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

# REGULAR MEETING
# OF THE
# BOARD OF DIRECTORS

February 2, 2021
9:30 AM

Online: https://global.gotomeeting.com/join/880665029
Telephone: 1-571-317-3122/ Access Code: 880-665-029

New Mexico Retiree Health Care Authority
Regular Meeting

BOARD OF DIRECTORS

## ROLL CALL

**February 2, 2021**

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

# NMRHCA BOARD OF DIRECTORS

FEBRUARY 2021

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

February 2, 2021
9:30 AM
**Online:** https://global.gotomeeting.com/join/880665029
Telephone: 1-571-317-3122 / Access Code: 880-665-029

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<br>January 5, 2021 | 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. BCBS and San Juan IPA Contract Negotiations | | |
| | c. Legislative | | 12 |
| | d. 2021 Winter Newsletters | | 31 |
| | e. Metlife/Versant Health | | 37 |
| | f. Attorney General's Office Opioid Antitrust Litigation | | |
| | g. Livongo Diabetes Management Program | | |
| | h. Virtual Wellness Event | | |
| | i. December 31, 2020 SIC Report | | 41 |
| 9. | FY21 Q2 Budget Status Report | Mr. Archuleta, Executive Director | 43 |
| 10. | Work Plan/5-Year Strategic Plan Review | Mr. Archuleta, Executive Director | 49 |
| 11. | Other Business | Mr. Crandall, President | |
| 12. | Executive Session<br>Pursuant to NMSA 1978, Section 10-15-1(H)(7) Pertaining to Threatened or Pending Litigation<br>Lopez v. NMRHCA, N.M. Ct. App. No. A-1-CA-39121 | Mr. Crandall, President | 53 |
| 13. | Date & Location of Next Board Meeting | Mr. Crandall, President | |

March 2, 2021
Via: GoToMeetings: https://global.gotomeeting.com/join/525517709
Telephone: 1-872-240-3311 / Access Code: 525-517-709

14. Adjourn

**ACTION SUMMARY**

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

**January 5, 2021**

| Item | Action | Page |
|---|---|---|
| APPROVAL OF AGENDA | Approved | 3 |
| APPROVAL OF MINUTES:<br>November 3, 2020 | Approved | 3 |
| COMMITTEE REPORTS | Informational | 3 |
| PUBLIC FORUM & INTRODUCTIONS | Informational | 3 |
| EXECUTIVE DIRECTOR'S UPDATES<br>Operations/HR Updates/COVID-19<br>January 2021 Billing Discrepancy<br>Switch/Open Enrollment<br>Proposed Changes to Medicare Part D<br>Proposed Changes to Audit Rule<br>Opioid Litigation<br>Socorro Soil & Water Conservation Dist.<br>Program Participation<br>Livongo Diabetes Management Program<br>Legislative<br>SALGBA Appointment<br>October 31/November 30 SIC Report<br>Q3 Investment Performance Analysis | Informational | 3 |
| FY20 FINANCIAL AUDIT | Informational | 6 |
| FY21 NEW CONTRACT – GAS 75 REVIEW | Approved | 7 |
| 2021 EXCHANGE RATES/PLAN COMPARISON | Informational | 7 |
| 2021 WORK PLAN | Informational | 7 |

**MINUTES OF THE**

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

**REGULAR MEETING/VIA TELECONFERENCE**

**January 5, 2021**

## 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 Saunders, Vice President
Ms. LeAnne Larrañaga-Ruffy, Secretary
The Hon. Tim Eichenberg. NM State Treasurer
Ms. Jan Goodwin
Ms. Leane Madrid
Ms. Pamela Moon
Dr. Tomas Salazar

**Members Excused:**
Mr. Sanjay Bhakta
Mr. Loren Cushman
Mr. Terry Linton

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

## 3. PLEDGE OF ALLEGIANCE

Chairman Crandall led the pledge.

## 4. APPROVAL OF AGENDA

**Dr. Salazar moved approval of the agenda, as published. Ms. Goodwin seconded the motion, which passed unanimously by roll call vote.**

**5. APPROVAL OF REGULAR MEETING MINUTES: November 3, 2020**

**Ms. Saunders moved approval of the November 3 meeting minutes, as submitted. Ms. Moon seconded the motion, which passed unanimously by roll call vote.**

**6. PUBLIC FORUM AND INTRODUCTIONS**

There was no public comment.

**7. COMMITTEE REPORTS**

- Chairman Crandall reported that the Executive Committee met last week to review today's agenda.

- Ms. Larrañaga-Ruffy said the Finance Committee met last week and reviewed items that would be heard on today's agenda.

- Ms. Saunders reported that, while the Legislative Committee has not met yet, she has been working with Greg Archuleta on a one-page flyer to give out to legislators about the NMRHCA.

**8. EXECUTIVE DIRECTOR'S UPDATES**

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

-- The Albuquerque office is up and functional. Employees are going into the office on a rotation schedule to complete paperwork, but most are working from home, including the customer service representatives.

-- Mr. Archuleta provided HR updates. Interviews with candidates for the general counsel position begin later this week.

-- There have been no recent experiences or near-incident exposures in either the Santa Fe or Albuquerque office. In terms of vaccine delivery, NMRHCA will pick up the cost for the administrative fees. The vaccine will be covered by the CARES Act. In the winter newsletter, NMRHCA will encourage people to register on the coronavirus vaccine link on the Department of Health website.

-- NMRHCA members from the San Juan IPA in and around the Farmington area have begun to receive notice that their doctors are no longer accepting their BCBS insurance plan. Based on recent information from BCBS representative Lori Bell, 90% of doctors and practices in the area are now back on with the plan, and NMRHCA supports the efforts of BCBS that the contracts being signed are not unreasonable.

Ms. Bell commented that this something that occurs once every three years at different times with all carriers, depending on the contract. She said BCBS is going outside the San Juan IPA, feeling that its

demands are no longer in the best interests of the employer groups and members, and is now doing direct contracts with these providers and moving forward very aggressively. She added that, although some groups are still in negotiations, those discussions are moving in a positive direction. She noted that the San Juan Regional Medical Center and its doctors and providers that are not contracted directly under the San Juan IPA are still active and their contracts continue today.

Mr. Archuleta noted that this is a situation about which NMRHCA is frequently criticized for not exerting more downward pressure on healthcare-related costs that it negotiates through the health plan providers. He said he hopes BCBS stays strong with this, adding that NMRHCA supports its efforts to make sure that the increases being requested are not unreasonable. He emphasized that members being affected by this, including those who are currently undergoing any course of treatment, will not experience any discontinuation of care.

**b. <u>January 2021 Billing Discrepancy</u>**

-- NMRHCA identified an error on December 23 in a file sent to PERA regarding deductions taken from the members' retirement accounts, when the file reverted back to the December deduction amounts. Although normally this would not be an issue, rate changes scheduled to kick in beginning in January did not, and 7,990 individuals were affected. This resulted in undercharges as low as 15 cents to overcharges of $1,500. Board members were notified by email describing how the agency planned to rectify the situation. He said 143 members were overcharged $150 or more, and each of them has been contacted by phone, with follow-up letters sent last Monday. The people who were undercharged were notified by email about what the NMRHCA would be doing to correct that. If the amount in question was less than $150, the entire amount would be taken as part of the member's deduction the following month. If it was over $150, the amount would be deducted over the course of 90 days, with the correct deduction reflected on their May statement.

-- NMRHCA is working with PERA and will reach out to NMERB to make sure that this type of thing doesn't happen in the future.

IT Director Tomas Rodriguez described the procedure NMRHCA follows when it sends out the file every month. For reasons unknown, the file truncated when it was submitted to PERA. He said NMRHCA routinely sends an email of the record count of all of the retirees on file and the total amount that should be deducted from PERA and NMERB. While NMRHCA has not required a receipt from PERA or NMERB in the past, it will now require one going forward to verify that the information is correct. This will rectify the situation and will be a documented procedure going forward.

**c. <u>Switch/Open Enrollment</u>**

-- During this year's switch enrollment period, 164 members dropped Medicare coverage, 134 dropped their pre-Medicare coverage, and 198 members canceled altogether.

-- There were a total of 269 new members in the Medicare plan and 342 in the pre-Medicare plan, for a total of 611 new members.

-- Beginning in January, all of the membership from BCBS's and Presbyterian's Premier and Value plans will be defaulted to UnitedHealthcare's Medicare Advantage Plan I when they reach Medicare eligibility unless a member takes specific action to do otherwise.

**d. Proposed Changes to Medicare Part D**

-- In November, the Trump Administration announced proposed changes in terms of how rebates would be calculated and whether they would be given at the point of sale versus the way they are received now. NMRHCA receives a large amount of money in the form of rebates and reinsurance money from Medicare for being a Part D provider. While there is some intent to write the rules in connection with this proposal, however, what will actually happen is uncertain given the transition to a new administration. That said, NMRHCA would continue to monitor the situation, as the proposed changes were expected to increase costs to the NMRHCA membership from between 25% to 40%.

**e. Proposed Changes to Audit Rule**

-- Mr. Archuleta thanked Board Member Pamela Moon for submitting comments to the Office of the State Auditor (OSA) regarding proposed changes to the Audit Rule for next year. She had pointed out that NMRHCA is required by the OSA to have two audits, which seems excessive given that NMRHCA uses qualified auditors that are approved IPAs. Ms. Moon's comments were well received by OSA, and OSA confirmed in an email to Mr. Archuleta that its plan to remove the requirement next year.

**f. Opioid Litigation**

-- NMRHCA continues to work with the Attorney General's Office in providing the requested information, which dates back to 2008. He added there were some challenges with the NDC list with claim numbers they provided, and NMRHCA is waiting for a revised list to forward to Express Scripts.

**g. Socorro Soil & Water Conservation District Program Participation**

-- NMRHCA has received an inquiry from the Socorro Soil & Water Conservation District about potential program participation for two new board members. The district has reached out to Segal to get an estimate of the cost to join the program.

**h. Livongo Diabetes Management Program**

-- Out of 2,601 recruitable members, 450 people have enrolled in the program, of which 375 have activated the program. The goal is to recruit 30% of the total number, which is about twice the activated number. This is only available to pre-Medicare plan members, as Medicare does not pay for this service.

**i. Legislative**

-- HB 27, passed in the last legislative session, was a major initiative from the Governor to cap out insulin copays. Prior to this, NMRHCA adopted the Patient Insurance Program, which caps out the copays for the members. The program has been in place for approximately 18 months and limits copays to $25 for a 30-day supply and $75 for a 90-day supply. This does not apply to the Medicare Supplement Plan, however, as Medicare Part D has rules and requirements that would preclude this from applying to that part of the membership. Express Scripts is working on something that it expects to make available in midyear, compliant with Medicare Part D requirements.

-- A copy of NMRHCA's proposed legislation is on page 49.

-- The House Appropriations & Finance Committee will hear NMRHCA's FY22 appropriation recommendation on January 27 at 1:30 p.m.

**j. SALGBA Appointment**

-- Mr. Archuleta will be serving on the Board of Directors of the State & Local Government Benefits Association after his appointment was approved on November 20, 2020. Normally, these board vacancies are up for election with a four-year term; however, given as a longstanding member, he was asked to serve on the board through June 2022 or at the SALGBA 2022 National Conference, whichever occurs first.

-- There will be a vote from board members on January 15 regarding whether to hold their national conference in New Orleans in April 2021. Given the prospect of having enough people vaccinated by that time, he will vote to delay the annual meeting to the fall or to the following year.

**k. October 31/November 30, 2020 SIC Report**

-- The October ending balance was $834.2 million, which rose to $891 million in November.

**l. 3rd Qtr. Investment Performance Analysis**

-- CYTD return as of 9-30-20 was 0.97%; at 1 year was 5.13%; the 5-year return was 7.82%; and the 10-year return was 7.13%.

**9. FY20 FINANCIAL AUDIT**

Moss Adams representatives Corey Hoggan and Aaron Hamilton presented this report, with the following highlights:

-- Moss Adams met with the Audit Committee on November 17 and went through all of the detailed required communications about the audit, with nothing significant to report.

-- The audit went very smoothly and was completed remotely and submitted before the deadline.

-- The audit received a clean bill of health. There were no material weaknesses or significant deficiencies.

-- Total investment amount increased by $66 million from the prior year, mostly due to purchases of investments. Contributions substantially increased during the year.

-- The discount rate used to measure the total OPEB liability for the year was 2.86%, which caused the total OPEB liability to increase by about $1 billion. Last year, the rate was 4.16%, so the decrease by about 100 basis points increased the liability to $4.2 billion from $3.2 billon in 2019. This is

completely in line with what has happened across other health plans and pension plans, with significant drops in funded status, especially among the pension retirement systems.

**10. FY21 NEW CONTRACT – GAS 75 REVIEW**

Mr. Kueffer presented staff's report requesting authority to execute a new small purchase agreement in the amount of $8,500 with CliftonLarsonAllen (CLA) for concurring review of the GASB 75 Employer Allocation Schedules. NMRHCA is required to obtain at least one concurring review of the schedule by an outside IPA firm. NMRHCA is recommending the selection of CLA based on their past experience with NMRHCA and the pension plans.

**Ms. Moon moved for approval. Dr. Salazar seconded the motion, which passed unanimously by roll call vote.**

**11. 2021 EXCHANGE RATES AND PLAN COMPARISON**

Mr. Kueffer reviewed a 2021 market comparison of commercially available pre-Medicare plans. Based on the data, he said NMRHCA is offering competitive plans that do benefit the retirees.

**12. 2021 WORK PLAN**

Mr. Archuleta reviewed the 2021 Work Plan, which includes the development of a web portal. The NMRHCA received a special appropriation of $100,000 toward this effort.

**13. OTHER BUSINESS**

None.

**14. EXECUTIVE SESSION**

None.

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

February 2, 2021
Via: GoToMeetings

**ADJOURN**

Meeting adjourned at 10:45 a.m.

Accepted by:

_____

Doug Crandall, President

NEW MEXICO RETIREE HEALTH CARE AUTHORITY



**Mission:**

The New Mexico Health Care Act created the New Mexico Retiree Health Care Authority in July 1990 **to provide health care coverage to retirees of state agencies and eligible public entities.** Six months later (January 1991), NMRHCA began paying benefits to retirees of the participating entities WITHOUT ANY PREFUNDING.

**NMRHCA Composition:**

- 302 public employer groups — 50% schools/25% state agencies/25% local governments
- Over 91,000 active employees paying into the program
- 64,573 participants as of December, 2020 [62.3% Medicare (disabled/over 65), 22.6% Non-Medicare (under 65), 15% Voluntary Coverage. i.e., dental, vision and life insurance]
- Over 10% of the adult population in New Mexico either receives benefits through NMRHCA or will have access to them upon retirement. This includes police officers, firefighters/paramedics, teachers, social workers and other valuable public servants.

**Back Story:**

NMRHCA uses two gauges to measure the financial well-being of the program. First, the agency's annual solvency valuation provides an actuarial projection of cash inflows and outflows, which includes assumptions with regard to trust fund balances, plan participation, the value of benefits offered, growth in revenues and most importantly, growth in health care costs. As recently as 2012, NMRHCA was projected to become insolvent (expenses would exceed revenues), as soon as 2029. However, careful stewardship by the agency's Board of Directors has resulted in improvements to the program as Table 1 indicates on the reverse page.

Second, NMRHCA is required to report its long-term liabilities according to Government Accounting Standards contained in Statement 74 (GASB 74) – Financial Reporting for Postemployment Benefits Plans Other Than Pensions Plans. While NMRHCA has successfully extended its solvency as indicated above and improved its funded ratio (assets divided by long-term liabilities) — 16.5% in 2020 — unfunded liabilities in excess of $4 billion remain a significant challenge (see Chart 1 on the reverse page).

**Forecast:**

NMRHCA is projected to begin deficit spending in 2023 — due to overall medical costs outpacing the rate of inflation. The agency so far has been able to stay ahead of the curve through rate increases to offset medical trend cost, reducing or eliminating some of the original benefits, implementing a minimum age for retirees to become eligible for benefits and increasing the years of service from 20 to 25 to receive the maximum subsidy (the minimum age rule and increased years of service rule are set to take effect on July 31, 2021).

However, NMRHCA is nearing the end of its capacity to reduce benefits and implement rules without affecting its ability to provide a valuable form of deferred compensation that serves as a retention and recruitment tool for current and future public employees.

In 2021, NMRHCA respectfully requests support for Senate Bill 21, consisting solely of language cleanup in the Retiree Health Care Act. Senate Bill 21 **does not** have a fiscal impact. In 2022, however, NMRHCA may seek financial support.

***For more information about NMRHCA's benefits, Board of Directors and wellness programs for members, please go to NMRHCA.org or contact Executive Director David Archuleta at 505-222-6416***



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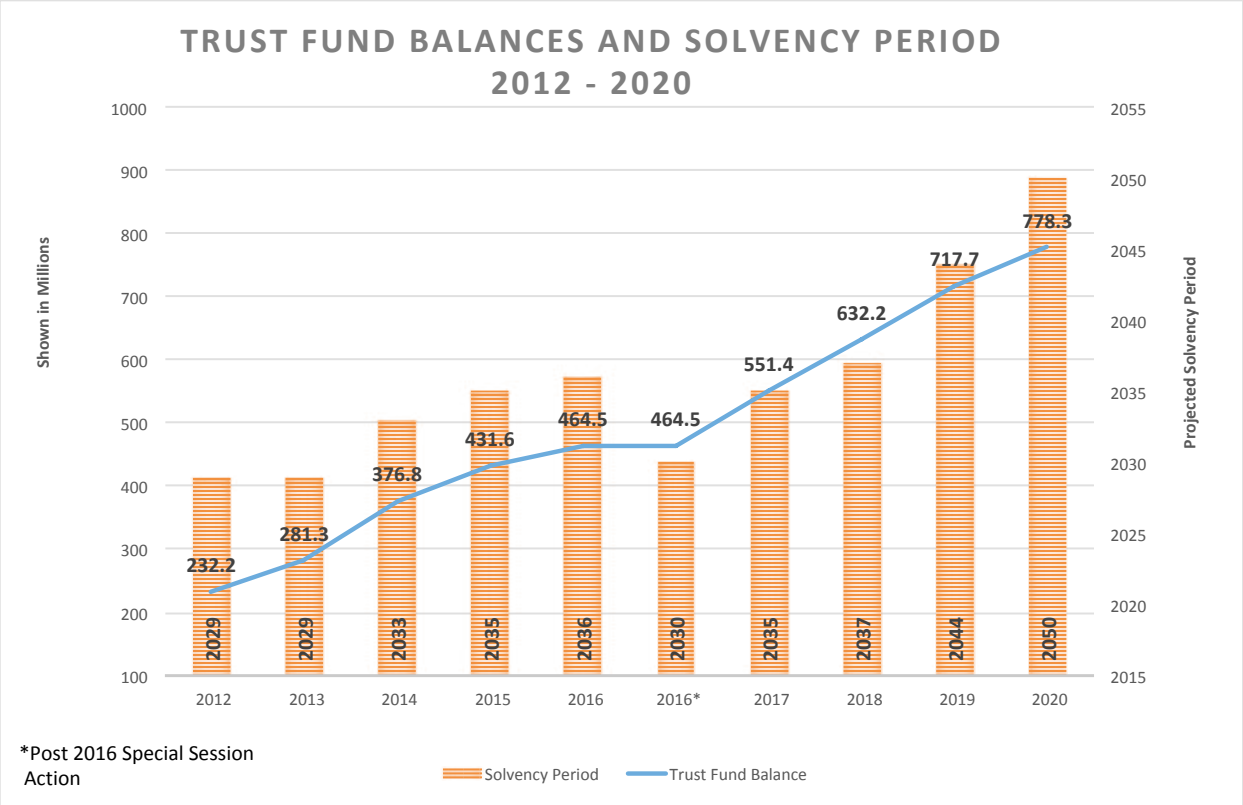
# TABLE I

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|
| GASB Statement | 43 | 74* | 74* | 74* | 74* |
| Total OPEB** Liability | $4,277,042,499 | $5,111,141,659 | $5,006,011,109 | $3,999,137,737 | $5,028,579,923 |
| Plan Fiduciary Net Position | $471,978,347 | $579,468,641 | $657,656,294 | $756,748,991 | $829,671,905 |
| Net OPEB** Liability | $3,805,064,152 | $4,531,673,018 | $4,348,354,815 | $3,242,388,746 | $4,198,908,018 |
| Funded Ratio | 11.04% | 11.34% | 13.14% | 18.92% | 16.50% |
| Covered Payroll | $4,271,183,612 | $4,165,647,340 | $4,165,647,340 | $4,172,928,635 | $4,298,116,494 |
| Total Participants | 159,642 | 160,035 | 156,025 | 154,177 | 154,177 |

* — Changed from GASB 43 to GASB 74 in 2017
** — OPEB — Other Postemployment Benefits

# CHART I



## FY22 LFC/Executive Recommendation Comparison

Overall, the FY22 appropriation recommendations proposed by the Legislative Finance Committee (LFC) and Executive do not vary significantly. The request assumed a 0.5 percent reduction in expenditures (1 percent for Program Support) supported by a significant reduction in Medicare Advantage rates effective January 2021 – December 2021 (2nd half of FY21 and 1st half of FY22). Table 1 highlights the FY21 approved/adjusted operating budget, FY22 appropriation request and corresponding recommendations made by the LFC and Executive.

| **Table 1 ($ shown in thousands)** | FY21 Approved/Adjusted Operating | FY22 Request | LFC Recommendation | Exec Recommendation |
|---|---|---|---|---|
| Personal Services & Employee Benefits | $ 2,077.1 | $ 2,102.3 | $ 2,077.1 | $ 2,102.3 |
| Contractual Services | $ 355,819.0 | $ 354,123.1 | $ 354,123.1 | $ 354,123.1 |
| Other | $ 602.2 | $ 592.5 | $ 592.5 | $ 592.5 |
| Other Financing Uses | $ 3,306.7 | $ 3,272.3 | $ 3,247.1 | $ 3,272.3 |
| **Total** | **$ 361,805.0** | **$ 360,090.2** | **$ 360,039.8** | **$ 360,090.2** |
| | | | | |
| **Healthcare Benefits Administration** | | | | |
| Contractual Services | $ 355,155.6 | $ 353,501.7 | $ 353,501.7 | $ 353,501.7 |
| Other | $ 36.0 | $ 43.9 | $ 43.9 | $ 43.9 |
| Other Financing Uses | $ 3,306.7 | $ 3,272.3 | $ 3,247.1 | $ 3,272.3 |
| **Subtotal** | **$ 358,498.3** | **$ 356,817.9** | **$ 356,792.7** | **$ 356,817.9** |
| | | | | |
| **Program Support** | | | | |
| Personal Services & Employee Benefits | $ 2,077.1 | $ 2,102.3 | $ 2,077.1 | $ 2,102.3 |
| Contractual Services | $ 663.4 | $ 621.4 | $ 621.4 | $ 621.4 |
| Other | $ 566.2 | $ 548.6 | $ 548.6 | $ 548.6 |
| **Subtotal** | **$ 3,306.7** | **$ 3,272.3** | **$ 3,247.1** | **$ 3,272.3** |
| | | | | |
| **Total** | **$ 361,805.0** | **$ 360,090.2** | **$ 360,039.8** | **$ 360,090.2** |
| | | | | |
| **FTE** | **26** | **26** | **26** | **26** |

Table 2 provides a comparison of the incremental growth requested and recommended for each program compared to the approved FY21 operating budget. The LFC recommendation is $50,400 lower than the Executive and agency request. The difference is reflected in 2 categories --- personal services and employee benefits ($25,200) and the corresponding transfers made from the "Other Financing Uses" category of the Healthcare Benefits Administration program. The LFC recommendation makes reference to keeping expenditures from the personal services and employee benefits category flat with FY21 approved operating levels. All other recommended expenditures match the agency request.

| Table 2<br>($ shown in thousands) | FY21 Approved/Adjusted Operating | FY22 Requested Growth | LFC Recommended Growth | Exec Recommended Growth |
|---|---|---|---|---|
| **Healthcare Benefits Administration** | | | | |
| Contractual Services | $ 355,155.6 | $ (1,653.9) | $ (1,653.9) | $ (1,653.9) |
| Other | $ 36.0 | $ 7.9 | $ 7.9 | $ 7.9 |
| Other Financing Uses | $ 3,306.7 | $ (34.4) | $ (59.6) | $ (34.4) |
| **Subtotal** | **$ 358,498.3** | **$ (1,680.4)** | **$ (1,705.6)** | **$ (1,680.4)** |
| | | | | |
| **Program Support** | | | | |
| Personal Services & Employee Benefits | $ 2,077.1 | $ 25.2 | $ - | $ 25.2 |
| Contractual Services | $ 663.4 | $ (42.0) | $ (42.0) | $ (42.0) |
| Other Financing Uses | $ 566.2 | $ (17.6) | $ (17.6) | $ (17.6) |
| **Subtotal** | **$ 3,306.7** | **$ (34.4)** | **$ (59.6)** | **$ (34.4)** |
| | | | | |
| **Total** | **$ 361,805.0** | **$ (1,714.8)** | **$ (1,765.2)** | **$ (1,714.8)** |
| | | | | |
| **FTE** | **26** | **0** | **0** | **0** |

Table 3 highlights the FY22 operating budget along with the requested and recommended negative growth expressed in terms of a percentage.

| Table 3<br>($ shown in thousands) | FY21 Approved/Adjusted Operating | FY22 Requested Growth | LFC Recommended Growth | Exec Recommended Growth |
|---|---|---|---|---|
| **Healthcare Benefits Administration** | | | | |
| Contractual Services | $ 355,155.6 | -0.5% | -0.5% | -0.5% |
| Other | $ 36.0 | 21.9% | 21.9% | 21.9% |
| Other Financing Uses | $ 3,306.7 | -1.0% | -1.8% | -1.0% |
| **Subtotal** | **$ 358,498.3** | **-0.5%** | **-0.5%** | **-0.5%** |
| | | | | |
| **Program Support** | | | | |
| Personal Services & Employee Benefits | $ 2,077.1 | 1.2% | 0.0% | 1.2% |
| Contractual Services | $ 663.4 | -6.3% | -6.3% | -6.3% |
| Other Financing Uses | $ 566.2 | -3.1% | -3.1% | -3.1% |
| **Subtotal** | **$ 3,306.7** | **-1.0%** | **-1.8%** | **-1.0%** |
| | | | | |
| **Total** | **$ 361,805.0** | **-0.5%** | **-0.5%** | **-0.5%** |
| | | | | |
| **FTE** | **26** | **0%** | **0%** | **0%** |

NMRHCA staff will respectfully request support for the spending levels supported by the Executive recommendation on Friday, January 29. Following adoption by the House Appropriations and Finance Committee (HAFC), staff does not anticipate the Senate will take action to adjust the budget amounts adopted by the House. Budget deficiencies can be accommodated through budget adjustment authority granted under the general provisions of the General Appropriation Act (5 percent or $17.9 million) or a later section of the bill granting specific additional budget adjustment authority to the agency without limit, in the event a significant increase in expenditures occurs. Both the LFC and Executive recommendations include support for a special appropriation totaling $100 thousand to support the development of a web portal.

# F I S C A L  I M P A C T  R E P O R T

**SPONSOR** Gonzales/Figueroa **ORIGINAL DATE** 1/25/21 **LAST UPDATED** **HB**

**SHORT TITLE** Retiree Health Care Act **SB** 21

**ANALYST** Jorgensen

## ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

| | FY21 | FY22 | FY23 | 3 Year Total Cost | Recurring or Nonrecurring | Fund Affected |
|---|---|---|---|---|---|---|
| **Total** | | | | No Fiscal Impact | | |

(Parenthesis ( ) Indicate Expenditure Decreases)

**SOURCES OF INFORMATION**
LFC Files

Responses Received From
Retiree Health Care Authority (RHCA)

**SUMMARY**

Synopsis of Bill

Senate Bill 21 (SB21), endorsed by the Interim Investments and Pensions Oversight Committee (IPOC) amends the Retiree Health Care Act as follows:

1. Moves the limiting age of a dependent child from 19 to 26 and eliminates certain requirements associated with marriage and full-time student status at an accredited educational institution. This change was implemented in 2010 as required by the Patient Protection and Affordable Care Act, which applies to all plans (individual and market).

2. Changes reference from "mental retardation" to "intellectual disability" for disabled dependents over the age of 26 who are wholly dependent on the eligible retiree for maintenance and support and are incapable of self-sustaining employment.

3. Repeals Sections 10-7C-17 through 10-7C-19 eliminating reference and the requirements associated with the "Discount Prescription Drug Program."

## FISCAL IMPLICATIONS

SB21 changes language to conform with the federal Patient Protection and Affordable Care Act of 2010. SB21 does not have a fiscal impact, as the program is already being administered in accordance with federal statute.

The Discount Prescription Drug Program was discontinued in FY11 after the creation of Medicare Part D programs which obviated the program. The language in SB21 matches statutory language to current RHCA practice.

## TECHNICAL ISSUES

The RHCA notes:

> The bill will need to be amended to delete reference to subsection B of Section 10-7C-5. Authority Created – "The authority shall also administer the senior prescription drug program in conjunction with or through the consolidated purchasing process pursuant to the Health Care Purchasing Act.

CJ/sb/rl

SENATE BILL 21

**55TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2021**

INTRODUCED BY

Roberto "Bobby" J. Gonzales and Natalie Figueroa

FOR THE INVESTMENTS AND PENSIONS OVERSIGHT COMMITTEE

AN ACT

RELATING TO RETIREE HEALTH CARE; AMENDING CERTAIN DEFINITIONS IN THE RETIREE HEALTH CARE ACT TO CONFORM TO THE FEDERAL PATIENT PROTECTION AND AFFORDABLE CARE ACT; REPEALING PROVISIONS OF LAW RELATING TO THE DISCOUNT PRESCRIPTION DRUG PROGRAM.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

**SECTION 1.** Section 10-7C-4 NMSA 1978 (being Laws 1990, Chapter 6, Section 4, as amended) is amended to read:

"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, the Public Employees Retirement Act, the Judicial Retirement Act, the Magistrate

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Retirement Act or the Public Employees Retirement Reciprocity Act 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~~] a 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

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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)~~] (3) 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~~] intellectual disability or physical handicap; 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;

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[~~(5)~~] (4) a surviving spouse defined as follows:

(a) "surviving spouse" means the spouse to whom a retiree was married at the time of death; or

(b) "surviving spouse" means the spouse to whom a deceased vested active employee was married at the time of death; or

[~~(6)~~] (5) a surviving dependent child who is the dependent child of a deceased eligible retiree and whose other parent is also deceased;

G. "eligible employer" means either:

(1) a "retirement system employer", which means an institution of higher education, a school district or other entity participating in the public school insurance authority, a state agency, state court, magistrate court, municipality, county or public entity, each of which is affiliated under or covered by the Educational Retirement Act, the Public Employees Retirement Act, the Judicial Retirement Act, the Magistrate Retirement Act or the Public Employees Retirement Reciprocity Act; or

(2) an "independent public employer", which means a municipality, county or public entity that is not a retirement system employer;

H. "eligible retiree" means:

(1) a "nonsalaried eligible participating

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entity governing authority member", which means a person who is not a retiree and who:

(a) has served without salary as a member of the governing authority of an employer eligible to participate in the benefits of the Retiree Health Care Act and is certified to be such by the executive director of the public school insurance authority;

(b) has maintained group health insurance coverage through that member's governing authority if such group health insurance coverage was available and offered to the member during the member's service as a member of the governing authority; and

(c) was participating in the group health insurance program under the Retiree Health Care Act prior to July 1, 1993; or

(d) notwithstanding the provisions of Subparagraphs (b) and (c) of this paragraph, is eligible under Subparagraph (a) of this paragraph and has applied before August 1, 1993 to the authority to participate in the program;

(2) a "salaried eligible participating entity governing authority member", which means a person who is not a retiree and who:

(a) has served with salary as a member of the governing authority of an employer eligible to participate in the benefits of the Retiree Health Care Act;

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(b) has maintained group health insurance through that member's governing authority, if such group health insurance was available and offered to the member during the member's service as a member of the governing authority; and

(c) was participating in the group health insurance program under the Retiree Health Care Act prior to July 1, 1993; or

(d) notwithstanding the provisions of Subparagraphs (b) and (c) of this paragraph, is eligible under Subparagraph (a) of this paragraph and has applied before August 1, 1993 to the authority to participate in the program;

(3) an "eligible participating retiree", which means a person who:

(a) falls within the definition of a retiree, has made contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the Retiree Health Care Act on the person's behalf, unless that person retires on or before July 1, 1995, in which event the time period required for employee and employer contributions shall become the period of time between July 1, 1990 and the date of retirement, and who is certified to be a retiree by the educational retirement director, the executive secretary of the public employees retirement board or the governing authority of

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an independent public employer;

(b) falls within the definition of a retiree, retired prior to July 1, 1990 and is certified to be a retiree by the educational retirement director, the executive secretary of the public employees retirement association or the governing authority of an independent public employer; but this paragraph does not include a retiree who was an employee of an eligible employer who exercised the option not to be a participating employer pursuant to the Retiree Health Care Act and did not after January 1, 1993 elect to become a participating employer; unless the retiree: 1) retired on or before June 30, 1990; and 2) at the time of retirement, did not have a retirement health plan or retirement health insurance coverage available from the retiree's employer; or

(c) is a retiree who: 1) was at the time of retirement an employee of an eligible employer who exercised the option not to be a participating employer pursuant to the Retiree Health Care Act, but which eligible employer subsequently elected after January 1, 1993 to become a participating employer; 2) has made contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the Retiree Health Care Act on the person's behalf, unless that person retires prior to the eligible employer's election to become a participating employer or less

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than five years after the date participation begins when the participation date begins before July 1, 2009, in which event the time period required for employee and employer contributions shall become the period of time, if any, between the date participation begins and the date of retirement or when the participation date begins on or after July 1, 2009, in which event the person and employer shall contribute to the fund an amount equal to the full actuarial present value of the accrued benefits as determined by the authority; and 3) is certified to be a retiree by the educational retirement director, the executive director of the public employees retirement board or the governing authority of an independent public employer;

(4) a "legislative member", which means a person who is not a retiree and who served as a member of the New Mexico legislature for at least two years, but is no longer a member of the legislature and is certified to be such by the legislative council service; or

(5) a "former participating employer governing authority member", which means a person, other than a nonsalaried eligible participating entity governing authority member or a salaried eligible participating entity governing authority member, who is not a retiree and who served as a member of the governing authority of a participating employer for at least four years but is no longer a member of the

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governing authority and whose length of service is certified by the chief executive officer of the participating employer;

I. "fund" means the retiree health care fund;

J. "group health insurance" means coverage that includes but is not limited to life insurance, accidental death and dismemberment, hospital care and benefits, surgical care and treatment, medical care and treatment, dental care, eye care, obstetrical benefits, prescribed drugs, medicines and prosthetic devices, medicare supplement, medicare carveout, medicare coordination and other benefits, supplies and services through the vehicles of indemnity coverages, health maintenance organizations, preferred provider organizations and other health care delivery systems as provided by the Retiree Health Care Act and other coverages considered by the board to be advisable;

K. "ineligible dependents" includes:

(1) those dependents created by common law relationships;

(2) dependents while in active military service;

(3) parents, aunts, uncles, brothers, sisters, grandchildren and other family members left in the care of an eligible retiree without evidence of legal guardianship; and

(4) anyone not specifically referred to as an eligible dependent pursuant to the rules adopted by the board;

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L. "participating employee" means an employee of a participating employer, which employee has not been expelled from participation in the Retiree Health Care Act pursuant to Section 10-7C-10 NMSA 1978;

M. "participating employer" means an eligible employer who has satisfied the conditions for participating in the benefits of the Retiree Health Care Act, including the requirements of Subsection M of Section 10-7C-7 NMSA 1978 and Subsection D or E of Section 10-7C-9 NMSA 1978, as applicable;

N. "public entity" means a flood control authority, economic development district, council of governments, regional housing authority, conservancy district or other special district or special purpose government; and

O. "retiree" means a person who:

(1) is receiving:

(a) a disability or normal retirement benefit or survivor's benefit pursuant to the Educational Retirement Act;

(b) a disability or normal retirement benefit or survivor's benefit pursuant to the Public Employees Retirement Act, the Judicial Retirement Act, the Magistrate Retirement Act or the Public Employees Retirement Reciprocity Act; or

(c) a disability or normal retirement benefit or survivor's benefit pursuant to the retirement

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program of an independent public employer to which that employer has made periodic contributions; or

(2) is not receiving a survivor's benefit but is the eligible dependent of a person who received a disability or normal retirement benefit pursuant to the Educational Retirement Act, the Public Employees Retirement Act, the Judicial Retirement Act, the Magistrate Retirement Act or the Public Employees Retirement Reciprocity Act."

**SECTION 2.** REPEAL.--Sections 10-7C-17 through 10-7C-19 NMSA 1978 (being Laws 2002, Chapter 75, Section 2 and Laws 2002, Chapter 80, Section 2; Laws 2002, Chapter 75, Section 3 and Laws 2002, Chapter 80, Section 3; and Laws 2002, Chapter 75, Section 4 and Laws 2002, Chapter 80, Section 4, as amended) are repealed.

**SECTION 3.** EFFECTIVE DATE.--The effective date of the provisions of this act is July 1, 2021.



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FIFTY-FIFTH LEGISLATURE
FIRST SESSION

PROPOSED AMENDMENT DIRECTED TO A COMMITTEE

January 25, 2021

Mr. Chair:

I propose to the SENATE HEALTH AND PUBLIC AFFAIRS COMMITTEE the following amendments to

SENATE BILL 21

1. On page 11, between lines 8 and 9, insert the following new section:

**"SECTION 2.** Section 10-7C-5 NMSA 1978 (being Laws 1990, Chapter 6, Section 5, as amended by Laws 2002, Chapter 75, Section 1 and by Laws 2002, Chapter 80, Section 1) is amended to read:

"10-7C-5. AUTHORITY CREATED.--[~~A.~~] There is created the "retiree health care authority", which is established to provide for comprehensive group health insurance programs under the Retiree Health Care Act. [~~The authority shall be administratively attached to the public school insurance authority until December 31, 1993. The director of the public school insurance authority shall be the executive director of the retiree health care authority until December 31, 1993. The board created by Section 10-7C-6 NMSA 1978 shall remain fully independent of the board of the public school insurance authority.~~

~~B. The authority shall also administer the senior prescription drug program in conjunction with or through the consolidated purchasing process pursuant to the Health Care Purchasing Act.~~]"".

2. Renumber succeeding sections accordingly.

.219332.2

Respectfully submitted,

_____

NEW MEXICO
RETIREE
HEALTH CARE
AUTHORITY

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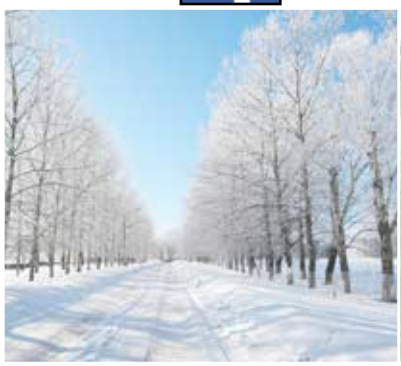


## NMRHCA CONTACT INFORMATION

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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

## CONTACT YOUR HEALTHCARE PROVIDERS DIRECTLY

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

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/nmrhca

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

Important COVID-19 vaccine information for members, Pg. 2 / Livongo SMART goals, Pg. 3

your Benefit Messenger

NEW MEXICO RETIREE HEALTH CARE AUTHORITY

NMRHCA 2021 Newsletter Vol. 6 ~ Winter Edition

# NMRHCA IS RINGING IN A WISE AND WELL NEW YEAR

A Wise and Well overhaul is underway at the NMRHCA in 2021.

Even with pandemic protocols that paused most in-person wellness activities, more than 150 dedicated members still found ways to cash in on our Wise and Well Incentive Program (offering $50 Visa gift cards to retirees and spouses on one of our medical plans who completed two wellness activities for the year) through virtual wellness webinars.

During its five-year run, the Wise and Well Incentive program issued more than 1,600 gift cards to members.

That's an average of about 320 cards per year distributed from an eligible membership of nearly 55,000. That explains why we feel we can use our resources elsewhere and bring the gift card incentive to a close (as of December 31, 2020).

The good news is that we're putting those resources into finding new programs for our members (similar to the Good Measures and Naturally Slim weight-management programs, and the Livongo for Diabetes program).

When we can congregate again, we will look to put on more health fairs, such as our Albuquerque event in 2019 and canceled events in Las Cruces and Santa Fe in 2020.


In lieu of such gatherings, NMRHCA and its health partners are planning a Virtual Wellness event that will include two days of wellness webinar topics! We will provide more information as we solidify our plans.

We're also working with our health partners to provide wellness materials to our entire population, regardless of plan. For example, Humana opened its website for all NMRHCA members to view its WebEx events.

Go to the Wellness page on our website, NMRHCA.org, and click on the Humana WebEx Events link for a list of webinars.

Blue Cross Blue Shield of New Mexico is planning webinar/virtual coffee talks once or twice monthly that address wellness and other topics such as money management during the pandemic, taking care of your mental health and new COVID-19 vaccine safety to alleviate member concerns.

So while the gift cards are, like, *sooo* 2020, NMRHCA's Wise and Well program continues to help members with their own health and wellbeing.

## EXECUTIVE DIRECTOR'S UPDATE

# LOOKING BACK ON 2020, AHEAD TO '21

As we look toward a better and brighter 2021, it's important to reflect upon the challenges and successes unique to 2020.

Last year, the New Mexico Retiree Health Care Authority (NMRHCA) successfully convinced both chambers of the legislature to pass House Bill 45 to improve the financial position of the program.

However, the bill ultimately met its demise and was vetoed amid concerns regarding the impact to agencies operating budgets.

Shortly thereafter, news of the COVID-19 outbreak reached New Mexico. The mix of office and school closures, combined with calamities in the stock market, led many of us to experience fear and anxiety.

Initially, questions such as "How bad is this?" and "How long will it last?" evolved into questions such as "Are we going to run out of groceries or toilet paper?"

Fortunately, several vaccines have been developed, and questions now include "Where and when can I get vaccinated?" More information on that under the COVID-19 Vaccine

See *NMRHCA* on Page 2

# NMRHCA IS USING 2020 TO LOOK AHEAD TO 2021

**Continued from Page 1**

section of our newsletter (at right).

By now, most of us have either experienced or are close to someone directly affected by COVID-19. We know that it is real, we know that it is dangerous and we know that it is going to be with us for quite some time.

Yet for all of its hardships, 2020 provided an incredible learning opportunity both personally and professionally.

Efforts to maintain the safety of our members and staff have required us to adopt modified work habits and improvise work schedules during periods of potential exposure.

Therefore, while the outlook continues to improve, working conditions remain less than ideal for in person interactions.

However, NMRHCA will continue to process enrollment applications, transmit eligibility files and provide customer service remotely until such time that current public health orders are lifted.

As we look to 2021 and beyond, we remain committed to researching and implementing programs to improve healthcare outcomes for our members while providing quality and affordable access to benefits.

In pursuit of this goal, NMRHCA staff is in the beginning stages of preparing a Request for Proposal for pharmacy benefits management (PBM) services which will be released later this year.

This procurement is particularly important as pharmacy trends continue to remain the primary driver behind increases in health care related expenditures.

While the industry develops solutions for chronic, complex and rare conditions, the cost of those treatments continues to grow exponentially, as many of you are aware.

In the immediate future, NMRHCA is pursuing legislation introduced by Senator Roberto "Bobby" J. Gonzales seeking changes to the Retiree Health Care Act.

Those changes include aligning dependent age limitations with those contained in the Patient Protection and Affordable Care Act, modifying the reference language for disabled dependents suffering from intellectual disability and eliminating reference to an obsolete program previously administered by NMRHCA.

NMRHCA is also planning to hold a Springtime Virtual Wellness event that will include participation from our health plan partners to provide information about all the programs and resources available to plan participants.

More information about the event will be released as the event dates and agenda are finalized.

Also, planning is already underway for our Fall Switch Enrollment period to include a combination of virtual and in-person events, assuming such a gathering meets the safety criteria as determined by health care officials.

On behalf of the NMRHCA Board of Directors and staff, we wish you a healthy and safe start to the beginning of your new year and look forward to seeing folks in our offices again, hopefully sooner, rather than later.

Sincerely,

— David Archuleta
Executive Director

# Important COVID-19 Vaccine Info for NMRHCA Members

NMRHCA members can now register to receive the COVID-19 vaccine.

Go to the New Mexico Department of Health website and register at — https://cvvaccine.nmhealth.org/

You will be contacted by email or text, letting you know where and when you can get the vaccine.

When you arrive for your vaccine appointment, you will have to do the following, depending on your health insurance status with NMRHCA:

**FOR MEDICARE SUPPLEMENT MEMBERS/DEPENDENTS ONLY:** Please be prepared to show your Blue Cross Blue Shield card at your appointment. No other cards will be accepted.

**FOR PRE-MEDICARE MEMBERS/DEPENDENTS ONLY:** Please be prepared to show your Express Scripts card at your appointment.

**FOR MEDICARE-ADVANTAGE MEMBERS/DEPENDENTS ONLY:** Please be prepared to show you provider card only (Presbyterian, Blue Cross Blue Shield, Humana or UnitedHealthcare) at your appointment.

If you have any questions, please contact us at 1-800-233-2576.

## NMRHCA AT A GLANCE:

### UNDERSTANDING MEDICARE SEMINARS TO CONTINUE IN 2021

NMRHCA will continue its Medicare Presentations online in 2021 — at least until COVID-19 restrictions are relaxed. All sessions will start at 9:30 a.m., and will take place on the following dates:

- February 10
- March 10
- April 14
- May 12
- June 9
- July 21
- August 11
- September 8
- December 8

Visit the www.NMRHCA.org homepage and look for the virtual meeting links under our Notices tab or our calendar at the bottom of the page.

# LIVONGO FOR DIABETES: SETTING SMART GOALS TO MONITOR YOUR HEALTH

Setting goals to manage your health isn't just about what you want to achieve — it's about how you'll do it, and when.

Set yourself up for success by making your goal **SMART**:

- Specific
- Measurable
- Achievable
- Relevant
- Time-Bound

Let's unpack each of these a little more!

### SPECIFIC

**Make your goal as detailed as possible so you're more likely to achieve it. Write a full description of the goal, what you want to achieve, and what you're going to do to get there.**

**A specific goal could sound like:**

- I will lose 10 pounds by avoiding sugary soda and jogging for 20 minutes, 3 days a week.
- I will add a fruit to my lunch each day.
- I will try an aerobics class at my local community center at least twice.

### MEASURABLE

**This means there is a "before" and an "after" that you can measure to track your progress toward your goal and when you've successfully achieved it. No matter what your goal is, it means breaking it down into one or more measurable elements.**

**Examples:**

- I will weigh myself each morning to track that I'm still losing weight and getting closer to my goal of losing 10 pounds.
- I'll use my food tracker to record my fruits at lunch each day. I'll look back on my tracker to see if I was able to stick to my goal.
- I'll use my calendar to check off when I go to those two aerobics classes. It will feel good to look at it and see that I reached my goal!

### ACHIEVABLE

**Your goals should be realistic for your current state of health — in your mind and your body. Your goals should be reasonable so you can meet them and feel successful.**

**Examples:**

- I will focus on losing 1 pound a week for 10 weeks, until I reach my 10-pound weight-loss goal. I was able to do it before, so I know I can do it again!
- I know I can add fruits to my lunch, especially my favorites like grapes and oranges. I'll buy a bunch and have them ready when I make my lunch each morning.
- Is it realistic to go to aerobics class now that I have a broken leg? Probably not. Maybe I should stick to upper-body exercises instead.

### RELEVANT

**Why is this goal important to you? Will achieving it help improve your health? Make sure your goal is worthwhile so you're more likely to stick with it.**

**Examples:**

- Losing weight will make me feel better about myself, and will help me get healthier. And losing weight slowly will make it more likely I won't gain it all back later.
- Eating fruit each afternoon will help satisfy my cravings for sweets. That will help me stay on track with my eating plan and keep me feeling healthy.
- I'm going to this aerobics class because I want to have more energy to keep up with my kids.

### TIME-BOUND

**Set a start date and deadline for each goal. Make them realistic yet flexible if you need to adjust slightly. With a time frame, you can visualize the finish line for your goal.**

**Examples:**

- I'll keep losing 1 pound a week for 10 weeks. After 10 weeks, I'll look at my progress and see if I've met my goal.
- Starting next Monday, I'll add fruit to my lunch each day. I'll shop for fruit this Sunday so I'll be ready.
- Starting this Tuesday, I'll go to two aerobics classes this week.

You can get healthier by getting **SMART!**

---

**Livongo for Diabetes** is a health benefit at no cost that helps make living with diabetes easier and is available to members and dependent spouses/domestic partners enrolled in one of NMRHCA's Pre-Medicare plans.

### WHAT YOU GET:

**Connected Meter:** Automatically uploads your blood glucose readings to your secure online account and provides real-time personalized tips.

**Support from Coaches When You Need It:** Communicate with a coach anytime about diabetes questions on nutrition or lifestyle changes.

**Unlimited Strips at No Cost to You:** When you are about to run out, we ship more supplies, right to your door.

To enroll, go to: join.livongo.com/NMRHCA/begin



NEW MEXICO RETIREE HEALTH CARE AUTHORITY

# NMRHCA

*Quarterly Online Newsletter*
*January 2021*

## Are You Ready for Rule Changes?

On July 31, 2021, the two New Mexico Retiree Health Care Authority rule changes officially will become part of the New Mexico Administrative Code.

The first rule will put in place a minimum age requirement of 55 years of age for any retiring employee contributing to NMRHCA to receive a subsidy on his or her health insurance premiums through us based on his or her years of service.

If any NMRHCA-participating employee's official retirement date is on or after July 31, 2021 and is under the age of 55, that employee will have to pay the full cost of the NMRHCA insurance each month until the birth month of that new retiree's 55th birthday.

When the birth month of the 55th birthday arrives, that retiree will receive a subsidy, or discount, on health insurance premiums. That subsidy is based on the number of years of service (starting with five years) that the retiree has paid to NMRHCA.

That leads to the second rule change. Currently, retirees with 20 or more years of service receive the maximum subsidy or discount NMRHCA provides. But on July 31 moving forward, retirees must have 25 years or more of service to get the maximum subsidy or discount on their health insurance through our agency. A retiree with 20 years of service still will earn a sizable subsidy, but those years no longer will give the retiree the maximum subsidy. That retiree must reach 25 years of service to earn the maximum subsidy or discount on his or her health insurance premiums.

Here are your options if you are retiring on or after July 31 but won't be 55 years old:

1. Pay full price for your health insurance premiums through NMRHCA until the birth month of your 55th birthday, at which point you'll earn a subsidy/discount based on your years of service paying into NMRHCA.
2. Keep working until you reach 55, and you will earn a subsidy/discount on your health insurance based on your years of service.
3. Purchase an individual insurance plan through the marketplace and keep that until the birth month of your 55th birthday, when you become eligible for your subsidy/discount on your NMRHCA health insurance.
4. Go to work in the private sector and accept health insurance from that employer and quit on the birth month of your 55th birthday to get NMRHCA health insurance at the subsidy/discount you earned, based on your years of service.
5. Become a dependent on a spouse's health insurance until you turn 55 or until your spouse quits, whichever is later. Then, you can get NMRHCA insurance at a discounted rate, based on your years of service.

## NMRHCA Withstands Effects of Pandemic

As we look toward a better and brighter 2021, it's important to reflect upon the challenges and successes unique to 2020.

Obviously, news of the COVID-19 outbreak reached New Mexico in mid-March, changing our lives. The mix of office and school closures, combined with calamities in the stock market, led many of us to experience fear and anxiety.

Initially, questions such as "How bad is this?" and "How long will it last?" evolved into questions such as "Are we going to run out of groceries or toilet paper?"

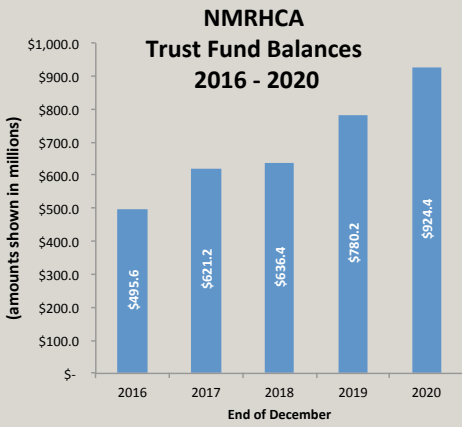
Fortunately, several vaccines have been developed, and questions now include "Where and when can I get vaccinated?" Hopefully, most of you have heard that you can sign up for the vaccine (priority is given to those over 75 and those with health conditions) by going to cvvaccine.nmhealth.org.

By now, most of us have either experienced or are close to someone directly affected by COVID-19. We know that it is real, we know that it is dangerous and we know that it is going to be with us for quite some time.

And yet, NMRHCA still increased its investment market value from $780.2 million in December, 2019 to $924.4 million in December, 2020 (see investment table on page 2).

See Agency on Page 2

## Investments




## Seminars Have Moved To Online Format

The New Mexico Retiree Health Care Authority traditionally has traveled to human resource and retirement seminars around the state with PERA and ERB specialists to give employees an opportunity to find out how to sign up with NMRHCA when they're ready to retire and need health insurance.

If any employer group has an interest in NMRHCA providing information on the enrollment process to their employees via, the enrollment process with Medicare or discussing our minimum age rule and increased years of service to qualify for the maximum subsidy rule via video conferencing, contact us at customerservice@state.nm.us., and we will get in touch with you.

## 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

# Agency Survives Pandemic Effects

Continued from Page I

Our agency remains on pace to provide a vaulable and affordable benefit to our current retirees and their dependents and offer that same opportunity to future retirees/dependents.

In addtion, 2020 provided an incredible learning opportunity both personally and professionally.

Efforts to maintain the safety of our members and staff have required us to adopt modified work habits and improvise work schedules during periods of potential exposure.

Therefore, while the outlook continues to improve, working conditions remain less than ideal for in person interactions.

However, NMRHCA will continue to take part of Pre-Retirement seminars for active employees, and we are available at 1-800-233-3576 or by email at customerservice@state.nm.us to answer any questions you may have about your impending health insurance benefits as you draw closer to retirement.

Our customer service representatives are ready to assist you Monday-Friday from 8 a.m.-5 p.m. — even if you're not yet ready to retire but just have questions about the process. That way, you can make better-informed decisions when the time does arrive for you to start planning you retirement.

As we look to 2021 and beyond, we remain committed to researching and implementing programs to improve healthcare outcomes for our members while providing quality and affordable access to benefits.

In pursuit of this goal, NMRHCA staff is in the beginning stages of preparing a Request for Proposal for pharmacy benefits management (PBM) services which will be released later this year.

This procurement is particularly important as pharmacy trends continue to remain the primary driver behind increases in health care related expenditures.

While the industry develops solutions for chronic, complex and rare conditions, the cost of those treatments continues to grow exponentially, as many of you are aware.

In the immediate future, NMRHCA is pursuing legislation introduced by Senator Roberto "Bobby" J. Gonzales seeking changes to the Retiree Health Care Act.

Those changes include aligning dependent age limitations with those contained in the Patient Protection and Affordable Care Act, modifying the reference language for disabled dependents suffering from intellectual disability and eliminating reference to an obsolete program previously administered by NMRHCA.

On behalf of the NMRHCA Board of Directors and staff, we wish you a healthy and safe start to the beginning of your new year and look forward to seeing more retirees and active employees in our offices again, hopefully sooner, rather than later.

Sincerely,

— David Archuleta
Executive Director

To: All Versant Health Associates
From: Kirk Rothrock and Todd Katz
Date: January 6, 2021
Subject: MetLife announcement

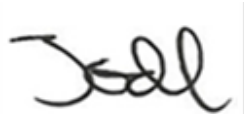
Now that MetLife's acquisition of Versant Health has been finalized, we are thrilled to welcome the Versant Health team to the MetLife family of companies. We have a well-established and leading position in the group benefits market and have been keeping our promises to customers for more than 150 years. MetLife is excited to add a leading vision product to our strong portfolio backed by exceptional talent.

MetLife and Versant Health share values and purpose, including strong teams, a focus on execution, and a shared commitment to delivering for our customers, their employees and dependents. That shared commitment remains a hallmark of our business. We ask that as integration efforts continue, you stay focused on serving customers and your work supporting our leading vision business. Our operations remain open and business as usual.

And finally, please join us in thanking the integration teams that continue to work to make this bold move a success. Their work together with your focus on Versant Health's customers are integral to reaching the goals we know can be achieved.

We will be sharing more information throughout the day via the intranet, email, and through your manager.

Kirk Rothrock
Chief Executive Officer at Versant Health



Todd Katz
Executive Vice President at MetLife

# Versant Closing/Day 1: Davis Vision/Superior Vision members

## General

1. **Who is Versant Health?**
   - Versant is a well-run and well-respected leader in vision care. The firm's marketplace brands, Davis Vision and Superior Vision, have high name recognition and a track record of exceptional customer service.
   - Davis and Superior have a member base of 35 million and offer access to one of the broadest networks in the industry.
   - Both brands provide plan options at competitive price points for customers, with access to routine vision care, including exams and eyewear.

2. **Why did MetLife buy Versant Health?**
   - MetLife currently offers vision benefits as part of its voluntary Group Benefits platform.
   - We anticipate growing demand for vision insurance coverage
     - According to the National Association of Vision Care Plans (NAVCP) benchmark data, the U.S. routine managed vision care market is expanding with membership growing at an annual rate of 5% in recent years.
     - The Society of Human Resource Management 2019 Employee Benefits Report shows the percentage of employers offering vision has increased from 87% in 2015 to 91% in 2019.
     - In fact, more than 90% of employees are interested in receiving vision insurance through their employer, according to MetLife's 2020 U.S. Employee Benefit Trends Study[1].
   - Versant Health strengthens and differentiates MetLife's vision benefit offering
     - MetLife's existing customers will have access to Versant Health's extensive provider network, which is one of the largest in the industry.
   - The acquisition enhances MetLife's position as a leading provider of group benefits in the United States and positions MetLife as a top-three player in U.S. managed vision care by membership.

3. **Will Versant Health be fully integrated?**
   - With the transaction now closed, Versant Health is 100% owned by MetLife and we expect Versant Health will operate much the same way it has prior to the acquisition.
   - We expect to begin quoting in 2Q 2021 for 1/1/2022 effective dates for vision care benefits to employers through the Davis and Superior networks. For opportunities that come in prior to this date, the MetLife and legacy Versant team will work together to deliver a proposal.
   - Versant Health enhances MetLife's position as a leading provider of group benefits in the United States and further strengthens and differentiates MetLife's vision benefit, offering multiple plan options and access to a broader provider network.

4. **Regulatory - What approvals were required?**
   - Certain state insurance regulatory approvals were required as well as federal antitrust clearance to finalize the transaction.

[1] https://www.metlife.com/ebts2020

**Davis Vision/Superior Vision members contacting the Davis Vision/Superior Vision call center**

5. **Will there be any change to disruption to coverage?**
   - There will be no disruption to coverage and we will continue to deliver the high standards of service you've come to know and expect.

6. **Are there changes to my benefits?**
   - No, there are no changes to your benefits.

7. **Will the Customer Service phone number remain the same?**
   - Yes, the Customer Service phone number will remain the same.

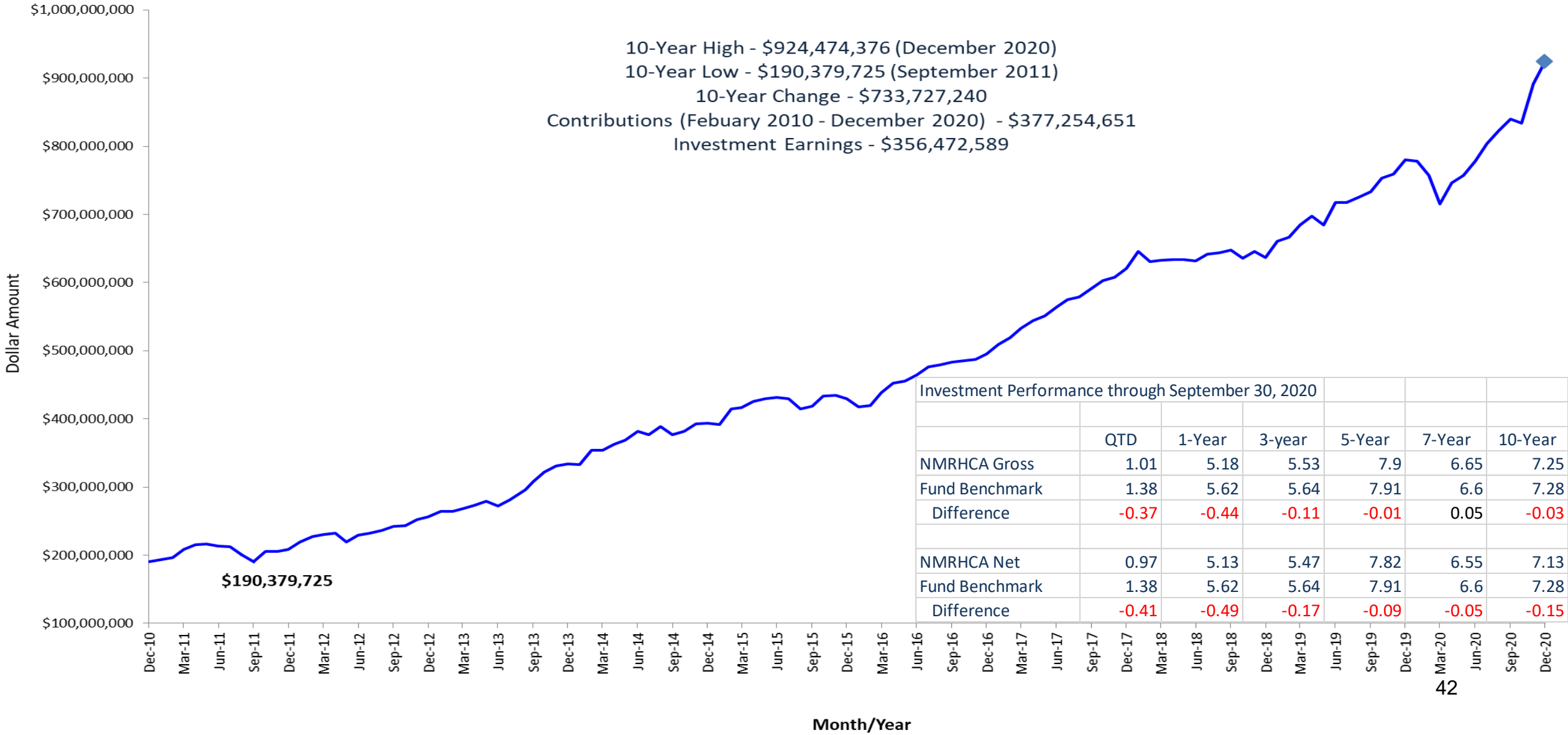
8. **Will there be changes to the websites or member portals?**
   - Will there be changes to the websites or member portals?

###

# New Mexico Retiree Health Care Authority (CP)
## Change in Market Value
### For the Month of Dec 2020
(Report as of January 19, 2021)

| Investment Name | Prior Ending Market Value | Contributions | Distributions | Fees | Income | Gains - Realized & Unrealized | Market Value |
|---|---|---|---|---|---|---|---|
| Core Bonds Pool | 184,165,164.38 | - | - | - | 439,248.74 | (27,089.45) | 184,577,323.67 |
| Credit & Structured Finance | 122,325,727.78 | - | - | - | 157,524.35 | 2,498,119.36 | 124,981,371.49 |
| NM Retiree Health Care Authority Cash Account | - | - | - | - | - | - | - |
| Non-US Developed Markets Index Pool | 120,919,249.30 | - | - | - | 153,748.48 | 5,684,777.71 | 126,757,775.49 |
| Non-US Emerging Markets Index Pool | 93,670,506.27 | - | - | - | 204,246.65 | 6,862,075.91 | 100,736,828.83 |
| Private Equity Pool | 94,148,153.64 | - | - | - | 431,857.90 | 7,252,793.05 | 101,832,804.59 |
| Real Estate Pool | 81,430,592.43 | - | - | - | 213,431.23 | 594,680.12 | 82,238,703.78 |
| Real Return Pool | 35,393,764.64 | - | - | - | 139,223.59 | 456,473.60 | 35,989,461.83 |
| US Large Cap Index Pool | 141,789,715.37 | - | - | - | 199,762.66 | 5,784,831.81 | 147,774,309.84 |
| US Small/Mid Cap Pool | 17,877,944.99 | - | - | - | 33,498.04 | 1,674,354.15 | 19,585,797.18 |
| Sub - Total New Mexico Retiree Health Care | 891,720,818.80 | - | - | - | 1,972,541.64 | 30,781,016.26 | 924,474,376.70 |
| **Total New Mexico Retiree Health Care A** | **891,720,818.80** | **-** | **-** | **-** | **1,972,541.64** | **30,781,016.26** | **924,474,376.70** |

# NMRHCA Trust Fund Balance History
# December 2010 - December 2020




| Investment Performance through September 30, 2020 | | | | | | |
|---|---|---|---|---|---|---|
| | QTD | 1-Year | 3-year | 5-Year | 7-Year | 10-Year |
| NMRHCA Gross | 1.01 | 5.18 | 5.53 | 7.9 | 6.65 | 7.25 |
| Fund Benchmark | 1.38 | 5.62 | 5.64 | 7.91 | 6.6 | 7.28 |
| Difference | -0.37 | -0.44 | -0.11 | -0.01 | 0.05 | -0.03 |
| | | | | | | |
| NMRHCA Net | 0.97 | 5.13 | 5.47 | 7.82 | 6.55 | 7.13 |
| Fund Benchmark | 1.38 | 5.62 | 5.64 | 7.91 | 6.6 | 7.28 |
| Difference | -0.41 | -0.49 | -0.17 | -0.09 | -0.05 | -0.15 |

# New Mexico Retiree Health Care Authority
# Fiscal Year 2021 2nd Quarter Budget Review

**Healthcare Benefits Administration Fund**

Between July 1, 2020 and December 31, 2020, expenditures from the Healthcare Benefits Administration Program were $169.9 million and revenues were $192.6 million, resulting in a surplus of $22.6 million, compared to $14 million during the same time period in FY20. Overall expenditures through the first half of FY21 as compared to the same time frame in FY20 have grown by $4.4 million, or 2.7%. Current projections indicate a $41.6 million surplus at the end of FY21.

Upward pressures include:

1. Overall plan participation (medical and voluntary coverages) has grown by 516 members, or 0.8% between December 2019 and December 2020, compared to 924 members or 1.0% during the same time frame the previous fiscal year.
2. Claim costs typically increase during the 3rd and 4th quarters of the plan year (calendar year) as members have met their deductible and out-of-pocket maximum expenses.

Downward pressures include:

1. Pre-Medicare Plan Participation
    - Premier Plans: -628 members (-5.4%)
    - Value Plans: -3 members (-0.1%)
    - Net: -631 members (-4.2%)
2. Medicare Plan Participation
    - Medicare Supplement: -420 members (-1.8%)
    - BCBS MA Plans: -66 members (-1.7%)
    - Humana MA Plans: 928 members (33.3%)
    - Presbyterian MA Plans: 438 members (5.4%)*
    - UnitedHealthcare MA Plans: 153 members (4%)
3. Continued decline in dependent children participation in the medical plans 1,835 (December 2019) compared to 1,731 (December 2020).

*Default Plans --- All pre-Medicare plan participants to UnitedHealthcare Advantage Plan I.

Below is an annual summary of the cash contributions made to the State Investment Council (SIC) between fiscal years 2011 – 2020, as well as monthly contribution(s) made in FY21:

Overall, the trend through the 2nd quarter of FY21 for our self-insured plans indicates a negative 1.12% growth on the Medicare Supplement Plan and a negative 0.44% growth on the pre-Medicare plans, according to our paid claim data reported by Mike Madalena. As reported back in October, a chunk of the savings we've seen on the medical side related to the delay in certain services being rendered have been offset by increased prescription drug spend. Since the beginning of the pandemic, NMRHCA has incurred in excess of $3.3 million in testing and treatment related expenses resulting from COVID-19.

| | | |
|---|---|---|
| FY11 Total | $ | 21,879,651 |
| FY12 Total | $ | 21,060,000 |
| FY13 Total | $ | 15,315,000 |
| FY14 Total | $ | 57,500,000 |
| FY15 Total | $ | 42,500,000 |
| FY16 Total | $ | 35,000,000 |
| FY17 Total | $ | 33,000,000 |
| FY18 Total | $ | 20,000,000 |
| FY19 Total | $ | 45,000,000 |
| FY20 Total | $ | 56,000,000 |
| | | |
| Transfer Effective | Amount Transferred | |
| September 1, 2020 | $ | 20,000,000 |
| November 2, 2020 | $ | 10,000,000 |
| | $ | - |
| | | |
| FY21 Total | $ | 30,000,000 |
| | | |
| **Total Transfers** | **$** | **377,254,651** |

**New Mexico Retiree Health Care Authority**

**FY21 2nd Quarter Budget Review**

**Comparison of Projected vs. Actual**

**(in thousands)**

**Healthcare Benefit Fund**

**FY21/FY20 Comparison**

| | FY21 Approved Q2 Budget* | FY21 Q2 Actual | FY20 Q2 Actual | Dollar Change | Percent Change |
|---|---|---|---|---|---|
| **Sources:** | | | | | |
| Employer/Employee Contributions | $ 60,081.30 | $ 72,516.7 | $ 71,872.2 | $ 644.5 | 0.9% |
| Retiree Contributions | $ 87,500.0 | $ 96,927.6 | $ 88,085.5 | $ 8,842.1 | 10.0% |
| Taxation & Revenue Fund | $ 16,467.85 | $ 10,978.6 | $ 9,802.3 | $ 1,176.3 | 12.0% |
| Other Miscellaneous Revenue | $ 15,000.00 | $ 12,302.6 | $ 11,778.0 | $ 524.6 | 4.5% |
| Interest Income | $ 200.0 | $ 63.5 | $ 286.4 | $ (222.9) | 157.0% |
| Refunds | $ - | $ (200.7) | $ (2,222.7) | $ 2,022.0 | -91.0% |
| **Total Sources** | $ 179,249.2 | $ 192,588.3 | $ 179,601.7 | $ 12,986.6 | 7.2% |
| **Uses:** | | | | | |
| Medical Contractual Services | $ 177,546.0 | $ 166,645.8 | $ 163,946.6 | $ 2,699.2 | 1.6% |
| ACA Fees (PCORI) | $ 39.9 | $ 35.8 | $ 36.1 | $ (0.3) | -0.8% |
| Other Financing Uses | $ 1,653.4 | $ 3,306.7 | $ 1,603.9 | $ 1,702.8 | 106.2% |
| **Total Uses** | $ 179,239.2 | $ 169,952.5 | $ 165,550.5 | $ 4,401.7 | 2.7% |
| **Sources Over Uses** | **NA** | **$ 22,635.8** | **$ 14,051.2** | **NA** | **NA** |

**FY21 Budget Compared to Actual**

| | FY21 Approved Budget* | FY21 Actuals | Remaing Balance | Percent Expended/ Collected | FY21 Projected Total |
|---|---|---|---|---|---|
| **Sources:** | | | | | |
| Employer/Employee Contributions | $ 120,162.6 | $ 72,516.7 | $ 47,645.9 | 60.3% | $ 145,033.4 |
| Retiree Contributions | $ 175,000.0 | $ 96,927.6 | $ 78,072.4 | 55.4% | $ 188,855.2 |
| Taxation & Revenue Fund | $ 32,935.7 | $ 10,978.6 | $ 21,957.1 | 33.3% | $ 32,935.8 |
| Other Miscellaneous Revenue | $ 30,000.0 | $ 12,302.6 | $ 17,697.4 | 41.0% | $ 24,000.0 |
| Interest Income | $ 400.0 | $ 63.5 | $ 336.5 | 15.9% | $ 127.0 |
| Refunds | $ - | $ (200.7) | $ - | NA | $ (401.4) |
| **Total Sources** | $ 358,498.3 | $ 192,588.3 | $ 165,709.3 | 53.7% | $ 390,550.0 |
| **Uses:** | | | | | |
| Medical Contractual Services | $ 355,151.7 | $ 166,610.0 | $ 188,541.7 | 46.9% | $ 345,568.2 |
| ACA Fees (PCORI) | $ 39.9 | $ 35.8 | $ 4.1 | 89.7% | $ 39.4 |
| Other Financing Uses | $ 3,306.7 | $ 3,306.7 | $ - | 100.0% | $ 3,306.7 |
| **Total Uses** | $ 358,498.3 | $ 169,952.5 | $ 188,545.8 | 47.4% | $ 348,914.3 |
| **Sources Over Uses** | **NA** | **$ 22,635.8** | **NA** | **NA** | **$ 41,635.7** |

# New Mexico Retiree Health Care Authority
## 2nd Quarter Healthcare Benefit Fund Detail
## Fiscal Year 2021
## (in thousands)

| | FY21 Q2 Actuals | FY20 Q2 Actuals | FY21 - FY20 Difference |
|---|---|---|---|
| ***REVENUE:*** | | | |
| Employer/Employee Contributions | $ 72,516.7 | $ 71,872.2 | $ 644.5 |
| Retiree Contributions | $ 96,927.6 | $ 88,085.5 | $ 8,842.1 |
| Taxation and Revenue Suspense Fund | $ 10,978.6 | $ 9,802.3 | $ 1,176.3 |
| Other Miscellaneous Revenue | $ 12,302.6 | $ 11,778.0 | $ 524.6 |
| Interest Income | $ 63.5 | $ 286.4 | $ (222.9) |
| Refunds | $ (200.7) | $ (2,222.7) | $ 2,022.0 |
| ***TOTAL REVENUE:*** | **$ 192,588.3** | **$ 179,601.7** | **$ 12,986.6** |
| | | | |
| ***EXPENDITURES:*** | | | |
| | | | |
| **Prescriptions** | | | |
| Express Scripts | $ 55,945.4 | $ 48,996.1 | $ 6,949.3 |
| **Total Prescriptions** | $ 55,945.4 | $ 48,996.1 | $ 6,949.3 |
| | | | |
| **Non-Medicare** | | | |
| Blue Cross Blue Shield | $ 30,626.2 | $ 32,529.2 | $ (1,903.0) |
| BCBS Administrative Costs | $ 986.0 | $ 1,045.1 | $ (59.1) |
| Presbyterian | $ 24,229.3 | $ 23,861.7 | $ 367.6 |
| Presbyerian Administrative Costs | $ 1,102.9 | $ 997.9 | $ 105.0 |
| PCORI Fee | $ 35.8 | $ 39.2 | $ (3.4) |
| **Total Non-Medicare** | $ 56,980.2 | $ 58,473.1 | $ (1,492.9) |
| | | | |
| **Medicare** | | | |
| Blue Cross Blue Shield | $ 17,586.1 | $ 20,712.9 | $ (3,126.8) |
| BCBS Administrative Costs | $ 2,834.7 | $ 2,884.6 | $ (49.9) |
| Presbyterian MA | $ 9,044.1 | $ 8,577.9 | $ 466.2 |
| UnitedHealthCare MA | $ 3,438.1 | $ 3,266.3 | $ 171.8 |
| Humana MA | $ 697.1 | $ 517.7 | $ 179.4 |
| BCBS MA | $ 2,219.1 | $ 2,300.1 | $ (81.0) |
| **Total Medicare** | $ 35,819.2 | $ 38,259.5 | $ (2,440.3) |
| | | | |
| **Other Benefits** | | | |
| Davis Vision | $ 1,205.0 | $ 1,211.4 | $ (6.4) |
| Delta Dental | $ 10,429.2 | $ 5,711.9 | $ 4,717.3 |
| Standard Life Insurance | $ 6,266.8 | $ 6,081.4 | $ 185.4 |
| United Concordia Dental | $ - | $ 5,213.2 | $ (5,213.2) |
| **Total Other Benefits** | $ 17,901.0 | $ 18,217.9 | $ (316.9) |
| | | | |
| **Other Expenses** | | | |
| Program Support | $ 3,306.7 | $ 1,603.9 | $ 1,702.8 |
| **Total Other Expenses** | $ 3,306.7 | $ 1,603.9 | $ 1,702.8 |
| | | | |
| ***TOTAL EXPENDITURES:*** | ***$ 169,952.5*** | **$ 165,550.5** | **$ 4,402.0** |
| | | | |
| ***Total Revenue over Total Expenditures*** | ***$ 22,635.8*** | **$ 14,051.2** | **$ 8,584.6** |

**FY21 2nd QTR Budget Review**
**Comparison of Budget vs. Actual**
**(in thousands)**

**Program Support**

**FY21/FY20 Comparison**

| | FY21 Approved Q2 Budget | FY21 Actuals | FY20 Actuals | Dollar Change | Percent Change |
|---|---|---|---|---|---|
| **Sources:** | | | | | |
| Other Transfers | $ 1,653.4 | $ 3,306.7 | $ 1,603.9 | $ 1,702.8 | 106.2% |
| **Total Sources** | **$ 1,653.4** | **$ 3,306.7** | **$ 1,603.9** | **$ 1,702.8** | **51.5%** |
| **Uses:** | | | | | |
| Personal Services and Benefits | $ 1,038.6 | $ 1,010.7 | $ 948.9 | $ 61.8 | 6.5% |
| Contractual Services | $ 331.7 | $ 351.4 | $ 315.6 | $ 35.8 | 11.3% |
| Other Costs | $ 283.1 | $ 314.3 | $ 243.9 | $ 70.4 | 28.9% |
| **Total Uses** | **$ 1,653.4** | **$ 1,676.4** | **$ 1,508.4** | **$ 168.0** | **11.1%** |

**FY21 2nd QTR Budget Review**
**Comparison of Budget vs. Actual**
**(in thousands)**

**Program Support**

**FY21 Budget Compared to Actual**

| | Approved Operating Budget* | FY21 Actuals | Remaining Balance | Percent Expended | FY21 Projected |
|---|---|---|---|---|---|
| **Sources:** | | | | | |
| Other Transfers | $ 3,306.7 | $ 1,653.4 | $ 1,653.4 | 50% | $ 1,468.4 |
| **Total Sources** | **$ 3,306.7** | **$ 1,653.4** | **$ 1,653.4** | **50%** | **$ 1,468.4** |
| **Uses:** | | | | | |
| Personal Services and Benefits | $ 2,077.1 | $ 1,010.7 | $ 1,066.4 | 49% | $ 933.9 |
| Contractual Services | $ 663.4 | $ 351.4 | $ 312.0 | 53% | $ 342.3 |
| Other Costs | $ 566.2 | $ 314.3 | $ 251.9 | 56% | $ 248.0 |
| **Total Uses** | **$ 3,306.7** | **$ 1,676.4** | **$ 1,630.3** | **51%** | **$ 1,524.2** |

## Program Support

*Expenditure Summary (in thousands)*

| Acct # | Account Description | A Approved Budget | B Expended Budget | C Remaing Balance | D Projected | E Balance |
|---|---|---|---|---|---|---|
| 200 | Personal Services/ Employee Benefits | 2,077.1 | 1,010.7 | 1,066.4 | 933.9 | 132.5 |
| 300 | Contractual Services | 663.4 | 351.4 | 312.0 | 342.3 | (30.3) |
| 400 | Other Costs | 566.2 | 314.3 | 251.9 | 248.0 | 3.9 |
| | **TOTAL** | **3,306.7** | **1,676.4** | **1,630.3** | **1,524.2** | **106.1** |

*Expenditure Detail (in thousands)*

**Personal Services / Employee Benefits**

| Acct # | Account Description | Approved Budget | Expended Budget | Remaining Balance | Projected | Balance |
|---|---|---|---|---|---|---|
| 520100 | Exempt Positions | 292.4 | 151.2 | 141.2 | 123.8 | 17.4 |
| 520300 | Classified Perm. Positions | 1,167.2 | 547.9 | 619.3 | 540.0 | 79.3 |
| 520800 | Annual, Sick & Comp Paid | 0.0 | 7.0 | (7.0) | 0.0 | (7.0) |
| 521100 | Group Insurance Premium | 195.9 | 102.9 | 93.0 | 91.4 | 1.6 |
| 521200 | Retirement Contributions | 268.1 | 124.1 | 144.0 | 114.5 | 29.5 |
| 521300 | FICA | 111.7 | 51.2 | 60.5 | 50.8 | 9.7 |
| 521400 | Workers Comp | 0.2 | 0.1 | 0.1 | 0.1 | 0.0 |
| 521410 | GSD Work Comp Ins | 1.2 | 1.2 | 0.0 | 0.0 | 0.0 |
| 521500 | Unemployment Comp | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 521600 | Employee Liability Insurance | 9.5 | 9.5 | 0.0 | 0.0 | 0.0 |
| 521700 | Retiree Health Care | 30.9 | 14.0 | 16.9 | 13.3 | 3.6 |
| 523000 | COVID Related Admin Leave | 0.0 | 1.6 | (1.6) | 0.0 | (1.6) |
| | **TOTAL** | **2,077.1** | **1,010.7** | **1,066.4** | **933.9** | **132.5** |

**Contractual Services**

| Acct # | Account Description | | | | | |
|---|---|---|---|---|---|---|
| 535200 | Professional Services | 396.4 | 220.9 | 175.5 | 191.0 | (15.5) |
| 535300 | Other Services | 12.5 | 11.9 | 0.6 | 0.6 | 0.0 |
| 535309 | Other Services InterA | 26.0 | 0.0 | 26.0 | 15.8 | 10.2 |
| 535400 | Audit Services | 78.5 | 41.9 | 36.6 | 36.5 | 0.1 |
| 535500 | Attorney Services | 60.0 | 40.2 | 19.8 | 19.0 | 0.8 |
| 535600 | Information Technology Services | 90.0 | 36.5 | 53.5 | 79.4 | (25.9) |
| | **TOTAL** | **663.4** | **351.4** | **312.0** | **342.3** | **(30.3)** |

**Other Costs**

| Acct # | Account Description | | | | | |
|---|---|---|---|---|---|---|
| 542100 | Employee In-State Mileage & Fares | 1.5 | 0.5 | 1.0 | 0.5 | 0.5 |
| 542200 | Employee In-State Meals & Lodging | 2.5 | 0.0 | 2.5 | 0.2 | 2.3 |
| 542300 | Board & Commission - In-State | 13.5 | 1.7 | 11.8 | 5.0 | 6.8 |
| 542500 | Transportation-Fuel & Oil | 1.0 | 0.0 | 1.0 | 0.3 | 0.7 |
| 542600 | Transportation | 0.1 | 0.0 | 0.1 | 0.1 | 0.0 |
| 542700 | Transportation - Insurance | 0.2 | 0.2 | 0.0 | 0.0 | 0.0 |
| 542800 | State Transportation Pool Charges | 4.5 | 2.8 | 1.7 | 1.7 | 0.0 |
| 543200 | Maintenance - Furniture, Fixtures & Equipment | 6.0 | 2.3 | 3.7 | 3.7 | 0.0 |
| 543300 | Maintenance - Building & Structure | 4.5 | 1.1 | 3.4 | 4.5 | (1.1) |
| 543400 | Maintenance - Property Insurance | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 543830 | IT HW/SW Agreements | 7.5 | 12.3 | (4.8) | 1.5 | (6.3) |
| 544000 | Supply Inventory IT | 25.0 | 15.8 | 9.2 | 9.5 | (0.3) |
| 544100 | Supplies - Office Supplies | 10.0 | 1.9 | 8.1 | 5.0 | 3.1 |
| 544900 | Supplies - Inventory Exempt | 5.0 | 40.2 | (35.2) | 2.0 | (37.2) |
| 545600 | Rep/Recording | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 545700 | DoIT - ISD Services | 4.2 | 1.7 | 2.5 | 1.7 | 0.8 |
| 545701 | DoIT - HCM Fees | 10.7 | 10.8 | (0.1) | 0.0 | (0.1) |
| 545900 | Printing & Photo. Services | 56.0 | 44.1 | 11.9 | 15.0 | (3.1) |
| 546100 | Postage & Mail Services | 120.0 | 57.1 | 62.9 | 55.0 | 7.9 |
| 546400 | Rent of Land & Buildings | 124.1 | 75.3 | 48.8 | 48.8 | 0.0 |
| 546409 | Rent - Interagency | 8.4 | 4.8 | 3.6 | 3.6 | 0.0 |
| 546500 | Rent of Equipment | 48.3 | 5.2 | 43.1 | 40.0 | 3.1 |
| 546600 | Telecomm | 21.0 | 8.6 | 12.4 | 9.2 | 3.2 |
| 546610 | DOIT Telecomm | 58.9 | 26.9 | 32.0 | 28.0 | 4.0 |
| 546700 | Subscriptions & Dues | 7.0 | 0.0 | 7.0 | 2.0 | 5.0 |
| 546800 | Employee Training & Education | 5.0 | 0.3 | 4.7 | 2.5 | 2.2 |
| 546801 | Board Member Training | 5.0 | 0.0 | 5.0 | 2.0 | 3.0 |
| 546900 | Advertising | 1.0 | 0.0 | 1.0 | 0.5 | 0.5 |
| 547900 | Miscellaneous Expense | 1.3 | 0.7 | 0.6 | 0.7 | (0.1) |
| 547999 | Request to Pay Prior Year | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 548300 | Information Technology Equipment | 5.0 | 0.0 | 5.0 | 3.0 | 2.0 |
| 549600 | Employee Out-Of-State Mileage & Fares | 2.0 | 0.0 | 2.0 | 0.0 | 2.0 |
| 549700 | Employee Out-Of-State Meals & Lodging | 2.0 | 0.0 | 2.0 | 0.0 | 2.0 |
| 549800 | B&C-Out-Of-State Mileage & Fares | 3.5 | 0.0 | 3.5 | 1.0 | 2.5 |
| 549900 | B&C- Out-Of-State Meals & Lodging | 1.5 | 0.0 | 1.5 | 1.0 | 0.5 |
| | **TOTAL** | **566.2** | **314.3** | **251.9** | **248.0** | **3.9** |

# 2021 Work Plan

## Spring

- 2021 Legislative Session and Proposed Legislation
- COVID-19 Vaccine Communication
- Web Portal Development
- PBM Consultant RFP
- PBM Audit
- Virtual Wellness Week
- Administrative Guide Development
- Virtual Medicare Information Presentations
- Strategic Plan Review
- GASB 75 – Employer Allocation Schedules

## Summer

- Administrative Guide Finalized
- NMAC Rule Changes
    - Termination/Reinstatement/Retroactive payments
    - Purchase of Air Time
- Annual Board Meeting
    - Board Training
    - Strategic Plan Affirmed/Revised
- Interim Legislative Committee Hearings
- Web Portal Finalized
- Virtual Medicare Information Presentations
- PBM RFP Development

## Fall

- Web Portal Deployed
- Switch Enrollment – Virtual/In-person
- PBM RFP
- Virtual/In-person Medicare Information Presentations
- GASB 74 – Actuarial Valuation

Winter

- Financial Audit
- Virtual/In-person Medicare Information Presentations

# Staff Recommendations for
# NMRHCA 5-Year Strategic Plan
# 2018 – 2022
## Approved November 2017

1. Apply downward pressure on prescription drug costs for all members (network, contracts, cost-sharing)*
   - FY19 – FY22 Contract
   - Annual market check agreement
   - Network attribution
   - Copays

   PBM Contract 7/1/2018 – 6/30/222 – Currently in 3rd Year
   Introduction of SaveOn Program August 2019
   Introduction of Patient Assurance Program – Insulin Copay Caps
   Increase in min/max copays for Brand drug prescriptions

2. Apply downward pressure on pre-Medicare medical plans (network, contracts, cost-sharing)*
   - Narrower networks
   - Deductibles
   - Copays
   - FY20 – FY23 Contracts

   Development of 3-tier benefit plan through BCBS

3. Reduce pre-Medicare retiree subsidies*
   - Currently 64 percent

   No change

4. Reduce pre-Medicare spousal subsidies*
   - Currently 36 percent

   No change

5. Evaluate existing and emerging wellness/population health programs for inclusion in either plan coverage or incentive support*
   - Monitor the development and progress of such programs and make recommendations with regard to reimbursements through health plans

   Introduction of Community Health Worker Program (Presbyterian pre-Medicare/MA)
   Introduction of Paramedicine Program (BCBS)

6. Develop and implement value-based purchasing initiatives either through existing health plan partners or directly with health care delivery systems
   - Incentivize care through most cost effective solutions
   - Data-driven evaluation of care
   - Patient-centered medical homes

- Accountable-care organizations
- Bundled-payment arrangements
- Referenced-based reimbursements

7. Evaluate emerging and ongoing demographic trends and make program adjustments commensurate with fiduciary requirements
    - Continue monitoring ongoing trends and identifying potential solutions

    Failed attempt to partner w/Grand Rounds

8. Wellness Programs*
    - Management of chronic illness
    - Management of acute care episodes
    - Use of third-party prescription data
    - Reduction in the number of preference sensitive surgery
    - Identification of specific polypharmacy patients
    - Efforts to de-prescribe
    - Adherence

    Addition of Livongo Diabetes Management Program
    Addition of Naturally Slim Program
    2019 Health Fair

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

    2018 – No legislation
    2019 – HB95 passed State Government, Elections & Indian Affairs Committee / tabled in House Appropriations and Finance Committee
    2020 – HB45 passed both chambers of the legislature vetoed by Governor
    2021 – No legislation

10. Employee and member education and communication
    - Outreach
    - Professional development

    Monthly Medicare seminar
    Employer group newsletters
    Annual HIPAA training for all employees

*Consensus carryover items from previous strategic plan.



**IN THE COURT OF APPEALS OF THE STATE OF NEW MEXICO**

**VICTORIA LOPEZ,**

**Appellant-Petitioner,**

**v.**

**NEW MEXICO RETIREE HEALTHCARE AUTHORITY,**

**Appellee-Respondent.**

_____/

**No. A-1-CA-39121**
**Santa Fe County**
**D-101-CV-2019-02546**

**ORDER DENYING PETITION FOR WRIT OF CERTORIORI, IN PART, AND CONSTRUING THE PETITION, IN PART, AS A DIRECT APPEAL AND REQUESTING THE RECORD PROPER**

This Court has considered Petitioner's Rule 12-505 NMRA Petition for Writ of Certiorari and Respondent's Response. The Court notes the following.

1. On June 24, 2020, the district court entered an order affirming Appellee's determination that Petitioner's healthcare coverage was improperly granted and therefore properly terminated.

2. On July 24, 2020, Petitioner filed a petition for writ of certiorari in both this Court and the district court.

3. In her Petition, Petitioner raises four issues. Issues A, B, and D arise from the district court's exercise of its appellate jurisdiction. This Court declines to exercise its discretion to hear the appeal, *see Paule v. Santa Fe Cty. Bd. of Cty.*

*Comm'rs*, 2005-NMSC-021, ¶ 14, 138 N.M. 82, 117 P.3d 240 (recognizing discretionary nature of the writ of certiorari), and, as such, the petition will be denied.

4. Issue C, however, raises a constitutional question arising from the district court's exercise of its original jurisdiction. *See Victor v. N.M. Dep't of Health*, 2014-NMCA-012, ¶ 24, 316 P.3d 213 ("Constitutional challenges that exceed the scope of [an administrative agency's] review are subject to the original jurisdiction of the district court."). As a result, Issue C should be subject to direct appeal and not discretionary review. *See El Castillo Ret. Residences v. Martinez*, 2015-NMCA-041, ¶ 9, 346 P.3d 1164 ("When a district court has exercised both its appellate and original jurisdiction, the appellant should pursue an appeal by filing a Rule 12-505 NMRA petition to address issues stemming from the exercise of the district court's appellate jurisdiction, and a direct appeal to address issues stemming from the exercise of the district court's original jurisdiction." (alterations, internal quotation marks, and citation omitted)).

5. Because Petitioner's petition for writ of certiorari was also filed in the district court, it satisfies both the time and place of filing requirements that are mandatory preconditions to the exercise of this Court's jurisdiction. *See Govich v. N. Am. Sys., Inc.*, 1991-NMSC-061, ¶ 12, 112 N.M. 226, 814 P.2d 94 (noting our "policy of facilitating the right of appeal by liberally construing technical

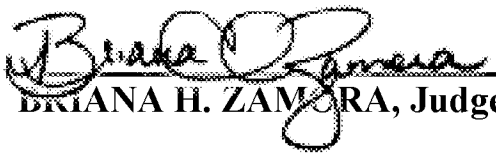
deficiencies in a notice of appeal otherwise satisfying the time and place of filing requirements"); Rule 12-202(A) NMRA (providing that "[a]n appeal permitted by law as of right from the district court shall be taken by filing a notice of appeal with the district court clerk within the time allowed by Rule 12-201."); Rule 12-201(A)(1)(b) NMRA (requiring a notice of appeal be filed within thirty days of the district court order being entered). We therefore construe Defendant's petition for writ of certiorari as a timely notice of appeal and docketing statement as to Issue C. *See El Castillo Ret. Residences*, 2015-NMCA-041, ¶ 9 (explaining that the informational requirements for a docketing statement and a petition for writ of certiorari are similar enough that this Court can typically review a docketing statement as a substitute for a petition for writ of certiorari). Because the appeal was not originally filed as a direct appeal, however, this Court does not yet have the record proper, which is necessary to properly calendar the appeal. *See* Rule 12-209 NMRA; Rule 12-210(B) NMRA.

**IT IS THEREFORE ORDERED** that the Clerk of the District Court for the First Judicial District shall file the record proper forthwith. After this Court receives the record proper, we will proceed with calendaring this matter as to Issue C.

**THE COURT FURTHER ORDERS** that the petition is **DENIED** in part as to Issues A, B, and D.

**J. MILES HANISEE, Chief Judge**

**JENNIFER L. ATTREP, Judge**



**BRIANA H. ZAMORA, Judge**