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ANNUAL MEETING OF THE BOARD OF DIRECTORS



**July 20 & 21, 2023
9:30/9:00 AM**

Day 1

**Angel Fire Resort
10 Miller Lane
Angel Fire, NM 87710**

**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

July 20, 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

July 2023

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

Ms. Therese Saunders, Vice President
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Federation of Educational Employees
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Mr. Gerry Washburn
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The Honorable Ms. Laura M. Montoya
NM State Treasurer
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Mr. Rick Scroggins
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Mr. Lance Pyle
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Mr. Tomas E. Salazar, PhD
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Ms. Raquel Alirez
Classified State Employee
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ANNUAL MEETING OF THE
NEW MEXICO RETIREE HEALTH CARE AUTHORITY
BOARD OF DIRECTORS

July 20 & 21, 2023
9:30 AM / 9:00 AM

Angel Fire Resort
10 Miller Lane
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AGENDA – July 20th (Day 1)

1. Call to Order	Mr. Crandall, President	Page
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3. Pledge of Allegiance	Mr. Crandall, President	
4. Approval of Agenda	Mr. Crandall, President	4
5. Approval of Regular Meeting Minutes	Mr. Crandall, President	6
June 6, 2023		
6. Public Forum and Introductions	Mr. Crandall, President	
7. Election of Board Officers (Action Items)	Mr. Crandall, President	
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a. Express Scripts - Pre and Post Medicare	Mr. Molberg, Sr. Account Executive Mr. Harris, Sr. Clinical Account Exec	89
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(Recess for lunch at the pleasure of the Board)

11. Actuarial Presentations – Segal & Madalena Consulting	Ms. Patani, Senior Vice President & Consulting Actuary	148
a. Long-Term Cash Flow & Solvency Modeling		
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12. Review of Calendar Year 2024 Plan Changes	Mr. Kueffer, Executive Director	228
13. Executive Session - Pharmacy Benefit Audit	Mr. Madalena, Madalena Consulting	
Pursuant to NMSA 1978, Section 10-15-1(H)-(9) To discuss strategic or long-range business plans or trade secrets		
14. Executive Session – ED Performance Evaluation	President	
Pursuant to NMSA 1978, Section 10-15-1(H)-(2) To Discuss Limited Personnel Matters		

(Recess until 9:00AM, July 21, 2023, in the same location)

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

REGULAR MEETING

June 6, 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 [telephonically]
Ms. Therese Saunders, Vice President
Ms. LeAnne Larrañaga-Ruffy, Secretary
Mr. JR Rael, designee of Hon. Laura Montoya, NM State Treasurer [telephonically]
Ms. Rachel Alirez [telephonically]
Mr. Sanjay Bhakta
Mr. Lance Pyle
Dr. Tomas Salazar
Mr. David Archuleta, designee of Rick Scroggins
Dr. Gerry Washburn

Members Excused:

None.

Staff Present:

Mr. Neil Kueffer, Executive Director
Mr. Keith Witt, Deputy Director
Ms. Sheri Ayanniyi, CFO
Mr. Trinity Angelino, Network Administrator
Mr. Raymond Long, Chief Information Officer
Ms. Judith Beatty, Recorder

3. PLEDGE OF ALLEGIANCE

Ms. Saunders led the Pledge.

4. APPROVAL OF AGENDA

Mr. Pyle moved for approval of the agenda, as published. Ms. Larrañaga-Ruffly seconded the motion, which passed unanimously.

5. APPROVAL OF REGULAR MEETING MINUTES: May 2, 2023

Correction by Mr. Pyle under New 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~~ 2007.”

Dr. Salazar moved for approval of the May 2, 2023, minutes, as amended. Mr. Bhakta seconded the motion, which passed unanimously. [In abstention: Mr. Archuleta and Mr. Rael.]

6. PUBLIC FORUM AND INTRODUCTIONS

Attendees introduced themselves.

7. COMMITTEE REPORTS

- Ms. Saunders reported that the Executive Committee met last week to approve today’s agenda. The Finance/Investment Committee also met to discuss today’s action items.
- Dr. Salazar reported that the Legislative Committee met last month and discussed requirements that are presenting a significant challenge to affected municipalities and counties. The committee plans to meet again before the board’s annual meeting in July. Mr. Kueffer said he looked forward to a more in-depth discussion at the committee’s next meeting in anticipation of the July annual meeting. As was the case with the counties and cities that participate with the GSD’s Employee Benefits Bureau who were assessed premium dollars or one-time fees, the NMRHCA was also subject to that in an amount of \$72,000.

8. EXECUTIVE DIRECTOR’S UPDATES

a. Board Member Departure/New

- Mr. Kueffer reported that Jamie Widner has stepped down as board member representing the NM Superintendents Association and has been replaced by Dr.

Gerry Washburn, superintendent of Carlsbad Municipal Schools for the last four years.

b. Human Resources

- Mr. Kueffer presented updates.
- The offer made to the candidate selected for the General Counsel position was declined. The NMRHCA is actively recruiting and hopes to fill the position soon.

c. Operations

- The NMRHCA recently had a mindfulness and resilience training on May 12 for staff. This week, staff will learn de-escalation techniques to help them effectively deal with callers who might be frustrated or upset.

d. Wise and Well Virtual Health Fair

- The event was a success, with 117 individuals joining out of the 200 who registered. A survey will be issued seeking feedback from the members on ways to improve. Jess Biggs and the NMRHCA's health plan partners did a lot of work to make this a success.

e. Government Advisory Panel/Outcomes Annual Conference

- Mr. Kueffer found the conference to be very beneficial, as it offered an opportunity to get information on current trends. The panel also sat down with colleagues in other states to hear about their experiences and what they have been going through recently. This was particularly helpful. Conference topics covered included GLP-1 class drugs, which are for diabetics and have a weight loss component. Other discussion was around gene therapies and biosimilars.

f. End of Public Health Emergency

- Mr. Kueffer stated that, with the rollback, the NMRHCA will begin to fall back into its normal plan design. The NMRHCA will continue to cover the vaccines and some of the tests.

g. Legal Services

- Following action by the board to approve a \$40,000 small purchase contract, the NMRHCA received three quotes for legal services and selected the Rodey Law Firm.

Rodey is very familiar with the NMRHCA, having provided services to the agency previously, and is competitive in terms of cost.

h. April 30, 2023, SIC Reports

- Realized gains were \$221,000 and unrealized gains were \$2.2 million. Market value was \$1.208 billion, a \$5 million increase over the previous month.

Responding to Dr. Salazar, Mr. Kueffer stated that there has been some conversation about the NMRHCA being included in the IPOC work plan, thanks to IPOC chairman Sen. Bobby Gonzales reaching out.

Dr. Salazar said Sen. Ivey-Soto indicated that the interim committee needs to be fully aware of how the statutes apply to the NMRHCA. He commented that the NMRHCA in some ways is a more difficult agency to understand, which is Sen. Ivey-Soto was referring to. This poses a challenge for the NMRHCA in getting that information out to the appropriate people and also making sure that the interim committee members understand the agency well enough to know what questions to ask.

9. NEW ENTITY PARTICIPATION REQUEST

Mr. Kueffer stated that Southeast New Mexico College's request to become a participating employer was tabled at the last meeting pending an appearance by Segal representatives at today's meeting.

Segal actuarial consultants Dr. Nura Patani, Melissa Krumholz and Mehdi Riazi were present. [Mr. Riazi and Ms. Krumholz were attending virtually.]

Mr. Riazi presented a summary of the process he followed in calculating the buy-in analysis for Southeast New Mexico College. In accordance with the Administrative Code, Segal used the same assumptions as the most recent GASB-74 evaluation with one exception: The discount rate is based on 7.75 percent, and the long-term rate of assumption on assets is 7.0 percent. This means there is more discounting and a smaller current liability. All of the other assumptions Segal used are based on the most recent valuation. They looked at the data, and all are teachers, and they used the teacher assumption for that group. Other than that, all of the assumptions are the same as the most recent valuation, which was done on June 30, 2022.

Mr. Riazi said Segal referred to the June 30, 2020, NMERB pension valuation, which caused some confusion among board members. They will clarify the language going forward, but they used that date because they were trying to convey more information, as this was the last time NMERB changed their assumption. He said Segal always uses the most recent assumption whenever it does an actuarial valuation, checking the NMERB and PERA pension reports to make sure.

Dr. Salazar said Mr. Scroggins had also cited section 2.81.10.8.E(2) of the NMAC, which states that a participating employer aspiring to be a member pays a fee not to exceed \$10,000 at the time of petitioning for membership in the NMRHCA for the purpose of defraying the cost of the actuarial valuation required. Dr. Salazar said Mr. Scroggins was asking if these are additional dollars owed to the NMRHCA from Southeast New Mexico College.

Mr. Kueffer responded that this is part of the amount the NMRHCA would have been paid had Southeast New Mexico College signed up at the time the NMRHCA first offered these benefits. Southeast New Mexico College is fairly new, but this is a similar format to the one NMRHCA used in 2017 when Sierra County petitioned to join the program. The NMRHCA went through the same buy-in analysis on how much they would have to pay in order to participate.

Mr. Riazi added that the section referring to the \$10,000 was the fee for doing the calculation. There was discussion about whether it should go directly to Segal or through the NMRHCA to Segal. The calculation is very dry, meaning the NMRHCA could expect any actuary to come up with the same answer.

Mr. Kueffer stated that Mr. Riazi had done a very good job in presenting. He had indicated that the additional calculation up to the \$10,000 is the money Segal used.

Responding to Dr. Salazar, Mr. Archuleta explained that going through the NMRHCA to pay Segal would eat up some of the NMRHCA's budget and could result in the need for a BAR before the end of the year; or it could also bump up against the actuary's contract limits in any given year and require a contract amendment.

Dr. Salazar moved to approve the inclusion of Southeast New Mexico College as a participating employer with the NMRHCA effective July 1, 2023. Mr. Archuleta seconded the motion, which passed unanimously.

10. 2024 SEGAL OVERVIEW

Dr. Nura Patani, actuarial consultant with Segal, made a slide presentation. [Pages 28-32 in board book.]

11. 2024 PRELIMINARY PLAN DISCUSSION

Mr. Kueffer noted that the NMRHCA's long-term solvency projections include annual 8 percent and 6 percent rate increases to keep pace with rising medical costs. The NMRHCA does have some flexibility at times; for instance, last year, the increase was smaller. He reviewed a chart of scenarios showing Pre-Medicare/Medicare supplement plan rate increases ranging from 1 percent to 8 percent.

Mr. Kueffer said staff: 1) recommends no plan design changes for Pre-Medicare and Medicare Supplement benefits, or to pharmacy benefits; 2) recommends continuing the Hinge

Health (BCBS) Program, no longer as a pilot program; and 3) recommends the adoption of the Sword Health (PHP) Program to provide access to members enrolled in Presbyterian's pre-Medicare plans.

12. LIFE AND DISABILITY RFP

Mr. Witt stated that an RFP was issued by IBAC on November 18, 2022, for Group Basic Life and AD&D, Group Voluntary Life and AD&D, and Group Long Term Disability Coverage. Responses were received from five offerors (A, B, C, D, and E). Following scoring for technical specifications, cost proposals were taken into account with each vendor receiving points based on costs for various lines of coverage. All five offerors made oral presentations and submitted best and final offers. Offeror E received the largest point total and is the selected vendor.

Mr. Witt requested approval to enter into an agreement with Offeror E as the selected vendor.

Ms. Saunders so moved. Dr. Salazar seconded the motion, which passed unanimously.

13. ANNUAL BOARD RETREAT

Mr. Kueffer said President Crandall will send evaluation forms to each board member on his (Mr. Kueffer's performance as Executive Director). These forms should be returned to President Crandall or Vice President Saunders before the annual meeting.

Mr. Kueffer reviewed the following items, which will be updated and addressed at the annual meeting.

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

14. OTHER BUSINESS

None.

15. EXECUTIVE SESSION

None.

16. DATE AND LOCATION OF NEXT BOARD MEETING

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

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

17. ADJOURN: 11:30 AM

Accepted by:

Doug Crandall, President

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.

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

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.

Name of Business	Address of Business	Nature of Business

Continue on separate sheet if necessary

SIGNATURE: _____

PRINT NAME: _____

DATE: _____

NEW MEXICO RETIREE HEALTH CARE AUTHORITY
RESOLUTION NO. 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. 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.

Board President

Neil Kueffer, Executive Director

New Mexico Retiree Health Care Authority

Asset Liability Study

July 2023

Contents

- Background & Overview
- Asset Allocation Approach
- Asset Allocation Inputs
- Asset Liability Projections
- Observations & Recommendations
- Appendix

Background & Overview

Background & Overview

- The asset allocation decision is the most important decision an investor can make
 - The asset allocation decision drives 90% of return variability among portfolios
- Wilshire recommends revisiting the asset allocation decision every three to five years, or sooner, as market conditions warrant
 - New Mexico Retiree Healthcare last reviewed asset allocation in 2020
- This study is being performed as part of a regular asset allocation cycle
 - Worked with staff to confirm policies to model
 - Collected most recent actuarial data

Considerations

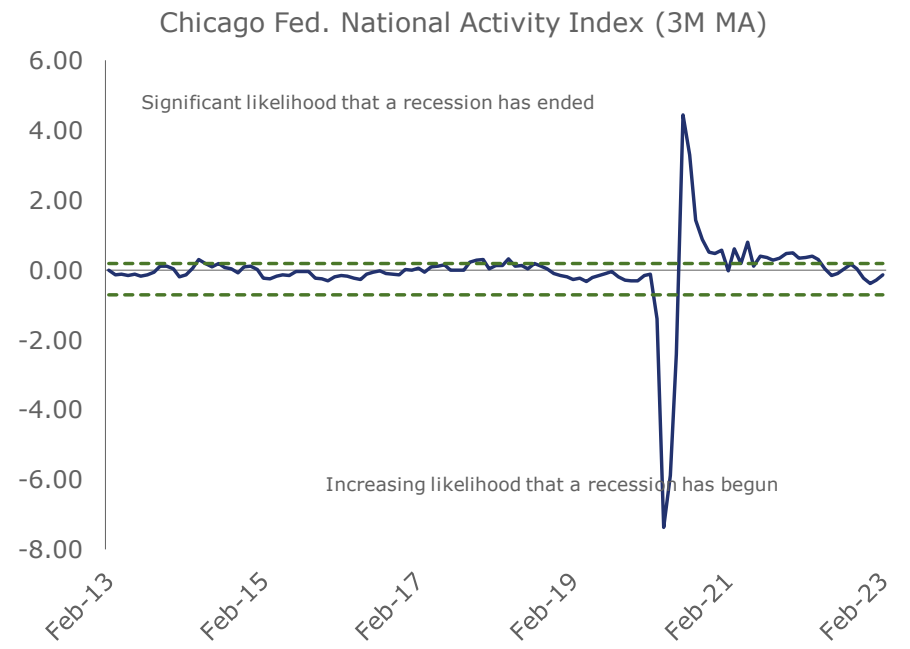
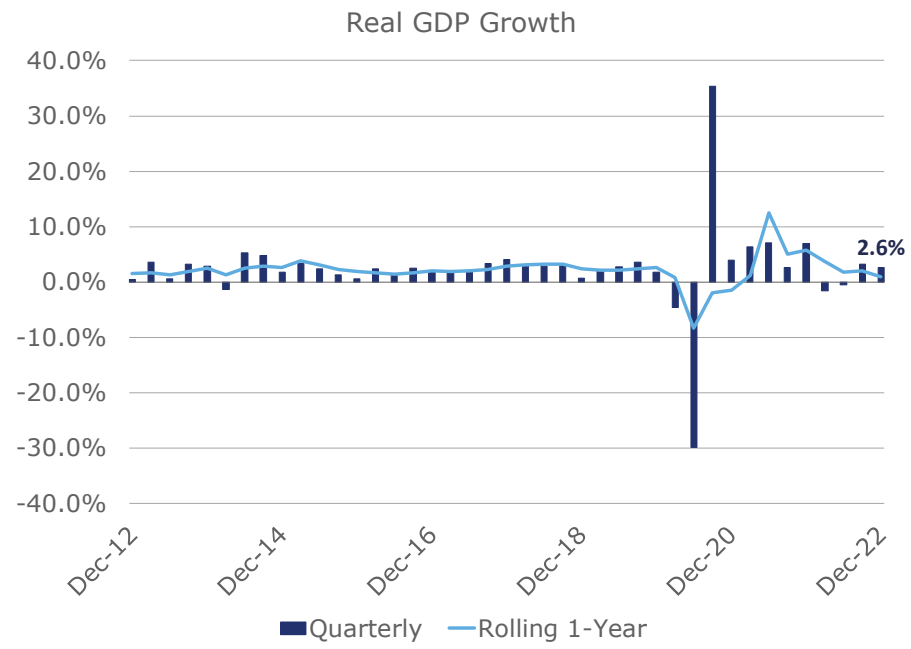
Board has allowed the asset allocation decision to be very long-term focused

- Diversification and illiquidity premium are expected to benefit the portfolio over the long-term
- Changes to asset allocation have been modest – implementation is key

Focus of the 2023 asset allocation review

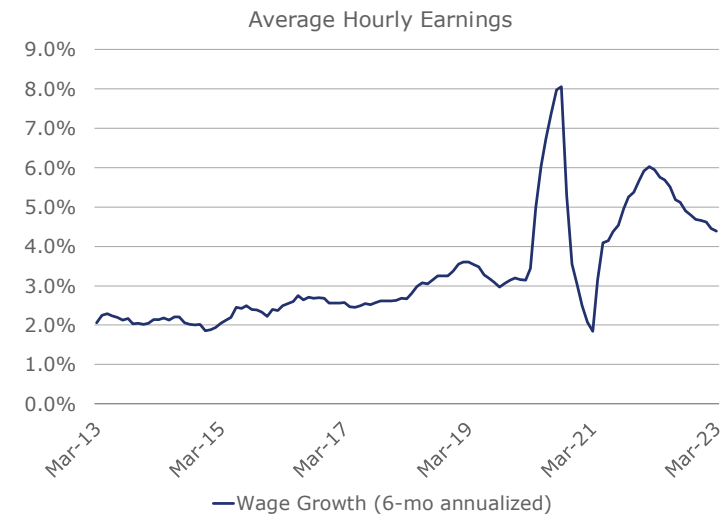
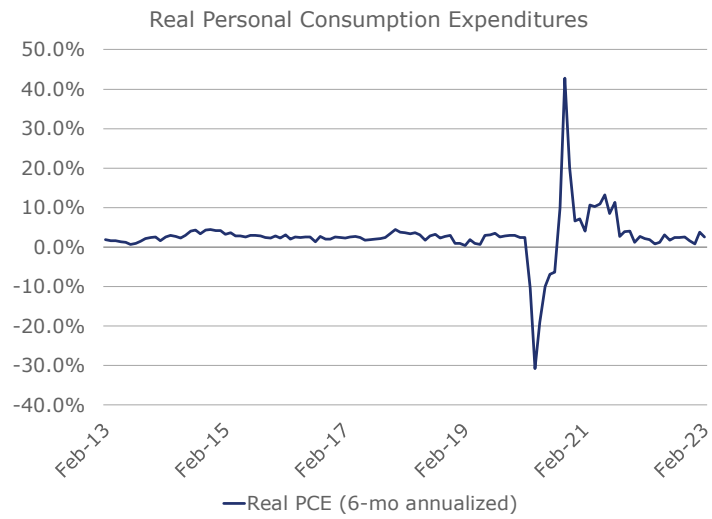
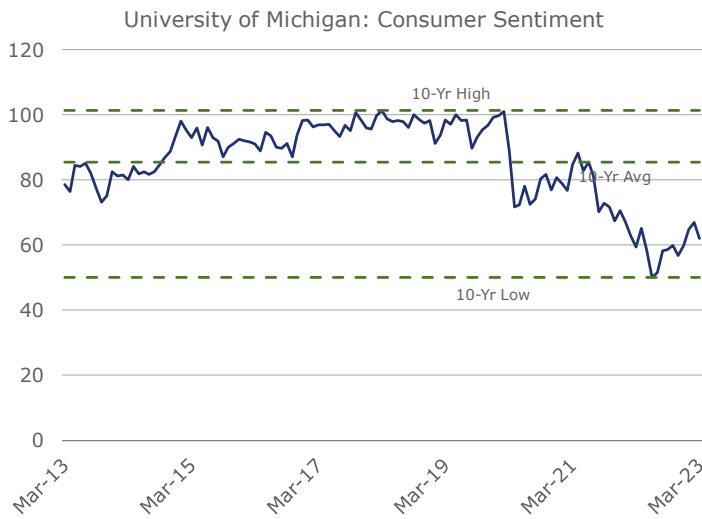
- Continue to remain long-term focused
- Re-examine current targets in light of Wilshire's evolving asset class expectations
- Consider adjusting allocations to account for shifting economic environment
- Portfolio utilizes full set of asset classes, so no additional asset classes were introduced in this asset allocation study

Economic Growth



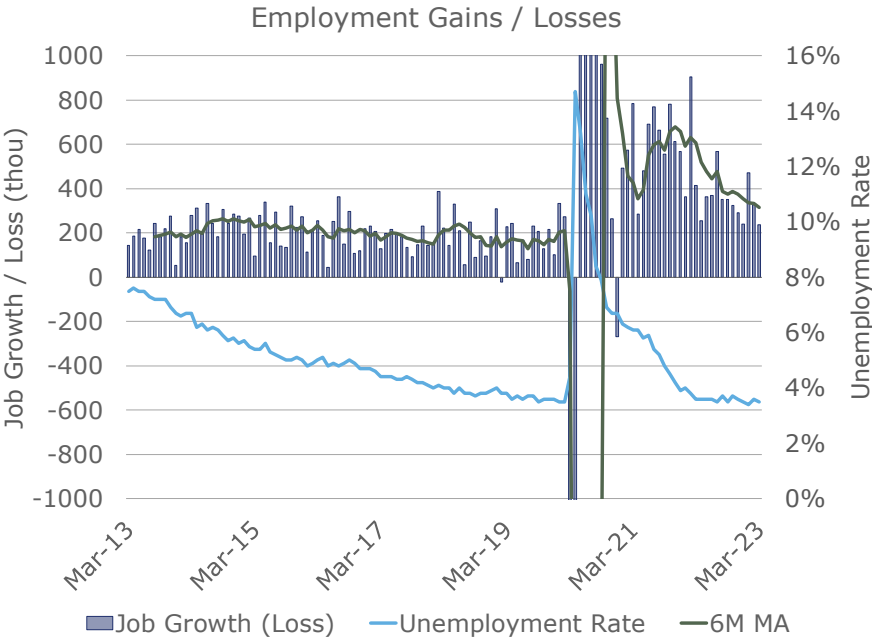
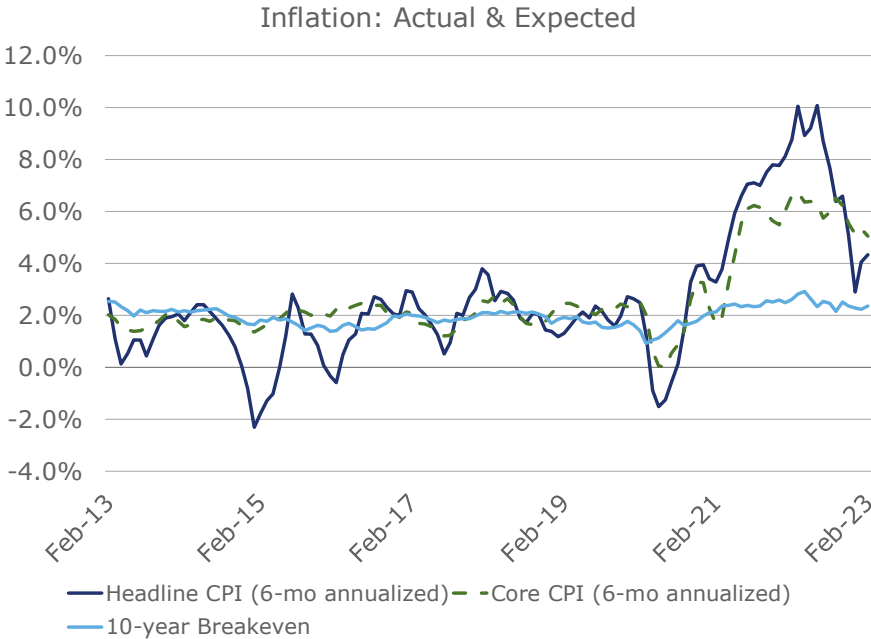
Data Sources: Bloomberg

Consumer Activity



Data Sources: Bloomberg

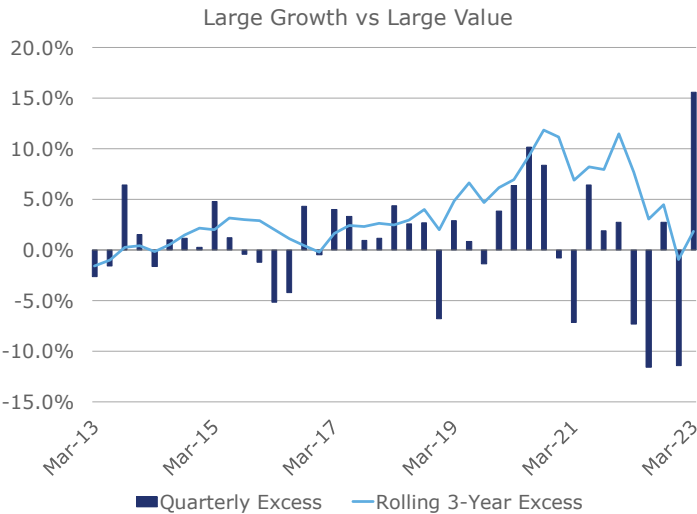
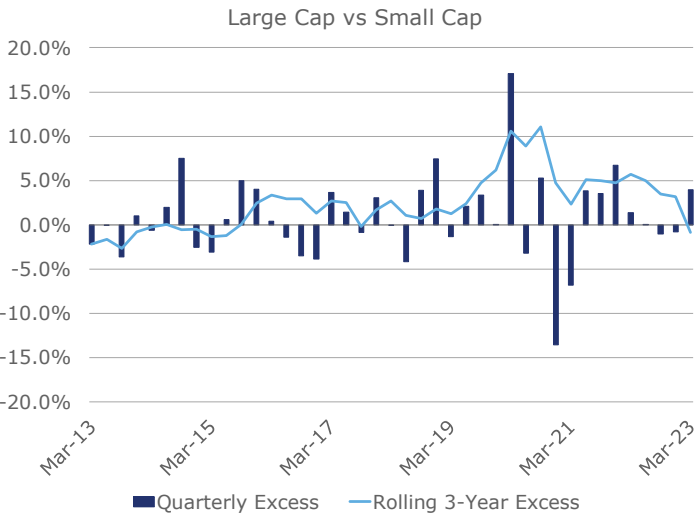
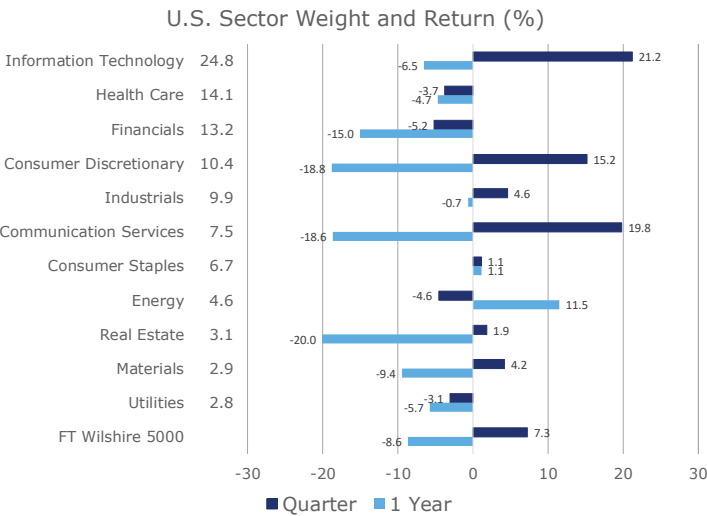
Inflation and Employment



Data Sources: Bloomberg

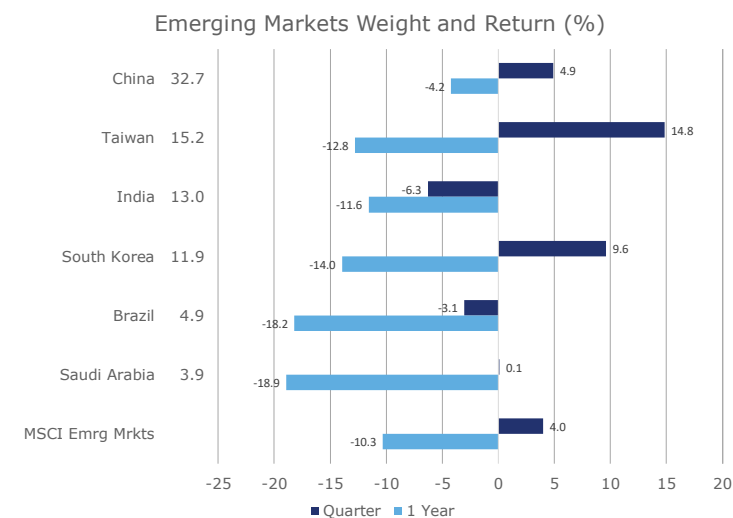
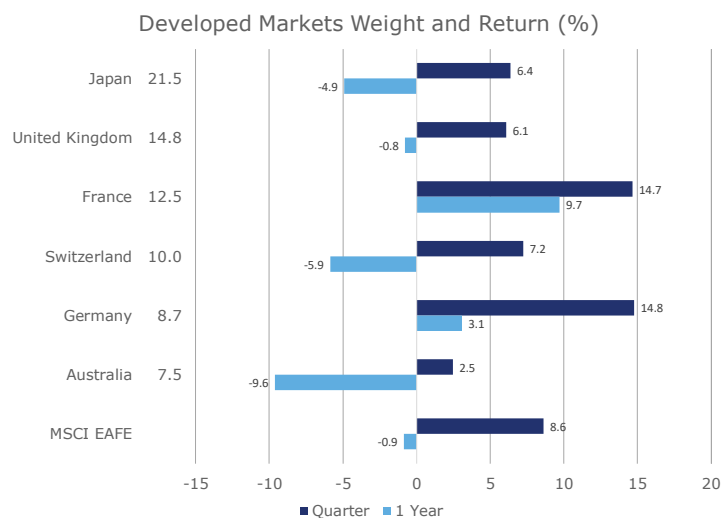
U.S. Equity Market

As of 3/31/2023	Quarter	YTD	1 Year	3 Year	5 Year	10 Year
FT Wilshire 5000	7.3	7.3	-8.6	18.8	10.7	11.9
Wilshire U.S. Large Cap	7.6	7.6	-8.4	18.8	11.2	12.3
Wilshire U.S. Small Cap	3.6	3.6	-10.3	19.8	6.0	8.7
Wilshire U.S. Large Growth	15.7	15.7	-11.4	19.7	12.9	14.2
Wilshire U.S. Large Value	0.1	0.1	-4.8	17.5	9.4	10.3
Wilshire U.S. Small Growth	6.3	6.3	-8.7	17.6	6.1	9.2
Wilshire U.S. Small Value	1.0	1.0	-11.7	22.0	5.8	8.1
Wilshire REIT Index	3.2	3.2	-21.3	11.0	5.7	5.9
MSCI USA Min. Vol. Index	1.3	1.3	-4.4	12.4	9.1	10.6
FTSE RAFI U.S. 1000 Index	1.7	1.7	-5.9	22.1	10.0	11.0



Non-U.S. Equity Market

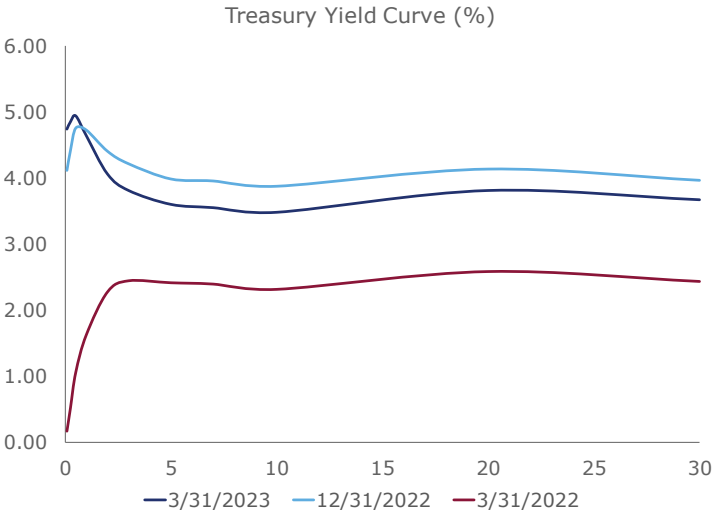
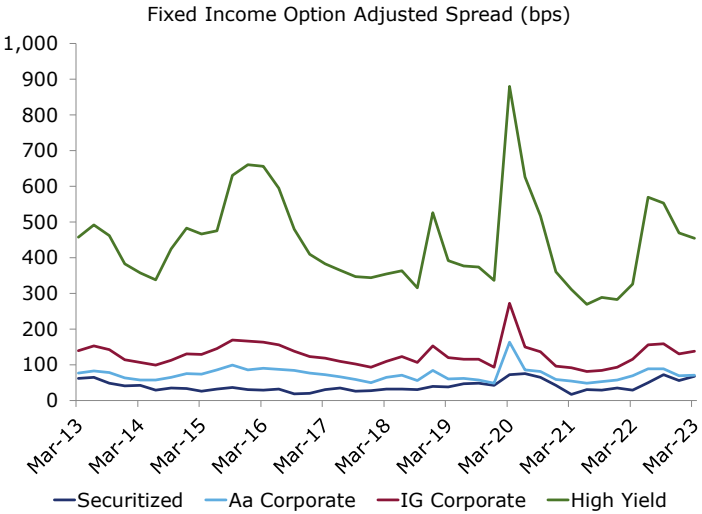
As of 3/31/2023	Quarter	YTD	1 Year	3 Year	5 Year	10 Year
MSCI ACWI ex-US (\$G)	7.0	7.0	-4.6	12.3	3.0	4.7
MSCI EAFE (\$G)	8.6	8.6	-0.9	13.5	4.0	5.5
MSCI Emerging Markets (\$G)	4.0	4.0	-10.3	8.2	-0.5	2.4
MSCI Frontier Markets (\$G)	2.5	2.5	-16.3	7.9	-3.7	0.0
MSCI ACWI ex-US Growth (\$G)	8.7	8.7	-6.0	9.8	3.7	5.4
MSCI ACWI ex-US Value (\$G)	5.1	5.1	-3.9	14.9	1.9	3.9
MSCI ACWI ex-US Small (\$G)	4.8	4.8	-9.9	15.5	2.1	5.5
MSCI ACWI Minimum Volatility	1.7	1.7	-5.5	8.9	5.7	7.4
MSCI EAFE Minimum Volatility	5.8	5.8	-4.6	5.3	1.6	4.7
FTSE RAFI Developed ex-US	6.7	6.7	-1.6	16.8	3.4	5.3
MSCI EAFE LC (G)	7.7	7.7	4.4	15.2	6.8	7.9
MSCI Emerging Markets LC (G)	3.8	3.8	-6.2	9.2	2.3	5.4



U.S. Fixed Income

As of 3/31/2023	YTW	DUR.	QTR	YTD	1 YR	3 YR	5 YR	10 YR
Bloomberg Aggregate	4.4	6.3	3.0	3.0	-4.8	-2.8	0.9	1.4
Bloomberg Treasury	3.8	6.3	3.0	3.0	-4.5	-4.2	0.7	0.9
Bloomberg Gov't-Rel.	4.4	5.4	2.9	2.9	-3.3	-1.6	1.1	1.4
Bloomberg Securitized	4.6	5.8	2.5	2.5	-4.7	-3.1	0.3	1.0
Bloomberg Corporate	5.2	7.2	3.5	3.5	-5.6	-0.5	1.6	2.3
Bloomberg LT Gov't/Credit	4.6	14.6	5.8	5.8	-13.4	-6.3	0.6	2.3
Bloomberg LT Treasury	3.8	16.4	6.2	6.2	-16.0	-11.3	-0.4	1.5
Bloomberg LT Gov't-Rel.	5.1	11.7	5.2	5.2	-9.9	-3.1	0.6	2.3
Bloomberg LT Corporate	5.3	13.2	5.4	5.4	-11.5	-2.6	1.1	3.0
Bloomberg U.S. TIPS *	3.5	7.6	3.3	3.3	-6.1	1.8	2.9	1.5
Bloomberg High Yield	8.5	3.7	3.6	3.6	-3.3	5.9	3.2	4.1
S&P/LSTA Leveraged Loan	9.4	0.3	3.2	3.2	2.5	8.5	3.6	3.8
Treasury Bills	4.7	0.3	1.1	1.1	2.5	0.8	1.4	0.9

* Yield and Duration statistics are for a proxy index based on similar maturity, the Bloomberg Barclays U.S. Treasury 7-10 Year Index



Asset Class Performance

Asset Class Returns - Best to Worst

2018	2019	2020	2021	2022	2023 YTD	Annualized 5-Year as of 3/23
T-Bills 1.9%	U.S. Equity 31.0%	U.S. Equity 20.8%	REITs 46.2%	Commodities 16.1%	Developed 8.6%	U.S. Equity 10.7%
Core Bond 0.0%	REITs 25.8%	Emrg Mkts 18.7%	Commodities 27.1%	T-Bills 1.3%	U.S. Equity 7.3%	REITs 5.7%
U.S. TIPS -1.3%	Developed 22.7%	U.S. TIPS 11.0%	U.S. Equity 26.7%	High Yield -11.2%	Emrg Mkts 4.0%	Commodities 5.4%
High Yield -2.1%	Emrg Mkts 18.9%	Developed 8.3%	Developed 11.8%	U.S. TIPS -11.8%	High Yield 3.6%	Developed 4.0%
REITs -4.8%	High Yield 14.3%	Core Bond 7.5%	U.S. TIPS 6.0%	Core Bond -13.0%	U.S. TIPS 3.3%	High Yield 3.2%
U.S. Equity -5.3%	Core Bond 8.7%	High Yield 7.1%	High Yield 5.3%	Developed -14.0%	REITs 3.2%	U.S. TIPS 2.9%
Commodities -11.2%	U.S. TIPS 8.4%	T-Bills 0.7%	T-Bills 0.0%	U.S. Equity -19.0%	Core Bond 3.0%	T-Bills 1.4%
Developed -13.4%	Commodities 7.7%	Commodities -3.1%	Core Bond -1.5%	Emrg Mkts -19.7%	T-Bills 1.1%	Core Bond 0.9%
Emrg Mkts -14.2%	T-Bills 2.3%	REITs -7.9%	Emrg Mkts -2.2%	REITs -26.8%	Commodities -5.4%	Emrg Mkts -0.5%

Data Sources: Bloomberg | Note: Developed asset class is developed equity markets ex-U.S., ex-Canada

Asset Allocation Approach

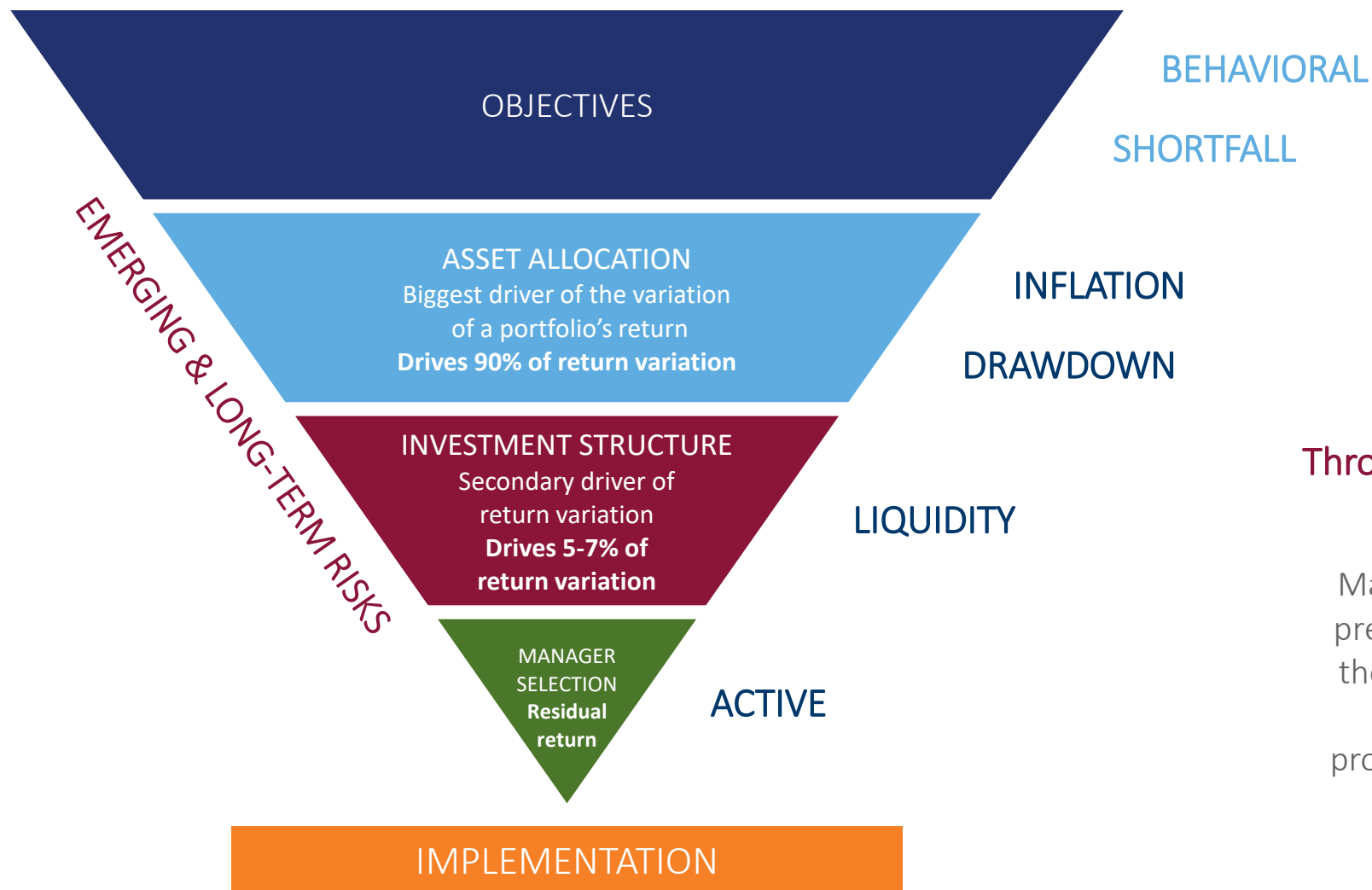
Risk Assessment Framework

Wilshire's multi-dimensional view of risk integrates organizational and investment considerations into a comprehensive framework for evaluating strategic decisions.

- **Shortfall:** Support distributions and long-term growth
- **Behavioral:** Instill strong governance
- **Drawdown:** Limit portfolio losses
- **Inflation:** Preserve long-term purchasing power
- **Liquidity:** Balance near-term needs, long-term opportunities
- **Active:** Ensure unique exposures
- **Emerging & Long-Term:** risks, such as externalities, intangibles and reputation may be linked to various risk lenses



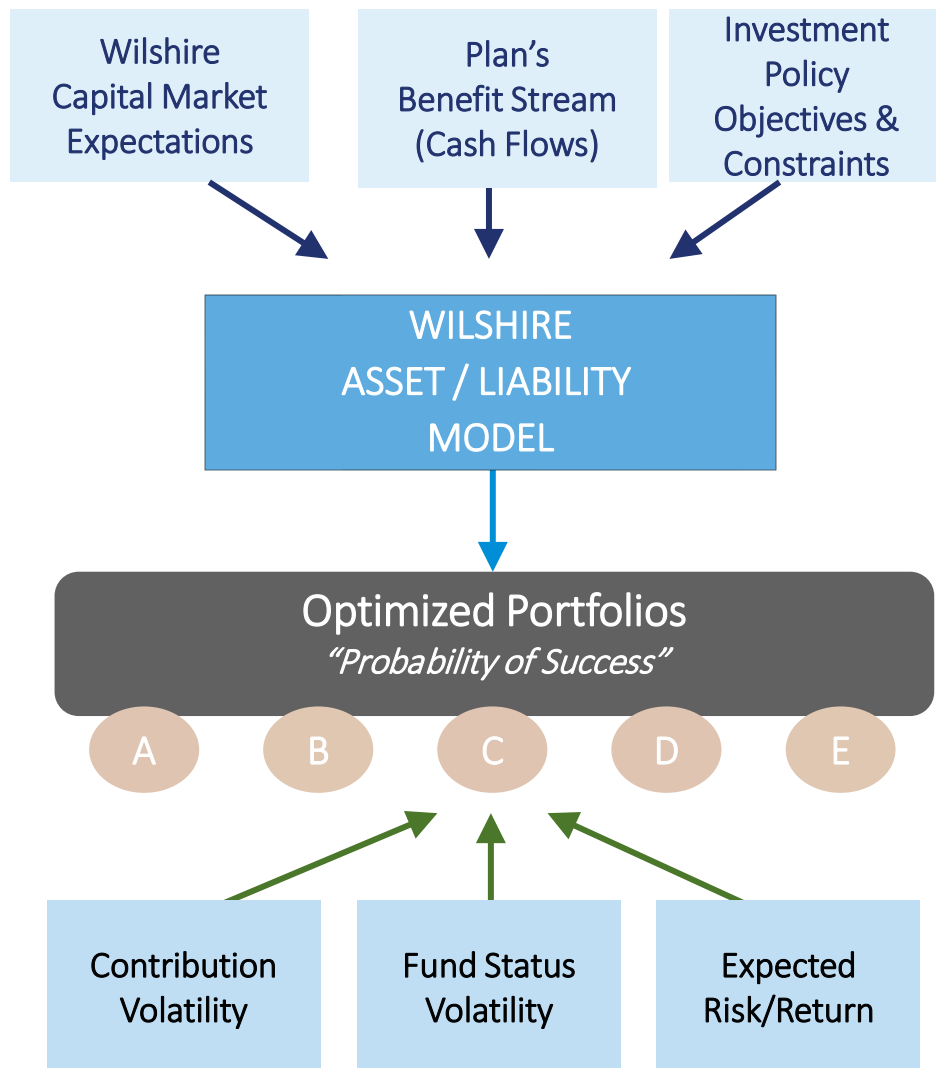
Focus on Decisions That Matter



Address Key Risks Throughout the Investment Process

Many of the six key risks are present at multiple points in the investment process, but each distinct step in the process is focused on one or two primary risks.

Asset Allocation Process



- Wilshire believes the mission of a defined benefit plan is to fund benefits promised to participants
- The role of asset allocation is to manage risk in order to fulfill that core mission
 - **Maximize safety** of promised benefits
 - **Minimize cost** of funding these benefits
- Wilshire's Asset Liability Model provides methodology for selecting a target portfolio that considers both goals
- Rigorously developed capital market assumptions for risk and return (see appendix)
- Given that short-term volatility is also important, we identify the impact of the asset allocation decision on funded ratios, annual contribution requirements, and other metrics
- Strategic asset allocation is not a guide to outperforming in every market ... but it should provide a roadmap for success over a market cycle

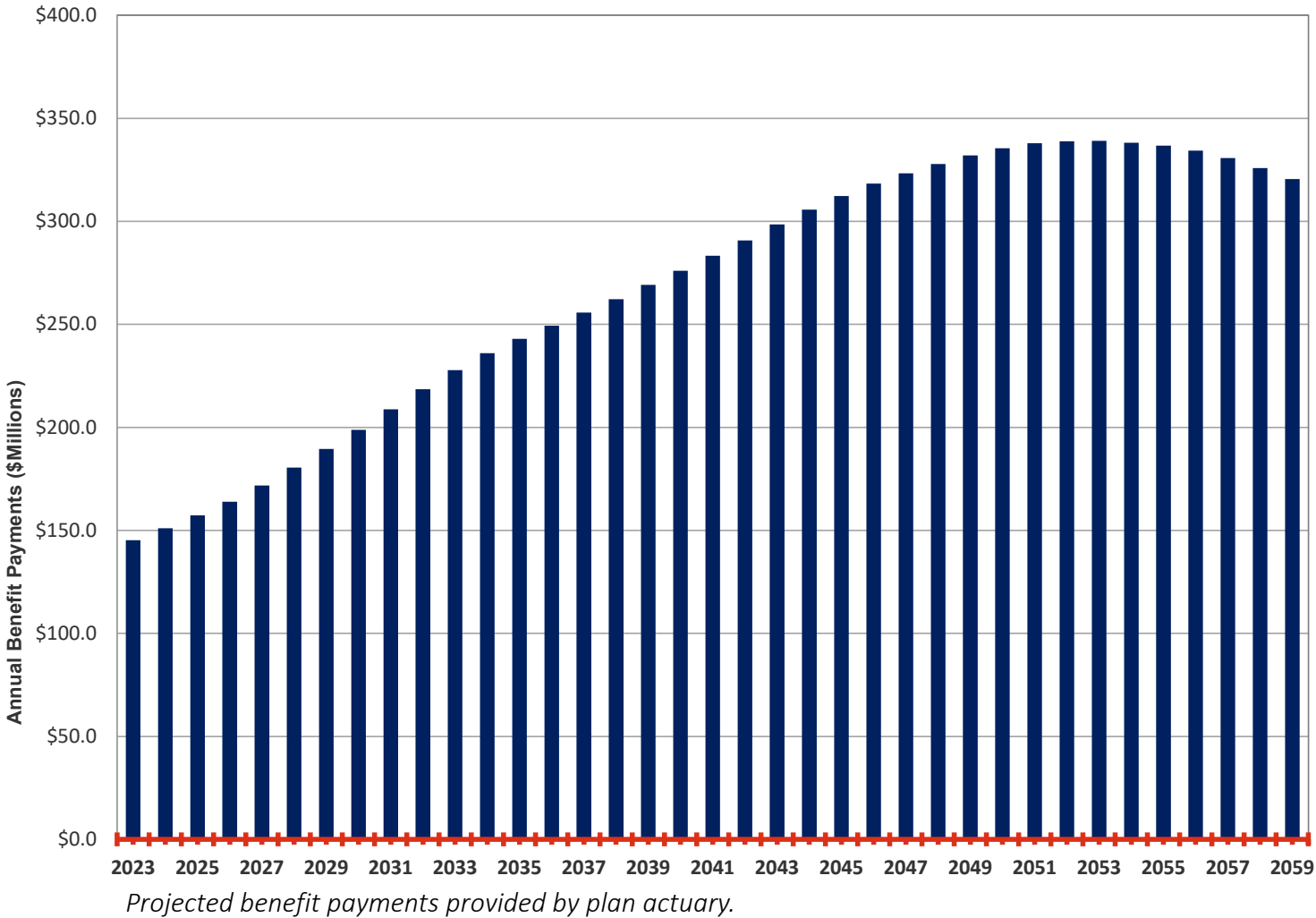
Asset Allocation Inputs

Plan Status

	<u>June 30, 2022</u>	<u>June 30, 2023</u>
<i>Asset and Liability Data (\$ - Millions)</i>		
1. Plan Fiduciary Net Position	\$1,155.7	\$1,296.6
2. Total OPEB Liability	<u>3,467.3</u>	<u>3,667.7</u>
3. OPEB Liability Funded Ratio (1. / 2.)	33.33%	35.35%
Economic Assumptions		
Discount Rate	5.42%	5.42%
Municipal Bond Rate	3.54%	3.54%
Investment Rate of Return	7.00%	7.00%

- June 30, 2022, data was provided in the actuarial valuation report by the plan actuary.
- June 30, 2023, data was projected by Wilshire using data from the report and additional metrics provided by the actuary.

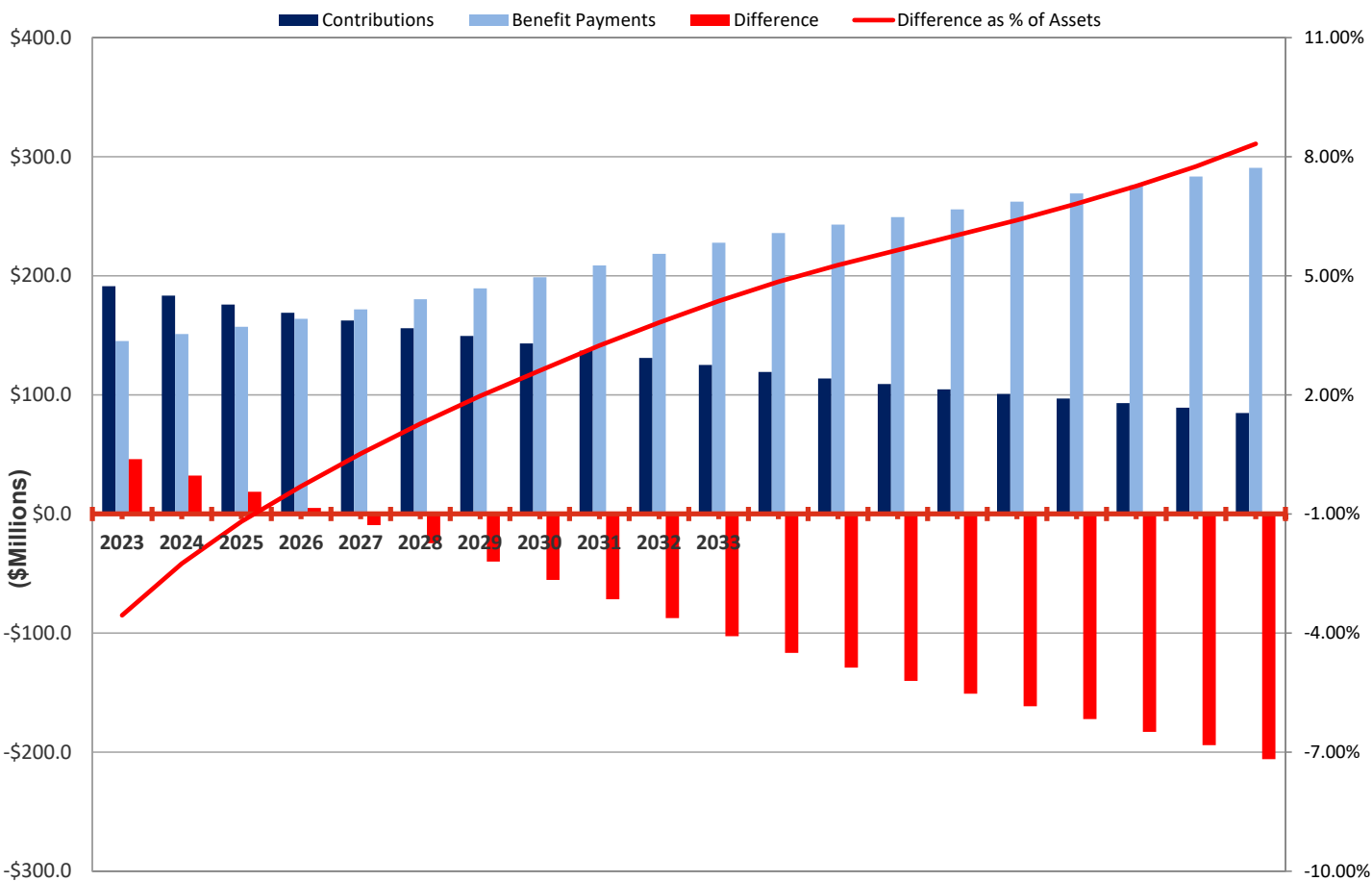
Projected Benefit Payments



Current cash flow needs are manageable

- The peak in liquidity needs (cash flow provided by actuary) for the current membership is 30 years into the future, where annual benefit payments increase from ~\$145 million to ~\$340 million.

Projected Cash Flow



Current cash flow needs are manageable

- The peak in liquidity needs (cash flow provided by actuary) for the current membership is 30 years into the future, where annual benefit payments increase from ~\$145 million to ~\$340 million.
- In year 1, contributions are higher than benefit payments and positive by about ~\$45M.
- Current cash flow are first positive and then become negative starting with 2027 and represent about 5% of plan market value.

Capital Market Assumptions

	Equity						Fixed Income						Real Assets						
	US Stock	Dev ex-US Stock	Emg Stock	Global ex-US Stock	Global Stock	Private Equity	Cash	Core Bond	LT Core Bond	TIPS	High Yield	Private Credit	Dev ex-US Bond (Hdg)	US RES	Global RES	Private RE	Cmdty	Real Assets	US CPI
Compound Return (%)	6.15	6.90	7.15	7.25	6.70	9.60	3.65	4.60	4.60	3.65	6.25	8.55	2.85	5.75	5.90	6.25	5.90	6.65	2.25
Expected Risk (%)	17.00	18.00	26.00	19.10	17.10	29.65	0.75	4.70	9.85	6.00	10.00	12.75	4.00	17.50	16.45	13.90	16.00	12.35	1.75
Cash Yield (%)	1.65	3.15	2.75	3.05	2.20	0.00	3.65	4.90	4.95	4.25	9.35	4.90	3.45	4.05	4.05	2.25	3.65	3.15	0.00
Growth Exposure	8.00	8.00	8.00	8.00	8.00	14.00	0.00	-0.95	-2.40	-3.00	4.00	5.10	-1.00	6.00	6.00	3.50	0.00	2.70	0.00
Inflation Exposure	-3.00	0.00	5.00	1.45	-1.30	-3.75	0.00	-2.50	-6.80	2.50	-1.00	-1.50	-3.00	1.00	1.80	1.00	12.00	5.25	1.00
Correlations																			
US Stock	1.00																		
Dev ex-US Stock (USD)	0.81	1.00																	
Emerging Mkt Stock	0.74	0.74	1.00																
Global ex-US Stock	0.84	0.95	0.89	1.00															
Global Stock	0.95	0.91	0.84	0.94	1.00														
Private Equity	0.72	0.63	0.61	0.67	0.73	1.00													
Cash Equivalents	-0.05	-0.09	-0.05	-0.08	-0.06	0.00	1.00												
Core Bond	0.28	0.13	0.00	0.08	0.20	0.30	0.18	1.00											
LT Core Bond	0.31	0.15	0.01	0.11	0.24	0.31	0.11	0.94	1.00										
TIPS	-0.05	0.00	0.15	0.06	-0.01	-0.03	0.20	0.60	0.48	1.00									
High Yield Bond	0.54	0.39	0.49	0.46	0.53	0.31	-0.10	0.24	0.32	0.05	1.00								
Private Credit	0.68	0.55	0.58	0.60	0.68	0.44	0.00	0.24	0.30	0.00	0.76	1.00							
Dev ex-US Bond (Hdg)	0.16	0.25	-0.01	0.16	0.17	0.26	0.10	0.68	0.66	0.39	0.26	0.22	1.00						
US RE Securities	0.58	0.47	0.44	0.49	0.57	0.49	-0.05	0.17	0.22	0.10	0.56	0.62	0.05	1.00					
Global RE Securities	0.64	0.57	0.54	0.60	0.65	0.55	-0.05	0.17	0.21	0.11	0.61	0.68	0.04	0.96	1.00				
Private Real Estate	0.55	0.45	0.45	0.49	0.54	0.50	-0.05	0.19	0.25	0.09	0.58	0.63	0.05	0.79	0.78	1.00			
Commodities	0.25	0.34	0.39	0.38	0.32	0.28	0.00	-0.03	-0.03	0.25	0.29	0.29	-0.10	0.25	0.28	0.25	1.00		
Real Assets	0.62	0.63	0.65	0.69	0.67	0.57	-0.03	0.22	0.24	0.30	0.64	0.69	0.04	0.78	0.84	0.76	0.64	1.00	
Inflation (CPI)	-0.10	-0.15	-0.13	-0.15	-0.13	-0.10	0.10	-0.12	-0.12	0.15	-0.08	0.00	-0.08	0.05	0.04	0.05	0.44	0.22	1.00

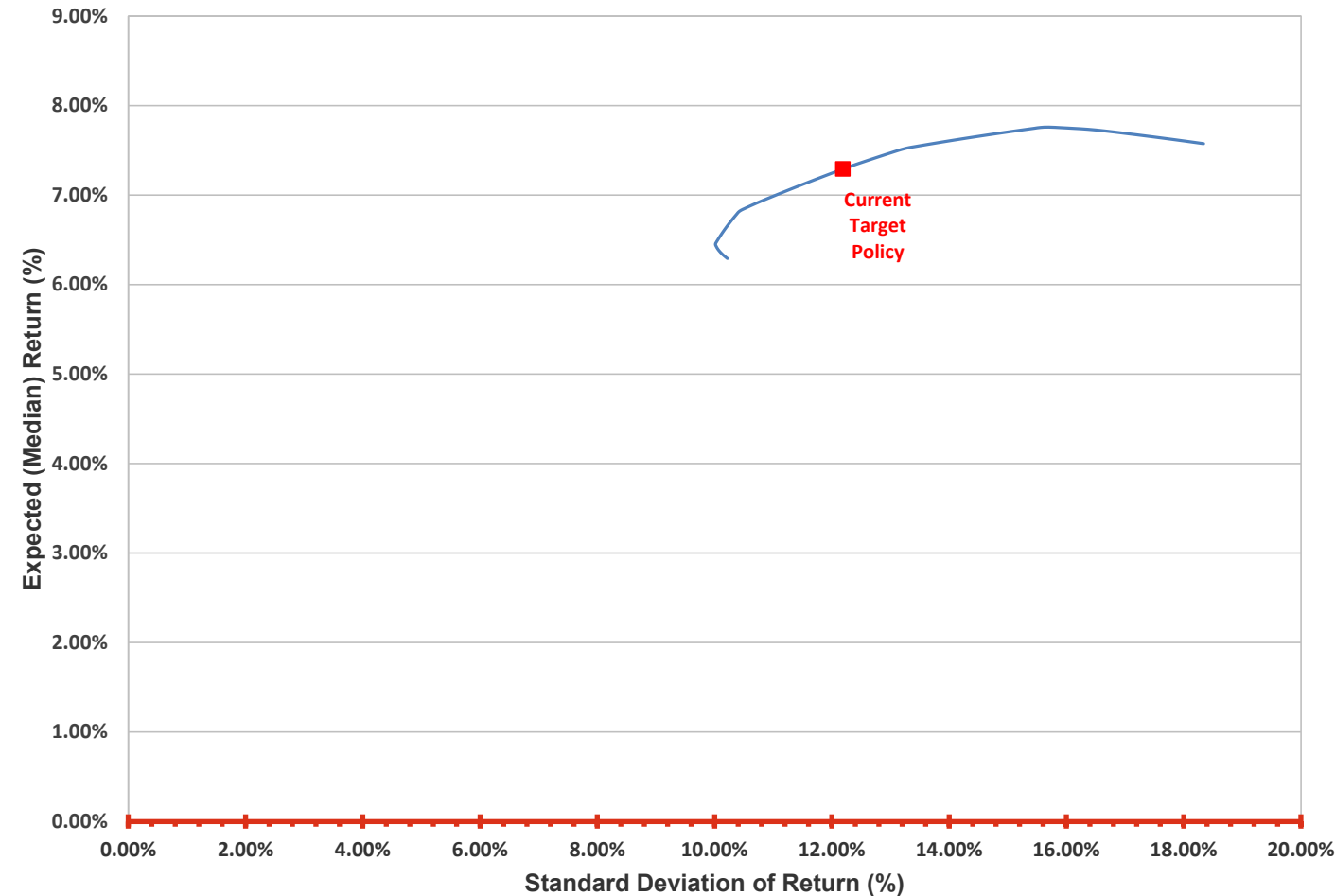
Capital Market Assumptions

- Wilshire’s Capital Market Assumptions as of March 31, 2023
- Wilshire’s asset class return, risk and correlation assumptions are developed on multi-year forward looking expected rates of return and historical risk and correlation, adjusted to incorporate recent trends
- Public market return expectations represent a passive investment in the asset class (beta). They do not reflect value added from active management (alpha).

Asset Classes	Expected Return 10 Years	Expected Return 30 Years	Risk	Cash Yield	Factor Exposure Growth	Factor Exposure Inflation	Liquidity Market Level	Liquidity Stressed Metric
US Stock	6.15	7.05	17.00	1.65	8.00	-3.00	100	0
Non-US Developed Stock	6.90	7.40	18.00	3.15	8.00	0.00	100	0
Emerging Markets Stock	7.15	7.55	26.00	2.75	8.00	5.00	90	0
Private Equity	9.60	10.15	29.65	0.00	14.00	-3.75	0	0
Credit and Structured Finance	7.10	7.15	8.10	3.05	4.15	0.40	0	0
Core Bonds	4.60	4.70	4.70	4.90	-0.95	-2.50	100	85
Real Estate	6.45	7.30	14.15	2.20	3.60	1.00	0	0
Real Return	8.05	9.10	18.40	1.75	7.70	2.50	0	0

Asset Only Efficient Frontier

- Given the asset classes and constraints, opportunities to enhance portfolio efficiency exist



The Current policy lies very close to the efficient frontier.

Portfolios Modeled

Asset Class	Current Target Policy	Optimization Constraints	-150 Bps Risk Policy	Similar Return/Risk Policy	+150 Bps Risk Policy
US Stock	16.00%	0 - 100% ¹	20.00%	20.00%	21.50%
Non-US Developed Stock	14.00%	0 - 100% ^{1, 2}	16.00%	16.00%	12.75%
Emerging Markets Stock	10.00%	0 - 100% ^{1, 2, 3}	4.00%	4.00%	8.50%
Private Equity	10.00%	10 - 15%	10.00%	15.00%	15.00%
Credit and Structured Finance	15.00%	0 - 15%	15.00%	15.00%	15.00%
Total Growth Assets	65.00%		65.00%	70.00%	72.75%
Core Bonds	20.00%	0% - 100%	31.00%	21.50%	12.25%
Total Defensive / Rate Sensitive Assets	20.00%		31.00%	21.50%	12.25%
Real Estate	10.00%	0 - 10%	4.00%	8.50%	10.00%
Real Return	5.00%	0 - 5%	0.00%	0.00%	5.00%
Total Real Assets / Inflation Sensitive Assets	15.00%		4.00%	8.50%	15.00%
Total Assets	100.0%		100.0%	100.0%	100.0%
Expected Return - 10 Years (%)	7.29		6.90	7.29	7.57
Expected Return - 30 Years (%)	7.76		7.30	7.75	8.10
Standard Deviation of Return (%)	12.19		10.69	12.21	13.70
+/(-) in Expected Return - 10 Years (bps)			(39)	0	28
+/(-) in Expected Return - 30 Years (bps)			(46)	(1)	34
+/(-) in SD of Return (bps)			(150)	2	151
Sharpe Ratio	0.30		0.30	0.30	0.29

- *Growth – Assets with significant growth factor exposure, high expected returns and high risk*
- *Defensive/Rate Sensitive – Assets whose value/return is sensitive to changes in interest rates*
- *Real Assets/Inflation Sensitive – Assets whose value/return is sensitive to inflation*

¹ U.S. Equity, Non-U.S. and Emerging Markets Equity are constrained to be at least 40%.

² Non-U.S. and Emerging Markets Equity are constrained to not exceed 50% of Total Equity.

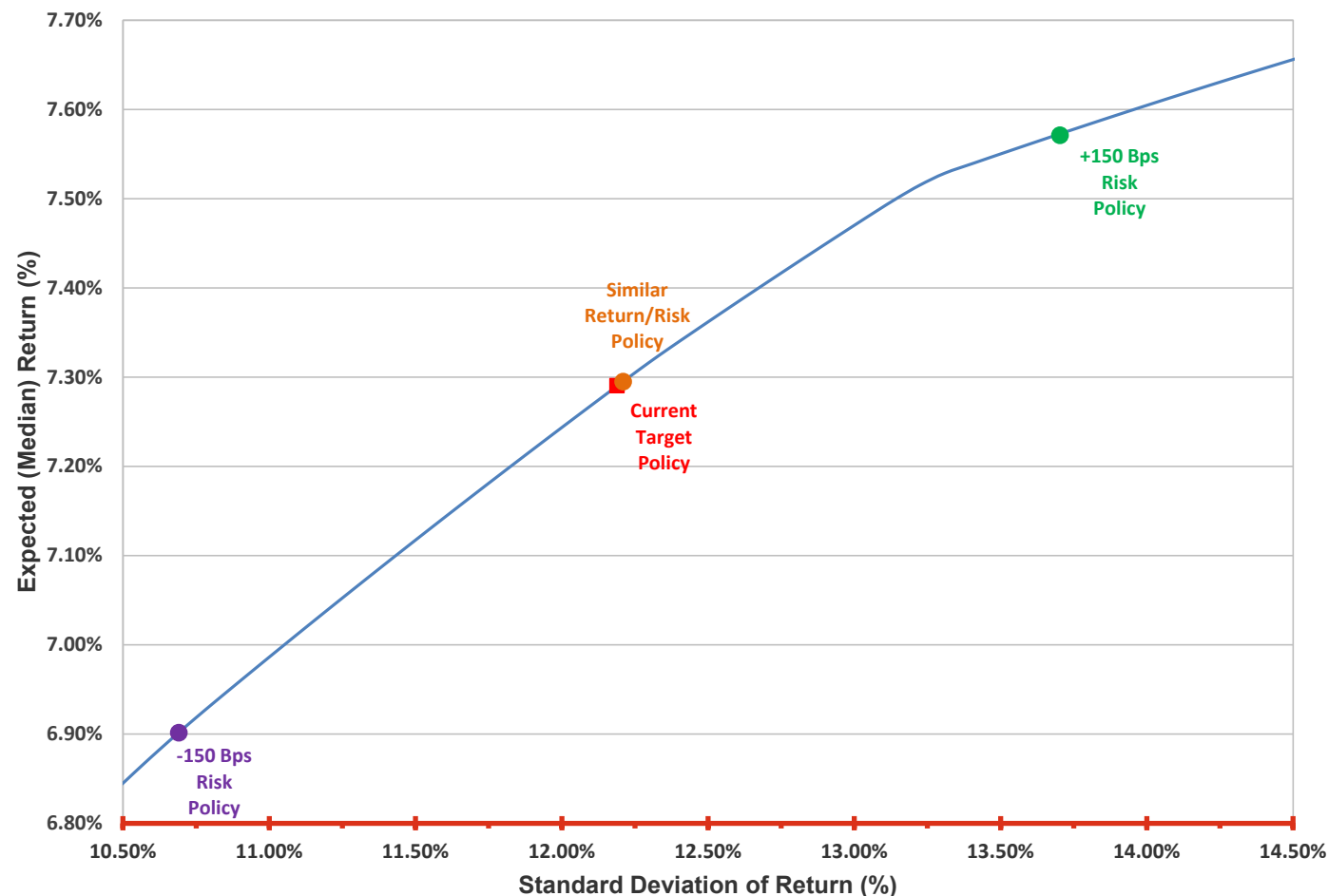
³ Emerging Markets Equity is constrained to be at least 10% of Total Equity but no more than 20% of Total Equity.

Portfolios Modeled

Asset Class	Current Target Policy	-150 Bps Risk Policy	Similar Return/Risk Policy	+150 Bps Risk Policy
<i>Total Growth Assets</i>	40.00%	40.00%	40.00%	42.75%
<i>Total Defensive / Rate Sensitive Assets</i>	40.00%	45.00%	45.00%	37.25%
<i>Total Real Assets / Inflation Sensitive Assets</i>	15.00%	15.00%	15.00%	15.00%
<i>Total Assets</i>	95.0%	100.0%	100.0%	95.0%
<i>Expected Return - 10 Years (%)</i>	7.29	6.90	7.29	7.57
<i>Expected Return - 30 Years (%)</i>	7.76	7.30	7.75	8.10
<i>Standard Deviation of Return (%)</i>	12.19	10.69	12.21	13.70
<i>Contribution to Asset Volatility (%):</i>				
<i>Growth</i>	83.4	91.6	90.8	86.1
<i>Defensive/Rate Sensitive</i>	2.3	5.1	2.8	1.2
<i>RA/Inflation Sensitive</i>	14.3	3.3	6.4	12.7
<i>Cash Yield</i>	2.7	3.0	2.6	2.4
<i>Growth Factor</i>	5.8	5.1	6.0	6.8
<i>Inflation Factor</i>	-0.6	-1.5	-1.4	-0.8
<i>Liquidity</i>				
<i>Market</i>	59.0	70.6	61.1	54.2
<i>Stressed</i>	17.0	26.4	18.3	10.4

Asset Only Efficient Frontier – Zoomed In

- Given the asset classes and constraints, opportunities to enhance portfolio efficiency exist

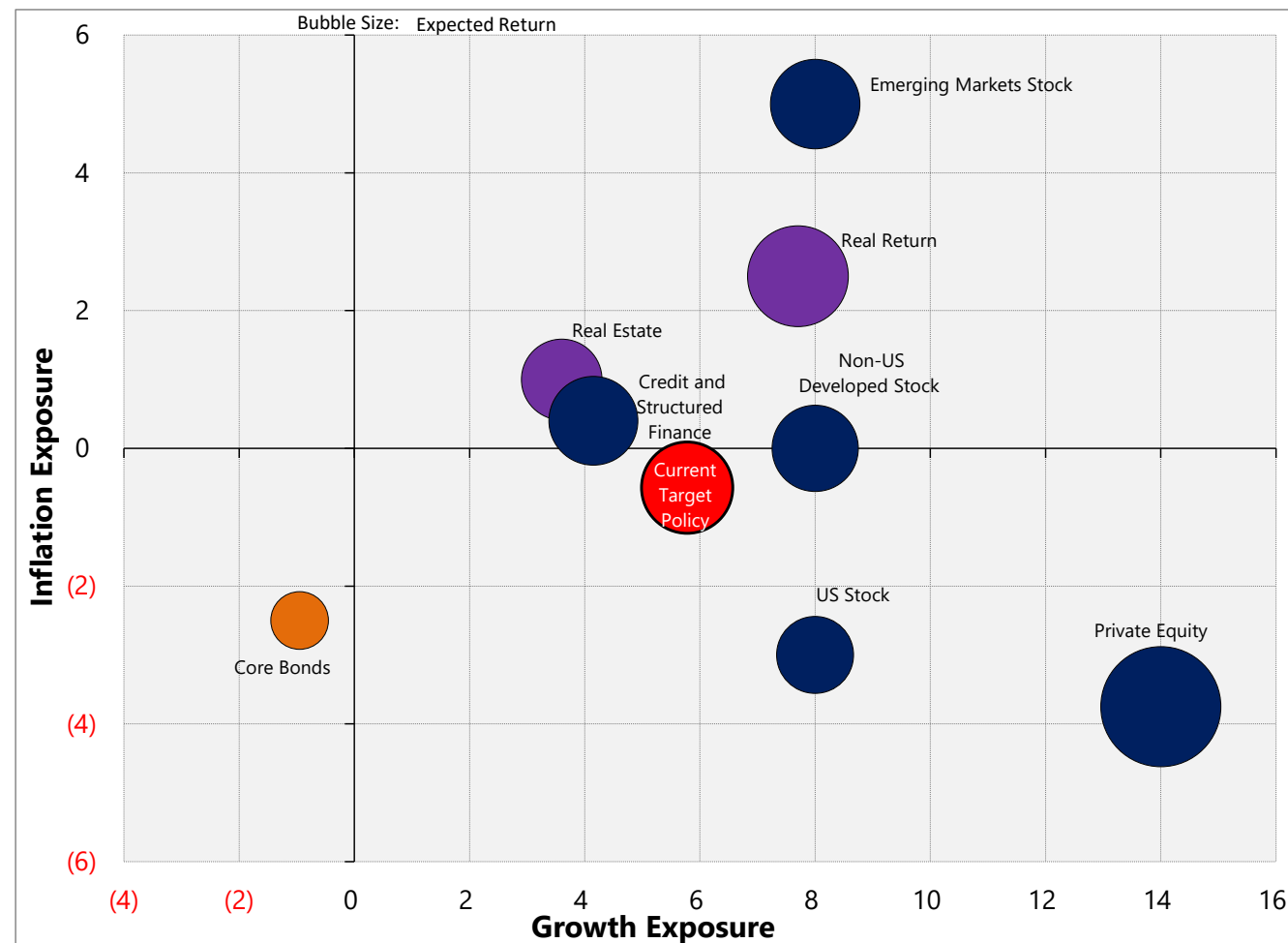


The Current policy lies very close to the efficient frontier.

Economic Factor Exposure – Asset Classes

Concentrated factor tilts can represent portfolio vulnerability (e.g., reliance on growth markets)

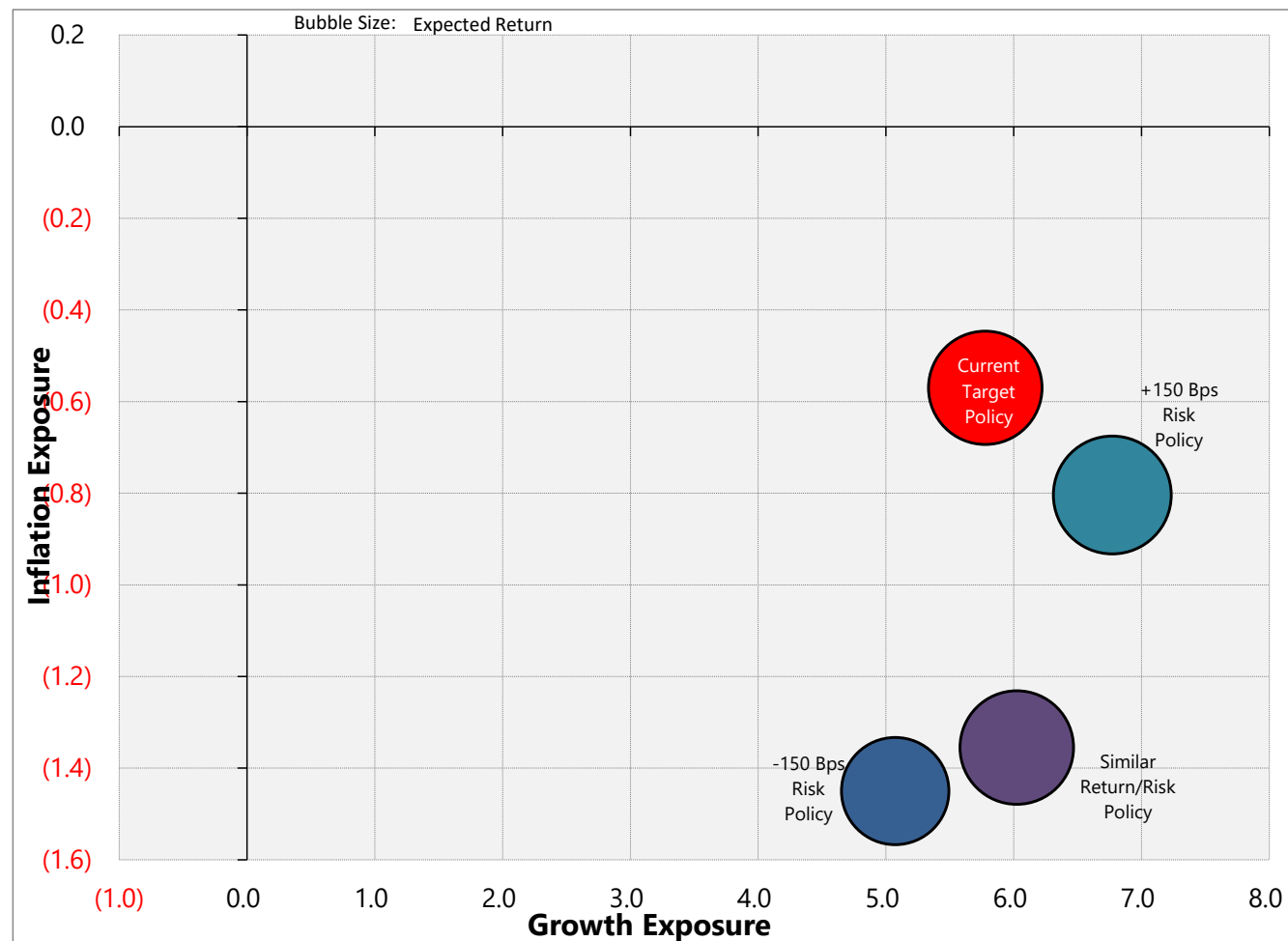
To the extent possible, a portfolio with factor neutrality is desirable for weathering unexpected future market environments



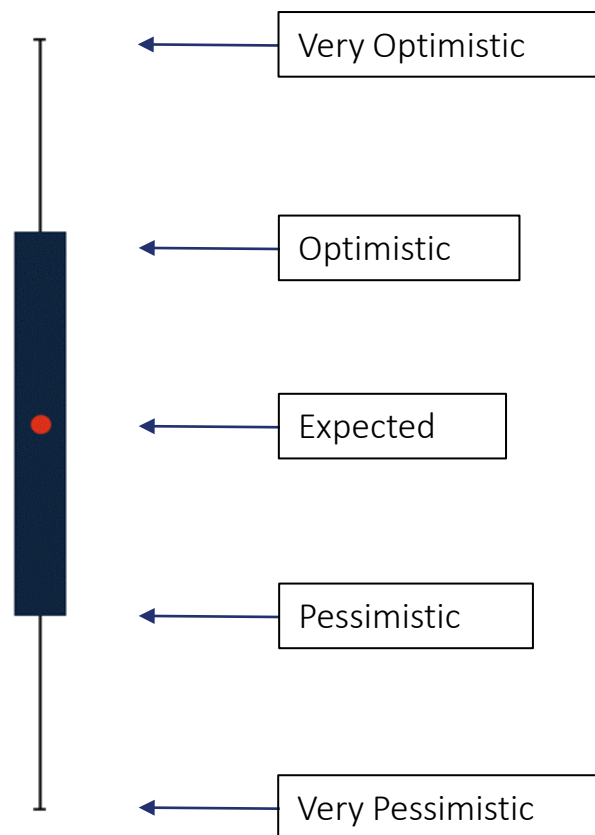
Economic Factor Exposure – Portfolios

Concentrated factor tilts can represent portfolio vulnerability (e.g., reliance on growth markets)

To the extent possible, a portfolio with factor neutrality is desirable for weathering unexpected future market environments



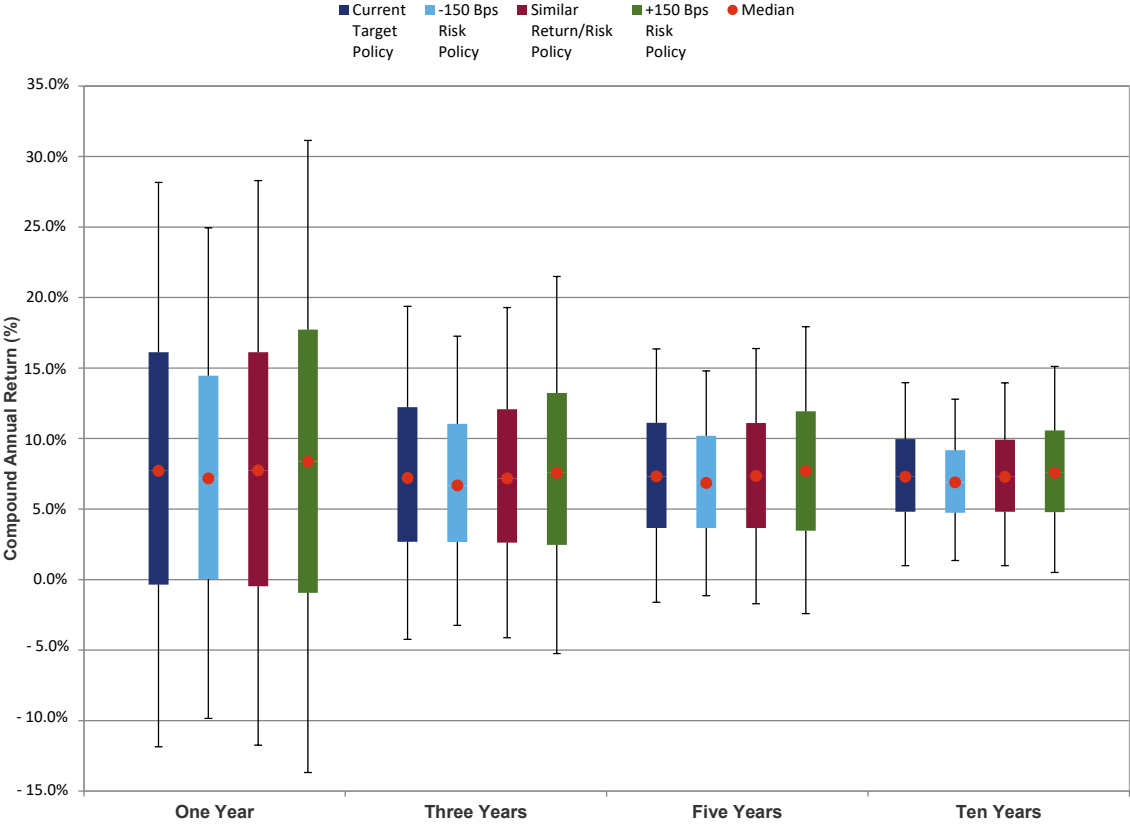
Box and Whisker Graphs



In each year of the simulation, there are 5,000 independent economic trial results.

- Very optimistic: Only 5% of the scenarios result in higher than this value and 95% result in lower
- Optimistic: Only 25% of the scenarios result in higher than this value and 75% result in lower
- Expected: 50% of the potential scenarios result in higher than this value and 50% results in lower
- Pessimistic: 75% of the scenarios results in higher than this value and 25% result in lower
- Very pessimistic: 95% of the scenarios result in higher than this value and 5% result in lower

Distribution of Returns*

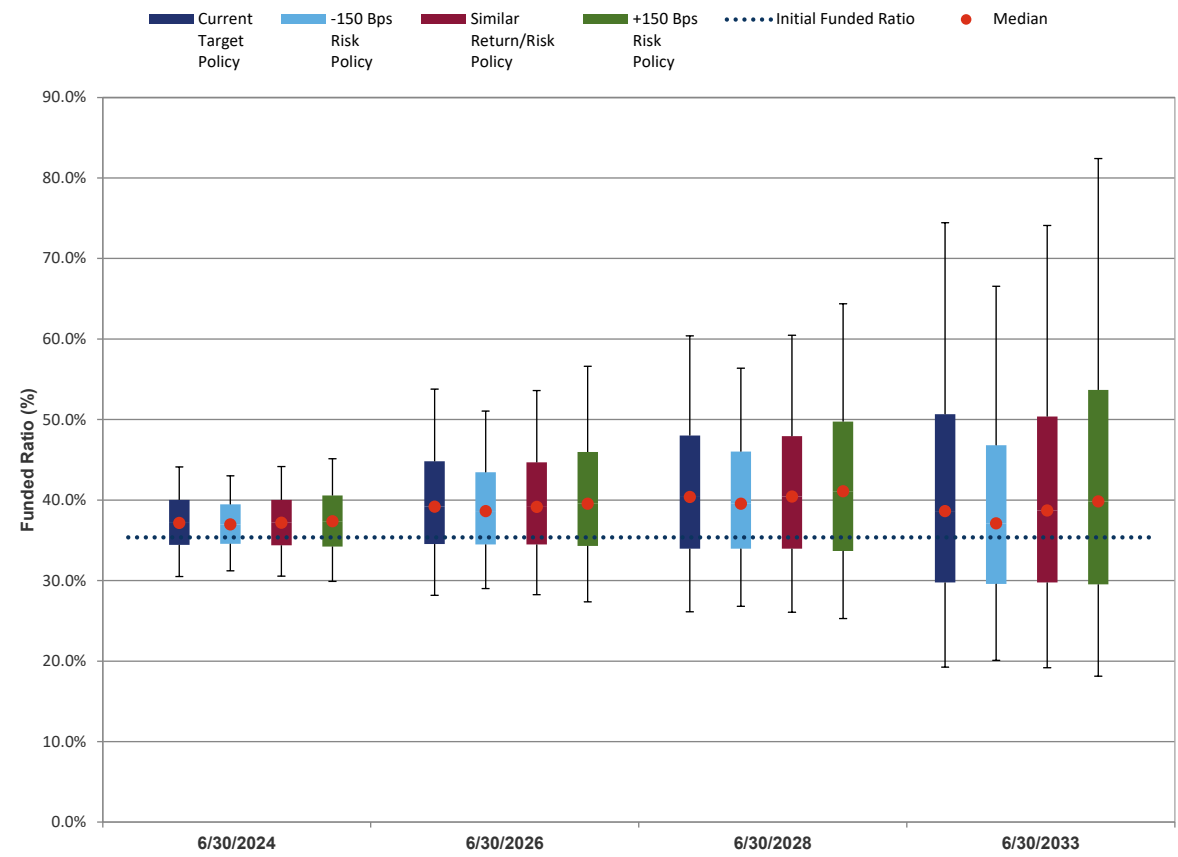


(%)	One Year				Three Years				Five Years				Ten Years			
	Current Target Policy	-150 Bps Risk Policy	Similar Return/Risk Policy	+150 Bps Risk Policy	Current Target Policy	-150 Bps Risk Policy	Similar Return/Risk Policy	+150 Bps Risk Policy	Current Target Policy	-150 Bps Risk Policy	Similar Return/Risk Policy	+150 Bps Risk Policy	Current Target Policy	-150 Bps Risk Policy	Similar Return/Risk Policy	+150 Bps Risk Policy
Very Optimistic	28.17	24.94	28.29	31.14	19.38	17.26	19.29	21.49	16.36	14.79	16.39	17.94	13.97	12.80	13.95	15.11
Optimistic	16.12	14.46	16.11	17.73	12.23	11.05	12.09	13.23	11.12	10.20	11.10	11.93	9.97	9.17	9.92	10.57
Median (Expected)	7.71	7.17	7.74	8.35	7.20	6.68	7.18	7.57	7.32	6.86	7.35	7.70	7.29	6.90	7.29	7.57
Pessimistic	-0.36	0.03	-0.48	-0.93	2.68	2.66	2.63	2.46	3.65	3.66	3.66	3.46	4.81	4.73	4.81	4.79
Very Pessimistic	-11.86	-9.84	-11.74	-13.68	-4.24	-3.25	-4.12	-5.25	-1.61	-1.15	-1.72	-2.41	0.99	1.36	0.98	0.50

*For periods longer than one year, returns are compounded annually.

Asset Liability Projections

OPEB Liability Funded Ratio



Shortfall Risk:

The potential for the current target to have a lower median funded ratio than the alternative policies.

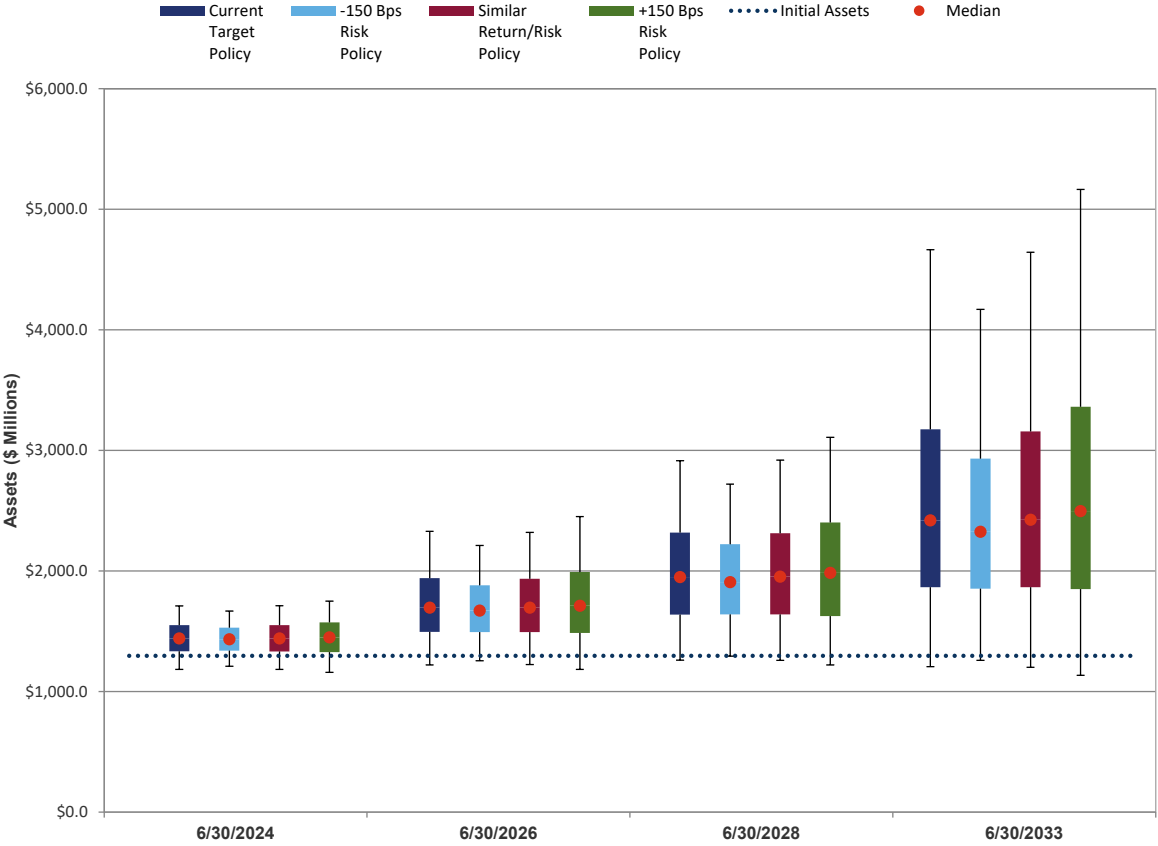
Drawdown Risk:

The potential for the current target to have a lower “very pessimistic” funded ratio than the alternative policies.

Initial Funded Ratio = 35.35%

(%)	6/30/2024				6/30/2026				6/30/2028				6/30/2033			
	Current Target Policy	-150 Bps Risk Policy	Similar Return/Risk Policy	+150 Bps Risk Policy	Current Target Policy	-150 Bps Risk Policy	Similar Return/Risk Policy	+150 Bps Risk Policy	Current Target Policy	-150 Bps Risk Policy	Similar Return/Risk Policy	+150 Bps Risk Policy	Current Target Policy	-150 Bps Risk Policy	Similar Return/Risk Policy	+150 Bps Risk Policy
Very Optimistic	44.11	43.01	44.15	45.12	53.78	51.07	53.60	56.61	60.40	56.37	60.47	64.38	74.43	66.55	74.10	82.42
Optimistic	40.02	39.46	40.02	40.57	44.82	43.46	44.69	45.98	48.02	46.03	47.93	49.76	50.66	46.80	50.39	53.67
Median (Expected)	37.17	36.98	37.17	37.38	39.18	38.63	39.16	39.54	40.38	39.54	40.45	41.10	38.63	37.11	38.72	39.84
Pessimistic	34.42	34.56	34.38	34.23	34.54	34.48	34.48	34.31	33.95	33.97	33.97	33.68	29.76	29.58	29.77	29.54
Very Pessimistic	30.51	31.20	30.55	29.89	28.18	29.01	28.26	27.36	26.12	26.80	26.08	25.29	19.27	20.11	19.18	18.13

Assets



Shortfall Risk:

The potential for the current target to have a lower median asset than the alternative policies.

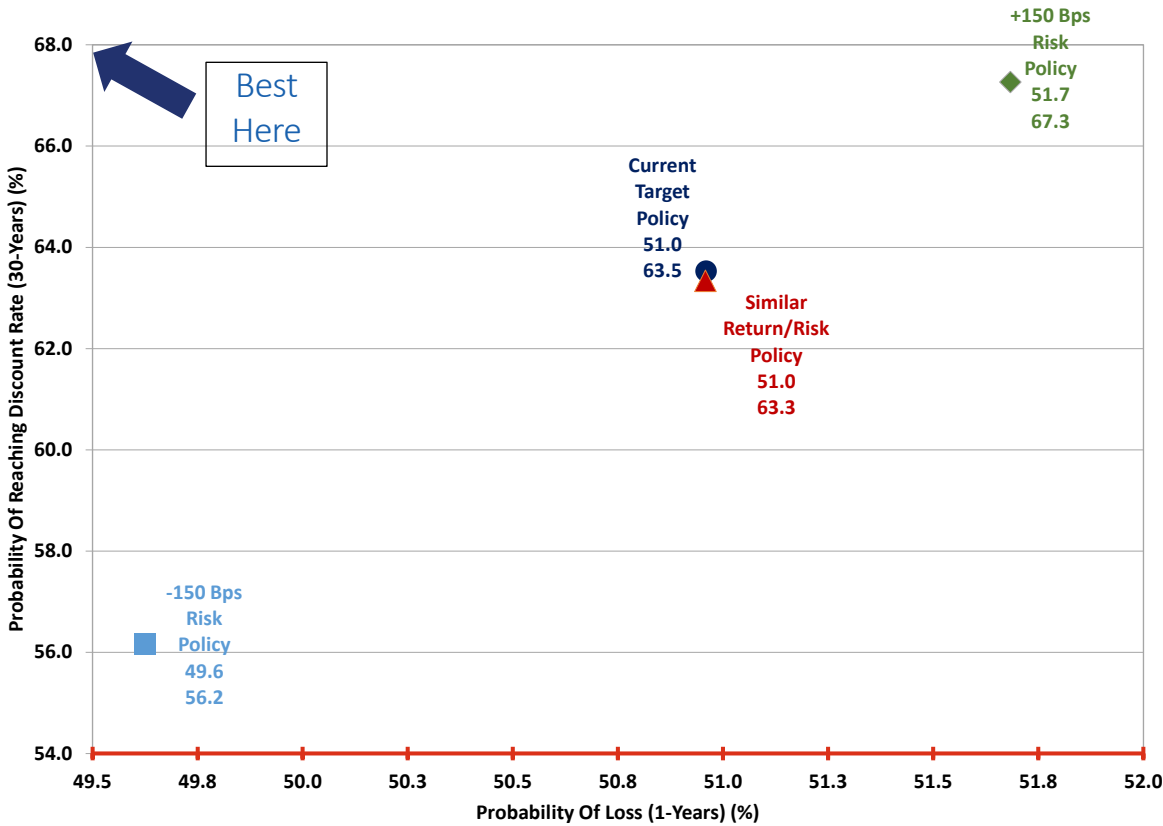
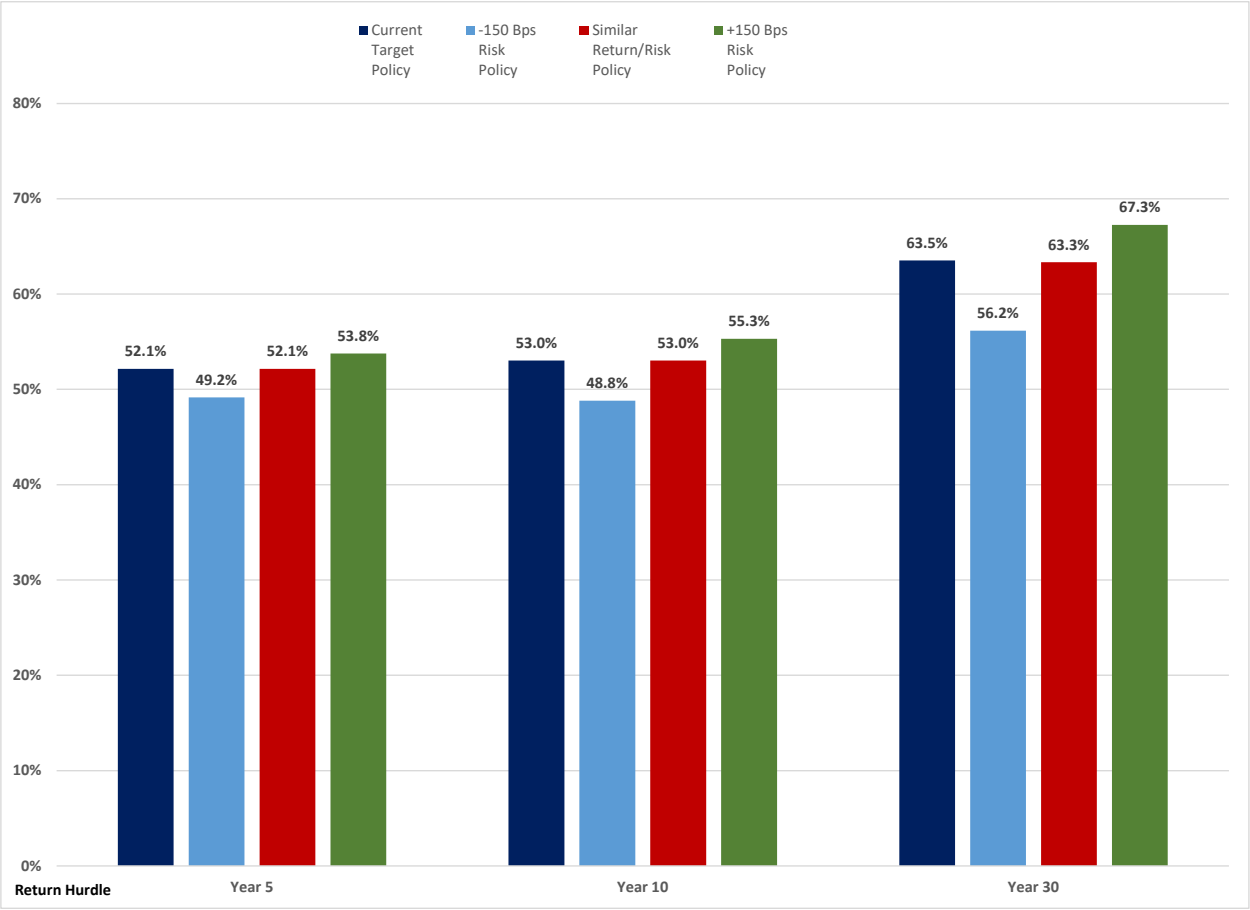
Drawdown Risk:

The potential for the current target to have a lower “very pessimistic” asset than the alternative policies.

Initial Assets = \$1,296.6M

(\$ Millions)	6/30/2024				6/30/2026				6/30/2028				6/30/2033			
	Current Target Policy	-150 Bps Risk Policy	Similar Return/Risk Policy	+150 Bps Risk Policy	Current Target Policy	-150 Bps Risk Policy	Similar Return/Risk Policy	+150 Bps Risk Policy	Current Target Policy	-150 Bps Risk Policy	Similar Return/Risk Policy	+150 Bps Risk Policy	Current Target Policy	-150 Bps Risk Policy	Similar Return/Risk Policy	+150 Bps Risk Policy
Very Optimistic	1,710.4	1,667.9	1,712.0	1,749.6	2,328.7	2,211.2	2,320.8	2,451.2	2,915.2	2,720.6	2,918.7	3,107.6	4,663.6	4,170.0	4,642.5	5,164.3
Optimistic	1,551.8	1,530.0	1,551.8	1,573.1	1,940.6	1,881.6	1,935.0	1,991.0	2,317.5	2,221.7	2,313.6	2,401.5	3,174.3	2,932.5	3,156.9	3,362.5
Median (Expected)	1,441.2	1,434.0	1,441.5	1,449.6	1,696.3	1,672.5	1,695.4	1,712.1	1,949.1	1,908.4	1,952.3	1,983.8	2,420.2	2,325.1	2,425.8	2,496.5
Pessimistic	1,334.8	1,340.0	1,333.2	1,327.2	1,495.8	1,492.8	1,493.0	1,485.5	1,638.9	1,639.6	1,639.5	1,625.6	1,864.9	1,853.6	1,865.0	1,850.7
Very Pessimistic	1,183.2	1,209.8	1,184.7	1,159.1	1,220.2	1,256.2	1,223.5	1,184.7	1,260.9	1,293.7	1,258.5	1,220.8	1,207.1	1,259.7	1,202.0	1,135.7

Probability of Attaining or Exceeding Discount Rate of 7.00%



Shortfall Risk: The potential for the alternative policies to have a lower probability of reaching the actuarial rate over a 30-yr. period than the current target.

Drawdown Risk: The potential for the alternative policies to have a higher probability of negative return in a given year than the current target.

Observations & Recommendation

Observations & Recommendation

- Wilshire recommends that the Board reaffirm the existing Current Policy asset allocation targets
- Alternative asset allocation do not materially improve the risk adjusted return of the portfolio relative to the Current Policy
- Current Policy
 - Risk adjusted return on par with other modeled portfolios
 - Increasing expected returns along the efficient frontier requires adding additional risk to the portfolio
 - Degrades risk-adjusted return at higher risk levels
 - Maintains allocation to private asset classes
 - Exposure across variety of asset classes – equity, credit, real estate and real assets

Appendix – Correlation Matrix

Capital Market Assumptions

- Wilshire's Capital Market Assumptions as of March 31, 2023
- Wilshire's asset class return, risk and correlation assumptions are developed on multi-year forward looking expected rates of return and historical risk and correlation, adjusted to incorporate recent trends
- Public market return expectations represent a passive investment in the asset class (beta). They do not reflect value added from active management (alpha).

	US Stock	Non-US Developed Stock	Emerging Markets Stock	Private Equity	Credit and Structured Finance	Core Bonds	Real Estate	Real Return
Return - 10-Year (%)	6.15	6.90	7.15	9.60	7.10	4.60	6.45	8.05
Return - 30-Year (%)	7.05	7.40	7.55	10.15	7.15	4.70	7.30	9.10
Risk (%)	17.00	18.00	26.00	29.65	8.10	4.70	14.15	18.40
Correlations								
US Stock	1.00							
Non-US Developed Stock	0.81	1.00						
Emerging Markets Stock	0.74	0.74	1.00					
Private Equity	0.72	0.63	0.61	1.00				
Credit and Structured Finance	0.58	0.50	0.56	0.36	1.00			
Core Bonds	0.28	0.13	0.00	0.30	0.16	1.00		
Real Estate	0.54	0.45	0.45	0.49	0.56	0.18	1.00	
Real Return	0.74	0.71	0.69	0.84	0.56	0.23	0.58	1.00

Appendix – Asset Allocation Ranges

Allowable Asset Allocation Ranges

Wilshire's Asset Allocation Committee (WAAC) maintains standard asset allocation parameters which reflect generally observed market practices for institutional asset owners. While Wilshire expects most client portfolios will fall within these asset allocation ranges, Wilshire recognizes and occasionally recommends portfolio allocations that may diverge from these general ranges based on a client's particular circumstances, goals or needs.

Asset Segment	Corporate DB	Public DB	E&F
Total Equity (Public+Private)	0% - 80%		
Private Equity (Aggregate)	0% - 15%	0% - 20%	0% - 30%
Fixed Income (Core/High-quality - Liquid IG)	10% - 100%	10% - 50%	
Other Fixed Income/Credit (Aggregate)	0% - 25%		
Private/Illiquid Credit (Aggregate)	0% - 15%		
High Yield	0% - 10%		
Other: EMD, Loans, Convertibles	0% - 7.5%		
Total Real Assets (Public + Private)	0% - 25%		
Total Real Estate (Public + Private)	0% - 25%		
RA Other: Commodities, Gold, Infra, GLI, MLPs, O&G, Timber	0% - 5%		
Marketable Alternatives (Aggregate)	0% - 12.5%		0% - 20%
Cash	0% - 5%		
Leverage	0% - 20%		
Total Private/Illiquid	0% - 25%	0% - 35%	0% - 50%

These thresholds were informed by allocation information from Greenwich Associates, and Wilshire Advisors, LLC, universe data and will be reviewed for reasonableness from time to time.

**Last Updated 12/2021*

Appendix – Efficient Frontier

Efficient Frontier Portfolios

Asset Class	Current Target Policy	Optimization Constraints	Minimum Risk	Portfolio 2	Portfolio 3	Portfolio 4	Portfolio 5	Portfolio 6	Portfolio 7	Portfolio 8	Portfolio 9	Maximum Risk
US Stock	16.00%	0 - 100% ¹ 0 - 100% ^{1, 2} 0 - 100% ^{1, 2, 3} 10 - 15% 0 - 15%	36.00%	20.00%	20.00%	20.00%	22.00%	24.50%	27.00%	33.00%	36.00%	40.00%
Non-US Developed Stock	14.00%		0.00%	16.00%	16.00%	15.50%	13.00%	15.00%	16.50%	20.00%	21.50%	24.00%
Emerging Markets Stock	10.00%		4.00%	4.00%	4.00%	4.50%	8.50%	10.00%	11.00%	13.50%	14.50%	16.00%
Private Equity	10.00%		10.00%	11.00%	14.50%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
Credit and Structured Finance	15.00%		0.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	13.50%	8.00%	0.00%
Total Growth Assets	65.00%		50.00%	66.00%	69.50%	70.00%	73.50%	79.50%	84.50%	95.00%	95.00%	95.00%
Core Bonds	20.00%	0% - 100%	50.00%	27.50%	22.50%	16.00%	11.50%	5.50%	0.50%	0.00%	0.00%	0.00%
Total Defensive / Rate Sensitive Assets	20.00%		50.00%	27.50%	22.50%	16.00%	11.50%	5.50%	0.50%	0.00%	0.00%	0.00%
Real Estate	10.00%		0.00%	6.50%	8.00%	10.00%	10.00%	10.00%	10.00%	0.00%	0.00%	0.00%
Real Return	5.00%		0.00%	0.00%	0.00%	4.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Total Real Assets / Inflation Sensitive Assets	15.00%		0.00%	6.50%	8.00%	14.00%	15.00%	15.00%	15.00%	5.00%	5.00%	5.00%
Total Assets	100.0%		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Expected Return - 10 Years (%)	7.29		6.29	7.02	7.25	7.46	7.58	7.68	7.75	7.72	7.66	7.57
Standard Deviation of Return (%)	12.19		10.22	11.13	12.04	12.93	13.81	14.73	15.56	16.65	17.32	18.34
+ / (-) in Expected Return - 10 Years (bps)			(100)	(27)	(4)	17	29	39	46	43	37	28
+ / (-) in SD of Return (bps)			(197)	(106)	(15)	74	162	254	337	446	513	615

¹ U.S. Equity, Non-U.S. and Emerging Markets Equity are constrained to be at least 40%.
² Non-U.S. and Emerging Markets Equity are constrained to not exceed 50% of Total Equity.
³ Emerging Markets Equity is constrained to be at least 10% of Total Equity but no more than 20% of Total Equity.

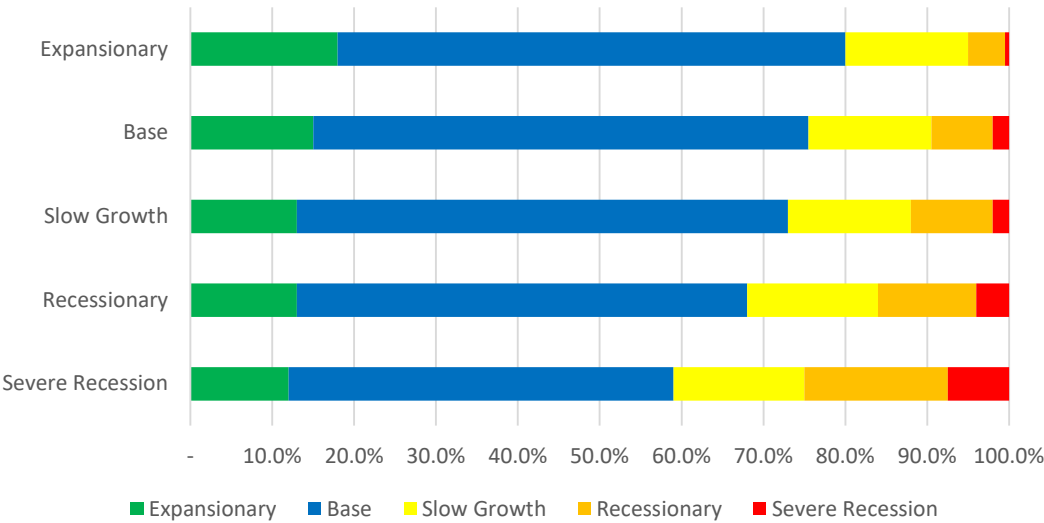
Appendix – Regimes

Efficient Frontier Portfolios

Managing drawdown risk –
the “uncertainty around
the uncertainty”

- Most simulation models assume returns are log-normally distributed
- Though reasonable in most years, left-tail events occur more frequently than predicted
- A regime switching model can help us pre-experience uncomfortable return paths that fall outside a normal distribution’s field of view

	expansionary	base	slow growth	recessionary	severe recession
expansionary	18.0%	62.0%	15.0%	4.5%	0.5%
base	15.0%	60.5%	15.0%	7.5%	2.0%
slow growth	13.0%	60.0%	15.0%	10.0%	2.0%
recessionary	13.0%	55.0%	16.0%	12.0%	4.0%
severe recession	12.0%	47.0%	16.0%	17.5%	7.5%



Stress Testing: Regime Assumptions

- In below trend and worse environments, the portfolio's return expectations are materially lower and the volatility is materially higher
- Volatility in the below trend and worse environments are left-skewed, i.e. negative-skewed

	US Stocks	Dev xUS Stocks	EM Stocks	Prvt Mkts	Cash	Core Bonds	LT Bonds	US TIPS	HY	US RES	Private RE	Commodities	Current Target
Expansionary/Above Trend Growth													
Return (%)	11.15	11.90	12.15	17.10	3.90	4.10	4.10	3.15	8.25	10.75	11.25	8.90	10.87
Risk (%)	12.00	13.00	21.00	22.15	0.75	5.20	10.85	6.50	8.00	13.50	10.90	16.00	9.22
Baseline/Trend Growth													
Return (%)	6.15	6.90	7.15	9.60	3.65	4.60	4.60	3.65	6.25	5.75	6.25	5.90	7.29
Risk (%)	17.00	18.00	26.00	29.65	0.75	4.70	9.85	6.00	10.00	17.50	13.90	16.00	12.19
Slow Growth/Below Trend													
Return (%)	4.15	4.90	5.15	6.60	3.65	5.60	6.10	4.15	5.25	3.75	4.25	4.90	6.19
Risk (%)	22.00	23.00	31.00	37.15	0.75	5.70	11.85	7.50	12.00	21.50	16.90	18.00	15.65
Recessionary/Negative Growth													
Return (%)	(3.85)	(3.10)	(2.85)	(5.40)	3.15	6.60	7.60	6.15	1.25	(4.25)	(3.75)	1.90	0.44
Risk (%)	27.00	28.00	36.00	44.65	0.75	6.70	13.85	9.00	15.00	27.50	21.90	21.00	19.23
Severe Recession/Deflation													
Return (%)	(43.85)	(43.10)	(42.85)	(40.40)	2.65	14.60	19.60	16.15	(13.75)	(44.25)	(33.75)	(2.10)	(22.91)
Risk (%)	42.00	43.00	51.00	54.65	0.75	14.70	29.85	21.00	20.00	42.50	33.90	26.00	27.79

Stress Testing: Regime Descriptions

Regime Descriptions

- **Expansionary/Above Trend Growth** – Regime when the economy is coming out of a recession or the economy is running above long-run capacity. Wilshire does not project the economy to remain in this regime over longer periods.
- **Baseline/Trend Growth** – The long term expected state of the economy. Wilshire's capital market assumptions are based on this regime.
- **Slow Growth/Below Trend** – Regime when the economy is running at less than full capacity.
- **Recessionary/Negative Growth** – Regime when the economy has below zero growth. Wilshire expects the economy would be in a recession.
- **Severe Recession/Deflation** – Regime when the economy is defined by significantly negative growth. Wilshire does not project the economy to remain in this regime over longer periods.

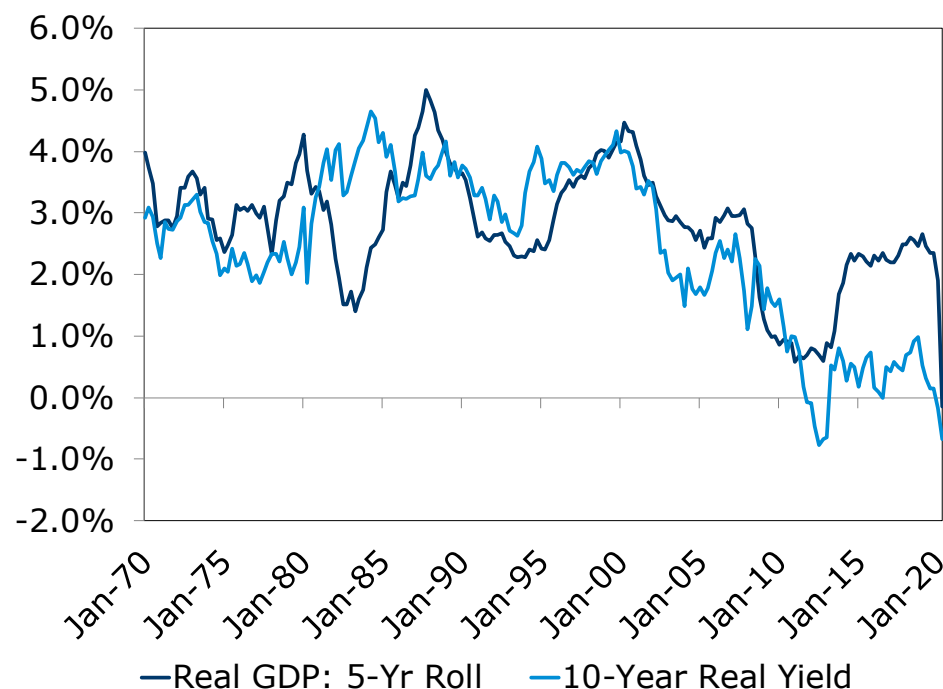
Appendix – Economic Factor Exposures

Why Introduce Factors?

- **Risk Assessment:** Including factors within the asset allocation process provides an opportunity to measure asset class (and portfolio) exposures to key economic factors
- **Economic Efficiency:** If the underlying economic activity that drives asset performance can be identified, perhaps it can be used to assist in building economically-efficient portfolios
- **Portfolio Stability:** Macroeconomic risk factors – when separated from the valuation component inherent in investment pricing – may exhibit more stable correlations and, therefore, can better inform the allocation process

Growth Proxy

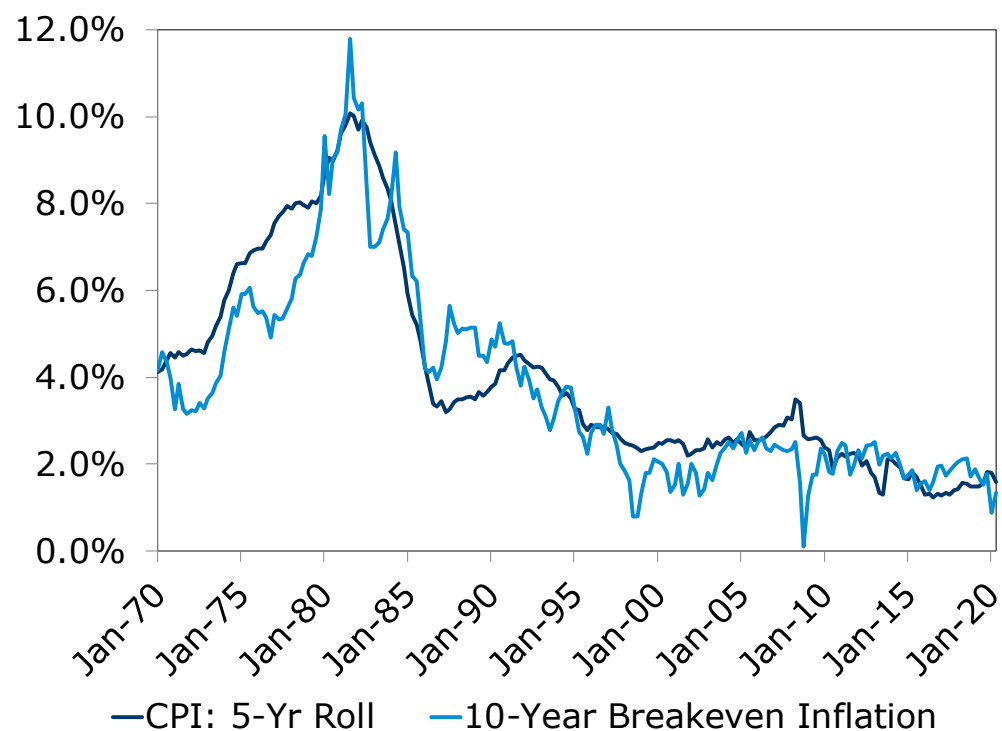
- Interest rates contain information and can reflect economic factors
- Nominal yields aggregate two important and distinct sources of economic information – real yields and expected inflation
- Disaggregating these factors should prove beneficial in developing a set of factors with improved explanatory power



Data Source: Federal Reserve, Bridgewater

Inflation Proxy

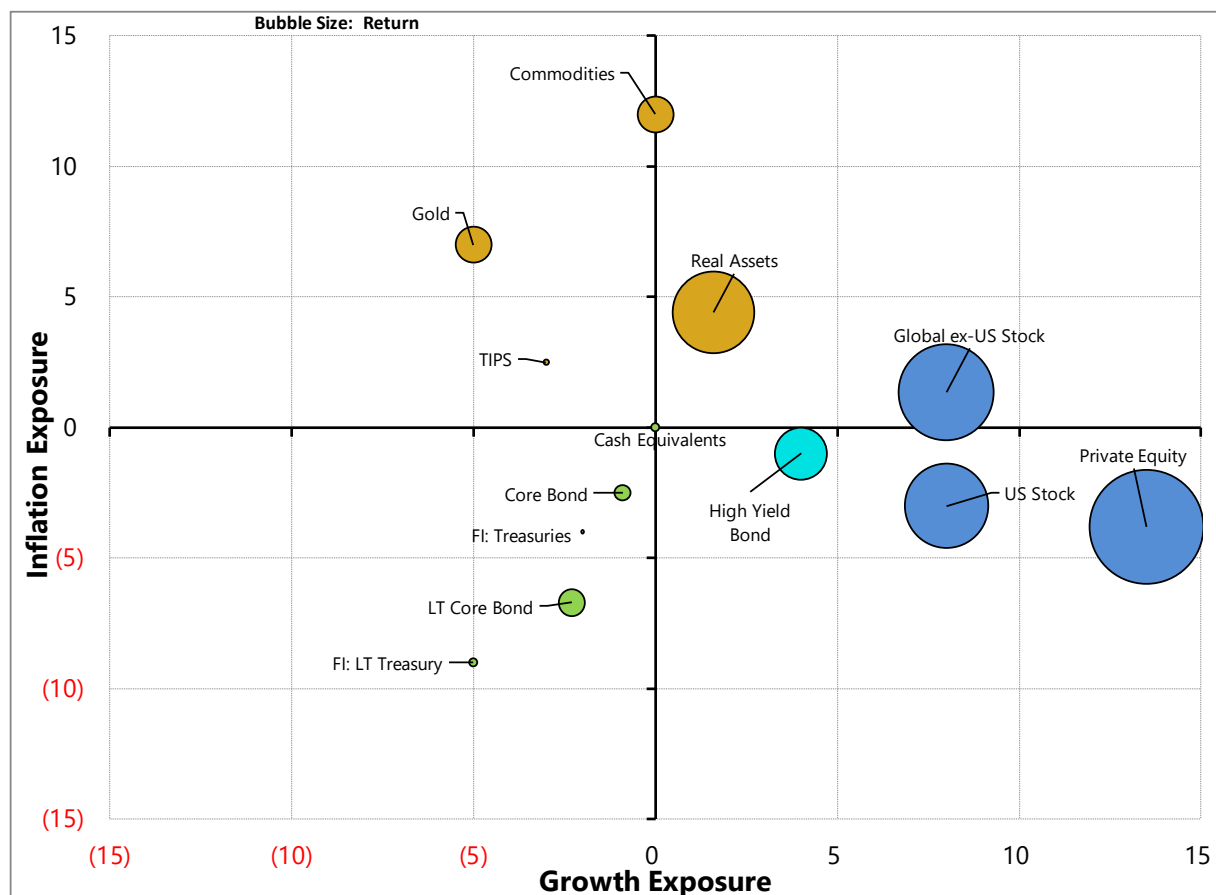
- Breakeven inflation is the market's expectation for inflation
- Tends to follow closely with actual, recent inflation and can act as a timely signal of trends in consumer prices



Data Source: Federal Reserve, Bridgewater

Wilshire's Approach

- Employ a 2-factor regression model (growth and inflation) to formulate factor assumptions
- Growth proxy is enhanced by high yield bond spreads to better capture shifts in growth forecasts



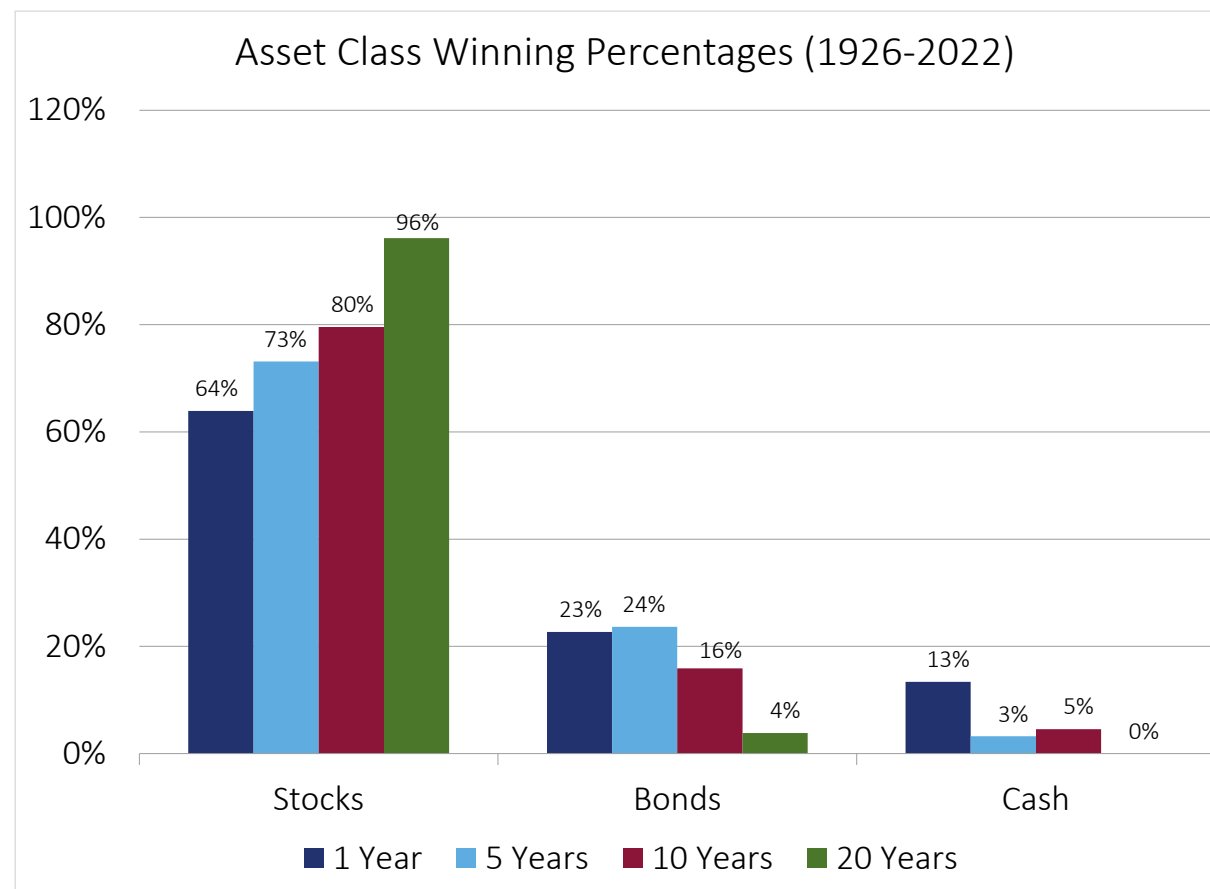
Appendix – Liquidity

Liquidity Risk: What Are The Consequences?

Default/Insolvency is the most severe outcome from having insufficient liquidity, but...

There are many other, more likely, disruptive impacts that a lack of liquidity can impose on an investment portfolio

- Liquidity breaches can rob an investor of their biggest advantage: a long-term investment horizon
- The timing and price of such sales dictated by liquidity needs rather than by explicit investment rationale
- Can destroy portfolio value and effectively strip a portfolio from its ability to recover from market sell-offs



Wilshire Liquidity Metric

Wilshire's Liquidity Metric framework has two levels:

- **Market Level of Liquidity**
- **Stressed Level of Liquidity**

Market Level of Liquidity

- Quantified on scale from 0% (low liquidity) to 100% (high liquidity)
- Designed to capture general notion of marketable versus private/off-market transactions
 - Marketable asset classes typically reflect 90% or 100%
 - Private asset classes reflect 0%
- Goal is to reflect the tradability of assets, which is helpful in connecting these values back to our definitional framework (i.e., to quantify the differences between Convertible Liquidity and Delayed Liquidity)

Wilshire Liquidity Metric

Wilshire's Liquidity Metric framework has two levels:

- **Market Level of Liquidity**
- **Stressed Level of Liquidity**

Stressed Liquidity Metric

Includes a penalty process to reflect the loss in practical liquidity due to asset class volatility and sensitivity to particular economic environments

Penalty components:

1. **Growth Penalty:**
 - Impacts asset classes with vulnerability to slowing growth
 - Recognizes the hit to liquidity that can occur during growth related bear markets
2. **Inflation Penalty:**
 - Impacts asset classes with vulnerability to rising inflation
 - Recognizes the hit to liquidity that can occur during inflation driven bear markets
3. **Volatility Penalty:**
 - Impacts higher volatility asset classes
 - Recognizes the hit to liquidity that can occur from any form of volatility

Wilshire Stressed Liquidity Metric

Stressed Level of Liquidity Metric

Asset Class	Market Liquidity	Liquidity Penalty Components			Applied Penalty	Stressed Liquidity
		Growth	Inflation	Volatility		
US Equity	100	50		24	50	0
Dev ex-US Equity	100	50		26	50	0
EM Equity	90	50		40	50	0
Private Equity	0	50		40	0	0
Cash Equivalents	100				0	100
Core Bonds	100		8		8	86
High Yield Bonds	80	40		10	40	0
US Real Estate Securities	90	50		24	50	0
Private Real Estate	0	50		18	0	0
Commodities	90			20	20	55

Applied Penalty = Min(Max(Growth + Inflation, Volatility), Market Liquidity)

Stressed Liquidity * = Market Liquidity - (1.75 x Applied Penalty)

** If less than 20, Stressed Liquidity is assumed to be 0*

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ELEVATING HEALTH FOR ALL

New Mexico Retiree Healthcare Authority

July 20, 2023

WHAT WE'LL COVER

- Express Scripts Overview
- Financial Overview
- Clinical Trends & Program Success
- Pipeline
- Q&A



⁹⁰ EXPRESS SCRIPTS®
An Evernorth Company

About Express Scripts

- Express Scripts is RHCA's chosen partner for administering the prescription plan
- We are a leading pharmacy benefit manager that puts medicine in reach for 100 million people
- RHCA members have access to the following through Express Scripts:
- 60k+ retail pharmacies located across the United States
- Convenient home delivery services
- Accredo specialty pharmacy for medications that treat complex and chronic health conditions
- Specialized pharmacists, nurses and other clinicians in 20+ condition-specific Therapeutic Resource Centers
- Express-Scripts.com and our mobile app for ordering and managing your prescriptions



Services Express Scripts provides to RHCA

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

THERAPEUTIC RESOURCE CENTER® (TRC)



22 TRCs with 1,000 condition-focused pharmacists and 350 proprietary clinical protocols ensure patients are taking the right medication and staying adherent



Pharmacists receive condition-specific training to counsel patients, and on average, spend six times longer with patients than pharmacists at retail



Our model allows pharmacists to concentrate on their role — counseling, disease therapy, medication management — and deliver a higher level of patient care



600 home infusion nurses cover nearly 100% of the continental United States meeting patients where they are most comfortable

Plan Performance

Plan Performance			
	7-22 - 6-23	7-21 - 6-22	Change %
AWP	\$323,006,373	\$318,494,957	1.4%
Network & Mail Discount			
Savings (includes dispensing fees)	-\$168,150,339	-\$165,276,410	1.7%
Tax	\$57,935	\$38,374	51.0%
Gross Cost	\$154,913,968	\$153,256,921	1.1%
Member Cost	-\$14,761,306	-\$16,574,137	-10.9%
Copay/Deductible	-\$11,022,617	-\$12,314,320	-10.5%
SaveOnSP	-\$3,738,689	-\$4,259,817	-12.2%
Plan Cost	\$140,148,859	\$136,680,485	2.5%
Rebates*	-\$44,623,466	-\$37,586,485	18.7%
Plan Cost Net	\$95,525,392	\$99,094,000	-3.6%
Direct Subsidy**	\$821,774	\$735,923	11.7%
Prospective Federal Reinsurance**	-\$9,537,851	-\$9,578,640	-0.4%
Coverage Gap Discount**	-\$14,933,072	-\$14,206,546	5.1%
Low-Income Cost Share Subsidy**	-\$675,451	-\$690,296	-2.2%
Adjusted Plan Cost Net	\$71,200,793	\$75,354,440	-5.5%
Members	33,295	35,279	-5.6%
Gross Cost PMPM	\$387.73	\$362.01	7.1%
Plan Cost PMPM	\$350.78	\$322.86	8.6%
Rebates PMPM	\$111.69	\$88.78	25.8%
Plan Cost Net PMPM	\$239.09	\$234.07	2.1%
Adjusted Plan Cost Net PMPM	\$178.21	\$178.00	0.1%

* Rebates are estimated based on paid and expected to be paid amounts. Actual rebate payments may differ from estimates.

** Amounts are estimated. Prospective Federal Reinsurance amounts are based on the lesser of the CMS market rate and client's most up-to-date utilization which was the most recently reconciled plan year as of the beginning of this year.

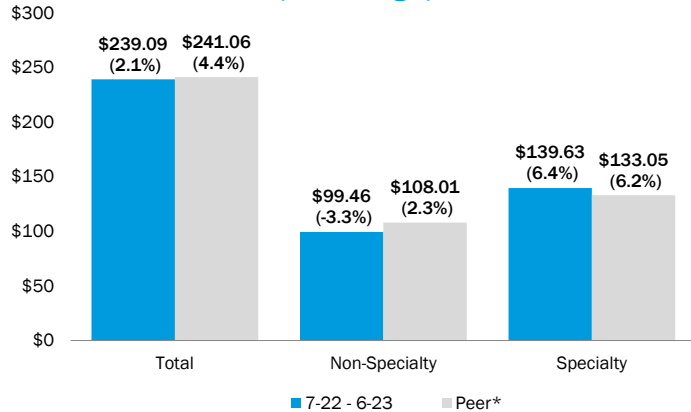
**Plan Cost PMPM increased
\$27.92 (+8.6%) to \$350.78**

**SaveOnSP provided
\$3,738,689 in value. Total
Member Cost less SaveOnSP
was \$11,022,617,
representing 10.0% in Total**

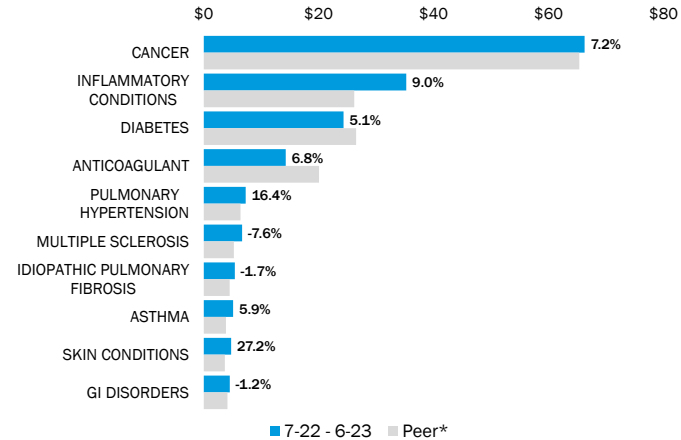
**Rebates and Subsidies reduced
Plan Cost PMPM from \$350.78
to \$178.21 (-49.2%)**

Trend Dashboard – How Your Plan Compares

Plan Cost Net PMPM
(% Change)



Plan Cost Net PMPM by Indication



New Mexico Retiree Health Care Authority - Combined			
Description	7-22 - 6-23	7-21 - 6-22	Change
Average Members per Month	33,295	35,279	-5.6%
Total Plan Cost Net	\$95,525,392	\$99,094,000	-3.6%
Average Member Age	68.5	67.9	1.0%
Total Plan Cost Net PMPM	\$239.09	\$234.07	2.1%
Non-Specialty Plan Cost Net PMPM	\$99.46	\$102.83	-3.3%
Specialty Plan Cost Net PMPM	\$139.63	\$131.25	6.4%
Generic Fill Rate	88.7%	88.9%	-0.2
90 Day Utilization	75.4%	69.6%	5.8
Retail - Maintenance 90 Utilization	37.6%	31.0%	6.7
Home Delivery Utilization	37.8%	38.7%	-0.9
Member Cost Net %	13.4%	14.3%	-0.9
Specialty Percent of Plan Cost Net	58.4%	56.1%	2.3

Peer*	
7-22 - 6-23	Change
73.7	
\$241.06	4.4%
\$108.01	2.3%
\$133.05	6.2%
90.1%	-0.4
79.5%	1.8
32.4%	1.9
47.1%	-0.1
14.1%	-0.7
55.2%	0.9

A Glance at Social Determinants of Health

71.6% of your members live in areas with high or very high ESDI** score.



Members who reside in areas with a high ESDI score tend to suffer worse health outcomes than members in low ESDI areas.

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

**ESDI = Evernorth Social Determinants Index

Top Line Performance Metrics – Pre Medicare

New Mexico Retiree Health Care Authority					
Description	7-22 - 6-23	7-21 - 6-22	Change		
Avg Subscribers per Month	12,892	14,109	-8.6%		
Avg Members per Month	12,892	14,109	-8.6%		
Number of Unique Patients	12,967	14,179	-8.5%		
Pct Members Utilizing Benefit	100.6%	100.5%	0.1		
Total Plan Cost Net	\$24,807,536	\$26,579,205	-6.7%		
Total Days	10,192,714	10,852,374	-6.1%		
Total Adjusted Rxs	379,406	404,829	-6.3%		
Average Member Age	55.4	55.0	0.7%		
Plan Cost Net PMPM	\$160.35	\$156.99	2.1%		
Plan Cost Net/Day	\$2.43	\$2.45	-0.6%		
Plan Cost Net per Adjusted Rx	\$65.39	\$65.66	-0.4%		
Nbr Adjusted Rxs PMPM	2.45	2.39	2.6%		
Generic Fill Rate	86.0%	86.7%	-0.6		
90 Day Utilization	61.4%	58.6%	2.7		
Retail - Maintenance 90 Utilization	24.9%	22.5%	2.3		
Home Delivery Utilization	36.5%	36.1%	0.4		
Member Cost Net %	21.2%	21.3%	-0.2		
Specialty Percent of Plan Cost Net	48.5%	49.8%	-1.3		
Specialty Plan Cost Net PMPM	\$77.72	\$78.19	-0.6%		
Formulary Compliance Rate	99.5%	99.3%	0.2		

Peer 1	
7-22 - 6-23	Change
56.7	
\$178.06	2.8%
\$2.40	0.4%
\$65.13	0.7%
2.73	2.0%
86.5%	-0.6
61.7%	1.7
10.5%	1.2
51.2%	0.6
21.5%	-0.1
50.0%	-0.4
\$89.00	1.9%
99.2%	0.4

Plan Cost Net PMPM increased \$3.37 (+2.1%) to \$160.35, primarily driven by the Utilization Trend Component

Specialty Plan Cost Net PMPM decreased \$0.48 (-0.6%) to \$77.72, primarily driven by the Specialty Unit Cost Trend Component

Generic Fill Rate (GFR) decreased 0.6 percentage points to 86.0%, 0.5 percentage points lower than the peer

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

Top Line Performance Metrics - EGWP

New Mexico Retiree Health Care Authority - EGWP					
Description	7-22 - 6-23	7-21 - 6-22	Change		
Avg Subscribers per Month	20,403	21,170	-3.6%		
Avg Members per Month	20,403	21,170	-3.6%		
Number of Unique Patients	20,550	21,282	-3.4%		
Pct Members Utilizing Benefit	100.7%	100.5%	0.2		
Total Plan Cost Net	\$70,717,856	\$72,514,795	-2.5%		
Total Days	31,768,014	32,784,237	-3.1%		
Total Adjusted Rx	1,127,886	1,160,481	-2.8%		
Average Member Age	76.9	76.4	0.5%		
Plan Cost Net PMPM	\$288.84	\$285.45	1.2%		
Plan Cost Net/Day	\$2.23	\$2.21	0.6%		
Plan Cost Net per Adjusted Rx	\$62.70	\$62.49	0.3%		
Nbr Adjusted Rx PMPM	4.61	4.57	0.8%		
Generic Fill Rate	89.6%	89.7%	0.0		
90 Day Utilization	79.9%	73.3%	6.6		
Retail - Maintenance 90 Utilization	41.7%	33.8%	7.9		
Home Delivery Utilization	38.2%	39.5%	-1.3		
Member Cost Net %	10.3%	11.4%	-1.2		
Specialty Percent of Plan Cost Net	61.9%	58.4%	3.5		
Specialty Plan Cost Net PMPM	\$178.75	\$166.60	7.3%		
Formulary Compliance Rate	98.5%	98.3%	0.1		

Peer 1	
7-22 - 6-23	Change
76.7	
\$252.25	4.2%
\$1.92	3.2%
\$53.98	2.6%
4.67	1.6%
90.4%	-0.4
81.3%	1.7
34.7%	1.8
46.7%	-0.1
13.1%	-0.7
55.8%	1.0
\$140.87	6.2%
99.2%	0.4

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

Plan Cost Net PMPM increased \$3.39 (+1.2%) to \$288.84, primarily driven by the Cost Share Trend Component

Specialty Plan Cost Net PMPM increased \$12.14 (+7.3%) to \$178.75, primarily driven by the Specialty Utilization Trend Component

Generic Fill Rate (GFR) decreased 0 percentage points to 89.6%, 0.8 percentage points lower than the peer

Incremental Savings

	2023*	2022	2021	2020	2019
Manufacturer Dollars	\$1,160,600	\$4,292,421	\$3,560,571	\$2,900,744	\$1,933,908
Patient Savings	\$22,480	\$126,546	\$132,051	\$131,700	\$84,100
Tertiary Amount	\$428,948	\$689,254	\$307,465	\$46,566	\$15,610
Admin Fees	\$177,293	\$869,156	\$780,264	\$680,620	\$458,550
Plan Savings	\$531,879	\$2,607,465	\$2,340,791	\$2,041,859	\$1,375,649

*Through April 2023

A PARTNERSHIP THAT DELIVERS

RHCA Savings with Express Scripts

RECENT SUCCESSES OF OUR PARTNERSHIP OVER THE PAST YEAR

\$12.1M

in savings from
Advanced
Utilization
Management*

\$7.1M

in savings from
RationalMed®*

\$150K

in savings
Advanced Opioid
Management®*

\$856K

in savings from
SafeguardRx®

\$1.8M

in savings from
SaveonSP

**Protecting your patients while delivering
increased cost savings**

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

*Combined savings for Pre-Medicare and EGWP populations
6/1/22 – 5/31/23

Top 10 Indications

Top Indications by Plan Cost Net

7-22 - 6-23										7-21 - 6-22							% Change
Rank	Peer Rank	Indication	Adjusted Rx	Patients	Plan Cost Net	Generic Fill Rate	Peer Generic Fill Rate	Plan Cost Net PMPM	Rank	Adjusted Rx	Patients	Plan Cost Net	Generic Fill Rate	Plan Cost Net PMPM	Peer Plan Cost Net PMPM	Plan Cost Net PMPM	% Change
1	1	CANCER	7,463	851	\$26,472,272	77.2%	81.8%	\$66.26	1	7,750	872	\$26,155,793	76.1%	\$61.78			7.2%
2	3	INFLAMMATORY CONDITIONS	10,496	1,116	\$14,072,835	65.1%	76.3%	\$35.22	2	10,560	1,104	\$13,681,942	64.3%	\$32.32			9.0%
3	2	DIABETES	124,123	6,961	\$9,714,245	49.9%	48.1%	\$24.31	3	127,789	7,138	\$9,796,996	52.5%	\$23.14			5.1%
4	4	ANTICOAGULANT	27,827	3,148	\$5,697,913	17.8%	19.3%	\$14.26	4	27,962	3,163	\$5,654,232	20.7%	\$13.36			6.8%
5	5	PULMONARY HYPERTENSION	421	27	\$2,910,450	67.9%	59.1%	\$7.28	6	463	36	\$2,649,848	64.6%	\$6.26			16.4%
6	6	MULTIPLE SCLEROSIS	578	56	\$2,665,844	49.8%	45.9%	\$6.67	5	617	58	\$3,058,409	45.1%	\$7.22			-7.6%
7	9	IDIOPATHIC PULMONARY FIBROSIS	217	30	\$2,163,605	29.5%	28.1%	\$5.42	7	230	31	\$2,331,600	2.6%	\$5.51			-1.7%
8	12	ASTHMA	41,502	6,136	\$2,041,535	72.3%	71.5%	\$5.11	9	42,767	6,054	\$2,043,068	68.1%	\$4.83			5.9%
9	13	SKIN CONDITIONS	9,994	4,679	\$1,901,186	93.2%	96.3%	\$4.76	15	10,218	4,817	\$1,584,194	94.3%	\$3.74			27.2%
10	10	GI DISORDERS	5,087	1,128	\$1,806,303	53.8%	62.1%	\$4.52	10	4,997	1,106	\$1,936,787	53.2%	\$4.57			-1.2%
Total Top 10:			227,708		\$69,446,189	53.7%		\$173.82		233,353		\$68,892,868	54.7%	\$162.73			6.8%
Differences Between Periods:			-5,645		\$553,320	-1.0%		\$11.08									

The largest financially impactful change was in Multiple Sclerosis, driving \$0.4M in reduced net cost for a 7.6% decrease in Net PMPM

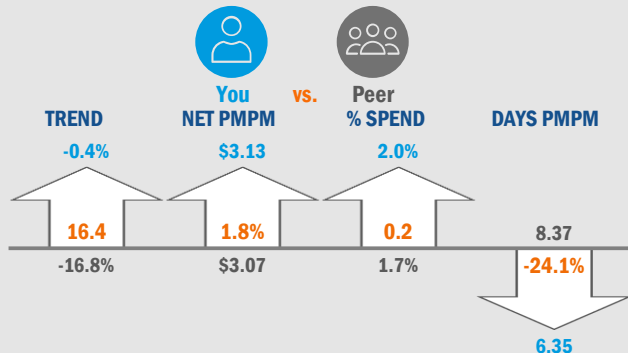
Skin Conditions trend increased 27.2%, contributing an additional \$1.02 to Net PMPM

Represents 69.7% of your total Plan Cost Net

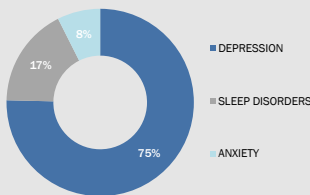
PRE-MEDICARE INDICATIONS DRIVING TREND

BEHAVIORAL HEALTH

These highly generic dominated classes have experienced downward unit cost trends but increased utilization is the main driver. We saw a 6.5% increase in prescriptions for depression medications. This is expected to continue post-pandemic with mental health awareness initiatives.



% Behavioral Health Plan Cost Net By Indication



Brand Name	Overall Rank	Peer Rank	Plan Cost Net	Plan Cost Net PMPM	Plan Cost Net PMPM % Change
SPRAVATO	105	120	\$53,061	\$0.34	38.1%
BUPROPION XL	120	116	\$44,162	\$0.29	-10.6%
DULOXETINE HCL	123	137	\$42,097	\$0.27	-0.3%
VENLAFAXINE HCL ER	127	167	\$40,336	\$0.26	0.5%
TRINTELLIX	159	172	\$30,165	\$0.19	9.8%
FLUOXETINE HCL	165	283	\$28,664	\$0.19	-7.6%
TRAZODONE HCL	191	322	\$21,620	\$0.14	20.6%
SUNOSI	214	240	\$18,208	\$0.12	4.1%
ESCITALOPRAM OXALATE	230	375	\$15,767	\$0.10	23.1%
BUSPIRONE HCL	240	370	\$14,772	\$0.10	-0.9%

Behavioral Health Indications made up 2.0% of your overall costs, higher than that of your peer at 1.7%

\$38.01 Average Cost per Adjusted Rx

Prescription Drug Landscape

Where previously procedures and hospitals drove spend, pharmaceutical expenditures will be **THE** driving force in health costs in the next decade

These expenditures, and the possible solutions, fall in 5 categories:



Lightning strike drugs:
predominantly gene and cell therapies



Biologic treatments:
for complex chronic disease



Scope creep:
Specialty treatments now used for mild to moderate chronic disease



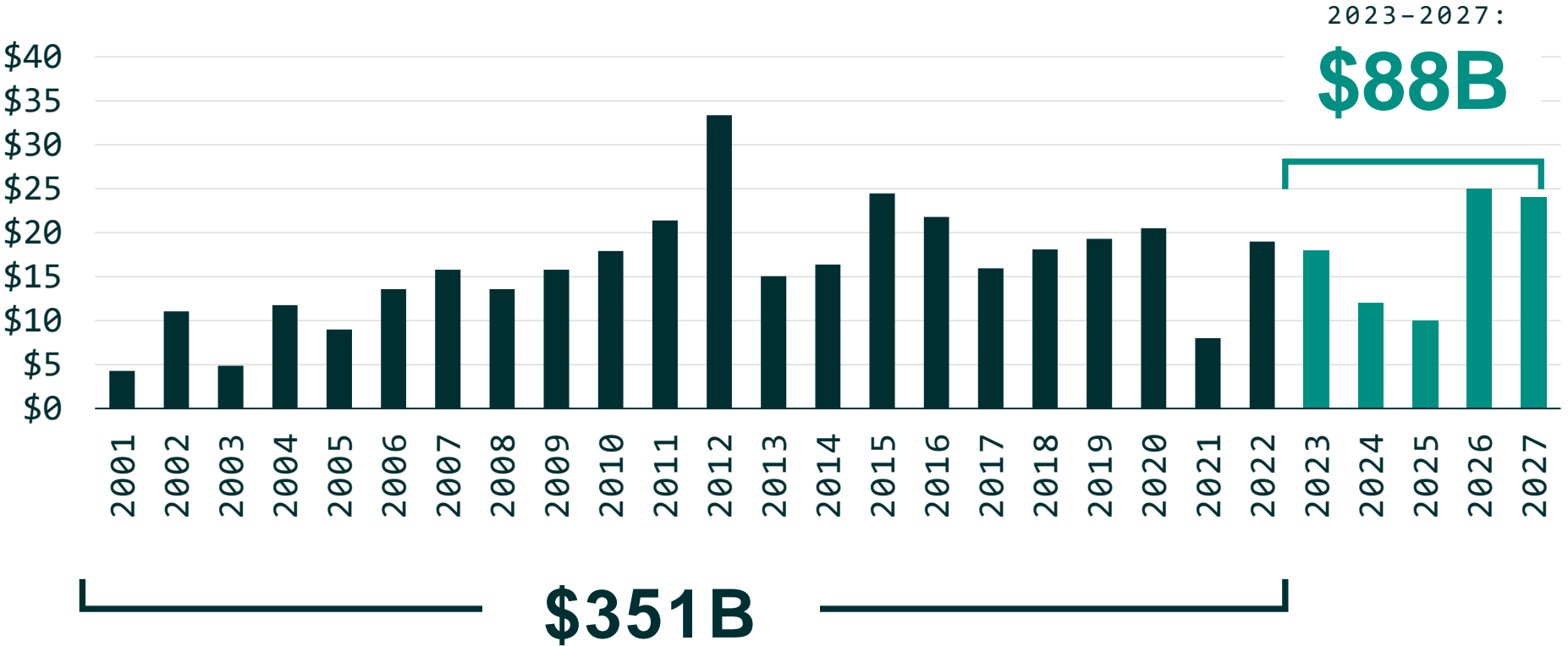
Specialty expansion:
Efforts to push drugs into specialty categories for treatment of common preventable diseases



Consumer demand:
Drugs that address a cosmetic or lifestyle issue but don't change health outcomes

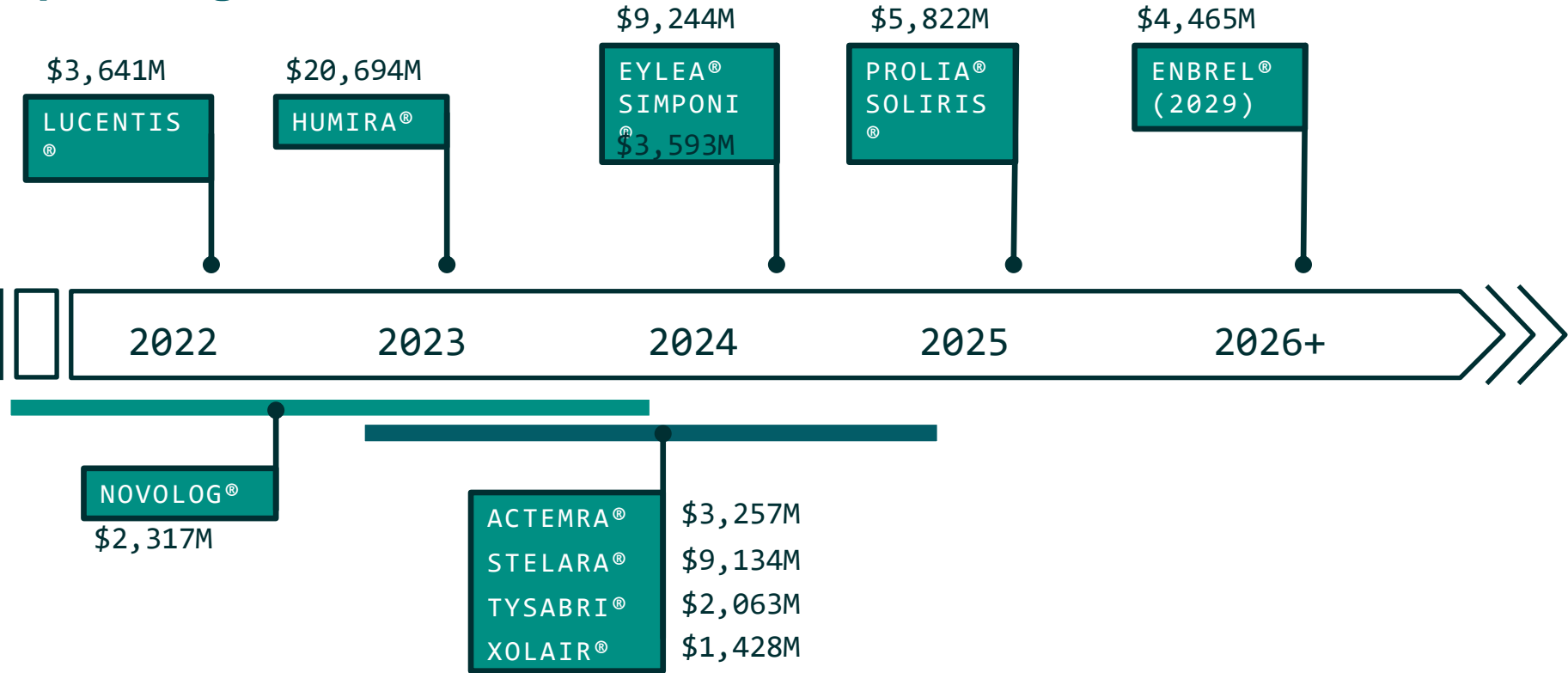


Patent expiration landscape



DOLLARS SHOWN REPRESENT INNOVATOR ANNUAL SALES (\$ MILLIONS)

Upcoming biosimilars



Sources: IPD Analytics. Market & Financial Insights. April 2022; Evernorth internal research
All trademarks are the property of their respective owners.

Humira biosimilar launch schedule

WAVE 1: FEB 2023

Amjevita® (Amgen)

WAVE 2: JULY 2023

Abrilada™ (Pfizer)
Cyltezo™ (BI)
Hadlima™ (Organon)
Hyrimoz™ (Sandoz)
Hulio™ (Viatris)
Idacio™ (Fres Kabi)
Yusimry™ (Coherus)
AVT-02 (Teva)

WAVE 3: 2024+

Amjevita
Interchangeable

Abrilada
Interchangeable

Cyltezo
HC Interchangeable

Hadlima
HC Interchangeable

Hyrimoz
HC Interchangeable

No hesitations about prescribing
adalimumab biosimilars:

0% RA

1% DERM

4% GI



Obesity & Diabetes

20%

meet criteria to benefit
from GLP1



**most
utilization**

complex

**Well
Managed**

**Simple
Prediabetes**

Prediabetes

**all
diabetes**

GLP1 Utilization

**Broader and likely for
side affect of weight
loss**



EXPRESS SCRIPTS[®]
by Evernorth

Pre-Medicare Indications Driving Trend: Diabetes



Average Patient Age is 59.5 ~ 2.7 years older than Average



Diabetic Patients fill 5.2 ARx's / Month v. 2.3 ARx's for Non-Diabetic Patients

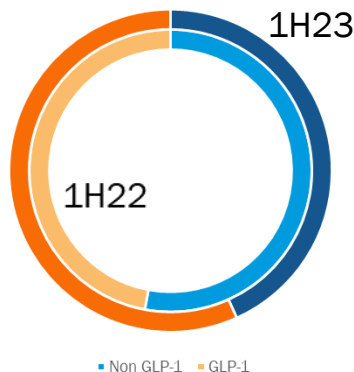
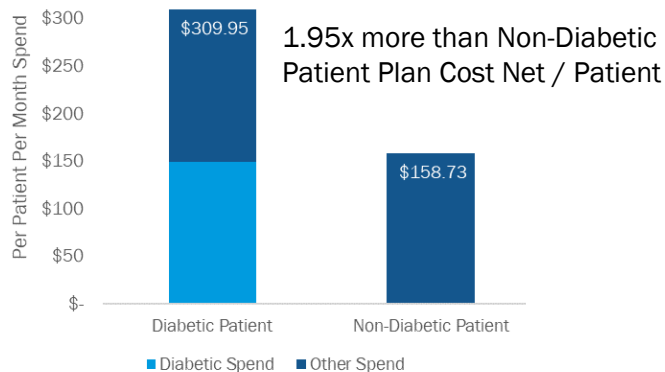


The average plan cost net /ARx for GLP-1 is \$347.64 compared to a non GLP-1 is \$44.74.

Whole Patient Spend

Drug Mix Changes

Drug Utilization



Top Drugs by Plan Cost Net												
1H23						1H22						% Change
Rank	Brand Name	Adj. Rxs	Pts.	Plan Cost Net	PMPM	Rank	Adj. Rxs	Pts.	Plan Cost Net	PMPM	Plan Cost Net	Plan Cost Net
1	TRULICITY	1,396	267	\$476,715	\$6.30	1	1,437	276	\$539,204	\$6.51		-3.1%
2	OZEMPIC	772	182	\$266,311	\$3.52	2	552	115	\$200,741	\$2.42		45.3%
3	MOUNJARO	399	81	\$157,244	\$2.08	7	1	1	\$521	\$0.01		32969.5%
4	RYBELSUS	269	69	\$88,903	\$1.18	3	208	45	\$81,268	\$0.98		19.9%
5	BYDUREON BCISE	63	15	\$19,068	\$0.25	4	134	28	\$43,010	\$0.52		-51.4%
6	BYETTA	7	3	\$2,430	\$0.03	6	10	2	\$3,690	\$0.04		-27.9%
7	VICTOZA 2-PAK	3	1	\$612	\$0.01							
Total Top 7:		2,909		\$1,011,282	\$13.37		2,342		\$868,433	\$10.48		27.6%
Differences Between Periods:		567		\$142,849	\$2.89							



Diabetes makes up 14.8% of RHCA Pre-Medicare's Plan Cost Net Spend, while Diabetic Patients make up 30.6% of RHCA Pre-Medicare's Spend



GLP-1's are driving trend with a 26.9% increase in PMPM spend making up 14.4% of Diabetes Adjusted Rx's and 56.7% of Diabetic Spend

Thank You

Supplement

EGWP Indications Driving Trend: Diabetes



Average Patient Age is 73.1 ~
2.7 years younger than Average

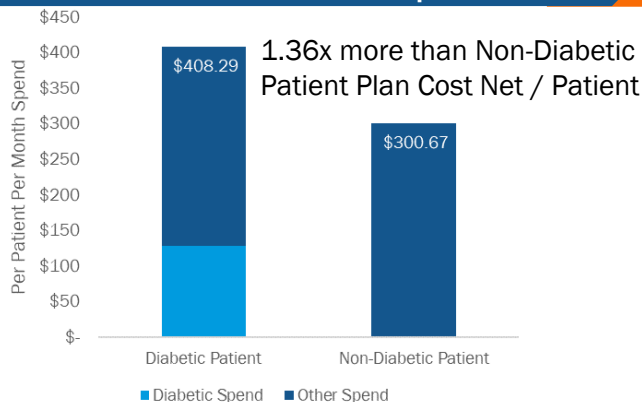


Diabetic Patients fill 6.9 ARx's /
Month v. 4.2 ARx's for Non-
Diabetic Patients

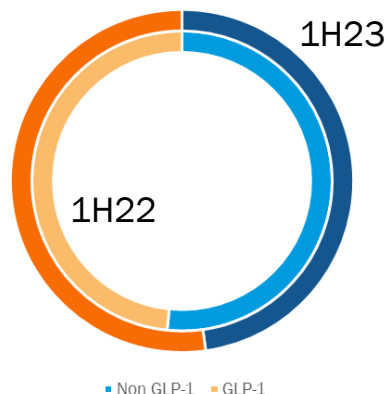


The average plan cost net /ARx
for GLP-1 is \$367.60 compared
to a non GLP-1 is \$42.83.

Whole Patient Spend



Drug Mix Changes



Drug Utilization

Top Drugs by Plan Cost Net											
1H23				1H22				% Change			
Rank	Brand Name	Adj. Rxs	Pts.	Plan Cost Net	Plan Cost Net PMPM	Rank	Adj. Rxs	Pts.	Plan Cost Net	Plan Cost Net PMPM	Plan Cost Net PMPM
1	TRULICITY	1,930	374	\$665,456	\$5.50	1	1,821	336	\$652,671	\$5.22	5.3%
2	OZEMPIC	1,486	322	\$566,879	\$4.68	2	980	195	\$409,194	\$3.27	43.1%
3	RYBELSUS	474	108	\$186,353	\$1.54	4	251	58	\$107,077	\$0.86	79.8%
4	MOUNJARO	325	83	\$129,222	\$1.07						
5	VICTOZA 3-PAK	272	58	\$115,045	\$0.95	3	331	70	\$154,594	\$1.24	-23.1%
6	BYDUREON BCISE	134	24	\$39,627	\$0.33	5	179	32	\$49,131	\$0.39	-16.7%
7	VICTOZA 2-PAK	62	15	\$21,336	\$0.18	6	76	19	\$28,751	\$0.23	-23.3%
8	BYETTA	52	10	\$16,674	\$0.14	7	78	17	\$23,501	\$0.19	-26.7%
Total Top 8:		4,735		\$1,740,592	\$14.38			3,716	\$1,424,918	\$11.39	26.2%
Differences Between Periods		1,019		\$315,674	\$2.99						



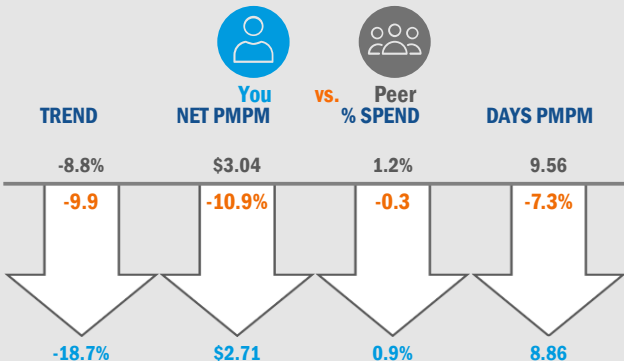
Diabetes makes up 9.3% of RHCA EGWP's Plan Cost Net Spend, while Diabetic Patients make up 29.3% of RHCA EGWP's Spend



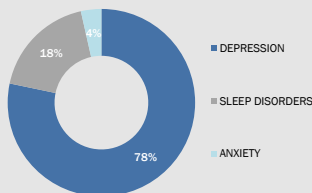
GLP-1's are driving trend with a 26.2% increase in PMPM spend making up 11.3% of Diabetes Adjusted Rx's and 52.2% of Diabetic Spend

EGWP INDICATIONS DRIVING TREND BEHAVIORAL HEALTH

These highly generic dominated classes have experienced downward unit cost trends but increased utilization is the main driver. We saw a 6.5% increase in prescriptions for depression medications. This is expected to continue post-pandemic with mental health awareness initiatives.



% Behavioral Health Plan Cost Net By Indication



Brand Name	Overall Rank	Peer Rank	Plan Cost Net	Plan Cost Net PMPM	Plan Cost Net PMPM % Change
VENLAFAXINE HCL ER	147	172	\$88,061	\$0.36	-24.6%
BUPROPION XL	154	100	\$83,144	\$0.34	69.2%
TRINTELLIX	169	208	\$74,257	\$0.30	20.2%
DULOXETINE HCL	177	134	\$69,050	\$0.28	-29.0%
MIRTAZAPINE	267	232	\$37,007	\$0.15	-11.3%
FLUOXETINE HCL	346	585	\$23,079	\$0.09	-46.1%
SUNOSI	368	658	\$20,897	\$0.09	55.8%
TRAZODONE HCL	390	496	\$19,689	\$0.08	-39.0%
VILAZODONE HCL	402	485	\$18,672	\$0.08	736.2%
DOXEPIN HCL	967	2,573	\$16,564	\$0.07	11.6%

Behavioral Health Indications made up 0.9% of your overall costs, lower than that of your peer at 1.2%

\$21.17 Average Cost per Adjusted Rx

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

112



NMRHCA Annual Retreat Meeting

Phillip Anaya

Account Manager III

Justin Shirey

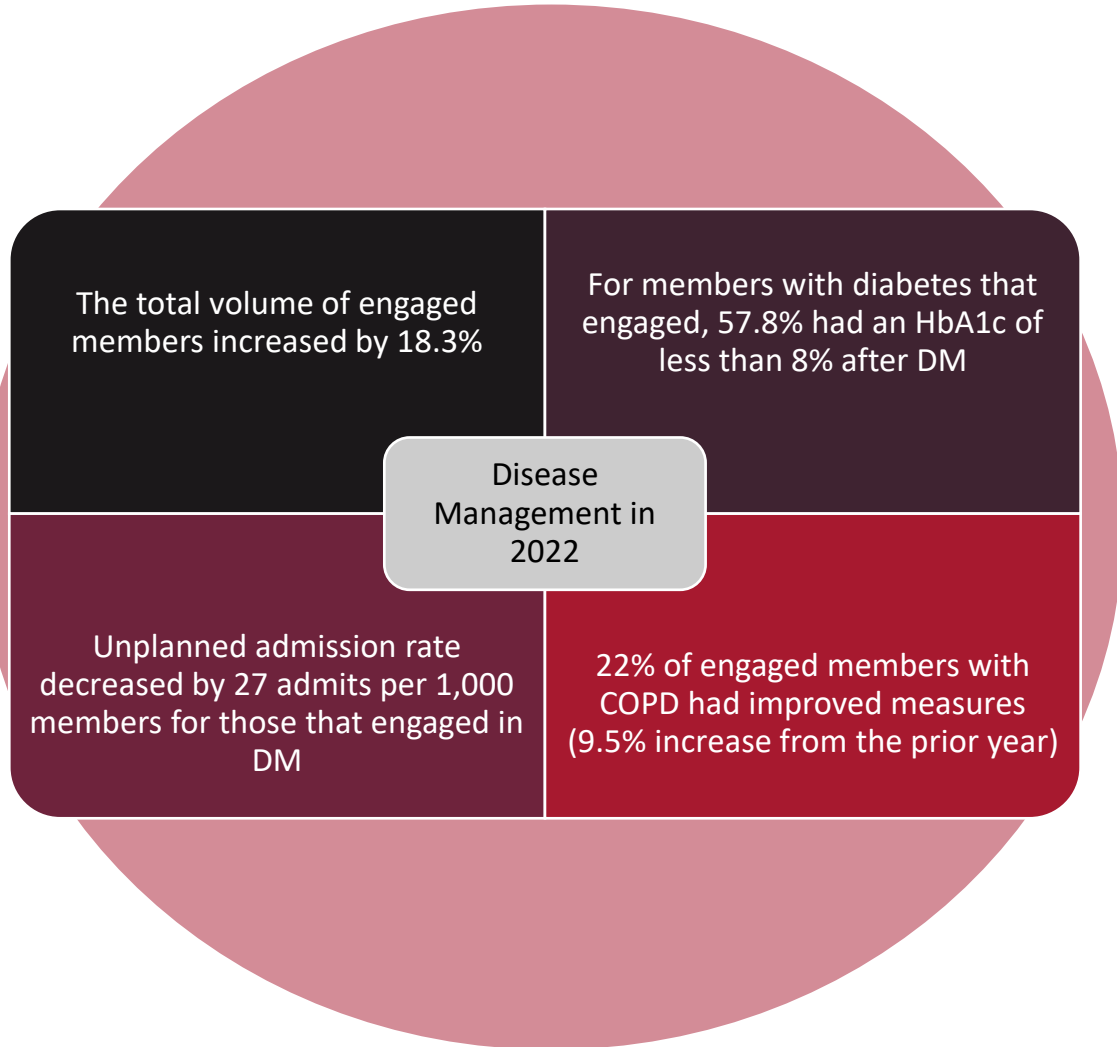
Manager, Sales and Account Management

Adriana Lopez

Director, Health and Wellness Client Services

JULY 20, 2023

2022 At a Glance*



*Non-Medicare

Community Health Worker (CHW) Program

As of November 2022, CHWs can now make face-to-face visits and will continue to work telephonically.

Interactions with NMRHCA members has remained consistent. We interacted with 3,092 members in 2022

Completed assessments has increased from 266 in 2021 to 400 in 2022.



Telehealth utilization increased by over 36% in 2022

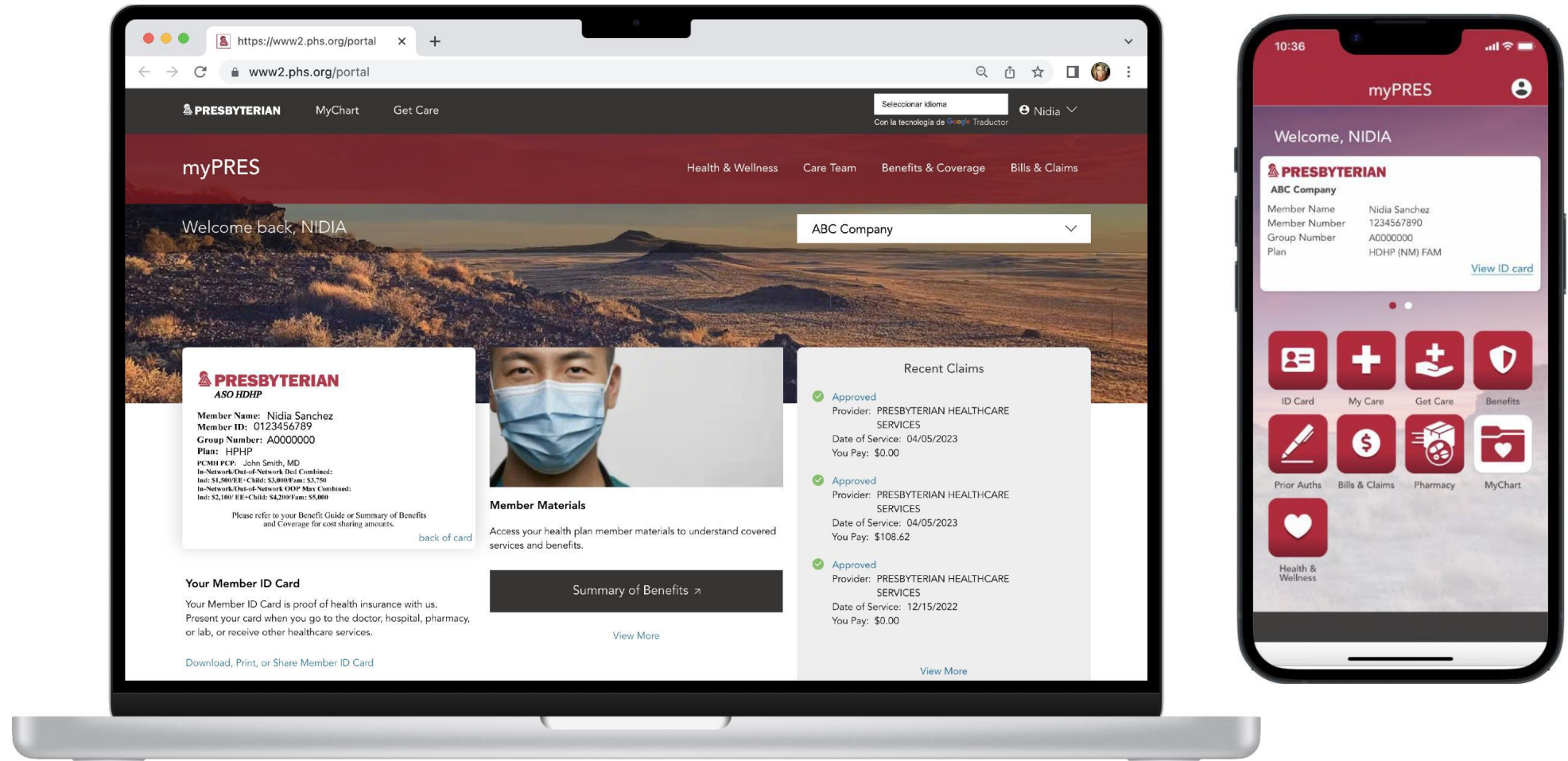
(2,388 visits in 2021 compared to 3,258 in 2022)



Digital Experience Highlights

Personalized dashboard puts the ID card, coverage materials, and recent claims right at their fingertips

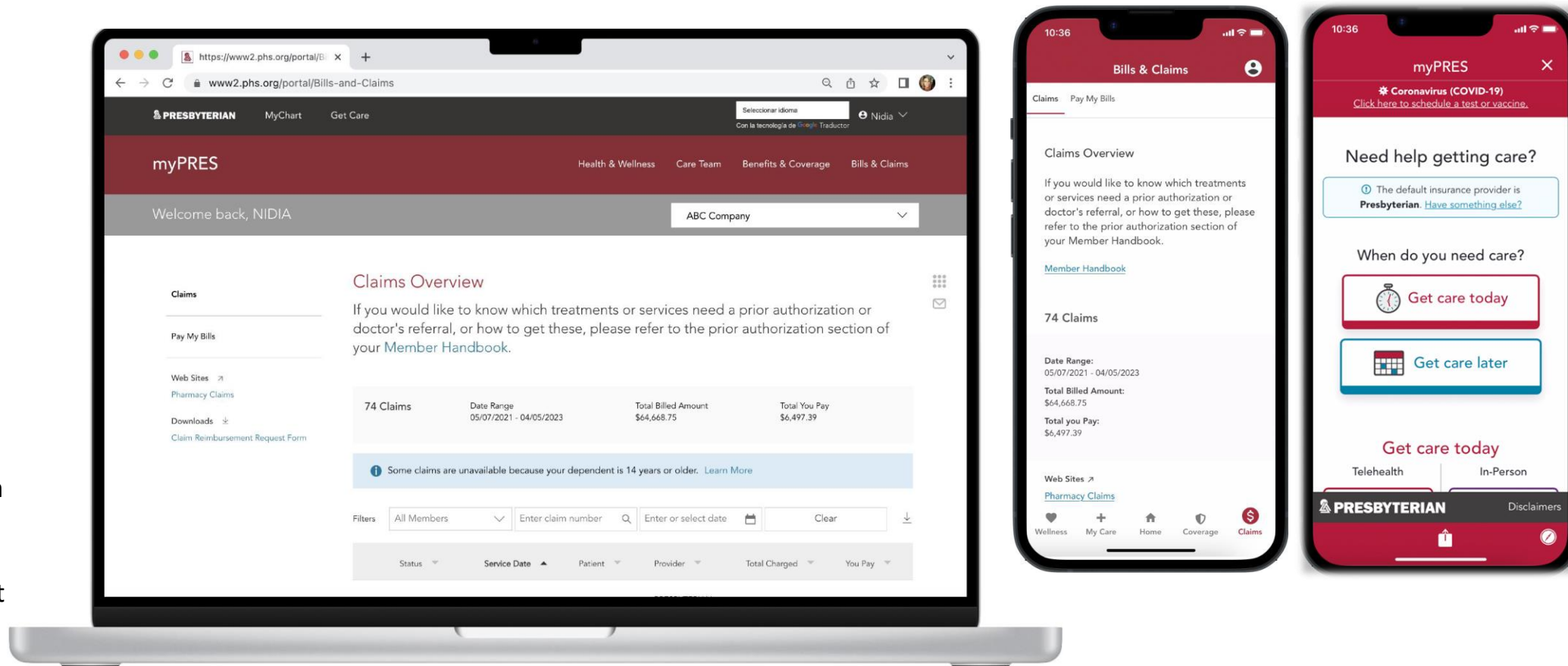
- Member ID card is exactly as it appears on the hard card
- They can use their digital card to check in for services, print, share with providers, or order a physical replacement
- Health and Wellness tools provide resources and support including TalkSpace, Fitness Pass (gym benefit), healthy rewards programs and more



Digital Experience Highlights

Coverage summary provides quick access to important details along with tools like the deductible tracker and cost estimator

- Claims overview provides a summary of all claims for a given time period. The member can change the time period and filter for specific claims
- Members can access their online pharmacy (Medicare Advantage only) and retrieve a claim reimbursement form
- Easy access to “Get care today” and “Get care later” options for both telehealth and in-person



Presbyterian Solution to Growing MSK Costs – Sword Health

Musculoskeletal Conditions represent a significant and growing Cost Driver for self-funded clients and employer groups:

>50%

of Americans suffer from MSK pain

>\$300B

in healthcare costs annually in the US

Top 2

issue impacting employer healthcare

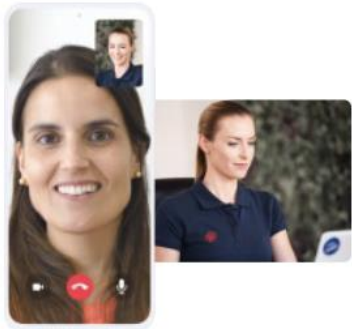
NMRHCA is not exempt from MSK trends:

Total plan members Enrolled in plan benefits	7,200
Eligible adults >=18 years old	7,000
MSK claimants >=1 SWORD MSK diagnosis	1,400
MSK prevalence % of total members	20%



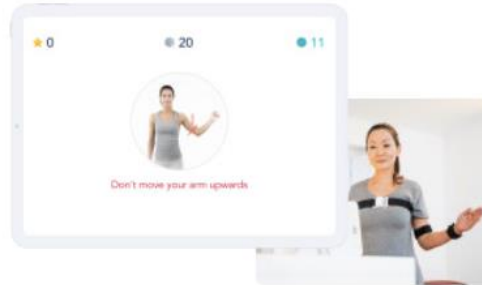
Sword Health – A Solution for Everyone

Sword Health provides a digital solution to MSK issues that is cost-effective and equitable to a wide range of members



Physical Therapists

We match members with a Doctor of Physical Therapy who identifies their condition, develops a therapeutic exercise program, and educates and coaches them to better health.



Digital Therapist

Our FDA-listed Digital Therapist guides members through an exercise program designed just for them, gives them live feedback, and corrects their form - all supervised virtually by their physical therapist.



Lower Back



Shoulder



Neck



Knee



Elbow



Hip



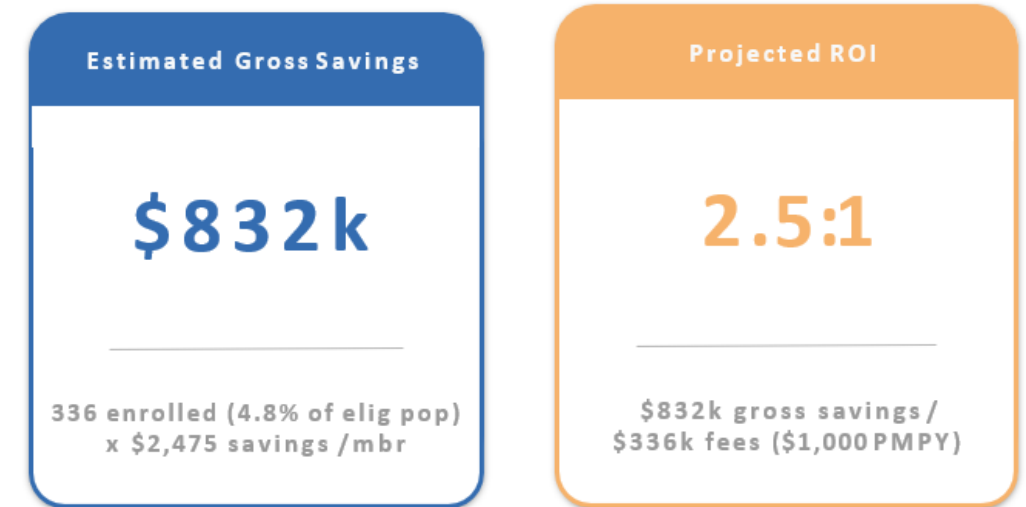
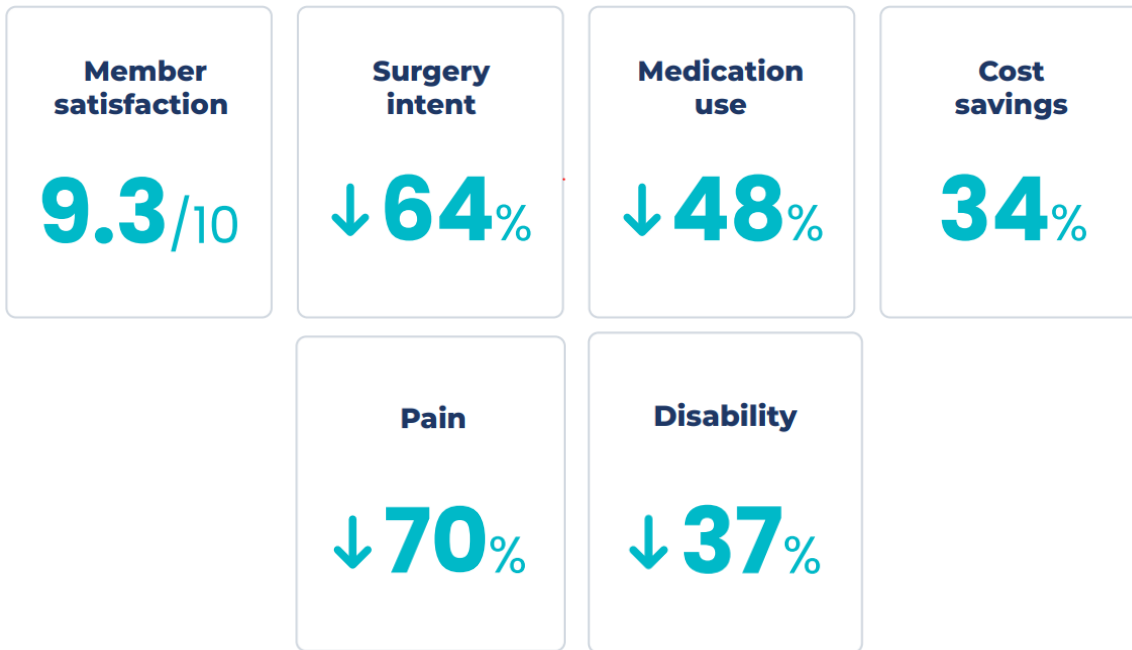
Ankle



Wrist

Sword Health – What We are Trying to Accomplish

Sword Health and PHP hope to accomplish decreased pain, reduced MSK surgery and medication use, and ultimately lower overall costs attributable to MSK pain.



Update on Presbyterian and UnityPoint Health



UnityPoint Health

About UnityPoint:

- Regional not-for-profit delivery system in Iowa, Wisconsin and Illinois
- 32,000+ Employee Base
- Own and operate 30+ community hospitals
- Operate 4 Accredited Health Colleges

Presbyterian and UnityPoint Health recently signed a definitive agreement that signals a commitment from both organizations to continue moving forward on the creation of a new, not-for-profit organization.

- *The partnership's objective is to optimize administrative efficiencies across both organizations.*
- *Presbyterian Healthcare Services and Presbyterian Health Plan will maintain branding and local boards of directors and leadership team.*
- *Our focus will remain on serving New Mexicans with their health care coverage.*
- *Dale Maxwell, President of PHS, will serve as President of the new organization. Lauren Cates Madigan, previously VP of Ventures, will assume the role of President of PHS.*
- *We expect this partnership agreement to be finalized in late summer of this year.*





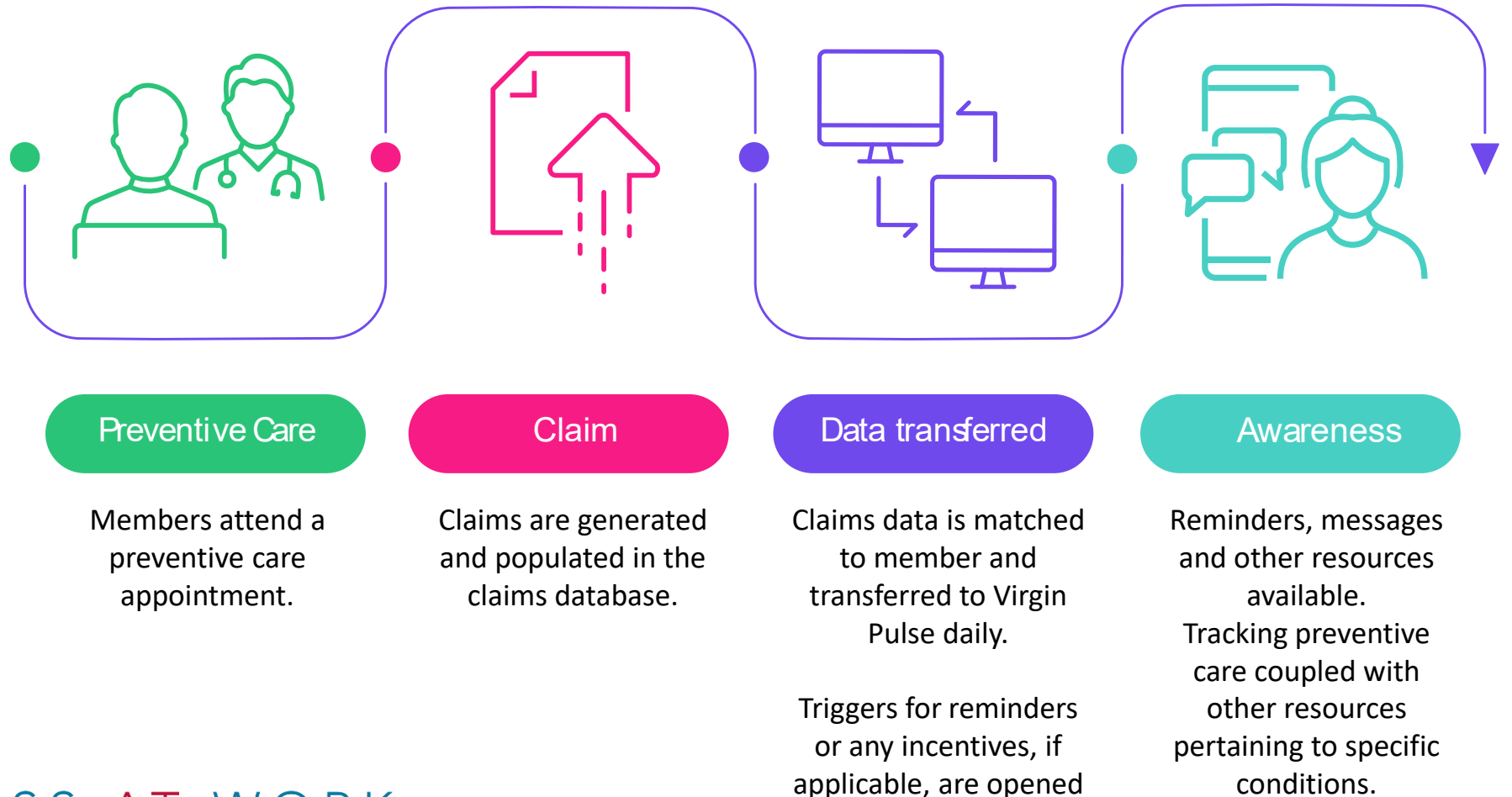
Virgin Pulse/Claims Integration

Adriana Lopez/ The Solutions Group

JULY 20, 2023

Claims Integration with Virgin Pulse - Process

Combining claims data with wellness can help reveal the entire picture and provide a more holistic experience and interaction with of Wellness platform.



WELLNESS AT WORK



Claims Integration Process

Access to reports for conditions and gaps-in-care for PHP members.

Preventive care monitoring by engaged vs non-engaged members.



Identify Trends

Target Populations

Strategic Program Design

Once key trends are identified, we evaluate where there are gaps in program design so wellness initiatives can drive more preventive actions and encourage healthier behaviors.



WELLNESS AT WORK

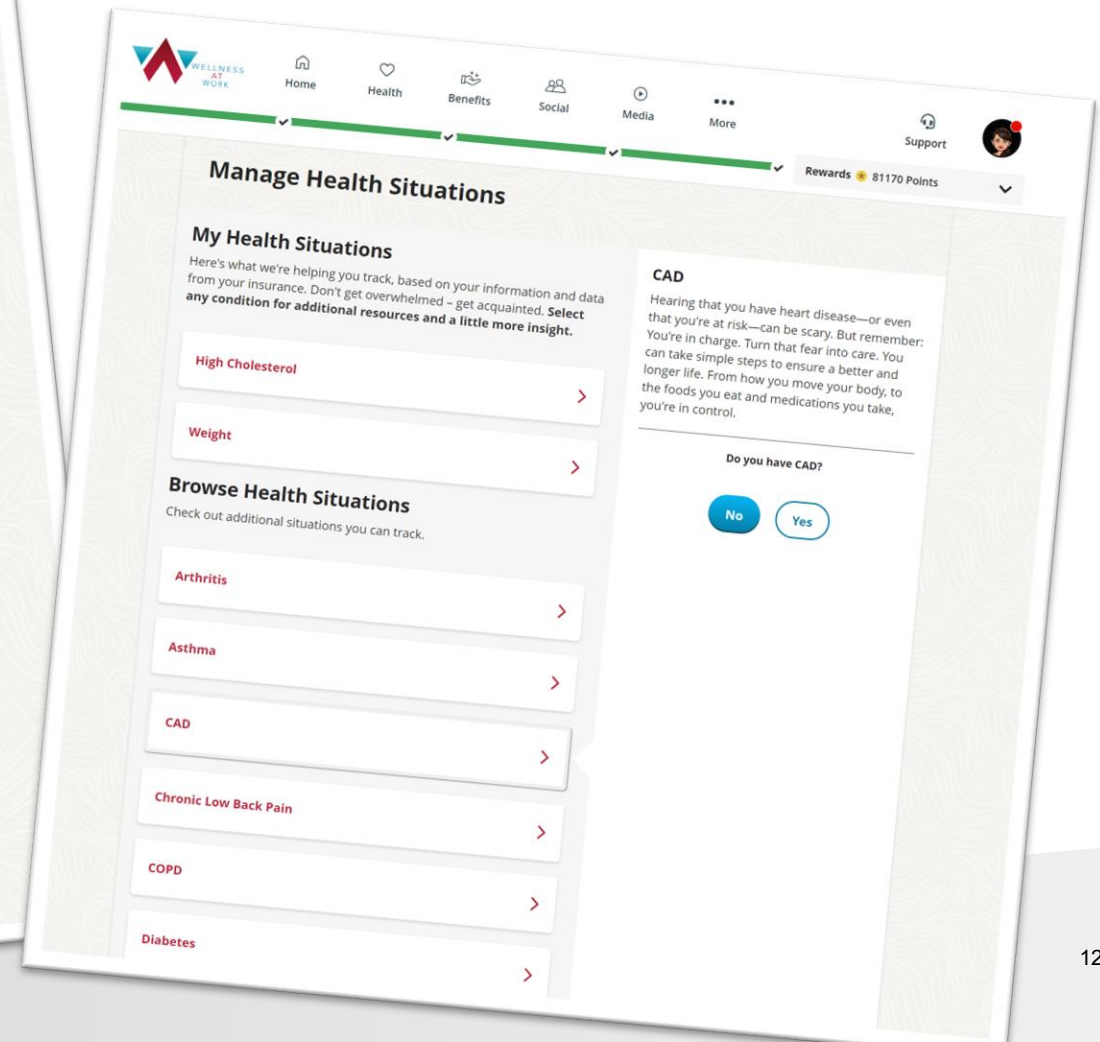
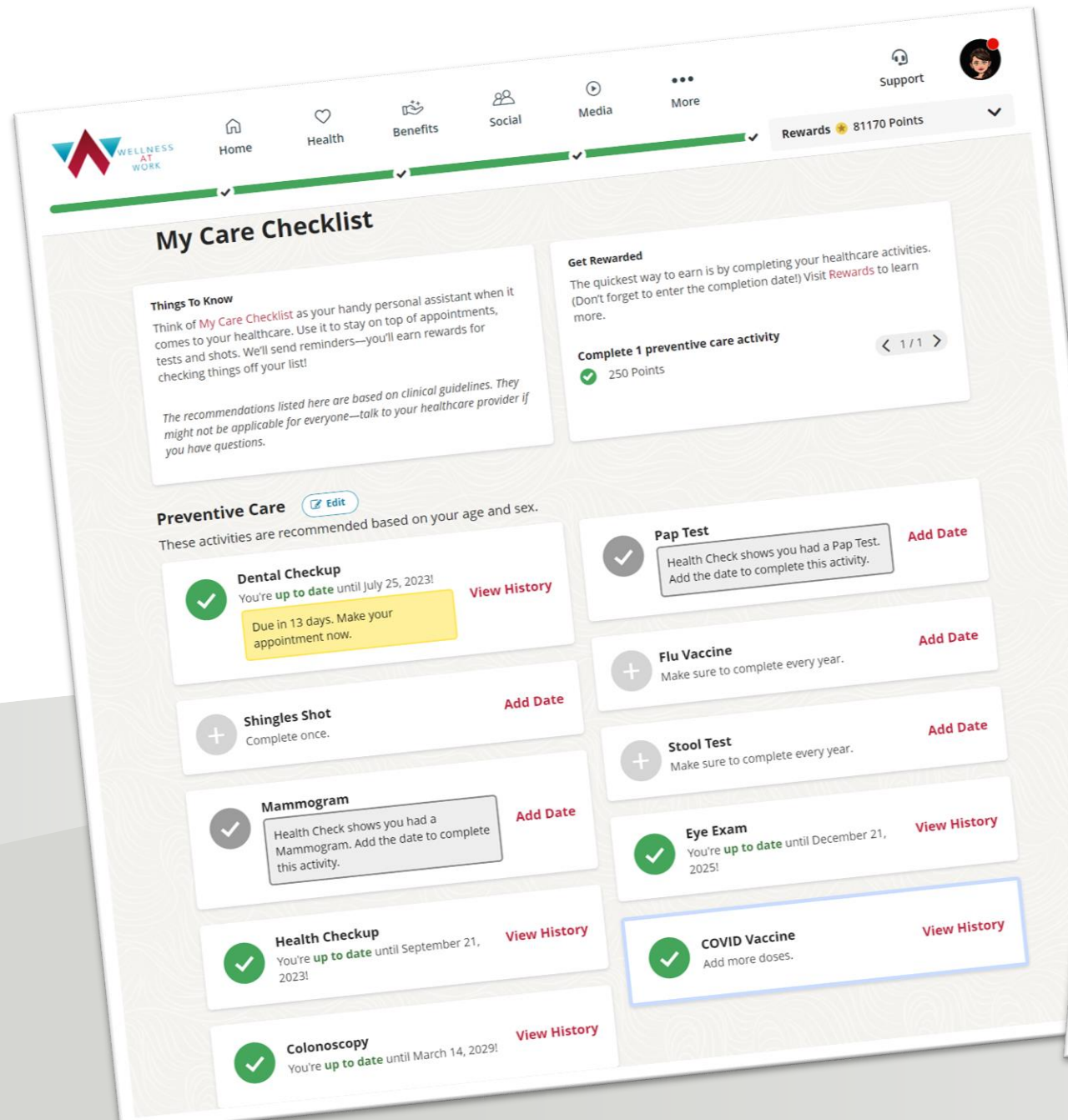
Value of integrated claims

Drive health outcomes with strategic, data-informed program design.



WELLNESS AT WORK

Manage Preventive Care and Health Conditions





Questions?

Thank you



WELLNESS AT WORK



BlueCross BlueShield of New Mexico



New Mexico Retiree Health Care Authority Board of Directors Meeting

JULY 20 – 21, 2023



Support by the Account Management Team and Blue Cross and Blue Shield of New Mexico Internal Partners

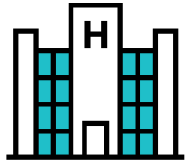
- Lori Bell and Lisa Hentz, Co-Account Executives
 - Support of meetings (Board meetings, open enrollment, health fairs), collateral material, contracts, strategic offerings, mid-year and annual performance meetings and overall satisfaction of the NMRHCA and the services that are provided by BCBSNM.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



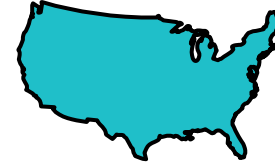


Why Blue Cross and Blue Shield of New Mexico?

Why Blue Cross and Blue Shield of New Mexico (BCBSNM)?



**More Doctors
and Hospitals**



**Coverage
Everywhere You Go**



**Personalized
Customer Service**



**Health and
Wellness Programs**



**Tools and
Resources**



**Digital
Capabilities**

The strength of BlueSM



NUMBER 1

brand in health care



OVER 112 MILLION

members



OVER 1.7 MILLION

unique, in-network providers



97%

of claims paid at in-network rates

BCBSNM Administers Four Plans

PreMedicare Plan Options

Premier 3-tier PPO Plan

In state, out-of-state and international coverage
– **5,674 current members**

Value Plan

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

Medicare Plan Options

Medicare Supplement

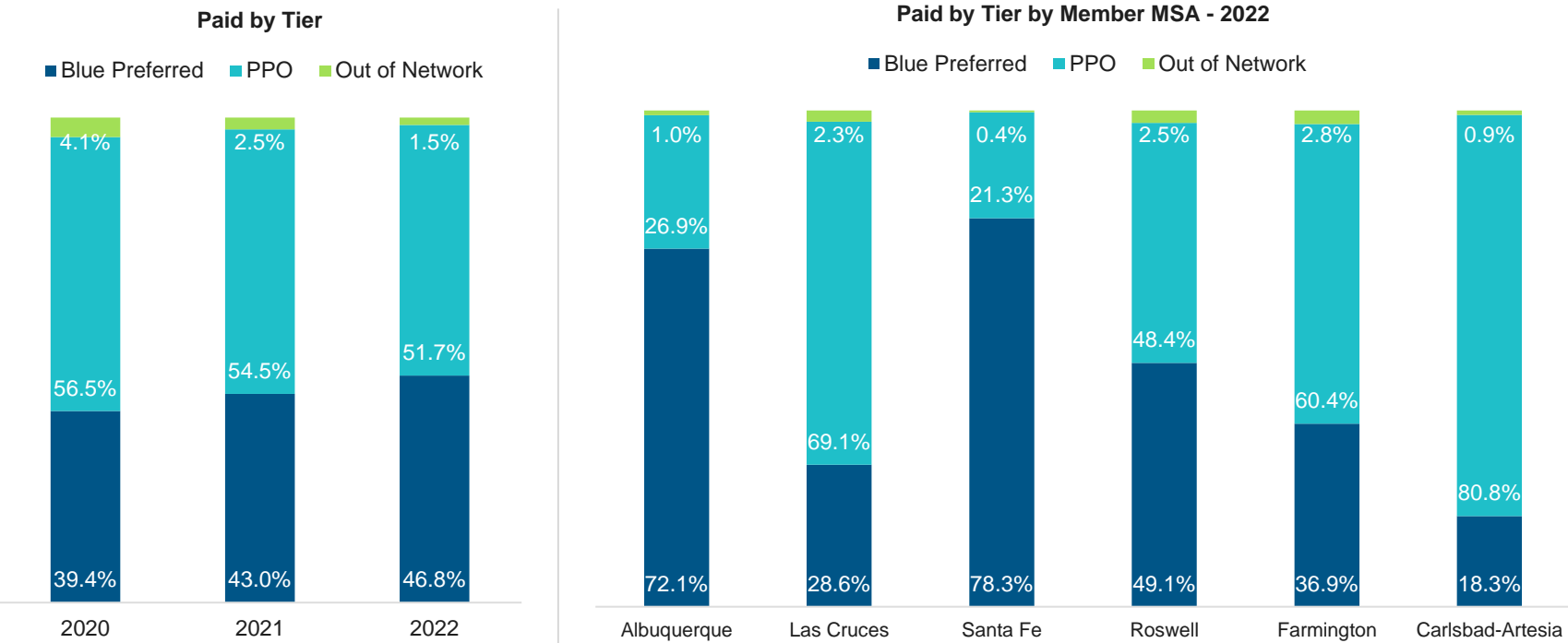
In state and out-of-state coverage; Plan pays secondary to Medicare
– **20,635 current members**

Medicare Advantage HMO Plan

Must reside in New Mexico and use the network of contracted providers except for urgent and emergency care while traveling outside of New Mexico
– **3,656 current members**

Category (Data Excludes Medicare Advantage HMO Plan)	2021	2022	2023 YTD
Claims Processed	772,598	791,704	327,636
Calls Answered	16,211	18,373	8,950
	2020 – 2021	2021 – 2022	2022 – 2023 YTD
Appeals Received	118	103	91

Premier Plan – Network Performance



Network Performance
2022

55.9%

Discount percentage for
claims from network and par
providers

\$79.0M

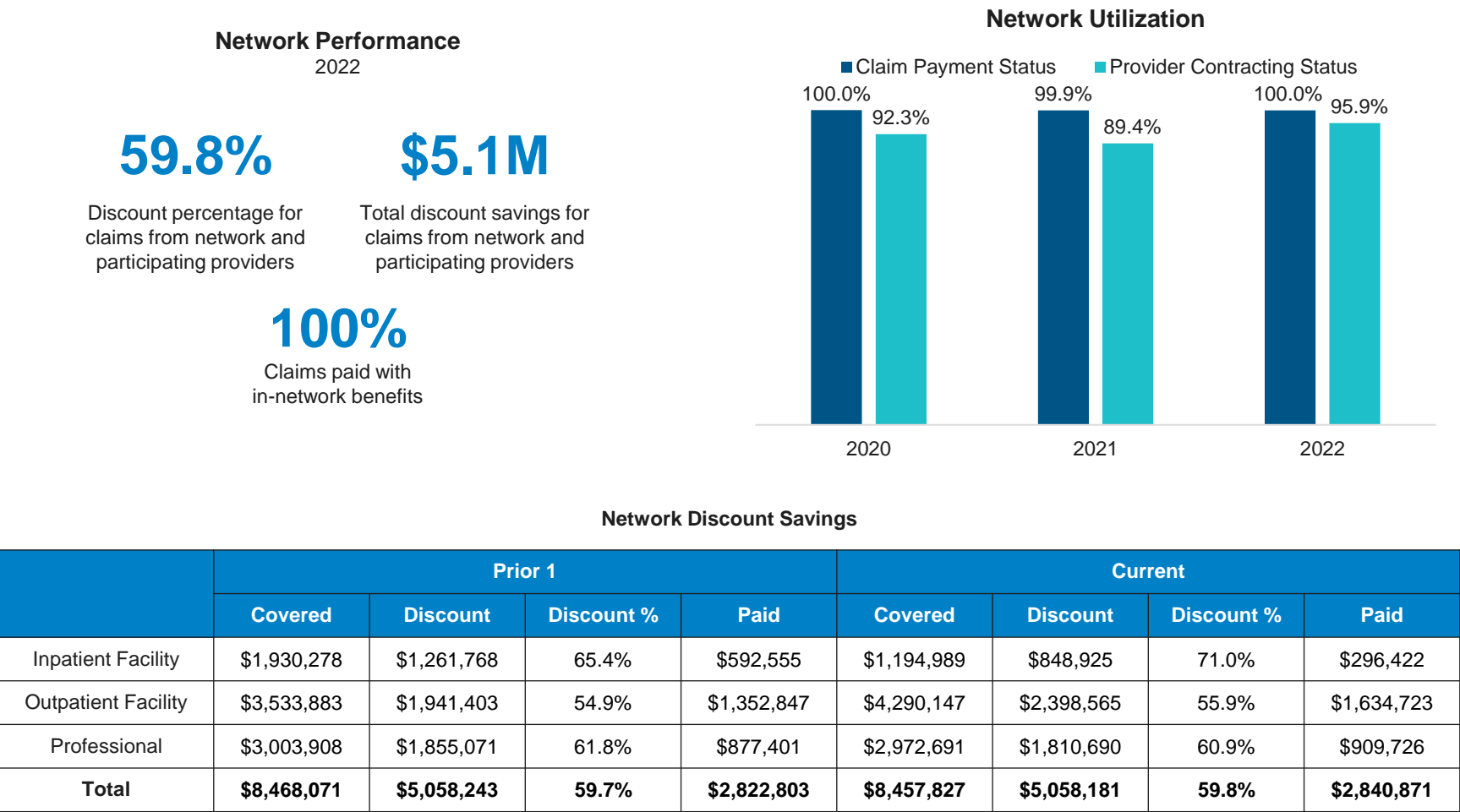
Total discount savings for
claims from network and par
providers

98.5%

Claims paid with Tier 1 or
Tier 2 benefits

Note: Data on this page includes claims for the Premier 3-Tier Plan only.

Value Plan – Network Performance



Note: Data on this page includes claims for the Value Plan only.

Medicare Advantage Prescription Drug (MAPD) Member Engagement

NMRHCA Silver Sneakers Membership

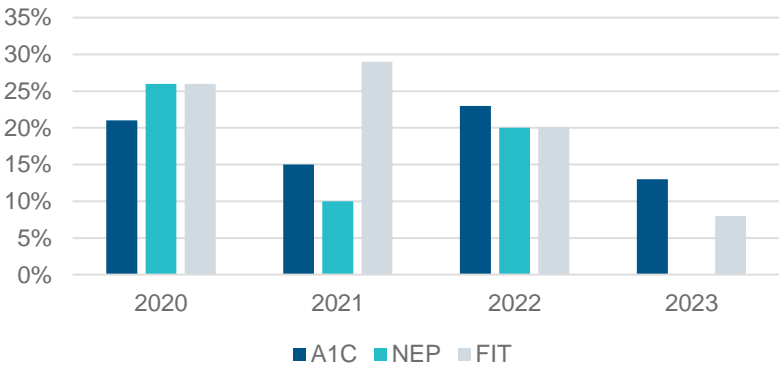
	2020	2021	2022	2023*
Overall Enrollment	3,658	3,611	3,621	3,622
Rate of Active Members	2.30%	1.97%	4.30%	1.26%
Total Annual Member Visits	3,250	2,377	1,327	1,865

NMRHCA In-Home Health Assessments

	2020	2021	2022
Completed Assessments	23	99	110

This is all tied to the STAR rating for Medicare

Return Rate for In Home Test Kits



NEP is no longer a Star measure. Kidney Health Evaluation will be a Star measure in 2024.

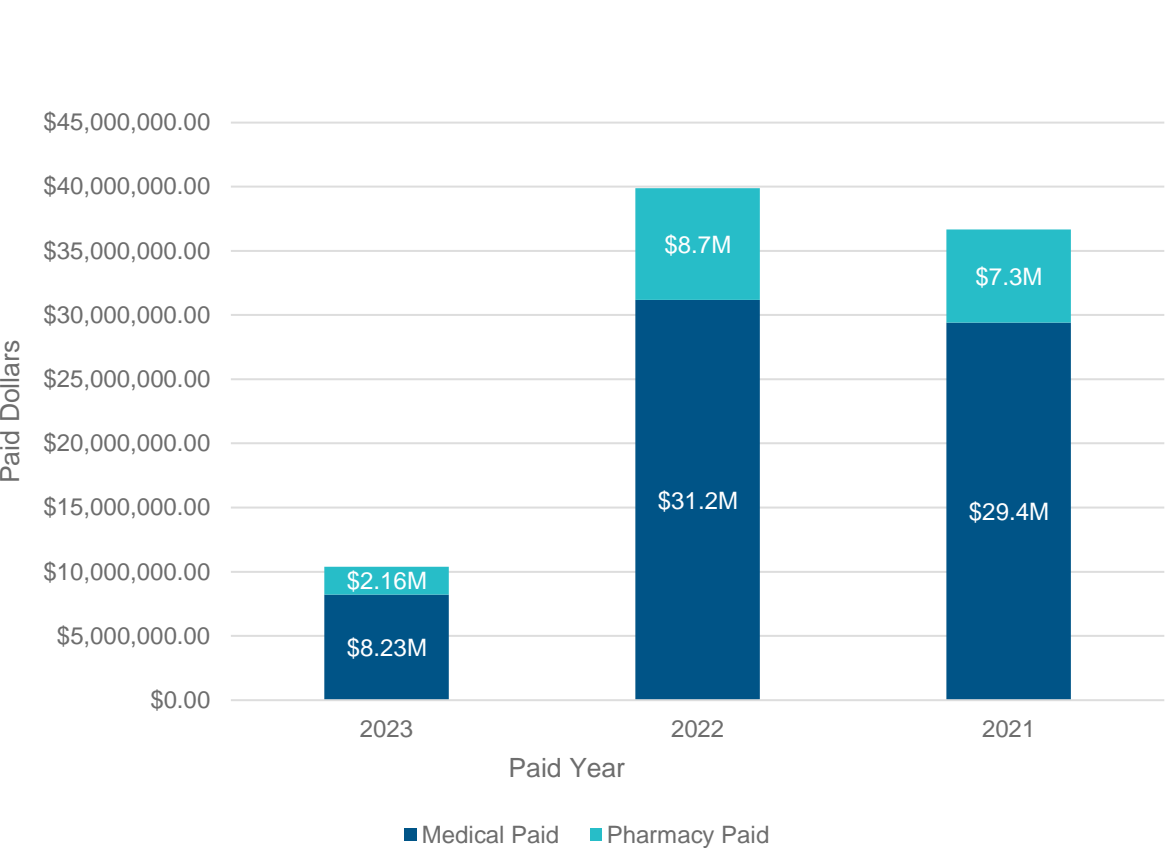
NMRCHA Rewards Registration



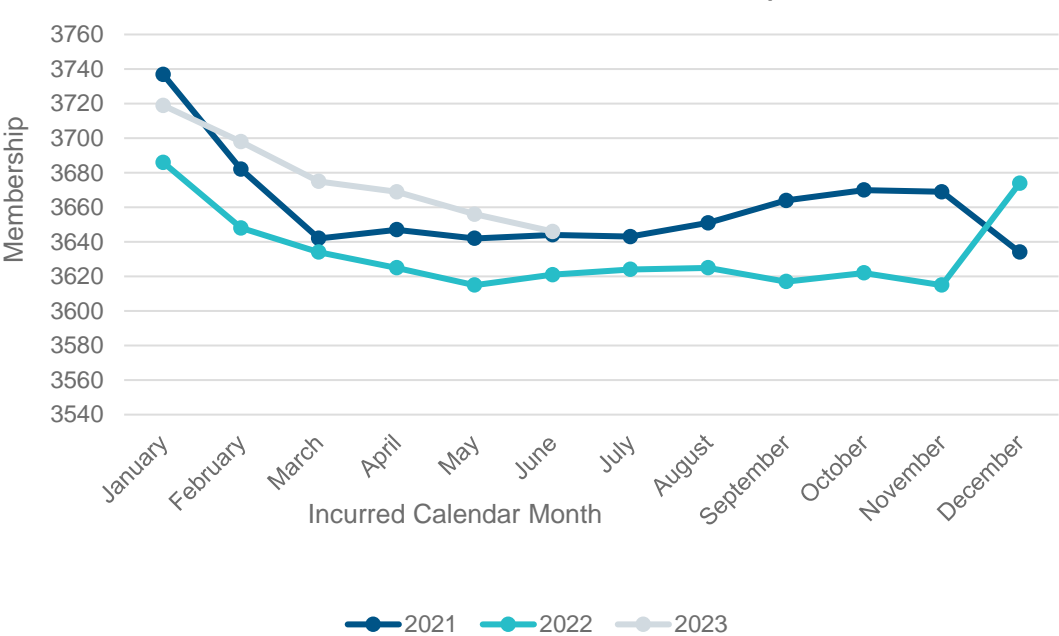
* For 2023 it is current through May 2023

MAPD Claims and Membership

Total Paid Claims for MAPD



2021 – 2023 YTD Membership



Wellbeing Management Executive Summary Comparison 2021 YTD vs. 2022

Executive Summary

NEW MEXICO RETIREE HEALTH CARE AUTHORITY #296701
Program Activity: January 2021 - December 2021
Claims Incurred: January 2021 - December 2021
Claims Paid: January 2021 - February 2022

How are we doing?



37.8% of Households Have a Program Interaction <i>Benchmark: 55.1%</i> <i>Prior Year: 60.3%</i>	2.9 Interactions per Household <i>Benchmark: 5.7</i> <i>Prior Year: 4.8</i>
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3.5% of Your Total Population is Clinically Managed <i>Benchmark: 2.8%</i> <i>Prior Year: 9.6%</i>	31.7% of Identified Clinical Program Participants Engaged <i>Benchmark: 31.7%</i> <i>Prior Year: 49.5%</i>
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\$1,204,943 Program Value \$13.78 PEPM <i>Benchmark: \$17.25</i> <i>Prior Year: \$12.04</i>	Savings Breakdown (PEPM) Inpatient UM: \$2.23 Outpatient UM: \$2.62 Medical Pharmacy: \$8.18 Medical Program Participation: \$0.03 BH (UM + BH Program Participation): \$0.73
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Executive Summary

NEW MEXICO RETIREE HEALTH CARE AUTHORITY #296701
Program Activity: January 2022 - December 2022
Claims Incurred: January 2022 - December 2022
Claims Paid: January 2022 - February 2023

How are we doing?



85.3% of Households Have a Program Interaction <i>Benchmark: 83.4%</i> <i>Prior Year: 37.8%</i>	7.4 Interactions per Household <i>Benchmark: 10.2</i> <i>Prior Year: 2.9</i>
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14.7% of Your Total Population is Clinically Managed <i>Benchmark: 8.3%</i> <i>Prior Year: 3.5%</i>	50.1% of Identified Clinical Program Participants Engaged <i>Benchmark: 33.2%</i> <i>Prior Year: 31.7%</i>
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\$1,370,516 Program Value \$16.79 PEPM <i>Benchmark: \$17.73</i> <i>Prior Year: \$13.78</i>	Savings Breakdown (PEPM) Inpatient UM: \$3.86 Outpatient UM: \$0.97 Medical Pharmacy: \$10.93 Medical Program Participation: \$0.05 BH (UM + BH Program Participation): \$0.99
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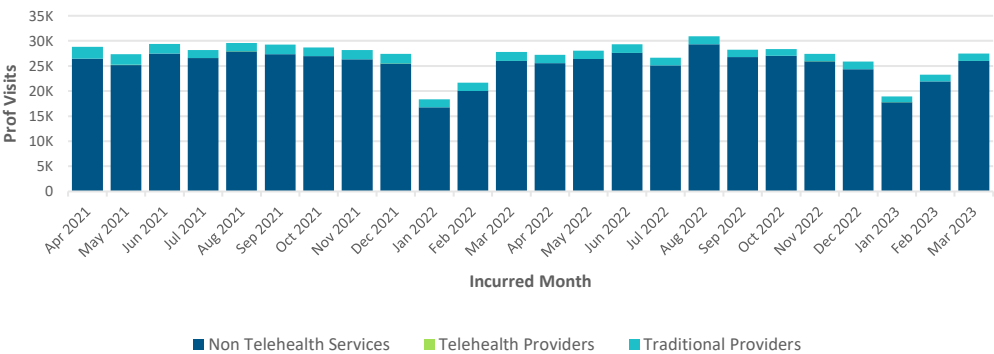
Telehealth Summary

PreMedicare – Value and Premier Plan Population

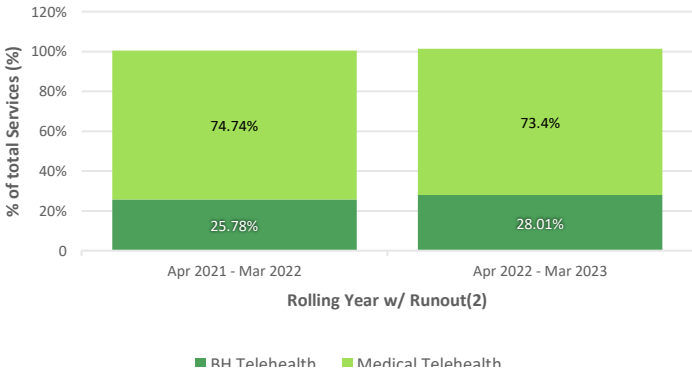
Telehealth Summary: Current Period

Metrics	Account	Age/Sex Adj. Medical BoB
Telehealth Visits per 1,000	848.7	714.7
Telehealth Paid PMPM	\$3.57	\$4.47

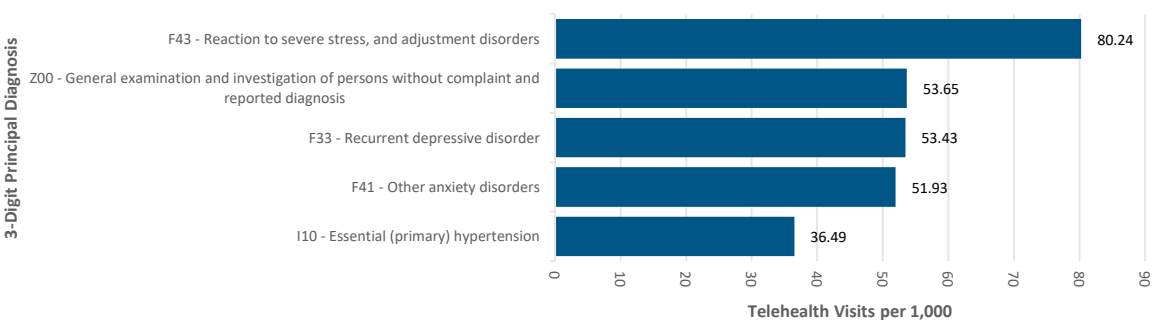
Professional Utilization Overview : Telehealth vs. In-Office Visits



% of Telehealth Visits: Behavioral Health vs Medical



Telehealth Top Diagnoses: Current Period



Telehealth Provider Type

- Telehealth Providers** - Vendors such as MDLive or Teladoc offering telehealth services
- Traditional Providers** - Traditional in-person providers now offering telehealth services
- Non Telehealth Services** - All other non-telehealth services, such as in-person office visits

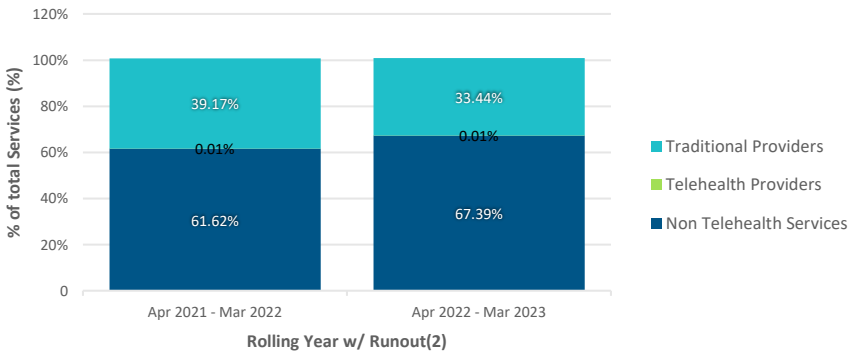
Telehealth Behavioral Health Drilldown

PreMedicare – Value and Premier Plan Population

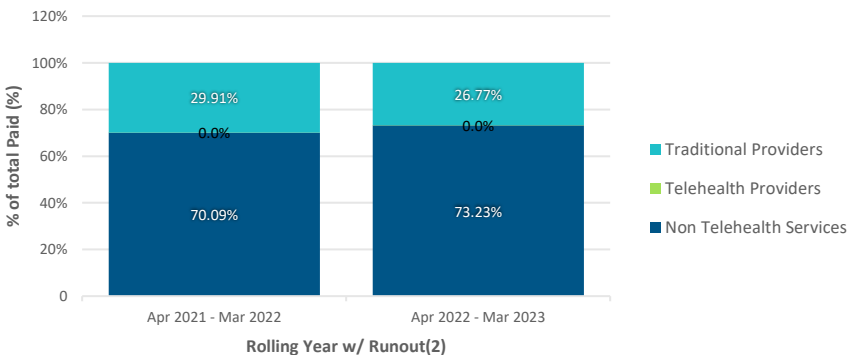
Behavioral Health Telehealth Summary: Current Period

Metrics	Account	Age/Sex Adj. BoB
Telehealth Visits per 1,000	237.7	221.6
Telehealth Paid PMPM	\$1.26	\$1.64

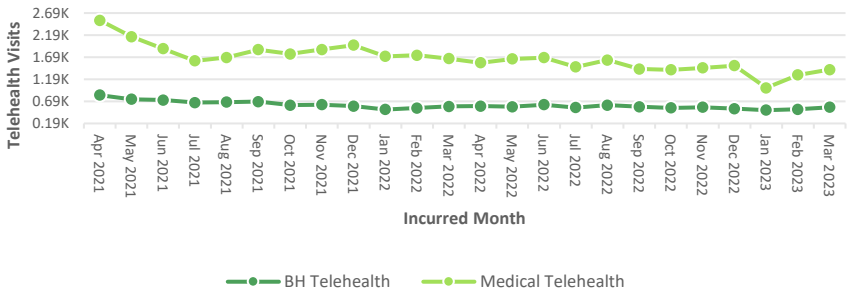
Telehealth % of Overall BH Utilization



Telehealth % of Overall BH Paid



BH vs Medical Telehealth Visits by Month



BH Telehealth Level of Care: Current Period

BH Summary LOC	Telehealth Visits per 1,000	Telehealth Paid per Visit	In-Network Paid %
OP - Outpatient Professional	237.3	\$63.84	99.0%
PST - Psychological Testing	0.8	\$31.73	100.0%
ABA - Applied Behavior Analysis	0.0	\$24.22	100.0%



Wellness Initiatives

An Integrated Approach for Positive Health Outcomes

Dedicated Staff		Designated Staff	
Wellness Coordinator	Clinical Community Coordinator	Wellness Consultant	Clinical Account Consultant
Kathryn Hull	Samantha Mensay	Chris Baker	Lisa Sullivan
Creates, coordinates, and delivers onsite/virtual activities to educate and engage members in Wellbeing Management programs, and provide an overall understanding of how they can take ownership of their health.	High cost claims lookups for >100K	Leads data analysis and evaluation to determine successful implementation of the strategic initiatives. Assesses population for health improvement opportunities.	Responsible for all clinical reporting, primary speaker for semi and annual meetings.
Collaborates with carriers and vendor partners to increase awareness and improve member health outcomes.	Refers to Clinical Ops PRN	Develops multi-year strategic plan and communication strategies, performance metrics and outcomes.	Attends all board meetings
Provides ongoing feedback and analysis on the strategic plan and recommends changes based on member data and reported experience.	Consults with Medical Director; attends off-site events as remaining time permits.	Provides leadership with reports on engagement rates in Wellbeing Management programs, outcomes, and strategic milestones.	Develops clinical presentations

Wellness Outreach – 2023 Strategic Plan

NMRHCA wellness programming is the result of previous year's health data to include assessments and claims

Events

- Fifteen-minute virtual interactive webinars offered 2X/month focusing on relevant health topics
- Weekly Virtual Balance and Agility Class
- Quarterly Virtual Alzheimer's Association Webinars

Data

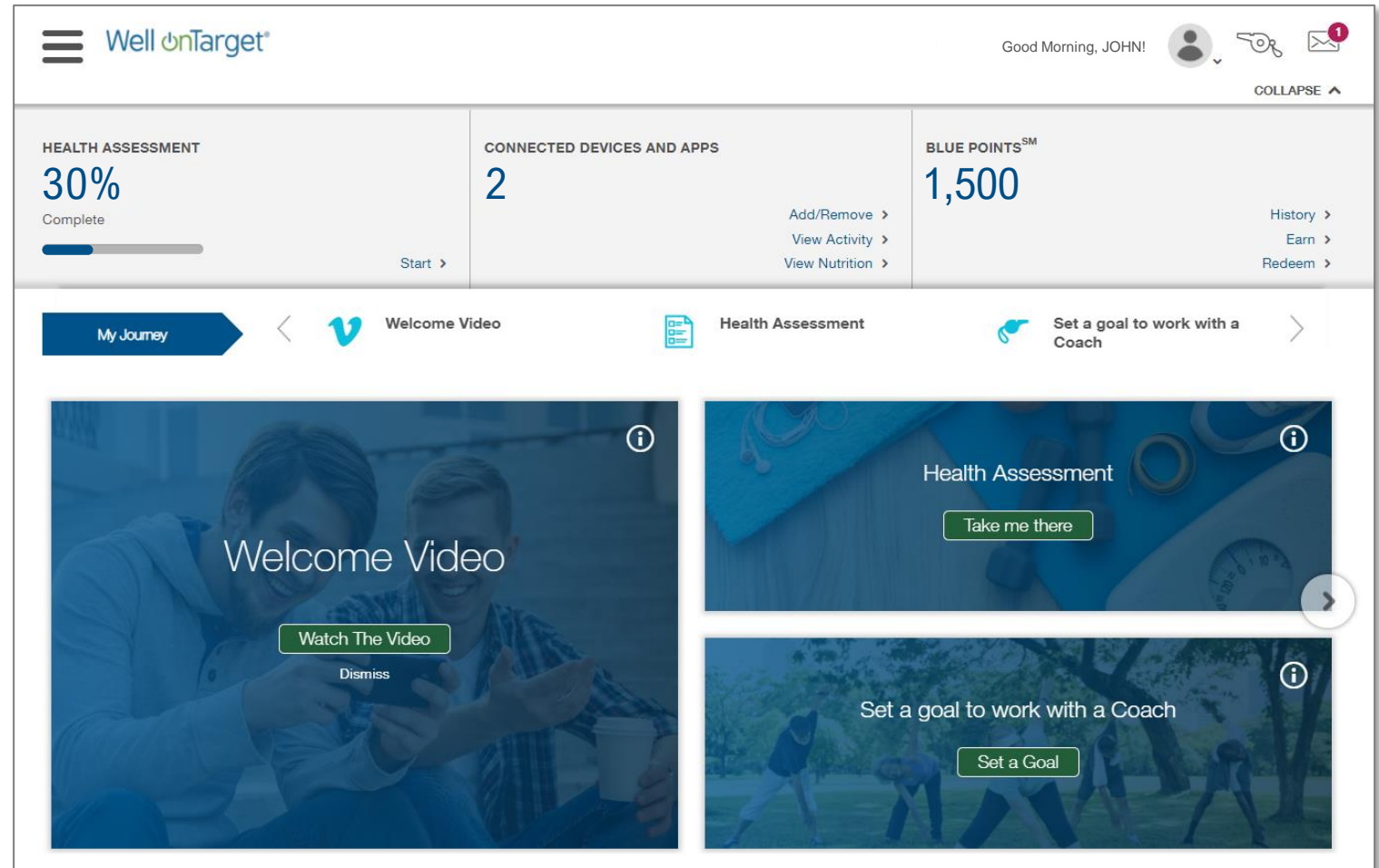
- Collecting CSAT and NPS scores through survey for wellness events.
- Collect attendance/participation numbers for wellness events

Communication

- Collaboration with carriers and Communication Director to promote event
- Ongoing strategic planning with Communications Director on how to best provide appropriate health education/strategic business partner overviews to areas of state experiencing high percentages of chronic health conditions.

Portal Highlights

- Health Assessment
- Personalized “My Journey” member dashboard
- “Explore” wellbeing resources
- Digital self-management programs
- Coaching program¹
- Wellness Challenges
- Fitness and nutrition tracking and device integration
- Trackers and tools
- Health and wellness content
- Secured messaging
- Blue PointsSM rewards²



¹ May be included in other packages.

² Blue Points Program Rules are subject to change without prior notice. See the Program Rules on the Well onTarget Member Wellness Portal at wellontarget.com for further information.



Cost Trends and What is new under BCBSNM

Cost Trend and Future Outlook



Inflators

COVID-19 Rx Spend (Post PHE)

- Expected cost shifts for vaccines and other drug treatments as Public Health Emergency (PHE) is anticipated to end.

Declining Population Health

- Impact of deferred care and timely management of Chronic Condition diagnoses.
- Potential COVID-19 “Long Haulers”.
- Delays in Cancer Diagnoses contributing to treatment costs at more advanced stages.



Deflators

Cold/Flu Impact

- 2022-2023 season picked up early but peaked by 12/1
- RSV 2022-2023 season picked up early but peaked by 11/15.

Covid-19 Medical Spend (Post PHE)

- Cost savings expected to the plan as members contribute to cost share again
- Expected on-going decrease in severity and utilization especially in IP setting.

Service Mix

- Continued shift of procedures from IP to OP setting in addition to consumers continuing to embrace lower-cost sites of care.



Constant / Other Factors

Mental Health

- Mental health increased significantly over pre-pandemic levels and has remained roughly stable.

Telehealth

- Telehealth utilization has decreased over prior year but continues above pre-pandemic levels.

Inflation

- Impact of health care inflation slower due to standard multi-year provider contracting cycle.

Federal / Local Legislation

- Transparency, No Surprises Act, etc.

Babylon Health

PreMedicare – Value and Premier Plans

Babylon Health offers a comprehensive digital and clinical solution to address most patient's care needs virtually.

Babylon Health offers virtual urgent care, primary care, and behavioral health clinical services to Premier 3-Tier PPO Plan and Value Plan members. Merging the multiple solutions will simplify access to the right care.

- **Urgent Care:** Urgent Care appointments are available 24/7 and are most used for acute episodic illnesses such as upper respiratory infections, urinary tract infections, fevers, migraines, rashes, and skin infections. Members will be accessed by the first available licensed clinician and treated as appropriate. The member will receive the clinician notes and any follow up information in the app.
- **Primary Care:** Primary Care appointments are available M - F, 6am to 6pm MST, and are most used for preventive care services, ongoing care for common illnesses, management of chronic conditions like diabetes and arthritis, annual checkups, and screenings for common age-related conditions. A member can select the first available primary care provider OR choose the same primary care provider to manage their care moving forward. Should the patient need a referral to in-person care (lab, imaging, hospital, specialist) members should use the *Find a Doctor or Hospital* tool on the BCBSNM website or BAM to locate an in-network provider or direct them to call member services.
- **Behavioral Health:** Behavioral Health appointments are available M - F, 8 am to 5 pm MST and can be scheduled within 3 - 5 days. Babylon Health uses Collaborative Care Management, an integrated behavioral health model developed by the University of Washington AIMS Center, whereby primary care providers, behavioral health care managers and psychiatrists work together as a care team to provide care and monitor members' progress.

What will be the members out-of-pocket cost when seeing a Babylon Health provider?

- The member will be charged a copay/coinsurance as determined by their benefit coverage for any Telehealth/Virtual services provided by Babylon Health.
- Any services that do not require member share i.e., Preventative Care should continue to pay 100% of the in-network allowable to the provider.

Contact Information

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New Mexico Retiree Health Care Authority

Long-Term Cash Flow & Solvency Modeling

Methodology Report

July 20-21, 2023 / Nura Patani, PhD, ASA, MAAA / Amy Cohen, ASA, MAAA



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July 20, 2023

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

Re: 2023 Long Term Cash Flow and Solvency Modeling

Dear Board of Directors:

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

- Long-Term Cash Flow and Solvency Modeling Methodology Report
- July 1, 2023 long-term solvency assumptions for Baseline Scenario
- Baseline Scenario long-term solvency illustration as of July 1, 2023
- Alternate long-term solvency illustrations as of July 1, 2023
 - Alternate rate increase scenario A – 0% pre-Medicare, 0% Medicare supplement
 - Alternate rate increase scenario B – 6% pre-Medicare, 4% Medicare supplement
 - Alternate rate increase scenario C – 5% pre-Medicare, 3% Medicare supplement
 - Alternate rate increase scenario D – 4% pre-Medicare, 2% Medicare supplement
- Sensitivity analysis to July 1, 2023 long-term solvency assumptions for Baseline Scenario

This reporting package should be transmitted and considered only in its entirety. Our analysis is intended to illustrate the future cash flows of the New Mexico Retiree Health Care Authority (NMRHCA) based on membership information available through March 31, 2023 and projected changes to enrollment from that day forward. Calculations are prepared annually at the Board's request to aid in its strategic planning and should not be relied upon for any other purpose.

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

The projections in this report are estimates of future costs and are based on information available to Segal at the time the projections were made. Segal has not audited the information provided. Projections are not a guarantee of future results. Actual experience may differ due to, but not limited to, such variables as changes in the regulatory environment, local market pressure, trend rates, and claims volatility. The accuracy and reliability of projections decrease as the projection period increases. Although changes in the relative size of NMRHCA's membership have been projected, the health status of future members is unknown.

Projection of retiree costs takes into account only the dollar value of providing benefits for current retirees during the period referred to in the projection. It does not reflect the present value of any future retiree benefits for active, disabled or terminated employees during a period other than that which is referred to in the projection, nor does it reflect any changes that may occur in the nature of benefits over time, or any anticipated increase in the number of those eligible for retiree benefits beyond the annual growth in retirees developed using the FY2014 open valuation output table.

The Coronavirus (COVID-19) pandemic continues to impact the US economy and health plan claim projections for most Health Plan Sponsors. As a result, projections of income and claim expenses may be altered by emerging events. Unless specifically noted, estimates do not include any adjustments such as changes in eligibility, income, increases in healthcare costs or decreased investment returns that may result from unanticipated economic events.

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

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

Sincerely,



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

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Beginning of Year Invested Assets

Invested assets as of July 1, 2023 were assumed to equal actual invested assets as of May 31, 2023.

Revenues

Employer Contribution

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

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

NMRHCA staff provided baseline Employer/Employee Contributions, as well as the percentage of contributions originating from Enhanced Programs versus Non-Enhanced Programs. This information allowed us to estimate FY2023 active payroll to be approximately \$4.95 billion.

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

Employee Contribution

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

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

NMRHCA staff provided baseline Employer/Employee Contributions, as well as the percentage of contributions originating from Enhanced Programs versus Non-Enhanced Programs. This information allowed us to estimate FY2023 active payroll to be approximately \$4.95 billion.

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

Retiree Medical

Baseline contribution and premium rates and subsidy percentages were verified at www.nmrhca.org on the 2023 Rate Sheet included on the [Forms And Important Information](#) page.

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

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

In the Baseline Scenario, the CY23 subsidy provided by NMRHCA is assumed to remain constant in all future years. NMRHCA staff provided years of service at retirement by enrollment category as of April 1, 2023. The current subsidy was calculated and applied to future annual contributions and premiums individually for the following enrollment categories: non-Medicare Retirees, non-Medicare Spouses, non-Medicare Dependents (no subsidy), Medicare Supplement Retirees, Medicare Supplement Spouses, Medicare Supplement Dependents (no subsidy), Medicare Advantage Retirees, Medicare Advantage Spouses, and Medicare Advantage Dependents (no subsidy).

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

Consistent with the methodology used in the prior year, new Medicare retirees are assumed to automatically enroll into a Medicare Advantage plan. Presbyterian pre-Medicare members are assumed to enroll into the richer United HealthCare (UHC) Medicare Advantage plan (MA I) while BCBSNM pre-Medicare members assumed to enroll into the richer Humana Medicare Advantage plan (also MA I), with 50 percent opting instead to enroll in the Medicare Supplement plan.

Non-Medicare Carrier	MA I (UHC or Humana)	MA II (UHC or Humana)	Medicare Supplement
BCBSNM	50%	0%	50%
Presbyterian	50%	0%	50%

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

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

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

Tax Revenue

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

Medicare PDP & Manufacturers Discount

This revenue item is comprised of the following revenue sources associated with the Employer Group Waiver Plan (EGWP) that provides prescription drug benefits to Medicare-eligible retirees enrolled in the Medicare Supplement plan. CY2023 and CY2024 baseline projections by Segal were based on the historical data provided by Express Scripts. These revenues are projected separately and assumed to change annually on a calendar year basis at the respective rates displayed under the general heading *Assumptions with Calendar Year Basis* in addition to the *Annual Growth in Retirees age 65+* displayed under the general heading *Assumptions with Fiscal Year Basis*:

- Direct Subsidy from U.S. Government

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

Miscellaneous

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

Total Revenue

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

Investment Income

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

Expenditures

Medical/Rx

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

- Non-Medicare Premier Medical Claims by Relationship to Insured (e.g., retiree, spouse and dependent)
- Non-Medicare Value Medical Claims by Relationship to Insured
- Non-Medicare Prescription Drug Claims by Relationship to Insured including Dispensing Fees
- Medicare Supplement Medical Claims
- Medicare EGWP Prescription Drug Claims and Dispensing Fees

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

Claims per member per month are projected separately for each plan. To do so, the historical paid claims experience base is adjusted to reflect the baseline year known plan provisions, and the claims trend assumption is applied from the midpoint of the experience base to the midpoint of the baseline projection period. Claims in each subsequent projection year are developed by applying the respective calendar year claims trend and benefit modification assumptions itemized under the general heading *Assumptions with Calendar Year Basis* and the sub-heading *Self-funded Plan Benefit Modifications effective 1/1*. A constant trend assumption is applied throughout the entire projection for the years of one through thirty-two. For the first three projection years, no plan design changes have been assumed relative to the current plan design; annual benefit modification assumptions are applied during the projection years four through thirty-two by plan.

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

Finally, projected Medical/Rx Expenditures are offset by projected prescription drug rebates. Non-Medicare and EGWP plan prescription drug rebates are projected separately, with baseline information provided by ESI. Prescription drug rebate trend is applied on a fiscal year basis and is based on actual contract provisions to the extent known. Prescription drug rebate trend is displayed in the last two rows under the general heading *Assumptions with Fiscal Year Basis*.

The annual rate of change for projection years 1-4 may be based on actual contract terms. Membership is projected separately for non-Medicare members and Medicare-eligible members at the rates displayed under the general heading *Assumptions with Fiscal Year Basis*. The basis of the assumed rates of change is an open valuation projection of covered lives, based on assumptions consistent with those utilized in the July 1, 2014 valuation of NMRHCA's liability for Other Post-Employment Benefits under the Governmental Accounting Standards Board's Statement Number 43 (now GASB 74) and adjusted to reflect the impact of changes effective July 31, 2021 to subsidy levels on the basis of age and years of creditable service. Total annual prescription drug rebates are calculated directly by multiplying projected rebates per member per month by projected member months.

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

Basic Life

Basic life premium is conservatively assumed to remain flat (i.e. no mortality assumption is used), as basic life coverage is no longer provided to new retirees. The portion of the basic life premium paid by NMRHCA is 0% in calendar year 2023. NMRHCA staff provides baseline basic life premiums.

Ancillary Premiums

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

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

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

ASO & Health Care (HC) Reform Fees

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

Specifically, this expenditure projection includes the following components:

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

The annual per unit rate for the fees paid to BCBSNM, PHP, and ESI are based on actual contract provisions to the extent known, with all fees assumed to increase 2.0% per annum thereafter.

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

Program Support

NMRHCA staff provided the approved FY2023 Program Support budget. The budget for Program Support is assumed to increase 2.5% per annum.

Total Expenditures

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

End of Year Invested Assets

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

Projected Year of Insolvency

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

Based on the July 1, 2023 Baseline Assumptions and the methodology described herein, as applied to claims and membership information through March 31, 2023, the Authority is projected to **remain solvent throughout the projection period.**



New Mexico Retiree Health
Care Authority

Long-Term Solvency Modeling

July 20-21, 2023 Annual Meeting

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

Amy Cohen, ASA, MAAA
Vice President & Actuary

| Agenda

Overview of Key Assumptions in 2023 Model

Baseline Solvency Scenario

Sensitivity Analysis

Overview of Key Assumptions in 2023 Model

Category	Assumption	Comments*
Beginning Asset Balance	Using May 31, 2023 fund balance of \$1,198,400,622 as an estimate for 7/1/2022 fund balance	
Investment Return	7.00%	
Annual Growth in Payroll	3.91% through FY2024 2.75% thereafter	Reflects anticipated impact of increases to teacher salaries in 2023
Contribution Rates (ER/EE)	2.50% / 1.25% Public Safety, et al 2.00% / 1.00% Other occupations	
Annual Growth in Retirees	Based on FY2014 open valuation output table	We recommend considering an updated valuation in FY2024
Pension Tax Revenue	\$46,272,433 for FY2023 Increasing 12% thereafter	
Rx Rebates	\$42,915,872 for FY2024 Reflects financial terms of contract through FY2027; increasing at retiree growth rate thereafter	Based on projection by Segal using historical data and current contracting terms

* Assumption is consistent with 2022 approach unless otherwise noted.

Overview of Key Assumptions in 2023 Model (cont'd)

Category	Assumption	Comments*
Annual Medical Claims Trend	Pre-Medicare: 8.00% Medicare Supplement: 8.00%	
Annual Rx Claims Trend	Pre-Medicare: 8.00% Medicare Rx: 8.00%	
Dental / Vision Claims Trend	Current dental rates for CY2023 and 6.00% thereafter / 0.00% increase through FY2024 and 5.00% thereafter	6.00% / 5.00%
Medicare Advantage Increases	CY2023, CY2024 based on actual rates as provided by RHCA staff Increase at 7% thereafter	
Pre-Medicare Rate Increases	Annual increases of 8% in 2024-2026 and net 8% with plan changes thereafter	Annual increases of 8% in 2024 and net 8% with plan changes thereafter
Medicare Supplement Rate Increases	Annual increases of 6% in 2024-2035 and net 6% with plan changes thereafter	
EGWP Revenue Components	CY2023, CY2024 projected by Segal based on historical data	CY2022, CY2023 projected by ESI
Direct Subsidy	Annual increases at retiree growth rate plus ½ of Medicare Rx trend	
Federal Reinsurance & Coverage Gap Discount Program	Annual increases at retiree growth rate	
Low Income Subsidy	0.0% annual increase to CY2023 estimate	

* Assumption is consistent with 2022 approach unless otherwise noted.

Overview of Key Assumptions in 2023 Model (cont'd)

Category	Assumption	Comments*
Plan Design Changes		
Pre-Medicare Medical & Rx	Includes impact from approved 2023 legislative session bills, the Hinge Health (BCBS) Program, and the Sword Health (PHP) Program effective 1/1/2024. Annual plan changes in CY2027 and beyond so that projected claims and expenses remain beneath the eliminated Excise Tax threshold	Prior model applied plan changes starting in CY2025
Medicare Supplement Medical & EGWP	Annual plan changes in CY2037 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Prior model applied plan changes beginning in CY2036
Member Rate Share		
Pre-Medicare	Retiree: 36% Spouse: 64% Child(ren): 100%	
Medicare (Supplement & Advantage)	Retiree: 50% Spouse: 75% Child(ren): 100%	

* Assumption is consistent with 2022 approach unless otherwise noted.

Overview of Key Assumptions in 2023 Model (cont'd)

Category	Assumption	Comments*
Minimum Years of Service to Receive Full Subsidy	Consistent with Board Approved rule change to 2.8.11 NMAC effective July 2021	
Member Migration / Participation	Migration from Premier to Value plan until plan changes begin in 2027 (1.25% annual shift from Premier); Medicare age-ins: Presbyterian age-ins default to UHC MA I; BCBSNM age-ins default to Humana MA I; 50% of age-ins opt out of Medicare Advantage Default elections to Medicare Supplement	Prior model: Migration from Premier to Value plan until plan changes begin in 2025 (1.75% annual shift from Premier); All Medicare members default to UHC MA I plan; 50% opt out of Medicare Advantage Default elections to Medicare Supplement

* Assumption is consistent with 2022 approach unless otherwise noted.

New Mexico Retiree Health Care Authority Long-Tem Solvency Modeling
Projected Year of Insolvency: Exceeds Projection Period

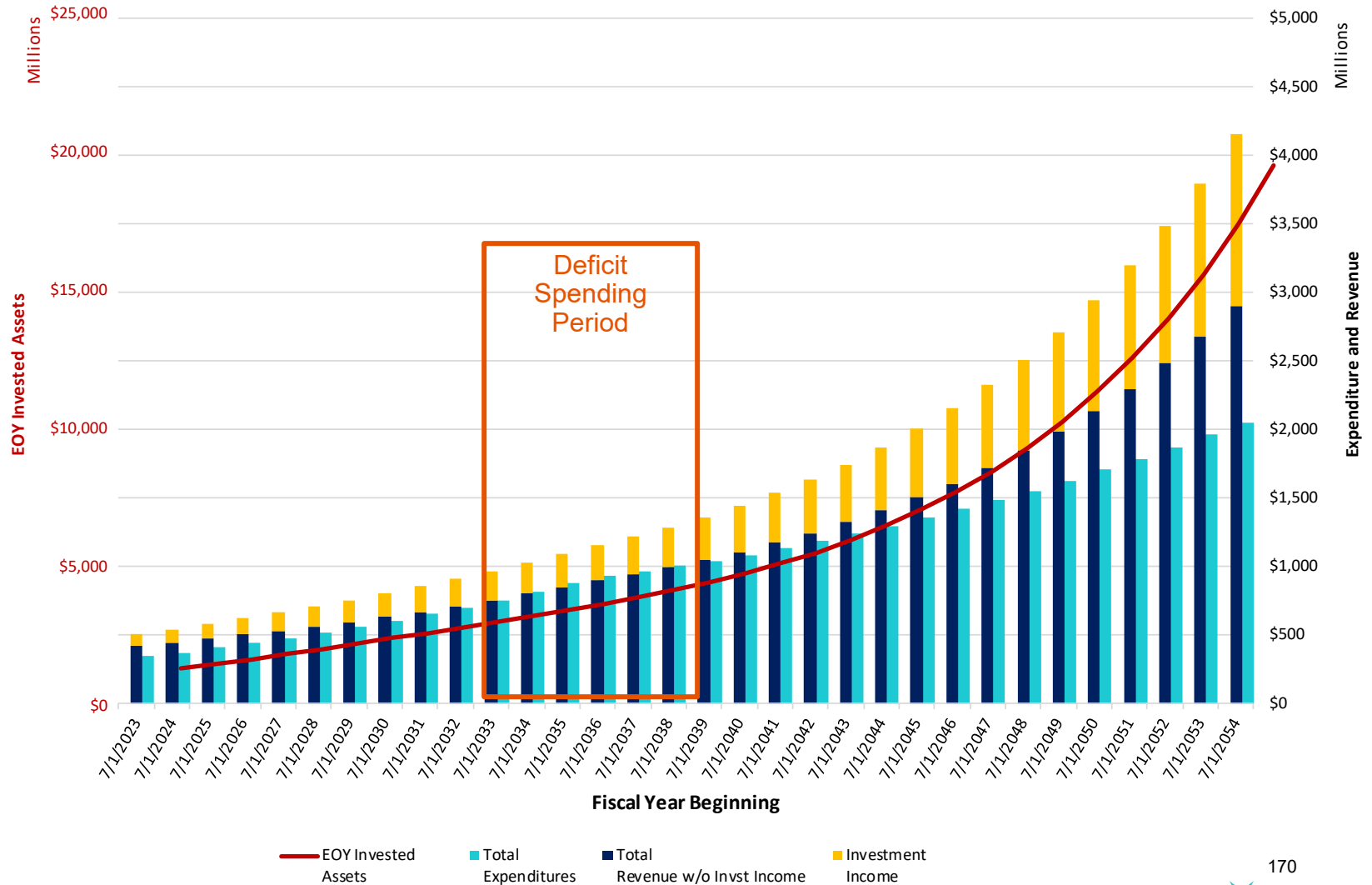
Scenario: Baseline - Using the starting balance as of May 31, 2023

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	\$1,198,400,622	\$105,523,337	\$52,761,669	\$141,017,969	\$38,336,707	\$46,272,433	\$36,088,736	\$292,575	\$420,293,425	\$86,489,427	\$291,035,708	\$38,336,707	\$13,037,564	\$3,558,200	\$345,968,179	\$74,325,245	\$1,359,215,294	
7/1/2024	\$1,359,215,294	\$108,425,229	\$54,212,614	\$152,618,564	\$40,594,152	\$51,825,124	\$37,062,024	\$288,082	\$445,025,789	\$97,687,564	\$314,779,484	\$40,594,152	\$13,362,318	\$3,647,155	\$372,383,109	\$72,642,680	\$1,529,545,539	
7/1/2025	\$1,529,545,539	\$111,406,923	\$55,703,461	\$166,851,095	\$43,582,469	\$58,044,139	\$38,182,108	\$291,875	\$474,062,071	\$109,266,265	\$350,098,482	\$43,582,469	\$13,840,576	\$3,738,334	\$411,259,860	\$62,802,210	\$1,701,614,014	
7/1/2026	\$1,701,614,014	\$114,470,613	\$57,235,307	\$180,992,922	\$46,316,444	\$65,009,436	\$39,190,967	\$289,989	\$503,505,679	\$121,034,407	\$384,118,208	\$46,316,444	\$14,341,362	\$3,831,792	\$448,607,806	\$54,897,872	\$1,877,546,293	
7/1/2027	\$1,877,546,293	\$117,618,555	\$58,809,277	\$193,020,251	\$49,103,095	\$72,810,568	\$40,168,472	\$285,205	\$531,815,424	\$133,196,891	\$413,472,001	\$49,103,095	\$14,779,857	\$3,927,587	\$481,282,541	\$50,532,883	\$2,061,276,067	
7/1/2028	\$2,061,276,067	\$120,853,065	\$60,426,533	\$206,305,507	\$52,537,444	\$81,547,837	\$41,102,823	\$290,800	\$563,064,009	\$145,828,382	\$447,246,634	\$52,537,444	\$15,281,094	\$4,025,777	\$519,090,949	\$43,973,059	\$2,251,077,509	
7/1/2029	\$2,251,077,509	\$124,176,524	\$62,088,262	\$219,554,023	\$55,659,835	\$91,333,577	\$41,844,021	\$290,546	\$594,946,788	\$158,889,876	\$481,892,170	\$55,659,835	\$15,712,648	\$4,126,421	\$557,391,073	\$37,555,715	\$2,447,523,099	
7/1/2030	\$2,447,523,099	\$127,591,379	\$63,795,689	\$235,635,988	\$59,684,638	\$102,293,606	\$42,546,692	\$301,879	\$631,849,872	\$172,288,630	\$524,082,115	\$59,684,638	\$16,367,460	\$4,229,582	\$604,363,794	\$27,486,077	\$2,647,297,807	
7/1/2031	\$2,647,297,807	\$131,100,142	\$65,550,071	\$252,132,230	\$63,489,949	\$114,568,839	\$43,135,575	\$308,078	\$670,284,884	\$185,911,385	\$568,305,726	\$63,489,949	\$16,995,638	\$4,335,321	\$653,126,634	\$17,158,251	\$2,850,367,442	
7/1/2032	\$2,850,367,442	\$134,705,396	\$67,352,698	\$268,518,155	\$67,359,599	\$128,317,100	\$43,630,644	\$312,456	\$710,196,047	\$199,786,587	\$613,376,969	\$67,359,599	\$17,562,446	\$4,443,704	\$702,742,718	\$7,453,329	\$3,057,607,359	
7/1/2033	\$3,057,607,359	\$138,409,794	\$69,204,897	\$286,790,696	\$71,820,608	\$143,715,152	\$44,173,898	\$320,280	\$754,435,324	\$213,895,150	\$663,781,958	\$71,820,608	\$18,202,691	\$4,554,797	\$758,360,054	(\$3,924,730)	\$3,267,577,778	
7/1/2034	\$3,267,577,778	\$142,216,063	\$71,108,032	\$307,416,181	\$76,733,684	\$160,960,970	\$44,608,840	\$333,059	\$803,376,829	\$228,097,900	\$721,113,497	\$76,733,684	\$18,933,690	\$4,668,667	\$821,449,537	(\$18,072,708)	\$3,477,602,969	
7/1/2035	\$3,477,602,969	\$146,127,005	\$73,063,503	\$326,813,332	\$81,172,140	\$180,276,286	\$45,085,908	\$332,828	\$852,871,002	\$242,423,719	\$776,219,354	\$81,172,140	\$19,508,081	\$4,785,383	\$881,684,958	(\$28,813,956)	\$3,691,212,733	
7/1/2036	\$3,691,212,733	\$150,145,498	\$75,072,749	\$342,055,897	\$86,058,229	\$201,909,441	\$45,666,724	\$332,915	\$901,241,452	\$257,301,603	\$821,172,507	\$86,058,229	\$20,056,787	\$4,905,018	\$932,192,541	(\$30,951,089)	\$3,917,563,247	
7/1/2037	\$3,917,563,247	\$154,274,499	\$77,137,249	\$352,376,219	\$90,907,283	\$226,138,574	\$46,058,756	\$333,420	\$947,226,000	\$273,434,230	\$853,433,980	\$90,907,283	\$20,577,008	\$5,027,643	\$969,945,914	(\$22,719,914)	\$4,168,277,563	
7/1/2038	\$4,168,277,563	\$158,517,048	\$79,258,524	\$361,934,998	\$95,859,057	\$253,275,203	\$46,488,885	\$329,109	\$995,662,824	\$291,428,419	\$883,642,625	\$95,859,057	\$21,036,662	\$5,153,335	\$1,005,691,679	(\$10,028,855)	\$4,449,677,128	
7/1/2039	\$4,449,677,128	\$162,876,266	\$81,438,133	\$372,848,387	\$101,392,009	\$283,668,227	\$46,897,288	\$329,125	\$1,049,449,436	\$311,636,093	\$916,690,936	\$101,392,009	\$21,550,207	\$5,282,168	\$1,044,915,320	\$4,534,116	\$4,765,847,337	
7/1/2040	\$4,765,847,337	\$167,355,364	\$83,677,682	\$385,440,838	\$107,442,654	\$317,708,414	\$47,267,033	\$331,343	\$1,109,223,327	\$334,331,102	\$953,612,258	\$107,442,654	\$22,131,671	\$5,414,222	\$1,088,600,805	\$20,622,522	\$5,120,800,961	
7/1/2041	\$5,120,800,961	\$171,957,636	\$85,978,818	\$400,034,352	\$114,259,316	\$355,833,424	\$47,529,107	\$339,588	\$1,175,932,241	\$359,786,100	\$995,299,491	\$114,259,316	\$22,822,913	\$5,549,578	\$1,137,931,298	\$38,000,943	\$5,518,588,004	
7/1/2042	\$5,518,588,004	\$176,686,471	\$88,343,236	\$415,421,722	\$121,331,050	\$398,533,435	\$47,703,606	\$347,142	\$1,248,366,662	\$388,362,986	\$1,038,906,368	\$121,331,050	\$23,531,629	\$5,688,317	\$1,189,457,364	\$58,909,297	\$5,965,860,287	
7/1/2043	\$5,965,860,287	\$181,545,349	\$90,772,675	\$431,679,124	\$128,921,540	\$446,357,447	\$47,811,294	\$356,271	\$1,327,443,699	\$420,537,407	\$1,084,792,905	\$128,921,540	\$24,264,831	\$5,830,525	\$1,243,809,801	\$83,633,898	\$6,470,031,592	
7/1/2044	\$6,470,031,592	\$186,537,846	\$93,268,923	\$448,653,332	\$137,029,086	\$499,920,340	\$47,903,360	\$365,640	\$1,413,678,528	\$456,860,815	\$1,132,541,981	\$137,029,086	\$25,028,227	\$5,976,288	\$1,300,575,582	\$113,102,946	\$7,039,995,352	
7/1/2045	\$7,039,995,352	\$191,667,637	\$95,833,819	\$466,648,791	\$145,689,384	\$559,910,781	\$47,995,590	\$375,256	\$1,508,121,257	\$497,965,935	\$1,182,879,571	\$145,689,384	\$25,819,176	\$6,125,695	\$1,360,513,826	\$147,607,431	\$7,685,568,718	
7/1/2046	\$7,685,568,718	\$196,938,497	\$98,469,249	\$485,688,774	\$154,940,604	\$627,100,075	\$48,087,984	\$385,125	\$1,611,610,307	\$544,560,746	\$1,236,011,042	\$154,940,604	\$26,638,788	\$6,278,838	\$1,423,869,272	\$187,741,035	\$8,417,870,500	
7/1/2047	\$8,417,870,500	\$202,354,306	\$101,177,153	\$505,898,058	\$164,823,557	\$702,352,084	\$48,180,542	\$395,253	\$1,725,180,952	\$597,458,457	\$1,291,932,725	\$164,823,557	\$27,488,222	\$6,435,809	\$1,490,680,312	\$234,500,640	\$9,249,829,598	
7/1/2048	\$9,249,829,598	\$207,919,049	\$103,959,525	\$527,492,313	\$175,381,881	\$786,634,334	\$48,273,265	\$405,647	\$1,850,066,014	\$657,604,391	\$1,350,681,052	\$175,381,881	\$28,368,686	\$6,596,704	\$1,561,028,322	\$289,037,692	\$10,196,471,681	
7/1/2049	\$10,196,471,681	\$213,636,823	\$106,818,412	\$550,492,595	\$186,662,236	\$881,030,454	\$48,366,153	\$416,315	\$1,987,422,988	\$726,079,800	\$1,412,523,904	\$186,662,236	\$29,281,441	\$6,761,621	\$1,635,229,202	\$352,193,786	\$11,274,745,267	
7/1/2050	\$11,274,745,267	\$219,511,836	\$109,755,918	\$574,922,871	\$198,714,514	\$986,754,109	\$48,459,205	\$427,263	\$2,138,545,716	\$804,114,680	\$1,477,458,119	\$198,714,514	\$30,227,802	\$6,930,662	\$1,713,331,097	\$425,214,619	\$12,504,074,566	
7/1/2051	\$12,504,074,566	\$225,548,411	\$112,774,206	\$600,588,732	\$211,592,062	\$1,105,164,602	\$48,552,423	\$438,500	\$2,304,658,936	\$893,129,893	\$1,544,905,999	\$211,592,062	\$31,209,143	\$7,103,929	\$1,794,811,134	\$509,847,802	\$13,907,052,261	
7/1/2052	\$13,907,052,261	\$231,750,993	\$115,875,496	\$627,743,410	\$225,351,925	\$1,237,784,354	\$48,645,806	\$450,031	\$2,487,602,015	\$994,734,349	\$1,615,864,777	\$225,351,925	\$32,226,897	\$7,281,527	\$1,880,725,126	\$606,876,889	\$15,508,663,499	
7/1/2053	\$15,508,663,499	\$238,124,145	\$119,062,072	\$656,454,535	\$240,055,096	\$1,386,318,476	\$48,739,354	\$461,866	\$2,689,215,546	\$1,110,737,606	\$1,690,381,141	\$240,055,096	\$33,282,559	\$7,463,565	\$1,971,182,361	\$718,033,185	\$17,337,434,290	
7/1/2054	\$17,337,434,290	\$244,672,559	\$122,336,279	\$686,820,560	\$255,766,798	\$1,552,676,693	\$48,833,068	\$474,013	\$2,911,579,971	\$1,243,202,615	\$1,768,579,194	\$255,766,798	\$34,377,690	\$7,650,154	\$2,066,373,837	\$845,206,1		

Baseline Scenario

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



Sensitivity Analysis

2023 Baseline Solvency Model Sensitivity to Assumption Changes

	Baseline Scenario	Low Trend: -1%	High Trend: +1%	Low Payroll Growth: -0.5%	Increase Non-Medicare Retiree Rate Share: +4%	Increase Non-Medicare Spouse Rate Share: +6%
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Changing Trends:

Non-Medicare Medical/Rx Claims Trend	8.00%	7.00%	9.00%	8.00%	8.00%	8.00%
Medicare Medical/Rx Claims Trend	8.00%	7.00%	9.00%	8.00%	8.00%	8.00%
Annual Payroll Growth - Starting CY2025	2.75%	2.75%	2.75%	2.25%	2.75%	2.75%
Medicare Advantage Premium Increase - CY2024 and beyond	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Non-Medicare Retiree Rate Share	36.00%	36.00%	36.00%	36.00%	40.00%	36.00%
Non-Medicare Spouse Rate Share	64.00%	64.00%	64.00%	64.00%	64.00%	70.00%
Non-Medicare Rate Increase ¹	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Medicare Supplement Rate Increase ¹	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Annual Investment Return	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%

Results:

Projected Year of Deficit Spending	2034	Exceeds Projection Period	2032	2033	2035	2034
Projected Year of Fiscal Insolvency	Exceeds Projection Period	Exceeds Projection Period	Exceeds Projection Period	Exceeds Projection Period	Exceeds Projection Period	Exceeds Projection Period

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

Sensitivity Analysis

2023 Baseline Solvency Model Sensitivity to Assumption Changes

	Baseline Scenario	Increase Non-Medicare Rate Change: +1%	Decrease Non-Medicare Rate Change: -1%	Increase Medicare Supplement Rate Change: +1%	Decrease Medicare Supplement Rate Change: -1%	Low Investment Return: -1%	Very Low Investment Return: -2%
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Changing Trends:

Non-Medicare Medical/Rx Claims Trend	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Medicare Medical/Rx Claims Trend	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Annual Payroll Growth - Starting CY2025	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Medicare Advantage Premium Increase - CY2024 and beyond	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Non-Medicare Retiree Rate Share	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%	36.00%
Non-Medicare Spouse Rate Share	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%
Non-Medicare Rate Increase ¹	8.00%	9.00%	7.00%	8.00%	8.00%	8.00%	8.00%
Medicare Supplement Rate Increase ¹	6.00%	6.00%	6.00%	7.00%	5.00%	6.00%	6.00%
Annual Investment Return	7.00%	7.00%	7.00%	7.00%	7.00%	6.00%	5.00%

Results:

Projected Year of Deficit Spending	2034	2035	2033	2036	2033	2034	2034
Projected Year of Fiscal Insolvency	Exceeds Projection Period	Exceeds Projection Period	Exceeds Projection Period	Exceeds Projection Period	Exceeds Projection Period	Exceeds Projection Period	Exceeds Projection Period

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



2022 Claims and Demographics Study

July 20-21, 2023

| Contents

1. Review of CY2022 Incurred Claims

- Cost & Utilization Trends by Type of Service
- Claims Distribution
- Comparison to Facility and Professional Benchmarks

2. CY2022 Demographic Analysis, Risk Scores and Large Claimant Analysis

- Understanding Enrollment Risk
- Age Distribution & Age Risk Factor by Carrier
- Non-Medicare Health Status by Carrier and Plan

2022 Non-Medicare Medical Claims by Carrier

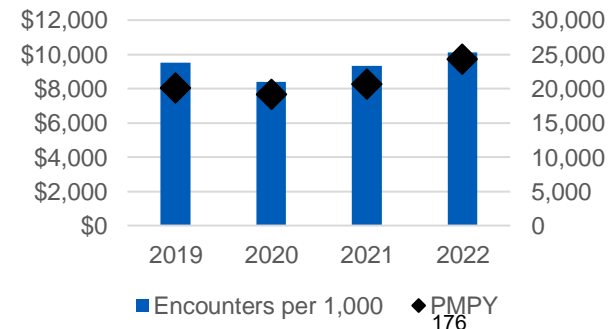
	Blue Cross Blue Shield of New Mexico Non-Medicare				Presbyterian Healthcare Services Non-Medicare			
Type of Service	2022 Encounters	% of 2022 Encounters	2022 Paid	% of 2022 Paid	2022 Encounters	% of 2022 Encounters	2022 Paid	% of 2022 Paid
Inpatient Hospital Facility	820	0.5%	\$13,373,816	21.1%	671	0.6%	\$9,572,350	20.7%
Outpatient Hospital Facility	8,750	5.1%	\$8,140,794	12.9%	7,385	6.1%	\$5,418,283	11.7%
Emergency Room Facility	693	0.4%	\$573,367	0.9%	1,793	1.5%	\$912,516	2.0%
Anesthesia	2,266	1.3%	\$787,066	1.2%	1,818	1.5%	\$778,292	1.7%
Surgery	12,238	7.1%	\$7,674,865	12.1%	6,512	5.3%	\$6,917,321	14.9%
Lab / Path	39,026	22.6%	\$11,309,644	17.9%	29,534	24.2%	\$7,615,074	16.4%
Evaluation and Management	35,584	20.6%	\$3,296,189	5.2%	27,210	22.3%	\$2,557,151	5.5%
Well Visits	2,903	1.7%	\$423,306	0.7%	2,886	2.4%	\$432,850	0.9%
Emergency Room Professional	2,000	1.2%	\$1,670,773	2.6%	1,742	1.4%	\$1,942,256	4.2%
Chiropractic	4,624	2.7%	\$42,316	0.1%	2,385	2.0%	\$22,156	0.0%
Medicine	41,323	24.0%	\$4,717,735	7.5%	25,108	20.6%	\$2,380,938	5.1%
Infusions and Injections	6,628	3.8%	\$7,029,368	11.1%	4,583	3.8%	\$5,454,025	11.8%
DME	5,376	3.1%	\$2,202,595	3.5%	4,158	3.4%	\$811,341	1.8%
Ambulance and Other	10,107	5.9%	\$2,079,500	3.3%	6,104	5.0%	\$1,517,694	3.3%
Total	172,338	100.0%	\$63,321,333	100.0%	121,889	100.0%	\$46,332,248	100.0%

- With less than 1% of encounters, Inpatient Hospital Facility charges continue to be the highest cost service for both BCBSNM and Presbyterian
- Surgery made up a higher percentage of Presbyterian claims (14.9%) than BCBSNM claims (12.1%)
 - Surgery has consistently comprised a higher percentage of Presbyterian claims than BCBSNM claims since 2008

2022 vs 2021 All Carriers **Premier Plan** Claims Experience

Type of Service	2022 Encounters per 1,000 Members	2021 Encounters per 1,000 Members	% Change	2022 Paid per Encounter	2021 Paid per Encounter	% Change	2022 Paid PMPY	2021 Paid PMPY	% Change
Inpatient Hospital Facility	135	108	24.5%	\$15,135	\$16,656	-9.1%	\$2,038	\$1,802	13.1%
Outpatient Hospital Facility	1,435	1,394	3.0%	\$866	\$672	28.8%	\$1,243	\$937	32.6%
Emergency Room Facility	190	176	7.8%	\$615	\$579	6.3%	\$117	\$102	14.6%
Anesthesia	345	370	-6.6%	\$389	\$379	2.7%	\$134	\$140	-4.1%
Surgery	1,659	1,383	20.0%	\$764	\$749	2.1%	\$1,268	\$1,035	22.4%
Lab / Path	5,803	5,225	11.1%	\$285	\$282	0.9%	\$1,652	\$1,475	12.0%
Evaluation and Management	5,335	4,913	8.6%	\$94	\$90	4.8%	\$504	\$443	13.8%
Well Visits	458	419	9.2%	\$149	\$157	-5.4%	\$68	\$66	3.4%
Emergency Room Professional	310	272	14.3%	\$947	\$978	-3.2%	\$294	\$265	10.7%
Chiropractic	651	611	6.6%	\$10	\$9	7.6%	\$7	\$6	14.6%
Medicine	5,827	5,305	9.8%	\$109	\$90	21.2%	\$633	\$476	33.1%
Infusions and Injections	960	836	14.8%	\$1,214	\$1,344	-9.7%	\$1,165	\$1,123	3.7%
DME	838	730	14.9%	\$331	\$347	-4.4%	\$278	\$253	9.8%
Ambulance and Other	1,384	1,440	-3.9%	\$230	\$231	-0.5%	\$319	\$333	-4.3%
Total	25,331	23,182	9.3%	\$384	\$365	5.2%	\$9,718	\$8,456	14.9%

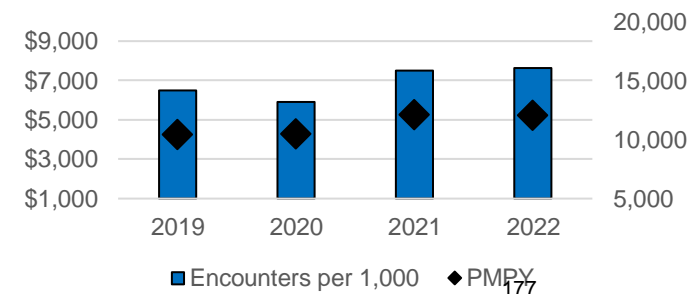
- Year over year results reflect a return to pre-2020 levels; the lower utilization in 2020 is due to the impact of the COVID pandemic
- Premier plan encounters PMPM increased 9.3% from 1.93 in 2021 to 2.11 in 2022
- Premier plan PMPY trend of 14.9% was unfavorable when compared to the 8.0% medical paid trend assumption for calendar year 2022
- Average annual cost trend between 2019 and 2022 was +6.4%



2022 vs 2021 All Carriers Value Plan Claims Experience

Type of Service	2022 Encounters per 1,000 Members	2021 Encounters per 1,000 Members	% Change	2022 Paid per Encounter	2021 Paid per Encounter	% Change	2022 Paid PMPY	2021 Paid PMPY	% Change
Inpatient Hospital Facility	64	70	-9.1%	\$16,872	\$20,046	-15.8%	\$1,081	\$1,413	-23.5%
Outpatient Hospital Facility	753	832	-9.5%	\$705	\$673	4.7%	\$531	\$560	-5.2%
Emergency Room Facility	203	198	2.5%	\$553	\$586	-5.6%	\$113	\$116	-3.2%
Anesthesia	240	219	9.6%	\$361	\$406	-11.1	\$87	\$89	-2.6%
Surgery	899	842	6.8%	\$851	\$899	-5.4%	\$765	\$757	1.0%
Lab / Path	4,016	3,762	6.8%	\$241	\$251	-3.7%	\$969	\$943	2.8%
Evaluation and Management	3,623	3,429	5.6%	\$88	\$88	0.4%	\$319	\$301	6.1%
Well Visits	428	388	10.3%	\$145	\$163	-11.0%	\$62	\$63	-1.9%
Emergency Room Professional	237	217	8.8%	\$1,034	\$1,083	-4.5%	\$245	\$236	3.9%
Chiropractic	251	292	-14.1%	\$3	\$8	-60.1%	\$1	\$2	-65.7%
Medicine	3,327	3,170	4.9%	\$98	\$77	27.3%	\$327	\$245	33.6%
Infusions and Injections	626	524	19.6%	\$690	\$545	26.4%	\$432	\$286	51.2%
DME	472	448	5.3%	\$241	\$196	22.9%	\$114	\$88	29.5%
Ambulance and Other	918	916	0.2%	\$187	\$180	4.0%	\$172	\$165	4.2%
Total	16,058	15,309	4.9%	\$325	\$344	-5.5%	\$5,218	\$5,264	-0.9%

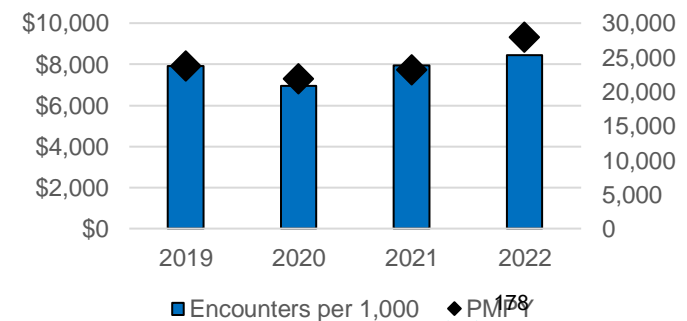
- Year over year results reflect a return to pre-2020 levels; the lower utilization in 2020 is due to the impact of the COVID pandemic
- Value plan encounters PMPM increased 4.9% from 1.28 in 2021 to 1.34 in 2022
- Value plan PMPY trend of -0.9% was favorable when compared to the 8.0% medical paid trend assumption for calendar year 2022
- Average annual cost trend between 2019 and 2022 was +7.3%



2022 vs 2021 BCBSNM All Plans Claims Experience

Type of Service	2022 Encounters per 1,000 Members	2021 Encounters per 1,000 Members	% Change	2022 Paid per Encounter	2021 Paid per Encounter	% Change	2022 Paid PMPY	2021 Paid PMPY	% Change
Inpatient Hospital Facility	121	97	24.0%	\$16,310	\$16,225	0.5%	\$1,968	\$1,579	24.6%
Outpatient Hospital Facility	1,288	1,242	3.7%	\$930	\$737	26.2%	\$1,198	\$916	30.8%
Emergency Room Facility	102	105	-3.0%	\$827	\$749	10.5%	\$84	\$79	7.1%
Anesthesia	334	367	-9.0%	\$347	\$355	-2.0%	\$116	\$130	-10.9%
Surgery	1,801	1,479	21.8%	\$627	\$608	3.1%	\$1,130	\$900	25.5%
Lab / Path	5,744	5,260	9.2%	\$290	\$257	12.7%	\$1,665	\$1,353	23.0%
Evaluation and Management	5,238	4,900	6.9%	\$93	\$82	12.9%	\$485	\$402	20.7%
Well Visits	427	405	5.5%	\$146	\$147	-0.8%	\$62	\$60	4.6%
Emergency Room Professional	294	268	9.7%	\$835	\$782	6.8%	\$246	\$210	17.1%
Chiropractic	681	675	0.8%	\$9	\$9	4.8%	\$6	\$6	5.6%
Medicine	6,082	5,522	10.1%	\$114	\$87	31.6%	\$694	\$479	44.9%
Infusions and Injections	976	879	10.9%	\$1,061	\$1,133	-6.4%	\$1,035	\$996	3.9%
DME	791	685	15.6%	\$410	\$381	7.5%	\$324	\$261	24.3%
Ambulance and Other	1,488	1,604	-7.2%	\$206	\$228	-9.6%	\$306	\$365	-16.2%
Total	25,366	23,490	8.0%	\$367	\$329	11.6%	\$9,320	\$7,736	20.5%

- Year over year results reflect a return to pre-2020 levels; the lower utilization in 2020 is due to the impact of the COVID pandemic
- BCBSNM encounters PMPM increased 8.0% from 1.96 in 2021 to 2.11 in 2022
- BCBSNM PMPY trend of 20.5% was unfavorable when compared to the 8.0% medical paid trend assumption for calendar year 2022
- Average annual cost trend between 2019 and 2022 was 5.6%

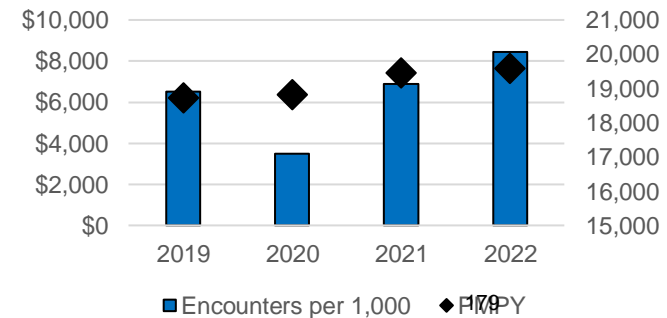


* Data for 2021 and later are based on expanded claim datasets and eligibility sourced from CareView.

2022 vs 2021 Presbyterian All Plans Claims Experience

Type of Service	2022 Encounters per 1,000 Members	2021 Encounters per 1,000 Members	% Change	2022 Paid per Encounter	2021 Paid per Encounter	% Change	2022 Paid PMPY	2021 Paid PMPY	% Change
Inpatient Hospital Facility	110	100	10.7%	\$14,266	\$18,434	-22.6%	\$1,576	\$1,839	-14.3%
Outpatient Hospital Facility	1,216	1,258	-3.3%	\$734	\$601	22.2%	\$892	\$755	18.1%
Emergency Room Facility	295	268	10.4%	\$509	\$506	0.5%	\$150	\$135	10.9%
Anesthesia	299	291	2.9%	\$428	\$424	0.9%	\$128	\$123	3.8%
Surgery	1,072	980	9.4%	\$1,062	\$1,057	0.5%	\$1,139	\$1,036	10.0%
Lab / Path	4,863	4,387	10.8%	\$258	\$301	-14.4%	\$1,254	\$1,321	-5.1%
Evaluation and Management	4,480	4,119	8.8%	\$94	\$100	-6.0%	\$421	\$412	2.3%
Well Visits	475	418	13.7%	\$150	\$171	-12.5%	\$71	\$72	-0.5%
Emergency Room Professional	287	246	16.8%	\$1,115	\$1,268	-12.1%	\$320	\$311	2.7%
Chiropractic	393	364	7.8%	\$9	\$10	-6.4%	\$4	\$4	0.8%
Medicine	4,134	3,897	6.1%	\$95	\$89	6.9%	\$392	\$346	13.4%
Infusions and Injections	755	617	22.3%	\$1,190	\$1,312	-9.3%	\$898	\$809	11.0%
DME	685	627	9.2%	\$195	\$246	-20.6%	\$134	\$154	-13.3%
Ambulance and Other	1,005	970	3.6%	\$249	\$212	17.5%	\$250	\$205	21.7%
Total	20,071	18,541	8.3%	\$380	\$406	-6.3%	\$7,629	\$7,523	1.4%

- Year over year results reflect a return to pre-2020 levels; the lower utilization in 2020 is due to the impact of the COVID pandemic
- Presbyterian encounters PMPM increased 8.3% from 1.55 in 2021 to 1.67 in 2022
- Presbyterian plan PMPY trend of 1.4% was favorable when compared to the 8.0% medical paid trend assumption for calendar year 2022
- Average annual cost trend between 2019 and 2022 was +7.1%



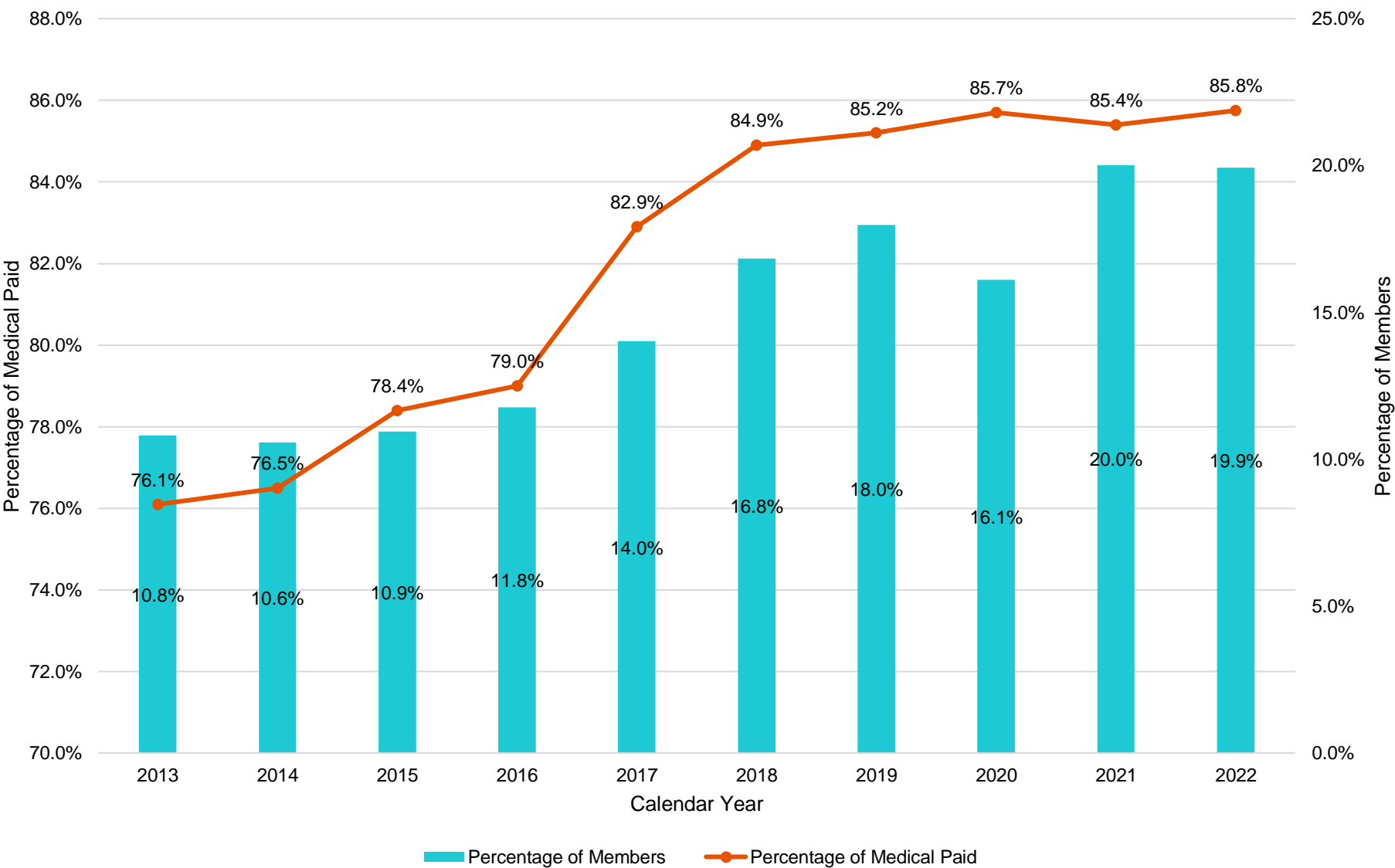
* Data for 2021 and later are based on expanded claim datasets and eligibility sourced from CareView.

2022 Claims Distribution – Non-Medicare Medical only

Annual Claims	2022 % of Members	2022 Cumulative % of Members	2021 % of Members	2021 Cumulative % of Members	2022 Medical Paid	% of 2022 Medical Paid	Cumulative % of 2022 Medical Paid	2021 Medical Paid	% of 2021 Medical Paid	Cumulative % of 2021 Medical Paid
\$0	12.4%	12.4%	11.6%	11.6%	\$0	0.0%	0.0%	\$0	0.0%	0.0%
\$1-\$100	1.3%	13.7%	2.5%	14.1%	\$7,854	0.0%	0.0%	\$18,837	0.0%	0.0%
\$100-\$300	6.1%	19.8%	7.0%	21.1%	\$131,590	0.1%	0.1%	\$155,191	0.1%	0.2%
\$301-\$800	12.0%	31.8%	12.7%	33.7%	\$659,886	0.6%	0.7%	\$734,011	0.7%	0.8%
\$801-\$5,000	36.1%	67.8%	36.4%	70.1%	\$7,586,592	6.9%	7.6%	\$7,787,809	7.2%	8.0%
\$5,001-\$10,000	12.2%	80.1%	11.5%	81.6%	\$7,236,847	6.6%	14.2%	\$7,294,879	6.8%	14.8%
\$10,001-\$15,000	5.5%	85.6%	5.0%	86.6%	\$5,318,551	4.9%	19.1%	\$5,403,770	5.0%	19.8%
\$15,001-\$20,000	3.1%	88.7%	2.9%	89.5%	\$4,026,609	3.7%	22.8%	\$4,253,015	3.9%	23.7%
\$20,001+	11.3%	100.0%	10.5%	100.0%	\$84,691,454	77.2%	100.0%	\$82,376,007	76.3%	100.0%
Medical Total	100.0%		100.0%		\$109,659,384	100.0%		\$108,023,518	100.0%	

- In 2022, 85.8% of non-Medicare Medical claims were incurred by the 20.0% of members with annual claims in excess of \$10,000
 - Claims in excess of \$10,000 have historically increased as a percentage of Medical Paid, from 85.2% in 2021 and 85.7% in 2020
 - The number of members with claims in excess of \$10,000 have increased over time as well; from 11% in 2012 to 20% in 2021
- The number of non-utilizers has increased from 11.6% in 2021 to 12.4% in 2022
 - This is still less than the 15.6% from 2020, which was likely impacted by COVID and the delays in care in 2020

Claims in Excess of \$10,000 Historical Trends



* Data for 2021 and later are based on expanded claim datasets and eligibility sourced from CareView.

CY2022 Facility Benchmarks

Measure	CY2022 NMRHCA Result	CY2022 Benchmark Result*	Ratio of NMRHCA to Benchmark
Inpatient admissions per 1,000 members	63.62	65.46	0.97
Inpatient days per 1,000 members	315.34	338.22	0.93
Outpatient hospital encounters per 1,000 members	2,496.25	2,313.53	1.08
Emergency room encounters per 1,000 members	207.74	221.17	0.94

- Inpatient admissions per 1,000 have decreased from 72.61 in 2021 to 63.62 in 2022 and relative to the benchmark (1.06 in 2021; 0.97 in 2022)
- Benchmark includes 5,180,000 active (19%) and retired (81%) public sector participants
- Combines Non-Medicare and Medicare experience

* Benchmark result has been adjusted based upon age and gender

CY2022 Professional Benchmarks

Measure*	CY2022 NMRHCA Result	CY2022 Benchmark Result**	CY2022 Ratio of NMRHCA to Benchmark
Evaluation and Management	3.135	3.510	0.893
Well Visits	0.047	0.051	0.928
Anesthesia	0.477	0.482	0.989
Surgeries	0.784	0.806	0.973
Radiology	0.937	1.203	0.779
Pathology	1.295	1.500	0.863
Medicine	2.623	3.109	0.844
Injectables	0.251	0.292	0.859
Total	9.550	10.953	0.872

- Reduction in Professional encounters per member per year reflect a continued shift from Professional to Outpatient Hospital in 2022 relative to 2021 and 2020
- Benchmark includes 5,180,000 active (19%) and retired (81%) public sector participants
- Combines Non-Medicare and Medicare experience
- Ratio calculations use unrounded values

* Measures are on an encounters per member per year basis

** Benchmark result has been adjusted based upon age and gender

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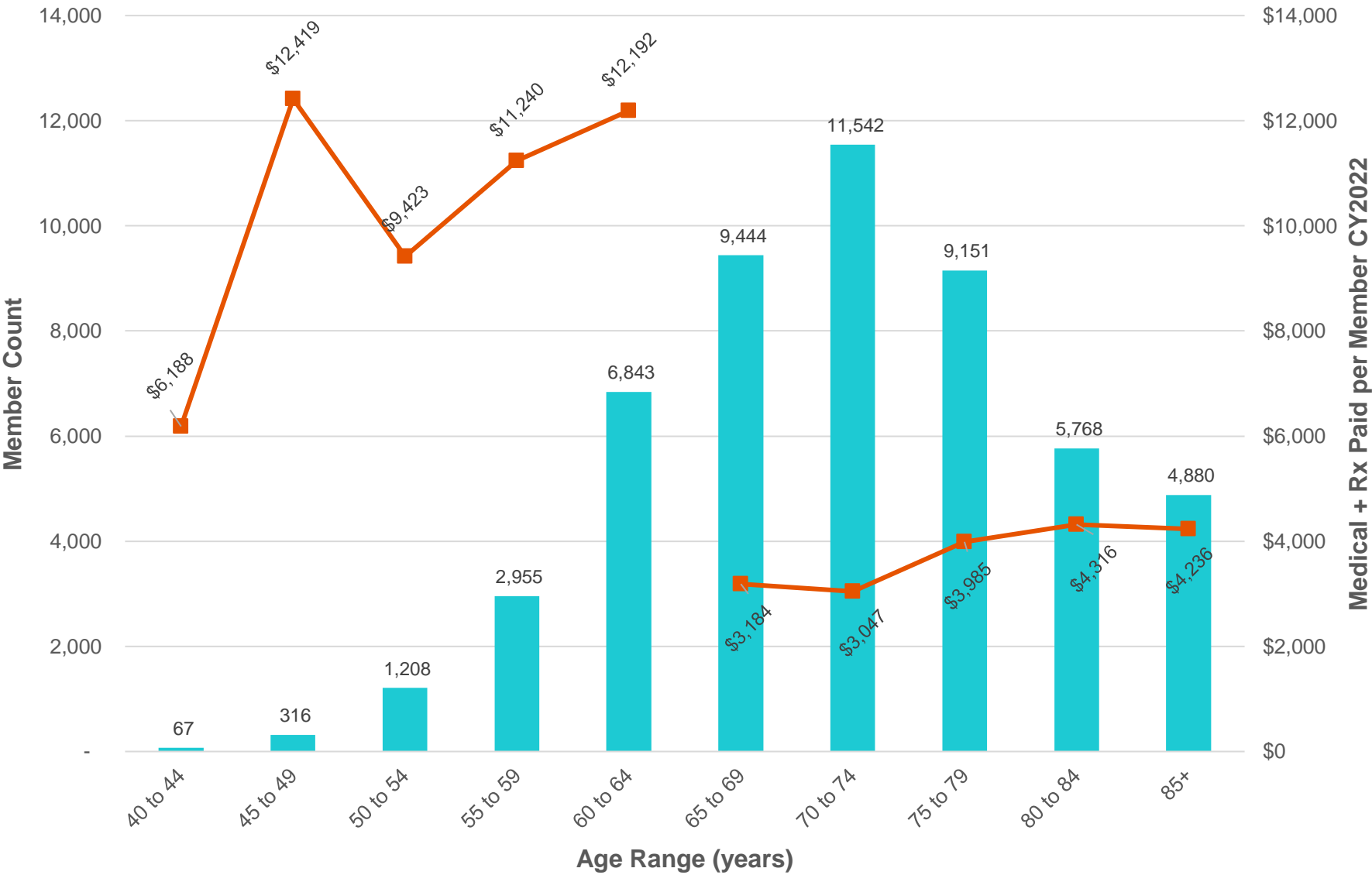
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- Understanding Enrollment Risk
- Age Distribution & Age Risk Factor by Carrier
- Non-Medicare Health Status by Carrier and Plan

Understanding Enrollment Risk

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

NMRHCA Members Age 40+ & CY2022 Claims Paid per Member



2022 Non-Medicare Members by Age and Carrier

	Age Group	2022 Members	% of 2022 Members	2021 Members	% of 2021 Members	Difference
BCBSNM Non-Medicare	40 to 44	33	1%	24	0%	0.1%
	45 to 49	140	3%	127	2%	0.1%
	50 to 54	542	10%	534	10%	-0.6%
	55 to 59	1,414	25%	1,316	25%	-0.1%
	60 to 64	3,440	62%	3,170	61%	0.5%
BCBSNM Average Age		5,569	55.7 years	5,171	56.4 years	-0.7 years
Presbyterian Non-Medicare	40 to 44	28	1%	25	1%	0.0%
	45 to 49	154	3%	154	3%	-0.2%
	50 to 54	606	12%	623	13%	-1.0%
	55 to 59	1,371	27%	1,309	27%	-0.1%
	60 to 64	2,933	58%	2,728	56%	1.2%
Presbyterian Average Age		5,092	55.4 years	4,839	55.7 years	-0.3 years
Total Non-Medicare	40 to 44	61	1%	49	0%	0.1%
	45 to 49	294	3%	281	3%	0.0%
	50 to 54	1,148	11%	1,157	12%	-0.8%
	55 to 59	2,785	26%	2,625	26%	-0.1%
	60 to 64	6,373	60%	5,898	59%	0.9%
Non-Medicare Average Age		10,661	55.6 years	10,010	56.1 years	-0.5 years

- Excludes members under age 40, over age 64, and those for whom age is not available
- In 2022, 52% of Non-Medicare members enrolled in BCBSNM (2021=52%, 2020=52%, 2019=53%)
- Decimal places beyond 0.1 years are not displayed in Average Age figures, but are incorporated in the difference calculation

* Age is calculated as of December 31st

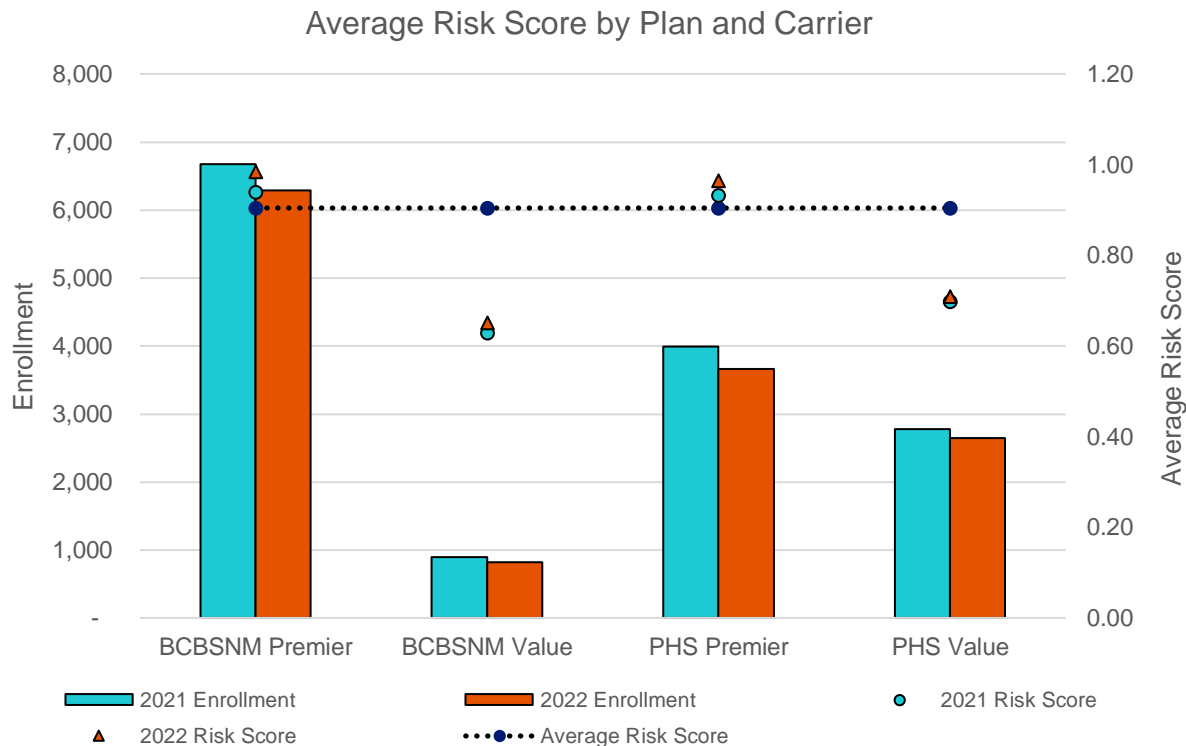
** Data for 2021 and later are based on expanded claim datasets and eligibility sourced from CareView.

2022 Medicare Members by Age and Carrier

	Age Group	2022 Members	% of 2022 Members	2021 Members	% of 2021 Members	Difference
BCBSNM	less than 65	302	1%	298	1%	0.1%
Medicare	65 to 69	2,898	14%	2,525	12%	2.2%
Supplement	70 to 74	5,209	25%	5,341	25%	0.2%
	75 to 79	5,154	25%	5,356	25%	-0.1%
	80 to 84	3,720	18%	3,959	18%	-0.5%
	85+	3,687	18%	4,231	19%	-1.9%
Average Age		20,970	77.1 years	21,710	77.7 years	-0.6 years
BCBSNM	less than 65	75	2%	72	2%	0.1%
Medicare	65 to 69	595	16%	469	12%	3.4%
Advantage	70 to 74	823	22%	815	22%	0.3%
	75 to 79	1,033	28%	1,080	29%	-1.1%
	80 to 84	647	17%	678	18%	-0.7%
	85+	580	15%	662	18%	-2.1%
Average Age		3,753	76.6 years	3,776	77.4 years	-0.7 years
Presbyterian	less than 65	233	3%	213	2%	0.2%
Medicare	65 to 69	2,652	29%	2,203	25%	4.3%
Advantage	70 to 74	3,138	35%	3,185	36%	-1.5%
	75 to 79	1,796	20%	1,896	22%	-1.7%
	80 to 84	898	10%	947	11%	-0.8%
	85+	336	4%	373	4%	-0.5%
Average Age		9,053	72.8 years	8,817	73.3 years	-0.6 years
United Healthcare	less than 65	96	2%	93	2%	-0.2%
Medicare	65 to 69	1,853	34%	1,281	26%	7.4%
Advantage	70 to 74	1,920	35%	1,878	38%	-3.6%
	75 to 79	992	18%	971	20%	-1.9%
	80 to 84	428	8%	427	9%	-1.0%
	85+	220	4%	233	5%	-0.8%
Average Age		5,509	72.3 years	4,883	73.1 years	-0.8 years
Humana	less than 65	33	2%	32	2%	-0.1%
Medicare	65 to 69	760	52%	671	50%	2.1%
Advantage	70 to 74	418	28%	407	30%	-1.6%
	75 to 79	158	11%	148	11%	-0.2%
	80 to 84	65	4%	58	4%	0.1%
	85+	36	2%	38	3%	-0.4%
Average Age		1,470	70.6 years	1,354	70.8 years	-0.2 years
Medicare	less than 65	739	2%	708	2%	0.1%
Total	65 to 69	8,758	21%	7,149	18%	3.9%
	70 to 74	11,508	28%	11,626	29%	-0.4%
	75 to 79	9,133	22%	9,451	23%	-0.9%
	80 to 84	5,758	14%	6,069	15%	-0.8%
	85+	4,859	12%	5,537	14%	-1.7%
Medicare Average Age		40,755	75.2 years	40,540	75.9 years	-0.7 years

- At 52%, enrollment in the Humana Medicare Advantage plan is heavily skewed toward the 65-69 age band, resulting in a younger population relative to other carriers.
- In contrast, both Presbyterian Medicare Advantage and United Health Care have 68% and 65% of their enrollment in the 70+ range, respectively. BCBSNM plans have the highest average age around 76 with 82% of members over age 70.
- Decimal places beyond 0.1 years are not displayed, but are incorporated in the difference calculation
- Age is calculated as of December 31st

2022 Non-Medicare Health Status Risk Index by Carrier



- Premier participants are anticipated to cost 40.4% more than Value participants based on Health Risk Index
- BCBSNM participants are anticipated to cost 10.2% more than Presbyterian based on Health Status Risk Index
 - In 2021, BCBSNM participants were anticipated to cost 7.9% more than Presbyterian participants based solely on their Health Status Risk Index
- Risk Index based on John Hopkins Adjusted Clinical Groups (ACGs)
 - A risk score is calculated for each member month

Carrier	Plan	2021 Risk Index	2022 Risk Index	% Change
BCBSNM	Premier	0.94	0.98	4.8%
	Value	0.63	0.65	3.5%
Presbyterian	Premier	0.93	0.96	3.5%
	Value	0.70	0.71	1.7%
Total Non-Medicare	Premier	0.94	0.98	4.3%
	Value	0.68	0.70	2.2%

2022 Continuing Non-Medicare Members' Health Status Risk Index by Plan

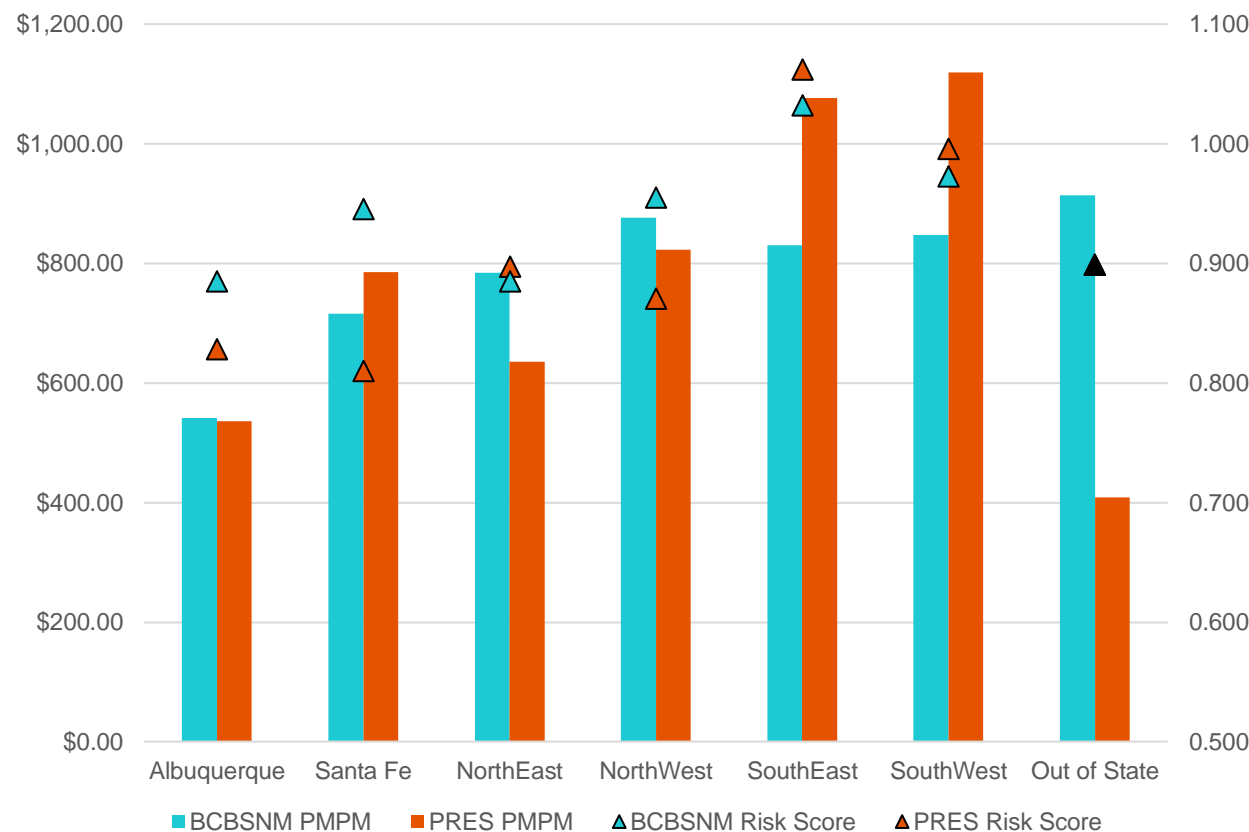
2021 Plan	2022 Plan	Members	% of Continuing Non-Medicare Membership	2022 Risk Index
Premier	Premier	8,144	74.2%	0.98
Value	Premier	123	1.1%	1.14
Premier	Value	72	0.7%	0.60
Value	Value	2,639	24.0%	0.71
		10,978	100.0%	0.91

- Member count excludes members for whom either a 2022 or 2023 plan code was not available, due to new enrollment or disenrollment from NMRHCA pre-Medicare plans
- The overall Risk Index increased from 0.88 in 2021 to 0.91 in 2022.



| Appendix

2022 Non-Medicare Regional Analysis - Medical



	<u>BCBS</u>	<u>PRES</u>
Albuquerque	1,348	3,572
Santa Fe	739	1,008
NorthEast	731	934
NorthWest	518	229
SouthEast	1,310	175
SouthWest	1,495	374
Out of State	1,009	47
Total	7,148	6,338

- While BCBSNM’s population within Albuquerque and Santa Fe have a higher risk score, the average cost PMPM is similar or less than Presbyterian in these regions in 2022.
- The majority of Presbyterian’s membership resides in urban areas and the northeastern counties of the State. PMPM costs in other geographic areas may fluctuate year to year given the volatility of smaller populations.

2022 Non-Medicare In-Network vs Out-of-Network Analysis

	BCBSNM		Presbyterian	
	In-Network	Out-of-Network	In-Network	Out-of-Network
Members	7,148		6,338	
# Services	165,463	8,288	119,098	3,417
% of Services	95.2%	4.8%	97.2%	2.8%
Average # Services per Member	23.1	1.2	18.8	0.5
Plan Paid	\$60,673,654	\$2,647,679	\$44,406,009	\$1,926,238
% of Plan Paid	95.8%	4.2%	95.8%	4.2%
Average Cost per Service	\$366.69	\$319.46	\$372.85	\$563.72

- In 2022, approximately 4.2% of plan payments to out-of-network providers for both BCBSNM and Presbyterian
 - These payments represented 4.8% of services for BCBS-NM and 2.8% of services for Presbyterian
- Approximately 72% of Presbyterian enrollees and 29.2% of BCBSNM enrollees reside in either Albuquerque or Santa Fe.



2022 Prescribing Patterns

July 20-21, 2023

| Assumptions and Methodology

- Prescription drug claims provided by PBM and housed in the Cognos data warehouse
- Analysis includes both Medicare and Non-Medicare participants
 - Value and Premier non-Medicare plans
 - Medicare Supplement and Medicare Part D plans
- Data reflects self-insured costs on a plan paid basis

Antibiotic Prescribing

Distribution of antibiotics prescribed during 2019 – 2022

Category	Days of Therapy	% of Total Days
Appropriate or Not Linkable ¹	1,046,821	60.9%
Sometimes Appropriate	284,974	16.6%
Usually Not Appropriate	388,289	22.6%

- The paper we based our analysis on reported that 23.2% of antibiotics days of therapy are not appropriate²

Top 10 Providers

Provider	# Patients	Days of Therapy	% DOT Usually Not Appropriate
Specialist	103	1,029	94.6%
Student in an organized health care education/training program	57	408	83.8%
Dermatology	50	427	80.3%
Urology	30	440	65.7%
Student in an organized health care education/training program	63	841	59.5%
Internal Medicine	39	1,760	59.1%
OB/GYN	37	294	56.5%
Dermatology	31	324	53.7%
General Practice	41	882	53.4%
General Practice	102	2,055	50.9%

- Not Linkable means that for a given prescription drug claim, a corresponding medical claim was not found for the patient within three days of the dispensing date of the fill.
- Chua KP, Fischer MA, Linder JA (2019). Appropriateness of outpatient antibiotic prescribing among privately insured U.S. patients: ICD-10-CM based cross sectional study. *BMJ* 2019;364:k5092

CY2022 Diabetic Medication Prescribing

- Top 10 Providers of diabetic medications where the patient does not have a medical claim diagnosis of diabetes

Provider	# Patients	Days of Therapy
Family Medicine	10	2,603
Internal Medicine	9	1,315
Nurse Practitioner	7	1,048
Student in an organized health care education/training program	7	960
Internal Medicine	7	669
Nurse Practitioner	6	868
Family Medicine	6	818
Nurse Practitioner	6	907
Family Medicine	6	900
Family Medicine	5	750

CY2022 Prescribers with Low GDR

- Top 10 Providers whose Generic Dispensing Rate is below the target 50th percentile GDR

Practice Area	Provider Type	50 th Percentile	Generic Dispensing Rate
Internal Medicine	PCP	72.17%	18.46%
Ophthalmology	Specialist	75.76%	42.86%
Internal Medicine	PCP	72.17%	44.44%
Optometrist	Specialist	75.76%	55.41%
Psychiatry and Neurology	Specialist	75.76%	64.29%
Internal Medicine	PCP	72.17%	60.00%
Ophthalmology	Specialist	75.76%	75.00%
Family Medicine	PCP	72.17%	68.42%
Registered Nurse	Specialist	75.76%	69.23%
Physician's Assistant	PCP	72.17%	62.50%

1. Data is based on prescriptions dispensed in calendar year 2022 for both Medicare and non-Medicare plan participants.
2. 50th Percentile GDRs are based on data for all PCPs and Specialists, separately.

CY2022 Prescribers with High Cost per Patient

- Top 10 Providers with an average cost per patient exceeding the target 80th percentile

Practice Area	Provider Type	80 th Percentile	Cost per Patient
Specialist	Specialist	\$389.50	\$22,578.13
Internal Medicine	PCP	\$1,450.75	\$2,365.80
Dermatology	Specialist	\$389.50	\$2,490.75
Pathology	Specialist	\$389.50	\$480.31
Urology	Specialist	\$389.50	\$428.98
Ophthalmology	Specialist	\$389.50	\$722.06
Internal Medicine	PCP	\$1,450.75	\$7,362.43
Optometrist	Specialist	\$389.50	\$1,090.31
Family Medicine	PCP	\$1,450.75	\$7,096.53
Ophthalmology	Specialist	\$389.50	\$1,447.43

1. Data is based on prescriptions dispensed in calendar year 2022 for both Medicare and non-Medicare plan participants.
2. 80th Percentile costs are based on data for all PCPs and Specialists, separately.

CY2022 Narcotic Analgesics

- Top 10 Providers dispensing narcotic analgesics with an average day's supply exceeding the target 80th percentile

Practice Area	Provider Type	80 th Percentile	Days per Patient	# Distinct Patients
Internal Medicine	PCP	12.74	19.18	364
Nurse Practitioner	PCP	12.74	15.67	229
Specialist	Specialist	2.87	15.83	181
Family Medicine	PCP	12.74	14.28	137
Internal Medicine	PCP	12.74	18.60	124
Internal Medicine	PCP	12.74	24.25	121
Family Medicine	PCP	12.74	25.88	116
Family Medicine	PCP	12.74	24.88	115
Nurse Practitioner	PCP	12.74	17.45	104
Family Medicine	PCP	12.74	16.44	104

1. Data is based on prescriptions dispensed in calendar year 2022 for both Medicare and non-Medicare plan participants.
2. 80th Percentile days per patient figure is based on data for all PCPs and Specialists, separately.



Pharmacy Cost Driver Report

Incurred Calendar Years 2020-2022

July 20-21, 2023

Assumptions and Methodology

- Prescription drug claims provided by PBM and housed in the Cognos data warehouse
 - Claims net of manufacturer rebates have been shown only on where indicated the PMPM is net of rebates. All other aggregate level or PMPM pharmacy costs are shown on a gross cost basis
- Data reflects self-insured allowed claim costs incurred on or after 1/1/2020 and paid through 4/30/2023.
 - Costs reflect both plan and member payments net of provider discounts
 - Costs do not reflect SaveOnSP fees or savings
- Geographic regions map to the following counties based on retiree residence:
 - Albuquerque region includes Bernalillo, Sandoval, Torrance and Valencia counties
 - Santa Fe region includes Santa Fe County
 - Northwest Region includes Cibola, McKinley and San Juan counties
 - Northeast Region includes Colfax, Guadalupe, Harding, Los Alamos, Mora, Rio Arriba, San Miguel, Taos and Union counties
 - Southwest Region includes Catron, Dona Ana, Grant, Hidalgo, Luna, Otero, Sierra and Socorro counties
 - Southeast Region includes Chaves, Curry, De Baca, Eddy, Lea, Lincoln, Quay and Roosevelt counties
 - Outside of State includes all other states
- Distinct Patients means the count of unique patients by calendar year utilizing pharmacy benefits.



Assumptions and Methodology

- PMPM costs and per 1,000 lives metrics are based on the following average historical enrollment levels

Plan	2020	2021	2022
Commercial Plan	14,707	14,399	13,486
EGWP Plan	22,564	21,930	21,152
Total	37,271	36,329	34,638

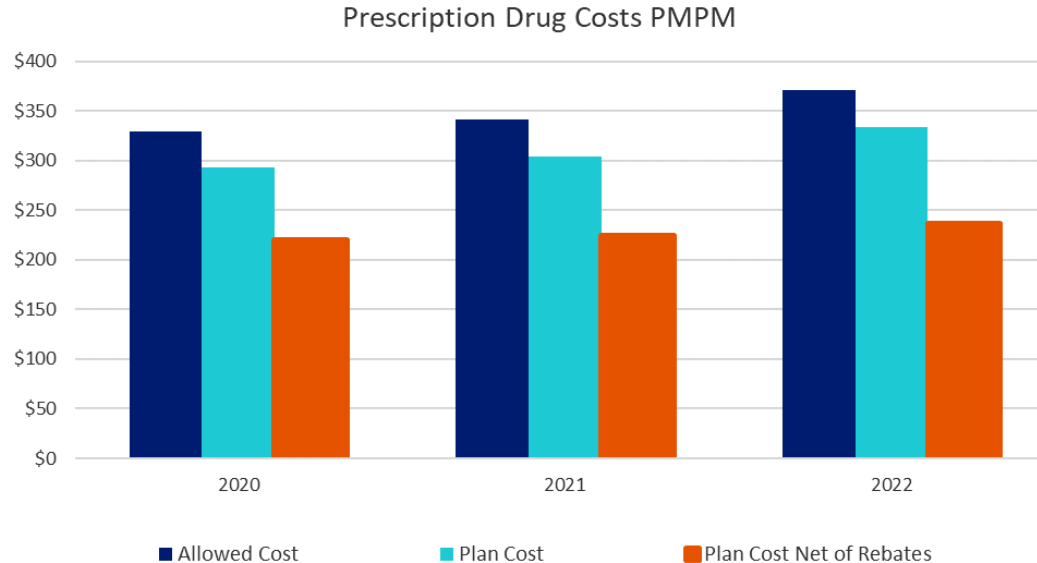
Calendar Year	Male	Female	Total
2020	15,010	22,258	37,271
2021	14,559	21,770	36,329
2022	13,764	20,874	34,638

Geographic Region	2020	2021	2022
Albuquerque	9,588	9,430	8,439
Santa Fe	4,455	4,464	4,105
Northwest	2,531	2,535	2,338
Northeast	4,783	4,717	4,350
Southwest	5,693	5,665	5,257
Southeast	5,565	5,567	5,224
Out-of-State	4,712	3,953	4,925
Total	37,271	36,329	34,638

Calendar Year	Under 15	15-29	30-44	45-59	60+	Total
2020	193	1,490	122	5,362	30,105	37,271
2021	186	1,460	134	5,091	29,458	36,329
2022	156	1,316	126	4,593	28,446	34,638

Prescription Drug

Overall Rx Cost Summary

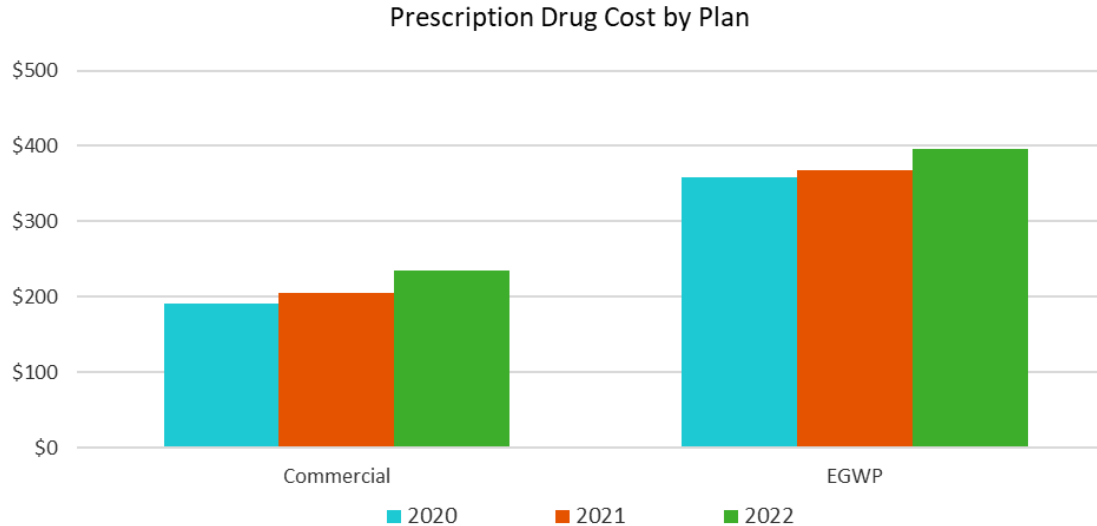


	2020	2021	2022
PMPM Cost			
Allowed Cost	\$329.17	\$340.89	\$371.39
Plan Cost	\$292.76	\$303.88	\$333.29
Plan Cost Net of Rebates	\$220.53	\$224.72	\$236.65
Allowed PMPM Cost Trend			
Allowed Cost		3.6%	8.9%
Plan Cost		3.8%	9.7%
Plan Cost Net of Rebates		1.9%	5.3%

Observations

- Member cost share, as a percentage of allowed costs, decreased from 11.1 to 10.3% between 2020 and 2022.
- Rebates have grown from 25% to 29% of plan costs in the three-year period.
 - The growth in rebates has exceeded the growth in claim cost, reducing pharmacy trend by 4.4 percentage points in 2022.
- For the plan year beginning January 1, 2023, NMRHCA entered into a new contract with Express Scripts which resulted in improvements to pricing guarantees relative to existing contract terms.

Overall Rx Cost Summary

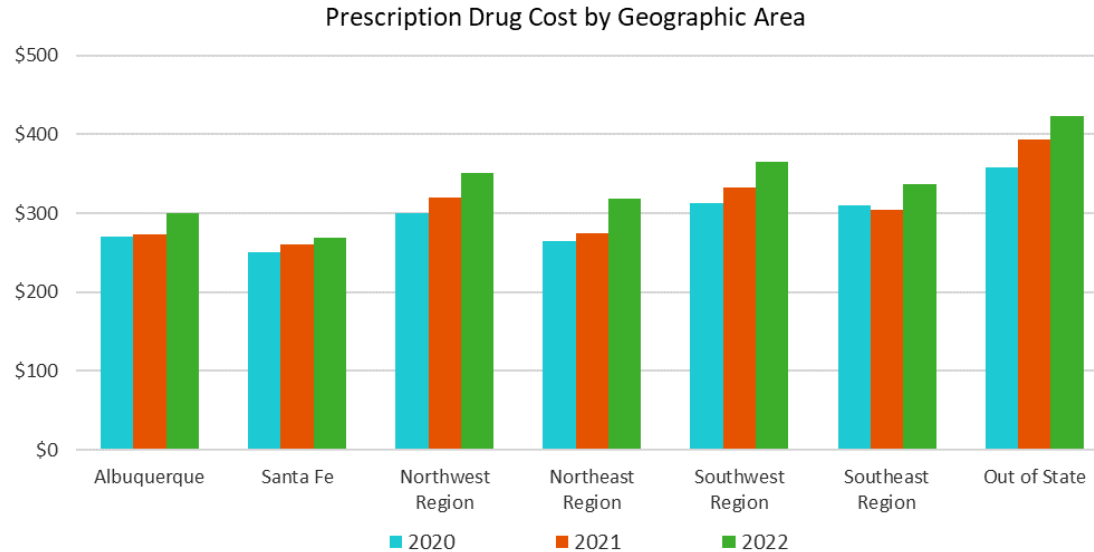


	2020	2021	2022
PMPM Plan Cost			
Commercial	\$191.23	\$206.03	\$234.63
EGWP	\$358.93	\$368.12	\$396.20
PMPM Plan Cost Trend			
Commercial		7.7%	13.9%
EGWP		2.6%	7.6%

Observations

- Average costs in the commercial plan are about 40% less than those in the EGWP plan before the impact of rebates.
- The commercial plan experienced a higher trend in 2022 than the EGWP plan, which was driven by the increasing cost of brand drugs at mail order.

Overall Rx Cost Summary

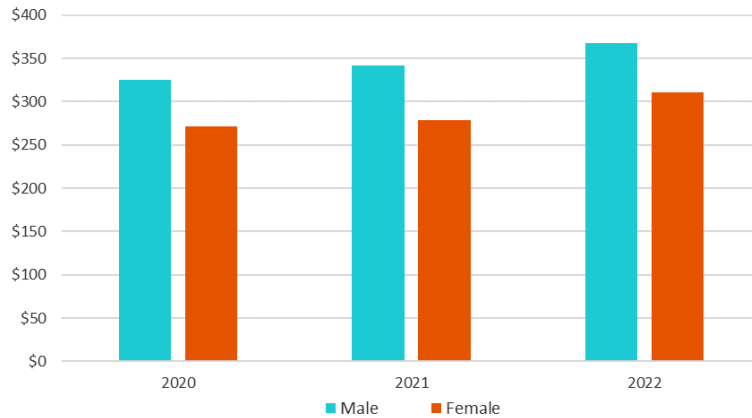


	2020	2021	2022
PMPM Plan Cost			
Albuquerque	\$270.62	\$273.38	\$300.73
Santa Fe	\$251.05	\$260.31	\$269.43
Northwest Region	\$300.14	\$319.61	\$350.79
Northeast Region	\$265.32	\$275.00	\$319.00
Southeast Region	\$312.57	\$332.07	\$364.70
Southwest Region	\$309.76	\$304.96	\$336.41
Out-of-State	\$357.67	\$394.08	\$422.64

PMPM Plan Cost Trend			
Albuquerque		1.0%	10.0%
Santa Fe		3.7%	3.5%
Northwest Region		6.5%	9.8%
Northeast Region		3.6%	16.0%
Southeast Region		6.2%	9.8%
Southwest Region		-1.5%	10.3%
Out-of-State		10.2%	7.2%

Overall Rx Cost Summary

Allowed PMPM by Gender

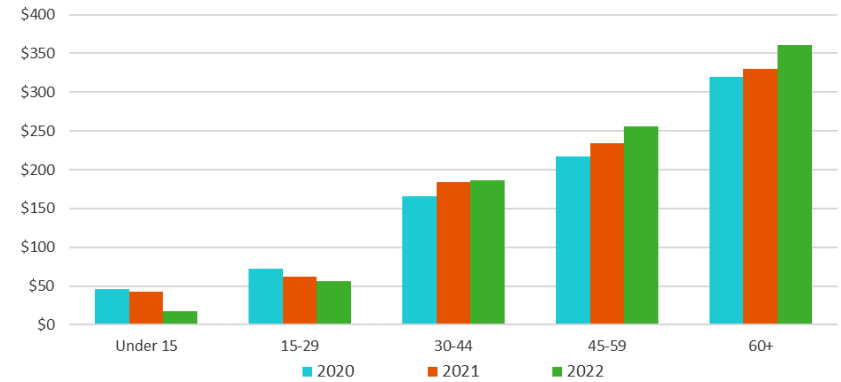


	2017	2018	2021
PMPM Plan Cost			
Male	\$324.68	\$341.22	\$367.12
Female	\$271.23	\$278.9	\$310.99
PMPM Plan Cost Trend			
Male		5.1%	7.6%
Female		2.8%	11.5%

Observations

- PMPM costs by Gender and Age Band follow expected patterns. Older age groups have higher costs than younger. Also, women are generally less expensive than men in retiree populations.

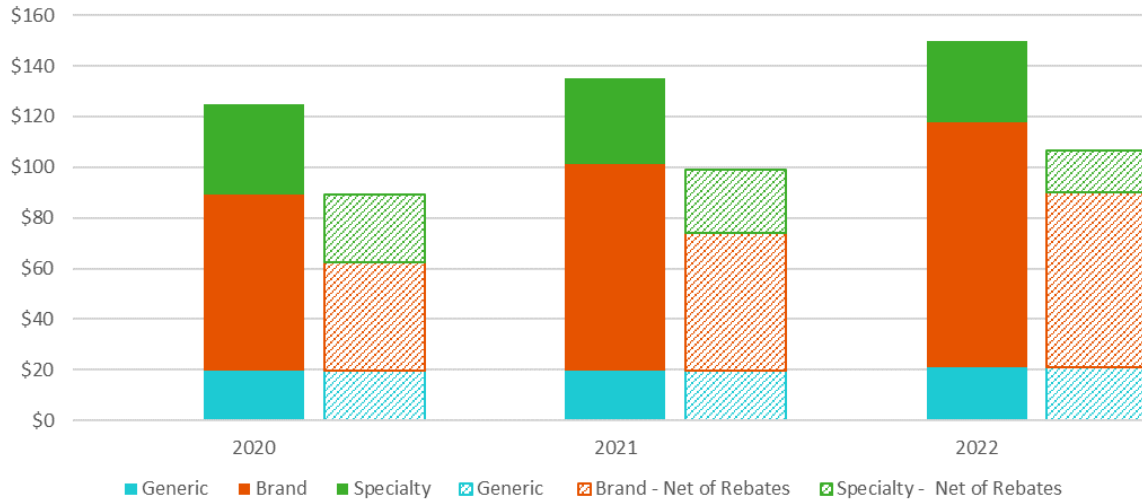
Allowed PMPM by Age Band



	2020	2021	2022
Allowed PMPM Cost			
Under 15	\$46.41	\$42.52	\$17.98
15 – 29	\$72.32	\$61.58	\$55.81
30 – 44	\$166.09	\$184.41	\$185.81
45 – 59	\$217.34	\$233.78	\$256.05
60+	\$319.19	\$330.19	\$360.98
Allowed PMPM Cost Trend			
Under 15		-8.4%	-57.7%
15 - 29		-14.9%	-9.4%
30 - 44		11.0%	0.8%
45 - 59		7.6%	9.5%
60+		3.4%	9.3%

Commercial Prescription Drug

Prescription Drug PMPM Cost

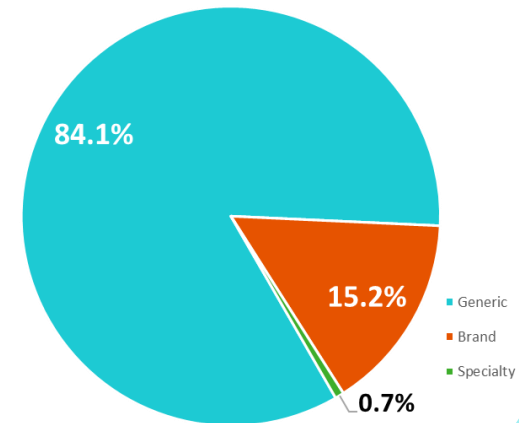


	2020	2021	2022
Plan Cost PMPM			
Generic	\$19.63	\$19.64	\$21.03
Brand	\$69.64	\$81.47	\$96.69
Specialty	\$35.36	\$34.16	\$31.87
Plan Cost PMPM Trend			
Generic		0.0%	7.1%
Brand		17.0%	18.7%
Specialty		-3.4%	-6.7%

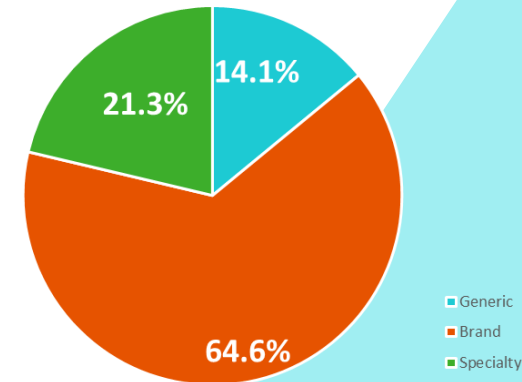
Observations

- Historically, rebates have reduced PMPM drug costs by 26-29%
- Specialty drugs account for less than 1% of scripts and over 20% of allowed charges (before rebates), which drives overall trend.

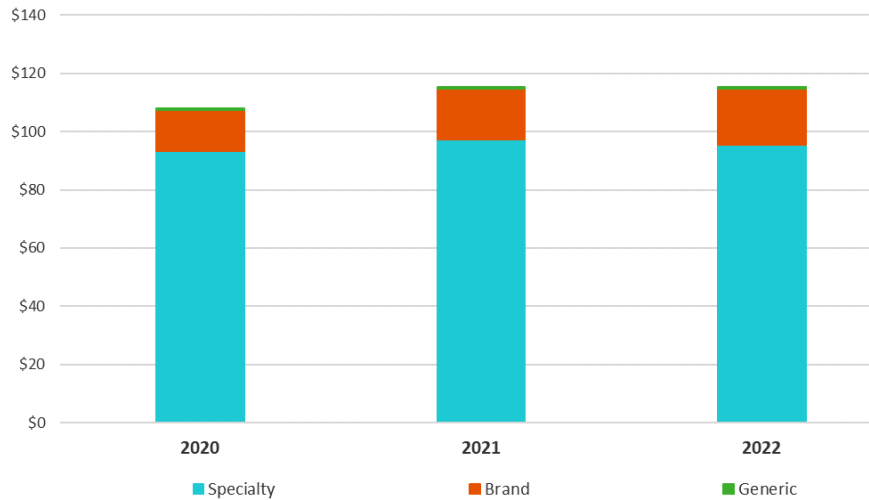
Distribution of Scripts



Distribution of Plan Costs

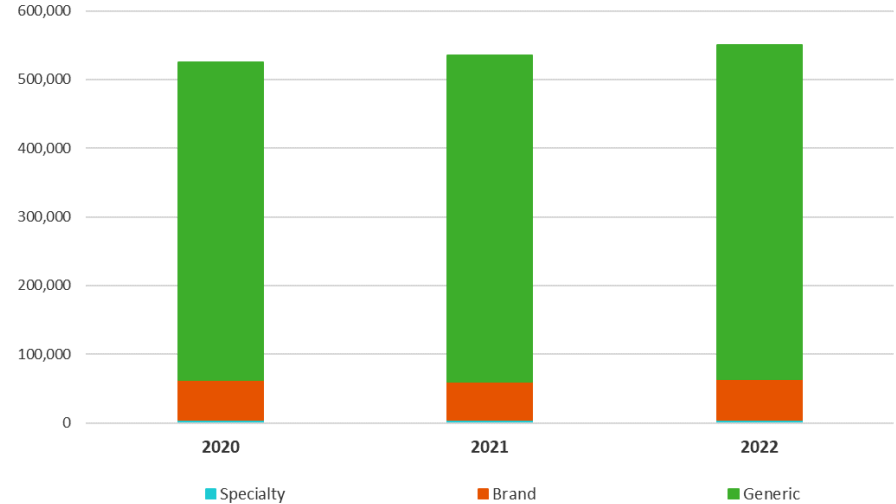


Prescription Drug Cost per Day of Therapy



	2020	2021	2022
Plan Cost per Day of Therapy			
Generic	\$0.51	\$0.50	\$0.52
Brand	\$14.32	\$17.48	\$19.22
Specialty	\$93.21	\$97.39	\$95.49
Total	\$2.85	\$3.04	\$3.26
Trend			
Generic		-2.5%	4.6%
Brand		22.0%	10.0%
Specialty		4.5%	-2.0%
Total		6.7%	7.5%

Prescription Drug Days per 1,000 Lives

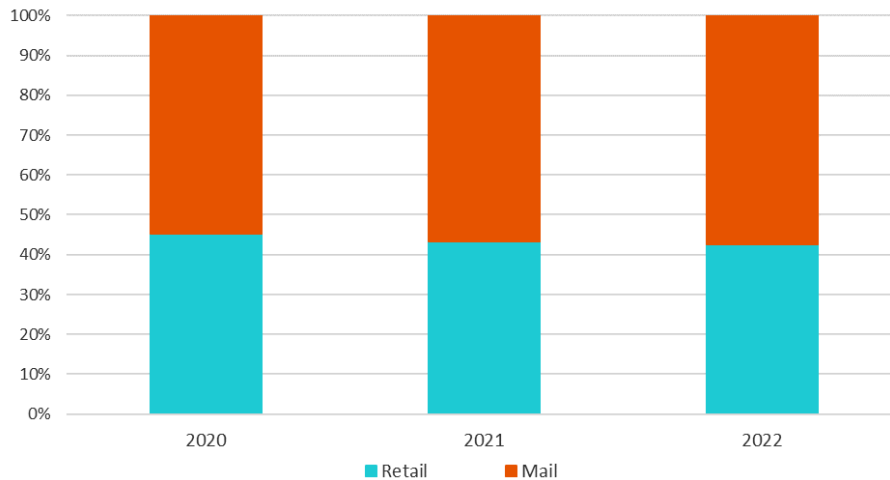


	2020	2021	2022
Days of Therapy per 1,000			
Generic	462,725	474,582	485,922
Brand	58,362	55,944	60,362
Specialty	4,552	4,209	4,005
Total	525,639	534,735	550,289
Trend			
Generic		2.6%	2.4%
Brand		-4.1%	7.9%
Specialty		-7.5%	-4.8%
Total		1.7%	2.9%

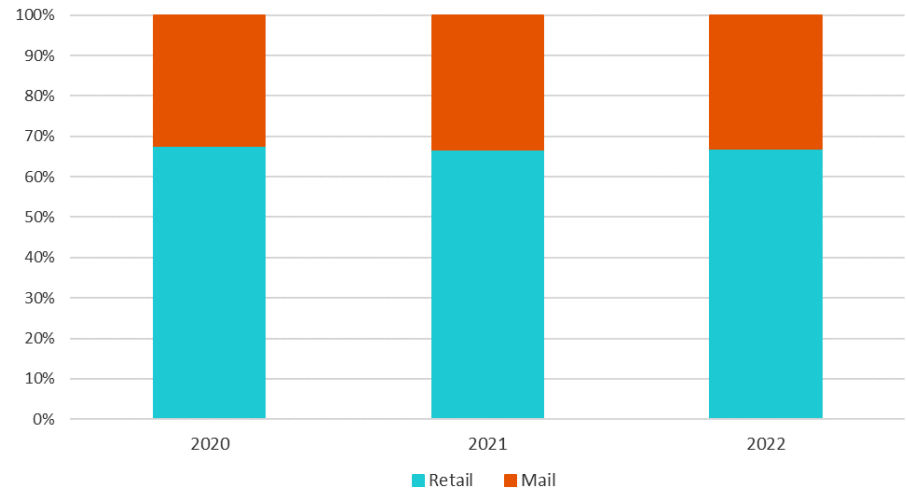
Notes:

- Prescription drug costs shown do not reflect the value of manufacturer rebates

Distribution of Plan Costs



Distribution of 30-Day Adjusted Scripts



2020 2021 2022

Allowed

Retail	\$15,286,936	\$15,466,294	\$16,174,769
Mail	\$18,460,338	\$20,132,829	\$21,794,882
Total	\$33,747,274	\$35,599,123	\$37,969,652
% Retail	45.3%	43.4%	42.6%

2020 2021 2022

30-Day Adjusted Script Count

Retail	267,523	261,190	259,939
Mail	127,835	129,708	128,048
Total	395,358	390,898	387,987
% Retail	67.7%	66.8%	67.0%

Observations

- Between 2020 and 2022, the proportion of scripts dispensed at retail has remained relatively constant while the proportion of aggregate costs have been decreasing.
- In 2022, the average day of therapy per script at retail and mail order pharmacy was 33.8 and 82.3 days, respectively.

Notes:

- Prescription drug costs shown do not reflect the value of manufacturer rebates

Commercial Rx Plan

RETAIL

2020 2021 2022

Allowed PMPM

Generic	\$17.68	\$16.55	\$17.03
Brand	\$42.67	\$45.09	\$49.07
<u>Specialty</u>	<u>\$5.85</u>	<u>\$6.23</u>	<u>\$5.69</u>
Total	\$66.20	\$67.87	\$71.78

Allowed per Day of Therapy

Generic	\$0.68	\$0.62	\$0.62
Brand	\$12.98	\$14.79	\$15.15
<u>Specialty</u>	<u>\$35.17</u>	<u>\$44.13</u>	<u>\$44.81</u>
Total	\$2.23	\$2.28	\$2.34

Days per 1,000 Lives

Generic	314,228	319,025	328,298
Brand	39,454	36,581	38,855
<u>Specialty</u>	<u>1,997</u>	<u>1,693</u>	<u>1,523</u>
Total	355,679	357,299	368,676

Rx Count per 1,000 Lives

Generic	9,195	9,225	9,167
Brand	1,459	1,753	1,698
<u>Specialty</u>	<u>59</u>	<u>47</u>	<u>42</u>
Total	10,713	11,025	10,908

Average Days per Script

Generic	34.18	34.58	35.81
Brand	27.03	20.86	22.88
<u>Specialty</u>	<u>33.93</u>	<u>35.91</u>	<u>36.27</u>
Total	33.20	32.41	33.80

MAIL ORDER

2020 2021 2022

Allowed PMPM

Generic	\$8.80	\$9.50	\$9.94
Brand	\$38.08	\$48.04	\$62.22
<u>Specialty</u>	<u>\$35.37</u>	<u>\$35.00</u>	<u>\$33.01</u>
Total	\$82.25	\$92.55	\$105.18

Allowed per Day of Therapy

Generic	\$0.71	\$0.73	\$0.76
Brand	\$24.17	\$29.77	\$34.72
<u>Specialty</u>	<u>\$166.11</u>	<u>\$166.94</u>	<u>\$159.60</u>
Total	\$5.81	\$6.26	\$6.95

Days per 1,000 Lives

Generic	148,497	155,557	157,624
Brand	18,908	19,362	21,507
<u>Specialty</u>	<u>2,555</u>	<u>2,516</u>	<u>2,482</u>
Total	169,960	177,436	181,613

Rx Count per 1,000 Lives

Generic	1,730	1,820	1,858
Brand	233	241	302
<u>Specialty</u>	<u>51</u>	<u>50</u>	<u>48</u>
Total	2,014	2,111	2,208

Average Days per Script

Generic	85.82	85.46	84.84
Brand	81.24	80.27	71.25
<u>Specialty</u>	<u>49.79</u>	<u>50.53</u>	<u>51.68</u>
Total	84.38	84.04	82.26

2022 Top Therapeutic Class by Total Plan Cost

Antidiabetics

- 1st by Aggregate Costs
- 11th by Cost per Patient
- 4th by # Patients

Analgesics Anti-inflammatory

- 2nd by Aggregate costs
- 8th by Cost per Patient
- 9th by # Patients

Vaccines

- 12th by Aggregate costs
- 50th by Cost per Patient
- 1st by # Patients

Rank	Therapeutic Class	# Distinct Patients	Rx Count	Days of Therapy	Plan Cost	Average Cost per Patient	Average Cost per Script	Average Cost per DOT	Average DOT per Script
1	ANTIDIABETICS	3,895	20,134	1,076,604	\$7,579,042	\$1,946	\$376.43	\$7.04	53.5
2	ANALGESICS - ANTI-INFLAMMATORY	2,607	7,661	270,808	\$6,341,131	\$2,432	\$827.72	\$23.42	35.3
3	ANTINEOPLASTICS	372	1,837	88,882	\$2,740,072	\$7,366	\$1,491.60	\$30.83	48.4
4	DERMATOLOGICALS	2,875	5,565	140,734	\$2,593,134	\$902	\$465.97	\$18.43	25.3
5	UNKNOWN	1,168	3,251	105,205	\$1,897,197	\$1,624	\$583.57	\$18.03	32.4
6	ANTIASTHMATIC AND BRONCHODILATOR AGENTS	3,065	9,609	420,279	\$1,592,739	\$520	\$165.75	\$3.79	43.7
7	PSYCHOTHERAPEUTIC AND NEUROLOGICAL AGENTS - MISC.	117	477	21,692	\$1,396,598	\$11,937	\$2,927.88	\$64.38	45.5
8	ANTIVIRALS	1,798	3,361	73,722	\$1,309,602	\$728	\$389.65	\$17.76	21.9
9	CARDIOVASCULAR AGENTS - MISC.	278	1,288	46,525	\$1,203,082	\$4,328	\$934.07	\$25.86	36.1
10	ASSORTED CLASSES	90	549	26,705	\$954,280	\$10,603	\$1,738.22	\$35.73	48.6
11	ANTICOAGULANTS	376	1,826	93,116	\$912,230	\$2,426	\$499.58	\$9.80	51.0
12	VACCINES	6,809	13,666	15,428	\$835,637	\$123	\$61.15	\$54.16	1.1
13	GASTROINTESTINAL AGENTS - MISC.	234	841	40,259	\$635,702	\$2,717	\$755.89	\$15.79	47.9
14	MIGRAINE PRODUCTS	418	1,976	53,280	\$576,071	\$1,378	\$291.53	\$10.81	27.0
15	ANTIDEPRESSANTS	2,971	19,652	1,002,431	\$501,306	\$169	\$25.51	\$0.50	51.0
	All Other	53,478	185,640	8,162,350	\$6,884,389	\$128.73	\$37.08	\$0.84	44.0
Grand Total		80,551	277,333	11,638,020	\$37,952,212	\$471.16	\$136.85	\$3.26	42.0

Notes:

1. DOT means Days of Therapy
2. Prescription drug costs shown reflect plan payments and do not reflect the value of manufacturer rebates.

2022 Top Therapeutic Class by Total Plan Cost

Rank	Therapeutic Class	Average Cost per Patient by Year			Trend	
		2020	2021	2022	2021	2022
1	ANTIDIABETICS	\$1,667	\$1,669	\$1,946	0.1%	16.6%
2	ANALGESICS - ANTI-INFLAMMATORY	\$1,710	\$1,987	\$2,432	16.2%	22.4%
3	ANTINEOPLASTICS	\$8,543	\$7,361	\$7,366	-13.8%	0.1%
4	DERMATOLOGICALS	\$579	\$644	\$902	11.4%	40.0%
5	UNKNOWN	\$1,095	\$1,783	\$1,624	62.8%	-8.9%
6	ANTIASTHMATIC AND BRONCHODILATOR AGENTS	\$490	\$516	\$520	5.3%	0.8%
7	PSYCHOTHERAPEUTIC AND NEUROLOGICAL AGENTS - MISC.	\$14,632	\$14,579	\$11,937	-0.4%	-18.1%
8	ANTIVIRALS	\$923	\$1,343	\$728	45.5%	-45.8%
9	CARDIOVASCULAR AGENTS - MISC.	\$3,158	\$3,053	\$4,328	-3.3%	41.7%
10	ASSORTED CLASSES	\$14,254	\$12,523	\$10,603	-12.1%	-15.3%
11	ANTICOAGULANTS	\$1,929	\$2,112	\$2,426	9.5%	14.9%
12	VACCINES	\$105	\$103	\$123	-1.7%	19.1%
13	GASTROINTESTINAL AGENTS - MISC.	\$2,665	\$2,863	\$2,717	7.4%	-5.1%
14	MIGRAINE PRODUCTS	\$499	\$1,097	\$1,378	119.6%	25.7%
15	ANTIDEPRESSANTS	\$131	\$117	\$169	-10.5%	44.4%
Overall		\$436.14	\$447.43	\$471.16	2.6%	5.3%

Notes:
 1. DOT means Days of Therapy
 2. Prescription drug costs shown reflect plan payments and do not reflect the value of manufacturer rebates.

2022 Top Drugs by Total Plan Cost

Rank	Drug Name	# Distinct Patients	Rx Count	Days of Therapy	Plan Cost	Average Cost per Patient	Average Cost per Script	Average Cost per DOT	Average DOT per Script
1	HUMIRA	69	261	15,848	\$2,894,841	\$41,954	\$11,091	\$183	60.7
2	TRULICITY	449	1,849	87,567	\$2,222,728	\$4,950	\$1,202.12	\$25.38	47.4
3	ENBREL	34	136	8,260	\$1,364,852	\$40,143	\$10,035.68	\$165.24	60.7
4	HUMALOG	289	1,166	56,463	\$1,174,799	\$4,065	\$1,007.55	\$20.81	48.4
5	OZEMPIC	207	834	37,990	\$885,244	\$4,277	\$1,061.44	\$23.30	45.6
6	JARDIANCE	284	1,194	60,179	\$859,208	\$3,025	\$719.60	\$14.28	50.4
7	DUPIXENT	31	167	7,280	\$644,043	\$20,776	\$3,856.55	\$88.47	43.6
8	REVLIMID	6	34	952	\$637,212	\$106,202	\$18,741.54	\$669.34	28.0
9	FARXIGA	157	720	38,565	\$537,126	\$3,421	\$746.01	\$13.93	53.6
10	JANUVIA	170	700	39,053	\$522,469	\$3,073	\$746.38	\$13.38	55.8
11	SKYRIZI	14	36	2,634	\$492,104	\$35,150	\$13,669.55	\$186.83	73.2
12	ELIQUIS	170	688	34,505	\$484,147	\$2,848	\$703.70	\$14.03	50.2
13	RINVOQ	17	69	3,450	\$472,212	\$27,777	\$6,843.66	\$136.87	50.0
14	TRESIBA	136	660	29,085	\$469,965	\$3,456	\$712.07	\$16.16	44.1
15	BIKTARVY	14	83	4,262	\$434,499	\$31,036	\$5,234.93	\$101.95	51.3
Top 15 Total			8,597	426,093	\$14,095,450		\$1,639.58	\$33.08	49.6
All Other			268,736	11,211,927	\$23,856,763		\$88.77	\$2.13	41.7
Grand Total			277,333	11,638,020	\$37,952,212		\$136.85	\$3.26	42.0

- Notes:
1. DOT means Days of Therapy
 2. Prescription drug costs shown reflect plan payments and do not reflect the value of manufacturer rebates.

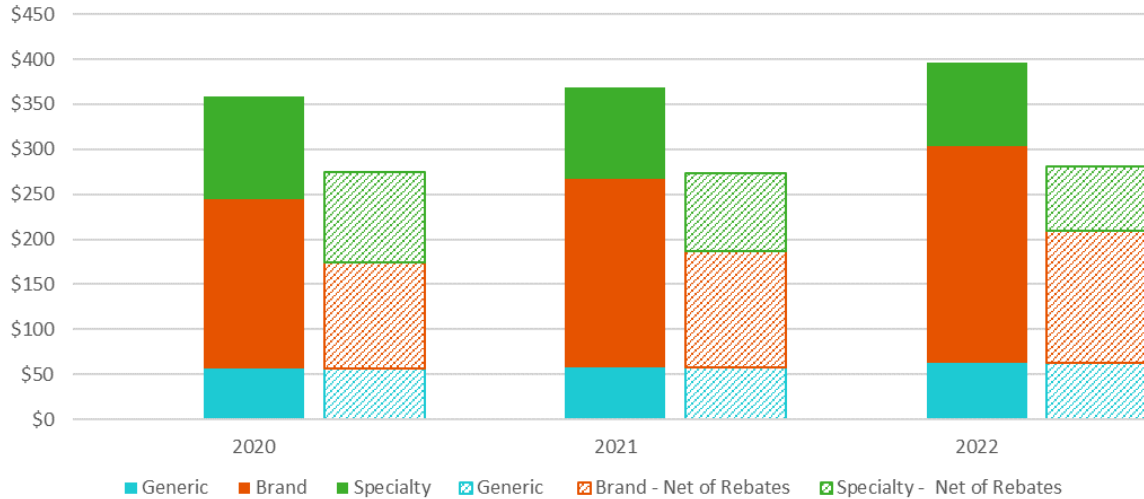
2022 Top Drugs by Total Plan Cost

Drug Name	Average Cost per Patient by Year			Trend	
	2020	2021	2022	2021	2022
HUMIRA	\$29,721.07	\$43,275.34	\$41,954.22	45.6%	-3.1%
TRULICITY	\$5,557.03	\$4,839.82	\$4,950.40	-12.9%	2.3%
ENBREL	\$34,929.70	\$34,360.71	\$40,142.71	-1.6%	16.8%
HUMALOG	\$3,581.40	\$3,809.80	\$4,065.05	6.4%	6.7%
OZEMPIC	\$4,426.01	\$3,769.62	\$4,276.54	-14.8%	13.4%
JARDIANCE	\$2,564.67	\$2,657.35	\$3,025.38	3.6%	13.8%
DUPIXENT	\$17,535.42	\$17,739.03	\$20,775.60	1.2%	17.1%
REVLIMID	\$89,280.69	\$111,110.28	\$106,202.03	24.5%	-4.4%
FARXIGA	\$3,429.48	\$3,249.39	\$3,421.19	-5.3%	5.3%
JANUVIA	\$2,832.46	\$2,951.87	\$3,073.35	4.2%	4.1%
SKYRIZI	\$19,105.18	\$18,457.20	\$35,150.27	-3.4%	90.4%
ELIQUIS	\$2,687.90	\$2,756.58	\$2,847.92	2.6%	3.3%
RINVOQ	\$24,539.00	\$17,842.31	\$27,777.20	-27.3%	55.7%
TRESIBA	\$2,983.47	\$3,014.25	\$3,455.62	1.0%	14.6%
BIKTARVY	\$23,627.01	\$29,024.29	\$31,035.65	22.8%	6.9%

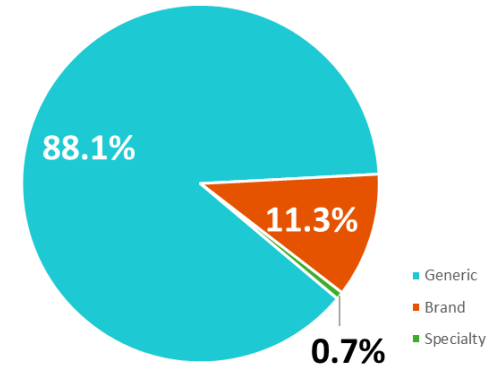
- Notes:
1. DOT means Days of Therapy
 2. Prescription drug costs shown reflect plan payments and do not reflect the value of manufacturer rebates.

EGWP Prescription Drug

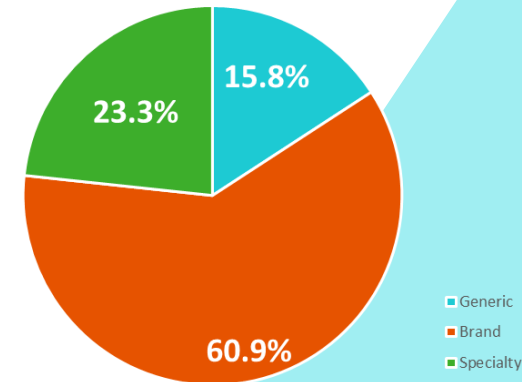
Prescription Drug PMPM Cost



Distribution of Scripts



Distribution of Plan Costs

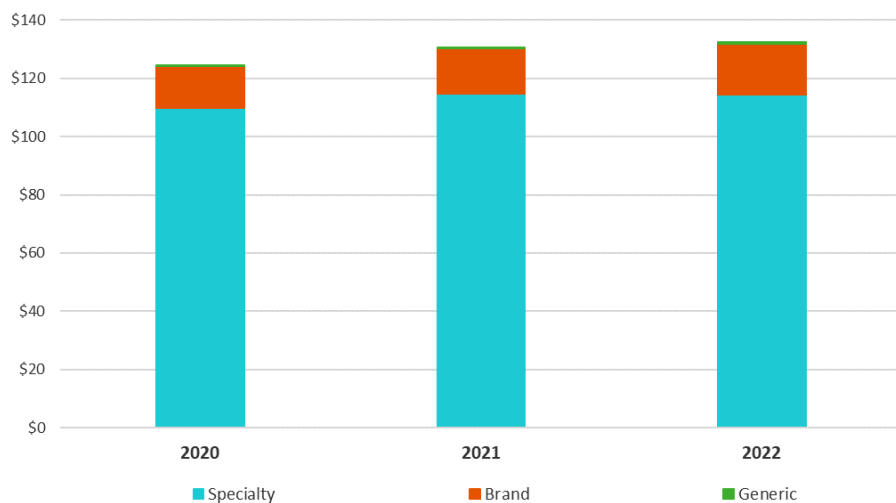


	2020	2021	2022
Plan Cost PMPM			
Generic	\$56.97	\$58.15	\$62.73
Brand	\$188.18	\$208.83	\$241.11
Specialty	\$113.78	\$101.15	\$92.36
Plan Cost PMPM Trend			
Generic		2.0%	7.9%
Brand		11.0%	15.5%
Specialty		-11.1%	-8.7%

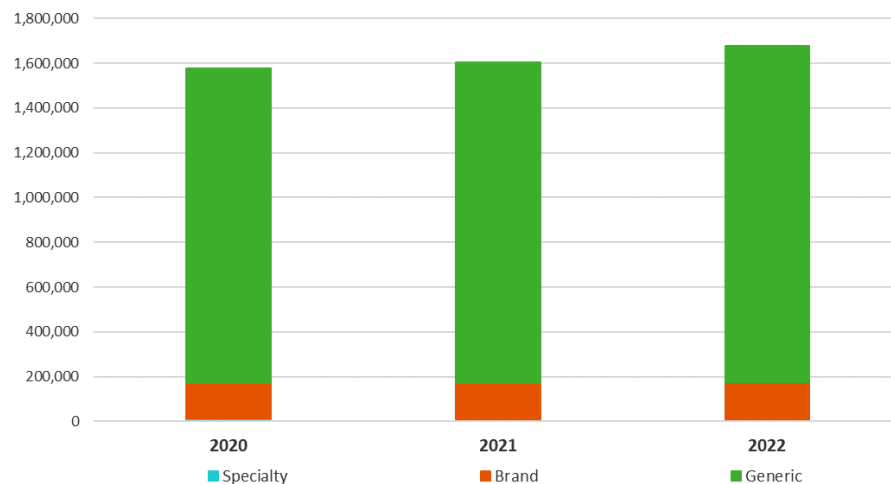
Observations

- Historically, rebates have reduced PMPM drug costs by 23-29%
- Specialty drugs account for less than 1% of scripts and over 20% of allowed charges (before rebates), which drives overall trend.

Prescription Drug Cost per Day of Therapy



Prescription Drug Days per 1,000 Lives



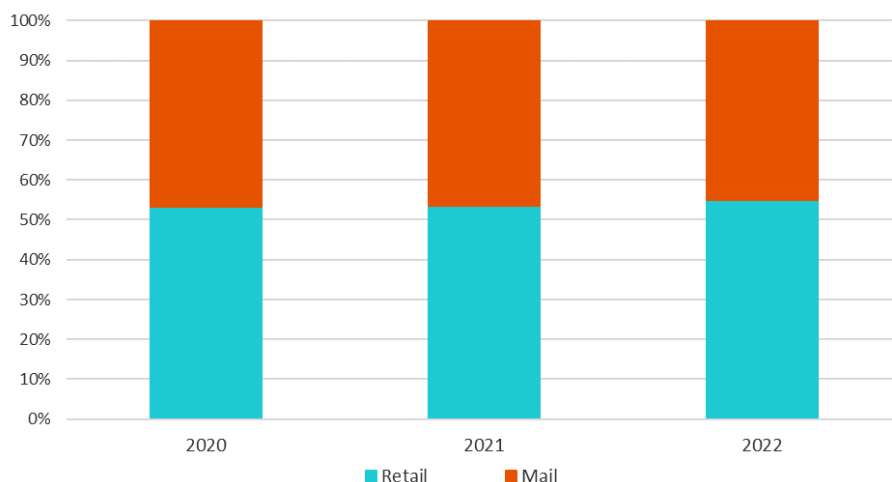
	2020	2021	2022
Plan Cost per Day of Therapy			
Generic	\$0.49	\$0.49	\$0.50
Brand	\$14.29	\$15.65	\$17.51
Specialty	\$109.87	\$114.65	\$114.39
Total	\$2.73	\$2.75	\$2.83
Trend			
Generic		0.2%	3.0%
Brand		9.5%	11.8%
Specialty		4.4%	-0.2%
Total		0.9%	3.0%

	2020	2021	2022
Days of Therapy per 1,000			
Generic	1,408,305	1,434,246	1,502,690
Brand	157,987	160,081	165,250
Specialty	12,428	10,587	9,689
Total	1,578,720	1,604,913	1,677,629
Trend			
Generic		1.8%	4.8%
Brand		1.3%	3.2%
Specialty		-14.8%	-8.5%
Total		1.7%	4.5%

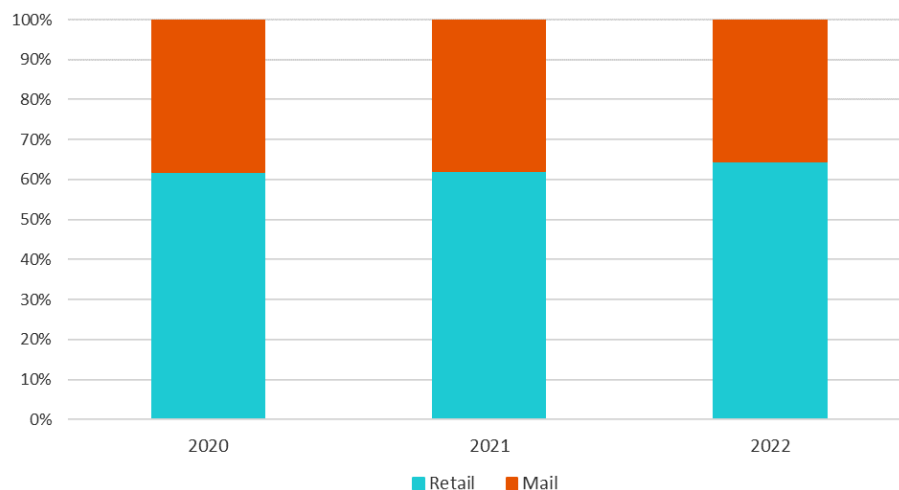
Notes:

- Prescription drug costs shown do not reflect the value of manufacturer rebates

Distribution of Plan Costs



Distribution of 30-Day Adjusted Scripts



2020 2021 2022

Allowed

Retail	\$51,691,857	\$51,728,526	\$55,323,963
Mail	\$45,496,354	\$45,147,966	\$45,240,110
Total	\$97,188,211	\$96,876,492	\$100,564,072
% Retail	53.2%	53.4%	55.0%

2020 2021 2022

30-Day Adjusted Script Count

Retail	734,200	729,351	763,844
Mail	453,229	443,858	418,987
Total	1,187,430	1,173,209	1,182,831
% Retail	61.8%	62.2%	64.6%

Observations

- Between 2020 and 2022, the proportion of scripts and costs for drugs dispensed at retail has been increasing.
- In 2022, the average day of therapy per script at retail and mail order pharmacy was 48.6 and 85.3 days, respectively.

Notes:

1. Unless otherwise stated, prescription drug costs shown do not reflect the value of manufacturer rebates

Medicare Part D Plan

RETAIL

2020 2021 2022

Allowed PMPM

Generic	\$45.65	\$47.21	\$47.80
Brand	\$113.35	\$122.74	\$143.67
<u>Specialty</u>	<u>\$54.35</u>	<u>\$49.00</u>	<u>\$48.51</u>
Total	\$213.35	\$218.95	\$239.98

Allowed per Day of Therapy

Generic	\$0.62	\$0.63	\$0.59
Brand	\$15.34	\$16.16	\$17.41
<u>Specialty</u>	<u>\$83.12</u>	<u>\$87.32</u>	<u>\$88.93</u>
Total	\$2.62	\$2.63	\$2.66

Days per 1,000 Lives

Generic	879,615	899,855	977,794
Brand	88,678	91,140	99,032
<u>Specialty</u>	<u>7,846</u>	<u>6,734</u>	<u>6,546</u>
Total	976,139	997,729	1,083,372

Rx Count per 1,000 Lives

Generic	22,374	22,189	19,640
Brand	2,879	2,659	2,515
<u>Specialty</u>	<u>215</u>	<u>175</u>	<u>147</u>
Total	25,469	25,023	22,301

Average Days per Script

Generic	39.31	40.55	49.79
Brand	30.80	34.27	39.38
<u>Specialty</u>	<u>36.41</u>	<u>38.40</u>	<u>44.59</u>
Total	38.33	39.87	48.58

MAIL ORDER

2020 2021 2022

Allowed PMPM

Generic	\$28.92	\$28.41	\$31.68
Brand	\$92.48	\$103.81	\$114.86
<u>Specialty</u>	<u>\$60.50</u>	<u>\$53.12</u>	<u>\$44.69</u>
Total	\$181.90	\$185.34	\$191.24

Allowed per Day of Therapy

Generic	\$0.66	\$0.64	\$0.72
Brand	\$16.01	\$18.07	\$20.82
<u>Specialty</u>	<u>\$158.45</u>	<u>\$165.44</u>	<u>\$170.62</u>
Total	\$3.62	\$3.66	\$3.86

Days per 1,000 Lives

Generic	528,690	534,391	524,896
Brand	69,309	68,941	66,217
<u>Specialty</u>	<u>4,582</u>	<u>3,853</u>	<u>3,143</u>
Total	602,581	607,184	594,256

Rx Count per 1,000 Lives

Generic	6,124	6,212	6,131
Brand	805	806	786
<u>Specialty</u>	<u>74</u>	<u>63</u>	<u>49</u>
Total	7,004	7,080	6,967

Average Days per Script

Generic	86.33	86.03	85.62
Brand	86.05	85.54	84.22
<u>Specialty</u>	<u>61.54</u>	<u>61.45</u>	<u>63.50</u>
Total	86.03	85.76	85.30

2022 Top Therapeutic Class by Total Plan Cost

Antineoplastics

- 1st by Aggregate Costs
- 4th by Cost per Patient
- 44th by # Patients

Antihyperlipidemics

- 14th by Aggregate Costs
- 45th by Cost per Patient
- 1st by # Patients

Antidiabetics

- 2nd by Aggregate Costs
- 16th by Cost per Patient
- 3rd by # Patients

Rank	Therapeutic Class	# Distinct Patients	Rx Count	Days of Therapy	Plan Cost	Average Cost per Patient	Average Cost per Script	Average Cost per DOT	Average DOT per Script
1	ANTINEOPLASTICS	924	4,814	256,054	\$20,247,830	\$21,913	\$4,206.03	\$79.08	53.2
2	ANTIDIABETICS	8,103	36,122	2,531,297	\$14,165,247	\$1,748	\$392.15	\$5.60	70.1
3	ANALGESICS - ANTI-INFLAMMATORY	4,026	12,422	556,702	\$8,943,255	\$2,221	\$719.95	\$16.06	44.8
4	ANTICOAGULANTS	2,775	13,645	812,805	\$8,868,944	\$3,196	\$649.98	\$10.91	59.6
5	ANTIASTHMATIC AND BRONCHODILATOR AGENTS	6,176	19,896	1,119,586	\$5,272,764	\$854	\$265.02	\$4.71	56.3
6	ASSORTED CLASSES	219	1,204	59,328	\$4,507,926	\$20,584	\$3,744.12	\$75.98	49.3
7	CARDIOVASCULAR AGENTS - MISC.	811	2,887	134,628	\$3,691,281	\$4,552	\$1,278.59	\$27.42	46.6
8	DERMATOLOGICALS	7,974	16,063	397,756	\$3,525,647	\$442	\$219.49	\$8.86	24.8
9	RESPIRATORY AGENTS - MISC.	30	257	8,424	\$2,990,100	\$99,670	\$11,634.63	\$354.95	32.8
10	PSYCHOTHERAPEUTIC AND NEUROLOGICAL AGENTS - MISC.	1,454	7,564	420,704	\$2,801,292	\$1,927	\$370.35	\$6.66	55.6
11	UNKNOWN	1,862	5,699	219,319	\$2,496,963	\$1,341	\$438.14	\$11.39	38.5
12	OPHTHALMIC AGENTS	6,330	18,282	906,522	\$2,133,041	\$337	\$116.67	\$2.35	49.6
13	ENDOCRINE AND METABOLIC AGENTS - MISC.	1,699	6,279	462,758	\$1,713,578	\$1,009	\$272.91	\$3.70	73.7
14	ANTIHYPERTENSIVES	12,220	52,959	3,992,464	\$1,525,585	\$125	\$28.81	\$0.38	75.4
15	GASTROINTESTINAL AGENTS - MISC.	661	2,430	129,123	\$1,434,522	\$2,170	\$590.34	\$11.11	53.1
	All Other	121,901	418,203	23,471,890	\$16,194,413	\$132.85	\$38.72	\$0.69	56.1
Grand Total		177,165	618,726	35,479,360	\$100,512,389	\$567.34	\$162.45	\$2.83	57.3

Notes:

1. DOT means Days of Therapy
2. Prescription drug costs shown reflect plan payments and do not reflect the value of manufacturer rebates.

2022 Top Therapeutic Class by Total Plan Cost

Rank	Therapeutic Class	Average Cost per Patient by Year			Trend	
		2020	2021	2022	2021	2022
1	ANTINEOPLASTICS	\$19,318	\$19,874	\$21,913	2.9%	10.3%
2	ANTIDIABETICS	\$1,807	\$1,654	\$1,748	-8.5%	5.7%
3	ANALGESICS - ANTI-INFLAMMATORY	\$2,030	\$2,161	\$2,221	6.4%	2.8%
4	ANTICOAGULANTS	\$2,581	\$2,912	\$3,196	12.8%	9.7%
5	ANTIASTHMATIC AND BRONCHODILATOR AGENTS	\$876	\$934	\$854	6.6%	-8.6%
6	ASSORTED CLASSES	\$19,541	\$19,766	\$20,584	1.1%	4.1%
7	CARDIOVASCULAR AGENTS - MISC.	\$4,585	\$3,918	\$4,552	-14.6%	16.2%
8	DERMATOLOGICALS	\$272	\$372	\$442	36.8%	18.9%
9	RESPIRATORY AGENTS - MISC.	\$98,065	\$88,528	\$99,670	-9.7%	12.6%
10	PSYCHOTHERAPEUTIC AND NEUROLOGICAL AGENTS - MISC.	\$2,333	\$1,949	\$1,927	-16.5%	-1.1%
11	UNKNOWN	\$560	\$1,025	\$1,341	82.9%	30.9%
12	OPHTHALMIC AGENTS	\$451	\$313	\$337	-30.4%	7.5%
13	ENDOCRINE AND METABOLIC AGENTS - MISC.	\$1,536	\$1,118	\$1,009	-27.2%	-9.8%
14	ANTIHYPERLIPIDEMICS	\$155	\$141	\$125	-8.9%	-11.5%
15	GASTROINTESTINAL AGENTS - MISC.	\$2,358	\$2,587	\$2,170	9.7%	-16.1%
Overall		\$539.63	\$549.81	\$567.34	1.9%	3.2%

Notes:
 1. DOT means Days of Therapy
 2. Prescription drug costs shown reflect plan payments and do not reflect the value of manufacturer rebates.

2022 Top Drugs by Total Plan Cost

Rank	Drug Name	# Distinct Patients	Rx Count	Days of Therapy	Plan Cost	Average Cost per Patient	Average Cost per Script	Average Cost per DOT	Average DOT per Script
1	ELIQUIS	1,932	8,174	472,296	\$6,165,348	\$3,191	\$754.26	\$13.05	57.8
2	REVLIMID	41	243	6,573	\$3,576,457	\$87,231	\$14,717.93	\$544.11	27.0
3	HUMIRA	59	259	15,038	\$3,514,807	\$59,573	\$13,570.68	\$233.73	58.1
4	IMBRUVICA	26	270	8,184	\$3,404,880	\$130,957	\$12,610.67	\$416.04	30.3
5	TRULICITY	559	2,061	118,259	\$2,836,989	\$5,075	\$1,376.51	\$23.99	57.4
6	XARELTO	866	3,123	202,137	\$2,550,223	\$2,945	\$816.59	\$12.62	64.7
7	XTANDI	27	189	6,562	\$2,455,096	\$90,929	\$12,989.92	\$374.14	34.7
8	IBRANCE	20	167	5,068	\$2,357,446	\$117,872	\$14,116.45	\$465.16	30.3
9	ENBREL	38	167	9,582	\$2,005,712	\$52,782	\$12,010.25	\$209.32	57.4
10	JANUVIA	560	2,120	147,969	\$1,944,527	\$3,472	\$917.23	\$13.14	69.8
11	HUMALOG	664	1,955	133,321	\$1,884,094	\$2,837	\$963.73	\$14.13	68.2
12	LANTUS	894	3,226	220,387	\$1,833,459	\$2,051	\$568.34	\$8.32	68.3
13	OZEMPIC	344	1,186	70,045	\$1,565,244	\$4,550	\$1,319.77	\$22.35	59.1
14	OFEV	20	129	4,230	\$1,460,994	\$73,050	\$11,325.54	\$345.39	32.8
15	<u>FARXIGA</u>	<u>409</u>	<u>1,480</u>	<u>95,760</u>	<u>\$1,263,153</u>	<u>\$3,088</u>	<u>\$853.48</u>	<u>\$13.19</u>	<u>64.7</u>
Top 15 Total			24,749	1,515,411	\$38,818,429		\$1,568.48	\$25.62	61.2
All Other			593,977	33,963,949	\$61,693,960		\$103.87	\$1.82	57.2
Grand Total			618,726	35,479,360	\$100,512,389		\$162.45	\$2.83	57.3

- Notes:
1. DOT means Days of Therapy
 2. Prescription drug costs shown reflect plan payments and do not reflect the value of manufacturer rebates.

2022 Top Drugs by Total Plan Cost

Drug Name	Average Cost per Patient by Year			Trend	
	2020	2021	2022	2021	2022
ELIQUIS	\$2,869	\$3,019	\$3,191	5.2%	5.7%
REVLIMID	\$106,977	\$99,219	\$87,231	-7.3%	-12.1%
HUMIRA	\$50,704	\$51,832	\$59,573	2.2%	14.9%
IMBRUVICA	\$108,801	\$101,381	\$130,957	-6.8%	29.2%
TRULICITY	\$5,126	\$4,895	\$5,075	-4.5%	3.7%
XARELTO	\$2,590	\$2,822	\$2,945	8.9%	4.4%
XTANDI	\$99,322	\$79,198	\$90,929	-20.3%	14.8%
IBRANCE	\$62,423	\$54,333	\$117,872	-13.0%	116.9%
ENBREL	\$47,479	\$46,589	\$52,782	-1.9%	13.3%
JANUVIA	\$3,064	\$3,323	\$3,472	8.4%	4.5%
HUMALOG	\$2,894	\$2,946	\$2,837	1.8%	-3.7%
LANTUS	\$2,367	\$2,202	\$2,051	-7.0%	-6.8%
OZEMPIC	\$4,428	\$3,732	\$4,550	-15.7%	21.9%
OFEV	\$71,108	\$63,248	\$73,050	-11.1%	15.5%
FARXIGA	\$2,859	\$2,730	\$3,088	-4.5%	13.1%

- Notes:
1. DOT means Days of Therapy
 2. Prescription drug costs shown reflect plan payments and do not reflect the value of manufacturer rebates.



July 2023
Annual Meeting
2024 Plan Recommendations

Summary of Proposed Actions

- Self-Insured Plan Rate Increases
 - Pre-Medicare (Premier and Value Plans)
 - Medicare Supplement
- Continue Program
 - Hinge Health – BCBS Pre-Medicare Premier and Value Plan
- Add Program
 - Sword Health – Presbyterian Pre-Medicare Premier and Value Plan
- Additional Considerations
 - Laws 2021, Chapter 136 (Senate Bill 317) No Behavioral Health Cost Sharing
 - 2024 Medicare Advantage Rates – Zero dollar increase up to 50% increase
 - Inflation Reduction Act and other legislation

Summary of Plan Changes 2016 - 2023											
			2016	2017	2018	2019	2020	2021	2022	2023	2024
Rate Changes											
Pre-Medicare											
1	Premier Plus (% Change)		8%	Eliminated							
2	Premier Plus Rate		\$ 326.36	NA							
3	Premier (% Change)		8%	29%	8%	8%	7%	5%	6%	4%	TBD
4	Premier Rate		\$ 174.63	\$ 223.56	\$ 241.44	\$ 260.76	\$ 279.01	\$ 292.96	\$ 310.54	\$ 322.96	TBD
5	Value (% Change)			Created	8%	8%	7%	5%	6%	4%	TBD
6	Value Rate			\$ 174.63	\$ 188.60	\$ 203.69	\$ 217.95	\$ 227.00	242.58	\$ 252.28	TBD
Medicare											
7	Supplement (% Change)		6%	6%	6%	6%	5%	2%	4%	2%	TBD
8	Supplement Rate		\$ 177.96	\$ 188.64	\$ 199.96	\$ 211.96	\$ 222.55	\$ 227.00	236.08	\$ 240.80	TBD
9	Advantage Rates		\$17.85 - \$88.50	\$18.95 - \$94.69	\$23.30 - \$104.16	\$22.15 - \$94.68	\$21.70 - \$94.68	\$2.50 - \$56.50	\$0 - 62.15	\$0 - 62.15	TBD
Subsidy Levels											
Pre-Medicare											
10	Retiree		64%	64%	64%	64%	64%	64%	64%	64%	64%
11	Spouse/Domestic Partner		36%	36%	36%	36%	36%	36%	36%	36%	36%
12	Dependent Child		12.5%	0%	0%	0%	0%	0%	0%	0%	0%
Medicare											
13	Retiree		50%	50%	50%	50%	50%	50%	50%	50%	50%
14	Spouse/Domestic Partners		25%	25%	25%	25%	25%	25%	25%	25%	25%
15	Dependent Child		12.5%	0.0%	0%	0%	0%	0%	0%	0%	0%
Rules											
16	Minimum Age (Non-Enhanced)							55	55	55	55
17	Years of Service (Max Subsidy)		20	20	20	20	20	25	25	25	25
18	Implement/Enforce Open Enrollment			X	X	X	X	X	X	X	X
Plan Changes/Elimitation											
19	Basic Life Conversion		100%	100%	75%	50%	25%	0%			
20	Enhanced Wellness Program/Incentives		X	X	X	X	X				
21	Medicare Advantage Default				X	X	X	X	X	X	
22	Elimination of OTC Prescriptions			X	X	X	X	X	X	X	
23	Increase Prescription Drug Copays					Brand Copay					
24	Voluntary Smart 90 Program				Walgreens/Mail Order						
25	Flat copays for certain procedures (Presbyterian)					Bundled Agreements	Bundled Agreements				
26	Introduction 3rd Tier Coverage (BCBS)					X					
27	Eliminate Premier Plus Plan		\$300 deductible / \$3500 OOP Max								
28	Create Value Plan		\$1500 deductible / \$5500 OOP Max							230	
29	Increase Premier Plan Cost Share		\$800 deductible / \$4500 OOP Max								

2024 Proposed Monthly Plan Rates – Baseline Scenario

Beyond Projection Period/ Deficit Spend 2033 (FY34)

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

Projected Fund Balance - \$19.4 billion 6/30/55 (FY55)

Baseline Scenario - 8%	2023	2024	Monthly	Annual
BCBS/Presbyterian Premier			Difference	Difference
Retiree	\$ 322.96	\$ 348.80	\$ 25.84	\$ 310.04
Spouse/Domestic Partner	\$ 612.99	\$ 662.03	\$ 49.04	\$ 588.47
Child	\$ 313.49	\$ 338.57	\$ 25.08	\$ 300.95
BCBS/Presbyterian Value				
Retiree	\$ 252.28	\$ 272.46	\$ 20.18	\$ 242.19
Spouse/Domestic Partner	\$ 478.80	\$ 517.10	\$ 38.30	\$ 459.65
Child	\$ 244.46	\$ 264.02	\$ 19.56	\$ 234.68
Baseline Scenario - 6%	2023	2024	Monthly	Annual
			Difference	Difference
Medicare Supplement				
Retiree	\$240.80	\$255.25	\$14.45	\$173.38
Spouse/Domestic Partner	\$361.20	\$382.87	\$21.67	\$260.06
Dependent Child	\$481.60	\$510.50	\$28.90	\$346.75

2024 Proposed Monthly Plan Rates – Scenario A

Beyond Projection Period / Deficit Spend 2032 (FY33)

Pre-Medicare Plans – 0% / Medicare Supplement – 0%
 Projected Fund Balance - \$17.6 billion 6/30/55 (FY55)

Scenario A - 0%	2023	2024	Monthly	Annual
BCBS/Presbyterian Premier			Difference	Difference
Retiree	\$ 322.96	\$ 322.96	\$ -	\$ -
Spouse/Domestic Partner	\$ 612.99	\$ 612.99	\$ -	\$ -
Child	\$ 313.49	\$ 313.49	\$ -	\$ -
BCBS/Presbyterian Value				
Retiree	\$ 252.28	\$ 252.28	\$ -	\$ -
Spouse/Domestic Partner	\$ 478.80	\$ 478.80	\$ -	\$ -
Child	\$ 244.46	\$ 244.46	\$ -	\$ -

Scenario A - 0%	2023	2024	Monthly	Annual
			Difference	Difference
Medicare Supplement				
Retiree	\$240.80	\$240.80	\$0.00	\$0.00
Spouse/Domestic Partner	\$361.20	\$361.20	\$0.00	\$0.00
Dependent Child	\$481.60	\$481.60	\$0.00	\$0.00

2024 Proposed Monthly Plan Rates – Scenario B

Beyond Projection Period / Deficit Spend 2033 (FY34)

Pre-Medicare Plans – 6% / Medicare Supplement – 4%
 Projected Fund Balance - \$18.9 billion 6/30/55 (FY55)

Scenario B - 6%	2023	2024	Monthly	Annual
BCBS/Presbyterian Premier			Difference	Difference
Retiree	\$ 322.96	\$ 342.34	\$ 19.38	\$ 232.53
Spouse/Domestic Partner	\$ 612.99	\$ 649.77	\$ 36.78	\$ 441.35
Child	\$ 313.49	\$ 332.30	\$ 18.81	\$ 225.71
BCBS/Presbyterian Value				
Retiree	\$ 252.28	\$ 267.42	\$ 15.14	\$ 181.64
Spouse/Domestic Partner	\$ 478.80	\$ 507.53	\$ 28.73	\$ 344.74
Child	\$ 244.46	\$ 259.13	\$ 14.67	\$ 176.01

Scenario B - 4%	2023	2024	Monthly	Annual
			Difference	Difference
Medicare Supplement				
Retiree	\$240.80	\$250.43	\$9.63	\$115.58
Spouse/Domestic Partner	\$361.20	\$375.65	\$14.45	\$173.38
Dependent Child	\$481.60	\$500.86	\$19.26	\$231.17

2024 Proposed Monthly Plan Rates – Scenario C

Beyond Projection Period / Deficit Spend 2033 (FY34)

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

Projected Fund Balance - \$18.6 billion 6/30/55 (FY55)

Scenario C - 5%	2023	2024	Monthly	Annual
			Difference	Difference
BCBS/Presbyterian Premier				
Retiree	\$ 322.96	\$ 339.11	\$ 16.15	\$ 193.78
Spouse/Domestic Partner	\$ 612.99	\$ 643.64	\$ 30.65	\$ 367.79
Child	\$ 313.49	\$ 329.16	\$ 15.67	\$ 188.09
BCBS/Presbyterian Value				
Retiree	\$ 252.28	\$ 264.89	\$ 12.61	\$ 151.37
Spouse/Domestic Partner	\$ 478.80	\$ 502.74	\$ 23.94	\$ 287.28
Child	\$ 244.46	\$ 256.68	\$ 12.22	\$ 146.68

Scenario C - 3%	2023	2024	Monthly	Annual
			Difference	Difference
Medicare Supplement				
Retiree	\$240.80	\$248.02	\$7.22	\$86.69
Spouse/Domestic Partner	\$361.20	\$372.04	\$10.84	\$130.03
Dependent Child	\$481.60	\$496.05	\$14.45	\$173.38

2024 Proposed Monthly Plan Rates – Scenario D

Beyond Projection Period / Deficit Spend 2032 (FY33)

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

Projected Fund Balance - \$18.4 billion 6/30/55 (FY55)

Scenario D - 4%	2023	2024	Monthly	Annual
			Difference	Difference
BCBS/Presbyterian Premier				
Retiree	\$ 322.96	\$ 335.88	\$ 12.92	\$ 155.02
Spouse/Domestic Partner	\$ 612.99	\$ 637.51	\$ 24.52	\$ 294.24
Child	\$ 313.49	\$ 326.03	\$ 12.54	\$ 150.48
BCBS/Presbyterian Value				
Retiree	\$ 252.28	\$ 262.37	\$ 10.09	\$ 121.09
Spouse/Domestic Partner	\$ 478.80	\$ 497.95	\$ 19.15	\$ 229.82
Child	\$ 244.46	\$ 254.24	\$ 9.78	\$ 117.34

Scenario D - 2%	2023	2024	Monthly	Annual
			Difference	Difference
Medicare Supplement				
Retiree	\$240.80	\$245.62	\$4.82	\$57.79
Spouse/Domestic Partner	\$361.20	\$368.42	\$7.22	\$86.69
Dependent Child	\$481.60	\$491.23	\$9.63	\$115.58

Summary of Proposals

	Baseline	Scenario A	Scenario B
Pre-Medicare Rate Increase	8%	0%	6%
Medicare Supplement Plan Rate Increase	6%	0%	4%
Deficit Spending Period (FY)	2033	2032	2033
Solvency Period	Beyond Projection Period	Beyond Projection Period	Beyond Projection Period
Projected Fund Balance 6/30/55	\$ 19,425,843,039	\$ 17,594,792,917	\$ 18,890,576,338
Plan Changes	None	None	None
		Scenario C	Scenario D
Pre-Medicare Rate Increase		5%	4%
Medicare Supplement Plan Rate Increase		3%	2%
Deficit Spending Period (FY)		2033	2032
Solvency Period		Beyond Projection Period	Beyond Projection Period
Projected Fund Balance 6/30/55		\$ 18,622,942,988	\$ 18,355,309,638
Loss Ratio		None	None

- 2022 Medical Trend Comparison:
- Approved Increase 4 & 2%
 - Deficit Spending Start FY33
 - Beyond Projection Period
 - Projected Fund Balance 7/1/53 - \$17,747,288,998

Staff Recommendations

- Scenario D:
 - Premium Increases
 - 4% Increase on Premier and Value Plans
 - 2% Increase on Medicare Supplement Plan
- Addition of MSK for Presbyterian Members
 - Sword Health added to Pre-Medicare Premier and Value Plan
- Continue MSK Program for BCBS Members
 - Hinge Health – BCBS Pre-Medicare Premier and Value Plan

Participation by Plan

Enrollment Counts						
July 1, 2022						
Description	Retiree	Spouse	Dependent	Grand Total	%	Pre/Medicare
BCBS Premier	4,361	1,263	633	6,257	11.6%	46.8%
Presbyterian Premier	2,792	553	314	3,659	6.8%	27.4%
BCBS Value Plan	514	198	107	819	1.5%	6.1%
Presbyterian Value Plan	1,742	562	331	2,635	4.9%	19.7%
BCBS Medicare Supplemental Plan	17,268	3,991	9	21,268	39.3%	52.3%
BCBS Medicare Advantage I	2,014	669	4	2,687	5.0%	6.6%
BCBS Medicare Advantage II	846	246	3	1,095	2.0%	2.7%
Humana Medicare Advantage I	510	175		685	1.3%	1.7%
Humana Medicare Advantage II	554	186		740	1.4%	1.8%
Presbyterian Medicare Advantage I	5,775	1,606	4	7,385	13.7%	18.1%
Presbyterian Medicare Advantage II	1,215	344	2	1,561	2.9%	3.8%
United Healthcare Medicare Advantage I	2,205	691	1	2,897	5.4%	7.1%
United Healthcare Medicare Advantage II	1,765	611	4	2,380	4.4%	5.8%
Grand Total	41,561	11,095	1,412	54,068	100.0%	
Voluntary	6,912	5,381	1,356	13,649		
Total Enrollment	48,473	16,476	2,768	67,717		
Non-Medicare				13,370	24.7%	
Medicare				40,698	75.3%	

Participation by Plan

Enrollment Counts July 1, 2023

Description	Retiree	Spouse	Dependent	Grand Total	%	Pre/Medicare
BCBS Premier	3,980	1,153	551	5,684	10.7%	46.4%
Presbyterian Premier	2,500	478	259	3,237	6.1%	26.4%
BCBS Value Plan	518	209	99	826	1.6%	6.7%
Presbyterian Value Plan	1,681	509	302	2,492	4.7%	20.4%
BCBS Medicare Supplemental Plan	16,835	3,770	8	20,613	38.8%	50.4%
BCBS Medicare Advantage I	2,086	673	2	2,761	5.2%	6.8%
BCBS Medicare Advantage II	804	233	3	1,040	2.0%	2.5%
Humana Medicare Advantage I	664	230		894	1.7%	2.2%
Humana Medicare Advantage II	625	200		825	1.6%	2.0%
Presbyterian Medicare Advantage I	5,989	1,655	5	7,649	14.4%	18.7%
Presbyterian Medicare Advantage II	1,198	344	1	1,543	2.9%	3.8%
United Healthcare Medicare Advantage I	2,411	735	1	3,147	5.9%	7.7%
United Healthcare Medicare Advantage II	1,807	607	5	2,419	4.6%	5.9%
Grand Total	41,098	10,796	1,236	53,130	100.0%	
Voluntary	7,370	5,200	1,116	13,686		
Total Enrollment	48,468	15,996	2,352	66,816		
Non-Medicare				12,239	23.0%	
Medicare				40,891	77.0%	

Participation by Plan (2013 – 2023)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Description											
BCBS Premier Plus	4,523	3,964	3,388	2,859							
BCBS Premier	5,918	6,404	6,636	6,743	8,202	7,569	7,171	6,784	6,608	6,257	5,684
BCBS Value Plan						741	857	831	889	819	826
NM Health Connections					424						
Presbyterian Premier Plus	2,433	2,085	1,739	1,461							
Presbyterian Premier	4,929	5,617	5,915	6,302	5,681	4,950	4,466	4,119	3,976	3,659	3,237
Presbyterian Value Plan					1,977	2,587	2,739	2,730	2,797	2,635	2,492
BCBS Medicare Supplemental Plan	22,543	22,499	22,920	23,236	23,383	23,368	23,094	22,724	22,075	21,268	20,613
Lovelace Senior Plan I	2,921	2,895									
Lovelace Senior Plan II	1,948	1,725									
BCBS MA I			2,785	2,615	2,597	2,507	2,494	2,496	2,620	2,687	2,761
BCBS MA II			1,561	1,487	1,457	1,379	1,331	1,263	1,153	1,095	1,040
Humana Plan I					65	214	401	556	649	685	894
Humana Plan II					145	261	413	533	664	740	825
Presbyterian Plan I	2,153	3,067	3,693	4,269	4,841	5,430	6,188	6,625	7,069	7,385	7,649
Presbyterian Plan II	1,052	1,246	1,378	1,515	1,666	1,706	1,678	1,693	1,594	1,561	1,543
UnitedHealthcare Plan I		648	1,136	1,384	1,496	1,682	1,810	1,937	2,379	2,897	3,147
UnitedHealthcare Plan II		364	672	1,186	1,464	1,775	1,963	2,123	2,263	2,380	2,419
Grand Total	48,420	50,514	51,823	53,057	53,398	54,169	54,605	54,414	54,736	54,068	53,130
Voluntary	5,069	5,617	6,213	6,887	7,555	8,167	8,862	9,481	9,833	13,649	13,686
Total Enrollment	53,489	56,131	58,036	59,944	60,953	62,336	63,467	63,895	64,569	67,717	66,816
Non	17,803	18,070	17,678	17,365	16,284	15,847	15,233	14,646	14,270	13,370	12,239
Medicare	30,617	3,244	34,145	35,692	37,114	38,322	39,372	39,950	40,466	40,698	40,891

Supplemental Information

		Retirees & Beneficiaries	Average Annual Pension	Average Monthly Pension
State General		16,833	\$ 32,244	\$ 2,687
State Police		1,344	\$ 37,956	\$ 3,163
Municipal General		12,332	\$ 29,808	\$ 2,484
Municipal Police		3,309	\$ 45,540	\$ 3,795
Municipal Fire		1,779	\$ 48,276	\$ 4,023
Judicial		141	\$ 71,796	\$ 5,983
Magistrate		77	\$ 41,544	\$ 3,462
ERB		53,972	\$ 24,204	\$ 2,017

Pension amounts shown: PERA/ERB 2022 ACFRs

New Mexico Retiree Health Care Authority Long-Tem Solvency Modeling
Projected Year of Insolvency: Exceeds Projection Period

Scenario: Scenario A - Using the starting balance as of May 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 0% in CY2024, and net 8% with plan changes thereafter, Medicare Rate Increase of 0% 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	\$1,198,400,622	\$105,523,337	\$52,761,669	\$136,717,005	\$38,336,707	\$46,272,433	\$36,088,736	\$292,575	\$415,992,461	\$86,338,893	\$291,035,708	\$38,336,707	\$13,037,564	\$3,558,200	\$345,968,179	\$70,024,281	\$1,354,763,797
7/1/2024	\$1,354,763,797	\$108,425,229	\$54,212,614	\$143,671,425	\$40,594,152	\$51,825,124	\$37,062,024	\$288,082	\$436,078,650	\$97,062,810	\$314,779,484	\$40,594,152	\$13,362,318	\$3,647,155	\$372,383,109	\$63,695,541	\$1,515,522,148
7/1/2025	\$1,515,522,148	\$111,406,923	\$55,703,461	\$157,079,878	\$43,582,469	\$58,044,139	\$38,182,108	\$291,875	\$464,290,853	\$107,942,635	\$350,098,482	\$43,582,469	\$13,840,576	\$3,738,334	\$411,259,860	\$53,030,993	\$1,676,495,776
7/1/2026	\$1,676,495,776	\$114,470,613	\$57,235,307	\$170,416,077	\$46,316,444	\$65,009,436	\$39,190,967	\$289,989	\$492,928,833	\$118,905,940	\$384,118,208	\$46,316,444	\$14,341,362	\$3,831,792	\$448,607,806	\$44,321,027	\$1,839,722,743
7/1/2027	\$1,839,722,743	\$117,618,555	\$58,809,277	\$181,812,504	\$49,103,095	\$72,810,568	\$40,168,472	\$285,205	\$520,607,676	\$130,156,972	\$413,472,001	\$49,103,095	\$14,779,857	\$3,927,587	\$481,282,541	\$39,325,136	\$2,009,204,850
7/1/2028	\$2,009,204,850	\$120,853,065	\$60,426,533	\$194,392,043	\$52,537,444	\$81,547,837	\$41,102,823	\$290,800	\$551,150,545	\$141,766,425	\$447,246,634	\$52,537,444	\$15,281,094	\$4,025,777	\$519,090,949	\$32,059,596	\$2,183,030,871
7/1/2029	\$2,183,030,871	\$124,176,524	\$62,088,262	\$206,943,571	\$55,659,835	\$91,333,577	\$41,844,021	\$290,546	\$582,336,336	\$153,685,245	\$481,892,170	\$55,659,835	\$15,712,648	\$4,126,421	\$557,391,073	\$24,945,262	\$2,361,661,379
7/1/2030	\$2,361,661,379	\$127,591,379	\$63,795,689	\$222,137,769	\$59,684,638	\$102,293,606	\$42,546,692	\$301,879	\$618,351,653	\$165,805,872	\$524,082,115	\$59,684,638	\$16,367,460	\$4,229,582	\$604,363,794	\$13,987,859	\$2,541,455,109
7/1/2031	\$2,541,455,109	\$131,100,142	\$65,550,071	\$237,728,194	\$63,489,949	\$114,568,839	\$43,135,575	\$308,078	\$655,880,848	\$177,998,255	\$568,305,726	\$63,489,949	\$16,995,638	\$4,335,321	\$653,126,634	\$2,754,214	\$2,722,207,579
7/1/2032	\$2,722,207,579	\$134,705,396	\$67,352,698	\$253,230,815	\$67,359,599	\$128,317,100	\$43,630,644	\$312,456	\$694,908,707	\$190,280,340	\$613,376,969	\$67,359,599	\$17,562,446	\$4,443,704	\$702,742,718	(\$7,834,011)	\$2,904,653,907
7/1/2033	\$2,904,653,907	\$138,409,794	\$69,204,897	\$270,510,748	\$71,820,608	\$143,715,152	\$44,173,898	\$320,280	\$738,155,377	\$202,618,610	\$663,781,958	\$71,820,608	\$18,202,691	\$4,554,797	\$758,360,054	(\$20,204,677)	\$3,087,067,840
7/1/2034	\$3,087,067,840	\$142,216,063	\$71,108,032	\$289,983,666	\$76,733,684	\$160,960,970	\$44,608,840	\$333,059	\$785,944,314	\$214,852,066	\$721,113,497	\$76,733,684	\$18,933,690	\$4,668,667	\$821,449,537	(\$35,505,224)	\$3,266,414,682
7/1/2035	\$3,266,414,682	\$146,127,005	\$73,063,503	\$308,352,483	\$81,172,140	\$180,276,286	\$45,085,908	\$332,828	\$834,410,153	\$226,994,410	\$776,219,354	\$81,172,140	\$19,508,081	\$4,785,383	\$881,684,958	(\$47,274,805)	\$3,446,134,286
7/1/2036	\$3,446,134,286	\$150,145,498	\$75,072,749	\$322,833,169	\$86,058,229	\$201,909,441	\$45,666,724	\$332,915	\$882,018,725	\$239,473,316	\$821,172,507	\$86,058,229	\$20,056,787	\$4,905,018	\$932,192,541	(\$50,173,816)	\$3,635,433,787
7/1/2037	\$3,635,433,787	\$154,274,499	\$77,137,249	\$332,666,499	\$90,907,283	\$226,138,574	\$46,058,756	\$333,420	\$927,516,280	\$252,995,328	\$853,433,980	\$90,907,283	\$20,577,008	\$5,027,643	\$969,945,914	(\$42,429,634)	\$3,845,999,481
7/1/2038	\$3,845,999,481	\$158,517,048	\$79,258,524	\$341,814,840	\$95,859,057	\$253,275,203	\$46,488,885	\$329,109	\$975,542,665	\$268,164,748	\$883,642,625	\$95,859,057	\$21,036,662	\$5,153,335	\$1,005,691,679	(\$30,149,014)	\$4,084,015,215
7/1/2039	\$4,084,015,215	\$162,876,266	\$81,438,133	\$352,237,891	\$101,392,009	\$283,668,227	\$46,897,288	\$329,125	\$1,028,838,941	\$285,318,392	\$916,690,936	\$101,392,009	\$21,550,207	\$5,282,168	\$1,044,915,320	(\$16,076,380)	\$4,353,257,227
7/1/2040	\$4,353,257,227	\$167,355,364	\$83,677,682	\$364,233,335	\$107,442,654	\$317,708,414	\$47,267,033	\$331,343	\$1,088,015,825	\$304,707,532	\$953,612,258	\$107,442,654	\$22,131,671	\$5,414,222	\$1,088,600,805	(\$584,980)	\$4,657,379,778
7/1/2041	\$4,657,379,778	\$171,957,636	\$85,978,818	\$378,084,116	\$114,259,316	\$355,833,424	\$47,529,107	\$339,588	\$1,153,982,005	\$326,578,359	\$995,299,491	\$114,259,316	\$22,822,913	\$5,549,578	\$1,137,931,298	\$16,050,707	\$5,000,008,844
7/1/2042	\$5,000,008,844	\$176,686,471	\$88,343,236	\$392,680,348	\$121,331,050	\$398,533,435	\$47,703,606	\$347,142	\$1,225,625,287	\$351,266,496	\$1,038,906,368	\$121,331,050	\$23,531,629	\$5,688,317	\$1,189,457,364	\$36,167,923	\$5,387,443,263
7/1/2043	\$5,387,443,263	\$181,545,349	\$90,772,675	\$408,095,306	\$128,921,540	\$446,357,447	\$47,811,294	\$356,271	\$1,303,859,882	\$379,222,781	\$1,084,792,905	\$128,921,540	\$24,264,831	\$5,830,525	\$1,243,809,801	\$60,050,080	\$5,826,716,125
7/1/2044	\$5,826,716,125	\$186,537,846	\$93,268,923	\$424,192,118	\$137,029,086	\$499,920,340	\$47,903,360	\$365,640	\$1,389,217,313	\$410,972,589	\$1,132,541,981	\$137,029,086	\$25,028,227	\$5,976,288	\$1,300,575,582	\$88,641,732	\$6,326,330,446
7/1/2045	\$6,326,330,446	\$191,667,637	\$95,833,819	\$441,261,892	\$145,689,384	\$559,910,781	\$47,995,590	\$375,256	\$1,482,734,359	\$447,120,850	\$1,182,879,571	\$145,689,384	\$25,819,176	\$6,125,695	\$1,360,513,826	\$122,220,533	\$6,895,671,828
7/1/2046	\$6,895,671,828	\$196,938,497	\$98,469,249	\$459,327,288	\$154,940,604	\$627,100,075	\$48,087,984	\$385,125	\$1,585,248,821	\$488,345,312	\$1,236,011,042	\$154,940,604	\$26,638,788	\$6,278,838	\$1,423,869,272	\$161,379,549	\$7,545,396,689
7/1/2047	\$7,545,396,689	\$202,354,306	\$101,177,153	\$478,505,486	\$164,823,557	\$702,352,084	\$48,180,542	\$395,253	\$1,697,788,381	\$535,426,551	\$1,291,932,725	\$164,823,557	\$27,488,222	\$6,435,809	\$1,490,680,312	\$207,108,069	\$8,287,931,308
7/1/2048	\$8,287,931,308	\$207,919,049	\$103,959,525	\$498,998,122	\$175,381,881	\$786,634,334	\$48,273,265	\$405,647	\$1,821,571,823	\$589,274,214	\$1,350,681,052	\$175,381,881	\$28,368,686	\$6,596,704	\$1,561,028,322	\$260,543,501	\$9,137,749,024
7/1/2049	\$9,137,749,024	\$213,636,823	\$106,818,412	\$520,826,591	\$186,662,236	\$881,030,454	\$48,366,153	\$416,315	\$1,957,756,983	\$650,930,904	\$1,412,523,904	\$186,662,236	\$29,281,441	\$6,761,621	\$1,635,229,202	\$322,527,781	\$10,111,207,708
7/1/2050	\$10,111,207,708	\$219,511,836	\$109,755,918	\$544,015,337	\$198,714,514	\$986,754,109	\$48,459,205	\$427,263	\$2,107,638,182	\$721,585,288	\$1,477,458,119	\$198,714,514	\$30,227,802	\$6,930,662	\$1,713,331,097	\$394,307,084	\$11,227,100,080
7/1/2051	\$11,227,100,080	\$225,548,411	\$112,774,206	\$568,382,722	\$211,592,062	\$1,105,164,602	\$48,552,423	\$438,500	\$2,272,452,926	\$802,614,468	\$1,544,905,999	\$211,592,062	\$31,209,143	\$7,103,929	\$1,794,811,134	\$477,641,792	\$12,507,356,341
7/1/2052	\$12,507,356,341	\$231,750,993	\$115,875,496	\$594,170,130	\$225,351,925	\$1,237,784,354	\$48,645,806	\$450,031	\$2,454,028,735	\$895,580,570	\$1,615,864,777	\$225,351,925	\$32,226,897	\$7,281,527	\$1,880,725,126	\$573,303,609	\$13,976,240,520
7/1/2053	\$13,976,240,520	\$238,124,145	\$119,062,072	\$621,442,533	\$240,055,096	\$1,386,318,476	\$48,739,354	\$461,866	\$2,654,203,544	\$1,002,242,578	\$1,690,381,141	\$240,055,096	\$33,282,559	\$7,463,565	\$1,971,182,361	\$683,021,183	\$15,661,504,280
7/1/2054	\$15,661,504,280	\$244,672,559	\$122,336,279	\$650,293,978	\$255,766,798	\$1,552,676,693	\$48,833,068	\$474,013	\$2,875,053,389	\$1,124,609,084	\$1,768,579,194	\$255,766,798	\$34,377,690	\$7,650,154	\$2,066,373,837	\$808,679,552	

New Mexico Retiree Health Care Authority Long-Tem Solvency Modeling
Projected Year of Insolvency: Exceeds Projection Period

Scenario: Scenario B - Using the starting balance as of May 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 6% in CY2024, and net 8% with plan changes thereafter, Medicare Rate Increase of 4% 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	\$1,198,400,622	\$105,523,337	\$52,761,669	\$139,768,849	\$38,336,707	\$46,272,433	\$36,088,736	\$292,575	\$419,044,305	\$86,445,708	\$291,035,708	\$38,336,707	\$13,037,564	\$3,558,200	\$345,968,179	\$73,076,125	\$1,357,922,455	
7/1/2024	\$1,357,922,455	\$108,425,229	\$54,212,614	\$150,016,265	\$40,594,152	\$51,825,124	\$37,062,024	\$288,082	\$442,423,490	\$97,505,985	\$314,779,484	\$40,594,152	\$13,362,318	\$3,647,155	\$372,383,109	\$70,040,381	\$1,525,468,821	
7/1/2025	\$1,525,468,821	\$111,406,923	\$55,703,461	\$164,008,321	\$43,582,469	\$58,044,139	\$38,182,108	\$291,875	\$471,219,296	\$108,881,398	\$350,098,482	\$43,582,469	\$13,840,576	\$3,738,334	\$411,259,860	\$59,959,436	\$1,694,309,655	
7/1/2026	\$1,694,309,655	\$114,470,613	\$57,235,307	\$177,912,731	\$46,316,444	\$65,009,436	\$39,190,967	\$289,989	\$500,425,487	\$120,415,295	\$384,118,208	\$46,316,444	\$14,341,362	\$3,831,792	\$448,607,806	\$51,817,681	\$1,866,542,631	
7/1/2027	\$1,866,542,631	\$117,618,555	\$58,809,277	\$189,743,796	\$49,103,095	\$72,810,568	\$40,168,472	\$285,205	\$528,538,969	\$132,311,959	\$413,472,001	\$49,103,095	\$14,779,857	\$3,927,587	\$481,282,541	\$47,256,428	\$2,046,111,018	
7/1/2028	\$2,046,111,018	\$120,853,065	\$60,426,533	\$202,811,536	\$52,537,444	\$81,547,837	\$41,102,823	\$290,800	\$559,570,038	\$144,644,539	\$447,246,634	\$52,537,444	\$15,281,094	\$4,025,777	\$519,090,949	\$40,479,088	\$2,231,234,646	
7/1/2029	\$2,231,234,646	\$124,176,524	\$62,088,262	\$215,844,126	\$55,659,835	\$91,333,577	\$41,844,021	\$290,546	\$591,236,891	\$157,371,029	\$481,892,170	\$55,659,835	\$15,712,648	\$4,126,421	\$557,391,073	\$33,845,818	\$2,422,451,492	
7/1/2030	\$2,422,451,492	\$127,591,379	\$63,795,689	\$231,659,877	\$59,684,638	\$102,293,606	\$42,546,692	\$301,879	\$627,873,761	\$170,394,453	\$524,082,115	\$59,684,638	\$16,367,460	\$4,229,582	\$604,363,794	\$23,509,967	\$2,616,355,912	
7/1/2031	\$2,616,355,912	\$131,100,142	\$65,550,071	\$247,883,818	\$63,489,949	\$114,568,839	\$43,135,575	\$308,078	\$666,036,473	\$183,596,758	\$568,305,726	\$63,489,949	\$16,995,638	\$4,335,321	\$653,126,634	\$12,909,839	\$2,812,862,509	
7/1/2032	\$2,812,862,509	\$134,705,396	\$67,352,698	\$264,001,270	\$67,359,599	\$128,317,100	\$43,630,644	\$312,456	\$705,679,161	\$197,003,151	\$613,376,969	\$67,359,599	\$17,562,446	\$4,443,704	\$702,742,718	\$2,936,443	\$3,012,802,104	
7/1/2033	\$3,012,802,104	\$138,409,794	\$69,204,897	\$281,973,778	\$71,820,608	\$143,715,152	\$44,173,898	\$320,280	\$749,618,406	\$210,590,190	\$663,781,958	\$71,820,608	\$18,202,691	\$4,554,797	\$758,360,054	(\$8,741,648)	\$3,214,650,646	
7/1/2034	\$3,214,650,646	\$142,216,063	\$71,108,032	\$302,257,511	\$76,733,684	\$160,960,970	\$44,608,840	\$333,059	\$798,218,159	\$224,212,447	\$721,113,497	\$76,733,684	\$18,933,690	\$4,668,667	\$821,449,537	(\$23,231,378)	\$3,415,631,714	
7/1/2035	\$3,415,631,714	\$146,127,005	\$73,063,503	\$321,339,415	\$81,172,140	\$180,276,286	\$45,085,908	\$332,828	\$847,397,085	\$237,894,144	\$776,219,354	\$81,172,140	\$19,508,081	\$4,785,383	\$881,684,958	(\$34,287,873)	\$3,619,237,985	
7/1/2036	\$3,619,237,985	\$150,145,498	\$75,072,749	\$336,350,354	\$86,058,229	\$201,909,441	\$45,666,724	\$332,915	\$895,535,909	\$252,063,677	\$821,172,507	\$86,058,229	\$20,056,787	\$4,905,018	\$932,192,541	(\$36,656,632)	\$3,834,645,031	
7/1/2037	\$3,834,645,031	\$154,274,499	\$77,137,249	\$346,533,401	\$90,907,283	\$226,138,574	\$46,058,756	\$333,420	\$941,383,182	\$267,425,457	\$853,433,980	\$90,907,283	\$20,577,008	\$5,027,643	\$969,945,914	(\$28,562,732)	\$4,073,507,755	
7/1/2038	\$4,073,507,755	\$158,517,048	\$79,258,524	\$355,973,964	\$95,859,057	\$253,275,203	\$46,488,885	\$329,109	\$989,701,790	\$284,585,897	\$883,642,625	\$95,859,057	\$21,036,662	\$5,153,335	\$1,005,691,679	(\$15,989,890)	\$4,342,103,762	
7/1/2039	\$4,342,103,762	\$162,876,266	\$81,438,133	\$366,748,297	\$101,392,009	\$283,668,227	\$46,897,288	\$329,125	\$1,043,349,347	\$303,892,454	\$916,690,936	\$101,392,009	\$21,550,207	\$5,282,168	\$1,044,915,320	(\$1,565,974)	\$4,644,430,243	
7/1/2040	\$4,644,430,243	\$167,355,364	\$83,677,682	\$379,174,846	\$107,442,654	\$317,708,414	\$47,267,033	\$331,343	\$1,102,957,335	\$325,612,596	\$953,612,258	\$107,442,654	\$22,131,671	\$5,414,222	\$1,088,600,805	\$14,356,530	\$4,984,399,369	
7/1/2041	\$4,984,399,369	\$171,957,636	\$85,978,818	\$393,568,607	\$114,259,316	\$355,833,424	\$47,529,107	\$339,588	\$1,169,466,496	\$350,011,688	\$995,299,491	\$114,259,316	\$22,822,913	\$5,549,578	\$1,137,931,298	\$31,535,198	\$5,365,946,255	
7/1/2042	\$5,365,946,255	\$176,686,471	\$88,343,236	\$408,744,990	\$121,331,050	\$398,533,435	\$47,703,606	\$347,142	\$1,241,689,929	\$377,444,378	\$1,038,906,368	\$121,331,050	\$23,531,629	\$5,688,317	\$1,189,457,364	\$52,232,565	\$5,795,623,198	
7/1/2043	\$5,795,623,198	\$181,545,349	\$90,772,675	\$424,779,236	\$128,921,540	\$446,357,447	\$47,811,294	\$356,271	\$1,320,543,812	\$408,379,314	\$1,084,792,905	\$128,921,540	\$24,264,831	\$5,830,525	\$1,243,809,801	\$76,734,010	\$6,280,736,522	
7/1/2044	\$6,280,736,522	\$186,537,846	\$93,268,923	\$441,522,367	\$137,029,086	\$499,920,340	\$47,903,360	\$365,640	\$1,406,547,563	\$443,360,576	\$1,132,541,981	\$137,029,086	\$25,028,227	\$5,976,288	\$1,300,575,582	\$105,971,981	\$6,830,069,079	
7/1/2045	\$6,830,069,079	\$191,667,637	\$95,833,819	\$459,273,831	\$145,689,384	\$559,910,781	\$47,995,590	\$375,256	\$1,500,746,297	\$483,012,972	\$1,182,879,571	\$145,689,384	\$25,819,176	\$6,125,695	\$1,360,513,826	\$140,232,471	\$7,453,314,522	
7/1/2046	\$7,453,314,522	\$196,938,497	\$98,469,249	\$478,056,918	\$154,940,604	\$627,100,075	\$48,087,984	\$385,125	\$1,603,978,451	\$528,035,838	\$1,236,011,042	\$154,940,604	\$26,638,788	\$6,278,838	\$1,423,869,272	\$180,109,179	\$8,161,459,539	
7/1/2047	\$8,161,459,539	\$202,354,306	\$101,177,153	\$497,994,566	\$164,823,557	\$702,352,084	\$48,180,542	\$395,253	\$1,717,277,461	\$579,233,068	\$1,291,932,725	\$164,823,557	\$27,488,222	\$6,435,809	\$1,490,680,312	\$226,597,149	\$8,967,289,755	
7/1/2048	\$8,967,289,755	\$207,919,049	\$103,959,525	\$519,298,955	\$175,381,881	\$786,634,334	\$48,273,265	\$405,647	\$1,841,872,656	\$637,539,835	\$1,350,681,052	\$175,381,881	\$28,368,686	\$6,596,704	\$1,561,028,322	\$280,844,334	\$9,885,673,924	
7/1/2049	\$9,885,673,924	\$213,636,823	\$106,818,412	\$541,991,292	\$186,662,236	\$881,030,454	\$48,366,153	\$416,315	\$1,978,921,684	\$704,026,412	\$1,412,523,904	\$186,662,236	\$29,281,441	\$6,761,621	\$1,635,229,202	\$343,692,482	\$10,933,392,817	
7/1/2050	\$10,933,392,817	\$219,511,836	\$109,755,918	\$566,095,676	\$198,714,514	\$986,754,109	\$48,459,205	\$427,263	\$2,129,718,521	\$779,911,057	\$1,477,458,119	\$198,714,514	\$30,227,802	\$6,930,662	\$1,713,331,097	\$416,387,424	\$12,129,691,298	
7/1/2051	\$12,129,691,298	\$225,548,411	\$112,774,206	\$591,421,999	\$211,592,062	\$1,105,164,602	\$48,552,423	\$438,500	\$2,295,492,202	\$866,602,228	\$1,544,905,999	\$211,592,062	\$31,209,143	\$7,103,929	\$1,794,811,134	\$500,681,068	\$13,496,974,594	
7/1/2052	\$13,496,974,594	\$231,750,993	\$115,875,496	\$618,219,378	\$225,351,925	\$1,237,784,354	\$48,645,806	\$450,031	\$2,478,077,982	\$965,695,572	\$1,615,864,777	\$225,351,925	\$32,226,897	\$7,281,527	\$1,880,725,126	\$597,352,857	\$15,060,023,023	
7/1/2053	\$15,060,023,023	\$238,124,145	\$119,062,072	\$646,554,911	\$240,055,096	\$1,386,318,476	\$48,739,354	\$461,866	\$2,679,315,921	\$1,078,986,286	\$1,690,381,141	\$240,055,096	\$33,282,559	\$7,463,565	\$1,971,182,361	\$708,133,560	\$16,847,142,869	
7/1/2054	\$16,847,142,869	\$244,672,559	\$122,336,279	\$676,525,990	\$255,766,798	\$1,552,676,693	\$48,833,068	\$474,013	\$2,901,285,400	\$1,208,521,906	\$1,768,579,194	\$255,766,798	\$34,377,690	\$7,650,154	\$2,066,373,837	\$834,911,564	\$18,890,576,338	
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%
Public Safety, et al Employee Rate				1.25%	1.25%	1.25%	1.25%	1.25%	Medicare Prescription Drug Claims Trend					8.00%	8.00%	8.00%	8.00%	8

New Mexico Retiree Health Care Authority Long-Tem Solvency Modeling
Projected Year of Insolvency: Exceeds Projection Period

Scenario: Scenario C - Using the starting balance as of May 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 5% in CY2024, and net 8% with plan changes thereafter, Medicare Rate Increase of 3% 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.	
		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	Excluding Inv. Income	EOY Invested Assets
7/1/2023	\$1,198,400,622	\$105,523,337	\$52,761,669	\$139,144,289	\$38,336,707	\$46,272,433	\$36,088,736	\$292,575	\$418,419,745	\$86,423,848	\$291,035,708	\$38,336,707	\$13,037,564	\$3,558,200	\$345,968,179	\$72,451,565	\$1,357,276,036
7/1/2024	\$1,357,276,036	\$108,425,229	\$54,212,614	\$148,715,116	\$40,594,152	\$51,825,124	\$37,062,024	\$288,082	\$441,122,341	\$97,415,196	\$314,779,484	\$40,594,152	\$13,362,318	\$3,647,155	\$372,383,109	\$68,739,232	\$1,523,430,463
7/1/2025	\$1,523,430,463	\$111,406,923	\$55,703,461	\$162,586,933	\$43,582,469	\$58,044,139	\$38,182,108	\$291,875	\$469,797,909	\$108,688,964	\$350,098,482	\$43,582,469	\$13,840,576	\$3,738,334	\$411,259,860	\$58,538,049	\$1,690,657,476
7/1/2026	\$1,690,657,476	\$114,470,613	\$57,235,307	\$176,372,635	\$46,316,444	\$65,009,436	\$39,190,967	\$289,989	\$498,885,392	\$120,105,739	\$384,118,208	\$46,316,444	\$14,341,362	\$3,831,792	\$448,607,806	\$50,277,585	\$1,861,040,800
7/1/2027	\$1,861,040,800	\$117,618,555	\$58,809,277	\$188,105,569	\$49,103,095	\$72,810,568	\$40,168,472	\$285,205	\$526,900,742	\$131,869,493	\$413,472,001	\$49,103,095	\$14,779,857	\$3,927,587	\$481,282,541	\$45,618,201	\$2,038,528,494
7/1/2028	\$2,038,528,494	\$120,853,065	\$60,426,533	\$201,064,550	\$52,537,444	\$81,547,837	\$41,102,823	\$290,800	\$557,823,052	\$144,052,618	\$447,246,634	\$52,537,444	\$15,281,094	\$4,025,777	\$519,090,949	\$38,732,102	\$2,221,313,214
7/1/2029	\$2,221,313,214	\$124,176,524	\$62,088,262	\$213,989,178	\$55,659,835	\$91,333,577	\$41,844,021	\$290,546	\$589,381,943	\$156,611,605	\$481,892,170	\$55,659,835	\$15,712,648	\$4,126,421	\$557,391,073	\$31,990,870	\$2,409,915,689
7/1/2030	\$2,409,915,689	\$127,591,379	\$63,795,689	\$229,671,822	\$59,684,638	\$102,293,606	\$42,546,692	\$301,879	\$625,885,706	\$169,447,365	\$524,082,115	\$59,684,638	\$16,367,460	\$4,229,582	\$604,363,794	\$21,521,911	\$2,600,884,965
7/1/2031	\$2,600,884,965	\$131,100,142	\$65,550,071	\$245,759,613	\$63,489,949	\$114,568,839	\$43,135,575	\$308,078	\$663,912,267	\$182,439,445	\$568,305,726	\$63,489,949	\$16,995,638	\$4,335,321	\$653,126,634	\$10,785,633	\$2,794,110,043
7/1/2032	\$2,794,110,043	\$134,705,396	\$67,352,698	\$261,742,827	\$67,359,599	\$128,317,100	\$43,630,644	\$312,456	\$703,420,719	\$195,611,433	\$613,376,969	\$67,359,599	\$17,562,446	\$4,443,704	\$702,742,718	\$678,001	\$2,990,399,477
7/1/2033	\$2,990,399,477	\$138,409,794	\$69,204,897	\$279,565,319	\$71,820,608	\$143,715,152	\$44,173,898	\$320,280	\$747,209,947	\$208,937,710	\$663,781,958	\$71,820,608	\$18,202,691	\$4,554,797	\$758,360,054	(\$11,150,107)	\$3,188,187,079
7/1/2034	\$3,188,187,079	\$142,216,063	\$71,108,032	\$299,678,176	\$76,733,684	\$160,960,970	\$44,608,840	\$333,059	\$795,638,824	\$222,269,721	\$721,113,497	\$76,733,684	\$18,933,690	\$4,668,667	\$821,449,537	(\$25,810,713)	\$3,384,646,087
7/1/2035	\$3,384,646,087	\$146,127,005	\$73,063,503	\$318,602,456	\$81,172,140	\$180,276,286	\$45,085,908	\$332,828	\$844,660,126	\$235,629,357	\$776,219,354	\$81,172,140	\$19,508,081	\$4,785,383	\$881,684,958	(\$37,024,832)	\$3,583,250,612
7/1/2036	\$3,583,250,612	\$150,145,498	\$75,072,749	\$333,497,582	\$86,058,229	\$201,909,441	\$45,666,724	\$332,915	\$892,683,137	\$249,444,714	\$821,172,507	\$86,058,229	\$20,056,787	\$4,905,018	\$932,192,541	(\$39,509,403)	\$3,793,185,922
7/1/2037	\$3,793,185,922	\$154,274,499	\$77,137,249	\$343,611,992	\$90,907,283	\$226,138,574	\$46,058,756	\$333,420	\$938,461,774	\$264,421,070	\$853,433,980	\$90,907,283	\$20,577,008	\$5,027,643	\$969,945,914	(\$31,484,141)	\$4,026,122,851
7/1/2038	\$4,026,122,851	\$158,517,048	\$79,258,524	\$352,993,447	\$95,859,057	\$253,275,203	\$46,488,885	\$329,109	\$986,721,272	\$281,164,635	\$883,642,625	\$95,859,057	\$21,036,662	\$5,153,335	\$1,005,691,679	(\$18,970,407)	\$4,288,317,080
7/1/2039	\$4,288,317,080	\$162,876,266	\$81,438,133	\$363,698,252	\$101,392,009	\$283,668,227	\$46,897,288	\$329,125	\$1,040,299,302	\$300,020,635	\$916,690,936	\$101,392,009	\$21,550,207	\$5,282,168	\$1,044,915,320	(\$4,616,018)	\$4,583,721,696
7/1/2040	\$4,583,721,696	\$167,355,364	\$83,677,682	\$376,041,850	\$107,442,654	\$317,708,414	\$47,267,033	\$331,343	\$1,099,824,339	\$321,253,342	\$953,612,258	\$107,442,654	\$22,131,671	\$5,414,222	\$1,088,600,805	\$11,223,534	\$4,916,198,573
7/1/2041	\$4,916,198,573	\$171,957,636	\$85,978,818	\$390,335,735	\$114,259,316	\$355,833,424	\$47,529,107	\$339,588	\$1,166,233,623	\$345,124,482	\$995,299,491	\$114,259,316	\$22,822,913	\$5,549,578	\$1,137,931,298	\$28,302,325	\$5,289,625,380
7/1/2042	\$5,289,625,380	\$176,686,471	\$88,343,236	\$405,406,624	\$121,331,050	\$398,533,435	\$47,703,606	\$347,142	\$1,238,351,563	\$371,985,074	\$1,038,906,368	\$121,331,050	\$23,531,629	\$5,688,317	\$1,189,457,364	\$48,894,199	\$5,710,504,653
7/1/2043	\$5,710,504,653	\$181,545,349	\$90,772,675	\$421,329,292	\$128,921,540	\$446,357,447	\$47,811,294	\$356,271	\$1,317,093,868	\$402,300,268	\$1,084,792,905	\$128,921,540	\$24,264,831	\$5,830,525	\$1,243,809,801	\$73,284,066	\$6,186,088,987
7/1/2044	\$6,186,088,987	\$186,537,846	\$93,268,923	\$437,956,885	\$137,029,086	\$499,920,340	\$47,903,360	\$365,640	\$1,402,982,080	\$436,610,457	\$1,132,541,981	\$137,029,086	\$25,028,227	\$5,976,288	\$1,300,575,582	\$102,406,498	\$6,725,105,942
7/1/2045	\$6,725,105,942	\$191,667,637	\$95,833,819	\$455,586,350	\$145,689,384	\$559,910,781	\$47,995,590	\$375,256	\$1,497,058,817	\$475,536,491	\$1,182,879,571	\$145,689,384	\$25,819,176	\$6,125,695	\$1,360,513,826	\$136,544,991	\$7,337,187,424
7/1/2046	\$7,337,187,424	\$196,938,497	\$98,469,249	\$474,240,990	\$154,940,604	\$627,100,075	\$48,087,984	\$385,125	\$1,600,162,523	\$519,773,383	\$1,236,011,042	\$154,940,604	\$26,638,788	\$6,278,838	\$1,423,869,272	\$176,293,251	\$8,033,254,058
7/1/2047	\$8,033,254,058	\$202,354,306	\$101,177,153	\$494,042,821	\$164,823,557	\$702,352,084	\$48,180,542	\$395,253	\$1,713,325,715	\$570,120,373	\$1,291,932,725	\$164,823,557	\$27,488,222	\$6,435,809	\$1,490,680,312	\$222,645,403	\$8,826,019,834
7/1/2048	\$8,826,019,834	\$207,919,049	\$103,959,525	\$515,202,276	\$175,381,881	\$786,634,334	\$48,273,265	\$405,647	\$1,837,775,977	\$627,507,556	\$1,350,681,052	\$175,381,881	\$28,368,686	\$6,596,704	\$1,561,028,322	\$276,747,655	\$9,730,275,045
7/1/2049	\$9,730,275,045	\$213,636,823	\$106,818,412	\$537,740,640	\$186,662,236	\$881,030,454	\$48,366,153	\$416,315	\$1,974,671,032	\$692,999,717	\$1,412,523,904	\$186,662,236	\$29,281,441	\$6,761,621	\$1,635,229,202	\$339,441,830	\$10,762,716,593
7/1/2050	\$10,762,716,593	\$219,511,836	\$109,755,918	\$561,682,078	\$198,714,514	\$986,754,109	\$48,459,205	\$427,263	\$2,125,304,923	\$767,809,245	\$1,477,458,119	\$198,714,514	\$30,227,802	\$6,930,662	\$1,713,331,097	\$411,973,826	\$11,942,499,664
7/1/2051	\$11,942,499,664	\$225,548,411	\$112,774,206	\$586,838,632	\$211,592,062	\$1,105,164,602	\$48,552,423	\$438,500	\$2,290,908,835	\$853,338,396	\$1,544,905,999	\$211,592,062	\$31,209,143	\$7,103,929	\$1,794,811,134	\$496,097,701	\$13,291,935,761
7/1/2052	\$13,291,935,761	\$231,750,993	\$115,875,496	\$613,457,361	\$225,351,925	\$1,237,784,354	\$48,645,806	\$450,031	\$2,473,315,966	\$951,176,183	\$1,615,864,777	\$225,351,925	\$32,226,897	\$7,281,527	\$1,880,725,126	\$592,590,841	\$14,835,702,785
7/1/2053	\$14,835,702,785	\$238,124,145	\$119,062,072	\$641,605,099	\$240,055,096	\$1,386,318,476	\$48,739,354	\$461,866	\$2,674,366,109	\$1,063,110,626	\$1,690,381,141	\$240,055,096	\$33,282,559	\$7,463,565	\$1,971,182,361	\$703,183,748	\$16,601,997,159
7/1/2054	\$16,601,997,159	\$244,672,559	\$122,336,279	\$671,378,704	\$255,766,798	\$1,552,676,693	\$48,833,068	\$474,013	\$2,896,138,115	\$1,191,181,551	\$1,768,579,194	\$255,766,798	\$34,377,690	\$7,650,154	\$2,066,373,837	\$829,764,27	

New Mexico Retiree Health Care Authority Long-Tem Solvency Modeling
Projected Year of Insolvency: Exceeds Projection Period

Scenario: Scenario D - Using the starting balance as of May 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 4% in CY2024, and net 8% with plan changes thereafter, Medicare Rate Increase of 2% 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	\$1,198,400,622	\$105,523,337	\$52,761,669	\$138,519,729	\$38,336,707	\$46,272,433	\$36,088,736	\$292,575	\$417,795,184	\$86,401,989	\$291,035,708	\$38,336,707	\$13,037,564	\$3,558,200	\$345,968,179	\$71,827,005	\$1,356,629,616
7/1/2024	\$1,356,629,616	\$108,425,229	\$54,212,614	\$147,413,966	\$40,594,152	\$51,825,124	\$37,062,024	\$288,082	\$439,821,191	\$97,324,406	\$314,779,484	\$40,594,152	\$13,362,318	\$3,647,155	\$372,383,109	\$67,438,082	\$1,521,392,104
7/1/2025	\$1,521,392,104	\$111,406,923	\$55,703,461	\$161,165,546	\$43,582,469	\$58,044,139	\$38,182,108	\$291,875	\$468,376,522	\$108,496,530	\$350,098,482	\$43,582,469	\$13,840,576	\$3,738,334	\$411,259,860	\$57,116,661	\$1,687,005,296
7/1/2026	\$1,687,005,296	\$114,470,613	\$57,235,307	\$174,832,540	\$46,316,444	\$65,009,436	\$39,190,967	\$289,989	\$497,345,296	\$119,796,183	\$384,118,208	\$46,316,444	\$14,341,362	\$3,831,792	\$448,607,806	\$48,737,490	\$1,855,538,969
7/1/2027	\$1,855,538,969	\$117,618,555	\$58,809,277	\$186,467,342	\$49,103,095	\$72,810,568	\$40,168,472	\$285,205	\$525,262,514	\$131,427,027	\$413,472,001	\$49,103,095	\$14,779,857	\$3,927,587	\$481,282,541	\$43,979,973	\$2,030,945,969
7/1/2028	\$2,030,945,969	\$120,853,065	\$60,426,533	\$199,317,564	\$52,537,444	\$81,547,837	\$41,102,823	\$290,800	\$556,076,066	\$143,460,697	\$447,246,634	\$52,537,444	\$15,281,094	\$4,025,777	\$519,090,949	\$36,985,117	\$2,211,391,782
7/1/2029	\$2,211,391,782	\$124,176,524	\$62,088,262	\$212,134,229	\$55,659,835	\$91,333,577	\$41,844,021	\$290,546	\$587,526,994	\$155,852,182	\$481,892,170	\$55,659,835	\$15,712,648	\$4,126,421	\$557,391,073	\$30,135,921	\$2,397,379,885
7/1/2030	\$2,397,379,885	\$127,591,379	\$63,795,689	\$227,683,766	\$59,684,638	\$102,293,606	\$42,546,692	\$301,879	\$623,897,650	\$168,500,277	\$524,082,115	\$59,684,638	\$16,367,460	\$4,229,582	\$604,363,794	\$19,533,856	\$2,585,414,018
7/1/2031	\$2,585,414,018	\$131,100,142	\$65,550,071	\$243,635,407	\$63,489,949	\$114,568,839	\$43,135,575	\$308,078	\$661,788,061	\$181,282,131	\$568,305,726	\$63,489,949	\$16,995,638	\$4,335,321	\$653,126,634	\$8,661,427	\$2,775,357,577
7/1/2032	\$2,775,357,577	\$134,705,396	\$67,352,698	\$259,484,384	\$67,359,599	\$128,317,100	\$43,630,644	\$312,456	\$701,162,276	\$194,219,715	\$613,376,969	\$67,359,599	\$17,562,446	\$4,443,704	\$702,742,718	(\$1,580,442)	\$2,967,996,850
7/1/2033	\$2,967,996,850	\$138,409,794	\$69,204,897	\$277,156,860	\$71,820,608	\$143,715,152	\$44,173,898	\$320,280	\$744,801,488	\$207,285,230	\$663,781,958	\$71,820,608	\$18,202,691	\$4,554,797	\$758,360,054	(\$13,558,566)	\$3,161,723,513
7/1/2034	\$3,161,723,513	\$142,216,063	\$71,108,032	\$297,098,841	\$76,733,684	\$160,960,970	\$44,608,840	\$333,059	\$793,059,489	\$220,326,994	\$721,113,497	\$76,733,684	\$18,933,690	\$4,668,667	\$821,449,537	(\$28,390,048)	\$3,353,660,460
7/1/2035	\$3,353,660,460	\$146,127,005	\$73,063,503	\$315,865,498	\$81,172,140	\$180,276,286	\$45,085,908	\$332,828	\$841,923,167	\$233,364,569	\$776,219,354	\$81,172,140	\$19,508,081	\$4,785,383	\$881,684,958	(\$39,761,791)	\$3,547,263,238
7/1/2036	\$3,547,263,238	\$150,145,498	\$75,072,749	\$330,644,810	\$86,058,229	\$201,909,441	\$45,666,724	\$332,915	\$889,830,366	\$246,825,751	\$821,172,507	\$86,058,229	\$20,056,787	\$4,905,018	\$932,192,541	(\$42,362,175)	\$3,751,726,814
7/1/2037	\$3,751,726,814	\$154,274,499	\$77,137,249	\$340,690,583	\$90,907,283	\$226,138,574	\$46,058,756	\$333,420	\$935,540,365	\$261,416,683	\$853,433,980	\$90,907,283	\$20,577,008	\$5,027,643	\$969,945,914	(\$34,405,550)	\$3,978,737,947
7/1/2038	\$3,978,737,947	\$158,517,048	\$79,258,524	\$350,012,930	\$95,859,057	\$253,275,203	\$46,488,885	\$329,109	\$983,740,755	\$277,743,374	\$883,642,625	\$95,859,057	\$21,036,662	\$5,153,335	\$1,005,691,679	(\$21,950,924)	\$4,234,530,397
7/1/2039	\$4,234,530,397	\$162,876,266	\$81,438,133	\$360,648,207	\$101,392,009	\$283,668,227	\$46,897,288	\$329,125	\$1,037,249,257	\$296,148,816	\$916,690,936	\$101,392,009	\$21,550,207	\$5,282,168	\$1,044,915,320	(\$7,666,063)	\$4,523,013,150
7/1/2040	\$4,523,013,150	\$167,355,364	\$83,677,682	\$372,908,854	\$107,442,654	\$317,708,414	\$47,267,033	\$331,343	\$1,096,691,343	\$316,894,089	\$953,612,258	\$107,442,654	\$22,131,671	\$5,414,222	\$1,088,600,805	\$8,090,538	\$4,847,997,777
7/1/2041	\$4,847,997,777	\$171,957,636	\$85,978,818	\$387,102,862	\$114,259,316	\$355,833,424	\$47,529,107	\$339,588	\$1,163,000,751	\$340,237,275	\$995,299,491	\$114,259,316	\$22,822,913	\$5,549,578	\$1,137,931,298	\$25,069,453	\$5,213,304,506
7/1/2042	\$5,213,304,506	\$176,686,471	\$88,343,236	\$402,068,258	\$121,331,050	\$398,533,435	\$47,703,606	\$347,142	\$1,235,013,197	\$366,525,770	\$1,038,906,368	\$121,331,050	\$23,531,629	\$5,688,317	\$1,189,457,364	\$45,555,833	\$5,625,386,108
7/1/2043	\$5,625,386,108	\$181,545,349	\$90,772,675	\$417,879,348	\$128,921,540	\$446,357,447	\$47,811,294	\$356,271	\$1,313,643,924	\$396,221,222	\$1,084,792,905	\$128,921,540	\$24,264,831	\$5,830,525	\$1,243,809,801	\$69,834,122	\$6,091,441,453
7/1/2044	\$6,091,441,453	\$186,537,846	\$93,268,923	\$434,391,402	\$137,029,086	\$499,920,340	\$47,903,360	\$365,640	\$1,399,416,598	\$429,860,337	\$1,132,541,981	\$137,029,086	\$25,028,227	\$5,976,288	\$1,300,575,582	\$98,841,016	\$6,620,142,806
7/1/2045	\$6,620,142,806	\$191,667,637	\$95,833,819	\$451,898,870	\$145,689,384	\$559,910,781	\$47,995,590	\$375,256	\$1,493,371,337	\$468,060,009	\$1,182,879,571	\$145,689,384	\$25,819,176	\$6,125,695	\$1,360,513,826	\$132,857,511	\$7,221,060,326
7/1/2046	\$7,221,060,326	\$196,938,497	\$98,469,249	\$470,425,062	\$154,940,604	\$627,100,075	\$48,087,984	\$385,125	\$1,596,346,595	\$511,510,929	\$1,236,011,042	\$154,940,604	\$26,638,788	\$6,278,838	\$1,423,869,272	\$172,477,323	\$7,905,048,577
7/1/2047	\$7,905,048,577	\$202,354,306	\$101,177,153	\$490,091,075	\$164,823,557	\$702,352,084	\$48,180,542	\$395,253	\$1,709,373,969	\$561,007,678	\$1,291,932,725	\$164,823,557	\$27,488,222	\$6,435,809	\$1,490,680,312	\$218,693,657	\$8,684,749,913
7/1/2048	\$8,684,749,913	\$207,919,049	\$103,959,525	\$511,105,597	\$175,381,881	\$786,634,334	\$48,273,265	\$405,647	\$1,833,679,298	\$617,475,278	\$1,350,681,052	\$175,381,881	\$28,368,686	\$6,596,704	\$1,561,028,322	\$272,650,976	\$9,574,876,167
7/1/2049	\$9,574,876,167	\$213,636,823	\$106,818,412	\$533,489,988	\$186,662,236	\$881,030,454	\$48,366,153	\$416,315	\$1,970,420,380	\$681,973,023	\$1,412,523,904	\$186,662,236	\$29,281,441	\$6,761,621	\$1,635,229,202	\$335,191,178	\$10,592,040,368
7/1/2050	\$10,592,040,368	\$219,511,836	\$109,755,918	\$557,268,481	\$198,714,514	\$986,754,109	\$48,459,205	\$427,263	\$2,120,891,325	\$755,707,434	\$1,477,458,119	\$198,714,514	\$30,227,802	\$6,930,662	\$1,713,331,097	\$407,560,228	\$11,755,308,030
7/1/2051	\$11,755,308,030	\$225,548,411	\$112,774,206	\$582,255,265	\$211,592,062	\$1,105,164,602	\$48,552,423	\$438,500	\$2,286,325,468	\$840,074,564	\$1,544,905,999	\$211,592,062	\$31,209,143	\$7,103,929	\$1,794,811,134	\$491,514,334	\$13,086,896,928
7/1/2052	\$13,086,896,928	\$231,750,993	\$115,875,496	\$608,695,345	\$225,351,925	\$1,237,784,354	\$48,645,806	\$450,031	\$2,468,553,950	\$936,656,794	\$1,615,864,777	\$225,351,925	\$32,226,897	\$7,281,527	\$1,880,725,126	\$587,828,824	\$14,611,382,546
7/1/2053	\$14,611,382,546	\$238,124,145	\$119,062,072	\$636,655,286	\$240,055,096	\$1,386,318,476	\$48,739,354	\$461,866	\$2,669,416,297	\$1,047,234,966	\$1,690,381,141	\$240,055,096	\$33,282,559	\$7,463,565	\$1,971,182,361	\$698,233,936	\$16,356,851,448
7/1/2054	\$16,356,851,448	\$244,672,559	\$122,336,279	\$666,231,419	\$255,766,798	\$1,552,676,693	\$48,833,068	\$474,013	\$2,890,990,830	\$1,173,841,196	\$1,768,579,194	\$255,766,798	\$34,377,690	\$7,650,154	\$2,066,373,837	\$824,616,994	\$18,355,309,638
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%
Public Safety, et al Employee Rate				1.25%	1.25%	1.25%	1.25%	1.25%	Medicare Prescription Drug Claims Trend				8.00%	8.00%	8.00%	8.00%	8.

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

Assumption	Prior Assumption July 2019	Prior Assumption July 2020	Prior Assumption July 2021	Current Assumption July 2022	Current Assumption July 2023
Asset Balance	Use May 31, 2019 fund balance of \$684,913,335 as an estimate for 7/1/2019 fund balance	Use April 30, 2020 fund balance of \$746,782,548 as an estimate for 7/1/2020 fund balance	Use May 31, 2021 fund balance of \$1,033,793,409 as an estimate for 7/1/2021 fund balance	Use May 31, 2022 fund balance of \$1,092,570,390 as an estimate for 7/1/2022 fund balance	Use May 31, 2023 fund balance of \$1,198,400,622 as an estimate for 7/1/2023 fund balance
Investment Return	7.25%	No Change	No Change – Baseline / 7.00% - adopted	7.00%	7.00%
Annual Growth in Payroll	FY2019 payroll estimated to be \$4,172,928,635, increasing 4.0% in FY2020, 0.0% in FY2021, and 3.0% thereafter	FY2020 payroll estimated to be \$4,317,892,502, increasing 0.0% through FY2021, 0.0% in FY2022, and 3.0% thereafter	FY2021 payroll estimated to be \$4,614,243,876, increasing 0.0% through FY2022 and 2.75% thereafter	FY2022 payroll estimated to be \$4,745,115,641, increasing 8.92% through FY2023 and 2.75% thereafter	FY2023 payroll estimated to be \$4,952,012,764, increasing 3.91% through FY24 and 2.75% thereafter
Contribution Rates (Employer/Employee)					
Public Safety, et al	2.50%/1.25%	No Change	No Change	No Change	No Change
Other Occupations	2.00%/1.00%	No Change	No Change	No Change	No Change
Annual Growth in Retirees					
Non-Medicare	based on FY2014 open valuation output table	No Change	No Change	No Change	No Change
Medicare	based on FY2014 open valuation output table	No Change	No Change	No Change	No Change
Retiree Ancillary Costs	Assumed to equal premium expenses and is paid fully by retirees	No Change	No Change	No Change	No Change
Pension Tax Revenue	\$29,406,967 for FY2019, increasing 12% thereafter	\$32,935,804 for FY2020, increasing 12% thereafter	\$36,888,100 for FY2021, increasing 12% thereafter	\$41,314,672 for FY2022, increasing 12% thereafter	\$46,272,433 for FY2023, increasing 12% thereafter
HB 728/573 Revenue	Eliminated effective 1/1/2017	No Change	No Change	No Change	No Change
Rx Rebates	FY2020 Rebates of \$31,566,468 based on projection provided by ESI; increased at retiree growth rate thereafter.	FY2021 Rebates of \$31,813,007 based on projection provided by ESI; increased at retiree growth rate thereafter.	FY2022 Rebates of \$30,894,349 based on projection provided by ESI; increased at retiree growth rate thereafter.	FY2023 Rebates of \$44,176,082 based on the IBAC PBM RFP - BAFO from ESI as a percent of projected claims; increased at retiree growth rate thereafter.	FY2024 Rebates of \$42,915,872 based on contract implemented 7/1/2022; increased at retiree growth rate thereafter.
EGWP Revenue Components:					
Direct Subsidy	CY2019 and CY2020 projected by ESI; thereafter increases annually at retiree growth rate, plus one half of Medicare Rx trend +1% for donut hole closure through CY2020 (one half of Medicare Rx trend CY2021+)	CY2020 and CY2021 projected by ESI; thereafter increases annually at retiree growth rate, plus one half of Medicare Rx trend	CY2021 and CY2022 projected by ESI; thereafter increases annually at retiree growth rate, plus one half of Medicare Rx trend, with subsidy in each year after CY2022 bounded below by \$0	CY2022 and CY2023 projected by ESI; thereafter increases annually at retiree growth rate, plus one half of Medicare Rx trend, with subsidy in each year after CY2023 bounded below by \$0	CY2023 and CY2024 projected by Segal based on historical data; thereafter increases annually at retiree growth rate with PMPM remaining level
Federal Reinsurance	CY2019 and CY2020 projected by ESI; CY2021+ annual increase at only retiree growth rate	CY2020 and CY2021 projected by ESI; CY2022+ annual increase at only retiree growth rate	CY2021 and CY2022 projected by ESI; CY2023+ annual increase at only retiree growth rate	CY2022 and CY2023 projected by ESI; CY2024+ annual increase at only retiree growth rate	CY2023 and CY2024 projected by Segal based on historical data at \$84.36 and \$89.67 PMPM, respectively; CY2025+ annual increase at only retiree growth rate
Low Income Subsidy	0.0% annual increase to CY2019 estimate of \$2.96 PMPM	0.0% annual increase to CY2020 estimate of \$2.89 PMPM	0.0% annual increase to CY2021 estimate of \$2.67 PMPM	0.0% annual increase to CY2022 estimate of \$2.72 PMPM	0.0% annual increase to CY2023 estimate of \$2.83 PMPM

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

<u>Assumption</u>	<u>Prior Assumption July 2019</u>	<u>Prior Assumption July 2020</u>	<u>Prior Assumption July 2021</u>	<u>Current Assumption July 2022</u>	<u>Current Assumption July 2023</u>
Coverage Gap Discount Program	CY2019 and CY2020 projected by ESI; CY2021+ annual increase at only retiree growth rate	CY2020 and CY2021 projected by ESI; CY2022+ annual increase at only retiree growth rate	CY2021 and CY2022 projected by ESI; CY2023+ annual increase at only retiree growth rate	CY2022 and CY2023 projected by ESI; CY2024+ annual increase at only retiree growth rate	CY2023 and CY2024 projected by Segal based on historical data at \$57.88 and \$61.29 PMPM, respectively; CY2025+ annual increase at only retiree growth rate
Short Term Interest	\$0 projected for FY2014, increasing 0.0% annually	No Change	No Change	No Change	No Change
Subrogation	\$372,748 estimated for FY2019, increased at retiree growth rate	\$327,755 estimated for FY2020, increased at retiree growth rate	\$235,063 estimated for FY2021, increased at retiree growth rate	\$504,767 estimated for FY2022, increased at retiree growth rate	\$296,791 estimated for FY2023, increased at retiree growth rate
Annual Trend					
Medical					
Medicare Advantage	CY2020 increases estimated at 30% for Humana, 12% for BCBS, 15% for Presbyterian, and 20% for United Healthcare; 8% thereafter	CY2021 increases based on actual rates as provided by NMRHCA staff; CY2022, Humana MA increase at 7% and all other MA plans increase at 14%; 7% increases thereafter for all plans	CY2021 increases based on actual rates as provided by NMRHCA staff; CY2022, MA increases based on actual rates provided by NMRHCA staff; all other years MA plans increase at 7% thereafter	CY2022 increases based on actual rates as provided by NMRHCA staff; CY2023, MA increases based on actual rates provided by NMRHCA staff; all other years MA plans increase at 7% thereafter	CY2023 increases based on actual rates as provided by NMRHCA staff; CY2024, MA increases based on actual rates provided by NMRHCA staff; all other years MA plans increase at 7% thereafter
Medicare Supplement	9% for CY2020; 8% thereafter	8.00%	8.00%	8.00%	8.00%
Medicare Rx	10% for CY2020; 8% thereafter	8.00%	8.00%	8.00%	8.00%
Non-Medicare Medical	9% for CY2020; 8% thereafter	8.00%	8.00%	8.00%	8.00%
Mental Health	Included in Medical Trend	No Change	No Change	No Change	No Change
Non-Medicare Rx	10% for CY2020; 8% thereafter	8.00%	8.00%	8.00%	8.00%
Medical Rates	Annual Non-Medicare rate increases of 7% in 2020, 8% in 2021-2023 and net 8% with plan changes, 5% Medicare Supplement rate increase in 2020, 6% in 2021-2033 and net 6% with plan changes thereafter	Annual Non-Medicare rate increases of 6% in 2021, 8% in 2022-2024 and net 8% with plan changes, 4% Medicare Supplement rate increase in 2021, 6% in 2022-2033 and net 6% with plan changes thereafter	Annual Non-Medicare rate increases of 8% in 2022-2024 and net 8% with plan changes, 6% Medicare Supplement rate increase in 2022, 6% in 2023-2033 and net 6% with plan changes thereafter	Annual Non-Medicare rate increases of 8% in 2023-2024 and net 8% with plan changes, 6% Medicare Supplement rate increase in 2023, 6% in 2024-2035 and net 6% with plan changes thereafter	Annual Non-Medicare rate increases of 8% in 2024 and net 8% with plan changes, 6% Medicare Supplement rate increase in 2024, 6% in 2025-2036 and net 6% with plan changes thereafter
Dental	6.00%	No Change	No Change	No Change	Uses current rates for CY2023 and 6.00% thereafter
Vision	5.00%	No Change	No Change	No Change	0.00% for FY2024 and 5.00% thereafter
Program Support	\$3,135,900 budgeted for FY2019, increasing 2.5% annually thereafter	\$3,296,900 budgeted for FY2020, increasing 2.5% annually thereafter	\$3,247,100 budgeted for FY2021, increasing 2.5% annually thereafter	\$3,412,800 budgeted for FY2022, increasing 2.5% annually thereafter	\$3,558,200 budgeted for FY2023, increasing 2.5% annually thereafter

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

<u>Assumption</u>	<u>Prior Assumption July 2019</u>	<u>Prior Assumption July 2020</u>	<u>Prior Assumption July 2021</u>	<u>Current Assumption July 2022</u>	<u>Current Assumption July 2023</u>
Administrative Services Fee	Individual fee components based on existing contract terms in place, increasing 2.00% annually thereafter	No Change	No Change	No Change	No Change
Plan Design Changes					
Medical					
Medicare	Annual plan changes in CY2034 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2034 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2034 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2036 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2037 and beyond such that projected claims and expenses remain beneath Excise Tax threshold
Non-Medicare	Annual plan changes in CY2024 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2025 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Includes impact of elimination of cost-sharing for Behavioral Health services under SB 317. Annual plan changes in CY2025 and beyond such that projected claims and expenses remain beneath the eliminated Excise Tax threshold	Includes impact of elimination of cost-sharing for Behavioral Health services under SB 317. Annual plan changes in CY2025 and beyond such that projected claims and expenses remain beneath the eliminated Excise Tax threshold	Includes impact from approved 2023 legislative session bills, the Hinge Health (BCBS) Program, and the Sword Health (PHP) Program effective 1/1/2024. Annual plan changes in CY2027 and beyond such that projected claims and expenses remain beneath the eliminated Excise Tax threshold
Rx					
Medicare	Annual plan changes in CY2034 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2034 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2034 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2036 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2037 and beyond such that projected claims and expenses remain beneath Excise Tax threshold
Non-Medicare	Annual plan changes in CY2024 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2025 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2025 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2025 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Includes impact from approved 2023 legislative session bills effective 1/1/2024. Annual plan changes in CY2027 and beyond such that projected claims and expenses remain beneath Excise Tax threshold
Annual Index in Cadillac Tax Thresholds	3%	3%	3%	3%	3%
Annual Increase in PCORI Fee	N/A. PCORI fee has now expired	Projected increase in National Health Expenditures, per CMS Office of the Actuary (PCORI Fee Reinstated)	Projected increase in National Health Expenditures, per CMS Office of the Actuary (PCORI Fee Reinstated)	Projected increase in National Health Expenditures, per CMS Office of the Actuary (PCORI Fee Reinstated)	Projected increase in National Health Expenditures, per CMS Office of the Actuary (PCORI Fee Reinstated)
Member Rate Share					
Retiree					
Medicare	50%	No Change	No Change	No Change	No Change
Non-Medicare	36% in CY2016+	No Change	No Change	No Change	No Change
Spouse					
Medicare	75%	No Change	No Change	No Change	No Change
Non-Medicare	64% in CY2016+	No Change	No Change	No Change	No Change
Child(ren)					
Medicare	100%	No Change	No Change	No Change	No Change

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

<u>Assumption</u>	<u>Prior Assumption July 2019</u>	<u>Prior Assumption July 2020</u>	<u>Prior Assumption July 2021</u>	<u>Current Assumption July 2022</u>	<u>Current Assumption July 2023</u>
Non-Medicare	100%	No Change	No Change	No Change	No Change
Minimum Service to Receive Full Subsidy	Consistent with Board Approved Rule Change to 2.8.11 NMAC effective January 2021	Changes effective date to July 2021	No Change	No Change	No Change
Minimum Participation Age	None	No Change	No Change	No Change	No Change
Member Migration / Participation	No Change, Plan A default to UHC MA I, Plan B default to Humana MA I; 50% opt out of Medicare Advantage Default elections to Medicare Supplement	Non-Medicare members migrate from Premier to Value plan until plan changes are triggered in 2025 (2% annual shift from Premier); All Medicare members default to UHC MA I plan; 50% opt out of Medicare Advantage Default elections to Medicare Supplement	Non-Medicare members migrate from Premier to Value plan until plan changes are triggered in 2025 (1.75% annual shift from Premier); All Medicare members default to UHC MA I plan; 50% opt out of Medicare Advantage Default elections to Medicare Supplement	Non-Medicare members migrate from Premier to Value plan until plan changes are triggered in 2025 (1.75% annual shift from Premier); All Medicare members default to UHC MA I plan; 50% opt out of Medicare Advantage Default elections to Medicare Supplement	Non-Medicare members migrate from Premier to Value plan until plan changes are triggered in 2027 (1.25% annual shift from Premier); Presbyterian age-ins default to UHC MA I; BCBSNM age-ins default to Humana MA I; 50% of age-ins opt out of Medicare Advantage Default elections to Medicare Supplement