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REGULAR MEETING OF THE BOARD OF DIRECTORS



**December 3, 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

December 3, 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

DECEMBER 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
505-934-3058

Mr. David Archuleta
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Educational Retirement Board
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david.archuleta@erb.nm.gov
505-476-6152

Mr. Tomas E. Salazar, PhD, Vice President
NM Assoc. of Educational Retirees
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Las Vegas, NM 87701
salazarte@plateautel.net
505-429-2206

Mr. Lance Pyle
NM Association of Counties
Curry County Administration
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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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Albuquerque, NM 87102
raquel.alirez@dws.nm.gov
505-365-3474

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

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

Mr. Gerry Washburn
Superintendents' Association of NM
408 N Canyon
Carlsbad, NM 88220
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Ms. Alex Castillo Smith
Deputy Cabinet Secretary
NM Health Care Authority
PO Box 2348
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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

December 3, 2024

9:30 AM

CNM Workforce Training Center

5600 Eagle Rock Ave NE, Albuquerque, 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
October 1, 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. Human Resources | Ms. Atencio, Deputy Director | |
| b. Public Sector HealthCare Roundtable
Annual Conference | | |
| c. FY25 First Quarter Budget Report | Ms. Ayanniyi, Chief Financial Officer | 10 |
| d. September 30, 2024, & October 31, 2024
SIC Reports | | 16 |
| e. Switch Enrollment | Mr. Kueffer, Executive Director | 18 |
| 9. Legislative Update on Interim Committees
and 2025 Proposed Legislation | Mr. Kueffer, Executive Director
& Mr. Romero, Lobbyist | 20 |
| 10. GASB Statement 74 Actuarial Valuation & Review | Mr. Riazzi, FSA FCA EA MAAA
Vice President and Consulting Actuary | 52 |
| 11. Other Business | Ms. Saunders, President | |
| 12. Date & Location of Next Board Meeting | Ms. Saunders, President | |
| January 7, 2025 – 9:30AM
CNM Workforce Training Center
5600 Eagle Rock Ave NE, Alb. NM 87113 | | |
| 13. Adjourn | | |

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

REGULAR MEETING

October 1, 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
Hon. Laura M. Montoya, NM State Treasurer [virtual]
Ms. Rachel Alirez [virtual]
Mr. Lawrence Esquibel, designee of Mr. David Archuleta
Dr. Lee Caruana
Mr. Lance Pyle [virtual, joining at 10:15 a.m.]
Ms. Donna Sandoval
Dr. Gerry Washburn [virtual]
Ms. Alex Castillo Smith [virtual]

Members Excused:

Ms. LeAnne Larrañaga-Ruffy, Secretary

Staff Present:

Mr. Neil Kueffer, Executive Director
Ms. Linda Atencio, Deputy Director
Mr. Mark Hayden, General Counsel
Ms. Sheri Ayanniyi, Chief Financial Officer
Mr. Raymond Long, IT Director
Mr. Alexander George, Network Administrator
Ms. Judith Beatty, Recorder

3. PLEDGE OF ALLEGIANCE

Chair Saunders led the Pledge.

4. APPROVAL OF AGENDA

Dr. Salazar moved approval of the agenda, as published. Treasurer Montoya seconded the motion, which passed unanimously.

5. APPROVAL OF REGULAR MEETING MINUTES: AUGUST 27, 2024

Dr. Caruana moved approval of the August 27, 2024, minutes. Dr. Salazar seconded the motion, which passed, with Treasurer Montoya in abstention.

6. PUBLIC FORUM AND INTRODUCTIONS

Attendees introduced themselves.

Mr. Kueffer said he was happy to report that the NMRHCA was able to retain Sheri Ayanniyi as Chief Financial Officer.

NMRHCA Deputy Director Linda Atencio introduced herself to the board and provided a bit of her background. She said she has been in healthcare for 32 years and has worked with NMRHCA since 1992.

7. COMMITTEE REPORTS

- Dr. Caruana reported that the Wellness Committee met virtually on September 24. The committee received updates from five wellness programs and learned that there has been increased participation in the last year.
- Mr. Kueffer reported that the Finance Committee met and reviewed items on today's NMRHCA agenda.

8. STAFF UPDATES

a. HR Updates

Ms. Atencio presented HR updates.

b. 2024 Switch Enrollment Updates

Ms. Atencio reported that the NMRHCA got all the materials out to the members in a timely manner this year. The agency is seeing members coming into the office and asking questions. Switch enrollment begins tomorrow in Española, which will be the first of 16 in-person and 3

virtual meetings. Call volume and foot traffic is increasing in the offices and staff is diligently entering the data as it is received. They anticipate getting the changes to the carriers in sufficient time for them to get the ID cards out to the membership by January 1.

Ms. Atencio said the NMRHCA anticipates relatively higher attendance at the switch enrollment meetings this year because of the changes to premiums from the Inflation Reduction Act. The cap from \$8,000 to \$2,000 did impact the Medicare Advantage plans. Through the NMRHCA's medical, dental and vision RFPs, BCBS will offer a new PPO plan that should help mitigate the impact on those plans. BCBS is also offering a new dental plan that will be available through NMRHCA alongside the Delta Dental plan. Davis Vision will be offering an enhanced benefit on frames.

c. Legislative Updates

Mr. Kueffer said he attended the LFC meetings at UNM on Tuesday and Thursday. Also attending were Deputy Director Linda Atencio and lobbyist Robert Romero. He commented that a lot of the discussion was on healthcare, and it was very helpful hearing that discussion while engaging with legislators to talk about the NMRHCA's upcoming resolution.

Mr. Kueffer said he was happy to report that, last Friday, he and Board Member David Archuleta made a presentation to NMAER members about the NMRHCA's resolution being proposed for the upcoming legislative session and why efforts to get support for it last year were not successful.

Mr. Kueffer said he and General Counsel Hayden are looking at concerns that were expressed last year by legislators about the resolution, and particularly about liability being transferred to the state. That was not the intent, which was meant to protect the trust fund and the beneficiaries. The NMRHCA will work to address the concerns of legislators by tightening up the language in the resolution so they can move this forward.

d. August 31, 2024, SIC Reports

Mr. Kueffer reported that the ending balance was \$1.543 billion, a \$19.4 million increase over the previous month.

e. Investment Performance Report – June 2024

Mr. Kueffer reported a QTD net return of 1.27 percent, or an 8.17 percent net return for the year. CYTD net returns were 3.92 percent.

9. MEKETA

[Presenters: Paul Cowie, Ted Benedict, and Jared Pratt]

a. Investments Overview, Reporting & Policies

Meketa representatives presented this report.

b. Investment Rebalancing (Action Item)

Mr. Cowie noted that the policy has not been updated since 2010. He said Meketa found the Investment Policy Statement to be very well structured, but had some proposed updates that they would discuss with the SIC before bringing the final version to the NMRHCA board. These updates included redefining the responsibilities of the General Investment Consultant so they would be consistent with the tasks included in Meketa's contract (Section II) and recreating Appendix II (which is missing from the current document) in Section III to include the Fund's target asset allocation and permissible ranges. In addition, Meketa did not find any detail of the target ranges and have proposed their standard methodology of +/-5% for each asset class. In Section V, Meketa recommended including detailed criteria for evaluating and selecting managers. In Section VI, the recommendation was to shorten the rolling fifteen-year horizons to 10. In Section VII, Meketa recommended adding additional clarification for less liquid asset classes and clarifying that staff, in consultation with the General Investment Consultant, has the authority to implement rebalancing within specified target ranges. In Section VIII, Meketa recommended replacing "Plan" with "Policy" to be consistent with previous sections and that "SIC" be replaced with "General Investment Consultant" in Item #2, which refers to meeting quarterly with the NMRHCA board to review portfolio activity.

Mr. Kueffer stated that staff will also be looking at what needs to be in the JPA with the SIC and what should be put in the RHCA's investment policy to allow more autonomy in updating the policy without renewing the JPA each time.

Mr. Cowie stated that all asset classes were within 5% of their respective policy targets at quarter-end; however, US Large Cap Equity was overweight its target by 4.5% and Core Bonds were underweight by 4.4%. Recommendation was to rebalance between these two asset classes.

It was noted that the Finance Committee supported the recommendation for rebalancing.

Ms. Sandoval moved to accept the recommended rebalancing. Dr. Caruana seconded the motion, which passed unanimously.

10. MEDICARE MEDICAL DEFAULT STRATEGY (ACTION ITEM)

Mr. Kueffer said the NMRHCA has had a default strategy for retirees and dependents becoming Medicare eligible when they failed to elect a Medicare Advantage Prescription Drug

(MAPD) plan or Medicare Supplement plan with NMRHCA. As recommended by the board, as of May 2, 2023, the current default strategy enrolls individuals into United Healthcare's MAPD Plan 1 if no plan election is made by Presbyterian Health Plan pre-Medicare enrolled members. He stressed that it is not the intention of the NMRHCA to default its members and does notify members as they approach age 65 or if they become Medicare eligible because of a disability. NMRHCA wants members to act and make a selection.

Mr. Kueffer said NMRHCA is currently looking at changing the default strategy starting January 1, 2025. The new BCBS MAPD PPO Plan provides in-network access to both Presbyterian and Lovelace physicians and hospitals, which also includes a nationwide network of providers at a lower cost to members and the program.

Staff proposes updating the default strategy as follows:

- For members enrolled in a pre-Medicare PHP Plan or BCBS Plan who become Medicare Eligible and do not make a plan selection:
 - The new default strategy will be BCBS MAPD PPO Plan effective January 1, 2025, which will provide access to a broad network while being the most cost-effective option for members.

Ms. Alirez moved to accept staff's recommended update to the default strategy. Mr. Esquibel seconded the motion, which passed unanimously.

11. OTHER BUSINESS

Mr. Kueffer said staff would work with the Governor's Office to fill the NMRHCA board seat with a Governor appointee.

12. DATE AND LOCATION OF NEXT BOARD MEETING

November 5, 2024 – 9:30 AM
CNM Workforce Training Center
5600 Eagle Rock Ave NE, Albuquerque NM 87113

13. ADJOURN: 11:00 a.m.

Accepted by:

Therese Saunders, President

New Mexico Retiree Health Care Authority

Fiscal Year 2025 First Quarter Budget Review

Healthcare Benefits Fund

Between July 1, 2024, and September 30, 2024, the Healthcare Benefits Administration Program expended \$91.6 million and collected \$103.1 million in revenue. The resulting \$11.5 million surplus is higher than the \$9.4 million surplus for the same period in FY24.

First Quarter FY25 expenditures are \$9.1 million greater than expenditures in First Quarter FY24, for a growth of 11%. Current projections indicate a \$89.8 million surplus at the end of FY25.

Major Upward Cost Pressures:

1. Claim costs typically increase during the Third and Fourth Quarter of the plan year (calendar year) because members are meeting their annual deductible and reaching maximum out-of-pocket expenses. Contributing to the increase in cost are increases in providers' rates for 2024.

Major Downward Cost Pressures:

1. Overall plan participation, including medical and voluntary coverages, decreased by 1.7% between September 2023 and September 2024, resulting in a loss of 1,122 members. This decline is higher than the 1.4% reduction in the previous fiscal year, which saw a loss of 947 members.
2. Pre-Medicare Plan Participation
 - Premier Plans: -967 members (-10.9%)
 - Value Plans: -306 members (-9.2%)
 - Net: -1,273 members (-10.4%)
3. Medicare Plan Participation
 - Medicare Supplement: -554 members (-2.7%)
 - BCBS MA Plans: -109 members (-2.9%)
 - Humana MA Plans: +229 members (12.9%)
 - Presbyterian MA Plans: -259 members (-2.8%)
 - *UnitedHealthcare MA Plans: +359 members (6.4%)
4. A 15.8% decline in dependent child participation in medical plans from 1,236 in September 2023 to 1,041 in September 2024.

*Default Plans --- All Presbyterian Pre-Medicare Plan Participants to UnitedHealthcare MA effective July 1, 2023, and all Blue Cross Blue Shield Pre-Medicare Plan Participants to Humana MA effective July 1, 2023.

Below is an annual summary of the cash contributions made to the State Investment Council (SIC) between fiscal years 2011 – 2024, as well as contribution(s) made in FY25:

FY11 Total	\$	21,879,651
FY12 Total	\$	21,060,000
FY13 Total	\$	15,315,000
FY14 Total	\$	57,500,000
FY15 Total	\$	42,500,000
FY16 Total	\$	35,000,000
FY17 Total	\$	33,000,000
FY18 Total	\$	20,000,000
FY19 Total	\$	45,000,000
FY20 Total	\$	56,000,000
FY21 Total	\$	75,000,000
FY22 Total	\$	60,000,000
FY23 Total	\$	100,000,000
FY24 Total	\$	140,000,000
Transfer Effective	Amount Transferred	
November 1, 2024	\$	30,000,000
FY25 Total	\$	30,000,000
Total Transfers	\$	752,254,651

New Mexico Retiree Health Care Authority

FY25 1st Quarter Budget Review

Comparison of Projected vs. Actual

(in thousands)

Healthcare Benefit Fund

FY25/FY24 Comparison

	FY25 Approved Q1 Budget	FY25 Q1 Actual	FY24 Q1 Actual	Dollar Change	Percent Change
<u>Sources:</u>					
Employer/Employee Contributions	\$ 35,250.65	\$ 47,586.3	\$ 43,104.1	\$ 4,482.2	10.4%
Retiree Contributions	\$ 43,580.0	\$ 43,124.8	\$ 36,698.5	\$ 6,426.3	17.5%
Taxation & Revenue Fund	\$ 12,953.78	\$ 4,318.8	\$ 3,856.0	\$ 462.7	12.0%
Other Miscellaneous Revenue	\$ 9,773.60	\$ 7,901.9	\$ 7,613.8	\$ 288.1	3.8%
Interest Income	\$ 25.0	\$ 267.7	\$ 705.2	\$ (437.5)	157.0%
Refunds	\$ -	\$ (83.7)	\$ (94.3)	\$ 10.6	-11.3%
Total Sources	\$ 101,583.0	\$ 103,115.8	\$ 91,883.4	\$ 11,232.5	12.2%
<u>Uses:</u>					
Medical Contractual Services	\$ 100,506.7	\$ 87,403.2	\$ 78,534.6	\$ 8,868.6	11.3%
ACA Fees (PCORI)	\$ 45.0	\$ 39.8	\$ 40.5	\$ (0.7)	-1.6%
Other Financing Uses	\$ 1,031.3	\$ 4,125.2	\$ 3,913.4	\$ 211.8	5.4%
Total Uses	\$ 101,583.0	\$ 91,568.2	\$ 82,448.0	\$ 9,079.8	11.0%
<u>Sources Over Uses</u>	NA	\$ 11,547.6	\$ 9,435.4	NA	NA

FY25 Budget Compared to Actual

	FY25 Approved Budget	FY25 Actuals	Remaing Balance	Percent Expended/ Collected	FY25 Projected Total
<u>Sources:</u>					
Employer/Employee Contributions	\$ 141,002.6	\$ 47,586.3	\$ 93,416.3	33.7%	\$ 190,345.1
Retiree Contributions	\$ 174,319.8	\$ 43,124.8	\$ 131,195.0	24.7%	\$ 172,499.2
Taxation & Revenue Fund	\$ 51,815.1	\$ 4,318.8	\$ 47,496.3	8.3%	\$ 51,825.1
Other Miscellaneous Revenue	\$ 38,959.4	\$ 7,901.9	\$ 31,057.5	20.3%	\$ 31,600.0
Interest Income	\$ 100.0	\$ 267.7	\$ (167.7)	NA	\$ 1,070.0
Refunds	\$ -	\$ (83.7)	\$ -	NA	\$ (334.6)
Total Sources	\$ 406,196.9	\$ 103,115.8	\$ 302,997.4	25.4%	\$ 447,004.9
<u>Uses:</u>					
Medical Contractual Services	\$ 402,026.7	\$ 87,403.2	\$ 314,623.5	21.7%	\$ 353,112.8
ACA Fees (PCORI)	\$ 45.0	\$ 39.8	\$ 5.2	88.4%	\$ 39.8
Other Financing Uses	\$ 4,125.2	\$ 4,125.2	\$ -	100.0%	\$ 4,060.4
Total Uses	\$ 406,196.9	\$ 91,568.2	\$ 314,628.7	22.5%	\$ 357,213.0
<u>Sources Over Uses</u>	NA	\$ 11,547.6	NA	NA	\$ 89,791.9

New Mexico Retiree Health Care Authority
1st Quarter Healthcare Benefit Fund Detail
Fiscal Year 2025
(in thousands)

	FY25 Q1 Actuals	FY24 Q1 Actuals	FY25 - FY24 Difference
REVENUE:			
Employer/Employee Contributions	\$ 47,586.3	\$ 43,104.1	\$ 4,482.2
Retiree Contributions	\$ 43,124.8	\$ 36,698.5	\$ 6,426.3
Taxation and Revenue Suspense Fund	\$ 4,318.8	\$ 3,856.0	\$ 462.7
Other Miscellaneous Revenue	\$ 7,901.9	\$ 7,613.8	\$ 288.1
Interest Income	\$ 267.7	\$ 705.2	\$ (437.5)
Refunds	\$ (83.7)	\$ (94.3)	\$ 10.6
TOTAL REVENUE:	\$ 103,115.8	\$ 91,883.4	\$ 11,232.5
EXPENDITURES:			
Prescriptions			
Express Scripts	\$ 28,297.0	\$ 26,436.2	\$ 1,860.8
Total Prescriptions	\$ 28,297.0	\$ 26,436.2	\$ 1,860.8
Non-Medicare			
Blue Cross Blue Shield	\$ 17,359.1	\$ 14,702.8	\$ 2,656.3
BCBS Administrative Costs	\$ 401.3	\$ 584.0	\$ (182.7)
Presbyterian	\$ 10,614.2	\$ 9,783.2	\$ 831.0
Presbyterian Administrative Costs	\$ 466.6	\$ 479.5	\$ (12.9)
PCORI Fee	\$ 39.8	\$ 40.5	\$ (0.7)
Total Non-Medicare	\$ 28,881.1	\$ 25,590.0	\$ 3,291.1
Medicare			
Blue Cross Blue Shield	\$ 12,862.2	\$ 10,728.3	\$ 2,133.9
BCBS Administrative Costs	\$ 1,147.7	\$ 1,326.3	\$ (178.5)
Presbyterian MA	\$ 4,819.2	\$ 3,296.8	\$ 1,522.4
UnitedHealthcare MA	\$ 1,297.5	\$ 1,023.4	\$ 274.2
Humana MA	\$ 237.5	\$ 187.0	\$ 50.5
BCBS MA	\$ -	\$ 358.7	\$ (358.7)
Total Medicare	\$ 20,364.2	\$ 16,920.4	\$ 3,443.8
Other Benefits			
Davis Vision	\$ 628.8	\$ 630.1	\$ (1.3)
Delta Dental	\$ 5,831.2	\$ 5,633.9	\$ 197.3
Standard Life Insurance	\$ 3,440.6	\$ 3,323.9	\$ 116.7
Total Other Benefits	\$ 9,900.7	\$ 9,588.0	\$ 312.7
Other Expenses			
Program Support	\$ 4,125.2	\$ 3,913.4	\$ 211.8
Total Other Expenses	\$ 4,125.2	\$ 3,913.4	\$ 211.8
TOTAL EXPENDITURES:	\$ 91,568.2	\$ 82,448.0	\$ 9,120.3
Total Revenue over Total Expenditures	\$ 11,547.6	\$ 9,435.4	\$ 2,112.2

New Mexico Retiree Health Care Authority						
FY25 1st QTR Budget Review						
Comparison of Budget vs. Actual						
(in thousands)						
Program Support						
FY25/FY24 Comparison						
	FY25 Approved Q1 Budget	FY25 Actuals	FY24 Actuals	Dollar Change	Percent Change	
Sources:						
Other Transfers	\$ 1,031.3	\$ 4,125.2	\$ 3,913.4	\$ 211.8	5.4%	
Total Sources	\$ 1,031.3	\$ 4,125.2	\$ 3,913.4	\$ 211.8	5.1%	
Uses:						
Personal Services and Benefits	\$ 687.9	\$ 620.1	\$ 581.4	\$ 38.7	6.7%	
Contractual Services	\$ 187.1	\$ 66.0	\$ 68.8	\$ (2.8)	-4.1%	
Other Costs	\$ 156.3	\$ 187.5	\$ 173.6	\$ 13.9	8.0%	
Total Uses	\$ 1,031.3	\$ 873.6	\$ 823.7	\$ 49.8	6.0%	

New Mexico Retiree Health Care Authority						
FY25 1st QTR Budget Review						
Comparison of Budget vs. Actual						
(in thousands)						
Program Support						
FY25 Budget Compared to Actual						
	Approved Operating Budget	FY25 Actuals	Remaining Balance	Percent Expended	FY25 Projected	
Sources:						
Other Transfers	\$ 4,125.2	\$ 1,031.3	\$ 3,093.9	25%	\$ 4,060.4	
Total Sources	\$ 4,125.2	\$ 1,031.3	\$ 3,093.9	25%	\$ 4,060.4	
Uses:						
Personal Services and Benefits	\$ 2,751.7	\$ 620.1	\$ 2,131.6	23%	\$ 2,749.3	
Contractual Services	\$ 748.3	\$ 66.0	\$ 682.3	9%	\$ 727.4	
Other Costs	\$ 625.2	\$ 187.5	\$ 437.7	30%	\$ 583.7	
Total Uses	\$ 4,125.2	\$ 873.6	\$ 3,251.6	21%	\$ 4,060.4	

Program Support						
Expenditure Summary (in thousands)						
Acct #	Account Description	A Approved Budget	B Expended Budget	C Remaining Balance	D Projected	E Balance
200	Personal Services/ Employee Benefits	2,751.7	620.1	2,131.6	2,129.2	2.4
300	Contractual Services	748.3	66.0	682.3	661.4	20.9
400	Other Costs	625.2	187.5	437.7	396.2	41.5
	TOTAL	4,125.2	873.6	3,251.6	3,186.9	64.8
Expenditure Detail (in thousands)						
Personal Services / Employee Benefits						
Acct #	Account Description	Approved Budget	Expended Budget	Remaining Balance	Projected	Balance
520100	Exempt Positions	506.8	123.7	383.1	416.1	(33.0)
520300	Classified Perm. Positions	1,460.5	317.7	1,142.8	1,133.9	8.9
520800	Annual, Sick & Comp Paid	0.0	7.6	(7.6)	0.0	(7.6)
521100	Group Insurance Premium	203.7	40.4	163.3	131.2	32.1
521200	Retirement Contributions	383.6	84.9	298.7	298.2	0.5
521300	FICA	152.8	32.9	119.9	118.6	1.3
521400	Workers Comp	0.3	0.0	0.3	0.3	0.0
521410	GSD Work Comp Ins	1.2	1.2	(0.0)	0.0	(0.0)
521500	Unemployment Comp	0.0	0.0	0.0	0.0	0.0
521600	Employee Liability Insurance	2.9	2.9	0.0	0.0	0.0
521700	Retiree Health Care	39.9	8.8	31.1	31.0	0.1
523000	COVID Related Admin Leave	0.0	0.0	0.0	0.0	0.0
	TOTAL	2,751.7	620.1	2,131.6	2,129.2	2.4
Contractual Services						
Acct #	Account Description	Approved Budget	Expended Budget	Remaining Balance	Projected	Balance
535200	Professional Services	441.5	53.3	388.2	378.0	10.2
535209	Professional Services - Interagency	0.0	0.0	0.0	0.0	0.0
535300	Other Services	28.7	2.5	26.2	25.0	1.2
535309	Other Services InterA	22.3	0.0	22.3	25.5	(3.2)
535400	Audit Services	115.8	0.0	115.8	112.9	2.9
535500	Attorney Services	25.0	0.0	25.0	20.0	5.0
535600	Information Technology Services	115.0	10.1	104.9	100.0	4.9
	TOTAL	748.3	66.0	682.3	661.4	20.9
Other Costs						
Acct #	Account Description	Approved Budget	Expended Budget	Remaining Balance	Projected	Balance
542100	Employee In-State Mileage & Fares	1.5	0.5	1.0	1.0	0.0
542200	Employee In-State Meals & Lodging	5.5	3.0	2.5	2.0	0.5
542300	Board & Comm Mbr Meals & Lodging - In-State	5.5	3.8	1.7	1.6	0.1
542310	Board & Comm Mbr Mileage & Fares - In-State	6.0	1.3	4.7	4.0	0.7
542500	Transportation - Fuel & Oil	2.2	0.0	2.2	1.2	1.0
542600	Transportation - Parts & Supplies	0.6	0.0	0.6	0.4	0.2
542700	Transportation - Insurance	0.2	0.0	0.2	0.2	0.0
542800	State Transportation Pool Charges	5.9	5.9	0.0	0.0	0.0
543200	Maintenance - Furniture, Fixtures & Equipment	6.0	0.0	6.0	6.0	0.0
543300	Maintenance - Building & Structure	6.0	0.0	6.0	0.0	6.0
543400	Maintenance - Property Insurance	0.1	0.0	0.1	0.1	0.0
543820	Maintenance IT	0.0	0.0	0.0	0.0	0.0
543830	IT HW/SW Agreements	21.7	25.7	(4.0)	15.0	(19.0)
544000	Supply Inventory IT	20.0	0.0	20.0	15.0	5.0
544100	Supplies - Office Supplies	13.0	0.0	13.0	10.0	3.0
544900	Supplies - Inventory Exempt	5.0	0.0	5.0	5.0	0.0
545600	Rep/Recording	0.0	0.0	0.0	0.0	0.0
545700	DoIT - ISD Services	11.2	2.2	9.0	9.0	0.0
545710	DoIT - HCM Fees	9.7	0.0	9.7	9.2	0.5
545900	Printing & Photo. Services	70.0	54.0	16.0	16.0	0.0
546100	Postage & Mail Services	85.0	30.0	55.0	50.0	5.0
546400	Rent of Land & Buildings	126.5	32.6	93.9	93.9	(0.0)
546409	Rent - Interagency	18.7	4.8	14.0	14.6	(0.7)
546500	Rent of Equipment	30.3	7.4	22.9	17.0	5.9
546600	Communications	6.0	0.5	5.5	1.8	3.7
546610	DOIT Telecomm	69.3	11.1	58.2	58.2	(0.0)
546700	Subscriptions & Dues	7.0	2.8	4.2	3.5	0.7
546800	Employee Training & Education	10.0	0.2	9.8	9.5	0.3
546801	Board Member Training	7.5	0.0	7.5	5.0	2.5
546900	Advertising	1.8	0.0	1.8	1.5	0.3
547900	Miscellaneous Expense	1.8	0.1	1.7	1.5	0.2
547999	Request to Pay Prior Year	0.0	0.0	0.0	0.0	0.0
548300	Information Technology Equipment	53.9	0.0	53.9	34.5	19.4
549600	Employee Out-Of-State Mileage & Fares	5.0	0.2	4.8	3.0	1.8
549700	Employee Out-Of-State Meals & Lodging	5.8	1.3	4.5	4.0	0.5
549800	B&C-Out-Of-State Mileage & Fares	3.5	0.0	3.5	1.0	2.5
549900	B&C- Out-Of-State Meals & Lodging	3.0	0.0	3.0	1.5	1.5
	TOTAL	625.2	187.5	437.7	396.2	41.5

New Mexico Retiree Health Care Authority (CP)

Change in Market Value

For the Month of Sep 2024

(Report as of October 17, 2024)

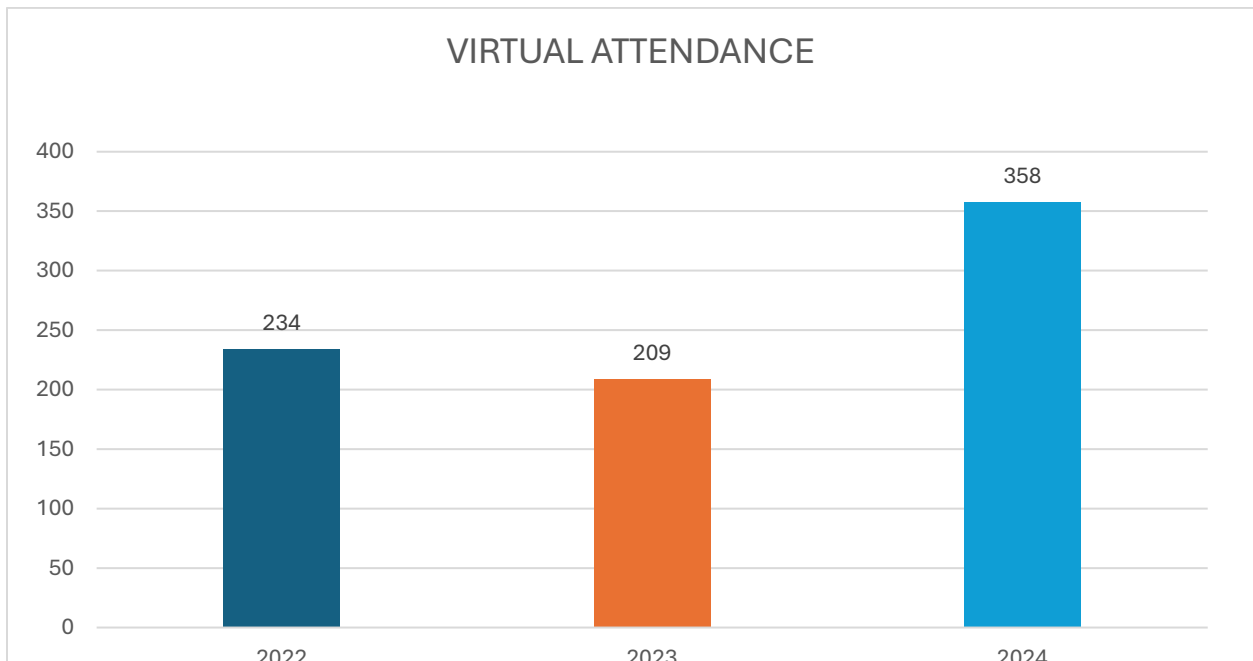
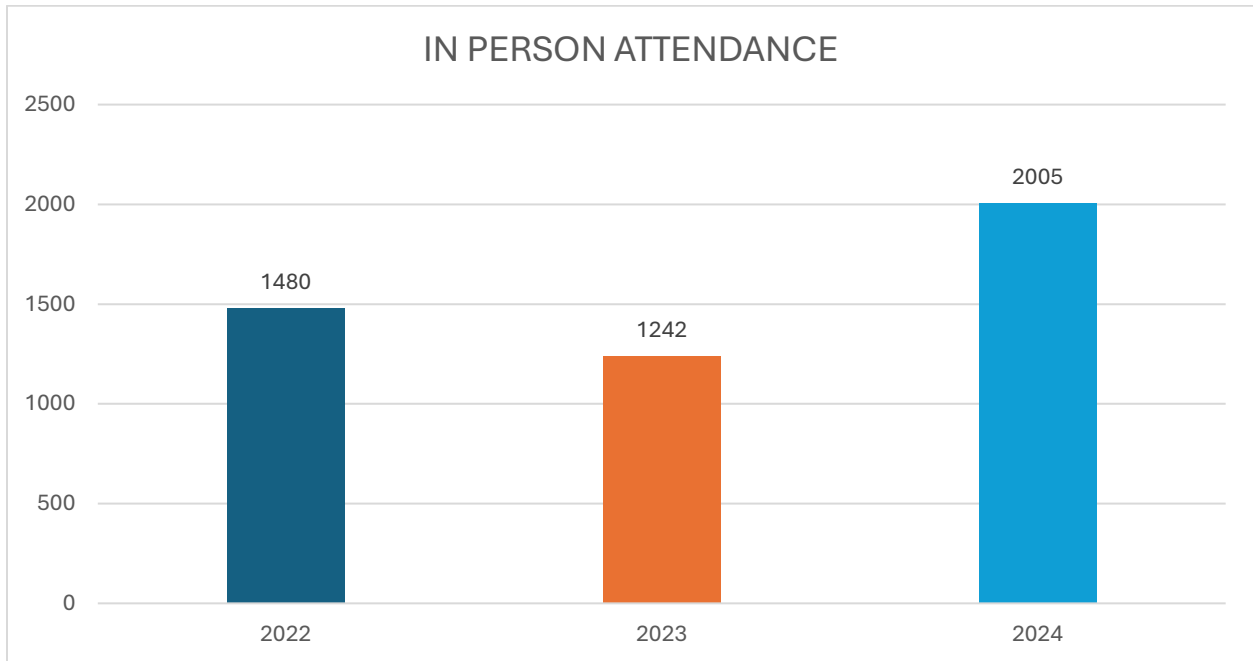
Investment Name	Prior Ending Market Value	Contributions	Distributions	Fees	Income	Gains - Realized	Gains - Unrealized	Gains - Realized & Unrealized	Market Value
Core Bonds Pool	243,325,367.82	-	-	-	1,068,588.35	276,017.51	1,955,220.89	2,231,238.40	246,625,194.57
NM Retiree Health Care Authority Cash Account	-	-	-	-	-	-	-	-	-
Non-US Developed Markets Index Pool	212,543,720.60	-	-	-	714,350.97	123,737.94	3,219,564.82	3,343,302.76	216,601,374.33
Non-US Emerging Markets Active Pool	122,692,920.57	-	-	-	336,249.17	433,214.60	6,128,404.67	6,561,619.27	129,590,789.01
Private Debt Market Pool	220,893,980.29	-	-	-	467,287.15	(18,149.99)	5,141,195.67	5,123,045.68	226,484,313.12
Private Equity Pool	208,351,431.10	-	-	-	80,331.38	1,560,193.87	1,478,825.81	3,039,019.68	211,470,782.16
Real Estate Pool	135,652,183.99	-	-	-	340,973.17	168,755.52	(1,116,181.80)	(947,426.28)	135,045,730.88
Real Return Pool	76,072,718.35	-	-	-	446,669.49	44,136.50	696,343.64	740,480.14	77,259,867.98
US Large Cap Index Pool	289,752,712.28	-	-	-	332,480.36	555,230.10	5,300,295.42	5,855,525.52	295,940,718.16
US SMID Cap Alternative Weighted Index Pool	33,996,001.97	-	-	-	58,659.86	238,173.49	(9,345.90)	228,827.59	34,283,489.42
Sub - Total New Mexico Retiree Health Care	1,543,281,036.97	-	-	-	3,845,589.90	3,381,309.54	22,794,323.22	26,175,632.76	1,573,302,259.63
Total New Mexico Retiree Health Care /	1,543,281,036.97	-	-	-	3,845,589.90	3,381,309.54	22,794,323.22	26,175,632.76	1,573,302,259.63

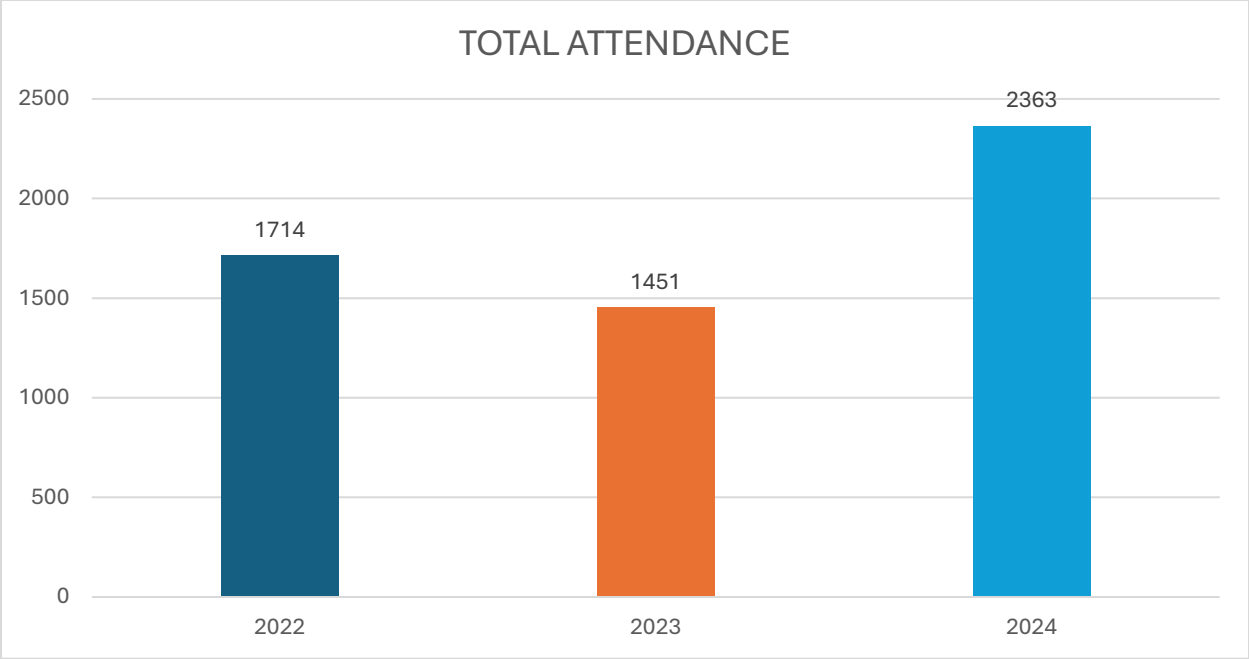
New Mexico Retiree Health Care Authority (CP)
Change in Market Value
For the Month of Oct 2024
(Report as of November 15, 2024)

Investment Name	Prior Ending Market Value	Contributions	Distributions	Fees	Income	Gains - Realized	Gains - Unrealized	Gains - Realized & Unrealized	Market Value
Core Bonds Pool	246,625,194.57	-	-	-	618,206.31	(235,624.32)	(6,348,290.91)	(6,583,915.23)	240,659,485.65
NM Retiree Health Care Authority Cash Account	-	-	-	-	-	-	-	-	-
Non-US Developed Markets Index Pool	216,601,374.33	-	-	-	133,998.60	34,544.32	(11,647,462.39)	(11,612,918.07)	205,122,454.86
Non-US Emerging Markets Active Pool	129,590,789.01	-	-	-	95,142.96	900,803.49	(5,075,204.74)	(4,174,401.25)	125,511,530.72
Private Debt Market Pool	226,484,313.12	-	-	-	473,048.13	176,877.36	(1,918,504.07)	(1,741,626.71)	225,215,734.54
Private Equity Pool	211,470,782.16	-	-	-	130,638.18	790,986.59	(1,467,716.22)	(676,729.63)	210,924,690.71
Real Estate Pool	135,045,730.88	-	-	-	281,949.43	3,503.55	(522,404.25)	(518,900.70)	134,808,779.61
Real Return Pool	77,259,867.98	-	-	-	112,987.26	364,221.02	(77,421.14)	286,799.88	77,659,655.12
US Large Cap Index Pool	295,940,718.16	-	-	-	245,663.64	1,192,126.94	(3,509,310.22)	(2,317,183.28)	293,869,198.52
US SMID Cap Alternative Weighted Index Pool	34,283,489.42	-	-	-	24,863.31	49,930.46	(975,600.69)	(925,670.23)	33,382,682.50
Sub - Total New Mexico Retiree Health Care	1,573,302,259.63	-	-	-	2,116,497.82	3,277,369.41	(31,541,914.63)	(28,264,545.22)	1,547,154,212.23
Total New Mexico Retiree Health Care A	1,573,302,259.63	-	-	-	2,116,497.82	3,277,369.41	(31,541,914.63)	(28,264,545.22)	1,547,154,212.23

NMRHCA Switch & Open Enrollment Member Participation 2024

The following graphs illustrate the attendance at in-person and virtual meetings along with total meeting attendance that occurred during October 2024. The table includes specific attendance counts at each meeting location. There was a 63% increase in total attendance from 2023 to 2024 and 38% increase from 2022 to 2024.





	2022		2023		CHANGE - PREVIOUS YEAR		2024		CHANGE - PREVIOUS YEAR	
Location	Date	# of Attendees	Date	# of Attendees	Absolute	Percentage	Date	# of Attendees	Absolute	Percentage
ABQ	10/19/2022	250	10/18/2023	230	-20	-8%	10/22/2024	320	90	39%
	10/20/2022	140	10/19/2023	160	20	14%	10/23/2024	200	40	25%
	Combined	390		390	0	0%		520	130	33%
Clovis	10/14/2022	50	10/11/2023	35	-15	-30%	10/17/2024	60	25	71%
Espanola	11/2/2022	80	10/4/2023	80	0	0%	10/2/2024	105	25	31%
Farmington	11/3/2022	65	10/5/2023	55	-10	-15%	10/10/2024	125	70	127%
Gallup	11/4/2022	30	10/6/2023	25	-5	-17%	10/11/2024	55	30	120%
Hobbs	10/13/2022	40	10/13/2023	16	-24	-60%	10/16/2024	30	14	88%
Las Cruces	10/26/2022	120	10/25/2023	110	-10	-8%	10/30/2024	200	90	82%
	10/27/2022	75	10/26/2023	55	-20	-27%	10/31/2024	80	25	45%
	Combined	195		165	-30	-15%		280	115	70%
Las Vegas	10/7/2022	80	11/2/2023	60	-20	-25%	10/4/2024	110	50	83%
Raton	10/6/2022	35	11/1/2023	22	-13	-37%	10/3/2024	60	38	173%
Rio Rancho	10/18/2022	190	10/17/2023	85	-105	-55%	10/21/2024	210	125	147%
Roswell	10/12/2022	75	10/12/2023	60	-15	-20%	10/15/2024	110	50	83%
Santa Fe	10/5/2022	140	10/27/2023	175	35	25%	10/8/2024	190	15	9%
	10/21/2022	75	11/3/2023	52	-23	-31%	10/9/2024	120	68	131%
	Combined	215		227	12	6%		310	83	37%
Silver City	10/25/2022	35	10/24/2023	22	-13	-37%	10/29/2024	30	8	36%
Virtual	10/11/2022	62	10/10/2023	79	17	27%	10/18/2024	150	71	90%
	10/17/2022	80	10/20/2023	56	-24	-30%	10/24/2024	102	46	82%
	10/28/2022	92	10/31/2023	74	-18	-20%	11/1/2024	106	32	43%
	Combined	234		209	-25	-11%		358	149	71%
TOTAL		1714		1451				2363		
CHANGE 2023 - 2024	Absolute			-263				912		
	Percentage			-15%				63%		
CHANGE 2022 - 2024								38%		



Legislative Finance Committee

Senator George K. Muñoz, Chair
Representative Nathan P. Small, Vice Chair

FY26 Appropriation Request
October 22, 2024

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

Agency Updates

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

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

Retiree participation – 65,913 (10/1/24)

- Retirees – 48,377
 - Pre-Medicare – 7,814
 - Medicare – 32,437
 - Voluntary – 8,126
- Spouses/DP – 15,526
 - Pre-Medicare – 2,020
 - Medicare – 8,267
 - Voluntary – 5,239
- Dependent Children – 2,010
- Retiree Average Age – 71.7
- Average age upon retirement – 61.65
- Retiree Under Age 55 – 1,293

Investments:

- Managed by the State Investment Council
- Asset Allocation Reviewed June 2023
 - Wilshire reviewed and recommended Board reaffirm the current policy of asset allocation targets as on track for risk adjusted return.
 - Risk Adjusted return on par with other modeled portfolios.
- New consultant Meketa as of July 2024
 - Review of policies and investments
- Performance of RHCA Total Fund Comp - Net
 - One year 8.24%
 - Three year 3.87%
 - Five year 7.12%
 - Seven year 7.18%
 - Ten year 6.51%

Challenges

The inflation Reduction Act (Federal Mandate to Medicare Part D)

- This benefits members by capping out-of-pocket spend on prescriptions to no more than \$2,000 (current cap \$8,000)
- This law has led to higher premiums in many cases due to increased costs of prescriptions paid by Plan, and reduction of patient and Medicare shared financial liability

Medicare Advantage Star Ratings from Centers for Medicare and Medicaid Services

- Lower reimbursement from Medicare, leads health plans asking for higher premiums to make up difference and rising costs

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

- New Mexico is one of the states facing a high rate of physician shortages
- Physician and Hospital consolidations removing competition and resulting in higher reimbursement rates
- Traveling nurses due to shortage leading to higher costs

Increase in prescription drug costs

- New cell and gene therapies capable of curing illnesses but lead to costly drugs
- Specialty drugs driving higher costs to plans while waiting for competition
- Increase in pricing of existing drugs
- Accelerated approvals of new drugs to market

GASB 74

GASB 74 – Actuarial Valuation Review of Other Postemployment Benefits (OPEB) as of June 30, 2024

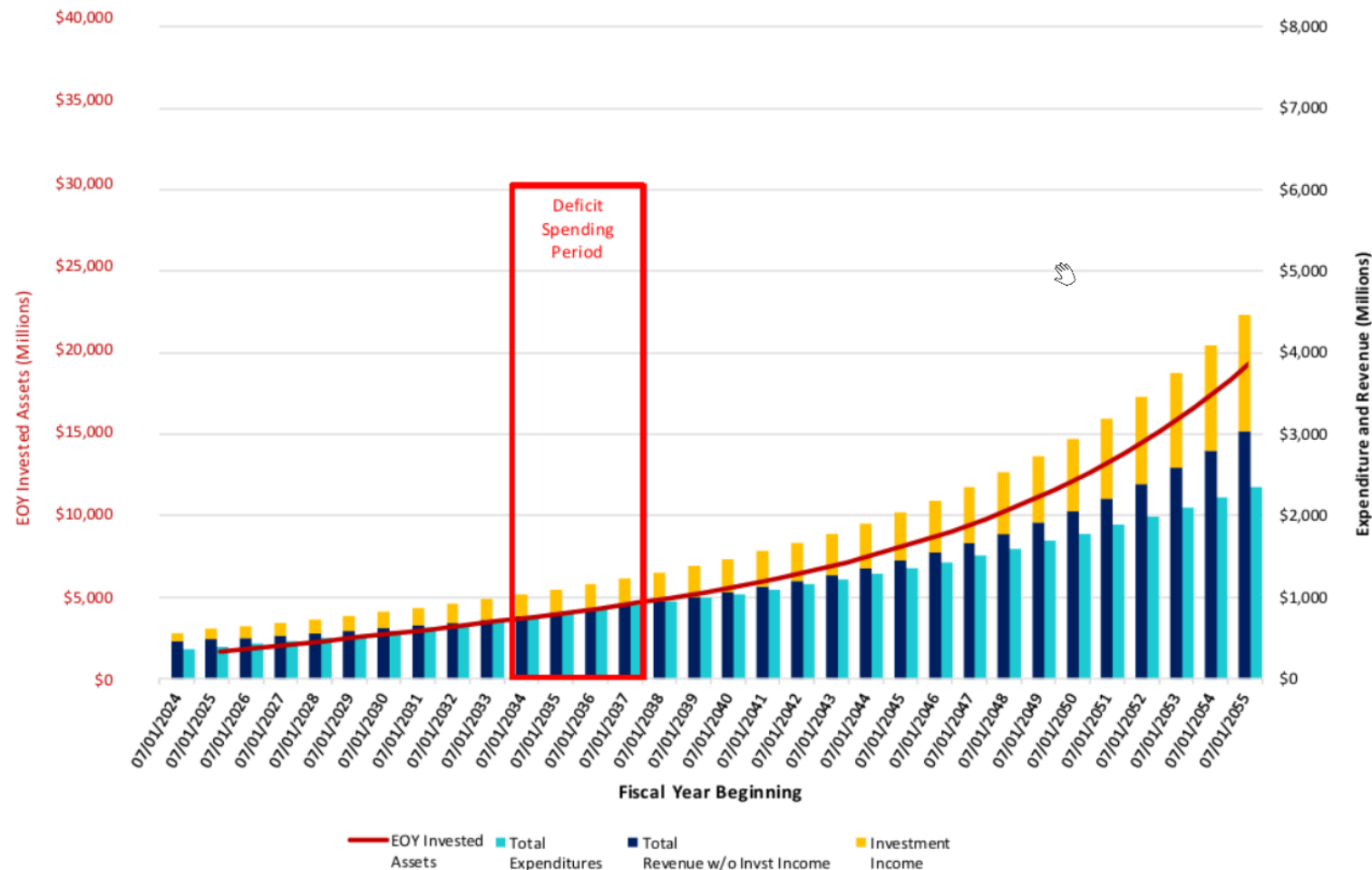
- Total OPEB Liability: **\$3,366,766,868 (2024)***
 - \$3,049,662,302 (2023) / \$3,467,298,517 (2022) / \$4,409,849,335 (2021)
- Net OPEB Liabilities (NOL): **\$1,793,360,811 (2024)***
 - \$1,702,935,036 (2023) / \$2,311,603,052 (2022) / \$3,290,349,790 (2021)
- NOL increased a little over \$90 million from previous year, due to the following:
 - Trend rates on the valuation year per capita health costs, including drug rebates and EGWP revenue, methodology, increased liabilities
 - Blended Discount rate – 7% compared to 6.22% in 2023, decrease liabilities
- **Funded Status: 46.73% (2024)***
 - 44.16% (2023) / 33.33% (2022) / 25.39% (2021)

**Preliminary results*

Solvency

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

Healthcare Benefits Administration

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

*Table in Thousands

NMRHCA Requests about a \$4.9 Million Increase in Spending Authority for FY26.

- Healthcare Benefits Administration \$411 million about 99% total budget - excluding Program Support
- This Request Includes the Following Assumptions:
 - Self-Insured medical and pharmacy plan costs requests are flat as trend and utilization offset with migration.
 - Increase to Medicare Advantage costs due to premium increases and impact of Inflation Reduction Act.
 - Increase in rates and participation in voluntary coverages being dental, vision, and life contributes to requested increase.

Program Support

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%	1
2	300	Contractual Services	702.3	675.3	748.3	69.9	818.2	9.3%	2
3	400	Other Costs	625.2	550.1	625.2	28.5	653.7	4.6%	3
4		TOTAL	3,913.4	3,666.5	4,125.2	287.8	4,413.0	7.0%	4

Personal Services and Employee Benefits Includes \$287,800 (7%) Increase, above FY25

- NMRHCA request for Program support \$4,413.0 about 1% of total budget.
- Approved Operating Levels Include Full Funding for 28 FTE and request for 1 new FTE.
- Request for 1 positions (vacancy rate of agency 10.8%):
 - Administrative Operations to provide better oversight over customer service by creating or improving policies, procedures, increased oversight of health vendor reporting, manage additional reporting required due to health care regulations
 - This position will improve the functions of the agency and help drive savings with better oversight and efficiency in vendor reporting

Contractual Services includes \$69,900 (9.3%) increase for:

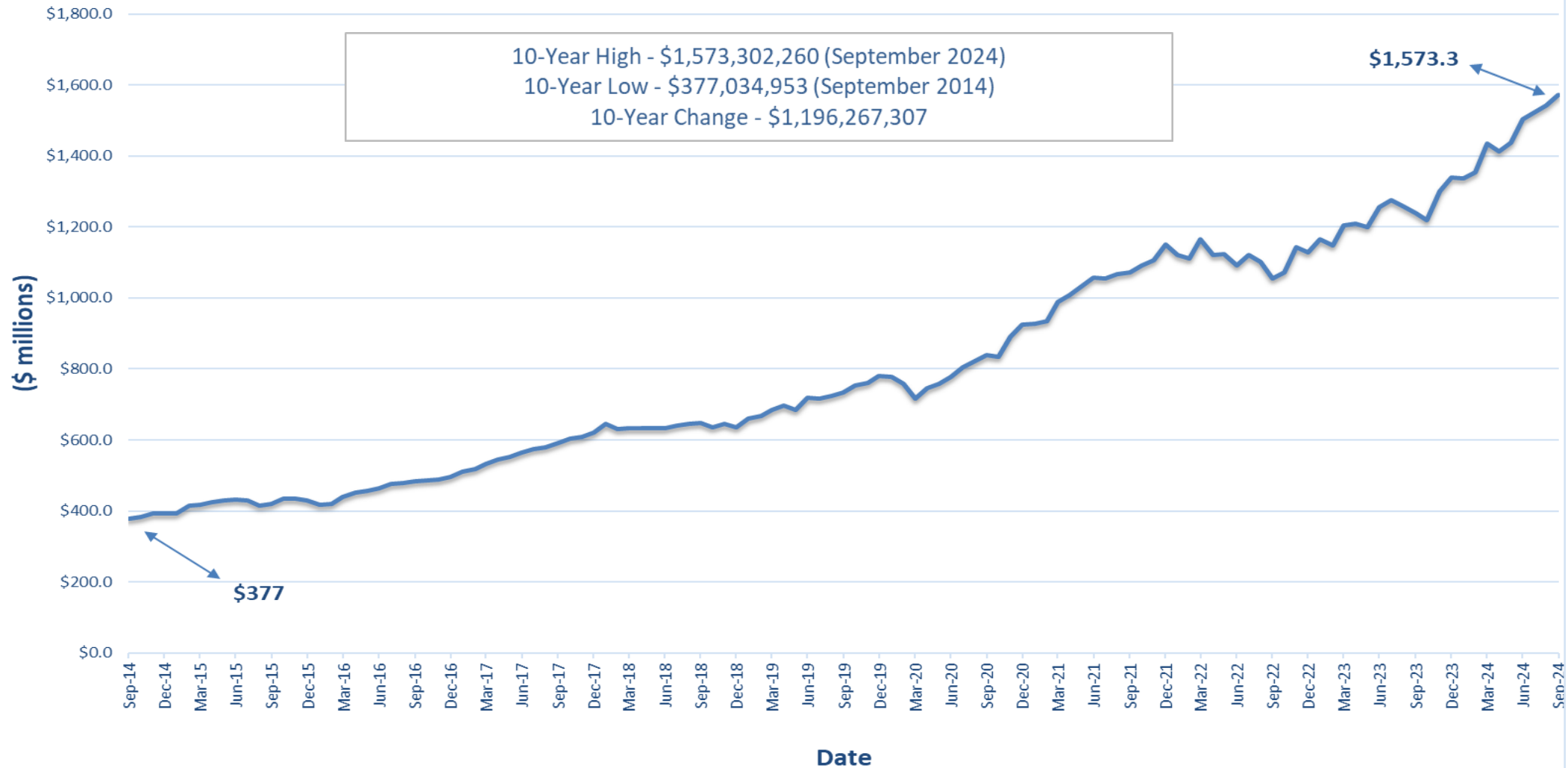
- Actuarial and Benefits Consulting Services (\$345K), Audit Services (\$129.9K) Investment Advisory Services (\$55K), Legislative work (\$35K), Human Resource (\$26.8K) and Legal Services (\$25K), IT Programing Charges (\$120K), and Board Reporting and Recording Services to include Shredding and IT Disposal (\$24K), IBAC RFP Consultants (\$57.5K)

Other Category has a request of \$28,500 (4.6%) increase in which is spread across multiple line items.

- Biggest cost drivers DoIT services, rent, and postage and mail

Trust Fund

**NMRHCA Trust Fund Balance History
September 2014 - 2024**



Legislative Proposal

For 2025, file a joint resolution for New Mexico Retiree Health Care Authority's health benefits trust fund to be recognized and protected under the New Mexico Constitution.

- Similar to the pension systems, Educational Retirement Board and Public Employee Retirement Association.
- The retiree health benefits trust fund is currently over \$1.5 billion.
- Currently the state statute states that this benefit can be modified or extinguished in the future to meet changes in economic or social conditions.
- However, many New Mexicans have been making contributions into this benefit for their careers with the expectation of having a benefit when they retire.



New Mexico Retiree Health Care Authority

Neil Kueffer, Executive Director

505-222-6408

neil.kueffer@rhca.nm.gov

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

Or visit us at: www.nmrhca.org or www.facebook.com/nmrhca

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



Investment & Pensions Oversight Committee

Senator Roberto “Bobby” J. Gonzales, Chair

Representative Patricia Roybal Caballero, Vice Chair

RHCA Final Update and Legislative Proposal

October 29, 2024

Therese Saunders, President

Tomas Salazar, Vice President

LeAnne Larrañaga-Ruffy, Secretary

Neil Kueffer, Executive Director



AGENDA

- NMRHCA BACKGROUND
- BOARD OF DIRECTORS
- CHALLENGES
- INFLATION REDUCTION ACT
- ENROLLMENT COUNTS
- BENEFITS OFFERED 2025
- INVESTMENT PERFORMANCE
- SOLVENCY UPDATES
- HISTORICAL CONTRIBUTIONS
- GASB 74
- TRUST FUND
- LEGISLATIVE PROPOSAL



NMRHCA BACKGROUND

The New Mexico Retiree Health Care Authority fosters quality of life and peace of mind by responsibly administering affordable, secure health care benefits for public retirees and their families.

Established July 1990

1. Retiree Health Care Act
2. First full benefits paid to over 15k members in Jan '91
3. Board of directors has authority to set plan parameters
4. Legislature has authority over employer/employee contributions
5. Current solvency - 2055

Purpose & Composition

1. Provide comprehensive health insurance for those who've retired from public service in NM
2. Active employees = Over 93k
3. Retiree Participants = Over 65k
4. Public Employer Groups – 304
 - a. 50% schools
 - b. 25% State agencies
 - c. 25% local govt

Budget & Finances

1. \$406M Operating budget
2. \$402M to Healthcare benefits
3. \$4.1M to program support (28 FTE)
4. Revenue Sources
 - a. Employee/employer contributions
 - b. Retiree monthly premiums
 - c. Tax suspension fund distributions
 - d. Miscellaneous
 - e. Interest earnings

Update on Investment Asset Management Consulting Services: Meketa selected for Fiscal Year 2025

BOARD OF DIRECTORS

Broad representation from retired and active membership



Ms. Therese Saunders, President

NEA NM, Classroom Teachers Association
Federation of Educational Employees



Mr. Tomas Salazar, Vice President

New Mexico Association of Educational Retirees



Ms. LeAnne Larranaga-Ruffy, Secretary

Public Employees Retirement of New Mexico

Ms. Alex Castillo Smith

New Mexico Health Care Authority

Mr. David Archuleta

Educational Retirement Board

Ms. Laura Montoya

New Mexico State Treasurer

Ms. Donna Sandoval

New Mexico Municipal League

Mr. Lance Pyle

New Mexico Association of Counties

Ms. Raquel Alirez

Classified State Employee

Mr. Gerry Washburn

New Mexico Superintendent Association

Mr. Lee Caruana

Retired Public Employees of New Mexico

CHALLENGES

The inflation Reduction Act (Federal Mandate to Medicare Part D)

- This benefits members by capping out-of-pocket spend on prescriptions to no more than \$2,000 (current cap \$8,000)
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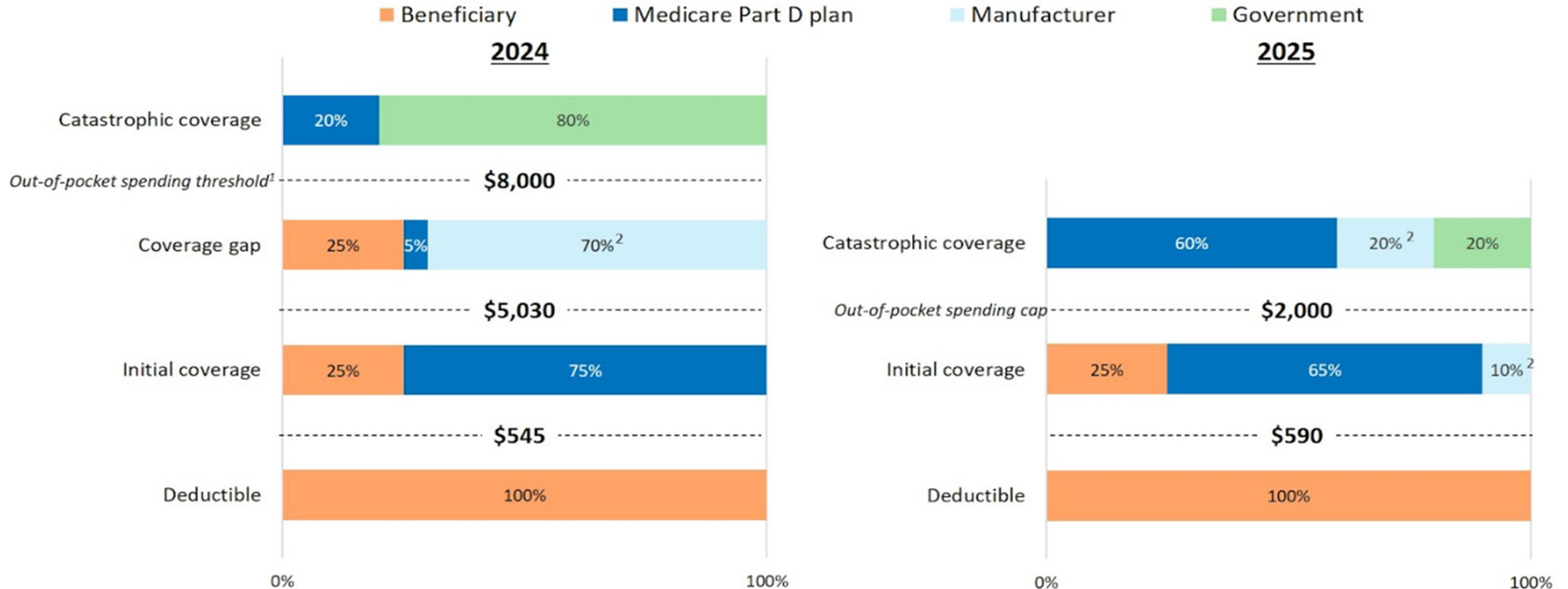
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Increase in prescription drug costs

- New cell and gene therapies capable of curing illnesses but lead to costly drugs
- Specialty drugs driving higher costs to plans while waiting for competition
- Increase in pricing of existing drugs
- Accelerated approvals of new drugs to market

INFLATION REDUCTION ACT

Standard Medicare Prescription Drug Benefit, 2024 vs. 2025



ENROLLMENT COUNTS

Enrollment Counts	
July 1, 2014	
Medical Plan	Grand Total
BCBS Premier Plus	3,964
BCBS Premier	6,404
Presbyterian Premier Plus	2,085
Presbyterian Premier	5,617
BCBS Medicare Supplemental Plan	22,499
Lovelace Medicare Advantage I	2,895
Lovelace Medicare Advantage II	1,725
Presbyterian Medicare Advantage I	3,067
Presbyterian Medicare Advantage II	1,246
United Healthcare Plan I	648
United Healthcare Plan II	364
Grand Total	50,514
Voluntary	5,617
Total Enrollment	56,131
Non-Medicare	18,070
Medicare	32,444

Enrollment Counts	
July 1, 2019	
Medical Plan	Grand Total
BCBS Premier	7,171
Presbyterian Premier	4,466
BCBS Value Plan	857
Presbyterian Value Plan	2,739
BCBS Medicare Supplemental Plan	23,094
BCBS Medicare Advantage I	2,494
BCBS Medicare Advantage II	1,331
Humana Medicare Advantage I	401
Humana Medicare Advantage II	413
Presbyterian Medicare Advantage I	6,188
Presbyterian Medicare Advantage II	1,678
United Healthcare Medicare Advantage I	1,810
United Healthcare Medicare Advantage II	1,963
Grand Total	54,605
Voluntary	8,862
Total Enrollment	63,467
Non-Medicare	15,233
Medicare	39,372

Enrollment Counts	
July 1, 2024	
Medical Plan	Grand Total
BCBS Premier	5,082
Presbyterian Premier	2,854
BCBS Value Plan	768
Presbyterian Value Plan	2,275
BCBS Medicare Supplemental Plan	20,062
BCBS Medicare Advantage I	3,715
Humana Medicare Advantage I	1,061
Humana Medicare Advantage II	893
Presbyterian Medicare Advantage I	7,480
Presbyterian Medicare Advantage II	1,476
United Healthcare Medicare Advantage I	3,380
United Healthcare Medicare Advantage II	2,557
Grand Total	51,603
Voluntary	14,066
Total Enrollment	65,669
Non-Medicare	10,979
Medicare	40,624

Difference between 2014 to 2019

Medical Pre-Medicare: -2,837

Medicare: 6,928

Difference between 2019 to 2024

Medical Pre-Medicare: -4,254

Medicare: 1,252

BENEFITS OFFERED - 2025

Pre-Medicare (pre-65/non-disabled)

Medical

- 2 – Value HMO Plans
 - Choice between Presbyterian Health Plan and Blue Cross Blue Shield
- 2 – PPO Plans
 - Choice between Presbyterian Health Plan and Blue Cross Blue Shield

Medicare (65+/disabled)

Medical

- 1 – Supplement Plan – Blue Cross Blue Shield
- 5 – Medicare Advantage Plans
 - Choice United HealthCare, Humana, Presbyterian Health Plan, and Blue Cross Blue Shield HMO and Blue Cross Blue Shield PPO
- 0 – Medicare Advantage Plan II
 - Removed United HealthCare, Humana, Presbyterian Health Plan, and Blue Cross Blue Shield

Voluntary Benefits

Dental – Delta & Blue Cross Blue Shield

- Basic
- Comprehensive

Vision – Davis

Supplemental Term Life Insurance – Standard Insurance Company



2025 NON-MEDICARE PLAN CHANGES

CARRIER	PLAN	PLAN CHANGE	PREMIUM CHANGE (based on retiree premiums who are receiving maximum subsidy)*		
			PERCENT CHANGE	AMOUNT OF MONTHLY CHANGE*	NEW MONTHLY PREMIUM*
Presbyterian & Blue Cross Blue Shield	Value Plan	No Medical or Rx Changes	2% increase for retirees & spouse 3% increase for dependent children	\$5.30 Retiree \$10.06 Spouse \$7.70 Child	\$270.19 Retiree \$512.80 Spouse \$264.38 Child
	Premier Plan	No Medical or Rx Changes	2% increase for retirees & spouse 3% increase for dependent children	\$6.78 Retiree \$12.87 Spouse \$9.87 Child	\$345.90 Retiree \$656.51 Spouse \$339.03 Child

2025 MEDICARE PLAN CHANGES

CARRIER	PLAN	PLAN CHANGE	PREMIUM CHANGE (based on retiree premiums who are receiving maximum subsidy)*		
			PERCENT CHANGE	AMOUNT OF MONTHLY CHANGE*	NEW MONTHLY PREMIUM*
Blue Cross Blue Shield	Supplement	No medical changes. Rx change per IRA** of \$2000 annual out-of-pocket max.	2% increase	\$4.82 Retiree \$7.22 Spouse \$9.63 Child	\$245.61 Retiree \$368.42 Spouse \$491.23 Child
	Medicare Advantage Plan I (New name is Medicare Advantage HMO)	No medical changes. Rx change per IRA** of \$2000 annual out-of-pocket max.	0% increase	\$0.00 Retiree \$0.00 Spouse \$0.00 Child	\$0.00 Retiree \$0.00 Spouse \$0.00 Child
	Medicare Advantage PPO	New Plan Option. Rx change per IRA** of \$2000 annual out-of-pocket max.	New Plan Option	New Plan Option	\$22.50 Retiree \$33.75 Spouse \$45.00 Child
United HealthCare	Medicare Advantage Plan I (New name is Medicare Advantage PPO)	No medical changes. Rx change per IRA** of \$2000 annual out-of-pocket max.	42% increase	\$20.70 Retiree \$ 31.05 Spouse \$41.40 Child	\$70.50 Retiree \$105.75 Spouse \$141.00 Child
	Medicare Advantage Plan II	No longer available			
Humana	Medicare Advantage Plan I (New name is Medicare Advantage PPO)	No medical changes. Rx change per IRA** of \$2000 annual out-of-pocket max.	17% increase	\$5.26 Retiree \$7.88 Spouse \$10.51 Child	\$36.61 Retiree \$354.92 Spouse \$73.23 Child
	Medicare Advantage Plan II	No longer available			
Presbyterian	Medicare Advantage Plan I (New name is Medicare Advantage PPO)	Various changes in co-pays and co-insurance. Rx change per IRA** of \$2000 annual out-of-pocket max.	7% increase	\$6.53 Retiree \$9.78 Spouse \$13.04 Child	\$99.74 Retiree \$149.62 Spouse \$199.49 Child
	Medicare Advantage Plan II	No longer available			

2025 VOLUNTARY PLAN CHANGES

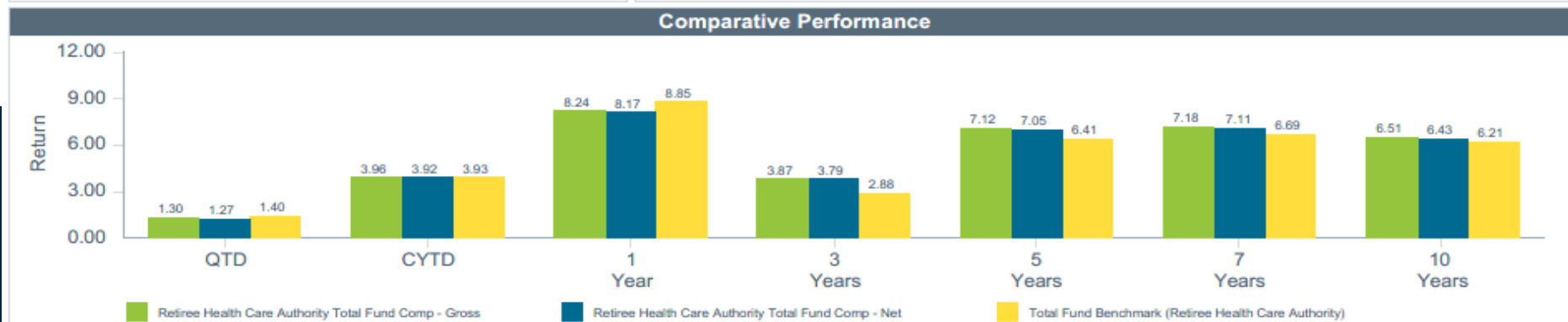
CARRIER	PLAN	PLAN CHANGE	PREMIUM CHANGE (based on retiree premiums who are receiving maximum subsidy)*		
			PERCENT CHANGE	AMOUNT OF MONTHLY CHANGE*	NEW MONTHLY PREMIUM*
Delta Dental	Basic	No change	22.5% increase	\$4.42 Single \$8.41 2-Party \$12.60 Family	\$24.04 Single \$45.68 2-Party \$68.51 Family
	Comprehensive	No change	9% increase	\$3.67 Single \$6.99 2-Party \$10.52 Family	\$43.70 Single \$83.05 2-Party \$124.57 Family
Blue Cross Blue Shield Dental	Basic	New Plan Option			\$19.98 Single \$37.95 2-Party \$56.93 Family
	Comprehensive	New Plan Option			\$38.46 Single \$73.07 2-Party \$109.56 Family
Davis Vision	Vision Plan	Frame allowance up to \$150 or \$200 if at Visionworks	6% increase	\$0.29 Single \$0.53 2-Party \$0.78 Family	\$4.91 Single \$9.24 2-Party \$13.61 Family
The Standard Life Insurance	Multiple Levels of Coverage Available	No change (age bracket change January of each year)			

INVESTMENT PERFORMANCE

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

As of June 30, 2024

Overview	Asset Allocation vs. Target Allocation				
The New Mexico Retiree Health Care Authority (NMRHCA) was established in 1990 to provide health care coverage to retirees of state agencies and eligible participating public entities. Approximately 300 public entities including cities, counties, universities and charter schools participate in NMRHCA. The agency provides medical plans for both non Medicare and Medicare eligible retirees and their dependents as well as dental, vision and life insurance. The Authority currently provides coverage to approximately 58,000 retirees and their dependents.		Market Value (\$)	Allocation (%)	Target (%)	Difference (%)
	US Large Cap Index	278,988,768	18.54	14.00	4.54
	US Small/Mid Cap Alt Wtd Index	31,130,897	2.07	2.00	0.07
	Non-US Developed Markets Index	199,772,118	13.28	14.00	-0.72
	Non-US Emerging Markets Active	120,677,930	8.02	10.00	-1.98
	US Core Bonds	234,425,209	15.58	20.00	-4.42
	Private Debt Market	220,689,012	14.67	15.00	-0.33
	Real Return	75,595,637	5.02	5.00	0.02
	Real Estate	135,333,894	8.99	10.00	-1.01
	Private Equity	208,026,378	13.83	10.00	3.83
	Total Fund	1,504,639,843	100.00	100.00	0.00



Comparative Performance										
	QTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2023	2022	2021
Retiree Health Care Authority Total Fund Comp - Gross	1.30	3.96	8.24	3.87	7.12	7.18	6.51	9.39	-6.98	15.61
Total Fund Benchmark (Retiree Health Care Authority)	1.40	3.93	8.85	2.88	6.41	6.69	6.21	9.85	-8.54	12.90
Difference	-0.10	0.03	-0.61	0.99	0.71	0.49	0.30	-0.46	1.56	2.71
Retiree Health Care Authority Total Fund Comp - Net	1.27	3.92	8.17	3.79	7.05	7.11	6.43	9.32	-7.05	15.51
Total Fund Benchmark (Retiree Health Care Authority)	1.40	3.93	8.85	2.88	6.41	6.69	6.21	9.85	-8.54	12.90
Difference	-0.13	-0.01	-0.68	0.91	0.64	0.42	0.22	-0.53	1.49	2.61

Schedule of Investable Assets					
Periods Ending	Beginning Market Value (\$)	Net Cash Flow (\$)	Gain/Loss (\$)	Ending Market Value (\$)	% Return
CYTD	1,339,917,477	110,000,000	54,722,366	1,504,639,843	3.92

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

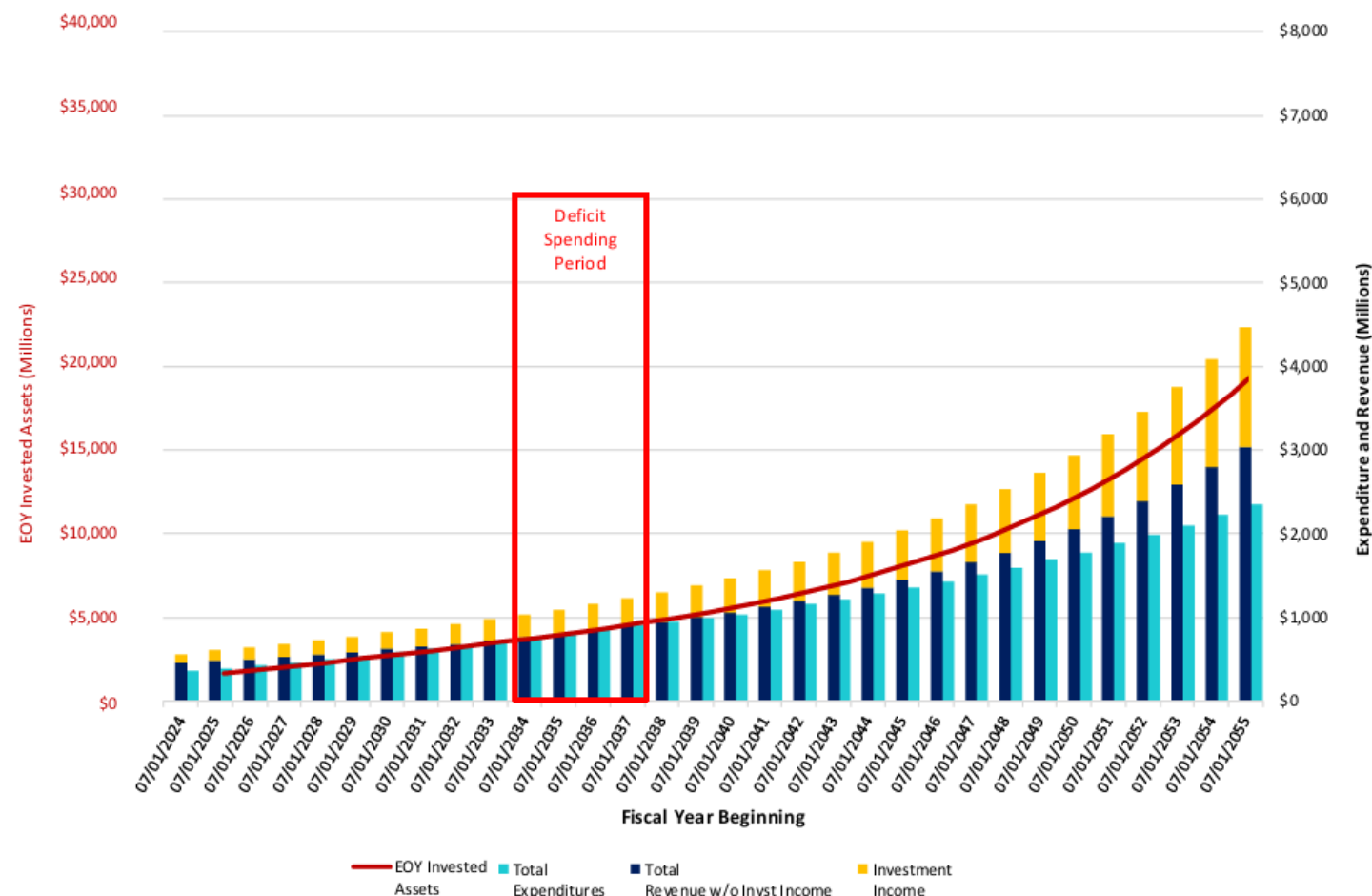
SOLVENCY UPDATES

2024 Solvency Scenario – Board Approved Rate Action

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

Projected
solvency =
past 30 years

Period of time
when
expenditures
exceed revenue



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

SOLVENCY UPDATES CONTINUED

- Negotiated rates with vendors – limit increases on behalf of members
- Added additional cost containment strategies in contracts
- Wellness programs – Wise and Well with multiple options for members to improve health for better lifestyle
- Improved communication and education for better decisions and use of plans
- Premium increases – keep pace with rising health care costs
- Plan design changes to increase cost share to members



- Implementation of Narrower networks
- Decrease in subsidy levels – pre-Medicare retiree and spouse
- Dependent children subsidy elimination from all plans
- Eligibility rule changes – for subsidy of non-enhanced members
- Minimum age 55 and 25 years of service
- Converted \$6K basic life insurance benefit paid by NMRHCA to 100% member paid

HISTORICAL CONTRIBUTIONS

Employee & employer contributions since creation of Retiree Health Care Act: Started with over 15,000 members

Non-Enhanced Retirement Plan			
	Employee	Employer	Total
1990-2002 (12 years)	0.500%	1.000%	1.500%
2002-2010 (8years)	0.650%	1.300%	1.950%
2010-2011 (1 year)	0.833%	1.666%	2.499%
2011-2012 (1 year)	0.917%	1.834%	2.751%
2012-2024 (12 years)	1.000%	2.000%	3.000%

Enhanced Retirement Plan			
	Employee	Employer	Total
1990-2002 (12 years)	0.500%	1.000%	1.500%
2002-2010 (8years)	0.650%	1.300%	1.950%
2010-2011 (1 year)	1.042%	2.084%	3.126%
2011-2012 (1 year)	1.146%	2.292%	3.438%
2012-2024 (12 years)	1.250%	2.500%	3.750%

- No pre-material funding
- No trust fund or reserves
- Payroll contributions for comprehensive and affordable benefits in retirement
- Currently 66,000 members on plans
- 93,595 active employees contributing for future retirement benefits

NMRHCA GASB 74

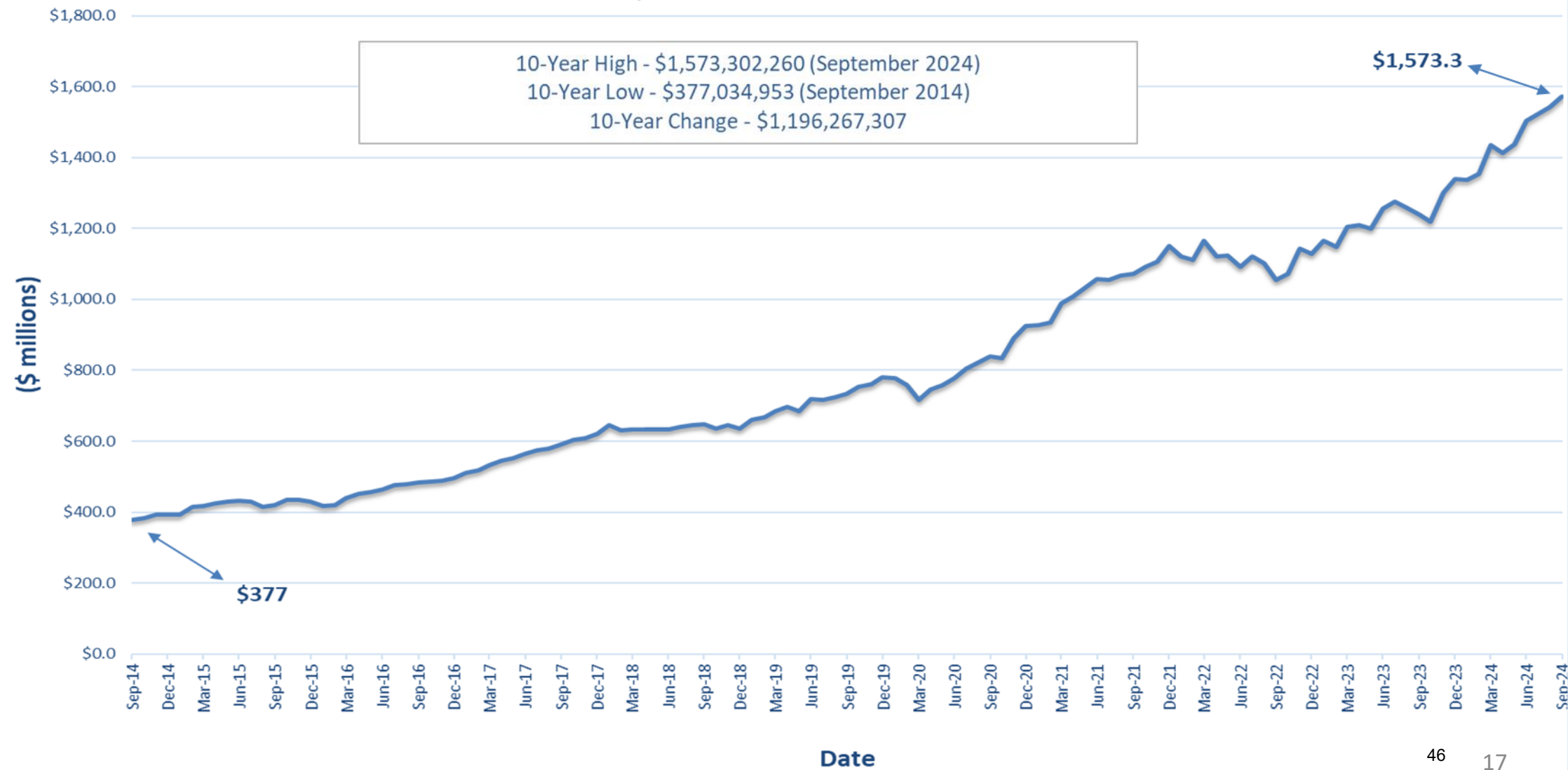
GASB 74 – Actuarial Valuation Review of Other Postemployment Benefits (OPEB) as of June 30, 2024

- Total OPEB Liability: **\$3,366,766,868 (2024)***
 - \$3,049,662,302 (2023) / \$3,467,298,517 (2022) / \$4,409,849,335 (2021)
- Net OPEB Liabilities (NOL): **\$1,793,360,811 (2024)***
 - \$1,702,935,036 (2023) / \$2,311,603,052 (2022) / \$3,290,349,790 (2021)
- NOL increased a little over \$90 million from previous year, due to the following:
 - Trend rates on the valuation year per capita health costs, including drug rebates and EGWP revenue, methodology, increased liabilities
 - Blended Discount rate – 7% compared to 6.22% in 2023, decrease liabilities
- Funded Status: **46.73% (2024)***
 - 44.16% (2023) / 33.33% (2022) / 25.39% (2021)

**Preliminary results*

TRUST FUND

NMRHCA Trust Fund Balance History
September 2014 - 2024



LEGISLATIVE PROPOSAL



● For 2025, file a joint resolution for New Mexico Retiree Health Care Authority's health benefits trust fund to be recognized and protected under the New Mexico Constitution.*

- Similar to the pension systems, Educational Retirement Board and Public Employee Retirement Association.
- The retiree health benefits trust fund is currently over \$1.5 billion.
- Currently the state statute states that this benefit can be modified or extinguished in the future to meet changes in economic or social conditions.
- However, many New Mexicans have been making contributions into this benefit for their careers with the expectation of having a benefit when they retire.

*Request for Endorsement



New Mexico Retiree Health Care Authority

Neil Kueffer, Executive Director
505-222-6408
neil.kueffer@rhca.nm.gov

Please call 800-233-2576 / 505-222-6400
Or visit us at: www.nmrhca.org or www.facebook.com/nmrhca
Business Hours: 8:00AM – 5:00PM (Monday through Friday)

Albuquerque Office Location
6300 Jefferson Street NE, Suite 150

Santa Fe Office Location
33 Plaza La Prensa

_____ JOINT RESOLUTION

57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025

INTRODUCED BY

DISCUSSION DRAFT

A JOINT RESOLUTION

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

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

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

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

.228945.1SA

underscored material = new
[bracketed material] = delete

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

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

17 C. The board of the public employees retiree health
18 care system has the sole and exclusive power and authority to
19 adopt actuarial assumptions based upon the recommendations made
20 by an independent actuary with whom it contracts.

21 D. Upon meeting the minimum service requirements of
22 an applicable retiree health care plan created by law for
23 employees of the state and any of its institutions or political
24 subdivisions, a member of a retiree health care plan shall
25 acquire a vested property right with due process protections

.228945.1SA

1 under the applicable provisions of the constitution of New
2 Mexico and United States constitution.

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

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

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New Mexico Retiree Healthcare Authority

**Governmental Accounting Standards Board (GASB) Statement 74
Actuarial Valuation and Review of Other Postemployment Benefits (OPEB)
measured as of June 30, 2024**



November 25, 2024

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

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review of Other Postemployment Benefits (OPEB) measured as of June 30, 2024 under Governmental Accounting Standards Board Statement No. 74. The report summarizes the actuarial data used in the valuation, discloses the Net OPEB Liability (NOL), and analyzes the preceding year's experience. The actuarial calculations were completed under the supervision of Mehdi Riazi, FSA, MAAA, FCA, EA, Vice President & Consulting Actuary and Melissa Krumholz, FSA, MAAA, Vice President and Health Actuary.

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

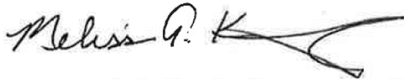
The actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices for the exclusive use and benefit of the Board, based upon information provided by the staff of the Plan and the Plan's other service providers. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate. Further, in our opinion, the assumptions used in this valuation and described in Section 3, Exhibit B are reasonably related to the experience of and the expectations for the Plan. The actuarial projections are based on these assumptions and the plan of benefits as summarized in Section 3, Exhibit C.

Segal makes no representation or warranty as to the future status of the Plan and does not guarantee any particular result. This document does not constitute legal, tax, accounting or investment advice or create or imply a fiduciary relationship. The Board is encouraged to discuss any issues raised in this report with the Plan's legal, tax and other advisors before taking, or refraining from taking, any action.

Sincerely,



Deborah Donaldson, FSA, MAAA
Senior Vice President and West Health
Practice Leader



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



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

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Section 1: Actuarial Valuation Summary

Purpose and basis

This report presents the results of our actuarial valuation of New Mexico Retiree Healthcare Authority (“NMRHCA”) OPEB Plan as of June 30, 2024, required by Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. The actuarial computations made are for purposes of fulfilling plan accounting requirements. Determinations for purposes other than meeting financial accounting requirements may be significantly different from the results reported here. This valuation is based on:

- The benefit provisions of NMRHCA, as administered by the NMRHCA;
- The characteristics of covered active members, terminated vested members, and retired members and beneficiaries as of June 30, 2023 (captured as of January 1, 2023), provided by NMRHCA;
- The assets of the Plan as of June 30, 2024, provided by NMRHCA;
- Economic assumptions regarding future salary increases and investment earnings adopted by the Board for the June 30, 2023 valuation; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, health care trend and enrollment, etc.

Highlights of the valuation

Accounting and financial reporting

- For GASB 74 reporting as of June 30, 2024, the Net OPEB Liability (NOL) was measured as of June 30, 2024. The Plan’s Fiduciary Net Position (plan assets) and the Total OPEB Liability (TOL) were valued as of the measurement date.
- The NOL as of June 30, 2024 is \$1.785 billion, an increase of \$82 million, from the prior valuation NOL of \$1.703 billion. Assumption changes increased the NOL by \$207 million. The trend rates on the Medicare plans were updated to reflect the anticipated impact of the Inflation Reduction Act on the 2025 Part D benefits and the excise tax thresholds used to limit future trend increases were removed. The impact of these changes was partially offset by an increase to the discount rate from 6.22% to 7.00%. The cross-over test methodology was updated to reflect contributions on future employee payroll that will finance the unfunded liabilities of current members. The net impact of the assumption changes was essentially equal to the impact of the

updated Medicare plan trends as the removal of the excise tax thresholds was almost entirely offset by the change to the discount rate. Details regarding the assumption changes can be found in Exhibit B, Section 3.

- Plan changes decreased the NOL by \$13.1 million due to the transfer of all retirees covered under the BCBS Medicare Advantage Plan II to the BCBS Medicare Advantage Plan I with a decreased premium of \$0. The Authority made several other changes to the 2025 Medicare plans, but those changes were adopted after June 30, 2024 and will be reflected in the June 30, 2025 measurement. The current plan of benefits is summarized in Exhibit C of Section 3.
- As of June 30, 2024, the ratio of assets to the Total OPEB Liability (the funded ratio) is 46.99%. This is based on the market value of assets at this point in time. The funded ratio as of June 30, 2023 was 44.16%.
- The discount rates used to determine the TOL and NOL as of June 30, 2024 and 2023 were 7.00% and 6.22%, respectively. The detailed projection used to determine the discount rate of 7.00% used in the calculation of the TOL and NOL as of June 30, 2024 can be found in Appendix A, Section 3. Various other information that is required to be disclosed can be found in Section 2.
- The discount rate used in the valuation for financial disclosure purposes as of June 30, 2024 is the assumed investment return on Plan assets (e.g. 7.00% for the June 30, 2024 valuation). Plan assets, when projected in accordance with the method prescribed by GASB 74, are expected to be sufficient to make all benefit payments to current Plan members.

Funding (with funding policy)

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

Summary of key valuation results

Valuation Result	Current	Prior
Measurement date	June 30, 2024	June 30, 2023
Disclosure elements for fiscal year ending June 30:		
• Total OPEB Liability	\$3,366,766,868	\$3,049,662,302
• Plan Fiduciary Net Position (Assets)	1,581,966,829	1,346,726,647
• Net OPEB Liability	1,784,800,039	1,702,935,655
• Plan Fiduciary Net Position as a percentage of Total OPEB Liability	46.99%	44.16%
• Service cost at beginning of year	76,343,178	91,535,036
• Total payroll	5,609,136,993	4,952,012,764
Schedule of contributions for fiscal year ending June 30:		
• Statutorily required contributions ¹	\$127,360,721	\$114,542,451
• Actual contributions	127,360,721	114,542,451
• Contribution deficiency / (excess)	0	0
• Benefit payments	112,914,181	89,966,066

¹ The information provided in this table has been updated to better align with the requirements for cost-sharing plans with statutorily required contribution rates.

Important information about actuarial valuations

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

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

Input Item	Description
Plan of benefits	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. For example, a plan may provide health benefits to post-65 retirees that coordinates with Medicare. If so, changes in the Medicare law or administration may change the plan's costs without any change in the terms of the plan itself. It is important for the NMRHCA to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary included in our report to confirm that Segal has correctly interpreted the plan of benefits.
Participant data	An actuarial valuation for a plan is based on data provided to the actuary by the plan. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is not necessary to have perfect data for an actuarial valuation: the valuation is an estimated forecast, not a prediction. The uncertainties in other factors are such that even perfect data does not produce a "perfect" result. Notwithstanding the above, it is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
Assets	The valuation is based on the market value of assets as of the valuation date, as provided by the NMRHCA on November 4, 2024.
Actuarial assumptions	In preparing an actuarial valuation, Segal starts by developing a forecast of the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. To determine the future costs of benefits, Segal collects claims, premiums, and enrollment data in order to establish a baseline cost for the valuation measurement, and then develops short- and long-term health care cost trend rates to project increases in costs in future years. This forecast also requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of each participant for each year, as well as forecasts of the plan's benefits for each of those events. The forecasted benefits are then discounted to a present value, typically based on an estimate of the rate of return that will be achieved on the plan's assets or, if there are no assets, a rate of return based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). All of these factors are uncertain and unknowable. Thus, there will be a range of reasonable assumptions, and the results may vary materially based on which assumptions the actuary selects within that range. That is, there is no right answer (except with hindsight). It is important for any user of an actuarial valuation to understand and accept this constraint. The actuarial model necessarily uses approximations and estimates that may lead to significant changes in our results but will have no impact on the actual cost of the plan. In addition, the actuarial assumptions may change over time, and while this can have a significant impact on the reported results, it does not mean that the previous assumptions or results were unreasonable or wrong.

Input Item	Description
Models	<p>Segal accounting results are based on proprietary actuarial modeling software. The accounting valuation models generate a comprehensive set of liability and cost calculations that are presented to meet accounting standards and client requirements. Our Actuarial Technology and Systems unit, comprising both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary.</p> <p>The blended discount rate used for calculating Total OPEB liability is based on a model developed by our Actuarial Technology and Systems unit, comprised of both actuaries and programmers. The model allows the client team, under the supervision of the responsible actuary, control over the entry of future expected contribution income, benefit payments and administrative expenses. The projection of Fiduciary Net Position and the discounting of benefits is part of the model.</p> <p>Our claims costs assumptions are based on proprietary modeling software as well as models that were developed by others. These models generate per capita claims cost calculations that are used in our valuation software. Our Health Technical Services Unit, comprised of actuaries and programmers, is responsible for the initial development and maintenance of our health models. They are also responsible for testing models that we purchase from other vendors for reasonableness. The client team inputs the paid claims, enrollments, plan provisions and assumptions into these models and reviews the results for reasonableness, under the supervision of the responsible actuary.</p>

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

- The actuarial valuation is prepared for use by the NMRHCA Finance Department. It includes information for compliance with accounting standards and for the plan's auditor. Segal is not responsible for the use or misuse of its report, particularly by any other party.
- If the NMRHCA is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
- An actuarial valuation is a measurement at a specific date – it is not a prediction of a plan's future financial condition. Accordingly, Segal did not perform an analysis of the potential range of financial measurements, except where otherwise noted. The actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.
- Sections of this report include actuarial results that are not rounded, but that does not imply precision.
- Critical events for a plan include, but are not limited to, decisions about changes in benefits and contributions. The basis for such decisions needs to consider many factors such as the risk of changes in plan enrollment, emerging claims experience, health care trend, and investment losses, not just the current valuation results.

- Segal does not provide investment, legal, accounting, or tax advice and is not acting as a fiduciary to the Plan. This valuation is based on Segal's understanding of applicable guidance in these areas and of the Plan's provisions, but they may be subject to alternative interpretations. The NMRHCA should look to their other advisors for expertise in these areas.
- While Segal maintains extensive quality assurance procedures, an actuarial valuation involves complex computer models and numerous inputs. In the event that an inaccuracy is discovered after presentation of Segal's valuation, Segal may revise that valuation or make an appropriate adjustment in the next valuation.
- Segal's report shall be deemed to be final and accepted by the NMRHCA upon delivery and review. The NMRHCA should notify Segal immediately of any questions or concerns about the final content.

Actuarial Certification

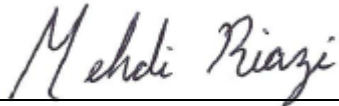
This is to certify that Segal has conducted an actuarial valuation of certain benefit obligations of New Mexico Retiree Healthcare Authority's other postemployment benefit programs as of June 30, 2024, in accordance with generally accepted actuarial principles and practices. The actuarial calculations presented in this report have been made on a basis consistent with our understanding of GASB Statement 74 for the determination of the liability for postemployment benefits other than pensions.

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

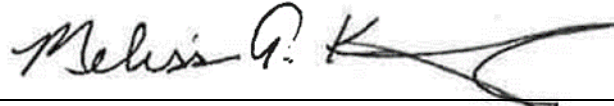
The actuarial computations made are for purposes of fulfilling plan accounting requirements. Determinations for purposes other than meeting financial accounting requirements may be significantly different from the results reported here. Accordingly, additional determinations may be needed for other purposes,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

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

To the best of our knowledge, this report is complete and accurate and in our opinion presents the information necessary to comply with GASB Statement 74 with respect to the benefit obligations addressed. The signing actuaries are members of the Society of Actuaries, the American Academy of Actuaries, and other professional actuarial organizations and collectively meet the "General Qualification Standards for Statements of Actuarial Opinions" to render the actuarial opinion contained herein.



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



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

Section 2: GASB 74 Information

General information about the OPEB plan

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

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

Adopted April 5, 2021, Senate Bill 315 grants employees who were employed with the Department of Public Safety (DPS) prior to July 1, 2015, and that were reported under the State General Plan 3 (‘Non-Enhanced’) retroactive eligibility in the State Police and Adult Correctional Officer Plan (‘Enhanced’) for purposes of retirement and health care benefits.

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

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

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

Net OPEB Liability

Components of the Net OPEB Liability	Current	Prior
Measurement date	June 30, 2024	June 30, 2023
Total OPEB Liability	\$3,366,766,868	\$3,049,662,302
Plan Fiduciary Net Position	1,581,966,829	1,346,726,647
Net OPEB Liability	1,784,800,039	1,702,935,655
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	46.99%	44.16%

The Net OPEB Liability was measured as of June 30, 2024 and 2023. Plan Fiduciary Net Position (plan assets) was valued as of the measurement dates and the Total OPEB Liability was determined from actuarial valuations using data as of June 30, 2023.

Actuarial assumptions. The Total OPEB Liability was measured by an actuarial valuation as of June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Assumption Type	Assumption
Inflation	2.30% for ERB, 2.50% for PERA
Salary increases	ERB: Ranges from 3.00% to 10.00% based on years of service, including inflation PERA: Ranges from 3.25% to 13.00% based on years of service, including inflation
Investment rate of return	7.00%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Discount rate	7.00%
Health care cost trend rates	
Non-Medicare	8.00% graded down to 4.50% over 14 years
Medicare supplement	8.50% in 2023/2024, then 21.99% in 2024/2025, then 8.00% graded down to 4.50% over 14 years
Medicare advantage	First year trend based on actual premium increases, then 21.99% in 2024/2025, then 8.00% in 2025/2026 graded down to 4.50% over 14 years

The mortality, retirement, disability, turnover and salary increase assumptions are based on the Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2023, and the Educational Retirement Board (ERB) of New Mexico Actuarial Valuation Report as of June 30, 2023.

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

Determination of discount rate and investment rates of return

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	16.00%	6.39%
Non-US Developed Markets Equity	14.00%	6.49%
Non-US Emerging Markets Equity	10.00%	7.79%
Private Equity	10.00%	9.69%
Investment Grade (Core) Bonds	20.00%	1.59%
Private Debt	15.00%	3.49%
Real Estate	10.00%	3.19%
Real Assets	5.00%	3.69%
Total	100.00%	

Rate of return. For the year ended June 30, 2024, the annual money-weighted rate of return on investments, net of investment expense and margin for adverse deviation, was assumed to be 7.00%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Municipal bond rate. 3.93% and 3.65% based on the 20-year municipal bond rate for the Bond Buyer GO Index as of June 30, 2024 and June 30, 2023, respectively.

Discount rate. The discount rates used to measure the Total OPEB Liability (TOL) were 7.00% and 6.22% as of June 30, 2024 and June 30, 2023, respectively. The projection of cash flows used to determine the discount rate assumed employer and plan member contributions will be made at the current contribution rate. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the

service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan Fiduciary Net Position (FNP) was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL as of June 30, 2024.

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

Sensitivity

The following presents the NOL of the NMRHCA as well as what the NMRHCA's NOL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate. Also, shown is the NOL as if it were calculated using health care cost trend rates that were 1-percentage-point lower or 1-percentage-point higher than the current health care trend rates.

Item	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net OPEB Liability (Asset)	\$2,250,750,304	\$1,784,800,039	\$1,402,840,927

Item	1% Decrease in Health Care Cost Trend Rates	Current Health Care Cost Trend Rates	1% Increase in Health Care Cost Trend Rates
Net OPEB Liability (Asset)	\$1,379,274,113	\$1,784,800,039	\$2,286,241,240

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

Components of the Net OPEB Liability	Current	Prior
Measurement date	June 30, 2024	June 30, 2023
Total OPEB Liability		
Service cost	\$76,343,178	\$91,535,036
Interest	190,978,881	190,482,868
Change of benefit terms	-13,121,991	0
Differences between expected and actual experience	-30,797,837	-179,637,831
Changes of assumptions	206,616,516	-430,050,222
Benefit payments ¹	-112,914,181	-89,966,066
Net change in Total OPEB Liability	\$317,104,566	-\$417,636,215
Total OPEB Liability – beginning	3,049,662,302	3,467,298,517
Total OPEB Liability – ending	\$3,366,766,868	\$3,049,662,302
Plan Fiduciary Net Position²		
Contributions – employer	\$127,360,721	\$114,542,451
Contributions – employee	63,680,360	57,271,226
Net investment income	115,178,207	71,822,199
Benefit payments ¹	-112,914,181	-89,966,066
Administrative expense	-3,518,022	-3,105,864
Other ³	45,453,097	40,467,236
Net change in Plan Fiduciary Net Position	\$235,240,182	\$191,031,182
Plan Fiduciary Net Position – beginning	1,346,726,647	1,155,695,465
Plan Fiduciary Net Position – ending	\$1,581,966,829	\$1,346,726,647
Net OPEB Liability		
Net OPEB Liability – ending	\$1,784,800,039	\$1,702,935,655
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	46.99%	44.16%
Covered payroll	\$5,609,136,993	\$4,952,012,764
Plan Net OPEB Liability as percentage of covered payroll	31.82%	34.39%

¹ For measurement date June 30, 2024, this category equals Premium and claims paid (\$328,748,749) offset by the sum of Retiree contributions (\$174,823,355) and Medicare Part D subrogation and rebates (\$41,011,213). For measurement date June 30, 2023, this category equals Premium and claims paid (\$335,094,393) offset by the sum of Retiree contributions (\$174,521,312) and Medicare Part D subrogation and rebates (\$70,607,015).

² The Plan Fiduciary Net Position values are based on financial statements provided by NMRHCA on November 4, 2024.

³ For measurement date June 30, 2024, this category equals sum of Employer buy-ins interest portion (\$46,629) and Tax administration suspense fund revenue (\$46,272,433) offset by the sum of Refunds to retirees (\$457,540) and Depreciation expense (\$408,425). For measurement date June 30, 2023, this category equals sum of Employer buy-ins interest portion (\$48,846) and Tax administration suspense fund revenue (\$41,314,672) offset by the sum of Refunds to retirees (\$432,866), Depreciation expense (\$391,824), and transfers to New Mexico General Services Department (\$71,592).

Notes to Schedule:

Benefit changes: As of July 1, 2024, all retirees covered under the BCBS Medicare Advantage Plan II were transferred to the BCBS Medicare Advantage Plan I with a decreased premium of \$0.

Changes of assumptions: The trend rates on the valuation year per capita health costs, including drug rebates and EGWP revenue, were updated for Medicare plans. This change increased the TOL.

Excise tax thresholds on benefits are no longer applied. During the June 4, 2024 meeting, the Board rescinded the 2020 Attestation of Intent. The excise tax thresholds described by the Affordable Care Act (ACA) for High Cost Health Plans are no longer applicable for assumption setting purposes. This change increased the TOL.

The discount rate was updated from 6.22% to 7.00%. The cross-over test methodology was updated to reflect contributions on future employee payroll that will finance the unfunded liabilities of current members. This change decreased the TOL.

Schedule of employer contributions – last eight fiscal years

Year Ended June 30	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency / (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2017	\$85,858,432	\$85,858,432	\$0	\$4,165,647,340	2.06%
2018 ¹	85,401,662	85,401,662	0	4,290,616,760	1.99%
2019	88,516,369	88,516,369	0	4,172,928,635	2.12%
2020 ²	96,503,837	96,503,837	0	4,298,116,494	2.25%
2021	96,585,103	96,585,103	0	4,614,243,876	2.09%
2022	101,585,358	101,585,358	0	4,745,115,641	2.14%
2023	114,542,451	114,542,451	0	4,952,012,764	2.31%
2024	127,360,721	127,360,721	0	5,609,136,993	2.27%

The information provided in this table has been updated to better align with the requirements for cost-sharing plans with statutorily required contribution rates; see paragraph 36.c.2 of GASB Statement No. 74.

¹ Covered payroll was rolled forward from the June 30, 2017, at 3.00% assumed payroll increases using a member-weighted average of PERA and ERB payroll growth rates rounded to the nearest 0.25%.

² Covered payroll was projected forward from June 30, 2019, valuation at 3.00% assumed payroll increases for PERA and ERB.

Section 3: Supporting Information

Exhibit A: Summary of participant data

Statistic	As of June 30, 2023
Number of retirees	39,007
Average age of retirees	71.98
Number of spouses	11,557
Average age of spouses	71.07
Number of surviving spouses	2,414
Average age	80.34
Number inactive vested	12,552
Average age	51.97
Number of actives	93,595
Average age	45.26
Average service	9.89

Note: The liabilities measured as of June 30, 2024 were based on census data as of June 30, 2023.

Exhibit B: Actuarial assumptions and actuarial cost method

Data:

Detailed census data, premium data and/or claim experience, and summary plan descriptions for OPEB were provided by:

- The non-retired census information was provided by New Mexico ERB an PERA.
- The retiree census and medical data information was provided by NMRHCA.
- The financial information was provided by NMRHCA.

Actuarial cost method:

Entry Age Actuarial Cost Method. Entry Age is the age at the member's hire date. Actuarial Accrued Liability is calculated on an individual basis and is based on costs allocated as a level percentage of compensation.

Asset valuation method:

Market Value. The assets as of June 30, 2024, were based on financial statements provided by NMRHCA on November 4, 2024.

Measurement date:

June 30, 2024

Actuarial valuation date:

June 30, 2023

Census date:

January 1, 2023

Discount rate:

7.00%

Roll-forward techniques:

The results as of June 30, 2024 were based on the results of the Actuarial Valuation and Review of Other Postemployment Benefits as of June 30, 2023 in accordance with GASB No. 74, dated November 13, 2023, completed by Segal, adjusted forward using standard actuarial techniques and also adjusted for the changes in assumptions described below and the changes in the plan of benefits described in Exhibit C.

Payroll increase:

3.00%. assumed payroll increases for PERA.

2.60%, assumed payroll increases for ERB.

PERA salary increases:

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

Attributed to	1	5	10	15	20
General Increase in Wage Level Due to					
Inflation	2.50	2.50	2.50	2.50	2.50
Other factors	0.75	0.75	0.75	0.75	0.75
Increase Due to Merit/Longevity					
State General	5.00	1.25	0.50	0.00	0.00
State Police and Corrections ¹	9.75	3.50	2.00	1.50	1.50
Municipal General	2.50	1.50	0.50	0.00	0.00
Municipal Police	7.75	2.75	1.50	0.75	0.75
Municipal Fire	7.75	2.75	1.50	1.25	1.25

¹ The State Police and Corrections subgroups were not identified separately in the census data. We have used the Corrections assumption because the subgroup comprises about 70% of the combined group total.

ERB salary increases:

General Increase in Wage Level Due to:

Inflation: 2.30%

Productivity increase rate: 0.70%

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

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

Demographic assumptions:

The demographic assumptions used in this valuation (including mortality, disability, turnover, retirement, percent married and relative ages of spouses) are based on

- For PERA, the Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2023.
- For ERB, the Educational Retirement Board (ERB) of New Mexico Actuarial Valuation Report as of June 30, 2023.

PERA mortality rates:

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

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

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

These mortality tables were determined so as to reasonably reflect future mortality improvement, based on the June 30, 2023, PERA pension valuation.

PERA termination rates (%) before retirement:

State General Males
Rates (%) of Active members Terminating During Sample Years of Service

Age	2	4	6	8	10+
20	18.76	10.86	8.21	7.78	5.11
25	17.72	11.06	8.10	7.07	4.65
30	16.45	11.27	7.97	6.18	4.13
35	15.31	10.81	7.59	5.58	3.89
40	14.30	9.97	7.08	5.40	3.86
45	13.55	9.06	6.63	5.40	3.86
50	13.26	8.45	6.49	5.40	3.86
55	13.26	8.37	6.49	5.40	3.86
60	13.26	8.37	6.49	5.40	3.86

State General Females
Rates (%) of Active members Terminating During Sample Years of Service

Age	2	4	6	8	10+
20	18.13	11.95	8.22	6.05	4.83
25	17.76	11.95	8.02	5.81	4.25
30	17.28	11.89	7.81	5.54	3.55
35	16.34	11.23	7.45	5.28	3.46
40	15.22	10.24	6.99	5.06	3.46
45	14.19	9.20	6.58	4.95	3.46
50	13.52	8.55	6.45	4.80	3.46
55	13.37	8.50	6.45	4.70	3.46
60	13.37	8.50	6.45	4.70	3.46

Municipal General Males
Rates (%) of Active members Terminating During Sample Years of Service

Age	2	4	6	8	10+
20	21.70	14.59	11.29	8.93	8.54
25	20.00	13.52	10.26	8.05	7.32
30	17.73	12.04	8.96	6.94	5.69
35	15.77	10.65	8.01	6.20	4.61
40	14.06	9.37	7.29	5.73	3.92
45	12.80	8.39	6.87	5.58	3.65
50	12.20	8.01	6.79	5.58	3.65
55	12.18	8.01	6.79	5.58	3.65
60	12.18	8.01	6.79	5.58	3.65

Municipal General Females
Rates (%) of Active members Terminating During Sample Years of Service

Age	2	4	6	8	10+
20	24.40	17.77	14.41	11.94	7.51
25	21.96	16.06	12.80	10.32	6.38
30	18.85	13.77	10.63	8.16	4.94
35	16.69	11.96	9.08	6.70	4.09
40	15.16	10.49	7.84	5.74	3.67
45	14.28	9.49	6.50	5.31	3.62
50	14.01	9.14	6.50	5.30	3.62
55	14.01	9.14	6.50	5.30	3.62
60	14.01	9.14	6.50	5.30	3.62

Rates (%) of Active members Terminating During Sample Years of Service

	1	3	5	7	10+
State Police & Corrections ¹	20.00	16.00	9.00	8.00	5.75
Municipal Detention	22.00	16.00	10.00	10.00	6.00
Municipal Police	14.00	9.50	6.80	5.15	3.50
Municipal Fire	10.00	7.50	5.00	3.30	2.75

¹ The State Police and Corrections subgroups were not identified separately in the census data. We have used the Corrections assumption because the subgroup comprises about 70% of the combined group total.

PERA disability rates (%) before retirement:

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

¹ The State Police and Corrections subgroups were not identified separately in the census data. We have used the Corrections assumption because the subgroup comprises about 70% of the combined group total.

PERA retirement rates (%):

Age	State General Male	State General Female	State Police and Corrections ¹	Municipal General Male	Municipal General Female	Municipal Police ²	Municipal Fire
40	25	25	40	20	25	30	30
45	25	25	40	20	25	30	25
50	25	25	40	20	25	30	20
55	25	25	40	20	25	30	25
60	30	25	35	15	25	30	20
65	25	25	35	15	25	30	20
70	25	20	100	20	15	100	100
75	25	20		20	15		
80	100	100		100	100		

ERB mortality rates:

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

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

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

¹ The State Police and Corrections subgroups were not identified separately in the census data. We have used the Corrections assumption because the subgroup comprises about 70% of the combined group total.

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

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

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

These mortality tables were determined so as to reasonably reflect future mortality improvement, based on the June 30, 2023, ERB pension valuation.

ERB termination rates (%) before retirement:

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

ERB disability rates (%) before retirement:

Age	Males	Females
25	0.007	0.010
30	0.007	0.010
35	0.042	0.020
40	0.091	0.050
45	0.133	0.080
50	0.168	0.120
55	0.182	0.168

ERB retirement rates:

Rates (%) for Male Members

Hired Before July 1, 2010 and Normal Retirement for Members Hired On or After July 1, 2020

Age	0-4 Years of Service	5-9 Years of Service	10-14 Years of Service	15-19 Years of Service	20-24 Years of Service	25 Years of Service	26+ Years of Service
45	0	0	0	0	0	25	15
50	0	0	0	0	0	25	18
55	0	0	0	0	5	20	18
60	0	0	0	15	20	25	25
62	0	0	30	30	30	25	25
65	0	40	35	30	30	25	25
67	0	25	25	25	30	25	25
70	100	100	100	100	100	100	100

Rates (%) for Female Members

Hired Before July 1, 2010 and Normal Retirement for Members Hired On or After July 1, 2020

Age	0-4 Years of Service	5-9 Years of Service	10-14 Years of Service	15-19 Years of Service	20-24 Years of Service	25 Years of Service	26+ Years of Service
45	0	0	0	0	0	25	15
50	0	0	0	0	0	25	18
55	0	0	0	0	6	25	23
60	0	0	0	20	15	25	25
62	0	0	40	30	30	30	30
65	0	35	40	40	40	40	40
67	0	25	25	25	30	30	30
70	100	100	100	100	100	100	100

Rates (%) for Male Members

Hired On or After July 1, 2020

Age	15-19 Years of Service	20-24 Years of Service	25-29 Years of Service
55	0	0	5
60	0	20	20
62	30	30	30
65	30	30	30

Rates (%) for Female Members Hired On or After July 1, 2020

Age	15-19 Years of Service	20-24 Years of Service	25-29 Years of Service
55	0	0	6
60	0	15	15
62	30	30	30
65	40	40	40

Unknown data for participants:

Same as those exhibited by members with similar known characteristics. If not specified, members are assumed to be male. For active participants with unknown dates of birth, we assumed their age at entry was that of the average for actives with date of birth.

Participation and coverage election:

60% of the active participants with 15 or more years of service and 50% of active participants with less than 15 years of service are assumed to continue coverage at retirement. 25% of employees terminating prior to retiring, and eligible, are assumed to elect NMRHCA benefits at retirement.

Future retirees are assumed to elect medical carriers in the same proportion as current retirees.

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

Non-Medicare Plan	Medical Election Rate (%)
BCBS Medicare Supplement	51
BCBS Senior Plan I or II	6
Presbyterian Senior Plan I or II	21

Non-Medicare Plan	Medical Election Rate (%)
United Healthcare Plan I or II	16
Humana Plan I or II	6
BCBS Medicare Supplement	51
BCBS Senior Plan I or II	6

Dependents:

Demographic data was available for spouses of current retirees.

Of those future male retirees who elect to continue their health coverage at retirement, 35% were assumed to have an eligible female spouse who also opts for health coverage at that time and who is 2 years younger.

Of those future female retirees who elect to continue their health coverage at retirement, 30% were assumed to have an eligible male spouse who also opts for health coverage at that time and who is 2 years older.

Administrative expenses:

Non-Medicare:	\$475/year
Medicare Supplement:	\$436/year
Medicare Advantage:	\$66/year

The administrative expenses were assumed to increase by 2.5% in 2023/2024 and thereafter.

Per capita cost development (self-funded medical, drug, drug rebates and EGWP revenue):

Per capita claims costs were based on actual paid retiree claim experience furnished by the carriers for the periods April 1, 2020 through March 31, 2023 for Medical, Drug, Drug rebates and EGWP Revenue. Claims were separated by plan year and participant status (Medicare vs. Non-Medicare), then adjusted as follows:

- paid claims were multiplied by a factor to yield an estimate of incurred claims,
- total claims were divided by the number of adult participants to yield a per capita claim,

- the per capita claim was trended to the midpoint of the valuation year at assumed trend rates, and
- the per capita claim was adjusted for the effect of any plan changes.

Per capita claims for each plan year were then combined by taking a weighted average. The weights used in this average account for a number of factors including each plan year's volatility of claims experience and distance to the valuation year. Actuarial factors were then applied to the weighted average cost to estimate individual retiree and spouse/domestic partner costs by age and by gender.

Per capita cost development (Medicare advantage medical):

Per capita costs were based on the actual monthly premiums. Actuarial factors were applied to the premiums to estimate individual retiree and spouse/domestic partner costs by age and by gender in accordance with ASOP 6.

Per-capita costs:

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

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

Non-Medicare costs include non-Medicare drug rebates.

Age	BCBS Medicare Supplemental Male	BCBS Medicare Supplemental Female	United Healthcare Medicare Advantage Male	United Healthcare Medicare Advantage Female	BCBS Medicare Advantage Male	BCBS Medicare Advantage Female
65	\$4,120	\$3,422	\$776	\$645	\$362	\$301
70	4,628	3,828	872	721	407	336

Age	BCBS Medicare Supplemental Male	BCBS Medicare Supplemental Female	United Healthcare Medicare Advantage Male	United Healthcare Medicare Advantage Female	BCBS Medicare Advantage Male	BCBS Medicare Advantage Female
75	5,111	4,024	963	758	449	354
80	5,353	4,295	1,008	809	470	377

BCBS Medicare Supplemental costs include Medicare drug rebates & EGWP revenue.

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

Drug rebate and other subsidy increase assumptions:

The 2023/2024 annual drug rebate for non-Medicare retirees was assumed to increase by the same trend assumed for drug costs.

The 2023/2024 annual drug rebate and EGWP revenue for Medicare retirees with BCBS Medicare Supplement plan were assumed to increase by the same trend assumed for drug costs.

Health care cost trend rates (%):

Health care trend measures the anticipated overall rate at which health plan costs are expected to increase in future years. The rates shown below are “net” and are applied to the net per capita costs shown above. The trend shown for a particular plan year is the rate that is applied to that year’s cost to yield the next year’s projected cost.

The first year Medicare Advantage rates reflect actual calendar year 2024 premiums.

Year Beginning June 30	All Non-Medicare Plans	BCBS Medicare Supplement Plan	United Healthcare Medicare Advantage	BCBS Medicare Advantage	Presbyterian Medicare Advantage	Humana Medicare Advantage
2023	8.00%	8.50%	12.97%	-77.76%	24.95%	8.78%
2024	7.75	21.99	21.99	21.99	21.99	21.99
2025	7.50	8.00	8.00	8.00	8.00	8.00
2026	7.25	7.75	7.75	7.75	7.75	7.75
2027	7.00	7.50	7.50	7.50	7.50	7.50
2028	6.75	7.25	7.25	7.25	7.25	7.25
2029	6.50	7.00	7.00	7.00	7.00	7.00
2030	6.25	6.75	6.75	6.75	6.75	6.75
2031	6.00	6.50	6.50	6.50	6.50	6.50
2032	5.75	6.25	6.25	6.25	6.25	6.25
2033	5.50	6.00	6.00	6.00	6.00	6.00
2034	5.25	5.75	5.75	5.75	5.75	5.75
2035	5.00	5.50	5.50	5.50	5.50	5.50
2036	4.75	5.25	5.25	5.25	5.25	5.25
2037	4.50	5.00	5.00	5.00	5.00	5.00
2038	4.50	4.75	4.75	4.75	4.75	4.75
2039 & Later	4.50	4.50	4.50	4.50	4.50	4.50

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

Health care reform:

The 2024/2025 trend rate assumptions reflect the generally higher anticipated cost due to the implementation of the provisions found in the Inflation Reduction Act of 2022 based on the 2025 Final CY 2025 Part D Redesign Program Instructions that were released by the Centers for Medicare and Medicaid Services (CMS).

Funding policy:

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

Future benefit accruals:

1.0 year of service per year.

Former vested retirement age:

Former vested members are assumed to begin receiving retiree health benefits at the later of age 60 and early retirement eligibility.

Plan design:

Development of plan liabilities was based on the substantive plan of benefits in effect as described in Exhibit C.

Assumption changes:

Since Prior Valuation:

- The trend rates on the valuation year per capita health costs, including drug rebates and EGWP revenue, were updated for Medicare plans. This change increased the TOL.
- Excise tax thresholds on benefits are no longer applied. During the June 4, 2024 meeting, the Board rescinded the 2020 Attestation of Intent. The excise tax thresholds described by the Affordable Care Act (ACA) for High Cost Health Plans are no longer applicable for assumption setting purposes. This change increased the TOL.
- The discount rate was updated from 6.22% to 7.00%. The cross-over test methodology was updated to reflect contributions on future employee payroll that will finance the unfunded liabilities of current members. This change decreased the TOL.

Exhibit C: Summary of plan

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

Eligibility:

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

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

- Amended June 2, 2020, the Board of Directors of the NMRHCA approved a change to its subsidy eligibility requirements such that retirees not in a PERA enhanced (Fire, Police, Corrections) pension plan who commence benefits on or after July 31, 2021, will not receive any subsidy from NMRHCA before age 55.
- Adopted April 5, 2021, Senate Bill 315 grants employees who were employed with the Department of Public Safety (DPS) prior to July 1, 2015, and that were reported under the State General Plan 3 ('Non-Enhanced') retroactive eligibility in the State Police and Adult Correctional Officer Plan ('Enhanced') for purposes of retirement and health care benefits. This measure represents the impact of reclassifying those members to the Enhanced Plan for retiree healthcare subsidies based upon GASB 74 and 75 valuation assumptions and methods.

Benefit types:

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

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

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

A description of these benefits may be found at www.nmrhca.state.nm.us by clicking on Retirees.

Duration of coverage:

Employees and dependents are valued for life.

Retiree contributions:

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

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

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

Years of Service	Retired before July 31, 2021, or in Public Safety Pension Plan	Retired on or after July 31, 2021, and Not in Public Safety Pension Plan
	Percent of Full Subsidy Based on Service (%)	Percent of Full Subsidy Based on Service (%)
2023	6.25	4.76
2024	12.50	9.52
2025	18.75	14.29
2026	25.00	19.05
2027	31.25	23.81
2028	37.50	28.57
2029	43.75	33.33
2030	50.00	38.10
2031	56.25	42.86
2032	62.50	47.62
2033	68.75	52.38

Years of Service	Retired before July 31, 2021, or in Public Safety Pension Plan Percent of Full Subsidy Based on Service (%)	Retired on or after July 31, 2021, and Not in Public Safety Pension Plan Percent of Full Subsidy Based on Service (%)
2034	75.00	57.14
2035	81.25	61.90
2036	87.50	66.67
2037	93.75	71.43
2038	100.00	76.19
2039 & Later	100.00	80.95

Dental eligibility:

This benefit was not included in the valuation because retirees pay 100% of the cost.

Vision eligibility:

This benefit was not included in the valuation because retirees pay 100% of the cost.

Life insurance death benefit eligibility:

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

Plan changes:

Since prior valuation: As of July 1, 2024, all retirees covered under the BCBS Medicare Advantage Plan II were transferred to the BCBS Medicare Advantage Plan I with a decreased premium of \$0.

Appendix A: Projection of OPEB Plan's Fiduciary Net Position for use in the calculation of discount rate as of June 30, 2024

Year Beginning July 1	Projected Beginning Plan Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses (d)	Projected Investment Earnings (e)	Projected Beginning Plan Fiduciary Net Position (f) = (a) + (b) – (c) – (d) + (e)
2024	\$1,581,966,829	\$215,861,845	\$154,418,420	\$3,623,563	\$112,761,373	\$1,752,548,064
2025	1,752,548,064	213,412,237	168,602,718	3,956,410	124,108,223	1,917,509,396
2026	1,917,509,396	211,694,209	176,398,817	4,139,352	135,316,119	2,083,981,555
2027	2,083,981,555	210,392,380	185,682,301	4,357,197	146,591,060	2,250,925,497
2028	2,250,925,497	209,360,616	196,463,736	4,610,193	157,854,819	2,417,067,003
2029	2,417,067,003	208,521,193	208,156,566	4,884,575	169,036,492	2,581,583,547
2030	2,581,583,547	207,836,533	220,052,749	5,163,730	180,102,550	2,744,306,151
2031	2,744,306,151	207,292,085	233,914,385	5,489,005	190,977,535	2,903,172,381
2032	2,903,172,381	206,832,756	247,451,182	5,806,658	201,597,189	3,058,344,486
2033	3,058,344,486	206,493,642	261,090,228	6,126,710	211,958,799	3,209,579,989
2053	6,525,587,799	235,317,926	412,638,816	9,682,930	450,246,012	6,788,829,991
2054	6,788,829,991	238,613,165	409,854,871	9,617,602	468,888,024	7,076,858,707
2055	7,076,858,707	242,425,517	405,336,085	9,511,565	489,345,335	7,393,781,909
2056	7,393,781,909	246,656,250	399,263,285	9,369,061	511,895,570	7,743,701,384
2057	7,743,701,384	251,260,962	391,915,795	9,196,646	536,814,295	8,130,664,200
2058	8,130,664,200	256,201,451	383,034,006	8,988,227	564,392,767	8,559,236,185
2059	8,559,236,185	261,415,821	371,267,125	8,712,107	594,996,814	9,035,669,588
2060	9,035,669,588	266,961,980	358,029,766	8,401,481	629,015,447	9,565,215,768
2061	9,565,215,768	272,829,023	343,982,967	8,071,861	666,792,201	10,152,782,164
2062	10,152,782,164	278,943,139	330,962,624	7,766,327	708,602,248	10,801,598,600

Year Beginning July 1	Projected Beginning Plan Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses (d)	Projected Investment Earnings (e)	Projected Beginning Plan Fiduciary Net Position (f) = (a) + (b) – (c) – (d) + (e)
2082	41,724,715,792	449,278,606	164,196,625	3,853,017	2,930,573,119	44,936,517,875
2083	44,936,517,875	460,603,762	153,349,106	3,598,471	3,156,184,218	48,396,358,278
2084	48,396,358,278	472,253,112	142,415,715	3,341,909	3,399,172,422	52,122,026,188
2085	52,122,026,188	484,235,979	131,480,330	3,085,301	3,660,780,295	56,132,476,830
2086	56,132,476,830	496,561,952	120,620,468	2,830,465	3,942,332,264	60,447,920,114
2087	60,447,920,114	509,240,900	109,919,182	2,579,350	4,245,240,391	65,089,902,872
2088	65,089,902,872	522,282,974	99,454,823	2,333,794	4,571,010,504	70,081,407,733
2089	70,081,407,733	535,698,619	89,303,872	2,095,593	4,921,249,012	75,446,955,899
2090	75,446,955,899	549,498,584	79,541,051	1,866,500	5,297,670,099	81,212,717,031
2091	81,212,717,031	563,693,925	70,243,549	1,648,326	5,702,103,264	87,406,622,345
2115	453,121,546,961	1,058,186,881	30,416	714	31,755,543,739	485,935,246,451
2116	485,935,246,451	1,086,981,719	16,826	395	34,053,511,009	521,075,721,957
2117	521,075,721,957	1,116,604,105	9,059	213	36,514,381,356	558,706,698,147
2118	558,706,698,147	1,147,077,924	4,735	111	39,149,616,428	599,003,387,652
2119	599,003,387,652	1,178,427,748	2,393	56	41,971,482,021	642,153,294,972
2120	642,153,294,972	1,210,678,865	1,170	27	44,993,104,366	688,357,077,006
2121	688,357,077,006	1,243,857,295	543	13	48,228,530,376	737,829,464,121
2122	737,829,464,121	1,277,989,811	233	5	51,692,792,124	790,800,245,818
2123	790,800,245,818	1,313,103,963	88	2	55,401,975,843	847,515,325,534
2124	847,515,325,534	1,349,228,098	24	1	59,373,295,770	908,237,849,377
2125	908,237,849,377	1,386,391,388	3	0	63,625,173,155	973,249,413,917
2126	973,249,413,917	1,424,623,848	0	0	68,177,320,809	1,042,851,358,574

Notes

- Amounts may not total exactly due to rounding.
- Years 2034-2052, 2063-2081, 2092-2114, and beyond 2126 have been omitted from this table.
- Column (b): Projected total contributions are calculated as fixed percentages of payroll plus the Pension Tax Revenue and offset by new entrant normal cost. Contributions are assumed to occur halfway through the year on average.
- Column (c): Projected benefit payments have been determined in accordance with paragraphs 43-47 of GASB Statement No. 74 and are based on the closed group of active, retired members and beneficiaries as of June 30, 2023.
- Column (d): Projected administrative expenses are attributable to the current membership and are calculated as approximately 2.3% of the projected benefit payments amount. The 2.3% portion was based on the projected fiscal year 2024-2025 administrative expenses as a percentage of the projected fiscal year 2024-2025 benefit payments amount. Administrative expenses are assumed to occur halfway through the year, on average.
- Column (e): Projected investment earnings are based on the assumed investment rate of return of 7.00% per annum and reflect the assumed timing of benefit payments made at the beginning of each month.
- As illustrated in this Appendix, the OPEB Plan's Fiduciary Net Position is projected to be available to make all projected future benefit payments for current Plan members. In other words, there is no projected "cross-over date" when projected benefits are not covered by projected assets. Therefore, the long-term expected rate of return on Plan investments of 7.00% per annum was applied to all periods of projected benefit payments to determine the Total OPEB Liability as of June 30, 2024 shown earlier in this report, pursuant to Paragraph 49 of GASB Statement No. 74.

Appendix B: Definition of terms

Definitions of certain terms as they are used in Statement 75. The terms may have different meanings in other contexts.

Term	Definition
Actuarially Determined Contribution:	A target or recommended contribution to an OPEB plan for the reporting period based on the most recent measurement available.
Assumptions or actuarial assumptions:	The estimates on which the cost of the Plan is calculated including: <ul style="list-style-type: none"> a. Investment return — the rate of investment yield that the Plan will earn over the long-term future; b. Mortality rates — the death rates of employees and retirees; life expectancy is based on these rates; c. Retirement rates — the rate or probability of retirement at a given age; d. Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.
Covered payroll:	The payroll of the employees that are provided OPEB benefits
Discount rate:	The single rate of return, that when applied to all projected benefit payments results in an actuarial present value that is the sum of the following: <ul style="list-style-type: none"> a. the actuarial present value of projected benefit payments projected to be funded by plan assets using a long term rate of return, and b. the actuarial present value of projected benefit payments that are not included in (a) using a yield or index rate for 20 year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher
Entry age actuarial cost method:	An actuarial cost method where the present value of the projected benefits for an individual is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age
Health care cost trend rates:	The rate of change in per capita health costs over time
Net OPEB Liability:	The Total OPEB Liability less the Plan Fiduciary Net Position
Plan Fiduciary Net Position:	Market Value of Assets
Real rate of return:	The rate of return on an investment after removing inflation
Service cost:	The amount of contributions required to fund the benefit allocated to the current year of service.
Total OPEB Liability:	The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of Statement No. 75.
Valuation date:	The date at which the actuarial valuation is performed

Appendix C: Accounting requirements

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

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

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

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

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

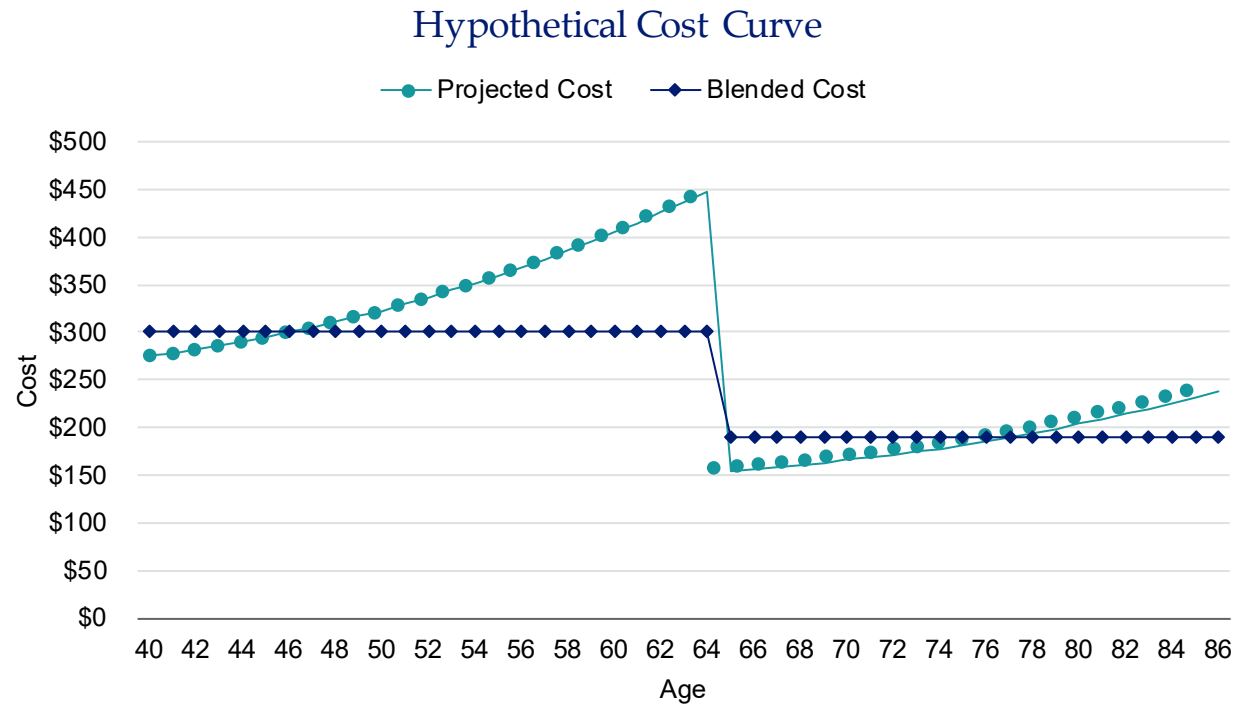
The calculation of an accounting obligation does not, in and of itself, imply that there is any legal liability to provide the benefits valued, nor is there any implication that the Authority is required to implement a funding policy to satisfy the projected expense.

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

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

Appendix D: GASB 74/75 concepts

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



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