(PLEASE FIND THE AGENDA/TABLE OF CONTENTS ON PAGE 4.)

# REGULAR MEETING
# OF THE
# BOARD OF DIRECTORS

October 6, 2020
9:30 AM

Online: https://global.gotomeeting.com/join/731515941
Telephone: 1-872-240-3212/ Access Code: 731-515-941

New Mexico Retiree Health Care Authority
Regular Meeting

BOARD OF DIRECTORS

## ROLL CALL

**October 6, 2020**

| | **Member in Attendance** | | |
|---|---|---|---|
| Mr. Crandall, President | | | |
| Ms. Saunders, Vice President | | | |
| Mr. Larranaga-Ruffy, Secretary | | | |
| Mr. Propst | | | |
| Ms. Goodwin | | | |
| Mr. Linton | | | |
| Mr. Montano | | | |
| Mr. Eichenberg | | | |
| Mr. Cushman | | | |
| Mr. Bhakta | | | |
| Ms. Moon | | | |
| Ms. Madrid | | | |

# NMRHCA BOARD OF DIRECTORS

OCTOBER 2020

Mr. Wayne Propst
Executive Director
Public Employees Retirement Association
33 Plaza La Prensa
Santa Fe, NM 87507
PO Box 2123
Santa Fe, NM 87504-2123
Wayne.Propst@state.nm.us
W: 505-476-9301

Mr. Sanjay Bhakta
100 Marquette Ave, 11th Floor
City/County Building
Albuquerque, NM 87102
F: 505-768-3700
sbhakta@cabq.gov

Ms. Jan Goodwin
Executive Director
Educational Retirement Board
PO Box 26129
Santa Fe, NM 87502-0129
jan.goodwin@state.nm.us
W: 505-827-8030
F: 505-827-1855

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

Mr. Joe Montaño
NM Assoc. of Educational Retirees
5304 Hattiesburg NW
Albuquerque, NM 87120
Jmountainman1939@msn.com
505- 897-9518

Ms. Pamela Moon
NM Association of Counties
One Civic Plaza
10th Floor, Suite 10045
Albuquerque, NM 87102
pmoon@bernco.gov
505-468-1407

Mr. Doug Crandall, President
Retired Public Employees of New Mexico
14492 E. Sweetwater Ave
Scottsdale, AZ 85259
dougcinaz@gmail.com

The Honorable Mr. Tim Eichenberg
NM State Treasurer
2055 South Pacheco Street
Suite 100 & 200
Santa Fe, NM 87505
Tim.Eichenberg@state.nm.us
W: 505-955-1120
F: 505-955-1195

Ms. Therese Saunders, Vice President
NEA-NM, Classroom Teachers Assoc., & NM Federation of Educational Employees
5811 Brahma Dr. NW
Albuquerque, NM 87120
tsaunders3@mac.com
505-934-3058

Mr. Loren Cushman
Superintendents' Association of NM
#1 Panther Boulevard
Animas, NM 88020
lrcushman@animask12.net
575-548-2299

Ms. Leane Madrid
Classified State Employee
2600 Cerrillos Rd.
Santa Fe, NM 87505
Leane.Madrid@state.nm.us
505-629-3365

Ms. Leanne Larranaga-Ruffy, Secretary
Alternate for PERA Executive Director
33 Plaza La Prensa
Santa Fe, NM 87507
PO Box 2123
Santa Fe, NM 87504
Leanne.Larranaga@state.nm.us
505-476-9332

Regular Meeting of the
NEW MEXICO RETIREE HEALTH CARE AUTHORITY
BOARD OF DIRECTORS

October 6, 2020
9:30 AM
**Online:** https://global.gotomeeting.com/join/731515941
Telephone: 1-872-240-3212 / Access Code: 731-515-941

AGENDA

| | | | |
|---|---|---|---|
| 1. | Call to Order | Mr. Crandall, President | Page |
| 2. | Roll Call to Ascertain Quorum | Ms. Beatty, Recorder | |
| 3. | Pledge of Allegiance | Mr. Crandall, President | |
| 4. | Approval of Agenda | Mr. Crandall, President | 4 |
| 5. | Approval of Regular Meeting Minutes August 25, 2020 | Mr. Crandall, President | 5 |
| 6. | Public Forum and Introductions | Mr. Crandall, President | |
| 7. | Committee Reports | Mr. Crandall, President | |
| 8. | Executive Director's Updates | Mr. Archuleta, Executive Director | |
| | a. Operations/HR Updates/COVID-19 | | |
| | b. Davis Vision/Versant Health | | 14 |
| | c. Fall Switch/Open Enrollment/Newsletter | | 15 |
| | d. Department of Public Safety Request | | 21 |
| | e. Opioid Litigation | | |
| | f. SaveOnSP Savings Report | | 24 |
| | g. Livongo Diabetes Management Program | | |
| | h. Hospital Transparency Study | | 28 |
| | i. Legislative | | 29 |
| | j. August 31, 2020 SIC Report | | 33 |
| 9. | 2021 Legislative Proposal (Action Item) | Mr. Archuleta, Executive Director | 34 |
| 10. | FY21 Program Support Contract Amendment (Action Item) | Mr. Archuleta, Executive Director | 37 |
| 11. | Special Appropriation Request (Action Item) | Mr. Rodriguez, IT Director | 39 |
| 12. | Other Business | Mr. Crandall, President | |
| 13. | Executive Session | Mr. Crandall, President | |

Pursuant to NMSA 1978, Section 10-15-1(H)(6) To Discuss Limited Personnel Matters

14. Date & Location of Next Board Meeting — Mr. Crandall, President

November 3, 2020
Via: GoToMeetings: https://global.gotomeeting.com/join/903886285
Telephone: 1 (408) 650-3123 / Access Code: 903-886-285

15. Adjourn

**ACTION SUMMARY**

**NM RETIREE HEALTH CARE AUTHORITY/REGULAR BOARD MEETING**

**August 25, 2020**

| Item | Action | Page |
|---|---|---|
| APPROVAL OF AGENDA | Approved | 3 |
| APPROVAL OF MINUTES:<br>July 9 & 10, 2020 | Approved | 3 |
| COMMITTEE REPORTS | Informational | 3 |
| PUBLIC FORUM & INTRODUCTIONS | Informational | 3 |
| EXECUTIVE DIRECTOR'S UPDATES<br>Board Appointments<br>Presbyterian/Optum Partnership<br>2nd Summer Newsletter<br>United Healthcare Premium Credit<br>Operations/HR Updates/Covid-19<br>Dept of Public Safety Request<br>D-101-CV-2019-02546/Writ of Certiorari<br>Opioid Litigation<br>Executive Orders<br>Legislative<br>June 30/July 31 SIC Reports<br>SIC Performance Report June 30, 2020 | Informational | 3 |
| ASSET ALLOCATION: THOMAS TOTH, WILSHIRE ASSOCIATES | Maintain current asset allocation | 5 |
| FY22 APPROPRIATION REQUEST | Approved | 7 |
| WELLNESS GIFT CARD INCENTIVE | Eliminate 1/1/2021 | 7 |
| COMMITTEE ASSIGNMENTS | Informational | 7 |
| OTHER BUSINESS: None | | |

**MINUTES OF THE**

**NEW MEXICO RETIREE HEALTH CARE AUTHORITY/BOARD OF DIRECTORS**

**REGULAR MEETING/VIA TELECONFERENCE**

**August 25, 2020**

## 1. CALL TO ORDER

A Regular Meeting of the Board of Directors of the New Mexico Retiree Health Care Authority was called to order on this date at 9:30 a.m. via teleconference.

## 2. ROLL CALL TO ASCERTAIN A QUORUM

A quorum was present.

**Members Present:**
Mr. Doug Crandall, President
Ms. Therese Sanders, Vice President
Ms. LeAnne Larrañaga-Ruffy, Secretary
Mr. Sanjay Bhakta
Ms. Jan Goodwin
Mr. Terry Linton
Mr. Joe Montaño
Ms. Pamela Moon

**Members Excused:**
Mr. Loren Cushman
State Treasurer Tim Eichenberg
Ms. Leane Madrid

**Staff Present:**
Mr. Dave Archuleta, Executive Director
Mr. Neil Kueffer, Deputy Director
Mr. Greg Archuleta, Director of Communication & Member Engagement
Ms. Peggy Martinez, CFO
Ms. Judith S. Beatty, Board Recorder

## 3. PLEDGE OF ALLEGIANCE

Mr. Linton led the pledge.

## 4. APPROVAL OF AGENDA

**Ms. Moon moved approval of the agenda, as published. Ms. Saunders seconded the motion, which passed unanimously.**

## 5. APPROVAL OF REGULAR MEETING MINUTES: July 9 & 10, 2020

**Ms. Saunders moved approval of the July 9 and 10 meeting minutes, as submitted. Ms. Larrañaga-Ruffy seconded the motion, which passed unanimously.**

## 6. PUBLIC FORUM AND INTRODUCTIONS

There were no speakers.

## 7. COMMITTEE REPORTS

- Chairman Crandall said the Executive Committee met last Friday to discuss today's agenda. The Finance Committee and Investment Committee also met, and all items discussed are on today's agenda.
- Mr. Archuleta said the Wellness Committee met earlier this month. There will be a brief discussion about it later in today's meeting.
- Mr. Archuleta said the Audit Committee will meet following this meeting to discuss the entrance to this year's financial audit.

## 8. EXECUTIVE DIRECTOR'S UPDATES

### a. Board Appointments

-- Loren Cushman, Superintendent of Animas Public Schools, has been appointed to replace former president Tom Sullivan. In addition, Joe Montaño's service has been extended to the end of December, when Tomás Salazar's appointment becomes effective.

### b. Presbyterian/Optum Partnership

-- Earlier this month, Presbyterian announced its partnership with Optum Health, which would include an additional 97 primary care providers, 106 specialty providers and urgent care locations in the commercial and Medicaid health space. Presbyterian members began accessing these providers on August 1.

### c. 2nd Summer Newsletter

-- NMRHCA sent out this second newsletter, anticipating the need for people to begin preparing for the upcoming switch enrollment. Other information in the newsletter includes the Census, Albuquerque office relocation, and 2021 rate information. Open enrollment meetings will be conducted virtually from October 1 through October 28, and NMRHCA's health partners who have offered wellness screenings such as flu shots and blood pressure screenings are researching alternatives for members to access during the pandemic restrictions.

**d. United Healthcare Premium Credit**

-- United Healthcare announced last week that it will issue a premium credit for the months of May and June, the result of the reduction of services rendered on behalf of the members. Based on NMRHCA's calculations, about $40,000 in premium credits will be distributed.

**e. Operations/HR Updates/COVID-19**

-- NMRHCA has begun moving into the new office location. The next phase will be installation of cubicles next week. After that is done, phones and IT equipment will be installed, and the total move should be completed by mid September.

-- Mr. Archuleta presented HR updates.

-- Following an incident in July when an employee tested positive for COVID-19, NMRHCA has been looking for opportunities to improve remote working capacity to include assigning laptops that would provide system telephone access remotely. Customer service reps are rotating in the office to limit exposure to each other, but in anticipation of switch enrollment when call volume becomes very busy, IT staff has been working with DoIT to help employees prepare to take these calls remotely.

**f. Department of Public Safety Request**

-- The Department of Public Safety made a request from NMRHCA to determine what contributions would be necessary to merge the employees who worked with DPS prior to July 1, 2015 and continue to be reported under the State General Plan 3. This would move them into the enhanced plan, and approximately 152 members would be affected. DPS will be pursuing legislation next year to move those people into PERA's enhanced plan, making them eligible to participate with NMRHCA and being unaffected by the rules that become effective in July 2021. Segal is preparing an actuarial valuation to provide to DPS to make sure the state pays NMRHCA the required contributions for participation in the plan.

**g. D-101-CV-2019-02546 Petition for Writ of Certiorari**

-- On July 24, following District Court Judge Bescheid's decision to uphold the decision to terminate Victoria Lopez from the NMRHCA plan, Ms. Lopez has submitted a writ of certiorari to the New Mexico Court of Appeals. If granted, the Court of Appeals would require the District Court to deliver its record for review. This will take an estimated month or two, or longer, to rule on the petition. If the petition is denied, Ms. Lopez may petition the New Mexico Supreme Court, which must be done within 30 days. Depending upon the decision made by the Court of Appeals, it may be necessary to enter into a separate special contract for these services.

**h. Opioid Litigation**

-- NMRHCA announced that it is assisting the Attorney General's Office in the collection of data related to the statewide opioid litigation that is being pursued against opioid manufacturers. NMRHCA continues to respond to requests for information, including any correspondence that Mr. Archuleta, former Director Mark Tyndall and former Director Wayne Propst had received from, or corresponded with, the agency's pharmacy benefit managers or anyone else with respect to opioid programs.

**i. Executive Orders**

-- In July, President Trump signed several executive orders aimed at lowering the cost of prescription drugs, and also decided to eliminate the rebates in Medicare Part D as one of the core policies. This possibility was discussed at the board's annual retreat in July. Because NMRHCA collects $20-$25 million in Part D rebates for being a Medicare Part D provider, elimination of those subsidies would result in a significant increase in cost for NMRHCA and would also translate to significant increases in cost for the Medicare Advantage providers. However, the executive order requires the U.S. Secretary of Health and Human Services to first publicly confirm that this action is not projected to increase federal spending, Medicare premiums, or patients' out-of-pocket costs. And according to Express Scripts, the estimated increase in federal spending is projected at $177 billion to $196 billion over the next 10 years. While there is no need to be concerned at this point, NMRHCA is continuing to monitor anything that comes out of the White House or Congress.

**j. Legislative**

-- On August 19, the IPOC Committee met and received updates from the NMFA, SIC, PERA and ERB; however, NMRHCA was not invited to participate in those updates. NMRHCA contacted LCS staff and asked to be included on the October 6 agenda to provide an update along with any proposed legislation it will have during the upcoming session. Given NMRHCA's financial position, however, staff will not be making a recommendation to the NMRHCA board to pursue an increase in employer-employee contributions. NMRHCA does plan to request some statutory cleanup during the session.

Chairman Crandall asked if there are plans to hire a lobbyist again this year. Mr. Archuleta responded that he has spoken with Dan Lopez, who said he would inform NMRHCA whether he plans to pursue any work this next session. NMRHCA will look into other potential lobbyists, as well, in the event the board wants to pursue hiring someone for the upcoming session.

Chairman Crandall recommended that the Legislative Committee put this item on its next agenda.

**k. June 30/July 31, 2020 SIC Reports**

-- At June 30, the balance was $778.3 million. This is $4 million better than projected in the solvency report. At the end of July, the agency exceeded the $800 million threshold, which is excellent news.

**l. SIC Performance Report June 30, 2020**

-- RVK report is in board book on page 46.

**9. ASSET ALLOCATION: THOMAS TOTH, CFA, WILSHIRE ASSOCIATES**

Mr. Toth provided this report, which begins on page 54 of the board book, and made the following observations and recommendations:

- Wilshire recommends that the board reaffirm the existing Current Policy asset allocation targets.

- Alternative asset allocation does not materially improve the risk adjusted return of the portfolio relative to Current Policy
- Examined impact of shifting to a more active Core Plus fixed income allocation; however, moderately higher returns come at a cost of increased risk, and dedicated allocation to Credit oriented assets already exists in the portfolio.
- Current Policy:
  - -- Risk adjusted return on par with other modeled portfolios.
  - -- Increasing expected returns along the efficient frontier requires adding additional risk to the portfolio. Degrades risk-adjusted return at higher risk levels.
  - -- Maintains allocation to private asset classes. Exposure across variety of asset classes (equity, credit, real estate and real assets)

Chairman Crandall asked Mr. Toth to comment on the Investment Committee's discussion about passive exposure to emerging markets and the fact that it would do better with active management despite the higher fees that would involve.

Mr. Toth referred to the Investment Options and Fees chart on page 7 and pointed out that the blended estimated fees for International Emerging active management was 59 basis points versus 11 basis points for the International Emerging Index. He said the question is whether the board feels that paying the extra fees is worth it. Wilshire's perspective is that, when looking at an active risk budget, it wants to spend that in less efficient areas of the market. The two prime examples of that are small cap stocks within the U.S. and emerging stocks in the non-U.S. space. Active management in emerging markets is a fertile area but requires solid implementation such as due diligence on the underlying managers and very strong fee negotiations.

Mr. Toth said he was able to look at some of the relative performance for the two different pools, and the active implementation in emerging markets has been beneficial. From a risk management standpoint, the potential for malfeasance or poor financial disclosures or poor reporting are higher in emerging markets than they are in more developed economies, and so the ability to avoid those questionable securities within emerging markets can be valuable. As of 6/30, the active pool over the last year has outperformed the index by about 3.5%. The index portfolio did outperform by about 50 basis points, so active management over the last year has been of benefit. For the longer period of five years, the portfolio outperformed by about 70 basis points net of fees relative to the index.

Chairman Crandall asked if this is something the board should consider. Mr. Toth responded that it makes sense to take a deeper dive on active implementation in emerging markets.

Chairman Crandall noted that NMRHCA is paying a substantial premium for active management on small cap and asked Mr. Toth to provide some written information for the Investment Committee on whether a passive approach on small cap would be advisable.

**Ms. Larrañaga-Ruffy moved to accept Wilshire's recommendation to maintain the asset allocation in the current plan with no changes at this time. Chairman Crandall seconded the motion, which passed unanimously by roll call vote, with the following members voting in favor: Chairman Crandall; Ms. Saunders; Ms. Larrañaga-Ruffy; Mr. Linton; Mr. Montaño; Mr. Bhakta; Ms. Moon. [Not present for the vote: Ms. Goodwin.]**

Addressing Mr. Toth, Mr. Archuleta said there were some questions raised at last week's IPOC meeting about maintaining a 7.25% assumed return rate, and wondered if the board should reaffirm that or reconsider it. Toth responded there is support for that given expected returns of 7.22 (page 49), but that is not to say the next 10 years won't be challenging given the interest rate environment.

**10. FY22 APPROPRIATION REQUEST**

Mr. Archuleta presented the FY22 appropriation request. He said the DFA requested all general fund agencies to reduce their operating budgets by 5%. While the NMRHCA doesn't receive a direct general fund appropriation, it did make every effort to reduce its budget, and the FY22 request reflects a $1.6. million decrease, or 0.5%, compared with the FY21 approved/adjusted operating budget.

**Ms. Moon moved for approval. Ms. Larrañaga-Ruffy seconded the motion, which passed unanimously by roll call vote, with the following members voting in favor: Chairman Crandall; Ms. Saunders; Ms. Larrañaga-Ruffy; Ms. Goodwin; Mr. Linton; Mr. Montaño; Mr. Bhakta; Ms. Moon.**

**11. WELLNESS GIFT CARD INCENTIVE**

Mr. Kueffer stated that the NMRHCA started this program about five years ago, when it began offering a $50 gift card to members who had completed two wellness activities. While there was some early growth in engagement in the program, engagement levels remain low, with only a few hundred participants out of 55,000 members. NMRHCA staff proposes to continue engaging in strategic investments to improve the health and wellbeing of the members by investing in programs such as Livongo, Naturally Slim, and Good Measures. In addition, staff is looking at ways to leverage engagement in programs that would benefit members with chronic conditions.

Mr. Kueffer requested approval to discontinue the Gift Card Incentive Program effective January 1, 2021.

Ms. Goodwin said staff has worked very hard to try to increase engagement with the members through the gift card idea; however, it has not been that effective, and the committee will look at other options with staff to encourage wellness among the members and get them more interested in participating in programs like Livongo.

**Mr. Linton moved to eliminate the Gift Card Incentive Program effective January 1, 2021. Ms. Goodwin seconded the motion, which passed unanimously by roll call vote, with the following members voting in favor: Chairman Crandall; Ms. Saunders; Ms. Larrañaga-Ruffy; Ms. Goodwin; Mr. Linton; Mr. Montaño; Mr. Bhakta; Ms. Moon.**

**12. COMMITTEE ASSIGNMENTS**

Chairman Crandall presented the following list of assignments and thanked board members for their participation:

Executive
Mr. Crandall, Chair
Ms. Saunders
Ms. Larrañaga-Ruffy

Finance & Investment
Ms. Larrañaga-Ruffy, Chair
Mr. Crandall
Ms. Goodwin
Mr. Bhakta
Ms. Moon

Legislative
Ms. Saunders, Chair [pending review in January with arrival of Dr. Salazar]
Ms. Larrañaga-Ruffy
Ms. Goodwin
Ms. Madrid
Mr. Cushman

Audit
Mr. Bhakta, Chair
Mr. Linton
Ms. Moon
Ms. Madrid
Ms. Goodwin

Wellness
Ms. Goodwin, Chair
Ms. Saunders
Mr. Linton
Mr. Cushman

**13. OTHER BUSINESS**

None.

**14. EXECUTIVE SESSION**

None.

**15. DATE AND LOCATION OF NEXT BOARD MEETING**

**October 6, 2020**
**Via Teleconference**

**ADJOURN**

Meeting adjourned at 10:50 a.m.

Accepted by:

_____

Doug Crandall, President

## Archuleta, David, NMRHCA

**From:** Sam Garcia <sjgarcia@cba-inc.us>
**Sent:** Monday, September 21, 2020 10:49 AM
**To:** Archuleta, David, NMRHCA; Kueffer, Neil, NMRHCA
**Cc:** cbacathy@aol.com; Marianna Sandoval
**Subject:** [EXT] Davis Vision Update

David, Neil:

We are pleased to share some positive news, MetLife announced last Friday that it has entered into an agreement to acquire Versant Health, the owner of Davis Vision and Superior Vision. The transaction is scheduled to close within the next few months subject to customary closing and regulatory approvals.

Our number one priority has been and will continue to be providing optimal service and value to you, our client and to the members that trust us with their eye health. All Contracts, plans, benefits, networks, service team will remain in effect with NO disruption. The Brand names of Davis Vision and Superior will remain the same, your members will continue to receive the high level of quality and service that you should expect. There will be no impact to contracts and agreements recently executed and all services will continue business as usual.

Versant Health is one of the nation's leading managed vision care companies, currently serving over 35 million members. Davis Vision and Superior Vision members enjoy a seamless experience with access to one of t he broadest eye care professional networks in the industry and our Exclusive Frame Collection.

MetLife is a market leader in the U.S. Group Benefits space with an estimated market share of 15%. MetLife offer over 35 group products and services—the most in the industry and serves over 41 million members. This transaction will strengthen and differentiate MetLife's Vision benefit offering with one of the industry's largest networks and plan options.

As more updates become available, I will continue to share timely and updates with you. Please let me know if you have any questions and thank you for your continued partnership.

Regards,

**Sam Garcia, Davis Vision**
National Marketing Associate, NM office
6121 Indian School Rd NE, Ste 240
Albuquerque, NM 87110
Telephone: 505-883-1796- Fax: 505-883-1668
sjgarcia@cba-inc.us | Cell: 505-250-8745

DavisVision™

**Davis Vision from Versant Health**
https://VersantHealth.com | www.DavisVision.com

# Switch/Open Enrollment Registration

## Switch/Open Enrollment Meeting Registration

Webinar 1: October 1, 1:30-3:30 p.m.
**Registration Link 1**

Webinar 2: October 2, 9:30-11:30 a.m.
**Registration Link 2**

Webinar 3: October 6, 1:30-3:30 p.m.
**Registration Link 3**

Webinar 4: October 8, 9:30-11:30 a.m.
**Registration Link 4**

Webinar 5: October 14, 1:30-3:30 p.m.
**Registration Link 5**

Webinar 6: October 16, 9:30-11:30 a.m.
**Registration Link 6**

Webinar 7: October 20, 9:30-11:30 a.m.
**Registration Link 7**

Webinar 8: October 22, 1:30-3:30 p.m.
**Registration Link 8**

Webinar 9: October 26, 1:30-3:30 p.m.
**Registration Link 9**

Webinar 10: October 28, 9:30-11:30 a.m.
**Registration Link 10**

# Switch Enrollment — Flu Shot/Wellness Alternatives

Normally, NMRHCA offers flu shots and other wellness screenings and activities during its Fall Switch Enrollment meetings. As these meetings are online in 2020, here are alternatives to get your flu shots and other wellness offerings:

**Flu Shots** — Covered for members at your doctor's office and participating pharmacy locations, including Walgreens. Please call the pharmacy to verify that your insurance is accepted and the vaccination is available.

**Pneumococcal Vaccine —** Covered for members at your doctor's office and participating pharmacy locations, including Walgreens. Please call the pharmacy to verify that your insurance is accepted and the vaccination is available.

**Blood Pressure** — Available during your primary care annual physical for yearly checkups or at and CVS/Walgreens or other pharmacies. Click here to watch a video clip on how to check your blood pressure at home.

**Waist Circumference** — Click here to watch a video on how to do and the importance of doing waist measurements.

**Fecal Occult Blood Test** — A simple non-invasive test that can be completed in your own home. The test detects tiny amount of blood, often released from colorectal cancer. This test checks for blood in the stool for people ages 50-75. Click here for a link to a questionnaire to fill out to reach a nurse.

**Visiderm** — Click here to see an information flier on Sun Safety.

**Smoking Cessation** — Quit for Life link

Diet, exercise are the mortal enemies of diabetes — Pg. 3

# your Benefit Messenger

NEW MEXICO RETIREE HEALTH CARE AUTHORITY

NMRHCA 2020 Newsletter Vol. 5 ~ Fall Edition

EXECUTIVE DIRECTOR'S UPDATE

## SWITCH ENROLLMENT MEETINGS GOING ONLINE IN 2020

As days grow shorter and the heat begins to subside, the New Mexico Retiree Health Care Authority (NMRHCA) is preparing for its annual Switch Enrollment Period.

In addition, NMRHCA will be allowing an open enrollment period (Jan. 1, 2021 – Jan. 31, 2021) for members who would like to enroll or re-enroll in our medical and prescription program.

However, given the circumstances, this year's Switch Enrollment Period will not include the usual face-to-face presentations that typically accompany our routine October schedule.

Instead, we will posting narrated presentations providing agency updates and a summary of benefits from each of our health plan partners than can be viewed at your convenience. We also will hold 10 question and answer (Q&A) sessions that can be accessed via webinar or by telephone.

These sessions will provide members with an opportunity to ask questions and listen to inquiries from other members.

Also, if you are unable to access the presentations posted online or call in and participate in one of the Q&A periods, please call our offices between 8 a.m. and 5 p.m., Monday through Friday. If you have plan-specific questions related

See *Switch* on Page 2

## IMPORTANT INFORMATION FOR MEMBERS DURING THE FALL SESSION

Due to the COVID-19 pandemic, our offices remain closed to the public. However, we will continue serving you by telephone and email.

In addition, if you would like to drop off an application or a change request form, secure drop boxes are located in Santa Fe at: 33 Plaza La Prensa, 87507; and our new office location in Albuquerque at: 6300 Jefferson St. NE, Suite 150, 87109.

If you are moving or plan on moving, please contact our office by dialing 800-233-2576 to make sure we have your correct telephone number and address on file. You may also email: customerservice@state.nm.us.

### LIFE INSURANCE

NMRHCA's subsidy of the basic life insurance policy offered to retirees who joined prior to and maintained continuous coverage through the program since Dec. 31, 2012, will end on Dec. 31, 2020. Retirees who wish to maintain this coverage will now become responsible for paying 100% of the monthly premium.

### OPEN ENROLLMENT DEADLINE

If you have dropped medical coverage through NMRHCA for any reason other than a qualifying event and wish to re-enroll, the deadline to submit an enrollment application is Jan. 31, 2021, coverage effective Jan. 1, 2021.

### SWITCH ENROLLMENT DEADLINE

As in previous years, program participants are eligible to "switch" coverages meaning if you are enrolled in a Pre-Medicare Plan and wish to change carriers or coverage

See *Important* on Page 2

# SWITCH ENROLLMENT GOING VIRTUAL IN 2020

**Continued from Page 1**

to network, access, or cost sharing arragenments, contact the health plans directly using the information located on the last page of this letter.

By now, you should have received a packet of information that summarizes your existing coverages and options for 2021, including a rate sheet and calendar of Q&A periods scheduled during the month of October, along with instructions on how to participate.

Since the distribution of the Special Summer Edition of our newsletter, we have received several phone requesting verification of the rate reductions applicable to the Medicare Advantage (MA) Plans for 2021.

I am pleased to confirm that rates will shrink between 36 and 84 percent depending on the plan. Also, members who currently participate in the Medicare Supplement Plan may experience even greater savings by moving to one of eight MA Plans being made available. Therefore, we STRONGLY encourage you to find out more about our MA plan offerings and the benefits they provide.

I do have one more change to announce. While NMRHCA will continue to encourage, support and make services and programs available to members in an effort to improve their wellbeing, NMRHCA will no longer provide a financial incentive to do so. Therefore, after December 31, 2020, we will no longer provide a $50 gift card for participating in two or more wellness activities.

NMRHCA instead will use the resources spent on the gift card incentive on other Wise and Well initiatives, such as holding more health fairs and exploring partnerships with other wellness programs, as we have with Good Measures and Naturally Slim weight management programs and Livongo for Diabetes.

In conclusion, we wish you a safe fall season and encourage you to get your age appropriate and seasonal vaccinations to prevent unnecessary health care episodes.

Stay safe.

~ David Archuleta
Executive Director

# IMPORTANT INFORMATION FOR NMRHCA MEMBERS

**Continued from Page 1**

levels, you are eligible to do so. If you are participating in a Medicare Plan and wish to change carriers or coverage levels, you are eligible to do so. If you are on the dental plan and wish to change coverage levels (Basic/Comprehensive), you are eligible to do that as well.

If you cancel dental or vision coverage, you must wait four years before you may enroll again during the subsequent switch enrollment period to be effective the following Jan. 1.

The deadline to request changes to your insurance coverage is Nov. 13, 2020 and the effective date of the change is Jan. 1, 2021. If you don't want to change your current NMRHCA coverages, you do not need to do anything (There is no need to send in your form if you maintain your same coverages in 2021).

## NMRHCA AT A GLANCE:

### NEW DEFAULT STRATEGY TO TAKE EFFECT ON JAN. 1

As New Mexico Retiree Health Care Authority Pre-Medicare members approach age 65, NMRHCA will mail out a form for them to switch their coverage to a Medicare Supplement or Medicare Advantage plan.

Failure to return the form had meant that NMRHCA would default those members into a Medicare plan corresponding to the Pre-Medicare plan provider they used.

Beginning in 2021, however, ALL Pre-Medicare members who do not return their forms selecting a Medicare plan will be defaulted into the UnitedHealthcare Medicare Advantage Plan I.

Members can select from nine different Medicare plans, and the default occurs only if members DO NOT return the form indicating the Medicare plan they want.

### NEXT UNDERSTANDING MEDICARE SEMINAR TAKES PLACE DEC. 9

NMRHCA'S 2020 Medicare Presentation schedule concludes Dec. 9 at 9:30 a.m.

You can participate by going to the following link, which is also available on the NMRHCA.org website home page: https://global.gotomeeting.com/join/801484949. You can also call in at 1-646-749-3122 and using access code 801-484-949.

Medicare meetings will remain online in 2021 until further notice.

# DIET, EXERCISE AND EARLY DETECTION KEYS TO COMBATING DIABETES

In the U.S., type 2 diabetes is reaching epidemic proportions. Scientists don't need to explore various theories or perform experiments to understand the problem.

The reason for our national struggle with diabetes is as obvious as our lifestyle. In general, our diets, activity levels and waistlines have all taken an unhealthy turn, and type 2 diabetes is the price many of us pay.

The good news is that neither your lifestyle nor your risk of developing diabetes is written in stone. You can buck the national trends by exercising regularly, eating a well-balanced diet and watching your weight.

People at risk of type 2 diabetes can more than halve their risk of developing the disease by exercising about half an hour a day and adopting a low-fat diet, according to a National Institutes of Health study.

Participants who did about 30 minutes of walking or other low-intensity exercise a day, coupled with a low-fat diet, lost an average of 5-7% of their body weight and cut their chances of developing type 2 diabetes by 58%. Those treated with the diabetes drug metformin — but who didn't make the lifestyle changes — cut their risk by only 31%.

Here's how healthy living can protect you from the disease that kills more Americans each year than prostate cancer and breast cancer combined.

**EXERCISE REGULARLY.** Physical activity works against type 2 diabetes at its source. The disease gets its start when muscle cells lose their sensitivity to insulin, the pancreatic hormone that controls levels of sugar in the blood. Your muscle cells are much less likely to shun insulin if you keep them fit through regular exercise. If you are at high risk for diabetes, experts recommend increasing your level of exercise to at least 150 minutes of moderate activity (such as walking) per week.

A study at the Cooper Institute for Aerobics Research in Dallas shows that staying fit may be the most crucial measure for avoiding type 2 diabetes. Fitness scores turned out to be the best predictor of diabetes, more telling than age, obesity, high blood pressure, or even a family history of the disease.

If you're sedentary now, find ways to incorporate more physical activity into your everyday life. Start gently but work toward getting at least 30 minutes a day of moderate exercise.

**EAT A HEALTHY, BALANCED DIET.** The typical American diet seems tailor-made for promoting type 2 diabetes. According to two studies from the Harvard School of Public Health, men and women who eat large amounts of simple sugars but little fiber are more than twice as likely to develop the disease as people following high-fiber, low-sugar diets.

Several studies have found that people with impaired glucose (sugar) tolerance — an early warning sign of diabetes — are much more likely to become diabetic if they eat large amounts of saturated fat. Stick with a low-fat diet that's rich in fruits, vegetables and whole grains.

**AVOID EXCESS WEIGHT.** Obesity plays an active role in the onset of diabetes.

Extra body fat, especially around the midsection, can spur on the disease by making cells less responsive to insulin and by slowing down production of the hormone. If you can stay trim through diet and exercise, you'll fight diabetes on three fronts.

US Preventive Services Task Force health officials recommend that doctors assess patients to determine their BMI. If they're obese, they should make weight loss counseling part of their talks. If you are at high risk for diabetes, experts recommend that you lose at least 7% of your body weight.

All NMRHCA members have access to the Good Measures weight management program, and Pre-Medicare/Medicare Supplement members also have access to the Naturally Slim weight management program.

**CHECK WITH YOUR DOCTOR.** If you have special reasons to be concerned about diabetes, discuss the matter with your doctor. In particular, if you've been exercising regularly and eating right for months but you're still significantly overweight, it's a good idea to get a physical exam.

Detecting such a condition early on gives you a great opportunity to resolve it and keep diabetes at bay.

---

*—Used by permission/healthday.com*

NEW MEXICO
RETIREE
HEALTH CARE
AUTHORITY

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

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




## NMRHCA CONTACT INFORMATION

NEW! 6300 Jefferson St. NE, Suite 150
Albuquerque, NM 87109-3482

33 Plaza La Prensa
Santa Fe, NM 87507

800-233-2576 (Toll Free)
505-476-7340 (Santa Fe)
505-884-8611 (Fax)
Email: customerserivce@state.nm.us

Hours: 8 a.m.-5 p.m. Monday-Friday*
Please visit us online at www.nmrhca.org
*Check website for official opening and closing times

## CONTACT YOUR HEALTHCARE PROVIDERS DIRECTLY

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

Presbyterian Health Plan
Presbyterian Health Plan ..... 888-275-7737
Presbyterian Medicare Advantage .800-797-5343
www.phs.org

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

Humana ..... 866-396-8810
https://our.humana.com/nmrhca

UnitedHealthcare.....866-622-8014
www.uhcretiree.com

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

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

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

# Memorandum

**To:** David Archuleta, Executive Director

**From:** Melissa A. Krumholz, FSA, MAAA

**Date:** September 28, 2020

**Re:** NMRHCA Cost for MTD/SID Officers to move into State Police Retirement Plan

As requested, Segal evaluated the change in OPEB liability for NMRHCA as of June 30, 2019 based on discussions to merge employees who were employed with the Department of Public Safety (DPS) prior to July 1, 2015 that continue to be reported under State General Plan 3 ('Non-Enhanced') and retroactively move them into the State Police and Adult Correctional Officer Plan ('Enhanced'). Segal does not perform a funding valuation for NMRHCA, so we focused our results on the impact to liability only. The results indicate this liability change is about a 4% impact of payroll for these members and a very small (<0.1%) liability impact as a percentage of public safety payroll. We understand that NMRHCA is able to estimate the increased contribution requirements based upon payroll figures available to staff.

Data provided by the DPS identified 152 members affected by this proposed change. Segal compared this list to the participant data used for NMRHCA's June 30, 2019 GAS 74 valuation and found that 120 records matched, with 32 records not matching. Note that not all members eligible for a NMPERA pension may be eligible for or choose to elect a retiree medical benefit from NMRHCA. Segal understands the NMRHCA will determine and address any adjustments to employer and/or employee contributions due to this re-classification.

Of the 120 members,

- 101 are active members when compared to June 30, 2019 actuarial valuation data
- 12 (including 2 disabled) of the members have retired
- 7 members have terminated employment and are eligible for a deferred benefit

Below is a table summarizing the results for the 120 members:

| | Actuarial Accrued Liability As of June 30, 2019 |
|---|---|
| Baseline, before reclassifying as Enhanced members | $2,724,000 |
| After reclassifying as Enhanced members | $3,064,000 |
| Difference ($) | $340,000 |
| Difference (%) | 12.5% |

In our study, we have reflected a change in valuation assumptions reflecting the re-classification from non-Enhanced to Enhanced. We note that most of the liability increase ($289,000) was due to changing the retirement eligibility, other decrement and salary assumptions. Under the PERA assumptions, Enhanced employees are assumed to retire earlier on average than non-Enhanced employees. In addition, Enhanced employees are not subject to the NMRHCA rule change requiring deferral of NMRHCA benefits until age 55. These impacts are all reflected in the total liability reduction.

The remaining liability increase ($51,000) was due to the application of a shorter (20 years for Enhanced vs. 25 for non-Enhanced) graded retiree contribution schedule, applied to service earned on or after July 1, 2015.

For this study, we have used a discount rate of 7.25%, equal to assumed return on plan assets. This is different from the blended discount rate used to calculate liability for financial reporting, but consistent with the 7.25% rate used for employer buy-in and member service purchases. We also note that for the corresponding pension analysis, the assumed investment return on plan assets (7.25%) was also used.

Except as noted, all of the above calculations are based on the June 30, 2019 GAS 74 actuarial valuation results including the participant data and actuarial assumptions on which that valuation was based.

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

The Coronavirus (COVID-19) pandemic is rapidly evolving and is having a significant impact on the US economy in 2020, including most retiree health plans, and will likely continue to have an impact in the future. Our results do not include the impact of the following:

- Direct or indirect effects of COVID-19 on short-term health plan costs
- Changes in interest rates since June 30, 2019
- Short-term or long-term impacts on mortality of the covered population
- The potential for federal or state fiscal relief

Each of the above factors could significantly impact these results.

The June 30, 2019 GAS 74 valuation and these calculations were prepared under the supervision of Thomas Bergman, ASA, MAAA, and Melissa Krumholz, FSA, MAAA. We are Members of the American Academy of Actuaries and meet the qualification requirements to render the actuarial opinion contained herein.

I look forward to discussing this with you and addressing any questions you may have about these changes.

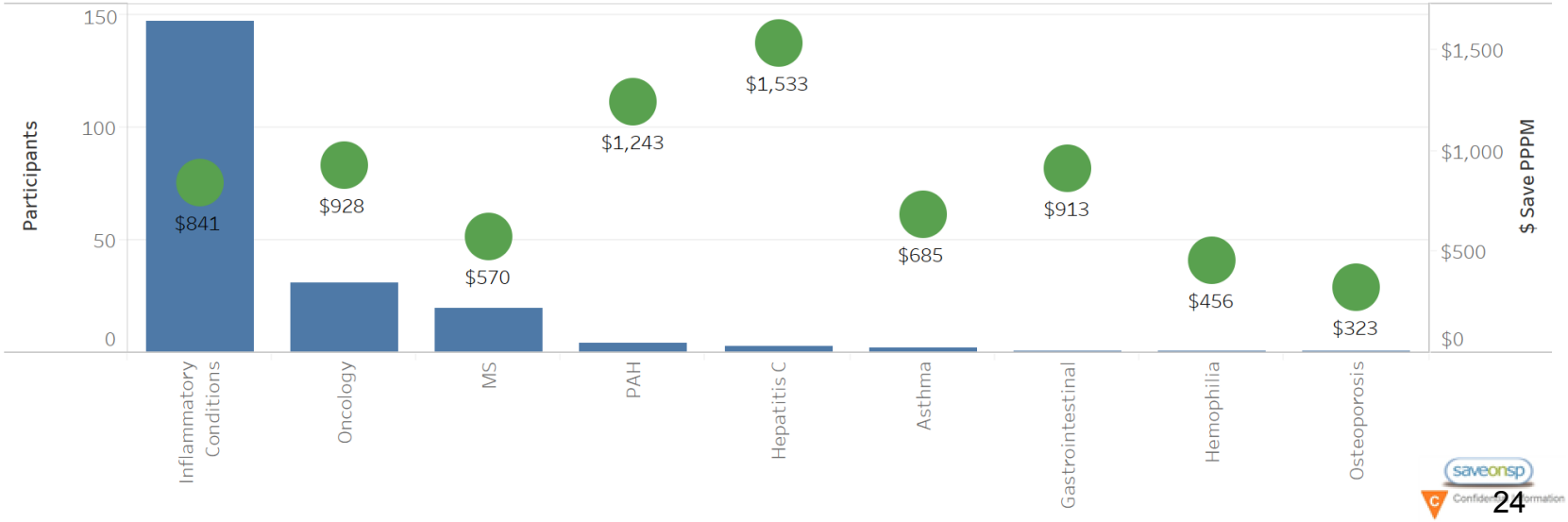
Cc: Nura Patani, Segal
Thomas Bergman, Segal

# New Mexico Retiree Health Care Authority Savings Report

## Claims with Invoice Dates Between 1/1/2020 and 6/30/2020

| Therapeutic Category | Manufacturer Dollars | Participant Savings | Total Tertiary | Net Savings 75% | $ Save per Claim | $ Save PPPM | Claim Count | Members |
|---|---|---|---|---|---|---|---|---|
| Grand Total | $1,498,966 | $68,300 | $19,391 | $1,058,457 | $1,550 | $840 | 683 | 210 |
| Inflammatory Conditions | $1,045,525 | $45,300 | $11,235 | $741,743 | $1,637 | $841 | 453 | 147 |
| Oncology | $244,901 | $13,900 | $945 | $172,542 | $1,241 | $928 | 139 | 31 |
| MS | $95,385 | $4,200 | $0 | $68,389 | $1,628 | $570 | 42 | 20 |
| PAH | $42,455 | $2,600 | $95 | $29,820 | $1,147 | $1,243 | 26 | 4 |
| Hepatitis C | $44,450 | $600 | $7,060 | $27,593 | $4,599 | $1,533 | 6 | 3 |
| Asthma | $12,000 | $1,000 | $40 | $8,220 | $822 | $685 | 10 | 2 |
| Gastrointestinal | $7,500 | $200 | $0 | $5,475 | $2,738 | $913 | 2 | 1 |
| Hemophilia | $3,750 | $100 | $0 | $2,738 | $2,738 | $456 | 1 | 1 |
| Osteoporosis | $3,000 | $400 | $16 | $1,938 | $485 | $323 | 4 | 1 |

Participant Count vs. $ Save Per Participant Per Month (PPPM)

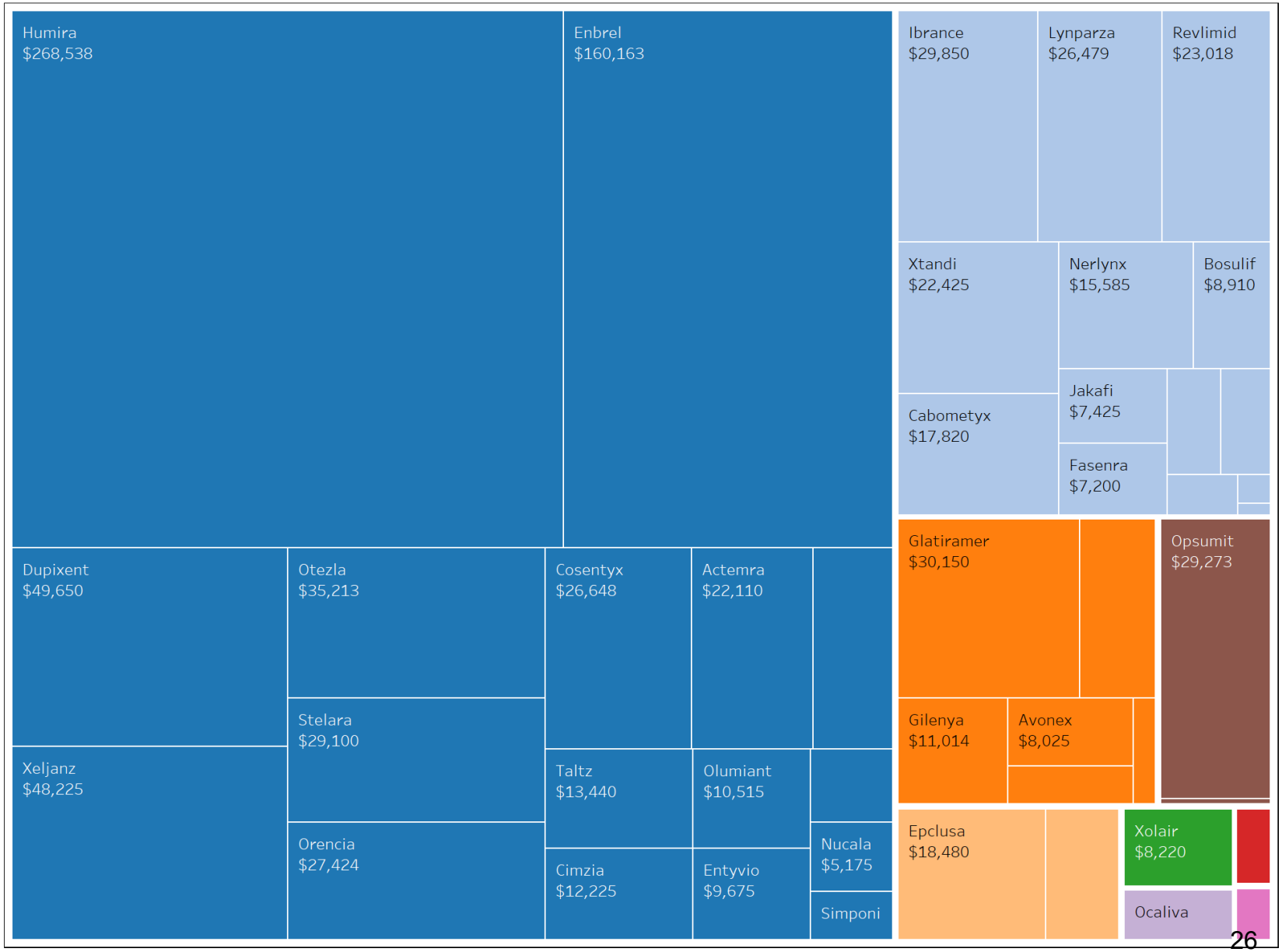


# Net Save by Drug

| Therapeutic Category | Drug Name | Net Savings 75% | |
|---|---|---|---|
| Inflammatory Conditions | Humira | $268,537.50 | |
| | Enbrel | $160,162.50 | |
| | Dupixent | $49,650.00 | |
| | Xeljanz | $48,225.00 | |
| | Otezla | $35,212.50 | |
| | Stelara | $29,100.00 | |
| | Orencia | $27,424.03 | |
| | Cosentyx | $26,647.50 | |
| | Actemra | $22,110.00 | |
| | Tremfya | $14,508.75 | |
| | Taltz | $13,440.00 | |
| | Cimzia | $12,225.00 | |
| | Olumiant | $10,515.00 | |
| | Entyvio | $9,675.00 | |
| | Benlysta | $5,475.00 | |
| | Nucala | $5,175.00 | |
| | Simponi | $3,660.00 | |
| Hepatitis C | Epclusa | $18,480.00 | |
| | Sofosbuvir/Velp.. | $9,112.50 | |
| Asthma | Xolair | $8,220.00 | |
| Hemophilia | Promacta | $2,737.50 | |

| Therapeutic Category | Drug Name | Net Savings 75% | |
|---|---|---|---|
| Oncology | Ibrance | $29,850.00 | |
| | Lynparza | $26,478.75 | |
| | Revlimid | $23,017.50 | |
| | Xtandi | $22,425.00 | |
| | Cabometyx | $17,820.00 | |
| | Nerlynx | $15,585.00 | |
| | Bosulif | $8,910.00 | |
| | Jakafi | $7,425.00 | |
| | Fasenra | $7,200.00 | |
| | Sprycel | $5,175.00 | |
| | Lenvima | $4,849.50 | |
| | Afinitor | $2,587.50 | |
| | Erleada | $862.50 | |
| | Evenity | $356.25 | |
| MS | Glatiramer | $30,150.00 | |
| | Tecfidera | $12,600.00 | |
| | Gilenya | $11,013.75 | |
| | Avonex | $8,025.00 | |
| | Aubagio | $4,425.00 | |
| | Copaxone | $2,175.00 | |
| PAH | Opsumit | $29,272.50 | |
| | Uptravi | $547.50 | |
| Gastrointestinal | Ocaliva | $5,475.00 | |
| Osteoporosis | Forteo | $1,938.00 | |

# Net Save by Drug



# *Savings Report:*

*(includes only claims invoiced through the SaveonSP program during the reporting period)*

---

Manufacturer Dollars: Total copay the prescription adjudicated for with Express Scripts, and therefore, amount billed to the manufacturer's copay assistance program.

Participant: Patient enrolled in SaveonSP program with a claim filled during the reporting time period

Participant Savings: Average member copay prior to SaveonSP program implementation

Total Tertiary: Used for residual member cost after copay assistance pays ($5-$50 generally), member's 13th fill in the year, or pass thru copays

Net Savings: Program Savings x 75%

Program Savings: Manufacturer Dollars - Participant Savings - Tertiary

New Mexico Retiree Health Care Authority Carrier Number: 5037

## Archuleta, David, NMRHCA

**From:** Briscombe, Brian <bbriscom@rand.org>
**Sent:** Friday, September 18, 2020 6:30 AM
**To:** Whaley, Christopher
**Cc:** Briscombe, Brian
**Subject:** [EXT] Nation-Wide Hospital Price Transparency Round 3.0 Public Report Released Today!

Dear Supporter of Hospital Price Transparency,

The results from Round 3 of the Hospital Price Transparency Study have just been published online! Please follow this link to download the free public report: https://www.rand.org/pubs/research_reports/RR4394.html By following the link you can also find an interactive map and Excel file containing state-specific and hospital-specific data.

(Note: If you organization has also purchased a PRIVATE report, those will go out later this month or in early October, thank you for your patience and support!)

Some key findings from the report include:

1) In 2018, a large sample of employers and private insurers across 49 US states plus Washington D.C. paid, on average, 247% more than Medicare would have paid for the same hospital services. This included both facility and professional fees for both inpatient and outpatient care.
2) The report also examined hospital price variation within states and hospital systems, and looked at hospitals' price versus quality and safety measures.
3) We analyzed hospital claims data (collected data from self-insured employers, 6 state all-payer claims databases, and health plans ) representing $33.8 billion from 2016-2018 for 3,112 hospitals located in every state except for Maryland.

We're also excited to announce that Round 4 of the same study is underway! We have already begun collecting hospital claims data from APCDs, self-insured employers, and their TPAs, focusing on calendar years 2017-2020. If you are interested in contributing your company's claims data, please reply-all to Dr. Chris Whaley and Brian Briscombe to get the ball rolling. If your organization already participated in round 3.0, then an updated Data Use Agreement (DUA) and data refresh may be all that is required. If you are new to the study and interested in joining, please reach out via email and begin by telling us about your organization's size and location, and what TPA(s) and/or data warehouse you use. If you wish to share our email addresses with other employers who might be interested in joining the study, please feel free, and you may also share this link: https://employerptp.org/enroll/ to enroll or to learn more about the study.

Thank you,

Brian Briscombe
Project Manager, Hospital Price Transparency Study
*Quantitative Analyst IV*
*Economics, Sociology & Statistics Department*
RAND Corporation
1200 South Hayes Street, Arlington, VA 22202-5050
Office: w7316, Mailstop: W7W
Tel: 703-413-1100 x5445 | Fax: 703-413-8111
bbriscom@rand.org | www.rand.org

**TENTATIVE AGENDA**
**for the**
**SECOND MEETING**
**of the**
**INVESTMENTS AND PENSIONS OVERSIGHT COMMITTEE**

**October 6, 2020**
**Video Conference***

**Tuesday, October 6**

10:00 a.m. **Call to Order**
—Senator George K. Munoz, Chair
—Representative Patricia Roybal Caballero, Vice Chair

10:05 a.m. (1) **State Investment Council (SIC): Annual Investment Plan**
—Steven K. Moise, State Investment Officer, SIC
—Vince Smith, Deputy State Investment Officer, SIC
—Charles Wollmann, Director of Communications and Legislative Affairs, SIC

11:30 a.m. (2) **New Mexico Finance Authority (NMFA): Small Business Recovery Act of 2020 Update**
—Marquita Russel, Chief Executive Officer, NMFA

12:15 p.m. **Lunch**

1:00 p.m. (3) **Bureau of Business and Economic Research (BBER): Educational Retirement Board (ERB) Benefit Analysis**
—Dr. Jeffrey Mitchell, Director, BBER
—Jan Goodwin, Executive Director, ERB

1:45 p.m. (4) **Public Employees Retirement Association (PERA): Board Governance Audit Results**
—Jessica Bundy, C.P.A., Principal, REDW; Internal Auditor, PERA Board of Trustees
—Caitlin Gutierrez, C.P.A., Internal Audit Manager, REDW; Internal Auditor, PERA Board of Trustees

2:30 p.m. (5) **PERA: Financial Audits, Fiscal Years 2015-2020**
—Anna Williams, Administrative Services Director and Chief Financial Officer, PERA

3:15 p.m. (6) **Retiree Health Care Authority (RHCA): Update**
—David Archuleta, Executive Director, RHCA

4:00 p.m. **Adjourn**

*The State Capitol is closed to the public, but the meeting will be webcast and can be viewed by clicking the video icon beneath the meeting agenda on the Investments and Pensions Oversight Committee web page.

# LFC Newsletter

A publication of the **Legislative Finance Committee**
Senator John Arthur Smith, Chairman
Representative Patricia Lundstrom, Vice Chairwoman
David Abbey, Director

Volume 21 Issue 03 September 2020

*From the Chair*

## Two-Handed

When New Mexico's income exploded because of the oil boom, some called for spending most of the new money on long-neglected needs, but the voices that called for restraint won out. Those who wanted to set aside what seemed like a hefty 25 percent did not lack compassion for the many vulnerable New Mexicans who need help, they simply recognized a boom always ends in a bust. Strong reserves would allow the state to cushion the blow of an economic decline – whether it was caused by a worldwide recession, like in 2008, or an oil industry implosion, like in 2014, or both, like in 2020.

Turns out, 25 percent is a good target.

Because of high reserves, no one panicked when initial estimates indicated revenues would be $440 million short for FY20. Revenues came in stronger than expected, and the state didn't have to pull from reserves after all, but knowing ample reserves were there prevented budget cuts that, in hindsight, would have been unnecessary.

For FY21, strong reserves allowed policymakers to pare back spending, rather than hack away at programs, mitigating the very painful process of cutting New Mexicans off from vital services. Without the reserves, the state would have been forced to cut $700 million even with federal stimulus funds.

Finally, strong reserves made it possible for us to wait for more information before making decisions about FY22.

The decision to set aside a large reserve wasn't made in a vacuum. We budget based on a forecast, and we know there are risks. While perhaps no economist included "worldwide pandemic" in possible scenarios for 2020, recession and oil bust were there. Stress testing the New Mexico forecast showed the potential for revenue to come in $1 billion to $2 billion less than projected.

Economists are often criticized for hedging their bets – President Harry Truman is reported to have demanded a "one-handed economist" because all his economists would say, "On the one hand ... but on the other." But New Mexico should thank its two-handed economic specialists. Without the other hand and the decision to create a large reserve to cover it, New Mexico might be in much worse shape going into economically precarious times.

*Senator John Arthur Smith*
*Chairman*

**Attendance at the LFC September meeting will be limited to presenters and their staffs, legislators, and legislative staff in accordance with public health orders. The meeting will be streamed at www.nmlegis.gov. Public comment may be made by email to lfc@nmlegis.gov.**

# Insurance Management Creates Cost Disparities

A trifurcated approach for providing health insurance for public school and certain government employees means total costs vary by thousands of dollars per policy and some workers pay twice as much as others for similar coverage, LFC analysis indicates.

In a brief prepared for a hearing scheduled for September 30, LFC staff reports total costs for similar plans, the employer and employee share together, vary from $6,512 under the Albuquerque Public Schools to $9,189 under New Mexico Public School Insurance Authority.

At the same time, employees in the NMPSIA, which covers public school employees outside APS, pay $3,676 a year in premiums for a plan similar to one that costs $1,500 for the state and local government employees covered by the state General Service Department.

The report notes most NMPSIA-covered employees are in rural areas, where access and a lack of competition make healthcare more expensive.

Employer costs for NMPSIA, Albuquerque Public Schools, and state employees under GSD are all covered, directly or indirectly, by the state.

In addition, the state is subsidizing local governments, which account for one-third of those covered through GSD, because it must absorb shortfalls in premium revenues.

Despite shortfalls in revenue, GSD has not increased member premiums in FY21 or FY22 and is expected to have a $52 million shortfall in FY22.

Staff reports New Mexico is the only state in a seven-state region that varies employee contributions by income. Additionally, New Mexico does not offer a wide range of plans with different costs. Oklahoma pays a set amount for the employer share sufficient to cover the full cost of a basic plan, although not the cost of higher-priced options.

While all state health insurance plan sponsors expect medical and prescriptions to continue to increase, the total cost may fall because of the Covid-19 pandemic A moratorium on elective care and patient reluctance to seek in-person medical care means fewer people are seeking medical care, but that delayed care might cost more in the future. Direct care for Covid-19 has cost APS, GSD, and NMPSIA providers about $4 million so far.

# Covid-19 Suppresses Agency Performance

The final FY20 report cards on agency performance showed mixed results, as always, but the Covid-19 pandemic and related closures were behind the decline in performance – or lack of data to measure performance – in many cases.

The final quarterly report cards for the fiscal year, presented to the committee in August, showed proficiency rates on standardized tests, the primary measure of public school performance, were not available because the tests were canceled for the year; child support collections were up 13 percent because the Child Support Enforcement Division intercepted federal stimulus checks to noncustodial parents; and film production, on its way to a record-breaking year, fell short when all productions came to a halt.

LFC analysis also indicates the pandemic played a role in both increased productivity in the Department of Public Safety forensic chemistry unit, which was freed from court appearances, and a 70 percent drop in fourth quarter productivity in the fingerprint unit, which had to do much of its work remotely.

Staff note the "stark variation" in agency performance shows some agencies can operate efficiently even when employees work remotely.

The report cards were accompanied for the first time with, *NMStat*, a summary of performance on key measures in economic well-being, education and child welfare, health and environment, public safety, infrastructure, and government efficiency.

While agency report cards look at agency success in hitting targets for certain measures, with both the targets and measures developed jointly by LFC analysts and the executive, the LFC-created *NMStat* compares New Mexico performance with national standards, focuses on the impact of a program, and reports on whether performance is improving or declining.

# Consumer Confidence Key to State Recovery

New Mexico has more restrictive reopening standards than most states and has taken a harder economic hit since the start of the pandemic than the nation as a whole, but addressing root health concerns and targeting employment assistance could better assist a recovery than ordering businesses to reopen, LFC analysis indicates.

A look at national and state economic data shows significantly more merchants are open in states that have reopened, but reopening orders have only a modest impact on economic recovery.

More important to economic recovery, the brief prepared for the September meeting says, is consumer confidence.

New Mexico, with eight gating criteria for reopening, has more reopening conditions than any other state, and is 37th in the number of Covid-19 cases per population, the brief says.

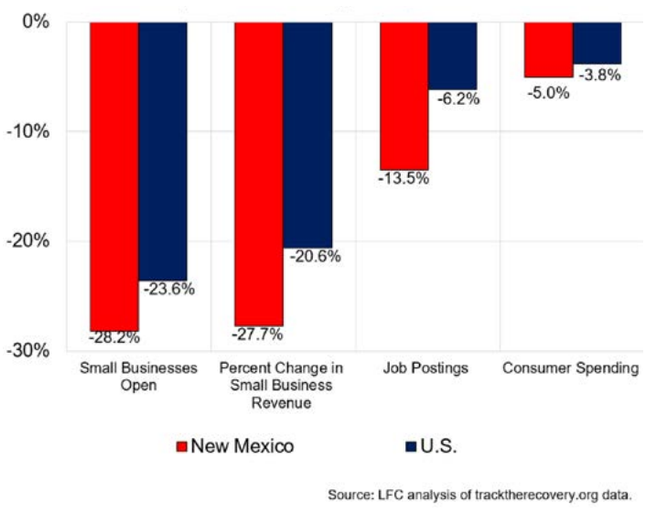
Staff report a model developed by the Rand Corporation, a research and analysis nonprofit, projects that eliminating all restrictions and interventions could increase gross state income by $300 million, but projected cumulative cases of Covid-19 would increase by nearly 80 percent by December, from about 28.8 thousand now to 52.2 thousand.

The Rand model also indicates allowing businesses – but not schools – to open completely could increase state income by $50 million but increase cases by 6,000 by December.

Staff notes that reopening schools, like mandatory reopening of businesses, is not consistently correlated with the severity of Covid-19 outbreaks.

**Percent Change in Key Economic Indicators**

January to September 2020




Source: LFC analysis of tracktherecovery.org data.


## LFC Newsletter

**2020-2021 Fiscal Year, Month 03**

Published monthly in the interim by the Legislative Finance Committee.
Staff Editor - Alison Nichols
Writer, Editor - Helen Gaussoin
**Questions, comments: 505-986-4550**
*www.nmlegis.gov/Entity/LFC/Default*

**Please contact Adreena Lujan at adreena.lujan@nmlegis.gov if you would prefer to receive this newsletter electronically.**


## *On the Table*

### Counties See Drop in Retail Sales Receipts

Gross receipts tax data indicates the impact on retail sales from the income-boosting federal stimulus funds has started to wane, with retail receipts down in 22 counties in July. While statewide retail receipts were still up from a year ago, July receipts were down 4.2 percent from June. Also in July, matched gross taxable gross receipts showed a 56 percent drop in mining receipts from July 2019, a 2 percent increase in leisure and hospitality receipts from June but a 24 percent decline from July 2019, and the first year-over-year decline in construction receipts, with losses in mining-related construction in Eddy and Lea counties and out-of-state receipts outpacing gains for wind-related construction in Roosevelt and Torrance counties.

### Personal Income Tax Collections Up

Despite high unemployment and job losses, personal income tax collections were $156.6 million in July, up $34.9 million from the same month last year, according to preliminary data. Most of the growth was in withholding, up $22.5 million, or 20 percent, from the same month last year.

### Children in Eight Counties at Risk

Feeding America, a nonprofit national organization, reports over 40 percent of children in Catron, Luna, McKinley, Cibola, Sierra, Harding, Quay, and Colfax counties are at risk for food insecurity. The New Mexico Association of Food Banks is considering requesting a one-time special appropriation of up to $5 million to provide 3.6 million meals, with 83 percent of the funds to go directly for the purchase of shelf-stable foods and the remaining 17 percent for handling and transportation.

### NM Shifts to State Healthcare Exchange

New Mexico is among six states leaving the federal health insurance exchange to run their own marketplaces, which determine eligibility, assist with enrollment, and connect buyers with companies. Evidence suggests state marketplaces attract more consumers, especially young adults, and hold down prices better than the federal exchange.

### Transitions

Eric Chenier, former LFC analyst, is now the Administrative Services Division director at the Department of Finance and Administration.

Bryce Pittenger, former director of Behavioral Health Services at the Children, Youth and Families Department, will be the new chief executive officer of the Behavioral Health Collaborative beginning in October.


Legislative Finance Committee
325 Don Gaspar Street Ste101
Santa Fe NM 87501

# New Mexico Retiree Health Care Authority (CP)
## Change in Market Value
### For the Month of Aug 2020
(Report as of September 17, 2020)

| Investment Name | Prior Ending Market Value | Contributions | Distributions | Fees | Income | Gains - Realized & Unrealized | Market Value |
|---|---|---|---|---|---|---|---|
| Core Bonds Pool | 178,377,550.73 | - | - | - | 478,323.08 | (1,876,008.14) | 176,979,865.67 |
| Credit & Structured Finance | 110,527,804.14 | - | - | - | 271,258.97 | 1,959,330.43 | 112,758,393.54 |
| NM Retiree Health Care Authority Cash Account | - | - | - | - | - | - | - |
| Non-US Developed Markets Index Pool | 102,303,801.35 | - | - | - | 214,158.00 | 5,330,858.39 | 107,848,817.74 |
| Non-US Emerging Markets Index Pool | 80,072,995.50 | - | - | - | 108,264.98 | 2,147,458.94 | 82,328,719.42 |
| Private Equity Pool | 84,547,086.50 | - | - | - | 33,100.72 | 120,360.29 | 84,700,547.51 |
| Real Estate Pool | 79,083,743.75 | - | - | - | 143,380.77 | (73,444.96) | 79,153,679.56 |
| Real Return Pool | 33,284,979.83 | - | - | - | 74,873.62 | 17,592.94 | 33,377,446.39 |
| US Large Cap Index Pool | 122,021,470.99 | - | - | - | 200,733.01 | 8,411,916.87 | 130,634,120.87 |
| US Small/Mid Cap Pool | 14,222,892.90 | - | - | - | 18,945.74 | 680,614.15 | 14,922,452.79 |
| Sub - Total New Mexico Retiree Health Care | 804,442,325.69 | - | - | - | 1,543,038.89 | 16,718,678.91 | 822,704,043.49 |
| **Total New Mexico Retiree Health Care A** | **804,442,325.69** | **-** | **-** | **-** | **1,543,038.89** | **16,718,678.91** | **822,704,043.49** |

## 2021 Legislative Proposal (Action Item)

### Background

The Patient Protection and Affordable Care Act (ACA) was signed into law on March 23, 2010. One of the key features of the ACA was the requirement of plans and insurers that offer dependent child coverage to make the coverage available until a child reaches the age of 26. The rule applies married and unmarried dependents and to all employer and individual plans. NMRHCA has applied the law since its inception, however, the requirement runs contrary to the Retiree Health Care Act, which includes a limiting age of 19 baring certain exceptions and requirements.

In 2013, the American Psychiatric Association moved from the term "mental retardation" to "intellectual disability" in identifying conditions that relate to the disability involving impairment of general mental disabilities impact adaptive functioning. In the same time period, the Social Security Administration also adopted the term "intellectual disability".

In 2002, the New Mexico Legislature created the Senior Prescription Drug Program, which was later renamed as the Discount Prescription Drug Program. The program was intended to provide all New Mexico residents with access to discounted prescriptions using rebates received from drug manufacturers, as well as gifts, grants, fees and bequests which were to be deposited into a non-reverting fund. In FY09, NMRHCA reported 6,696 participants in the program and in FY11, the legislature recommended defunding the program. However, the Discount Prescription Drug program remains a component of the Retiree Health Care Act.

### 2021 Legislative Proposal

NMRHCA staff is proposing to seek sponsorship of a bill that would incorporate the changes illustrated below.

**10-7C-4. Definitions.**

As used in the Retiree Health Care Act:

A. "active employee" means an employee of a public institution or any other public employer participating in either the Educational Retirement Act [Chapter 22, Article 11 NMSA 1978], the Public Employees Retirement Act [Chapter 10, Article 11 NMSA 1978], the Judicial Retirement Act [Chapter 10, Article 12B NMSA 1978], the Magistrate Retirement Act [Chapter 10, Article 12C NMSA 1978] or the Public Employees Retirement Reciprocity Act [Chapter 10, Article 13A NMSA 1978] or an employee of an independent public employer;

B. "authority" means the retiree health care authority created pursuant to the Retiree Health Care Act;

C. "basic plan of benefits" means only those coverages generally associated with a medical plan of benefits;

D. "board" means the board of the retiree health care authority;

E. "current retiree" means an eligible retiree who is receiving a disability or normal retirement benefit under the Educational Retirement Act, the Public Employees Retirement Act, the Judicial Retirement Act, the Magistrate Retirement Act, the Public Employees Retirement Reciprocity Act or the retirement program of an independent public employer on or before July 1, 1990;

F. "eligible dependent" means a person obtaining retiree health care coverage based upon that person's relationship to an eligible retiree as follows:

(1) a spouse;

(2) an unmarried child under the age of ~~nineteen~~ twenty-six who is:

(a) a natural child;

(b) a legally adopted child;

(c) a stepchild living in the same household who is primarily dependent on the eligible retiree for maintenance and support;

(d) a child for whom the eligible retiree is the legal guardian and who is primarily dependent on the eligible retiree for maintenance and support, as long as evidence of the guardianship is evidenced in a court order or decree; or

(e) a foster child living in the same household;

~~( 3) a child described in Subparagraphs (a) through (e) of Paragraph (2) of this subsection who is between the ages of nineteen and twenty-five and is a full-time student at an accredited educational institution; provided that "full-time student" shall be a student enrolled in and taking twelve or more semester hours or its equivalent contact hours in primary, secondary, undergraduate or vocational school or a student enrolled in and taking nine or more semester hours or its equivalent contact hours in graduate school;~~

(4) a dependent child over ~~nineteen~~ twenty-six who is wholly dependent on the eligible retiree for maintenance and support and who is incapable of self-sustaining employment by reason of ~~mental retardation or~~ physical handicap or intellectual disability; provided that proof of incapacity and dependency shall be provided within thirty-one days after the child reaches the limiting age and at such times thereafter as may be required by the board;

~~**10-7C-17. Creation of discount prescription drug program.**~~

~~A. The "discount prescription drug program" is created in the authority.~~

~~B. To be eligible for the discount prescription drug program, a person shall be a resident of the state.~~

~~C. Upon a determination that the person qualifies for the discount prescription drug program, the authority may assess an annual administrative fee not to exceed sixty dollars ($60.00) per year. The authority shall collect the fees, which shall be used by the authority to cover the cost of administering the program.~~

~~D. The amount a qualified person pays for a prescription drug shall not exceed the total cost of the dispensing fee plus the contracted discounted price made available to the authority for the prescription drug.~~

~~E. The authority shall enroll and provide participants with electronic or other form of membership identification for use by pharmacies for each transaction.~~

~~F. The authority shall actively promote membership and benefit information on the discount prescription drug program to seniors and the general public throughout the state.~~

~~**10-7C-18. Fund created.**~~

~~The "discount prescription drug program fund" is created in the state treasury. All fees collected pursuant to Subsection C of Section NMSA 1978 and all rebates received from drug manufacturers shall be deposited in the fund and shall be used for the purposes of the discount prescription drug program. Money appropriated to the fund or accruing to it through rebates, gifts, grants, fees or bequests shall be deposited in the fund. Earnings from investment of the fund shall be credited to the fund. Money in the fund is appropriated to the authority for the purpose of administering the discount prescription drug program. Money in the fund shall not revert at the end of~~

~~any fiscal year. Disbursements from the fund shall be made upon warrants drawn by the secretary of finance and administration pursuant to vouchers signed by the director of the authority or the director's authorized representative. The authority shall annually adjust the enrollment fee to permit necessary administration of the program but shall not exceed the amount established in Subsection C of Section NMSA 1978.~~

~~**10-7C-19. Audit; fee recommendation.**~~

~~Annually the legislative finance committee shall conduct a fiscal audit of the discount prescription drug program fund and the administration of the program, including rebates negotiated for the prescription drugs purchased by participants, and shall recommend if and how much of an annual fee is necessary for participants in the program.~~

## Requested Action

NMRHCA staff respectfully requests approval to pursue amending the Retiree Health Care Act to increase the limiting age requirements for dependent children from 19 to 26 to align with the Affordable Care Act, changing reference from mental retardation to intellectual disability for dependents over the age of 26 and eliminating reference and requirements associated with the Discount Prescription Drug Program.

**Program Support**

**FY21 Contract Amendment (Action Item)**

**Background**

In FY20, the Board of Directors approved a small purchase contract totaling $20,000.00 related to the V. Lopez appeal for reinstatement and continued participation in the NMRHCA program, submitted to the 1st Judicial District Court in Santa Fe. On June 24, 2020, NMRHCA received notice that a court order was issued and the Board's decision finding Ms. Lopez ineligible to receive benefits through NMRHCA was upheld. NMRHCA's legal counsel noted that the recitation of facts in the order went beyond things we focused on in the briefing demonstrating that the judge carefully reviewed the written record before writing his decision. Charges related to this appeal totaled $14,600.49 leaving a balance of $5,399.51 for work to be performed through December 31, 2020.

On July 24, 2020, NMRHCA received notice that Ms. Lopez submitted a Petition for Writ of Certiorari to the New Mexico Court of Appeals, appeals the District Court's ruling. The appeal has resulted in the need for additional legal services (specific to the appeal) that may extended through the end of FY21.

**Program Support Contractual Services Information**

| **FY21 Approved Operating Budget** | **$663,400** | | |
|---|---|---|---|
| **Vendor** | **Contract Amount** | **Contract Term** | **Type** |
| Segal | $345,000 | July 1, 2019 - June 30, 2023 | Existing |
| Wilshire | $37,500 | July 1, 2020 - June 30, 2021 | Existing |
| Judith Beatty | $6,500 | July 1, 2020 - June 30, 2021 | Existing |
| Workquest | $4,500 | July 1, 2020 - June 30, 2021 | Existing |
| Haworth | $8,034 | July 1, 2020 - June 30, 2021 | Existing |
| Moss Adams | $68,500 | July 1, 2020 - June 30, 2023 | Existing |
| Rodey | $60,000 | July 1, 2020 - June 30, 2021 | Existing |
| RESPEC | $97,400 | July 1, 2020 - June 30, 2021 | Existing |
| Real Time Solutions | $5,879 | July 1, 2020 - June 30, 2021 | Existing |
| Albuquerque Comp Recycle | $1,063 | July 1, 2020 - June 30, 2021 | Existing |
| **Proposed (Balance + Amendment)** | | | |
| Rodey (V.Lopez Appeal) | $20,000 | | Amendment |
| **Total** | **$654,376** | | |
| **Unencumbered Balance** | **$9,024** | **Availble for mid/end-year adjustments** | |

**Requested Action**

NMRHCA staff respectfully requests approval to increase the compensation from $20,000 to $35,000 and extended the term of the contract from December 31, 2020 to June 30, 2021. If approved, the action would make $20,400 available for use in FY21.

| | | |
|---|---|---|
| Rodey (V.Lopez Appeal) | | $20,000 |
| FY20 Expenditures | | -$14,600 |
| Contract Balance | | $5,400 |
| | | |
| Proposed Amendment | | $15,000 |
| | | |
| **Revised Total** | | **$35,000** |

**Special Appropriation Request (Action Item)**

**Background**

Since the onset of the pandemic NMRHCA staff has researched opportunities to continue and/or improve the services it provides and electronic access to retiree information. See Business Case: Retiree Health Care Authority Web Portal.

**Requested Action**

NMRHCA staff respectfully requests approval to request a special appropriation request totaling $100,000 for the development and implementation of a web portal to enhancement the functionality of our eligibility system to accept changes initiated by members.

NEW MEXICO
RETIREE
HEALTH CARE
AUTHORITY



# BUSINESS CASE

# RETIREE HEALTH CARE AUTHORITY

# WEB PORTAL

Created By:

Tomas Rodriguez

09/14/20

# Contents

# EXECUTIVE SUMMARY

This business case outlines how the RHCA Portal Project that will address the need of a retiree based web portal that will automate and streamline many of the current paper based processes, it will address the benefits of the project, and recommendations and justification of the project. The business case also discusses detailed project goals, performance measures, assumptions, and constraints.

## Issue

The retiree population of the agency is currently over 64,000 retirees, spouses and dependents and it continues to grow every year. As we continue to support more retirees the administration aspect that is involved in supporting our population has also grown. Many of the business process are paper process that involves the retiree's downloading forms from the agencies web site or by visiting one of our two offices. Retirees will mail or hand deliver forms and documents to one of our two offices.

Verification of the correctness of documents submitted to the agency by the retiree is a manual process and often involves a back and forth discussions between retirees and customer service representatives due to the requirements of the agency and to the various situations that will affect the type of benefit coverage that the agency can provide.

The agency scans all important documents sent into the agency so to quickly and easily bring up and review documents that are submitted by our retiree population, the scanning and indexing process is a very time consuming process. In order to more effectively manage the administration of submitted retiree documents the agency believes that a web based portal as outlined in this business case will automate and improve the administration of required retiree documents.

## Anticipated Outcomes

A web-based portal platform will enable the retirees of the agency to fill out electronic forms that will have checks built into the forms based on rules. These checks will ensure that the forms are filled out correctly helping to reduce errors, reduce phone calls, and eliminate the need to scan documents. In addition to filling out electronic forms, retirees will also have the ability to upload scanned documents, review benefits, and make changes to personal information such as address changes.

## Recommendation

The recommendation is to have a contractor build the agencies portal and create the electronic forms based around the rules that will validate those forms. The contractor will also provide secure connections to the agencies retiree systems databases. This will improve the efficiency and accuracy of the information that the agency requires from the retirees. Some of the ways that this technology will achieve its desired results are:

- Retirees will have the ability to fill out forms electronically, increasing the accuracy of the data.
- Information submitted through the Retiree Portal will provide efficiencies as the system is updated through the portal and not by a CSR.

- The documents collected from the electronic forms that are normally scanned by a CSR will automatically import into the agencies imaging system.
- Retirees will have the ability to review their benefits and make changes specific personal information.

### Justification

The implementation of a retiree portal will result in greater efficiency with regards to company resources and business processes. While other alternatives, such as creating electronic forms and making them available through the agencies current web site without a portal as well as continuing with the "status quo" were analyzed. The Retiree Portal project was selected for proposal in this business case because it provides the best opportunity to realize benefits in and allowing for the greatest improvement in efficiency.

## PROBLEM DEFINITION

### Problem Statement

Since its inception, the agency has depended on the retirees picking up forms from the agency or downloading forms from the agencies web site, filling out those forms, and then hand delivering or mailing the forms. A CSR will then take the forms and verify that the information is correct, if the information is correct then the CSR will input the information into the agencies retiree system, if it is not then the CSR will notify the retiree of what correction or missing information is needed, this is a time consuming process. Another time consuming process is the scanning of forms and other documents required by the agency, it is a process that a CSR or Administrative Assistant a daily process. The scanning of retiree forms and documents is a process that can take hours depending on the time of the year.

## PROJECT OVERVIEW

The Retiree Portal project overview provides detail for how this project will address the issue of paper forms and other paper documents. The overview consists of a project description, goals and objectives for the Retiree Portal project. As the project is approved and moves forward, each of these components will be expanded to include a greater level of detail in working toward the project plan.

### Goals and Objectives

The Retiree Portal project directly supports several of the corporate goals and objectives established by the agency. The following lists the business goals and objectives that the Retiree Portal project supports and how it supports them:

| GOAL | OBJECTIVE |
|---|---|
| Accurate Data | Automated validation of data defined by rules built into the forms |
| Improve Staff Efficiency | Less time manually inserting data into the retiree benefit system |
| Reduce Phone Calls | Instructions, policy, benefit information, FAQ's will be built into the portal |

## Project Assumptions

The following assumptions apply to the Retiree Portal project. As project planning begins and more assumptions are identified, they will be added accordingly.

- All staff and employees will be trained accordingly.
- Funding is available for purchasing for any needed hardware and software.
- Funding is available for contractor to provide the service of developing the portal.
- All department directors will provide necessary support for successful project completion.
- Project has executive-level support and backing.

## Project Constraints

The following constraints apply to the Retiree Portal project. As project planning begins and more constraints are identified, they will be added accordingly.

- There are limited IT resources available to support the Retiree Portal project and other, ongoing, IT initiatives.
- There is not a commercial off the shelf (COTS) product to support the specific needs of the Retiree Portal project.
- In house security expertise in web based technology is limited thus the agency must depend on the contracted vendor to provide the needed security.

# COST ANALYSIS

| CONTRACTOR WORK DESCRIPTION | CONTRACTOR COST | Cost. |
|---|---|---|
| Programming:<br>• Portal creation<br>• Forms creation<br>• Database Connectivity<br>• Project management<br>Estimate 640 hr. x Estimated $115 hr. rate = $73,600 | 480 hr. x $115.00 per hr. = $73,600 | $73,600.00 |
| Documentation:<br>• Technical Documentation<br>• Training Guide | 16 hr. x $95 per hr.= $1,520.00 | $1,520.00 |
| Training: Training of RHCA staff | 4 hr. x $95.00 per hr. = $380.00 | $380.00 |
| **TOTAL CONTRACTED COST** | | $75,500.00 |
| | **OTHER COST** | |
| IV&V Cost (10%) contracted cost (We may not need IV&V but is included just in case) | | $7,550.00 |
| Cloud Service (Microsoft or Amazon) Prices described below are based on Microsoft Azure Cloud Services.<br>• Virtual Server = $125.00 per month.<br>• Storage=$35 per month.<br>• SQL Database Licensing = $1,200 per month. | VS $125.00 + Storage $35 + SQL DB $1,200=$1360 per month.<br>Annual Cost=$16,320.00 | $16,320.00 |
| **TOTAL OTHER COST** | | **$16,320.00** |
| **TOTAL ESTIMATED INITIAL COST (CONTRACTOR + OTHER)** | | **$91,820.00** |
| | **5 YEAR ANTICIPATED EXPENDITURES** | |
| **Service** | | **Cost** |
| 5 YEAR MAINTENANCE COST (2%) OF CONTRACTED COST (1,510 annually X 5 years) | | $7,550.00 |
| 5 YEAR CLOUD BASED SERVICES COST<br>$16,320 X 5=$81,600 | | $81,600.00 |
| 5 YEAR TOTAL COST OF OWNERSHIP | | ***$89,150.00*** |