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



**December 5, 2023  
9:30 AM**

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

New Mexico Retiree Health Care Authority  
Regular Meeting

BOARD OF DIRECTORS

**ROLL CALL**

**December 5, 2023**

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

## NMRHCA BOARD OF DIRECTORS

December 2023

Ms. Therese Saunders, President  
NEA-NM, Classroom Teachers Assoc., &  
NM Federation of Educational Employees  
5811 Brahma Dr. NW  
Albuquerque, NM 87120  
[tsaunders3@mac.com](mailto:tsaunders3@mac.com)  
505-934-3058

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

Mr. Tomas E. Salazar, PhD, Vice President  
NM Assoc. of Educational Retirees  
PO Box 66  
Las Vegas, NM 87701  
[salazarte@plateautel.net](mailto:salazarte@plateautel.net)  
505-429-2206

Mr. David Archuleta  
ERB Executive Director  
Educational Retirement Board  
PO Box 26129  
Santa Fe, NM 87502-0129  
[david.archuleta@erb.nm.gov](mailto:david.archuleta@erb.nm.gov)  
505-476-6152

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

Mr. Lance Pyle  
NM Association of Counties  
Curry County Administration  
417 Gidding, Suite 100  
Clovis, NM 88101  
[lpyle@currycounty.org](mailto:lpyle@currycounty.org)  
575-763-3656

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

Ms. Raquel Alirez  
Classified State Employee  
401 Broadway NE  
Albuquerque, NM 87102  
[raquel.alirez@dws.nm.gov](mailto:raquel.alirez@dws.nm.gov)  
505-365-3474

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

Mr. Lee Caruana, MD  
Retired Public Employees of New Mexico  
[leecaruana13@gmail.com](mailto:leecaruana13@gmail.com)

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

December 5, 2023

9:30 AM

CNM Workforce Training Center

5600 Eagle Rock Ave NE, Alb. NM 87113

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

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

AGENDA

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12. Other Business

Ms. Saunders, President

13. Date & Location of Next Board Meeting

Ms. Saunders, President

January 2, 2024 – 9:30AM

CNM Workforce Training Center

5600 Eagle Rock Ave NE, Alb. NM 87113

14. Adjourn

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

**REGULAR MEETING**

**October 3, 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:**

Ms. Therese Saunders, President

Dr. Tomas Salazar, Vice President

Ms. LeAnne Larrañaga-Ruffy, Secretary

Mr. John Kreienkamp, designee of Hon. Laura Montoya, NM State Treasurer  
[virtual attendance]

Ms. Rachel Alirez [virtual attendance]

Mr. Sanjay Bhakta

Dr. Lee Caruana

Mr. Rick Scroggins

Dr. Gerry Washburn [virtual attendance]

**Members Excused:**

Mr. Lance Pyle

**Staff Present:**

Mr. Neil Kueffer, Executive Director

Mr. Keith Witt, Deputy Director

Mr. Mark Hayden, General Counsel

Mr. Jess Biggs, Director of Communication & Member Engagement

Mr. Trinity Angelino, Network Administrator

Mr. Raymond Long, Chief Information Officer

Ms. Judith Beatty, Recorder

**3. PLEDGE OF ALLEGIANCE**

Ms. Saunders led the Pledge.

**4. APPROVAL OF AGENDA**

Dr. Caruana moved for approval of the agenda, as published. Ms. Larrañaga-Ruffy seconded the motion, which passed unanimously.

**5. APPROVAL OF REGULAR MEETING MINUTES: August 30, 2023**

Dr. Salazar moved approval of the August 30 meeting minutes, as presented. Mr. Scroggins seconded the motion, which passed unanimously.

**6. PUBLIC FORUM AND INTRODUCTIONS**

Attendees introduced themselves.

Harris Zeyae of Express Scripts introduced senior clinical account executive Anjana Patel, who would be taking over his current role.

**7. COMMITTEE REPORTS**

- The Legislative Committee met and discussed matters that would be addressed on today's agenda. [Dr. Salazar]

**8. STAFF UPDATES**

**a. Communications Warning**

Mr. Biggs reported that NMRHCA emailed the board a few months ago about board members being solicited by spammers posing as a staff member or board member. Because that activity is expected to continue, board members should remain diligent and watch for telltale signs such as poor grammar and spelling.

**b. 2024 Switch Enrollment Update**

Mr. Biggs reported that 49,000 switch packets have been mailed to all NMRHCA members. Members can see what their current benefits are, what the benefits cost, and what options they have for switching. Switch meetings start tomorrow.

**c. Human Resource Updates**

Mr. Witt reported that the Network Administration II position approved during the last budgeting cycle has been advertised and will close on November 10.

**d. Emergency Order – Docket No. 2023-0083**

Mr. Witt said the Governor issued an Emergency Order on September 8 declaring a state of public health emergency due to drug abuse. It mandates that all insurers who are regulated by the Office of Superintendent of Insurance (OSI) cover specific out-of-network services related to behavioral health and substance use disorder at very specific in-network level of benefits to the members that are regulated by OSI. The NMRHCA is not regulated by OSI, but always reviews the orders that are issued to look at potential positives for the retirees or any adverse impact to the agency if it were to adopt what is being proposed in these orders.

Mr. Witt said one of the NMRHCA's biggest concerns is the reimbursement rate for these out-of-network providers will be based on usual and customary charges, and if those charges are not available, then insurers are to use the Surprise Billing rate. Because these out-of-network providers are not contracted, there is no set arrangement or rates with these providers through NMRHCA's partners BCBS and Presbyterian. Another major concern is that, excluding emergency care, the order doesn't protect from balance billing from the out-of-network providers. If they charge \$1,000 and the reimbursement rate is only \$500 that is paid, they have the ability to charge up to the full \$1,000 and pass it on to the patient.

Mr. Witt said SB 317 was introduced in January and the NMRHCA has been following all of the guidelines, which removed the cost sharing for the majority of behavioral health and substance use services both outpatient and inpatient, as well as specific medications used to treat both of those conditions. Those are all on an in-network benefit level that the NMRHCA has removed the out-of-pocket costs for the members.

Mr. Witt said staff agrees with the intent of the order and that it is extremely important to expand access to the retirees to utilize these services, but doesn't feel that this order will benefit the retirees. Between the medical carriers BCBS and Presbyterian, the majority of behavioral health and substance abuse providers in New Mexico are very likely contracted with either of these carriers, so it doesn't open up access to untapped providers or providers that can't be utilized today. The NMRHCA also offers PPO plans for the pre-65 members that have in-network and out-of-network benefits today. The order also applies to telehealth but doesn't specify which of them will provide these behavioral health services and how the billing process will work.

Mr. Witt said staff will continue to comply with SB 317 and follow the developments of this order by the OSI, and will work with the carriers to review adequacy reporting to make sure that there is sufficient access to these providers in both of the networks going forward and do what it can to improve clinical outcomes for retirees.

Responding to Dr. Salazar, Mr. Kueffer said the NMRHCA is seeing legislation around the corner regarding SB 273 (Health Insurance Mental Health Coverage), which was sponsored by Sen. Martin Hickey and ties into items presented in this emergency order. He said the NMRHCA



would continue to review this order and look at ways of helping members avoid taking financial risks while also reviewing costs that the NMRHCA would be incurring.

**e. Legislative Updates**

Mr. Kueffer said the NMRHCA continues to do its best to build solvency while managing claims, but with more cost sharing added to the plan, it becomes increasingly more challenging for the agency and board. The NMRHCA is not getting any additional funding, so will have to look at additional and necessary changes to continue growing the fund.

Mr. Kueffer said he attended the LFC meetings in Albuquerque, as he had in Las Vegas, to keep track of what is happening in the healthcare industry while also looking at revenue, knowing there will be a request for additional money through a special appropriation. There is an issue in New Mexico with providers and rural hospitals, and legislators are viewing this as a problem. One statement being made is to increase the Medicaid reimbursement rate to keep healthcare providers in New Mexico rather than see them retire or migrate to other states. Mr. Kueffer said he was not present when some other IBAC partners were at the table and there were a number of questions from legislators about the NMRHCA's reimbursements and how it is controlling costs. In the discussion, legislators were offering conflicting ideas about what the NMRHCA should or shouldn't do to address the problem. Mr. Kueffer stated that he would continue to have conversations with legislators going forward to clarify conflicting points raised during the discussion and avoid results that could ultimately harm the members. He said HSD was also at the table on Friday during a discussion about consolidation, although there was nothing specific mentioned.

Dr. Salazar noted a comment made at yesterday's IPOC meeting, which is that the NMRHCA is the third leg of a pension, and there would be real problems without it. Sen. Gonzales, who chairs IPOC, has said previously that the NMRHCA needs to find a way to protect itself. Dr. Salazar said he believes the Senator was suggesting that the NMRHCA adopt a resolution of some kind. Based on his own experience as a legislator, that would be a long and complicated process that could take three or four years, but he feels the NMRHCA board should take Sen. Gonzales's comments seriously.

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

Mr. Kueffer reported (\$20m) in unrealized gains, offset by gains of \$2.9 million. As of September 18, market value was \$1.29 billion.

**g. Investment Performance Report – June 2023**

[See item 9, which includes this report.]

**9. STATE INVESTMENT COUNCIL UPDATES: CHARLES WOLLMANN, DIRECTOR OF**

## **COMMUNICATIONS, LEGISLATIVE & CLIENT RELATIONS, SIC**

Mr. Wollmann introduced SIC investment strategist Dawn Iglesias. She stated that one of her primary roles at the SIC is participation in asset allocation studies and working with RVK on capital market assumptions.

Mr. Wollmann presented highlights from the June 2023 report prepared by RVK:

- The NMRHCA is close to its targets across most of the portfolio.
- Since this report, the SIC has restructured its fixed income portfolio. Credit & Structured Finance pool is now called the Private Market Fixed Income Pool.
- Private Equity is 4.73% over its 10% target.
- US Core Bonds has shrunk by (4.11%) relative to its 20% long-term target.
- 1-year net return of 5.45% as it continues to roll off 2022's bad performance.

Mr. Wollmann reported that State Investment Officer Steve Moise has retired, and the SIC has hired a search firm. Assets tripled during Mr. Moise's time at the SIC, which expects to become a \$100 billion fund within the next decade.

Responding to Dr. Salazar, Mr. Wollmann stated that the SIC is presenting itself as the option for clients interested in long-term diversified investment exposure. It is educating the legislature about this low frills and low cost option, and will be talking to county managers later this month. In response to frequently asked questions about the limitations of the program, he said the SIC cannot manage cash and does not have a pool for investments that restrict types of investments, e.g., guns. The SIC has a ESG policy which staff is taking into consideration, however, such as taking the environment into account while making the best investments possible financially but avoiding long-term negative implications. The policy is flexible in that it offers guidance without prohibiting certain types of investments.

Responding to requests from Ms. Larrañaga-Ruffly, Ms. Iglesias said it was her plan to appear before the NMRHCA on a regular basis to provide reports. She would also be happy to provide more detail on what funds are included in the pools.

Regarding rebalancing, Mr. Wollmann said there are restrictions with the private markets. Once someone makes a deposit in private equity, real estate, real return or credit & structured, there are lockup periods after the first deposit and the money cannot be withdrawn. These are long-term investments with nearly all of them having 10-12 year horizons. Even with the lockup, the NMRHCA's horizon is much shorter, so it is getting an advantage there. That said, the SIC wants to be flexible, if possible. While rebalancing is a best practice and should be allowed, there is an additional requirement of notice that varies by strategy. Generally, it is about 9 months to a year on those types of assets because of the lag in valuations. He commented that this is uncharted territory for the SIC, which started opening these pools a few years ago and the NMRHCA was the first to join.

Mr. Wollmann said the NMRHCA did put in a request to rebalance out of private equity and real estate late last year, but its legal counsel stated that the SIC has to stick to the policy. He said the SIC wants to work with the NMRHCA on this and recommended that it talk to its advisor how to best accomplish this.

Ms. Larrañaga-Ruffly reiterated her request that the SIC appear before the NMRHCA more often, and recommended at least twice a year, if not quarterly, given the substantial size of the trust fund and the fact that the NMRHCA does not have a consultant right now.

**10. LEGISLATIVE – BOARD DETERMINATION ON HIRING OF LOBBYIST FOR THE UPCOMING SESSION/CONTRACT YEAR (ACTION ITEM)**

Mr. Kueffer stated that, because the upcoming session is only 30 days, the focus will be on: 1) request for a one-time money of \$150 million as a special appropriation; and 2) to file a Joint Resolution for the NMRHCA to protect its program as a property right under the NM Constitution.

Mr. Scroggins said the board hasn't seen the language on the proposed legislation yet, and the discussion right now is about concepts. He said it is very late in the game to bring someone in who isn't necessarily familiar with the NMRHCA in detail. He said he saw an extremely small chance of success in this short session. He asked Mr. Kueffer if the NMRHCA has been assured that there will be an opportunity for it to present its legislation to IPOC for endorsement in order to advance it to the session.

Mr. Kueffer responded that IPOC just met yesterday and will be meeting on October 31 and November 27, and hoped there would be an opportunity to present the NMRHCA's special appropriation request. The request has been put into the Governor's Office and has gone through the DFA and LFC.

Mr. Scroggins expressed concern about the \$25,000 cost, as well, which will have to be squeezed out of something else.

Mr. Washburn agreed that the NMRHCA would need a lobbyist at some point, particularly before going into the 60-day session, but questioned whether the NMRHCA would get any bang for the buck in the upcoming 30-day session.

Referring to the scope of work, Mr. Bhakta said he felt the lobbyist's job was to be present at the legislature and to report on what was happening and what to watch out for versus working with legislators to pursue the goals of the NMRHCA. He asked Mr. Kueffer why he thought a lobbyist was needed.

Mr. Kueffer responded that they developed the scope based on strategies pursued by other organizations with the idea of following suit, and hiring someone now would give them time to become familiar with the NMRHCA and its goals. In addition, he personally would be dedicating more time during the session than he did last time. He said healthcare is a major focus of

legislators right now and being discussed, and that discussion could include the NMRHCA. He thought finding a lobbyist with some background in healthcare but without any conflict of interest would be helpful.

Dr. Salazar commented it is possible the NMRHCA won't be able to find a lobbyist at this point, but assuming the NMRHCA finds a good lobbyist, what he or she will bring to any kind of legislative action or recommendation on the agency's part will be extremely significant. He said it is like having another set of eyes.

Dr. Caruana said board members seem to agree that the NMRHCA needs a lobbyist, but the question is when. Although the short session may not be that critical for the NMRHCA, maybe this is "on-the-job training time" the NMRHCA needs for that person.

Chairwoman Saunders said she feels strongly that the NMRHCA needs to hire a lobbyist as soon as possible so that individual can begin spending time building connections and relationships with legislators. She pointed out that there are legislators who don't know what the NMRHCA does or what its function is. While Mr. Kueffer and Mr. Hayden can certainly represent the NMRHCA, they each have other jobs.

Mr. Kreienkamp said Treasurer Montoya has asked what impact the \$150 million special appropriation would have on funding issues going forward and the liabilities the agency faces.

Mr. Kueffer responded that the special appropriation affects more than one area. He said one issue is the five years of missed funding the NMRHCA experienced. In the 2016 special session, 3% was stripped away and there was a hold on the 12% increase. He said the NMRHCA lost out on about \$350 million of funding, which impacted the investment fund, and receiving this special appropriation would restore some of the money it lost in 2016. He said infusions of cash would help the NMRHCA continue moving toward its 50% funded ratio and avoid having to make plan design changes.

**Dr. Caruana moved that the NMRHCA proceed with hiring a lobbyist to work on behalf of the NMRHCA.**

Dr. Caruana said that would mean starting the process, looking at a short list, and then nailing down the timeframe based on the list.

**Dr. Salazar seconded the motion, which failed on the following roll call vote:**

**For: Dr. Salazar; Mr. Washburn; Dr. Caruana; Chairwoman Saunders.**

**Against: Ms. Larrañaga-Ruffly; Mr. Scroggins; Mr. Kreienkamp; Mr. Bhakta; Ms. Alirez.**

Explaining her vote, Ms. Larrañaga-Ruffy said she felt the NMRHCA needed to have the timeframe for this, and starting the process now would take up a lot of Mr. Kueffer’s time, which she felt would be better spent on the two legislative requests.

Explaining his vote, Mr. Scroggins agreed with Ms. Larrañaga-Ruffy’s point about Mr. Kueffer’s time constraints.

Ms. Alirez agreed and said she would have voted in favor of the motion had it been for the 2025 session.

**11. LEGISLATIVE – BOARD APPROVAL OF CONTRACT FOR LOBBYIST (ACTION ITEM)**

[Not addressed.]

**12. OTHER BUSINESS**

Mr. Scroggins stated that he would be retiring next month, and this would be his last meeting.

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

November 7, 2023 – 9:30 a.m.  
CNM Workforce Training Center  
5600 Eagle Rock Ave NE, Albuquerque NM 87113

**17. ADJOURN: 12:00 P.M.**

Accepted by:

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Therese Saunders, President

# Expanding Access with National In-Network Care



Presbyterian Health Plan, Inc.  
Presbyterian Insurance Company, Inc.

With access to a robust network of more than 24,000 providers and facilities statewide, Presbyterian gives you more freedom to manage your own healthcare with local providers that you know and trust.

Your network includes Presbyterian Medical Group, Optum, New Mexico Orthopedics, TriCore Reference Laboratories, and many more.

Visit the Presbyterian Health Plan Directory online at [www.phs.org/tools-resources/member/php-directory](http://www.phs.org/tools-resources/member/php-directory).



In addition to our robust network, your plan\* also gives you **in-network benefits outside of New Mexico** through our collaboration with **Aetna Signature Administrators®**. Aetna's PPO network offers access to more than 1.5 million participating physicians and ancillary providers, including over 6,000 hospitals.

Simply go to [aetna.com/asa](http://aetna.com/asa) to begin searching for a doctor using your location – ZIP, city, county, or state.

You'll be able to find specialty care, including a list of transplant facilities or pediatric congenital heart surgery facilities that are part of Aetna's Institutes of Excellence™ network.

\* Refer to your Group Subscriber Agreement to see if your plan qualifies.

\*\*Aetna's Aexcel program-designated high-performance specialists in 12 specialties: cardiology, cardiothoracic surgery, gastroenterology, general surgery, neurology, neurosurgery, obstetrics and gynecology, orthopedics, otolaryngology, plastic surgery, urology, and vascular surgery.

Aetna Signature Administrators is the brand name used for products and services provided by one or more of the Aetna group of subsidiary companies, including Aetna Life Insurance Company and its affiliates (Aetna). Information is believed to be accurate as of the production date; however, it is subject to change. Providers are independent contractors and are not agents of Aetna. Provider participation may change without notice. Aetna does not provide care or guarantee access to health services.



### **An Update Regarding Our Relationship with San Juan IPA in New Mexico**

San Juan IPA (SJIPA) issued a termination notice to end our commercial and Medicare Advantage contracts in New Mexico.

After several months of attempting to negotiate in good faith with the goal of reaching an agreement, we recently issued a final, fair and market-competitive offer to SJIPA. Unfortunately, SJIPA did not accept our final proposal.

Thus, effective January 1, 2024, SJIPA's providers will be out of network for members enrolled in employer-sponsored and individual commercial plans, as well as Medicare Advantage and Group Retiree plans.

To ensure that our members have continued, uninterrupted access to their existing providers, we are securing separate, direct contracts with several physicians who currently participate in the SJIPA association.

Letters are being mailed to impacted members with commercial and Medicare Advantage plans.

#### **Here are a few things you need to know:**

- **After several months of attempting to negotiate in good faith with SJIPA with the goal of reaching an agreement, unfortunately, we are unable to renew our relationship with SJIPA.**
  - Our preference is to keep SJIPA in our network by establishing a new agreement that reimburses its physicians at fair, market-competitive rates.
- **We have a responsibility to provide the people we serve with access to quality health care while also helping to contain rapidly rising health care costs.**
  - Maintaining fair and competitive agreements with the providers in our network is critical to our ability to meet this commitment to our members and customers.
  - We are disappointed that we are unable to reach an agreement with SJIPA that is affordable for families and employers in New Mexico.
- **We continue to offer a broad network of providers across New Mexico to ensure the members we serve have uninterrupted access to the care they need.**

**Revised 11.14.23**

- To ensure that our members have continued, uninterrupted access to their existing providers, we are securing separate, direct contracts with several physicians who currently participate in the SJIPA association.
- **We have a number of resources available to support our members and their ongoing health care needs:**
  - For support finding in-network providers, members can call the customer care number on their health plan ID card or visit their plan's website:
    - [myuhc.com](https://myuhc.com)
    - [myuhcmedicare.com](https://myuhcmedicare.com)
    - [retiree.uhc.com](https://retiree.uhc.com) for Group Retiree plans

We value our relationship and encourage you to reach out to your UnitedHealthcare representative if you have any questions.



## Questions?

**We're here to help.**

Toll-Free 1-8 [REDACTED]  
TTY 711, 8 a.m.-8 p.m. local time,  
Monday - Friday

November 14, 2023

UnitedHealthcare Group Medicare Advantage (PPO)

Member ID: [REDACTED]

Dear [REDACTED]

Our current contract with [REDACTED] M.D. is ending. This means that they will no longer be part of your plan's network starting on January 1, 2024.

We know that the care you get from your provider is important, so we're working hard to keep them in the network. If we can reach a new agreement with them, we'll send you a letter to let you know.

### What does this change mean for me?

Your plan will cover care from the providers included as an out-of-network provider, if they are a Medicare-approved provider and accept the plan. Your share of the cost will be the same as if they were part of the network. Even though you have this benefit, we wanted to let you know about this network change so you can talk to your provider(s) about it.

### What's next?

Please talk to your providers to see if they will continue to treat you and bill us after they leave the plan's network.

### Questions?

If you have any questions or need help finding a provider, please call Customer Service toll-free at 1-8 [REDACTED] TTY 711, 8 a.m.-8 p.m. local time, Monday - Friday.

Sincerely,

The UnitedHealthcare Team

### **Do we have the right address for you?**

If not, please let us know so we can keep you informed about your plan.

---

If you need help finding a network provider, please call 1-8 [REDACTED] TTY 711, or visit [retiree.uhc.com](http://retiree.uhc.com) [REDACTED] to access our online directory. If you would like a Provider Directory mailed to you, you may call the number above or request one at the website link provided above.

The company does not discriminate on the basis of race, color, national origin, sex, age, or disability in health programs and activities.

We provide free services to help you communicate with us. Such as, letters in other languages or large print. Or, you can ask for an interpreter. To ask for help, please call the member toll-free phone number listed on your ID card.

ATENCIÓN: Si habla español (Spanish), hay servicios de asistencia de idiomas, sin cargo, a su disposición. Llame al número de teléfono gratuito que aparece en su tarjeta de identificación.

請注意：如果您說中文(Chinese)，我們免費為您提供語言協助服務。請撥打會員卡所列的免付費會員電話號碼。



NEW MEXICO  
**RETIREE**  
HEALTH CARE  
AUTHORITY

**Legislative Finance Committee**  
Senator George K. Muñoz, Chair  
Representative Nathan P. Small, Vice Chair

FY25 Appropriation Request  
November 15, 2023

Therese Saunders, President  
Tomas Salazar, Vice President  
LeAnne Larrañaga-Ruffy, Secretary  
Neil Kueffer, Executive Director

# Agency Updates

## Active participation – 93,595 (6/30/23)

- Public Employer Groups - 302
  - Schools – 50%
  - State agencies – 25%
  - Local government – 25%

## Retiree participation – 66,980 (11/1/23)

- Retirees – 48,668
  - Pre-Medicare – 8,559
  - Medicare – 32,609
  - Voluntary – 7,500
- Spouses/DP – 16,027
  - Pre-Medicare – 2,294
  - Medicare – 8,455
  - Voluntary – 5,278
- Dependent Children – 2,285
- Retiree Average Age – 71.3
- Average age upon retirement – 62.75
- Retiree Under Age 55 – 1,490

## Investments:

- Managed by the State Investment Council
- Biennial Asset Allocation Performed by Wilshire
- Asset Allocation Reviewed June 2023
  - Wilshire reviewed and recommended Board reaffirm the current policy of asset allocation targets as on track for risk adjusted return.
  - Risk Adjusted return on par with other modeled portfolios.
- Performance of RHCA Total Fund Comp - Net
  - One year 5.45%
  - Three year 8.92%
  - Five year 6.64%
  - Seven year 7.91%
  - Ten year 7.28%

# Challenges

Health care mandates (State and Federal) over the years have been passed on to RHCA

- In many cases this has led to higher premiums because of increase in claims paid by Plan, and reduction or elimination of patient financial liability.

Statewide shortage of medical professionals leading to higher commercial reimbursement rates paid to providers to maintain network adequacy.

- New Mexico is one of the states facing a higher rate of physician shortages
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- Accelerated approvals of new drugs to market

# Health Care Authority Transition Report

## Questions and Concerns of Retirees, Board, and Stakeholders

### What does administratively attached mean for Retiree Health Care Authority?

- Does the 11-member Board of Directors composed of broad representation of retirees and stakeholders lose oversight of the program and Agency?

### Consolidation of contracts:

The Board works with the staff on a regular basis and stays informed of ongoing changes to NMRHCA.

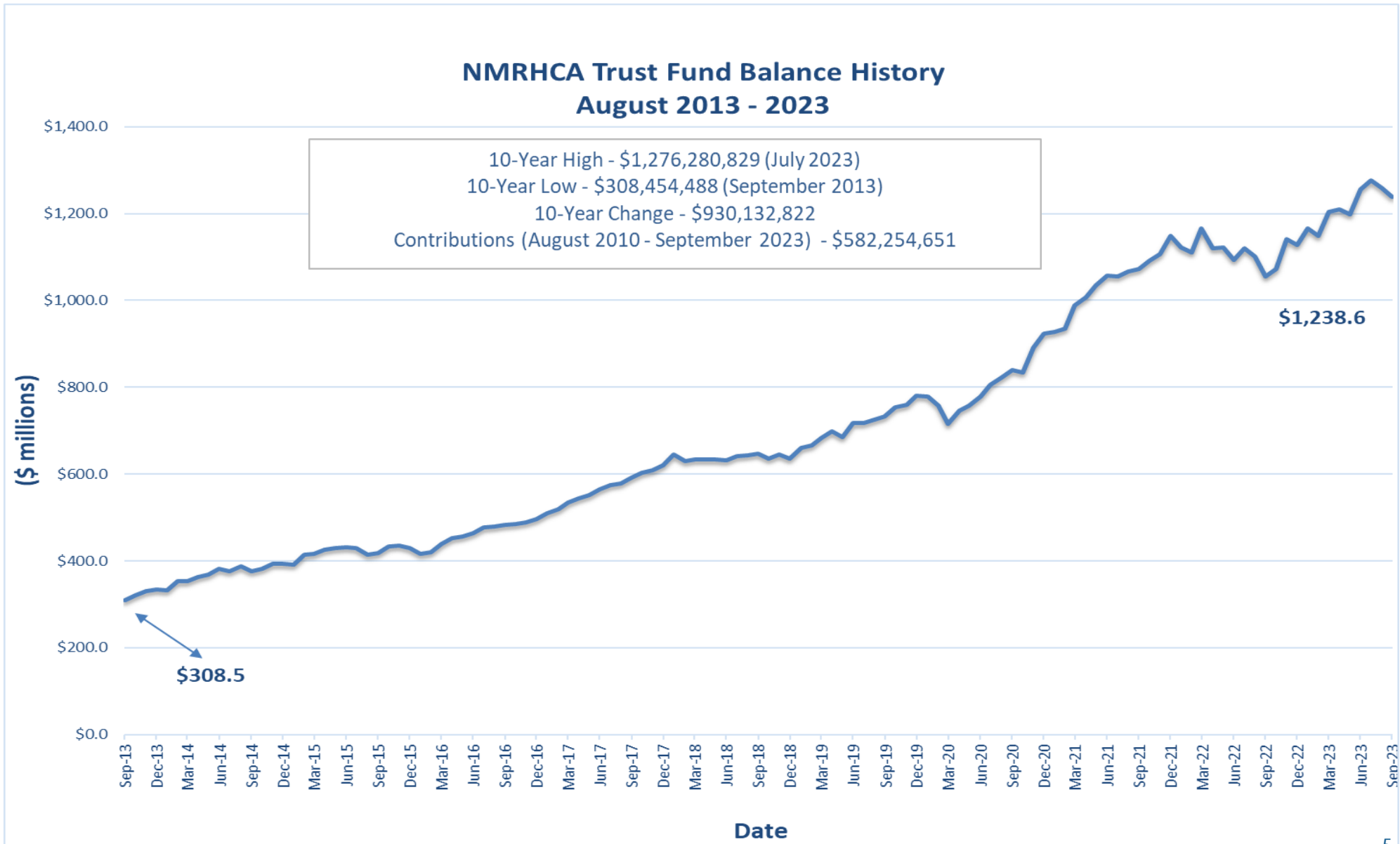
- Will the final decisions impacting RHCA and retirees be made from outside governance?
- Does the board lose control of setting premiums on plans?
- Does the board lose control of setting plan design?
- Can the board implement new cost reduction, clinical outcomes or wellness programs and initiatives?
- RHCA and HCA can work collaboratively hand in hand today with out the need for a proposed mandate.

### Possible Alternative:

Postpone for a year to allow time for all stakeholders to evaluate and discuss this change to better identify potential impact (positive or negative) to 67,000 retirees and dependents and 94,000 active employees.

- Based upon findings determine appropriate steps and aspects of program to be included or excluded.

# Trust Fund



# GASB 74

## GASB 74 – Actuarial Valuation Review of Other Postemployment Benefits (OPEB) as of June 30, 2023

- Total OPEB Liability: **\$3,049,662,302 (2023)** / \$3,467,298,517 (2022) / \$4,409,849,335 (2021)
- Net OPEB Liabilities (NOL) decreased \$609 million from previous year, due to the following:
  - An increase in the blended discount rate
  - Blended Discount rate – 6.22% compared to 5.42% in 2022
    - Blend rate = 7.00% assumed investment return + 20-year tax-exempt general obligation municipal bonds with an average rate of AA/Aa or higher (**3.65% as of June 30, 2023**)
- **NOL: \$1,702,935,036 (2023)** / \$2,311,603,052 (2022) / \$3,290,349,790 (2021)
  - 1% Decrease in Discount Rate - \$2,146,981,727
  - 1% Increase in Discount Rate - \$1,342,994,641
  - 1% Decrease in Health Care Cost Trend - \$1,409,857,717
  - 1% Increase in Health Care Cost Trend - \$2,039,527,413
- **Funded Status: 44.16% (2023)** / 33.33% (2022) / 25.39% (2021)



# Healthcare Benefits Administration

Health Benefit Fund Expenditure Summary								
		FY23	FY23	FY24	FY25	FY25	%	
	Contractual Services	OPBUD	ACTUALS	OPBUD	INC/DEC	REQUEST	CHANGE	
1	Prescriptions	\$ 126,000.0	\$ 122,750.7	\$ 130,500.0	\$ 6,500.0	\$ 137,000.0	5.0%	1
2	Medical - Supplement/Self- Insured	\$ 183,876.7	\$ 159,322.1	\$ 188,626.7	\$ 1,500.0	\$ 190,126.7	0.8%	2
3	Medicare Advantage	\$ 26,450.0	\$ 18,851.2	\$ 28,300.0	\$ 3,000.0	\$ 31,300.0	10.6%	3
4	Voluntary Coverages	\$ 40,600.0	\$ 37,612.3	\$ 42,950.0	\$ 650.0	\$ 43,600.0	1.5%	4
5	<b>Total Contractual Services</b>	\$ 376,926.7	\$ 338,536.3	\$ 390,376.7	\$ 11,650.0	\$ 402,026.7	3.0%	5
	<b>Other</b>							
6	PCORI Fee	\$ 45.0	\$ 40.1	\$ 45.0	\$ -	\$ 45.0	0.0%	6
7	<b>Total Other</b>	\$ 45.0	\$ 40.1	\$ 45.0	\$ -	\$ 45.0	0.0%	7
	<b>Other Financing Uses</b>							
8	Program Support	\$ 3,558.2	\$ 3,260.3	\$ 3,913.4	\$ 321.7	\$ 4,235.1	8.2%	8
9	<b>Total Other Financing Uses</b>	\$ 3,558.2	\$ 3,260.3	\$ 3,913.4	\$ 321.7	\$ 4,235.1	8.2%	9
10	<b>Total Expenditures</b>	\$ 380,529.9	\$ 341,836.7	\$ 394,335.1	\$ 11,971.7	\$ 406,306.8	3.0%	10

\*Table in Thousands

NMRHCA Requests a \$11.9 Million Increase in Spending Authority for FY25.

- Healthcare Benefits Administration \$402 million about 99% total budget - excluding Program Support
- This Request Includes the Following Assumptions:
  - Growth in medical and pharmacy plan costs resulting from increases in cost and utilization in plans.
  - Ongoing migration and election of lower costing Medicare Advantage Plans compared to Medicare Supplement.
  - Increase to Medicare Advantage costs due to premium increases and impact of Inflation Reduction Act.

# Program Support

Program Support Expenditure Summary									
	Uses		FY23 OPBUD	FY23 ACTUALS	FY24 OPBUD	FY25 INC/DEC	FY25 REQUEST	PERCENT CHANGE	
1	200	Personal Services/ Employee Benefits	2,296.3	2,083.3	2,585.9	245.9	2,831.8	9.5%	1
2	300	Contractual Services	674.9	670.3	702.3	71.0	773.3	10.1%	2
3	400	Other Costs	587.0	506.7	625.2	4.8	630.0	0.8%	3
4		<b>TOTAL</b>	<b>3,558.2</b>	<b>3,260.3</b>	<b>3,913.4</b>	<b>321.7</b>	<b>4,235.1</b>	<b>8.2%</b>	<b>4</b>

Personal Services and Employee Benefits Includes \$245,900 (9.5%) Increase, above FY24

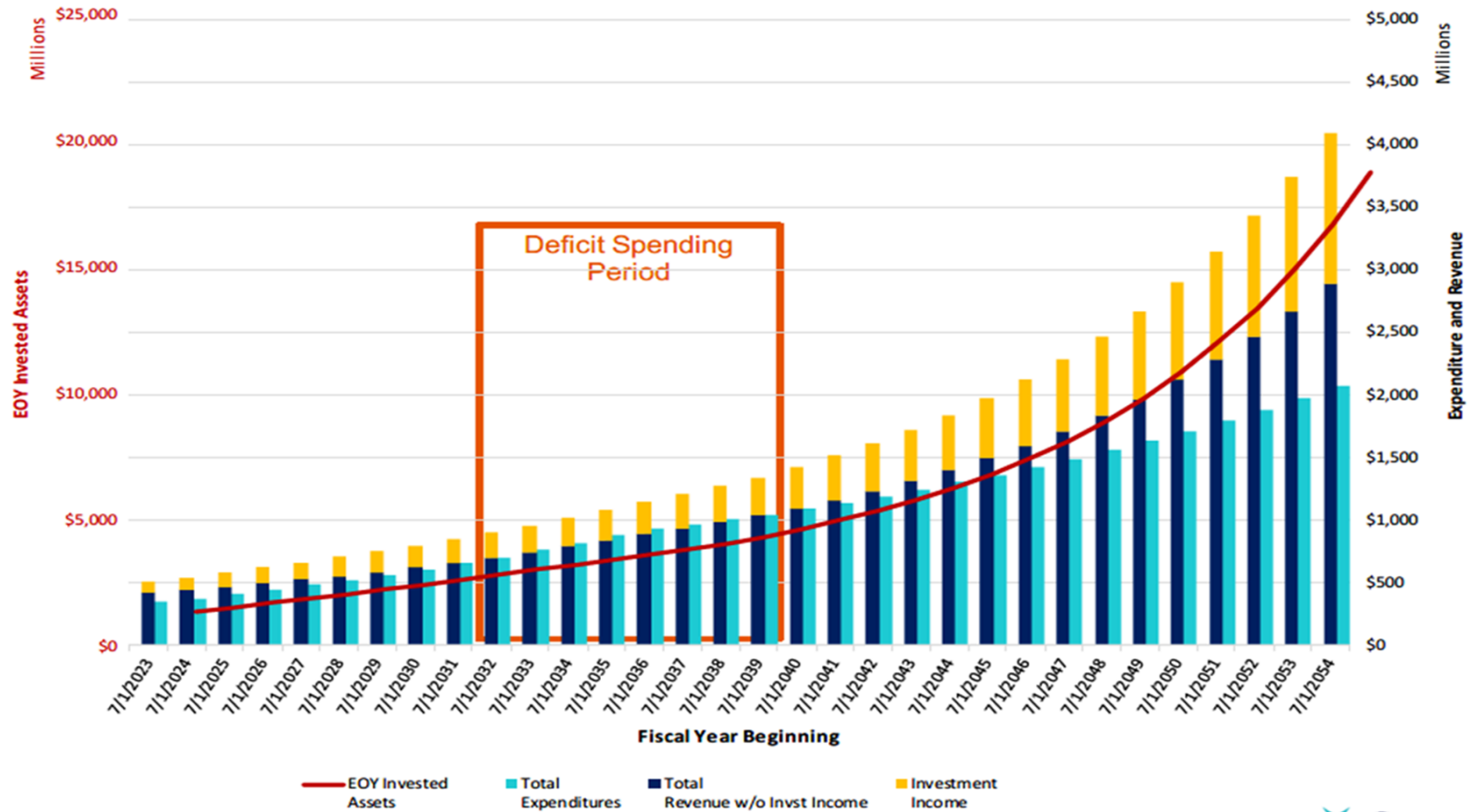
- NMRHCA request for Program support \$4,235,100 about 1% of total budget.
- Approved Operating Levels Include Full Funding for 27 FTE and request for 2 new FTE.
- Request for 2 positions (vacancy rate of agency 10%):
  - Business operations to provide support with procurement, contracts, records and archives, preparation of switch materials.
  - Administrative Operations to provide better oversight over customer service by creating or improving policies, procedures, and additional reporting required due to health care regulations
  - These positions will improve these functions and allow staff in finance and wellness/communications to focus more on their duties

Contractual Services Includes \$71,000 (10.1%) Increase for Actuarial and Benefits Consulting Services, Investment Advisory Services, Human Resource and Legal Services, IT Programing Charges, and Board Reporting and Recording Services.

This Request Includes \$4,800 (0.8%) Increase in the Other Category Spread Across Multiple Line Items.

# Solvency

2023 Solvency Scenario – Board Approved Rate Action  
 5% Pre-Medicare, 0% Medicare Supplement increases



# Legislative Proposals

## Special Appropriations Request

- Request for one-time money of \$150 million
- This contribution would help lower our unfunded liabilities and mitigate rising costs to our members.

File a joint resolution for New Mexico Retiree Health Care Authority program to be recognized and protected under the New Mexico Constitution.

- Similar to our sister agencies Educational Retirement Board and Public Employee Retirement Association.
- Currently the state statute states that this benefit can be modified or extinguished in the future to meet changes in economic or social conditions.
- However, many New Mexicans have been making contributions into this benefit for their careers with the expectation of having a benefit when they retire.

# Historical Contributions

Employee and employer contributions since creation of Retiree Health Care Act:

- Started with over 15,000 members
- No pre-material funding
- No trust fund or reserves
- Payroll contributions for comprehensive and affordable benefits in retirement
- Currently about 67,000 members on plans
- 93,595 active employees contributing for future retirement benefits

Non-Enhanced Retirement Plan			
	Employee	Employer	Total
1990 - 2002 (12 years)	0.500%	1.000%	1.500%
2002 - 2010 (8 years)	0.650%	1.300%	1.950%
2010 - 2011 (1 year)	0.833%	1.666%	2.499%
2011 - 2012 (1 year)	0.917%	1.834%	2.751%
2012 - 2023 (11 years)	1.000%	2.000%	3.000%

Enhanced Retirement Plan			
	Employee	Employer	Total
1990 - 2002 (12 years)	0.500%	1.000%	1.500%
2002 - 2010 (8 years)	0.650%	1.300%	1.950%
2010 - 2011 (1 year)	1.042%	2.084%	3.126%
2011 - 2012 (1 year)	1.146%	2.292%	3.438%
2012 - 2023 (11 years)	1.250%	2.500%	3.750%



New Mexico Retiree Health Care Authority

Neil Kueffer, Executive Director

505-222-6408

[neil.kueffer@rhca.nm.gov](mailto:neil.kueffer@rhca.nm.gov)

Please call 1-800-233-2576 / 505-222-6400

Or visit us at: [www.nmrhca.org](http://www.nmrhca.org) or [www.facebook.com/nmrhca](https://www.facebook.com/nmrhca)

Business Hours: 8:00AM – 5:00PM (Monday through  
Friday)



NEW MEXICO  
**RETIREE**  
HEALTH CARE  
AUTHORITY

Investments & Pensions Oversight Committee  
Senator Roberto “Bobby” J. Gonzales, Chair  
Representative Patricia Roybal Caballero, Vice Chair

Agency Update  
November 27, 2023

Therese Saunders, President  
Tomas Salazar, Vice President  
LeAnne Larrañaga-Ruffy, Secretary  
Neil Kueffer, Executive Director

# Retiree Health Care Authority Act - 1990

**10-7C-1 through  
10-7C-16 NMSA  
1978**

- Purpose to provide comprehensive core group health insurance for persons who have retired from certain public service in New Mexico
- Legislative Findings (10-7C-3)
  - Public employees face a severe problem in securing continuing medical insurance upon retirement citing medical care inflation exceeding general inflation for the past decade (1990)
  - Public employees covered by the Act have entered into public employment in circumstances where they have received in exchange for their services a present salary and an expectation of receiving a future stream of benefits, including certain retirement benefits
- Board Duties (10-7C-7)
  - Administration of program to include: procurement, promulgate and adopting rules, regulations and procedures for the governance of eligibility, participation, enrollment, length of service requirements and other conditions

**Eleven Member  
Board representing  
retired & active  
memberships**

- NEA-NM, Classroom Teachers Association – Therese Saunders, President
- New Mexico Association of Educational Retirees – Tomas Salazar, Vice President
- PERA Executive Director (Designee) – LeAnne Larranaga, Secretary
- ERB Executive Director – David Archuleta
- State Treasurer – The Honorable Laura Montoya
- NM Association of Counties – Lance Pyle
- NM Municipal League – Sanjay Bhakta
- Classified State Employee – Raquel Alirez
- NM Superintendents Association – Gerry Washburn
- Retired Public Employee of New Mexico – Lee Caruana
- Governor’s Appointee – Vacant



# Agency Updates

Active participation – 93,595 (6/30/23)

- Public Employer Groups - 302
  - Schools – 50%
  - State agencies – 25%
  - Local government – 25%

Retiree participation – 66,980 (11/1/23)

- Retirees – 48,668
  - Pre-Medicare – 8,559
  - Medicare – 32,609
  - Voluntary – 7,500
- Spouses/DP – 16,027
  - Pre-Medicare – 2,294
  - Medicare – 8,455
  - Voluntary – 5,278
- Dependent Children – 2,285
- Retiree Average Age – 71.3
- Average age upon retirement – 62.75
- Retiree Under Age 55 – 1,490

## Funding Sources

- Employee/Employer Contributions
- Retiree Contributions
- Tax Suspense Fund
- Miscellaneous
- Interest Earnings

## Investments

- Managed by the State Investment Council
- Biennial Asset Allocation Performed by Wilshire
- Asset Allocation Reviewed June 2023
  - Wilshire reviewed and recommended Board reaffirm the current policy of asset allocation targets as on track for risk adjusted return.
  - Risk Adjusted return on par with other modeled portfolios.

# Challenges

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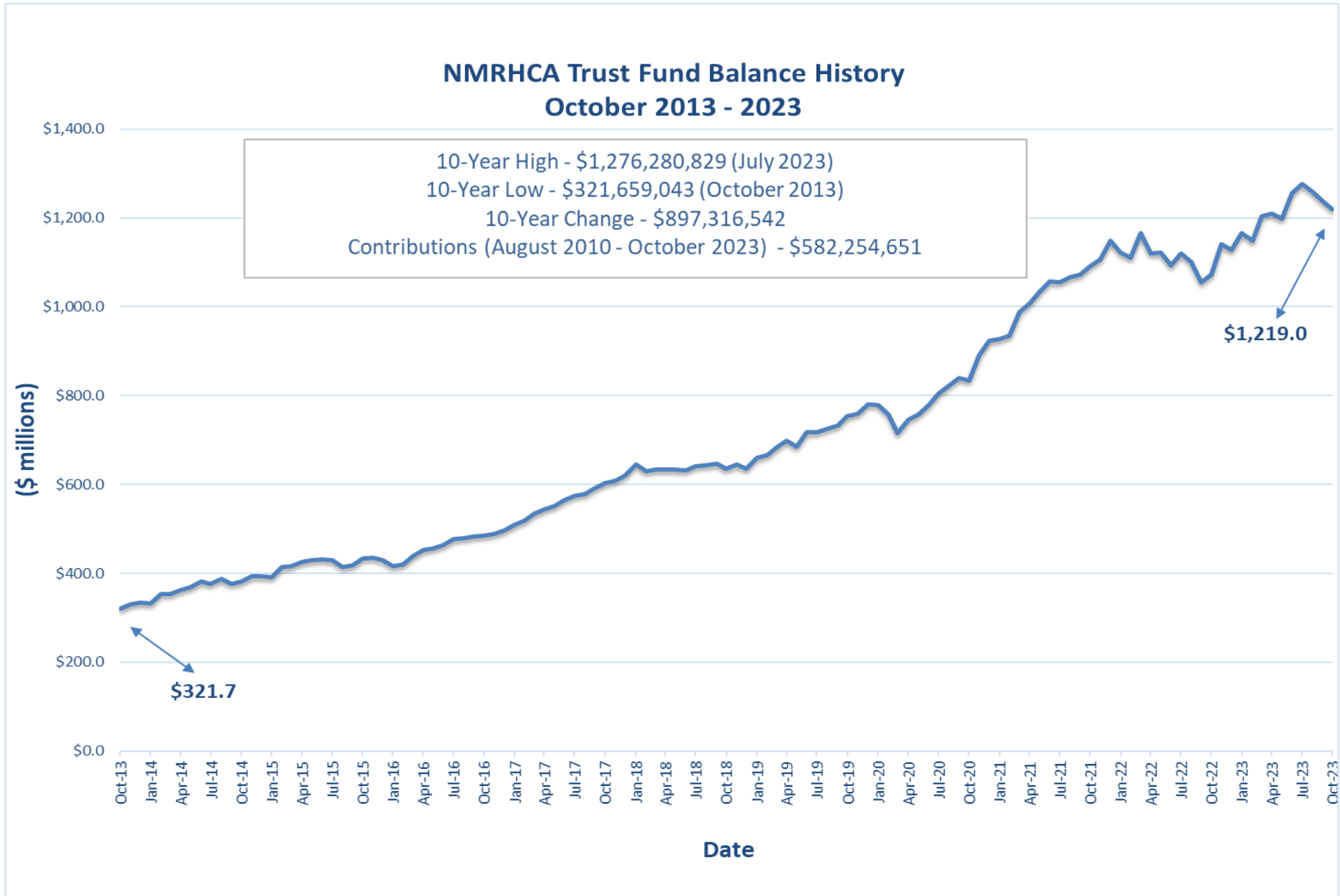
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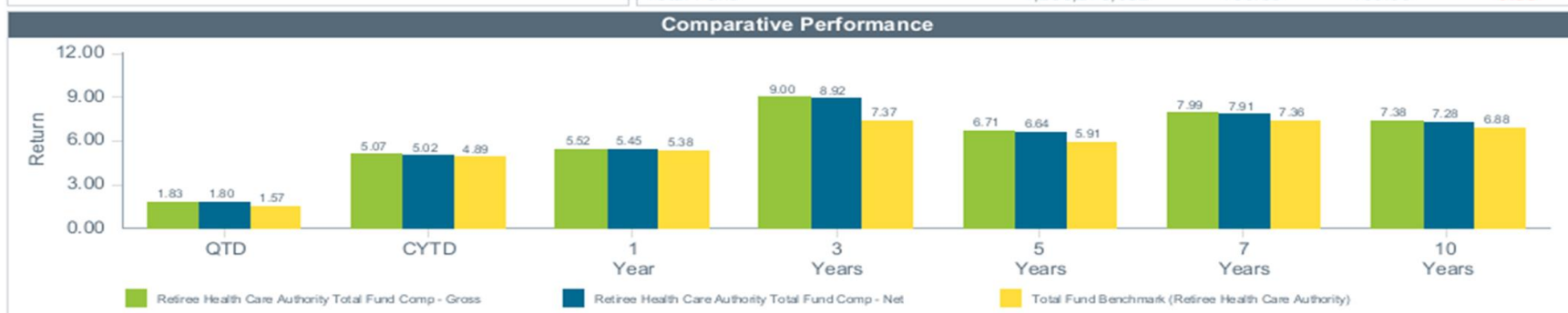


# Investment Performance

New Mexico State Investment Council  
Retiree Health Care Authority Total Fund Comp

As of June 30, 2023

Overview	Asset Allocation vs. Target Allocation				
The New Mexico Retiree Health Care Authority (NMRHCA) was established in 1990 to provide health care coverage to retirees of state agencies and eligible participating public entities. Approximately 300 public entities including cities, counties, universities and charter schools participate in NMRHCA. The agency provides medical plans for both non Medicare and Medicare eligible retirees and their dependents as well as dental, vision and life insurance. The Authority currently provides coverage to approximately 58,000 retirees and their dependents.	Market Value (\$)	Allocation (%)	Target (%)	Difference (%)	
	US Large Cap Index	207,692,902	16.53	14.00	2.53
	US Small/Mid Cap Alt Wtd Index	26,016,328	2.07	2.00	0.07
	Non-US Developed Markets Index	162,377,106	12.93	14.00	-1.07
	Non-US Emerging Markets Active	95,977,495	7.64	10.00	-2.36
	US Core Bonds	199,628,363	15.89	20.00	-4.11
	Credit & Structured Finance	184,094,797	14.65	15.00	-0.35
	Real Return	61,915,687	4.93	5.00	-0.07
	Real Estate	133,520,220	10.63	10.00	0.63
	Private Equity	185,050,156	14.73	10.00	4.73
<b>Total Fund</b>	<b>1,256,273,052</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>	



**Comparative Performance**

	QTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2022	2021	2020
<b>Retiree Health Care Authority Total Fund Comp - Gross</b>	1.83	5.07	5.52	9.00	6.71	7.99	7.38	-6.98	15.61	9.88
<i>Total Fund Benchmark (Retiree Health Care Authority)</i>	1.57	4.89	5.38	7.37	5.91	7.36	6.88	-8.53	12.79	10.21
Difference	0.26	0.18	0.14	1.63	0.80	0.63	0.50	1.55	2.82	-0.33
<b>Retiree Health Care Authority Total Fund Comp - Net</b>	1.80	5.02	5.45	8.92	6.64	7.91	7.28	-7.05	15.51	9.83
<i>Total Fund Benchmark (Retiree Health Care Authority)</i>	1.57	4.89	5.38	7.37	5.91	7.36	6.88	-8.53	12.79	10.21
Difference	0.23	0.13	0.07	1.55	0.73	0.55	0.40	1.48	2.72	-0.38

**Schedule of Investable Assets**

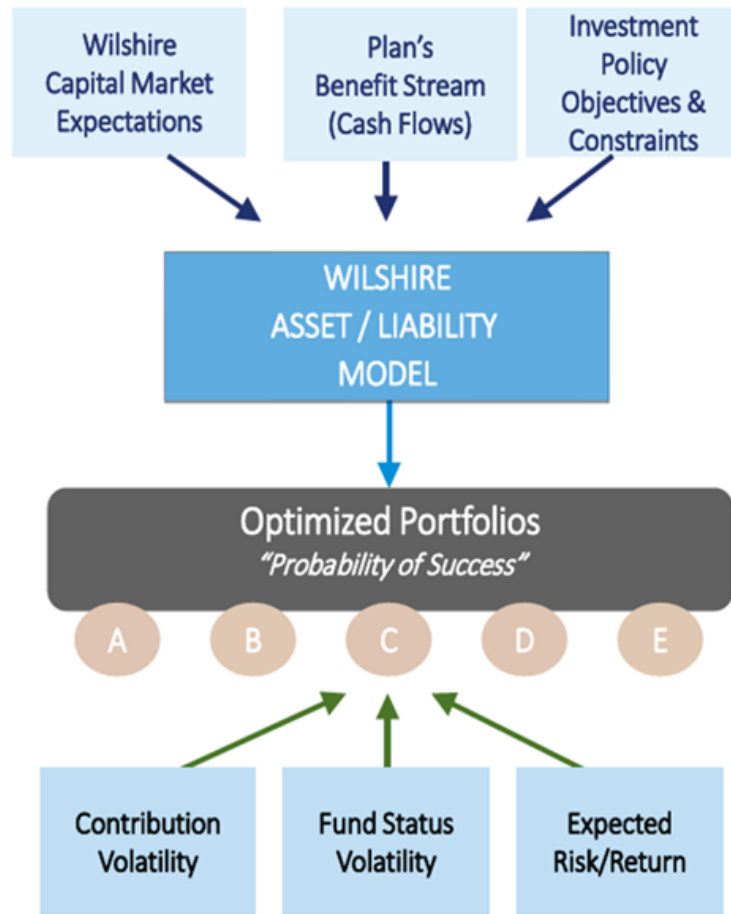
Periods Ending	Beginning Market Value (\$)	Net Cash Flow (\$)	Gain/Loss (\$)	Ending Market Value (\$)	% Return
CYTD	1,127,761,495	70,000,000	58,511,556	1,256,273,052	5.02

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



# Investment Performance

## 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

# Investment Performance

Wilshire

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

- *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*

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

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

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

# Investment Performance

Wilshire

## 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



# GASB 74 Now

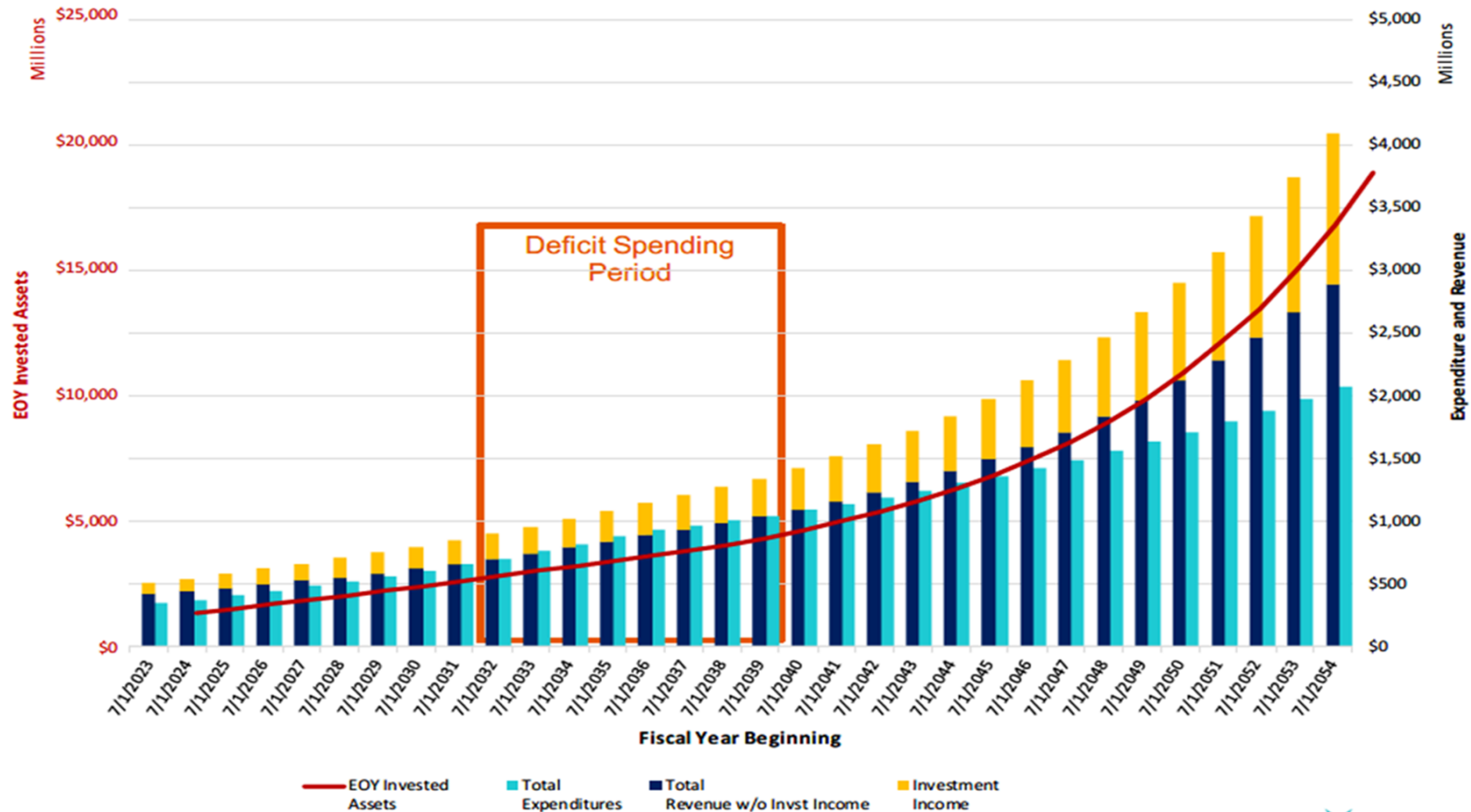
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- **Funded Status: 44.16% (2023)** / 33.33% (2022) / 25.39% (2021)

	<b>2006</b>	<b>2017</b>	<b>2023</b>
GASB Statement	43	74	74
Actuarial Accrued Liability	\$ 4,264,180,967	\$ 5,111,141,659	\$ 3,049,662,302
Actuarial Value of Assets	\$ 154,538,668	\$ 579,468,641	\$ 1,346,726,647
Unfunded Actuarial Accrued Liability	\$ 4,109,642,299	\$ 4,531,673,018	\$ 1,702,935,655
Funded Ratio	3.62%	11.34%	44.16%

# Solvency

2023 Solvency Scenario – Board Approved Rate Action  
 5% Pre-Medicare, 0% Medicare Supplement increases



# Historical Contributions

Employee and employer contributions since creation of Retiree Health Care Act:

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# Past Legislative Actions

## Eight Unsuccessful Attempts to Increase Employee & Employer Contributions

- Employee and Employer contribution percentage flat since 2012
- 11 years since increase

## Impact of Change

- Reduce unfunded liabilities
- Protect against credit rating downgrades
- Prefund future benefits
- Keep benefits relevant as incentive for employees to stay

## Shift in More Plan Cost Share

- SB317 (2021 Regular Session) and other legislation impacting increase to premiums
  - Determination of return yet to be seen and long-term impact
- Affordable Care Act and Inflation Reduction Act

## 2016 Special Session

- SB7 - Action permanently removed funding of special annual distribution of \$3 million and held tax distribution of 12% for period of time, estimated impact \$350 million in lost revenue to Trust Fund

# Legislative Proposals

## Special Appropriations Request

- Request for one-time money of \$150 million
- This contribution would help lower our unfunded liabilities and mitigate rising costs to our members.

## File a joint resolution for New Mexico Retiree Health Care Authority program to be recognized and protected under the New Mexico Constitution.\*

- Similar to our sister agencies Educational Retirement Board and Public Employee Retirement Association.
- Currently the state statute states that this benefit can be modified or extinguished in the future to meet changes in economic or social conditions.
- However, many New Mexicans have been making contributions into this benefit for their careers with the expectation of having a benefit when they retire.

\*Request for Endorsement



NEW MEXICO  
RETIREE  
HEALTH CARE  
AUTHORITY

New Mexico Retiree Health Care Authority

Neil Kueffer, Executive Director

505-222-6408

[neil.kueffer@rhca.nm.gov](mailto:neil.kueffer@rhca.nm.gov)

Please call 1-800-233-2576 / 505-222-6400

Or visit us at: [www.nmrhca.org](http://www.nmrhca.org) or [www.facebook.com/nmrhca](https://www.facebook.com/nmrhca)

Business Hours: 8:00AM – 5:00PM (Monday through Friday)

SENATE JOINT RESOLUTION

**56TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2024**

INTRODUCED BY

DISCUSSION DRAFT

A JOINT RESOLUTION

PROPOSING AN AMENDMENT TO ARTICLE 20 OF THE CONSTITUTION OF NEW MEXICO BY ADDING A NEW SECTION TO PROHIBIT THE EXPENDITURE OR ENCUMBRANCE OF TRUST FUNDS CREATED FOR PUBLIC EMPLOYEES RETIREE HEALTH CARE FOR ANY PURPOSE EXCEPT FOR THE SOLE AND EXCLUSIVE BENEFIT OF THE TRUST BENEFICIARIES; PROVIDING FOR THE ADMINISTRATION OF THE TRUST FUNDS; AFFIRMING CERTAIN PROPERTY RIGHTS.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

**SECTION 1.** It is proposed to amend Article 20 of the constitution of New Mexico by adding a new section to read:

"A. All funds, assets, proceeds, income, contributions, gifts and payments from any source whatsoever paid into or held by a public employees retiree health care system created by the laws of this state shall be held in a

.226695.1SA

underscoring material = new  
~~[bracketed material] = delete~~

underscoring material = new  
~~[bracketed material]~~ = delete

1 retiree health care trust fund to be administered and invested  
2 for the sole and exclusive benefit of the members, retirees and  
3 other beneficiaries. Expenditures from the trust fund shall  
4 only be made for the benefit of the trust fund beneficiaries  
5 and for expenses of administering the public employees retiree  
6 health care system. The trust fund shall never be used,  
7 diverted, loaned, assigned, pledged, invested, encumbered or  
8 appropriated for any other purpose. To the extent consistent  
9 with the provisions of this section, the trust fund shall be  
10 invested and the public employees retiree health care system  
11 administered as provided by law.

12 B. The board of the public employees retiree health  
13 care system shall be the trustees of the trust fund, and the  
14 board has the sole and exclusive fiduciary duty and  
15 responsibility for administration and investment of the trust  
16 fund.

17 C. The board of the public employees retiree health  
18 care system has the sole and exclusive power and authority to  
19 adopt actuarial assumptions based upon the recommendations made  
20 by an independent actuary with whom it contracts. The  
21 legislature shall not enact any law that alters the funding  
22 formula for a retiree health care plan unless the legislature  
23 preserves benefits and provides adequate funding.

24 D. Upon meeting the minimum service requirements of  
25 an applicable retiree health care plan created by law for

.226695.1SA



underscoring material = new  
~~[bracketed material] = delete~~

1 employees of the state and any of its institutions or political  
2 subdivisions, a member of a retiree health care plan shall  
3 acquire a vested property right with due process protections  
4 under the applicable provisions of the constitution of New  
5 Mexico and United States constitution.

6 E. Nothing in this section shall be construed to  
7 prohibit modifications to retiree health care plans that  
8 enhance or preserve the actuarial soundness of the trust fund  
9 or individual retiree health care plan."

10 SECTION 2. The amendment proposed by this resolution  
11 shall be submitted to the people for their approval or  
12 rejection at the next general election or at any special  
13 election prior to that date that may be called for that  
14 purpose.

**New Mexico Retiree Health Care Authority (CP)**  
**Change in Market Value**  
**For the Month of Sep 2023**  
(Report as of October 18, 2023)

Investment Name	Prior Ending Market Value	Contributions	Distributions	Fees	Income	Gains - Realized	Gains - Unrealized	Gains - Realized & Unrealized	Market Value
Core Bonds Pool	198,584,381.77	-	-	-	661,410.34	(256,454.39)	(5,341,435.76)	(5,597,890.15)	193,647,901.96
NM Retiree Health Care Authority Cash Account	-	-	-	-	-	-	-	-	-
Non-US Developed Markets Index Pool	162,515,485.35	-	-	-	487,703.23	218,622.02	(6,662,773.01)	(6,444,150.99)	156,559,037.59
Non-US Emerging Markets Active Pool	94,651,759.12	-	-	-	339,158.58	(643,629.21)	(2,715,385.35)	(3,359,014.56)	91,631,903.14
Private Debt Market Pool	185,490,554.40	-	-	-	367,492.93	(17,122.98)	2,580,107.75	2,562,984.77	188,421,032.10
Private Equity Pool	185,007,714.94	-	-	-	37,143.89	1,688,831.55	1,681,038.29	3,369,869.84	188,414,728.67
Real Estate Pool	133,480,960.21	-	-	-	392,256.98	116,388.61	(3,575,642.03)	(3,459,253.42)	130,413,963.77
Real Return Pool	62,367,655.24	-	-	-	207,420.70	164,186.69	855,621.69	1,019,808.38	63,594,884.32
US Large Cap Index Pool	211,093,336.24	-	-	-	236,694.42	88,560.06	(10,248,983.04)	(10,160,422.98)	201,169,607.68
US SMID Cap Alternative Weighted Index Pool	26,312,156.56	-	-	-	44,422.00	(163,608.53)	(1,458,719.64)	(1,622,328.17)	24,734,250.39
Sub - Total New Mexico Retiree Health Care	1,259,504,003.83	-	-	-	2,773,703.07	1,195,773.82	(24,886,171.10)	(23,690,397.28)	1,238,587,309.62
<b>Total New Mexico Retiree Health Care A</b>	<b>1,259,504,003.83</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,773,703.07</b>	<b>1,195,773.82</b>	<b>(24,886,171.10)</b>	<b>(23,690,397.28)</b>	<b>1,238,587,309.62</b>

# New Mexico Retiree Health Care Authority (CP)

## Change in Market Value

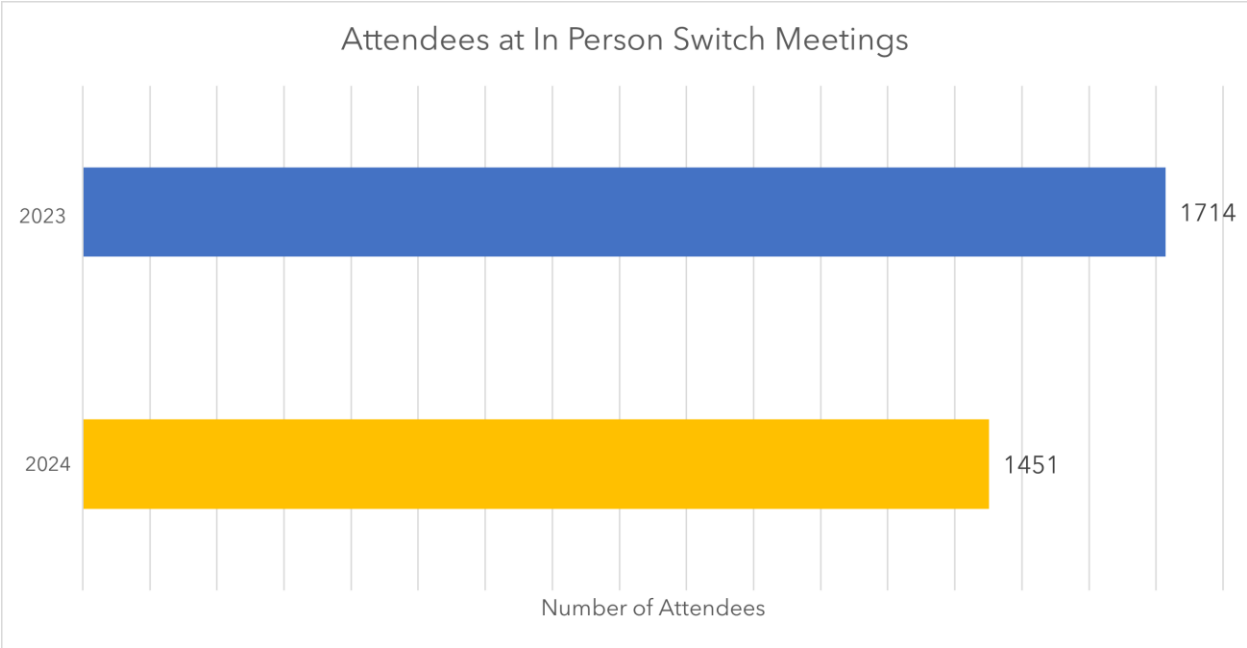
For the Month of Oct 2023

(Report as of November 15, 2023)

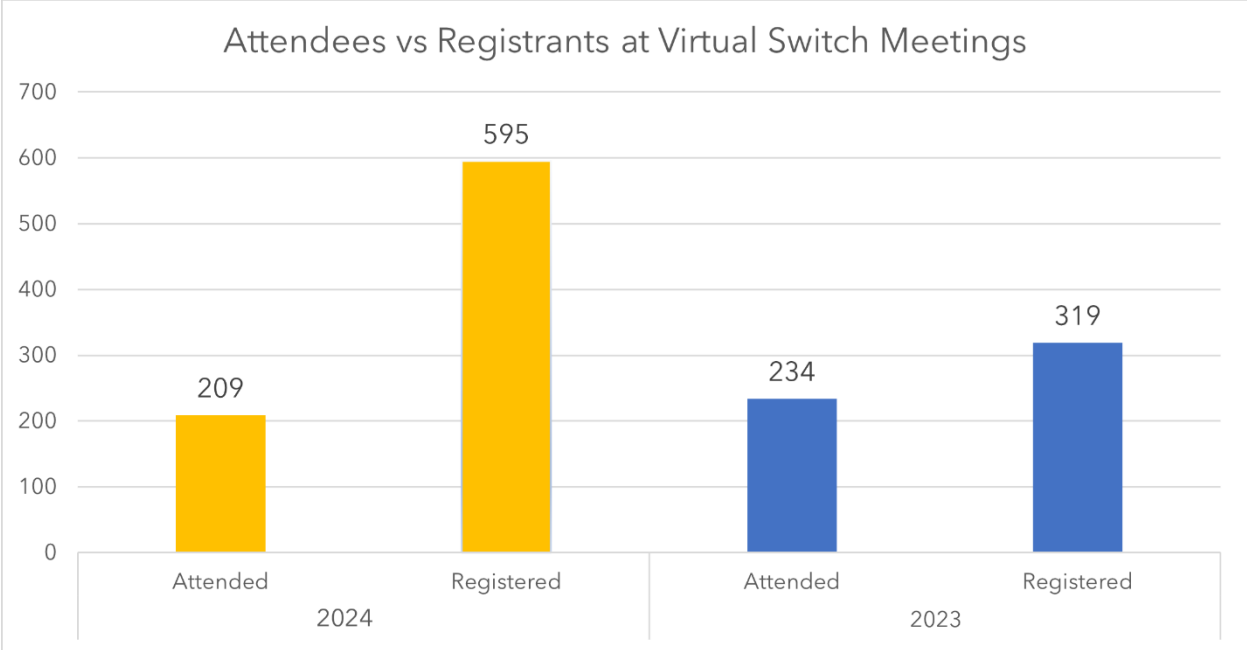
Investment Name	Prior Ending Market Value	Contributions	Distributions	Fees	Income	Gains - Realized	Gains - Unrealized	Gains - Realized & Unrealized	Market Value
Core Bonds Pool	193,647,901.96	-	-	-	549,950.15	(226,410.75)	(3,227,714.86)	(3,454,125.61)	190,743,726.50
NM Retiree Health Care Authority Cash Account	-	-	-	-	-	-	-	-	-
Non-US Developed Markets Index Pool	156,559,037.59	-	-	-	123,608.87	(8,036.63)	(7,560,795.65)	(7,568,832.28)	149,113,814.18
Non-US Emerging Markets Active Pool	91,631,903.14	-	-	-	55,155.03	(203,417.45)	(3,218,007.59)	(3,421,425.04)	88,265,633.13
Private Debt Market Pool	188,421,032.10	-	-	-	563,866.28	297,329.34	(455,412.71)	(158,083.37)	188,826,815.01
Private Equity Pool	188,414,728.67	-	-	-	48,105.56	511,268.49	(595,858.22)	(84,589.73)	188,378,244.50
Real Estate Pool	130,413,963.77	-	-	-	214,874.11	846.44	(223,491.65)	(222,645.21)	130,406,192.67
Real Return Pool	63,594,884.32	-	-	-	144,260.11	78,190.85	(203,563.10)	(125,372.25)	63,613,772.18
US Large Cap Index Pool	201,169,607.68	-	-	-	196,127.91	92,932.50	(5,146,871.67)	(5,053,939.17)	196,311,796.42
US SMID Cap Alternative Weighted Index Pool	24,734,250.39	-	-	-	25,539.99	38,983.14	(1,483,182.73)	(1,444,199.59)	23,315,590.79
Sub - Total New Mexico Retiree Health Care	1,238,587,309.62	-	-	-	1,921,488.01	581,685.93	(22,114,898.18)	(21,533,212.25)	1,218,975,585.38
<b>Total New Mexico Retiree Health Care A</b>	<b>1,238,587,309.62</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,921,488.01</b>	<b>581,685.93</b>	<b>(22,114,898.18)</b>	<b>(21,533,212.25)</b>	<b>1,218,975,585.38</b>

# NMRHCA Switch Enrollment Member Participation

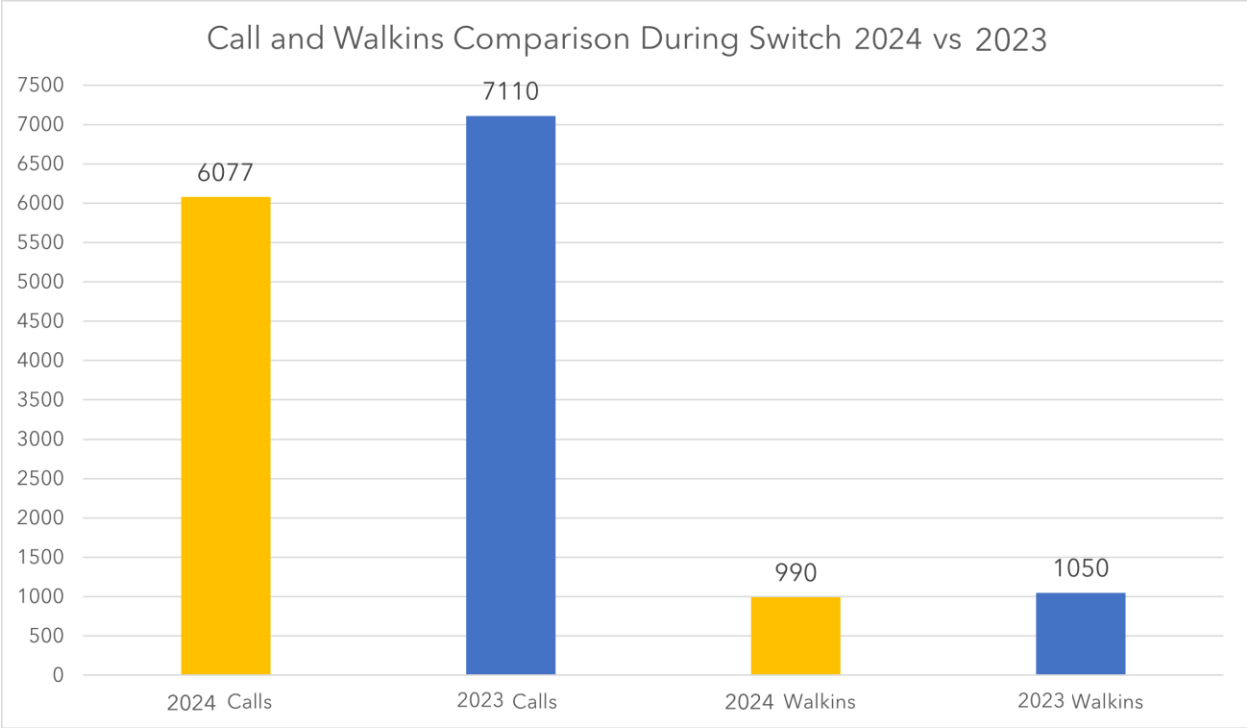
During the period of October 1 through November 15<sup>th</sup>, the following graphs illustrate the attendance at in-person meetings, virtual meetings, Customer Service calls and walk-ins for the current year versus prior year.



There was an absolute decrease in in-person event attendance of 263 people or 16%.



This year there was an absolute decrease in the number of virtual attendance by 25 people with a higher difference in numbers that registered versus attended.



The number of calls and walk-ins during the Switch period was lower this year. This may be due to it being a Switch and not Open enrollment year and little change to plan design.

## New Mexico Retiree Healthcare Authority

**Governmental Accounting Standards Board (GASB)  
Statement No. 74 Actuarial Valuation and Review of  
Other Postemployment Benefits (OPEB) measured  
as of June 30, 2023**



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

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**Segal**

November 13, 2023

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

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review of Other Postemployment Benefits (OPEB) measured as of June 30, 2023 under Governmental Accounting Standards Board Statement No. 74. The report summarizes the actuarial data used in the valuation, discloses the Net OPEB Liability (NOL), and analyzes the preceding year's experience. The non-retired census information was provided by New Mexico ERB and PERA. The retiree census and medical data information was provided by NMRHCA. The financial information was provided by NMRHCA on October 30, 2023. We have based our calculations on the information provided by these parties and the assistance is gratefully acknowledged.

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

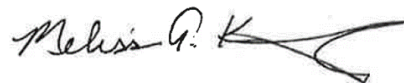
The actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate. Further, in our opinion, the assumptions used in this valuation and described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

Sincerely,

A handwritten signature in dark ink that reads "Mehdi Riazi".

---

Mehdi Riazi, FSA, MAAA, FCA, EA  
Vice President & Actuary

A handwritten signature in dark ink that reads "Melissa A. Krumholz".

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Melissa A. Krumholz, FSA, MAAA  
Vice President & Health Actuary

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# Section 1: Actuarial Valuation Summary

## Purpose and basis

This report presents the results of our actuarial valuation of New Mexico Retiree Healthcare Authority (“NMRHCA”) OPEB plan as of June 30, 2023, required by Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. The actuarial computations made are for purposes of fulfilling plan accounting requirements. Determinations for purposes other than meeting financial accounting requirements may be significantly different from the results reported here. This valuation is based on:

- The benefit provisions of NMRHCA OPEB Plan, as administered by the Board;
- The characteristics of covered active members, terminated vested members, and retired members and beneficiaries as of June 30, 2023 (captured as of January 1, 2023), provided by NMRHCA;
- The assets of the Plan as of June 30, 2023, provided by NMRHCA;
- Economic assumptions regarding future salary increases and investment earnings adopted by the Board for the June 30, 2023 valuation; and
- Other (health and non-health) actuarial assumptions, regarding employee terminations, retirement, death, health care trend and enrollment, etc.

## Highlights of the valuation

### ***Accounting and Financial Reporting***

1. For GASB 74 reporting as of June 30, 2023, the Net OPEB Liability (NOL) was measured as of June 30, 2023. The Plan’s Fiduciary Net Position (plan assets) and the Total OPEB Liability (TOL) were valued as of the measurement date.
2. The NOL as of June 30, 2023 is \$1.703 billion, a decrease of \$609 million, from the prior valuation NOL of \$2.312 billion. Assumption changes decreased the NOL by \$430 million and were mainly due to (1) an increase in the discount rate from 5.42% to 6.22% and (2) updating the future trends on drug rebates and Medicare Part D revenue; offset somewhat by (3) updating the CPI increase assumption used to model the excise tax thresholds described by the Affordable Care Act. Details regarding the assumption changes can be found in Exhibit II, Section 3. Differences between expected and actual experience also contributed to the decrease in NOL.

## Section 1: Actuarial Valuation Summary

3. As of June 30, 2023, the ratio of assets to the Total OPEB Liability (the funded ratio) is 44.16%. This is based on the market value of assets at this point in time. The funded ratio as of June 30, 2022 was 33.33%.
4. The discount rates used to determine the TOL and NOL as of June 30, 2023 and 2022 were 6.22% and 5.42%, respectively. The detailed calculations used in the derivation of the “cross-over date” to determine the discount rate of 6.22% used in the calculation of the TOL and NOL as of June 30, 2023 can be found in Appendix A of Section 3. Various other information that is required to be disclosed can be found in Section 2.
5. The discount rate used in the valuation for financial disclosure purposes as of June 30, 2023 is a blend of the assumed investment return on Plan assets (e.g. 7.00% for the June 30, 2023 valuation) and the rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (e.g. 3.65% as of June 30, 2023 compared to 3.54% as of June 30, 2022). Because NMRHCA is not fully prefunding benefits, Plan assets, when projected in accordance with the method prescribed by GASB 74, are expected to be sufficient to make benefit payment through June 30, 2070 (the projected beginning balance at July 1, 2070, is less than the projected benefit payments for the 2070/2071 year, before including projected contributions for the year). Projected benefit payments are discounted by the Plan investment return assumption of 7.00% until June 30, 2070. Benefit payments after June 30, 2070, are then discount by the municipal bond rate of 3.65%. The 6.22% is the blended discount rate reflecting benefits discount by the Plan investment return assumption rate and the bond rate.

### ***Funding (with funding policy)***

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

## Section 1: Actuarial Valuation Summary

### Summary of key valuation results

Measurement Date		June 30, 2023	June 30, 2022
<b>Disclosure elements for fiscal year ending June 30:</b>	• Total OPEB Liability	\$3,049,662,302	\$3,467,298,517
	• Plan Fiduciary Net Position (Assets)	1,346,726,647	1,155,695,465
	• Net OPEB Liability	1,702,935,655	2,311,603,052
	• Plan Fiduciary Net Position as a percentage of Total OPEB Liability	44.16%	33.33%
	• Service Cost at Beginning of Year <sup>1</sup>	91,535,036	155,314,732
	• Total Payroll	4,952,012,764	4,745,115,641
<b>Schedule of contributions for fiscal year ending June 30:</b>	• Statutory contributions	\$198,639,257	\$187,238,171
	• Actual contributions	213,128,349	189,266,136
	• Contribution deficiency / (excess)	(14,489,092)	(2,027,965)
	• Benefit Payments	89,966,066	99,776,575

<sup>1</sup> The service cost is based on the previous year's valuation, meaning the June 30, 2023 and 2022 values are based on the valuations as of June 30, 2022 and June 30, 2021, respectively. The key assumptions used in the June 30, 2021 valuation are as follows:

Discount rate	3.62%
Health care premium trend rates	
Non-Medicare	8.0% in 2021/2022 graded down to 4.5% over 14 years
Medicare	7.5% in 2021/2022 graded down to 4.5% over 12 years

## Section 1: Actuarial Valuation Summary

### Important information about actuarial valuations

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

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

<b>Plan of benefits</b>	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. For example, a plan may provide health benefits to post-65 retirees that coordinates with Medicare. If so, changes in the Medicare law or administration may change the plan's costs without any change in the terms of the plan itself. It is important for the NMRHCA to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary included in our report to confirm that Segal has correctly interpreted the plan of benefits.
<b>Participant data</b>	An actuarial valuation for a plan is based on data provided to the actuary by the plan. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is not necessary to have perfect data for an actuarial valuation: the valuation is an estimated forecast, not a prediction. The uncertainties in other factors are such that even perfect data does not produce a "perfect" result. Notwithstanding the above, it is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
<b>Assets</b>	The valuation is based on the market value of assets as of the valuation date, as provided by the NMRHCA on October 30, 2023.
<b>Actuarial assumptions</b>	In preparing an actuarial valuation, Segal starts by developing a forecast of the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. To determine the future costs of benefits, Segal collects claims, premiums, and enrollment data in order to establish a baseline cost for the valuation measurement, and then develops short- and long-term health care cost trend rates to project increases in costs in future years. This forecast also requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of each participant for each year, as well as forecasts of the plan's benefits for each of those events. The forecasted benefits are then discounted to a present value, typically based on an estimate of the rate of return that will be achieved on the plan's assets or, if there are no assets, a rate of return based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). All of these factors are uncertain and unknowable. Thus, there will be a range of reasonable assumptions, and the results may vary materially based on which assumptions the actuary selects within that range. That is, there is no right answer (except with hindsight). It is important for any user of an actuarial valuation to understand and accept this constraint. The actuarial model necessarily uses approximations and estimates that may lead to significant changes in our results but will have no impact on the actual cost of the plan. In addition, the actuarial assumptions may change over time, and while this can have a significant impact on the reported results, it does not mean that the previous assumptions or results were unreasonable or wrong.

## Section 1: Actuarial Valuation Summary

### Models

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

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

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

## Section 1: Actuarial Valuation Summary

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

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

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

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

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

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

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

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

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

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

# Section 1: Actuarial Valuation Summary

## **Actuarial Certification**

**November 13, 2023**

This is to certify that Segal has conducted an actuarial valuation of certain benefit obligations of New Mexico Retiree Healthcare Authority's other postemployment benefit programs as of June 30, 2023, in accordance with generally accepted actuarial principles and practices. The actuarial calculations presented in this report have been made on a basis consistent with our understanding of GASB Statement No. 74 for the determination of the liability for postemployment benefits other than pensions.

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

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

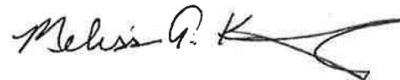
Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: retiree group benefits program experience or rates of return on assets differing from that anticipated by the assumptions; changes in assumptions; increases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

To the best of our knowledge, this report is complete and accurate and in our opinion presents the information necessary to comply with GASB Statement No. 74 with respect to the benefit obligations addressed. The signing actuaries are members of the Society of Actuaries, the American Academy of Actuaries, and other professional actuarial organizations and collectively meet the "General Qualification Standards for Statements of Actuarial Opinions" to render the actuarial opinion contained herein.



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Mehdi Riazi, FCA, FSA, MAAA, EA  
Vice President & Consulting Actuary  
Certifying Liability Calculations



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Melissa A. Krumholz, FSA, MAAA  
Vice President & Health Actuary  
Certifying Claims and Medical Trend Calculations

# Section 2: GASB 74 Information

## General information about the OPEB plan

### Plan Description

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

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

On June 2, 2020, the Board approved the reaffirmation of intent to modify plan designs to remain under the threshold that would have been in effect based on the PPACA “Cadillac” tax provisions that were in place immediately prior to its repeal on December 20, 2019.

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



## Section 2: GASB 74 Information

*Plan membership.* At June 30, 2023 (captured as of January 1, 2023), with service for active members increased by half year from census date to valuation date), OPEB Plan membership consisted of the following:

<b>Retired members, beneficiaries and married dependents currently receiving benefits</b>	52,978
<b>Vested terminated members entitled to but not yet receiving benefits</b>	12,552
<b>Active members</b>	93,595
<b>Total</b>	159,125

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

## Section 2: GASB 74 Information

### Net OPEB liability

Measurement Date	June 30, 2023	June 30, 2022
<b>Components of the Net OPEB Liability</b>		
Total OPEB Liability	\$3,049,662,302	\$3,467,298,517
Plan Fiduciary Net Position	1,346,726,647	1,155,695,465
Net OPEB Liability	1,702,935,655	2,311,603,052
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	44.16%	33.33%

The Net OPEB Liability was measured as of June 30, 2023 and 2022. Plan Fiduciary Net Position (plan assets) was valued as of the measurement dates and the Total OPEB Liability was determined from actuarial valuations using data as of June 30, 2023 and 2021 (captured as of January 1, 2023 and 2021), respectively.

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

*Plan provisions.* The plan provisions used in the measurement of the Total OPEB Liability (TOL) as of June 30, 2023 are outlined in Exhibit III of Section 3.

## Section 2: GASB 74 Information

*Actuarial assumptions.* See Exhibit II in Section 3 for complete description. The mortality, retirement, disability, turnover and salary increase assumptions are based on the Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2022, and the Educational Retirement Board (ERB) of New Mexico Actuarial Valuation Report as of June 30, 2022. In summary, the following actuarial assumptions were applied to all periods included in the June 30, 2023 measurement date:

<b>Inflation</b>	2.30% for ERB, 2.50% for PERA
<b>Salary increases</b>	ERB: Ranges from 3.00% to 10.00% based on years of service, including inflation. PERA: Ranges from 3.25% to 13.00% based on years of service, including inflation
<b>Investment rate of return</b>	7.00%, net of OPEB plan investment expense and margin for adverse deviation including inflation
<b>Discount rate</b>	6.22%
<b>Healthcare cost trend rates</b>	
<b>Non-Medicare Medical</b>	8.0% in 2023/2024 graded down to 4.5% over 14 years
<b>Medicare Supplement</b>	8.5% in 2023/2024 graded down to 4.5% over 16 years
<b>Medicare Advantage</b>	Trends reflect actual premium increase in 2023/2024, then 8.25% in 2024/2025, graded down to 4.50% over 15 years
<b>Other assumptions</b>	Same as those shown in Exhibit II of Section 3

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

## Section 2: GASB 74 Information

### Determination of discount rate and investment rates of return

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	20.00%	6.91%
Mid/Small Cap U.S. Equity	3.00%	6.91%
Developed Non-US Equity	12.00%	7.21%
Emerging Markets Equity	15.00%	8.71%
U.S. Core Fixed Income	20.00%	1.61%
Private Equity	10.00%	9.96%
Credit & Structured Finance	10.00%	3.71%
Absolute Return	5.00%	3.21%
Real Estate	5.00%	3.61%
Total	100.00%	

*Rate of return.* For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense and margin for adverse deviation, was assumed to be 7.00%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Municipal Bond Rate.* 3.65% and 3.54% based on the 20-year municipal bond rate for the Bond Buyer GO Index as of June 30, 2023, and June 30, 2022, respectively.

## Section 2: GASB 74 Information

*Discount rate* The discount rates used to measure the Total OPEB Liability (TOL) were 6.22% and 5.42% as of June 30, 2023 and June 30, 2022, respectively. The projection of cash flows used to determine the discount rate assumed employer and plan member contributions will be made at the current contribution rate. For this purpose, only contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the OPEB Plan's assets was projected to be sufficient to make projected future benefit payments for current plan members through June 30, 2070 (the projected beginning balance at July 1, 2070, is less than the projected benefit payments for the 2070/2071 year, before including projected contributions for the year). Payments after that date would be funded by employer assets. Therefore, the long-term expected rate of return on OPEB Plan investments (7.00%) was applied to periods of projected benefit payments through June 30, 2070, and the 20-year municipal bond rate (3.65%) was applied to periods after June 30, 2070, to determine the TOL.

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

## Section 2: GASB 74 Information

### Sensitivity

The following presents the NOL of NMRHCA as well as what the NMRHCA's NOL would be if it were calculated using a discount rate that is 1-percentage-point lower (5.22%) or 1-percentage-point higher (7.22%) than the current rate. Also, shown is the NOL as if it were calculated using healthcare cost trend rates that were 1-percentage-point lower or 1-percentage-point higher than the current healthcare trend rates.

	<b>1% Decrease (5.22%)</b>	<b>Current Discount Rate (6.22%)</b>	<b>1% Increase (7.22%)</b>
Net OPEB Liability (Asset)	\$2,146,981,727	\$1,702,935,655	\$1,342,994,641
	<b>1% Decrease in Health Care Cost Trend Rates</b>	<b>Current Health Care Cost Trend Rates</b>	<b>1% Increase in Health Care Cost Trend Rates</b>
Net OPEB Liability (Asset)	\$1,409,857,717	\$1,702,935,655	\$2,039,527,413

## Section 2: GASB 74 Information

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

Measurement Date	June 30, 2023	June 30, 2022
<b>Total OPEB Liability</b>		
Service cost	\$91,535,036	\$155,314,732
Interest	190,482,868	163,469,038
Change of benefit terms	0	0
Differences between expected and actual experience	(179,637,831)	(36,122,262)
Changes of assumptions	(430,050,222)	(1,125,435,751)
Benefit payments <sup>1</sup>	<u>(89,966,066)</u>	<u>(99,776,575)</u>
Net change in Total OPEB Liability	(\$417,636,215)	(\$942,550,818)
Total OPEB Liability – beginning	<u>3,467,298,517</u>	<u>4,409,849,335</u>
Total OPEB Liability – ending	<u>\$3,049,662,302</u>	<u>\$3,467,298,517</u>
<b>Plan Fiduciary Net Position<sup>2</sup></b>		
Contributions – employer <sup>3</sup>	\$114,542,451	\$101,585,358
Contributions – employee	57,271,226	50,810,510
Net investment income	71,822,199	(49,543,611)
Benefit payments <sup>1</sup>	(89,966,066)	(99,776,575)
Administrative expense	(3,105,864)	(3,080,880)
Other <sup>3,4</sup>	<u>40,467,236</u>	<u>36,201,118</u>
Net change in Plan Fiduciary Net Position	\$191,031,182	\$36,195,920
Plan Fiduciary Net Position – beginning	<u>1,155,695,465</u>	<u>1,119,499,545</u>
Plan Fiduciary Net Position – ending	\$1,346,726,647	\$1,155,695,465
Net OPEB Liability – ending	<u>\$1,702,935,655</u>	<u>\$2,311,603,052</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	44.16%	33.33%
Covered payroll	\$4,952,012,764	\$4,745,115,641
Plan Net OPEB Liability as percentage of covered payroll	34.39%	48.72%

See next page for footnotes.

## Section 2: GASB 74 Information

### Notes to Schedule:

- <sup>1</sup> For measurement date June 30, 2023, this category equals Premium and claims paid (\$335,094,393) offset by the sum of Retiree contributions (\$174,521,312) and Medicare Part D subrogation and rebates (\$70,607,015). For measurement date June 30, 2022, this category equals Premium and claims paid (\$323,478,948) offset by the sum of Retiree contributions (\$180,500,394) and Medicare Part D subrogation and rebates (\$43,201,979).
- <sup>2</sup> The Plan Fiduciary Net Position values are based on financial statements provided by NMRHCA on October 30, 2023.
- <sup>3</sup> The sum of the employer contributions by employer used for the June 30, 2022 GASB 75 valuation report was \$17,832 higher than the employer contributions provided for the June 30, 2022 GASB 74 valuation report. Based on discussions with the Authority and its outside auditor (subsequent to completion of the June 30, 2022 GASB 74 valuation report), an adjustment of \$17,832 and offsetting amount was made to the “Contributions – Employer” and “Other” category, respectively, of the changes in fiduciary net position so that the overall Net OPEB Liability as of June 30, 2022 is consistent for GASB 74 plan reporting and GASB 75 employer reporting.
- <sup>4</sup> For measurement date June 30, 2023, this category equals sum of Employer buy-ins interest portion (\$48,846) and Tax administration suspense fund revenue (\$41,314,672) offset by the sum of Refunds to retirees (\$432,866), Depreciation expense (\$391,824), and transfers to New Mexico General Services Department (\$71,592). For measurement date June 30, 2022, this category equals sum of Employer buy-ins interest portion (\$53,494) and tax administration suspense fund revenue (\$36,888,100) offset by the sum of Refunds to retirees (\$336,755) and Depreciation expense (\$385,888), and an adjustment made to beginning of year assets in order to match the June 30, 2021, Plan Fiduciary Net Position restated by NMRHCA after the completion of the June 30, 2021 GASB 74 valuation report (\$1).



## Section 2: GASB 74 Information

### Schedule of contributions – Last ten fiscal years

Year Ended June 30	Statutory Contributions <sup>1,2</sup>	Contributions in Relation to the Statutory Contributions	Contribution Deficiency / (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$367,804,141	\$149,277,185	\$218,526,956	N/A	N/A
2015	292,656,765	156,670,251	135,986,514	\$3,941,587,760	3.97%
2016	303,631,394	159,862,801	143,768,593	N/A	N/A
2017	317,546,941	159,379,195	158,167,747	4,165,647,340	3.83%
2018 <sup>3,4</sup>	156,266,741	154,358,714	1,908,027	4,290,616,760	3.60%
2019 <sup>4</sup>	160,077,200	159,030,773	1,046,427	4,172,928,635	3.81%
2020 <sup>4,5</sup>	161,578,422	174,162,723	(12,584,301)	4,298,116,494	4.05%
2021 <sup>4</sup>	178,635,582	177,813,458	822,124	4,614,243,876	3.85%
2022 <sup>4</sup>	187,238,171	189,266,136	(2,027,965)	4,745,115,641	3.99%
2023 <sup>4</sup>	198,639,257	213,128,349	(14,489,092)	4,952,012,764	4.30%

<sup>1</sup> All "Statutory Contributions" through June 30, 2017, were determined as the "Annual Required Contribution" under GASB 43 and 45.

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

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

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

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

# Section 3: Supporting Information

## Exhibit I: Summary of Participant Data

	As of June 30, 2023	As of June 30, 2021
Number of retirees	39,007	39,471
Average age of retirees	71.98	71.18
Number of spouses	11,557	11,266
Average age of spouses	71.07	70.74
Number of surviving spouses	2,414	2,355
Average age	80.34	79.58
Number inactive vested	12,552	11,759
Average age	51.97	52.84
Number of actives	93,595	92,520
Average age	45.26	45.47
Average service	9.89	10.13

Note: full valuations are performed biennially.

## Section 3: Supporting Information

### Exhibit II: Actuarial Assumptions and Actuarial Cost Method

<b>Data:</b>	Detailed census data and financial data for postemployment benefits were provided by: <ul style="list-style-type: none"><li>- The non-retired census information was provided by New Mexico ERB and PERA.</li><li>- The retiree census and medical data information was provided by NMRHCA. The financial information was provided by NMRHCA on October 30, 2023.</li></ul>
<b>Demographic Assumptions:</b>	Mortality, Retirement, Disability, Turnover, Inflation Rate and Salary Scale assumptions are based on: <ul style="list-style-type: none"><li>➤ For PERA, the Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2022.</li><li>➤ For ERB, the Educational Retirement Board (ERB) of New Mexico Actuarial Valuation Report as of June 30, 2022.</li></ul>
<b>Actuarial Cost Method:</b>	Entry Age Actuarial Cost Method. Entry Age is the age at the member's hire date. Actuarial Accrued Liability is calculated on an individual basis and is based on costs allocated as a level percentage of compensation.
<b>Asset Valuation Method:</b>	Market Value. The assets as of June 30, 2023, were based on financial statements provided by NMRHCA on October 30, 2023.
<b>Measurement Date:</b>	June 30, 2023
<b>Actuarial Valuation Date:</b>	June 30, 2023
<b>Census Date:</b>	January 1, 2023
<b>Discount Rate:</b>	6.22%
<b>Payroll Increase:</b>	3.00%, assumed payroll increases for PERA. 2.60%, assumed payroll increases for ERB.

## Section 3: Supporting Information

### PERA Salary Increase:

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

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

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

### ERB Salary Scale:

General Increase in Wage level Due to:

Inflation: 2.30%

Productivity increase rate: 0.70%

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

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

## Section 3: Supporting Information

### PERA Post-Retirement Mortality Rates:

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

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

The tables shown above were determined so as to reasonably reflect future mortality improvement, based on the June 30, 2022, PERA pension valuation.

### PERA Pre-Retirement Mortality Rates:

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

### PERA Termination Rates before Retirement:

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

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

## Section 3: Supporting Information

### PERA Termination Rates before Retirement (continued):

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

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

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

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

## Section 3: Supporting Information

### PERA Termination Rates before Retirement (continued):

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

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

### PERA Actives' Retirement Rates:

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

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

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

## Section 3: Supporting Information

### ERB Post-Retirement Mortality Rates:

*Healthy:*

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

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

*Disabled:*

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

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

The tables shown above were determined so as to reasonably reflect future mortality improvement, based on the June 30, 2022, ERB pension valuation.

### ERB Pre-Retirement Mortality Rates:

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

### ERB Disability Rates Before Retirement:

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



## Section 3: Supporting Information

### ERB Termination Rates before Retirement:

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

### ERB Retirement Rates:

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

## Section 3: Supporting Information

### ERB Retirement Rates (continued):

Members Hired Before July 1, 2010, and Normal Retirement for Members Hired On or After July 1, 2020							
Female Retirement Rates (%)							
Years of Service							
Age	0-4	5-9	10-14	15-19	20-24	25	26+
45	0	0	0	0	0	25	15
50	0	0	0	0	0	25	18
55	0	0	0	0	6	25	23
60	0	0	0	20	15	25	25
62	0	0	40	30	30	30	30
65	0	35	40	40	40	40	40
67	0	25	25	25	30	30	30
70	100	100	100	100	100	100	100

Members Hired On or After July 1, 2010			
Male Retirement Rates (%)			
Years of Service			
Age	15-19	20-24	25-29
55	0	0	5
60	0	20	20
62	30	30	30
65	30	30	30

Members Hired On or After July 1, 2010			
Female Retirement Rates (%)			
Years of Service			
Age	15-19	20-24	25-29
55	0	0	6
60	0	15	15
62	30	30	30
65	40	40	40

## Section 3: Supporting Information

<b>Administrative Expenses:</b>	<p><i>Non-Medicare:</i>           \$475/year  <i>Medicare Supplement:</i> \$436/year  <i>Medicare Advantage:</i> \$66/year</p> <p>The administrative expenses were assumed to increase by 2.5% in 2023/2024 and thereafter.</p>
<b>Per Capita Cost Development (Self-Funded Medical, Drug, Drug Rebates and EGWP Revenue):</b>	<p>Per capita claims costs were based on actual paid retiree claim experience furnished by the carriers for the periods April 1, 2020 through March 31, 2023 for Medical, Drug, Drug rebates and EGWP Revenue. Claims were separated by plan year and participant status (Medicare vs. Non-Medicare), then adjusted as follows:</p> <ul style="list-style-type: none"> <li>• paid claims were multiplied by a factor to yield an estimate of incurred claims,</li> <li>• total claims were divided by the number of adult participants to yield a per capita claim,</li> <li>• the per capita claim was trended to the midpoint of the valuation year at assumed trend rates, and</li> <li>• the per capita claim was adjusted for the effect of any plan changes.</li> </ul> <p>Per capita claims for each plan year were then combined by taking a weighted average. The weights used in this average account for a number of factors including each plan year’s volatility of claims experience and distance to the valuation year. Actuarial factors were then applied to the weighted average cost to estimate individual retiree and spouse/domestic partner costs by age and by gender.</p>
<b>Per Capita Cost Development (Medicare Advantage Medical):</b>	<p>Per capita costs were based on the actual monthly premiums. Actuarial factors were applied to the premiums to estimate individual retiree and spouse/domestic partner costs by age and by gender in accordance with ASOP 6.</p>

## Section 3: Supporting Information

### Per Capita Costs:

Annual medical and drug claims costs for the 2023/2024 plan year, excluding assumed expenses were developed actuarially for retirees and spouses at select ages and are shown in the table below. These costs are net of deductibles and other benefit plan cost sharing provisions.

Age	Premier Non-Medicare <sup>1</sup>		Value Non-Medicare <sup>1</sup>	
	Male	Female	Male	Female
50	\$11,184	\$11,809	\$7,673	\$8,102
55	12,620	12,819	8,658	8,795
60	14,530	13,897	9,968	9,534
64	17,659	15,087	12,115	10,350

Age	BCBS Medicare Supplemental <sup>2</sup>		United Healthcare Medicare Advantage		BCBS Medicare Advantage	
	Male	Female	Male	Female	Male	Female
65	\$4,120	\$3,422	\$776	\$645	\$362	\$301
70	4,628	3,828	872	721	407	336
75	5,111	4,024	963	758	449	354
80	5,353	4,295	1,008	809	470	377

Age	Presbyterian Medicare Advantage		Humana Medicare Advantage	
	Male	Female	Male	Female
65	\$1,731	\$1,438	\$441	\$366
70	1,944	1,608	495	410
75	2,148	1,691	547	431
80	2,249	1,805	573	460

<sup>1</sup> Costs include non-Medicare drug rebates.

<sup>2</sup> Costs include Medicare drug rebates & EGWP revenue.

## Section 3: Supporting Information

<b>Drug Rebate and Other Subsidy Increase Assumptions:</b>	<p>The 2023/2024 annual drug rebate for non-Medicare retirees was assumed to increase by the same trend assumed for drug costs.</p> <p>The 2023/2024 annual drug rebate and EGWP revenue for Medicare retirees with BCBS Medicare Supplement plan were assumed to increase by the same trend assumed for drug costs.</p>																											
<b>Unknown Data for Participants:</b>	Same as those exhibited by members with similar known characteristics. If not specified, members are assumed to be male. For active participants with unknown dates of birth, we assumed their age at entry was that of the average for actives with date of birth.																											
<b>Spouse Coverage:</b>	35% male, 30% female																											
<b>Age of Spouse:</b>	Male members are assumed to have a female spouse that is 2 years younger, and female members are assumed to have a male spouse that is 2 years older.																											
<b>Future Benefit Accruals:</b>	1.0 year of service per year.																											
<b>Participation and Election:</b>	<p>60% of the active participants with 15 or more years of service and 50% of active participants with less than 15 years of service are assumed to continue coverage at retirement. 25% of employees terminating prior to retiring, and eligible, are assumed to elect NMRHCA benefits at retirement.</p> <p>Future retirees are assumed to elect medical carriers in the same proportion as current retirees:</p> <table border="1"> <thead> <tr> <th colspan="2">Non-Medicare Plan</th> <th>Medical Election Rate (%)</th> </tr> </thead> <tbody> <tr> <td>Premier</td> <td></td> <td>75</td> </tr> <tr> <td>Value Plan</td> <td></td> <td>25</td> </tr> <tr> <th colspan="2">Medicare Plan</th> <th>Medical Election Rate (%)</th> </tr> <tr> <td>BCBS Medicare Supplement</td> <td></td> <td>51</td> </tr> <tr> <td>BCBS Senior Plan I or II</td> <td></td> <td>6</td> </tr> <tr> <td>Presbyterian Senior Plan I or II</td> <td></td> <td>21</td> </tr> <tr> <td>United Healthcare Plan I or II</td> <td></td> <td>16</td> </tr> <tr> <td>Humana Plan I or II</td> <td></td> <td>6</td> </tr> </tbody> </table>	Non-Medicare Plan		Medical Election Rate (%)	Premier		75	Value Plan		25	Medicare Plan		Medical Election Rate (%)	BCBS Medicare Supplement		51	BCBS Senior Plan I or II		6	Presbyterian Senior Plan I or II		21	United Healthcare Plan I or II		16	Humana Plan I or II		6
Non-Medicare Plan		Medical Election Rate (%)																										
Premier		75																										
Value Plan		25																										
Medicare Plan		Medical Election Rate (%)																										
BCBS Medicare Supplement		51																										
BCBS Senior Plan I or II		6																										
Presbyterian Senior Plan I or II		21																										
United Healthcare Plan I or II		16																										
Humana Plan I or II		6																										
<b>Former Vested Retirement Age:</b>	Former vested members are assumed to begin receiving retiree health benefits at the later of age 60 and early retirement eligibility.																											

## Section 3: Supporting Information

### Health Care Cost Trend Rates:

Health care trend measures the anticipated overall rate at which health plan costs are expected to increase in future years. The rates shown below are “net” and are applied to the net per capita costs shown above. The trend shown for a particular plan year is the rate that is applied to that year’s cost to yield the next year’s projected cost. For example, the projected per capita cost for a male retiree age 64 covered under the Premier Plan in the year July 1, 2024 through June 30, 2025 would be determined with the following formula:  
 $[\$18,875 \times (1 + 8.0\%)] = \$20,385.$

Year Beginning June 30	Rate (%)					
	All Non-Medicare Plans	Medicare Supplement Plan	UHC Medicare Advantage <sup>1</sup>	BCBS Medicare Advantage <sup>1</sup>	Humana Medicare Advantage <sup>1</sup>	Presbyterian Medicare Advantage <sup>1</sup>
2023	8.00	8.50	12.97	4.13	8.78	24.95
2024	7.75	8.25	8.25	8.25	8.25	8.25
2025	7.50	8.00	8.00	8.00	8.00	8.00
2026	7.25	7.75	7.75	7.75	7.75	7.75
2027	7.00	7.50	7.50	7.50	7.50	7.50
2028	6.75	7.25	7.25	7.25	7.25	7.25
2029	6.50	7.00	7.00	7.00	7.00	7.00
2030	6.25	6.75	6.75	6.75	6.75	6.75
2031	6.00	6.50	6.50	6.50	6.50	6.50
2032	5.75	6.25	6.25	6.25	6.25	6.25
2033	5.50	6.00	6.00	6.00	6.00	6.00
2034	5.25	5.75	5.75	5.75	5.75	5.75
2035	5.00	5.50	5.50	5.50	5.50	5.50
2036	4.75	5.25	5.25	5.25	5.25	5.25
2037	4.50	5.00	5.00	5.00	5.00	5.00
2038	4.50	4.75	4.75	4.75	4.75	4.75
2039 & Later	4.50	4.50	4.50	4.50	4.50	4.50

<sup>1</sup> The first year Medicare Advantage rates reflect actual calendar year 2024 premiums.

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

## Section 3: Supporting Information

<b>CPI Growth Rate for Excise Tax Thresholds on High Cost Health Plans:</b>	<p>3.00% per year</p> <p>Although the “Cadillac Tax” was repealed in December of 2019, the excise tax thresholds described by the Affordable Care Act (ACA) for High Cost Health Plans are understood to be part of the substantive OPEB plan. The thresholds in 2018 for non-Medicare retirees aged 55 through 64 are \$11,850 for single coverage and \$30,950 for family coverage as specified in the Health Care Reform. For all other retirees the thresholds in 2018 are \$10,200 for single coverage and \$27,500 for family coverage. ACA allows the higher thresholds also to be used for any member “who participates in a plan sponsored by an employer the majority of whose employees covered by the plan are engaged in a high-risk profession or employed to repair or install electrical or telecommunication lines”. We received data to identify such members in the current valuation, and have applied these higher thresholds to members in a Public Safety pension plan.</p> <p>The 2018 thresholds were increased by 4% for 2019 (1% over the assumed 3.00% CPI assumption used to model tax threshold growth) and by 3.00% for years after 2019. The 3.00% CPI increase assumption for the excise tax thresholds is slightly higher than the inflation assumptions used by PERA and ERB. The use of a slightly higher CPI assumption for this feature of the plan provides some margin for conservatism.</p>
<b>Funding Policy:</b>	<p>Retiree benefits are funded from a combination of employer contributions as a percentage (2.50% for Public Safety, and 2.00% for Other Occupations) of compensation and member contributions as a percentage (1.25% for Public Safety and 1.00% for Other Occupation) of compensation to fund the cost of the subsidy, with the remaining cost funded by retiree contributions, RHCA Statutory Distribution, investment income and pharmacy subsidies from CMS.</p>
<b>Plan Design:</b>	<p>Development of plan liabilities was based on the substantive plan of benefits in effect as described in Exhibit III.</p>
<b>Assumption Changes:</b>	<p>The discount rate was updated from 5.42% to 6.22%. This change decreased the Total OPEB Liability (TOL).</p> <p>The future trend rates on the valuation year per capita health costs, including drug rebates and EGWP revenue, were updated. This change decreased the TOL.</p> <p>The assumed CPI increase assumption used to model the excise tax thresholds was increased from 2.50% to 3.00%. This change increased the TOL.</p> <p>The participation assumption for future retirees with less than 15 years of service was lowered from 60% to 50%. This change slightly decreased the TOL.</p> <p>The valuation-year per capita health costs, including health plan election assumptions, were updated. This change had a minor impact.</p> <p>The actuarial factors used to estimate individual retiree and spouse costs by age and by gender were modified. The new factors are based on a review of historical claims experience by age, gender, and status (active vs retired) from Segal’s claims data warehouse. This change had a minor impact.</p>

## Section 3: Supporting Information

### Exhibit III: Summary of Plan

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

**Eligibility:**

A retiree who was an employee of either New Mexico PERA or an ERB eligible to receive a pension, is eligible for retiree health benefits.

For employers who “buy-in” to the plan, retirees are eligible for benefits six months after the effective date of employer participation.

- Amended June 2, 2020, the Board of Directors of the NMRHCA approved a change to its subsidy eligibility requirements such that retirees not in a PERA enhanced (Fire, Police, Corrections) pension plan who commence benefits on or after July 31, 2021, will not receive any subsidy from NMRHCA before age 55.
- Adopted April 5, 2021, Senate Bill 315 grants employees who were employed with the Department of Public Safety (DPS) prior to July 1, 2015, and that were reported under the State General Plan 3 ('Non-Enhanced') retroactive eligibility in the State Police and Adult Correctional Officer Plan ('Enhanced') for purposes of retirement and health care benefits. This measure represents the impact of reclassifying those members to the Enhanced Plan for retiree healthcare subsidies based upon GASB 74 valuation assumptions and methods.

**Benefit Types:**

Retirees and spouses are eligible for medical and prescription drug benefits.

For Calendar years 2017 and prior there was a NMRHCA-paid Basic Life benefit of \$6,000 for all retirees who commenced benefits on or before December 31, 2012. The \$6,000 benefit decreases \$1,500 per year commencing January 1, 2018, until January 1, 2021, at which time retirees must pay 100% of the premium cost.

Dental and vision benefits are also available, but were not included in this valuation, since they are 100% retiree-paid.

A description of these benefits may be found at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us) by clicking on Retirees.

**Duration of Coverage:**

Employees and dependents are valued for life.



## Section 3: Supporting Information

### Retiree Contributions:

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

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

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

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

## Section 3: Supporting Information

<b>Dental Eligibility:</b>	This benefit was not included in the valuation because retirees pay 100% of the cost.
<b>Vision Eligibility:</b>	This benefit was not included in the valuation because retirees pay 100% of the cost
<b>Life Insurance Death Benefit Eligibility:</b>	For Calendar years 2017 and prior there was a NMRHCA-paid Basic Life benefit of \$6,000 for all retirees who commenced benefits on or before December 31, 2012. The \$6,000 benefit decreases \$1,500 per year commencing January 1, 2018, until January 1, 2021, at which time retirees must pay 100% of the premium cost.
<b>Excise Tax on High Cost Health Plans Imposed by The Affordable Care Act (ACA “Cadillac Tax”):</b>	<p>In 2013, NMRHCA’s Board of Directors approved its intent to modify plan designs as necessary to preclude the payment of any excise tax established by the ACA. Therefore, we have only valued benefits up to the tax threshold levels.</p> <p>On June 2, 2020, the Board approved the reaffirmation of intent to modify the plan designs to remain under the threshold that would have been in effect based on the PPACA “Cadillac” tax provisions that were in place immediately prior to its repeal on December 20, 2019.</p>
<b>Plan Changes:</b>	None.

## Section 3: Supporting Information

### Appendix A: Projection of OPEB Plan's Fiduciary Net Position for use in the Calculation of Discount Rate as of June 30, 2023

Year Beginning June 30	Projected Beginning Plan Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses (d)	Projected Investment Earnings (e)	Projected Beginning Plan Fiduciary Net Position (f) = (a) + (b) – (c) – (d) + (e)
2023	\$1,346,726,647	\$205,387,076	\$142,796,686	\$3,636,162	\$96,334,263	\$1,502,015,138
2024	1,502,015,138	194,574,960	148,929,739	4,055,441	106,596,702	1,650,201,620
2025	1,650,201,620	186,172,096	154,019,191	4,455,544	116,483,521	1,794,382,502
2026	1,794,382,502	178,806,953	159,355,004	4,844,833	126,118,024	1,935,107,642
2027	1,935,107,642	171,942,806	165,924,321	5,224,791	135,485,314	2,071,386,650
2028	2,071,386,650	165,491,916	173,882,650	5,592,744	144,507,644	2,201,910,816
2029	2,201,910,816	159,294,144	182,682,039	5,945,159	153,107,100	2,325,684,862
2030	2,325,684,862	153,222,687	191,697,828	6,279,349	161,231,533	2,442,161,905
2031	2,442,161,905	147,272,497	202,026,070	6,593,837	168,804,174	2,549,618,669
2032	2,549,618,669	141,409,070	212,102,748	6,883,970	175,758,089	2,647,799,110
2033	2,647,799,110	135,725,401	222,175,663	7,149,058	182,069,961	2,736,269,751
2034	2,736,269,751	130,218,329	231,508,922	7,387,928	187,735,134	2,815,326,364
2035	2,815,326,364	125,100,362	239,526,428	7,601,381	192,801,885	2,886,100,802
2036	2,886,100,802	120,493,140	246,829,981	7,792,472	197,332,530	2,949,304,018
2037	2,949,304,018	116,303,763	253,681,568	7,963,121	201,364,349	3,005,327,442
2038	3,005,327,442	112,466,340	260,461,545	8,114,384	204,909,085	3,054,126,937
2039	3,054,126,937	108,835,137	266,750,261	8,246,143	207,973,241	3,095,938,911
2040	3,095,938,911	105,161,875	272,864,598	8,359,035	210,553,562	3,130,430,715
2041	3,130,430,715	101,452,437	279,555,064	8,452,163	212,600,732	3,156,476,657

## Section 3: Supporting Information

Year Beginning June 30	Projected Beginning Plan Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses (d)	Projected Investment Earnings (e)	Projected Beginning Plan Fiduciary Net Position (f) = (a) + (b) – (c) – (d) + (e)
2042	3,156,476,657	97,398,900	286,621,120	8,522,487	214,032,301	3,172,764,251
2043	3,172,764,251	93,135,224	293,938,927	8,566,463	214,765,542	3,178,159,627
2044	3,178,159,627	88,567,913	300,806,970	8,581,031	214,742,471	3,172,082,010
2045	3,172,082,010	83,952,613	307,783,682	8,564,621	213,911,892	3,153,598,213
2046	3,153,598,213	79,192,686	314,212,607	8,514,715	212,228,163	3,122,291,740
2047	3,122,291,740	74,512,410	320,409,783	8,430,188	209,658,957	3,077,623,136
2048	3,077,623,136	69,993,649	325,716,916	8,309,582	206,192,470	3,019,782,757
2049	3,019,782,757	65,919,824	330,125,686	8,153,413	201,852,218	2,949,275,699
2050	2,949,275,699	62,279,377	333,236,346	7,963,044	196,687,099	2,867,042,786
2051	2,867,042,786	58,989,091	335,792,139	7,741,016	190,733,953	2,773,232,675
2052	2,773,232,675	56,114,742	336,208,297	7,487,728	184,060,942	2,669,712,333
2053	2,669,712,333	53,645,369	335,938,202	7,208,223	176,747,326	2,556,958,603
2054	2,556,958,603	51,772,541	333,611,073	6,903,788	168,881,121	2,437,097,404
2055	2,437,097,404	50,321,446	330,269,736	6,580,163	160,568,322	2,311,137,273
2056	2,311,137,273	49,184,896	325,982,076	6,240,071	151,873,305	2,179,973,327
2057	2,179,973,327	48,304,797	321,057,151	5,885,928	142,845,793	2,044,180,837
2058	2,044,180,837	47,634,103	315,537,684	5,519,288	133,522,858	1,904,280,826
2059	1,904,280,826	47,094,801	308,875,077	5,141,558	123,957,394	1,761,316,386
2060	1,761,316,386	46,795,097	301,514,044	4,755,554	114,210,539	1,616,052,424
2061	1,616,052,424	46,621,059	\$294,115,482	4,363,342	104,308,648	1,468,503,307
2062	1,468,503,307	46,507,517	\$287,348,288	3,964,959	94,227,031	1,317,924,608
2063	1,317,924,608	46,429,750	\$281,279,547	3,558,396	83,910,436	1,163,426,851

## Section 3: Supporting Information

Year Beginning June 30	Projected Beginning Plan Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses (d)	Projected Investment Earnings (e)	Projected Beginning Plan Fiduciary Net Position (f) = (a) + (b) – (c) – (d) + (e)
2064	1,163,426,851	46,375,610	\$275,745,179	3,141,252	73,302,001	1,004,218,031
2065	1,004,218,031	46,338,048	\$270,620,106	2,711,389	62,350,492	839,575,076
2066	839,575,076	46,312,835	\$266,113,737	2,266,853	50,997,884	668,505,205
2067	668,505,205	46,296,393	\$261,733,058	1,804,964	39,191,907	490,455,483
2068	490,455,483	46,285,722	\$257,601,018	1,324,230	26,889,500	304,705,457
2069	304,705,457	46,279,024	\$253,467,242	822,705	14,049,000	110,743,534
2070	110,743,534	46,275,636	\$249,155,319	299,008	640,793	0

### Notes

1. Amounts may not total exactly due to rounding.
2. Years beyond 2070/2071 have been omitted from this table as the Fiduciary Net Position is zero.
3. Column (b): Projected total contributions are calculated as fixed percentages of payroll plus the Pension Tax Revenue. Contributions are assumed to occur halfway through the year on average.
4. Column (c): Projected benefit payments have been determined in accordance with paragraphs 43-47 of GASB Statement No. 74 and are based on the closed group of active, retired members and beneficiaries as of June 30, 2023.
5. Column (d): Projected administrative expenses are calculated as approximately 0.27% of the projected beginning OPEB Plan Fiduciary Net Position amount. The 0.27% portion was based on the actual fiscal year 2022-2023 administrative expenses as a percentage of the beginning OPEB Plan Fiduciary Net Position amount as of July 1, 2022. Administrative expenses are assumed to occur halfway through the year, on average.
6. Column (e): Projected investment earnings are based on the assumed investment rate of return of 7.0% per annum and reflect the assumed timing of benefit payments made at the beginning of each month.
7. The Plan's Fiduciary Net Position is projected to be exhausted by June 30, 2071.

## Section 3: Supporting Information

### Appendix B: Definition of Terms

Definitions of certain terms as they are used in Statement No. 75. The terms may have different meanings in other contexts.

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

## Section 3: Supporting Information

### Appendix C: Accounting Requirements

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

The statements cover postemployment benefits of medical, prescription drugs, dental, vision and life insurance coverage for retirees; long-term care coverage, life insurance and death benefits that are *not* offered as part of a pension plan; and long-term disability insurance for employees. The benefits valued in this report are limited to those described in Exhibit III of Section 3, which are based on those provided under the terms of the substantive plan in effect at the time of the valuation and on the pattern of sharing costs between the employer and plan members. The projection of benefits is not limited by legal or contractual limits on funding the plan unless those limits clearly translate into benefit limits on the substantive plan being valued.

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

The total cost of providing postemployment benefits is projected, taking into account assumptions about demographics, turnover, mortality, disability, retirement, health care trends, and other actuarial assumptions. These assumptions are summarized in Exhibit II of Section 3. This amount is then discounted to determine the Total OPEB Liability. The Net OPEB Liability (NOL) is the difference between the Total OPEB Liability and market value of assets in the Plan, called the Plan Fiduciary Net Position.

Once the NOL is determined, the Annual OPEB Expense is determined as the change in NOL from the prior year with deferred recognition of certain elements. In addition, Required Supplementary Information (RSI) must be reported, including historical information about the Net OPEB Liability and the contributions made to the Plan. Appendices C and E of Section 3 contain a definition of terms as well as more information about GASB 74/75 concepts.

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

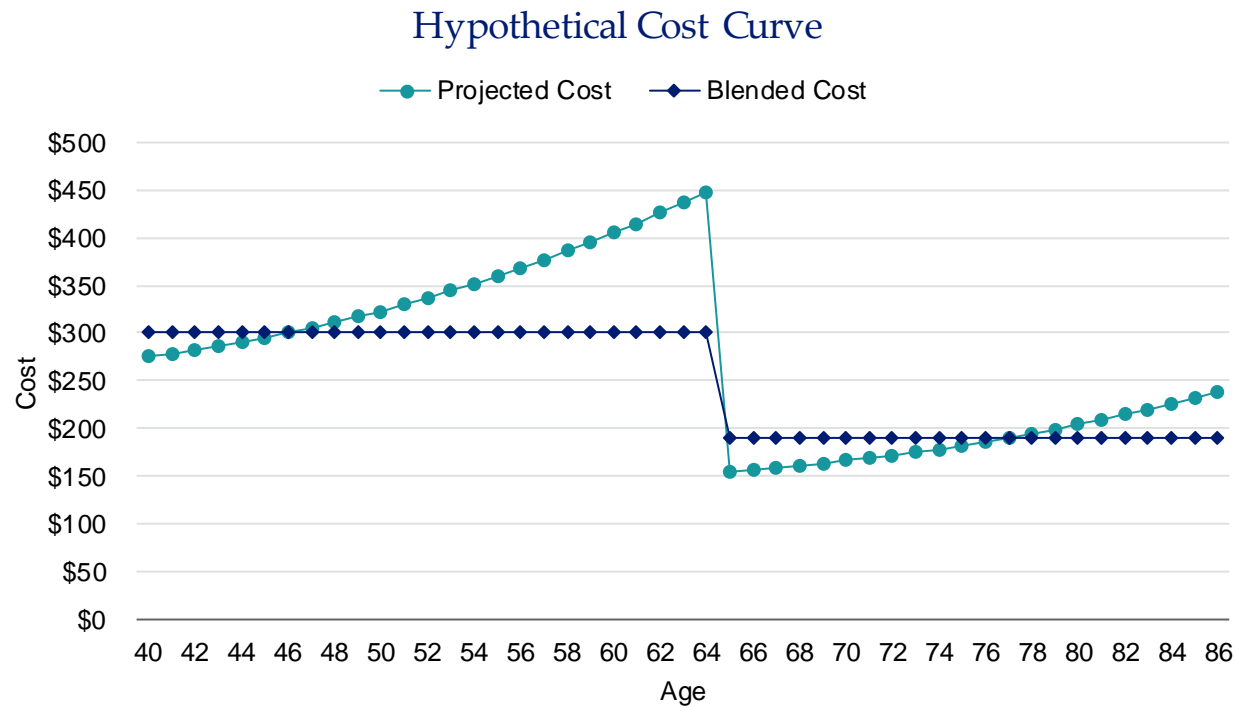
Actuarial calculations reflect a long-term perspective, and the methods and assumptions use techniques designed to reduce short-term volatility in accrued liabilities and the actuarial value of assets, if any.

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

## Section 3: Supporting Information

### Appendix D: GASB 74/75 Concepts

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





# New Mexico Retiree Health Care Authority

## Fiscal Year 2024 First Quarter Budget Review

### Healthcare Benefits Fund

Between July 1, 2023, and September 30, 2023, the Healthcare Benefits Administration Program expended \$82.4 million and collected \$91.9 million in revenue. The resulting \$9.4 million surplus is lower than the \$12.9 million surplus for the same period in FY23.

First Quarter FY24 expenditures are \$6.1 million greater than expenditures in First Quarter FY23, for a growth of 8%. Current projections indicate a \$76 million surplus at the end of FY24.

### **Major Upward Cost Pressures:**

1. Claim costs typically increase during the Third and Fourth Quarter of the plan year (calendar year) because members begin meeting their annual deductible and reaching maximum out-of-pocket expenses.

### **Major Downward Cost Pressures:**

1. Overall plan participation (medical and voluntary coverages) went down by 1.4% between September 2022 and September 2023, losing 947 members, compared to a 4.2% growth rate during the previous fiscal year when the plan added 2,729.
2. Pre-Medicare Plan Participation
  - Premier Plans: -895 members (-9.1%)
  - Value Plans: -129 members (-3.7%)
  - Net: -1,024 members (-7.7%)
3. Medicare Plan Participation
  - Medicare Supplement: -635 members (-3.0%)
  - BCBS MA Plans: +30 members (0.8%)
  - Humana MA Plans: +341 members (23.7%)
  - Presbyterian MA Plans: +199 members (2.2%)
  - \*UnitedHealthcare MA Plans: +207 members (3.8%)
4. A 10.2% decline in dependent child participation in medical plans from 1,376 in September 2022 to 1,236 in September 2023.

\*Default Plans --- All Pre-Medicare Plan Participants to UnitedHealthcare or Humana effective July 1, 2023.

**Additional Analysis:**

A major trend in First Quarter FY24 costs is prescription drug expenses partially being offset by reductions in the number of self-insured plan participants (Pre-Medicare and Medicare Supplement) and an increase in the number of Medicare Advantage Plan participants (777 in total) who have elected to participate in less costly capitated arrangements.

Sufficient budget authority exists within each category of Program Support to fund agency operations through the remainder of FY24.

Below is an annual summary of the cash contributions made to the State Investment Council (SIC) between fiscal years 2011 – 2023, as well as monthly contribution(s) made in FY24:

FY11 Total	\$	21,879,651
FY12 Total	\$	21,060,000
FY13 Total	\$	15,315,000
FY14 Total	\$	57,500,000
FY15 Total	\$	42,500,000
FY16 Total	\$	35,000,000
FY17 Total	\$	33,000,000
FY18 Total	\$	20,000,000
FY19 Total	\$	45,000,000
FY20 Total	\$	56,000,000
FY21 Total	\$	75,000,000
FY22 Total	\$	60,000,000
FY23 Total	\$	100,000,000
Transfer Effective	Amount Transferred	
November 1, 2023	\$	30,000,000
FY24 Total	\$	30,000,000
<b>Total Transfers</b>	<b>\$</b>	<b>612,254,651</b>

**New Mexico Retiree Health Care Authority**

**FY24 1st Quarter Budget Review**

**Comparison of Projected vs. Actual**

**(in thousands)**

**Healthcare Benefit Fund**

**FY24/FY23 Comparison**

	FY24 Approved Q1 Budget	FY24 Q1 Actual	FY23 Q1 Actual	Dollar Change	Percent Change
<b>Sources:</b>					
Employer/Employee Contributions	\$ 31,142.63	\$ 43,104.1	\$ 40,589.6	\$ 2,514.5	6.2%
Retiree Contributions	\$ 46,132.7	\$ 36,698.5	\$ 36,806.3	\$ (107.7)	-0.3%
Taxation & Revenue Fund	\$ 11,565.88	\$ 3,856.0	\$ 3,442.9	\$ 413.2	12.0%
Other Miscellaneous Revenue	\$ 9,776.33	\$ 7,613.8	\$ 8,445.3	\$ (831.5)	-9.8%
Interest Income	\$ -	\$ 705.2	\$ 101.2	\$ 604.1	157.0%
Refunds	\$ -	\$ (94.3)	\$ (49.5)	\$ (44.8)	90.4%
<b>Total Sources</b>	<b>\$ 98,617.5</b>	<b>\$ 91,883.4</b>	<b>\$ 89,335.6</b>	<b>\$ 2,547.8</b>	<b>2.9%</b>
<b>Uses:</b>					
Medical Contractual Services	\$ 97,594.2	\$ 78,534.6	\$ 72,791.5	\$ 5,743.1	7.9%
ACA Fees (PCORI)	\$ 45.0	\$ 40.5	\$ 40.1	\$ 0.4	0.9%
Other Financing Uses	\$ 978.4	\$ 3,913.4	\$ 3,558.2	\$ 355.2	10.0%
<b>Total Uses</b>	<b>\$ 98,617.5</b>	<b>\$ 82,448.0</b>	<b>\$ 76,389.8</b>	<b>\$ 6,098.7</b>	<b>8.0%</b>
<b>Sources Over Uses</b>	<b>NA</b>	<b>\$ 9,435.4</b>	<b>\$ 12,945.8</b>	<b>NA</b>	<b>NA</b>

**FY24 Budget Compared to Actual**

	FY24 Approved Budget	FY24 Actuals	Remaing Balance	Percent Expended/ Collected	FY24 Projected Total
<b>Sources:</b>					
Employer/Employee Contributions	\$ 124,570.5	\$ 43,104.1	\$ 81,466.4	34.6%	\$ 172,416.3
Retiree Contributions	\$ 184,530.8	\$ 36,698.5	\$ 147,832.3	19.9%	\$ 146,794.2
Taxation & Revenue Fund	\$ 46,263.5	\$ 3,856.0	\$ 42,407.5	8.3%	\$ 46,272.5
Other Miscellaneous Revenue	\$ 38,970.3	\$ 7,613.8	\$ 31,356.5	19.5%	\$ 30,000.0
Interest Income	\$ -	\$ 705.2	\$ (705.2)	NA	\$ 1,500.0
Refunds	\$ -	\$ (94.3)	\$ -	NA	\$ (377.2)
<b>Total Sources</b>	<b>\$ 394,335.1</b>	<b>\$ 91,883.4</b>	<b>\$ 302,357.4</b>	<b>23.3%</b>	<b>\$ 396,605.8</b>
<b>Uses:</b>					
Medical Contractual Services	\$ 390,376.7	\$ 78,494.1	\$ 311,882.6	20.1%	\$ 317,242.7
ACA Fees (PCORI)	\$ 45.0	\$ 40.5	\$ 4.6	89.9%	\$ 39.4
Other Financing Uses	\$ 3,913.4	\$ 3,913.4	\$ -	100.0%	\$ 3,306.7
<b>Total Uses</b>	<b>\$ 394,335.1</b>	<b>\$ 82,448.0</b>	<b>\$ 311,887.1</b>	<b>20.9%</b>	<b>\$ 320,588.8</b>
<b>Sources Over Uses</b>	<b>NA</b>	<b>\$ 9,435.4</b>	<b>NA</b>	<b>NA</b>	<b>\$ 76,016.9</b>

**New Mexico Retiree Health Care Authority**  
**1st Quarter Healthcare Benefit Fund Detail**  
**Fiscal Year 2024**  
**(in thousands)**

	FY24 Q1 Actuals	FY23 Q1 Actuals	FY24 - FY23 Difference
<b>REVENUE:</b>			
Employer/Employee Contributions	\$ 43,104.1	\$ 40,589.6	\$ 2,514.5
Retiree Contributions	\$ 36,698.5	\$ 36,806.3	\$ (107.7)
Taxation and Revenue Suspense Fund	\$ 3,856.0	\$ 3,442.9	\$ 413.2
Other Miscellaneous Revenue	\$ 7,613.8	\$ 8,445.3	\$ (831.5)
Interest Income	\$ 705.2	\$ 101.2	\$ 604.1
Refunds	\$ (94.3)	\$ (49.5)	\$ (44.8)
<b>TOTAL REVENUE:</b>	<b>\$ 91,883.4</b>	<b>\$ 89,335.6</b>	<b>\$ 2,547.8</b>
<b>EXPENDITURES:</b>			
<b>Prescriptions</b>			
Express Scripts	\$ 26,436.2	\$ 28,787.7	\$ (2,351.5)
<b>Total Prescriptions</b>	<b>\$ 26,436.2</b>	<b>\$ 28,787.7</b>	<b>\$ (2,351.5)</b>
<b>Non-Medicare</b>			
Blue Cross Blue Shield	\$ 14,702.8	\$ 11,149.2	\$ 3,553.7
BCBS Administrative Costs	\$ 584.0	\$ 319.7	\$ 264.3
Presbyterian	\$ 9,783.2	\$ 10,899.6	\$ (1,116.4)
Presbyterian Administrative Costs	\$ 479.5	\$ 502.4	\$ (22.9)
PCORI Fee	\$ 40.5	\$ 40.1	\$ 0.4
<b>Total Non-Medicare</b>	<b>\$ 25,590.0</b>	<b>\$ 22,911.0</b>	<b>\$ 2,679.0</b>
<b>Medicare</b>			
Blue Cross Blue Shield	\$ 10,728.3	\$ 6,390.6	\$ 4,337.7
BCBS Administrative Costs	\$ 1,326.3	\$ 906.5	\$ 419.8
Presbyterian MA	\$ 3,296.8	\$ 3,198.4	\$ 98.4
UnitedHealthcare MA	\$ 1,023.4	\$ 831.3	\$ 192.0
Humana MA	\$ 187.0	\$ 203.3	\$ (16.3)
BCBS MA	\$ 358.7	\$ 351.4	\$ 7.3
<b>Total Medicare</b>	<b>\$ 16,920.4</b>	<b>\$ 11,881.5</b>	<b>\$ 5,038.9</b>
<b>Other Benefits</b>			
Davis Vision	\$ 630.1	\$ 626.4	\$ 3.8
Delta Dental	\$ 5,633.9	\$ 5,394.3	\$ 239.6
Standard Life Insurance	\$ 3,323.9	\$ 3,230.7	\$ 93.2
<b>Total Other Benefits</b>	<b>\$ 9,588.0</b>	<b>\$ 9,251.4</b>	<b>\$ 336.6</b>
<b>Other Expenses</b>			
Program Support	\$ 3,913.4	\$ 3,558.2	\$ 355.2
<b>Total Other Expenses</b>	<b>\$ 3,913.4</b>	<b>\$ 3,558.2</b>	<b>\$ 355.2</b>
<b>TOTAL EXPENDITURES:</b>	<b>\$ 82,448.0</b>	<b>\$ 76,389.8</b>	<b>\$ 6,058.2</b>
<b>Total Revenue over Total Expenditures</b>	<b>\$ 9,435.4</b>	<b>\$ 12,945.8</b>	<b>\$ (3,510.5)</b>

**New Mexico Retiree Health Care Authority**  
**FY24 1st QTR Budget Review**  
**Comparison of Budget vs. Actual**  
**(in thousands)**

**Program Support**

**FY24/FY23 Comparison**

	FY24 Approved Q1 Budget	FY24 Actuals	FY23 Actuals	Dollar Change	Percent Change
<b>Sources:</b>					
Other Transfers	\$ 978.4	\$ 3,913.4	\$ 3,260.4	\$ 653.1	20.0%
<b>Total Sources</b>	<b>\$ 978.4</b>	<b>\$ 3,913.4</b>	<b>\$ 3,260.4</b>	<b>\$ 653.1</b>	<b>16.7%</b>
<b>Uses:</b>					
Personal Services and Benefits	\$ 646.5	\$ 581.4	\$ 520.7	\$ 60.7	11.7%
Contractual Services	\$ 175.6	\$ 68.8	\$ 19.7	\$ 49.1	249.1%
Other Costs	\$ 156.3	\$ 173.6	\$ 101.2	\$ 72.4	71.5%
<b>Total Uses</b>	<b>\$ 978.4</b>	<b>\$ 823.7</b>	<b>\$ 641.6</b>	<b>\$ 182.1</b>	<b>28.4%</b>

**New Mexico Retiree Health Care Authority**  
**FY24 1st QTR Budget Review**  
**Comparison of Budget vs. Actual**  
**(in thousands)**

**Program Support**

**FY24 Budget Compared to Actual**

	Approved Operating Budget	FY24 Actuals	Remaining Balance	Percent Expended	FY24 Projected
<b>Sources:</b>					
Other Transfers	\$ 3,913.4	\$ 978.4	\$ 2,935.1	25%	\$ 3,913.4
<b>Total Sources</b>	<b>\$ 3,913.4</b>	<b>\$ 978.4</b>	<b>\$ 2,935.1</b>	<b>25%</b>	<b>\$ 3,913.4</b>
<b>Uses:</b>					
Personal Services and Benefits	\$ 2,585.9	\$ 581.4	\$ 2,004.5	22%	\$ 2,545.0
Contractual Services	\$ 702.3	\$ 68.8	\$ 633.5	10%	\$ 695.9
Other Costs	\$ 625.2	\$ 173.6	\$ 451.6	28%	\$ 608.1
<b>Total Uses</b>	<b>\$ 3,913.4</b>	<b>\$ 823.7</b>	<b>\$ 3,089.7</b>	<b>21%</b>	<b>\$ 3,848.9</b>

**Program Support**

**Expenditure Summary (in thousands)**

Acct #	Account Description	A Approved Budget	B Expended Budget	C Remaining Balance	D Projected	E Balance
200	Personal Services/ Employee Benefits	2,585.9	581.4	2,004.5	1,963.6	40.9
300	Contractual Services	702.3	68.8	633.5	627.1	6.4
400	Other Costs	625.2	173.6	451.6	434.5	17.1
	<b>TOTAL</b>	<b>3,913.4</b>	<b>823.7</b>	<b>3,089.7</b>	<b>3,025.2</b>	<b>64.5</b>

**Expenditure Detail (in thousands)**

<b>Personal Services / Employee Benefits</b>						
Acct #	Account Description	Approved Budget	Expended Budget	Remaining Balance	Projected	Balance
520100	Exempt Positions	463.2	106.8	356.4	378.6	(22.2)
520300	Classified Perm. Positions	1,376.2	302.1	1,074.1	1,030.2	43.9
520800	Annual, Sick & Comp Paid	0.0	5.3	(5.3)	0.0	(5.3)
521100	Group Insurance Premium	198.9	45.1	153.8	147.6	6.2
521200	Retirement Contributions	357.7	78.5	279.2	271.1	8.1
521300	FICA	146.3	30.3	116.0	107.8	8.2
521400	Workers Comp	0.2	0.0	0.2	0.2	0.0
521410	GSD Work Comp Ins	1.5	1.4	0.1	0.0	0.1
521500	Unemployment Comp	0.0	0.0	0.0	0.0	0.0
521600	Employee Liability Insurance	3.7	3.6	0.1	0.0	0.1
521700	Retiree Health Care	38.2	8.2	30.0	28.2	1.8
523000	COVID Related Admin Leave	0.0	0.0	0.0	0.0	0.0
	<b>TOTAL</b>	<b>2,585.9</b>	<b>581.4</b>	<b>2,004.5</b>	<b>1,963.6</b>	<b>40.9</b>

<b>Contractual Services</b>						
Acct #	Account Description	Approved Budget	Expended Budget	Remaining Balance	Projected	Balance
535200	Professional Services	431.5	53.3	378.2	378.2	(0.0)
535209	Professional Services - Interagency	0.0	0.0	0.0	0.0	0.0
535300	Other Services	15.2	3.7	11.5	11.5	(0.0)
535309	Other Services InterA	17.3	0.0	17.3	17.3	0.0
535400	Audit Services	83.3	0.0	83.3	83.3	0.0
535500	Attorney Services	50.0	3.6	46.4	40.0	6.4
535600	Information Technology Services	105.0	8.2	96.8	96.8	0.0
	<b>TOTAL</b>	<b>702.3</b>	<b>68.8</b>	<b>633.5</b>	<b>627.1</b>	<b>6.4</b>

<b>Other Costs</b>						
Acct #	Account Description	Approved Budget	Expended Budget	Remaining Balance	Projected	Balance
542100	Employee In-State Mileage & Fares	1.5	0.6	0.9	1.0	(0.1)
542200	Employee In-State Meals & Lodging	3.5	2.8	0.7	0.7	0.0
542300	Board & Comm Mbr Meals & Lodging - In-State	13.5	3.2	10.3	6.0	4.3
542310	Board & Comm Mbr Mileage & Fares - In-State	0.0	1.0	(1.0)	2.0	(3.0)
542500	Transportation - Fuel & Oil	2.2	0.1	2.1	2.0	0.1
542600	Transportation - Parts & Supplies	0.3	0.1	0.2	0.2	0.0
542700	Transportation - Insurance	0.2	0.2	0.1	0.0	0.1
542800	State Transportation Pool Charges	5.8	5.8	0.0	0.0	0.0
543200	Maintenance - Furniture, Fixtures & Equipment	6.0	0.0	6.0	6.0	0.0
543300	Maintenance - Building & Structure	6.0	0.0	6.0	0.0	6.0
543400	Maintenance - Property Insurance	0.1	0.0	0.1	0.1	0.0
543820	Maintenance IT	23.0	0.0	23.0	5.0	18.0
543830	IT HW/SW Agreements	0.0	0.2	(0.2)	17.0	(17.2)
544000	Supply Inventory IT	20.0	2.4	17.6	18.0	(0.4)
544100	Supplies - Office Supplies	13.0	1.7	11.3	11.0	0.3
544900	Supplies - Inventory Exempt	5.0	0.0	5.0	4.9	0.1
545600	Rep/Recording	0.0	0.0	0.0	0.0	0.0
545700	DoIT - ISD Services	13.3	2.1	11.2	11.2	0.0
545710	DoIT - HCM Fees	9.5	0.0	9.5	9.5	0.0
545900	Printing & Photo. Services	60.0	49.9	10.1	10.1	0.0
546100	Postage & Mail Services	100.0	52.2	47.8	45.0	2.8
546400	Rent of Land & Buildings	122.8	32.7	90.1	90.1	0.0
546409	Rent - Interagency	9.1	2.2	6.9	6.9	(0.0)
546500	Rent of Equipment	30.3	5.9	24.4	24.4	0.0
546600	Communications	6.0	0.5	5.5	3.0	2.5
546610	DOIT Telecomm	86.8	9.4	77.4	77.4	0.0
546700	Subscriptions & Dues	7.0	0.0	7.0	7.0	0.0
546800	Employee Training & Education	10.0	0.5	9.5	9.5	(0.0)
546801	Board Member Training	7.5	0.0	7.5	5.0	2.5
546900	Advertising	1.0	0.0	1.0	1.0	0.0
547900	Miscellaneous Expense	1.3	0.2	1.1	2.0	(0.9)
547999	Request to Pay Prior Year	0.0	0.0	0.0	0.0	0.0
548300	Information Technology Equipment	50.0	0.0	50.0	50.0	0.0
549600	Employee Out-Of-State Mileage & Fares	2.0	0.0	2.0	2.0	0.0
549700	Employee Out-Of-State Meals & Lodging	2.0	0.0	2.0	4.0	(2.0)
549800	B&C-Out-Of-State Mileage & Fares	3.5	0.0	3.5	1.0	2.5
549900	B&C- Out-Of-State Meals & Lodging	3.0	0.0	3.0	1.5	1.5
	<b>TOTAL</b>	<b>625.2</b>	<b>173.6</b>	<b>451.6</b>	<b>434.5</b>	<b>17.1</b>

## **Retiree Health Care Authority Act**

### **Taos Soil & Water Conservation District (SWCD) Program Participation - Action Item**

#### **Background**

The New Mexico Retiree Health Care Authority (NMRHCA) and the Taos Soil & Water Conservation District (SWCD) have been in communication regarding their participation in the Retiree Health Care Authority. The Governing Body met on November 15, 2023, and voted in favor of participating in the Retiree Health Care programs beginning January 1, 2024.

Per Chapter 10-7C-9 NMSA 1978, Section F – Taos Soil & Water Conservation District (SWCD) will be required to begin making the appropriate employer and employee contributions determined by the board to the fund on the January 1<sup>st</sup>, immediately following the adoption of the ordinance or resolution. On the following July 1<sup>st</sup>, eligible retirees of those participating employers and their eligible dependents shall be eligible to receive group health insurance coverage pursuant to the provisions of the Retiree Health Care Act.

Based upon the Buy-In Analysis performed by Segal, the buy in cost for Taos Soil & Water Conservation District's 6 active participants totals \$76,582. For additional information related to the calculation please see – NMRHCA Buy-In Analysis for Taos Soil & Water Conservation District (SWCD). Taos Soil & Water Conservation District (SWCD) buy-in payments will be financed for a period of six (6) years.

#### **Recommendation**

NMRHCA staff respectfully requests Board approval for inclusion of Taos Soil & Water Conservation District (SWCD) as a participating employer with the New Mexico Retiree Health Care Program effective January 1, 2024. Approval of this request will allow Taos Soil & Water Conservation District (SWCD) employees to have access to benefits beginning July 1, 2024.



Mehdi Riazi, FSA, MAAA, FCA, EA  
 Vice President & Actuary  
 T 214.499.2722  
 M 214.499.2722  
 mriazi@segalco.com

500 North Brand Boulevard  
 Suite 1400  
 Glendale, CA 91203-3338  
 segalco.com

November 9, 2023

Tanya Duncan, CPO  
 Finance Manager  
 Taos Soil & Water Conservation District (SWCD)  
 220 Chamisa Road  
 Taos, NM 87571

**Re: New Mexico Retiree Healthcare Authority (NMRHCA) Buy-in Analysis  
 Taos Soil & Water Conservation District (SWCD) - REVISED**

Dear Tanya:

As requested, we have prepared an updated actuarial valuation to establish the Buy-In obligation for Taos SWCD. This letter is an update of the original Buy-In letter dated August 11, 2022. An updated buy-in calculation was performed to reflect demographic changes and to provide a more up to date liability. The updated Buy-In obligation of \$76,582 is higher than the original amount of \$69,295 mainly due to an additional year of service and interest accruals.

We have calculated the liability as of June 30, 2022, using the data provided to us by your office. The discount rate for the buy-in calculation was 7.75%, which is not the same as the 5.42% used for the most recent Governmental Accounting Standards Board (GASB) Statement 74 valuation. Per the New Mexico Administrative Code, the 7.75% rate is to be used for buy-in calculations. No adjustment has been made to reflect the anticipated growth in liability after June 30, 2022.

To model future demographic experience, we have assumed that all members are covered under the Public Employees Retirement Association (PERA). We used Municipal General decrement assumptions for all members.

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

Non-Medicare Plan	Medical Election Rate (%)
Premier	75
Value Plan	25



Medicare Plan	Medical Election Rate (%)
BCBS Medicare Supplement	56
BCBS Senior Plan I or II	9
Presbyterian Senior Plan I or II	21
United Healthcare Plan I or II	11
Humana Plan I or II	3

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

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

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

The actuarial calculations in the enclosed exhibit have been prepared under my supervision. I am a member of the Society of Actuaries and the American Academy of Actuaries. I meet the "General Qualification Standards for Statements of Actuarial Opinions" and am qualified to render the actuarial opinion contained herein.

If you have any questions or comments, please contact me at (214) 499-2722 or [mriazi@segalco.com](mailto:mriazi@segalco.com).

Sincerely,



Mehdi Riazi, FSA, MAAA, FCA, EA  
Vice President & Actuary

JAC/elf  
Enclosure

cc: Nura Patani

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

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

Participant Category	June 30, 2022
Current retirees and dependents	\$ 0
Current active members	<u>\$76,582</u>
<b>Total</b>	<b>\$76,582</b>

Effect of Retiree Contributions	June 30, 2022
Actuarial accrued liability before reduction for retiree contributions	\$174,927
Less projected retiree contributions	<u>98,345</u>
Net employer actuarial accrued liability	\$ 76,582
Actuarial value of assets	<u>0</u>
<b>Unfunded actuarial accrued liability</b>	<b>\$ 76,582</b>

## Summary of Participant Data

Active Participants	June 30, 2022
Number	6
Average age	45.6
Average years of service*	10.5
Average expected retirement age	61.8

\* The employee hired in December of 2022 was assumed to have 0.5 years of service for the purpose of this calculation.



## Taos Soil and Water Conservation District

220 Chamisa Road, Taos, NM 87571 ~ Phone (575) 751-0584 – Fax (575) 751-9253

### Board of Supervisors

Mrs. Maureen Johnson  
*Chairman*  
Mr. Stephen Trujillo  
*Vice-Chair*  
Mr. George Long  
*Secretary/Treasurer*  
Mr. Dennis Cruz  
*Member*  
Mr. Andy Martinez  
*Member*  
Mr. Lloyd Archuleta  
*Member*  
Mrs. Mary Lane Leslie  
*Member*

October 13, 2023

Neil Kueffer, Executive Director  
New Mexico Retiree Health Care Authority  
6300 Jefferson Street NE  
Albuquerque, NM 87109

RE: Intent to Join NMRHCA

Dear Executive Director Kueffer:

This letter is to inform you of Taos Soil & Water Conservation District's intent to join the NMRHCA benefit program. The resolution will be presented for approval at the District's regular board meeting scheduled for November 15, 2023.

Please let me know if you need further details.

Sincerely,

Tanya Duncan, Finance Manager/CPO  
Taos Soil & Water Conservation District  
220 Chamisa Road  
Taos, NM 87571

[tduncan@tswcd.org](mailto:tduncan@tswcd.org)

### District Staff

Peter A. Vigil  
*District Manager*  
Charlotte Martinez  
*Office Manager*  
Tanya Duncan, CPO  
*Finance Manager*  
Bruce Trujillo  
*CAD Design Technician*  
Manuel Gutierrez  
*Field Technician*  
Grace Powell  
*Conservation Program Specialist*

### District Partners

Natural Resources  
Conservation Service  
New Mexico Department  
of Agriculture  
New Mexico State  
Forestry  
United States Forest  
Service  
Bureau of Land  
Management  
Rocky Mountain Youth  
Corps  
Taos Valley Acequia  
Association  
New Mexico Acequia  
Association  
Taos County Economic  
Development Corporation



## Taos Soil and Water Conservation District

220 Chamisa Road, Taos, NM 87571 ~ Phone (575) 751-0584 – Fax (575) 751-9253

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- Mrs. Maureen Johnson  
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*Secretary/Treasurer*
- Mr. Dennis Cruz  
*Member*
- Mr. Andy Martinez  
*Member*
- Mr. Lloyd Archuleta  
*Member*
- Mrs. Mary Lane Leslie  
*Member*

### District Staff

- Peter A. Vigil  
*District Manager*
- Charlotte Martinez  
*Office Manager*
- Tanya Duncan  
*Finance Manager*
- Bruce Trujillo  
*CAD Design Technician*
- Manuel Gutierrez  
*Field Coordinator*
- Grace Powell  
*Conservation Program Specialist*

### District Partners

- Natural Resources Conservation Service
- New Mexico Department of Agriculture
- New Mexico State Forestry
- United States Forest Service
- Bureau of Land Management
- Rocky Mountain Youth Corps
- Taos Valley Acequia Association
- New Mexico Acequia Association
- Taos County Economic Development Corporation

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

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

**WHEREAS**, the governing body has considered the opportunity afforded by the Retiree Health Care Act ("act"), Sections 10-7C-1 et seq. NMSA 1978 to provide basic and optional retiree health coverages. The single basic plan of benefits rate may be adjusted from time to time pursuant to Section 13 of the act. The current single basic plan of benefits rate is two percent for employer and one percent for the employee (All numbers are expressed as a percentage of salary); and

**WHEREAS**, the governing body has considered that pursuant to Section 15 of the act, Retiree Health Care Authority participation requires participating employer and/or employee contributions to the Retiree Health Care Authority fund in the amount determined to be appropriate by the NMRHCA Board and which may be adjusted from time to time; and

**WHEREAS**, the governing body determines to irrevocably include Taos Soil & Water Conservation District, its employees and retirees in the requirements of the employer/employee contributions and retiree benefits under the act.

**NOW, THEREFORE, BE IT RESOLVED** by the governing body of the Taos Soil & Water Conservation District:

**Section 1:** Thirty days prior to public hearing on this Ordinance the Retiree Health Care Authority was notified by certified mail of the public hearing on this Ordinance.

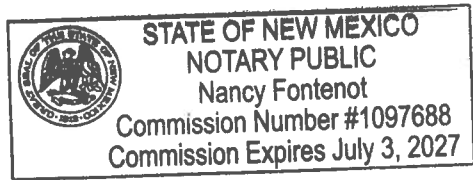
**Section 2.** Pursuant to the terms of the act the Taos Soil & Water Conservation District determines to be included in coverage under the Retiree Health Care Act.

**Section 3.** Passed, adopted and approved by a vote of 6 (six) in favor and 0 (zero) opposed and that the governing body of the Taos Soil & Water Conservation District consists of 7 (seven) members including a chairperson and that a sufficient number of them voted in favor of passage of the resolution that it is in effect this 15th day of November 2023.

By: Maureen Johnson Chairperson

Attest:  
by: Tanya Duncan  
its: FINANCE MANAGER

State of New Mexico  
County of Taos



Subscribed and sworn to (or affirmed) before me on this 15<sup>th</sup> Day of November 2023 by Maureen Johnson, proved to me on the basis of satisfactory evidence to be the person who appeared before me.

Nancy Fontenot  
Notary Public

07/03/2027  
My Commission Expires

**TAOS SOIL AND WATER CONSERVATION DISTRICT  
REGULAR ONLINE AND IN-PERSON BOARD MEETING  
NOVEMBER 15, 2023  
9:00 A.M.**

The meeting was available at this link: <https://us02web.zoom.us/j/85163370943?pwd=ak9VUC9kYXZiQVZhNkNaR3U2dkFSUT09>  
Meeting ID: 851 6337 0943 - Passcode: soil  
*Telephone participants were able to join by dialing: 1 (346) 248-7799 and entering the meeting ID and passcode (821515)*

*(Meeting Agenda posted on [www.tswcd.org](http://www.tswcd.org) website at approx. 5:00 pm on 11/9/2023)*

**DRAFT MINUTES**

**I. CALL TO ORDER/ROLL CALL**

Chairman Johnson called the meeting to order at 9:05 a.m.

Board of Supervisors Attendance:

Maureen Johnson (Chairman)	Present
Stephen Trujillo (Vice-Chairman)	Present
George Long (Secretary/Treasurer)	Present
Dennis Cruz (Member)	Present
Andy Martinez (Member)	Present
Lloyd Archuleta (Member)	Present
Mary Lane Leslie (Member)	Absent

Other Attendance:

Peter Vigil (TSWCD District Manager)  
Charlotte Martinez (TSWCD Administrative Services Manager)  
Tanya Duncan (TSWCD Finance Manager)  
David Griego (NRCS District Conservationist)  
Michael Purdy (NMDA Soil & Water Conservation District Specialist)  
Will Jaremko-Wright (Taos County Extension Agent)  
Fritz Hahn – (Former Town Councilman)  
Kathy McKim (Pheasants Forever)  
Carlos Abeyta (Acequia Madre de Sur)  
Vicente Abeyta (Acequia Madre de Sur)

**II. READING AND APPROVAL OF AGENDA**

- A. November 15, 2023 – Andy Martinez made a motion to approve the November 15, 2023 Agenda with one addition: add Item XIII. D. TVAA Congresso, and one amendment: move Item IX. D. to Item III. George Long seconded and the motion carried with roll call voting as follows:

Maureen Johnson	yea
Stephen Trujillo	yea
George Long	yea
Dennis Cruz	yea
Andy Martinez	yea
Lloyd Archuleta	yea
Mary Lane Leslie	absent

**III. GUEST**

- A. Kathy McKim reported that she is no longer working for NM Fish & Wildlife but she is still doing work for BLM. She received the NFWF grant for wildlife fencing on the Taos Plateau (replacing 7 miles of netwire fence with wildlife friendly fence). She also reported that there will be another TVAA Congresso at Ghost Ranch on March 2, 2024. Finally, Ms. McKim offered a box of booklets called “Reducing Woody Encroachment in Grasslands”. No action was taken.
- B. Carlos Abeyta and Vicente Abeyta reported that their acequia was awarded \$250,000 from ISC but they are short about \$26,000 to complete their acequia project. They requested an additional \$20,000 from Taos SWCD to help them get the project completed. Originally it was designed as a log structure but because of time limitations, the design was changed to rock (four layers of boulders leading up to the structure). After discussion, Stephen Trujillo made a motion to designate special project status and to approve an additional \$20,000 to help get the project completed. Andy Martinez seconded and the motion carried with roll call voting as follows:

Maureen Johnson	yea
Stephen Trujillo	yea
George Long	yea
Dennis Cruz	yea
Andy Martinez	yea
Lloyd Archuleta	yea
Mary Lane Leslie	absent

**IV. APPROVAL OF MINUTES**

- C. October 18, 2023 Regular Board Meeting – After review, Andy Martinez made a motion to approve the October 18, 2023 Regular Board Meeting minutes with one correction: add Tanya Duncan (TSWCD Finance Manager) to Other Attendance. Dennis Cruz also asked for review of whether he made the motion on Item . Gorge Long seconded and the motion carried with roll call voting as follows:

Maureen Johnson	yea
Stephen Trujillo	yea
George Long	yea
Dennis Cruz	yea
Andy Martinez	yea
Lloyd Archuleta	yea
Mary Lane Leslie	absent

**V. FINANCIAL REPORT**

- A. October 2023 Financial Report – Tanya Duncan reviewed the written October 2023 Financial Report. After discussion, Dennis Cruz made a motion to file the October 2023 Treasurer’s Report for audit with best information provided. Stephen Trujillo seconded and the motion carried with roll call voting as follows:

Maureen Johnson	yea
Stephen Trujillo	yea
George Long	yea
Dennis Cruz	yea
Andy Martinez	yea
Lloyd Archuleta	yea
Mary Lane Leslie	absent

- B. FYE24 Qtr. 1 Budget Report – Tanya Duncan reviewed the FYE24 Qtr. 1 Budget Report and reported on LGBMS difficulties. After discussion, Stephen Trujillo made a motion acknowledge the FYE24 Qtr. 1 Budget Report. Andy Martinez seconded and the motion carried with roll call voting as follows:

Maureen Johnson	yea
Stephen Trujillo	yea
George Long	yea
Dennis Cruz	yea
Andy Martinez	yea
Lloyd Archuleta	yea
Mary Lane Leslie	absent

**VI. SPECIAL REPORTS**

- A. NRCS Report – The board reviewed the written NRCS Report for November 2023. Peter Vigil noted that he discussed smaller acreage projects with Javier Montoya (NRCS State Director). Mr. Vigil is looking into options to help this take effect in Taos County. After review and discussion, George Long made a motion to accept the written NRCS Report for November 2023 and include it as part of the minutes. Andy Martinez seconded and the motion carried with roll call voting as follows:

Maureen Johnson	yea
Stephen Trujillo	yea
George Long	yea
Dennis Cruz	yea
Andy Martinez	yea
Lloyd Archuleta	yea
Mary Lane Leslie	absent

- B. Taos County Extension Report – Will Jeremko-Wright reviewed the written Taos County Extension Report for November 2023. Mr. Jeremko-Wright also reported that he attended a Taos County Fair Board meeting and that the CWMA is still working on noxious weeds in Taos County. After review and discussion, Andy Martinez made a motion to accept the written and verbal Taos County Extension Reports for November 2023 and include them as part of the minutes. Stephen Trujillo seconded and the motion carried with roll call voting as follows:

Maureen Johnson	yea
Stephen Trujillo	yea
George Long	yea
Dennis Cruz	yea
Andy Martinez	yea
Lloyd Archuleta	yea
Mary Lane Leslie	absent

- C. Soil & Water Conservation Specialist Report – Michael Purdy reviewed the written Soil & Water Conservation Specialist Report for November 2023. Peter Vigil asked about the Land & Water Conservation Fund and the NM Outdoor Recreation Fund (and whether they can be combined). Mr. Vigil also requested another sit-down with HSP entities to discuss the program. Stephen Trujillo asked Mr. Purdy about whether HECHO (Hispanics Enjoying Camping, Hunting, and the Outdoors) is on NMDAs radar for partnerships. After review and discussion, Andy Martinez made a motion to accept the written and verbal Soil & Water Conservation Specialist Reports for October 2023 and include them as part of the minutes. Lloyd Archuleta seconded and the motion carried with roll call voting as follows:

Maureen Johnson	yea
Stephen Trujillo	yea
George Long	yea
Dennis Cruz	yea
Andy Martinez	yea

Lloyd Archuleta        yea  
Mary Lane Leslie       absent

\*\*\* The board took a break at 10:43 a.m. and reconvened at 10:59 a.m. \*\*\*

**VII. TAOS SWCD REPORTS**

A. District Manager's Report – Peter Vigil reported that he is concerned about the current state of the Las Cruces Flood Control Dam. He added that the Dam is old and in need of maintenance to make sure it is prepared for large flood events. Recent inspections have shown that the structure is solid but that conditions have deteriorated resulting in poor ratings indicating that restoration efforts and an emergency action plan are needed. Mr. Vigil will be presenting his concerns to the Taos Town Council at their November 28, 2023 meeting. Fritz Hahn suggested contacting Tim Corner who is the Town of Taos Flood Plain Manager and French Espinoza for Taos County. Finally, Mr. Vigil reported that he would like the forest monitor program to be revised to include some work for the students that would include servicing District customers. After discussion, Andy Martinez made a motion to approve the District Manager's verbal report and include it as part of the minutes. George Long seconded and the motion carried with roll call voting as follows:

Maureen Johnson        yea  
Stephen Trujillo        yea  
George Long            yea  
Dennis Cruz            yea  
Andy Martinez         yea  
Lloyd Archuleta        yea  
Mary Lane Leslie       absent

**VIII. UNFINISHED BUSINESS**

A. Resolution 003-2023-24 (Irrevocable Option to Determine to be Included in Coverage under the Retiree Health Care Act (NMRHCA) – Tanya Duncan presented the draft resolution for consideration. After discussion, Andy Martinez made a motion to formally adopt Resolution 003-2023-24 and to direct management to determine a payment plan for the buy-in costs outlined in the updated Segal Actuarial Valuation. Lloyd Archuleta seconded and the motion carried with roll call voting as follows:

Maureen Johnson        yea  
Stephen Trujillo        yea  
George Long            yea  
Dennis Cruz            yea  
Andy Martinez         yea  
Lloyd Archuleta        yea  
Mary Lane Leslie       absent

**IX. NEW BUSINESS**

A. Resolution 004-2023-24 Open Meetings – Charlotte Martinez presented draft Resolution 004-2023-24 (Open Meetings) for consideration. After discussion, Lloyd Archuleta made a motion to adopt Resolution 004-2023-24 Open Meetings Act as presented. Andy Martinez seconded and the motion carried with roll call voting as follows:

Maureen Johnson        yea  
Stephen Trujillo        yea  
George Long            yea  
Dennis Cruz            yea  
Andy Martinez         yea



Lloyd Archuleta        yea  
Mary Lane Leslie       absent

- B. Resolution 004a-2023-24 Meeting Dates – Charlotte Martinez presented the draft Resolution 004a-2023-24 Meeting Dates for consideration. Ms. Martinez noted that the June 2024 board meeting is scheduled for June 19 which is a Federal holiday (Juneteenth). She suggested either observing Juneteenth on the Monday before June 19 or moving the board meeting to another date. After discussion, Andy Martinez made a motion to adopt Resolution 004a-2023-24 Open Meetings Act with one adjustment: Change the June 2024 meeting date from June 19, 2024 to June 12, 2024. George Long seconded and the motion carried with roll call voting as follows:

Maureen Johnson        yea  
Stephen Trujillo        yea  
George Long            yea  
Dennis Cruz            yea  
Andy Martinez          yea  
Lloyd Archuleta        yea  
Mary Lane Leslie       absent

- C. WCS 27-19-20 – Accessibility Design Modification – Peter Vigil reported that this landowner is requesting rails to accommodate his wheelchair, but that NRCS does not have specifications for such a modification. After discussion, Stephen Trujillo made a motion to approve the accessibility modification pending the landowner signing a liability release. Andy Martinez seconded and the motion carried with roll call voting as follows:

Maureen Johnson        yea  
Stephen Trujillo        yea  
George Long            yea  
Dennis Cruz            yea  
Andy Martinez          yea  
Lloyd Archuleta        yea  
Mary Lane Leslie       absent

- D. WCS 12-21-22 Cancellation (Property Sold) – Tanya Duncan reported that this project was for her neighbor who has since sold the property and moved away. After discussion, Stephen Trujillo made a motion to cancel FH 12-21-22 due to the cooperators no longer owning the property. Dennis Cruz seconded and the motion carried with roll call voting as follows:

Maureen Johnson        yea  
Stephen Trujillo        yea  
George Long            yea  
Dennis Cruz            yea  
Andy Martinez          yea  
Lloyd Archuleta        yea  
Mary Lane Leslie       absent

- E. WCS 04-14-15 (Funding Request) – This item was discussed earlier in the meeting under Item III.

- F. Noxious Weed Grant from NM State Forestry – Tanya Duncan reported that NM State Forestry has a grant available for projects that address noxious weeds. She would like to apply for a \$10K grant that would require a \$10K match from Taos SWCD. The funds would be used to complete the new noxious weed website which would help Taos SWCDs noxious weed program because IPM strategies will be available for all noxious weeds. After discussion, Dennis Cruz made a motion to apply for \$10K and if approved, to

match that 10K with Taos SWCD funds. Stephen Trujillo seconded and the motion carried with roll call voting as follows:

Maureen Johnson	yea
Stephen Trujillo	yea
George Long	yea
Dennis Cruz	yea
Andy Martinez	yea
Lloyd Archuleta	yea
Mary Lane Leslie	absent

- G. Travel Expenses for NACD Annual Meeting in San Diego, CA (Feb. 11-15, 2024) – After discussion, Dennis Cruz made a motion to approve registration, actual expenses and mileage for staff and/or board to attend the 2024 NACD Annual Meeting. Stephen Trujillo seconded and the motion carried with roll call voting as follows:

Maureen Johnson	yea
Stephen Trujillo	yea
George Long	yea
Dennis Cruz	yea
Andy Martinez	yea
Lloyd Archuleta	yea
Mary Lane Leslie	absent

**X. COMMITTEE REPORTS**

**XI. CORRESPONDENCE AND INFORMATIONAL ITEMS**

- A. Taos SWCD Media – Tanya Duncan reported that Taos SWCD was quoted in a recent Taos News article about the Tussock moth outbreak in El Salto. She also reported that KRQE News did a recent story about the Tussock moth and Taos SWCD contractor Jack Carpenter was interviewed in that piece. One of the Taos SWCD technical assistance recipients was also interviewed.

**XII. EXECUTIVE SESSION DISCUSSION (EXECUTIVE AND PUBLIC SESSION)**

*This matter may be discussed in closed session under the Open Meetings Act exemption 10-15-1-(H) (2) which allows for discussion of limited personnel matters.*

A. Personnel Matters

1. Finance Manager Performance Review – The employee’s annual performance review will be completed by the District Manager and will be reviewed with the employee. The Chairman noted that the District Manager has reported that there weren’t any issues that warranted entering into Executive Session.

**XIII. ANNOUNCEMENTS**

- A. NMAA Annual Congresso in Taos, NM – November 17-18, 2023
- B. Taos SWCD office will be closed November 23-24, 2023 in observance of Thanksgiving
- C. Next Regular Board Meeting, December 13, 2023
- D. NACD Annual Meeting, San Diego, CA – February 10-14 2024

**IX. ADJOURN**

With no further business to discuss, the meeting was adjourned at 12:45 p.m.

Chairman \_\_\_\_\_Maureen Johnson

Finance Manager \_\_\_\_\_Tanya Duncan

Prepared: 11/15/2023

Approved \_\_\_\_/\_\_\_\_/2023

- As Presented
- With Corrections