

New Mexico Retiree Healthcare Authority

**Governmental Accounting Standards Board Statement No. 74
Actuarial Valuation of Other Postemployment Benefits (OPEB)
Measured as of June 30, 2025**



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Segal

November 24, 2025

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 Governmental Accounting Standards Board Statement No. 74 (GASB 74) Actuarial Valuation of Other Postemployment Benefits (OPEB) Measured as of June 30, 2025 for New Mexico Retiree Healthcare Authority. 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 valuation has been completed in accordance with generally accepted actuarial principles and practices for the exclusive use and benefit of the Board of Trustees. The actuarial valuation is based on the plan of benefits verified by the Employer and reliance on participant, premium, claims and expense data provided by the Employer or from vendors employed by the Employer. Segal does not audit the data provided. The accuracy and comprehensiveness of the data is the responsibility of those supplying the data. Segal, however, does review the data for reasonableness and consistency.

The 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: 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.

The actuarial calculations were completed under the supervision of Mehdi Riazi, FSA, MAAA, FSA, EA . The undersigned actuaries are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. The assumptions used in this actuarial valuation were selected by the Board based upon our analysis and recommendations. In our opinion, the assumptions are reasonable and take into account the experience of the Plan and reasonable expectations. In addition, in our opinion, the combined effect of these assumptions is expected to have no significant bias.

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,

Segal



Deborah Donaldson
Senior Vice President & West Health Practice Leader



Mehdi Riazi, FSA, MAAA, FSA, 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 health Care Authority (“NMRHCA”) OPEB plan as of June 30, 2025, 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 NMRHCA;
- The characteristics of covered active members, terminated vested members, and retired members and beneficiaries as of June 30, 2025 (captured as of January 1, 2025, with service increased by half year from census date to valuation date), provided by NMRHCA;
- The assets of the Plan as of June 30, 2025, provided by NMRHCA;
- Economic assumptions regarding future salary increases and investment earnings adopted by the Board for the June 30, 2025 valuation; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, health care trend and enrollment, etc. adopted by the Board for the June 30, 2025 valuation.

Highlights of the valuation

Accounting and financial reporting

- For GASB 74 reporting as of June 30, 2025, the Net OPEB Liability (NOL) was measured as of June 30, 2025. The Plan’s Fiduciary Net Position (plan assets) and the Total OPEB Liability (TOL) were valued as of the measurement date.

Section 1: Actuarial Valuation Summary

- The NOL as of June 30, 2025 is \$1.557 billion, a decrease of \$228 million, from the prior valuation NOL of \$1.785 billion. Based on the actual FYE25 contributions and benefit payments, the NOL was expected to be \$1.730 billion as of June 30, 2025. The actual NOL was \$173 million lower than expected due to the following factors:
 - The plan's non-investment experience decreased the TOL by \$179 million. The main driver of the demographic savings was lower retiree participation compared to expected.
 - A 10.43% rate of investment return during FYE25 exceeded the 7.00% beginning of year assumption by 3.43%, resulting in an investment gain of \$56 million.
 - A \$43 million savings (1.3% of TOL) from change of benefit terms was due to the changes to the MAPD plans. Note, the impact of these changes was based on a comparison of the expected MAPD premiums from last year's valuation to the actual 2025 premiums.
 - Assumption changes increased the TOL by \$105 million. The main assumption changes were the new methodology for calculating retiree contributions based on the premium schedules instead of estimated claims costs (+\$136M), updates to starting costs and trend (+\$85M), offset by the increase to the rate of return assumption from 7.00% to 7.25% (-\$102M), and the new ERB and PERA demographic assumptions (-\$14M).
- The ratio of assets to the TOL, or funded ratio, increased from 47.0% as of June 30, 2024 to 54.5% as of June 30, 2025. Based on the actual FYE25 contributions and benefit payments, the funded ratio was expected to increase by 4.1% to 51.1%. The actual funded ratio was 3.4% higher than expected due to the same factors affecting the NOL described above.
- The discount rates used to determine the TOL and NOL as of June 30, 2025 and 2024 were 7.25% and 7.00%, respectively. The detailed projection used to determine the discount rate of 7.25% used in the calculation of the TOL and NOL as of June 30, 2025 can be found in Appendix D. 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, 2025 is the assumed investment return on Plan assets (e.g. 7.25% for the June 30, 2025 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 (pay-as-you-go)

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

Section 1: Actuarial Valuation Summary

Summary of key valuation results

Valuation Result	Current	Prior
Measurement date	June 30, 2025	June 30, 2024
Disclosure elements:		
• Total OPEB Liability	\$3,422,408,572	\$3,366,766,868
• Plan Fiduciary Net Position (Assets)	1,865,731,998	1,581,966,829
• Net OPEB Liability	1,556,676,574	1,784,800,039
• Plan Fiduciary Net Position as a percentage of Total OPEB Liability	54.52%	46.99%
• Service cost	74,114,233	76,343,178
• Total payroll	6,246,364,057	5,609,136,993
Schedule of contributions:		
• Statutorily required contributions	\$135,613,388	\$127,360,721
• Actual contributions	135,613,388	127,360,721
• Contribution deficiency / (excess)	0	0
• Benefit payments	137,952,593	112,914,181
Demographic data:		
• Retired members, beneficiaries and married dependents currently receiving benefits	50,813	52,978
• Vested terminated members entitled to but not yet receiving benefits	14,005	12,552
• Active members	98,861	93,595

Section 1: Actuarial Valuation Summary

Valuation Result	Current	Prior
Key assumptions:		
• Discount rate	7.25%	7.00%
• Participation	60% if 15 or more years of service; 50% if less than 15 years of service	60% if 15 or more years of service; 50% if less than 15 years of service
• Health care trend rates		
– Non-Medicare	8.50% graded down to an ultimate of 4.50% over 16 years	8.00% graded down to an ultimate of 4.50% over 14 years
– Medicare supplement	8.25% graded down to an ultimate of 4.50% over 15 years	8.50% in 2023/2024, then 21.99% in 2024/2025, then 8.00% graded down to an ultimate of 4.50% over 14 years
– Medicare advantage	First year trend based on actual premium increases, then 6.00% in 2026/2027 through 2032/2033, then graded down to an ultimate of 4.50% over 6 years	First year trend based on actual premium increases, then 21.99% in 2024/2025, then 8.00% in 2025/2026 graded down to an ultimate of 4.50% over 14 years
– Administrative costs	2.50%	2.50%

Section 1: Actuarial Valuation Summary

Important information about actuarial valuations

An actuarial valuation is a tool to measure 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 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 June 30, 2025 market value of assets, as provided by NMRHCA on November 6, 2025.
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

Section 1: Actuarial Valuation Summary

Input Item	Description
	significant impact on the reported results, it does not mean that the previous assumptions or results were unreasonable or wrong.
Models	<p>Segal valuation results are based on proprietary actuarial modeling software. The 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. 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 NMHRCA 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.
- 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 may include actuarial results that are shown to the nearest dollar, 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.

Section 1: Actuarial Valuation Summary

- 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. NMRHCA should look to their other advisors for expertise in these areas.
- If 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.
- 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 NMRHCA upon delivery and review. NMRHCA should notify Segal immediately of any questions or concerns about the final content.

Section 2: GASB 74 Information

General information about the OPEB plan

Plan administration. 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 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, 2025 (captured as of January 1, 2025, with service increased by half year from census date to valuation date), Plan membership consisted of the following:

Membership	Medical
Retired members, beneficiaries and married dependents currently receiving benefits	50,813
Vested terminated members entitled to but not yet receiving benefits	14,005
Active members	98,861
Total	163,679

Section 2: GASB 74 Information

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.

Section 2: GASB 74 Information

Exhibit A: Net OPEB Liability

Components of the Net OPEB Liability	Current	Prior
Measurement date	June 30, 2025	June 30, 2024
Total OPEB Liability	\$3,422,408,572	\$3,366,766,868
Plan Fiduciary Net Position	1,865,731,998	1,581,966,829
Net OPEB Liability	1,556,676,574	1,784,800,039
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	54.52%	46.99%

The Net OPEB Liability was measured as of June 30, 2025 and 2024. 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, 2025 and 2023, respectively.

Actuarial assumptions. The Total OPEB Liability was measured by an actuarial valuation as of June 30, 2025 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Assumption Type	Assumption
Inflation	ERB: 2.30% PERA: 2.50%
Salary increases	ERB: Ranges from 3.40% to 9.40% based on years of service, including inflation PERA: Ranges from 3.25% to 11.50% based on years of service, including inflation
Discount rate	7.25%
Participation	60% if 15 or more years of service; 50% if less than 15 years of service
Health care cost trend rates	
• Non-Medicare	8.50% graded down to 4.50% over 16 years
• Medicare supplement	8.25% graded down to 4.50% over 15 years
• Medicare advantage	First year trend based on actual premium increases, then 6.00% in 2026/2027 through 2032/2033, then graded down to 4.50% over 6 years.
• Administrative costs	2.50%

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, 2024, and the Educational Retirement Board (ERB) of New Mexico Actuarial Valuation Report as of June 30, 2024.

Detailed information regarding all actuarial assumptions can be found in Appendix B.

Section 2: GASB 74 Information

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 Large Cap	19.00%	5.90%
U.S. Equity SMID Cap	3.00%	6.70%
Non-U.S. Equity Large Cap	12.00%	6.20%
Non-U.S. Equity SMID Cap	3.00%	7.40%
Private Equity	11.00%	9.65%
Public Credit	5.00%	1.10%
Private Credit	12.00%	6.10%
Investment Grade (Core) Bonds	20.00%	1.90%
Real Estate	10.00%	3.50%
Real Return	5.00%	4.00%
Total	100.00%	

Rate of return. For the June 30, 2025 valuation, the annual rate of return on investments, net of investment expense, was assumed to be 7.25%. The rate of return assumption was 7.00% for the June 30, 2024 measurement.

Municipal bond rate. 5.20% and 3.93% based on the 20-year municipal bond rate for the Bond buyer GO index as of June 30, 2025 and June 30, 2024, respectively.

Section 2: GASB 74 Information

Discount rate. The discount rates used to measure the Total OPEB Liability (TOL) were 7.25% and 7.00% as of June 30, 2025 and June 30, 2024, respectively. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the statutorily determined contribution rates. 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 both June 30, 2025 and June 30, 2024.

Funding policy. Retiree benefits are funded from a combination of statutorily required employer contributions as a percentage of compensation (2.50% for Public Safety, and 2.00% for Other Occupations) and statutorily required 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.

Section 2: GASB 74 Information

Exhibit C: Discount rate and trend sensitivity

The following presents the NOL of NMRHCA as well as what NMRHCA's NOL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) 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 (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net OPEB Liability (Asset)	\$1,996,155,284	\$1,556,676,574	\$1,190,599,579

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)	\$1,157,265,150	\$1,556,676,574	\$2,045,917,424

Section 2: GASB 74 Information

Exhibit D: Schedule of changes in Net OPEB Liability

Components of the Net OPEB Liability	Current	Prior
Measurement date	June 30, 2025	June 30, 2024
Total OPEB Liability		
Service cost	\$74,114,233	\$76,343,178
Interest	236,114,998	190,978,881
Change of benefit terms	(43,364,912)	(13,121,991)
Differences between expected and actual experience	(178,597,429)	(30,797,837)
Changes of assumptions	105,327,407	206,616,516
Benefit payments ¹	(137,952,593)	(112,914,181)
Net change in Total OPEB Liability	\$55,641,704	\$317,104,566
Total OPEB Liability – beginning	3,366,766,868	3,049,662,302
Total OPEB Liability – ending	\$3,422,408,572	\$3,366,766,868
Plan Fiduciary Net Position		
Contributions – employer	\$135,613,388	\$127,360,721
Contributions – employee	67,806,694	63,680,360
Net investment income	170,948,030	115,178,207
Benefit payments, including refunds of member contributions	(137,952,593)	(112,914,181)
Administrative expense	(3,699,016)	(3,518,022)
Other ²	51,048,666	45,453,097
Net change in Plan Fiduciary Net Position	\$283,765,169	\$235,240,182
Plan Fiduciary Net Position – beginning	1,581,966,829	1,346,726,647
Plan Fiduciary Net Position – ending	\$1,865,731,998	\$1,581,966,829
Net OPEB Liability		
Net OPEB Liability – ending	\$1,556,676,574	\$1,784,800,039
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	54.52%	46.99%
Covered payroll	\$6,246,364,057	\$5,609,136,993
Plan Net OPEB Liability as percentage of covered payroll	24.92%	31.82%

¹ For measurement date June 30, 2025, this category equals Premium and claims paid (\$356,344,566) offset by the sum of Retiree contributions (\$168,874,082) and Medicare Part D subrogation and rebates (\$49,517,891). 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).

² For measurement date June 30, 2025, this category equals sum of Employer buy-ins interest portion (\$43,426) and Tax administration suspense fund revenue (\$51,825,124) offset by the sum of Refunds to retirees (\$330,936), Depreciation expense (\$408,226), and adjustment for updated June 30, 2024 plan fiduciary net position (\$80,722). 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).

Section 2: GASB 74 Information

Notes to Schedule:

Benefit changes:

- BCBS offers a Medicare Advantage PPO plan in addition to its Medicare Advantage HMO plan. Humana, Presbyterian and United Healthcare each consolidated their Medicare Advantage offerings into one plan option.

Changes of assumptions:

- The methodology for calculating retiree contributions was updated to be based on RHCA's premium schedules instead of estimated claims costs. For the self-insured plans, underlying claims costs have increased faster than retiree premiums in recent years. As a result, applying the retiree cost-sharing percentages to the underlying claims estimates was overstating the expected retiree contributions. This change increased the TOL.
- The valuation-year per capita health care costs and retiree contributions, and their corresponding trend rates were updated. These changes increased the TOL.
- The expected long-term rate of investment return was updated from 7.00% to 7.25%. This change decreased the TOL.
- The demographic and salary scale assumptions were updated based on the Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2024 and the Educational Retirement Board (ERB) of New Mexico Actuarial Valuation Report as of June 30, 2024. These changes slightly decreased the TOL.

Section 2: GASB 74 Information

Exhibit E: Schedule of employer contributions

Year Ended June 30	Statutorily Determined Contributions	Contributions in Relation to the Statutorily Determined 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%
2025	135,613,388	135,613,388	0	6,246,364,057	2.17%

The information provided in this table aligns 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, 207, 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.

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Appendix A: Summary of participant data

As of June 30, 2025

Statistic	Amount
Number of retirees	37,631
Average age of retirees	73.06
Number of spouses	10,801
Average age of spouses	72.02
Number of surviving spouses	2,381
Average age	81.16
Number inactive vested	14,005
Average age	51.81
Number of actives	98,861
Average age	44.86
Average service	9.56

Appendices

Appendix B: Statement of actuarial assumptions, methods and models

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 and PERA.
- The retiree census and medical data information was provided by NMRHCA.
- The financial information was provided by NMRHCA.

Actuarial cost method

Entry Age Normal

Asset valuation method

Fair Value. The assets as of June 30, 2025 were based on financial statements provided by NMRHCA on November 6, 2025.

Measurement date

June 30, 2025

Actuarial valuation date

June 30, 2025

Census date

January 1, 2025, with service amounts for active employees adjusted to June 30, 2025

Discount rate

7.25%

Appendices

Payroll increase:

2.80% assumed payroll increased for ERB.

3.00% assumed payroll increase for PERA.

ERB salary increases (%)

Salary increases occur in recognition of (i) inflation rate of 2.30% plus (ii) productivity increase rate of 1.10% plus (iii) step-rate/promotional as shown:

Years of Service	Annual Step-Rate/Promotional Component Rates of Increase	Total Annual Rate of Increase
0	6.00	9.40
1	3.75	7.15
2	3.25	6.65
3	2.75	6.15
4	2.25	5.65
5	2.00	5.40
6	1.75	5.15
7	1.25	4.65
8	1.00	4.40
9	0.75	4.15
10-11	0.50	3.90
12-14	0.25	3.65
15 and over	0.00	3.40

Appendices

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	State General	State Police and Corrections ¹	Municipal General	Municipal Police	Municipal Fire
General Increase in Wage Level Due to					
Inflation	2.50	2.50	2.50	2.50	2.50
Productivity	0.75	0.75	0.75	0.75	0.75
Increase Due to Merit/Longevity					
Service Years					
0	5.00	8.25	3.25	8.00	7.50
1	4.00	7.25	2.75	8.00	7.50
2	3.75	6.25	2.50	6.50	6.00
3	3.25	5.25	2.25	5.00	4.50
4	2.75	4.75	2.00	3.50	3.00
5	2.00	3.25	1.75	3.00	2.50
6	2.00	2.50	1.25	2.75	2.25
7	2.00	2.50	1.25	2.50	2.00
8	2.00	2.50	1.25	2.25	1.75
9	1.75	2.50	1.25	2.00	1.50
10	1.50	1.75	0.75	1.75	1.25
11	1.50	1.75	0.75	1.00	1.00
12	1.00	1.25	0.50	1.00	1.00
13	1.00	1.25	0.50	1.00	1.00
14	0.50	1.25	0.50	1.00	1.00
15	0.50	1.25	0.50	1.00	1.00
16	0.50	1.25	0.25	1.00	1.00
17	0.25	1.25	0.25	1.00	1.00
18	0.25	1.25	0.25	1.00	1.00
19	0.25	1.25	0.25	1.00	1.00
20 and over	0.00	1.25	0.00	1.00	1.00

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.

Appendices

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, 2024.
- For ERB, the Educational Retirement Board (ERB) of New Mexico Actuarial Valuation Report as of June 30, 2024

ERB mortality rates

Post-Retirement Healthy: 2021 TRS of Texas Healthy Pensioner Mortality Table (separate tables for males and females), set back one year for males. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2021.

Post-Retirement Disabled: 2021 TRS of Texas Healthy Pensioner Mortality Table (separate tables for males and females), set forward two years for males with minimum rates at all ages of 4.0% for males and set forward three years with minimum rates at all ages of 2.0% for females. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2021.

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, 2024 ERB pension valuation.

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ERB termination rates (%)

Completed Years of Service	Male	Female
0	26.0	24.0
1	22.0	20.0
2	18.0	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	7.0	7.0
9	6.2	6.0
10	5.3	5.3
11	4.6	4.5
12	4.0	4.2
13	3.4	3.5
14	3.1	3.0
15	2.5	2.7
16	2.2	2.5
17	2.0	2.0
18	1.8	1.8
19 and over	0.0	0.0

Rates are not applied after the member is eligible for reduced or unreduced retirement benefits.

Appendices

ERB disability rates (%)

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 (%)

Hired Before July 1, 2010
Males

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	18
50	0	0	0	0	0	25	18
55	0	0	0	0	7	20	18
60	0	0	0	17	17	25	21
62	0	0	25	17	17	25	21
65	0	40	35	30	30	25	25
67	0	25	25	25	25	25	25
70	100	100	100	100	100	100	100

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Females

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	12
50	0	0	0	0	0	25	15
55	0	0	0	0	6	25	20
60	0	0	0	20	15	25	25
62	0	0	25	25	25	30	25
65	0	28	28	28	25	35	35
67	0	28	28	28	25	35	25
70	100	100	100	100	100	100	100

Hired On or After July 1, 2010

Males

Age	15-19 Years of Service	20-24 Years of Service	25-29 Years of Service
55	0	0	7
60	0	17	17
62	17	17	17
65	30	30	30

Appendices

Females

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	25	25	25
65	28	25	25

PERA mortality rates

Post-Retirement Healthy: PUB-2010 General Healthy Retiree Headcount-Weighted Mortality Tables, Below Median Income, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.

Post-Retirement Disabled: PUB-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality tables, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.

Pre-Retirement: PUB-2010 General Employees Headcount-Weighted Mortality tables, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.

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

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PERA termination rates (%)

Service Years	State General (Male)	State General (Female)	Municipal General (Male)	Municipal General (Female)	State Police/ Corrections	Municipal Detention	Municipal Police	Municipal Fire
0	24.00	24.00	28.00	27.00	23.00	38.00	20.00	12.50
1	19.00	21.00	21.00	21.00	16.00	26.00	14.00	10.00
2	15.00	16.00	16.00	17.00	14.00	20.00	9.70	8.00
3	12.00	13.00	12.00	14.00	12.00	16.00	9.50	7.50
4	10.00	11.00	10.00	12.00	10.00	15.00	8.00	6.00
5	9.00	10.00	9.00	10.00	8.00	10.00	6.80	5.00
6	8.00	8.00	8.00	8.00	8.00	12.00	5.25	4.20
7	7.00	8.00	7.00	7.00	7.00	10.00	5.15	3.30
8	6.00	7.00	6.00	6.00	5.00	10.00	3.50	2.75
9	5.00	6.00	5.00	6.00	5.00	7.00	3.50	2.50
10	4.00	5.00	5.00	5.00	5.00	6.00	3.50	2.50
11	4.00	4.00	4.00	5.00	6.00	8.00	3.50	2.50
12	4.00	4.00	4.00	5.00	5.00	7.00	3.50	2.25
13	4.00	4.00	4.00	5.00	5.00	6.00	3.50	2.25
14	4.00	4.00	4.00	4.00	4.00	6.00	3.50	2.00
15	4.00	3.50	4.00	4.00	3.00	6.00	3.50	2.00

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PERA disability rates (%)

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	0.09	0.03	0.03	0.01	0.02
30	0.04	0.03	0.11	0.05	0.03	0.01	0.02
35	0.06	0.05	0.14	0.07	0.03	0.06	0.02
40	0.11	0.10	0.19	0.10	0.06	0.13	0.09
45	0.19	0.18	0.32	0.15	0.13	0.21	0.09
50	0.33	0.35	0.63	0.24	0.23	0.34	0.40
55	0.46	0.55	0.98	0.39	0.35	0.55	0.40
60	0.59	0.66	1.32	0.48	0.46	0.88	1.41
65	0.60	0.66	1.32	0.49	0.53	1.30	1.41

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.

Appendices

PERA retirement rates (%)

Service Years	State General (Male)	State General (Female)	Municipal General (Male)	Municipal General (Female)
Service-Based Rates – Tier 1				
25	0.40	0.40	0.40	0.40
26	0.25	0.30	0.30	0.25
27	0.25	0.30	0.30	0.25
28	0.25	0.30	0.30	0.25
29	0.25	0.30	0.30	0.25
30	0.50	0.50	0.50	0.50
31	0.50	0.50	0.50	0.50
32	0.50	0.50	0.50	0.50
33	0.50	0.50	0.50	0.50
34	0.50	0.50	0.50	0.50
35 and over	0.50	0.50	0.50	0.50
Service-Based Rates – Tier 2				
36 and over	0.50	0.50	0.50	0.50
Age-Based Rates– applicable under 25 years (36 years) of service for Tier 1 (Tier 2)				
60	0.30	0.30	0.20	0.20
61	0.20	0.30	0.20	0.20
62	0.20	0.30	0.20	0.20
63	0.20	0.30	0.20	0.20
64	0.20	0.30	0.20	0.20
65	0.30	0.30	0.20	0.20
66	0.30	0.30	0.20	0.20
67	0.30	0.30	0.20	0.20
68	0.25	0.20	0.20	0.20
69	0.25	0.20	0.20	0.20
70 and over	0.25	0.20	0.20	0.20

100% retirement assumed at age 80 regardless of service.

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Service Years	State Police/ Corrections	Municipal Police (Plans 1-2)	Municipal Fire (Plans 1-2)
Service-Based Rates – Tier 1 and Tier 2			
25	0.40	0.35	0.25
26	0.30	0.35	0.25
27	0.30	0.35	0.25
28	0.30	0.35	0.25
29	0.30	0.35	0.25
30	0.50	0.35	0.25
31	0.50	0.35	0.25
32	0.50	0.35	0.25
33	0.50	0.35	0.25
34	0.50	0.35	0.25
35 and over	0.50	0.35	0.25
Age-Based Rates– applicable under 25 years of service			
60	0.30	0.25	0.20
61	0.20	0.25	0.20
62	0.20	0.25	0.20
63	0.20	0.25	0.20
64	0.20	0.25	0.20
65	0.30	0.25	0.20
66	0.20	0.25	0.20
67	0.20	0.25	0.20
68	0.20	0.25	0.20
69	0.20	0.25	0.20

100% retirement assumed at age 70 regardless of service.

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Service Years	Municipal Police (Plans 3-5)	Municipal Fire (Plans 3-5)
Service-Based Rates – Tier 1		
20	0.35	0.25
21	0.35	0.25
22	0.35	0.25
23	0.35	0.25
24	0.35	0.25
25	0.35	0.25
26	0.50	0.50
27	0.50	0.50
28	0.50	0.50
29	0.50	0.50
30 and over	0.50	0.50
Service-Based Rates – Tier 2		
25	0.35	0.25
26	0.35	0.25
27	0.35	0.25
28	0.35	0.25
29	0.35	0.25
30	0.50	0.50
31	0.50	0.50
32	0.50	0.50
33	0.50	0.50
34	0.50	0.50
35 and over	0.50	0.50
Age-Based Rates– applicable under 20 years (25 years) of service for Tier 1 (Tier 2)		
60	0.25	0.20
61	0.25	0.20
62	0.25	0.20
63	0.25	0.20
64	0.25	0.20
65	0.25	0.20
66	0.25	0.20
67	0.25	0.20
68	0.25	0.20
69	0.25	0.20

100% retirement assumed at age 70 regardless of service

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Unknown data for participants

Same as those exhibited by members with similar known characteristics. If not specified, members are assumed to be female. 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

Medicare Plan	Medical Election Rate (%)
BCBS Medicare Supplement	49
BCBS Medicare Advantage	12
Humana Medicare Advantage	5
Presbyterian Medicare Advantage	22
United Healthcare Medicare Advantage	12

For BCBS Medicare Advantage, 66% are assumed to elect HMO option and 34% are assumed to elect PPO option.

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.

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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: \$465/year
- Medicare Supplement: \$440/year
- Medicare Advantage: \$81/year

The administrative expenses were assumed to increase by 2.50% in 2025/2026 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, 2022 through March 31, 2025 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.

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Per capita health costs

Annual medical and drug claims costs for the 2025/2026 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	\$13,390	\$14,139	\$9,801	\$10,349
55	15,110	15,349	11,060	11,235
60	17,397	16,639	12,734	12,179
64	21,143	18,063	15,476	13,222

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	\$4,495	\$3,733	\$2,053	\$1,705	\$171	\$142
70	5,049	4,177	2,306	1,908	192	159
75	5,577	4,391	2,547	2,005	212	167
80	5,840	4,687	2,667	2,141	222	178

Age	Presbyterian Medicare Advantage Male	Presbyterian Medicare Advantage Female	Humana Medicare Advantage Male	Humana Medicare Advantage Female
65	\$2,271	\$1,886	\$1,300	\$1,080
70	2,551	2,110	1,460	1,208
75	2,818	2,218	1,613	1,270
80	2,950	2,368	1,689	1,355

BCBS Medicare Supplemental costs include Medicare drug rebates & EGWP revenue. BCBS Medicare Advantage costs based on 66% HMO and 34% PPO participation.

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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 trend rates shown below are composite rates, representing a weighted average of medical and drug cost increases. Separate medical and drug trend rates were analyzed when developing these composite rates.

Year Beginning June 30	All Non-Medicare Plans	BCBS Medicare Supplement Plan	BCBS Medicare Advantage	Humana Medicare Advantage	Presbyterian Medicare Advantage	United Healthcare Medicare Advantage
2025	8.50	8.25	3.00	35.25	3.00	24.64
2026	8.25	8.00	6.00	6.00	6.00	6.00
2027	8.00	7.75	6.00	6.00	6.00	6.00
2028	7.75	7.50	6.00	6.00	6.00	6.00
2029	7.50	7.25	6.00	6.00	6.00	6.00
2030	7.25	7.00	6.00	6.00	6.00	6.00
2031	7.00	6.75	6.00	6.00	6.00	6.00
2032	6.75	6.50	6.00	6.00	6.00	6.00
2033	6.50	6.25	5.75	5.75	5.75	5.75
2034	6.25	6.00	5.50	5.50	5.50	5.50
2035	6.00	5.75	5.25	5.25	5.25	5.25
2036	5.75	5.50	5.00	5.00	5.00	5.00
2037	5.50	5.25	4.75	4.75	4.75	4.75
2038	5.25	5.00	4.50	4.50	4.50	4.50
2039	5.00	4.75	4.50	4.50	4.50	4.50
2040	4.75	4.50	4.50	4.50	4.50	4.50
2041 and 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 2025 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.

The trend rates shown above apply to both underlying claims costs and the premiums used to determine retiree contribution.

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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 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 Appendix C.

Assumption changes

- The methodology for calculating retiree contributions was updated to be based on RHCA's premium schedules instead of estimated claims costs. For the self-insured plans, underlying claims costs have increased faster than retiree premiums in recent years. As a result, applying the retiree cost-sharing percentages to the underlying claims estimates was overstating the expected retiree contributions. This change increased the TOL.
- The valuation-year per capita health care costs and retiree contributions, and their corresponding trend rates were updated. These changes increased the TOL.
- The expected long-term rate of investment return was updated from 7.00% to 7.25%. This change decreased the TOL.
- The demographic and salary scale assumptions were updated based on the Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2024 and the Educational Retirement Board (ERB) of New Mexico Actuarial Valuation Report as of June 30, 2024. These changes slightly decreased the TOL.

Appendices

Appendix C: Summary of plan provisions

This appendix 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 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.

Appendices

Duration of coverage

Lifetime.

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 the premium rates for retirees eligible for full subsidies.

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 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 (%)
5	6.25	4.76
6	12.50	9.52
7	18.75	14.29
8	25.00	19.05
9	31.25	23.81
10	37.50	28.57
11	43.75	33.33
12	50.00	38.10
13	56.25	42.86
14	62.50	47.62
15	68.75	52.38
16	75.00	57.14
17	81.25	61.90
18	87.50	66.67
19	93.75	71.43
20	100.00	76.19
21	100.00	80.95

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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 (%)
22	100.00	85.71
23	100.00	90.48
24	100.00	95.24
25+	100.00	100.00

Monthly 2025 Retiree Premiums Before Subsidy

Plan	Retiree	Spouse
Premier Non-Medicare	\$960.82	\$1,025.80
Value Non-Medicare	750.54	801.25
BCBS Medicare Supplement	491.23	491.23
BCBS Medicare Advantage HMO	0.00	0.00
BCBS Medicare Advantage PPO	45.00	45.00
Humana Medicare Advantage	73.23	73.23
Presbyterian Medicare Advantage	199.49	199.49
United Healthcare Medicare Advantage	141.00	141.00

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.

Appendices

Plan changes

- BCBS offers a Medicare Advantage PPO plan in addition to its Medicare Advantage HMO plan. Humana, Presbyterian and United Healthcare each consolidated their Medicare Advantage offerings into one plan option.

Appendices

Appendix D: Projection of Plan Fiduciary Net Position for use in the calculation of discount rate as of June 30, 2025

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)
2025	\$1,865,731,998	\$249,365,082	\$167,792,695	\$3,791,491	\$138,085,127	\$2,081,598,021
2026	2,081,598,021	248,353,210	175,353,013	3,962,326	153,418,479	2,304,054,371
2027	2,304,054,371	247,924,332	183,917,414	4,155,850	169,213,543	2,533,118,982
2028	2,533,118,982	247,859,877	194,663,654	4,398,675	185,420,037	2,767,336,567
2029	2,767,336,567	248,077,802	206,205,752	4,659,483	201,980,857	3,006,529,991
2030	3,006,529,991	248,503,733	218,288,263	4,932,503	218,889,932	3,250,702,889
2031	3,250,702,889	249,077,454	233,553,414	5,277,439	236,047,399	3,496,996,889
2032	3,496,996,889	249,753,427	248,850,046	5,623,086	253,361,185	3,745,638,369
2033	3,745,638,369	250,544,984	264,766,328	5,982,735	270,826,384	3,996,260,674
2034	3,996,260,674	251,722,843	280,766,741	6,344,284	288,446,077	4,249,318,569
2054	11,324,301,088	307,609,504	479,696,036	10,839,347	814,380,766	11,955,755,974
2055	11,955,755,974	312,285,499	478,383,510	10,809,689	860,379,404	12,639,227,678
2056	12,639,227,678	317,497,070	474,925,444	10,731,549	910,248,209	13,381,315,964
2057	13,381,315,964	323,165,699	470,668,742	10,635,363	964,412,890	14,187,590,448
2058	14,187,590,448	329,183,752	464,848,591	10,503,850	1,023,301,692	15,064,723,450
2059	15,064,723,450	335,531,786	457,541,283	10,338,732	1,087,394,827	16,019,770,048
2060	16,019,770,048	342,188,459	449,838,736	10,164,683	1,157,162,536	17,059,117,624
2061	17,059,117,624	349,294,188	435,878,275	9,849,228	1,233,290,320	18,195,974,629
2062	18,195,974,629	356,902,500	415,008,190	9,377,642	1,316,761,890	19,445,253,187
2063	19,445,253,187	364,906,368	390,640,327	8,827,019	1,408,528,021	20,819,220,231
2083	85,086,104,069	590,766,659	180,224,970	4,072,414	6,183,477,056	91,676,050,400
2084	91,676,050,400	605,759,104	169,739,805	3,835,488	6,662,180,317	98,770,414,528

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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)
2085	98,770,414,528	621,175,602	158,910,454	3,590,785	7,177,481,999	106,406,570,890
2086	106,406,570,890	637,028,207	147,814,854	3,340,066	7,732,089,296	114,624,533,472
2087	114,624,533,472	653,329,315	136,554,465	3,085,623	8,328,899,911	123,467,122,610
2088	123,467,122,610	670,091,677	125,237,253	2,829,896	8,971,014,778	132,980,161,916
2089	132,980,161,916	687,328,409	113,971,803	2,575,339	9,661,752,560	143,212,695,744
2090	143,212,695,744	705,053,002	102,873,408	2,324,557	10,404,665,186	154,217,215,966
2091	154,217,215,966	723,279,329	92,054,669	2,080,093	11,203,554,648	166,049,915,182
2092	166,049,915,182	742,021,664	81,634,623	1,844,639	12,062,491,013	178,770,948,597
2116	947,011,284,354	1,391,959,949	34,389	777	68,708,775,389	1,017,111,984,526
2117	1,017,111,984,526	1,429,669,824	18,998	429	73,792,443,705	1,092,334,078,627
2118	1,092,334,078,627	1,468,450,997	10,294	233	79,247,451,668	1,173,049,970,765
2119	1,173,049,970,765	1,508,334,048	5,471	124	85,100,799,787	1,259,659,099,005
2120	1,259,659,099,005	1,549,350,433	2,854	64	91,381,448,525	1,352,589,895,045
2121	1,352,589,895,045	1,591,532,509	1,455	33	98,120,460,390	1,452,301,886,456
2122	1,452,301,886,456	1,634,913,562	721	16	105,351,152,358	1,559,287,951,639
2123	1,559,287,951,639	1,679,527,834	344	8	113,109,259,365	1,674,076,738,486
2124	1,674,076,738,486	1,725,410,546	154	3	121,433,109,667	1,797,235,258,543
2125	1,797,235,258,543	1,772,597,934	61	1	130,363,812,917	1,929,371,669,331
2126	1,929,371,669,331	1,821,127,269	18	0	139,945,461,889	2,071,138,258,471
2127	2,071,138,258,471	1,871,036,895	4	0	150,225,348,826	2,223,234,644,188
2128	2,223,234,644,188	1,922,366,255	1	0	161,254,197,480	2,386,411,207,921
2129	2,386,411,207,921	1,975,155,925	0	0	173,086,411,977	2,561,472,775,823

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Notes

- Amounts may not total exactly due to rounding.
- For brevity of presentation, years 2035-2053, 2064-2082, 2093-2115, and beyond 2129 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, 2025.
- 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 2025-2026 administrative expenses as a percentage of the projected fiscal year 2025-2026 benefit payments amount. Administrative expenses are assumed to occur halfway through the year, on average. The approach for projecting administrative fees was changed from using a percentage of the beginning of year assets to using a percentage of projected benefit payments. We believe the new approach is more consistent with the examples provided by GASB, which only include administrative fees attributable to current plan members.
- Column (e): Projected investment earnings are based on the assumed investment rate of return of 7.25% 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 7.25% per annum was applied to all periods of projected benefit payments to determine the Total OPEB Liability as of June 30, 2025 shown earlier in this report, pursuant to Paragraph 49 of GASB Statement No. 74.

Appendices

Appendix E: Definition of terms

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

Term	Definition
Statutorily 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:	Fair 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.

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