



NEW MEXICO  
RETIREE  
HEALTH CARE  
AUTHORITY

Fall 2019 Switch Enrollment  
Medicare  
Effective January 1, 2020

Tom Sullivan, President

Joe Montaño, Vice President

Doug Crandall, Secretary

David Archuleta, Executive Director

# Agenda

- Agency Background Information
  - Purpose
  - Mission and Strategic Goals
  - Budget & Finance
  - Solvency Results
  - Fundamental Challenges
- 2020 Medicare Monthly Premiums
  - Supplement
  - Medicare Advantage
- Plan Changes
- Updates and Reminders

# Mission and Strategic Goals

## Mission

- Maintain comprehensive and affordable health insurance benefits for public retirees and eligible dependents

## Strategic Goals

- Fiduciary Responsibility
  - Extend the solvency of the program
  - Trust-fund contributions and investment earnings
  - Avoid deficit spending
- Customer Service
  - Communication
  - Education
  - Wellness Programs
- Administration
  - Cost-Effective Procurement
  - Identification of programs and services
  - Comprehensive services and access to care

# Budget & Finance

## FY20 Operating Budget

### Healthcare Benefits Administration

- Uses:
  - Benefits - \$358 million
    - ACA Fees - \$42,000
    - Agency Operations- \$3.1 million
- Sources:
  - **EE/ER Contributions - \$124.6 million**
  - **Retiree Contributions - \$170 million**
  - Tax & Rev Suspense Fund - \$32.9 million
  - Misc. Revenue - \$30.2 million
  - Interest - \$100,000

### Program Support (26 FTE)

- Salaries & Benefits - \$2 million
- Contractual Services - \$616,000
- Other Costs - \$538,000

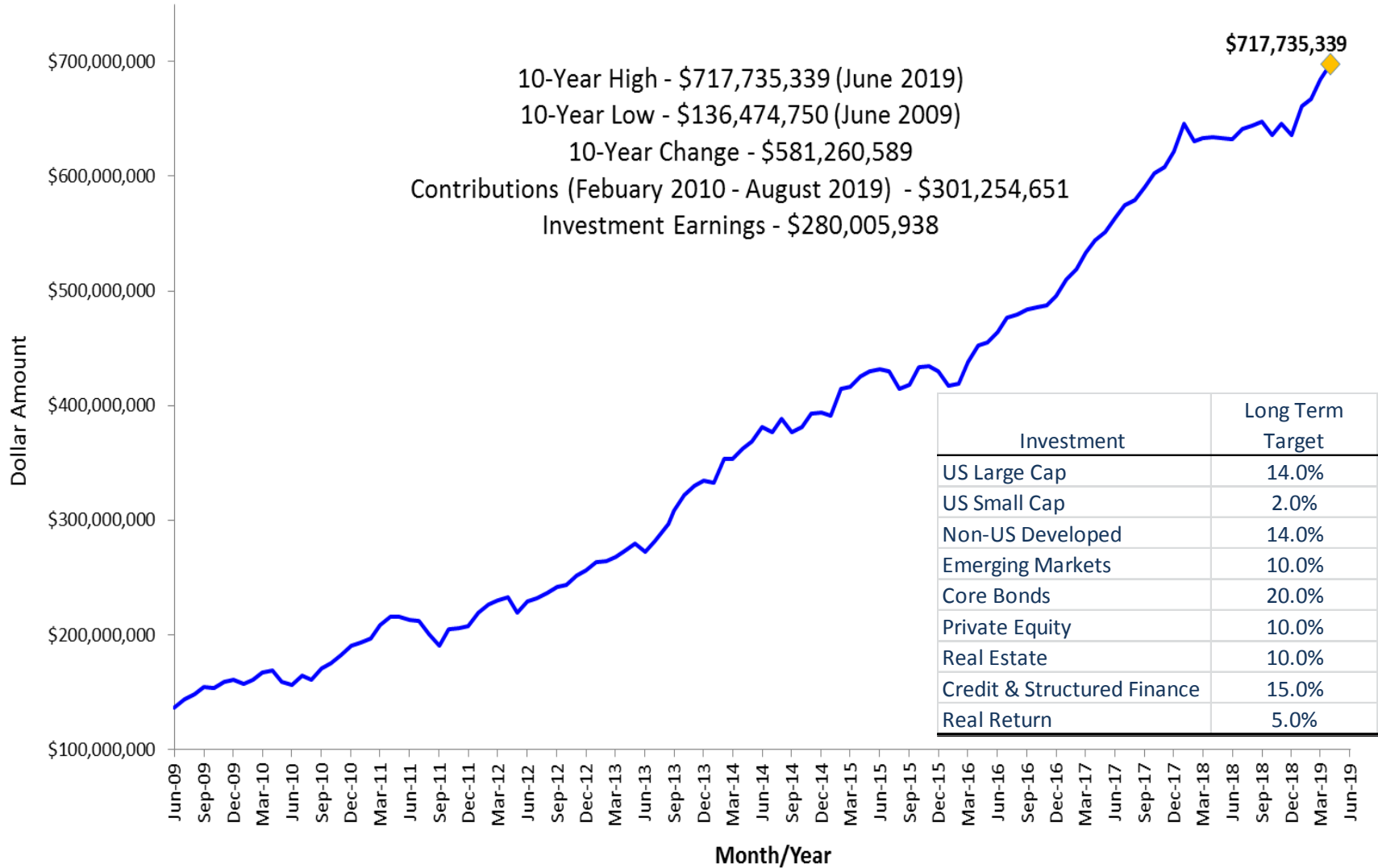
## Finance

### NMRHCA Trust Fund

- Investments held by State Investment Council  
NMRHCA charged pro rata portion of investment fees
- 2018 Asset Allocation

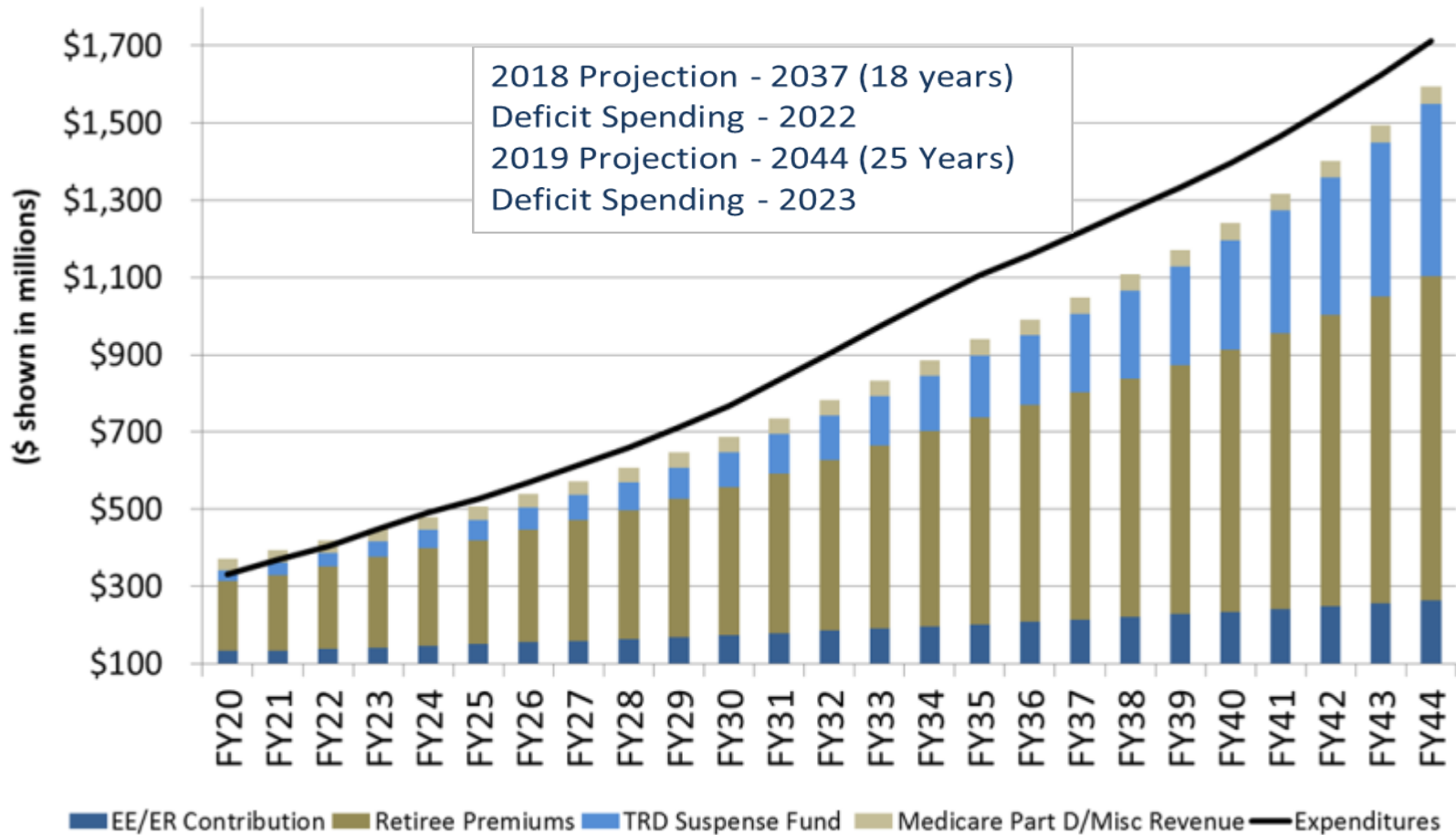
Investment	10-Year Expected Compound Return	Expected Risk
US Large Cap	7.00%	17.00%
US Small Cap	7.00%	17.00%
Non-US Developed	7.50%	18.00%
Emerging Markets	7.50%	26.00%
Core Bonds	3.80%	5.15%
Private Equity	10.50%	28.00%
Real Estate	6.85%	14.15%
Credit & Structured Finance	6.55%	8.10%
Real Return	8.50%	14.35%

## NMRHCA Trust Fund Balance History June 2009 - June 2019



# Fundamental Challenges

Projected Revenues and Expenditures  
FY20 - FY44 Projected



# Medicare Supplement Monthly Premiums

(examples shown based on 20-years of service)

- **Rate Increase --- 5 percent**

	2019	2020	Monthly Difference	Annual Difference
Medicare Supplement				
Retiree	\$211.96	\$222.55	\$10.59	\$127.08
Spouse/Domestic Partner	\$317.94	\$333.83	\$15.89	\$190.68
Dependent Child	\$423.92	\$445.11	\$21.19	\$254.28

- **No Plan Changes**

# Medicare Advantage Monthly Premiums

(examples shown based on 20-years of service)

	2019 Rates			2020 Rates			Monthly	Annual	Retiree
	Retiree	NMRHCA	Total	Retiree	NMRHCA	Total	Difference	Difference	% Change
Blue Cross Blue Shield									
Plan I	\$ 66.10	\$ 66.10	\$ 132.20	\$ 64.80	\$ 64.80	\$ 129.60	\$ (1.30)	\$ (15.60)	-2.0%
Plan II	\$ 22.15	\$ 22.15	\$ 44.30	\$ 21.70	\$ 21.70	\$ 43.40	\$ (0.45)	\$ (5.40)	-2.0%
Presbyterian									
Plan I	\$ 94.50	\$ 94.50	\$ 189.00	\$ 94.50	\$ 94.50	\$ 189.00	\$ -	\$ -	0.0%
Plan II	\$ 71.00	\$ 71.00	\$ 142.00	\$ 71.00	\$ 71.00	\$ 142.00	\$ -	\$ -	0.0%
Humana									
Plan I	\$ 66.82	\$ 66.82	\$ 133.64	\$ 66.82	\$ 66.82	\$ 133.64	\$ -	\$ -	0.0%
Plan II	\$ 34.07	\$ 34.07	\$ 68.14	\$ 34.07	\$ 34.07	\$ 68.14	\$ -	\$ -	0.0%
United Healthcare									
Plan I	\$ 94.68	\$ 94.68	\$ 189.36	\$ 94.68	\$ 94.68	\$ 189.36	\$ -	\$ -	0.0%
Plan II	\$ 49.65	\$ 49.65	\$ 99.30	\$ 49.65	\$ 49.65	\$ 99.30	\$ -	\$ -	0.0%



# Updates

- Dental & Vision Plans – No Rate Change through 6/30/20
- Medical, Dental, and Vision RFP
  - Current agreements expire 6/30/20
  - New agreements effective 7/1/20
  - Potential for new partnerships/services
- Member of the Pharmaceuticals Purchasing Council
- 2020 Legislative Session
  - One time appropriation request
  - Proposed increase in employee and employer contributions
- 2020 Wise and Well Events
  - Las Cruces & Santa Fe Planned

# Reminders

- Conversion of Basic Life Insurance Policy
  - 2020 – Retiree pays 75%
  - 2021 – Retiree pays 100%
- Rule Change
  - Minimum age of 55 beginning **January 1, 2021** (excludes retirees on enhanced plans)
  - Years of service requirements increase from 20 to 25 beginning **January 1, 2021** to receive maximum subsidy
- Open Enrollment Not Until January 1, 2021
  - MEDICAL ONLY
  - DOES NOT APPLY TO LIFE INSURANCE
- Moving/change of address --- please contact our office to let us know!

Presented by:

New Mexico Retiree Health Care Authority

For Information or Questions:

Please call 800-233-2576 / 505-222-6400

Or visit us at: [www.nmrhca.org](http://www.nmrhca.org) or

[www.facebook.com/nmrhca](https://www.facebook.com/nmrhca)

Office Hours: 8:00AM – 5:00PM (Monday through  
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