

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

REGULAR MEETING OF THE BOARD OF DIRECTORS



**August 27, 2024
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**

New Mexico Retiree Health Care Authority
Regular Meeting

BOARD OF DIRECTORS

ROLL CALL

August 27, 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			
Ms. Castillo Smith			

NMRHCA BOARD OF DIRECTORS

August 2024

Ms. Therese Saunders, President
NEA-NM, Classroom Teachers Assoc., &
NM Federation of Educational Employees
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Albuquerque, NM 87120
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505-476-6152

Mr. Tomas E. Salazar, PhD, Vice President
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505-429-2206

Mr. Lance Pyle
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575-763-3656

Ms. Leanne Larranaga-Ruffy, Secretary
Alternate for PERA Executive Director Public
Employees Retirement Association
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Santa Fe, NM 87507
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505-476-9332

Ms. Raquel Alirez
Classified State Employee
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505-365-3474

Ms. Donna Sandoval
NM Municipal League
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City/County Building
Albuquerque, NM 87102
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505-768-2975

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

Mr. Gerry Washburn
Superintendents' Association of NM
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Carlsbad, NM 88220
gerry.washburn@carlsbadschools.net

Ms. Alex Castillo Smith
Deputy Cabinet Secretary
NM Health Care Authority
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alex.castillosmith@hca.nm.gov
505-629-8652

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
505-955-1120

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

August 27, 2024

9:30 AM

CNM Workforce Training Center

5600 Eagle Rock Ave NE, Alb. NM 87113

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

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

AGENDA

- | | | |
|--|------------------------------------|----|
| 1. Call to Order | Ms. Saunders, President | |
| 2. Roll Call to Ascertain Quorum | Ms. Beatty, Recorder | |
| 3. Pledge of Allegiance | Ms. Saunders, President | |
| 4. Approval of Agenda | Ms. Saunders, President | 4 |
| 5. Approval of Regular Meeting Minutes
July 11 & 12, 2024 and Special Meeting
Minutes July 18, 2024 | Ms. Saunders, President | 5 |
| 6. Public Forum and Introductions | Ms. Saunders, Vice President | |
| 7. Committee Reports | Ms. Saunders, Vice President | |
| 8. Staff Updates | | |
| a. 2024 Switch Enrollment Postcard & Update | Mr. Biggs, Communications Director | 20 |
| b. HR Updates | Mr. Kueffer, Executive Director | |
| c. Independent Pharmacies Update | | 22 |
| d. Updated Solvency Projection | | 26 |
| e. June 30 & July 31, 2024, SIC Reports | | 33 |
| 9. FY26 Appropriation Request (Action Item) | Mr. Kueffer, Executive Director | 36 |
| 10. Travel Request (Action Item) | Mr. Kueffer, Executive Director | 42 |
| 11. Other Business | Ms. Saunders, President | |
| 12. Executive Session | Ms. Saunders, President | |
| Pursuant to NMSA 1978, Section 10-15-1(H)(6) – Regarding contents of competitive sealed proposal solicited on contracted rate negotiations. Discussion with Presbyterian Health Plan President Brandon Fryar and VP, Sales & Marketing Brian Brown regarding confidential and strategic plans. | | |
| 13. Date & Location of Next Board Meeting | Ms. Saunders, President | |
| October 1, 2024 – 9:30AM
CNM Workforce Training Center
5600 Eagle Rock Ave NE, Alb. NM 87113 | | |
| 14. Adjourn | | |

MINUTES OF THE ANNUAL MEETING

NEW MEXICO RETIREE HEALTH CARE AUTHORITY

BOARD OF DIRECTORS

July 11, 2024

1. CALL TO ORDER

Day 1 of the Annual 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. at the Hotel. Don Fernando de Taos, 1005 Paseo Del Pueblo Sur, Taos, 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
Hon. Laura M. Montoya, New Mexico State Treasurer
Ms. Rachel Alirez
Mr. David Archuleta
Dr. Lee Caruana
Ms. Alex Castillo-Smith
Mr. Lance Pyle
Dr. Gerry Washburn

Members Excused:

Ms. Donna Sandoval

Staff Present:

Mr. Neil Kueffer, Executive Director
Mr. Keith Witt, Deputy Director
Mr. Mark Hayden, General Counsel
Mr. Jess Biggs, Communications Director
Ms. Sherry Ayanniyi, Chief Investment Officer
Mr. Raymond Long, IT Director
Mr. Alexander George, Network Administrator
Ms. Judith Beatty, Recorder

Others Present:

Mr. Pascual Maestas, Mayor of Taos

Mr. Joseph Simon, LFC Analyst

Mr. Tom Sullivan, NMRHCA Past Board Chair

Mr. Doug Crandall, NMRHCA Past Board Chair

3. PLEDGE OF ALLEGIANCE

Chair Saunders led the pledge.

4. APPROVAL OF AGENDA

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

5. APPROVAL OF REGULAR MEETING MINUTES: June 4, 2024

Ms. Alirez moved approval of the June 4, 2024, minutes. Dr. Salazar seconded the motion, which passed unanimously. [Abstaining: Treasurer Montoya and Mr. Archuleta]

6. PUBLIC FORUM AND INTRODUCTIONS

Guests, staff and board members introduced themselves.

7. NEW BOARD MEMBER

Alex Castillo-Smith, representing the New Mexico Health Care Authority, introduced herself. She said the goal of the Health Care Authority is to leverage the market reach and market impact of Medicaid, the largest payer of healthcare in New Mexico, and improve other forms of public insurance in the state.

8. ELECTION OF BOARD OFFICERS

There were no nominations.

Mr. Archuleta moved to retain the current slate of officers. Treasurer Montoya seconded the motion.

Dr. Caruana agreed with the motion. He commented that a year is not enough for newly appointed officers to settle in, hit their stride, and understand what their roles are.

The motion passed unanimously.

a. Board Policies and Procedures

Mr. Kueffer said the Board Policies and Procedures were presented at the June meeting with minor changes. Board members have not suggested any changes to staff in the interim.

Treasurer Montoya moved for approval. Mr. Pyle seconded the motion, which passed unanimously.

b. Committee Assignments

Following discussion, Mr. Kueffer said Mr. Biggs would send an email to board members asking them to state which committee assignments they would prefer. Mr. Kueffer said staff will report back at the August meeting and request action at that time.

Treasurer Montoya moved to table. Dr. Salazar seconded the motion, which passed unanimously.

c. Code of Ethics

Board members were asked to turn in disclosure statements to staff.

d. Open Meetings Act Resolution

Mr. Archuleta moved for approval. Dr. Caruana seconded the motion, which passed unanimously.

9. COMMITTEE REPORTS

Chair Saunders reported that the Executive Committee met yesterday to review today's agenda.

Dr. Salazar reported that the Audit Committee met with Moss Adams, which made a presentation on the NMRHCA's obligations for employer allocations.

10. PROVIDER PRESENTATIONS

• Presbyterian Health Plan, Pre and Post Medicare

[Presenters: Phillip Anaya, Warren Lawrence, Adriana Lopez, Brian Brown]

[Slide presentation was in the board book.]

Treasurer Montoya made suggestions to Presbyterian representatives on future presentations, particularly with respect to providing more details specifically relevant to the NMRHCA.

- **Blue Cross Blue Shield of New Mexico, Pre and Post Medicare**

[Presenters: Lori Bell, Marlene Baca]

[Slide presentation was in the board book.]

Ms. Bell made this presentation. She introduced Marlene Baca, who would be filling her position at BCBSNM after she retires this year.

11. SEGAL & MADALENA CONSULTING

- **2023 Claims and Demographics Study**

[Presenters: Mike Madalena, Debbie Donaldson, Amy Cohen]

[Slide presentation was in the board book.]

Dr. Nuri Patani, appearing remotely, stated that she has enjoyed her years of working with the NMRHCA and would be transferring to the East Region of Segal in Washington D.C.

Dr. Madalena made this presentation.

[Lunch Break: 12:30 – 1:30 p.m.]

12. EXPRESS SCRIPTS, PRE AND POST MEDICARE

[Presenters: Angela Armentrout, Jon Molberg, Jake Burton]

[Slide presentation was in the board book.]

13. ACTUARIAL PRESENTATIONS – SEGAL & MADALENA CONSULTING

[Presenters: Mike Madalena, Debbie Donaldson, Amy Cohen]

[Slide presentation was in the board book.]

a. 2023 Prescribing Patterns

b. Pharmacy Cost Driver Report

14. ACTUARIAL PRESENTATIONS – SEGAL & MADALENA CONSULTING

[Presenters: Debbie Donaldson, Amy Cohen]

[Slide presentation was in the board book.]

a. Long-Term Cash Flow & Solvency Modeling

b. Long-Term Solvency Modeling

15. REVIEW OF CALENDAR YEAR 2025 PLAN CHANGES

Mr. Kueffer presented a summary of proposed actions for consideration:

- Self-Insured Plan Rate Increases: Pre-Medicare (Premier and Value Plans); Medicare Supplement
- Plan Design – Inflation Reduction Act Changes: Add a deductible to the Medicare EGWP plan to offset some of the cost
- Additional Considerations: 2025 Medicare Advantage Plan Rates: Zero dollar increase up to about 80%; and Reduction of offerings for Medicare Advantage Prescription Drug Plans [MAPD]

Mr. Kueffer reviewed 2025 proposed monthly plan rates in four scenarios (A through D). He said staff was recommending:

- **Scenario D:**
 - Premium Increases
 - 2% Retiree & Spouse/3% Child – Increase on Premier and Value Plans
 - 2% Increase on Medicare Supplement Plan
- Reduction of Medicare Advantage Prescription Drug Plans
 - Elimination of all remaining plan 2 options due to IRA removal of coverage gap
 - Elimination of highest costing MAPD plan due to increases
 - Unless more advantageous premium can be negotiated with Presbyterian for CY2025 on behalf of members and NMRHCA
 - Current increase of 40%, after 50% increase for CY2024

Mr. Kueffer commented that some of the health plans are growing at a slower rate than Presbyterian's, and in the case of Blue Cross Blue Shield, at zero. Even without the 40%, Presbyterian is the NMRHCA's highest costing plan, and the majority of the NMRHCA's members are on the Presbyterian plan's 1 and 2. One consideration is whether this will result in migration to another plan, but many members find it too difficult to change even though there are other options available to them. He said the point of addressing this now is that the NMRHCA wants to notify the members through the newsletter, presentations, etc., about other options before switch enrollment arrives.

Regarding Presbyterian's 3-1/2 star rating, Ms.. Donaldson stated that star ratings are very important in Medicare Advantage plans because of additional revenue they receive from CMS to manage the cost of a member based on risk scores. It is also an indication of how well they are managing their membership. There is a significant decrease in revenue that a plan gets

if they experience a reduction in the star rating, which is why the NMRHCA is seeing this increase.

Responding to Treasurer Montoya, Mr. Kueffer stated that, before the 40% increase, the NMRHCA would be looking at \$186.44 for Presbyterian Plan 1, \$144.60 for Presbyterian Plan 2, and the next highest MA plan would be United Health Care at \$99.60, although this would increase at another rate.

16. EXECUTIVE SESSION – ED PERFORMANCE EVALUATION: 5:00 p.m.

a. Pursuant to NMSA 1978, Section 10-15-1(H)(2) to Discuss Limited Personnel Matters

Upon motion by Mr. Archuleta, seconded by Ms. Alirez, the board voted unanimously by roll call vote to enter executive session to discuss a limited personnel matter.

[Board was in executive session from 5:00 p.m. until 5:45 p.m.]

Chair Saunders stated that the only matter discussed in Executive Session was the performance evaluation of the Executive Director.

RECESS: 5:45 p.m.

MINUTES OF THE
NEW MEXICO RETIREE HEALTH CARE AUTHORITY/BOARD OF DIRECTORS
ANNUAL MEETING/DAY 2
July 12, 2024

1. CALL TO ORDER

Day 2 of the Annual Meeting of the Board of Directors of the New Mexico Retiree Health Care Authority was called to order on this date at 9:00 a.m. at the Hotel. Don Fernando de Taos, 1005 Paseo Del Pueblo Sur, Taos, 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
Hon. Laura M. Montoya, New Mexico State Treasurer
Ms. Rachel Alirez
Mr. David Archuleta
Dr. Lee Caruana
Ms. Alex Castillo-Smith
Dr. Gerry Washburn

Members Excused:

Ms. Donna Sandoval
Mr. Lance Pyle

Staff Present:

Mr. Neil Kueffer, Executive Director
Mr. Keith Witt, Deputy Director
Mr. Mark Hayden, General Counsel
Mr. Jess Biggs, Communications Director

Ms. Sherry Ayanniyi, Chief Investment Officer
Mr. Raymond Long, IT Director
Mr. Alexander George, Network Administrator
Ms. Judith Beatty, Recorder

Others Present:

Sen. Robert Gonzales

Statement by Sen. Gonzales

Sen. Gonzales stated that it is very important for the legislature to pass a constitutional amendment to protect the NMRHCA. He said his fellow members of the NMRHCA have told him that they value having healthcare even more than their pension.

3. APPROVAL OF AGENDA

Dr. Washburn moved approval of the agenda, as published. Ms. Alirez seconded the motion.

Regarding Committee Assignments (tabled yesterday), Mr. Kueffer said he has reached out to board members, and Ms. Castillo-Smith said she was interested in being on the Finance & Investment Committees. With Ms. Saunders stepping down, Ms. Larrañaga-Ruffy would be serving as chair. With Ms. Castillo-Smith serving on the Wellness Committee, it would round out the committee to five members. Assuming the board members are comfortable continuing with their current committee assignments, the board would be able to approve the committee assignments with those updates.

Treasurer Montoya moved to amend the agenda to make the Committee Assignments the next order of business with the flexibility that if the board is not close to addressing action items by 11:00 a.m., it will be able to get those items addressed with the full board present.

Amendment accepted as friendly, and the motion, as amended, passed unanimously.

Treasurer Montoya moved to approve the standing Committee Assignments, adding Ms. Castillo-Smith to the Wellness and Investment Committee. Ms. Larrañaga-Ruffy seconded the motion, which passed unanimously.

4. STAFF UPDATES

a. Human Resources

Mr. Witt presented updates.

Mr. Kueffer reported that Mr. Witt would be leaving the NMRHCA as Deputy Director during the second week of August. Mr. Witt stated that he would be joining Delta Dental as director of account management and sales.

b. Amended Emergency Order 2024-0051

Mr. Witt stated that an Executive Order issued by the Governor on June 18, regarding the South Fork and Salt wildfires, mandates that any insurer that is regulated by the Office of the Superintendent of Insurance (OSI) must follow certain parameters for a minimum of 120 days. Among the mandates, it waives the requirement for prior authorization for medically necessary services. Although the NMRHCA is not regulated or governed by the OSI, it reviews all bulletins and executive orders that are issued by the Governor to see how they impact the retirees. He said about 241 retirees are in the impacted areas. The NMRHCA has committed and spoken with the pharmacy and medical carriers to tell them the NMRHCA is opting to follow the same parameters as the OSI.

c. Wise and Well Health Fairs

Mr. Biggs reported on the outcomes of the Wise and Well Health Fairs held in Las Cruces, Albuquerque, Santa Fe, and virtually.

d. May 31, 2024, SIC Report

Ms. Ayanniyi reported that balances were at \$1.43 billion.

e. Investment Performance Report – March 2024

Ms. Ayanniyi reported a CYTD net return of 2.62%, with a 1-year net return of 8.74%.

Mr. Kueffer said the contract with Meketa Investment Group goes into effect in October, and the NMRHCA looks forward to the reports they will be providing to the agency (along with RVK reports) and ways the NMRHCA can improve.

f. GAS 75 – Employer Allocations

Mr. Kueffer reported that Moss Adams submitted the Schedule of Employer Allocations audit report to the OSA in June, and the NMRHCA received approval on July 2.

g. Legislative

Mr. Kueffer reported on a presentation he made before the IPOC earlier this month. The focus of the meeting was on sustainability and solvency.

h. Asset Management Consultant Services

[Deferred pending appearance by Meketa representatives, who would be attending virtually.]

5. PROVIDER PRESENTATIONS, CONT'D

a. UnitedHealthcare MAPD

[Presenters: Geoff Rensi, Joe Larson, Joleen McBride]

[Slide presentation was in the board book.]

b. Humana MAPD

[Presenter: Julie Bodenski]

[Slide presentation was in the board book.]

DEFERRED ITEM: h. Asset Management Consultant Services

Mr. Kueffer referred to a prospective onboarding timeline submitted by Meketa Investment Group and introduced consultants Paul Cowie and Ted Benedict, who are based in California. Team member Jared Pratt, who is based in New Mexico, was not available due to a preplanned vacation.

Mr. Cowie reviewed progress made so far with the onboarding timeline, which takes four to six weeks.

There were no questions from the board.

c. Delta Dental

[Presenters Dolores Piña, Anthony Moya, Jessica Taylor]

[Slide presentation was in the board book.]

[Agenda was reprioritized to address action items.]

6. HIRING OF A LOBBYIST FOR FY25

Mr. Kueffer stated that the FY25 approved operating budget includes a proposed new/small contract for Robert Romero & Associates in the amount of \$32,456.

Mr. Kueffer reviewed the scope of work and Mr. Romero's work experience.

Treasurer Montoya moved for approval. Ms. Larrañaga-Ruffy seconded the motion, which passed unanimously.

7. CY2025 PLAN YEAR RECOMMENDATIONS

Mr. Kueffer reviewed the summary of proposed actions and staff recommendation to go with Scenario D, as discussed at yesterday's meeting.

- **Scenario D:**
 - o Premium Increases
 - o 2% Retiree & Spouse/3% Child – Increase on Premier and Value Plans
 - o 2% Increase on Medicare Supplement Plan
- **Reduction of Medicare Advantage Prescription Drug Plans**
 - o Elimination of all remaining plan 2 options due to IRA removal of coverage gap
 - o Elimination of highest costing MAPD plan due to increases
 - Unless more advantageous premium can be negotiated with Presbyterian for CY2025 on behalf of members and NMRHCA
 - Current increase of 40%, after 50% increase for CY2024

Mr. Kueffer stated that elimination of the highest costing MAPD due to Presbyterian's 50% increase last year and 40% increase this year would affect 9,000 members. He reminded the board that this will cause disruption, because it is one of the NMRHCA's higher enrollments for MA plans. The only one higher is the supplement, which is about 20,000 members. He added that the amount NMRHCA pays Presbyterian for the 5,885 retiree-only members in Plan 1 is about \$548,000. With a 40% increase, this will go to \$768,000, or \$2.6 million annually. He said that a second increase back-to-back with last year's increase could cause more migration from the plan.

Dr. Washburn said that, while providers making presentations have reported on the numbers of NMRHCA members in their plans, how long those members have been with those various groups is unknown. The question is whether they are fully committed to staying with whoever the provider is. It would be helpful to know what the long-term membership is with these providers.

Dr. Washburn said the NMRHCA will be in deficit spending regardless of the plan chosen. By working with the lobbyist and legislature, the NMRHCA will have to come to some hard decisions on what the employer/employee contributions are going to have to be to provide long-term solvency.

Dr. Salazar suggested dividing staff recommendations into two parts (Scenario D and Reduction of MAPD Plans).

Treasurer Montoya moved to approve Scenario D (staff's recommendations). Dr. Salazar seconded the motion, which passed unanimously. [Ms. Castillo-Smith abstained.]

Ms. Castillo-Smith said she was struck by a comment made yesterday by a provider that New Mexico has the worst healthcare access in the country, which she found disturbing, and notified the plan president about it. She commented that the carriers themselves have a role in promoting access to healthcare and to making it more affordable. She is just beginning to look at the cost of the health benefits being offered to state employees and learned that administrative costs imposed by the carriers start at 2.5%, yet there has been no discussion about that yesterday or today. She would have preferred that the providers focus more on structural components such as affordability, access, and quality of care.

Mr. Kueffer responded that the board went through the RFP process in a separate meeting during executive session, when it focused in depth on the elements discussed by Ms. Castillo-Smith.

Mr. Archuleta moved approval of the Reduction of the MAPD plans as recommended by staff. Dr. Caruana seconded the motion.

Treasurer Montoya commented that, while members in the Presbyterian MAPD may be committed to the brand and the service they are getting, at the end of the day they are not the only ones picking up the cost. She said \$548,000 this year will be \$9 million by 2033 under Scenario D, which means that everyone else on the other plans will have to pay more money because of Presbyterian's lowered rating to 3-1/2 stars. She said the difference between 3-1/2 stars and 4 stars is \$40-45 per person, which is significant when multiplied by the number of people on the plan. She added that, while members might be unhappy with the decision, the NMRHCA as a fiduciary should be making decisions that are in the best interest of the plan.

Mr. Kueffer noted that there are other options available that will allow members to stay with their providers, and the NMRHCA will be communicating with the members about those options.

The motion passed unanimously, with Ms. Castillo-Smith in abstention.

d. Davis Vision

[Presenters: Sam Garcia, Kathy Fenner]

[Slide presentation was in the board book.]

e. Standard

[Presenter: Andrea Vargas]

[Slide presentation was in the board book.]

8. OTHER BUSINESS

A special meeting to discuss compensation for the Executive Director was tentatively scheduled on Thursday of next week following a polling of the members.

9. Date and Location of Next Board Meeting

August 27, 2024, 9:30 a.m.

CNM Workforce Training Center

5600 Eagle Rock Ave, NE

Albuquerque, NM. 87113

10. ADJOURN: 12:10 p.m.

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

SPECIAL MEETING

July 18, 2024

1. CALL TO ORDER

A Special Meeting of the Board of Directors of the New Mexico Retiree Health Care Authority was called to order on this date at 9:44 a.m. in a virtual session.

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

Mr. David Archuleta

Mr. Lance Pyle

Dr. Gerry Washburn (joined at 10:05 AM)

Members Excused:

Dr. Lee Caruana

Ms. Donna Sandoval

Staff Present:

Mr. Neil Kueffer, Executive Director

Mr. Raymond Long, Chief Information Officer

Ms. Jessica Trujillo, Human Resources

3. PLEDGE OF ALLEGIANCE

Chair Saunders led the Pledge.

4. APPROVAL OF AGENDA

Mr. Archuleta moved approval of the agenda, as published. Ms. Larranaga-Ruffy seconded the motion, which passed unanimously.

5. Executive Director Compensation (Action Item)

After discussion of the Executive Directors current compensation after the recent 3% state wide increase, and a determination of the current pay band maximum, Mr. Washburn moved to increase the Executive Directors Compensation by 15%. The motion was seconded by Mr. Pyle. The motion was unanimously approved with an affirmative vote.

6. ADJOURN: 10:18 a.m.

The annual New Mexico Retiree Health Care Authority Switch & Open Enrollment Meeting schedule is now available (see reverse side). The schedule includes IN-PERSON and VIRTUAL options. Information about the plans, rates, and changes will be presented so that you can determine the best health care plan option for you in 2025.

Switch Enrollment Packets will be mailed out to you and will include a summary of your existing coverages, your options for 2025 and a more detailed meeting schedule. The schedule can also be found at:
nmrhca.org/switch-open-enrollment

The deadline to make changes is **November 15, 2024**, and forms must be postmarked or dropped at our office by this date. If you don't want to make any changes to your health plan options, you do not need to do anything.



NEW MEXICO
RETIREE
HEALTH CARE
AUTHORITY

2024 SWITCH & OPEN ENROLLMENT MEETINGS

2024 ENROLLMENT MEETING SCHEDULE

Espanola Oct 2, 2024 @ 10:30 AM Northern NM College	Hobbs Oct 16, 2024 @ 9:30 AM NM Junior College
Raton Oct 3, 2024 @ 9:30 AM Raton Convention Center	Clovis Oct 17, 2024 @ 9:30 AM Clovis Comm. College
Las Vegas Oct 4, 2024 @ 9:30 AM Highlands University	Rio Rancho Oct 21, 2024 @ 9:30 AM Rio Rancho Events Center
Santa Fe Oct 8 & 9, 2024 @ 9:30 AM SF Community College	Albuquerque Oct 22 & 23, 2024 @ 9:30 AM CNM Main Campus
Farmington Oct 10, 2024 @ 9:30 AM San Juan College	Silver City Oct 29, 2024 @ 9:00 AM Western NM University
Gallup Oct 11, 2024 @ 9:30 AM UNM Gallup	Las Cruces Oct 30 & 31, 2024 @ 9:30 AM NM Farm & Ranch Museum
Roswell Oct 15, 2024 @ 9:30 AM NM Military Institute	Virtual Oct 18 & 24, 2024 @ 9:30 AM Nov 1, 2024 @ 1:30 PM

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BUSINESS

Pharmacy deserts may grow as independent stores struggle with Medicare reimbursements

 by KUNM
15 HOURS AGO



This story is republished from [KUNM](#) as a part of our commitment to bringing you the best in independent news coverage that matters to Albuquerque.

By Daniel Montaña

A change meant to save patients money has community pharmacies shutting their doors and turning people away across the country. Pharmacies in rural or disadvantaged areas face the highest costs, and pharmacy deserts might start spreading.

First Walmart closed early last year, then the Walgreens a couple blocks away, and now only three pharmacies are [open in Albuquerque's International District](#), including the small, independent [John's Pharmacy](#).

"I don't know what it's going to be in the future," said owner of John's Pharmacy John Ma. "A lot of independent pharmacies are basically dying out."

The Associated Press [reports](#) the International District has only .081 pharmacies per 1,000 people. [Studies](#) say anything less than .14 can be a problem.

Pharmacies around the country have taken a huge hit since a change earlier this year to how they get reimbursed for Medicare Part-D prescription drugs.

It was designed to lower costs for patients but has resulted in pharmacies making less profit, or sometimes even losing money when they fill some prescriptions.

Ma said John's Pharmacy had previously stopped filling Tricare prescriptions, which is for active-duty service members, and might have to do the same with the Medicare prescriptions.

"It's hard to say right now because things are always changing every single year," he said. "Right now we're getting reports, and it's like, 'Hey, do you want to continue signing with this insurance contract? Because they have changed it.'"

He deals with entities called Pharmacy Benefit Managers—or "PBMs"—like OptumRX or Express Scripts, who act like middlemen between insurance companies and pharmacies. The reimbursements they have been sending for some Medicare prescriptions can pay out as little as 60% of what the actual drug costs, according to a recent report. And that does not count overhead like payroll or utilities.

Regardless of any losses, the PBMs require the pharmacies to fill them.

"So, what do we need to do to kind of help compensate for that?," Ma asked. "Like, basically, we need to think outside the box, trying to transition over to more like a service based pharmacy."

That might mean providing vaccinations, or test-and-treat programs for COVID or flu. Other pharmacies have diversified even further.

Duran's Central Pharmacy near Albuquerque's Old Town originally opened in 1942 with a soda fountain attached. The shop now has a full restaurant, and sells everything from clothes to balloon magnets and chile.

Owner Mona Ghattas said those ventures help to absorb the costs of running the pharmacy, but they are not for everyone.

"I don't know if diversification can save some of the pharmacies that are struggling," she said. "Because it requires, you know, a lot of time, resources, and know-how."

In addition to the reimbursements themselves being low, the Pharmacy Benefit Managers also charge fees, and have their own pricing guides.

"The PBMs don't share that with us," Ghattas said.

At a recent House Oversight Committee, President of Express Scripts Adam Kautzner said he agreed with concerns over pharmacy access, and that his company is taking action.

“Over the last year we have worked to enhance reimbursement to pharmacies serving these areas, created new pharmacy revenue streams through clinical services,” he said, “and we’ve regularly convened an advisory committee of independent pharmacists, led by former independent pharmacists.”

He argued the company is upfront about pricing.

“Transparency is built into all of our pricing models,” Kautzner said, “including our principal revenue sources, arrangements with manufacturers and pharmacy claims data.”

But Jeremy Ma of John’s Pharmacy, the brother of owner John, said those claims do not get processed quickly enough.

“By the time we even see any of that money back, we have already filled two to three times for that patient already,” he said. “So, our money is tied up with the PBMs”

President of the New Mexico Pharmacist’s Association Ashley Seyfarth owns and runs her own pharmacy with two locations in Bloomfield and Aztec.

“We should not be having to run different businesses to subsidize the pharmacy,” she said. “The question really should be, ‘Why are the pharmacies being forced to front people’s health care?’”

She said the solution lies in part in a federal bill stalled on the Senate floor.

The bill has widespread bipartisan support, but Seyfarth said it has not been able to pass because of other bills that have been attached to it when called on a full vote.

The bill has already passed the House and all Senate committees and now just needs a full Senate vote before going to the President’s desk.

The law would change reimbursements to cover the cost of the drug and any overhead.

“So, there’s actually no profit built into it for us. But, my gosh, that’s better than what they’re doing to us right now,” she said. “Because right now, when we fill a prescription, potentially we are underwater on that

prescription anywhere from \$35 to a couple hundred dollars. Then, on top of that, we are gag-ordered to fill it regardless of the loss.”

Just like John’s Pharmacy had to with Tricare prescriptions, Seyfarth’s Kare pharmacy has also dropped an entire sector of prescriptions before. She said the Pharmacy Benefit Managers who managed the prescriptions for the New Mexico Retiree Authority were reimbursing so low, they had to stop serving them.

“So we lost all those patients, and I know all those patients are really upset. I hear it all the time, and it was not an easy decision to make,” she said, “But essentially, if this bill does not pass and does not go through, potentially we’re going to lose all of our Medicare population if they don’t start providing contracts that fairly reimburse us.”

According to a survey by the National Community Pharmacists Association, more than two-thirds of independent pharmacists are considering closing altogether.

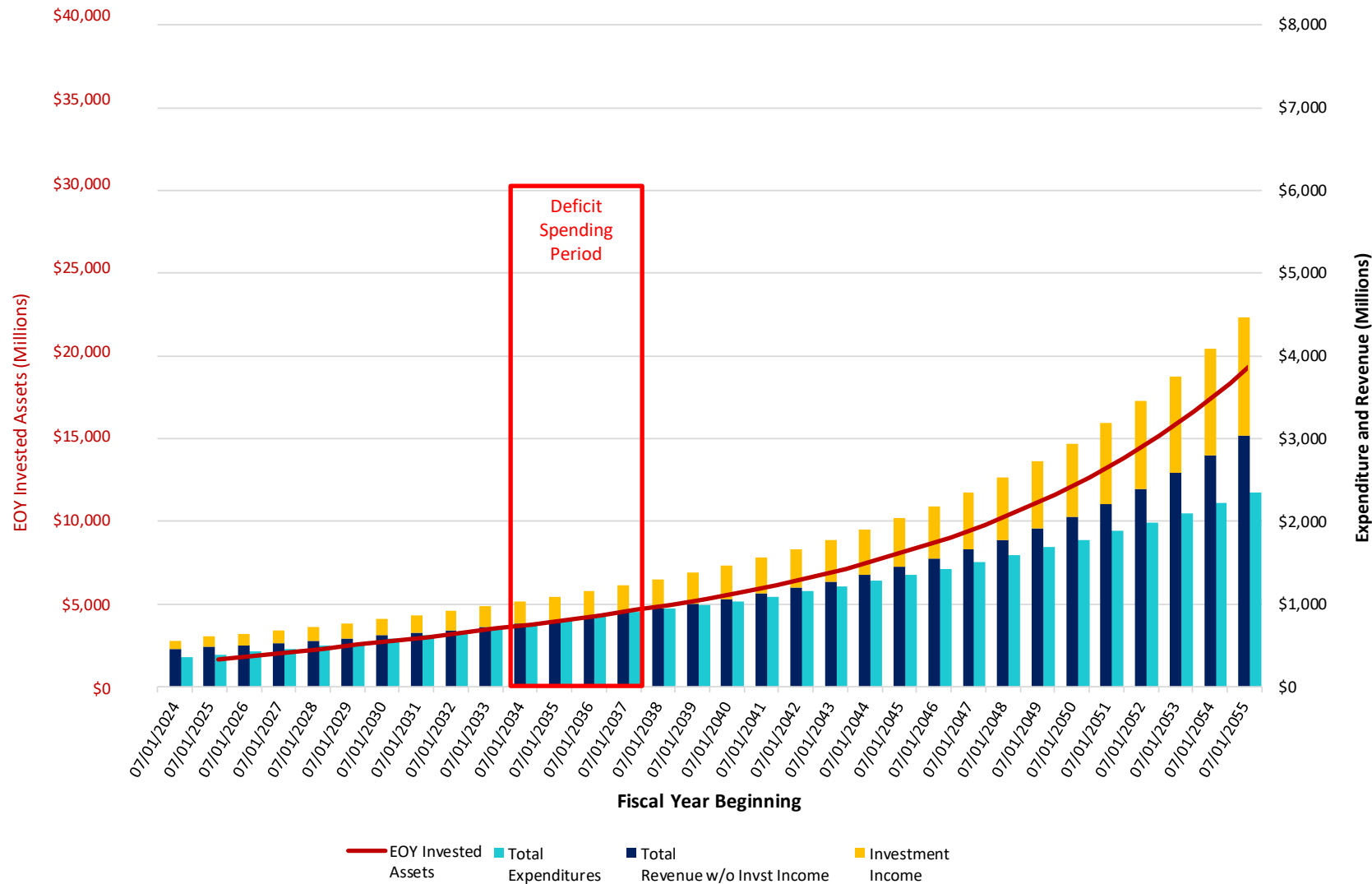
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2024 Solvency Scenario – Board Approved Rate Action

2% Pre-Med* / 2% Med Supp Rate Increases, No MAPD II Plans, New BCBS PPO MAPD Plan



* +2% increase in Pre-Medicare Retiree and Spouse rates; +3% increase in Pre-Medicare Child contribution rates

New Mexico Retiree Health Care Authority Long-Term Solvency Modeling

Projected Year of Insolvency: Exceeds Projection Period

Scenario: Approved Board Meeting Scenario - Using the starting balance as of June 30, 2024

Description: 7% trend for Non-Medicare medical until CY2027 and then decreasing at 0.25% each year until a 4.5% ultimate trend; 6% trend for Medicare medical until CY2033 and then decreasing at 0.25% each year until a 4.5% ultimate trend; 13% trend for Non-Medicare Rx in CY2024, 12.5% in CY2025, 12.0% in CY2026, then decreasing at 1.0% through 2032 and then decreasing by 0.25% each year until a 4.5% ultimate trend; 10% trend for Medicare Rx in CY2024, decreasing at 0.5% through 2031 and then decreasing by 0.25% each year until a 4.5% ultimate trend; No Annual Non-Medicare Medical Plan Changes; No Annual Medicare Supplement & EGWP plan changes; Annual Non-Medicare Rate Increases of 2% for retirees/spouses and 3% for dependents in CY2025, and 0% thereafter, Medicare Rate Increase of 2% in CY2025, and 0% thereafter. Assumed rate of return of 7%; Payroll growth assumption of 2.75% for Public Safety and 2.75% for Other Occupations in FY2025 and 2.75% beginning FY2026 overall; Includes Migration from the Premier Plan to the Value Plan through projection; Includes SB 317 impact for CY2024 through CY2026; Includes Migration between MAPD options CY2025

Fiscal Year Beginning	BOY Invested Assets	REVENUE								EXPENDITURES							Rev. - Exp. Excluding Inv. Income	EOY Invested Assets
		Employer Contribution	Employee Contribution	Retiree Medical	Retiree Ancillary	Tax Revenue	Medicare PDP & Manufacturers Discount	Miscellaneous	Total Revenue w/o Invest Income	Investment Income	Medical/Rx	Ancillary Premiums	ASO & HC Reform Fees	Program Support	Total Expenditures			
07/01/2024	\$1,504,639,859	\$114,993,884	\$57,496,942	\$136,748,485	\$37,882,263	\$51,825,124	\$52,920,210	\$355,867	\$452,222,775	\$108,599,514	\$305,307,143	\$37,882,263	\$11,556,444	\$3,913,400	\$358,659,249	\$93,563,525	\$1,706,802,898	
07/01/2025	\$1,706,802,898	\$118,156,215	\$59,078,108	\$143,127,485	\$40,200,258	\$58,044,139	\$64,142,413	\$360,552	\$483,109,170	\$122,621,194	\$337,058,944	\$40,200,258	\$11,981,842	\$4,011,235	\$393,252,279	\$89,856,891	\$1,919,280,983	
07/01/2026	\$1,919,280,983	\$121,405,511	\$60,702,756	\$146,955,205	\$41,494,010	\$65,009,436	\$70,068,196	\$358,223	\$505,993,337	\$137,188,142	\$366,858,251	\$41,494,010	\$12,430,332	\$4,111,516	\$424,894,109	\$81,099,228	\$2,137,568,353	
07/01/2027	\$2,137,568,353	\$124,744,163	\$62,372,081	\$150,140,038	\$43,330,370	\$72,810,568	\$76,656,436	\$352,312	\$530,405,969	\$152,221,345	\$395,988,196	\$43,330,370	\$12,828,529	\$4,214,304	\$456,361,399	\$74,044,570	\$2,363,834,267	
07/01/2028	\$2,363,834,267	\$128,174,627	\$64,087,314	\$154,851,236	\$46,034,812	\$81,547,837	\$83,533,377	\$359,224	\$558,588,427	\$167,665,999	\$432,176,956	\$46,034,812	\$13,268,412	\$4,319,661	\$495,799,841	\$62,788,585	\$2,594,288,852	
07/01/2029	\$2,594,288,852	\$131,699,430	\$65,849,715	\$158,868,916	\$48,656,751	\$91,333,577	\$90,334,743	\$358,910	\$587,102,041	\$183,455,707	\$467,356,144	\$48,656,751	\$13,647,558	\$4,427,653	\$534,088,106	\$53,013,935	\$2,830,758,494	
07/01/2030	\$2,830,758,494	\$135,321,164	\$67,660,582	\$164,339,331	\$52,057,124	\$102,293,606	\$97,317,832	\$372,910	\$619,362,549	\$199,556,083	\$508,461,494	\$52,057,124	\$14,220,214	\$4,538,344	\$579,277,177	\$40,085,373	\$3,070,399,949	
07/01/2031	\$3,070,399,949	\$139,042,496	\$69,521,248	\$169,546,228	\$55,255,016	\$114,568,839	\$104,295,708	\$380,567	\$652,610,102	\$215,919,616	\$549,601,510	\$55,255,016	\$14,769,781	\$4,651,803	\$624,278,109	\$28,331,993	\$3,314,651,558	
07/01/2032	\$3,314,651,558	\$142,866,165	\$71,433,082	\$174,167,401	\$58,498,939	\$128,317,100	\$111,361,110	\$385,975	\$687,029,773	\$232,685,925	\$589,628,671	\$58,498,939	\$15,267,902	\$4,768,098	\$668,163,610	\$18,866,163	\$3,566,203,642	
07/01/2033	\$3,566,203,642	\$146,794,984	\$73,397,492	\$179,542,341	\$62,246,057	\$143,715,152	\$118,859,499	\$395,640	\$724,951,165	\$249,941,569	\$633,208,982	\$62,246,057	\$15,828,430	\$4,887,300	\$716,170,769	\$8,780,397	\$3,824,925,612	
07/01/2034	\$3,824,925,612	\$150,831,846	\$75,415,923	\$185,569,469	\$66,373,594	\$160,960,970	\$126,360,669	\$411,426	\$765,923,898	\$267,632,388	\$681,290,523	\$66,373,594	\$16,461,869	\$5,009,483	\$769,135,469	(\$3,211,571)	\$4,089,346,429	
07/01/2035	\$4,089,346,429	\$154,979,722	\$77,489,861	\$190,191,870	\$70,080,101	\$180,276,286	\$134,256,997	\$411,142	\$807,685,978	\$285,992,657	\$722,976,441	\$70,080,101	\$16,968,796	\$5,134,720	\$815,160,058	(\$7,474,079)	\$4,367,865,007	
07/01/2036	\$4,367,865,007	\$159,241,664	\$79,620,832	\$194,592,704	\$74,163,476	\$201,909,441	\$142,757,029	\$411,249	\$852,696,395	\$305,494,817	\$763,118,175	\$74,163,476	\$17,458,334	\$5,263,088	\$860,003,072	(\$7,306,678)	\$4,666,053,146	
07/01/2037	\$4,666,053,146	\$163,620,810	\$81,810,405	\$198,558,033	\$78,205,506	\$226,138,574	\$150,930,744	\$411,872	\$899,675,944	\$326,484,739	\$802,125,899	\$78,205,506	\$17,920,768	\$5,394,665	\$903,646,837	(\$3,970,893)	\$4,988,566,991	
07/01/2038	\$4,988,566,991	\$168,120,382	\$84,060,191	\$202,007,614	\$82,327,185	\$253,275,203	\$159,454,616	\$406,547	\$949,651,738	\$349,373,931	\$838,481,339	\$82,327,185	\$18,335,348	\$5,529,532	\$944,673,403	\$4,978,335	\$5,342,919,257	
07/01/2039	\$5,342,919,257	\$172,743,693	\$86,371,846	\$205,841,460	\$86,939,112	\$283,668,227	\$168,185,733	\$406,567	\$1,004,156,638	\$374,543,165	\$877,360,488	\$86,939,112	\$18,794,489	\$5,667,770	\$988,761,859	\$15,394,780	\$5,732,857,202	
07/01/2040	\$5,732,857,202	\$177,494,144	\$88,747,072	\$210,199,824	\$91,985,378	\$317,708,414	\$177,228,973	\$409,307	\$1,063,773,113	\$402,215,515	\$920,511,715	\$91,985,378	\$19,309,105	\$5,809,464	\$1,037,615,662	\$26,157,450	\$6,161,230,167	
07/01/2041	\$6,161,230,167	\$182,375,233	\$91,187,617	\$215,287,603	\$97,677,122	\$355,833,424	\$186,317,526	\$419,491	\$1,129,098,015	\$432,512,262	\$970,521,768	\$97,677,122	\$19,911,571	\$5,954,701	\$1,094,065,162	\$35,032,853	\$6,628,775,282	
07/01/2042	\$6,628,775,282	\$187,390,552	\$93,695,276	\$220,401,255	\$103,576,251	\$398,533,435	\$195,497,054	\$428,823	\$1,199,522,646	\$465,622,621	\$1,023,220,551	\$103,576,251	\$20,526,518	\$6,103,568	\$1,153,426,889	\$46,095,757	\$7,140,498,660	
07/01/2043	\$7,140,498,660	\$192,543,793	\$96,271,896	\$225,626,629	\$109,907,620	\$446,357,447	\$204,831,606	\$440,100	\$1,275,979,091	\$501,914,184	\$1,079,247,212	\$109,907,620	\$21,160,160	\$6,256,158	\$1,216,571,150	\$59,407,941	\$7,701,820,785	
07/01/2044	\$7,701,820,785	\$197,838,747	\$98,919,373	\$231,050,245	\$116,669,001	\$499,920,340	\$214,537,420	\$451,674	\$1,359,386,800	\$541,769,104	\$1,139,010,723	\$116,669,001	\$21,818,828	\$6,412,562	\$1,283,911,113	\$75,475,687	\$8,319,065,576	
07/01/2045	\$8,319,065,576	\$203,279,312	\$101,639,656	\$236,692,653	\$123,890,085	\$559,910,781	\$224,703,152	\$463,552	\$1,450,579,191	\$585,666,763	\$1,202,410,367	\$123,890,085	\$22,500,922	\$6,572,876	\$1,355,374,249	\$95,204,942	\$8,999,937,281	
07/01/2046	\$8,999,937,281	\$208,869,493	\$104,434,747	\$242,547,804	\$131,602,618	\$627,100,075	\$235,350,596	\$475,734	\$1,550,381,076	\$634,163,362	\$1,269,755,235	\$131,602,618	\$23,207,374	\$6,737,198	\$1,431,302,425	\$119,078,651	\$9,753,179,295	
07/01/2047	\$9,753,179,295	\$214,613,405	\$107,306,702	\$248,642,470	\$139,840,547	\$702,352,084	\$246,502,581	\$488,254	\$1,659,746,043	\$687,901,545	\$1,341,089,442	\$139,840,547	\$23,939,156	\$6,905,627	\$1,511,774,772	\$147,971,271	\$10,589,052,110	
07/01/2048	\$10,589,052,110	\$220,515,273	\$110,257,637	\$254,977,653	\$148,640,171	\$786,634,334	\$258,183,014	\$501,094	\$1,779,709,177	\$747,639,083	\$1,416,281,029	\$148,640,171	\$24,697,280	\$7,078,268	\$1,596,696,748	\$183,012,429	\$11,519,703,622	
07/01/2049	\$11,519,703,622	\$226,579,443	\$113,289,722	\$261,666,526	\$158,040,302	\$881,030,454	\$270,416,939	\$514,272	\$1,911,537,658	\$814,254,176	\$1,495,761,537	\$158,040,302	\$25,482,803	\$7,255,225	\$1,686,539,866	\$224,997,792	\$12,558,955,590	
07/01/2050	\$12,558,955,590	\$232,810,378	\$116,405,189	\$268,767,060	\$168,082,442	\$986,754,109	\$283,230,584	\$527,797	\$2,056,577,559	\$888,751,317	\$1,579,778,106	\$168,082,442	\$26,296,827	\$7,436,605	\$1,781,593,980	\$274,983,578	\$13,722,690,485	
07/01/2051	\$13,722,690,485	\$239,212,663	\$119,606,332	\$276,170,638	\$178,810,972	\$1,105,164,602	\$296,651,421	\$541,677	\$2,216,158,304	\$972,273,337	\$1,668,727,086	\$178,810,972	\$27,140,502	\$7,622,521	\$1,882,301,079	\$333,857,225	\$15,028,821,046	
07/01/2052	\$15,028,821,046	\$245,791,011	\$122,895,506	\$283,892,354	\$190,273,344	\$1,237,784,354	\$310,708,223	\$555,922	\$2,391,900,713	\$1,066,112,797	\$1,763,075,732	\$190,273,344	\$28,015,026	\$7,813,084	\$1,989,177,185	\$402,723,528	\$16,497,657,371	
07/01/2053	\$16,497,657,371	\$252,550,264	\$126,275,132	\$291,955,639	\$202,520,302	\$1,386,318,476	\$325,431,128	\$570,542	\$2,585,621,484	\$1,171,743,982	\$1,863,086,377	\$202,520,302	\$28,921,653	\$8,008,411	\$2,102,536,742	\$483,084,741	\$18,152,486,094	
07/01/2054	\$18,152,486,094	\$259,495,397	\$129,747,698	\$300,370,482	\$215,606,106	\$1,552,676,693	\$340,851,702	\$585,546	\$2,799,333,624	\$1,290,854,408	\$1,969,074,876	\$215,606,106	\$29,861,686	\$8,208,621	\$2,222,751,289	\$576,582,335	\$20,019,922,837	
07/01/2055	\$20,019,922,837	\$266,631,520	\$133,315,760	\$309,162,013	\$229,588,779	\$1,738,997,896	\$357,003,006	\$600,945	\$3,035,299,919	\$1,425,366,780	\$2,081,541,341	\$229,588,779	\$30,836,489	\$8,413,836	\$2,350,380,446	\$684,919,473	\$22,130,209,091	
Assumptions with Fiscal Year Basis:				FY2025	FY2026	FY2027	FY2028	FY2029+	Assumptions with Calendar Year Basis:				CY2025	CY2026	CY2027	CY2028	CY2029+	
Public Safety, et al Annual Payroll Growth				0.00%	2.75%	2.75%	2.75%	2.75%	Non-Medicare Medical Claims Trend				7.00%	7.00%	7.00%	6.75%	6.50%	
Other Occupations Annual Payroll Growth				0.00%	2.75%	2.75%	2.75%	2.75%	Non-Medicare Prescription Drug Claims Trend				12.50%	12.00%	11.00%	10.00%	9.00%	
Public Safety, et al Employer Rate				2.50%	2.50%	2.50%	2.50%	2.50%	Medicare Medical Claims Trend				6.00%	6.00%	6.00%	6.00%	6.00%	
Public Safety, et al Employee Rate				1.25%	1.25%	1.25%	1.25%	1.25%	Medicare Prescription Drug Claims Trend				9.50%	9.00%	8.50%	8.00%	7.50%	
Other Occupations Employer Rate				2.00%	2.00%	2.00%	2.00%	2.00%	Annual Growth in EGWP Direct Subsidy				675.39%	4.50%	4.50%	4.50%	4.50%	
Other Occupations Employee Rate				1.00%	1.00%	1.00%	1.00%	1.00%	Annual Growth in Coverage Gap Discount Program Revenue				21.78%	9.00%	8.50%	8.00%	7.50%	
Annual Investment Return				7.00%	7.00%	7.00%	7.00%	7.00%	Annual Growth in EGWP Federal Reinsurance				-49.12%	9.00%	8.50%	8.00%	7.50%	
Annual Growth in Growth in Retire																		

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

<u>Assumption</u>	<u>Prior Assumption</u> <u>July 2020</u>	<u>Prior Assumption</u> <u>July 2021</u>	<u>Current Assumption</u> <u>July 2022</u>	<u>Current Assumption</u> <u>July 2023</u>	<u>Current Assumption</u> <u>July 2024</u>
Asset Balance	Use April 30, 2020 fund balance of \$746,782,548 as an estimate for 7/1/2020 fund balance	Use May 31, 2021 fund balance of \$1,033,793,409 as an estimate for 7/1/2021 fund balance	Use May 31, 2022 fund balance of \$1,092,570,390 as an estimate for 7/1/2022 fund balance	Use May 31, 2023 fund balance of \$1,198,400,622 as an estimate for 7/1/2023 fund balance	Use June 30, 2024 fund balance of \$1,504,639,859 as an estimate for 7/1/2024 fund balance
Investment Return	7.25%	No Change – Baseline / 7.00% - adopted	7.00%	7.00%	7.00%
Annual Growth in Payroll	FY2020 payroll estimated to be \$4,317,892,502, increasing 0.0% through FY2021, 0.0% in FY2022, and 3.0% thereafter	FY2021 payroll estimated to be \$4,614,243,876, increasing 0.0% through FY2022 and 2.75% thereafter	FY2022 payroll estimated to be \$4,745,115,641, increasing 8.92% through FY2023 and 2.75% thereafter	FY2023 payroll estimated to be \$4,952,012,764, increasing 3.91% through FY24 and 2.75% thereafter	FY2024 payroll estimated to be \$5,609,136,993, increasing 0.00% through FY25 and 2.75% thereafter
Contribution Rates (Employer/Employee)					
Public Safety, et al	2.50%/1.25%	No Change	No Change	No Change	No Change
Other Occupations	2.00%/1.00%	No Change	No Change	No Change	No Change
Annual Growth in Retirees					
Non-Medicare	based on FY2014 open valuation output table	No Change	No Change	No Change	No Change
Medicare	based on FY2014 open valuation output table	No Change	No Change	No Change	No Change
Retiree Ancillary Costs	Assumed to equal premium expenses and is paid fully by retirees	No Change	No Change	No Change	No Change
Pension Tax Revenue	\$32,935,804 for FY2020, increasing 12% thereafter	\$36,888,100 for FY2021, increasing 12% thereafter	\$41,314,672 for FY2022, increasing 12% thereafter	\$46,272,433 for FY2023, increasing 12% thereafter	\$51,825,124 for FY2024, increasing 12% thereafter
HB 728/573 Revenue	Eliminated effective 1/1/2017	No Change	No Change	No Change	No Change
Rx Rebates	FY2021 Rebates of \$31,813,007 based on projection provided by ESI; increased at retiree growth rate thereafter.	FY2022 Rebates of \$30,894,349 based on projection provided by ESI; increased at retiree growth rate thereafter.	FY2023 Rebates of \$44,176,082 based on the IBAC PBM RFP - BAFO from ESI as a percent of projected claims; increased at retiree growth rate thereafter.	FY2024 Rebates of \$42,915,872 based on contract implemented 7/1/2022; increased at retiree growth rate thereafter.	FY2025 Rebates of \$54,395,477 based on contract implemented 7/1/2022; increased Rx claim cost trend thereafter.

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

<u>Assumption</u>	<u>Prior Assumption</u> July 2020	<u>Prior Assumption</u> July 2021	<u>Current Assumption</u> July 2022	<u>Current Assumption</u> July 2023	<u>Current Assumption</u> July 2024
EGWP Revenue Components:					
Direct Subsidy	CY2020 and CY2021 projected by ESI; thereafter increases annually at retiree growth rate, plus one half of Medicare Rx trend	CY2021 and CY2022 projected by ESI; thereafter increases annually at retiree growth rate, plus one half of Medicare Rx trend, with subsidy in each year after CY2022 bounded below by \$0	CY2022 and CY2023 projected by ESI; thereafter increases annually at retiree growth rate, plus one half of Medicare Rx trend, with subsidy in each year after CY2023 bounded below by \$0	CY2023 and CY2024 projected by Segal based on historical data; thereafter increases annually at retiree growth rate with PMPM remaining level	CY2024 projected by Segal based on historical data; CY2025 assumed to be \$115 PMPM based on CMS subsidy information released; thereafter increases annually at retiree growth rate with PMPM's adjusted by 4.5% trend
Federal Reinsurance	CY2020 and CY2021 projected by ESI; CY2022+ annual increase at only retiree growth rate	CY2021 and CY2022 projected by ESI; CY2023+ annual increase at only retiree growth rate	CY2022 and CY2023 projected by ESI; CY2024+ annual increase at only retiree growth rate	CY2023 and CY2024 projected by Segal based on historical data at \$84.36 and \$89.67 PMPM, respectively; CY2025+ annual increase at only retiree growth rate	CY2024 projected by Segal based on historical data at \$100.14 and CY2025 projected by ESI based on IRA changes effective 1/1/2025 at \$50.95 PMPM; thereafter increases annually at retiree growth rate with PMPM's adjusted by Medicare Rx trend
Low Income Subsidy	0.0% annual increase to CY2020 estimate of \$2.89 PMPM	0.0% annual increase to CY2021 estimate of \$2.67 PMPM	0.0% annual increase to CY2022 estimate of \$2.72 PMPM	0.0% annual increase to CY2023 estimate of \$2.83 PMPM	0.0% annual increase to CY2024 estimate of \$3.06 PMPM; thereafter increases annually at retiree growth rate with PMPM's adjusted by Medicare Rx trend
Coverage Gap Discount Program	CY2020 and CY2021 projected by ESI; CY2022+ annual increase at only retiree growth rate	CY2021 and CY2022 projected by ESI; CY2023+ annual increase at only retiree growth rate	CY2022 and CY2023 projected by ESI; CY2024+ annual increase at only retiree growth rate	CY2023 and CY2024 projected by Segal based on historical data at \$57.88 and \$61.29 PMPM, respectively; CY2025+ annual increase at only retiree growth rate	CY2024 and CY2025 projected by ESI at \$66.47 and \$80.95 PMPM, respectively; thereafter increases annually at retiree growth rate with PMPM's adjusted by Medicare Rx trend
Short Term Interest	\$0 projected for FY2014, increasing 0.0% annually	No Change	No Change	No Change	No Change
Subrogation	\$327,755 estimated for FY2020, increased at retiree growth rate	\$235,063 estimated for FY2021, increased at retiree growth rate	\$504,767 estimated for FY2022, increased at retiree growth rate	\$296,791 estimated for FY2023, increased at retiree growth rate	\$361,416 estimated for FY2024, increased at retiree growth rate

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

<u>Assumption</u>	<u>Prior Assumption</u> July 2020	<u>Prior Assumption</u> July 2021	<u>Current Assumption</u> July 2022	<u>Current Assumption</u> July 2023	<u>Current Assumption</u> July 2024
Annual Trend					
Medical					
Medicare Advantage	CY2021 increases based on actual rates as provided by NMRHCA staff; CY2022, Humana MA increase at 7% and all other MA plans increase at 14%; 7% increases thereafter for all plans	CY2021 increases based on actual rates as provided by NMRHCA staff; CY2022, MA increases based on actual rates provided by NMRHCA staff; all other years MA plans increase at 7% thereafter	CY2022 increases based on actual rates as provided by NMRHCA staff; CY2023, MA increases based on actual rates provided by NMRHCA staff; all other years MA plans increase at 7% thereafter	CY2023 increases based on actual rates as provided by NMRHCA staff; CY2024, MA increases based on actual rates provided by NMRHCA staff; all other years MA plans increase at 7% thereafter	CY2025 increases based on actual rates as provided by NMRHCA staff; BCBSNM MAPD I in which \$0 for CY2025-CY2028, CY2029 will be \$10; 6% trends until 2033 and then decreasing at 0.25% each year until a 4.5% ultimate trend
Medicare Supplement	8.00%	8.00%	8.00%	8.00%	6% until 2033 and then decreasing at 0.25% each year until a 4.5% ultimate trend
Medicare Rx	8.00%	8.00%	8.00%	8.00%	10% through CY2024, decreasing at 0.5% through 2031 and then decreasing by 0.25% each year until a 4.5% ultimate trend
Non-Medicare Medical	8.00%	8.00%	8.00%	8.00%	7% until 2027 and then decreasing at 0.25% each year until a 4.5% ultimate trend
Mental Health	Included in Medical Trend	No Change	No Change	No Change	No Change
Non-Medicare Rx	8.00%	8.00%	8.00%	8.00%	13% in CY2024, 12.5% in CY2025, 12.0% in CY2026, then decreasing at 1.0% through 2032 and then decreasing by 0.25% each year until a 4.5% ultimate trend
Medical Rates	Annual Non-Medicare rate increases of 6% in 2021, 8% in 2022-2024 and net 8% with plan changes, 4% Medicare Supplement rate increase in 2021, 6% in 2022-2033 and net 6% with plan changes thereafter	Annual Non-Medicare rate increases of 8% in 2022-2024 and net 8% with plan changes, 6% Medicare Supplement rate increase in 2022, 6% in 2023-2033 and net 6% with plan changes thereafter	Annual Non-Medicare rate increases of 8% in 2023-2024 and net 8% with plan changes, 6% Medicare Supplement rate increase in 2023, 6% in 2024-2035 and net 6% with plan changes thereafter	Annual Non-Medicare rate increases of 8% in 2024 and net 8% with plan changes, 6% Medicare Supplement rate increase in 2024, 6% in 2025-2036 and net 6% with plan changes thereafter	No annual Non-Medicare and Medicare Supplement rate increases
Dental	6.00%	No Change	No Change	Uses current rates for CY2023 and 6.00% thereafter	Uses current rates for CY2024, dental RFP BAFO rates (CY2025-CY2028) and 6.00% thereafter
Vision	5.00%	No Change	No Change	0.00% for FY2024 and 5.00% thereafter	Uses vision RFP rates FY2025-FY2028 and 5.00% thereafter
Program Support	\$3,296,900 budgeted for FY2020, increasing 2.5% annually thereafter	\$3,247,100 budgeted for FY2021, increasing 2.5% annually thereafter	\$3,412,800 budgeted for FY2022, increasing 2.5% annually thereafter	\$3,558,200 budgeted for FY2023, increasing 2.5% annually thereafter	\$3,913,400 budgeted for FY2024, increasing 2.5% annually thereafter
Administrative Services Fee	Individual fee components based on existing contract terms in place, increasing 2.00% annually thereafter	No Change	No Change	No Change	No Change

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

<u>Assumption</u>	<u>Prior Assumption</u> July 2020	<u>Prior Assumption</u> July 2021	<u>Current Assumption</u> July 2022	<u>Current Assumption</u> July 2023	<u>Current Assumption</u> July 2024
Plan Design Changes					
Medical					
Medicare	Annual plan changes in CY2034 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2034 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2036 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2037 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	No Future Plan Changes
Non-Medicare	Annual plan changes in CY2025 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Includes impact of elimination of cost-sharing for Behavioral Health services under SB 317. Annual plan changes in CY2025 and beyond such that projected claims and expenses remain beneath the eliminated Excise Tax threshold	Includes impact of elimination of cost-sharing for Behavioral Health services under SB 317. Annual plan changes in CY2025 and beyond such that projected claims and expenses remain beneath the eliminated Excise Tax threshold	Includes impact from approved 2023 legislative session bills, the Hinge Health (BCBS) Program, and the Sword Health (PHP) Program effective 1/1/2024. Annual plan changes in CY2027 and beyond such that projected claims and expenses remain beneath the eliminated Excise Tax threshold	Includes impact from approved 2023 legislative session bills, the Hinge Health (BCBS) Program, and the Sword Health (PHP) Program effective 1/1/2024 and approved 2024 legislative session bills effective 1/1/2025. No future plan changes
Rx					
Medicare	Annual plan changes in CY2034 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2034 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2036 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2037 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	No Future Plan Changes
Non-Medicare	Annual plan changes in CY2025 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2025 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Annual plan changes in CY2025 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Includes impact from approved 2023 legislative session bills effective 1/1/2024. Annual plan changes in CY2027 and beyond such that projected claims and expenses remain beneath Excise Tax threshold	Includes impact from approved 2023 legislative session bills effective 1/1/2024 and approved 2024 legislative session bills effective 1/1/2025. No future plan changes
Annual Index in Cadillac Tax Thresholds	3%	3%	3%	3%	Not applicable
Annual Increase in PCORI Fee	Projected increase in National Health Expenditures, per CMS Office of the Actuary (PCORI Fee Reinstated)	Projected increase in National Health Expenditures, per CMS Office of the Actuary (PCORI Fee Reinstated)	Projected increase in National Health Expenditures, per CMS Office of the Actuary (PCORI Fee Reinstated)	Projected increase in National Health Expenditures, per CMS Office of the Actuary (PCORI Fee Reinstated)	Projected increase in National Health Expenditures, per CMS Office of the Actuary (PCORI Fee Reinstated)
Member Rate Share					
Retiree					
Medicare	50%	No Change	No Change	No Change	No Change
Non-Medicare	36% in CY2016+	No Change	No Change	No Change	No Change
Spouse					
Medicare	75%	No Change	No Change	No Change	No Change
Non-Medicare	64% in CY2016+	No Change	No Change	No Change	No Change
Child(ren)					
Medicare	100%	No Change	No Change	No Change	No Change
Non-Medicare	100%	No Change	No Change	No Change	No Change
Minimum Service to Receive Full Subsidy	Consistent with Board Approved Rule Change to 2.8.11 NMAC effective July 2021	No Change	No Change	No Change	No Change

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

<u>Assumption</u>	<u>Prior Assumption</u> July 2020	<u>Prior Assumption</u> July 2021	<u>Current Assumption</u> July 2022	<u>Current Assumption</u> July 2023	<u>Current Assumption</u> July 2024
Minimum Participation Age	None	No Change	No Change	No Change	No Change
Member Migration / Participation	Non-Medicare members migrate from Premier to Value plan until plan changes are triggered in 2025 (2% annual shift from Premier); All Medicare members default to UHC MA I plan; 50% opt out of Medicare Advantage Default elections to Medicare Supplement	Non-Medicare members migrate from Premier to Value plan until plan changes are triggered in 2025 (1.75% annual shift from Premier); All Medicare members default to UHC MA I plan; 50% opt out of Medicare Advantage Default elections to Medicare Supplement	Non-Medicare members migrate from Premier to Value plan until plan changes are triggered in 2025 (1.75% annual shift from Premier); All Medicare members default to UHC MA I plan; 50% opt out of Medicare Advantage Default elections to Medicare Supplement	Non-Medicare members migrate from Premier to Value plan until plan changes are triggered in 2027 (1.25% annual shift from Premier); Presbyterian age-ins default to UHC MA I; BCBSNM age-ins default to Humana MA I; 50% of age-ins opt out of Medicare Advantage Default elections to Medicare Supplement	As of 7/1/24, BCBSNM Plan II members move to Plan I with BCBSNM Plan II no longer offered. Non-Medicare members migrate from Premier to Value plan until any plan changes are triggered (1.25% annual shift from Premier); Presbyterian age-ins default to UHC MA I; BCBSNM age-ins default to Humana MA I; 50% of age-ins opt out of Medicare Advantage Default elections to Medicare Supplement. Effective 1/1/25, 5% membership shift from BCBS MAPD I (HMO) to BCBS PPO MAPD, 25% membership shift from PHS MAPD II to BCBS PPO MAPD, 25% membership shift from PHS MAPD II to UHC MAPD I, 70% membership shift from UHC MAPD II to BCBS PPO MAPD, 30% membership shift from UHC MA II to UHC MAPD I, 70% membership shift from Humana MAPD II to BCBS PPO MAPD, and 30% membership shift from Humana MAPD II to UHC MAPD I. Effective 1/1/25, there will be no MAPD II plans offered by the insurers.

New Mexico Retiree Health Care Authority (CP)

Change in Market Value

For the Month of Jun 2024

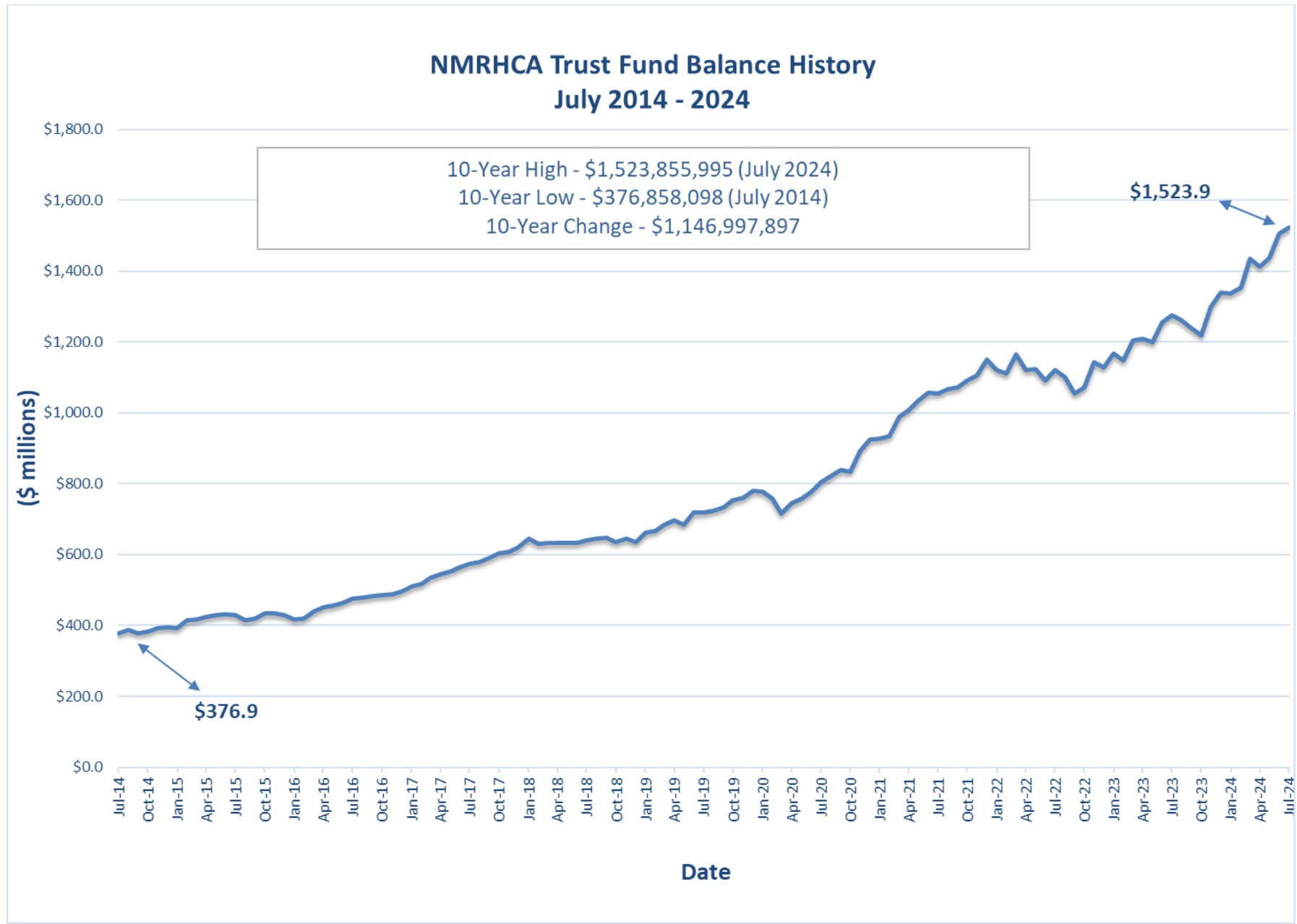
(Report as of July 17, 2024)

Investment Name	Prior Ending Market Value	Contributions	Distributions	Fees	Income	Gains - Realized	Gains - Unrealized	Gains - Realized & Unrealized	Market Value
Core Bonds Pool	222,210,363.59	10,000,000.00	-	(68,026.46)	927,881.31	(58,188.46)	1,413,190.16	1,355,001.70	234,425,220.14
NM Retiree Health Care Authority Cash Account	-	-	-	-	-	-	-	-	-
Non-US Developed Markets Index Pool	196,256,439.84	7,000,000.00	-	(21,931.05)	395,479.87	666,018.58	(4,523,891.59)	(3,857,873.01)	199,772,115.65
Non-US Emerging Markets Active Pool	111,077,433.85	5,000,000.00	-	(143,651.28)	421,953.68	566,267.87	3,755,927.05	4,322,194.92	120,677,931.17
Private Debt Market Pool	208,382,248.78	7,500,000.00	-	-	294,111.88	91,413.90	4,421,240.63	4,512,654.53	220,689,015.19
Private Equity Pool	200,636,334.33	5,000,000.00	-	-	96,423.61	3,421,674.44	(1,128,052.17)	2,293,622.27	208,026,380.21
Real Estate Pool	132,333,570.40	5,000,000.00	-	-	359,882.32	57,600.92	(2,417,161.15)	(2,359,560.23)	135,333,892.49
Real Return Pool	71,805,640.04	2,500,000.00	-	(12,743.95)	316,380.00	54,440.59	931,921.14	986,361.73	75,595,637.82
US Large Cap Index Pool	263,068,084.08	7,000,000.00	-	(6,762.20)	331,084.21	2,227,917.21	6,368,447.03	8,596,364.24	278,988,770.33
US SMID Cap Alternative Weighted Index Pool	30,858,106.03	1,000,000.00	-	(2,791.16)	59,824.22	(112,987.25)	(671,255.77)	(784,243.02)	31,130,896.07
Sub - Total New Mexico Retiree Health Care	1,436,628,220.94	50,000,000.00	-	(255,906.10)	3,203,021.10	6,914,157.80	8,150,365.33	15,064,523.13	1,504,639,859.07
Total New Mexico Retiree Health Care	1,436,628,220.94	50,000,000.00	-	(255,906.10)	3,203,021.10	6,914,157.80	8,150,365.33	15,064,523.13	1,504,639,859.07

New Mexico Retiree Health Care Authority (CP)
Change in Market Value
For the Month of Jul 2024
(Report as of August 19, 2024)

Investment Name	Prior Ending Market Value	Contributions	Distributions	Fees	Income	Gains - Realized	Gains - Unrealized	Gains - Realized & Unrealized	Market Value
Core Bonds Pool	234,425,220.14	-	-	-	616,191.60	308,127.69	4,572,961.48	4,881,089.17	239,922,500.91
NM Retiree Health Care Authority Cash Account	-	-	-	-	-	-	-	-	-
Non-US Developed Markets Index Pool	199,772,115.65	-	-	-	284,874.34	54,056.59	6,775,100.33	6,829,156.92	206,886,146.91
Non-US Emerging Markets Active Pool	120,677,931.17	-	-	-	289,174.66	270,960.66	(1,742,506.18)	(1,471,545.52)	119,495,560.31
Private Debt Market Pool	220,689,015.19	-	-	-	497,822.07	1,237,432.15	(1,878,900.71)	(641,468.56)	220,545,368.70
Private Equity Pool	208,026,380.21	-	-	-	183,732.82	366,205.05	(383,816.38)	(17,611.33)	208,192,501.70
Real Estate Pool	135,333,892.49	-	-	-	328,851.72	19,977.76	(238,965.28)	(218,987.52)	135,443,756.69
Real Return Pool	75,595,637.82	-	-	-	142,515.66	273,722.90	(184,014.15)	89,708.75	75,827,862.23
US Large Cap Index Pool	278,988,770.33	-	-	-	239,525.00	(1,849.19)	3,825,221.74	3,823,372.55	283,051,667.88
US SMID Cap Alternative Weighted Index Pool	31,130,896.07	-	-	-	32,600.97	268,112.71	3,059,019.48	3,327,132.19	34,490,629.23
Sub - Total New Mexico Retiree Health Care	1,504,639,859.07	-	-	-	2,615,288.84	2,796,746.32	13,804,100.33	16,600,846.65	1,523,855,994.56
Total New Mexico Retiree Health Care	1,504,639,859.07	-	-	-	2,615,288.84	2,796,746.32	13,804,100.33	16,600,846.65	1,523,855,994.56

Trust Fund





FY26 Appropriation Request
Presented to the Board of Directors
August 27, 2024

FY26 Appropriation Request - Action Item*

Background

Statute requires NMRHCA to submit its FY26 Appropriation Request to the State Budget Division and the Legislative Finance Committee by September 1, 2024, but due to weekend and holiday this year is September 3, 2024. This report details actual expenditures for July 1, 2023, through June 30, 2024 (FY24), the approved operating budget for July 1, 2024, through June 30, 2025 (FY25), and the proposed budget increases for July 1, 2025, through June 30, 2026 (FY26).

Summary

This chart summarizes NMRHCA's FY25 budget and proposed FY26 request:

	FY25 Operating	FY26 Request	Increase	Percent
Healthcare Benefits Administration				
Contractual Services	\$ 402,026.7	\$ 406,636.7	\$ 4,610.0	1.1%
Other	\$ 45.0	\$ 45.0	\$ -	0.0%
Other Financing Uses	\$ 4,125.2	\$ 4,413.0	\$ 287.8	7.0%
Total	\$ 406,196.9	\$ 411,094.7	\$ 4,897.8	1.2%
Program Support				
PS&EB	\$ 2,751.7	\$ 2,941.1	\$ 189.4	6.9%
Contractual Services	\$ 748.3	\$ 818.2	\$ 69.9	9.3%
Other	\$ 625.2	\$ 653.7	\$ 28.5	4.6%
Total	\$ 4,125.2	\$ 4,413.0	\$ 287.8	7.0%
Agency Total				
PS&EB	\$ 2,751.7	\$ 2,941.1	\$ 189.4	6.9%
Contractual Services	\$ 402,775.0	\$ 407,454.9	\$ 4,679.9	1.2%
Other	\$ 670.2	\$ 698.7	\$ 28.5	4.3%
Other Financing Uses	\$ 4,125.2	\$ 4,413.0	\$ 287.8	7.0%
Total	\$ 410,322.1	\$ 415,507.7	\$ 5,185.6	1.3%

Healthcare Benefits Administration

The FY26 request for Healthcare Benefits Administration is \$411.1 million. The additional \$4.8 million represents a 1.2% increase over the FY25 operating budget. Revenue assumptions are shown in the following table and described below:

Health Benefit Fund - Revenue Detail							
	FY24	FY24	FY25	FY26	FY26	%	
	OPBUD	ACTUALS	OPBUD	INC/DEC	REQUEST	CHANGE	
REVENUE:							
1 Employer/Employee Contributions	\$ 124,570.5	\$ 191,041.1	\$ 141,002.6	\$ -	\$ 141,002.6	0.0%	1
2 Retiree Contributions	\$ 184,530.8	\$ 174,823.4	\$ 174,319.8	\$ (1,320.0)	\$ 172,999.8	-0.8%	2
3 Taxation and Revenue Suspense Fund	\$ 46,263.5	\$ 42,416.4	\$ 51,815.1	\$ 6,217.8	\$ 58,032.9	12.0%	3
4 Other Miscellaneous Revenue	\$ 38,970.3	\$ 41,011.2	\$ 38,959.4	\$ -	\$ 38,959.4	0.0%	4
5 Interest Income	\$ -	\$ 3,467.5	\$ 100.0	\$ -	\$ 100.0	0.0%	5
6 TOTAL REVENUE:	\$ 394,335.1	\$ 452,759.6	\$ 406,196.9	\$ 4,897.8	\$ 411,094.7	1.2%	6

- Line 1 – Employee and Employer Contributions. We know that we are going to collect more than budgeted from this source, but we are required to balance revenues and expenditures. Amounts collected over the approved operating budget amount are transferred to the long-term trust fund.

- Line 2 – Retiree Contributions fluctuate depending upon participation by plan i.e., Medicare Supplement \$245.61 per month v. Medicare Advantage Plan \$0 per month, and migration to lower or higher costing plans i.e., Premier vs. Value Plan.
 - Premium increases on the self-insured plans of 2% for pre-Medicare retiree and spouse, 3% for dependent children, and 2% Medicare Supplement are effective half of FY26 (July 1, 2025 – December 31, 2025), with the likelihood of additional increases effective January 1, 2026 - June 30, 2026.
 - Medicare Advantage Rates varied from being held flat to various increases for calendar year 2025 depending on the plan impacting premiums. This is likely to occur again in the second half of FY26.
 - Continued membership growth in Voluntary Programs (dental, vision and life insurance) does not have a financial impact to the agency but does have a budgetary impact.
- Line 3 – Taxation and Revenue Suspense Fund amounts are prescribed by statute.
- Line 4 – Other Miscellaneous Revenue consists of Medicare Part D subsidies, prescription drug rebates, performance penalties, and subrogation. This amount fluctuates annually.
- Line 5 – Interest Income accounts for a nominal amount and varies dependent upon short-term interest rates earned on cash held by the State Treasury in overnight accounts.

Assumptions about expenditures are shown in the table below and described below:

Health Benefit Fund Expenditure Summary								
		FY24	FY24	FY25	FY26	FY26	%	
	Contractual Services	OPBUD	ACTUALS	OPBUD	INC/DEC	REQUEST	CHANGE	
1	Prescriptions	\$ 130,500.0	\$ 112,847.7	\$ 137,000.0	\$ -	\$ 137,000.0	0.0%	1
2	Medical - Supplement/Self- Insured	\$ 188,626.7	\$ 156,355.7	\$ 190,126.7	\$ -	\$ 190,126.7	0.0%	2
3	Medicare Advantage	\$ 28,300.0	\$ 23,084.8	\$ 31,300.0	\$ 3,060.0	\$ 34,360.0	9.8%	3
4	Voluntary Coverages	\$ 42,950.0	\$ 39,178.5	\$ 43,600.0	\$ 1,550.0	\$ 45,150.0	3.6%	4
5	Total Contractual Services	\$ 390,376.7	\$ 331,466.7	\$ 402,026.7	\$ 4,610.0	\$ 406,636.7	1.1%	5
	Other							
6	PCORI Fee	\$ 45.0	\$ 40.5	\$ 45.0	\$ -	\$ 45.0	0.0%	6
7	Total Other	\$ 45.0	\$ 40.5	\$ 45.0	\$ -	\$ 45.0	0.0%	7
	Other Financing Uses							
8	Program Support	\$ 3,913.4	\$ 3,913.4	\$ 4,125.2	\$ 287.8	\$ 4,413.0	7.0%	8
9	Total Other Financing Uses	\$ 3,913.4	\$ 3,913.4	\$ 4,125.2	\$ 287.8	\$ 4,413.0	7.0%	9
10	Total Expenditures	\$ 394,335.1	\$ 335,420.6	\$ 406,196.9	\$ 4,897.8	\$ 411,094.7	1.2%	10

- Line 1 - Expenditures related to the self-insured prescription drug plan for pre-Medicare and Medicare Supplement benefits are expected to continue growing due to cost growth from specialty drugs and impact of the Inflation Reduction Act. However, a shrinking pre-Medicare population, migration of Medicare Supplement plan participants to the Medicare Advantage Plans will offset some of that growth.
- Line 2 - Expenditures for the self-insured medical plans are also expected to continue to grow, based on medical trends as seen in FY24. Like the growth shown on line 1, a shrinking pre-Medicare population and the migration of Medicare Supplement plan participants to the Medicare Advantage Plans will offset a portion of that growth.
- Line 3 - Expenditures related to Medicare Advantage (MA) Plans are expected to continue growing at a higher percentage of overall costs as members migrate to lower costing monthly plans. While participation is expected to increase, rates are expected to remain flat or continue growing for the various plans in FY26.
- Line 4 - Expenditures related to voluntary coverages (dental, vision and life) are expected to grow at a rate in line with increased participation and per new contracted premiums with some offset in cost with new dental plan.

- Patient Centered Outcomes Research Institute Fee (PCORI) costs are determined by multiplying the average pre-Medicare membership for calendar year 2024 by a rate yet to be determined.
- Lastly, the request will include an amount sufficient to support the operating activities of the agency as reflected in the “Other Financing Uses” category (lines 8 and 9).

Program Support

The chart below summarizes, by category, expenditures related to the operating activities. The request includes a \$287.8 thousand increase. This includes a \$189.4 thousand increase in the personal services and employee benefits category, \$69.9 thousand increase in the contractual services category and \$28.5 thousand increase in the other costs category.

Program Support Expenditure Summary								
	Uses		FY24 OPBUD	FY24 ACTUALS	FY25 OPBUD	FY26 INC/DEC	FY26 REQUEST	PERCENT CHANGE
1	200	Personal Services/ Employee Benefits	2,585.9	2,441.1	2,751.7	189.4	2,941.1	6.9%
2	300	Contractual Services	702.3	675.2	748.3	69.9	818.2	9.3%
3	400	Other Costs	625.2	550.8	625.2	28.5	653.7	4.6%
4		TOTAL	3,913.4	3,667.1	4,125.2	287.8	4,413.0	7.0%
Summary of Revenues								
	Sources		FY24 OPBUD	FY24 ACTUALS	FY25 OPBUD	FY26 INC/DEC	FY26 REQUEST	PERCENT CHANGE
5	112	Other Transfers	3,913.4	3,913.4	4,125.2	287.8	4,413.0	7.0%
6		Total	3,913.4	3,913.4	4,125.2	287.8	4,413.0	7.0%
7		FTE	27.0	27.0	28.0	1.0	29.0	3.6%

Changes in projected expenditures are shown in the table below and described thereafter.

Expenditure Detail (Personal Services and Employee Benefits)								
			FY24 OPBUD	FY24 ACTUALS	FY25 OPBUD	FY26 INC/DEC	FY26 REQUEST	PERCENT CHANGE
1	520100	Exempt Positions	463.2	485.9	506.8	14.1	520.9	2.8%
2	520300	Classified Perm. Positions	1,376.2	1,255.3	1,460.5	147.4	1,607.9	10.1%
3	520700	Overtime & Other Premium Pay	-	0.3	-	-	-	0.0%
4	520800	Annual & Comp Paid	-	10.2	-	-	-	0.0%
5	521100	Group Insurance Premium	198.9	186.4	203.7	(12.7)	191.0	-6.2%
6	521200	Retirement Contributions	357.7	334.9	383.6	26.0	409.6	6.8%
7	521300	FICA	146.3	128.1	152.8	8.8	161.6	5.8%
8	521400	Workers Comp	0.2	0.2	0.3	-	0.3	0.0%
9	521410	GSD Work Comp Ins	1.5	1.4	1.2	0.5	1.7	41.7%
10	521500	Unemployment Comp	-	-	-	-	-	0.0%
11	521600	Employee Liability Insurance	3.7	3.6	2.9	2.2	5.1	75.9%
12	521700	Retiree Healthcare	38.2	34.8	39.9	3.1	43.0	7.8%
13	523000	COVID Related Admin Leave	-	-	-	-	-	0.0%
14		TOTAL	2,585.9	2,441.1	2,751.7	189.4	2,941.1	6.9%
Expenditure Detail (Contractual Services)								
			FY24 OPBUD	FY24 ACTUALS	FY25 OPBUD	FY26 INC/DEC	FY26 REQUEST	PERCENT CHANGE
14	535200	Professional Services	431.5	404.9	441.5	51.0	492.5	11.6%
15	535300	Other Services	15.2	11.1	28.7	(4.7)	24.0	-16.4%
16	535309	Other Services InterA	17.3	22.1	22.3	4.5	26.8	20.2%
17	535400	Audit Services	83.3	110.6	115.8	14.1	129.9	12.2%
18	535500	Attorney Services	50.0	9.1	25.0	-	25.0	0.0%
19	535600	Information Technology Services	105.0	117.4	115.0	5.0	120.0	4.3%
20		TOTAL	702.3	675.2	748.3	69.9	818.2	9.3%

Expenditure Detail (Other)								
			FY24	FY24	FY25	FY26	FY26	PERCENT
			OPBUD	ACTUALS	OPBUD	INC/DEC	REQUEST	CHANGE
21	542100	Employee In-State Mileage & Fares	1.5	2.8	1.5	1.5	3.0	100.0%
22	542200	Employee In-State Meals & Lodging	3.5	4.7	5.5	-	5.5	0.0%
23	542300	Board & Commission - In-State Meals & Lodging	13.5	4.5	5.5	-	5.5	0.0%
24	542310	Board & Commission - In-State Mileage & Fares		4.5	6.0	-	6.0	0.0%
25	542500	Transportation-Fuel & Oil	2.2	0.6	2.2	(0.7)	1.5	-31.8%
26	542600	Transportation - Parts & Supplies	0.3	0.2	0.6	-	0.6	0.0%
27	542700	Transportation Insurance	0.2	0.2	0.2	-	0.2	0.0%
28	542800	State Transportation Pool Charges	5.8	5.8	5.9	2.2	8.1	37.3%
29	543200	Maintenance - Furniture, Fixtures & Equipment	6.0	-	6.0	-	6.0	0.0%
30	543300	Maintenance - Building & Structure	6.0	-	6.0	-	6.0	0.0%
31	543400	Maintenance - Property Insurance	0.1	-	0.1	-	0.1	0.0%
32	543830	IT Maintenance	23.0	21.1	21.7	2.3	24.0	10.6%
33	544000	Supply Inventory IT	20.0	11.0	20.0	-	20.0	0.0%
34	544100	Supplies - Office Supplies	13.0	11.2	13.0	-	13.0	0.0%
35	544900	Supplies - Inventory Exempt	5.0	-	5.0	-	5.0	0.0%
36	545600	Reporting & Recording	-	0.1	-	0.2	0.2	0.0%
37	545609	Report/Record Inter St Agency	-	-	-	-	-	0.0%
38	545700	DoIT ISD Services	13.3	13.6	11.2	10.3	21.5	92.0%
39	545710	DoIT HCM Assessment Fees	9.5	8.9	9.7	0.1	9.8	1.0%
40	545900	Printing & Photo. Services	60.0	65.0	70.0	-	70.0	0.0%
41	546100	Postage & Mail Services	100.0	100.0	85.0	15.0	100.0	17.6%
42	546400	Rent of Land & Buildings	122.8	127.8	126.5	8.2	134.7	6.5%
43	546409	Rent Expense - Interagency	9.1	9.1	18.7	1.2	19.9	6.4%
44	546500	Rent of Equipment	30.3	28.1	30.3	-	30.3	0.0%
45	546600	Communications	6.0	1.9	6.0	(1.0)	5.0	-16.7%
46	546610	DOIT Communications	86.8	56.8	69.3	(10.8)	58.5	-15.6%
47	546700	Subscriptions & Dues	7.0	4.2	7.0	-	7.0	0.0%
48	546709	Subscription & Due Interagency		0.1	-	0.2	0.2	0.0%
49	546800	Employee Training & Edu.	10.0	5.4	10.0	(1.0)	9.0	-10.0%
50	546801	Board Member Training	7.5	-	7.5	(2.0)	5.5	-26.7%
51	546900	Advertising	1.0	-	1.8	-	1.8	0.0%
52	547900	Miscellaneous Expense	1.3	1.5	1.8	-	1.8	0.0%
53	547999	Request to Pay Prior Year	-	0.7	-	-	-	0.0%
54	548300	Information Technology Equipment	50.0	\$ 49.2	53.9	2.1	56.0	3.9%
55	549600	Employee Out-Of-State Mileage & Fares	2.0	3.8	5.0	-	5.0	0.0%
56	549700	Employee Out-Of-State Meals & Lodging	2.0	5.9	5.8	0.7	6.5	12.1%
57	549800	B&C-Out-Of-State Mileage & Fares	3.5	0.9	3.5	-	3.5	0.0%
58	549900	B&C- Out-Of-State Meals & Lodging	3.0	1.2	3.0	-	3.0	0.0%
59		TOTAL	625.2	550.8	625.2	28.5	653.7	4.6%

Personal Services and Employee Benefits. The request under personal services and employee benefits includes a \$189.4 thousand, or 6.9%, increase compared to the FY25 approved operating budget.

Changes are described as follows:

- Line 1 – Salaries for 4 exempt employees including: executive director, deputy director, general counsel and director of communications and member engagement is expected to increase by 2.8%.
- Line 2 – Salaries for classified employees are the main driver for the increase in costs associated with a request for 1 new position: Administrative Operations Manager I.
- Line 6 – Contributions made to the Public Employees Retirement Association based on salaries reflected on lines 1 and 2.
- Line 7 – FICA contributions based on salaries reflected in lines 1 and 2.
- Line 9 – Reflects GSD/RMD rate schedule.

- Line 11 - Reflects GSD/RMD rate schedule.
- Line 12 – Contributions made to the Retiree Health Care Authority based on salaries reflected on lines 1 and 2.
- Overall, the request includes full funding for all 28 authorized FTE and 1 requested FTE position.

Contractual Services. The request in the contractual services category includes sufficient funding for the following services:

- Line 14 – Actuarial and benefits consulting services related to annual solvency projections and GASB reporting requirements; asset allocation and investment consulting; and consulting services for the assistance in the development, release, and cost analysis of RFP; and Lobbyist for legislative work.
- Line 15 – Board reporting and recording services and document destruction services.
- Line 16 – Transfers to PERA for MOU to provide HR services.
- Line 17 – Annual financial audit services and internal audit consulting services regarding process and internal control improvements to include documentation of processes and procedures.
- Line 18 – Legal services for outside counsel that may arise.
- Line 19 – Information technology services resulting from ongoing programming support related to the CareView system, web portal, webhosting, and document scanning system.

Other Costs. The request includes sufficient funds to support projected operating expenses of the agency in FY26, including rent for 2 offices locations, renting of copying and printing equipment, printing, postage, employee and board members training, office supplies, and IT charges.

Performance Measures

The table below provides a list of performance measures approved by DFA and LFC, FY24 reported performance, FY25 targeted performance and FY26 requested targets.

Healthcare Benefits Administration			FY24 Actuals	FY25 Target	FY26 Request
1	*Output	Minimum number of years of positive fund balance	30	30	30
2	Outcome	Number of years of projected balance spending	10	6	6
3	Outcome	Emergency room visits per thousand members	512	<200	<200
4	Quality	Percent of members with diabetes receiving at least one hemoglobin A1C test in the last 12 months	49.6%	<80%	<80%
5	Quality	Percent of members with diabetes receiving an annual screening for diabetic nephropathy	41.0%	<85%	<85%
6	Efficiency	Annual loss ratio for the health benefits fund	99%	<100%	<100%
7	Explanatory	Year-end fund balance of the health benefits fund	\$1,504,639,859	Baseline	Baseline
Program Support			FY24 Actuals	FY25 Target	FY26 Request
8	Outcome	Percent of deposits made within 24 hours	100	100	100
9	Outcome	Percent of payments made within 30 days	99	98	98

Requested Action

NMRHCA staff respectfully requests approval from the Board of Directors for the FY26 appropriation request as detailed above and as presented to the Finance and Investment Committee.

Out-of-state Travel Request (Action Item)

Background. As a member, NMRHCA staff has been invited to attend the Public Sector HealthCare Roundtable Annual Conference scheduled for November 6 – 8, 2024, in Washington, D.C. This conference provides an opportunity to hear from high-level government officials, key experts in the public purchaser workspace, and learn about the latest trends. In addition, being in attendance provides the opportunity to network with benefit administrators from public organizations from across the country.

Public Sector HealthCare Roundtable Information. The Public Sector HealthCare Roundtable is a non-partisan, member directed coalition that exists to give public sector health care purchasers and state and local health plan administrators a voice in the design, development, and implementation of national health care policy. The Roundtable does this by providing in-depth policy analysis and a forum to collectively engage with key decision-makers in Washington, D.C. Benefits provided by Roundtable members have a far-reaching positive impact on the state economies and help to fuel a robust provider network and health care delivery system that benefits all citizens. For more information, please visit the Roundtable's website: <https://www.healthcareroundtable.us>

Requested Action.

NMRHCA staff respectfully requests permission to attend the Public Sector HealthCare Roundtable's Annual Conference in Washington, D.C. on November 6 – 8, 2024.