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ANNUAL MEETING
OF THE
BOARD OF DIRECTORS

July 14 & 15, 2022
9:30/9:00 AM

Day 1

Hotel Encanto De Las Cruces
705 South Telshor Blvd Las Cruces, NM 88011
Online: https://meet.goto.com/363691501
Telephone: 1-872-240-3212 / Access Code: 363-691-501

New Mexico Retiree Health Care Authority
Annual Meeting

BOARD OF DIRECTORS

ROLL CALL

July 14, 2022

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

NMRHCA BOARD OF DIRECTORS

July 2022

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

Ms. Therese Saunders, Vice President
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Albuquerque, NM 87120
tsaunders3@mac.com
505-934-3058

Ms. Leanne Larranaga-Ruffy, Secretary
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505-476-9332

Mr. Sanjay Bhakta
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Mr. Terry Linton
Governor's Appointee
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505-250-4070

Mr. Jamie Widner
Superintendents' Association of NM
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jwidner@yucca.net
575-799-3348

The Honorable Mr. Tim Eichenberg
NM State Treasurer
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505-955-1120

Mr. Rick Scroggins
Alternate for ERB Executive Director
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Mr. Lance Pyle
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Mr. Tomas E. Salazar, PhD
NM Assoc. of Educational Retirees
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Ms. Raquel Alirez
Classified State Employee
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Albuquerque, NM 87102
raquel.alirez@state.nm.us
505-365-3474

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

July 14 & 15, 2022
9:30 AM / 9:00 AM

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Las Cruces, NM 88011
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AGENDA – July 14th (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 7, 2022	Mr. Crandall, President	6
6.	Public Forum and Introductions	Mr. Crandall, President	
7.	Board Appointment – Classified Employee	Mr. Kueffer, Executive Director	
8.	Election of Board Officers (Action Items)	Mr. Crandall, President	
	a. Board Policies and Procedures		14
	b. Committee Assignments		21
	c. Code of Ethics		23
	d. Open Meetings Act Resolution		29
9.	Committee Reports	President	
10.	State Investment Council Updates	Mr. Wollman, Director, Communications, Legislative & Client Relations, SIC	33
11.	Wellness Scorecard	Jess Biggs, Director of Communications & Member Engagement	45
12.	Provider Presentations		
	a. Presbyterian Health Plan	Mr. Witt, Manager, Manager ASO Mr. Anaya, Sr. Account Manager Ms. Lopez, Manager Health and Wellness Client Services Ms. Herrera, Sr. Marketing Account Exec.	58
	b. Blue Cross Blue Shield of New Mexico	Ms. Bell, Account Executive Ms. Hentz, Account Executive Ms. Hull, Wellness Coordinator Mr. Baker, Wellness Consultant	75

(Recess for lunch at the pleasure of the Board)

c. Express Scripts	Mr. Molberg, Sr. Account Executive Mr. Hammons, Sr. Clinical Account Exec	98
13. Actuarial Presentations	Ms. Patani, Segal Co. Ms. Krumholz, Segal Co. Ms. Cohen, Segal Co. Mr. Madalena, Madalena Consulting	121
14. Review of Calendar Year 2023 Plan Changes	Mr. Kueffer, Executive Director	165
15. Board Members Fiduciary Responsibilities	Mr. Carrasco, Director, Rodey Law Firm	

(Recess until 9:00AM, July 15, 2022, in the same location)

MINUTES OF THE

NEW MEXICO RETIREE HEALTH CARE AUTHORITY/BOARD OF DIRECTORS

REGULAR MEETING

June 7, 2022

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 9:00 a.m. at the CNM Workforce Training Center, Room 103, 5600 Eagle Rock Ave., NE, Albuquerque, New Mexico.

2. ROLL CALL TO ASCERTAIN A QUORUM

A quorum was present.

Members Present:
Mr. Doug Crandall, President
Ms. Therese Saunders, Vice President
Mr. Sanjay Bhakta
The Hon. Tim Eichenberg, NM State Treasurer
Mr. Lance Pyle [via teleconference]
Dr. Tomas Salazar
Mr. Rick Scroggins
Mr. Jamie Widner

Members Excused:
Ms. LeAnne Larrañaga-Ruffy, Secretary
Mr. Terry Linton

Staff Present:
Mr. Neil Kueffer, Executive Director
Mr. Jess Biggs, Director of Communication & Member Engagement
Ms. Judith Beatty, Recorder

3. PLEDGE OF ALLEGIANCE

Mr. Scroggins led the pledge.

4. APPROVAL OF AGENDA

Ms. Saunders moved to approve the agenda, as published. Dr. Salazar seconded the motion, which passed unanimously.

5. APPROVAL OF REGULAR MEETING MINUTES: May 6, 2022

Dr. Salazar moved for approval of the May 6, 2022, minutes, as presented. Mr. Pyle seconded the motion, which passed unanimously.

6. PUBLIC FORUM AND INTRODUCTIONS

Delta Dental representative JoLou Trujillo-Ottino announced that she would be joining Delta Dental of Arizona's leadership team as its senior vice president of sales and business development.

7. COMMITTEE REPORTS

- The Executive Committee met to discuss today's agenda, and the Investment/Finance Committee met to review related items on today's agenda. [Mr. Crandall]
- Legislative Committee will meet on Thursday this week [Dr. Salazar]
- Wellness Committee met and Mr. Linton has been working with Jess Biggs to standardize reporting from wellness groups. [Ms. Saunders]

8. EXECUTIVE DIRECTOR'S UPDATES

a) Human Resources

- Raymond Long has joined the NMRHCA as Chief Information Officer. Mr. Long has previous experience in the public and private sector. He was IT director for Doña Ana County as well as the Socorro schools.

Mr. Kueffer stated that he is hoping to move quickly on the Deputy Director position once the Governor's Office approves his appointment as Executive Director. He continues to interview candidates and is developing a shortlist of candidates.

Chairman Crandall said the board has approved Mr. Kueffer as Executive Director, but the NMRHCA doesn't have a Deputy Director and can't get one until Mr. Kueffer's position is officially approved. The Chairman said he would like the board to go on record as saying that it would respectfully ask that this be addressed so the agency can move forward.

b) Board Member Departure

- Leanne Madrid has left the board as its SPO representative after taking a position outside of state government. Mr. Kueffer will reach out to SPO about filling this seat as soon as possible.

c) Website Disaster Relief

- The NMRHCA website now includes a list of organizations, with links, that offer help for people impacted by natural disaster. The list includes information on some of the agency's health plans as well as info and resources related to the Hermit's Peak fire.

d) Emergency Order for Fire Emergencies

- The NM Superintendent of Insurance issued an emergency order on May 12 to assure affected individuals in the counties of Colfax, Lincoln, Mora, Sandoval, Valencia and Las Vegas that they would continue to have access to needed healthcare services and would be able to maintain their insurance coverage. There was additional guidance after the order was issued that was more specific on who they were really looking to help, which were people who were displaced from their homes or had lost their homes. The NMRHCA continues to work to identify those members so it can report back on whom it has helped and what the expense may have been with respect to this order. Customer Services staff has been alerted to watch for these members and be prepared to assist them, and the NMRHCA has been working closely with its health plan providers as well as IBAC.

Dr. Salazar commented that he follows the fire updates every day, and he doesn't know who is doing what anymore from the agency updates he receives, and there is a lot of confusion. For instance, the New Mexico Environment Department recently raised issues about recovery that are critical to the health of individuals. That alone tells him that a lot needs to be ferreted out to determine what the NMRHCA's responsibilities are to its members and how to connect with other agencies to find out where in the world the NMRHCA falls and that the best work is being done. One of his concerns as a board member is what the cost is to the NMRHCA for services directly rendered.

e) Transparency in Coverage – Machine Readable Files

- Effective July 1, insurers and health plans, including the NMRHCA, will be required to post information as it relates to allowable both in network and out of network. Because the amount of information is massive, the NMRHCA will not be posting this on its website but will provide a link to the vendors. Individuals who will find this work of value will be consultants and health plans that have the technology and systems to download these huge files.

f) Lopez v. NMRHCA, No. S-1-SC-39190

- The New Mexico Supreme Court has denied the motion for a rehearing in this case. Opposing counsel has the opportunity to petition for writ of certiorari within 90 days, or around August 9. If no petition were filed, this case would be remanded to District Court.

g) April 30, 2022, SIC Report

- The SIC report for the month of April reflects losses of $46 million. Inflation and the war in Ukraine have affected the market.

h) March 31, 2022, Investment Performance

- QTD and CYTD performance reflects a net return of (1.26) percent. Long-term net performance remains strong at 10.17 percent for the 1-year, 10.50 percent for the 2-year, and 8.22 percent for the 10-year period.

Responding to Mr. Scroggins on when the agency will review its asset allocation mix, Mr. Kueffer said today's agenda includes a small purchase contract to bring in a consultant to do an evaluation of the agency's assets.

Chairman Crandall commented that this is one of the reasons why the NMRHCA should have an investment advisor on contract to keep track of the portfolio rather than doing this on the fly.

9. 2023 PLAN DISCUSSION

Consulting actuary Dr. Nura Patani presented an overview of the routine activities Segal provides on behalf the NMRHCA. [Slides begin on page 27.] Scott McEarchern, actuary specializing in pharmacy benefits, was also present.

Mr. Kueffer reviewed highlights from the 2023 preliminary plan and projected solvency charts that would be discussed at the annual meeting next month.

Dr. Salazar cited comments made by legislators who question why the NMRHCA would ask for more money from the state given that it is doing so well. He said some board members keep hearing that, which he personally finds difficult. He was around just after HB 728 was adopted and was aware of some of the issues that the bill has created and how they have affected some of the assumptions being made. He said the board should be aware of conversations taking place during the interim period before the next session, because those can have a profound impact on what the NMRHCA is trying to accomplish.

Chairman Crandall commented that while the NMRHCA can project what it will be paying NMERB 18 years from now, it has no idea what medical care will cost 18 years from now, and agreed with Dr. Salazar's remarks.

Mr. Scroggins suggested that the NMRHCA devote some time and attention to trying to educate legislators that the NMRHCA's funding assumptions are based its unfunded actuarial accrued liability. The view of the legislators is that the accrued liability goes away if the NMRHCA, which has no property right like the pension funds do, is shut down. He commented that this doesn't take the burden off of the retirees and active employees who will face those costs. The liability portion that accrues, that the NMRHCA builds its actuarial assumptions and rates on, is a real issue. He thought the NMRHCA could gain some traction by finding some way to frame that into a persuasive argument that this is a guaranteed right.

Mr. Kueffer said legislators commented, in response to the NMRHCA's last proposal, that things were continuing to improve and it should just continue doing what it is doing. A representative he met with last week said she had seen the improvement in the solvency, but that didn't mean that the need wasn't still there.

Mr. Kueffer added that, in looking at the NMRHCA's funded status, it only states in the audit reports that it is at 25 percent. He said he wasn't sure the agency had ever decided what it should actually be, but 50 percent would allow it to weather any future storms or hard times.

Mr. Kueffer said another issue is the tax suspense fund, which was called up last year by LFC Director David Abbey and later by Connor Jorgensen, so that is also on the radar. It is built into the solvency that is continuously growing at 12 percent, and that is going to be unsustainable. The NMRHCA is running the solvency based on today's data, and he doesn't know when this is going to become a greater conversation, but as they did in 2016, legislators could take away some of the dollars from the fund and reset the baseline.

10. NEW INTEGRATED VALUE BASED MEDICARE ADVANTAGE OFFERING

Brandon Fryar, President, Presbyterian Health Plan; and Tony Hernandez, Vice President, made a presentation.

11. VILLAGE OF PECOS PARTICIPATION REINSTATEMENT

Mr. Kueffer said the board would recall that, in January, it was reported to the board that the Village of Pecos had not made the required employer contributions since December 2020. The board approved a motion on January 4, 2022, to suspend the Village's participation in the NMRHCA. The action was to stay in place until the Village resolved the delinquency but would not affect any Village retirees currently receiving a subsidy.

Mr. Kueffer said NMRHCA staff has since received all required payments due, and is recommending the reinstatement of the Village of Pecos's participation in the New Mexico Retiree Health Care Act, effective immediately.

Mr. Eichenberg so moved. Ms. Saunders seconded the motion, which passed unanimously.

12. FY23 SMALL PURCHASE CONTRACT

Mr. Kueffer stated that the NMRHCA performed a biennial asset allocation review in FY21, and staff solicited qualified quotes for services to perform the scope of work outlined in staff's report for FY23. The NMRHCA received quotes from Wilshire ($35,000), Meketa Investment Group ($47,500) and NEPC ($50,00) to perform this scope of work. Wilshire was the lowest quote received, and based on the fact that Wilshire has an understanding of the NMRHCA from its past work with the NMRHCA and has confirmed they can do the work, staff would recommend approval of this contract.

Mr. Kueffer said he hoped this would be the last year the NMRHCA would be doing a biennial contract, and in the future would contract for long-term investment advisory services after developing an RFP based on the NMRHCA's needs.

Mr. Kueffer recommended the selection of Wilshire Consulting to perform the requested services based on their submitted quote and their experience performing two biennial asset allocation reviews, in FY19 and FY21.

Mr. Scroggins moved for approval. Dr. Salazar seconded the motion, which passed unanimously.

13. FY23 MOU/CONTRACT

Mr. Kueffer reported that staff is preparing for the upcoming procurement of life insurance services for the NMRHCA for the period beginning July 1, 2023, and ending June 30, 2027. This procurement will include a collaborative effort on behalf of the IBAC partners. The Memorandum of Understanding (MOU) will allow NMRHCA to pay for its portion of the costs associated with the development, evaluation, and financial scoring of the proposals received from prospective life insurance vendors. The NMRHCA would bring in a project manager/consultant who would help with the process of evaluating the proposals and getting information together for the RFP.

Mr. Kueffer said the NMRHCA released a request for quotations, which was completed by NMPSIA, the IBAC chair. Quotes were received from Segal, Aon, and Gallagher. The selected vendor will not be named at this point, as the contract has not been completed. Upon evaluation of those proposals, and looking at pricing, the NMRHCA is recommending to move forward with the MOU with NMPSIA. The NMRHCA's share of the cost would be $8,500. He noted that quotes ranged from $51,000 to $60,000.

Dr. Salazar moved to enter an MOU with the New Mexico Public Schools Insurance Authority to pay for NMRHCA's portion of an agreement to provide project manager/consulting

services related to the upcoming procurement for life insurance during the fall of 2022. Ms. Saunders seconded the motion, which passed unanimously.

14. ANNUAL BOARD RETREAT

Mr. Kueffer stated that the upcoming retreat and annual meeting would take place in Las Cruces at Hotel Encanto on July 14 and 15. The Finance Committee and Executive Committee meetings will take place on July 13. The items listed below as Item a, b, c, d and e are included in the board packet in draft form for review and feedback, and will be acted on at the annual meeting.

a. Logistics
b. Board Policies and Procedures
c. Code of Conduct
d. Election of Officers & Committee Assignments
e. Open Meetings Act Resolution

15. OTHER BUSINESS

None.

16. EXECUTIVE SESSION: 10:30 a.m.

a. Pursuant to NMSA 1978, Section 10-15-1(H)(6) Contents of Competitive Sealed Proposals Solicited Pursuant to the Procurement Code

Ms. Saunders moved to enter executive session for the purpose stated on the agenda. Dr. Salazar seconded the motion, which passed unanimously by roll call vote:

For: Chairman Crandall; Ms. Saunders; Mr. Scroggins; Dr. Salazar; Mr. Eichenberg; Mr. Widner; Mr. Bhakta; Mr. Pyle.

[The board came out of executive session at 10:44 a.m.]

Chairman Crandall stated that the only items discussed in executive session were proposals subject to the Procurement Code, and that no action would be taken on Item 17 unless there was an objection. [There were no objections.]

17. PHARMACY BENEFIT MANAGER RFP

No action.

18. DATE AND LOCATION OF NEXT BOARD MEETING

July 14, 2022 – 9:30 AM – Hotel Encanto de Las Cruces Meeting Room
July 15, 2022 – 9:00 AM – Hotel Encanto de Las Cruces Meeting Room

19. ADJOURN: 10:44 a.m.

Accepted by:

_____

Doug Crandall, President

2022 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.

FY23 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 & Investment**	**Legislative**
Mr. Crandall, President	Mr. Crandall, Chair	Mr. Salazar, Chair
Ms. Saunders, Vice President	Ms. Larrañaga-Ruffy	Ms. Larrañaga-Ruffy
Ms. Larrañaga-Ruffy, Secretary	Mr. Scroggins	Mr. Scroggins
	Mr. Linton	Mr. Pyle
		Mr. Widner

Audit	**Wellness**
Ms. Bhakta, Chair	Mr. Linton, Chair
Mr. Linton	Ms. Saunders
Mr. Salazar	Mr. Scroggins
Mr. Widner	Mr. Widner

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. 2023-1

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 14 and 15, 2022.

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 9:00 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, 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 14th day of July 2022.

_____	_____
Board President	Neil Kueffer, Executive Director

New Mexico State Investment Council
Governmental Client Investment Pools

Performance Update through March 31, 2022 for
NM Retiree Health Care Authority

Charles Wollmann, Dir. Communications, Legislative & Client Services
July 14, 2022

RVK

New Mexico State Investment Council

Third Party Investors Report

Period Ended: March 31, 2022

Retiree Health Care Authority

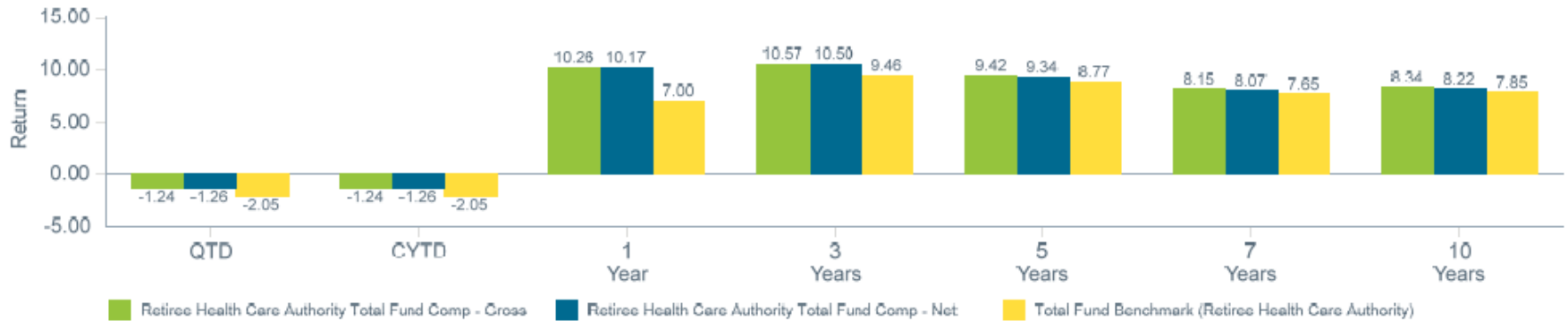
Overview

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	192,916,886	16.55	14.00	2.55
Small/Mid Cap US Equity Index	25,494,358	2.19	2.00	0.19
Non-US Developed Markets Index	150,693,463	12.93	14.00	-1.07
Non-US Emerging Markets Active	98,325,951	8.44	10.00	-1.56
US Core Bonds	190,634,171	16.36	20.00	-3.64
Credit & Structured Finance	162,321,750	13.93	15.00	-1.07
Private Equity	175,262,790	15.04	10.00	5.04
Real Estate	119,499,054	10.25	10.00	0.25
Real Return	50,300,568	4.32	5.00	-0.68
Total Fund	1,165,448,992	100.00	100.00	0.00

Comparative Performance



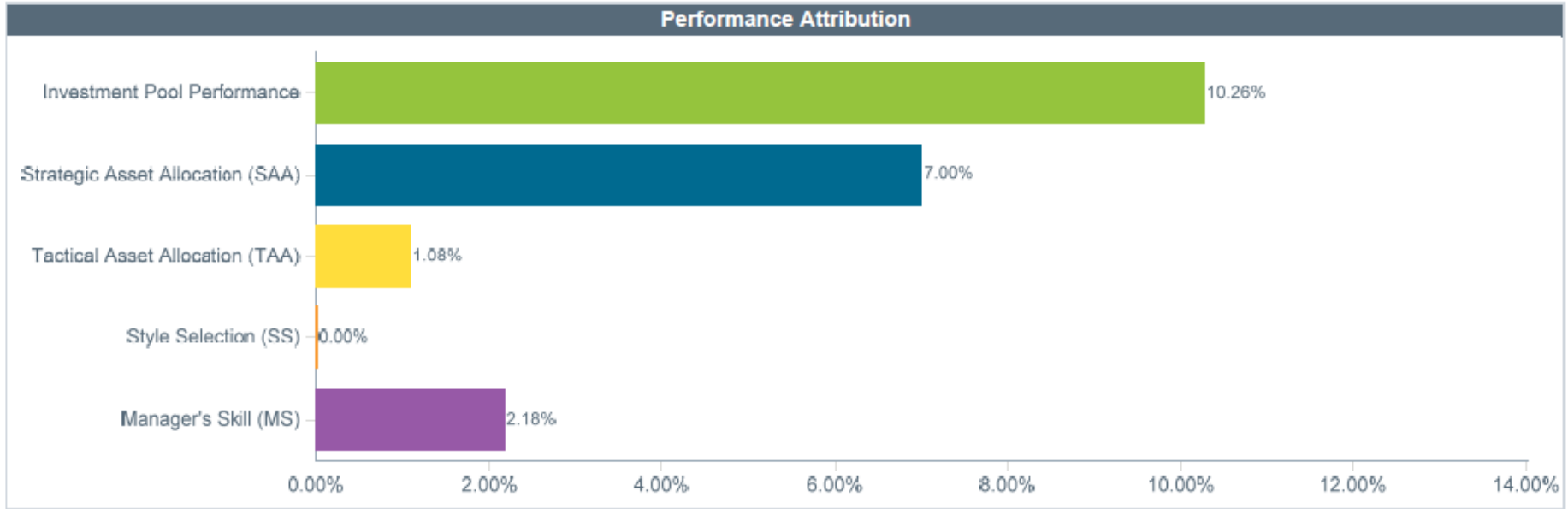
Comparative Performance

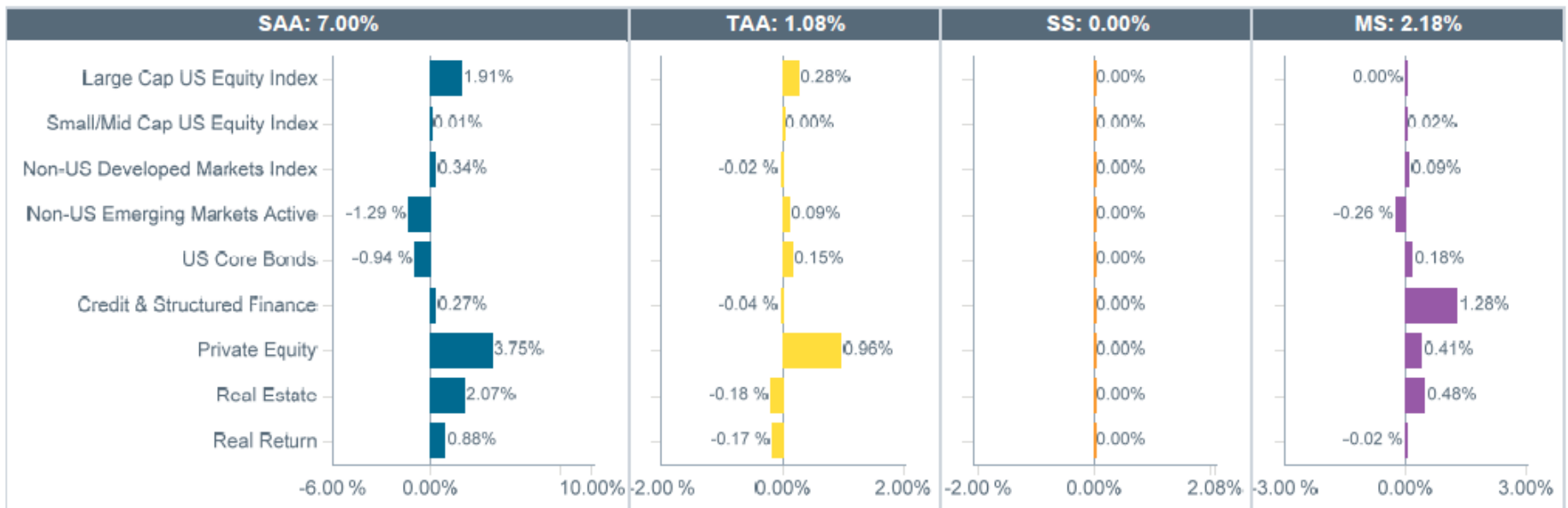
	QTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2021	2020	2019
Retiree Health Care Authority Total Fund Comp - Gross	**-1.24**	**-1.24**	**10.26**	**10.57**	**9.42**	**8.15**	**8.34**	**15.61**	**9.88**	**13.27**
Total Fund Benchmark (Retiree Health Care Authority)	*-2.05*	*-2.05*	*7.00*	*9.46*	*8.77*	*7.65*	*7.85*	*12.64*	*10.20*	*14.34*
Difference	0.81	0.81	3.26	1.11	0.65	0.50	0.49	2.97	-0.32	-1.07
Retiree Health Care Authority Total Fund Comp - Net	**-1.26**	**-1.26**	**10.17**	**10.50**	**9.34**	**8.07**	**8.22**	**15.51**	**9.83**	**13.21**
Total Fund Benchmark (Retiree Health Care Authority)	*-2.05*	*-2.05*	*7.00*	*9.46*	*8.77*	*7.65*	*7.85*	*12.64*	*10.20*	*14.34*
Difference	0.79	0.79	3.17	1.04	0.57	0.42	0.37	2.87	-0.37	-1.13

Schedule of Investable Assets

Periods Ending	Beginning Market Value ($)	Net Cash Flow ($)	Gain/Loss ($)	Ending Market Value ($)	% Return
CYTD	1,149,233,513	30,000,000	-13,784,521	1,165,448,992	-1.26

Allocations shown may not sum up to 100% exactly due to rounding. Performance shown is net of fees, except where noted otherwise. Performance includes receipt of additional units of the US Large Cap Index Pool effective July 1, 2020.





Performance shown is gross of fees. Calculation is based on monthly periodicity. See Glossary for additional information regarding the Total Fund Attribution - IDP calculation.

STATE INVESTMENT COUNCIL
Comparative performance 3/31/22

How RHCA performed compared to LGPF, STPF and other investors using SIC pools:

Client/Fund & Equity/Fixed mix	1 year	3 years	5 years	7 years	10 years
RHCA	10.2%	10.5%	9.3%	8.1%	8.2%
LGPF	10.6%	10.7%	9.3%	8.1%	8.5%
STPF	7.8%	8.5%	8.0%	7.2%	7.8%
Client A 0/100	-2.9%	3.0%	3.4%	3.2%	3.8%
Client B 35/65	-0.5%	6.3%	5.8%	5.3%	5.8%
Client C 67/33	2.4%	10.1%	7.7%	6.5%	6.7%
Client D 80/20	-1.2%	10.0%	8.9%	7.5%	N/A
Client E 100/0	3.0%	14.7%	12.5%	10.9%	11.7%

Returns are net of fees and annualized. Client rebalancing practices and specific allocations will differ

STATE INVESTMENT COUNCIL

Governmental Clients

List of clients invested in SIC pools, June 2022	
City of Albuquerque	NM Military Institute (NMMI)
City of Las Cruces	NM Retiree Health Care Authority (RHCA)
Clovis Community College Foundation	NM School for the Blind/Visually Impaired
Central NM Community College (CNM)	NM Small Business Investment Corporation (SBIC)
Children Youth & Families Dept. (CYFD)	NM Institute of Mining & Technology (NM Tech)
Eastern New Mexico University	NM Mortgage Finance Authority (MFA)
Interstate Stream Commission	NM Public School Insurance Authority (PSIA)
John R. Carver Testamentary Trust	Office of Superintendent of Insurance (OSI)
Los Alamos County	San Juan College Foundation
Superintendent of Public Lands (SLO)	Springer Municipal School District
NM Higher Education Department	Western New Mexico University
NM Highlands University (NMHU)	North Central Regional Transit District (pending)
NM Highlands University Foundation	

STATE INVESTMENT COUNCIL

Client Pools – Options & Costs

Market Cap/Style	Management	Benchmark	Annual Management Fee (est.)	Underlying investment managers
Large Cap US Equity Active	Active	Russel 1000 Index	0.30%	T.Rowe Price
Large Cap US Equity Index	Passive	Russel 1000 Index	0.004%	Northern Trust
Small/Mid Cap US Equity Active	Active	US Small/Mid Custom Index	0.41%	BlackRock
Small/Mid Cap US Equity Index	Passive	S&P Small Cap 600 Index	0.05%	Northern Trust
Non-US Developed Markets Active	Active	Non-US Developed Custom Index	0.42%	LSV, T.Rowe, Neuberger Berman, MFS & Templeton
Non-US Developed Markets Index	Passive	Non-US Developed Custom Index	0.04%	AllianceBernstein
Non-US Emerging Markets Active	Active	MSCI Emerging Index	0.55%	BlackRock & Wm. Blair
Non-US Emerging Markets Index	Passive	MSCI Emerging Index	0.12%	AllianceBernstein
US Core Plus Bonds	Active	Bloomberg US Universal	0.16%	PGIM & Loomis Sayles
US Core Bonds	Blend	Bloomberg US Agg Bond Index	0.11%	BlackRock & PIMCO
Credit/Structured Finance	Active	Non-Core Fixed Custom Index	0.75%	US Mid-market lending, Credit, Distressed
Real Estate	Active	NCREIF ODCE Index (Net)	0.82%	Core & Non-Core Real Estate
Real Return	Active	Real Return Custom Index	0.96%	Infrastructure, private energy, Ag., Timber,
Private Equity	Active	Cambridge US PE Index	0.71%	Various

Investment Council Governance

Council composed of 11 fiduciaries: 3 elected members, 4 Governor's appointees, 4 Legislative appointees

Elected Members:	Legislative Appointees:	Governor's Appointees:
Gov. Michelle Lujan Grisham	Catherine Allen	DFA Secretary Debbie Romero
Treasurer Tim Eichenberg	Tim Jennings	Nick Telles (SFCC)
Land Commissioner Stephanie Garcia Richard	Harold Lavender	Mike Messina
	Leonard Lee Rawson	John Bingaman

- Public Members: 5-year term requiring professional investment, audit, or governance experience & confirmation by NM State Senate
- Legislative appointees: no more than two from one party

STATE INVESTMENT COUNCIL

Assets Under Management: $36.9 billion

- Fund values 2019-2022 YTD through March, in millions

Fund Valuations ($Millions)	12/31/2019	12/31/2020	12/31/2021	3/31/2022
Land Grant Permanent Fund (LGPF)	$ 19,724.2	$ 21,599.2	$ 25,766.2	$ 25,706.7
Severance Tax Permanent Fund (STPF)	$ 5,630.3	$ 5,849.5	$ 6,733.8	$ 6,552.8
Tobacco Settlement Permanent Fund	$ 237.0	$ 262.2	$ 298.1	$ 302.8
Water Trust Fund	$ 41.7	$ 39.7	$ 43.9	$ 45.2
Tax Stabilization Reserve	$ 538.6	$ 1,768.2	$ 1,856.5	$ 1,844.2
Rural Libraries Endowment	$ 1.0	$ 3.1	$ 3.3	$ 3.3
Government Clients	$ 1,272.0	$ 1,515.6	$ 1,814.5	$ 1,801.6
Early Childhood Ed. & Care Fund	$ -	$ 306.1	$ 314.1	$ 660.2
Total Assets under management	**$ 27,444.8**	**$ 31,344.0**	**$ 36,830.3**	**$ 36,917.0**

Council near-term investment strategy

- Invest toward/maintain long-term investment targets:
  - 40% public equity, 10% fixed income, 50% private market assets (PE, RE, Real Assets, Private Credit)
  - Increase active management exposure through private equity, real estate, private credit (not public equity)
  - Rely & continue to build real assets for income-generation & stability
  - Expectation is that next 7-10 years will provide below-average returns due to current valuations
  - Assess strategy annually, with asset allocation study every three years

Discussion Topics

- Council news
  - Russian divestment figures & impact
  - ESG Policy
  - NM Renewable Energy Investment Plan
- Council & expanding scope
  - Fund expansion & historic inflows
- Any questions or concerns

NEW MEXICO
RETIREE
HEALTH CARE
AUTHORITY

Wellness Report

WISE AND well

Agenda

- Wellness Events 2021
- Vendor Programs 2021
- Wellness Metric Scorecard

Wellness Events 2021

46 EVENTS
2012 PARTICIPANTS

Health Fair
2 events
432 participants
57 survey responses
4.76/5 CSAT

Monthly Webinar
12 events
424 participants

Book Club
18 events
721 participants
138 survey responses
4.79/5 CSAT

Cook-A-Long
8 events
302 participants

Positive Psychology Academy
1 event
105 participants
57 survey responses
4.76/5 CSAT

Vendor Programs 2021*

Hinge Health

- 7030 eligible
- 120 or 2% enrolled
- 86% engaged
- 58% reduction in pain
- 54% reduction in likelihood of surgery
- 83% decrease in anxiety
- 42% decrease feelings of depression

Livongo

- 2496 eligible
- 441 or 18% enrolled
- 98% engaged
- .98% reduction in AVG A1C
- 81% of glucose checks in normal range at 90 days
- 11% increase in controlled after 6 months (from 55% to 67%)

wondr HEALTH

- 35,000 eligible
- 617 or 2% enrolled
- 83% engaged
- 46% achieve a 3% weight loss or more
- 1390 total pounds lost in 2021

Vendor Programs

United Healthcare

SilverSneakers

- 4948 eligible
- 1547 or 31% enrolled
- 34% engaged
- 20,447 total gym visits

UnitedHealthcare® HouseCalls

- 4290 eligible
- 1046 or 33% engaged

UnitedHealthcare® Renew Rewards

- 4948 eligible
- 554 enrolled
- 733 rewards redeemed

Vendor Programs

Humana.

SilverSneakers

- 1301 eligible
- 218 or 17% enrolled
- 58 or 27% engaged

go365

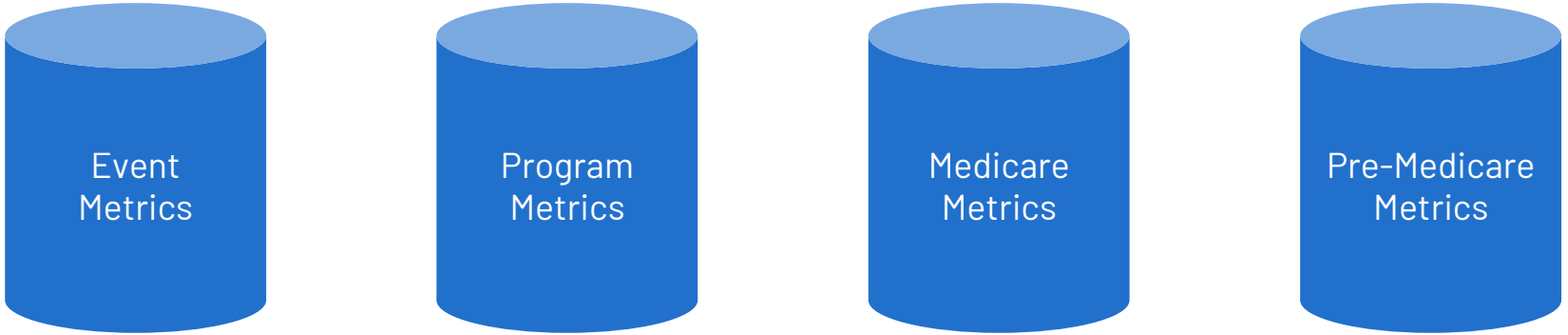
- 1330 eligible
- 128 or 10% enrolled
- 114 or 89% engaged

In-home Health and Well-being Assessment

- 1105 eligible
- 217 or 20% enrolled
- 197 or 91% engaged

Wellness Metric Scorecard

PURPOSE –concisely and consistently report key wellness metrics to steer wellness activities



Wellness Events

WELLNESS EVENTS	# of Events	# of Participants	# of Survey Responses	CSAT Score	NPS Score
Health Fair	2	432	57	4.76 out of 5	
Cooking demo	8	302	No survey		
Book Club	18	721	138	4.79 out of 5	30
Brain Function	1	22	No survey		
Wellness Wednesday	3	5	2	VS	8
Monthly Wellness Webinars	1	1	No survey		
Monthly Webinar Series	12	424	No survey		
Positive Psychology Academy	1	105	41	4.8 out of 5	73
OE/Switch	Wellness screenings and activities stats - Fall 2022				

CSAT Score = Please rate your experience with this event

NPS Score = How likely are you to recommend this event to others?

	# ELIGIBLE	# ENROLLED	% ENROLLED	# ENGAGED*	% ENGAGED*	KEY OUTCOME	KEY OUTCOME VALUE	# SURVEY RESPONSES	CSAT SCORE	NPS SCORE
Livongo	2,496	441	18%	432	98%	A1C Glucose check in normal range last 90 days Increase in controlled	.98% reduction 81% 55% at baseline to 67% at 6 mos.	Not currently surveying		
Wondr	35,000	617	2%	512	83%	Achieved 3% Weight Loss Total pounds lost	46% 1,390	Not using currently. Uses a quality of life survey		
Hinge Health	7,030	120	2%	103	86%	Pain reduction Likelihood of surgery Mental Health	58% decrease 54% decrease 83% decrease in anxiety & 42% decrease in feelings of depression	Not available	9.0 of 10	61
Good Measures		141		120				26	4.35 out of 5	50
Humana Silver Sneakers	1,301	218	17%	58	27%	Member engaged in regular physical activity	Active participation from total eligible = 4.4%			
Humana Go365 Wellness & Rewards Program	1,330	128	10%	114	89%	Members completing health & wellness activities and redeeming rewards	Members with Reward Redemption = 123 (9.22%)			
Humana In-Home Health & Wellness Assessment (IHWA)	1,105	217	20%	197	91%	Increase preventive screenings and care	Members completing an IHWA are: ✓ 4.8% more likely to get a breast cancer screening ✓ 5.3% more likely to get a colorectal cancer screening ✓ have a 1.4% - 2.4% increase in PCP follow-up visits ✓ 11.2% - 12.7% more likely to engage in a Humana care management program	Surveying implemented late 2021. Data will be available for 2022.		
UHC Silver Sneakers	4,948	1,547	31%	531	34%	Total Gym Visits	20,447			
UHC House Calls	4,290			1,046	33%	Visits Completed	1,046			
UHC Renew Rewards	4,948	554				Rewards redeemed	733			

Medicare

PREVENTATIVE HEALTH MEASURES										
		BCBS SUPPLEMENTAL			BCBS MA			PRES MA		
	Criteria	# Eligible	# Receiving	% Receiving	# Eligible	# Receiving	% Receiving	# Eligible	# Receiving	% Receiving
Annual Physicals	Specific to physical (versus wellness)	21,973	608	2.77%	3,590	2,555	71%	8,614	3,954	46%
Breast Cancer Screening	50 to 74 years old (not recommended 40-49)	6,356	694	10.92%	2,118	879	42%	3,356	2,438	73%
Colorectal Cancer Screening	45-75 years old (not recommended 76-85)	11,460	2,306	20.12%	1,005	109	11%	6,179	4,955	80%
Osteoporosis Screening	Women 65 years older	21,512	84	0.39%	2,118	144	7%	32	5	16%
Hypertension Screening	18 years and older w/o known hypertension or 40 over	Included in Physical			Included in Physical			2,445	1,373	56%
Completed Health Assessment					3,590	106	3%	8,542	10	0.12%
DISEASE MANAGEMENT MEASURES										
Diabetes		# Identified	# in Program	% in Program	# Identified	# in Program	% in Program	# Identified	# in Program	% in Program
Prediabetes	35-70 years for asymptomatic overweight or obesity; 40-70 years old who are overweight or obese		N/A claims do not contain this data							
Type 2 diabetes					1,238	512	41%			

PREVENTATIVE HEALTH MEASURES							
		HUMANA MA			UNITED HEALTH MA		
	Criteria	# Eligible	# Receiving	% Receiving	# Eligible	# Receiving	% Receiving
Annual Physicals	Specific to physical (versus wellness)	1,346	373	28%	4,948	2,045	41%
Breast Cancer Screening	50 to 74 years old (not recommended 40-49)	310	213	69%	1,330	1,040	78%
Colorectal Cancer Screening	45-75 years old (not recommended 76-85)	686	473	69%	2,633	1,945	74%
Osteoporosis Screening	Women 65 years older	3	1	33%	17	7	41%
Hypertension Screening	18 years and older w/o known hypertension or 40 over	386	213	55%	4,948	2,583	52%
Completed Health Assessment		1,301		0%	4,857	1,232	25%
DISEASE MANAGEMENT MEASURES							
Diabetes		# Eligible	# Receiving	% Receiving	# Eligible	# Receiving	% Receiving
Prediabetes	35-70 years for asymptomatic overweight or obesity; 40-70 years old who are overweight or obese				591	144	24%
Type 2 diabetes		202	131	65%	591	22	4%

Pre-Medicare

PREVENTATIVE HEALTH MEASURES							
		BCBS			PRES		
	Criteria	# Eligible	# Receiving	% Receiving	# Eligible	# Receiving	% Receiving
Annual Physicals	Specific to physical (versus wellness)	7,309	2,993	41%	6,811	2,570	38%
Breast Cancer Screening	50 to 74 years old (not recommended 40-49)	3,871	2,680	69%	2,893	2,002	69%
Cervical Cancer Screening	Women 21-65 years old	4,258	1,671	39%	2,889	1,836	64%
Colorectal Cancer Screening	45-75 years old (not recommended 76-85)	6,567	1,955	30%	5,272	3,661	69%
Hypertension Screening	18 years and older w/o known hypertension or 40 over	Included in physical			1,195	431	36%
Completed Health Assessment		7,049	67	0.0095%	6,022	19	0.3%
DISEASE MANAGEMENT MEASURES							
		# Identified	# in Program	% in Program	# Identified	# in Program	% in Program
Diabetes	35-70 years for asymptomatic overweight or obesity; 40-70 years old who are overweight or obese	N/A claims do not contain this data					
Prediabetes							
Type 2 diabetes							

Key Scorecard Take Aways

- We are beginning to track the data
- Current scorecard and metrics are a starting place
- We will continue to fill in holes and gaps where possible
- We will continue to improve consistency of data across carriers
- We will continue to identify the most valuable metrics
- We will strive to keep scorecard concise, consistent and relevant

NEW MEXICO RETIREE HEALTH CARE AUTHORITY

Q&A

PRESBYTERIAN

New Mexico Retiree Health Care Authority Annual Board Meeting

Keith Witt, Manager ASO
Phillip Anaya, Sr. Account Manager
Adriana Lopez, Manager Health and Wellness Client Services
Barbara Herrera, Sr. Marketing Account Executive

JULY 14, 2022

Operational Performance Overview

Claims Processing

Metric	2020	2021	2022 Q1
Total Number of Claims Processed	87,232	98,653	25,855
Claims Approved to Pay in 30 Days (97%)	97.37%	97.19%	98.79%
Procedural Accuracy Result (95%)	98.75%	99.05%	98.40%
Financial Accuracy Result (99%)	99.97%	98.23%	100%

Dedicated Member Service Team

Metric	2020	2021	2022 Q1
Total Calls Answered	1,356	3,427	2,036
Average Speed of Answer (under 30 seconds)	33.6	20.58	27.78
Abandonment Rate (under 5%)	2.48%	0.98%	1.3%

Care Management and Disease Management Engagement*

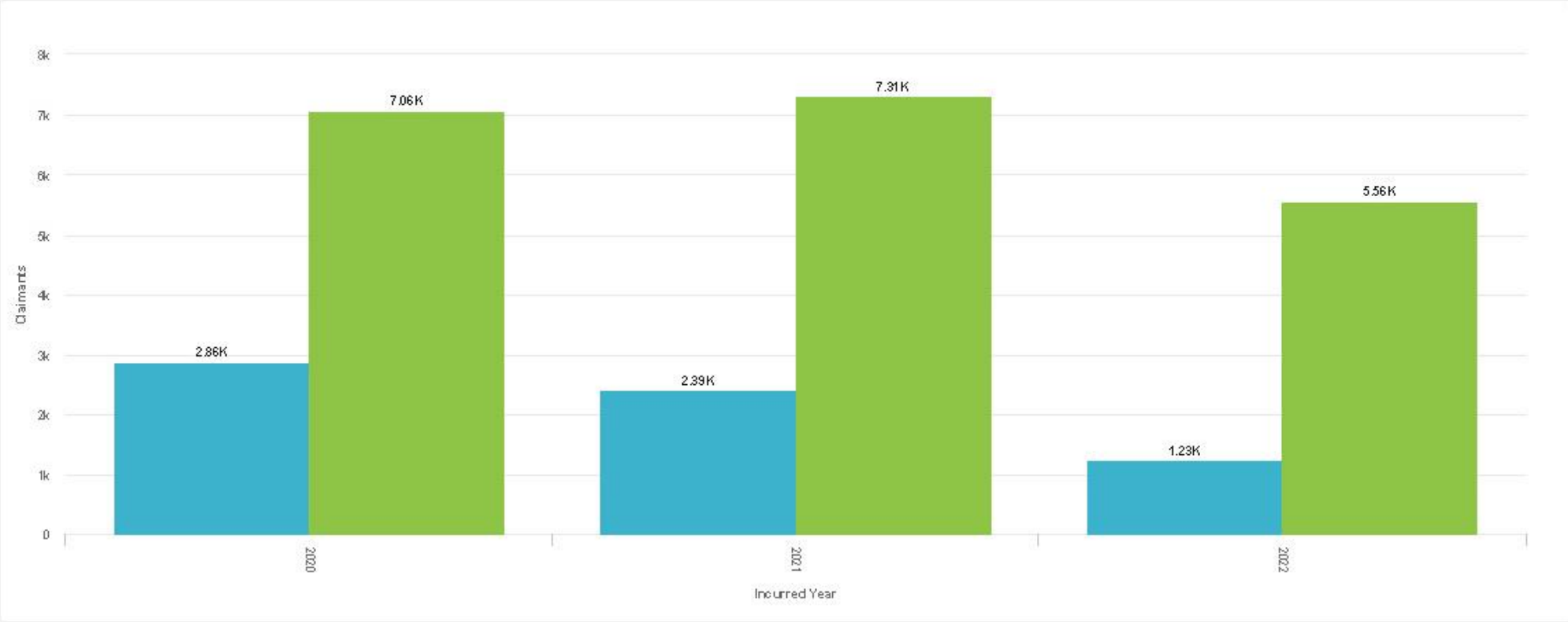
Metric	2020	2021	2022 (12 Months Ending March 2022)
Members Qualified	1,030	967	1,001
Members Engaged	713	698	711
% Members Engaged	69.20%	72.20%	71.00%

Metric	2021
Appeals and Grievances Reviewed and Processed	138

PRESBYTERIAN

*Programs and interventions include and incorporate all pharmacy encounter data received from Express Scripts

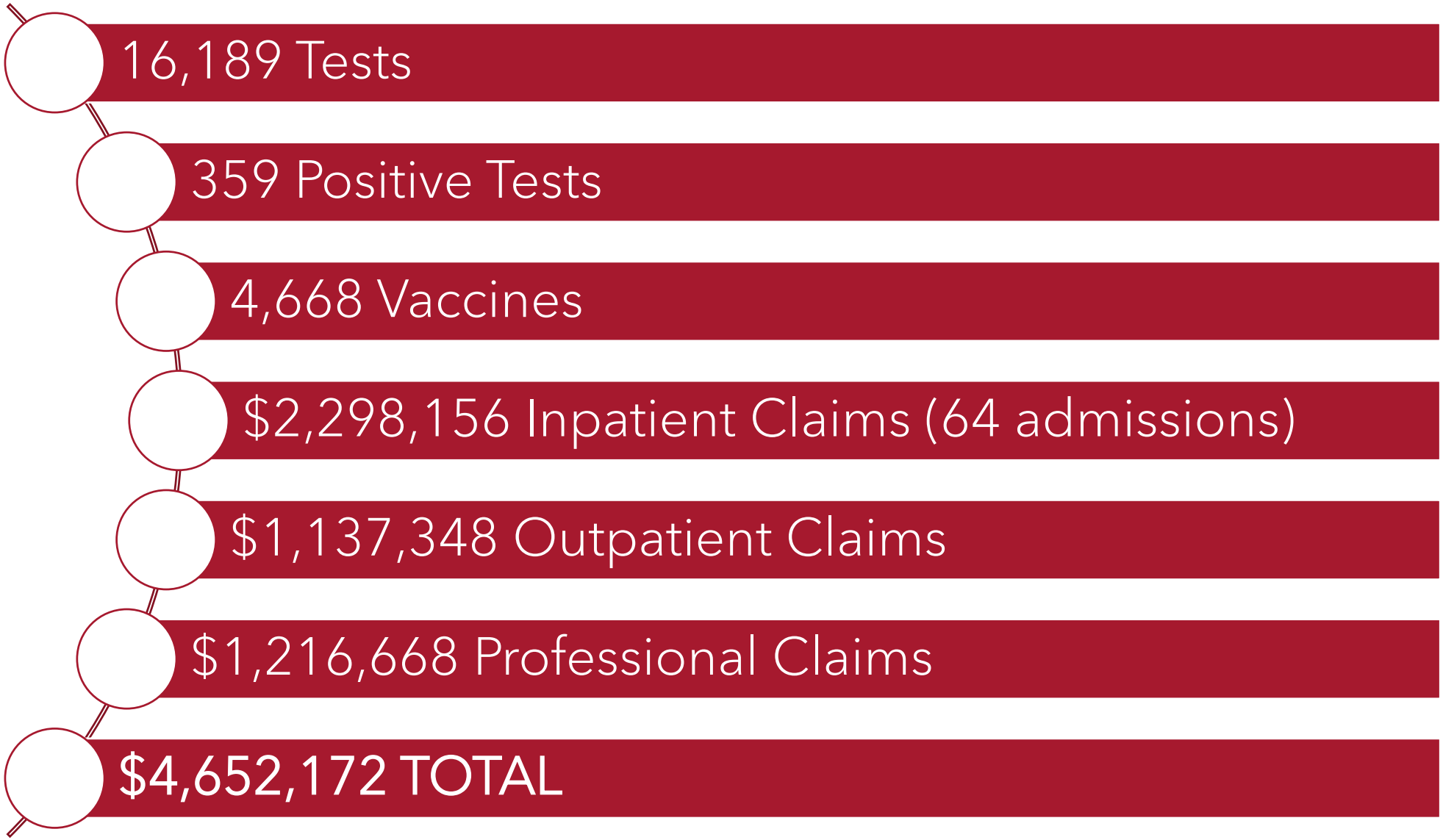
Telehealth Utilization Summary: Non-Medicare



Type of Visit	2020	2021	2022 YTD
Telehealth	2,857	2,388	1,225
Office	7,060	7,306	5,555

COVID-19 Utilization by the Numbers

19,085 unique claims for 5,436 unique members*

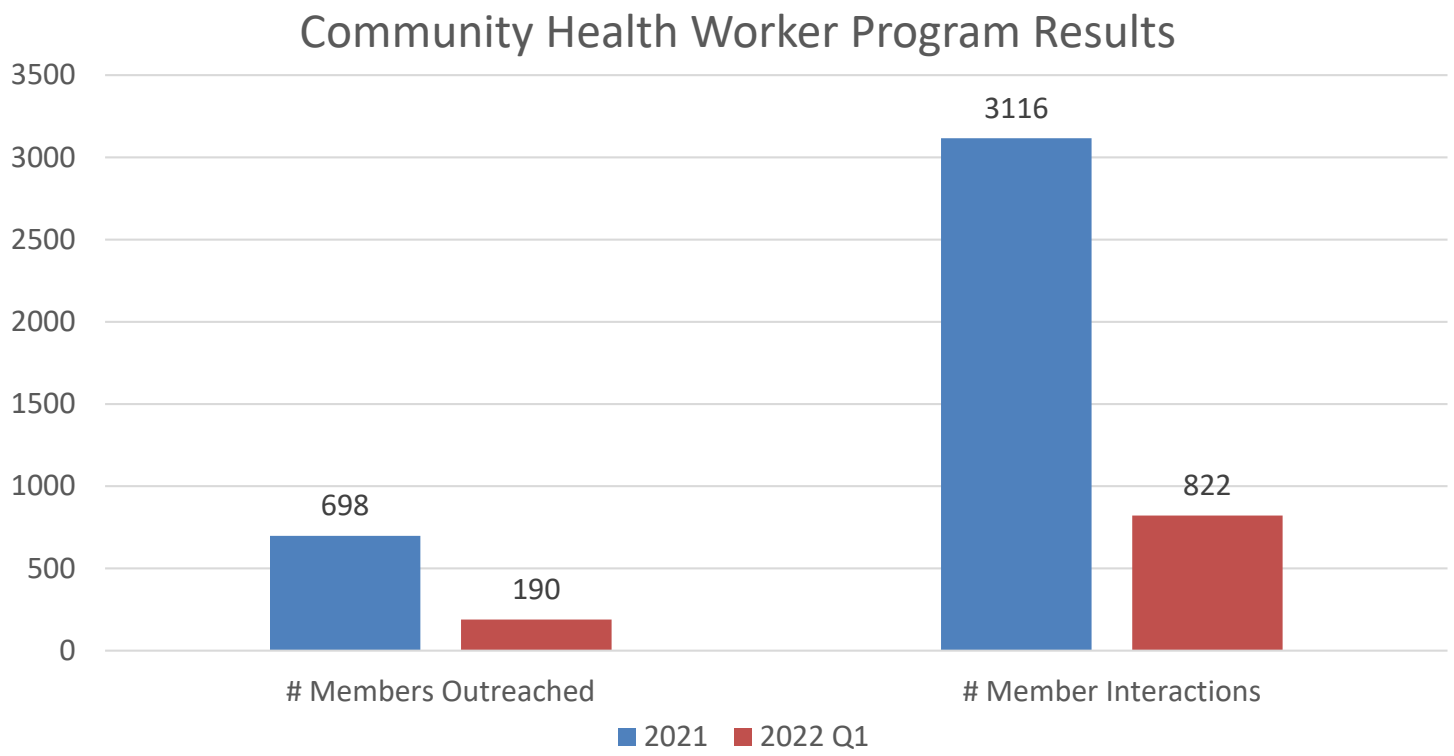


*Based on non-Medicare NMRHCA claims data from March 9, 2020 through June 20, 2022; claim totals represent paid amount.

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



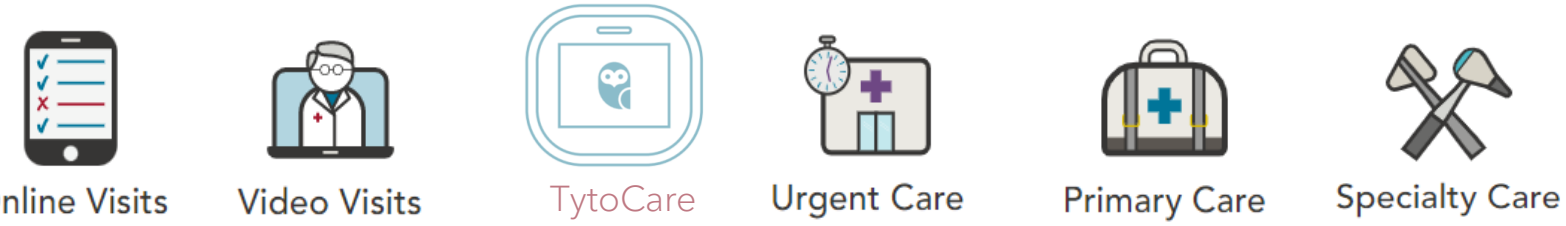
Served as liaison between health and social services

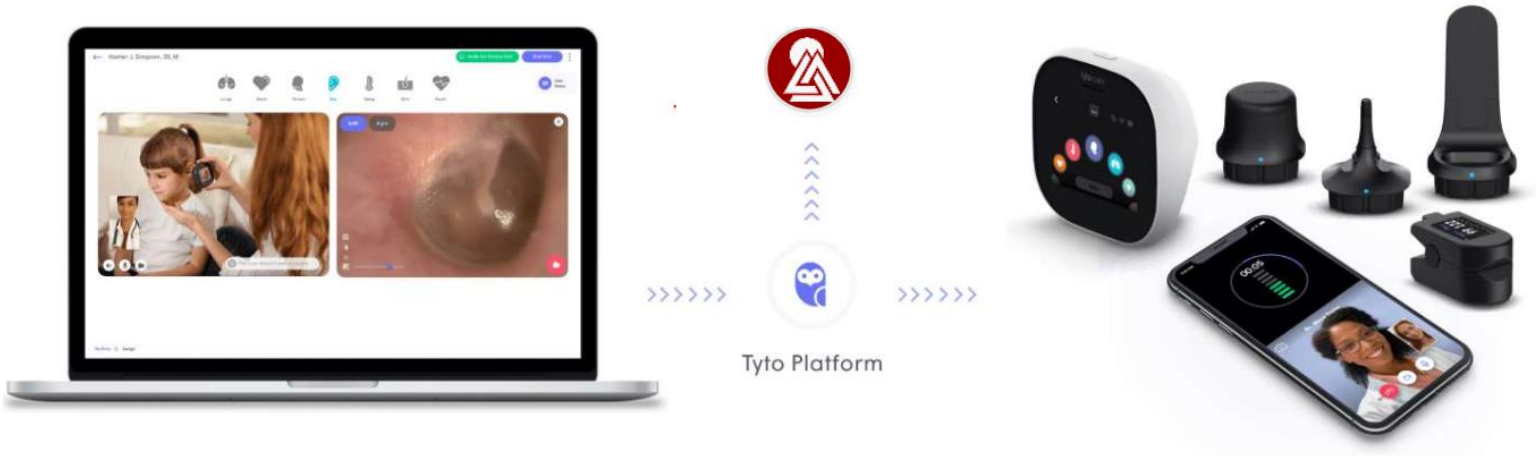
- **Engaged in a total of 20,736 IBAC member interactions in 2021**
- **4,116 IBAC Members Outreached to by CHW's in 2021**

- **3,116 NMRHCA Member Interactions**
- **698 NMRHCA Members Outreached to by CHW's**

Exploration of Remote Care Technology (non-Medicare)

Coming Soon!



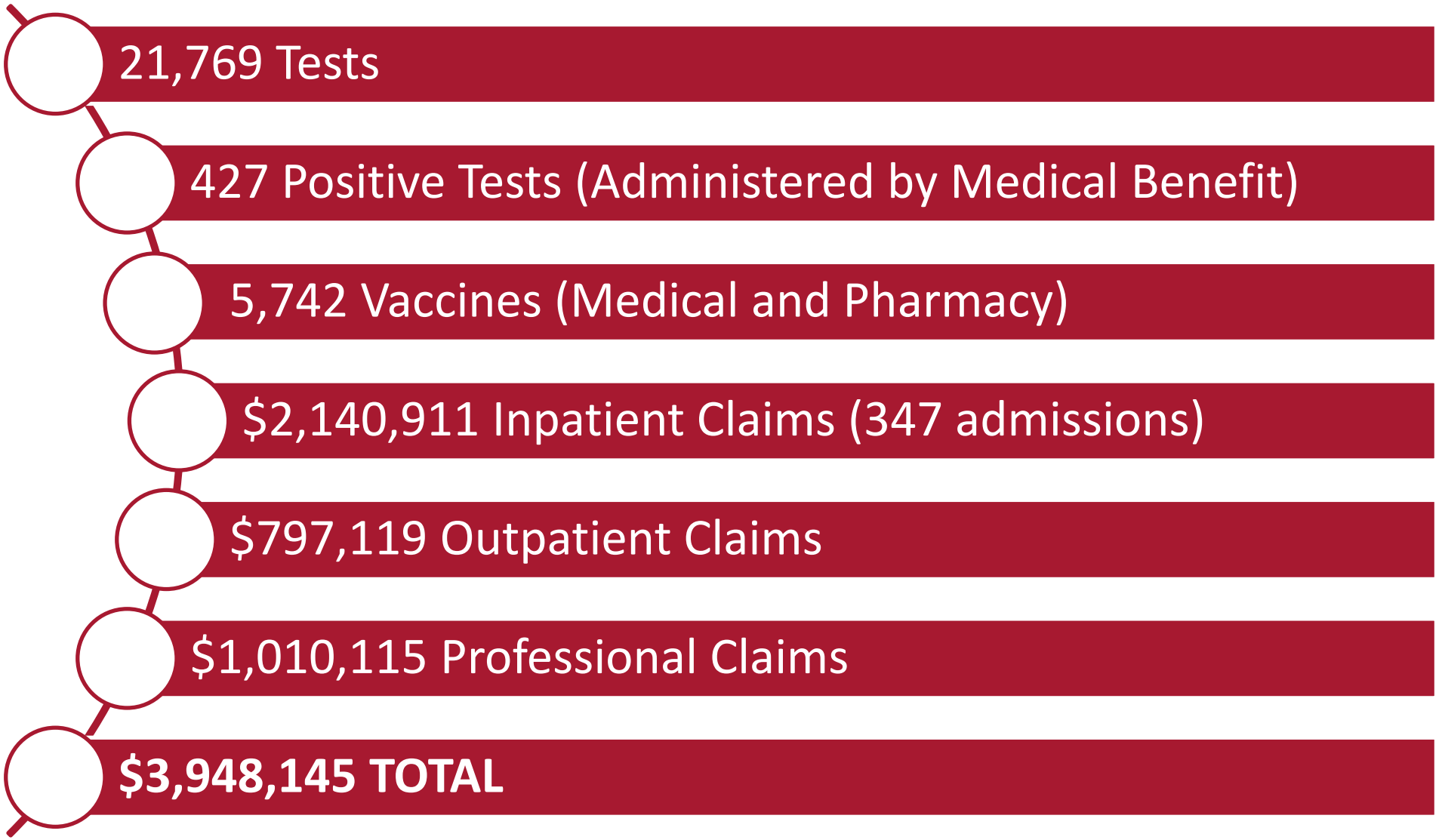


Chronic Condition Management:
Reduce higher cost utilization

Direct to Retiree:
Care in the home

COVID-19 Medicare Utilization by the Numbers

23,415 unique claims for 6,154 unique members*



**Based on Medicare NMRHCA claims data from March 8, 2020 through June 26, 2022; claim totals represent paid amount.*

Presbyterian Senior Care

Expanded Support

- **Assist America**
  - Prescription assistance
  - Emergency medical evacuation and repatriation
  - Interpreter and legal referrals
  - Return of mortal remains

- **Hospital Re-admission Prevention Program**
  - Bathroom safety devises not typically covered by Medicare.
  - In-home safety assessment
  - Meals (maximum of 30)
  - Post-discharge transportation to clinician

- **Complete Care Clinic –** This program provides comprehensive primary care services for adults with chronic or complex illnesses and helps these patients access care and navigate the medical system. The clinic works closely with other programs such as Presbyterian Home Care, Hospital at Home, and Palliative Care.

Presbyterian with Babylon

Presbyterian Health Plan has partnered with Babylon to give Medicare members access to Babylon 360 at no cost starting July 1, 2022.

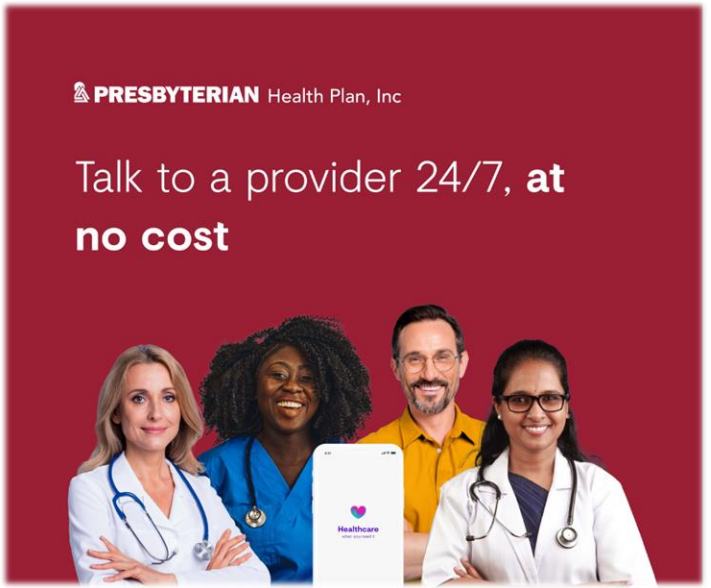
Here's what NMRHCA members will get, all at no cost.

- Unlimited, 24/7 virtual appointments for when you're not feeling well
- A personal care advisor to help members navigate healthcare needs
- Customized wellness goals to help members live a healthy life
- Behavioral and mental health to help members take on life's challenges
- Local referrals to specialists for the in-person care members need now
- Care from anywhere – book an appointment at a time and place that suits members
- A range of digital health tools focused on nutrition, activity, mood and lifestyle, available 24/7
- Access to care to compliment your existing healthcare provider relationship

How Members Register:

1. Download the **Babylon app –** Search Babylon in the App Store or on Google Play
2. Register using your personal Information
3. Add code **PHP** when prompted

Communications will be emailed and mailed to NMRHCA members starting in June through August.



The Solutions Group

NMRHCA

2022 - 2023

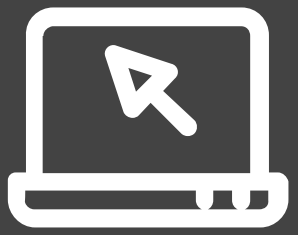
Wellness Portal Upgrade

Adriana Lopez

Manager, Health & Wellness

CONNECTION

FOUR out of **FIVE** Baby Boomers rely on technology to stay connected with friends and family.



TELEHEALTH

Overall use of telemedicine services among seniors increased **300%** during the COVID-19 pandemic.

NEW TECHNOLOGY

More than **60%** of Medicare-eligible seniors say they use technology more and more everyday.

MEDIA

Three quarters of all adults ages 50 and older use social media on a regular basis.

AARP
www.mobihealthnews.com
Forbes.com

The Reason?

1. Connecting with friends & family
2. Enhancing Safety
3. Convenience
4. Providing Entertainment
5. **Improving Health & Wellness**

www.forbes.com

pulse

The Solutions Group

PRESBYTERIAN

1

Meaningful engagement

Drive daily interactions that create lasting behavior change, strong social connections, and improved wellbeing and loyalty

2

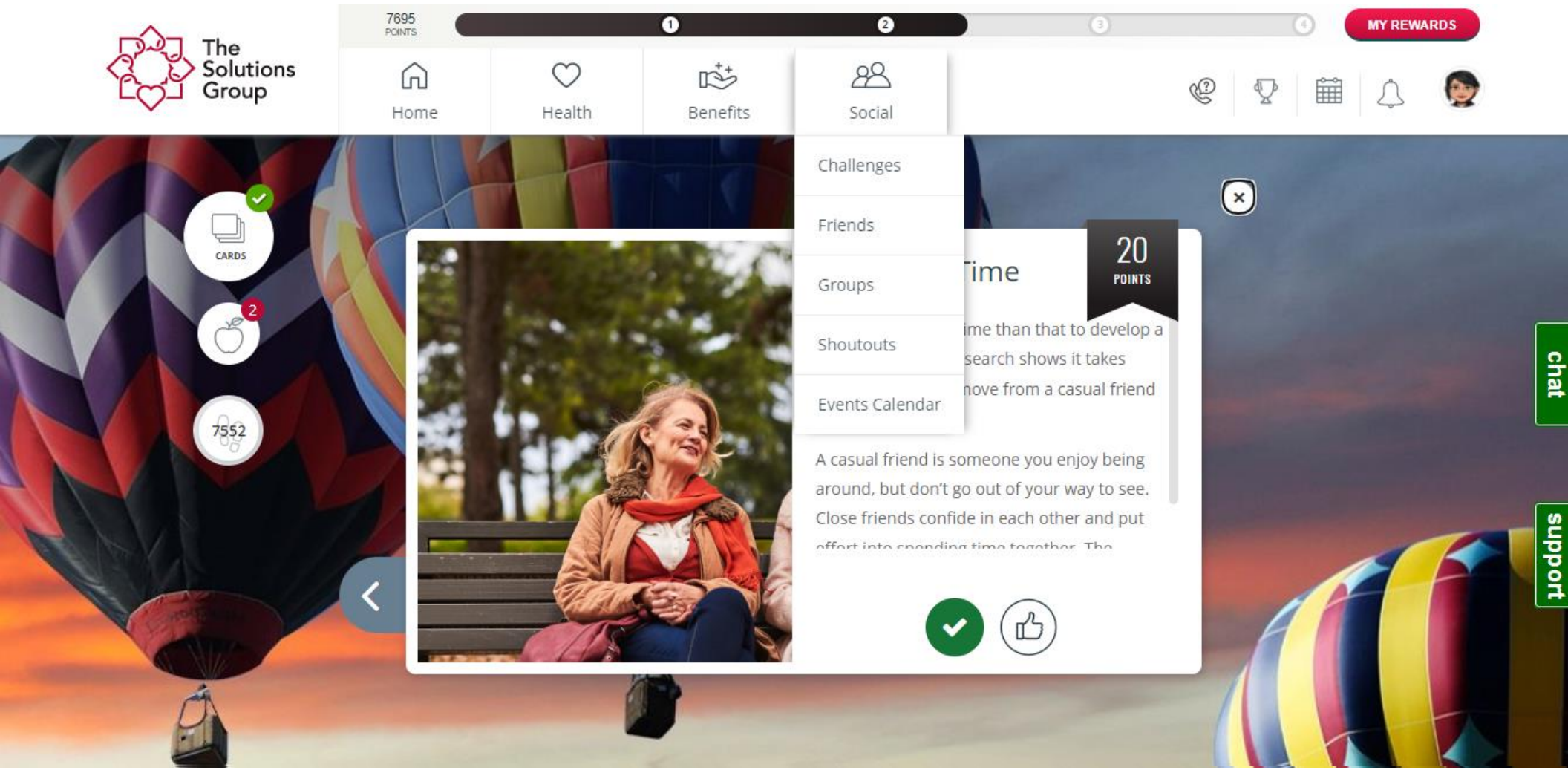
Better health outcomes

Close more gaps, manage chronic conditions and get your population the education and support they need

3

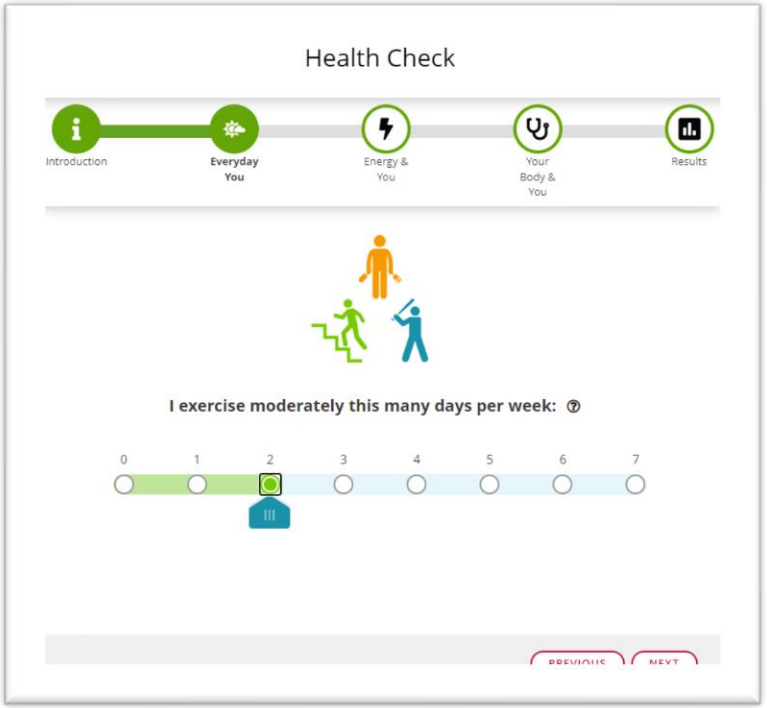
Easier navigation

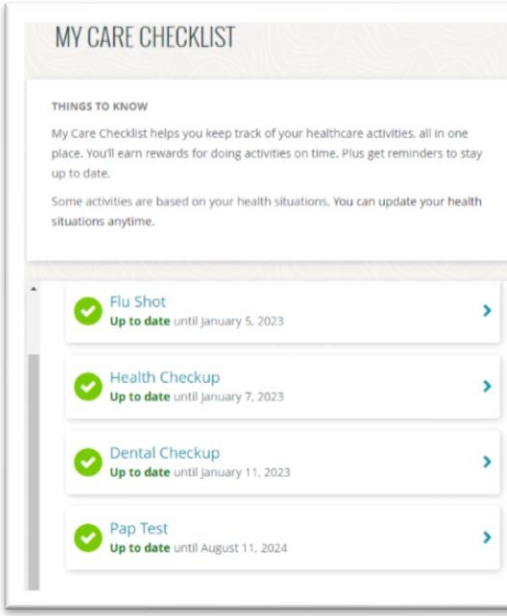
Deliver a simplified experience that guides, connects and informs to reduce healthcare costs and optimize investments

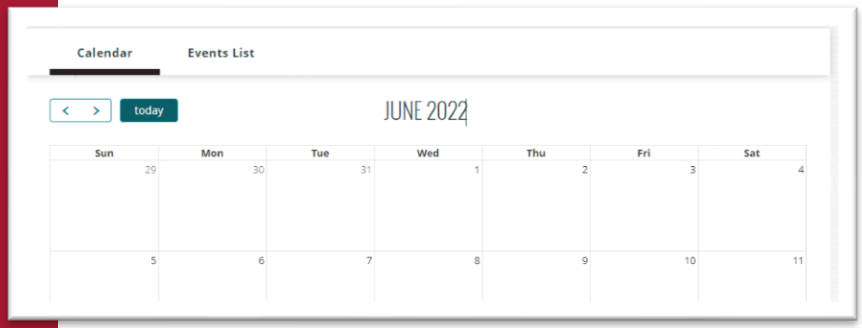

The Solutions Group
7695
POINTS
1
2
3
4
MY REWARDS
Home
Health
Benefits
Social
Challenges
Friends
Groups
Shoutouts
Events Calendar
CARDS
2
7552
Time
20
POINTS
ime than that to develop a
search shows it takes
nove from a casual friend
A casual friend is someone you enjoy being around, but don't go out of your way to see. Close friends confide in each other and put
chat
support

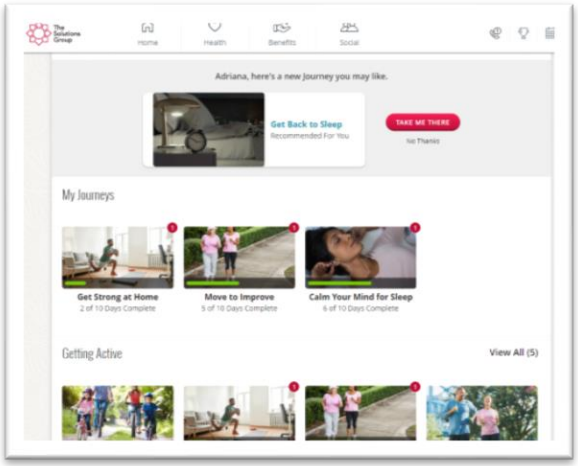
- Easy to navigate
- Health Assessment w/Risks
- Self-paced Wellness Education
- Custom benefits navigation
- Social connection
- Events
- Preventive Care Checklist
- Physical Activity Challenges

- …. And more









The Solutions Group

Wellness at WORK

Custom settings and content for **NMRHCA** Members

More to come….

The Solutions Group

2023

January

BlueCross BlueShield of New Mexico

New Mexico Retiree Health Care Authority Board of Directors Meeting

JULY 14 – 15, 2022

NEW MEXICO RETIREE HEALTH CARE AUTHORITY

Support by the Account Management Team and Blue Cross and Blue Shield of New Mexico (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 Plan
- Performance Guarantee Team

An Integrated Approach for Positive Health Outcomes

Dedicated Staff		Support Staff	
Wellness Coordinator	**Clinical Community Coordinator**	**Wellness Consultant**	**Clinical Account Consultant**
Kathryn Hull	**Brooke Revels**	**Chris Baker**	**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 17* 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

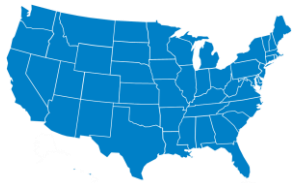
More Doctors. More Hospitals.

96%
of hospitals

83%
of doctors

1.5+ million
Providers

More than 9,000
Hospitals

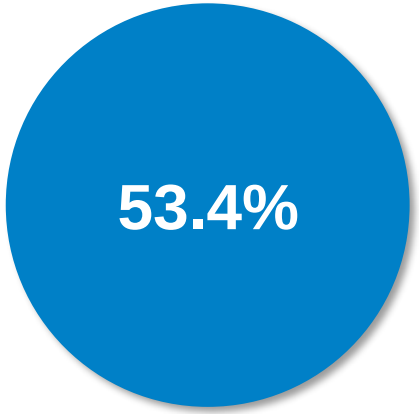


Nationwide Coverage
when traveling or living outside of home state

Blue Cross Blue Shield Global® Core
coverage when traveling in 190+ countries and territories

Value of the Network

Network Discount Savings 2021



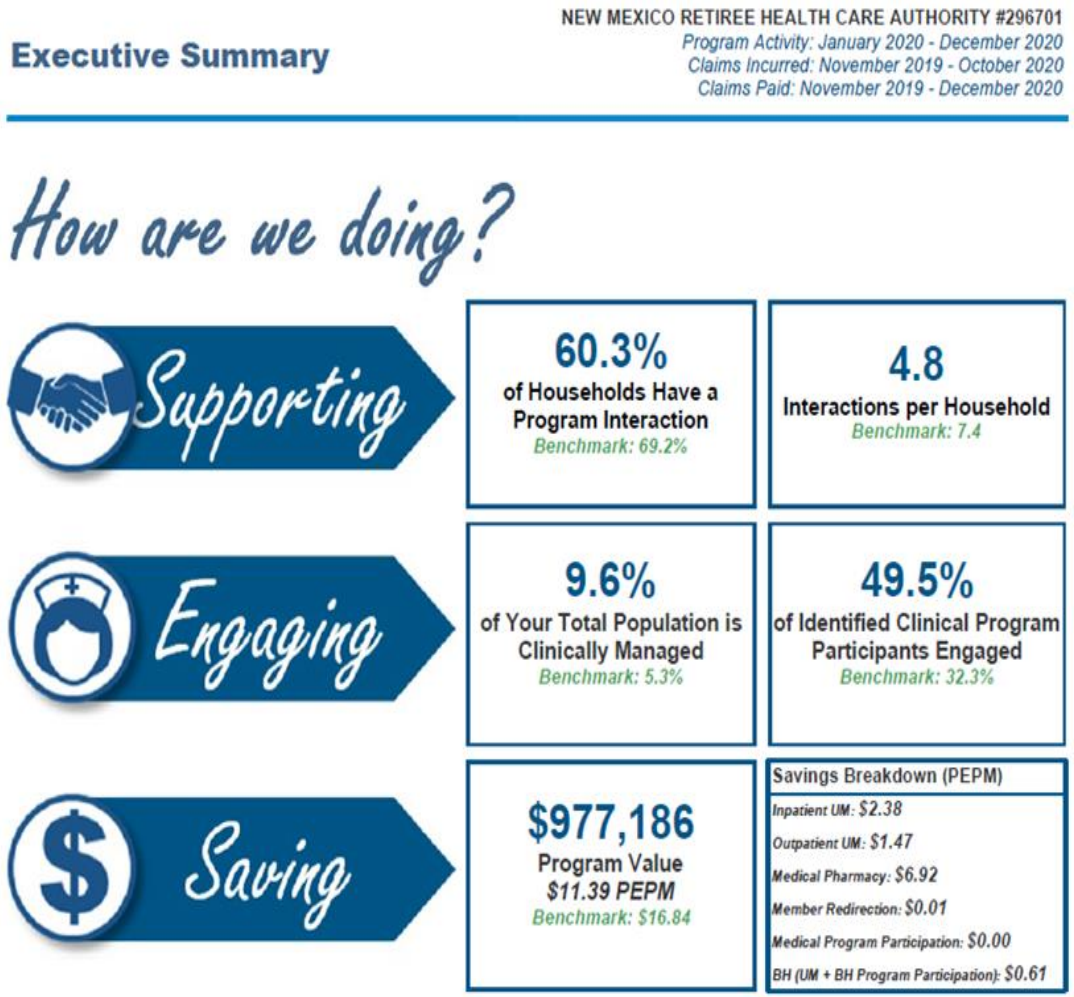
Discount percentage for network and par providers

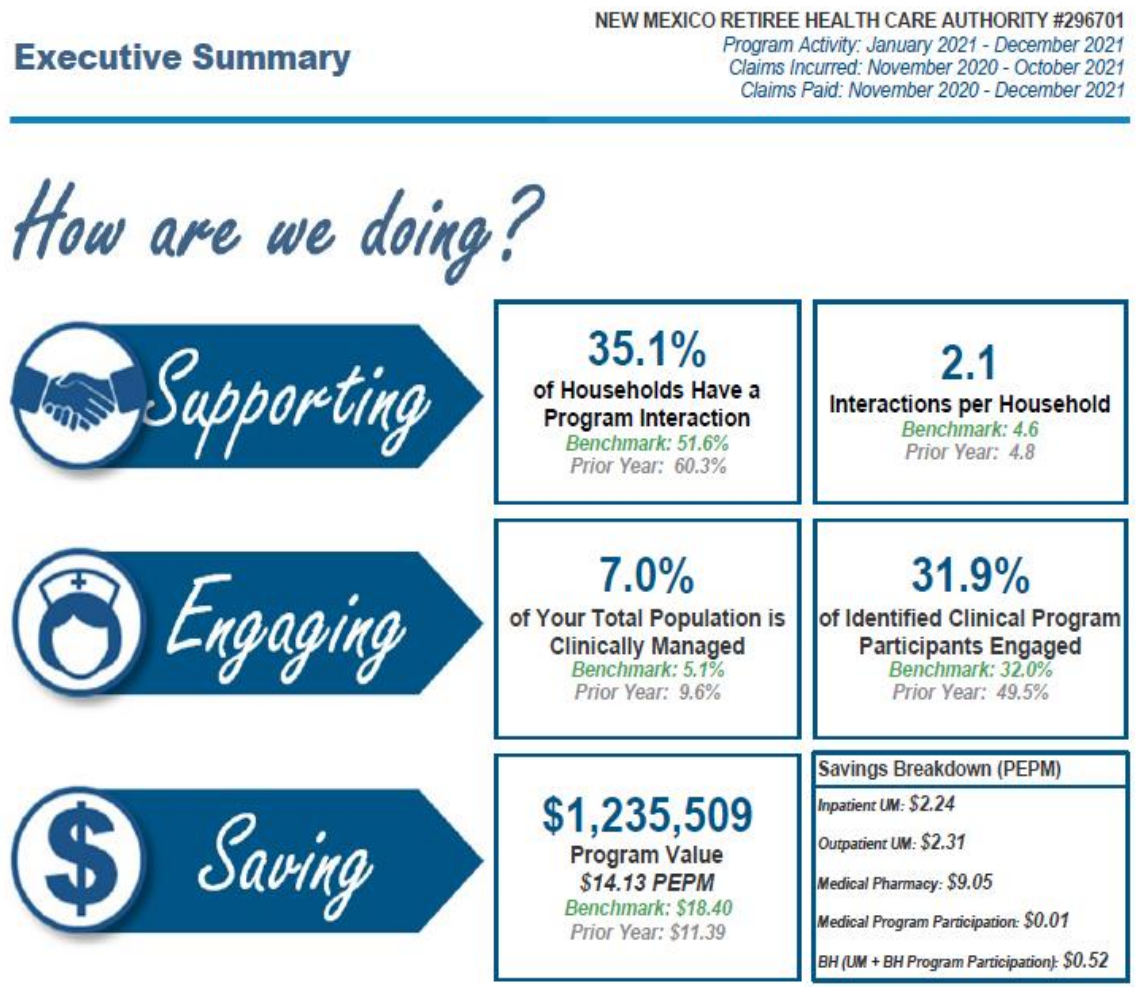
Discount savings for network and par providers

3 Year Discount and Network Utilization

Network Discount		2019	2020	2021
Inpatient	Premier	61.3%	57.5%	59.3%
	Value	54.3%	56.5%	59.1%
Outpatient	Premier	45.7%	46.7%	50.9%
	Value	46.5%	52.7%	58.1%
Professional	Premier	58.0%	55.2%	55.5%
	Value	50.4%	51.8%	57.5%
Network Utilization		**2019**	**2020**	**2021**
In-Network		99.3%	97.7%	94.2%
Out-of-Network		0.7%	2.3%	5.8%

Wellbeing Management Executive Summary Comparison 2020 YTD vs. 2021





BCBSNM Administers Four Plans

Premier 3-tier PPO Plan

In state, out-of-state and international coverage
– 6,249 current members

Value Plan

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

Medicare Supplement

In state and out-of-state coverage; Plan pays secondary to Medicare
– 21,292 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
– 3,609 current members

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

- Total Claims Processed 2020 – 731,590
- Total Claims Processed 2021 – 772,598
- Total Claims Processed 2022 YTD – 328,768
- Total Calls 2020 – 11,390
- Total Calls 2021 – 16,211
- Total Calls 2022 YTD – 8,099
- Total Appeals 2019 - 2020 – 220
- Total Appeals 2020 - 2021 – 159
- Total Appeals 2021 - 2022 YTD – 93

COVID-19 Total Case Count

Reporting Period January 2020 – YTD 2022

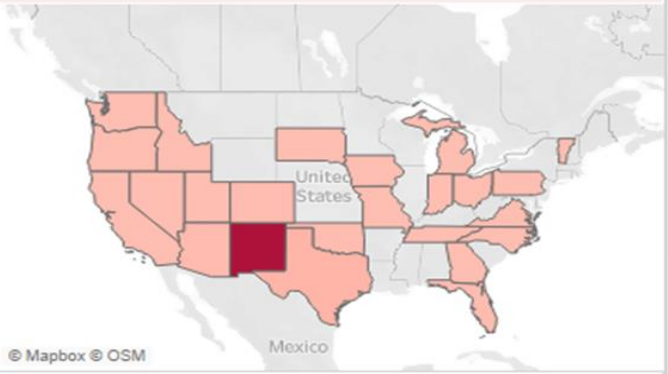
NEW MEXICO RETIREE HEALTH CARE AUTHORITY

	Account Population	Cases	Prevalence (%)	Reinfection (%)
2020	7,798	239	3.06%	0.00%
2021	8,133	557	6.85%	1.97%
2022	7,378	410	5.56%	4.39%
Pandemic Total*	7,378	1,206	16.35%	2.40%

Benchmark

Prevalence (%)	Reinfection (%)
4.57%	0.19%
7.30%	3.70%
4.55%	7.61%
17.65%	3.74%

Case Count



	Subscriber
Cases	1,206
% of Total Cases	100.0%

Treatment

Paid per Case Treated

$17,550

Total Paid for Treatment

$7,897,689

Vaccination

First Dose

27.8% of Members
$30.85 per Vax

Second Dose

22.1% of Members
$40.35 per Vax

Additional Dose

2.2% of Members
$43.16 per Vax

Testing

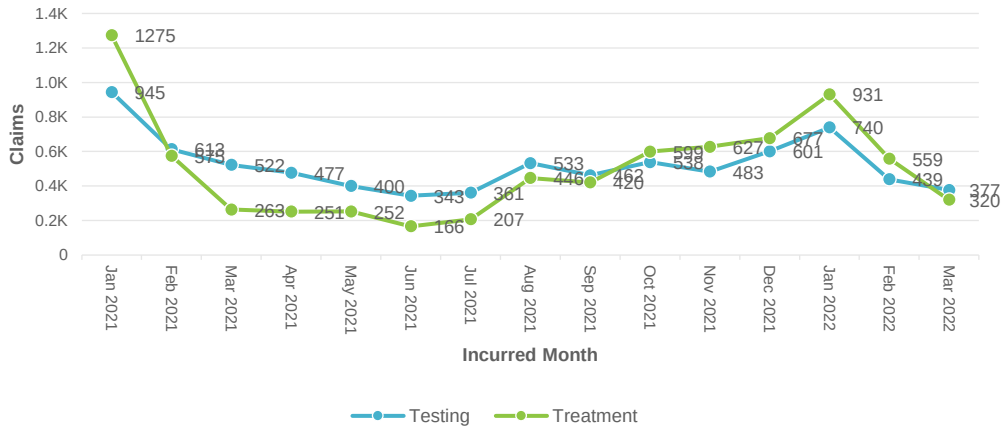
	Diagnostic	Antibody
Claim Count	11,297	349
Claimant Count	4,334	297
Paid per Claim	$132.86	$69.15

*Pandemic total calculations are based on group's 2022 membership counts

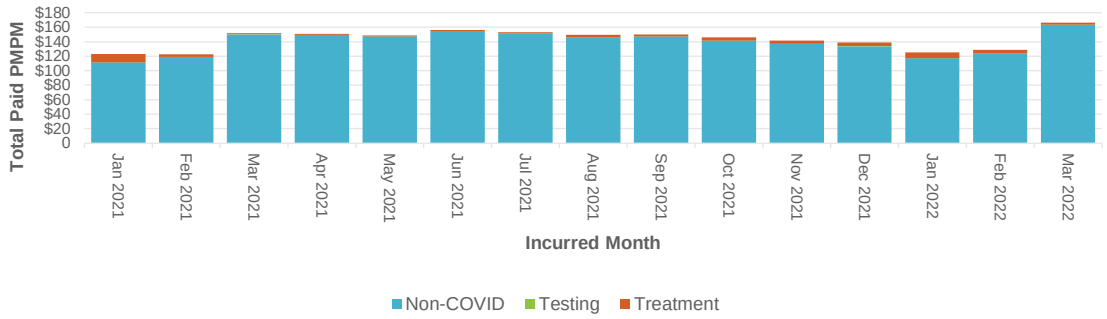
COVID-19 Medicare Supplement

Total Case Count for 2021 and 2022 YTD (March)

COVID-19 Overall Claim Count by Incurred Month



COVID-19 Impacts – Paid PMPM by Incurred Month



Note: some COVID-19 testing claims include a COVID diagnosis. In order to get a total cost of COVID-19 claims, add the Testing paid and the Treatment paid (which excludes the Testing).

Overall COVID-19 paid will include only claims that have the COVID-19 diagnosis on any level of the claim and will not include Testing that does not have the COVID-19 diagnosis.

Yearly claimant counts are unique, therefore the total of the monthly claimant counts will not match the overall annual claimant count. Members could have received a test or treatment claim multiple times but will only be captured once in the overall total.

COVID-19 Testing by Relationship

COVID-19 Service Type Detail	Jan 2021 - Dec 2021			Jan 2022 - Mar 2022		
	Claimants	Claims	Paid	Claimants	Claims	Paid
Antibody Testing						
	133	184	$282.89	15	17	$0.00
Total: Antibody Testing	133	184	$282.89	15	17	$0.00
Diagnostic Testing						
	3,575	6,139	$21,422.12	1,147	1,540	$2,880.22
Total: Diagnostic Testing	3,575	6,139	$21,422.12	1,147	1,540	$2,880.22
Total: All	**3,629**	**6,277**	**$21,705.01**	**1,158**	**1,554**	**$2,880.22**

COVID-19 Treatment

	Jan 2021 - Dec 2021			Jan 2022 - Mar 2022		
	Claimants	Claims	Paid	Claimants	Claims	Paid
Subscriber	1,115	5,719	$905,896.58	525	1,802	$330,502.83
Total: All	**1,115**	**5,719**	**$905,896.58**	**525**	**1,802**	**$330,502.83**

Total Claims COVID-19 vs. All Other

COVID-19 Service Type	Jan 2021 - Dec 2021			Jan 2022 - Mar 2022		
	Claimants	Claims	Paid	Claimants	Claims	Paid
Non-COVID	21,788	606,307	$37,048,484.86	17,788	146,806	$8,635,256.40
Testing	3,629	6,277	$21,705.01	1,158	1,554	$2,880.22
Treatment	1,115	5,719	$905,896.58	525	1,802	$330,502.83
Total: Selected Filter(s)	**21,813**	**613,106**	**$37,976,086.45**	**17,809**	**148,558**	**$8,968,639.45**

Vaccination Rates by Age Bands

April 2022 (PreMedicare and Medicare Supplement)

Age Group	# Members	CDC High Risk	J&J Vaccine	Vaccinated 1st dose (Not Inc. J&J)	Fully vaccinated (Not Inc. J&J)	Vaccinated 3rd dose	Missing 2nd booster
05-11	27	7	0	4	2	0	0
12-15	51	23	0	29	27	10	0
16-17	63	21	1	43	39	21	1
18-24	417	163	21	255	231	134	1
25-39	161	72	10	92	88	54	2
40-64	5,916	4,522	314	4,353	4,234	3,342	20
65+	17,617	16,153	608	13,779	13,410	11,433	7
Total	**24,252**	**20,961**	**954**	**18,555**	**18,031**	**14,994**	**31**
By %		**86%**	**4%**	**77%**	**74%**	**62%**	**0.1%**

Includes only New Mexico residents

Telehealth Summary

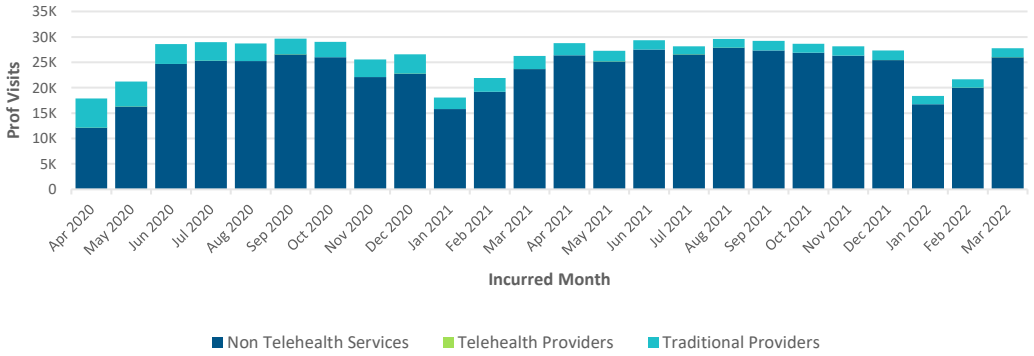
Telehealth Summary: Current Period

Telehealth Visits per 1,000	Telehealth Paid PMPM
1,021.8	$3.35

Telehealth Summary: Benchmark

Telehealth Visits per 1,000	Telehealth Paid PMPM
948.9	$4.12

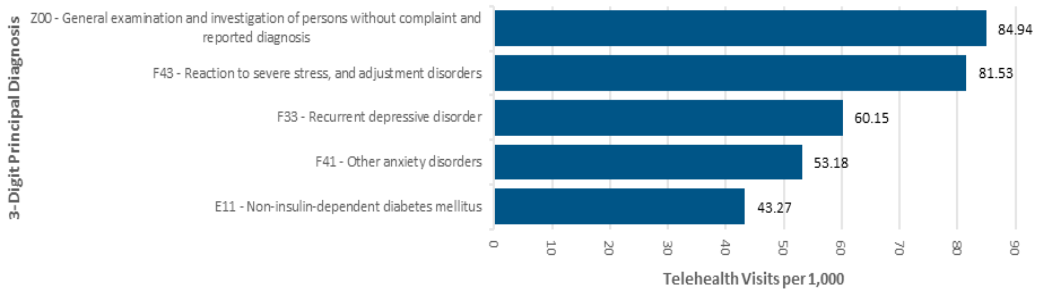
Professional Utilization Overview : Telehealth vs. In-Office Visits



% of Telehealth Visits: Behavioral Health vs. Medical

Rolling Year w/ Runout(2)	BH	Medical	Total
Apr 2020 - Mar 2021	16.81%	83.51%	100.00%
Apr 2021 - Mar 2022	25.98%	74.56%	100.00%

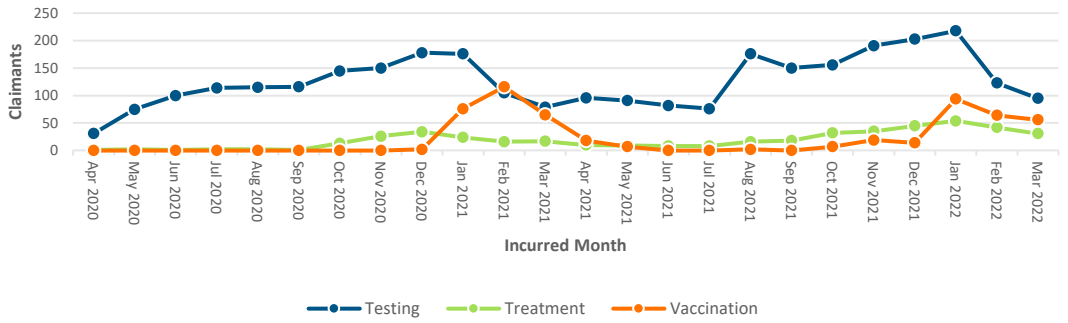
Telehealth Top Diagnoses



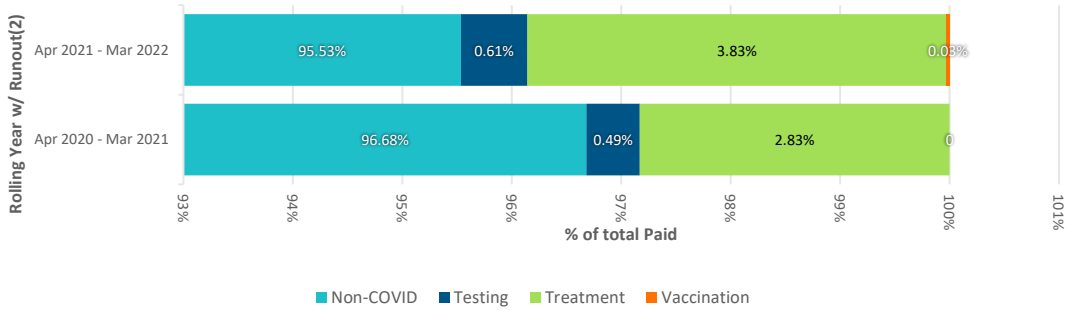
Telehealth Provider Type	
	• Telehealth Providers – Vendors such as MDLive offering telehealth services • Traditional Providers – Traditional in-person providers now offering telehealth services • Non-Telehealth Services – All other non-telehealth services such as in-person office visits

MAPD – COVID-19 Impacts Summary

COVID-19 Claimants by Incurred Month



COVID-19 Paid Impacts by Rolling Year



COVID-19 Testing Summary

Metrics	Apr 2020 - Mar 2021	Apr 2021 - Mar 2022	Total
Claimants	906	1,146	1,709
Claims	1,965	2,160	4,125
Paid	$127,562.91	$177,005.89	$304,568.80
% of Total Members	12.4%	15.8%	23.5%

COVID-19 Vaccinations by Year

Metrics	Apr 2020 - Mar 2021	Apr 2021 - Mar 2022	Total
Claimants	192	272	431
Claims	271	289	560

COVID-19 Treatment Key Metrics

Metrics	Apr 2020 - Mar 2021	Apr 2021 - Mar 2022	Total
Claimants	93	174	251
IP Admissions	35	51	86
IP Paid	$645,359.67	$948,805.50	$1,594,165.17
Average Length of Stay	9.6	7.5	8.4
OP Visits	151	228	379
OP Paid	$33,061.77	$80,967.06	$114,028.83
ER Visits	31	52	83
ER Facility Paid	$22,311.77	$41,926.36	$64,238.13
Prof Visits	523	738	1,261
Prof Paid	$62,546.50	$78,904.55	$141,451.05
% of Total Members	1.3%	2.4%	3.5%
Paid	$740,967.94	$1,108,677.11	$1,849,645.05

Data Note:
Processed claims data only; may not be inclusive of all COVID-19 Testing, Treatment or Vaccination experience due to some claims not being submitted through insurance

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MAPD Member Engagement

NMRHCA Silver Sneakers Membership

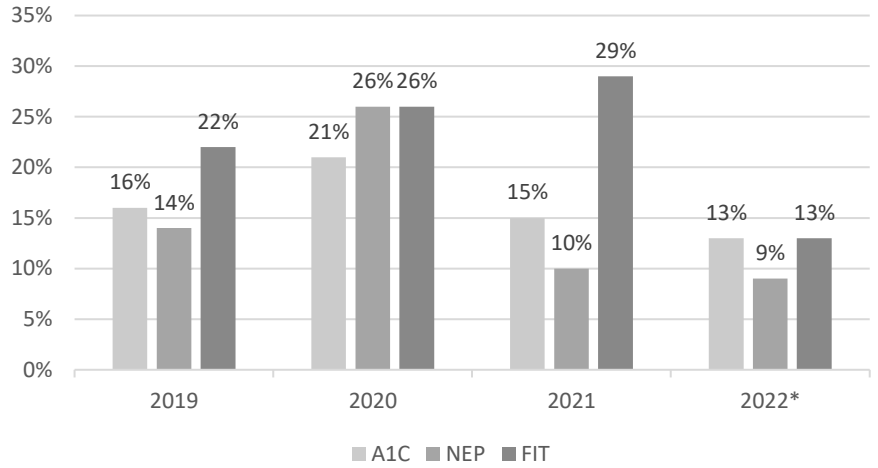
	2019	2020	2021	2022*
Overall Enrollment	3,903	3,658	3,611	3,621
Rate of Active Members	7.20%	2.30%	1.97%	4.30%
Total Annual Member Visits	12,394	3,250	2,377	1,327

NMRHCA In-Home Health Assessments

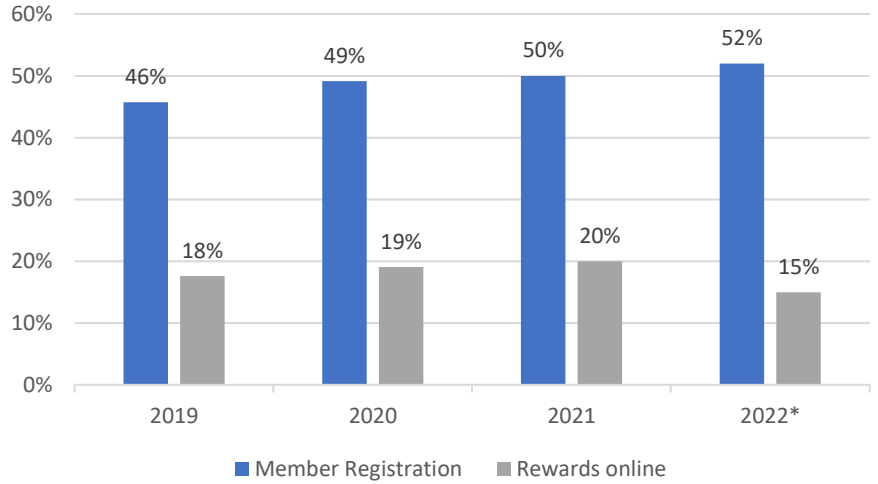
	2019	2020	2021
Completed Assessments	293	23	99

This is all tied to the STAR rating for Medicare

Return Rate for In Home Test Kits



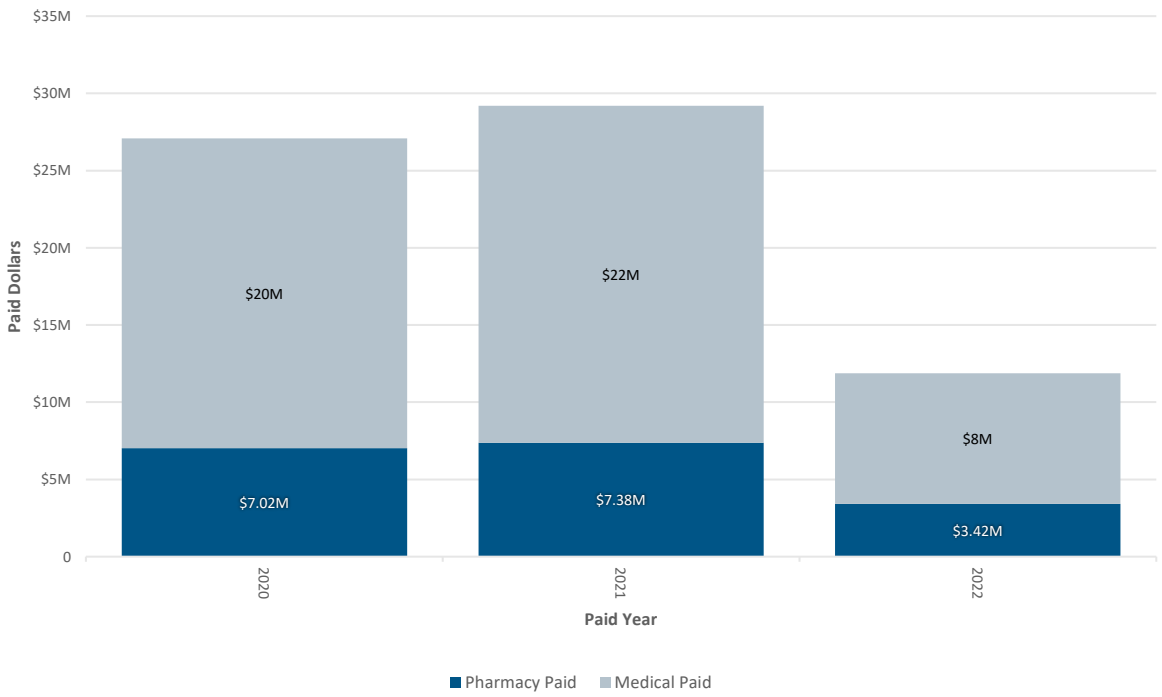
NMRHCA Rewards Registration

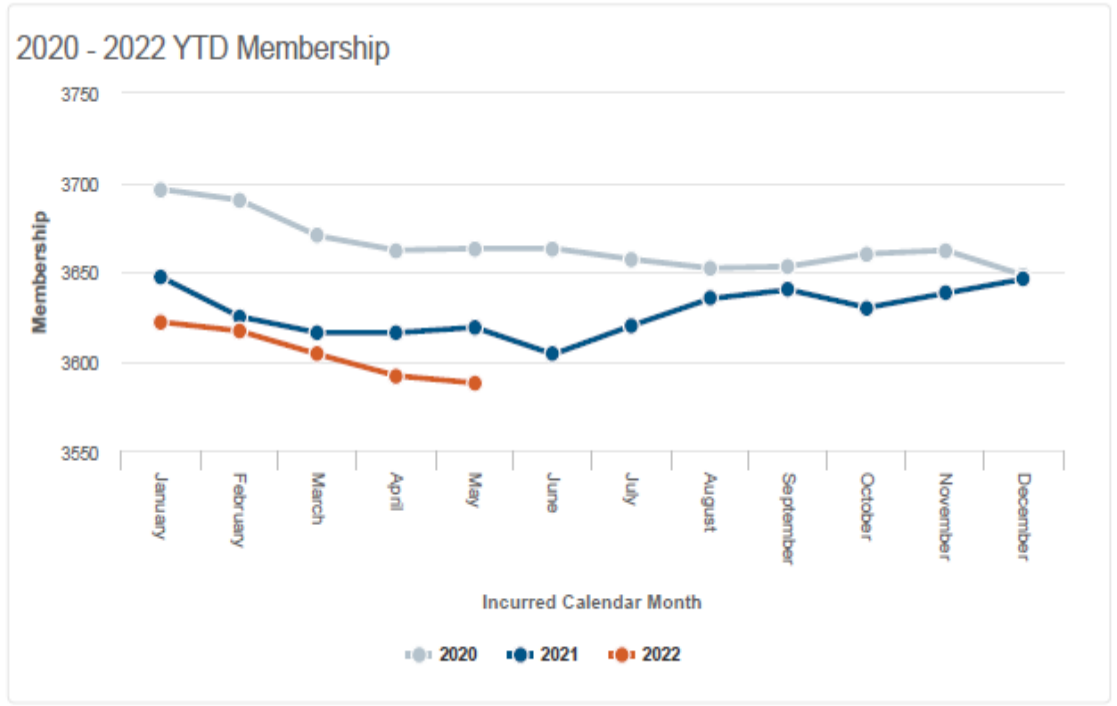


* For 2022 it is current through April 2022

NMRHCA MAPD

Total Paid Claims for MAPD





Wellness Outreach Initiatives

June 2021 – May 2022

2021

- 2 virtual health fairs with 377 participants
- 7 open enrollment events with 340 participants
- 8 health education sessions with 107 participants

2022

- Wellness Wednesday Workshops - fifteen-minute virtual interactive webinars. Participants will be given resources they can use to encourage healthy behavior change. Offered at 8:00 a.m. and 12:00 p.m. 1X/month. Moving forward they will be promoted in the Wise & Well Newsletter to increase exposure.
- Successful Virtual Health Fair in collaboration with TSG in April 2022 with 191 participants.
- Wellness metrics of total events/number of participants/CSAT and NPS scores will be collected through a new survey. These will be represented in the new Health Scorecard which is in the planning stages with all carriers.

2022 Hinge Health Outcomes

Launch date: 01/01/2022
Data as of: 06/14/2022

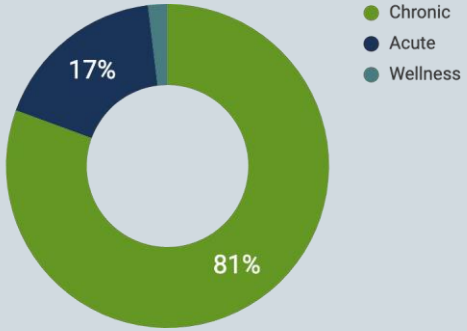
Enrollment

Pathways

91 chronic users

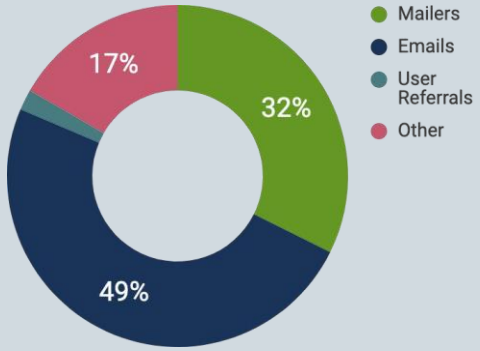
10 acute users

2 wellness users



Recruitment

Top channels:
Emails
Mailers



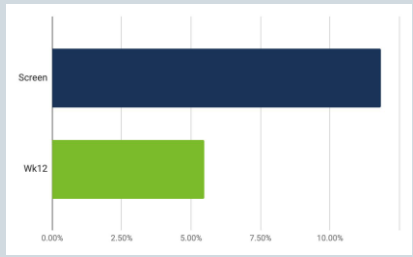
Program Outcomes

Pain Reduction

↓57%
Pain reduction

Surgery Likelihood

↓54%
Surgery Likelihood



Mental Health

↓83%
Anxiety incidence

↓42%
Depression incidence

Engagement

Interaction

52 4.3 weekly exercise therapy sessions

65 5.4 weekly care team interactions

28 2.3 weekly education articles read

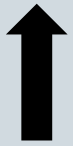
Average interaction per participant over 12 weeks

Satisfaction

9.0/10

Business Improvements

Financial Gain

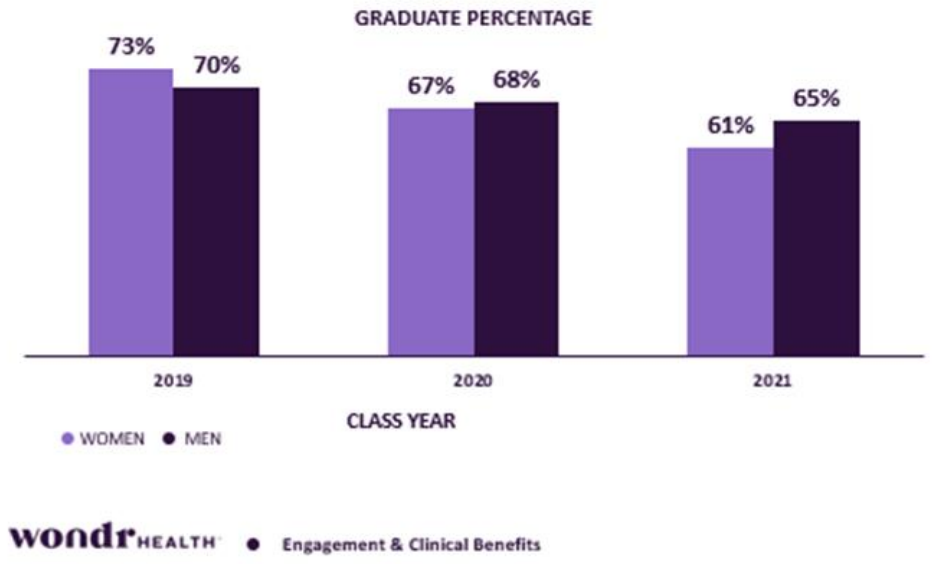


4.1x
Projected ROI

91

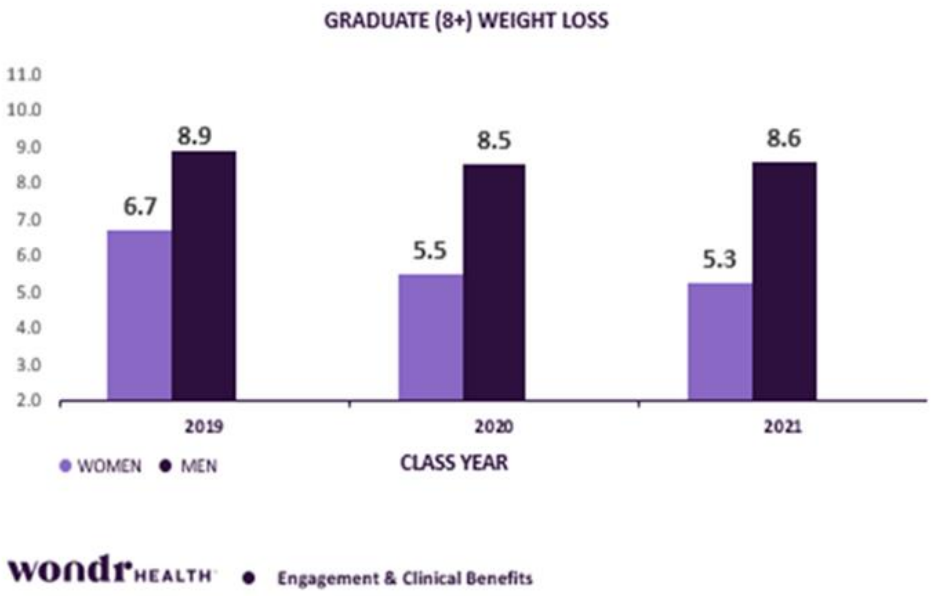
NMRHCA User Testimonials – Quotes from participants

NMRHCA Participation



Year	Average Sessions
2019	8.2
2020	8.0
2021	8.4
2022	10.1

NMRHCA Weight Loss



Year	Total Lbs Lost
2019	3,613
2020	2,125
2021	1,782
2022	790

Well onTarget reporting and engagement 2021 to YTD 2022

- Well onTarget new member logins has increased by 74 members, 48% in 2021 and 20 members, 36% for YTD 2022
- Health Assessment results show Weight Management, Cholesterol and Stress as the top three issues for both 2021 and 2022
- High correlation between Health Assessment (HA) results and Educational/Interactive Self-Management Programs
- Tracker participation also correlates to HA results
- Members are feeling empowered and supported to make healthy changes from Well onTarget and Blue Cross Blue Shield events such as webinars and workshops. The Well onTarget metrics are utilized when developing a strategic wellness plan for the members

Well onTarget Metrics for 2021

Well onTarget®

Participation Metrics	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Period Total
Members Logged In	24	21	21	18	20	15	18	36	14	13	14	46	152
HA Participants	8	8	4	6	7	3	4	18	2	4	1	15	73
Tracker Participants	5	5	5	2	5	1	3	4	3	3	2	4	17
Self-Management Program Participants	6	4	2	3	2	2	0	5	2	3	2	8	28
Challenge Participants	2	2	1	0	1	1	0	0	1	0	0	1	7
Coaching Participants	0	0	1	0	0	0	0	0	0	0	0	0	1
Members Synching a Device	29	28	30	32	31	31	33	33	32	32	33	32	41

Totals reflect unique members

Well onTarget Metrics for YTD 2022

Well onTarget®

Participation Metrics	Jan	Feb	Mar	Apr	May	Period Total
Members Logged In	19	8	16	17	17	55
HA Participants	10	3	2	3	6	24
Tracker Participants	5	2	3	4	3	9
Self-Management Program Participants	4	1	2	2	4	10
Challenge Participants	2	0	0	1	2	4
Coaching Participants	0	0	0	0	0	0
Members Synching a Device	31	30	31	28	28	33

Totals reflect unique members

ELEVATING HEALTH FOR ALL

New Mexico Retiree Healthcare Authority

July 14, 2022

EXPRESS SCRIPTS®
An Evernorth Company

WHAT WE'LL COVER

- Team introductions
- Who we are and what we do
- Plan Performance
- Program Success
- Clinical Landscape
- Q&A

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

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

EXPRESS SCRIPTS
An Evernorth Company

Plan Performance

Plan Performance			
	7-21 - 5-22	7-20 - 5-21	Change %
AWP	$291,980,539	$285,573,372	2.2%
Network & Mail Discount Savings (includes dispensing fees)	-$151,780,030	-$149,812,518	1.3%
Tax	$34,100	$26,110	30.6%
Gross Cost	$140,234,609	$135,786,964	3.3%
Member Cost	-$15,193,999	-$14,739,986	3.1%
Copay/Deductible	-$11,478,793	-$11,779,333	-2.6%
SaveOnSP	-$3,715,206	-$2,960,653	25.5%
Plan Cost	$125,038,426	$121,046,759	3.3%
Rebates*	-$31,822,156	-$29,048,064	9.6%
Plan Cost Net	$93,216,270	$91,998,695	1.3%
Prospective Federal Reinsurance**	-$8,220,574	-$6,334,140	29.8%
Coverage Gap Discount**	-$12,998,859	-$12,324,533	5.5%
Low-Income Cost Share Subsidy**	-$598,046	-$598,046	0.0%
Adjusted Plan Cost Net	$72,165,753	$72,739,020	-0.8%
Members	35,376	36589	-3.3%
Gross Cost PMPM	$360.37	$337.38	6.8%
Plan Cost PMPM	$321.32	$300.75	6.8%
Rebates PMPM	$81.78	$72.17	13.3%
Plan Cost Net PMPM	$239.55	$228.58	4.8%
Adjusted Plan Cost Net PMPM	$185.45	$180.73	2.6%

Plan Cost PMPM increased $20.57 (+6.8%) to $321.32

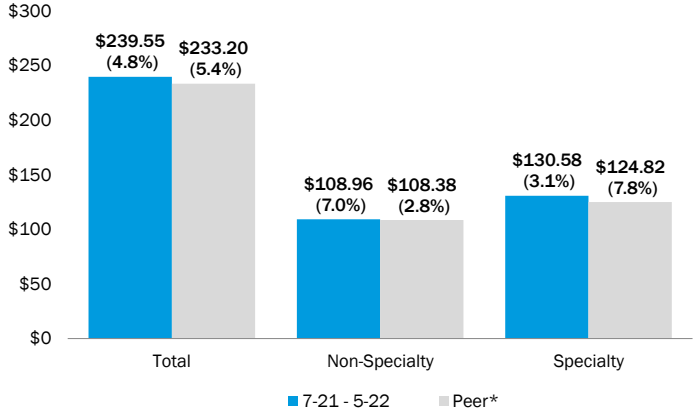
SaveOnSP provided $3,715,206 in value. Total Member Cost less SaveOnSP was $11,478,793, representing 10.6% in Total

Rebates and Subsidies reduced Plan Cost PMPM from $321.32 to $185.34 (-42.3%)

* Rebates are estimated based on paid and expected to be paid amounts. Actual rebate payments may differ from estimates.
** Amounts are estimated. Prospective Federal Reinsurance amounts are based on the lesser of the CMS market rate and client's most up-to-date utilization which was the most recently reconciled plan year as of the beginning of this year.

Trend Dashboard – How Your Plan Compares

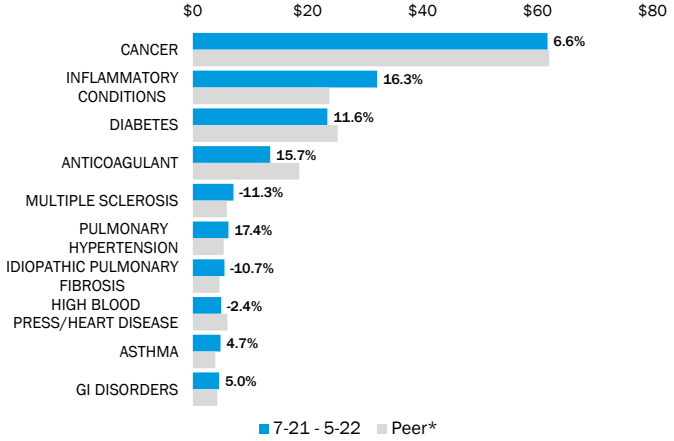
Plan Cost Net PMPM (% Change)



New Mexico Retiree Health Care Authority - Combined				Peer*	
Description	7-21 - 5-22	7-20 - 5-21	Change	7-21 - 5-22	Change
Average Members per Month	35,376	36,589	-3.3%		
Total Plan Cost Net	$93,216,270	$91,998,695	1.3%		
Average Member Age	67.8	67.7	0.2%	73.2	
Total Plan Cost Net PMPM	$239.55	$228.58	4.8%	$233.20	5.4%
Non-Specialty Plan Cost Net PMPM	$108.96	$101.88	7.0%	$108.38	2.8%
Specialty Plan Cost Net PMPM	$130.58	$126.70	3.1%	$124.82	7.8%
Generic Fill Rate	88.9%	88.6%	0.3	90.5%	-0.1
90 Day Utilization	69.3%	65.0%	4.3	77.6%	1.6
Retail - Maintenance 90 Utilization	30.4%	26.0%	4.4	30.3%	2.0
Home Delivery Utilization	38.8%	39.0%	-0.2	47.3%	-0.4
Member Cost Net %	14.0%	13.8%	0.2	14.7%	0.3
Specialty Percent of Plan Cost Net	54.5%	55.4%	-0.9	53.5%	1.2

*Peer = 'New Mexico RHCA - Custom Combined Peer' market segment

Plan Cost Net PMPM by Indication



COVID-19 Vaccine Impact

Plan Cost Net PMPM decreased from $239.55 to $238.75 (-0.3%) when excluding the COVID-19 vaccine

Generic Fill Rate (GFR) increased from 88.9% to 89.4% (0.5) when excluding the COVID-19 vaccine

Top Line Performance Metrics – Pre Medicare

New Mexico Retiree Health Care Authority				Peer 1	
Description	7-21 - 5-22	7-20 - 5-21	Change	7-21 - 5-22	Change
Avg Subscribers per Month	14,165	14,534	-2.5%		
Avg Members per Month	14,165	14,534	-2.5%		
Number of Unique Patients	14,042	14,155	-0.8%		
Pct Members Utilizing Benefit	99.1%	97.4%	1.7		
Total Plan Cost Net	$24,795,054	$22,817,057	8.7%		
Total Days	9,978,055	10,072,122	-0.9%		
Total Adjusted Rxs	372,388	372,430	0.0%		
Average Member Age	54.9	54.9	0.2%	56.5	
Plan Cost Net PMPM	$159.13	$142.72	11.5%	$175.31	6.0%
Plan Cost Net/Day	$2.48	$2.27	9.7%	$2.42	6.1%
Plan Cost Net per Adjusted Rx	$66.58	$61.27	8.7%	$65.35	5.0%
Nbr Adjusted Rxs PMPM	2.39	2.33	2.6%	2.68	1.0%
Generic Fill Rate	86.6%	86.6%	0.0	87.1%	-0.5
90 Day Utilization	58.6%	58.2%	0.4	60.0%	-0.5
Retail - Maintenance 90 Utilization	22.3%	22.9%	-0.7	9.2%	0.3
Home Delivery Utilization	36.3%	35.3%	1.0	50.8%	-0.8
Member Cost Net %	21.0%	20.6%	0.4	21.3%	3.1
Specialty Percent of Plan Cost Net	49.1%	51.1%	-2.0	50.5%	-3.0
Specialty Plan Cost Net PMPM	$78.20	$72.93	7.2%	$88.47	0.1%
Formulary Compliance Rate	99.3%	99.2%	0.1	98.9%	0.1

Peer 1 = 'New Mexico RHCA - Custom Commercial Peer' market segment

Plan Cost Net PMPM increased $16.41 (+11.5%) to $159.13, primarily driven by the Unit Cost Trend Component

Specialty Plan Cost Net PMPM increased $5.26 (+7.2%) to $78.20, primarily driven by the Specialty Utilization Trend Component

Generic Fill Rate (GFR) increased 0 percentage points to 86.6%, 0.4 percentage points lower than the peer

Top Line Performance Metrics - EGWP

New Mexico Retiree Health Care Authority - EGWP				Peer 1	
Description	7-21 - 5-22	7-20 - 5-21	Change	7-21 - 5-22	Change
Avg Subscribers per Month	21,210	22,055	-3.8%		
Avg Members per Month	21,210	22,055	-3.8%		
Number of Unique Patients	21,204	21,979	-3.5%		
Pct Members Utilizing Benefit	100.0%	99.7%	0.3		
Total Plan Cost Net	$68,421,216	$69,181,637	-1.1%		
Total Days	30,203,620	30,495,774	-1.0%		
Total Adjusted Rxs	1,069,099	1,080,820	-1.1%		
Average Member Age	76.4	76.1	0.4%	76.4	
Plan Cost Net PMPM	$293.26	$285.16	2.8%	$244.49	5.0%
Plan Cost Net/Day	$2.27	$2.27	-0.1%	$1.88	4.1%
Plan Cost Net per Adjusted Rx	$64.00	$64.01	0.0%	$53.07	3.8%
Nbr Adjusted Rxs PMPM	4.58	4.46	2.9%	4.61	1.2%
Generic Fill Rate	89.7%	89.3%	0.4	90.9%	0.0
90 Day Utilization	72.8%	67.3%	5.5	79.5%	1.7
Retail - Maintenance 90 Utilization	33.1%	27.0%	6.1	32.6%	2.0
Home Delivery Utilization	39.7%	40.2%	-0.5	46.9%	-0.4
Member Cost Net %	11.2%	11.3%	-0.1	13.8%	-0.2
Specialty Percent of Plan Cost Net	59.5%	59.7%	-0.2	56.1%	1.8
Specialty Plan Cost Net PMPM	$174.62	$170.30	2.5%	$137.11	8.5%
Formulary Compliance Rate	98.3%	98.0%	0.3	98.9%	0.2

Peer 1 = 'New Mexico RHCA - Custom EGWP Peer' market segment

Plan Cost Net PMPM increased $8.10 (+2.8%) to $293.26, primarily driven by the Utilization Trend Component

Specialty Plan Cost Net PMPM increased $4.32 (+2.5%) to $174.62, primarily driven by the Specialty Unit Cost Trend Component

Generic Fill Rate (GFR) increased 0.4 percentage points to 89.7%, 1.2 percentage points lower than the peer

A PARTNERSHIP THAT DELIVERS

RHCA and Express Scripts

RECENT SUCCESSES OF OUR PARTNERSHIP OVER THE PAST YEAR

$10.6M in savings from Advanced Utilization Management*

$6.4M in savings from RationalMed®*

$178K in savings Advanced Opioid Management®*

$495K in savings from SafeguardRx®

$2.7M in net savings from SaveonSP

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
6/1/21 – 5/31/22

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Top 10 Indications

Top Indications by Plan Cost Net

			7-21 - 5-22						7-20 - 5-21						% Change
Rank	Peer Rank	Indication	Adjusted Rxs	Patients	Plan Cost Net	Generic Fill Rate	Peer Generic Fill Rate	Plan Cost Net PMPM	Rank	Adjusted Rxs	Patients	Plan Cost Net	Generic Fill Rate	Plan Cost Net PMPM	Plan Cost Net PMPM
1	1	CANCER	7,096	854	$24,019,736	76.0%	81.3%	$61.73	1	7,173	858	$23,295,518	76.1%	$57.88	6.6%
2	3	INFLAMMATORY CONDITIONS	9,522	1,016	$12,480,231	64.1%	75.4%	$32.07	2	9,371	1,006	$11,101,276	65.1%	$27.58	16.3%
3	2	DIABETES	117,475	7,072	$9,114,962	52.7%	50.7%	$23.42	3	119,162	7,242	$8,446,598	53.9%	$20.99	11.6%
4	4	ANTICOAGULANT	25,799	3,095	$5,242,140	20.9%	22.9%	$13.47	4	25,244	3,125	$4,685,264	26.1%	$11.64	15.7%
5	6	MULTIPLE SCLEROSIS	556	57	$2,757,746	43.9%	39.8%	$7.09	5	637	64	$3,214,030	41.9%	$7.99	-11.3%
6	7	PULMONARY HYPERTENSION	429	36	$2,413,650	64.8%	59.5%	$6.20	7	398	39	$2,125,674	63.8%	$5.28	17.4%
7	8	IDIOPATHIC PULMONARY FIBROSIS	211	31	$2,142,809	0.0%	0.3%	$5.51	6	249	27	$2,482,795	0.0%	$6.17	-10.7%
8	5	HIGH BLOOD PRESS/HEART DISEASE	340,181	20,579	$1,919,101	99.8%	99.8%	$4.93	8	346,794	21,074	$2,032,888	99.4%	$5.05	-2.4%
9	11	ASTHMA	39,423	5,812	$1,880,917	68.2%	67.8%	$4.83	10	39,522	5,323	$1,858,338	62.6%	$4.62	4.7%
10	10	GI DISORDERS	4,583	1,063	$1,777,114	53.1%	61.6%	$4.57	11	4,654	1,048	$1,750,832	54.6%	$4.35	5.0%
		Total Top 10:	545,275		$63,748,407	82.2%		$163.82		553,204		$60,993,212	82.2%	$151.54	8.1%
		Differences Between Periods:	-7,929		$2,755,195	-0.1%		$12.28							

The largest financially impactful change was in Inflammatory Conditions, driving $1.4M in increased net cost from a 16.3% increase in Net PMPM

Pulmonary Hypertension trend increased 17.4%, contributing an additional $0.92 to Net PMPM

Represents 68.4% of your total Plan Cost Net

Peer = 'New Mexico RHCA - Custom Combined Peer' market segment

Biosimilars to transform the specialty landscape

Biosimilar market share has

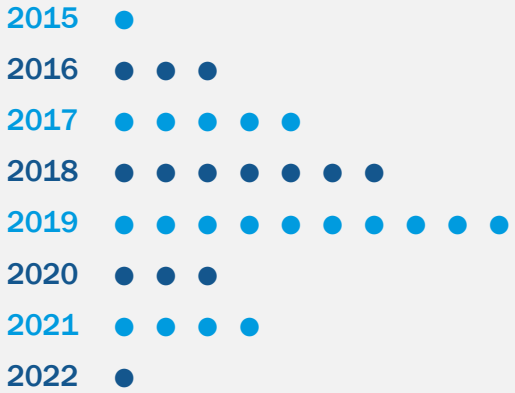
increased to 61%

(from only 13%) in the last two years,
in relevant therapeutic areas

Many have entered the market at prices

up to 40% lower

than their reference (branded) products



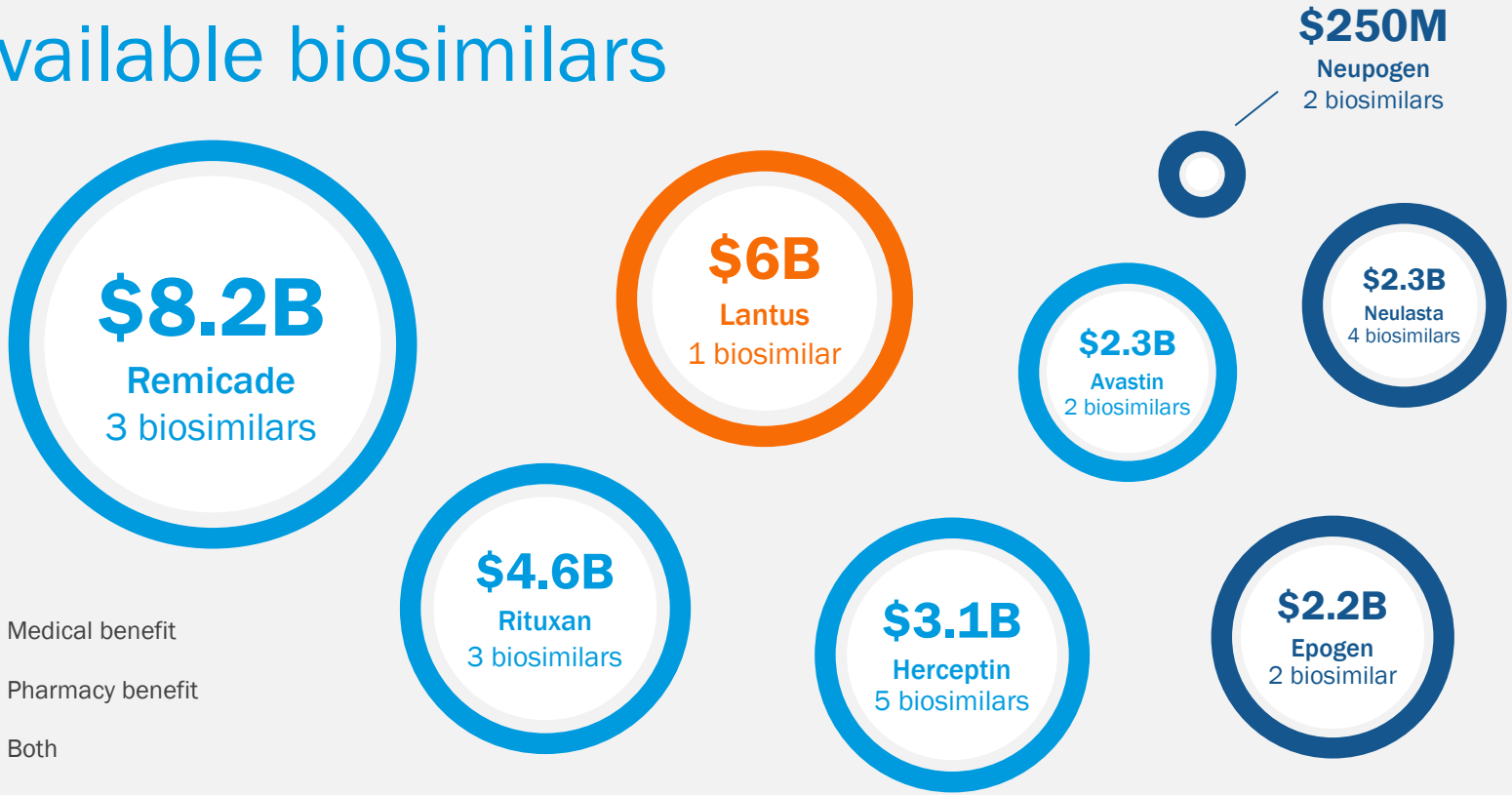
Over the last 6 years,

36 biosimilars

have been approved and
their utilization is increasing

Source: Amgen biosimilars report 2021: Microsoft PowerPoint - USA-CBU-80961_Current State of the Marketplace_Q2 2021 Update (amgenbiosimilars.com). Biosimilar Approvals | Center for Biosimilars®

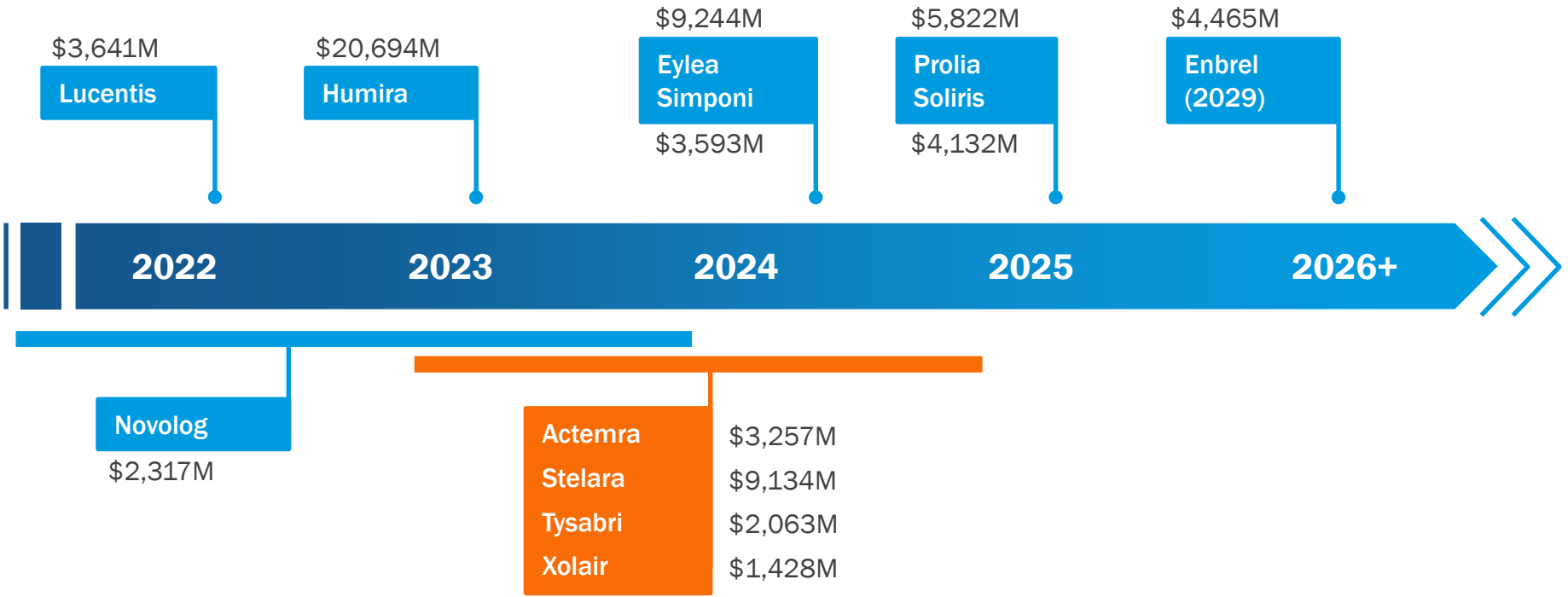
Available biosimilars



1. IPD Analytics. Market & Financial Insights. April 2022
2. Evernorth internal research

Upcoming biosimilars

Dollars shown represent Innovator Annual Sales ($ millions)



1. IPD Analytics. Market & Financial Insights. April 2022
2. Evernorth internal research

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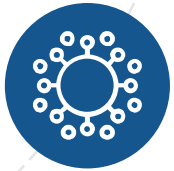
IMPACTS TO POPULATION HEALTH

Cancer trend and spend

Diabetes and obesity

Behavioral health



Long COVID

IMPACT TO POPULATION HEALTH:

Cancer Trend and Spend

Cancer Costs

- 2015 – 2020: Increased 10%
- 2020 – 2030: Expected to increase 40%

March – July 2020

- Cancer screening rates decreased >80%
- Cancer diagnoses decreased by 25%

RHCA Cancer Utilization

- 854 unique members - Four fewer vs prior year
- $25M in Plan Spend – 7% higher vs. prior year

Cancer costs expected to increase more than

40%

IMPACT TO POPULATION HEALTH:

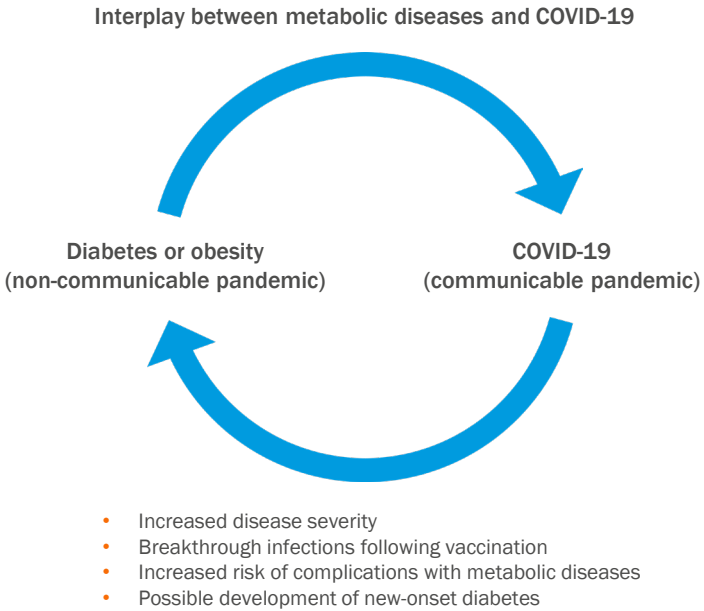
Diabetes and Obesity

42% self-reported 29 pound or more weight gain between March 2020-2021

RHCA has 440 member enrolled in Digital Diabetes solution with avg. HbA1c decrease of ~1%.

UK Study: 30% decrease in expected diabetes diagnosis during 2020-21 from avoided primary care

Expect to see significant increase in diabetes diagnosis in 2022-23 as primary care resumes, and increase spend in 2023-25



IMPACT TO POPULATION HEALTH:

Long COVID

Prevalence ranges from 2 - 30% of people reporting symptoms 90 days from infection

Likely 4 different syndromes: Post-ICU, Convalescent COVID, Chronic Fatigue Syndrome, PTSD

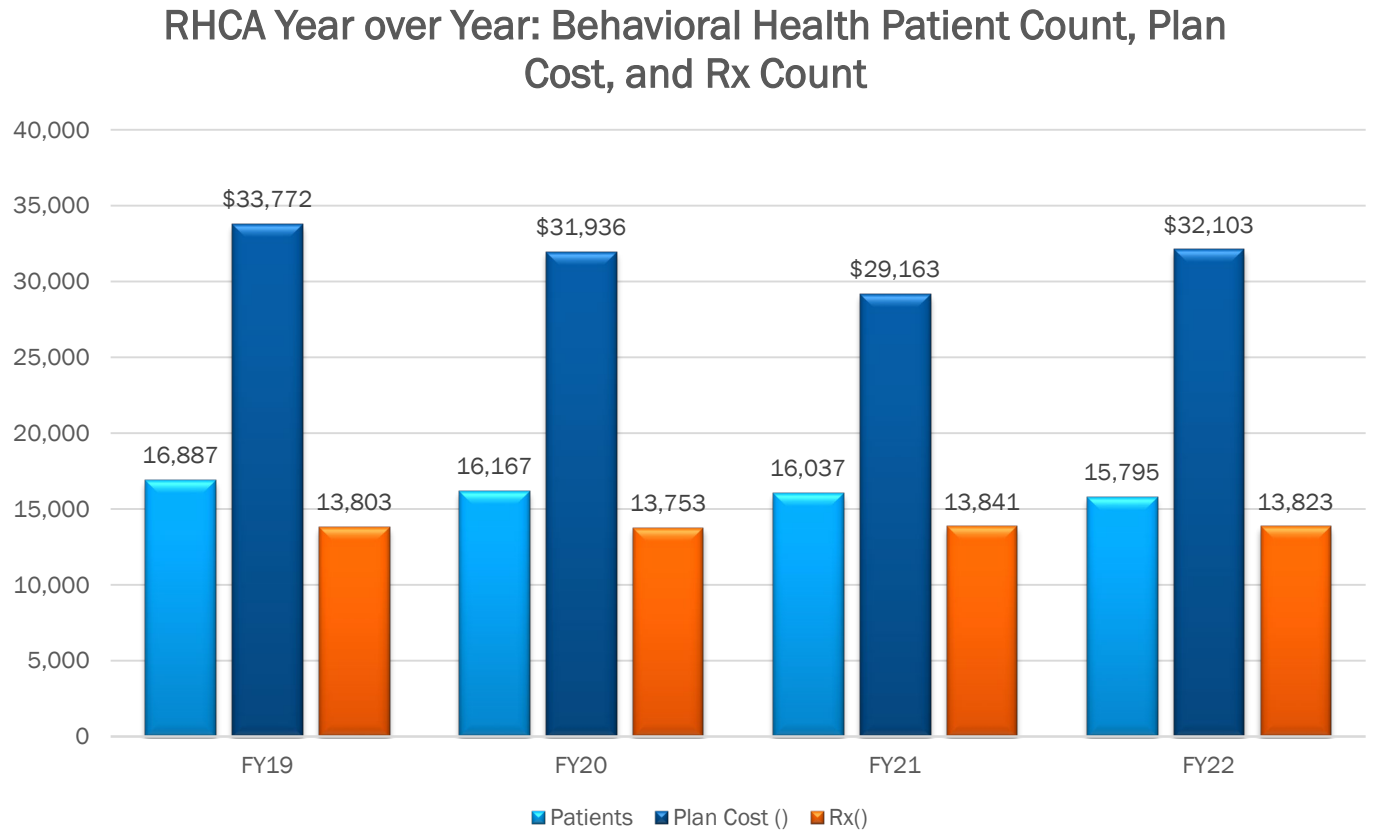
RHCA:

- Vaccine— 6,400 & 7,900 Medical & Pharmacy (2020-2022).
- Oral COVID 19 Antiviral Treatment – 683 members (2022).
- COVID 19 Test Kits— 280 members (2022).

Treatment recommendations include increased access to mental health, physical therapy, primary care, specialty care

Mental and Behavioral Health

SB317 – removal of cost share for behavioral health effective 1/1/2022 for Pre-Medicare.



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Thank You

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Supplement

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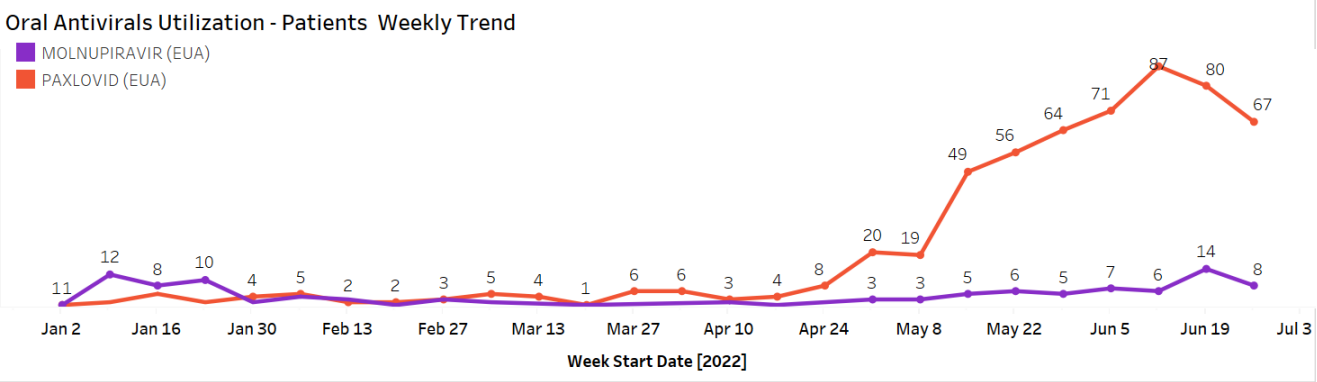
Oral Antiviral Treatment Drug Utilization

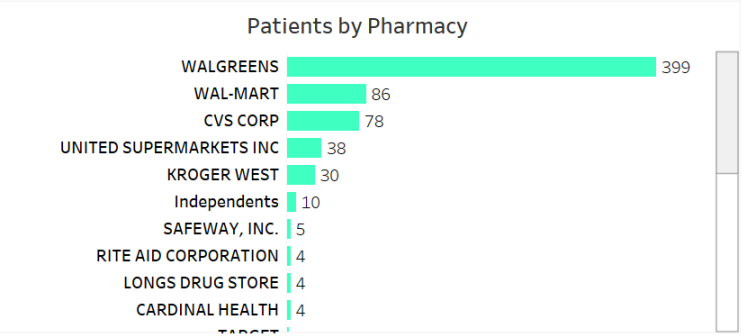
7/1/2022 4:03:01 AM

** This data is updated daily, includes Staging data

Client	Carrier	Drug	Metric	Serviced Dte
15037--NEW MEXICO RETI..	All	All	Patients	From 1/1/2022

Drug	Patients	Rxs	Plan Cost	Member Cost
MOLNUPIRAVIR (EUA)	107	115	$655	$313
PAXLOVID (EUA)	576	579	$4,128	$2,598





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CLAIMS REFRESH
MEDICAL 5/26/2022
PHARMACY 6/30/2022

COVID-19 VACCINE UTILIZATION

DATA DISTRIBUTION
MEDICAL 6,416 PATIENTS
PHARMACY 7,893 PATIENTS

LINE OF BUSINESS	CLIENT NAME	CARRIER	DRUG NAME	STATE	RELATIONSHIP	DATA TYPE	EXTERNAL CLAIMS
All	NEW MEXICO RETIREE AUTHORITY	All	All	All	All	INTEGRATED	All

KEY METRICS

PATIENTS WITH ≥ 1 DOSES

12,383
(39.6% of members)

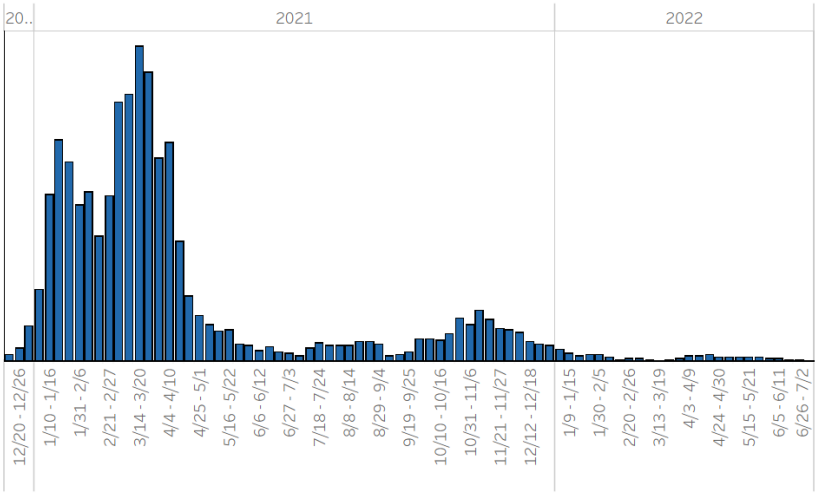
DOSAGE STAGE BREAKOUT

RECEIVED FIRST DOSE	1,005
FULLY VACCINATED	11,378
RECEIVED THIRD DOSE/BOOSTER	5,599

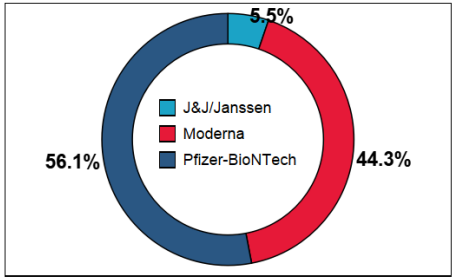
PATIENTS WITH ≥ 1 HIGH RISK FACTOR

2,454 (19.8%)

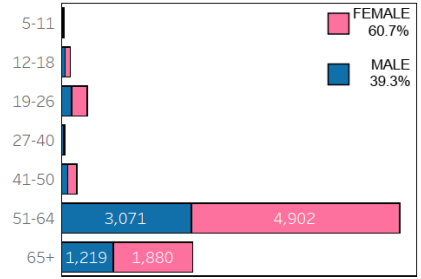
VACCINATIONS BY WEEK



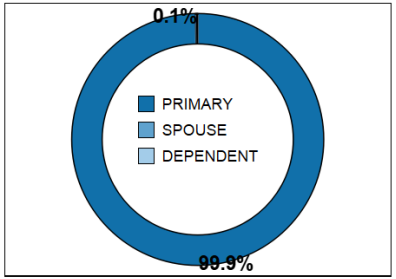
MANUFACTURER BREAKOUT



AGE/GENDER DISTRIBUTION



RELATIONSHIP BREAKOUT



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Values shown are reflective of the entire time period since vaccine rollout (12/14/2020 to present).

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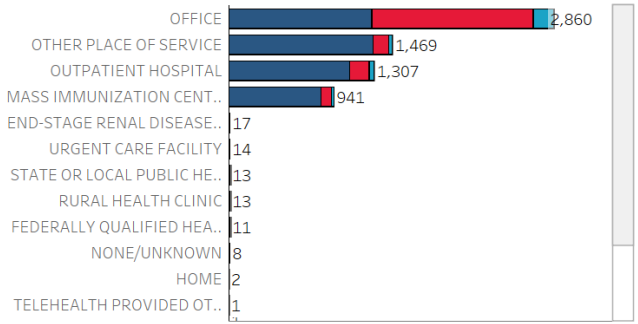
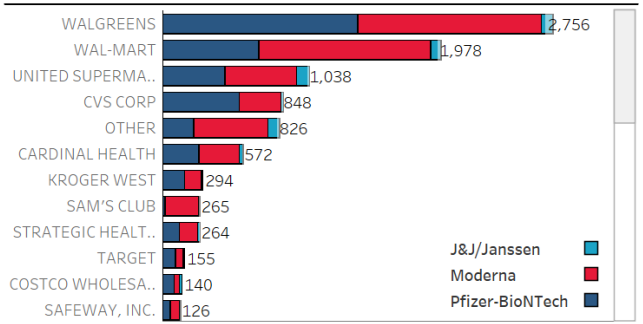
COVID-19 VACCINE UTILIZATION

LINE OF BUSINESS	CLIENT NAME	CARRIER	PATIENT RISK LEVEL	GENDER	AGE BAND	RELATIONSHIP	SHOW MEDICAL
All	NEW MEXICO RETIREE AUTHO..	All	All	Multiple valu..	All	All	INTEGRATED

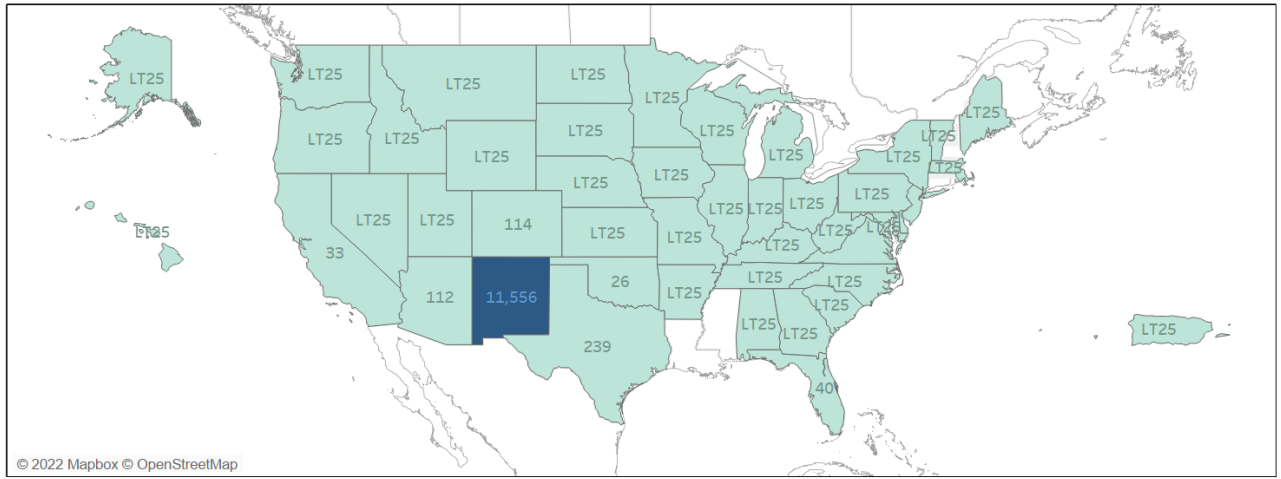
VACCINATION SITE -MEDICAL-



VACCINATION SITE -PHARMACY-



WHERE PATIENTS ARE VACCINATING -INTEGRATED-



Intelligence+
From Evernorth

**Values shown are reflective of the entire time period since vaccine rollout (12/17/2020 to present).*

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New Mexico Retiree Health Care Authority

Long-Term Solvency Modeling

July 14-15, 2022 Annual Meeting

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

Melissa Krumholz, FSA, MAAA
Vice President & Actuary

Amy Cohen, ASA, MAAA
Vice President & Actuary

Segal

Agenda

Overview of Key Assumptions in 2022 Model

Baseline Solvency Scenario

Sensitivity Analysis

Overview of Key Assumptions in 2022 Model

Category	Assumption	Comments*
Beginning Asset Balance	Using May 31, 2022 fund balance of $1,122,750,027 as an estimate for 7/1/2022 fund balance	
Investment Return	7.00%	Decreased from 7.25% in scenario adopted at 2021 annual meeting
Annual Growth in Payroll	8.92% through FY2023 2.75% thereafter	Reflects anticipated impact of increases to teacher salary minimums in 2022
Contribution Rates (ER/EE)	2.50% / 1.25% Public Safety, et al 2.00% / 1.00% Other occupations	
Annual Growth in Retirees	Based on FY2014 open valuation output table	We recommend considering an updated valuation in FY2023
Pension Tax Revenue	$41,314,672 for FY2022 Increasing 12% thereafter	
Rx Rebates	$44,176,082 for FY2023 Reflects financial terms of contract through FY2027; increasing at retiree growth rate thereafter	Based on IBAC/UNM PBM RFP BAFO from ESI; significant increase as compared to 2021 model assumptions

* Assumption is consistent with 2021 approach unless otherwise noted.

Overview of Key Assumptions in 2022 Model (cont'd)

Category	Assumption	Comments*
Annual Medical Claims Trend	Pre-Medicare: 8.00% Medicare Supplement: 8.00%	
Annual Rx Claims Trend	Pre-Medicare: 8.00% Medicare Rx: 8.00%	
Dental / Vision Claims Trend	6.00% / 5.00%	
Medicare Advantage Increases	CY2022, CY2023 based on actual rates as provided by RHCA staff Increase at 7% thereafter	
Pre-Medicare Rate Increases	Annual increases of 8% in 2023-2024 and net 8% with plan changes thereafter	
Medicare Supplement Rate Increases	Annual increases of 6% in 2023-2035 and net 6% with plan changes thereafter	
EGWP Revenue Components	CY2022, CY2023 projected by ESI	
Direct Subsidy	Annual increases at retiree growth rate plus ½ of Medicare Rx trend	
Federal Reinsurance & Coverage Gap Discount Program	Annual increases at retiree growth rate	
Low Income Subsidy	0.0% annual increase to CY2022 estimate	

* Assumption is consistent with 2021 approach unless otherwise noted.

Overview of Key Assumptions in 2022 Model (cont'd)

Category	Assumption	Comments*
Plan Design Changes		
Pre-Medicare Medical & Rx	Annual plan changes in CY2025 and beyond sot that projected claims and expenses remain beneath the eliminated Excise Tax threshold	
Medicare Supplement Medical & EGWP	Annual plan changes in CY2036 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Prior model applied plan changes beginning in CY2034
Member Rate Share		
Pre-Medicare	Retiree: 50% Spouse: 75% Child(ren): 100%	
Medicare (Supplement & Advantage)	Retiree: 36% Spouse: 64% Child(ren): 100%	
Minimum Years of Service to Receive Full Subsidy	Consistent with Board Approved rule change to 2.8.11 NMAC effective July 2021	
Member Migration / Participation	Migration from Premier to Value plan until plan changes begin 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	

* Assumption is consistent with 2021 approach unless otherwise noted.

New Mexico Retiree Health Care Authority Long-Tem Solvency Modeling

Projected Year of Insolvency: Exceeds Projection Period

Scenario: Baseline - Using the starting balance as of May 31, 2022

Description: 8% trend for Non-Medicare and Medicare medical and Rx in FY2023 and beyond; Annual Non-Medicare Medical Plan Changes in CY2025+; Annual Medicare Supplement & EGWP plan changes in CY2036+; Annual Non-Medicare Rate Increases of 8% in CY2023, and net 8% with plan changes thereafter, Medicare Rate Increase of 6% in CY2023, and net 6% with plan changes thereafter. Assumed rate of return of 7%; Payroll growth assumption of 7% for Public Safety and 9.1% for Other Occupations in FY2023 and 2.75% beginning FY2024 overall; Includes Migration from the Premier Plan to the Value Plan from CY2023 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 w/o Invst Income	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
7/1/2022	$1,122,750,027	$105,911,136	$52,955,568	$143,569,810	$36,077,195	$41,314,672	$37,805,399	$517,877	$418,151,657	$81,401,386	$286,803,200	$0	$36,077,195	$11,604,636	$3,412,800	$337,897,831	$80,253,826	6/30/2023	$1,284,405,238
7/1/2023	$1,284,405,238	$108,823,692	$54,411,846	$156,006,052	$38,379,380	$46,272,433	$39,607,876	$510,520	$444,011,799	$92,565,140	$314,280,596	$0	$38,379,380	$11,945,883	$3,498,120	$368,103,979	$75,907,820	6/30/2024	$1,452,878,199
7/1/2024	$1,452,878,199	$111,816,343	$55,908,172	$167,229,267	$40,639,463	$51,825,124	$41,241,088	$502,681	$469,162,138	$104,101,972	$344,063,036	$0	$40,639,463	$12,288,409	$3,585,573	$400,576,481	$68,585,657	6/30/2025	$1,625,565,828
7/1/2025	$1,625,565,828	$114,891,293	$57,445,646	$179,275,792	$43,631,227	$58,044,139	$42,423,285	$509,300	$496,220,683	$115,897,071	$375,941,465	$0	$43,631,227	$12,759,559	$3,675,212	$436,007,463	$60,213,220	6/30/2026	$1,801,676,119
7/1/2026	$1,801,676,119	$118,050,803	$59,025,402	$190,792,949	$46,368,354	$65,009,436	$43,488,261	$506,009	$523,241,215	$128,113,228	$402,850,000	$0	$46,368,354	$13,230,064	$3,767,093	$466,215,512	$57,025,703	6/30/2027	$1,986,815,050
7/1/2027	$1,986,815,050	$121,297,200	$60,648,600	$202,192,404	$49,158,201	$72,810,568	$44,514,877	$497,660	$551,119,512	$140,991,592	$429,747,215	$0	$49,158,201	$13,651,737	$3,861,270	$496,418,423	$54,701,089	6/30/2028	$2,182,507,730
7/1/2028	$2,182,507,730	$124,632,874	$62,316,437	$216,294,944	$52,596,456	$81,547,837	$45,492,133	$507,424	$583,388,103	$154,441,867	$465,120,457	$0	$52,596,456	$14,104,070	$3,957,802	$535,778,784	$47,609,319	6/30/2029	$2,384,558,917
7/1/2029	$2,384,558,917	$128,060,278	$64,030,139	$230,274,112	$55,722,379	$91,333,577	$46,260,525	$506,979	$616,187,989	$168,346,685	$501,127,969	$0	$55,722,379	$14,493,447	$4,056,747	$575,400,543	$40,787,446	6/30/2030	$2,593,693,048
7/1/2030	$2,593,693,048	$131,581,935	$65,790,968	$247,298,872	$59,751,704	$102,293,606	$46,984,457	$526,756	$654,228,298	$182,608,780	$545,234,551	$0	$59,751,704	$15,076,254	$4,158,165	$624,220,675	$30,007,623	6/30/2031	$2,806,309,451
7/1/2031	$2,806,309,451	$135,200,438	$67,600,219	$264,618,935	$63,561,261	$114,568,839	$47,585,568	$537,572	$693,672,832	$197,112,345	$591,052,737	$0	$63,561,261	$15,634,321	$4,262,120	$674,510,438	$19,162,394	6/30/2032	$3,022,584,191
7/1/2032	$3,022,584,191	$138,918,450	$69,459,225	$281,869,855	$67,435,193	$128,317,100	$48,084,457	$545,211	$734,629,491	$211,890,887	$637,827,526	$0	$67,435,193	$16,141,134	$4,368,673	$725,772,526	$8,856,965	6/30/2033	$3,243,332,043
7/1/2033	$3,243,332,043	$142,738,708	$71,369,354	$301,224,846	$71,901,109	$143,715,152	$48,633,588	$558,863	$780,141,619	$226,912,800	$690,494,340	$0	$71,901,109	$16,709,497	$4,477,889	$783,582,835	($3,441,216)	6/30/2034	$3,466,803,627
7/1/2034	$3,466,803,627	$146,664,022	$73,332,011	$322,840,943	$76,819,553	$160,960,970	$49,067,941	$581,162	$830,266,602	$242,035,841	$749,808,985	$0	$76,819,553	$17,345,726	$4,589,837	$848,564,101	($18,297,498)	6/30/2035	$3,690,541,971
7/1/2035	$3,690,541,971	$150,697,283	$75,348,641	$338,326,436	$81,262,796	$180,276,286	$49,545,911	$580,760	$876,038,113	$257,551,734	$794,671,528	$0	$81,262,796	$17,862,171	$4,704,582	$898,501,077	($22,462,964)	6/30/2036	$3,925,630,741
7/1/2036	$3,925,630,741	$154,841,458	$77,420,729	$349,091,147	$86,154,118	$201,909,441	$50,136,049	$580,911	$920,133,853	$274,214,327	$827,358,630	$0	$86,154,118	$18,365,342	$4,822,197	$936,700,287	($16,566,434)	6/30/2037	$4,183,278,634
7/1/2037	$4,183,278,634	$159,099,598	$79,549,799	$359,497,342	$91,008,304	$226,138,574	$50,526,484	$581,791	$966,401,893	$292,567,878	$859,087,525	$0	$91,008,304	$18,838,364	$4,942,752	$973,876,945	($7,475,052)	6/30/2038	$4,468,371,460
7/1/2038	$4,468,371,460	$163,474,837	$81,737,419	$369,563,572	$95,965,261	$253,275,203	$50,955,366	$574,270	$1,015,545,927	$312,974,413	$889,863,930	$0	$95,965,261	$19,267,250	$5,066,321	$1,010,162,762	$5,383,166	6/30/2039	$4,786,729,038
7/1/2039	$4,786,729,038	$167,970,395	$83,985,198	$380,837,235	$101,503,971	$283,668,227	$51,363,698	$574,298	$1,069,903,022	$335,785,813	$923,044,380	$0	$101,503,971	$19,739,408	$5,192,979	$1,049,480,738	$20,422,284	6/30/2040	$5,142,937,135
7/1/2040	$5,142,937,135	$172,589,581	$86,294,791	$393,727,173	$107,560,868	$317,708,414	$51,731,382	$578,168	$1,130,190,376	$361,307,813	$959,835,675	$0	$107,560,868	$20,264,918	$5,322,803	$1,092,984,264	$37,206,112	6/30/2041	$5,541,451,061
7/1/2041	$5,541,451,061	$177,335,795	$88,667,897	$408,977,499	$114,384,539	$355,833,424	$51,985,223	$592,554	$1,197,776,931	$389,817,448	$1,002,324,436	$0	$114,384,539	$20,872,837	$5,455,873	$1,143,037,685	$54,739,246	6/30/2042	$5,986,007,755
7/1/2042	$5,986,007,755	$182,212,529	$91,106,264	$424,750,837	$121,463,467	$398,533,435	$52,145,787	$605,735	$1,270,818,054	$421,691,835	$1,045,948,390	$0	$121,463,467	$21,491,301	$5,592,270	$1,194,495,428	$76,322,626	6/30/2043	$6,484,022,215
7/1/2043	$6,484,022,215	$187,223,374	$93,611,687	$441,475,834	$129,061,614	$446,357,447	$52,235,957	$621,665	$1,350,587,578	$457,440,288	$1,091,988,948	$0	$129,061,614	$22,126,852	$5,732,077	$1,248,909,491	$101,678,087	6/30/2044	$7,043,140,590
7/1/2044	$7,043,140,590	$192,372,016	$96,186,008	$459,222,865	$137,177,268	$499,920,340	$52,309,071	$638,014	$1,437,825,584	$497,612,366	$1,140,771,489	$0	$137,177,268	$22,786,451	$5,875,379	$1,306,610,587	$131,214,996	6/30/2045	$7,671,967,953
7/1/2045	$7,671,967,953	$197,662,247	$98,831,123	$477,758,745	$145,846,152	$559,910,781	$52,382,222	$654,793	$1,533,046,062	$542,860,626	$1,191,341,108	$0	$145,846,152	$23,468,849	$6,022,263	$1,366,678,373	$166,367,689	6/30/2046	$8,381,196,268
7/1/2046	$8,381,196,268	$203,097,959	$101,548,979	$497,423,881	$155,106,463	$627,100,075	$52,455,408	$672,012	$1,637,404,777	$593,931,918	$1,244,859,715	$0	$155,106,463	$24,174,941	$6,172,820	$1,430,313,939	$207,090,838	6/30/2047	$9,182,219,024
7/1/2047	$9,182,219,024	$208,683,152	$104,341,576	$518,146,340	$164,999,041	$702,352,084	$52,528,630	$689,685	$1,751,740,509	$651,669,966	$1,300,804,845	$0	$164,999,041	$24,905,658	$6,327,140	$1,497,036,684	$254,703,824	6/30/2048	$10,088,592,814
7/1/2048	$10,088,592,814	$214,421,939	$107,210,970	$540,329,553	$175,567,557	$786,634,334	$52,601,886	$707,823	$1,877,474,062	$717,055,161	$1,359,654,518	$0	$175,567,557	$25,661,972	$6,485,319	$1,567,369,366	$310,104,696	6/30/2049	$11,115,752,671
7/1/2049	$11,115,752,671	$220,318,542	$110,159,271	$563,992,274	$186,858,703	$881,030,454	$52,675,177	$726,437	$2,015,760,859	$791,196,095	$1,421,712,447	$0	$186,858,703	$26,444,899	$6,647,452	$1,641,663,500	$374,097,359	6/30/2050	$12,281,046,125
7/1/2050	$12,281,046,125	$226,377,302	$113,188,651	$589,153,978	$198,922,407	$986,754,109	$52,748,502	$745,541	$2,167,890,490	$875,352,797	$1,486,911,280	$0	$198,922,407	$27,255,494	$6,813,638	$1,719,902,820	$447,987,671	6/30/2051	$13,604,386,593
7/1/2051	$13,604,386,593	$232,602,678	$116,301,339	$616,069,464	$211,812,054	$1,105,164,602	$52,821,860	$765,148	$2,335,537,145	$970,948,324	$1,556,038,749	$0	$211,812,054	$28,094,861	$6,983,979	$1,802,929,644	$532,607,501	6/30/2052	$15,107,942,418
7/1/2052	$15,107,942,418	$238,999,252	$119,499,626	$644,291,346	$225,584,727	$1,237,784,354	$52,895,251	$785,270	$2,519,839,826	$1,079,613,609	$1,627,914,080	$0	$225,584,727	$28,964,151	$7,158,579	$1,889,621,537	$630,218,289	6/30/2053	$16,817,774,316
7/1/2053	$16,817,774,316	$245,571,731	$122,785,866	$674,201,787	$240,301,463	$1,386,318,476	$52,968,674	$805,921	$2,722,953,918	$1,203,211,437	$1,703,529,339	$0	$240,301,463	$29,864,564	$7,337,543	$1,981,032,909	$741,921,009	6/30/2054	$18,762,906,762

Assumptions with Fiscal Year Basis:	**FY2023**	**FY2024**	**FY2025**	**FY2026**	**FY2027**	**FY2028**	**FY2029**	**FY2030**	**FY2031**	**FY2032**	**FY2033**	**FY2034**	**FY2035**	**FY2036**	**FY2037**	**FY2038+**
Public Safety, et al Annual Payroll Growth	7.00%	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	9.13%	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	7.00%	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%
Annual Growth in Retirees under age 65	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%	0.03%	varies
Annual Growth in Retirees age 65+	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%	1.39%	varies
Non-Medicare Prescription Drug Rebate Trend	17.08%	7.71%	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	15.92%	3.11%	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:	**CY2023**	**CY2024**	**CY2025**	**CY2026**	**CY2027**	**CY2028**	**CY2029**	**CY2030**	**CY2031**	**CY2032**	**CY2033**	**CY2034**	**CY2035**	**CY2036**	**CY2037**	**CY2038+**
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]	267.20%	-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	-0.12%	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	3.99%	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[2]	-16.31%	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	0.00%	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	0.00%	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:	**CY2023**	**CY2024**	**CY2025**	**CY2026**	**CY2027**	**CY2028**	**CY2029**	**CY2030**	**CY2031**	**CY2032**	**CY2033**	**CY2034**	**CY2035**	**CY2036**	**CY2037**	**CY2038+**
Non-Medicare Premier	0.00%	0.00%	-1.21%	-5.67%	-5.31%	-5.29%	-5.18%	-4.94%	-5.00%	-5.09%	-4.89%	-4.93%	-4.91%	-4.57%	-4.57%	-4.55%
Non-Medicare Value	0.00%	0.00%	-1.21%	-5.67%	-5.31%	-5.29%	-5.18%	-4.94%	-5.00%	-5.09%	-4.89%	-4.93%	-4.91%	-4.57%	-4.57%	-4.55%
Non-Medicare Prescription Drug	0.00%	0.00%	-1.21%	-5.67%	-5.31%	-5.29%	-5.18%	-4.94%	-5.00%	-5.09%	-4.89%	-4.93%	-4.91%	-4.57%	-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%	0.00%	-5.19%	-5.45%	-5.15%
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%	0.00%	-5.19%	-5.45%	-5.15%
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:	**CY2023**	**CY2024**	**CY2025**	**CY2026**	**CY2027**	**CY2028**	**CY2029**	**CY2030**	**CY2031**	**CY2032**	**CY2033**	**CY2034**	**CY2035**	**CY2036**	**CY2037**	**CY2038+**
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:	**CY2023**	**CY2024**	**CY2025**	**CY2026**	**CY2027**	**CY2028**	**CY2029**	**CY2030**	**CY2031**	**CY2032**	**CY2033**	**CY2034**	**CY2035**	**CY2036**	**CY2037**	**CY2038**
Non-Medicare Retiree % Increase	8.00%	8.00%	4.00%	2.33%	2.69%	2.71%	2.82%	3.06%	3.00%	2.91%	3.11%	3.07%	3.09%	3.43%	3.43%	3.45%
Non-Medicare Spouse % Increase	8.00%	8.00%	4.00%	2.33%	2.69%	2.71%	2.82%	3.06%	3.00%	2.91%	3.11%	3.07%	3.09%	3.43%	3.43%	3.45%
Non-Medicare Child % Increase	8.00%	8.00%	4.00%	2.33%	2.69%	2.71%	2.82%	3.06%	3.00%	2.91%	3.11%	3.07%	3.09%	3.43%	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%	6.00%	0.81%	0.55%	0.85%

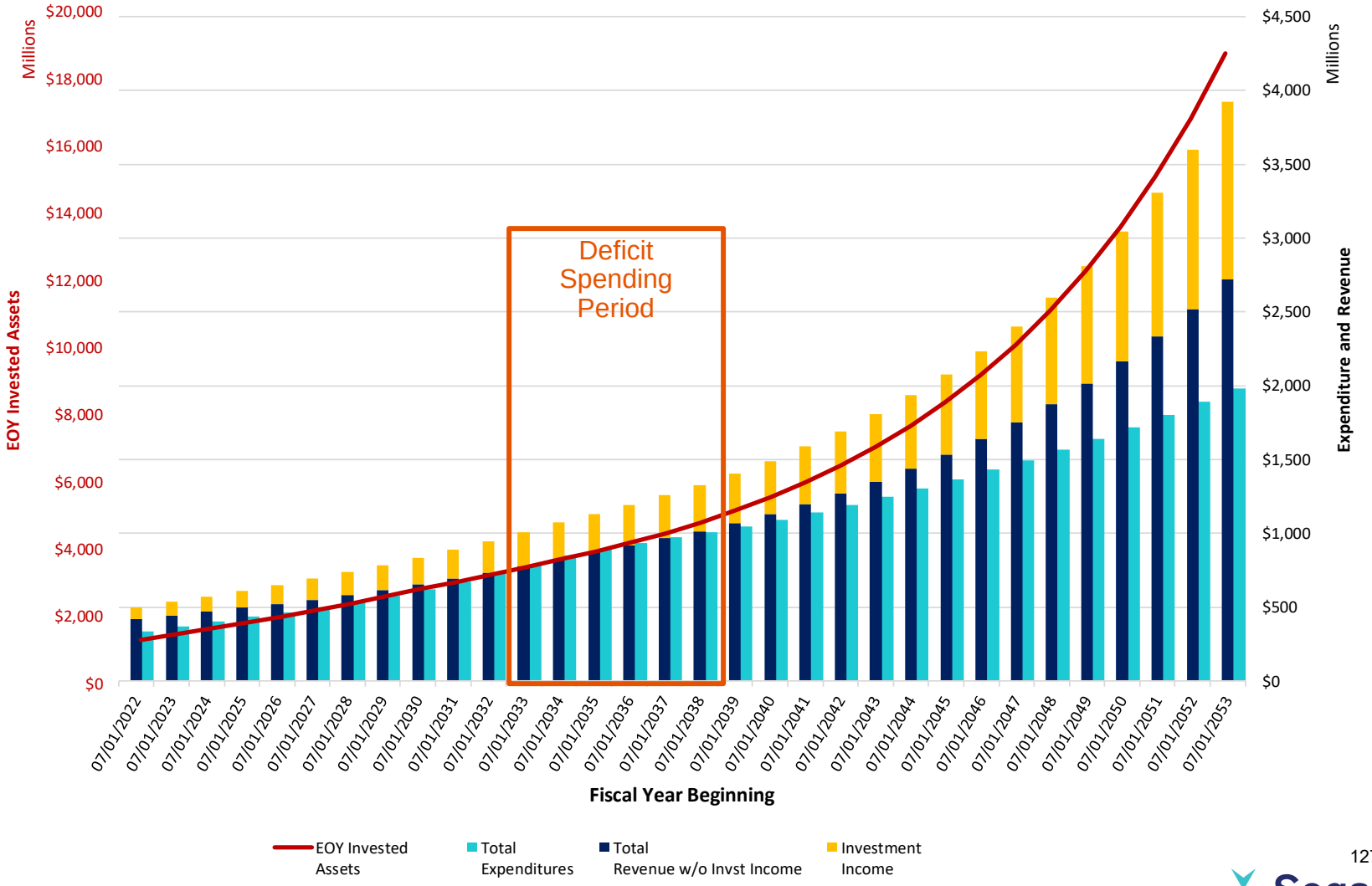
(1) EGWP Direct Subsidy is changing from ($1.25) to ($4.59) from CY2022 to CY2023. Projected at $0 thereafter

(2) 2023 Humana MA I rate decreased $30.04 to $58.22 while the 2023 Humana MA II rate remained level at $11.54

5726682V7

Baseline Scenario

8% Pre-Med / 6% Med Supp Rate Increases, No Plan Changes



Sensitivity Analysis

2022 Baseline Solvency Model Sensitivity to Assumption Changes

	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 Trends:						
Non-Medicare Medical/Rx Claims Trend	8.00%	**7.00%**	**9.00%**	8.00%	8.00%	8.00%
Medicare Medical/Rx Claims Trend	8.00%	**7.00%**	**9.00%**	8.00%	8.00%	8.00%
Annual Payroll Growth - Starting CY2024	2.75%	2.75%	2.75%	**2.25%**	2.75%	2.75%
Medicare Advantage Premium Increase - CY2023 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[1]	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Medicare Supplement Rate Increase[1]	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Annual Investment Return	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Results:						
Projected Year of Deficit Spending	2034	**Exceeds Projection Period**	**2031**	**2033**	**2035**	2034
Projected Year of Fiscal Insolvency	Exceeds Projection Period	Exceeds Projection Period	Exceeds Projection Period	Exceeds Projection Period	Exceeds Projection Period	Exceeds Projection Period

* Assumption would vary depending on the projection period due to the plan change impact.

Sensitivity Analysis

2022 Baseline Solvency Model Sensitivity to Assumption Changes

	Baseline Scenario	Increase Non-Medicare Rate Change: +1%	Decrease Non-Medicare Rate Change: -1%	Increase Medicare Supplement Rate Change: +1%	Decrease Medicare Supplement Rate Change: -1%	Low Investment Return: -1%	Very Low Investment Return: -2%
Changing Trends:							
Non-Medicare Medical/Rx Claims Trend	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Medicare Medical/Rx Claims Trend	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Annual Payroll Growth - Starting CY2024	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Medicare Advantage Premium Increase - CY2023 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[1]	8.00%	**9.00%**	**7.00%**	8.00%	8.00%	8.00%	8.00%
Medicare Supplement Rate Increase[1]	6.00%	6.00%	6.00%	**7.00%**	**5.00%**	6.00%	6.00%
Annual Investment Return	7.00%	7.00%	7.00%	7.00%	7.00%	**6.00%**	**5.00%**
Results:							
Projected Year of Deficit Spending	2034	**2035**	**2033**	**Exceeds Projection Period**	**2033**	2034	2034
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

* Assumption would vary depending on the projection period due to the plan change impact.

New Mexico Retiree Health Care Authority

Long-Term Cash Flow & Solvency Modeling

Methodology Report

July 14-15, 2022 / Nura Patani, PhD, ASA, MAAA / Vice President & Consulting Actuary, West Region Health Practice Leader

Segal

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July 14, 2022

New Mexico Retiree Health Care Authority
Board of Directors
6300 Jefferson St. NE
Albuquerque, NM 87109

Re: 2022 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, 2022 long-term solvency assumptions for Baseline Scenario
- Baseline Scenario long-term solvency illustration as of July 1, 2022
- Alternate long-term solvency illustrations as of July 1, 2022
- Sensitivity analysis to July 1, 2022 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, 2022 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 continue to impact the 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. 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, 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, 2022 were assumed to equal actual invested assets as of May 31, 2022.

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 FY2022 active payroll to be approximately $4.75 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 FY2022 active payroll to be approximately $4.75 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 2022 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 CY22 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, 2022. 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 2022. 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 per unit rate 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 2.0% 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 FY2023 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, 2022 Baseline Assumptions and the methodology described herein, as applied to claims and membership information through March 31, 2022, the Authority is projected to **remain solvent throughout the projection period**.

NEW MEXICO RETIREE HEALTH CARE AUTHORITY

Claims and Demographics Study

July 14-15, 2022

Segal

Contents

2021 Non-Medicare Medical Claims

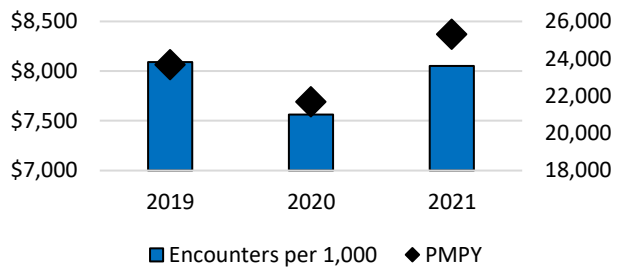
	Blue Cross Blue Shield of New Mexico Non-Medicare				Presbyterian Healthcare Services Non-Medicare			
Type of Service	2021 Encounters	% of 2021 Encounters	2021 Paid	% of 2021 Paid	2021 Encounters	% of 2021 Encounters	2021 Paid	% of 2021 Paid
Inpatient Hospital Facility	1,190	0.7%	$11,457,146	20.1%	1,245	1.0%	$11,583,098	23.9%
Outpatient Hospital Facility	11,118	6.3%	$7,102,447	12.5%	7,508	5.9%	$4,398,593	9.1%
Emergency Room Facility	784	0.4%	$583,318	1.0%	1,782	1.4%	$888,409	1.8%
Anesthesia	1,744	1.0%	$930,503	1.6%	1,206	0.9%	$783,953	1.6%
Surgery	17,056	9.7%	$6,806,371	12.0%	11,435	9.0%	$6,859,094	14.1%
Lab / Path	38,909	22.1%	$10,083,184	17.7%	29,083	22.8%	$8,707,394	18.0%
Evaluation and Management	36,686	20.9%	$3,014,388	5.3%	27,471	21.6%	$2,732,174	5.6%
Well Visits	3,041	1.7%	$447,178	0.8%	2,789	2.2%	$477,727	1.0%
Emergency Room Professional	2,006	1.1%	$1,576,123	2.8%	1,637	1.3%	$2,063,303	4.3%
Chiropractic	5,050	2.9%	$44,225	0.1%	2,433	1.9%	$23,987	0.0%
Medicine	35,133	20.0%	$2,825,046	5.0%	25,988	20.4%	$2,288,170	4.7%
Infusions and Injections	6,574	3.7%	$7,478,244	13.1%	4,105	3.2%	$5,357,728	11.0%
DME	5,016	2.9%	$1,932,331	3.4%	4,100	3.2%	$862,407	1.8%
Ambulance and Other	11,551	6.6%	$2,602,768	4.6%	6,512	5.1%	$1,466,144	3.0%
Total	**175,858**	**100.0%**	**$56,883,272**	**100.0%**	**127,294**	**100.0%**	**$48,492,181**	**100.0%**

- With less than 1% of encounters, Inpatient Hospital Facility charges continue to be the highest cost service for both BCBSNM and Presbyterian
- Surgery made up a higher percentage of Presbyterian claims (14.1%) than BCBSNM claims (12.0%)
  - Surgery has consistently comprised a higher percentage of Presbyterian claims than BCBSNM claims since 2008

2021 vs 2020 All Carriers Premier Plan Claims Experience

Type of Service	2021 Encounters per 1,000 Members	2020 Encounters per 1,000 Members	% Change	2021 Paid per Encounter	2020 Paid per Encounter	% Change	2021 Paid PMPY	2020 Paid PMPY	% Change
Inpatient Hospital Facility	196	208	-5.7%	$9,026	$8,990	0.4%	$1,770	$1,867	-5.2%
Outpatient Hospital Facility	1,490	1,274	16.9%	$625	$688	-9.1%	$932	$876	6.4%
Emergency Room Facility	177	169	4.8%	$569	$471	20.7%	$101	$80	25.9%
Anesthesia	231	174	33.0%	$581	$510	14.0%	$135	$89	51.2%
Surgery	2,241	1,912	17.2%	$468	$453	3.4%	$1,050	$866	21.2%
Lab / Path	5,221	4,620	13.0%	$283	$259	9.3%	$1,478	$1,195	23.7%
Evaluation and Management	4,957	4,354	13.9%	$90	$81	11.2%	$447	$352	26.9%
Well Visits	424	333	27.2%	$157	$147	6.9%	$67	$49	35.9%
Emergency Room Professional	274	254	7.8%	$975	$806	21.0%	$267	$205	30.2%
Chiropractic	616	587	4.9%	$9	$11	-14.9%	$6	$7	-17.7%
Medicine	4,809	4,443	8.2%	$85	$106	-19.9%	$408	$469	-13.0%
Infusions and Injections	841	822	2.3%	$1,348	$1,374	-1.9%	$1,134	$1,130	0.3%
DME	721	715	0.8%	$339	$260	30.2%	$244	$186	31.2%
Ambulance and Other	1,415	1,139	24.2%	$235	$283	-17.0%	$332	$323	2.9%
Total	**23,612**	**21,004**	**12.4%**	**$354**	**$366**	**-3.2%**	**$8,369**	**$7,692**	**8.8%**

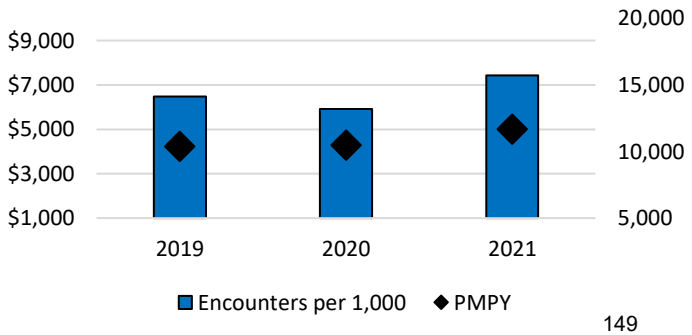
- Year over year results reflect a return to pre-2020 levels the impact of lower utilization in 2020 due to the impact of the COVID pandemic.
- Premier plan encounters PMPM increased 12.4% from 1.75 in 2020 to 1.97 in 2021
- Premier plan PMPY trend of 8.8% was unfavorable when compared to the 8.0% medical paid trend assumption for calendar year 2021
  - Average annual cost trend between 2019 and 2021 was +1.9%



2021 vs 2020 All Carriers Value Plan Claims Experience

Type of Service	2021 Encounters per 1,000 Members	2020 Encounters per 1,000 Members	% Change	2021 Paid per Encounter	2020 Paid per Encounter	% Change	2021 Paid PMPY	2020 Paid PMPY	% Change
Inpatient Hospital Facility	108	89	21.0%	$11,747	$13,024	-9.8%	$1,265	$1,165	8.6%
Outpatient Hospital Facility	854	715	19.4%	$577	$538	7.3%	$493	$385	28.0%
Emergency Room Facility	199	174	14.1%	$586	$444	32.0%	$116	$77	51.2%
Anesthesia	148	101	46.8%	$580	$521	11.4%	$86	$53	62.4%
Surgery	1,416	1,201	17.9%	$531	$444	19.6%	$752	$534	40.8%
Lab / Path	3,742	3,196	17.1%	$250	$239	4.5%	$934	$763	22.4%
Evaluation and Management	3,444	2,921	17.9%	$87	$75	16.6%	$301	$220	36.9%
Well Visits	390	295	32.3%	$163	$142	15.0%	$64	$42	51.7%
Emergency Room Professional	218	200	8.8%	$1,086	$814	33.4%	$236	$163	45.0%
Chiropractic	294	193	52.4%	$8	$3	155.4%	$2	$1	125.3%
Medicine	3,031	2,548	19.0%	$78	$78	0.1%	$237	$200	18.4%
Infusions and Injections	528	477	10.6%	$530	$872	-39.2%	$280	$416	-32.7%
DME	442	378	17.0%	$157	$147	6.6%	$69	$56	23.7%
Ambulance and Other	914	701	30.4%	$182	$306	-40.4%	$167	$214	-22.1%
Total	**15,727**	**13,191**	**19.2%**	**$318**	**$325**	**-2.1%**	**$5,002**	**$4,288**	**16.7%**

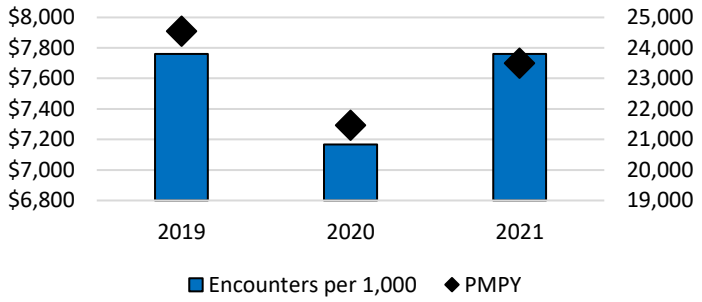
- Year over year results reflect a return to pre-2020 levels the impact of lower utilization in 2020 due to the impact of the COVID pandemic.
- Value plan encounters PMPM increased 19.1% from 1.10 in 2020 to 1.31 in 2021
- Value plan PMPY trend of 16.7% was unfavorable when compared to the 8.0% medical paid trend assumption for calendar year 2021
  - Average annual cost trend between 2019 and 2021 was +8.8%



2021 vs 2020 BCBSNM All Plans Claims Experience

Type of Service	2021 Encounters per 1,000 Members	2020 Encounters per 1,000 Members	% Change	2021 Paid per Encounter	2020 Paid per Encounter	% Change	2021 Paid PMPY	2020 Paid PMPY	% Change
Inpatient Hospital Facility	161	174	-7.4%	$9,628	$9,564	0.7%	$1,551	$1,665	-6.8%
Outpatient Hospital Facility	1,505	1,247	20.7%	$639	$693	-7.8%	$961	$865	11.2%
Emergency Room Facility	106	87	22.0%	$744	$642	15.9%	$79	$56	41.0%
Anesthesia	236	178	32.6%	$534	$429	24.4%	$126	$76	65.7%
Surgery	2,309	1,914	20.6%	$399	$409	-2.4%	$921	$782	17.8%
Lab / Path	5,267	4,594	14.7%	$259	$256	1.2%	$1,365	$1,176	16.1%
Evaluation and Management	4,966	4,361	13.9%	$82	$80	2.7%	$408	$350	16.6%
Well Visits	412	331	24.4%	$147	$148	-0.6%	$61	$49	23.5%
Emergency Room Professional	272	233	16.5%	$786	$730	7.6%	$213	$170	25.5%
Chiropractic	684	641	6.7%	$9	$11	-20.4%	$6	$7	-14.5%
Medicine	4,756	4,416	7.7%	$80	$112	-28.2%	$382	$494	-22.6%
Infusions and Injections	890	841	5.8%	$1,138	$1,285	-11.5%	$1,012	$1,081	-6.4%
DME	679	682	-0.4%	$385	$300	28.4%	$262	$205	27.6%
Ambulance and Other	1,564	1,136	37.6%	$225	$280	-19.5%	$352	$317	11.1%
Total	**23,806**	**20,834**	**14.3%**	**$323**	**$350**	**-7.6%**	**$7,700**	**$7,293**	**5.6%**

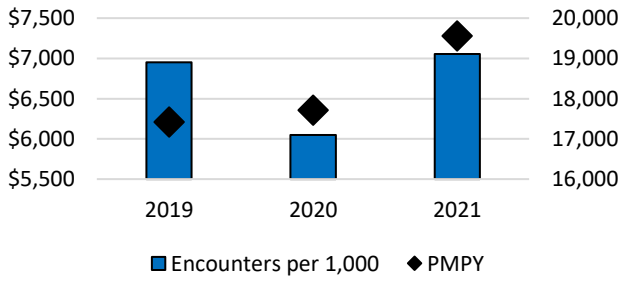
- Year over year results reflect a return to pre-2020 levels the impact of lower utilization in 2020 due to the impact of the COVID pandemic.
- BCBSNM encounters PMPM increased 14.0% from 1.74 in 2020 to 1.98 in 2021
- BCBSNM PMPY trend of 5.6% was more favorable than 8.0% medical paid trend assumption for calendar year 2021
  - Average annual cost trend between 2019 and 2021 was -1.3%



2021 vs 2020 Presbyterian All Plans Claims Experience

Type of Service	2021 Encounters per 1,000 Members	2020 Encounters per 1,000 Members	% Change	2021 Paid per Encounter	2020 Paid per Encounter	% Change	2021 Paid PMPY	2020 Paid PMPY	% Change
Inpatient Hospital Facility	187	183	2.1%	$9,304	$9,410	-1.1%	$1,739	$1,725	0.8%
Outpatient Hospital Facility	1,127	1,011	11.5%	$586	$624	-6.1%	$660	$631	4.7%
Emergency Room Facility	268	264	1.3%	$499	$398	25.3%	$133	$105	27.0%
Anesthesia	181	131	38.2%	$650	$639	1.7%	$118	$84	40.1%
Surgery	1,717	1,538	11.6%	$600	$511	17.4%	$1,030	$785	31.2%
Lab / Path	4,366	3,903	11.9%	$299	$254	17.9%	$1,307	$990	32.0%
Evaluation and Management	4,124	3,594	14.8%	$99	$79	25.9%	$410	$285	43.9%
Well Visits	419	315	32.9%	$171	$144	19.0%	$72	$45	59.4%
Emergency Room Professional	246	249	-1.3%	$1,260	$890	41.6%	$310	$222	39.5%
Chiropractic	365	319	14.5%	$10	$10	-1.4%	$4	$3	20.0%
Medicine	3,902	3,481	12.1%	$88	$86	2.4%	$344	$300	14.5%
Infusions and Injections	616	621	-0.8%	$1,305	$1,307	-0.1%	$804	$811	-0.8%
DME	616	575	7.0%	$210	$168	25.2%	$129	$97	33.5%
Ambulance and Other	978	913	7.1%	$225	$297	-24.2%	$220	$272	-19.1%
Total	**19,110**	**17,097**	**11.8%**	**$381**	**$372**	**2.4%**	**$7,280**	**$6,355**	**14.6%**

- Year over year results reflect a return to pre-2020 levels the impact of lower utilization in 2020 due to the impact of the COVID pandemic.
- Presbyterian encounters PMPM increased 12.1% from 1.42 in 2020 to 1.59 in 2021
- Presbyterian plan PMPY trend of 14.6% was unfavorable when compared to the 8.0% medical paid trend assumption for calendar year 2021
  - Average annual cost trend between 2019 and 2021 was +8.3%

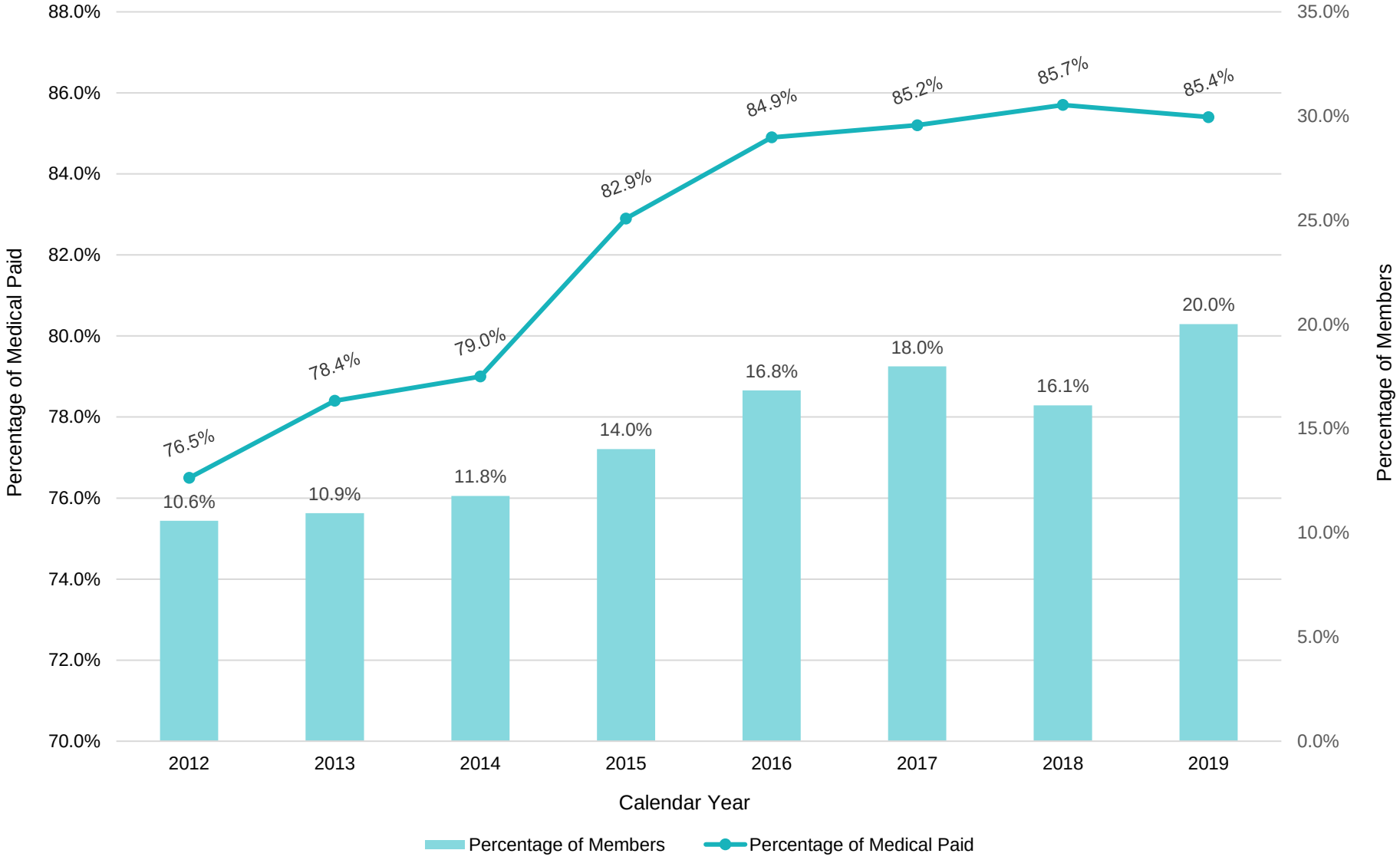


2021 Claims Distribution – Non-Medicare Medical only

Annual Claims	2021 % of Members	2021 Cumulative % of Members	2020 % of Members	2020 Cumulative % of Members	2021 Medical Paid	% of 2021 Medical Paid	Cumulative % of 2021 Medical Paid	2020 Medical Paid	% of 2020 Medical Paid	Cumulative % of 2020 Medical Paid
$0	10.2%	10.2%	15.6%	15.6%	$0	0.0%	0.0%	$0	0.0%	0.0%
$1-$100	2.0%	12.2%	2.0%	17.6%	$14,505	0.0%	0.0%	$13,665	0.0%	0.0%
$100-$300	6.1%	18.3%	7.6%	25.3%	$126,090	0.1%	0.1%	$166,457	0.2%	0.2%
$301-$800	12.3%	30.5%	13.1%	38.3%	$655,556	0.6%	0.8%	$736,374	0.7%	0.9%
$801-$5,000	37.2%	67.8%	35.5%	73.8%	$7,445,467	7.1%	7.8%	$7,202,088	7.3%	8.2%
$5,001-$10,000	12.2%	80.0%	10.1%	83.9%	$7,162,127	6.8%	14.6%	$6,061,062	6.1%	14.3%
$10,001-$15,000	5.6%	85.5%	4.3%	88.2%	$5,483,001	5.2%	19.8%	$4,369,180	4.4%	18.7%
$15,001-$20,000	3.2%	88.7%	2.3%	90.5%	$4,411,095	4.2%	24.0%	$3,421,799	3.4%	22.1%
$20,001+	11.3%	100.0%	9.5%	100.0%	$80,289,204	76.0%	100.0%	$77,341,432	77.9%	100.0%
Medical Total	**100.0%**		**100.0%**		**$105,587,045**	**100.0%**		**$99,312,057**	**100.0%**	

- In 2021, 85.4% of non-Medicare Medical claims were incurred by the 20.0% of members with annual claims in excess of $10,000
  - Claims in excess of $10,000 have historically increased as a percentage of Medical Paid, from 85.7% in 2020
  - The number of members with claims in excess of $10,000 have increased over time as well; from 11% in 2012 to 20% in 2021.
- The number of non-utilizers has decreased from 15.6% in 2020 to 10.2% in 2021; this is likely an impact of COVID and the delays in care in 2020.

Claims in Excess of $10,000 Historical Trends



Segal

CY2021 Facility Benchmarks

Measure	CY2021 NMRHCA Result	CY2021 Benchmark Result*	Ratio of NMRHCA to Benchmark
Inpatient admissions per 1,000 members	72.04	68.21	1.06
Inpatient days per 1,000 members	327.78	335.97	0.98
Outpatient hospital encounters per 1,000 members	2,097.46	2,019.09	1.04
Emergency room encounters per 1,000 members	222.02	218.58	1.02

- Combines Non-Medicare and Medicare experience
- Inpatient admissions per 1,000 have increased from 64.78 per 1,000 in 2020 and relative to the benchmark (1.01 in 2020)
  - This is likely resulting from COVID during the 2020 plan year; 2021's NMRHCA result approaching CY2019's result of 86.31, pre-COVID
- Benchmark includes 5,023,000 active (22%) and retired (78%) public sector participants

* Benchmark result has been adjusted based upon age and gender

CY2021 Professional Benchmarks

Measure*	CY2021 NMRHCA Result	CY2021 Benchmark Result**	CY2021 Ratio of NMRHCA to Benchmark
Evaluation and Management	3.600	3.722	0.967
Well Visits	0.068	0.062	1.096
Anesthesia	0.164	0.164	1.001
Surgeries	0.771	0.800	0.963
Radiology	1.082	1.274	0.849
Pathology	1.440	1.555	0.926
Medicine	2.914	3.012	0.967
Injectables	0.287	0.320	0.898
Total	**10.324**	**10.908**	**0.947**

- Combines Non-Medicare and Medicare experience
- Reduction in Professional encounters per member per year reflect a shift from Professional to Outpatient Hospital in 2021 relative to 2020
- Benchmark includes 5,023,000 active (22%) and retired (78%) public sector participants
- Ratio calculations use unrounded values

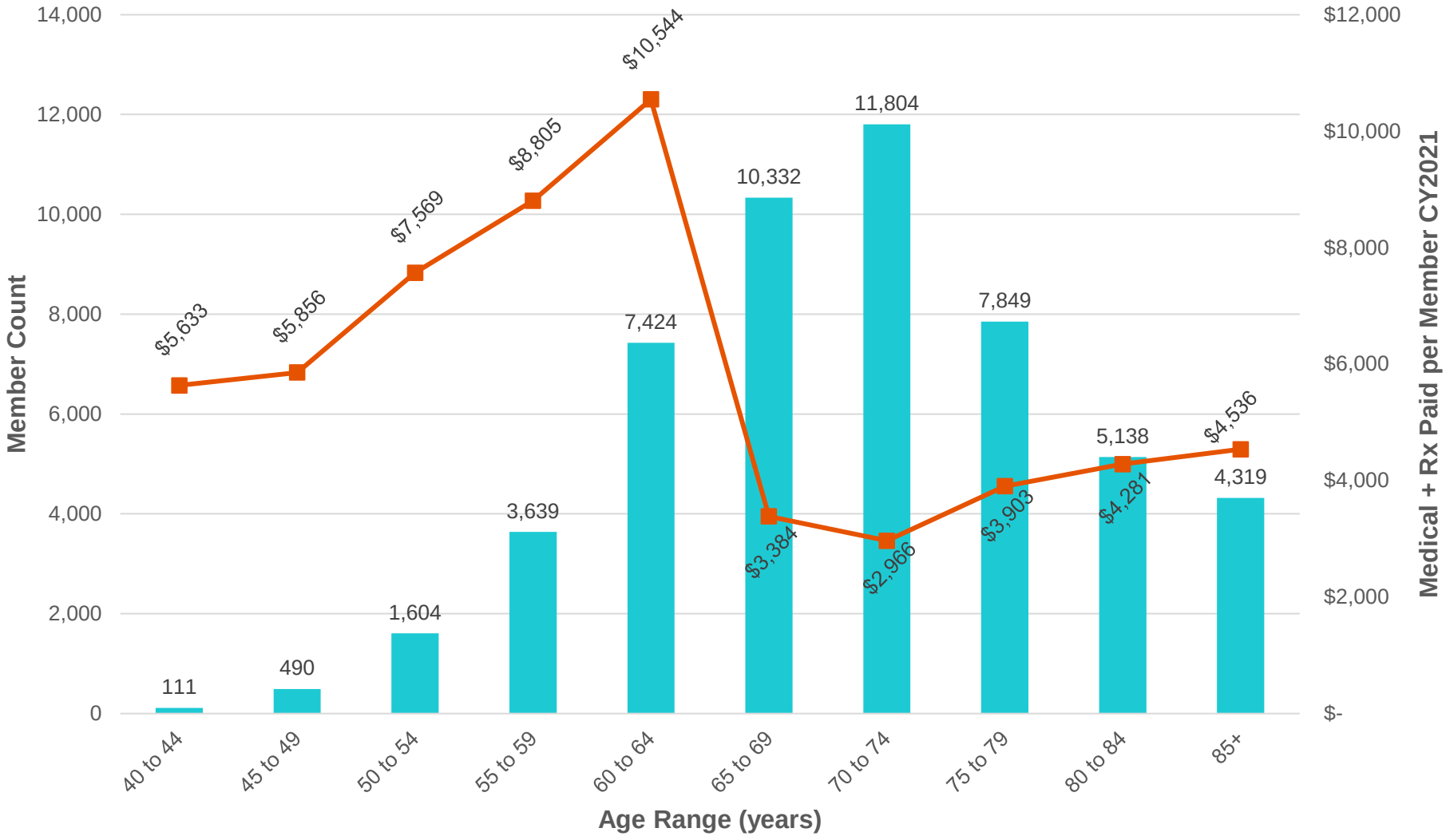
* Measures are on an encounters per member per year basis
** Benchmark result has been adjusted based upon age and gender

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+ & CY2021 Claims Paid per Member



2021 Non-Medicare Members by Age and Carrier

	Age Group[1]	2021 Members	% of 2021 Members	2020 Members	% of 2020 Members	Difference
BCBSNM	40 to 44	45	1%	53	1%	-0.1%
Non-Medicare	45 to 49	199	3%	177	3%	0.3%
	50 to 54	696	11%	660	10%	0.4%
	55 to 59	1,728	27%	1,699	27%	0.1%
	60 to 64	3,766	59%	3,754	59%	-0.7%
BCBSNM Average Age		**6,434**	**55.1 years**	**6,343**	**55.4 years**	**-0.3 years**
Presbyterian	40 to 44	52	1%	41	1%	0.2%
Non-Medicare	45 to 49	261	4%	227	4%	0.5%
	50 to 54	827	14%	767	13%	0.9%
	55 to 59	1,675	29%	1,658	29%	-0.1%
	60 to 64	3,023	52%	3,068	53%	-1.5%
Presbyterian Average Age		**5,838**	**55.1 years**	**5,761**	**55.6 years**	**-0.5 years**
Total	40 to 44	97	1%	94	1%	0.0%
Non-Medicare	45 to 49	460	4%	404	3%	0.4%
	50 to 54	1,523	12%	1,427	12%	0.6%
	55 to 59	3,403	28%	3,357	28%	0.0%
	60 to 64	6,789	55%	6,822	56%	-1.0%
Non-Medicare Average Age		**12,272**	**55.1 years**	**12,104**	**55.5 years**	**-0.4 years**

[1] Age is calculated as of December 31, 2021

- Excludes members under age 40, over age 64, and those for whom age is not available
- In 2021, 52% of Non-Medicare members enrolled in BCBSNM (2020=52% 2019=53%)
- Decimal places beyond 0.1 years are not displayed in Average Age figures, but are incorporated in the difference calculation

2021 Medicare Members by Age and Carrier

	Age Group	2021 Members	% of 2021 Members	2020 Members	% of 2020 Members	Difference
BCBSNM	less than 65	447	2%	449	2%	0.0%
Medicare	65 to 69	4,016	18%	4,031	18%	0.0%
Supplement	70 to 74	5,950	27%	5,999	27%	-0.1%
	75 to 79	4,674	21%	4,736	21%	-0.2%
	80 to 84	3,526	16%	3,487	16%	0.2%
	85+	3,374	15%	3,377	15%	0.1%
Average Age		21,987	76.1 years	22,079	76.1 years	0.0 years
BCBSNM	less than 65	90	2%	81	2%	0.2%
Medicare	65 to 69	645	17%	598	16%	0.9%
Advantage	70 to 74	1,014	27%	1,027	28%	-0.9%
	75 to 79	916	24%	893	24%	0.1%
	80 to 84	605	16%	607	16%	-0.4%
	85+	489	13%	478	13%	0.0%
Average Age		3,759	75.8 years	3,684	76.0 years	-0.1 years
Presbyterian	less than 65	294	3%	265	3%	0.3%
Medicare	65 to 69	3,153	36%	3,121	37%	-0.5%
Advantage	70 to 74	2,880	33%	2,816	33%	-0.1%
	75 to 79	1,443	17%	1,402	17%	0.1%
	80 to 84	628	7%	598	7%	0.2%
	85+	258	3%	245	3%	0.1%
Average Age		8,656	71.7 years	8,447	71.7 years	0.0 years
United Healthcare	less than 65	132	3%	120	3%	-0.1%
Medicare	65 to 69	1,651	36%	1,350	33%	3.0%
Advantage	70 to 74	1,684	36%	1,569	38%	-1.6%
	75 to 79	697	15%	661	16%	-0.9%
	80 to 84	313	7%	291	7%	-0.3%
	85+	153	3%	141	3%	-0.1%
Average Age		4,630	71.6 years	4,132	71.9 years	-0.3 years
Humana	less than 65	45	3%	37	3%	0.4%
Medicare	65 to 69	839	64%	824	68%	-4.3%
Advantage	70 to 74	243	19%	197	16%	2.2%
	75 to 79	104	8%	79	7%	1.4%
	80 to 84	53	4%	46	4%	0.2%
	85+	27	2%	24	2%	0.1%
Average Age		1,311	69.3 years	1,207	68.9 years	0.3 years
Medicare	less than 65	1,008	2%	952	2%	0.1%
Total	65 to 69	10,304	26%	9,924	25%	0.4%
	70 to 74	11,771	29%	11,608	29%	-0.2%
	75 to 79	7,834	19%	7,771	20%	-0.2%
	80 to 84	5,125	13%	5,029	13%	0.0%
	85+	4,301	11%	4,265	11%	-0.1%
Medicare Average Age		40,343	74.4 years	39,549	74.5 years	-0.1 years

- The enrollment is the Humana Medicare Advantage plan is more heavily skewed towards the 65-69 age band with 64% of enrollees resulting in a younger population relative to other carriers.
- In contrast, both Presbyterian Medicare Advantage and United Health Care each have about 60% of their enrollment in the 70+ range. BCBSNM plans have the highest average age around 76 with 80% of members over age 70.
- Decimal places beyond 0.1 years are not displayed, but are incorporated in the difference calculation
- Age is calculated as of December 31, 2021

2021 Medicare Members by Age and Carrier

	BCBSNM Medicare Supplement	BCBSNM Medicare Advantage	Presbyterian Medicare Advantage	United Health Care Medicare Advantage	Humana Medicare Advantage	Total
less than 65	1.1%	0.2%	0.7%	0.3%	0.1%	2.5%
65 to 69	10.0%	1.6%	7.8%	4.1%	2.1%	25.5%
70 to 74	14.7%	2.5%	7.1%	4.2%	0.6%	29.2%
75 to 79	11.6%	2.3%	3.6%	1.7%	0.3%	19.4%
80 to 84	8.7%	1.5%	1.6%	0.8%	0.1%	12.7%
85+	8.4%	1.2%	0.6%	0.4%	0.1%	10.7%
Total	**54.5%**	**9.3%**	**21.5%**	**11.5%**	**3.2%**	**100.0%**

- Over half of the total members (54.5%) are enrolled in the BCBSNM Medical Supplement plan

2021 Non-Medicare Health Status Risk Index by Carrier

Carrier	Plan	2020 Risk Index	2021 Risk Index	% Change
BCBSNM	Premier	0.93	0.95	2.4%
	Value	0.62	0.64	3.1%
Presbyterian	Premier	0.90	0.93	3.6%
	Value	0.66	0.70	5.7%
Total Non-Medicare	Premier	0.92	0.95	2.7%
	Value	0.65	0.68	5.1%

Based on 2021 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 39.7% more than Value participants based on Health Risk Index
- BCBSNM participants are anticipated to cost 9.5% more than Presbyterian based on Health Status Risk Index
  - In 2020, BCBSNM participants were anticipated to cost 11.6% more than Presbyterian participants on based solely on their Health Status Risk Index

2021 Continuing Non-Medicare Members' Health Status Risk Index by Plan

2020 Plan	2021 Plan	Members	% of Continuing Non-Medicare Membership	2021 Risk Index
Premier	Premier	8,696	74.9%	0.95
Value	Premier	129	1.1%	0.90
Premier	Value	99	0.9%	0.57
Value	Value	2,680	23.1%	0.69
		11,604	**100.0%**	**0.88**

- Member count excludes members for whom either a 2020 or 2021 plan code was not available, due to new enrollment or disenrollment from NMRHCA pre-Medicare plans
- The overall Risk Index increased from 0.86 in 2020 to 0.88 in 2021.

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HEALTH CARE
AUTHORITY

July 2022

Annual Meeting

2023 Plan Recommendations

Summary of Proposed Actions

- Self-Insured Plan Rate Increases
  - Pre-Medicare (Premier and Value Plans)
  - Medicare Supplement
- Self-Insured Plan Designs
  - Pre-Medicare
    - Increase Emergency Room Copays – Premier $125 to $250 and Value $175 to $350
    - Increase Urgent Care Facility Copay – Premier $35 to $45 and Value $40 to $55
    - Increase BCBS Tier 1 Annual Out of Pocket Limit - $3,000 to $3,750
  - Medicare
    - Add $250 Copay for Inpatient Stay (1 per year)
    - Add $100 Copay for Outpatient Surgery
    - Increase Annual Part B Deductible by $50
    - Set Annual Out of Pocket Limit for Plan $500
- Continue Pilot Program
  - Hinge Health – BCBS Pre-Medicare Premier and Value Plan
- Medicare Advantage Positive Enrollment
  - Defaulting members from Presbyterian's MAPD to UnitedHealthcare's MAPD
- Additional Considerations
  - Laws 2021, Chapter 136 (Senate Bill 317) No Behavioral Health Cost Sharing
  - 2023 Medicare Advantage Rates – Zero dollar increase or reduction of known plans
  - Pharmacy Benefit Manager Contract Savings

Summary of Plan Changes 2015 - 2022

		2015	2016	2017	2018	2019	2020	2021	2022	2023
	Rate Changes									
	Pre-Medicare									
1	Premier Plus (% Change)	8%	8%	Eliminated						
2	Premier Plus Rate	$ 293.79	$ 326.36	NA						
3	Premier (% Change)	8%	8%	29%	8%	8%	7%	5%	6%	TBD
4	Premier Rate	$ 157.20	$ 174.63	$ 223.56	$ 241.44	$ 260.76	$ 279.01	$ 292.96	310.54	TBD
5	Value (% Change)			Created	8%	8%	7%	5%	6%	TBD
6	Value Rate			$ 174.63	$ 188.60	$ 203.69	$ 217.95	$ 227.00	242.58	TBD
	Medicare									
7	Supplement (% Change)	5%	6%	6%	6%	6%	5%	2%	4%	TBD
8	Supplement Rate	$ 167.88	$ 177.96	$ 188.64	$ 199.96	$ 211.96	$ 222.55	$ 227.00	236.08	TBD
9	Advantage Rates	$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	$0 - 62.15	TBD
	Subsidy Levels									
	Pre-Medicare									
10	Retiree	65%	64%	64%	64%	64%	64%	64%	64%	64%
11	Spouse/Domestic Partner	38%	36%	36%	36%	36%	36%	36%	36%	36%
12	Dependent Child	25%	12.5%	0%	0%	0%	0%	0%	0%	0%
	Medicare									
13	Retiree	50%	50%	50%	50%	50%	50%	50%	50%	50%
14	Spouse/Domestic Partners	25%	25%	25%	25%	25%	25%	25%	25%	25%
15	Dependent Child	25.0%	12.5%	0.0%	0%	0%	0%	0%	0%	0%
	Rules									
16	Minimum Age (Non-Enhanced)							55	55	55
17	Years of Service (Max Subsidy)	20	20	20	20	20	20	25	25	25
18	Implement/Enforce Open Enrollment			X	X	X	X	X	X	X
	Plan Changes/Elimintation									
19	Basic Life Conversion	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	X	
22	Elimininations of OTC Prescriptions			X	X	X	X	X	X	
23	Increase Prescription Drug Copays					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							

2023 Proposed Monthly Plan Rates – Baseline Scenario

Beyond Projection Period/ Deficit Spend 2033 (FY34)

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

Projected Fund Balance - $18.8 billion 6/30/54 (FY54)

Baseline Scenario - 8%	2022	2023	Monthly	Annual
BCBS/Presbyterian Premier			Difference	Difference
Retiree	$ 310.54	$ 335.38	$ 24.84	$ 298.12
Spouse/Domestic Partner	$ 589.41	$ 636.56	$ 47.15	$ 565.83
Child	$ 301.43	$ 325.54	$ 24.11	$ 289.37
BCBS/Presbyterian Value				
Retiree	$ 242.58	$ 261.99	$ 19.41	$ 232.88
Spouse/Domestic Partner	$ 460.39	$ 497.22	$ 36.83	$ 441.97
Child	$ 235.06	$ 253.86	$ 18.80	$ 225.66

Baseline Scenario - 6%	2022	2023	Monthly	Annual
			Difference	Difference
Medicare Supplement				
Retiree	$236.08	$250.24	$14.16	$169.98
Spouse/Domestic Partner	$354.12	$375.37	$21.25	$254.97
Dependent Child	$472.16	$500.49	$28.33	$339.96

2022 Proposed Monthly Plan Rates – Scenario A

Beyond Projection Period / Deficit Spend 2032 (FY33)

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

Projected Fund Balance - $16.9 billion 6/30/54 (FY54)

Scenario A - 0%	2022	2023	Monthly	Annual
BCBS/Presbyterian Premier			Difference	Difference
Retiree	$ 310.54	$ 310.54	$ -	$ -
Spouse/Domestic Partner	$ 589.41	$ 589.41	$ -	$ -
Child	$ 301.43	$ 301.43	$ -	$ -
BCBS/Presbyterian Value				
Retiree	$ 242.58	$ 242.58	$ -	$ -
Spouse/Domestic Partner	$ 460.39	$ 460.39	$ -	$ -
Child	$ 235.06	$ 235.06	$ -	$ -

Scenario A - 0%	2022	2023	Monthly	Annual
			Difference	Difference
Medicare Supplement				
Retiree	$236.08	$236.08	$0.00	$0.00
Spouse/Domestic Partner	$354.12	$354.12	$0.00	$0.00
Dependent Child	$472.16	$472.16	$0.00	$0.00

2023 Proposed Monthly Plan Rates – Scenario B
Beyond Projection Period / Deficit Spend 2033 (FY34)

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

Pre-Medicare - Increase Copay ER $250, $350/Urgent Care $45, $55/

BCBS Tier 1 OOP $3,750

Projected Fund Balance - $18.3 billion 6/30/54 (FY54)

Scenario B - 6%	2022	2023	Monthly	Annual
BCBS/Presbyterian Premier			Difference	Difference
Retiree	$ 310.54	$ 329.17	$ 18.63	$ 223.59
Spouse/Domestic Partner	$ 589.41	$ 624.77	$ 35.36	$ 424.38
Child	$ 301.43	$ 319.52	$ 18.09	$ 217.03
BCBS/Presbyterian Value				
Retiree	$ 242.58	$ 257.13	$ 14.55	$ 174.66
Spouse/Domestic Partner	$ 460.39	$ 488.01	$ 27.62	$ 331.48
Child	$ 235.06	$ 249.16	$ 14.10	$ 169.24

Scenario B - 4%	2022	2023	Monthly	Annual
			Difference	Difference
Medicare Supplement				
Retiree	$236.08	$245.52	$9.44	$113.32
Spouse/Domestic Partner	$354.12	$368.28	$14.16	$169.98
Dependent Child	$472.16	$491.05	$18.89	$226.64

2023 Proposed Monthly Plan Rates – Scenario C
Beyond Projection Period / Deficit Spend 2033 (FY34)

Pre-Medicare Plans – 5% / Medicare Supplement – 3%

Pre-Medicare - Increase Copay ER $250, $350/Urgent Care $45, $55/

BCBS Tier 1 OOP $3,750

Projected Fund Balance - $18 billion 6/30/54 (FY54)

Scenario C - 5%	2022	2023	Monthly	Annual
BCBS/Presbyterian Premier			Difference	Difference
Retiree	$ 310.54	$ 326.07	$ 15.53	$ 186.32
Spouse/Domestic Partner	$ 589.41	$ 618.88	$ 29.47	$ 353.65
Child	$ 301.43	$ 316.50	$ 15.07	$ 180.86
BCBS/Presbyterian Value				
Retiree	$ 242.58	$ 254.71	$ 12.13	$ 145.55
Spouse/Domestic Partner	$ 460.39	$ 483.41	$ 23.02	$ 276.23
Child	$ 235.06	$ 246.81	$ 11.75	$ 141.04

Scenario C - 3%	2022	2023	Monthly	Annual
			Difference	Difference
Medicare Supplement				
Retiree	$236.08	$243.16	$7.08	$84.99
Spouse/Domestic Partner	$354.12	$364.74	$10.62	$127.48
Dependent Child	$472.16	$486.32	$14.16	$169.98

2023 Proposed Monthly Plan Rates – Scenario D
Beyond Projection Period / Deficit Spend 2032 (FY33)

Pre-Medicare Plans – 4% / Medicare Supplement – 2%

Pre-Medicare - Increase Copay ER $250, $350/Urgent Care $45, $55/

BCBS Tier 1 OOP $3,750

Projected Fund Balance - $17.7 billion 6/30/54 (FY54)

Scenario D - 3%	2022	2023	Monthly	Annual
BCBS/Presbyterian Premier			Difference	Difference
Retiree	$ 310.54	$ 319.86	$ 9.32	$ 111.79
Spouse/Domestic Partner	$ 589.41	$ 607.09	$ 17.68	$ 212.19
Child	$ 301.43	$ 310.47	$ 9.04	$ 108.51
BCBS/Presbyterian Value				
Retiree	$ 242.58	$ 249.86	$ 7.28	$ 87.33
Spouse/Domestic Partner	$ 460.39	$ 474.20	$ 13.81	$ 165.74
Child	$ 235.06	$ 242.11	$ 7.05	$ 84.62

Scenario D - 2%	2022	2023	Monthly	Annual
			Difference	Difference
Medicare Supplement				
Retiree	$236.08	$240.80	$4.72	$56.66
Spouse/Domestic Partner	$354.12	$361.20	$7.08	$84.99
Dependent Child	$472.16	$481.60	$9.44	$113.32

Summary of Proposals

	Baseline	Scenario A	Scenario B
Pre-Medicare Rate Increase	8%	0%	6%
Medicare Supplement Plan Rate Increase	6%	0%	4%
Deficit Spending Period (FY)	2034	2033	2034
Solveny Period	Beyond Projection Period	Beyond Projection Period	Beyond Projection Period
Projected Fund Balance 7/1/53	$ 18,762,906,762.00	$ 16,948,014,827.00	$ 18,279,259,517.00

		Scenario C	Scenario D
Pre-Medicare Rate Increase		5%	4%
Medicare Supplement Plan Rate Increase		3%	2%
Deficit Spending Period (FY)		2034	2033
Solveny Period		Beyond Projection Period	Beyond Projection Period
Projected Fund Balance 7/1/53		$ 18,013,274,257.00	$ 17,747,288,998.00

- 2021 Medical Trend Comparison:
- Approved Increase 6 & 4%
  - Deficit Spending Start FY28
  - Beyond Projection Period
  - Projected Fund Balance 7/1/52 - $10,267,766,578

Staff Recommendations

- Scenario D:
  - Premium Increases
    - 4% Increase on Premier and Value Plans
    - 2% Increase on Medicare Supplement Plan
  - Pre-Medicare Plan Design Change
    - Increase Emergency Room Copays – Premier $125 to $250 and Value $175 to $350
    - Increase Urgent Care Copays – Premier $35 to $45 and Value $40 to $55
    - Increase BCBS Tier 1 Out-of-Pocket Max – Premier $3,000 to $3,750
- Continue Pilot Program
  - Hinge Health – BCBS Pre-Medicare Premier and Value Plan

Participation by Plan

Enrollment Counts
July 1, 2022

Description	Retiree	Spouse	Dependent	Grand Total	%	Pre/Medicare
BCBS Premier	4,361	1,263	633	6,257	11.6%	46.8%
Presbyterian Premier	2,792	553	314	3,659	6.8%	27.4%
BCBS Value Plan	514	198	107	819	1.5%	6.1%
Presbyterian Value Plan	1,742	562	331	2,635	4.9%	19.7%
BCBS Medicare Supplemental Plan	17,268	3,991	9	21,268	39.3%	52.3%
BCBS Medicare Advantage I	2,014	669	4	2,687	5.0%	6.6%
BCBS Medicare Advantage II	846	246	3	1,095	2.0%	2.7%
Humana Medicare Advantage I	510	175		685	1.3%	1.7%
Humana Medicare Advantage II	554	186		740	1.4%	1.8%
Presbyterian Medicare Advantage I	5,775	1,606	4	7,385	13.7%	18.1%
Presbyterian Medicare Advantage II	1,215	344	2	1,561	2.9%	3.8%
United Healthcare Medicare Advantage I	2,205	691	1	2,897	5.4%	7.1%
United Healthcare Medicare Advantage II	1,765	611	4	2,380	4.4%	5.8%
Grand Total	41,561	11,095	1,412	54,068	100.0%	
Voluntary	6,912	5,381	1,356	13,649		
Total Enrollment	48,473	16,476	2,768	67,717		
Non-Medicare				13,370	24.7%	
Medicare				40,698	75.3%	

Participation by Plan (2012 – 2022)

Description	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
BCBS Premier Plus	5,128	4,523	3,964	3,388	2,859						
BCBS Premier	5,515	5,918	6,404	6,636	6,743	8,202	7,569	7,171	6,784	6,608	6,257
BCBS Value Plan							741	857	831	889	819
NM Health Connections						424					
Presbyterian Premier Plus	2,768	2,433	2,085	1,739	1,461						
Presbyterian Premier	4,209	4,929	5,617	5,915	6,302	5,681	4,950	4,466	4,119	3,976	3,659
Presbyterian Value Plan						1,977	2,587	2,739	2,730	2,797	2,635
BCBS Medicare Supplemental Plan	21,844	22,543	22,499	22,920	23,236	23,383	23,368	23,094	22,724	22,075	21,268
Lovelace Senior Plan I	2,970	2,921	2,895								
Lovelace Senior Plan II	1,780	1,948	1,725								
BCBS MA I				2,785	2,615	2,597	2,507	2,494	2,496	2,620	2,687
BCBS MA II				1,561	1,487	1,457	1,379	1,331	1,263	1,153	1,095
Humana Plan I						65	214	401	556	649	685
Humana Plan II						145	261	413	533	664	740
Presbyterian Plan I	1,589	2,153	3,067	3,693	4,269	4,841	5,430	6,188	6,625	7,069	7,385
Presbyterian Plan II	895	1,052	1,246	1,378	1,515	1,666	1,706	1,678	1,693	1,594	1,561
UnitedHealthcare Plan I			648	1,136	1,384	1,496	1,682	1,810	1,937	2,379	2,897
UnitedHealthcare Plan II			364	672	1,186	1,464	1,775	1,963	2,123	2,263	2,380
Grand Total	**46,698**	**48,420**	**50,514**	**51,823**	**53,057**	**53,398**	**54,169**	**54,605**	**54,414**	**54,736**	**54,068**
Voluntary	4,382	5,069	5,617	6,213	6,887	7,555	8,167	8,862	9,481	9,833	13,649
Total Enrollment	**51,080**	**53,489**	**56,131**	**58,036**	**59,944**	**60,953**	**62,336**	**63,467**	**63,895**	**64,569**	**67,717**
Non	**17,620**	**17,803**	**18,070**	**17,678**	**17,365**	**16,284**	**15,847**	**15,233**	**14,646**	**14,270**	**13,370**
Medicare	**29,078**	**30,617**	**3,244**	**34,145**	**35,692**	**37,114**	**38,322**	**39,372**	**39,950**	**40,466**	**40,698**

Supplemental Information

	Retirees & Beneficiaries	Average Annual Pension	Average Monthly Pension
State General	16,629	$ 31,896	$ 2,658
State Police	1,244	$ 37,284	$ 3,107
Municipal General	11,782	$ 29,700	$ 2,475
Muncipal Police	3,135	$ 45,060	$ 3,755
Municipal Fire	1,680	$ 47,688	$ 3,974
Judicial	143	$ 71,232	$ 5,936
Magistrate	74	$ 41,856	$ 3,488
ERB	52,790	$ 23,772	$ 1,981

Pension amounts shown: PERA/ERB 2021 ACFRs

New Mexico Retiree Health Care Authority

Baseline Scenario Assumptions for Long-Term Solvency Projections

Assumption	Prior Assumption July 2018	Prior Assumption July 2019	Prior Assumption July 2020	Prior Assumption July 2021	Current Assumption July 2022
Asset 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	Use May 31, 2022 fund balance of $1,122,750,027 as an estimate for 7/1/2022 fund balance
Investment Return	7.25%	No Change	No Change	No Change – Baseline / 7.00% - adopted	7.00%
Annual Growth in Payroll	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	FY2022 payroll estimated to be $4,745,115,641, increasing 8.92% through FY2023 and 2.75% thereafter
Contribution Rates (Employer/Employee)					
Public Safety, et al	2.50%/1.25%	No Change	No Change	No Change	No Change
Other Occupations	2.00%/1.00%	No Change	No Change	No Change	No Change
Annual Growth in Retirees					
Non-Medicare	based on FY2014 open valuation output table	No Change	No Change	No Change	No Change
Medicare	based on FY2014 open valuation output table	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
Pension Tax Revenue	$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	$41,314,672 for FY2022, increasing 12% thereafter
HB 728/573 Revenue	Eliminated effective 1/1/2017	No Change	No Change	No Change	No Change
Rx Rebates	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.	FY2023 Rebates of $44,176,082 based on the IBAC PBM RFP - BAFO from ESI as a percent of projected claims; increased at retiree growth rate thereafter.
EGWP Revenue Components:					
Direct Subsidy	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	CY2022 and CY2023 projected by ESI; thereafter increases annually at retiree growth rate, plus one half of Medicare Rx trend, with subsidy in each year after CY2023 bounded below by $0
Federal Reinsurance	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	CY2022 and CY2023 projected by ESI; CY2024+ annual increase at only retiree growth rate
Low Income Subsidy	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	0.0% annual increase to CY2022 estimate of $2.72 PMPM
Coverage Gap Discount Program	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	CY2022 and CY2023 projected by ESI; CY2024+ 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
Subrogation	$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	$504,767 estimated for FY2022, increased at retiree growth rate
Annual Trend					
Medicare Advantage	8.00%	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, MA increases based on actual rates provided by NMRHCA staff; all other years MA plans increase at 7% thereafter	CY2022 increases based on actual rates as provided by NMRHCA staff; CY2023, MA increases based on actual rates provided by NMRHCA staff; all other years MA plans increase at 7% thereafter
Medicare Supplement	8.00%	9% for CY2020; 8% thereafter	8.00%	8.00%	8.00%
Medicare Rx	8.00%	10% for CY2020; 8% thereafter	8.00%	8.00%	8.00%
Non-Medicare Medical	8.00%	9% for CY2020; 8% thereafter	8.00%	8.00%	8.00%
Mental Health	Included in Medical Trend	No Change	No Change	No Change	No Change
Non-Medicare Rx	8.00%	10% for CY2020; 8% thereafter	8.00%	8.00%	8.00%
Medical Rates	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	Annual Non-Medicare rate increases of 8% in 2023-2024 and net 8% with plan changes, 6% Medicare Supplement rate increase in 2022, 6% in 2023-2035 and net 6% with plan changes thereafter

New Mexico Retiree Health Care Authority

Baseline Scenario Assumptions for Long-Term Solvency Projections

Assumption	Prior Assumption July 2018	Prior Assumption July 2019	Prior Assumption July 2020	Prior Assumption July 2021	Current Assumption July 2022
Life Insurance	Assumes level total premium on Basic Life through CY17 decreasing 25% per year through CY21	Reflects impact of 2019 RFP	No Change	No Change	No Change
Dental	6.00%	No Change	No Change	No Change	No Change
Vision	5.00%	No Change	No Change	No Change	No Change
Program Support	$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	$3,412,800 budgeted for FY2022, increasing 2.5% annually thereafter
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
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 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	Includes impact of elimination of cost-sharing for Behavioral Health services under SB 317. Annual plan changes in CY2036 and beyond such that projected claims and expenses remain beneath Excise Tax threshold
Non-Medicare	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	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	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	Annual plan changes in CY2036 and beyond such that projected claims and expenses remain beneath Excise Tax threshold
Non-Medicare	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	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
Annual Index in Cadillac Tax Thresholds	3%	3%	3%	3%	3%
Annual Increase in PCORI Fee	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)	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
Non-Medicare	36% in CY2016+	No Change	No Change	No Change	No Change
Spouse					
Medicare	75%	No Change	No Change	No Change	No Change
Non-Medicare	64% in CY2016+	No Change	No Change	No Change	No Change
Child(ren)					
Medicare	100%	No Change	No Change	No Change	No Change
Non-Medicare	100%	No Change	No Change	No Change	No Change
Minimum Service to Receive Full Subsidy	20 years	Consistent with Board Approved Rule Change to 2.8.11 NMAC effective January 2021	Changes effective date to July 2021	No Change	No Change
Minimum Participation Age	None	No Change	No Change	No Change	No Change
Member Migration / Participation	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	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

Plan Comparison - NM Retiree Health Care Authority, NM Public School Insurance Authority, Albuquerque Public Schools, and State of New Mexico GSD/EBB as of 1/1/2022

Medical Plans:

Plan Premiums for individual member per month with employer subsidy of 64%	**Premier PPO -** $310.54 (BCBS Tier 1 and Both plans Tier 2)	**Value Plan HMO -** $242.58	**SONM PPO -** $224.95 or $222.70	**SONM HMO -** $193.42 or $191.49	**NMPSIA High Option -** $292.20, $279.01, $236.30	**NMPSIA EPO -** $262.98	**NMPSIA Low Option -** $208.09, $199.63, $168.30	**APS BCBS and Cigna -** $195.88 or $201.74/ $261.18 or $268.99 Food Services	**APS TrueHealth NM and Presbyterian -** $205.67/ $274.21 Food Services
Annual Deductible	$500 to $800/Individual	$1,500/Individual	$700 or $750/Individual	$350/ $425/ $500/Individual	$750/Individual	$500/Individual	$2,000/Individual	$1,000/Individual	$500/Individual
Annual Out-of-Pocket Limit	$3,000 to 4,500/Individual	$5,500/Individual	$5,600 or $5,000/Individual	$3,750/ $4,000/$4,250/ $5,000/ Individual	$4,100/Individual	$3,250/Individual	$4,100/Individual	$5,000/Individual	$4,000/Individual
Office Services	Primary - $20 or $30 Specialist - $35 to $45	Primary -$35 Specialist - $55	Primary -$40-$50 Specialist - $60-$70	Primary -$25, $35, $40 Specialist - $45, $50, $75	Primary -$25 Specialist - $50	Primary -$25 Specialist - $35	Primary -$30 Specialist - $60	Primary -$30 Specialist - $60	Primary -$20 Specialist - $50
Preventive Services	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%
Related testing (includes routine Pap test, mammograms, colonoscopy, physicals, etc.) & immunization (deductible waived)	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%
Lab, X-Ray, and Pathology	Plan pays 100%	Plan pays 100%	30%-40%	$20, $100, 25%	$30 freestanding lab/ radiology or actual allowed or $60 hospital outpatient or actual allowed, (which ever is less per day)	$25 freestanding lab/ radiology or actual allowed or $50 hospital outpatient or actual allowed, (which ever is less per day)	$35 freestanding lab/ radiology or actual allowed or $70 hospital outpatient or actual allowed, (which ever is less per day)	$30	$20
Emergency Room	$125	$175	$325	20%, $300	$450 copay	$150 copay plus 20% after deductible	$450 copay after deductable	$450	$350
Urgent Care Facility	$35	$40	$65-$75	$100, $60	$50	$45	$60	$75	$50
Ambulance Services	25%	30%	20%, 30%	20% or $30 Ground/$100 Air	$50 copay	$25	25%	20%	20%
High-Tech Radiology (MRI, PET & CT)	10%, 25% or $100 office/ freestanding radiology	30% or $125 office/ freestanding radiology	35% to max $300 per test or $300 copay per test per day	$250 per test per day; 25% up to max of $250 per test	$600 copay or 20% which ever is less per day	$500 copay or 20% which ever is less per day	$700 copay or 25% which ever is less per day	$120 or $175 copay per day freestanding facility, 20% outpatient hospital	$120 copay per day freestanding facility, 20% outpatient hospital
Rehabilitation Inpatient or Outpatient (Occupational, Physical, and Speech)	10% or 25% / $20 or $30 - Physical therapy outpatient alternative to surgery 4 copay max	30% / $35 - Physical therapy outpatient alternative to surgery 4 copay max	$1,250 - $1,750 Inpatient/ $40-$50 Outpatient	20% or $700 Inpatient/$25, $35 or $40 Outpatient	20% Inpatient/$25 copay up to $250; thereafter no charge for remainding calendar year	$500 copay plus 20% Inpatient/ $25 up to $250 then no charge rest of year Outpatient	25% Inpatient/ $30 Outpatient	20% Inpatient, $30 maximum $480 per CY and 60 visit max per condition	20% Inpatient, $20 maximum $320 per CY and 60 visit max per condition
Alternative (chiropractic, acupuncture, etc.)	10% or 25%	30%	$60-$70, max 25 combined visits a year	$50 or $55, max 25 combined visits a year	$50, combined max 30 visits	$35, combined max 30 visits	25%, combined max 30 visits	$30, max 25 or 20 visits a calendar year	$20, max 25 visits a calendar year
Hospitalization - Inpatient	10% or 25%	30%	$1,250-$1750 per admission	20% or $700 per admission	20% coinsurance after deductible	$500 facility copay plus admission 20%	25%	20%	20%
Surgery - Outpatient	10% or 25%	30%	35%/$700 per visit and $500 copay/visit, plus 25% coinsurance	$500 or $250 copay plus 25%	20% coinsurance after deductible	$150 copay plus 20%	25%	20%	20%
Majority of Other Covered Services	10% or 25%	30%	Vary	Vary	Vary	Vary	25%	20%	20%

Plan Comparison - NM Retiree Health Care Authority, NM Public School Insurance Authority, Albuquerque Public Schools, and State of New Mexico GSD/EBB as of 1/1/2022

Prescription Plans:

Copay (Retail)	*Minimum*	*Maximum*	*Minimum*	*Maximum*	*Minimum*	*Maximum*	*Minimum*	*Maximum*	*Minimum*	*Maximum*	*Minimum*	*Maximum*	*Minimum*	*Maximum*	*Minimum*	*Maximum*	*Minimum*	*Maximum*
Generic	$5	$15	$5	$15	$6		$6		$10		$10		$10		$10	$25	$10	$25
Brand	$30	$60	$30	$60	$35	$95	$35	$95	$30	$60	$30	$60	$30	$60	$35	$65	$35	$65
Brand Non-Formulary	$50	$125	$50	$125	$60	$130	$60	$130	70%		70%		70%		$70	$140	$70	$140
Specialty					$60 generic, $85 preferred brand, $125 non-preferred brand		$60 generic, $85 preferred brand, $125 non-preferred brand											
Up to 30 or 34 day supply					**$50 deductible applies to formulary and non-formulary only		**$50 deductible applies to formulary and non-formulary only											
Copay (Mail Order)	*Minimum*	*Maximum*	*Minimum*	*Maximum*	*Minimum*	*Maximum*	*Minimum*	*Maximum*	*Minimum*	*Maximum*	*Minimum*	*Maximum*	*Minimum*	*Maximum*	*Minimum*	*Maximum*	*Minimum*	*Maximum*
Generic	$12	$35	$12	$35	$17		$17		$22		$22		$22		$25		$25	
Preferred Brand	$60	$120	$60	$120	$120		$120		$60		$60		$60		$70		$70	
Non-Formulary	$100	$250	$100	$250	$155		$155		70%		70%		70%		$150		$150	
Specialty					$60 generic, $85 preferred brand, $125 non-preferred brand		$60 generic, $85 preferred brand, $125 non-preferred brand		$55 generic, $80 preferred brand, $130 non-preferred (30 day)		$55 generic, $80 preferred brand, $130 non-preferred (30 day)		$55 generic, $80 preferred brand, $130 non-preferred (30 day)		$70, $100, $150 based on tier		$70, $100, $150 based on tier	