REGULAR MEETING OF THE BOARD OF DIRECTORS



April 4, 2017 9:30 AM Alfredo R. Santistevan Board Room Suite 207 4308 Carlisle Blvd. NE Albuquerque, NM 87107

New Mexico Retiree Health Care Authority Regular Meeting

BOARD OF DIRECTORS

ROLL CALL

April 4, 2017

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

NMRHCA BOARD OF DIRECTORS

April 2017

Mr. Wayne Propst
Executive Director
Public Employees Retirement Association
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Santa Fe, NM 87507
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Santa Fe, NM 87504-2123
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Ms. Jan Goodwin
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Educational Retirement Board
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(F) 505-827-1855

The Honorable Mr. Wayne Johnson NM Association of Counties Bernalillo County Commissioner One Civic Plaza, NW Albuquerque, NM 87102 Ms. Karen Brown Deputy County Commissioner Bernalillo County, District 5 kbrown@bernco.gov 505-468-7212 (office) 505-462-9821 (fax)

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

Mr. Joe Montaño, Vice President NM Assoc. of Educational Retirees 5304 Hattiesburg NW Albuquerque, NM 87120 Jmountainman1939@msn.com (H) 897-9518 Mr. Doug Crandall
Retired Public Employees of New Mexico
14492 E. Sweetwater Ave
Scottsdale, AZ 85259
dougcinaz@gmail.com

The Honorable Mr. Tim Eichenberg NM State Treasurer 2055 South Pacheco Street Suite 100 & 200 Santa Fe, NM 87505 <u>Tim.Eichenberg@state.nm.us</u> (W) 505-955-1120 (Fax) 505-955-1195

Ms. Therese Saunders
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Federation of Educational Employees
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Mr. Tom Sullivan, President Superintendents' Association of NM 800 Kiva Dr. SE Albuquerque, NM 87123 tlsullivan48@gmail.com 505-330-2600

Ms. Leanne Larranaga-Ruffy
Alternate for PERA Executive Director
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Regular Meeting of the NEW MEXICO RETIREE HEALTH CARE AUTHORITY BOARD OF DIRECTORS

April 4, 2017 9:30 AM Alfredo R. Santistevan Board Room 2nd Floor, Suite 207 4308 Carlisle Blvd. NE Albuquerque, NM 87107

AGENDA

| 1. | Call to Order | Mr. Sullivan, President | Page |
|-----|---|--|----------|
| 2. | Roll Call to Ascertain Quorum | Ms. Beatty, Recorder | |
| 3. | Pledge of Allegiance | Mr. Sullivan, President | |
| 4. | Approval of Agenda | Mr. Sullivan, President | 4 |
| 5. | Approval of Regular Meeting Minutes March 7, 2017 | Mr. Sullivan, President | 5 |
| 6. | Public Forum and Introductions | Mr. Sullivan, President | |
| 7. | Committee Reports | Mr. Sullivan, President | |
| 8. | Executive Directors Updates | Mr. Archuleta, Acting Director | |
| | a. Legislativea. Health Notes Analysisb. 2017 Legislationb. Program Participation | | 13 |
| | c. Spring Newsletter d. HR Updates e. CareView Implementation f. February 2017 SIC Report | | 15 19 |
| ۵ | 2018 Preliminary Plan Review | Mr. Archuleta, Acting Director | 30 |
| | FY18 Operating Budget (Action Item) | Mr. Archuleta, Acting Director | 49 |
| | Pharmacy Benefit Manager Consultant RFP (Action Item) | • | 51 |
| | Other Business | • | 31 |
| | | Mr. Sullivan, President | |
| 13. | Date & Location of Next Board Meeting May 2, 2017, 9:30AM Alfredo R. Santistevan Board Room 4308 Carlisle Blvd. NE, Suite 207 Albuquerque, NM 87107 | Mr. Sullivan, President | |
| | Executive Session ursuant to Section 10-15-1H(2) NMSA 1978 to Discuss Limited Po | Mr. Sullivan, President ersonnel Matters | |
| 15. | Adjourn | | |

ACTION SUMMARY

RETIREE HEALTH CARE AUTHORITY/REGULAR BOARD MEETING

March 7, 2017

| Item | Action | Page # |
|---|---------------|--------|
| APPROVAL OF AGENDA | Approved | 3 |
| APPROVAL OF MINUTES: February 7, 2017 | Approved | 3 |
| PUBLIC FORUM & INTRODUCTIONS | Informational | 3 |
| COMMITTEE REPORTS | Informational | 3 |
| 2018 PRELIMINARY PLAN RECS | Informational | 3 |
| 5-YEAR STRATEGIC PLAN (2018-2022) | Informational | 4 |
| FY17 CONTRACT AMENDMENTS | Approved | 4 |
| EXECUTIVE DIRECTOR'S UPDATE Healthcare Market/Corporate Mergers Medicare Outreach Legislative HR Updates PBM Consultant RFP County of Sierra January 2017 SIC Report Executive Director's Resignation | Informational | 5 |
| | | |

OTHER BUSINESS

None

EXECUTIVE SESSION: Limited Personnel Matters [p. 8] Appoint David Archuleta as Interim Exec Director

MINUTES OF THE

NEW MEXICO RETIREE HEALTH CARE AUTHORITY/BOARD OF DIRECTORS

REGULAR MEETING

March 7, 2017

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 10:00 a.m. in the Senator Fabian Chavez, Jr. (PERA) Board Room, 33 Plaza La Prensa, Santa Fe, New Mexico.

2. ROLL CALL TO ASCERTAIN 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

Ms. Jan Goodwin

Ms. LeAnne Larrañaga-Ruffy

Mr. Terry Linton

Ms. Therese Saunders

Members Excused:

Mr. Wayne Johnson

Staff Present:

Mr. Mark Tyndall, Executive Director

Mr. Dave Archuleta, Deputy Director

Mr. Neil Kueffer, Director of Product Development & Health Care Reform

Ms. Josefina Roberts, CFO

Mr. Greg Archuleta, Director of Communication & Member Engagement

Ms. Judith Beatty, Board Recorder

Others Present:

[See sign-in sheet.]

3. PLEDGE OF ALLEGIANCE

Mr. Linton led the Pledge.

4. APPROVAL OF AGENDA

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

5. <u>APPROVAL OF REGULAR MEETING MINUTES</u>: February 7, 2017

Ms. Goodwin moved approval of the minutes of the February 7 meeting, as submitted. Mr. Crandall seconded the motion, which passed unanimously by voice vote.

6. PUBLIC FORUM AND INTRODUCTIONS

There were no speakers from the floor.

7. COMMITTEE REPORTS

Chairman Sullivan reported that the Executive Committee met on March 2 to prepare today's agenda.

Mr. Crandall said the Finance Committee met, and its report is on today's agenda.

Ms. Goodwin stated that the Wellness Committee plans to meet after the legislation is over.

Ms. Goodwin said she has been in contact with Mr. David Archuleta regarding the RFP for a new auditor, and the Audit Committee will be working with him on the RFP.

8. 2018 PRELIMINARY PLAN RECOMMENDATIONS

Mr. Archuleta summarized changes made over the last three years and reviewed preliminary staff recommendations for January 1, 2018.

Pre-Medicare/Medicare

- 1. Increase retiree premiums in accordance with projected medical and prescription drug trend for all self-insured plans.
- 2. Expand value option resources. (Applies downward pressure on costs)

3. Increase cost sharing on prescription plan (a. Narrower network; b. Increase copays)

Medicare

- 4. Default folks to the appropriate Medicare Advantage Plan (assumed based on last year's board adoption)
- 5. Supplement Introduce \$250 copay for inpatient stay (1 per year; estimated savings of \$1 million per year)
- 6. Supplement increase annual Part B cost sharing by \$50 (would increase Medicare Part B deductible of \$166 to \$216)

Related factors

Investment returns have exceeded projections, which, if trend continues, would have a positive impact on solvency.

Market check agreement in the Express Scripts contract requires Express Scripts to pass along savings it has with drug manufacturers, which are estimated at \$10 million a year. Segal has been asked to determine whether those savings can be incorporated into the solvency report.

9. <u>5-YEAR STRATEGIC PLAN (2018-2022)</u>

Mr. Archuleta stated that, in addition to items that the board agreed should be carried over from the previous year, new initiatives would include value-based purchasing from contract partners. He also noted that the \$3 million the NMRHCA was receiving each year from the tax suspense fund, which was being incorporated into the solvency projections, has been reduced from 12 percent to 6 percent, possibly indefinitely. This will have to be considered as part of any plan design change.

10. FY17 CONTRACT AMENDMENTS

Mr. Archuleta reviewed a list of existing contracts and associated compensation for each. He said estimated costs project the need to amend compensation upward for agreements with Presbyterian Medicare Advantage and United Healthcare Medicare Advantage through the remainder of FY17. He stated that approval of the proposed amendments would leave \$5,083,400 unencumbered and available for additional amendments prior to the end of FY17.

Mr. Archuleta said staff is also proposing to enter into a statewide price agreement for professional services for the design and development of a new website with Real Time Solutions. The proposed agreement would designate \$20,000 of the available \$91,000 in the contractual services category.

Mr. Eichenberg recommended that the agency seek quotes for the website development services. Mr. Archuleta agreed to do so.

Mr. Archuleta requested approval to amend the compensation associated with the existing agreements between NMRHCA and Presbyterian and United Healthcare Medicare Advantage Plans in the amount of \$50,000 and \$250,000, respectively.

Mr. Crandall said the Finance Committee reviewed and approved staff's request.

Mr. Crandall moved for approval, with Mr. Eichenberg's recommendation. Ms. Goodwin seconded the motion, which passed by voice vote, with Mr. Linton in abstention.

Mr. Linton stated that Real Time Solutions is one of his clients.

11. EXECUTIVE DIRECTOR'S UPDATES

a) Healthcare Market/Corporate Mergers

Mr. Tyndall stated that the U.S. House of Representatives would introduce a bill to committees this week, which is its new version of healthcare reform. Based on media summaries he has read, it will do away with the individual mandate and will leave the Medicaid expansion alone for a few years, then put a cap on it and let it grow at an inflationary rate. He commented that it is unlikely there will be any immediate and direct impact on the NMRHCA.

Mr. Tyndall stated that the new version is treating ages differently than in the past, which means it will be cheaper for young people but will be much more expensive for people approaching 65. He said this essentially means that membership in the NMRHCA will grow.

With respect to corporate mergers, Mr. Tyndall said the Aetna-Humana health insurance "megamerger" was rejected by a federal judge; however, there is talk about the Trump administration being friendlier toward such mergers, and so this merger still could be on the table. He said the NMRHCA does not see this as a detriment either way.

Mr. Tyndall said the other merger under discussion was Anthem and Cigna. He said it is unlikely that this merger will proceed based on the fact that they have each sued the other for billions of dollars.

Mr. Tyndall stated that, on February 16, the Department of Justice unsealed a whistleblower lawsuit that was filed against United Healthcare in 2011 for inflating riskadjusted scores on its Medicare Advantage population. While it is unlikely that this will go to

full litigation, this is something the board should keep in mind because the Health & Human Services Department is scrutinizing the way health plans apply these risk scores (which is how subsidies are determined). NMRHCA pays a premium of \$100 a month, but the subsidy paid by the federal government for the Medicare Advantage plan is \$800-\$900 per member per month, and it is possible that premiums could increase if subsidies are decreased.

b) Medicare Outreach

Mr. Tyndall said NMRHCA has scheduled a series of Medicare outreach presentations, beginning on March 8 and ending on December 6. The agency has tried this before with mixed results, but it hopes to do a better job of reaching people who are aging into Medicare to make sure they understand what their choices are.

c) <u>Legislative</u>

Mr. Tyndall discussed the status of pending legislation.

- a. HJM1
- b. NM Health Connections/SB334
- c. SB354
- d. <u>HB452</u>
- e. HB2

d. HR Updates

Mr. Tyndall reported that Deb Whitmore's position has been filled, as reported last month. Rudy Bantista's reclassified position was posted and filled by Anna Arellanes, leaving her position open. NMRHCA is working with the State Personnel Office (SPO) to fill that position as quickly as possible.

Mr. Tyndall said SPO is moving forward with HR consolation and will be opening a SPO office in Albuquerque. He stated that it is possible NMRHCA will lose its HR spot as a result.

e. PBM Consultant RFP

Mr. Tyndall reported that proposals are in and are being evaluated.

f. County of Sierra

Mr. Tyndall reported that the Sierra county manager recently contacted the NMRHCA asking about possible participation in the plan. He wanted to know why Sierra County was not in it to begin with and was told that this was a decision made by the county in 1990. He asked about a preliminary figure on the buy-in. Mr. Tyndall noted that the statute was changed a few years ago such that the buy-in to participate has to equal the liability of the

group wanting to participate. With GASB 75 on the horizon, it is possible it could cost \$1.5 million, and a year later, the county would have to report on its unfunded liability. Mr. Tyndall commented that 22 of New Mexico's 33 counties are participants, and while he did not want to discourage Sierra County, he wanted to be sure it understood the financial implications of buying in. He said it has about 100 full-time employees and would want to provide benefits to new retirees and not existing ones.

g. January 2017 SIC Report

Mr. Tyndall reported that fund balances were at \$509 million at January 31. Part of this is due to the market coming back since 2009, but the majority is due to the \$205-plus million that the NMRHCA has been able to put in the investment account while the market was growing.

h. Executive Director's Resignation

Mr. Tyndall said he would be leaving the agency at the end of this week to work in the private sector. He said he could not thank the board enough for the support it has given him and the agency's 27 employees over the years.

Mr. Montaño said he has been associated with the NMRHCA virtually since its inception, but he could honestly say it is in the best shape it has ever been as a result of the leadership and guidance Mr. Tyndall has given the board along with the excellent and dedicated work of staff.

12. OTHER BUSINESS

None.

13. DATE AND LOCATION OF NEXT BOARD MEETING

April 4, 2017, 9:30 AM Alfredo R. Santistevan Board Room 4308 Carlisle Blvd. NE, Suite 207 Albuquerque, NM 87107

[Ten-minute break.]

14. EXECUTIVE SESSION:

a. Pursuant to Section 10-15-1H(2) NMSA 1978 to Discuss Limited Personnel Matters

Mr. Linton moved to enter executive session for the purpose of discussing limited personnel matters, as permitted by the NM Open Meetings Act. Ms. Goodwin seconded the motion, which passed on the following roll call vote:

For: Mr. Sullivan; Mr. Montaño; Mr. Crandall; Ms. Goodwin; Mr. Linton; Ms. Saunders; Mr. Eichenberg; Ms. Larrañaga-Ruffy.

Against: None.

[Board was in executive session from 11:25 a.m. until 12:40 p.m.]

Mr. Crandall moved to come out of executive session. The motion was seconded by Ms. Saunders and passed unanimously by voice vote. [Not present: Ms. Goodwin and Mr. Linton.]

Mr. Eichenberg moved the appointment of David Archuleta as Interim Executive Director. Ms. Larrañaga-Ruffy seconded the motion.

Chairman Sullivan stated that the board discussed an appropriate compensation package for Mr. Archuleta during executive session and would work through the appropriate channels and with Mr. Archuleta on that.

Mr. Archuleta accepted this appointment.

The motion passed unanimously by voice vote.

15. ADJOURN

Its business completed, the Board adjourned the meeting at 12:45 p.m.

| Tom Sullivan, President | |
|-------------------------|--|

Senator John Arthur Smith Chairman

Senator Sue Wilson Beffort Senator Pete Campos Senator Carlos R. Cisneros Senator Carroll H. Leavell Senator Howie C. Morales Senator George K. Munoz Senator Steven P. Neville

State of New Mexico LEGISLATIVE FINANCE COMMITTEE

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

> David Abbey Director



Representative Jimmie C. Hall Vice-Chairman

Representative Paul C. Bandy Representative George Dodge, Jr. Representative Jason C. Harper Representative Larry A. Larrañaga Representative Patricia A. Lundstrom Representative Nick L. Salazar Representative Luciano "Lucky" Varela

March 2, 2017

Mr. Ed Burckle, Secretary General Services Department John F. Simms Building 715 Alta Vista Street Santa Fe, New Mexico 87505

Mr. Sammy Quintana, Executive Director New Mexico Public Schools Insurance Authority 410 Old Taos Highway Santa Fe, New Mexico 87501

Ms. Vera Dallas, Senior Director, Employee Benefits Albuquerque Public Schools P.O. Box 25704 Albuquerque, New Mexico 87125-0704

Mr. Mark Tyndall, Executive Director New Mexico Retiree Health Care Authority 4308 Carlisle Blvd. N.E. Suite 104 Albuquerque, New Mexico 87107

Dear Mr. Burckle, Mr. Quintana, Ms. Dallas and Mr. Tyndall:

The Legislative Finance Committee's 2017 work plan includes a Health Notes analysis of cost and utilization trends for the agencies of the Interagency Benefits Advisory Committee (IBAC). Health Notes are informational briefs intended to improve understanding of healthcare finance, policy and performance in New Mexico; they are different from full LFC program evaluations in that they are not in-depth studies of a single agency or program and do not make formal recommendations. The brief is scheduled for a hearing before the LFC this spring, and will focus on:

- IBAC medical and pharmacy cost and utilization trends from FY12 through FY16
- Health care cost drivers, including provider and hospital reimbursement rates

• Shifts in benefit plans and employer/employee costs

The state of the s

- Benchmarking IBAC costs to public employee health plans in other states, and to Medicare
- Opportunities for state savings

Jenny Felmley, Program Evaluator, will lead the project. Dr. Felmley will be in touch shortly to arrange an entrance conference with you and your staff and may request information prior to the entrance conference to assist with background research for the project. Please designate a contact person to coordinate on behalf of your agency.

Should you have any questions or comments regarding this engagement, please contact Dr. Felmley at 986-4557, or Charles Sallee, Deputy Director for Program Evaluation, at 986-4528.

Thank you for your cooperation.

Sincerely

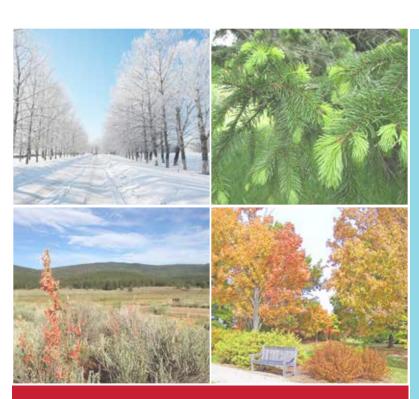
David Abbey, Director

Cc: Senator John Arthur Smith, Chairman, Legislative Finance Committee Representative Jimmie C Hall, Vice-Chairman, Legislative Finance Committee Mr. Keith Gardner, Chief of Staff, Office of the Governor Ms. Lara White-Davis, Division Director, Risk Management Division, GSD Ernestine Chavez, Deputy Director, PSIA David Archuleta, Deputy Director, RHCA Carrie Brunder, Director of Government Affairs and Policy, APS



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

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NMRHCA CONTACT INFORMATION

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

Please visit us online at www.nmrhca.org



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

CONTACT YOUR HEALTHCARE PROVIDERS DIRECTLY

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|---------------------------|-------------|
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| BCBSNM Medicare Advantage | 877-299-100 |

www.bcbsnm.com

<u>Express Scripts</u>

Express Script's Medicare800-551-1866 Express Scripts Non-Medicare .. 800-501-0987 www.express-scrips.com

Presbyterian Medicare Advantage .800-797-5343 www.phs.org

Humana......866-396-8810 www.humana.com

New Mexico Health Connections ... 877-210-8239 http://www.mynmhc.org/nmrhca

www.uhcretiree.com

United Concordía Companies 888-898-0370 www.ucci.com

Davis Vision800-999-5431 www.davisvision.com

www.standard.com/mybenefits/newmex5co_rhca



NMRHCA 2017 Newsletter Vol. 2 - Spring Edition

MANAGE YOUR CHRONIC DISEASE AT HOME WITH 'BETTER CHOICES'

Tew Mexico Retiree Health Care Authority members with chronic diseases take notice: The ability to manage your condition has just gone viral.

NMRHCA has joined with the New Mexico Department of Health and Canary Health to bring you the Better Choices Better Health program, an online workshop for people with chronic conditions.

Better Choices Better Health is the online version of

the Chronic Disease Self-Management Program (known in New Mexico as "MyCD" Manage Your Chronic Disease), a six-week, peer-led education program offered in community settings such as senior centers, church work sites and hospitals that involve one 2½-hour session per week.

The Stanford School of Medicine Patient Education Research Center developed the programs, which are designed for adults of all ages with chronic health conditions such as diabetes, cancer, arthritis, asthma, heart disease, high blood pressure or any other ongoing or long-term health condition.

But for those who are unable to travel or prefer to participate in a program in the comforts of your own home rather than travel to an on-site location, you now can access the program and join a peer group on your computer.

gum disease? osing your teeth is

SEMINARS IN ABQ, S.F., IN MAY

UCCI TO HOST DENTAL HEALTH

NOT an automat**d**ic consequence of growing older For many seniors, however, it is a reality. As we age, our risk for oral health problems increase at a disproportional rate for a variety of reasons.

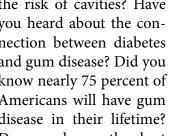
> For example: Did you k n o w that prescription drugs can in-

crease

the risk of cavities? Have you heard about the connection between diabetes ways to prevent and treat Join United Concordia's Dental Wellness Coaches on May 17 as they discuss the answers to these questions and the important connection between your dental health and your overall health.

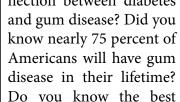
The Albuquerque session will take place at 10 a.m., in the NMRHCA Board Room, 4308 Carlisle Blvd., NE, Suite 207. The Santa Fe session will start at 2 p.m. in the PERA Building training room at 33 Plaza La Prensa. Healthy snacks will be available at both sessions.

Advance reservations are helpful but not required. Call the Albuquerque office (800-233-2576) or Santa Fe (505-476-7345) to reserve your spot. See you there!



UNITED CONCORDIA DENTAL

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TO YOU

See *Manage* on Page 3

NMRHCA DELIVERS

WELLNE

Legislative Session Recognizes NMRHCA Value to Its Retirees

New Mexico Retiree Health Care Authority's House Joint Memorial 1, titled "Importance of Affordable Health Insurance," passed through the House of Representatives at the 2017 New Mexico Legislative Session.

HJM 1 recognized the importance of the agency's ability to provide affordable health insurance to the 60,000-plus retired State of New Mexico employees as well as provide a benefit for the 100,000 active state employees currently making contributions.

The joint memorial recognized the actions taken to improve the agency's trust fund balance and solvency over the past several years, as well as the negative impact of Senate Bill 7 during the 2016 legislative special session on projected future revenues.

The joint memorial proposed that NMRHCA and its Board of Directors would continue to work with the legislature and executive branch on ensuring the agency's long-term viability.

The Senate Public Affairs Committee's amendment proposed that the Legislative Finance Committee study solutions to improve the solvency of the program and make recommendations to the 2018 Legislature. The joint memorial, however, did not complete the legislative process.

NMRHCA thanks Representative Tomás Salazar for his active support in sponsoring the joint memorial during the 60-day session, as well as the many legislators who voted in favor of it.

HEADACHE? DON'T AUTOMATICALLY REACH FOR OTC DRUGS

Many people suffer from frequent, severe headaches, including migraines. These headaches need careful treatment, with a focus on prevention. Ask your doctor about ways to prevent and treat headaches.

- Limit use of over-the-counter pain drugs. If you use them more than two days a week, cut back.
- Avoid using prescription drugs containing opioids or butalbital, except as a last resort.

Over-the-counter pain medicines can have dangerous side effects.

Aspirin, acetaminophen and ibuprofen work well for headaches on occasion. But if you take these drugs too often, you can get serious side effects. In rare cases, you may damage your liver if you often take acetaminophen several days in a row.

Rarely, these drugs can also cause kidney problems. Aspirin and ibuprofen can, at times, cause stomach bleeding.

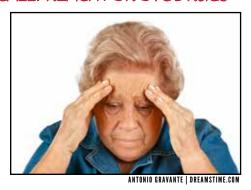
Effectiveness of pain meds decrease.

If you overuse pain medicines, they may no longer help as much. You may also get headaches more often, called "medication overuse headaches." The following drugs are most likely to cause overuse headaches. They may also make you more sensitive to pain:

Prescription drugs:

- Drugs with butalbital (Fiorinal, Fioricet, Esgic and others)
- Opioid painkillers (hydrocodone—Vicodin and other brands and generics, or oxyco-





done—OxyContin, Percodan, Percocet and others)

Non-prescription drugs that contain caffeine (Excedrin Migraine)
Some pain drugs can cause addiction.

Drugs that contain opioids or butalbital can make you drowsy. Long-term use of these drugs can cause addiction or physical dependence, and overuse headaches.

Some people need headache treatment for years, or even decades. Take addictive drugs only if safer treatments don't work. Ask your doctor how to avoid overuse and addiction.

Lifestyle changes can help some people with severe headaches.

Often, you can prevent headaches or have them less often if you:

- Reduce stress, or learn to cope with it more effectively.
- Drink a minimum of alcohol.
- Get enough sleep.

If you still get headaches more than once a week, consider taking a daily preventive drug.

If you need pain relief during a bad migraine, drugs called triptans work well for most people and usually have fewer side effects than other prescription drugs. FDA-approved triptans are available as generics, such as sumatriptan (Imitrex).



EXECUTIVE DIRECTOR'S UPDATE: NMRHCA SAYS GOODBYE TO MARK TYNDALL

New Mexico Retiree Health Care Authority Executive Director Mark Tyndall has left after eight years with the agency and 4½ years as the agency's leader.



NMRHCA, created from the New Mexico Retiree Health Care Authority Act in provides 1990, health insurance more than

Mark Tyndall 62,000 retired State of New Mexico employees and eligible dependents. It includes some 300 participating employer groups (schools, agencies and local governments).

Tyndall came to NMRHCA in November of 2008 and soon was elevated to Deputy Director. In 2009, the agency's projected solvency year (the year in which NMRHCA's benefits funds would be exhausted) was 2019 (10 years).

In April of 2012, five months before Tyndall took over as executive director, the agency's benefits fund balance was \$230 million.

Thanks to Tyndall's leadership under the direction of NMRHCA's Board of Directors, that benefits fund balance now exceeds \$500 million and until recently, the program had a projected solvency of 20 years (2036).

Tyndall's efforts have allowed NMRHCA to remain a vital benefit for retired state employees and incentive for current state employees.

His strong leadership and guidance will be greatly missed.

During the March Board of Directors meeting in Santa Fe, the board voted to promote Deputy Director David Archuleta to Interim Executive Director.

NMRHCA wishes Mark all the best in his future endeavors.

NMRHCA AT A GLANCE

NMRHCA TO CONTINUE SERIES ON UNDERSTANDING MEDICARE

Sessions on the basics of Medicare and how to manage your health continue at our offices in Albuquerque (9:30 a.m.) and Santa Fe (1:30 p.m.) on May 10, June 7, July 5, Aug. 9, Sept. 6, Nov. 8 and Dec. 6. Sessions also will be in Las Vegas (Council Chambers) on July 7 at 9 a.m. and in Roswell (Bassett Auditorium) on Nov. 8 at 10 a.m.

WELLNESS INCENTIVE UPDATE

A record 58 people in February participated in our Wellness Incentive Program that gives a \$50 gift card to members and spouses/partners for completing two wellness programs! Call us for more information or go to https:// www.nmrhca.state.nm.us/ Pages/Wellness.aspx.

MANAGE YOUR CHRONIC CONDITION FROM COMFORTS OF YOUR HOME

Continued From Page 1

Chronic disease is a public health issue in the state of New Mexico; it is responsible for more than 60 percent of all deaths in the state, according to the New Mexico Department of Health.

The six-week sessions will give members the confidence and motivation to manage your chronic disease by teaching you how to:

- health
- Problem-solve, make informed decisions and manage your medications (a recent Anthem study showed that those who participated in Better Choices Better Health had improved medication adherence)

- Eat healthy and exercise safely to maintain and improve strength and endurance (the same study showed that those who participated in Better Choices Better Health increased exercise by 43 minutes per week)
- Deal with frustration, stress, pain, fatigue, poor sleep, depression and living with uncertainty
- Communicate better with your doctor, family or caregiver about your health

• Make a step-by-step action plan to improve your The first Better Choices Better Health online workshop is scheduled to begin April 24. NMRHCA members may register now by going to http://enroll-nmrhca. selfmanage.org/. Slots are limited, so don't miss out. Register today!

For more information, call NMRHCA at 800-233-2576.

NEW MEXICO RETIREE HEALTH CARE AUTHORITY CHANGE IN NET ASSET VALUE FOR THE MONTH ENDED

February 28, 2017

| | Core Plus Bonds | Large Cap Index | Non US Dev Index | Non US Emg Index | Small Mid Cap | Credit and Structure | Absolute Return | Private Equity | Real Estate | Total |
|------------------------|------------------|------------------|------------------|------------------|-----------------|----------------------|-----------------|-----------------|-----------------|------------------|
| Market Value 1/31/2017 | \$100,772,897.36 | \$108,178,026.34 | \$56,287,395.51 | \$71,129,166.63 | \$15,027,150.60 | \$51,882,721.18 | \$24,196,516.42 | \$53,269,103.45 | \$29,006,677.58 | \$509,749,655.07 |
| CONTRIBUTIONS | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| WITHDRAWALS | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| FEES | (50,610.40) | (2,874.83) | (5,483.26) | (21,169.18) | (19,613.91) | 0.00 | 0.00 | 0.00 | 0.00 | (99,751.58) |
| INCOME EARNED | 280,170.23 | 47.33 | 138,195.91 | 17,012.89 | 10,119.36 | 910.87 | 205.47 | 115,831.73 | 33,875.83 | 596,369.62 |
| CAPITAL APPR/DEPR | 767,108.23 | 4,188,481.74 | 665,907.25 | 2,040,697.22 | 224,604.57 | 603,046.61 | 288,810.87 | (192,413.29) | (47,151.94) | 8,539,091.26 |
| Market Value 2/28/2017 | \$101,769,565.42 | \$112,363,680.58 | \$57,086,015.41 | \$73,165,707.56 | \$15,242,260.62 | \$52,486,678.66 | \$24,485,532.76 | \$53,192,521.89 | \$28,993,401.47 | \$518,785,364.37 |



Retiree Health Care Authority



New Mexico State Investment Council Retiree Health Care Authority Total Fund Comp

Overview

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

| Asset A | Ill/Mid Cap US Equity Active 14,652,996 2.96 3.00 -0.04 -US Developed Markets Index 54,100,382 10.92 12.00 -1.08 -US Emerging Markets Index 66,753,410 13.47 15.00 -1.53 -Core Plus Bonds 99,025,303 19.98 20.00 -0.02 | | | | | | | | | | | |
|--------------------------------|--|--------|--------|-------|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | |
| Large Cap US Equity Index | 105,047,462 | 21.19 | 20.00 | 1.19 | | | | | | | | |
| Small/Mid Cap US Equity Active | 14,652,996 | 2.96 | 3.00 | -0.04 | | | | | | | | |
| Non-US Developed Markets Index | 54,100,382 | 10.92 | 12.00 | -1.08 | | | | | | | | |
| Non-US Emerging Markets Index | 66,753,410 | 13.47 | 15.00 | -1.53 | | | | | | | | |
| US Core Plus Bonds | 99,025,303 | 19.98 | 20.00 | -0.02 | | | | | | | | |
| Credit & Structured Finance | 50,978,815 | 10.29 | 10.00 | 0.29 | | | | | | | | |
| Absolute Return | 23,690,390 | 4.78 | 5.00 | -0.22 | | | | | | | | |
| Private Equity | 52,648,943 | 10.62 | 10.00 | 0.62 | | | | | | | | |
| Real Estate | 28,732,140 | 5.80 | 5.00 | 0.80 | | | | | | | | |
| Total Fund | 495,629,841 | 100.00 | 100.00 | 0.00 | | | | | | | | |



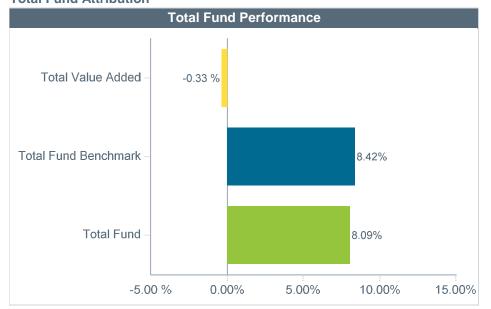
| Comparative Performance | | | | | | | | | | | | | |
|---|------|-------|-----------|------------|------------|-------------|-------|-------|-------|--|--|--|--|
| | QTD | CYTD | 1 Year | 3 Years | 5 Years | 10 Years | 2015 | 2014 | 2013 | | | | |
| Retiree Health Care Authority Total Fund Comp - Gross | 0.78 | 8.09 | 8.09 | 3.90 | 8.14 | 4.68 | -0.90 | 4.71 | 15.82 | | | | |
| Total Fund Benchmark (Retiree Health Care Authority) | 0.52 | 8.42 | 8.42 | 4.11 | 7.62 | 4.52 | -0.76 | 4.88 | 13.29 | | | | |
| Difference | 0.26 | -0.33 | -0.33 | -0.21 | 0.52 | 0.16 | -0.14 | -0.17 | 2.53 | | | | |
| Retiree Health Care Authority Total Fund Comp - Net | 0.76 | 7.99 | 7.99 | 3.75 | 7.97 | 4.51 | -1.03 | 4.48 | 15.64 | | | | |
| Total Fund Benchmark (Retiree Health Care Authority) | 0.52 | 8.42 | 8.42 | 4.11 | 7.62 | 4.52 | -0.76 | 4.88 | 13.29 | | | | |
| Difference | 0.24 | -0.43 | -0.43 | -0.36 | 0.35 | -0.01 | -0.27 | -0.40 | 2.35 | | | | |

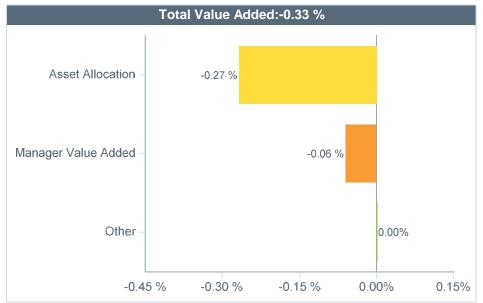
| | | Schedule of Inves | table Assets | | |
|----------------|--------------------------------|-----------------------|----------------|-----------------------------|----------|
| Periods Ending | Beginning Market Value (\$) | Net Cash Flow (\$) | Gain/Loss (\$) | Ending Market Value (\$) | % Return |
| CYTD | 429,691,578 | 30,000,000 | 35,938,264 | 495,629,841 | 7.99 |

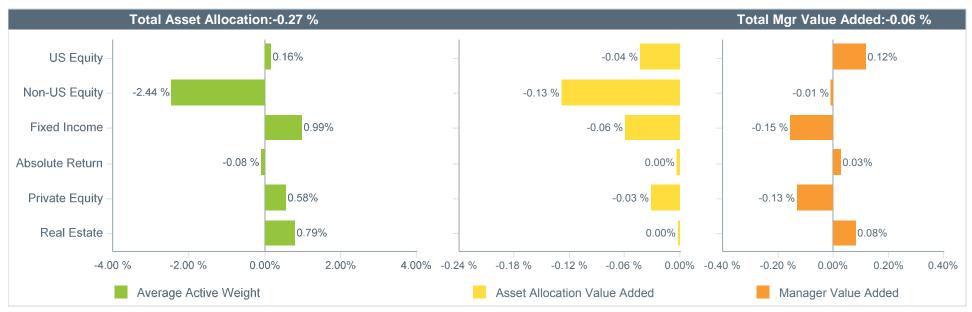
Allocations shown may not sum up to 100% exactly due to rounding. Performance shown is net of fees, except where noted otherwise.



New Mexico State Investment Council
Retiree Health Care Authority Total Fund Comp vs. Total Fund Benchmark (Retiree Health Care Authority)
Total Fund Attribution







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



| | Allocatio | n | | | | | P | erforma | nce (%) | | | | |
|---|----------------------|--------|-------|-------|-------|-----------|------------|------------|-------------|-------|-------|-----------------|-------------------|
| | Market Value (\$) | % | QTD | FYTD | CYTD | 1 Year | 3 Years | 5 Years | 10 Years | 2015 | 2014 | Since Incep. | Inception Date |
| NMSIC Total Fund Composite | 21,051,013,254 | 100.00 | 1.52 | 5.08 | 7.60 | 7.60 | 4.86 | 8.90 | 5.01 | 0.30 | 6.84 | 4.93 | 01/01/2000 |
| US Equity | | | | | | | | | | | | | |
| US Equity Composite | 6,128,497,282 | 29.11 | 4.23 | 8.81 | 12.02 | 12.02 | 7.74 | 14.24 | 7.48 | 0.63 | 10.93 | 5.74 | 05/01/1999 |
| Russell 3000 Index | | | 4.21 | 8.79 | 12.74 | 12.74 | 8.43 | 14.67 | 7.07 | 0.48 | 12.56 | <i>5.4</i> 8 | |
| US Large Cap Equity Composite | 5,480,177,251 | 26.03 | 3.76 | 7.81 | 10.96 | 10.96 | 8.13 | 14.28 | 7.69 | 1.46 | 12.28 | 5.19 | 05/01/1999 |
| Russell 1000 Index | | | 3.83 | 8.01 | 12.05 | 12.05 | 8.59 | 14.69 | 7.08 | 0.92 | 13.24 | 5.28 | |
| IM U.S. Large Cap Equity (SA+CF) | | | 3.85 | 7.87 | 10.98 | 10.98 | 8.28 | 14.52 | 7.28 | 0.94 | 12.92 | 6.18 | |
| US Large Cap Active Pool | 1,905,296,270 | 9.05 | 2.94 | 8.11 | 6.98 | 6.98 | 7.43 | 13.63 | 7.27 | 4.11 | 11.33 | 4.71 | 05/01/1999 |
| Russell 1000 Index | | | 3.83 | 8.01 | 12.05 | 12.05 | 8.59 | 14.69 | 7.08 | 0.92 | 13.24 | 5.28 | |
| IM U.S. Large Cap Equity (SA+CF) | | | 3.85 | 7.87 | 10.98 | 10.98 | 8.28 | 14.52 | 7.28 | 0.94 | 12.92 | 6.18 | |
| Wellington Management Company | 564,958,928 | 2.68 | 6.55 | 9.93 | 14.81 | 14.81 | 9.27 | N/A | N/A | 0.17 | 13.46 | 14.67 | 06/01/2012 |
| Russell 1000 Val Index | | | 6.68 | 10.39 | 17.34 | 17.34 | 8.59 | 14.80 | 5.72 | -3.83 | 13.45 | 15.37 | |
| IM U.S. Large Cap Value Equity (SA+CF) | | | 6.56 | 10.84 | 14.51 | 14.51 | 7.99 | 14.49 | 6.80 | -2.30 | 12.26 | 14.97 | |
| Brown Brothers Harriman | 554,924,157 | 2.64 | 1.94 | 5.21 | 9.03 | 9.03 | 5.43 | N/A | N/A | -1.68 | 9.34 | 12.83 | 06/01/2012 |
| Russell 1000 Index | | | 3.83 | 8.01 | 12.05 | 12.05 | 8.59 | 14.69 | 7.08 | 0.92 | 13.24 | 14.82 | |
| IM U.S. Large Cap Core Equity (SA+CF) | | | 3.84 | 7.65 | 10.51 | 10.51 | 8.45 | 14.56 | 7.29 | 1.27 | 13.43 | 14.65 | |
| J.P. Morgan Asset Mgmt | 228,085,320 | 1.08 | -0.65 | 5.85 | -1.15 | -1.15 | 6.19 | N/A | N/A | 8.43 | 11.72 | 11.89 | 06/01/2012 |
| T. Rowe Price LC Growth | 557,327,861 | 2.65 | 1.96 | 10.23 | 3.40 | 3.40 | 7.75 | N/A | N/A | 10.58 | 9.40 | 16.11 | 06/01/2012 |
| Russell 1000 Grth Index | | | 1.01 | 5.64 | 7.08 | 7.08 | 8.55 | 14.50 | 8.33 | 5.67 | 13.05 | 14.18 | |
| IM U.S. Large Cap Growth Equity (SA+CF) | | | 0.18 | 5.36 | 4.60 | 4.60 | 7.21 | 13.93 | 8.09 | 5.08 | 11.99 | 13.69 | |
| US Large Cap Alternative Wtd Index Pool | 1,304,966,799 | 6.20 | 4.85 | 7.03 | 15.84 | 15.84 | N/A | N/A | N/A | N/A | N/A | 8.65 | 02/01/2015 |
| Russell 1000 Index | | | 3.83 | 8.01 | 12.05 | 12.05 | 8.59 | 14.69 | 7.08 | 0.92 | 13.24 | 8.19 | |
| IM U.S. Large Cap Enhanced Index Equity (SA+CF) | | | 4.30 | 8.47 | 12.54 | 12.54 | 9.06 | 15.28 | 7.39 | 1.08 | 14.23 | 8.38 | |
| NT Russell Fundamental LC Index Fund | 859,140,749 | 4.08 | 5.91 | 8.94 | 16.69 | 16.69 | N/A | N/A | N/A | N/A | N/A | 8.95 | 02/01/2015 |
| Russell RAFI US Index | | | 6.27 | 9.59 | 17.26 | 17.26 | 8.59 | 15.16 | 8.42 | -2.76 | 12.29 | 9.09 | |
| NT FTSE RAFI Low Volatility Index | 319,445,139 | 1.52 | 2.55 | 1.91 | 14.40 | 14.40 | N/A | N/A | N/A | N/A | N/A | 8.17 | 02/01/2015 |
| FTSE RAFI USD Lo Vol Index | | | 2.53 | 1.75 | 14.41 | 14.41 | 9.53 | 13.76 | 9.21 | -0.19 | 15.07 | 8.19 | |
| NT Russell 1000 Equal Wtd Index | 62,529,234 | 0.30 | 3.31 | 7.59 | 16.41 | 16.41 | N/A | N/A | N/A | N/A | N/A | 4.25 | 03/01/2015 |
| Russell 1000 Index (Equal Wtd) | | | 3.26 | 7.47 | 16.37 | 16.37 | 7.45 | 14.35 | 9.55 | -4.01 | 11.06 | 4.20 | |
| NT Russell Top 200 Index Fund | 63,851,676 | 0.30 | 4.08 | 8.13 | 11.34 | 11.34 | N/A | N/A | N/A | N/A | N/A | 8.94 | 02/01/2015 |
| Russell Top 200 Index | | | 4.08 | 8.07 | 11.33 | 11.33 | 8.87 | 14.67 | 6.79 | 2.36 | 13.25 | 8.93 | |





| | Allocation | 1 | | | | | P | erforma | nce (%) | | | | |
|---|----------------------|-------|-------|-------|-------|-----------|------------|------------|-------------|--------|-------|-----------------|-------------------|
| | Market Value (\$) | % | QTD | FYTD | CYTD | 1 Year | 3 Years | 5 Years | 10 Years | 2015 | 2014 | Since Incep. | Inception Date |
| US Large Cap Index Pool | 2,269,914,182 | 10.78 | 3.84 | 8.01 | 12.07 | 12.07 | 8.63 | 14.65 | 8.00 | 1.01 | 13.24 | 5.78 | 05/01/1999 |
| Russell 1000 Index | | | 3.83 | 8.01 | 12.05 | 12.05 | 8.59 | 14.69 | 7.08 | 0.92 | 13.24 | 5.28 | |
| NT Russell 1000 Index Fund | 2,269,914,180 | 10.78 | 3.84 | 8.01 | 12.06 | 12.06 | 8.60 | 14.67 | N/A | 0.93 | 13.24 | 12.90 | 08/01/2011 |
| Russell 1000 Index | | | 3.83 | 8.01 | 12.05 | 12.05 | 8.59 | 14.69 | 7.08 | 0.92 | 13.24 | 12.97 | |
| IM U.S. Large Cap Core Equity (SA+CF) | | | 3.84 | 7.65 | 10.51 | 10.51 | 8.45 | 14.56 | 7.29 | 1.27 | 13.43 | 12.89 | |
| US Small/Mid Cap Equity Composite | 648,320,031 | 3.08 | 8.34 | 18.12 | 21.79 | 21.79 | 5.05 | 13.48 | N/A | -7.42 | 2.83 | 9.24 | 05/01/2011 |
| US Small/Mid Cap Equity Custom Index | | | 7.15 | 15.37 | 19.06 | 19.06 | 7.15 | 14.58 | 7.35 | -3.79 | 7.39 | 10.07 | |
| IM U.S. SMID Cap Equity (SA+CF) | | | 5.83 | 12.03 | 16.43 | 16.43 | 7.02 | 14.53 | 8.80 | -1.33 | 6.99 | 10.29 | |
| US Small/Mid Cap Active Pool | 612,944,849 | 2.91 | 8.31 | 18.09 | 22.31 | 22.31 | 3.94 | 12.95 | 6.58 | -8.99 | 0.88 | 8.27 | 11/01/1998 |
| US Small/Mid Cap Equity Custom Index | | | 7.15 | 15.37 | 19.06 | 19.06 | 7.15 | 14.58 | 7.35 | -3.79 | 7.39 | 9.03 | |
| IM U.S. SMID Cap Equity (SA+CF) | | | 5.83 | 12.03 | 16.43 | 16.43 | 7.02 | 14.53 | 8.80 | -1.33 | 6.99 | 11.40 | |
| Seizert Capital Partners | 147,666,258 | 0.70 | 10.91 | 23.75 | 25.31 | 25.31 | 6.10 | 16.96 | N/A | -10.39 | 6.38 | 16.96 | 01/01/2012 |
| Russell Mid Cap Index | | | 3.21 | 7.87 | 13.80 | 13.80 | 7.92 | 14.72 | 7.86 | -2.44 | 13.22 | 14.72 | |
| IM U.S. Mid Cap Equity (SA+CF) | | | 3.90 | 8.75 | 12.12 | 12.12 | 7.13 | 14.69 | 8.76 | -1.19 | 9.78 | 14.69 | |
| Donald Smith & Company | 124,568,883 | 0.59 | 3.63 | 7.34 | 13.87 | 13.87 | 1.69 | 10.79 | N/A | -11.76 | 4.64 | 10.79 | 01/01/2012 |
| Russell 2000 Val Index | | | 14.07 | 24.19 | 31.74 | 31.74 | 8.31 | 15.07 | 6.26 | -7.47 | 4.22 | 15.07 | |
| IM U.S. Small Cap Value Equity (SA+CF) | | | 12.19 | 20.87 | 26.14 | 26.14 | 8.76 | 15.95 | 8.61 | -4.31 | 5.71 | 15.95 | |
| BlackRock Alpha Tilts | 194,418,881 | 0.92 | 10.81 | 20.28 | 23.29 | 23.29 | 8.55 | N/A | N/A | -3.90 | 7.96 | 15.45 | 02/01/2012 |
| Russell 2000 Index | | | 8.83 | 18.68 | 21.31 | 21.31 | 6.74 | 14.46 | 7.07 | -4.41 | 4.89 | 13.14 | |
| IM U.S. SMID Cap Equity (SA+CF) Median | | | 5.83 | 12.03 | 16.43 | 16.43 | 7.02 | 14.53 | 8.80 | -1.33 | 6.99 | 13.35 | |
| Cortina Asset Management | 146,290,826 | 0.69 | 6.71 | 19.88 | 24.10 | 24.10 | 2.61 | 11.65 | N/A | -5.67 | -7.72 | 11.65 | 01/01/2012 |
| Russell 2000 Grth Index | | | 3.57 | 13.12 | 11.32 | 11.32 | 5.05 | 13.74 | 7.76 | -1.38 | 5.60 | 13.74 | |
| IM U.S. Small Cap Growth Equity (SA+CF) | | | 3.19 | 12.05 | 11.20 | 11.20 | 4.65 | 13.87 | 8.48 | -0.71 | 4.01 | 13.87 | |
| US Small/Mid Cap Index Pool | 35,375,182 | 0.17 | 8.82 | 18.68 | 21.32 | 21.32 | 5.35 | N/A | N/A | -4.56 | 0.98 | 13.41 | 12/01/2012 |
| Russell 2000 Index | | | 8.83 | 18.68 | 21.31 | 21.31 | 6.74 | 14.46 | 7.07 | -4.41 | 4.89 | 14.67 | |
| NT Russell 2000 Index Fund | 35,375,182 | 0.17 | 8.82 | 18.68 | 21.32 | 21.32 | N/A | N/A | N/A | N/A | N/A | 9.89 | 02/01/2015 |
| Russell 2000 Index | | | 8.83 | 18.68 | 21.31 | 21.31 | 6.74 | 14.46 | 7.07 | -4.41 | 4.89 | 9.89 | |
| IM U.S. Small Cap Core Equity (SA+CF) | | | 9.70 | 17.71 | 20.73 | 20.73 | 8.51 | 16.17 | 8.38 | -1.39 | 6.54 | 11.75 | |



| | Allocation | 1 | | | | | P | erforma | nce (%) | | | | |
|--|----------------------|-------|-------|-------|-------|-----------|------------|------------|-------------|--------|-------|-----------------|-------------------|
| | Market Value (\$) | % | QTD | FYTD | CYTD | 1 Year | 3 Years | 5 Years | 10 Years | 2015 | 2014 | Since Incep. | Inception Date |
| Non-US Equity | | | | | | | | | | | | | |
| Non-US Equity Composite | 3,288,465,368 | 15.62 | -2.04 | 5.00 | 3.77 | 3.77 | -2.23 | 3.80 | 1.16 | -5.32 | -4.87 | 4.72 | 05/01/1999 |
| Non-US Equity Custom Index | | | -1.57 | 5.37 | 4.41 | 4.41 | -1.84 | 4.53 | 1.34 | -5.90 | -3.73 | 5.02 | |
| Non-US Developed Markets Composite | 2,721,597,554 | 12.93 | -1.43 | 5.40 | 2.48 | 2.48 | -0.61 | 7.13 | 1.41 | -0.39 | -3.82 | 3.81 | 05/01/1999 |
| Non-US Developed Markets Custom Index | | | -1.02 | 5.65 | 1.15 | 1.15 | -1.46 | 6.63 | 0.79 | -0.53 | -4.90 | 3.27 | |
| IM Int'l Equity Developed Markets (SA+CF) | | | -2.14 | 4.75 | 1.79 | 1.79 | -0.01 | 7.81 | 2.62 | 1.33 | -3.59 | 5.82 | |
| Non-US Developed Markets Active Pool | 1,588,946,763 | 7.55 | -1.15 | 6.41 | 3.15 | 3.15 | -0.51 | N/A | N/A | -0.98 | -3.57 | 3.03 | 09/01/2013 |
| Non-US Developed Markets Custom Index | | | -1.02 | 5.65 | 1.15 | 1.15 | -1.46 | 6.63 | 0.79 | -0.53 | -4.90 | 2.51 | |
| IM Int'l Equity Developed Markets (SA+CF) | | | -2.14 | 4.75 | 1.79 | 1.79 | -0.01 | 7.81 | 2.62 | 1.33 | -3.59 | 3.76 | |
| LSV Int'l Large Cap Value | 406,116,199 | 1.93 | 3.59 | 11.85 | 7.10 | 7.10 | -2.09 | N/A | N/A | -8.16 | -4.58 | 1.87 | 09/01/2013 |
| MSCI ACW Ex US Val Index (USD) (Net) | | | 3.29 | 11.34 | 8.92 | 8.92 | -2.40 | 4.58 | 0.34 | -10.06 | -5.10 | 1.36 | |
| IM Int'l Large Cap Value Equity (SA+CF) | | | -0.29 | 6.96 | 3.44 | 3.44 | -0.64 | 7.07 | 2.04 | -1.80 | -4.25 | 3.22 | |
| T. Rowe Price Int'l Core | 407,651,742 | 1.94 | -0.05 | 7.54 | 3.41 | 3.41 | -0.73 | N/A | N/A | -1.83 | -3.63 | 3.55 | 09/01/2013 |
| MSCI EAFE Index (USD) (Net) | | | -0.71 | 5.67 | 1.00 | 1.00 | -1.60 | 6.53 | 0.75 | -0.81 | -4.90 | 2.38 | |
| IM Int'l Large Cap Core Equity (SA+CF) | | | -1.87 | 5.12 | 1.14 | 1.14 | -0.84 | 7.50 | 1.99 | 0.33 | -3.94 | 3.38 | |
| Neuberger Berman Int'l | 161,662,960 | 0.77 | -3.30 | 3.66 | -0.52 | -0.52 | N/A | N/A | N/A | N/A | N/A | -2.19 | 12/01/2018 |
| MSCI EAFE Index (USD) (Net) | | | -0.71 | 5.67 | 1.00 | 1.00 | -1.60 | 6.53 | 0.75 | -0.81 | -4.90 | -0.33 | |
| IM Int'l Large Cap Core Equity (SA+CF) | | | -1.87 | 5.12 | 1.14 | 1.14 | -0.84 | 7.50 | 1.99 | 0.33 | -3.94 | -0.02 | |
| MFS Int'l Large Cap Growth | 282,570,999 | 1.34 | -5.28 | 1.12 | 2.96 | 2.96 | 0.14 | N/A | N/A | 1.46 | -3.86 | 1.36 | 10/01/2013 |
| MSCI ACW Ex US Grth Index (USD) (Net) | | | -5.72 | 0.00 | 0.12 | 0.12 | -1.27 | 5.34 | 1.52 | -1.25 | -2.65 | 0.23 | |
| IM Int'l Large Cap Growth Equity (SA+CF) | | | -4.05 | 2.15 | -0.09 | -0.09 | -0.68 | 7.33 | 2.80 | 2.12 | -3.37 | 1.22 | |
| Templeton Int'l Small Cap Equity | 330,937,749 | 1.57 | -3.25 | 4.79 | 0.06 | 0.06 | 0.05 | N/A | N/A | 2.31 | -2.17 | 1.61 | 10/01/2013 |
| MSCI ACW Ex US Sm Cap Index (USD) (Net) | | | -3.52 | 4.11 | 3.91 | 3.91 | 0.77 | 7.74 | 2.90 | 2.60 | -4.03 | 2.12 | |
| IM Int'l Small Cap Equity (SA+CF) | | | -3.74 | 4.50 | 1.06 | 1.06 | 2.37 | 11.54 | 4.74 | 10.39 | -3.38 | 4.34 | |
| Non-US Developed Mkts Alt Wtd Index Pool | 659,741,118 | 3.13 | -2.57 | 2.90 | 2.12 | 2.12 | N/A | N/A | N/A | N/A | N/A | 1.67 | 12/01/201 |
| MSCI EAFE IM Index (USD) (Net) | | | -1.02 | 5.65 | 1.15 | 1.15 | -1.12 | 7.04 | 1.06 | 0.49 | -4.91 | 0.07 | |
| IM Enhanced and Indexed Int'l Equity (SA+CF) | | | -0.51 | 6.06 | 4.48 | 4.48 | -1.24 | 6.90 | 1.30 | -2.04 | -4.01 | 2.63 | |
| BLK MSCI EAFE IMI Enhanced Val Index | 158,431,727 | 0.75 | 4.84 | 14.60 | 5.77 | 5.77 | N/A | N/A | N/A | N/A | N/A | 4.16 | 12/01/201 |
| MSCI EAFE IM Enhanced Value Index | | | 4.90 | 14.64 | 5.52 | 5.52 | 0.44 | 8.18 | 1.80 | 1.40 | -5.30 | 3.94 | |
| BLK MSCI EAFE IMI Sector Neutral Qual Index | 157,499,878 | 0.75 | -3.93 | 0.30 | -1.47 | -1.47 | N/A | N/A | N/A | N/A | N/A | -1.92 | 12/01/201 |
| MSCI EAFE IM Sect Neutral Qual Index | | | -3.95 | 0.27 | -1.68 | -1.68 | -0.26 | 7.56 | 3.40 | 3.36 | -2.37 | -2.10 | |
| BLK MSCI EAFE IMI Momentum Index | 156,859,550 | 0.75 | -5.51 | -1.58 | -0.69 | -0.69 | N/A | N/A | N/A | N/A | N/A | 0.39 | 12/01/201 |
| MSCI EAFE IM Momentum Index | | | -5.49 | -1.49 | -0.72 | -0.72 | 0.30 | 9.13 | 2.45 | 6.74 | -4.78 | 0.37 | |
| BLK FTSE Developed Ex US Min Var Index | 186,834,906 | 0.89 | -4.84 | -0.05 | 4.26 | 4.26 | N/A | N/A | N/A | N/A | N/A | 3.39 | 12/01/201 |
| FTSE Developed Ex US Min Var Index | | | -5.00 | -0.23 | 3.90 | 3.90 | 2.55 | 7.76 | 4.82 | 2.11 | 1.65 | 3.16 | |

Performance shown is gross of fees, except for Credit & Structured Finance, Absolute Return, Private Equity, Real Estate, and Real Return investments, which are shown net of fees. Since Inception date shown represents the first full month following initial funding. Fiscal year ends June 30. RVK endorses GIPS and calculates performance for composites and investment managers using different methodologies. For other performance-related comments, please see the Addendum. For additional information, please see the Glossary.



| | Allocation | | Performance (%) | | | | | | | | | | |
|---|----------------------|-------|-----------------|-------|-------|-----------|--------------|------------|-------------|--------|-------|-----------------|-------------------|
| | Market Value (\$) | % | QTD | FYTD | CYTD | 1 Year | 3 Years | 5 Years | 10 Years | 2015 | 2014 | Since Incep. | Inception Date |
| Non-US Developed Markets Index Pool | 472,909,673 | 2.25 | -0.74 | 5.62 | 1.11 | 1.11 | -1.57 | 6.57 | 1.15 | -0.07 | -5.61 | 3.66 | 05/01/1999 |
| MSCI EAFE Index (USD) (Net) | | | -0.71 | 5.67 | 1.00 | 1.00 | -1.60 | 6.53 | 0.75 | -0.81 | -4.90 | 3.24 | |
| IM Int'l Large Cap Core Equity (SA+CF) | | | -1.87 | 5.12 | 1.14 | 1.14 | -0.84 | 7.50 | 1.99 | 0.33 | -3.94 | 4.98 | |
| Alliance Bernstein MSCI EAFE Int'l Index | 472,835,838 | 2.25 | -0.73 | 5.62 | 1.07 | 1.07 | -1.61 | 6.54 | 0.91 | -0.80 | -4.99 | 4.98 | 06/01/1998 |
| MSCI EAFE Index (USD) (Net) | | | -0.71 | 5.67 | 1.00 | 1.00 | -1.60 | 6.53 | 0.75 | -0.81 | -4.90 | 3.61 | |
| IM Int'l Large Cap Core Equity (SA+CF) | | | -1.87 | 5.12 | 1.14 | 1.14 | -0.84 | 7.50 | 1.99 | 0.33 | -3.94 | 5.13 | |
| Non-US Emerging Markets Composite | 566,867,814 | 2.69 | -4.87 | 3.09 | 10.50 | 10.50 | -3.64 | -0.31 | 0.38 | -13.49 | -6.40 | 7.41 | 05/01/1999 |
| MSCI Emg Mkts Index (USD) (Net) | | | -4.16 | 4.49 | 11.19 | 11.19 | -2.55 | 1.28 | 1.84 | -14.92 | -2.19 | 7.28 | |
| IM Emerging Markets Equity (SA+CF) | | | -4.37 | 3.58 | 10.07 | 10.07 | -1.39 | 3.30 | 3.05 | -12.82 | -0.18 | 9.75 | |
| Non-US Emerging Markets Active Pool | 447,982,485 | 2.13 | -5.12 | 2.71 | 10.34 | 10.34 | -3.90 | N/A | N/A | -11.87 | -8.74 | -3.13 | 10/01/2013 |
| BlackRock Emg Mkts Opp Fund | 297,319,830 | 1.41 | -3.62 | 5.49 | 13.74 | 13.74 | -0.41 | N/A | N/A | -11.87 | -1.44 | 0.19 | 10/01/2013 |
| MSCI Emg Mkts Index (USD) (Net) | | | -4.16 | 4.49 | 11.19 | 11.19 | -2.55 | 1.28 | 1.84 | -14.92 | -2.19 | -1.81 | |
| IM Emerging Markets Equity (SA+CF) | | | -4.37 | 3.58 | 10.07 | 10.07 | -1.39 | 3.30 | 3.05 | -12.82 | -0.18 | -0.59 | |
| William Blair Emg Mkts | 150,584,586 | 0.72 | -7.95 | -2.40 | 4.09 | 4.09 | N/A | N/A | N/A | N/A | N/A | 0.44 | 12/01/2015 |
| MSCI Emg Mkts Index (USD) (Net) | | | -4.16 | 4.49 | 11.19 | 11.19 | -2.55 | 1.28 | 1.84 | -14.92 | -2.19 | 8.01 | |
| IM Emerging Markets Equity (SA+CF) | | | -4.37 | 3.58 | 10.07 | 10.07 | -1.39 | 3.30 | 3.05 | -12.82 | -0.18 | 7.43 | |
| Non-US Emerging Markets Index Pool | 118,885,329 | 0.56 | -3.92 | 4.55 | 11.08 | 11.08 | -2.67 | 0.49 | 0.78 | -15.14 | -2.20 | 7.65 | 05/01/1999 |
| MSCI Emg Mkts Index (USD) (Net) | | | -4.16 | 4.49 | 11.19 | 11.19 | <i>-2.55</i> | 1.28 | 1.84 | -14.92 | -2.19 | 7.28 | |
| Alliance Bernstein Emerging Markets Index | 118,885,164 | 0.56 | -3.92 | 4.55 | 11.07 | 11.07 | -2.75 | N/A | N/A | -15.33 | -2.19 | -1.17 | 11/01/2012 |
| MSCI Emg Mkts Index (USD) (Net) | | | -4.16 | 4.49 | 11.19 | 11.19 | <i>-2.55</i> | 1.28 | 1.84 | -14.92 | -2.19 | -1.04 | |
| IM Emerging Markets Equity (SA+CF) | | | -4.37 | 3.58 | 10.07 | 10.07 | -1.39 | 3.30 | 3.05 | -12.82 | -0.18 | 0.65 | |
| Fixed Income | | | | | | | | | | | | | |
| Fixed Income Composite | 4,669,989,493 | 22.18 | -0.78 | 1.11 | 5.53 | 5.53 | 3.86 | 5.15 | 3.94 | -0.03 | 6.20 | 5.14 | 05/01/1999 |
| Fixed Income Custom Index | | | -1.16 | 0.17 | 5.34 | 5.34 | 3.42 | 1.89 | 1.43 | 0.46 | 4.53 | 3.30 | |
| US Core & Core Plus Bonds Composite | 2,775,495,483 | 13.18 | -2.34 | -0.84 | 5.19 | 5.19 | 3.92 | 4.48 | 4.82 | 0.03 | 6.66 | 5.49 | 05/01/1999 |
| US Core & Core Plus Bonds Custom Index | | | -2.86 | -2.26 | 3.06 | 3.06 | 3.13 | 2.29 | 1.78 | 0.46 | 5.94 | 3.50 | |
| IM U.S. Broad Market Core+ FI (SA+CF) | | | -2.27 | -0.86 | 4.74 | 4.74 | 3.62 | 3.70 | 5.40 | 0.26 | 6.20 | 5.77 | |



| | Allocation | | Performance (%) | | | | | | | | | | |
|--|----------------------|------|-----------------|-------|-------|-----------|------------|------------|-------------|-------|------|-----------------|-------------------|
| | Market Value (\$) | % | QTD | FYTD | CYTD | 1 Year | 3 Years | 5 Years | 10 Years | 2015 | 2014 | Since Incep. | Inception Date |
| US Core Plus Bonds Pool | 1,928,872,410 | 9.16 | -2.02 | -0.02 | 6.41 | 6.41 | 4.17 | 4.63 | 4.89 | -0.36 | 6.61 | 5.53 | 05/01/1999 |
| Bloomberg US Unv Bond Index | | | -2.61 | -1.68 | 3.91 | 3.91 | 3.28 | 2.78 | 4.57 | 0.43 | 5.56 | 5.22 | |
| IM U.S. Broad Market Core+ FI (SA+CF) | | | -2.27 | -0.86 | 4.74 | 4.74 | 3.62 | 3.70 | 5.40 | 0.26 | 6.20 | 5.77 | |
| PIMCO Bloomberg US Universal | 759,462,499 | 3.61 | -1.91 | -0.29 | 5.27 | 5.27 | 3.83 | 4.37 | N/A | 0.30 | 6.01 | 4.18 | 04/01/2011 |
| PGIM Bloomberg US Universal | 584,475,633 | 2.78 | -2.43 | -0.28 | 6.35 | 6.35 | 4.45 | 5.02 | N/A | 0.06 | 7.08 | 5.46 | 04/01/2011 |
| Loomis Sayles Bloomberg US Universal | 584,934,277 | 2.78 | -1.78 | 0.64 | 8.19 | 8.19 | 4.34 | 4.52 | N/A | -1.86 | 6.98 | 5.02 | 04/01/2011 |
| Bloomberg US Unv Bond Index | | | -2.61 | -1.68 | 3.91 | 3.91 | 3.28 | 2.78 | 4.57 | 0.43 | 5.56 | 3.57 | |
| IM U.S. Broad Market Core+ FI (SA+CF) | | | -2.27 | -0.86 | 4.74 | 4.74 | 3.62 | 3.70 | 5.40 | 0.26 | 6.20 | 4.22 | |
| US Core Bonds Index Pool | 846,623,073 | 4.02 | -3.03 | -2.59 | 2.64 | 2.64 | N/A | N/A | N/A | 0.53 | N/A | 1.67 | 11/01/2014 |
| BlackRock Core Bonds Fund | 846,623,073 | 4.02 | -3.03 | -2.59 | 2.64 | 2.64 | N/A | N/A | N/A | 0.53 | N/A | 1.83 | 11/01/2014 |
| Bloomberg US Agg Bond Index | | | -2.98 | -2.53 | 2.65 | 2.65 | 3.03 | 2.23 | 4.34 | 0.55 | 5.97 | 1.85 | |
| IM U.S. Broad Market Core FI (SA+CF) | | | -2.80 | -2.19 | 3.10 | 3.10 | 3.33 | 2.82 | 4.83 | 0.82 | 6.14 | 2.18 | |
| US Short Duration Fixed Income Pool | 375,562,251 | 1.78 | -0.38 | -0.26 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 0.14 | 05/01/2016 |
| J.P. Morgan Asset Mgmt Short Duration | 375,562,251 | 1.78 | -0.38 | -0.26 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 0.14 | 05/01/2016 |
| Bloomberg US Gov't/Credit: 1-3 Yr Bond Index | | | -0.39 | -0.37 | 1.28 | 1.28 | 0.90 | 0.92 | 2.44 | 0.65 | 0.77 | 0.17 | |
| IM U.S. Short Duration Fixed Income (SA+CF) | | | -0.33 | -0.19 | 1.59 | 1.59 | 1.31 | 1.41 | 2.76 | 0.93 | 1.25 | 0.36 | |
| Credit & Structured Finance Pool | 835,300,601 | 3.97 | 3.00 | 6.45 | 6.86 | 6.86 | 4.77 | 8.96 | 2.33 | 0.94 | 6.63 | 2.62 | 04/01/2006 |
| C&SF Primary Benchmark | | | 2.07 | 6.45 | 13.64 | 13.64 | 4.26 | 0.22 | N/A | -2.51 | 2.29 | N/A | |
| C&SF Secondary Benchmark | | | 0.42 | 3.76 | 11.10 | 11.10 | 4.27 | 0.23 | N/A | -1.87 | 4.00 | N/A | |
| Unconstrained Fixed Income Pool | 683,631,158 | 3.25 | 0.78 | 3.50 | 6.48 | 6.48 | 2.51 | N/A | N/A | -1.32 | 2.51 | 2.43 | 12/01/2013 |
| ICE 3 Month LIBOR Index+2.50% | | | 0.85 | 1.67 | 3.26 | 3.26 | 2.94 | 2.91 | 3.67 | 2.82 | 2.74 | 2.94 | |
| GAM Unconstrained | 312,207,989 | 1.48 | 0.51 | 3.01 | 6.93 | 6.93 | N/A | N/A | N/A | N/A | N/A | 3.06 | 04/01/2015 |
| ICE 3 Month LIBOR Index+2.50% | | | 0.85 | 1.67 | 3.26 | 3.26 | 2.94 | 2.91 | 3.67 | 2.82 | 2.74 | 3.08 | |
| PIMCO Unconstrained | 151,530,390 | 0.72 | 0.87 | 3.36 | 5.17 | 5.17 | 1.59 | N/A | N/A | -2.14 | 1.88 | 1.45 | 12/01/2013 |
| Loomis Sayles Unconstrained | 219,881,484 | 1.04 | 1.10 | 4.29 | 7.36 | 7.36 | 3.23 | N/A | N/A | -0.99 | 3.49 | 3.24 | 12/01/2013 |
| ICE 3 Month LIBOR Index+2.50% | | | 0.85 | 1.67 | 3.26 | 3.26 | 2.94 | 2.91 | 3.67 | 2.82 | 2.74 | 2.94 | |
| Cash Equivalent Composite | 208,061,118 | 0.99 | 0.09 | 0.24 | 0.39 | 0.39 | 0.24 | 0.35 | 1.57 | 0.12 | 0.20 | 3.70 | 07/01/1988 |
| BofA ML 3 Mo US T-Bill Index | | | 0.08 | 0.18 | 0.33 | 0.33 | 0.14 | 0.12 | 0.80 | 0.05 | 0.04 | 3.35 | |



| | Allocation | | | | | | Р | erforma | nce (%) | | | | |
|---|----------------------|------|-------|-------|-------|-----------|------------|------------|-------------|--------|-------|-----------------|-------------------|
| | Market Value (\$) | % | QTD | FYTD | CYTD | 1 Year | 3 Years | 5 Years | 10 Years | 2015 | 2014 | Since Incep. | Inception Date |
| Absolute Return | | | | | | | | | | | | | |
| Absolute Return Composite | 947,600,413 | 4.50 | 2.94 | 3.81 | 2.20 | 2.20 | 1.01 | 3.97 | 1.52 | -1.86 | 2.75 | 2.22 | 09/01/2005 |
| Credit Suisse Hedge Fund Index (Lagged 1 Qtr) | | | 1.75 | 2.36 | -0.01 | -0.01 | 1.16 | 4.11 | 3.63 | -0.57 | 4.14 | 4.69 | |
| HFRI FOF Comp Index (Lagged 1 Qtr) | | | 2.29 | 2.86 | 0.38 | 0.38 | 0.90 | 3.24 | 1.23 | -0.99 | 3.37 | 2.30 | |
| Private Equity | | | | | | | | | | | | | |
| Private Equity Composite (Ex. State) | 1,694,542,036 | 8.05 | 3.30 | 5.77 | 7.39 | 7.39 | 7.78 | 10.19 | 8.47 | 5.73 | 10.28 | 4.52 | 06/01/2001 |
| Cambridge US Prvt Eq Index (Lagged 1 Qtr) | | | 3.75 | 7.88 | 8.66 | 8.66 | 10.76 | 13.14 | 10.74 | 6.05 | 17.91 | 11.05 | |
| Real Estate | | | | | | | | | | | | | |
| Townsend-Reported Real Estate Composite | 1,867,135,489 | 8.87 | 2.44 | 4.63 | 10.65 | 10.65 | 12.52 | 11.60 | 2.45 | 13.30 | 13.62 | 4.43 | 10/01/2004 |
| NCREIF ODCE Index (AWA) (Net) (Lagged 1 Qtr) | | | 1.83 | 3.77 | 9.08 | 9.08 | 11.42 | 11.34 | 5.05 | 13.86 | 11.36 | 7.12 | |
| NCREIF/Townsend Wtd Index (Lagged 1 Qtr) | | | 1.96 | 4.26 | 10.57 | 10.57 | 12.78 | 12.13 | 4.93 | 14.71 | 13.10 | 7.70 | |
| Real Return | | | | | | | | | | | | | |
| Real Return Composite | 1,947,585,189 | 9.25 | 2.60 | 5.83 | 9.30 | 9.30 | 2.17 | N/A | N/A | -8.65 | 6.82 | 4.03 | 06/01/2012 |
| Real Return Custom Index | | | 0.20 | -0.10 | 6.22 | 6.22 | 0.02 | 0.42 | 2.52 | -5.41 | -0.42 | 0.43 | |
| Financial Real Return Composite | 852,691,866 | 4.05 | 2.15 | 5.71 | 13.34 | 13.34 | 2.11 | N/A | N/A | -10.53 | 4.99 | 2.69 | 06/01/2013 |
| Real Return Custom Index | | | 0.20 | -0.10 | 6.22 | 6.22 | 0.02 | 0.42 | 2.52 | -5.41 | -0.42 | -0.18 | |
| Voya Floating Rate Bank Loans | 173,460,967 | 0.82 | 2.48 | 5.12 | 9.26 | 9.26 | 4.05 | N/A | N/A | 0.86 | 2.22 | 4.22 | 06/01/2013 |
| S&P-LSTA Lvg'd Loan Index | | | 2.26 | 5.41 | 10.16 | 10.16 | 3.58 | 5.11 | 4.64 | -0.69 | 1.60 | 3.65 | |
| IM U.S. Bank Loans (SA+CF) | | | 2.20 | 5.16 | 9.51 | 9.51 | 4.08 | 5.60 | 4.87 | 0.68 | 2.01 | 4.18 | |
| Credit Suisse Floating Rate Bank Loans | 144,453,016 | 0.69 | 2.29 | 4.92 | 8.60 | 8.60 | 3.99 | N/A | N/A | 1.54 | 1.97 | 4.09 | 08/01/2013 |
| CS Lvg'd Loan Index | | | 2.25 | 5.42 | 9.88 | 9.88 | 3.76 | 5.35 | 4.33 | -0.38 | 2.06 | 3.94 | |
| IM U.S. Bank Loans (SA+CF) | | | 2.20 | 5.16 | 9.51 | 9.51 | 4.08 | 5.60 | 4.87 | 0.68 | 2.01 | 4.23 | |
| Harvest MLP | 413,515,871 | 1.96 | 1.57 | 6.01 | 19.55 | 19.55 | N/A | N/A | N/A | N/A | N/A | -10.59 | 05/01/2015 |
| S&P MLP Index | | | 1.42 | 2.51 | 12.47 | 12.47 | -11.22 | -3.19 | 1.36 | -39.11 | 2.16 | -20.79 | |
| Waterfall Eden Fund, LP | 121,262,012 | 0.58 | 3.59 | 6.26 | 0.82 | 0.82 | 6.13 | N/A | N/A | 5.07 | 12.85 | 7.57 | 06/01/2012 |
| BofA ML US HY Master II Index (Lagged 1 Qtr) | | | 5.49 | 11.69 | 12.82 | 12.82 | 5.27 | 8.24 | 7.59 | -3.56 | 7.23 | 6.41 | |
| Townsend-Reported Other Real Return | 985,417,837 | 4.68 | 3.38 | 7.48 | 9.94 | 9.94 | 3.90 | 11.42 | N/A | -8.00 | 10.89 | 9.51 | 04/01/2011 |
| ETI | | | | | | | | | | | | | |
| Economically Targeted Investments | 41,998,908 | 0.20 | -5.12 | -1.63 | 5.01 | 5.01 | 3.89 | 2.02 | -0.17 | 4.48 | 2.21 | -0.99 | 07/01/1998 |
| BofA ML 3 Mo US T-Bill Index | | | 0.08 | 0.18 | 0.33 | 0.33 | 0.14 | 0.12 | 0.80 | 0.05 | 0.04 | 2.05 | |
| Severance Tax State PE Program | 300,193,387 | 1.43 | 10.28 | 9.62 | 5.70 | 5.70 | 8.46 | 9.05 | 2.25 | 13.02 | 6.81 | -2.80 | 08/01/2001 |
| Cambridge US VC Index (Lagged 1 Qtr) | | | 3.31 | 3.98 | 2.20 | 2.20 | 15.87 | 14.08 | 10.30 | 22.21 | 24.54 | 3.03 | |

Performance shown is gross of fees, except for Credit & Structured Finance, Absolute Return, Private Equity, Real Estate, and Real Return investments, which are shown net of fees. Since Inception date shown represents the first full month following initial funding. Fiscal year ends June 30. RVK endorses GIPS and calculates performance for composites and investment managers using different methodologies. For other performance-related comments, please see the Addendum. For additional information, please see the Glossary.



2018 Preliminary Plan Recommendations

Pre-Medicare/Medicare

- 1. Increase retiree premiums in accordance with projected medical trend for all self-insured plans based on upon loss ratios calculated in May --- estimate available by June Board meeting for the following plans:
 - BCBS Premier
 - Presbyterian Premier
 - Presbyterian Value Plan
 - NM Health Connections Value Plan
 - BCBS Medicare Supplement
- 2. Expand Value Option Resources
 - Current Solvency Projection assumes 2,000 members in program by end of FY17
 - o Actual Presbyterian (1,918) and NM Health Connections (426)
 - BCBS Exclusive Provider Organization (EPO) Plan
 - Statewide network of providers (attributed membership)
 - Members must select primary care provider (referrals not required)
 - Members MUST use Blue Preferred EPO provider (except for emergencies)
- 3. Increase Cost Sharing on Prescription Plan
 - Narrower network
 - Voluntary Smart90 Long-term medications
 - 3 month supply for less than cost of three 1-month supplies
 - ESI pharmacy or preferred retail pharmacy
 - Members who continue using 1-month supplies will receive communication regard benefits of 3-month supply option
 - Increase copays/cost sharing
 - Modeling includes savings estimates for pre-Medicare and Medicare participants
 - o \$500,000, \$1 million and \$2 million savings scenario

Medicare

- 4. Default folks to the appropriate Medicare Advantage Plan (assumed based on last year's board adoption)
 - Based on pre-Medicare participation and access to care under Medicare Advantage
 Plan, cost sharing and annual out-of-pocket maximums

- 5. Supplement introduce \$250 copay for inpatient stay (1 per year)
 - 2016 189 admits per 1,000 people/4,385 x \$250 = \$1,096,250
- 6. Supplement increase annual Part B cost sharing by \$50
 - $2016 21,047 \times $50 = $1,052,350$ savings

Goal --- 15 year solvency period/2032

Additional Variables Impacting Solvency Report:

• Investment Returns

Projected EOY Balance: \$509,835,356 End of February Balance: \$518,785,364

Market Check Agreement through Express Scripts
 Pre-Medicare - \$2.8 million projected savings
 Medicare - \$7.1 million projected savings

New Mexico Retiree Health Care Authority Long-Tem Solvency Modeling Projected Year of Insolvency: FYE2030

Baseline Scenario: Elimination of Premier Plus and addition of Value plan in CY2017, with annual Non-Medicare Medical Plan Changes in CY2023+; Default members into Medicare Supplement & EGWP plan changes in CY2031+; Eliminate coverage for drugs available OTC for self-funded Rx plans beginning CY2017; Annual Non-Medicare Rate Increases of 8.0% in CY2017-2030 and 3.0% thereafter

| | | 'ENUE | | 1 | I | | | | | | | | | | | | | | | | |
|--|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|------------------------------|------------------------|------------------------------------|------------------------------|------------------------------------|----------------------------|--------------------------------|------------------------------|----------------------------|------------------------------------|------------------------------------|------------------------|--|--|--|
| | 5000 | | | | | | Medicare PDP & | | | | | | | | | Rev Exp. | | | | | |
| Fiscal Year Beginning | BOY Invested Assets | Employer Contribution | Employee Contribution | Retiree Medical | Retiree Ancillary | Tax & HB 351 Revenue | Manufacturers Discount | Miscellaneous | Total Revenue | Investment Income | Medical/Rx | Basic Life | Ancillary Premiums | ASO & HC Reform Fees | ı Program Support | Total Expenditures | Excluding Inv. Income | Fiscal Year End | EOY Invested Assets | | |
| 7/1/2016 | \$455,592,072 | \$84,459,556 | \$42,229,778 | \$127,433,348 | \$29,485,561 | \$29,331,596 | \$29,382,829 | \$402,587 | \$342,725,255 | \$33,772,491 | \$271,523,814 | \$4,007,876 | \$29,485,561 | \$14,118,911 | \$3,118,300 | \$322,254,462 | \$20,470,793 | 6/30/2017 | \$509,835,356 | | |
| 7/1/2017 | \$509,835,356 | \$84,459,556 | \$42,229,778 | \$140,510,099 | \$32,084,684 | \$27,831,596 | \$33,274,083 | \$405,246 | \$360,795,042 | \$37,205,329 | \$300,854,931 | \$3,506,891 | \$32,084,684 | \$14,469,093 | \$3,196,258 | \$354,111,857 | \$6,683,185 | 6/30/2018 | \$553,723,870 | | |
| 7/1/2018 7/1/2019 | \$553,723,870 \$582,585,198 | \$84,459,556 \$87,415,640 | \$42,229,778 \$43,707,820 | \$155,448,697 \$171,310,838 | \$34,820,509 \$37,650,007 | \$27,831,596 \$31,171,388 | \$35,023,433 \$36,697,977 | \$408,071 \$409,494 | \$380,221,639 \$408,363,163 | \$39,750,257 \$41,427,533 | \$335,283,299 \$372,232,944 | \$2,504,922 \$1,502,953 | \$34,820,509 \$37,650,007 | \$15,225,673 \$15,961,079 | \$3,276,164 \$3,358,068 | \$391,110,567 \$430,705,052 | (\$10,888,928) (\$22,341,888) | 6/30/2019 6/30/2020 | \$582,585,198 \$601,670,844 | | |
| 7/1/2020 | \$601,670,844 | \$90,475,187 | \$45,237,594 | \$187,162,153 | \$40,322,487 | \$34,911,954 | \$38,126,218 | \$407,064 | \$436,642,657 | \$42,394,361 | \$409,661,965 | \$500,984 | \$40,322,487 | \$16,557,261 | \$3,442,020 | \$470,484,717 | (\$33,842,060) | 6/30/2021 | \$610,223,145 | | |
| 7/1/2021 | \$610,223,145 | \$93,641,819 | \$46,820,909 | \$204,510,065 | \$43,354,485 | \$39,101,389 | \$39,547,186 | \$405,944 | \$467,381,796 | \$42,518,015 | \$450,864,467 | \$0 | \$43,354,485 | \$17,170,312 | \$3,528,070 | \$514,917,334 | (\$47,535,538) | 6/30/2022 | \$605,205,621 | | |
| 7/1/2022 7/1/2023 | \$605,205,621 \$580,391,886 | \$96,919,283 \$100,311,458 | \$48,459,641 \$50,155,729 | \$224,141,363 \$242,567,559 | \$47,050,420 \$50,617,465 | \$43,793,555 \$49,048,782 | \$40,877,994 \$42,186,189 | \$419,519 \$423,040 | \$501,661,775 \$535,310,220 | \$41,474,460 \$39,141,675 | \$499,312,184 \$543,287,961 | \$0 \$0 | \$47,050,420 \$50,617,465 | \$17,971,095 \$18,711,543 | \$3,616,272 \$3,706,679 | \$567,949,971 \$616,323,648 | (\$66,288,196) (\$81,013,428) | 6/30/2023 6/30/2024 | \$580,391,886 \$538,520,132 | | |
| 7/1/2023 | \$538,520,132 | \$103,822,359 | \$51,911,179 | \$260,756,722 | \$54,144,873 | \$54,934,636 | \$43,349,603 | \$425,117 | \$569,344,488 | \$35,695,090 | \$584,393,032 | \$0 \$0 | \$54,144,873 | \$19,355,356 | \$3,799,346 | \$661,692,607 | (\$92,348,119) | 6/30/2025 | \$481,867,104 | | |
| 7/1/2025 | \$481,867,104 | \$107,456,141 | \$53,728,071 | \$282,733,345 | \$58,615,172 | \$61,526,792 | \$44,675,946 | \$435,531 | \$609,170,997 | \$30,995,555 | \$635,177,451 | \$0 | \$58,615,172 | \$20,168,472 | \$3,894,329 | \$717,855,425 | (\$108,684,427) | 6/30/2026 | \$404,178,231 | | |
| 7/1/2026 | \$404,178,231 | \$111,217,106 | \$55,608,553 | \$304,719,922 | \$62,751,133 | \$68,910,007 | \$45,919,525 | \$437,801 | \$649,564,047 | \$24,783,882 | \$686,590,296 | \$0 \$0 | \$62,751,133 | \$20,894,108 | \$3,991,688 | \$774,227,225 | (\$124,663,178) | 6/30/2027 6/30/2028 | \$304,298,935 | | |
| 7/1/2027 7/1/2028 | \$304,298,935 \$182,307,570 | \$115,109,705 \$119,138,544 | \$57,554,852 \$59,569,272 | \$326,435,618 \$352,059,275 | \$66,949,629 \$72,013,237 | \$77,179,208 \$86,440,713 | \$47,147,095 \$48,336,866 | \$374,366 \$383,299 | \$690,750,473 \$737,941,206 | \$17,022,423 \$7,492,920 | \$737,217,318 \$797,380,981 | \$0 \$0 | \$66,949,629 \$72,013,237 | \$21,505,834 \$22,267,121 | \$4,091,480 \$4,193,767 | \$829,764,261 \$895,855,106 | (\$139,013,788) (\$157,913,900) | 6/30/2029 | \$182,307,570 \$31,886,590 | | |
| 7/1/2029 | \$31,886,590 | \$123,308,393 | \$61,654,197 | \$377,379,710 | \$76,651,159 | \$96,813,598 | \$49,349,323 | \$383,754 | \$785,540,134 | \$202,142 | \$857,840,024 | \$0 | \$76,651,159 | \$22,916,728 | \$4,298,611 | \$961,706,522 | (\$176,166,388) | 6/30/2030 | (\$144,077,657) | | |
| 7/1/2030 | (\$144,077,657) | \$127,624,187 | \$63,812,094 | \$404,826,438 | \$82,568,219 | \$108,431,230 | \$50,346,336 | \$399,445 | \$838,007,949 | \$0 | \$928,202,043 | \$0 | \$82,568,219 | \$23,764,647 | \$4,406,076 | \$1,038,940,985 | (\$200,933,036) | 6/30/2031 | (\$345,010,692) | | |
| 7/1/2031 7/1/2032 | (\$345,010,692) (\$562,540,274) | \$132,091,034 \$136,714,220 | \$66,045,517 \$68,357,110 | \$430,075,447 \$457,991,008 | \$88,217,781 \$93,989,612 | \$121,442,977 \$136,016,135 | \$51,245,040 \$52,071,843 | \$407,695 \$413,537 | \$889,525,490 \$945,553,465 | \$0 \$0 | \$989,760,612 \$1,039,985,164 | \$0 \$0 | \$88,217,781 \$93,989,612 | \$24,560,451 \$25,265,531 | \$4,516,228 \$4,629,134 | \$1,107,055,072 \$1,163,869,441 | (\$217,529,582) (\$218,315,976) | 6/30/2032 6/30/2033 | (\$562,540,274) (\$780,856,251) | | |
| 7/1/2033 | (\$780,856,251) | \$141,499,218 | \$70,749,609 | \$492,320,888 | \$100,620,921 | \$152,338,071 | \$52,975,015 | \$423,941 | \$1,010,927,662 | \$0 | \$1,095,547,118 | \$0 | \$100,620,921 | \$26,066,578 | \$4,744,862 | \$1,226,979,479 | (\$216,051,816) | 6/30/2034 | (\$996,908,067) | | |
| 7/1/2034 | (\$996,908,067) | \$146,451,690 | \$73,225,845 | \$527,396,564 | \$107,923,340 | \$170,618,639 | \$53,793,734 | \$440,908 | \$1,079,850,721 | \$0 | \$1,158,968,762 | \$0 | \$107,923,340 | \$26,991,398 | \$4,863,484 | \$1,298,746,984 | (\$218,896,263) | 6/30/2035 | (\$1,215,804,331) | | |
| 7/1/2035 7/1/2036 | (\$1,215,804,331) (\$1,432,893,224) | \$151,577,499 \$156,882,712 | \$75,788,750 \$78,441,356 | \$557,202,518 \$588,221,781 | \$114,593,430 \$121,927,915 | \$191,092,876 \$214,024,021 | \$54,691,183 \$55,738,115 | \$440,654 \$440,821 | \$1,145,386,910 \$1,215,676,721 | \$0 \$0 | \$1,215,200,915 \$1,273,463,828 | \$0 \$0 | \$114,593,430 \$121,927,915 | \$27,696,388 \$28,360,164 | \$4,985,071 \$5,109,698 | \$1,362,475,803 \$1,428,861,605 | (\$217,088,893) (\$213,184,883) | 6/30/2036 6/30/2037 | (\$1,432,893,224) (\$1,646,078,107) | | |
| 7/1/2037 | (\$1,646,078,107) | \$162,373,607 | \$81,186,803 | \$619,830,644 | \$129,242,102 | \$239,706,904 | \$56,619,148 | \$441,541 | \$1,289,400,750 | \$0 | \$1,332,810,177 | \$0 | \$129,242,102 | \$28,986,700 | \$5,237,440 | \$1,496,276,420 | (\$206,875,670) | 6/30/2038 | (\$1,852,953,777) | | |
| 7/1/2038 | (\$1,852,953,777) | \$168,056,683 | \$84,028,342 | \$651,711,904 | \$136,732,397 | \$268,471,732 | \$57,581,503 | \$435,885 | \$1,367,018,445 | \$0 | \$1,390,541,744 | \$0 | \$136,732,397 | \$29,527,052 | \$5,368,376 | \$1,562,169,569 | (\$195,151,124) | 6/30/2039 | (\$2,048,104,901) | | |
| 7/1/2039 7/1/2040 | (\$2,048,104,901) (\$2,231,208,460) | \$173,938,667 \$180,026,520 | \$86,969,333 \$90,013,260 | \$686,851,745 \$725,763,760 | \$145,082,492 \$154,206,610 | \$300,688,340 \$336,770,941 | \$58,566,152 \$59,555,348 | \$435,958 \$438,947 | \$1,452,532,688 \$1,546,775,387 | \$0 \$0 | \$1,454,909,621 \$1,526,849,815 | \$0 \$0 | \$145,082,492 \$154,206,610 | \$30,141,549 \$30,851,157 | \$5,502,585 \$5,640,150 | \$1,635,636,247 \$1,717,547,733 | (\$183,103,559) (\$170,772,345) | 6/30/2040 6/30/2041 | (\$2,231,208,460) (\$2,401,980,806) | | |
| 7/1/2040 | (\$2,401,980,806) | \$186,327,449 | \$93,163,724 | \$769,637,116 | \$164,466,221 | \$377,183,454 | \$60,468,066 | \$449,922 | \$1,651,695,952 | \$0 \$0 | \$1,607,371,054 | \$0 \$0 | \$154,206,610 | \$30,851,157 | \$5,781,154 | \$1,717,547,733 | (\$170,772,345) | 6/30/2041 | (\$2,559,618,931) | | |
| 7/1/2042 | (\$2,559,618,931) | \$192,848,909 | \$96,424,455 | \$816,120,210 | \$175,130,496 | \$422,445,468 | \$61,326,287 | \$459,984 | \$1,764,755,809 | \$0 | \$1,692,909,585 | \$0 | \$175,130,496 | \$32,607,962 | \$5,925,683 | \$1,906,573,726 | (\$141,817,917) | 6/30/2043 | (\$2,701,436,848) | | |
| 7/1/2043 | (\$2,701,436,848) | \$199,598,621 | \$99,799,311 | \$865,623,801 | \$186,581,155 | \$473,138,925 | \$62,153,607 | \$472,136 | \$1,887,367,556 | \$0 | \$1,783,468,173 | \$0 | \$186,581,155 | \$33,537,773 | \$6,073,825 | \$2,009,660,926 | (\$122,293,370) | 6/30/2044 | (\$2,823,730,218) | | |
| 7/1/2044 7/1/2045 | (\$2,823,730,218) (\$2.920.860,794) | \$206,584,573 \$213,815,033 | \$103,292,286 \$106,907,516 | \$918,712,458 \$975,627,129 | \$198,818,676 \$211,897,572 | \$529,915,595 \$593,505,467 | \$62,998,822 \$63,878,600 | \$484,609 \$497,412 | \$2,020,807,019 \$2,166,128,729 | \$0 \$0 | \$1,878,385,534 \$1,979,878,119 | \$0 \$0 | \$198,818,676 \$211,897,572 | \$34,507,716 \$35,512,259 | \$6,225,670 \$6,381,312 | \$2,117,937,596 \$2,233,669,261 | (\$97,130,576) (\$67,540,533) | 6/30/2045 6/30/2046 | (\$2,920,860,794) (\$2,988,401,326) | | |
| 7/1/2046 | (\$2,988,401,326) | \$221,298,559 | \$110,649,279 | \$1,036,666,798 | \$225,876,143 | \$664,726,123 | \$64,794,231 | \$510,552 | \$2,324,521,685 | \$0 | \$2,088,282,997 | \$0 | \$225,876,143 | \$36,552,833 | \$6,540,845 | \$2,357,252,818 | (\$32,731,133) | 6/30/2047 | (\$3,021,132,460) | | |
| 7/1/2047 | (\$3,021,132,460) | \$229,044,009 | \$114,522,004 | \$1,102,154,685 | \$240,816,737 | \$744,493,258 | \$65,747,049 | \$524,040 | \$2,497,301,782 | \$0 | \$2,204,005,776 | \$0 | \$240,816,737 | \$37,630,933 | \$6,704,366 | \$2,489,157,813 | \$8,143,969 | 6/30/2048 | (\$3,012,988,490) | | |
| | h Fiscal Year Basis: | | | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | FY2024 | FY2025 | FY2026 | FY2027 | FY2028 | FY2029 | FY2030 | FY2031 | FY2032+ | | |
| | l Annual Payroll Grow s Annual Payroll Grow | | | 0.00% | 0.00% | 0.00% | 3.50% 3.50% | 3.50% 3.50% | 3.50% 3.50% | 3.50% 3.50% | 3.50% 3.50% | 3.50% 3.50% | 3.50% 3.50% | 3.50% 3.50% | 3.50% 3.50% | 3.50% 3.50% | 3.50% 3.50% | 3.50% 3.50% | 3.50% 3.50% | | |
| Public Safety, et al | | | | 2.500% | 2.500% | 2.500% | 2.500% | 2.500% | 2.500% | 2.500% | 2.500% | 2.500% | 2.500% | 2.500% | 2.500% | 2.500% | 2.500% | 2.500% | 2.500% | | |
| Public Safety, et al | | | | 1.250% | 1.250% | 1.250% | 1.250% | 1.250% | 1.250% | 1.250% | 1.250% | 1.250% | 1.250% | 1.250% | 1.250% | 1.250% | 1.250% | 1.250% | 1.250% | | |
| Other Occupations Other Occupations | | | | 2.000% 1.000% | 2.000% 1.000% | 2.000% 1.000% | 2.000% 1.000% | 2.000% 1.000% | 2.000% 1.000% | 2.000% 1.000% | 2.000% 1.000% | 2.000% 1.000% | 2.000% 1.000% | 2.000% 1.000% | 2.000% 1.000% | 2.000% 1.000% | 2.000% 1.000% | 2.000% 1.000% | 2.000% 1.000% | | |
| Annual Investment | | | | 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% | | |
| | Retirees under age 65 | 5 | | 4.34% | 0.78% | 0.82% | 0.41% | -0.70% | -0.32% | 3.93% | 0.98% | 0.57% | 2.86% | 0.61% | -0.80% | 2.39% | 0.12% | 4.09% | varies | | |
| Annual Growth in I | Retirees age 65+ scription Drug Rebate | Trend | | 6.55% 1.38% | 5.97% 7.26% | 5.34% 0.00% | 4.82% 0.00% | 3.75% 0.00% | 4.03% 0.00% | 3.36% 0.00% | 3.32% 0.00% | 2.57% 0.00% | 3.26% 0.00% | 2.53% 0.00% | 2.57% 0.00% | 2.33% 0.00% | 1.71% 0.00% | 1.74% 0.00% | varies 0.00% | | |
| | tion Drug Rebate Tren | | | -9.66% | 5.66% | 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% | | |
| | h Calendar Year Bas | is: | | CY2017 | CY2018 | CY2019 | CY2020 | CY2021 | CY2022 | CY2023 | CY2024 | CY2025 | CY2026 | CY2027 | CY2028 | CY2029 | CY2030 | CY2031 | CY2032+ | | |
| Non-Medicare Med | dical 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 Pres | scription 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% | 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% | | |
| | tion Drug Claims Tren | ıd | | 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% | | |
| | EGWP Direct Subsidy | | | 0.00% | 5.00% | 5.00% | 5.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | | |
| | Coverage Gap Discou EGWP Federal Reinsı | | nue | 3.94% 27.62% | 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% | | |
| | EGWP Low Income Su | | | 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 | | 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% | | |
| | e Advantage Premium care Advantage Prem | | | 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% | 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 Advantage | | e | 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% | | |
| Self-funded Plan | Benefit Modification | s effective 1/1: | | CY2017 | CY2018 | CY2019 | CY2020 | CY2021 | CY2022 | CY2023 | CY2024 | CY2025 | CY2026 | CY2027 | CY2028 | CY2029 | CY2030 | CY2031 | CY2032 | | |
| Non-Medicare Pre | | | | 0.81% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | -3.60% | -6.50% | -6.47% | -6.15% | -6.44% | -6.69% | -6.95% | -6.69% | -7.04% | -7.34% | | |
| Non-Medicare Valu Non-Medicare Pres | | | | n/a -0.47% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | -3.60% 0.00% | -6.50% 0.00% | -6.47% 0.00% | -6.15% 0.00% | -6.44% 0.00% | -6.69% 0.00% | -6.95% 0.00% | -6.69% 0.00% | -7.04% 0.00% | -7.34% 0.00% | | |
| Medicare Supplem | | | | 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% | -1.00% | -4.12% | | |
| Medicare Prescript | | | | -0.47% | 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% | -4.12% | | |
| | are for Self-funded P | | 1: | CY2017 | CY2018 | CY2019 | CY2020 | CY2021 | CY2022 | CY2023 | CY2024 | CY2025 | CY2026 | CY2027 | CY2028 | CY2029 | CY2030 | CY2031 | CY2032+ | | |
| | tiree Rate Share (20+ | • | | 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% | | |
| | ouse Rate Share (20+ Rate Share (20+ years | • | | 64.00% 50.00% | 64.00% 50.00% | 64.00% 50.00% | 64.00% 50.00% | 64.00% 50.00% | 64.00% 50.00% | 64.00% 50.00% | 64.00% 50.00% | 64.00% 50.00% | 64.00% 50.00% | 64.00% 50.00% | 64.00% 50.00% | 64.00% 50.00% | 64.00% 50.00% | 64.00% 50.00% | 64.00% 50.00% | | |
| | Rate Share (20+ years | | | 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% | | |
| | or Self-funded Plans | effective 1/1: | | CY2017 | CY2018 | CY2019 | CY2020 | CY2021 | CY2022 | CY2023 | CY2024 | CY2025 | CY2026 | CY2027 | CY2028 | CY2029 | CY2030 | CY2031 | CY2032+ | | |
| Non-Medicare Reti | | | | 8.00% | 8.00% | 8.00% | 8.00% | 8.00% | 8.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% 4.00% | 4.00% | | |
| Non-Medicare Spo Non-Medicare Chil | | | | 8.00% 8.00% | 8.00% 8.00% | 8.00% 8.00% | 8.00% 8.00% | 8.00% 8.00% | 8.00% 8.00% | 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% | 4.00% 4.00% | 4.00% | 4.00% 4.00% | | |
| Olill | | | | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 3.00% | 3.00% | | |
| Medicare Supplem | nent % Increase | | | 0.000.0 | 0.000.0 | | | | | | | | | | | | | | | | |





A Lower-Cost Option
With a FOCUS ON QUALITY



Why Blue Preferred EPO™?

Managing health care costs is a key concern for both you and your employees.

Blue Preferred EPO:

- Encourages members to engage in their health care decisions through benefit design
- Empowers the member to choose a provider and/or use their designated Primary Care Provider (PCP) for better-coordinated care
- Provides members the tools they need to make informed decisions about their health care

The Result: A lower-cost alternative to PPO without sacrificing quality of care



Guided Care Promotes Sound Health Care Decisions

Members select a Primary Care Provider (PCP). Advantages of this long-term relationship may include:

- More accurate diagnoses
- Lower costs
- Staying healthier
- Trust
- Referral to specialists





Find Doctors ... Fast

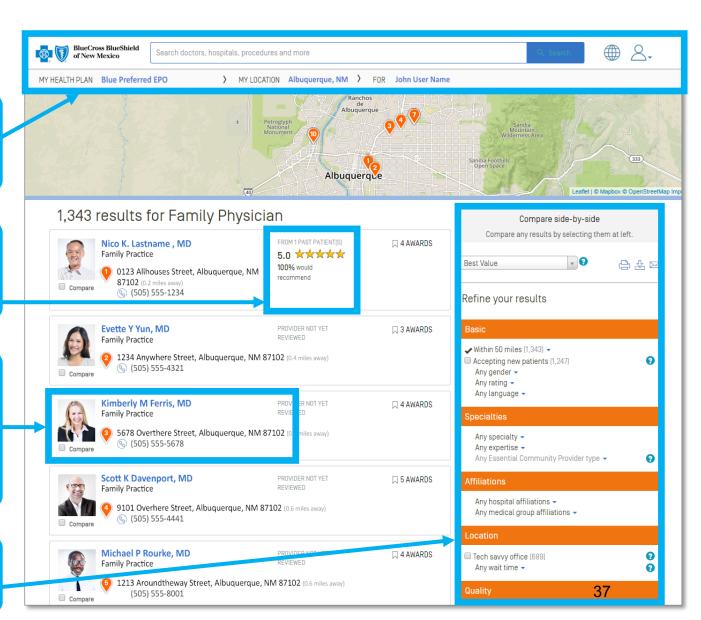


Refine your search to find the **most pertinent providers**

View what other members think about the doctor

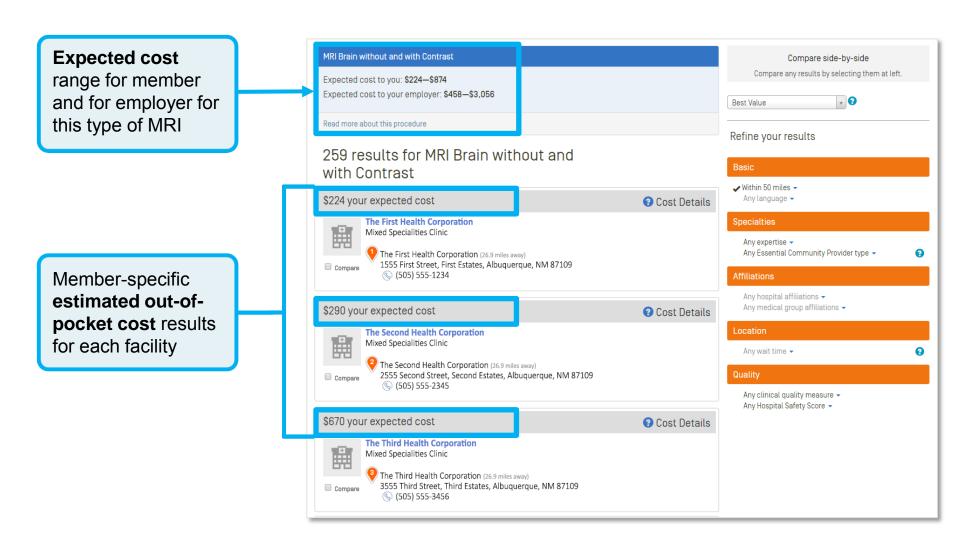
Advanced demographics information such as doctor photos and highlights help members feel at ease when choosing providers

Refine results with **sideby-side comparison**



Empowering Informed Choices





Online Tools and Resources



















OUR PURPOSE

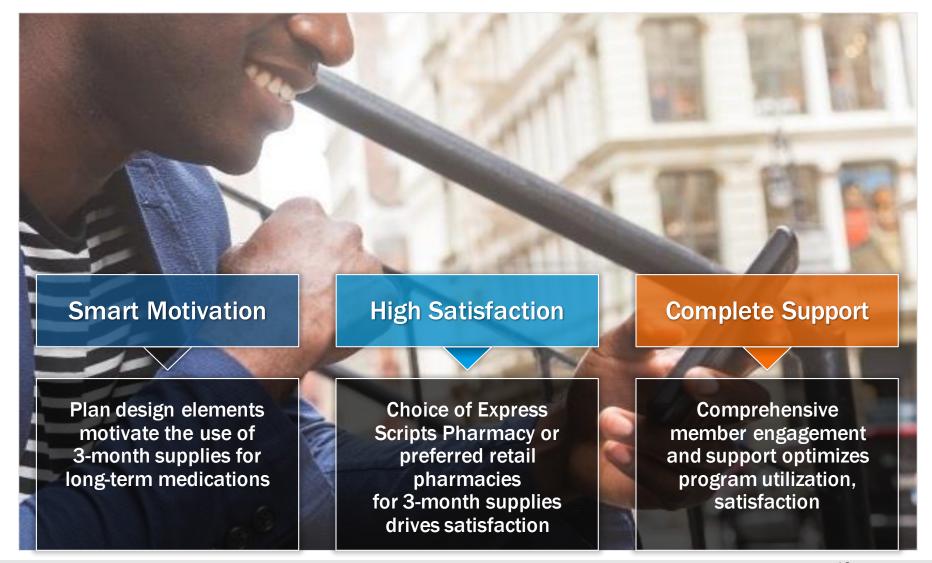
To do everything in our power to stand with our members in sickness and in health®



Voluntary Smart90



Improved Savings, Clinical Care, Satisfaction for Clients and Patients



How Voluntary Smart90 Works

Client enrolls in Voluntary Smart90 for all **long-term medications**

Members may receive 3-month supplies through
the Express Scripts Pharmacysm
or a

narrow selection of 3-month retail pharmacy for less than it would cost for three 1-month supplies

Members who continue to use 1-month supplies are targeted to receive multichannel communications to move to a 3-month supply*





^{*}For select long-term medications. Acute and other long-term medications may be filled at any participating pharmacy.

Integrated components lead to...



Live Calls

User tested script guide to engage member and educate on pharmacy value.



Emails/Digital

Self-serve access to pharmacy benefit wherever and whenever.





Automated Outbound Messages

Voice mail messages to inspire member call backs.



Letters

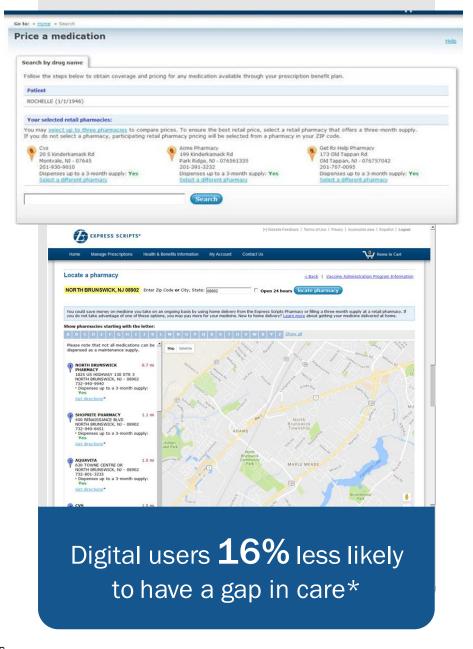
Educational, relevant content with a key benefits points to inspire action.



Voluntary Smart90 On the Web

Comparison shop for lower-cost opportunities Express-scripts.com

- Price a medication shows the price of a prescription from a 3 monthsupply pharmacy
- Locate a pharmacy searches for nearby retail pharmacies by zip code or city/state. Search results indicate if nearby pharmacies are enrolled in 3 month supplies



^{*2013} Express Scripts data on file, 200k gaps-in-care closed by digital users

Member Communications: Channel and Timeline

TARGETED MEMBER OUTREACH



Express Scripts Pharmacy

Highlights the opportunity of filling a 3-month supply



1 letter or email per quarter

1 call every 90 days beginning in Jan

^{*}Member can only get up to 1 call per month, up to 3 calls per year

^{**}No calls or letters in Q4

Full Suite of Communications Tailored to your needs







FAQ Brochure

Home Delivery Checklist **Banner Ads**

Web & Newsletter Copy

Features frequently
asked questions and
answers about Express
Scripts pharmacy home
delivery and member
benefits.

Easy to follow instructions to get started using Express Scripts home delivery.

Banner Ads designed for home delivery and mobile app to improve member experience by providing a direct link to the call of action. Educational content on home delivery, digital advantages and pharmacy benefit to post on website or newsletter

^{*}Please submit request for custom content



FY18 Operating Budget – Action Item

Background: The State Budget Act (Section 6-3-7 NMSA 1978) mandates the completion and submission of the FY18 operating budget to the State Budget Division (SBD) by close of business on Monday, May 1, 2017. The State Budget Act specifies that operating budgets require SBD approval and expenditures cannot be made without such approval. In addition, the Retiree Health Care Act (Section 10-7C-16) includes a requirement that "expenditures for the administration of the Retiree Health Care Act shall be made as provided by an operating budget adopted by the board." In accordance with these requirements, the FY18 operating budget submitted by the agency will be consistent with the amounts contained in Section 4 of General Appropriation Act of 2017 (House Bill 2).

| Table 1 (\$ shown in thousands) | | | | | | | |
|---------------------------------------|-----------------------|----|------------|------------------|-------------|---------|---------|
| Agency | 17 Approved Operating | FY | 18 Request | HB2 | FY18 Growth | | Percent |
| Personal Services & Employee Benefits | \$ 1,949.8 | \$ | 1,997.3 | \$ 1,858.8 | \$ | (91.0) | -4.7% |
| Contractual Services | \$ 310,507.8 | \$ | 339,515.2 | \$ 317,636.0 | \$ | 7,128.2 | 2.3% |
| Other | \$ 592.1 | \$ | 618.5 | \$ 571.0 | \$ | (21.1) | -3.6% |
| Other Financing Uses | \$ 3,118.3 | \$ | 3,118.3 | \$ 2,936.8 | \$ | (181.5) | -5.8% |
| Total | \$ 316,168.0 | \$ | 345,249.3 | \$ 323,002.6 | \$ | 6,834.6 | 2.2% |
| Healthcare Benefits Administration | | | | | | | |
| Contractual Services | \$ 309,883.4 | \$ | 338,970.4 | \$ 317,091.2 | \$ | 7,207.8 | 2.3% |
| Other | \$ 48.0 | \$ | 42.3 | \$ 37.8 | \$ | (10.2) | -21.3% |
| Other Financing Uses | \$ 3,118.3 | \$ | 3,118.3 | \$ 2,936.8 | \$ | (181.5) | -5.8% |
| Subtotal | \$ 313,049.7 | \$ | 342,131.0 | \$ 320,065.8 | \$ | 7,016.1 | 2.2% |
| Program Support | | | | | | | |
| Personal Services & Employee Benefits | \$ 1,949.8 | \$ | 1,997.3 | \$ 1,858.8 | \$ | (91.0) | -4.7% |
| Contractual Services | \$ 624.4 | \$ | 544.8 | \$ 544.8 | \$ | (79.6) | -12.7% |
| Other | \$ 544.1 | \$ | 576.2 | \$ 533.2 | \$ | (10.9) | -2.0% |
| Subtotal | \$ 3,118.3 | \$ | 3,118.3 | \$ 2,936.8 | \$ | (181.5) | -5.8% |
| Total | \$ 316,168.0 | \$ | 345,249.3 | \$ 323,002.60 | \$ | 6,834.6 | 2.2% |
| FTE | 27 | | 27 | 27 | | | 0.0% |

House Bill 2 no longer contains reference to a specific number of FTE by agency. However, neither recommendation (DFA or LFC) suggested a reduction in FTE.

Other Substantive Information: NMRHCA has 14 performance measures that it is required to report on to the LFC and SBD annually; however, only 3 are considered KEY/HB2 measures. The chart below identifies the key performance measures included the GAA:

| | Table 2 | | FY18 | | | | |
|---|-----------------|--|--------|--|--|--|--|
| | | | Target | | | | |
| | Healthcare | Benefits Administration | | | | | |
| * | Output | Minimum number of years of positive fund balance | 20 | | | | |
| * | Outcome | Minimum number of years of projected balanced spending | 5 | | | | |
| | Outcome | Percent of diabetics properly managed according to clinical guidelines | ≥65% | | | | |
| | Outcome | Emergency room visits per one thousand members | ≤200 | | | | |
| | Program Support | | | | | | |
| | Outcome | Percent of deposits made within twenty-four hours | 100% | | | | |

Lastly, Section 4 includes the following language associated with Program Support: Any unexpended balances in program support of the retiree health care authority remaining at the end of fiscal year 2018 from this appropriation shall revert to the healthcare benefits administration program.

Conclusion: NMRHCA staff respectfully requests delegation of authority to the Finance Committee for the approval of the FY18 operating budget, as indicated by program and category in the HB2 column of Table 1.

Pharmacy Benefits Manager Consultant RFP – Action Item

Background: Consistent with the requirements contained in the Health Care Purchasing Act, the Mexico Retiree Health Care Authority (NMRHCA) in cooperation with the other members of the interagency benefits advisory committee (IBAC) including: Albuquerque Public Schools, New Mexico Public School Insurance Authority and the State of New Mexico released a request for proposals (RFP) for professional services related to the consulting functions associated with the upcoming pharmacy benefits manager (PBM) RFP on February 8, 2017. The IBAC received four competitive proposals from HealthLinx, Hub International, Pharmaceutical Strategies Group (PSG), and The Segal Company. The proposals were evaluated using the following criteria: organizational experience, organizational references, account management, cost, in-state bidder preference and for selected finalists, and oral presentation.

As part of the evaluation process, 3 of the 4 proposals were selected to provide a finalist interview which included an oral presentation and opportunity to respond to a uniform set of questions from the IBAC. Each company was given the opportunity to present their strategy for assisting in the management and evaluation of the upcoming RFP for PBM services. The IBAC unanimously agreed to recommend the selection of the vendor (Company A) that achieved the highest composite score based on the criteria listed above.

- Through the RFP and oral presentation Company A exhibited the ability to meet the work and services required by IBAC
- Company A clearly demonstrated experience through previous work done over many years with numerous clients comparable in size to or even larger than IBAC, with many being from public sector
- Multiple references were provided with positive feedback and openness to future business with Company A due to its knowledge, analytical ability, flexibility, and professionalism
- Company A has a diverse team that possesses in-depth knowledge, skills, and experience in the various aspects required for the upcoming pharmaceutical benefit management services procurement
- Company A demonstrated an understanding, ability for strategic thinking and background required to assist in creating a more insightful RFP of initiatives and requirements that the IBAC desires
- Company A expressed their ability to be flexible and meet the various needs of the IBAC
- A strong and energetic oral presentation was conveyed clearly explaining its plan and timeline on delivering services related to the IBAC's pharmaceutical benefit management services procurement
- One key component emphasized was the importance of contracts, in which Company A will review to mitigate risk, provide savings and assure services are delivered and vendors are held accountable for work stated
- In addition, Company A included an additional service of doing a 'Plan Review' six months after implementation at no additional cost

Each of the IBAC members will be responsible for entering into contracts with Company A to accommodate a prorated share of the total cost or approximately \$23,625.

Action Item: NMRHCA staff respectfully requests approval to enter into contract negotiations for benefit consulting services related to the PBM RFP. Upon approval by the Department of Finance and Administration the name of the selected vendor will be presented to the Board.