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REGULAR MEETING
OF THE
BOARD OF DIRECTORS

July 13 & 14, 2017
9:30 AM / 9:00 AM
Angel Fire Lodge
Rooms A & B – 2nd Floor
10 Miller Lane
Angel Fire, NM 87110

July 13, 2017

New Mexico Retiree Health Care Authority
Regular Meeting

BOARD OF DIRECTORS

ROLL CALL

July 13 & 14, 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

July 2017

Mr. Wayne Propst
Executive Director
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The Honorable Mr. Wayne Johnson
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Bernalillo County Commissioner
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Ms. Karen Brown
Deputy County Commissioner
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The Honorable Mr. Tim Eichenberg
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Ms. Therese Saunders
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Annual Meeting of the
NEW MEXICO RETIREE HEALTH CARE AUTHORITY
BOARD OF DIRECTORS

July 13 & 14, 2017
9:30 AM / 9:00 AM
Angel Fire Lodge
Rooms A & B – 2nd Floor
10 Miller Lane
Angle Fire, NM 87710

AGENDA – July 13th

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 (July 13 & 14)	Mr. Sullivan, President	4
5.	Approval of Regular Meeting Minutes June 6, 2017	Mr. Sullivan, President	5
6.	Public Forum and Introductions	Mr. Sullivan, President	
7.	Election of Board Officers (Action Item)	Mr. Sullivan, President	
	a. Board Policies and Procedures		11
	b. Committee Assignments		18
	c. Code of Ethics		24
	d. Open Meetings Act Resolution		26
8.	Committee Reports	President	
9.	Executive Director's Update	Mr. Archuleta, Executive Director	
	a. Budget Adjustment Request – Benefits		30
	b. Budget Adjustment Request – Program Support		31
	c. BCBS MA Plan Network Changes		32
	d. Asset Allocation Updates		34
	e. HR Updates		
10.	Provider Presentations	Mr. Archuleta, Executive Director	
	a. Express Scripts		37
	b. Presbyterian Health Plan		51
	c. Blue Cross Blue Shield of New Mexico		71
	d. New Mexico Health Connections		87

(Recess for lunch at the pleasure of the Board)

11.	Actuarial Presentations	Mr. Archuleta, Executive Director	
	a. Demographic/Utilization Review	Mr. Madalena, Data Warehouse	101
	b. Solvency/GASB 74/75	Mr. Petersen, Segal	125
12.	Review of Calendar Year 2018 Plan Changes	Mr. Archuleta, Executive Director	147

(Recess until 9:00AM, July 14, 2017, in the same location)

ACTION SUMMARY

RETIREE HEALTH CARE AUTHORITY/REGULAR BOARD MEETING

June 6, 2017

MINUTES OF THE

NEW MEXICO RETIREE HEALTH CARE AUTHORITY/BOARD OF DIRECTORS

REGULAR MEETING

June 6, 2017

1. CALL TO ORDER

A Regular Meeting of the Board of Directors of the New Mexico Retiree Health Care Authority was called to order on this date at 9:40 a.m. in the 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
Mr. Joe Montaño, Vice President
The Hon. Tim Eichenberg, NM State Treasurer [on telephone]
Ms. Jan Goodwin
Mr. Wayne Propst

Members Excused:
Mr. Doug Crandall, Secretary
Mr. Wayne Johnson
Mr. Terry Linton
Ms. Therese Saunders

Staff Present:
Mr. Dave Archuleta, Executive Director
Mr. Neil Kueffer, Director of Product Development & Health Care Reform
Mr. Greg Archuleta, Director of Communication & Member Engagement
Mr. Tomas Rodriguez, IT Manager
Ms. Judith Beatty, Board Recorder

Others Present:
[See sign-in sheet.]

3. PLEDGE OF ALLEGIANCE

Mr. Montaño led the Pledge.

4. APPROVAL OF AGENDA

The agenda was reprioritized and renumbered accordingly,

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

5. APPROVAL OF REGULAR MEETING MINUTES: May 2, 2017
6. APPROVAL OF SPECIAL MEETING MINUTES: May 23, 2017

Ms. Goodwin moved for approval of the minutes of the May 2 and May 23 meetings, as submitted. The motion was seconded by Mr. Montaño and passed unanimously by voice vote.

7. PUBLIC FORUM AND INTRODUCTIONS

There were no speakers from the floor.

8. COMMITTEE REPORTS

Chairman Sullivan reported that the Executive Committee met in a telephone conference to discuss today's agenda and some planning for the upcoming retreat in Angel Fire.

Ms. Goodwin reported that the Wellness Committee met two weeks ago and had numerous reports on how the vendors are doing with the wellness program. Although the numbers are disappointing, they are not understated, as not all of the participants are submitting to get their $50 gift cards. Staff is looking at what other states are doing with their own wellness programs.

Mr. Archuleta noted that the board book includes a report staff presented to the Wellness Committee two weeks ago, as well as reports from Lovelace and Presbyterian. Last year, there were over 300 people who participated and submitted for the $50 gift card, while this year the number is about half of that. He discussed efforts being made by the agency to encourage people to participate.

9. SANTA FE OFFICE LEASE AGREEMENT

Mr. Archuleta requested board approval to extend the term of the Santa Fe Office lease agreement with PERA through August 2020. The current agreement includes a monthly lease

amount of $600 and a three percent annual escalator ($618 in FY17), compared to $2,700 at the previous location. The proposed agreement includes five offices, shared office space for copiers, fax machine, storage and shared lobby and break room facilities.

Mr. Montaño moved for approval. Ms. Goodwin seconded the motion, which passed unanimously by voice vote.

10. SIERRA COUNTY PROGRAM PARTICIPATION

Mr. Archuleta requested board approval to include Sierra County as a participating employer with the NMRHCA, effective July 1, 2017. This would allow Sierra County employees and retirees to begin accessing benefits on January 1, 2018.

Mr. Archuleta stated that, based on Segal's analysis, the buy-in cost for the county's 91 active participants and five retirees totals $939,677. NMRHCA staff has developed a monthly principal/interest payment schedule using a 7.75 percent interest rate (per administrative code) amortized over 13 years, or $9,447.23 per month for 156 months.

Ms. Goodwin moved for approval. Mr. Propst seconded the motion, which passed unanimously by voice vote.

11. EXECUTIVE DIRECTOR'S UPDATES

a. HR Consolidation

Mr. Archuleta referred an article published in *The Albuquerque Journal* announcing the State Personnel Office's plan to consolidate HR functions. He said the NMRHCA has not received any formal direction or communication from SPO with regard to what the process would look like or how the relationship between that agency and the NMRHCA would work. He said he would have more to report to the board at the July meeting.

b. HR Updates

Mr. Archuleta discussed the status of two vacant positions (Customer Service Representatives) and one soon-to-be vacant position held by Financial Analyst Barbara Burns. A request to double-fill Ms. Burns' position has been approved by DFA and is pending at SPO.

c. PBM Request for Proposal

Mr. Archuleta reported that Neil Kueffer would serve as procurement manager for the upcoming RFP. He said the IBAC has selected Health Links as PBM consultant to assist with this procurement. The plan is to issue the RFP in early August with a final selection made before the end of the year.

d. Legislative

Mr. Archuleta reported that the special session wrapped up without any significant impact to the NMRHCA.

e. April 2017 SIC Report

Mr. Archuleta reported that the long-term investment account increased from $533 to $544 million from March 31 to April 30. Gross QTD returns are 5.08 percent, and net QTD returns are 5.06 percent. For the one-year term, gross returns are at 12 .01 percent, outperforming the benchmark.

12. 2018 PLAN RECOMMENDATIONS

Mr. Archuleta reviewed the 2018 plan recommendations and projected savings/revenues. The goal is a 15-year solvency period to 2032, which would be a 2-year gain.

Pre-Medicare/Medicare

1. Increase retiree premiums in accordance with projected medical trend for all self-insured plans based upon loss ratios calculated in May/June.
2. Expand Value Option Resources to include BlueAdvantage (BAV) Network
3. Increase Cost Sharing/Narrow Network on Prescription Plan (pre-Medicare supplement)

Medicare

4. Default folks to the appropriate Medicare Advantage Plan (based on last year's board adoption). Default criteria include network, prescription benefits, cost-sharing arrangements and annual out-of-pocket maximums
5. Supplement – introduce $250 copay for inpatient stay (1 per year)
6. Supplement – increase annual Park B cost sharing by $40

13. ANNUAL BOARD MEETING AGENDA

The draft agenda was in the board book for review.

14. DATE & LOCATION OF NEXT BOARD MEETING

July 13, 2017, 9:30 AM/July 14, 2017, 9:00 AM
Angel Fire Lodge
Rooms A & B – 2nd Floor
10 Miller Lane, Angel Fire, NM 87110

15. EXECUTIVE SESSION

None.

16. ADJOURN

Its business completed, the Board adjourned the meeting at 10:35 a.m.

_____

Tom Sullivan, President

BOARD POLICIES AND PROCEDURES MISSION STATEMENT

The New Mexico Retiree Health Care Authority ("NMRHCA" or "Authority") is committed to offering an affordable, comprehensive health care program for present and future eligible retirees and their dependents.

ADMINISTRATION

The Authority is governed by a Board of Directors ("Board"), which is composed of not more than 12 members (the "Board Members" or individually a "Board Member"). The Board is authorized to take all actions reasonably necessary to implement the Retiree Health Care Act (the "Act"). Currently, the Authority maintains two offices and a full time staff of 27 employees. The Authority offers comprehensive medical, dental, vision and life insurance to more than 61,000 retired public employees. NMRHCA receives revenue from premiums paid by retirees, contributions from active employees and their employers, and funding and revenue from other various sources. The Board and Authority administer the Authority's Trust Fund ("Fund"), which is invested and managed by the New Mexico State Investment Council, as required by the Act.

Currently, the Authority has approximately 300 participating public entities including all State agencies, public and charter schools, many counties and cities, as well as several universities.

ANNUAL REVIEW OF BOARD POLICIES AND PROCEDURES

The Board will review its Policies and Procedures annually. Proposed changes will first be solicited by NMRHCA staff from the Board's Executive Committee. Once approved by the Executive Committee, the initial revised Policies and Procedures will be presented to the full Board at its next regularly scheduled meeting. The Board will review the changes and make final recommendations to the Executive Committee, which will meet to revise the Policies and Procedures in accordance with those recommendations, and then present the Board with the Policies and Procedures for final action at the next regularly scheduled Board meeting.

OFFICERS, TERM OF OFFICE, DUTIES

Term of Office

Terms of office for the president and chairperson (the "Chairperson"), the vice president and vice-chairperson (the "Vice-Chairperson"), and the secretary (the "Secretary") will be from the date elected until a successor is sworn in, unless the office is vacated, in which case, the next lower officer shall automatically assume the duties of the higher officer.

Procedure for Electing Officers

The Board will elect a slate of officers annually to serve for the ensuing twelve-month period.

The three officers will comprise the Board's Executive Committee.

In the event of a vacancy in the office of Chairperson, the Vice-Chairperson will succeed the Chairperson. In the event of a vacancy in the office of the Vice-Chairperson, the Secretary will succeed the Vice-Chairperson. In the event of a vacancy in the office of Secretary, an election will be held at the next Board meeting. Nominations will be taken from the floor. The individual receiving the highest vote count will be elected to the office of Secretary.

Duties of the Chairperson

The duty of the Chairperson is, primarily, to ensure the integrity of the Board's processes and oversee the conduct of the Board at Board and committee meetings.

Duties of the Vice-Chairperson

The duty of the Vice-Chairperson is to act as temporary Chairperson in the absence of the Chairperson.

Duties of the Secretary

The duty of the Secretary is to act as temporary Chairperson in the absence of the Chairperson and Vice-Chairperson.

BOARD COMMITTEES

The Board has the following standing committees:

1 The Executive Committee, consisting of the officers of the Board.

2 The Audit Committee, consisting of four Board Members, including the Chairperson.

3 The Finance and Investment Committee consisting of five Board Members, including the Chairperson.

4 The Legislative Committee consisting of five Board Members, including the Chairperson

5 The Wellness Committee consisting of five Board Members.

The Chairperson is responsible for establishing membership in each standing committees. Additionally, the Chairperson has authority to establish, from time-to-time, other committees for specific purposes and will appoint the membership of those committees. All committee members are entitled to per diem and mileage, as authorized under 2.81.1.21, NMAC.

CODE OF CONDUCT

Board Members are expected to adhere to the highest ethical standards and, at all times, comply with their fiduciary responsibilities. Board Members will avoid any conflict of interest or perceived conflict of interest and may not have a direct financial or direct personal interest in any company or business that has a contractual obligation with the NMRHCA.

Board Members, as fiduciaries, should discharge their duties solely in the interest of the Authority and be governed by all applicable State and Federal laws, rules and regulations.

Each year at its annual meeting, Board Members will complete a financial disclosure form as set out in 2.81.3.8, NMAC.

Board Members will adhere to all requirements set forth in 2 81.3, NMAC, which establishes a Code of Ethics for Board Members.

BOARD TRAVEL

Board Members must submit to the Chairperson any request to participate in an event requiring travel where that travel is paid for by the Authority.

Speakers: Any Board Member that accepts a request to be a speaker at a conference or seminar requiring travel will notify the Chairperson of the request and their intention to participate in their capacity as a member of the Authority.

Payment for Travel: All travel paid for by the Authority is subject to 2.81.1.21, NMAC, the New Mexico Per Diem and Mileage Act, NMSA 1978, 10-8-1 and current New Mexico Department of Finance and Administration rules and regulations.

PROCEDURES FOR CONDUCT OF NMRHCA BOARD MEETINGS

In general, the Board will follow a modified version of Robert's Rules of Order, Revised ("RRO"). In addition, the Board will adhere to the Open Meetings Act and all other applicable provisions of State laws and the Board's rules and regulations.

A quorum of the Board must be present in order to convene and conduct any official meeting. A quorum is a majority of Board Members. Once a quorum is present, action may be taken by majority vote of participating Board Members. Although physical attendance by Board Members is encouraged, Board Members may attend meetings by telephone, provided that each Board Member participating telephonically can be identified when speaking, all participants are able to hear each other at the same time, and members of the public attending the meeting are able to hear any Board Members who speak during the meeting.

Regular Meetings

The date, time, and place of the regular Board meeting will be established by Board action and be announced to the public pursuant to the requirements of the Open Meetings Act (Section 1015-1 et seq. NMSA 1978).

The Board will meet at least once a year.

Special or Emergency Meetings

A special meeting of the Board is a meeting other than a regular or emergency meeting and may be called by the Chairperson, Vice-Chairperson or any three (3) Board Members for the specific purposes specified in the call.

An emergency meeting of the Board is a meeting other than a regular or special meeting and may be called by the Chairperson, Vice-Chairperson, or any two (2) Board Members to consider a sudden or unexpected set of circumstances affecting the NMRHCA which require the immediate attention of the Board.

Public Notice

The New Mexico Open Meeting Act, Section 10-15-1, NMSA 1978, provides that any meeting of a quorum of the members of a public body held for the purpose of formulating public policy discussing public business, or taking action within the authority of the Board, or at which the discussion or adoption of any proposed resolution, rule, regulation, or formal action occurs will be held only after reasonable notice to the public. In accordance with the Open Meetings Act, the Board will establish, at least annually, what constitutes reasonable notice of its meetings.

Agenda

The Chairperson, in consultation with the Executive Committee and the Executive Director, will prepare an agenda for each regular meeting of the Board. The Executive Director will ensure timely dissemination of the agenda to the Board and public.

Any Board Member may request of the Chairperson to have an item placed on, or removed from, the agenda.

Open and Closed Meetings

In addition to requiring public notice of Board meetings, the Open Meetings Act requires all Board meetings to be open to the public at all times unless an exception found in the Open Meetings Act permits a closed meeting.

Minutes

Pursuant to the Open Meetings Act, written minutes will be kept of all public Board meetings, as well as committee meetings, and all minutes shall be open to public inspection. Draft minutes will be approved, amended or disapproved at the next meeting where a quorum is present. Draft minutes may be inspected by members of the public after completion in final draft form but will not become official until approved by the Board.

Board Meeting Attendance

Board Members will ensure strict compliance with 2.81.1.11, NMAC which governs Board meeting attendance.

EXECUTIVE DIRECTOR

General Provisions

The Executive Director will comply with the Code of Ethics established for the Authority (2.81.3, NMAC) and may not have a direct financial or direct personal interest in any company or business that has a contractual obligation with the NMRHCA.

The Executive Director will ensure that all employees of the Authority are aware of their rights and responsibilities and ensure at a minimum:

1 Confidentiality of retiree and dependent enrollment and medical and fiscal records.

2 No conflict of interest or appearance thereof with respect to participation on boards, corporations, or public or private organizations. No conflict of interest or appearance thereof with respect to professional, occupations, or business licenses.

3 Adherence to a pertinent professional code of ethics and standard of professional conduct as prescribed by the Board.

4 No solicitation of gifts, favors, or other items of value from persons with whom the NMRHCA transacts business or companies with whom the NMRHCA may contract.

5 No acceptance of unsolicited items of value that are of such character as to manifest, or appear to manifest, influence upon an employee in carrying out his/her responsibilities to the NMRHCA.

Responsibilities of the Executive Director

The Executive Director is responsible for organizational performance and exercises authority over the day-to-day operations of the Authority. The Executive Director is responsible for the management of all staff and the Board delegates authority for staff management to the Executive Director.

In general, all personnel decisions made by the Executive Director are final. However, the Authority may utilize an appeals process that allows for personnel decisions to be reviewed by the Board.

Employment of the Executive Director

Employment of the Executive Director will be by the Board. The terms of employment for the Executive Director will be subject to applicable policies as they pertain to exempt employees and conditions outlined by the Board.

The Board believes that the selection of an Executive Director is one of the most important tasks performed by the Board. To that end, the Board will carefully consider the following:

- Specifying what the Board expects the Executive Director to do;
- Specifying the education and experience the Board considers essential to performing the work of Executive Director;
- Developing and implementing a recruitment strategy for the position; and
- Applying screening processes, interviewing qualified candidates, and selecting the candidate deemed to be most qualified for the position.

Executive Director Evaluations

The Executive Committee of the Board is responsible for evaluating the Executive Director and will utilize mechanisms to provide periodic feedback on Executive Director performance and on the overall performance of the agency.

The Board endorses the use of an evaluation instrument as a tool in planning, goal setting, establishing shared understandings, providing feedback, and making other decisions. For this reason, the Board may implement a written evaluation form with the Executive Director, whether or not one is required by other controlling agencies such as the Department of Finance and Administration.

Sound personnel practices provide that evaluation instruments are most effective when done at least annually, when the raters and individual establish shared understandings at the beginning of the evaluation period concerning expectations and performance criteria, and when feedback is provided on an ongoing basis.

Executive Director Leave

The Executive Director will notify the Chairperson for approval when annual leave is to be taken. The notice will be given as far in advance as possible.

APPEAL OF BENEFIT DETERMINATIONS

The Board will not consider appeals of medical, dental or visions benefit determinations made by contracted carriers or staff of the Authority. As such, it is the policy of the Board that beneficiaries wishing to appeal benefit determinations made by contracted carriers or staff should make their appeal to the Office of the Superintendent of Insurance.

The Executive Director will report to the board the outcome of any appeals determined by the Office of the Superintendent of Insurance.

FY18 Board Elections/Committee Assignments (Action Item)

Background

Article 7C Section 10-7C-6. Board created; membership; authority.

A. There is created the "board of the retiree health care authority". The board shall be composed of not more than twelve members.

B. The board shall include:

(1) one member who is not employed by or on behalf of or contracting with an employer participating in or eligible to participate in the Retiree Health Care Act and who shall be appointed by the governor to serve at the pleasure of the governor;

(2) the educational retirement director or the educational retirement director's designee;

(3) one member to be selected by the public school superintendents' association of New Mexico;

(4) one member who is a teacher who is certified and teaching in elementary or secondary education to be selected by a committee composed of one person designated by the New Mexico association of classroom teachers, one person designated by the national education association of New Mexico and one person designated by the New Mexico federation of teachers;

(5) one member who is an eligible retiree of a public school and who is selected by the New Mexico association of retired educators;

(6) the executive secretary of the public employees retirement association or the executive secretary's designee;

(7) one member who is an eligible retiree receiving a benefit from the public employees retirement association and who is selected by the retired public employees of New Mexico;

(8) one member who is an elected official or employee of a municipality participating in the Retiree Health Care Act and who is selected by the New Mexico municipal league;

(9) the state treasurer or the state treasurer's designee; and

(10) one member who is a classified state employee selected by the personnel board.

C. The board, in accordance with the provisions of Paragraph (3) of Subsection D of Section 10-7C-9 NMSA 1978, shall include, if they qualify:

(1) one member who is an eligible retiree of an institution of higher education participating in the Retiree Health Care Act and who is selected by the New Mexico association of retired educators; and

(2) one member who is an elected official or employee of a county participating in the Retiree Health Care Act and who is selected by the New Mexico association of counties.

D. Every member of the board shall serve at the pleasure of the party that selected that member.

E. The members of the board shall begin serving their positions on the board on the effective date of the Retiree Health Care Act or upon their selection, whichever occurs last, unless that member's corresponding position on the board has been eliminated pursuant to Subsection D of Section 10-7C-9 NMSA 1978.

F. The board shall elect from its membership a president, vice president and secretary.

G. The board may appoint such officers and advisory committees as it deems necessary. The board may enter into contracts or arrangements with consultants, professional persons or firms as may be necessary to carry out the provisions of the Retiree Health Care Act.

H. The members of the board and its advisory committees shall receive per diem and mileage as provided in the Per Diem and Mileage Act [10-8-1 NMSA 1978] but shall receive no other compensation, perquisite or allowance.

History: Laws 1990, ch. 6, § 6; 1993, ch. 362, § 2; 2003, ch. 382, § 1.

Action Item

In compliance with section F, NMRHCA's board elections typically occur in July of each year for the ensuing 12-month period. In addition, committee assignments are designated for same time period with a full list of current committee assignments is provided below.

Current Committee Assignments

Executive	**Finance & Investment**	**Legislative**
Mr. Sullivan, Chair	Mr. Crandall, Chair	Mr. Montano, Chair
Mr. Montano	Mr. Sullivan	Mr. Linton
Mr. Crandall	Ms. Goodwin	Ms. Saunders
	Mr. Montano	

Audit	**Wellness**
Ms. Goodwin, Chair	Ms. Goodwin, Chair
Mr. Sullivan	Mr. Montano
Mr. Montano	Ms. Saunders
Mr. Linton	Mr. Linton

This rule was filed as 2 NMAC 81.3.

TITLE 2 PUBLIC FINANCE
CHAPTER 81 RETIREE HEALTH CARE FUNDS
PART 3 CODE OF ETHICS

2.81.3.1 ISSUING AGENCY: NM Retiree Health Care Authority ("NMRHCA").
[6/15/98; Recompiled 10/01/01]

2.81.3.2 SCOPE: This rule applies to all board members, employees, actuaries, consultants, attorneys and members of ad. hoc. or standing committees of the NMRHCA.
[6/15/98; Recompiled 10/01/01]

2.81.3.3 STATUTORY AUTHORITY: This rule is promulgated pursuant to the New Mexico Retiree Health Care Act (the "Act"), Sections 10-7C-1 et seq. NMSA 1978.
[6/15/98; Recompiled 10/01/01]

2.81.3.4 DURATION: Permanent.
[6/15/98; Recompiled 10/01/01]

2.81.3.5 EFFECTIVE DATE: June 15, 1998 [unless a later date is cited at the end of a section].
[6/15/98; Recompiled 10/01/01]

2.81.3.6 OBJECTIVE:

A. The objective of this rule is to establish procedures governing a code of ethics that must be adhered to by those persons covered and provide penalties for failure to comply. The proper operation of a democratic government requires that public representatives and those attorneys, consultants, agents and employees on who they rely for advice and opinions be independent, impartial, and responsible to the people.

B. NMRHCA decisions and policy should be made through proper channels of the NMRHCA structure and public office, employment or contracts should not be used for personal gain. A conflict of interest exists when a public representative's, public employee's or public contractor's private or personal interests conflict with his/her public duties or when a public representative, public employee, agent, consultant or attorney for the public entity uses insider knowledge, official position, power or influence to further his/her private interests.

C. When a sound code of ethics is promulgated and enforced, the public has confidence in the integrity of its government. The objective of the code of ethics rule is to advance openness in government by requiring disclosure of private interests that may affect public acts, to set standards of ethical conduct, to minimize pressures on public representatives and to establish a process for reviewing and settling alleged violations.
[6/15/98; Recompiled 10/01/01]

2.81.3.7 DEFINITIONS: As used in the code of ethics rule:

A. **"business"** means a corporation, partnership, sole proprietorship, firm, organization, or individual carrying on a business or owning real property other than a personal residence;

B. **"insider information"** or **"confidential information"** means information which is confidential under law or practice or which is not generally available outside the circle of those who regularly serve the NMRHCA as a board member, public representative, official, employee, agent, consultant or attorney;

C. **"financial interest"** means:

(1) an interest of ten percent or more in a business or an interest exceeding ten thousand dollars ($10,000.00) in a business; for a board member, official, employee, agent, consultant attorney or other public representative this means an interest held by the individual or his or her spouse, siblings, parents, or children;

(2) an ownership interest held by the individual or his/her spouse, siblings, parents or children in business; or

(3) any employment or prospective employment (for which negotiations have already begun) of the individual or his/her spouse, siblings, parents or children;

D. **"public representative"** means a person serving the NMRHCA as board member, official, employee, agent, consultant or attorney or as a member of an ad.hoc. or standing NMRHCA advisory committee;

E. **"controlling interest"** means an interest which is greater than twenty percent;

F. **"official act"** means an official decision, recommendation, approval, disapproval or other action which involves the use of discretionary authority, except the term does not mean an act of the legislative or an act of general applicability.
[6/15/98; Recompiled 10/01/01]

2.81.3.8 PUBLIC REPRESENTATIVE/REGISTRATION/DISCLOSURE:

A. Upon becoming a public representative, the public representative shall provide registration information to the NMRHCA office as listed below. This information shall be updated at the end of every fiscal year and shall be available to the public at all times:

(1) name;

(2) address and telephone number;

(3) professional, occupational or business licenses;

(4) membership on boards of directors of corporations, public or private associations or organizations; and

(5) the nature, but not the extent or amount, of any financial interests and controlling interests as defined in the code of ethics rule within one month of becoming a public representative.

B. A public representative who has a financial interest which may be affected by an official act of the NMRHCA, ad. hoc. or advisory committee shall declare such interest prior to discussion, voting, advising or taking any other action and that declaration shall be entered in the official minutes of the NMRHCA. A public representative shall abstain from voting, advising or taking any other action including discussion on that issue if the decision, in the public representative's opinion, may affect his/her financial interest in a manner different from its effect on the general public.
[6/15/98; Recompiled 10/01/01]

2.81.3.9 PROHIBITIONS/PRIVATE BENEFITS OR GIFTS/PERSONAL REPRESENTATION/ USE OF NMRHCA SERVICES/ACQUIRING FINANCIAL INTEREST:

A. No public representative nor a member of his/her family shall request or receive and accept a gift or loan for his/her personal use or for another, if:

(1) it tends to influence the public representative in the discharge of his/her official acts; or

(2) the public representative, within two years, has been involved in any official act directly affecting the donor or lender or knows that he/she will be involved in any official act directly affecting the donor or lender.

B. No public representative shall request or receive a gift or loan for personal use or for the use of others from any person or business involved in a business transaction with the NMRHCA with the following exceptions:

(1) an occasional nonpecuniary gift of insignificant value;

(2) an award publicly presented in recognition of public service;

(3) a commercially reasonable loan made in the ordinary course of business by an institution authorized by the laws of the state to engage in the business of making loans; or

(4) a political campaign contribution, provided that such gift or loan is properly reported and actually used in a political campaign.

C. No public representative shall personally represent private interests before the board of the NMRHCA or any ad. hoc. or standing committee, which the public representative is a member, or directly or indirectly receive compensation for that representation.

D. No public representative shall personally represent private interests before the NMRHCA board, ad. hoc., standing committees or directly or indirectly receive compensation for that representation.

E. No public representative shall use or disclose insider information for his or others private purposes.

F. No public representative shall use NMRHCA services, personnel or equipment for personal benefit, convenience or profit, except when such use is generally available to the public and when in accordance with policies of the NMRHCA board.

G. No public representative shall acquire or negotiate to acquire a financial interest at a time when the official believes or has reason to believe that it will be substantially or directly affected by his official acts.

H. No public representative shall enter into a contract or transaction with the NMRHCA or its public representatives, unless the contract or transaction is made public by filing notice with the NMRHCA board.

I. A public representative shall disqualify himself from participating in any official act directly affecting a business in which he has a financial interest.

J. No public representative shall use confidential information acquired by virtue of his employment, office or status for his or another's private gain.

K. The NMRHCA shall not enter into any contract with an employee of the state or with a business in which the employee has a controlling interest, involving services or property of a value in excess or one thousand dollars ($1,000), when the employee has disclosed his controlling interest unless the contract is made after public notice and competitive bidding; provided that this section does not apply to a contract of official employment with the NMRHCA.

L. The NMRHCA shall not enter into a contract with, nor take any action favorable affecting, any person or business which is:

(1) represented personally in the matter by a person who has been an employee of the state within the preceding year if the value of the contract or action is in excess of one thousand dollars ($1,000) and the contract is a direct result of an official act by the employee; or

(2) assisted in the transaction by a former employee of the state whose official act, while in state employment, directly resulted in the NMRHCA's making that contract or taking that action.

M. The NMRHCA shall not enter into any contract of purchase with a legislator or with a business in which such legislator has controlling interest, involving services or property in excess of one thousand dollars ($1,000) where the legislator has disclosed his controlling interest, unless the contract is made after public notice and competitive bidding. As used in Section 9.13 [now Subsection M of 2.81.3.9 NMAC], contract shall not mean a "lease."
[6/15/98; Recompiled 10/01/01]

2.81.3.10 ENFORCEMENT/COMPLAINT/HEARING OFFICER/PENALTY FOR VIOLATION/ FRIVOLOUS COMPLAINTS:

A. Any contract approval, sale or purchase entered into or official action taken by a public official in violation of this rule may be voided by action of the NMRHCA board.

B. Any person may make a sworn, written complaint to the NMRHCA board of a violation by a public official of any provisions of the code of ethics rule. Such complaint shall be filed with the NMRHCA executive director or if it is a complaint against him, with a member of the NMRHCA board, who shall maintain the confidentiality thereof and instruct the complainant of the confidentiality provisions of the code of ethics rule, and shall refer said complaint to the NMRHCA board at its next regularly scheduled meeting in executive session. The complaint shall state the specific provision of the code of ethics rule which has allegedly been violated and the facts which the plaintiff believes support the complaint.

C. Within fifteen days of receiving the complaint, the NMRHCA board in executive session shall appoint a hearing officer to review the complaint for probable cause. Within fifteen days of undertaking the inquiry to determine probable cause, the hearing officer shall report his findings to the NMRHCA board. Upon find of probable cause, within 30 days, the hearing officer shall conduct an open hearing in accordance with due process of law. Fifteen days notice in advance of the hearing shall be provided to the person subject to the complaint. Within a time specified by the NMRHCA board, the hearing officer shall report his findings and recommendations to the NMRHCA board for appropriate action based on those findings and recommendations.

D. If the complaint is found to be frivolous, the NMRHCA board may assess the complainant the costs of the hearing officer's fees.

E. Except for the hearing, the proceedings shall be kept confidential by all parties concerned, unless the accused public official requests that the process be open at any stage. Persons complained against shall have the opportunity to submit documents to the hearing officer for his review in determining probable cause.

F. Any violation of the law shall be referred to the appropriate law enforcement agency for prosecution.
[6/15/98; Recompiled 10/01/01]

2.81.3.11 CODE OF ETHICS HEARING OFFICER/APPOINTMENT/QUALIFICATIONS/DUTIES:

A. A hearing officer shall be appointed by the NMRHCA board for each complaint. The hearing officer may be an authority board member, agent or employee of the NMRHCA or another person. The complainant and the person complained against have the right to one disqualification of a designated hearing officer.

B. The hearing officer shall:

(1) receive written complaints regarding violations of the code of ethics rule, notify the person complained against of the charge, and reject complaints not supported by probable cause; in the event the hearing officer rejects a complaint as lacking in probable cause, he shall provide a written statement of reasons for his rejection to the NMRHCA board and the complainant;

(2) conduct hearings of all complaints received; and

(3) report the findings of the hearings and make recommendations on resolving the complaint to the NMRHCA board.

C. The decision of the board shall be final and not subject to appeal.
[6/15/98; Recompiled 10/01/01]

2.81.3.12 VIOLATION: It is a violation of this rule for any public official knowingly, willfully or intentionally to conceal or fails to disclose any financial interest called for by the code or violate any of the provisions hereof.
[6/15/98; Recompiled 10/01/01]

2.81.3.13 PENALTIES: Upon recommendation of the hearing officer the NMRHCA board may:

A. issue a public reprimand to the public official;
B. remove or suspend from his office, employment or contract the public official; and
C. refer complaints against public officials to the appropriate law enforcement agency for investigation and prosecution.

[6/15/98; Recompiled 10/01/01]

HISTORY OF 2.81.3 NMAC:

Pre-NMAC History: The material in this part was derived from that previously filed with the State Records Center and Archives under:
RHCA Rule 90-3, Code of Ethics, 7/10/90.

History of Repealed Material: [RESERVED]

New Mexico Retiree Health Care Authority

Code of Ethics Disclosure Statement

Pursuant to Retiree Health Care Authority Rule Title 2, Chapter 81, Part 3, within one month of becoming a board member, employee, actuary, consultant, attorney, or member of ad hoc or standing committee, and at the end of every fiscal year thereafter, you are required to furnish the following information:

1. **Name:** _____

2. **Address:** _____

   _____

   Home Phone: _____ **Work Phone:** _____

3. **Professional, occupational, or business licenses, if any:**

Type of License	License No.

Continue on separate sheet if necessary

4. **Identify each corporation, and public or private association and organization, on the board of which you are a member:**

Name of Organization	Address of Organization	Position or Office in Organization

Continue on separate sheet if necessary

5. **The NMRHCA Code of Ethics defines the terms used in this form as follows:**

   "Business" *means: a corporation, partnership, sole proprietorship, firm, organization, or individual carrying on a business or owning real property other than a personal residence.*

"Financial Interest" *means:*

(a) An interest of ten percent (10%) or more in a Business or an interest exceeding ten thousand dollars ($10,000) in a Business; or

(b) An ownership interest in a business; or

(c) Any employment or prospective employment (for which negotiations have already begun) with a Business,

on the part of a board member, official, employee, agent, consultant, or attorney, or by the spouse, siblings, parents, or minor children of such individual.

Identify each Business in which you have a Financial Interest as those terms are defined in the NMRHCA Code of Ethics.

Name of Business	Address of Business	Nature of Business

Continue on separate sheet if necessary

SIGNATURE: _____

PRINT NAME: _____

DATE: _____

NEW MEXICO RETIREE HEALTH CARE AUTHORITY
RESOLUTION NO. 2018-1

WHEREAS the Board of Directors of the New Mexico Retiree Health Care Authority (NMRHCA) met in a regular meeting at 9:30 a.m. on July __, 2017, and

WHEREAS, Section 10-15-l(B) of the Open Meeting Acts (NMSA 1978, Section 10-15-1 to 4) states that, except as may be otherwise provided in the Constitution of the State of New Mexico or in the provisions of the Open Meetings Act, all meetings of a quorum of members of any board, commission, administrative adjudicatory body or other policy-making body of any state agency, any agency or authority of any county, municipality, district or any political subdivision, held for the purpose of formulating public policy, including the development of personnel policy, rules, regulations or ordinances, discussing public business or for the purpose of taking any action within the authority of or the delegated authority of such body, are declared to be public meetings open to the public at all times; and

WHEREAS, any meeting subject to the Open Meetings Act at which the discussion or adoption of any proposed resolution, rule, regulation or formal action occurs shall be held only after reasonable notice to the public; and

WHEREAS, Section 10-15-1(D) of the Open Meetings Act requires the NMRHCA Board to determine at least annually in a public meeting what constitutes reasonable notice of its public meetings;

NOW, THEREFORE, BE IT RESOLVED by the NMRHCA that the following is determined to constitute reasonable notice to the public of its meetings:

1. Location and Time of Meetings: Unless otherwise specified by the NMRHCA Board, regular meetings will be held on the first Tuesday of every month. All regular meetings may be held at a location in Albuquerque or Santa Fe beginning at 9:30 a.m. or as indicated in the meeting notice.

2. Meeting Notice and Agenda: A meeting notice shall be prepared by the NMRHCA for each board meeting. Each meeting notice shall include either the agenda of the meeting or information on how the public may obtain a copy of the agenda of the meeting. Each meeting agenda shall consist of a list of specific items of business to be discussed or transacted at the meeting. Except for emergency matters, the NMRHCA shall take action only on items appearing on the agenda.

Except in the case of an emergency meeting, the agenda will be available to the public at least seventy-two (72) hours prior to the meeting from the Executive Director, whose office is located at 4308 Carlisle Blvd. NE, Suite 104, Albuquerque, NM 87107. In the case of an emergency meeting, the agenda shall be made available to the public as soon as is reasonably possible.

3. Regular Meetings: Notice of regular meetings will be made at least ten (10) days in advance of the meeting date.

4. Special Meetings: A special meeting of the board is a meeting other than a regular or emergency meeting and may be called by the president, vice-president or any three (3) board members at least seventy-two (72) hours prior to the meeting date for the specific purposes specified in the call.

5. Emergency Meetings: An emergency meeting of the board is a meeting other than a regular or special meeting and may be called by the president, vice-president, or any two (2) board members only under unforeseen circumstances which demand immediate action to protect the health, safety and property of citizens or to protect the NMRHCA from substantial financial loss. Within ten (10) days of taking action on an emergency matter, the NMRHCA shall report to the New Mexico Attorney General's office the action taken and the circumstances creating the emergency; provided that the requirement to report to the attorney general is waived upon the declaration of a state or national emergency.

6. Notification Process:

A. Regular Meetings: For the purposes of regular meetings described in paragraph 1 of this resolution, notice requirements are met if notice of the date, time, place and agenda (or information on how the public may obtain a copy of the agenda) is posted on NMRHCA's website and posted in the office(s) of the NMRHCA not less than ten (10) calendar days before the time the regular meeting is to commence. Within the same time frame, a copy of the notice must be mailed to broadcast stations licensed by the Federal Communications Commission and newspapers of general circulation that have made a written request for notice of public meetings.

B. Special and Emergency Meetings: For the purpose of special meetings and emergency meetings described in paragraphs 4 and 5 of this resolution, notice requirements are met by posting notice of the date, time, place and agenda in the offices of the NMRHCA. Additionally, if practicable, notice of the date, time, place and agenda (or information on how the public may obtain a copy of the agenda) may be placed on NMRHCA's website. Within the same time frame, telephonic notice will be provided to broadcast stations licensed by the Federal Communications Commission and newspapers of general circulation that have made a written request for notice of public meetings.

7. Accommodation of Individuals with Disabilities: In addition to the information specified above, all notices shall include the following language:

"If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service, contact the NMRHCA at 1-800-233-2576, at least one week prior to the meeting or as soon as possible. Public documents, including the agenda and minutes, can be provided in various accessible formats. Please contact the NMRHCA at 1-800-233-2576 if a summary or other type of accessible format is needed."

8. Closed Meetings: The NMRHCA Board may close a meeting to the public only if the subject matter of such discussion or action is exempted from the open meeting requirement under Section 10-15-1(H) of the Open Meetings Act or by the New Mexico Constitution.

A. If any meeting is closed during an open meeting, such closure shall be approved by a majority vote of a quorum of the NMRHCA Board taken during the open meeting. The authority for the closure and the subjects to be discussed shall be stated with reasonable specificity in the motion for closure and the vote on closure of each individual member shall be recorded in the minutes. Only those subjects specified in the motion may be discussed in a closed meeting.

B. If the decision to hold a closed meeting is made when the NMRHCA Board is not in an open meeting, the closed meeting shall not be held until public notice, appropriate under the circumstances, stating the specific provision of law authorizing the closed meeting and the subjects to be discussed with reasonable specificity is given to the members and to the general public.

C. Following completion of any closed meetings, the minutes of the open meeting that was closed, or the minutes of the next open meeting if the closed meeting was separately scheduled, shall state whether the matters discussed in the closed meeting were limited only to those specified in the motion or notice for closure.

D. Except as provided in Section 10-15-1(H) of the Open Meetings Act, any action taken as a result of discussions in a closed meeting shall be made by vote of the NMRHCA in an open public meeting.

9. Annual Meeting of NMRHCA Board: Pursuant to NMAC 2.81.1.12, the Board shall hold an annual meeting at such time as the Board determines.

Passed by the NMRHCA Board this __th day of July 2017.

Board President	David Archuleta Executive Director

Budget Adjustment Request (BAR)
Health Care Benefits Administration

Background

The Patient Protection and Affordable Care Act (the Act) imposes a new Patient-Centered Outcomes Research Institute (PCORI) fee, formerly the comparative effectiveness research fee, on plan sponsors and issuers of individual and group policies. For the New Mexico Retiree Health Care Authority (NMRHCA), the fee equals $2.26 multiplied by the average pre-Medicare membership for calendar year 2016 ($2.26 x 17,454 = $39,447). The due date for filing and paying this fee with the IRS is July 31, 2017.

2018 Budget Adjustment Request

Health Care Benefits Administration Program (amounts shown in thousands)				
		FY18 Approved Operating	Budget Adjustment Request	Adjusted Total
300	Contractual Services	$ 317,091.2	$ (1.7)	$ 317,089.5
400	Other	$ 37.8	$ 1.7	$ 39.5
500	Other Financing Uses	$ 2,936.8		$ 2,936.8
	Total	**$ 320,065.8**	**$ -**	**$ 320,065.8**

Fiscal Implications

The BAR will transfer a nominal amount from the contractual services category to other category to cover the fee for calendar 2016.

Legal Authority

Laws 2017, Chapter 135, Section 9, Subsection C… "In addition to the specific category transfers authorized in Subsection E of this section and unless a conflicting category transfer is authorized in Subsection E of this section, all agencies, including legislative agencies, may request category transfers among personal services and employee benefits, contractual services and other."

Other Substantive Issues

The PCORI fee will become a recurring expense to NMRHCA through 2019 and sufficient budgeted authority will be requested to meet this obligation accordingly.

Budget Adjustment Request (BAR)
Program Support

Background

The New Mexico Retiree Health Care Authority (NMRHCA) requested $1,997.3 in the personal services and employee benefits category for Program Support, for fiscal year 2018, which included sufficient funding for all authorized positions including 2 vacant FTE budgeted (mid-point of the salary), however, only $1,858.8 was appropriated for FY18.

Current projections including the need to fill 4, and soon to be 5, vacant positions indicated a $39,500 shortfall assuming all vacancies (at mid-point) are filled by the last pay period in September.

2018 Budget Adjustment Request

Program Support (amounts shown in thousands)				
		FY18 Approved Operating	Budget Adjustment Request	Adjusted Total
200	PS&EB	$ 1,858.8	$ 40.0	$ 1,898.8
300	Contractual Services	$ 544.8		$ 544.8
400	Other	$ 533.2		$ 533.2
	Total	**$ 2,936.8**	**$ 40.0**	**$ 2,976.8**
Healthcare Benefits Administration Program				
		FY18 Approved / Adjusted Operating	Budget Adjustment Request	Adjusted Total
300	Contractual Services	$ 317,089.5		$ 317,089.5
400	Other	$ 39.5		$ 39.5
500	Other Financing Uses	$ 2,936.8	$ 40.0	$ 2,976.8
	Total	**$ 320,065.8**	**$ 40.0**	**$ 320,105.8**

Fiscal Implications

The BAR increase transfers from the Healthcare Benefits Administration program Other Financing Uses category to the Personal Services and Employee Benefits category to support the recruitment and retention of the 4 vacant FTE including: deputy director, 3 customer service representatives and soon to be vacant financial analyst.

Legal Authority

Laws 2017, Chapter 135, Section 3(I) "Pursuant to Sections 6-3-23 through 6-3-25 NMSA 1978, agencies whose revenues from state board of finance loans, from revenue appropriated by other acts of the legislature, or gifts, grants, donations, bequests, insurance settlements, refunds or payments into revolving funds exceeds specifically appropriated amounts may request budget increases from the state budget division. If approved by the state budget division, such money is appropriated."

Other Substantive Issues

NA.

BlueCross BlueShield of New Mexico

BCBSNM Medicare Advantage (MAPD) Network Optimization

BCBSNM is working hard to enhance our provider network. This network optimization will ensure that our providers within our MAPD network share our commitment to improving our member's health and wellness. Changes to our network reflect our dedication to working with providers who are committed to the quality measures of CMS Star Rating system.

- **Effective September 1, 2017**
- **We are committed to a smooth transition to impacted members. In the member letter it provides a dedicated toll-free phone number (1-877-888-1677) that goes directly to BCBSNM staff that have been highly trained to assist members finding a new PCP.**

  The Customer Advocate (CA) will explain that there are 2 large provider groups that have available providers and if the member is interested they will be warm transferred to either DaVita or Lovelace Medical Group Concierge lines. The CA will remain on the line to let the Concierge staffed personnel know that this is related to a MAPD member needs to select a new provider.

  Both Concierge lines (DaVita and Lovelace) will offer to assist in scheduling an appointment with the new provider and explain the medical records transfer process.

  Both providers groups are committed to assisting in getting the member's medical records.
- **177 providers terminated for quality metrics.**
- **7% of the entire MAPD HMO statewide network**
- **PCPs only terminated – no specialist and we don't have future plans to terminate anymore providers at this time.**

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- **There are 399 members impacted and I have enclosed a list of the members, where they reside and who their current PCP is and where their PCP are located.**
- **Provider Letters -- sent via certified mail as of June 1, 2017.**
- **CMS must approve all communications and changes. No communication can be done without CMS approval.**
- **The Mailing schedule for members is below and include group and individual MAPD members.**
    - Target Mail Drop #1 - 6/1 (afternoon mail) (1,278 members)
    - Target Mail Drop #2 - 6/8 (1,306 members)
    - Target Mail Drop #3 - 6/15 (665 Santa Fe members)
    - Target Mail Drop #4 - 6/22 (344 PPO members in four-county area and Santa Fe) This mailing will not impact Sandia since they are HMO

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Archuleta, David, NMRHCA

From: Z roqp dqq/#Fkduhv/#VIF
Sent: Wkxuvgd|/#Mxqh#5</#534:#4=36#SP
To: Dufkxdnwd/#Gdylg/#Q P UK FD
Subject: xsfrp lqj#Fkdqjhv#wr#VIF#Iqyhvwp hqw#srrov#
Attachments: FruhbQ rq#Fruh#Il{hg#Iqfrp h#Suhvhqwdwrq#534:1sgi

David – Will call you in 30. I'm attaching a couple items for us to help walk us through the discussion.

Pool changes:

- Full redemption of the absolute return pool
  - Wind-down mode expected to go through 2018/early 2019
  - Pool performance could skew toward equity-focus; expect volatility
  - Recommend possible pool withdrawal, re-deployment in short-term
- Transition of the credit/structured pool into broader "Non-core"
  - Adding unconstrained pool (25%)
  - Structured credit strategies (35%)
  - Lending strategies (25%)
  - Distressed/other (15%)
- Transition of the current core-plus to "Core"
  - Keeps current core plus managers
  - Added diversification
  - Maintain long-only portfolio
  - Expected to add High Yield short duration, Investment-grade corporate manager

Will talk shortly…

Charles Wollmann
Director, Communications, Legislative & Client Relations

NEW MEXICO STATE INVESTMENT COUNCIL

(505) 476 9540 direct
(505) 231 3334 mobile
http://www.sic.state.nm.us/
NM State Investment Council
41 Plaza la Prensa
Santa Fe, New Mexico 87507

Protecting & growing the state's permanent endowment funds for current and future generations, through prudent & professional investment management

Fixed Income Asset Allocation - 2017

• The 2017 Asset Allocation Study will split the fixed income portfolio into two separate allocations.

•The "Core" allocation will be a highly liquid, highly-rated portfolio whose primary objectives are to preserve capital, produce income, and to provide liquidity in the event of severe market shocks.

•The "Non-Core" allocation's primary objective will be to produce yield and generate returns utilizing strategies that fall within the range of traditional fixed income/credit strategies. Many of these strategies will not be liquid allowing the SIC to take advantage of illiquidity premiums available in these markets.

•Non-Core investments will fall within the following strategies:

- •Structured Credit
- •Direct Lending
- •Unconstrained
- •Distressed/Other Specialty Investments

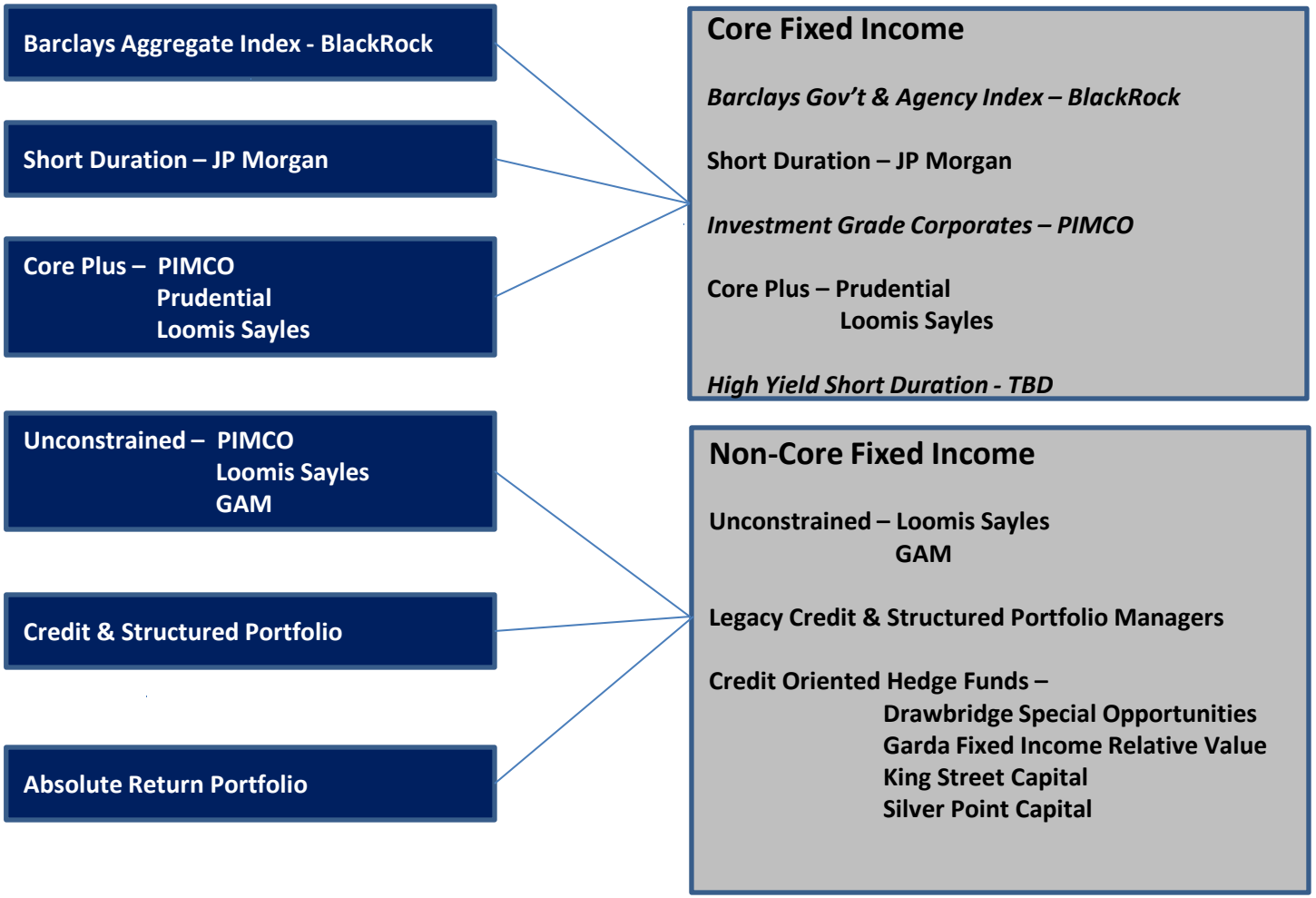
• The size of the Core allocation will be determined primarily by the Liquidity Study being presented today.

• The size of the Non-Core allocation will be determined by the overall mean-variance optimization developed by RVK.

• The allocations within Core and Non-Core will be modeled by SIC staff, RVK and Aksia and will be presented in August.

Current Portfolio Construction

Proposed Portfolio Construction



Your Collaborative Planning Guide

New Mexico Retiree Health Care Authority

07/13/17

Harris Zeyaee Sr. Clinical Account Executive

EXPRESS SCRIPTS®

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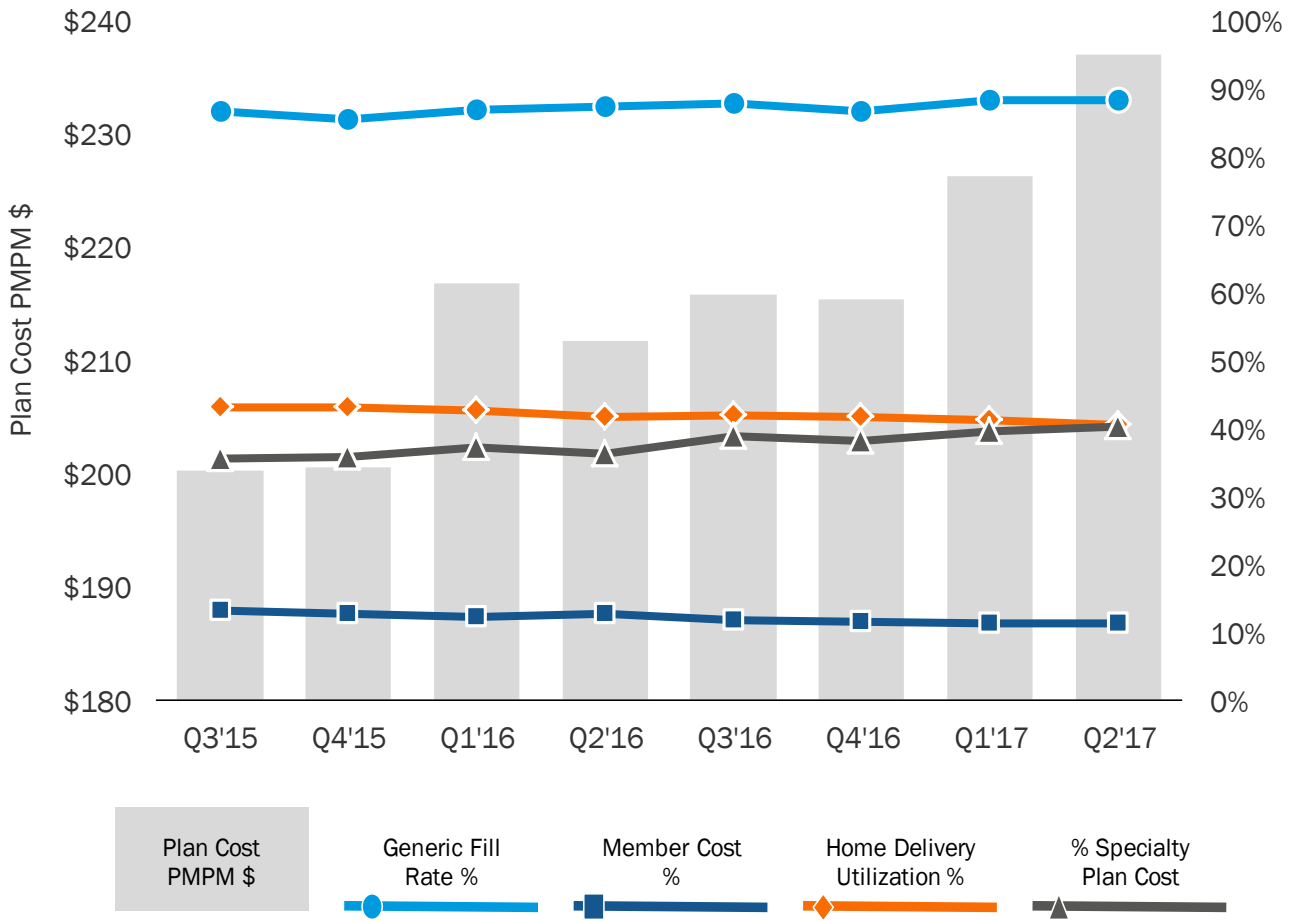
Key Metrics by Quarter



Generic Fill Rate % calculated with Unadjusted Rxs

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Top Line Performance Metrics: By LOB

- NMRHCA Commercial had the lower Plan Cost PMPM at $157.66, trending at 9.0%
- New Mexico Retiree Health Care Authority - EGWP had the higher Plan Cost PMPM at $273.09, trending at 6.4%
- NMRHCA Commercial had the largest percent of their cost in the specialty bucket (45.1%)

New Mexico Retiree Health Care Authority Combined - Key Stats by Population									
	New Mexico Retiree Health Care Authority Combined			New Mexico Health Care Authority Commercial			New Mexico Retiree Health Care Authority - EGWP		
Description	7-16 - 5-17	7-15 - 5-16	Change	7-16 - 5-17	7-15 - 5-16	Change	7-16 - 5-17	7-15 - 5-16	Change
Average Members per Month	40,227	40,622	-1.0%	17,141	17,781	-3.6%	23,086	22,841	1.1%
Number of Unique Patients	38,240	38,482	-0.6%	16,092	16,592	-3.0%	22,880	22,651	1.0%
Total Plan Cost	$99,078,093	$92,806,077	6.8%	$29,727,675	$28,304,169	5.0%	$69,350,418	$64,501,908	7.5%
Total Net Cost	$82,338,411	$77,591,313	6.1%	$23,747,631	$22,885,821	3.8%	$58,590,780	$54,705,492	7.1%
Total Days	40,633,256	40,652,183	0.0%	10,828,850	11,236,507	-3.6%	29,804,406	29,415,676	1.3%
Rxs	881,329	888,720	-0.8%	297,856	307,937	-3.3%	583,473	580,783	0.5%
Average Member Age	66.0	65.5	0.7%	54.0	53.7	0.5%	74.9	74.7	0.3%
Plan Cost PMPM	$223.91	$207.69	7.8%	$157.66	$144.71	9.0%	$273.09	$256.72	6.4%
Net Cost PMPM	$186.08	$173.64	7.2%	$125.95	$117.01	7.6%	$230.72	$217.73	6.0%
Plan Cost/Day	$2.44	$2.28	6.8%	$2.75	$2.52	9.0%	$2.33	$2.19	6.1%
Plan Cost per Rx	$112.42	$104.43	7.7%	$99.81	$91.92	8.6%	$118.86	$111.06	7.0%
Nbr Rxs PMPM	1.99	1.99	0.1%	1.58	1.57	0.3%	2.30	2.31	-0.6%
Generic Fill Rate	88.0%	86.7%	1.2	87.7%	86.4%	1.3	88.1%	86.9%	1.2
Home Delivery Utilization	41.3%	42.6%	-1.3	41.6%	42.4%	-0.8	41.2%	42.7%	-1.5
Member Cost %	11.5%	12.6%	-1.1	11.3%	12.5%	-1.2	11.6%	12.7%	-1.1
Specialty Percent of Plan Cost	39.2%	36.3%	2.9	45.1%	41.5%	3.6	41.0%	37.6%	3.4
Specialty Plan Cost PMPM	$87.70	$75.37	16.4%	$71.10	$60.02	18.5%	$111.87	$96.40	16.0%
Formulary Compliance Rate	98.3%	98.0%	0.3	98.8%	98.5%	0.3	98.0%	97.7%	0.3

* Rebates are estimated based on paid and expected to be paid amounts. Actual rebate payments may differ from estimates.

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Top Line Performance Metrics: Peer Comparison

- Utilization (Rxs PMPM) for both the Commercial and EGWP RHCA populations are below respective peer groups
- Generic Fill Rate is lower for both populations compared to peer groups
- Member Cost Share is lower for both populations compared to peer groups
- Specialty Percent of Plan Cost is higher for both populations compared to peer groups

	RHCA - Combined	Government Retirement Systems - Combined	RHCA - Commercial	Government Retirement Systems - Non-Medicare	RHCA - EGWP	Government Retirement Systems - Medicare
Description	Jul-16 - May-17	Jul-16 - May-17	Jul-16 - May-17	Jul-16 - May-17	Jul-16 - May-17	Jul-16 - May-17
Average Member Age	66.0	70.8	54.0	56.7	74.9	75.5
Plan Cost PMPM	$223.91	$223.21	$157.66	$171.34	$273.09	$240.17
Plan Cost per Rx	$112.42	$103.50	$99.81	$103.29	$118.86	$103.56
Nbr Rxs PMPM	1.99	2.16	1.58	1.66	2.30	2.32
Generic Fill Rate	88.0%	89.9%	87.7%	88.9%	88.1%	90.1%
Home Delivery Utilization	41.30%	48.3%	41.6%	50.9%	41.2%	47.8%
Member Cost %	11.5%	13.5%	11.3%	13.5%	11.6%	13.5%
Specialty Percent of Plan Cost	39.2%	35.0%	45.1%	44.0%	41.0%	32.9%
Specialty Plan Cost PMPM	$87.70	$78.16	$71.10	$75.45	$111.87	$79.04
Formulary Compliance Rate	98.3%	98.3%	98.8%	98.3%	98.0%	98.3%

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Top 10 Indications

- The largest financially impactful change was in Cancer driving $2.9M in cost from a 25.3% increase in PMPM
- The highest trend is in Anticoagulant at 33.0%, contributing an additional $1.62 to PMPM
- Generic Fill Rate (GFR) in Asthma lags your peer by 4.9 points

REPRESENT

66.2%

OF YOUR TOTAL PLAN COST

Top Indications by Plan Cost

7-16 - 5-17									7-15 - 5-16					% Change
Rank	Peer Rank	Indication	Rxs	Patients	Plan Cost	Generic Fill Rate	Peer Generic Fill Rate	Plan Cost PMPM	Rank	Rxs	Patients	Generic Fill Rate	Plan Cost PMPM	Plan Cost PMPM
1	1	DIABETES	61,791	7,530	$15,165,112	57.2%	50.3%	$34.27	1	61,189	7,545	58.7%	$29.93	14.5%
2	2	CANCER	6,297	1,254	$14,870,236	82.4%	81.8%	$33.61	2	6,219	1,245	84.2%	$26.82	25.3%
3	3	INFLAMMATORY CONDITIONS	2,943	628	$10,793,688	36.3%	29.6%	$24.39	3	2,819	606	35.3%	$19.81	23.1%
4	11	MULTIPLE SCLEROSIS	439	91	$5,025,323	7.7%	5.6%	$11.36	5	426	87	8.0%	$9.83	15.5%
5	6	PAIN/INFLAMMATION	79,615	16,016	$3,940,615	95.4%	93.0%	$8.91	6	80,810	16,405	94.1%	$9.68	-8.0%
6	8	ASTHMA	22,309	6,091	$3,934,864	32.9%	37.7%	$8.89	7	21,455	6,006	32.6%	$7.88	12.8%
7	4	HIGH BLOOD CHOLESTEROL	72,230	15,564	$3,642,959	96.2%	93.1%	$8.23	4	72,739	15,443	85.7%	$11.49	-28.3%
8	7	HIGH BLOOD PRESS/HEART DISEASE	181,152	22,152	$3,109,741	98.6%	97.3%	$7.03	9	183,330	22,017	98.0%	$6.85	2.6%
9	5	ANTICOAGULANT	12,334	2,671	$2,889,002	59.3%	44.8%	$6.53	10	11,688	2,500	67.5%	$4.91	33.0%
10	20	HEPATITIS C	104	32	$2,227,819	20.2%	11.8%	$5.03	8	211	44	41.2%	$7.88	-36.1%
		Total Top 10:	439,214		$65,599,359	86.6%		$148.25		440,886		85.1%	$135.07	9.8%
		Differences Between Periods:	-1,672		$5,242,638	1.5%		$13.17						

Peer = Express Scripts Peer 'Government - Over 65 Population' market segment

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Top 25 Drugs

- Represent 34.3% of your total Plan Cost and comprise 10 indications
- 10 of your top 25 are specialty drugs, making up 51.3% of your Top 25 spend

Top Drugs by Plan Cost													
				7-16 - 5-17				7-15 - 5-16				% Change	
Rank	Peer Rank	Brand Name	Indication	Rxs	Pts.	Plan Cost	Plan Cost PMPM	Rank	Rxs	Pts.	Plan Cost PMPM	Plan Cost PMPM	
1	4	ENBREL*	INFLAMMATORY CONDITIONS	424	93	$3,402,953	$7.69	1	402	98	$6.31	21.8%	
2	5	HUMIRA PEN*	INFLAMMATORY CONDITIONS	385	86	$3,113,901	$7.04	2	446	94	$6.28	12.0%	
3	1	REVLIMID*	CANCER	246	33	$2,984,150	$6.74	3	247	35	$5.96	13.1%	
4	3	JANUVIA	DIABETES	3,113	754	$1,721,069	$3.89	6	3,022	714	$3.50	11.1%	
5	16	XTANDI*	CANCER	143	26	$1,468,155	$3.32	15	106	18	$2.25	47.2%	
6	7	LANTUS SOLOSTAR	DIABETES	2,817	749	$1,461,146	$3.30	5	2,932	805	$3.66	-9.7%	
7	8	HUMALOG KWIKPEN U-100	DIABETES	1,540	548	$1,307,404	$2.95	20	1,042	446	$1.85	59.8%	
8	14	IMBRUVICA*	CANCER	145	25	$1,286,532	$2.91	24	90	15	$1.67	74.3%	
9	12	ADVAIR DISKUS	ASTHMA	2,286	711	$1,237,672	$2.80	9	2,481	756	$2.74	2.1%	
10	23	FORTEO*	OSTEOPOROSIS	337	64	$1,223,290	$2.76	19	291	62	$1.91	44.6%	
11	21	LEVEMIR FLEXTOUCH	DIABETES	1,694	459	$1,181,161	$2.67	8	1,928	488	$2.81	-4.9%	
12	9	LYRICA	PAIN/INFLAMMATION	2,158	494	$1,154,637	$2.61	11	2,182	500	$2.35	11.2%	
13	6	XARELTO	ANTICOAGULANT	2,262	588	$1,131,146	$2.56	22	1,795	463	$1.77	44.3%	
14	20	IBRANCE*	CANCER	104	19	$1,098,564	$2.48	33	58	14	$1.32	88.6%	
15	13	METFORMIN HCL ER	DIABETES	4,554	1,091	$1,015,249	$2.29	30	4,180	983	$1.39	65.3%	
16	30	COPAXONE*	MULTIPLE SCLEROSIS	128	21	$974,636	$2.20	16	130	22	$2.17	1.6%	
17	2	ELIQUIS	ANTICOAGULANT	2,036	462	$955,861	$2.16	42	1,182	290	$1.12	92.5%	
18	69	IMATINIB MESYLATE*	CANCER	61	14	$949,245	$2.15	66	23	11	$0.70	204.3%	
19	11	SPIRIVA	COPD	1,733	446	$933,666	$2.11	17	1,997	538	$2.14	-1.4%	
20	243	BEXAROTENE	CANCER	27	3	$928,108	$2.10	70	9	2	$0.68	209.2%	
21	29	LANTUS	DIABETES	1,505	384	$914,855	$2.07	12	1,701	437	$2.33	-11.2%	
22	18	SYMBICORT	ASTHMA	2,459	771	$909,912	$2.06	21	2,246	748	$1.82	12.7%	
23	107	AUBAGIO*	MULTIPLE SCLEROSIS	66	17	$906,581	$2.05	27	72	14	$1.51	35.5%	
24	49	XIFAXAN	GI DISORDERS	393	97	$878,365	$1.99	23	376	106	$1.67	18.7%	
25	36	HUMALOG	DIABETES	1,034	296	$817,526	$1.85	34	815	290	$1.31	40.6%	
			Total Top 25:	31,650		$33,955,784	$76.74		29,753		$61.23	25.3%	
			Differences Between Periods:	1,897		$6,594,738	$15.50						

Peer = Express Scripts Peer 'Government - Over 65 Population' market segment

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RHCA EGWP & Pre-Medicare Clinical Savings

Trend Management	Plan Cost Savings	Plan Cost Savings PMPM	Program Description
Prior Authorization	$4,734,445	$10.70	A review of the indication and other pertinent information is performed to confirm that products are covered only when clinical criteria are met.
Drug Quantity Management	$1,922,312	$4.34	Review claims and allow FDA approved quantities
Step Therapy/PSM	$1,099,645	$2.49	Promote lower cost first line agents before more expensive brand name products.
Total Plan Cost Savings $7,756,402 or $17.53 PMPM			

Reporting Period: 07/01/2016 - 5/31/2017

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RationalMed July 2016 – May 2017

- RMED drove 25,783 safety alerts with a 42% (9,295) success rate, up 3% from last year.
- 10,263 total unique members with safety alerts this period.
- RMED secured $1,739,194 in Rx savings for this period

RationalMed® safety protection

Non-Cox II, nonsteroidal anti-inflammatory drug & renal dysfunction

Assessment	Potential risk	Call to action
53 patients with a history of renal dysfunction on a non-Cox II, non-steroidal anti-inflammatory drug (NSAID).	Caution is advised in patients with renal function impairment due to a risk of NSAID-induced nephrotoxicity. The use of these drugs in patients with advanced renal impairment is generally not recommended.	RationalMed® identified the risk and alerted the physicians.

Population Outcome:

- The NSAID was discontinued or the dosage was decreased for 43 patients.

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2017 and Beyond

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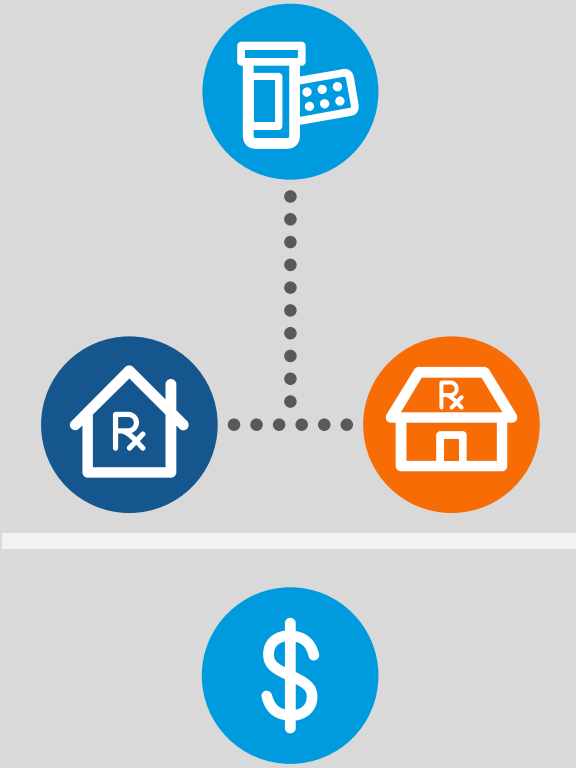
How Voluntary Smart90 Works

Client enrolls in Voluntary Smart90 for all
long-term medications

Members may receive 3-month supplies through
the Express Scripts Pharmacy℠
or a
narrow selection of 3-month retail pharmacy
for less than it would cost for three 1-month supplies

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



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

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MULTIPLE SCLEROSIS CARE VALUE PROGRAM℠

Combining holistic support with early discontinuation reimbursements

Care

- Tailored support through Accredo's MS Therapeutic Resource Center
  - MS-specific counseling, leading to 5% higher adherence than other pharmacies
  - 24/7 access to specialist clinicians
  - One-on-one clinical assessments
  - Proprietary depression screening

Value

- Early discontinuation reimbursement
  - Up to $2,500 per 30-day Rx for first three fills
- National Preferred Formulary or Utilization Management tools

25%

of multiple sclerosis patients discontinue therapy in the first 90 days

$5,400+

Lower per patient annual medical costs due to higher adherence

Confidential Information
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Appendix

Public Information
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Top 10 Indications - Commercial

- The largest financially impactful change was in Inflammatory Conditions driving $1.0M in cost from a 32.2% increase in PMPM
- The highest trend is in Cancer at 37.6%, contributing an additional $4.63 to PMPM
- Generic Fill Rate (GFR) in Asthma lags your peer by 9.1 points

REPRESENT

68.5%

OF YOUR TOTAL PLAN COST

Top Indications by Plan Cost

				7-16 - 5-17						7-15 - 5-16					% Change
AUM Strategy	Rank	Peer Rank	Indication	Rxs	Patients	Plan Cost	Generic Fill Rate	Peer Generic Fill Rate	Plan Cost PMPM	Rank	Rxs	Patients	Generic Fill Rate	Plan Cost PMPM	Plan Cost PMPM
ST/PA/DQM	1	1	DIABETES	23,514	2,538	$4,931,945	58.5%	48.2%	$26.16	1	23,394	2,582	60.6%	$22.73	15.1%
ST/PA/DQM	2	2	INFLAMMATORY CONDITIONS	1,109	234	$4,870,198	31.6%	16.2%	$25.83	2	1,011	228	31.5%	$19.54	32.2%
ST/PA/DQM	3	3	CANCER	2,118	389	$3,196,581	90.1%	89.0%	$16.95	3	2,081	367	90.9%	$12.32	37.6%
ST/PA/DQM	4	5	MULTIPLE SCLEROSIS	215	45	$2,370,730	3.7%	2.5%	$12.57	4	208	39	6.7%	$10.51	19.7%
ST/PA/DQM	5	11	HEPATITIS C	55	16	$1,213,607	20.0%	21.7%	$6.44	6	85	19	45.9%	$6.38	0.9%
ST/PA/DQM	6	8	ASTHMA	7,589	2,232	$962,408	37.9%	47.0%	$5.10	8	7,430	2,262	37.4%	$4.31	18.3%
ST/PA/DQM	7	10	HIGH BLOOD CHOLESTEROL	24,805	4,542	$828,757	97.6%	94.8%	$4.40	5	25,196	4,652	87.3%	$6.58	-33.2%
ST/PA/DQM	8	4	PAIN/INFLAMMATION	24,644	5,683	$739,653	98.0%	94.3%	$3.92	7	26,445	6,093	97.2%	$5.39	-27.3%
ST/DQM	9	9	HIGH BLOOD PRESS/HEART DISEASE	56,292	6,609	$646,495	99.0%	97.0%	$3.43	9	57,266	6,689	98.4%	$3.09	11.0%
ST/PA/DQM	10	16	IMPOTENCE	1,533	416	$605,282	0.0%	0.0%	$3.21	11	1,849	505	0.0%	$2.75	16.7%
			Total Top 10:	141,874		$20,365,657	86.7%		$108.01		144,965		85.0%	$93.61	15.4%
			Differences Between Periods:	-3,091		$2,056,459	1.6%		$14.40						

Peer = Express Scripts Peer 'Government - State' market segment

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Top 10 Indications - EGWP

- The largest financially impactful change was in Cancer driving $2.1M in cost from a 20.6% increase in PMPM
- The highest trend is in Anticoagulant at 33.8%, contributing an additional $2.56 to PMPM
- Generic Fill Rate (GFR) in Asthma lags your peer by 7.5 points

REPRESENT

66.5%

OF YOUR TOTAL PLAN COST

Top Indications by Plan Cost

				7-16 - 5-17						7-15 - 5-16					% Change
AUM Strategy	Rank	Peer Rank	Indication	Rxs	Patients	Plan Cost	Generic Fill Rate	Peer Generic Fill Rate	Plan Cost PMPM	Rank	Rxs	Patients	Generic Fill Rate	Plan Cost PMPM	Plan Cost PMPM
ST/PA/DQM	1	2	CANCER	4,179	882	$11,673,655	78.5%	81.8%	$45.97	1	4,138	892	80.9%	$38.11	20.6%
ST/PA/DQM	2	1	DIABETES	38,277	5,138	$10,233,166	56.4%	50.3%	$40.30	2	37,795	5,101	57.5%	$35.52	13.4%
ST/PA/DQM	3	3	INFLAMMATORY CONDITIONS	1,834	401	$5,923,490	39.2%	29.6%	$23.33	3	1,808	383	37.4%	$20.02	16.5%
ST/PA/DQM	4	6	PAIN/INFLAMMATION	54,971	10,487	$3,200,963	94.3%	93.0%	$12.60	5	54,365	10,485	92.5%	$13.01	-3.1%
ST/PA/DQM	5	8	ASTHMA	14,720	3,921	$2,972,455	30.3%	37.7%	$11.71	6	14,025	3,798	30.0%	$10.66	9.8%
ST/PA/DQM	6	4	HIGH BLOOD CHOLESTEROL	47,425	11,277	$2,814,202	95.5%	93.1%	$11.08	4	47,543	11,066	84.9%	$15.31	-27.6%
ST/PA/DQM	7	11	MULTIPLE SCLEROSIS	224	47	$2,654,594	11.6%	5.6%	$10.45	8	218	48	9.2%	$9.30	12.4%
PA	8	5	ANTICOAGULANT	10,490	2,318	$2,578,699	57.0%	44.8%	$10.15	10	9,947	2,127	65.7%	$7.59	33.8%
ST/DQM	9	7	HIGH BLOOD PRESS/HEART DISEASE	124,860	15,901	$2,463,246	98.5%	97.3%	$9.70	7	126,064	15,717	97.8%	$9.78	-0.8%
ST/DQM	10	9	URINARY DISORDERS	21,001	4,326	$1,601,467	92.2%	85.1%	$6.31	11	20,079	4,102	91.6%	$6.14	2.8%
			Total Top 10:	317,981		$46,115,937	86.6%		$181.60		315,982		85.1%	$165.45	9.8%
			Differences Between Periods:	1,999		$4,547,688	1.5%		$16.15						

Peer = Express Scripts Peer 'Government - Over 65 Population' market segment

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PRESBYTERIAN

NEW MEXICO RETIREE HEALTH CARE AUTHORITY
JULY 2017 ANNUAL BOARD MEETING

July 13, 2017

TOM MACLEAN, PHD – VICE PRESIDENT CLINICAL OPERATIONS
SUSIE MACLEAN – VICE PRESIDENT HEALTH & WELLNESS SOLUTIONS
KEITH WITT – ASO LARGE GROUP SUPERVISOR

Wellness Initiatives and Outcomes

Prevention Strategies to Reduce Cost

Focus on high cost/prevalent chronic condition targets

- Diabetes
- Complications due to falls
- Chronic conditions complicated by excess weight

Additional preventive services

- Quit for Life available for tobacco cessation
- Early detection - FOBT (Fecal Occult Blood Test) for colorectal cancer and blood pressure screenings available at switch enrollment events
  - 91 kits distributed – 43 returned
- Flu and Pneumococcal vaccines at switch enrollment
  - Flu – 1306
  - Pneumococcal - 182

Program Highlights

Good Measures – personal registered dietitian service

382 participants since launch in 2016

Diabetes Prevention Program (through Good Measures)

16 members since October 2016

Wellness at Work – online wellness platform

264 members registered, 148 PHAs (‘16 & ‘17),
50 members completed workshops

Diabetes Learning Academies

118 attendees across four events,
with a fifth scheduled for August 4

Better Bone Health – focus on osteoporosis for improving fall outcomes

85 members have completed
the full course in 2017

Future Targets

Continue to target and focus on diabetes and diabetes prevention

- Good Measures to improve lifestyle habits
- Good Measures National Diabetes Prevention Program
- Market Kitchen Creations classes
- Continue Diabetes Academies
- Continue to promote Diabetes Self-Management offered in-person and online via Better Choices Better Health

Future Targets

Complications to chronic disease

- Weight management - individual through **Good Measures** or workshop-based through **Change is Possible** course
- Add Learning Academy with focus on high blood pressure
- Continue work with osteoporosis related to fall prevention

Communication strategies

- Continued outreach via home mailings and e-newsletters
- Option to present at NMRHCA participating entity gatherings/meetings

More targeted referral process

- Based on Personal Health Assessment responses to appropriate workshops, Healthy Solutions DM, or Quit for Life tobacco cessation
- Blood pressure and A1c readings during switch enrollment
  - Disease Management and Diabetes Prevention Program participation

Care Management Initiatives and Outcomes Updates on the 'who' and 'what'…

Pharmacy, Clinical Operations and Quality

Medical Direction / Directors
Quality
Care Coordination
Utilization Management
PresRN / Nurse Advice Line

Integration

PMG
CDS
Regionals
Community Providers

Interrelationships

Health and Wellness
Behavioral Health
IT
MedeAnalytics
Provider Contracting

Expectations, on the move…

New Medical Management Platform

A day in the life of…a NMRHCA Member

Medical Director/Direction

Nurse Advice Line

Dedicated Units

Benefit from NCQA/HEDIS Measures Survey year…

Integrating more and more everyday… Relationship with facilities and HC professionals statewide

Prior Authorization and direction…

NMRHCA Top 10 Diagnoses

Top 10 Dx
201601 – 201706 Run Date: 07/01/2017

Claim Count	1st Dx Cd	1st Dx Cd Desc
2810	E119	Type 2 diabetes mellitus without complications
2804	I10	Essential primary hypertension
2339	Z1231	Encounter screening mammo malig neoplasm breast
2292	G4733	Obstructive sleep apnea adult pediatric
1571	M545	Low back pain
1483	Z1211	Encounter screening malignant neoplasm of colon
1422	E039	Hypothyroidism unspecified
1300	M9901	Segmental & somatic dysfunction cervical region
1280	J301	Allergic rhinitis due to pollen

NMRHCA Top 10 Drivers of Cost

Top 10 By Dollar
201601 – 201706 Run Date: 07/01/2017

Claim Count	1st Dx Cd	1st Dx Cd Desc	Total Allowed
326	N186	End stage renal disease	$ 2,234,020.77
1483	Z1211	Encounter screening malignant neoplasm of colon	$ 1,280,370.20
4661	Z0000	Encounter gen adult med exam w/o abnormal find	$ 738,825.40
2292	G4733	Obstructive sleep apnea adult pediatric	$ 594,904.81
2339	Z1231	Encounter screening mammo malig neoplasm breast	$ 561,032.17
199	Z510	Encounter for antineoplastic radiation therapy	$ 551,176.82
136	A419	Sepsis unspecified organism	$ 519,131.71
204	C50211	Malig neoplasm upper-inner quad rt female breast	$ 489,294.59
132	M1612	Unilateral primary osteoarthritis left hip	$ 432,816.46
2804	I10	Essential primary hypertension	$ 409,404.48

NMRHCA Top Facility and Level of Care

Top 10 By Facility/Level of Care
201601 – 201701 Run Date: 07/01/2017

Cost compare 2015 to 2016

	2015	2016
INPATIENT	$11,208,618.70	$11,331,486.93
OFFICE	$7,646,250.46	$8,164,175.53
OUTPATIENT	$15,502,063.74	$16,922,323.96

Diabetes Performance Measure - Summary YTD

Measure	1st Quarter Status	2nd Quarter Status	3rd Quarter Status
Diabetes with A1c <8%	53.74%	68.84%	74.19%
Medical Attention for Nephropathy	70.56%	81.41%	91.40%
Diabetes with A1c <8% and Medical Attention for Nephropathy	42.06%	58.79%	69.35%

Case Management

- At Presbyterian, we employ programs designed to manage the healthcare needs of members with multiple complex, physical, neurological, psycho-social and/or cognitive and behavioral health care needs for member-centered, family-focused (when appropriate), culturally competent, and strength-based service.
  - Complex Case Management (Transplants, Members with Chronic Diseases and High Utilization, High Risk Pregnancy, Pediatrics, Behavioral Health, NICU)
  - Short term Care Coordination
  - Disease Management for complex members
  - Members who require OOP services

Disease Management: a 4 pronged approach

Presbyterian provides an integrated approach:

- Healthy Solutions Behavioral Lifestyle Coaching
- Presbyterian Medical Group Registry interventions
- Performance Improvement Initiatives
- Care Coordination

Healthy Solutions DM program

Telephonic behavioral lifestyle coaching using nationally based curriculum to move members toward self management

- Diabetes
- Heart Disease
- Heart Failure
- Asthma
- COPD
- Hypertension (through PMG)

Case Management and DM activity

CM referrals since 1/1/17

- 19 members reviewed for high dollar since 1/1/17-6/30/17.
- 2 through referrals

DM referrals since 1/1/17

38 referred to DM through analytics

- 27 continued engagement activities
- 3 engaged
- 8 refused

Presbyterian Operational Update
July 2016 through June 2017

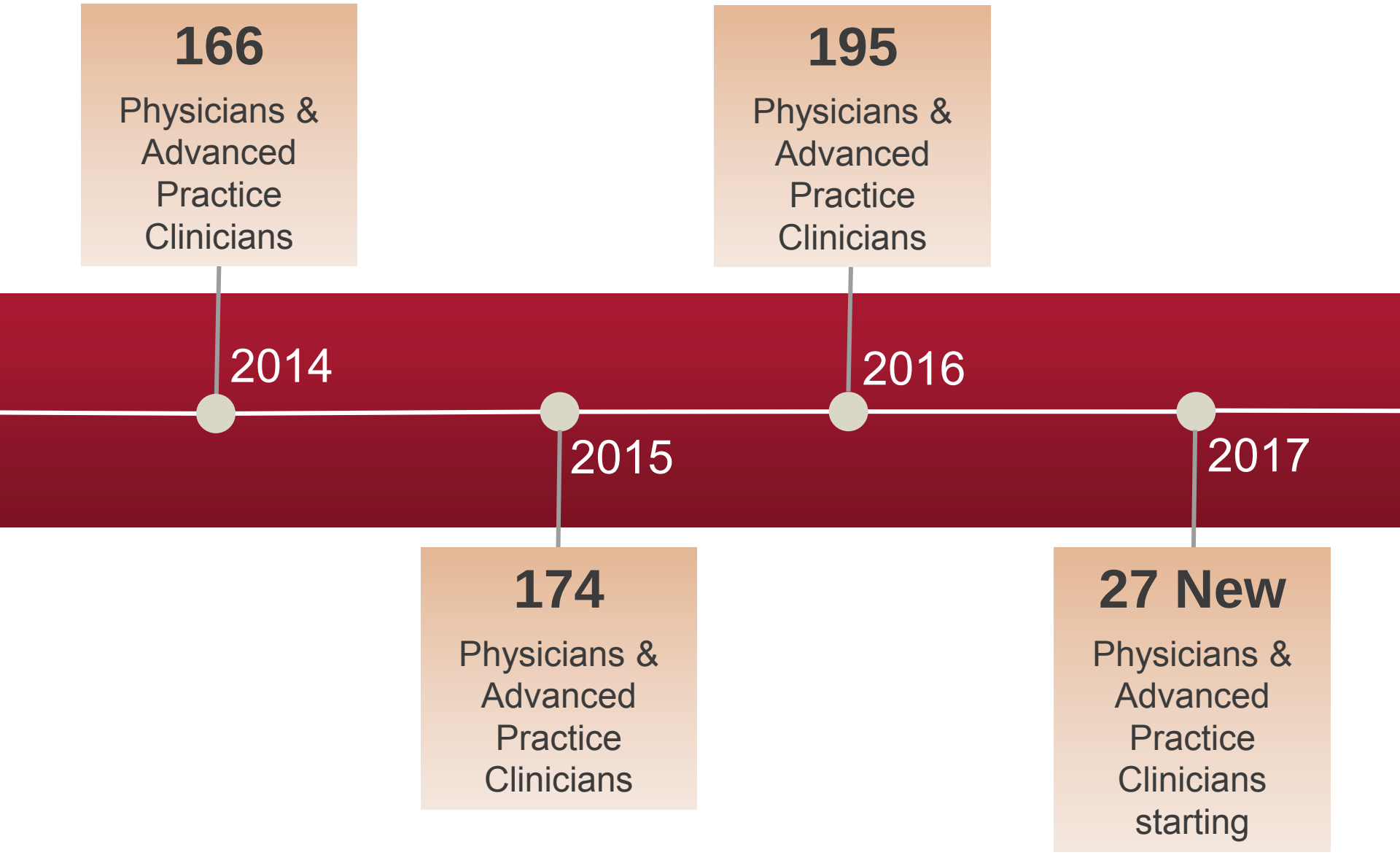
Customer Service

- 2,234 - Calls Answered
- 15.9 Seconds - Average Speed of Answer (30 Seconds PG)
- 0.8% - Call Abandonment Rate (Below 5% PG)

Claims Processing

- 96,964 Claims Processed
- 99.8% - Claims Financial Accuracy (99% PG)
- 99.1% - Claims Processing Accuracy (95% PG)

Primary Care Expansion



PRESBYTERIAN

Investments in Access

PRESBYTERIAN

Investments in Access

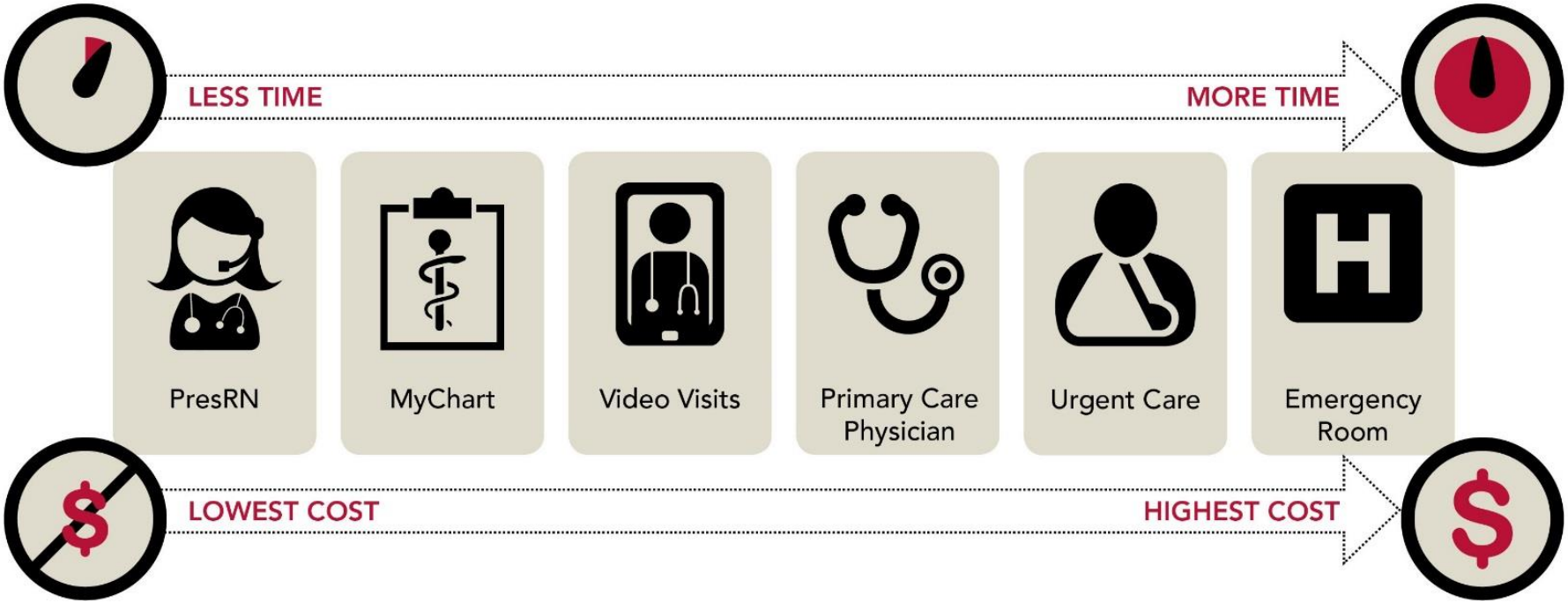
Presbyterian Santa Fe Medical Center
Coming 2018

- Urgent Care
- 24/7 Emergency Services
- General Surgery
- Orthopedics
- Podiatry
- Physical, Occupational and Speech Therapies
- Lab and Imaging, including CT and MRI
- 30 Adult Inpatient Beds, some licensed ICU beds
- 6-Bed Birthing Unit
- Telehealth Services

PRESBYTERIAN

New Ways to Access Care

Convenient Ways to Access Care

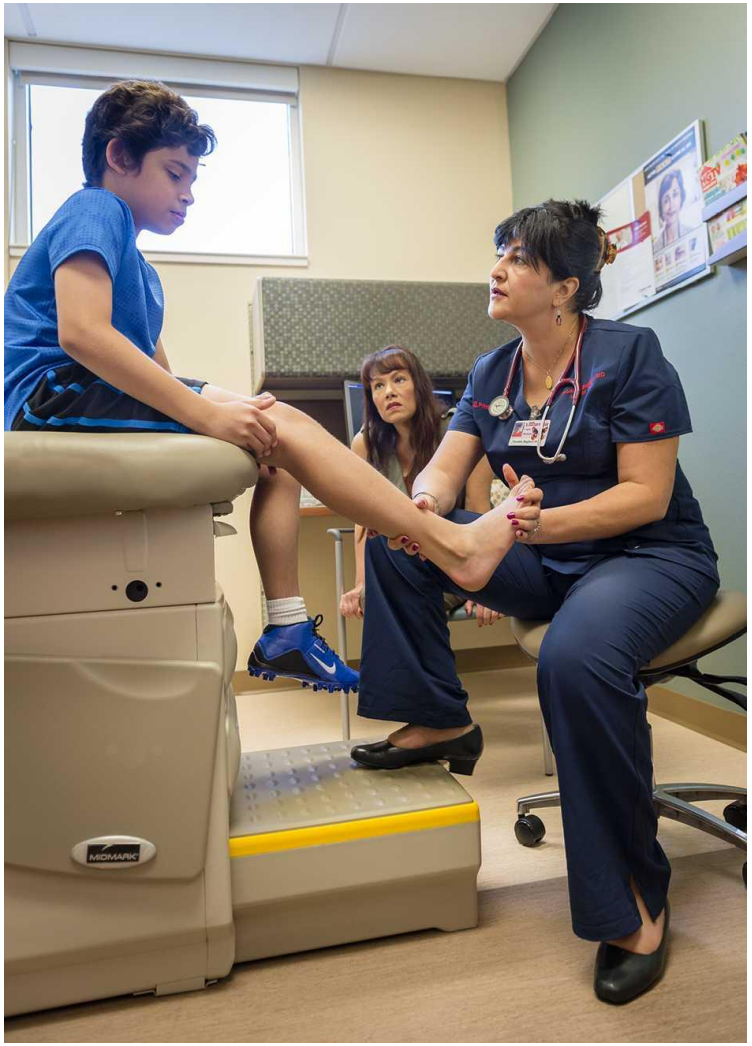


Urgent Care Growth and Innovation

8 clinics in ABQ metro area

New clinic in Santa Fe

Online, mobile and telephone same-day scheduling



Thank You

PRESBYTERIAN

BlueCross BlueShield of New Mexico

Presented by:

Blue Cross and Blue Shield of New Mexico
July 2017 Annual Board Meeting

NEW MEXICO RETIREE HEALTH CARE AUTHORITY

A Division of Health Care Service Corporation, a Mutual Legal Reserve Company,
an Independent Licensee of the Blue Cross and Blue Shield Association

What does BCBSNM do for the NMRHCA?

- ❑ What BCBSNM provides today
- ❑ Cost saving advantages – BAV network
- ❑ High Cost Claimants
- ❑ Blue Care Connection® Engagement
- ❑ Programs that members have today to achieve cost savings

BlueCross BlueShield of New Mexico

What BCBSNM Provides Today

A Division of Health Care Service Corporation, a Mutual Legal Reserve Company,
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What BCBSNM Provides Today

- ❑ Customer Service
- ❑ Claims Processing
- ❑ Coordination with CMS for Medicare Supplemental Plan
- ❑ Appeals
- ❑ Care Management
- ❑ Meetings / Collateral Materials

BlueCross BlueShield of New Mexico

Cost Saving Advantages – BAV Network

A Division of Health Care Service Corporation, a Mutual Legal Reserve Company,
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Cost Savings – BlueAdvantage HMO℠

- Subset of providers from our larger statewide network
- Claims incurred 12/1/15 -11/30/16 with 2 months paid runout used to calculate discount
- Estimated 15% savings claims cost by applying BAV discount to billed charges
- No out of state coverage except for Urgent Care and Emergency

BlueCross BlueShield of New Mexico

High Cost Claimants

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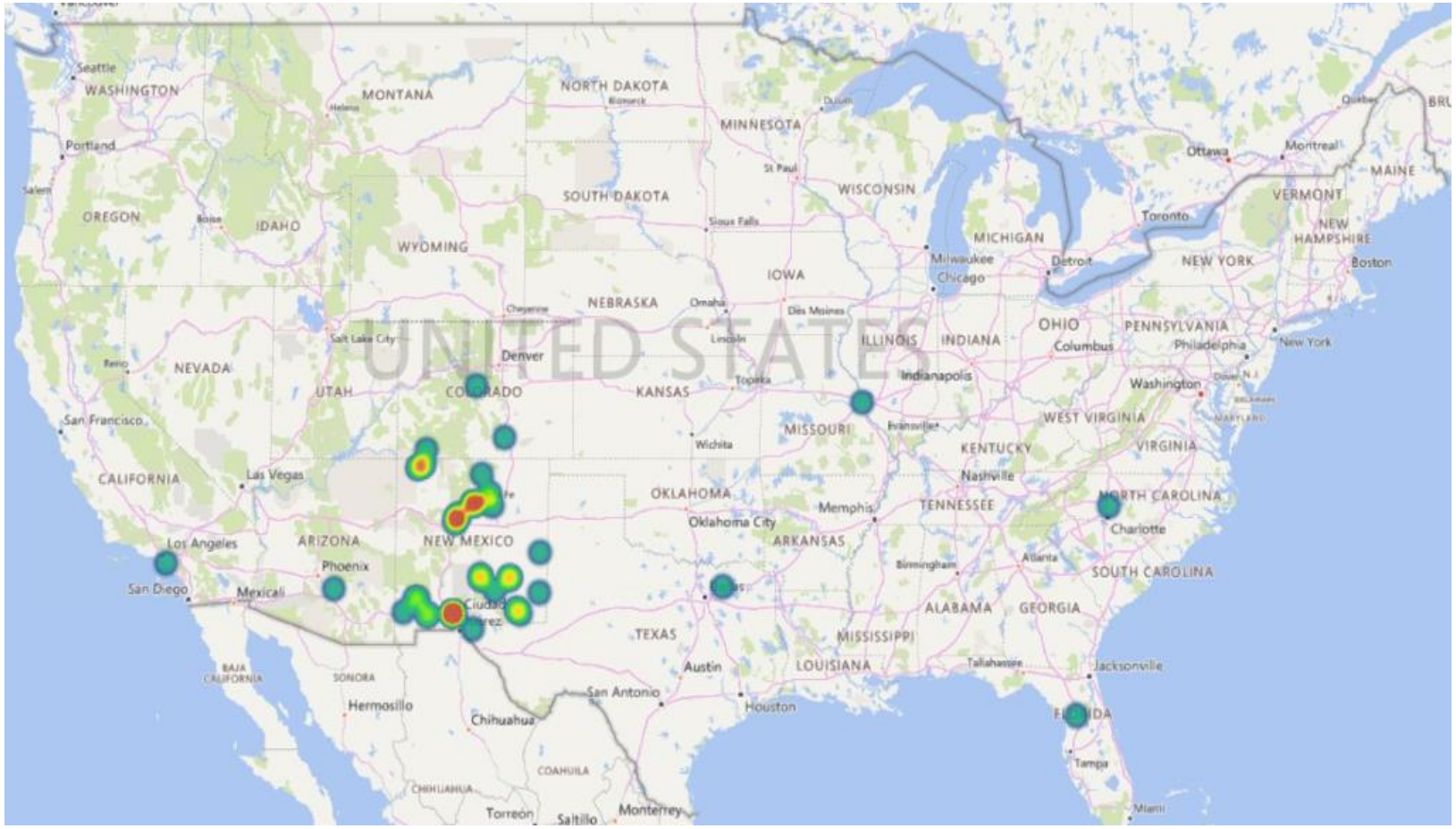
High Cost Claimants

- Old Model
  - No routine MD medical review until 250K threshold, unless requested
  - No dedicated RN on the IBAC accounts
  - No dedicated RN supporting IBAC agencies regarding HCCs

- New Model
  - Dedicated RN reviews for all cases that hit 100K threshold
  - Dedicated RN refers to appropriate care management program at 100K threshold
  - Dedicated RN collaborates with Medical Director for any complex cases of any amount over 100K
  - Dedicated RN collaborates with Medical Director for all cases 250K and above

High Cost Claimants

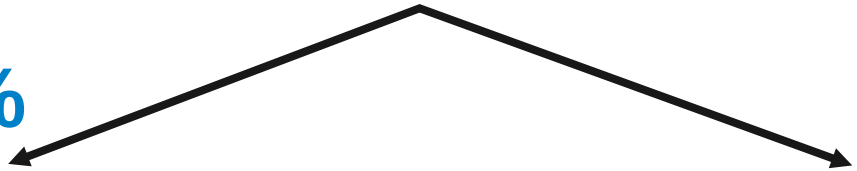
Map by Location of High Cost Claimants >$100K



Low Medium High

High Cost Claimants

Decision Tree for HCCs



PREVENTABLE

Population Health

- Behavioral Incentives
- Screenings/Check ups
- Quit Smoking
- Movement-Conducive Environment
- Workplace Environment
- Non-Smoking Workplace
- Healthy Food Environment
- Lose Weight

NOT PREVENTABLE

Minimize Costs via Contracting

Review Medical Records for Indicated Claims

CM/DM for DME, early discharge

Claims Edit Software

9.8% BCBS average **cost advantage** on high cost claims

80

BlueCross BlueShield of New Mexico

Blue Care Connection® Engagement

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an Independent Licensee of the Blue Cross and Blue Shield Association

Engagement – Disease Management and Case Management

- Our active approach to health management includes pairing our members who have a chronic condition with a clinician who serves as a personal health coach.
- Armed with a real-time view of each member's health needs and benefits plan, our clinicians engage members in meaningful dialogue
  - supports real behavioral change
  - educates and guides them through the most impactful interventions
- Through these collaborative and dedicated relationships, our members build a trusting partnership with their clinician. The support and guidance provided by Blue Care Connection® clinicians
  - alleviates member confusion
  - closes gaps in care
  - fosters improved clinical outcomes resulting in lower overall health care costs

- Total engagement for all programs through 6/30/2016: 418
- Total engagement for all programs through 4/30/2017: 685
- **Net engagement growth in 10 months: + 267**

BlueCross BlueShield of New Mexico

Member Cost Savings Programs

A Division of Health Care Service Corporation, a Mutual Legal Reserve Company,
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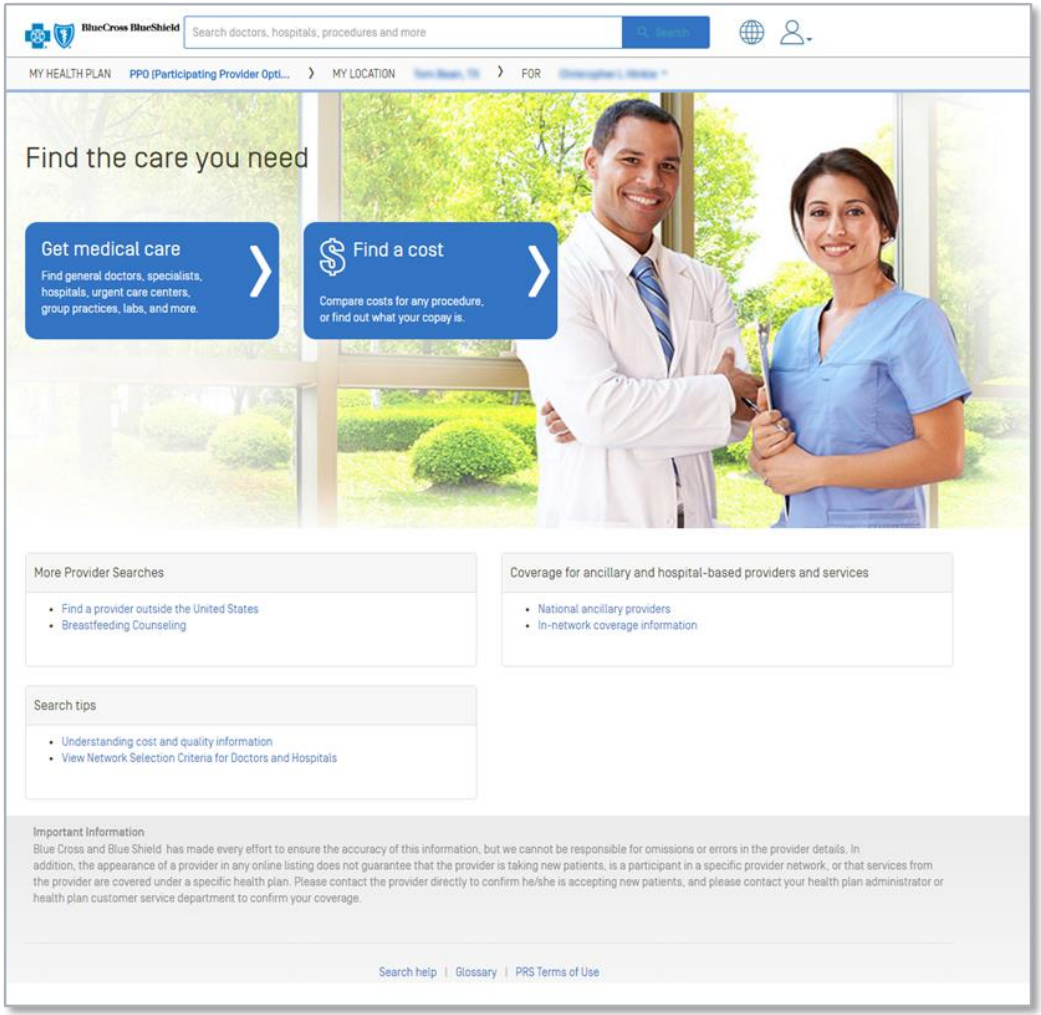
Provider Finder / Cost Estimator



How much will a procedure REALLY cost you?

- The Provider Finder shows expected out-of-pocket costs for specific procedures*
  - Based on actual benefit plan and BCBS contracted amounts
  - Shows how much deductible/ out-of-pocket amounts remain
- Quality designations for facilities and physicians
- Enhanced provider demographics
- Customizable search, maps and directions
- Patient reviews on physicians

*Cost information available upon log-in for members of PPO/CDHP

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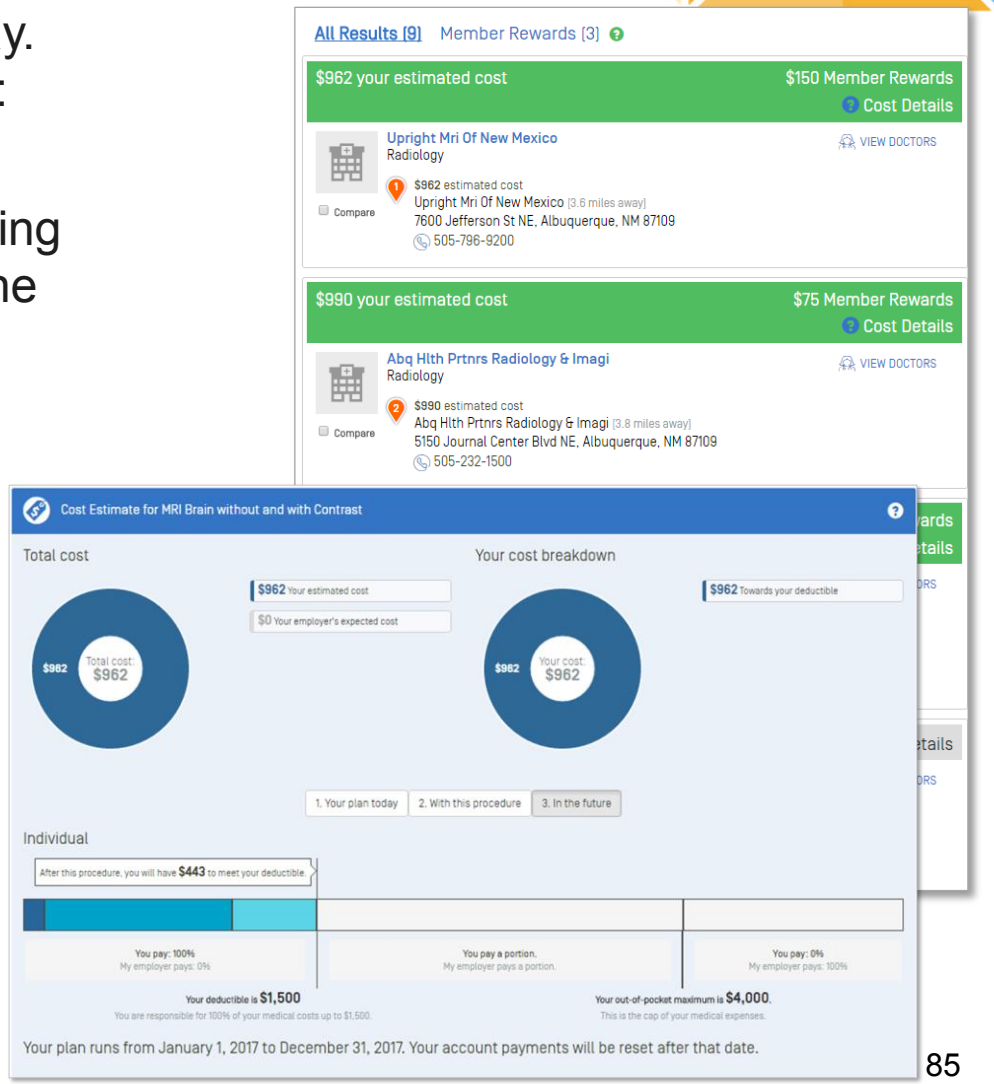
Provider Finder / Cost Estimator

Once you complete one of these searches, your results will display. On this page, you will be able to:

Refine your search results (using the options on the right side of the page) by:

- Distance
- Provider's gender
- Provider's or facility's ratings
- Specialty
- Hospital affiliations
- Medical group affiliations
- Awards and clinical quality measures



Screen images are for illustrative purposes only.

Closing

We value our partnership with NMRHCA –

QUESTIONS?

NEW MEXICO RETIREE HEALTHCARE AUTHORITY

New Mexico Health Connections

Medical Management Programs

2017

STRATEGIES AND PROGRAMS TO HOLD HEALTHCARE COSTS DOWN

- Continuity and Coordination of Care
- Concurrent Review/Discharge Planning
- Case and Disease Management
- Wellness and Closing Gaps in Care

KEEPING MEMBERS CONNECTED TO CARE WHEN NEEDED

Continuity and Coordination of Care

1. Transition of care for new members with out of network provider(s) that require continued service
2. Care Coordination (CC)
   - Helping members find new PCP or specialist
     - *There have been 53 calls requesting assistance with finding providers. The majority occurred prior to 1/1/17. This is over 10% of the NMRHCA enrolled population.*

Continuity and Coordination of Care

3. Criteria Based Nurse Line Services that triage members to correct care setting
4. Phone outreach to members with high risk nurse line encounters or urgent care or emergency room visits to assure best care placement post service
5. Monthly new enrollee review – to determine if chronic condition, transitioning from an out of network provider or on high risk medications using the NM Health Information Exchange

MOVING MEMBERS THROUGH THE CARE CONTINUUM AT CRITICAL TIMES

Concurrent Review and Discharge Planning

- Transition planning for in-patient members
- Attention for the member and their family at discharge
- Attention to transplant and dialysis
- Observation Stay Monitoring

- *Four (4)members admitted since January-all had concurrent review activities by nurses. All had successful post-discharge follow-up calls*

MANAGING CHRONIC CARE AND IMPROVING SELF MANAGEMENT SKILLS

Case and Disease Management

1. **Disease Management - Diabetes and Asthma**
   - Monthly case finding based on claims data, nurse line encounters, admissions, provider or self referrals
   - DM coaching.

We help by offering health education and support for:

diet, nutrition, medications, exercise, lab tests

staying in touch with providers

Currently, six (6) members enrolled in Asthma Disease Management,

27 enrolled members in Diabetes Disease Management

new mexico healthconnections

MANAGING CHRONIC CARE AND IMPROVING SELF MANAGEMENT SKILLS

Case and Disease Management

2. Health@Home Program

Remote home tele-monitoring for those at greatest risk for disease exacerbation, ED use and admission

- Eligible members receive one or more home monitoring devices that are monitored by a RN through a remote system:
  - » Weight scale, blood pressure cuff, glucometer, peak flow meter, O^2 saturation device
- Program includes dedicated nurse to monitor home status
- Telephonic touch points and response to monitor alerts
- Bi-weekly meetings with team to confer on progress or need for change in resources

MANAGING CHRONIC CARE AND IMPROVING SELF MANAGEMENT SKILLS

Case and Disease Management

3. Better Choices Better Health Self Management Program

- Designed for persons who are ready to learn how to self-manage their chronic condition
- Six-week online digital course with telephonic peer coaching
- Teaches state-of-the art ways to self-manage any chronic condition
- Perfect for the working adult

NMHC also encourages members participation in the DOH MyCD chronic condition program

MANAGING CHRONIC CARE AND IMPROVING SELF MANAGEMENT SKILLS

Case and Disease Management

4. Virtual Life Style Self Management Program

A program to help prevent diabetes onset

- Year-long online digital program with telephonic peer coaching
- Recognized diabetes prevention program by the Centers for Disease Control
- Geared toward persons who need to lose weight to prevent diabetes
- Perfect for the working adult who can't get to community classes
- Best for members with pre-diabetes, glucose intolerance, and BMI between 30 and 40

MANAGING CHRONIC CARE AND IMPROVING SELF MANAGEMENT SKILLS

Case and Disease Management

5. **Pharmacy Integration with Express Scripts (ESI)**
6. **Large Claimant Review**
    - Concurrent medical director review for all claims projected to be over $100,000
    - Monthly large claim review between operations and medical management teams

ENCOURAGING WELLNESS AND PREVENTION

Wellness and Closing Gaps in Care

1. **A.D.A.M. is our online wellness tool at www.mynmhc.org/adam**
    - **Health education library**
        - look up illnesses and injuries
        - watch videos
        - read articles
    - **Symptom checker with avatar**
        - Point to where the symptoms are and A.D.A.M. will guide you to possible diagnoses
    - **Health Risk Assessment (HRA)**
        - Take the HRA to understand your well-being and see steps to take to improve your health

Wellness and Closing Gaps in Care

2. Telephone and interactive voice recognition calls and letters to members with gaps in care:
    - Diabetes A1C and eye exam
    - Flu shot reminders
    - Colonoscopy
    - Mammography
    - Annual wellness visit

ENCOURAGING WELLNESS AND PREVENTION

Wellness and Closing Gaps in Care

3. Resource Page: NMHC Staying Healthy

Visit the *Staying Healthy* section of our website at www.mynmhc.org/staying-healthy.aspx to find:

- Important preventive health screenings for every age
- An in-depth health topic of the month
- Community health resources available in New Mexico
- Resources for behavioral health

NMHC A PLAN FOR HEALTH

Questions?

NEW MEXICO RETIREE HEALTH CARE AUTHORITY

New Mexico Retiree Health Care Authority

Actuarial, Claims, and Demographics Study

July 13, 2017

Segal Consulting

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❶ Objective & Primary Actuarial Tasks

❷ Review of CY2016 Incurred Claims

- Cost & Utilization Trends by Type of Service
- Claims Distribution
- Comparison to Facility and Professional Benchmarks

❸ CY2016 Demographic Analysis, Risk Scores, and Large Claimant Analysis

- Understanding Enrollment Risk
- Age Distribution & Age Risk Factor by Carrier
- Non-Medicare Health Status by Plan and Carrier
- Large Claimant Analysis

Objective & Primary Actuarial Tasks

- Goal: Improve understanding of NMRHCA benefit structure & dynamics and how they relate to the sustainability of affordable benefit options
- Primary Actuarial Tasks for NMRHCA
  - Estimate liability for Incurred But Not Reported (IBNR) claims
  - Perform valuation of OPEB liabilities under GASB 74/75
  - Develop funding projections (both short-term and long-term)
    - Balance Retiree Contributions + Other Revenue = Benefits Costs + Operating Expenses + Surplus Contribution (or Loss)
    - Calendar year basis (rates) and fiscal year basis (solvency)
  - Develop Calendar Year Target Rates as basis for Retiree Contributions
    - For fully insured benefits, typically equals negotiated premium or estimated renewal premium
    - For self-funded benefits, project claim payments and administration expenses for calendar year
- Upcoming changes under GASB 74 and 75

GASB

- **GASB:** Government Accounting Standards Board
- **GASB 43 applies to Plans:** OPEB trust funds
- **GASB 45 applies to Employers**
- **New GASB Statements**
  - GASB 74 replaces GASB 43: Effective for fiscal years beginning after June 15, 2016
  - GASB 75 replaces GASB 45: Effective for fiscal years beginning after June 15, 2017
  - Similar to recent new pension standards: GASB 67/68
- **New statements will have a:**
  - impact on plan and employer financial statements

New GASB Statements
What's Changing?

	GASB 43/45	GASB 74/75	Impact
CAFR Disclosures	Footnote	Balance Sheet Line Item, and expanded	Bond rating agency interest
Discount Rate	Judgment based	Direct calculation based on yield curve and funded status	Likely lower discount rate—higher liability
Actuarial Method	6 options	Entry Age Normal (level % of salary)	No Change for NMRHCA
OPEB Expense	Based on ARC/AOC	Change in OPEB liability year to year, adjusted for deferred recognition of gains/losses	More complicated—some winners and some losers; Also increased volatility likely due to shorter amortization period(s)

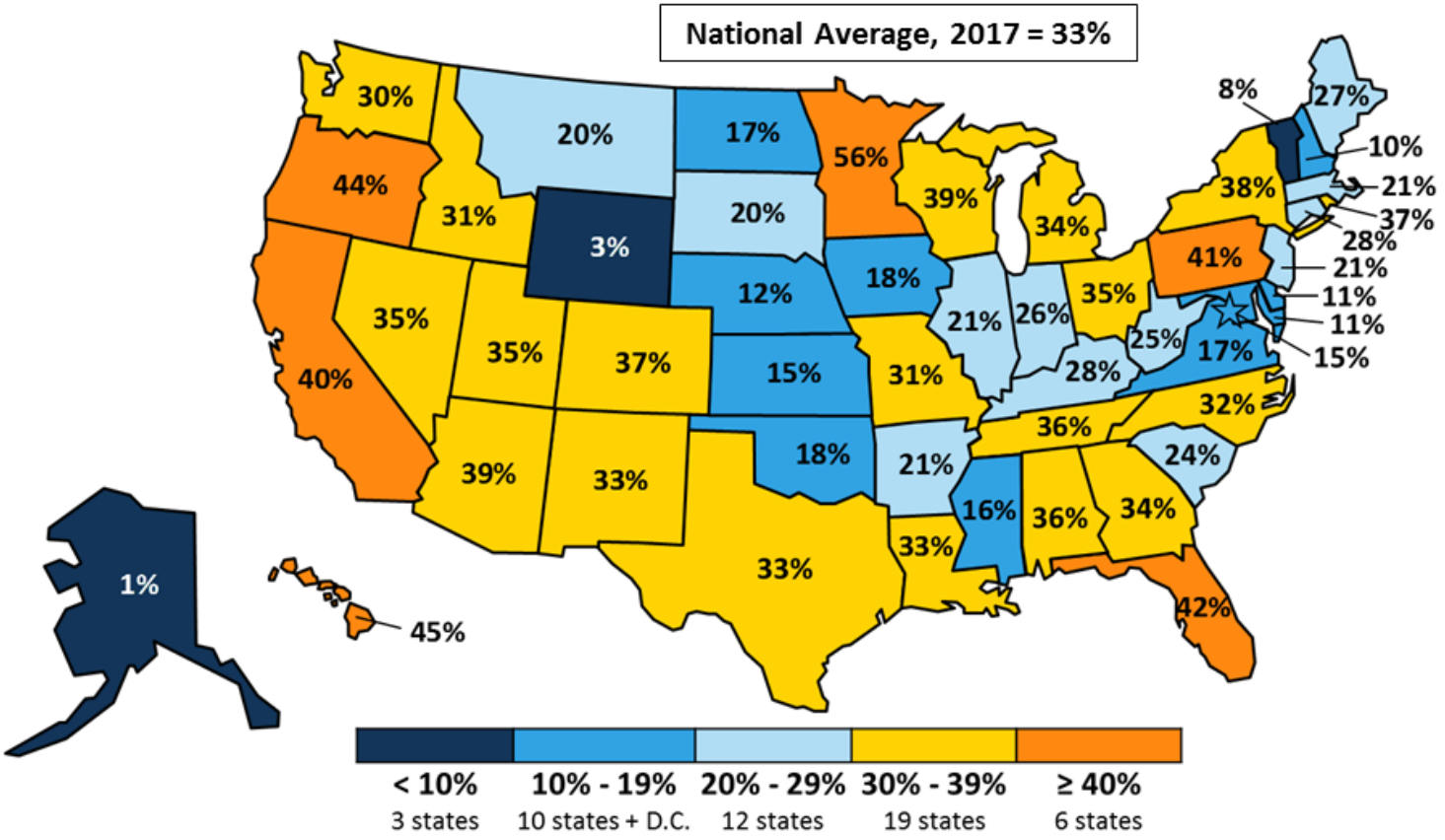
GASB specifically states that the new standards are for accounting purposes only and are not for the purpose of establishing funding standards.

Medicare Advantage Enrollment by State

Figure 4

Enrollment in Medicare Advantage plans varies across states

Share of Medicare Beneficiaries Enrolled in Medicare Private Health Plans, by State, 2017



NOTE: Includes MSAs, cost plans and demonstrations. Includes Special Needs Plans as well as other Medicare Advantage plans. Excludes beneficiaries with unknown county addresses and beneficiaries in territories other than Puerto Rico.
SOURCE: Authors' analysis of CMS State/County Market Penetration Files, 2017.

THE HENRY J. KAISER FAMILY FOUNDATION

❶ Objective & Primary Actuarial Tasks

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- Cost & Utilization Trends by Type of Service
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2016 Non-Medicare Claims

Blue Cross Blue Shield of New Mexico Non-Medicare				
Type of Service	2016 Encounters	% of 2016 Encounters	2016 Paid	% of 2016 Paid
Inpatient Hospital Facility	965	0.4%	$14,672,096	22.3%
Outpatient Hospital Facility	10,645	4.9%	$7,231,209	11.0%
Emergency Room Facility	947	0.4%	$520,834	0.8%
Anesthesia	1,716	0.8%	$900,244	1.4%
Surgery	24,133	11.1%	$7,471,700	11.4%
Lab / Path	47,866	21.9%	$12,163,958	18.5%
Evaluation and Management	44,629	20.5%	$3,331,428	5.1%
Well Visits	3,616	1.7%	$523,439	0.8%
Emergency Room Professional	2,457	1.1%	$1,687,645	2.6%
Chiropractic	8,722	4.0%	$141,735	0.2%
Medicine	45,723	21.0%	$5,965,039	9.1%
Infusions and Injections	8,387	3.8%	$6,523,332	9.9%
DME	6,338	2.9%	$1,818,607	2.8%
Ambulance and Other	11,932	5.5%	$2,776,330	4.2%
Total	**218,076**	**100.0%**	**$65,727,596**	**100.0%**

Presbyterian Healthcare Services Non-Medicare				
Type of Service	2016 Encounters	% of 2016 Encounters	2016 Paid	% of 2016 Paid
Inpatient Hospital Facility	671	0.5%	$8,400,352	22.2%
Outpatient Hospital Facility	6,676	4.8%	$3,898,352	10.3%
Emergency Room Facility	1,828	1.3%	$545,837	1.4%
Anesthesia	1,119	0.8%	$629,092	1.7%
Surgery	13,828	10.0%	$6,909,489	18.3%
Lab / Path	33,183	23.9%	$6,541,107	17.3%
Evaluation and Management	31,041	22.4%	$2,197,010	5.8%
Well Visits	3,206	2.3%	$428,622	1.1%
Emergency Room Professional	1,797	1.3%	$1,005,726	2.7%
Chiropractic	3,397	2.5%	$46,267	0.1%
Medicine	25,974	18.7%	$1,875,209	5.0%
Infusions and Injections	4,968	3.6%	$3,291,089	8.7%
DME	3,943	2.8%	$582,725	1.5%
Ambulance and Other	6,999	5.0%	$1,508,965	4.0%
Total	**138,630**	**100.0%**	**$37,859,842**	**100.0%**

- Inpatient facility charges continue to be the highest cost service
- Surgery made up a higher percentage of Presbyterian claims (18.3%) than BCBS claims (11.4%)
  - Surgery has consistently comprised a higher percentage of Presbyterian claims than BCBS claims since 2008

2016 vs 2015 BCBSNM Non-Medicare Claims Experience

	Blue Cross Blue Shield of New Mexico Non-Medicare								
Type of Service	2016 Encounters per 1,000 Members	2015 Encounters per 1,000 Members	% Change	2016 Paid per Encounter	2015 Paid per Encounter	% Change	2016 Paid PMPY	2015 Paid PMPY	% Change
Inpatient Hospital Facility	112	106	5.4%	$15,204	$15,602	-2.6%	$1,698	$1,653	2.7%
Outpatient Hospital Facility	1,232	1,130	9.0%	$679	$597	13.8%	$837	$675	24.0%
Emergency Room Facility	110	110	-0.4%	$550	$551	-0.2%	$60	$61	-0.6%
Anesthesia	199	184	8.0%	$525	$539	-2.7%	$104	$99	5.1%
Surgery	2,792	2,474	12.9%	$310	$303	2.0%	$864	$751	15.2%
Lab / Path	5,538	5,015	10.4%	$254	$227	12.0%	$1,407	$1,138	23.6%
Evaluation and Management	5,164	4,721	9.4%	$75	$74	0.7%	$385	$350	10.1%
Well Visits	418	380	10.1%	$145	$140	3.3%	$61	$53	13.7%
Emergency Room Professional	284	268	6.0%	$687	$540	27.1%	$195	$145	34.8%
Chiropractic	1,009	925	9.1%	$16	$16	0.6%	$16	$15	9.7%
Medicine	5,290	4,993	6.0%	$130	$131	-0.1%	$690	$652	5.9%
Infusions and Injections	970	880	10.3%	$778	$767	1.4%	$755	$675	11.8%
DME	733	630	16.4%	$287	$275	4.3%	$210	$173	21.4%
Ambulance and Other	1,381	1,190	16.0%	$233	$217	7.3%	$321	$258	24.4%
Total	**25,232**	**23,006**	**9.7%**	**$301**	**$291**	**3.5%**	**$7,605**	**$6,699**	**13.5%**

- Increase in utilization was a trend driver for the BCBSNM population in all areas with a few exceptions
  - BCBSNM encounters PMPM increased to 2.10 in 2016 from 1.92 in 2015
  - BCBSNM encounters PMPM decreased to 1.92 in 2015 from 1.94 in 2014
- BCBSNM PMPY trend of 13.5% was less favorable than medical paid trend assumption for calendar year 2016
  - 2015 paid PMPY trend was 5.0%

2016 vs 2015 Presbyterian Non-Medicare Claims Experience

	Presbyterian Healthcare Services Non-Medicare								
Type of Service	2016 Encounters per 1,000 Members	2015 Encounters per 1,000 Members	% Change	2016 Paid per Encounter	2015 Paid per Encounter	% Change	2016 Paid PMPY	2015 Paid PMPY	% Change
Inpatient Hospital Facility	85	95	-10.6%	$12,519	$11,030	13.5%	$1,066	$1,051	1.5%
Outpatient Hospital Facility	848	786	7.8%	$584	$627	-6.8%	$495	$493	0.5%
Emergency Room Facility	232	213	8.8%	$299	$313	-4.5%	$69	$67	3.9%
Anesthesia	142	123	15.6%	$562	$551	2.1%	$80	$68	18.0%
Surgery	1,755	1,751	0.2%	$500	$421	18.7%	$877	$737	18.9%
Lab / Path	4,213	4,016	4.9%	$197	$188	4.9%	$830	$755	10.0%
Evaluation and Management	3,941	3,870	1.8%	$71	$70	1.4%	$279	$270	3.3%
Well Visits	407	420	-3.0%	$134	$132	1.1%	$54	$56	-2.0%
Emergency Room Professional	228	225	1.6%	$560	$500	12.0%	$128	$112	13.7%
Chiropractic	431	432	-0.2%	$14	$15	-6.4%	$6	$6	-6.6%
Medicine	3,297	2,833	16.4%	$72	$69	4.6%	$238	$195	21.8%
Infusions and Injections	631	624	1.0%	$662	$692	-4.2%	$418	$432	-3.3%
DME	501	532	-5.9%	$148	$143	3.1%	$74	$76	-3.0%
Ambulance and Other	889	786	13.1%	$216	$194	11.4%	$192	$152	26.0%
Total	**17,599**	**16,706**	**5.3%**	**$273**	**$268**	**2.1%**	**$4,806**	**$4,470**	**7.5%**

- Presbyterian members continue to utilize the plan less than BCBSNM members
  - Presbyterian encounters PMPM increased to 1.47 in 2016 from 1.39 in 2015
  - Presbyterian encounters PMPM decreased to 1.39 in 2015 from 1.48 in 2014
- Presbyterian actual paid PMPY trend of 7.5% was less favorable than assumption for calendar year 2016
  - 2015 paid PMPY trend was 4.2%

2016 Claims Distribution – Non-Medicare Medical only

Annual Claims	2016 % of Members	2016 Cumulative % of Members	2015 % of Members	2015 Cumulative % of Members	2016 Medical Paid	% of 2016 Medical Paid	Cumulative % of 2016 Medical Paid	2015 Medical Paid	% of 2015 Medical Paid	Cumulative % of 2015 Medical Paid
<$1	15.2%	15.2%	15.8%	15.8%	$1,619	0.0%	0.0%	$0	0.0%	0.0%
$1-$100	2.4%	17.6%	2.3%	18.1%	$17,675	0.0%	0.0%	$18,796	0.0%	0.0%
$100-$300	9.6%	27.2%	10.2%	28.3%	$269,319	0.3%	0.3%	$303,086	0.3%	0.3%
$301-$800	16.4%	43.6%	16.4%	44.7%	$1,294,742	1.2%	1.5%	$1,330,198	1.3%	1.6%
$801-$5,000	36.0%	79.6%	36.1%	80.8%	$11,417,651	11.0%	12.5%	$11,658,705	11.4%	13.0%
$5,001-$10,000	8.6%	88.2%	8.3%	89.1%	$8,912,771	8.5%	21.0%	$8,742,128	8.6%	21.6%
$10,001-$15,000	3.4%	91.6%	3.2%	92.3%	$6,110,541	5.9%	26.9%	$5,965,820	5.8%	27.4%
$15,001-$20,000	1.9%	93.6%	1.8%	94.0%	$4,923,921	4.7%	31.6%	$4,637,057	4.5%	32.0%
$20,001+	6.4%	100.0%	6.0%	100.0%	$71,317,188	68.4%	100.0%	$69,522,799	68.0%	100.0%
Medical Total	**100.0%**		**100.0%**		**$104,265,426**	**100.0%**		**$102,178,587**	**100%**	

- In 2016, 79.0% of non-Medicare Medical claims were incurred by the 11.8% of members with annual claims in excess of $10,000
  - As expected, claims in excess of $10,000 have increased as a percentage of Medical Paid, from 78.4% in 2015, 76.5% in 2014, 76.1% in 2013, 75.4% in 2012, 73.5% in 2011, and 71.7% in 2010

Facility Benchmarks

- Combines Non-Medicare and Medicare experience

Measure	NMRHCA CY2016 Result	CY2016 Benchmark Result*	Ratio of NMRHCA to Benchmark
Inpatient admissions per 1,000 members	83.17	86.67	0.96
Inpatient days per 1,000 members	387.73	372.05	1.04
Outpatient hospital encounters per 1,000 members	539.45	511.28	1.06
Emergency room encounters per 1,000 members	344.22	361.53	0.95

* Benchmark result has been adjusted based upon age and gender

- Inpatient admissions has improved from 86.79 per 1,000 in 2015 and relative to Benchmark (0.99 in 2015)
- Benchmark includes 4,700,000 active (33%) and retired (67%) public sector participants

Professional Benchmarks

- Combines Non-Medicare and Medicare experience

Measure*	NMRHCA CY2016 Result	CY2016 Benchmark Result**	CY2016 Ratio of NMRHCA to Benchmark
Evaluation and Management	4.610	4.632	0.995
Well Visits	0.403	0.299	1.348
Anesthesia	0.495	0.483	1.025
Surgeries	0.932	0.933	0.998
Radiology	2.335	2.173	1.074
Pathology	3.341	3.617	0.924
Medicine	5.531	4.747	1.165
Injectables	0.813	0.817	0.995
Total	**18.459**	**17.701**	**1.043**

* Measures are on a per member per year basis

** Benchmark result has been adjusted based upon age and gender

- Benchmark includes 4,700,000 active (33%) and retired (67%) public sector participants

❶ Objective & Primary Actuarial Tasks

❷ Review of CY2016 Incurred Claims

- Cost & Utilization Trends by Type of Service
- Claims Distribution
- Comparison to Facility and Professional Benchmarks

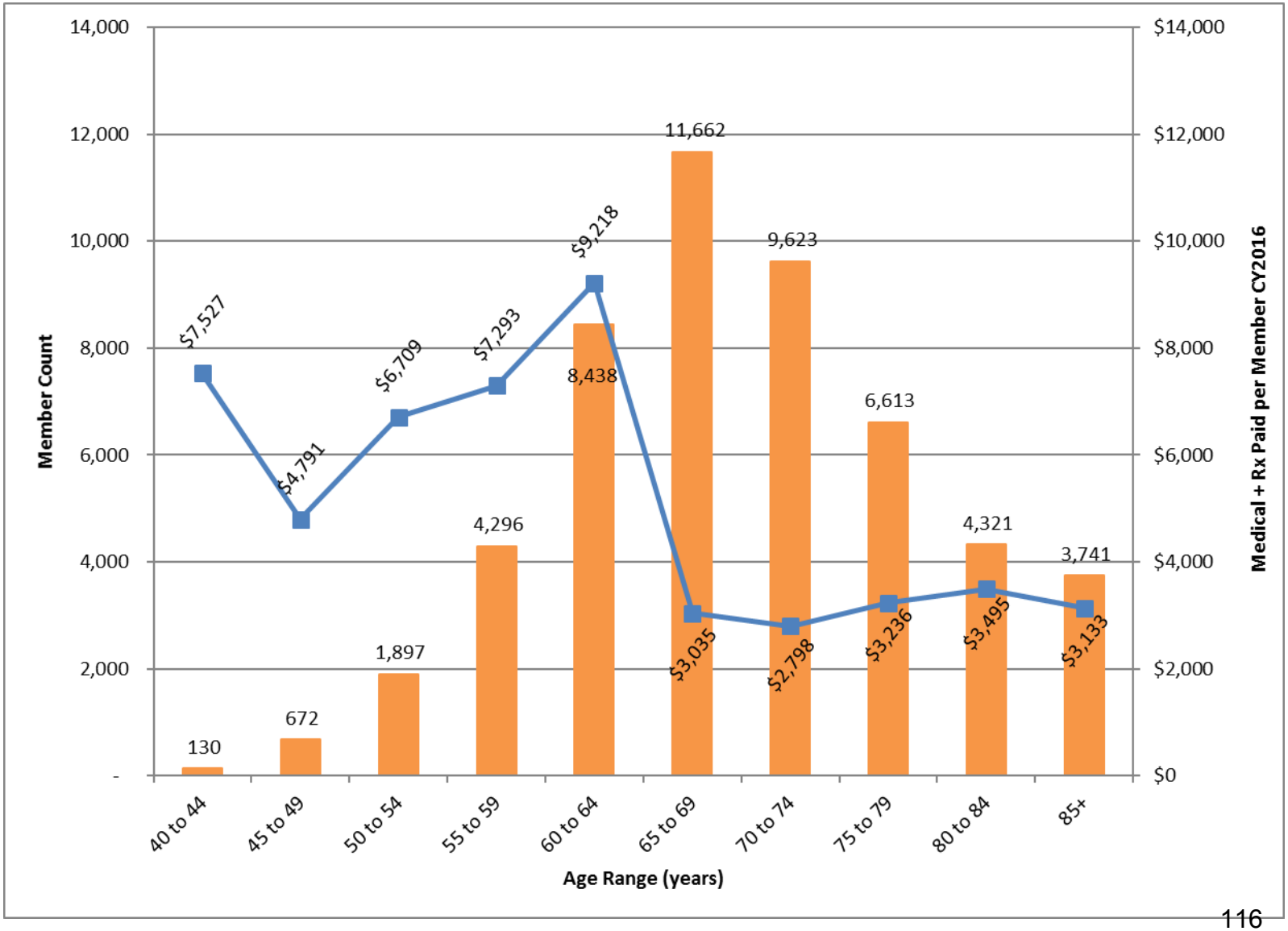
❸ CY2016 Demographic Analysis, Risk Scores, and Large Claimant Analysis

- Understanding Enrollment Risk
- Age Distribution & Age Risk Factor by Carrier
- Non-Medicare Health Status by Plan and Carrier
- Large Claimant Analysis

Understanding Enrollment Risk

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

NMRHCA Members Age 40+ & CY2016 Claims Paid per Member



2016 Non-Medicare Members by Age and Carrier

	Age Group	2016 Members	% of 2016 Members	2015 Members	% of 2015 Members	Difference
BCBSNM	40 to 44	46	1%	69	1%	-0.2%
Non-Medicare	45 to 49	254	4%	289	4%	0.0%
	50 to 54	762	11%	961	12%	-1.2%
	55 to 59	1,973	27%	2,158	26%	0.9%
	60 to 64	4,213	58%	4,734	58%	0.5%
BCBSNM Average Age		**7,248**	**54.9 years**	**8,211**	**54.4 years**	**0.5 years**
Presbyterian	40 to 44	62	1%	72	1%	-0.2%
Non-Medicare	45 to 49	367	6%	374	6%	-0.2%
	50 to 54	969	15%	1,023	16%	-1.2%
	55 to 59	1,881	29%	1,752	27%	1.4%
	60 to 64	3,291	50%	3,208	50%	0.2%
Presbyterian Average Age		**6,570**	**53.3 years**	**6,429**	**53.0 years**	**0.3 years**
Total	40 to 44	108	1%	141	1%	-0.2%
Non-Medicare	45 to 49	621	4%	663	5%	0.0%
	50 to 54	1,731	13%	1,984	14%	-1.0%
	55 to 59	3,854	28%	3,910	27%	1.2%
	60 to 64	7,504	54%	7,942	54%	0.1%
Non-Medicare Average Age		**13,818**	**54.1 years**	**14,640**	**53.8 years**	**0.3 years**

- Excludes members under age 40, over age 64, and those for whom age is not available
- In 2016, 52% of Non-Medicare members enrolled in BCBS (2015=56%; 2014=57%)
- Decimal places beyond 0.1 years are not displayed in Average Age figures, but are incorporated in Difference calculation

2016 Medicare Members by Age and Carrier

	Age Group	2016 Members	% of 2016 Members	2015 Members	% of 2015 Members	Difference
BCBSNM	less than 55	0	0%	0	0%	0.0%
Medicare	55 to 59	187	1%	206	1%	-0.1%
Supplement	60 to 64	408	2%	438	2%	-0.1%
	65 to 69	5,833	25%	6,201	27%	-1.8%
	70 to 74	5,807	25%	5,460	24%	1.3%
	75 to 79	4,613	20%	4,469	19%	0.4%
	80 to 84	3,290	14%	3,359	15%	-0.4%
	85+	3,071	13%	2,852	12%	0.8%
Average Age		**23,209**	**74.9 years**	**22,985**	**74.7 years**	**0.2 years**
BCBSNM	less than 55	0	0%	0	0%	0.0%
Medicare	55 to 59	44	1%	45	1%	0.0%
Advantage	60 to 64	78	2%	93	2%	-0.3%
	65 to 69	925	23%	1,073	26%	-3.3%
	70 to 74	1,222	30%	1,117	27%	2.9%
	75 to 79	813	20%	833	20%	-0.3%
	80 to 84	551	14%	516	13%	1.0%
	85+	425	10%	428	10%	0.0%
Average Age		**4,058**	**74.5 years**	**4,105**	**74.2 years**	**0.3 years**
Presbyterian	less than 55	0	0%	0	0%	0.0%
Medicare	55 to 59	80	1%	82	2%	-0.2%
Advantage	60 to 64	158	3%	150	3%	-0.2%
	65 to 69	2,909	47%	2,639	48%	-1.6%
	70 to 74	1,798	29%	1,548	28%	0.6%
	75 to 79	838	13%	681	12%	1.0%
	80 to 84	288	5%	237	4%	0.3%
	85+	142	2%	117	2%	0.1%
Average Age		**6,213**	**70.4 years**	**5,454**	**70.2 years**	**0.2 years**
United	less than 55	0	0%	0	0%	0.0%
Medicare	55 to 59	33	1%	27	1%	0.0%
Advantage	60 to 64	102	4%	86	4%	0.0%
	65 to 69	1,424	50%	1,258	53%	-2.8%
	70 to 74	737	26%	551	23%	2.8%
	75 to 79	314	11%	274	12%	-0.5%
	80 to 84	159	6%	124	5%	0.4%
	85+	70	2%	57	2%	0.1%
Average Age		**2,839**	**70.2 years**	**2,377**	**69.9 years**	**0.3 years**
Medicare	less than 55	0	0%	0	0%	0.0%
Total	55 to 59	344	1%	360	1%	-0.1%
	60 to 64	746	2%	767	2%	-0.1%
	65 to 69	11,091	31%	11,171	32%	-1.5%
	70 to 74	9,564	26%	8,676	25%	1.5%
	75 to 79	6,578	18%	6,257	18%	0.2%
	80 to 84	4,288	12%	4,236	12%	-0.3%
	85+	3,708	10%	3,454	10%	0.3%
Medicare Average Age		**36,319**	**73.7 years**	**34,921**	**73.6 years**	**0.1 years**

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

2016 Non-Medicare Health Status Risk Index by Carrier

Carrier	Plan	2016 Risk Index
BCBSNM	Premier Plus	1.12
BCBSNM	Premier	0.76
Presbyterian	Premier Plus	1.01
Presbyterian	Premier	0.69
Total Non-Medicare	Premier Plus	1.08
	Premier	0.73

Based on 2016 membership:

- Risk Index based on John Hopkins Adjusted Clinical Groups (ACGs)
  - A risk score is calculated for each member month
- Premier Plus participants are anticipated to cost 48.1% more than Premier participants based on Health Risk Index
  - In 2015, Premier Plus participants were anticipated to cost 50.7% more than Premier participants, based solely on Health Status Risk Index
- BCBSNM participants are anticipated to cost 15.5% more than Presbyterian participants based on Health Status Risk Index
  - In 2015, BCBSNM participants were anticipated to cost 19.3% more than Presbyterian participants on based solely on their Health Status Risk Index

2016 Continuing Non-Medicare Members' Health Status Risk Index by Plan

2015 Plan	2016 Plan	Members	% of Continuing Non-Medicare Membership	2016 Risk Index
Premier Plus	Premier Plus	3,807	27.72%	1.08
Premier	Premier	9,667	70.39%	0.74
Premier	Premier Plus	47	0.34%	1.13
Premier Plus	Premier	213	1.55%	0.82
		13,733	100.00%	0.83

- Member count excludes members for whom either a 2015 or 2016 plan code was not available, due to new enrollment or disenrollment from NMRHCA pre-Medicare plans
- The high Risk Index of members switching from Premier to Premier Plus illustrates adverse selection
- The overall Risk Index has gone down from 0.86 in 2015 to 0.83 in 2016

2016 Non-Medicare Members' Health Status Risk Index Value Plan Members vs Remaining Premier Plan Members

Location	Value Members	Value Plan 2016 Risk Index	Value Plan Exposure	Value Plan Risk Relativity to Remaining Premier Members
4 County Area	1,138	0.54	11.87%	70.96%
Other than 4 County Area	691	0.57	8.29%	64.83%
Overall	1,829	0.55	10.20%	67.52%

* 4 County Area includes Bernalillo, Santa Fe, Sandoval, and Valencia counties

- Metrics based on Non-Medicare members covered in both 2016 and 2017
- Typical of programs with options, the health of the value plan population is significantly better than the health of the Premier Plan population
- The Four County Area has a higher Value Plan Penetration and Health Risk versus the overall Non-Medicare population

2016 Large Claimant (100K or above) Analysis: Medical Paid Top 10

ICD10 Category	Patients	Paid
Chronic kidney disease (CKD)	39	$4,311,108
Encounter for other aftercare and medical care	74	$3,989,540
Other sepsis	31	$1,177,808
Malignant neoplasm of breast	25	$965,399
Multiple myeloma and malignant plasma cell neoplasms	23	$596,131
Malignant neoplasm of colon	5	$511,004
Alcoholic liver disease	8	$509,900
Type 2 diabetes mellitus	87	$494,274
Malignant neoplasm of brain	5	$476,652
Heart failure	25	$470,349

- The top 10 Medical Paid Categories account for approximately $13,500,000 and 39% of all medical paid for large claimants ($100,000 or above)

2016 Large Claimant (100K or above) Analysis: Top 20 by Total Medical/Rx Paid

Plan	Primary Diagnosis	Medical Paid	Rx Paid	Total Med/Rx Paid
BCBS Premier Plus	ENCOUNTER FOR OTHER AFTERCARE AND MEDICAL CARE	$1,093,155	$278	$1,093,433
BCBS Premier Plus	ENCOUNTER FOR OTHER AFTERCARE AND MEDICAL CARE	$556,678	$108,443	$665,121
BCBS Premier	CHRONIC KIDNEY DISEASE (CKD)	$605,904	$4,313	$610,217
BCBS Premier Plus	OTHER COAGULATION DEFECTS	$478,435	$93,032	$571,467
BCBS Premier	CHRONIC KIDNEY DISEASE (CKD)	$481,186	$87,886	$569,073
BCBS Premier Plus	MULTIPLE MYELOMA AND MALIGNANT PLASMA CELL NEOPLASMS	$344,544	$165,254	$509,798
BCBS Premier	CHRONIC KIDNEY DISEASE (CKD)	$479,230	$4,247	$483,477
BCBS Premier	MALIGNANT NEOPLASM OF BRAIN	$423,673	$51,310	$474,982
BCBS Premier Plus	CHRONIC KIDNEY DISEASE (CKD)	$461,622	$13,217	$474,839
BCBS Premier Plus	CHRONIC KIDNEY DISEASE (CKD)	$418,510	$47,804	$466,314
BCBS Premier	CHRONIC KIDNEY DISEASE (CKD)	$453,072	$3,178	$456,250
BCBS Premier Plus	BACTERIAL MENINGITIS, NOT ELSEWHERE CLASSIFIED	$429,157	$25,909	$455,066
BCBS Medicare Supplemental Plan	OTHER CARDIAC ARRHYTHMIAS	$3,437	$448,379	$451,816
Presbyterian Premier	ALCOHOLIC LIVER DISEASE	$427,390	$23,580	$450,971
BCBS Premier	HEREDITARY FACTOR VIII DEFICIENCY	$669	$421,078	$421,747
BCBS Premier Plus	CHRONIC KIDNEY DISEASE (CKD)	$389,151	$19,065	$408,216
BCBS Medicare Supplemental Plan	CARCINOMA IN SITU OF OTHER AND UNSPECIFIED GENITAL ORGANS	$3,173	$384,904	$388,077
Presbyterian Premier	MALIGNANT NEOPLASM OF BREAST	$375,300	$278	$375,578
Presbyterian Premier Plus	CHRONIC KIDNEY DISEASE (CKD)	$357,054	$1,028	$358,082
BCBS Premier	ENCOUNTER FOR OTHER AFTERCARE AND MEDICAL CARE	$352,857	$4,018	$356,876

- Primary diagnosis represents the diagnostic category associated with the highest total paid

Questions?

Segal Consulting

New Mexico Retiree Health Care Authority

LONG-TERM CASH FLOW AND SOLVENCY MODELING

Methodology

July 13, 2017

Presented by:

Gary Petersen, FCA, ASA, MAAA
Vice President and Consulting Actuary

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Senior Actuarial Analyst

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Vice President and Consulting Actuary
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July 13, 2017

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

Dear Board of Directors:

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

- Historical year to date and projected loss ratios for CY2017 & CY2018
- Long-Term Cash Flow and Solvency Modeling Methodology
- July 1, 2017 long-term solvency baseline assumptions
- Baseline long-term solvency illustration as of July 1, 2017
- Long-term solvency Scenario A illustration as of July 1, 2017
- Sensitivity analysis to July 1, 2017 long-term solvency baseline assumptions

This reporting package should be transmitted and considered only in its entirety. Our analysis is intended to illustrate the future cash flows of the New Mexico Retiree Health Care Authority (NMRHCA) based on membership information available through March 31, 2017 and projected changes to enrollment from that day forward. Calculations are prepared annually at the Board's request to aid in its strategic planning and should not be relied upon for any other purpose.

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

The projections in this report are estimates of future costs and are based on information available to Segal Consulting at the time the projections were made. Projections are not a guarantee of future results. Actual experience may differ due to variables including, but not limited to, changes in the regulatory environment, local market pressure, changes in group demographics, overall inflation rates, and claims volatility, and this difference may be material. The accuracy and reliability of health projections decrease as the projection period increases. Although changes in the relative size of NMRHCA's membership have been projected, the health status of future members is unknown.

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

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

Sincerely,

Gary Petersen, FCA, ASA, MAAA
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Table of Contents

Long Term Cash Flow and Solvency Modeling Methodology

July 13, 2017

Beginning of Year Invested Assets

Invested assets as of July 1, 2017 were assumed to equal actual invested assets as of May 31, 2017.

Revenues

Employer Contribution

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

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

NMRHCA staff provided baseline Employer/Employee Contributions, as well as the percentage of contributions originating from Enhanced Programs versus Non-Enhanced Programs. This information allowed us to estimate FY2017 active payroll to be approximately $4.17 billion.

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

Employee Contribution

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

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

NMRHCA staff provided baseline Employer/Employee Contributions, as well as the percentage of contributions originating from Enhanced Programs versus Non-Enhanced Programs. This information allowed us to estimate FY2017 active payroll to be approximately $4.17 billion.

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

Retiree Medical

Baseline contribution and premium rates and subsidy percentages were verified at www.nmrhca.org on the 2017 Rate Sheet included on the *2017 Enrollment Packet* link from the *Forms* page.

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

Membership is projected by plan for pre-Medicare members and Medicare-eligible members at the rates of change displayed under the general heading *Assumptions with Fiscal Year Basis*. The basis of the assumed rates of change is an open valuation projection of covered lives, based on assumptions consistent with those utilized in the July 1, 2014 valuation of NMRHCA's liability for Other Post-Employment Benefits under the Governmental Accounting Standards Board's Statement Number 43. Total annual unsubsidized contributions and premiums are calculated directly by multiplying projected monthly rates by projected member months.

In the Baseline Scenario, the CY17 subsidy provided by NMRHCA is assumed to remain constant in all future years. NMRHCA staff provided years of service at retirement by enrollment category as of May 1, 2017. The current subsidy was calculated and applied to future annual contributions and premiums individually for the following enrollment categories: pre-Medicare Retirees, pre-Medicare Spouses, pre-Medicare Dependents (no subsidy), Medicare Supplement Retirees, Medicare Supplement Spouses, Medicare Supplement Dependents (no subsidy), Medicare Advantage Retirees, Medicare Advantage Spouses, and Medicare Advantage Dependents (no subsidy).

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

Plan Changes Effective January 1, 2018

NMRHCA staff provided information on proposed plan design changes including expansion of the Value plan to the BlueCross BlueShield of New Mexico network and addition of the Voluntary Smart90 Program under both the Non-Medicare Prescription Drug and Medicare EGWP Prescription Drug benefit.

Migration assumptions were developed with NMRHCA staff. Of the current BCBSNM Premier plan participants, 2,000 members (approximately 23 percent of total BCBSNM Premier plan members) are assumed to move to the BCBSNM Value plan. New Medicare retirees are assumed to automatically enroll into a Medicare Advantage plan (Presbyterian pre-Medicare members assumed to enroll into the richer United HealthCare (UHC) Medicare Advantage plan while BCBSNM and NMHC pre-Medicare members assumed to enroll into the richer Humana Medicare Advantage plan) with 50 percent opting to enroll in the Medicare Supplement plan.

Retiree Ancillary

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

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

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

Tax & HB 351 Revenue

NMRHCA staff provided baseline information on Taxation and Revenue Suspense Fund revenues. Pension tax revenue is assumed to remain at FY2016 levels through June 30, 2019 and increase 12.0% per annum in the remaining projection years in accordance with statute.

In accordance with Senate Bill 7 from the 2016 Second Special Session, House Bill 351 revenue has been eliminated and is no longer included in the Long-Term Solvency Model.

Medicare PDP & Manufacturers Discount

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

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

Miscellaneous

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

Total Revenue

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

Investment Income

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

Expenditures

Medical/Rx

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

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

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

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

Membership is projected by plan for pre-Medicare members and Medicare-eligible members at the growth rates displayed under the general heading *Assumptions with Fiscal Year Basis*. The basis of the assumed rates of change is an open valuation projection of covered lives, based on assumptions consistent with those utilized in the July 1, 2014 valuation of NMRHCA's liability for Other Post-Employment Benefits under the Governmental Accounting Standards Board's

Statement Number 43. Total annual medical and prescription drug claims are calculated directly by multiplying projected per member per month paid claims by projected member months.

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

Plan Changes Effective January 1, 2018

NMRHCA staff provided information on proposed plan design changes including expansion of the Value plan to the BlueCross BlueShield of New Mexico network and addition of the Voluntary Smart90 Program under both the Non-Medicare Prescription Drug and Medicare EGWP Prescription Drug benefit.

Migration assumptions were developed with NMRHCA staff. Of the current BCBSNM Premier plan participants, 2,000 members (approximately 23 percent of total BCBSNM Premier plan members) are assumed to move to the BCBSNM Value plan. New Medicare retirees are assumed to automatically enroll into a Medicare Advantage plan (Presbyterian pre-Medicare members assumed to enroll into the richer United HealthCare (UHC) Medicare Advantage plan while BCBSNM and NMHC pre-Medicare members assumed to enroll into the richer Humana Medicare Advantage plan) with 50 percent opting to enroll in the Medicare Supplement plan.

Projected claims for the pre-Medicare plans reflect the migration assumptions and the impact of differences in network discounts.

Basic Life

Basic life premium is conservatively assumed to remain flat (i.e. no mortality assumption is used) through calendar year 2017, as basic life coverage is no longer provided to new retirees. The portion of the Basic life premium paid by NMRHCA is scheduled to decrease from 100% in calendar year 2017 by 25% annually until it reaches 0% in calendar year 2021. NMRHCA staff provides baseline basic life premiums.

Ancillary Premiums

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

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

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

ASO & HC Reform Fees

The *ASO & HC Reform Fees* expenditures are comprised of several fees associated with Network, Claims Administration, Utilization and Care Management Programs, and Wellness Services as well as the Patient Centered Outcomes Research Institute Fee (PCORI) through calendar year 2018.

Specifically, this expenditure projection includes the following components:

- BCBSNM pre-Medicare Network Access and Claims Administration
- BCBSNM pre-Medicare Disease Management
- BCBSNM pre-Medicare Wellness Services
- BCBSNM Medicare Supplement plan Claims Administration
- PHP pre-Medicare Network Access and Claims Administration
- PHP pre-Medicare Disease Management
- PHP Wellness Services
- NMHC pre-Medicare Network Access and Claims Administration
- ESI per Rx Administration (applies to pre-Medicare plans and EGWP)
- ESI pre-Medicare per Rx Clinical Programs fee
- ESI pre-Medicare per member per month Clinical Programs fee
- ESI EGWP per Rx Administration fee
- ESI EGWP per member per month Administration fee
- ESI EGWP per member per month Clinical Programs fee

The annual rate of change for the fees paid to BCBSNM, PHP, NMHC, and ESI are based on actual contract provisions to the extent known, with all fees assumed to increase 2.0% per annum thereafter. The PCORI fee is illustrated to increase at a varying percentage each year, consistent with the Centers for Medicare and Medicaid Services Office of the Actuary projections of percent change in per capital National Health Expenditures, published at http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/Downloads/Proj2012.pdf.

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

Program Support

NMRHCA staff provided the approved FY2018 Program Support budget. The budget for Program Support is assumed to increase 2.5% per annum.

Total Expenditures

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

End of Year Invested Assets

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

Projected Year of Insolvency

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

Based on the July 1, 2017 Baseline Assumptions and the methodology described herein, as applied to claims and membership information through March 31, 2017, the projected year of insolvency was estimated to be fiscal year 2035.

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

Assumption	Prior Assumption July 2013	Prior Assumption July 2014	Prior Assumption July 2015	Prior Assumption July 2016	Current Assumption July 2017
Asset Balance	Use May 31, 2013 fund balance of $279,487,430 as an estimate for 7/1/2013 fund balance	Use May 31, 2014 fund balance of $369,131,762 as an estimate for 7/1/2014 fund balance	Use May 31, 2015 fund balance of $429,925,522 as an estimate for 7/1/2015 fund balance	Use May 31, 2016 fund balance of $455,592,072 as an estimate for 7/1/2016 fund balance	Use May 31, 2017 fund balance of $551,412,183 as an estimate for 7/1/2017 fund balance
Investment Return	No Change	No Change	No Change	No Change	7.25%
Annual Growth in Payroll	FY13 payroll estimated to be $3,983,932,770, increasing 2% through 6/30/14 and 4% thereafter	F20Y14 payroll estimated to be $3,941,587,760, increasing 3% through 6/30/15 and 3.5% thereafter	F20Y15 payroll estimated to be $4,040,779,736, increasing 3.5% annually	FY2016 payroll estimated to be $4,126,747,451, increasing 3.5% annually	FY2017 payroll estimated to be $4,165,647,339, increasing 0.0% through FY2019 and 3.5% thereafter
Percentage of Covered Payroll for Public Safety, et al	9.14%	No Change	No Change	No Change	No Change
Contribution Rates (Employer/Employee)					
Public Safety, et al	2.50%/1.25%	No Change	No Change	No Change	No Change
Other Occupations	2.50%/1.25%	No Change	No Change	No Change	No Change
Annual Growth in Retirees					
Non-Medicare	1.75% annually through 6/30/2015, then based on FY2009 open valuation output table	No Change	No Change	No Change	No Change
Medicare	5.8% through 6/30/2015, then based on FY2009 open valuation output table	No Change	No Change	No Change	No Change
Retiree Ancillary Costs	Assumed to equal premium expenses and is paid fully by retirees	No Change	No Change	No Change	No Change
Pension Tax Revenue	$18,688,658 for FY13, increasing 12% thereafter	$20,931,300 for FY2014, increasing 12% thereafter	$23,443,056 for FY2015, increasing 12% thereafter	$26,256,200 for FY2016, increasing 12% thereafter	$28,306,470 for FY2017, frozen through FY2019 and increasing 12% thereafter
HB 728/573 Revenue	$3 million annually, no sunset	No Change	No Change	No Change	Eliminated effective 1/1/2017
Rx Rebates	Rebates of $5,798,571 estimated for FY13, increased at annual retiree growth rate	Rebates of $8,407,050 estimated for FY14, reflecting proposed contract terms through FY18; all annual figures increased at retiree growth rate	Rebates of $8,960,237 estimated for FY15, reflecting proposed contract terms through FY18; all annual figures increased at retiree growth rate	Rebates of $8,566,058 estimated for FY2016, reflecting proposed contract terms through FY2018; all annual figures increased at retiree growth rate	Rebates of $18,321,264 estimated for FY2017, reflecting proposed contract terms through FY2018; all annual figures increased at retiree growth rate
EGWP Revenue Components:					
Direct Subsidy	No Change: half of Medicare Rx trend, plus 1% for donut hole closure CY12 through CY20	CY2014-15 projected by ESI; thereafter increases annually at retiree growth rate, plus one half of Medicare Rx trend +1% for donut hole closure CY16 through CY20 (one half of Medicare Rx trend CY2021+)	CY2015-16 projected by ESI; thereafter increases annually at retiree growth rate, plus one half of Medicare Rx trend +1% for donut hole closure CY17 through CY20 (one half of Medicare Rx trend CY2021+)	CY2016 and CY2017 projected by ESI; thereafter increases annually at retiree growth rate, plus one half of Medicare Rx trend +1% for donut hole closure CY2018 through CY2020 (one half of Medicare Rx trend CY2021+)	CY2017 and CY2018 projected by ESI; thereafter increases annually at retiree growth rate, plus one half of Medicare Rx trend +1% for donut hole closure CY2019 through CY2020 (one half of Medicare Rx trend CY2021+)
Federal Reinsurance	CY13 & CY14 PMPM revenue estimated by ESI, increased at retiree growth rate	CY2014-15 projected by ESI; CY2016+ annual increase at only retiree growth rate	CY2015-16 projected by ESI; CY2017+ annual increase at only retiree growth rate	CY2016 and CY2017 projected by ESI; CY2018+ annual increase at only retiree growth rate	CY2017 and CY2018 projected by ESI; CY2019+ annual increase at only retiree growth rate
Low Income Subsidy	No Change: half of Medicare Rx trend, plus 1% for donut hole closure CY12 through CY20	0.0% annual increase to CY2014 estimate of $2.85 PMPM	0.0% annual increase to CY2015 estimate of $3.40 PMPM	0.0% annual increase to CY2016 estimate of $3.40 PMPM	0.0% annual increase to CY2017 estimate of $2.84 PMPM
Coverage Gap Discount Program	CY13 & CY14 PMPM revenue estimated by ESI, increased at retiree growth rate	CY2014-15 projected by ESI; CY2016+ annual increase at only retiree growth rate	CY2015-16 projected by ESI; CY2017+ annual increase at only retiree growth rate	CY2016 and CY2017 projected by ESI; CY2018+ annual increase at only retiree growth rate	CY2017 and CY2018 projected by ESI; CY2019+ annual increase at only retiree growth rate
Short Term Interest	$54,802 projected for FY13, increasing 0.0% annually	$0 projected for FY2014, increasing 0.0% annually	No Change	No Change	No Change
Subrogation	$389,857 estimated for FY13, increased at retiree growth rate	$239,932 estimated for FY2014, increased at retiree growth rate	$277,326 estimated for FY2015, increased at retiree growth rate	$327,942 estimated for FY2016, increased at retiree growth rate	$279,589 estimated for FY2017, increased at retiree growth rate

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

Assumption	Prior Assumption July 2013	Prior Assumption July 2014	Prior Assumption July 2015	Prior Assumption July 2016	Current Assumption July 2017
Annual Trend					
Medical					
Medicare Advantage	8.00%	No Change	No Change	No Change	No Change
Medicare Supplement	8.00%	No Change	No Change	No Change	No Change
Medicare Rx	8.00%	No Change	No Change	No Change	No Change
Non-Medicare Medical	8.00%	No Change	No Change	No Change	No Change
Mental Health	Included in Medical Trend	No Change	No Change	No Change	No Change
Non-Medicare Rx	8.00%	No Change	No Change	No Change	No Change
Medical Rates	Annual Non-Medicare rate increases of 8% in 2014-2016, 3% Non-Medicare thereafter, 6% Medicare Supplement rate increases in 2014+	Annual Non-Medicare rate increases of 8% in 2015-2020 and 3% thereafter, 5% Medicare Supplement rate increase in 2015 and 6% thereafter	Annual Non-Medicare rate increases of 8% in 2016-2021 and 4% thereafter, 6% Medicare Supplement rate increase in 2016-2033 and 3% thereafter	2017 rates for Premier and new Value plan set per pricing exercise; Annual Non-Medicare rate increases of 8% in 2018-2022 and 4% thereafter, 6% Medicare Supplement rate increase in 2017-2030 and 3% thereafter	Annual Non-Medicare rate increases of 8% in 2018-2022 and 4% thereafter, 6% Medicare Supplement rate increase in 2017-2031 and 3% thereafter
Life Insurance	Assumes level total premium on Basic Life for duration of projection	Assumes level total premium on Basic Life for duration of projection	Assumes level total premium on Basic Life through CY17 decreasing 25% per year through CY21	No Change	No Change
Dental	6.00%	No Change	No Change	No Change	No Change
Vision	5.00%	No Change	No Change	No Change	No Change
Program Support	$2,651,000 budgeted for FY2014, increasing 2.5% annually thereafter	$2,929,300 budgeted for FY2015, increasing 2.5% annually thereafter	$3,012,900 budgeted for FY2016, increasing 2.5% annually thereafter	$3,118,300 budgeted for FY2016, increasing 2.5% annually thereafter	$2,936,800 budgeted for FY2017, increasing 2.5% annually thereafter
Administrative Services Fee	Medical based on information from Mark for 2013-2016, increasing 2.00% annually thereafter; Rx based on existing contract terms in place through 6/30/2014	Individual fee components based on existing contract terms in place, increasing 2.00% annually thereafter	No Change	No Change	No Change
Plan Design Changes					
Medical					
Medicare	No changes for 1/1/2014 or beyond	Annual plan changes in CY2034 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2034 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2031 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2032 and beyond such that projected claims and expenses remain beneath Excise Tax threshold
Non-Medicare	Consolidation of Non-Medicare plans in CY17, annual plan changes thereafter to keep projected claims beneath Cadillac Tax threshold	Consolidation of Non-Medicare plans in CY2017, annual plan changes in CY2021 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Consolidation of Non-Medicare plans in CY2017, annual plan changes in CY2022 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Beginning CY2017: Elimination of Premier Plus plan, introduction of Value plan, Premier plan OOP max increase to $4,500, deductible and copays accumulating to OOP max; annual plan changes in CY2023 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Beginning CY2018, expanding value option to BCBSNM network; annual plan changes in CY2023 and beyond such that projected claims and expenses remain beneath Excise Tax threshold
Rx					
Medicare	No changes for 1/1/2014 or beyond	Annual plan changes in CY2034 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2034 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Eliminate coverage for drugs now available over the counter (OTC); Annual plan changes in CY2031 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Add Voluntary Smart90 program; annual plan changes in CY2032 and beyond such that projected claims and expenses remain beneath Excise Tax threshold
Non-Medicare	No changes for 1/1/2014 or beyond	No changes for 1/1/2015 or beyond	No changes for 1/1/2016 or beyond	Eliminate coverage for drugs now available over the counter (OTC)	Add Voluntary Smart90 program
Basic Life and AD&D	No new entrants	No new entrants	No new entrants	No new entrants	No new entrants
Annual Index in Cadillac Tax Thresholds	3%	3%	3%	3%	3%

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

Assumption	Prior Assumption July 2013	Prior Assumption July 2014	Prior Assumption July 2015	Prior Assumption July 2016	Current Assumption July 2017
Annual Increase in PCORI Fee	3%	Projected increase in National Health Expenditures, per CMS Office of the Actuary	Projected increase in National Health Expenditures, per CMS Office of the Actuary	Projected increase in National Health Expenditures, per CMS Office of the Actuary	Projected increase in National Health Expenditures, per CMS Office of the Actuary
Member Rate Share					
Retiree					
Medicare	50%	No Change	No Change	No Change	No Change
Non-Medicare	35%	No Change	36% in CY2016+	No Change	No Change
Spouse					
Medicare	75%	No Change	No Change	No Change	No Change
Non-Medicare	60%	62% in CY2015+	64% in CY2016+	No Change	No Change
Child(ren)					
Medicare	100%	No Change	No Change	No Change	No Change
Non-Medicare	100%	No Change	No Change	No Change	No Change
Minimum Service to Receive Full Subsidy	20 years	No Change	No Change	No Change	No Change
Minimum Participation Age	None	No Change	No Change	No Change	No Change

New Mexico Retiree Health Care Authority Long-Tem Solvency Modeling
Projected Year of Insolvency: FYE2035

Baseline Scenario: 8% trend for Non-Medicare and Medicare medical and Rx for all years; 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 CY2032+; Annual Non-Medicare Rate Increases of 8.0% in CY2018-2022 and 4.0% thereafter, Medicare Rate Increase of 6.0% in CY2018-2031 and 3.0% thereafter; Expanded Value Option to BCBS beginning CY2018; Updated Rx Rebates per Market Check

		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
7/1/2017	$551,412,183	$85,288,498	$42,644,249	$132,916,507	$30,562,632	$26,256,221	$26,065,069	$455,545	$344,188,722	$41,051,156	$264,089,082	$3,509,235	$30,562,632	$13,469,663	$2,936,800	$314,567,412	$29,621,309	6/30/2018	$622,084,648
7/1/2018	$622,084,648	$85,288,498	$42,644,249	$146,464,612	$33,136,815	$26,256,221	$27,478,076	$457,853	$361,726,324	$45,626,962	$294,300,931	$2,506,596	$33,136,815	$14,266,233	$3,010,220	$347,220,795	$14,505,529	6/30/2019	$682,217,140
7/1/2019	$682,217,140	$85,288,498	$42,644,249	$161,536,706	$35,796,147	$29,406,967	$28,723,746	$459,016	$383,855,329	$49,480,849	$327,940,425	$1,503,958	$35,796,147	$14,974,662	$3,085,476	$383,300,667	$554,663	6/30/2020	$732,252,651
7/1/2020	$732,252,651	$88,273,596	$44,136,798	$176,618,275	$38,302,494	$32,935,804	$29,777,624	$457,030	$410,501,620	$52,755,627	$362,154,916	$501,319	$38,302,494	$15,557,928	$3,162,612	$419,679,270	($9,177,650)	6/30/2021	$775,830,629
7/1/2021	$775,830,629	$91,363,171	$45,681,586	$193,137,854	$41,146,720	$36,888,100	$30,830,767	$456,115	$439,504,313	$55,489,259	$399,879,806	$0	$41,146,720	$16,159,195	$3,241,678	$460,427,398	($20,923,086)	6/30/2022	$810,396,802
7/1/2022	$810,396,802	$94,560,882	$47,280,441	$211,788,565	$44,616,861	$41,314,672	$31,807,628	$467,207	$471,836,256	$57,430,749	$443,472,136	$0	$44,616,861	$16,921,609	$3,322,720	$508,333,325	($36,497,069)	6/30/2023	$831,330,482
7/1/2023	$831,330,482	$97,870,513	$48,935,257	$229,406,548	$47,960,423	$46,272,433	$32,761,792	$470,085	$503,677,050	$58,499,103	$483,570,267	$0	$47,960,423	$17,633,176	$3,405,788	$552,569,653	($48,892,603)	6/30/2024	$840,936,982
7/1/2024	$840,936,982	$101,295,981	$50,647,991	$246,838,708	$51,262,491	$51,825,124	$33,595,567	$471,781	$535,937,644	$58,824,655	$522,051,997	$0	$51,262,491	$18,257,076	$3,490,932	$595,062,496	($59,124,853)	6/30/2025	$840,636,785
7/1/2025	$840,636,785	$104,841,341	$52,420,670	$267,850,730	$55,452,951	$58,044,139	$34,551,086	$480,291	$573,641,209	$58,293,956	$568,739,169	$0	$55,452,951	$19,035,331	$3,578,206	$646,805,657	($73,164,449)	6/30/2026	$825,766,292
7/1/2026	$825,766,292	$108,510,787	$54,255,394	$288,926,730	$59,322,679	$65,009,436	$35,434,716	$482,146	$611,941,888	$56,729,432	$615,798,223	$0	$59,322,679	$19,736,069	$3,667,661	$698,524,632	($86,582,744)	6/30/2027	$795,912,980
7/1/2027	$795,912,980	$112,308,665	$56,154,333	$309,839,856	$63,247,596	$72,810,568	$36,299,557	$419,263	$651,079,838	$54,103,682	$663,044,185	$0	$63,247,596	$20,339,303	$3,759,352	$750,390,436	($99,310,598)	6/30/2028	$750,706,064
7/1/2028	$750,706,064	$116,239,468	$58,119,734	$334,409,379	$67,985,564	$81,547,837	$37,130,045	$426,562	$695,858,589	$50,203,990	$719,421,718	$0	$67,985,564	$21,072,435	$3,853,336	$812,333,053	($116,474,464)	6/30/2029	$684,435,591
7/1/2029	$684,435,591	$120,307,850	$60,153,925	$358,735,527	$72,317,474	$91,333,577	$37,816,547	$426,934	$741,091,834	$44,813,634	$775,754,637	$0	$72,317,474	$21,703,058	$3,949,669	$873,724,839	($132,633,005)	6/30/2030	$596,616,220
7/1/2030	$596,616,220	$124,518,624	$62,259,312	$387,625,380	$77,851,850	$102,293,606	$38,484,418	$326,388	$793,359,579	$37,681,040	$842,709,328	$0	$77,851,850	$22,505,451	$4,048,411	$947,115,040	($153,755,461)	6/30/2031	$480,541,800
7/1/2031	$480,541,800	$128,876,776	$64,438,388	$414,499,465	$83,129,413	$114,568,839	$39,070,788	$333,129	$844,916,799	$28,803,971	$900,869,238	$0	$83,129,413	$23,259,816	$4,149,622	$1,011,408,088	($166,491,289)	6/30/2032	$342,854,482
7/1/2032	$342,854,482	$133,387,463	$66,693,732	$438,516,171	$88,518,038	$128,317,100	$39,595,436	$337,902	$895,365,843	$18,741,755	$947,356,177	$0	$88,518,038	$23,933,298	$4,253,362	$1,064,060,875	($168,695,032)	6/30/2033	$192,901,205
7/1/2033	$192,901,205	$138,056,025	$69,028,012	$468,576,120	$94,711,786	$143,715,152	$40,172,443	$346,404	$954,605,942	$7,880,095	$999,261,249	$0	$94,711,786	$24,693,695	$4,359,696	$1,123,026,425	($168,420,483)	6/30/2034	$32,360,816
7/1/2034	$32,360,816	$142,887,986	$71,443,993	$505,258,718	$101,532,503	$160,960,970	$40,678,395	$360,267	$1,023,122,831	$218,424	$1,056,752,871	$0	$101,532,503	$25,557,950	$4,468,689	$1,188,312,012	($165,189,181)	6/30/2035	($132,609,941)
7/1/2035	($132,609,941)	$147,889,065	$73,944,533	$537,172,838	$107,753,964	$180,276,286	$41,237,177	$360,061	$1,088,633,923	$0	$1,109,885,613	$0	$107,753,964	$26,235,756	$4,580,406	$1,248,455,738	($159,821,815)	6/30/2036	($292,431,756)
7/1/2036	($292,431,756)	$153,065,182	$76,532,591	$567,180,817	$114,596,153	$201,909,441	$41,902,055	$360,197	$1,155,546,436	$0	$1,165,206,116	$0	$114,596,153	$26,884,875	$4,694,916	$1,311,382,061	($155,835,625)	6/30/2037	($448,267,381)
7/1/2037	($448,267,381)	$158,422,464	$79,211,232	$597,693,913	$121,415,316	$226,138,574	$42,433,611	$360,785	$1,225,675,894	$0	$1,220,102,696	$0	$121,415,316	$27,494,512	$4,812,289	$1,373,824,813	($148,148,919)	6/30/2038	($596,416,300)
7/1/2038	($596,416,300)	$163,967,250	$81,983,625	$628,582,911	$128,396,252	$253,275,203	$43,018,482	$356,164	$1,299,579,887	$0	$1,275,529,642	$0	$128,396,252	$28,033,156	$4,932,596	$1,436,891,645	($137,311,759)	6/30/2039	($733,728,058)
7/1/2039	($733,728,058)	$169,706,104	$84,853,052	$662,537,531	$136,180,824	$283,668,227	$43,611,821	$356,223	$1,380,913,782	$0	$1,337,066,271	$0	$136,180,824	$28,636,711	$5,055,911	$1,506,939,717	($126,025,935)	6/30/2040	($859,753,993)
7/1/2040	($859,753,993)	$175,645,817	$87,822,909	$700,016,590	$144,687,906	$317,708,414	$44,199,774	$358,666	$1,470,440,076	$0	$1,404,209,482	$0	$144,687,906	$29,322,268	$5,182,309	$1,583,401,964	($112,961,889)	6/30/2041	($972,715,882)
7/1/2041	($972,715,882)	$181,793,421	$90,896,710	$742,048,741	$154,256,043	$355,833,424	$44,722,302	$367,633	$1,569,918,274	$0	$1,480,917,881	$0	$154,256,043	$30,137,738	$5,311,866	$1,670,623,528	($100,705,255)	6/30/2042	($1,073,421,137)
7/1/2042	($1,073,421,137)	$188,156,191	$94,078,095	$786,499,537	$164,199,230	$398,533,435	$45,196,017	$375,855	$1,677,038,360	$0	$1,561,871,986	$0	$164,199,230	$30,973,985	$5,444,663	$1,762,489,864	($85,451,504)	6/30/2043	($1,158,872,641)
7/1/2043	($1,158,872,641)	$194,741,657	$97,370,829	$833,760,405	$174,875,237	$446,357,447	$45,638,778	$385,785	$1,793,130,136	$0	$1,645,886,355	$0	$174,875,237	$31,840,313	$5,580,780	$1,858,182,685	($65,052,549)	6/30/2044	($1,223,925,189)
7/1/2044	($1,223,925,189)	$201,557,615	$100,778,808	$884,399,981	$186,284,168	$499,920,340	$46,088,010	$395,976	$1,919,424,898	$0	$1,736,167,909	$0	$186,284,168	$32,741,783	$5,720,299	$1,960,914,159	($41,489,261)	6/30/2045	($1,265,414,450)
7/1/2045	($1,265,414,450)	$208,612,132	$104,306,066	$938,662,082	$198,476,788	$559,910,781	$46,556,278	$406,437	$2,056,930,565	$0	$1,832,781,089	$0	$198,476,788	$33,674,559	$5,863,307	$2,070,795,743	($13,865,178)	6/30/2046	($1,279,279,629)
7/1/2046	($1,279,279,629)	$215,913,556	$107,956,778	$996,828,591	$211,507,387	$627,100,075	$47,044,309	$417,174	$2,206,767,872	$0	$1,934,520,509	$0	$211,507,387	$34,639,908	$6,009,889	$2,186,677,693	$20,090,178	6/30/2047	($1,259,189,450)
7/1/2047	($1,259,189,450)	$223,470,531	$111,735,265	$1,059,204,190	$225,434,022	$702,352,084	$47,552,857	$428,195	$2,370,177,144	$0	$2,043,520,739	$0	$225,434,022	$35,639,156	$6,160,136	$2,310,754,053	$59,423,091	6/30/2048	($1,199,766,359)
7/1/2048	($1,199,766,359)	$231,291,999	$115,646,000	$1,126,118,234	$240,318,781	$786,634,334	$48,082,703	$439,508	$2,548,531,559	$0	$2,160,188,379	$0	$240,318,781	$36,673,684	$6,314,140	$2,443,494,984	$105,036,575	6/30/2049	($1,094,729,784)

Assumptions with Fiscal Year Basis:	**FY2018**	**FY2019**	**FY2020**	**FY2021**	**FY2022**	**FY2023**	**FY2024**	**FY2025**	**FY2026**	**FY2027**	**FY2028**	**FY2029**	**FY2030**	**FY2031**	**FY2032**	**FY2033+**
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	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%	2.07%	varies
Annual Growth in Retirees age 65+	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%	1.33%	varies
Non-Medicare Prescription Drug Rebate Trend	15.01%	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 Prescription Drug Rebate Trend	-8.57%	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%

Assumptions with Calendar Year Basis:	**CY2018**	**CY2019**	**CY2020**	**CY2021**	**CY2022**	**CY2023**	**CY2024**	**CY2025**	**CY2026**	**CY2027**	**CY2028**	**CY2029**	**CY2030**	**CY2031**	**CY2032**	**CY2033+**
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	-19.89%	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%	4.00%
Annual Growth in Coverage Gap Discount Program Revenue	-5.00%	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%
Annual Growth in EGWP Federal Reinsurance	10.00%	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%
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:	**CY2018**	**CY2019**	**CY2020**	**CY2021**	**CY2022**	**CY2023**	**CY2024**	**CY2025**	**CY2026**	**CY2027**	**CY2028**	**CY2029**	**CY2030**	**CY2031**	**CY2032**	**CY2033**
Non-Medicare Premier	0.00%	0.00%	0.00%	0.00%	0.00%	-4.35%	-6.31%	-6.41%	-6.62%	-6.86%	-6.57%	-6.85%	-7.18%	-7.44%	-7.22%	-7.64%
Non-Medicare Value	0.00%	0.00%	0.00%	0.00%	0.00%	-4.35%	-6.31%	-6.41%	-6.62%	-6.86%	-6.57%	-6.85%	-7.18%	-7.44%	-7.22%	-7.64%
Non-Medicare Prescription Drug	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	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%	-4.78%	-4.64%
Medicare Prescription Drug	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-4.78%	-4.64%

Member Rate-Share for Self-funded Plans effective 1/1:	**CY2018**	**CY2019**	**CY2020**	**CY2021**	**CY2022**	**CY2023**	**CY2024**	**CY2025**	**CY2026**	**CY2027**	**CY2028**	**CY2029**	**CY2030**	**CY2031**	**CY2032**	**CY2033+**
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:	**CY2018**	**CY2019**	**CY2020**	**CY2021**	**CY2022**	**CY2023**	**CY2024**	**CY2025**	**CY2026**	**CY2027**	**CY2028**	**CY2029**	**CY2030**	**CY2031**	**CY2032**	**CY2033+**
Non-Medicare Retiree % Increase	8.00%	8.00%	8.00%	8.00%	8.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Non-Medicare Spouse % Increase	8.00%	8.00%	8.00%	8.00%	8.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Non-Medicare Child % Increase	8.00%	8.00%	8.00%	8.00%	8.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
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%

New Mexico Retiree Health Care Authority Long-Tem Solvency Modeling
Projected Year of Insolvency: FYE2035

Scenario A: 8% trend for Non-Medicare and Medicare medical and Rx for all years; 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 CY2032+; Annual Non-Medicare Rate Increases of 8.0% in CY2018-2022 and 4.0% thereafter, Medicare Rate Increase of 5.0% in CY2018, 6.0% in CY2019-2031 and 3.0% thereafter; Expanded Value Option to BCBS beginning CY2018; Updated Rx Rebates per Market Check; Medicare Supplement changes beginning in CY2018: $250 copay for Inpatient stay

		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
7/1/2017	$551,412,183	$85,288,498	$42,644,249	$132,605,167	$30,562,632	$26,256,221	$26,065,069	$455,545	$343,877,382	$41,048,626	$263,847,515	$3,509,235	$30,562,632	$13,469,663	$2,936,800	$314,325,845	$29,551,537	6/30/2018	$622,012,346
7/1/2018	$622,012,346	$85,288,498	$42,644,249	$145,799,210	$33,136,815	$26,256,221	$27,478,076	$457,853	$361,060,922	$45,616,850	$293,769,895	$2,506,596	$33,136,815	$14,266,233	$3,010,220	$346,689,760	$14,371,163	6/30/2019	$682,000,359
7/1/2019	$682,000,359	$85,288,498	$42,644,249	$160,803,987	$35,796,147	$29,406,967	$28,723,746	$459,016	$383,122,610	$49,460,164	$327,344,779	$1,503,958	$35,796,147	$14,974,662	$3,085,476	$382,705,021	$417,589	6/30/2020	$731,878,111
7/1/2020	$731,878,111	$88,273,596	$44,136,798	$175,817,809	$38,302,494	$32,935,804	$29,777,624	$457,030	$409,701,154	$52,723,485	$361,492,061	$501,319	$38,302,494	$15,557,928	$3,162,612	$419,016,415	($9,315,260)	6/30/2021	$775,286,336
7/1/2021	$775,286,336	$91,363,171	$45,681,586	$192,264,035	$41,146,720	$36,888,100	$30,830,767	$456,115	$438,630,494	$55,444,840	$399,142,739	$0	$41,146,720	$16,159,195	$3,241,678	$459,690,332	($21,059,838)	6/30/2022	$809,671,338
7/1/2022	$809,671,338	$94,560,882	$47,280,441	$210,838,302	$44,616,861	$41,314,672	$31,807,628	$467,207	$470,885,993	$57,373,304	$442,655,645	$0	$44,616,861	$16,921,609	$3,322,720	$507,516,834	($36,630,842)	6/30/2023	$830,413,801
7/1/2023	$830,413,801	$97,870,513	$48,935,257	$228,375,009	$47,960,423	$46,272,433	$32,761,792	$470,085	$502,645,511	$58,427,978	$482,667,432	$0	$47,960,423	$17,633,176	$3,405,788	$551,666,817	($49,021,306)	6/30/2024	$839,820,472
7/1/2024	$839,820,472	$101,295,981	$50,647,991	$245,724,176	$51,262,491	$51,825,124	$33,595,567	$471,781	$534,823,111	$58,739,327	$521,058,316	$0	$51,262,491	$18,257,076	$3,490,932	$594,068,815	($59,245,704)	6/30/2025	$839,314,096
7/1/2025	$839,314,096	$104,841,341	$52,420,670	$266,643,154	$55,452,951	$58,044,139	$34,551,086	$480,291	$572,433,633	$58,194,041	$567,642,486	$0	$55,452,951	$19,035,331	$3,578,206	$645,708,975	($73,275,342)	6/30/2026	$824,232,795
7/1/2026	$824,232,795	$108,510,787	$54,255,394	$287,622,384	$59,322,679	$65,009,436	$35,434,716	$482,146	$610,637,543	$56,614,713	$614,591,548	$0	$59,322,679	$19,736,069	$3,667,661	$697,317,957	($86,680,414)	6/30/2027	$794,167,093
7/1/2027	$794,167,093	$112,308,665	$56,154,333	$308,432,846	$63,247,596	$72,810,568	$36,299,557	$419,263	$649,672,828	$53,974,166	$661,718,257	$0	$63,247,596	$20,339,303	$3,759,352	$749,064,507	($99,391,679)	6/30/2028	$748,749,579
7/1/2028	$748,749,579	$116,239,468	$58,119,734	$332,894,246	$67,985,564	$81,547,837	$37,130,045	$426,562	$694,343,456	$50,059,946	$717,967,263	$0	$67,985,564	$21,072,435	$3,853,336	$810,878,598	($116,535,142)	6/30/2029	$682,274,383
7/1/2029	$682,274,383	$120,307,850	$60,153,925	$357,111,393	$72,317,474	$91,333,577	$37,816,547	$426,934	$739,467,700	$44,655,644	$774,166,426	$0	$72,317,474	$21,703,058	$3,949,669	$872,136,628	($132,668,929)	6/30/2030	$594,261,098
7/1/2030	$594,261,098	$124,518,624	$62,259,312	$385,886,174	$77,851,850	$102,293,606	$38,484,418	$326,388	$791,620,374	$37,510,051	$840,976,842	$0	$77,851,850	$22,505,451	$4,048,411	$945,382,554	($153,762,180)	6/30/2031	$478,008,969
7/1/2031	$478,008,969	$128,876,776	$64,438,388	$412,669,074	$83,129,413	$114,568,839	$39,070,788	$333,129	$843,086,408	$28,584,581	$900,025,340	$0	$83,129,413	$23,259,816	$4,149,622	$1,010,564,191	($167,477,783)	6/30/2032	$339,115,767
7/1/2032	$339,115,767	$133,387,463	$66,693,732	$436,620,457	$88,518,038	$128,317,100	$39,595,436	$337,902	$893,470,128	$18,399,258	$947,431,217	$0	$88,518,038	$23,933,298	$4,253,362	$1,064,135,915	($170,665,787)	6/30/2033	$186,849,238
7/1/2033	$186,849,238	$138,056,025	$69,028,012	$466,581,919	$94,711,786	$143,715,152	$40,172,443	$346,404	$952,611,740	$7,369,284	$999,254,458	$0	$94,711,786	$24,693,695	$4,359,696	$1,123,019,634	($170,407,894)	6/30/2034	$23,810,628
7/1/2034	$23,810,628	$142,887,986	$71,443,993	$503,136,075	$101,532,503	$160,960,970	$40,678,395	$360,267	$1,021,000,189	$116,026	$1,056,753,497	$0	$101,532,503	$25,557,950	$4,468,689	$1,188,312,638	($167,312,449)	6/30/2035	($143,385,795)
7/1/2035	($143,385,795)	$147,889,065	$73,944,533	$534,944,430	$107,753,964	$180,276,286	$41,237,177	$360,061	$1,086,405,515	$0	$1,109,885,554	$0	$107,753,964	$26,235,756	$4,580,406	$1,248,455,679	($162,050,164)	6/30/2036	($305,435,959)
7/1/2036	($305,435,959)	$153,065,182	$76,532,591	$564,869,150	$114,596,153	$201,909,441	$41,902,055	$360,197	$1,153,234,769	$0	$1,165,206,122	$0	$114,596,153	$26,884,875	$4,694,916	$1,311,382,066	($158,147,297)	6/30/2037	($463,583,257)
7/1/2037	($463,583,257)	$158,422,464	$79,211,232	$595,304,731	$121,415,316	$226,138,574	$42,433,611	$360,785	$1,223,286,712	$0	$1,220,102,695	$0	$121,415,316	$27,494,512	$4,812,289	$1,373,824,812	($150,538,100)	6/30/2038	($614,121,356)
7/1/2038	($614,121,356)	$163,967,250	$81,983,625	$626,111,590	$128,396,252	$253,275,203	$43,018,482	$356,164	$1,297,108,565	$0	$1,275,529,642	$0	$128,396,252	$28,033,156	$4,932,596	$1,436,891,645	($139,783,080)	6/30/2039	($753,904,437)
7/1/2039	($753,904,437)	$169,706,104	$84,853,052	$659,982,001	$136,180,824	$283,668,227	$43,611,821	$356,223	$1,378,358,252	$0	$1,337,066,271	$0	$136,180,824	$28,636,711	$5,055,911	$1,506,939,717	($128,581,465)	6/30/2040	($882,485,901)
7/1/2040	($882,485,901)	$175,645,817	$87,822,909	$697,375,584	$144,687,906	$317,708,414	$44,199,774	$358,666	$1,467,799,070	$0	$1,404,209,482	$0	$144,687,906	$29,322,268	$5,182,309	$1,583,401,964	($115,602,895)	6/30/2041	($998,088,796)
7/1/2041	($998,088,796)	$181,793,421	$90,896,710	$739,324,727	$154,256,043	$355,833,424	$44,722,302	$367,633	$1,567,194,259	$0	$1,480,917,881	$0	$154,256,043	$30,137,738	$5,311,866	$1,670,623,528	($103,429,270)	6/30/2042	($1,101,518,066)
7/1/2042	($1,101,518,066)	$188,156,191	$94,078,095	$783,694,194	$164,199,230	$398,533,435	$45,196,017	$375,855	$1,674,233,017	$0	$1,561,871,986	$0	$164,199,230	$30,973,985	$5,444,663	$1,762,489,864	($88,256,847)	6/30/2043	($1,189,774,913)
7/1/2043	($1,189,774,913)	$194,741,657	$97,370,829	$830,874,500	$174,875,237	$446,357,447	$45,638,778	$385,785	$1,790,244,232	$0	$1,645,886,355	$0	$174,875,237	$31,840,313	$5,580,780	$1,858,182,685	($67,938,453)	6/30/2044	($1,257,713,366)
7/1/2044	($1,257,713,366)	$201,557,615	$100,778,808	$881,431,997	$186,284,168	$499,920,340	$46,088,010	$395,976	$1,916,456,914	$0	$1,736,167,909	$0	$186,284,168	$32,741,783	$5,720,299	$1,960,914,159	($44,457,245)	6/30/2045	($1,302,170,611)
7/1/2045	($1,302,170,611)	$208,612,132	$104,306,066	$935,609,701	$198,476,788	$559,910,781	$46,556,278	$406,437	$2,053,878,184	$0	$1,832,781,089	$0	$198,476,788	$33,674,559	$5,863,307	$2,070,795,743	($16,917,560)	6/30/2046	($1,319,088,171)
7/1/2046	($1,319,088,171)	$215,913,556	$107,956,778	$993,689,430	$211,507,387	$627,100,075	$47,044,309	$417,174	$2,203,628,711	$0	$1,934,520,509	$0	$211,507,387	$34,639,908	$6,009,889	$2,186,677,693	$16,951,017	6/30/2047	($1,302,137,153)
7/1/2047	($1,302,137,153)	$223,470,531	$111,735,265	$1,055,975,799	$225,434,022	$702,352,084	$47,552,857	$428,195	$2,366,948,754	$0	$2,043,520,739	$0	$225,434,022	$35,639,156	$6,160,136	$2,310,754,053	$56,194,701	6/30/2048	($1,245,942,452)
7/1/2048	($1,245,942,452)	$231,291,999	$115,646,000	$1,122,798,097	$240,318,781	$786,634,334	$48,082,703	$439,508	$2,545,211,422	$0	$2,160,188,379	$0	$240,318,781	$36,673,684	$6,314,140	$2,443,494,984	$101,716,438	6/30/2049	($1,144,226,014)

Assumptions with Fiscal Year Basis:	**FY2018**	**FY2019**	**FY2020**	**FY2021**	**FY2022**	**FY2023**	**FY2024**	**FY2025**	**FY2026**	**FY2027**	**FY2028**	**FY2029**	**FY2030**	**FY2031**	**FY2032**	**FY2033+**
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	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%	2.07%	varies
Annual Growth in Retirees age 65+	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%	1.33%	varies
Non-Medicare Prescription Drug Rebate Trend	15.01%	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 Prescription Drug Rebate Trend	-8.57%	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%

Assumptions with Calendar Year Basis:	**CY2018**	**CY2019**	**CY2020**	**CY2021**	**CY2022**	**CY2023**	**CY2024**	**CY2025**	**CY2026**	**CY2027**	**CY2028**	**CY2029**	**CY2030**	**CY2031**	**CY2032**	**CY2033+**
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	-19.89%	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%	4.00%
Annual Growth in Coverage Gap Discount Program Revenue	-5.00%	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%
Annual Growth in EGWP Federal Reinsurance	10.00%	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%
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:	**CY2018**	**CY2019**	**CY2020**	**CY2021**	**CY2022**	**CY2023**	**CY2024**	**CY2025**	**CY2026**	**CY2027**	**CY2028**	**CY2029**	**CY2030**	**CY2031**	**CY2032**	**CY2033**
Non-Medicare Premier	0.00%	0.00%	0.00%	0.00%	0.00%	-4.35%	-6.31%	-6.41%	-6.62%	-6.86%	-6.57%	-6.85%	-7.18%	-7.44%	-7.22%	-7.64%
Non-Medicare Value	0.00%	0.00%	0.00%	0.00%	0.00%	-4.35%	-6.31%	-6.41%	-6.62%	-6.86%	-6.57%	-6.85%	-7.18%	-7.44%	-7.22%	-7.64%
Non-Medicare Prescription Drug	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	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%	-4.38%	-4.67%
Medicare Prescription Drug	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-4.38%	-4.67%

Member Rate-Share for Self-funded Plans effective 1/1:	**CY2018**	**CY2019**	**CY2020**	**CY2021**	**CY2022**	**CY2023**	**CY2024**	**CY2025**	**CY2026**	**CY2027**	**CY2028**	**CY2029**	**CY2030**	**CY2031**	**CY2032**	**CY2033+**
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:	**CY2018**	**CY2019**	**CY2020**	**CY2021**	**CY2022**	**CY2023**	**CY2024**	**CY2025**	**CY2026**	**CY2027**	**CY2028**	**CY2029**	**CY2030**	**CY2031**	**CY2032**	**CY2033+**
Non-Medicare Retiree % Increase	8.00%	8.00%	8.00%	8.00%	8.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Non-Medicare Spouse % Increase	8.00%	8.00%	8.00%	8.00%	8.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Non-Medicare Child % Increase	8.00%	8.00%	8.00%	8.00%	8.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Medicare Supplement % Increase	5.00%	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%

New Mexico Retiree Health Care Authority Long-Tem Solvency Modeling
Projected Year of Insolvency: FYE2035

Scenario B: 8% trend for Non-Medicare and Medicare medical and Rx for all years; 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 CY2032+; Annual Non-Medicare Rate Increases of 8.0% in CY2018-2022 and 4.0% thereafter, Medicare Rate Increase of 5.0% in CY2018, 6.0% in CY2019-2031 and 3.0% thereafter; Expanded Value Option to BCBS beginning CY2018; Updated Rx Rebates per Market Check; Medicare Supplement changes beginning in CY2018: $250 copay for Inpatient stay AND increase annual Part B cost sharing by $50

		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
7/1/2017	$551,412,183	$85,288,498	$42,644,249	$132,605,167	$30,562,632	$26,256,221	$26,065,069	$455,545	$343,877,382	$41,059,955	$263,534,992	$3,509,235	$30,562,632	$13,469,663	$2,936,800	$314,013,322	$29,864,060	6/30/2018	$622,336,199
7/1/2018	$622,336,199	$85,288,498	$42,644,249	$145,799,210	$33,136,815	$26,256,221	$27,478,076	$457,853	$361,060,922	$45,665,233	$293,082,877	$2,506,596	$33,136,815	$14,266,233	$3,010,220	$346,002,742	$15,058,181	6/30/2019	$683,059,613
7/1/2019	$683,059,613	$85,288,498	$42,644,249	$160,803,987	$35,796,147	$29,406,967	$28,723,746	$459,016	$383,122,610	$49,564,894	$326,574,174	$1,503,958	$35,796,147	$14,974,662	$3,085,476	$381,934,415	$1,188,195	6/30/2020	$733,812,702
7/1/2020	$733,812,702	$88,273,596	$44,136,798	$175,817,809	$38,302,494	$32,935,804	$29,777,624	$457,030	$409,701,154	$52,894,829	$360,634,504	$501,319	$38,302,494	$15,557,928	$3,162,612	$418,158,857	($8,457,703)	6/30/2021	$778,249,828
7/1/2021	$778,249,828	$91,363,171	$45,681,586	$192,264,035	$41,146,720	$36,888,100	$30,830,767	$456,115	$438,630,494	$55,694,260	$398,189,172	$0	$41,146,720	$16,159,195	$3,241,678	$458,736,765	($20,106,271)	6/30/2022	$813,837,817
7/1/2022	$813,837,817	$94,560,882	$47,280,441	$210,838,302	$44,616,861	$41,314,672	$31,807,628	$467,207	$470,885,993	$57,713,665	$441,599,325	$0	$44,616,861	$16,921,609	$3,322,720	$506,460,514	($35,574,521)	6/30/2023	$835,976,961
7/1/2023	$835,976,961	$97,870,513	$48,935,257	$228,375,009	$47,960,423	$46,272,433	$32,761,792	$470,085	$502,645,511	$58,873,648	$481,499,404	$0	$47,960,423	$17,633,176	$3,405,788	$550,498,790	($47,853,279)	6/30/2024	$846,997,331
7/1/2024	$846,997,331	$101,295,981	$50,647,991	$245,724,176	$51,262,491	$51,825,124	$33,595,567	$471,781	$534,823,111	$59,306,251	$519,772,759	$0	$51,262,491	$18,257,076	$3,490,932	$592,783,258	($57,960,147)	6/30/2025	$848,343,435
7/1/2025	$848,343,435	$104,841,341	$52,420,670	$266,643,154	$55,452,951	$58,044,139	$34,551,086	$480,291	$572,433,633	$58,900,100	$566,223,672	$0	$55,452,951	$19,035,331	$3,578,206	$644,290,161	($71,856,528)	6/30/2026	$835,387,007
7/1/2026	$835,387,007	$108,510,787	$54,255,394	$287,622,384	$59,322,679	$65,009,436	$35,434,716	$482,146	$610,637,543	$57,479,983	$613,030,434	$0	$59,322,679	$19,736,069	$3,667,661	$695,756,843	($85,119,300)	6/30/2027	$807,747,690
7/1/2027	$807,747,690	$112,308,665	$56,154,333	$308,432,846	$63,247,596	$72,810,568	$36,299,557	$419,263	$649,672,828	$55,020,942	$660,002,860	$0	$63,247,596	$20,339,303	$3,759,352	$747,349,111	($97,676,283)	6/30/2028	$765,092,350
7/1/2028	$765,092,350	$116,239,468	$58,119,734	$332,894,246	$67,985,564	$81,547,837	$37,130,045	$426,562	$694,343,456	$51,313,007	$716,085,588	$0	$67,985,564	$21,072,435	$3,853,336	$808,996,923	($114,653,466)	6/30/2029	$701,751,891
7/1/2029	$701,751,891	$120,307,850	$60,153,925	$357,111,393	$72,317,474	$91,333,577	$37,816,547	$426,934	$739,467,700	$46,142,247	$772,111,707	$0	$72,317,474	$21,703,058	$3,949,669	$870,081,909	($130,614,210)	6/30/2030	$617,279,928
7/1/2030	$617,279,928	$124,518,624	$62,259,312	$385,886,174	$77,851,850	$102,293,606	$38,484,418	$326,388	$791,620,374	$39,260,166	$838,735,469	$0	$77,851,850	$22,505,451	$4,048,411	$943,141,181	($151,520,807)	6/30/2031	$505,019,287
7/1/2031	$505,019,287	$128,876,776	$64,438,388	$412,669,074	$83,129,413	$114,568,839	$39,070,788	$333,129	$843,086,408	$30,582,826	$898,921,966	$0	$83,129,413	$23,259,816	$4,149,622	$1,009,460,817	($166,374,409)	6/30/2032	$369,227,704
7/1/2032	$369,227,704	$133,387,463	$66,693,732	$436,620,457	$88,518,038	$128,317,100	$39,595,436	$337,902	$893,470,128	$20,579,257	$947,517,194	$0	$88,518,038	$23,933,298	$4,253,362	$1,064,221,892	($170,751,763)	6/30/2033	$219,055,198
7/1/2033	$219,055,198	$138,056,025	$69,028,012	$466,581,919	$94,711,786	$143,715,152	$40,172,443	$346,404	$952,611,740	$9,704,501	$999,246,599	$0	$94,711,786	$24,693,695	$4,359,696	$1,123,011,776	($170,400,036)	6/30/2034	$58,359,663
7/1/2034	$58,359,663	$142,887,986	$71,443,993	$503,136,075	$101,532,503	$160,960,970	$40,678,395	$360,267	$1,021,000,189	$721,744	$1,056,754,220	$0	$101,532,503	$25,557,950	$4,468,689	$1,188,313,361	($167,313,172)	6/30/2035	($108,231,766)
7/1/2035	($108,231,766)	$147,889,065	$73,944,533	$534,944,430	$107,753,964	$180,276,286	$41,237,177	$360,061	$1,086,405,515	$0	$1,109,885,486	$0	$107,753,964	$26,235,756	$4,580,406	$1,248,455,611	($162,050,096)	6/30/2036	($270,281,861)
7/1/2036	($270,281,861)	$153,065,182	$76,532,591	$564,869,150	$114,596,153	$201,909,441	$41,902,055	$360,197	$1,153,234,769	$0	$1,165,206,128	$0	$114,596,153	$26,884,875	$4,694,916	$1,311,382,072	($158,147,303)	6/30/2037	($428,429,165)
7/1/2037	($428,429,165)	$158,422,464	$79,211,232	$595,304,731	$121,415,316	$226,138,574	$42,433,611	$360,785	$1,223,286,712	$0	$1,220,102,695	$0	$121,415,316	$27,494,512	$4,812,289	$1,373,824,812	($150,538,099)	6/30/2038	($578,967,264)
7/1/2038	($578,967,264)	$163,967,250	$81,983,625	$626,111,590	$128,396,252	$253,275,203	$43,018,482	$356,164	$1,297,108,565	$0	$1,275,529,642	$0	$128,396,252	$28,033,156	$4,932,596	$1,436,891,645	($139,783,080)	6/30/2039	($718,750,344)
7/1/2039	($718,750,344)	$169,706,104	$84,853,052	$659,982,001	$136,180,824	$283,668,227	$43,611,821	$356,223	$1,378,358,252	$0	$1,337,066,271	$0	$136,180,824	$28,636,711	$5,055,911	$1,506,939,717	($128,581,465)	6/30/2040	($847,331,809)
7/1/2040	($847,331,809)	$175,645,817	$87,822,909	$697,375,584	$144,687,906	$317,708,414	$44,199,774	$358,666	$1,467,799,070	$0	$1,404,209,482	$0	$144,687,906	$29,322,268	$5,182,309	$1,583,401,964	($115,602,895)	6/30/2041	($962,934,704)
7/1/2041	($962,934,704)	$181,793,421	$90,896,710	$739,324,727	$154,256,043	$355,833,424	$44,722,302	$367,633	$1,567,194,259	$0	$1,480,917,881	$0	$154,256,043	$30,137,738	$5,311,866	$1,670,623,528	($103,429,270)	6/30/2042	($1,066,363,973)
7/1/2042	($1,066,363,973)	$188,156,191	$94,078,095	$783,694,194	$164,199,230	$398,533,435	$45,196,017	$375,855	$1,674,233,017	$0	$1,561,871,986	$0	$164,199,230	$30,973,985	$5,444,663	$1,762,489,864	($88,256,847)	6/30/2043	($1,154,620,821)
7/1/2043	($1,154,620,821)	$194,741,657	$97,370,829	$830,874,500	$174,875,237	$446,357,447	$45,638,778	$385,785	$1,790,244,232	$0	$1,645,886,355	$0	$174,875,237	$31,840,313	$5,580,780	$1,858,182,685	($67,938,453)	6/30/2044	($1,222,559,274)
7/1/2044	($1,222,559,274)	$201,557,615	$100,778,808	$881,431,997	$186,284,168	$499,920,340	$46,088,010	$395,976	$1,916,456,914	$0	$1,736,167,909	$0	$186,284,168	$32,741,783	$5,720,299	$1,960,914,159	($44,457,245)	6/30/2045	($1,267,016,519)
7/1/2045	($1,267,016,519)	$208,612,132	$104,306,066	$935,609,701	$198,476,788	$559,910,781	$46,556,278	$406,437	$2,053,878,184	$0	$1,832,781,089	$0	$198,476,788	$33,674,559	$5,863,307	$2,070,795,743	($16,917,560)	6/30/2046	($1,283,934,078)
7/1/2046	($1,283,934,078)	$215,913,556	$107,956,778	$993,689,430	$211,507,387	$627,100,075	$47,044,309	$417,174	$2,203,628,711	$0	$1,934,520,509	$0	$211,507,387	$34,639,908	$6,009,889	$2,186,677,693	$16,951,017	6/30/2047	($1,266,983,061)
7/1/2047	($1,266,983,061)	$223,470,531	$111,735,265	$1,055,975,799	$225,434,022	$702,352,084	$47,552,857	$428,195	$2,366,948,754	$0	$2,043,520,739	$0	$225,434,022	$35,639,156	$6,160,136	$2,310,754,053	$56,194,701	6/30/2048	($1,210,788,360)
7/1/2048	($1,210,788,360)	$231,291,999	$115,646,000	$1,122,798,097	$240,318,781	$786,634,334	$48,082,703	$439,508	$2,545,211,422	$0	$2,160,188,379	$0	$240,318,781	$36,673,684	$6,314,140	$2,443,494,984	$101,716,438	6/30/2049	($1,109,071,922)

Assumptions with Fiscal Year Basis:	**FY2018**	**FY2019**	**FY2020**	**FY2021**	**FY2022**	**FY2023**	**FY2024**	**FY2025**	**FY2026**	**FY2027**	**FY2028**	**FY2029**	**FY2030**	**FY2031**	**FY2032**	**FY2033+**
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	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%	2.07%	varies
Annual Growth in Retirees age 65+	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%	1.33%	varies
Non-Medicare Prescription Drug Rebate Trend	15.01%	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 Prescription Drug Rebate Trend	-8.57%	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%

Assumptions with Calendar Year Basis:	**CY2018**	**CY2019**	**CY2020**	**CY2021**	**CY2022**	**CY2023**	**CY2024**	**CY2025**	**CY2026**	**CY2027**	**CY2028**	**CY2029**	**CY2030**	**CY2031**	**CY2032**	**CY2033+**
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	-19.89%	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%	4.00%
Annual Growth in Coverage Gap Discount Program Revenue	-5.00%	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%
Annual Growth in EGWP Federal Reinsurance	10.00%	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%
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:	**CY2018**	**CY2019**	**CY2020**	**CY2021**	**CY2022**	**CY2023**	**CY2024**	**CY2025**	**CY2026**	**CY2027**	**CY2028**	**CY2029**	**CY2030**	**CY2031**	**CY2032**	**CY2033**
Non-Medicare Premier	0.00%	0.00%	0.00%	0.00%	0.00%	-4.35%	-6.31%	-6.41%	-6.62%	-6.86%	-6.57%	-6.85%	-7.18%	-7.44%	-7.22%	-7.64%
Non-Medicare Value	0.00%	0.00%	0.00%	0.00%	0.00%	-4.35%	-6.31%	-6.41%	-6.62%	-6.86%	-6.57%	-6.85%	-7.18%	-7.44%	-7.22%	-7.64%
Non-Medicare Prescription Drug	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	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%	-3.85%	-4.71%
Medicare Prescription Drug	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-3.85%	-4.71%

Member Rate-Share for Self-funded Plans effective 1/1:	**CY2018**	**CY2019**	**CY2020**	**CY2021**	**CY2022**	**CY2023**	**CY2024**	**CY2025**	**CY2026**	**CY2027**	**CY2028**	**CY2029**	**CY2030**	**CY2031**	**CY2032**	**CY2033+**
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:	**CY2018**	**CY2019**	**CY2020**	**CY2021**	**CY2022**	**CY2023**	**CY2024**	**CY2025**	**CY2026**	**CY2027**	**CY2028**	**CY2029**	**CY2030**	**CY2031**	**CY2032**	**CY2033+**
Non-Medicare Retiree % Increase	8.00%	8.00%	8.00%	8.00%	8.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Non-Medicare Spouse % Increase	8.00%	8.00%	8.00%	8.00%	8.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Non-Medicare Child % Increase	8.00%	8.00%	8.00%	8.00%	8.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Medicare Supplement % Increase	5.00%	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%

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New Mexico Retiree Health Care Authority
July 2017 Long-Term Solvency Modeling
Sensitivity to Specific Assumption Changes within Baseline Scenario

Scenario Summary	Baseline Scenario	Low Trend: -1%	High Trend: +1%	Low Payroll Growth: -0.5%	Increase Non-Medicare Retiree Rate Share: +4%	Increase Non-Medicare Spouse Rate Share: +9%
Changing Cells:						
Annual Payroll Growth - Starting CY2021	3.50%	3.50%	3.50%	3.00%	3.50%	3.50%
Annual Investment Return	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%
Non-Medicare Medical Claims Trend	8.00%	7.00%	9.00%	8.00%	8.00%	8.00%
Medicare Medical ClaimsTrend	8.00%	7.00%	9.00%	8.00%	8.00%	8.00%
Non-Medicare Retiree Rate Share	36.00%	36.00%	36.00%	36.00%	40.00%	36.00%
Non-Medicare Spouse Rate Share	64.00%	64.00%	64.00%	64.00%	64.00%	73.00%
Non-Medicare Rate Increase - CY2018 to CY2022	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Medicare Supplement Rate Increase - CY2018 to CY2031	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Result Cells:						
Assets as of July 1, 2034	$32,360,816	$727,788,083	($488,617,997)	($91,381,433)	$201,138,893	$159,722,894
Projected Year of Fiscal Insolvency	2035	2042	2032	2034	2036	2036

Scenario Summary	Baseline Scenario	High Short-term Non-Medicare Rate Increase: +1%	Low Short-term Non-Medicare Rate Increase -1%	High Short-term Medicare Supplement Rate Change: +1%	Low Short-Term Medicare Supplement Rate Change: -1%	Low Investment Return: -1%	Low Investment Return: -2%
Changing Cells:							
Annual Payroll Growth - Starting CY2021	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Annual Investment Return	7.25%	7.25%	7.25%	7.25%	7.25%	6.25%	5.25%
Non-Medicare Medical Claims Trend	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Medicare Medical ClaimsTrend	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Non-Medicare Retiree Rate Share	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%
Non-Medicare Spouse Rate Share	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%
Non-Medicare Rate Increase - CY2018 to CY2022	8.00%	9.00%	7.00%	8.00%	8.00%	8.00%	8.00%
Medicare Supplement Rate Increase - CY2018 to CY2031	6.00%	6.00%	6.00%	7.00%	5.00%	6.00%	6.00%
Result Cells:							
Assets as of July 1, 2034	$32,360,816	$147,716,651	($77,809,612)	$67,596,454	($2,803,265)	($153,417,847)	($299,763,818)
Projected Year of Fiscal Insolvency	2035	2035	2034	2035	2034	2034	2033

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Review of Board Actions 2015 - 2017

Background: The items listed below provide detailed information regarding specific actions taken by the Board of Directors, since 2014 (effective January 1, 2015) to improve the solvency of the program, reduce its unfunded liabilities and accommodate changing market conditions:

Effective January 1, 2015:

1. Increased pre-Medicare rates by 8 percent and Medicare rates by 5 percent
2. Decreased pre-Medicare spousal subsidy by 2 percent (from 40 percent to 38)
3. Instituted minimum age of 55 in order to receive subsides (except: PERA enhanced plans) after January 1, 2020
4. Increased years of service requirement for maximum subsidy from 20 to 25 (except: PERA enhanced plans) after January 1, 2020
5. Addition to 5-year Strategic Plan: conversion of basic life insurance to supplemental life

Effective January 1, 2016:

1. Increased pre-Medicare rates by 8 percent and Medicare rates by 6 percent
2. Decreased pre-Medicare spousal subsidy by 2 percent (from 38 percent to 36)
3. Decreased pre-Medicare retiree subsidy by 1 percent (from 65 percent to 64)
4. Reduced multiple dependent subsidy by 12.5 percent (from 25 percent to 12.5)
5. Implemented timeline for phasing out subsidy of $6,000 basic life policy beginning in 2018
6. Implemented enhanced wellness program with financial incentives

Effective January 1, 2017:

Pre-Medicare

1. Eliminated Premier Plus Plan
    a. Near Platinum Level Plan
    b. $300 Deductible
    c. $3,000 Annual Out-of-Pocket Maximum
2. Migrated Premier Plus Participants into Premier Plan
    a. Premier Plus Plan Membership – 4,400
    b. Premier Plan Membership – 13,000
3. Created Value Plan
    a. Silver Level Plan
    b. $1,500 Deductible
    c. $5,500 Out-of-pocket Maximum (includes deductible and medical copayments)
    d. Narrow networks compared to Premier Plan
    e. Same 1st dollar coverage as Premier Plan
    f. Same Rx Benefit as Premier Plan
4. Adjusted rates commensurate with New Risk Pools

		2016	**2017**
a.	Premier Plus – Retiree	$326	NA
	Premier Plus – Spouse	$516	NA
	Premier PPO – Retiree	$175	$225

Premier PPO – Spouse	$331	$400
Value HMO – Retiree	NA	$175
Value HMO – Spouse	NA	$331

Premier PPO: Presbyterian – NM Residents Only
BCBS – Nationwide including NM
Value HMO: Presbyterian – NM Residents Only
NM Health Connections – NM Residents Only

5. Plan Enhancements
    a. Increased annual out-of-pocket maximum of Premier Plan by $500 to $4,500 to include $800 deductible as well as medical copayments to maximum calculation creating net positive for high-cost members
    b. Implemented first dollar coverage (waive deductible and coinsurance) on all plans for advanced radiology services (CT, MRI and PET scans) received at free-standing imaging centers with $100 copayment and $125 for the Value Plan
    c. Implemented first dollar coverage (waive deductible and coinsurance) on all plans for physical therapy services as an alternative to surgery with same copayment as PCP visit with a maximum of 4 copayments per course of treatment

Medicare

1. Commitment to increase member awareness of Medicare Advantage offering through newsletters, website and seminars/workshops throughout 2017
2. All members will maintain the ability to select any eligible Medicare Plan
3. Members who do not make an active choice will be defaulted into the most appropriate Medicare Advantage offering when they turn 65 beginning January 2018
4. Increased Medicare Supplement rate by 6 percent

All Self-Insured Prescriptions Plans

1. Eliminated coverage for drugs available over the counter (OTC)
    a. Primarily antihistamines (i.e. Clarinex), inhalable nasal steroids (i.e. Nasonex) and proton pump inhibitors (i.e. Nexium)

All

1. Eliminated Multiple Dependent Subsidy (12.5 percent in 2016)
2. Implemented Open Enrollment Period
    a. Except for IRS Section 125 qualifying events enrollment into NMRHCA programs is not allowed outside of open enrollment period every other year

2018 Plan Recommendations

Goal: 15 year solvency period / 2032 (2 year gain)

Pre-Medicare/Medicare

1. Increase retiree premiums in accordance with projected medical trend for all self-insured plans based upon loss ratios calculated in May/June.

Preliminary estimates indicate the increase Pre-Medicare rates 8 percent and Medicare Supplement rates 6 percent – estimated impact shown below:

6/1/2017 Membership

Plan	Retirees	Spouse/DP	Child	Total
Premier	9,326	2,924	17,321	29,571
Value	1,365	628	368	2,361
Supplement	17,651	5,681	21	23,353

Retiree Rates			Monthy	Annual
Plan	2017	2018	Difference	Difference
Premier	$ 223.56	$ 241.44	$ 17.88	$ 214.62
Value	$ 174.63	$ 188.60	$ 13.97	$ 167.64
Supplement	$ 188.64	$ 199.96	$ 11.32	$ 135.82

Spouse Rates			Monthy	Annual
Plan	2017	2018	Difference	Difference
Premier	$ 424.32	$ 458.27	$ 33.95	$ 407.35
Value	$ 331.43	$ 357.94	$ 26.51	$ 318.17
Supplement	$ 282.96	$ 299.94	$ 16.98	$ 203.73

Dependent Rates			Monthy	Annual
Plan	2017	2018	Difference	Difference
Premier	$ 217.00	$ 234.36	$ 17.36	$ 208.32
Value	$ 169.21	$ 182.75	$ 13.54	$ 162.44
Supplement	$ 377.28	$ 399.92	$ 22.64	$ 271.64

Retiree Rates/Spouse			Monthy	Annual
Plan	2017	2018	Difference	Difference
Premier	$ 647.88	$ 699.71	$ 51.83	$ 621.96
Value	$ 506.06	$ 546.54	$ 40.48	$ 485.82
Supplement	$ 471.60	$ 499.90	$ 28.30	$ 339.55

2. Expand Value Option Resources to include BlueAdvantage (BAV) Network
   - HMO Network w/9,511 contracted providers or approximately 53% of PPO Network (includes UNMH)
   - Statewide narrow network
   - Must stay within network except for emergency services
   - Does not currently include Memorial Hospital in Las Cruces

   Assumes additional 2,000 members will migrate to Value Option

3. Increase Cost Sharing/Narrow Network on Prescription Plan (Pre-Medicare/Supplement)
   - Voluntary Smart90 – Long-term medications
     - 3 month supply for less than cost of three 1-month supplies
     - ESI pharmacy or preferred retail pharmacy
     - Members who continue using 1-month supplies will receive communication regarding benefits of 3-month supply option

   Commercial Estimated Savings - $385,000
   EGWP Estimated Savings – Not Final until August – Program will mirror Commercial Plan

   ~~• Increase copays/cost sharing~~
   ~~○ Modeling includes savings estimates for pre-Medicare and Medicare participants~~
   ~~○ $500,000, $1 million and $2 million savings scenario~~

   Copay changes will be recommended for CY19.

Medicare

4. Default folks to the appropriate Medicare Advantage Plan (based on last year's board adoption)
   - Default criteria includes: network, prescription benefits, cost-sharing arrangements and annual out-of-pocket maximums: Presbyterian Plan I, UnitedHealthcare Plan I, and Humana Plan I

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

Other components of solvency report:

- Investment Returns
  Projected EOY Balance: $509,835,356
  End of April Balance: $544,035,579
  Market Check Agreement through Express Scripts
  Pre-Medicare - $2.8 million projected savings
  Medicare - $7.1 million projected savings

Projected Savings/Revenues

1. Increased retiree premiums to accommodate loss ratios: estimated $7,500,000

2. Expansion of Value Option Resources: $1,600,000

3. Voluntary Smart 90: Pre-Medicare - $385,000 / Medicare Supplement - TBD

4. Default to MA plans: 1,000 members - $1,000,000

5. Medicare Supplement Copay Increase: $1,096,250

6. Medicare Supplement – Part B increased cost sharing: $1,052,350

No action necessary

1. Market Check Agreement - Pre-Medicare/Medicare combined: $9.9 million

2018 Projected Savings - $15,000,000 (items 2 – 6) + Market Check Agreement

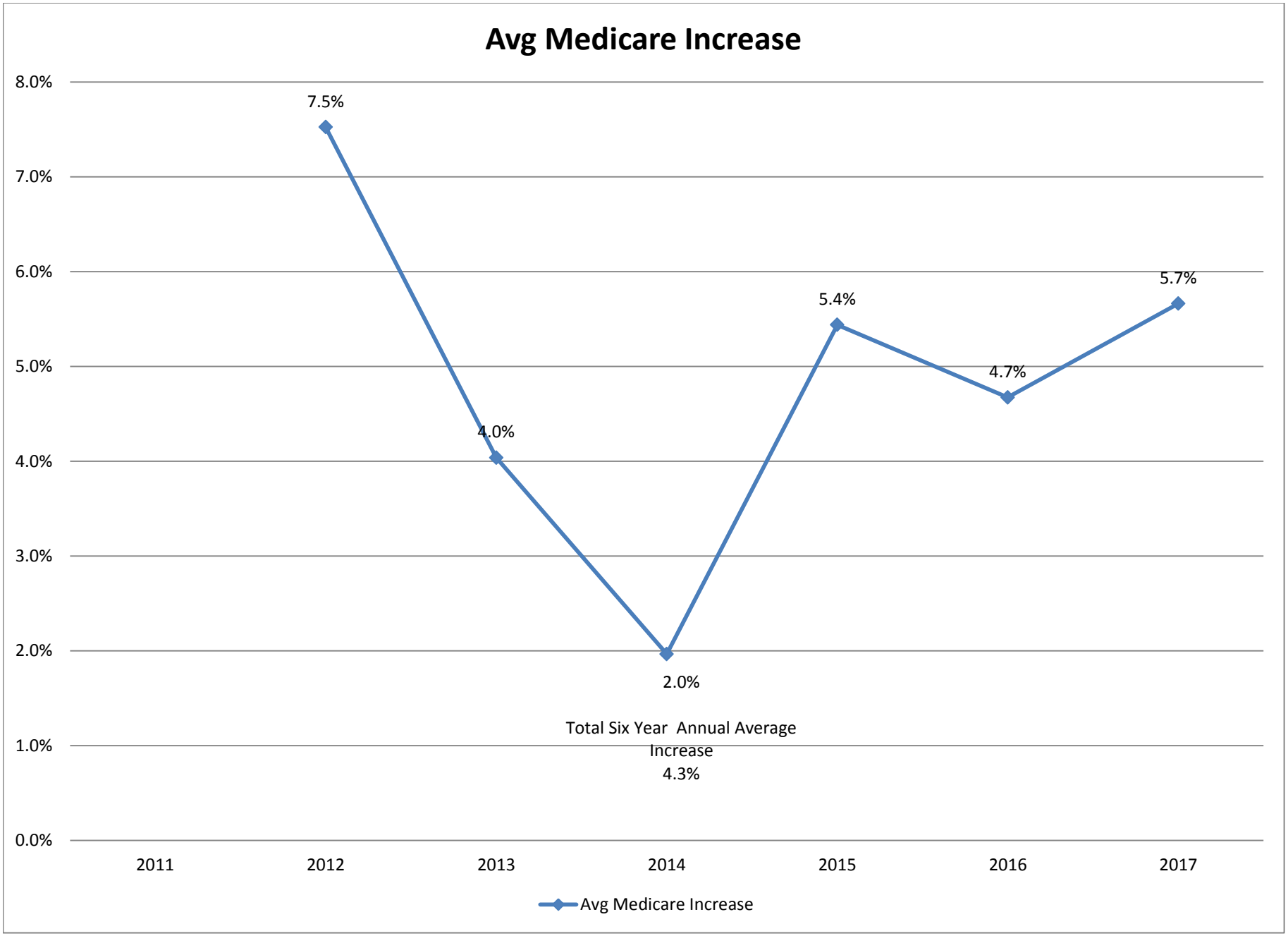
2018 Projected Retiree Contribution Increase - $7.5 million

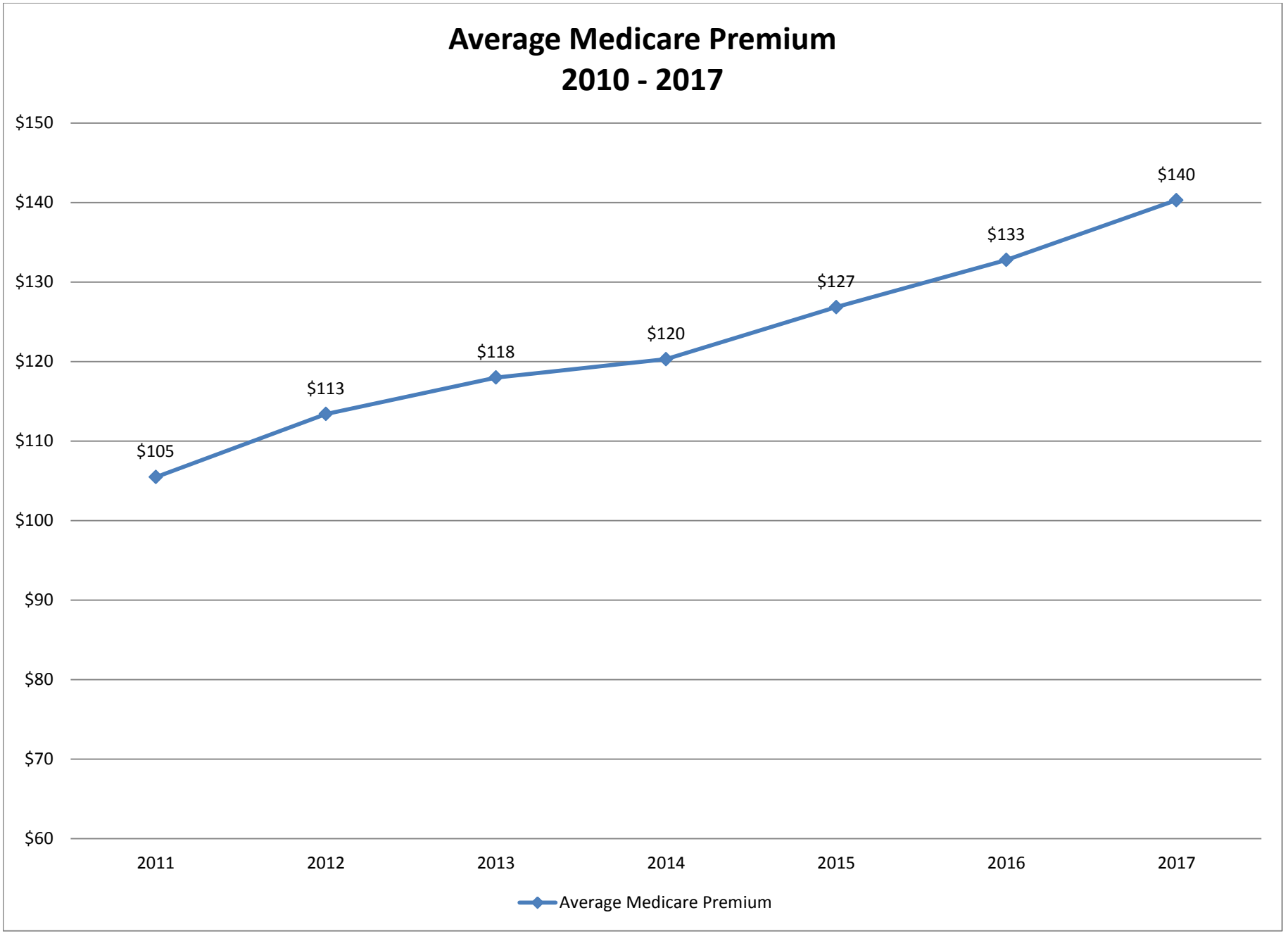
Plan Comparison - NM Retiree Health Care Authority, NM Public School Insurance Authority, and State of New Mexico

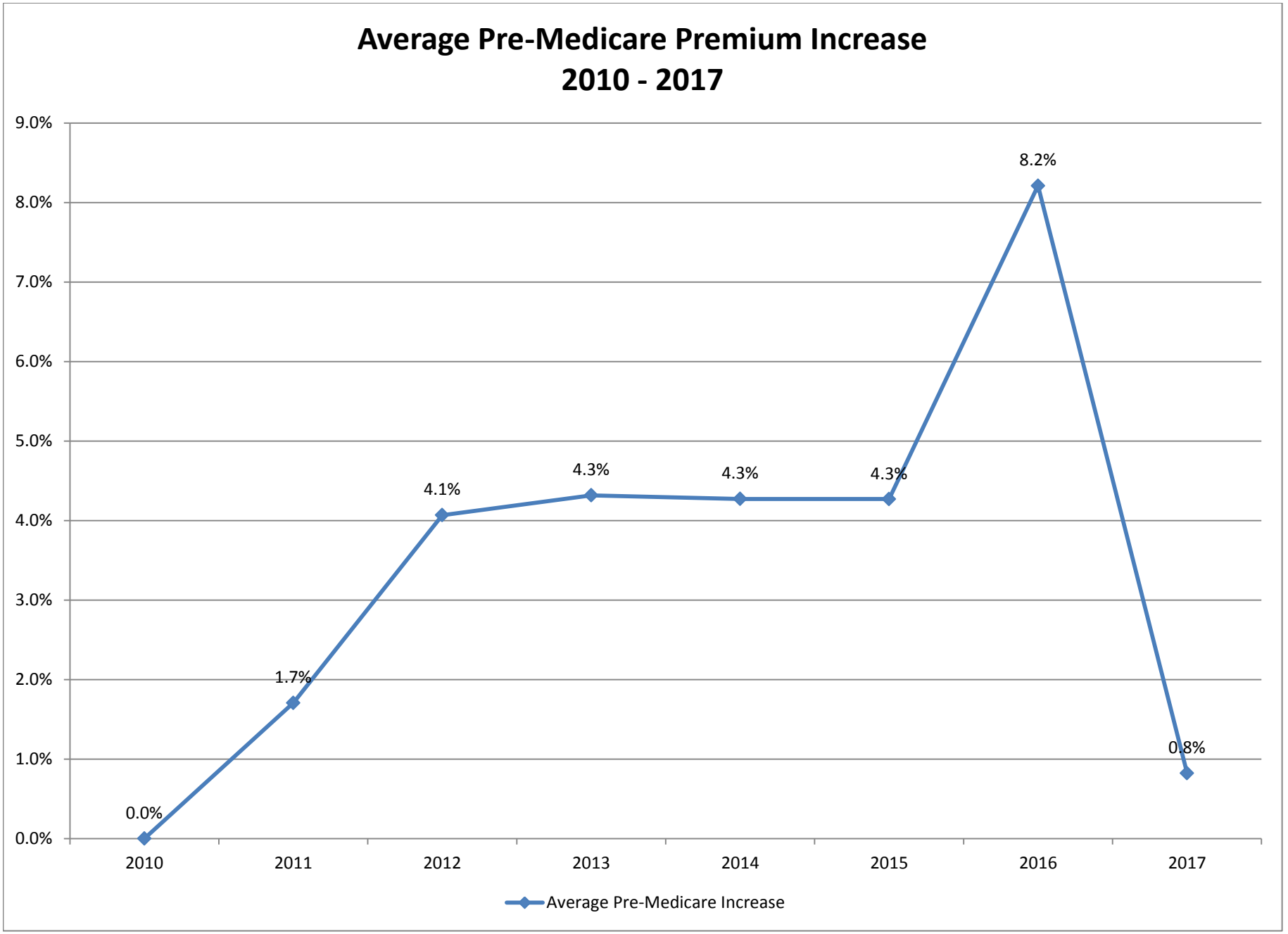
Plan Premiums for individual member per month with employer subsidy of 64%	**SONM HMO -** $177.13	**SONM PPO -** $206.00	**Premier -** $241.44	**NMPSIA High Option -** $236.13, $190.96	**NMPSIA HMO -** $212.52	**NMPSIA Low Option -** $192.16, $155.42	**Value Plan -** $188.60
Annual Deductible	$350/Individual	$500/Individual	**Premier:** $800/Individual	$750/Individual	$500/Individual	$2,000/Individual	**Option 1:** $1,500/Individual
Annual Out-of-Pocket Limit	$3,500/Individual	$3,500/Individual	**Premier:** $4,500/Individual	$3,750/Individual	$3,250/Individual	$3,750/Individual	**Option 1:** $5,500/Individual
Office Services	Primary -$25 Specialist - $45	Primary -$30 Specialist - $55	Primary -$30 Specialist - $45	Primary -$30 Specialist - $50	Primary -$25 Specialist - $35	Primary -$35 Specialist - $60	Primary -$35 Specialist - $55
Preventive Services	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%
Related testing (includes routine Pap test, mammograms, colonoscopy, physicals, etc.) & immunization (deductible waived)	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%
Lab, X-Ray, and Pathology	20%	20%	Plan pays 100%	$30 freestanding lab/ radiology or actual allowed or $60 hospital outpatient or actual allowed, which ever is less	$25 freestanding lab/ radiology or actual allowed or $50 hospital outpatient or actual allowed, which ever is less	$35 freestanding lab/ radiology or actual allowed or $70 hospital outpatient or actual allowed, which ever is less	Plan pays 100%
Emergency Room	$225	$225	$125	$150 copay plus 20%	$150 copay plus 20%	$150 copay plus 25%	$175
Urgent Care Facility	$50	$50	$35	$50	$45	$60	$40
Ambulance Services	$30 Ground/$100 Air	20%	25%	$30	$25	25%	30%
High-Tech Radiology (MRI, PET & CT)	20% to max $200 per test	20% to max $200 per test	25% or $100 freestanding radiology	$600 copay or 20% per day which ever is less	$500 copay or 20% per day which ever is less	$700 copay or 25% per day which ever is less	30% or $125 freestanding radiology
Rehabilitation Inpatient or Outpatient	$500 Inpatient/$45 Outpatient	$1,000 Inpatient/ $55 Outpatient	25%	$500 copay plus 20% Inpatient/ $50 Outpatient	$500 copay plus 20% Inpatient/ $35 Outpatient	25%	30%
Alternative (chiropractic, acupuncture, etc.)	$45	$55	25%	$50	$35	25%	30%
Hospitalization - Inpatient	$500	$1,000	25%	$500 facility copay plus 20%	$500 facility copay plus 20%	25%	30%
Surgery - Outpatient	20%	20%	25%	$150 copay plus 20%	$150 copay plus 20%	25%	30%
Majority of Other Covered Services	Vary	Vary	25%	Vary	Vary	25%	30%

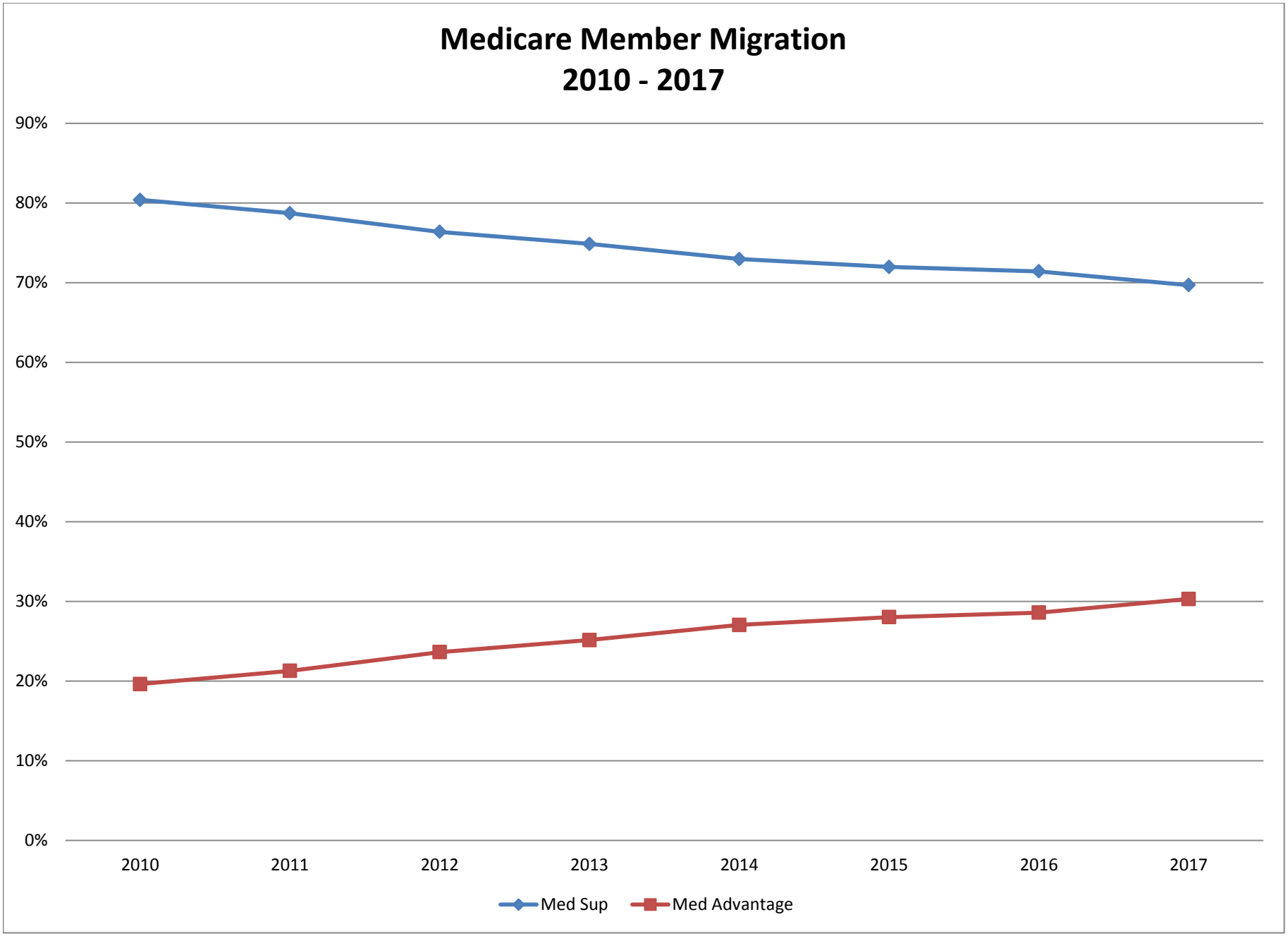
Prescription Drug Plan

Copay (Retail)	*Minimum*	*Maximum*	*Minimum*	*Maximum*	*Minimum*	*Maximum*	*Minimum*	*Maximum*	*Minimum*	*Maximum*	*Minimum*	*Maximum*	*Minimum*	*Maximum*
Generic	$6	$6	$6	$6	$5	$15	$10	$10	$10	$10	$10	$10	$5	$15
Brand	$35	$95	$35	$95	$20	$50	$30	$60	$30	$60	$30	$60	$20	$50
Brand Non-Formulary	$60	$130	$60	$130	$40	$100	70%	70%	70%	70%	70%	70%	$40	$100
Specialty	$60, $85, $125		$60, $85, $125				$75		$75		$75			
30 day supply	**$50 deductible non generic, retail or mail order		**$50 deductible non generic, retail or mail order											
Copay (Mail Order)	*Minimum*	*Maximum*	*Minimum*	*Maximum*	*Minimum*	*Maximum*	*Minimum*	*Maximum*	*Minimum*	*Maximum*	*Minimum*	*Maximum*	*Minimum*	*Maximum*
Generic	$17	$17	$17	$17	$12	$35	$22	$22	$22	$22	$22	$22	$12	$35
Preferred Brand	$120	$120	$120	$120	$50	$100	$60	$60	$60	$60	$60	$60	$50	$100
Non-Formulary	$155	$155	$155	$155	$100	$150	70%	70%	70%	70%	70%	70%	$100	$150
Specialty	$60, $85, $125 based on tier		$60, $85, $125 based on tier				$75 until reach $750 then $55, $80, $130 based on tier		$75 until reach $750 then $55, $80, $130 based on tier		$75 until reach $750 then $55, $80, $130 based on tier			
90 day supply														


Avg Medicare Increase
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%
Total Six Year Annual Average Increase
4.3%
2011
2012
2013
2014
2015
2016
2017
Avg Medicare Increase


Average Medicare Premium
2010 - 2017
$150
$140
$130
$120
$110
$100
$90
$80
$70
$60
$105
$113
$118
$120
$127
$133
$140
2011
2012
2013
2014
2015
2016
2017
Average Medicare Premium


Average Pre-Medicare Premium Increase
2010 - 2017
9.0%
8.0%
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%
8.2%
0.8%
2010
2011
2012
2013
2014
2015
2016
2017
Average Pre-Medicare Increase


Medicare Member Migration
2010 - 2017
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
2010
2011
2012
2013
2014
2015
2016
2017
Med Sup
Med Advantage

2018 Plan Recommendations (Action Item)

<u>Baseline Scenario:</u> Projected Solvency 2035 (18 years) - Deficit Spending 2020 ($9.1 million)

1. Premium Increase:
    a. Pre-Medicare – 8%

Retiree	2017	2018	Difference	Annual
Premier	$223.56	$241.44	$17.88	$214.56
Value	$174.63	$188.60	$13.97	$167.64

    b. Supplement – 6%

Retiree	2017	2018	Difference	Annual
	$188.64	$199.96	$11.32	$135.84

2. Expansion of Value Option Resources – Addition of BlueAdvantage (BAV) Network

3. Prescription Drug Changes – Voluntary Smart90 (Pre-Medicare/Supplement)

    Long-Term Medications

        a. 3-month supply for less than cost of three 1-month supplies
        b. Express Scripts pharmacy or preferred retail pharmacy
        c. Members will receive communication directly from Express Scripts

4. Default Medicare Eligible Retirees to appropriate Medicare Advantage Plan

    a. All members still have option of selecting plans
    b. Presbyterian Pre-Medicare Member default – UnitedHealthcare Plan I
        a. 2017 Rate – $94.69
        b. No Donut Hole
        c. Annual out-of-pocket Limit - $2,500
    c. BCBS Pre-Medicare Member default – Humana Plan I
        a. 2017 Rate - $82.77
        b. No Donut Hole
        c. Annual out-of-pocket limit - $4,000

<u>Scenario A:</u> Projected Solvency 2035 (18 years) – Deficit Spending 2020 ($9.3 million)

1. Premium Increase:
    a. Pre-Medicare – 8%

Retiree	2017	2018	Difference	Annual
Premier	$223.56	$241.44	$17.88	$214.56
Value	$174.63	$188.60	$13.97	$167.64

    b. Supplement – 5%

Retiree	2017	2018	Difference	Annual
	$188.64	$198.07	$9.43	$113.16

2. Expansion of Value Option Resources – Addition of BlueAdvantage (BAV) Network

3. Prescription Drug Changes – Voluntary Smart90 (Pre-Medicare/Supplement)

   Long-Term Medications

   a. 3-month supply for less than cost of three 1-month supplies
   b. Express Scripts pharmacy or preferred retail pharmacy
   c. Members will receive communication directly from Express Scripts

4. Default Medicare Eligible Retirees to appropriate Medicare Advantage Plan

   a. All members still have option of selecting plans
   b. Presbyterian Pre-Medicare Member default – UnitedHealthcare Plan I
      a. 2017 Rate – $94.69
      b. No Donut Hole
      c. Annual out-of-pocket Limit - $2,500
   c. BCBS Pre-Medicare Member default – Humana Plan I
      a. 2017 Rate - $82.77
      b. No Donut Hole
      c. Annual out-of-pocket limit - $4,000

5. **Medicare Supplement Cost Sharing:**
   - **Introduce $250 copay for inpatient stay (1 per year)**

Scenario B: Projected Solvency 2035 (18 years) – Deficit Spending 2020 ($8.4 million)

1. Premium Increase:
   a. Pre-Medicare – 8%

Retiree	2017	2018	Difference	Annual
Premier	$223.56	$241.44	$17.88	$214.56
Value	$174.63	$188.60	$13.97	$167.64

   b. Supplement – 5%

Retiree	2017	2018	Difference	Annual
	$188.64	$198.07	$9.43	$113.16

2. Expansion of Value Option Resources – Addition of BlueAdvantage (BAV) Network

3. Prescription Drug Changes – Voluntary Smart90 (Pre-Medicare/Supplement)

   Long-Term Medications

   a. 3-month supply for less than cost of three 1-month supplies
   b. Express Scripts pharmacy or preferred retail pharmacy
   c. Members will receive communication directly from Express Scripts

4. Default Medicare Eligible Retirees to appropriate Medicare Advantage Plan

   a. All members still have option of selecting plans

b. Presbyterian Pre-Medicare Member default – UnitedHealthcare Plan I
    a. 2017 Rate – $94.69
    b. No Donut Hole
    c. Annual out-of-pocket Limit - $2,500
c. BCBS Pre-Medicare Member default – Humana Plan I
    a. 2017 Rate - $82.77
    b. No Donut Hole
    c. Annual out-of-pocket limit - $4,000

5. Medicare Supplement Cost Sharing:

- **Introduce $250 copay for inpatient stay (1 per year)**

6. Medicare Supplement Cost Sharing:

- **Increase annual Part B cost sharing by $50**

2017 Market Comparison of Commercially Available Plans (Pre-Medicare)

New Mexico Health Care Exchange Plans	Retiree Premium	Spouse Premium	Ret + Spouse Premium	Plan Type	Plan Level	Deductible	Out-of-Pocket Max	First Dollar Coverage: Y/N
Blue Cross Blue Shield - Age: 60 - Albuquerque	$767	$767	$1,534	HMO	Gold	$2,000	$3,150	N
NM Health Connections - Age: 60 - Albuquerque	$693	$693	$1,387	HMO	Gold	$1,000	$7,150	Y
Blue Cross Blue Shield - Age: 60 - Albuquerque	$633	$633	$1,266	HMO	Silver	$4,000	$6,100	N
NM Health Connections - Age: 60 - Albuquerque	$548	$548	$1,096	HMO	Silver	$4,000	$7,150	Y
Blue Cross Blue Shield - Age: 60 - Albuquerque	$539	$539	$1,077	HMO	Bronze	$7,000	$7,150	N
NM Health Connections - Age: 60 - Albuquerque	$452	$452	$904	HMO	Bronze	$7,000	$7,150	N
Blue Cross Blue Shield - Age: 60 - Santa Fe	$900	$900	$1,800	HMO	Gold	$2,000	$3,150	N
NM Health Connections - Age: 60 - Santa Fe	$779	$779	$1,557	HMO	Gold	$1,000	$7,150	Y
Blue Cross Blue Shield - Age: 60 - Santa Fe	$752	$752	$1,505	HMO	Silver	$4,000	$6,100	N
NM Health Connections - Age: 60 - Santa Fe	$616	$616	$1,231	HMO	Silver	$4,000	$7,150	Y
Blue Cross Blue Shield - Age: 60 - Santa Fe	$647	$647	$1,295	HMO	Bronze	$7,000	$7,150	N
NM Health Connections - Age: 60 - Santa Fe	$507	$507	$1,015	HMO	Bronze	$7,000	$7,150	N
Blue Cross Blue Shield - Age: 60 - Las Cruces	$987	$987	$1,975	HMO	Gold	$2,000	$3,150	N
NM Health Connections - Age: 60 - Las Cruces	$759	$759	$1,517	HMO	Gold	$1,000	$7,150	Y
Blue Cross Blue Shield - Age: 60 - Las Cruces	$828	$828	$1,657	HMO	Silver	$4,000	$6,100	N
NM Health Connections - Age: 60 - Las Cruces	$600	$600	$1,200	HMO	Silver	$4,000	$7,150	Y
Blue Cross Blue Shield - Age: 60 - Las Cruces	$715	$715	$1,430	HMO	Bronze	$7,000	$7,150	N
NM Health Connections - Age: 60 - Las Cruces	$494	$494	$989	HMO	Bronze	$7,000	$7,150	N