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ANNUAL MEETING
OF THE
BOARD OF DIRECTORS

July 15 & 16, 2021
9:30/9:00 AM

DAY 1

Online: https://global.gotomeeting.com/join/279127781
Telephone: 1-408-650-3123/ Access Code: 279-127-781

New Mexico Retiree Health Care Authority
Annual Meeting

BOARD OF DIRECTORS

ROLL CALL

July 15, 2021

	Member in Attendance		
Mr. Crandall, President			
Ms. Saunders, Vice President			
Ms. Larranaga-Ruffy, Secretary			
Mr. Scroggins			
Mr. Linton			
Mr. Salazar			
Mr. Eichenberg			
Mr. Cushman			
Mr. Bhakta			
Mr. Pyle			
Ms. Madrid			

NMRHCA BOARD OF DIRECTORS

July 2021

Mr. Greg Trujillo
Interim Executive Director
Public Employees Retirement Association
33 Plaza La Prensa
Santa Fe, NM 87507
W: 505-476-9301
greg.trujillo@state.nm.us

Mr. Sanjay Bhakta
NM Municipal League
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City/County Building
Albuquerque, NM 87102
F: 505-768-3700
sbhakta@cabq.gov

Mr. Rick Scroggins
Interim Executive Director
Educational Retirement Board
PO Box 26129
Santa Fe, NM 87502-0129
W: 505-476-6152
rick.scroggins@state.nm.us

Mr. Terry Linton
Governor's Appointee
PO Box 25485
Albuquerque, NM 87125
505-250-4070
terry.linton@hubinternational.com

Mr. Tomas E. Salazar, PhD
NM Assoc. of Educational Retirees
PO Box 66
Las Vegas, NM 87701
505-429-2206
salazarte@plateautel.net

Mr. Lance Pyle
NM Association of Counties
Curry County Administration
417 Gidding, Suite 100
Clovis, NM 88101
575-763-3656
lpyle@currycounty.org

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

The Honorable Mr. Tim Eichenberg
NM State Treasurer
2055 South Pacheco Street
Suite 100 & 200
Santa Fe, NM 87505
W: 505-955-1120
F: 505-955-1195
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Ms. Therese Saunders, Vice President
NEA-NM, Classroom Teachers Assoc., & NM Federation of Educational Employees
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Mr. Loren Cushman
Superintendents' Association of NM
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Ms. Leane Madrid
Classified State Employee
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Santa Fe, NM 87505
505-629-3365
leane.madrid@state.nm.us

Ms. Leanne Larranaga-Ruffy, Secretary
Alternate for PERA Executive Director
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Santa Fe, NM 87507
505-476-9332
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ANNUAL MEETING OF THE
NEW MEXICO RETIREE HEALTH CARE AUTHORITY
BOARD OF DIRECTORS

July 15 & 16, 2021
9:30 AM / 9:00 AM
Hotel Don Fernando de Taos
1005 Paseo Del Pueblo Sur
Taos, NM 87571
Online: https://global.gotomeeting.com/join/279127781
Telephone: 1-408-650-3123 / Access Code: 279-127-781

AGENDA – July 15th (Day 1)

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 June 1, 2021	Mr. Crandall, President	8
6.	Public Forum and Introductions	Mr. Crandall, President	
7.	Board Appointment – Association of Counties	Mr. Archuleta, Executive Director	14
8.	Election of Board Officers (Action Items)	Mr. Crandall, President	
	a. Board Policies and Procedures		16
	b. Committee Assignments		23
	c. Code of Ethics		29
	d. Open Meetings Act Resolution		31
9.	Committee Reports	President	
10.	Trusted Insight Top Public Pension Investment Director Announcement	Mr. Archuleta, Executive Director	35
11.	State Investment Council Updates	Mr. Wollman Director, Communications, Legislative & Client Relations, SIC	43
12.	Asset Allocation Review (6-month follow-up)	Mr. Toth Managing Director, Wilshire	57
13.	Provider Presentations		
	a. Presbyterian Health Plan	Mr. Witt, Manager, Manager ASO Ms. Ida Perea, Sr. Account Manager Ms. Lopez, Manager Health and Wellness Client Services Ms. Tena, Sr. Marketing Account Executive Ms. Herrera, Sr. Marketing Account Executive	70

b. Blue Cross Blue Shield of New Mexico	Ms. Bell, Account Executive Ms. Hentz, Account Executive Ms. Mier, Wellness Coordinator	90
c. Express Scripts	Mr. Molberg, Sr. Account Executive Ms. Daily, Senior Director Mr. Zeyaee, Sr. Clinical Account Exec	111

(Recess for lunch at the pleasure of the Board)

14. Actuarial Presentations	Ms. Patani, Segal Co. Ms. Krumholz, Segal Co. Mr. Madalena, Madalena Consulting	130
15. Review of Calendar Year 2022 Plan Changes	Mr. Archuleta, Executive Director	181
16. Executive Session – ED Performance Evaluation	President	

Pursuant to NMSA 1978, Section 10-15-1(H)-(2) To Discuss Limited Personnel Matters

(Recess until 9:00AM, July 16, 2021, in the same location)

ANNUAL MEETING OF THE
NEW MEXICO RETIREE HEALTH CARE AUTHORITY
BOARD OF DIRECTORS

July 15 & 16, 2021
9:30 AM / 9:00 AM
Hotel Don Fernando de Taos
1005 Paseo Del Pueblo Sur
Taos, NM 87571
Online: https://global.gotomeeting.com/join/385089165
Telephone: 1-312-757-3121 / Access Code: 385-089-165

AGENDA – July 16th (Day 2 Board Book)

1.	Call to Order	President	Page
2.	Roll Call to Ascertain Quorum	Ms. Beatty, Recorder	
3.	Pledge of Allegiance	President	
4.	Public Forum and Introductions a. Tom Sullivan, Former President b. Joe Montano, Former Vice President	President	
5.	Executive Director's Update	Mr. Archuleta, Executive Director	
	a. Operations		6
	b. Colon Cancer Screening		
	c. Rulemaking Process		19
	d. No Surprises Act		20
	e. Legislative		
	f. Legal – Generic Drugs Antitrust		
	g. GAS 75 – Employer Allocations		24
6.	Provider Presentations Continued		
	a. UnitedHealthcare	Mr. Cadriel Account Vice President Ms. Vollrath, Vice President Public Sector	26
	b. Humana	Ms. Heller Director, Account Management Ms. Haidvogl, Consumer Engagement	41
7.	Hinge Health Presentation	Mr. Brock, Regional Vice President Mr. Weaver, Vice President, Medicare	54
8.	CY2022 Plan Year Recommendations (Action Items) a. Plan Rates b. Hinge Health Pilot Program c. EGWP Broad Performance Network d. Delta Dental Network Change	Mr. Archuleta, Executive Director	77
9.	FY22 Contract (Action Item)	Mr. Kueffer, Deputy Director	81
10.	Other Business	President	
11.	Date & Location of Next Board Meeting	President	

Tentative -- August 26, 2021, 9:30 AM
NMRHCA Board Room
6300 Jefferson St., NE Board Room
Albuquerque, NM 87109

12. Adjourn — President

MINUTES OF THE

NEW MEXICO RETIREE HEALTH CARE AUTHORITY/BOARD OF DIRECTORS

REGULAR MEETING/VIA TELECONFERENCE

June 1, 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
Mr. Terry Linton
Ms. Leane Madrid
Ms. Pamela Moon
Dr. Tomas Salazar
Mr. Rick Scroggins

Members Excused:
Mr. Sanjay Bhakta
Mr. Loren Cushman
Mr. Greg Trujillo

Staff Present:
Mr. David Archuleta, Executive Director
Mr. Neil Kueffer, Deputy Director
Ms. Judith S. Beatty, Board Recorder

3. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was recited.

4. APPROVAL OF AGENDA

Ms. Saunders moved approval of the agenda, as published. Mr. Linton seconded the motion, which passed unanimously by roll call vote.

5. APPROVAL OF REGULAR MEETING MINUTES: May 4, 2021

Ms. Larrañaga-Ruffy moved approval of the May 4 meeting minutes, as submitted. Mr. Linton seconded the motion, which passed unanimously by roll call vote.

6. PUBLIC FORUM AND INTRODUCTIONS

None.

7. COMMITTEE REPORTS

- Chairman Crandall reported that the Executive Committee met and discussed today's agenda.

- Ms. Larrañaga-Ruffy reported that the Finance Committee met last week and reviewed related items on today's agenda.

- Mr. Linton reported that the Wellness Committee met and heard a presentation from each of the carriers on their wellness objectives and results. There was a presentation from a carrier on physical therapy from Hinge Health, but it was too brief and will need to be reviewed again.

8. EXECUTIVE DIRECTOR'S UPDATES

a. Operations

- The process for transitioning HR services from the State Personnel Office (SPO) to PERA has been temporarily delayed at least until June 30. NMRHCA continues to work with SPO on the plan.

- SPO notified all state of NM employers by memo on May 6 of its intent to open up state offices, but the memo did not go into any real detail. NMRHCA has started to develop its own policies and a draft schedule and will continue to require masking, and will await further direction from the State Personnel Board and Governor's Office.

- Mr. Archuleta reviewed HR updates.

- CFO Peggy Martinez is on extended leave for the foreseeable future.

- NMRHCA met with Moss Adams last week to review the concurrent audit performed by CliftonLarsonAllen on the GASB-75 employer allocation amounts. The concurring review process costs $9,000 to $10,000 annually and the requirement will be dropped next year.

b. Legislative

- On June 22, NMRHCA will provide a requested update and other information to the Investments & Pensions Oversight Committee. There are a number of new members on the committee, and it is chaired by Rep. Patricia Roybal-Caballero.

c. <u>Opioid/Generic Drug Pricing Litigation</u>

- As in prior months, all requested information on the opioid litigation has been provided to the AG's Office, including the scanning of all of the drives, networks, and emails.

- The generic drug pricing litigation information is underway. Forensic experts have gathered the data from NMRHCA's server, and all of it should be in the hands of the Attorney General by the end of the week. In February, NMRHCA staff made an inquiry to the AG's Office about whether or not it could go out on its own. Money has been set aside for the settlements that would impact agencies, including the NMRHCA, which have overpaid on generic drugs for a number of years. NMRHCA has yet to receive a decision on its request. If the NMRHCA does not receive an answer by the next meeting, it will probably want to decide whether to go out on its own. If a settlement is made on behalf of the state, it is likely the money would be used for government operations, similar to what occurred with the tobacco settlement money. In this situation, if the NMRHCA were to request a settlement on its own, it could go toward the agency's trust fund or to offset any potential increases in the future.

Responding to Chairman Crandall, Mr. Archuleta said the request is really a courtesy. He noted that the other IBAC entities have decided to go along with the AG's legal proceedings. In the NMRHCA's situation, Mr. Archuleta said he feels it has the light and authority to go after this independently. He said it is unclear right now whether the law firm performing the work on the agency's behalf would work on a contingency basis.

d. <u>State of New Mexico, Ex.Rel., Hector Balderas, Attorney General v. Bristol-Myers Squibb Company, et al</u>

- NMRHCA has provided an update in response to all of the requested information. There have been some follow-up phone calls, including the Express Scripts formulary going back to 2006. All available and requested information has been provided.

e. <u>April 30, 2021 SIC Report</u>

- The NMRHCA has exceeded the $1 billion threshold, at $1,008,226,017.69. This includes $1.9 million in income and $18.5 million of gains in the value of the agency's investments. Based on Segal's analysis last year, staff reported a funding period beyond 30 years. Today, NMRHCA is well beyond the 30-year period.

f. <u>March 31, 2021 Investment Performance Report</u>

- RVK's report shows a net IRR of 23.96 percent for the one-year period ending March 31, 2021. The 10-year return is 7.31 percent. This is thanks to the professional advice of Wilshire and, prior to that, NEPC, and the excellent management of the Finance Committee over the last ten years.

9. 2022 PLAN DISCUSSION

Segal team members Nura Patani, Melissa Krumholtz, and Mike Madalena (Madalena Consulting) presented overview of Segal activities and its ongoing and upcoming activities for the NMRHCA.

Mr. Archuleta reviewed plan changes that would be considered by the board at the July annual meeting:

1. Pre-Medicare/Medicare Supplement Plan Rates: Increase retiree premiums in accordance with projected medical trend for all self-insured plans based on loss ratios calculated in May. Last year, board members approved a 5% increase on the Pre-Medicare side and a 2% increase on the Medicare side. Staff will present a range of possible increase scenarios at the June meeting.
2. Pre-Medicare Plan Design -- No Behavioral Health Cost Sharing: It is unlikely they will pull this back after 2027 and it will probably become a permanent fixture in terms of the benefit plan design. It will cost the NMRHCA an estimated $2.7 million for FY 2022. That will continue to grow.
3. Pre-Medicare Plan Design – Hinge Health (BCBS Pilot Program: BCBS has proposed to add a 12-week digital care program for managing chronic musculoskeletal pain, particularly chronic knee and back pain. Estimated savings is $1.8 million.
4. Broad Permanent Medicare Network (Medicare Supplement): Estimated savings through June 2022 is $750,000. This is being modeled for six months only because the contract with Express Scripts runs from January 2022 through June 2022, which is at the end of the four-year contract guarantee.
5. Delta Dental Network Change.

Dr. Madalena commented that this past year has been a good one for claims, but it was also a very strange year, and said he would urge caution going forward.

Dr. Salazar noted concerns expressed by Chairman Crandall that the agency is asking too much of retirees. He said he wonders where the NMRHCA is going to get legislative assistance, and regarding SB 317, it particularly concerns him that the state is looking to the agencies to figure it out and is probably saying, “Don’t come to us expecting any more.” He said the NMRHCA hasn’t gotten assistance, however, that the state should have been providing it with. He suggested that there has to be much more of a concerted effort from the board, the entities its represents, and the state retirees who benefit from the NMRHCA.

Dr. Salazar also noted that Mr. Archuleta isn’t asked, but is told, what IPOC expects from the NMRHCA. By the same token, it should be brought to IPOC’s attention that there were a number of legislative bills, SB 317 in particular, that significantly impact the NMRHCA. He said he hoped that would be dealt with during the legislative session.

10. BROAD PREFERRED MEDICARE NETWORK

Jon Molberg, senior account executive with Express Scripts, discussed the Broad Performance Medicare Network recommendation for NMRHCA’s Employer Group Waiver Program population (EGWP).

Mr. Molberg stated the network has broad coverage in New Mexico.

- Based on their analysis, less than 1 percent of NMRHCA Medicare members would be impacted by the change. Two pharmacies, Nambé Drugs, one in Santa Fe and one in Los Alamos, would not be in network. Express Scripts reached out to them last week to see if they were interested in participating. If they were to remain out of network, 96 percent of the members affected would have an in-network pharmacy within 4 miles of the pharmacy they are using today.
- There are 187 pharmacies in New Mexico currently limited to filling 30-day supplies that would be able to fill 90-day supplies. This would greatly expand 90-day coverage across the nation by allowing 32,000 pharmacies to fill 90-day supplies that they cannot do currently.
- The savings to the NMRHCA is an estimated at $750,000 for the six month period that would be remaining on the Express Scripts contract.

11. MENTAL HEALTH PARITY AND ADDICTION EQUITY ACT OPT OUT

Mr. Archuleta said he reported last month about the new reporting requirements associated with this Act and the likelihood that staff would recommend the board request an exemption because of the additional cost involved. He added that there would be no benefit to participating, and there is no downside to opting out. As discussed before, the NMRHCA is eliminating any cost sharing with mental health and behavioral health services at least through 2027, when SB 317 is set to expire. He noted that the Public School Insurance Authority decided to opt out some time ago, and NMRHCA is requesting to join them.

Mr. Scroggins moved to approve staff's recommendation to opt out. Ms. Larrañaga-Ruffy seconded the motion, which passed unanimously.

12. INITIATION OF PROPOSED RULEMAKING & DESIGNATION OF HEARING OFFICER

Mr. Archuleta stated that SB 90, introduced by Sen. Muñoz in the last legislative session, increased the contribution that firefighters make to PERA in exchange for an improvement in their earnings as retirees. While their overtime earnings are part of the calculation, they are not included as part of the worker's pension earnings. This means they are not included as part of the pension contribution or the contributions made to NMRHCA. This is also the case for DPS, police officers and police officers in municipalities.

Mr. Archuleta said he assumed statute superseded the NMRHCA rule, so would automatically apply in this situation; however, attorney Jenica Jacoby has clarified that the NMRHCA specifically excludes overtime earnings.

Mr. Archuleta said today's request would be for the board to go through the rulemaking process, designating Neil Kueffer as the hearing officer. The record will be forwarded to the board before its August meeting so the board can vote on whether or not to make the earnings subject to this.

Ms. Moon moved to initiate the proposed rulemaking and designate Neil Kueffer as hearing officer. Ms. Larrañaga-Ruffy seconded the motion, which passed unanimously.

13. ANNUAL BOARD RETREAT/MEETING

- **Logistics**
- **Board Policies and Procedures**
- **Code of Conduct**
- **Election of Officers & Committee Assignments**
- **Open Meetings Act Resolution**

Mr. Archuleta said the board is scheduled to meet at 9:30 a.m. on July 15 and at 9:00 a.m. on July 16 at the Hotel Don Fernando in Taos.

Mr. Archuleta said the board book contains draft changes to the documents referenced under this agenda item for action at the July annual meeting. The Finance Committee will review the draft changes at its July 14 meeting, starting at 3:00 p.m.

14. OTHER BUSINESS

Ms. Moon announced that she would be retiring from Bernalillo County in July, and expects she would not be at the July retreat. She said it has been an honor to be part of this board, which is doing important work.

15. EXECUTIVE SESSION

None.

16. DATE AND LOCATION OF NEXT BOARD MEETING

July 15, 2021 -- 9:30 AM -- Don Fernando Conference Room – TBD
July 16, 2021 – 9:00 AM -- Don Fernando Conference Room -- TBD

16. ADJOURN

Meeting adjourned at 10:55 a.m.

Accepted by:

_____

Doug Crandall, President

NEW MEXICO COUNTIES
33 STRONG

Good afternoon Mr. Archuleta,

As you know, the county designee on the NMRHC board, Pam Moon, is retiring. I am appointing Curry County Manager Lance Pyle to replace Pam on the board. Lance's contact information: email: lpyle@currycounty.org Cell: 575-799-1405 Office: 575-763-6016. Please let me know if you need any additional information.

Steve,

Steven Kopelman
Executive Director
New Mexico Association of Counties
444 Galisteo Street
Santa Fe, NM 87501
505-469-5584
skopelman@nmcounties.org

Lance A. Pyle, Bio.

Lance A. Pyle was named Curry County Manager in December of 2007. The County Manager is the County's Chief Administrative Officer and is tasked with implementing the policies and directives established by the Board of County Commissioners. The County Manager also serves as a liaison between the Commission, other elected officials and County employees to ensure that all County operations are conducted in accordance with County ordinances and regulations.

Pyle came to Curry County as a student employee in September of 1998 while he was a senior at Melrose High School. Pyle graduated Melrose High School and attended Clovis Community College where he earned an Associate's Degree in Business Administration with Honors in December of 2001. Following, he attended Eastern New Mexico University (ENMU) where he graduated with a Bachelor's Degree in Business Administration, major in Human Resource Management, with Distinction in December 2004. During this time, he continued to work for Curry County full-time. He was appointed to the Melrose City Council in July of 2004 and upon graduation from ENMU in 2005 was also appointed Indigent Administrator, Personnel Director and Assistant County Manager for the County. He also ran for Mayor of Melrose as he felt the need to represent and serve the citizens of Melrose. He was elected Mayor in March of 2006 with over 90% of the vote, making him the youngest Mayor in the State of New Mexico, and served a four (4) year term. In October of 2007, the Board of County Commissioners asked him to step in as Interim County Manager, when the County's top executive position became open. Two months later, the Commissioners voted unanimously to make Pyle the permanent County Manager. During this time, Pyle continued to serve as the Mayor of Melrose as he made a commitment to the community of Melrose that he wanted to fulfill. He married in February of 2010 and elected not to seek re-election for Mayor of Melrose in order to devote that time to his wife and the County. In 2016, Pyle became an instructor of New Mexico EDGE courses for the New Mexico certification program for Public Officials through New Mexico State University. In 2017, Pyle received designation as a Credentialed Manager through the International City/County Management Association (ICMA) and was the third New Mexico County Manager to become credentialed. In April 2021, he completed the National Association of Counties (NACo) High Performance Leadership Academy.

As County Manager, Pyle maintains an open-door policy with both County employees and County residents. "I love working and serving the residents of Curry County and working with the 190 + County employees." said Pyle. In his spare time, Pyle gives back to the community by serving on several local boards and committees at the local and State level. Pyle was appointed by Governor Lujan Grisham and unanimously confirmed by New Mexico Senate on March 2, 2019 as a Regent for Eastern New Mexico University (ENMU) through December 31, 2024, he currently serves as Vice Chair to the ENMU Board of Regents and he also currently serves as Chairman to the New Mexico County Insurance Authority Pool Board and a member of the New Mexico Amigos Goodwill Ambassadors for the State of New Mexico among many others. When he is not working, he enjoys spending time with his wife, two daughters and family.

2021 BOARD POLICIES AND PROCEDURES MISSION STATEMENT

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

ADMINISTRATION

The Authority is governed by a Board of Directors ("Board"), which is composed of not more than 12 members (the "Board Members" or individually a "Board Member"). The Board is authorized to take all actions reasonably necessary to implement the Retiree Health Care Act (the "Act"). Currently, the Authority maintains two offices and a full time staff of 26 employees. The Authority offers comprehensive medical, dental, vision and life insurance to more than 64,000 retired public employees. NMRHCA receives revenue from premiums paid by retirees, contributions from active employees and their employers, and funding and revenue from other various sources. The Board and Authority administer the Authority's Trust Fund ("Fund"), which is invested and managed by the New Mexico State Investment Council, as required by the Act.

Currently, the Authority has approximately 302 participating public entities including all State agencies, public and charter schools, many counties, and cities, as well as several universities.

ANNUAL REVIEW OF BOARD POLICIES AND PROCEDURES

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

OFFICERS, TERM OF OFFICE, DUTIES

Term of Office

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

Procedure for Electing Officers

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

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

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

Duties of the Chairperson

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

Duties of the Vice-Chairperson

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

Duties of the Secretary

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

BOARD COMMITTEES

The Board has the following standing committees:

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

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

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

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

5 The Wellness Committee consisting of five Board Members.

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

CODE OF CONDUCT

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

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

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

Board Members will adhere to all requirements set forth in 2.81.3, NMAC, which establishes a Code of Ethics for Board Members.

BOARD TRAVEL

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

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

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

PROCEDURES FOR CONDUCT OF NMRHCA BOARD MEETINGS

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

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

Regular Meetings

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

The Board will meet at least once a year.

Special or Emergency Meetings

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

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

Public Notice

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

Agenda

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

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

Open and Closed Meetings

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

Minutes

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

Board Meeting Attendance

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

EXECUTIVE DIRECTOR

General Provisions

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

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

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

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

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

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

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

Responsibilities of the Executive Director

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

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

Employment of the Executive Director

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

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

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

Executive Director Evaluations

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

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

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

Executive Director Leave

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

APPEAL OF BENEFIT DETERMINATIONS

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

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

FY22 Board Elections/Committee Assignments

Background

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

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

B. The board shall include:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Summary

In compliance with section F, NMRHCA's board elections typically occur in July of each year for the ensuing 12-month period. In addition, committee assignments are designated for the same time period with a full list of FY21 committee assignments provided below.

Executive	**Finance & Investments**	**Legislative**
Mr. Crandall, President	Ms. Larrañaga-Ruffy, Chair	Ms. Saunders, Chair
Ms. Saunders, Vice President	Mr. Crandall	Ms. Madrid
Ms. Larrañaga-Ruffy, Secretary	Mr. Scroggins	Mr. Salazar
	Mr. Bhakta	Mr. Scroggins
	Ms. Moon	Mr. Cushman

Audit	**Wellness**
Ms. Bhakta, Chair	Mr. Linton, Chair
Mr. Linton	Ms. Saunders
Ms. Moon	Mr. Scroggins
Ms. Madrid	Mr. Cushman
Mr. Scroggins	

This rule was filed as 2 NMAC 81.3.

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

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

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

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

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

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

2.81.3.6 OBJECTIVE:

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

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

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

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

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

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

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

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

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

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

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

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

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

2.81.3.8 PUBLIC REPRESENTATIVE/REGISTRATION/DISCLOSURE:

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

(1) name;

(2) address and telephone number;

(3) professional, occupational or business licenses;

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

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

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

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

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

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

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

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

(1) an occasional nonpecuniary gift of insignificant value;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

B. The hearing officer shall:

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

(2) conduct hearings of all complaints received; and

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

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

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

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

A. issue a public reprimand to the public official;

B. remove or suspend from his office, employment or contract the public official; and

C. refer complaints against public officials to the appropriate law enforcement agency for investigation and prosecution.

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

HISTORY OF 2.81.3 NMAC:

Pre-NMAC History: The material in this part was derived from that previously filed with the State Records Center and Archives under:

RHCA Rule 90-3, Code of Ethics, 7/10/90.

History of Repealed Material: [RESERVED]

New Mexico Retiree Health Care Authority

Code of Ethics Disclosure Statement

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

1. **Name:** _____

2. **Address:** _____

   _____

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

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

Type of License	License No.

Continue on separate sheet if necessary

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

Name of Organization	Address of Organization	Position or Office in Organization

Continue on separate sheet if necessary

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

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

"Financial Interest" *means:*

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

(b) An ownership interest in a business; or

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

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

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

Name of Business	Address of Business	Nature of Business

Continue on separate sheet if necessary

SIGNATURE: _____

PRINT NAME: _____

DATE: _____

NEW MEXICO RETIREE HEALTH CARE AUTHORITY
RESOLUTION NO. 2022-1

WHEREAS the Board of Directors of the New Mexico Retiree Health Care Authority (NMRHCA) met at its annual meeting at 9:30 a.m. on July 15 and 16, 2021.

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

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

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

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

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

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

Except in the case of an emergency meeting, the agenda will be available to the public at least seventy-two (72) hours prior to the meeting from the Executive Director, whose office is located at 6300 Jefferson Street NE NE, Suite 105, Albuquerque, NM 87109 or by email at david.archuleta@state.nm.us. In the case of an emergency meeting, the agenda shall be made available to the public as soon as is reasonably possible.

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

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

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

6. Committee Meetings: Notice of committee meetings will be made at least ten (10) days in advance of the meeting date.

7. Notification Process:

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

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

C. Committee Meetings: For the purposes of committee meetings described in paragraph 6 of this resolution, notice requirements are met if notice of the date, time, place and agenda (or information on how the public may obtain a copy of the agenda) is posted on NMRHCA's website and posted in the office(s) of the NMRHCA not less than ten (10) calendar days before the time the regular meeting is to commence. Within the same time frame, a copy of the notice must be mailed to broadcast stations licensed by the Federal Communications Commission and newspapers of general circulation that have made a written request for notice of public meetings.

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

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

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

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

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

C. Following completion of any closed meetings, the minutes of the open meeting that was closed, or the minutes of the next open meeting if the closed meeting was separately scheduled, shall state whether the

matters discussed in the closed meeting were limited only to those specified in the motion or notice for closure.

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

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

Passed by the NMRHCA Board this 15th day of July 2021.

_____	_____
Board President	David Archuleta, Executive Director

2021 Edition

TrustedInsight

TOP PUBLIC PENSION INVESTMENT DIRECTORS

2021

Top Public Pension Investment Directors

Public pensions serve a critical role in society. All too often, they're only in the news when beneficiaries or taxpayers are displeased. At Trusted Insight, we lift up the stories of institutional investors who are quietly going beyond their benchmarks to deliver outsize returns for their beneficiaries. This year's Top Pension Fund Investment Directors list honors the work of pension LPs who have been leading today's most successful and innovative pension programs.

Reginald Tucker

Managing Director
Orange County Employees Retirement System

Reginald Tucker is a managing director at Orange County Employees Retirement System (OCERS), where he has served since January 2019. Previously, he was a senior investment officer at New York State Common Retirement Fund. Prior to that, he was an investment officer at Connecticut Retirement Plans & Trust Funds. Tucker holds an MBA from The Wharton School and a B.A. from New York University.

Travis Haney

Senior Investment Manager
State of Michigan Department of Treasury

Travis Haney is a senior investment manager at the State of Michigan Department of Treasury, where he leads a team responsible for sourcing, evaluating, negotiating, and monitoring private equity investments including buyout, venture capital, and special situation partnerships with a focus on comparable direct, secondary, and co-investment opportunities. Treasury's Bureau of Investments manages over $100 billion, with more than $20 billion invested in private equity broadly. Prior to joining the Bureau of Investments, Mr. Haney was a portfolio manager at Coe Capital Management, LLC, and previously, he worked as a securities compliance examiner in the Division of Investment Management of the Securities & Exchange Commission. Mr. Haney received his B.B.A., summa cum laude, from Western Michigan University in Finance with a minor in Economics. He holds CFA and CAIA charters and is a member of the CFA Society of West Michigan and the Chartered Alternative Investment Analyst Association.

Ryan Rathman

Senior Investment Manager
State of Michigan Department of Treasury

Ryan Rathman is a senior investment manager of the venture capital division at the State of Michigan Retirement System, where he has served since 2017. He is responsible for evaluating co-investment opportunities in the technology sector and venture capital fund investment opportunities across all stages and sectors. Previously, he spent over 15 years working in the finance and technology sector. He served as a research analyst focused on enterprise software at Morgan Stanley, vice president business strategy at Oracle Corporation, vice president institutional equities at Morgan Stanley, head of planning and strategy focused on global field marketing at SAP and senior vice president focused on technology partnership development at Bank of America Merrill Lynch. He holds an MBA from the USC Marshall School of Business and a BA in economics and government from Georgetown University.

Tanya Kemp

Managing Director of Private Markets
San Francisco Employees' Retirement System

Tanya Kemp is the managing director of private markets at San Francisco Employees' Retirement System (SFERS), where she is responsible for overseeing SFERS' $10 billion global private markets portfolio across private equity and real assets strategies. She has served the organization for over 12 years and held multiple investment leadership roles. Prior to that, she was an investment risk and performance analyst at Missouri State Employees' Retirement System (MOSERS). Kemp holds an MBA in finance from the University of Missouri and an M.S. in international economics from Kyiv National Taras Shevchenko University.

Ricardo Lyra

Director of Private Equity
Employees Retirement System of Texas

Ricardo Lyra is a director of private equity at the Employees Retirement System of Texas, where he has served since 2016. Previously, he was a managing partner at HortaVida. Prior to that, he held numerous positions at Colgate and Ford Motor Company. Lyra holds an MBA from the University of Texas at Austin and a B.A. in political science from New York University.

LeAnne Larrañaga-Ruffy

Head of Alpha
Public Employees Retirement Association of New Mexico

LeAnne Larrañaga-Ruffy is currently the Head of Alpha at the Public Employees Retirement Association of New Mexico (NM PERA), a $17 billion public pension fund. She has also managed the Global Equity portfolio, which includes public and private equity since 2014. Throughout her career she has focused her efforts on manager selection and portfolio construction, across various asset classes and implementation structures. She has passionately served PERA's 90,000 members since 2011. LeAnne has spent her 20 year career in the public pension industry of New Mexico proudly helping ensure a stable, lifetime benefit for the citizens of New Mexico. LeAnne was named in the Trusted Insights Top 30 Pension Private Equity Investors in 2020 and was nominated by peers for the Investor Intelligence Award-Private Equity in 2016. She holds a Bachelor of Science degree from New Mexico State University. LeAnne has been a life-long resident of New Mexico and enjoys spending time with her family.

Brad Woolworth

Manager of Private Equity
New York State Teachers' Retirement System

Brad Woolworth is a manager of private equity at New York State Teachers' Retirement System. Previously, he served as a chief investment officer at the City of Philadelphia Board of Pensions and Retirement and was previously an Investment Officer and as head of private markets and real assets. Prior to that, he was an investment officer of private equity at the New York State Common Retirement Fund. Woolworth holds a BA in economics from San Francisco State University and an MSEP in economics from Suffolk University.

Mike Lazorik

Director, Principal Investments and Private Equity
Teacher Retirement System of Texas

Mike Lazorik is the director of principal investments and private equity at the Teacher Retirement System of Texas. He is responsible for making direct investments into private equity and venture-backed opportunities on behalf of Texas Teachers' $120+ billion pension fund. He has served the organization since 2010. Prior to that, he was a director of corporate development at BMC Software and a director at Dell, Inc. Lazorik holds a BBA in finance and marketing at the University of Texas at

Yup Kim

Investment Director and Head of Investments, Private Equity
California Public Employees' Retirement System

Yup Kim is the head of investments, private equity at California Public Employees' Retirement System (CalPERS). Previously, he was a senior portfolio manager of private equity and special opportunities at the Alaska Permanent Fund Corporation, a $65 billion sovereign wealth fund with over $14 billion committed to private equity and special opportunities. Prior to that, he was a vice president and investment committee member at Deutsche Bank Private Equity and previously worked at Silver Point Capital and Citigroup. Kim holds a B.A. in economics from Yale University.

Ben Cahyono

Director of Alternative Investments
State of Georgia Retirement System

Ben Cahyono is the director of alternative investments at the Georgia Division of Investment Services, where he has served since 2012. Previously, he worked in private equity and hedge fund investments at Delaware Investments. Prior to that, he was a portfolio manager of private equity at the State Board of Administration of Florida. Cahyono holds an MBA in finance from the University of Dayton and a B.A. in Ohio Dominican University.

Lucy Reams

Portfolio Manager, Private Equity
State Board of Administration of Florida

Lucy Reams is a portfolio manager of private equity at the State Board of Administration of Florida. She has served SBA Florida since 2008, and held positions such as assistant portfolio manager, private equity, and senior quantitative analyst. Reams holds an MBA from Florida State University and a bachelor's degree in finance and economics from the University of Central Florida.

Andrew Mayer

Senior Investment Officer
Wyoming Retirement System

Andrew Mayer is a senior investment officer at the Wyoming Retirement System, where he has served since 2012. He holds the CFA and CAIA designations and is responsible for coverage of the Marketable Alternatives asset class (multi-asset mandates and hedge funds) for the system. Prior to WRS, Andy spent four years at Janus Henderson based in Denver. Andy received his B.S. in Finance from the University of Northern Colorado and earned an MBA with a concentration in Investments from the University of Notre Dame.

Mark Canavan

Director, Real Return Group
New Mexico Educational Retirement Board

Mark Canavan is the director of the real return group at the New Mexico Educational Retirement Board. He has served NM ERB since 2007 and previously held the title of senior portfolio manager of real estate, infrastructure, and real assets. Prior to that, he was a chief investment officer at the New Mexico State Treasurer's Office. Canavan holds a bachelor's degree in physics from the University of New Mexico.

Joe Dawson

Deputy Director of Private Equity Investments
New York Common Retirement Fund

Joe Dawson is a deputy director of private equity investments at the New York Common Retirement Fund, where he helps execute capital allocation decisions and private equity investments within the $20 billion private equity asset portfolio. He has served at the organization since 2000. Dawson holds an MBA in finance from the Wharton School and a BASc from the Florida Agricultural and Mechanical University.

Ryan Morse

Director, Alternative Investments
Pennsylvania State Employees' Retirement System

Ryan Morse is a director of alternative investments at the Pennsylvania State Employees' Retirement System (SERS), where he has served since 2018. Previously, he was an Investment Officer of Private Equity at NYS Teachers' Retirement System, where he served for over 5 years. Prior to that, he was a semiconductor research technician at the Research Foundation of SUNY. Morse holds an MBA from Rensselaer Polytechnic Institute and a B.S. in Mathematics from the University at Albany.

Gary Ratliff

Director of Alternative Investments
Colorado Public Employees' Retirement Association

Gary Ratliff is the director of alternative investments at Colorado Public Employees' Retirement Association. Previously, he was a senior investment consultant at Watershed Investment Consultants, Inc. Prior to that, he was a chief investment officer at Texas Tech University and at the Denver Public Schools Retirement System. Ratliff holds a master of science in finance from the University of Denver and a bachelor's degree in finance from UNM Anderson School of Management.

K.C. Howell

Managing Director, Private Markets
Virginia Retirement System

K.C. Howell is a managing director of private markets at Virginia Retirement System. Howell has held several different positions over more than two decades. Howell began his finance career at Crestar Asset Management Company, formerly Capitoline. Howell is a chartered financial analyst (CFA), holds a bachelor's degree in finance from Christopher Newport University, and earned an MBA from the College of William and Mary.

Dana Johns

Senior Portfolio Manager, Private Equity
Maryland State Retirement and Pension System

Dana Johns joined the Maryland State Retirement and Pension System in June 2011 and is an experienced private markets investor, senior portfolio manager, and leader in the U.S. public pension and broader institutional investor community. Ms. Johns has over 15 years of experience investing and managing a multi-billion global portfolio of institutional alternative investment assets. She has deep expertise in private equity and a highly developed personal network with established top-performing private equity fund managers and next-generation managers. Ms. Johns has a demonstrated long-term track record for selecting and managing a strong performing private equity portfolio. She is committed to supporting discourse and initiatives focused on the thoughtful advancement of private market investing and creating pathways to inclusion for underrepresented talent in private equity.

CD

Director, Private Equity
North Carolina Department of State Treasurer

Craig Demko is the director of private equity at the North Carolina Department of State Treasurer. He has been at North Carolina since 2005 and was previously a portfolio manager there. Demko holds a B.A. in economics from the University of Massachusetts, Amherst.

John Drake

Senior Investment Officer, Private Equity
State of Wisconsin Investment Board

John Drake is the senior investment officer of private equity for the State of Wisconsin Investment Board, where he served for over 14 years. Previously, he was an investment analyst of private equity for the Teachers' Retirement System of the State of Illinois. Early on in his career, he was a credit analyst at Illinois National Bank. Drake holds an MBA and a bachelor's degree in finance from the University of Illinois.

New Mexico State Investment Council

Investment Performance & Client Overview
New Mexico Retiree Health Care Authority

Charles Wollmann
NMSIC Dir. Communications, Legislative & Client Matters
July 15, 2021

STATE INVESTMENT COUNCIL

RHCA Holdings as of 5/31/21

Change In Market Value
For the Month Ended May 31, 2021
Third Party Investors

New Mexico Retiree Health Care Authority

Investment Name	April 30, 2021 Market Value	Contributions	Distributions	Transfers	Fees	Income	Gains - Realized & Unrealized	May 31, 2021 Market Value
Core Bonds Pool	184,613,917	3,000,000	-	-	(50,814)	446,511	262,000	188,271,614
US Large Cap Index Pool	169,547,003	2,100,000	-	-	(3,868)	236,219	584,921	172,464,274
Non-US Developed Markets Index Pool	140,892,848	2,100,000	-	-	(15,735)	472,189	5,251,935	148,701,237
Credit & Structured Finance	136,806,969	2,250,000	-	-	-	354,992	637,616	140,049,577
Private Equity Pool	116,702,972	1,500,000	-	-	-	356,775	(113,468)	118,446,279
Non-US Emerging Markets Active Pool	108,173,636	1,500,000	-	-	(144,602)	112,963	1,034,148	110,676,145
Real Estate Pool	87,322,021	1,500,000	-	-	-	124,114	11,733	88,957,868
Real Return Pool	39,939,349	750,000	-	-	(8,314)	76,138	440,945	41,198,119
US SMID Cap Alternative Weighted Index Pool	24,227,302	300,000	-	-	(2,441)	28,992	474,442	25,028,295
NM Retiree Health Care Authority Cash Account	-	-	-	-	-	-	-	-
Sub - Total New Mexico Retiree Health Care Authori	1,008,226,018	15,000,000	-	-	(225,774)	2,208,894	8,584,271	1,033,793,409
Total New Mexico Retiree Health Care Authori	**1,008,226,018**	**15,000,000**	**-**	**-**	**(225,774)**	**2,208,894**	**8,584,271**	**1,033,793,409**

STATE INVESTMENT COUNCIL

RHCA Performance 3/31/21

New Mexico State Investment Council
Retiree Health Care Authority Total Fund Comp

As of March 31, 2021

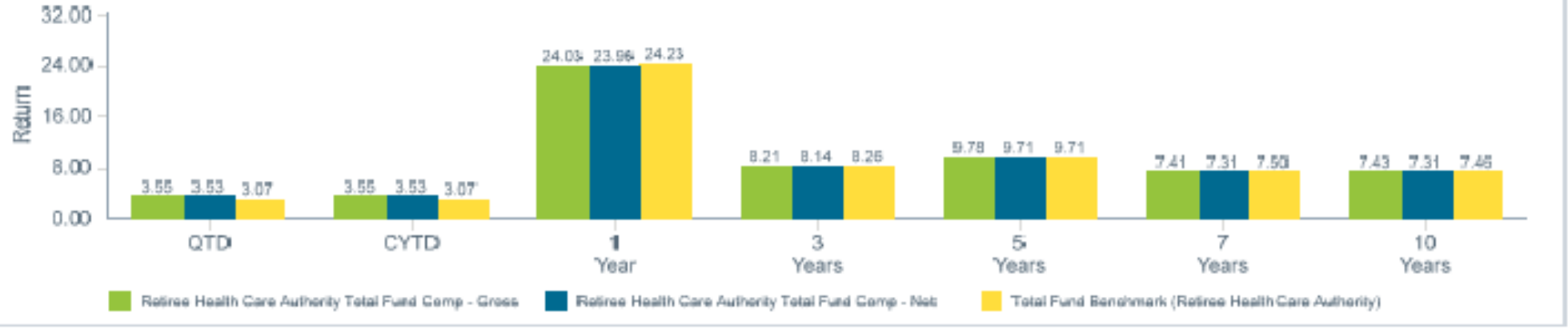
Overview

The New Mexico Retiree Health Care Authority (NMRHCA) was established in 1990 to provide health care coverage to retirees of state agencies and eligible participating public entities. Approximately 300 public entities including cities, counties, universities and charter schools participate in NMRHCA. The agency provides medical plans for both non Medicare and Medicare eligible retirees and their dependents as well as dental, vision and life insurance. The Authority currently provides coverage to approximately 58,000 retirees and their dependents.

Asset Allocation vs. Target Allocation

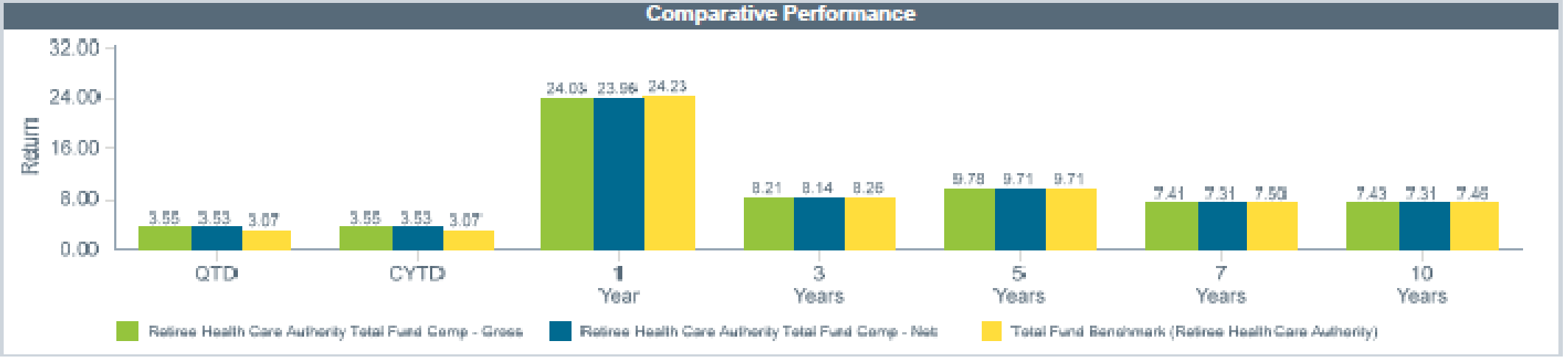
	Market Value ($)	Allocation (%)	Target (%)	Difference (%)
Large Cap US Equity Index	160,899,725	16.29	14.00	2.29
Small/Mid Cap US Equity Index	23,745,284	2.40	2.00	0.40
Non-US Developed Markets Index	136,373,711	13.81	14.00	-0.19
Non-US Emerging Markets Active	105,937,134	10.72	10.00	0.72
US Core Bonds	182,511,174	18.48	20.00	-1.52
Credit & Structured Finance	135,730,599	13.74	15.00	-1.26
Private Equity	115,854,948	11.73	10.00	1.73
Real Estate	87,254,171	8.83	10.00	-1.17
Real Return	39,497,288	4.00	5.00	-1.00
Total Fund	987,804,033	100.00	100.00	0.00

Comparative Performance



STATE INVESTMENT COUNCIL

RHCA Performance 3/31/21



Comparative Performance

	QTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2020	2019	2018
Retiree Health Care Authority Total Fund Comp - Gross	3.55	3.55	24.03	8.21	9.78	7.41	7.43	9.88	13.27	-1.24
Total Fund Benchmark (Retiree Health Care Authority)	*3.07*	*3.07*	*24.23*	*8.26*	*9.71*	*7.50*	*7.46*	*10.21*	*14.34*	*-1.86*
Difference	0.48	0.48	-0.20	-0.05	0.07	-0.09	-0.03	-0.33	-1.07	0.62
Retiree Health Care Authority Total Fund Comp - Net	3.53	3.53	23.96	8.14	9.71	7.31	7.31	9.83	13.21	-1.32
Total Fund Benchmark (Retiree Health Care Authority)	*3.07*	*3.07*	*24.23*	*8.26*	*9.71*	*7.50*	*7.46*	*10.21*	*14.34*	*-1.86*
Difference	0.46	0.46	-0.27	-0.12	0.00	-0.19	-0.15	-0.38	-1.13	0.54

Schedule of Investable Assets

Periods Ending	Beginning Market Value ($)	Net Cash Flow ($)	Gain/Loss ($)	Ending Market Value ($)	% Return
CYTD	924,474,338	30,000,000	33,329,695	987,804,033	3.53

STATE INVESTMENT COUNCIL

Pool Performance 3/31/21

New Mexico State Investment Council
Third Party Investment Pools
Comparative Performance

As of March 31, 2021

	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2020	2019	Since Incep.	Inception Date
US Equity												
US Large Cap Active Pool	2.12	2.12	26.82	56.23	18.62	18.66	14.84	13.61	27.46	30.05	7.46	05/01/1999
Russell 1000 Index	5.91	5.91	31.82	60.59	17.31	16.66	13.64	13.97	20.96	31.43	7.46	
US Large Cap Index Pool	5.93	5.93	31.16	55.83	16.04	15.89	13.12	13.56	17.20	31.36	7.71	05/01/1999
Russell 1000 Index	5.91	5.91	31.82	60.59	17.31	16.66	13.64	13.97	20.96	31.43	7.46	
US Small/Mid Cap Active Pool	11.82	11.82	56.61	100.84	15.62	15.75	9.24	11.03	17.26	32.94	9.24	11/01/1998
US Small/Mid Cap Equity Custom Index	12.70	12.70	55.36	94.85	15.31	16.20	11.49	12.11	19.96	26.33	10.03	
US Small/Mid Cap Index Pool	18.15	18.15	60.08	95.29	N/A	N/A	N/A	N/A	11.41	22.32	8.84	09/01/2018
S&P Sm Cap 600 Index (Cap Wtd)	18.24	18.24	60.18	95.33	13.71	15.60	11.72	12.97	11.29	22.78	9.02	
Non-US Equity												
Non-US Developed Markets Active Pool	4.92	4.92	29.94	51.72	6.86	10.55	6.54	N/A	8.09	25.57	7.69	09/01/2013
Non-US Developed Markets Custom Index	3.63	3.63	27.15	46.95	6.06	9.09	5.06	5.70	8.47	22.44	6.52	
Non-US Developed Markets Index Pool	4.20	4.20	27.67	48.07	6.60	9.31	5.21	5.84	8.47	22.96	4.85	05/01/1999
Non-US Developed Markets Passive Custom Index	4.17	4.17	27.77	48.47	6.41	9.16	5.02	5.67	8.32	22.91	4.48	
Non-US Emerging Markets Active Pool	2.41	2.41	35.20	65.65	8.47	13.86	7.45	N/A	22.81	23.33	6.84	10/01/2013
MSCI Emg Mkts Index (USD) (Net)	2.29	2.29	34.13	58.39	6.48	12.07	6.58	3.65	18.31	18.44	6.32	
Non-US Emerging Markets Index Pool	3.14	3.14	36.67	62.75	7.18	12.37	6.71	2.89	19.74	17.34	8.72	05/01/1999
MSCI Emg Mkts Index (USD) (Net)	2.29	2.29	34.13	58.39	6.48	12.07	6.58	3.65	18.31	18.44	8.38	

STATE INVESTMENT COUNCIL

Pool Performance 3/31/21

New Mexico State Investment Council
Third Party Investment Pools
Comparative Performance

As of March 31, 2021

	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2020	2019	Since Incep.	Inception Date
Private Equity												
Private Equity Pooled Funds*	10.51	10.51	29.53	20.04	14.40	13.78	11.52	N/A	12.37	9.55	11.34	07/01/2011
Cambridge US Prvt Eq Index (Lagged 1 Qtr)	11.41	11.41	34.58	21.32	15.04	15.28	13.30	13.92	12.94	7.66	13.70	
MSCI All Country World Index (USD) (Net)+3%	5.35	5.35	32.58	59.24	15.44	16.61	12.68	12.42	19.74	30.40	12.64	
Real Estate												
Townsend-Reported Real Estate Composite*	3.05	3.05	3.50	0.46	4.89	6.57	8.71	9.23	-0.50	5.64	4.97	10/01/2004
NCREIF ODCE Index (Net) (Lagged 1 Qtr)	1.10	1.10	-0.41	0.34	3.99	5.27	7.34	8.87	0.52	4.64	N/A	
NCREIF/Townsend Wtd Index (Lagged 1 Qtr)	2.14	2.14	1.06	-0.02	4.65	6.23	8.41	9.73	-0.23	6.11	7.44	
Real Return												
Real Return Composite*	5.42	5.42	8.90	4.94	1.00	4.02	1.91	N/A	-7.56	4.09	3.10	06/01/2012
Real Return Custom Index	1.86	1.86	9.17	12.34	3.49	3.64	1.53	1.62	4.36	6.28	1.79	
Fixed Income												
US Core Plus Bonds Pool	-3.08	-3.08	1.41	8.00	5.87	5.21	4.70	5.04	9.52	10.57	5.51	05/01/1999
Bloomberg US Unv Bond Index	-3.05	-3.05	-0.83	2.95	4.86	3.59	3.57	3.77	7.58	9.29	4.99	
US Core Bonds Pool	-4.31	-4.31	-2.27	1.31	4.96	3.23	N/A	N/A	9.16	8.85	3.16	11/01/2014
Bloomberg US Agg Bond Index	-3.38	-3.38	-2.13	0.71	4.65	3.10	3.31	3.44	7.51	8.72	3.10	
Credit & Structured Finance Pool	4.93	4.93	16.28	7.66	4.98	6.90	5.26	7.13	4.10	3.06	3.57	04/01/2006
Non-Core FI Custom Index	3.59	3.59	13.88	-0.21	2.75	5.78	4.08	5.54	-2.59	7.34	6.18	

Pool Fee Estimates

- As of 3/31/2021

New Mexico State Investment Council (SIC) Client Investment Pools				
Market Cap/Style	Management	Benchmark	Annual Investment Management Fee*	Underlying Investment Managers
Large Cap US Equity Active	Active	Russell 1000 Index	0.31%	T. Rowe Price
Large Cap US Equity Index	Passive	Russell 1000 Index	0.01%	Northern Trust
Small/Mid Cap US Equity Active	Active	US Small/Mid Cap Equity Custom Index	0.37%	BlackRock
Small/Mid Cap US Equity Index	Passive	S&P Sm Cap 600 Index (Cap Wtd)	0.04%	Northern Trust
Non-US Developed Markets Active	Active	Non-US Dvl'd Mkts Custom Index	0.44%	LSV, T. Rowe Price, Neuberger Berman, MFS, & Templeton
Non-US Developed Markets Index	Passive	Non-US Dvl'd Mkts Passive Custom Index	0.04%	Alliance Bernstein
Non-US Emerging Markets Active	Active	MSCI Emg Mkts Index (Net)	0.55%	BlackRock & William Blair
Non-US Emerging Markets Index	Passive	MSCI Emg Mkts Index (Net)	0.01%	Alliance Bernstein
US Core Plus Bonds	Active	Bloomberg US Unv Bond Index	0.16%	PGIM & Loomis Sayles
US Core Bonds	Passive	Bloomberg US Agg Bond Index	0.11%	BlackRock & PIMCO
Credit & Structured Finance	Active	Non-Core Fixed Income Custom Index	0.88%	US Middle Market Lending, Structured Credit & Distressed/Other
Real Estate	Active	NCREIF ODCE Index (Net)	1.17%	Core Real Estate & Non-Core Real Estate
Real Return	Active	Real Return Custom Index	1.38%	Infrastructure, Private Energy, MLPs, Agriculture, Timber & Floating/ST Mezzanine RE Debt
Private Equity	Active	Cambridge US Private Equity Index	1.26%	Various

Market Outlook & Risks

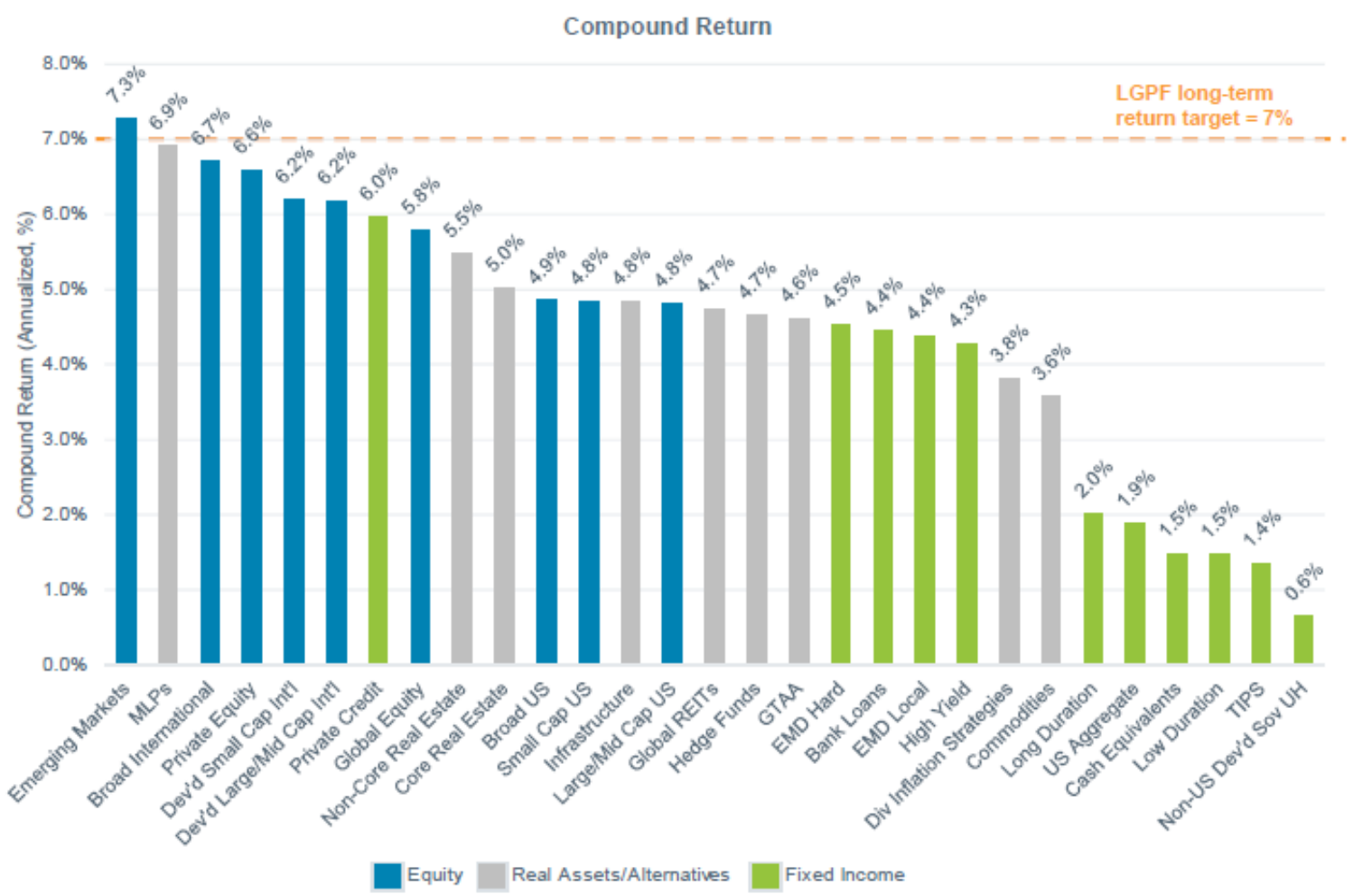
Economic uncertainty, high market valuations today

- Stock valuations boosted by stimulus spending
- Fundamentals not connected to broader economy
- Bond market yields low, valuations also high
- Inflation risks ahead?
- Future investment returns may have already been realized
- Central Banks signaling additional support
- Concerns about global growth & rebound amid COVID

STATE INVESTMENT COUNCIL

Capital Market Outlook – RVK

Return expectations, annualized for coming decade:



SIC Strategies: Private Equity

Strong performance post Q1 2020, increasing demand

- 21.1% IRR for calendar year 2020
- Seven fund commitments for $327.5 million in 2020, four with new managers w/records of outperforming public & private benchmarks
- Two commitments to early-stage venture managers, a top performing strategy over past decade
- As SWF w/large & growing asset base, SIC is well positioned to attract top PE & VC managers

SIC Strategies: Real Estate

$2.83B across 54 open/closed-end commingled funds

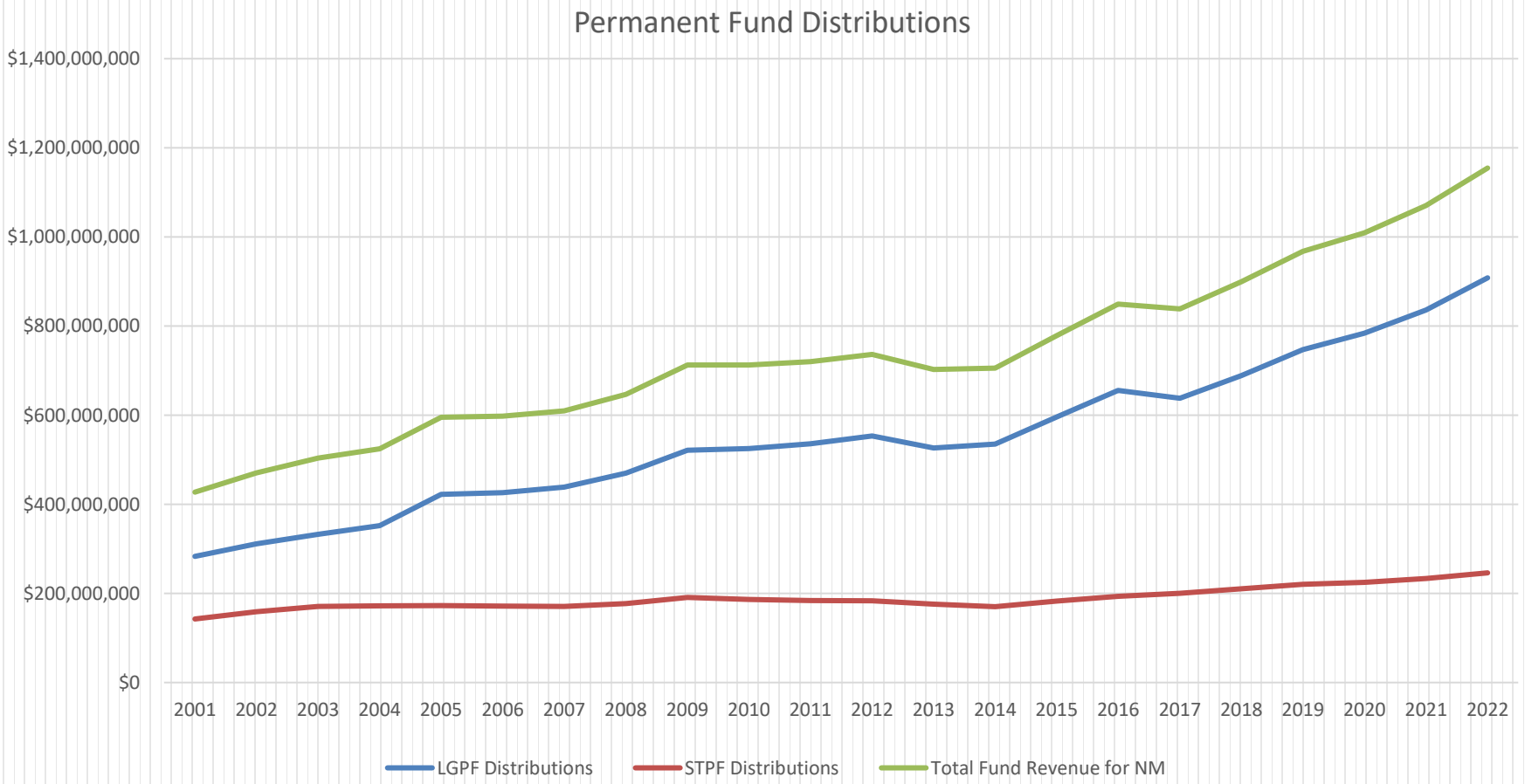
- Portfolio is strategically overweight to industrial and underweight to office & retail; have outperformed benchmark across all relevant time periods
- COVID had abrupt negative impact on RE investments, with one-year returns of 0.4%; Q1 ’21 net return of 3.0%
- Research sources indicate RE valuations fell 11% by Q2 2020, but have since recovered in most subsectors
- Industrial up 21%, retail malls and office down 18% & 8% respectively

SIC Strategies: Real Return

$2.12B in 44 open/closed-end commingled funds; plus $340 million in MLP strategy

- Portfolio weights: 9.5% Agriculture; 10% timber; Energy (conventional & renewable) 24%; Infrastructure 39%; Financial assets 17% including MLPs
- Timber and Agriculture performed poorly last 3-5 years, challenged by oversupply and currency fluctuations
- Conventional energy saw write downs in 2020 due to drop in demand for fossil fuels; growing exposure to renewable assets
- Infrastructure has performed above expectations
- Real return was -6.4% in 2020; Q1 2021 up 4.1% on energy prices

Permanent Fund Distributions



Fiscal Year	Total Fund Revenue for NM	LGPF %
2001	$427,702,980	4.7%
2002	$470,648,040	
2003	$503,739,000	
2004	$524,960,075	
2005	$595,448,111	5.8%
2006	$598,241,175	
2007	$609,917,645	
2008	$647,170,080	
2009	$712,813,476	
2010	$712,584,889	
2011	$720,473,734	
2012	$736,841,814	
2013	$703,019,232	5.5%
2014	$705,629,255	
2015	$778,716,882	
2016	$849,295,109	
2017	$838,516,785	5.0%
2018	$899,568,368	
2019	$968,164,465	
2020	$1,009,508,364	
2021	$1,070,449,847	
2022	$1,154,773,165	

Miscellaneous items

- New Council members: Catherine Allen, John Bingaman, DFA Secretary Debbie Romero
- Client list, assets expanding
- AGO anti-trust lawsuit re: credit default swaps
- HJR 1 vote in November 2022
- Record inflows to the LGPF: $134.5 million in June, 17% more than previous record

New Mexico Retiree Healthcare Authority Asset Allocation Follow Up

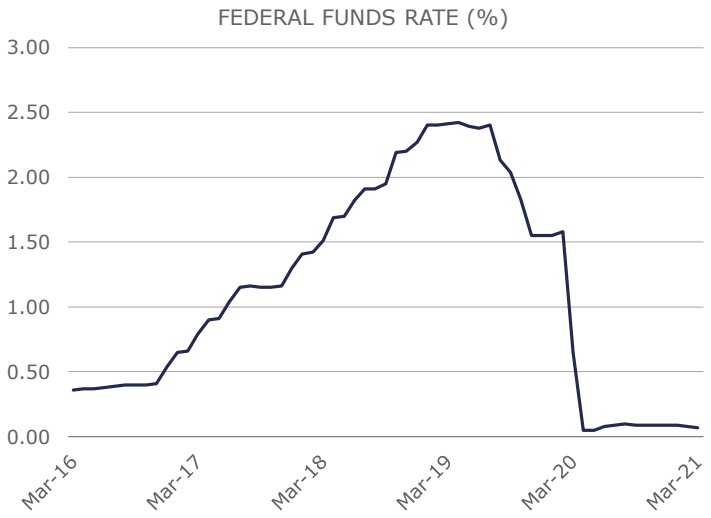
June 2021

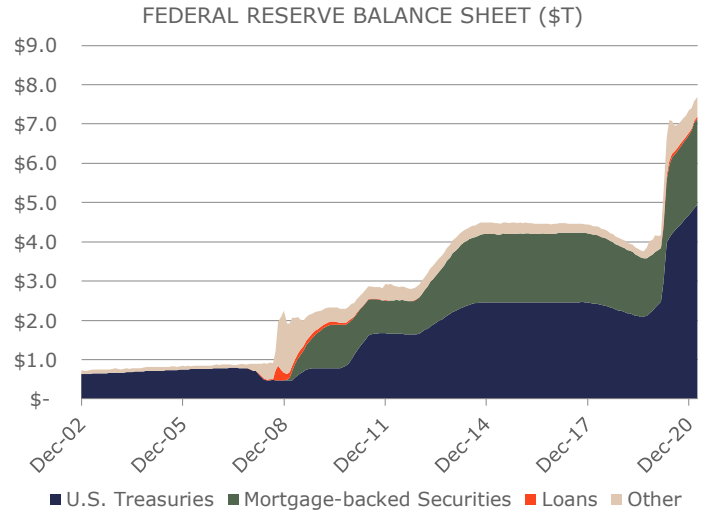
Wilshire

Federal Reserve

- **Current expectation for the Fed-funds rate is to remain near zero through 2023**
  - Inflation considerations could accelerate rate increases into 2022
- **Federal Reserve has added nearly $4 trillion in assets to their balance sheet during the past year**
- **QE4 is now larger than the 3 phases of quantitative easing – combined – following the global financial crisis**

	Announced	Closed	Amount (bil)
QE1	11/25/2008	3/31/2010	$1,403
QE2	11/3/2010	6/29/2012	$568
QE3	9/13/2012	10/29/2014	$1,674
QE4	3/23/2020		$3,809

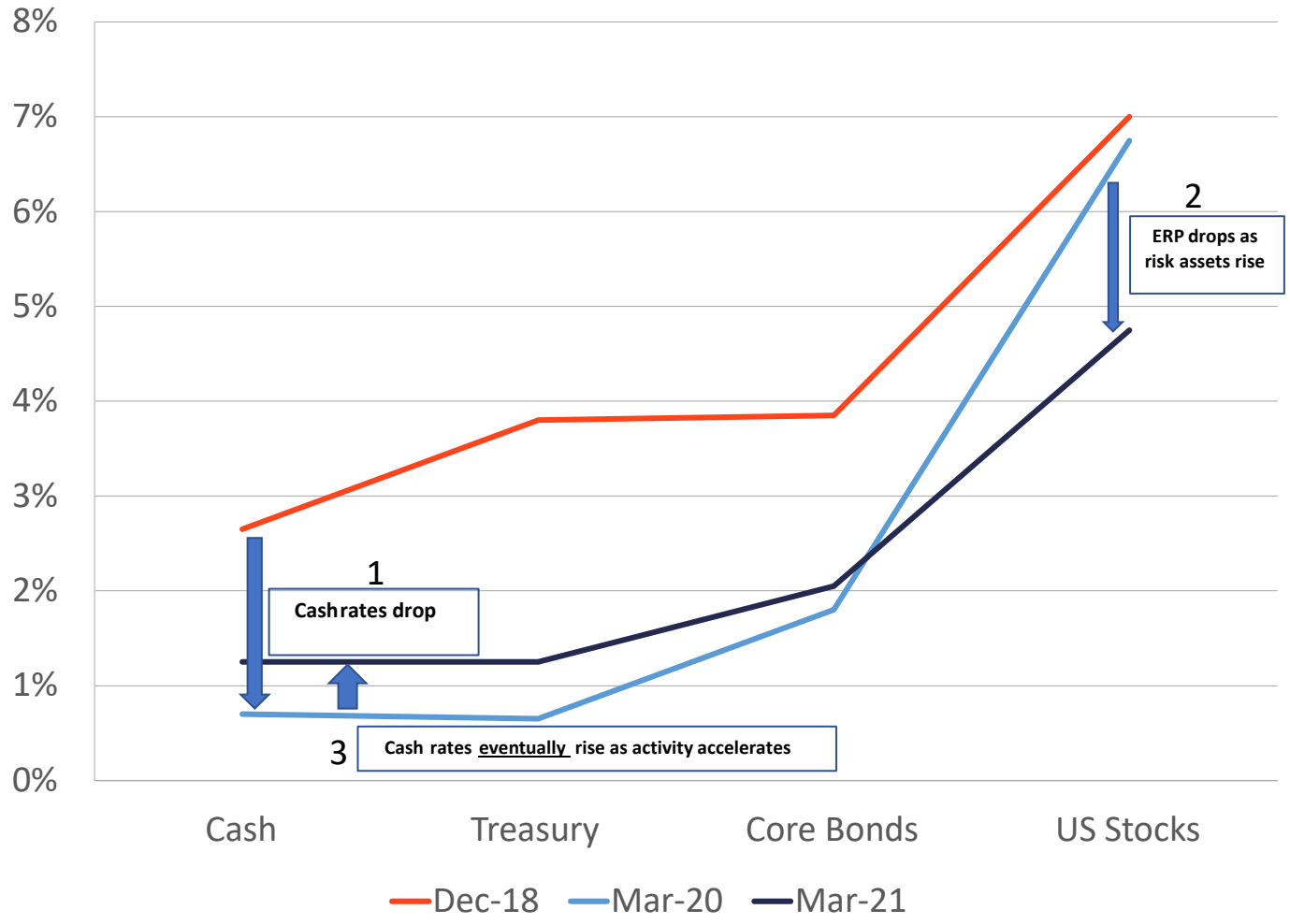




Data Sources: Bloomberg

The Changing Capital Market Line

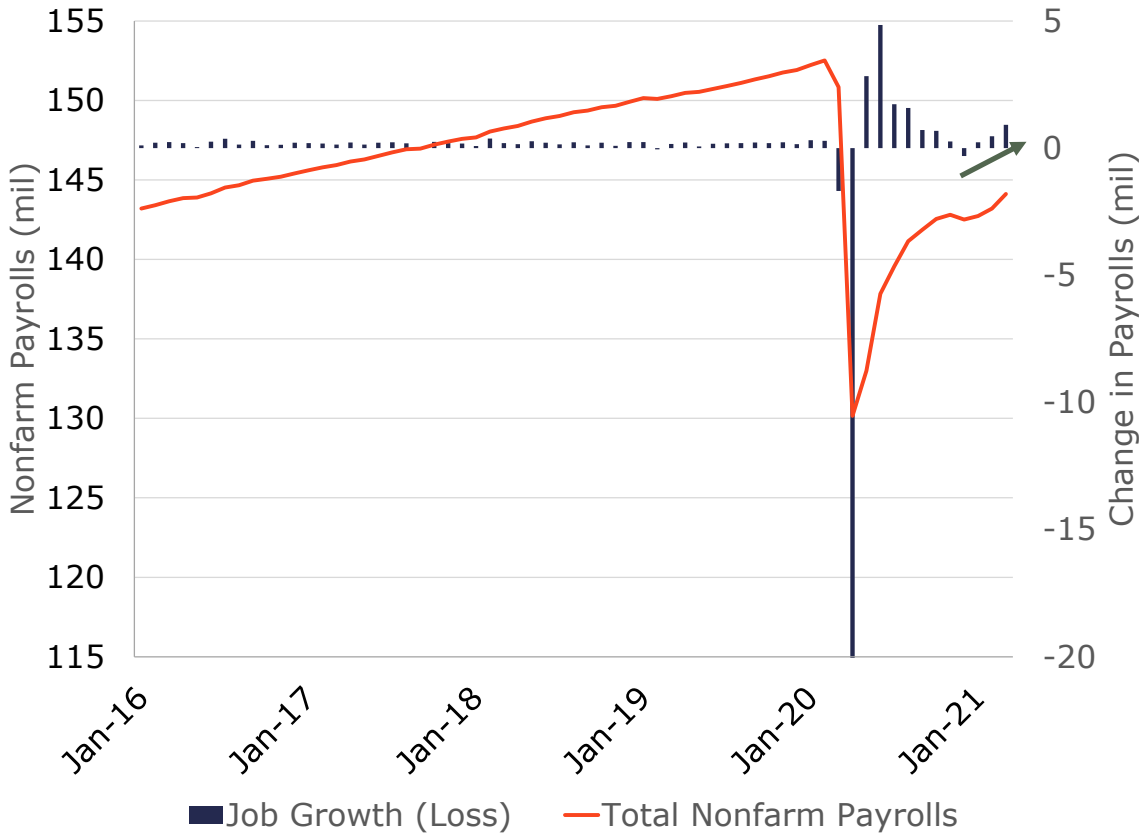
Impact of Monetary Policy on Return Expectations



Data Source: Bloomberg

Q1 Rebound in Jobs

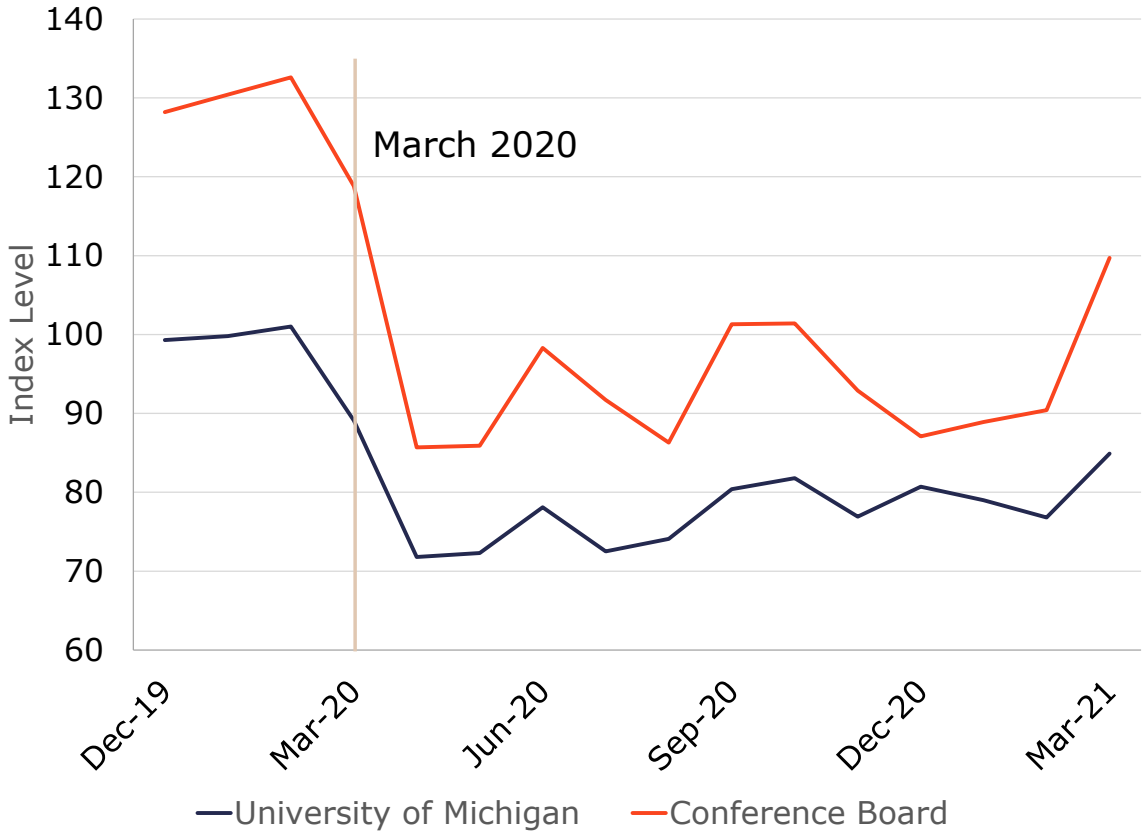
After decelerating in Q4 2020, change in Non-farm Payrolls accelerated in Q1



Data Source: Bloomberg

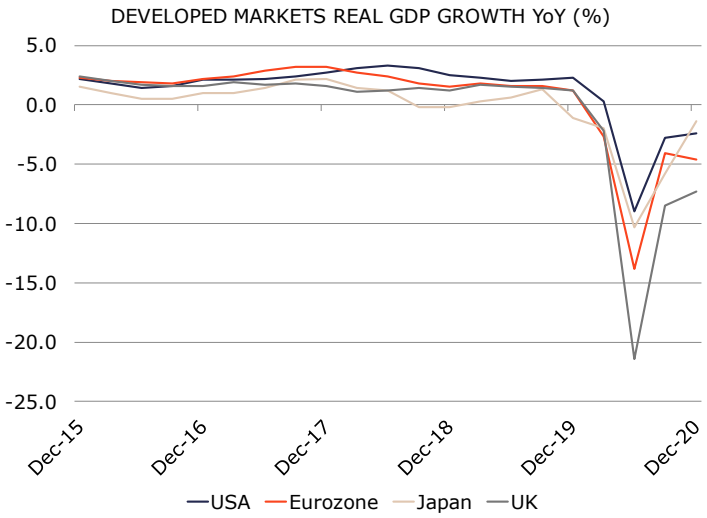
Consumer Confidence

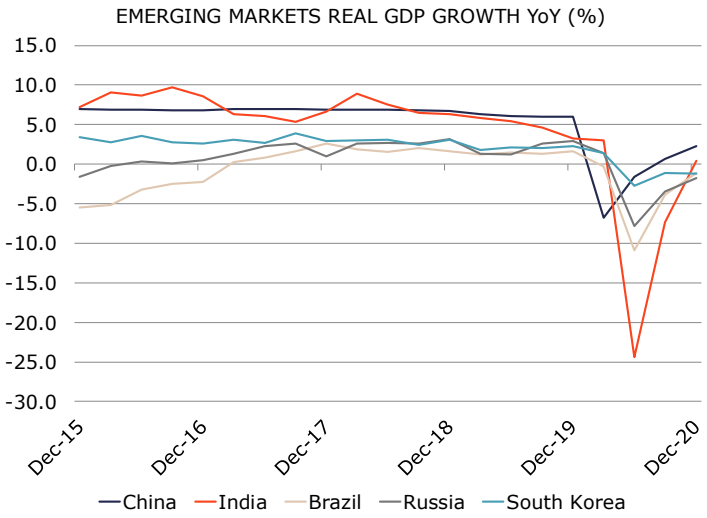
Highest levels since the onset of COVID-19

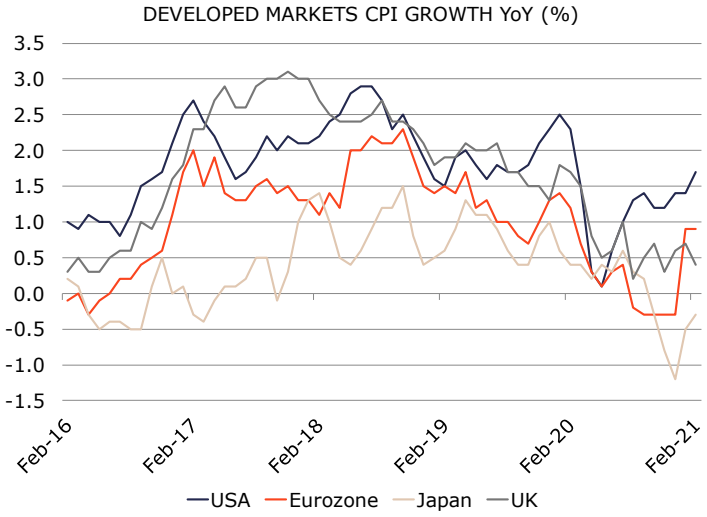


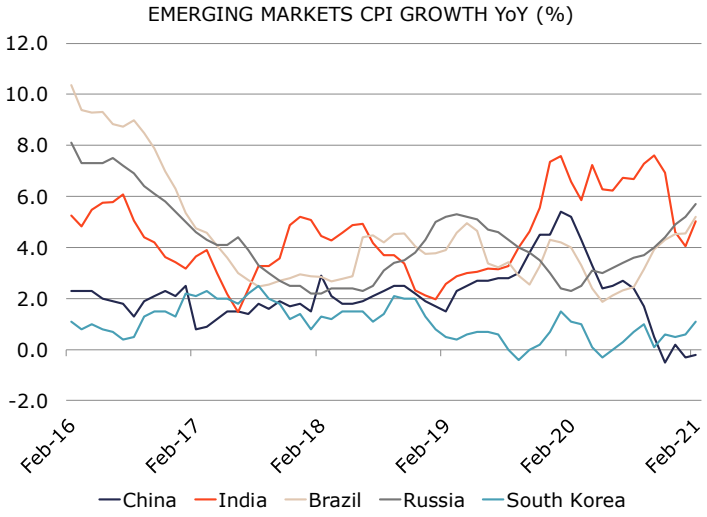
Data Source: Bloomberg

Growth and Inflation



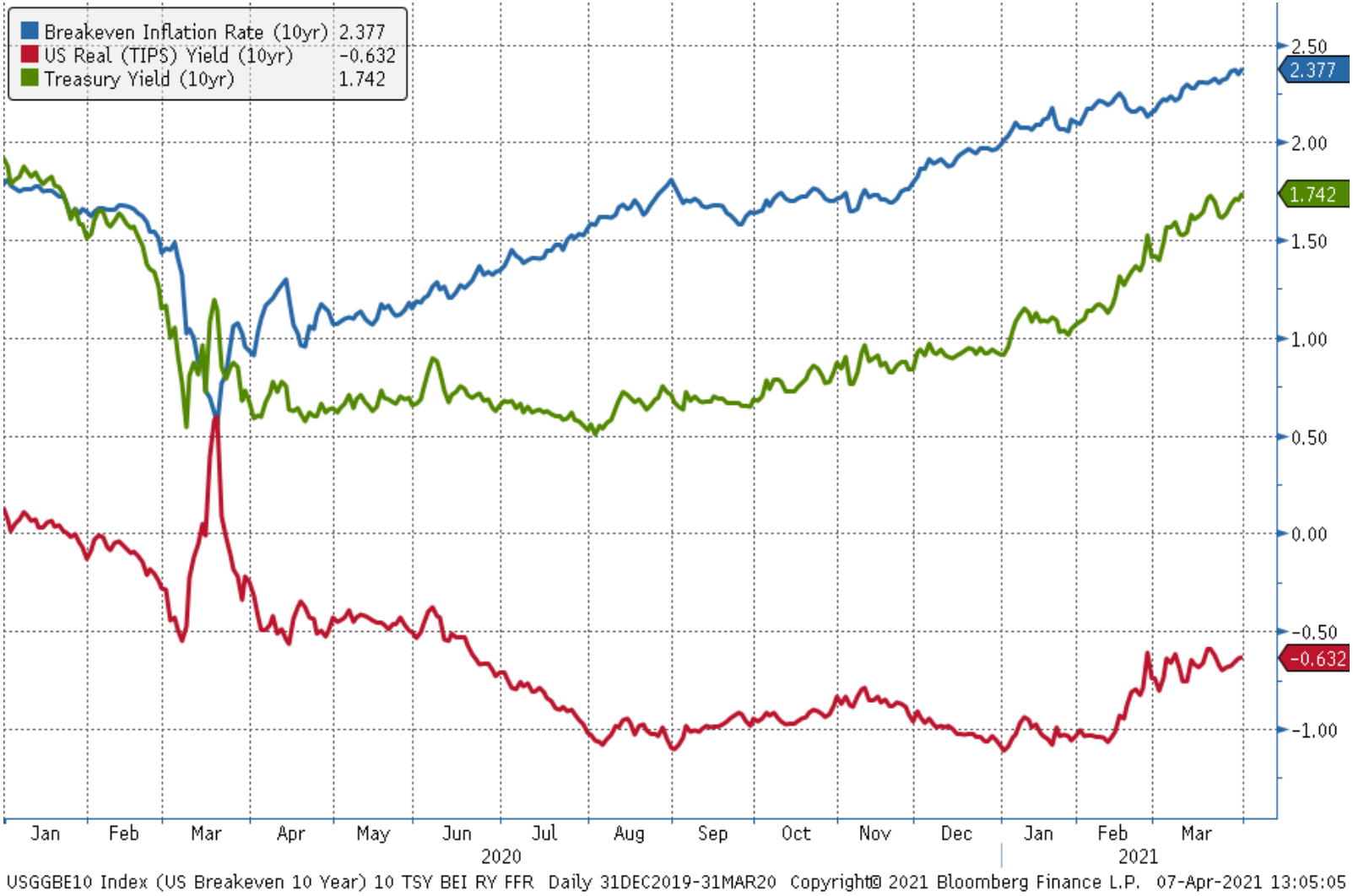






Data Sources: Bloomberg

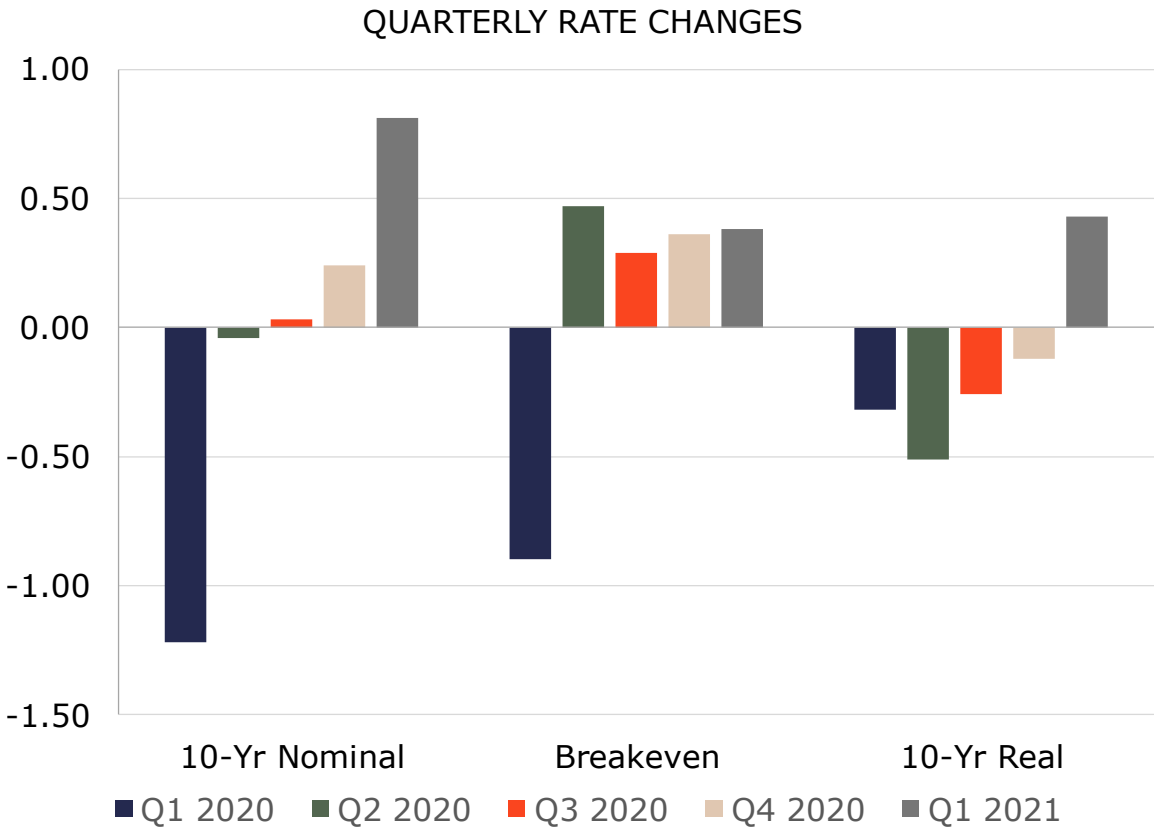
Yield / Inflation Environment



Data Source: Bloomberg

Rate Change Attribution

After dropping in four consecutive quarters, Real Yields up nearly 50 bps in Q1

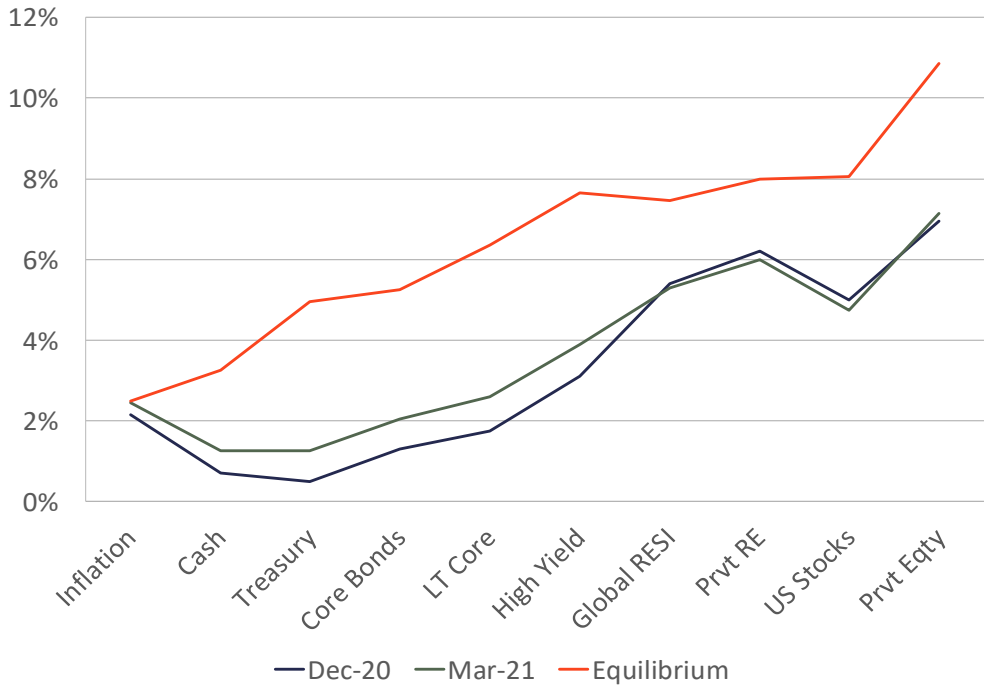


Data Source: Bloomberg

Summary Changes

Current versus Equilibrium Asset Class Assumptions

- **Breakeven, Treasury yields and the forward curve are all up**
  - Conditions pushed bond forecasts higher
  - Credit spreads tightened but credit forecasts are still up
- **Real asset yields are mostly down while inflation is up**
- **Equity forecasts are down largely due to negative valuation prospects**
- **Non-U.S. Equity return premium is up on attractive relative valuations**



Asset Allocation Assumptions Update

Asset Class	10-Year Expected Compound Return (Prior Assumptions)	10-Year Expected Compound Return (Updated Assumptions)	Expected Risk
Equity Assets			
US Stock	*6.00%*	*4.75%*	*17.00%*
Non-US Developed Stock	*6.50%*	*5.75%*	*18.00%*
Emerging Markets Stock	*6.50%*	*5.75%*	*26.00%*
Fixed Income Assets			
Core Bonds	*1.25%*	*2.05%*	*4.30%*
Illiquid Alternative Assets			
Private Equity	*8.15%*	*7.15%*	*28.00%*
Real Estate	*6.85%*	*6.05%*	*14.15%*
Credit and Structured Finance	*5.05%*	*4.85%*	*8.10%*
Real Return	*7.90%*	*6.90%*	*18.40%*

Asset Allocation Modeling Update

Asset Class	Asset Allocation Policy
US Stock - Large Cap	14.00%
US Stock - Small Cap	2.00%
Non-US Developed Stock	14.00%
Emerging Markets Stock	10.00%
Total Equity	**40.00%**
Core Bonds	20.00%
Total Fixed income	**20.00%**
Private Equity	10.00%
Real Estate	10.00%
Credit and Structured Finance	15.00%
Real Return	5.00%
Hedge Funds	0.00%
Total Illiquid Alternative	**40.00%**
Total Assets	**100.00%**

	6/30/20 Expectations	Updated 3/31/21 Expectations
Expected Return - 10 Years (%)	**6.03**	**5.55**
Expected Return - 30 Years (%)	**7.22**	**6.95**
Standard Deviation of Return (%)	**12.13**	**12.08**
+/(-) in Expected Return - 10 Years (bps)		(48)
+/(-) in Expected Return - 30 Years (bps)		(27)
+/(-) in SD of Return (bps)		(5)
Sharpe Ratio	**0.44**	**0.36**
Contribution to Asset Volatility (%):		
Equity	57.3	56.9%
Fixed Income	2.7	2.1%
Illiquid Alternative	40.0	41.0%

- **In late 2020, the Board reaffirmed the asset allocation targets**
  - Alternative asset allocations did not materially improve the risk adjusted return of the portfolio relative to the Current Policy
- **Portfolio expected return has fallen by 48 bps**
  - Risk assets rallied materially in 2020, which reduced forward looking risk premiums

Outlook for the Rest of 2021

- **Economy to Benefit from Industrial Recovery/Consumption**
- **Spending Habits to Change: Goods (“Things”) to Services (“Experiences”)**
- **Inflation Continues to be a Risk to Monitor – Real Yields Should Continue to Rise**
  - **If inflation rises sustainably and significantly above 2% due to an overstimulated and overheated economy, higher bond yields could cause valuations to fall**
- **Early Recovery Themes, Such as Low-Quality may Begin to Lose Momentum**
- **Sentiment will Remain in Place :**
  - Higher Bond Yields – Favor Flexible Alternatives to Fixed Income
  - Strong US Dollar – Inflation is Priced-In
  - Value Outperforming Growth
  - Reopening vs. Stay at Home Themes
  - Emerging Markets Outperforming Developed Markets
- **Volatility will Remain Elevated, Reducing Risk Adjusted Returns**
- **Remain Disciplined & Focus on Long-Term Objectives**

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PRESBYTERIAN

New Mexico Retiree Health Care Authority Annual Board Meeting

Keith Witt, Manager ASO
Ida Perea, Sr. Account Manager
Adriana Lopez, Manager Health and Wellness Client Services
Rosanne Tena, Sr. Marketing Account Executive
Barbara Herrera, Sr. Marketing Account Executive

JULY 15, 2021

Operational Performance Overview

Claims Processing

Metric	2019	2020	2021 Q1
Total Number of Claims Processed	96,685	87,232	23,216
Claims Approved to Pay in 30 Days (97%)	98.8%	97.37%	98.60%
Procedural Accuracy Result (95%)	98.1%	98.75%	98.60%
Financial Accuracy Result (99%)	99.71%	99.97%	93.00%

Dedicated Member Service Team

Metric	2019	2020	2021 Q1
Total Calls Answered	1,835	1,356	726
Average Speed of Answer (under 30 sec)	20.48	33.6	22.24
Abandonment Rate (under 5%)	1.18%	2.48%	0.40%

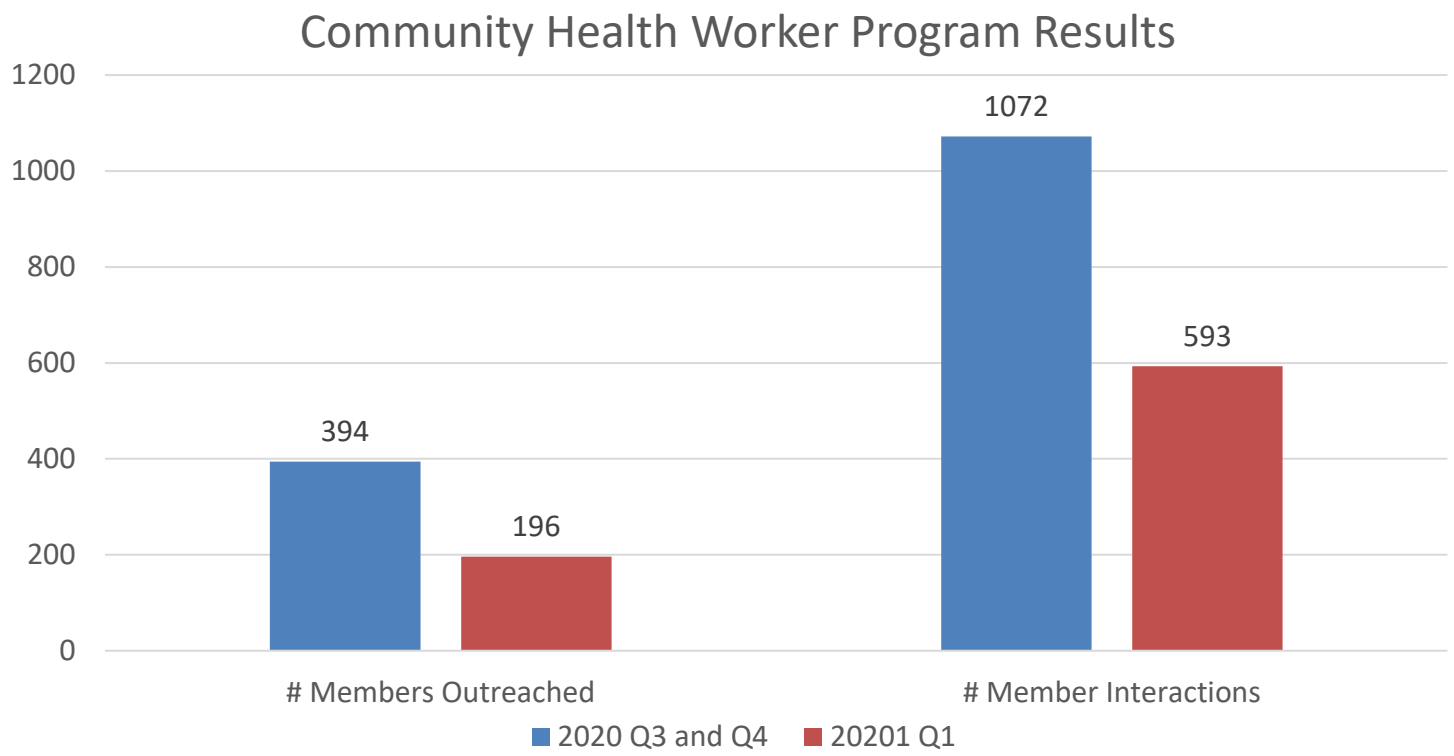
Care Management and Disease Management Engagement

Metric	2019	2020	2021 (12 Months Ending March 2021)
Members Qualified	972	1,030	1,051
Members Engaged	674	713	712
% Members Engaged	69.30%	69.20%	67.70%

Community Health Workers
Closing the gaps……

- ✓ Taking up where the healthcare providers leave off:
  - Community services
  - Government programs
  - Extension of medical services and cost assistance
  - Food insecurity
  - Behavioral Health Services
- ✓ Improving health outcomes
  - Leverage HEDIS Gaps in Care Report (ESI encounters included)
- ✓ Additional Services
  - Transportation
  - Retirement planning
  - Literacy, understanding medical terms, resources

Community Health Worker Program: July 20 through March 21



- Served as liaison between health and social services
- Engaged in a total of 9,885 IBAC member interactions
- 3,223 IBAC Members Outreached to by CHW's

- 1,665 NMRHCA Member Interactions
- 590 NMRHCA Members Outreached to by CHW's

Continued Evolution of Value Based Purchasing

Bundled Surgeries / Site of Service Redirection

- Hernia and Laparoscopic Chole – Kaseman and Rust Medical Centers
- Shoulder and Knee Arthroscopy – NM Orthopedics
- MRI/PET/CT Scans – Free Standing vs Hospital Based

Diabetes Focused Provider Incentive Program 7/1/20

PRESBYTERIAN
Data and Analytics

PQIP Payout Summary by Program

What is the PQIP Payout by Program?

PQIP Program Summary

	Payout Amount for Threshold 1	Payout Amount for Threshold 2	Payout Amount for Threshold 3	Payout Amount for Threshold 4
Quarterly Payout Rates by Threshold	$3.00	$5.50	$10.50	$13.75

Measure Name	Submeasure	Rate Required to meet Threshold 1	Rate Required to meet Threshold 2	Rate Required to meet Threshold 3	Rate Required to meet Threshold 4
Comprehensive Diabetes Care	A1c Test	50.00%	66.00%	76.00%	83.00%
	BP<140/90	70.00%	80.00%	95.00%	97.00%
	Neph Attn	50.00%	62.00%	73.00%	80.00%
DLM	DLM	60.00%	80.00%	84.00%	87.00%

Quarter	VBP Payout
2020 Q3	$13,091.61
2020 Q4	$17,172.81
2021 Q1	$2,095

Healthcare in a COVID-19 World

- Increased demand in telehealth services
- Utilization has shifted, our focus has not
- Customers demand a better online experience

Presbyterian Medical Group – Primary and Specialty Care Telehealth

- Fully integrated telehealth solution provides a more connected telehealth experience.
- Available with all Presbyterian Medical Group Primary Care and Specialty Care providers

24/7 Video Visits with MeMD

- $0 for all members

Online Visits with PMG Providers During Office Hours

- $0 plan or member costs

Behavioral Health Services with TalkSpace

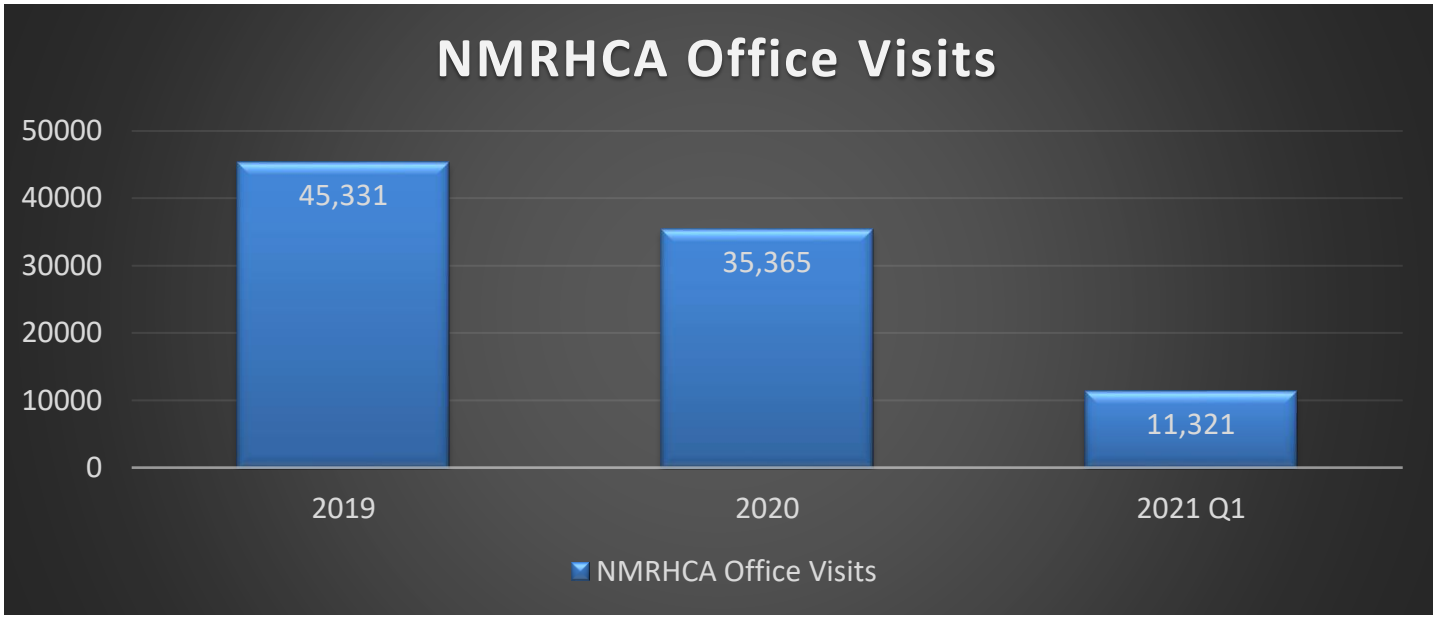
- $0 for all members

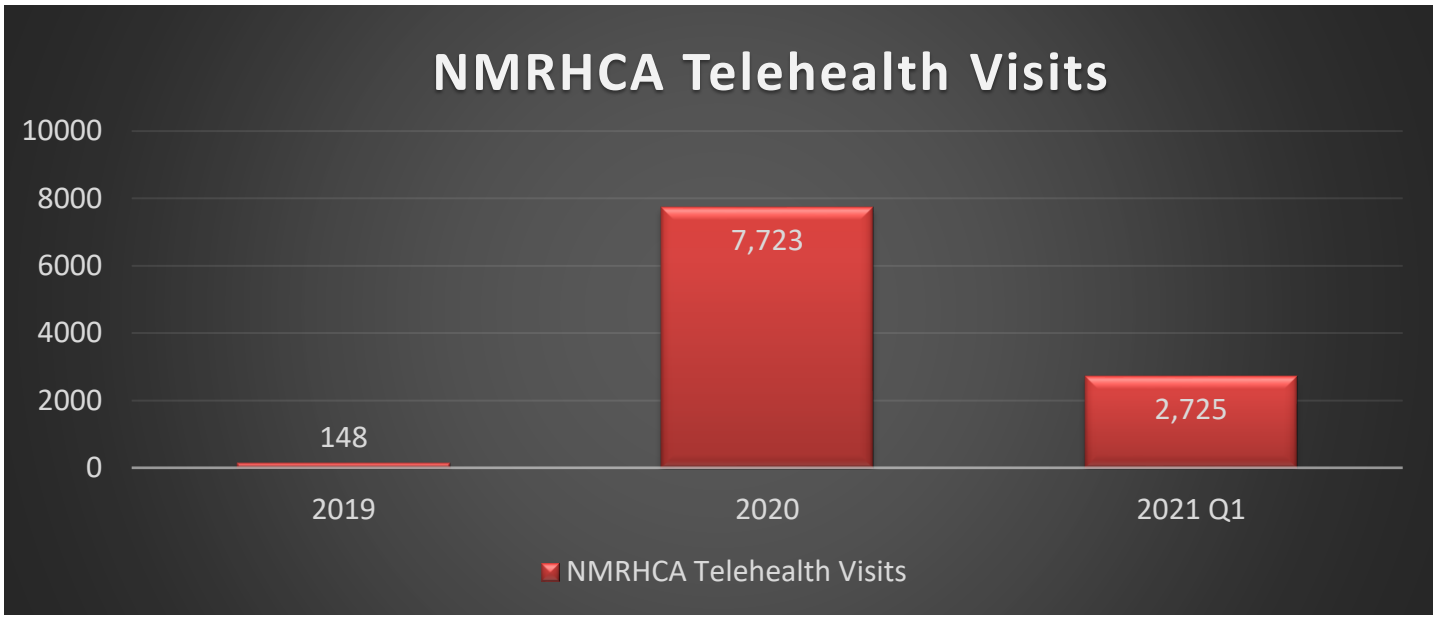
Coming Soon – PMG Interprofessional Multi-Specialty Consultations

- No additional costs compared to single provider consultation

PHS and PHP jointly offer several telehealth services to meet increased demand.

Telehealth Trends: NMRHCA by Service Date





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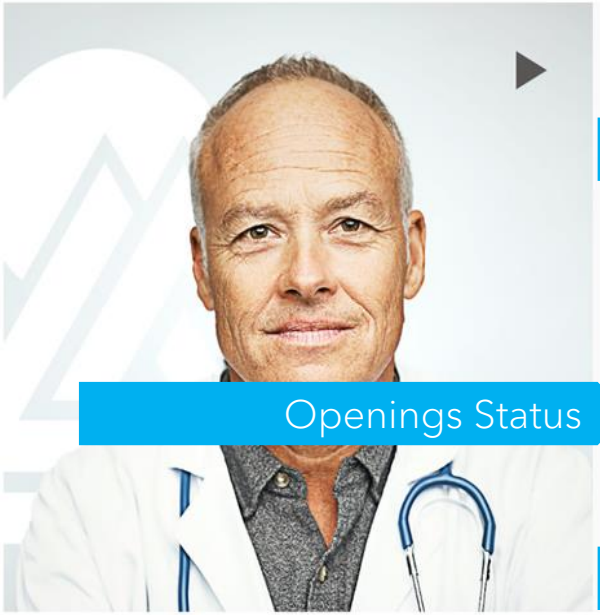
Heart & Vascular Care Beta

Find a Provider

Sort by A–Z / Distance

1 of 10 Results

5



Openings Status

Firstname Lastname M.D.

Appointment Types

Secondary Name of Specialty of Provider

0.0

Presbyterian Medical Group

Accepting New Patients

0.0 miles

999-999-9999

In-person Visit | Virtual Visits

Next Available Appointment:
9999 Streetname
Cityname XX 12345

Weekday, Month 00, 0000

Select an available time below.

9:00 AM | 10:30 AM | 11:00 AM | More

Available Openings

Firstname Lastname M.D.

Pediatric and Adult Congenital Cardiology
Secondary Name of Specialty of Provider

0.0

Common Medical Group

In-person Visit | Virtual Visits

Next Available Appointment:
9999 Streetname
Cityname XX 12345

Download, Print & Share | My Providers 0 | Assistance

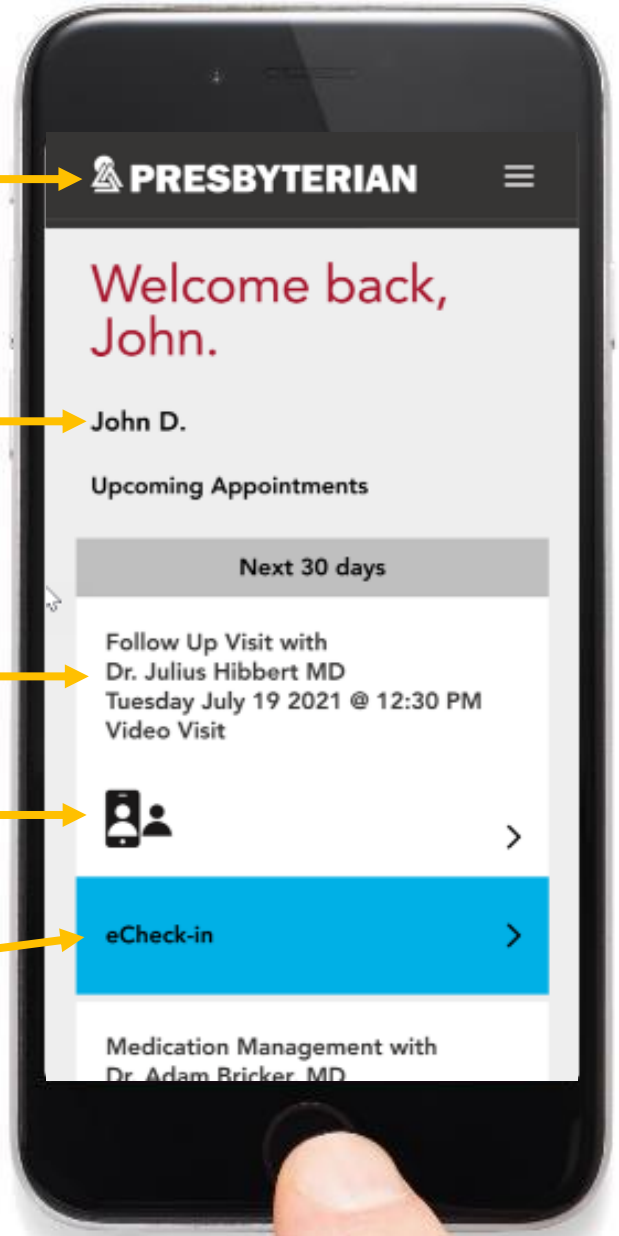
Navigation Menu

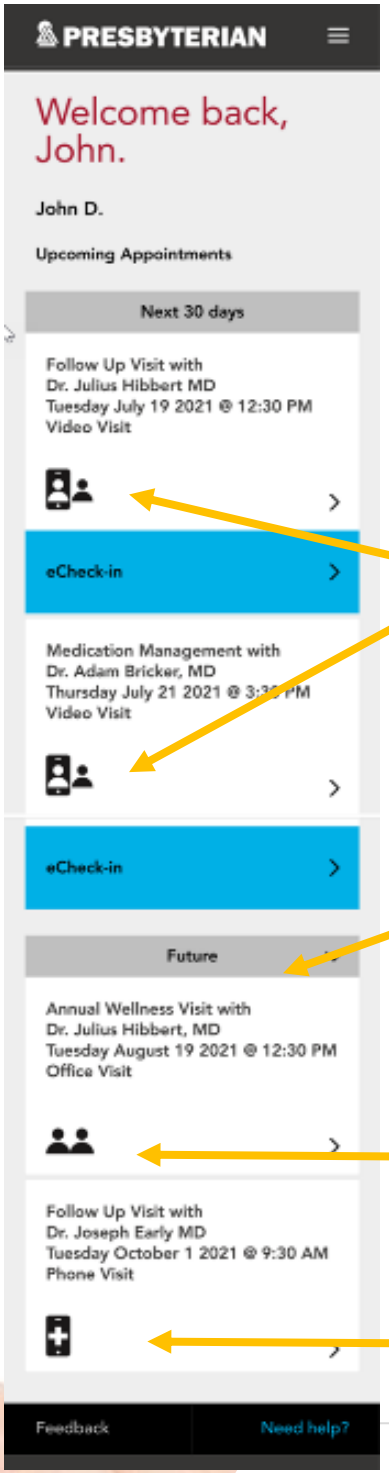
First Name, Last Initial
(privacy unauthenticated)

Appointment Info

Prep, Tech Test

Login Required Area





Video Visit Prep

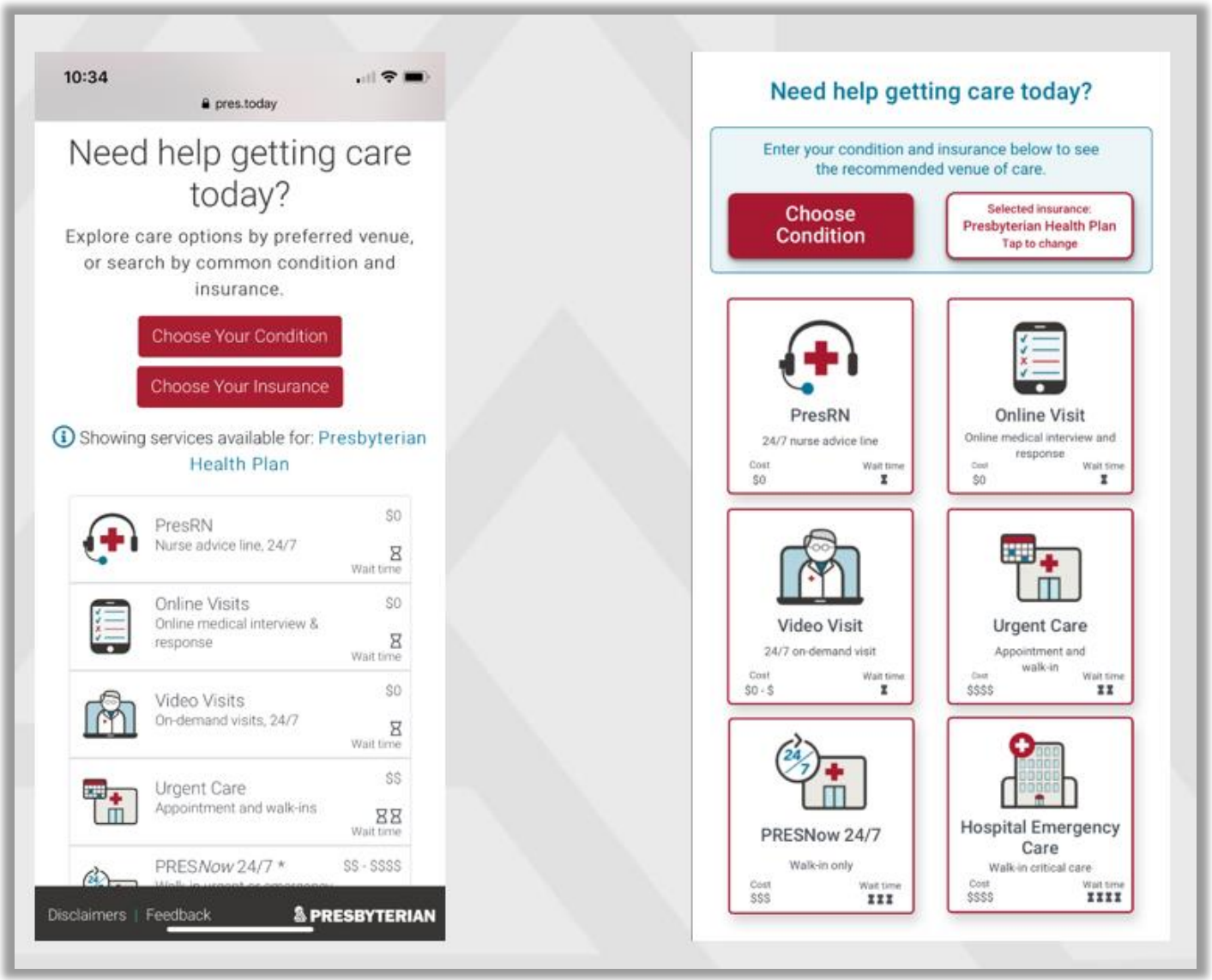
Future Appts

In-Person Visit Prep

Phone Visit Prep

"At a Glance" View
(unauthenticated)

Get Care Today 2.0 Highlights



Highlights

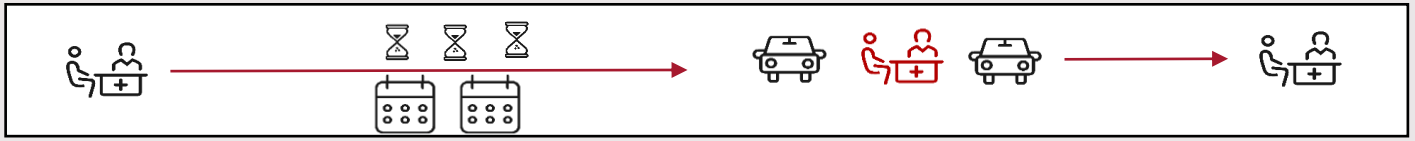
- Expanded to include statewide PMG and PHP in-network facilities
- Improved map and address/zip code search functionality
- Updated mobile-first design
- Enhanced Condition Advisor design
- Expanded Google Analytics tracking & reporting to measure regional usage

Now Offering PMG Urgent Care Video Appointments: 7am – 7pm, 7 Days a Week

Statewide Access "All Ages" Urgent Care •Peds Urgent Care	•Open & direct scheduling, video & in-person •Appointed care •PMG providers with full access to Epic medical record

Increasing Access to Specialists
Interprofessional Consults

Patient Referral to Specialist



- Patient sees PCP; specialist input needed.
- Patient ***referred*** to specialist.

- 30-90+ days to specialist appt. Clinical condition persists.
- PHS scheduling & appointment reminders needed.

- Local/rural patient drives to/from specialist. Patient articulates clinical problem as best able.
- Patient registered, roomed & checked out at clinic.
- Provider reviews patient chart in advance of appt. Conducts 15-30 min visit with patient. Develops care plan.

- Specialist routes chart to PCP for consult follow up. PCP reviews & refreshes on patient case.

Patient Time & Cost:

Care Cost:

Patient has Interprofessional Consult with Specialist

- Patient sees PCP; specialist input needed.
- Patient has ***IPC*** with specialist.

- Same day
- PCP conducts e-consult with specialist, concisely & clinically describing condition.

- Same day/next day
- Specialist typically takes 11-20 min to complete consult, including review of patient chart. Develops care plan & sends to PCP.

- Roughly 24 hrs from appt.
- PCP reviews specialist care plan; makes any adjustments to current care. Contacts patient to walk thru updates..

Patient Time and Cost:

- Patient get specialist & PCP integrated care plan in roughly 24 hrs.

Care Cost:

- No specialist appointment scheduling, insurance registration, rooming or check out.
- More efficient use of provider time.

Live Specialties

•Dermatology •Endocrinology •Rheumatology	•Neuro to Behavioral Health- *upcoming* •Oncology - *upcoming* •Sleep – *upcoming* •Pain & Spine - *upcoming*

Expanding Regional Care

Inpatient Telemed Services

- System-wide (excluding D.C. Trigg)
  - Critical Care
  - Hospice
  - Behavioral Health Clinical Liaisons (in EDs)
  - Neonatology (LCMC: 5/25)
- **Cardiology**
  - Espanola Hospital/July
  - Lincoln County Medical Center/Nov

Benefits

- Patients/Members receive local care
  - -less strain
  - -lower cost
  - -closer to support system
  - -follow up care

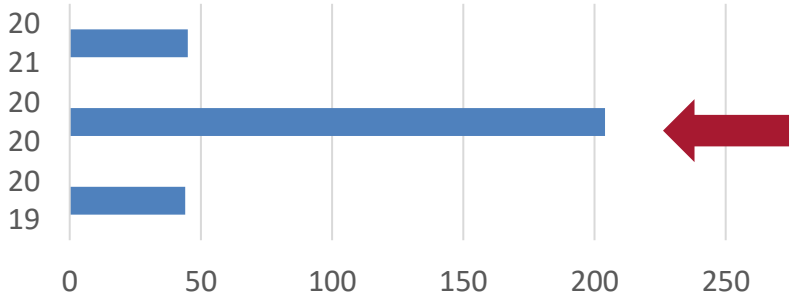
TSG Wellness Response to COVID-19

- Wise & Well Event → Virtual
- Quickly converted popular in-person programs to virtual, and developed new virtual programs
  - **Virtual** Cooking Demo
  - **NEW!** Virtual Book Club
  - **NEW!** 8-Week Movement Series
  - Monthly Webinars
  - Life on Mindfulness Series
    - Drop-in Sessions
    - Recorded Meditations
    - Weekend Workshops

"I can't thank you enough for these great cooking demos! I am so happy to get new ideas for healthy, nutritious meals and snacks. Thank you all for offering these classes for us!" Cooking Class Participant

Better Bone Health

Direct Email Program



Increase in participation in direct email program in 2020

NEW! Book Club

2020 – 6 week Book Club "A Man Called Ove," Frederik Backman
2021 – 4 week Book Club "The One-in-a-Million Boy," Monica Wood
2021 – 4 week Book Club "The Midnight Library," Matt Haig

Due to the high demand, we will be hosting 2 more book clubs this year in July and October or November.

OUTCOMES

Better Bone Health

Engagement:

- 2019 – 44
- 2020 – **251**
- 2021 to date – 45

Book Club

Participation:

- 2020-179 Participants
- 2021- 100 Participants
- 2021- 100 Participants

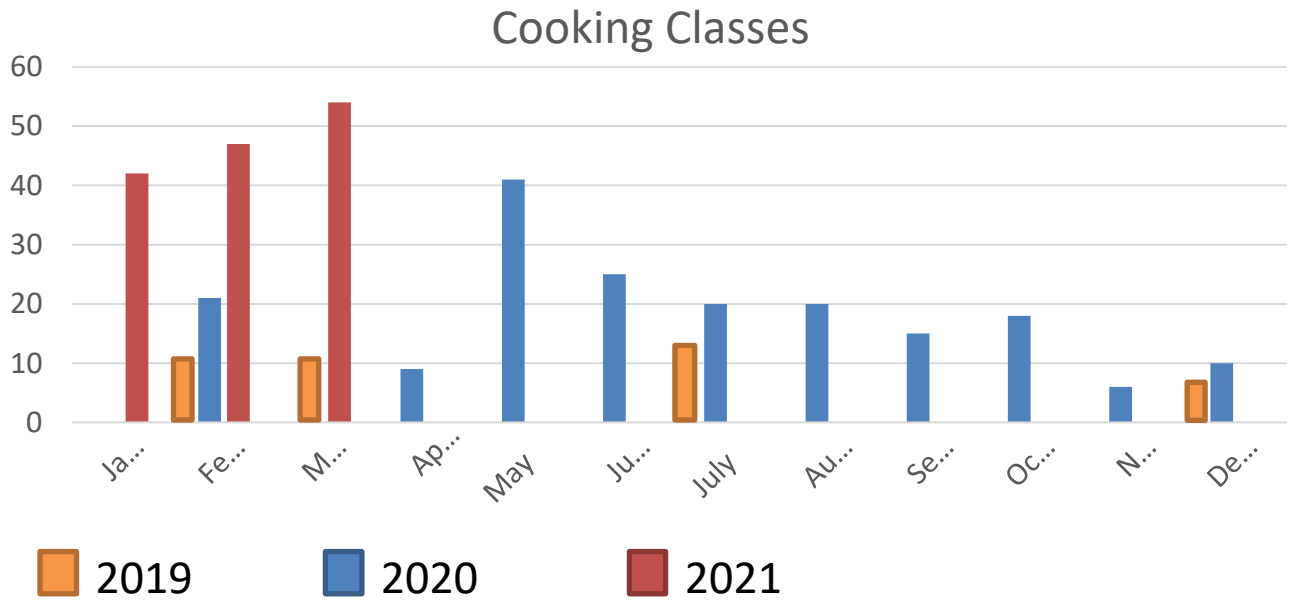
Engagement:

- ~ 60 engaged per week

COOKING CLASSES

Virtual

In 2020 moved to holding virtual cooking classes starting in April
In 2021 maintained virtual but converted to cook-along format.



There has been a significant increase in participation since hosting the virtual classes.

OUTCOMES

Participation:

- 179 Participants

Engagement:

- ~60 engaged in virtual classes per month

In 2021, we shifted from virtual cooking classes to virtual cook-a-longs to make this as interactive as possible for members.

good measures™

OUTCOMES

224 New Registrations in 2019

116 New Registrations in 2020 ⬇

40 Healthy Weight Program
44 Better Health Program
32 Diabetes Management Prevention Programs

- Diabetes Support
- Connected Diabetes
- Diabetes Prevention Program

Overall Participation:

- 286 Participants
- 229 logging
- 105 with ≥ 2 consults

(includes participants that registered prior to 2020 but are still engaged)

Engagement:

- 80% Engagement Rate
- 78% lost weight
- Average weight loss was 8.5 lbs (4.2%)

Nearly 40% of American adults aged 20 and over are obese.

71.6% of adults aged 20 and over are overweight, including obese categories.

Average weight gain during pandemic: 29 pounds

(*National Health and Nutrition Examination Survey*, 2017-2018; *Harvard School of Public Health*, 2020).

Presbyterian Senior Care

Expanded Support

- Community care
- Food Farmacy

$0 Copay Benefits

- Annual eye exam
- Hearing exam
- Video and online visits
- Preferred generic drugs
- PresRN nurse advice line
- Lab services
- Diagnostic services
- Cardiac & pulmonary rehab
- Foot care
- Diabetic tests and lancets
- Outpatient mental health

Other Benefits

- HMO Point of Service
- Hearing aid benefit

New for 2022

- ***$0 copay*** for telehealth including PCP, specialists, mental health, & urgent care

Pharmacy Network for Medicare Advantage Part D

- We offer a Medicare Broad Network, as well as these **Preferred Retail Networks** that offer deep discounts.

  - CVS or Walgreens
  - Walmart
  - Rite Aid
  - Kroger
  - Albertsons

  - ✓ Up to 20k preferred retail pharmacy locations nationwide
  - ✓ Includes long-term care pharmacies
  - ✓ Meets all CMS guidelines including access standards
  - ✓ Minimum of $5 co-pay differential ($7+ recommended)

2017 55% increase in plans with preferred networks **2021**

Presbyterian Community Support for COVID-19

New Mexico Received National Praise for Pandemic Response

- *Presbyterian has invested heavily in the development of our **Data and Analytics Team**, and it paid off during the COVID-19 pandemic.*
- *The NM Dept. of Health relied on Presbyterian for **ALL the data analysis** necessary to determine:*
  - *Required amount of PPE for all of NM*
  - *When to shut down, when to open back up*
  - *Tracking of numbers of New Mexicans tested, vaccinated*
- *Presbyterian **sponsored** the real-time billboard displaying vaccination numbers.*

The New York Times

How New Mexico Is Beating the Virus

It has two things missing elsewhere: political leadership and a strong health system.

POLITICO

CORONAVIRUS

The unlikely state setting the U.S. vaccination pace

The sprawling state, one of the nation's poorest, overcame the odds by keeping things simple.

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PUBLIC HEALTH

How New Mexico Controlled the Spread of COVID-19

The state went after the disease with widespread testing and science-based targets. Now it is in better shape than its neighbors

USA TODAY Features APS Return to School

A New Mexico school sent all kids back in-person in one day. USA Today followed a teacher to see how it went.

New Mexico Retiree Health Care Authority Board of Directors Meeting

July 15 – 16, 2021

BlueCross BlueShield of New Mexico

NEW MEXICO RETIREE HEALTH CARE AUTHORITY

Support by the Account Management Team and BCBSNM Internal Partners

- Lori Bell and Lisa Hentz, Co-Account Executives
  - Support of meetings (Board meetings, open enrollment, health fairs), collateral material, contracts, strategic offerings, mid-year and annual performance meetings and overall satisfaction of the NMRHCA and the services that are provided by BCBSNM.
- Local Claims Processing
- Local Health Care Management
- Local Customer Service
- Appeals Team
- Coordination with CMS for the Medicare Supplement
- Performance Guarantee Team

An Integrated Approach for Positive Health Outcomes

Dedicated Staff		Support Staff	
Wellness Coordinator	**Clinical Community Coordinator**	**Wellness Consultant**	**Clinical Account Consultant**
Marlene Meir	Brooke Revels	Chris Baker	Michele Blackwell and Lisa Sullivan
Creates, coordinates, and delivers onsite activities to educate and engage members in Wellbeing Management Programs	High cost claims lookups for >100K	Leads data analysis and evaluation to determine successful implementation of the strategic initiatives. Assesses population for health improvement opportunities	Responsible for all clinical reporting / Primary speaker for semi and annual meetings
Collaborates with carriers and vendor partners to increase awareness and member health outcomes	Refers to Clinical Ops PRN	Develops multi-year strategic plan and communication strategies, performance metrics and outcomes	Attends all board meetings
Provides ongoing feedback and analysis on the strategic plan and recommends changes based on member data and reported experience	Consults with Medical Director / Attends off site events as remaining time permits	Provides leadership with reports on engagement rates in Wellbeing Management programs, outcomes, and strategic milestones	Develops clinical presentations

Who We Are

Health • Dental • Life • Disability • Pharmacy

More than 16* million members

Largest customer-owned health insurer in the U.S.

**wholly owned subsidiaries:

Dearborn National — Strength. Independence. Solutions.

medecision — Liberating.

Dental Network of America

INNOVISTA HEALTH SOLUTIONS

**partially owned subsidiaries:

bhi Blue Health Intelligence

PRIME THERAPEUTICS

Availity

TMA PracticeEdge — LEADING CARE FORWARD

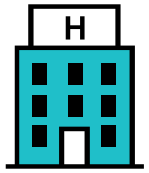
TriWest Healthcare Alliance

More Doctors. More Hospitals

95%
of doctors

96%
of hospitals

1.4+ million
Providers



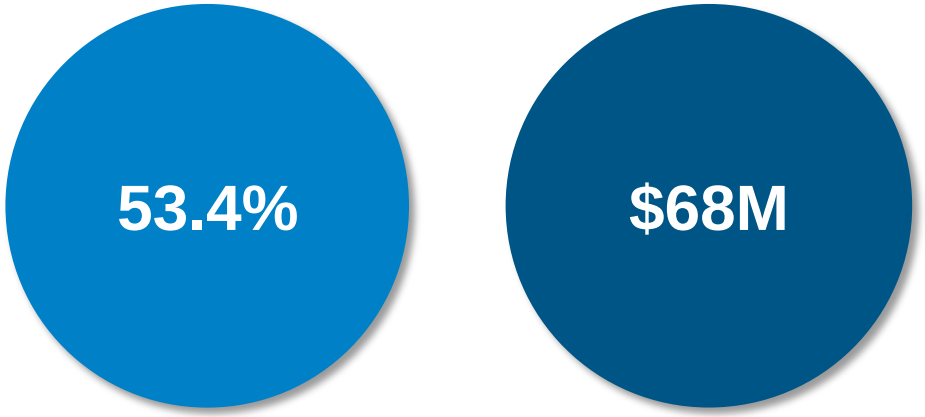
More than 8,900
Hospitals

Nationwide Coverage
when traveling or living outside of home state

Blue Cross Blue Shield Global® Core
coverage when traveling in 200+ countries and territories

Value of the Network

Network Discount Savings
2020



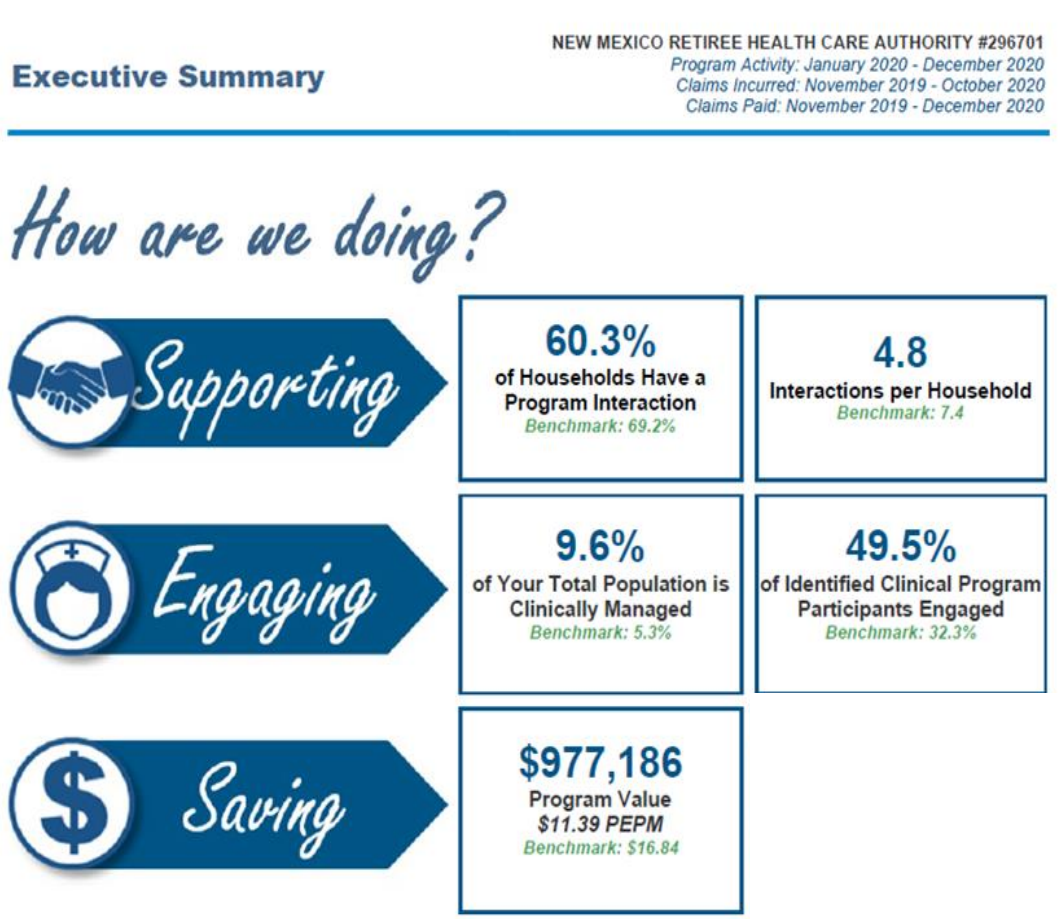
Discount percentage for network and par providers

Discount savings for network and par providers

3 Year Discount and Network Utilization

Network Discount		2018	2019	2020
Inpatient	Premier	56.6%	61.3%	57.5%
	Value	51.8%	54.3%	56.5%
Outpatient	Premier	44.4%	45.7%	46.7%
	Value	47.0%	46.5%	52.7%
Professional	Premier	56.7%	58.0%	55.2%
	Value	58.7%	50.4%	51.8%
Network Utilization		**2016**	**2019**	**2020**
In-Network		99.9%	99.3%	97.7%
Out-of-Network		0.1%	0.7%	2.3%

WBM Executive Summary Comparison 2019 YTD vs. 2020 YTD



BCBSNM Administers Four Plans

Premier 3-tier PPO Plan
In state, out-of-state and international coverage – 6,612 current members

Value Plan
Must reside in New Mexico; covered outside of New Mexico for urgent and emergency care – 890 current members

Medicare Supplement
In state and out-of-state coverage; Plan pays secondary to Medicare – 22,081 current members

Medicare Advantage HMO Plan
Must reside in New Mexico and use the network of contracted providers except for urgent and emergency care while traveling outside of New Mexico. Plan I (2,463 members) and Plan II (1,163 members) – 3,626 total current members.

YTD Results for Premier 3-tier PPO Plan, Value Plan and Medicare Supplement

- Total Claims Processed 2019 – 840,587
- Total Claims Processed 2020 – 701,649
- Total Claims Processed 2021 YTD – 175,117
- Total Calls 2019 – 16,668
- Total Calls 2020 – 11,390
- Total Calls 2021 YTD – 8,234
- Total Appeals 2019 – 254
- Total Appeals 2020 – 187
- Total Appeals 2021 YTD – 29

COVID-19 PreMedicare – Total Case Count for 2020 and 2021 YTD (May)

NEW MEXICO RETIREE HEALTH CARE AUTHORITY

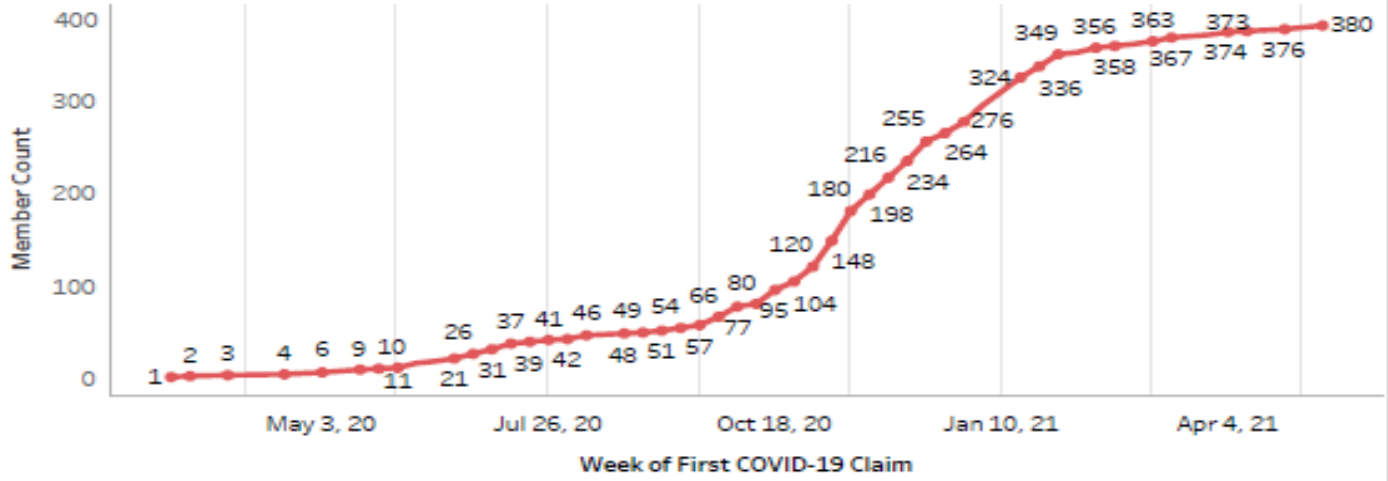
	2021 Cases	Account Total Population	Prevalence
2021	134	7,495	1.79%
Pandemic Total	380	8,554	4.44%

Benchmark	
	Prevalence
2021	2.08%
Pandemic Total	6.09%

National	
	Prevalence
2021	3.99%
Pandemic Total	10.09%

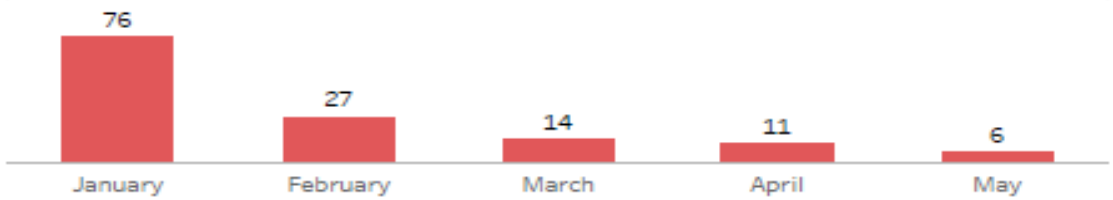
Total Case Count

Pandemic Total



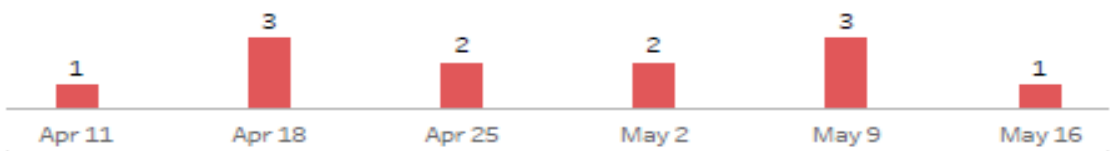
Monthly Snapshot

2021 YTD



Weekly Snapshot

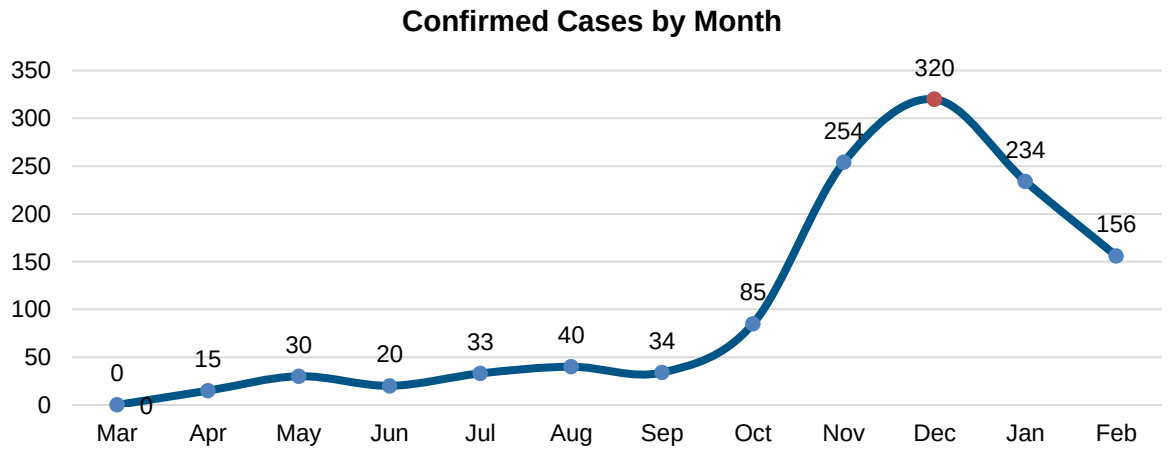
in the Last 6 Weeks

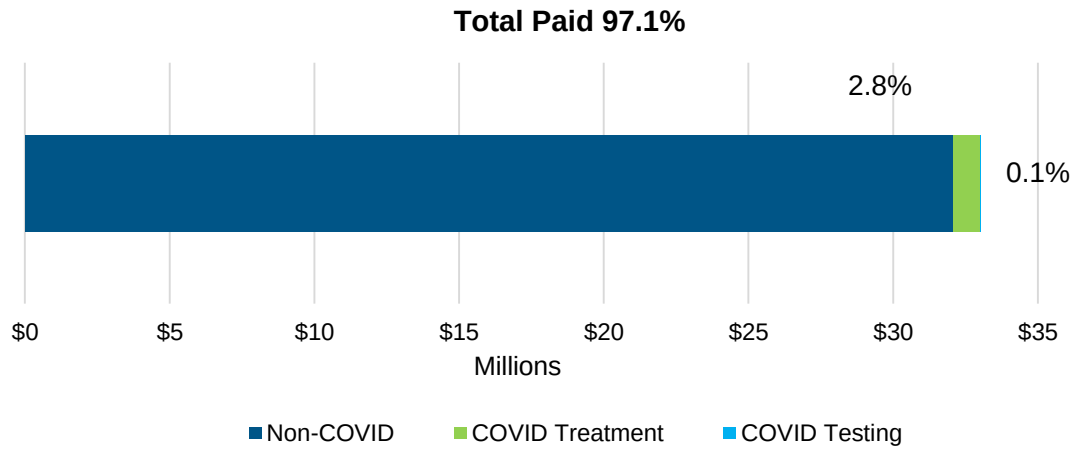


Dates without relevant claims data will not appear in the charts above

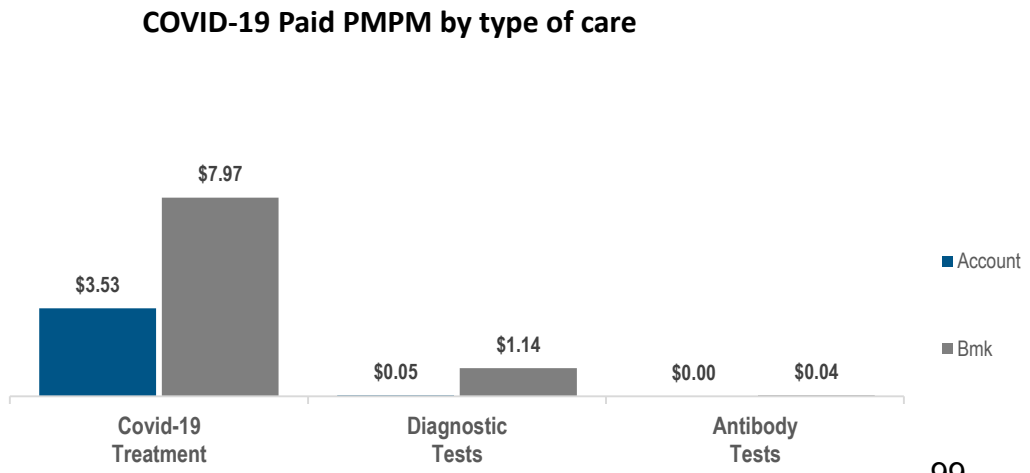
2020 case counts include potential and confirmed cases, whereas 2021 case counts only include confirmed cases

COVID-19 Medicare Supplement – Total Case Count for 2020 and 2021 YTD (Feb)





COVID-19 Metrics	
COVID Claimants	810
Unique Medical Members	23,462
COVID Treatment - excluding testing	$952,942
COVID Treatment - excluding testing PMPM	$3.53
Diagnostic testing cost	$12,265
Diagnostic testing cost PMPM	$0.05
Anti-Body Testing Cost	$157
Anti-Body Testing Cost PMPM	$0.00
COVID cost as % total medical	2.9%



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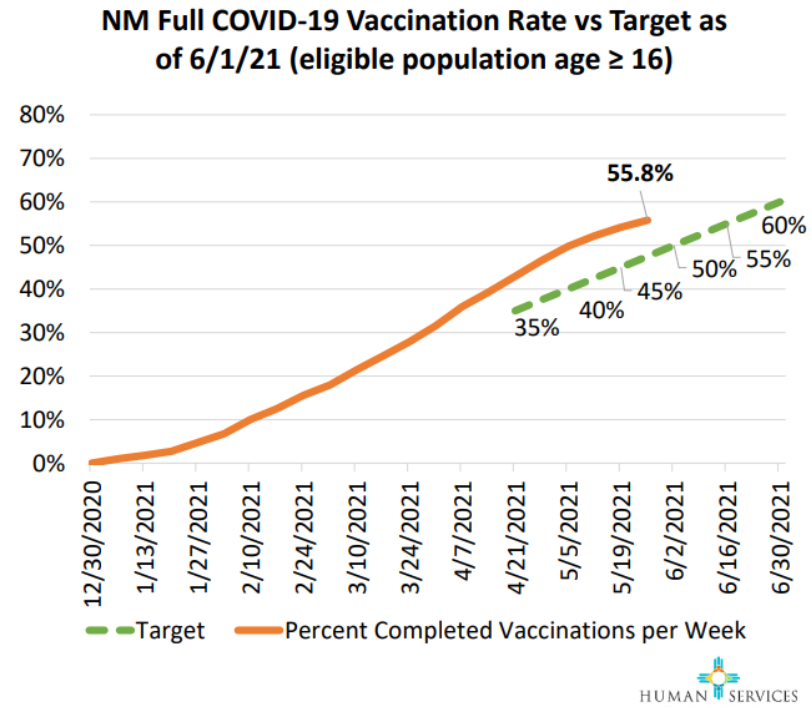
Vaccination Rates by Age Bands – 6/4/2021(PreMedicare and Medicare Supplement)

Age Group	# Members	High Risk Condition by Claims	Fully Vaccinated	Missing Booster
12-15	63	25	0	0
16-17	89	36	32	0
18-24	429	146	157	6
25-39	144	49	62	1
40-64	6,214	4,457	3,903	132
65+	18,180	16,271	12,308	625
Total	25,119	20,984 (84%)	16,462 (66%)	764 (3%)



- 2,845 members are “homebound”
- Includes only NM residents

Telemedicine – Future

- Telemedicine is a mode of delivery of healthcare and is here to stay.
- Remote monitoring devices are becoming more prevalent and can help with increasing wellness awareness.
- The virtual health care experience will be tailored to needs of the generation (i.e. Gen Z vs. Baby Boomer)
- Technology can support the move toward more care at home, virtually.
- Technology infrastructure and clinical expertise are required to effectively and efficiently integrate data (and using AI) and implement impactful actions.
- Privacy and security will continue to be serious concerns.
- Health equity must be included as priority in the evolution of virtual care.
- Telemedicine providers are displayed in the BCBSNM Provider Finder under Specialties and Expertise on the profile page.

Telemedicine

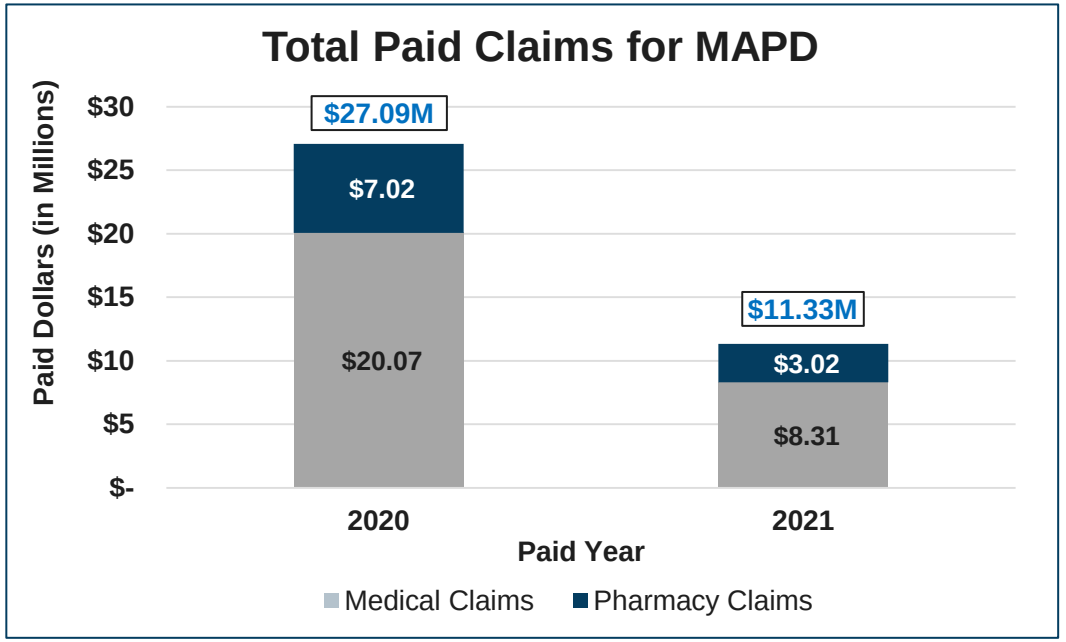
2019		
Provider Type	**Claim Count**	**Total Payments**
Non Telehealth Provider	713	$11,383.59
BH	403	$7,106.11
Med	206	$3,252.41
Med BH	104	$1,025.07

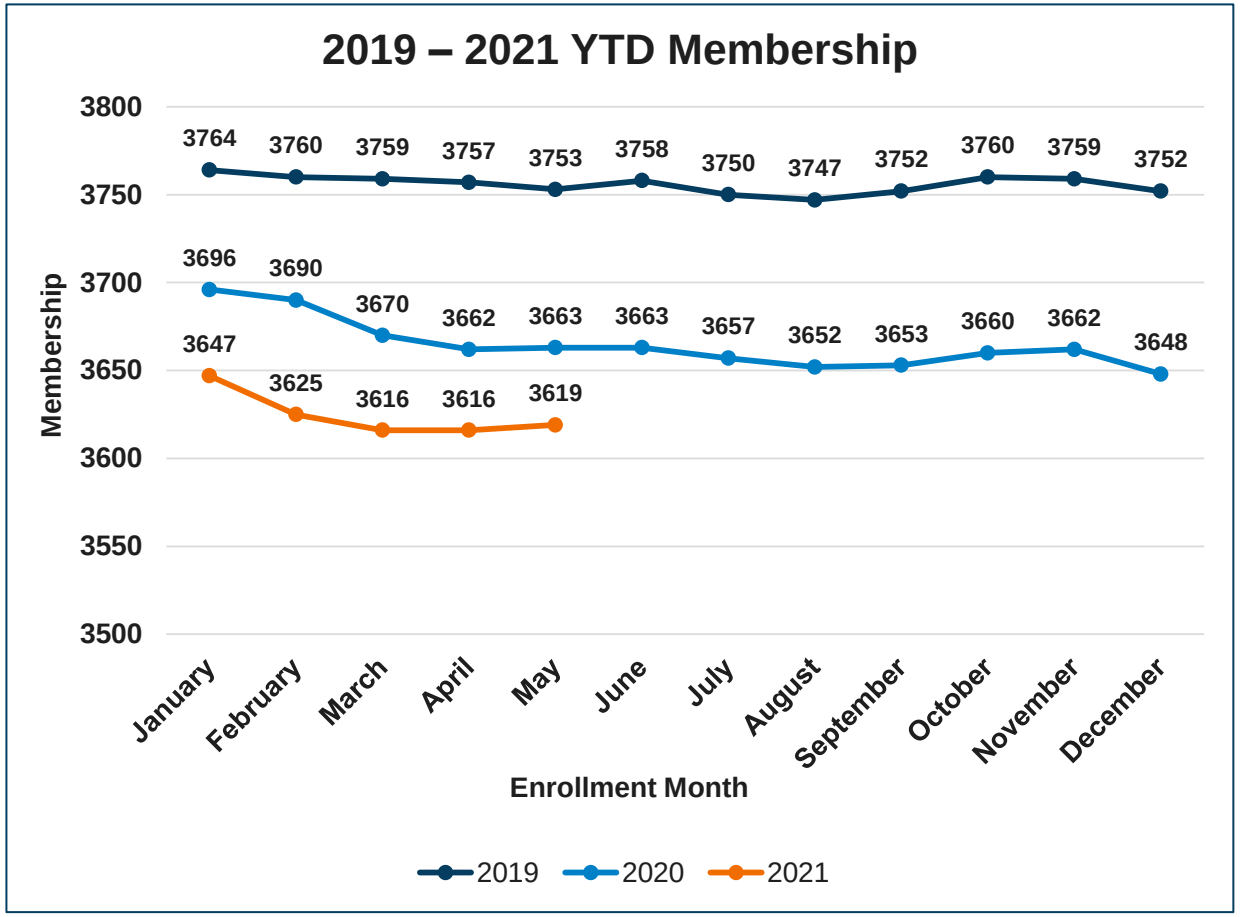
* Standard Providers providing services using tele/virtual technology (PCPs, Specialists, etc.)

2020		
Provider Type	**Claim Count**	**Total Payments**
Non Telehealth Provider	48,914	$1,567,708.12
BH	7,166	$392,578.33
Med	41,264	$1,156,776.31
Med BH	484	$18,353.48

2021		
Provider Type	**Claim Count**	**Total Payments**
Non Telehealth Provider	10,529	$375,603.19
BH	2,288	$128,410.69
Med	8,093	$241,408.41
Med BH	148	$5,784.09

Group MAPD Total Paid Claims and Membership





Impact of Changes to Part D for the 2022 Plan Year:

- There are multiple rule changes currently being proposed, but nothing that would have impact in 2022
- (October 2021) The review of the proposed changes is still too early in the process to determine specific impact

MAPD Member Engagement

NMRHCA Silver Sneakers Membership

	2019	2020	2021
Overall Enrollment	3,903	3,658	3,611
Rate of Active Members	7.2%	2.3%	1.97%
Total Annual Member Visits	12,394	3,250	2,377

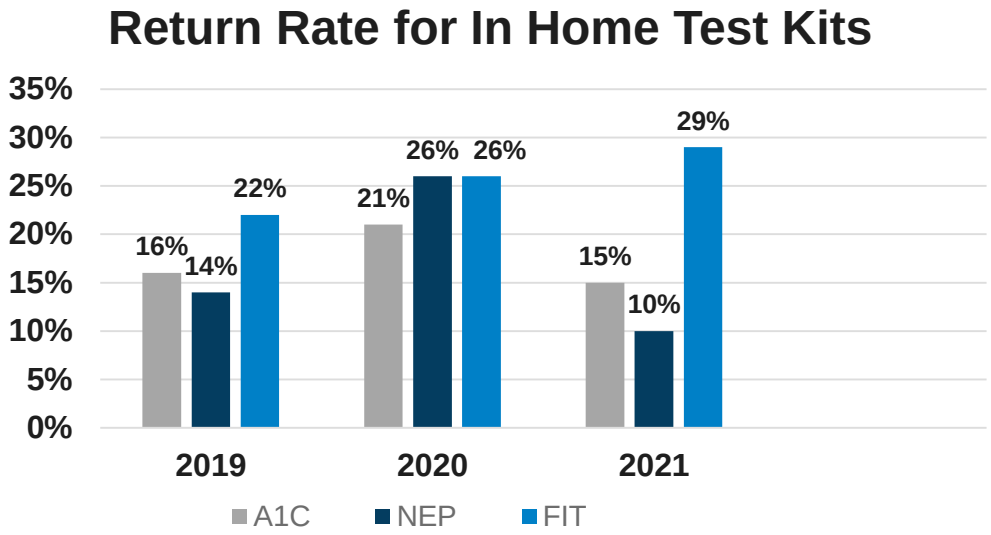
NMRHCA In-Home Health Assessments

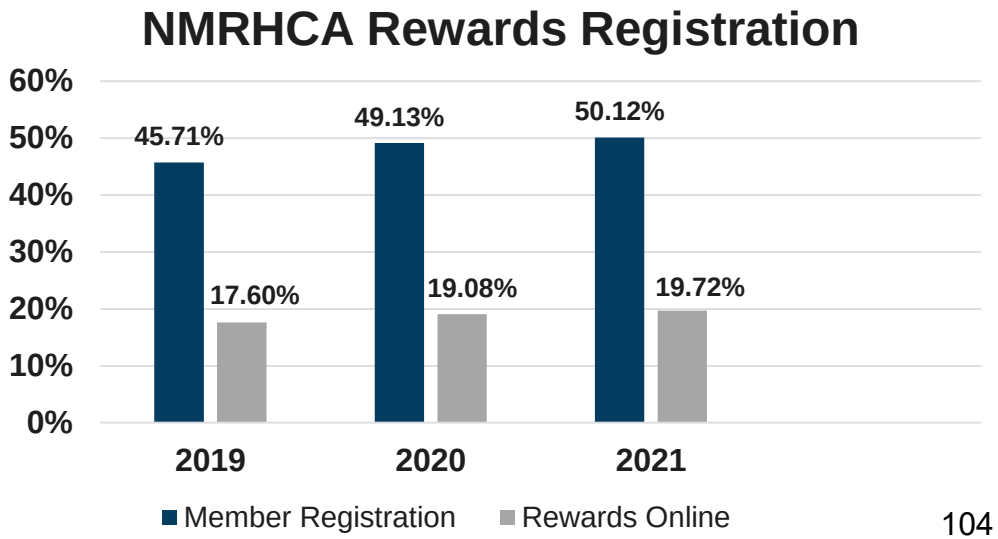
	2019	2020	2021
Completed Assessments	293	23	99

NMRHCA Carenet Contact for Home Assesments

	2019	2020	2021
Call Contact Rate	8.5%	74.9%	N/A
Scheduling Rate	37.8%	8.5%	N/A

This is all tied to the STAR rating for Medicare





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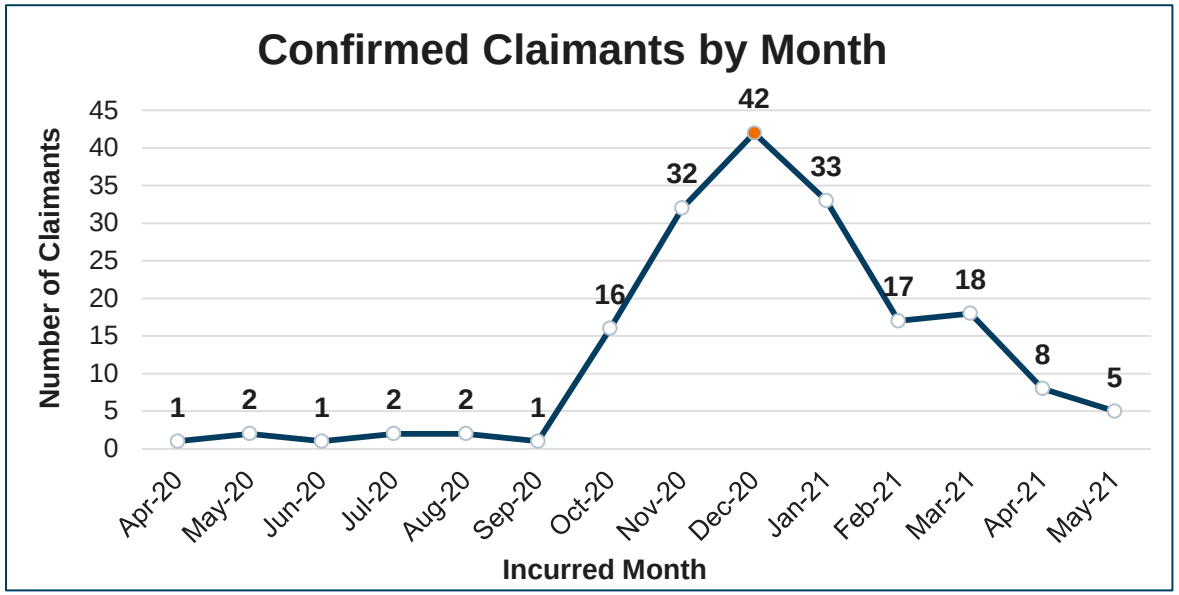
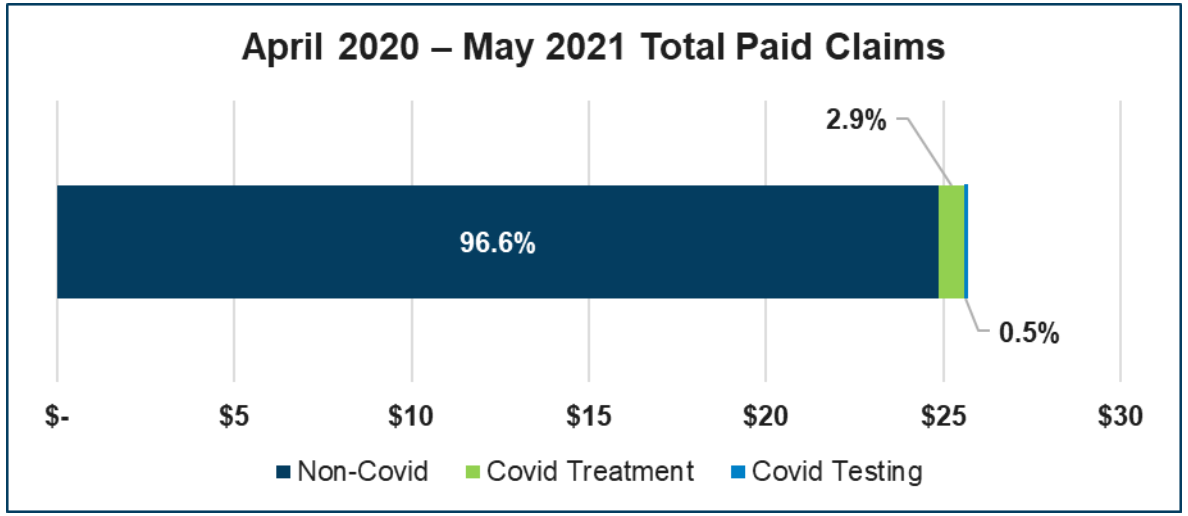
Group MAPD COVID-19 Overview

2.9% of your membership had a confirmed case of COVID-19 and **3.4%** of the total Plan spend was for COVID-19 testing and treatment.





COVID-19 Population Insights
• 2 (1%) COVID-19 claimants were also HCCs ($50K+)
• 102 (57%) had at least one chronic condition

Total Vaccinations	
2020	**2021**
2	202

April 2020 – May 2021 COVID-19 Testing & Treatment Details		
	Testing	**Treatment**
Claimants	972	100
Claims	2,086	581
Total Paid	$133,031.81	$742,336.97

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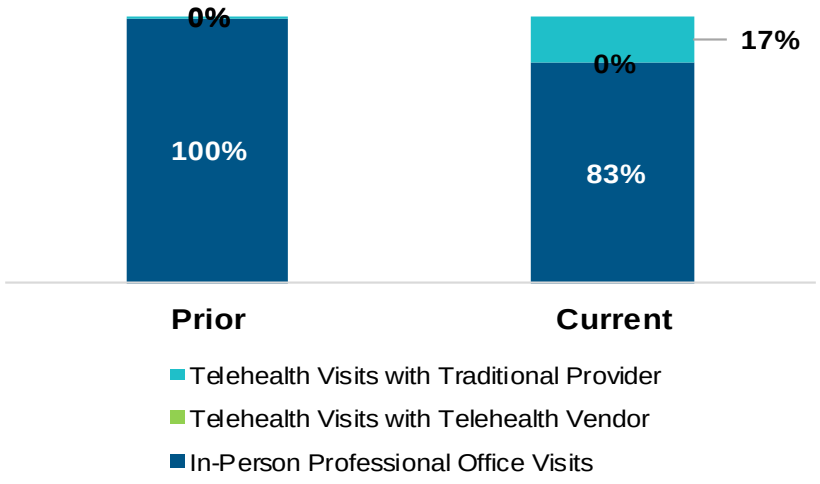
April 2020 – March 2021 MAPD Telehealth Impact

- Medicare Advantage Plans began offering Telehealth services in 2020 and may offer more telehealth benefits than Original Medicare. These benefits can be available in a variety of places, and you can use them at home instead of going to a health care facility.
- MDLive Virtual Visits offered to BCBSNM HMO MAPD members effective January 1, 2021 as part of their plan.

Telehealth Impact on Professional Utilization

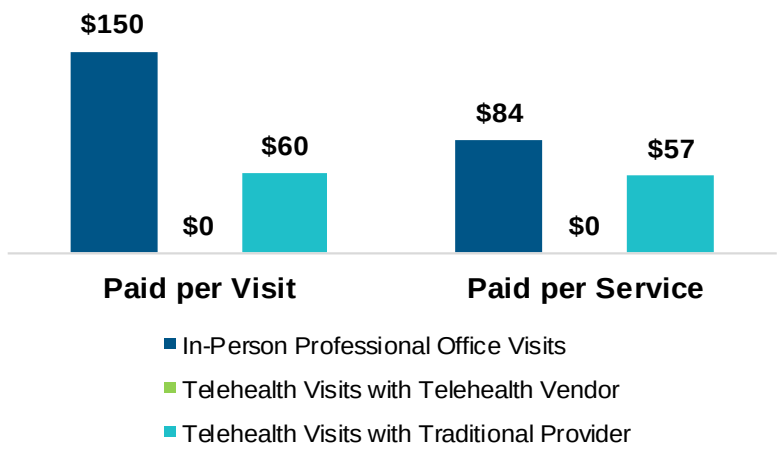


5,711
Telehealth Visits

Key Insights

- Despite a decrease in overall Professional utilization in 2020, Telehealth helped to fill some access gaps
- Primary Care Physicians visits accounted for 50% of Telehealth Visits from Traditional Providers

Telehealth Impact on Professional Spend



$331.5K
Telehealth Spend

Key Insights

- Due to both the nature of In-Person visits and the types of conditions being treated in that environment, the number of ancillary services increases when members visit their doctor in the office setting
  - **1.8** services per in-person visit vs **1.0** for a telehealth visit

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Wellness Outreach Initiatives 2020 – May 2021

- Well onTarget Activity followed national trend of activity in first quarter and fourth quarter.
- Members synching a device consistent throughout the year, with number of daily steps over 10,000 increasing in 2021.
- Health assessment data shows weight management as the number one issue, followed by cholesterol. In 2021, weight management was still number one, while stress moved up to number two.
- Naturally Slim, now Wondr Health, has continued interest and participation.
- Began offering Coffee Talks in 2021, a thirty minute live virtual chat around wellbeing topics. Held every third Wednesday from 10:00-10:30.
- Successful two-day Virtual Health Fair in April 2021 with 287 registered participants. A second Virtual Health Fair event will be offered in October 2021 during open enrollment.

NMRHCA Engagement

PARTICIPATED
(2+ SESSIONS)

622

(87% of Started)

2019

PARTICIPATED
(2+ SESSIONS)

450

(81% of Started)

2020

PARTICIPATED
(2+ SESSIONS)

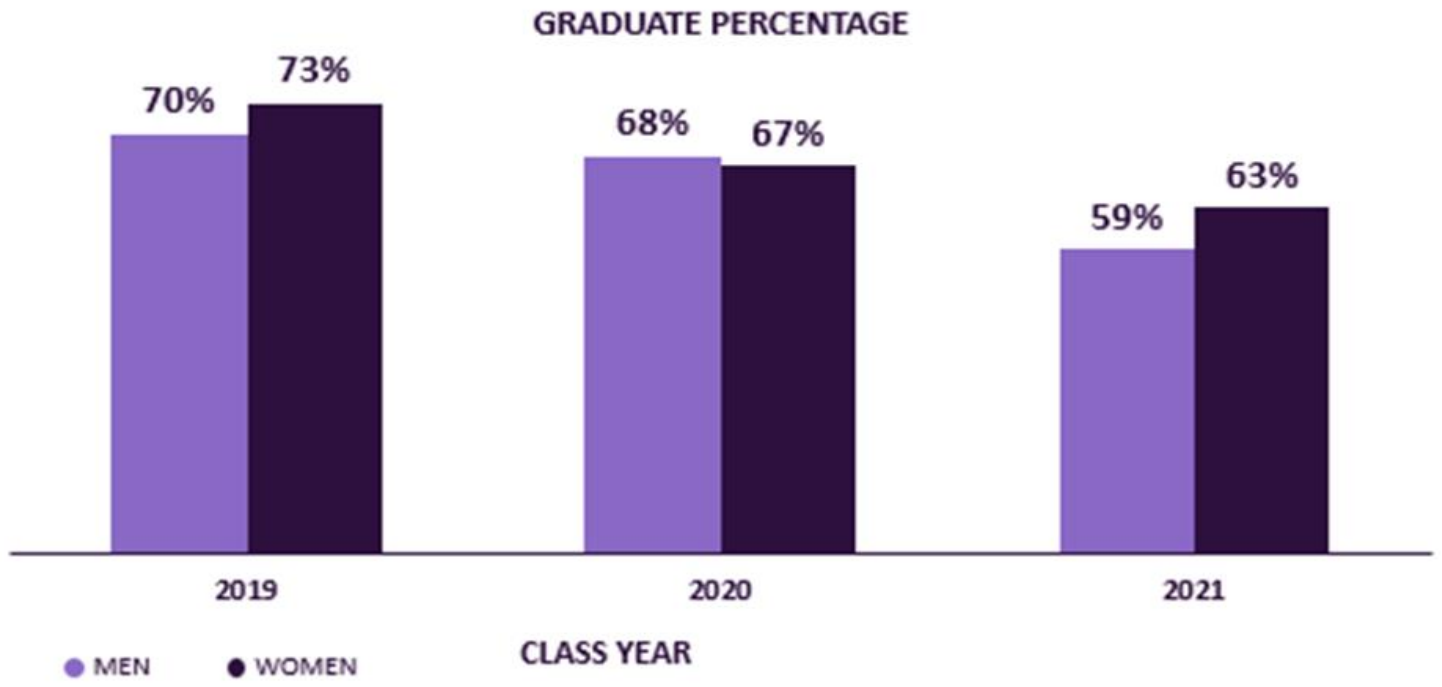
175

(77% of Started)

2021

***2021 Data only includes those past the first 10 weeks of Phase 1**

NMRHCA Participation

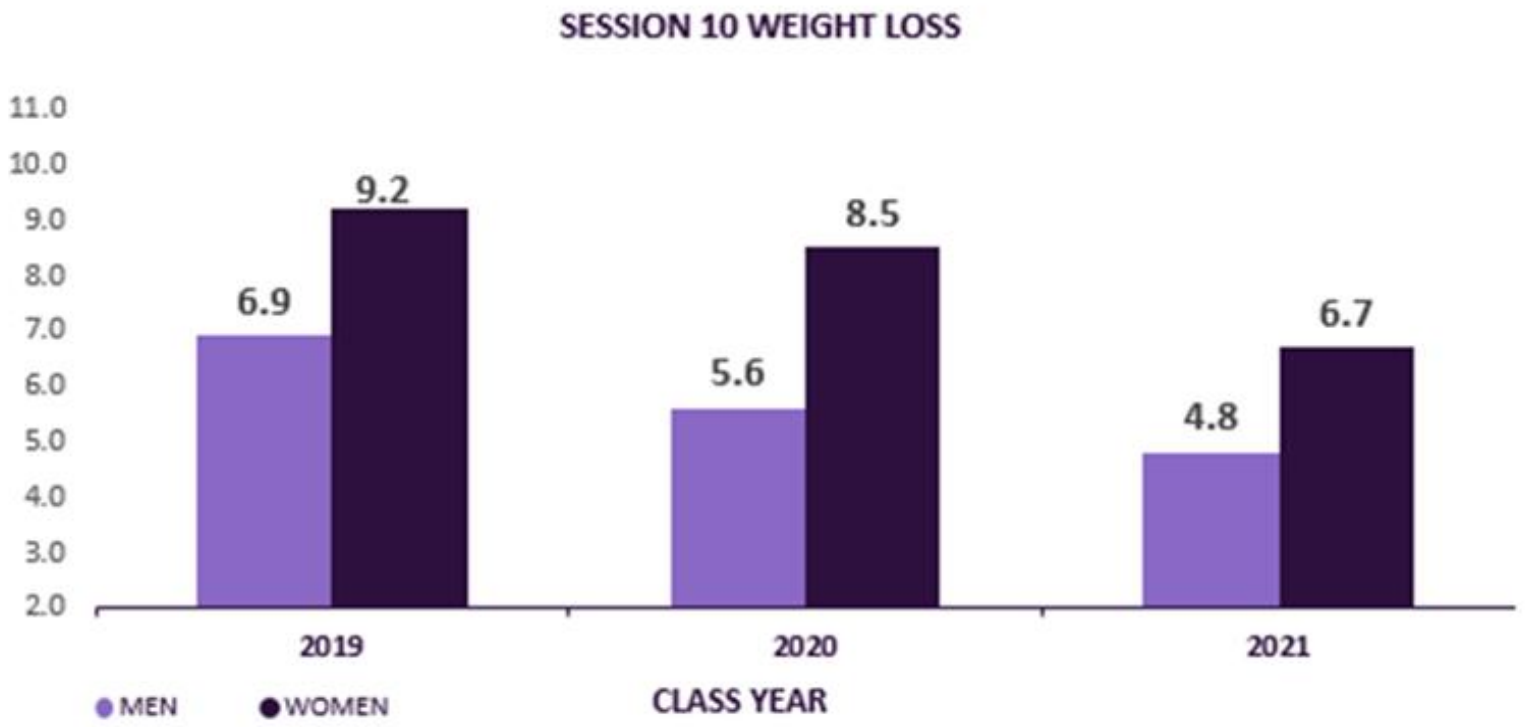


Year	Average Sessions
2019	8.2
2020	8.0
2021	7.5

wondr HEALTH ● Engagement & Clinical Benefits

*2021 Data only includes those past the first 10 weeks of Phase 1

NMRHCA Weight Loss



Year	Total Lbs. Lost
2019	3,613
2020	2,125
2021	618

wondr HEALTH ● Engagement & Clinical Benefits

*2021 Data only includes those past the first 10 weeks of Phase 1

ELEVATING HEALTH FOR ALL

New Mexico Retiree Healthcare Authority

July 16, 2021

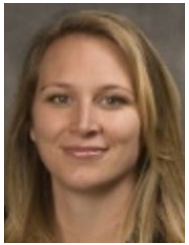
EXPRESS SCRIPTS®
An Evernorth Company

WHAT WE'LL COVER

- Team introductions
- Who we are and what we do
- Financial Trends
- SaveonSP
- Clinical Outcomes and Pipeline
- Q&A

EXPRESS SCRIPTS®
An Evernorth Company

Team introductions



Amy Daily
Senior Director,
Public Sector

Jon Molberg
Senior Account Executive,
Public Sector

Harris Zeyaee PharmD.
Senior Clinical Account Executive,
Public Sector

EXPRESS SCRIPTS®
An Evernorth Company

About Express Scripts

- Express Scripts is RHCA's chosen partner for administering the prescription plan
- We are a leading pharmacy benefit manager that puts medicine in reach for tens of millions of people
- RHCA members have access to the following through Express Scripts:
  - 60k+ retail pharmacies located across the United States
  - Convenient home delivery services
  - Accredo specialty pharmacy for medications that treat complex and chronic health conditions
  - Specialized pharmacists, nurses and other clinicians in 20+ condition-specific Therapeutic Resource Centers
  - Express-Scripts.com and our mobile app for ordering and managing your prescriptions

EXPRESS SCRIPTS
An Evernorth Company

What services does Express Scripts provide to your plan?

- Electronic claims processing
- Formulary development and management
- Benefit Design
- Pharmacy networks
- Generic substitution
- Rebates & drug discounts
- Clinical trend
- Reporting
- Home delivery
- Patient service
- Client service
- Medicare Part D Prescription Plan
- Prior Authorization
- Step Therapy
- Quantity Limits
- Formulary Management
- Drug Utilization Review
- Health and Safety Coordination
- Fraud, Waste & Abuse
- Advanced Opioid Management
- Specialized pharmacist review and counseling
- Engagement and outcomes focus for chronic diseases, like diabetes

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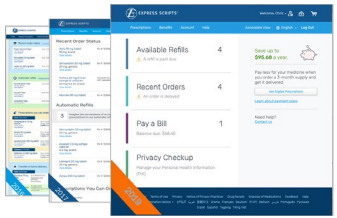
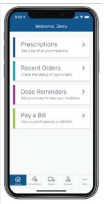
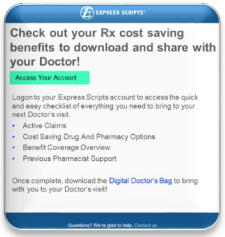
INNOVATION

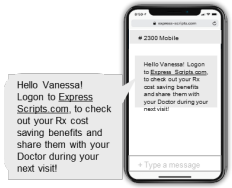
Member experience

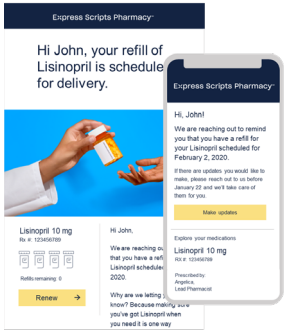
WEB / MOBILE APP INNOVATION



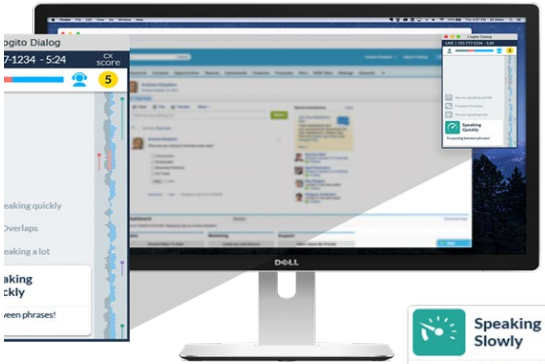








CUSTOMER SERVICE INNOVATION



Empathy Cue
Think about how the customer is feeling. Try to relate.

Energy Cue
Your voice sounds flatter than usual. Try speaking with more gusto.

Extended Overlap
Pause. Let the customer finish their sentence.

Continuous Speaking
Finish your thought. Ask an open-ended question.

Extended Silence
Check in. Let the customer know you're there.

Slow to Respond
The customer may be waiting for a reply.

Speaking Slowly
You are speaking slower than usual. Try increasing your speaking pace.

Speaking Quickly
You are speaking faster than usual. Try slowing your speaking pace.

OUTCOMES THAT MATTER

Highest quality care at lowest possible costs	250K daily digital users	Net promoter score – 40+	26-39% increased adherence	95.6% patient satisfaction	97% first call resolution

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Top Line Performance Metrics

- RHCA Pre-Medicare Plan Cost Net PMPM was $142.46 with a trend of 21.1%
- RHCA EGWP saw a Plan Cost Net PMPM of $285.07, with a trend of 9.7%
- RHCA EGWP had the largest percent of their cost in the specialty bucket (59.8%)

	RHCA Combined			RHCA Pre-Medicare			RHCA EGWP		
Description	7-20 - 5-21	7-19 - 5-20	Change	7-20 - 5-21	7-19 - 5-20	Change	7-20 - 5-21	7-19 - 5-20	Change
Avg Subscribers per Month	36,589	37,731	-3.0%	14,534	15,103	-3.8%	22,055	22,628	-2.5%
Avg Members per Month	36,589	37,731	-3.0%	14,534	15,103	-3.8%	22,055	22,628	-2.5%
Number of Unique Patients	35,763	36,429	-1.8%	14,121	14,366	-1.7%	21,979	22,478	-2.2%
Pct Members Utilizing Benefit	97.7%	96.5%	1.2	97.2%	95.1%	2.0	99.7%	99.3%	0.3
Total Plan Cost Net	$91,934,673	$84,237,802	9.1%	$22,775,337	$19,543,242	16.5%	$69,159,336	$64,694,560	6.9%
Total Days	40,564,564	41,055,925	-1.2%	10,067,292	10,249,389	-1.8%	30,497,272	30,806,536	-1.0%
Total Adjusted Rxs	1,452,829	1,474,003	-1.4%	371,959	376,657	-1.2%	1,080,870	1,097,346	-1.5%
Average Member Age	67.7	67.4	0.5%	54.9	54.7	0.3%	76.1	75.8	0.4%
Plan Cost Net PMPM	$228.42	$202.96	12.5%	$142.46	$117.64	21.1%	$285.07	$259.91	9.7%
Plan Cost Net/Day	$2.27	$2.05	10.5%	$2.26	$1.91	18.6%	$2.27	$2.10	8.0%
Plan Cost Net per Adjusted Rx	$63.28	$57.15	10.7%	$61.23	$51.89	18.0%	$63.98	$58.96	8.5%
Nbr Adjusted Rxs PMPM	3.61	3.55	1.6%	2.33	2.27	2.6%	4.46	4.41	1.1%
Generic Fill Rate	88.6%	88.6%	0.0	86.7%	87.8%	-1.2	89.3%	88.9%	0.3
90 Day Utilization	65.0%	61.3%	3.8	58.2%	51.1%	7.1	67.3%	64.6%	2.7
Retail - Maintenance 90 Utilization	26.0%	22.6%	3.4	22.9%	17.0%	5.9	27.0%	24.5%	2.6
Home Delivery Utilization	39.0%	38.6%	0.4	35.3%	34.1%	1.2	40.2%	40.1%	0.1
Member Cost Net %	13.8%	15.1%	-1.2	20.6%	23.4%	-2.7	11.3%	12.2%	-0.9
Specialty Percent of Plan Cost Net	55.5%	54.1%	1.3	51.1%	51.6%	-0.5	59.8%	58.4%	1.5
Specialty Plan Cost Net PMPM	$126.69	$109.86	15.3%	$72.75	$60.70	19.8%	$170.53	$151.66	12.4%
Formulary Compliance Rate	98.3%	98.3%	0.0	99.2%	99.2%	0.1	98.0%	98.0%	0.0

Top Line Performance Metrics: Peer Comparison

- Utilization (Adjusted Rxs PMPM) for both the RHCA Commercial and RHCA EGWP populations are below their respective peers (12.0% lower for the Pre-Medicare population and 2.0% lower for the EGWP population)
- RHCA Pre-Medicare Plan Cost Net PMPM is 13.7% lower than the peer, while RHCA EGWP is 22.3% higher than the peer mainly due to higher specialty spend
- Both Generic Fill Rate and 90 Day utilization are lower for all three RHCA populations compared to their respective peers

	RHCA EGWP & Commercial	Government Retirement Plans - Combined	RHCA Pre-Medicare	Government Retirement Plans - Pre-Medicare	RHCA EGWP	Government Retirement Plans - Medicare
Description	7-20 - 5-21	7-20 - 5-21	7-20 - 5-21	7-20 - 5-21	7-20 - 5-21	7-20 - 5-21
Average Member Age	67.7	72.8	54.9	56.5	76.1	76.2
Plan Cost Net PMPM	$228.42	$221.37	$142.46	$164.98	$285.07	$233.00
Plan Cost Net/Day	$2.27	$1.86	$2.26	$2.28	$2.27	$1.81
Plan Cost Net per Adjusted Rx	$63.28	$52.35	$61.23	$62.14	$63.98	$51.17
Nbr Adjusted Rxs PMPM	3.61	4.23	2.33	2.65	4.46	4.55
Generic Fill Rate	88.6%	90.6%	86.7%	87.6%	89.3%	90.9%
90 Day Utilization	65.0%	76.1%	58.2%	60.5%	67.3%	77.9%
Retail - Maintenance 90 Utilization	26.0%	28.3%	22.9%	8.8%	27.0%	30.6%
Home Delivery Utilization	39.0%	47.8%	35.3%	51.7%	40.2%	47.3%
Member Cost Net %	13.8%	14.5%	20.6%	18.2%	11.3%	13.9%
Specialty Percent of Plan Cost Net	55.5%	52.6%	51.1%	53.4%	59.8%	54.6%
Specialty Plan Cost Net PMPM	$126.69	$116.52	$72.75	$88.07	$170.53	$127.26
Formulary Compliance Rate	98.3%	98.7%	99.2%	98.8%	98.0%	98.7%

SAVEONSP

About the solution

- Utilizes Affordable Care Act (ACA) state benchmark to **change client plan design**
- Select drugs are designated as **Non-Essential Health Benefits (NEHB)**
- Copays set to maximize manufacturer assistance dollars to **benefit the plan**
- Targets **300+** specialty drugs in **20 therapy classes**
- Reduces patient's responsibility to **zero**

Average assistance per fill across highest utilized therapy classes:

Hepatitis C	$6,600	Oncology	$1,800
Cystic Fibrosis	$2,600	Pulmonary Arterial Hypertension	$1,300
Multiple Sclerosis	$1,500	Blood Cell Deficiency	$830
Inflammatory	$1,900	Hereditary Angioedema	$2,000
Hemophilia	$1,200	Asthma & Allergy	$1,100

Average savings range from
$4.50 - 6.50 PMPM net savings*

*Net of program shared savings fee. Savings may vary based on sponsor's actual utilization or a different benchmark or formulary. Savings do not represent any type of guarantee by SaveOnSP or ESI.

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SAVEONSP

Incremental Savings

	2021*		2020		2019
Manufacturer Dollars	$1,478,948.23	$	2,900,744.38	$	1,933,908.00
Patient Savings	$45,200	$	131,700.00	$	84,100.00
Tertiary	$388,200	$	46,566.00	$	15,610.00
Admin Fee	$261,386.86	$	680,619.60	$	458,549.50
Plan Savings	**$784,161.37**	**$**	**2,041,858.78**	**$**	**1,375,648.50**

* Through April 2021

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An Evernorth Company

CLINICAL SOLUTIONS FOR COORDINATED CARE

EXPRESS SCRIPTS®
An Evernorth Company

A PARTNERSHIP THAT DELIVERS

RHCA and Express Scripts

RECENT SUCCESSES OF OUR PARTNERSHIP OVER THE PAST YEAR

$7.9M in savings from Advanced Utilization Management*

$4.9M in savings from RationalMed®*

$150K in savings Advanced Opioid Management®*

$487K in savings from SafeguardRx®

$4.2M in savings from SaveonSP since implementing

Protecting your patients while delivering increased cost savings

Best-in-class member satisfaction, rating of greater than 96%

*Combined savings for Pre-Medicare and EGWP populations

EXPRESS SCRIPTS® An Evernorth Company

Evolution of the specialty marketplace

$49B biosimilar opportunity through 2024

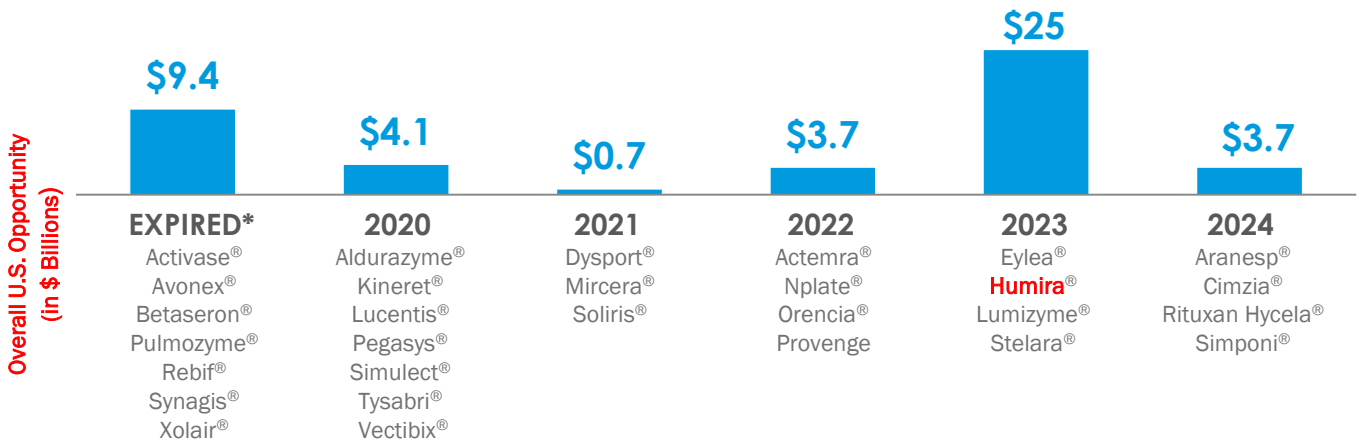
	CHRONIC CONDITIONS	COMPLEX CHRONIC	BIOSIMILARS	RARE AND ORPHAN TARGETED DRUGS AND BIOLOGICS	CELL AND GENE THERAPY
Example of conditions and drugs:	**Asthma** *Albuterol*	**Rheumatoid arthritis** Enbrel®	**Cancer supportive agents** Zarxio®	**Spinal muscular atrophy** 4 times per year Spinraza®	**Retinal dystrophy*** **Spinal muscular atrophy** 1 dose: Luxturna® Zolgensma®
Sample range	$10 - $500	$3K - $20K	Varies (15% - 35% off innovator)	$350K+	$850K - $2.5M+

PROGRESSION HAS BEEN TOWARD SMALLER MARKETS AT HIGHER PRICE POINTS

*Specifically: Biallelic RPE65 mutation-associated retinal dystrophy

Biosimilar future opportunity

$49B OPPORTUNITY | **76** PATENT EXPIRATIONS THROUGH 2020-2024



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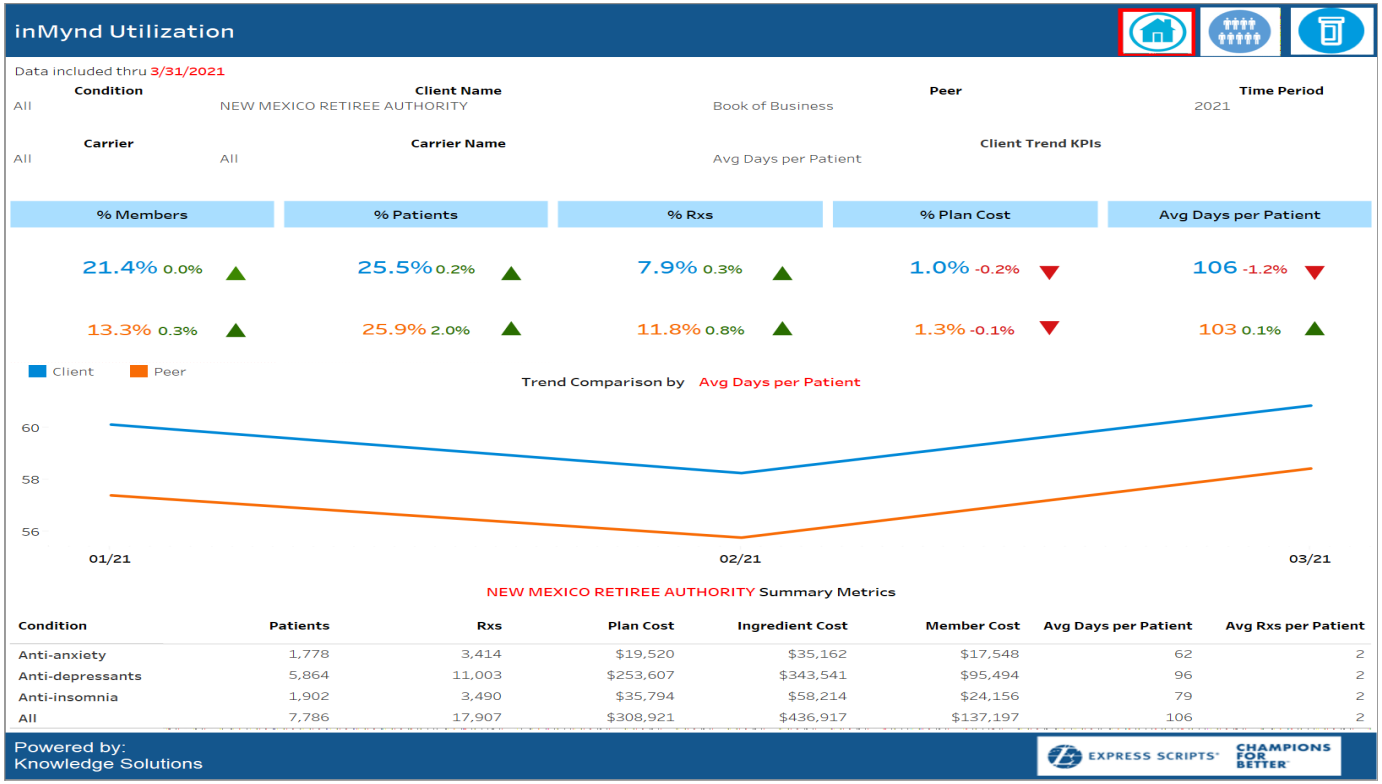
RHCA Mental and Behavioral Health



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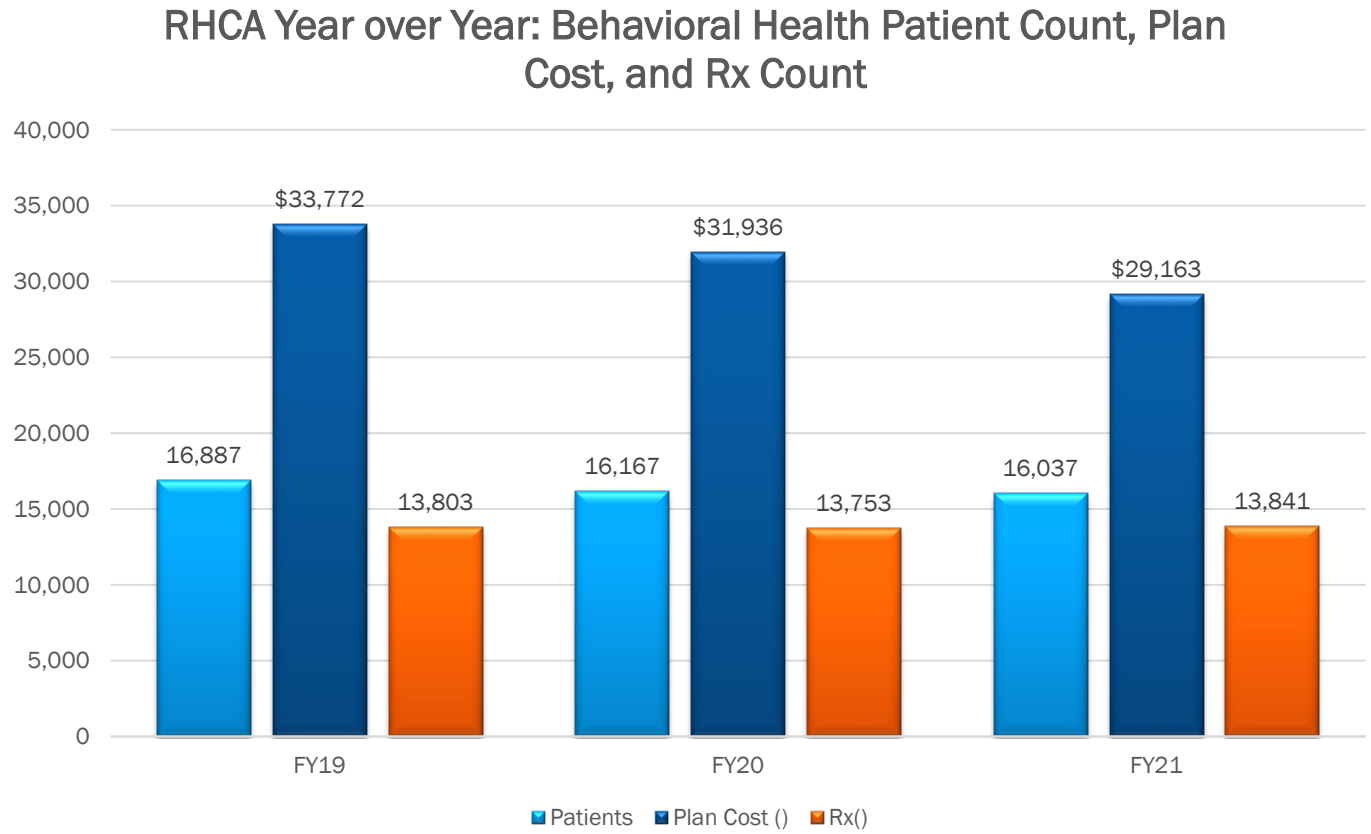
Mental and Behavioral Health



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EVERNORTH DIGITAL HEALTH FORMULARY℠

Making digital health click

Clinically reviewed and evaluated by a panel of pharmacists, physicians, user experience experts and health research PhDs, solutions demonstrate safety, security and value for clients and members.

RELIABLE

Intensive clinical review and critical, objective validation.

SIMPLE

End-to-end management of clinically effective digital health solutions for you.

AFFORDABLE

Leveraging our unique position in the marketplace to drive better health and value.

PERSONAL

Solutions are paired with one-on-one personalized support from our Therapeutic Resource Centers®

300K+

DIGITAL HEALTH SOLUTIONS ON THE MARKET TODAY[1]

Mobile health applications

Telehealth solutions

Digital therapeutics

Remote monitoring

1. Research2Guidance

EXPRESS SCRIPTS® An Evernorth Company

The power of digital health

We've proven that when members use these solutions, quality of life improves and costs go down.

DIGITAL ASTHMA AND COPD SOLUTION

47%

increase in days without rescue inhaler use[1]

DIGITAL DIABETES PREVENTION OBESITY SOLUTION

Members tracked

3,453,090,312

steps[1]

DIGITAL DIABETES SOLUTION

8.7%

decrease in hyperglycemic episodes [2]

1. Express Scripts 2019 Data 2. Livongo internal data, 2019 3. Based on average gross cost of knee-replacement surgery ($57k) and recovery time via Arthritis-health.com

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Thank You

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

Assumption	Prior Assumption July 2014	Prior Assumption July 2015	Prior Assumption July 2016	Prior Assumption July 2017	Prior Assumption July 2018	Prior Assumption July 2019	Prior Assumption July 2020	Current Assumption July 2021
Asset Balance	Use May 31, 2014 fund balance of $369,131,762 as an estimate for 7/1/2014 fund balance	Use May 31, 2015 fund balance of $429,925,522 as an estimate for 7/1/2015 fund balance	Use May 31, 2016 fund balance of $455,592,072 as an estimate for 7/1/2016 fund balance	Use May 31, 2017 fund balance of $551,412,183 as an estimate for 7/1/2017 fund balance	Use May 31, 2018 fund balance of $633,374,610 as an estimate for 7/1/2018 fund balance	Use May 31, 2019 fund balance of $684,913,335 as an estimate for 7/1/2019 fund balance	Use April 30, 2020 fund balance of $746,782,548 as an estimate for 7/1/2020 fund balance	Use May 31, 2021 fund balance of $1,033,793,409 as an estimate for 7/1/2021 fund balance
Investment Return	No Change	No Change	No Change	7.25%	No Change	No Change	No Change	No Change
Annual Growth in Payroll	F20Y14 payroll estimated to be $3,941,587,760, increasing 3% through 6/30/15 and 3.5% thereafter	F20Y15 payroll estimated to be $4,040,779,736, increasing 3.5% annually	FY2016 payroll estimated to be $4,126,747,451, increasing 3.5% annually	FY2017 payroll estimated to be $4,165,647,339, increasing 0.0% through FY2020 and 3.5% thereafter	FY2018 payroll estimated to be $4,169,085,993, increasing 2.0% in FY2019, 0.0% in FY2020, and 3.5% thereafter	FY2019 payroll estimated to be $4,172,928,635, increasing 4.0% in FY2020, 0.0% in FY2021, and 3.0% thereafter	FY2020 payroll estimated to be $4,317,892,502, increasing 0.0% through FY2021, 0.0% in FY2022, and 3.0% thereafter	FY2021 payroll estimated to be $4,614,243,876, increasing 0.0% through FY2022 and 2.75% thereafter
Contribution Rates (Employer/Employee)								
Public Safety, et al	2.50%/1.25%	No Change	No Change	No Change	No Change	No Change	No Change	No Change
Other Occupations	2.00%/1.00%	No Change	No Change	No Change	No Change	No Change	No Change	No Change
Annual Growth in Retirees								
Non-Medicare	1.75% annually through 6/30/2015, then based on FY2009 open valuation output table	No Change	based on FY2014 open valuation output table	No Change	No Change	No Change	No Change	No Change
Medicare	5.8% through 6/30/2015, then based on FY2009 open valuation output table	No Change	based on FY2014 open valuation output table	No Change	No Change	No Change	No Change	No Change
Retiree Ancillary Costs	Assumed to equal premium expenses and is paid fully by retirees	No Change	No Change	No Change	No Change	No Change	No Change	No Change
Pension Tax Revenue	$20,931,300 for FY2014, increasing 12% thereafter	$23,443,056 for FY2015, increasing 12% thereafter	$26,256,200 for FY2016, increasing 12% thereafter	$28,306,470 for FY2017, frozen through FY2019 and increasing 12% thereafter	$26,256,221 for FY2018, frozen through FY2019, increasing 12% thereafter	$29,406,967 for FY2019, increasing 12% thereafter	$32,935,804 for FY2020, increasing 12% thereafter	$36,888,100 for FY2021, increasing 12% thereafter
HB 728/573 Revenue	$3 million annually, no sunset	No Change	No Change	Eliminated effective 1/1/2017	No Change	No Change	No Change	No Change
Rx Rebates	Rebates of $8,407,050 estimated for FY14, reflecting proposed contract terms through FY18; all annual figures increased at retiree growth rate	Rebates of $8,960,237 estimated for FY15, reflecting proposed contract terms through FY18; all annual figures increased at retiree growth rate	Rebates of $8,566,058 estimated for FY2016, reflecting proposed contract terms through FY2018; all annual figures increased at retiree growth rate	Rebates of $18,321,264 estimated for FY2017, reflecting proposed contract terms through FY2018; all annual figures increased at retiree growth rate	Rebates of $32,085,060 estimated for FY2019; proposed contract terms reflected through FY2020, increased at retiree growth rate thereafter.	FY2020 Rebates of $31,566,468 based on projection provided by ESI; increased at retiree growth rate thereafter.	FY2021 Rebates of $31,813,007 based on projection provided by ESI; increased at retiree growth rate thereafter.	FY2022 Rebates of $30,894,349 based on projection provided by ESI; increased at retiree growth rate thereafter.
EGWP Revenue Components:								
Direct Subsidy	CY2014-15 projected by ESI; thereafter increases annually at retiree growth rate, plus one half of Medicare Rx trend +1% for donut hole closure CY16 through CY20 (one half of Medicare Rx trend CY2021+)	CY2015-16 projected by ESI; thereafter increases annually at retiree growth rate, plus one half of Medicare Rx trend +1% for donut hole closure CY17 through CY20 (one half of Medicare Rx trend CY2021+)	CY2016 and CY2017 projected by ESI; thereafter increases annually at retiree growth rate, plus one half of Medicare Rx trend +1% for donut hole closure CY2018 through CY2020 (one half of Medicare Rx trend CY2021+)	CY2017 and CY2018 projected by ESI; thereafter increases annually at retiree growth rate, plus one half of Medicare Rx trend +1% for donut hole closure CY2019 through CY2020 (one half of Medicare Rx trend CY2021+)	CY2018 and CY2019 projected by ESI; thereafter increases annually at retiree growth rate, plus one half of Medicare Rx trend +1% for donut hole closure through CY2020 (one half of Medicare Rx trend CY2021+)	CY2019 and CY2020 projected by ESI; thereafter increases annually at retiree growth rate, plus one half of Medicare Rx trend +1% for donut hole closure through CY2020 (one half of Medicare Rx trend CY2021+)	CY2020 and CY2021 projected by ESI; thereafter increases annually at retiree growth rate, plus one half of Medicare Rx trend	CY2021 and CY2022 projected by ESI; thereafter increases annually at retiree growth rate, plus one half of Medicare Rx trend, with subsidy in each year after CY2022 bounded below by $0
Federal Reinsurance	CY2014-15 projected by ESI; CY2016+ annual increase at only retiree growth rate	CY2015-16 projected by ESI; CY2017+ annual increase at only retiree growth rate	CY2016 and CY2017 projected by ESI; CY2018+ annual increase at only retiree growth rate	CY2017 and CY2018 projected by ESI; CY2019+ annual increase at only retiree growth rate	CY2018 and CY2019 projected by ESI; CY2020+ annual increase at only retiree growth rate	CY2019 and CY2020 projected by ESI; CY2021+ annual increase at only retiree growth rate	CY2020 and CY2021 projected by ESI; CY2022+ annual increase at only retiree growth rate	CY2021 and CY2022 projected by ESI; CY2023+ annual increase at only retiree growth rate
Low Income Subsidy	0.0% annual increase to CY2014 estimate of $2.85 PMPM	0.0% annual increase to CY2015 estimate of $3.40 PMPM	0.0% annual increase to CY2016 estimate of $3.40 PMPM	0.0% annual increase to CY2017 estimate of $2.84 PMPM	0.0% annual increase to CY2018 estimate of $2.87 PMPM	0.0% annual increase to CY2019 estimate of $2.96 PMPM	0.0% annual increase to CY2020 estimate of $2.89 PMPM	0.0% annual increase to CY2021 estimate of $2.67 PMPM
Coverage Gap Discount Program	CY2014-15 projected by ESI; CY2016+ annual increase at only retiree growth rate	CY2015-16 projected by ESI; CY2017+ annual increase at only retiree growth rate	CY2016 and CY2017 projected by ESI; CY2018+ annual increase at only retiree growth rate	CY2017 and CY2018 projected by ESI; CY2019+ annual increase at only retiree growth rate	CY2018 and CY2019 projected by ESI; CY2020+ annual increase at only retiree growth rate	CY2019 and CY2020 projected by ESI; CY2021+ annual increase at only retiree growth rate	CY2020 and CY2021 projected by ESI; CY2022+ annual increase at only retiree growth rate	CY2021 and CY2022 projected by ESI; CY2023+ annual increase at only retiree growth rate
Short Term Interest	$0 projected for FY2014, increasing 0.0% annually	No Change	No Change	No Change	No Change	No Change	No Change	No Change
Subrogation	$239,932 estimated for FY2014, increased at retiree growth rate	$277,326 estimated for FY2015, increased at retiree growth rate	$327,942 estimated for FY2016, increased at retiree growth rate	$279,589 estimated for FY2017, increased at retiree growth rate	$283,753 estimated for FY2018, increased at retiree growth rate	$372,748 estimated for FY2019, increased at retiree growth rate	$327,755 estimated for FY2020, increased at retiree growth rate	$235,063 estimated for FY2021, increased at retiree growth rate
Annual Trend								
Medical								
Medicare Advantage	8.00%	No Change	No Change	No Change	No Change	CY2020 increases estimated at 30% for Humana, 12% for BCBS, 15% for Presbyterian, and 20% for United Healthcare; 8% thereafter	CY2021 increases based on actual rates as provided by NMRHCA staff; CY2022, Humana MA increase at 7% and all other MA plans increase at 14%; 7% increases thereafter for all plans	CY2021 increases based on actual rates as provided by NMRHCA staff; CY2022, BCBSNM and Humana MA increases based on actual rates provided by NMRHCA staff; all other MA plans increase at 7%
Medicare Supplement	8.00%	No Change	No Change	No Change	No Change	9% for CY2020; 8% thereafter	8.00%	8.00%
Medicare Rx	8.00%	No Change	No Change	No Change	No Change	10% for CY2020; 8% thereafter	8.00%	8.00%
Non-Medicare Medical	8.00%	No Change	No Change	No Change	No Change	9% for CY2020; 8% thereafter	8.00%	8.00%
Mental Health	Included in Medical Trend	No Change	No Change	No Change	No Change	No Change	No Change	No Change
Non-Medicare Rx	8.00%	No Change	No Change	No Change	No Change	10% for CY2020; 8% thereafter	8.00%	8.00%
Medical Rates	Annual Non-Medicare rate increases of 8% in 2015-2020 and 3% thereafter, 5% Medicare Supplement rate increase in 2015 and 6% thereafter	Annual Non-Medicare rate increases of 8% in 2016-2021 and 4% thereafter, 6% Medicare Supplement rate increase in 2016-2033 and 3% thereafter	2017 rates for Premier and new Value plan set per pricing exercise; Annual Non-Medicare rate increases of 8% in 2018-2022 and 4% thereafter, 6% Medicare Supplement rate increase in 2017-2030 and 3% thereafter	Annual Non-Medicare rate increases of 8% in 2018-2022 and 4% thereafter, 6% Medicare Supplement rate increase in 2017-2031 and 3% thereafter	Annual Non-Medicare rate increases of 8% in 2019-2023 and 4% thereafter, 6% Medicare Supplement rate increase in 2019-2033 and 3% thereafter	Annual Non-Medicare rate increases of 7% in 2020, 8% in 2021-2023 and net 8% with plan changes, 5% Medicare Supplement rate increase in 2020, 6% in 2021-2033 and net 6% with plan changes thereafter	Annual Non-Medicare rate increases of 6% in 2021, 8% in 2022-2024 and net 8% with plan changes, 4% Medicare Supplement rate increase in 2021, 6% in 2022-2033 and net 6% with plan changes thereafter	Annual Non-Medicare rate increases of 8% in 2022-2024 and net 8% with plan changes, 6% Medicare Supplement rate increase in 2022, 6% in 2023-2033 and net 6% with plan changes thereafter
Life Insurance	Assumes level total premium on Basic Life for duration of projection	Assumes level total premium on Basic Life through CY17 decreasing 25% per year through CY21	No Change	No Change	No Change	Reflects impact of 2019 RFP	No Change	No Change
Dental	0.06	No Change	No Change	No Change	No Change	No Change	No Change	No Change
Vision	5.00%	No Change	No Change	No Change	No Change	No Change	No Change	No Change
Program Support	$2,929,300 budgeted for FY2015, increasing 2.5% annually thereafter	$3,012,900 budgeted for FY2016, increasing 2.5% annually thereafter	$3,118,300 budgeted for FY2016, increasing 2.5% annually thereafter	$2,936,800 budgeted for FY2017, increasing 2.5% annually thereafter	$3,015,200 budgeted for FY2018, increasing 2.5% annually thereafter	$3,135,900 budgeted for FY2019, increasing 2.5% annually thereafter	$3,296,900 budgeted for FY2020, increasing 2.5% annually thereafter	$3,247,100 budgeted for FY2021, increasing 2.5% annually thereafter

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

Assumption	Prior Assumption July 2014	Prior Assumption July 2015	Prior Assumption July 2016	Prior Assumption July 2017	Prior Assumption July 2018	Prior Assumption July 2019	Prior Assumption July 2020	Current Assumption July 2021
Administrative Services Fee	Individual fee components based on existing contract terms in place, increasing 2.00% annually thereafter	No Change	No Change	No Change	No Change	No Change	No Change	No Change
Plan Design Changes								
Medical								
Medicare	Annual plan changes in CY2034 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2034 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2031 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2032 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2034 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2034 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2034 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Includes impact of elimination of cost-sharing for Behavioral Health services under SB 317. Annual plan changes in CY2034 and beyond such that projected claims and expenses remain beneath Excise Tax threshold
Non-Medicare	Consolidation of Non-Medicare plans in CY2017, annual plan changes in CY2021 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Consolidation of Non-Medicare plans in CY2017, annual plan changes in CY2022 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Beginning CY2017: Elimination of Premier Plus plan, introduction of Value plan, Premier plan OOP max increase to $4,500, deductible and copays accumulating to OOP max; annual plan changes in CY2023 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Beginning CY2018, expanding value option to BCBS; annual plan changes in CY2023 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Discontinue NM Health Connections Value plan effective 6/30/18 with members assumed to migrate to BCBS Value plan. Beginning CY2019, add 3rd BCBS Premier plan tier with restricted network; annual plan changes in CY2024 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2024 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2025 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Includes impact of elimination of cost-sharing for Behavioral Health services under SB 317. Annual plan changes in CY2025 and beyond such that projected claims and expenses remain beneath the eliminated Excise Tax threshold
Rx								
Medicare	Annual plan changes in CY2034 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2034 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Eliminate coverage for drugs now available over the counter (OTC); Annual plan changes in CY2031 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Add Voluntary Smart90 program; annual plan changes in CY2032 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Beginning CY2019, increase brand copays; annual plan changes in CY2034 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2034 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2034 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2034 and beyond such that projected claims and expenses remain beneath Excise Tax threshold
Non-Medicare	No changes for 1/1/2015 or beyond	No changes for 1/1/2016 or beyond	Eliminate coverage for drugs now available over the counter (OTC)	Add Voluntary Smart90 program	Beginning CY2019, add SavOnSP Copay Assistance Program and increase brand copays	Annual plan changes in CY2024 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2025 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2025 and beyond such that projected claims and expenses remain beneath Excise Tax threshold
Basic Life and AD&D	No new entrants	No new entrants	No new entrants	No new entrants	No new entrants	No new entrants	No new entrants	No new entrants
Annual Index in Cadillac Tax Thresholds	3%	3%	3%	3%	3%	3%	3%	3%
Annual Increase in PCORI Fee	Projected increase in National Health Expenditures, per CMS Office of the Actuary	Projected increase in National Health Expenditures, per CMS Office of the Actuary	Projected increase in National Health Expenditures, per CMS Office of the Actuary	Projected increase in National Health Expenditures, per CMS Office of the Actuary	Projected increase in National Health Expenditures, per CMS Office of the Actuary	N/A. PCORI fee has now expired	Projected increase in National Health Expenditures, per CMS Office of the Actuary (PCORI Fee Reinstated)	Projected increase in National Health Expenditures, per CMS Office of the Actuary (PCORI Fee Reinstated)
Member Rate Share								
Retiree								
Medicare	50%	No Change	No Change	No Change	No Change	No Change	No Change	No Change
Non-Medicare	35%	36% in CY2016+	No Change	No Change	No Change	No Change	No Change	No Change
Spouse								
Medicare	75%	No Change	No Change	No Change	No Change	No Change	No Change	No Change
Non-Medicare	62% in CY2015+	64% in CY2016+	No Change	No Change	No Change	No Change	No Change	No Change
Child(ren)								
Medicare	100%	No Change	No Change	No Change	No Change	No Change	No Change	No Change
Non-Medicare	100%	No Change	No Change	No Change	No Change	No Change	No Change	No Change
Minimum Service to Receive Full Subsidy	20 years	No Change	No Change	No Change	No Change	Consistent with Board Approved Rule Change to 2.8.11 NMAC effective January 2021	Changes effective date to July 2021	No Change
Minimum Participation Age	None	No Change	No Change	No Change	No Change	No Change	No Change	No Change
Member Migration / Participation	No Change	No Change	No Change	No Change	No Change, Plan A default to UHC MA I, Plan B default to Humana MA I; 50% opt out of Medicare Advantage Default elections to Medicare Supplement;	No Change, Plan A default to UHC MA I, Plan B default to Humana MA I; 50% opt out of Medicare Advantage Default elections to Medicare Supplement;	Non-Medicare members migrate from Premier to Value plan until plan changes are triggered in 2025 (2% annual shift from Premier); All Medicare members default to UHC MA I plan; 50% opt out of Medicare Advantage Default elections to Medicare Supplement;	Non-Medicare members migrate from Premier to Value plan until plan changes are triggered in 2025 (1.75% annual shift from Premier); All Medicare members default to UHC MA I plan; 50% opt out of Medicare Advantage Default elections to Medicare Supplement;

New Mexico Retiree Health Care Authority
July 2021 Long-Term Solvency Modeling
Sensitivity to Specific Assumption Changes within Baseline Scenario

Scenario Summary

	Baseline Scenario	Low Trend: -1%	High Trend: +1%	Low Payroll Growth: -0.5%	Increase Non-Medicare Retiree Rate Share: +4%	Increase Non-Medicare Spouse Rate Share: +6%
Changing Cells:						
Non-Medicare Medical Claims Trend	8.00%	7.00%	9.00%	8.00%	8.00%	8.00%
Medicare Medical Claims Trend	8.00%	7.00%	9.00%	8.00%	8.00%	8.00%
Annual Payroll Growth - Starting CY2023	2.75%	2.75%	2.75%	2.25%	2.75%	2.75%
Medicare Advantage Premium Increase - CY2022 and beyond	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Non-Medicare Retiree Rate Share	36.00%	36.00%	36.00%	36.00%	40.00%	36.00%
Non-Medicare Spouse Rate Share	64.00%	64.00%	64.00%	64.00%	64.00%	70.00%
Non-Medicare Rate Increase - CY2022	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Non-Medicare Rate Increase - CY2023 to CY2024	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Medicare Supplement Rate Increase - CY2022	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Medicare Supplement Rate Increase - CY2023 to CY2033	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Annual Investment Return	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%
Result Cells:						
Projected Year of Deficit Spending	2029	2032	2027	2028	2029	2029
Projected Year of Fiscal Insolvency	Exceeds Projection Period	Exceeds Projection Period	Exceeds Projection Period	Exceeds Projection Period	Exceeds Projection Period	Exceeds Projection Period

Scenario Summary

	Baseline Scenario	High Short-term Non-Medicare Rate Increase: +1%	Low Short-term Non-Medicare Rate Increase: -1%	High Short-term Medicare Supplement Rate Change: +1%	Low Short-Term Medicare Supplement Rate Change: -1%	Low Investment Return: -1%	Very Low Investment Return: -2%
Changing Cells:							
Non-Medicare Medical Claims Trend	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Medicare Medical Claims Trend	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Annual Payroll Growth - Starting CY2023	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Medicare Advantage Premium Increase - CY2022 and beyond	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Non-Medicare Retiree Rate Share	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%
Non-Medicare Spouse Rate Share	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%
Non-Medicare Rate Increase - CY2022	8.00%	9.00%	7.00%	8.00%	8.00%	8.00%	8.00%
Non-Medicare Rate Increase - CY2023 to CY2024	8.00%	9.00%	7.00%	8.00%	8.00%	8.00%	8.00%
Medicare Supplement Rate Increase - CY2022	6.00%	6.00%	6.00%	7.00%	5.00%	6.00%	6.00%
Medicare Supplement Rate Increase - CY2023 to CY2033	6.00%	6.00%	6.00%	7.00%	5.00%	6.00%	6.00%
Annual Investment Return	7.25%	7.25%	7.25%	7.25%	7.25%	6.25%	5.25%
Result Cells:							
Projected Year of Deficit Spending	2029	2029	2028	2029	2027	2029	2029
Projected Year of Fiscal Insolvency	Exceeds Projection Period	Exceeds Projection Period	Exceeds Projection Period	Exceeds Projection Period	Exceeds Projection Period	Exceeds Projection Period	Exceeds Projection Period

New Mexico Retiree Health Care Authority Long-Tem Solvency Modeling

Projected Year of Insolvency: Exceeds Projection Period

Scenario: Baseline including SB 317 Impact - Using the starting balance as of May 31, 2021

8% trend for Non-Medicare and Medicare medical and Rx in FY2022 and beyond; Annual Non-Medicare Medical Plan Changes in CY2025+; Annual Medicare Supplement & EGWP plan changes in CY2034+; Annual Non-Medicare Rate Increases of 8% in CY2022, and net 8% with plan changes thereafter, Medicare Rate Increase of 6% in CY2022, and net 6% with plan changes thereafter. Assumed rate of return of 7.25%; Payroll growth assumption of 2.75% beginning FY2023; Board Approved Change to Minimum Age Requirement and Years of Service for Maximum Subsidy in 2.81.11 NMAC eff. Jul 2021; Includes Migration from the Premier Plan to the Value Plan from CY2022 through CY2024; Includes SB 317 impact for CY2022 through CY2026

		REVENUE									EXPENDITURES								
Fiscal Year Beginning	BOY Invested Assets	Employer Contribution	Employee Contribution	Retiree Medical	Retiree Ancillary	Tax Revenue	Medicare PDP & Manufacturers Discount	Miscellaneous	Total Revenue	Investment Income	Medical/Rx	Basic Life	Ancillary Premiums	ASO & HC Reform Fees	Program Support	Total Expenditures	Rev. - Exp. Excluding Inv. Income	Fiscal Year End	EOY Invested Assets
7/1/2021	$1,033,793,409	$94,498,321	$47,249,161	$140,991,391	$33,300,763	$36,888,100	$38,556,116	$234,345	$391,718,196	$76,730,745	$293,140,251	$0	$33,300,763	$12,906,699	$3,247,100	$342,594,812	$49,123,384	6/30/2022	$1,159,647,537
7/1/2022	$1,159,647,537	$97,097,025	$48,548,513	$154,818,928	$35,924,624	$41,314,672	$40,970,429	$240,432	$418,914,622	$85,519,200	$326,224,522	$0	$35,924,624	$13,581,921	$3,328,278	$379,059,345	$39,855,277	6/30/2023	$1,285,022,014
7/1/2023	$1,285,022,014	$99,767,193	$49,883,597	$168,505,059	$38,320,092	$46,272,433	$42,378,451	$237,016	$445,363,840	$94,264,996	$359,225,619	$0	$38,320,092	$14,036,987	$3,411,484	$414,994,182	$30,369,658	6/30/2024	$1,409,656,668
7/1/2024	$1,409,656,668	$102,510,791	$51,255,396	$180,519,188	$40,682,876	$51,825,124	$43,393,267	$233,377	$470,420,020	$102,968,607	$390,547,434	$0	$40,682,876	$14,492,990	$3,496,772	$449,220,072	$21,199,947	6/30/2025	$1,533,825,222
7/1/2025	$1,533,825,222	$105,329,838	$52,664,919	$193,535,402	$43,788,685	$58,044,139	$44,560,692	$236,450	$498,160,125	$111,605,359	$424,576,569	$0	$43,788,685	$15,092,595	$3,584,191	$487,042,040	$11,118,086	6/30/2026	$1,656,548,667
7/1/2026	$1,656,548,667	$108,226,408	$54,113,204	$206,085,231	$46,650,086	$65,009,436	$45,607,230	$234,922	$525,926,518	$120,291,333	$454,671,078	$0	$46,650,086	$15,647,299	$3,673,796	$520,642,258	$5,284,259	6/30/2027	$1,782,124,259
7/1/2027	$1,782,124,259	$111,202,635	$55,601,317	$218,458,377	$49,574,517	$72,810,568	$46,611,817	$231,046	$554,490,278	$129,211,494	$484,793,082	$0	$49,574,517	$16,150,548	$3,765,640	$554,283,788	$206,490	6/30/2028	$1,911,542,243
7/1/2028	$1,911,542,243	$114,260,707	$57,130,354	$233,818,816	$53,163,826	$81,547,837	$47,561,419	$235,579	$587,718,538	$138,218,272	$524,182,577	$0	$53,163,826	$16,678,988	$3,859,782	$597,885,173	($10,166,635)	6/30/2029	$2,039,593,881
7/1/2029	$2,039,593,881	$117,402,876	$58,701,438	$249,013,631	$56,448,487	$91,333,577	$48,296,644	$235,373	$621,432,027	$147,134,179	$564,206,387	$0	$56,448,487	$17,134,733	$3,956,276	$641,745,883	($20,313,856)	6/30/2030	$2,166,414,204
7/1/2030	$2,166,414,204	$120,631,456	$60,315,728	$267,326,712	$60,659,912	$102,293,606	$48,985,757	$244,554	$660,457,724	$155,814,007	$612,455,495	$0	$60,659,912	$17,798,112	$4,055,183	$694,968,701	($34,510,977)	6/30/2031	$2,287,717,234
7/1/2031	$2,287,717,234	$123,948,821	$61,974,410	$286,095,702	$64,660,501	$114,568,839	$49,548,149	$249,576	$701,045,998	$164,077,383	$662,958,857	$0	$64,660,501	$18,431,915	$4,156,563	$750,207,836	($49,161,838)	6/30/2032	$2,402,632,778
7/1/2032	$2,402,632,778	$127,357,413	$63,678,707	$304,759,993	$68,737,691	$128,317,100	$50,006,430	$253,122	$743,110,456	$171,892,186	$714,515,154	$0	$68,737,691	$19,009,284	$4,260,477	$806,522,606	($63,412,150)	6/30/2033	$2,511,112,814
7/1/2033	$2,511,112,814	$130,859,742	$65,429,871	$322,823,848	$73,429,893	$143,715,152	$50,515,125	$259,460	$787,033,090	$179,278,562	$766,192,411	$0	$73,429,893	$19,653,933	$4,366,989	$863,643,225	($76,610,134)	6/30/2034	$2,613,781,241
7/1/2034	$2,613,781,241	$134,458,385	$67,229,192	$338,662,461	$78,596,971	$160,960,970	$50,907,284	$269,813	$831,085,076	$186,453,284	$811,669,050	$0	$78,596,971	$20,366,504	$4,476,163	$915,108,688	($84,023,612)	6/30/2035	$2,716,210,913
7/1/2035	$2,716,210,913	$138,155,991	$69,077,995	$350,704,466	$83,289,624	$180,276,286	$51,344,369	$269,626	$873,118,358	$193,969,073	$845,835,239	$0	$83,289,624	$20,956,283	$4,588,067	$954,669,213	($81,550,855)	6/30/2036	$2,828,629,130
7/1/2036	$2,828,629,130	$141,955,280	$70,977,640	$362,955,780	$88,452,345	$201,909,441	$51,895,472	$269,696	$918,415,654	$202,295,654	$880,411,357	$0	$88,452,345	$21,537,672	$4,702,769	$995,104,144	($76,688,489)	6/30/2037	$2,954,236,295
7/1/2037	$2,954,236,295	$145,859,051	$72,929,525	$375,142,975	$93,587,594	$226,138,574	$52,245,023	$270,105	$966,172,846	$211,674,101	$914,870,969	$0	$93,587,594	$22,080,999	$4,820,338	$1,035,359,899	($69,187,053)	6/30/2038	$3,096,723,343
7/1/2038	$3,096,723,343	$149,870,174	$74,935,087	$386,534,905	$98,838,418	$253,275,203	$52,634,713	$266,613	$1,016,355,113	$222,430,210	$947,435,797	$0	$98,838,418	$22,580,935	$4,940,847	$1,073,795,997	($57,440,884)	6/30/2039	$3,261,712,670
7/1/2039	$3,261,712,670	$153,991,604	$76,995,802	$399,340,239	$104,698,525	$283,668,227	$53,005,034	$266,626	$1,071,966,059	$234,882,663	$982,979,831	$0	$104,698,525	$23,126,935	$5,064,368	$1,115,869,659	($43,903,600)	6/30/2040	$3,452,691,732
7/1/2040	$3,452,691,732	$158,226,373	$79,113,187	$413,959,684	$111,104,015	$317,708,414	$53,336,051	$268,423	$1,133,716,146	$249,270,048	$1,022,660,648	$0	$111,104,015	$23,728,858	$5,190,977	$1,162,684,498	($28,968,352)	6/30/2041	$3,672,993,428
7/1/2041	$3,672,993,428	$162,577,599	$81,288,799	$430,825,376	$118,313,325	$355,833,424	$53,553,493	$275,102	$1,202,667,117	$265,827,770	$1,067,426,070	$0	$118,313,325	$24,413,952	$5,320,751	$1,215,474,099	($12,806,981)	6/30/2042	$3,926,014,217
7/1/2042	$3,926,014,217	$167,048,483	$83,524,241	$448,550,539	$125,798,853	$398,533,435	$53,678,576	$281,221	$1,277,415,348	$284,882,889	$1,114,245,208	$0	$125,798,853	$25,107,637	$5,453,770	$1,270,605,468	$6,809,880	6/30/2043	$4,217,706,986
7/1/2043	$4,217,706,986	$171,642,316	$85,821,158	$467,226,831	$133,834,299	$446,357,447	$53,734,582	$288,617	$1,358,905,249	$306,876,496	$1,163,518,645	$0	$133,834,299	$25,817,643	$5,590,114	$1,328,760,701	$30,144,548	6/30/2044	$4,554,728,030
7/1/2044	$4,554,728,030	$176,362,479	$88,181,240	$486,701,919	$142,418,797	$499,920,340	$53,773,727	$296,207	$1,447,654,709	$332,325,816	$1,214,800,433	$0	$142,418,797	$26,552,950	$5,729,867	$1,389,502,046	$58,152,663	6/30/2045	$4,945,206,509
7/1/2045	$4,945,206,509	$181,212,448	$90,606,224	$507,271,259	$151,590,269	$559,910,781	$53,812,721	$303,997	$1,544,707,699	$361,829,592	$1,268,838,546	$0	$151,590,269	$27,312,799	$5,873,114	$1,453,614,728	$91,092,971	6/30/2046	$5,398,129,073
7/1/2046	$5,398,129,073	$186,195,790	$93,097,895	$528,787,443	$161,389,263	$627,100,075	$53,851,563	$311,992	$1,650,734,021	$396,070,371	$1,325,405,632	$0	$161,389,263	$28,098,137	$6,019,942	$1,520,912,973	$129,821,047	6/30/2047	$5,924,020,491
7/1/2047	$5,924,020,491	$191,316,174	$95,658,087	$551,593,924	$171,859,133	$702,352,084	$53,890,252	$320,196	$1,766,989,851	$435,837,887	$1,384,977,196	$0	$171,859,133	$28,909,946	$6,170,440	$1,591,916,716	$175,073,135	6/30/2048	$6,534,931,513
7/1/2048	$6,534,931,513	$196,577,369	$98,288,684	$575,909,784	$183,046,239	$786,634,334	$53,928,785	$328,617	$1,894,713,812	$482,048,149	$1,447,576,669	$0	$183,046,239	$29,749,252	$6,324,701	$1,666,696,861	$228,016,951	6/30/2049	$7,244,996,612
7/1/2049	$7,244,996,612	$201,983,247	$100,991,623	$601,777,325	$195,000,147	$881,030,454	$53,967,161	$337,259	$2,035,087,217	$535,757,042	$1,513,475,731	$0	$195,000,147	$30,617,126	$6,482,819	$1,745,575,824	$289,511,393	6/30/2050	$8,070,265,048
7/1/2050	$8,070,265,048	$207,537,786	$103,768,893	$629,435,788	$207,773,860	$986,754,109	$54,005,379	$346,128	$2,189,621,943	$598,161,215	$1,583,219,568	$0	$207,773,860	$31,514,682	$6,644,889	$1,829,152,999	$360,468,944	6/30/2051	$9,028,895,208
7/1/2051	$9,028,895,208	$213,245,075	$106,622,538	$658,488,372	$221,424,052	$1,105,164,602	$54,043,438	$355,231	$2,359,343,306	$670,653,746	$1,655,662,588	$0	$221,424,052	$32,443,082	$6,811,012	$1,916,340,734	$443,002,573	6/30/2052	$10,142,551,526
7/1/2052	$10,142,551,526	$219,109,315	$109,554,657	$689,215,891	$236,011,320	$1,237,784,354	$54,081,334	$364,573	$2,546,121,444	$754,830,662	$1,731,913,522	$0	$236,011,320	$33,403,540	$6,981,287	$2,008,309,669	$537,811,775	6/30/2053	$11,435,193,963

Assumptions with Fiscal Year Basis:	**FY2022**	**FY2023**	**FY2024**	**FY2025**	**FY2026**	**FY2027**	**FY2028**	**FY2029**	**FY2030**	**FY2031**	**FY2032**	**FY2033**	**FY2034**	**FY2035**	**FY2036**	**FY2037+**
Public Safety, et al Annual Payroll Growth	0.00%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Other Occupations Annual Payroll Growth	0.00%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Public Safety, et al Employer Rate	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Public Safety, et al Employee Rate	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%
Other Occupations Employer Rate	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Other Occupations Employee Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Annual Investment Return	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%
Annual Growth in Retirees under age 65	-0.97%	2.60%	-1.42%	-1.54%	1.32%	-0.65%	-1.65%	1.96%	-0.09%	3.90%	2.05%	1.42%	2.50%	3.99%	-0.07%	varies
Annual Growth in Retirees age 65+	4.05%	3.40%	3.36%	2.59%	3.27%	2.54%	2.57%	2.34%	1.71%	1.75%	1.34%	1.15%	1.34%	0.93%	1.18%	varies
Non-Medicare Prescription Drug Rebate Trend	1.62%	2.24%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Medicare Prescription Drug Rebate Trend	1.67%	2.29%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Assumptions with Calendar Year Basis:	**CY2022**	**CY2023**	**CY2024**	**CY2025**	**CY2026**	**CY2027**	**CY2028**	**CY2029**	**CY2030**	**CY2031**	**CY2032**	**CY2033**	**CY2034**	**CY2035**	**CY2036**	**CY2037+**
Non-Medicare Medical Claims Trend	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Non-Medicare Prescription Drug Claims Trend	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Medicare Medical Claims Trend	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Medicare Prescription Drug Claims Trend	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Annual Growth in EGWP Direct Subsidy[1]	-873.68%	-100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Annual Growth in Coverage Gap Discount Program Revenue	5.60%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Annual Growth in EGWP Federal Reinsurance	7.19%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Annual Growth in EGWP Low Income Subsidy	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Humana Medicare Advantage Premium Increase	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
BCBS Medicare Advantage Premium Increase	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Presbyterian Medicare Advantage Premium Increase	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
United Healthcare Medicare Advantage Premium Increase	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%

Self-funded Plan Benefit Modifications effective 1/1:	**CY2022**	**CY2023**	**CY2024**	**CY2025**	**CY2026**	**CY2027**	**CY2028**	**CY2029**	**CY2030**	**CY2031**	**CY2032**	**CY2033**	**CY2034**	**CY2035**	**CY2036**	**CY2037**
Non-Medicare Premier	0.00%	0.00%	0.00%	-2.28%	-5.30%	-5.07%	-5.07%	-4.68%	-4.83%	-4.87%	-4.68%	-4.84%	-4.86%	-4.60%	-4.57%	-4.55%
Non-Medicare Value	0.00%	0.00%	0.00%	-2.28%	-5.30%	-5.07%	-5.07%	-4.68%	-4.83%	-4.87%	-4.68%	-4.84%	-4.86%	-4.60%	-4.57%	-4.55%
Non-Medicare Prescription Drug	0.00%	0.00%	0.00%	-2.28%	-5.30%	-5.07%	-5.07%	-4.68%	-4.83%	-4.87%	-4.68%	-4.84%	-4.86%	-4.60%	-4.57%	-4.55%
Medicare Supplement	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-2.38%	-4.95%	-4.85%	-4.65%
Medicare Prescription Drug	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-2.38%	-4.95%	-4.85%	-4.65%
Basic Life and AD&D -- cover new Retirees (Y/N)	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N

Member Rate-Share for Self-funded Plans effective 1/1:	**CY2022**	**CY2023**	**CY2024**	**CY2025**	**CY2026**	**CY2027**	**CY2028**	**CY2029**	**CY2030**	**CY2031**	**CY2032**	**CY2033**	**CY2034**	**CY2035**	**CY2036**	**CY2037+**
Non-Medicare Retiree Rate Share (20+ years of service)	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%
Non-Medicare Spouse Rate Share (20+ years of service)	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%
Medicare Retiree Rate Share (20+ years of service)	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*	*50.00%*
Medicare Spouse Rate Share (20+ years of service)	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*	*75.00%*

Premium Rates for Self-funded Plans effective 1/1:	**CY2022**	**CY2023**	**CY2024**	**CY2025**	**CY2026**	**CY2027**	**CY2028**	**CY2029**	**CY2030**	**CY2031**	**CY2032**	**CY2033**	**CY2034**	**CY2035**	**CY2036**	**CY2037**
Non-Medicare Retiree % Increase	8.00%	8.00%	8.00%	4.00%	2.70%	2.93%	2.93%	3.32%	3.17%	3.13%	3.32%	3.16%	3.14%	3.40%	3.43%	3.45%
Non-Medicare Spouse % Increase	8.00%	8.00%	8.00%	4.00%	2.70%	2.93%	2.93%	3.32%	3.17%	3.13%	3.32%	3.16%	3.14%	3.40%	3.43%	3.45%
Non-Medicare Child % Increase	8.00%	8.00%	8.00%	4.00%	2.70%	2.93%	2.93%	3.32%	3.17%	3.13%	3.32%	3.16%	3.14%	3.40%	3.43%	3.45%
Medicare Supplement % Increase	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	3.00%	1.05%	1.15%	1.35%

(1) EGWP Direct Subsidy is changing from $0.19 to ($1.47) from CY2021 to CY2022. Projected at $0 thereafter

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New Mexico Retiree Health Care Authority

Long-Term Cash Flow & Solvency Modeling

Methodology Report

July 15-16, 2021 / Nura Patani, PhD, ASA, MAAA / Vice President & Consulting Actuary, West Region Health Practice Leader

Segal

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July 15, 2021

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

Re: 2021 Long Term Cash Flow and Solvency Modeling

Dear Board of Directors:

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

- Long-Term Cash Flow and Solvency Modeling Methodology Report
- July 1, 2021 long-term solvency assumptions for Baseline Scenario
- Baseline Scenario long-term solvency illustration as of July 1, 2021
- Alternate long-term solvency illustrations as of July 1, 2021
- Sensitivity analysis to July 1, 2021 long-term solvency assumptions for Baseline Scenario

This reporting package should be transmitted and considered only in its entirety. Our analysis is intended to illustrate the future cash flows of the New Mexico Retiree Health Care Authority (NMRHCA) based on membership information available through March 31, 2021 and projected changes to enrollment from that day forward. Calculations are prepared annually at the Board's request to aid in its strategic planning and should not be relied upon for any other purpose.

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

The projections in this report are estimates of future costs and are based on information available to Segal at the time the projections were made. Segal has not audited the information provided. Projections are not a guarantee of future results. Actual experience may differ due to, but not limited to, such variables as changes in the regulatory environment, local market pressure, trend rates, and claims volatility. The accuracy and reliability of projections decrease

as the projection period increases. Although changes in the relative size of NMRHCA's membership have been projected, the health status of future members is unknown.

The Coronavirus (COVID-19) pandemic continues to evolve and will likely impact the 2020-2021 US economy and health plan claim projections for most Health Plan Sponsors. As a result, projections could be significantly altered by emerging events. At this point, the full impact on Health Plan claim costs are uncertain. Unless specifically noted, this current report does not include any adjustments such as changes in eligibility, income, increases in healthcare costs or decreased investment returns. Additionally, the potential for federal or state fiscal relief is also not contemplated in these budget projections. Given the high level of uncertainty and fluidity of the current events, some plans may seek periodic updated estimates throughout the year to closely monitor health plan budget projections this year. Additional projections may be out of scope.

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

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

Sincerely,

Nura Patani

Nura Patani, PhD, ASA, MAAA
Vice President & Consulting Actuary,
West Region Health Practice Leader

Table of Contents

Beginning of Year Invested Assets

Invested assets as of July 1, 2021 were assumed to equal actual invested assets as of May 31, 2021.

Revenues

Employer Contribution

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

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

NMRHCA staff provided baseline Employer/Employee Contributions, as well as the percentage of contributions originating from Enhanced Programs versus Non-Enhanced Programs. This information allowed us to estimate FY2021 active payroll to be approximately $4.61 billion.

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

Employee Contribution

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

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

NMRHCA staff provided baseline Employer/Employee Contributions, as well as the percentage of contributions originating from Enhanced Programs versus Non-Enhanced Programs. This information allowed us to estimate FY2021 active payroll to be approximately $4.61 billion.

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

Retiree Medical

Baseline contribution and premium rates and subsidy percentages were verified at www.nmrhca.org on the 2021 Rate Sheet included on the Forms And Important Information page.

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

Membership is projected by plan for non-Medicare members and Medicare-eligible members at the rates of change displayed under the general heading *Assumptions with Fiscal Year Basis*. The basis of the assumed rates of change is an open valuation projection of covered lives, and all other components based on assumptions consistent with those utilized in the July 1, 2014 valuation of NMRHCA's liability for Other Post-Employment Benefits under the Governmental Accounting Standards Board's Statement Number 43 (now GASB74) and adjusted to reflect the impact of changes effective July 31, 2021 to subsidy levels on the basis of age and years of creditable service. Total annual unsubsidized contributions and premiums are calculated directly by multiplying projected monthly rates by projected member months.

In the Baseline Scenario, the CY21 subsidy provided by NMRHCA is assumed to remain constant in all future years. NMRHCA staff provided years of service at retirement by enrollment category as of April 1, 2021. The current subsidy was calculated and applied to future annual contributions and premiums individually for the following enrollment categories: non-Medicare Retirees, non-Medicare Spouses, non-Medicare Dependents (no subsidy), Medicare Supplement Retirees, Medicare Supplement Spouses, Medicare Supplement Dependents (no subsidy), Medicare Advantage Retirees, Medicare Advantage Spouses, and Medicare Advantage Dependents (no subsidy).

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

Consistent with the methodology used in the prior year, new Medicare retirees are assumed to automatically enroll into a Medicare Advantage plan. Both Presbyterian and BCBSNM non-Medicare members are assumed to enroll into the richer United HealthCare (UHC) Medicare Advantage plan, with 50 percent opting to enroll in the Medicare Supplement plan.

Retiree Ancillary

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

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

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

Tax Revenue

NMRHCA staff provided baseline information on Taxation and Revenue Suspense Fund revenues. Pension tax revenue is assumed to increase 12.0% per annum in accordance with statute.

Medicare PDP & Manufacturers Discount

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

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

Miscellaneous

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

Total Revenue

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

Investment Income

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

Expenditures

Medical/Rx

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

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

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

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

Membership is projected by plan for non-Medicare members and Medicare-eligible members at the growth rates displayed under the general heading *Assumptions with Fiscal Year Basis*. The basis of the assumed rates of change is an open valuation projection of covered lives, based on assumptions consistent with those utilized in the July 1, 2014 valuation of NMRHCA's liability for Other Post-Employment Benefits under the Governmental Accounting Standards Board's Statement Number 43 (now GASB 74) and adjusted to reflect the impact of changes effective July 31, 2021 to subsidy levels on the basis of age and years of creditable service. Total annual

medical and prescription drug claims are calculated directly by multiplying projected per member per month paid claims by projected member months.

Finally, projected Medical/Rx Expenditures are offset by projected prescription drug rebates. Non-Medicare and EGWP plan prescription drug rebates are projected individually, with baseline information provided by ESI. Prescription drug rebate trend is applied on a fiscal year basis, and is based on actual contract provisions to the extent known. Prescription drug rebate trend is displayed in the last two rows under the general heading *Assumptions with Fiscal Year Basis*. The annual rate of change for projection years 1-4 may be based on actual contract terms. Membership is projected separately for non-Medicare members and Medicare-eligible members at the rates displayed under the general heading *Assumptions with Fiscal Year Basis*. The basis of the assumed rates of change is an open valuation projection of covered lives, based on assumptions consistent with those utilized in the July 1, 2014 valuation of NMRHCA's liability for Other Post-Employment Benefits under the Governmental Accounting Standards Board's Statement Number 43 (now GASB 74) and adjusted to reflect the impact of changes effective July 31, 2021 to subsidy levels on the basis of age and years of creditable service. Total annual prescription drug rebates are calculated directly by multiplying projected rebates per member per month by projected member months.

Consistent with the methodology used in the prior year, new Medicare retirees are assumed to automatically enroll into a Medicare Advantage plan. Both Presbyterian and BCBSNM non-Medicare members are assumed to enroll into the richer United HealthCare (UHC) Medicare Advantage plan, with 50 percent opting to enroll in the Medicare Supplement plan.

Basic Life

Basic life premium is conservatively assumed to remain flat (i.e. no mortality assumption is used), as basic life coverage is no longer provided to new retirees. The portion of the Basic life premium paid by NMRHCA is 0% in calendar year 2021. NMRHCA staff provides baseline basic life premiums.

Ancillary Premiums

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

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

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

ASO & Health Care (HC) Reform Fees

The ASO & HC Reform Fees expenditures are comprised of several fees associated with Network, Claims Administration, Utilization and Care Management Programs, and Wellness Services.

Specifically, this expenditure projection includes the following components:

- BCBSNM non-Medicare Network Access and Claims Administration
- BCBSNM non-Medicare Disease Management
- BCBSNM non-Medicare Wellness Services
- BCBSNM Medicare Supplement plan Claims Administration
- PHP non-Medicare Network Access and Claims Administration
- PHP non-Medicare Disease Management
- PHP Wellness Services
- ESI non-Medicare per member per month Administration fee
- ESI non-Medicare per member per month Advanced Opioid Management Program fee
- ESI EGWP per Rx Administration fee
- ESI EGWP per member per month Administration fee
- ESI EGWP per member per month Advanced Opioid Management Program fee
- Livongo Diabetes Management Program per participant per month fee

The annual rate of change for the fees paid to BCBSNM, PHP, and ESI are based on actual contract provisions to the extent known, with all fees assumed to increase 2.5% per annum thereafter.

Membership is projected by carrier for non-Medicare members and Medicare-eligible members at the growth rates displayed under the general heading *Assumptions with Fiscal Year Basis*. The basis of the assumed rates of change is an open valuation projection of covered lives, based on assumptions consistent with those utilized in the July 1, 2014 valuation of NMRHCA's liability for Other Post-Employment Benefits under the Governmental Accounting Standards Board's Statement Number 43 (now GASB 74) and adjusted to reflect the impact of changes effective July 31, 2021 to subsidy levels on the basis of age and years of creditable service. Total annual *ASO & HC Reform Fees* are calculated directly by multiplying projected per member per month fees by projected member months.

Program Support

NMRHCA staff provided the approved FY2022 Program Support budget. The budget for Program Support is assumed to increase 2.5% per annum.

Total Expenditures

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

End of Year Invested Assets

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

Projected Year of Insolvency

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

Based on the July 1, 2021 Baseline Assumptions and the methodology described herein, as applied to claims and membership information through March 31, 2021, the Authority is projected to **remain solvent throughout the projection period**.

New Mexico Retiree Health Care Authority

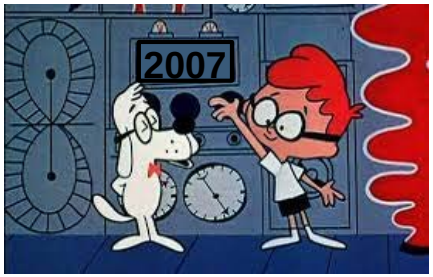
Long-Term Trend Assumptions

Review of historical assumption development and considerations for solvency projections going forward

July 2021

Segal

Historical Assumption Development



Pre-2008

Trend assumptions for January 2007 Long-Term Solvency Report

- Medical Trend: 11% in 2007 grading down 1% per year to ultimate trend of 5%.
- Medicare Part D Trend: 9% in 2007 grading down 1% per year to ultimate trend of 3%.

October 2007 Long-Term Solvency Discussion from HB 728 Study Committee

- Contemplated that annual trend maybe higher than 5% ultimate rate and modeled alternative annual trend rate of 8%.
  - Consistent with median result of 15 year average of Employer Health Insurance Premiums from 1988-2007 as reported by the Kaiser Foundation.
  - Ultimate 8% trend assumption was used as an alternative for discussion purposes in September 2007 solvency projections.

Beginning with October 2008 Solvency Report

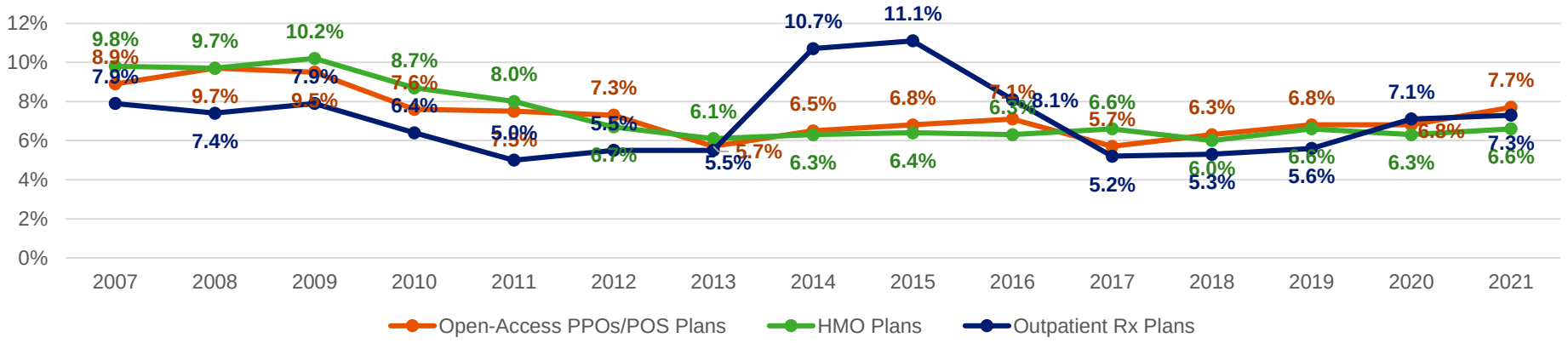
- Baseline assumptions used 8% trend assumption for non-Medicare and Medicare medical and Rx trend.
- Assumption applied for all years of solvency projection with no grading down to ultimate trend.

Considerations for Future Solvency Projections

Key Considerations

- Unpredictability of long-term health care trends over next 30 years.
- Economic modeling suggests that an 8% constant trend rate is untenable for the long term as it eats up steadily increasing percentages of the GDP and the belief that society will ultimately require change to that model.
- Trends in recent years have been somewhat more favorable than those during 1988-2007, which were used to develop the original assumption. The 15-year average national trend* during 2007-2021 is 7.3% for open access PPO plans (source: 2021 Segal Health Plan Cost Trend Survey).
- Use of a more conservative ultimate trend assumption for the basis of making long-term decisions supports the intent to establish a viable solvency period utilizing the income streams available to RHCA in statute.

Fifteen-Year Summary of Selected Medical and Outpatient Rx Trends
2007-2019 Actual & 2020-2021 Projected



* Medical trends exclude prescription drug coverage. Prescription drug data for 2007 only reflects retail. Data for 2008-2021 is for all outpatient prescription drugs (non-specialty and specialty combined). These results do not include the impact of rebates from PBMs. PPO/POS plans, HMO plans, and outpatient Rx plans cover actives and retirees under age 65.

Thank You

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NEW MEXICO RETIREE HEALTH CARE AUTHORITY

Claims and Demographics Study

July 15-16, 2021

Segal

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2020 Non-Medicare Claims

	Blue Cross Blue Shield of New Mexico Non-Medicare				Presbyterian Healthcare Services Non-Medicare			
Type of Service	2020 Encounters	% of 2020 Encounters	2020 Paid	% of 2020 Paid	2020 Encounters	% of 2020 Encounters	2020 Paid	% of 2020 Paid
Inpatient Hospital Facility	1,326	0.8%	$12,682,025	22.8%	1,243	1.1%	$11,697,058	27.2%
Outpatient Hospital Facility	9,498	6.0%	$6,585,582	11.9%	6,855	5.9%	$4,276,932	9.9%
Emergency Room Facility	659	0.4%	$422,963	0.8%	1,793	1.5%	$714,305	1.7%
Anesthesia	1,352	0.9%	$579,558	1.0%	891	0.8%	$569,148	1.3%
Surgery	14,575	9.2%	$5,957,799	10.7%	10,424	9.0%	$5,322,245	12.4%
Lab / Path	34,981	22.0%	$8,952,931	16.1%	26,456	22.8%	$6,711,036	15.6%
Evaluation and Management	33,212	20.9%	$2,667,722	4.8%	24,363	21.0%	$1,931,082	4.5%
Well Visits	2,522	1.6%	$372,139	0.7%	2,134	1.8%	$307,695	0.7%
Emergency Room Professional	1,776	1.1%	$1,297,106	2.3%	1,688	1.5%	$1,501,932	3.5%
Chiropractic	4,885	3.1%	$51,696	0.1%	2,162	1.9%	$21,008	0.0%
Medicine	33,625	21.2%	$3,764,283	6.8%	23,596	20.4%	$2,030,774	4.7%
Infusions and Injections	6,403	4.0%	$8,230,447	14.8%	4,207	3.6%	$5,497,928	12.8%
DME	5,191	3.3%	$1,557,301	2.8%	3,899	3.4%	$656,495	1.5%
Ambulance and Other	8,647	5.5%	$2,417,733	4.4%	6,190	5.3%	$1,840,926	4.3%
Total	158,652	100.0%	$55,539,284	100.0%	115,901	100.0%	$43,078,566	100.0%

- Inpatient facility charges continue to be the highest cost service for both BCBSNM and Presbyterian
- Surgery made up a higher percentage of Presbyterian claims (12.4%) than BCBSNM claims (10.7%)
  - Surgery has consistently comprised a higher percentage of Presbyterian claims than BCBSNM claims since 2008.
- Ambulance spend increased as a proportion of total spend during 2020 – air ambulance costs were a contributing factor during 2020.
- COVID-19 impacted utilization of emergency room, office and wellness-related visits; while those rebounded somewhat after the initial lockdowns, they are still lower than historical patterns. Remind members that alternatives to the emergency room when appropriate are still available and encourage renewed use of providers for wellness visits and preventive cancer screens.

2020 vs 2019 All Carriers Premier Plan Claims Experience

Type of Service	2020 Encounters per 1,000 Members	2019 Encounters per 1,000 Members	% Change	2020 Paid per Encounter	2019 Paid per Encounter	% Change	2020 Paid PMPY	2019 Paid PMPY	% Change
Inpatient Hospital Facility	208	155	34.0%	$8,990	$12,294	-26.9%	$1,867	$1,906	-2.0%
Outpatient Hospital Facility	1,274	1,371	-7.1%	$688	$656	4.9%	$876	$899	-2.6%
Emergency Room Facility	169	183	-7.4%	$471	$461	2.0%	$80	$84	-5.6%
Anesthesia	174	201	-13.6%	$510	$507	0.8%	$89	$102	-12.9%
Surgery	1,912	2,293	-16.6%	$453	$417	8.4%	$866	$957	-9.6%
Lab / Path	4,620	5,442	-15.1%	$259	$243	6.6%	$1,195	$1,321	-9.5%
Evaluation and Management	4,354	5,036	-13.5%	$81	$78	3.7%	$352	$393	-10.3%
Well Visits	333	436	-23.7%	$147	$145	1.8%	$49	$63	-22.3%
Emergency Room Professional	254	280	-9.4%	$806	$820	-1.7%	$205	$230	-10.9%
Chiropractic	587	724	-19.0%	$11	$11	-2.7%	$7	$8	-21.2%
Medicine	4,443	4,805	-7.5%	$106	$86	22.7%	$469	$413	13.5%
Infusions and Injections	822	996	-17.4%	$1,374	$1,209	13.7%	$1,130	$1,204	-6.2%
DME	715	749	-4.6%	$260	$236	10.3%	$186	$177	5.2%
Ambulance and Other	1,139	1,137	0.1%	$283	$271	4.5%	$323	$308	4.6%
Total	21,004	23,809	-11.8%	$366	$339	8.1%	$7,692	$8,066	-4.6%

- Premier plan encounters PMPM decreased 11.8% from 1.98 in 2019 to 1.75 in 2020
- Premier plan PMPY trend of -4.6% was more favorable than 8.0% medical paid trend assumption for calendar year 2020

2020 vs 2019 All Carriers Value Plan Claims Experience

Type of Service	2020 Encounters per 1,000 Members	2019 Encounters per 1,000 Members	% Change	2020 Paid per Encounter	2019 Paid per Encounter	% Change	2020 Paid PMPY	2019 Paid PMPY	% Change
Inpatient Hospital Facility	89	112	-20.2%	$13,024	$11,200	16.3%	$1,165	$1,255	-7.2%
Outpatient Hospital Facility	715	722	-1.0%	$538	$456	18.0%	$385	$329	16.8%
Emergency Room Facility	174	168	3.9%	$444	$371	19.7%	$77	$62	24.4%
Anesthesia	101	103	-1.5%	$521	$521	0.1%	$53	$53	-1.4%
Surgery	1,201	1,386	-13.4%	$444	$398	11.6%	$534	$552	-3.3%
Lab / Path	3,196	3,627	-11.9%	$239	$191	25.1%	$763	$692	10.2%
Evaluation and Management	2,921	3,108	-6.0%	$75	$73	2.9%	$220	$228	-3.3%
Well Visits	295	419	-29.5%	$142	$138	2.6%	$42	$58	-27.6%
Emergency Room Professional	200	193	3.4%	$814	$752	8.2%	$163	$145	12.0%
Chiropractic	193	231	-16.7%	$3	$4	-24.7%	$1	$1	-37.3%
Medicine	2,548	2,583	-1.4%	$78	$71	10.6%	$200	$183	9.1%
Infusions and Injections	477	532	-10.2%	$872	$876	-0.5%	$416	$466	-10.7%
DME	378	401	-5.6%	$147	$158	-6.4%	$56	$63	-11.7%
Ambulance and Other	701	543	29.1%	$306	$256	19.3%	$214	$139	54.0%
Total	13,191	14,129	-6.6%	$325	$299	8.6%	$4,288	$4,227	1.4%

- Value plan encounters PMPM decreased 6.6% from 1.18 in 2019 to 1.10 in 2020
- Value plan PMPY trend of 1.4% was more favorable than 8.0% medical paid trend assumption for calendar year 2020
- Emergency services (including ambulance) continues to be a trend driver in the Value plan.

2020 vs 2019 BCBSNM All Plans Claims Experience

Type of Service	2020 Encounters per 1,000 Members	2019 Encounters per 1,000 Members	% Change	2020 Paid per Encounter	2019 Paid per Encounter	% Change	2020 Paid PMPY	2019 Paid PMPY	% Change
Inpatient Hospital Facility	174	140	24.0%	$9,564	$13,118	-27.1%	$1,665	$1,842	-9.6%
Outpatient Hospital Facility	1,247	1,371	-9.0%	$693	$677	2.4%	$865	$928	-6.8%
Emergency Room Facility	87	108	-19.9%	$642	$647	-0.8%	$56	$70	-20.5%
Anesthesia	178	209	-15.2%	$429	$437	-1.9%	$76	$91	-16.8%
Surgery	1,914	2,286	-16.3%	$409	$384	6.4%	$782	$878	-10.9%
Lab / Path	4,594	5,409	-15.1%	$256	$245	4.6%	$1,176	$1,323	-11.1%
Evaluation and Management	4,361	5,018	-13.1%	$80	$75	7.7%	$350	$374	-6.4%
Well Visits	331	415	-20.2%	$148	$144	2.7%	$49	$60	-18.0%
Emergency Room Professional	233	264	-11.7%	$730	$823	-11.3%	$170	$217	-21.7%
Chiropractic	641	831	-22.8%	$11	$11	-6.6%	$7	$9	-27.8%
Medicine	4,416	4,798	-8.0%	$112	$84	33.2%	$494	$403	22.6%
Infusions and Injections	841	1,027	-18.1%	$1,285	$1,197	7.4%	$1,081	$1,229	-12.0%
DME	682	733	-7.0%	$300	$271	10.8%	$205	$198	3.0%
Ambulance and Other	1,136	1,190	-4.6%	$280	$239	17.0%	$317	$284	11.6%
Total	20,834	23,800	-12.5%	$350	$332	5.3%	$7,293	$7,909	-7.8%

- BCBSNM encounters PMPM decreased 12.5% from 1.98 in 2019 to 1.74 in 2020
- BCBSNM PMPY trend of -7.8% was more favorable than 8.0% medical paid trend assumption for calendar year 2020

2020 vs 2019 Presbyterian All Plans Claims Experience

Type of Service	2020 Encounters per 1,000 Members	2019 Encounters per 1,000 Members	% Change	2020 Paid per Encounter	2019 Paid per Encounter	% Change	2020 Paid PMPY	2019 Paid PMPY	% Change
Inpatient Hospital Facility	183	150	22.5%	$9,410	$11,006	-14.5%	$1,725	$1,648	4.7%
Outpatient Hospital Facility	1,011	1,042	-2.9%	$624	$554	12.7%	$631	$577	9.4%
Emergency Room Facility	264	259	2.0%	$398	$344	15.7%	$105	$89	18.0%
Anesthesia	131	142	-7.2%	$639	$628	1.7%	$84	$89	-5.6%
Surgery	1,538	1,841	-16.5%	$511	$456	11.9%	$785	$840	-6.6%
Lab / Path	3,903	4,558	-14.4%	$254	$219	15.7%	$990	$999	-0.9%
Evaluation and Management	3,594	4,077	-11.8%	$79	$81	-2.0%	$285	$330	-13.6%
Well Visits	315	451	-30.2%	$144	$143	1.1%	$45	$64	-29.5%
Emergency Room Professional	249	255	-2.2%	$890	$791	12.5%	$222	$201	10.1%
Chiropractic	319	354	-9.8%	$10	$9	5.9%	$3	$3	-4.5%
Medicine	3,481	3,684	-5.5%	$86	$84	3.0%	$300	$308	-2.7%
Infusions and Injections	621	726	-14.5%	$1,307	$1,105	18.3%	$811	$802	1.1%
DME	575	590	-2.5%	$168	$160	5.1%	$97	$94	2.5%
Ambulance and Other	913	776	17.7%	$297	$210	41.8%	$272	$163	66.9%
Total	17,097	18,904	-9.6%	$372	$328	13.2%	$6,355	$6,208	2.4%

- Presbyterian encounters PMPM decreased 9.6% from 1.58 in 2019 to 1.42 in 2020
- Presbyterian plan PMPY trend of 2.4% was more favorable than 8.0% medical paid trend assumption for calendar year 2020
- Emergency services (including ambulance for 2020) continues to be a trend driver within Presbyterian plans.

2020 Claims Distribution – Non-Medicare Medical only

Annual Claims	2020 % of Members	2020 Cumulative % of Members	2019 % of Members	2019 Cumulative % of Members	2020 Medical Paid	% of 2020 Medical Paid	Cumulative % of 2020 Medical Paid	2019 Medical Paid	% of 2019 Medical Paid	Cumulative % of 2019 Medical Paid
$0	15.6%	15.6%	14.6%	14.6%	$0	0.0%	0.0%	$0	0.0%	0.0%
$1-$100	2.0%	17.6%	1.3%	15.9%	$13,665	0.0%	0.0%	$7,998	0.0%	0.0%
$100-$300	7.6%	25.3%	6.5%	22.5%	$166,457	0.2%	0.2%	$146,018	0.1%	0.1%
$301-$800	13.1%	38.3%	12.7%	35.2%	$736,374	0.7%	0.9%	$742,124	0.7%	0.8%
$801-$5,000	35.5%	73.8%	35.3%	70.5%	$7,202,088	7.3%	8.2%	$7,686,991	7.1%	8.0%
$5,001-$10,000	10.1%	83.9%	11.5%	82.0%	$6,061,062	6.1%	14.3%	$7,385,744	6.8%	14.8%
$10,001-$15,000	4.3%	88.2%	4.8%	86.8%	$4,369,180	4.4%	18.7%	$5,310,015	4.9%	19.7%
$15,001-$20,000	2.3%	90.5%	2.8%	89.7%	$3,421,799	3.4%	22.1%	$4,181,131	3.9%	23.6%
$20,001+	9.5%	100.0%	10.3%	100.0%	$77,341,432	77.9%	100.0%	$82,362,679	76.4%	100.0%
Medical Total	100.0%		100.0%		$99,312,057	100.0%		$107,822,699	100.0%	

- In 2020, 85.7% of non-Medicare Medical claims were incurred by the 16.1% of members with annual claims in excess of $10,000
  - As expected, claims in excess of $10,000 have increased as a percentage of Medical Paid, from 85.2% in 2019, 84.9% in 2018, 82.9% in 2017, 79.0% in 2016, 78.4% in 2015, 76.5% in 2014, 76.1% in 2013, 75.4% in 2012, 73.5% in 2011, and 71.7% in 2010

Facility Benchmarks

Measure	NMRHCA CY2020 Result	CY2020 Benchmark Result*	Ratio of NMRHCA to Benchmark
Inpatient admissions per 1,000 members	64.78	64.19	1.01
Inpatient days per 1,000 members	324.55	335.71	0.97
Outpatient hospital encounters per 1,000 members	1801.48	1783.65	1.01
Emergency room encounters per 1,000 members	159.64	155.91	1.02

- Combines Non-Medicare and Medicare experience
- Inpatient admissions have decreased from 86.31 per 1,000 in 2019 and relative to the benchmark (1.05 in 2019)
- Benchmark includes 5,165,000 active (27%) and retired (73%) public sector participants

* Benchmark result has been adjusted based upon age and gender

Professional Benchmarks

Measure*	NMRHCA CY2020 Result	CY2020 Benchmark Result**	CY2020 Ratio of NMRHCA to Benchmark
Evaluation and Management	4.330	3.980	1.088
Well Visits	0.080	0.078	1.015
Anesthesia	0.152	0.146	1.037
Surgeries	0.860	0.838	1.026
Radiology	1.328	1.335	0.995
Pathology	1.601	1.623	0.987
Medicine	3.271	3.085	1.060
Injectables	0.355	0.324	1.098
Total	11.977	11.410	1.050

- Combines Non-Medicare and Medicare experience
- Benchmarks reflects a shift to outpatient hospital
- Benchmark includes 5,165,000 active (27%) and retired (73%) public sector participants
- Ratio calculations use unrounded values

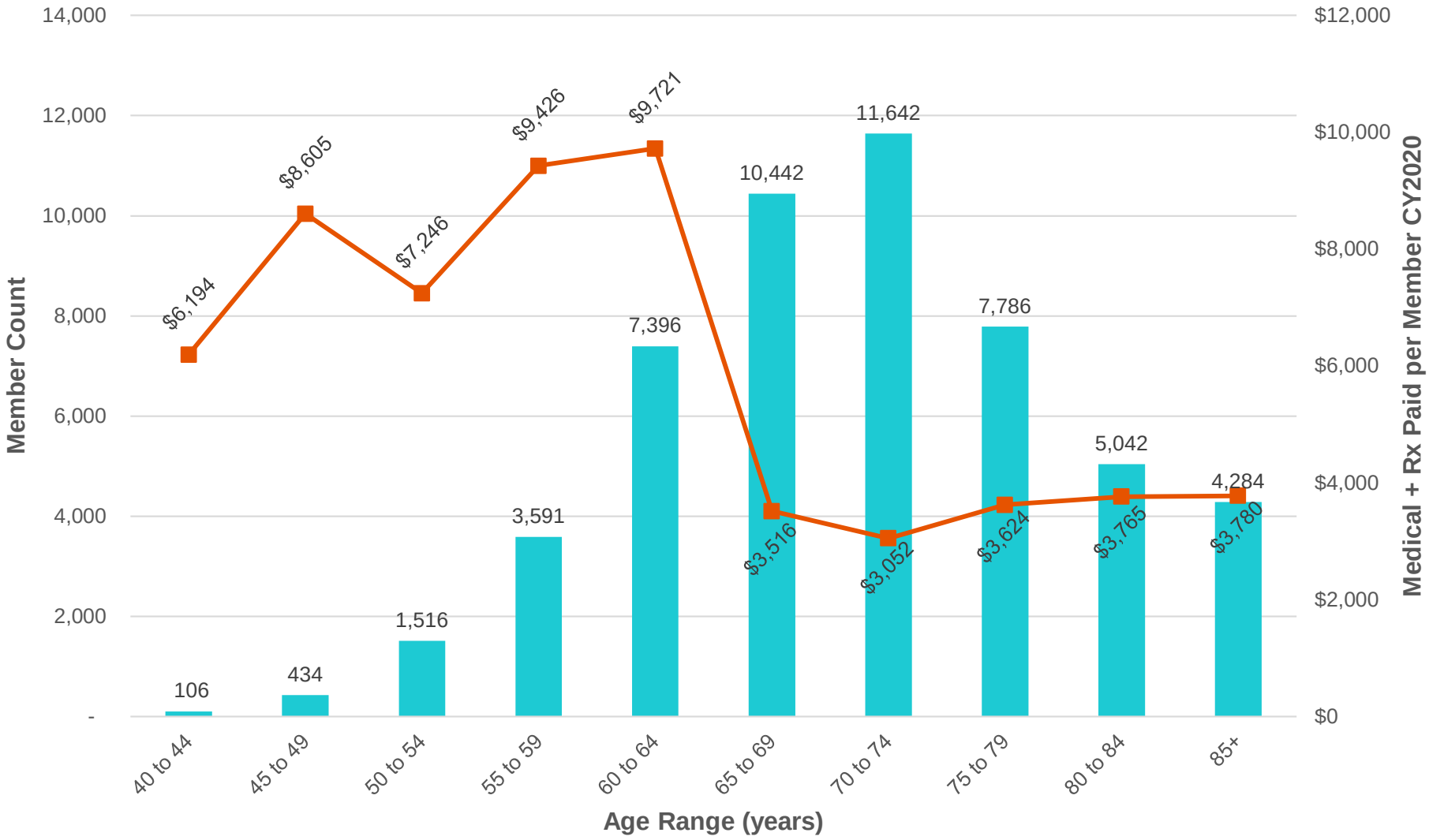
* Measures are on a per member per year basis
** Benchmark result has been adjusted based upon age and gender

Contents

Understanding Enrollment Risk

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

NMRHCA Members Age 40+ & CY2020 Claims Paid per Member



2020 Non-Medicare Members by Age and Carrier

	Age Group	2020 Members	% of 2020 Members	2019 Members	% of 2019 Members	Difference
BCBSNM	40 to 44	53	1%	41	1%	0.2%
Non-Medicare	45 to 49	177	3%	188	3%	-0.1%
	50 to 54	660	10%	656	10%	0.3%
	55 to 59	1,699	27%	1,783	28%	-0.7%
	60 to 64	3,754	59%	3,808	59%	0.4%
BCBSNM Average Age		6,343	55.4 years	6,476	55.7 years	-0.2 years
Presbyterian	40 to 44	41	1%	39	1%	0.0%
Non-Medicare	45 to 49	227	4%	258	4%	-0.5%
	50 to 54	767	13%	763	13%	0.3%
	55 to 59	1,658	29%	1,749	30%	-1.1%
	60 to 64	3,068	53%	3,049	52%	1.2%
Presbyterian Average Age		5,761	55.6 years	5,858	55.5 years	0.1 years
Total	40 to 44	94	1%	80	1%	0.1%
Non-Medicare	45 to 49	404	3%	446	4%	-0.3%
	50 to 54	1,427	12%	1,419	12%	0.3%
	55 to 59	3,357	28%	3,532	29%	-0.9%
	60 to 64	6,822	56%	6,857	56%	0.8%
Non-Medicare Average Age		12,104	55.5 years	12,334	55.6 years	-0.1 years

- Excludes members under age 40, over age 64, and those for whom age is not available
- In 2020, 52% of Non-Medicare members enrolled in BCBSNM (2019=53%; 2018=52%)
- Decimal places beyond 0.1 years are not displayed in Average Age figures, but are incorporated in the difference calculation

2020 Medicare Members by Age and Carrier

	Age Group	2020 Members	% of 2020 Members	2019 Members	% of 2019 Members	Difference
BCBSNM Medicare Supplement	less than 64	449	2%	491	2%	-0.1%
	65 to 69	4,031	18%	4,436	20%	-1.5%
	70 to 74	5,999	27%	5,982	27%	0.6%
	75 to 79	4,736	21%	4,751	21%	0.3%
	80 to 84	3,487	16%	3,495	16%	0.3%
	85+	3,377	15%	3,335	15%	0.5%
Average Age		22,079	76.1 years	22,490	75.9 years	0.2 years
BCBSNM Medicare Advantage	less than 64	81	2%	97	3%	-0.4%
	65 to 69	598	16%	602	16%	0.2%
	70 to 74	1,027	28%	1,118	30%	-1.9%
	75 to 79	893	24%	856	23%	1.4%
	80 to 84	607	16%	610	16%	0.2%
	85+	478	13%	473	13%	0.4%
Average Age		3,684	76.0 years	3,756	75.8 years	0.2 years
Presbyterian Medicare Advantage	less than 64	265	3%	285	4%	-0.4%
	65 to 69	3,121	37%	3,049	38%	-1.0%
	70 to 74	2,816	33%	2,613	33%	0.8%
	75 to 79	1,402	17%	1,339	17%	-0.1%
	80 to 84	598	7%	513	6%	0.7%
	85+	245	3%	228	3%	0.1%
Average Age		8,447	71.7 years	8,027	71.5 years	0.2 years
United Healthcare Medicare Advantage	less than 64	120	3%	118	3%	-0.2%
	65 to 69	1,350	33%	1,350	35%	-2.7%
	70 to 74	1,569	38%	1,422	37%	0.8%
	75 to 79	661	16%	547	14%	1.7%
	80 to 84	291	7%	254	7%	0.4%
	85+	141	3%	130	3%	0.0%
Average Age		4,132	71.9 years	3,821	71.6 years	0.3 years
Humana Medicare Advantage	less than 64	37	3%	29	3%	-0.1%
	65 to 69	824	68%	615	67%	1.1%
	70 to 74	197	16%	149	16%	0.0%
	75 to 79	79	7%	64	7%	-0.4%
	80 to 84	46	4%	38	4%	-0.3%
	85+	24	2%	20	2%	-0.2%
Average Age		1,207	68.9 years	915	68.8 years	0.1 years
Medicare Total	less than 64	952	2%	1,020	3%	-0.2%
	65 to 69	9,924	25%	10,052	26%	-0.7%
	70 to 74	11,608	29%	11,284	29%	0.4%
	75 to 79	7,771	20%	7,557	19%	0.3%
	80 to 84	5,029	13%	4,910	13%	0.1%
	85+	4,265	11%	4,186	11%	0.1%
Medicare Average Age		39,549	74.5 years	39,009	74.4 years	0.1 years

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

2020 Non-Medicare Health Status Risk Index by Carrier

Carrier	Plan	2019 Risk Index	2020 Risk Index	% Change
BCBSNM	Premier	0.92	0.93	1.7%
	Value	0.58	0.62	6.2%
Presbyterian	Premier	0.87	0.90	3.2%
	Value	0.63	0.66	4.4%
Total Non-Medicare	Premier	0.90	0.92	2.3%
	Value	0.62	0.65	4.8%

Based on 2020 membership:

- Risk Index based on John Hopkins Adjusted Clinical Groups (ACGs)
  - A risk score is calculated for each member month
- Premier participants are anticipated to cost 41.3% more than Value participants based on Health Risk Index
- BCBSNM participants are anticipated to cost 11.6% more than Presbyterian based on Health Status Risk Index
  - In 2019, BCBSNM participants were anticipated to cost 12.9% more than Presbyterian participants on based solely on their Health Status Risk Index

2020 Continuing Non-Medicare Members' Health Status Risk Index by Plan

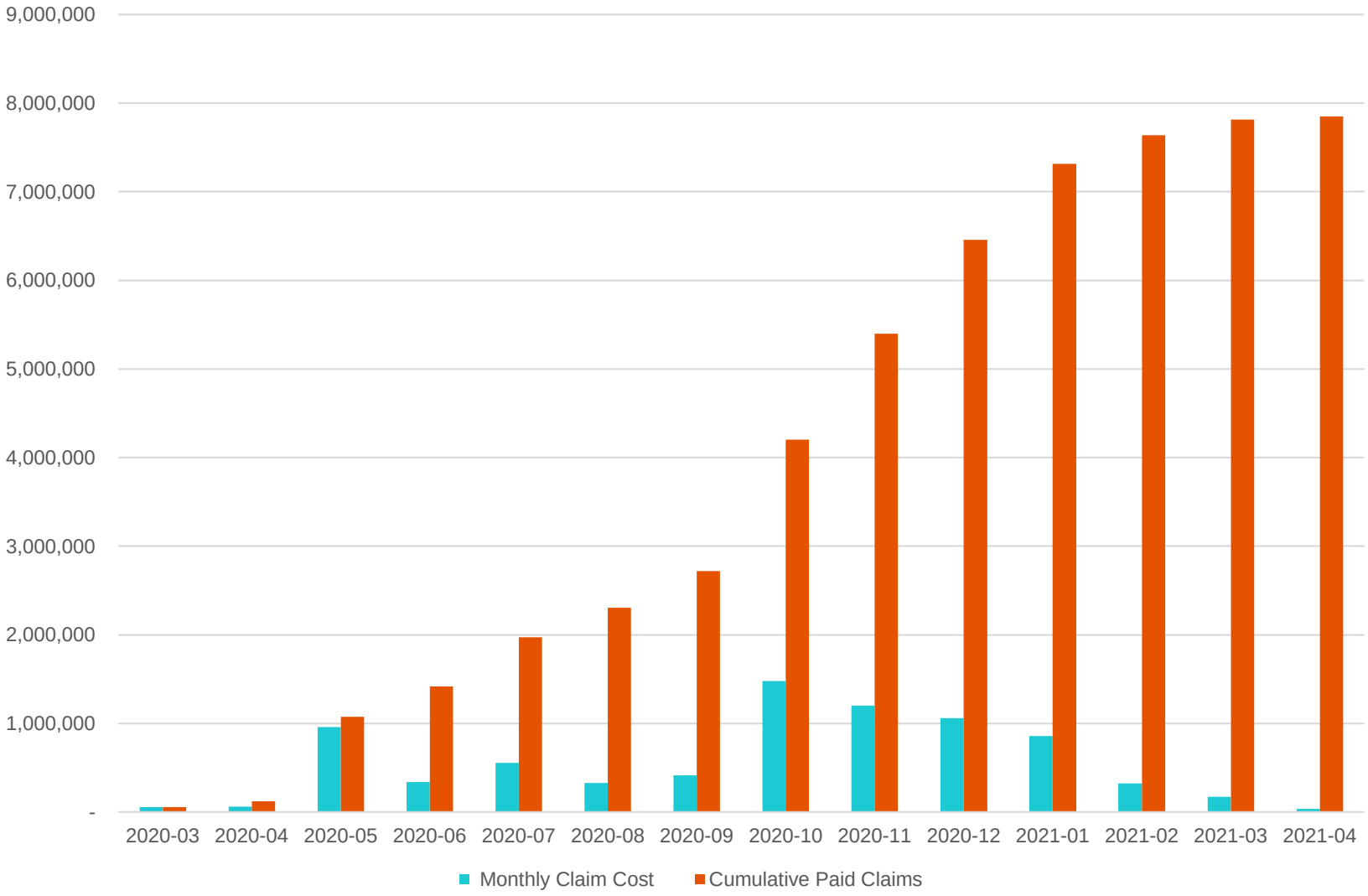
2019 Plan	2020 Plan	Members	% of Continuing Non-Medicare Membership	2020 Risk Index
Premier	Premier	8,926	76.3%	0.92
Value	Premier	145	1.2%	0.91
Premier	Value	102	0.9%	0.50
Value	Value	2,522	21.6%	0.66
		11,696	100.0%	0.86

- Member count excludes members for whom either a 2019 or 2020 plan code was not available, due to new enrollment or disenrollment from NMRHCA pre-Medicare plans
- The overall Risk Index increased from 0.85 in 2019 to 0.86 in 2020.

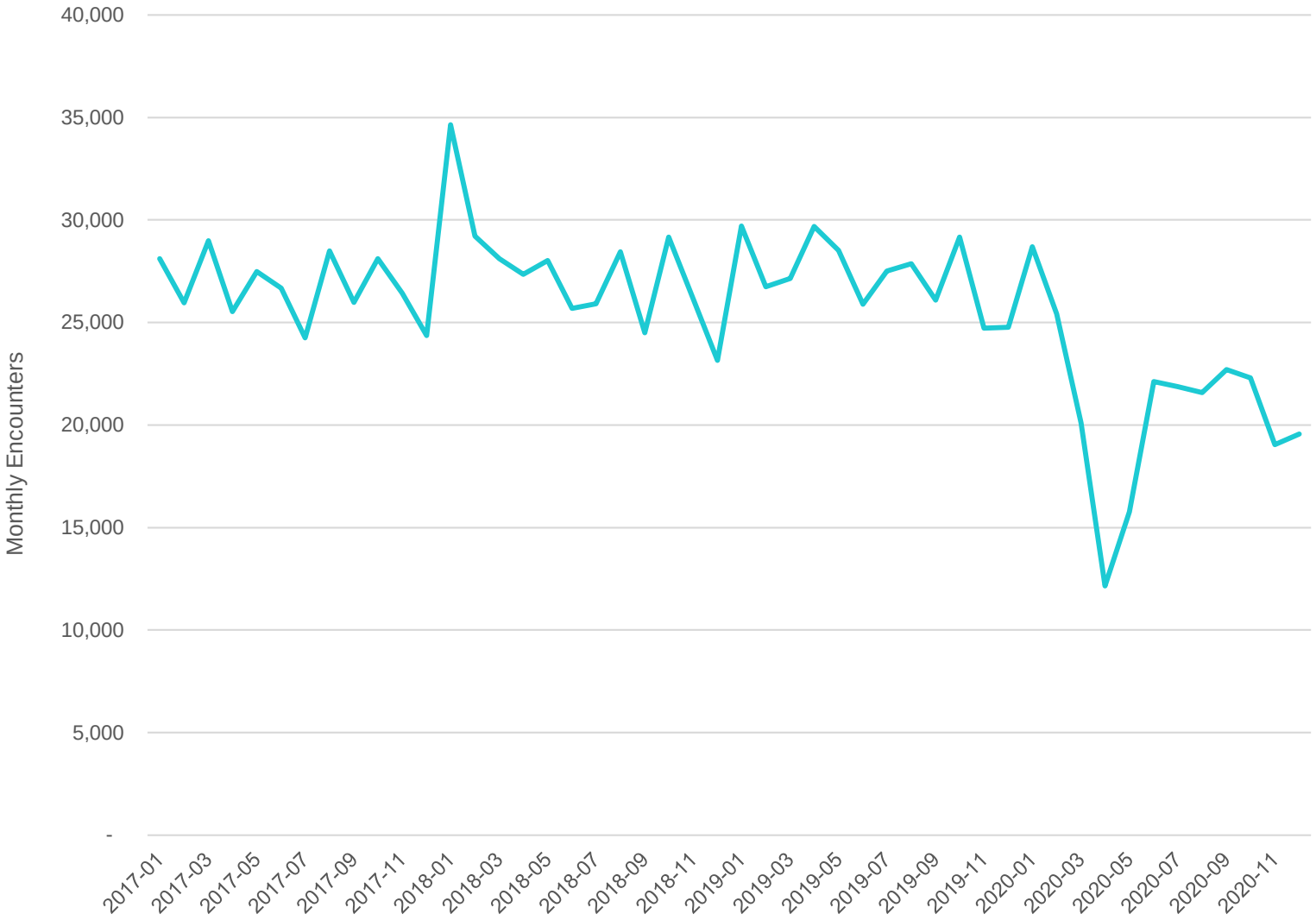
Contents

1. **Review of CY2020 Incurred Claims**
   - Cost & Utilization Trends by Type of Service
   - Claims Distribution
   - Comparison to Facility and Professional Benchmarks
2. **CY2020 Demographic Analysis, Risk Scores and Large Claimant Analysis**
   - Understanding Enrollment Risk
   - Age Distribution & Age Risk Factor by Carrier
   - Non-Medicare Health Status by Carrier and Plan
3. **COVID-19 Effects**
   - Cost effects
   - Utilization measures
   - Diagnosis and treatment of selected conditions
   - Early detection measures

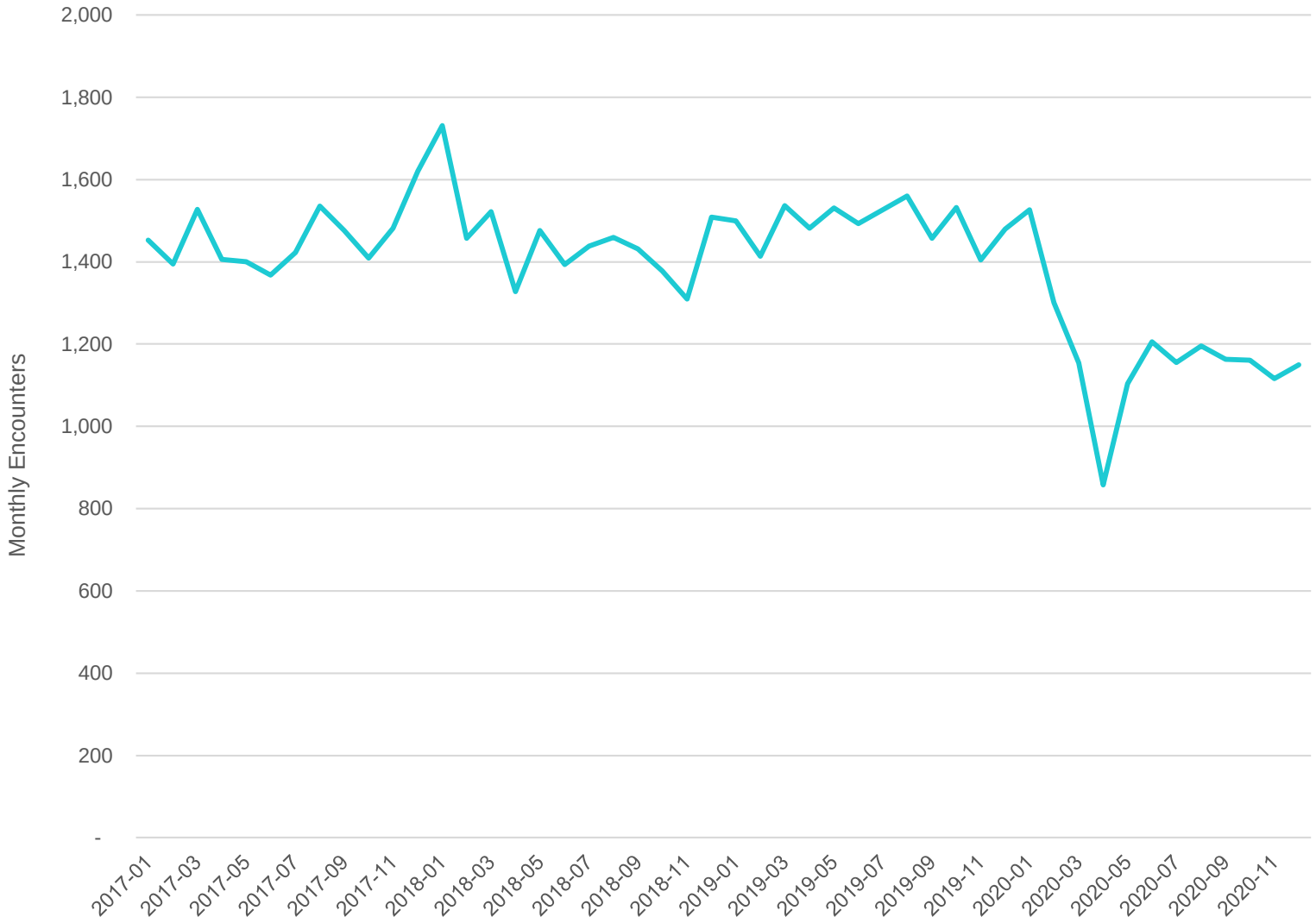
COVID-19 Medical Costs



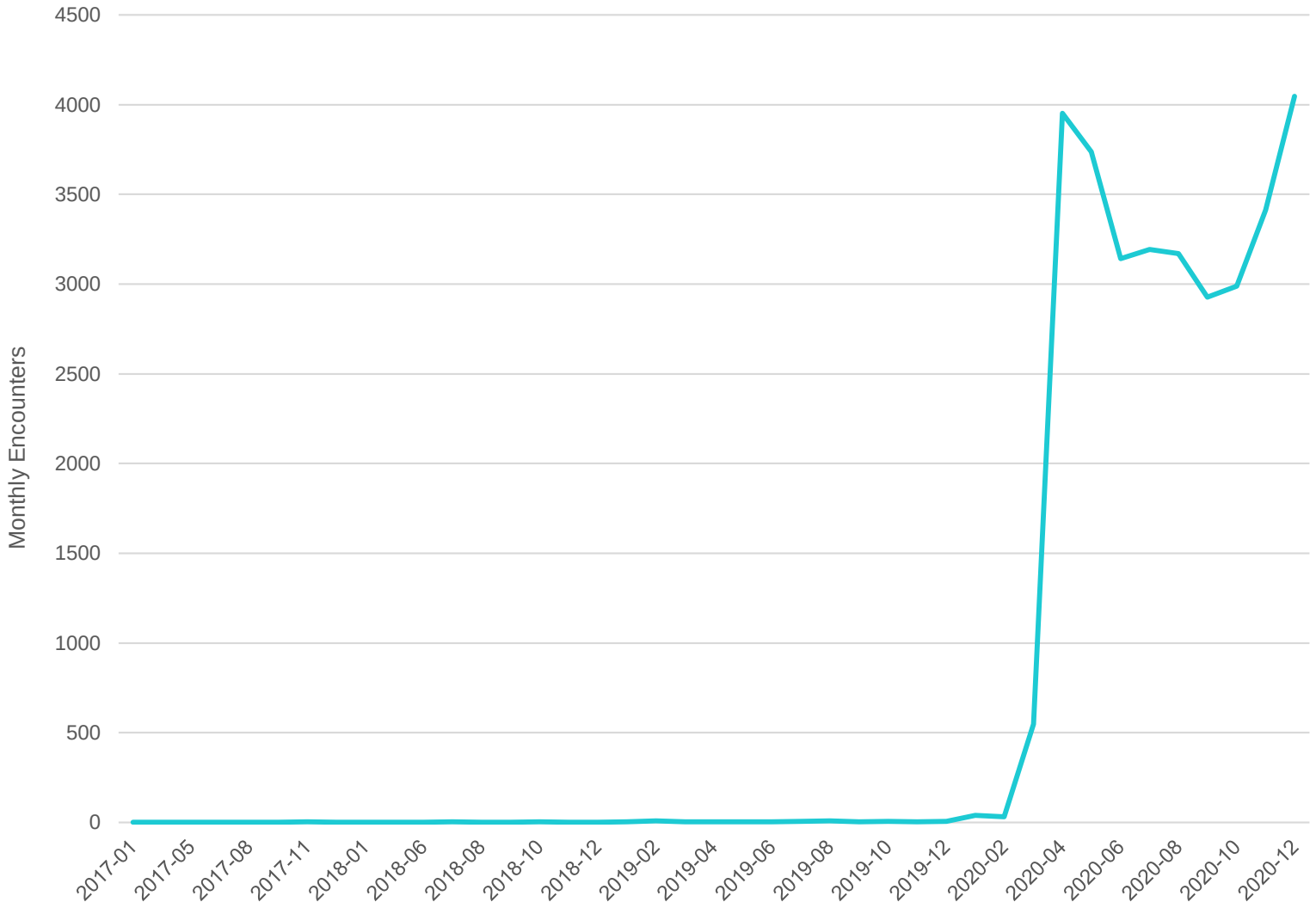
Office and Clinic Utilization



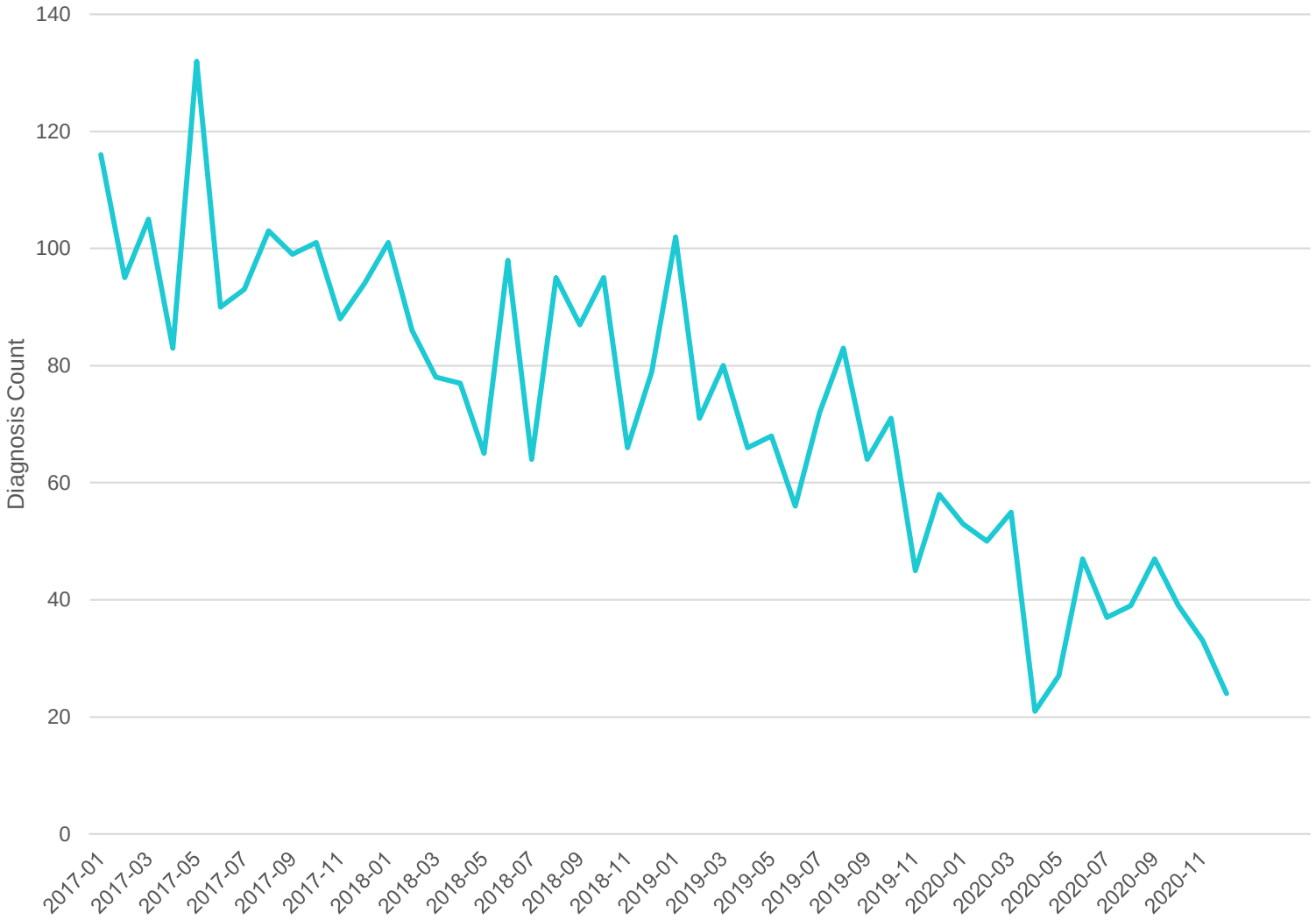
Emergency Room Utilization



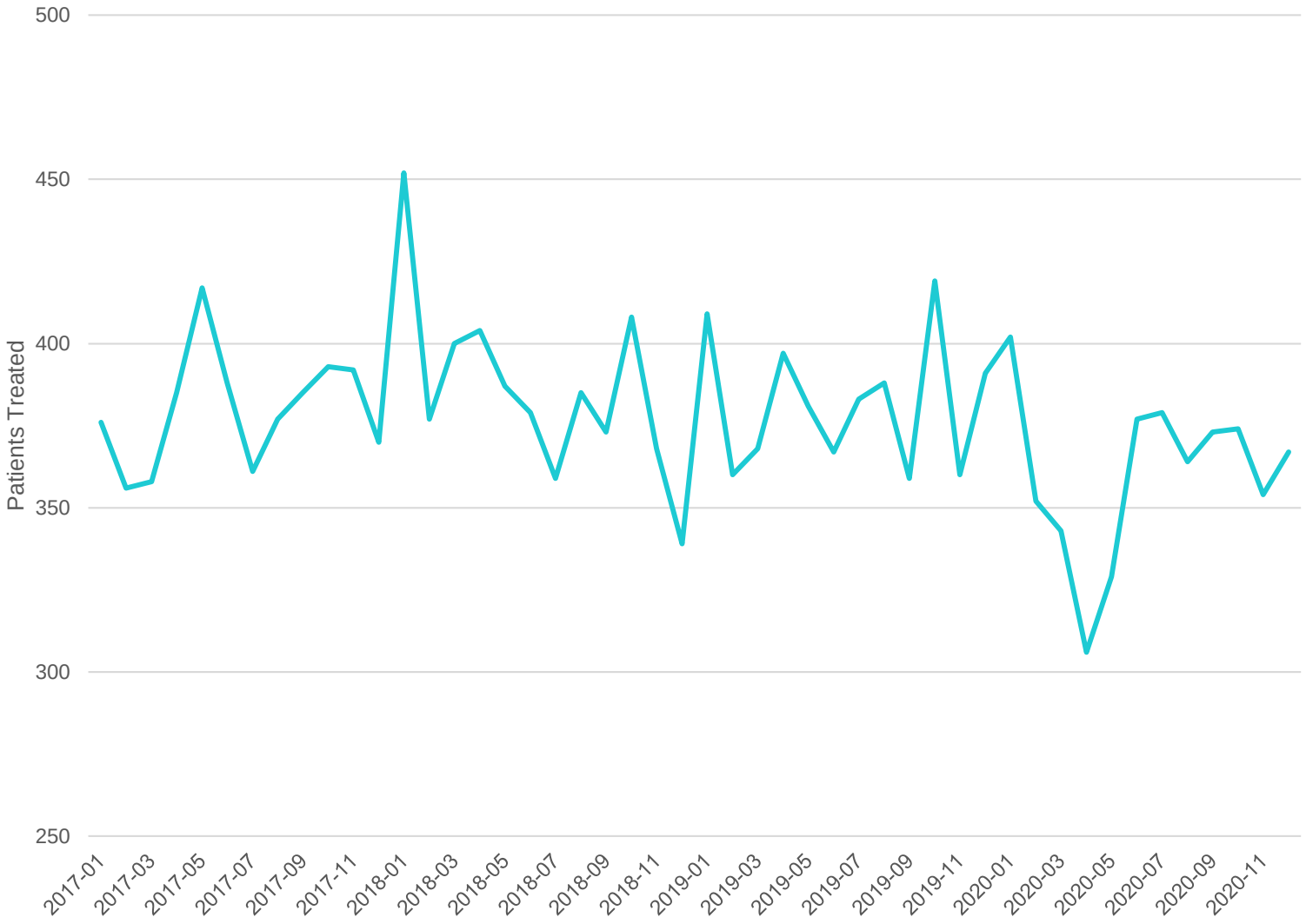
Virtual Visits Utilization



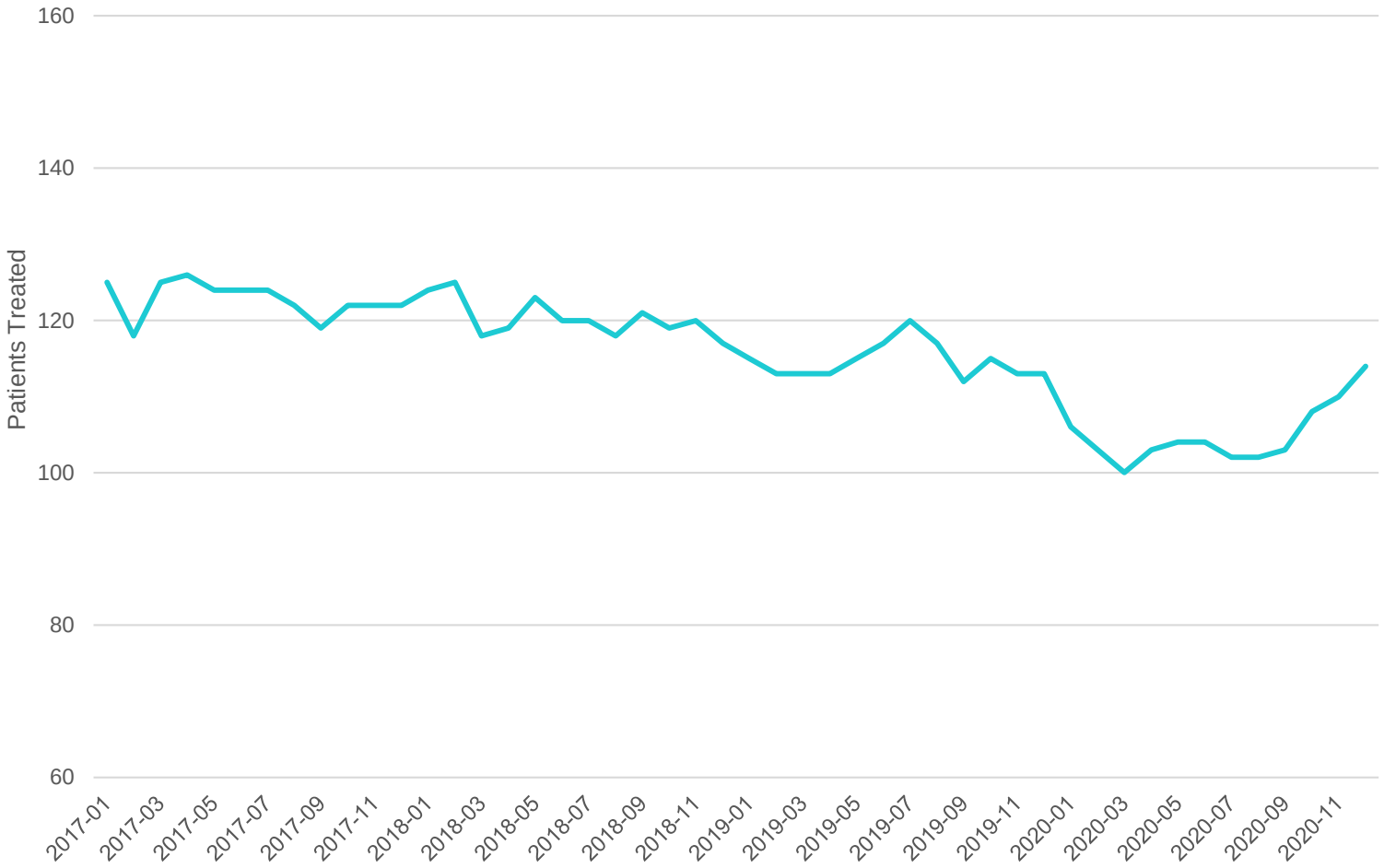
Initial Diagnosis of Cancer



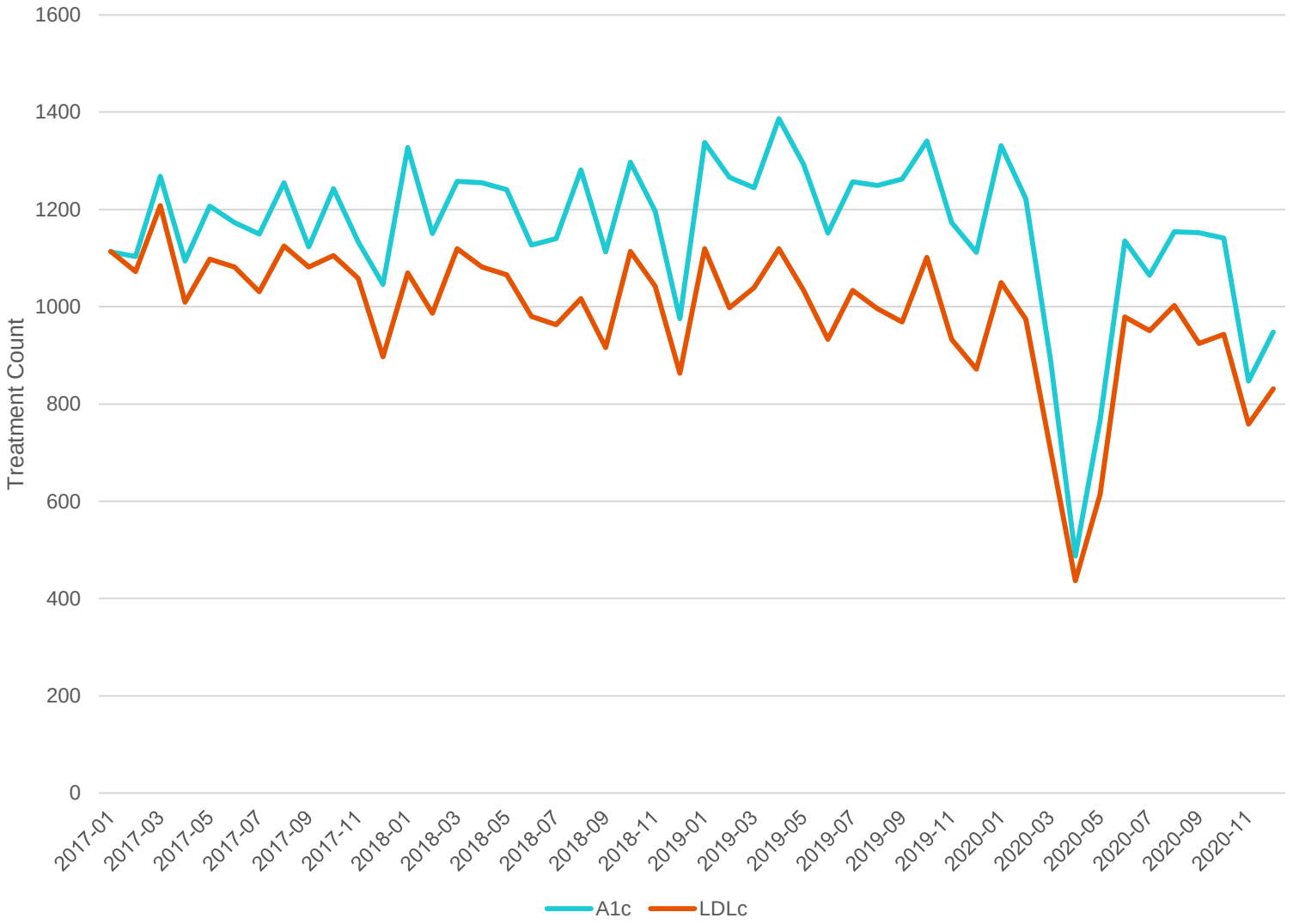
Chemotherapy Patients Treated



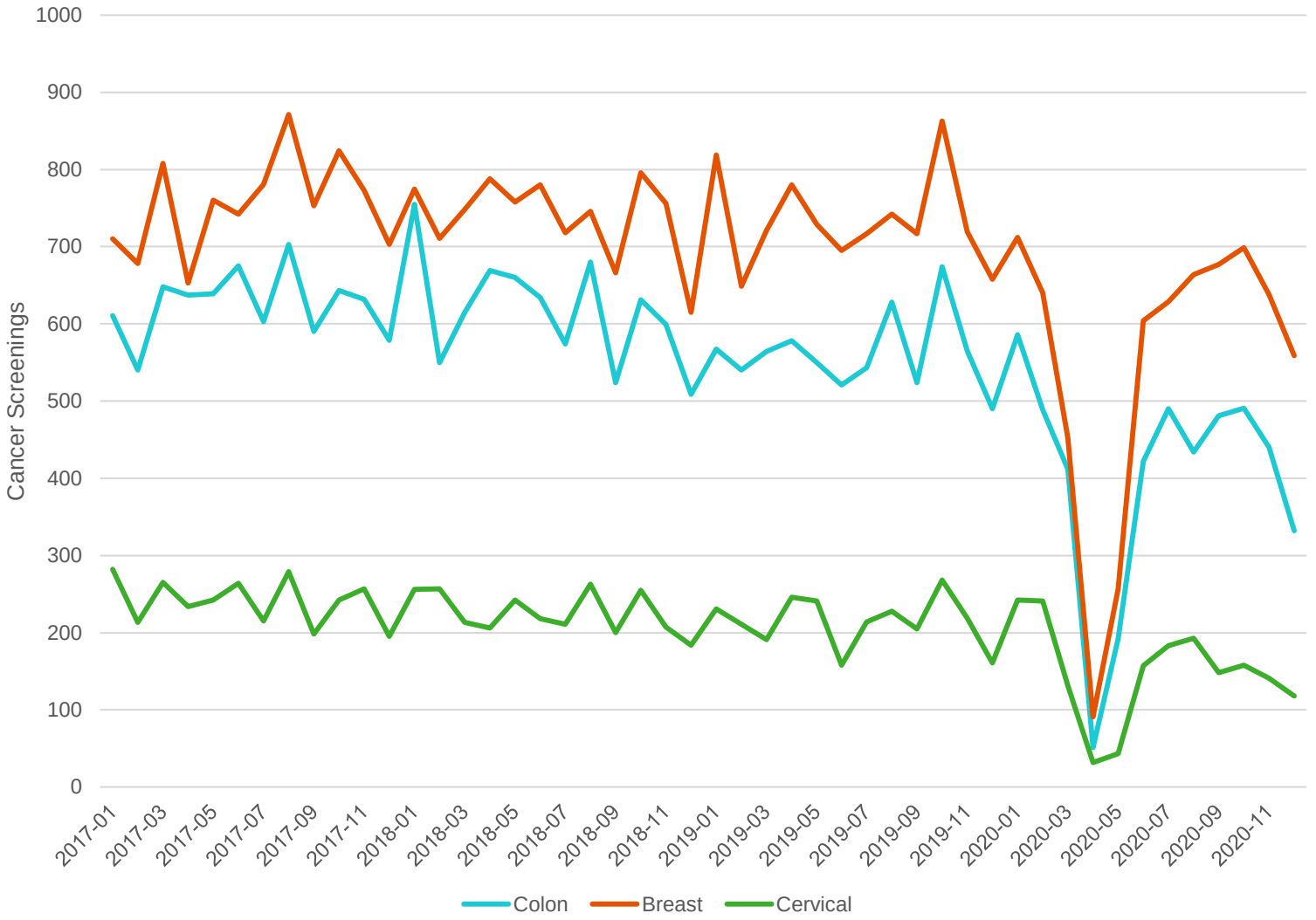
Dialysis Patients Treated



Diabetic Care



Early Detection of Cancer



NEW MEXICO
RETIREE
HEALTH CARE
AUTHORITY

July 2021

Annual Meeting

2022 Plan Recommendations

Summary of Proposed Actions

- Self-Insured Plan Rates
  - Pre-Medicare (Premier and Value Plans)
  - Medicare Supplement
- Pilot Program/Pre-Medicare
  - Hinge Health – BCBS Premier and Value Plan
- Broad Performance Network (Medicare Supplement Rx)
- Delta Dental Network Change
- Additional Considerations
  - Laws 2021, Chapter 136 (Senate Bill 317) No Behavioral Health Cost Sharing
  - 2022 Medicare Advantage Rates
  - Upcoming Pharmacy Benefit Manager Procurement

Summary of Plan Changes 2010 - 2020

		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	Rate Changes											
	Pre-Medicare											
1	Premier Plus (% Change)	8%	8%	8%	8%	8%	Eliminated					
2	Premier Plus Rate	$ 233.22	$ 251.88	$ 272.03	$ 293.79	$ 326.36	NA					
3	Premier (% Change)	8%	8%	8%	8%	8%	29%	8%	8%	7%	5%	TBD
4	Premier Rate	$ 124.79	$ 134.77	$ 145.55	$ 157.20	$ 174.63	$ 223.56	$ 241.44	$ 260.76	$ 279.01	$ 292.96	TBD
5	Value (% Change)						Created	8%	8%	7%	5%	TBD
6	Value Rate						$ 174.63	$ 188.60	$ 203.69	$ 217.95	$ 227.00	TBD
	Medicare											
7	Supplement (% Change)	6%	8%	6%	5%	6%	6%	6%	6%	5%	2%	TBD
8	Supplement Rate	$ 139.67	$ 150.84	$ 159.89	$ 167.88	$ 177.96	$ 188.64	$ 199.96	$ 211.96	$ 222.55	$ 227.00	TBD
9	Advantage Rates	$9.00 - $93.50	$0 - $49	$8.67 - $58.45	$14.75 - $79	$17.85 - $88.50	$18.95 - $94.69	$23.30 - $104.16	$22.15 - $94.68	$21.70 - $94.68	$2.50 - $56.50	TBD
	Subsidy Levels											
	Pre-Medicare											
10	Retiree	65%	65%	65%	65%	64%	64%	64%	64%	64%	64%	64%
11	Spouse/Domestic Partner	40%	40%	40%	38%	36%	36%	36%	36%	36%	36%	36%
12	Dependent Child	100%	75%	50%	25%	12.5%	0%	0%	0%	0%	0%	0%
	Medicare											
13	Retiree	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
14	Spouse/Domestic Partners	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
15	Dependent Child	100%	75%	50%	25.0%	12.5%	0.0%	0%	0%	0%	0%	0%
	Rules											
16	Minimum Age (Non-Enhanced)										55	55
17	Years of Service (Max Subsidy)	20	20	20	20	20	20	20	20	20	25	25
18	Implement/Enforce Open Enrollment						X	X	X	X	X	X
	Plan Changes/Elimintation											
19	Basic Life Conversion	100%	100%	100%	100%	100%	100%	75%	50%	25%	0%	
20	Enhanced Wellness Program/Incentives					X	X	X	X	X		
21	Medicare Advantage Default							X	X	X	X	
22	Eliminination of OTC Prescriptions						X	X	X	X	X	
23	Increase Prescription Drug Copays	Mail Order Coinsurance							Brand Copay			
24	Voluntary Smart 90 Program							Walgreens/Mail Order				
25	Flat copays for certain procedures (Presbyterian)				MRI/PET/CT				Bundled Agreements	Bundled Agreements		
26	Introduction 3rd Tier Coverage (BCBS)								X			
27	Eliminate Premier Plus Plan	$300 deductible / $3500 OOP Max										
28	Create Value Plan	$1500 deductible / $5500 OOP Max										
29	Increase Premier Plan Cost Share	$800 deductible / $4500 OOP Max										

2022 Proposed Monthly Plan Rates – Baseline Scenario

Beyond Projection Period/ Deficit Spend 2028 (FY29)

Pre-Medicare Plans – 8% / Medicare Supplement – 6%

Projected Fund Balance - $11.4 billion 6/30/53 (FY53)

Baseline Scenario - 8%	2021	2022	Monthly	Annual
BCBS/Presbyterian Premier			Difference	Difference
Retiree	$ 292.96	$ 316.40	$ 23.44	$ 281.24
Spouse/Domestic Partner	$ 556.05	$ 600.53	$ 44.48	$ 533.81
Child	$ 284.37	$ 307.12	$ 22.75	$ 273.00
BCBS/Presbyterian Value				
Retiree	$ 228.85	$ 247.16	$ 18.31	$ 219.70
Spouse/Domestic Partner	$ 434.33	$ 469.08	$ 34.75	$ 416.96
Child	$ 221.75	$ 239.49	$ 17.74	$ 212.88

Baseline Scenario - 6%	2021	2022	Monthly	Annual
			Difference	Difference
Medicare Supplement				
Retiree	$227.00	$240.62	$13.62	$163.44
Spouse/Domestic Partner	$340.50	$360.93	$20.43	$245.16
Dependent Child	$454.00	$481.24	$27.24	$326.88

2022 Proposed Monthly Plan Rates – Scenario A
Beyond Projection Period / Deficit Spend 2026 (FY27)

Pre-Medicare Plans – 4% / Medicare Supplement – 3%

Projected Fund Balance - $10.4 billion 6/30/53 (FY53)

Scenario A - 4%	2021	2022	Monthly Difference	Annual Difference
BCBS/Presbyterian Premier				
Retiree	$ 292.96	$ 304.68	$ 11.72	$ 140.62
Spouse/Domestic Partner	$ 556.05	$ 578.29	$ 22.24	$ 266.90
Child	$ 284.37	$ 295.74	$ 11.37	$ 136.50
BCBS/Presbyterian Value				
Retiree	$ 228.85	$ 238.00	$ 9.15	$ 109.85
Spouse/Domestic Partner	$ 434.33	$ 451.70	$ 17.37	$ 208.48
Child	$ 221.75	$ 230.62	$ 8.87	$ 106.44

Scenario A - 3%	2021	2022	Monthly Difference	Annual Difference
Medicare Supplement				
Retiree	$227.00	$233.81	$6.81	$81.72
Spouse/Domestic Partner	$340.50	$350.72	$10.22	$122.58
Dependent Child	$454.00	$467.62	$13.62	$163.44

2022 Proposed Monthly Plan Rates – Scenario B

Beyond Projection Period / Deficit Spend 2026 (FY27)

Pre-Medicare Plans – 3% / Medicare Supplement – 1%

Projected Fund Balance - $10 billion 6/30/53 (FY53)

Scenario B - 3%	2021	2022	Monthly	Annual
BCBS/Presbyterian Premier			Difference	Difference
Retiree	$ 292.96	$ 301.75	$ 8.79	$ 105.47
Spouse/Domestic Partner	$ 556.05	$ 572.73	$ 16.68	$ 200.18
Child	$ 284.37	$ 292.90	$ 8.53	$ 102.37
BCBS/Presbyterian Value				
Retiree	$ 228.85	$ 235.72	$ 6.87	$ 82.39
Spouse/Domestic Partner	$ 434.33	$ 447.36	$ 13.03	$ 156.36
Child	$ 221.75	$ 228.40	$ 6.65	$ 79.83

Scenario B - 1%	2021	2022	Monthly	Annual
			Difference	Difference
Medicare Supplement				
Retiree	$227.00	$229.27	$2.27	$27.24
Spouse/Domestic Partner	$340.50	$343.91	$3.41	$40.86
Dependent Child	$454.00	$458.54	$4.54	$54.48

2022 Proposed Monthly Plan Rates – Scenario C

Beyond Projection Period / Deficit Spend 2025 (FY26)

Pre-Medicare Plans – 0% / Medicare Supplement – 0%

Projected Fund Balance - $9.5 billion 6/30/53 (FY53)

Scenario C - 0%	2020	2021	Monthly	Annual
BCBS/Presbyterian Premier			Difference	Difference
Retiree	$ 292.96	$ 292.96	$ -	$ -
Spouse/Domestic Partner	$ 556.05	$ 556.05	$ -	$ -
Child	$ 284.37	$ 284.37	$ -	$ -
BCBS/Presbyterian Value				
Retiree	$ 228.85	$ 228.85	$ -	$ -
Spouse/Domestic Partner	$ 434.33	$ 434.33	$ -	$ -
Child	$ 221.75	$ 221.75	$ -	$ -

Scenario C - 0%	2021	2022	Monthly	Annual
			Difference	Difference
Medicare Supplement				
Retiree	$227.00	$227.00	$0.00	$0.00
Spouse/Domestic Partner	$340.50	$340.50	$0.00	$0.00
Dependent Child	$454.00	$454.00	$0.00	$0.00

2022 Proposed Monthly Plan Rates – Scenario D

Beyond Projection Period / Deficit Spend 2027 (FY28)

Pre-Medicare Plans – 6% / Medicare Supplement – 4%

Projected Fund Balance - $10.8 billion 6/30/53 (FY53)

Scenario D - 6%	2021	2022	Monthly Difference	Annual Difference
BCBS/Presbyterian Premier				
Retiree	$ 292.96	$ 310.54	$ 17.58	$ 210.93
Spouse/Domestic Partner	$ 556.05	$ 589.41	$ 33.36	$ 400.36
Child	$ 284.37	$ 301.43	$ 17.06	$ 204.75
BCBS/Presbyterian Value				
Retiree	$ 228.85	$ 242.58	$ 13.73	$ 164.77
Spouse/Domestic Partner	$ 434.33	$ 460.39	$ 26.06	$ 312.72
Child	$ 221.75	$ 235.06	$ 13.31	$ 159.66

Scenario D - 4%	2021	2022	Monthly Difference	Annual Difference
Medicare Supplement				
Retiree	$227.00	$236.08	$9.08	$108.96
Spouse/Domestic Partner	$340.50	$354.12	$13.62	$163.44
Dependent Child	$454.00	$472.16	$18.16	$217.92

2022 Proposed Monthly Plan Rates – Scenario E

Beyond Projection Period / Deficit Spend 2026 (FY27)

Pre-Medicare Plans – 5% / Medicare Supplement – 2%

Projected Fund Balance - $10.4 billion 6/30/53 (FY53)

Scenario E - 5%	2021	2022	Monthly	Annual
BCBS/Presbyterian Premier			Difference	Difference
Retiree	$ 292.96	$ 307.61	$ 14.65	$ 175.78
Spouse/Domestic Partner	$ 556.05	$ 583.85	$ 27.80	$ 333.63
Child	$ 284.37	$ 298.59	$ 14.22	$ 170.62
BCBS/Presbyterian Value				
Retiree	$ 228.85	$ 240.29	$ 11.44	$ 137.31
Spouse/Domestic Partner	$ 434.33	$ 456.05	$ 21.72	$ 260.60
Child	$ 221.75	$ 232.84	$ 11.09	$ 133.05

Scenario E - 2%	2021	2022	Monthly	Annual
			Difference	Difference
Medicare Supplement				
Retiree	$227.00	$231.54	$4.54	$54.48
Spouse/Domestic Partner	$340.50	$347.31	$6.81	$81.72
Dependent Child	$454.00	$463.08	$9.08	$108.96

Summary of Proposals

	Baseline	Scenario A	Scenario B
Pre-Medicare Rate Increase	8%	4%	3%
Medicare Supplement Plan Rate Increase	6%	3%	1%
Deficit Spending Period (FY)	2028	2026	2026
Solveny Period	Beyond Projection Period	Beyond Projection Period	Beyond Projection Period
Projected Fund Balance 7/1/52	$ 11,435,193,963.00	$ 10,473,994,262.00	$ 10,029,775,100.00
Loss Ratio	100.0%	103.0%	104.0%

	Scenario C	Scenario D	Scenario E
Pre-Medicare Rate Increase	0%	6%	5%
Medicare Supplement Plan Rate Increase	0%	4%	2%
Deficit Spending Period (FY)	2025	2027	2026
Solveny Period	Beyond Projection Period	Beyond Projection Period	Beyond Projection Period
Projected Fund Balance 7/1/52	$ 9,512,794,560.00	$ 10,873,026,418.00	$ 10,428,807,257.00
Loss Ratio	106.0%	101.0%	103.0%

- Baseline (Long Term Trend) - 8 & 6% results in alignment w/projected expenditures
- Scenario A - 4 & 3% results in 3% undercharge
- Scenario B – 3 & 1% results in 4% undercharge
- Scenario C – 0 & 0% results in 6% undercharge
- Scenario D – 6 & 4% results in 1% undercharge
- Scenario E – 5 & 2% results in 3% undercharge

Staff Recommendations

- Scenario E:
  - 5% Increase on Premier and Value Plans
  - 2% Increase on Medicare Supplement Plan
- Pilot Program/Pre-Medicare
  - Hinge Health – BCBS Premier and Value Plan
- Broad Performance Network (Medicare Supplement Rx)
- Delta Dental Network Change
  - PPO New Mexico to Delta Dental Point-of-Service
  - Increase in NM provider access – 7.8%

Additional Considerations

- Laws 2021, Chapter 136 (Senate Bill 317) No Behavioral Health Cost Sharing
  - Estimated Impact: $1.35 million FY22 / $2.7 million CY22
  - Impacts cost of treatment for depression, mental/neurological disorders, attention disorders, chemical dependence, sleep disorders and anxiety
- 2022 Medicare Advantage Rates

	2021	2022	Change	%	7/1 Enrollment	% of MA Population
PHP Plan I	$ 56.50	$ 62.15	$ 5.65	10%	7,069	38%
PHP Plan II	$ 44.00	$ 48.40	$ 4.40	10%	1,594	9%
UHC Plan I	$ 37.50	$ 37.50	$ -	0%	2,379	13%
UHC Plan II	$ 12.50	$ 12.50	$ -	0%	2,263	12%
BCBS Plan I	$ 30.00	$ 22.50	$ (7.50)	-25%	2,620	14%
BCBS Plan II	$ 2.50	$ -	$ (2.50)	-100%	1,153	6%
Humana Plan I	$ 42.47	$ 44.13	$ 1.66	4%	649	4%
Humana Plan II	$ 5.38	$ 5.77	$ 0.39	7%	664	4%
					18,391	100%

- Pharmacy Benefits Manager (PBM) Procurement
  - Typically results in savings compared to previous fiscal year

Participation by Plan

Enrollment Counts
July 1, 2021

Description	Retiree	Spouse	Dependent	Grand Total	%	Pre/Medicare
BCBS Premier	4,470	1,387	751	6,608	12.1%	46.3%
Presbyterian Premier	3,002	581	393	3,976	7.3%	27.9%
BCBS Value Plan	525	237	127	889	1.6%	6.2%
Presbyterian Value Plan	1,770	622	405	2,797	5.1%	19.6%
BCBS Medicare Supplemental Plan	16,895	5,166	14	22,075	40.3%	54.6%
BCBS Medicare Advantage I	1,809	808	3	2,620	4.8%	6.5%
BCBS Medicare Advantage II	805	345	3	1,153	2.1%	2.8%
Humana Medicare Advantage I	462	187		649	1.2%	1.6%
Humana Medicare Advantage II	481	183		664	1.2%	1.6%
Presbyterian Medicare Advantage I	5,385	1,680	4	7,069	12.9%	17.5%
Presbyterian Medicare Advantage II	1,197	395	2	1,594	2.9%	3.9%
United Healthcare Medicare Advantage I	1,742	636	1	2,379	4.3%	5.9%
United Healthcare Medicare Advantage II	1,638	621	4	2,263	4.1%	5.6%
Grand Total	40,181	12,848	1,707	54,736	100.0%	
Voluntary	6,401	2,834	598	9,833		
Total Enrollment	46,582	15,682	2,305	64,569		
Non-Medicare				14,270	26.1%	
Medicare				40,466	73.9%	

Participation by Plan (2011 – 2021)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Description											
BCBS Premier Plus	5,633	5,128	4,523	3,964	3,388	2,859					
BCBS Premier	5,069	5,515	5,918	6,404	6,636	6,743	8,202	7,569	7,171	6,784	6,608
BCBS Value Plan								741	857	831	889
NM Health Connections							424				
Presbyterian Premier Plus	2,990	2,768	2,433	2,085	1,739	1,461					
Presbyterian Premier	3,471	4,209	4,929	5,617	5,915	6,302	5,681	4,950	4,466	4,119	3,976
Presbyterian Value Plan							1,977	2,587	2,739	2,730	2,797
BCBS Medicare Supplemental Plan	21,175	21,844	22,543	22,499	22,920	23,236	23,383	23,368	23,094	22,724	22,075
Lovelace Senior Plan I	2,586	2,970	2,921	2,895							
Lovelace Senior Plan II	1,514	1,780	1,948	1,725							
BCBS MA I					2,785	2,615	2,597	2,507	2,494	2,496	2,620
BCBS MA II					1,561	1,487	1,457	1,379	1,331	1,263	1,153
Molina Senior Plan I											
Molina Senior Plan II											
Humana Plan I							65	214	401	556	649
Humana Plan II							145	261	413	533	664
Presbyterian Plan I	1,267	1,589	2,153	3,067	3,693	4,269	4,841	5,430	6,188	6,625	7,069
Presbyterian Plan II	788	895	1,052	1,246	1,378	1,515	1,666	1,706	1,678	1,693	1,594
UnitedHealthcare Plan I				648	1,136	1,384	1,496	1,682	1,810	1,937	2,379
UnitedHealthcare Plan II				364	672	1,186	1,464	1,775	1,963	2,123	2,263
Grand Total	**44,493**	**46,698**	**48,420**	**50,514**	**51,823**	**53,057**	**53,398**	**54,169**	**54,605**	**54,414**	**54,736**
Voluntary	3,973	4,382	5,069	5,617	6,213	6,887	7,555	8,167	8,862	9,481	9,833
Total Enrollment	**48,466**	**51,080**	**53,489**	**56,131**	**58,036**	**59,944**	**60,953**	**62,336**	**63,467**	**63,895**	**64,569**
Non	**17,163**	**17,620**	**17,803**	**18,070**	**17,678**	**17,365**	**16,284**	**15,847**	**15,233**	**14,646**	**14,270**
Medicare	**27,330**	**29,078**	**30,617**	**3,244**	**34,145**	**35,692**	**37,114**	**38,322**	**39,372**	**39,950**	**40,466**

Supplemental Information

	Retirees & Beneficiaries	Average Annual Pension	Average Monthly Pension
State General	16,334	$ 31,644	$ 2,637
State Police	1,227	$ 36,924	$ 3,077
Municipal General	11,432	$ 29,400	$ 2,450
Muncipal Police	3,033	$ 44,496	$ 3,708
Municipal Fire	1,637	$ 47,100	$ 3,925
Judicial	136	$ 70,908	$ 5,909
Magistrate	77	$ 41,148	$ 3,429
ERB	50,397	$ 23,388	$ 1,949

Pension amounts shown: PERA/ERB 2020 CAFRs

Broad Preferred Medicare Network

NETWORK RECOMMENDATION

Broad Performance Medicare Network

COMPREHENSIVE MEDICATION INCLUSION LIST
Plan covered medications, including acute, maintenance, and specialty can be filled via the AWP-, CMS-compliant network.

BROAD PHARMACY ACCESS
More than 63,000 pharmacies to choose from, including Express Scripts® Pharmacy and Accredo Specialty Pharmacy®.

IMPROVED MEMBER OUTCOMES
Measures adherence to diabetes, cholesterol, hypertension, Hep C therapies; non-infused disease modifying agents to treat MS; antriretroviral meds.

SAVINGS
Clients receive performance payments* based on pharmacy performance at in-network pharmacies, based on quality reporting

*Commonly referred to as Direct and Indirect Remuneration (DIR)

NETWORK RECOMMENDATION

Quality performance calculations

Average of Measure Scores

Step 1: Determine targeted pharmacy performance based on individual Part D Clinical Star measures and average*

Pharmacy Evaluation

Step 2: Pharmacy values applied using network-specific measurement criteria, to determine performance payment fees†

Pharmacy Payments

Step 3: Performance payments collected and passed through to participating plans quarterly. Annual reconciliation based on calendar year performance also completed.‡

*CMS Star Rating metrics and cut points are initial benchmarks for determining targeted pharmacy performance. †Targeted pharmacies also contribute separately to annual pharmacy bonus pool, which is collected independently from pharmacy payments to plans. ‡Final reconciliation of targeted pharmacy performance and final, total targeted claims will be completed within 180 days after the end of the calendar year.

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NETWORK RECOMMENDATION

Pharmacy Coverage and Savings

- **Broad Coverage in New Mexico**
  - 0.8% of members will experience disruption
  - 57 pharmacies currently in network will no longer be in-network
  - 187 pharmacies in New Mexico currently limited to 30 day supplies will be allowed to dispense 90 days
- **National Coverage Enhancements**
  - 1,200 pharmacies in current 90-day network would no longer be in-network
  - 33,400 pharmacies not currently in 90 day network would be allowed to dispense 90 day supplies
  - Net gain of over 32,000 pharmacies in 90 day network
- **Plan Savings**
  - $1.30 PMPM DIR program administrative fee
  - Gross annual savings is $1.5M
  - Net annual savings is $1.2M (net of admin fee)

Distance Summary						
Network Participation	Locations	% Locations	Retail Claims	% Retail Claims	Eligible Members	% Eligible Members
Not Impacted	2,669	97.9%	163,151	99.5%	21,623	99.2%
Impacted	57	2.1%	880	0.5%	172	0.8%
Under 2 Miles	38	66.7%	367	41.7%	78	45.3%
2 and 4 Miles	16	28.1%	478	54.3%	88	51.2%
Over 4 Miles	3	5.3%	35	4.0%	6	3.5%
Total	2,726	100%	164,031	100%	21,795	100%

Delta Dental of New Mexico

NMRHCA 2021 Board Presentation

YOUR LOCAL DENTAL PLAN

Providing Dental Benefit Plans to New Mexico Families since 1971

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DELTA DENTAL®

Delta Dental of New Mexico Networks

- **Delta Dental of New Mexico has 3 networks:**
  - PPONew Mexico (custom in-state network)
  - Delta Dental PPO (nationwide)
  - Delta Dental Premier (nationwide)

- **What are the network differences?**
  - Separate provider contracts
  - Provider reimbursement fee schedules unique to each network
  - Dentist could choose which network to participate in
  - As of 2019 new contracted providers must participate in **ALL** networks

Current NMRHCA Network

PPONew Mexico	
In-Network	**Out-of-Network**
PPONew Mexico (in-state) **+** **Delta Dental PPO™ (out-of-state)**	**Delta Dental Premier®** **+** **Non-Participating Providers**

Delta Dental Nationwide POS Network

Delta Dental Point-of-Service (POS)	
In-Network	**Out-of-Network**
Delta Dental PPO™ **+** **Delta Dental Premier®**	**Non-Participating Providers**

= 7.8%

Increase in New Mexico provider access