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REGULAR MEETING OF THE BOARD OF DIRECTORS



**June 4, 2024
9:30 AM**

**CNM Montoya Campus, RB Building, Room 105
4700 Morris St NE, Alb. NM 87111**

**Online: <https://meet.goto.com/NMRHCA/boardmeeting>
Telephone: 1-224-501-3412 / Access Code: 724-176-285**

New Mexico Retiree Health Care Authority
Regular Meeting

BOARD OF DIRECTORS

ROLL CALL

June 4, 2024

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

NMRHCA BOARD OF DIRECTORS

June 2024

Ms. Therese Saunders, President
NEA-NM, Classroom Teachers Assoc., &
NM Federation of Educational Employees
5811 Brahma Dr. NW
Albuquerque, NM 87120
tsaunders3@mac.com
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Educational Retirement Board
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gerry.washburn@carlsbadschools.net

Mr. Lee Caruana, MD
Retired Public Employees of New Mexico
leecaruana13@gmail.com

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

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<u>AGENDA</u>		<u>PAGE</u>
1. Call to Order	Ms. Saunders, President	
2. Roll Call to Ascertain Quorum	Mr. Biggs, Recorder	
3. Pledge of Allegiance	Ms. Saunders, President	
4. Approval of Agenda	Ms. Saunders, President	4
5. Approval of Regular Meeting Minutes May 7, 2024	Ms. Saunders, President	6
6. Public Forum and Introductions	Ms. Saunders, President	
7. Committee Reports	Ms. Saunders, President	
8. Staff Updates		
a. Human Resources	Mr. Witt, Deputy Director	
b. GAP/Outcomes Conference		
c. Wise and Well Health Fairs	Mr. Biggs, Communications Director	
d. BCBS MAPD Update	Mr. Kueffer, Executive Director	
e. April 30, 2024, SIC Report		10
9. Legal Services Contract (Action Item)	Mr. Witt, Deputy Director	11
10. 2025 Inflation Reduction Act Presentation	Ms. Debbie Donaldson, FSA, MAAA Senior Vice President, Segal	13
11. GASB Attestation of Intent (Action Item)	Ms. Debbie Donaldson, FSA, MAAA Senior Vice President, Segal Mr. Mehdi Riazzi FSA, MAAA, FCA, EA VP & Consulting Actuary, Segal Mr. Kueffer, Executive Director	33
12. 2025 Segal Overview	Ms. Debbie Donaldson, FSA, MAAA Senior Vice President, Segal	40

13. 2025 Preliminary Plan Discussions	Mr. Kueffer, Executive Director	53
14. Annual Board Retreat	Mr. Biggs, Communications Director	
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c. Code of Conduct		69
d. Election of Officers & Committee Assignments		71
e. Open Meetings Act Resolution		75
f. Executive Director Evaluation		
15. Other Business	Ms. Saunders, President	
16. Executive Session	Ms. Saunders, President	
Pursuant to NMSA 1978, Section 10-15-1(H)(6) Contents of Competitive Sealed Proposals Solicited Pursuant to the Procurement Code – Discussion of RFP#342-2024-09 Asset Management Consulting Services		
17. Asset Management Consulting Services Contract (Action Item)	Mr. Kueffer, Executive Director	77
18. Date & Location of Next Board Meeting	Ms. Saunders, President	
<p>July 11, 2024 – 9:30 AM Don Fernando de Taos Meeting Room</p> <p>July 12, 2024 – 9:00 AM Don Fernando de Taos Meeting Room</p> <p>1005 Paseo Del Pueblo Sur, Taos NM 87571</p>		
19. Adjourn		

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

REGULAR MEETING

May 7, 2024

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

Ms. Christine Anaya, designee of Hon. Laura M. Montoya, NM State Treasurer [virtual]

Ms. Rachel Alirez [virtual]

Mr. David Archuleta

Mr. Lance Pyle

Ms. Donna Sandoval

Dr. Gerry Washburn [virtual]

Members Excused:

Dr. Lee Caruana

Staff Present:

Mr. Neil Kueffer, Executive Director

Mr. Mark Hayden, General Counsel

Mr. Raymond Long, Chief Information Officer

Ms. Sheri Ayanniyi, Chief Financial Officer

Mr. Alexander George, Network Administrator

Ms. Judith Beatty, Recorder

3. PLEDGE OF ALLEGIANCE

Chair Saunders led the Pledge.

4. APPROVAL OF AGENDA

Mr. Pyle moved approval of the agenda, as published. Ms. Sandoval seconded the motion, which passed unanimously.

5. APPROVAL OF REGULAR MEETING MINUTES: April 2, 2024

Ms. Larrañaga-Ruffy moved approval of the April 2, 2024, minutes. Dr. Salazar seconded the motion, which passed unanimously.

6. PUBLIC FORUM AND INTRODUCTIONS

Those persons present introduced themselves.

7. COMMITTEE REPORTS

Chair Saunders said Executive Committee and Finance Committee met and reviewed today's agenda.

8. STAFF UPDATES

a. Human Resources

Mr. Kueffer presented HR updates.

b. SALGBA Conference

Mr. Kueffer reported that the topics covered in the presentations at the SALGBA Conference, which he and Keith Witt attended on April 21-24, were very helpful. They included managing specialty and high-cost medications, strategies to achieve lowest net costs using clinical risk to refine financial comparisons across populations, State of Utah's approach to fair market pricing, and more. Mr. Kueffer stated that he also sat on a panel on the Inflation Reduction Act, which included members with expertise in various areas, such as a vendor in the Medicare space who was also an actuary and a government administrator on retiree healthcare plans.

c. Newsletter/Health Fair

Mr. Biggs reviewed highlights from the Benefits Messenger, the NMRHCA's official newsletter, which was recently mailed to 40,000 addresses and about 18,000 email addresses.

Mr. Biggs said the Wise & Well Health Fair will be held in person on May 31 at the CNM Workforce Training Center, on June 7 at Santa Fe Community College, on June 14 at the Farm & Ranch Museum in Las Cruces, and virtually on June 21.

d. March 31, 2024, SIC Report

Mr. Kueffer reported an ending balance as of March 31 of \$1.435 billion, an increase of \$81 million, with \$60 million coming from contributions and \$21 million from income. The prior month ending balance of \$1.354 billion.

e. FY25 Operating Budget

Ms. Ayanniyi presented the FY25 updated operating budget.

9. FY24 3rd QUARTER BUDGET REPORT

Ms. Ayanniyi presented the FY 2024 Q3 budget review.

10. 2025 PRELIMINARY PLAN DISCUSSIONS

Mr. Kueffer noted the Inflation Reduction Act is throwing some curveballs into the NMRHCA's ability to forecast costs on the Supplement plan and Medicare Advantage premiums. Based on information and guidance from CMS, staff anticipates this will continue through the end of July. Staff will do their best in working with the actuaries but expect discussion to continue at the August board meeting.

Mr. Kueffer reviewed highlights from the 2025 Preliminary Plan. Considerations for 2025:

1. Discuss possible increases to Pre-Medicare Plan rates based on medical trend.
2. Discuss possible increases to Medicare Supplement rates based on medical trend.
3. Discuss possible changes to the Medicare Supplement Prescription Plan due to impact from Inflation Reduction Act.
4. Discuss Medicare Advantage Plans and rates.

11. OTHER BUSINESS

Chair Saunders noted that the July annual meeting agenda will include an evaluation of the Executive Director. The evaluation forms will be emailed to board members and should be submitted to her either by regular mail or email.

Mr. Kueffer said the NMRHCA has been meeting with stakeholders to continue discussion on 2025 legislation and the NMRHCA's goals going forward.

Mr. Kueffer said the annual board meeting will take place on July 11 and 12 with committee meetings on July 10. The location has been confirmed as the Don Fernando in Taos. Jess Biggs will be reaching out to board members on reservation arrangements.

12. DATE AND LOCATION OF NEXT BOARD MEETING

June 4, 2024– 9:30 a.m.
CNM Workforce Training Center
5600 Eagle Rock Ave NE, Albuquerque NM 87113

13. ADJOURN: 10:30 a.m.

Accepted by:

Therese Saunders, President

New Mexico Retiree Health Care Authority (CP)
Change in Market Value
For the Month of Apr 2024
(Report as of May 14, 2024)

Investment Name	Prior Ending Market Value	Contributions	Distributions	Fees	Income	Gains - Realized	Gains - Unrealized	Gains - Realized & Unrealized	Market Value
Core Bonds Pool	223,692,829.41	-	-	-	573,588.31	(543,995.65)	(5,099,943.85)	(5,643,939.50)	218,622,478.22
NM Retiree Health Care Authority Cash Account	-	-	-	-	-	-	-	-	-
Non-US Developed Markets Index Pool	193,795,242.47	-	-	-	629,335.54	94,423.41	(5,446,289.12)	(5,351,865.71)	189,072,712.30
Non-US Emerging Markets Active Pool	111,515,854.58	-	-	-	142,091.30	(319,402.85)	(987,041.25)	(1,306,444.10)	110,351,501.78
Private Debt Market Pool	209,151,122.74	-	-	-	436,139.80	1,255,419.08	(1,311,873.44)	(56,454.36)	209,530,808.18
Private Equity Pool	200,162,753.59	-	-	-	(129,434.56)	985,674.17	(708,964.83)	276,709.34	200,310,028.37
Real Estate Pool	132,415,261.01	-	-	-	360,563.98	48,560.27	(626,338.44)	(577,778.17)	132,198,046.82
Real Return Pool	71,624,525.06	-	-	-	107,868.20	141,919.87	(271,326.13)	(129,406.26)	71,602,987.00
US Large Cap Index Pool	262,413,024.42	-	-	-	205,381.11	(5.01)	(11,375,106.32)	(11,375,111.33)	251,243,294.20
US SMID Cap Alternative Weighted Index Pool	31,126,213.21	-	-	-	32,133.10	19,300.61	(1,797,170.07)	(1,777,869.46)	29,380,476.85
Sub - Total New Mexico Retiree Health Care	1,435,896,826.49	-	-	-	2,357,666.78	1,681,893.90	(27,624,053.45)	(25,942,159.55)	1,412,312,333.72
Total New Mexico Retiree Health Care A	1,435,896,826.49	-	-	-	2,357,666.78	1,681,893.90	(27,624,053.45)	(25,942,159.55)	1,412,312,333.72

FY25 Legal Services Contract (Action Item)

Background:

The New Mexico Retiree Health Care Authority is required to release an RFQ for legal services every year. Staff received Board approval during the April 2, 2024, Board Meeting for small purchase contract in the amount of \$25,000 for FY25. Please see Scope of Work below:

Scope of Work.

The Contractor shall perform the following work:

- A. The Contractor shall serve as legal counsel to the Agency for the purpose of:
 - a. Reviewing documents relating to governance and policy matters and providing related legal advice, as directed by the Agency.
 - b. At the direction of the Agency, providing legal advice on benefits-related insurance matters, insurance policy interpretations, contractual matters involving the Agency and the Agency's Request for Proposals.
 - c. At the direction of the Agency, providing legal services on those other matters, including personal matters, as they may arise from time to time.
 - d. Attending board meetings and other meetings as requested by the Executive Director or the Chair of the Board of Directors.
 - e. At the direction of the Agency, providing legal advice regarding the operation of the Agency's insurance programs and the activities of the contracted entities acting on behalf of the Agency.
 - f. At the direction of the Agency, drafting rules and regulations, which comply with applicable laws and guidelines.
- B. Performance Measures.
 - a. All legal work assigned to the Contractor by the Agency will be performed by attorneys licensed to practice law in the state of New Mexico.
 - b. All legal work assigned to the Contractor by the Agency will be performed by an attorney capable of competently performing the associated work and billing at the lowest applicable rate.
 - c. All legal work assigned to the Contractor by the Agency will be delivered in-full, on a timely basis, in accordance with an applicable timetable approved by the Agency and Contractor.

Staff released an RFQ on May 15, 2024, to three law firms: Miller Stratvert, Rodey and Peifer, Hanson, Mullins & Baker, P.A. RHCA received a response from only one firm. Included in the response was confirmation of services requested in the Scope of Work, experience in government and health care industries law, and pricing.

Staff reviewed the response and recommends Rodey to continue providing outside council services. In addition to their years of experience with RHCA and our unique needs, they provided a competitive quote based on the services outlined in the Scope of Work, experience in relevant industries, and competitive pricing.

Requested Action:

NMRHCA staff respectfully requests approval of the Board to enter into contract negotiations with Rodey to provide legal services effective July 1, 2024.



New Mexico Retiree Healthcare Authority Implications Medicare Part D Changes for Retiree Health Plans

June 4, 2024/ Debbie Donaldson, FSA, MAAA

Agenda

Part D and EGWP Overview

Inflation Reduction Act of 2022

- Overview
- Timeline
- Details
- M3P Program
- 2026 Medicare Negotiating Drug Prices

Conclusion

Appendix

| Part D and EGWP Overview

Part D and EGWP Overview



**Employer Group
Waiver Plan
Prescription
Drug Plan (EGWP)**



**Retiree Drug
Subsidy
(RDS)**

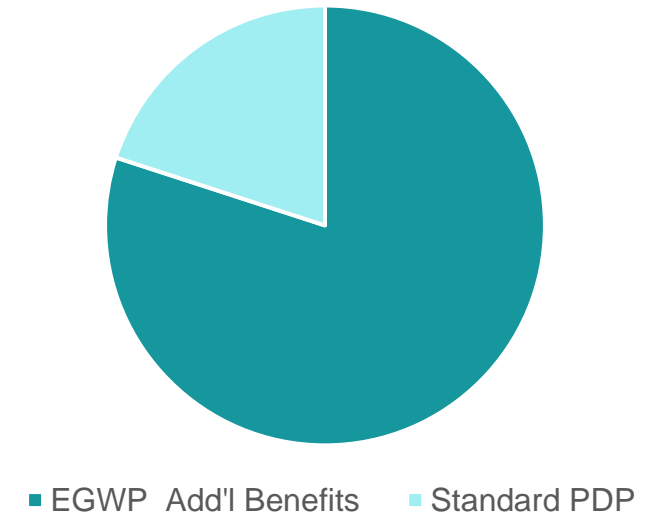


**Medicare Advantage
Prescription Drug
Plan (MAPD)**

Part D and EGWP Overview

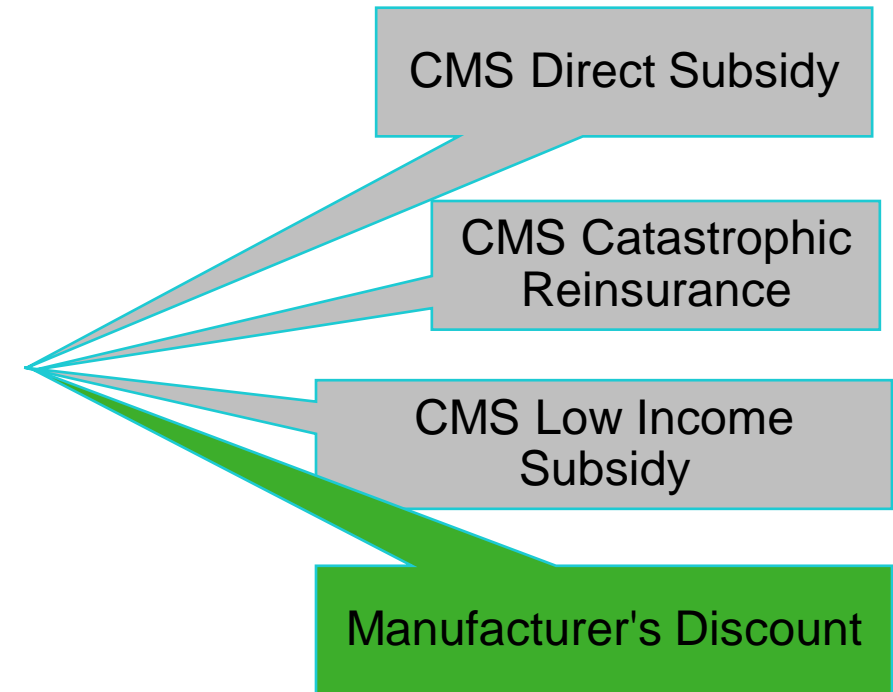
- Medicare Part D plans were created as part of the Medicare Modernization Act of 2003.
- Medicare Part D plans (PDP) provide prescription drug benefits based on the Centers for Medicare and Medicaid (CMS) prescribed formulary and minimum plan design features (Standard Part D).
- The Employer Group Waiver Plan (EGWP) is a retiree prescription drug plan that provides at least Standard Part D coverage with additional benefit features such as:
 - Enhanced plan designs (copays, drug tiers, step therapy) and/or
 - Additional drugs not offered in standard PDP formulary (OTC, weight loss drugs, etc.).

EGWP vs. Standard PDP
Example



Part D and EGWP Overview

- The current ESI Part D (self-funded) and Humana, BCBSNM, Presbyterian and UHC MAPD plans (fully insured) are EGWP plans
- EGWP's receive Part D subsidies which serve to offset total retiree drug plan costs
 - They play an important role to reduce total pharmacy plan costs
 - For 2023 in the ESI EGWP, Part D subsidies represented 28% of total costs
- EGWP (or Part D) plan subsidies are an alternative to Retiree Drug Subsidies (RDS)
 - In most cases, EGWPs provide additional subsidies, hence, lowers plan costs relative to RDS
 - Most plans that are able have converted to EGWPs



| Inflation Reduction Act of 2022

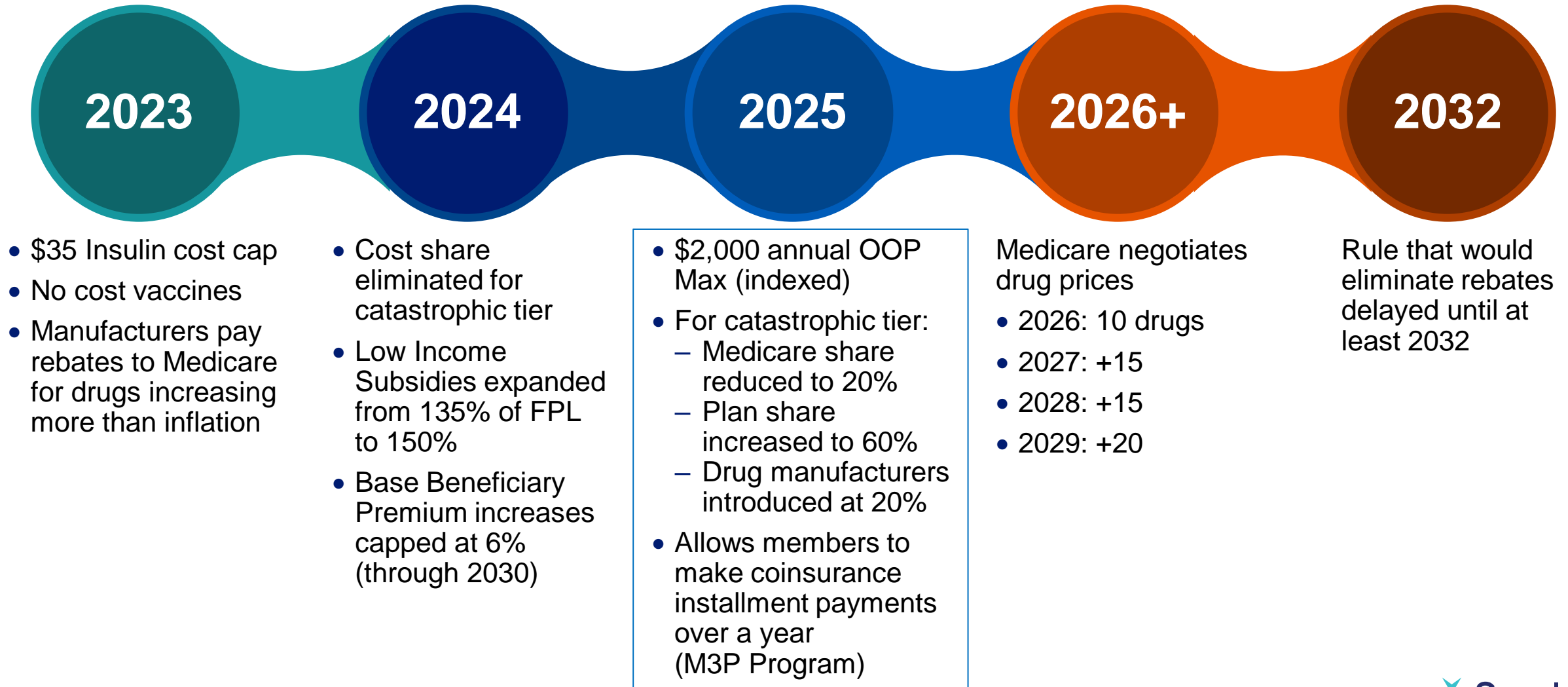
- Overview
- Timeline
- IRA Details
- M3P Program
- Medicare Negotiated Prices

IRA Overview = New Retiree Health Landscape

- The Inflation Reduction Act was signed August 16, 2022
- The Act significantly changes Medicare coverage
 - Standard Part D design changes significantly
 - Additional Medicare coverage for vaccines and insulin
 - Medicare will receive inflation rebates from manufacturers
 - Medicare will negotiate prices for certain prescription drugs



IRA Timeline for Part D Plans



IRA Details - Medicare Part D Design Changes

- In 2025, Part D will have an annual out-of-pocket maximum of \$2,000
- Beneficiaries will be able to sign up for a payment plan (M3P) so they don't have to pay full amount at once
- Portion of costs paid by each party (beneficiary, plan, manufacturer, and government) changes significantly
- Expanded income eligibility for Low Income Subsidy



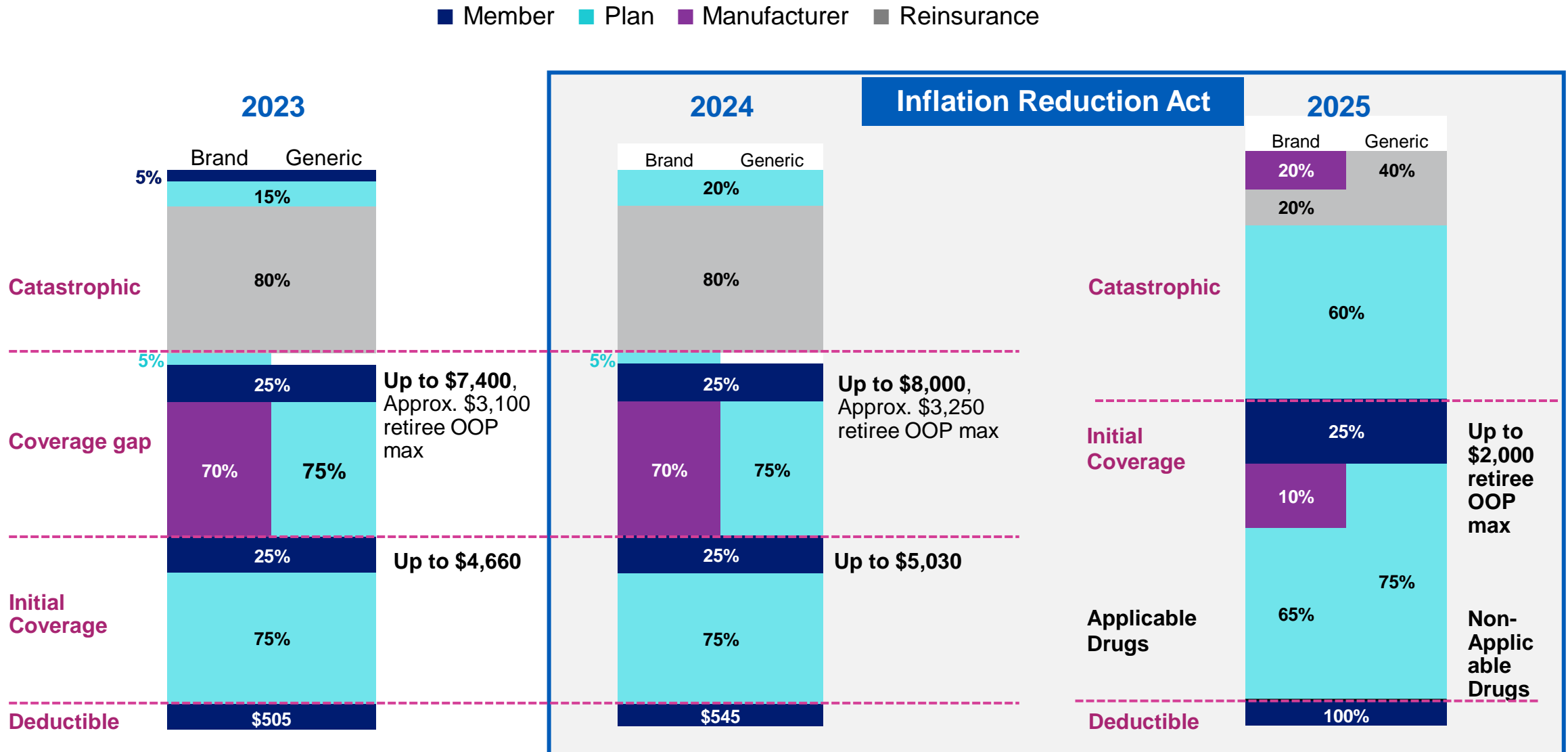
See our chart for a complete list of changes.

IRA Details - Digging into the Financial Details for 2025

- Medicare beneficiary annual out-of-pocket costs will be capped at \$2,000 (also known as the True Out-of-Pocket amount, or “TrOOP”)
- For the catastrophic tier:
 - Government payments reduced to 20% brand, 40% generic
 - Plan share increased to 60%
 - Drug manufacturers introduced at 20% brand



IRA Details - Changes to Medicare Part D Design



IRA Details - TrOOP Calculation

- The TrOOP is determined under the Standard Part D noted on page 12
 - RHCA retirees actual copayment amounts are not considered when determining the TrOOP
- This change means that some retirees may meet the \$2,000 TrOOP maximum without actually paying \$2,000 out of pocket

Illustration	
Drug Cost	\$1,000
Standard Part D <small>25% Coinsurance up to \$2,000</small>	\$250
EGWP Copay	\$50
TrOOP Accumulation	\$250



Medicare Prescription Payment Plan (M3P)

- Program is effective January 1, 2025 for all Medicare plans offering Part D coverage
- Member must elect to participate in the program
- Program allows participants to pay their out-of-pocket prescription drug costs in monthly amounts over the course of the plan year
 - Not needs based, anyone can opt into program
 - Member that opts in to program pays \$0 at the point of service for the Part D drug
 - Plan sponsor is charged 100% of allowed amount
 - Must collect cost sharing from participant up to a maximum monthly cap
 - Part D enrollees incurring high OOP costs earlier in plan year will benefit from this program as it spreads their costs out across plan year
- Does not impact how participant moves through the Part D benefit or what counts toward true out-of-pocket (TrOOP) costs

Medicare Prescription Payment Plan (M3P)

Impact on Plan Sponsors

- Requires plan sponsors to find administrator to manage billing and collection process
- Increased administrative costs
 - Monthly cap could change each month depending upon utilization
 - Billing to members for their monthly payment
 - Reconciliation of payments
- Cashflow
 - Plan sponsors will be paying claims for participants who have opted into the program at point of sale, but collecting monthly from participants
 - Impact on utilization



Medicare Negotiating Prices for 10 Drugs



Beginning in 2026, Medicare will announce maximum fair prices that must be used by Part D plans for 10 drugs, with more to be phased in each year



If the manufacturer refuses to participate in the negotiation program or fails to comply with the maximum fair price, they can face an excise tax



Several manufacturers have filed suit challenging the program; litigation continues



The program applies to Employer Group Waiver Plans (EGWPs), but not to the Retiree Drug Subsidy



Unclear what the market impact will be on prices paid by group based plans



Medicare Negotiating Prices - Initial Targeted Drugs

Drug Name	Commonly Treated Conditions	Total Part D Gross Covered Prescription Drug Costs from June 2022–May 2023	Manufacturer
Eliquis	Prevention and treatment of blood clots	\$16,482,621,000	Bristol Myers Squibb
Jardiance	Diabetes; heart failure	\$7,057,707,000	Boehringer Ingelheim
Xarelto	Prevention and treatment of blood clots; reduction of risk for patients with coronary or peripheral artery disease	\$6,031,393,000	Janssen Pharms
Januvia	Diabetes	\$4,087,081,000	Merck Sharp Dohme
Farxiga	Diabetes; heart failure; chronic kidney disease	\$3,268,329,000	AstraZeneca AB
Entresto	Heart failure	\$2,884,877,000	Novartis Pharms Corp
Enbrel	Rheumatoid arthritis; psoriasis; psoriatic arthritis	\$2,791,105,000	Immunex Corporation
Imbruvica	Blood cancers	\$2,663,560,000	Pharmacyclics LLC
Stelara	Psoriasis; psoriatic arthritis; Crohn's disease; ulcerative colitis	\$2,638,929,000	Janssen Biotech, Inc.
Fiasp; Fiasp FlexTouch; Fiasp PenFill; NovoLog; NovoLog FlexPen; NovoLog PenFill	Diabetes	\$2,576,586,000	Novo Nordisk Inc.

Note: Numbers are rounded to the nearest thousands.

| Conclusion

What Is Expected to Happen in 2025?

- Part D claims will increase while subsidy revenue to the plan could decrease
 - The Part D standard benefit is more generous as the the \$2,000 OOP max will lower retiree's cost sharing
 - The shift in payment responsibility means the plan will shoulder more costs and the government less
 - RHCA received 2025 bids as part of the IBAC Big Bid (RFP #24-021CG)
- Segal and RHCA have been strategizing and analyzing plan impacts
- We will know in late July/early August when CMS releases 2025 Part D details



| Thank you



New Mexico Retiree Health Care Authority

OPEB Valuation Update

June 4, 2024

Segal: Debbie Donaldson FSA, MAAA / Mehdi Riazzi FSA, MAAA

OPEB updates

1. Discount rate methodology change
2. Cadillac Tax assumption recommendation

Discount Rate Methodology Change

Future employee payroll methodology

- Update methodology to reflect contributions on future employee payroll that will finance the unfunded liability
 - Aligns with common industry practice
 - Approved by auditors
- Impacts the cross-over date analysis used to determine the discount rate
- Result is a discount rate increase from 6.2% to 7.0%
 - Decreases Total OPEB Liability (TOL) 9.4% or \$287M
 - Increases “funded ratio” from 44.2% to 48.7%

Cadillac Tax Assumption Change Recommendation

- Federal Cadillac Tax repealed in 2019
- June 2020 RHCA Board passed an Attestation of Intent to modify pre-Medicare and Medicare Supplement plans to limit plan values up to the Cadillac Tax thresholds
- Magnitude of modeled benefit reductions once Cadillac Tax thresholds are reached
 - Annual benefit reductions of around 4-5% are projected to be needed to maintain plan values at or below thresholds
 - Cadillac Tax thresholds projected to be reached in 2027 or 2028
- No specific plan changes were included in the June 2020 Attestation of Intent
- We recommend removing the Cadillac Tax thresholds with the repeal the Attestation of Intent
 - Result is an increase in the TOL by 11.9% or \$329 million
- Board action required

Combined Impact

The combined impact of the discount rate change and the removal of the Cadillac Tax thresholds would increase the TOL by approximately 1.4% or \$42 million

	TOL	% Change from Baseline	"Funded Ratio"
06/30/2023 Valuation	\$3,049,662,302		44.2%
Update to Cross-Over Test (7.00% Discount Rate)	\$2,762,774,646	-9.4%	48.7%
and remove Cadillac Tax Thresholds (7.00% Discount Rate)	\$3,091,657,181	1.4%	43.6%

| Questions?

Thank you!

Attestation of Intent (Action Item)

Background:

In July 2013, the Board of Directors adopted an attestation of intent stating the following: “NMRHCA’s Board of Directors would like to state its intent to modify plan designs as necessary to preclude the payment of any excise tax established by 2010’s Patient Protection and Affordable Care Act (PPACA) beginning in 2018.” This action allowed our consultants to incorporate certain assumptions about future growth in plan expenditures, as well as the value of our unfunded liabilities. For example, in 2013 without acknowledgment of future plan adjustments, the excise tax would cause the then Unfunded Accrued Actuarial Liability (UAAL) to grow to \$3.8 billion, compared to the \$3.4 billion as measured by the previous year’s GASB valuation. Since 2013, the implementation of this tax was delayed twice and in late 2019 the excise “Cadillac” tax was fully repealed and will never take effect.

In June 2020, our long-term solvency analysis and GASB valuation (GAS 74) assumed NMRHCA would continue to modify its plan designs (i.e., copays, deductibles, and coinsurance) in order to remain beneath what the excise tax threshold would have been in each year. The value of our Premier Plans at this time was expected to exceed the threshold in 2024 and the value of our Medicare Supplement Plan was expected to exceed this threshold in 2034. In order to incorporate previously held assumptions regarding future plan modifications, the Board of Directors had to reaffirm its intent, despite the laws repeal.

Currently, this action would require the board to make benefit changes every year starting in 2027 or 2028 by reducing benefits by 4-5%. By removing this attestation, the impact on the Total OPEB Liabilities would increase by 11.9% or \$329 million. However, with this change the Segal actuaries would change the methodology currently used for the GASB valuation and allow for a more conventional approach. Thus, allowing the board to determine when to make benefit changes based on other factors and information such as medical trend, solvency, overweighted plan enrollment, and the unfunded liabilities rather than the attestation.

Action item:

NMRHCA respectfully requests that the Board of Directors rescind its attestation from June 2020 regarding the intent to modify benefit plan designs (pre-Medicare and Medicare Supplement) based on the premise of the PPACA “Cadillac” tax provisions that were put in place prior to its repeal on December 20, 2019.



New Mexico Retiree Health Care Authority

Segal Activities Overview

June 4, 2024 / Debbie Donaldson, FSA, MAAA, Senior Vice President

Key Members of Your Segal Team



Nura Patani
PhD, ASA, MAAA

SVP, Health Consulting
Actuary, West Region
Health Practice Leader




Debbie Donaldson
FSA, MAAA

SVP and Health
Consulting Actuary



Amy Cohen
ASA, MAAA

Vice President and
Actuary



Mehdi Riaz
FSA, EA, MAAA

Vice President and
Consulting Actuary



Mike Madalena

Madalena
Consulting

Additional Resources

OPEB/Actuarial Team
Melissa Krumholz, FSA, MAAA
Vice President & Actuary

Actuarial Team
Andrew McDonald, ASA, MAAA
Actuary

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

OPEB Valuation Team
Vivian Caruso
Associate Consultant

OPEB Valuation Team
James Cassidy
Associate Actuarial Associate

Pharmacy Benefits
Kautook Vyas, PharmD
Vice President & Senior
Consultant

Data Warehouse Team
Emily Madalena
Data Warehouse Architect

Data Warehouse Team
Karen Mulligan
Health Economist

Primary Annual Services

Long Term Solvency Report - Projects fiscal year that assets are depleted and no longer able to fund future benefits

30-year projection, includes multiple
scenarios and sensitivity analysis

Data Analytics Projects – Analysis of recent historical results

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

Assisting RHCA in review of
benefits in 2025 and beyond

Calendar Year Target Rates – Basis for retiree Contributions

For fully insured plans: Negotiated/
/estimated renewal premium; For self-
funded benefits, we project claims and
administrative expenses

IBNR – Estimate of Incurred but Not Reported Claims

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

OPEB Valuation – Required accounting and financial reporting under GASB 74/75

Annual valuation of Other Post-
Employment Benefits (OPEB)
liabilities, expenses, and deferred
inflow/outflow of resources



Strategy

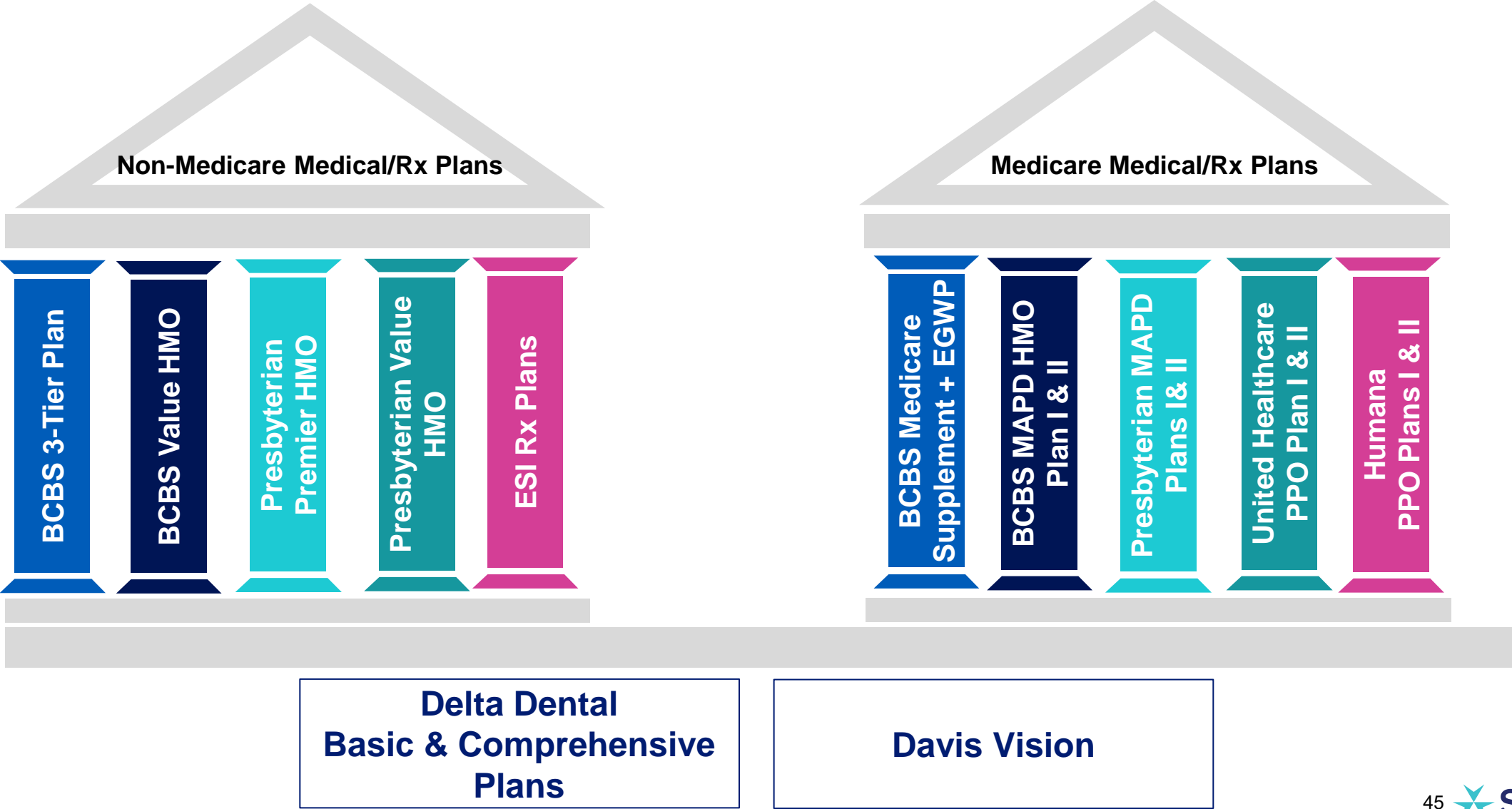
Looking Ahead to the RHCA Annual Meeting

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



| 2024 Plan Offerings

2024 Plan Offerings



2024 Non-Medicare

**Non-Medicare
plans provide
good choice to
members**

1 Two Administrators
BCBSNM and Presbyterian

2 Plan Offerings
Two medical plan offerings per carrier, a Premier (PPO) and Value Plan (HMO Value); same Rx benefit

3 Premiums
Premium differentials are about 22% with increases 4%-7% in last 5 years.

4 Decreasing Enrollment
Enrollment has decreased 27% since 2019

2024 Medicare Plan Offerings



Medicare carriers

- Four MAPD carriers, one Medicare Supplement plan offering and one EGWP plan offering
- More carriers can provide more option, however, sliced options tend to generate more conservative renewals
- Provide member choice



Two MAPD plan designs (Plan I and Plan II)

- Due to IRA changes, MAPD plans will be closer in actuarial value
- Two PPO and two HMO MAPD carriers



Medicare Supplement With EGWP

- Many services at a \$0 copay/cost sharing
- Tends to be a more expensive options compared to MAPD

| Solvency Model Assumptions

Enrollment and Plan Design Assumptions

- Retiree Growth Rate Assumptions
 - Based on an open valuation performed in 2014
 - Reflect retirement patterns from over 10 years ago
 - Changes in plan choices should be updated and reflect more recent behavior patterns
 - Spousal coverage elections
 - Targeting updating open valuation in 2025
- Plan Design Assumptions
 - In prior years, incorporated annual plan changes such that expected claims and expenses remain below the Excise Tax threshold (2027-2028)
 - Alternative is to assume periodic plan designs with moderate annual increases to retiree contributions

Long-Term Trend Assumption

October 2008 Solvency Report

- Baseline assumption trend = 8%
- Assumption applied for all years of solvency projection with no grading down to ultimate trend

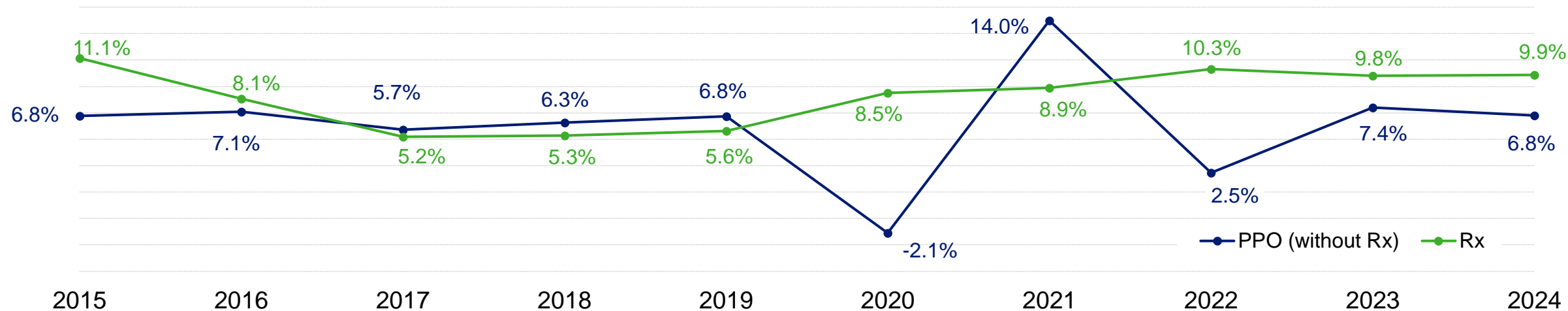
Key Considerations

- Unpredictability of long-term health care trends over next 30 years.
- Economic modeling suggests that an 8% constant trend rate is untenable for the long term as it eats up steadily increasing percentages of the GDP and the belief that society will ultimately require change to that model
- Use of a more conservative ultimate trend assumption for the basis of making long-term decisions supports the intent to establish a viable solvency period
- Segal working with RHCA on suggested alternative trend assumptions

Long-Term Trend Assumption

Considerations for future solvency projections

Ten-Year Summary of Selected Medical and Outpatient Rx Trends
2015-2022 Actual & 2023-2024 Projected



Source: 2024 Segal Health Plan Cost Trend Survey

¹ All trends are illustrated for actives and retirees under age 65, except for MA HMOs.

² Prescription drug trend is combined for retail and mail order delivery channels.

Thank You



2024 Preliminary Plan Discussion

1. Attestation of Intent

- Rescind June 2, 2020, action regarding assumptions incorporated based on the repealed PPACA “Cadillac” tax provision.
- Take effect upon board action June 4, 2024.

2. Pre-Medicare/Medicare Supplement Plan Rates

NMRHCA’s long-term solvency projections include an annual 8% and 6% respective rate increases as part of its baseline assumptions to keep pace with rising medical costs. Changes to this rate of increase in any given year are based on an evaluation of NMRHCA’s overall loss ratio (how closely NMRHCA rates match actual costs). Any plan design changes made to the cost-sharing provisions (deductibles, out-of-pocket maximums, etc.) may reduce necessary premium increases. Annual payroll growth for increases in salary for state employees and educational employees are estimated and built into revenue. Applying this assumption to members who meet the eligibility requirements to receive a full subsidy for the self-insured plan rates for 2025 would have the following impact:

Subsidized

Pre-Medicare									
Incremental Change									
Plan	2024 Rate	1 - Percent	2 - Percent	3 - Percent	4 - Percent	5 - Percent	6 - Percent	7 - Percent	8 - Percent
Value									
Retiree	\$ 264.90	\$ 267.55	\$ 270.20	\$ 272.85	\$ 275.50	\$ 278.15	\$ 280.79	\$ 283.44	\$ 286.09
Spouse/DP	\$ 502.75	\$ 507.78	\$ 512.81	\$ 517.83	\$ 522.86	\$ 527.89	\$ 532.92	\$ 537.94	\$ 542.97
Child	\$ 256.68	\$ 259.25	\$ 261.81	\$ 264.38	\$ 266.95	\$ 269.51	\$ 272.08	\$ 274.65	\$ 277.21
Premier									
Retiree	\$ 339.11	\$ 342.50	\$ 345.89	\$ 349.28	\$ 352.67	\$ 356.07	\$ 359.46	\$ 362.85	\$ 366.24
Spouse/DP	\$ 643.64	\$ 650.08	\$ 656.51	\$ 662.95	\$ 669.39	\$ 675.82	\$ 682.26	\$ 688.69	\$ 695.13
Child	\$ 329.16	\$ 332.45	\$ 335.74	\$ 339.03	\$ 342.33	\$ 345.62	\$ 348.91	\$ 352.20	\$ 355.49
Monthly Change									
Value									
Retiree		\$ 2.65	\$ 5.30	\$ 7.95	\$ 10.60	\$ 13.25	\$ 15.89	\$ 18.54	\$ 21.19
Spouse/DP		\$ 5.03	\$ 10.06	\$ 15.08	\$ 20.11	\$ 25.14	\$ 30.17	\$ 35.19	\$ 40.22
Child		\$ 2.57	\$ 5.13	\$ 7.70	\$ 10.27	\$ 12.83	\$ 15.40	\$ 17.97	\$ 20.53
Premier									
Retiree		\$ 3.39	\$ 6.78	\$ 10.17	\$ 13.56	\$ 16.96	\$ 20.35	\$ 23.74	\$ 27.13
Spouse/DP		\$ 6.44	\$ 12.87	\$ 19.31	\$ 25.75	\$ 32.18	\$ 38.62	\$ 45.05	\$ 51.49
Child		\$ 3.29	\$ 6.58	\$ 9.87	\$ 13.17	\$ 16.46	\$ 19.75	\$ 23.04	\$ 26.33
Annual Change									
Value									
Retiree		\$ 31.79	\$ 63.58	\$ 95.36	\$ 127.15	\$ 158.94	\$ 190.73	\$ 222.52	\$ 254.30
Spouse/DP		\$ 60.33	\$ 120.66	\$ 180.99	\$ 241.32	\$ 301.65	\$ 361.98	\$ 422.31	\$ 482.64
Child		\$ 30.80	\$ 61.60	\$ 92.40	\$ 123.21	\$ 154.01	\$ 184.81	\$ 215.61	\$ 246.41
Premier									
Retiree		\$ 40.69	\$ 81.39	\$ 122.08	\$ 162.77	\$ 203.47	\$ 244.16	\$ 284.85	\$ 325.55
Spouse/DP		\$ 77.24	\$ 154.47	\$ 231.71	\$ 308.95	\$ 386.18	\$ 463.42	\$ 540.66	\$ 617.89
Child		\$ 39.50	\$ 79.00	\$ 118.50	\$ 158.00	\$ 197.50	\$ 237.00	\$ 276.49	\$ 315.99

Subsidized

Medicare Supplement									
Incremental Change									
Plan	2024 Rate	1 - Percent	2 - Percent	3 - Percent	4 - Percent	5 - Percent	6 - Percent	7 - Percent	8 - Percent
Supplement									
Retiree	\$ 240.80	\$ 243.21	\$ 245.62	\$ 248.02	\$ 250.43	\$ 252.84	\$ 255.25	\$ 257.66	\$ 260.06
Spouse/DP	\$ 361.20	\$ 364.81	\$ 368.42	\$ 372.04	\$ 375.65	\$ 379.26	\$ 382.87	\$ 386.48	\$ 390.10
Child	\$ 481.60	\$ 486.42	\$ 491.23	\$ 496.05	\$ 500.86	\$ 505.68	\$ 510.50	\$ 515.31	\$ 520.13
Monthly Change									
Value									
Retiree		\$ 2.41	\$ 4.82	\$ 7.22	\$ 9.63	\$ 12.04	\$ 14.45	\$ 16.86	\$ 19.26
Spouse/DP		\$ 3.61	\$ 7.22	\$ 10.84	\$ 14.45	\$ 18.06	\$ 21.67	\$ 25.28	\$ 28.90
Child		\$ 4.82	\$ 9.63	\$ 14.45	\$ 19.26	\$ 24.08	\$ 28.90	\$ 33.71	\$ 38.53
Annual Change									
Value									
Retiree		\$ 28.90	\$ 57.79	\$ 86.69	\$ 115.58	\$ 144.48	\$ 173.38	\$ 202.27	\$ 231.17
Spouse/DP		\$ 43.34	\$ 86.69	\$ 130.03	\$ 173.38	\$ 216.72	\$ 260.06	\$ 303.41	\$ 346.75
Child		\$ 57.79	\$ 115.58	\$ 173.38	\$ 231.17	\$ 288.96	\$ 346.75	\$ 404.54	\$ 462.34

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

Non-Subsidized

Pre-Medicare									
Incremental Change									
Plan	2024 Rate	1 - Perent	2 - Percent	3 - Percent	4 - Percent	5 - Percent	6 - Percent	7 - Percent	8 - Percent
Value									
Retiree	\$ 735.82	\$ 743.18	\$ 750.54	\$ 757.89	\$ 765.25	\$ 772.61	\$ 779.97	\$ 787.33	\$ 794.69
Spouse/DP	\$ 785.54	\$ 793.40	\$ 801.25	\$ 809.11	\$ 816.96	\$ 824.82	\$ 832.67	\$ 840.53	\$ 848.38
Child	\$ 256.68	\$ 259.25	\$ 261.81	\$ 264.38	\$ 266.95	\$ 269.51	\$ 272.08	\$ 274.65	\$ 277.21
Premier									
Retiree	\$ 941.98	\$ 951.40	\$ 960.82	\$ 970.24	\$ 979.66	\$ 989.08	\$ 998.50	\$ 1,007.92	\$ 1,017.34
Spouse/DP	\$ 1,005.69	\$ 1,015.75	\$ 1,025.80	\$ 1,035.86	\$ 1,045.92	\$ 1,055.97	\$ 1,066.03	\$ 1,076.09	\$ 1,086.15
Child	\$ 329.16	\$ 332.45	\$ 335.74	\$ 339.03	\$ 342.33	\$ 345.62	\$ 348.91	\$ 352.20	\$ 355.49
Monthly Change									
Value									
Retiree		\$ 7.36	\$ 14.72	\$ 22.07	\$ 29.43	\$ 36.79	\$ 44.15	\$ 51.51	\$ 58.87
Spouse/DP		\$ 7.86	\$ 15.71	\$ 23.57	\$ 31.42	\$ 39.28	\$ 47.13	\$ 54.99	\$ 62.84
Child		\$ 2.57	\$ 5.13	\$ 7.70	\$ 10.27	\$ 12.83	\$ 15.40	\$ 17.97	\$ 20.53
Premier									
Retiree		\$ 9.42	\$ 18.84	\$ 28.26	\$ 37.68	\$ 47.10	\$ 56.52	\$ 65.94	\$ 75.36
Spouse/DP		\$ 10.06	\$ 20.11	\$ 30.17	\$ 40.23	\$ 50.28	\$ 60.34	\$ 70.40	\$ 80.46
Child		\$ 3.29	\$ 6.58	\$ 9.87	\$ 13.17	\$ 16.46	\$ 19.75	\$ 23.04	\$ 26.33
Annual Change									
Value									
Retiree		\$ 88.30	\$ 176.60	\$ 264.90	\$ 353.19	\$ 441.49	\$ 529.79	\$ 618.09	\$ 706.39
Spouse/DP		\$ 94.26	\$ 188.53	\$ 282.79	\$ 377.06	\$ 471.32	\$ 565.59	\$ 659.85	\$ 754.12
Child		\$ 30.80	\$ 61.60	\$ 92.40	\$ 123.21	\$ 154.01	\$ 184.81	\$ 215.61	\$ 246.41
Premier									
Retiree		\$ 113.04	\$ 226.08	\$ 339.11	\$ 452.15	\$ 565.19	\$ 678.23	\$ 791.26	\$ 904.30
Spouse/DP		\$ 120.68	\$ 241.37	\$ 362.05	\$ 482.73	\$ 603.41	\$ 724.10	\$ 844.78	\$ 965.46
Child		\$ 39.50	\$ 79.00	\$ 118.50	\$ 158.00	\$ 197.50	\$ 237.00	\$ 276.49	\$ 315.99

3. Pre-Medicare Plan Designs

Pre-Medicare Medical Benefits

- No recommended plan design changes.

Pre-Medicare Pharmacy Benefits

- No recommended plan design changes.

4. Medicare Supplement Plan Design

Medicare Supplement Medical Benefits

- No recommended plan design changes.

Medicare Supplement Pharmacy Benefits

- Implementation of deductible due to changes from the impact of the Inflation reduction act (IRA).

5. Medicare Advantage Prescription Drug Plans

- Rates are based on fully insured plans submitted from vendors.
- Reduce current offerings as 3 of the 4 MAPD Plan II options include the coverage gap or a.k.a. donut hole. The coverage gap is going away with the change to the IRA taking effect on January 1, 2025.
- Revised defaulting strategy based on 2025 Medical, Dental, Vision Plans and Medicare RFP – pending State Purchasing Division approval and finalization of 2025 rates and plan offerings.

2024 BOARD POLICIES AND PROCEDURES MISSION STATEMENT

The New Mexico Retiree Health Care Authority (“NMRHCA” or “Authority”) is committed to offering an affordable, comprehensive health care program for present and future eligible retirees and their dependents.

ADMINISTRATION

The Authority is governed by a Board of Directors (“Board”), which is composed of not more than 13 members (the “Board Members” or individually a “Board Member”). The Board is authorized to take all actions reasonably necessary to implement the Retiree Health Care Act (the “Act”). Currently, the Authority maintains two offices and a full time staff of 28 employees. The Authority offers comprehensive medical, dental, vision and life insurance to more than 65,000 retired public employees. NMRHCA receives revenue from premiums paid by retirees, contributions from active employees and their employers, and funding and revenue from other various sources. The Board and Authority administer the Authority’s Trust Fund (“Fund”), which is invested and managed by the New Mexico State Investment Council, as required by the Act.

Currently, the Authority has approximately 307 participating public entities including all State agencies, public and charter schools, many counties, and cities, as well as several universities.

ANNUAL REVIEW OF BOARD POLICIES AND PROCEDURES

The Board will review its Policies and Procedures annually. Proposed changes will first be solicited by NMRHCA staff from the Board’s Executive Committee. Once approved by the Executive Committee, the initial revised Policies and Procedures will be presented to the full Board at its next regularly scheduled meeting. The Board will review the changes and make final recommendations to the Executive Committee, which will meet to revise the Policies and Procedures in accordance with those recommendations, and then present the Board with the Policies and Procedures for final action at the next regularly scheduled Board meeting.

OFFICERS, TERM OF OFFICE, DUTIES

Term of Office

Terms of office for the president and chairperson (the “Chairperson”), the vice president and vice-chairperson (the “Vice-Chairperson”), and the secretary (the “Secretary”) will be from the date elected until a successor is sworn in, unless the office is vacated, in which case, the next lower officer shall automatically assume the duties of the higher officer.

Procedure for Electing Officers

The Board will elect a slate of officers annually to serve for the ensuing twelve-month period.

The three officers will comprise the Board's Executive Committee.

In the event of a vacancy in the office of Chairperson, the Vice-Chairperson will succeed the Chairperson. In the event of a vacancy in the office of the Vice-Chairperson, the Secretary will succeed the Vice-Chairperson. In the event of a vacancy in the office of Secretary, an election will be held at the next Board meeting. Nominations will be taken from the floor. The individual receiving the highest vote count will be elected to the office of Secretary.

Duties of the Chairperson

The duty of the Chairperson is, primarily, to ensure the integrity of the Board's processes and oversee the conduct of the Board at Board and committee meetings.

Duties of the Vice-Chairperson

The duty of the Vice-Chairperson is to act as temporary Chairperson in the absence of the Chairperson.

Duties of the Secretary

The duty of the Secretary is to act as temporary Chairperson in the absence of the Chairperson and Vice-Chairperson.

BOARD COMMITTEES

The Board has the following standing committees:

1. The Executive Committee, consisting of the officers of the Board.
2. The Audit Committee, consisting of four Board Members, including the Chairperson.
3. The Finance and Investment Committee consisting of five Board Members, including the Chairperson.
4. The Legislative Committee consisting of five Board Members, including the Chairperson
5. The Wellness Committee consisting of five Board Members.

The Chairperson is responsible for establishing membership in each standing committees. Additionally, the Chairperson has authority to establish, from time-to-time, other committees for specific purposes and will appoint the membership of those committees. All committee members are entitled to per diem and mileage, as authorized under 2.81.1.21, NMAC.

CODE OF CONDUCT

Board Members are expected to adhere to the highest ethical standards and, at all times, comply with their fiduciary responsibilities. Board Members will avoid any conflict of interest or perceived conflict of interest and may not have a direct financial or direct personal interest in any company or business that has a contractual obligation with the NMRHCA.

Board Members, as fiduciaries, should discharge their duties solely in the interest of the Authority and be governed by all applicable State and Federal laws, rules and regulations.

Each year at its annual meeting, Board Members will complete a financial disclosure form as set out in 2.81.3.8, NMAC.

Board Members will adhere to all requirements set forth in 2.81.3, NMAC, which establishes a Code of Ethics for Board Members.

BOARD TRAVEL

Board Members must submit to the Chairperson any request to participate in an event requiring travel where that travel is paid for by the Authority.

Speakers: Any Board Member that accepts a request to be a speaker at a conference or seminar requiring travel will notify the Chairperson of the request and their intention to participate in their capacity as a member of the Authority.

Payment for Travel: All travel paid for by the Authority is subject to 2.81.1.21, NMAC, the New Mexico Per Diem and Mileage Act, NMSA 1978, 10-8-1 and current New Mexico Department of Finance and Administration rules and regulations.

PROCEDURES FOR CONDUCT OF NMRHCA BOARD MEETINGS

In general, the Board will follow a modified version of Robert's Rules of Order, Revised ("RRO"). In addition, the Board will adhere to the Open Meetings Act and all other applicable provisions of State laws and the Board's rules and regulations.

A quorum of the Board must be present in order to convene and conduct any official meeting. A quorum is a majority of Board Members. Once a quorum is present, action may be taken by majority vote of participating Board Members. Although physical attendance by Board Members is encouraged, Board Members may attend meetings by video conference or telephone, provided that each Board Member participating by video conference or telephone can be identified when speaking, all participants are able to hear each other at the same time, and members of the public attending the meeting are able to hear any Board Members who speak during the meeting.

Regular Meetings

The date, time, and place of the regular Board meeting will be established by Board action and be announced to the public pursuant to the requirements of the Open Meetings Act (Section 10-15-1 et seq. NMSA 1978).

The Board will meet at least once a year.

Special or Emergency Meetings

A special meeting of the Board is a meeting other than a regular or emergency meeting and may be called by the Chairperson, Vice-Chairperson or any three (3) Board Members for the specific purposes specified in the call.

An emergency meeting of the Board is a meeting other than a regular or special meeting and may be called by the Chairperson, Vice-Chairperson, or any two (2) Board Members to consider a sudden or unexpected set of circumstances affecting the NMRHCA which require the immediate attention of the Board.

Public Notice

The New Mexico Open Meetings Act, Section 10-15-1, NMSA 1978, provides that any meeting of a quorum of the members of a public body held for the purpose of formulating public policy discussing public business, or taking action within the authority of the Board, or at which the discussion or adoption of any proposed resolution, rule, regulation, or formal action occurs will be held only after reasonable notice to the public. In accordance with the Open Meetings Act, the Board will establish, at least annually, what constitutes reasonable notice of its meetings.

Agenda

The Chairperson, in consultation with the Executive Committee and the Executive Director, will prepare an agenda for each regular meeting of the Board. The Executive Director will ensure timely dissemination of the agenda to the Board and public.

Any Board Member may request of the Chairperson to have an item placed on, or removed from, the agenda.

Open and Closed Meetings

In addition to requiring public notice of Board meetings, the Open Meetings Act requires all Board meetings to be open to the public at all times unless an exception found in the Open Meetings Act permits a closed meeting.

Minutes

Pursuant to the Open Meetings Act, written minutes will be kept of all public Board meetings, as well as committee meetings, and all minutes shall be open to public inspection. Draft minutes will be approved, amended or disapproved at the next meeting where a quorum is present. Draft minutes may be inspected by members of the public after completion in final draft form but will not become official until approved by the Board.

Board Meeting Attendance

Board Members will ensure strict compliance with 2.81.1.11, NMAC which governs Board meeting attendance.

EXECUTIVE DIRECTOR

General Provisions

The Executive Director will comply with the Code of Ethics established for the Authority (2.81.3, NMAC) and may not have a direct financial or direct personal interest in any company or business that has a contractual obligation with the NMRHCA.

The Executive Director will ensure that all employees of the Authority are aware of their rights and responsibilities and ensure at a minimum:

1. Confidentiality of retiree and dependent enrollment and medical and fiscal records.
2. No conflict of interest or appearance thereof with respect to participation on boards, corporations, or public or private organizations. No conflict of interest or appearance thereof with respect to professional, occupations, or business licenses.
3. Adherence to a pertinent professional code of ethics and standard of professional conduct as prescribed by the Board.
4. No solicitation of gifts, favors, or other items of value from persons with whom the NMRHCA transacts business or companies with whom the NMRHCA may contract.
5. No acceptance of unsolicited items of value that are of such character as to manifest, or appear to manifest, influence upon an employee in carrying out his/her responsibilities to the NMRHCA.

Responsibilities of the Executive Director

The Executive Director is responsible for organizational performance and exercises authority over the day-to-day operations of the Authority. The Executive Director is responsible for the management of all staff and the Board delegates authority for staff management to the Executive Director.

In general, all personnel decisions made by the Executive Director are final. However, the Authority may utilize an appeals process that allows for personnel decisions to be reviewed by the Board.

Employment of the Executive Director

Employment of the Executive Director will be by the Board. The terms of employment for the Executive Director will be subject to applicable policies as they pertain to exempt employees and conditions outlined by the Board.

The Board believes that the selection of an Executive Director is one of the most important tasks performed by the Board. To that end, the Board will carefully consider the following:

- Specifying what the Board expects the Executive Director to do;
- Specifying the education and experience the Board considers essential to performing the work of Executive Director;
- Developing and implementing a recruitment strategy for the position; and
- Applying screening processes, interviewing qualified candidates, and selecting the candidate deemed to be most qualified for the position.

Executive Director Evaluations

The Executive Committee of the Board is responsible for evaluating the Executive Director and will utilize mechanisms to provide periodic feedback on Executive Director performance and on the overall performance of the agency.

The Board endorses the use of an evaluation instrument as a tool in planning, goal setting, establishing shared understandings, providing feedback, and making other decisions. For this reason, the Board may implement a written evaluation form with the Executive Director, whether or not one is required by other controlling agencies such as the Department of Finance and Administration.

Sound personnel practices provide that evaluation instruments are most effective when done at least annually, when the raters and individual establish shared understandings at the beginning of the evaluation period concerning expectations and performance criteria, and when feedback is provided on an ongoing basis.

Executive Director Leave

The Executive Director will notify the Chairperson for approval when annual leave is to be taken. The notice will be given as far in advance as possible.

APPEAL OF BENEFIT DETERMINATIONS

The Board will not consider appeals of medical, dental or vision benefit determinations made by contracted carriers or staff of the Authority. As such, it is the policy of the Board that beneficiaries wishing to appeal benefit determinations made by contracted carriers or staff should make their appeal to the Office of the Superintendent of Insurance.

The Executive Director will report to the board the outcome of any appeals determined by the Office of the Superintendent of Insurance.

DRAFT

This rule was filed as 2 NMAC 81.3.

TITLE 2 PUBLIC FINANCE
CHAPTER 81 RETIREE HEALTH CARE FUNDS
PART 3 CODE OF ETHICS

2.81.3.1 ISSUING AGENCY: NM Retiree Health Care Authority ("NMRHCA").
[6/15/98; Recompiled 10/01/01]

2.81.3.2 SCOPE: This rule applies to all board members, employees, actuaries, consultants, attorneys and members of ad. hoc. or standing committees of the NMRHCA.
[6/15/98; Recompiled 10/01/01]

2.81.3.3 STATUTORY AUTHORITY: This rule is promulgated pursuant to the New Mexico Retiree Health Care Act (the "Act"), Sections 10-7C-1 et seq. NMSA 1978.
[6/15/98; Recompiled 10/01/01]

2.81.3.4 DURATION: Permanent.
[6/15/98; Recompiled 10/01/01]

2.81.3.5 EFFECTIVE DATE: June 15, 1998 [unless a later date is cited at the end of a section].
[6/15/98; Recompiled 10/01/01]

2.81.3.6 OBJECTIVE:

A. The objective of this rule is to establish procedures governing a code of ethics that must be adhered to by those persons covered and provide penalties for failure to comply. The proper operation of a democratic government requires that public representatives and those attorneys, consultants, agents and employees on who they rely for advice and opinions be independent, impartial, and responsible to the people.

B. NMRHCA decisions and policy should be made through proper channels of the NMRHCA structure and public office, employment or contracts should not be used for personal gain. A conflict of interest exists when a public representative's, public employee's or public contractor's private or personal interests conflict with his/her public duties or when a public representative, public employee, agent, consultant or attorney for the public entity uses insider knowledge, official position, power or influence to further his/her private interests.

C. When a sound code of ethics is promulgated and enforced, the public has confidence in the integrity of its government. The objective of the code of ethics rule is to advance openness in government by requiring disclosure of private interests that may affect public acts, to set standards of ethical conduct, to minimize pressures on public representatives and to establish a process for reviewing and settling alleged violations.

[6/15/98; Recompiled 10/01/01]

2.81.3.7 DEFINITIONS: As used in the code of ethics rule:

A. **"business"** means a corporation, partnership, sole proprietorship, firm, organization, or individual carrying on a business or owning real property other than a personal residence;

B. **"insider information"** or **"confidential information"** means information which is confidential under law or practice or which is not generally available outside the circle of those who regularly serve the NMRHCA as a board member, public representative, official, employee, agent, consultant or attorney;

C. **"financial interest"** means:

(1) an interest of ten percent or more in a business or an interest exceeding ten thousand dollars (\$10,000.00) in a business; for a board member, official, employee, agent, consultant attorney or other public representative this means an interest held by the individual or his or her spouse, siblings, parents, or children;

(2) an ownership interest held by the individual or his/her spouse, siblings, parents or children in business; or

(3) any employment or prospective employment (for which negotiations have already begun) of the individual or his/her spouse, siblings, parents or children;

D. **"public representative"** means a person serving the NMRHCA as board member, official, employee, agent, consultant or attorney or as a member of an ad.hoc. or standing NMRHCA advisory committee;

E. **"controlling interest"** means an interest which is greater than twenty percent;

F. **"official act"** means an official decision, recommendation, approval, disapproval or other action which involves the use of discretionary authority, except the term does not mean an act of the legislative or an act of general applicability.

[6/15/98; Recompiled 10/01/01]

2.81.3.8 PUBLIC REPRESENTATIVE/REGISTRATION/DISCLOSURE:

A. Upon becoming a public representative, the public representative shall provide registration information to the NMRHCA office as listed below. This information shall be updated at the end of every fiscal year and shall be available to the public at all times:

(1) name;

(2) address and telephone number;

(3) professional, occupational or business licenses;

(4) membership on boards of directors of corporations, public or private associations or organizations; and

(5) the nature, but not the extent or amount, of any financial interests and controlling interests as defined in the code of ethics rule within one month of becoming a public representative.

B. A public representative who has a financial interest which may be affected by an official act of the NMRHCA, ad. hoc. or advisory committee shall declare such interest prior to discussion, voting, advising or taking any other action and that declaration shall be entered in the official minutes of the NMRHCA. A public representative shall abstain from voting, advising or taking any other action including discussion on that issue if the decision, in the public representative's opinion, may affect his/her financial interest in a manner different from its effect on the general public.

[6/15/98; Recompiled 10/01/01]

2.81.3.9 PROHIBITIONS/PRIVATE BENEFITS OR GIFTS/PERSONAL REPRESENTATION/USE OF NMRHCA SERVICES/ACQUIRING FINANCIAL INTEREST:

A. No public representative nor a member of his/her family shall request or receive and accept a gift or loan for his/her personal use or for another, if:

(1) it tends to influence the public representative in the discharge of his/her official acts; or

(2) the public representative, within two years, has been involved in any official act directly affecting the donor or lender or knows that he/she will be involved in any official act directly affecting the donor or lender.

B. No public representative shall request or receive a gift or loan for personal use or for the use of others from any person or business involved in a business transaction with the NMRHCA with the following exceptions:

(1) an occasional nonpecuniary gift of insignificant value;

(2) an award publicly presented in recognition of public service;

(3) a commercially reasonable loan made in the ordinary course of business by an institution authorized by the laws of the state to engage in the business of making loans; or

(4) a political campaign contribution, provided that such gift or loan is properly reported and actually used in a political campaign.

C. No public representative shall personally represent private interests before the board of the NMRHCA or any ad. hoc. or standing committee, which the public representative is a member, or directly or indirectly receive compensation for that representation.

D. No public representative shall personally represent private interests before the NMRHCA board, ad. hoc., standing committees or directly or indirectly receive compensation for that representation.

E. No public representative shall use or disclose insider information for his or others private purposes.

F. No public representative shall use NMRHCA services, personnel or equipment for personal benefit, convenience or profit, except when such use is generally available to the public and when in accordance with policies of the NMRHCA board.

G. No public representative shall acquire or negotiate to acquire a financial interest at a time when the official believes or has reason to believe that it will be substantially or directly affected by his official acts.

H. No public representative shall enter into a contract or transaction with the NMRHCA or its public representatives, unless the contract or transaction is made public by filing notice with the NMRHCA board.

I. A public representative shall disqualify himself from participating in any official act directly affecting a business in which he has a financial interest.

J. No public representative shall use confidential information acquired by virtue of his employment, office or status for his or another's private gain.

K. The NMRHCA shall not enter into any contract with an employee of the state or with a business in which the employee has a controlling interest, involving services or property of a value in excess of one thousand dollars (\$1,000), when the employee has disclosed his controlling interest unless the contract is made after public notice and competitive bidding; provided that this section does not apply to a contract of official employment with the NMRHCA.

L. The NMRHCA shall not enter into a contract with, nor take any action favorable affecting, any person or business which is:

(1) represented personally in the matter by a person who has been an employee of the state within the preceding year if the value of the contract or action is in excess of one thousand dollars (\$1,000) and the contract is a direct result of an official act by the employee; or

(2) assisted in the transaction by a former employee of the state whose official act, while in state employment, directly resulted in the NMRHCA's making that contract or taking that action.

M. The NMRHCA shall not enter into any contract of purchase with a legislator or with a business in which such legislator has controlling interest, involving services or property in excess of one thousand dollars (\$1,000) where the legislator has disclosed his controlling interest, unless the contract is made after public notice and competitive bidding. As used in Section 9.13 [now Subsection M of 2.81.3.9 NMAC], contract shall not mean a "lease."

[6/15/98; Recompiled 10/01/01]

2.81.3.10 ENFORCEMENT/COMPLAINT/HEARING OFFICER/PENALTY FOR VIOLATION/FRIVOLOUS COMPLAINTS:

A. Any contract approval, sale or purchase entered into or official action taken by a public official in violation of this rule may be voided by action of the NMRHCA board.

B. Any person may make a sworn, written complaint to the NMRHCA board of a violation by a public official of any provisions of the code of ethics rule. Such complaint shall be filed with the NMRHCA executive director or if it is a complaint against him, with a member of the NMRHCA board, who shall maintain the confidentiality thereof and instruct the complainant of the confidentiality provisions of the code of ethics rule, and shall refer said complaint to the NMRHCA board at its next regularly scheduled meeting in executive session. The complaint shall state the specific provision of the code of ethics rule which has allegedly been violated and the facts which the plaintiff believes support the complaint.

C. Within fifteen days of receiving the complaint, the NMRHCA board in executive session shall appoint a hearing officer to review the complaint for probable cause. Within fifteen days of undertaking the inquiry to determine probable cause, the hearing officer shall report his findings to the NMRHCA board. Upon find of probable cause, within 30 days, the hearing officer shall conduct an open hearing in accordance with due process of law. Fifteen days notice in advance of the hearing shall be provided to the person subject to the complaint. Within a time specified by the NMRHCA board, the hearing officer shall report his findings and recommendations to the NMRHCA board for appropriate action based on those findings and recommendations.

D. If the complaint is found to be frivolous, the NMRHCA board may assess the complainant the costs of the hearing officer's fees.

E. Except for the hearing, the proceedings shall be kept confidential by all parties concerned, unless the accused public official requests that the process be open at any stage. Persons complained against shall

have the opportunity to submit documents to the hearing officer for his review in determining probable cause.

F. Any violation of the law shall be referred to the appropriate law enforcement agency for prosecution.

[6/15/98; Recompiled 10/01/01]

2.81.3.11 CODE OF ETHICS HEARING

OFFICER/APPOINTMENT/QUALIFICATIONS/DUTIES:

A. A hearing officer shall be appointed by the NMRHCA board for each complaint. The hearing officer may be an authority board member, agent or employee of the NMRHCA or another person. The complainant and the person complained against have the right to one disqualification of a designated hearing officer.

B. The hearing officer shall:

(1) receive written complaints regarding violations of the code of ethics rule, notify the person complained against of the charge, and reject complaints not supported by probable cause; in the event the hearing officer rejects a complaint as lacking in probable cause, he shall provide a written statement of reasons for his rejection to the NMRHCA board and the complainant;

(2) conduct hearings of all complaints received; and

(3) report the findings of the hearings and make recommendations on resolving the complaint to the NMRHCA board.

C. The decision of the board shall be final and not subject to appeal.

[6/15/98; Recompiled 10/01/01]

2.81.3.12 VIOLATION: It is a violation of this rule for any public official knowingly, willfully or intentionally to conceal or fails to disclose any financial interest called for by the code or violate any of the provisions hereof.

[6/15/98; Recompiled 10/01/01]

2.81.3.13 PENALTIES: Upon recommendation of the hearing officer the NMRHCA board may:

A. issue a public reprimand to the public official;

B. remove or suspend from his office, employment or contract the public official; and

C. refer complaints against public officials to the appropriate law enforcement agency for investigation and prosecution.

[6/15/98; Recompiled 10/01/01]

HISTORY OF 2.81.3 NMAC:

Pre-NMAC History: The material in this part was derived from that previously filed with the State Records Center and Archives under:

RHCA Rule 90-3, Code of Ethics, 7/10/90.

History of Repealed Material: [RESERVED]

New Mexico Retiree Health Care Authority

Code of Ethics Disclosure Statement

Pursuant to Retiree Health Care Authority Rule Title 2, Chapter 81, Part 3, within one month of becoming a board member, employee, actuary, consultant, attorney, or member of ad hoc or standing committee, and at the end of every fiscal year thereafter, you are required to furnish the following information:

1. Name: _____

2. Address: _____

Home Phone: _____ Work Phone: _____

3. Professional, occupational, or business licenses, if any:

Type of License	License No.

Continue on separate sheet if necessary

4. Identify each corporation, and public or private association and organization, on the board of which you are a member:

Name of Organization	Address of Organization	Position or Office in Organization

Continue on separate sheet if necessary

5. The NMRHCA Code of Ethics defines the terms used in this form as follows:

"Business" means: a corporation, partnership, sole proprietorship, firm, organization, or individual carrying on a business or owning real property other than a personal residence.

“Financial Interest” means:

- (a) *An interest of ten percent (10%) or more in a Business or an interest exceeding ten thousand dollars (\$10,000) in a Business; or*
- (b) *An ownership interest in a business; or*
- (c) *Any employment or prospective employment (for which negotiations have already begun) with a Business,*

on the part of a board member, official, employee, agent, consultant, or attorney, or by the spouse, siblings, parents, or minor children of such individual.

Identify each Business in which you have a Financial Interest as those terms are defined in the NMRHCA Code of Ethics.

Name of Business	Address of Business	Nature of Business

Continue on separate sheet if necessary

SIGNATURE: _____

PRINT NAME: _____

DATE: _____

FY25 Board Elections/Committee Assignments

Background

Article 7C Section_10-7C-6. Board created; membership; authority.

A. There is created the "board of the retiree health care authority". The board shall be composed of not more than [thirteen](#) members.

B. The board shall include:

- (1) one member who is not employed by or on behalf of or contracting with an employer participating in or eligible to participate in the Retiree Health Care Act and who shall be appointed by the governor to serve at the pleasure of the governor;
- (2) the educational retirement director or the educational retirement director's designee;
- (3) one member to be selected by the public school superintendents' association of New Mexico [New Mexico coalition of school administration](#);
- (4) one member who is a teacher who is certified and teaching in elementary or secondary education to be selected by a committee composed of one person designated by the New Mexico association of classroom teachers, one person designated by the national education association of New Mexico and one person designated by the New Mexico federation of teachers [American federation of teachers New Mexico](#);
- (5) one member who is an eligible retiree of a public school and who is selected by the New Mexico association of retired educators [educational retirees](#);
- (6) the executive secretary of the public employees retirement association or the executive secretary's designee;
- (7) one member who is an eligible retiree receiving a benefit from the public employees retirement association and who is selected by the retired public employees of New Mexico;
- (8) one member who is an elected official or employee of a municipality participating in the Retiree Health Care Act and who is selected by the New Mexico municipal league;
- (9) the state treasurer or the state treasurer's designee; and
- (10) one member who is a classified state employee selected by the personnel board, [and](#).
- (11) [the director of the state benefits division of the health care authority](#).

C. The board, in accordance with the provisions of Paragraph (3) of Subsection D of [Section 10-7C-9](#) NMSA 1978, shall include, if they qualify:

- (1) one member who is an eligible retiree of an institution of higher education participating in the Retiree Health Care Act and who is selected by the New Mexico association of retired educators; and
- (2) one member who is an elected official or employee of a county participating in the Retiree Health Care Act and who is selected by the New Mexico association of counties.

D. Every member of the board shall serve at the pleasure of the party that selected that member.

E. The members of the board shall begin serving their positions on the board on the effective date of the Retiree Health Care Act or upon their selection, whichever occurs last, unless that member's corresponding position on the board has been eliminated pursuant to Subsection D of [Section 10-7C-9](#) NMSA 1978.

F. The board shall elect from its membership a president, vice president and secretary.

G. The board may appoint such officers and advisory committees as it deems necessary. The board may enter into contracts or arrangements with consultants, professional persons or firms as may be necessary to carry out the provisions of the Retiree Health Care Act.

H. The members of the board and its advisory committees shall receive per diem and mileage as provided in the Per Diem and Mileage Act [10-8-1 NMSA 1978] but shall receive no other compensation, perquisite or allowance.

History: Laws 1990, ch. 6, § 6; 1993, ch. 362, § 2; 2003, ch. 382, § 1.

Summary

In compliance with section F, NMRHCA's board elections typically occur in July of each year for the ensuing 12-month period. In addition, committee assignments are designated for the same time period with a full list of FY24 committee assignments provided below.

Executive

Mr. Crandall, President

Ms. Saunders, Vice President

Ms. Larrañaga-Ruffly, Secretary

Finance & Investment

Mr. Crandall, Chair

Ms. Larrañaga-Ruffly

Mr. Scroggins

Ms. Saunders

Legislative

Mr. Salazar, Chair

Ms. Larrañaga-Ruffly

Mr. Scroggins

Mr. Pyle

Audit

Ms. Bhakta, Chair

Mr. Salazar

Ms. Alirez

Wellness

Ms. Saunders, Chair

Mr. Scroggins

Mr. Pyle

NEW MEXICO RETIREE HEALTH CARE AUTHORITY
RESOLUTION NO. 2025-1

WHEREAS the Board of Directors of the New Mexico Retiree Health Care Authority (NMRHCA) met at its annual meeting at 9:30 a.m. on July [11](#) and [12](#), 2024.

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

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

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

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

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

Except in the case of an emergency meeting, the agenda will be available to the public at least seventy-two (72) hours prior to the meeting from the Executive Director, whose office is located at 6300 Jefferson Street NE, Suite 105, Albuquerque, NM 87109 or by email at neil.kueffer@rhca.nm.gov. In the case of an emergency meeting, the agenda shall be made available to the public as soon as is reasonably possible.

3. Regular Meetings: Notice of regular meetings will be made at least ten (10) days in advance of the meeting date.

4. Special Meetings: A special meeting of the board is a meeting other than a regular or emergency meeting and may be called by the president, vice-president or any three (3) board members at least seventy-two (72) hours prior to the meeting date for the specific purposes specified in the call.

5. Emergency Meetings: An emergency meeting of the board is a meeting other than a regular or special meeting and may be called by the president, vice-president, or any two (2) board members only under unforeseen circumstances which demand immediate action to protect the health, safety and property of citizens or to protect the NMRHCA from substantial financial loss. Within ten (10) days of taking action on an emergency matter, the NMRHCA shall report to the New Mexico Attorney General's office the action taken and the circumstances creating the emergency; provided that the requirement to report to the attorney general is waived upon the declaration of a state or national emergency.

6. Committee Meetings: Notice of committee meetings will be made at least ten (10) days in advance of the meeting date.

7. Notification Process:

A. Regular Meetings: For the purposes of regular meetings described in paragraph 1 of this resolution, notice requirements are met if notice of the date, time, place and agenda (or information on how the public may obtain a copy of the agenda) is posted on NMRHCA's website and posted in the office(s) of the NMRHCA not less than ten (10) calendar days before the time the regular meeting is to commence. Within the same time frame, a copy of the notice must be mailed to broadcast stations licensed by the Federal Communications Commission and newspapers of general circulation that have made a written request for notice of public meetings.

B. Special and Emergency Meetings: For the purpose of special meetings and emergency meetings described in paragraphs 4 and 5 of this resolution, notice requirements are met by posting notice of the date, time, place and agenda in the offices of the NMRHCA. Additionally, if practicable, notice of the date, time, place and agenda (or information on how the public may obtain a copy of the agenda) may be placed on NMRHCA's website. Within the same time frame, telephonic notice will be provided to broadcast stations licensed by the Federal Communications Commission and newspapers of general circulation that have made a written request for notice of public meetings.

C. Committee Meetings: For the purposes of committee meetings described in paragraph 6 of this resolution, notice requirements are met if notice of the date, time, place and agenda (or information on how the public may obtain a copy of the agenda) is posted on NMRHCA's website and posted in the office(s) of the NMRHCA not less than ten (10) calendar days before the time the regular meeting is to commence. Within the same time frame, a copy of the notice must be mailed to broadcast stations licensed by the Federal Communications Commission and newspapers of general circulation that have made a written request for notice of public meetings.

8. Accommodation of Individuals with Disabilities: In addition to the information specified above, all notices shall include the following language:

"If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service, contact the NMRHCA at 1-800-233-2576, at least one week prior to the meeting or as soon as possible. Public documents, including the agenda and minutes, can be provided in various accessible formats. Please contact the NMRHCA at 1-800-233-2576 if a summary or other type of accessible format is needed."

9. Closed Meetings: The NMRHCA Board may close a meeting to the public only if the subject matter of such discussion or action is exempted from the open meeting requirement under Section 10-15-1(H) of the Open Meetings Act or by the New Mexico Constitution.

A. If any meeting is closed during an open meeting, such closure shall be approved by a majority vote of a quorum of the NMRHCA Board taken during the open meeting. The authority for the closure and the subjects to be discussed shall be stated with reasonable specificity in the motion for closure and the vote on closure of each individual member shall be recorded in the minutes. Only those subjects specified in the motion may be discussed in a closed meeting.

B. If the decision to hold a closed meeting is made when the NMRHCA Board is not in an open meeting, the closed meeting shall not be held until public notice, appropriate under the circumstances, stating the specific provision of law authorizing the closed meeting and the subjects to be discussed with reasonable specificity is given to the members and to the general public.

C. Following completion of any closed meetings, the minutes of the open meeting that was closed, or the minutes of the next open meeting if the closed meeting was separately scheduled, shall state whether the

matters discussed in the closed meeting were limited only to those specified in the motion or notice for closure.

D. Except as provided in Section 10-15-1(H) of the Open Meetings Act, any action taken as a result of discussions in a closed meeting shall be made by vote of the NMRHCA in an open public meeting.

10. Annual Meeting of NMRHCA Board: Pursuant to NMAC 2.81.1.12, the Board shall hold an annual meeting at such time as the Board determines.

Passed by the NMRHCA Board this 11th day of July 2024.

Board President

Neil Kueffer, Executive Director

Executive Director Evaluation Form

New Mexico Retiree Health Care Authority

Rater's Name:

Date:

Rating Key: 5 - Outstanding performance, 4 - Exceeds expectations, 3- Meets expectations, 2 - Requires Minor improvements to meet expectations, 1 - Requires significant improvement to meet expectations.

1. Leadership.

- a. Initiates and implements sound and progressive policies, procedures and standards.
- b. Effectively plans, organizes and administers all program areas for which the Retiree Health Care Authority is statutorily responsible.
- c. Manages retiree health care programs and agency in cost effective manner.
- d. Ensures that proper internal controls are developed and implemented to keep the operation of the retiree health care system functioning successfully.
- e. Manages, motivates and develops agency staff effectively.

Rating for Leadership: **54321=**

Comments:

2. Strategic Planning.

- a. Provides leadership to the Board in the development of plan design changes that ensure program solvency while providing comprehensive health coverage to members at cost-effective prices.
- b. Develops effective short and long-term plans and meets goals and objectives.
- c. Develops realistic budgets that meet the needs of the retiree health care program.

Rating for Strategic Planning: **54321=**

Comments:

3. Public Relations.

- a. Maintains effective relations with members of the legislative and executive branches.
- b. Makes sound recommendations to the executive and legislative branches concerning retiree health care programs.
- c. Testifies before legislative committees to represent the retiree health care programs.
- d. Develops and maintains effective communications with participating employers, employees and retirees.
- e. Makes presentations to and participates in the activities of participating, local, state, and national organizations engages in activities related to retiree health care programs.
- f. Maintains appropriate media relations.

Rating for Public Relations: **54321=**

Comments:

4. Board Relations.

- a. Ensures timely and expert staffing is provided to the Board and its committees.
- b. Keeps the Board apprised on financial, economic, operational, and political developments.
- c. Participates in projecting actuarial solvency of the retiree health care system and future costs.
- d. Develops and composes rule changes and drafts statutory changes as needed.

Rating for Board Relations: **5 4 3 2 1 =**

Comments:

OVERALL RATING: **5 4 3 2 1 =**

Additional Comments:

Rater Signature

Date

Asset Management Consulting Services Contract (Action Item)

Background:

The New Mexico Retiree Health Care Authority's trust fund has continued to grow and currently exceeds the 1-billion-dollar mark. Prior practice had been to do biannual asset reviews but with the fund's growth and ever-changing market, it has been determined that a more consistent review is necessary.

The Board approved the release of the joint Asset Management Consulting Services RFP during the March 5, 2024, meeting in partnership with NMPSIA. The combined effort and joint RFP were released to garner savings if any for a consultant to manage multiple agencies. The Sequence of Events, Detailed Scope of Work, and Evaluation Factors are provided below.

A. SEQUENCE OF EVENTS

Action	Responsible Party	Due Dates
1. Issue RFP	NMPSIA	3/20/2024
2. Acknowledgement of Receipt Form	Potential Offerors	3/28/2024
3. **Pre-Proposal Conference	Authorities	4/1/2024
4. Deadline to submit Written Questions	Potential Offerors	4/4/2024
5. Response to Written Questions	Procurement Manager	4/8/2024
6. Submission of Proposal	Potential Offerors	4/22/2024
7.* Proposal Evaluation	Evaluation Committee	TBD
8.* Selection of Finalists	Evaluation Committee	TBD
9 * Oral Presentation(s)	Finalist Offerors	TBD
10.* Best and Final Offers	Finalist Offerors	TBD
11.* Finalize Contractual Agreements	Authorities/Finalist Offerors	TBD
12.* Contract Awards	Authorities/ Finalist Offerors	TBD
13.* Protest Deadline	NMPSIA	+15 days

Best and Final responses were requested by May 21, 2024, with finalist interviews scheduled for May 28th.

A. DETAILED SCOPE OF WORK

The Contractor shall perform the following Asset Management Consulting Services:

New Mexico Retiree Health Care Authority (NMRHCA):

NMRHCA is requesting investment consultation services to advise the board and staff on developing a customized investment strategy to help oversee and report on the management of its Short-Term and Long-Term investments in the Benefit Trust Funds.

The Contractor will:

A. Review Investment Objectives

1. Meet with The Authority's staff and Board to review investment goals and objectives. Review The Authority's written investment policies and guidelines and provide investment policy recommendations for The Authority's consideration. To include assisting with coordination of policy development between Authority and State Investment Council.
2. Review the State Investment Council Portfolio Planning Survey designed to facilitate a discussion on all the asset classes to determine which should be permitted.
3. Periodically assess current fee structure and provide feedback based on industry trends and alternative options in the best interest of the Authority and its participants.

B. Perform Liquidity Analysis

1. Meet with The Authority's staff and Board to discuss the anticipated liquidity needs and cash flow patterns for invested funds.
2. Review the Authority's cash flow and consideration of transferring funds between the Short-Term Funds and the Long-Term Funds.

C. Confirm and Make Recommendations to Adjust Asset Allocation Structure

1. Use information from the State Investment Council Portfolio Planning Survey and Capital Market Assumptions to confirm and recommend changes to the asset allocation structure for The Authority.
2. Use a state-of-the-art modeling program to run asset allocation/asset-liability studies.
3. Use the latest historical data on asset class investment returns, volatility, and correlation with other asset classes along with Capital Market Assumptions to determine an optimal portfolio.
4. Recommend a target asset allocation and portfolio structure dependent upon the liquidity needs, risk tolerance, and return objectives for The Authority.
5. In consultation with Authority's Board and staff, compose and evaluate rebalancing of asset allocation portfolio.
6. Assist NMRHCA with the process of selecting any new or replacement pools needed as the result of fund performance monitoring and evaluation.

D. Review the Authority's Investment Policy Statement

1. Review potential strategies and consult with The Authority to recommend changes to investment objectives and constraints stated in the Investment Policy Statement.
2. Consult with The Authority to recommend performance benchmarks and address The Authority's specific investment objectives and tolerance for risk.

E. Provide Ongoing Advice and Research

1. Proactively advise the Authority's Staff and Board on tactical asset allocation adjustments to the Long-Term Fund managed by the State Investment Council, in accordance with The Authority's Long-Term Funds Investment Policy Statement.
2. Continuously monitor the portfolio and the markets and analyze the relative value of different asset classes and investment options.
3. Provide monthly and quarterly electronic communications reporting on the state of investment markets.

F. Performance Analysis and Reporting

1. Provide the Authority with quarterly reports monitoring the performance of the portfolio managed by the State Investment Council.
2. Quarterly performance measurements must have specific reference to each fund's objectives, selected comparison indices and peer group universes.
3. Provide a written quarterly performance review. Measurement periods should be at least 1, 3, 5, 7, and 10 fund years. Present the written quarterly performance review to NMRHCA Board at one of its regular meetings at least once a quarter or as determined by NMRHCA.
4. Quarterly reports shall contain information which will allow staff to review the portfolio and its performance versus the established benchmark, monitor cash flows, and evaluate the portfolio against other financial indicators.
5. Include information about the economy, financial markets, and investment strategy outlook.
6. Notify NMRHCA of any changes in firm organization, fund management style and personnel, including changes in fund investment guidelines, as well as detailed attribution for fund performance results and make recommendations that might affect the future performance of investment options.
7. Present a preliminary report of findings and recommendations to NMRHCA staff.
8. Present findings and recommendations in a written report to be presented periodically during regularly scheduled meeting time and place of the NMRHCA Board or staff.
9. Quarterly reports will be available approximately 45 days after quarter-end.

G. Act as a General Resource

1. Serve as a general resource on investment matters by providing market information, investment analysis, and updates on relevant market activity that might impact The Authority's Investment Program.
2. Attend two Internal Fiscal Review Committee and Board of Directors meetings a year in person or virtually.
3. Provide informational and educational sessions on investment topics and issues for staff and/or the Board as requested.

4. Provide recommendations as requested for a rebalancing of investment portfolio(s) as well as recommendations for allocations of additional investments and investment withdrawals.

EVALUATION FACTORS:

The following is a summary of evaluation factors with point values assigned to each. These weighted factors will be used in the evaluation of individual potential Offeror proposals by sub-category.

Evaluation Factors <i>(Correspond to Sections IV.B and IV.C)</i>	Points Available
B. Technical Specifications (695 Total Points)	
B. 1. Organizational Experience	325
B. 2. Organizational References	45
B. 3. Mandatory Specification	Pass/Fail
B. 4. Desirable Specification	325
C. Business Specifications (305 Total Points)	
C.1. Financial Stability	Pass/Fail
C.2. Performance Surety Bond	Pass/Fail
C.3. Letter Of Transmittal	Pass/Fail
C.4. Campaign Contribution Disclosure Form	Pass/Fail
C. 5. Oral Presentations	75
C.6. Cost	230
TOTAL POINTS AVAILABLE	1,000
C.7. New Mexico / Native American Resident Preference	80

Results:

Three responses were received, evaluated, and scored by the NMRHCA evaluation committee. There were two competitive responses, one deemed not competitive due to technical and cost scoring. NMRHCA requested best and final offers and presentations from the two finalists. The highest scoring offeror based on their technical, cost and finalist presentation was Vendor B.

Action Item:

NMRHCA staff respectfully requests approval to enter into contract negotiations with the highest scoring vendor B to provide Asset Management Consulting Services effective July 1, 2024.