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REGULAR MEETING
OF THE
BOARD OF DIRECTORS

February 7, 2017
10:00 AM
PERA Building
Senator Fabian Chavez, Jr. (PERA) Board Room
33 Plaza La Prensa
Santa Fe, NM 87507

New Mexico Retiree Health Care Authority
Regular Meeting

BOARD OF DIRECTORS

ROLL CALL

February 7, 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

February 2017

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Mr. Doug Crandall
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Regular Meeting of the
NEW MEXICO RETIREE HEALTH CARE AUTHORITY
BOARD OF DIRECTORS

February 7, 2017
10:00 AM
PERA Building
Senator Fabian Chavez, Jr. (PERA) Board Room
33 Plaza La Prensa
Santa Fe, NM 87507

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 December 6, 2016	Mr. Sullivan, President	5
6.	Public Forum and Introductions	Mr. Sullivan, President	
7.	Committee Reports	Mr. Sullivan, President	
8.	Executive Directors Updates	Mr. Tyndall, Executive Director	
	a. 2016 Financial Audit		14
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	c. New Mexico Health Connections		
	d. Clinical Reporting – Presbyterian		19
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	g. November/December 2016 Investment Report		24
	h. Annual Meeting – July 2017		
9.	GASB 74 Report	Mr. Tyndall, Executive Director	26
10.	5-Year Strategic Plan	Mr. Tyndall, Executive Director	42
11.	Out-of-State Travel Request (Action Item)	Mr. Tyndall, Executive Director	53
12.	2nd Quarter Budget Status Report	Mr. Archuleta, Deputy Director	61
13.	Pharmacy Benefits Manager Consultant RFP (Action Item)	Mr. Archuleta, Deputy Director	67
14.	FY17 Financial Audit RFP (Action Item)	Mr. Archuleta, Deputy Director	68
15.	Other Business	Mr. Sullivan, President	
16.	Date & Location of Next Board Meeting March 7, 2017, 9:30AM Alfredo R. Santistevan Board Room 4308 Carlisle Blvd. NE, Suite 207 Albuquerque, NM 87107	Mr. Sullivan, President	
17.	Executive Session	Mr. Sullivan, President	
18.	Adjourn		

ACTION SUMMARY

RETIREE HEALTH CARE AUTHORITY/REGULAR BOARD MEETING

December 6, 2016

Item	Action	Page #
APPROVAL OF AGENDA	Approved	3
APPROVAL OF MINUTES: NOVEMBER 01, 2016	Approved	3
PUBLIC FORUM & INTRODUCTIONS	Informational	3
COMMITTEE REPORTS	Informational	3
EXECUTIVE DIRECTOR'S UPDATE Switch Enrollment Legislative 5-Year Strategic Plan October 2016 Investment Report	Informational	4
ASSET ALLOCATION OPTION, PERFORMANCE AND FEES	Informational	5
PRES MED GROUP PHARM CARE TEAM PILOT	Informational	7
OPEN ENROLLMENT RULE CHANGE	Approved	8
2017 PROPOSED LEGISLATION	Approved	8
OTHER BUSINESS	Informational	9
EXECUTIVE SESSION	No action	9

MINUTES OF THE

NEW MEXICO RETIREE HEALTH CARE AUTHORITY/BOARD OF DIRECTORS

REGULAR MEETING

December 6, 2016

1. CALL TO ORDER

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

2. ROLL CALL TO ASCERTAIN QUORUM

A quorum was present.

Members Present:
Mr. Tom Sullivan, President
The Hon. Tim Eichenberg, NM State Treasurer
Mr. Doug Crandall, Secretary
Ms. Jan Goodwin
Ms. LeAnne Larrañaga-Ruffy
Mr. Terry Linton (arrived later)
Mr. Joe Montaño, Vice President
Ms. Therese Saunders

Members Excused:
Mr. Wayne Johnson

Staff Present:
Mr. Mark Tyndall, Executive Director
Mr. Neil Kueffer, Director of Product Development & Health Care Reform
Mr. Greg Archuleta, Director of Communication & Member Engagement
Ms. Josefina Roberts, CFO
Ms. Charmaine Clair for Judith S. Beatty, Board Recorder

Others Present:
[See sign-in sheet.]

3. PLEDGE OF ALLEGIANCE

Ms. Saunders 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. APPROVAL OF REGULAR MEETING MINUTES: November 1, 2016

Mr. Montaño moved approval of the minutes of the November 1 meeting, as submitted. Ms. Goodwin seconded the motion, which passed unanimously by voice vote.

6. PUBLIC FORUM AND INTRODUCTIONS

There were no speakers from the floor.

7. COMMITTEE REPORTS

Executive Committee

Chairman Sullivan reported that the Executive Committee met last week in order to prepare today's agenda.

Legislative Committee

Mr. Montaño thanked the Legislative Committee for helping put together a joint memorial.

Wellness Committee

Ms. Goodwin reported that the Wellness Committee did not have a formal meeting, but did take part in the Diabetes Summit organized by Mr. Tyndall and the New Mexico Coalition for Healthcare Value. She said the summit was very informative and the information provided valuable, since a significant portion of healthcare costs are diabetes-related and are expected to increase.

Mr. Tyndall stated that about 120 people, mostly purchasers, attended the summit.

Audit Committee

Ms. Goodwin said the Audit Committee heard a presentation by the auditors. This will be discussed in executive session later in today's meeting.

8. EXECUTIVE DIRECTOR'S UPDATE

a. Switch Enrollment

Mr. Tyndall reported that 2,162 people moved from the Premiere Plus Plan to the Value HMO Plan, which is approximately what was projected. Most of the people were from Presbyterian, while about 400 moved from Blue Cross PPO to the NM Health Connections HMO plan. He said he is hoping the number continues to grow, since a sufficient number of people will have to move into the lower priced plan in order to maintain the downward pressure on costs. Over the course of the year, it may be necessary to address the need to continue that migration going forward.

Mr. Tyndall said 14,887 people (87 percent) are in the Premier Plan and 2,162 (13 percent) in the Value HMO Plan – this is very close to where the NMRHCA started in 2010 when it had the Premier and Premier Plus plans.

Mr. Tyndall reported that membership was lost in the Medicare Supplement plan, as expected, with continued migration to Medicare Advantage. Right now, there are 23,290 (64 percent) in the Medicare Supplement plan, and 13,200 in Medicare Advantage. A full 36 percent of the membership is in Medicare Advantage plans, which is slightly above national averages.

b. Legislative

Mr. Tyndall reported that staff made an FY 2018 budget presentation to the Legislative Finance Committee on November 17. The NMRHCA requested a 9 percent increase in the Health Care Fund to cover 4-5 percent growth and 4-5 percent medical trend. He said there were few questions or comments, and the committee informed the NMRHCA that it was extremely unlikely such an increase would be authorized.

c. 5-Year Strategic Plan

Mr. Tyndall reviewed the table reflecting all of the steps the board has taken over the last five years in fulfilling the 5-Year Strategic Plan – a series of 20 specific steps (21 including Basic Life).

Mr. Tyndall said certain items in the 5-Year Strategic Plan have either been completed in their entirely or do not lend themselves to further consideration at this time. However, a number of the items, while having been addressed at least to some extent, require additional attention in the future. He said staff is seeking to determine the level of consensus for including these elements in the development of the next iteration of the agency's five Year Strategic Plan:

1. Apply downward pressure on prescription drug costs for all members.
2. Apply downward pressure on pre-Medicare medical plans.
3. Reduce pre-Medicare retiree subsidies.
4. Reduce pre-Medicare spousal subsidies.
5. Evaluate existing and emerging wellness/population health programs for inclusion in either plan coverage or incentive support.
6. Increase employee/employer contribution levels (requires legislative action).

Responding to Mr. Montaño and Ms. Goodwin on ways to tweak the wellness program, Mr. Tyndall said slightly more than 300 people have completed the wellness program, and obviously more will have to complete the program in order for it to be meaningful at the actuarial level. Based on feedback received, it would be helpful to include health club memberships and to create "walking clubs," for instance. He said people seem to want more specific direction on things they might do, and the NMRHCA will work on ideas for that.

Mr. Montaño said he would like to explore the idea of having the NMRHCA's carriers get more involved in recruitment efforts.

Chairman Sullivan noted Mr. Tyndall's earlier comments that some other states do not have spousal subsidies because they were not contributing to the fund. He asked Mr. Tyndall what the comparison is from those states in terms of subsidy when those employees are active versus retired. Mr. Tyndall responded that he would research this. Chairman Sullivan said this would be important to know, because he sees this as a spousal penalty. In the public schools, and in PERA, active employees get the same subsidy whether they are individuals, married, or family. The minimum subsidy is 60 percent, and in education it goes up to 75 percent based on salary bands. He said the NMRHCA should be conscious of that and what the gap might be like when somebody transitions from employment to retirement. His concern is that this could be unsustainable for people on fixed incomes.

Ms. Goodwin wondered if an active member covering their spouse might pay a higher contribution level to NMRHCA. Mr. Tyndall responded probably, although that would require a legislative change. He said he would research the data.

d. October 2016 Investment Report

Mr. Tyndall reported a total of $485.8 million, including a contribution of $201 million from the NMRHCA since implementation of the 5-Year Strategic Plan – a new milestone.

[Mr. Linton arrived at the meeting.]

9. ASSET ALLOCATION OPTIONS, PERFORMANCE AND FEES

Mr. Tyndall introduced New Mexico State Investment Council Chief Investment Officer/Deputy State Investment Officer Robert "Vince" Smith and Communications Director Charles Wollmann.

Mr. Wollmann reviewed the RV Kuhns quarterly report through September 30, 2016.

-- 1-year performance ending 9/30/16 returned 9.3 percent, a slight underperformance. For 5 years, NMRHCA outperformed the benchmarks by about 30 basis points.

Responding to Mr. Eichenberg, Mr. Wollmann said the NMSIC charges no fees to NMRHCA; it participates in the pool and pays a share to the managers. He said NMSIC is a pass-through and levies no additional fees.

Mr. Wollmann said the fees estimated for active management and core bonds are about 20 basis points per year. Net of fees, the NMRHCA would hit about 8.29 percent, which is a very good return.

Mr. Wollmann said the NMSIC is asking RV Kuhns to include net of fees returns in its reports for the NMRHCA.

Mr. Wollmann commented that the NMRHCA portfolio is very well diversified, but the fees regarding private market investments are not cheap. He said NMSIC feels this is helpful in the long term, however. The NMRHCA has developed a very strong investment strategy (via NEPC) and NMSIC does not identify any of that as problematic. He added the NMRHCA will have to see whether or not the addition of these private market assets will be beneficial, although NMSIC feels that they will be because they will provide an additional layer of protection in the choppy market that is expected in the next year. He said the public market fees that the NMRHCA pays (which are invoiced on a quarterly basis) are very low, and the NMRHCA is benefiting by the fact that it is investing side by side with the NMSIC.

Mr. Wollmann said NMSIC has added two additional strategies to its pools for clients: a straight core bonds index fund and an actively managed international developed and international emerging market fund. The NMRHCA may want to review this with NEPC to see if it would help with the overall portfolio.

Mr. Smith reviewed the attribution table. He said the managers were only slightly contributory to underperformance, which was not out of the norm. Out of the 37 funds the NMSIC follows around the country, half also underperformed.

Mr. Smith reported on portfolio returns and trends.

Mr. Crandall asked if there are any new pools the NMRHCA might be able to access.

Mr. Wollmann responded that NMSIC is trying to make this attractive not only to its existing clients, but to other entities in the state. He said NMSIC feels it offers a very high quality vehicle at a low cost, so the more money it can invest on behalf of the State of New Mexico, the better. He said NMSIC is working on monitoring and improving its agreements with existing clients and is also looking at additional diversification. One area where it could offer some additional options is in small/mid cap. Currently, it only offers it in active management. He said it has an index fund managed by one manager, adding that it try not to have one-manager pools, as it does not want to artificially inject risk into certain strategies by under-diversifying.

Mr. Smith said the NMRHCA has asked about possibly investing in the real return pool, but that is not mature enough yet to offer out to clients. He said the managers have drawn less than half of the capital from it at this point.

Mr. Wollmann said NMSIC has also been involved in factor-based equity investments, also known as “smart beta.” He said NMSIC is just applying that to the permanent funds at this time, and will assess whether this is appropriate for its larger clients in the next year or two.

Mr. Crandall noted that the NMRHCA fund is approaching $500 million, and asked Mr. Smith if the NMRHCA might be better off hiring its own manager at some point. Mr. Smith responded that NMRHCA would not find lower fees with an external manager, but he could not comment on whether that would be a wise decision.

Mr. Smith added that he was "very proud" of what the NMRHCA has done with NEPC. He said, "You have a professional asset allocation that's not usual. …What you did with NEPC was a very good thing not only for you all, but for us to be able to say, look at what our largest client does, hold you all out as an example of responsible stewardship of your assets."

Mr. Wollmann asked the NMRHCA to keep in mind that NMSIC offers this service to the clients in New Mexico because it is in statute, but from a practical point of view, State Investment Officer Steve Moise feels that it is a great value that the NMSIC can present this to the NMRHCA and the other clients. He said NMSIC does not make a penny off of these investments, and managing them does increase their administrative costs as well as add complexity for its accounting staff. He added, though, that NMSIC is glad to have the NMRHCA on board. He said, "We're all New Mexicans and we have the same long-term goals, and that is to improve the state, to make these dollars and leverage them to create wealth and additional value."

10. PRESBYTERIAN MEDICAL GROUP PHARMACY CARE TEAM PILOT

Mr. Tyndall said NMRHCA, along with the Interagency Benefit Advisory Committee (IBAC), has been pursuing the concept of value-based purchasing and has met with major delivery systems in the state to pursue the concept of actually paying for value. He said part of that has involved conversations with the health plans, but "the rubber meets the road" with the providers themselves.

Dr. Jason Mitchell, chief medical officer for Presbyterian, introduced himself and Laurie Prater, a Doctor of Pharmacy who directs the population health pharmacy program.

Dr. Mitchell and Ms. Prater made a presentation.

-- The group wants to look at targeted interventions to drop the cost of pharmaceuticals for retirees.

-- The proposed pilot would leverage Presbyterian's data set and Data & Analytics investment to identify potential opportunities for personalized medicine that is responsive and proactive, innovative and targeted, and which supports and extends the current PCMH model.

-- The Pharmacist Clinician & Clinical Pharmacy Technician/Community Health Worker team will identify areas of greatest need and opportunity in the NMRHCA population and drive delivery of high quality, affordable care.

-- The Pharmacy Care Team will utilize the Wellness Referral Center, which connects patients with diabetes, pre-diabetes, high blood pressure, high cholesterol and obesity to community-based prevention programs.

-- This partnership is an opportunity to harness Presbyterian's advancing data and analytics capabilities and to employ a novel pharmacy care team to demonstrate improved outcomes and overall healthcare cost savings.

-- The pilot is not happening anywhere else in the nation. The idea is pharmacy clinicians and a pharmacy tech or a community health worker will partner with physicians. The goal is to work with all patients and not limit the program population to Presbyterian doctors. They would partner with community physicians in some cases.

-- NMRHCA will help fund the community health worker and pharmacist. This is a partnership where it shares the cost to study the impact of the targeted project. The outcome and the benefits of the program will be presented.

Responding to Mr. Montaño, Dr. Mitchell said Pres will begin the data analysis right away and will post the position for the pharmacist and community health worker in January. In February, Pres will begin the intervention components.

Responding to Mr. Linton, Mr. Tyndall said a portion of the fee will be taken off of what the NMRHCA is currently paying in disease management. It will be part of the funding through medical claim requests through Presbyterian, which are about $1 million per week. He added that this is similar to the care coordination fees that NMRHCA pays to other provider groups.

11. OPEN ENROLLMENT/RULE CHANGE

Mr. Tyndall stated that, on November 15, the NMRHCA held a public hearing to receive oral and written comments regarding the Board of Director's vote to approve staff recommendations for changes to the program, including eligibility requirements for establishing an open enrollment every other year, which would amend the rule defined in Title 2, Chapter 81, Part 6 of the New Mexico Administrative Code. No oral or written comments were received.

Mr. Tyndall requested approval of the proposed amendment, establishing the open enrollment period starting in January 2017. Outside of that, there will not be a regular routine entry into the program unless there is a qualifying status change as defined by the IRS.

Mr. Crandall moved to approve the rule change, as presented. Ms. Goodwin seconded the motion, which passed unanimously by voice vote.

12. 2017 PROPOSED LEGISLATION

Mr. Tyndall reviewed a draft joint memorial for the 2017 legislative session.

Mr. Tyndall said potential supporters are Rep. Tomas Salazar, Rep. Roch, Sen. Kernan and Sen. Ingle.

Mr. Montaño moved approval of the 2017 proposed legislation for a joint memorial, as presented. Mr. Crandall seconded the motion, which passed unanimously by voice vote.

13. OTHER BUSINESS

Mr. Eichenberg said he presented a bill to IPOC last week that he would like to see carried in the 2017 legislature. This is a transparency bill on the investment programs, asking that treasurers of NMERB, PERA and NMSIC follow the same format. He asked the board to look at the bill so it could be discussed at the next NMRHCA meeting.

The board agreed to convene at the next regular meeting, scheduled on January 3, if there was a matter requiring board action, but would otherwise meet in February.

14. DATE & LOCATION OF NEXT REGULAR BOARD MEETING

January 3, 2017, 9:30 AM
Alfredo Santistevan Board Room, 2nd Floor, Suite 207
4308 Carlisle Boulevard N.E.
Albuquerque, NM 87107

15. EXECUTIVE SESSION: 11:30 a.m.
Pursuant to Audit Section 12-6-5 NMSA 1978 and Section 10-15-1(H)(2)
to Discuss FY16 Financial Audit

Mr. Eichenberg moved to go into Executive Session Pursuant to the Audit Section 12-6-5 NMSA 1978 and Section 10-15-1(H)(2) NMSA to Discuss FY16 Financial Audit. Ms. Goodwin seconded the motion, which passed on the following roll call vote:

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

Against: None.

[Mr. Linton left the meeting.]

[Board was in executive session until 11:45 a.m.]

Chairman Sullivan stated that the only matter discussed in executive session was the FY financial audit, in accordance with the Open Meetings Act.

16. ADJOURN

Its business completed, the board adjourned the meeting at 11:45 a.m.

Tom Sullivan, President

Via E-mail

January 12, 2017 SAO Ref. No. 343

Mark Tyndall, Executive Director
Retiree Health Care Authority

mark.tyndall@state.nm.us

Re: Authorization to Release FY2016 Retiree Health Care Authority Audit Report

The Office of the State Auditor ("Office") received the audit report for your agency on 11/23/2016. The Office has completed the review of the audit report required by Section 12-6-14(B) NMSA 1978 and 2.2.2.13 NMAC. This letter is your authorization to make the final payment to the Independent Public Accountant ("IPA") who contracted with your agency to perform the financial and compliance audit. In accordance with the audit contract, the IPA is required to deliver to the agency the number of copies of the report specified in the contract.

Pursuant to Section 12-6-5 NMSA 1978, the audit report does not become a public record until five days after the date of this release letter, unless your agency has already submitted a written waiver to the Office. Once the five-day period has expired, or upon the Office's receipt of a written waiver:

- the Office will send the report to the Office to the Department of Finance and Administration, the Legislative Finance Committee and other relevant oversight agencies;
- the Office will post the report on its public website; and
- the agency and the IPA shall arrange for the IPA to present the report to the governing authority of the agency, per 2.2.2.10.J(4), at a meeting held in accordance with the Open Meetings Act, if applicable.

The IPA's findings and comments are included in the audit report on pages 53-54. It is ultimately the responsibility of the governing authority of the agency to take corrective action on all findings and comments.

Sincerely,

Timothy M. Keller
State Auditor

cc: Atkinson & Co., LTD

your Benefit Messenger

NEW MEXICO RETIREE HEALTH CARE AUTHORITY

NMRHCA 2017 Newsletter Vol. 2 ~ Winter Edition

EXECUTIVE DIRECTOR'S UPDATE

WE SUGGEST BREATHING DEEPLY IN COMING YEAR

Happy New Year! While 2016 brought NMRHCA both good and bad news, I think we should all take stock and a deep breath as an uncertain 2017 kicks off.

THE GOOD

- NMRHCA was able to make deposits into its long term investment account of about $35 million this last fiscal year.
- Measurements of NMRHCA's long-term viability have consistently shown progress.
- Health plans offered by NMRHCA remain predictable and stable.
- Over 60,000 retired educators and public employees and their family members are now able to take advantage of the value NMRHCA offers. If you doubt that value, take a look at what individual health insurance costs for someone in their 60s.

THE BAD

- NM's Legislature reduced current ($50 million over the next 5 years) and future ($350 million over the life of the trust fund) revenue to the program during October's Special Ses-

See *Executive* on Page 3

SB 7 HAS 4-YEAR IMPACT ON NMRHCA SOLVENCY

During the recent State Legislature Special Session that addressed the state's budget issues, Senate Bill 7—Public Fund Distribution Changes—was introduced to increase general-fund revenues.

The bill permanently removed a $3 million annual payment to New Mexico Retiree Health Care Authority, and it removed an annual 12 percent increase in transfers from the general fund to NMRHCA, effective Jan. 1, 2017-June 30, 2019. Beginning July 1, 2019, the 12 percent increase resumes.

SB7 passed through both the Senate and the House of Representatives, and the Governor signed it on October 7, effectively reducing revenues the program receives by nearly $350 million over the next 15 years.

This reduction is projected to shrink NMRHCA's solvency period (our positive trust-fund balance) from 2036 to 2032. While the impact of SB7 is significant, NMRHCA Board of Directors will continue to evaluate ways to ensure the long-term viability of the fund.

Because of the state's financial outlook, NMRHCA will not ask for an increase in the contribution levels of active employees and their employers during the 2017 legislative session, which it had done the previous four years.

NMRHCA had asked for the increase to account for health-care costs that continue to increase at a rate higher than public payroll.

Instead, NMRHCA will present a memorial to acknowledge the importance of the program to not just its over 60,000 current members but also the 100,000 active employees currently making contributions.

It also will acknowledge the actions taken to improve the solvency over the past several years, the negative impact of the most recent special session on projected future revenues, and will propose that we continue to work together to ensure the program's long-term viability.

Inside This Issue

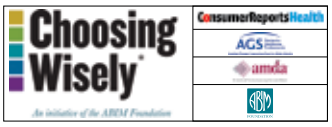
KNEE PAIN? GLUCOSAMINE, SULFATE AREN'T GOOD REMEDIES

Many people with osteoarthritis have knee pain. They often try over-the-counter treatments to help the pain and to avoid knee surgery. In 2012, Americans spent $813 million on supplements glucosamine and chondroitin sulfate, according to the Nutrition Business Journal.

The knee pain is caused by the breakdown of the cartilage. Glucosamine and chondroitin are building blocks of cartilage. But they are not good for pain relief.

Studies show that glucosamine and chondroitin sulfate don't help to relieve arthritic knees. People report less pain or swelling of their joints. But they get similar results with a placebo—a "sugar pill." Pain-relieving drugs, such as acetaminophen and ibuprofen, help more.

Glucosamine and chondroitin are not harmful by themselves but can interact with other medicines. The supplements can increase the effect of warfarin (Coumadin and generics) on blood clotting. This increases the risk of bruising and serious bleeding. Problems with warfarin cause one-third of emergency room visits among seniors in the U.S.



You will spend about $130 a year if you take a glucosamine/chondroitin supplement every day.

Also, often the labels on the bottles are misleading. In 2013, Consumer Reports tested 16 joint pain supplements and found that seven had less chondroitin than the label listed.

More effective ways to relieve arthritic knee pain are:

- Physical therapy
- Losing weight
- Acetaminophen (Tylenol and generic)
- Ibuprofen (Advil and generic)
- Naproxen (Aleve and generic)

If these don't help, you can talk to your doctor about treatments such as injections or surgery.

Easing Osteoarthritis Pain Options

Lose excess weight. Losing a pound of excess weight can take about four pounds of pressure off your knees when walking.

Physical activity. Do strength training, especially of the quad muscles on the front of the thigh. Aerobic exercise builds strength and can reduce pain. Stretching can help prevent stiffness. Ask a local "Y" or gym about exercise programs for people with arthritis.

Mechanical aids. A cane, crutch or walker can take a load off painful knees. Insurance may cover them if they are medically necessary.

Heat and cold. A heating pad can ease ongoing stiffness and soreness in joints. For acute pain and swelling, switch to ice packs.

Massage. Deep-tissue massage got high marks in a 2010 survey of Consumer Reports online readers. Half of them said that it "helped a lot" with their osteoarthritis.

Use drugs carefully.

- Ibuprofen (Advil and generics) and naproxen (Aleve and generics) can ease pain and inflammation. But they may cause stomach bleeding and high blood pressure if taken over a longer time. Try to use them only for short periods.
- Acetaminophen (Tylenol and generic) can also help reduce pain, but high doses can damage your liver. Make sure you take less than 3,000 mg a day.

NMRHCA AT A GLANCE

UNDERSTANDING MEDICARE

To help our Medicare retirees manage their health care, NMRHCA will offer Medicare Informational Sessions in 2017. Sessions will take place on the first or second Wednesday in each month in at our offices in Albuquerque (9:30 a.m.) and Santa Fe (1:30 p.m.) starting March 8.

The other meeting times are:

- April 5
- May 10
- June 7
- July 5
- August 9
- September 6
- November 8
- December 6

Additional meetings tentatively are planned for the Las Cruces, Las Vegas and Roswell areas. NMRHCA will announce those meetings when they have been scheduled.

DIABETES SUPPORT

If you or someone close to you has diabetes, you have resources available to help your situation. The Solutions Group, a division of Presbyterian Health Services, is offering four Diabetes Academies for NMRHCA members in 2017. Go to https://www.research.net/r/HKGCLXN to sign up.

More diabetes information from the Centers for Disease Control and Prevention, the New Mexico Department of Health, or UNM Hospitals Center for Diabetes Education is available on our website's Wellness page (https://www.nmrhca.state.nm.us/Pages/Wellness.aspx).

This is an image of the envelope that will contain your $50 Visa gift card.

NMRHCA WELLNESS PROGRAM RETURNS FOR 2017, WITH SOME ADDED FEATURES

The good news is that New Mexico Retiree Health Care Authority is continuing its Wellness Incentive Program.

The better news is we've streamlined the process so that members can fill out the form online if they wish.

More than 300 members took advantage of NMRHCA'S Wellness Incentive Program, in which medical plan participants earn a $50 gift card for completing two structured wellness programs.

We want to grow that number in 2017. To that end, we have set up a form on our wellness page that allows our members who have completed two wellness programs to fill their forms online. You will be able to attach verification to your forms.

You still may email, hand-deliver or mail your forms back to us with proof of completed programs.

We will notify you to let you know whether your completion form has been approved.

If you have successfully completed your form, you can expect to receive your $50 gift card in 6-8 weeks. **PLEASE LOOK** for an envelope from The Solutions Group (last year, we had some members accidentally destroy or throw away their gift cards because they did not recognize the envelope for the gift card).

NMRHCA again will provide links to wellness program ideas on the wellness page on its website as well as provide available program on its home page calendar of events.

Remember, by "structured" program, we mean a program or a course with an instructor, trainer or group leader.

For example, it's not enough just to have a gym membership. We ask that our members participate in a regimen or class to achieve a certain level of physical fitness, for physical therapy, to alleviate a back problem or strengthen core muscles, etc., under the direction or supervision of an instructor or trainer.

Or if you participate in lifestyle programs such as Good Measures or Change Is Possible, you will work with a registered dietitian.

If you have any questions about the Wellness Incentive Program or whether a certain program qualifies, you can call your health provider or call us at 1-800-233-2576.

EXECUTIVE DIRECTOR'S UPDATE

Continued from Page 1

sion, eliminating much of our solvency gains in recent years.

- Prescription drug costs continue to escalate with no clear-cut remedy on the horizon.
- Public payroll from which NMRHCA draws contributions continues to remain stagnant.

THE UNCERTAIN

- The state's bleak budget environment for the foreseeable future continues to represent a threat to the program.
- Volatility in the health insurance market as a result of changes to, or the complete repeal of, the Affordable Care Act (AKA Obamacare) may impact the health care system as a whole.
- The President-elect's administration disposition toward Medicare is unclear at the federal level.

NMRHCA's Board of Directors and the agency's staff will continue to roll up our sleeves and administer your benefit in the most efficient manner possible. We will face these long-standing head winds and new challenges the same as we always have: TOGETHER.

As for me…my wife and I still haven't had a cigarette since New Year's Eve 2014, though it still crosses my mind. I still try to get up off the couch when I can. In fact, I logged over 750 miles of walking during 2016 and even managed to drop a few pounds. I'm still working on my goals for 2017, and I hope you are thinking about how to make your next year as healthy as possible as well.

Wishing you and your family the absolute best in 2017.

— Mark Tyndall
Executive Director

NEW MEXICO
RETIREE
HEALTH CARE
AUTHORITY

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




NMRHCA CONTACT INFORMATION

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ALBUQUERQUE, NM 87107-4849

33 PLAZA LA PRENSA
SANTA FE, NM 87507

800.233.2576 (TOLL FREE)
505.476.7340 (SANTA FE)
505.884.8611 (FAX)

8:00AM TO 5:00PM
MONDAY—FRIDAY

PLEASE VISIT US ONLINE
AT WWW.NMRHCA.ORG

CONTACT YOUR HEALTHCARE PROVIDERS DIRECTLY

Blue Cross Blue Shield
BCBSNM.....800-788-1792
BCBSNM Medicare Advantage.....877-299-1008
www.bcbsnm.com

Express Scripts
Express Scripts Medicare.....800-551-1866
Express Scripts Non-Medicare ..800-501-0987
www.express-scrips.com

Presbyterian Health Services
Presbyterian Health Plan 888-275-7737
Presbyterian Medicare Advantage800-797-5343
www.phs.org

Humana 866-396-8810
www.humana.com

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

United Healthcare 866-622-8014
www.uhcretiree.com

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

Delta Dental.....877-395-9420
www.deltadentalnm.com

Davis Vision 800-999-5431
www.davisvision.com

Standard Insurance.....888-609-9763
www.standard.com/mybenefits/newmexico_rhca

PRESBYTERIAN

New Mexico Retiree Health Care Authority (NMRHCA)

Performance Results for Clinical Measures
December 31, 2016 - Baseline Reporting

Diabetes

The data reported in the table below is data and performance results for performance guarantees July 1, 2016 through June 30, 2017. Reporting is due 45 days after each reporting period.

Measure	Baseline as of 7/1/2016	Target as of 7/1/2016	Measurement Elements	7/1/16 – 9/30/16	10/1/16 – 12/31/16	1/1/17 – 3/31/17	4/1/17 – 6/30/17
A1c<8	78.97%	73.28% - 84.67%	Denominator	214			
			Numerator	115			
			Current Measure	53.74%			
Medical Attention for Nephropathy	94.86%	91.67% - 98.05%	Denominator	214			
			Numerator	151			
			Current Measure	70.56%			
A1c<8 & Nephropathy complete	73.83%	67.71% - 79.95%	Denominator	214			
			Numerator	90			
			Current Measure	42.06%			

Preference Sensitive Surgeries

Data includes surgeries done by a Presbyterian Medical Group provider in a Presbyterian owned facility. This measure is reported semi-annually, due 45 days after the reporting period. Measurement includes: Knee Arthroscopy, Hernia, and Acromioplasty and Rotator Cuff Repair. **Reporting is due 45 days post reporting period.** *(February 15, 2017)*

Measure	# of surgeries per 1000	Rate	Target
Preference Sensitive Surgeries			
July 1, 2016 – September, 2016 (Baseline)	272	1.22	2.50
July 1, 2016 – December 31, 2016			
January 1, 2017 – June 30, 2017			
July, 1, 2017 – Dec. 31, 2017			

Use of Third Party Pharmacy Data for Risk Stratification

Reporting includes confirmation that third party pharmacy data was used for the reporting quarter in the risk stratification process to determine risk score and identity potential members for care management. Additional data is available on reporting for the *Pharmacy Management Pilot Project*. Reporting is due 45 days post reporting period. (May 15, 2017)

Measure	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Use of Third Party Pharmacy Data				

PRESBYTERIAN

Managing Acute Care Episodes

PHP will identify high risk cases based on PHP algorithms and risk stratification. Cases will be reviewed by a PHP Medical Director and Care Team and referred into the appropriate care management model.
Dialysis and Oncology patients are not included in the risk stratification at this time since they are managed directly by the facility providing their care. Contracts require the facilities to follow established protocols defined by evidence based medication. Review of protocols for these facilities is reviewed annually. Reporting is due 45 days post reporting period. (February 15, 2017)

High Risk Cases Identified	Q1 - 2017	Q2 - 2017	Q3 - 2017	Q4 - 2017
Total cases* Identified	Minimum 2 cases / Month			
Total reviewed by Medical Director	100%			
Total referred into care management	100%			
Total engaged	75%			

*Risk stratification identifies cases that either reaches a risk threshold for a particular diagnosis and/or a dollar amount of $100k or more within the reporting period.
** Transplants, Dialysis, Oncology (Management with respective clinic sites)

Process orientation: "PHP will continue to identify high risk cases based on the PHP algorithms for identification and risk stratification. All members who agree to participate will be assigned to be a care manager. Care management guidelines are based on diagnosis and treatment protocol. Cases will be reviewed by the Medical Director and Care Team for appropriateness and coordination of care. Activity related to cases under management will be reported on, at minimum, a monthly basis. We will report broad data.

Medical Director Activities

- Weekly review of complex cases based on presentation by case manager- Care Coordination
- Review of inpatient outlier admissions for medical appropriateness with inpatient utilization nursing staff
- Monthly review of single event/acute inpatient paid claims greater than $100,000 - Program Integrity Unit
- Monthly review of rolling 12-month patient list with paid claims greater than $100,000 for appropriateness of medical services - Underwriting
- Ad hoc review of complex inpatient/out-of-network cases
- Ad hoc review of prior authorization requests for out-of-network medical services

PRESBYTERIAN

Value Based Provider Agreements – Reported Semi-annually

Percentage of provider contracts covered by value based agreements such as: Patient Centered Medical Homes, Accountable Care Organization, and Bundled Payment Arrangements. Include total dollars paid under such agreements specific to NMRHCA. **Reporting is due 45 days post reporting period.**

Measure	Baseline Reporting Period July 2016 through September 2016		
Percentage of provider contracts covered by value based agreements	.35%		
Total dollars, specific to NMRHCA, attributed to value based agreements	$916,865		

FY18 Legislative Finance Committee/Executive Recommendation Comparison

Overall, the FY16 appropriation recommendations proposed by the Legislative Finance Committee (LFC) and Executive provide for a range of growth between 4.8 and negative 3.6 percent for the Healthcare Benefits Administration Program with the LFC recommendation being greater. The request assumed a 3 percent growth in participation and 6 percent growth in medical trend (medical and prescription combined). Table 1 highlights the FY17 operating budget along with the FY18 request and corresponding recommendations made by the LFC and Executive.

Table 1 ($ shown in thousands)	FY17 Approved Operating	FY18 Request	LFC Recommendation	Exec Recommendation
Healthcare Benefits Administration				
Contractual Services	$ 309,883.4	$ 338,970.4	$ 325,051.8	$ 298,860.0
Other	$ 48.0	$ 42.3	$ 41.5	$ 37.8
Other Financing Uses	$ 3,118.3	$ 3,118.3	$ 3,118.3	$ 2,807.7
Subtotal	**$ 313,049.7**	**$ 342,131.0**	**$ 328,211.6**	**$ 301,705.5**
Program Support				
Personal Services & Employee Benefits	$ 1,949.8	$ 1,997.3	$ 1,997.3	$ 1,858.8
Contractual Services	$ 624.4	$ 544.8	$ 524.0	$ 415.7
Other Financing Uses	$ 544.1	$ 576.2	$ 566.2	$ 533.2
Subtotal	**$ 3,118.3**	**$ 3,118.3**	**$ 3,087.5**	**$ 2,807.7**
Total	**$ 316,168.0**	**$ 345,249.3**	**$ 331,299.1**	**$ 304,513.2**
FTE	**27**	**27**	**27**	**27**

Table 2 provides a comparison of the incremental growth requested and recommended for each program compared to the approved FY17 operating budget. Overall, the LFC recommendation provides $15.1 million of growth in the Healthcare Benefits Administration Program while shrinking Program Support by $31 thousand. The executive recommendation cuts $11.3 million from the Healthcare Benefits Administration Program and $311 thousand from Program Support.

Table 2 ($ shown in thousands)	FY17 Approved Operating	FY18 Requested Growth	LFC Recommended Growth	Exec Recommended Growth
Healthcare Benefits Administration				
Contractual Services	$ 309,883.4	$ 29,087.0	$ 15,168.4	$ (11,023.4)
Other	$ 48.0	$ (5.7)	$ (6.5)	$ (10.2)
Other Financing Uses	$ 3,118.3	$ -	$ -	$ (310.6)
Subtotal	**$ 313,049.7**	**$ 29,081.3**	**$ 15,161.9**	**$ (11,344.2)**
Program Support				
Personal Services & Employee Benefits	$ 1,949.8	$ 47.5	$ 47.5	$ (91.0)
Contractual Services	$ 624.4	$ (79.6)	$ (100.4)	$ (208.7)
Other Financing Uses	$ 544.1	$ 32.1	$ 22.1	$ (10.9)
Subtotal	**$ 3,118.3**	**$ -**	**$ (30.8)**	**$ (310.6)**
Total	**$ 316,168.0**	**$ 29,081.3**	**$ 15,131.1**	**$ (11,654.8)**
FTE	**27**	**0**	**0**	**0**

Table 3 highlights the FY17 operating budget along with the requested and recommended growth expressed in terms of a percentage.

Table 3 ($ shown in thousands)	FY17 Approved Operating	FY18 Requested Growth	LFC Recommended Growth	Exec Recommended Growth
Healthcare Benefits Administration				
Contractual Services	$ 309,883.4	9.4%	4.9%	-3.6%
Other	$ 48.0	-11.9%	-13.5%	-21.3%
Other Financing Uses	$ 3,118.3	0.0%	0.0%	-10.0%
Subtotal	**$ 313,049.7**	**9.3%**	**4.8%**	**-3.6%**
Program Support				
Personal Services & Employee Benefits	$ 1,949.8	2.4%	2.4%	-4.7%
Contractual Services	$ 624.4	-12.7%	-16.1%	-33.4%
Other Financing Uses	$ 544.1	5.9%	4.1%	-2.0%
Subtotal	**$ 3,118.3**	**0.0%**	**-1.0%**	**-10.0%**
Total	**$ 316,168.0**	**9.2%**	**4.8%**	**-3.7%**
FTE	**27**	**0**	**0**	**0%**

Ultimately, the budget scenario as recommend by the LFC provides the Retiree Health Care Authority with a reasonable scenario with which to accommodate the projected revenues and expenditures for FY18. Also, both recommendations include language providing for the reversions of any balances in the program support fund at the end of FY18 to be reverted to the Health Care Benefits Administration Fund.

Generally NMRHCA is granted specific budget adjustment authority (BAR) allowing the agency to adjust its budget to accommodate significant growth in claims costs related to increases in participation, medical inflation, or other unforeseen circumstance. However, absent this authority the Board would need to consider significant plan reductions effective July 1, if the executive recommendation is adopted as part of the General Appropriation Act.

The following performance measures and associated targets were requested and recommended in the chart below:

			FY15 Actual	FY16 Actual	FY17 Budget	FY18 Request	FY18 LFC Rec	FY18 DFA Rec
	Healthcare Benefits Administration							
*	Output	Minimum number of years of positive fund balance	20	20	20	20	20	20
*	Outcome	Minimum number of years of projected balanced spending	5	5	5	5	5	5
	Outcome	Percent of diabetics properly managed according to clinical guidelines	New	New	70%	65%	≥65%	65%
	Outcome	Emergency room visits per one thousand members	New	New	≤400	200	≤200	200
	Program Support							
	Outcome	Percent of deposits made within twenty-four hours	100%	100%	100%	100%	100%	100%
*	Recommended for inclusion in the General Appropriation Act							

House Appropriations and Finance Committee

On February 7, 2017, the House Appropriations and Finance Committee is scheduled to receive staff presentations made by Principal Analyst, Anne Hanika-Ortiz and Executive Analyst, James Dominguez.

NEW MEXICO RETIREE HEALTH CARE AUTHORITY
CHANGE IN NET ASSET VALUE
FOR THE MONTH ENDED
November 30, 2016

	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 10/31/2016	$99,983,153.28	$98,601,247.30	$53,033,834.60	$69,178,811.66	$13,045,950.05	$49,944,971.48	$23,492,464.47	$50,560,119.94	$27,921,410.40	$485,761,963.18
CONTRIBUTIONS	600,000.00	600,000.00	360,000.00	450,000.00	90,000.00	300,000.00	150,000.00	300,000.00	150,000.00	3,000,000.00
WITHDRAWALS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FEES	(52,923.63)	(2,491.96)	(5,253.47)	(20,414.74)	(19,994.47)	0.00	0.00	0.00	0.00	(101,078.27)
INCOME EARNED	190,449.46	19.79	82,560.90	21,674.71	14,497.66	636.43	645.61	114,887.23	86,347.03	511,718.82
CAPITAL APPR/DEPR	(2,250,003.19)	3,908,811.78	(1,147,252.60)	(3,131,430.62)	1,177,729.96	473,837.83	(16,726.74)	(257,439.49)	(82,163.09)	(1,324,636.16)
Market Value 11/30/2016	$98,470,675.92	$103,107,586.91	$52,323,889.43	$66,498,641.01	$14,308,183.20	$50,719,445.74	$23,626,383.34	$50,717,567.68	$28,075,594.34	$487,847,967.57

NEW MEXICO RETIREE HEALTH CARE AUTHORITY
CHANGE IN NET ASSET VALUE
FOR THE MONTH ENDED
December 31, 2016

	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 11/30/2016	$98,470,675.92	$103,107,586.91	$52,323,889.43	$66,498,641.01	$14,308,183.20	$50,719,445.74	$23,626,383.34	$50,717,567.68	$28,075,594.34	$487,847,967.57
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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
INCOME EARNED	321,467.98	4.23	48,172.95	230,507.91	17,552.13	808.14	1,397.79	235,579.77	113,049.41	968,540.31
CAPITAL APPR/DEPR	233,224.62	1,939,880.89	1,728,397.11	24,318.91	327,361.36	258,561.48	62,608.50	1,696,090.80	543,496.23	6,813,939.90
Market Value 12/31/2016	$99,025,368.52	$105,047,472.03	$54,100,459.49	$66,753,467.83	$14,653,096.69	$50,978,815.36	$23,690,389.63	$52,649,238.25	$28,732,139.98	$495,630,447.78

Segal Consulting

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T 602.381.4024 www.segalco.com

Gary L. Petersen
Vice President and Consulting Actuary
gpetersen@segalco.com

December 2, 2016

Mr. David Archuleta
New Mexico Retiree Health Care Authority
4308 Carlisle Boulevard NE, Suite 104
Albuquerque, NM 87107-4849

Re: New Mexico Retiree Health Care Authority

Dear David:

We are pleased to submit this Governmental Accounting Standards (GAS) 74 Actuarial Valuation as of June 30, 2016. It contains various information that will need to be disclosed in order to comply with GAS 74.

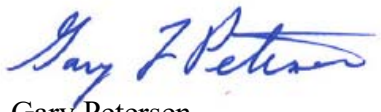
This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the New Mexico Retiree Health Care Authority to assist in administering the Plan. The census and financial information on which our calculations were based was prepared by the NMRHCA. That assistance is gratefully acknowledged.

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

The actuarial calculations were completed under the supervision of Dave Bergerson, ASA, MAAA, FCA, Enrolled Actuary and Thomas Bergman, ASA, MAAA, Enrolled Actuary. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Board are reasonably related to the experience of and expectations for the NMRHCA.

We look forward to reviewing this report with you and to answering any questions.

Sincerely,



Gary Petersen

DTB/bqb

PURPOSE

This report has been prepared by Segal Consulting to present certain disclosure information required by Governmental Accounting Standards (GAS) 74 as of June 30, 2016. This valuation is based on:

- The benefit provisions of the Plan, as administered by the NMRHCA
- The characteristics of covered active members, retired members and beneficiaries as of June 30, 2016, provided by the NMRHCA;
- The unaudited assets of the Plan as of June 30, 2016, provided by the NMRHCA;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

SIGNIFICANT ISSUES IN VALUATION YEAR

The following key findings were the result of this actuarial valuation:

- The Governmental Accounting Standards Board (GASB) approved two new Statements affecting the reporting of OPEB liabilities for accounting purposes. Statement 74 replaces Statement 43 and is for plan reporting. Statement 75 replaces Statement 45 and is for employer reporting. Statement 74 is effective with the fiscal year ending June 30, 2017 for Plan reporting and Statement 75 is effective with the fiscal year ending June 30, 2018 for employer reporting. The information contained in this valuation is intended to be used (along with other information) in order to illustrate the requirements of Statement 74.
- It is important to note that the new GASB rules only redefine OPEB liability and expense for financial reporting purposes, and do not apply to contribution amounts for funding purposes. Employers and plans can still develop and adopt funding policies under current practices.
- When measuring OPEB liability, GASB uses the same actuarial cost method (Entry Age method) but a different discount rate (expected return on assets) than NMRHCA used in prior GAS 43/45 valuations. This means that the Total OPEB Liability (TOL) measure for financial reporting shown in this report is determined on a different basis from previous reports.
- The Net OPEB Liability (NOL) is equal to the difference between the Total OPEB Liability (TOL) and the Plan's Fiduciary Net Position. The Plan's Fiduciary Net Position is equal to the market value of assets.
- The NOLs measured as of June 30, 2016 determined based on the results of the actuarial valuations as of June 30, 2016.

- The discount rates used to determine the TOL and NOL as June 30, 2016 was 3.05%. The detailed calculations of the discount rate of 3.05% used in calculation of the TOL and NOL as of June 30, 2016 can be found in Exhibit 6. Various other information that is required to be disclosed by GAS 74 can be found throughout Exhibits 1 through 6.

- The actuarial assumptions with the exception of discount rate are those used in the June 30, 2016 GAS 43/45 valuation.

EXHIBIT 1

General Information – "Financial Statements", Note Disclosures and Required Supplementary Information for a Single-Employer OPEB Plan

Plan Description

Plan administration. The NMRHCA administers the OPEB Plan - a multiple employer cost sharing OPEB plan that is used to provide postemployment benefits other than pensions (OPEB) for retirees who were an employee of either the New Mexico PERA group or participating ERB employer, eligible to receive a pension. For employers who "buy-in" to the plan, retirees are eligible for benefits six months after the effective date of employer participation. Retirees not in a PERA enhanced (Fire, Police, Corrections) pension plan who commence benefits on or after January 1, 2020 will not receive any subsidy from NMRHCA before age 55.

Plan Membership: At June 30, 2016, NMRHCA's membership consisted of the following:

Retired members or beneficiaries currently receiving benefits	49,550
Active members	98,577
Terminated participants entitled but not yet elibible	11,515
Total	159,642

Benefit Types: Retirees and spouses are eligible for medical and prescription drug benefits. In addition, there is a $6,000 life insurance benefit for retirees that is being phased out by 2016. Dental and vision benefits are also available, but were not included in this valuation, since they are 100% retiree-paid. A description of these benefits may be found at www.nmrhca.state.nm.us by clicking on Retirees.

Duration of Coverage: Employees and dependents are valued for life.

Dependent Benefits: Same as retirees.

Dependent Coverage: Same as retirees.

EXHIBIT 1

General Information – "Financial Statements", Note Disclosures and Required Supplementary Information for a Single-Employer OPEB Plan

Retiree Contributions: The retiree contribution is derived on a service based schedule implemented effective 7/1/2001 and updated annually. The table below shows the anticipated employee paid portion of claims.

	2017	2018	2019	2020 And Later
Non-Medicare Retiree	31.7%	33.0%	34.3%	36.0%
Non-Medicare Spouse	54.7%	57.6%	60.5%	64.0%
Medicare Retiree	54.6%	52.7%	50.9%	50.0%
Medicare Spouse	81.8%	79.1%	76.4%	75.0%

Retired Before 2020 or in Public Safety Pension Plan

Years of Service	Percent of full subsidy based on service	Years of Service	Percent of full subsidy based on service
5	6.25%	13	56.25%
6	12.50%	14	62.50%
7	18.75%	15	68.75%
8	25.00%	16	75.00%
9	31.25%	17	81.25%
10	37.50%	18	87.50%
11	43.75%	19	93.75%
12	50.00%	20+	100.00%

EXHIBIT 1

General Information – "Financial Statements", Note Disclosures and Required Supplementary Information for a Single-Employer OPEB Plan

Retired After 2019 and Not in Public Safety Pension Plan

Years of Service	Percent of full subsidy based on service	Years of Service	Percent of full subsidy based on service
5	4.76%	16	57.14%
6	9.52%	17	61.90%
7	14.29%	18	66.67%
8	19.05%	19	71.43%
9	23.81%	20	76.19%
10	28.57%	21	80.95%
11	33.33%	22	85.71%
12	38.10%	23	90.48%
13	42.86%	24	95.24%
14	47.62%	25+	100.00%
15	52.38%		

EXHIBIT 2

Investments

Investment policy:

The New Mexico Retiree Health Care Authority's Investment Policy is detailed in the following is the Board's adopted asset allocation policy as of June 30, 2016:

Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return
Large Cap U.S. Equity	20%	9.1%
Mid/Small Cap U.S. Equity	3	9.1
Developed Non-US Equity	12	9.8
Emerging Markets Equity	15	12.2
U.S. Core Fixed Income	20	4.1
Private Equity	10	13.8
Credit & Structured Finance	10	7.3
Absolute Return	5	6.1
Real Estate	5	6.9
Total	100%	

Rate of return. For the year ended June 30, 2016, the annual money-weighted rate of return on investments, net of investment expense and margin for adverse deviation, was assumed to be 7.25 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

EXHIBIT 3

Net OPEB Liability

The components of the Net OPEB liability for NMRHCA as follows:

	June 30, 2016
Total OPEB liability	$5,941,239,162
Plan fiduciary net position	471,978,347
Net OPEB liability	$5,469,260,815
Plan fiduciary net position as a percentage of the total OPEB liability	7.94%

The Net OPEB liability was measured as of June 30, 2016 and determined based on the total OPEB liability from actuarial valuations as of June 30, 2016.

Actuarial assumptions: The total OPEB liability was determined by an actuarial valuation as of June 30, 2016 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.00%
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Other assumptions	Same as reported in the June 30, 2016 valuation.

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

EXHIBIT 3

Net OPEB Liability

Discount rate: The discount rates used to measure the total OPEB liability is 3.05% as of June 30, 2016. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuarially determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2028.

Sensitivity of the Net OPEB liability to changes in the discount rate The following presents the Net OPEB liability of NMRHCA's of June 30, 2016, calculated using the discount rate of 3.05%, as well as what the NMRHCA's Net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.05%) or 1-percentage-point higher (4.05%) than the current rate:

	1% Decrease (2.05%)	Current Discount (3.05%)	1% Increase (4.05%)
NMRHCA's Net OPEB liability as of June 30, 2016	$6,700,740,601	$5,469,260,815	$4,517,753,370

EXHIBIT 3

Net OPEB Liability

Sensitivity of the Net OPEB liability to changes in the trend rates. The following presents the Net OPEB liability of NMRHCA's of June 30, 2016, calculated using the trend rate of +1%, as well as what the NMRHCA's Net OPEB liability would be if it were calculated using trend rates that are -1% than the current rates:

	1% Decrease in Trend	Current Trend Rates	1% Increase in Trend
NMRHCA's Net OPEB liability as of June 30, 2016	$4,431,700,220	$5,469,260,815	$6,845,927,794

Current Trend Rates (%)

		Medicare Plans				
Plan Year Ended June 30,	All Non-Medicare	BCBS Supplement	Lovelace I	Lovelace II	Presbyterian I	Presbyterian II
2016	8.00	8.00	8.00	8.00	8.00	8.00
2017	8.00	8.00	8.00	8.00	8.00	8.00
2018	8.00	8.00	8.00	8.00	8.00	8.00
2019	7.75	7.75	7.75	7.75	7.75	7.75
2020	7.25	7.25	7.25	7.25	7.25	7.25
2021	6.75	6.75	6.75	6.75	6.75	6.75
2022	6.25	6.25	6.25	6.25	6.25	6.25
2023	5.75	5.75	5.75	5.75	5.75	5.75
2024	5.25	5.25	5.25	5.25	5.25	5.25
2025 and later	5.00	5.00	5.00	5.00	5.00	5.00

EXHIBIT 4

Schedule of Changes in Net OPEB Liability

Since this is the first year the liabilities are calculated under GAS 74, there is no reconciliation from the prior year.

EXHIBIT 5

Schedule of Contributions – Last Five Fiscal Years

Year Ended June 30,	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Estimated Covered-Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2012	$340,074,787	$142,053,551	$198,021,236	N/A	N/A
2013	353,657,828	135,388,449	218,269,379	3,876,220,608	3.49%
2014	367,804,141	149,277,185	218,526,956	N/A	N/A
2015	292,656,765	156,670,251	135,985,514	3,941,587,760	3.97%
2016	303,631,394	159,862,801	143,768,593	N/A	N/A

EXHIBIT 5

Schedule of Contributions – Last Five Fiscal Years

Methods and assumptions used to establish "actuarially determined contribution" rates:	
Valuation date	Actuarially determined contribution rates are based on the June 30 valuation.
Actuarial cost method	Entry Age, Level Percent of Pay
Amortization method	Level percent of payroll for total unfunded actuarial accrued liability
Remaining amortization period	
June 30, 2016 valuation	30 years (rolling) for outstanding balance of the June 30, 2016 unfunded OPEB liability.
Asset valuation method	Market value of assets
Actuarial assumptions:	
June 30, 2016 valuation	
Investment rate of return	5.0%, net of OPEB plan investment expense, including inflation
Other assumptions	Detailed in the June 30, 2016 GASB 43 actuarial valuation dated October 25, 2016.

EXHIBIT 6

Projection of OPEB Plan's Fiduciary Net Position for Use in Calculation of Discount Rate as of June 30, 2016

Year Beginning July 1,	Projected Beginning Plan Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses (d)	Projected Investment Earnings (e)	Projected Ending Plan Fiduciary Net Position* (f) = (a) + (b) - (c) - (d) + (e)
2016	$471,978,347	$163,551,475	$134,060,069	$0	$35,287,494	$536,757,247
2017	536,757,247	155,370,121	144,760,509	0	39,299,499	586,666,358
2018	586,666,358	148,729,980	156,530,768	0	42,250,532	621,116,101
2019	621,116,101	142,555,024	168,124,571	0	44,104,021	639,650,575
2020	639,650,575	136,545,195	178,568,652	0	44,851,316	642,478,434
2021	642,478,434	130,687,814	188,401,732	0	44,487,557	629,252,073
2022	629,252,073	125,067,744	197,944,192	0	42,979,004	599,354,629
2023	599,354,629	119,722,859	208,076,600	0	40,250,388	551,251,277
2024	551,251,277	114,540,488	218,088,368	0	36,212,107	483,915,503
2025	483,915,503	109,448,983	228,950,728	0	30,751,936	395,165,695
2026	395,165,695	104,489,680	240,126,165	0	23,732,690	283,261,900
2027	283,261,900	99,613,687	252,611,781	0	14,990,307	145,254,113
2028	145,254,113	94,761,894	266,112,777	0	4,319,454	(21,777,316)

* Shown until Projected Plan Fiduciary Net Position goes to zero. The discount rate is determined by discounting the projected benefits financed by the OPEB plan investments (benefit payments until the 2027/2028 plan year) using the 7.25% discount rate and benefit payments beyond the 2027/2028 plan year using the index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

EXHIBIT 6

Projection of OPEB Plan's Fiduciary Net Position for Use in Calculation of Discount Rate as of June 30, 2016

Notes:

(1) Amounts may not total exactly due to rounding

(2) Years beyond 2028 have been omitted from this table as the Fiduciary Net Position is zero.

(3) Column (b): Projected total contributions are calculated as a fixed percent of payroll. Contributions are assumed to occur halfway through the year on average.

(4) Column (c): Projected benefit payments have been determined in accordance with paragraphs 43-47 of GASB Statement No. 74 and are based on the closed group of active, retired members, and beneficiaries as of June 30, 2016.

(5) Column (d): Projected administrative expenses have been excluded.

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

(7) As illustrated in this Exhibit, the Plan's fiduciary net position was projected to be exhausted by June 30, 2028.

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Preliminary Staff Recommendations for NMRHCA 5-Year Strategic Plan 2018 – 2022

1. Apply downward pressure on prescription drug costs for all members (network, contracts, cost-sharing)*

2. Apply downward pressure on pre-Medicare medical plans (network, contracts, cost-sharing)*

3. Reduce pre-Medicare retiree subsidies*

4. Reduce pre-Medicare spousal subsidies*

5. Evaluate existing and emerging wellness/population health programs for inclusion in either plan coverage or incentive support*

6. Develop and implement value-based purchasing initiatives** either through existing health plan partners or directly with health care delivery systems

7. Evaluate emerging and ongoing demographic trends and make program adjustments commensurate with fiduciary requirements

8. Increase employee/employer contribution levels (requires legislative action)*

*Concensus carry over items from previous plan

** To include but not limited to: patient centered medical homes, accountable care organizations, bundled payments for certain procedures and reference-based reimbursements

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 Advantage offering at 65 beginning CY2018; Annual 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 CY2018-2022 and 4.0% thereafter, Medicare Rate Increase of 6.0% in CY2017-2030 and 3.0% thereafter

		REVENUE									EXPENDITURES								
Fiscal Year Beginning	BOY Invested Assets	Employer Contribution	Employee Contribution	Retiree Medical	Retiree Ancillary	Tax & HB 351 Revenue	Medicare PDP & Manufacturers Discount	Miscellaneous	Total Revenue	Investment Income	Medical/Rx	Basic Life	Ancillary Premiums	ASO & HC Reform Fees	Program Support	Total Expenditures	Rev. - Exp. Excluding Inv. Income	Fiscal Year End	EOY Invested Assets
7/1/2016	$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	$553,723,870	$84,459,556	$42,229,778	$155,448,697	$34,820,509	$27,831,596	$35,023,433	$408,071	$380,221,639	$39,750,257	$335,283,299	$2,504,922	$34,820,509	$15,225,673	$3,276,164	$391,110,567	($10,888,928)	6/30/2019	$582,585,198
7/1/2019	$582,585,198	$87,415,640	$43,707,820	$171,310,838	$37,650,007	$31,171,388	$36,697,977	$409,494	$408,363,163	$41,427,533	$372,232,944	$1,502,953	$37,650,007	$15,961,079	$3,358,068	$430,705,052	($22,341,888)	6/30/2020	$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	$605,205,621	$96,919,283	$48,459,641	$224,141,363	$47,050,420	$43,793,555	$40,877,994	$419,519	$501,661,775	$41,474,460	$499,312,184	$0	$47,050,420	$17,971,095	$3,616,272	$567,949,971	($66,288,196)	6/30/2023	$580,391,886
7/1/2023	$580,391,886	$100,311,458	$50,155,729	$242,567,559	$50,617,465	$49,048,782	$42,186,189	$423,040	$535,310,220	$39,141,675	$543,287,961	$0	$50,617,465	$18,711,543	$3,706,679	$616,323,648	($81,013,428)	6/30/2024	$538,520,132
7/1/2024	$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	$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	$62,751,133	$20,894,108	$3,991,688	$774,227,225	($124,663,178)	6/30/2027	$304,298,935
7/1/2027	$304,298,935	$115,109,705	$57,554,852	$326,435,618	$66,949,629	$77,179,208	$47,147,095	$374,366	$690,750,473	$17,022,423	$737,217,318	$0	$66,949,629	$21,505,834	$4,091,480	$829,764,261	($139,013,788)	6/30/2028	$182,307,570
7/1/2028	$182,307,570	$119,138,544	$59,569,272	$352,059,275	$72,013,237	$86,440,713	$48,336,866	$383,299	$737,941,206	$7,492,920	$797,380,981	$0	$72,013,237	$22,267,121	$4,193,767	$895,855,106	($157,913,900)	6/30/2029	$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	($345,010,692)	$132,091,034	$66,045,517	$430,075,447	$88,217,781	$121,442,977	$51,245,040	$407,695	$889,525,490	$0	$989,760,612	$0	$88,217,781	$24,560,451	$4,516,228	$1,107,055,072	($217,529,582)	6/30/2032	($562,540,274)
7/1/2032	($562,540,274)	$136,714,220	$68,357,110	$457,991,008	$93,989,612	$136,016,135	$52,071,843	$413,537	$945,553,465	$0	$1,039,985,164	$0	$93,989,612	$25,265,531	$4,629,134	$1,163,869,441	($218,315,976)	6/30/2033	($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	($1,215,804,331)	$151,577,499	$75,788,750	$557,202,518	$114,593,430	$191,092,876	$54,691,183	$440,654	$1,145,386,910	$0	$1,215,200,915	$0	$114,593,430	$27,696,388	$4,985,071	$1,362,475,803	($217,088,893)	6/30/2036	($1,432,893,224)
7/1/2036	($1,432,893,224)	$156,882,712	$78,441,356	$588,221,781	$121,927,915	$214,024,021	$55,738,115	$440,821	$1,215,676,721	$0	$1,273,463,828	$0	$121,927,915	$28,360,164	$5,109,698	$1,428,861,605	($213,184,883)	6/30/2037	($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	($2,048,104,901)	$173,938,667	$86,969,333	$686,851,745	$145,082,492	$300,688,340	$58,566,152	$435,958	$1,452,532,688	$0	$1,454,909,621	$0	$145,082,492	$30,141,549	$5,502,585	$1,635,636,247	($183,103,559)	6/30/2040	($2,231,208,460)
7/1/2040	($2,231,208,460)	$180,026,520	$90,013,260	$725,763,760	$154,206,610	$336,770,941	$59,555,348	$438,947	$1,546,775,387	$0	$1,526,849,815	$0	$154,206,610	$30,851,157	$5,640,150	$1,717,547,733	($170,772,345)	6/30/2041	($2,401,980,806)
7/1/2041	($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	$1,607,371,054	$0	$164,466,221	$31,715,648	$5,781,154	$1,809,334,077	($157,638,125)	6/30/2042	($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	($2,823,730,218)	$206,584,573	$103,292,286	$918,712,458	$198,818,676	$529,915,595	$62,998,822	$484,609	$2,020,807,019	$0	$1,878,385,534	$0	$198,818,676	$34,507,716	$6,225,670	$2,117,937,596	($97,130,576)	6/30/2045	($2,920,860,794)
7/1/2045	($2,920,860,794)	$213,815,033	$106,907,516	$975,627,129	$211,897,572	$593,505,467	$63,878,600	$497,412	$2,166,128,729	$0	$1,979,878,119	$0	$211,897,572	$35,512,259	$6,381,312	$2,233,669,261	($67,540,533)	6/30/2046	($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)

Assumptions with Fiscal Year Basis:	**FY2017**	**FY2018**	**FY2019**	**FY2020**	**FY2021**	**FY2022**	**FY2023**	**FY2024**	**FY2025**	**FY2026**	**FY2027**	**FY2028**	**FY2029**	**FY2030**	**FY2031**	**FY2032+**
Public Safety, et al Annual Payroll Growth	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%
Other Occupations Annual Payroll Growth	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%
Public Safety, et al Employer Rate	*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 Employee Rate	*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 Employer Rate	*2.000%*	*2.000%*	*2.000%*	*2.000%*	*2.000%*	*2.000%*	*2.000%*	*2.000%*	*2.000%*	*2.000%*	*2.000%*	*2.000%*	*2.000%*	*2.000%*	*2.000%*	*2.000%*
Other Occupations Employee Rate	*1.000%*	*1.000%*	*1.000%*	*1.000%*	*1.000%*	*1.000%*	*1.000%*	*1.000%*	*1.000%*	*1.000%*	*1.000%*	*1.000%*	*1.000%*	*1.000%*	*1.000%*	*1.000%*
Annual Investment Return	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%
Annual Growth in Retirees under age 65	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 Retirees age 65+	6.55%	5.97%	5.34%	4.82%	3.75%	4.03%	3.36%	3.32%	2.57%	3.26%	2.53%	2.57%	2.33%	1.71%	1.74%	varies
Non-Medicare Prescription Drug Rebate Trend	1.38%	7.26%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Medicare Prescription Drug Rebate Trend	-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%

Assumptions with Calendar Year Basis:	**CY2017**	**CY2018**	**CY2019**	**CY2020**	**CY2021**	**CY2022**	**CY2023**	**CY2024**	**CY2025**	**CY2026**	**CY2027**	**CY2028**	**CY2029**	**CY2030**	**CY2031**	**CY2032+**
Non-Medicare Medical Claims Trend	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Non-Medicare Prescription Drug Claims Trend	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Medicare Medical Claims Trend	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Medicare Prescription Drug Claims Trend	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Annual Growth in EGWP Direct Subsidy	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%
Annual Growth in Coverage Gap Discount Program Revenue	3.94%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Annual Growth in EGWP Federal Reinsurance	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%
Annual Growth in EGWP Low Income Subsidy	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Humana Medicare Advantage Premium Increase	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%
Lovelace 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%
Presbyterian 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%
United Healthcare 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%

Self-funded Plan Benefit Modifications effective 1/1:	**CY2017**	**CY2018**	**CY2019**	**CY2020**	**CY2021**	**CY2022**	**CY2023**	**CY2024**	**CY2025**	**CY2026**	**CY2027**	**CY2028**	**CY2029**	**CY2030**	**CY2031**	**CY2032**
Non-Medicare Premier	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 Value	n/a	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 Prescription Drug	-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%	0.00%	0.00%
Medicare Supplement	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-1.00%	-4.12%
Medicare Prescription Drug	-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%

Member Rate-Share for Self-funded Plans effective 1/1:	**CY2017**	**CY2018**	**CY2019**	**CY2020**	**CY2021**	**CY2022**	**CY2023**	**CY2024**	**CY2025**	**CY2026**	**CY2027**	**CY2028**	**CY2029**	**CY2030**	**CY2031**	**CY2032+**
Non-Medicare Retiree Rate Share (20+ years of service)	*36.00%*	*36.00%*	*36.00%*	*36.00%*	*36.00%*	*36.00%*	*36.00%*	*36.00%*	*36.00%*	*36.00%*	*36.00%*	*36.00%*	*36.00%*	*36.00%*	*36.00%*	*36.00%*
Non-Medicare Spouse Rate Share (20+ years of service)	*64.00%*	*64.00%*	*64.00%*	*64.00%*	*64.00%*	*64.00%*	*64.00%*	*64.00%*	*64.00%*	*64.00%*	*64.00%*	*64.00%*	*64.00%*	*64.00%*	*64.00%*	*64.00%*
Medicare Retiree Rate Share (20+ years of service)	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*
Medicare Spouse Rate Share (20+ years of service)	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*

Premium Rates for Self-funded Plans effective 1/1:	**CY2017**	**CY2018**	**CY2019**	**CY2020**	**CY2021**	**CY2022**	**CY2023**	**CY2024**	**CY2025**	**CY2026**	**CY2027**	**CY2028**	**CY2029**	**CY2030**	**CY2031**	**CY2032+**
Non-Medicare Retiree % Increase	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%
Non-Medicare Spouse % Increase	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%
Non-Medicare Child % Increase	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%
Medicare Supplement % Increase	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%

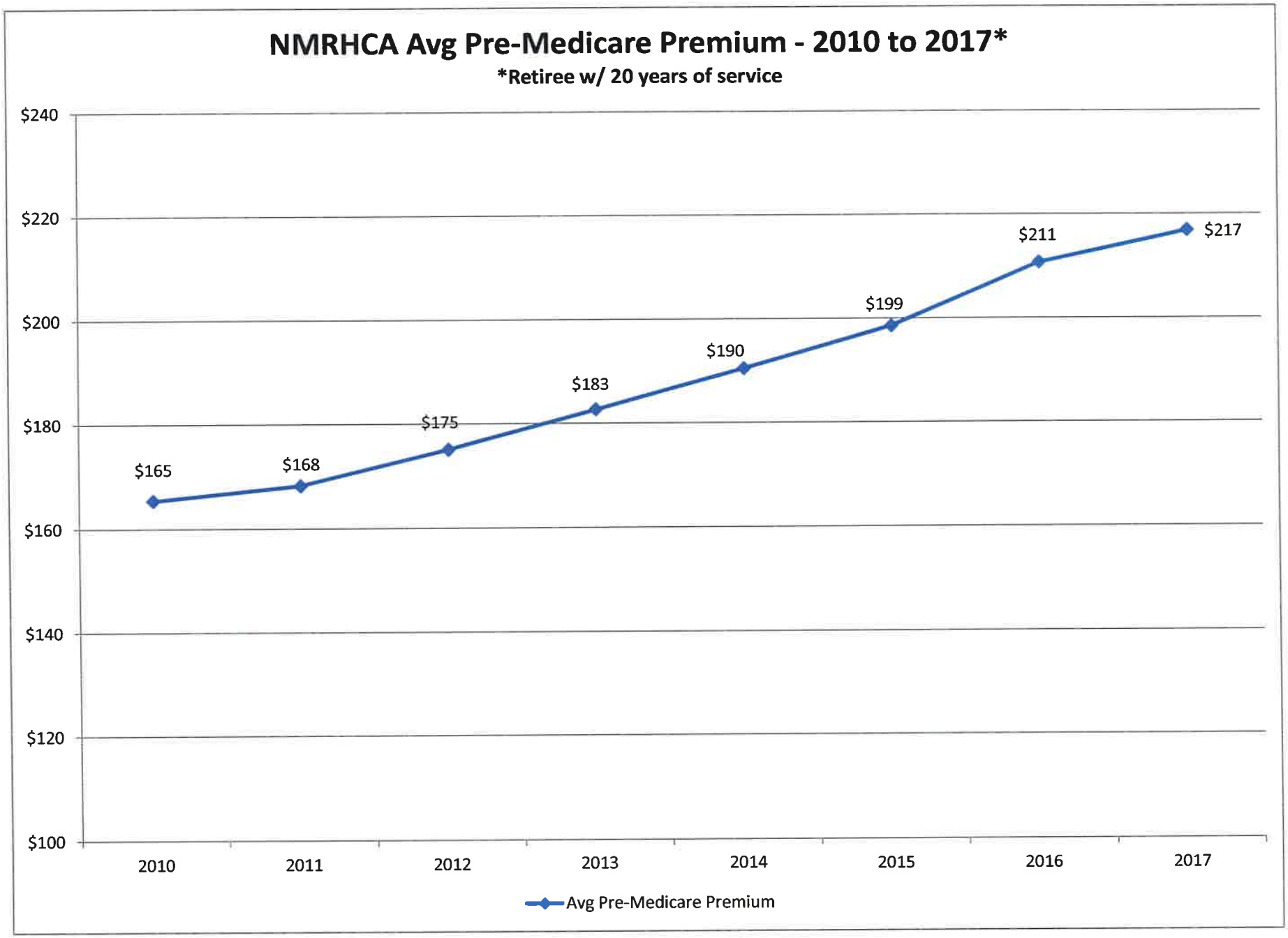
Enrollment by Pension and Pre-Medicare Percentage

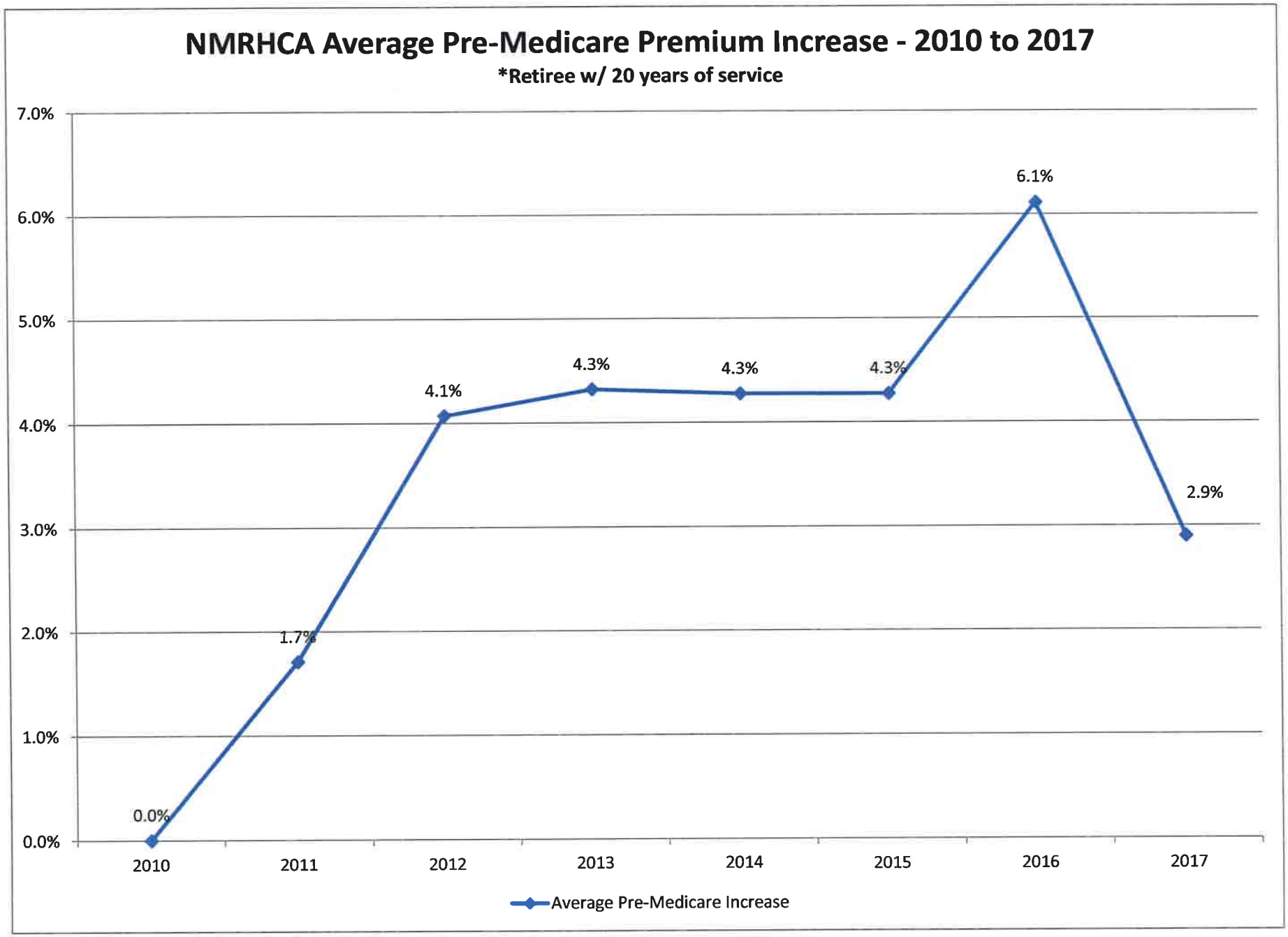
Enrollment Total by Pension

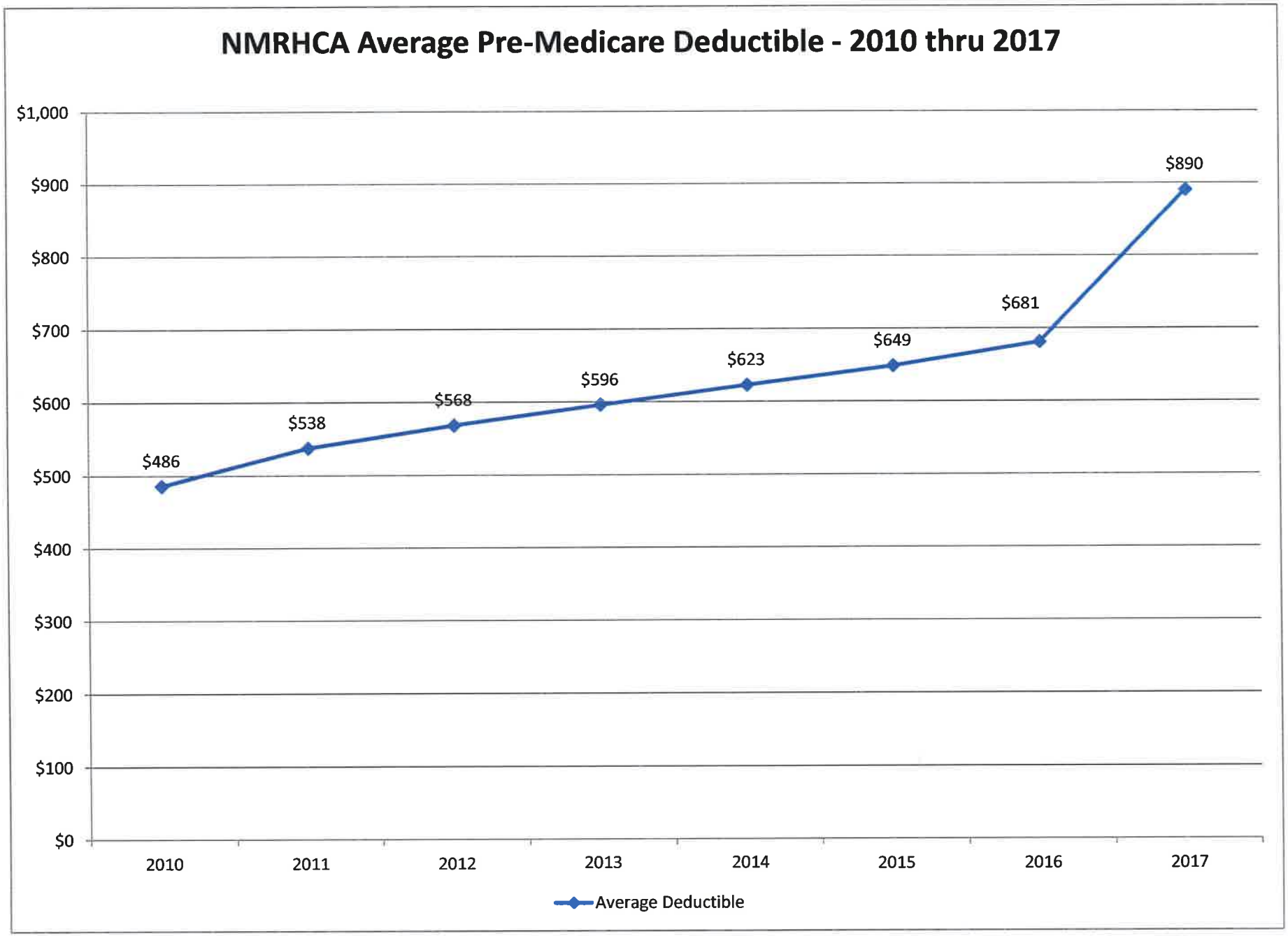
Pension	Ret Count	Sps Count	Child Count	Total
ERB	22,738	7,663	850	**31,251**
ICMA	30	15	1	**46**
LCS	7	4	1	**12**
NEA	6	2	-	**8**
OTHER	38	9	-	**47**
PERA	21,359	7,659	2,278	**31,296**
Total	44,178	15,352	3,130	**62,660**

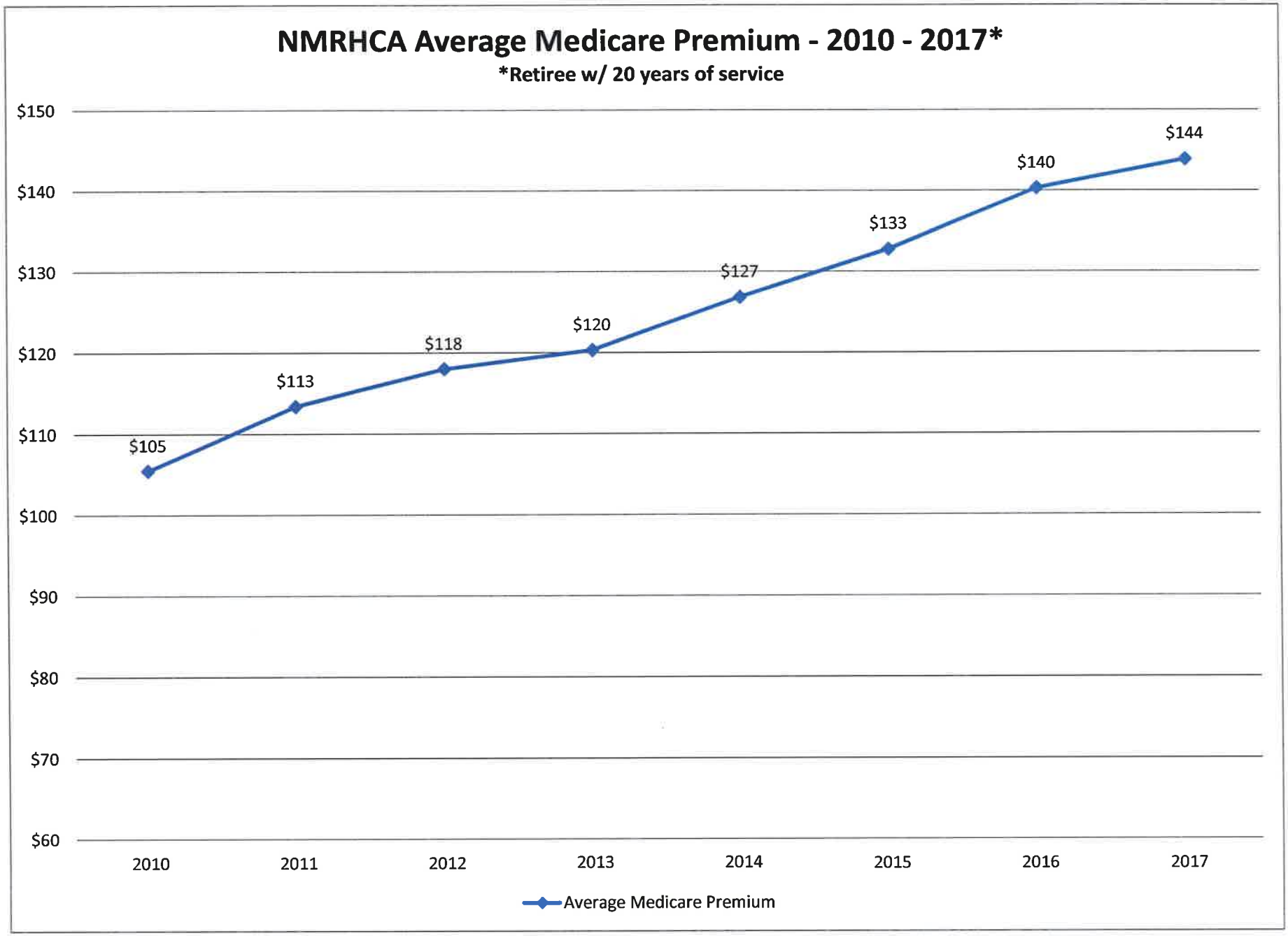
Pre-Medicare Count (Under 65 years old)

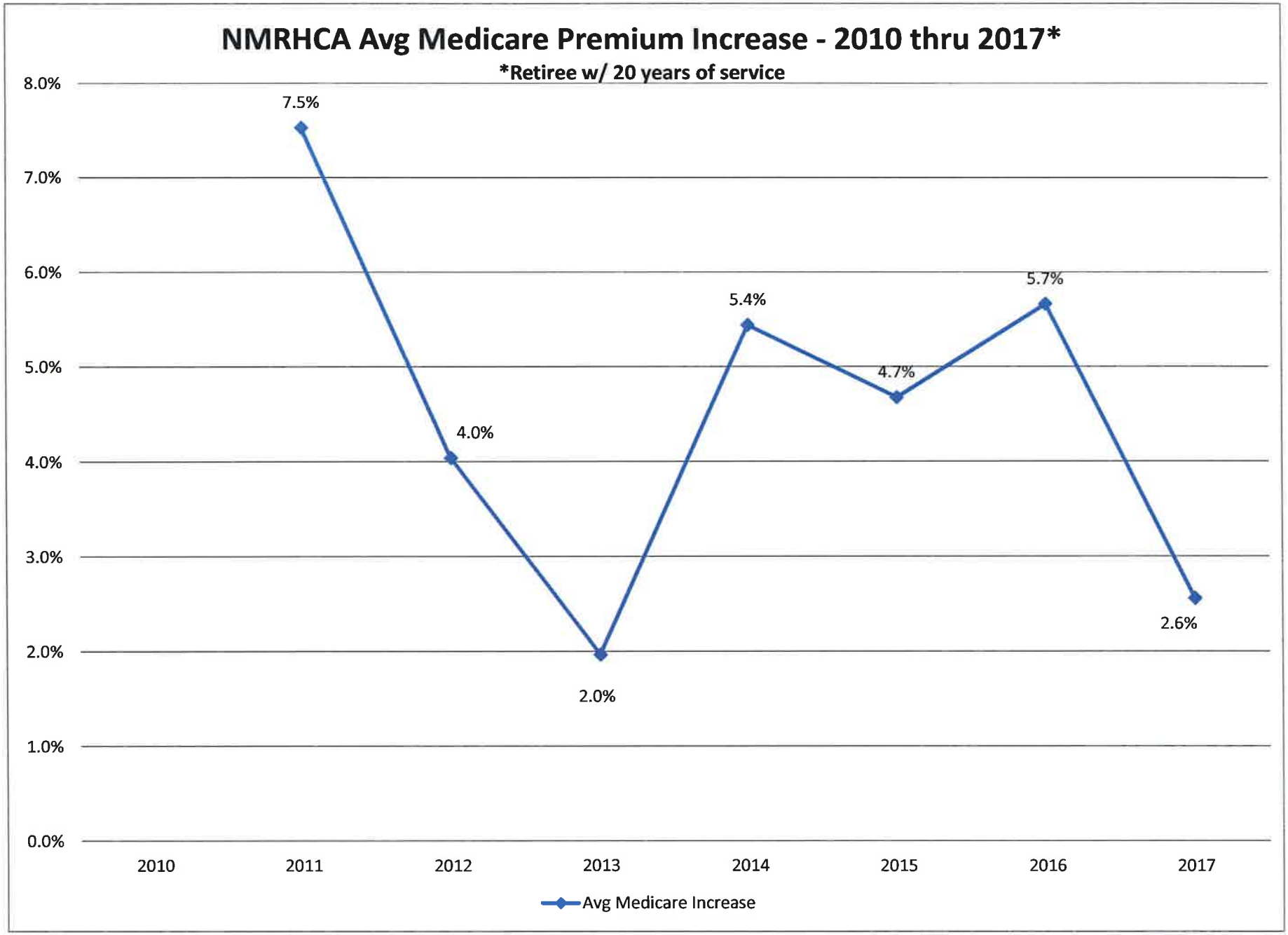
Ret <65	Sps <65	Child <65	Total	%
5,531	2,106	850	8,487	**27%**
17	11	1	29	**63%**
1	2	1	4	**33%**
2	1	-	3	**38%**
24	1	-	25	**53%**
8,088	3,480	2,278	13,846	**44%**
13,663	5,601	3,130	22,394	**36%**


NMRHCA Avg Pre-Medicare Premium - 2010 to 2017*
*Retiree w/ 20 years of service
$240
$220
$200
$180
$160
$140
$120
$100
$165
$168
$175
$183
$190
$199
$211
$217
2010
2011
2012
2013
2014
2015
2016
2017
Avg Pre-Medicare Premium


NMRHCA Average Pre-Medicare Premium Increase - 2010 to 2017
*Retiree w/ 20 years of service
7.0%
6.0%
5.0%
4.0%
3.0%
2.0%
1.0%
0.0%
0.0%
1.7%
4.1%
4.3%
4.3%
4.3%
6.1%
2.9%
2010
2011
2012
2013
2014
2015
2016
2017
Average Pre-Medicare Increase


NMRHCA Average Pre-Medicare Deductible - 2010 thru 2017
$1,000
$900
$800
$700
$600
$500
$400
$300
$200
$100
$0
$486
$538
$568
$596
$623
$649
$681
$890
2010
2011
2012
2013
2014
2015
2016
2017
Average Deductible


NMRHCA Average Medicare Premium - 2010 - 2017*
*Retiree w/ 20 years of service
$150
$140
$130
$120
$110
$100
$90
$80
$70
$60
$105
$113
$118
$120
$127
$133
$140
$144
2010
2011
2012
2013
2014
2015
2016
2017
Average Medicare Premium


NMRHCA Avg Medicare Premium Increase - 2010 thru 2017*
*Retiree w/ 20 years of service
8.0%
7.0%
6.0%
5.0%
4.0%
3.0%
2.0%
1.0%
0.0%
7.5%
4.0%
2.0%
5.4%
4.7%
5.7%
2.6%
2010
2011
2012
2013
2014
2015
2016
2017
Avg Medicare Increase

NMRHCA Executive Committee Recommendations for Five-Year Strategic Plan – Positive Fund Balance Through 2045

X Phase out "Family Coverage" subsidies for retirees with multiple dependent children

X Increase cost sharing on prescription coverage (stabilize plan/member share percentage)

X Increase cost-sharing of pre-Medicare Plans

Implement graduated minimum age requirement (to receive subsidies)*

Increase years of service required to receive maximum subsidy (currently 20 years)

Reduce pre-Medicare retiree subsidies

Reduce pre-Medicare spousal subsidies

Implement enhanced wellness programs (premium incentives for participation/health status)

Increase Employee/Employer contribution levels (requires legislative action)

X indicates implementation starting in 2013

*NMRHCA will implement any minimum age requirements adopted by PERA and/or ERB

NOTE: NMRHCA will evaluate financial and market circumstances each year in determining a specific order and chronology of implementation

5-Year Strategic Plan (2018 – 2022)

Background: In October 2012, the Board of Directors adopted a five-year strategic plan that focused on nine specific elements. The goals of these elements were aimed at improving and extending the solvency of the program, reducing future liabilities and aligning contributions made to the program over the course of an average career more closely to benefits received over the course of an average retirement. Initial projections indicated a projected solvency through 2045 (over 30 years). The plan included the following elements:

1. Phase out "family coverage" subsidies for retirees with multiple dependent children
2. Increase cost sharing on prescription coverage (stabilize plan/member share percentage)
3. Increase cost sharing of pre-Medicare plans
4. Implement graduated minimum-age requirement (to receive subsidies)
5. Increase years of service required to receive maximum subsidy (currently 20 years)
6. Reduce pre-Medicare retiree subsidies
7. Reduce pre-Medicare spousal subsidies
8. Implement enhanced wellness programs (premium incentives for participation/health status)
9. Increase employee/employer contribution levels (requires legislative action)

A chronological list of events is summarized below:

Strategic Item	2013	2014	2015	2016	2017
1	Reduced Subsidy 100 - 50%	Reduced Subsidy 50 - 37.5%	Reduced Subsidy 37.5 - 25%	Reduced Subsidy 25 - 12.5%	Eliminated Subsidy 12.5 - 0%
2	Intro coinsurance on mail order prescriptions (including Medicare)				Elimination of coverage for drugs available over the counter (OTC)
3	Introduced $15 copayment differential for specialty office visits				Elimination of Premier Plus plan/Introduction of Value HMO Plan
4			Minimum Age of 55 to receive subsidies for new retirees after January 1, 2020 (excludes PERA enhanced plans)		
5			Increased years of service requirement from 20 to 25 years for new retirees after January 1, 2020 (excludes PERA enhanced plans)		
6				Reduced maximum pre-Medicare retiree subsidy from 65 - 64%	
7			Reduced maximum pre-Medicare Spousal Subsidy from 40 - 38%	Reduced maximum pre-Medicare Spousal Subsidy from 38 - 36%	
8				Implementation of enhanced wellness programs including financial incentive w/emphasis on smoking cessation	Continuation of wellness programs
9	Legislative proposal to increase contributions 2.5%	Legislative proposal to increase contributions 2.5%	Legislative proposal to increase contributions 1.25%	Legislative proposal to increase contributions 1.25%	Legislative proposal to study long-term solutions

NMRHCA Executive Committee Recommendations for Five-Year Strategic Plan – Positive Fund Balance Through 2045

X ~~Phase out "Family Coverage" subsidies for retirees with multiple dependent children~~

X Increase cost sharing on prescription coverage (stabilize plan/member share percentage)

X Increase cost-sharing of pre-Medicare Plans

~~Implement graduated minimum age requirement (to receive subsidies)*~~

~~Increase years of service required to receive maximum subsidy (currently 20 years)~~

Reduce pre-Medicare retiree subsidies

Reduce pre-Medicare spousal subsidies

Implement enhanced wellness programs (premium incentives for participation/health status)

Increase Employee/Employer contribution levels (requires legislative action)

X indicates implementation starting in 2013

*NMRHCA will implement any minimum age requirements adopted by PERA and/or ERB

NOTE: NMRHCA will evaluate financial and market circumstances each year in determining a specific order and chronology of implementation

Out-of-state Travel Request (Action Item)

Out-of-State Travel Request

- NMRHCA staff respectfully requests permission to attend the National Conference on the State and Local Government Benefits Association held on May 7 – 10 in Anaheim, California (see agenda on following page). In addition, staff requests permission to attend the Express Scripts, Outcomes Symposium and Government Advisory Panel on June 5 - 8 in Dallas, Texas (agenda not yet available).

SALGBA 2017 National Conference

Agenda

Sunday, May 7, 2017

7:15 AM - 2:30 PM	**SALGBA Golf Tournament-Associate** Golf Tournament sponsored by Express Scripts at the Monarch Golf Course. Includes transportation, breakfast, lunch, beverage tickets, green fees, golf cart, etc.	
7:15 AM - 2:30 PM	**SALGBA Golf Tournament-Jurisdictional** Golf Tournament sponsored by Express Scripts at the Monarch Golf Course. Includes transportation, breakfast, lunch, beverage tickets, green fees, golf cart, etc.	
7:30 AM - 11:30 AM	**SALGBA 5K Run/Walk** SALGBA 5K Run/Walk sponsored by Unitedhealthcare.	
11:00 AM - 7:30 PM	**Registration** (SES173) Attendee check in for SALGBA Conference	

InviteOnly

4:45 PM - 5:15 PM	**Ambassador Reception** (SES174) Reception for SALGBA Ambassadors and First Time Jurisdictional Attendees (Invitation Only)	
5:15 PM - 6:00 PM	**SALGBA Board Reception** (SES175) Reception hosted by SALGBA Board (Invitation Only)	

6:00 PM - 7:30 PM	**SALGBA Opening Reception** (SES176) Opening Reception held in the SALGBA Exhibit Hall	

Monday, May 8, 2017

7:00 AM - 4:00 PM	**Registration** (SES177) Attendee check in for SALGBA Conference	
7:15 AM - 8:00 AM	**Continental Breakfast in Exhibit Hall** (SES178)	
8:00 AM - 4:00 PM	**Jurisdictional Lounge Open--(Jurisdicitonal Namebadge Required for Access)--Sponsored by Truven Heal** (SES180) Area reserved for jurisdictional attendees with beverages and snacks available throughout the day.	

General Session

8:00 AM - 8:45 AM	**SALGBA Opening Keynote Session** (SES179)	

Wellness

8:45 AM - 9:00 AM	**Energy Break Powered by Optum** (SES181) Interactive Wellness led by Optum Team	

9:00 AM - 9:30 AM	**Break in Exhibit Hall** (SES182) Break with snacks and beverages inside the SALGBA Exhibit Hall	

Roundtable

9:30 AM - 11:30 AM	**Associate Roundtable** (SES185) Roundtable session for associate representatives only.	

9:30 AM - 11:30 AM	**Local Entity Roundtable** (SES184) Roundtable session for local entity representatives only.
9:30 AM - 11:30 AM	**State Entity Roundtable** (SES183) Roundtable session for state entity representatives only.

Wellness

11:30 AM - 11:45 AM	**Stretch Break Powered by Optum** (SES186) Interactive Wellness led by Optum Team

11:45 AM - 12:30 PM	**Lunch** (SES187)

Breakout Session

12:30 PM - 1:30 PM	**ACA Through the Rearview Mirror** (SES188) The ACA has been like a trilogy, as it transformed the marketplace, reshaped our employer sponsored plan requirements, and taxed employees with penalty exposures and reporting requirements. This season will review the legislative environment, discuss the impact and priorities of the new Washington A-listers, with an eye toward updating attendees on how to prepare the on-going healthcare reform saga. **Speakers:** Kate Grangard
12:30 PM - 1:30 PM	**Applying Innovative Technology to Enhance the Effectiveness of a Specialty Management Model** (SES190) By 2020, specialty drugs will represent 55% of all drug costs, with half falling under the medical benefit. Disparate benefit systems can contribute to limited visibility into a health care payor?s true specialty drug spend, and lead to complex and fragmented care. Using automated technology to manage across medical and pharmacy benefits can help generate incremental savings opportunities while improving patient outcomes. This session will explore how technology can help transform data into actionable interventions to manage the health of complex populations, improve clinical outcomes, and deliver lowest net cost for payors. **Speakers:** Trip Hofer
12:30 PM - 1:30 PM	**Decreasing Healthcare Costs While Improving Care with Data Analytics** (SES189) An educational presentation on how self-insured employers can use cutting-edge advanced data analytics to decrease the costs of their healthcare plans and workers' comp programs, while improving the care that their employees receive, and getting them back to work faster. **Speakers:** Jack McCallum, Scott Rolof
12:30 PM - 1:30 PM	**The Power of the Purchaser: Implementing a Bundled Payments Program for Hip and Knee Replacement Pat** (SES192) In January of 2017 the Washington State Health Care Authority began offering a new benefit for the self-insured population within its Public Employee Benefits (PEB)program. Claims data showed a wide variation in quality and cost among the many providers in the state, and so PEB went through a procurement process to select a Center of Excellence in the State of Washington to provide a bundled episode of care at no cost to the member for hip and knee replacement. Learn how PEB selected the Center of Excellence from 14 providers who applied, and the team of clinicians, the hospital, two TPAs and the PEB program worked together to develop a patient-centered journey of care for the best possible care. **Speakers:** Lauren Johnston, David LaMarche, Marcia Peterson
12:30 PM - 1:30 PM	**The Sonoma County Experience: Eliminating OPEB Liability while Preserving a Retiree Benefit** (SES191) Under the Direction of its Board, Sonoma County, CA sought to redesign and reconstruct its retiree medical benefits into a defined contribution plan, using a service hours contribution into an HRA. The County was able to successfully reduce its OPEB liability from just over 14% of payroll to less than 7% of payroll, and has now engineered additional redesign to eliminate the liability altogether over time,

without eliminating benefits for Retirees. This presentation will discuss the background, deliberation of alternatives, process and update on resolutions to retiree litigation on the changes that were made and the financial impact to the County.

Speakers: Marcia Chadbourne,
Tom Morrison

1:30 PM - 2:00 PM **Break in Exhibit Hall** (SES193)

Break with snacks and beverages inside the SALGBA Exhibit Hall

General Session

2:00 PM - 3:00 PM **Harvard University Case Study: The State of Colorado Cross-Sector Collaboration to Innovate its Heal** (SES194)

We know that dramatic changes in technology, economics, and the social environment have altered citizen expectations and forced governments to grow efficiency and capacity. In response, government is coordinating and collaborating across agency and sector boundaries in new ways. As part of this evolution, a new type of Public Private Partnership is emerging. Harvard University did a case study of a cross-sector collaboration launched by the State of Colorado. The state created a robust effort to improve the health and wellness of over 30,000 state employees. In collaboration with several private sector partners they created on online web portal, accessible to all employees regardless of their insurance provider, to establish incentives and support customized programs to improve employee wellness. We will discuss the success of the State of Colorado cross-sector collaboration and the critical success factors when working with multi-sector collaboration.

Speakers: Kim Burgess,
Paul Campbell,
Katie Wilson,
Karen Meyer,
Christina Torizzo

Breakout Session

3:00 PM - 4:00 PM **Rhode IslandÕs Investigation into Leveraging the State Healthcare Marketplace to Provide Coverage fo** (SES196)

This session will focus on how the State of Rhode Island is seeking to take full advantage of its investment in the development of its ACA public exchange to create a very positive impact on its employee benefit program. The speakers will address the development of the idea, the process and the analysis, results, refinement of the objectives, and the plans going forward.

Speakers: Zachary Sherman

3:00 PM - 4:00 PM **Sort Through The Rhetoric and the Noise: Is Your Current Compounding Management Strategy Working?** (SES197)

After 18 months of implementing PBM strategies to manage the expenditure on compound medications, plan sponsors are still unsure about the effectiveness of such strategies and their impact on total cost of care and patient outcomes. This presentation uses retrospective pharmacy and medical claims data to examine the cost-containment strategies implemented by PBMs in order to provide plan sponsors with practical tools to assess current management strategies and their impact on total cost of care and patient outcomes.

Speakers: Del Doherty

3:00 PM - 4:00 PM **Turning the Tide on Member Health: How a Total Approach to Health and Well-Being is Driving Success** (SES195)

In 2014, the State of Alabama Public Education Employees Health Insurance Plan (PEEHIP) set out to design a wellness program that would reverse increasing chronic disease trends as well as lower overall medical spend that had skyrocketed in recent years. This presentation will cover the engagement story and strategy used by PEEHIP; the importance of flexibility and options when designing a well-rounded wellness program; building support and trust when delivering a new wellness program, including the importance of onsite coaching teams in building this confidence; year one engagement statistics, clinical outcome results, return on investment numbers, and lessons learned.

Speakers: Shawn Moore,
Dave Wales

Wellness

4:00 PM - 4:30 PM	**R&R--Recharge & Reinvigorate** (SES198) Interactive Wellness led by Optum Team	

Tuesday, May 9, 2017

Wellness

6:30 AM - 7:00 AM	**Jump Start with Optum Team** (SES199) Interactive Wellness led by Optum Team	

7:00 AM - 4:00 PM	**Registration** (SES200) Attendee check in for SALGBA Conference	
7:15 AM - 8:00 AM	**Continental Breakfast in Exhibit Hall** (SES201)	
8:00 AM - 4:00 PM	**Jurisdictional Lounge Open--(Jurisdicitonal Namebadge Required) Sponsored by Truven Health** (SES202) Area reserved for jurisdictional attendees with beverages and snacks available throughout the day.	

General Session

8:00 AM - 9:00 AM	**Convening the Entire Community to Achieve Bold Health Goals - 12-month update--Presenter: Patti Dale** (SES203) Over the last year, Humana has learned a great deal about the health barriers and clinical, lifestyle and behavioral challenges facing each of the bold goal communities the company has focused on: San Antonio, Louisville, and Tampa Bay, among others. Pattie Dale Tye will share the companyÕs strategy and progress to improve health outcomes 20% by 2020. The presentation will showcase one of our Health Advisory Board Members and our focus on partnership with local health departments, mayorÕs offices and also a deep dive into measurement, utilizing the CDCÕs Healthy Days Tool. **Speakers:** Patti Dale Tye, Andrew Renda	

9:00 AM - 9:30 AM	**Coffee Break in Exhibit Hall** (SES204)	

General Session

9:30 AM - 10:30 AM	**Beyond Accurate: Embracing Precision Medicine--Presenter: Dr. Dave Vigerust, Genetics4Health** (SES205) Pharmacogenetics can be used to help health plans deliver precision medicine to the patients they serve. Technological advances have substantially reduced the cost of genetic testing while new drug costs have continued to rise. With medical management of drug spend using pharmacogenetics is now easily accessible, affordable, and actionable. This allows TPAs to provide the right drug, the correct dose, the first time; increasing safety and efficacy while reducing cost. **Speakers:** Dave Viigerust	

10:30 AM - 11:00 AM	**Break in Exhibit Hall** (SES206) Break with snacks and beverages inside the SALGBA Exhibit Hall	

Breakout Session

11:00 AM - 12:00 PM	**Innovation in Specialty Therapy** (SES209) Specialty drug cost is todayÕs biggest concern for public sector employers. While only 1% of the U.S. population uses them, specialty drugs will comprise 50% of the total drug spend by 2018. With more and more lifesaving medications becoming available every year, employers are seeking more creative ways to control their trend. Steve Miller, MD, will discuss the innovative ways in which clients are controlling their specialty drug spend. **Speakers:** Steve Miller	
11:00 AM - 12:00 PM	**New GASB Requirements for Multi-employer Health Plans** (SES210)	

New actuarial standards will affect the GASB OPEB valuations for multi-employer health plans that use Òcommunity ratingÓ. This session will alert multi-employer plan managers how to avoid separate requests from many different actuaries for OPEB valuation data they require for participating employers. Other matters of an actuarial nature will be shared as well.

Speakers: Jim Rizzo

11:00 AM - 12:00 PM **Population Health - Engage More, Save More** (SES207)

Using Population Health data to focus care management on impact able conditions and treatments is the cornerstone of our member centric programs. This use of "big data" allows creation of individual care plans to address the timeliness, severity and frequency of their disease.

Speakers: Gerald J. Scallion, Darren Schulman

11:00 AM - 12:00 PM **The Evolving Public Sector Workforce - A Total Rewards Approach** (SES211)

As benefits professionals, we strive to deliver valued, cost effective benefits. However, public employers will increasingly be challenged to more closely align and view benefits within the context of total rewards. This session will discuss evolving compensation trends in the public sector, and then how these trends will in turn affect benefits design, delivery and financing decisions.

Speakers: Don Heilman

11:00 AM - 12:00 PM **Uncovering Real ROI for Your Health Management Benefits** (SES208)

Competitive, well-executed health management programs for employees have several components including biometric screenings, coaching, smoking cessation programs and gym memberships. But employers have been frustrated by the elusiveness of measurable ROI around these programs that they spend significantly on. In this session, we'll show how adding transparency and incentive components to a health management program results in immediate, measurable savings and ROI. We'll also demonstrate how one organization has grown certain programs in its health benefits offering that actually reduce their health spending significantly.

Speakers: Robyn Graybill, Scott Weden

12:00 PM - 1:00 PM **Awards Luncheon** (SES212)

Breakout Session

1:00 PM - 2:00 PM **Can High Blood Pressure and Heart Risk - the Biggest Healthcare Cost and #1 Cause of Death - Be Prev** (SES217)

Heart disease is the #1 cause of death in the world with 30% of the American workforce at risk. Using clinically based, cutting-edge mobile technology that people love to target population. The mobile solution empowers employees to monitor, understand, and improve their heart health, which is the biggest healthcare cost for employers.

Speakers: Maayan Cohen

1:00 PM - 2:00 PM **Health Engagement as a Proven Way to Improve Health and Control Costs** (SES213)

Learn how employer-sponsored clinics bring an integrated approach to population health management and achieve sustainable culture change, reducing the cost of healthcare and transforming our sick care system into one of health engagement.

Speakers: Bob Kuhn, Ryan Schmid

1:00 PM - 2:00 PM **Oil Prices Plummet and the Resulting Fiscal Crisis Presents Opportunity for Change: How Alaska is Ma** (SES214)

This session will look at the following: how to gain buy-in from key stakeholders in a situation calling for investments and concessions from all parties; how to prioritize strategic options, weighing cost savings, member disruption and additional administrative burden; and how to demonstrate the Plan is well managed in a tough fiscal environment in order to obtain the additional funding required for the Plan to regain and maintain solvency.

Speakers: Michele Michaud, Richard Ward

1:00 PM - 2:00 PM **Proactive Pipeline Management to Help Address Growing Trend** (SES215)

With specialty drugs dominating the pipeline for expensive and complex conditions including autoimmune, oncology, cystic fibrosis and even high cholesterol, it is important to have a strong foundational knowledge of the changing market. Some treatment regimens for some of the most expensive specialty drugs cost up to $400,000, while the legal and regulatory treatment of these pricey and often life-saving medications add to management complexity. Learn about key strategies to help mitigate unnecessary drug spend.

Speakers: Surya Singh

1:00 PM - 2:00 PM **Retiree Medical Strategy in a Post-Healthcare Reform World** (SES216)

There have been many changes over the last 5 years that have impacted employer plans. Many mandated coverage, added fees or taxes, or added new reporting requirements; which added to employer costs explicitly or implicitly. Some employers who offer pre-Medicare retiree health coverage have found a way to benefit from a combination of these changes There are three (3) Healthcare Reform changes that, together, create a compelling strategy.

Speakers: Christopher B. Clark

2:00 PM - 2:45 PM **Break and Door Prize Drawing in Exhibit Hall** (SES218)

Break with snacks and beverages inside the SALGBA Exhibit Hall. Must be present to win door prizes.

Wellness

2:45 PM - 3:00 PM **Stretch Break Powered by Optum** (SES219)

Interactive Wellness led by Optum Team

Breakout Session

3:00 PM - 4:00 PM **Mindfulness: Implementing an impactful program to reduce stress and burnout and improve employee hea** (SES220)

In collaboration with the State of Colorado, we will present the essential steps and best practices to successfully roll out a mindfulness and resiliency program within a state employee population.

Speakers: Robyn Harmon

3:00 PM - 4:00 PM **One Life, Two Parallel Paths, Medicare Advantage Explained Through Stories** (SES221)

When you and your employees retire, there are alternate paths your life can take. When it comes to an individual's overall health and well-being, the choice of medical coverage can make a big difference in their senior years. In this presentation, Dr. Tanya Stewart will discuss the parallel paths that a retiree's life and well-being could take by comparing traditional Medicare vs. Medicare Advantage medical plans and the importance of these choices to state and local governments as employers, as well as to your retirees.

Speakers: Tanya Stewart

3:00 PM - 4:00 PM **Specialty Drugs: Effective Management through Transparency** (SES222)

Specialty drug spend and trend are increasing at double digit rates and the pipeline of new drugs with unprecedented price tags is full. As a result plan sponsors and health plans alike are grappling to balance exponential costs while ensuring access to critical drug therapies for their members. This session is a case study on how PEEHIP reduced its year over year spending on specialty drugs.

Speakers: Donna Joyner,
Renee Rayburg

5:30 PM - 6:00 PM **SALGBA Reception** (SES223)

SALGBA pre-event reception hosted at the Hyatt Regency Orange County

6:00 PM - 9:00 PM **SALGBA Tuesday Night Event sponsored by CVS Health** (SES224)

SALGBA Tuesday Night Event in Disneyland at Stage 17. Sponsored by CVS Health

Wednesday, May 10, 2017

Wellness

6:45 AM - 7:15 AM	**Yoga with Optum Team** (SES225) Interactive Wellness led by Optum Team	

Business Meeting

8:00 AM - 8:45 AM	**SALGBA Jurisdictional Members Business Meeting/Breakfast (Jurisdictional Attendees Only)** (SES226)	

General Session

9:00 AM - 10:30 AM	**Overcome your FEAR of Presenting and Communicate Ideas Effectively, Dean Coughenour, City of Flagsta** (SES228) The session will explore one of our greatest fears, speaking in public. You will understand why you feel that way and be provided tools and thoughts to make powerful, clear and concise presentations. Learn the physical reasons we fear speaking. Learn to avoid the pit falls of public speaking. Engage your audience earlier and in a way that helps you to communicate your ideas. **Speakers:** Dean Coughenour	
9:00 AM - 10:30 AM	**Value Based Initiatives--Mark Fendrick, VBID University of Michigan** (SES227) **Speakers:** Mark Fendrick	

Wellness

10:30 AM - 10:45 AM	**Energy Break Powered by Optum** (SES229) Interactive Wellness led by Optum Team	

General Session

10:45 AM - 12:15 PM	**Best Practices in Employee Benefit Management--SALGBA Task Force Presentation--Greg Brannan, Moderat** (SES230) **Speakers:** Greg Brannan	

Workshop

12:30 PM - 1:30 PM	**SALGBA Leadership Workshop** (SES231) **Speakers:** Greg Brannan	

New Mexico Retiree Health Care Authority
Fiscal Year 2017 2nd Quarter Budget Review

Health Care Benefit Fund

Between July 1, 2016 and December 31, 2016, expenditures from the Healthcare Benefits Administration Program were $148 million and revenues were $158.8 million, creating a surplus of $10.8 million, compared to $16.4 million during the same time period in FY16. Overall expenditures through the first quarter of FY17 as compared to the same time frame in FY16 have been limited to a $2.4 million or 1.7 percent increase. Current projections indicate a $22.7 million surplus at the end of FY17.

Upward pressures include:

1. Overall plan participation (medical and voluntary coverages) has grown by 1,607 members or 2.7 percent between December 2015 and December 2016. This includes 892 new members in FY17 alone.
2. Claim costs related to prescription drug coverage have increased by $3.2 million, or 7 percent while Medicare related costs (self-insured and Medicare Advantage) have grown by $2 million. Non-subsidized benefits including dental, vision and life insurance have grown by $400,000.
3. Increased participation in the voluntary/non-subsidized plans i.e., dental, vision and life insurance (604 members or 9.3 percent).

Downward pressures include:

1. Under the pre-Medicare plans – continued negative growth of 537 members (minus 3 percent) combined with continued selection of lower premium/higher out-of-pocket costing plans as participation in the Premier Plus Plans shrunk by 887 members while participation in the Premier Plans grew by 350 members.
2. Under the Medicare plans – Medicare Advantage Plans grew by over 1,200 members (10.1 percent) while growth in participation with the supplement plan was limited to 350 members, or 1.5 percent.
3. Continued decline in dependent children participation 2,314 compared to 2,482 (168 fewer dependents on our medical plan).

As reported in November 2016, current projections indicate sufficient budget authority exists to cover claims costs through the remainder of FY17. However, this assumption includes a very narrow margin of error, $3.6 million or approximately 1.2 percent of the approved operating budget. Given the unpredictable nature of self-insured claim costs (pre-Medicare, Medicare Supplemental and prescription drug benefits), the need to submit a budget adjustment request to cover all outstanding liabilities through the remainder of the fiscal year is probable. NMRHCA staff will continue to monitor revenues and expenditures each week and report significant deviations from current estimates as the year progresses. Proposed budget adjustments will be reviewed through the Finance Committee and presented to the full board for approval at its regularly scheduled meeting in April or May.

In total, revenues through the first quarter of FY17 are $2.6 million less than the same time frame in FY16 largely related to the lag time in receipt of miscellaneous revenues derived mostly from subsidies and reimbursements received through Express Scripts for NMRHCA's role in providing Medicare Part-D prescription benefits. Additionally, NMRHCA has experienced a delay in the receipt of monies from the Tax Suspense Fund (December payment not received as of

January 31), combined with a reduced funding amount for the month of November. NMRHCA staff is working with the Taxation and Revenue Department to correct the distribution; the reduction is not scheduled to occur until January 2017, according to SB7 passed during the special legislative session. Overall, retiree contributions have increased by $5 million or 7.2 percent, of which retirees are paying approximately 4.5 percent more on average (7.2 percent – 2.7 percent growth) compared to the same time frame in FY16.

Below is an annual summary of the cash contributions made to the State Investment Council (SIC) between fiscal years 2011 – 2016, as well as monthly contribution(s) made in FY17:

FY11 Total	$	21,879,651.00
FY12 Total	$	21,060,000.00
FY13 Total	$	15,315,000.00
FY14 Total	$	57,500,000.00
FY15 Total	$	42,500,000.00
FY16 Total	$	35,000,000.00
FY17		
Transfer Effective	Amount Transferred	
October 3, 2016	$	5,000,000
November 1, 2016	$	3,000,000
FY17 Total	$	8,000,000
Total Transfers	**$**	**201,254,651**

NMRHCA staff will continue to transfer funds from the short-term banking account held by the State Treasurer's Office to the long-term investment account held by the SIC consistent with the receipt of revenues in excess of expenditures.

Program Support Fund

The approved operating budget for FY17 totals $3,118,300 with supporting transfers made from the Health Care Benefit Fund. Expenditures from the personal services and employee benefits category are $9,900 lower compared to the same time frame in FY16, which can be attributed to vacancy savings (currently 1 FTE). The projected end-of-year surplus assumes previously requested personnel transactions will not be approved through the remainder of FY17 and the remaining vacant position will be filled by the last pay period in March. Expenditures from the contractual services category are $142,000 higher than FY16, specifically related to the work associated with the 2016 GASB report. Lastly, expenditures from the other category are approximately $70,000 lower compared to the same time frame in FY16, almost entirely related to the timing of pre-paid postage costs for bulk mail. Overall, projected expenditures are expected to remain within the total appropriation for FY17.

New Mexico Retiree Health Care Authority

FY17 2nd Quarter Budget Review

Comparison of Projected vs. Actual

(in thousands)

Healthcare Benefit Fund

FY17/FY16 Comparison

	FY17 Approved Q2 Budget	FY17 Q2 Actual	FY16 Q2 Actual	Dollar Change	Percent Change
Sources:					
Employer/Employee Contributions	$ 51,888.45	$ 62,984.3	$ 62,894.3	$ 90.0	0.1%
Retiree Contributions	$ 74,580.20	$ 75,504.3	$ 70,460.1	$ 5,044.2	7.2%
Taxation & Revenue Fund	$ 16,203.45	$ 12,990.3	$ 14,393.7	$ (1,403.4)	-9.8%
Other Miscellaneous Revenue	$ 13,846.05	$ 7,467.8	$ 13,936.4	$ (6,468.6)	-46.4%
Interest Income	$ 6.70	$ 26.7	$ 4.3	$ 22.4	157.0%
Refunds	$ -	$ (207.5)	$ (225.2)	$ 17.7	-7.9%
Total Sources	$ 156,524.9	$ 158,765.9	$ 161,463.6	$ (2,697.7)	-1.7%
Uses:					
Medical Contractual Services	$ 154,075.6	$ 146,080.6	$ 143,532.3	$ 2,548.3	1.8%
ACA Fees (Reinsurance/PCORI)	$ 520.3	$ 38.8	$ 36.1	$ 2.7	7.5%
Other Financing Uses	$ 1,559.2	$ 1,382.0	$ 1,493.3	$ (111.3)	-7.5%
Total Uses	$ 156,155.0	$ 147,973.7	$ 145,025.6	$ 2,439.7	1.7%
Sources Over Uses	**NA**	**$ 10,792.2**	**$ 16,438.0**	**NA**	**NA**

FY17 Budget Compared to Actual

	FY17 Approved Budget	FY17 Actuals	Remaing Balance	Percent Expended/ Collected	FY17 Projected Total
Sources:					
Employer/Employee Contributions	$ 103,776.9	$ 62,984.3	$ 40,792.6	60.7%	$ 125,968.5
Retiree Contributions	$ 149,160.4	$ 75,504.3	$ 73,656.1	50.6%	$ 152,143.6
Taxation & Revenue Fund	$ 32,406.9	$ 12,990.3	$ 19,416.6	40.1%	$ 29,331.6
Other Miscellaneous Revenue	$ 27,692.1	$ 7,467.8	$ 20,224.3	27.0%	$ 25,000.0
Interest Income	$ 13.4	$ 26.7	$ (13.3)	199.3%	$ 31.0
Refunds	$ -	$ (207.5)	$ -		$ (400.0)
Total Sources	$ 313,049.7	$ 158,765.9	$ 154,076.3	50.7%	$ 332,074.7
Uses:					
Medical Contractual Services	$ 309,411.1	$ 146,080.6	$ 163,330.5	47.2%	$ 305,790.8
ACA Fees (Reinsurance/PCORI)	$ 520.3	$ 38.8	$ -	7.5%	$ 520.3
Other Financing Uses	$ 3,118.3	$ 1,382.0	$ 1,736.3	44.3%	$ 3,010.6
Total Uses	$ 313,049.7	$ 147,501.4	$ 165,066.8	47.1%	$ 309,321.7
Sources Over Uses	**NA**	**$ 11,264.5**	**NA**	**NA**	**$ 22,753.0**

New Mexico Retiree Health Care Authority
2nd Quarter Healthcare Benefit Fund Detail
Fiscal Year 2017
(in thousands)

	FY17 Q2 Actuals	FY16 Q2 Actuals	FY17 - FY16 Difference
REVENUE:			
Employer/Employee Contributions	$ 62,984.3	$ 62,894.3	$ 90.0
Retiree Contributions	$ 75,504.3	$ 70,460.1	$ 5,044.2
Taxation and Revenue Suspense Fund	$ 12,990.3	$ 14,393.7	$ (1,403.4)
Other Miscellaneous Revenue	$ 7,467.8	$ 13,936.4	$ (6,468.6)
Interest Income	$ 26.7	$ 4.3	$ 22.4
Refunds	$ (207.5)	$ (225.2)	$ 17.7
TOTAL REVENUE:	**$ 158,765.9**	**$ 161,463.6**	**$ (2,697.7)**
EXPENDITURES:			
Prescriptions			
Express Scripts	$ 48,028.4	$ 44,832.2	$ 3,196.2
Total Prescriptions	$ 48,028.4	$ 44,832.2	$ 3,196.2
Non-Medicare			
Blue Cross Blue Shield	$ 30,539.4	$ 32,733.4	$ (2,194.0)
BCBS Administrative Costs	$ 1,155.8	$ 1,182.6	$ (26.8)
Presbyterian	$ 19,564.9	$ 19,579.2	$ (14.3)
Presbyerian Administrative Costs	$ 1,015.4	$ 1,011.0	$ 4.4
ACA Transitional Reinsurance Fee	$ 472.3	$ 786.9	$ (314.6)
PCORI Fee	$ 38.8	$ 37.9	$ 0.9
Total Non-Medicare	$ 52,786.6	$ 55,331.0	$ (2,544.4)
Medicare			
Blue Cross Blue Shield	$ 17,431.2	$ 17,616.9	$ (185.7)
BCBS Administrative Costs	$ 2,764.8	$ 2,693.1	$ 71.7
Presbyterian	$ 5,413.2	$ 4,454.0	$ 959.2
UnitedHealthCare	$ 2,198.7	$ 1,348.9	$ 849.8
BCBS Advantage	$ 2,229.3	$ 1,916.7	$ 312.6
Total Medicare	$ 30,037.2	$ 28,029.6	$ 2,007.6
Other Benefits			
Davis Vision	$ 1,075.3	$ 1,021.9	$ 53.4
Delta Dental	$ 4,323.6	$ 3,883.7	$ 439.9
Standard Life Insurance	$ 5,243.3	$ 5,291.8	$ (48.5)
United Concordia Dental	$ 5,097.3	$ 5,142.1	$ (44.8)
Total Other Benefits	$ 15,739.5	$ 15,339.5	$ 400.0
Other Expenses			
Program Support	$ 1,382.0	$ 1,493.3	$ (111.3)
Total Other Expenses	$ 1,382.0	$ 1,493.3	$ (111.3)
TOTAL EXPENDITURES:	***$ 147,973.7***	**$ 145,025.6**	**$ 2,948.1**
Total Revenue over Total Expenditures	***$ 10,792.2***	**$ 16,438.0**	**$ (5,645.8)**

New Mexico Retiree Health Care Authority
FY17 2nd QTR Budget Review
Comparison of Budget vs. Actual
(in thousands)

Program Support

FY17/FY16 Comparison

	FY17 Approved Q2 Budget	FY17 Actuals	FY16 Actual	Dollar Change	Percent Change
Sources:					
Other Transfers	$ 1,559.2	$ 1,559.2	$ 1,506.7	$ 52.5	3.5%
Total Sources	**$ 1,559.2**	**$ 1,559.2**	**$ 1,506.7**	**$ 52.5**	**3.4%**
Uses:					
Personal Services and Benefits	$ 974.9	$ 1,005.9	$ 1,015.8	$ (9.9)	-1.0%
Contractual Services	$ 312.2	$ 244.4	$ 101.7	$ 142.7	140.3%
Other Costs	$ 272.1	$ 305.9	$ 375.8	$ (69.9)	-18.6%
Total Uses	**$ 1,559.2**	**$ 1,556.2**	**$ 1,493.3**	**$ 62.9**	**4.2%**

New Mexico Retiree Health Care Authority
FY17 2nd QTR Budget Review
Comparison of Budget vs. Actual
(in thousands)

Program Support

FY17 Budget Compared to Actual

	Approved Operating Budget	FY17 Actuals	Remaining Balance	Percent Expended	FY17 Projected	Projected Surplus/ Deficiency
Sources:						
Other Transfers	$ 3,118.3	$ 1,559.2	$ 1,559.2	50%	$ 1,559.2	$ (0.0)
Total Sources	**$ 3,118.3**	**$ 1,559.2**	**$ 1,559.2**	**50%**	**$ 1,559.2**	**$ (0.0)**
Uses:						
Personal Services and Benefits	$ 1,949.8	$ 1,005.9	$ 943.9	52%	$ 895.3	$ 48.6
Contractual Services	$ 624.4	$ 244.4	$ 380.0	39%	$ 327.0	$ 53.0
Other Costs	$ 544.1	$ 305.9	$ 238.2	56%	$ 232.1	$ 6.1
Total Uses	**$ 3,118.3**	**$ 1,556.2**	**$ 1,562.1**	**50%**	**$ 1,454.4**	**$ 107.7**

Program Support

Expenditure Summary (in thousands)

Acct #	Account Description	A Approved Budget	B Expended Budget	C Remaing Balance	D Projected	E Balance
200	Personal Services/ Employee Benefits	1,949.8	1,005.9	943.9	895.3	48.6
300	Contractual Services	624.4	244.4	380.0	327.0	53.0
400	Other Costs	544.1	305.9	238.2	232.1	6.1
	TOTAL	**3,118.3**	**1,556.2**	**1,562.1**	**1,454.4**	**107.7**

Expenditure Detail (in thousands)

Personal Services / Employee Benefits

Acct #	Account Description	Approved Budget	Expended Budget	Remaining Balance	Projected	Balance
520100	Exempt Positions	164.6	89.0	75.6	75.7	(0.1)
520300	Classified Perm. Positions	1,213.6	616.0	597.6	560.2	37.4
520800	Annual & Comp Paid	0.0	0.6	(0.6)	0.0	(0.6)
521100	Group Insurance Premium	196.3	99.4	96.9	89.8	7.1
521200	Retirement Contributions	224.5	119.8	104.7	108.1	(3.4)
521300	FICA	107.2	51.5	55.7	48.6	7.1
521400	Workers Comp	0.0	0.1	(0.1)	0.2	(0.3)
521410	GSD Work Comp Ins	3.7	3.7	0.0	0.0	0.0
521500	Unemployment Comp	3.0	3.0	0.0	0.0	0.0
521600	Employee Liability Insurance	8.9	8.8	0.1	0.0	0.1
521700	Retiree Health Care	28.0	14.0	14.0	12.7	1.3
521900	Other Employee Benefits	0.0	0.0	0.0	0.0	0.0
	TOTAL	**1,949.8**	**1,005.9**	**943.9**	**895.3**	**48.6**

Contractual Services

Acct #	Account Description					
535200	Professional Services	416.9	186.7	230.2	225.0	5.2
535300	Other Services	30.0	6.3	23.7	22.0	1.7
535400	Audit Services	37.5	37.5	0.0	0.0	0.0
535500	Attorney Services	50.0	10.4	39.6	25.0	14.6
535600	Information Technology Services	90.0	3.5	86.5	55.0	31.5
	TOTAL	**624.4**	**244.4**	**380.0**	**327.0**	**53.0**

Other Costs

Acct #	Account Description					
542100	Employee In-State Mileage & Fares	2.0	0.5	1.5	0.8	0.7
542200	Employee In-State Meals & Lodging	2.0	1.7	0.3	1.1	(0.8)
542300	Board & Commission - In-State	15.0	5.7	9.3	10.5	(1.2)
542500	Transportation-Fuel & Oil	1.5	0.4	1.1	0.3	0.8
542600	Transportation	0.1	0.1	0.0	0.0	0.0
542700	Transportation - Insurance	0.0	0.0	0.0	0.0	0.0
542800	State Transportation Pool Charges	4.4	2.5	1.9	1.9	0.0
543100	Maintenance - Grounds & Roadways	0.0	0.0	0.0	0.0	0.0
543200	Maintenance - Furniture, Fixtures & Equipment	3.9	1.1	2.8	1.5	1.3
543300	Maintenance - Building & Structure	3.0	0.0	3.0	1.5	1.5
543400	Maintenance - Property Insurance	0.3	0.3	0.0	0.0	0.0
543500	Maintenance - Supplies	0.0	0.0	0.0	0.0	0.0
543700	Maintenance Services	0.0	0.0	0.0	0.0	0.0
543820	Maintenance IT	10.0	0.0	10.0	5.0	5.0
544000	Supply Inventory IT	20.0	8.9	11.1	7.5	3.6
544100	Supplies - Office Supplies	8.5	4.7	3.8	4.0	(0.2)
544900	Supplies - Inventory Exempt	7.5	2.9	4.6	1.5	3.1
545700	DoIT - ISD Services	3.8	2.0	1.8	1.8	0.0
545701	DoIT - HCM Fees	10.4	9.4	1.0	0.0	1.0
545900	Printing & Photo. Services	70.0	39.4	30.6	30.0	0.6
546100	Postage & Mail Services	120.0	83.6	36.4	35.0	1.4
546400	Rent of Land & Buildings	105.0	78.6	26.4	40.3	(13.9)
546500	Rent of Equipment	57.5	18.8	38.7	29.0	9.7
546600	Telecomm	72.2	42.7	29.5	35.0	(5.5)
546700	Subscriptions & Dues	4.0	0.8	3.2	2.5	0.7
546800	Employee Training & Edu.	5.0	0.6	4.4	3.0	1.4
546801	Board Member Training	2.0	0.0	2.0	1.5	0.5
546900	Advertising	1.0	0.0	1.0	1.2	(0.2)
547900	Miscellaneous Expense	0.0	0.9	(0.9)	0.5	(1.4)
547999	Request to Pay Prior Year	0.0	0.0	0.0	0.0	0.0
548300	Information Technology Equipment	10.0	0.0	10.0	12.7	(2.7)
549600	Employee Out-Of-State Mileage & Fares	1.0	0.3	0.7	1.0	(0.3)
549700	Employee Out-Of-State Meals & Lodging	1.0	0.0	1.0	1.0	0.0
549800	B&C-Out-Of-State Mileage & Fares	1.5	0.0	1.5	1.0	0.5
549900	B&C- Out-Of-State Meals & Lodging	1.5	0.0	1.5	1.0	0.5
	TOTAL	**544.1**	**305.9**	**238.2**	**232.1**	**6.1**

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 including: Albuquerque Public Schools, New Mexico Public School Insurance Authority and the State of New Mexico are proposing to issue a request for proposals (RFP) for professional services related to the consulting functions associated with the upcoming pharmacy benefits manager (PBM) RFP tentatively scheduled for release in July 2017.

Scope of Work:

The scope of this procurement is limited to consulting services associated with the development of a comprehensive pharmaceutical benefit management services RFP, the evaluation of elements of the resulting proposals, provision of reports (both detailed and summaries) and assistance with finalist interviews.

Proposed Timeline:

The Procurement Manager will make every effort to adhere to the following schedule:

Action	**Responsible Party**	**Due Dates**
1. Issue RFP	Procurement Manager	February 8, 2017
2. Acknowledgement of Receipt (Distribution List Response)	IBAC	February 13, 2017
3. Deadline to submit Questions	Potential Offerors	February 14, 2017
4. Response to Written Questions	Procurement Manager	February 17, 2017
5. Submission of Proposal	***Potential Offerors***	***February 23, 2017***
6. Proposal Evaluation	Evaluation Committee	February 24, 2017
7. Selection of Finalists	Evaluation Committee	March 3, 2017
8. Best and Final Offers	Finalist Offerors	March 9 & 10, 2017
9. Oral Presentation(s)	Finalist Offerors	March 9 & 10, 2017
10. Finalize Contractual Agreements	Agency/Finalist Offerors	March 15, 2017
11. Contract Awards	Agency/ Finalist Offerors	March 15, 2017
12. Protest Deadline	Procurement Manager	+15 days from Contract Award

Action Item: NMRHCA staff respectfully requests approval to issue an RFP for benefit consulting services related to the PBM RFP.

Financial Audit RFP – Action Item

Background: On Wednesday, February 1, 2017 the State Auditor released a letter and memorandum concerning the 2017 Audit Rule, which is scheduled for publication on March 14, 2017. Major changes associated with this year's financial audits include the deadlines associated with the submission to the Office of the State Auditor (OSA) --- Wednesday before Thanksgiving (November 22, 2017) for the New Mexico Retiree Health Care Authority. In response to these changes, staff is proposing to request approval from the OSA to issue a request for proposals (RFP) for Audit Services prior to the issuance of the final Audit Rule on March 14.

The RFP and draft timeline will be presented to the Audit Committee for their review and edit prior to publication.

Action Item: NMRHCA staff respectfully requests approval to issue an RFP for Audit Services upon review and approval by the Audit Committee.