



NMRHCA

Quarterly Online Newsletter
August 2019

Board of Directors Focused On Long-Term Goals at Annual Meeting

AGENCY UPDATES: The New Mexico Retiree Health Care Authority (NMRHCA) held its annual meeting in Taos on July 11 and 12, at which the Board of Directors (the Board) received an update regarding the actuarial condition of the program, trends affecting our membership and new investment opportunities being made available through the State Investment Council.

The annual meeting is particularly important because the Board considers a range of options and plan recommendations for managing the costs of the program and meeting our financial obligations over the coming year (beginning January 1, 2020). These options include changes to monthly premiums (what the members pay), subsidy levels (what NMRHCA pays on the members behalf) and cost-sharing arrangements (deductibles, copays and coinsurance).

This process involves evaluating trends specific to NMRHCA's membership and comparing the design of the program to that of similar organizations i.e., the programs administered by the State of New Mexico, New Mexico Public School Insurance Authority and Albuquerque Public Schools.

Unfortunately, NMRHCA couldn't avoid a premium increase for pre-Medicare and Medicare Supplement plan members in 2020. However, the increase is limited to 5 percent for the Medicare Supplement Plan and 7 percent for both the Premier and Value pre-Medicare plans.

Also, the Board took action to enroll the Patient Assurance Program, made available through our partnership with Express Scripts. This program applies to our insulin

dependent pre-Medicare diabetic population and caps the insulin copays at \$25 for a 30-day supply and \$75 for a 90-day supply. While saving members money by lowering their out-of-pocket expenses, this program is designed to increase adherence by removing the barrier of cost that leads some people to avoid taking their medication as prescribed.

CONCLUSION: Despite rapidly rising health care costs, the NMRHCA program continues to make improvements to the financial condition of its trust fund. As of June 30, 2019, NMRHCA is expected to remain solvent through 2044 (25 years). However, our net Other Post Employment Benefit liabilities remain in excess of \$4.3 billion, as of the June 30, 2018, measurement.

While much work still remains, this improvement will ensure affordable access to health care for current and future plan participants. Our goal has been and will continue to be the improvement to our funded ratio, limiting the growth in our long-term liabilities and maintaining the value of the benefits offered to our members.

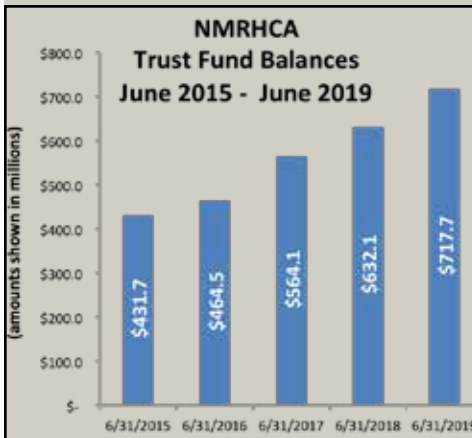
REMINDERS: Back in November 2018, the Board adopted a rule change effective Jan. 1, 2021, increasing the number of years required to receive the maximum subsidy and establishing a minimum age requirement of 55 in order to receive subsidized health coverage --- this rule change does not apply to folks who retired from an enhanced retirement plan, i.e., firefighters, police officers, correctional officers.

This change has resulted in the extension of our solvency from 2037 (last year) to 2044 or 25 years.

The New Mexico Retiree Health Care Authority fosters quality of life and peace of mind by responsibly administering affordable, secure health care benefits for public retirees and their families.



Investments



GASB 74 / 75

NMRHCA has posted the latest employer allocations, as well as the 2019 GASB 75 user guide and excel reporting sheet on our website, NMRHCA.org, under the heading, GASB Reporting (under the Employers tab).

When using the GASB Reporting tab, go to the link titled “GASB 75 Employer Allocations — June 30, 2018” for the schedule of employer allocations.

Click on the link titled, “2019 GASB 75 User Guide” for information on the the journal entry tool.

Finally, click on the “2019 GASB 75 User Guide Excel Tool” tab to download the excel reporting form

Please contact Jenny Haikin, NMRHCA Financial Specialist, at 505-222-6409 if you have any questions.

Important Links:

New Mexico Retiree Health Care Authority:
www.nmrhca.org

New Mexico Educational Retirement Board:
www.nmerb.org

Public Employees Retirement Association:
www.nmpera.org

2021 Rule Change of a Minimum Age Requirement of 55

Frequently Asked Questions

Q. If I retire under 55 and don't take NMRHCA's plan before 2021, would I be grandfathered in under the old rules if I purchase an NMRHCA plan after 2021 because my retirement date was before 2021?

A: Yes

Q: If I retire before Jan. 1, 2021, and then go back to work, would I be grandfathered into the existing rules before the minimum age requirement and years of service increase kick in?

A: As long as you don't go back to work for a participating entity that affects your pension, which would nullify your original retirement date. If you go back to work and your new employer offers health insurance, you cannot remain on an NMRHCA Pre-Medicare plan as your primary insurance. But when you leave that employer, you still will be able to go back to NMRHCA under the rules prior to the Jan. 1, 2021, changes.

Q. Why didn't NMRHCA use a hire date, as PERA did with its tier system, to differentiate retirees under the original rule from retirees under the Age Minimum rule?

A. Because of the time it would take for the new “tier” to age into retirement. It would take too long for the rule to have an impact on the agency's solvency; the agency would already be bankrupt by the time new tier retirees started enrolling in an NMRHCA plan.

Q. If retirees under age 55 are healthier than older retirees, how would NMRHCA save money insuring those individuals? They wouldn't have as many health care costs.

A. There still is a cost to the agency to insure every person. So if someone age 50 wants to participate in NMRHCA, the agency would not have to assume the costs to insure that person for five years before the age of 55, and that's

where the savings come in.

Q. Does any service credit time I've purchased with PERA/ERB count toward more years with NMRHCA?

A. No. You have to purchase service credit through NMRHCA separately from PERA/ERB.

Q. If my spouse is an active employee under the age of 55 but dies before he/she retires, can I get access to RHCA coverage?

A. No.

Q. If I meet the PERA Tier 2 Rule of 85 requirement (age and years of service), can I get insurance if I'm not 55?

A. NMRHCA does not follow PERA's retirement eligibility tiers. The new rule would require retirees to be 55 to be eligible for a subsidy through NMRHCA, regardless of years of service.

Q. Doesn't NMRHCA have to get legislative approval to change the rules?

A. No. NMRHCA's Board of Directors has authority to update any and all rules. NMRHCA complied with all the requirements for a rulemaking change in the New Mexico Administrative Code.

Q. Can I pay more to be an enhanced plan member and be immune to the rule change?

A: Enhanced plan members are members working in public safety (police officers, firefighters, corrections officers, some judges) who pay more of their salary to NMRHCA. Other active employees are not allowed to pay more to become enhanced plan members.

Q. Can I opt out of paying the 1% of my salary toward the Retiree Health Care Authority?

A. No. The deduction is a condition of employment with a participating agency with NMRHCA.