



NEW MEXICO
RETIREE
HEALTH CARE
AUTHORITY

SB 193 & HB 150 FUND RETIREE HEALTH CARE 2023 NM Legislative Session

~67,000

Number of retired members

~93,000

Number of employed members

10%

NM adult population that will
participate in program now or in
the future

\$1.1B

Current trust fund balance:
Growth shows good stewardship
by the Board of Directors

33%

Percent funded:
The fund only has enough to
cover 33% of it's liabilities

50%

Funded goal:
Target to lower reported
liabilities & help weather future
changes

1%

Current employee contribution
rate
non-enhanced
retirement plan
\$1 for every \$100 earned

2%

Current employer contribution
rate
non-enhanced
retirement plan
\$2 for every \$100 paid to
employee

3%

Total contribution to fund per
employee
non-enhanced
retirement plan

2012

Last time contribution rates for employees and employers increased

0.17%

Proposed employee increase to
non-enhanced
retirement plan members
17 cents per \$100 earned

0.33%

Proposed employer increase to
non-enhanced
retirement plan members
33 cents per \$100 paid to
employee

\$27M

Provides additional recurring
revenue to help fund the
program

\$26M - Additional proposed one-time appropriation to help fund the program

ABOUT NMRHCA

In 1990, the Legislature made a commitment to its dedicated public servants by establishing the Retiree Health Care Authority to provide those employees access to affordable health care upon retirement. Benefits started six months later January 1, 1991, with NMRHCA paying benefits to retirees of participating entities without any prefunding. The program is self funded through five sources being employee and employer contributions, member plan premiums, tax & revenue suspense fund, miscellaneous revenue and interest.

UNDER FUNDED

Over the past 30 years the solvency of the program has varied with periods where the future of the program has been in jeopardy. Over the last decade, good stewardship of the funds and benefits, wise investments and rule changes have produced a steady increase in the overall value of the trust fund and it's solvency. Currently, the trust fund stands at \$1.1 billion with an actuarial funded status of 33%. This still leaves the fund drastically under funded. The goal is to increase the solvency to 50% in order to better secure the future of the program and lower reported employer liabilities.

WHAT HAS BEEN DONE

Health care costs continue to increase, forcing decisions on how to remain solvent while also providing valuable and affordable health care to retirees. Measures that have been taken include:

- Lowering subsidies for retirees and spouses/partners
- Eliminating subsidies for dependent children
- Establishing a minimum age of 55 to receive subsidy (non-enhanced retirement plans)
- Increasing years of service from 20 years to 25 years for employees on non-enhanced retirement plans to receive the maximum subsidy
- Increased rates, co-pays and deductibles
- Converting 100% agency paid basic life insurance to 100% member paid

Each of these measures have been to the burden of the retiree or future retiree, who are often on a fixed income. Contribution rates from current employees and employers have not increased in over 10 years.

PROPOSED LEGISLATION FOR 2023

The proposed legislation is:

- Increase current employee contributions from 1% to 1.17%, an increase of 17 cents for every \$100 earned for members on a non-enhanced retirement plan.
- Increase current employer contributions from 2% to 2.33%, an increase of 33 cents for every \$100 paid to an employee on a non-enhanced retirement plan.
- Increase current employee contributions from 1.25% to 1.47%, an increase of 22 cents for every \$100 earned for members on an enhanced retirement plan.
- Increase current employer contributions from 2.5% to 2.93%, an increase of 43 cents for every \$100 paid to an employee on an enhanced retirement plan.
- One time special appropriation of \$26 million to shore up the fund and help with program liabilities.

SUMMARY

The proposed legislation applies a balanced approach to improving the solvency by not just making changes to the program which only increases costs to retirees on a fixed income but by having the support of the current workforce. The proposed increase from those contributing now will have a large impact on the solvency of the trust fund to secure the future of the program and better ensure affordable health care to current and future retirees. If you believe in supporting those who have worked and served in our communities during their many years of public service, then please support Senate Bill 193 and House Bill 150.