applicable (STO, PERA, ERB and SIC).

Except for any comments contained in this OK to Print communication, all of which should be addressed before resubmission, the Report should not be changed from what was previously submitted. Please provide **written notification** to the OSA of all changes made and relevant page numbers, including those changes made in response to OSA comments, with the requisite final copies of the Report submitted to the OSA. The written notification must be signed by the audit manager and attached as a PDF file to the email submission of the Final PDF Report. Written notifications submitted in the body of emails will not be considered received.

Please note that any changes that do not result from OSA comments may require an additional review of the report and could potentially jeopardize the report's current "OK to Print" status.

This communication does **not** authorize the IPA or the agency to release the Report to the public. Per Section 12-6-5, NMSA 1978, the Report and the information contained in it cannot be released to the public until five calendar days **after** the OSA has officially released the Report. The OSA will send the release letter to the agency after the OSA approves the final copies and the Report will be made public after the required five-day wait period has passed or is waived.

The audited agency can waive the five-day waiting period required by Section 12-6-5, NMSA 1978. To do so, the agency's governing authority or the governing authority's designee must provide written notification to the OSA of the waiver in the form of a letter. The letter must be signed by the agency's governing authority or the governing authority's designee and be sent via letter, email or fax to the attention of State Auditor Brian S. Colón, Esq. The OSA strongly prefers to receive the written notification **prior** to the submission of the final Report to the OSA.

Please call us if you have any questions. Thank you for your prompt attention regarding this matter.

Comments That Must Be Corrected or Addressed:

1. Page 30, total 1-Percent Decrease (3.16%) is $2,000 more than the amount reported on page 18. Amount appears clearly trivial, however, please consider updating.

Reminder: Please submit all electronic documents, such as the vendor schedule, audit report, etc. with the final Report.

New Mexico Retiree Health Care Authority (CP)
Change in Market Value
For the Month of May 2020
(Report as of June 17, 2020)

Investment Name	Prior Ending Market Value	Contributions	Distributions	Fees	Income	Gains-Realized & Unrealized	Market Value
Core Bonds Pool	168,508,981.60	-	-	(39,684.67)	375,197.41	576,150.52	169,420,644.86
Credit & Structured Finance	106,213,247.63	-	-	-	239,239.27	(1,454,003.24)	104,998,483.66
NM Retiree Health Care Authority Cash Account	-	-	-	-	-	-	-
Non-US Developed Markets Index Pool	89,622,179.38	-	-	(9,573.84)	239,937.83	3,870,611.67	93,723,155.04
Non-US Emerging Markets Index Pool	65,512,714.77	-	-	(20,487.67)	110,595.64	490,167.25	66,092,989.99
Private Equity Pool	88,669,211.51	-	-	-	6,954.07	173,367.72	88,849,533.30
Real Estate Pool	78,962,922.06	-	-	-	98,232.72	(99,612.43)	78,961,542.35
Real Return Pool	34,543,690.89	-	-	(7,511.38)	65,331.71	128,453.52	34,729,964.74
US Large Cap Index Pool	102,796,579.18	-	-	(2,354.74)	190,496.96	4,561,171.96	107,545,893.36
US Small/Mid Cap Pool	11,953,020.71	-	-	(14,481.09)	14,100.62	795,206.28	12,747,846.52
Sub - Total New Mexico Retiree Health Care Aut	746,782,547.73	-	-	(94,093.39)	1,340,086.23	9,041,513.25	757,070,053.82
Total New Mexico Retiree Health Care Aut	**746,782,547.73**	**-**	**-**	**(94,093.39)**	**1,340,086.23**	**9,041,513.25**	**757,070,053.82**

NEW MEXICO
RETIREE
HEALTH CARE
AUTHORITY

2021 Plan Recommendations

Summary of Proposed Actions

- Self-Insured Plan Rates
  - Pre-Medicare (Premier & Value Plans)
  - Medicare Supplement
- Medicare Advantage Default Strategy
- Pre-Medicare Programs
  - Livongo* (Presbyterian/BCBS)
  - Site of service navigation** (Presbyterian)
  - Access guarantees** (Presbyterian)
  - Integrated care initiative – disease management, care management, community health worker program referrals, population health outreach, outbound call campaign** (Presbyterian)
  - Pilot Programs/Pre-Medicare
    - Paramedicine Program (BCBS)
    - Tricore Data Analytics and Gap Closure Program (BCBS)
  - Pilot Program/Medicare
    - Forensic Pharmacy
  - Additional vendor and plan currently being negotiated

Summary of Plan Changes 2010 - 2020

		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
	Rate Changes												
	Pre-Medicare												
1	Premier Plus (% Change)	8%	8%	8%	8%	8%	8%	8%	Eliminated				
2	Premier Plus Rate	$ 199.95	$ 215.94	$ 233.22	$ 251.88	$ 272.03	$ 293.79	$ 326.36	NA				
3	Premier (% Change)	8%	8%	8%	8%	8%	8%	8%	29%	8%	8%	7%	TBD
4	Premier Rate	$ 106.99	$ 115.55	$ 124.79	$ 134.77	$ 145.55	$ 157.20	$ 174.63	$ 223.56	$ 241.44	$ 260.76	$ 279.01	TBD
5	Value (% Change)								Created	8%	8%	7%	TBD
6	Value Rate								$ 174.63	$ 188.60	$ 203.69	$ 217.95	TBD
	Medicare												
7	Supplement (% Change)	6%	6%	6%	8%	6%	5%	6%	6%	6%	6%	5%	TBD
8	Supplement Rate	$ 122.00	$ 131.76	$ 139.67	$ 150.84	$ 159.89	$ 167.88	$ 177.96	$ 188.64	$ 199.96	$ 211.96	$ 222.55	TBD
9	Advantage Rates	$6.12 - $80.50	$9.00 - $91.50	$9.00 - $93.50	$0 - $49	$8.67 - $58.45	$14.75 - $79	$17.85 - $88.50	$18.95 - $94.69	$23.30 - $104.16	$22.15 - $94.68	$21.70 - $94.68	TBD
	Subsidy Levels												
	Pre-Medicare												
10	Retiree	65%	65%	65%	65%	65%	65%	64%	64%	64%	64%	64%	TBD
11	Spouse/Domestic Partner	40%	40%	40%	40%	40%	38%	36%	36%	36%	36%	36%	TBD
12	Dependent Child	100%	100%	100%	75%	50%	25%	12.5%	0%	0%	0%	0%	0%
	Medicare												
13	Retiree	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
14	Spouse/Domestic Partners	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
15	Dependent Child	100%	100%	100%	75%	50%	25.0%	12.5%	0.0%	0%	0%	0%	0%
	Rules												
16	Minimum Age (Non-Enhanced)												55
17	Years of Service (Max Subsidy)	20	20	20	20	20	20	20	20	20	20	20	25
18	Implement/Enforce Open Enrollment								X	X	X	X	X
	Plan Changes/Elimintation												
19	Basic Life Conversion	100%	100%	100%	100%	100%	100%	100%	100%	75%	50%	25%	0%
20	Enhanced Wellness Program/Incentives							X	X	X	X	X	X
21	Medicare Advantage Default									X	X	X	X
22	Elimininationof OTC Prescriptions								X	X	X	X	X
23	Increase Prescription Drug Copays			Mail Order Coinsurance							Brand Copay		TBD
24	Voluntary Smart 90 Program									Walgreens/Mail Order			
25	Flat copays for certain procedures (Presbyterian)						MRI/PET/CT				Bundled Agreements	Bundled Agreements	TBD
26	Introduction 3rd Tier Coverage (BCBS)										X		
27	Eliminate Premier Plus Plan							$300 deductible / $3500 OOP Max					
28	Create Value Plan							$1500 deductible / $5500 OOP Max					
29	Increase Premier Plan Cost Share							$800 deductible / $4500 OOP Max					

2021 Proposed Monthly Plan Rates – Baseline Scenario

Beyond Projection Period/ Deficit Spend 2025 (FY26)

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

Projected Fund Balance - $6.1 billion 7/1/51 (FY52)

6%	2020	2021	Monthly Difference	Annual Difference
BCBS/Presbyterian Premier				
Retiree	$ 279.01	$ 295.75	$ 16.74	$ 200.89
Spouse/Domestic Partner	$ 529.56	$ 561.33	$ 31.77	$ 381.28
Child	$ 270.83	$ 287.08	$ 16.25	$ 195.00
BCBS/Presbyterian Value				
Retiree	$ 217.95	$ 231.03	$ 13.08	$ 156.92
Spouse/Domestic Partner	$ 413.64	$ 438.46	$ 24.82	$ 297.82
Child	$ 211.19	$ 223.86	$ 12.67	$ 152.06

4%	2020	2021	Monthly Difference	Annual Difference
Medicare Supplement				
Retiree	$222.55	$231.45	$8.90	$106.82
Spouse/Domestic Partner	$333.83	$347.18	$13.35	$160.24
Dependent Child	$445.11	$462.91	$17.80	$213.65

2021 Proposed Monthly Plan Rates – "Scenario A" Beyond Projection Period / Deficit Spend 2025 (FY26)

Pre-Medicare Plans – 5% /Medicare Supplement – 2%

Projected Fund Balance - $5.6 billion 7/1/51 (FY52)

5%	2020	2021	Monthly	Annual
BCBS/Presbyterian Premier			Difference	Difference
Retiree	$ 279.01	$ 292.96	$ 13.95	$ 167.41
Spouse/Domestic Partner	$ 529.56	$ 556.04	$ 26.48	$ 317.74
Child	$ 270.83	$ 284.37	$ 13.54	$ 162.50
BCBS/Presbyterian Value				
Retiree	$ 217.95	$ 228.85	$ 10.90	$ 130.77
Spouse/Domestic Partner	$ 413.64	$ 434.32	$ 20.68	$ 248.18
Child	$ 211.19	$ 221.75	$ 10.56	$ 126.71

2%	2020	2021	Monthly	Annual
			Difference	Difference
Medicare Supplement				
Retiree	$222.55	$227.00	$4.45	$53.41
Spouse/Domestic Partner	$333.83	$340.51	$6.68	$80.12
Dependent Child	$445.11	$454.01	$8.90	$106.83

2021 Proposed Monthly Plan Rates – "Scenario B"

Beyond Projection Period / Deficit Spend 2025 (FY26)

Pre-Medicare Plans – 4% /Medicare Supplement – 2%

Projected Fund Balance - $5.5 billion 7/1/51 (FY52)

4%	2020	2021	Monthly Difference	Annual Difference
BCBS/Presbyterian Premier				
Retiree	$ 279.01	$ 290.17	$ 11.16	$ 133.92
Spouse/Domestic Partner	$ 529.56	$ 550.74	$ 21.18	$ 254.19
Child	$ 270.83	$ 281.66	$ 10.83	$ 130.00
BCBS/Presbyterian Value				
Retiree	$ 217.95	$ 226.67	$ 8.72	$ 104.62
Spouse/Domestic Partner	$ 413.64	$ 430.19	$ 16.55	$ 198.55
Child	$ 211.19	$ 219.64	$ 8.45	$ 101.37

2%	2020	2021	Monthly Difference	Annual Difference
Medicare Supplement				
Retiree	$222.55	$227.00	$4.45	$53.41
Spouse/Domestic Partner	$333.83	$340.51	$6.68	$80.12
Dependent Child	$445.11	$454.01	$8.90	$106.83

2021 Proposed Monthly Plan Rates – "Scenario C"

Beyond Projection Period / Deficit Spend 2024 (FY25)

Pre-Medicare Plans – 0% /Medicare Supplement – 0%

Projected Fund Balance - $4.7 billion 7/1/51 (FY52)

0%	2020	2021	Monthly Difference	Annual Difference
BCBS/Presbyterian Premier				
Retiree	$ 279.01	$ 279.01	$ -	$ -
Spouse/Domestic Partner	$ 529.56	$ 529.56	$ -	$ -
Child	$ 270.83	$ 270.83	$ -	$ -
BCBS/Presbyterian Value				
Retiree	$ 217.95	$ 217.95	$ -	$ -
Spouse/Domestic Partner	$ 413.64	$ 413.64	$ -	$ -
Child	$ 211.19	$ 211.19	$ -	$ -

0%	2020	2021	Monthly Difference	Annual Difference
Medicare Supplement				
Retiree	$222.55	$222.55	$0.00	$0.00
Spouse/Domestic Partner	$333.83	$333.83	$0.00	$0.00
Dependent Child	$445.11	$445.11	$0.00	$0.00

Summary of Proposals

	Baseline	Scenario A	Scenario B	Scenario C
Pre-Medicare Rate Increase	6%	5%	4%	0%
Medicare Supplement Plan Rate Increase	4%	2%	2%	0%
Deficit Spending Period (FY)	2026	2026	2026	2025
Solveny Period	Beyond Projection Period	Beyond Projection Period	Beyond Projection Period	Beyond Projection Period
Projected Fund Balance 7/1/51	$ 6,123,938,345.00	$ 5,668,591,833.00	$ 5,550,949,994.00	$ 4,742,677,964.00
Loss Ratio	98.0%	100.0%	100.2%	103.0%

- Baseline (Long Term Trend) - 6 & 4% results in slight over charge
- Scenario A - 5 & 2% results in alignment w/projected expenditures
- Scenario B – 4 & 2% results in slight undercharge (0.2%)
- Scenario C – 0 & 0% results in undercharge (3%)
- All scenarios reflect significant improvement compared to current year projections:
  - Deficit spending – 2024
  - Solvency – 2044 (25 years)
  - Projected Fund Balance 7/1/44 – ($10,340,972)

Staff Recommendations

- Scenario B:
  - 4% Increase on Premier and Value Plans
  - 2% Increase on Medicare Supplement Plan
- No plan design changes
- All scenarios assume revised Medicare Advantage Default Strategy:
  - All pre-Medicare defaults to UnitedHealthcare Plan I
    - Broadest access of all Medicare Advantage Plans Available
    - Lowest out-of-pocket expenses
  - Plan Rates

	2020	2020/2021	Monthly Difference	% Change	Annual Difference
UHC Plan I	$ 189.37	$ 75.00	$ (114.37)	-60%	$ (1,372.44)
UHC Plan II	$ 99.31	$ 25.00	$ (74.31)	-75%	$ (891.72)

- Member Responsibility will drop from $94.68 per month under Plan I to $37.50 per month and from $49.65 under Plan II to $12.50 per month

Staff Recommendations Cont.

- Programs and benefits resulting from RFP
  - ALL Medicare Advantage Rates will be lower in CY21 to include additional benefits presented by vendors – *subject to contract amendment*
    - *Ranging from -38% to -88%*
- Pre-Medicare
  - Presbyterian Health Plan
    - Navigation -24/7 Access, Site of Service Navigation, Access Guarantee, Enhanced Integrated Services, Community Health Workers
  - Blue Cross Blue Shield
    - Tricore Gap Closures and Community Paramedicine Program
- Actions already taken by the Board of Directors
  - Addition of Livongo Diabetes Management Program
  - Attestation of Intent to Modify Future Plan Designs
- Other Actions
  - Rule Change – Effective July 31, 2021 (FY22)
  - Elimination of Life Insurance Subsidy – January 2021

Participation by Plan

Enrollment Counts						
July 1, 2020						
Description	Retiree	Spouse	Dependent	Grand Total	%	% by type
BCBS Premier	4,558	1,454	772	6,784	12.5%	46.9%
Presbyterian Premier	3,079	639	401	4,119	7.6%	28.5%
BCBS Value Plan	502	214	115	831	1.5%	5.7%
Presbyterian Value Plan	1,704	638	388	2,730	5.0%	18.9%
BCBS Medicare Supplemental Plan	17,338	5,370	16	22,724	41.8%	56.9%
BCBS Medicare Advantage I	1,734	760	2	2,496	4.6%	6.2%
BCBS Medicare Advantage II	888	372	3	1,263	2.3%	3.2%
Humana Medicare Advantage I	397	159		556	1.0%	1.4%
Humana Medicare Advantage II	391	142		533	1.0%	1.3%
Presbyterian Medicare Advantage I	5,044	1,578	3	6,625	12.2%	16.6%
Presbyterian Medicare Advantage II	1,259	432	2	1,693	3.1%	4.2%
United Healthcare Medicare Advantage I	1,401	535	1	1,937	3.6%	4.8%
United Healthcare Medicare Advantage II	1,543	576	4	2,123	3.9%	5.3%
Grand Total	39,838	12,869	1,707	54,414	100.0%	
Voluntary	6,074	2,769	638	9,481		
Total Enrollment	45,912	15,638	2,345	63,895		
Non-Medicare				14,464	26.6%	
Medicare				39,950	73.4%	

Participation by Plan (2010 – 2019)

Description	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
BCBS Premier Plus	6,206	5,633	5,128	4,523	3,964	3,388	2,859			
BCBS Premier	3,958	5,069	5,515	5,918	6,404	6,636	6,743	8,202	7,569	7,171
BCBS Value Plan									741	857
NM Health Connections								424		
Presbyterian Premier Plus	3,231	2,990	2,768	2,433	2,085	1,739	1,461			
Presbyterian Premier	2,534	3,471	4,209	4,929	5,617	5,915	6,302	5,681	4,950	4,466
Presbyterian Value Plan								1,977	2,587	2,739
BCBS Medicare Supplemental Plan	20,570	21,175	21,844	22,543	22,499	22,920	23,236	23,383	23,368	23,094
Lovelace Senior Plan I	2,308	2,586	2,970	2,921	2,895					
Lovelace Senior Plan II	1,337	1,514	1,780	1,948	1,725					
BCBS MA I						2,785	2,615	2,597	2,507	2,494
BCBS MA II						1,561	1,487	1,457	1,379	1,331
Molina Senior Plan I	4									
Molina Senior Plan II	8									
Humana Plan I								65	214	401
Humana Plan II								145	261	413
Presbyterian Plan I	993	1,267	1,589	2,153	3,067	3,693	4,269	4,841	5,430	6,188
Presbyterian Plan II	740	788	895	1,052	1,246	1,378	1,515	1,666	1,706	1,678
UnitedHealthcare Plan I					648	1,136	1,384	1,496	1,682	1,810
UnitedHealthcare Plan II					364	672	1,186	1,464	1,775	1,963
Grand Total	41,889	44,493	46,698	48,420	50,514	51,823	53,057	53,398	54,169	54,605
Voluntary	3,557	3,973	4,382	5,069	5,617	6,213	6,887	7,555	8,167	8,862
Total Enrollment	45,446	48,466	51,080	53,489	56,131	58,036	59,944	60,953	62,336	63,467
Non	15,929	17,163	17,620	17,803	18,070	17,678	17,365	16,284	15,847	15,233
Medicare	25,960	27,330	29,078	30,617	3,244	34,145	35,692	37,114	38,322	39,372

Supplemental Information

	Retirees & Beneficiaries	Average Annual Pension	Average Monthly Pension
State General	15,863	$ 30,996	$ 2,583
State Police	1,205	$ 36,276	$ 3,023
Municipal General	11,111	$ 28,800	$ 2,400
Muncipal Police	2,996	$ 43,764	$ 3,647
Municipal Fire	1,617	$ 46,380	$ 3,865
Judicial	132	$ 71,148	$ 5,929
Magistrate	76	$ 40,296	$ 3,358
ERB	50,197	$ 23,052	$ 1,921

Pension amounts shown: PERA/ERB 2019 CAFRs

Plan Comparison - NM Retiree Health Care Authority, NM Public School Insurance Authority, Albuquerque Public Schools, and State of New Mexico RMD

Plan Premiums for individual member per month with employer subsidy of 64%	Premier PPO - $279.01 (BCBS Tier 1 then Both Health plans Tier 2)	Value Plan HMO - $217.95	SONM HMO - $199.23	SONM PPO - $231.69	NMPSIA High Option - $282.69, $228.61	NMPSIA EPO - $254.42	NMPSIA Low Option - $200.86, $162.45	APS THNM Network (in-network benefits only*) - $180.34	APS PHP Tier 1 & 2 shown below - $180.34	APS BCBS Tier 1 & 2 shown below - $180.34
Annual Deductible	$500 to $800/Individual	$1,500/Individual	$350 or $425/Individual	$500/Individual	$750/Individual	$500/Individual	$2,000/Individual	$250/Individual	$250 to $1,500/Individual	$500 to $2,000/Individual
Annual Out-of-Pocket Limit	$3,000 to 4,500/Individual	$5,500/Individual	$3,750 or $4,000/Individual	$4,000/Individual	$3,750/Individual	$3,250/Individual	$3,750/Individual	$2,250/Individual	$3,000 to $4,500/Individual	$3,000 to $4,500/Individual
Office Services	Primary - $20 or $30 Specialist - $35 to $45	Primary -$35 Specialist - $55	Primary -$25 or $35 Specialist - $45 or $50	Primary -$40 Specialist - $60	Primary -$30 Specialist - $50	Primary -$25 Specialist - $35	Primary -$35 Specialist - $60	Primary -$15 Specialist - $40	Primary -$15 or $25 Specialist - $40	Primary -$15 or $50 Specialist - $40 or $75
Preventive Services	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%
Related testing (includes routine Pap test, mammograms, colonoscopy, physicals, etc.) & immunization (deductible waived)	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%
Lab, X-Ray, and Pathology	Plan pays 100%	Plan pays 100%	20% or 25%	30%	$30 freestanding lab/ radiology or actual allowed or $60 hospital outpatient or actual allowed, (which ever is less per day)	$25 freestanding lab/ radiology or actual allowed or $50 hospital outpatient or actual allowed, (which ever is less per day)	$35 freestanding lab/ radiology or actual allowed or $70 hospital outpatient or actual allowed, (which ever is less per day)	Plan pays 100%	Plan pays 100%	Plan pays 100%
Emergency Room	$125	$175	$275 or $300	$325	$150 copay plus 20%	$150 copay then 20%	$150 copay plus 25%	$250	$250	$250
Urgent Care Facility	$35	$40	$55 or $60	$65	$50	$45	$60	$50	$50 or $75	$50 or $75
Ambulance Services	10% or 25%	30%	$30 Ground/$100 Air	20%	$30	$25	25%	20% after deductible	20% after tier 1 deductible	20% after tier 1 deductible
High-Tech Radiology (MRI, PET & CT)	10%, 25% or $100 office/ freestanding radiology	30% or $125 office/ freestanding radiology	20% to max $200 per test or 25% up to max $250 per test	25% to max $300 per test	$600 copay or 20% which ever is less per day	$500 copay or 20% which ever is less per day	$700 copay or 25% which ever is less per day	20% or $100 copay per day freestanding radiology	20% or $100 copay per day freestanding radiology	20% or $100 copay per day freestanding radiology
Rehabilitation Inpatient or Outpatient (Occupational, Physical, and Speech)	10% or 25% / $20 or $30 Physical therapy services outpatient as alternative to surgery	30% / $35 Physical therapy services outpatient as alternative to surgery	$600 or $700 Inpatient/$25 or $35 Outpatient	$1,250 Inpatient/ $40 Outpatient	$500 copay plus 20% Inpatient/ $50 up to $500 then no charge rest of year Outpatient	$500 copay plus 20% Inpatient/ $35 up to $350 then no charge rest of year Outpatient	25%	20% / $15,visit to $240 annual max	20% or 30% / $15 per visit $240 max or $25 per visit $600 max	20% or 40%/ $15 per visit $240 max or $50 per visit $500 max
Alternative (chiropractic, acupuncture, etc.)	10% or 25%	30%	$50 or $55, max 25 combined visits a year	$60, max 25 combined visits a year	$50, combined max 30 visits	$35, combined max 30 visits	25%, combined max 30 visits	$40, max 25 combined visits a calendar year	$40, max 25 combined visits a calendar year	$40 or $75, max 25 combined visits a calendar year
Hospitalization - Inpatient	10% or 25%	30%	$600 or $700 per admission (Maternity $500)	$1,250 per admission (Maternity $1,000)	$500 facility copay per admission plus 20%	$500 facility copay per admission plus 20%	25%	20%	20% or 30%	20% or 40%
Surgery - Outpatient	10% or 25%	30%	20% or 25%	25%	$150 copay plus 20%	$150 copay plus 20% after deductible	25%	20%	20% or 30%	20% or 40%
Majority of Other Covered Services	10% or 25%	30%	Vary	Vary	Vary	Vary	25%	20%	Vary	Vary

New Mexico Retiree Health Care Authority

Long-Term Cash Flow & Solvency Modeling

Methodology Report

July 9, 2020 / Nura Patani, PhD, ASA, MAAA / Senior Consultant, Health Actuary

Segal

Segal

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July 9, 2020

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

Re: 2020 Long Term Cash Flow and Solvency Modeling

Dear Board of Directors:

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

- Historical year-to-date and projected loss ratios for CY2020 & CY2021
- Long-Term Cash Flow and Solvency Modeling Methodology Report
- July 1, 2020 long-term solvency assumptions for Baseline Scenario
- Baseline Scenario long-term solvency illustration as of July 1, 2020
- Gain/loss analysis illustrating the impact of assumption changes to Baseline Scenario
- Alternate long-term solvency illustrations as of July 1, 2020
- Sensitivity analysis to July 1, 2020 long-term solvency assumptions for Baseline Scenario

This reporting package should be transmitted and considered only in its entirety. Our analysis is intended to illustrate the future cash flows of the New Mexico Retiree Health Care Authority (NMRHCA) based on membership information available through March 31, 2020 and projected changes to enrollment from that day forward. Calculations are prepared annually at the Board's request to aid in its strategic planning and should not be relied upon for any other purpose.

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

The projections in this report are estimates of future costs and are based on information available to Segal at the time the projections were made. Segal has not audited the information

provided. Projections are not a guarantee of future results. Actual experience may differ due to, but not limited to, such variables as changes in the regulatory environment, local market pressure, trend rates, and claims volatility. The accuracy and reliability of projections decrease as the projection period increases. Although changes in the relative size of NMRHCA's membership have been projected, the health status of future members is unknown.

The Coronavirus (COVID-19) pandemic is rapidly evolving and will likely impact the 2020 US economy and health plan claims projections for most Health Plan Sponsors. As a result, projections could be significantly altered by emerging events. At this point, it is unclear what the impact will be for Health Plan Sponsors. Segal is working to develop plan cost adjustment factors and reports to apply to both short-term and long-term financial projections. However, unless specifically noted, this current report does not include any adjustments such as changes in eligibility, income, increases in healthcare costs or decreased investment returns. Additionally, the potential for federal or state fiscal relief is also not contemplated in these budget projections. Given the high level of uncertainty and fluidity of the current events, some plans may seek periodic updated estimates throughout the year to closely monitor health plan budget projections this year. Additional projections may be out of scope.

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

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

Sincerely,

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

Table of Contents

Beginning of Year Invested Assets

Invested assets as of July 1, 2020 were assumed to equal actual invested assets as of April 30, 2020.

Revenues

Employer Contribution

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

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

NMRHCA staff provided baseline Employer/Employee Contributions, as well as the percentage of contributions originating from Enhanced Programs versus Non-Enhanced Programs. This information allowed us to estimate FY2020 active payroll to be approximately $4.32 billion.

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

Employee Contribution

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

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

NMRHCA staff provided baseline Employer/Employee Contributions, as well as the percentage of contributions originating from Enhanced Programs versus Non-Enhanced Programs. This information allowed us to estimate FY2020 active payroll to be approximately $4.32 billion.

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

Retiree Medical

Baseline contribution and premium rates and subsidy percentages were verified at www.nmrhca.org on the 2020 Rate Sheet included on the Forms And Important Information page.

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

Membership is projected by plan for pre-Medicare members and Medicare-eligible members at the rates of change displayed under the general heading *Assumptions with Fiscal Year Basis*. The basis of the assumed rates of change is an open valuation projection of covered lives, and all other components based on assumptions consistent with those utilized in the July 1, 2014 valuation of NMRHCA's liability for Other Post-Employment Benefits under the Governmental Accounting Standards Board's Statement Number 43 (now GASB74) and adjusted to reflect the impact of changes effective July 31, 2021 to subsidy levels on the basis of age and years of creditable service. Total annual unsubsidized contributions and premiums are calculated directly by multiplying projected monthly rates by projected member months.

In the Baseline Scenario, the CY20 subsidy provided by NMRHCA is assumed to remain constant in all future years. NMRHCA staff provided years of service at retirement by enrollment category as of April 1, 2020. The current subsidy was calculated and applied to future annual contributions and premiums individually for the following enrollment categories: pre-Medicare Retirees, pre-Medicare Spouses, pre-Medicare Dependents (no subsidy), Medicare Supplement Retirees, Medicare Supplement Spouses, Medicare Supplement Dependents (no subsidy), Medicare Advantage Retirees, Medicare Advantage Spouses, and Medicare Advantage Dependents (no subsidy).

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

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

Retiree Ancillary

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

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

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

Tax Revenue

NMRHCA staff provided baseline information on Taxation and Revenue Suspense Fund revenues. Pension tax revenue is assumed to increase 12.0% per annum in accordance with statute.

Medicare PDP & Manufacturers Discount

This revenue item is comprised of the following revenue sources associated with the Employer Group Waiver Plan (EGWP) that provides prescription drug benefits to Medicare-eligible retirees enrolled in the Medicare Supplement plan. Express Scripts, Inc. (ESI) provided baseline values and Year 1 projections. These revenues are projected individually and assumed to change annually on a calendar year basis at the respective rates displayed under the general heading *Assumptions with Calendar Year Basis* in addition to the *Annual Growth in Retirees age 65+* displayed under the general heading *Assumptions with Fiscal Year Basis*:

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

Miscellaneous

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

Total Revenue

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

Investment Income

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

Expenditures

Medical/Rx

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

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

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

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

Membership is projected by plan for pre-Medicare members and Medicare-eligible members at the growth rates displayed under the general heading *Assumptions with Fiscal Year Basis*. The basis of the assumed rates of change is an open valuation projection of covered lives, based on assumptions consistent with those utilized in the July 1, 2014 valuation of NMRHCA's liability for Other Post-Employment Benefits under the Governmental Accounting Standards Board's Statement Number 43 (now GASB 74) and adjusted to reflect the impact of changes effective July 31, 2021 to subsidy levels on the basis of age and years of creditable service. Total annual

medical and prescription drug claims are calculated directly by multiplying projected per member per month paid claims by projected member months.

Finally, projected Medical/Rx Expenditures are offset by projected prescription drug rebates. Pre-Medicare and EGWP plan prescription drug rebates are projected individually, with baseline information provided by ESI. Prescription drug rebate trend is applied on a fiscal year basis, and is based on actual contract provisions to the extent known. Prescription drug rebate trend is displayed in the last two rows under the general heading *Assumptions with Fiscal Year Basis*. The annual rate of change for projection years 1-4 may be based on actual contract terms. Membership is projected separately for pre-Medicare members and Medicare-eligible members at the rates displayed under the general heading *Assumptions with Fiscal Year Basis*. The basis of the assumed rates of change is an open valuation projection of covered lives, based on assumptions consistent with those utilized in the July 1, 2014 valuation of NMRHCA's liability for Other Post-Employment Benefits under the Governmental Accounting Standards Board's Statement Number 43 (now GASB 74) and adjusted to reflect the impact of changes effective July 31, 2021 to subsidy levels on the basis of age and years of creditable service. Total annual prescription drug rebates are calculated directly by multiplying projected rebates per member per month by projected member months.

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

Basic Life

Basic life premium is conservatively assumed to remain flat (i.e. no mortality assumption is used), as basic life coverage is no longer provided to new retirees. The portion of the Basic life premium paid by NMRHCA is scheduled to decrease from 25% in calendar year 2020 to 0% in calendar year 2021. NMRHCA staff provides baseline basic life premiums.

Ancillary Premiums

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

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

- Supplemental Life: 0.0%
- Dental: 6.0%

- Vision: 5.0%

ASO & Health Care (HC) Reform Fees

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

Specifically, this expenditure projection includes the following components:

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

The annual rate of change for the fees paid to BCBSNM, PHP, and ESI are based on actual contract provisions to the extent known, with all fees assumed to increase 2.5% per annum thereafter.

Membership is projected by carrier for pre-Medicare members and Medicare-eligible members at the growth rates displayed under the general heading *Assumptions with Fiscal Year Basis*. The basis of the assumed rates of change is an open valuation projection of covered lives, based on assumptions consistent with those utilized in the July 1, 2014 valuation of NMRHCA's liability for Other Post-Employment Benefits under the Governmental Accounting Standards Board's Statement Number 43 (now GASB 74) and adjusted to reflect the impact of changes effective July 31, 2021 to subsidy levels on the basis of age and years of creditable service. Total annual *ASO & HC Reform Fees* are calculated directly by multiplying projected per member per month fees by projected member months.

Program Support

NMRHCA staff provided the approved FY2021 Program Support budget. The budget for Program Support is assumed to increase 2.5% per annum.

Total Expenditures

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

End of Year Invested Assets

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

Projected Year of Insolvency

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

Based on the July 1, 2020 Baseline Assumptions and the methodology described herein, as applied to claims and membership information through March 31, 2020, the Authority is projected to **remain solvent throughout the projection period**.

New Mexico Retiree Health Care Authority Long-Tem Solvency Modeling

Projected Year of Insolvency: Exceeds Projection Period

Scenario: Baseline

8% trend for Non-Medicare and Medicare medical and Rx in FY2021 and beyond; Annual Non-Medicare Medical Plan Changes in CY2025+; Annual Medicare Supplement & EGWP plan changes in CY2034+; Annual Non-Medicare Rate Increases of 6% in CY2021, and net 8% with plan changes thereafter, Medicare Rate Increase of 4% in CY2021, and net 6% with plan changes thereafter. Assumed rate of return of 7.25%; Payroll growth assumption of 3.0% beginning FY2023; Board Approved Change to Minimum Age Requirement and Years of Service for Maximum Subsidy in 2.81.11 NMAC eff. Jul 2021; Includes Migration from the Premier Plan to the Value Plan from CY2021 through CY2024

		REVENUE									EXPENDITURES								
Fiscal Year Beginning	BOY Invested Assets	Employer Contribution	Employee Contribution	Retiree Medical	Retiree Ancillary	Tax Revenue	Medicare PDP & Manufacturers Discount	Miscellaneous	Total Revenue	Investment Income	Medical/Rx	Basic Life	Ancillary Premiums	ASO & HC Reform Fees	Program Support	Total Expenditures	Rev. - Exp. Excluding Inv. Income	Fiscal Year End	EOY Invested Assets
7/1/2020	$746,782,548	$88,516,295	$44,258,147	$143,469,184	$34,255,368	$32,935,804	$32,938,285	$325,552	$376,698,634	$55,613,375	$285,031,260	$374,404	$34,255,368	$13,143,718	$3,296,900	$336,101,649	$40,596,986	6/30/2021	$842,992,909
7/1/2021	$842,992,909	$88,516,295	$44,258,147	$150,095,635	$36,760,305	$36,888,100	$34,055,559	$324,558	$390,898,599	$62,347,823	$303,154,190	$0	$36,760,305	$13,650,666	$3,379,323	$356,944,484	$33,954,115	6/30/2022	$939,294,847
7/1/2022	$939,294,847	$91,171,783	$45,585,892	$165,238,166	$39,697,031	$41,314,672	$35,093,888	$332,988	$418,434,420	$68,949,669	$337,478,683	$0	$39,697,031	$14,324,754	$3,463,806	$394,964,273	$23,470,147	6/30/2023	$1,031,714,663
7/1/2023	$1,031,714,663	$93,906,937	$46,953,468	$179,641,563	$42,385,757	$46,272,433	$36,101,209	$328,258	$445,589,624	$75,279,697	$371,480,501	$0	$42,385,757	$14,920,985	$3,550,401	$432,337,644	$13,251,981	6/30/2024	$1,120,246,341
7/1/2024	$1,120,246,341	$96,724,145	$48,362,072	$191,926,658	$45,042,179	$51,825,124	$36,950,564	$323,217	$471,153,959	$81,441,802	$400,911,141	$0	$45,042,179	$15,383,769	$3,639,161	$464,976,249	$6,177,711	6/30/2025	$1,207,865,854
7/1/2025	$1,207,865,854	$99,625,869	$49,812,935	$205,321,316	$48,525,577	$58,044,139	$37,927,529	$327,473	$499,584,838	$87,503,685	$433,165,841	$0	$48,525,577	$16,000,217	$3,730,140	$501,421,775	($1,836,937)	6/30/2026	$1,293,532,602
7/1/2026	$1,293,532,602	$102,614,645	$51,307,323	$218,476,204	$51,742,702	$65,009,436	$38,806,044	$325,357	$528,281,711	$93,446,304	$465,384,145	$0	$51,742,702	$16,567,611	$3,823,393	$537,517,851	($9,236,140)	6/30/2027	$1,377,742,765
7/1/2027	$1,377,742,765	$105,693,085	$52,846,542	$231,640,848	$55,033,846	$72,810,568	$39,650,690	$319,989	$557,995,568	$99,300,667	$498,122,870	$0	$55,033,846	$17,076,651	$3,918,978	$574,152,345	($16,156,777)	6/30/2028	$1,460,886,656
7/1/2028	$1,460,886,656	$108,863,877	$54,431,939	$247,884,771	$59,067,597	$81,547,837	$40,449,196	$326,267	$592,571,484	$104,939,856	$538,749,391	$0	$59,067,597	$17,618,269	$4,016,953	$619,452,209	($26,880,726)	6/30/2029	$1,538,945,787
7/1/2029	$1,538,945,787	$112,129,794	$56,064,897	$263,672,321	$62,767,412	$91,333,577	$41,070,952	$325,981	$627,364,933	$110,238,992	$579,213,172	$0	$62,767,412	$18,082,910	$4,117,376	$664,180,870	($36,815,936)	6/30/2030	$1,612,368,842
7/1/2030	$1,612,368,842	$115,493,687	$57,746,844	$282,874,885	$67,502,499	$102,293,606	$41,656,721	$338,697	$667,906,940	$115,043,556	$628,534,995	$0	$67,502,499	$18,771,480	$4,220,311	$719,029,285	($51,122,345)	6/30/2031	$1,676,290,054
7/1/2031	$1,676,290,054	$118,958,498	$59,479,249	$302,492,034	$72,008,016	$114,568,839	$42,138,436	$345,652	$709,990,724	$119,146,614	$680,005,362	$0	$72,008,016	$19,428,499	$4,325,819	$775,767,696	($65,776,972)	6/30/2032	$1,729,659,695
7/1/2032	$1,729,659,695	$122,527,253	$61,263,626	$321,917,137	$76,603,427	$128,317,100	$42,536,076	$350,564	$753,515,182	$122,506,510	$732,283,120	$0	$76,603,427	$20,024,134	$4,433,964	$833,344,645	($79,829,462)	6/30/2033	$1,772,336,743
7/1/2033	$1,772,336,743	$126,203,071	$63,101,535	$340,771,851	$81,889,013	$143,715,152	$42,978,412	$359,342	$799,018,376	$124,994,948	$788,430,028	$0	$81,889,013	$20,691,500	$4,544,813	$895,555,354	($96,536,978)	6/30/2034	$1,800,794,713
7/1/2034	$1,800,794,713	$129,989,163	$64,994,581	$356,968,350	$87,709,438	$160,960,970	$43,326,415	$373,680	$844,322,596	$126,668,676	$837,799,901	$0	$87,709,438	$21,435,936	$4,658,433	$951,603,709	($107,281,113)	6/30/2035	$1,820,182,277
7/1/2035	$1,820,182,277	$133,888,838	$66,944,419	$369,572,226	$93,005,315	$180,276,286	$43,715,744	$373,421	$887,776,248	$128,085,565	$874,924,020	$0	$93,005,315	$22,041,674	$4,774,894	$994,745,903	($106,969,655)	6/30/2036	$1,841,298,187
7/1/2036	$1,841,298,187	$137,905,503	$68,952,751	$383,000,202	$98,830,600	$201,909,441	$44,204,257	$373,518	$935,176,272	$129,626,394	$915,513,849	$0	$98,830,600	$22,633,399	$4,894,267	$1,041,872,115	($106,695,843)	6/30/2037	$1,864,228,739
7/1/2037	$1,864,228,739	$142,042,668	$71,021,334	$395,971,311	$104,629,645	$226,138,574	$44,528,035	$374,084	$984,705,651	$131,484,400	$953,173,508	$0	$104,629,645	$23,187,485	$5,016,623	$1,086,007,261	($101,301,610)	6/30/2038	$1,894,411,529
7/1/2038	$1,894,411,529	$146,303,948	$73,151,974	$407,802,163	$110,562,063	$253,275,203	$44,890,018	$369,248	$1,036,354,615	$134,093,464	$986,652,399	$0	$110,562,063	$23,691,118	$5,142,039	$1,126,047,618	($89,693,003)	6/30/2039	$1,938,811,990
7/1/2039	$1,938,811,990	$150,693,066	$75,346,533	$421,168,940	$117,180,297	$283,668,227	$45,240,543	$369,266	$1,093,666,872	$137,793,622	$1,023,391,223	$0	$117,180,297	$24,245,364	$5,270,590	$1,170,087,474	($76,420,602)	6/30/2040	$2,000,185,011
7/1/2040	$2,000,185,011	$155,213,858	$77,606,929	$436,416,824	$124,413,524	$317,708,414	$45,563,273	$371,754	$1,157,294,577	$142,773,467	$1,064,408,379	$0	$124,413,524	$24,861,940	$5,402,355	$1,219,086,198	($61,791,621)	6/30/2041	$2,081,166,857
7/1/2041	$2,081,166,857	$159,870,274	$79,935,137	$453,975,596	$132,551,843	$355,833,424	$45,795,372	$381,004	$1,228,342,650	$149,216,756	$1,110,689,299	$0	$132,551,843	$25,573,503	$5,537,413	$1,274,352,057	($46,009,408)	6/30/2042	$2,184,374,205
7/1/2042	$2,184,374,205	$164,666,382	$82,333,191	$472,433,320	$141,004,782	$398,533,435	$45,954,781	$389,480	$1,305,315,370	$157,396,259	$1,159,120,429	$0	$141,004,782	$26,296,955	$5,675,849	$1,332,098,014	($26,782,644)	6/30/2043	$2,314,987,820
7/1/2043	$2,314,987,820	$169,606,374	$84,803,187	$491,886,793	$150,079,281	$446,357,447	$46,061,030	$399,723	$1,389,193,834	$167,696,613	$1,210,118,678	$0	$150,079,281	$27,040,308	$5,817,745	$1,393,056,012	($3,862,179)	6/30/2044	$2,478,822,255
7/1/2044	$2,478,822,255	$174,694,565	$87,347,282	$512,173,483	$159,774,773	$499,920,340	$46,156,852	$410,235	$1,480,477,531	$180,574,579	$1,263,205,075	$0	$159,774,773	$27,811,293	$5,963,189	$1,456,754,330	$23,723,201	6/30/2045	$2,683,120,035
7/1/2045	$2,683,120,035	$179,935,402	$89,967,701	$533,605,974	$170,134,173	$559,910,781	$46,256,032	$421,023	$1,580,231,086	$196,564,469	$1,319,148,308	$0	$170,134,173	$28,608,299	$6,112,268	$1,524,003,048	$56,228,038	6/30/2046	$2,935,912,541
7/1/2046	$2,935,912,541	$185,333,464	$92,666,732	$556,033,536	$181,203,368	$627,100,075	$46,358,711	$432,095	$1,689,127,982	$216,279,729	$1,377,714,940	$0	$181,203,368	$29,432,342	$6,265,075	$1,594,615,725	$94,512,257	6/30/2047	$3,246,704,526
7/1/2047	$3,246,704,526	$190,893,468	$95,446,734	$579,810,523	$193,031,425	$702,352,084	$46,465,037	$443,459	$1,808,442,730	$240,435,999	$1,439,396,974	$0	$193,031,425	$30,284,481	$6,421,702	$1,669,134,582	$139,308,148	6/30/2048	$3,626,448,673
7/1/2048	$3,626,448,673	$196,620,272	$98,310,136	$605,163,895	$205,670,811	$786,634,334	$46,575,164	$455,121	$1,939,429,732	$269,869,956	$1,504,219,770	$0	$205,670,811	$31,165,819	$6,582,244	$1,747,638,645	$191,791,088	6/30/2049	$4,088,109,716
7/1/2049	$4,088,109,716	$202,518,880	$101,259,440	$632,138,340	$219,177,626	$881,030,454	$46,689,250	$467,090	$2,083,281,080	$305,552,455	$1,572,465,329	$0	$219,177,626	$32,077,511	$6,746,801	$1,830,467,266	$252,813,814	6/30/2050	$4,646,475,985
7/1/2050	$4,646,475,985	$208,594,446	$104,297,223	$660,981,358	$233,611,859	$986,754,109	$46,807,463	$479,373	$2,241,525,832	$348,588,389	$1,644,698,284	$0	$233,611,859	$33,020,757	$6,915,471	$1,918,246,371	$323,279,461	6/30/2051	$5,318,343,836
7/1/2051	$5,318,343,836	$214,852,280	$107,426,140	$691,282,090	$249,037,656	$1,105,164,602	$46,929,975	$491,980	$2,415,184,722	$400,272,839	$1,719,740,228	$0	$249,037,656	$33,996,810	$7,088,357	$2,009,863,052	$405,321,670	6/30/2052	$6,123,938,345

Assumptions with Fiscal Year Basis:	**FY2021**	**FY2022**	**FY2023**	**FY2024**	**FY2025**	**FY2026**	**FY2027**	**FY2028**	**FY2029**	**FY2030**	**FY2031**	**FY2032**	**FY2033**	**FY2034**	**FY2035**	**FY2036+**
Public Safety, et al Annual Payroll Growth	0.00%	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Other Occupations Annual Payroll Growth	0.00%	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Public Safety, et al Employer Rate	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Public Safety, et al Employee Rate	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%
Other Occupations Employer Rate	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Other Occupations Employee Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Annual Investment Return	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%
Annual Growth in Retirees under age 65	-0.68%	-0.97%	2.60%	-1.42%	-1.54%	1.32%	-0.65%	-1.65%	1.96%	-0.09%	3.90%	2.05%	1.42%	2.50%	3.99%	varies
Annual Growth in Retirees age 65+	3.76%	4.05%	3.40%	3.36%	2.59%	3.27%	2.54%	2.57%	2.34%	1.71%	1.75%	1.34%	1.15%	1.34%	0.93%	varies
Non-Medicare Prescription Drug Rebate Trend	10.19%	8.48%	0.64%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Medicare Prescription Drug Rebate Trend	3.66%	7.20%	0.58%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Assumptions with Calendar Year Basis:	**CY2021**	**CY2022**	**CY2023**	**CY2024**	**CY2025**	**CY2026**	**CY2027**	**CY2028**	**CY2029**	**CY2030**	**CY2031**	**CY2032**	**CY2033**	**CY2034**	**CY2035**	**CY2036+**
Non-Medicare Medical Claims Trend	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Non-Medicare Prescription Drug Claims Trend	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Medicare Medical Claims Trend	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Medicare Prescription Drug Claims Trend	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Annual Growth in EGWP Direct Subsidy	-47.27%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Annual Growth in Coverage Gap Discount Program Revenue	-1.26%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Annual Growth in EGWP Federal Reinsurance	4.14%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Annual Growth in EGWP Low Income Subsidy	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Humana Medicare Advantage Premium Increase	0.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
BCBS Medicare Advantage Premium Increase	-58.75%	14.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Presbyterian Medicare Advantage Premium Increase	-39.86%	14.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
United Healthcare Medicare Advantage Premium Increase	-65.65%	14.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%

Self-funded Plan Benefit Modifications effective 1/1:	**CY2021**	**CY2022**	**CY2023**	**CY2024**	**CY2025**	**CY2026**	**CY2027**	**CY2028**	**CY2029**	**CY2030**	**CY2031**	**CY2032**	**CY2033**	**CY2034**	**CY2035**	**CY2036**
Non-Medicare Premier	0.00%	0.00%	0.00%	0.00%	-5.02%	-5.24%	-5.43%	-4.57%	-5.01%	-5.01%	-4.71%	-4.97%	-4.87%	-4.87%	-5.12%	-2.85%
Non-Medicare Value	0.00%	0.00%	0.00%	0.00%	-5.02%	-5.24%	-5.43%	-4.57%	-5.01%	-5.01%	-4.71%	-4.97%	-4.87%	-4.87%	-5.12%	-2.85%
Non-Medicare Prescription Drug	0.00%	0.00%	0.00%	0.00%	-5.02%	-5.24%	-5.43%	-4.57%	-5.01%	-5.01%	-4.71%	-4.97%	-4.87%	-4.87%	-5.12%	-2.85%
Medicare Supplement	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-1.00%	-4.85%	-4.86%
Medicare Prescription Drug	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-1.00%	-4.85%	-4.86%
Basic Life and AD&D -- cover new Retirees (Y/N)	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N

Member Rate-Share for Self-funded Plans effective 1/1:	**CY2021**	**CY2022**	**CY2023**	**CY2024**	**CY2025**	**CY2026**	**CY2027**	**CY2028**	**CY2029**	**CY2030**	**CY2031**	**CY2032**	**CY2033**	**CY2034**	**CY2035**	**CY2036+**
Non-Medicare Retiree Rate Share (20+ years of service)	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%
Non-Medicare Spouse Rate Share (20+ years of service)	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%
Medicare Retiree Rate Share (20+ years of service)	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*
Medicare Spouse Rate Share (20+ years of service)	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*

Premium Rates for Self-funded Plans effective 1/1:	**CY2021**	**CY2022**	**CY2023**	**CY2024**	**CY2025**	**CY2026**	**CY2027**	**CY2028**	**CY2029**	**CY2030**	**CY2031**	**CY2032**	**CY2033**	**CY2034**	**CY2035**	**CY2036**
Non-Medicare Retiree % Increase	6.00%	8.00%	8.00%	8.00%	2.98%	2.76%	2.57%	3.43%	2.99%	2.99%	3.29%	3.03%	3.13%	3.13%	2.88%	4.00%
Non-Medicare Spouse % Increase	6.00%	8.00%	8.00%	8.00%	2.98%	2.76%	2.57%	3.43%	2.99%	2.99%	3.29%	3.03%	3.13%	3.13%	2.88%	4.00%
Non-Medicare Child % Increase	6.00%	8.00%	8.00%	8.00%	2.98%	2.76%	2.57%	3.43%	2.99%	2.99%	3.29%	3.03%	3.13%	3.13%	2.88%	4.00%
Medicare Supplement % Increase	4.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	3.00%	1.15%	1.14%

New Mexico Retiree Health Care Authority Long-Tem Solvency Modeling

Projected Year of Insolvency: Exceeds Projection Period

Scenario: Scenario A

8% trend for Non-Medicare and Medicare medical and Rx in FY2021 and beyond; Annual Non-Medicare Medical Plan Changes in CY2025+; Annual Medicare Supplement & EGWP plan changes in CY2034+; Annual Non-Medicare Rate Increases of 5% in CY2021, and net 8% with plan changes thereafter, Medicare Rate Increase of 2% in CY2021, and net 6% with plan changes thereafter. Assumed rate of return of 7.25%; Payroll growth assumption of 3.0% beginning FY2023; Board Approved Change to Minimum Age Requirement and Years of Service for Maximum Subsidy in 2.81.11 NMAC eff. Jul 2021; Includes Migration from the Premier Plan to the Value Plan from CY2021 through CY2024

		REVENUE									EXPENDITURES								
Fiscal Year Beginning	BOY Invested Assets	Employer Contribution	Employee Contribution	Retiree Medical	Retiree Ancillary	Tax Revenue	Medicare PDP & Manufacturers Discount	Miscellaneous	Total Revenue	Investment Income	Medical/Rx	Basic Life	Ancillary Premiums	ASO & HC Reform Fees	Program Support	Total Expenditures	Rev. - Exp. Excluding Inv. Income	Fiscal Year End	EOY Invested Assets
7/1/2020	$746,782,548	$88,516,295	$44,258,147	$142,484,491	$34,255,368	$32,935,804	$32,938,285	$325,552	$375,713,941	$55,577,680	$285,031,260	$374,404	$34,255,368	$13,143,718	$3,296,900	$336,101,649	$39,612,292	6/30/2021	$841,972,520
7/1/2021	$841,972,520	$88,516,295	$44,258,147	$148,026,235	$36,760,305	$36,888,100	$34,055,559	$324,558	$388,829,200	$62,198,829	$303,154,190	$0	$36,760,305	$13,650,666	$3,379,323	$356,944,484	$31,884,716	6/30/2022	$936,056,064
7/1/2022	$936,056,064	$91,171,783	$45,585,892	$162,970,281	$39,697,031	$41,314,672	$35,093,888	$332,988	$416,166,535	$68,632,647	$337,478,683	$0	$39,697,031	$14,324,754	$3,463,806	$394,964,273	$21,202,262	6/30/2023	$1,025,890,973
7/1/2023	$1,025,890,973	$93,906,937	$46,953,468	$177,175,824	$42,385,757	$46,272,433	$36,101,209	$328,258	$443,123,885	$74,768,097	$371,480,501	$0	$42,385,757	$14,920,985	$3,550,401	$432,337,644	$10,786,241	6/30/2024	$1,111,445,311
7/1/2024	$1,111,445,311	$96,724,145	$48,362,072	$189,281,934	$45,042,179	$51,825,124	$36,950,564	$323,217	$468,509,235	$80,707,856	$400,911,141	$0	$45,042,179	$15,383,769	$3,639,161	$464,976,249	$3,532,987	6/30/2025	$1,195,686,153
7/1/2025	$1,195,686,153	$99,625,869	$49,812,935	$202,479,432	$48,525,577	$58,044,139	$37,927,529	$327,473	$496,742,954	$86,517,639	$433,165,841	$0	$48,525,577	$16,000,217	$3,730,140	$501,421,775	($4,678,821)	6/30/2026	$1,277,524,971
7/1/2026	$1,277,524,971	$102,614,645	$51,307,323	$215,436,697	$51,742,702	$65,009,436	$38,806,044	$325,357	$525,242,205	$92,175,568	$465,384,145	$0	$51,742,702	$16,567,611	$3,823,393	$537,517,851	($12,275,646)	6/30/2027	$1,357,424,893
7/1/2027	$1,357,424,893	$105,693,085	$52,846,542	$228,399,145	$55,033,846	$72,810,568	$39,650,690	$319,989	$554,753,866	$97,710,110	$498,122,870	$0	$55,033,846	$17,076,651	$3,918,978	$574,152,345	($19,398,479)	6/30/2028	$1,435,736,524
7/1/2028	$1,435,736,524	$108,863,877	$54,431,939	$244,407,554	$59,067,597	$81,547,837	$40,449,196	$326,267	$589,094,266	$102,990,423	$538,749,391	$0	$59,067,597	$17,618,269	$4,016,953	$619,452,209	($30,357,943)	6/30/2029	$1,508,369,003
7/1/2029	$1,508,369,003	$112,129,794	$56,064,897	$259,963,332	$62,767,412	$91,333,577	$41,070,952	$325,981	$623,655,944	$107,887,724	$579,213,172	$0	$62,767,412	$18,082,910	$4,117,376	$664,180,870	($40,524,926)	6/30/2030	$1,575,731,802
7/1/2030	$1,575,731,802	$115,493,687	$57,746,844	$278,897,374	$67,502,499	$102,293,606	$41,656,721	$338,697	$663,929,429	$112,243,186	$628,534,995	$0	$67,502,499	$18,771,480	$4,220,311	$719,029,285	($55,099,855)	6/30/2031	$1,632,875,133
7/1/2031	$1,632,875,133	$118,958,498	$59,479,249	$298,239,730	$72,008,016	$114,568,839	$42,138,436	$345,652	$705,738,421	$115,844,886	$680,005,362	$0	$72,008,016	$19,428,499	$4,325,819	$775,767,696	($70,029,275)	6/30/2032	$1,678,690,743
7/1/2032	$1,678,690,743	$122,527,253	$61,263,626	$317,388,944	$76,603,427	$128,317,100	$42,536,076	$350,564	$748,986,990	$118,647,114	$732,283,120	$0	$76,603,427	$20,024,134	$4,433,964	$833,344,645	($84,357,655)	6/30/2033	$1,712,980,203
7/1/2033	$1,712,980,203	$126,203,071	$63,101,535	$335,993,758	$81,889,013	$143,715,152	$42,978,412	$359,342	$794,240,283	$120,518,393	$788,430,028	$0	$81,889,013	$20,691,500	$4,544,813	$895,555,354	($101,315,071)	6/30/2034	$1,732,183,525
7/1/2034	$1,732,183,525	$129,989,163	$64,994,581	$352,011,963	$87,709,438	$160,960,970	$43,326,415	$373,680	$839,366,209	$121,514,696	$837,799,901	$0	$87,709,438	$21,435,936	$4,658,433	$951,603,709	($112,237,500)	6/30/2035	$1,741,460,721
7/1/2035	$1,741,460,721	$133,888,838	$66,944,419	$364,488,978	$93,005,315	$180,276,286	$43,715,744	$373,421	$882,693,000	$122,193,985	$874,924,020	$0	$93,005,315	$22,041,674	$4,774,894	$994,745,903	($112,052,903)	6/30/2036	$1,751,601,803
7/1/2036	$1,751,601,803	$137,905,503	$68,952,751	$377,778,815	$98,830,600	$201,909,441	$44,204,257	$373,518	$929,954,886	$122,934,131	$915,513,849	$0	$98,830,600	$22,633,399	$4,894,267	$1,041,872,115	($111,917,229)	6/30/2037	$1,762,618,705
7/1/2037	$1,762,618,705	$142,042,668	$71,021,334	$390,623,245	$104,629,645	$226,138,574	$44,528,035	$374,084	$979,357,584	$123,923,805	$953,173,508	$0	$104,629,645	$23,187,485	$5,016,623	$1,086,007,261	($106,649,677)	6/30/2038	$1,779,892,834
7/1/2038	$1,779,892,834	$146,303,948	$73,151,974	$402,341,016	$110,562,063	$253,275,203	$44,890,018	$369,248	$1,030,893,468	$125,592,893	$986,652,399	$0	$110,562,063	$23,691,118	$5,142,039	$1,126,047,618	($95,154,150)	6/30/2039	$1,810,331,577
7/1/2039	$1,810,331,577	$150,693,066	$75,346,533	$415,581,998	$117,180,297	$283,668,227	$45,240,543	$369,266	$1,088,079,930	$128,276,266	$1,023,391,223	$0	$117,180,297	$24,245,364	$5,270,590	$1,170,087,474	($82,007,544)	6/30/2040	$1,856,600,298
7/1/2040	$1,856,600,298	$155,213,858	$77,606,929	$430,689,230	$124,413,524	$317,708,414	$45,563,273	$371,754	$1,151,566,983	$132,155,950	$1,064,408,379	$0	$124,413,524	$24,861,940	$5,402,355	$1,219,086,198	($67,519,215)	6/30/2041	$1,921,237,033
7/1/2041	$1,921,237,033	$159,870,274	$79,935,137	$448,093,532	$132,551,843	$355,833,424	$45,795,372	$381,004	$1,222,460,585	$137,408,619	$1,110,689,299	$0	$132,551,843	$25,573,503	$5,537,413	$1,274,352,057	($51,891,472)	6/30/2042	$2,006,754,180
7/1/2042	$2,006,754,180	$164,666,382	$82,333,191	$466,392,890	$141,004,782	$398,533,435	$45,954,781	$389,480	$1,299,274,941	$144,299,842	$1,159,120,429	$0	$141,004,782	$26,296,955	$5,675,849	$1,332,098,014	($32,823,074)	6/30/2043	$2,118,230,948
7/1/2043	$2,118,230,948	$169,606,374	$84,803,187	$485,682,959	$150,079,281	$446,357,447	$46,061,030	$399,723	$1,382,990,000	$153,206,851	$1,210,118,678	$0	$150,079,281	$27,040,308	$5,817,745	$1,393,056,012	($10,066,013)	6/30/2044	$2,261,371,786
7/1/2044	$2,261,371,786	$174,694,565	$87,347,282	$505,804,233	$159,774,773	$499,920,340	$46,156,852	$410,235	$1,474,108,281	$164,578,535	$1,263,205,075	$0	$159,774,773	$27,811,293	$5,963,189	$1,456,754,330	$17,353,951	6/30/2045	$2,443,304,272
7/1/2045	$2,443,304,272	$179,935,402	$89,967,701	$527,063,392	$170,134,173	$559,910,781	$46,256,032	$421,023	$1,573,688,504	$178,940,658	$1,319,148,308	$0	$170,134,173	$28,608,299	$6,112,268	$1,524,003,048	$49,685,456	6/30/2046	$2,671,930,386
7/1/2046	$2,671,930,386	$185,333,464	$92,666,732	$549,311,732	$181,203,368	$627,100,075	$46,358,711	$432,095	$1,682,406,177	$196,897,357	$1,377,714,940	$0	$181,203,368	$29,432,342	$6,265,075	$1,594,615,725	$87,790,452	6/30/2047	$2,956,618,194
7/1/2047	$2,956,618,194	$190,893,468	$95,446,734	$572,900,678	$193,031,425	$702,352,084	$46,465,037	$443,459	$1,801,532,885	$219,154,258	$1,439,396,974	$0	$193,031,425	$30,284,481	$6,421,702	$1,669,134,582	$132,398,303	6/30/2048	$3,308,170,755
7/1/2048	$3,308,170,755	$196,620,272	$98,310,136	$598,055,428	$205,670,811	$786,634,334	$46,575,164	$455,121	$1,932,321,265	$246,537,125	$1,504,219,770	$0	$205,670,811	$31,165,819	$6,582,244	$1,747,638,645	$184,682,620	6/30/2049	$3,739,390,500
7/1/2049	$3,739,390,500	$202,518,880	$101,259,440	$624,820,733	$219,177,626	$881,030,454	$46,689,250	$467,090	$2,075,963,473	$280,005,049	$1,572,465,329	$0	$219,177,626	$32,077,511	$6,746,801	$1,830,467,266	$245,496,207	6/30/2050	$4,264,891,756
7/1/2050	$4,264,891,756	$208,594,446	$104,297,223	$653,442,185	$233,611,859	$986,754,109	$46,807,463	$479,373	$2,233,986,659	$320,650,238	$1,644,698,284	$0	$233,611,859	$33,020,757	$6,915,471	$1,918,246,371	$315,740,289	6/30/2051	$4,901,282,283
7/1/2051	$4,901,282,283	$214,852,280	$107,426,140	$683,515,628	$249,037,656	$1,105,164,602	$46,929,975	$491,980	$2,407,418,261	$369,754,342	$1,719,740,228	$0	$249,037,656	$33,996,810	$7,088,357	$2,009,863,052	$397,555,208	6/30/2052	$5,668,591,833

Assumptions with Fiscal Year Basis:	**FY2021**	**FY2022**	**FY2023**	**FY2024**	**FY2025**	**FY2026**	**FY2027**	**FY2028**	**FY2029**	**FY2030**	**FY2031**	**FY2032**	**FY2033**	**FY2034**	**FY2035**	**FY2036+**
Public Safety, et al Annual Payroll Growth	0.00%	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Other Occupations Annual Payroll Growth	0.00%	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Public Safety, et al Employer Rate	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Public Safety, et al Employee Rate	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%
Other Occupations Employer Rate	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Other Occupations Employee Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Annual Investment Return	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%
Annual Growth in Retirees under age 65	-0.68%	-0.97%	2.60%	-1.42%	-1.54%	1.32%	-0.65%	-1.65%	1.96%	-0.09%	3.90%	2.05%	1.42%	2.50%	3.99%	varies
Annual Growth in Retirees age 65+	3.76%	4.05%	3.40%	3.36%	2.59%	3.27%	2.54%	2.57%	2.34%	1.71%	1.75%	1.34%	1.15%	1.34%	0.93%	varies
Non-Medicare Prescription Drug Rebate Trend	10.19%	8.48%	0.64%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Medicare Prescription Drug Rebate Trend	3.66%	7.20%	0.58%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Assumptions with Calendar Year Basis:	**CY2021**	**CY2022**	**CY2023**	**CY2024**	**CY2025**	**CY2026**	**CY2027**	**CY2028**	**CY2029**	**CY2030**	**CY2031**	**CY2032**	**CY2033**	**CY2034**	**CY2035**	**CY2036+**
Non-Medicare Medical Claims Trend	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Non-Medicare Prescription Drug Claims Trend	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Medicare Medical Claims Trend	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Medicare Prescription Drug Claims Trend	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Annual Growth in EGWP Direct Subsidy	-47.27%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Annual Growth in Coverage Gap Discount Program Revenue	-1.26%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Annual Growth in EGWP Federal Reinsurance	4.14%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Annual Growth in EGWP Low Income Subsidy	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Humana Medicare Advantage Premium Increase	0.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
BCBS Medicare Advantage Premium Increase	-58.75%	14.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Presbyterian Medicare Advantage Premium Increase	-39.86%	14.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
United Healthcare Medicare Advantage Premium Increase	-65.65%	14.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%

Self-funded Plan Benefit Modifications effective 1/1:	**CY2021**	**CY2022**	**CY2023**	**CY2024**	**CY2025**	**CY2026**	**CY2027**	**CY2028**	**CY2029**	**CY2030**	**CY2031**	**CY2032**	**CY2033**	**CY2034**	**CY2035**	**CY2036**
Non-Medicare Premier	0.00%	0.00%	0.00%	0.00%	-5.02%	-5.24%	-5.43%	-4.57%	-5.01%	-5.01%	-4.71%	-4.97%	-4.87%	-4.87%	-5.12%	-2.85%
Non-Medicare Value	0.00%	0.00%	0.00%	0.00%	-5.02%	-5.24%	-5.43%	-4.57%	-5.01%	-5.01%	-4.71%	-4.97%	-4.87%	-4.87%	-5.12%	-2.85%
Non-Medicare Prescription Drug	0.00%	0.00%	0.00%	0.00%	-5.02%	-5.24%	-5.43%	-4.57%	-5.01%	-5.01%	-4.71%	-4.97%	-4.87%	-4.87%	-5.12%	-2.85%
Medicare Supplement	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-1.00%	-4.85%	-4.86%
Medicare Prescription Drug	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-1.00%	-4.85%	-4.86%
Basic Life and AD&D -- cover new Retirees (Y/N)	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N

Member Rate-Share for Self-funded Plans effective 1/1:	**CY2021**	**CY2022**	**CY2023**	**CY2024**	**CY2025**	**CY2026**	**CY2027**	**CY2028**	**CY2029**	**CY2030**	**CY2031**	**CY2032**	**CY2033**	**CY2034**	**CY2035**	**CY2036+**
Non-Medicare Retiree Rate Share (20+ years of service)	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%
Non-Medicare Spouse Rate Share (20+ years of service)	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%
Medicare Retiree Rate Share (20+ years of service)	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*
Medicare Spouse Rate Share (20+ years of service)	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*

Premium Rates for Self-funded Plans effective 1/1:	**CY2021**	**CY2022**	**CY2023**	**CY2024**	**CY2025**	**CY2026**	**CY2027**	**CY2028**	**CY2029**	**CY2030**	**CY2031**	**CY2032**	**CY2033**	**CY2034**	**CY2035**	**CY2036**
Non-Medicare Retiree % Increase	5.00%	8.00%	8.00%	8.00%	2.98%	2.76%	2.57%	3.43%	2.99%	2.99%	3.29%	3.03%	3.13%	3.13%	2.88%	4.00%
Non-Medicare Spouse % Increase	5.00%	8.00%	8.00%	8.00%	2.98%	2.76%	2.57%	3.43%	2.99%	2.99%	3.29%	3.03%	3.13%	3.13%	2.88%	4.00%
Non-Medicare Child % Increase	5.00%	8.00%	8.00%	8.00%	2.98%	2.76%	2.57%	3.43%	2.99%	2.99%	3.29%	3.03%	3.13%	3.13%	2.88%	4.00%
Medicare Supplement % Increase	2.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	3.00%	1.15%	1.14%

New Mexico Retiree Health Care Authority Long-Tem Solvency Modeling

Projected Year of Insolvency: Exceeds Projection Period

Scenario: Scenario B

8% trend for Non-Medicare and Medicare medical and Rx in FY2021 and beyond; Annual Non-Medicare Medical Plan Changes in CY2025+; Annual Medicare Supplement & EGWP plan changes in CY2034+; Annual Non-Medicare Rate Increases of 4% in CY2021, and net 8% with plan changes thereafter, Medicare Rate Increase of 2% in CY2021, and net 6% with plan changes thereafter. Assumed rate of return of 7.25%; Payroll growth assumption of 3.0% beginning FY2023; Board Approved Change to Minimum Age Requirement and Years of Service for Maximum Subsidy in 2.81.11 NMAC eff. Jul 2021; Includes Migration from the Premier Plan to the Value Plan from CY2021 through CY2024

		REVENUE									EXPENDITURES								
Fiscal Year Beginning	BOY Invested Assets	Employer Contribution	Employee Contribution	Retiree Medical	Retiree Ancillary	Tax Revenue	Medicare PDP & Manufacturers Discount	Miscellaneous	Total Revenue	Investment Income	Medical/Rx	Basic Life	Ancillary Premiums	ASO & HC Reform Fees	Program Support	Total Expenditures	Rev. - Exp. Excluding Inv. Income	Fiscal Year End	EOY Invested Assets
7/1/2020	$746,782,548	$88,516,295	$44,258,147	$142,201,813	$34,255,368	$32,935,804	$32,938,285	$325,552	$375,431,263	$55,567,433	$285,031,260	$374,404	$34,255,368	$13,143,718	$3,296,900	$336,101,649	$39,329,614	6/30/2021	$841,679,595
7/1/2021	$841,679,595	$88,516,295	$44,258,147	$147,441,011	$36,760,305	$36,888,100	$34,055,559	$324,558	$388,243,975	$62,156,377	$303,154,190	$0	$36,760,305	$13,650,666	$3,379,323	$356,944,484	$31,299,492	6/30/2022	$935,135,463
7/1/2022	$935,135,463	$91,171,783	$45,585,892	$162,325,736	$39,697,031	$41,314,672	$35,093,888	$332,988	$415,521,990	$68,542,538	$337,478,683	$0	$39,697,031	$14,324,754	$3,463,806	$394,964,273	$20,557,717	6/30/2023	$1,024,235,718
7/1/2023	$1,024,235,718	$93,906,937	$46,953,468	$176,481,374	$42,385,757	$46,272,433	$36,101,209	$328,258	$442,429,435	$74,622,917	$371,480,501	$0	$42,385,757	$14,920,985	$3,550,401	$432,337,644	$10,091,791	6/30/2024	$1,108,950,427
7/1/2024	$1,108,950,427	$96,724,145	$48,362,072	$188,559,729	$45,042,179	$51,825,124	$36,950,564	$323,217	$467,787,031	$80,500,797	$400,911,141	$0	$45,042,179	$15,383,769	$3,639,161	$464,976,249	$2,810,782	6/30/2025	$1,192,262,006
7/1/2025	$1,192,262,006	$99,625,869	$49,812,935	$201,730,445	$48,525,577	$58,044,139	$37,927,529	$327,473	$495,993,968	$86,242,237	$433,165,841	$0	$48,525,577	$16,000,217	$3,730,140	$501,421,775	($5,427,808)	6/30/2026	$1,273,076,435
7/1/2026	$1,273,076,435	$102,614,645	$51,307,323	$214,667,746	$51,742,702	$65,009,436	$38,806,044	$325,357	$524,473,253	$91,825,175	$465,384,145	$0	$51,742,702	$16,567,611	$3,823,393	$537,517,851	($13,044,598)	6/30/2027	$1,351,857,012
7/1/2027	$1,351,857,012	$105,693,085	$52,846,542	$227,617,328	$55,033,846	$72,810,568	$39,650,690	$319,989	$553,972,049	$97,278,098	$498,122,870	$0	$55,033,846	$17,076,651	$3,918,978	$574,152,345	($20,180,296)	6/30/2028	$1,428,954,814
7/1/2028	$1,428,954,814	$108,863,877	$54,431,939	$243,590,955	$59,067,597	$81,547,837	$40,449,196	$326,267	$588,277,668	$102,469,147	$538,749,391	$0	$59,067,597	$17,618,269	$4,016,953	$619,452,209	($31,174,542)	6/30/2029	$1,500,249,420
7/1/2029	$1,500,249,420	$112,129,794	$56,064,897	$259,118,099	$62,767,412	$91,333,577	$41,070,952	$325,981	$622,810,711	$107,268,415	$579,213,172	$0	$62,767,412	$18,082,910	$4,117,376	$664,180,870	($41,370,158)	6/30/2030	$1,566,147,676
7/1/2030	$1,566,147,676	$115,493,687	$57,746,844	$277,998,777	$67,502,499	$102,293,606	$41,656,721	$338,697	$663,030,833	$111,515,763	$628,534,995	$0	$67,502,499	$18,771,480	$4,220,311	$719,029,285	($55,998,452)	6/30/2031	$1,621,664,987
7/1/2031	$1,621,664,987	$118,958,498	$59,479,249	$297,288,437	$72,008,016	$114,568,839	$42,138,436	$345,652	$704,787,127	$114,997,666	$680,005,362	$0	$72,008,016	$19,428,499	$4,325,819	$775,767,696	($70,980,569)	6/30/2032	$1,665,682,084
7/1/2032	$1,665,682,084	$122,527,253	$61,263,626	$316,392,102	$76,603,427	$128,317,100	$42,536,076	$350,564	$747,990,148	$117,667,851	$732,283,120	$0	$76,603,427	$20,024,134	$4,433,964	$833,344,645	($85,354,497)	6/30/2033	$1,697,995,438
7/1/2033	$1,697,995,438	$126,203,071	$63,101,535	$334,941,782	$81,889,013	$143,715,152	$42,978,412	$359,342	$793,188,306	$119,393,864	$788,430,028	$0	$81,889,013	$20,691,500	$4,544,813	$895,555,354	($102,367,047)	6/30/2034	$1,715,022,255
7/1/2034	$1,715,022,255	$129,989,163	$64,994,581	$350,887,761	$87,709,438	$160,960,970	$43,326,415	$373,680	$838,242,007	$120,229,752	$837,799,901	$0	$87,709,438	$21,435,936	$4,658,433	$951,603,709	($113,361,702)	6/30/2035	$1,721,890,304
7/1/2035	$1,721,890,304	$133,888,838	$66,944,419	$363,314,921	$93,005,315	$180,276,286	$43,715,744	$373,421	$881,518,944	$120,732,570	$874,924,020	$0	$93,005,315	$22,041,674	$4,774,894	$994,745,903	($113,226,959)	6/30/2036	$1,729,395,915
7/1/2036	$1,729,395,915	$137,905,503	$68,952,751	$376,557,648	$98,830,600	$201,909,441	$44,204,257	$373,518	$928,733,718	$121,279,937	$915,513,849	$0	$98,830,600	$22,633,399	$4,894,267	$1,041,872,115	($113,138,397)	6/30/2037	$1,737,537,455
7/1/2037	$1,737,537,455	$142,042,668	$71,021,334	$389,354,108	$104,629,645	$226,138,574	$44,528,035	$374,084	$978,088,448	$122,059,409	$953,173,508	$0	$104,629,645	$23,187,485	$5,016,623	$1,086,007,261	($107,918,813)	6/30/2038	$1,751,678,050
7/1/2038	$1,751,678,050	$146,303,948	$73,151,974	$401,038,431	$110,562,063	$253,275,203	$44,890,018	$369,248	$1,029,590,884	$123,500,102	$986,652,399	$0	$110,562,063	$23,691,118	$5,142,039	$1,126,047,618	($96,456,735)	6/30/2039	$1,778,721,418
7/1/2039	$1,778,721,418	$150,693,066	$75,346,533	$414,235,395	$117,180,297	$283,668,227	$45,240,543	$369,266	$1,086,733,327	$125,935,715	$1,023,391,223	$0	$117,180,297	$24,245,364	$5,270,590	$1,170,087,474	($83,354,147)	6/30/2040	$1,821,302,986
7/1/2040	$1,821,302,986	$155,213,858	$77,606,929	$429,283,609	$124,413,524	$317,708,414	$45,563,273	$371,754	$1,150,161,362	$129,545,941	$1,064,408,379	$0	$124,413,524	$24,861,940	$5,402,355	$1,219,086,198	($68,924,836)	6/30/2041	$1,881,924,091
7/1/2041	$1,881,924,091	$159,870,274	$79,935,137	$446,603,299	$132,551,843	$355,833,424	$45,795,372	$381,004	$1,220,970,353	$134,504,410	$1,110,689,299	$0	$132,551,843	$25,573,503	$5,537,413	$1,274,352,057	($53,381,705)	6/30/2042	$1,963,046,797
7/1/2042	$1,963,046,797	$164,666,382	$82,333,191	$464,809,509	$141,004,782	$398,533,435	$45,954,781	$389,480	$1,297,691,560	$141,073,659	$1,159,120,429	$0	$141,004,782	$26,296,955	$5,675,849	$1,332,098,014	($34,406,455)	6/30/2043	$2,069,714,001
7/1/2043	$2,069,714,001	$169,606,374	$84,803,187	$483,997,821	$150,079,281	$446,357,447	$46,061,030	$399,723	$1,381,304,861	$149,628,286	$1,210,118,678	$0	$150,079,281	$27,040,308	$5,817,745	$1,393,056,012	($11,751,151)	6/30/2044	$2,207,591,136
7/1/2044	$2,207,591,136	$174,694,565	$87,347,282	$504,010,822	$159,774,773	$499,920,340	$46,156,852	$410,235	$1,472,314,870	$160,614,427	$1,263,205,075	$0	$159,774,773	$27,811,293	$5,963,189	$1,456,754,330	$15,560,540	6/30/2045	$2,383,766,103
7/1/2045	$2,383,766,103	$179,935,402	$89,967,701	$525,156,172	$170,134,173	$559,910,781	$46,256,032	$421,023	$1,571,781,284	$174,555,003	$1,319,148,308	$0	$170,134,173	$28,608,299	$6,112,268	$1,524,003,048	$47,778,236	6/30/2046	$2,606,099,342
7/1/2046	$2,606,099,342	$185,333,464	$92,666,732	$547,286,607	$181,203,368	$627,100,075	$46,358,711	$432,095	$1,680,381,052	$192,051,195	$1,377,714,940	$0	$181,203,368	$29,432,342	$6,265,075	$1,594,615,725	$85,765,327	6/30/2047	$2,883,915,864
7/1/2047	$2,883,915,864	$190,893,468	$95,446,734	$570,750,453	$193,031,425	$702,352,084	$46,465,037	$443,459	$1,799,382,660	$213,805,393	$1,439,396,974	$0	$193,031,425	$30,284,481	$6,421,702	$1,669,134,582	$130,248,078	6/30/2048	$3,227,969,335
7/1/2048	$3,227,969,335	$196,620,272	$98,310,136	$595,771,098	$205,670,811	$786,634,334	$46,575,164	$455,121	$1,930,036,935	$240,639,715	$1,504,219,770	$0	$205,670,811	$31,165,819	$6,582,244	$1,747,638,645	$182,398,290	6/30/2049	$3,651,007,340
7/1/2049	$3,651,007,340	$202,518,880	$101,259,440	$622,393,147	$219,177,626	$881,030,454	$46,689,250	$467,090	$2,073,535,887	$273,509,270	$1,572,465,329	$0	$219,177,626	$32,077,511	$6,746,801	$1,830,467,266	$243,068,621	6/30/2050	$4,167,585,230
7/1/2050	$4,167,585,230	$208,594,446	$104,297,223	$650,860,248	$233,611,859	$986,754,109	$46,807,463	$479,373	$2,231,404,722	$313,501,919	$1,644,698,284	$0	$233,611,859	$33,020,757	$6,915,471	$1,918,246,371	$313,158,351	6/30/2051	$4,794,245,501
7/1/2051	$4,794,245,501	$214,852,280	$107,426,140	$680,770,257	$249,037,656	$1,105,164,602	$46,929,975	$491,980	$2,404,672,890	$361,894,655	$1,719,740,228	$0	$249,037,656	$33,996,810	$7,088,357	$2,009,863,052	$394,809,838	6/30/2052	$5,550,949,994

Assumptions with Fiscal Year Basis:	**FY2021**	**FY2022**	**FY2023**	**FY2024**	**FY2025**	**FY2026**	**FY2027**	**FY2028**	**FY2029**	**FY2030**	**FY2031**	**FY2032**	**FY2033**	**FY2034**	**FY2035**	**FY2036+**
Public Safety, et al Annual Payroll Growth	0.00%	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Other Occupations Annual Payroll Growth	0.00%	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Public Safety, et al Employer Rate	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Public Safety, et al Employee Rate	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%
Other Occupations Employer Rate	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Other Occupations Employee Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Annual Investment Return	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%
Annual Growth in Retirees under age 65	-0.68%	-0.97%	2.60%	-1.42%	-1.54%	1.32%	-0.65%	-1.65%	1.96%	-0.09%	3.90%	2.05%	1.42%	2.50%	3.99%	varies
Annual Growth in Retirees age 65+	3.76%	4.05%	3.40%	3.36%	2.59%	3.27%	2.54%	2.57%	2.34%	1.71%	1.75%	1.34%	1.15%	1.34%	0.93%	varies
Non-Medicare Prescription Drug Rebate Trend	10.19%	8.48%	0.64%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Medicare Prescription Drug Rebate Trend	3.66%	7.20%	0.58%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Assumptions with Calendar Year Basis:	**CY2021**	**CY2022**	**CY2023**	**CY2024**	**CY2025**	**CY2026**	**CY2027**	**CY2028**	**CY2029**	**CY2030**	**CY2031**	**CY2032**	**CY2033**	**CY2034**	**CY2035**	**CY2036+**
Non-Medicare Medical Claims Trend	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Non-Medicare Prescription Drug Claims Trend	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Medicare Medical Claims Trend	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Medicare Prescription Drug Claims Trend	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Annual Growth in EGWP Direct Subsidy	-47.27%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Annual Growth in Coverage Gap Discount Program Revenue	-1.26%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Annual Growth in EGWP Federal Reinsurance	4.14%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Annual Growth in EGWP Low Income Subsidy	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Humana Medicare Advantage Premium Increase	0.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
BCBS Medicare Advantage Premium Increase	-58.75%	14.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Presbyterian Medicare Advantage Premium Increase	-39.86%	14.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
United Healthcare Medicare Advantage Premium Increase	-65.65%	14.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%

Self-funded Plan Benefit Modifications effective 1/1:	**CY2021**	**CY2022**	**CY2023**	**CY2024**	**CY2025**	**CY2026**	**CY2027**	**CY2028**	**CY2029**	**CY2030**	**CY2031**	**CY2032**	**CY2033**	**CY2034**	**CY2035**	**CY2036**
Non-Medicare Premier	0.00%	0.00%	0.00%	0.00%	-5.02%	-5.24%	-5.43%	-4.57%	-5.01%	-5.01%	-4.71%	-4.97%	-4.87%	-4.87%	-5.12%	-2.85%
Non-Medicare Value	0.00%	0.00%	0.00%	0.00%	-5.02%	-5.24%	-5.43%	-4.57%	-5.01%	-5.01%	-4.71%	-4.97%	-4.87%	-4.87%	-5.12%	-2.85%
Non-Medicare Prescription Drug	0.00%	0.00%	0.00%	0.00%	-5.02%	-5.24%	-5.43%	-4.57%	-5.01%	-5.01%	-4.71%	-4.97%	-4.87%	-4.87%	-5.12%	-2.85%
Medicare Supplement	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-1.00%	-4.85%	-4.86%
Medicare Prescription Drug	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-1.00%	-4.85%	-4.86%
Basic Life and AD&D -- cover new Retirees (Y/N)	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N

Member Rate-Share for Self-funded Plans effective 1/1:	**CY2021**	**CY2022**	**CY2023**	**CY2024**	**CY2025**	**CY2026**	**CY2027**	**CY2028**	**CY2029**	**CY2030**	**CY2031**	**CY2032**	**CY2033**	**CY2034**	**CY2035**	**CY2036+**
Non-Medicare Retiree Rate Share (20+ years of service)	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%
Non-Medicare Spouse Rate Share (20+ years of service)	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%
Medicare Retiree Rate Share (20+ years of service)	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*
Medicare Spouse Rate Share (20+ years of service)	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*

Premium Rates for Self-funded Plans effective 1/1:	**CY2021**	**CY2022**	**CY2023**	**CY2024**	**CY2025**	**CY2026**	**CY2027**	**CY2028**	**CY2029**	**CY2030**	**CY2031**	**CY2032**	**CY2033**	**CY2034**	**CY2035**	**CY2036**
Non-Medicare Retiree % Increase	4.00%	8.00%	8.00%	8.00%	2.98%	2.76%	2.57%	3.43%	2.99%	2.99%	3.29%	3.03%	3.13%	3.13%	2.88%	4.00%
Non-Medicare Spouse % Increase	4.00%	8.00%	8.00%	8.00%	2.98%	2.76%	2.57%	3.43%	2.99%	2.99%	3.29%	3.03%	3.13%	3.13%	2.88%	4.00%
Non-Medicare Child % Increase	4.00%	8.00%	8.00%	8.00%	2.98%	2.76%	2.57%	3.43%	2.99%	2.99%	3.29%	3.03%	3.13%	3.13%	2.88%	4.00%
Medicare Supplement % Increase	2.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	3.00%	1.15%	1.14%

New Mexico Retiree Health Care Authority Long-Tem Solvency Modeling

Projected Year of Insolvency: Exceeds Projection Period

Scenario: Scenario C

8% trend for Non-Medicare and Medicare medical and Rx in FY2021 and beyond; Annual Non-Medicare Medical Plan Changes in CY2025+; Annual Medicare Supplement & EGWP plan changes in CY2034+; Annual Non-Medicare Rate Increases of 0% in CY2021, and net 8% with plan changes thereafter, Medicare Rate Increase of 0% in CY2021, and net 6% with plan changes thereafter. Assumed rate of return of 7.25%; Payroll growth assumption of 3.0% beginning FY2023; Board Approved Change to Minimum Age Requirement and Years of Service for Maximum Subsidy in 2.81.11 NMAC eff. Jul 2021; Includes Migration from the Premier Plan to the Value Plan from CY2021 through CY2024

		REVENUE									EXPENDITURES								
Fiscal Year Beginning	BOY Invested Assets	Employer Contribution	Employee Contribution	Retiree Medical	Retiree Ancillary	Tax Revenue	Medicare PDP & Manufacturers Discount	Miscellaneous	Total Revenue	Investment Income	Medical/Rx	Basic Life	Ancillary Premiums	ASO & HC Reform Fees	Program Support	Total Expenditures	Rev. - Exp. Excluding Inv. Income	Fiscal Year End	EOY Invested Assets
7/1/2020	$746,782,548	$88,516,295	$44,258,147	$140,369,085	$34,255,368	$32,935,804	$32,938,285	$325,552	$373,598,535	$55,500,997	$285,031,260	$374,404	$34,255,368	$13,143,718	$3,296,900	$336,101,649	$37,496,886	6/30/2021	$839,780,430
7/1/2021	$839,780,430	$88,516,295	$44,258,147	$143,615,938	$36,760,305	$36,888,100	$34,055,559	$324,558	$384,418,903	$61,880,029	$303,154,190	$0	$36,760,305	$13,650,666	$3,379,323	$356,944,484	$27,474,419	6/30/2022	$929,134,878
7/1/2022	$929,134,878	$91,171,783	$45,585,892	$158,124,215	$39,697,031	$41,314,672	$35,093,888	$332,988	$411,320,469	$67,955,191	$337,478,683	$0	$39,697,031	$14,324,754	$3,463,806	$394,964,273	$16,356,196	6/30/2023	$1,013,446,265
7/1/2023	$1,013,446,265	$93,906,937	$46,953,468	$171,932,285	$42,385,757	$46,272,433	$36,101,209	$328,258	$437,880,346	$73,675,777	$371,480,501	$0	$42,385,757	$14,920,985	$3,550,401	$432,337,644	$5,542,703	6/30/2024	$1,092,664,745
7/1/2024	$1,092,664,745	$96,724,145	$48,362,072	$183,748,391	$45,042,179	$51,825,124	$36,950,564	$323,217	$462,975,693	$79,145,674	$400,911,141	$0	$45,042,179	$15,383,769	$3,639,161	$464,976,249	($2,000,556)	6/30/2025	$1,169,809,862
7/1/2025	$1,169,809,862	$99,625,869	$49,812,935	$196,641,601	$48,525,577	$58,044,139	$37,927,529	$327,473	$490,905,124	$84,429,986	$433,165,841	$0	$48,525,577	$16,000,217	$3,730,140	$501,421,775	($10,516,651)	6/30/2026	$1,243,723,197
7/1/2026	$1,243,723,197	$102,614,645	$51,307,323	$209,321,385	$51,742,702	$65,009,436	$38,806,044	$325,357	$519,126,892	$89,503,260	$465,384,145	$0	$51,742,702	$16,567,611	$3,823,393	$537,517,851	($18,390,959)	6/30/2027	$1,314,835,498
7/1/2027	$1,314,835,498	$105,693,085	$52,846,542	$222,030,176	$55,033,846	$72,810,568	$39,650,690	$319,989	$548,384,897	$94,391,504	$498,122,870	$0	$55,033,846	$17,076,651	$3,918,978	$574,152,345	($25,767,448)	6/30/2028	$1,383,459,553
7/1/2028	$1,383,459,553	$108,863,877	$54,431,939	$237,663,943	$59,067,597	$81,547,837	$40,449,196	$326,267	$582,350,655	$98,955,886	$538,749,391	$0	$59,067,597	$17,618,269	$4,016,953	$619,452,209	($37,101,554)	6/30/2029	$1,445,313,885
7/1/2029	$1,445,313,885	$112,129,794	$56,064,897	$252,873,411	$62,767,412	$91,333,577	$41,070,952	$325,981	$616,566,024	$103,059,219	$579,213,172	$0	$62,767,412	$18,082,910	$4,117,376	$664,180,870	($47,614,846)	6/30/2030	$1,500,758,258
7/1/2030	$1,500,758,258	$115,493,687	$57,746,844	$271,325,477	$67,502,499	$102,293,606	$41,656,721	$338,697	$656,357,533	$106,533,123	$628,534,995	$0	$67,502,499	$18,771,480	$4,220,311	$719,029,285	($62,671,752)	6/30/2031	$1,544,619,629
7/1/2031	$1,544,619,629	$118,958,498	$59,479,249	$290,182,254	$72,008,016	$114,568,839	$42,138,436	$345,652	$697,680,944	$109,154,278	$680,005,362	$0	$72,008,016	$19,428,499	$4,325,819	$775,767,696	($78,086,752)	6/30/2032	$1,575,687,155
7/1/2032	$1,575,687,155	$122,527,253	$61,263,626	$308,873,383	$76,603,427	$128,317,100	$42,536,076	$350,564	$740,471,429	$110,870,665	$732,283,120	$0	$76,603,427	$20,024,134	$4,433,964	$833,344,645	($92,873,216)	6/30/2033	$1,593,684,604
7/1/2033	$1,593,684,604	$126,203,071	$63,101,535	$327,007,760	$81,889,013	$143,715,152	$42,978,412	$359,342	$785,254,285	$111,543,720	$788,430,028	$0	$81,889,013	$20,691,500	$4,544,813	$895,555,354	($110,301,069)	6/30/2034	$1,594,927,255
7/1/2034	$1,594,927,255	$129,989,163	$64,994,581	$342,558,767	$87,709,438	$160,960,970	$43,326,415	$373,680	$829,913,013	$111,220,938	$837,799,901	$0	$87,709,438	$21,435,936	$4,658,433	$951,603,709	($121,690,696)	6/30/2035	$1,584,457,498
7/1/2035	$1,584,457,498	$133,888,838	$66,944,419	$354,709,504	$93,005,315	$180,276,286	$43,715,744	$373,421	$872,913,526	$110,456,745	$874,924,020	$0	$93,005,315	$22,041,674	$4,774,894	$994,745,903	($121,832,377)	6/30/2036	$1,573,081,866
7/1/2036	$1,573,081,866	$137,905,503	$68,952,751	$367,672,758	$98,830,600	$201,909,441	$44,204,257	$373,518	$919,848,828	$109,625,091	$915,513,849	$0	$98,830,600	$22,633,399	$4,894,267	$1,041,872,115	($122,023,286)	6/30/2037	$1,560,683,671
7/1/2037	$1,560,683,671	$142,042,668	$71,021,334	$380,198,632	$104,629,645	$226,138,574	$44,528,035	$374,084	$968,932,971	$108,905,623	$953,173,508	$0	$104,629,645	$23,187,485	$5,016,623	$1,086,007,261	($117,074,290)	6/30/2038	$1,552,515,004
7/1/2038	$1,552,515,004	$146,303,948	$73,151,974	$391,669,530	$110,562,063	$253,275,203	$44,890,018	$369,248	$1,020,221,983	$108,721,159	$986,652,399	$0	$110,562,063	$23,691,118	$5,142,039	$1,126,047,618	($105,825,636)	6/30/2039	$1,555,410,527
7/1/2039	$1,555,410,527	$150,693,066	$75,346,533	$404,608,645	$117,180,297	$283,668,227	$45,240,543	$369,266	$1,077,106,577	$109,396,706	$1,023,391,223	$0	$117,180,297	$24,245,364	$5,270,590	$1,170,087,474	($92,980,897)	6/30/2040	$1,571,826,336
7/1/2040	$1,571,826,336	$155,213,858	$77,606,929	$419,339,154	$124,413,524	$317,708,414	$45,563,273	$371,754	$1,140,216,907	$111,098,398	$1,064,408,379	$0	$124,413,524	$24,861,940	$5,402,355	$1,219,086,198	($78,869,291)	6/30/2041	$1,604,055,442
7/1/2041	$1,604,055,442	$159,870,274	$79,935,137	$436,250,538	$132,551,843	$355,833,424	$45,795,372	$381,004	$1,210,617,591	$113,983,645	$1,110,689,299	$0	$132,551,843	$25,573,503	$5,537,413	$1,274,352,057	($63,734,466)	6/30/2042	$1,654,304,621
7/1/2042	$1,654,304,621	$164,666,382	$82,333,191	$454,018,936	$141,004,782	$398,533,435	$45,954,781	$389,480	$1,286,900,987	$118,298,693	$1,159,120,429	$0	$141,004,782	$26,296,955	$5,675,849	$1,332,098,014	($45,197,028)	6/30/2043	$1,727,406,287
7/1/2043	$1,727,406,287	$169,606,374	$84,803,187	$472,738,571	$150,079,281	$446,357,447	$46,061,030	$399,723	$1,370,045,612	$124,402,829	$1,210,118,678	$0	$150,079,281	$27,040,308	$5,817,745	$1,393,056,012	($23,010,400)	6/30/2044	$1,828,798,715
7/1/2044	$1,828,798,715	$174,694,565	$87,347,282	$492,261,340	$159,774,773	$499,920,340	$46,156,852	$410,235	$1,460,565,388	$132,726,058	$1,263,205,075	$0	$159,774,773	$27,811,293	$5,963,189	$1,456,754,330	$3,811,058	6/30/2045	$1,965,335,831
7/1/2045	$1,965,335,831	$179,935,402	$89,967,701	$512,891,930	$170,134,173	$559,910,781	$46,256,032	$421,023	$1,559,517,042	$143,774,230	$1,319,148,308	$0	$170,134,173	$28,608,299	$6,112,268	$1,524,003,048	$35,513,994	6/30/2046	$2,144,624,054
7/1/2046	$2,144,624,054	$185,333,464	$92,666,732	$534,489,426	$181,203,368	$627,100,075	$46,358,711	$432,095	$1,667,583,872	$158,130,339	$1,377,714,940	$0	$181,203,368	$29,432,342	$6,265,075	$1,594,615,725	$72,968,147	6/30/2047	$2,375,722,540
7/1/2047	$2,375,722,540	$190,893,468	$95,446,734	$557,389,933	$193,031,425	$702,352,084	$46,465,037	$443,459	$1,786,022,140	$176,477,058	$1,439,396,974	$0	$193,031,425	$30,284,481	$6,421,702	$1,669,134,582	$116,887,558	6/30/2048	$2,669,087,156
7/1/2048	$2,669,087,156	$196,620,272	$98,310,136	$581,809,639	$205,670,811	$786,634,334	$46,575,164	$455,121	$1,916,075,476	$199,614,654	$1,504,219,770	$0	$205,670,811	$31,165,819	$6,582,244	$1,747,638,645	$168,436,831	6/30/2049	$3,037,138,641
7/1/2049	$3,037,138,641	$202,518,880	$101,259,440	$607,792,782	$219,177,626	$881,030,454	$46,689,250	$467,090	$2,058,935,522	$228,474,526	$1,572,465,329	$0	$219,177,626	$32,077,511	$6,746,801	$1,830,467,266	$228,468,255	6/30/2050	$3,494,081,423
7/1/2050	$3,494,081,423	$208,594,446	$104,297,223	$635,575,263	$233,611,859	$986,754,109	$46,807,463	$479,373	$2,216,119,737	$264,118,813	$1,644,698,284	$0	$233,611,859	$33,020,757	$6,915,471	$1,918,246,371	$297,873,366	6/30/2051	$4,056,073,601
7/1/2051	$4,056,073,601	$214,852,280	$107,426,140	$664,767,683	$249,037,656	$1,105,164,602	$46,929,975	$491,980	$2,388,670,316	$307,797,099	$1,719,740,228	$0	$249,037,656	$33,996,810	$7,088,357	$2,009,863,052	$378,807,264	6/30/2052	$4,742,677,964

Assumptions with Fiscal Year Basis:	**FY2021**	**FY2022**	**FY2023**	**FY2024**	**FY2025**	**FY2026**	**FY2027**	**FY2028**	**FY2029**	**FY2030**	**FY2031**	**FY2032**	**FY2033**	**FY2034**	**FY2035**	**FY2036+**
Public Safety, et al Annual Payroll Growth	0.00%	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Other Occupations Annual Payroll Growth	0.00%	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Public Safety, et al Employer Rate	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Public Safety, et al Employee Rate	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%
Other Occupations Employer Rate	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Other Occupations Employee Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Annual Investment Return	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%
Annual Growth in Retirees under age 65	-0.68%	-0.97%	2.60%	-1.42%	-1.54%	1.32%	-0.65%	-1.65%	1.96%	-0.09%	3.90%	2.05%	1.42%	2.50%	3.99%	varies
Annual Growth in Retirees age 65+	3.76%	4.05%	3.40%	3.36%	2.59%	3.27%	2.54%	2.57%	2.34%	1.71%	1.75%	1.34%	1.15%	1.34%	0.93%	varies
Non-Medicare Prescription Drug Rebate Trend	10.19%	8.48%	0.64%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Medicare Prescription Drug Rebate Trend	3.66%	7.20%	0.58%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Assumptions with Calendar Year Basis:	**CY2021**	**CY2022**	**CY2023**	**CY2024**	**CY2025**	**CY2026**	**CY2027**	**CY2028**	**CY2029**	**CY2030**	**CY2031**	**CY2032**	**CY2033**	**CY2034**	**CY2035**	**CY2036+**
Non-Medicare Medical Claims Trend	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Non-Medicare Prescription Drug Claims Trend	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Medicare Medical Claims Trend	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Medicare Prescription Drug Claims Trend	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Annual Growth in EGWP Direct Subsidy	-47.27%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Annual Growth in Coverage Gap Discount Program Revenue	-1.26%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Annual Growth in EGWP Federal Reinsurance	4.14%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Annual Growth in EGWP Low Income Subsidy	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Humana Medicare Advantage Premium Increase	0.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
BCBS Medicare Advantage Premium Increase	-58.75%	14.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Presbyterian Medicare Advantage Premium Increase	-39.86%	14.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
United Healthcare Medicare Advantage Premium Increase	-65.65%	14.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%

Self-funded Plan Benefit Modifications effective 1/1:	**CY2021**	**CY2022**	**CY2023**	**CY2024**	**CY2025**	**CY2026**	**CY2027**	**CY2028**	**CY2029**	**CY2030**	**CY2031**	**CY2032**	**CY2033**	**CY2034**	**CY2035**	**CY2036**
Non-Medicare Premier	0.00%	0.00%	0.00%	0.00%	-5.02%	-5.24%	-5.43%	-4.57%	-5.01%	-5.01%	-4.71%	-4.97%	-4.87%	-4.87%	-5.12%	-2.85%
Non-Medicare Value	0.00%	0.00%	0.00%	0.00%	-5.02%	-5.24%	-5.43%	-4.57%	-5.01%	-5.01%	-4.71%	-4.97%	-4.87%	-4.87%	-5.12%	-2.85%
Non-Medicare Prescription Drug	0.00%	0.00%	0.00%	0.00%	-5.02%	-5.24%	-5.43%	-4.57%	-5.01%	-5.01%	-4.71%	-4.97%	-4.87%	-4.87%	-5.12%	-2.85%
Medicare Supplement	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-1.00%	-4.85%	-4.86%
Medicare Prescription Drug	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-1.00%	-4.85%	-4.86%
Basic Life and AD&D -- cover new Retirees (Y/N)	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N

Member Rate-Share for Self-funded Plans effective 1/1:	**CY2021**	**CY2022**	**CY2023**	**CY2024**	**CY2025**	**CY2026**	**CY2027**	**CY2028**	**CY2029**	**CY2030**	**CY2031**	**CY2032**	**CY2033**	**CY2034**	**CY2035**	**CY2036+**
Non-Medicare Retiree Rate Share (20+ years of service)	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%
Non-Medicare Spouse Rate Share (20+ years of service)	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%
Medicare Retiree Rate Share (20+ years of service)	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*
Medicare Spouse Rate Share (20+ years of service)	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*

Premium Rates for Self-funded Plans effective 1/1:	**CY2021**	**CY2022**	**CY2023**	**CY2024**	**CY2025**	**CY2026**	**CY2027**	**CY2028**	**CY2029**	**CY2030**	**CY2031**	**CY2032**	**CY2033**	**CY2034**	**CY2035**	**CY2036**
Non-Medicare Retiree % Increase	0.00%	8.00%	8.00%	8.00%	2.98%	2.76%	2.57%	3.43%	2.99%	2.99%	3.29%	3.03%	3.13%	3.13%	2.88%	4.00%
Non-Medicare Spouse % Increase	0.00%	8.00%	8.00%	8.00%	2.98%	2.76%	2.57%	3.43%	2.99%	2.99%	3.29%	3.03%	3.13%	3.13%	2.88%	4.00%
Non-Medicare Child % Increase	0.00%	8.00%	8.00%	8.00%	2.98%	2.76%	2.57%	3.43%	2.99%	2.99%	3.29%	3.03%	3.13%	3.13%	2.88%	4.00%
Medicare Supplement % Increase	0.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	3.00%	1.15%	1.14%

Segal

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Memorandum

To: New Mexico Retiree Health Care Authority (RHCA) Board of Directors

From: Melissa A. Krumholz, FSA, MAAA

Date: July 9, 2020

Re: Long-Term Solvency Assumptions Analysis

As requested and in light of the significant changes in RHCA's solvency status since our prior study, Segal has reviewed the 2019 and 2020 Baseline Solvency Model Assumptions to evaluate the key drivers. The chart below outlines key factors or assumption changes and illustrates the impact that each had on the solvency results

	Projected Year of Insolvency *Impact of Assumption Change*
2019 Baseline Scenario	**2044 (25 Years)**
Revised payroll growth assumption	*Lose 2 years*
Updated claims projections based on emerging experience; updated MA & retiree premiums	*Gain 5+ years*
Updated Rx rebate assumptions based on projections provided by ESI	*Gain 3 years*
Updated Medicare PDP revenue based on projections provided by ESI	*Gain 5+ years*
Updated asset balance to reflect actual FY2019 results	*Negligible impact*
Updated enrollment to reflect the impact of actual migration and aging	*Gain 5+ years*
2020 Baseline Scenario	**Exceeds projection period (30+ years)**

Please note that the long-term solvency model necessarily takes a conservative view of potential future changes in cost trends, participation, revenue, earnings etc.

Additional detail about the impact of changes to inputs and assumptions is described below:

- Deferred payroll increase assumption to FY 2023 (instead of FY2022) reduced projected assets in FY2022 by about $4M and moved up the insolvency by two years.
- Updated enrollment resulted in an estimated $5M - $6M increase to assets in the near term and deferred insolvency beyond the projection period. Migration to lower cost plans (Value and Medicare Advantage) and aging into Medicare status reduces costs to the plan and

improves assets. Had the proportional enrollments for 2020 been known at the time of the prior study, projected insolvency would have been deferred by one or two years.

- Updated Medicare cost projections and very favorable CY 2020 Medicare Advantage premiums; when applied to enrollment (projected from prior measurement) results in significant savings and an estimated $17M increase to assets in FY 2021. Cost changes alone also result in solvency for the entire projection period. This update also deferred the year of deficit spending by 5 years.
- There were minor offsetting losses due to higher than expected costs for the Non-Medicare plans (driven by higher than expected costs in the Premier plan); taken together with the Value plan, there was a $773K reduction to assets in FY 2021, but no impact to the original insolvency timing.
- Updated Rx Rebate assumptions reduced expenditures and increased assets, especially in FY2022. This update deferred the insolvency three years.
- Updated Medicare Prescription Drug Plan revenue assumptions reduced expenditures and increased assets, especially in FY2021 and FY2022. This update deferred any insolvency to beyond the projection period.
- Updated retiree premium contributions to reflect actual 2020 increases/renewals (without corresponding total cost changes) reduced revenue and decreased assets, especially in FY2022. This update moved up the insolvency two years.
- FY2021 cost and retiree premiums applied to both Medicare and Non-Medicare resulted in a net increase to assets and pushed insolvency beyond the projection period. Updated enrollment improved assets even further.
- The rule change effective date delay to July 31, 2021 did not impact the timing of any insolvency or deficit spending.
- Updated assets did not impact the timing of any insolvency.

Items not explicitly measured that also impact the assets / solvency:

- Administrative fee changes, ancillary costs etc., have some impact on the level of deficit spending but not on the timing for when that starts nor on any insolvency timing.
- Future migration assumptions to the Value plan and the UHC MA 1 Medicare Advantage plan further improve the asset position.

I look forward to discussing this with you and addressing any questions you may have about these changes.

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

Assumption	Prior Assumption July 2014	Prior Assumption July 2015	Prior Assumption July 2016	Prior Assumption July 2017	Prior Assumption July 2018	Current Assumption July 2019	Current Assumption July 2020
Asset Balance	Use May 31, 2014 fund balance of $369,131,762 as an estimate for 7/1/2014 fund balance	Use May 31, 2015 fund balance of $429,925,522 as an estimate for 7/1/2015 fund balance	Use May 31, 2016 fund balance of $455,592,072 as an estimate for 7/1/2016 fund balance	Use May 31, 2017 fund balance of $551,412,183 as an estimate for 7/1/2017 fund balance	Use May 31, 2018 fund balance of $633,374,610 as an estimate for 7/1/2018 fund balance	Use May 31, 2019 fund balance of $684,913,335 as an estimate for 7/1/2019 fund balance	Use April 30, 2020 fund balance of $746,782,548 as an estimate for 7/1/2020 fund balance
Investment Return	No Change	No Change	No Change	7.25%	No Change	No Change	No Change
Annual Growth in Payroll	F20Y14 payroll estimated to be $3,941,587,760, increasing 3% through 6/30/15 and 3.5% thereafter	F20Y15 payroll estimated to be $4,040,779,736, increasing 3.5% annually	FY2016 payroll estimated to be $4,126,747,451, increasing 3.5% annually	FY2017 payroll estimated to be $4,165,647,339, increasing 0.0% through FY2020 and 3.5% thereafter	FY2018 payroll estimated to be $4,169,085,993, increasing 2.0% in FY2019, 0.0% in FY2020, and 3.5% thereafter	FY2019 payroll estimated to be $4,172,928,635, increasing 4.0% in FY2020, 0.0% in FY2021, and 3.0% thereafter	FY2020 payroll estimated to be $4,317,892,502, increasing 0.0% through FY2021, 0.0% in FY2022, and 3.0% thereafter
Contribution Rates (Employer/Employee)							
Public Safety, et al	2.50%/1.25%	No Change	No Change	No Change	No Change	No Change	No Change
Other Occupations	2.00%/1.00%	No Change	No Change	No Change	No Change	No Change	No Change
Annual Growth in Retirees							
Non-Medicare	1.75% annually through 6/30/2015, then based on FY2009 open valuation output table	No Change	based on FY2014 open valuation output table	No Change	No Change	No Change	No Change
Medicare	5.8% through 6/30/2015, then based on FY2009 open valuation output table	No Change	based on FY2014 open valuation output table	No Change	No Change	No Change	No Change
Retiree Ancillary Costs	Assumed to equal premium expenses and is paid fully by retirees	No Change	No Change	No Change	No Change	No Change	No Change
Pension Tax Revenue	$20,931,300 for FY2014, increasing 12% thereafter	$23,443,056 for FY2015, increasing 12% thereafter	$26,256,200 for FY2016, increasing 12% thereafter	$28,306,470 for FY2017, frozen through FY2019 and increasing 12% thereafter	$26,256,221 for FY2018, frozen through FY2019, increasing 12% thereafter	$29,406,967 for FY2019, increasing 12% thereafter	$32,935,804 for FY2020, increasing 12% thereafter
HB 728/573 Revenue	$3 million annually, no sunset	No Change	No Change	Eliminated effective 1/1/2017	No Change	No Change	No Change
Rx Rebates	Rebates of $8,407,050 estimated for FY14, reflecting proposed contract terms through FY18; all annual figures increased at retiree growth rate	Rebates of $8,960,237 estimated for FY15, reflecting proposed contract terms through FY18; all annual figures increased at retiree growth rate	Rebates of $8,566,058 estimated for FY2016, reflecting proposed contract terms through FY2018; all annual figures increased at retiree growth rate	Rebates of $18,321,264 estimated for FY2017, reflecting proposed contract terms through FY2018; all annual figures increased at retiree growth rate	Rebates of $32,085,060 estimated for FY2019; proposed contract terms reflected through FY2020, increased at retiree growth rate thereafter.	FY2020 Rebates of $31,566,468 based on projection provided by ESI; increased at retiree growth rate thereafter.	FY2021 Rebates of $31,813,007 based on projection provided by ESI; increased at retiree growth rate thereafter.
EGWP Revenue Components:							
Direct Subsidy	CY2014-15 projected by ESI; thereafter increases annually at retiree growth rate, plus one half of Medicare Rx trend +1% for donut hole closure CY16 through CY20 (one half of Medicare Rx trend CY2021+)	CY2015-16 projected by ESI; thereafter increases annually at retiree growth rate, plus one half of Medicare Rx trend +1% for donut hole closure CY17 through CY20 (one half of Medicare Rx trend CY2021+)	CY2016 and CY2017 projected by ESI; thereafter increases annually at retiree growth rate, plus one half of Medicare Rx trend +1% for donut hole closure CY2018 through CY2020 (one half of Medicare Rx trend CY2021+)	CY2017 and CY2018 projected by ESI; thereafter increases annually at retiree growth rate, plus one half of Medicare Rx trend +1% for donut hole closure CY2019 through CY2020 (one half of Medicare Rx trend CY2021+)	CY2018 and CY2019 projected by ESI; thereafter increases annually at retiree growth rate, plus one half of Medicare Rx trend +1% for donut hole closure through CY2020 (one half of Medicare Rx trend CY2021+)	CY2019 and CY2020 projected by ESI; thereafter increases annually at retiree growth rate, plus one half of Medicare Rx trend +1% for donut hole closure through CY2020 (one half of Medicare Rx trend CY2021+)	CY2020 and CY2021 projected by ESI; thereafter increases annually at retiree growth rate, plus one half of Medicare Rx trend
Federal Reinsurance	CY2014-15 projected by ESI; CY2016+ annual increase at only retiree growth rate	CY2015-16 projected by ESI; CY2017+ annual increase at only retiree growth rate	CY2016 and CY2017 projected by ESI; CY2018+ annual increase at only retiree growth rate	CY2017 and CY2018 projected by ESI; CY2019+ annual increase at only retiree growth rate	CY2018 and CY2019 projected by ESI; CY2020+ annual increase at only retiree growth rate	CY2019 and CY2020 projected by ESI; CY2021+ annual increase at only retiree growth rate	CY2020 and CY2021 projected by ESI; CY2022+ annual increase at only retiree growth rate
Low Income Subsidy	0.0% annual increase to CY2014 estimate of $2.85 PMPM	0.0% annual increase to CY2015 estimate of $3.40 PMPM	0.0% annual increase to CY2016 estimate of $3.40 PMPM	0.0% annual increase to CY2017 estimate of $2.84 PMPM	0.0% annual increase to CY2018 estimate of $2.87 PMPM	0.0% annual increase to CY2019 estimate of $2.96 PMPM	0.0% annual increase to CY2020 estimate of $2.89 PMPM
Coverage Gap Discount Program	CY2014-15 projected by ESI; CY2016+ annual increase at only retiree growth rate	CY2015-16 projected by ESI; CY2017+ annual increase at only retiree growth rate	CY2016 and CY2017 projected by ESI; CY2018+ annual increase at only retiree growth rate	CY2017 and CY2018 projected by ESI; CY2019+ annual increase at only retiree growth rate	CY2018 and CY2019 projected by ESI; CY2020+ annual increase at only retiree growth rate	CY2019 and CY2020 projected by ESI; CY2021+ annual increase at only retiree growth rate	CY2020 and CY2021 projected by ESI; CY2022+ annual increase at only retiree growth rate
Short Term Interest	$0 projected for FY2014, increasing 0.0% annually	No Change	No Change	No Change	No Change	No Change	No Change
Subrogation	$239,932 estimated for FY2014, increased at retiree growth rate	$277,326 estimated for FY2015, increased at retiree growth rate	$327,942 estimated for FY2016, increased at retiree growth rate	$279,589 estimated for FY2017, increased at retiree growth rate	$283,753 estimated for FY2018, increased at retiree growth rate	$372,748 estimated for FY2019, increased at retiree growth rate	$327,755 estimated for FY2020, increased at retiree growth rate

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

Assumption	Prior Assumption July 2014	Prior Assumption July 2015	Prior Assumption July 2016	Prior Assumption July 2017	Prior Assumption July 2018	Current Assumption July 2019	Current Assumption July 2020
Annual Trend							
Medical							
Medicare Advantage	8.00%	No Change	No Change	No Change	No Change	CY2020 increases estimated at 30% for Humana, 12% for BCBS, 15% for Presbyterian, and 20% for United Healthcare; 8% thereafter	CY2021 increases based on actual rates as provided by NMRHCA staff; CY2022, Humana MA increase at 7% and all other MA plans increase at 14%; 7% increases thereafter for all plans
Medicare Supplement	8.00%	No Change	No Change	No Change	No Change	9% for CY2020; 8% thereafter	8.00%
Medicare Rx	8.00%	No Change	No Change	No Change	No Change	10% for CY2020; 8% thereafter	8.00%
Non-Medicare Medical	8.00%	No Change	No Change	No Change	No Change	9% for CY2020; 8% thereafter	8.00%
Mental Health	Included in Medical Trend	No Change	No Change	No Change	No Change	No Change	No Change
Non-Medicare Rx	8.00%	No Change	No Change	No Change	No Change	10% for CY2020; 8% thereafter	8.00%
Medical Rates	Annual Non-Medicare rate increases of 8% in 2015-2020 and 3% thereafter, 5% Medicare Supplement rate increase in 2015 and 6% thereafter	Annual Non-Medicare rate increases of 8% in 2016-2021 and 4% thereafter, 6% Medicare Supplement rate increase in 2016-2033 and 3% thereafter	2017 rates for Premier and new Value plan set per pricing exercise; Annual Non-Medicare rate increases of 8% in 2018-2022 and 4% thereafter, 6% Medicare Supplement rate increase in 2017-2030 and 3% thereafter	Annual Non-Medicare rate increases of 8% in 2018-2022 and 4% thereafter, 6% Medicare Supplement rate increase in 2017-2031 and 3% thereafter	Annual Non-Medicare rate increases of 8% in 2019-2023 and 4% thereafter, 6% Medicare Supplement rate increase in 2019-2033 and 3% thereafter	Annual Non-Medicare rate increases of 7% in 2020, 8% in 2021-2023 and net 8% with plan changes, 5% Medicare Supplement rate increase in 2020, 6% in 2021-2033 and net 6% with plan changes thereafter	Annual Non-Medicare rate increases of 6% in 2021, 8% in 2022-2024 and net 8% with plan changes, 4% Medicare Supplement rate increase in 2021, 6% in 2022-2033 and net 6% with plan changes thereafter
Life Insurance	Assumes level total premium on Basic Life for duration of projection	Assumes level total premium on Basic Life through CY17 decreasing 25% per year through CY21	No Change	No Change	No Change	Reflects impact of 2019 RFP	No Change
Dental	0.06	No Change	No Change	No Change	No Change	No Change	No Change
Vision	5.00%	No Change	No Change	No Change	No Change	No Change	No Change
Program Support	$2,929,300 budgeted for FY2015, increasing 2.5% annually thereafter	$3,012,900 budgeted for FY2016, increasing 2.5% annually thereafter	$3,118,300 budgeted for FY2016, increasing 2.5% annually thereafter	$2,936,800 budgeted for FY2017, increasing 2.5% annually thereafter	$3,015,200 budgeted for FY2018, increasing 2.5% annually thereafter	$3,135,900 budgeted for FY2019, increasing 2.5% annually thereafter	$3,296,900 budgeted for FY2020, increasing 2.5% annually thereafter
Administrative Services Fee	Individual fee components based on existing contract terms in place, increasing 2.00% annually thereafter	No Change	No Change	No Change	No Change	No Change	No Change
Plan Design Changes							
Medical							
Medicare	Annual plan changes in CY2034 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2034 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2031 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2032 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2034 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2034 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2034 and beyond such that projected claims and expenses remain beneath Excise Tax threshold
Non-Medicare	Consolidation of Non-Medicare plans in CY2017, annual plan changes in CY2021 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Consolidation of Non-Medicare plans in CY2017, annual plan changes in CY2022 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Beginning CY2017: Elimination of Premier Plus plan, introduction of Value plan, Premier plan OOP max increase to $4,500, deductible and copays accumulating to OOP max; annual plan changes in CY2023 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Beginning CY2018, expanding value option to BCBS; annual plan changes in CY2023 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Discontinue NM Health Connections Value plan effective 6/30/18 with members assumed to migrate to BCBS Value plan. Beginning CY2019, add 3rd BCBS Premier plan tier with restricted network; annual plan changes in CY2024 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2024 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2025 and beyond such that projected claims and expenses remain beneath Excise Tax threshold
Rx							
Medicare	Annual plan changes in CY2034 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2034 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Eliminate coverage for drugs now available over the counter (OTC); Annual plan changes in CY2031 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Add Voluntary Smart90 program; annual plan changes in CY2032 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Beginning CY2019, increase brand copays; annual plan changes in CY2034 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2034 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2034 and beyond such that projected claims and expenses remain beneath Excise Tax threshold
Non-Medicare	No changes for 1/1/2015 or beyond	No changes for 1/1/2016 or beyond	Eliminate coverage for drugs now available over the counter (OTC)	Add Voluntary Smart90 program	Beginning CY2019, add SavOnSP Copay Assistance Program and increase brand copays	Annual plan changes in CY2024 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2025 and beyond such that projected claims and expenses remain beneath Excise Tax threshold
Basic Life and AD&D	No new entrants	No new entrants	No new entrants	No new entrants	No new entrants	No new entrants	No new entrants
Annual Index in Cadillac Tax Thresholds	3%	3%	3%	3%	3%	3%	3%
Annual Increase in PCORI Fee	Projected increase in National Health Expenditures, per CMS Office of the Actuary	Projected increase in National Health Expenditures, per CMS Office of the Actuary	Projected increase in National Health Expenditures, per CMS Office of the Actuary	Projected increase in National Health Expenditures, per CMS Office of the Actuary	Projected increase in National Health Expenditures, per CMS Office of the Actuary	N/A. PCORI fee has now expired	Projected increase in National Health Expenditures, per CMS Office of the Actuary (PCORI Fee Reinstated)
Member Rate Share							
Retiree							
Medicare	50%	No Change	No Change	No Change	No Change	No Change	No Change
Non-Medicare	35%	36% in CY2016+	No Change	No Change	No Change	No Change	No Change
Spouse							
Medicare	75%	No Change	No Change	No Change	No Change	No Change	No Change
Non-Medicare	62% in CY2015+	64% in CY2016+	No Change	No Change	No Change	No Change	No Change
Child(ren)							
Medicare	100%	No Change	No Change	No Change	No Change	No Change	No Change
Non-Medicare	100%	No Change	No Change	No Change	No Change	No Change	No Change

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

Assumption	Prior Assumption July 2014	Prior Assumption July 2015	Prior Assumption July 2016	Prior Assumption July 2017	Prior Assumption July 2018	Current Assumption July 2019	Current Assumption July 2020
Minimum Service to Receive Full Subsidy	20 years	No Change	No Change	No Change	No Change	Consistent with Board Approved Rule Change to 2.8.11 NMAC effective January 2021	Changes effective date to July 2021
Minimum Participation Age	None	No Change	No Change	No Change	No Change	No Change	No Change
Member Migration / Participation	No Change	No Change	No Change	No Change	No Change, Plan A default to UHC MA I, Plan B default to Humana MA I; 50% opt out of Medicare Advantage Default elections to Medicare Supplement;	No Change, Plan A default to UHC MA I, Plan B default to Humana MA I; 50% opt out of Medicare Advantage Default elections to Medicare Supplement;	Non-Medicare members migrate from Premier to Value plan until plan changes are triggered in 2025 (2% annual shift from Premier); All Medicare members default to UHC MA I plan; 50% opt out of Medicare Advantage Default elections to Medicare Supplement;

New Mexico Retiree Health Care Authority
July 2020 Long-Term Solvency Modeling
Sensitivity to Specific Assumption Changes within Baseline Scenario

Scenario Summary	Baseline Scenario	Low Trend: -1%	High Trend: +1%	Low Payroll Growth: -0.5%	Increase Non-Medicare Retiree Rate Share: +4%	Increase Non-Medicare Spouse Rate Share: +6%
Changing Cells:						
Non-Medicare Medical Claims Trend	8.00%	7.00%	9.00%	8.00%	8.00%	8.00%
Medicare Medical Claims Trend	8.00%	7.00%	9.00%	8.00%	8.00%	8.00%
Annual Payroll Growth - Starting CY2023	3.00%	3.00%	3.00%	2.50%	3.00%	3.00%
Medicare Advantage Premium Increase - CY2021(1)	14.00%	12.00%	16.00%	14.00%	14.00%	14.00%
Medicare Advantage Premium Increase - CY2021(2)	7.00%	6.00%	8.00%	7.00%	7.00%	7.00%
Medicare Advantage Premium Increase - CY2022 and beyond(3)	7.00%	6.00%	8.00%	7.00%	7.00%	7.00%
Non-Medicare Retiree Rate Share	36.00%	36.00%	36.00%	36.00%	40.00%	36.00%
Non-Medicare Spouse Rate Share	64.00%	64.00%	64.00%	64.00%	64.00%	70.00%
Non-Medicare Rate Increase - CY2021	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Non-Medicare Rate Increase - CY2022 to CY2023	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Medicare Supplement Rate Increase - CY2021	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Medicare Supplement Rate Increase - CY2022 to CY2033	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Annual Investment Return	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%
Result Cells:						
Projected Year of Deficit Spending	2025 Exceeds Projection Period	2029 Exceeds Projection Period	2024 Exceeds Projection Period	2025 Exceeds Projection Period	2026 Exceeds Projection Period	2026 Exceeds Projection Period
Projected Year of Fiscal Insolvency						

Scenario Summary	Baseline Scenario	High Short-term Non-Medicare Rate Increase: +1%	Low Short-term Non-Medicare Rate Increase: -1%	High Short-term Medicare Supplement Rate Change: +1%	Low Short-Term Medicare Supplement Rate Change: -1%	Low Investment Return: -1%	Very Low Investment Return: -2%
Changing Cells:							
Non-Medicare Medical Claims Trend	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Medicare Medical Claims Trend	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Annual Payroll Growth - Starting CY2023	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Medicare Advantage Premium Increase - CY2021(1)	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
Medicare Advantage Premium Increase - CY2021(2)	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Medicare Advantage Premium Increase - CY2022 and beyond(3)	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Non-Medicare Retiree Rate Share	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%
Non-Medicare Spouse Rate Share	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%
Non-Medicare Rate Increase - CY2021	6.00%	7.00%	5.00%	6.00%	6.00%	6.00%	6.00%
Non-Medicare Rate Increase - CY2022 to CY2023	8.00%	9.00%	7.00%	8.00%	8.00%	8.00%	8.00%
Medicare Supplement Rate Increase - CY2021	4.00%	4.00%	4.00%	5.00%	3.00%	4.00%	4.00%
Medicare Supplement Rate Increase - CY2022 to CY2033	6.00%	6.00%	6.00%	7.00%	5.00%	6.00%	6.00%
Annual Investment Return	7.25%	7.25%	7.25%	7.25%	7.25%	6.25%	5.25%
Result Cells:							
Projected Year of Deficit Spending	2025 Exceeds Projection Period	2026 Exceeds Projection Period	2025 Exceeds Projection Period	2026 Exceeds Projection Period	2025 Exceeds Projection Period	2025 Exceeds Projection Period	2025 Exceeds Projection Period
Projected Year of Fiscal Insolvency							

(1) Includes BCBS Medicare Advantage, Presbyterian Medicare Advantage, and United Healthcare Medicare Advantage Plans
(2) Includes only Humana Medicare Advantage Plan
(3) Includes all Medicare Advantage Plans

NEW MEXICO RETIREE HEALTH CARE AUTHORITY

Claims and Demographics Study

July 9, 2020

Segal

Contents

2019 Non-Medicare Claims

	Blue Cross Blue Shield of New Mexico Non-Medicare				Presbyterian Healthcare Services Non-Medicare			
Type of Service	2019 Encounters	% of 2019 Encounters	2019 Paid	% of 2019 Paid	2019 Encounters	% of 2019 Encounters	2019 Paid	% of 2019 Paid
Inpatient Hospital Facility	1,117	0.6%	$14,652,542	23.3%	1,055	0.8%	$11,611,714	26.5%
Outpatient Hospital Facility	10,906	5.8%	$7,384,055	11.7%	7,342	5.5%	$4,064,427	9.3%
Emergency Room Facility	859	0.5%	$555,657	0.9%	1,828	1.4%	$629,228	1.4%
Anesthesia	1,666	0.9%	$727,811	1.2%	998	0.7%	$626,836	1.4%
Surgery	18,183	9.6%	$6,987,442	11.1%	12,976	9.7%	$5,923,310	13.5%
Lab / Path	43,028	22.7%	$10,525,559	16.7%	32,126	24.1%	$7,042,764	16.1%
Evaluation and Management	39,920	21.1%	$2,977,138	4.7%	28,734	21.6%	$2,323,790	5.3%
Well Visits	3,303	1.7%	$474,354	0.8%	3,180	2.4%	$453,474	1.0%
Emergency Room Professional	2,101	1.1%	$1,729,975	2.7%	1,794	1.3%	$1,418,375	3.2%
Chiropractic	6,609	3.5%	$74,847	0.1%	2,493	1.9%	$22,872	0.1%
Medicine	38,168	20.2%	$3,208,297	5.1%	25,968	19.5%	$2,170,212	5.0%
Infusions and Injections	8,166	4.3%	$9,775,670	15.5%	5,116	3.8%	$5,651,306	12.9%
DME	5,833	3.1%	$1,578,759	2.5%	4,156	3.1%	$665,994	1.5%
Ambulance and Other	9,469	5.0%	$2,262,610	3.6%	5,469	4.1%	$1,146,643	2.6%
Total	189,328	100.0%	$62,914,714	100.0%	133,235	100.0%	$43,750,943	100.0%

- Inpatient facility charges continue to be the highest cost service for both BCBSNM and Presbyterian
- Surgery made up a higher percentage of Presbyterian claims (13.5%) than BCBSNM claims (11.1%)
  - Surgery has consistently comprised a higher percentage of Presbyterian claims than BCBSNM claims since 2008.

2019 vs 2018 All Carriers Premier Plan Claims Experience

Type of Service	2019 Encounters per 1,000 Members	2018 Encounters per 1,000 Members	% Change	2019 Paid per Encounter	2018 Paid per Encounter	% Change	2019 Paid PMPY	2018 Paid PMPY	% Change
Inpatient Hospital Facility	155	159	-2.2%	$12,294	$12,545	-2.0%	$1,906	$2,154	-11.5%
Outpatient Hospital Facility	1,371	1,301	5.4%	$656	$706	-7.1%	$899	$994	-9.5%
Emergency Room Facility	183	175	4.1%	$461	$418	10.5%	$84	$79	6.2%
Anesthesia	201	206	-2.6%	$507	$566	-10.5%	$102	$127	-19.5%
Surgery	2,293	2,399	-4.4%	$417	$426	-2.1%	$957	$1,108	-13.6%
Lab / Path	5,442	5,541	-1.8%	$243	$233	4.0%	$1,321	$1,400	-5.6%
Evaluation and Management	5,036	5,122	-1.7%	$78	$75	3.7%	$393	$417	-5.8%
Well Visits	436	446	-2.2%	$145	$145	-0.3%	$63	$70	-9.9%
Emergency Room Professional	280	280	0.1%	$820	$705	16.3%	$230	$214	7.6%
Chiropractic	724	716	1.2%	$11	$12	-2.1%	$8	$9	-8.5%
Medicine	4,805	4,603	4.4%	$86	$103	-16.7%	$413	$515	-19.7%
Infusions and Injections	996	966	3.1%	$1,209	$929	30.1%	$1,204	$972	23.9%
DME	749	770	-2.7%	$236	$249	-5.1%	$177	$207	-14.7%
Ambulance and Other	1,137	1,012	12.4%	$271	$287	-5.4%	$308	$314	-1.8%
Total	23,809	23,694	0.5%	$339	$321	5.4%	$8,066	$8,578	-6.0%

- Premier plan encounters PMPM increased 0.5% from 1.97 in 2018 to 1.98 in 2019
- Premier plan PMPY trend of -6.0% was more favorable than 8.0% medical paid trend assumption for calendar year 2019

2019 vs 2018 All Carriers Value Plan Claims Experience

Type of Service	2019 Encounters per 1,000 Members	2018 Encounters per 1,000 Members	% Change	2019 Paid per Encounter	2018 Paid per Encounter	% Change	2019 Paid PMPY	2018 Paid PMPY	% Change
Inpatient Hospital Facility	112	79	42.7%	$11,200	$15,617	-28.3%	$1,255	$1,227	2.3%
Outpatient Hospital Facility	722	540	33.9%	$456	$496	-8.1%	$329	$268	23.0%
Emergency Room Facility	168	134	25.3%	$371	$354	4.7%	$62	$47	31.2%
Anesthesia	103	104	-1.6%	$521	$542	-3.9%	$53	$56	-5.4%
Surgery	1,386	1,290	7.5%	$398	$438	-9.0%	$552	$565	-2.2%
Lab / Path	3,627	3,234	12.2%	$191	$205	-6.7%	$692	$661	4.7%
Evaluation and Management	3,108	2,789	11.5%	$73	$71	3.6%	$228	$197	15.4%
Well Visits	419	392	6.9%	$138	$134	3.2%	$58	$53	10.3%
Emergency Room Professional	193	154	25.0%	$752	$613	22.8%	$145	$95	53.5%
Chiropractic	231	219	5.5%	$4	$2	63.2%	$1	$0	72.2%
Medicine	2,583	2,645	-2.3%	$71	$67	6.1%	$183	$177	3.6%
Infusions and Injections	532	447	18.9%	$876	$1,467	-40.3%	$466	$656	-29.0%
DME	401	268	49.3%	$158	$195	-19.1%	$63	$52	20.9%
Ambulance and Other	543	480	13.2%	$256	$204	25.9%	$139	$98	42.6%
Total	14,129	12,774	10.6%	$299	$247	21.3%	$3,484	$4,152	-16.1%

- Value plan encounters PMPM increased 10.6% from 1.06 in 2018 to 1.18 in 2019
- Value plan PMPY trend of -16.1% was more favorable than 8.0% medical paid trend assumption for calendar year 2019

2019 vs 2018 BCBSNM All Plans Claims Experience

Type of Service	2019 Encounters per 1,000 Members	2018 Encounters per 1,000 Members	% Change	2019 Paid per Encounter	2018 Paid per Encounter	% Change	2019 Paid PMPY	2018 Paid PMPY	% Change
Inpatient Hospital Facility	140	142	-0.9%	$13,118	$13,236	-0.9%	$1,842	$1,875	-1.8%
Outpatient Hospital Facility	1,371	1,296	5.8%	$677	$725	-6.6%	$928	$939	-1.2%
Emergency Room Facility	108	95	13.8%	$647	$619	4.5%	$70	$59	19.0%
Anesthesia	209	209	0.4%	$437	$520	-16.1%	$91	$109	-15.7%
Surgery	2,286	2,301	-0.7%	$384	$379	1.3%	$878	$873	0.6%
Lab / Path	5,409	5,284	2.4%	$245	$247	-0.8%	$1,323	$1,303	1.5%
Evaluation and Management	5,018	4,824	4.0%	$75	$75	-0.5%	$374	$361	3.5%
Well Visits	415	394	5.4%	$144	$149	-3.4%	$60	$59	1.9%
Emergency Room Professional	264	258	2.2%	$823	$759	8.5%	$217	$196	10.8%
Chiropractic	831	814	2.1%	$11	$12	-5.9%	$9	$10	-4.0%
Medicine	4,798	4,265	12.5%	$84	$118	-28.5%	$403	$501	-19.5%
Infusions and Injections	1,027	948	8.3%	$1,197	$1,000	19.7%	$1,229	$948	29.6%
DME	733	729	0.5%	$271	$304	-11.0%	$198	$222	-10.6%
Ambulance and Other	1,190	947	25.6%	$239	$330	-27.6%	$284	$313	-9.0%
Total	23,800	22,506	5.8%	$332	$345	-3.7%	$7,909	$7,767	1.8%

- BCBSNM encounters PMPM increased 5.8% from 1.88 in 2018 to 1.98 in 2019
- BCBSNM PMPY trend of 1.8% was more favorable than 8.0% medical paid trend assumption for calendar year 2019

2019 vs 2018 Presbyterian All Plans Claims Experience

Type of Service	2019 Encounters per 1,000 Members	2018 Encounters per 1,000 Members	% Change	2019 Paid per Encounter	2018 Paid per Encounter	% Change	2019 Paid PMPY	2018 Paid PMPY	% Change
Inpatient Hospital Facility	150	140	6.8%	$11,006	$11,157	-1.3%	$1,648	$1,761	-6.5%
Outpatient Hospital Facility	1,042	951	9.5%	$554	$646	-14.4%	$577	$591	-2.5%
Emergency Room Facility	259	246	5.5%	$344	$306	12.7%	$89	$77	15.3%
Anesthesia	142	157	-9.6%	$628	$634	-1.0%	$89	$98	-9.4%
Surgery	1,841	1,993	-7.6%	$456	$496	-8.0%	$840	$977	-14.0%
Lab / Path	4,558	4,753	-4.1%	$219	$203	8.0%	$999	$988	1.2%
Evaluation and Management	4,077	4,368	-6.7%	$81	$74	9.8%	$330	$324	1.7%
Well Visits	451	479	-5.8%	$143	$137	4.0%	$64	$66	-2.3%
Emergency Room Professional	255	246	3.6%	$791	$618	27.9%	$201	$151	33.2%
Chiropractic	354	375	-5.7%	$9	$10	-7.1%	$3	$3	4.6%
Medicine	3,684	4,070	-9.5%	$84	$77	8.5%	$308	$308	0.1%
Infusions and Injections	726	745	-2.6%	$1,105	$826	33.7%	$802	$729	10.0%
DME	590	581	1.5%	$160	$151	6.0%	$94	$92	2.2%
Ambulance and Other	776	836	-7.1%	$210	$207	1.4%	$163	$175	-7.3%
Total	18,904	19,940	-5.2%	$328	$313	5.0%	$6,208	$6,342	-2.1%

- Presbyterian encounters PMPM decreased 5.2% from 1.66 in 2018 to 1.58 in 2019
- Presbyterian plan PMPY trend of -2.1% was more favorable than 8.0% medical paid trend assumption for calendar year 2019

2019 Claims Distribution – Non-Medicare Medical only

Annual Claims	2019 % of Members	2019 Cumulative % of Members	2018 % of Members	2018 Cumulative % of Members	2019 Medical Paid	2019 % of Medical Paid	2019 Cumulative % of Medical Paid	2018 Medical Paid	2018 % of Medical Paid	2018 Cumulative % of Medical Paid
$0	14.6%	14.6%	15.3%	15.3%	$0	0.0%	0.0%	$0	0.0%	0.0%
$1-$100	1.3%	15.9%	1.4%	16.8%	$7,998	0.0%	0.0%	$8,837	0.0%	0.0%
$100-$300	6.5%	22.5%	7.6%	24.4%	$146,018	0.1%	0.1%	$173,293	0.2%	0.2%
$301-$800	12.7%	35.2%	13.3%	37.7%	$742,124	0.7%	0.8%	$798,210	0.7%	0.9%
$801-$5,000	35.3%	70.5%	35.2%	72.9%	$7,686,991	7.1%	8.0%	$8,212,496	7.6%	8.5%
$5,001-$10,000	11.5%	82.0%	10.3%	83.2%	$7,385,744	6.8%	14.8%	$7,079,495	6.6%	15.1%
$10,001-$15,000	4.8%	86.8%	4.6%	87.7%	$5,310,015	4.9%	19.7%	$5,174,166	4.8%	19.9%
$15,001-$20,000	2.8%	89.7%	2.6%	90.3%	$4,181,131	3.9%	23.6%	$4,049,124	3.8%	23.7%
$20,001+	10.3%	100.0%	9.7%	100.0%	$82,362,679	76.4%	100.0%	$82,232,144	76.3%	100.0%
Medical Total	100.0%		100.0%		$107,822,699	100.0%		$107,727,765	100.0%	

- In 2019, 85.2% of non-Medicare Medical claims were incurred by the 18.0% of members with annual claims in excess of $10,000
  - As expected, claims in excess of $10,000 have increased as a percentage of Medical Paid, from 84.9% in 2018, 82.9% in 2017, 79.0% in 2016, 78.4% in 2015, 76.5% in 2014, 76.1% in 2013, 75.4% in 2012, 73.5% in 2011, and 71.7% in 2010

Facility Benchmarks

Measure	NMRHCA CY2019 Result	CY2019 Benchmark Result*	Ratio of NMRHCA to Benchmark
Inpatient admissions per 1,000 members	86.31	82.58	1.05
Inpatient days per 1,000 members	401.34	397.11	1.01
Outpatient hospital encounters per 1,000 members	1,673.21	1,630.37	1.03
Emergency room encounters per 1,000 members	191.56	192.48	1.00

- Combines Non-Medicare and Medicare experience
- Inpatient admissions have increased from 79.99 per 1,000 in 2018 and relative to the benchmark (0.97 in 2018)
- Benchmark includes 4,973,000 active (27%) and retired (73%) public sector participants

* Benchmark result has been adjusted based upon age and gender

Professional Benchmarks

Measure*	NMRHCA CY2019 Result	CY2019 Benchmark Result**	CY2019 Ratio of NMRHCA to Benchmark
Evaluation and Management	5.430	4.930	1.101
Well Visits	0.264	0.264	1.002
Anesthesia	0.501	0.498	1.006
Surgeries	0.996	0.957	1.041
Radiology	1.870	1.660	1.127
Pathology	2.518	2.636	0.955
Medicine	4.316	3.880	1.112
Injectables	0.493	0.466	1.057
Total	16.388	15.291	1.072

- Combines Non-Medicare and Medicare experience
- Benchmarks reflect shift to outpatient hospital
- Benchmark includes 4,973,000 active (27%) and retired (73%) public sector participants

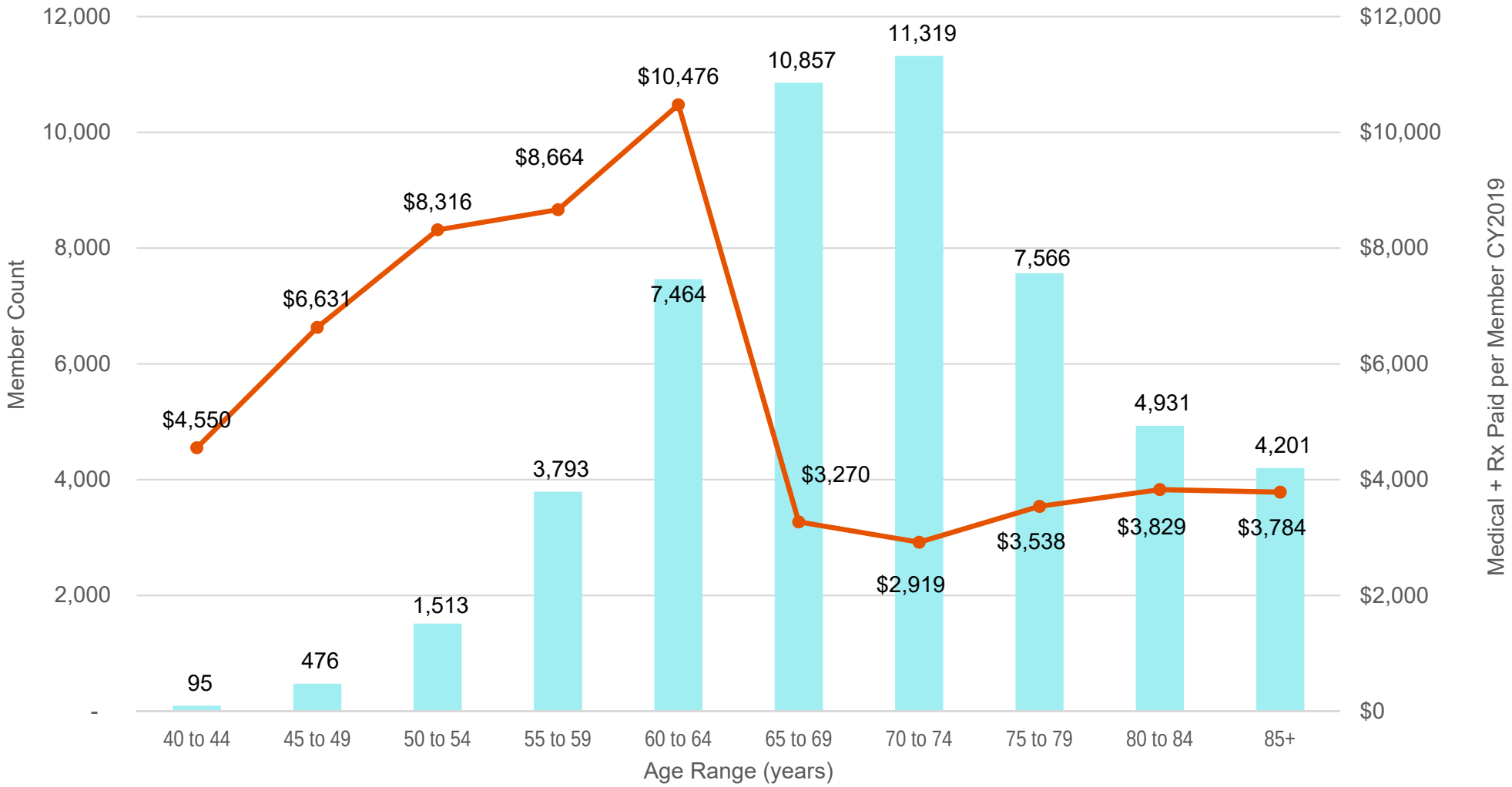
* Measures are on a per member per year basis
** Benchmark result has been adjusted based upon age and gender

Contents

Understanding Enrollment Risk

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

NMRHCA Members Age 40+ & CY2019 Claims Paid per Member



2019 Non-Medicare Members by Age and Carrier

	Age Group	2019 Members	% of 2019 Members	2018 Members	% of 2018 Members	Difference
BCBSNM	40 to 44	41	1%	23	0%	0.3%
Non-Medicare	45 to 49	188	3%	192	3%	-0.2%
	50 to 54	656	10%	620	10%	0.0%
	55 to 59	1,783	28%	1,704	28%	-0.3%
	60 to 64	3,808	59%	3,586	59%	0.3%
BCBSNM Average Age		6,476	55.7 years	6,125	55.4 years	0.3 years
Presbyterian	40 to 44	39	1%	20	0%	0.7%
Non-Medicare	45 to 49	125	3%	279	5%	-1.4%
	50 to 54	428	12%	812	14%	-2.2%
	55 to 59	1,095	30%	1,725	29%	0.3%
	60 to 64	1,999	54%	3,038	52%	2.5%
Presbyterian Average Age		3,686	55.5 years	5,874	55.0 years	0.5 years
Total	40 to 44	80	1%	43	0%	0.4%
Non-Medicare	45 to 49	313	3%	471	4%	-0.8%
	50 to 54	1,084	11%	1,432	12%	-1.3%
	55 to 59	2,878	28%	3,429	29%	-0.3%
	60 to 64	5,807	57%	6,624	55%	1.9%
Non-Medicare Average Age		10,162	55.6 years	11,999	55.2 years	0.4 years

- Excludes members under age 40, over age 64, and those for whom age is not available
- In 2019, 64% of Non-Medicare members enrolled in BCBS (2018=61%; 2017=50%)
- Decimal places beyond 0.1 years are not displayed in Average Age figures, but are incorporated in Difference calculation

2019 Medicare Members by Age and Carrier

	Age Group	2019 Members	% of 2019 Members	2018 Members	% of 2018 Members	Difference
BCBSNM Medicare Supplement	less than 64	491	2%	570	2%	-0.3%
	65 to 69	4,436	20%	5,077	22%	-2.4%
	70 to 74	5,982	27%	6,001	26%	0.4%
	75 to 79	4,751	21%	4,663	20%	0.8%
	80 to 84	3,495	16%	3,475	15%	0.4%
	85+	3,335	15%	3,146	14%	1.1%
Average Age		22,490	75.9 years	22,932	75.4 years	0.5 years
BCBSNM Medicare Advantage	less than 64	97	0%	111	0%	-0.1%
	65 to 69	602	16%	648	17%	-0.9%
	70 to 74	1,118	30%	1,196	31%	-1.4%
	75 to 79	856	23%	836	22%	1.0%
	80 to 84	610	16%	604	16%	0.5%
	85+	473	13%	438	11%	1.2%
Average Age		3,756	75.8 years	3,833	75.3 years	0.5 years
Presbyterian Medicare Advantage	less than 64	285	1%	285	1%	0.0%
	65 to 69	3,049	38%	3,055	41%	-3.4%
	70 to 74	2,613	33%	2,283	31%	1.6%
	75 to 79	1,339	17%	1,193	16%	0.5%
	80 to 84	513	6%	382	5%	1.2%
	85+	228	3%	187	3%	0.3%
Average Age		8,027	71.5 years	7,385	71.0 years	0.5 years
United Healthcare Medicare Advantage	less than 64	118	1%	122	1%	0.0%
	65 to 69	1,350	35%	1,540	43%	-8.1%
	70 to 74	1,422	37%	1,112	31%	5.9%
	75 to 79	547	14%	460	13%	1.3%
	80 to 84	254	7%	205	6%	0.9%
	85+	130	3%	107	3%	0.4%
Average Age		3,821	71.6 years	3,546	71.0 years	0.6 years
Humana Medicare Advantage	less than 64	29	0%	26	0%	0.0%
	65 to 69	615	67%	392	69%	-1.6%
	70 to 74	149	16%	81	14%	2.1%
	75 to 79	64	7%	36	6%	0.7%
	80 to 84	38	4%	20	4%	0.6%
	85+	20	2%	15	3%	-0.4%
Average Age		915	68.8 years	570	68.5 years	0.3 years
Medicare Total	less than 64	1,020	5%	1,114	5%	-0.3%
	65 to 69	10,052	26%	10,712	28%	-2.2%
	70 to 74	11,284	29%	10,673	28%	1.0%
	75 to 79	7,557	19%	7,188	19%	0.6%
	80 to 84	4,910	13%	4,686	12%	0.3%
	85+	4,186	11%	3,893	10%	0.6%
Medicare Average Age		39,009	74.4 years	38,266	74.0 years	0.3 years

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

2019 Non-Medicare Health Status Risk Index by Carrier

Carrier	Plan	2019 Risk Index
BCBSNM	Premier	0.92
	Value	0.58
Presbyterian	Premier	0.87
	Value	0.63
Total Non-Medicare	Premier	0.90
	Value	0.62

Based on 2019 membership:

- Risk Index based on John Hopkins Adjusted Clinical Groups (ACGs)
  - A risk score is calculated for each member month
- Premier participants are anticipated to cost 44.7% more than Value participants based on Health Risk Index
- BCBSNM participants are anticipated to cost 12.9% more than Presbyterian based on Health Status Risk Index
  - In 2018, BCBSNM participants were anticipated to cost 15.7% more than Presbyterian participants on based solely on their Health Status Risk Index

2019 Continuing Non-Medicare Members' Health Status Risk Index by Plan

2018 Plan	2019 Plan	Members	% of Continuing Non-Medicare Membership	2019 Risk Index
Premier	Premier	9,381	77.93%	0.90
Value	Premier	220	1.83%	1.05
Premier	Value	190	1.58%	0.55
Value	Value	2,247	18.67%	0.64
		12,038	100.00%	0.85

- Member count excludes members for whom either a 2018 or 2019 plan code was not available, due to new enrollment or disenrollment from NMRHCA pre-Medicare plans
- The overall Risk Index increased from 0.84 in 2018 to 0.85 in 2019.

COVID-19 Effects

July 9, 2020

Current Statistics (Claims paid through May 31, 2020)

- 296 members have either:
  - Been diagnosed of COVID-19
  - Had suspected exposure to COVID-19
  - Been tested for the COVID-19 antigen or antibody
- 22 members, (.06%), have been confirmed as cases with COVID-19
- Statewide, .57% of the population has been confirmed as cases with COVID-19
- NMRHCA results have not been adjusted for incurred but not reported

Effects

- Projected cost model
- Behavior

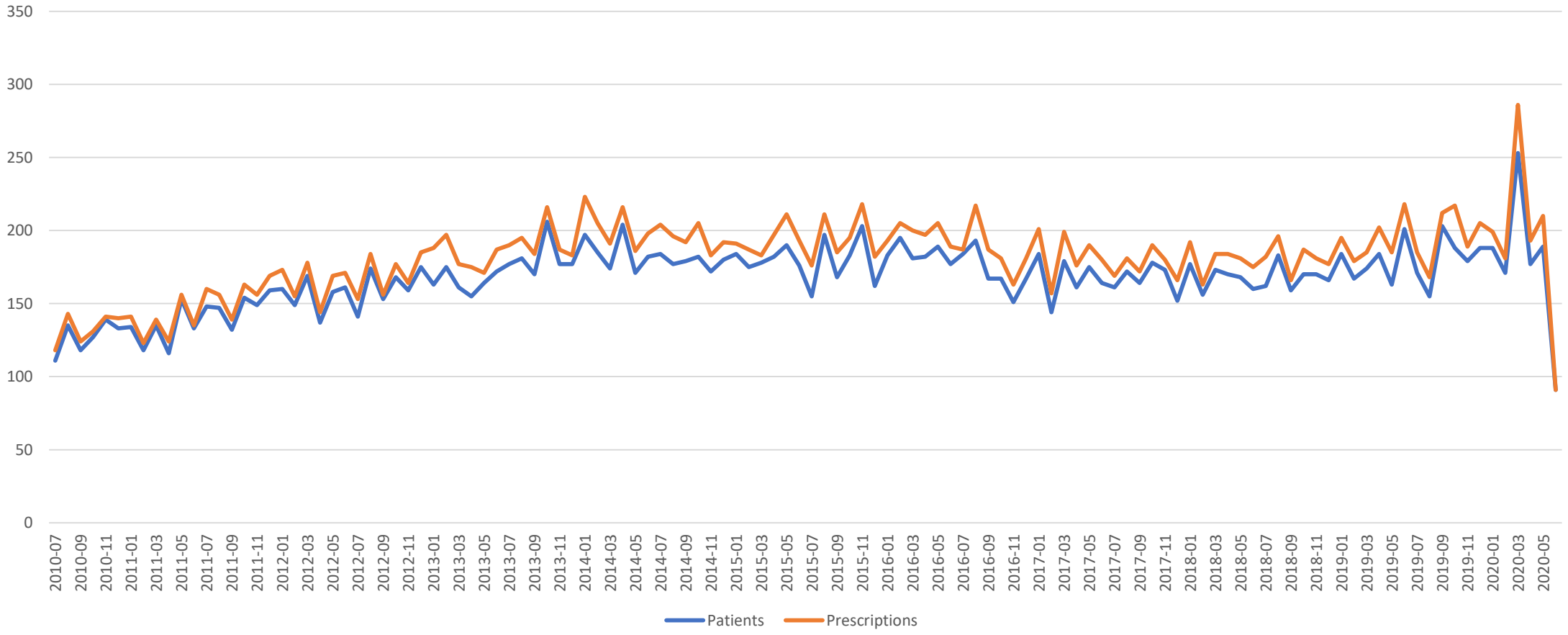
Projected Cost Model

- 12 Months of incurred expenses for COVID-19, beginning March 1, 2020 that NMRHCA is responsible for
- Does not consider:
  - Services lost to shutdown
  - Cost of immunizations for COVID-19 (future expense)
  - Members enrolled in Medicare Advantage Claim
- Model is based on assumptions gathered from epidemiological, clinical, and economic research publications

Cost Model (Continued)

- Population: 36,709 (excludes MA and members under age 18)
- Infection assumption: 20%
- % of infected population seeking care: 20%
- NMRHCA is the primary insurer on 41% of the membership. Medicare decreasing fund liabilities significantly
- Service assumption:
  - 16.5% are hospitalized (75% are at highest level of acuity)
  - 33.5% have outpatient hospital (e.g. ER) care
  - 50% have exclusively nonhospital care (e.g. testing)
  - 90% have prescription drug expense for symptom relief
- Financial effect: 2% increase on claim cost
- Linear model: at 40% infection rate, the cost effect is 4%

Prescribing Behavior - Hydroxychloroquine

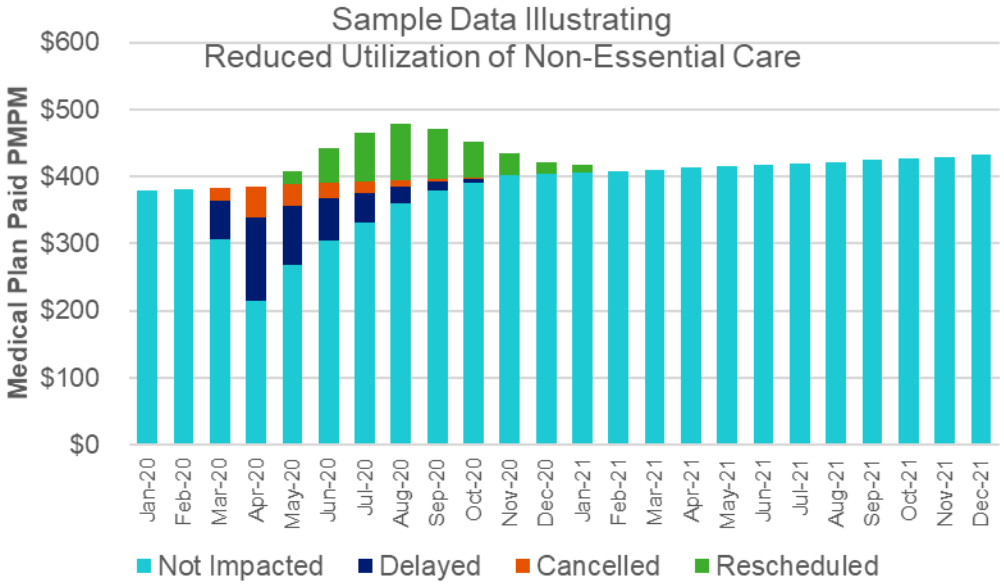


Monitoring During the Pandemic

- Claims for incidence
- Vaccination development
- Treatment patterns
  - Hospitalization
  - Prescriptions (e.g. dexamethasone)
  - Rehabilitation
  - Services avoided
    - Low value (e.g. unindicated ER)
    - High value (e.g. cancer screening, chronic disease care)

Anticipating the Impact of Rescheduled Care

- Risks from treatment delay
  - 75-90% decrease in mammograms and colonoscopies
  - National Cancer Institute estimates ~1% increase in breast & colorectal cancer deaths in next decade due to delayed diagnosis
  - Potential for additional complications or other long-term effects that may impact costs and health outcomes



New Mexico Retiree Health Care Authority Annual Board Retreat

Presbyterian Enhanced Services and Cost Reduction Initiatives

July 9th and July 10th, 2020

NMRHCA
Dedicated Member Service Team

Advantages / Enhancements

Dedicated Member Service Team Enhancements and Advantages

Dedicated Team
Enhancements and Advantages

Navigation – 24/7 Access

Direct members to the lowest cost, most convenient and most appropriate setting of care

PCP/UC Visits Navigated to PresRN, Video Visit or Online Visit

- NMRCHA had 18,761 PCP visits in 2019 @ $125 Allowed per Visit
  Navigate only 10% of PCP visits: 1,876 x $125 = **$234,512 potential savings**

- NMRHCA had 2,984 UC visits in 2019 @ $180 Allowed per Visit
  Navigate 10% of UC visits: 298 x $180 = **$53,640 potential savings**


PresRN
Nurse advice line, 24/7


PRES*Now* 24/7 *
Walk-in urgent or emergency care


Urgent Care
Appointment and walk-ins

talkspace

On To Better Health
Self-help tools and resources at your fingertips

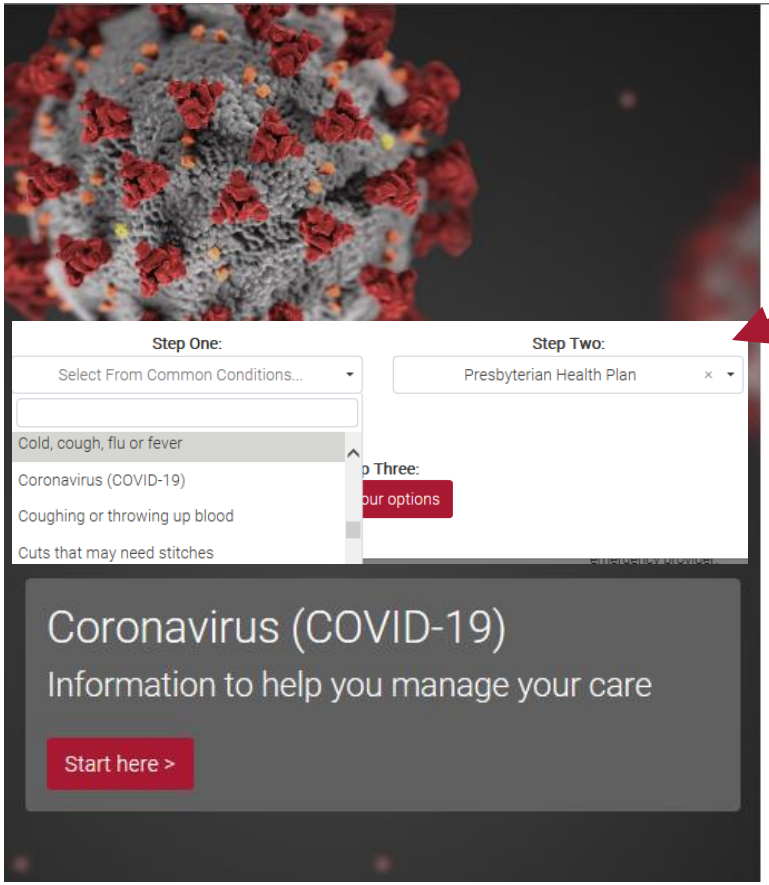

Online Visits
Online medical interview & response

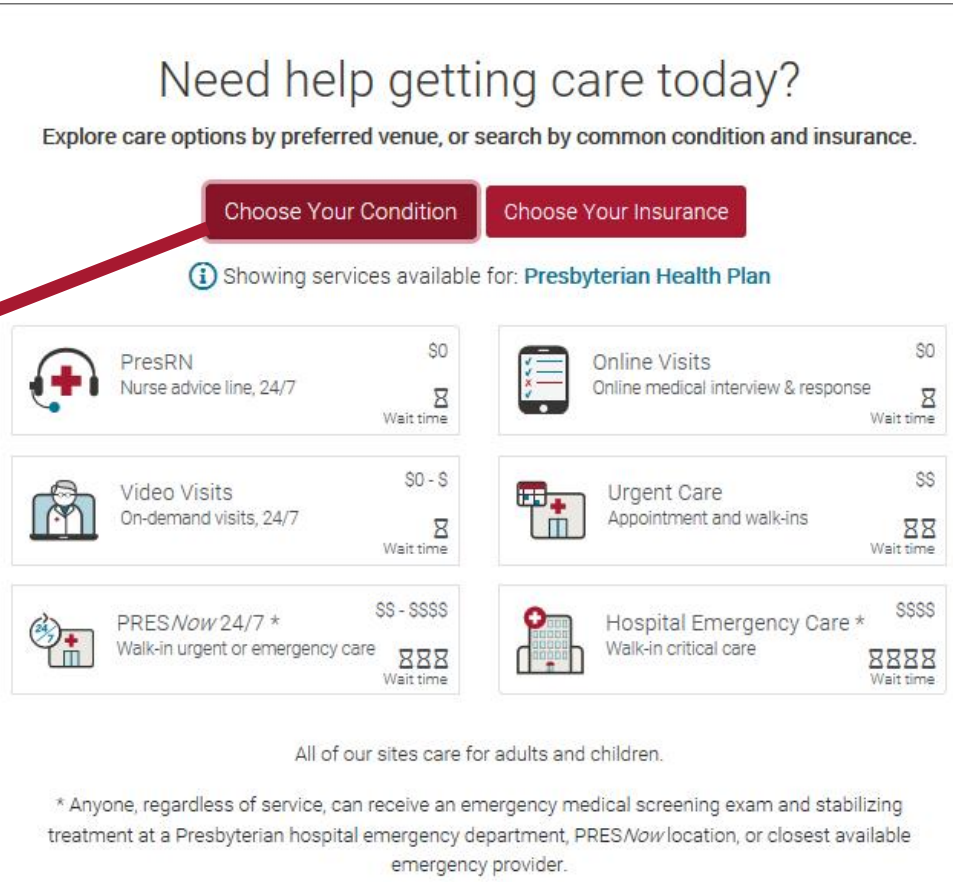

Video Visits
On-demand visits, 24/7


Hospital Emergency Care *
Walk-in critical care

Clickotine®

Get Care Today: www.pres.today





Redirection of Services – Cost Reduction Initiative
Right Care, Right Site of Service

Site of Service Navigation

- Focused effort on redirection of services from hospital setting to freestanding centers – ***Organizational Initiative***
- Member Configuration, Education and Outreach
  - Member Specific Benefit Configuration per NMRHCA Direction for Utilizing Lowest Cost Alternative – Collaborative Partnership
    - Radiology Services
      - MRI/PET/CT Redirection – NIA Authorization File Utilized for Outbound Call
    - Joint Procedure Services
      - Outpatient Hospital Services to ASC Setting
    - Colonoscopy vs FIT Testing
    - Laboratory Services

Access Guarantee

- Assignment to a PMG clinic within 10 miles of the member's home or work within the Central Delivery System (ABQ, Belen, Los Lunas, Rio Rancho and Santa Fe). Guarantee non-emergent appointment to the member's PMG clinic (not physician) within 10 business days

- Guarantee assignment to a non PMG statewide contracted clinic and non-emergent appointment to the member's non PMG statewide contracted clinic (not physician) within 10 business days

- These assignments and appointments are managed and tracked through the dedicated IBAC Member service team. If we do not achieve success in assigning 95% of members who contact the concierge team, we will pay IBAC a quarterly penalty of 2% of the core administrative services fee. Requires the IBAC Member service team receives a minimum of 50 calls requesting access assistance per quarter.

Dedicated Team
Enhancing Integration and Improving Quality Outcomes

Enhanced Integrated Services

- Disease Management and Care Management Programs Education and Referrals
- Community Health Worker Program Referrals
- Population Health Gaps in Care Outreach
- Outbound Call Campaign Per IBAC Direction
  - Gaps in Care
  - Wellness Initiatives
  - NMRHCA Specific Initiatives
  - Open / Switch Enrollment – Personal Welcome Calls
    - Transition of Care Assistance

"You CHWs are Miracles, thank you for helping me get the treatment I needed."

– Member enrolled in the CHW program at PHP

Community Health Workers

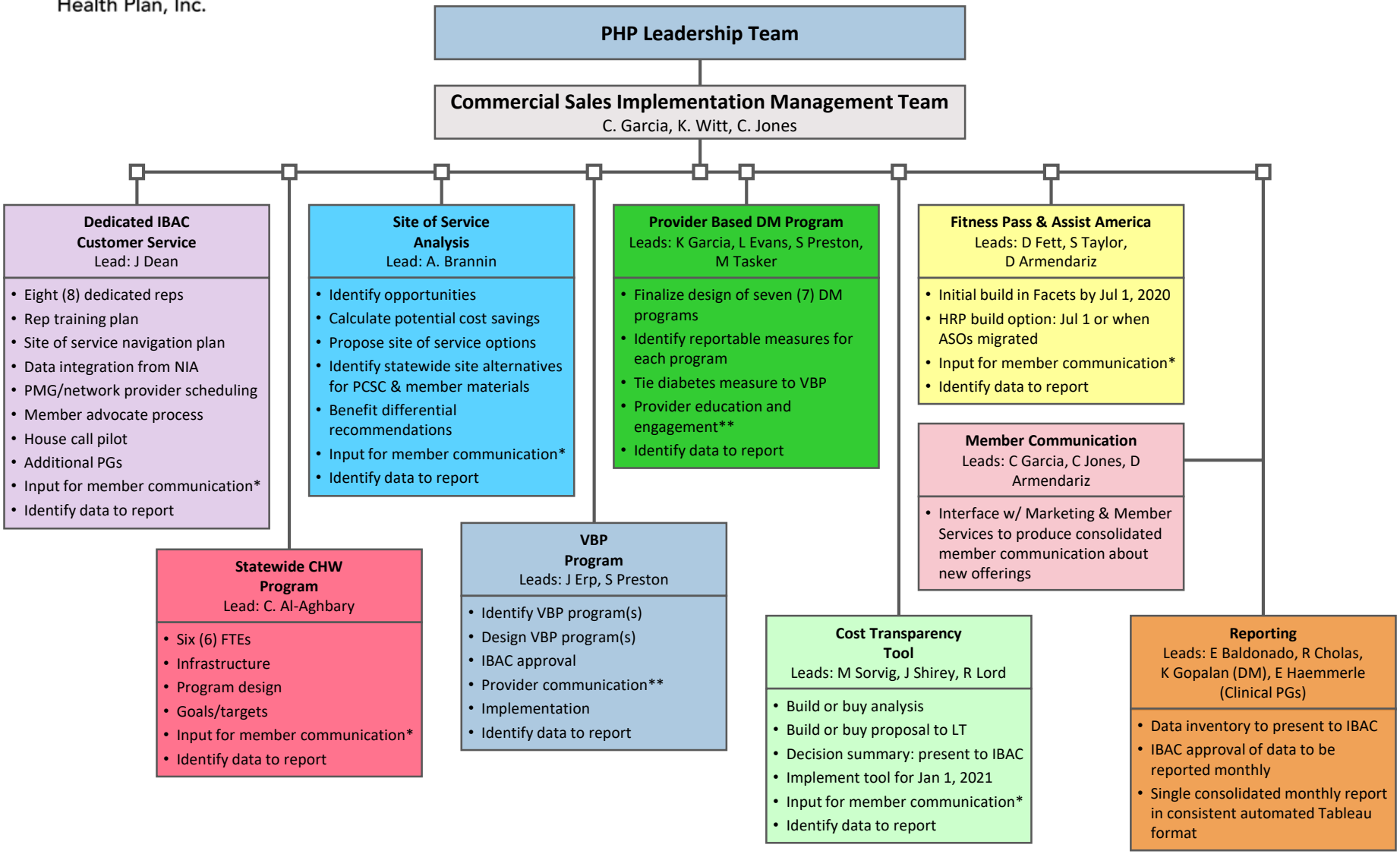
Community Health Workers

Closing the gaps……

- ✓ Taking up where the healthcare providers leave off:
  - Community services
  - Government programs
  - Extension of medical services and cost assistance
  - Food insecurity
  - Behavioral Health Services
- ✓ Improving health outcomes
- ✓ Additional Services
  - Transportation
  - Retirement planning
  - Literacy, understanding medical terms, resources

PRESBYTERIAN
Health Plan, Inc.

2020 IBAC Implementation Structure



* Send input for the consolidated IBAC member communication to Colleen Jones at cjones16@phs.org.
** DM & VBP teams will create provider materials and collaborate with PNO to distribute them.

Questions?

NMRHCA

Annual Board Retreat

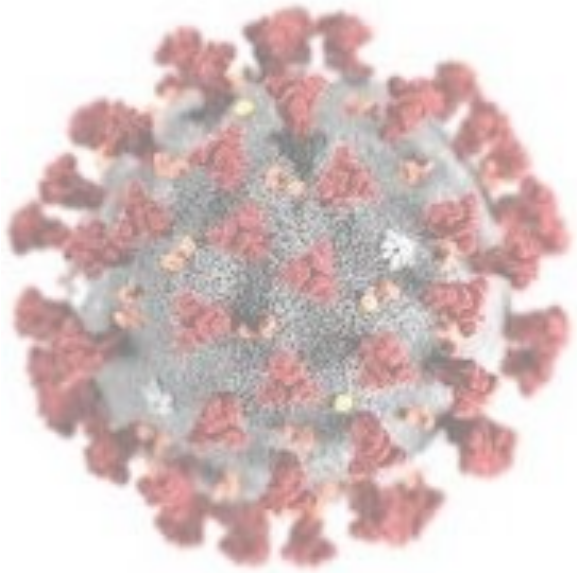
July 2020

Presented By Rosanne Tena

PRESBYTERIAN

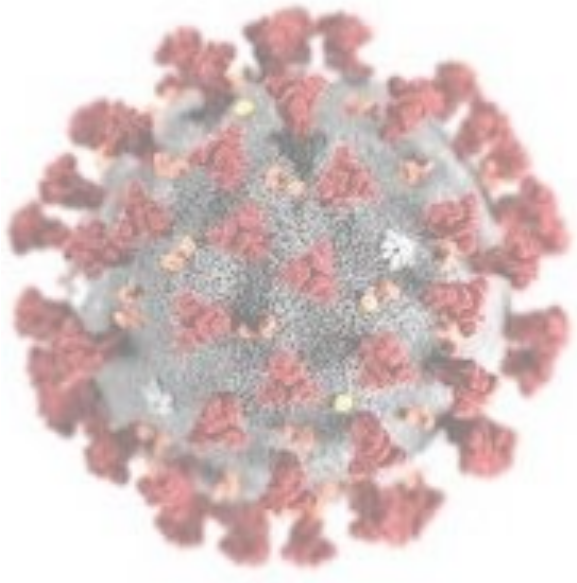
First, a quick look at our response to COVID-19 . . .

- **23,895 COVID-19 tests** at Balloon Fiesta Park; **10,768** by mobile testing team; **1,860** at Coors PRES*Now* site
- Completed **~ 28,000 outbound calls** to high-risk members in first six (6) weeks
- **831,280 calls** answered by Presbyterian Customer Service Center during March, April, and May
- Supplied **~7,000 gallons of** hand sanitizer supplied by PHP to Native American facilities and providers across New Mexico
- **4,780 free meals** provided each week for frontline Central Delivery System hospital staff by Cooper Center cafeteria
- **8 mini grocery stores** set up for hospital staff created by Food Services
- **200 members in need supplied with food** each week by the Food Farmacy
- **15,000 free meals provided to children** in seven communities across the state



. . . response to COVID (cont.)

- Developing a statewide **home monitoring program** for members who have tested positive for COVID-19 but do not require hospitalization
- Actively promoting pharmacy home delivery and mail order
- Actively promoting **telephonic and telehealth options** for providers
- Offering video visits at **no co-pay** for all members
- **75% of all provider visits** done virtually
- Developed **Regional Resource Guide** to community services in collaboration with multiple state agencies
- Lincoln County Medical Center opened a **new hospital**
- Presbyterian Española Hospital achieved **top 10% nationally** for patient experience
- Santa Fe Medical Center and Socorro General Hospital achieved **top 25 % nationally** for patient experience

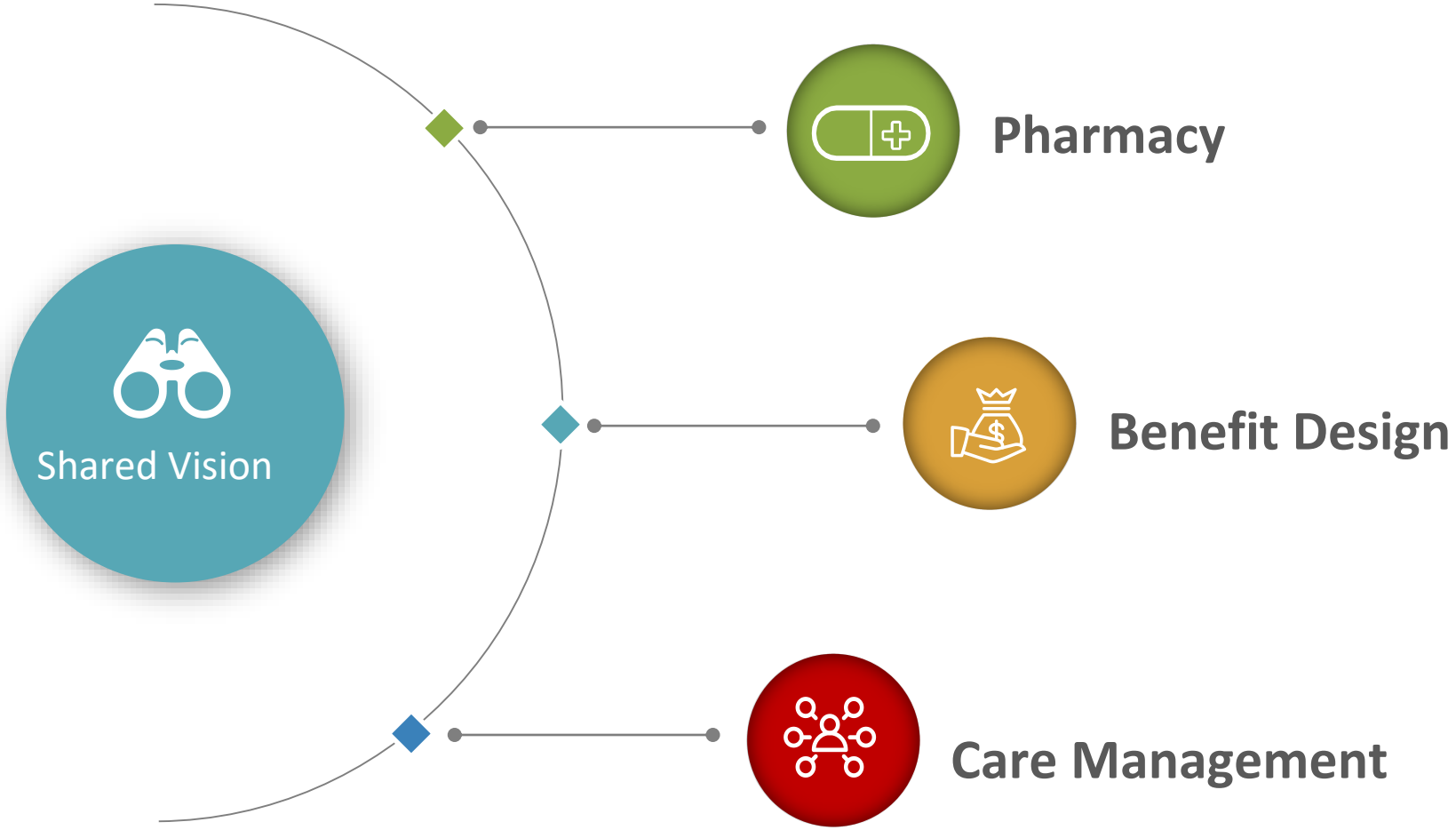


Care Management

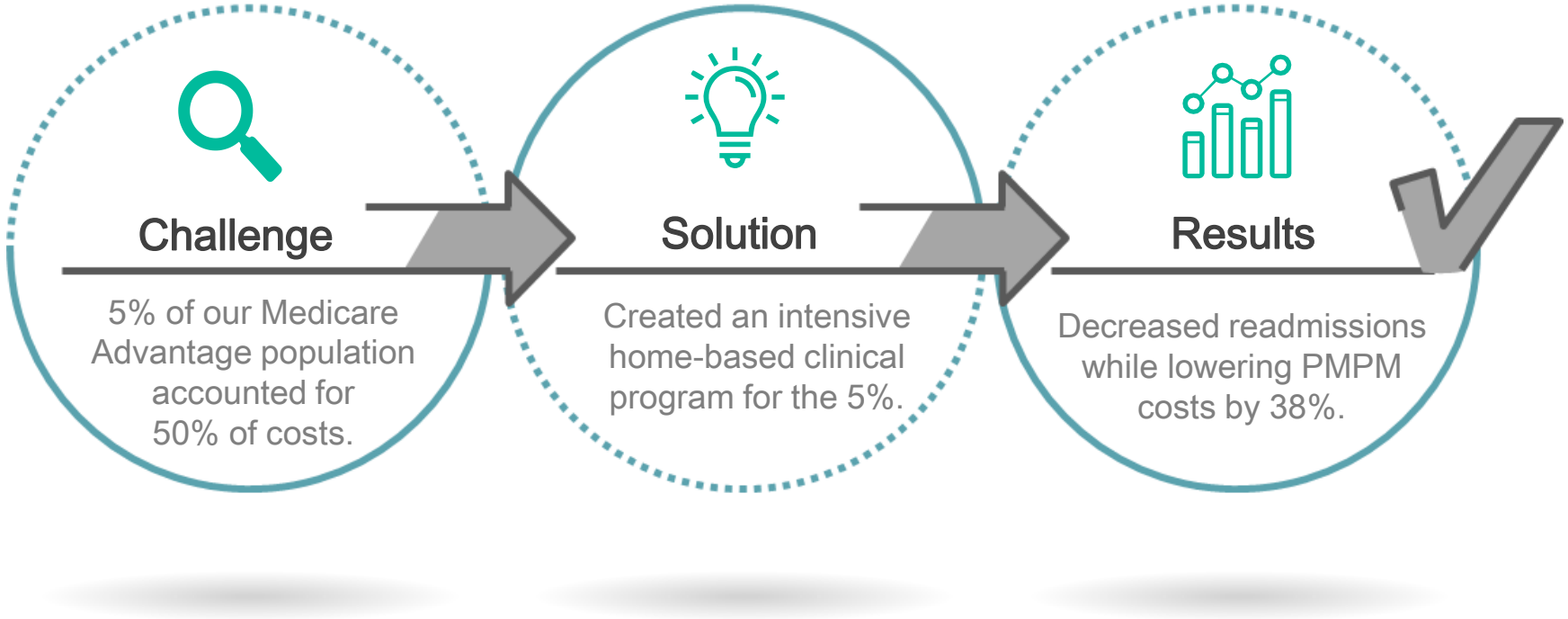
→

Driving meaningful outcomes for members and making care more affordable.

Enabling Care and Affordability



Industry-leading Results



Complete Care Program

HOME

- Census: 700 patients, high needs PHP Medicare population.
- Integrated with House Calls clinicians and Palliative Care.
- Provides Primary Care, Urgent Care, Hospital at Home.
- Call one number 24/7.

TEAMS

- RN case managers.
- Telehealth and patient outreach.
- Podiatry Nurse.
- LPN – lab draws, simple follow-up.

MEASURES

- Hospital admissions and readmissions.
- ED and Urgent Care visits.
- Falls.
- Enrollment in hospice.

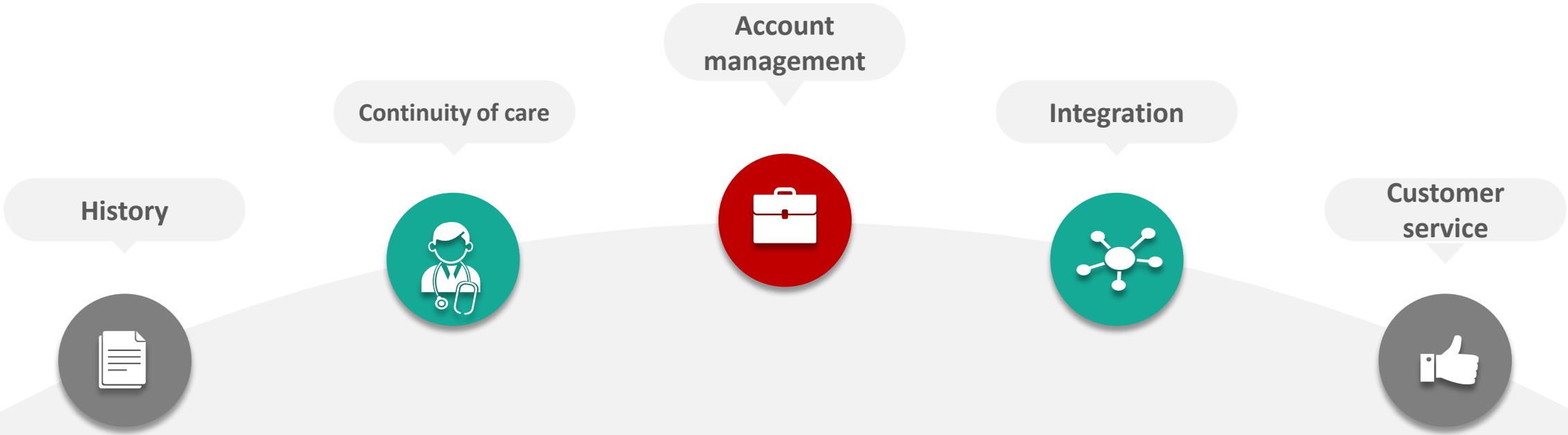
OUTCOMES

- Total cost of care – savings of $700-1100 per patient/month.
- Hospitalization/ Readmission rate 50% of predicted.
- 85% die at home by choice.

The PHP Advantage

Serving our community's needs because we are part of the community.

Experience and Expertise




THANK YOU
PRESBYTERIAN

New Mexico Retiree Health Care Authority
Board of Directors Meeting

July 9 – 10, 2020

BlueCross BlueShield of New Mexico

NEW MEXICO RETIREE HEALTH CARE AUTHORITY

Who We Are

Health • Dental • Life • Disability • Pharmacy

More than 16* million members

Largest customer-owned health insurer in the U.S.

**wholly owned subsidiaries:

Dearborn National — Strength. Independence. Solutions.

medecision — Liberating.

Dental Network of America®

INNOVISTA HEALTH SOLUTIONS

**partially owned subsidiaries:

bhi Blue Health Intelligence®

PRIME THERAPEUTICS®

Availity™

TMA PracticeEdge — LEADING CARE FORWARD

TriWest HEALTHCARE ALLIANCE®

* Includes Part D members with some duplication of Med Supp and Part D members.
** List of HCSC subsidiaries as of March 1, 2019

More Doctors. More Hospitals

95%
of doctors

96%
of hospitals

Nationwide Coverage
when traveling or living
outside of home state

1.3+ million
Providers

More than 7,500
Hospitals

Blue Cross Blue Shield Global® Core

coverage when traveling in
190 countries and territories

710,000+ Providers and 7,400+ Facilities[17]

COVID-19 Resources

- COVID-19 employer website to find information and resources for their business and employees. They can get real-time text alerts about COVID-19 decisions and resources by texting* UPDATENM to 33633.
- Encourage members to visit our COVID-19 website for coverage information, updates and trusted sources to help stay informed and well. The site is also available in Spanish.
- CDC Symptom Checker – Check your symptoms with the Centers for Disease Control and Prevention Self-checker.
- evive – Search evive.care to find a nearby COVID-19 test center.
- Livongo – Find free COVID-19 mental wellness support from Livongo's myStrength.

BCBSNM COVID-19 Community Involvement

- Donated $10,000 to the Navajo Nation COVID-19 Fund.
- Contributed $30,000 to the Pueblo Relief Fund to meet the critical needs of New Mexico Pueblos during the COVID-19 crisis.
- All Together NM Fund: $500,000 to support the immediate and long-term needs of communities, businesses and employees facing income insecurity.
- Roadrunner Food Bank: $250,000 to support food distribution and mobile food pantries for the general population and senior centers throughout the state.
- United Way of Central New Mexico: $250,000 to support agencies statewide that focus on areas such as child and senior care, health care access, and homelessness and housing.

What does BCBSNM do for the NMRHCA?

- Administers four plans
- Customer Service, Claims Processing
- Performance Guarantees
- Coordination with CMS for Medicare Supplemental Plan
- Care Management/Appeals
- Meetings/Collateral Materials
- Network Discounts
- Dedicated Wellness Team/NaturallySlim®
- Wellbeing Management engagement
- Pilot – Tricore Gap Closures and Community Paramedicine

BCBSNM Administers Four Plans

- Premier 3-tier PPO Plan (In state, out-of-state and international coverage) – 6,812 current members
- Value Plan (must reside in New Mexico; covered outside of New Mexico for urgent and emergency care) – 842 current members
- Medicare Supplement (In state and out-of-state coverage; Plan pays secondary to Medicare) – 22,719 current members
- Medicare Advantage HMO Plan (must reside in New Mexico and use the network of contracted providers except for urgent and emergency care while traveling outside of New Mexico) – 3,669 current members

YTD Results for Premier 3-tier PPO Plan, Value Plan and Medicare Supplement

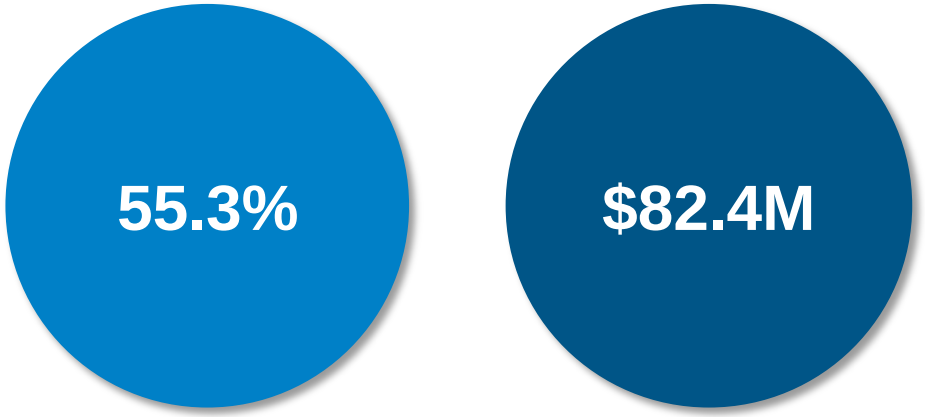
- Total Claims processed 2019 – 840,587
- Total Claims processed 2020 YTD – 227,448
- Total calls 2019 – 16,668
- Total calls 2020 YTD – 7,699

Support by the Account Management Team and BCBSNM Internal Partners

- Local Customer Service
- Local Claims Processing
- Performance Guarantees – offered on all four plans
  - Claims Processing Turnaround
  - Claims Processing Accuracy
  - Claims Financial Accuracy
  - Speed to Answer
  - Customer Satisfaction
- Coordination with CMS for Medicare Supplemental Plan
- Care Management
- Appeals
- Support of meetings (Board meetings, open enrollment, health fairs) and collateral material

Value of the Network

Network Discount Savings
2019



Discount percentage for network and par providers

Discount savings for network and par providers

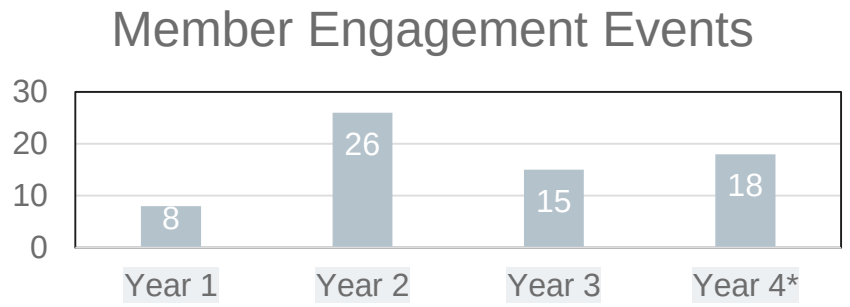
3yr Discount and Network Utilization

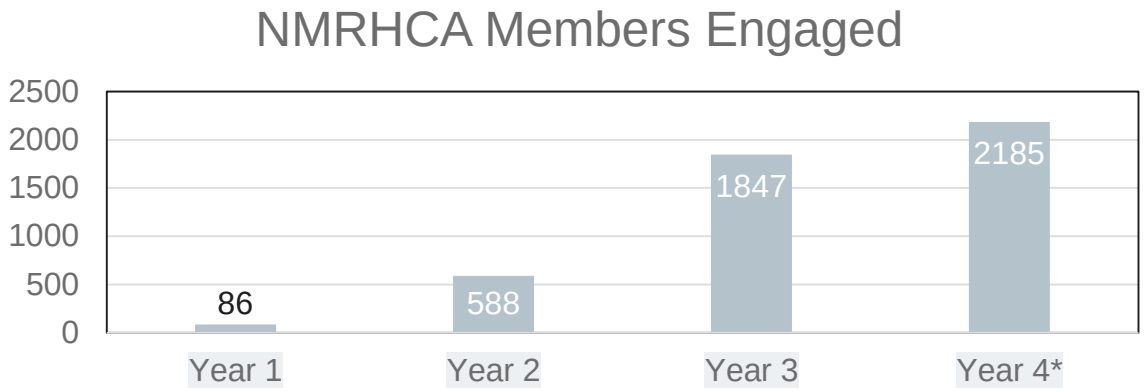
Network Discount	2016	2017	2018
Inpatient	53.9%	56.8%	59.7%
Outpatient	41.0%	43.6%	44.8%
Professional	51.2%	54.3%	58.3%
Summary	**47.7%**	**51.0%**	**53.3%**
Network Utilization	**2016**	**2017**	**2018**
In Network	98.2%	97.6%	98.3%
Out of Network	1.8%	2.4%	1.7%

Member Outreach Initiatives – 2019 Outcomes

- 5 Health Education Academies – 408 participants; in collaboration with Presbyterian
- Wise and Well Health Fair "Aging Well" – 350 attendees
- 16 Open Enrollment events promoting wellness benefits, fall prevention and balance – 2,185 participants
- Promotion of Naturally Slim® program to mitigate Metabolic Syndrome

Year-Over-Year Comparison





*Year = 12 months of data, July 1 – June 30. *Year 4 data through 12.31.2019.*

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Additional Education Resources

Member Webinar Topics/Presentations

- Health Assessments
- Preventive Care
- Weight Management Programs
- Provider Finder
- Fitness Program
- Blue Points
- Device and Apps Integration – Nutrition and Fitness
- Importance of selecting a PCP and how to find a PCP
- Blue Access for Members Overview
- Well onTarget Overview
- Open Forum Listening WebEx meeting: members can speak to a health educator or nurse to get their questions answered and receive support

Naturally Slim

Metabolic Syndrome Reversal Program

Naturally Slim is a behavioral counseling program for metabolic syndrome reversal**, weight management and diabetes prevention. Features include:

- Ten weeks of counseling (personalized for skill building); ten weeks (customized for skill reinforcement); 32 weeks (customized for skill maintenance).
- Weekly, self-paced, informative, online video sessions (including mobile app for on-the-go access, skill reinforcement and habit formation).
- Interactions with health coaches and online community for social support.
- Personalized employee communications and employer co-branded enrollment website.
- Employer reporting available for enrollment, participation and weight loss.

**National Institutes of Health guidelines define metabolic syndrome as having at least three of the following five traits (or taking medication to control them): large waist circumference; high triglyceride level; reduced HDL (good) cholesterol; increased blood pressure; elevated fasting blood sugar.

Naturally Slim is an independent company that provides Metabolic Syndrome Management for Blue Cross and Blue Shield of New Mexico.
Naturally Slim is solely responsible for the products and services that it provides.

Clinical Review Pilot

Data Analysis

– 78 total (BCBSNM) Pre-Medicare members participated in the pilot group

NMRHCA members that completed at least 6 weeks of the Naturally Slim program

– 85% of participants saw a reduction in claims

Claims Activity

- Suggests members are leveraging their Naturally Slim benefits and their wellness benefits to engage in healthy behaviors such as seeing a PCP or other appropriate specialists.

Naturally Slim – Participation and Results

Naturally Slim – 2019	Medicare	PreMedicare	Presbyterian	All Groups
Accepted	368	331	211	910
Started	280	250	178	708
Starter Percentage	76%	80%	81%	78%
Age (Average)	72	62	61	66
Percent by Gender (M/F)	22% / 78%	20% / 80%	19% / 81%	20% / 80%
Graduate Percentage (8+ Sessions)	71%	79%	63%	72%
Graduate Percentage by Gender (M/F)	65% / 73%	75% / 81%	70% / 62%	69% / 73%
Total Weight Loss (lbs.)	1,436	1,407	781	3,624
Session 10 Weight Loss (lbs.)	7.3	7.5	7.3	7.4

Wellbeing Management

How are we doing?

87.7%
of Households have a Touchpoint
Benchmark: 64.9%

6.1
Touchpoints per Household
Benchmark: 4.8

4.8%
of Your Total Population is Clinically Managed
Benchmark: 1.7%

36.3%
of HHM Identified Candidates Engaged
Benchmark: 19.6%

$2,060,792
Program Value
$44.87 PEPM
Benchmark: $22.02

ALWAYS **INNOVATING**

to provide member outcomes and deliver increased savings

BETTER ENGAGEMENT

New programs lead to GREATER member engagement

MORE SAVINGS

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

- *Dependent on the product package

2021 Pilot – Tricore Gap Closures and Community Paramedicine

Paramedicine Program. BCBSNM wants the IBAC Agencies' members to be healthy after they leave the hospital. To help, we have a community paramedicine program. Through this program, your members have access to independent emergency medical technicians (EMTs). These EMTs can visit your members in their home following a hospital stay. Help from these licensed EMTs make the transition from hospital to home easier and their assistance may also lower a member's chances of needing readmission.
Services available from EMTs include:

- ✓Help with making follow-up appointments.
- ✓Education on condition, follow-up plans, and durable medical equipment.

Paramedicine Program Outcomes

- ✓Since the launch of the Community Paramedicine program in 2016, there has been a decrease in emergency room utilization by approximately 40% to 50% of members engaged and a 30-day readmission rate of 11% to 12%, which is approximately 5% below average.
- ✓The program has also proven effective in reaching members in rural areas, members who are homeless, and/or members who are hard to reach. In 2018, the Community Paramedicine program saw 2,266 members. Emergency room visits of engaged members decreased, resulting in $1.3 million in emergency room cost avoidance. Other positive measures of the program's success include connecting thousands of members with their PCPs and linking actively engaged members with a Care Coordinator. This resulted in an engagement increase of 50% as these members were previously unable to reach or had refused Care Coordination services.

2021 Pilot – Tricore Gap Closures and Community Paramedicine

Tricore Data Analytics and Gap Closure Program. This program uses Tricore Lab data for specific conditions (e.g., diabetes, pregnancy, and hepatitis C) to determine gaps in care based on real-time lab data. Tricore provides lab services to a large percentage of IBAC members across the state. The tool is accessible by Health Care Management (HCM) for real-time analytics and outreach to members that do not require waiting for a claim to be submitted. HCM facilitates primary care services if the lab is ordered through an emergency room or urgent care facility. Quality is improved by early detection and treatment through abnormal lab values and PCP coordination.

The New Mexico Retiree Health Care Authority

UnitedHealthcare Retiree Solutions
July 9, 2020
Dan Cadriel, Account Vice President

UnitedHealthcare®

UnitedHealthcare Retiree Solutions

UnitedHealthcare®

1.4 million
Group Medicare Advantage PPO members

Any willing Medicare provider
Same benefits in and out of network

8 years
Of pricing stability

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Our Continued Differentiation

Integrated care and advocacy support

UnitedHealthcare®

HouseCalls

- 1M HouseCalls completed for Group MA in past 3 years
- 50% of all visits result in a referral to another program

Condition Management

- 97% of enrolled members were engaged in our case and disease management programs in 2019
- Integrated medical-behavioral health

Navigate4Me

- Over 42,000 retirees touched by service navigators in 2019

Senior Wellness & Incentives

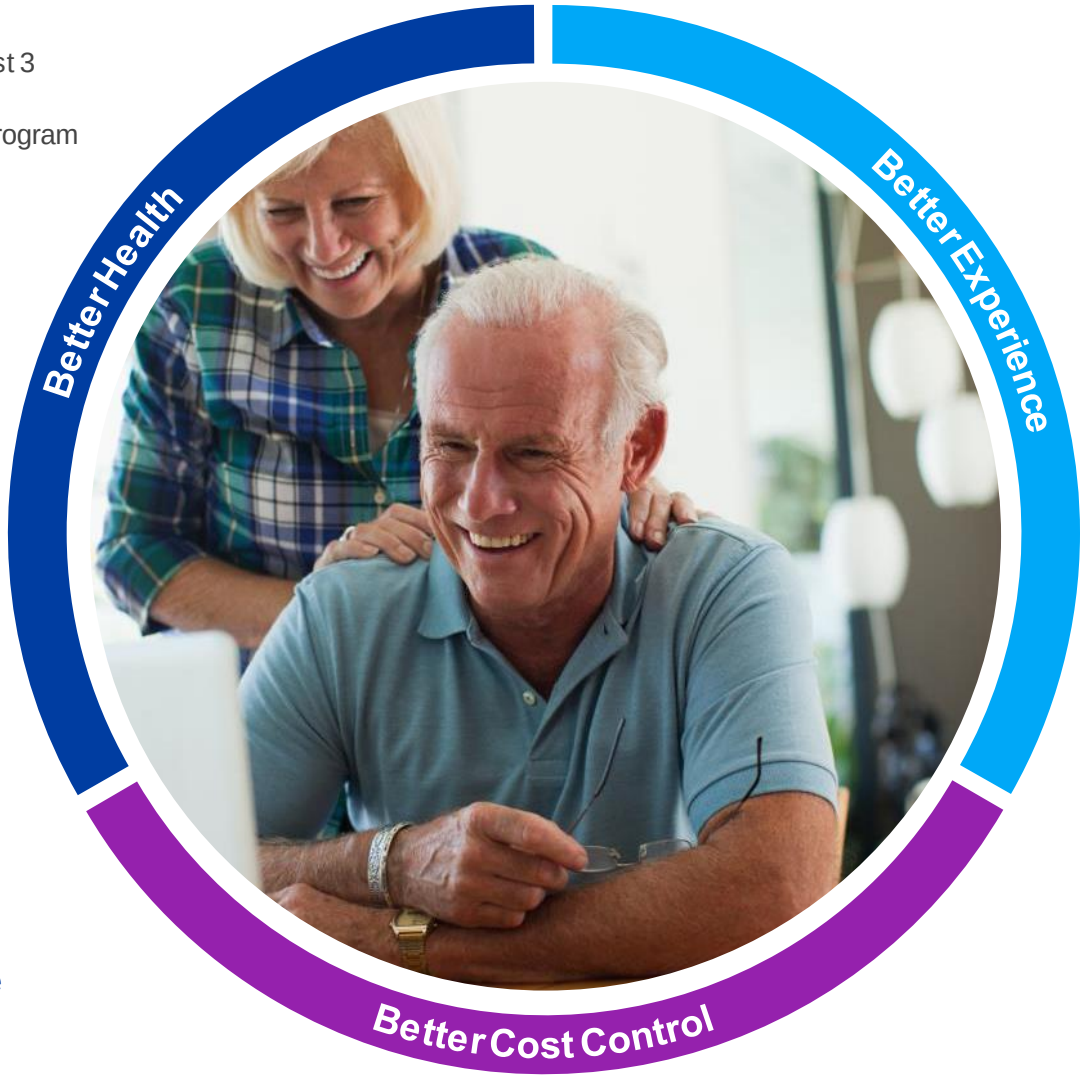
- Preventive health activity incentives
- 5 Star - Breast & colon cancer screens

Digital Tools & Remote Patient Monitoring

- Personalized digital care pathways
- App-based & home monitoring tools

Stars Quality Measures & Gap Closure

- 23 Stars measures – 5 Star
- All 11 operational and all diabetes – 5 Stars



NMRHCA Clinical Summary

Breast cancer screening

Colon cancer screening

Diabetic kidney disease monitoring

Value-based care providers

Preventive health activities completed

HouseCalls
906
Visits completed

SilverSneakers
12%
Participation rate

Clinical Programs
96%
Engagement rate

America's Health Rankings NM Key Findings

61%
Completed recommended preventive health screenings

65%
Received diabetes management

20%
Adults 60 and older with food insecurity

Data pulled 01/17/2020
Goals are annual and based on 4-5 star range per CMS cut points published on 12/19/2018
America's Health Rankings Senior Report,

Dedicated Group Retiree Service Model

Committed to remaining an extension of your team

- Dedicated to Group Retiree
- Actionable Performance Reporting based on your retirees' experience

Retiree experience

- Positive feedback from your retirees
- Committed to all aspects of your retirees' experience

Network Partners

- Lovelace
- Presbyterian
- University of New Mexico Health System
- DaVita Medical Groups

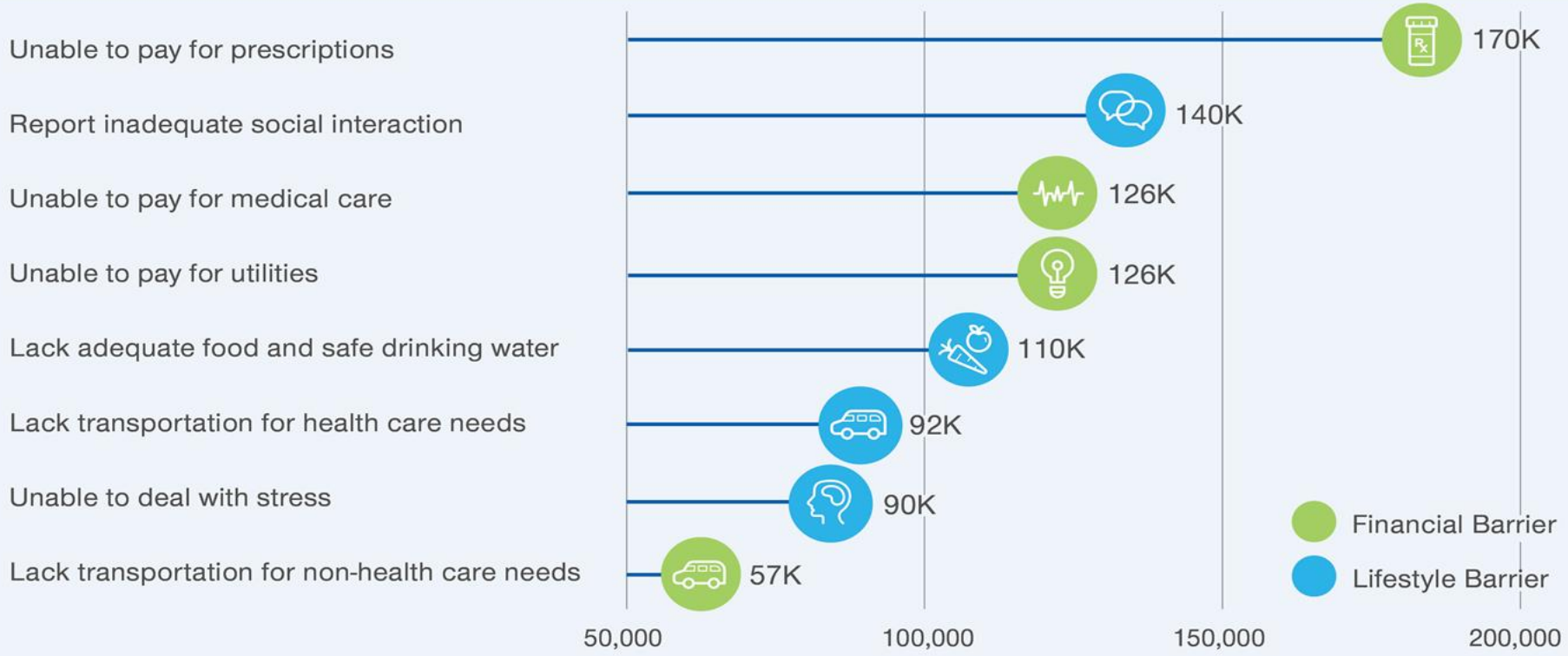
Understanding the social determinants of health

UnitedHealthcare®

80% of health and well-being is tied to social and economic factors, physical environment and health behaviors[1]

85% of physicians report that unmet social needs lead to poorer health outcomes[2]

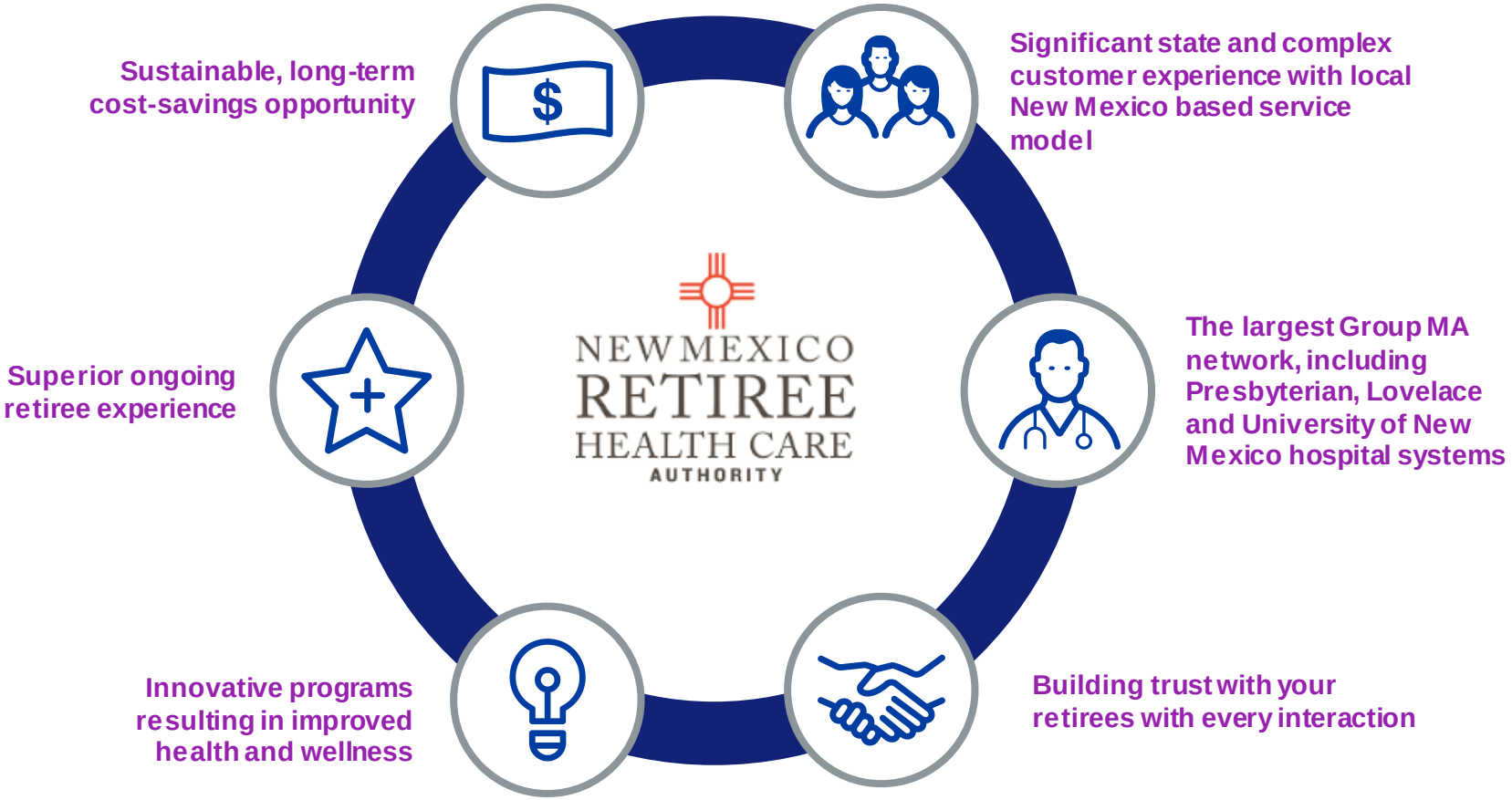
1.2 MILLION UnitedHealthcare Medicare Advantage beneficiaries self-identified social barriers to care:[3]



[1]Robert Wood Johnson Foundation, County Health Rankings, "Relationships between Determinant Factors and Health Outcomes"
[2]Robert Wood Johnson Foundation, "Health Care's Blind Side"
[3]Through 2018. Source: Better Medicare Alliance and UHC, "Social Determinants of Health, UnitedHealthcare Leverages Data to Address Medicare Advantage Beneficiaries Social Determinants of Health," January 2019

NMRHCA – You and your members are the focus of what we do and who we are

UnitedHealthcare®



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2021 Pilot – Tricore Gap Closures and Community Paramedicine

Tricore Data Analytics and Gap Closure Program. This program uses Tricore Lab data for specific conditions (e.g., diabetes, pregnancy, and hepatitis C) to determine gaps in care based on real-time lab data. Tricore provides lab services to a large percentage of IBAC members across the state. The tool is accessible by Health Care Management (HCM) for real-time analytics and outreach to members that do not require waiting for a claim to be submitted. HCM facilitates primary care services if the lab is ordered through an emergency room or urgent care facility. Quality is improved by early detection and treatment through abnormal lab values and PCP coordination.

Humana Group Medicare Advantage

New Mexico Retiree Health Care Authority

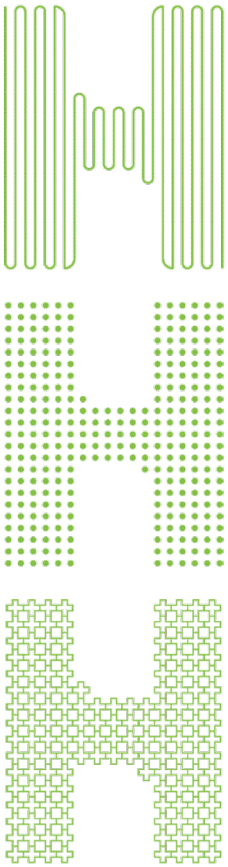
Annual Board Meeting – July 2020

Presented by - Julie Bodenski, Account Executive

Humana®

NEW MEXICO RETIREE HEALTH CARE AUTHORITY

Agenda



01 | Welcome

02 | About Humana

03 | Our Member Centric Care

04 | Response to COVID-19

05 | Q&A

Humana.

About Humana

Humana Medicare Advantage

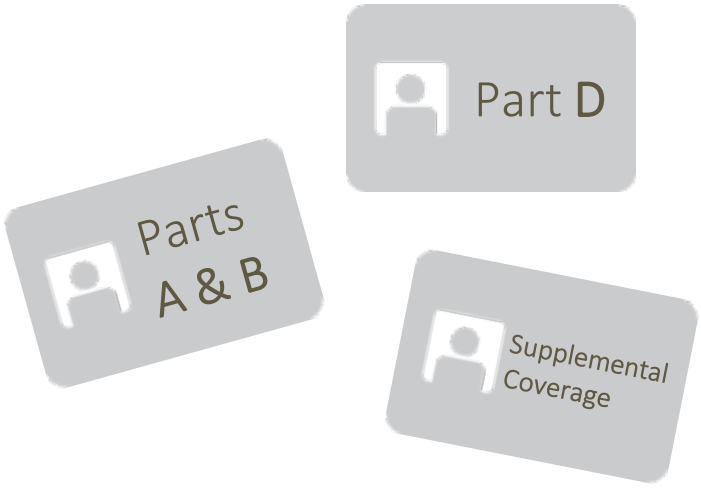
At Humana, we help members understand the many aspects of Medicare and try to make plans easy to select, enroll in and use.

About Humana:

[1]Humana Inc. 2018 Annual Report, February 2019

Group Medicare Advantage

With Medicare Advantage, your retirees will no longer have a need for a secondary plan



The federal government offers Original Medicare (Medicare Part A and Part B), which helps cover doctors' visits, outpatient care and admissions to a hospital or skilled nursing facility.

Humana Group Medicare Advantage (MAPD-Part C)

Provides Medicare benefits while eliminating the need for secondary plans.

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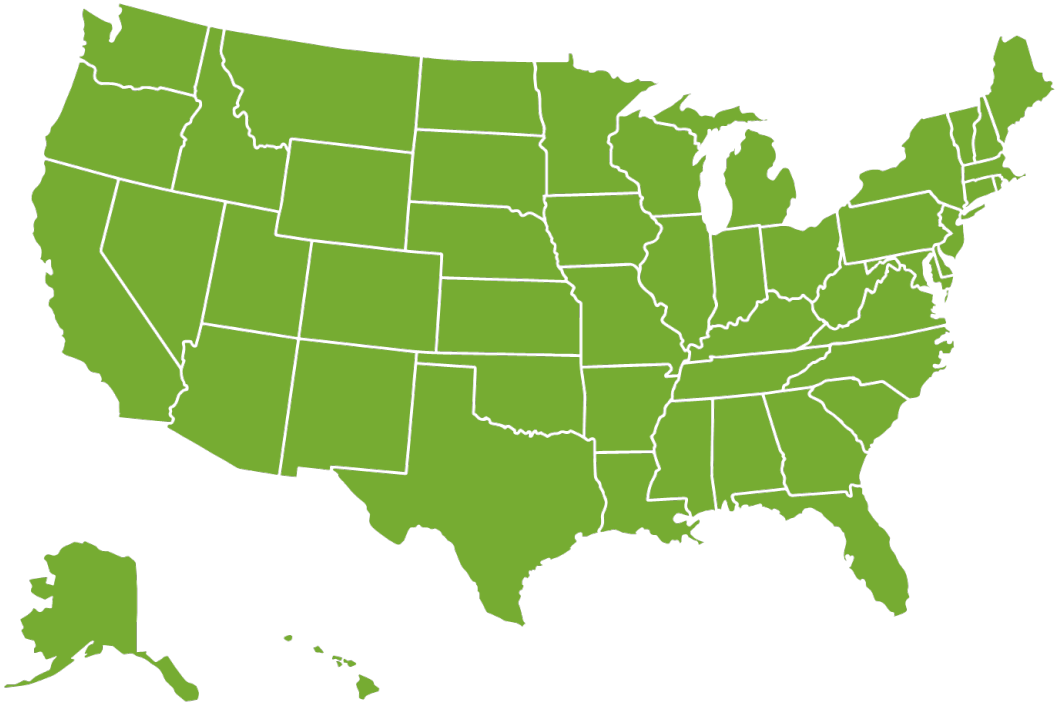
Humana's National Network

Our robust, national **network covers more than 8.3 million** Medicare Advantage and Part D Prescription Drug Plan members across the US and Puerto Rico.

- More than **780,000** contracted providers
- **160,630** Primary Providers
  - **558,687** Specialists
  - **3,430** Hospitals
  - **79,153** Facilities
- **67%** of members are aligned with providers in value-based plan arrangements

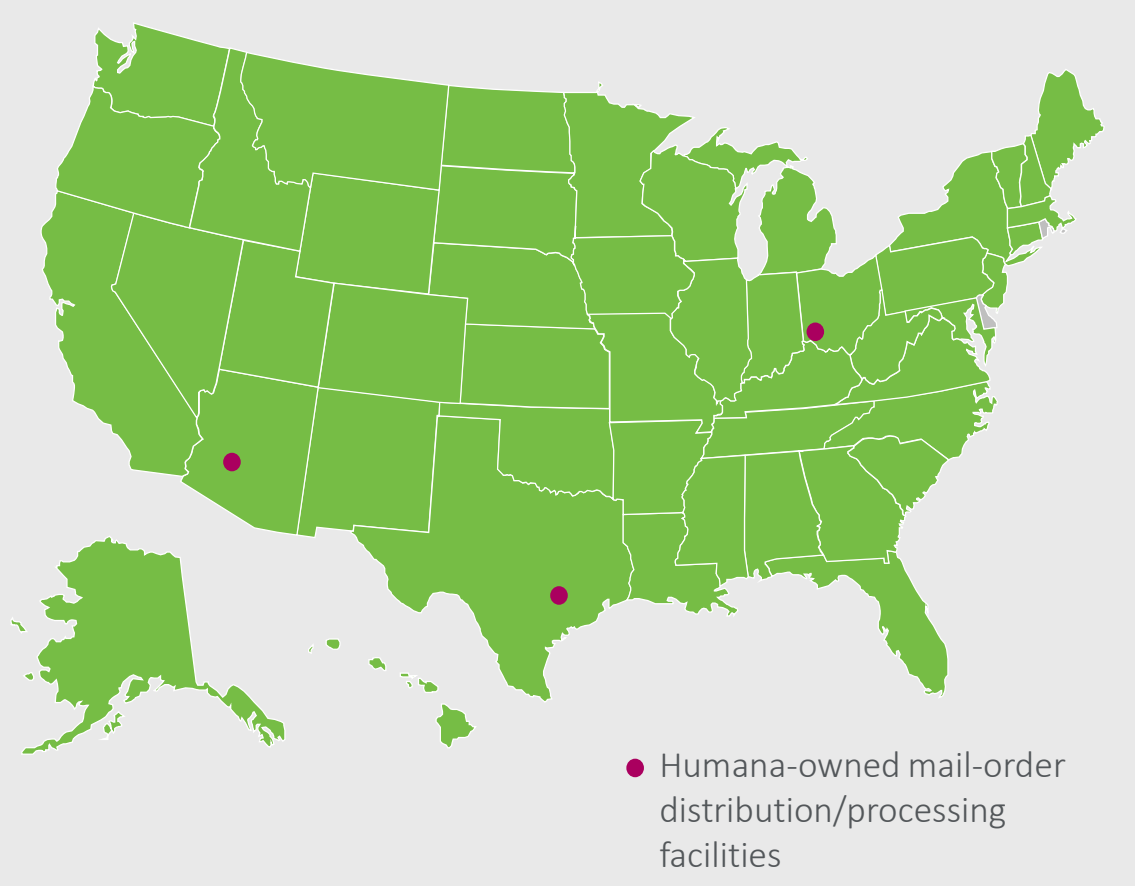


8.8 million Medicare Advantage and Medicare Part D Prescription Drug Plan members

Humana Pharmacy Solutions

Humana Pharmacy Solutions (HPS) helps members across the country get quick, affordable access to the medications they need

- Covers more than 10 Million members
- Administers 420M+ prescriptions annually
- 66,000 network pharmacies
- 5,000+ dedicated associates
- 750 In-house pharmacists



Extra Benefits and Services

Here are a few highlights of the extra benefits and services retirees can expect with Humana Group Medicare

Discounts

Humana members can receive discounts on Vision, Dental, Hearing and Weight Management services

Silver Sneakers

Gym memberships at more than 14,000 locations. Included in the plan at no cost. Weights, treadmills, pools and other amenities along with fitness classes for all abilities led by certified instructors

Meal Program

After a member's overnight stay in the hospital or nursing facility, they are eligible for 10 nutritious, precooked frozen meals delivered to their door at no cost to the member

Wellness Program

Our Go365 program is an effective wellness solution that incents members to reach their optimal health. By participating in measurable health-related activities and adopting behaviors, members earn rewards they can redeem for gift cards.

Our Mission

Improving Lives by Improving Healthy Outcomes

We Bring a Broad Set of Care Resources to Support Whole-person Care

We built a comprehensive set of care offerings to provide “whole member care” encompassing health and wellness

CARE DELIVERY

- Value-based primary care
- Health fairs and screening
- At-home testing kits
- In Home Wellness Assesment

- Chronic disease coaching
- Transition of care support
- Remote disease monitoring

Humana At Home

- 24/7 access to virtual MDs
- In-home mobile urgent care

MDLIVE

- Physical therapy / OT / ST
- Home Health
- Skilled Nursing
- High-touch in-home care
- Hospice

Kindred at Home

CARE RESOURCES

HOLISTIC SUPPORT

- Go365 Wellness program
- Neighborhood Centers
- Tobacco cessation program
- SilverSneakers

go365 by Humana

- Social determinants support
- Caregiver support
- Support with activities of daily living

- Professional counselling
- Integrated clinical-behavioral health

Humana Behavioral Health

- Pharmacist Consultations
- Medication Adherence
- Medicine Reconciliation

Humana Pharmacy

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Improving our Member's Lives – Wherever the Journey Takes Them

Humana goes beyond insurance. We are a health and wellness company providing holistic care to your retirees throughout their life's journey

Healthy

We engage and work with your healthiest members to maintain healthy lifestyles as they age and transition into new life phases

By the numbers:

50% of members
15% of cost

Resources:

Go365
Guidance Centers
Health Coaching
SilverSneakers

Manageable Conditions

Many members have manageable health conditions; we work with them to drive medication adherence and reinforce healthy lifestyles

By the numbers:

25% of members
15% of cost

Resources:

Telehealth
Humana Pharmacy
Tobacco Cessation

Early Stage Disease and High-Risk

Members with early stage disease or at risk for negative health events have access to multiple hands-on programs to slow disease progression

By the numbers:

20% of members
35% of cost

Resources:

Disease-Specific Best Practices
Senior Case Management
Nutritionist
Behavioral Health Services

Complex and Chronic Conditions

Your highest utilization members have access to the country's biggest network of home care professionals to provide the best possible care

By the numbers:

5% of members
35% of cost

Resources:

Humana at Home
Kindred at Home
Specialty Pharmacy

Where payers typically invest in programs

Humana promotes holistic health and wellness for all retirees

Humana Response to COVID-19

At Humana, we are aggressively accelerating proactive outreach to members in light of COVID-19

GOAL

Mobilize Humana's workforce to accelerate proactive outreach to HUM members during COVID-19

OBJECTIVES

- Shift from reactive member contact to proactive outreach – and deliver it in a personalized, locally-oriented, disease-specific way
- Activate Humana's workforce to deliver this support
  - Ensure coordination across the enterprise
  - Engage teams that have capacity in support of teams that need help

Approach

- Build member cohorts
- Define interventions
- Mobilize the workforce
- Build a clinical dashboard

4 cohorts - stratifying members by COVID diagnosis and level of vulnerability in this changing landscape

Cohorts		Need addressed by HUM
1 **COVID Positive** *Includes presumed positive or awaiting results*	In SNF or hospital	Facilitate movement into post-acute or home setting, and provide support for managing needs through the transition
	At home	Provide help to stay at home until treatment is necessary
2 **Not COVID Positive Most vulnerable**	Urgent	Ensure consistent access to care among those with high dependency on the medical system – in home when possible Ensure basic life essentials are in place – food, medications, supplies, access to behavioral health support
	Non-urgent	Ensure complex medical needs are met, even if member has no urgent SDOH gaps
3 **Not COVID Positive Vulnerable**		Ensure primary and preventive care is in place to keep members out of the strained health care system. Surface and escalate any urgent needs
4 **Not COVID Positive Least vulnerable**		Provide educational support and self-service resources to manage the disruption to daily life

Humana made several benefit enhancements in response to Coronavirus.

Description of Benefit Enhancement/Services	In-Network	Out-of-Network*
COVID-19 testing/lab	Covered at 100%	Covered at 100%
Office/Facility visit tied to testing/lab for COVID-19	Covered at 100%	Covered at 100%
COVID-19 treatment in Office Visit/ER/Inpatient/Outpatient**	Covered at 100%	Covered at 100%
Telehealth visit for COVID-19 (teledoc, physicians, specialist, mental health/substance abuse)	Covered at 100%	Covered at 100%
Telehealth visit for non COVID-19 reasons (teledoc, physicians, specialists, mental health/substance abuse)	Covered at 100%	Applicable cost shares will apply
Waiving member costs for all Primary Care, Behavioral Health (on an outpatient, non-facility basis) and Telehealth visit with participating/in-network providers through end of 2020	Covered at 100%	Applicable cost share will apply
***Early prescription refills allowed through April 30, 2020 (updated to allow early refills through 7/25/20)	30 days and 90 days maintenance drugs at in-network pharmacies, as appropriate (excluding controlled substances)	

*It is important that care is sought from providers who accept Medicare and will bill Humana
**The waiver applies to all medical costs related to the treatment of COVID-19 as well as FDA-approved medications or vaccines when they become available
***In order to have an early refill a member must have a refill available

We are focused on keeping NMRHCA updated and members engaged with safe distancing

Online

Continuous updates at:

https://www.humana.com/coronavirus

https://www.humana.com/health-and-well-being/coronavirus

Group Updates

March 10 -	Humana Press Release (March 9) - Expanded Coverage
March 24 -	Humana COVID-19 Resources and outreach
March 25 -	SilverSneakers - program updates and Live events
March 25 -	Humana Press Release (March 24) - New COVID-19 information: TELEHEALTH ONLY
March 30 -	Humana Press Release (March 30) - Waiving medical costs releated to COVID-19
April 10 -	Humana cohort outreach begins
April 16 -	Humana Go365 - Social and Fitness Ideas and Food Access Tips
April 28 -	SilverSneakers update: Live classes available through portal (updates provided May 19)
4/29 & 5/4 -	Humana - Virtual Neighborhood Center events (June schedule provided May 26, July schedule provided June 29)
May 5 -	Humana - Waiving Cost Shares (PCP, Behavioral Health non-facility, Telehealth) In-Network and Safety Kit mailing
June 30 -	Humana Press Release (June 30) - COVID-19 Drive-Thru and At-Home Test Collection

COVID-19 Concierge Testing

If members call in to customer care they are able to request information about where they can obtain COVID-19 testing.

If a member is unable to access the testing sites or would rather have testing at home, the member will be sent a self-test kit to their home.

Members can also visit www.humana.com/care and access the online questionnaire if they want to find a testing location on their own, which includes requesting a self-test kit.

Humana Safety Kits

The safety kit contains two washable facemasks, as well as health advice and information about how Humana can support our members as they seek care. Care kits sent to members' homes starting June 2020 and will continue through the summer.

2021 COVID-19 Benefit Enhancements

Humana has confirmed the following will be offered in 2021 as benefit enhancements tied to our Medicare Advantage Plans:

- Telehealth; $0 cost share for PCP, Urgent Care and Behavioral Health for In Network Providers
- COVID vaccine, $0 when available (preventative in network)
- COVID Testing and Treatment $0 cost share for In and Out of Network Providers
- COVID Care Package; 14 days of meals (28 total meals)
- Respiratory care kit for all member (mask, gloves, sanitizer)

Humana.


Humana®

The Express Scripts Pharmacy Experience

Amy Daily, Sr. Account Executive

Harris Zeyaee, Sr. Clinical Account Executive

July 9, 2020

EXPRESS SCRIPTS®

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About Express Scripts

- Express Scripts is RHCA's chosen partner for administering the prescription plan
- We are a leading pharmacy benefit manager that puts medicine in reach for tens of millions of people
- RHCA members have access to the following through Express Scripts:
  - 60k+ retail pharmacies located across the United States
  - Convenient home delivery services
  - Accredo specialty pharmacy for medications that treat complex and chronic health conditions
  - Specialized pharmacists, nurses and other clinicians in 20+ condition-specific Therapeutic Resource Centers
  - Express-Scripts.com and our mobile app for ordering and managing your prescriptions

What services does Express Scripts provide to your plan?

- Electronic claims processing
- Formulary development and management
- Benefit Design
- Pharmacy networks
- Generic substitution
- Rebates & drug discounts
- Clinical trend
- Reporting
- Home delivery
- Patient service
- Client service
- Medicare Part D Prescription Plan

Clinical, Health and Safety Solutions

- Prior Authorization
- Step Therapy
- Quantity Limits
- Formulary Management
- Drug Utilization Review
- Health and Safety Coordination
- Fraud, Waste & Abuse
- Advanced Opioid Management
- Specialized pharmacist review and counseling
- Engagement and outcomes focus for chronic diseases, like diabetes

Pharmacy Networks and Services

When it comes to pharmacy care for your members the choice you make matters

COMPREHENSIVE PHARMACY CARE

Express Scripts Retail Pharmacy Network

Retail Pharmacies/Retail Maintenance for **SHORT-TERM and CHORNIC** Medication Needs

Flexible retail options from preferred and broad networks

Express Scripts Pharmacy℠

Home Delivery for **CHRONIC** Medication Needs

Specialized care with a reliable, affordable and easy, worry-free experience

Accredo® Specialty Pharmacy

Custom Specialty Network and Home Delivery for **SPECIALTY** Medication Needs

More personalized care with greater savings

Who are specialty patients?




People like you

living with the most complex, chronic and rare conditions

COMMON SPECIALTY CONDITIONS:			
Rheumatoid Arthritis	Hepatitis C	Inflammatory Conditions	Pulmonary Arterial Hypertension
Cancer	Multiple Sclerosis	HIV	Bleeding Disorders

... and many others

Therapeutic Resource Centers (TRCs) provide specialized care at its best

20 areas of specialization

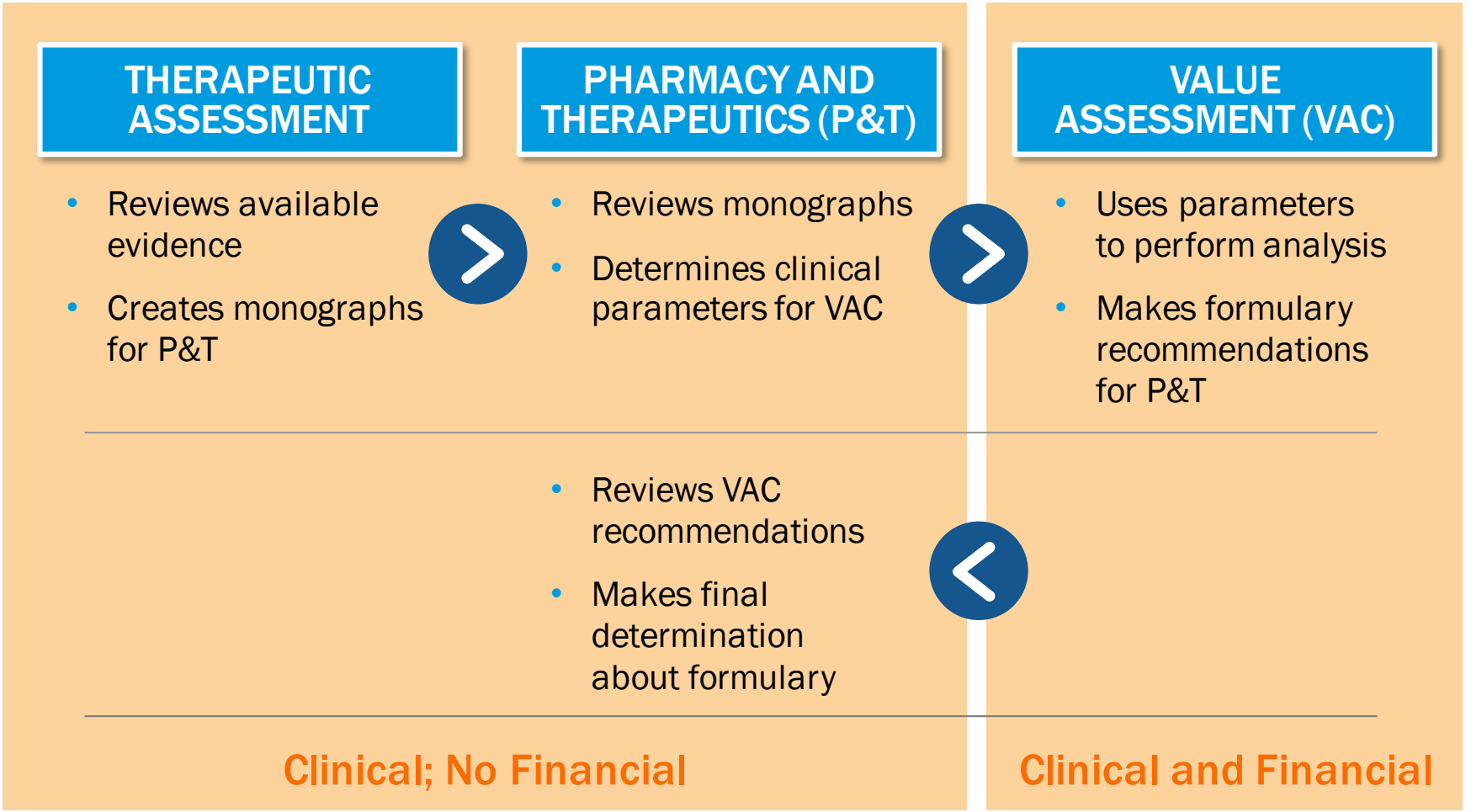
Pharmacists, nurses and clinicians work in teams — like small practices — each focused on a specific disease state.

- Compassionate, focused care
- Highly focused training that enhances understanding of specific conditions
- Behavioral science-based communication techniques
- Unique clinical protocols developed as a result of specialization

Specialist pharmacists are available to
ALL EXPRESS SCRIPTS MEMBERS

Formulary Management and Clinical Solutions

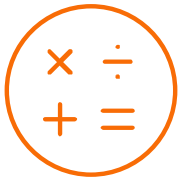
Express Scripts formulary development committees



Ensuring that every medication each patient takes...

is appropriate for that condition

is shown to achieve **meaningful clinical outcomes** while **costing less** than alternative prescriptions



was prescribed and dispensed in the **proper quantity**

Prior Authorization • Step Therapy • Drug Quantity Management

$9M

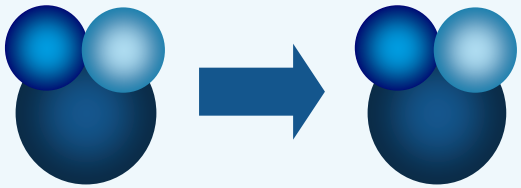
COSTS AVOIDED ANNUALLY FOR RHCA's COMMERICAL AND EGWP PLANS

About Step Therapy
Reduce prescription waste

Step therapy reduces waste by promoting the use of generics

Chemical equivalence

Two drugs with active ingredients that are identical at the molecular level

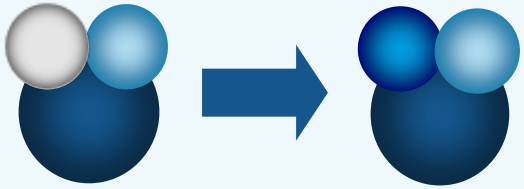


Ambien® zolpidem

Occurs 95%+ of the time with little intervention

Therapeutic equivalence

Two drugs with active ingredients that are similar at the clinical level



Lunesta® zolpidem

Occurs infrequently without intervention

Cancer patient with lung condition history

- A patient with a history of Chronic Myelogenous Leukemia, filled Sprycel (dasatinib) on 8/07
- 8/20, the Provider is alerted that Sprycel should be used with caution in patients with a history of pleural effusion
- 9/04, RationalMed begin to check for the presence of the Sprycel prescription (or any drug in the class)
- Sprycel was not filled after the RationalMed alert was sent to the prescriber, but another medication in the same class, Gleevec (imatinib) was prescribed
- The system compares the daily net plan cost of Sprycel ($193.07* net plan cost) vs. Gleevec ($377.55* net plan cost) and calculates the added cost of Gleevec ($184.48)
- The patient continues to fill Gleevec and the extra cost is accumulated for 235 days (average length of therapy for Sprycel)

*Fictitious Net Plan Cost figure
Clinical rule examples, medications, and average length of therapy citied herein may no longer be accurate and were used solely for the purpose of explaining pharmacy savings methodology

Digital Tools to Drive Member Education and Outcomes

EXPRESS SCRIPTS®

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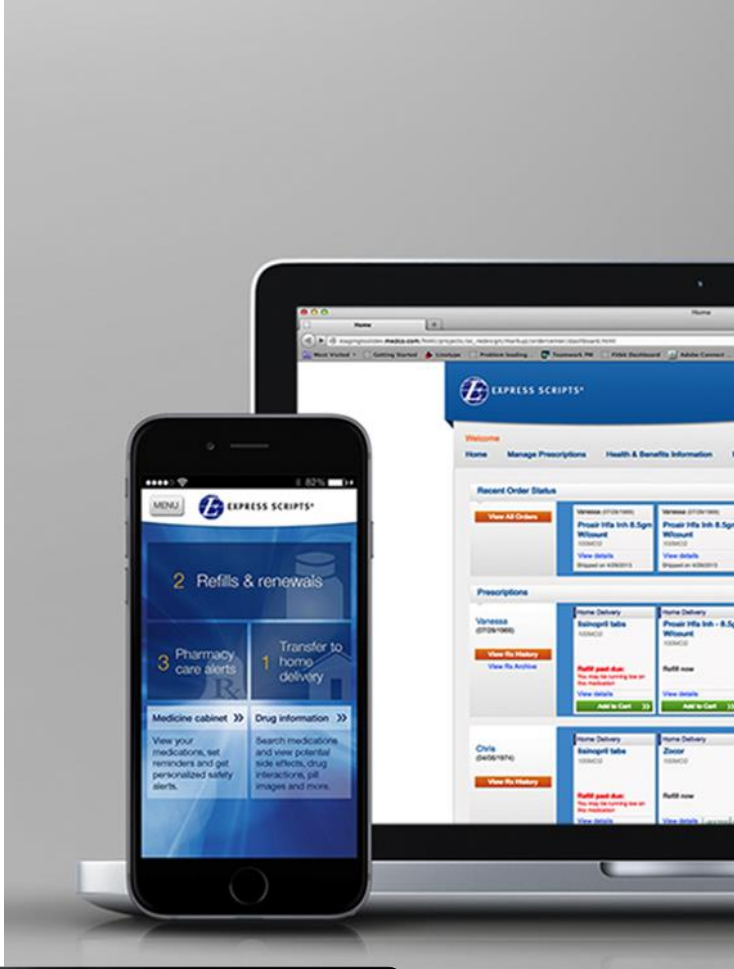
Digital tools make it easy to manage medications

Digital users are

16% less likely

to have a gap in care

- Easy to refill medications, review benefit information, track medication history and receive gap-in-care alerts
- ePrescribing and prior authorizations simplify Rx ordering and approvals, improving adherence
- Condition-specific self-service tools help manage conditions and medication regimens
- Virtual “face-to-face” counseling[1] connects pharmacists and members wherever they are



1. Video chat in pilot testing

Programs RHCA has in place to improve member outcomes, member health and control costs

RHCA's Pharmacy Solutions - Improve Member Outcomes and Reduce Healthcare Costs

- Pharmacy Network
  - Retail 90 option through Walgreens on EGWP and Commercial
  - Also encourages home delivery
- Specialty
  - Exclusive Accredo
  - SaveOn Copay Assistance Program
  - Safeguard specialty programs which encourage adherence, provide improved discounts and offer guarantees
- Clinical Programs
  - Livongo Diabetes Remote Monitoring
  - Advanced Opioid Management
  - RationalMed
  - Medical Channel Management
  - Proactive and most comprehensive clinical rules package
- Employer Group Waiver Plan (EGWP) for Medicare D benefits