

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

# **REGULAR MEETING OF THE BOARD OF DIRECTORS**



**June 6, 2023  
9:30 AM**

**CNM Workforce Training Center, Room 207  
5600 Eagle Rock Ave. NE, Alb. NM 87113  
Online: <https://meet.goto.com/NMRHCA/boardmeeting>  
Telephone: 1-224-501-3412 / Access Code: 724-176-285**

New Mexico Retiree Health Care Authority  
Regular Meeting

BOARD OF DIRECTORS

**ROLL CALL**

**June 6, 2023**

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

## NMRHCA BOARD OF DIRECTORS

June 2023

Mr. Doug Crandall, President  
Retired Public Employees of New Mexico  
14492 E. Sweetwater Ave  
Scottsdale, AZ 85259  
[dougcinaz@gmail.com](mailto:dougcinaz@gmail.com)

Ms. Therese Saunders, Vice President  
NEA-NM, Classroom Teachers Assoc., & NM  
Federation of Educational Employees  
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Albuquerque, NM 87120  
[tsaunders3@mac.com](mailto:tsaunders3@mac.com)  
505-934-3058

Ms. Leanne Larranaga-Ruffy, Secretary  
Alternate for PERA Executive Director  
Public Employees Retirement Association  
33 Plaza La Prensa  
Santa Fe, NM 87507  
[leanne.larranaga@state.nm.us](mailto:leanne.larranaga@state.nm.us)  
505-476-9332

Mr. Sanjay Bhakta  
NM Municipal League  
100 Marquette Ave, 11<sup>th</sup> Floor  
City/County Building  
Albuquerque, NM 87102  
[sbhakta@cabq.gov](mailto:sbhakta@cabq.gov)

Mr. Gerry Washburn  
Superintendents' Association of NM  
408 N Canyon  
Carlsbad, NM 88220  
[gerry.washburn@carlsbadschools.net](mailto:gerry.washburn@carlsbadschools.net)

The Honorable Ms. Laura M. Montoya  
NM State Treasurer  
2055 South Pacheco Street  
Suite 100 & 200  
Santa Fe, NM 87505  
[laura.montoya@sto.nm.gov](mailto:laura.montoya@sto.nm.gov)  
505-955-1120

Mr. Rick Scroggins  
Alternate for ERB Executive Director  
Educational Retirement Board  
PO Box 26129  
Santa Fe, NM 87502-0129  
[rick.scroggins@state.nm.us](mailto:rick.scroggins@state.nm.us)  
505-476-6152

Mr. Lance Pyle  
NM Association of Counties  
Curry County Administration  
417 Gidding, Suite 100  
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[lpyle@currycounty.org](mailto:lpyle@currycounty.org)  
575-763-3656

Mr. Tomas E. Salazar, PhD  
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PO Box 66  
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505-429-2206

Ms. Raquel Alirez  
Classified State Employee  
401 Broadway NE  
Albuquerque, NM 87102  
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505-365-3474

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

June 6, 2023

9:30 AM

CNM Workforce Training Center

5600 Eagle Rock Ave NE, Alb. NM 87113

Online: <https://meet.goto.com/NMRHCA/boardmeeting>

Telephone: 1-224-501-3412 / Access Code: 724-176-285

AGENDA

1. Call to Order	Ms. Saunders, Vice President	Page
2. Roll Call to Ascertain Quorum	Ms. Beatty, Recorder	
3. Pledge of Allegiance	Ms. Saunders, Vice President	
4. Approval of Agenda	Ms. Saunders, Vice President	4
5. Approval of Regular Meeting Minutes May 2, 2023	Ms. Saunders, Vice President	6
6. Public Forum and Introductions	Ms. Saunders, Vice President	
7. Committee Reports	Ms. Saunders, Vice President	
8. Executive Director's Updates	Mr. Kueffer, Executive Director	
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e. Open Meetings Act Resolution		
14. Other Business	Ms. Saunders, Vice President	
15. Executive Session	Ms. Saunders, Vice President	

Pursuant to NMSA 1978, Section 10-15-1(H)(6) Contents of Competitive Sealed Proposals  
Solicited Pursuant to the Procurement Code – Life and Disability RFP

16. Date & Location of Next Board Meeting                      Ms. Saunders, Vice President

July 20, 2023 – 9:30 AM – Angel Fire Resort Meeting Room

July 21, 2023 – 9:00 AM – Angel Fire Resort Meeting Room

17. Adjourn

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

**REGULAR MEETING**

**May 2, 2023**

**1. CALL TO ORDER**

A Regular Meeting of the Board of Directors of the New Mexico Retiree Health Care Authority was called to order on this date at 9:30 a.m. in Room 207, CNM Workforce Training Center, 5600 Eagle Rock Avenue, 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  
Ms. LeAnne Larrañaga-Ruffy, Secretary  
The Hon. Laura Montoya, NM State Treasurer  
Ms. Rachel Alirez [telephonically]  
Mr. Sanjay Bhakta  
Mr. Lance Pyle [telephonically]  
Dr. Tomas Salazar  
Mr. Rick Scroggins

**Members Excused:**

Mr. Jamie Widner

**Staff Present:**

Mr. Neil Kueffer, Executive Director  
Mr. Keith Witt, Deputy Director  
Mr. Jess Biggs, Director of Communication & Member Engagement  
Mr. Trinity Angelino, Network Administrator  
Mr. Raymond Long, Chief Information Officer  
Ms. Judith Beatty, Recorder

**3. PLEDGE OF ALLEGIANCE**

Mr. Kueffer led the Pledge.

#### **4. APPROVAL OF AGENDA**

Mr. Kueffer said he would present Item 10 in lieu of Ms. Ayanniyi, who could not be present because of a family emergency.

**Ms. Larrañaga-Ruffy moved for approval of the agenda, as amended. Ms. Saunders seconded the motion, which passed unanimously.**

#### **5. APPROVAL OF REGULAR MEETING MINUTES: April 10, 2023**

Mr. Scroggins noted a spelling error in the third paragraph, first line, of page 11.

**Treasurer Montoya moved for approval of the April 10, 2023, minutes, as amended. Mr. Scroggins seconded the motion, which passed unanimously.**

#### **6. PUBLIC FORUM AND INTRODUCTIONS**

Attendees introduced themselves.

#### **7. COMMITTEE REPORTS**

- The Executive Committee met last week to approve today's agenda. The Finance/Investment Committee also met to discuss today's action items. [Mr. Crandall]
- The Audit Committee met last week and heard staff's presentation on the proposals. Moss Adams received the highest score and is being recommended to the full board as part of today's agenda. [Mr. Bhakta]

#### **8. INTERIM WELLNESS COMMITTEE VOLUNTEERS**

Mr. Kueffer stated that the Wellness Committee is down to three members with the departure of Terry Linton, and its most recent meeting was postponed when Mr. Widner had a scheduling conflict. He suggested it would be helpful to add a couple of members.

Chairman Crandall asked that anyone interested in volunteering for the committee contact him or Mr. Kueffer.

#### **9. EXECUTIVE DIRECTOR'S UPDATES**

##### **a. Human Resources**

- Mr. Kueffer presented updates.

- The General Counsel position was advertised in the State Bar Bulletin on April 26

**b. Operations**

- The NMRHCA's annual HIPAA training took place on April 14. This was conducted in partnership with Segal.
- The NMRHCA is looking at other ways of providing training to customer service representatives and staff members who interact with the public, including coaching staff on mindfulness and resilience when they receive calls from customers who are frustrated or upset.

**c. May 2023 Newsletter**

- This issue of the newsletter contains a legislative update, financial update, and registration information for the Virtual Wellness Fair

**d. 2023 Spring Budget Workshop**

- Mr. Kueffer and Mr. Witt had the pleasure of presenting to the NM Association of School Business Officials for their Spring Budget Workshop, which ran April 11-13.

**e. FY24 Operating Budget**

Mr. Kueffer reviewed highlights from the FY24 operating budget, which was adopted by the Finance Committee. When staff presented the operating budget at last month's meeting, the compensation package numbers had not yet been finalized. The final number of \$132,100 has since been applied to the budget, revising the total under Personal Services and Employee Benefits to a new total of \$2,285,900. In addition, there will be 27 FTEs for FY24.

**f. March 31, 2023, SIC Reports**

- The trust fund reached a new high in March, from \$1.148 billion to \$1.2 billion. This included gains of \$12.7 million and a transfer of \$40 million.

**10. FY23 Q3 BUDGET REVIEW**

Mr. Kueffer presented this review.

- Healthcare Benefits Administration Program expended \$260.7 million and collected \$319.4 million in review, resulting in a \$58.7 million surplus, which is higher than the \$50.3 million surplus for the same period in FY22.



- Third quarter FY23 expenditures are \$13.3 million greater than expenditures in third quarter FY22, for a growth of 5.4 percent.
- Overall plan participation (medical and voluntary coverages) has grown 3.24 percent.
- Claims costs continue to grow across the self-insured plans even though enrollment has declined.

#### **11. NEW ENTITY PARTICIPATION REQUEST**

Mr. Kueffer stated that, as discussed at the March 7 meeting, Southeast New Mexico College (SENMHC) and the NMRHCA have been in communication regarding the college's participation in the NMRHCA and what the requirements are. Based on the Buy-in Analysis performed by Segal, the buy-in cost for SENMHC's 169 active participants totals \$532,354. The SENMHC governing body adopted an ordinance on March 20, 2023, approving the college's participation. SENMHC will be required to begin making employer and employee contributions on July 1, although retirees would not be eligible until January 1, 2024, and could begin joining the program at that time.

Mr. Scroggins noted that Segal used a discount rate of 7.75 percent, in accordance with the NM Administrative Code, in making the calculations. This concerned him because the NMERB and NMRHCA use a discount rate of 7.0 percent. PERA's discount rate is 7.25 percent. He suggested the NMRHCA consider making a rule change to tie it to the assumed rate of return, since the lower the discount rate, the higher the liability.

Mr. Scroggins pointed out that Segal's letter states that the actuarial assumptions used in the modeling are the same as those used in the NMERB pension valuation report as of June 30, 2020; however, the rule says they are supposed to utilize the same methodology and assumptions as the last valuation, which was June 30, 2022. Mr. Kueffer said that could be a typo and should be dated June 30, 2021.

Mr. Scroggins called attention to the second paragraph on page 2 of Ms. Krumholz's letter, which states, "Unless otherwise noted above, the data, assumptions and plan provisions are the same as those used in the NMRHCA Actuarial Valuation and Review of Other Postemployment Benefits as of June 30, 2022." He said the Administrative Code clearly says the only difference in assumption is supposed to be the discount rate, which is 7.75 percent, but a number of other statements are made that aren't consistent with that.

Mr. Kueffer responded that there are different assumptions with regard to the total membership because it includes Medicare, so he believes Segal is tailoring this to the membership group as far as the cost.

Chairman Crandall noted that Segal has assumed 60 percent of SENMC's eligible future retirees will enroll in NMRHCA at retirement, and that 25 percent terminating prior to retirement will elect NMRHCA benefits at retirement. He questioned where the other 40 percent would go to get their healthcare. He said the 60 percent seemed low.

Mr. Kueffer said the NMRHCA sees that currently, where individuals who may be retiring later will jump onto a spouse's plan if the spouse is currently working. They also may go back to work, in which case they would be required to get the benefits if offered them.

Mr. Scroggins said he would prefer deferring this issue to the next meeting pending clarification from the actuaries.

Mr. Bhakta noted that Segal's letter is directed to SENMC. Mr. Kueffer responded that SENMC paid for Segal's services and entered into a contract with Segal specifically for those services.

Mr. Bhakta suggested that it would be more prudent for the NMRHCA to pay for Segal's services, since otherwise it appeared to be a structural conflict of interest. He likened this to a seller of property relying on a real estate appraisal commissioned by the buyer.

Mr. Scroggins said 2.81.10.8.E(2) NMAC specifies that a participating employer aspiring to be a member pays a fee not to exceed \$10,000 at the time of petitioning for membership. If that hasn't already been included in the cost, he said it should be added to the amount to be paid by SENMC to the NMRHCA, not to Segal.

Mr. Kueffer explained that, at some point, prior leadership at the NMRHCA changed the practice. He agreed the NMRHCA should take another look at the Administrative Code to address it either through the rulemaking process or else by adhering to the code as written.

Chairman Crandall suggested that the actuaries appear before the board at next month's meeting to answer any questions from board members, and that the board go into any additional depth on the issue at the annual meeting.

**Treasurer Montoya moved to table this item and that Segal work with Mr. Kueffer on the review of the Administrative Code and the contractor to ensure that the NMRHCA is in compliance with both. Mr. Scroggins seconded the motion, which passed unanimously.**

## **12. NEW CONTRACT FINANCIAL AUDIT SERVICES**

Mr. Kueffer stated that the NMRHCA issued an RFP on March 27 for Professional Audit Services. Three responses were received, with two of the proposals meeting all of the requirements in the RFP. Those two bidders made an oral presentation. Mr. Kueffer said the proposal represents a minimal increase in the fees currently paid for audit services, from \$70,390 for FY23 to \$75,780 for FY24.

Mr. Kueffer requested approval to issue a contract for Professional Audit Services to the highest scoring vendor of the Financial and Compliance Audit Services RFP.

Responding to Treasurer Montoya, Mr. Bhakta said the third bidder came from out of state and was not on the list of approved auditors. The score was pretty close between the two remaining bidders with the exception of cost, with the second bid 40 percent higher than the first.

**Mr. Bhakta moved to accept staff's recommendation. Ms. Alirez seconded, and the motion passed unanimously.**

### **13. MEDICARE DEFAULT STRATEGY**

Mr. Witt said the NMRHCA has a default strategy for retirees and dependents becoming Medicare eligible when failing to elect a Medicare Advantage or Medicare Supplement plan with NMRHCA. The default strategy enrolls individuals into the United Health Care MA Plan 1 if no plan election is made (Presbyterian and BCBS pre-65 enrolled members). The goal of this strategy is to eliminate member disruption and dissatisfaction over losing access to an established provider or preferred hospital system. United Health Care provided the broadest network of providers in New Mexico and offered one of the lowest out-of-pocket expenses to retirees.

Mr. Witt said there has been a change in the contractual relationship between United Health Care and Lovelace, and Lovelace is now out of network when it comes to the benefit structure that United Health Care offers to the NMRHCA retirees. United Health Care continues to provide access to the Presbyterian facilities and physicians in New Mexico alongside their nationwide network, and their plan has both in- and out-of-network benefits, so NMRHCA retirees can access non-contracted providers with the United Health Care plan. Some retirees have run into some frustration when accessing the Lovelace facilities since the contract termination, mainly around scheduling appointments and billing processes. He noted United Health Care has been very attentive to any escalated issues in working with Lovelace to resolve those issues, and have taken care of things in an expedited way for NMRHCA staff.

Mr. Witt said the Humana MA Plan 1 provides in-network access to Lovelace physicians and hospitals along with a nationwide network of providers. They are one of the lowest cost options for retiree out-of-pocket expenses and to the NMRHCA. Their MA Plan 1 does not contain any type of medication or prescription gap or donut hole.

Mr. Witt requested approval to update the Medicare default strategy as of July 1, 2023. For members on a Presbyterian pre-Medicare plan, they will continue to default into United Health Care MA Plan 1. Effective July 1, 2023, the NMRHCA is proposing the updated Medicare default strategy for people enrolled in the BCBS pre-Medicare plan to default into the Humana MA Plan 1.

**Treasurer Montoya moved for approval. Dr. Salazar seconded, and the motion passed unanimously.**

#### **14. CONSULTANT CONTRACT FOR BIG BID**

Mr. Witt said a joint RFP was released by the IBAC (NMRHCA, APS, NMPSIA and State of New Mexico) on March 4 for the medical, dental, vision, and Medicare Big Bid RFP that will be going out later this year. The consultant selection is the first phase of the process.

Mr. Witt said responses to the RFP were received from two offerors. He said the Evaluation Committee was made up of three members from APS and the State of New Mexico, four members from NMPSIA, and three members from the NMRHCA (Mr. Kueffer, Mr. Witt, and Mr. Biggs). After Evaluation Committee members submitted their respective scores, the committee met on April 12 to review the scoring results, and requested Best and Final Offers, which were received on April 14, resulting in a price reduction by both offerors and final cost for the proposed offeror of \$237,500. The committee determined that the optional finalist presentations were not required, as the difference in the evaluation score between the proposed selected offeror and the other respondent was wide enough that a presentation would not impact the ranking.

Mr. Witt requested approval to enter into an agreement with APS to pay for the NMRHCA's prorated portion of the cost, for a total of \$69,350, associated with the upcoming Big Bid procurement upon execution of a contract between APS and the selected vendor.

Treasurer Montoya said she realized the scoring results could not be discussed in open session because contract negotiations were still underway. She said the NMRHCA could go into executive session for these types of things, but it would be helpful for her to receive such information before the meeting. She said she was more comfortable seeing the numbers before voting, as this was an evaluation standard for her.

Chairman Crandall asked if there was an issue with providing this information before a meeting to board members who request it. Mr. Kueffer responded that historically they have tried not to disseminate that information outside of closed session in accordance with procurement rules.

Treasurer Montoya said she would be fine with just seeing a breakdown of scoring and percentages in each category without identifying any of the offerors.

**Ms. Saunders moved acceptance of staff's recommendation. Ms. Larrañaga-Ruffly seconded the motion, which passed unanimously.**

#### **15. 2024 PRELIMINARY PLAN DISCUSSIONS**

Mr. Kueffer reviewed actions taken in previous years.

Chairman Crandall stated that he would be discussing the same issue he has brought up in previous years, which is the legislature's continued lack of support for the NMRHCA's request for contribution increases and other requests to support its continued solvency.

Dr. Salazar recommended that the board think about ways of protecting itself, either through strong statutory changes or making a change to the constitution. It would never be too early to start, since this would be a multiyear effort.

**16. OTHER BUSINESS**

Treasurer Montoya noted that NMRHCA board member Lance Pyle has been honored by New Mexico Counties for being the longest serving county manager, starting as Curry County Manager in 1998.

Treasurer Montoya additionally noted that LeAnne Larrañaga-Ruffy will be the keynote speaker in Chicago at the 2023 Intelligence Pension Bridge Private Equity Exclusive.

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

June 6, 2023 – 9:30 a.m.  
CNM Workforce Training Center  
5600 Eagle Rock Ave NE, Albuquerque NM 87113

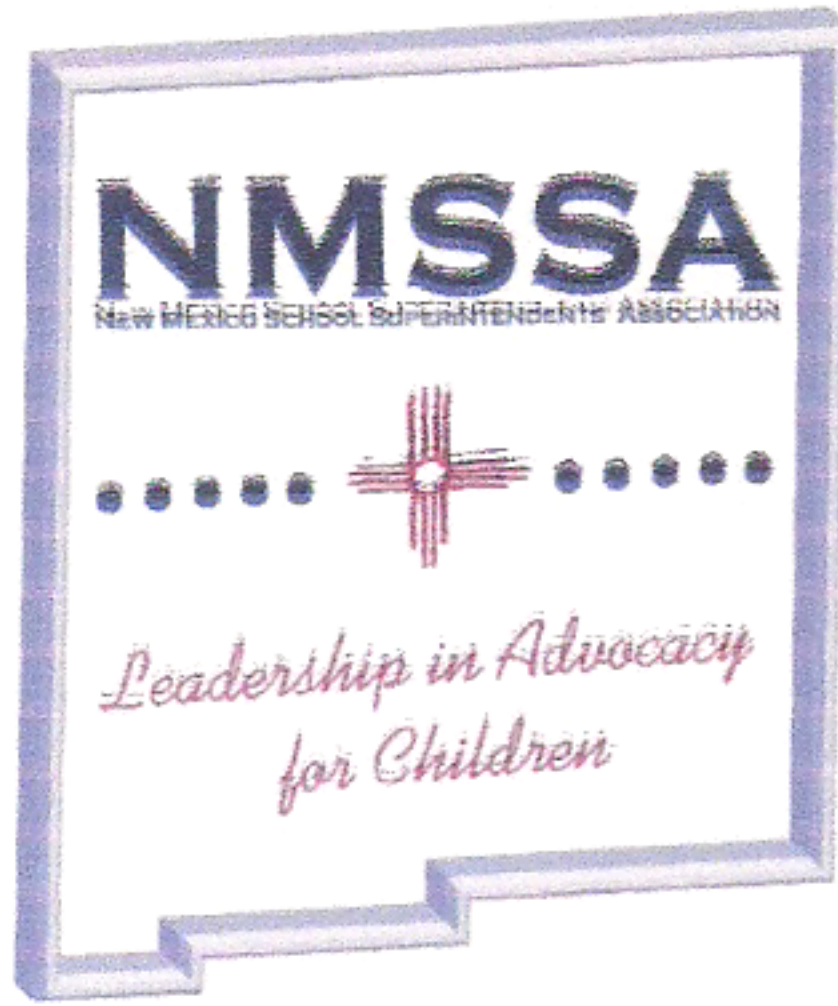
**18. ADJOURN 11:00 a.m.**

Accepted by:

---

Doug Crandall, President





*New Mexico School Superintendents' Association*  
6600 Palomas Avenue NE • ABQ, NM 87109 • 505-217-2345  
[info@nmcel.org](mailto:info@nmcel.org)

EXECUTIVE DIRECTOR STAN ROUNDS

PRESIDENT BONNIE LIGHTFOOT

PRESIDENT-ELECT DAWN APODACA

SECRETARY MARTIN MADRID

PAST PRESIDENT KIM MIZELL

May 19, 2023

Neil Kueffer, Executive Director  
NM Retiree Health Care Authority  
6300 Jefferson St NE Ste 150  
Albuquerque, NM 87109

Dear Mr. Kueffer,

I am writing as the president of the New Mexico School Superintendents' Association (NMSSA) to inform you of a change to the NMRHCA Board of Directors.

Recently, Jamie Widner has resigned as the NMSSA representative to the New Mexico Retiree Health Care Authority (NMRHCA) Board of Directors and we are grateful for his service in that role.

As president of the NMSSA, I have appointed Gerry Washburn, superintendent of Carlsbad Municipal Schools as our association's representative for the NMRHCA Board of Directors.

Thank you for the work your organization is doing to protect the current and future retirees of New Mexico's public workforce.

Sincerely,

Bonnie Lightfoot  
Superintendent  
President NMSSA



**New Mexico Retiree Health Care Authority (CP)**  
**Change in Market Value**  
**For the Month of Apr 2023**  
(Report as of May 15, 2023)

Investment Name	Prior Ending Market Value	Contributions	Distributions	Fees	Income	Gains - Realized	Gains - Unrealized	Gains - Realized & Unrealized	Market Value
Core Bonds Pool	195,187,200.17	-	-	-	521,950.47	(169,061.61)	932,810.16	763,748.55	196,472,899.19
Credit & Structured Finance	176,968,470.15	-	-	-	443,776.26	-	(473,320.12)	(473,320.12)	176,938,926.29
NM Retiree Health Care Authority Cash Account	-	-	-	-	-	-	-	-	-
Non-US Developed Markets Index Pool	154,366,522.10	-	-	-	531,620.57	126,917.38	2,997,441.07	3,124,358.45	158,022,501.12
Non-US Emerging Markets Active Pool	93,166,136.05	-	-	-	122,435.56	62,691.59	(2,560,070.08)	(2,497,378.49)	90,791,193.12
Private Equity Pool	178,229,399.61	-	-	-	128,156.78	149,736.06	57,755.93	207,491.99	178,565,048.38
Real Estate Pool	134,508,751.86	-	-	-	227,232.24	69,467.27	(173,839.79)	(104,372.52)	134,631,611.58
Real Return Pool	59,916,965.44	-	-	-	131,327.42	46,095.30	(45,815.94)	279.36	60,048,572.22
US Large Cap Index Pool	187,085,320.15	-	-	-	179,634.90	3,651.19	2,138,733.14	2,142,384.33	189,407,339.38
US SMID Cap Alternative Weighted Index Pool	24,541,985.58	-	-	-	22,559.60	(67,757.45)	(633,500.42)	(701,257.87)	23,863,287.31
Sub - Total New Mexico Retiree Health Care	1,203,970,751.11	-	-	-	2,308,693.80	221,739.73	2,240,193.95	2,461,933.68	1,208,741,378.59
<b>Total New Mexico Retiree Health Care</b>	<b>1,203,970,751.11</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,308,693.80</b>	<b>221,739.73</b>	<b>2,240,193.95</b>	<b>2,461,933.68</b>	<b>1,208,741,378.59</b>

## **Retiree Health Care Authority Act**

### **Southeast New Mexico College Program Participation - Action Item**

#### **Background**

The New Mexico Retiree Health Care Authority (NMRHCA) and the Southeast New Mexico College have been in communication regarding their participation in the Retiree Health Care Authority as stated at the March 7, 2023, Board Meeting. The Governing Body met on March 20, 2023, and voted in favor of participating in the Retiree Health Care programs beginning July 1, 2023.

Per Chapter 10-7C-9 NMSA 1978, Section F – Southeast New Mexico College will be required to begin making the appropriate employer and employee contributions determined by the board to the fund on the July 1 immediately following the adoption of the ordinance or resolution. On the following January 1, eligible retirees of those participating employers and their eligible dependents shall be eligible to receive group health insurance coverage pursuant to the provisions of the Retiree Health Care Act.

Based upon the Buy-In Analysis performed by Segal, the buy in cost for Southeast New Mexico's College's 169 active participants totaling \$532,354. For additional information related to the calculation please see – NMRHCA Buy-In Analysis for Southeast New Mexico College. A lump sum payment will be made to New Mexico Retiree Health Care Authority.

#### **Recommendation**

NMRHCA staff respectfully requests Board approval for inclusion of Southeast New Mexico College as a participating employer with the New Mexico Retiree Health Care Program effective July 1, 2023. Approval of this request will allow Southeast New Mexico College employees to have access to benefits beginning January 1, 2024.



January 30, 2023

Dr. Karla Volpi  
Vice President for Business Finance  
Southeast New Mexico College  
1500 University Drive  
Carlsbad, NM 88220

**Re: New Mexico Retiree Healthcare Authority (NMRHCA) Buy-in Analysis for  
Southeast New Mexico College (SENM)**

Dear Dr. Volpi:

As requested, we have prepared the actuarial valuation that serves to establish the Buy-In obligation for SENMC. We have summarized the results in the enclosed exhibit.

We have calculated the liability as of June 30, 2022, using the data provided to us by your office. The discount rate for the buy-in calculation was 7.75%, which is not the same as the 5.42% used for the most recent Governmental Accounting Standards Board (GASB) Statement 74 valuation. Per the New Mexico Administrative Code, the 7.75% rate is to be used for buy-in calculations.

We have assumed that all members are covered under the New Mexico Educational Retirement Board (ERB). The actuarial assumptions used to model probabilities of mortality, retirement, disability, and turnover are the same as those used in the ERB pension valuation report as of June 30, 2020.

Because it is unknown which NMRHCA plans SENMC employees will elect, we have assumed 60% of eligible future retirees will enroll in NMRHCA at retirement. We assume 25% of eligible employees terminating prior to retirement will elect NMRHCA benefits at retirement. These future retirees are assumed to elect medical carriers as shown below:

<b>Non-Medicare Plan</b>	<b>Medical Election Rate (%)</b>
Premier	75
Value Plan	25
<b>Medicare Plan</b>	<b>Medical Election Rate (%)</b>
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

These are the same enrollment and participation assumptions used in the GASB 74 valuation.

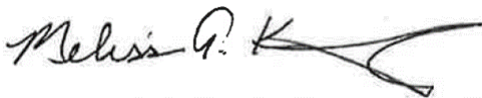
We assumed wives are 2 years younger than husbands are for the spouse age. Of the future retirees, we assumed 35% of males and 30% of females would elect spouse coverage at retirement.

Unless otherwise noted above, the data, assumptions and plan provisions are the same as those used in the New Mexico Retiree Health Care Authority Actuarial Valuation and Review of Other Postemployment Benefits (OPEB) as of June 30, 2022, in accordance with GASB Statement No. 74, dated November 18, 2022.

That valuation and the actuarial calculations in the enclosed exhibit have been prepared under the supervision of Mary Kirby, FCA, FSA, MAAA. She is a member of the Society of Actuaries and the American Academy of Actuaries and meets the "General Qualification Standards for Statements of Actuarial Opinions" to render the actuarial opinion contained herein.

If you have any questions or comments, please contact me at (303) 714-9937 or [mkrumholz@segalco.com](mailto:mkrumholz@segalco.com).

Sincerely,



Melissa Krumholz  
Vice President, Health Actuary

cc: Nura Patani

JAC/

Enclosure

# SENMC

## New Mexico Retiree Health Care Authority Buy-In Study

### Actuarial Accrued Liability (AAL) and Unfunded AAL (UAAL)

June 30, 2022

<b>A. Participant Category</b>	
Current retirees and dependents	\$0
Current active members	<u>532,354</u>
Total	\$532,354
<b>Effect of Retiree Contributions</b>	
<b>B. Actuarial accrued liability before reduction for retiree contributions</b>	\$1,790,927
Less projected retiree contributions	<u>1,258,572</u>
Net employer actuarial accrued liability	\$532,354
Actuarial value of assets	<u>0</u>
Unfunded actuarial accrued liability	\$532,354

### Summary of Participant Data

June 30, 2022

<b>Active Participants</b>	
Number	169
Average age	46.2
Average years of service <sup>1</sup>	3.4
Average expected retirement age	64.0

<sup>1</sup> The Buy-In liability calculation incorporates service prior to April 1, 2022; as provided by SENMC.

April 26, 2023

Mr. Neil Kueffer  
Executive Director  
New Mexico Retiree Healthcare Authority  
6300 Jefferson Street NE, Suite 150  
Albuquerque, NM 87109

**Re: Notification to join New Mexico Retiree Healthcare Authority**

Dear Neil Kueffer:

Southeast New Mexico College hereby gives notice that on the 20th day of March, 2023 at approximately 6:00 pm the governing body conducted a public hearing on the question of including Southeast New Mexico College in coverage by the Retiree Health Care Act.

This notice was authorized to be provided by a formal vote of the governing body of Southeast New Mexico College held on the 20<sup>th</sup> day of March, 2023.

Southeast New Mexico College

By: Ned Elkins

Its: Chairperson

**B.** The employer may validly exercise the option to be included in the coverage only if it does so by adoption of an ordinance or resolution, in the form required by the NMRHCA. The form may be updated by the NMRHCA as necessary without revision of this rule. As of the effective date of this rule, the NMRHCA required ordinance/resolution form is as follows:  
ORDINANCE/RESOLUTION NO.

AN ORDINANCE/RESOLUTION ADOPTED PURSUANT TO THE RETIREE HEALTH CARE ACT, SECTIONS 10-7C-1 ET SEQ. NMSA 1978 EXERCISING THE IRREVOCABLE OPTION TO DETERMINE TO BE INCLUDED IN COVERAGE UNDER THE RETIREE HEALTH CARE ACT

WHEREAS, the governing body has considered the issue of retiree health care for its employees, retirees, their spouses and dependents;

WHEREAS, the governing body has considered the opportunity afforded by the Retiree Health Care Act ("Act"), Sections 10-7C-1 et seq. NMSA 1978 to provide basic and optional retiree health coverages. The single basic plan of benefits rate may be adjusted from time to time pursuant to the act. The current single basic plan of benefits rate is two percent for employer and one percent for the employee (All numbers are expressed as a percentage of salary); and



WHEREAS, the governing body has considered that pursuant to the act, retiree health care authority participation requires participating employer and/or employee contributions to the retiree health care authority fund in the amount determined appropriate by the NMRHCA board and which may be adjusted from time to time: and

NOW, THEREFORE, BE IT ORDAINED by the governing body of Southeast New Mexico College

Section 1. SENMC wanted to update the retiree health care on the decision of the SENMC Board of Trustees approval to potentially become a member of NMRHCA

Section 2. Pursuant to the terms of the act Southeast New Mexico College determines to be included in coverage under the Retiree Health Care Act.

Section 3. Passed, adopted and approved this 20<sup>th</sup> day of March, 2023.

  
\_\_\_\_\_  
Chairperson

SENMC

Attest

by: Ned Elkins

its: Chairperson

On this 28<sup>th</sup> day of April, 2023 before me appeared

Ned Elkins known to me as a duly-authorized representative of the Board of Trustees - Southeast New Mexico College and having been first sworn on his/her oath deposed and stated that the hereinbefore recited ordinance was adopted by a vote of 3 in favor and - 0 - opposed and that the governing body of the Southeast New Mexico College consists of 5 members plus a mayor or including a chairperson and that a sufficient number of them voted in favor of passage of the ordinance or resolution that it is in effect.

  
\_\_\_\_\_  
Notary Public

My Commission Expires

1-16-2025

STATE OF NEW MEXICO  
NOTARY PUBLIC  
Andrea L. Dodson  
Commission No. 1082457  
January 16, 2025



## BOARD OF TRUSTEES MEETING MINUTES

Date: 3/20/23

Time: 6:00 pm

Session Location: SENMC RM 153

Board Members present:

- ☒ Chairman, Ned Elkins
- ☒ Member, Bill Murrill
- ☒ Member, Sarah Bowman

Type of Meeting:

- ☒ Regular ☐ Work
- ☐ Special

- ☒ Secretary, Tiffany Frintz
- ☒ Member, Mark Cage

Board Members absent: Tiffany Frintz Bill Murrill

- 1) Call to Order
- 2) Pledge of Allegiance
- 3) Establish Quorum – Roll Call
- 4) Approval of minutes from the previous meeting – 2/13/2023

Time: 6:04 pm

Motion: **Sarah Bowman** Second: **Mark Cage** Nays: 0

- 5) **General Counsel: Lane Martin** (via Zoom) reported no legal updates. He has been working with Dr. Kevin Beardmore on policy proposals and things are going well.
- 6) **SENMC general status report: Dr. Kevin Beardmore** provided his March Top Ten list (see attached). 1 & 2) Dr. Monty Harris, Interim VP for Workforce Development and Community Engagement will report on the plans for the Trades x Technologies building and the Department of Energy grant proposal. 3) Vice President for Student Services Juanita Garcia will report on applications for fall 2023 compared to fall 2022. 4) There will not be an enrollment update this evening because enrollment won't begin until April 13<sup>th</sup>. Dr. Beardmore reported 5) as of March 9<sup>th</sup> he had met with 86 of 107 FT employees. He has compiled the results and provided a report. The overall positive comments cited a family/team environment and professional opportunities. The highest priority item under things to change was facilities, from repairs and renovation to finding new ways to use existing spaces. Communications/transparency are also near the top of the list; 6) the search continues for a Coordinator of Institutional Research; 7) operational transparency continues in the form of a monthly open forum and articles published in the Carlsbad Current-Argus, Carlsbad Local, and posted to the SENMC website; 8) SENMC is making progress in establishing independence. The Alternative Retirement for SENMC bill was included in other educational bills and is now on the governor's desk ready for signing. Expect to see a change in health care costs. Providers have increased premiums but for the past three years the increases had not been passed down. Now employers will be expected to cover the deficit. SENMC's amount has not been determined yet because the amount is included in the total for New Mexico State University. This increase would be in addition to the proposed 10% health plan premium increase. The New Mexico Retiree Health Care Authority (NMRHCA) is a group health insurance plan available to retired state and local government employees, including those retiring from participating educational institutions. To participate, SENMC would need to buy into the program to pay for years already worked by current employees. The estimated cost of this is ~\$500,000, but the college is in a financial position to make this investment. Active employees and their employers must also make regular contributions. Currently the employer contribution is 2% of all salaries and each employee pays 1% of their salary (via payroll deduction. 9) he has met with key community stakeholders include Superintendent of Artesia Schools, Thad Phipps and four members of his



leadership team, and LaVern Shan and Eric Spencer from Carlsbad Schools. He visited New Mexico Junior College and C-TECH in Hobbs with Keely Scruggs and Eric Spencer. He's also met with the Building Committee, participated in Community Forum with Johnny Chandler, and attended Friday Focus, spoken with Dr. Mel Vuk, participated in the Eddy County Literacy Conversation, given a welcome at the WIPP Leadership Academy and met with Chad Ingram and Aaron Irving to discuss the Stakeholders Committee. 10) Representatives from the Higher Learning Commission (HLC) will be on campus this October. In the meantime, Dr. Beardmore and four other SENMC administrators are attending the HLC Annual Conference in Chicago at the end of this month.

He has also visited several colleges and universities in New Mexico (University of New Mexico, New Mexico State University, Eastern New Mexico University, Western New Mexico University, New Mexico Tech, and Central New Mexico Community College) and three in Texas (Texas Tech University, University of Texas-Permian Basin, and Sul Ross State University). He wrote a letter of support for Secretary Rodriguez and went to Santa Fe for her confirmation hearing.

Member **Bowman** wondered if anything in particular stood out in the visits to the schools. Dr. Beardmore responded that he loves visiting university campuses and seeing the personalities and getting a sense of the places to which SENMC students may transfer. He mentioned that we are in an "arms race" with these peer colleges, because when students visit, the institutions feature their new facilities. We need to be competitive.

## 7) New Business

### A. Request for Policy Changes (Dr. Kevin Beardmore)

Dr. Beardmore presented policy change proposals to the College Council on March 1<sup>st</sup>. The Council reviewed and approved the proposed changes, after which they were sent (via email) to Lane Martin for review and approval. Mr. Martin sent his approval (via email) on March 8<sup>th</sup>. The changes under consideration are as follows:

- I. Section C-Human Resources-Policy Number 2300-Benefits
  - a) Part 1 – Tuition Remission
  - b) Part 5 – Dependent Children Tuition Remission Benefit
  - c) Part 8 (NEW) – Annual Leave
- II. Section B-Policy Number 400-Executive Leadership and Administration
  - a) I. Introduction
  - b) VI. (NEW) VP of Workforce Development and Community Engagement
- III. Section C-Human Resources-Policy Number 800-Hiring and Classification of Employees
  - a) V. Hiring of Executive Positions
- IV. Section C-Human Resources-1000 Promotion and Tenure Policy
  - a) V. (NEW) Convert non-tenure track positions to tenure track
- V. Section B-Policy Number 300-Presidential Duty and Authority to Establish Committees and Councils
  - a) College Council
- VI. Section F-Policy 600-Admissions and Registration
  - a) Admissions

Dr. Beardmore reviewed the rationale for each of the proposed policy changes. Zane Biebelle (Faculty Senate president) addressed the Board saying that the "clawback" feature had been a concern and she is pleased with Dr. Beardmore's response. She also said she thinks employees would prefer to have a dependent tuition benefit that looks more like what they had under New Mexico State University.

No annual leave policy existed previously. This proposal addresses the equity issue between former NMSU full-time regular staff and new SENMC full-time regular staff and encourages and rewards employee persistence.

Items II and III create policy for the actions voted on in December 2022 and identifies which groups have representatives on the search and review committee. Section IV gives the President and the VPAA the option of changing positions from non-tenured to tenured. Section V clarifies that representatives on the College



department and the faculty from Early Childhood Education to serve the needs of the community as well as the students. 4) The Spring Forum for Professional Development will be held on the SENMC campus on April 21<sup>st</sup>. Faculty and staff are given the opportunity to make presentations in their fields.

- C) **Dr. Monty Harris, Interim VP of Workforce Development and Community Engagement:** 1) The building design committee and architects (9 Degrees Architecture and Design) met on March 6<sup>th</sup> and created sub-groups. Each subgroup has met with the architects to discuss their needs and concerns. The architects will review all the input to determine where there can be collaborative spaces and where there will need to be dedicated spaces. ELKINS wanted to know if one session per subgroup could provide sufficient input for the project. Michael Bluth (9 Degrees) was available via Zoom and explained that they have a lot of information and have sent a lengthy list to Dr. Beardmore and Dr. Harris to review. He said they are in a good position to assemble the information and create rough programming diagrams and meet with the subgroups again. 2) The Department of Energy has asked for revised budget projections-they'd like to see more spending in the first year of the grant. Dr. Harris explained he is waiting for confirmation on a location at which time he'll have some more definitive costs. He expects to have the updated budget ready by the end of the month. 3) In Program Development they're working on an agreement with an established truck driving school to develop a co-branded commercial driver's license program. SENMC would need to provide a classroom and a 100'x300' paved lot to practice driving maneuvers. The parking lot at the mall is one possibility. CAGE said the county might be willing to pave some of its available land-this would provide a more secure space. Dr. Beardmore met with AMTEC (Advanced Manufacturing Technology Education Collaborative) to seek recommendations on equipment trainers. One company builds custom trainers connected to the curriculum they provide. AMTEC think they can work with industry in this area to adapt what they have to the needs of the region. They also have curriculum based on open labs allowing students to work a self-paced curriculum. Workforce is finalizing agreements for a suite of safety training programs that meet OSHA standards, and the CE Shop which provides licensing training and continuing education for real estate brokers. Dr. Harris will meet with Skillpoint Alliance in April. They work in the Permian Basin to offer pre-apprentice training in electrical, HVAC, manufacturing, and plumbing at no cost to students. They have programs in the Midland/Odessa area and they'll discuss a timeline for bringing their programs to SENMC. Dr. Harris has spoken to local media professionals about starting a broadcast media program through Workforce Development. They've already developed curriculum outlines for two eight-week courses. Additionally, they've assessed SENMC's digital media lab and equipment and determined that it is more than adequate for this program. They've also committed to supplying additional equipment if needed. They are moving forward with program development and hope to have these programs operational this year. Workforce Development plans to bring welding certification to the campus and establish this campus as a test site for the American Welding Society and the American Society for Nondestructive Testing. 4) Workforce is using a credentialing verification platform that will enable them to create digital credentials customized to the workforce programs. This program makes it easy for employers to verify credentials. It also has a resume builder that incorporates those credentials. Dr. Harris will follow up with additional information at the next Board meeting; 5) The Community Education department is offering 19 classes this term including CPR, and the Mobile Oil Learning Unit which is an opportunity for students and community members to learn about the oil and gas industry. They also have special interest and hobbies classes for children and youth. During spring break 28 students aged 4 and up participated in Little Scientists and Young Chefs classes.



Council include two from the Administrative Staff and two from Classified Staff, and VI defines SENMC's admissions policy.

Motion for approval as presented: **Mark Cage**

Second: **Sarah Bowman** Nays: 0

**B. Retiree Health Insurance**

Dr. Volpi explained that NMSU used to have self-funded retiree health insurance that remained in place until the retiree reached age 85. According to the NMSU website retiree health insurance is not provided for employees hired on or after July 1, 2016. The plan proposed for SENMC is through the state of New Mexico. Employees eligible for ERB are also eligible for this plan, which if approved would be implemented on July 1<sup>st</sup>, 2023. The cost will be approximately \$250K per year. ELKINS asked about long-term costs to employees and the college. Volpi explained that they'll use a sliding scale so employees aren't paying for everything and they'll need to build the annual budgets to include funds for this. Dr. Beardmore advised that lower salaries receive a higher subsidy and he is proud of the college for doing this. ELKINS-the longer you work the more the state pays? That is correct, advised Volpi, but it does plateau. ELKINS said his first concern is the cost to the retiree and their family but the cost to the college also needs to be considered. But this benefit allows the college to attract and retain good faculty and staff.

Motion for approval as presented: **Sarah Bowman**

Second: **Mark Cage**

Nays: 0

- C. Application for Tenure** – Dr. Beardmore advised that the Board will go into closed session later in the meeting to review and discuss the application.

**8) Executive administration staff reports or comments - Representatives reported on the following:**

- A) Juanita Garcia, VP of Student Affairs (via Zoom):** 1) They have completed user testing and are waiting for Anthology to correct an issue discovered during testing. The plan is to go live for registration on April 13<sup>th</sup>. She is hoping the correction will be done by the end of this week to ensure that the portal and student sides are speaking to each other; 2) Student Affairs have been working with Marketing and Grants Services to develop promotional strategies; 3) student services staff have been busy with data entry; 4) transcript customization is pending-when complete they'll be able to print transcripts in-house; 5) REACH (the Admissions app) should be ready by October; 6) All students will be in the SENMC student database in fall 2023; 7) the financial aid award letter will be viewable on the student portal but they will not be able to show award amounts until NMSU pays out all the 2022-2023 aid. Garcia is proposing that students have lines of credit in the SENMC bookstore while waiting for their aid; 8) The Financial Aid Office is setting up a college finance plan for students to access and view. This is required by Federal Student Aid and the VA. Diana Campos (Financial Aid Director) is working on SENMC's Title IV application; 9) National Clearinghouse is helping us to prepare for enrollment reporting requirements. Testing for that will begin soon; 10) The financial aid default rate in 2020 for all NMSU campuses is .1%. A breakdown by campus is not available yet. In 2019 the default rate was 9.23%; 11) Staff from Financial Aid will be in Albuquerque and Taos to attend training. They recently attended a training at NMSU to update all FA employees. 12) The VA did a compliance audit on March 8<sup>th</sup>. The report is pending.
- B) Dr. Andrew Nwanne, Executive VPAA:** 1) The new Fire Science Director (Robert Trautner) is updating the program. He's looking at ways to recruit students and is working with the fire departments in Carlsbad and Artesia. He's also consulting other fire science programs in the state. 2) Nursing students are doing clinicals at hospitals in Lubbock, Texas. 3) The library expansion will include works of fiction as well as academic publications. They're working with the Grants Services



- D) **Dr. Karla Volpi, VP of Business & Finance:** 1) Finance has been working on Anthology, configuring the system and creating processes. The go live date is July 1<sup>st</sup> but they're hoping to begin data entry in June-Dr. Volpi says this will be advantageous for year-end reporting (2) She is working on budgets and cautioned that the numbers will be higher than anticipated because they needed to hire more people and insurance costs are significant. The auditors are still reviewing but Dr. Volpi hopes to present the budget in April. 3) There are not any financial statements yet. Dr. Volpi has the data but no reports. 4) **FACILITIES** – parking lot construction is going forward and POs have been cut for engineering and construction; they are working with Ameresco to design solar panels; there are funds left from the LAC project. They realized that accessibility had not been addressed in that project and will spend approximately \$106K to correct that; Ameresco will add more solar panels to the parking lot to assist with HVAC units. The company will give its presentation via Zoom in April; exploring replacing keyed door locks with electronic locks for better protection of expensive equipment (doors would lock automatically). It is easier and less expensive to reprogram electronic locks than to re-key doors. Before this project can move forward we'd need to make sure the existing doors are sound and close properly. This would be a multi-year project; 5) Bookstore manager Frankie Miller and Dr. Volpi recently returned from New Orleans where they purchased swag and some unusual things for the bookstore. The goal is to make this a community bookstore. Ann Hillerman is scheduled to hold a book signing here on June 30<sup>th</sup>. Other book signing events are planned for later in the summer; 6) They've selected Everbridge as SENMC's Emergency Notification System. It is versatile and can deliver messages by text, phone and email. Parents can opt in to the service and it can be set up to deliver specific announcements to visitors on campus for special events.
- E) **Carol Thomas (Ferrilli):** 1) Southeast New Mexico College has approximately 2000 records that can't be completed via data migration. The data needs to be entered into the system by hand so students can register. This input also allows for validation of the data. This is time sensitive because the go live date is April 13<sup>th</sup>. 2) Financial Aid and Human Resources are both in their build phase 3) REACH will go live in October as the college's application system; 4) there are other systems, such as CourseLeaf, Maxient, Canvas, Clearinghouse, and others that have to integrate with Anthology; 5) they are continuing to work the punch list to offer improved service following the December network update
- 9) **Steven Gonzales, HR Director:** 1) He presented board members with his report and shared the following: Employee report – 211 full-time, part-time, and temporary and student employees. There are currently eight faculty and eight staff vacancies and they are conducting interviews. 2) Introduction of Robert Trautner, Fire Science Director; 3) March's Employee of the Month is Maria Quintana.
- 10) **Employee representative comments (optional)**
- A) **Faculty:** Nothing to report.
  - B) **Administrative Staff:** Nothing to report.
  - C) **Classified Staff:** Nothing to report.
  - D) **Student Govt:** Unable to participate tonight.
- 11) **College & Community Committee** – No report
- 12) **Public Comments: Norbert Rempe** – 1) Thanked everyone for putting the Board packet on the website. 2) Mr. Rempe would still like to see budget and status updates so we can know the priorities of this Board and the college.
- Beverly Spencer** – Beverly is a member of the Quilt and Stitchery Guild. She asked if there is a room on campus where the group could meet weekly, perhaps on a Saturday. This might make it possible for more people to join their group. She was directed to Dr. Beardmore to make these arrangements. Dr. Harris also gave her his card.

13) Closed Session: Discussion of Application for Tenure

Motion for closed session: **Mark Cage**

Second: **Sarah Bowman** Nays: 0

Motion for open session: **Mark Cage**

Second: **Sarah Bowman** Nays: 0

Dr. Beardmore read a statement recommending Samantha Villa for tenure.

Motion for approval: **Sarah Bowman**

Second: **Mark Cage**

Nays: 0

- 14) **Board comments:** **CAGE:** I'm pleased with the direction we're going and the professionalism that I'm seeing. I'm getting positive comments from the community. **BOWMAN** – I echo his thoughts and I encourage people to send me email. **ELKINS** – This was a productive meeting, I'm pleased with all the hard work. Monty, you've come a long way in Workforce Development.

15) Announcement of next regular board meeting:

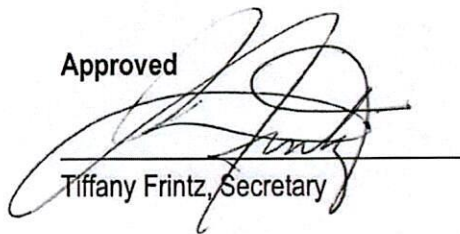
Date: April 10, 2023

Time: 6:00 pm

Place: SEnMC Room 153

- 16) Adjournment – Chairman Ned Elkins adjourned the meeting at 8:12 pm.

Approved

  
Tiffany Frintz, Secretary

Date

4/10/23





New Mexico Retiree Health Care Authority (RHCA)

# Overview of Segal Activities

Your Segal team & our ongoing and upcoming activities for the RHCA

June 2023 / Nura Patani, PhD, ASA, MAAA

# Key Members of Your Segal Team




**Nura Patani**  
PhD, ASA, MAAA

VP & Consulting Actuary  
West Region Health  
Practice Leader



**Amy Cohen**  
ASA, MAAA

Vice President & Actuary



**Mehdi Riazi**  
FSA, EA, MAAA

Vice President &  
Consulting Actuary



**Mike Madalena**

Madalena Consulting

## Additional Resources

**Health Analytics Team**  
**Melissa Krumholz, FSA, MAAA**  
Vice President & Actuary

**Health Analytics Team**  
**Andrew McDonald**  
Senior Actuarial Analyst

**Health Analytics Team**  
**Andrew Chung, ASA, MAAA**  
Senior Health Actuary

**OPEB Valuation Team**  
**Mary Kirby, FSA, FCA, MAAA**  
SVP & Consulting Actuary

**OPEB Valuation Team**  
**Vivian Caruso**  
Associate Consultant

**OPEB Valuation Team**  
**James Cassidy**  
Associate Actuarial Associate

**Pharmacy Benefits**  
**Scott McEachern, FSA, MAAA**  
Vice President & Actuary

**Data Warehouse Team**  
**Gerard Ruppert**  
Data Warehouse Architect

**Data Warehouse Team**  
**Jonathan Gruber**  
Health Economist

# Primary Annual Services

**Long Term Solvency Report**  
30-year projection on a fiscal year basis includes multiple scenarios and sensitivity analysis

**Claims & Demographics Study**  
Analysis of recent historical experience

**Calendar Year Target Rates**  
Negotiated/estimated renewal premium for fully-insured benefits. For self-funded benefits, we project claims and administrative expenses

**IBNR**  
Estimate of liability for Incurred but Not Reported (IBNR) claims

**OPEB Valuation**  
Annual valuation of Other Post-Employment Benefits (OPEB) liabilities under GASB 74/75

# Primary Annual Services

## *What insight does this provide?*

### Calendar Year Target Rates

Target rates serve as the basis for Retiree Contributions

### Long Term Solvency Report

Provides a consistent measure of “financial health” by determining the fiscal year that trust fund assets are projected to be depleted and no longer available to fund future benefits

### IBNR

Standard accounting requirement to recognize liability for claims that are working their way through the “pipeline”

### Claims & Demographics Study

Improve understanding of “population health”, RHCA benefit structure and dynamics, and how they relate to the retention of affordable benefit options

### OPEB Valuation

Required accounting and financial reporting under uniform standards for measuring liabilities, expenses, and deferred inflow/outflow of resources



# Looking Ahead to the RHCA Annual Meeting

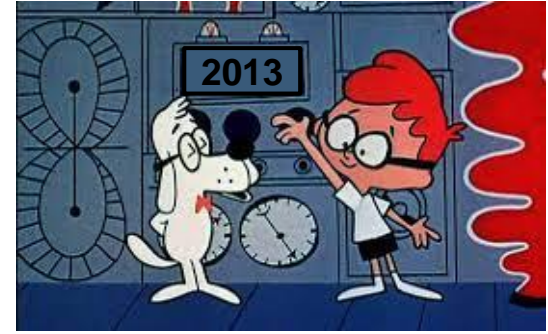
- Long-Term Solvency Modeling
  - Baseline scenario
  - Alternate scenarios based on direction from RHCA staff and Board
- Claims and Demographics Study
  - Utilization overview
  - Changes in risk profile by plan





# Review of Cadillac Tax Assumptions

## *Historical assumption development*



### 2013 RHCA Board Attestation of Intent

*“NMRHCA’s Board of Directors would like to state its intent to modify plan designs as necessary to preclude the payment of any excise tax established by 2010’s Patient Protection and Affordable Care Act (PPACA) beginning in 2018.”*

- Assumptions were incorporated into both the solvency model and GASB valuation to model benefit reductions that would limit the value of RHCA plans to the thresholds imposed by the Cadillac Tax.
- Implementation of the Cadillac Tax was delayed multiple times, and ultimately repealed in late 2019.
- June 2020 RHCA Board action to reaffirm intent to modify plan designs (pre-Medicare and Medicare Supplement) to limit the future value of those plans.

### Key Considerations

- Magnitude of modeled benefit reductions is significant (4-5% annually) and may not be realistic.
- Cadillac Tax is no longer in existence, so no PPACA penalty if plan value exceeds threshold.
- Elimination of assumptions would result in material changes to solvency results and GASB liability:
  - Fewer years of solvency (illustrative scenario is being prepared as an informational item for the 2023 Annual Meeting)
  - Increased GASB liability

# Review of Long-Term Trend Assumptions

## *Historical assumption development*

### Pre-2008

#### Trend assumptions for January 2007 Long-Term Solvency Report

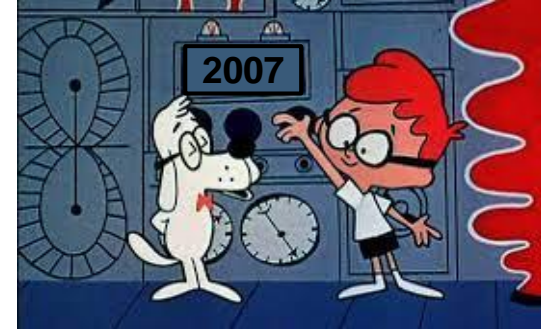
- Medical Trend: 11% in 2007 grading down 1% per year to ultimate trend of 5%.
- Medicare Part D Trend: 9% in 2007 grading down 1% per year to ultimate trend of 3%.

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

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

### Beginning with October 2008 Solvency Report

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



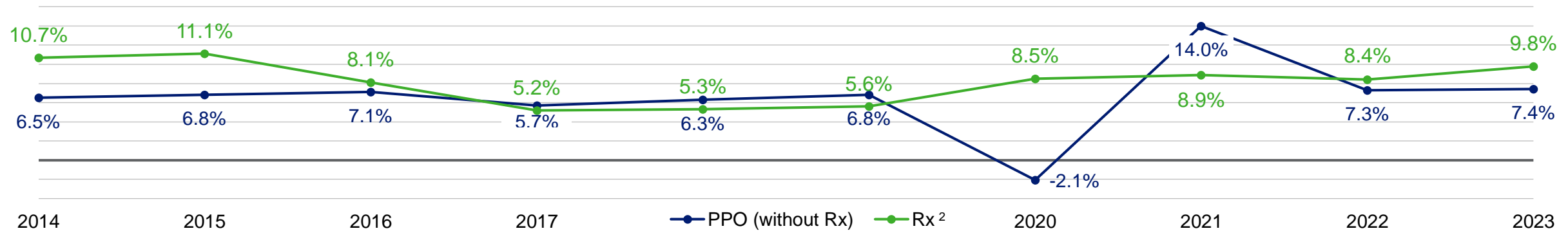
# Review of Long-Term Trend Assumptions

## *Considerations for future solvency projections*

### Key Considerations

- Unpredictability of long-term health care trends over next 30 years.
- Economic modeling suggests that an 8% constant trend rate is untenable for the long term as it eats up steadily increasing percentages of the GDP and the belief that society will ultimately require change to that model.
- Trends in recent years have been somewhat more favorable than those during 1988-2007, which were used to develop the original assumption; however, there has also been considerable recent volatility due to COVID-19.
- Use of a more conservative ultimate trend assumption for the basis of making long-term decisions supports the intent to establish a viable solvency period utilizing the income streams available to RHCA in statute.

Ten-Year Summary of Selected Medical and Outpatient Rx Trends  
*2014-2021 Actual & 2022-2023 Projected*



Source: 2023 Segal Health Plan Cost Trend Survey

<sup>1</sup> Prescription drug trend is combined for retail and mail order delivery channels.

# Thank You



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

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



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 March 31, 2023

Description: 8% trend for Non-Medicare and Medicare medical and Rx in FY2024 and beyond; Annual Non-Medicare Medical Plan Changes in CY2027+; Annual Medicare Supplement & EGWP plan changes in CY2037+; Annual Non-Medicare Rate Increases of 8% in CY2024, and net 8% with plan changes thereafter, Medicare Rate Increase of 6% in CY2024, and net 6% with plan changes thereafter. Assumed rate of return of 7%; Payroll growth assumption of 2.75% for Public Safety and 4.4% for Other Occupations in FY2023 and 2.75% beginning FY2024 overall; Includes Migration from the Premier Plan to the Value Plan from CY2024 through CY2026; Includes SB 317 impact for CY2023 through CY2026

Fiscal Year Beginning	BOY Invested Assets	REVENUE							EXPENDITURES					Rev. - Exp. Excluding Inv. Income		EOY Invested Assets	
		Employer Contribution	Employee Contribution	Retiree Medical	Retiree Ancillary	Tax Revenue	Medicare PDP & Manufacturers Discount	Miscellaneous	Total Revenue w/o Invest Income	Investment Income	Medical/Rx	Ancillary Premiums	ASO & HC Reform Fees	Program Support	Total Expenditures		
7/1/2023	\$1,203,970,751	\$105,523,337	\$52,761,669	\$140,922,765	\$38,336,707	\$46,272,433	\$36,088,736	\$292,575	\$420,198,221	\$86,882,145	\$290,860,260	\$38,336,707	\$13,037,564	\$3,558,200	\$345,792,731	\$74,405,490	\$1,365,258,386
7/1/2024	\$1,365,258,386	\$108,425,229	\$54,212,614	\$152,471,902	\$40,594,152	\$51,825,124	\$37,062,024	\$288,082	\$444,879,127	\$98,115,440	\$314,493,984	\$40,594,152	\$13,362,318	\$3,647,155	\$372,097,609	\$72,781,518	\$1,536,155,344
7/1/2025	\$1,536,155,344	\$111,406,923	\$55,703,461	\$166,775,480	\$43,582,469	\$58,044,139	\$38,182,108	\$291,875	\$473,986,455	\$109,732,552	\$349,919,982	\$43,582,469	\$13,840,576	\$3,738,334	\$411,081,361	\$62,905,094	\$1,708,792,991
7/1/2026	\$1,708,792,991	\$114,470,613	\$57,235,307	\$180,995,891	\$46,316,444	\$65,009,436	\$39,190,967	\$289,989	\$503,508,647	\$121,539,130	\$384,058,467	\$46,316,444	\$14,341,362	\$3,831,792	\$448,548,066	\$54,960,582	\$1,885,292,702
7/1/2027	\$1,885,292,702	\$117,618,555	\$58,809,277	\$193,115,089	\$49,103,095	\$72,810,568	\$40,168,472	\$285,205	\$531,910,261	\$133,739,633	\$413,552,764	\$49,103,095	\$14,779,857	\$3,927,587	\$481,363,304	\$50,546,958	\$2,069,579,293
7/1/2028	\$2,069,579,293	\$120,853,065	\$60,426,533	\$206,508,675	\$52,537,444	\$81,547,837	\$41,102,823	\$290,800	\$563,267,177	\$146,408,079	\$447,493,474	\$52,537,444	\$15,281,094	\$4,025,777	\$519,337,789	\$43,929,388	\$2,259,916,760
7/1/2029	\$2,259,916,760	\$124,176,524	\$62,088,262	\$219,872,127	\$55,659,835	\$91,333,577	\$41,844,021	\$290,546	\$595,264,892	\$159,504,941	\$482,315,477	\$55,659,835	\$15,712,648	\$4,126,421	\$557,814,380	\$37,450,512	\$2,456,872,213
7/1/2030	\$2,456,872,213	\$127,591,379	\$63,795,689	\$236,083,120	\$59,684,638	\$102,293,606	\$42,546,692	\$301,879	\$632,297,004	\$172,936,987	\$524,702,982	\$59,684,638	\$16,367,460	\$4,229,582	\$604,984,661	\$27,312,342	\$2,657,121,543
7/1/2031	\$2,657,121,543	\$131,100,142	\$65,550,071	\$252,720,447	\$63,489,949	\$114,568,839	\$43,135,575	\$308,078	\$670,873,101	\$186,590,331	\$569,142,972	\$63,489,949	\$16,995,638	\$4,335,321	\$653,963,880	\$16,909,222	\$2,860,621,095
7/1/2032	\$2,860,621,095	\$134,705,396	\$67,352,698	\$269,258,929	\$67,359,599	\$128,317,100	\$43,630,644	\$312,456	\$710,936,821	\$200,492,760	\$614,448,684	\$67,359,599	\$17,562,446	\$4,443,704	\$703,814,433	\$7,122,388	\$3,068,236,243
7/1/2033	\$3,068,236,243	\$138,409,794	\$69,204,897	\$287,707,150	\$71,820,608	\$143,715,152	\$44,173,898	\$320,280	\$755,351,778	\$214,624,280	\$665,123,883	\$71,820,608	\$18,202,691	\$4,554,797	\$759,701,978	(\$4,350,200)	\$3,278,510,323
7/1/2034	\$3,278,510,323	\$142,216,063	\$71,108,032	\$308,520,559	\$76,733,684	\$160,960,970	\$44,608,840	\$333,059	\$804,481,207	\$228,844,765	\$722,743,961	\$76,733,684	\$18,933,690	\$4,668,667	\$823,080,001	(\$18,598,794)	\$3,488,756,294
7/1/2035	\$3,488,756,294	\$146,127,005	\$73,063,503	\$328,129,821	\$81,172,140	\$180,276,286	\$45,085,908	\$332,828	\$854,187,490	\$243,182,010	\$778,177,039	\$81,172,140	\$19,508,081	\$4,785,383	\$883,642,642	(\$29,455,152)	\$3,702,483,152
7/1/2036	\$3,702,483,152	\$150,145,498	\$75,072,749	\$343,618,030	\$86,058,229	\$201,909,441	\$45,666,724	\$332,915	\$902,803,585	\$258,063,363	\$823,510,911	\$86,058,229	\$20,056,787	\$4,905,018	\$934,530,945	(\$31,727,359)	\$3,928,819,156
7/1/2037	\$3,928,819,156	\$154,274,499	\$77,137,249	\$354,190,647	\$90,907,283	\$226,138,574	\$46,058,756	\$333,420	\$949,040,428	\$274,190,088	\$856,164,303	\$90,907,283	\$20,577,008	\$5,027,643	\$972,676,238	(\$23,635,809)	\$4,179,373,434
7/1/2038	\$4,179,373,434	\$158,517,048	\$79,258,524	\$364,030,813	\$95,859,057	\$253,275,203	\$46,488,885	\$329,109	\$997,758,638	\$292,167,596	\$886,810,847	\$95,859,057	\$21,036,662	\$5,153,335	\$1,008,859,901	(\$11,101,263)	\$4,460,439,767
7/1/2039	\$4,460,439,767	\$162,876,266	\$81,438,133	\$375,249,787	\$101,392,009	\$283,668,227	\$46,897,288	\$329,125	\$1,051,850,837	\$312,345,998	\$920,334,619	\$101,392,009	\$21,550,207	\$5,282,168	\$1,048,559,003	\$3,291,834	\$4,776,077,599
7/1/2040	\$4,776,077,599	\$167,355,364	\$83,677,682	\$388,170,319	\$107,442,654	\$317,708,414	\$47,267,033	\$331,343	\$1,111,952,809	\$334,997,368	\$957,766,083	\$107,442,654	\$22,131,671	\$5,414,222	\$1,092,754,630	\$19,198,179	\$5,130,273,146
7/1/2041	\$5,130,273,146	\$171,957,636	\$85,978,818	\$403,106,335	\$114,259,316	\$355,833,424	\$47,529,107	\$339,588	\$1,179,004,223	\$360,392,673	\$999,985,189	\$114,259,316	\$22,822,913	\$5,549,578	\$1,142,616,995	\$36,387,228	\$5,527,053,047
7/1/2042	\$5,527,053,047	\$176,686,471	\$88,343,236	\$418,851,377	\$121,331,050	\$398,533,435	\$47,703,606	\$347,142	\$1,251,796,317	\$388,892,141	\$1,044,147,386	\$121,331,050	\$23,531,629	\$5,688,317	\$1,194,698,383	\$57,097,934	\$5,973,043,122
7/1/2043	\$5,973,043,122	\$181,545,349	\$90,772,675	\$435,483,622	\$128,921,540	\$446,357,447	\$47,811,294	\$356,271	\$1,331,248,197	\$420,969,562	\$1,090,615,774	\$128,921,540	\$24,264,831	\$5,830,525	\$1,249,632,670	\$81,615,528	\$6,475,628,212
7/1/2044	\$6,475,628,212	\$186,537,846	\$93,268,923	\$452,864,327	\$137,029,086	\$499,920,340	\$47,903,360	\$365,640	\$1,417,889,523	\$457,174,070	\$1,138,996,054	\$137,029,086	\$25,028,227	\$5,976,288	\$1,307,029,654	\$110,859,869	\$7,043,662,151
7/1/2045	\$7,043,662,151	\$191,667,637	\$95,833,819	\$471,305,294	\$145,689,384	\$559,910,781	\$47,995,590	\$375,256	\$1,512,777,760	\$498,135,472	\$1,190,025,752	\$145,689,384	\$25,819,176	\$6,125,695	\$1,367,660,007	\$145,117,754	\$7,686,915,377
7/1/2046	\$7,686,915,377	\$196,938,497	\$98,469,249	\$490,833,321	\$154,940,604	\$627,100,075	\$48,087,984	\$385,125	\$1,616,754,854	\$544,558,407	\$1,243,915,739	\$154,940,604	\$26,638,788	\$6,278,838	\$1,431,773,969	\$184,980,885	\$8,416,454,670
7/1/2047	\$8,416,454,670	\$202,354,306	\$101,177,153	\$511,577,016	\$164,823,557	\$702,352,084	\$48,180,542	\$395,253	\$1,730,859,911	\$597,252,365	\$1,300,668,367	\$164,823,557	\$27,488,222	\$6,435,809	\$1,499,415,955	\$231,443,956	\$9,245,150,991
7/1/2048	\$9,245,150,991	\$207,919,049	\$103,959,525	\$533,756,217	\$175,381,881	\$786,634,334	\$48,273,265	\$405,647	\$1,856,329,918	\$657,158,531	\$1,360,326,615	\$175,381,881	\$28,368,686	\$6,596,704	\$1,570,673,885	\$285,656,032	\$10,187,965,554
7/1/2049	\$10,187,965,554	\$213,636,823	\$106,818,412	\$557,396,503	\$186,662,236	\$881,030,454	\$48,366,153	\$416,315	\$1,994,326,895	\$725,353,555	\$1,423,165,432	\$186,662,236	\$29,281,441	\$6,761,621	\$1,645,870,730	\$348,456,166	\$11,261,775,274
7/1/2050	\$11,261,775,274	\$219,511,836	\$109,755,918	\$582,526,760	\$198,714,514	\$986,754,109	\$48,459,205	\$427,263	\$2,146,149,605	\$803,062,322	\$1,489,189,391	\$198,714,514	\$30,227,802	\$6,930,662	\$1,725,062,369	\$421,087,236	\$12,485,924,832
7/1/2051	\$12,485,924,832	\$225,548,411	\$112,774,206	\$608,957,920	\$211,592,062	\$1,105,164,602	\$48,552,423	\$438,500	\$2,313,028,123	\$891,700,021	\$1,557,829,208	\$211,592,062	\$31,209,143	\$7,103,929	\$1,807,734,342	\$505,293,781	\$13,882,918,634
7/1/2052	\$13,882,918,634	\$231,750,993	\$115,875,496	\$636,949,016	\$225,351,925	\$1,237,784,354	\$48,645,806	\$450,031	\$2,496,807,620	\$992,869,268	\$1,630,091,160	\$225,351,925	\$32,226,897	\$7,281,527	\$1,894,951,509	\$601,856,111	\$15,477,644,014
7/1/2053	\$15,477,644,014	\$238,124,145	\$119,062,072	\$666,573,979	\$240,055,096	\$1,386,318,476	\$48,739,354	\$461,866	\$2,699,334,989	\$1,108,372,649	\$1,706,031,831	\$240,055,096	\$33,282,559	\$7,463,565	\$1,986,833,051	\$712,501,938	\$17,298,518,601
7/1/2054	\$17,298,518,601	\$244,672,559	\$122,336,279	\$697,938,101	\$255,766,798	\$1,552,676,693	\$48,833,068	\$474,013	\$2,922,697,512	\$1,240,265,390	\$1,785,786,059	\$255,766,798	\$34,377,690	\$7,650,154	\$2,083,580,701	\$839,116,811	\$19,377,900,802
Assumptions with Fiscal Year Basis:		FY2024	FY2025	FY2026	FY2027	FY2028+	Assumptions with Calendar Year Basis:		CY2024	CY2025	CY2026	CY2027	CY2028+				
Public Safety, et al Annual Payroll Growth				2.75%	2.75%	2.75%	2.75%	2.75%	Non-Medicare Medical Claims Trend				8.00%	8.00%	8.00%	8.00%	8.00%
Other Occupations Annual Payroll Growth				4.05%	2.75%	2.75%	2.75%	2.75%	Non-Medicare Prescription Drug Claims Trend				8.00%	8.00%	8.00%	8.00%	8.00%
Public Safety, et al Employer Rate				2.50%	2.50%	2.50%	2.50%	2.50%	Medicare Medical Claims Trend				8.00%	8.00%	8.00%	8.00%	8.00%

## 2024 Preliminary Plan Discussion

### 1. Pre-Medicare/Medicare Supplement Plan Rates

NMRHCA's long-term solvency projections include an annual 8% and 6% respective rate increases as part of its baseline assumptions to keep pace with rising medical costs. Changes to this rate of increase in any given year are based on an evaluation of NMRHCA's overall loss ratio (how closely NMRHCA rates match actual costs). Any plan design changes made to the cost-sharing provisions (deductibles, out-of-pocket maximums, etc.) may reduce necessary premium increases. Annual payroll growth for increases in salary for state employees and educational employees are estimated and built into revenue. Applying this assumption to members who meet the eligibility requirements to receive a full subsidy for the self-insured plan rates for 2024 would have the following impact:

#### Subsidized

Pre-Medicare									
Incremental Change									
Plan	2023 Rate	1 - Percent	2 - Percent	3 - Percent	4 - Percent	5 - Percent	6 - Percent	7 - Percent	8 - Percent
Value									
Retiree	\$ 252.28	\$ 254.80	\$ 257.33	\$ 259.85	\$ 262.37	\$ 264.89	\$ 267.42	\$ 269.94	\$ 272.46
Spouse/DP	\$ 478.80	\$ 483.59	\$ 488.38	\$ 493.16	\$ 497.95	\$ 502.74	\$ 507.53	\$ 512.32	\$ 517.10
Child	\$ 244.46	\$ 246.90	\$ 249.35	\$ 251.79	\$ 254.24	\$ 256.68	\$ 259.13	\$ 261.57	\$ 264.02
Premier									
Retiree	\$ 322.96	\$ 326.19	\$ 329.42	\$ 332.65	\$ 335.88	\$ 339.11	\$ 342.34	\$ 345.57	\$ 348.80
Spouse/DP	\$ 612.99	\$ 619.12	\$ 625.25	\$ 631.38	\$ 637.51	\$ 643.64	\$ 649.77	\$ 655.90	\$ 662.03
Child	\$ 313.49	\$ 316.62	\$ 319.76	\$ 322.89	\$ 326.03	\$ 329.16	\$ 332.30	\$ 335.43	\$ 338.57
Monthly Change									
Value									
Retiree		\$ 2.52	\$ 5.05	\$ 7.57	\$ 10.09	\$ 12.61	\$ 15.14	\$ 17.66	\$ 20.18
Spouse/DP		\$ 4.79	\$ 9.58	\$ 14.36	\$ 19.15	\$ 23.94	\$ 28.73	\$ 33.52	\$ 38.30
Child		\$ 2.44	\$ 4.89	\$ 7.33	\$ 9.78	\$ 12.22	\$ 14.67	\$ 17.11	\$ 19.56
Premier									
Retiree		\$ 3.23	\$ 6.46	\$ 9.69	\$ 12.92	\$ 16.15	\$ 19.38	\$ 22.61	\$ 25.84
Spouse/DP		\$ 6.13	\$ 12.26	\$ 18.39	\$ 24.52	\$ 30.65	\$ 36.78	\$ 42.91	\$ 49.04
Child		\$ 3.13	\$ 6.27	\$ 9.40	\$ 12.54	\$ 15.67	\$ 18.81	\$ 21.94	\$ 25.08
Annual Change									
Value									
Retiree		\$ 30.27	\$ 60.55	\$ 90.82	\$ 121.09	\$ 151.37	\$ 181.64	\$ 211.92	\$ 242.19
Spouse/DP		\$ 57.46	\$ 114.91	\$ 172.37	\$ 229.82	\$ 287.28	\$ 344.74	\$ 402.19	\$ 459.65
Child		\$ 29.34	\$ 58.67	\$ 88.01	\$ 117.34	\$ 146.68	\$ 176.01	\$ 205.35	\$ 234.68
Premier									
Retiree		\$ 38.76	\$ 77.51	\$ 116.27	\$ 155.02	\$ 193.78	\$ 232.53	\$ 271.29	\$ 310.04
Spouse/DP		\$ 73.56	\$ 147.12	\$ 220.68	\$ 294.24	\$ 367.79	\$ 441.35	\$ 514.91	\$ 588.47
Child		\$ 37.62	\$ 75.24	\$ 112.86	\$ 150.48	\$ 188.09	\$ 225.71	\$ 263.33	\$ 300.95

Applying the same increases to members who joined after the 2021 Rule change took affect and who are under the age of 55 (no subsidy is provided until 55<sup>th</sup> birthday) impact would be as follows:

## Non-Subsidized

<b>Pre-Medicare</b>										
<b>Incremental Change</b>										
Plan	2023 Rate	1 - Percent	2 - Percent	3 - Percent	4 - Percent	5 - Percent	6 - Percent	7 - Percent	8 - Percent	
Value										
Retiree	\$ 700.78	\$ 707.79	\$ 714.80	\$ 721.80	\$ 728.81	\$ 735.82	\$ 742.83	\$ 749.83	\$ 756.84	
Spouse/DP	\$ 748.13	\$ 755.61	\$ 763.09	\$ 770.57	\$ 778.06	\$ 785.54	\$ 793.02	\$ 800.50	\$ 807.98	
Child	\$ 244.46	\$ 246.90	\$ 249.35	\$ 251.79	\$ 254.24	\$ 256.68	\$ 259.13	\$ 261.57	\$ 264.02	
Premier										
Retiree	\$ 897.12	\$ 906.09	\$ 915.06	\$ 924.03	\$ 933.00	\$ 941.98	\$ 950.95	\$ 959.92	\$ 968.89	
Spouse/DP	\$ 957.80	\$ 967.38	\$ 976.96	\$ 986.53	\$ 996.11	\$ 1,005.69	\$ 1,015.27	\$ 1,024.85	\$ 1,034.42	
Child	\$ 313.49	\$ 316.62	\$ 319.76	\$ 322.89	\$ 326.03	\$ 329.16	\$ 332.30	\$ 335.43	\$ 338.57	
<b>Monthly Change</b>										
Value										
Retiree		\$ 7.01	\$ 14.02	\$ 21.02	\$ 28.03	\$ 35.04	\$ 42.05	\$ 49.05	\$ 56.06	
Spouse/DP		\$ 7.48	\$ 14.96	\$ 22.44	\$ 29.93	\$ 37.41	\$ 44.89	\$ 52.37	\$ 59.85	
Child		\$ 2.44	\$ 4.89	\$ 7.33	\$ 9.78	\$ 12.22	\$ 14.67	\$ 17.11	\$ 19.56	
Premier										
Retiree		\$ 8.97	\$ 17.94	\$ 26.91	\$ 35.88	\$ 44.86	\$ 53.83	\$ 62.80	\$ 71.77	
Spouse/DP		\$ 9.58	\$ 19.16	\$ 28.73	\$ 38.31	\$ 47.89	\$ 57.47	\$ 67.05	\$ 76.62	
Child		\$ 3.13	\$ 6.27	\$ 9.40	\$ 12.54	\$ 15.67	\$ 18.81	\$ 21.94	\$ 25.08	
<b>Annual Change</b>										
Value										
Retiree		\$ 84.09	\$ 168.19	\$ 252.28	\$ 336.37	\$ 420.47	\$ 504.56	\$ 588.66	\$ 672.75	
Spouse/DP		\$ 89.78	\$ 179.55	\$ 269.33	\$ 359.10	\$ 448.88	\$ 538.65	\$ 628.43	\$ 718.20	
Child		\$ 29.34	\$ 58.67	\$ 88.01	\$ 117.34	\$ 146.68	\$ 176.01	\$ 205.35	\$ 234.68	
Premier										
Retiree		\$ 107.65	\$ 215.31	\$ 322.96	\$ 430.62	\$ 538.27	\$ 645.93	\$ 753.58	\$ 861.24	
Spouse/DP		\$ 114.94	\$ 229.87	\$ 344.81	\$ 459.74	\$ 574.68	\$ 689.62	\$ 804.55	\$ 919.49	
Child		\$ 37.62	\$ 75.24	\$ 112.86	\$ 150.48	\$ 188.09	\$ 225.71	\$ 263.33	\$ 300.95	

## Subsidized

<b>Medicare Supplement</b>										
<b>Incremental Change</b>										
Plan	2023 Rate	1 - Percent	2 - Percent	3 - Percent	4 - Percent	5 - Percent	6 - Percent	7 - Percent	8 - Percent	
Supplement										
Retiree	\$ 240.80	\$ 243.21	\$ 245.62	\$ 248.02	\$ 250.43	\$ 252.84	\$ 255.25	\$ 257.66	\$ 260.06	
Spouse/DP	\$ 361.20	\$ 364.81	\$ 368.42	\$ 372.04	\$ 375.65	\$ 379.26	\$ 382.87	\$ 386.48	\$ 390.10	
Child	\$ 481.60	\$ 486.42	\$ 491.23	\$ 496.05	\$ 500.86	\$ 505.68	\$ 510.50	\$ 515.31	\$ 520.13	
<b>Monthly Change</b>										
Value										
Retiree		\$ 2.41	\$ 4.82	\$ 7.22	\$ 9.63	\$ 12.04	\$ 14.45	\$ 16.86	\$ 19.26	
Spouse/DP		\$ 3.61	\$ 7.22	\$ 10.84	\$ 14.45	\$ 18.06	\$ 21.67	\$ 25.28	\$ 28.90	
Child		\$ 4.82	\$ 9.63	\$ 14.45	\$ 19.26	\$ 24.08	\$ 28.90	\$ 33.71	\$ 38.53	
<b>Annual Change</b>										
Value										
Retiree		\$ 28.90	\$ 57.79	\$ 86.69	\$ 115.58	\$ 144.48	\$ 173.38	\$ 202.27	\$ 231.17	
Spouse/DP		\$ 43.34	\$ 86.69	\$ 130.03	\$ 173.38	\$ 216.72	\$ 260.06	\$ 303.41	\$ 346.75	
Child		\$ 57.79	\$ 115.58	\$ 173.38	\$ 231.17	\$ 288.96	\$ 346.75	\$ 404.54	\$ 462.34	



## **2. Pre-Medicare/Medicare Plan Design**

### **Pre-Medicare Benefits**

- No recommended plan design changes

### **Medicare Supplement Benefit**

- No recommended plan design changes

### **Pharmacy Benefits**

- No recommended copay changes

## **3. Pre-Medicare Plan Design – Hinge Health (BCBS) Program**

Currently, through BCBS pre-Medicare plans a 12-week digital care program is available for managing chronic musculoskeletal pain, particularly chronic knee, and back pain. The program pairs members with a sensor and anytime access to a physical therapist. The goal is to increase the use of physical therapy and reduce the number of procedures performed each year. The program has shown for 2022 that 281 members engaged with a reduction in pain, anxiety, and depression. Participation and testimonies have provided great feedback based on reporting a 9.2/10 satisfaction rating and therefore a recommendation from staff is to continue the program no longer as a pilot program.

## **4. Pre-Medicare Plan Design – Sword Health (PHP) Program**

Members under the Presbyterian Health Plan have not had access to a musculoskeletal program to address pain through a digital therapy solution. Presbyterian has now partnered with Sword Health as a solution to provide support to members. The MSK programs are for prevention, acute conditions, chronic pain, and post-surgical recovery for areas such as back, shoulder, knee, hip, etc. Based on the evaluation by Presbyterian of Sword Health and NMRHCA's positive results with a similar program, NMRHCA staff is recommending the adoption of the program to provide access to members enrolled in Presbyterian's pre-Medicare plans. In addition, the adoption of the program will allow the wellness committee and staff to review and evaluate the differences and successes of two programs running under the different health plans.

## Selection of Group Basic Life and AD&D, Group Voluntary Life and AD&D, and Group Long Term Disability Coverage – Action Item

**Summary:** A Request for Proposal (RFP) for Group Basic Life and AD&D, Group Voluntary Life and AD&D, and Group Long Term Disability Coverage (RFP# 30-34300-22-00522) was issued on November 18, 2022, by the Interagency Benefits Advisory Committee (IBAC) consisting of the New Mexico Retiree Health Care Authority (NMRHCA), Albuquerque Public Schools (APS), New Mexico Public School Insurance Authority (NMPSIA) and State of New Mexico (SONM). The IBAC follows the Health Care Purchasing Act, 13-7-1 NMSA 1978 and while it pertains to a cooperative effort to purchase health care benefits by leverage purchasing power of the group it has been IBAC's practice to leverage the groups purchasing power in other areas such as life, disability, and consulting services. NMRHCA's current agreement for Life Insurance is in the fourth and final year that will expire on June 30, 2023. The new contract would be effective July 1, 2023, with the option to renew the agreement for three additional years.

See below Evaluation Criteria and Point Summary:

**TABLE 1 – EVALUATION POINT SUMMARY**

<b>Evaluation Factors</b> <i>(Correspond to section IV.B and IV C)</i>		<b>Points Available</b>
<b>A. Technical Specifications (600 Total Points)</b>		
B. 1.	Organizational Experience	25
B. 2.	Organizational References	15
B. 3.	Mandatory Specifications	Pass/Fail
B. 4.	Technical Requirements	
	Qualifications & Experience	45
	Minimum Bid Qualifications	45
	Account Management	55
	Customer Service	55
	Financial	45
	Underwriting	40
	Communication/Reporting	40
	Basic Life & AD&D	75
	Voluntary Life & AD&D	75
	LTD	65
B. 5.	Desirable Specifications	20
<b>B. Business Specifications (400 Total Points)</b>		
C. 1.	Financial Stability	Pass/Fail
C. 2.	Letter Of Transmittal	Pass/Fail
C. 3.	Campaign Contribution Disclosure Form	Pass/Fail
C. 4.	Oral Presentations	100
C. 5.	Cost	
	Basic Life and AD&D, Voluntary Life and AD&D	200
	Long Term Disability	100
<b>TOTAL POINTS AVAILABLE</b>		<b>1,000</b>
C. 6.	New Mexico / Native American Resident Preference	<b>80</b>
C. 6.	New Mexico / Native American Resident Veteran Preference Points per Section IV C.6	<b>100</b>

The Evaluation Committee was comprised of members from the IBAC including:

APS: Ann Johnson, Benefits Analyst, Becky MacGregor, Wellness Coordinator and Valerie Atencio, Senior Director Employee Benefits

NMPSIA: Martha Quintana, Deputy Director, Cyndi Maestas, Benefits & Wellness Manager and Kaylei Jones, Benefits & Wellness Coordinator

NMRHCA: Neil Kueffer, Executive Director, Keith Witt, Deputy Director and Jess Biggs, Communication Director

SONM: Randall Cherry, Acting Director, and Crystal Lawrence, Bureau Chief, RMD.

Procurement Manager: Sheri Ayanniyi, CFO NMRHCA

Consulting advisors Segal Company: Nura Patani, Jeanna Carlton, Anthony Lecker, Andrew McDonald, and Rachel Calisi

**Results:** Responses to the RFP were received from five offerors which are listed as Offerors A, B, C, D, E in table 2.

Each of the IBAC Evaluation Committee members submitted their respective scores and supporting justification to the Procurement Manager for the Technical Specifications. Upon completion of the technical evaluation the Cost proposals were taken into account with each vendor receiving their respective points based on costs for the various lines of coverage. The average of the scores for the technical piece with the cost scoring was used to develop the initial ranking of each offer. The Evaluation Committee determined that all five offerors would be invited for oral presentations and the opportunity to submit Best and Final Offers (BAFO). The five Offerors BAFOs were received on April 13, 2023, and finalist oral presentations were held on April 14, 2023. After the finalist oral presentations, the evaluation committee submitted their final scores and the BAFO costs were then incorporated for the final score as shown in table 2. No resident or veteran's preference was received for points.

Per the RFP each agency has the right to select the most advantageous offeror based on their specific requirements and analysis. The NMRHCA Evaluation Committee determined that Offerors A and D were unable to meet the specific plan designs related to current coverage classes for NMRHCA and therefore received lower scoring in the specific categories as reflected in the final NMRHCA scoring as shown below. Offerors B, C, and E met many of the requirements and were scored based on the factors indicated in Table 1 with Offeror E receiving the largest point total of 800 points.

**Action Item Request:** NMRHCA staff respectfully requests approval to enter into an agreement with Offeror E, as the selected vendor scoring the highest points to offer life insurance services as requested in the Group Basic Life and AD&D, Group Voluntary Life and AD&D, and Group Long Term Disability Coverage (RFP# 30-34300-22-00522) with an effective date of July 1, 2023.

**Table 2 - Cost and Technical Scoring**

<b>NMRHCA</b>	Offeror - A	Offeror - B	Offeror - C	Offeror - D	Offeror - E
<b>Section IV.B. Technical Specifications (Total 600 Points)</b>					
Section IV.B.1. Organizational Experience (25 Points)	19	24	23	21	25
Section IV.B.2. Organizations References (15 Points)	0	14	5	5	15
Section IV.B.3. Mandatory Specifications (Pass/Fail)	Pass	Pass	Pass	Pass	Pass
<b>Section IV.B.4. Technical Requirements</b>					
Qualifications & Experience (45 Points)	36	41	41	38	45
Minimum Bid Qualifications (45 Points)	22	39	41	30	44
Account Management (55 Points)	45	53	50	50	54
Customer Service (55 Points)	51	52	51	44	51
Financial (45 Points)	43	42	42	43	42
Underwriting (40 Points)	30	35	34	33	38
Communication/Reporting (40 Points)	37	38	38	37	39
Basic Life & AD&D (75 Points)	51	69	63	45	73
Voluntary Life & AD&D (75 Points)	49	70	66	49	74
LTD (65 Points)	N/A	N/A	N/A	N/A	N/A
<b>Section IV.B.5. Desirable Specifications</b>					
Section V.B.5 Desirable Specifications (20 Points)	17	19	18	16	19
<b>SUBTOTAL</b>	<b>400</b>	<b>496</b>	<b>472</b>	<b>411</b>	<b>519</b>
<b>Section IV.C. Business Specifications (400 Total Points)</b>					
Section IV.C.1. Financial Stability (Pass/Fail)	Pass	Pass	Pass	Pass	Pass
Section IV.C.2. Letter of Transmittal (Pass/Fail)	Pass	Pass	Pass	Pass	Pass
Section IV.C.3. Campaign Contribution Disclosure Form (Pass/Fail)	Pass	Pass	Pass	Pass	Pass
Section IV.C.4. Oral Presentations (100 points)	86	89	85	79	86
<b>Section IV.C.5. Cost (Total 300 Points)</b>					
Basic Life and AD&D, Voluntary Life and AD&D (200 Points) - After BAFO	151	182	160	200	195
*Long Term Disability (100 Points) - After BAFO	N/A	N/A	N/A	N/A	N/A
<b>TOTAL (1000 POINTS AVAILABLE)</b>					
Section IV. C. 6. New Mexico / Native American Resident Preference (80 points)	0	0	0	0	0
Section IV. C. 6. New Mexico / Native American Resident Veteran Preference (100 points)	0	0	0	0	0
<b>GRAND TOTAL</b>	<b>637</b>	<b>767</b>	<b>717</b>	<b>690</b>	<b>800</b>

\* NMRHCA does not offer Long Term Disability coverage, therefore none of the Offerors provided the cost for it.

**Table 3 – Cost in Dollars**

<b>RHCA - Life and AD&amp;D</b>					
<b>Estimated Premiums</b>	<b>Offeror - A</b>	<b>Offeror - B</b>	<b>Offeror - C</b>	<b>Offeror - D</b>	<b>Offeror - E</b>
Basic Life and AD&D	N/A	N/A	N/A	N/A	N/A
Voluntary Life and AD&D	\$18,083,514	\$14,957,272	\$17,068,994	\$13,646,225	\$14,019,375
<b>Combined Estimated Annual Premium</b>	<b>\$18,083,514</b>	<b>\$14,957,272</b>	<b>\$17,068,994</b>	<b>\$13,646,225</b>	<b>\$14,019,375</b>
<b>Scored Calculation</b>					
Combined Estimated Annual Premium (A)	\$18,083,514	\$14,957,272	\$17,068,994	\$13,646,225	\$14,019,375
Lowest Proposed Estimated Annual Premium (B)	\$13,646,225	\$13,646,225	\$13,646,225	\$13,646,225	\$13,646,225
Max Score (C)	200	200	200	200	200
<b>Basic Life and AD&amp;D, Voluntary Life and AD&amp;D Score = [ (B) / (A) ] * C</b>	<b>151</b>	<b>182</b>	<b>160</b>	<b>200</b>	<b>195</b>
<b>Life Cost Rank</b>	<b>5</b>	<b>3</b>	<b>4</b>	<b>1</b>	<b>2</b>



## **2023 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 27 employees. The Authority offers comprehensive medical, dental, vision and life insurance to more than 66,000 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 10-15-1 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 Meetings 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 vision 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.

DRAFT

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 of 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.**

<b>Name of Business</b>	<b>Address of Business</b>	<b>Nature of Business</b>

*Continue on separate sheet if necessary*

**SIGNATURE:** \_\_\_\_\_

**PRINT NAME:** \_\_\_\_\_

**DATE:** \_\_\_\_\_

## FY24 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 FY24 committee assignments provided below.

### **Executive**

Mr. Crandall, President

Ms. Saunders, Vice President

Ms. Larrañaga-Ruffy, Secretary

### **Finance & Investment**

Mr. Crandall, Chair

Ms. Larrañaga-Ruffy

Mr. Scroggins

Ms. Saunders

### **Legislative**

Mr. Salazar, Chair

Ms. Larrañaga-Ruffy

Mr. Scroggins

Mr. Pyle

### **Audit**

Ms. Bhakta, Chair

Mr. Salazar

Ms. Alirez

### **Wellness**

Ms. Saunders, Chair

Mr. Scroggins

Mr. Pyle

NEW MEXICO RETIREE HEALTH CARE AUTHORITY  
RESOLUTION NO. 2024-1

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 [20](#) and [21](#), 2023.

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

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

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

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

1. Location and Time of Meetings: Unless otherwise specified by the NMRHCA Board, regular meetings will be held on the first Tuesday of every month. All regular meetings may be held at a location in Albuquerque, Santa Fe, or via teleconference and telephone beginning at 9:30 a.m. or as indicated in the meeting notice. Committee meetings will be held at the call of the chair.
2. Meeting Notice and Agenda: A meeting notice shall be prepared by the NMRHCA for each board meeting. Each meeting notice shall include either the agenda of the meeting or information on how the public may obtain a copy of the agenda of the meeting. Each meeting agenda shall consist of a list of specific items of business to be discussed or transacted at the meeting. Except for emergency matters, the NMRHCA shall take action only on items appearing on the agenda.

Except in the case of an emergency meeting, the agenda will be available to the public at least seventy-two (72) hours prior to the meeting from the Executive Director, whose office is located at 6300 Jefferson Street NE, Suite 105, Albuquerque, NM 87109 or by email at [neil.kueffer@rhca.nm.gov](mailto:neil.kueffer@rhca.nm.gov). 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 20th day of July 2023.

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Board President

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Neil Kueffer, Executive Director