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ANNUAL MEETING

OF THE

BOARD OF DIRECTORS

Day 2

July 17, 2026

8:30 AM

The Historic Plaza Hotel

230 Plaza St., Las Vegas, NM 87701

Click here to join online at
https://meet.goto.com/NMRHCA/boardmeeting

To join via Telephone call 1-224-501-3412

and use access code 724-176-285

New Mexico Retiree Health Care Authority

Annual Meeting

BOARD OF DIRECTORS

ROLL CALL

JULY 17, 2026

Member in Attendance			
Dr. Lee Caruana, President			
Dr. Tomas Salazar, Vice President			
Lance Pyle, Secretary			
NM Treasurer Laura Montoya			
Dr. Gerry Washburn			
Donna Sandoval			
Therese Saunders			
Kate Brassington			
Renee Garcia			
Heather Vigil Clark			
JoLou Trujillo-Ottino			

NMRHCA BOARD OF DIRECTORS

JULY 2026

Dr. Lee Caruana, MD, President Retired Public Employees of NM leecaruana13@gmail.com	Donna Sandoval NM Municipal League 100 Marquette Ave City/County Building Albuquerque, NM 87102 donnasandoval@cabq.gov 505-768-2975
Dr. Tomas E. Salazar, PhD, Vice President NM Assoc. of Educational Retirees PO Box 66 Las Vegas, NM 87701 salazarte@plateautel.net 505-429-2206	Therese Saunders NEA-NM, Classroom Teachers Assoc., & NM Federation of Educational Employees 5811 Brahma Dr. NW Albuquerque, NM 87120 tsaunders3@mac.com 505-934-3058
Lance Pyle, Secretary NM Association of Counties Curry County Administration 417 Gidding, Suite 100 Clovis, NM 88101 lpyle@currycountynm.gov 575-763-6016	JoLou Trujillo-Ottino NM Health Care Authority 1474 Rodeo Road Santa Fe, NM 87505 jolou.trujillo-ottino@hca.nm.gov
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	Renee Garcia Alternate for ERB Executive Director Educational Retirement Board PO Box 26129 Santa Fe, NM 87502-0129 renee.garcia@erb.nm.gov 505-531-9885
Heather Vigil Clark State Personnel Office 2600 Cerillos Road Santa Fe, NM 87505 heather.vigilclark@spo.nm.gov 505-365-3300	Kate Brassington Alternate for PERA Executive Director Public Employees Retirement Association 33 Plaza La Prensa Santa Fe, NM 87507 kate.brassington@pera.nm.gov 505-309-1088
Dr. Gerry Washburn. Ed. D. Superintendents' Association of NM 408 N Canyon Carlsbad, NM 88220 gerry.washburn@carlsbadschools.net	

ANNUAL MEETING OF THE
NEW MEXICO RETIREE HEALTH CARE AUTHORITY
BOARD OF DIRECTORS

July 16 & 17, 2026 - 8:30 AM

Meeting to Be Held at The Historic Plaza Hotel
230 Plaza St.
Las Vegas, NM 87701
Click Here to Join Via Video Conference
To Join Via Telephone call 1-224-501-3412 and use access code 724-176-285

AGENDA DAY 2 JULY 17

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10.		Other Business	President	
11.		Date & Location of Next Board Meeting Tentative -- August 25, 2026, 9:30 AM CNM Workforce Training Center 5600 Eagle Rock Ave NE Albuquerque, NM 87113	President	
12.		Adjourn	President	

MEKETA

New Mexico Retiree Health Care Authority

July 17, 2026

Meeting Materials

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Executive Summary

Current Status

→ As of May 31, 2026, the Fund was valued at $2.10 billion. For the quarter-to-date period as of May 31, 2026, the Fund returned 2.8%, which brought the YTD return to 5.6%.

- Strong YTD returns have been driven primarily by global public equities.

→ All asset classes were within 1.5% of their policy targets as of May 31, 2026.

Next Steps

→ At this meeting, we plan to address the following topics:

- Evaluate the SIC's options for passive and active strategies within public Non-US equity asset classes and offer implementation considerations to the Board.

Rebalancing Recommendation

→ Meketa recommends the Board consider rebalancing at the next available NM SIC trading window (estimated July 24, 2026) in order to move assets closer to targets. Please see the following page for details on the recommended trades below:

- Redemptions:
  - US Large Cap Index Pool: ($20,000,000)
  - US SMID Cap Alt Weighted Index Pool: ($10,000,000)
  - Non-US Large Cap Passive Pool: ($15,000,000)
- Contributions:
  - US Core Bonds: $30,000,000
  - Real Estate: $15,000,000

Executive Summary

	Policy Targets (%)	6/30/26[1] Est. Value ($M)	6/30/26 Est. Allocation (%)	6/30/26 Est. O/U Weight (%)	Rec. Cash Flow ($M)	Post Flow Est. Value ($M)	Post Flow Est. Allocation (%)	Post Flow O/U Weight (%)
Total Equity	**48**	**1,073**	**50.9**	**2.9**		**1,028**	**48.8**	**0.8**
US Large Cap Index	19	422*	20.0	1.0	(20)	402	19.1	0.1
US SMID Cap Alt Wtd Index	3	74*	3.5	0.5	(10)	64	3.1	0.1
Non-US Large Cap Passive	7	162*	7.7	0.7	(15)	147	7.0	0.0
Non-US Large Cap Active	5	114*	5.4	0.4		114	5.4	0.4
Non-US SMID Cap Passive	2	42*	2.0	0.0		42	2.0	0.0
Non-US SMID Cap Active	1	28*	1.3	0.3		28	1.3	0.3
Private Equity	11	231	10.9	-0.1		231	10.9	-0.1
Total Fixed Income	**37**	**735**	**34.9**	**-2.1**		**765**	**36.3**	**-0.7**
US Core Bonds	20	393*	18.6	-1.4	30	423	20.1	0.1
Credit Plus	5	98*	4.7	-0.3		98	4.7	-0.3
Private Debt	12	244	11.6	-0.4		244	11.6	-0.4
Total Real Assets	**15**	**298**	**14.2**	**-0.8**		**313**	**14.9**	**-0.1**
Real Assets	5	104	5.0	0.0		104	5.0	0.0
Real Estate	10	194	9.2	-0.8	15	209	9.9	-0.1
Total	**100**	**2,106**	**100.0**		**0**	**2,106**	**100.0**	

[1] Market value estimates are based on portfolio values as of 5/31/2026, adjusted for index returns through 6/30/2026 where noted with a "*".

Economic and Market Update

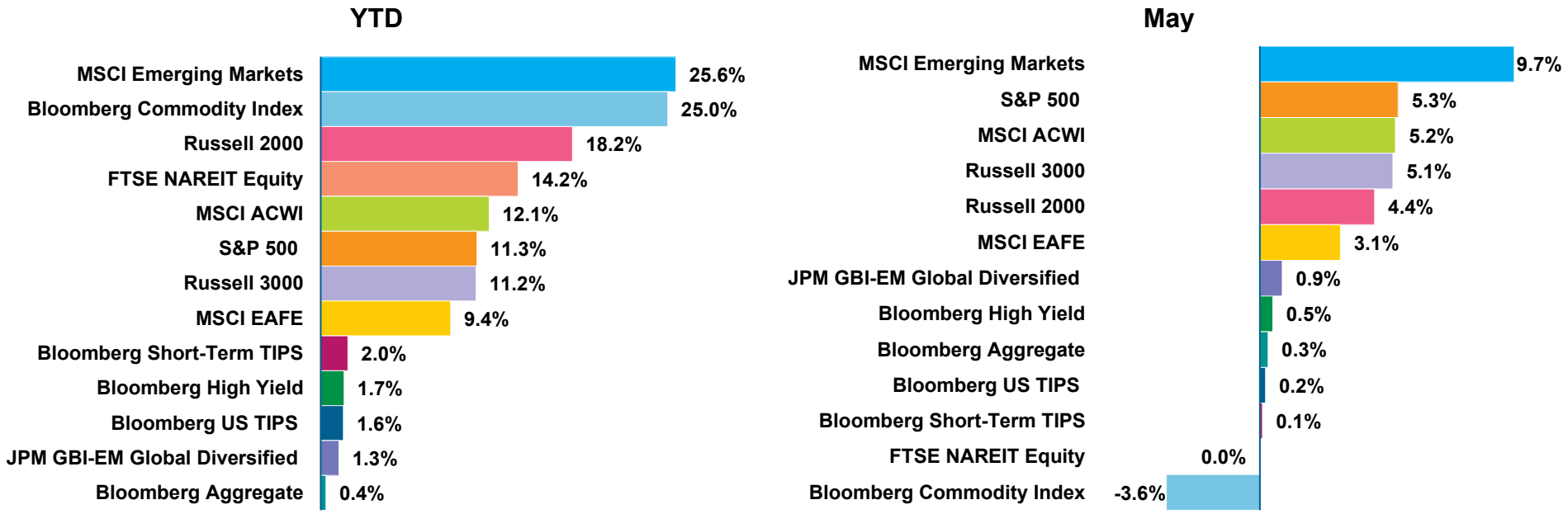
Data as of May 31, 2026

Commentary

Global equities extended their advance in May, led by emerging markets and US technology stocks. A sharp retreat in oil prices, driven by easing Middle East tensions, offered some relief even as headline inflation hit its highest level since 2023 and the Federal Reserve remained on hold.

- → US equities (Russell 3000) rose 5.1% in May, extending the prior month's rebound and lifting the year-to-date gain to 11.2%. Growth stocks led once again in May, with the Russell 1000 Growth index advancing 7.2% versus 2.9% for its value counterpart, as continued enthusiasm for AI related technology names outweighed a pullback in energy and other commodity-sensitive areas.
- → Emerging markets (9.7%) led the global rally in May. Strong semiconductor and hardware demand across South Korea and Taiwan, robust risk appetite, and relief from the sharp pullback in oil prices drove broad gains, even as China lagged. Non-US developed stocks (MSCI EAFE) rose 3.1% for the month trailing the US and emerging markets.
- → Fixed income posted modest gains across the board in May, but it was a volatile month that tracked developments in the Middle East. Bond yields largely retraced mid-month increases as inflation concerns eased toward month end given the announcement that a US-Iran deal may be close. The Bloomberg Universal index rose 0.4%, with emerging market debt and high yield leading the way.
- → Looking ahead, markets will be focused on whether the May retreat in energy prices feeds through to cooler inflation in the coming months, if the Federal Reserve's divided committee signals any shift from its extended hold at upcoming meetings, and whether corporate earnings can sustain the equity rally amid still-elevated input costs and signs of strain among lower-income consumers.

Index Returns[1]



- → In May, equities led performance across asset classes, with emerging markets and US large cap stocks posting the strongest results. Resilient earnings, continued tailwinds from the AI-related infrastructure buildout, and relief from a sharp decline in oil prices were the primary catalysts for the broad advance.
- → Commodities lagged in May as oil prices retreated on easing Middle East tensions.
- → Bonds posted modest gains across most segments as inflation concerns eased toward month-end.

[1] Source: Bloomberg. Data is as of May 31, 2026.

Domestic Equity Returns[1]

Domestic Equity	May (%)	QTD (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
S&P 500	5.3	16.3	11.3	29.8	23.6	14.1	15.6
Russell 3000	5.1	15.8	11.2	29.4	23.2	12.9	15.1
Russell 1000	5.1	15.7	10.9	28.8	23.4	13.3	15.4
Russell 1000 Growth	7.2	20.0	8.2	28.7	26.5	15.7	18.9
Russell 1000 Value	2.9	11.3	13.7	28.5	19.5	10.4	11.4
Russell MidCap	2.9	10.4	11.8	22.4	18.5	8.2	11.7
Russell MidCap Growth	4.8	11.5	4.5	7.9	17.5	6.9	12.7
Russell MidCap Value	2.3	10.1	14.1	27.2	18.6	8.6	10.4
Russell 2000	4.4	17.1	18.2	43.1	20.3	6.6	11.2
Russell 2000 Growth	5.8	21.4	18.0	41.9	20.2	5.8	11.5
Russell 2000 Value	2.8	12.7	18.3	44.4	20.2	7.3	10.5

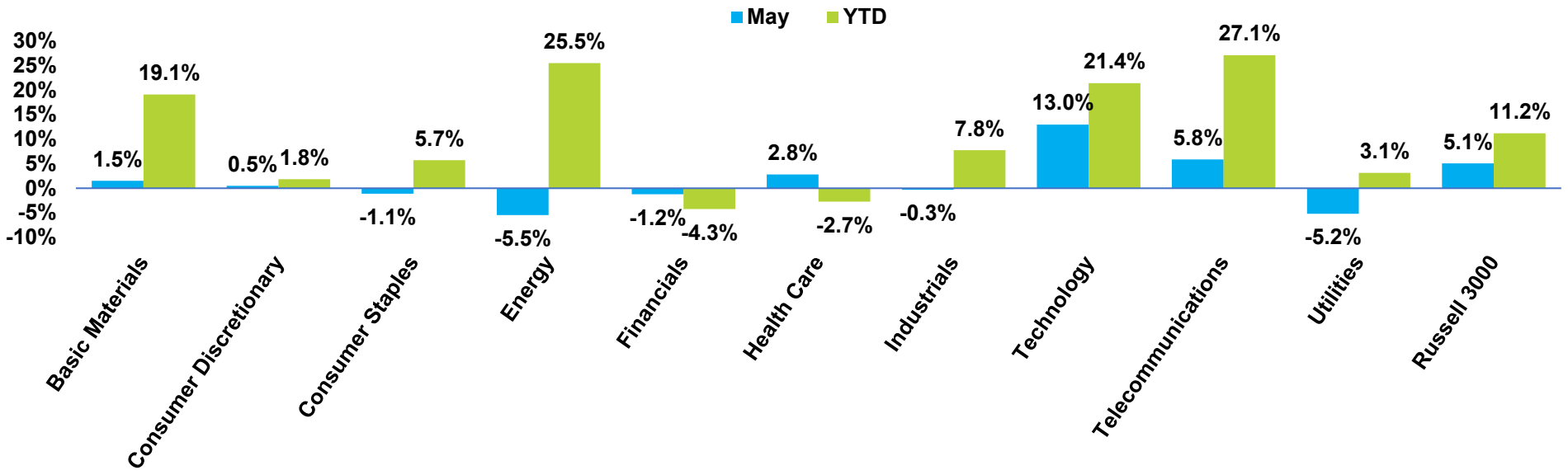
US Equities: The Russell 3000 index rose 5.1% in May, bringing the year-to-date return to 11.2%.

→ Despite the strong positive returns, gains remained concentrated in a few growth-oriented names. The Russell 1000 Growth index gained 7.2% versus a 2.9% advance for the Russell 1000 Value index, as continued strength in mega-cap technology shares outweighed weakness in energy and other value-oriented sectors. Large caps (5.1%) modestly outpaced small caps, with the Russell 2000 rising 4.4% as the retreat in oil prices weighed on commodity-linked constituents.

→ Several members of the "Magnificent Seven" again contributed meaningfully to index performance in May given their substantial weight in the index, as ongoing demand for AI infrastructure and computing capacity supported mega-cap technology shares. Continued investor confidence in the durability of AI-related revenue growth underpinned the group's leadership.

[1] Source: Bloomberg. Data is as of May 31, 2026.

Russell 3000 Sector Returns[1]



Sector results were mixed in May, with an equal number of sectors posting gains and declining. Despite these dynamics, the Russell 3000 rose 5.1% for the month given its heavy technology weighting and a sharp rebound in the largest technology constituents.

- → Technology led all sectors in May, rising 13.0% as continued strength in cloud and AI-related earnings reinforced confidence in the AI capital spending cycle. Telecommunications (+5.8%) and health care (+2.8%) also advanced for the month.
- → Energy was the weakest sector, falling 5.5% as oil prices retreated sharply on easing Middle East tensions, while utilities (-5.2%) lagged as investors continued to rotate into growth.
- → Financials, consumer staples, and industrials also declined modestly as the month's leadership concentrated in technology and other growth-oriented areas.

[1] Source: Bloomberg. Data is as of May 31, 2026.

Foreign Equity Returns[1]

Foreign Equity	May (%)	QTD (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
MSCI ACWI Ex US	5.0	15.2	14.4	32.8	20.8	8.8	9.8
MSCI EAFE	3.1	10.7	9.4	22.8	18.2	8.8	9.3
MSCI EAFE (Local Currency)	3.7	9.0	9.1	22.3	16.3	11.0	9.9
MSCI EAFE Small Cap	3.9	13.2	11.8	27.2	18.3	5.8	8.5
MSCI Emerging Markets	9.7	25.8	25.6	54.3	25.2	7.5	10.7
MSCI Emerging Markets (Local Currency)	9.7	24.2	26.8	57.6	26.6	10.3	12.0
MSCI EM ex China	13.5	34.5	38.7	74.4	29.9	13.4	13.0
MSCI China	-3.0	0.5	-8.5	6.1	11.9	-5.2	5.2

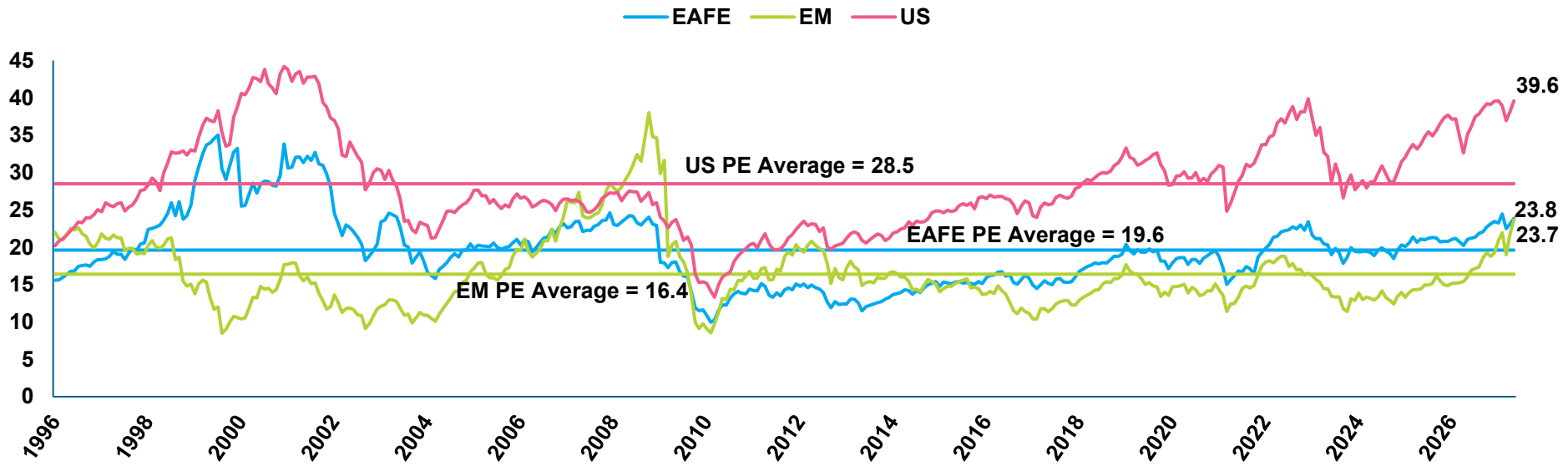
Developed international equities (MSCI EAFE) returned 3.1% in May and emerging markets equities (MSCI Emerging Markets) rose 9.7%.

→ Developed market equities rose in May, supported by resilient corporate earnings and continued strength in semiconductor-related names, though a firmer US dollar offset those returns by roughly 0.6% for the month for dollar-based investors. Europe and Japan both advanced, with Japan aided by firm AI-related hardware demand.

→ Emerging markets outperformed their developed market peers, led by South Korea and Taiwan on robust technology demand, with EM ex-China returning 13.5%. China lagged, with the MSCI China index falling 3.0% in May, as entrenched deflation, a still-weak property sector, US tariffs, and energy supply risks continued to weigh on Chinese equities.

[1] Source: Bloomberg. Data is as of May 31, 2026.

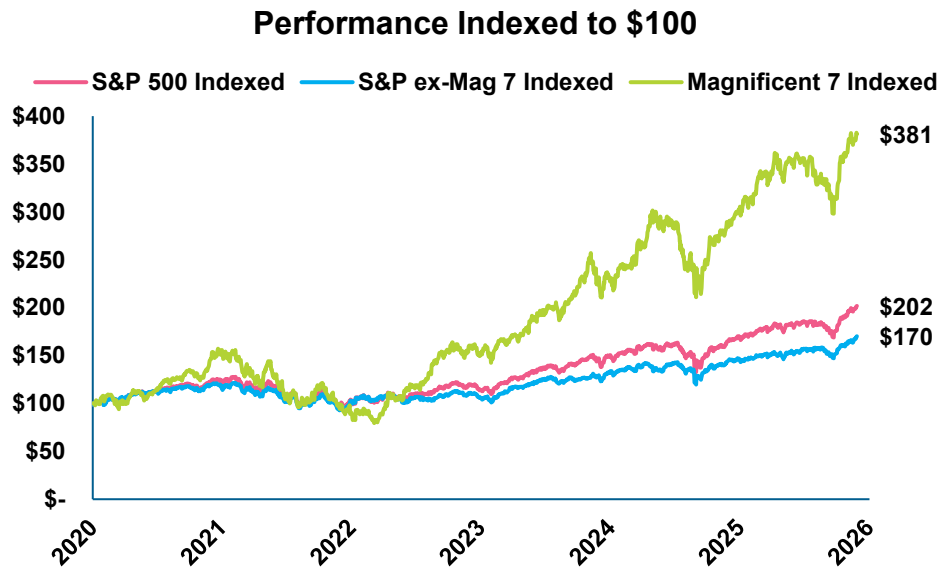
Equity Cyclically Adjusted P/E Ratios[1]

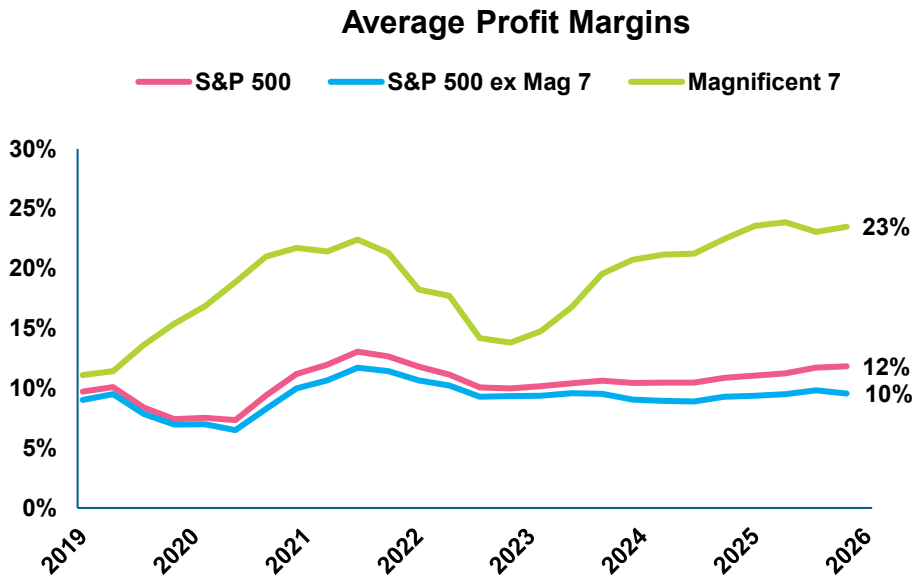


- → Cyclically adjusted US equity valuations rose in May given strong price gains, lifting the US CAPE to 39.6, well above its long-run average of 28.5.
- → Non-US developed market valuations (EAFE) also rose, reaching 23.8 versus a long-run average of 19.6. Despite trading above historical norms, EAFE valuations remain considerably cheaper than those in the US.
- → Emerging market valuations increased to 23.7, moving further above their long-run average of 16.4. The continued multiple expansion reflects elevated investor confidence in AI-related hardware and semiconductor demand across developing markets.

[1] US Equity Cyclically Adjusted P/E on S&P 500 Index. Source: Robert Shiller, Yale University, and Meketa Investment Group. Developed and Emerging Market Equity (MSCI EAFE and EM Index) Cyclically Adjusted P/E Source: Bloomberg. Earnings figures represent the average of monthly "as reported" earnings over the previous ten years. Data is as of May 2026. The average line is the long-term average of the US, EM, and EAFE PE values from April 1998 to the recent month-end, respectively.

Performance and Profit Margins: S&P 500 and "Magnificent 7"[1]





- → The "Magnificent Seven" again led US equity gains in May, with continued demand for AI infrastructure and computing supporting the group's mega-cap technology constituents and reinforcing their outsized contribution to index performance.
- → Earnings growth and profit margins more than double the remaining S&P 500 companies continue to underpin, and entrench, their dominant index weight.

[1] Source: Bloomberg. Data is as of May 31, 2026, for index prices and March 31, 2026, for profit margins.

Fixed Income Returns[1]

Fixed Income	May (%)	QTD (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)	Current Yield (%)	Duration (Years)
Bloomberg Universal	0.4	0.7	0.5	5.5	4.6	0.5	2.1	4.9	5.8
Bloomberg Aggregate	0.3	0.4	0.4	5.1	4.0	0.2	1.7	4.7	6.0
Bloomberg US TIPS	0.2	1.4	1.6	4.9	4.0	1.2	2.8	4.4	6.6
Bloomberg Short-term TIPS	0.1	1.0	2.0	4.5	5.2	3.4	3.2	4.0	2.4
Bloomberg US Long Treasury	0.5	-0.2	-0.6	4.4	-0.8	-5.1	-0.8	5.0	14.3
Bloomberg High Yield	0.5	2.2	1.7	7.6	9.4	4.4	5.9	7.0	3.2
JPM GBI-EM Global Diversified (USD)	0.9	3.7	1.3	10.6	8.4	1.8	3.3	--	--

Fixed Income: The Bloomberg Universal index rose 0.4% in May.

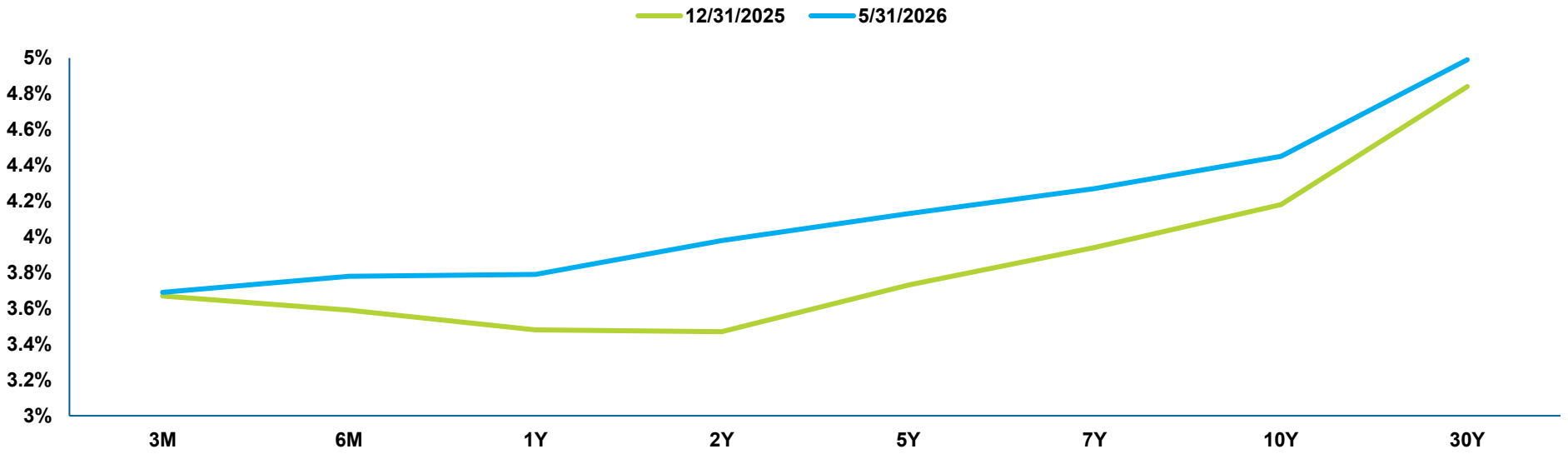
→ Fixed income posted broad gains in May as inflation concerns eased given a potential deal in the Middle East, and credit conditions remained supportive. There was no policy meeting during the month, with markets continuing to price a potential rate hike given elevated inflation.

→ Longer-dated Treasuries advanced as yields, although volatile over the month, finished largely where they started. Improved risk sentiment supported higher-yielding segments such as high yield (+0.5%) and emerging market debt (+0.9%).

→ TIPS posted small gains (Bloomberg US TIPS +0.2%; Bloomberg Short-term TIPS +0.1%), reflecting persistent headline inflation.

[1] Source: Bloomberg. Data is as of May 31, 2026. The yield and duration data from Bloomberg is defined as the index's yield to worst and modified duration, respectively. JPM GBI-EM data is from J.P. Morgan. Current yield and duration data is not available.

US Yield Curve[1]

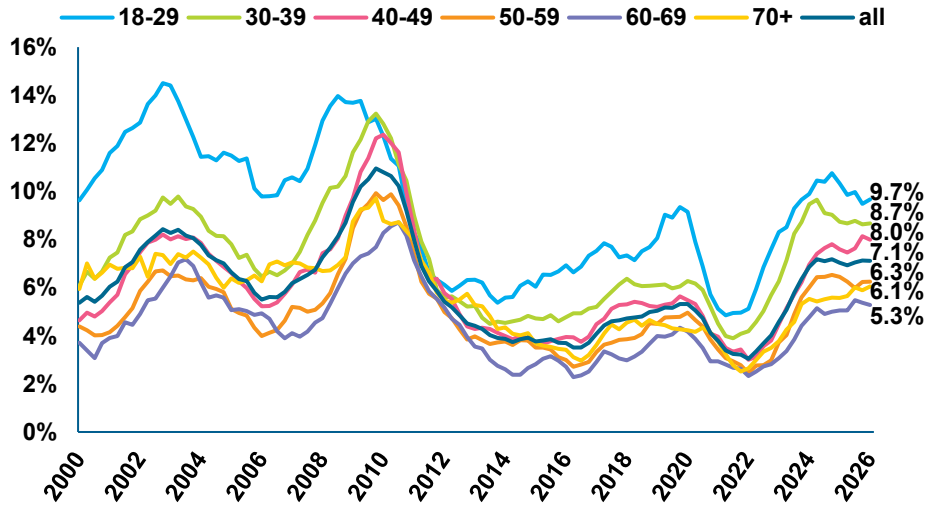


- → Treasury yields were volatile in May rising mid-month given concerns of escalation in the Middle East. They largely retreated from their highs by month-end though due to hopes of a deal between the US and Iran and the related decline in oil prices easing inflation concerns.
- → At month-end the policy-sensitive 2-year nominal Treasury yield stood near 4.00%, up from 3.87% over the month given growing expectations of a potential interest rate increase by the Fed. The 10-year nominal Treasury yield rose slightly from 4.37% to 4.44%, and the 30-year finished the month where it started around 5.0%.
- → The spread between the two-year and ten-year Treasury fell from 50.37 basis points to 43.53 basis points over the month, given the rise in short-term interest rates.

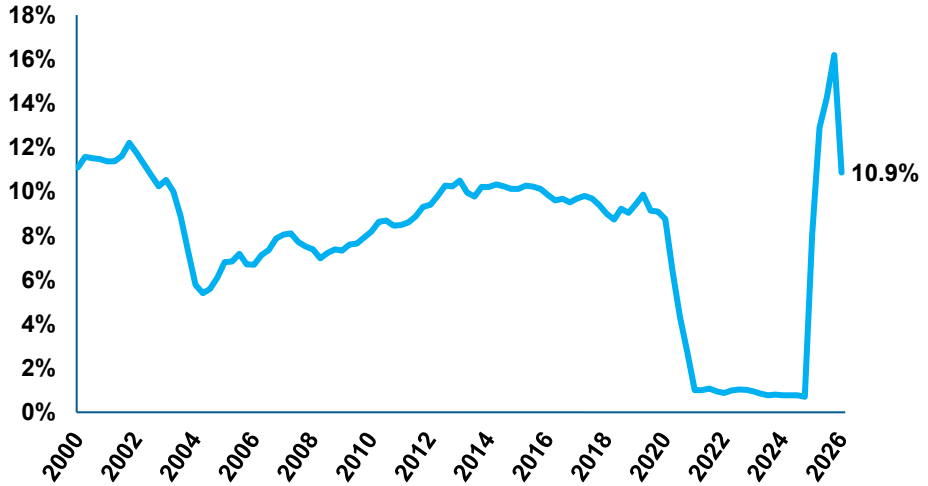
[1] Source: Bloomberg. Data is as of May 31, 2026.

Stress is Building Among Some US Consumers[1]

Transition into Serious Delinquency for Credit Cards by Age



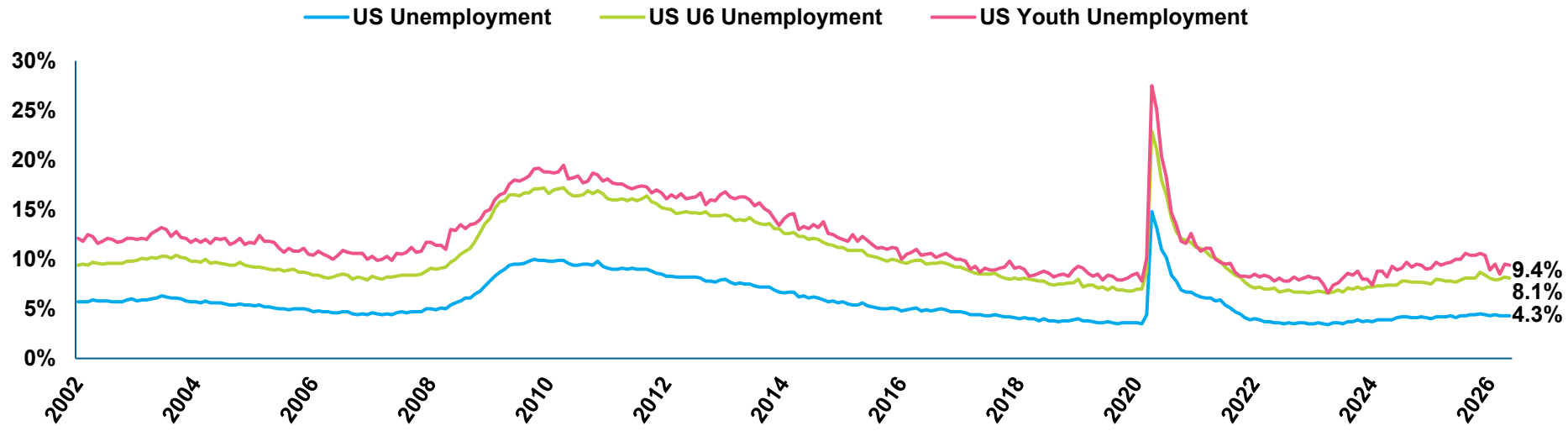
Transition Into Serious Delinquency (90+ Days) for Student Loans[2]



- → US consumer trends remain increasingly K-shaped: higher-income households show resilience, while younger, rate-sensitive borrowers face mounting pressure from elevated rates, persistent inflation, and high energy costs.
- → Delinquencies remain elevated relative to pandemic lows, driven by lower-income and younger cohorts. While aggregate levels are near pre-pandemic norms, dispersion in household financial health is widening materially.
- → Student loan repayments have re-emerged as a key pressure point, with millions of borrowers missing payments and close to 11% of balances now seriously delinquent, weighing on consumption for younger cohorts.

[1] Source: New York Federal Reserve, Quarterly Household Debt and Credit Report. See also FRED. Data is as of March 31, 2026.
[2] Source: New York Federal Reserve, Quarterly Household Debt and Credit Report. Percent of student loan holders transitioning in serious default (90-days or more) based on four quarter moving average. Delays in reporting may cause fluctuations. Data is as of March 31, 2026.

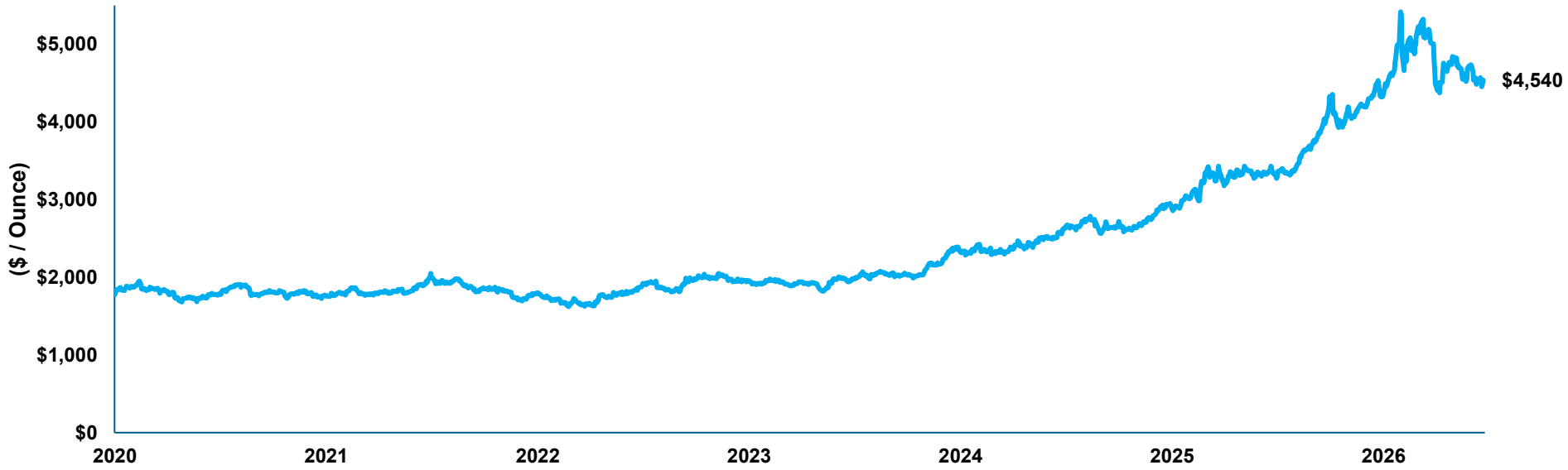
US Unemployment[1]



- → The US added 172,000 jobs in May, well above the 88,000 consensus and close to the prior month's upwardly revised 179,000. The unemployment rate held steady at 4.3% for a third consecutive month, consistent with a labor market that continues to stabilize rather than weaken sharply.
- → Job gains were concentrated in leisure and hospitality (+70,000), local government (+55,000), and health care (+35,000), while employment fell by 22,000 in the financial activities sector. Average hourly earnings rose 3.4% year-over-year, below the pace of headline inflation.
- → Broader measures were little changed, with the U-6 underemployment rate at 8.1% and youth unemployment at 9.4%. The labor force participation rate fell to 61.8%, around its lowest level in several years, suggesting limited slack re-entering the workforce even as headline payroll growth remained firm.

[1] Source: FRED and BLS. Data is as of May 31, 2026. U-3: Total unemployed, as a percent of the civilian labor force (official unemployment rate), U-6: Total unemployed, plus all marginally attached workers, plus total employed part time for economic reasons, as a percent of the civilian labor force plus all marginally attached workers.

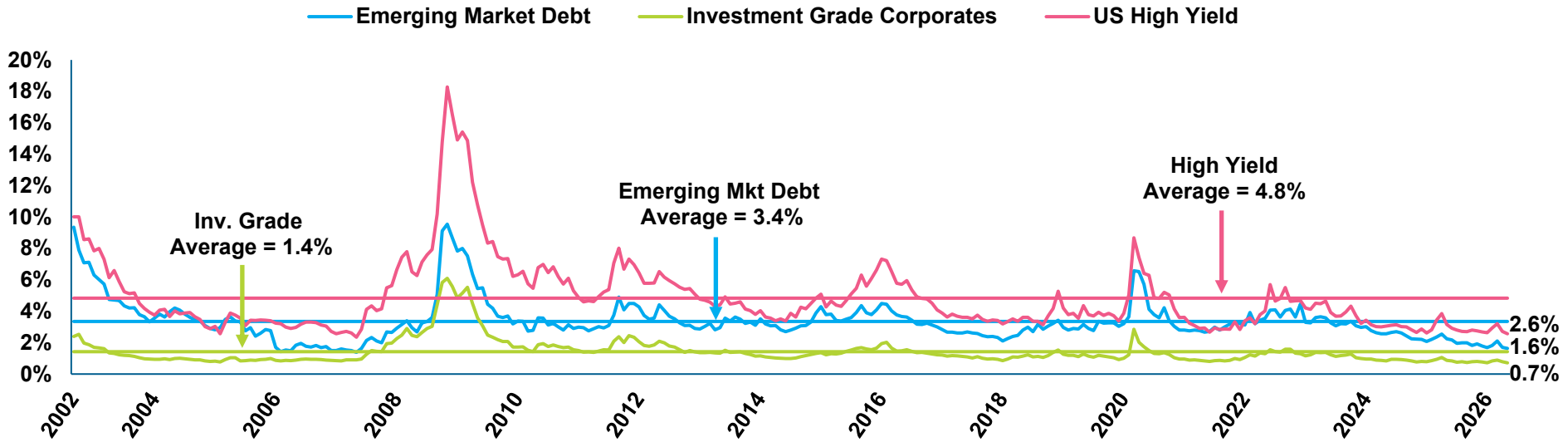
Gold[1]



- → Gold eased further in May from its peak of over $5,400/oz earlier this year, declining from $4,618/oz to $4,540/oz. Expectations for interest rates to remain higher for longer and a firmer US dollar continue to reduce the appeal of the non-yielding metal.
- → Structural support remains intact though, driven by persistent inflation risks, large fiscal deficits, and ongoing central bank reserve diversification. Potential upside catalysts include a renewed escalation in the Middle East or a return of rate-cut expectations, either of which could quickly lift prices.

[1] Source: Bloomberg. Data is as of May 31, 2026. Gold Spot Price is quoted as US Dollars per Troy Ounce.

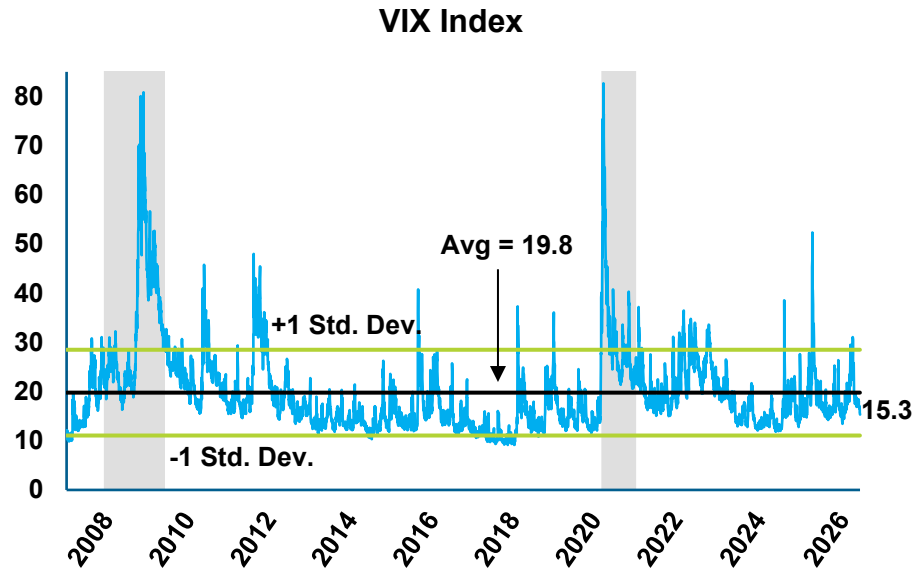
Credit Spreads vs. US Treasury Bonds[1]

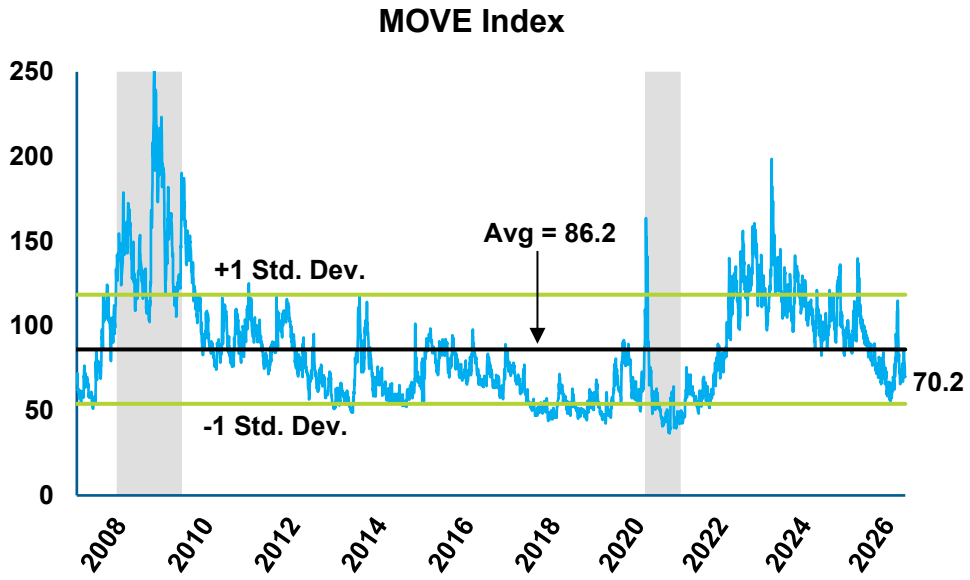


- → Credit spreads tightened further in May, supported by resilient risk appetite and growing optimism around de-escalation in the Middle East as oil prices fell, even as headline inflation remained elevated.
- → Investment grade spreads fell to 0.7% (from 0.8% at the end of April), well inside the 1.4% long-run average, supported by persistent demand for high-quality credit.
- → High yield spreads tightened to 2.6% (from 2.7%), versus a 4.8% long-run average, while EM debt spreads tightened to 1.6% (from 1.7%), versus a 3.4% long-run average. Across segments, spreads remain well below their historical norms.

[1] Source: Bloomberg. Data is as of May 31, 2026. Average lines denote the average of the investment grade, high yield, and emerging market spread values from September 2002 to the recent month-end, respectively.

Equity and Fixed Income Volatility[1]

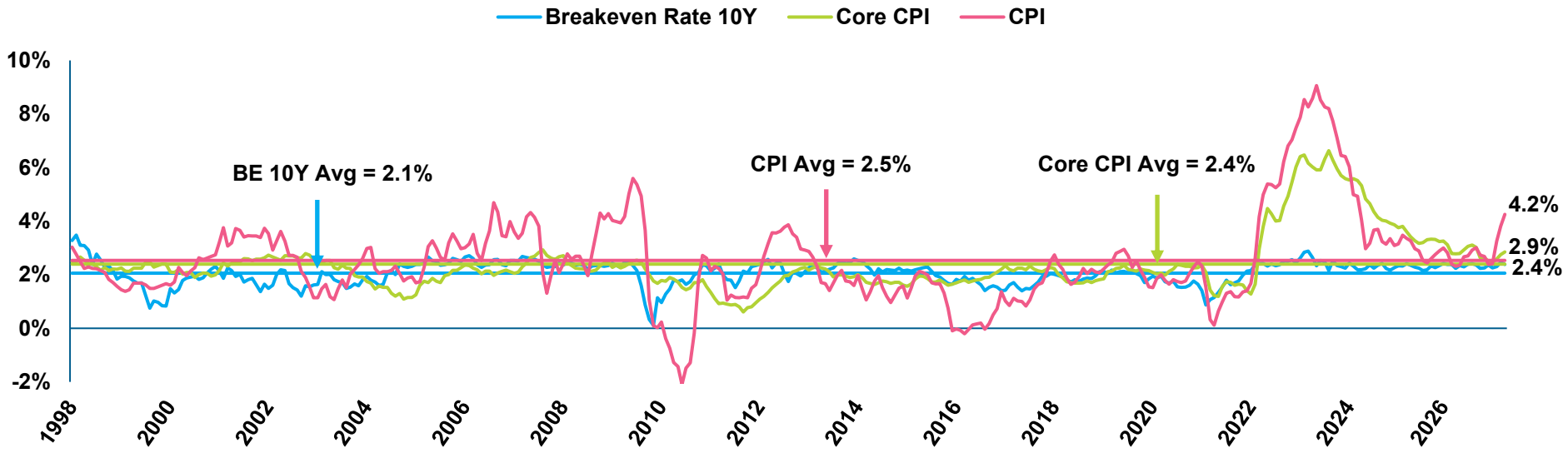




- → Volatility remained subdued in May, with both equity and bond market measures drifting further below their long-run averages as the retreat in oil prices and steady Federal Reserve policy reinforced a calm market backdrop.
- → Equity volatility (VIX) fell to 15.3, further below its long-run average of 19.8, as resilient earnings and easing geopolitical tensions supported risk sentiment.
- → Bond volatility (MOVE) eased to 70.2 (compared with an 86.2 average), as the pullback in oil prices reduced near-term inflation uncertainty and markets coalesced around a Fed-on-hold for now base case.

[1] Equity Volatility – Source: FRED. Fixed Income Volatility – Source: Bloomberg. Implied volatility as measured using VIX Index for equity markets and the MOVE Index to measure interest rate volatility for fixed income markets. Data is as of May 31, 2026. The average line indicated is the average of the VIX and MOVE values between January 2007 and May 2026.

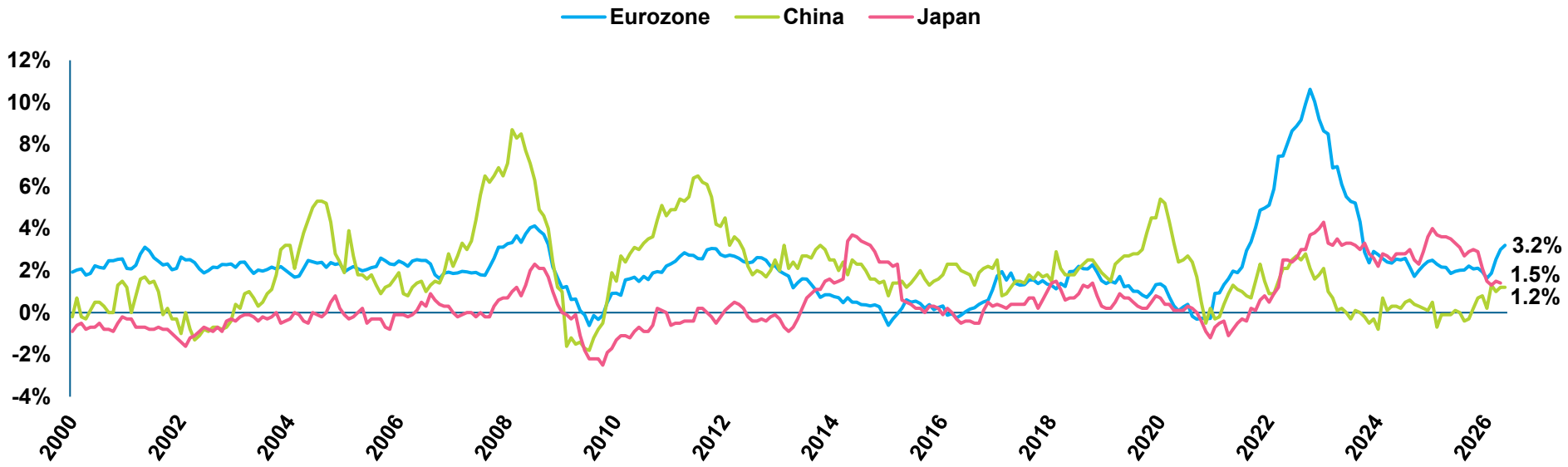
US Inflation[1]



- → Headline inflation accelerated to 4.2% YoY in May (versus 3.8% in April), its highest level since 2023, with a 0.5% monthly gain. Energy was again the dominant driver, rising 23.5% YoY and 3.9% for the month and accounting for more than half of the monthly increase, while food prices rose 3.1% YoY.
- → Core inflation edged up to 2.9% YoY, but the monthly pace cooled to 0.2% (from 0.4% in April), suggesting underlying price pressures outside of energy are moderating. Shelter remained the largest core contributor, although the monthly rise of 0.3% was down from 0.6% in April as housing costs continued to normalize lower.
- → Long-term inflation expectations eased slightly, with 10-year breakevens declining from 2.5% to 2.4%, as the sharp May pullback in oil prices tempered concerns that energy-driven pressures would persist.

[1] Source: FRED. Data is as of May 31, 2026.

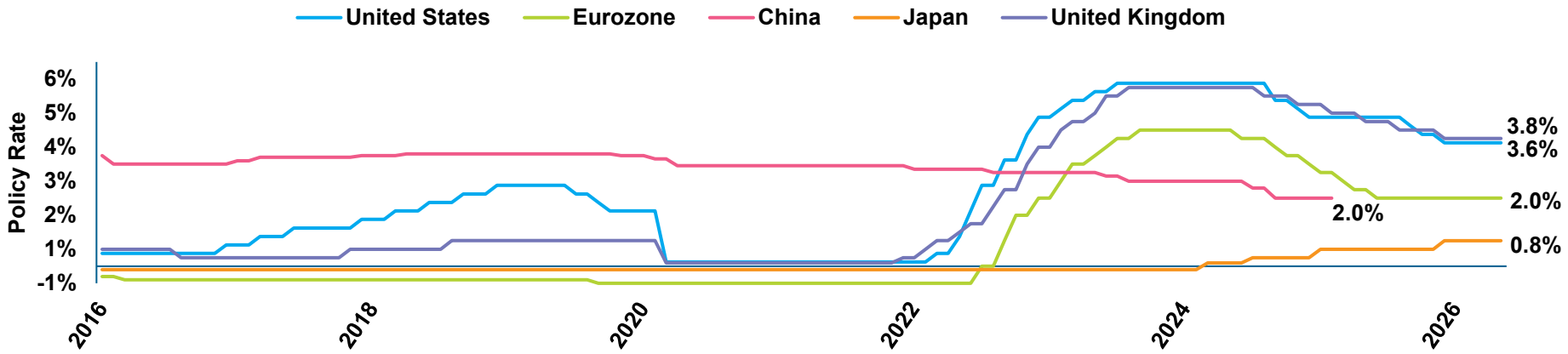
Global Inflation (CPI Trailing Twelve Months)[1]



- → Eurozone inflation rose to 3.2% YoY in May, remaining above the ECB's 2% target as elevated energy costs continued to feed through to consumer prices.
- → Japan's inflation was 1.5% at the end of May up slightly from the 1.4% level in April still below the BOJ's 2.0% target. The slight increase was driven by the expiration of government subsidies in the electricity and gas space.
- → China's inflation held at 1.2%, with subdued domestic demand keeping price pressures muted even as higher imported energy costs lifted transport prices.

[1] Source: Bloomberg. Data is as of May 2026.

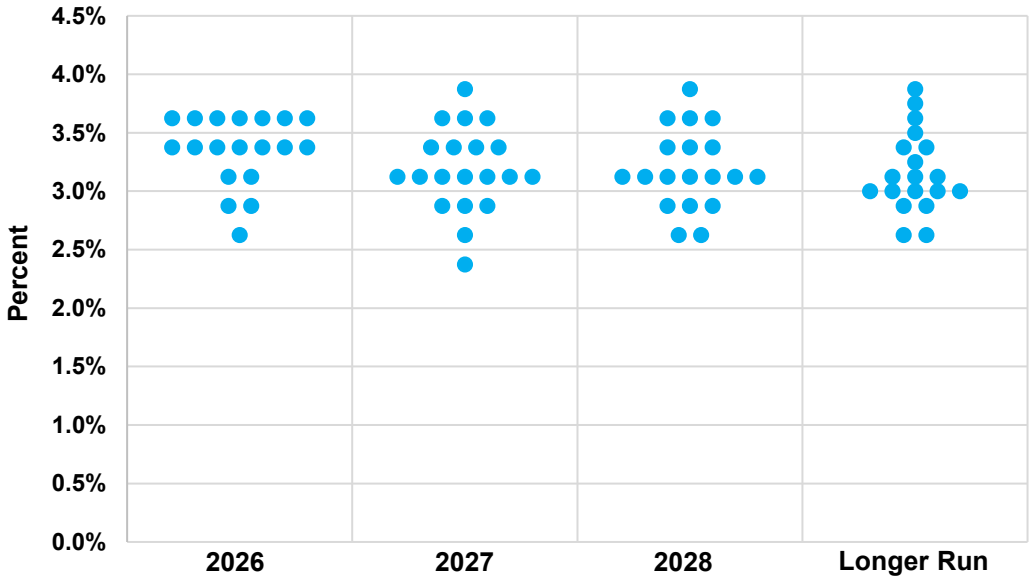
Global Policy Rates[1]



- → Global monetary policy remained hawkish in May, as rising inflation driven largely by higher energy prices led most major central banks to continue to signal the potential of rate increase later this year and next.
- → The Federal Reserve did not have a policy meeting in May with rates at 3.5%–3.75% following its April 29 hold (the most divided decision since 1992). Minutes released during the month showed some officials viewed further tightening as potentially necessary, and rather than cuts, markets continued to price a modest probability of a rate hike into 2027.
- → The ECB after month-end increased its policy rate by 0.25%. They and the BOE are expected to raise policy rates further this year, given the impact of higher oil prices on inflation in their regions. Both economies are net importers of oil, exposing them to the supply disruption through the Strait of Hormuz.
- → The Bank of Japan is also expected to raise rates further this year, though the Middle East conflict and yen weakness have introduced meaningful uncertainty around the timing of any move.
- → China is expected to remain accommodative, with subdued inflation and weak domestic momentum warranting continued policy support.

[1] Source: Bloomberg. Data is as of May 31, 2026, except China which is as of February 28, 2025. United States rate is the mid-point of the Federal Funds Target Rate range. Eurozone rate is the ECB Deposit Facility Announcement Rate. Japan rate is the Bank of Japan Unsecured Overnight Call Rate Expected. China rate is the China Central Bank 1-Year Medium Term Interest Rate. UK rate is the UK Bank of England Official Bank Rate.

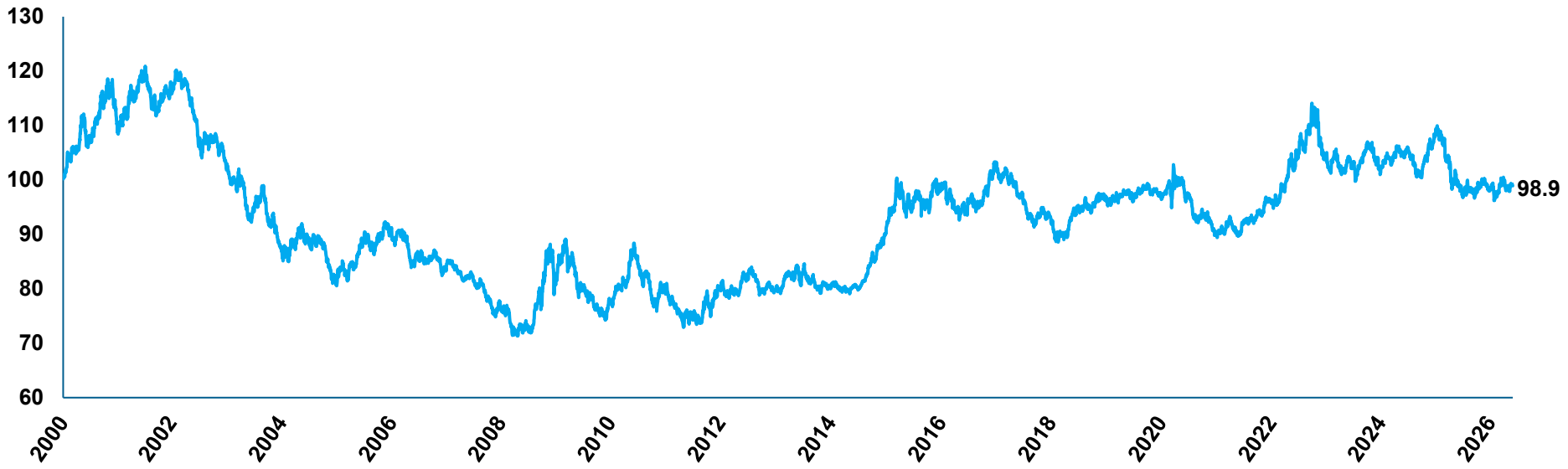
Federal Reserve Dot Plot[1]



- → The Federal Reserve's dot plot reflects expectations for interest rates by each member across various periods. Within the Fed, the dot plot reveals notable disagreement, with some members projecting rate increases, others holding steady, and a minority still anticipating cuts before year-end.
- → The median March FOMC projection cluster around 3.5% (near the current range) for 2026, with dots dispersed from roughly 2.6% to 3.6%. It is worth noting that markets are expecting rates to be higher than the Fed's forecast by year-end.
- → The median projection drifts slightly down toward 3.1% in 2027, 2028, and over the longer run. This implies only gradual easing, though the persistent dispersion signals limited consensus on the pace and timing.

[1] Source: March 18, 2026, FOMC Summary of Economic Projections.

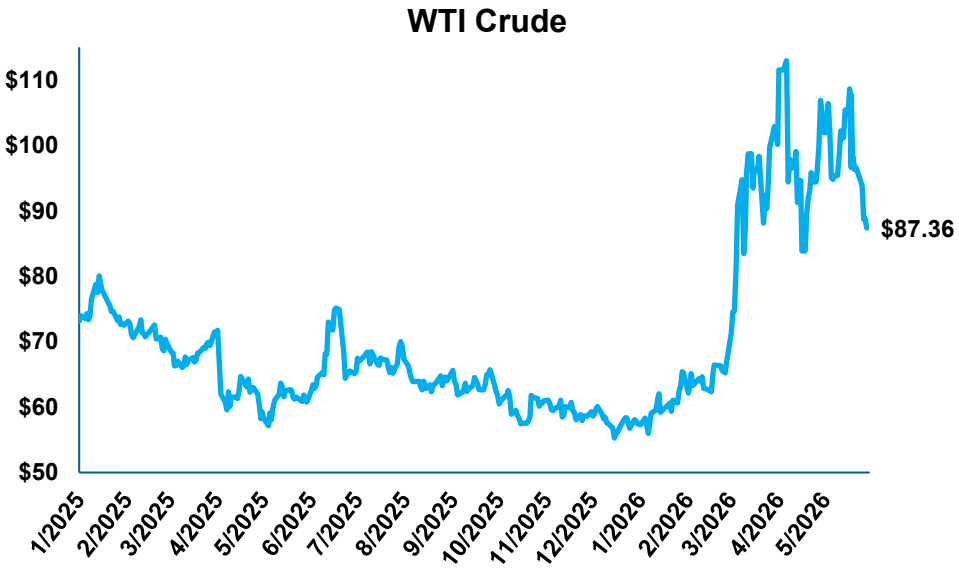
US Dollar vs. Broad Currencies[1]

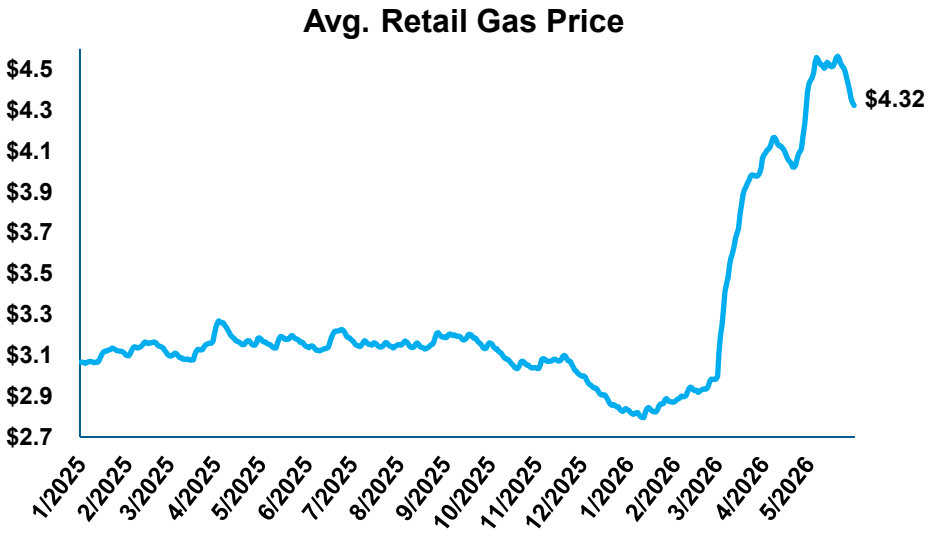


- → The US dollar increased slightly in May, with the DXY rising from 98.1 to 98.9 and reversing part of the prior month's decline.
- → The rebound reflected a firmer interest rate backdrop as markets pared expectations for any near-term policy easing, alongside the dollar's traditional appeal during periods of geopolitical uncertainty. A stronger dollar modestly trimmed returns on unhedged international holdings for dollar-based investors.
- → The outlook remains sensitive to geopolitical developments and Federal Reserve policy expectations, with the ongoing leadership transition adding near-term uncertainty for currency markets.

[1] Source: Bloomberg. Data is as of May 31, 2026.

Gas and Oil[1]

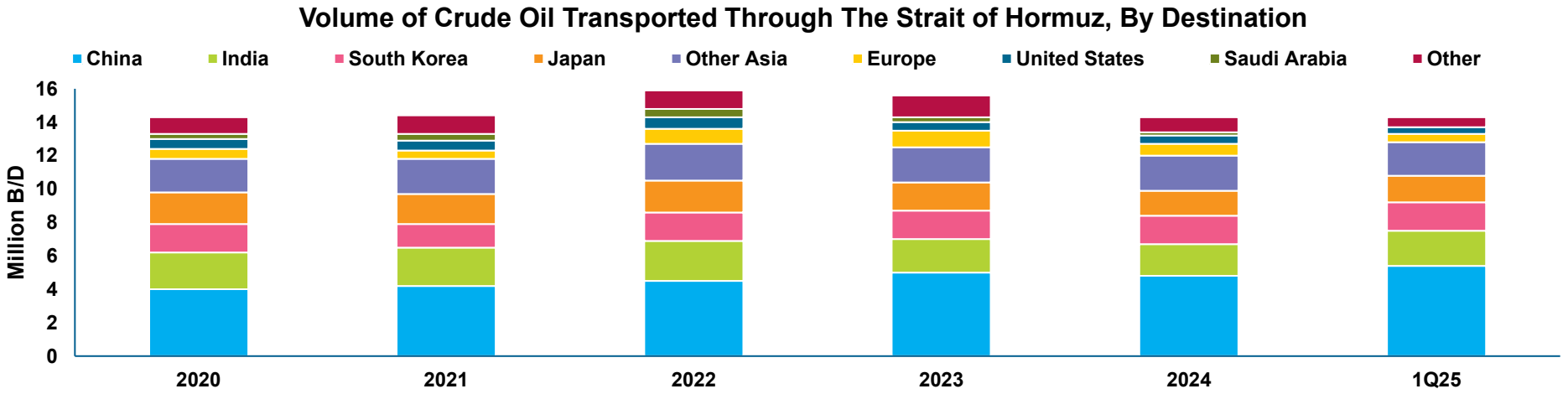




- → Oil prices retreated sharply in May, with WTI crude falling roughly 17% to finish the month at $87.36/barrel as easing tensions around the Strait of Hormuz and growing optimism over de-escalation in the Middle East relieved supply-disruption fears. The pullback reversed a substantial portion of the run-up that had carried US crude over $110/barrel earlier in the spring.
- → US retail gasoline prices also eased during the month to $4.32/gallon, down slightly from $4.39 in April but still elevated relative to a year earlier. With prices holding above $4/gallon, energy costs continue to weigh most heavily on lower-income households, where fuel represents a larger share of spending.

[1] Source: Bloomberg. Data is as of May 31, 2026.

Volume of Crude Oil[1]



- → The impact of the conflict has remained uneven across regions, shaped by oil dependence and trade flows. The Strait of Hormuz remains a critical chokepoint, and any disruption constrains supply from key exporters such as Saudi Arabia, Iraq, and the UAE while limiting global distribution.
- → China remains heavily reliant on Iranian oil (~90% of its imports), while Japan, South Korea, and India depend on broader Gulf supply, amplifying their vulnerability to disruptions.
- → Strong US production continues to provide a partial buffer, limiting WTI's upside relative to global benchmarks. The sharp May decline in prices suggests markets grew more confident that supply would remain adequate as tensions eased, though volatility could re-emerge if the conflict re-escalates.
- → The duration and trajectory of the conflict remain the key macro variables, shaping the outlook for both inflation and growth. The May de-escalation eased price pressures and, if sustained, could reopen the path for a reassessment of monetary policy.

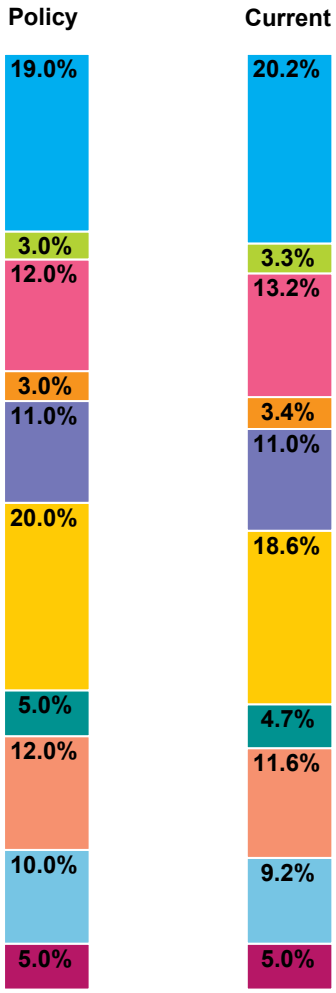
[1] Source: Apollo Academy. Data is as of March 31, 2025.

Key Trends

- Global growth expectations remain subdued amid the conflict in the Middle East. The IMF's April 2026 World Economic Outlook cut projected global growth to 3.1% (from 3.3%), and downside risks continue to dominate, with a renewed escalation capable of pushing growth materially lower. The May retreat in energy prices, if sustained, would ease one of the principal headwinds to the outlook.
- The dominant macro tension has shifted modestly. The sharp May pullback in oil prices eased the immediate energy-driven inflation threat, yet headline inflation still accelerated to 4.2% on lagged pass-through effects. This leaves the Federal Reserve's already uncertain policy path unresolved. The committee's deep divisions and a leadership transition continue to cloud the outlook for rates.
- US consumers show increasing strain at the lower end, with gasoline still above $4/gallon and a rising share of younger and rate-sensitive borrowers falling behind on debt. Job growth of 172,000 in May exceeded expectations, but soft participation and widening dispersion in household financial health point to underlying weakness beneath a still-firm headline labor market.
- US equity performance has been strong, with the rally led by technology and the largest mega-cap constituents and extended by robust emerging market gains in Asia. While leadership has broadened on a year-to-date basis, May's advance again leaned heavily on technology, and energy and other commodity-sensitive sectors gave back ground as oil prices fell.

May 2026 Performance Review

Asset Allocation vs. Target Allocation | As of May 31, 2026



Allocation vs. Targets

	Balance ($)	Current Allocation (%)	Policy (%)	Difference (%)	Policy Range (%)	Within IPS Range?
US Large Cap Equity	424,194,359	20.2	19.0	1.2	14.0 - 24.0	Yes
US Small/Mid Cap Equity	69,268,121	3.3	3.0	0.3	0.0 - 8.0	Yes
Non-US Equity Large Cap	276,819,588	13.2	12.0	1.2	7.0 - 17.0	Yes
Non-US Equity SMID Cap	71,924,330	3.4	3.0	0.4	0.0 - 8.0	Yes
Private Equity	230,540,938	11.0	11.0	0.0	6.0 - 16.0	Yes
Core Bonds	391,664,988	18.6	20.0	-1.4	15.0 - 25.0	Yes
Public Credit	98,203,988	4.7	5.0	-0.3	0.0 - 10.0	Yes
Private Debt	244,003,988	11.6	12.0	-0.4	7.0 - 17.0	Yes
Real Estate	193,807,386	9.2	10.0	-0.8	5.0 - 15.0	Yes
Real Assets	104,402,824	5.0	5.0	0.0	0.0 - 10.0	Yes
Total	**2,104,830,510**	**100.0**	**100.0**	**0.0**		

Trailing Net Performance | As of May 31, 2026

	Market Value ($)	% of Portfolio	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Total Fund	**2,104,830,510**	**100.0**	**2.8**	**5.6**	**15.6**	**11.2**	**7.3**	**8.7**	**7.7**	**Jul-92**
Total Fund Benchmark			*2.9*	*5.6*	*15.1*	*11.2*	*6.5*	*8.4*	*7.9*	
Global Public Equity	**842,206,398**	**40.0**	**6.5**	**12.4**	**31.4**	**21.4**	**9.6**	**11.9**	**9.1**	**May-11**
MSCI AC World Index			*7.7*	*12.4*	*30.8*	*22.8*	*12.0*	*13.4*	*10.5*	
US Equity	**493,462,480**	**23.4**	**9.5**	**11.5**	**29.4**	**22.5**	**12.5**	**14.8**	**12.8**	**May-11**
Russell 3000 Index			*10.0*	*11.2*	*29.4*	*23.2*	*12.9*	*15.1*	*13.6*	
US Large Cap Index Pool	424,194,359	20.2	10.0	10.9	28.8	23.3	13.3	15.3	13.8	May-11
Russell 1000 Index			*10.0*	*10.9*	*28.8*	*23.3*	*13.3*	*15.4*	*13.9*	
US SMID Cap Alternative Weighted Index Pool	69,268,121	3.3	7.0	15.5	33.3	16.3	5.8	--	8.4	Feb-21
S&P SmallCap 600 Index			*7.0*	*15.5*	*33.3*	*16.4*	*5.9*	*--*	*8.5*	
Non-US Equity	**348,743,918**	**16.6**	**2.4**	**13.6**	**30.3**	**19.2**	**6.6**	**9.2**	**5.1**	**May-11**
MSCI AC World ex USA (Net)			*2.7*	*14.4*	*32.8*	*20.8*	*8.8*	*9.8*	*6.2*	
Non-US Large Cap Active Pool	114,657,721	5.4	2.3	12.1	--	--	--	--	25.4	Aug-25
MSCI AC World ex USA (Net)			*2.7*	*14.4*	*--*	*--*	*--*	*--*	*28.8*	
Non-US Large Cap Passive Pool	162,161,867	7.7	2.7	13.8	--	--	--	--	27.7	Aug-25
MSCI AC World ex USA (Net)			*2.7*	*14.4*	*--*	*--*	*--*	*--*	*28.8*	
Non-US SMID Cap Active Pool	28,612,061	1.4	3.5	20.0	--	--	--	--	32.7	Aug-25
MSCI AC World ex USA Small Cap (Net)			*1.3*	*13.5*	*--*	*--*	*--*	*--*	*24.4*	
Non-US SMID Cap Passive Pool	43,312,269	2.1	1.0	13.0	--	--	--	--	24.1	Aug-25
MSCI AC World ex USA Small Cap (Net)			*1.3*	*13.5*	*--*	*--*	*--*	*--*	*24.4*	

Performance returns are all net of fees throughout the report.

Trailing Net Performance | As of May 31, 2026

	Market Value ($)	% of Portfolio	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Private Equity	**230,540,938**	**11.0**	**2.5**	**2.9**	**10.7**	**7.5**	**11.5**	**12.8**	**11.8**	**Apr-15**
Private Equity Pool	230,540,938	11.0	2.5	2.9	10.7	7.5	11.5	12.8	11.8	Apr-15
MSCI ACWI + 3%			*8.3*	*13.5*	*34.1*	*25.9*	*14.8*	*16.2*	*14.4*	
Fixed Income	**733,872,964**	**34.9**	**-0.3**	**0.9**	**6.4**	**6.1**	**3.5**	**4.4**	**4.5**	**May-11**
Blmbg. U.S. Universal Index			*-1.1*	*0.5*	*5.5*	*4.6*	*0.5*	*2.1*	*2.7*	
Core Bonds Pool	391,664,988	18.6	-1.4	0.3	5.2	4.3	0.3	--	2.3	Oct-18
Blmbg. U.S. Aggregate Index			*-1.3*	*0.4*	*5.1*	*3.9*	*0.2*	*--*	*2.1*	
Credit Plus Pool	98,203,988	4.7	0.3	1.5	--	--	--	--	2.3	Nov-25
Blmbg. U.S. Universal Index			*-1.1*	*0.5*	*--*	*--*	*--*	*--*	*1.0*	
Private Debt Pool	244,003,988	11.6	1.2	1.6	8.2	8.4	7.4	7.1	6.4	Apr-15
S&P UBS Leveraged Loan +2% 1Q Lag			*0.1*	*0.9*	*5.9*	*9.9*	*7.8*	*7.9*	*7.1*	
Real Estate	**193,807,386**	**9.2**	**0.6**	**0.6**	**2.7**	**-2.8**	**4.4**	**5.3**	**5.8**	**May-14**
Real Estate Pool	193,807,386	9.2	0.6	0.6	2.7	-2.8	4.4	5.3	5.8	May-14
Real Estate Custom Index			*0.9*	*1.0*	*3.7*	*-3.9*	*2.8*	*4.0*	*5.4*	
Real Assets	**104,402,824**	**5.0**	**2.4**	**4.8**	**12.8**	**10.8**	**11.7**	**--**	**7.5**	**Oct-18**
Real Assets Pool	104,402,824	5.0	2.4	4.8	12.8	10.8	11.7	--	7.5	Oct-18
Real Assets Custom Index			*3.0*	*4.1*	*8.3*	*7.0*	*6.1*	*--*	*5.8*	

Real Estate Custom Index is comprised of 100% NCREIF ODCE (Net) (1 Qtr Lag) through 09/2024, and 100% NCREIF ODCE+0.75% (Net) (1 Qtr Lag) thereafter.
Real Assets Custom Index is comprised of 35% Bloomberg US Treasury: US TIPS Index, 25% Bloomberg Commodity Index (TR), 20% NCREIF Timberland Index, and 20% CPI+3% through 03/2024, and the CPI+4% thereafter.

Calendar Year Performance | As of May 31, 2026

	2025 (%)	2024 (%)	2023 (%)	2022 (%)	2021 (%)	2020 (%)	2019 (%)	2018 (%)	2017 (%)	2016 (%)
Total Fund	**13.7**	**7.6**	**9.3**	**-7.1**	**15.5**	**9.8**	**13.2**	**-1.3**	**17.3**	**8.0**
Total Fund Benchmark	*14.0*	*7.0*	*9.7*	*-8.5*	*12.9*	*10.3*	*14.3*	*-1.8*	*17.0*	*8.4*
Global Public Equity	**24.8**	**13.1**	**18.8**	**-18.4**	**14.0**	**16.0**	**24.8**	**-10.4**	**26.1**	**9.6**
MSCI AC World Index	*22.9*	*18.0*	*22.8*	*-18.0*	*19.0*	*16.8*	*27.3*	*-8.9*	*24.6*	*8.5*
US Equity	**15.9**	**22.6**	**25.4**	**-18.8**	**26.5**	**20.0**	**31.5**	**-6.0**	**20.6**	**13.1**
Russell 3000 Index	*17.1*	*23.8*	*26.0*	*-19.2*	*25.7*	*20.9*	*31.0*	*-5.2*	*21.1*	*12.7*
US Large Cap Index Pool	17.4	24.5	26.6	-19.1	26.5	20.4	31.3	-4.8	21.7	12.1
Russell 1000 Index	*17.4*	*24.5*	*26.5*	*-19.1*	*26.5*	*21.0*	*31.4*	*-4.8*	*21.7*	*12.1*
US SMID Cap Alternative Weighted Index Pool	6.0	8.5	16.0	-16.3	--	--	--	--	--	--
S&P SmallCap 600 Index	*6.0*	*8.7*	*16.1*	*-16.1*	*--*	*--*	*--*	*--*	*--*	*--*
Non-US Equity	**29.2**	**5.0**	**13.2**	**-18.1**	**4.8**	**13.1**	**20.5**	**-14.9**	**31.6**	**6.2**
MSCI AC World ex USA (Net)	*32.4*	*5.5*	*15.6*	*-16.0*	*7.8*	*10.7*	*21.5*	*-14.2*	*27.2*	*4.5*
Non-US Large Cap Active Pool	--	--	--	--	--	--	--	--	--	--
MSCI AC World ex USA (Net)	*--*	*--*	*--*	*--*	*--*	*--*	*--*	*--*	*--*	*--*
Non-US Large Cap Passive Pool	--	--	--	--	--	--	--	--	--	--
MSCI AC World ex USA (Net)	*--*	*--*	*--*	*--*	*--*	*--*	*--*	*--*	*--*	*--*
Non-US SMID Cap Active Pool	--	--	--	--	--	--	--	--	--	--
MSCI AC World ex USA Small Cap (Net)	*--*	*--*	*--*	*--*	*--*	*--*	*--*	*--*	*--*	*--*
Non-US SMID Cap Passive Pool	--	--	--	--	--	--	--	--	--	--
MSCI AC World ex USA Small Cap (Net)	*--*	*--*	*--*	*--*	*--*	*--*	*--*	*--*	*--*	*--*
Private Equity	**9.0**	**5.9**	**5.8**	**2.4**	**49.4**	**12.4**	**9.6**	**14.1**	**15.8**	**7.4**
Private Equity Pool	9.0	5.9	5.8	2.4	49.4	12.4	9.6	14.1	15.8	7.4
MSCI ACWI + 3%	*25.9*	*21.0*	*25.8*	*-15.9*	*22.0*	*19.7*	*30.3*	*-6.7*	*27.6*	*11.1*

Returns for Non-US Large Cap Active Pool, Non-US Large Cap Passive Pool, Non-US SMID Cap Active Pool, and Non-US SMID Cap Passive Pool will begin after the first full year of performance.

Calendar Year Performance | As of May 31, 2026

	2025 (%)	2024 (%)	2023 (%)	2022 (%)	2021 (%)	2020 (%)	2019 (%)	2018 (%)	2017 (%)	2016 (%)
Fixed Income	**8.3**	**4.8**	**6.9**	**-6.7**	**4.9**	**7.0**	**6.3**	**2.2**	**7.0**	**6.4**
Blmbg. U.S. Universal Index	*7.6*	*2.0*	*6.2*	*-13.0*	*-1.1*	*7.6*	*9.3*	*-0.3*	*4.1*	*3.9*
Core Bonds Pool	7.8	1.7	6.0	-13.9	-1.4	9.0	8.8	--	--	--
Blmbg. U.S. Aggregate Index	*7.3*	*1.3*	*5.5*	*-13.0*	*-1.5*	*7.5*	*8.7*	*--*	*--*	*--*
Credit Plus Pool	--	--	--	--	--	--	--	--	--	--
Blmbg. U.S. Universal Index	*--*	*--*	*--*	*--*	*--*	*--*	*--*	*--*	*--*	*--*
Private Debt Pool	9.0	8.7	8.0	2.5	14.2	4.1	3.1	4.5	9.0	6.9
S&P UBS Leveraged Loan +2% 1Q Lag	*9.2*	*11.8*	*14.7*	*-0.7*	*10.6*	*2.9*	*5.2*	*7.7*	*7.5*	*7.4*
Real Estate	**3.3**	**-5.8**	**-9.4**	**18.8**	**20.8**	**-0.6**	**5.4**	**10.2**	**7.9**	**10.6**
Real Estate Pool	3.3	-5.8	-9.4	18.8	20.8	-0.6	5.4	10.2	7.9	10.6
Real Estate Custom Index	*4.0*	*-7.9*	*-12.9*	*21.0*	*13.6*	*0.5*	*4.6*	*7.7*	*6.7*	*9.1*
Real Assets	**9.6**	**11.9**	**9.4**	**15.0**	**16.0**	**-7.6**	**4.1**	**--**	**--**	**--**
Real Assets Pool	9.6	11.9	9.3	15.0	16.0	-7.6	4.1	--	--	--
Real Assets Custom Index	*6.8*	*6.1*	*2.5*	*4.2*	*12.7*	*4.3*	*6.3*	*--*	*--*	*--*

Returns for Credit Plus Pool will begin after the first full year of performance.
Real Estate Custom Index is comprised of 100% NCREIF ODCE (Net) (1 Qtr Lag) through 09/2024, and 100% NCREIF ODCE+0.75% (Net) (1 Qtr Lag) thereafter.
Real Assets Custom Index is comprised of 35% Bloomberg US Treasury: US TIPS Index, 25% Bloomberg Commodity Index (TR), 20% NCREIF Timberland Index, and 20% CPI+3% through 03/2024, and the CPI+4% thereafter.

Cash Flow Summary | Quarter To Date Ending May 31, 2026

Cash Flow Summary	Beginning Market Value ($)	Contributions ($)	Distributions ($)	Net Cash Flows ($)	Net Investment Change ($)	Ending Market Value ($)
US Large Cap Index Pool	366,588,252	-	-	-	57,606,107	424,194,359
US SMID Cap Alternative Weighted Index Pool	62,100,651	-	-	-	7,167,470	69,268,121
Non-US Large Cap Active Pool	100,543,838	-	-	-	14,113,883	114,657,721
Non-US Large Cap Passive Pool	141,969,243	-	-	-	20,192,624	162,161,867
Non-US SMID Cap Active Pool	24,638,465	-	-	-	3,973,595	28,612,061
Non-US SMID Cap Passive Pool	38,204,733	-	-	-	5,107,536	43,312,269
Private Equity Pool	229,957,965	-	-	-	582,972	230,540,938
Core Bonds Pool	389,093,159	-	-	-	2,571,829	391,664,988
Credit Plus Pool	96,670,900	-	-	-	1,533,088	98,203,988
Private Debt Pool	244,555,337	-	-	-	-551,349	244,003,988
Real Estate Pool	193,490,992	-	-	-	316,394	193,807,386
Real Assets Pool	104,313,860	-	-	-	88,964	104,402,824
Total	**1,992,127,397**	**-**	**-**	**-**	**112,703,113**	**2,104,830,510**

Benchmark History | As of May 31, 2026

Benchmark History		
From Date	To Date	Benchmark
Total Fund		
10/01/2025	Present	19.0% Russell 1000 Index, 3.0% S&P SmallCap 600 Index, 20.0% Blmbg. U.S. Aggregate Index, 12.0% S&P UBS Leveraged Loan +2% 1Q Lag, 5.0% Real Assets Custom Index, 11.0% Preqin Private Equity (1QTR Lag), 12.0% MSCI AC World ex USA (Net), 3.0% MSCI AC World ex USA Small Cap (Net), 10.0% NCREIF ODCE +0.75% Net (1Q Lag), 5.0% Blmbg. U.S. Universal Index
07/01/2025	09/30/2025	14.0% Russell 1000 Index, 2.0% S&P SmallCap 600 Index, 20.0% Blmbg. U.S. Aggregate Index, 15.0% S&P UBS Leveraged Loan +2% 1Q Lag, 5.0% Real Assets Custom Index, 10.0% Preqin Private Equity (1QTR Lag), 19.0% MSCI AC World ex USA (Net), 5.0% MSCI AC World ex USA Small Cap (Net), 10.0% NCREIF ODCE +0.75% Net (1Q Lag)
10/01/2024	06/30/2025	14.0% Russell 1000 Index, 2.0% S&P SmallCap 600 Index, 14.0% Non US Developed Markets Passive Custom Index, 10.0% MSCI Emerging Markets (Net), 20.0% Blmbg. U.S. Aggregate Index, 15.0% S&P UBS Leveraged Loan +2% 1Q Lag, 5.0% Real Assets Custom Index, 10.0% NCREIF ODCE +0.75% Net (1Q Lag), 10.0% Preqin Private Equity (1QTR Lag)
07/01/2023	09/30/2024	14.0% Russell 1000 Index, 2.0% S&P SmallCap 600 Index, 14.0% Non US Developed Markets Passive Custom Index, 10.0% MSCI Emerging Markets (Net), 20.0% Blmbg. U.S. Aggregate Index, 15.0% S&P UBS Leveraged Loan +2% 1Q Lag, 5.0% Real Assets Custom Index, 10.0% NCREIF ODCE Net 1 Qtr Lag, 10.0% Preqin Private Equity (1QTR Lag)
02/01/2021	06/30/2023	14.0% Russell 1000 Index, 14.0% Non US Developed Markets Passive Custom Index, 10.0% MSCI Emerging Markets (Net), 2.0% S&P SmallCap 600 Index, 15.0% Private Market Fixed Income Custom Index, 10.0% Cambridge Associates US PE 1Q Lagged, 10.0% NCREIF ODCE Index (AWA) (Net) (Monthly), 20.0% Blmbg. U.S. Aggregate Index, 5.0% Real Assets Custom Index
11/01/2018	01/31/2021	14.0% Russell 1000 Index, 14.0% Non US Developed Markets Passive Custom Index, 10.0% MSCI Emerging Markets (Net), 2.0% US Small/Mid Cap Equity Custom Index, 15.0% Private Market Fixed Income Custom Index, 10.0% Cambridge Associates US PE 1Q Lagged, 10.0% NCREIF ODCE Index (AWA) (Net) (Monthly), 20.0% Blmbg. U.S. Aggregate Index, 5.0% Real Assets Custom Index
10/01/2018	10/31/2018	14.0% Russell 1000 Index, 14.0% Non US Developed Markets Passive Custom Index, 10.0% MSCI Emerging Markets (Net), 2.0% US Small/Mid Cap Equity Custom Index, 15.0% Private Market Fixed Income Custom Index, 10.0% Cambridge Associates US PE 1Q Lagged, 10.0% NCREIF ODCE Index (AWA) (Net) (Monthly), 20.0% Blmbg. U.S. Aggregate Index, 5.0% Real Assets Custom Index
05/01/2018	09/30/2018	20.0% Russell 1000 Index, 12.0% Non US Developed Markets Passive Custom Index, 15.0% MSCI Emerging Markets (Net), 3.0% US Small/Mid Cap Equity Custom Index, 25.0% US Core Bonds Pool Blended Index, 10.0% Private Market Fixed Income Custom Index, 10.0% Cambridge Associates US PE 1Q Lagged, 5.0% NCREIF ODCE Index (AWA) (Net) (Monthly)
04/01/2018	04/30/2018	20.0% Russell 1000 Index, 12.0% Non US Developed Markets Passive Custom Index, 15.0% MSCI Emerging Markets (Net), 3.0% US Small/Mid Cap Equity Custom Index, 25.0% US Core Bonds Pool Blended Index, 10.0% Private Market Fixed Income Custom Index, 10.0% Cambridge Associates US PE 1Q Lagged, 5.0% NCREIF ODCE Index (AWA) (Net) (Monthly)

During the period 7/1/25-09/30/25, the total fund benchmark reflects targets of 19% Non-US Large and 5% Non-US SMID. This is to align with the underlying SIC non-US equity investment pool change implemented on 7/1/25.

Benchmark History | As of May 31, 2026

From Date	To Date	Benchmark
05/01/2017	03/31/2018	20.0% Russell 1000 Index, 12.0% MSCI EAFE (Net), 15.0% MSCI Emerging Markets (Net), 3.0% US Small/Mid Cap Equity Custom Index, 20.0% US Core Bonds Pool Blended Index, 10.0% Private Market Fixed Income Custom Index, 5.0% HFRI FOF Composite (1-qtr lagged), 10.0% Cambridge Associates US PE 1Q Lagged, 5.0% NCREIF ODCE Index (AWA) (Net) (Monthly)
11/01/2015	04/30/2017	20.0% Russell 1000 Index, 12.0% MSCI EAFE (Net), 15.0% MSCI Emerging Markets (Net), 3.0% US Small/Mid Cap Equity Custom Index, 20.0% US Core Bonds Pool Blended Index, 10.0% Private Market Fixed Income Custom Index, 5.0% HFRI FOF Composite (1-qtr lagged), 10.0% Cambridge Associates US PE 1Q Lagged, 5.0% NCREIF ODCE Index (AWA) (Net) (Monthly)
04/01/2015	10/31/2015	20.0% Russell 1000 Index, 12.0% MSCI EAFE (Net), 15.0% MSCI Emerging Markets (Net), 3.0% US Small/Mid Cap Equity Custom Index, 20.0% US Core Bonds Pool Blended Index, 10.0% Private Market Fixed Income Custom Index, 5.0% HFRI Fund of Funds Composite Index, 10.0% CA U.S. Private Equity Index (Legacy), 5.0% NCREIF ODCE Index (AWA) (Net) (Monthly)
12/01/2011	03/31/2015	25.0% Russell 1000 Index, 15.0% MSCI EAFE (Net), 15.0% MSCI Emerging Markets (Net), 10.0% US Small/Mid Cap Equity Custom Index, 35.0% US Core Bonds Pool Blended Index
11/01/2011	11/30/2011	25.0% S&P 500 Index, 15.0% MSCI EAFE (Net), 15.0% MSCI Emerging Markets (Net), 10.0% US Small/Mid Cap Equity Custom Index, 35.0% US Core Bonds Pool Blended Index
04/01/2011	10/31/2011	25.0% S&P 500 Index, 15.0% MSCI EAFE (Net), 15.0% MSCI Emerging Markets (Net), 10.0% US Small/Mid Cap Equity Custom Index, 35.0% US Core Bonds Pool Blended Index
12/01/2010	03/31/2011	38.0% S&P 500 Index, 20.0% MSCI EAFE (Net), 5.0% MSCI Emerging Markets (Net), 9.0% US Small/Mid Cap Equity Custom Index, 28.0% US Core Bonds Pool Blended Index
11/01/2007	11/30/2010	38.0% S&P 500 Index, 28.0% Blmbg. U.S. Aggregate Index, 20.0% MSCI EAFE (Net), 5.0% MSCI Emerging Markets (Net), 9.0% Russell 2500 Index
08/01/2005	10/31/2007	38.0% S&P 500 Index, 25.0% Blmbg. U.S. Aggregate Index, 20.0% MSCI EAFE (Net), 5.0% MSCI Emerging Markets (Net), 9.0% Russell 2500 Index, 3.0% ICE BofA High Yield BB-B Constrained Index
07/01/2005	07/31/2005	38.0% S&P 500 Index, 25.0% Blmbg. U.S. Aggregate Index, 20.0% MSCI EAFE (Net), 5.0% MSCI Emerging Markets (Net), 9.0% Russell 2500 Index, 3.0% ICE BofA High Yield BB-B Constrained Index
03/01/2002	06/30/2005	38.0% S&P 500 Index, 25.0% Blmbg. U.S. Aggregate Index, 20.0% MSCI EAFE (Net), 5.0% MSCI Emerging Markets (Net), 9.0% Russell 2500 Index, 3.0% ICE BofA U.S. High Yield, BB-B Rated Index
01/01/2001	02/28/2002	40.0% S&P 500 Index, 25.0% Blmbg. U.S. Aggregate Index, 22.0% MSCI EAFE (Net), 3.0% MSCI Emerging Markets (Net), 10.0% Russell 2500 Index
08/01/2000	12/31/2000	40.0% S&P 500 Index, 25.0% Blmbg. U.S. Aggregate Index, 22.0% MSCI EAFE (Net), 3.0% MSCI Emerging Markets Index, 10.0% Russell 2500 Index
05/01/1999	07/31/2000	45.0% S&P 500 Index, 40.0% Blmbg. U.S. Aggregate Index, 13.0% MSCI EAFE (Net), 2.0% MSCI Emerging Markets Index
03/01/1999	04/30/1999	45.0% S&P 500 Index, 40.0% Blmbg. U.S. Aggregate Index, 15.0% MSCI EAFE (Net)
12/01/1995	02/28/1999	60.0% S&P 500 Index, 40.0% Blmbg. U.S. Aggregate Index
06/01/1992	11/30/1995	40.0% S&P 500 Index, 60.0% Blmbg. U.S. Aggregate Index

Benchmark History | As of May 31, 2026

From Date	To Date	Benchmark
Real Assets Custom Index		
04/01/2024	Present	100.0% CPI +4% (Seasonally Adjusted)
10/01/2018	03/31/2024	35.0% Blmbg. U.S. TIPS Index, 25.0% Bloomberg Commodity Index Total Return, 20.0% NCREIF Timberland, 20.0% CPI +3% (Seasonally Adjusted)

Fee Schedule | As of May 31, 2026

Annual Investment Expense Analysis

	Fee Schedule	Market Value ($)	Expense Ratio (%)	Estimated Expense ($)
Total Fund		**2,104,830,510**	**0.38**	**8,053,049**
Global Public Equity		**842,206,398**	**0.08**	**689,391**
US Equity		**493,462,480**	**0.01**	**63,200**
US Large Cap Index Pool	0.01 % of Assets	424,194,359	0.01	42,419
US SMID Cap Alternative Weighted Index Pool	0.03 % of Assets	69,268,121	0.03	20,780
Non-US Equity		**348,743,918**	**0.18**	**626,191**
Non-US Large Cap Active Pool	0.35 % of Assets	114,657,721	0.35	401,302
Non-US Large Cap Passive Pool	0.03 % of Assets	162,161,867	0.03	48,649
Non-US SMID Cap Active Pool	0.51 % of Assets	28,612,061	0.51	145,922
Non-US SMID Cap Passive Pool	0.07 % of Assets	43,312,269	0.07	30,319
Private Equity		**230,540,938**	**1.35**	**3,112,303**
Private Equity Pool	1.35% + Incentive Fee	230,540,938	1.35	3,112,303
Fixed Income		**733,872,964**	**0.25**	**1,817,913**
Core Bonds Pool	0.10 % of Assets	391,664,988	0.10	391,665
Credit Plus Pool	0.21 % of Assets	98,203,988	0.21	206,228
Private Debt Pool	0.50% + Incentive Fee	244,003,988	0.50	1,220,020
Real Estate		**193,807,386**	**0.76**	**1,472,936**
Real Estate Pool	0.76% + Incentive Fee	193,807,386	0.76	1,472,936
Real Assets		**104,402,824**	**0.92**	**960,506**
Real Assets Pool	0.92% + Incentive Fee	104,402,824	0.92	960,506

Fee information is based on RVK's State Investment Council Third Party Investors Report as of March 31, 2026.

Active/Passive Equities Overview

Agenda

1. Introduction
2. Active vs. Passive Investing
3. Assessment of NM SIC Non-US Active Equity Pools
4. Non-US Equity Implementation Options to Consider

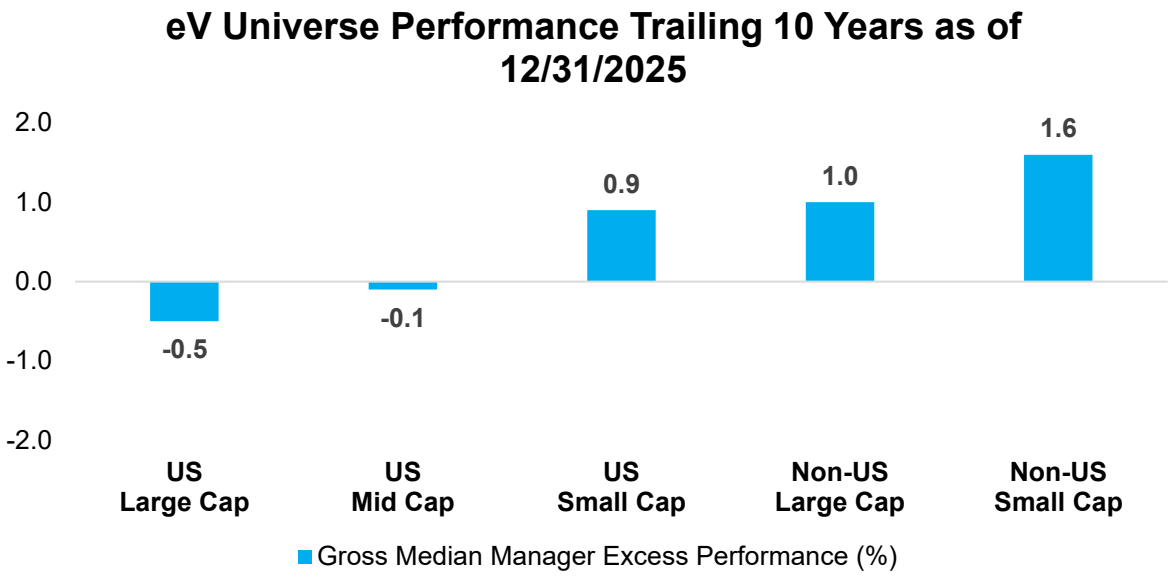
Introduction

- → The Board of NMRHCA adopted new asset allocation targets in July of 2025. For most asset classes, the NM SIC only offers one investment pool, making asset allocation implementation straightforward.
- → The exception is in public equities, where the NM SIC offers a choice between active and passive implementation options:
  - Active investment management seeks to outperform (or reduce risk relative to) broad market indexes.
  - Passive investment management seeks to closely track broad market indexes.
- → Currently, the NMRHCA invests in public equities as follows:
  - US Equity
    - Large Cap: 100% Passive (Large Cap Index Pool)
    - SMID Cap: 100% Passive (SMID Cap Alternative Weighted Index Pool)
  - Non-US Equity
    - Large Cap: 59% Passive (Large Cap Passive Pool) and 41% Active (Large Cap Active Pool)
    - SMID Cap: 60% Passive (SMID Cap Passive Pool) and 40% Active (SMID Cap Active Pool)
    - Current non-US equity weights are a result of maintaining the existing passive and active exposure prior to the NM SIC's non-US equity structure change in 2025. Please see Board memo in Appendix.
- → This document offers an overview of active vs passive investment management and also details various non-US implementation options for the Board's consideration at a future meeting.
  - The NM SIC is contemplating changes to its US equity pools. When a decision is made by the SIC, Meketa will present a similar US-focused analysis to the NMRHCA Board.

Active vs. Passive Investing

- Active management aims to add value by achieving higher returns or reducing risk compared to market benchmarks. Active managers try to outperform by selecting specific securities, strategies, or sectors. However, this approach carries risks, including the potential for underperformance, unintentionally large bets, personnel issues, and challenges in managing large asset pools.
- Market efficiency varies, with some markets being more efficient than others based on the value added by active managers, on average. Superior manager selection can add value across asset classes, but it's unrealistic to expect all managers to achieve top quartile returns. In highly efficient markets, passive management is more likely to succeed due to its low fees and ability to replicate market segment returns. Passive strategies are ideal for achieving broad diversification at very low costs.
- Some areas of the global equity universe tend to be more conducive to passive management (Large cap US stocks), while others may be more conducive to active management (Small/Mid cap non-US stocks). However, it is challenging to identify persistent long-term outperforming managers before the fact in all areas.

Active vs. Passive Investing (continued)



- → In most public asset classes outside of the US, the median manager's "alpha" is positive, before fees.
  - NM SIC pool expense ratios as of 3/31/2026: Non-US Large Active: 0.35%, Non-US SMID Active: 0.51%
  - The median fee for similar strategies for an investor of RHCA's size is 0.62% and 0.89%, respectively[1]
- → The asset classes with the highest median outperformance were US small cap equity, Non-US large cap equity, and Non-US small cap equity.
- → The highest outperforming asset classes are those considered to be less efficient, though they often tend to be associated with higher fees.

[1] Source: eVestment

Active vs. Passive Investing (continued)

- Consistently outperforming the market is difficult, and many active managers fail to do so over the long term. Studies have shown that a significant percentage of active funds underperform their benchmarks, especially after accounting for fees and expenses.
- However, some areas of the public equity universe have shown more persistent success of active managers:
  - US Small/Mid Cap:
    - Small/mid cap stocks have more limited analyst coverage, creating opportunities for active managers to uncover undervalued companies.
  - Non-US:
    - Active managers can navigate political, economic, and currency risks more effectively in these markets.
    - In addition, emerging markets are characterized by higher volatility and diverse economic conditions, where local knowledge and active management can add significant value.
- However, it would be prudent to understand drawbacks of active management, which include higher costs and inconsistent results:
  - Active funds typically have higher expense ratios compared to passive funds due to the costs associated with research, analysis, and portfolio management. Portfolio turnover is also typically higher, adding to overall costs.
  - These higher costs can erode returns over time, making it more challenging for active managers to consistently outperform their benchmarks net of fees and adjusted for risk.

Assessment of NM SIC Non-US Active Equity Pools

- The NM SIC redesigned their Non-US Equity pools in 2025. Both of their active pools (Non-US Large and Non-US SMID) have displayed outperformance utilizing historical manager information vs. applicable benchmarks, while maintaining broad diversification.
- Portfolio Makeup:

Non-US Large Cap Active	Manager Weight (%)
LSV International Large Cap Value Equity	12.5
Arga International Large Cap Value	12.5
Brandes International Large Cap Value	12.5
MFS International Growth Equity	12.5
Lazard International Large Cap Growth	12.5
Hardman Johnston International Large Cap Growth	12.5
Acadian International Large Cap Core	12.5
C WorldWide International Large Cap Growth	12.5

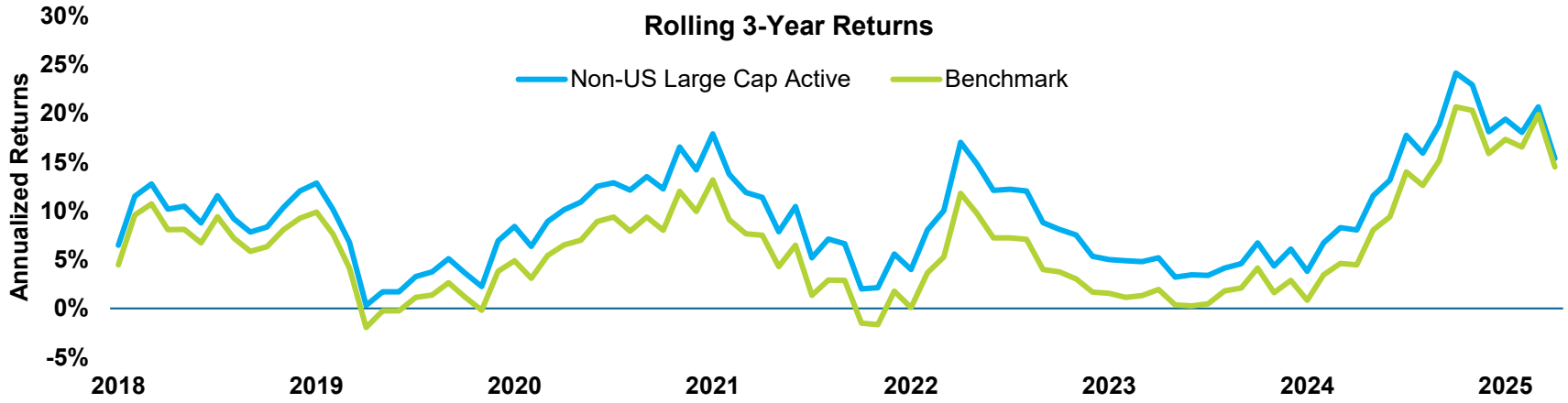
Non-US SMID Cap Active	Manager Weight (%)
DFA International SMID Cap Value	16.7
Cedar Street International Small Cap Value	16.7
Informed Momentum Int'l Small Cap Growth	16.7
Driehaus International Small Cap Growth	16.7
Causeway International Small Cap Core	16.7
Man Numeric Intl SMID Cap Core	16.7

Assessment of NM SIC Non-US Active Equity Pools: Large Cap

→ Non-US Large Cap Active returns:

Trailing Period Returns as of 3/31/2026[2]	Non-US Large Cap Active Returns (%)	Benchmark Return (%)
1Q 2026	-1.7	-0.7
1 Year	22.9	24.9
3 Year	15.4	14.5
5 Year	9.2	7.0
7 Year	11.5	8.5
10 Year	11.1	8.4

Calendar Year Returns[1]	Non-US Large Cap Active Returns (%)	Benchmark Return (%)
2025	32.2	32.4
2024	8.0	5.5
2023	19.3	15.6
2022	-13.2	-16.0
2021	11.8	7.8
2020	15.9	10.7



[2] Hypothetical Historical Returns (gross of fees), based on eVestment Data. Benchmark represented by MSCI ACWI ex USA TR

Assessment of NM SIC Non-US Active Equity Pools: Large Cap (continued)

→ Non-US Large Cap Active characteristics[3]:

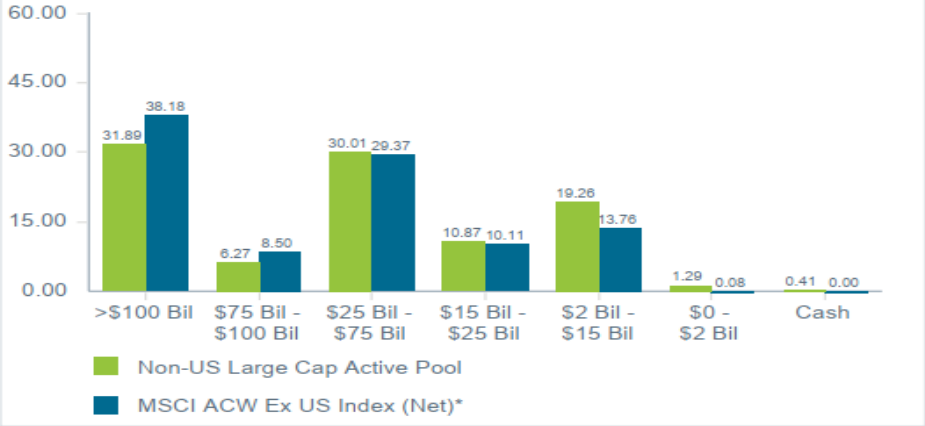
Top Ten Equity Holdings

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
Taiwan Semiconductor Mfg	2.93	4.12	-1.19	11.95
ASML Holding NV	1.69	1.52	0.17	19.32
Astrazeneca PLC	1.69	0.91	0.78	5.53
Samsung Electronics Co Ltd	1.55	1.57	-0.02	31.16
STMicroelectronics NV	1.52	0.07	1.45	25.42
SAP AG Systeme Anwendungen	1.36	0.54	0.82	-30.83
AIA Group Ltd	1.13	0.35	0.78	5.43
Novartis AG	1.05	0.87	0.18	12.02
Infineon Technologies AG	1.02	0.17	0.85	-0.43
Lvmh Moet Hennessy Louis Vuitton	1.02	0.40	0.62	-29.56
% of Portfolio	14.96	10.52	4.44	

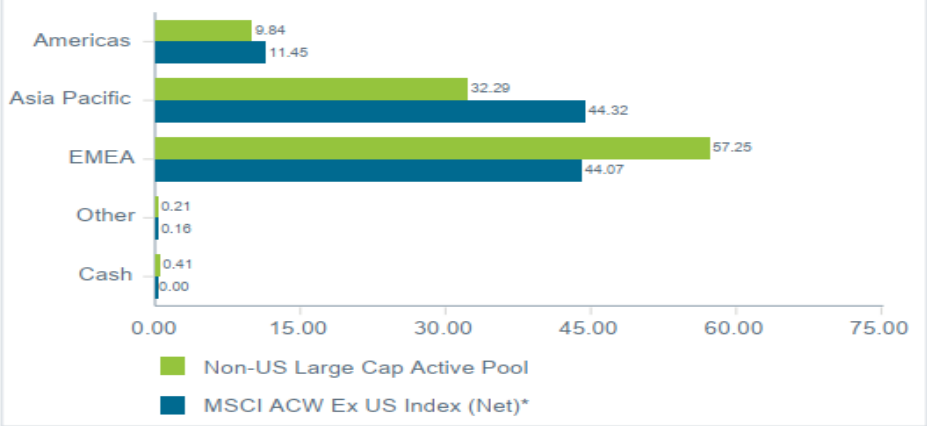
Portfolio Characteristics

	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap ($M)	139,400	166,703
Median Mkt. Cap ($M)	4,706	12,951
Price/Earnings Ratio	16.96	16.29
Price/Book Ratio	2.66	2.61
5 Yr. EPS Growth Rate (%)	20.18	20.15
Current Yield (%)	2.72	2.70
Beta (5 Years, Monthly)	0.93	1.00
Number of Securities	1,205	1,977

Distribution of Market Capitalization (%)



Region Weights (%)



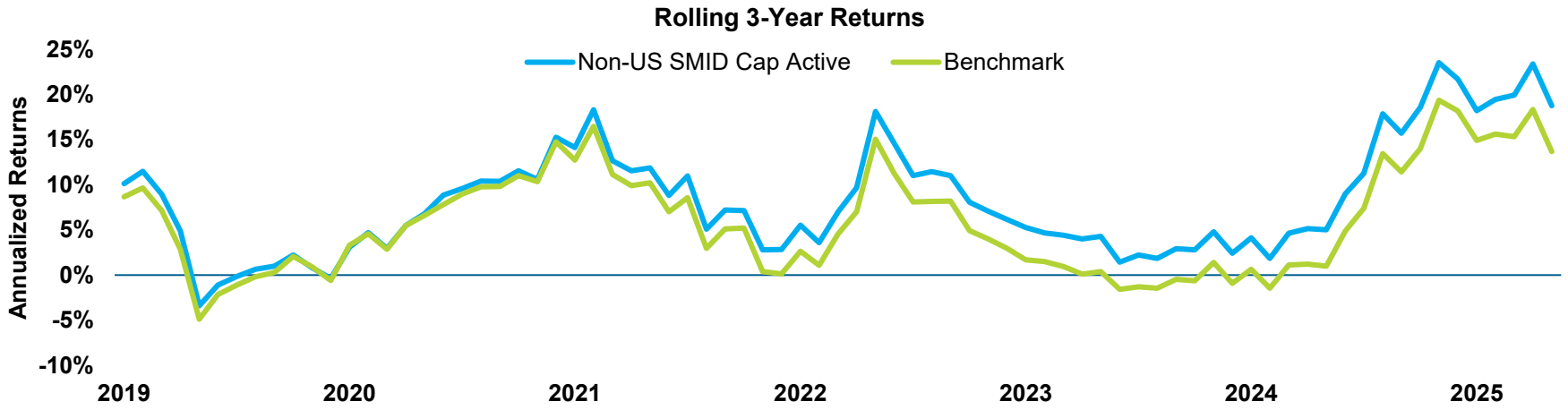
[3] Source: NMSIC RVK Third Party Investors Report as of 3/31/2026

Assessment of NM SIC Non-US Active Equity Pools: SMID Cap

→ Non-US SMID Cap Active returns:

Trailing Period Returns as of 3/31/2026[4]	Non-US SMID Cap Active Returns (%)	Benchmark Return (%)
1Q 2026	3.3	-0.5
1 Year	36.4	27.8
3 Year	18.8	13.7
5 Year	9.9	5.7
7 Year	12.0	8.4
10 Year	N/A	N/A

Calendar Year Returns[1]	Non-US SMID Cap Active Returns (%)	Benchmark Return (%)
2025	35.2	29.3
2024	7.3	3.4
2023	17.4	15.7
2022	-16.1	-20.0
2021	16.4	12.9
2020	13.9	14.2



[4] Hypothetical Historical Returns (gross of fees), based on eVestment Data. Benchmark represented by MSCI ACWI ex USA Small Cap TR

Assessment of NM SIC Non-US Active Equity Pools: SMID Cap (continued)

→ Non-US SMID Cap Active characteristics[5]:

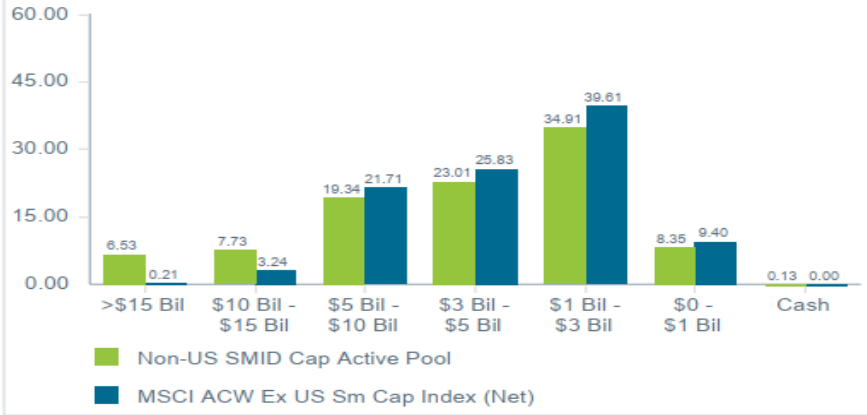
Top Ten Equity Holdings

	Portfolio Weight (%)	Benchmark Weight (%)	Active Weight (%)	Quarterly Return (%)
iShares MSCI India Small-Cap ETF	2.15	0.00	2.15	-14.23
iShares Trust - iShares MSCI India ETF	0.73	0.00	0.73	-13.34
Synnex Technology International Corp	0.51	0.06	0.45	28.66
Millicom International Cellular SA	0.49	0.14	0.35	37.13
LG Innotek Co Ltd	0.47	0.05	0.42	2.48
OceanaGold Corp	0.43	0.14	0.29	11.00
Regis Resources Ltd	0.43	0.07	0.36	-7.83
Finning International Inc	0.43	0.15	0.28	14.06
Inchcape PLC	0.42	0.06	0.36	-4.38
Toyoda Gosei Co Ltd	0.40	0.05	0.35	1.65
% of Portfolio	6.46	0.72	5.74	

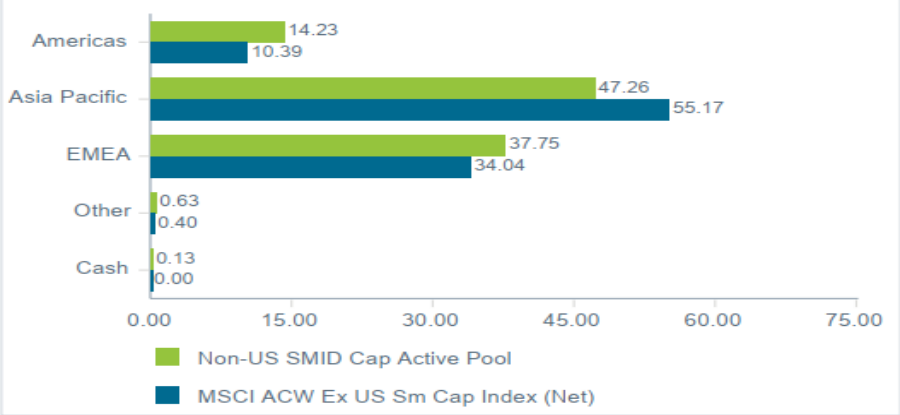
Portfolio Characteristics

	Portfolio	Benchmark
Wtd. Avg. Mkt. Cap ($M)	5,532	3,725
Median Mkt. Cap ($M)	1,376	1,501
Price/Earnings Ratio	13.97	15.52
Price/Book Ratio	2.18	2.27
5 Yr. EPS Growth Rate (%)	20.29	17.13
Current Yield (%)	3.01	2.86
Beta (5 Years, Monthly)	0.96	1.00
Number of Securities	4,005	4,093

Distribution of Market Capitalization (%)



Region Weights (%)



[5] Source: NMSIC RVK Third Party Investors Report as of 3/31/2026

Non-US Equity Implementation Options to Consider[6]

Non-US Large Cap Pool[7]	RHCA Current Target Weight (%)	NM SIC Target Weight (%)	Option 1: Status Quo Target Weight (%)	Option 2: Replicate SIC Target Weight (%)	Option 3: All Passive Target Weight (%)
Active	41	75	40	75	
Passive	59	25	60	25	100
Expense Ratio	0.16	0.27	0.16	0.27	0.03

Non-US SMID Cap Pool[8]	RHCA Current Target Weight (%)	NM SIC Target Weight (%)	Option 1: Status Quo Target Weight (%)	Option 2: Replicate SIC Target Weight (%)	Option 3: All Passive Target Weight (%)	Option 4: All Active Target Weight (%)
Active	40	75	40	75		100
Passive	60	25	60	25	100	
Expense Ratio	0.25	0.40	0.25	0.40	0.07	0.51

[6] Pool expense ratios as of 3/31/2026: Non-US Large Active: 0.35%, Non-US Large Passive: 0.03%, Non-US SMID Active: 0.51%, Non-US SMID Passive: 0.07%.
[7] Non-US Large Cap Target Weight is 12%.
[8] Non-US SMID Cap Target Weight is 3%.

Summary

- The SIC's non-US active pools are both very diversified portfolios that have been designed to achieve a similar risk profile as their respective markets and passive counterparts. This is achieved by investing across manager types (fundamental and quantitative) and styles (value, core, and growth).
- Based on the historical performance of the underlying strategies, long-term excess performance of between ~2 to 4% (before fees) would have been achieved. The SIC has stated a more modest objective of 0.5% outperformance (after fees) for the non-US equity portfolio, which is a reasonable target.
- The very competitive fees that the SIC has negotiated (0.35% for Non-US Large Cap and 0.51% for Non-US SMID Cap), make the active pools relatively more attractive.

Appendix

Non-US Equity Pool Update

MEKETA

5796 Armada Drive
Suite 110
Carlsbad, CA 92008

760.795.3450
Meketa.com

MEMORANDUM

TO: Board of Directors, New Mexico Retiree Health Care Authority
FROM: Jared Pratt, Paul Cowie, Ted Benedict, Meketa Investment Group
DATE: May 27, 2025
RE: Change to NM State Investment Council Non-US Equity Pools

On May 1, 2025, the New Mexico State Investment Council (SIC) announced upcoming changes to its non-US public equity pools. Beginning July 1, 2025, the SIC will no longer offer non-US public equity pools split by developed markets and emerging markets. Instead, the SIC will offer both active and passive (index) pools split by non-US large cap and non-US small/mid cap, effectively combining developed and emerging markets:

Discontinued SIC Non-US Equity Investment Pools	New SIC Non-US Equity Investment Pools
Non-US Developed Markets – Active	Non-US Large Cap – Active
Non-US Developed Markets – Index	Non-US Large Cap – Index
Non-US Emerging Markets – Active	Non-US Small/Mid Cap – Active
Non-US Emerging Markets – Index	Non-US Small/Mid Cap – Index

The Authority's current policy allocates 24% to non-US equity with 14% to the Non-US Developed Markets Index Pool and 10% to the Non-US Emerging Markets Active Pool, representing an allocation within non-US equity of approximately 58% to passive (index) and 42% to active pools. The broad non- US equity market has approximately 80% in large cap stocks and 20% in small and mid cap stocks. The current investment pools, while not divided by these categories, are consistent with this broad market allocation. Worth noting, the SIC also intends to maintain an 80% large cap and 20% small/mid cap target allocation within its internal portfolio. In an effort to maintain the Authority's current non-US equity policy to the best of our ability given the changing SIC pool options, Meketa recommends the following allocation to the new non-US equity pools:

New SIC Non-US Public Equity Pools	RHCA Non-US Equity Allocation	RHCA Total Fund Allocation (Rounded to Nearest %)
Non-US Large-Cap Passive	47%	11%
Non-US Large-Cap Active	33%	8%
Non-US SMID-Cap Passive	12%	3%
Non-US SMID-Cap Active	8%	2%
Total	**100%**	**24%**

As you know, Meketa is currently in the process of reviewing the Authority's asset allocation with the Board and these targets may change in the future, but we do not expect a decision to be made before these new pools are implemented in early July.

Disclaimer

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PERFORMANCE DATA CONTAINED HEREIN REPRESENT PAST PERFORMANCE. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.

New Mexico Retiree Health Care Authority (CP)
Change in Market Value
For the Month of May 2026
(Report as of June 18, 2026)

Investment Name	Prior Ending Market Value	Contributions	Distributions	Fees	Income	Gains - Realized	Gains - Unrealized	Gains - Realized & Unrealized	Market Value
Core Bonds Pool	390,281,623.78	-	-	(102,470.76)	1,012,115.53	(993,346.03)	1,467,065.64	473,719.61	391,664,988.16
Credit Plus Pool	97,665,014.55	-	-	(53,112.52)	425,079.03	(152,484.99)	319,492.06	167,007.07	98,203,988.13
NM Retiree Health Care Authority Cash Account	-	-	-	-	-	-	-	-	-
Non-US Large Cap Active Pool	109,787,222.62	-	-	(83,339.16)	508,987.69	2,053,586.19	2,391,264.09	4,444,850.28	114,657,721.43
Non-US Large Cap Passive Pool	154,834,933.27	-	-	(10,572.29)	540,565.03	(91,444.73)	6,888,385.58	6,796,940.85	162,161,866.86
Non-US SMID Cap Active Pool	27,446,288.03	-	-	(30,258.08)	107,425.63	500,386.28	588,218.67	1,088,604.95	28,612,060.53
Non-US SMID Cap Passive Pool	41,827,747.04	-	-	(5,823.52)	132,708.49	878,954.91	478,682.46	1,357,637.37	43,312,269.38
Private Debt Market Pool	243,513,028.94	-	-	-	835,241.35	592,869.03	(937,151.31)	(344,282.28)	244,003,988.01
Private Equity Pool	230,577,566.02	-	-	-	47,760.08	1,133,468.61	(1,217,856.95)	(84,388.34)	230,540,937.76
Real Estate Pool	193,889,172.71	-	-	-	233,156.70	129,857.51	(444,801.26)	(314,943.75)	193,807,385.66
Real Return Pool	104,968,124.11	-	-	(18,642.73)	347,976.74	565,924.27	(1,460,558.66)	(894,634.39)	104,402,823.73
US Large Cap Index Pool	403,626,402.18	-	-	(9,003.90)	469,853.27	(21,257.27)	20,128,365.10	20,107,107.83	424,194,359.38
US SMID Cap Alternative Weighted Index Pool	68,559,148.03	-	-	(5,420.41)	93,707.09	273,415.21	347,270.89	620,686.10	69,268,120.81
Sub - Total New Mexico Retiree Health Care Authority (CP)	2,066,976,271.28	-	-	(318,643.37)	4,754,576.63	4,869,928.99	28,548,376.31	33,418,305.30	2,104,830,509.84
Total New Mexico Retiree Health Care Authority (CP)	**2,066,976,271.28**	**-**	**-**	**(318,643.37)**	**4,754,576.63**	**4,869,928.99**	**28,548,376.31**	**33,418,305.30**	**2,104,830,509.84**

BlueCross BlueShield of New Mexico

New Mexico Retiree Health Care Authority

2025 Annual Review

New Mexico Retiree Health Care Authority

CY 2025 Performance Snapshot

Population & Engagement

- Rapid membership growth, largely NM based
- 80% PCP Utilization
- Aging population with increasing clinical complexity
- Strong engagement; growth opportunity remains

Clinical Performance

- Screening rates acceptable; gaps remain
- High medication adherence; lower condition control
- Overall disease prevalence below national averages

Utilization & Cost Drivers

- 5.1% overall trend
- Outpatient driving cost increases
- Key drivers: MSK, oncology, cardiovascular
- Pharmacy trend driven by specialty drugs

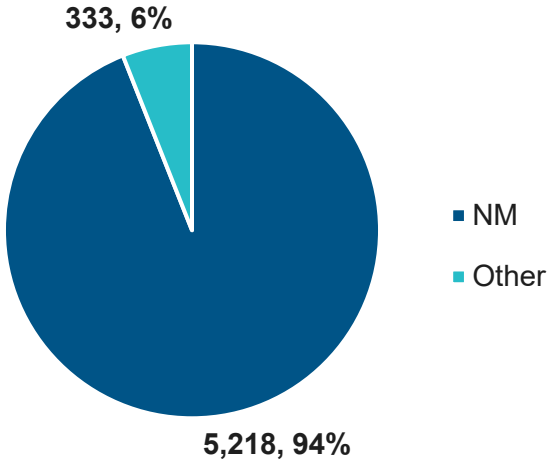
2026 Strategic Focus

- Encourage care management engagement
- Interoperability innovation and value-based care initiatives
- Optimize specialty pharmacy

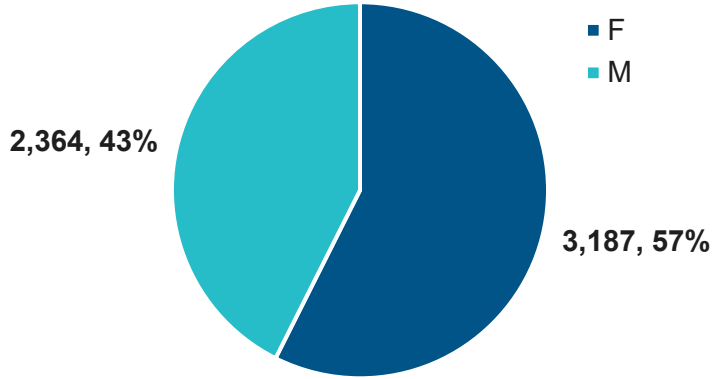
Member Demographics

Year	Active Members EOY/Current
2024	3,512
2025	5,551
2026	6,366

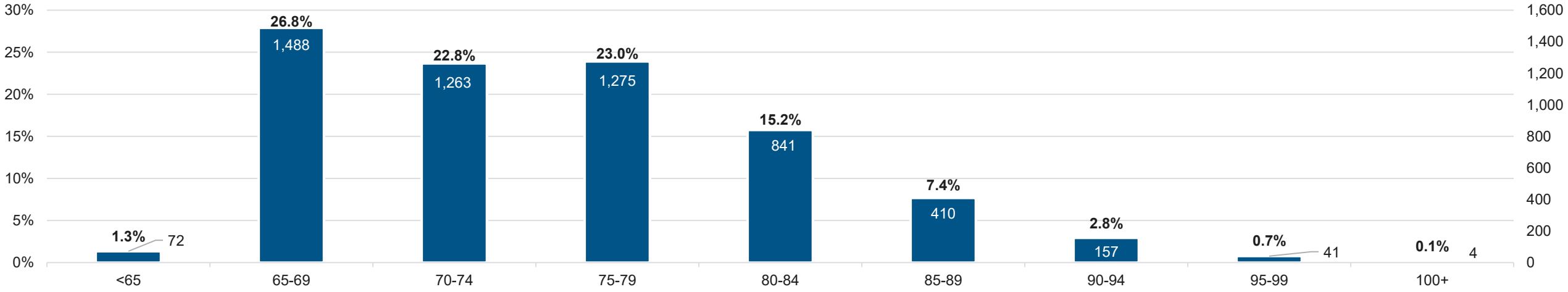
Membership by State



Membership by Gender



of Members and Percentage by Age Group



MEMBERSHIP OUTSIDE OF NEW MEXICO (TOP 5 STATES): TX 74, CO 43, AZ 43, FL 21, OR 17

Key Health Performance Measures

HEDIS Measure	Compliant	Eligible	Rate
Preventative Screenings			
Breast Cancer Screening	422	538	78%
Colorectal Cancer Screening	893	1,121	80%
Osteoporosis Management in Women who had a Fracture	7	17	41%
Managing Chronic Conditions			
Managing Diabetes			
Diabetes Care – Eye Exam	201	332	61%
Diabetes Care – Blood Sugar Controlled	191	332	58%
Medication Adherence for Diabetes Medications	450	506	89%
Statin Use in Persons with Diabetes (SUPD)	197	241	82%
Managing Hypertension			
Controlling Blood Pressure	761	1,239	61%
Medication Adherence for Hypertension (RAS antagonists)	1,228	1,359	90%
Managing High Cholesterol			
Medication Adherence for Cholesterol (Statins)	1,292	1,448	89%
Transitions of Care			
Follow-up after ED Visit for Patients with Multiple Chronic Conditions (FMC)	200	335	60%
Medication Reconciliation Post-Discharge	215	350	61%
Patient Engagement	309	350	88%
Plan All-Cause Readmissions	23	331	7%

2025 Claims Trends

	PMPM				Utilization per K		Cost per Claim	
	Current	Prior	Trend	CTT	Current	Trend	Current	Trend
	$654.64	$623.09	5.1%	5.1%	24,467	2.9%	$321	2.1%
INPATIENT	$198.94	$227.66	-12.6%	-4.6%	175	-9.0%	$13,609	-1.4%
OUTPATIENT	$227.64	$192.78	18.1%	5.6%	5,869	-1.6%	$515	20.0%
PROFESSIONAL	$228.06	$202.65	12.5%	4.1%	18,991	4.4%	$144	7.8%

Highlights

Overall: 5.1% PMPM trend driven by Utilization

- Utilization per K: 2.9% trend
- Cost per claim: 2.1% trend
- Top Contributor to Trend: Outpatient with 5.6% CTT

67

Top Diagnosis by Medical Spend

Reporting Period: 1/1/2025 – 12/31/2025; Paid through 2/28/2026

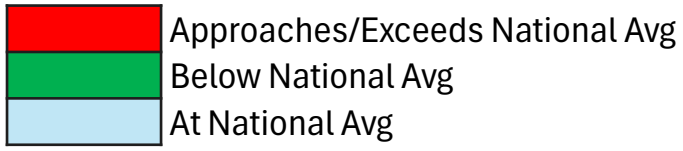
Major Diagnostic Categories	Current PMPM	PMPM Trend	Paid CTT
Musculoskeletal	$131.33	18%	3.17%
Cancer	$87.86	17%	2.02%
Cardiovascular	$84.93	1%	0.18%
Neurological/Cerebrovascular	$53.04	7%	0.53%
General Medical Diagnoses	$35.21	7%	0.36%
Endocrine, Nutritional, Metabolic	$29.50	8%	0.35%
Internal/External Injury	$23.42	33%	0.92%
Skin And Non-Malignant Breast	$13.26	17%	0.31%
Ear, Nose And Throat (Inc Upp Resp)	$10.73	17%	0.25%
Reproductive	$7.45	17%	0.17%

Chronic Disease Prevalence

Disease	NMRHCA %	US %
Cancer, Breast	3.0	6-8
Cancer, Colorectal	0.6	2.5-3.5
Cancer, Endometrial	0.4	1-2
Cancer, Lung	0.6	1.5-2
Cancer, Prostate	3.3	7-10
Cardiac Dysrhythmias	18.3	25-35
Chronic Kidney Disease	20.0	30-40
COPD	11.5	12-18
Diabetes	27.1	25-30
Heart Failure/Non-ischemic HD	8.9	15-25
High Cholesterol	70.3	60-75
Hypertension	59.4	65-75
Ischemic Heart Disease	18.9	25-35
Neurocognitive Disorders	8.5	8-12
Osteoporosis	18.8	15-25
Osteoarthritis/RA	37.1	40-60
Stroke/TIA	3.3	4-8

Key Takeaways

- All chronic diseases evaluated, NMRHCA retirees demonstrate prevalence levels that are comparable to or lower than those observed in the overall Medicare population.



Top Three Issues Affecting NMRHCA Members

Top 3 Issues

1 Musculoskeletal Conditions: Largest medical cost category

- ❑ $131 PMPM, highest cost category
- ❑ Driven by osteoarthritis, joint replacement procedures, back pain, and degenerative spine disease
- ❑ Growing demand for orthopedic and rehabilitation services
- ❑ Significant contributor to outpatient trend growth

Aging population continues to drive orthopedic utilization and related costs

Actions Underway:

- **Expanding value-based care partnerships focused on quality outcomes and appropriate utilization**
- **Promoting early intervention through PCP engagement and preventive care**
- **Supporting physical therapy, rehabilitation, and conservative treatment options when clinically appropriate**
- **Utilizing evidence-based clinical review and care coordination to ensure appropriate use of advanced imaging and orthopedic procedures**

2 Cancer Care & Specialty Treatment:

- ❑ Second largest medical cost category at approximately $88 PMPM
- ❑ Cost growth driven by chemotherapy, immunotherapy, radiation therapy, and advanced diagnostics
- ❑ Specialty injectable medications continue to increase financial pressure
- ❑ Oncology remains a major driver of both medical and pharmacy spend

Advances in cancer treatment improve outcomes but come with increasing costs

Actions Underway:

- **Enhanced specialty pharmacy oversight and clinical monitoring**
- **Oncology care management and supportive care programs**
- **Clinical review of high-cost therapies to promote evidence-based treatment pathways**
- **Integrated medical and pharmacy data analytics to identify opportunities for improved outcomes and cost management**
- **Collaboration with providers to support timely, appropriate care**

3 Chronic Disease Management:

Key Conditions:

- ❑ Diabetes
- ❑ Hypertension
- ❑ Cardiovascular disease

Strengths:

- ❑ Medication adherence near 90%

Opportunities:

- ❑ Blood sugar control
- ❑ Blood pressure control
- ❑ Post-discharge follow-up

Actions Underway:

- **Targeted care management programs for high-risk members**
- **Data-driven outreach to c lose HEDIS care gaps**
- **Increased focus on Annual Wellness Visits and preventive screenings**
- **Encouraging ongoing relationships with primary care providers**
- **Expanding value-based care arrangements that reward quality outcomes and chronic condition management**

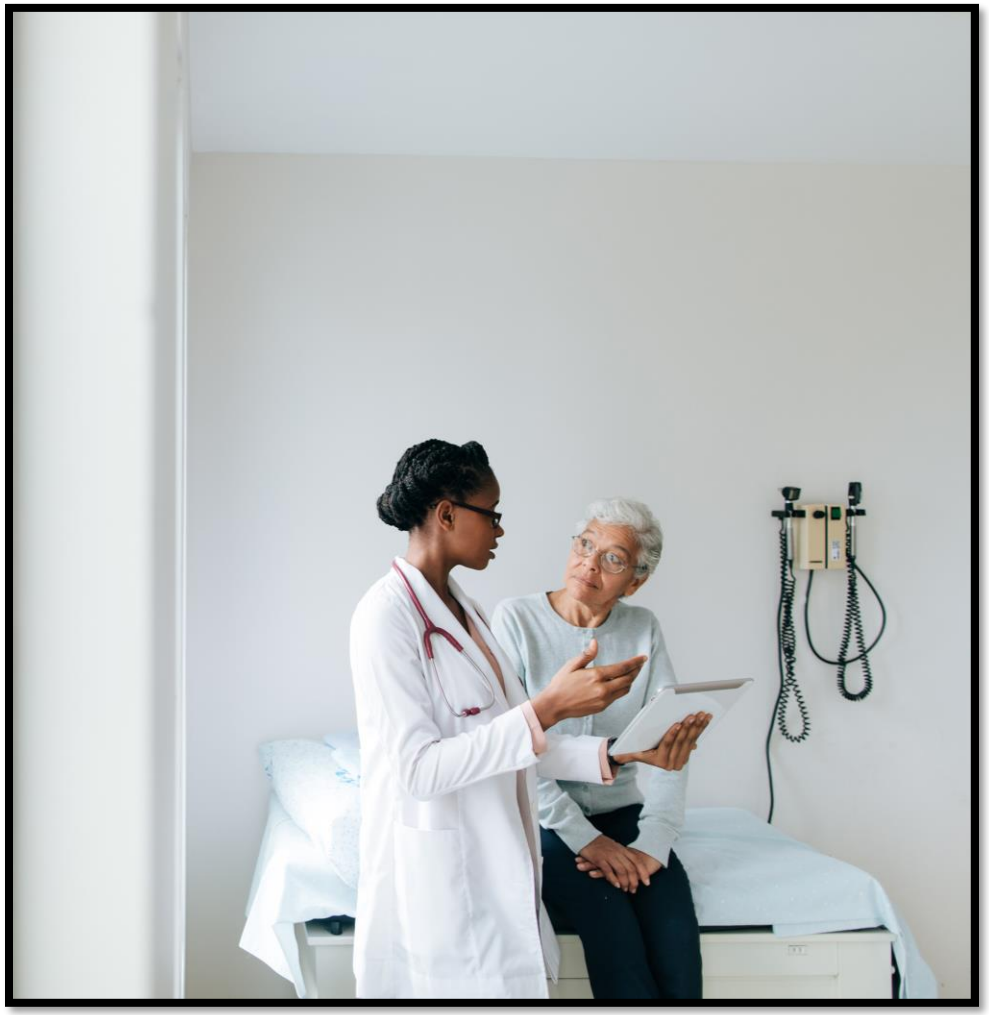
Pharmacy Utilization

	Current	Prior	Trend
Member Months			
Avg Mbrs Per Mth	5,307	3,537	**50.0%**
Avg Util Mbrs Per Mth	3,269	2,229	**46.7%**
Avg Mbr Age	74.9	76.4	**-2.0%**
Totals			
Total Cost	$17,835,555.43	$9,459,821.31	**88.5%**
Plan Paid	$16,547,993.82	$6,970,557.09	**137.4%**
Mbr Paid	$1,287,561.61	$2,489,264.22	**-48.3%**
Claim Count	218,752	154,388	**41.7%**
Per Member Per Month			
Total Cost PMPM	$280.07	$222.88	**25.7%**
Plan Paid PMPM	$259.85	$164.23	**58.2%**
Claims PMPM	3.4	3.6	**-5.6%**
Claims PMPY	41.2	43.6	**-5.6%**

Pharmacy Spend

Utilization Mix by Drug Type							
Drug Type	**Claims**	**Claims (%)**	**Plan Paid**	**Plan Paid (%)**	**Avg Plan Paid**	**Avg Days**	**Avg Plan Paid - Day**
Generic	198,172	90.6%	$1,469,658.27	8.9%	$7.42	28.22	$0.26
MSBrand w/ Subst	1,212	0.6%	$644,197.58	3.9%	$531.52	29.41	$18.07
MSBrand w/o Subst	1,292	0.6%	$506,679.42	3.1%	$392.17	29.09	$13.48
SSBrand	18,076	8.3%	$13,927,458.55	84.2%	$770.49	27.41	$28.11
Utilization Mix by Distribution Channel							
Claim - Distribution Channel	**Claims**	**Claims (%)**	**Plan Paid**	**Plan Paid (%)**	**Avg Plan Paid**	**Avg Days**	**Avg Plan Paid - Day**
Mail	26,689	12.2%	$1,396,612.42	8.4%	$52.33	29.74	$1.76
Retail	48,390	22.1%	$7,194,959.36	43.5%	$148.69	22.73	$6.54
ESN	143,122	65.4%	$4,256,370.10	25.7%	$29.74	29.70	$1.00
Specialty	551	0.3%	$3,700,051.94	22.4%	$6,715.16	32.10	$209.20

Summary & Recommendations



Targeted Approach Summary

- **Opportunities:**
  - PCP status is excellent, but can always be improved
  - Chronic Disease Prevalence
    - Below national averages, in general
  - Focus on these care gaps:
    - Diabetes care (blood sugar control, eye exam)
    - High blood pressure control
    - ER follow up
    - Medication
- **Intervention:**
  - Encourage members to designate a PCP and follow-up as recommended
  - Value-based care (VBC) initiatives
  - Interoperability
  - HEDIS Care Gap Closure
    - CM gap closure in 2025: 34.57%
    - Encourage engagement in Care Management Programs.
      - Overall engagement: 36.7%
    - Care management initiatives
      - Frequent ED Utilization
      - Cardiovascular
      - Diabetes
      - Oncology/Supportive Care

BlueCross BlueShield of Texas

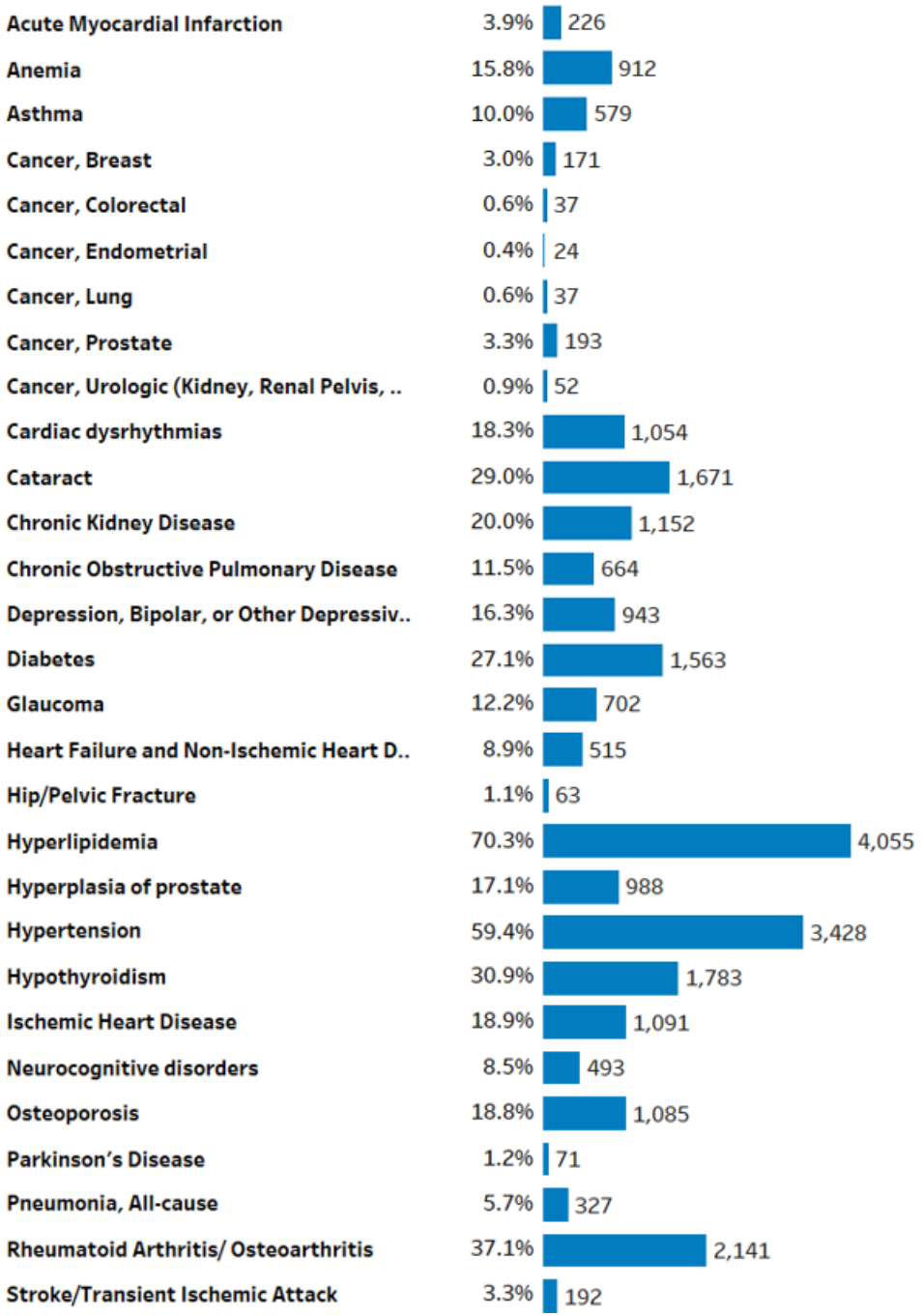
Questions?

BlueCross BlueShield of Texas

THANK YOU

APPENDIX

Chronic Disease Prevalence 2025



Provider Utilization

PCP Utilization 2025			
	HMO	PPO	Total
Distinct Members with ≥1 PCP Visit	2787	1849	4,636
% of Members with ≥1 PCP Visit	83%	76%	80%

Provider Name	Current Spend	Current Claim Count	PMPM
LOVELACE MEDICAL CENTER DOWNTOWN	$4,710,466.48	2,651	$74.12
ST VINCENT HOSPITAL	$3,650,932.07	4,113	$57.45
UNM HOSPITAL	$2,149,116.28	1,154	$33.82
PRESBYTERIAN HOSPITAL	$1,545,253.14	1,574	$24.32
SOUTHWEST MEDICAL ASSOC INC	$1,213,709.26	8,958	$19.10
LOVELACE WOMENS HOSPITAL	$1,138,632.56	1,209	$17.92
EYE ASSOCIATES OF NEW MEXICO	$1,118,910.22	2,640	$17.61
NM ONCOLOGY HEMATOLOGY CONSULTANTS LTD	$764,796.65	1,429	$12.03
LOVELACE WESTSIDE HOSPITAL	$633,213.54	642	$9.96
AMBERCARE HOME HEALTH CARE CORPORATION	$603,325.10	334	$9.49

Major Service Category Trends & Contribution to Trend (CTT)

Top 5 Highlights

1. **Specialty Injectables:**
   - ❑ 27.3% trend; 2.2% contribution to trend (CTT)
   - ❑ Driven by Opdivo (cancer) and Uplizna (MS) injectable drugs
2. **Surgery:**
   - ❑ 6.7% trend; 1.8% CTT
   - ❑ Driven by orthopedic surgeries, specifically total shoulder and total knee arthroplasties
3. **Evaluation & Management:**
   - ❑ 8.0% trend; 0.8% CTT
   - ❑ Driven by increase in level 3 and 4 office visits
4. **Radiology:**
   - ❑ 15.1% trend; 0.8% CTT
   - ❑ Driven by radiation therapy, specifically Intensity Modulated and Stereotactic Body radiation therapy
5. **Pathology:**
   - ❑ 50.9% trend with 0.5% CTT
   - ❑ Driven by oncologic testing and screening (molecular diagnostic tests)

	Service Major	PMPM				Utilization per K			Cost per Claim		
		Current	Prior	Trend	CTT	Current	Prior	Trend	Current	Prior	Trend
	Cardiology	$12.31	$13.83	-11.0%	-0.2%	1,243	1,293	-3.9%	$ 119	$ 128	-7.4%
	Diagnostic Other	$5.93	$4.63	27.9%	0.2%	783	702	11.5%	$ 91	$ 79	14.6%
	Durable Medical Equipment	$4.15	$1.30	218.5%	0.5%	852	1,291	-34.0%	$ 58	$ 12	382.6%
	Emergency Room	$19.78	$20.54	-3.7%	-0.1%	784	821	-4.5%	$ 303	$ 300	0.8%
3	**Evaluation And Management**	**$66.97**	**$62.01**	**8.0%**	**0.8%**	**8,841**	**8,664**	**2.0%**	**$ 91**	**$ 86**	**5.8%**
	Home Health Care	$21.49	$24.60	-12.6%	-0.5%	183	194	-5.6%	$ 1,408	$ 1,522	-7.5%
	Injectables - Non-Specialty	$5.05	$4.19	20.7%	0.1%	640	511	25.2%	$ 95	$ 98	-3.6%
1	**Injectables - Specialty**	**$65.24**	**$51.25**	**27.3%**	**2.2%**	**337**	**300**	**12.5%**	**$ 2,321**	**$ 2,052**	**13.1%**
	Invasive Diagnostic Services	$3.97	$3.73	6.6%	0.0%	83	84	-1.4%	$ 578	$ 535	8.0%
	Laboratory	$13.37	$12.09	10.6%	0.2%	3,389	3,350	1.2%	$ 47	$ 43	9.3%
	Medical - Hospice	$0.00	$0.00		0.0%	0	0		$ -	$ -	
	Medical - Other	$14.50	$12.39	17.1%	0.3%	3,335	2,830	17.8%	$ 52	$ 53	-0.7%
	Medical - SNF	$24.23	$28.78	-15.8%	-0.7%	37	45	-17.7%	$ 7,939	$ 7,757	2.3%
	Medical IP	$104.63	$117.00	-10.6%	-2.0%	99	111	-10.6%	$ 12,665	$ 12,662	0.0%
	Medical Management Services	$0.00	$0.00	-100.0%	0.0%	0	0	-100.0%	$ -	$ 5	-100.0%
	Mental Health/Substance Use	$3.30	$3.02	9.4%	0.0%	376	231	62.9%	$ 105	$ 157	-32.8%
	Ob/Gyn	$0.00	$0.61	-100.0%	-0.1%	0	1	-100.0%	$ -	$ 12,877	-100.0%
	Other	$0.02	$0.01	52.6%	0.0%	6	3	77.6%	$ 32	$ 37	-14.1%
5	**Pathology**	**$10.06**	**$6.67**	**50.9%**	**0.5%**	**429**	**331**	**29.4%**	**$ 281**	**$ 241**	**16.6%**
	Pharmacy	$0.00	$0.00		0.0%	0	0		$ -	$ -	
	Preventive Medicine	$13.99	$11.53	21.3%	0.4%	1,680	1,622	3.5%	$ 100	$ 85	17.2%
4	**Radiology**	**$37.78**	**$32.83**	**15.1%**	**0.8%**	**3,451**	**3,222**	**7.1%**	**$ 131**	**$ 122**	**7.4%**
	Rehab/Therapy	$31.30	$29.70	5.4%	0.3%	2,466	1,994	23.7%	$ 152	$ 179	-14.8%
	Services And Supplies	$5.91	$4.13	43.3%	0.3%	428	424	1.0%	$ 166	$ 117	41.8%
2	**Surgery**	**$181.43**	**$170.04**	**6.7%**	**1.8%**	**2,118**	**1,939**	**9.2%**	**$ 1,028**	**$ 1,053**	**-2.3%**
	Transportation Services	$9.23	$8.22	12.3%	0.2%	154	153	0.4%	$ 720	$ 644	11.9%
	Unknown	$0.00	$0.00	-100.0%	0.0%	0	6	-100.0%	$ -	$ 6	-100.0%
	TOTAL	**$654.64**	**$623.09**	**5.1%**	**5.1%**	**24,467**	**23,772**	**2.9%**	**$ 321**	**$ 315**	**2.1%**

Cost Trend: Top 3 Disease Drivers
#1 Musculoskeletal

Top 5 Primary Diagnoses

- Osteoarthritis, Knee
- Femur Fracture
- Back Pain
- Osteoarthritis, Hip
- Degenerative Spine Disease

Musculoskeletal

Reporting Period	2024	2025	% Change
Inpatient			
Paid PMPM	$39.35	$37.19	-5%
Claims per K	38	32	-15%
Cost per Claim	$12,425.52	$13,740.59	11%
Outpatient			
Paid PMPM	$40.95	$55.40	35%
Claims per K	688	811	18%
Cost per Claim	$382.32	$448.64	17%
Professional			
Paid PMPM	$31.31	$38.74	24%
Claims per K	3,543	4,051	14%
Cost per Claim	$106.06	$114.75	8%

Cost Trend: Top 3 Disease Drivers
#2 Cancer

Top 5 Primary Diagnoses

- Cancer Treatment (e.g. radiation, chemotherapy, immunotherapy)
- Prostate Cancer
- Cancer Screening
- Colon Cancer
- Uterine Cancer

Cancer

Reporting Period	2024	2025	% Change
Inpatient			
Paid PMPM	$11.93	$9.68	-19%
Claims per K	9	6	-31%
Cost per Claim	$16,829.29	$19,852.56	18%
Outpatient			
Paid PMPM	$23.50	$30.54	30%
Claims per K	311	321	3%
Cost per Claim	$926.18	$966.88	4%
Professional			
Paid PMPM	$39.84	$47.64	20%
Claims per K	1,291	1,395	8%
Cost per Claim	$370.31	$409.84	11%

Cost Trend: Top 3 Disease Drivers
#3 Cardiovascular

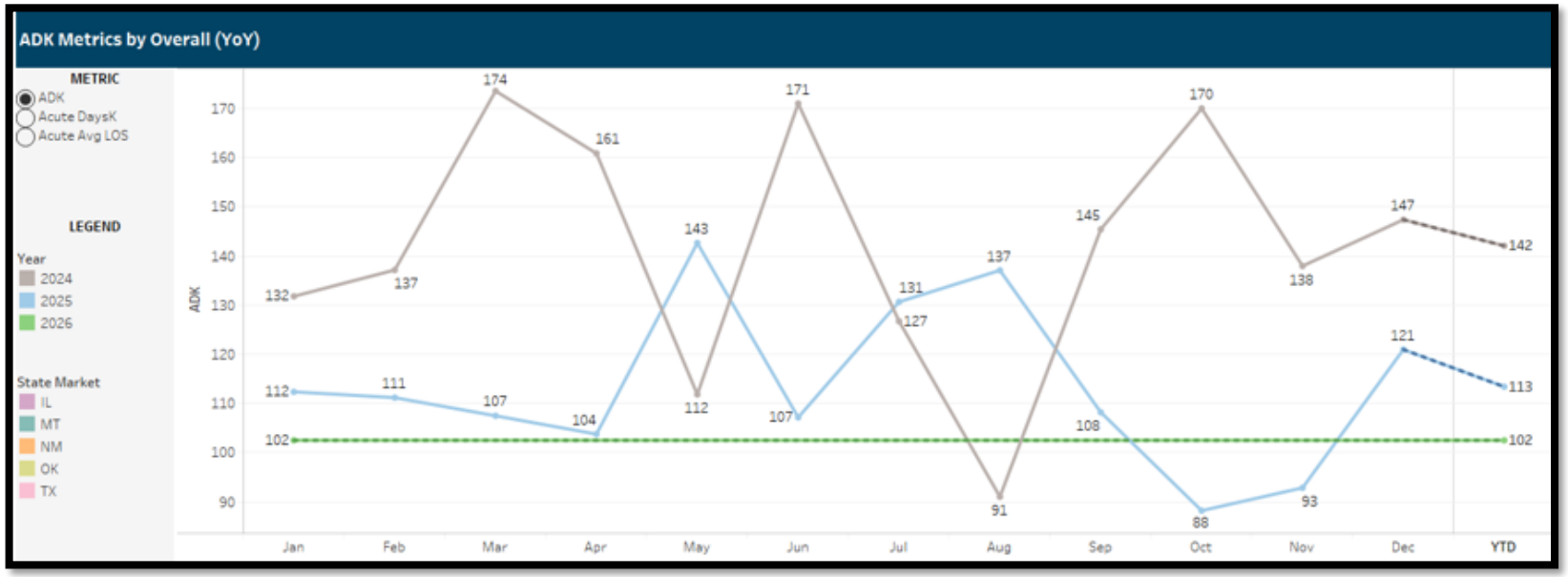
Top 5 Primary Diagnoses

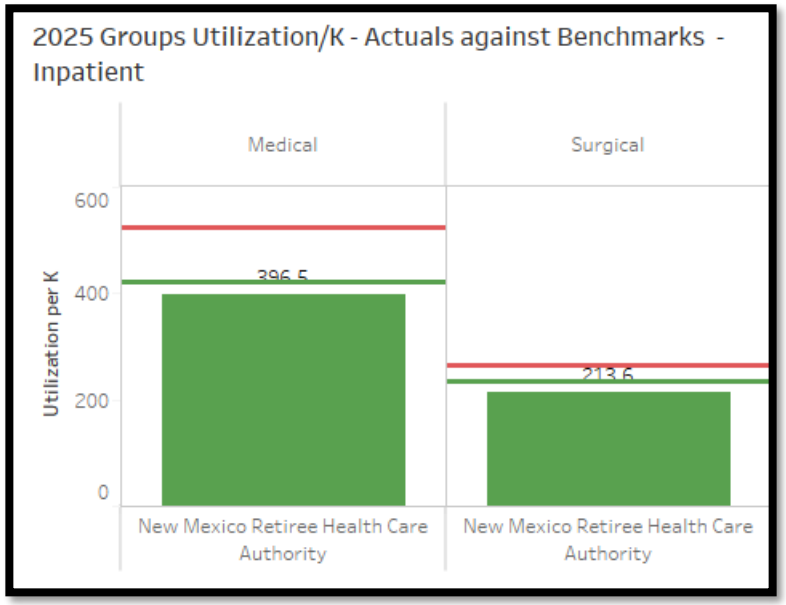
- Atrial Fibrillation & Flutter
- Chronic Ischemic Heart Disease
- Acute Heart Attack
- High Blood Pressure
- Aortic Valve Disease

Cardiovascular

Reporting Period	2024	2025	% Change
Inpatient			
Paid PMPM	$36.65	$36.82	0%
Claims per K	28	27	-4%
Cost per Claim	$15,667.18	$16,364.18	4%
Outpatient			
Paid PMPM	$30.37	$29.86	-2%
Claims per K	881	783	-11%
Cost per Claim	$413.74	$457.53	11%
Professional			
Paid PMPM	$16.80	$18.25	9%
Claims per K	2,297	2,173	-5%
Cost per Claim	$87.77	$100.77	15%

Inpatient Utilization 2024-2025





Key Takeaways:

- Admits per thousand (ADK) is below benchmark for all NMRHCA Groups
- Top 3 diagnoses for 2025:
  - Cardiovascular
  - Infections
  - Musculoskeletal
- Continue monitoring future utilization

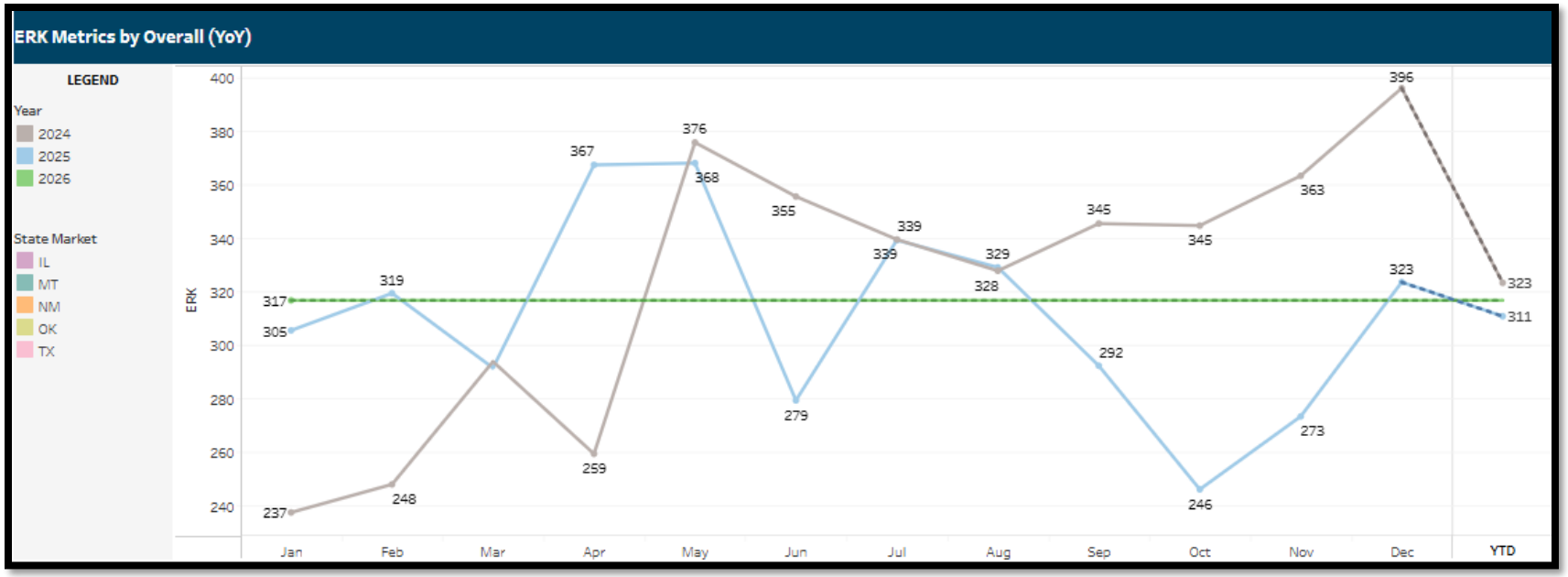
Inpatient Claims Trend 2024 - 2025

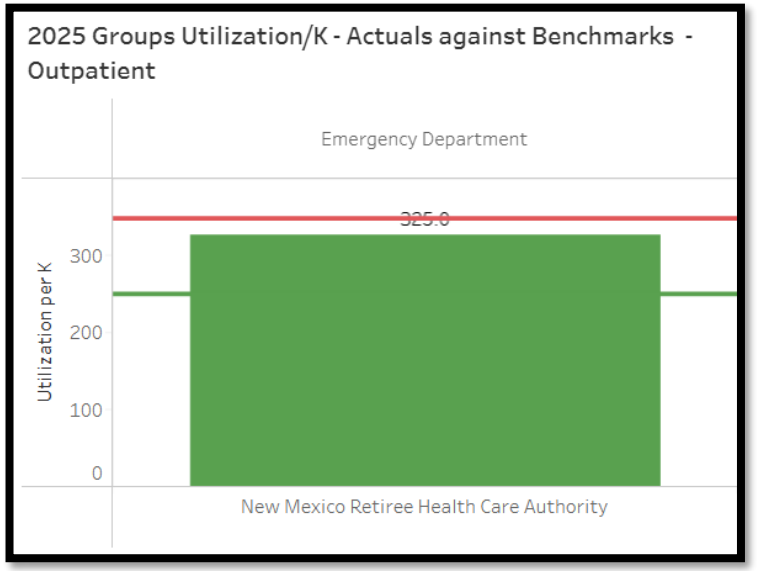
	PMPM			
	Current	Prior	Trend	CTT
New Mexico Retiree Health Care Authority	$654.64	$623.09	5.1%	5.1%
INPATIENT	$198.94	$227.66	-12.6%	-4.6%
OUTPATIENT	$227.64	$192.78	18.1%	5.6%
PROFESSIONAL	$228.06	$202.65	12.5%	4.1%

- **Inpatient Medical:**
  - -10.6% PMPM trend
  - Leading service codes:
    - Kidney & urinary tract disease
    - Sepsis
    - Degenerative Nervous System Disorders

- **Inpatient Surgical:**
  - -4.5% PMPM trend
  - Leading service codes:
    - Coronary bypass without cardiac catheterization
    - Left atrial appendage closure and cardiac abalation
- **Inpatient Post Acute Care:**
  - Skilled Nursing Facility: -15.8% PMPM trend
  - Inpatient Rehabilitation Facility: -40% PMPM trend
- **Top Major Diagnostic Category:** Injury
  - 47.7% PMPM trend
  - Urinary tract infection/inflammation due to indwelling urinary catheter

ER & Observation Utilization 2024-2025





Key Takeaways:

- ER visits per thousand (ERK) is above the moderately managed benchmark
- Top 3 diagnoses for 2025:
  - Gastrointestinal (Including Mouth)
  - Musculoskeletal
  - General Medical Diagnosis
- Future utilization warrants monitoring
- Care management interventions target repeat ER utilization

Outpatient Claims Trend 2024 - 2025

	PMPM			
	Current	**Prior**	**Trend**	**CTT**
New Mexico Retiree Health Care Authority	$654.64	$623.09	5.1%	5.1%
INPATIENT	$198.94	$227.66	-12.6%	-4.6%
OUTPATIENT	$227.64	$192.78	18.1%	5.6%
PROFESSIONAL	$228.06	$202.65	12.5%	4.1%

- **Top Service Category Drivers of PMPM Trend:**
  - Surgery – 33.3% Trend
    - Driven by Total Shoulder Replacement
  - Injection Specialty – 130.5% Trend
    - Driven by Nivolumab (cancer immunotherapy – melanoma, lung, kidney, liver, etc.)
  - Durable Medical Equipment– 188.7% Trend
    - Driven by Oxygen Concentrator
  - Medical – Other – 26.2% Trend
    - Driven by Established Visit at a Federally Qualified Health Center
  - Services and Supplies– 59.1% Trend
    - Driven by Continued Glucose Monitor
- **Top Diagnostic Category:** Musculoskeletal
  - PMPM Trend 35.3%
  - Largest outpatient spend in 2024 and 2025
  - Top Diagnosis: Primary Osteoarthritis, Shoulder

Professional Claims Trend 2024 -2025

	PMPM			
	Current	**Prior**	**Trend**	**CTT**
New Mexico Retiree Health Care Authority	$654.64	$623.09	5.1%	5.1%
INPATIENT	$198.94	$227.66	-12.6%	-4.6%
OUTPATIENT	$227.64	$192.78	18.1%	5.6%
PROFESSIONAL	$228.06	$202.65	12.5%	4.1%

- **Top Service Categories Drivers of PMPM Trend:**
  - Evaluation and Management: 9.1%
    - Leading service code: Level 4 outpatient visits
  - Radiology: 32.1%
    - Leading service code: Intensity Modulated Radiation Beam Therapy
  - Specialty Injectable: 8.2%
    - Leading service code: Nivolumab (cancer immunotherapy – melanoma, lung, kidney, liver)
- **Top Diagnostic Categories:**
  - **Cancer:**
    - 19.6% PMPM trend
    - Largest professional spend in 2025 and 2024 – Current PMPM: $47.63
    - Diagnosis with largest impact on trend: Mesothelioma
  - **Musculoskeletal**
    - 23.7% PMPM Trend
    - Current PMPM: $38.73
    - Diagnosis with Largest impact on trend: Rheumatoid arthritis

Pharmacy Utilization

Averages and Percentages	Current	Prior	Trend
Avg Ingredient Cost	$81.30	$61.02	**33.2%**
Avg Dispensing Fee	$0.15	$0.14	**9.0%**
Avg Total Cost	$81.53	$61.27	**33.1%**
Avg Plan Paid	$75.65	$45.15	**67.5%**
Avg Mbr Paid	$5.89	$16.12	**-63.5%**
Mbr Contrib	7.2%	26.3%	**-19.1 pts.**
Generic Utilization Rate (GUR)	90.6%	91.0%	**-0.4 pts.**
Generic Subst Rate (GSR)	99.4%	99.6%	**-0.2 pts.**
Formulary Adherence Rate	99.4%	99.5%	**-0.1 pts.**
Claim (%) - SSBrand	8.3%	8.0%	**0.3 pts.**
Claims (%) - MSBrand w/Subst	0.6%	0.4%	**0.2 pts.**
Claims (%) - MSBrand w/o Subst	0.6%	0.6%	**0.0 pts.**
Avg Plan Paid - SSBrand	$770.49	$446.33	**72.6%**
Avg Plan Paid - MSBrand w/Subst	$531.52	$243.68	**118.1%**
Avg Plan Paid - MSBrand w/o Subst	$392.17	$300.03	**30.7%**
Avg Plan Paid - Generic	$7.42	$7.44	**-0.4%**

Pharmacy Summary

Month Begin Date	Mbrs Per Month	Util Members (%)	Claim Count
12/01/25	5,564	62.4%	19,872
11/01/25	5,534	60.6%	17,982
10/01/25	5,494	63.4%	19,511
09/01/25	5,447	61.5%	18,935
08/01/25	5,387	61.4%	18,314
07/01/25	5,320	63.1%	18,837
06/01/25	5,263	61.9%	17,869
05/01/25	5,216	61.5%	18,222
04/01/25	5,170	61.6%	17,488
03/01/25	5,129	60.9%	17,284
02/01/25	5,099	58.6%	16,266
01/01/25	5,059	62.2%	18,172

Top 25 Drugs

Rank	Drug Name	Core Category	Claim Count	Claims P100MPM Trend (%)	Utilizers	Total Cost
1	ELIQUIS	CLOTTING DISORDER	2,861	-0.79%	329	$1,550,812.39
2	OZEMPIC	DIABETES	1,375	34.18%	167	$1,192,018.58
3	MOUNJARO	DIABETES	1,059	370.55%	137	$1,074,253.82
4	JARDIANCE	DIABETES	1,817	-2.26%	218	$1,024,243.55
5	HUMIRA	AUTOIMMUNE	84	99.95%	12	$582,704.56
6	TRULICITY	DIABETES	516	-26.20%	59	$474,209.68
7	ENBREL	AUTOIMMUNE	57	322.12%	7	$441,030.17
8	XARELTO	CLOTTING DISORDER	875	-12.30%	102	$460,772.26
9	FARXIGA	DIABETES	741	79.59%	95	$400,112.54
10	OFEV	RESPIRATORY-OTHER	27		4	$352,291.38
11	XTANDI	ONCOLOGY	21	-22.24%	6	$287,229.47
12	RYBELSUS	DIABETES	295	-3.62%	37	$269,447.28
13	DUPIXENT	AUTOIMMUNE	40	2,566.00%	10	$239,874.72
14	WINREVAIR	PULMONARY HYPERTENSION	16		1	$228,327.54
15	MYRBETRIQ	GENITOURINARY-OTHER	570	23.35%	85	$238,747.78
16	BIKTARVY	HIV/AIDS	56	49.30%	5	$221,796.52
17	POMALYST	ONCOLOGY	14		1	$211,759.80
18	KRAZATI	ONCOLOGY	9		1	$203,736.87
19	PRIVIGEN	IMMUNE GLOBULINS	14	-41.68%	1	$200,599.38
20	RINVOQ	AUTOIMMUNE	28		3	$180,807.33
21	TRELEGY	ASTHMA/COPD	308	-21.35%	50	$191,698.01
22	TOUJEO	DIABETES	484	-13.28%	56	$175,944.30
23	INREBIC	ONCOLOGY	12		1	$162,948.36
24	ZEPBOUND	WEIGHT MANAGEMENT	161		28	$166,013.43
25	TALTZ	AUTOIMMUNE	19		2	$158,687.21

SUPPLEMENTAL BENEFITS

Supplementals (2025 Summary)

TruHearing	
Utilizing Members	38
Exams	35
Aids Ordered	42
Avg. Savings Per Member	$2,736
Total Savings	$57,448

- **.7% of the retiree population** utilized their TruHearing discount, with an average savings of $2,736 per member.

Silver Sneakers	
Active Members	344
In person	364
Virtual	20
Dec. Members	379
Total Members	5,542

- **12.6% of retirees** accessed their silver sneakers benefit at least once in 2025 (698 members)

Medicare Advantage Rewards Program

Utilization Metrics: New Mexico Retiree Health Care Authority

Reporting Period: 1/1/2025 – 12/31/2025

Reward Categories	Gaps Closed by Registered members
Completed Preventive Visit	2,477
In Home Assessment	363
Diabetes Care – Blood Sugar Controlled	463
Diabetes Care – Eye Exam	279
Kidney Health Evaluation	531
Colorectal Cancer Screen	1,123
Breast Cancer Screen	829
Osteoporosis Management In Women	137
Flu Shot	426
Fall Risk Assessment	792

Takeaways:

- **5,542 members** were eligible to participate in the Rewards program.
  - **47% (2,603 members)** are registered for rewards.
- **$74k** paid out to New Mexico Retiree Health Care Authority members
  - **$142,175** in rewards went unredeemed due to unregistered New Mexico Retiree Health Care Authority members.
- **3,556 members** received **$50 rewards** for Completing Preventative Visit (CPV) or Annual Wellness Visit (AWV)

Recommendations:

- Continue to encourage members to register at www.BlueRewardsNM.com, select Register, and complete the registration form. First-time participants can opt in to Auto-Rewards by selecting their preferred gift card.
- Encourage members to discuss recommended tests and preventive screenings with their providers to proactively address potential health issues.

Members have until **December 31** to register and complete self-attestation to earn rewards for the applicable calendar year. Registration is a one-time requirement.

Humana

New Mexico Retiree Health Care Authority

Board Meeting

July 16-17, 2026

Presented by:

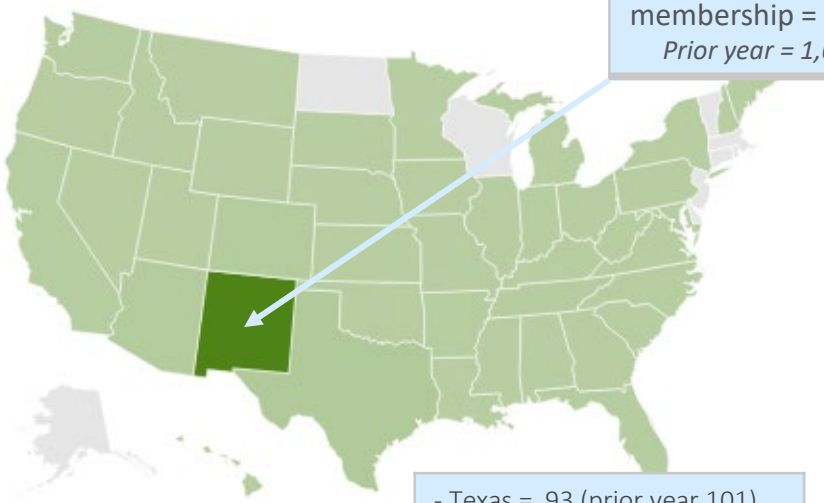
Julie Bodenski, Account Executive

NEW MEXICO RETIREE HEALTH CARE AUTHORITY

2025 Plan Year changes:

- PPO II plan eliminated. PPO II members moved to PPO I.
- PPO I plan - slightly leaner medical benefits & richer pharmacy benefit, in addition to IRA Part D redesign.

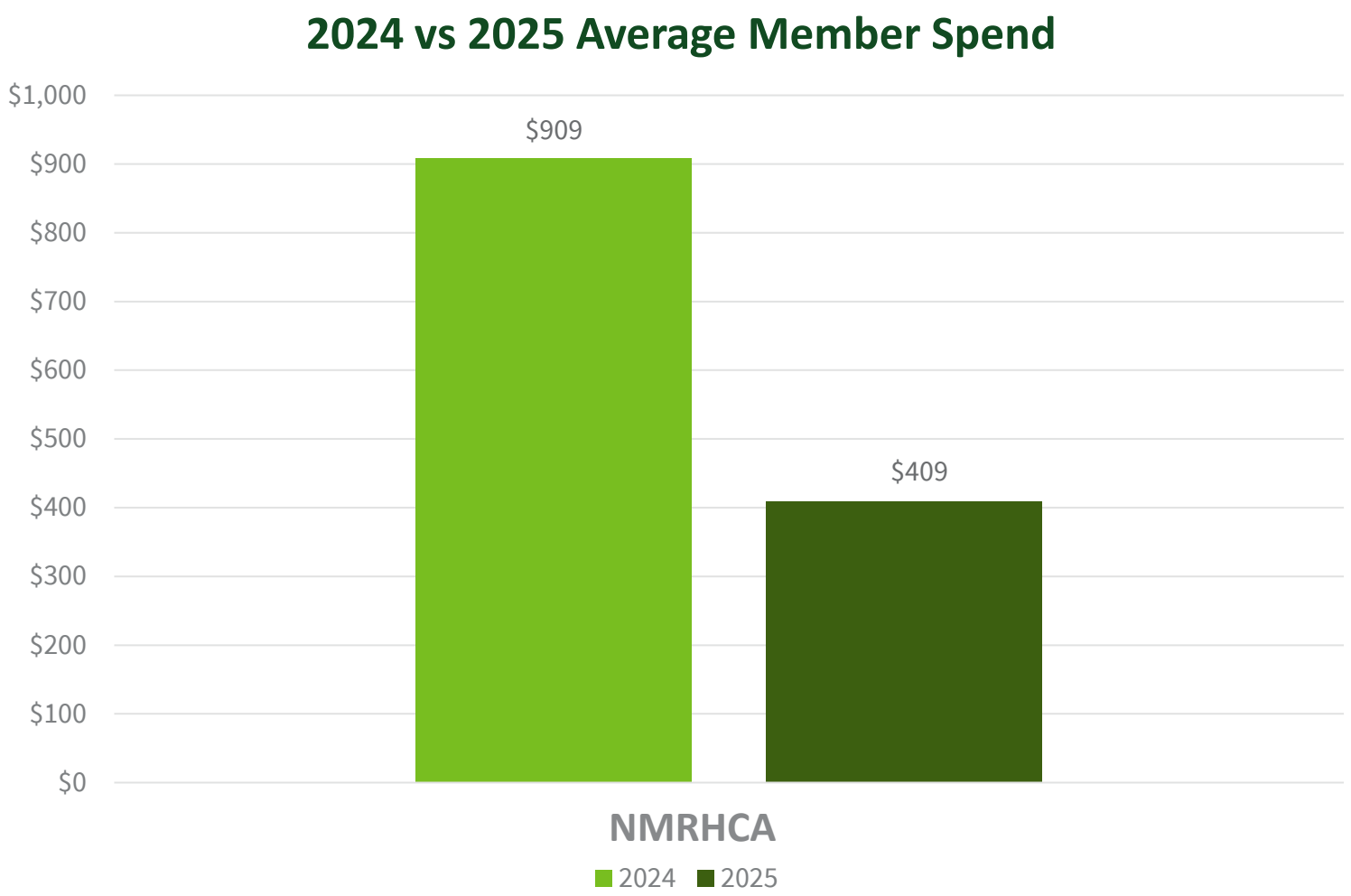
Demographics	2025	2024	Change
Average Members	1,938	1,942	-0.2%
Male/Female Ratio	45/55	45/55	- - -
Average Age	72.5	71.6	+1.3%



Utilization Highlights	2025	2024	Change
% Members with Claims	97.4%	95.9%	+1.5%
% Large Claimants	2.0%	1.3%	+0.7%
Prescriptions per Member per Month	1.98	1.93	+2.7%
% Plan / Member Cost Share	96% / 4%	95% / 5%	⇧ ⇩
% of Members with $0 - $999 in member cost share	81%	78%	+3.85%

Prevention, Health Alerts, Wellness	2025	2024	Change
% Members with Preventive Services	67.4%	64.4%	+3.0%
Health Alerts – % closed / % compliant	48.6% / 72.6%	50.2% / 74.2%	⇩
Health Alerts – Member full compliance	50.9%	48.4%	+2.5%
SilverSneakers Participation %	14.8%	14.9%	-0.1%

2025 Catastrophic member true out of pocket



- Enhanced Group Medicare Part D benefit designs result in greater acceleration into the Cat Phase of $0 member cost share and higher plan cost share
- Due to the enhanced Group Medicare benefit and the $2000 MOOP, the out-of-pocket spend for members in the Cat Phase was significantly lower in 2025

Entering Catastrophic Phase results in $0 member cost share

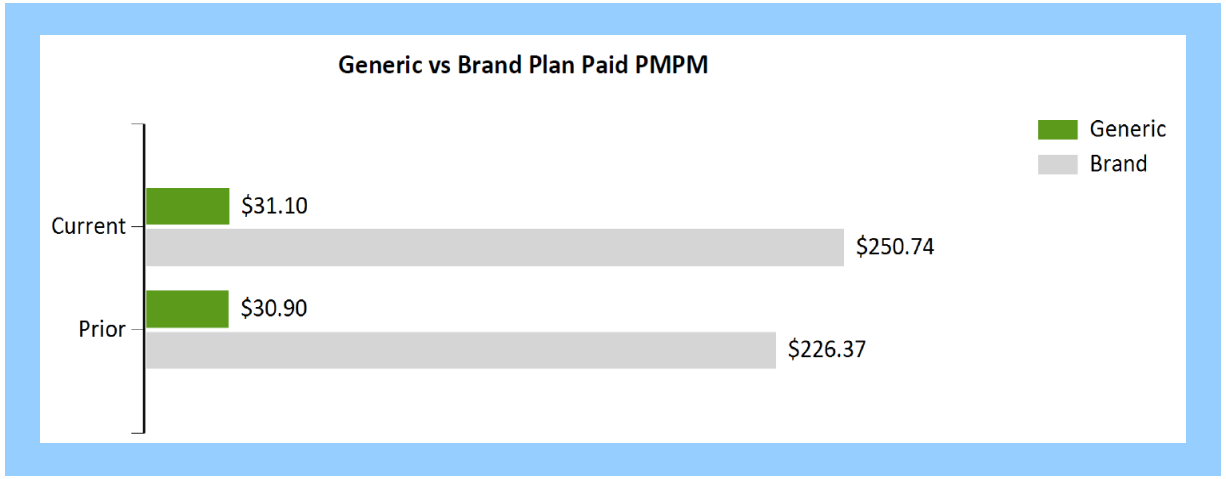
NMRHCA - December 2024:

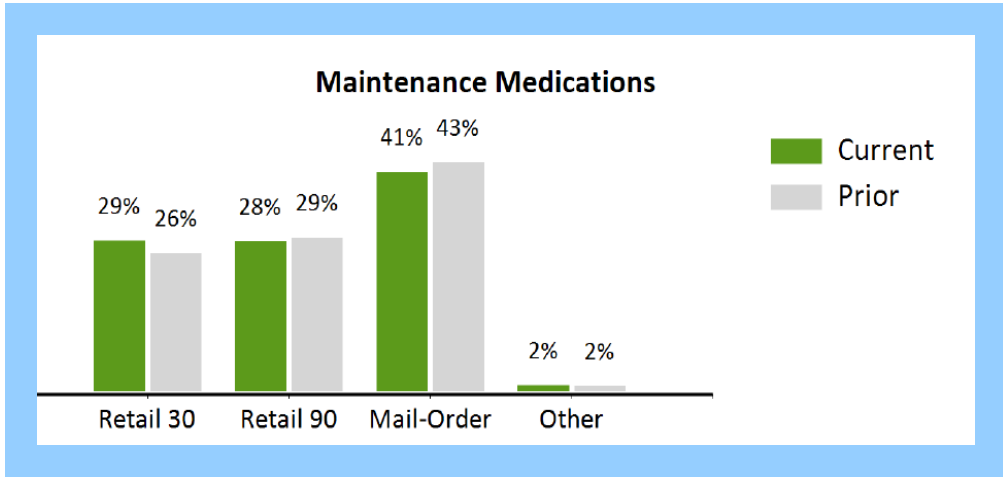
- 52 members (3%)
- $909 Out of Pocket

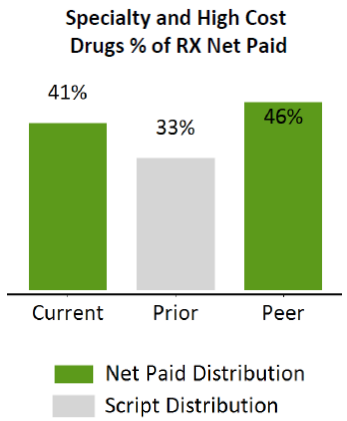
NMRHCA - December 2025:

- 360 members (20%)
- $409 Out of Pocket0

2025 Pharmacy Utilization Summary

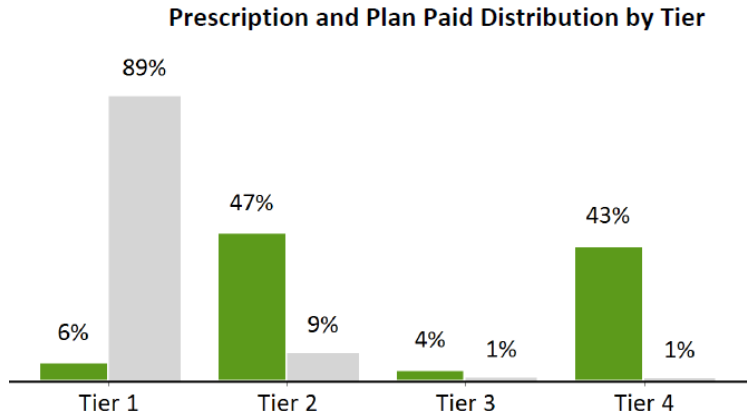






Specialty and High Cost Drugs Usage	2025	2024	Change
# of Scripts	240	158	+51.9%
% of Total Rx Net Paid	32.7%	21.5%	+34.8%
Specialty Rx Member Cost Share	1.0%	4.0%	-3.0%
Specialty Rx Plan Cost Share	99%	96%	+3.0%
Total Unique Members	48	30	+60.0%

Top Specialty and High Cost Drugs (Drug Class): Chemotherapy, Cardiology, Rheumatoid Arthritis, Respiratory, Immune Globulin Agents, Dermatology, Anti-Infectives



2025 Utilization Scorecard

	Group Utilization		% Change	% In-Network
	Current	Prior		Current
Office Visits				93%
Primary Care Visits per 1,000	3,577	3,457	3.5%	
Specialist Care Visits per 1,000	6,656	6,661	-0.1%	
Inpatient Care				98%
Acute Hospital Admits per 1,000	90	88	2.6%	
Acute Hospital Days per 1,000	451	479	-5.7%	
Case Mix Index	2.37	2.34	1.2%	
Long Term Acute Care Admits per 1,000	0.52	---	---	
Outpatient Care				96%
Ambulatory Surgical Center Visits per 1,000	94	100	-6.5%	
Other Outpatient Procedures per 1,000	4,331	4,053	6.9%	
Outpatient Hospital Surgeries per 1,000	309	291	6.1%	
Emergency Room				83%
Visits per 1,000	284	261	9.1%	
% of Repeat ER Visits	9%	9%	-0.4%	
% of Inappropriate ER Visits	29%	23%	5.6%	
Urgent Care				86%
Visits per 1,000	266	295	-9.6%	
Urgent Care to ER	14	15	-6.7%	

- It is typically a positive situation to see Primary Care Provider utilization increasing.
- Additionally, we often encourage greater use of ambulatory surgical centers and urgent care facilities, when the severity of the conditions warrants.
- Case Mix Index: The average DRG weight for all inpatient cases paid. The Case Mix Index is a measure of the relative costliness of the patients treated in an inpatient setting. An index of 1.05 means that the facility's patients are 5% more costly than average.

A voluntary in-home wellness assessment can create a foundation for a personalized health journey

What's included:

Screenings: Review of recommended screenings based on age and health status

Education: Deliver relevant information on health conditions, medications and preventive care

Referral: Connect patients to available resources that can help address specific health and social needs

Medication management: Improve adherence by reviewing medications, educating members on benefits and financial assistance resources.

Social determinants of health: Identify social needs that can be barriers to achieving better health, such as food insecurity, social isolation, transportation and loneliness.

Outcomes

1.4% – 2.4%	Increase in PCP follow-up visits*
11.2% – 12.7%	More likely to engage in Humana care management
4.8%	Higher likelihood to get a breast cancer screening within one year†
5.3%	Higher likelihood to get a colorectal cancer screening within one year†

* IHWA Clinical Value Study, Humana Trend Analytics and Forecasting
† IHWA Long Term Clinical Value Study, Humana Trend Analytics and Forecasting

NMRHCA members eligible	IHWA's Completed
2025: 1,379	19.6% or 270
2024: 1,143	18.2% or 208

99

Go365 by Humana® wellness program

NEW MEXICO RETIREE HEALTH CARE AUTHORITY

Care management, disease management, and wellness initiatives

		★ NEW! ★
	2025	2026
Maximum Earnable Rewards*	Up to $225	Up to $255
Prevention		
Flu vaccination		$5
Annual Wellness Visit	$25	$25
Mammogram	$30	$30
Colonoscopy	$50	$55
Diabetic bundle: (Complete all 4 screenings for $40 reward) Kidney urine test, Kidney blood test, Hemoglobin HbA1c test, Diabetic eye exam	$40	$40
NEW! Bone density		$20
NEW! Complete the Medication usage survey**		$10
Health Education & Mental Well-being		
Update and/or confirm communication preferences in Go365 for existing members		
Social and health education: Attend a health education or art class, participate in an athletic event, social club, or religious gathering or event	$20	$10
NEW! Mental health activity**		
Exercise and Fitness		
Connect a device and/or completed first workout		
NEW! Personalize your fitness journey on Go365.com**		
Complete minimum of 12 workouts per month, tracked via SilverSneakers®, fitness device, online or paper-based tracker (minimum of 5000 steps/day). Other physical activities may include golfing, swimming, Zumba, yoga, strength training, etc.	$60	$60

2025 Activities completed by NMRHCA members	Number Completed
Kidney Health Blood Test	1,611
Diabetes Eye Exam	1,133
Annual Wellness Exam	1,070
HbA1c	1,068
Preventive Screening *	614
Mammogram	525
Kidney Health Urine Test	509
Daily Workouts	341
Diabetic Screenings	217
Colorectal Screening	184
12 Workouts in Month	171
Community or Social Program	88

*55% of members receiving Annual Wellness Exam

Membership: 1,939
(2024: 2.03K)

Engagement: 6.09%
(2024: 4.43%)

Reward Redemption % Mbrs: 5.98%
(2024: 5.76%)

2027 Benefit Updates

Preference for ANOC

- **Beginning with 2027 ANOC's**, members who have opted into receiving ANOC's electronically & have a valid e-mail address on file with Humana will receive an email when 2027 ANOC's are generated directing them to MyHumana.com to view their ANOC digitally.
- Members who have not opted in or have opted in but do not have a valid email address on file will continue to receive ANOC via mail.
- **Members can manage their Preferences** via MyHumana.com or by contacting Customer Service.

100-Day Supply Benefit

- **100 Day Supply Benefit:**
  Applies to Part D medications with the ability to filled as 90-day supplies (excludes Specialty Tier and high-cost medications)

  May be limited due to package size or unbreakable packaging of the medication
- **Member benefits:**
  Reduced pharmacy trips

  Minimized late-to-refill gaps

  Improved health through better medication adherence
- **Provider benefits:**
  Reduce patient's adverse health events and hospitalizations through increased medication adherence[1]

$0 CGMs at CenterWell

- **Benefit:**
  Aligns with current $0 CenterWell diabetic supply strategy

  Coverage criteria and preferred brands at CenterWell remain unchanged:
  - Dexcom (G6 and newer models)
  - Abbott FreeStyle Libre (Libre 2 and Libre 3)

  Clinical guidelines increasingly recommend CGMs for diabetes management
- **Member Benefit:**
  $0 cost share eliminates potential financial barrier
  - Increased member satisfaction

  Real-time glucose monitoring supports better glycemic control, reduces risk of complications, and promotes overall health.

Uniform Flexibility Virtual Cardiac Recovery Program

- **Overview:**
  Delivers cardiac recovery services via virtual modalities in coordination with Carda

  Eligible conditions:

  - HFrEF: Members with **heart failure with reduced ejection fraction**

  - Non-HFrEF members with **one of three diagnosis-based cardiopulmonary categories** *(only one of the three is required)*:

  Hypertension with complications or secondary hypertension

  Pneumonia (excluding tuberculosis-related pneumonia)

  Respiratory signs and symptoms
- **Member Benefit:**
  $0 cost share for program

  Removes barriers to care such as transportation, local facility access, and scheduling constraints

1. DiMatteo MR. Variations in patients' adherence to medical recommendations: a quantitative review of 50 years of research. Med Care 2004; 42:200–9.

See Appendix for additional details regarding 2027 benefit updates 101

2027 Decoupling: Member Experience

If selected, starting January 1, 2027, medical coverage and prescription drug coverage will be offered as two separate Humana plans- a stand-alone MA and PDP (sole carrier solution).

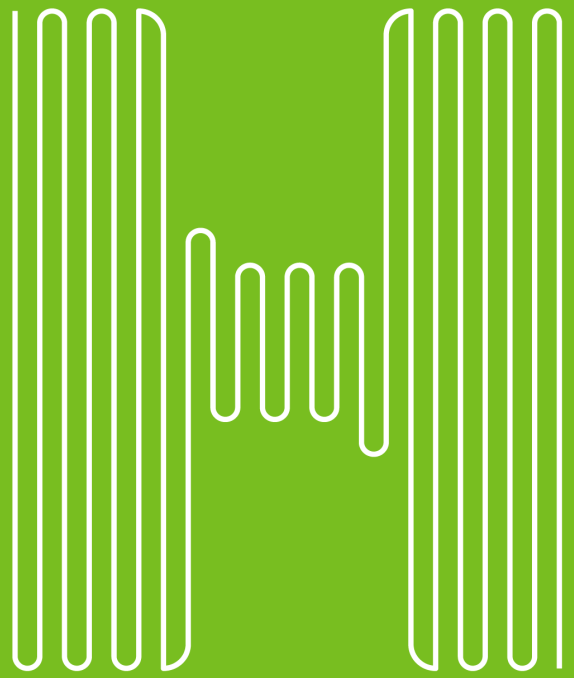
Together, these plans will provide the same benefits members receive today—at a lower premium. Members do not need to take any action. We will automatically enroll them in the new Humana plans.

ID Card	Members will receive **one new Humana ID card** - by late November or early December
Confirmation of Enrollment Letters *	Only NEW members will receive their MA and PDP confirmation of enrollment letters by mid-November
No Need to Change Providers or Pharmacies	Humana's Preferred Provider Organization (PPO) plan allows members to see any provider **who accepts Medicare and agrees to bill Humana**. Members can continue to use their current **in-network pharmacy**.
Annual Notice of Change (ANOC) *	The Annual Notice of Change is a CMS-required notice that explains what is changing for the 2027 plan year. For 2027, the changes include: • The transition to separate medical and prescription drug plans ("decoupled" coverage) • A federal change to the Part D maximum out-of-pocket (MOOP) limit, which will be $2,400 in 2027 • Members will receive: ○ One ANOC for the Medicare Advantage (MA) plan and one ANOC for the Prescription Drug Plan (PDP). Both will be mailed by late November.
Humana enrollment kit	Humana will provide a single enrollment kit (also available via the Humana client website and NMRHCA website)
Additional information	• MyHumana member portal: **single login** for access to both MA & PDP plan information. • Additional member items provided in two (2) documents: Evidence of Coverage (EOC), SmartSummary Statement, enrollment related letters (if applicable).*

** Member communication change*

Issues Impacting Medicare Members

1. Affordability of Care and Prescription Drugs	2. Access to Providers and Timely Care	3. Managing Chronic Conditions and Care Coordination
Humana supports Medicare members' affordability concerns through plan designs and programs.	Humana supports access to care through a combination of provider networks, digital tools, and care delivery partnerships.	Humana has emphasized coordinated care and chronic condition support for members to help reduce avoidable hospitalizations, improve care coordination, and support better health outcomes.
• Medicare Advantage plan option with **predictable cost-sharing** and same level of benefits both in- and out-of-network • Prescription drug coverage, with **mail-order pharmacy options**, which may help **reduce prescription costs** for certain medications. • Insulin and drug cost protections aligned with Medicare Part D requirements. • **Supplemental benefits** including routine acupuncture, chiropractic, vision, hearing, and podiatry, based on group offering. • **Care management and preventive care support**, which can help members avoid more costly care when conditions are identified and managed earlier. • **Wellness and rewards programs**	• **Contracted provider networks** for primary care, specialty care, hospitals, pharmacies, and other services. • Primary care-focused models, including Humana's value-based care approach, designed to **help members receive more coordinated and proactive care**. • **Telehealth or virtual care access**, where available and covered by the plan. • **Provider search tools** to help members locate in-network doctors, specialists, pharmacies, and facilities. • **Customer service and member support teams** to help members understand benefits, locate care, and navigate plan requirements. • **Transportation benefits** – post-discharge and non-emergency, based on program eligibility	• **Care management programs** for members with complex or chronic conditions. • **Medication therapy and pharmacy support**, which may help members better understand and adhere to prescribed medications. • **Value-based** primary care relationships, where providers are encouraged to **focus on preventive care, quality outcomes, and closing gaps in care.** • In-home or community-based support services, where available through specific plans or programs. • **Programs focused on social determinants of health**, such as food insecurity, transportation barriers, loneliness, or housing-related needs (may be based on eligibility and market availability).



Thank you

This material is provided for informational use only and should not be construed as medical, legal, financial, or other professional advice or used in place of consulting a licensed professional. You should consult with an applicable licensed professional to determine what is right for you.

Appendix

Inflation Reduction Act

How the Inflation Reduction Act will impact costs for certain medications

The IRA aims, in part, to reduce prescription medication costs for some popular drugs. Some of the changes are:

2023

- Effective 1/1/2023: most covered Part D Vaccines $0 cost share cap and insulin has a $35 month (up to 30-day supply) cost share cap (bypass deductible).
- Effective 4/1/2023: Inflationary Rebates (aka Part B rebatable drugs) provides reduced coinsurance when Part B drugs increase faster than inflation.
- Effective 7/1/2023: Part B insulin, which is most commonly utilized in an insulin pump, capped at $35 cost share (up to 30-day supply).

2024

- Part D **Catastrophic phase** cost share reduced to **$0** for beneficiaries.
- More people will be eligible for financial assistance, as Medicare beneficiaries with annual incomes of up to 150% of the federal poverty limit can qualify for full benefits.

2025

- Annual out-of-pocket Part D spending capped at $2,000, and beneficiaries will have the option to smooth their cost-sharing payments over the year with a maximum monthly cap on cost-sharing.

2026-2029

- Annual out-of-pocket Part D spending capped at $2,100 in 2026 and $2,400 in 2027
- Initiation of maximum fair prices (MFPs) through Medicare Drug Price Negotiation Program
  - 2026: 10 Part D medications
  - 2027: 15 Part D medications
- Insulin co-pay cap at lesser of $35 or 25% of MFP
- Continued legislation geared toward inflation reduction and limiting beneficiary prescription medication costs. Information will be shared as received.

1. Juliette Cubanski, Meredith Freed, and Tricia Neuman, “What Are the Prescription Drug Provisions in the Inflation Reduction Act?,” Kaiser Family Foundation, last accessed Dec. 14, 2022, www.kff.org/slideshow/what-are-the-prescription-drug-provisions-in-the-inflation-reduction-act/.

Additional Pharmacy Updates

Pharmacy | Medicare GLP-1 Bridge* Model

Industry, legislative, regulatory or CMS developments affecting members

	Medicare GLP-1 Bridge
Description	A CMS-led pilot program providing Medicare Part D beneficiaries with early access to GLP-1 obesity medications at a flat, reduced cost serving as a short-term "bridge" to the BALANCE Model
Timing	Launches 7/1/26; Ends on 12/31/27
Participation	Operates outside of Medicare Part D benefit's coverage and payment flow meaning Part D sponsors are not directly involved in the Bridge and will not carry any risk
Eligibility	All Part D beneficiaries who meet the clinical criteria under the pilot that do not qualify for Part D indication of the covered medications
Coverage	Drugs will process through a central processor at a $50 per month flat copay TrOOP accumulation and MOOP do not apply
Eligible Products	All formulations of Wegovy KwikPen formulation of Zepbound and if approved by FDA, the tablet formulation of Orforglipron
EGWP Participation	Part D beneficiaries in employer/union group waiver plans (EGWPs) are eligible to participate

*BALANCE Model did not meet 80% carrier participation threshold is postponed until 2028

Glucagon-like peptide-1 (GLP-1s) background

- Medications initially approved for treatment of diabetes. Incidental discovery of weight loss led to clinical trials and FDA approval for indication of weight loss.
- With weight loss studies, incidental finding of lowered risk of cardiac events such as stroke or heart attack in patients with cardiac risk factors (obesity combined with hypertension, dyslipidemia, and/or other cardiac risk factors)

- Same generic drugs with different FDA approved brand name (**Bold**) and indication:
  - Semaglutide (**Ozempic®** = diabetes; **Wegovy®** = weight loss, cardiac prevention, MASH)
  - Tirzepatide (**Mounjaro®** = diabetes; **Zepbound®** = weight loss, obstructive sleep apnea)

- Humana Formulary inclusion for Medicare Part D medications is driven by FDA approval AND CMS guidance:
  - CMS – Excludes GLP-1s solely for weight loss
  - CMS – Includes GLP-1s for diabetes with prior authorization
  - CMS – Includes cardiac prevention with prior authorization (Wegovy® only as of 3/2024)
  - CMS – Includes obstructive sleep apnea with prior authorization (Zepbound® only as of 12/2024)
  - CMS – Includes treatment of noncirrhotic metabolic dysfunction-associated steatohepatitis (MASH) (Wegovy® only as of 8/2025)

IHWA Details

A voluntary in-home wellness assessment can create a foundation for a personalized health journey

In-home wellness assessments

Members receive an in-home visit by a licensed physician who conducts an assessment to:

- **Identify gaps in care**
  Fall risk, social determinants of health and social isolation
- **Support wellness**
  Prevention, physical and mental health
- **Provide clinical diagnoses**
  Diabetes, colon and diabetic nephropathy test kits
- **Deliver prescription assistance**
  Ensuring correct dosages and avoiding drug interactions

Coordination

Care team coordinates across range of resources to deliver seamless care

Whole-person care support

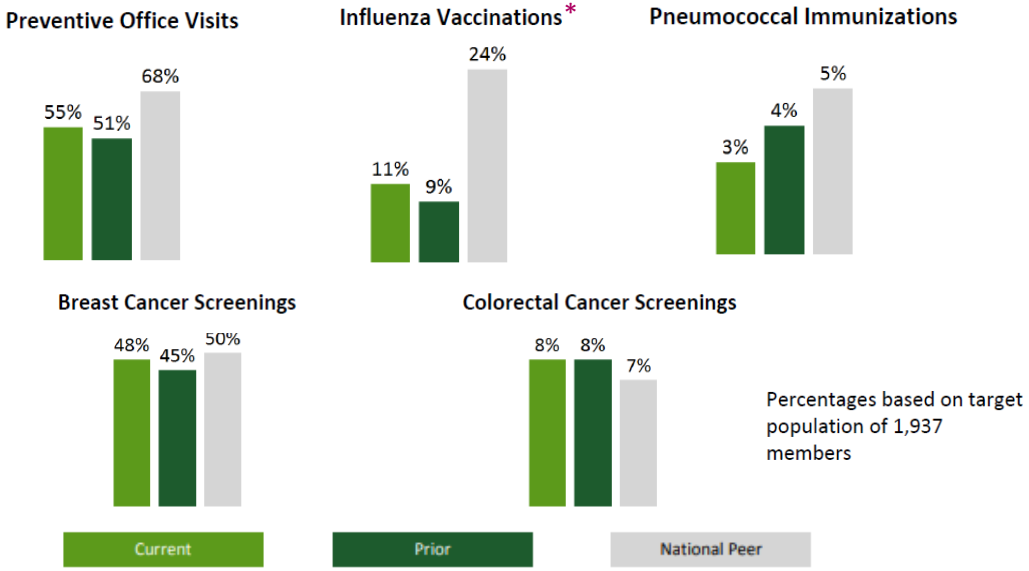
Supported by a wide range of Humana and external care resources

Additional Health and Wellness Details

Preventive Services

Members receiving at least one Preventive Service

		Current	Prior	Peer
Total Membership	+3.0%	67.4%	64.4%	80.0%
Female	+2.6%	74.9%	72.3%	84.4%
Male	+3.9%	58.4%	54.5%	73.6%



*533 Fluzone High-Dose vaccines processed through pharmacy, representing 28% of membership in 2025 plan year receiving flu shot at pharmacy locations.

Health Alerts

Humana Health Alerts promote better health through evidence-based medicine and preventive care. Each message is tailored to the action needed to close each gap in care and to address the member's situation. The messages encourage members to obtain the care needed for better outcomes, lower costs, and healthier lives.

Alert Category (Top 5 listed)	Alerts Qualified	Alerts Generated	Alerts Closed	% Closed	% Compliant	Peer % Compliant
Total	**33,775**	**18,019**	**8,757**	**48.6%**	**72.6%**	**64.0%**
Cardiovascular	13,695	6,385	2,942	46.1%	74.9%	70.6%
Diabetes	6,773	3,834	1,425	37.2%	64.4%	60.8%
Prevention and Screening	6,522	4,202	3,099	73.8%	83.1%	66.9%
Cancer	1,699	729	349	47.9%	77.6%	73.9%
Geriatrics	1,388	262	81	30.9%	87.0%	66.7%

Definitions

- **Alert Qualified-** opportunities to identify a person with gaps in care
- **Alerts Generated-** actionable opportunities (gaps in care)
- **Alerts Closed-** gaps in care closed
- **% Closed-** Alerts closed/Alerts generated
- **% Compliant-** Total compliant- this takes into account those that were compliant prior to any action from Humana (difference between Alerts Qualified and Alerts Generated+ Alerts Closed)/Alerts Qualified

Go365 Engagement Summary – NMRHCA 2025

Membership: 1,939	Awareness: 10.47%	Engagement: 6.09%	Reward Redemption % Mbrs: 5.98%
(2024: 2.03K)	*(2024: 9.56%)*	*(2024: 4.43%)*	*(2024: 5.76%)*

Awareness Defined

The member completes at least one of the following

- Completes at least one social/community event
- Completes at least one 12 workout month event or one quarterly 12 workouts in a month
- Redeemed an item within the Go365 mall
- Has a connected device workout upload of at least 5,000 steps
- Completes enroll & onboard event
- Self-Submitted/Self-Reported any activity, rewarding or not
- Has a newly connected device in the plan year

Engagement Defined

The member reached Awareness AND meets one of the following conditions

- Member earns a minimum of $80 in rewardable activities

By December 31, 2025

- ✓ **116 NMRHCA members ordered gift cards**
- ✓ **247 separate mall orders**
- ✓ **Avg rewards per member: $102.30**

Total Rewards Redeemed: $11,870

Top 5 Gift Cards

1. **Walmart: 54**
2. **Albertsons: 22**
3. **Starbucks: 12**
4. **T.J. Maxx/Marshalls/Home Goods: 12**
5. **Barnes & Noble : 10**

1. **It's easy**. You're already enrolled! Just start participating in eligible activities

2. **It's personal**. When you log in to your account, Your Next Best Step guides you through recommendations so you know what you can be doing to get or stay on a healthy path.

3. **It's rewarding**. You'll earn rewards that you can redeem for gift cards in the Go365 Mall.

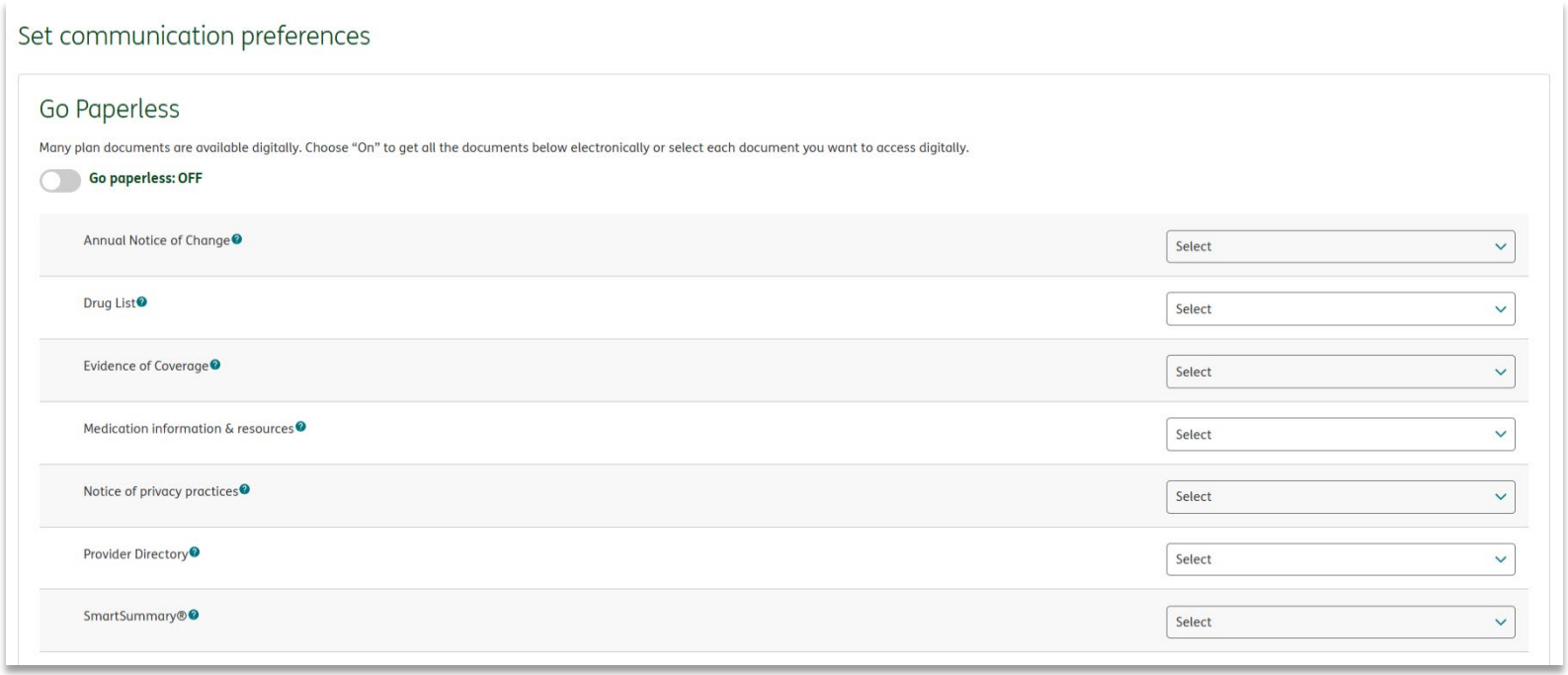
2027 Benefit Update Details

Preferences for Annual Notice of Change (ANOC)

- **Beginning with 2027 ANOC's**, members who have opted into receiving ANOC's electronically & have a valid e-mail address on file with Humana will receive an e-mail when 2027 ANOC's are generated directing them to MyHumana.com to view their ANOC digitally. Members who have not opted in or have opted in but do not have a valid e-mail address on file will continue to receive ANOC via mail.

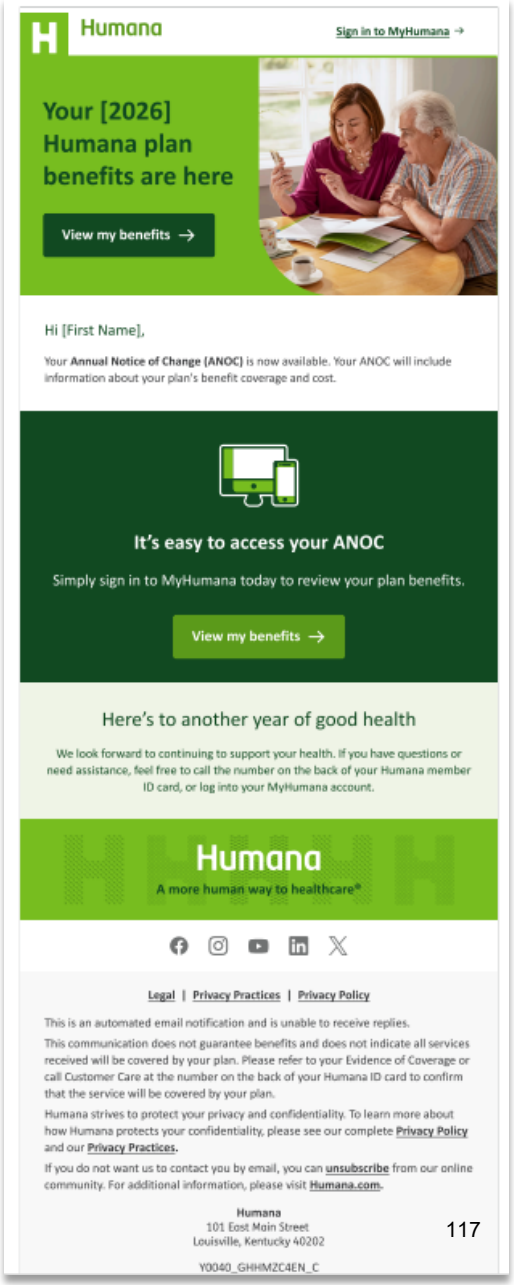
- **Members can manage their Preferences** via MyHumana.com or by contacting Customer Service. There is a specific ANOC preference & a global preference called "Go Paperless" which if turned "On" would also set ANOC to digital.

Communication Preferences on MyHumana.com



** IT deliverables targeted to turn to PROD no later than Q3 2026*

ANOC Email



100 Day Supply Benefit Overview

100 Day Supply Benefit:

- Applies to Part D medications with the ability to filled as 90-day supplies (excludes Specialty Tier and high-cost medications)
- May be limited due to package size or unbreakable packaging of the medication
- Supports 3x Weighted STARS Adherence measures

Member benefits:

- Reduced pharmacy trips
- Minimized late-to-refill gaps
- Potential cost savings by obtaining a larger day supply, depending upon the pharmacy benefit
- Improved health through better medication adherence

Provider benefits:

- Reduce patient's adverse health events and hospitalizations through increased medication adherence[1]
- Reduce burden of following up on nonadherent patients
  - When compared to 30-day supplies, Humana claims data from 2024 showed[2]:
    - 90-day supply had a 15% higher medication adherence rate
    - 100-day supply have up to 17% higher medication adherence rate

1. DiMatteo MR. Variations in patients' adherence to medical recommendations: a quantitative review of 50 years of research. Med Care 2004; 42:200–9.
2. Humana claims data for 01/01/24 to 12/31/24 ; Weekly Deep Dive Dashboard by claims type, accessed 04/03/2025

$0 Continuous Glucose Monitors at CenterWell

Benefit Details

- Aligns with current $0 CenterWell diabetic supply strategy
- Cost shares for non-CenterWell pharmacies and DME providers remain unchanged
- Coverage criteria and preferred brands at CenterWell remain unchanged:
  - Dexcom (G6 and newer models)
  - Abbott FreeStyle Libre (Libre 2 and Libre 3)
    - Non-preferred brands require prior authorization and physician rationale for pharmacy fulfillment
- Opportunity to improve diabetic Stars measures with reduced cost share
- Clinical guidelines increasingly recommend CGMs for diabetes management

Member Benefits

- $0 cost share eliminates potential financial barrier
  - Increased member satisfaction
- Real-time glucose monitoring supports better glycemic control, reduces risk of complications, and promotes overall health.
- Streamlines process, reducing administrative burdens

Uniform Flexibility Virtual Cardiac Recovery Program

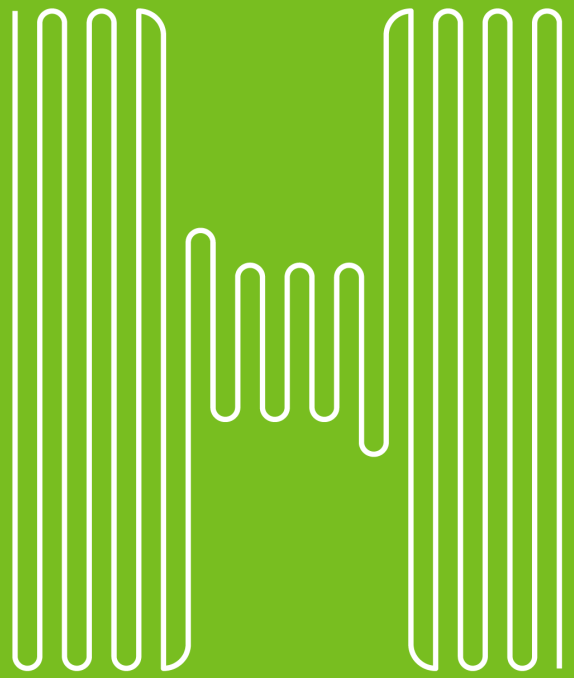
Overview:

- Delivers cardiac recovery services via virtual modalities in coordination with Carda
- Eligible conditions:
  - **HFrEF:** Members with **heart failure with reduced ejection fraction**
  - **Non-HFrEF** members with **one of three diagnosis-based cardiopulmonary categories** *(only one of the three is required)*:
    - Hypertension with complications or secondary hypertension
    - Pneumonia (excluding tuberculosis-related pneumonia)
    - Respiratory signs and symptoms
- Cardiac recovery services are known to reduce inpatient readmission creating enterprise value
- Aligns with Individual Medicare

**NOTE*: With Group deciding to participate in 2027, Group members will be added into the clinical pilot for the remainder of 2026

Member Benefits:

- $0 cost share for program
- Removes barriers to care such as transportation, local facility access, and scheduling constraints



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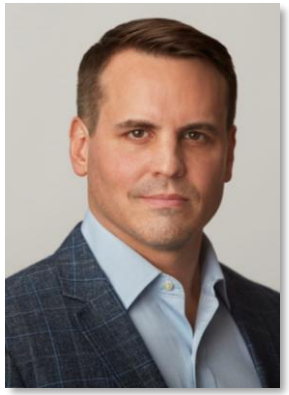
New Mexico Retiree Health Care Authority (NMRHCA)

UnitedHealthcare Group Medicare Advantage (PPO) Plan

NMRHCA Annual Board Meeting: July 16-17, 2026
Las Vegas, NM

Introductions



Geoff Rensi
Vice President, Client Management

Joe Larson
Senior Strategic Account Executive

Joleen McBride
Senior Client Service Manager

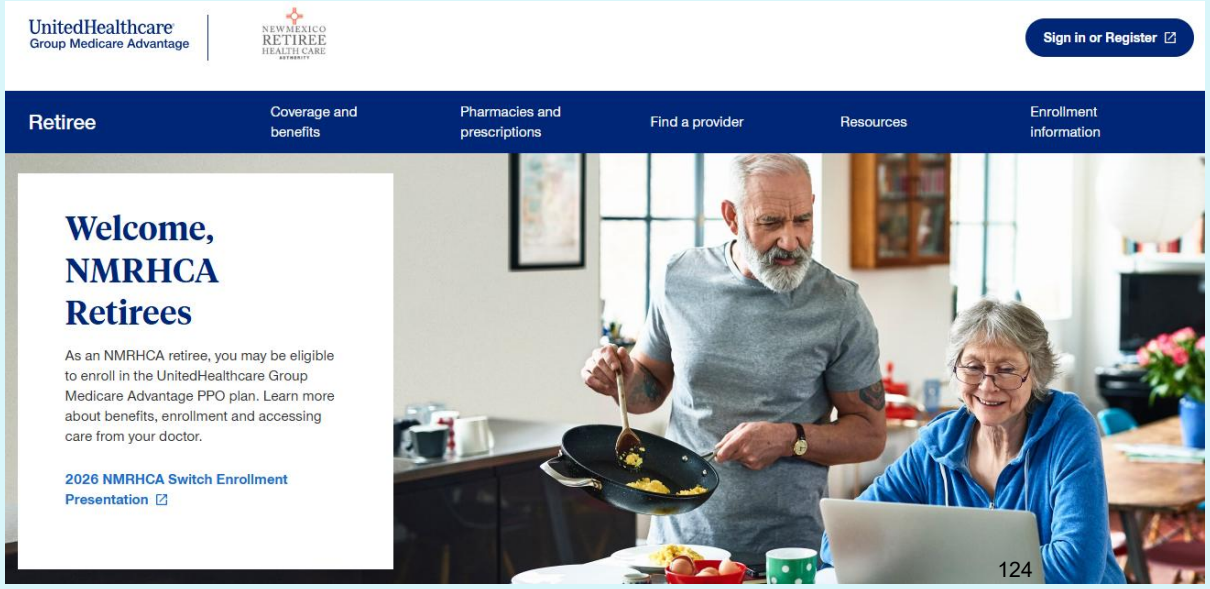
Overview of services provided to NMRHCA members

- Customized medical and prescription drug benefits
- Covers you no matter where you live or travel in the U.S., D.C. and 5 U.S. territories
- In-network and out-of-network benefits are the same with the non-differential plan design
- Members can see any Medicare provider that accepts the plan – no referrals required to see a specialist
- Includes several additional and routine benefits not covered by Medicare: Acupuncture, Chiro, Podiatry, Hearing and Vision Exams/Allowances, SilverSneakers®, Healthy at Home

The UnitedHealthcare MAPD is a non-differential PPO plan

Nationwide plan and includes worldwide coverage for urgent care & emergencies

Learn more at
retiree.uhc.com/NMRHCA



Membership and utilization highlights - 2025

Membership

-19.3%
YOY membership change, resulting in 4,853 as of December 2025.

73.9
average age of members.

Utilization

92.7%
of members had at least one physician visit through Q4 2025.

+15.6%
change in outpatient surgeries YOY.

Financial

98.2%
Benefit Care Ratio (BCR), a 2.2pp increase from 2024.

+96.0%
change in Part D drugs spend YOY ($96 PMPM).

Pharmacy

1,127
members reached the TrOOP through Q4 2025, compared to 272 members in 2024.

$563
is the average out-of-pocket spend of those members reaching the 2025 TrOOP of $2,000.

Member experience

2025 Advocate4Me™

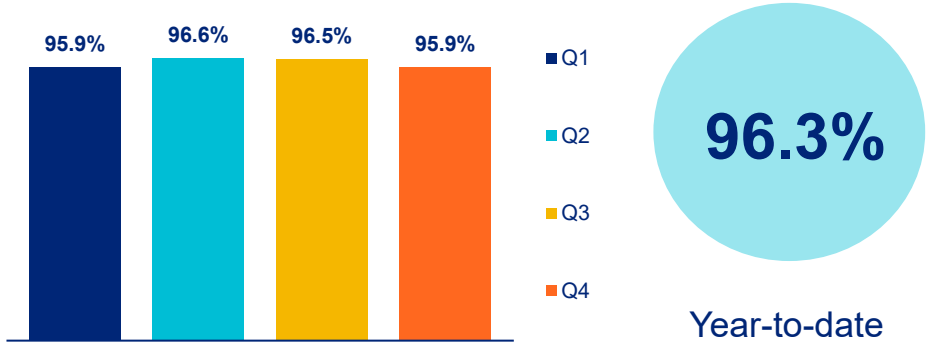
Call volume

6,257

Volume of calls handled

Calls answered by a UnitedHealthcare advocate

United Experience Survey (UES) member satisfaction



Average speed to answer

90.4%

Answered in 30 seconds

Goal: 80% of calls in 30s

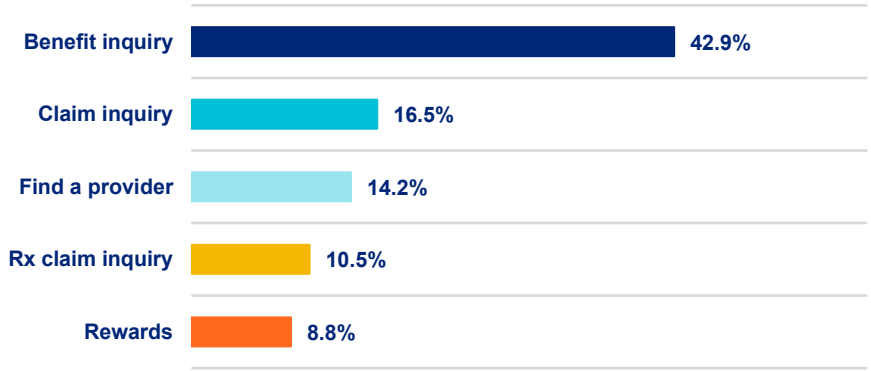
Abandonment rate

0.9%

Percentage of calls abandoned

Goal: <5%

Top call trends



Member experience and access to care

2025 clinical highlights

HouseCalls visits

1,039
visits completed

353
Quality measures addressed

2026

100% of Group MA PPO members are in a 4+ Star plan for *eleven consecutive years*

Quality

12,384
quality measures closed

50%
Annual Wellness Visits completed

Clinical engagement

58%
engaged in a clinical program or service

Fitness

35,124
in-person gym visits

Member rewards

1,995
rewards redeemed

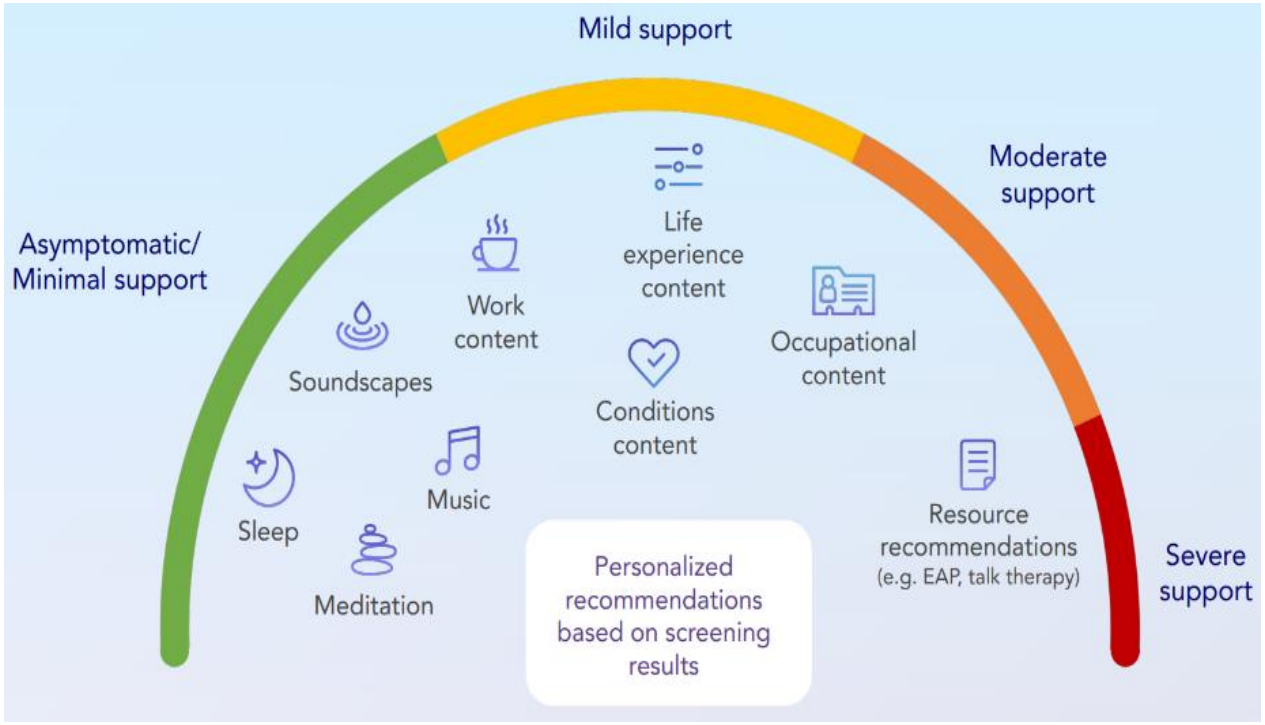
Quality and outcome measures

2025 population health scorecard

50% Annual wellness visits completed *(year end goal: >50%)*	**1,995** Member rewards redeemed	**94%** Known primary care provider *(year end goal: >85%)*
	**12,384** Quality measures closed	
79% Breast cancer screening *(year end goal: 75%-82%)*	**78%** Colorectal cancer screening *(year end goal: 75%-83%)*	**73%** Eye exams for diabetics *(year end goal: 77%-83%)*

Behavioral health: Wellness initiative

Since January 1, 2026, Calm Health is the digital behavioral health application for members offering them an integrated experience with our other clinical programs, as well as robust tools and resources



Self-guided learning modules with evidence-based techniques:
- Cognitive behavioral therapy (CBT)
- Acceptance and commitment therapy (ACT)
- Dialectical behavioral therapy (DBT)

Programs intentionally designed for older adults:
- Navigating serious illnesses
- Chronic disease support
- Social isolation
- Caregiver burden
- Life changes

Customizable to guide individuals to the right support:
- Assessments
- Personalized plan
- Recommendations based on need
- Integrated with UnitedHealthcare benefits page and in-network providers

CMS developments affecting members

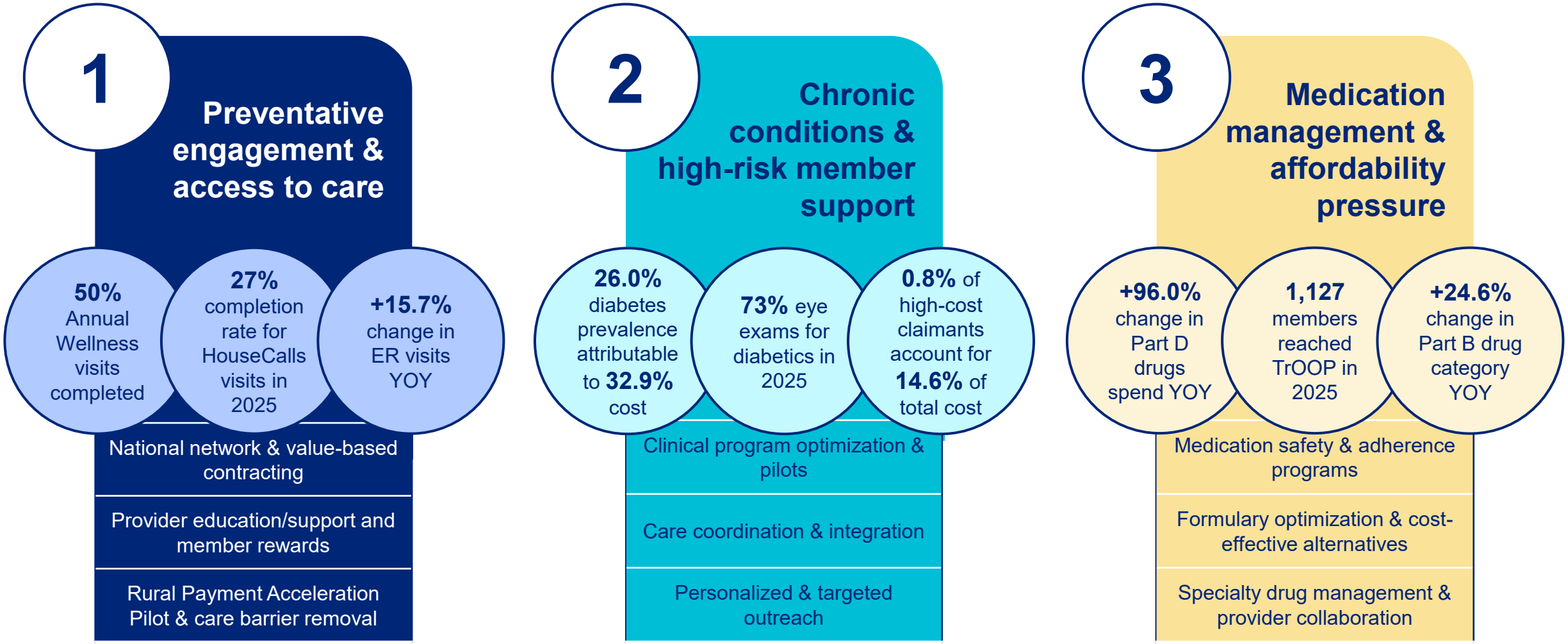
BALANCE model & GLP-1 Bridge Program

- The Centers for Medicare & Medicaid Services (CMS) has announced that the **BALANCE model** will not launch as planned on January 1, 2027.
- Instead, CMS is extending the **Medicare GLP-1 Bridge** program, which provides eligible Medicare Part D beneficiaries access to certain GLP-1 medications from July 1, 2026, through December 31, 2027.
- The GLP-1 Bridge program **operates outside of the Medicare Part D benefit,** so it does not affect NMRHCA's Part D plan design, premiums, or benefit structures.
- **CMS guidance will continue to be monitored**, and NMRHCA will be informed of any future changes that could impact plan strategy or costs.
- More information
  - BALANCE (Better Approaches to Lifestyle and Nutrition for Comprehensive hEalth) Model | CMS
  - Medicare GLP-1 Bridge

GLP-1 Bridge - Quick Facts

- Timeline: 7/1/2026– 12/31/2027
- Covered products:
  - Foundayo® (tablets)
  - Wegovy® (injection and tablets)
  - Zepbound® (KwikPen®) Note: The single-dose Zepbound® pen and Zepbound® vials are NOT covered.
- Member Cost Share: $50 for 28-day or 30-day fill (no exceptions)

Top Three Issues Affecting NMRHCA Members



NMRHCA YOY (year over year) comparisons YTD (year to date) 2025 as compared to YTD 2024
TrOOP - True out of pocket costs

Appendix

2025 plan design

Benefit	MA
Deductible	$0 - annual
OOP Maximum	$2,500
Hospital Inpatient Stay	$250 per admit
Skilled Nursing Stay	$0 per day, days 1-100
Outpatient Surgery	$100
Emergency Room	$50
Urgent Care	$20
Primary Care Physician (PCP)	$5
Specialist Physician	$25
Telehealth Visit	$0
Part B Medications	$0

Part D		
Benefit		**Cost Share**
Rx Deductible		$0
Retail	Tier 1	$15
	Tier 2	$35
	Tier 3	$70
	Tier 4	$70
Mail Order (90-day supply)	Tier 1	$30
	Tier 2	$70
	Tier 3	$140
	Tier 4	$140

Financial overview

	2025	2024	Change
Members	4,853	6,015	-19.3%
Average age	73.9	73.1	1.1%
Claims ($PMPM)			
Inpatient	$200	$181	10.5%
Outpatient	$288	$242	19.0%
Physician	$197	$190	3.7%
Part B drugs*	$142	$114	24.6%
Part D drugs	$196	$100	96.0%
Ancillary	$37	$32	15.6%
Total claims	**$1,060**	**$859**	**23.4%**
Revenue ($PMPM)			
CMS - Part A & B	$871	$812	7.3%
CMS - Part D	$67	$10	570.0%
Premium	$141	$73	93.2%
Total revenue	**$1,079**	**$895**	**20.6%**
Benefit Care Ratio (BCR)	**98.2%**	**96.0%**	**2.2pp**

Key findings

98.2%

Benefit Care Ratio (BCR), a 2.2pp increase from 2024.

Total claims trend increased 23.4% ($201 PMPM), while total CMS revenue increased 14.1% ($116 PMPM).

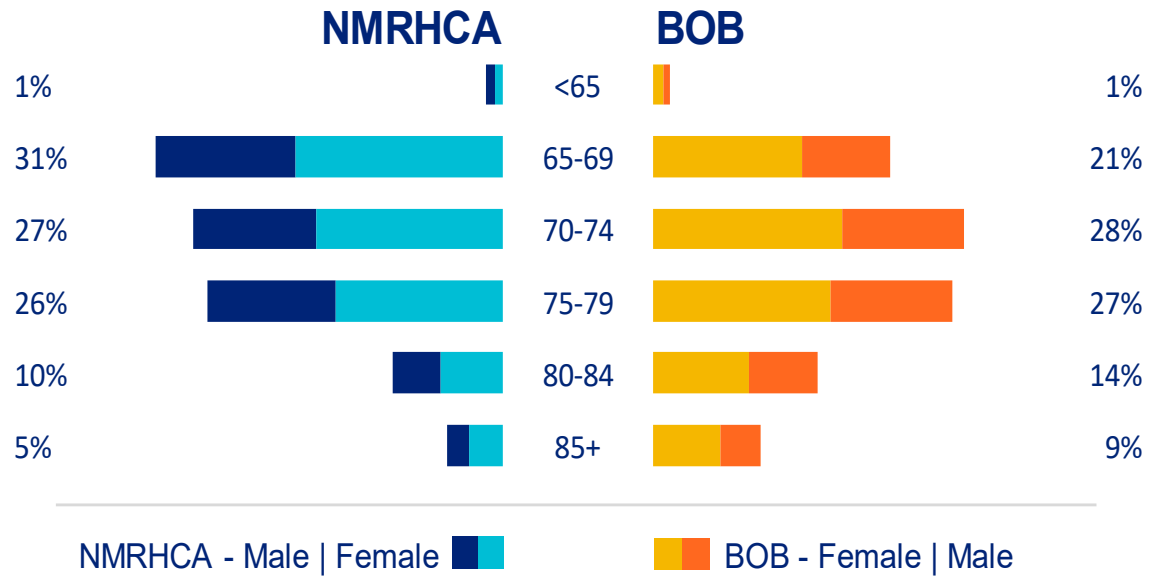
+96.0%

change in Part D drugs spend YOY ($96 PMPM).

*Part B drugs are identified by CMS. Some Part B drug claims are bundled with other services and in these circumstances, Part B drug costs are estimated based on the average cost identified for a particular drug.

Membership overview

	Total		Trend	BOB
	2025	2024	Change	2025
Members	4,853	6,015	-19.3%	---
Average age	73.9	73.1	1.1%	75.6
Percent female	58.4%	58.2%	0.2pp	60.6%



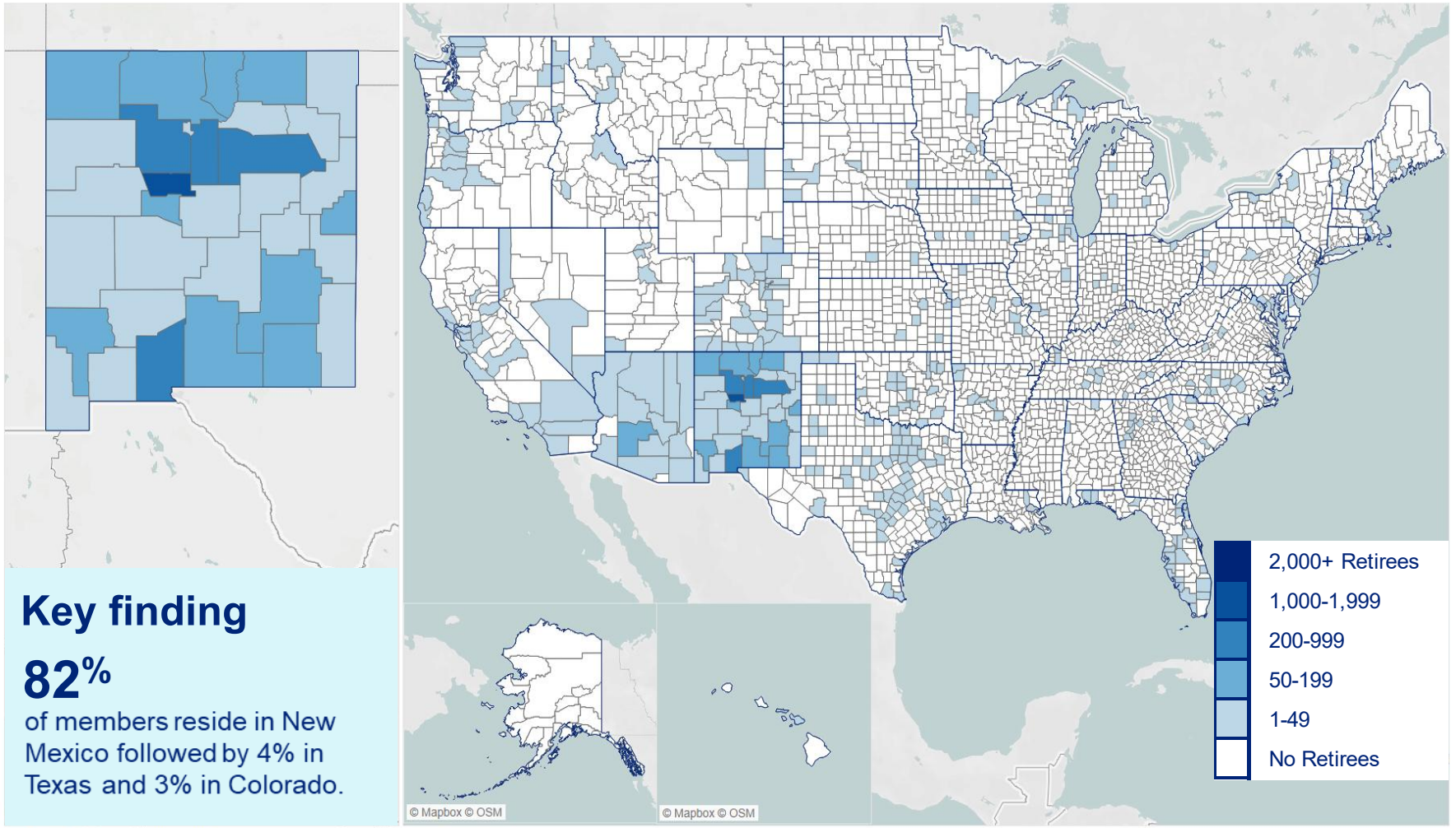
Key findings

-19.3%
or -1,162 YOY net membership decrease.

1.7 years
younger than average age for BOB.

58.4%
of members are females as compared to 60.6% in the BOB.

Membership map



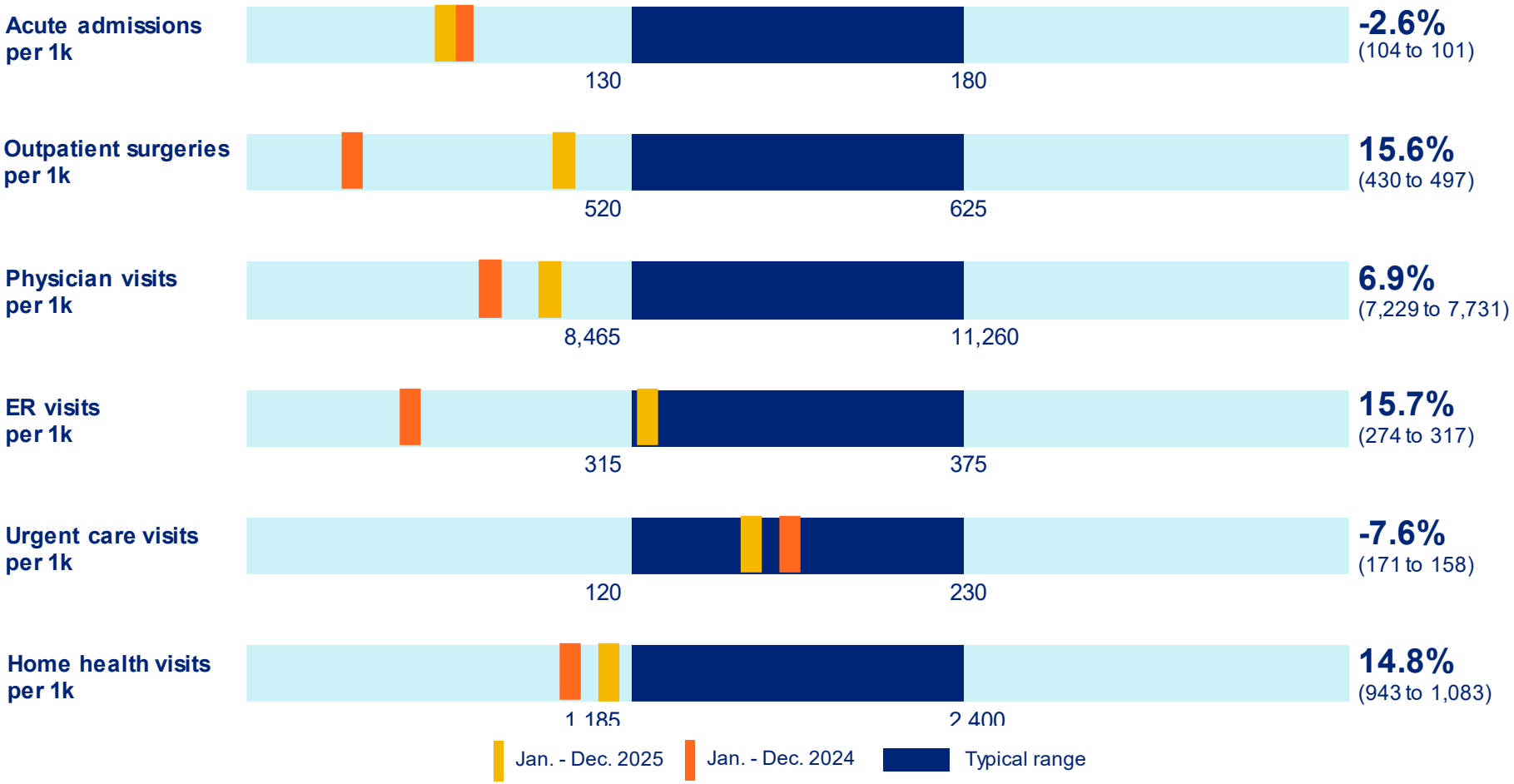
Key finding

82%

of members reside in New Mexico followed by 4% in Texas and 3% in Colorado.

Top ten counties		
1	Bernalillo, NM	1,059
2	Santa Fe, NM	991
3	Dona Ana, NM	249
4	Sandoval, NM	235
5	San Miguel, NM	204
6	Rio Arriba, NM	148
7	Valencia, NM	121
8	Taos, NM	112
9	San Juan, NM	105
10	Otero, NM	71

Medical utilization overview



Key findings

92.7%
of members had at least one physician visit through Q4 2025. Of the physician visits 50.7% were in specialist setting.

+15.6%
change in outpatient surgeries YOY.

+15.7%
change in ER visits YOY.

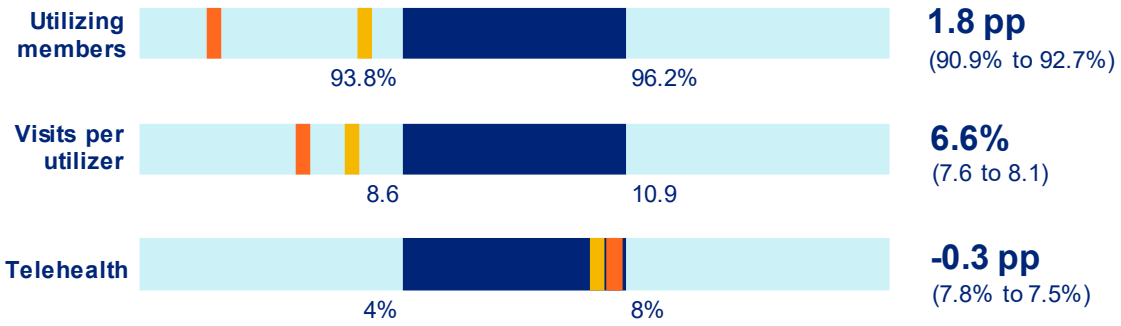
NOTE: **Home health visits** refer to skilled services for homebound retirees and may follow an acute admission.

Home health visits do NOT include HouseCalls.

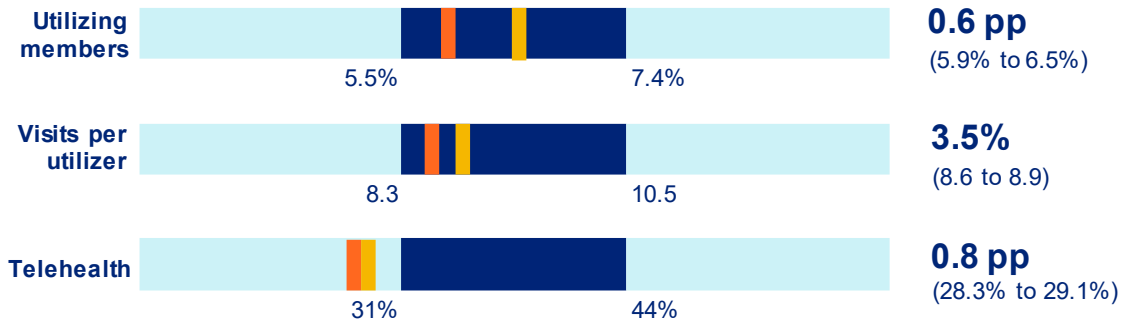
Metrics shown are annualized.
Percentage changes shown are from 2024 to 2025.

Clinical visit overview

Medical utilization

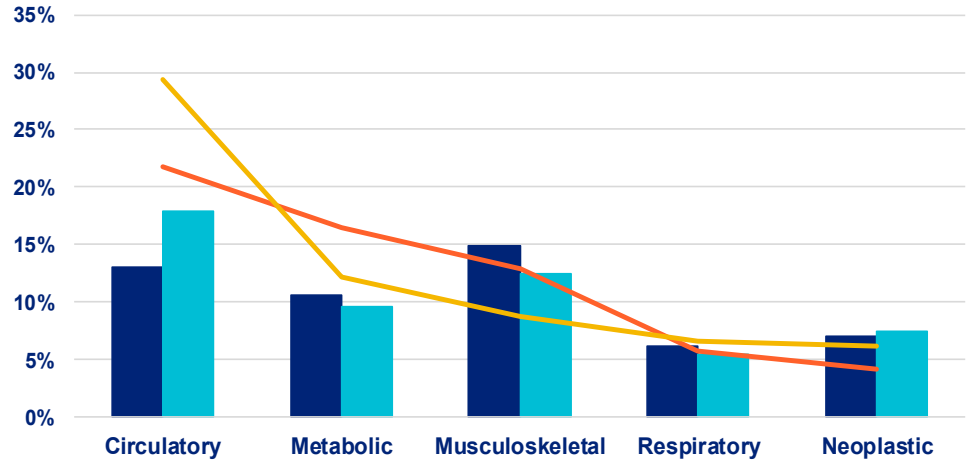


Behavioral utilization

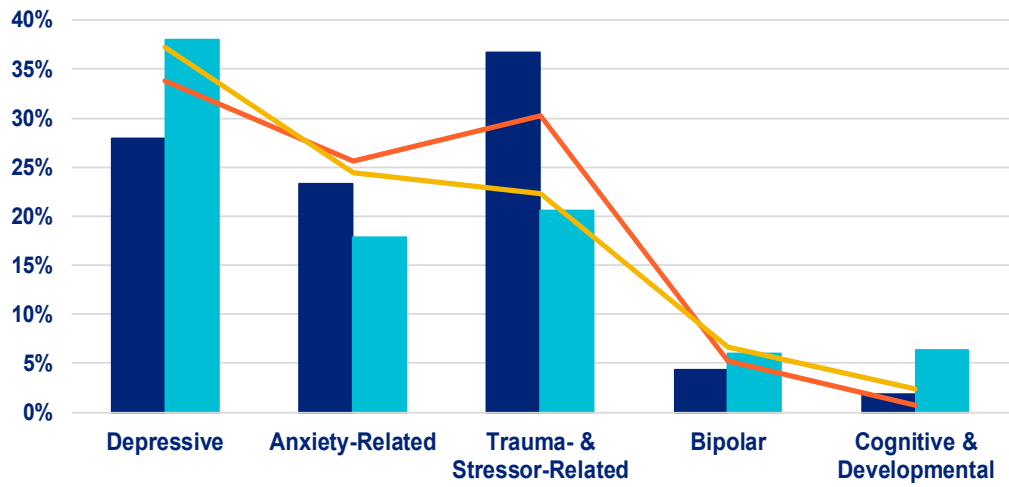


Jan. - Dec. 2025 | Jan. - Dec. 2024 | Typical range

Medical utilization type by common BOB diagnoses



Behavioral utilization type by common BOB diagnoses

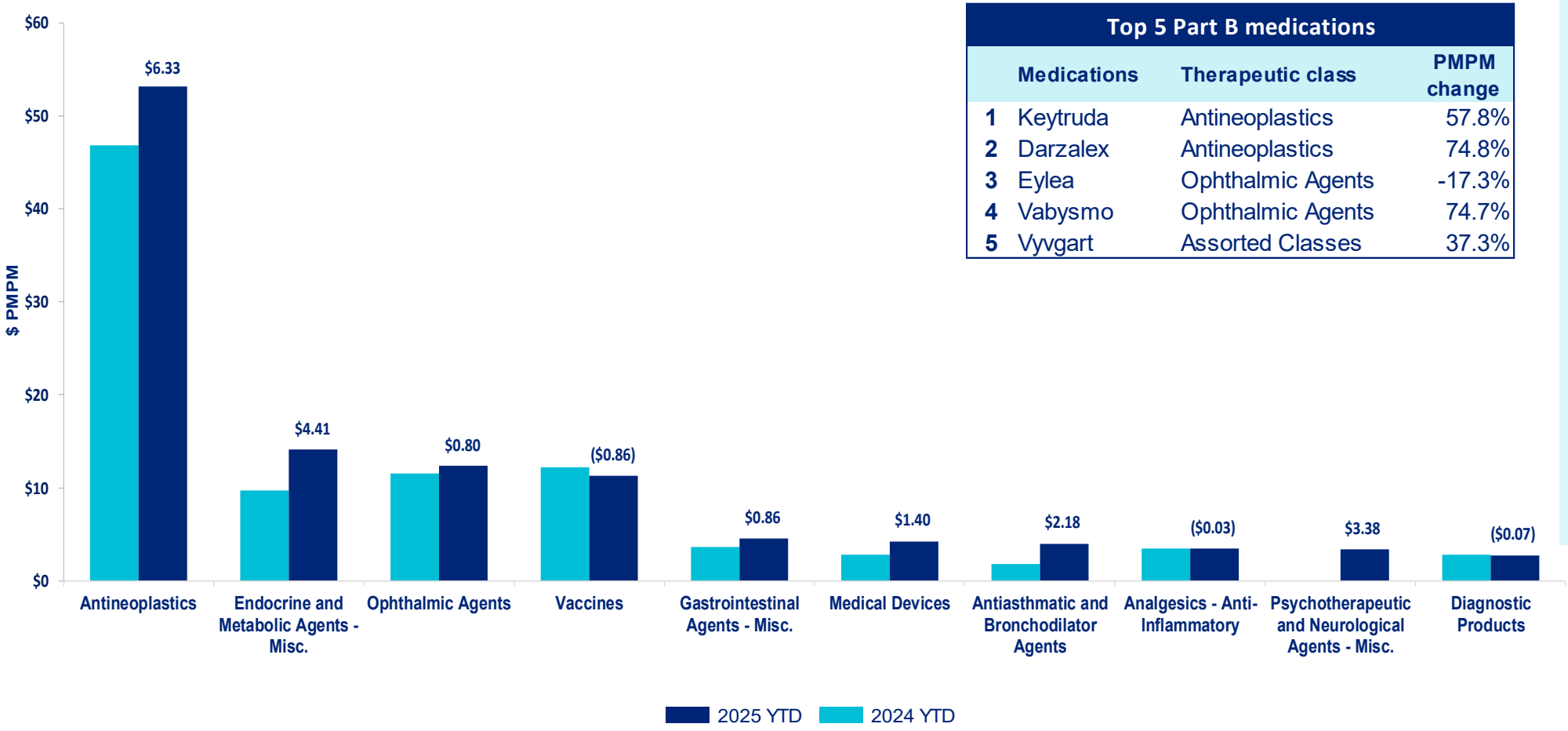


Client - Office | BOB - Office | Client - Virtual | BOB - Virtual

*Diagnoses shown represent common BOB conditions used as a reference set; client results reflect utilization patterns, not diagnosis prevalence or trends.

Part B drugs*

Top ten Part B therapeutic classes including change from prior period



Top 5 Part B medications

	Medications	Therapeutic class	PMPM change
1	Keytruda	Antineoplastics	57.8%
2	Darzalex	Antineoplastics	74.8%
3	Eylea	Ophthalmic Agents	-17.3%
4	Vabysmo	Ophthalmic Agents	74.7%
5	Vyvgart	Assorted Classes	37.3%

Key findings

+24.6%
change in Part B drug category ($28 pmpm) YTD 2025 as compared to YTD 2024.

39.4%
of Part B drug claims were in the Antineoplastics category, the largest therapeutic class.

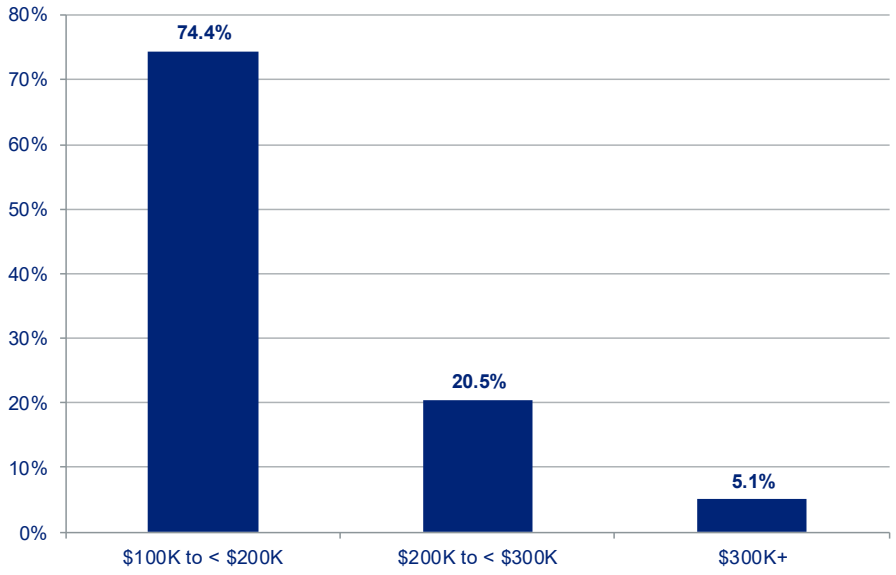
13.2%
of Part B medication claims were for Keytruda, the largest Part B medication.

*Part B drugs are identified by CMS and represent vaccinations, medications and diabetic supplies. Some Part B drug claims are bundled with other services and in these circumstances, Part B drug costs are estimated based on the average cost identified for a particular drug. For comparison, both years shown include one month of claims runout with no completion. Additional runout may identify additional claims.

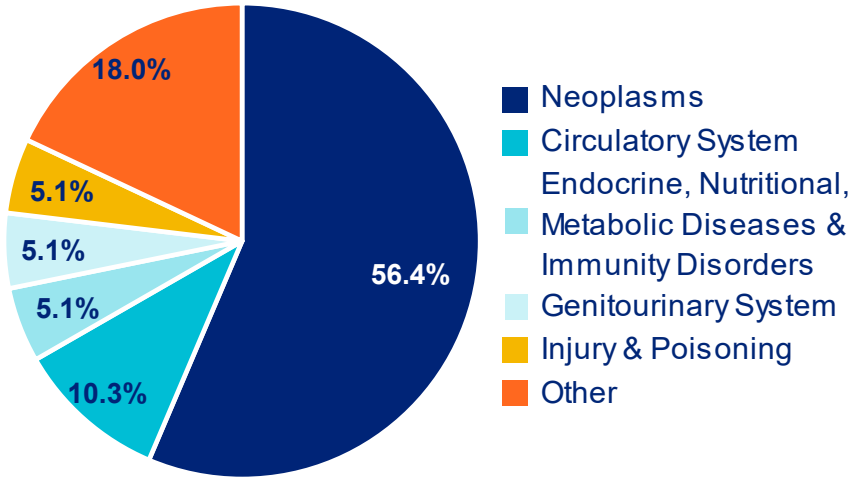
Medical high-cost claimants*

0.8% of members account for **14.6%** of total cost.

High-cost claimant distribution



Primary diagnoses of high-cost claimants



Key findings

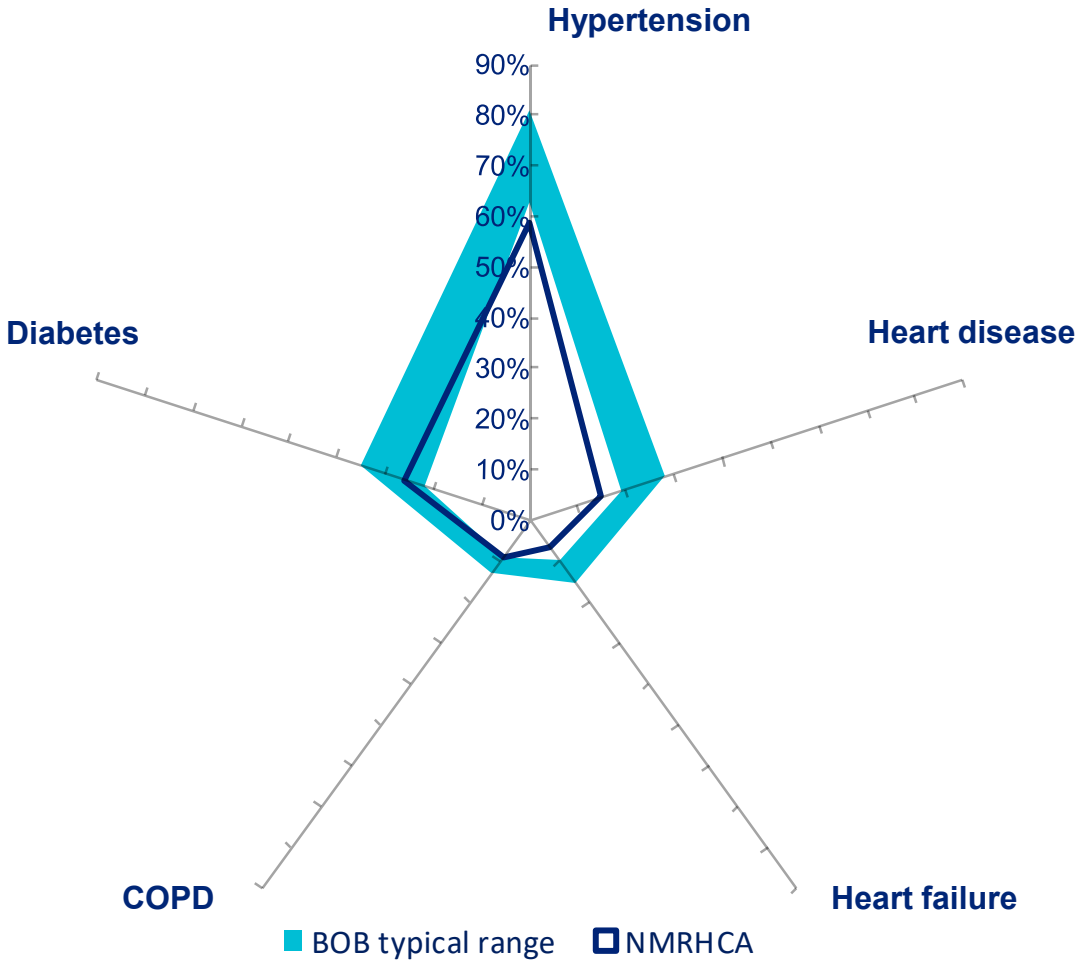
39
number of high-cost claimants.

38.5%
of high-cost claimants this year who were also high-cost claimants last year (15 of 39).

Incidence (percentage of members) and severity (percentage of total costs) are both lower compared to the BOB.

*Members with 2025 incurred claims of $100,000 or more through December 2025.
Note: high-cost claimants are determined based upon incurred claims through December 2025 and paid through January 2026. Additional claims runout is likely to identify additional claimants and/or claim dollars.

Disease prevalence



Disease	Prevalence	Prevalence BOB	Costs	Costs BOB
Hypertension	58.9%	63% - 81%	74.3%	77% - 91%
Heart disease	14.7%	19% - 28%	27.5%	32% - 44%
Heart failure	6.8%	10% - 15%	18.2%	24% - 33%
COPD	8.9%	9% - 13%	18.9%	17% - 25%
Diabetes	26.0%	22% - 35%	32.9%	30% - 46%

Notes

Data based on active members in the current year and with at least 11 months of enrollment history.

Total costs by disease is the sum of all costs by members with that disease. Total cost percentages could total >100% due to comorbidity.

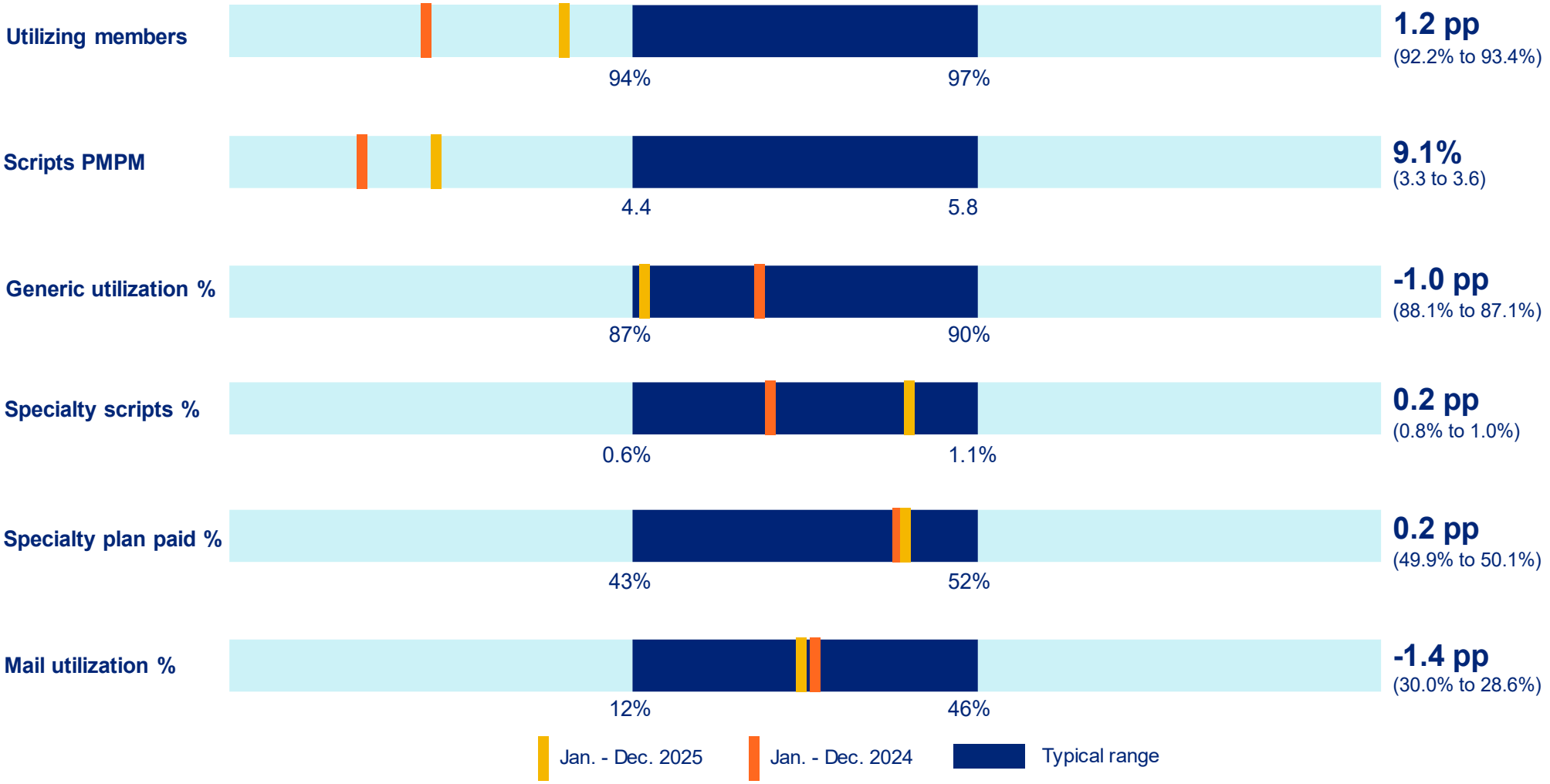
2025 pharmacy costs and utilization

January 2025 - December 2025

BOB = Total MAPD/PDP Book of Business

PMPM = Per Member Per Month
PP = Percentage Points
YOY = Year Over Year
YTD = Year to Date (January through December)

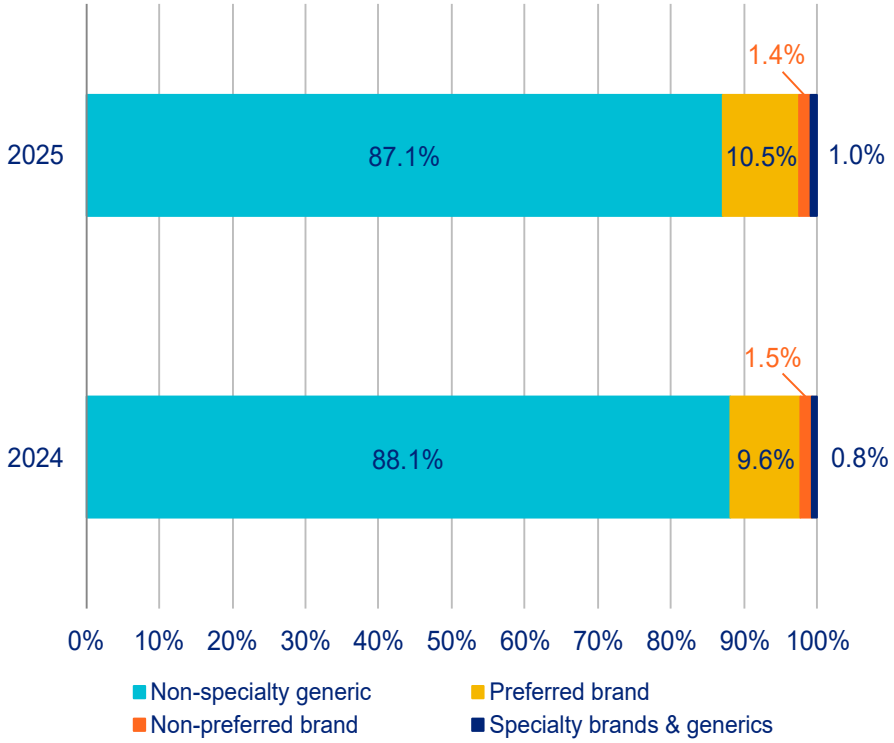
Executive summary



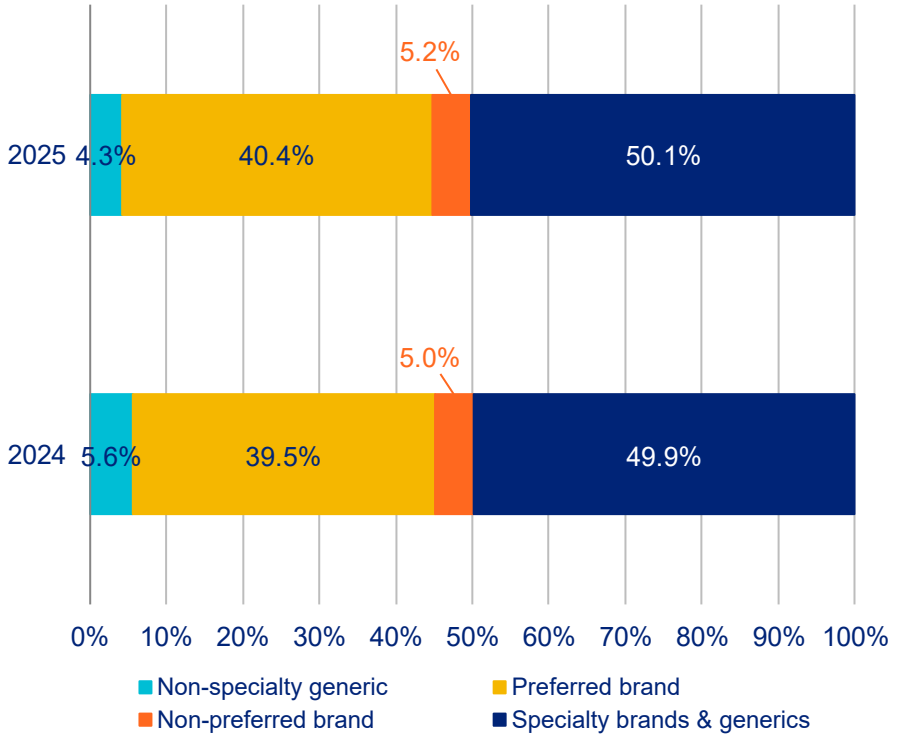
Generic utilization % on this slide includes specialty generic drugs.
Specialty drugs include both generic and brand name drugs with an average monthly cost of at least $950.

Drug breakdown

Utilization



Plan paid



Key findings

+0.9pp

YOY change in the proportion of preferred brand drug utilization.

-1.0pp

YOY change in the proportion of generic drug utilization which represents the largest category at 87.1%.

The proportion of non-preferred brand drug plan paid was relatively unchanged YOY.

Plan paid values are prior to reflecting rebates, performance fees, and reinsurance.
The minimum average monthly cost for a drug to qualify for inclusion in the specialty tier in 2025 is $950.
Non-specialty brand drugs are categorized as either preferred or non-preferred brand drugs. Preferred brand drugs are in a lower formulary tier than non-preferred brand drugs.

Part D coverage phases based on Standard Part D Plan Design

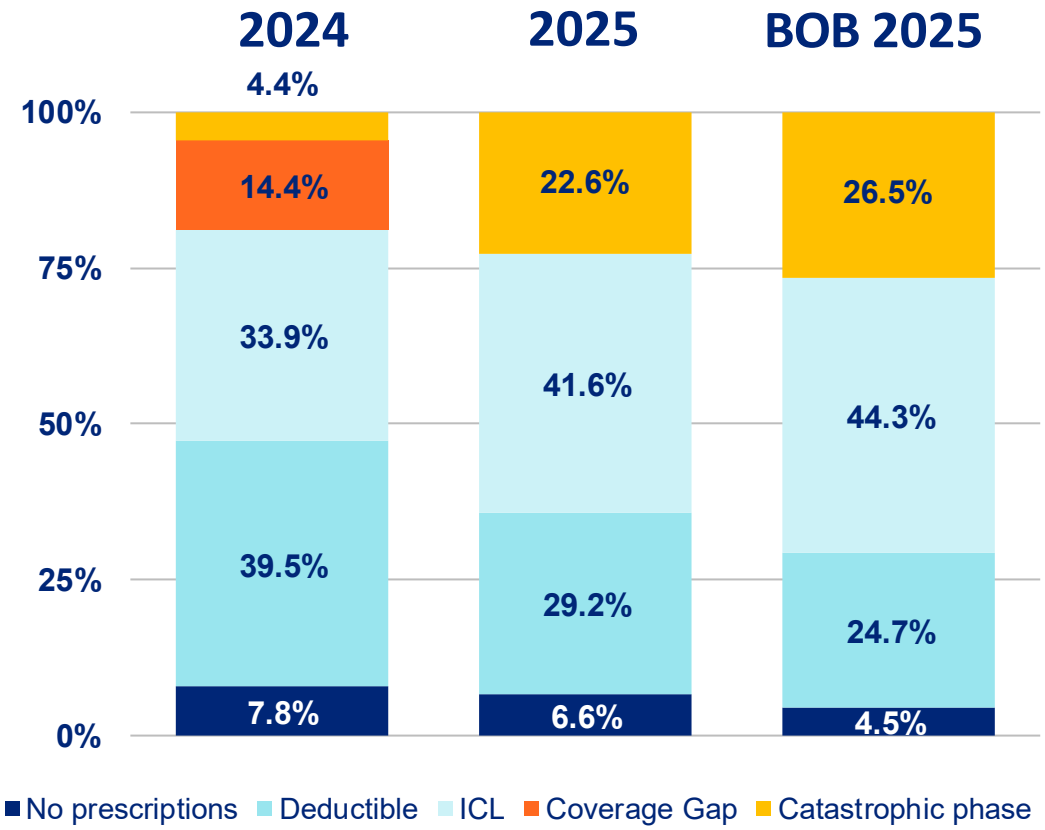
Retiree percentage by coverage

2025 Part D notes

Coverage gap eliminated

$2,000 member TrOOP instituted

Accrual to $2,000 TrOOP based on *CMS Defined Standard Plan*



No prescriptions refers to members that have no Rx claims for the indicated plan period.

Deductible refers to the deductible amount of $545 in 2024 and of $590 in 2025 for the CMS Defined Standard Plan and may not be equal to your plan's deductible.

Initial Coverage Limit (ICL) member pays copay or coinsurance until the TrOOP (including deductible) reaches $2,000 in 2025. In 2024, the ICL was $5,030.

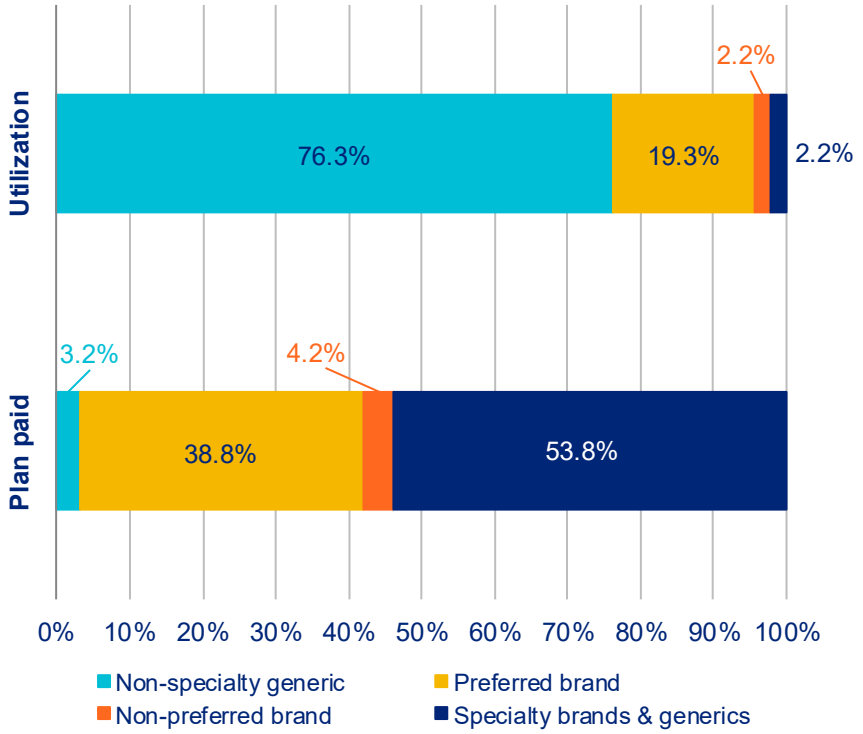
Coverage Gap (aka Donut Hole) was eliminated in 2025. In 2024, this phase began after the ICL of $5,030 and until the TrOOP amount reached $8,000.

Catastrophic phase begins once a member spends above the TrOOP threshold amount. The TrOOP amount is $2,000 for 2025 and was $8,000 in 2024. CMS estimates that the total, negotiated retail spend needed to reach the TrOOP amount to be roughly $6,230 in 2025 (and roughly $12,477 in 2024). Members pay $0 for all Part D medications in this phase.

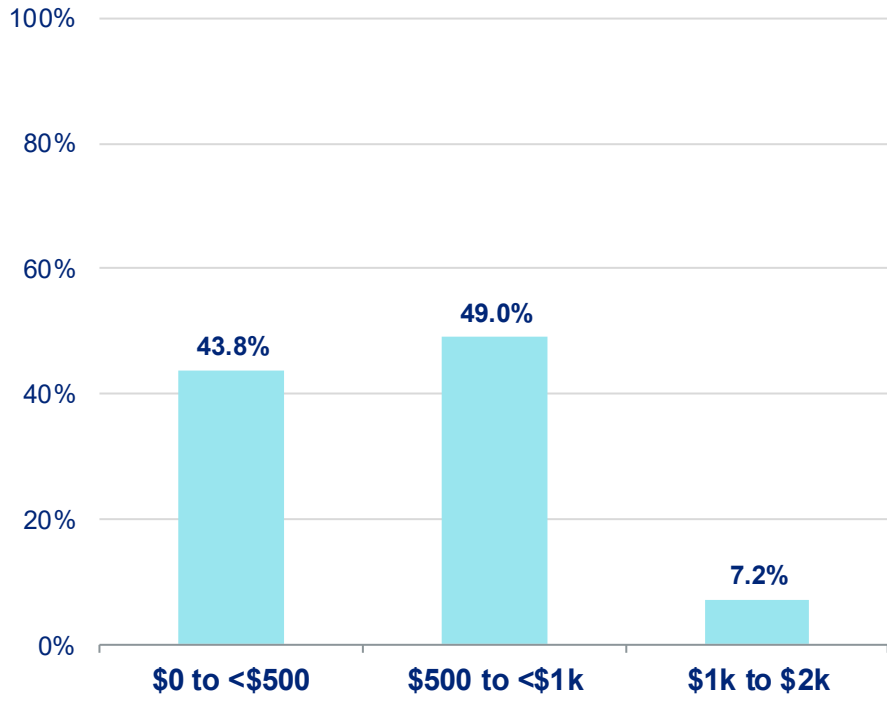
Catastrophic phase statistics

22.6% of members account for **89.5%** of total pharmacy cost.

Utilization & plan paid of members in the catastrophic phase



Members in the catastrophic phase actual Out-of-Pocket costs



Key findings

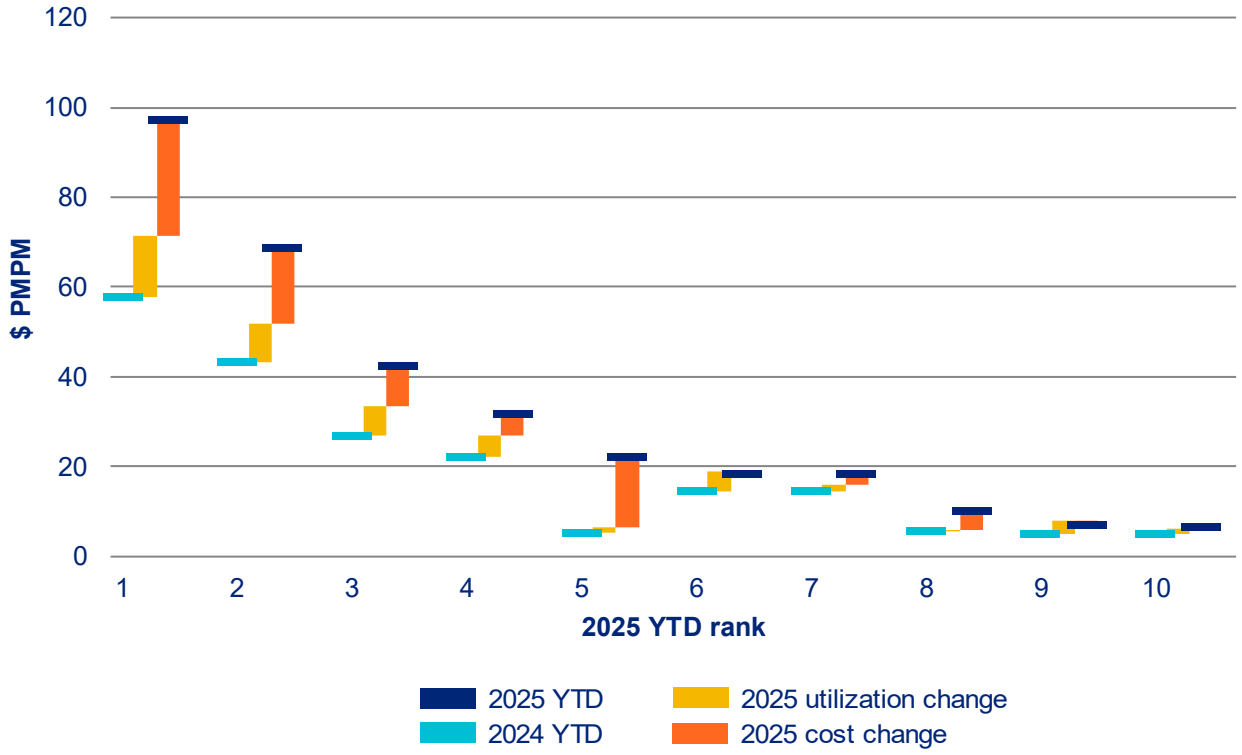
1,127
members reached the TrOOP maximum of $2,000 through Q4 2025. In 2024, 272 members reached the TrOOP maximum of $8,000.

98.2%
of members who reached the catastrophic phase paid less than $1,000 out-of-pocket.

$563
is the average out-of-pocket spend of those members reaching the 2025 TrOOP. In 2024, the average spend was $1,258.

25

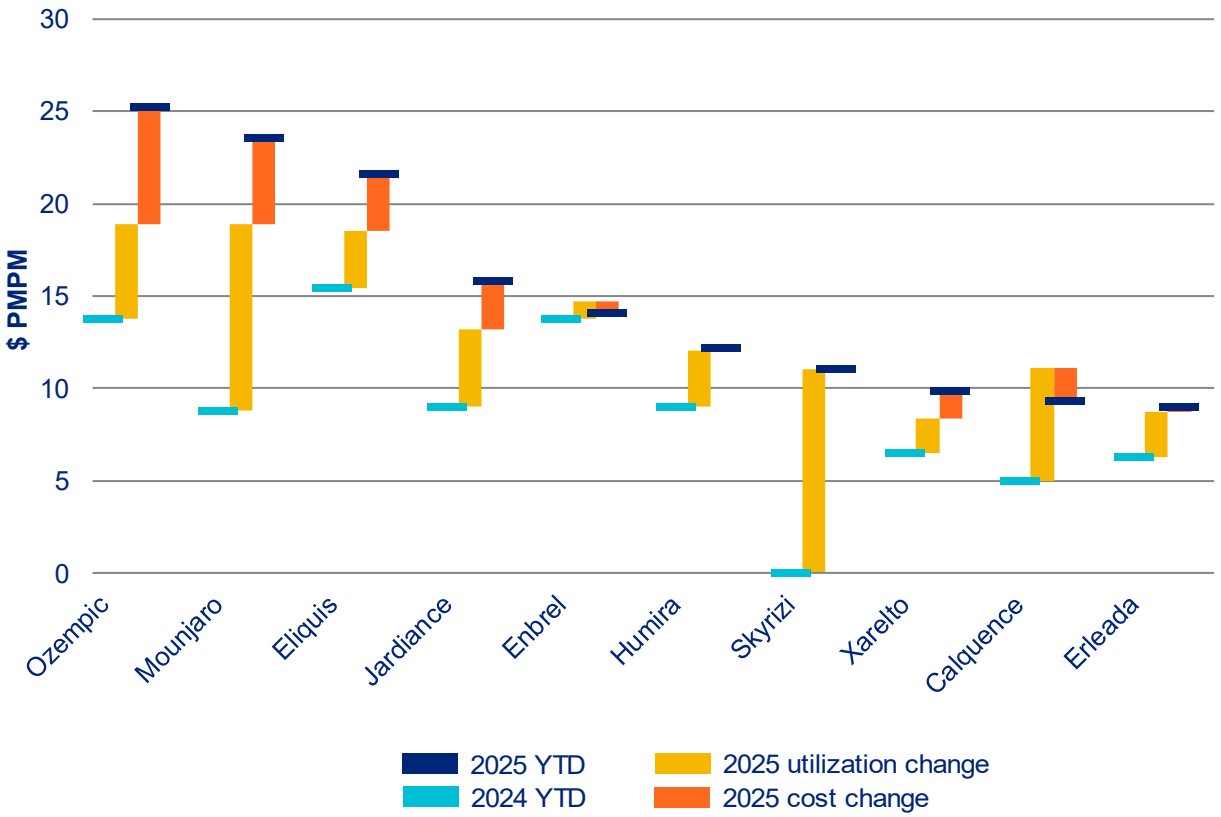
Top ten therapeutic classes by plan paid



Rank	Therapeutic class
1	Antidiabetics
2	Antineoplastics
3	Analgesics - Anti-Inflammatory
4	Anticoagulants
5	Dermatologicals
6	Cardiovascular Agents - Misc.
7	Antiasthmatic & Bronchodilator Agents
8	Ophthalmic Agents
9	Respiratory Agents - Misc.
10	Urinary Antispasmodics

Chart scales change dynamically to accommodate data values.
Plan paid values are prior to reflecting rebates, performance fees, and reinsurance.

Top ten drugs by plan paid



Drug name	Primary use
Ozempic	Diabetes
Mounjaro	Diabetes
Eliquis	Stroke Prevention
Jardiance	Diabetes
Enbrel	Rheumatoid Arthritis
Humira	Rheumatoid Arthritis
Skyrizi	Psoriasis
Xarelto	Stroke Prevention
Calquence	Cancer
Erleada	Cancer

Chart scales change dynamically to accommodate data values.
Plan paid values are prior to reflecting rebates, performance fees, and reinsurance.

Clinical Engagement

January 2025 - December 2025

BOB = Total MAPD/PDP Book of Business

PMPM = Per Member Per Month
PP = Percentage Points
YOY = Year Over Year
YTD = Year to Date (January through June)

Executive summary

Helping people live healthier lives and helping make the health system work better for everyone

Identifying health needs

1,995 member rewards

76 new member HRAs

12,384 closed quality measures

Staying healthy

1,039 HouseCalls visits

2,436 annual wellness visits

35,124 gym visits

Returning to health

160 in transitional care

174 medication reviews

504 meals delivered

Complex support

24 in high-risk care

33 in kidney care

603 care plan interventions

58% of total population engaged in a clinical program or service

HRA = Health Risk Assessment; ED = Emergency Department

HouseCalls

Completed visits

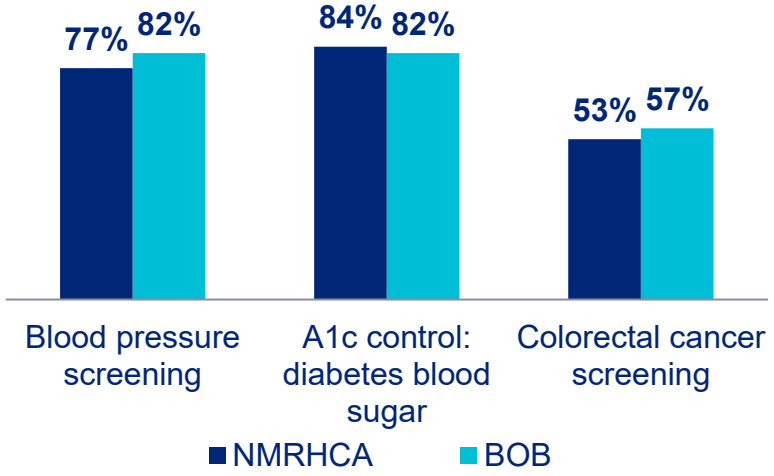
Year	Q1	Q2	Q3	Q4	Total	Completion rate
2025	160	185	251	443	**1,039**	**27%**
2024	232	162	275	533	**1,202**	**25%**

Key finding

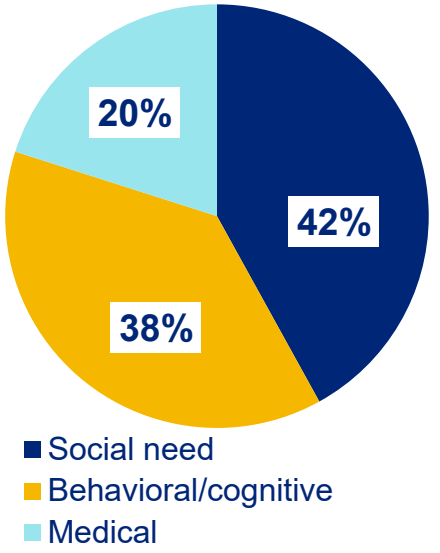
353

Quality measures addressed

Quality measures addressed



Referrals by category



HouseCalls updates

Diabetic Retinal Exam (DRE)

>3,240

retinal eye images have been captured for our Group Retiree book of business in 2025

Urine Albumin-Creatinine Ratio (uACR)

>9,720

urine tests have been collected for our Group Retiree book of business since launching April 2025 to December 2025

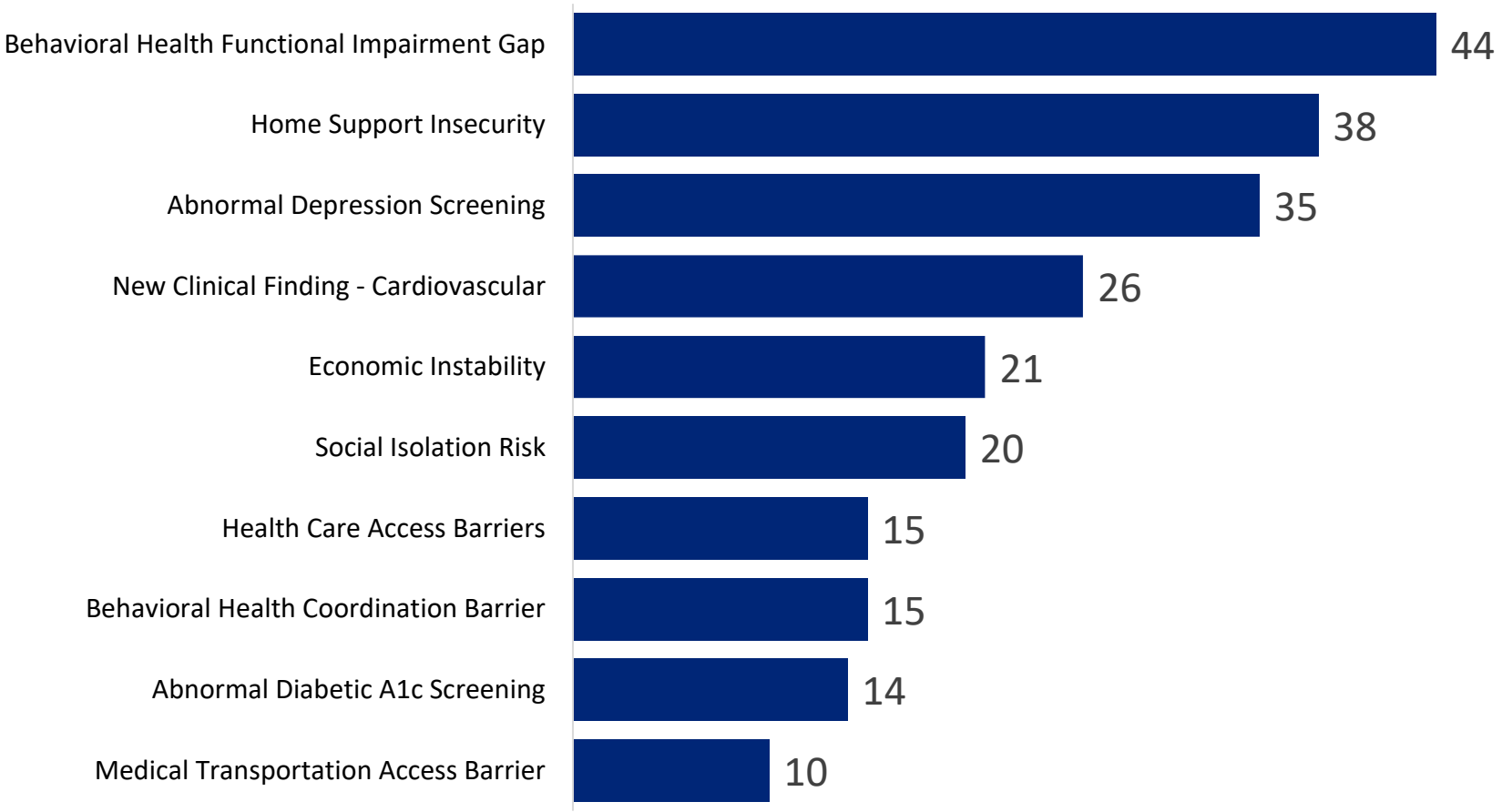
Behavioral health screenings

Anxiety screening for all members and **suicide screening** for those at risk have been added to our mental health screenings during HouseCalls visits

Listening checkpoints

We use clear, member-centric language in every part of the HouseCalls experience to reassure members that **their voices are heard, valued, and respected** at every step

HouseCalls referrals



Key findings

274
total referrals

26
new clinical findings

115
social need referrals

Referrals with less than 10 members have been omitted

Health and wellness

35,124
total in-person gym visits

Fitness Participation	
Members participating	900
Average monthly visits per participating member	3
Age group with most visits	70 - 74
Total digital gym visits	628

Wellness offerings to help keep the mind, body and social life active at no additional cost

- **Live** virtual classes: Let's Move registration link
  - Cooking
  - Movement
  - Gardening
- **On-demand** videos in the video library
  - Mental wellbeing
  - Social wellbeing
  - Financial wellness
- Monthly newsletters

40%
participation rate in Let's Move (BOB)

49
live, virtual events

168
on-demand videos

Specialty care management

Kidney care

Members with advancing kidney disease

Disease focused education

Comprehensive co-morbid condition management and support

Medical treatment adherence guidance

Transplant care

Members confronting and coping with transplant

Transplant specific recommendations

94% of Group Retiree members received their transplant at a Center of Excellence which is associated with:

- More accurate diagnoses
- Higher survival rates

High risk care

Members with multiple or complex medical conditions

3-to-6-month customized enrollment

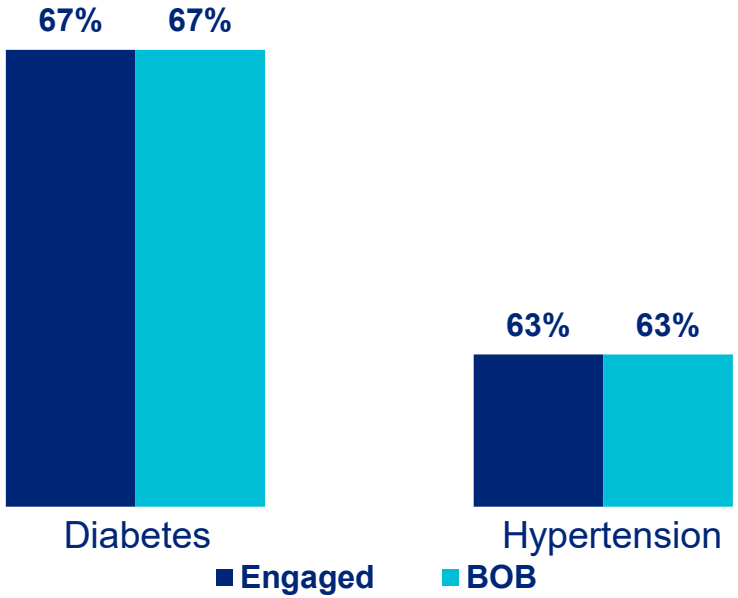
Personalized care coordination

Quality of life prioritization

Acute event prevention

33% engagement in specialty care management program (book of business 29%)

Diabetes and Hypertension Support Programs



Key outcomes for engaged members

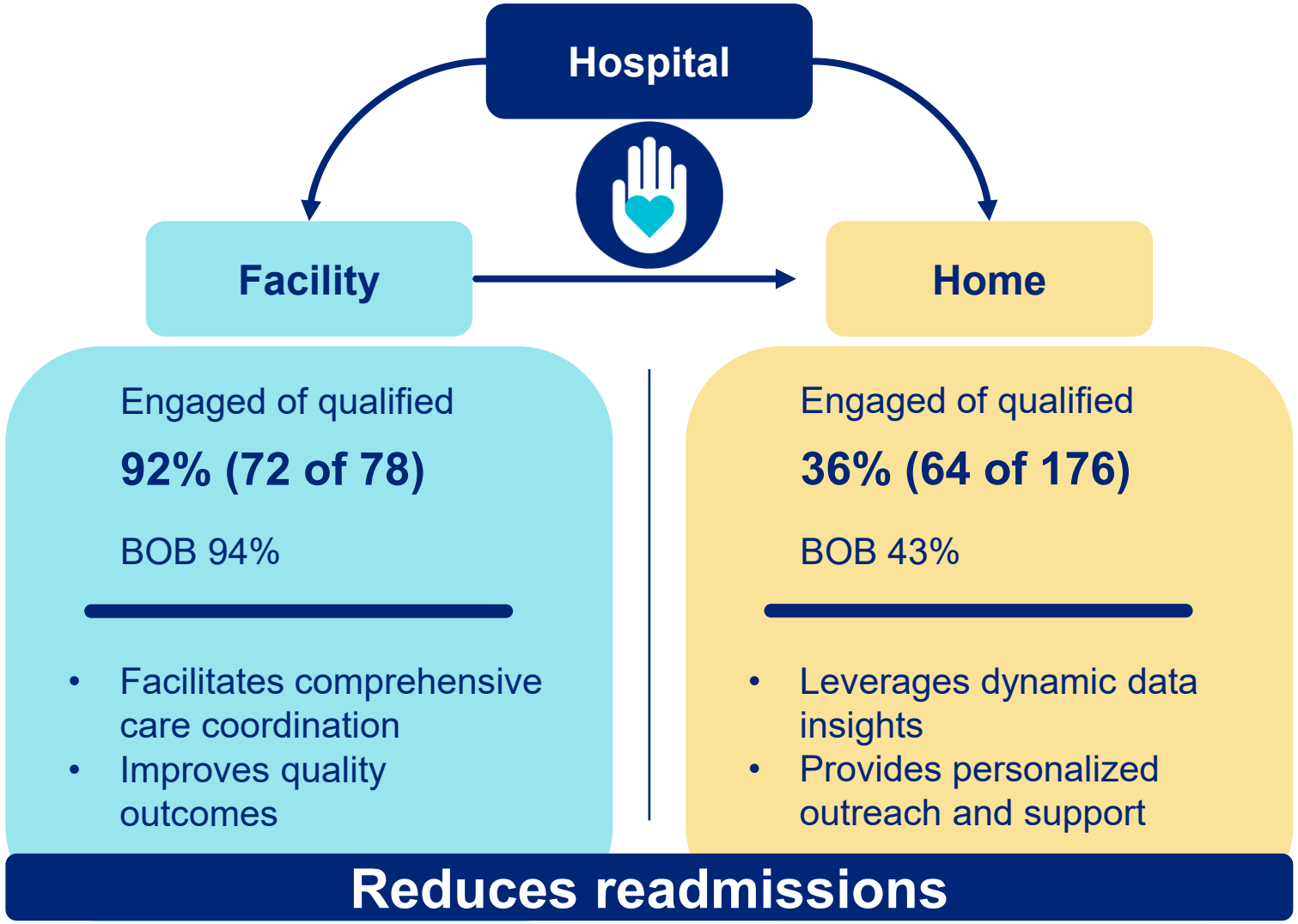
288
AWVs completed

925
Quality measures addressed

1,163
Successful contacts

AWV = Annual Wellness Visit

Transitional care



Key findings

Medication reconciliation

44%

Engagement after discharge

86%

Healthy at Home (unique members)

22

Member experience

Member survey

An important aspect of our Voice of the Customer program

United Experience Survey

- The UES gives members the option to participate in an after-call evaluation on the quality of their experience.
- If a poor score is received, or a caller requests to be called back, the supervisor receives an email alert and immediately listens to the call and follows up.
- The UES consists of three questions and the ability to leave us a two-minute voicemail.
- UES helps us identify areas for improvement within the member's call experience.

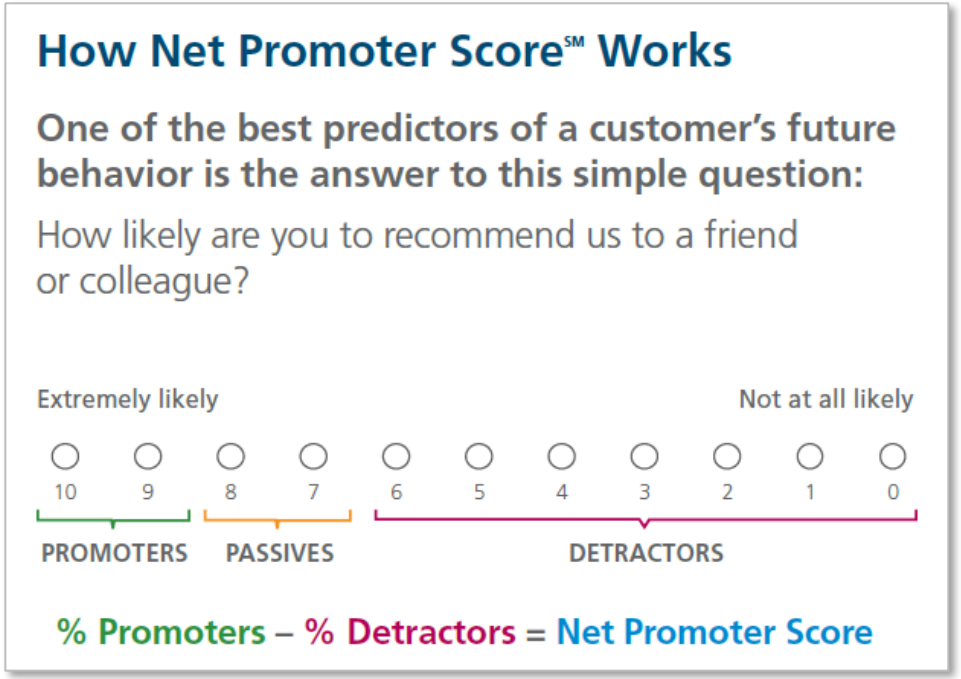
Questions

1. How likely are you to recommend us to others? *Please use a scale of 0 to 10 where 10 is extremely likely to recommend and 0 is extremely unlikely to recommend.*
2. Thinking about the conversation you just had, overall, how satisfied are you with the level of service you received? *Please use a scale of 0 to 10, where 10 means completely satisfied and 0 means not at all satisfied.*
3. How satisfied are you that your issue was resolved? *Please use a scale of 0 to 10 where 10 means completely satisfied and 0 means not at all satisfied.*

Net Promoter Score (NPS)

What it is

- NPS measures loyalty that exists between a company and the customers it serves
- NPS can be as low as -100 or as high as +100 based on the percentages of Promoters, Passives and Detractors
- The external customer measure of our performance is calculated through the Likely to Recommend (LTR) Question
  - How likely are you to recommend us to a friend or colleague?



Top performing NPS companies range from +40 to +70

JULY 16, 2026

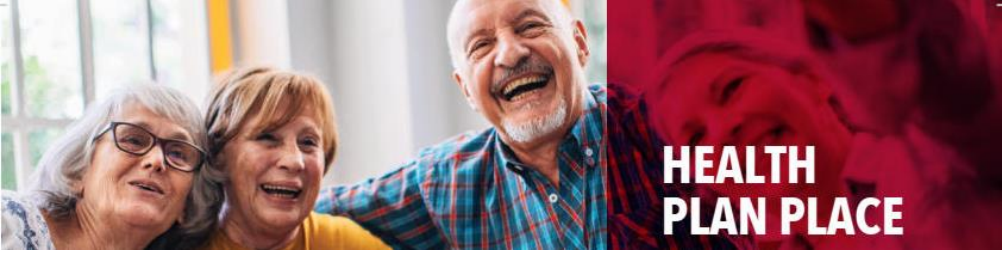
NMRHCA BOARD RETREAT

MEDICARE ADVANTAGE

PRESBYTERIAN

Medicare Headwinds

Broader Medicare Advantage market pressures: Health plans nationwide are facing rising medical and pharmacy costs, increased regulatory changes, and inflationary headwinds. Many carriers have reduced benefits, exited markets, or scaled back offerings.



The Health Plan Place is a service and support center focusing on providing comfort, wellness, and community to Presbyterian Health Plan members and the public.

Pan American: 2026 YTD
3,393 Total class attendees
56 Different classes offered

Winrock 2026 YTD
3,096 Total class attendees
50 different class offered

- Support and wellness center designed to give members wellness and tech education in a community-oriented social environment.
- Cross-trained specialists to assist existing members with benefit and health plan questions and provide new members a face-to-face enrollment experience.
- Centralized location adjacent to other providers that promotes an active and social lifestyle for all members.

NMRHCA MEMBER STORY (Lois)

One of the many benefits of the Health Plan Place co-location model was demonstrated when Lois attended a scheduled appointment at PMG. Although her independent living community was able to provide transportation to her appointment, they were unable to pick her up afterward. Rather than canceling her appointment, Lois felt comfortable keeping it because she knew Health Plan Place was conveniently located on-site and provided a safe, welcoming environment where she could wait while transportation was arranged.

While there was uncertainty about when a ride would become available, Lois was able to participate in Health Plan Place activities, remain socially engaged, and avoid the stress of being stranded after her medical appointment. Health Plan Place staff coordinated an Uber ride and ensured she arrived safely back at her independent living community.

This experience highlights the added value of the Health Plan Place program beyond its scheduled activities. By providing a trusted, supportive space and assisting with real-time care coordination, the program helps reduce barriers to accessing healthcare, supports member safety, and enhances the overall member experience.

ALIGNMENT WITH NMRHCA'S MISSION

Supporting Quality of Life and Peace of Mind for Retirees

PHP members have no-cost access to Synapticure virtual neurology services. Along with their PMG provider, Synapticure can help care for memory conditions such as dementia and Alzheimer's disease. This includes care for side effects, support with care coordination, and caregiver education.

Synapticure's services include:

A neurology **video visit evaluation within 2-3 weeks.** This visit will focus on the member and their loved one's brain health. **This service is provided for $0.**

A **personalized care plan** to help them or their loved one with brain health needs and goals.

A **24/7 help line** that connects them to a provider any time they have questions or concerns.

Access to a care navigator who specializes in brain health. Their care navigator can help manage medications and connect them to community resources, mental healthcare, therapy services, transportation, and more. This team includes Spanish-speaking navigators and **live translator support for 100+ languages**, including Navajo.

Patient and caregiver support, including one-on-one dementia care education, group support and tools.

151 Engaged Members

PRESBYTERIAN

With Synapticure's virtual care model, Presbyterian Health Plan members receive personalized dementia care. Their team of providers, care coordinators, and mental health professionals work together to create a **care plan designed just for you**.

- Services at no cost to you as a Presbyterian Health Plan member
- Comprehensive review of brain health by expert clinicians
- Available 24/7 for patients & caregivers
- Access to care coordination, caregiver support, and mental health resources

Synapticure can offer additional services in collaboration with your existing care team, and does not affect your relationship with your provider.

Personal Care Coordinator

Your Personal Care Coordinator is your advocate to help schedule appointments, coordinate services, assist with insurance, and more.

Caregiver Support

We work around your schedules to ensure everyone can join key appointments. If desired, we offer caregiver education and support.

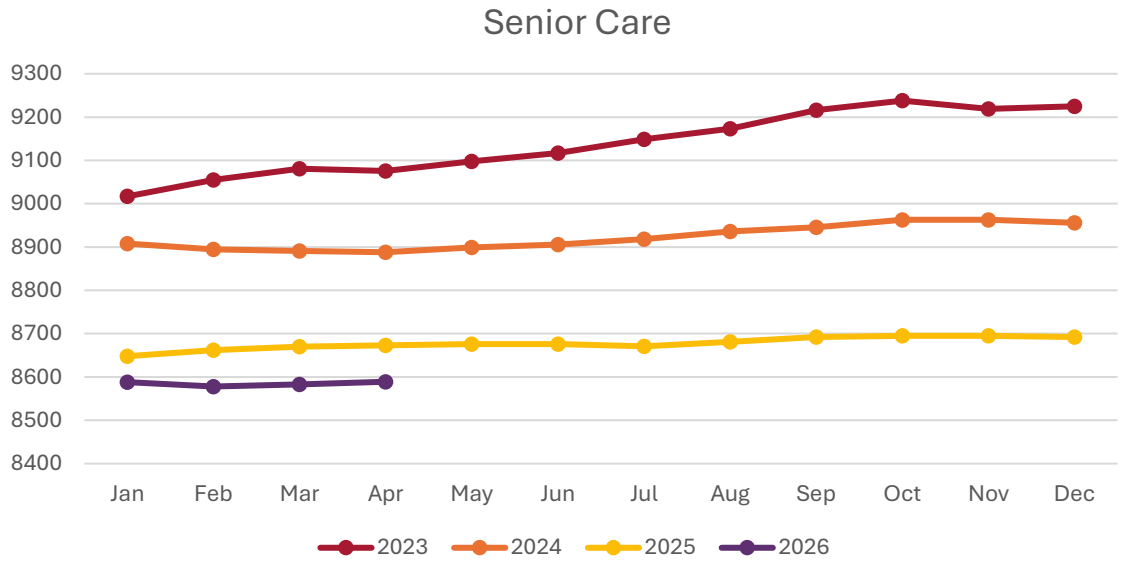
Behavioral Health Support

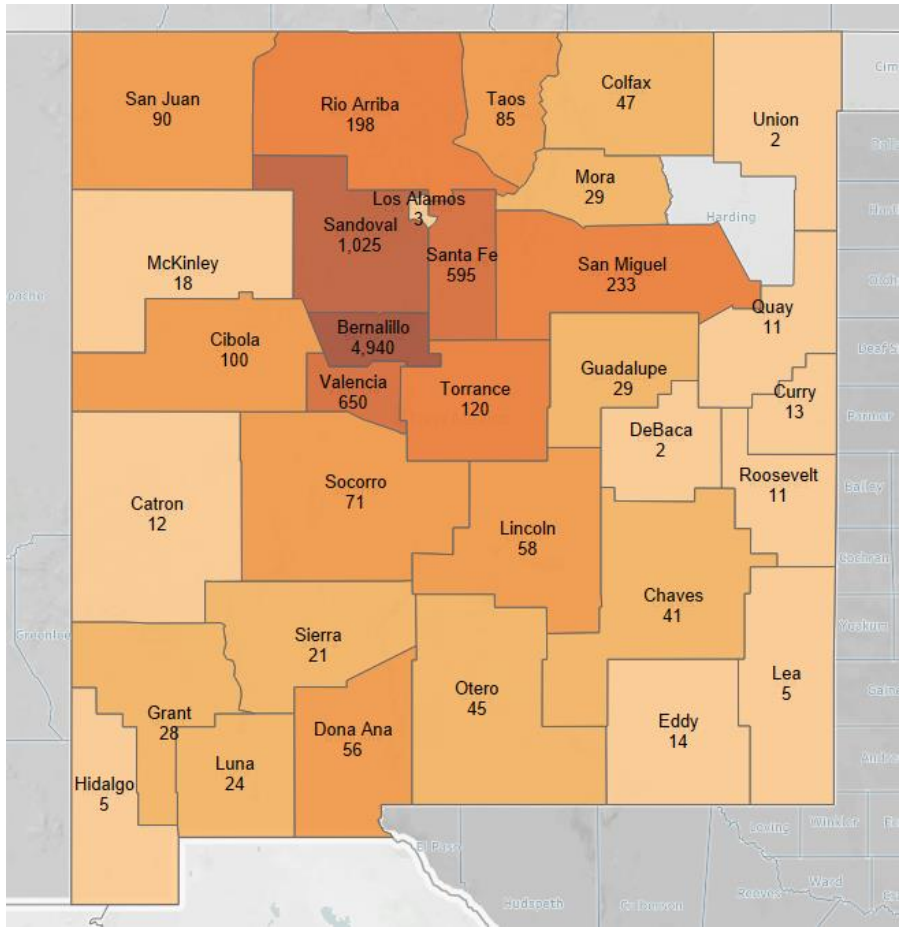
Mental health assessment and guidance from therapists, behavioral health care managers, and psychologists.

POPULATION OVERVIEW

NMRHCA membership has been steadily declining since 2023, at an average rate of -8.4% per year.

- **Membership Trends:** NMRHCA has experienced a **consistent decline in membership**, with a 7.4% decrease in 2023, followed by a 9.6% drop in 2024, and another 7.4% reduction projected for 2025.
- **Age Demographics:** Currently, 55% of NMRHCA members fall within the 60-64 age bracket, with 13% of the total membership turning 64 and becoming eligible to transition into the NMRHCA senior care plan.
- **Senior Care Transitions:** In 2023, 648 members aged into the Senior care plan from the NMRHCA Commercial plan, with 509 members aging in 2024, 402 in 2025, **and 267 members having aged into Senior care so far in 2026**.

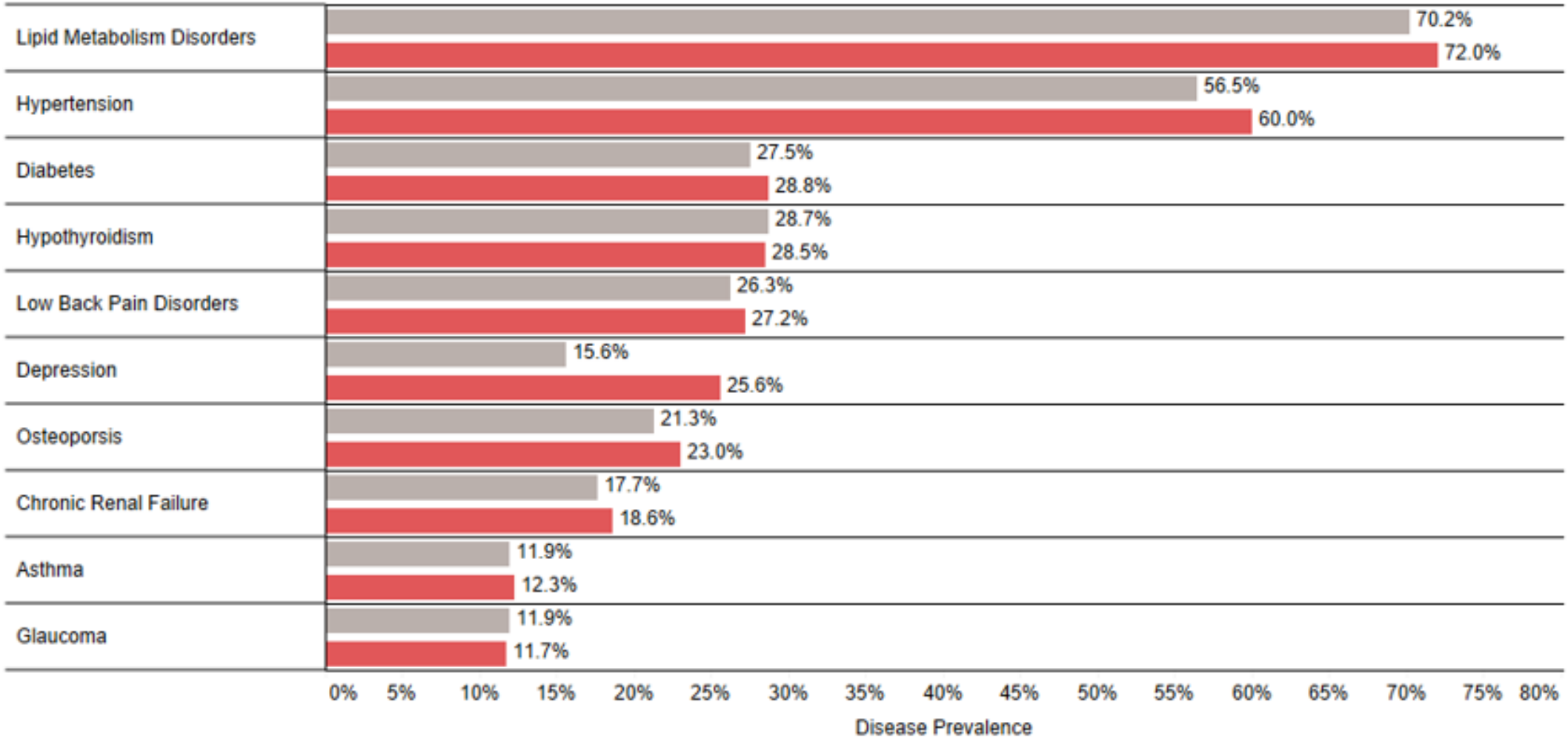




> 80% of Commercial members live in 5-county area

POPULATION HEALTH INSIGHTS – TOP CONDITIONS

Top 10 Condition Prevalence



PHARMACY KEY INDICATORS

Demographics	Jan 2024 - Dec 2024	Jan 2025 - Dec 2025	% Change	Benchmark	Benchmark Variance
Claimants	8,890	8,607	-3.2%		
Prescriptions	223,089	220,480	-1.2%		
Prescriptions per Member	25.0	25.4	1.6%	20.5	24.1%
Generic Dispensing Rate	81.5%	82.4%		82.4%	
Formulary Compliance Rate	91.3%	92.0%		93.4%	
Paid	$33,722,377.80	$37,855,239.31	12.3%		
Paid PMPM	$314.96	$363.54	15.4%	$257.80	41.0%
Paid per Prescription	$151.16	$171.69	13.6%	$151.15	13.6%
Paid per Claimant	$3,793.29	$4,398.19	15.9%	$3,465.48	26.9%
Out of Pocket % Cost Share	8.3%	6.9%		5.8%	
Specialty Drug Claimants	362	491	35.6%		
Specialty % of Prescriptions	0.8%	1.3%		1.2%	
Specialty % of Paid	39.3%	45.5%		43.2%	
Specialty Paid per Prescription	$7,111.53	$6,177.99	-13.1%		

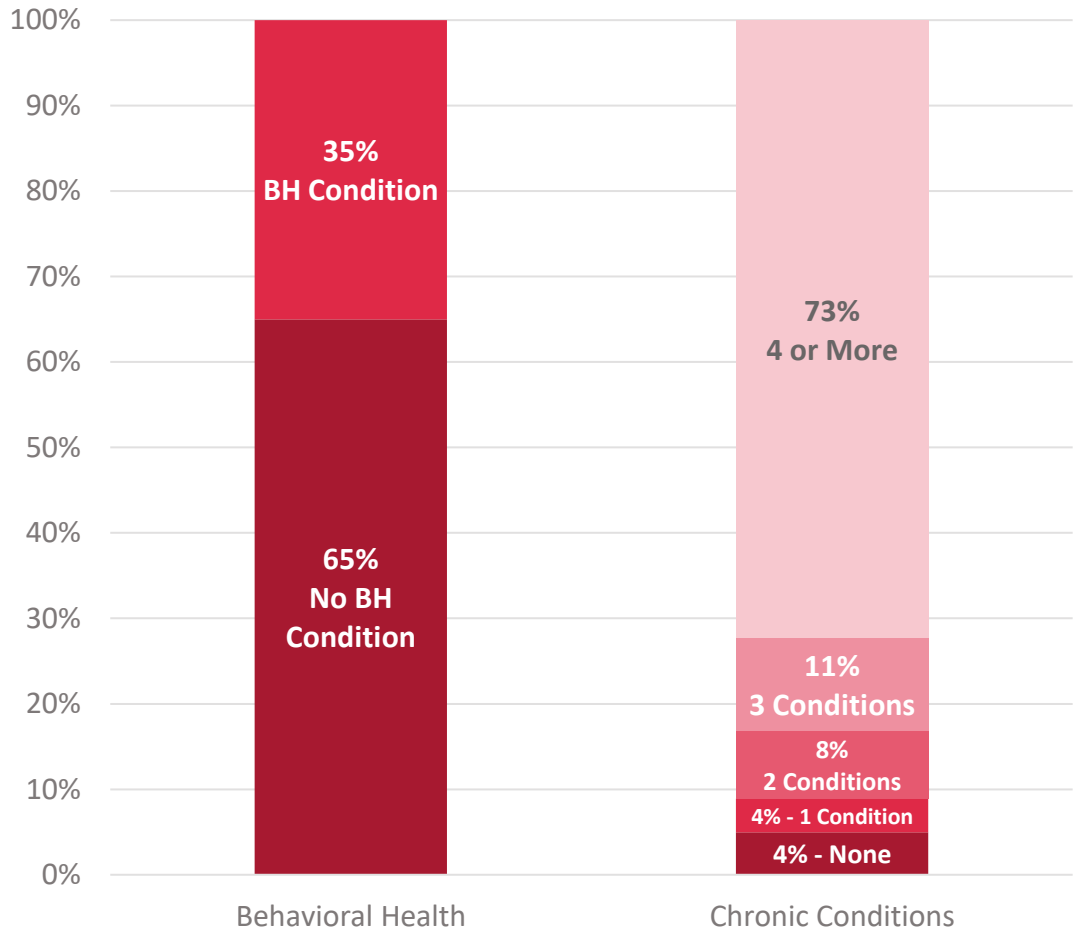
- Pharmacy Paid PMPM increased 15.4% compared to the prior reporting period and was 41.0% greater than the benchmark.
- Prescriptions per Member increased 1.6% and was 24.1% greater than the benchmark, while Paid per Prescription increased 13.6% and was 13.6% greater than the benchmark.
- Specialty Drugs accounted for 45.5% of the pharmacy spend in the current period compared to 39.3% in the prior period and 43.2% in the benchmark.

Drug Type	Paid PMPM	Prescriptions	Paid per Prescription	Prescriptions per Member
Generic	$35.47	181,600	$20.34	20.9
Brand	$324.89	33,542	$1,008.61	3.9
OTC	$3.17	5,365	$61.59	0.6
Unknown	$0.00	23	$9.89	0.0
Summary	**$363.54**	**220,480**	**$171.69**	**25.4**

POPULATION HEALTH INSIGHTS

More complex behavioral and chronic needs reinforce the importance of proactive, coordinated care

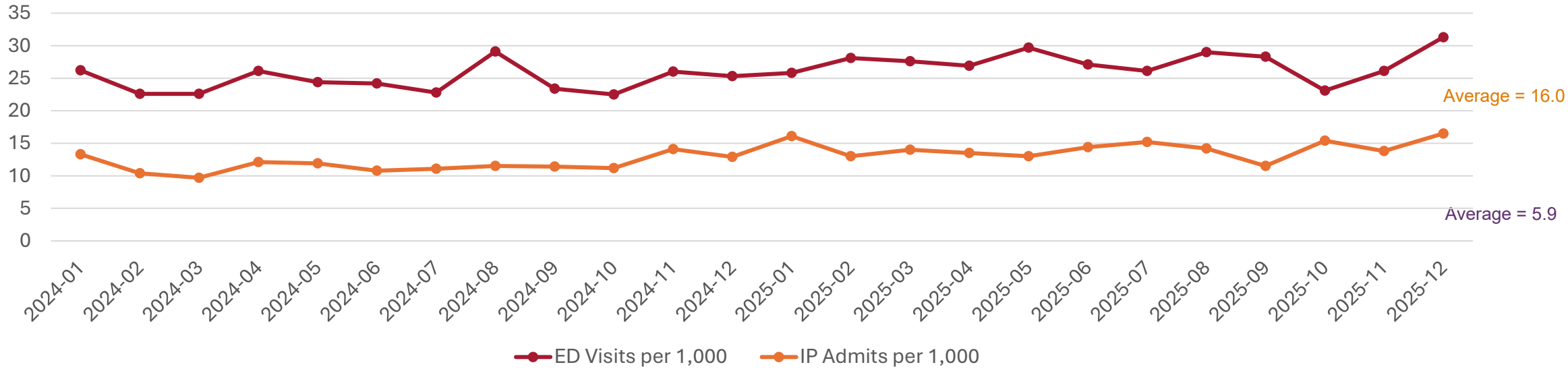
- Behavioral health needs are **significantly higher** in the senior population
  - 35% of members have an indicated BH condition (3,124 members)
  - Members with BH conditions cost, on average, nearly 2x more than members without ($19,440 PMPY vs. $10,416 PMPY)
  - Depression impacted 1 out of 4 members in 2025
- **Chronic complexity is pervasive**, intensifying care coordination needs
  - 92% of members have 2+ chronic conditions (8,211 members)
  - Lipid metabolism disorder remain the highest prevalence condition, affecting 72% of members, closely followed by hypertension, which impacts 60% of members
  - In 2025, 608 members qualified for care management, with 95% of those episodes successfully closed



POPULATION HEALTH INSIGHTS – ER, INPATIENT ADMISSIONS

ED and IP utilization increased sharply year over year, with persistently high avoidable use

- Persistently high avoidable ED use alongside rising ED visits suggests ongoing gaps in access, care navigation, or chronic condition support for Seniors – representing a clear **opportunity to redirect non-emergent care upstream**
  - ED utilization increased from 24.6 visits per 1000 to 27.4 visits per 1000 from 2024 to 2025
  - Avoidable ED use remains persistently high, averaging 41% over the past two years, signaling a meaningful opportunity to redirect care.
- While total IP admissions declined, avoidable IP admissions rose, suggesting **opportunities to improve upstream care**
  - IP utilization rose from 11.7 admits per 1,000 in 2024 to 14.2 admits per 1,000 in 2025
  - Avoidable IP admissions increased from 7.8% to 9.3% year over year
  - Admissions are spread across a range of acute and preventable conditions, suggesting broad (not condition-specific) opportunities to reduce avoidable IP use
  - Sepsis is the leading primary Dx for IP admits



CARE COORDINATION

Care coordination provides **comprehensive, impactful support by addressing chronic conditions** while proactively focusing on preventative care to **reduce complications**, **support healthy aging** and **improve overall health** for NMRHCA members.

Each member is paired with a **dedicated care coordinator** who collaborates closely with providers to **coordinate care plans**, **support medication optimization**, and **strengthen follow-up across settings**. In addition to guiding members through the healthcare system, care coordinators **provide education and connect individuals** with valuable community resources. Collaborating closely with providers and members, care coordinators **develop and implement personalized care plans** to ensure holistic, effective support.

Our goal is to provide each member with the **right care** at the **right time** in the **right setting**.

PRESBYTERIAN

Benefits Consulting and Actuarial Services RFP

Background:
The Health Care Purchasing Act requires the participating agencies to collaborate on the procurement of health care benefits. While the Act does not require a joint procurement for benefits consulting and actuarial services, the agencies continue to collaborate through the Interagency Benefits Advisory Committee (IBAC) to leverage potential purchasing power, share expertise throughout the evaluation process, and benefit from the collective knowledge and experience of the participating agencies.

The New Mexico Public Schools Insurance Authority (NMPSIA) is serving as the Procurement Manager for this Request for Proposals (RFP), which is being issued on behalf of NMPSIA, the New Mexico Retiree Health Care Authority (NMRHCA), and the New Mexico Health Care Authority (HCA). Representatives from each participating agency are serving on the Evaluation Committee. Each agency will independently determine whether to award a contract based on its own needs and is not required to select the same consultant.

Scope of Procurement:
The RFP seeks qualified firms to provide employee benefits consulting and actuarial services. At a high level, the selected consultant will provide strategic guidance and technical expertise to support the participating agencies in the administration and management of their employee benefit programs. Key services include:

- Actuarial analysis, premium development, and long-term financial forecasting for self-funded health plans.
- Claims utilization analysis and financial modeling to support plan design recommendations and cost projections.
- Compliance, regulatory, and legislative consulting related to employee benefit programs.
- Strategic consulting and attendance at Board, committee, and IBAC meetings to provide ongoing benefits and actuarial expertise.

Separate offerors may be selected for each participating agency.

The resulting contract may be awarded for either an initial one-year term with the option to renew for up to three additional one-year terms, or for a single four-year term. In either case, the total contract term will not exceed four years.

Timeline:
The RFP was released on July 7, 2026, and proposals are due on August 11, 2026. The attached RFP cover page and procurement timeline provide additional detail regarding the procurement schedule.

Next Steps:
NMPSIA, as Procurement Manager, will oversee the procurement and evaluation process. Upon completion of the evaluation, NMRHCA staff will return to the Board with a recommendation for contract award, including the proposed contract amount, for the Board's consideration and approval.

New Mexico Public Schools Insurance Authority,
New Mexico Retiree Health Care Authority and
New Mexico Health Care Authority

REQUEST FOR PROPOSALS (RFP)

Benefits Consulting and Actuarial Services

RFP#
342-2027-04

RFP Release Date:
7/7/2026

Proposal Due Date:
8/11/2026

ELECTRONIC-ONLY PROPOSAL SUBMISSION

II. CONDITIONS GOVERNING THE PROCUREMENT

This section of the RFP contains the schedule of events, the descriptions of each event, and the conditions governing this procurement.

A. SEQUENCE OF EVENTS

The Procurement Manager will make every effort to adhere to the following schedule:

Action	Responsible Party	Due Dates
1. Issue RFP	NMPSIA	07/07/2026
2. Acknowledgement of Receipt Form	Potential Offerors	07/14/2026
3. Deadline to submit Written Questions	Potential Offerors	07/21/2026
4. Response to Written Questions	Procurement Manager	07/28/2026
5. Deadline to submit references	Potential Offerors	08/04/2026
6. Submission of Proposal	***Potential Offerors***	08/11/2026
7.* Proposal Evaluation	Evaluation Committee	TBD
8.* Selection of Finalists	Evaluation Committee	TBD
9 * Oral Presentation(s)	Finalist Offerors	TBD
10.* Best and Final Offers	Finalist Offerors	TBD
11.* Finalize Contractual Agreements	NMPSIA/Finalist Offerors	TBD
12.* Contract Awards	NMPSIA/ Finalist Offerors	TBD
13.* Protest Deadline	NMPSIA	+15 days

*Dates indicated in Events 7 through 13 are estimates only and may be subject to change without necessitating an amendment to the RFP.

B. EXPLANATION OF EVENTS

The following paragraphs describe the activities listed in the Sequence of Events shown in Section II.A., above.

1. Issue RFP

This RFP is being issued on behalf of the NMPSIA on the date indicated in Section II.A, Sequence of Events.

JOSEPH M. MAESTAS, PE, CFE
STATE AUDITOR

DONNA MONTOYA TRUJILLO, CPA
DEPUTY STATE AUDITOR

State of New Mexico
Office of the State Auditor

Via Email

June 25, 2026 SA Ref. No. 343-A

RHCA Schedule of Employer Allocations

Re: Authorization to Release FY2025 RHCA Schedule of Employer Allocations Audit Report

The Office of the State Auditor (OSA) received the audit report for your agency on 6/11/2026. The OSA has completed the review of the audit report required by Section 12-6-14(B) NMSA 1978 and 2.2.2.13 NMAC. This letter is your authorization to make the final payment to the Independent Public Accountant (IPA) who contracted with your agency to perform the financial and compliance audit. In accordance with the audit contract, the IPA is required to deliver to the agency the number of copies of the report specified in the contract.

Pursuant to Section 12-6-5 NMSA 1978, the audit report does not become a public record until five days after the date of this release letter, unless your agency has already submitted a written waiver to the OSA. Once the five-day period has expired, or upon the OSA's receipt of a written waiver:

- the OSA will send the report to the Department of Finance and Administration, the Legislative Finance Committee and other relevant oversight agencies;
- the OSA will post the report on its public website; and
- the agency and the IPA shall arrange for the IPA to present the report to the governing authority of the agency, per 2.2.2.10.M(4) NMAC, at a meeting held in accordance with the Open Meetings Act, if applicable.

Although no findings were reported in your report, please remember it is ultimately the responsibility of the governing authority of the agency to maintain adequate internal controls over financial reporting and compliance.

Sincerely,

Joseph M. Maestas, PE, CFE
State Auditor

cc: Baker Tilly US, LLP

2540 Camino Edward Ortiz, Suite A, Santa Fe, New Mexico 87507
Phone (505) 476-3800 * Fax (505) 827-3512
www.osa.nm.gov

Investment & Pensions Oversight Committee

Representative Cynthia Borrego, Chair
Senator Roberto “Bobby” J. Gonzales, Vice Chair

New Mexico Retiree Health Care Authority Information and Updates

July 1, 2026

Lee Caruana, President
Tomas Salazar, Vice President
Lance A. Pyle, Secretary
Neil Kueffer, Executive Director

Agenda

- Board of Directors
- Agency Overview
- Premiums and Claims Costs
- Retiree Health Care Act
- Agency and Board Operations
- Investments & Performance
- Historical Contributions
- Benefits & Enrollment
- GASB 74 Update

Dr. Lee Caruana, MD
President
Retired Public Employees of New Mexico

Dr. Tomas Salazar, Ph.D.
Vice President
New Mexico Association of Educational Retirees

Mr. Lance A. Pyle,
Secretary
New Mexico Association of Counties

Ms. Therese Saunders
NEA NM, Classroom Teachers Association
Federation of Educational Employees

Ms. Kate Brassington
Public Employees Retirement of New Mexico

Ms. Renee Garcia
Educational Retirement Board

Ms. Laura Montoya
New Mexico State Treasurer

Ms. JoLou Trujillo-Ottino
New Mexico Health Care Authority

Ms. Heather Vigil Clark
Classified State Employee

Dr. Gerry Washburn, Ed.D.
New Mexico Superintendent Association

Ms. Donna Sandoval
New Mexico Municipal League

Vacant
Governor Appointee

Board of Directors

Retiree Health Care Act 1990

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

Purpose to provide comprehensive core group health insurance for persons who have retired from certain public service in New Mexico

Legislative Findings (10-7C-3)

Public employees face a severe problem in securing continuing medical insurance upon retirement citing medical care inflation exceeding general inflation for the past decade (1990)

Public employees covered by the Act have entered into public employment in circumstances where they have received in exchange for their services a present salary and an expectation of receiving a future stream of benefits, including certain retirement benefits

Nothing in the Act shall prohibit the legislature from increasing or decreasing participating employer or employee contributions, eligible retiree premiums or group health insurance coverages or plans

Board Duties (10-7C-7)

Administration of program to include: procurement, promulgate and adopting rules, regulations and procedures for the governance of eligibility, participation, enrollment, length of service requirements and other conditions

Historical Contributions

Employee and 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%
2012-2026 (14 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%
2012-2026 (14 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 over 65,000 members on plans
- 98,861 active employees contributing for future benefits (2025 GASB Report)

Agency Overview

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

- Retiree Health Care Act
- First full benefits paid to over 15k members in Jan '91
- Board of directors has authority to set plan parameters
- Legislature has authority over employer/employee contributions
- Current solvency – Beyond 2056

Purpose & Composition

- Provide comprehensive health insurance for those who've retired from public service in NM
- Active employees = Over 98k
- Retiree Participants = Over 65k
- Public Employer Groups = 306
- 50% schools
- 25% State agencies
- 25% local govt

Budget & Finances

$423M Operating budget

- $418.2M Healthcare benefits
- $4.7M Program Support (28 FTE)

Revenue Sources

- Employee/employer contributions
- Retiree monthly premiums
- Tax suspension fund distributions
- Miscellaneous
- Interest earnings

Agency and Board Operations

Annual Board Meeting: July 16th - 17th

- Election of Board Officers and Committee Assignments
- Investment performance, actuarial, and health plan reviews
- 2027 financial, premium, and benefit recommendations

2026 Board Actions Supporting 2027 Planning

- Pre-Medicare Plans – FY26 Premium increases of 2% & 3%
- Medicare Supplement – FY26 No premium increases
- Prescription copay increases across all tiers
- Medicare Supplement prescription deductible ($250 preferred/non-preferred prescriptions)
- Medicare Advantage Plans – FY26 Carrier specific premium adjustments (0% to 76%)

Annual Operations

- Monthly Board Meetings - 1st Tuesday of each month unless otherwise specified
- Committees meet prior to board meetings and/or as needed
- Fall Open / Switch Enrollment - October 1 – November 15

Procurement

- Continued IBAC collaborative purchasing initiatives
  - Completed Pharmacy Benefit Management Services RFP
  - Life Insurance and Consultant RFPs in development for release this fall.

Benefits Offered 2026

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

- 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

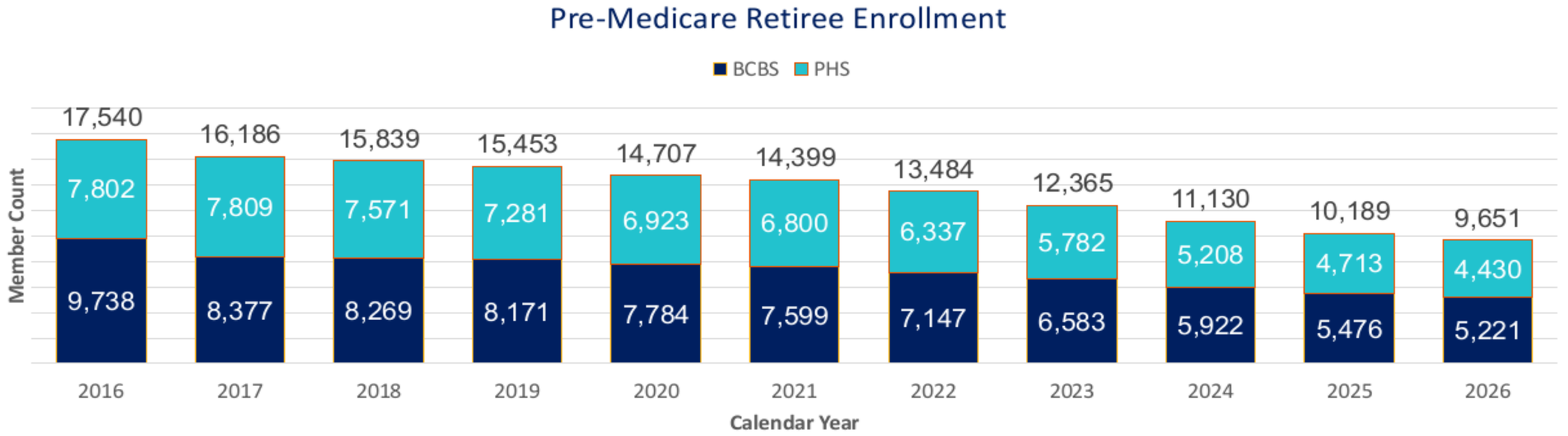
Medicare Medical (65+/disabled)

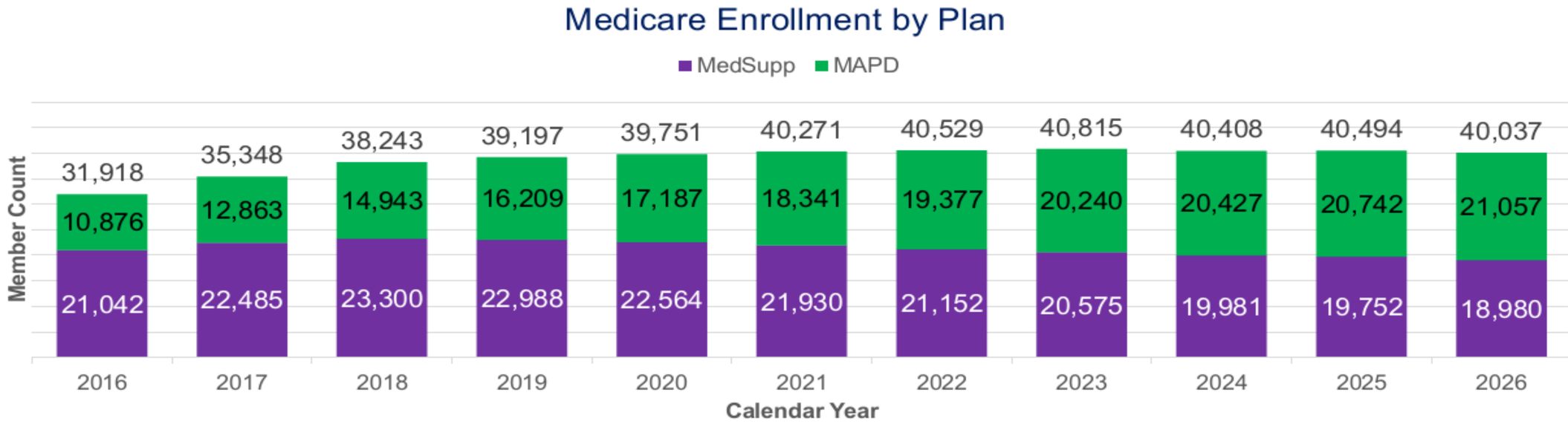
- 1 – Supplement Plan – Blue Cross Blue Shield
- 5 – Medicare Advantage Plans
- Choice United HealthCare, Humana, Presbyterian Health Plan, and Blue Cross Blue Shield HMO and Blue Cross Blue Shield PPO

Voluntary Benefits

- Dental – Delta & Blue Cross Blue Shield
  - Basic
  - Comprehensive
- Vision – Davis
- Supplemental Term Life Insurance – Standard Insurance Company

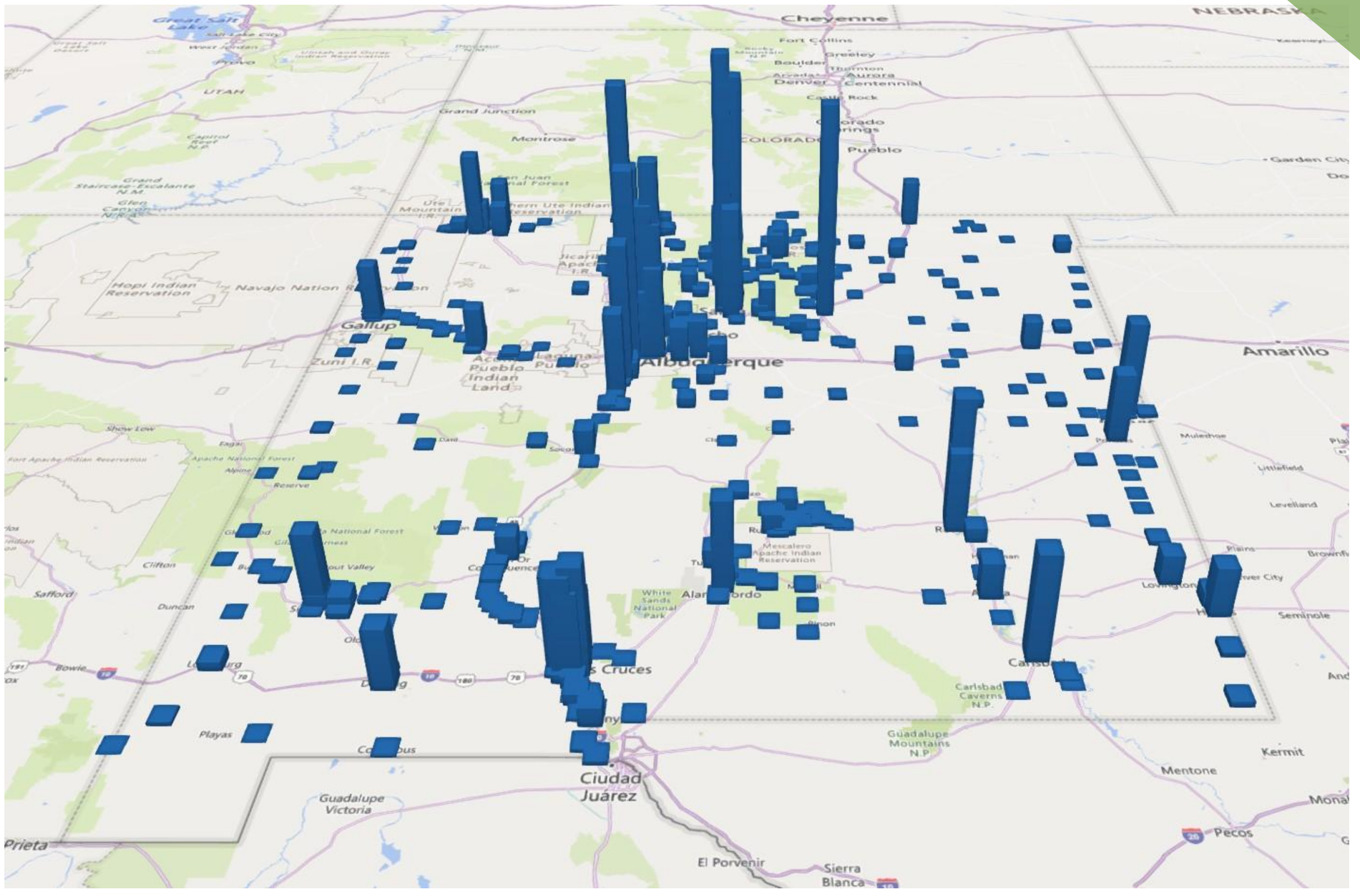
Enrollment Counts



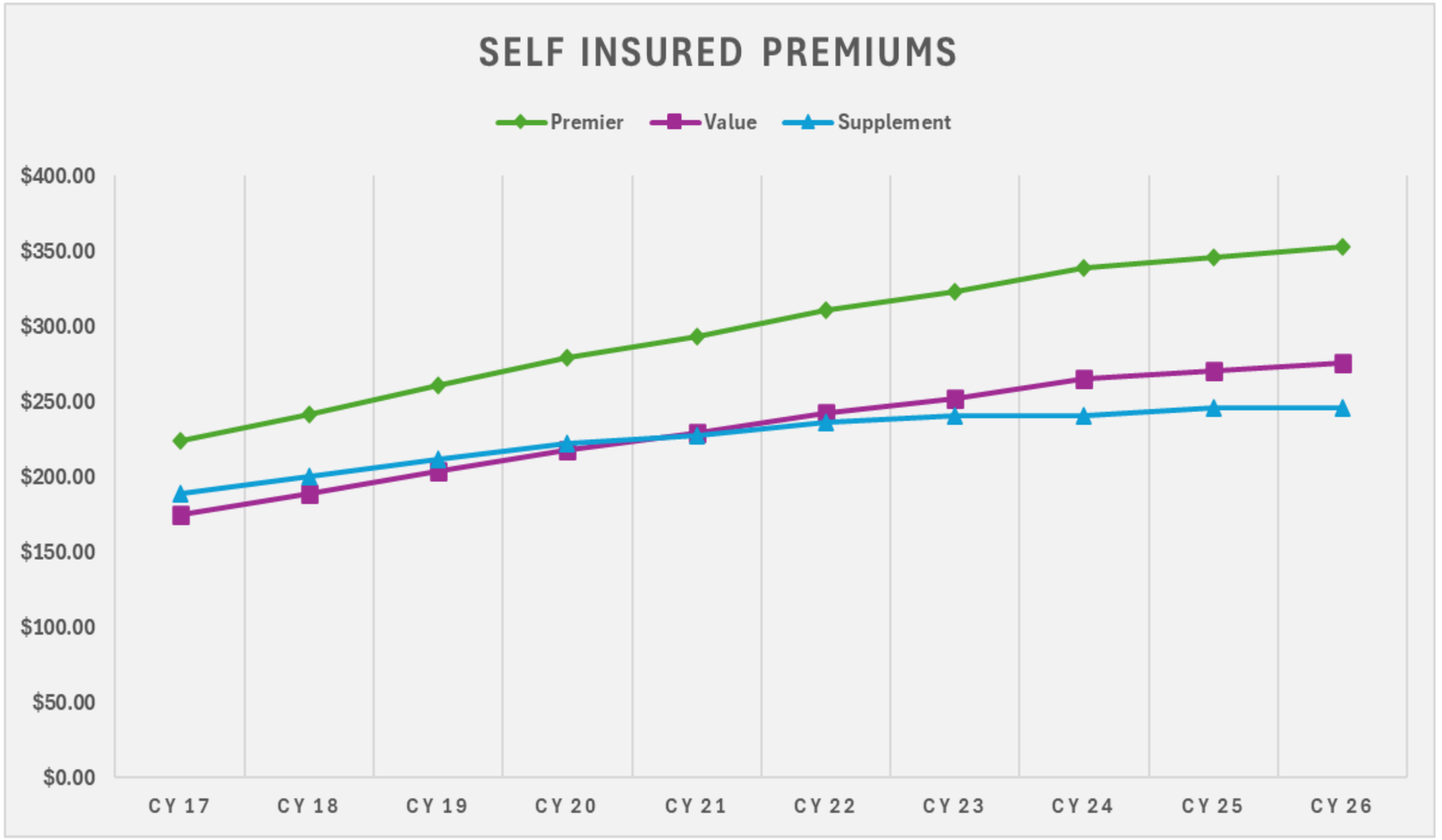


Segal

Enrollment Map



Medical & Prescription Self Insured Plans

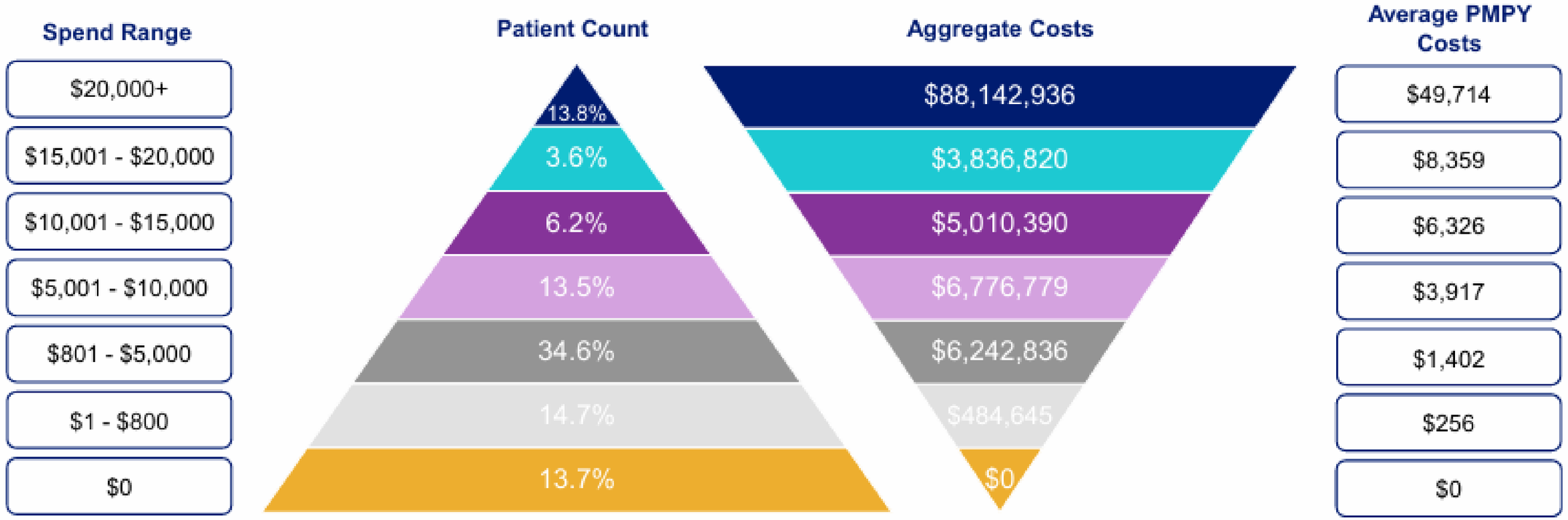


Self Insured Premiums for Member			
	Premier Plan	Value Plan	Supplement
CY 17	$223.56	$174.63	$188.64
CY 18	$241.44	$188.60	$199.96
CY 19	$260.76	$203.69	$211.96
CY 20	$279.01	$217.95	$222.55
CY 21	$292.96	$228.85	$227.00
CY 22	$310.54	$242.58	$236.08
CY 23	$322.96	$252.28	$240.80
CY 24	$339.11	$264.89	$240.80
CY 25	$345.90	$270.19	$245.61
CY 26	$352.81	$275.60	$245.61

Medical Claims Cost Non-Medicare 2024

Distribution of Costs by Spend

Non-Medicare Medical



- 24% of members with excess claims greater than $10,000 contribute to 88% of non-Medicare medical claims.
  - The number of members with claims in excess of $10,000 grew from 11% in 2014 to 24% in 2024
  - Claims in excess of $10,000 increased by 8% or $7.5M over 2023 levels

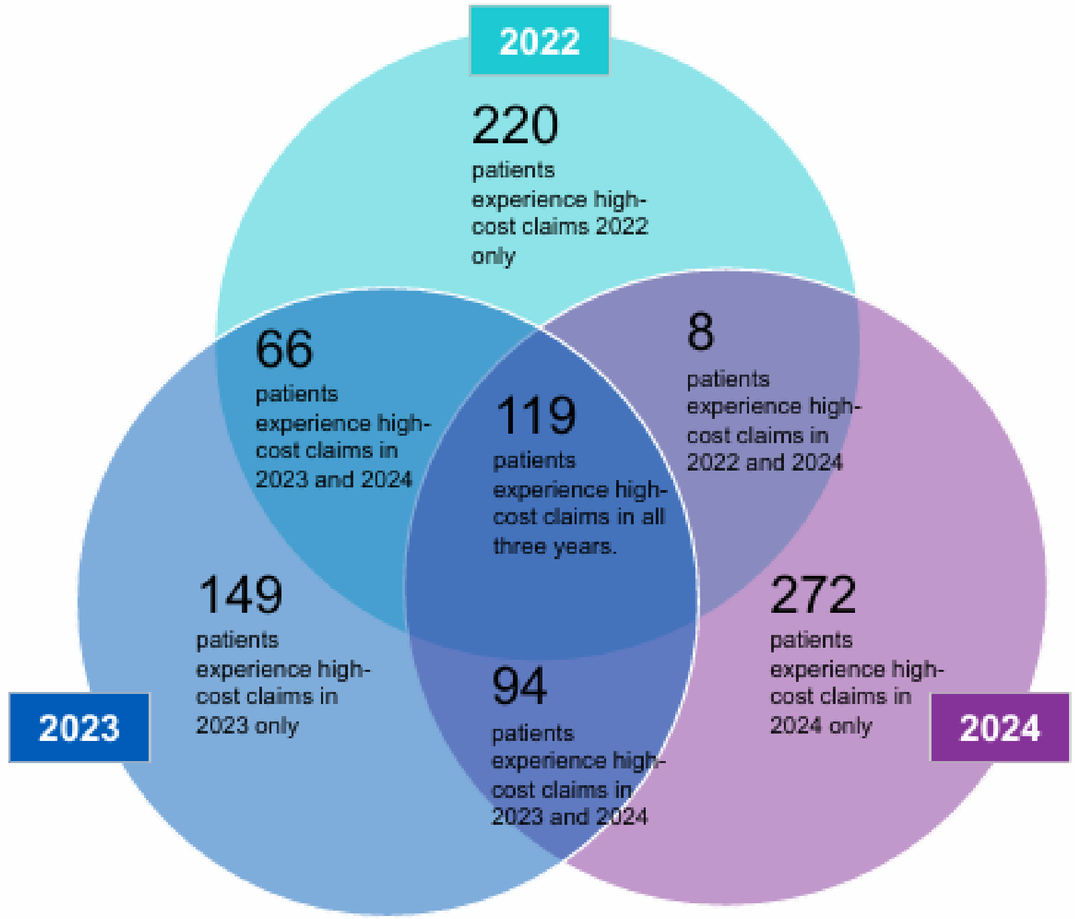
Medical High-Cost Claimants

Medical and Pharmacy Claims

Members with Total Claims over $100,000				
Carrier	**Plan**	**2022**	**2023**	**2024**
Blue Cross Blue Shield	Premier PPO	132	114	124
Blue Cross Blue Shield	Value HMO	6	10	11
Blue Cross Blue Shield	MedSupp	177	210	242
Presbyterian	Premier PPO	71	70	75
Presbyterian	Value HMO	28	26	42
	Total	**414**	**430**	**494**

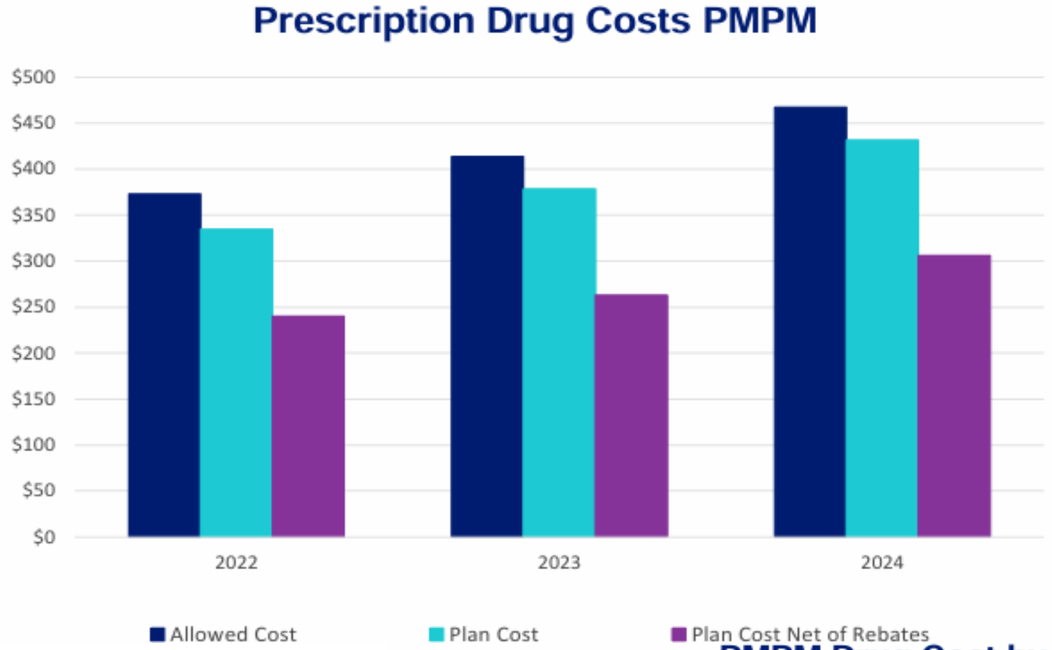
- In 2024, the number of the high-cost patients increased by 15% over 2023
- 24% of high-cost claimants in 2024 have experienced claims in excess of $100,000 in each of the prior three years
- The average risk score of high-cost claimants decreased from 6.39 in 2023 to 6.17 in 2024, suggesting slightly lower severity for these members

Patient Counts by Year with Recurrence



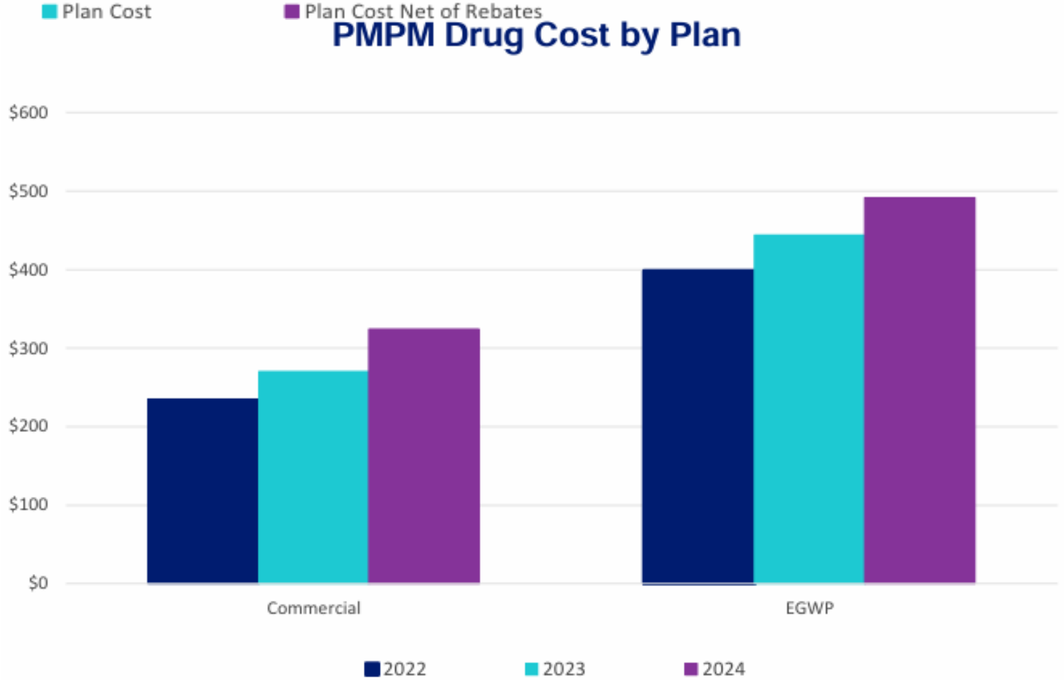
* High-Cost Claimants represent distinct patients with $100,000 or more in medical and pharmacy plan costs in both the Non-Medicare (Value, Premier) and Medicare (MedSupp) plans

Prescription Drug Costs



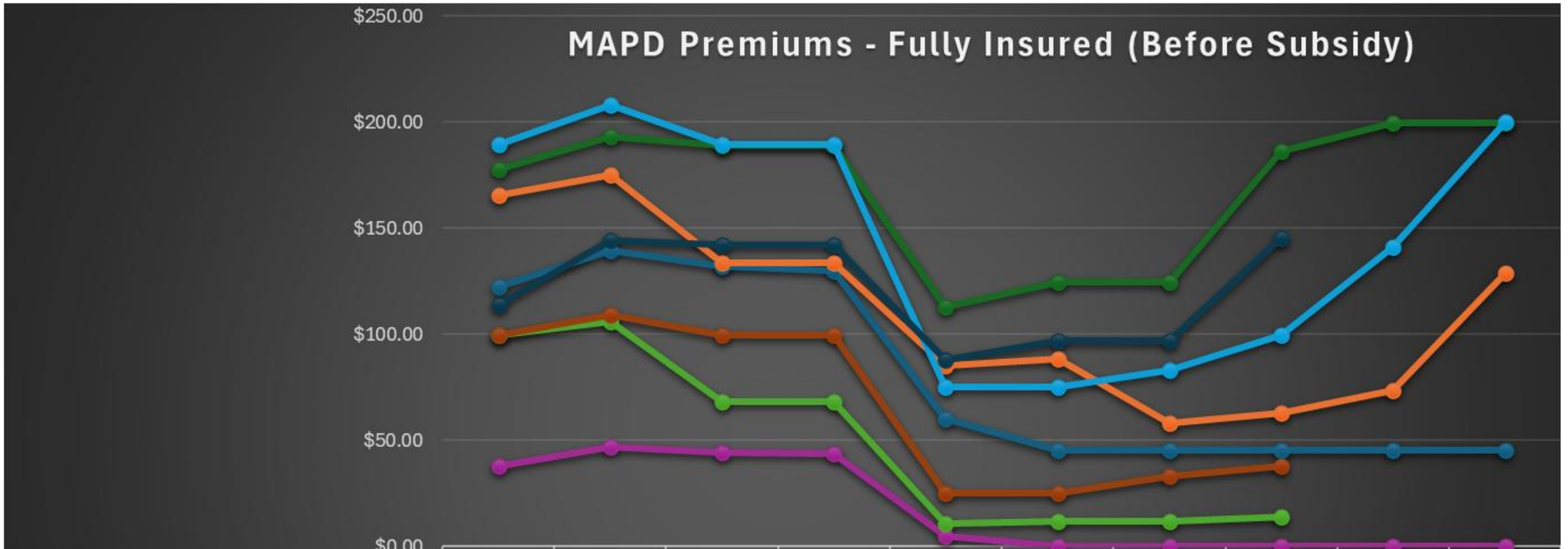
	2022	2023	2024
PMPM Cost			
Allowed Cost	$372.86	$413.68	$467.23
Plan Cost	$334.61	$378.34	$431.51
Plan Cost Net of Rebates	$240.19	$262.75	$306.15
Allowed PMPM Cost Trend			
Allowed Cost		10.9%	12.9%
Plan Cost		13.1%	14.1%
Plan Cost Net of Rebates		9.4%	16.5%

- **Member cost share, as a percentage of allowed costs, decreased from 10.3 to 7.6% between 2022 and 2024.**
- **Rebates have grown from 28% to 29% of plan costs in the three-year period.**



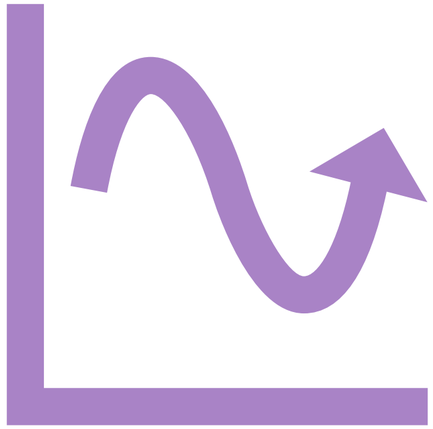
	2022	2023	2024
PMPM Plan Cost			
Commercial	$234.78	$269.92	$324.12
EGWP	$398.31	$443.73	$491.33
PMPM Plan Cost Trend			
Commercial		15.0%	20.1%
EGWP		11.4%	10.7%

Medicare Advantage Prescription Drug Plans



	CY 17	CY 18	CY 19	CY 20	CY 21	CY 22	CY 23	CY 24	CY 25	CY 26
Blue Cross Blue Sheild MAPD (PPO CY25)	$122.40	$139.20	$132.20	$129.60	$60.00	$45.00	$45.00	$45.00	$45.00	$45.00
Humana MAPD 1	$165.55	$174.90	$133.65	$133.65	$84.94	$88.26	$58.22	$62.72	$73.23	$128.62
Presbyterian MAPD 1	$178.00	$193.00	$189.00	$189.00	$113.00	$124.30	$124.30	$186.45	$199.49	$199.49
United Healthcare MAPD 1	$189.39	$208.33	$189.37	$189.37	$75.00	$75.00	$83.00	$99.60	$141.00	$199.90
Blue Cross Blue Sheild MAPD HMO	$37.90	$46.60	$44.30	$43.40	$5.00	$0.00	$0.00	$0.00	$0.00	$0.00
Humana MAPD 2	$99.72	$106.12	$68.15	$68.15	$10.76	$11.54	$11.54	$13.62		
Presbyterian MAPD 2	$114.00	$144.00	$142.00	$142.00	$88.00	$96.80	$96.80	$145.20		
United Healthcare MAPD 2	$99.36	$109.30	$99.31	$99.31	$25.00	$25.00	$33.00	$37.60		

Total Membership - 21,184
Enrollment as of 6/1/26
3,047
1,706
8,606
4,385
3,440
0
0
0



Medicare Advantage Prescription Drug Plans

Historical View of CMS Rate Notices

Year	Advance Notice	Final Notice	Improvement
2015	-1.90%	0.40%	2.30%
2016	1.05%	3.25%	2.20%
2017	1.35%	0.85%	-0.50%
2018	0.25%	0.45%	0.20%
2019	1.84%	3.40%	1.56%
2020	1.59%	2.53%	0.94%
2021	0.93%	1.66%	0.73%
2022	2.82%	4.08%	1.26%
2023	4.48%	5.00%	0.52%
2024	-2.27%	-1.12%	1.15%
2025	-0.16%	-0.16%	0.00%
2026	2.23%	5.06%	2.83%
2027	**0.09%**	**2.48%**	**2.39%**

Investment Performance

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

As of March 31, 2026

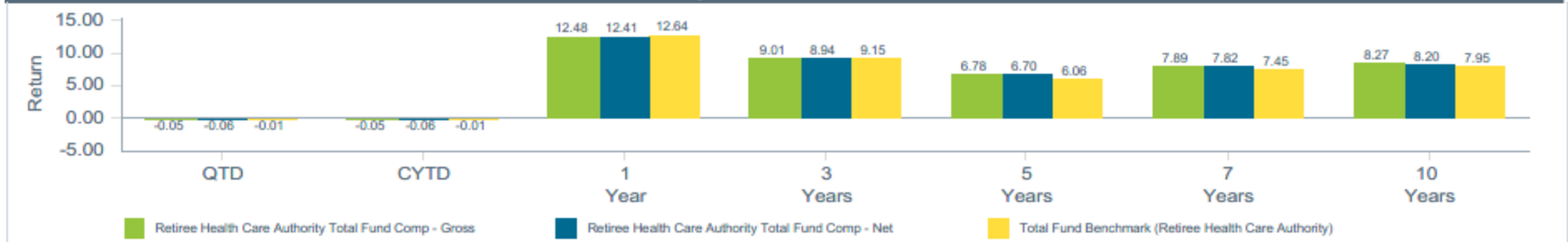
Overview

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.

Asset Allocation vs. Target Allocation

	Market Value ($)	Allocation (%)	Target (%)	Difference (%)
US Large Cap Passive	366,588,250	18.40	19.00	-0.60
US SMID Cap Alt Wtd Index	62,100,653	3.12	3.00	0.12
Non-US Large Cap Active	100,544,248	5.05	5.00	0.05
Non-US Large Cap Passive	141,969,239	7.13	7.00	0.13
Non-US SMID Cap Active	24,638,466	1.24	1.00	0.24
Non-US SMID Cap Passive	38,204,732	1.92	2.00	-0.08
Credit Plus	96,670,900	4.85	5.00	-0.15
US Core Bonds	389,093,153	19.53	20.00	-0.47
Private Debt	244,555,334	12.28	12.00	0.28
Real Assets	104,313,859	5.24	5.00	0.24
Real Estate	193,490,993	9.71	10.00	-0.29
Private Equity	229,957,964	11.54	11.00	0.54
Total Fund	**1,992,127,790**	**100.00**	**100.00**	**0.00**

Comparative Performance



Comparative Performance

	QTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2025	2024	2023
Retiree Health Care Authority Total Fund Comp - Gross	**-0.05**	**-0.05**	**12.48**	**9.01**	**6.78**	**7.89**	**8.27**	**13.51**	**7.69**	**9.39**
Total Fund Benchmark (Retiree Health Care Authority)	*-0.01*	*-0.01*	*12.64*	*9.15*	*6.06*	*7.45*	*7.95*	*14.05*	*7.30*	*9.73*
Difference	-0.03	-0.03	-0.16	-0.14	0.72	0.44	0.32	-0.54	0.38	-0.34
Retiree Health Care Authority Total Fund Comp - Net	**-0.06**	**-0.06**	**12.41**	**8.94**	**6.70**	**7.82**	**8.20**	**13.45**	**7.62**	**9.32**
Total Fund Benchmark (Retiree Health Care Authority)	*-0.01*	*-0.01*	*12.64*	*9.15*	*6.06*	*7.45*	*7.95*	*14.05*	*7.30*	*9.73*
Difference	-0.05	-0.05	-0.23	-0.21	0.65	0.37	0.25	-0.60	0.31	-0.42

Schedule of Investable Assets

Periods Ending	Beginning Market Value ($)	Net Cash Flow ($)	Gain/Loss ($)	Ending Market Value ($)	% Return
CYTD	**1,953,918,382**	**40,000,000**	**-1,790,591**	**1,992,127,790**	**-0.06**

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 Passive Pool effective July 1, 2020.

RVK

Investment Performance – Comparative

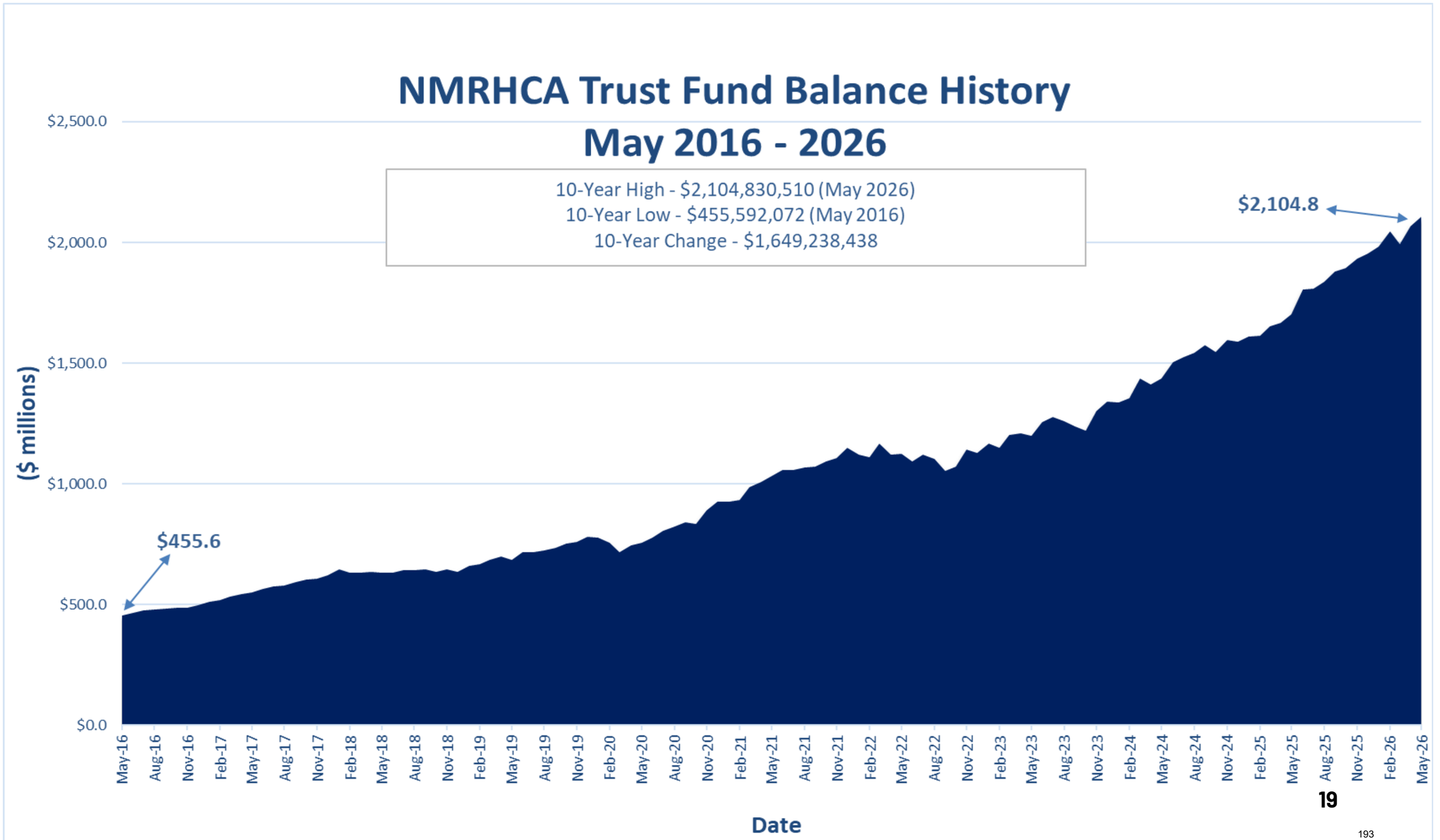
NEW MEXICO STATE INVESTMENT COUNCIL

RHCA COMPARATIVE PERFORMANCE

Fund Net Returns	1 year	3 years	5 years	10 years
RHCA	12.41%	8.94%	6.70%	8.20%
Benchmark	12.64%	9.15%	6.06%	7.95%
Inv Metrics Peer Percentile Rank	46	75	37	41
Median Public Fund	12.18%	9.74%	6.48%	7.97%
Land Grant PF	12.18%	9.17%	7.05%	8.26%
Severance Tax PF	11.96%	8.15%	5.70%	7.18%

Inv Metrics report - 98 public funds >$1B net of fees data, as of 3/31/26

Investments



GASB 74 Update

Governmental Accounting Standards Board (GASB)

- Actuarial Valuation Review of Other Postemployment Benefits (OPEB)
  - Beginning 2006 changed accounting standards for (OPEB) GASB 43
  - In 2017, GASB 74 replaced GASB 43
    - Actuarial Accrued Liability = Total OPEB Liability
    - Actuarial Value of Assets = Plan Fiduciary Net Position
    - Unfunded Actuarial Accrued Liability = Net OPEB Liability

	2006	2017	2025
GASB Statement	43	74	74
Actuarial Accrued Liability	$ 4,264,180,967	$ 5,111,141,659	$ 3,422,408,572
Actuarial Value of Assets	$ 154,538,668	$ 579,468,641	$ 1,865,731,998
Unfunded Actuarial Accrued Liability	$ 4,109,642,299	$ 4,531,673,018	$ 1,556,676,574
Funded Ratio	3.62%	11.34%	54.52%
Covered Payroll	$ 4,073,731,873	$ 4,165,647,340	$ 6,246,364,057
Total Participants	140,292	160,035	163,679

NEW MEXICO
RETIREE
HEALTH CARE
AUTHORITY

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

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

Project Manager for Life Insurance RFP – Action Item

Background:
Consistent with the requirements of the New Mexico Health Care Purchasing Act, the New Mexico Retiree Health Care Authority (NMRHCA), in collaboration with the Interagency Benefits Advisory Committee (IBAC), issued a Request for Quotations (RFQ) to procure consulting services to provide subject matter expertise and project management support for the upcoming Life and Long-Term Disability Insurance Request for Proposals (RFP), with an anticipated contract effective date of July 1, 2027.

IBAC consists of the New Mexico Retiree Health Care Authority (NMRHCA), the New Mexico Public School Insurance Authority (NMPSIA), the New Mexico Health Care Authority (HCA), and Albuquerque Public Schools (APS). In anticipation of APS transitioning into NMPSIA effective July 1, 2027, the evaluation of the consultant proposals was conducted by NMRHCA, NMPSIA, and HCA. As the current Chair of IBAC, NMRHCA will serve as the Procurement Manager for the upcoming Life and Long-Term Disability Insurance RFP and will administer the procurement in accordance with the New Mexico Procurement Code and applicable purchasing requirements. NMRHCA will participate only in the Life Insurance portion of the procurement, as Long-Term Disability coverage is not offered as part of NMRHCA's retiree benefit programs.

Scope of Work:
The selected consultant will provide technical expertise and project management support throughout the procurement process. Services include assisting IBAC with the collection, organization, review, and validation of enrollment, experience, utilization, and related data; providing recommendations on procurement best practices, project timelines, evaluation methodologies, financial analyses, and market considerations; and preparing comparative proposal materials to support the procurement process. The consultant will also provide subject matter expertise during implementation planning following contract award.

The consultant will serve solely in an advisory capacity. NMRHCA, as Procurement Manager on behalf of IBAC, will administer the procurement, while the participating IBAC agencies will retain responsibility for developing the final RFP, evaluating proposals, conducting finalist interviews, negotiating with the selected vendor, and making the final contract award.

Procurement Summary:
Two responses were received in response to the RFQ:

- Gallagher
- Segal

Following the evaluation by the participating agencies, Segal was determined to have submitted the strongest overall proposal based on its demonstrated understanding of the participating agencies, technical approach, project team, and overall qualifications. Segal also submitted the lowest-cost proposal at $57,000, with NMRHCA's allocated share totaling $9,000.

Requested Action Item:
NMRHCA staff respectfully request Board approval of the recommendation to select Segal as the Project Management Consultant to support the Life and Long-Term Disability Insurance procurement and authorize NMRHCA to enter into the Intergovernmental Memorandum of Understanding (MOU) with the participating IBAC agencies for NMRHCA's allocated project cost of $9,000.

Lobbyist RFP for Award – Action Item*

Background:

To support NMRHCA's legislative, regulatory, and governmental affairs activities, NMRHCA issued Request for Proposals (RFP) No. 27-343-0380-00005 on May 26, 2026, to procure legislative consulting, government relations, and lobbying services. As part of the procurement process, the RFP was publicly advertised on the NMRHCA website and in both the Albuquerque Journal and the Santa Fe New Mexican to maximize awareness and encourage competitive participation. The procurement was conducted in accordance with the New Mexico Procurement Code. One responsive proposal was received and evaluated by the Evaluation Committee, which is recommending Robert Romero & Associates for contract award.

Robert Romero & Associates demonstrated extensive experience representing public entities before the New Mexico Legislature and executive agencies, including healthcare policy, public employee and retiree benefits, appropriations, governmental affairs, and legislative advocacy. The proposal demonstrated a strong understanding of NMRHCA's legislative environment and the ability to provide legislative monitoring, policy analysis, stakeholder coordination, and timely communication throughout legislative sessions. Selection of Robert Romero & Associates will provide NMRHCA with an experienced legislative partner and ensure continuity of legislative representation.

Under the resulting contract, the contractor will provide legislative consulting, government relations, lobbying services, legislative monitoring and reporting, strategic legislative analysis, representation before the Legislature and executive agencies, stakeholder coordination, and regular communication with the Board and staff on legislative matters affecting NMRHCA. The contract will be for an initial one-year term with three optional one-year renewals, not to exceed four years, and services will be provided on an as-needed basis.

Recommendation:

Staff recommend awarding the contract for Legislative Consulting, Government Relations, and Lobbying Services to Robert Romero & Associates based on the Evaluation Committee's recommendation and authorizing staff to finalize and execute the resulting professional services contract in accordance with the RFP and negotiated contract terms.

Fiscal Impact:

Funding for the contract is included within NMRHCA's approved operating budget. Compensation will be provided on an as-needed basis in accordance with the negotiated contract and available appropriations.

Action Item Request:

NMRHCA staff respectfully request Board approval to award a contract for Legislative Consulting, Government Relations, and Lobbying Services to Robert Romero & Associates and authorize staff to enter into negotiations to execute a professional services contract for an initial one-year term, with the option to renew for up to three additional one-year terms, not to exceed four years, subject to successful negotiations and available funding.

2026 ANNUAL MEETING

CALENDAR YEAR 2027 PLAN RECOMMENDATIONS

ACTION ITEM

SUMMARY OF PROPOSALS

Jul-26			
	Baseline	Scenario A	Scenario B
Pre-Medicare Rate Increase	0%	6%	4%
Medicare Supplement Plan Rate Increase	0%	4%	3%
Deficit Spending Period (FY)	2034	2035	2035
Solveny Period	Beyond Projection Period	Beyond Projection Period	Beyond Projection Period
Projected Fund Balance 6/30/57	$ 28,747,915,448	$ 35,071,978,163	$ 34,816,283,675
Plan Changes	None	None	None

	Scenario C	Scenario D
Pre-Medicare Rate Increase	5%	8%
Medicare Supplement Plan Rate Increase	2%	6%
Deficit Spending Period (FY)	2035	2036
Solveny Period	Beyond Projection Period	Beyond Projection Period
Projected Fund Balance 6/30/56	$ 34,537,333,947	$ 35,435,811,709
Plan Changes	None	None

STAFF RECOMMENDATIONS

- Staff recommends Scenario C (5% & 2%) because it:
  - Balances affordability with long-term sustainability.
  - Continues the practice of gradual, predictable premium adjustments.
  - Minimizes member disruption by avoiding additional plan design changes.
  - Positions the program to better absorb future medical and pharmacy cost increases.
- Medicare Advantage Prescription Drug Plans
  - Consider discontinuing the highest-cost Medicare Advantage option if an acceptable alternative plan is available that can receive default enrollment while maintaining comparable member access and benefits.