

New Mexico Retiree Healthcare Authority

**Governmental Accounting Standards Board (GASB)
Statement 74 Actuarial Valuation and Review of Other
Postemployment Benefits (OPEB) as of June 30, 2022**



This report has been prepared at the request of the NMRHCA Board to assist in administering the Plan. This valuation report may not otherwise be copied or reproduced in any form without the consent of the NMRHCA Board and may only be provided to other parties in its entirety. The measurements shown in this actuarial valuation may not be applicable for other purposes.

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Segal



1501 W Fountainhead Parkway,
Suite 370
Tempe, AZ 85282
segalco.com
T 415.263.8200

November 18, 2022

Board of Trustees
New Mexico Retiree Healthcare Authority
6300 Jefferson St NE, Suite 150
Albuquerque, NM 87109

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review of Other Postemployment Benefits (OPEB) as of June 30, 2022 under Governmental Accounting Standards Board Statement No. 74. The report summarizes the actuarial data used in the valuation, discloses the Net OPEB Liability (NOL), and analyzes the preceding year's experience. The non-retired census information was provided by New Mexico ERB and PERA. The retiree census and medical data information was provided by NMRHCA. The updated financial information was provided by NMRHCA on October 28, 2022. We have based our calculations on the information provided by these parties and the assistance is gratefully acknowledged.

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

The actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate. Further, in our opinion, the assumptions used in this valuation and described in Section 4, Exhibit II are reasonably related to the experience of and the expectations for the Plan. The actuarial projections are based on these assumptions and the plan of benefits as summarized in Section 3, Exhibit III.

Sincerely,

Segal

A handwritten signature in cursive script that reads "Mary Kirby".

Mary Kirby, FCA, FSA, MAAA
Senior Vice President & Consulting Actuary

A handwritten signature in cursive script that reads "Melissa A. Krumholz".

Melissa A. Krumholz, FSA, MAAA
Senior Health Consultant & Actuary

JAC/

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Section 1: Actuarial Valuation Summary

Purpose and basis

This report presents the results of our actuarial valuation of NMRHCA (the “Plan”) OPEB plan as of June 30, 2022, required by Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. The actuarial computations made are for purposes of fulfilling plan accounting requirements. Determinations for purposes other than meeting financial accounting requirements may be significantly different from the results reported here. This valuation is based on:

- The benefit provisions of NMRHCA OPEB Plan, as administered by the Board;
- The characteristics of covered active members, terminated vested members, and retired members and beneficiaries as of June 30, 2021 (captured as of January 1, 2021), provided by NMRHCA;
- The assets of the Plan as of June 30, 2022, provided by NMRHCA;
- Economic assumptions regarding future salary increases and investment earnings adopted by the Board for the June 30, 2021, valuation; and
- Other (health and non-health) actuarial assumptions, regarding employee terminations, retirement, death, health care trend and enrollment, etc.

Highlights of the valuation

Accounting and Financial Reporting

1. For GASB 74 reporting as of June 30, 2022, the NOL was measured as of June 30, 2022. The Plan’s Fiduciary Net Position (plan assets) and the TOL were valued as of the measurement date.
2. Valuation assumption changes decreased the NOL by \$1.125 billion. This was mainly due to an increase in the blended discount rate. Details regarding the assumption changes can be found in Exhibit II, Section 3.
3. The discount rates used to determine the TOL and NOL as of June 30, 2022 and 2021 were 5.42% and 3.62%, respectively. The detailed calculations used in the derivation of the “cross-over date” to determine the discount rate of 5.42% used in the calculation of the TOL and NOL as of June 30, 2022 can be found in Appendix A of Section 3. Various other information that is required to be disclosed can be found in Section 2.

Section 1: Actuarial Valuation Summary

4. The discount rate used in the valuation for financial disclosure purposes as of June 30, 2022 is a blend of the assumed investment return on Plan assets (e.g. 7.00% for the June 30, 2022 valuation) and the rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (e.g. 3.54% as of June 30, 2022 compared to 2.16% as of June 30, 2021). Because NMRHCA is not fully prefunding benefits, Plan assets, when projected in accordance with the method prescribed by GASB 74, are expected to be sufficient to make benefit payment through June 30, 2059 (the projected beginning balance at July 1, 2059, is less than the projected benefit payments for the 2059/2060 year, before including projected contributions for the year). Projected benefit payments are discounted by the Plan investment return assumption of 7.00% until June 30, 2059. Benefit payments after June 30, 2059, are then discounted by the municipal bond rate of 3.54%. The 5.42% is the blended discount rate reflecting benefits discounted by the Plan investment return assumption rate and the bond rate.
5. The Net OPEB Liability (NOL) as of June 30, 2022 is \$2.312 billion, a decrease of \$0.978 billion, from the prior valuation NOL of \$3.290 billion. The decrease was mainly due to the higher discount rate.
6. As of June 30, 2022, the ratio of assets to the Total OPEB Liability (the funded ratio) is 33.33%. This is based on the market value of assets at this point in time. The funded ratio as of June 30, 2021 was 25.39%.

Funding (with funding policy)

7. The funding policy for the Plan does not rely upon an actuarially determined contribution. Retiree benefits are funded from a combination of employer contributions as a percentage (2.50% for Public Safety, and 2.00% for Other Occupations) of compensation and member contributions as a percentage (1.25% for Public Safety and 1.00% for Other Occupation) of compensation to fund the cost of the subsidy, with the remaining cost funded by retiree contributions, RHCA Statutory Distribution, investment income and pharmacy plan subsidies from Centers for Medicare and Medicaid Services (CMS).

Section 1: Actuarial Valuation Summary

Summary of key valuation results

Measurement Date		June 30, 2022	June 30, 2021
Disclosure elements for fiscal year ending June 30:	• Total OPEB Liability	\$3,467,298,517	\$4,409,849,335
	• Plan Fiduciary Net Position (Assets)	1,155,695,465	1,119,499,545
	• Net OPEB Liability	2,311,603,052	3,290,349,790
	• Plan Fiduciary Net Position as a percentage of Total OPEB Liability	33.33%	25.39%
	• Service Cost at Beginning of Year ¹	155,314,732	171,993,017
	• Covered Payroll	4,745,115,641	4,614,243,876
Schedule of contributions for fiscal year ending June 30:	• Statutory contributions	\$187,238,171	\$178,635,582
	• Actual contributions	189,266,136	177,813,458
	• Contribution deficiency / (excess)	(2,027,965)	822,124
	• Benefit Payments	99,776,575	102,376,381

¹ The service cost is based on the previous year's valuation, meaning the June 30, 2022, and 2021 values are based on the valuations as of June 30, 2021, and June 30, 2020, respectively. The key assumptions used in the June 30, 2020; valuation are as follows:

Discount rate	2.86%
Health care premium trend rates	
Non-Medicare	8.0% in 2020/2021 graded down to 4.5% over 14 years
Medicare	7.5% in 2020/2021 graded down to 4.5% over 12 years

Section 1: Actuarial Valuation Summary

Important information about actuarial valuations

An actuarial valuation is a budgeting tool with respect to defining future uncertain obligations of a postretirement health plan. As such, it will never forecast the precise future stream of benefit payments. It is an estimated forecast – the actual cost of the plan will be determined by the benefits and expenses paid, not by the actuarial valuation.

In order to prepare a valuation, Segal relies on a number of input items. These include:

Plan of benefits	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. For example, a plan may provide health benefits to post-65 retirees that coordinates with Medicare. If so, changes in the Medicare law or administration may change the plan's costs without any change in the terms of the plan itself. It is important for the NMRHCA to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary included in our report to confirm that Segal has correctly interpreted the plan of benefits.
Participant data	An actuarial valuation for a plan is based on data provided to the actuary by the plan. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is not necessary to have perfect data for an actuarial valuation: the valuation is an estimated forecast, not a prediction. The uncertainties in other factors are such that even perfect data does not produce a "perfect" result. Notwithstanding the above, it is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
Assets	The valuation is based on the market value of assets as of the valuation date, as provided by the NMRHCA on October 28, 2022.
Actuarial assumptions	In preparing an actuarial valuation, Segal starts by developing a forecast of the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. To determine the future costs of benefits, Segal collects claims, premiums, and enrollment data in order to establish a baseline cost for the valuation measurement, and then develops short- and long-term health care cost trend rates to project increases in costs in future years. This forecast also requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of each participant for each year, as well as forecasts of the plan's benefits for each of those events. The forecasted benefits are then discounted to a present value, typically based on an estimate of the rate of return that will be achieved on the plan's assets or, if there are no assets, a rate of return based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). All of these factors are uncertain and unknowable. Thus, there will be a range of reasonable assumptions, and the results may vary materially based on which assumptions the actuary selects within that range. That is, there is no right answer (except with hindsight). It is important for any user of an actuarial valuation to understand and accept this constraint. The actuarial model necessarily uses approximations and estimates that may lead to significant changes in our results but will have no impact on the actual cost of the plan. In addition, the actuarial assumptions may change over time, and while this can have a significant impact on the reported results, it does not mean that the previous assumptions or results were unreasonable or wrong.

Section 1: Actuarial Valuation Summary

Models

Segal accounting results are based on proprietary actuarial modeling software. The accounting valuation models generate a comprehensive set of liability and cost calculations that are presented to meet accounting standards and client requirements. Our Actuarial Technology and Systems unit, comprising both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility, and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary.

The blended discount rate used for calculating total pension liability is based on a model developed by our Actuarial Technology and Systems unit, comprised of both actuaries and programmers. The model allows the client team, under the supervision of the responsible actuary, control over the entry of future expected contribution income, benefit payments and administrative expenses. The projection of fiduciary net position and the discounting of benefits is part of the model.

Our claims costs assumptions are based on proprietary modeling software as well as models that were developed by others. These models generate per capita claims cost calculations that are used in our valuation software. Our Health Technical Services Unit, comprised of actuaries and programmers, is responsible for the initial development and maintenance of our health models. They are also responsible for testing models that we purchase from other vendors for reasonableness. The client team inputs the paid claims, enrollments, plan provisions and assumptions into these models and reviews the results for reasonableness, under the supervision of the responsible actuary.

Section 1: Actuarial Valuation Summary

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

The actuarial valuation is prepared for use by the NMHRCA Finance Department. It includes information for compliance with accounting standards and for the plan's auditor. Segal is not responsible for the use or misuse of its report, particularly by any other party.

If the NMRHCA is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.

An actuarial valuation is a measurement at a specific date – it is not a prediction of a plan's future financial condition. Accordingly, Segal did not perform an analysis of the potential range of financial measurements, except where otherwise noted. The actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.

Sections of this report include actuarial results that are not rounded, but that does not imply precision.

Critical events for a plan include, but are not limited to, decisions about changes in benefits and contributions. The basis for such decisions needs to consider many factors such as the risk of changes in plan enrollment, emerging claims experience, health care trend, and investment losses, not just the current valuation results.

Segal does not provide investment, legal, accounting, or tax advice. Segal's valuation is based on our understanding of applicable guidance in these areas and of the plan's provisions, but they may be subject to alternative interpretations. The NMRHCA should look to their other advisors for expertise in these areas.

While Segal maintains extensive quality assurance procedures, an actuarial valuation involves complex computer models and numerous inputs. In the event that an inaccuracy is discovered after presentation of Segal's valuation, Segal may revise that valuation or make an appropriate adjustment in the next valuation.

Segal's report shall be deemed to be final and accepted by the NMRHCA upon delivery and review. NMRHCA should notify Segal immediately of any questions or concerns about the final content.

As Segal has no discretionary authority with respect to the management or assets of the Plan, it is not a fiduciary in its capacity as actuaries and consultants with respect to the Plan.

Section 1: Actuarial Valuation Summary

Actuarial Certification

November 18, 2022

This is to certify that Segal has conducted an actuarial valuation of certain benefit obligations of New Mexico Retiree Healthcare Authority's other postemployment benefit programs as of June 30, 2022, in accordance with generally accepted actuarial principles and practices. The actuarial calculations presented in this report have been made on a basis consistent with our understanding of GASB Statement 74 for the determination of the liability for postemployment benefits other than pensions.

The actuarial valuation is based on the plan of benefits verified by the Plan and reliance on participant, premium, claims and expense data provided by the Plan or from vendors employed by the Plan. Segal does not audit the data provided. The accuracy and comprehensiveness of the data is the responsibility of those supplying the data. Segal, however, does review the data for reasonableness and consistency.

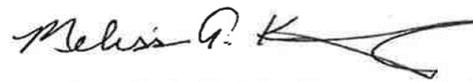
The actuarial computations made are for purposes of fulfilling plan accounting requirements. Determinations for purposes other than meeting financial accounting requirements may be significantly different from the results reported here. Accordingly, additional determinations may be needed for other purposes, such as judging benefit security at termination of the plan, or determining short-term cash flow requirements.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: retiree group benefits program experience or rates of return on assets differing from that anticipated by the assumptions; changes in assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in retiree group benefits program provisions or applicable law. Retiree group benefits models necessarily rely on the use of approximations and estimates, and are sensitive to changes in these approximations and estimates. Small variations in these approximations and estimates may lead to significant changes in actuarial measurements. The scope of the assignment did not include performing an analysis of the potential change of such future measurements except where noted.

To the best of our knowledge, this report is complete and accurate and, in our opinion, presents the information necessary to comply with GASB Statement 74 with respect to the benefit obligations addressed. The signing actuaries are members of the Society of Actuaries, the American Academy of Actuaries, and other professional actuarial organizations and collectively meet the "General Qualification Standards for Statements of Actuarial Opinions" to render the actuarial opinion contained herein.



Mary Kirby, FCA, FSA, MAAA
Senior Vice President & Consulting Actuary



Melissa A. Krumholz, FSA, MAAA
Senior Health Consultant & Actuary

Section 2: GASB 74 Information

General information about the OPEB plan

Plan Description

Plan administration. The NMRHCA administers the OPEB Plan - a multiple employer cost sharing OPEB plan that is used to provide postemployment benefits other than pensions (OPEB) for retirees who were an employee of an employer participating in NMRHCA and eligible to receive a pension from either the New Mexico Public Employees Retirement Association (PERA) or Educational Retirement Board (ERB). For employers who “buy-in” to the plan, retirees are eligible for benefits six months after the effective date of employer participation.

At the July 11, 2014, meeting, the Board of Directors of the NMRHCA approved a change to its subsidy eligibility requirements such that retirees not in a PERA enhanced (Fire, Police, Corrections) pension plan who commence benefits on or after January 1, 2020, will not receive any subsidy from NMRHCA before age 55. Amended November 29, 2018, the subsidy eligibility requirement of age 55 was deferred one year (from 2020) such that retirees not in a PERA enhanced pension plan who commence benefits after January 1, 2021, will not receive a subsidy from NMRHCA before age 55. On June 2, 2020, the Board approved amending the effective date of minimum years of service and age requirements to receive the maximum subsidy provided by the program from January 1, 2021, to July 31, 2021, in order to align with the school year-end and subsequent potential teacher retirements.

Adopted April 5, 2021, Senate Bill 315 grants employees who were employed with the Department of Public Safety (DPS) prior to July 1, 2015, and that were reported under the State General Plan 3 (‘Non-Enhanced’) retroactive eligibility in the State Police and Adult Correctional Officer Plan (‘Enhanced’) for purposes of retirement and health care benefits. This measure represents the impact of reclassifying those members to the Enhanced Plan for retiree healthcare subsidies based upon GASB 74 valuation assumptions and methods.

Plan membership. At June 30, 2021 (captured as of January 1, 2021, with service for active members increased by half year from census date to valuation date), OPEB Plan membership consisted of the following:

Retired members, beneficiaries and married dependents currently receiving benefits	53,092
Vested terminated members entitled to but not yet receiving benefits¹	11,759
Active members¹	92,520
Total	157,371

¹ Counts include employees from Santa Fe Solid Waste Management.

Section 2: GASB 74 Information

Benefits provided. Retirees and spouses are eligible for medical and prescription drug benefits. Dental vision, and life insurance benefits are also available, but were not included in this valuation, since they are 100% retiree-paid. Employees and dependents are valued for life. A description of these benefits may be found at www.nmrhca.org by clicking on Retirees.

Section 2: GASB 74 Information

Net OPEB liability

Measurement Date	June 30, 2022	June 30, 2021
Components of the Net OPEB Liability		
Total OPEB Liability	\$3,467,298,517	\$4,409,849,335
Plan Fiduciary Net Position	1,155,695,465	1,119,499,545
Net OPEB Liability	2,311,603,052	3,290,349,790
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	33.33%	25.39%

The Net OPEB Liability (NOL) was measured as of June 30, 2022 and 2021. Plan Fiduciary Net Position (plan assets) was valued as of the measurement dates and the Total OPEB Liability was determined from actuarial valuations using data as of June 30, 2021 (captured as of January 1, 2021).

- Discount rate has been calculated as a blend of the investment return on plan assets and municipal bond rate in accordance with GASB 74 and Illustration B2 of *Implementation Guide No. 2017-2, Financial Reporting Postemployment Benefit Plans Other Than Pension Plans*.

Plan provisions. The plan provisions used in the measurement of the Total OPEB Liability (TOL) as of June 30, 2022 are outlined in Exhibit II of Section 3:

- Amended November 29, 2018, and subsequently approved, the subsidy eligibility requirement of age 55 and the lower NMRHCA subsidy percentages were deferred one year (from 2020) and will be effective for eligible retirees not in a PERA enhanced retirement plan who commence benefits on or after January 1, 2021.
- On June 2, 2020, the Board approved amending the effective date of minimum years of service and age requirements to receive the maximum subsidy provided by the program from January 1, 2021, to July 31, 2021 (defer 7 months) in order to align with the school year.
- On June 2, 2020, the Board approved the reaffirmation of intent to modify plan designs to remain under the threshold that would have been in effect based on the PPACA “Cadillac” tax provisions that were in place immediately prior to its repeal on December 20, 2019.
- Adopted April 5, 2021, Senate Bill 315 grants employees who were employed with the Department of Public Safety (DPS) prior to July 1, 2015, and that were reported under the State General Plan 3 (‘Non-Enhanced’) retroactive eligibility in the State Police and Adult Correctional Officer Plan (‘Enhanced’) for purposes of retirement and health care benefits. This measure represents the impact of reclassifying those members to the Enhanced Plan for retiree healthcare subsidies based upon GASB 74 valuation assumptions and methods.

Section 2: GASB 74 Information

Actuarial assumptions. See Exhibit II in Section 3 for complete description. The mortality, retirement, disability, turnover and salary increase assumptions are based on the Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2018, and the New Mexico Educational Retirement Board (ERB) Actuarial Valuation Report as of June 30, 2020. In summary, the following actuarial assumptions were applied to all periods included in the June 30, 2022 measurement date:

Inflation	2.30% for ERB, 2.50% for PERA
Salary increases	ERB: Ranges from 3.00% to 10.00% based on years of service, including inflation. PERA: Ranges from 3.25% to 13.00% based on years of service, including inflation
Investment rate of return	7.00%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Discount rate	5.42%
Healthcare cost trend rates	
Non-Medicare Medical	8.0% in 2021/2022 graded down to 4.5% over 14 years
Medicare Supplement	7.5% in 2021/2022 graded down to 4.5% over 12 years
Medicare Advantage	Trends reflect actual premium increase in 2021/2022, then 7.00% in 2022/2023, graded down to 4.50% over 10 years
Other assumptions	Same as those shown in Exhibit II of Section 3

Detailed information regarding all actuarial assumptions can be found in Section 3, Exhibit II.

Section 2: GASB 74 Information

Determination of discount rate and investment rates of return

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which best estimate ranges of expected future rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	20.00%	6.55%
Mid/Small Cap U.S. Equity	3.00%	6.55%
Developed Non-US Equity	12.00%	7.30%
Emerging Markets Equity	15.00%	9.20%
U.S. Core Fixed Income	20.00%	0.40%
Private Equity	10.00%	10.55%
Credit & Structured Finance	10.00%	3.10%
Absolute Return	5.00%	2.45%
Real Estate	5.00%	3.65%
Total	100.00%	

Rate of return. For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense and margin for adverse deviation, was assumed to be 7.00%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Municipal Bond Rate. 3.54% and 2.16% based on the 20-year municipal bond rate for the Bond Buyer GO Index as of June 30, 2022, and June 30, 2021, respectively.

Section 2: GASB 74 Information

Discount rate. The discount rates used to measure the Total OPEB Liability (TOL) were 5.42% and 3.62% as of June 30, 2022, and June 30, 2021, respectively. The projection of cash flows used to determine the discount rate assumed employer and plan member contributions will be made at the current contribution rate. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the OPEB Plan's assets was projected to be sufficient to make projected future benefit payments for current plan members through June 30, 2059 (the projected beginning balance at July 1, 2059, is less than the projected benefit payments for the 2059/2060 year, before including projected contributions for the year). Payments after that date would be funded by employer assets. Therefore, the long-term expected rate of return on OPEB Plan investments (7.00%) was applied to periods of projected benefit payments through June 30, 2059, and the 20-year municipal bond rate (3.54%) was applied to periods after June 30, 2059, to determine the TOL.

Funding Policy. Retiree benefits are funded from a combination of employer contributions as a percentage (2.50% for Public Safety, and 2.00% for Other Occupations) of compensation and member contributions as a percentage (1.25% for Public Safety and 1.00% for Other Occupation) of compensation to fund the cost of the subsidy, with the remaining cost funded by retiree contributions, RHCA Statutory Distribution, investment income and pharmacy plan subsidies from CMS.

Section 2: GASB 74 Information

Sensitivity

The following presents the NOL of NMHRCA as well as what the NMRHCA's NOL would be if it were calculated using a discount rate that is 1-percentage-point lower (4.42%) or 1-percentage-point higher (6.42%) than the current rate. Also, shown is the NOL as if it were calculated using healthcare cost trend rates that were 1-percentage-point lower or 1-percentage-point higher than the current healthcare trend rates.

	1% Decrease (4.42%)	Current Discount Rate (5.42%)	1% Increase (6.42%)
Net OPEB Liability (Asset)	\$2,876,647,742	\$2,311,603,052	\$1,861,093,455
	1% Decrease in Health Care Cost Trend Rates	Current Health Care Cost Trend Rates	1% Increase in Health Care Cost Trend Rates
Net OPEB Liability (Asset)	\$1,852,195,881	\$2,311,603,052	\$2,703,138,257

Section 2: GASB 74 Information

Schedule of changes in Net OPEB Liability – Last two fiscal years

Measurement Date	June 30, 2022	June 30, 2021
Total OPEB Liability		
Service cost	\$155,314,732	\$171,993,017
Interest	163,469,038	147,282,724
Change of benefit terms	0	802,116
Differences between expected and actual experience	(36,122,262)	57,769,743
Changes of assumptions	(1,125,435,751)	(894,201,807)
Benefit payments ¹	<u>(99,776,575)</u>	<u>(102,376,381)</u>
Net change in Total OPEB Liability	(\$942,550,818)	(\$618,730,588)
Total OPEB Liability – beginning	<u>4,409,849,335</u>	<u>5,028,579,923</u>
Total OPEB Liability – ending	<u>\$3,467,298,517</u>	<u>\$4,409,849,335</u>
Plan Fiduciary Net Position²		
Contributions – employer	\$101,567,526	\$96,585,103
Contributions – employee	50,810,510	48,292,552
Net investment income	(49,543,611)	217,737,204
Benefit payments ¹	(99,776,575)	(102,376,381)
Administrative expense	(3,080,880)	(3,049,460)
Other ³	<u>36,218,950</u>	<u>32,638,622</u>
Net change in Plan Fiduciary Net Position	\$36,195,920	\$289,827,640
Plan Fiduciary Net Position – beginning	<u>1,119,499,545</u>	<u>829,671,905</u>
Plan Fiduciary Net Position – ending	\$1,155,695,465	\$1,119,499,545
Net OPEB Liability – ending	<u>\$2,311,603,052</u>	<u>\$3,290,349,790</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	33.33%	25.39%
Covered payroll	\$4,745,115,641	\$4,614,243,876
Plan Net OPEB Liability as percentage of covered payroll	48.72%	71.31%

See next page for footnotes.

Section 2: GASB 74 Information

Notes to Schedule:

- ¹ For measurement date June 30, 2022, this category equals Premium and claims paid (\$323,478,948) offset by the sum of Retiree contributions (\$180,500,394) and Medicare Part D subrogation and rebates (\$43,201,979). For measurement date June 30, 2021, this category equals Premium and claims paid (\$315,956,002) offset by the sum of Retiree contributions (\$177,054,535) and Medicare Part D subrogation and rebates (\$36,525,086).
- ² The Plan Fiduciary Net Position values are based on financial statements provided by NMRHCA on October 28, 2022.
- ³ For measurement date June 30, 2022, this category equals sum of Employer buy-ins interest portion (\$53,494) and tax administration suspense fund revenue (\$36,888,100) offset by the sum of Refunds to retirees (\$336,755), Depreciation expense (\$385,888), and an adjustment made to beginning of year assets in order to match the June 30, 2021, Plan Fiduciary Net Position restated by NMRHCA after the completion of the June 30, 2021, GAS 74 valuation report (\$1). For measurement date June 30, 2021, this category equals sum of Employer buy-ins interest portion (\$57,807) and tax administration suspense fund revenue (\$32,935,803) offset by the sum of Refunds to retirees (\$317,658) and Depreciation expense (\$37,330).

Section 2: GASB 74 Information

Schedule of contributions – Last ten fiscal years

Year Ended June 30	Statutory Contributions ^{1,2}	Contributions in Relation to the Statutory Contributions	Contribution Deficiency / (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2013	353,657,828	135,388,449	218,269,379	3,876,220,608	3.49%
2014	367,804,141	149,277,185	218,526,956	N/A	N/A
2015	292,656,765	156,670,251	135,986,514	3,941,587,760	3.97%
2016	303,631,394	159,862,801	143,768,593	N/A	N/A
2017	317,546,941	159,379,195	158,167,747	4,165,647,340	3.83%
2018 ^{3,4}	156,266,741	154,358,714	1,908,027	4,290,616,760	3.60%
2019 ⁴	160,077,200	159,030,773	1,046,427	4,172,928,635	3.81%
2020 ^{4,5}	161,578,422	174,162,723	(12,584,301)	4,298,116,494	4.05%
2021 ⁴	178,635,582	177,813,458	822,124	4,614,243,876	3.85%
2022 ⁴	187,238,171	189,266,136	(2,027,965)	4,745,115,641	3.99%

¹ All “Statutory Contributions” through June 30, 2017, were determined as the “Annual Required Contribution” under GASB 43 and 45.

² Includes an interest adjustment to the end of the year though fiscal year end June 30, 2017.

³ Covered payroll was rolled forward from the June 30, 2017, at 3.00% assumed payroll increases using a member-weighted average of PERA and ERB payroll growth rates rounded to the nearest 0.25%.

⁴ The funding policy for the Plan does not rely upon an actuarially determined contribution. For illustration purposes, for fiscal years ended after June 30, 2017, we have applied the statutory contributions as described in the funding policy to payroll as of the beginning of the period.

⁵ Covered payroll was projected forward from June 30, 2019, valuation at 3.00% assumed payroll increases for PERA and ERB.

Section 3: Supporting Information

Exhibit I: Summary of Participant Data

	As of June 30, 2021 ^{1,2}
Number of retirees	39,471
Average age of retirees	71.18
Number of spouses	11,266
Average age of spouses	70.74
Number of surviving spouses	2,355
Average age	79.58
Number inactive vested	11,759
Average age	52.84
Number of actives	92,520
Average age	45.47
Average service	10.13

¹ The June 30, 2022, valuation was based on census data as of June 30, 2021.

² Counts include employees from Santa Fe Solid Waste Management.

Section 3: Supporting Information

Exhibit II: Actuarial Assumptions and Actuarial Cost Method

Data	Detailed census data and financial data for postemployment benefits were provided by: The non-retired census information was provided by New Mexico ERB and PERA. The retiree census and medical data information was provided by NMRHCA. The financial information was provided by NMRHCA on October 28, 2022.
Demographic Assumptions	Mortality, Retirement, Disability, Turnover, Inflation Rate and Salary Scale assumptions are based on: ➤ For PERA, the Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2018. ➤ For ERB, the New Mexico Educational Retirement Board (ERB) Actuarial Valuation Report as of June 30, 2020.
Actuarial Cost Method	Entry Age Actuarial Cost Method. Entry Age is the age at the member's hire date. Actuarial Accrued Liability is calculated on an individual basis and is based on costs allocated as a level percentage of compensation.
Roll-forward Techniques	The results of the June 30, 2022, were based on the results for this Plan in the Actuarial Valuation and Review of Postretirement Welfare Benefits as of June 30, 2021, in accordance with GASB Statement No. 74, dated December 6, 2021, completed by Segal, adjusted forward using standard actuarial techniques and also adjusted for the changes in assumptions described below.
Asset Valuation Method	Market Value. The assets as of June 30, 2021, were based on financial statements provided by NMRHCA on October 28, 2022.
Measurement Date	June 30, 2022
Actuarial Valuation Date	June 30, 2021
Census Date	January 1, 2021
Discount Rate	5.42%
Payroll Increase	3.00%, assumed payroll increases for PERA. 2.60%, assumed payroll increases for ERB.

Section 3: Supporting Information

PERA Salary Increases

Salary increases occur in recognition of (i) individual merit and longevity, (ii) inflation-related depreciation of the purchasing power of salaries, and (iii) other factors such as productivity gains and competition from other employers for personnel. Sample rates follow:

Attributable to:	Annual Rates (%) of Salary Increase for Sample Years of Service				
	1	5	10	15	20
General Increase in Wage Level Due to					
Inflation	2.50	2.50	2.50	2.50	2.50
Other factors	0.75	0.75	0.75	0.75	0.75
Increase Due to Merit/Longevity					
State General	5.00	1.25	0.50	0.00	0.00
State Police and Corrections ¹	9.75	3.50	2.00	1.50	1.50
Municipal General	2.50	1.50	0.50	0.00	0.00
Municipal Police	7.75	2.75	1.50	0.75	0.75
Municipal Fire	7.75	2.75	1.50	1.25	1.25

¹ Police and Corrections were not identified separately in the census data. We have used the Corrections assumption because the subgroup comprises about 70% of the combined group total.

ERB Salary Scale

General Increase in Wage level Due to:

Inflation: 2.30%

Productivity increase rate: 0.70%

Salary increases occur in recognition of (i) individual merit and longevity, (ii) plus step-rate/promotional as shown:

Years of Service	Annual Step Rate (%) / Promotional Components Rates of Increase	Total Annual Rate (%) of Increase
0	7.00	10.00
1	3.50	6.50
2	2.75	5.75
3	2.25	5.25
4	1.75	4.75
5	1.50	4.50
6	1.25	4.25
7	1.00	4.00
8	0.75	3.75
9	0.50	3.50
10-14	0.25	3.25
15 or more	0.00	3.00

Section 3: Supporting Information

PERA Post-Retirement Mortality Rates

Healthy: Headcount-Weighted RP-2014 Blue Collar Annuitant Mortality, set forward one year for females, projected generationally with Scale MP-2017 times 60%.

Disabled: Headcount-Weighted RP-2014 Blue Collar Annuitant Mortality, set forward one year for females, projected generationally with Scale MP-2017 times 60%.

The tables shown above were determined so as to reasonably reflect future mortality improvement, based on the June 30, 2018, PERA pension valuation.

PERA Pre-Retirement Mortality Rates

Headcount-Weighted RP-2014 Blue Collar Employee Mortality, set forward one year for females, projected generationally with Scale MP-2017 times 60%.

PERA Termination Rates before Retirement

Age	Rates (%) of Active Members Terminating During Year				
	State General Males Sample Service (Yr.)				
	2	4	6	8	10+
20	18.76	10.86	8.21	7.78	5.11
25	17.72	11.06	8.10	7.07	4.65
30	16.45	11.27	7.97	6.18	4.13
35	15.31	10.81	7.59	5.58	3.89
40	14.30	9.97	7.08	5.40	3.86
45	13.55	9.06	6.63	5.40	3.86
50	13.26	8.45	6.49	5.40	3.86
55	13.26	8.37	6.49	5.40	3.86
60	13.26	8.37	6.49	5.40	3.86

Age	Rates (%) of Active Members Terminating During Year				
	State General Females Sample Service (Yr.)				
	2	4	6	8	10+
20	18.13	11.95	8.22	6.05	4.83
25	17.76	11.95	8.02	5.81	4.25
30	17.28	11.89	7.81	5.54	3.55
35	16.34	11.23	7.45	5.28	3.46
40	15.22	10.24	6.99	5.06	3.46
45	14.19	9.20	6.58	4.95	3.46
50	13.52	8.55	6.45	4.80	3.46
55	13.37	8.50	6.45	4.70	3.46
60	13.37	8.50	6.45	4.70	3.46

Section 3: Supporting Information

PERA Termination Rates before Retirement (continued)

Age	Rates (%) of Active Members Terminating During Year				
	Municipal General Males Sample Service (Yr.)				
	2	4	6	8	10+
20	21.70	14.59	11.29	8.93	8.54
25	20.00	13.52	10.26	8.05	7.32
30	17.73	12.04	8.96	6.94	5.69
35	15.77	10.65	8.01	6.20	4.61
40	14.06	9.37	7.29	5.73	3.92
45	12.80	8.39	6.87	5.58	3.65
50	12.20	8.01	6.79	5.58	3.65
55	12.18	8.01	6.79	5.58	3.65
60	12.18	8.01	6.79	5.58	3.65

Age	Rates (%) of Active Members Terminating During Year				
	Municipal General Females Sample Service (Yr.)				
	2	4	6	8	10+
20	24.40	17.77	14.41	11.94	7.51
25	21.96	16.06	12.80	10.32	6.38
30	18.85	13.77	10.63	8.16	4.94
35	16.69	11.96	9.08	6.70	4.09
40	15.16	10.49	7.84	5.74	3.67
45	14.28	9.49	6.50	5.31	3.62
50	14.01	9.14	6.50	5.30	3.62
55	14.01	9.14	6.50	5.30	3.62
60	14.01	9.14	6.50	5.30	3.62

Age	Service Based Rates (%) of Active Members Terminating During Year				
	Sample Service (Yr.)				
	1	3	5	7	10+
State Police & Corrections ¹	20.00	16.00	9.00	8.00	5.75
Municipal Detention	22.00	16.00	10.00	10.00	6.00
Municipal Police	14.00	9.50	6.80	5.15	3.50
Municipal Fire	10.00	7.50	5.00	3.30	2.75

¹ Police and Corrections were not identified separately in the census data. We have used the Corrections assumption because the subgroup comprises about 70% of the combined group total.

Section 3: Supporting Information

PERA Termination Rates before Retirement (continued)

Age	Disability Incidence Rates (%)						
	State General		State Police and Corrections ¹	Municipal General		Municipal Police	Municipal Fire
	Male	Female		Male	Female		
25	0.02	0.02	0.14	0.03	0.04	0.01	0.02
30	0.04	0.03	0.16	0.06	0.04	0.01	0.02
35	0.08	0.06	0.21	0.09	0.04	0.05	0.02
40	0.13	0.12	0.27	0.13	0.06	0.11	0.08
45	0.24	0.20	0.46	0.18	0.14	0.18	0.08
50	0.41	0.39	0.90	0.30	0.25	0.28	0.33
55	0.57	0.61	1.40	0.49	0.39	0.46	0.33
60	0.74	0.73	1.88	0.60	0.51	0.74	1.17
65	0.75	0.73	1.88	0.62	0.59	1.08	1.17

¹ Police and Corrections were not identified separately in the census data. We have used the Corrections assumption because the subgroup comprises about 70% of the combined group total.

PERA Actives' Retirement Rates

Age	Retirement Rates (%)						
	State General		State Police and Corrections ¹	Municipal General		Municipal Police ²	Municipal Fire ²
	Male	Female		Male	Female		
40	25	25	40	20	25	30	30
45	25	25	40	20	25	30	25
50	25	25	40	20	25	30	20
55	25	25	40	20	25	30	25
60	30	25	35	15	25	30	20
65	25	25	35	15	25	30	20
70	25	20	100	20	15	100	100
75	25	20		20	15		
80	100	100		100	100		

¹ Police and Corrections were not identified separately in the census data. We have used the Corrections assumption because the subgroup comprises about 70% of the combined group total.

² Plan 1-5 were not identified separately in the census data. We have used the Plan 3-5 assumptions because this subgroup comprises over 95% of the combined group total for Municipal Police and Fire.

Section 3: Supporting Information

ERB Post-Retirement Mortality Rates

Healthy:

Males: 2000 GRS Southwest Region Teacher Mortality Table, set back one year and scaled at 95%. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020.

Females: 2020 GRS Southwest Region Teacher Mortality Table, set back one year. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020.

Disabled:

Males: 2020 GRS Southwest Region Teacher Mortality Table, set forward three years with minimum rates at all ages of 4.0%. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020.

Females: 2020 GRS Southwest Region Teacher Mortality Table, set forward three years with minimum rates at all ages of 2.0%. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020.

The tables shown above were determined so as to reasonably reflect future mortality improvement, based on the June 30, 2020, ERB pension valuation.

ERB Pre-Retirement Mortality Rates

Pub-2010 Teachers Active Employee Mortality table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2010.

ERB Disability Rates Before Retirement

Years of Service	Disability Incidence Rates (%)	
	Males	Females
25	0.007	0.010
30	0.007	0.010
35	0.042	0.020
40	0.091	0.050
45	0.133	0.080
50	0.168	0.120
55	0.182	0.168

Section 3: Supporting Information

ERB Termination Rates before Retirement

Completed Service	Active Members Terminating During Year Rates (%)	
	Males	Females
0	30.0	24.0
1	24.0	20.0
2	19.0	16.5
3	14.0	13.5
4	11.5	11.5
5	10.0	10.0
6	9.0	9.0
7	7.5	7.5
8	6.5	7.0
9	6.0	6.0
10	5.3	5.5
11	4.6	4.7
12	4.1	4.2
13	3.4	3.6
14	3.1	3.2
15	2.8	2.8
16	2.5	2.5
17	2.2	2.2
18	1.9	1.9
19 and over	0.0	0.0

ERB Retirement Rates

Age	Members Hired Before July 1, 2010, and Normal Retirement for Members Hired On Or After July 1, 2020						
	Male Retirement Rates (%)						
	Years of Service						
	0-4	5-9	10-14	15-19	20-24	25	26+
45	0	0	0	0	0	25	15
50	0	0	0	0	0	25	18
55	0	0	0	0	5	20	18
60	0	0	0	15	20	25	25
62	0	0	30	30	30	25	25
65	0	40	35	30	30	25	25
67	0	25	25	25	30	25	25
70	100	100	100	100	100	100	100

Section 3: Supporting Information

ERB Retirement Rates (continued)

Members Hired Before July 1, 2010, and Normal Retirement for Members Hired On Or After July 1, 2020

Age	Female Retirement Rates (%)						
	Years of Service						
	0-4	5-9	10-14	15-19	20-24	25	26+
45	0	0	0	0	0	25	15
50	0	0	0	0	0	25	18
55	0	0	0	0	6	25	23
60	0	0	0	20	15	25	25
62	0	0	40	30	30	30	30
65	0	35	40	40	40	40	40
67	0	25	25	25	30	30	30
70	100	100	100	100	100	100	100

Members Hired On Or After July 1, 2010

Age	Male Retirement Rates (%)		
	Years of Service		
	15-19	20-24	25-29
55	0	0	5
60	0	20	20
62	30	30	30
65	30	30	30

Members Hired On Or After July 1, 2010

Age	Female Retirement Rates (%)		
	Years of Service		
	15-19	20-24	25-29
55	0	0	6
60	0	15	15
62	30	30	30
65	40	40	40

Section 3: Supporting Information

Administrative Expenses

Non-Medicare: \$373/year

Medicare Supplement: \$460/year

Medicare Advantage: \$60/year

The administrative expenses were assumed to increase by 2.5% in 2021/2022 and thereafter.

Per Capita Cost Development

The assumed costs on a composite basis (and other demographic factors such as sex and family status) are the future costs of providing postretirement health care benefits at each age. To determine the assumed costs on a composite basis, historical claims costs are reviewed, and adjusted for increases in the cost of health care services.

Per Capita Costs

Annual medical and drug claims costs for the 2021/2022 plan year, excluding assumed expenses were developed actuarially for retirees and spouses at select ages and are shown in the table below. These costs are net of deductibles and other benefit plan cost sharing provisions.

Age	Premier Non-Medicare				Value Non-Medicare			
	Retiree		Spouse		Retiree		Spouse	
	Male	Female	Male	Female	Male	Female	Male	Female
50	\$9,690	\$11,037	\$6,768	\$8,862	\$6,719	\$7,653	\$4,693	\$6,145
55	11,508	11,881	9,057	10,258	7,979	8,238	6,280	7,113
60	13,667	12,806	12,125	11,897	9,476	8,879	8,407	8,249
64	15,679	13,585	15,306	13,391	10,871	9,420	10,613	9,285

Age	Non-Medicare Drug Rebates			
	Retiree		Spouse	
	Male	Female	Male	Female
50	(\$370)	(\$421)	(\$258)	(\$338)
55	(439)	(453)	(345)	(391)
60	(521)	(488)	(462)	(454)
64	(598)	(518)	(584)	(511)

Section 3: Supporting Information

Per Capita Costs (continued)

Age	United Healthcare Medicare Advantage				BCBS Supplemental			
	Retiree		Spouse		Retiree		Spouse	
	Male	Female	Male	Female	Male	Female	Male	Female
65	\$576	\$490	\$576	\$490	\$6,290	\$5,347	\$6,290	\$5,347
70	668	528	668	528	7,290	5,762	7,290	5,762
75	719	568	719	568	7,856	6,202	7,856	6,202
80	775	612	775	612	8,460	6,686	8,460	6,686
Age	BCBS (Medicare Advantage)				Presbyterian Medicare Advantage			
	Retiree		Spouse		Retiree		Spouse	
	Male	Female	Male	Female	Male	Female	Male	Female
65	\$475	\$404	\$475	\$404	\$1,258	\$1,069	\$1,258	\$1,069
70	551	435	551	435	1,458	1,152	1,458	1,152
75	593	468	593	468	1,571	1,240	1,571	1,240
80	639	505	639	505	1,692	1,337	1,692	1,337
Age	Medicare Drug Rebates & Other CMS Subsidies				Medicare Direct Drug Subsidy			
	Retiree		Spouse		Retiree		Spouse	
	Male	Female	Male	Female	Male	Female	Male	Female
65	(\$2,807)	(\$2,386)	(\$2,807)	(\$2,386)	\$18	\$15	\$18	\$15
70	(3,253)	(2,571)	(3,253)	(2,571)	21	16	21	16
75	(3,506)	(2,768)	(3,506)	(2,768)	22	18	22	18
80	(3,775)	(2,984)	(3,775)	(2,984)	24	19	24	19
Age	Humana Medicare Advantage							
	Retiree		Spouse					
	Male	Female	Male	Female				
65	\$575	\$489	\$575	\$489				
70	666	527	666	527				
75	718	567	718	567				
80	773	611	773	611				

Section 3: Supporting Information

Drug Rebate and Other Subsidy Increase Assumptions	<p>The 2021/2022 annual drug rebate for non-Medicare retirees was assumed to have no projected future increases. The 2021/2022 annual drug rebate for Medicare retirees with BCBS Medicare Supplement plan was assumed to have no projected future increases.</p> <p>Medicare Part D subsidies for low income reinsurance and coverage gap discounts are assumed to have no projected future increases.</p>																		
Medicare Part D Direct Subsidy Assumption	<p>These calculations include an offset for retiree prescription drug plan federal subsidies that the Plan is eligible to receive because the Plan has been determined to be a Medicare PDP. The subsidy shown above per eligible retiree or spouse for 2021/2022, was assumed to increase by 100% to \$0 in the first year and 0% thereafter.</p>																		
Unknown Data for Participants	<p>Same as those exhibited by members with similar known characteristics. If not specified, members are assumed to be male. For active participants with unknown dates of birth, we assumed their age at entry was that of the average for actives with date of birth.</p>																		
Spouse Coverage	35% male, 30% female																		
Age of Spouse	Wives are 2 years younger than their husbands.																		
Future Benefit Accruals	1.0 year of service per year.																		
Participation and Election	<p>60% of the active participants are assumed to continue coverage at retirement. 25% of employees terminating prior to retiring, and eligible, are assumed to elect NMRHCA benefits at retirement.</p> <p>Future retirees are assumed to elect medical carriers in the same proportion as current retirees:</p>																		
<table border="1"> <thead> <tr> <th data-bbox="730 889 974 912">Non-Medicare Plan</th> <th data-bbox="1100 889 1423 912">Medical Election Rate (%)</th> </tr> </thead> <tbody> <tr> <td data-bbox="646 935 743 958">Premier</td> <td data-bbox="1234 935 1268 958">75</td> </tr> <tr> <td data-bbox="646 980 772 1003">Value Plan</td> <td data-bbox="1234 980 1268 1003">25</td> </tr> <tr> <th data-bbox="764 1026 940 1049">Medicare Plan</th> <th data-bbox="1100 1026 1423 1049">Medical Election Rate (%)</th> </tr> <tr> <td data-bbox="646 1065 987 1088">BCBS Medicare Supplement</td> <td data-bbox="1234 1065 1268 1088">56</td> </tr> <tr> <td data-bbox="646 1110 932 1133">BCBS Senior Plan I or II</td> <td data-bbox="1247 1110 1268 1133">9</td> </tr> <tr> <td data-bbox="646 1156 1008 1179">Presbyterian Senior Plan I or II</td> <td data-bbox="1234 1156 1268 1179">21</td> </tr> <tr> <td data-bbox="646 1201 987 1224">United Healthcare Plan I or II</td> <td data-bbox="1234 1201 1268 1224">11</td> </tr> <tr> <td data-bbox="646 1247 877 1269">Humana Plan I or II</td> <td data-bbox="1247 1247 1268 1269">3</td> </tr> </tbody> </table>		Non-Medicare Plan	Medical Election Rate (%)	Premier	75	Value Plan	25	Medicare Plan	Medical Election Rate (%)	BCBS Medicare Supplement	56	BCBS Senior Plan I or II	9	Presbyterian Senior Plan I or II	21	United Healthcare Plan I or II	11	Humana Plan I or II	3
Non-Medicare Plan	Medical Election Rate (%)																		
Premier	75																		
Value Plan	25																		
Medicare Plan	Medical Election Rate (%)																		
BCBS Medicare Supplement	56																		
BCBS Senior Plan I or II	9																		
Presbyterian Senior Plan I or II	21																		
United Healthcare Plan I or II	11																		
Humana Plan I or II	3																		
Former Vested Retirement Age	<p>Former vested members are assumed to begin receiving retiree health benefits at the later of age 60 and early retirement eligibility.</p>																		

Section 3: Supporting Information

Health Care Cost Trend Rates

Health care trend measures the anticipated overall rate at which health plan costs are expected to increase in future years. The rates shown below are “net” and are applied to the net per capita costs shown above. The trend shown for a particular plan year is the rate that is applied to that year’s cost to yield the next year’s projected cost. For example, the projected per capita cost for a male retiree age 64 covered under the Premier Plan in the year July 1, 2022, through June 30, 2023, would be determined with the following formula:
 $[\$15,679 \times (1 + 8.0\%)] = \$16,933.$

Year Beginning June 30	Rate (%)					
	All Non-Medicare Plans	Medicare Supplement Plan	UHC Medicare Advantage ¹	BCBS Medicare Advantage ¹	Humana Medicare Advantage ¹	Presbyterian Medicare Advantage ¹
2021	8.00	7.50	0.00	-14.00	2.00	5.00
2022	7.75	7.25	7.00	7.00	7.00	7.00
2023	7.50	7.00	6.75	6.75	6.75	6.75
2024	7.25	6.75	6.50	6.50	6.50	6.50
2025	7.00	6.50	6.25	6.25	6.25	6.25
2026	6.75	6.25	6.00	6.00	6.00	6.00
2027	6.50	6.00	5.75	5.75	5.75	5.75
2028	6.25	5.75	5.50	5.50	5.50	5.50
2029	6.00	5.50	5.25	5.25	5.25	5.25
2030	5.75	5.25	5.00	5.00	5.00	5.00
2031	5.50	5.00	4.75	4.75	4.75	4.75
2032	5.25	4.75	4.50	4.50	4.50	4.50
2033	5.00	4.50	4.50	4.50	4.50	4.50
2034	4.75	4.50	4.50	4.50	4.50	4.50
2035 & Later	4.50	4.50	4.50	4.50	4.50	4.50

¹ The first year Medicare Advantage rates reflect actual calendar year 2022 premiums.

The trend rate assumptions were developed using Segal’s internal guidelines, which are established each year using data sources such as the Segal Health Trend Survey, internal client results, and trends from other published surveys prepared by the S&P Dow Jones Indices, consulting firms and brokers, and CPI statistics published by the Bureau of Labor Statistics

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Funding Policy	Retiree benefits are funded from a combination of employer contributions as a percentage (2.50% for Public Safety, and 2.00% for Other Occupations) of compensation and member contributions as a percentage (1.25% for Public Safety and 1.00% for Other Occupation) of compensation to fund the cost of the subsidy, with the remaining cost funded by retiree contributions, RHCA Statutory Distribution, investment income and pharmacy subsidies from CMS.
Plan Design	Development of plan liabilities was based on the substantive plan of benefits in effect as described in Exhibit III.
Assumption Changes	The discount rate was updated from 3.62% to 5.42%.

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Exhibit III: Summary of Plan

This exhibit summarizes the major benefit provisions as included in the valuation. To the best of our knowledge, the summary represents the substantive plans as of the measurement date. It is not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions.

Eligibility	<p>A retiree who was an employee of either New Mexico PERA or an ERB eligible to receive a pension, is eligible for retiree health benefits.</p> <p>For employers who “buy-in” to the plan, retirees are eligible for benefits six months after the effective date of employer participation.</p> <ul style="list-style-type: none">• Amended June 2, 2020, the Board of Directors of the NMRHCA approved a change to its subsidy eligibility requirements such that retirees not in a PERA enhanced (Fire, Police, Corrections) pension plan who commence benefits on or after July 31, 2021, will not receive any subsidy from NMRHCA before age 55.• Adopted April 5, 2021, Senate Bill 315 grants employees who were employed with the Department of Public Safety (DPS) prior to July 1, 2015, and that were reported under the State General Plan 3 ('Non-Enhanced') retroactive eligibility in the State Police and Adult Correctional Officer Plan ('Enhanced') for purposes of retirement and health care benefits. This measure represents the impact of reclassifying those members to the Enhanced Plan for retiree healthcare subsidies based upon GASB 74 valuation assumptions and methods.
Benefit Types	<p>Retirees and spouses are eligible for medical and prescription drug benefits.</p> <p>For Calendar years 2017 and prior there was a NMRHCA-paid Basic Life benefit of \$6000 for all retirees who commenced benefits on or before December 31, 2012. The \$6000 benefit decreases \$1500 per year commencing January 1, 2018, until January 1, 2021, at which time retirees must pay 100% of the premium cost.</p> <p>Dental and vision benefits are also available, but were not included in this valuation, since they are 100% retiree-paid.</p> <p>A description of these benefits may be found at www.nmrhca.state.nm.us by clicking on Retirees.</p>
Duration of Coverage	<p>Employees and dependents are valued for life.</p>

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Retiree Contributions

The retiree contribution is derived on a service based schedule implemented effective July 1, 2001, and updated annually. The table below shows the anticipated retiree paid portion of claims.

FY 2021 And Later	
Non-Medicare Retiree	36.0%
Non-Medicare Spouse	64.0
Medicare Retiree	50.0
Medicare Spouse	75.0

Amended on June 2, 2020, the Board of Directors of the NMRHCA approved a change to its subsidy eligibility requirements for retirements on or after July 31, 2021 (deferred 7 months from January 1, 2021) and not in a Public Safety pension plan:

Years of Service	Retired Before July 31, 2021, or in Public Safety Pension Plan Percent of Full Subsidy Based on Service (%)	Retired on or after July 31, 2021, and Not in Public Safety Pension Plan Percent of Full Subsidy Based on Service (%)
5	6.25	4.76
6	12.50	9.52
7	18.75	14.29
8	25.00	19.05
9	31.25	23.81
10	37.50	28.57
11	43.75	33.33
12	50.00	38.10
13	56.25	42.86
14	62.50	47.62
15	68.75	52.38
16	75.00	57.14
17	81.25	61.90
18	87.50	66.67
19	93.75	71.43
20	100.00	76.19
21	100.00	80.95
22	100.00	85.71
23	100.00	90.48
24	100.00	95.24
25+	100.00	100.00

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Dental Eligibility	This benefit was not included in the valuation because retirees pay 100% of the cost.
Vision Eligibility	This benefit was not included in the valuation because retirees pay 100% of the cost
Life Insurance Death Benefit Eligibility	For Calendar years 2017 and prior there was a NMRHCA-paid Basic Life benefit of \$6000 for all retirees who commenced benefits on or before December 31, 2012. The \$6000 benefit decreases \$1500 per year commencing January 1, 2018, until January 1, 2021, at which time retirees must pay 100% of the premium cost.
Excise Tax on High Cost Health Plans Imposed by The Affordable Care Act (ACA “Cadillac Tax”)	<p>In 2013, NMRHCA’s Board of Directors approved its intent to modify plan designs as necessary to preclude the payment of any excise tax established by the ACA. Therefore, we have only valued benefits up to the tax threshold levels.</p> <p>On June 2, 2020, the Board approved the reaffirmation of intent to modify plan designs to remain under the threshold that would have been in effect based on the PPACA “Cadillac” tax provisions that were in place immediately prior to its repeal on December 20, 2019.</p>
Plan Changes	Adopted April 5, 2021, Senate Bill 315 grants employees who were employed with the Department of Public Safety (DPS) prior to July 1, 2015, and that were reported under the State General Plan 3 (‘Non-Enhanced’) retroactive eligibility in the State Police and Adult Correctional Officer Plan (‘Enhanced’) for purposes of retirement and health care benefits. This measure represents the impact of reclassifying those members to the Enhanced Plan for retiree healthcare subsidies based upon GASB 74 valuation assumptions and methods.

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Appendix A: Projection of OPEB Plan's Fiduciary Net Position for use in the Calculation of Discount Rate as of June 30, 2022

Year Beginning June 30	Projected Beginning Plan Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses (d)	Projected Investment Earnings (e)	Projected Beginning Plan Fiduciary Net Position (f) = (a) + (b) - (c) - (d) + (e)
2022	\$1,155,695,465	\$200,257,784	\$139,151,441	\$0	\$83,037,405	\$1,299,839,213
2023	1,299,839,213	191,294,523	\$145,211,279	0	92,601,658	1,438,524,115
2024	1,438,524,115	183,284,088	\$151,028,472	0	101,825,635	1,572,605,366
2025	1,572,605,366	175,910,915	\$157,314,485	0	110,733,251	1,701,935,047
2026	1,701,935,047	169,008,327	\$163,942,293	0	119,312,764	1,826,313,845
2027	1,826,313,845	162,401,533	\$171,766,602	0	127,514,192	1,944,462,968
2028	1,944,462,968	155,941,181	\$180,420,488	0	135,255,632	2,055,239,293
2029	2,055,239,293	149,540,461	\$189,526,282	0	142,467,247	2,157,720,719
2030	2,157,720,719	143,276,058	\$198,743,922	0	149,099,075	2,251,351,930
2031	2,251,351,930	137,133,378	\$208,793,349	0	155,086,536	2,334,778,495
2032	2,334,778,495	131,042,237	\$218,462,374	0	160,374,790	2,407,733,148
2033	2,407,733,148	125,078,561	\$227,776,533	0	164,946,891	2,469,982,066
2034	2,469,982,066	119,246,862	\$235,943,964	0	168,814,346	2,522,099,310
2035	2,522,099,310	113,862,331	\$242,931,931	0	172,029,516	2,565,059,226
2036	2,565,059,226	109,042,201	\$249,294,077	0	174,645,330	2,599,452,681
2037	2,599,452,681	104,713,297	\$255,742,993	0	176,675,648	2,625,098,633
2038	2,625,098,633	100,739,325	\$262,246,429	0	178,104,156	2,641,695,685
2039	2,641,695,685	96,965,708	\$269,119,562	0	178,893,313	2,648,435,144
2040	2,648,435,144	93,097,878	\$276,034,755	0	178,987,669	2,644,485,936

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2041	2,644,485,936	89,194,034	\$283,294,804	0	178,320,489	2,628,705,655
2042	2,628,705,655	84,889,982	\$290,733,846	0	176,804,861	2,599,666,652
2043	2,599,666,652	80,365,113	\$298,446,601	0	174,343,814	2,555,928,978
2044	2,555,928,978	75,594,362	\$305,617,923	0	170,864,204	2,496,769,621
2045	2,496,769,621	70,888,984	\$312,273,245	0	166,325,424	2,421,710,784
2046	2,421,710,784	66,248,870	\$318,253,858	0	160,699,580	2,330,405,377
2047	2,330,405,377	62,105,209	\$323,304,690	0	153,986,395	2,223,192,290
2048	2,223,192,290	58,419,656	\$327,819,846	0	146,194,454	2,099,986,555
2049	2,099,986,555	55,069,938	\$332,005,242	0	137,306,323	1,960,357,574
2050	1,960,357,574	52,064,693	\$335,506,415	0	127,304,570	1,804,220,422
2051	1,804,220,422	49,402,809	\$337,863,228	0	116,199,315	1,631,959,318
2052	1,631,959,318	47,344,547	\$338,826,937	0	104,035,269	1,444,512,197
2053	1,444,512,197	45,741,202	\$339,061,231	0	90,849,653	1,242,041,821
2054	1,242,041,821	44,503,284	\$338,100,315	0	76,667,031	1,025,111,821
2055	1,025,111,821	43,519,450	\$336,682,075	0	61,497,136	793,446,333
2056	793,446,333	42,746,367	\$334,237,939	0	45,339,038	547,293,799
2057	547,293,799	42,166,807	\$330,718,448	0	28,211,258	286,953,416
2058	286,953,416	41,860,238	\$325,848,684	0	10,147,143	13,112,112
2059	13,112,112	41,678,230	\$320,545,146	0	0	0

Notes

1. Amounts may not total exactly due to rounding.
2. Years beyond 2059/2060 have been omitted from this table as the Fiduciary Net Position is zero.
3. Column (b): Projected total contributions are calculated as fixed percentages of payroll plus the Pension Tax Revenue. Contributions are assumed to occur halfway through the year on average.
4. Column (c): Projected benefit payments have been determined in accordance with paragraphs 43-47 of GASB Statement No. 74 and are based on the closed group of active, retired members and beneficiaries as of June 30, 2021.

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5. Column (d): Projected administrative expenses have been reflected in benefit payments.
6. Column (e): Projected investment earnings are based on the assumed investment rate of return of 7.00% per annum and reflect the assumed timing of benefit payments made at the beginning of each month.
7. The Plan's Fiduciary Net Position is projected to be exhausted by June 30, 2060.

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Appendix B: Definition of Terms

Definitions of certain terms as they are used in Statement 75. The terms may have different meanings in other contexts.

Actuarially Determined Contribution:	A target or recommended contribution to an OPEB plan for the reporting period based on the most recent measurement available.
Assumptions or Actuarial Assumptions:	The estimates on which the cost of the Plan is calculated including: <ol style="list-style-type: none">Investment return — the rate of investment yield that the Plan will earn over the long-term future;Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates;Retirement rates — the rate or probability of retirement at a given age;Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.
Covered Payroll:	The payroll of the employees that are provided OPEB benefits
Discount Rate:	The single rate of return, that when applied to all projected benefit payments results in an actuarial present value that is the sum of the following: <ol style="list-style-type: none">the actuarial present value of projected benefit payments projected to be funded by plan assets using a long term rate of return, andthe actuarial present value of projected benefit payments that are not included in (1) using a yield or index rate for 20 year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher
Entry Age Actuarial Cost Method:	An actuarial cost method where the present value of the projected benefits for an individual is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age
Healthcare Cost Trend Rates:	The rate of change in per capita health costs over time
Net OPEB Liability:	The Total OPEB Liability less the Plan Fiduciary Net Position
Plan Fiduciary Net Position:	Market Value of Assets
Real Rate of Return:	The rate of return on an investment after removing inflation
Service Cost:	The amount of contributions required to fund the benefit allocated to the current year of service.

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Total OPEB Liability:	Present value of all future benefit payments for current retirees and active employees taking into account assumptions about demographics, turnover, mortality, disability, retirement, health care trends, and other actuarial assumptions.
Valuation Date:	The date at which the actuarial valuation is performed

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Appendix D: Accounting Requirements

The Governmental Accounting Standards Board (GASB) issued Statement Number 74 – Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, and Statement Number 75 – Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. Under these statements, all state and local government entities that provide other post-employment benefits are required to report the cost of these benefits on their financial statements. The accounting standards supplement cash accounting, under which the expense for postemployment benefits is equal to benefit and administrative costs paid on behalf of retirees and their dependents (i.e., a pay-as-you-go basis).

The statements cover postemployment benefits of medical, prescription drugs, dental, vision and life insurance coverage for retirees; long-term care coverage, life insurance and death benefits that are *not* offered as part of a pension plan; and long-term disability insurance for employees. The benefits valued in this report are limited to those described in Exhibit III of Section 4, which are based on those provided under the terms of the substantive plan in effect at the time of the valuation and on the pattern of sharing costs between the employer and plan members. The projection of benefits is not limited by legal or contractual limits on funding the plan unless those limits clearly translate into benefit limits on the substantive plan being valued.

The new standards prescribe an accrual-basis accounting requirement, thereby recognizing the employer cost of postemployment benefits over an employee's career. The standards also prescribe a consistent accounting requirement for both pension and non-pension benefits.

The total cost of providing postemployment benefits is projected, taking into account assumptions about demographics, turnover, mortality, disability, retirement, health care trends, and other actuarial assumptions. These assumptions are summarized in Exhibit II of Section 4. This amount is then discounted to determine the Total OPEB Liability. The Net OPEB Liability (NOL) is the difference between the Total OPEB Liability and market value of assets in the Plan, called the Plan Fiduciary Net Position.

Once the NOL is determined, the Annual OPEB Expense is determined as the change in NOL from the prior year with deferred recognition of certain elements. In addition, Required Supplementary Information (RSI) must be reported, including historical information about the Net OPEB Liability and the contributions made to the Plan. Appendices C and E of Section 4 contain a definition of terms as well as more information about GASB 74/75 concepts.

The calculation of an accounting obligation does not, in and of itself, imply that there is any legal liability to provide the benefits valued, nor is there any implication that the Employer is required to implement a funding policy to satisfy the projected expense.

Actuarial calculations reflect a long-term perspective, and the methods and assumptions use techniques designed to reduce short-term volatility in accrued liabilities and the actuarial value of assets, if any.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and the actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

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Appendix E: GASB 74/75 Concepts

The following graph illustrates why a significant accounting obligation may exist even though the retiree contributes most or all of the blended premium cost of the plan. The average cost for retirees is likely to exceed the average cost for the whole group, leading to an implicit subsidy for these retirees. The accounting standard requires the employer to identify and account for this implicit subsidy as well as any explicit subsidies the employer may provide.

