



NEW MEXICO
RETIREE
HEALTH CARE
AUTHORITY

Investments & Pensions Oversight Committee

Representative Patricia Roybal Caballero, Chair
Senator Roberto “Bobby” J. Gonzales, Vice Chair

Agency Updates

July 28, 2021

Doug Crandall, President
Therese Saunders, Vice President
LeAnne Larrañaga-Ruffy, Secretary
David Archuleta, Executive Director

Board Member Information

Membership

- Doug Crandall, President -- Retired Public Employees of New Mexico (RPENM)
- Therese Saunders, Vice President -- NEA, Teachers Association
- LeAnne Larranaga-Ruffy, Secretary – Public Employees Retirement Association Designee
- Rick Scroggins – Educational Retirement Board, Acting Executive Director
- Tomas Salazar -- New Mexico Association of Educational Retirees (NMAER)
- Tim Eichenberg -- State Treasurer
- Terry Linton -- Governor Appointee
- Leane Madrid -- State Classified Employee, State Personnel Office
- Loren Cushman -- Superintendents Association, Animas Schools Superintendent
- Sanjay Bhakta -- Municipal League, Chief Financial Officer, City of Albuquerque
- Lance Pyle -- Association of Counties, Curry County Manager
 - Replaced Pamela Moon, Bernalillo County Finance Manager

Meetings

- 1st Tuesday of each month unless otherwise specified
- Committees meet as needed

Program Composition, Participation & Financing

Active participation – 91,082 (6/30/20)

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

Retiree participation – 64,569 (7/1/21)

- Medicare – 40,557
- Pre-Medicare – 14,371
- Voluntary Only – 10,069
- Retirees – 41,871
- Spouses/DP – 11,470
- Dependent Children – 1,587
- Average Age – 70
 - Enrollment – 60.08 (2020)
 - Enrollment – 60 (2021 – to date)
- Members Under age 55 - 2,130

FY22 Budget

Healthcare Benefits Administration

- Uses:
 - Benefits - \$353.5 million
 - ACA Fees - \$44 thousand
 - Other Financing Uses - \$3.3 million (operations)
- Sources:
 - EE/ER Contributions - \$114.6 million
 - Retiree Contributions - \$175 million
 - Tax & Rev Suspense Fund - \$36.8 million
 - Misc. Revenue - \$30 million
 - Interest - \$400 thousand

Program Support (26 FTE)

- Salaries & Benefits - \$2.1 million
- Contractual Services - \$621 thousand
- Other Costs - \$548.6 thousand

Operational Updates

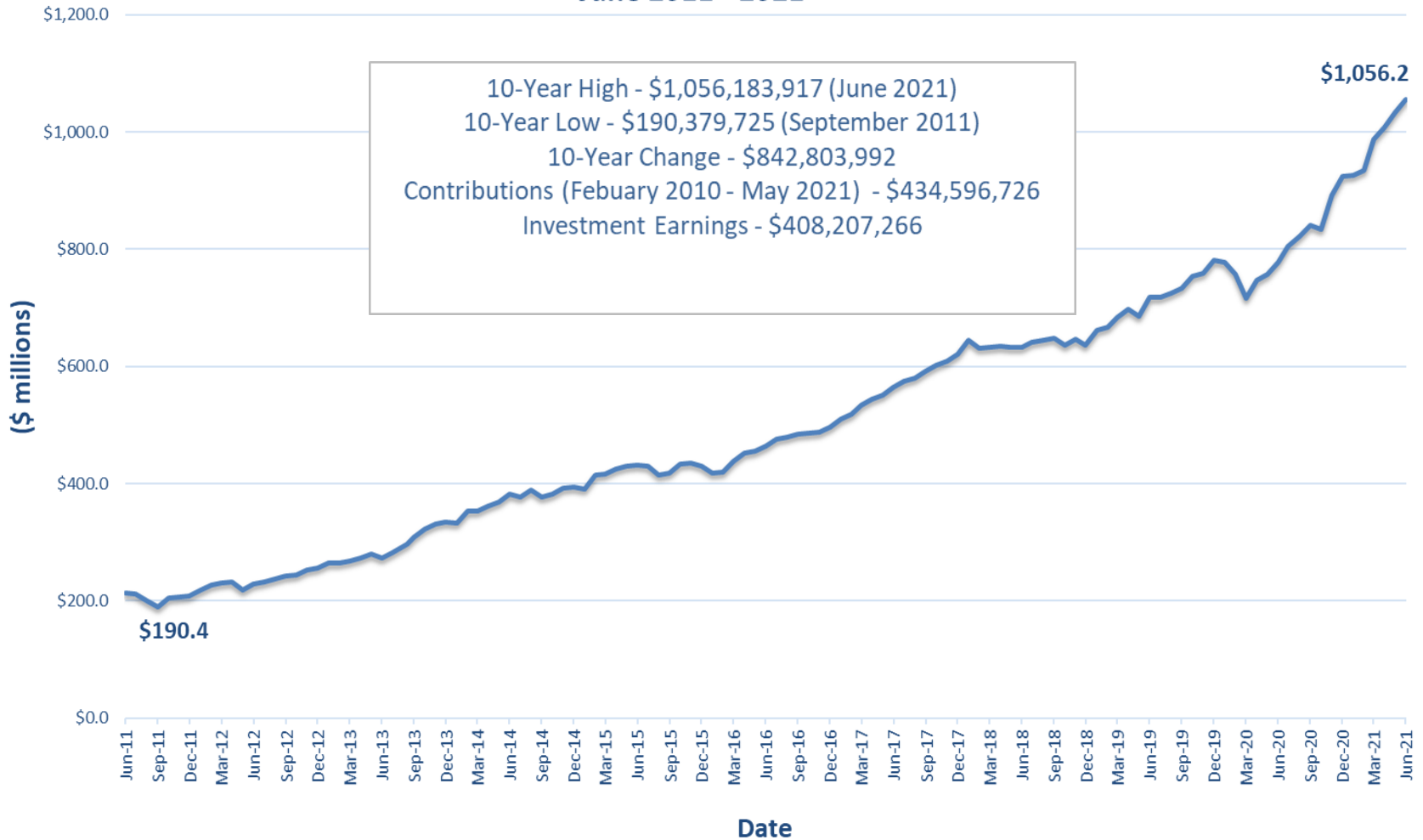
- Annual Board Meeting: July 14 & 15
 - Election of Board Officers
 - Committee Assignments
 - Executive, Finance & Investments, Audit, Wellness and Legislative
 - Investment Updates
 - State Investment Council
 - Wilshire
 - Review of Vendor Presentations
 - Actuarial Presentations
 - Plan Changes and Recommendations 2022
 - Rates Increases
 - Pre-Medicare: 6 percent
 - Medicare Supplement: 4 percent
 - Medicare Advantage Plans I & II (Renewals)
 - BCBS: -25 / -100 percent
 - UnitedHealthcare: No change
 - Humana: 4 / 7 percent
 - Presbyterian Health Plan: 10 / 10 percent
 - Hinge Health
 - Medicare Broad Performance Network
 - Dental Network Change

Operational Updates Cont.

- Fall Switch Enrollment
 - October 1 – November 12
 - Online narrated presentations
 - GoToWebinars – 10 question and answer sessions
- Office Hours
 - By appointment
- Rule Changes
 - Minimum age and increased years-of-service requirements – July 2021
 - Overtime contributions (Senate Bill 90) – January 2022
- Attorney Generals Office
 - Generic Drug Pricing
 - Opioid
 - Bristol Myers Squibb
- Procurement
 - Pharmacy Benefit Manager Request for Proposal – Fall 2021 / July 2022
 - Collaboration w/Interagency Benefits Advisory Committee

Investments

**NMRHCA Trust Fund Balance History
June 2011 - 2021**



Investment Performance

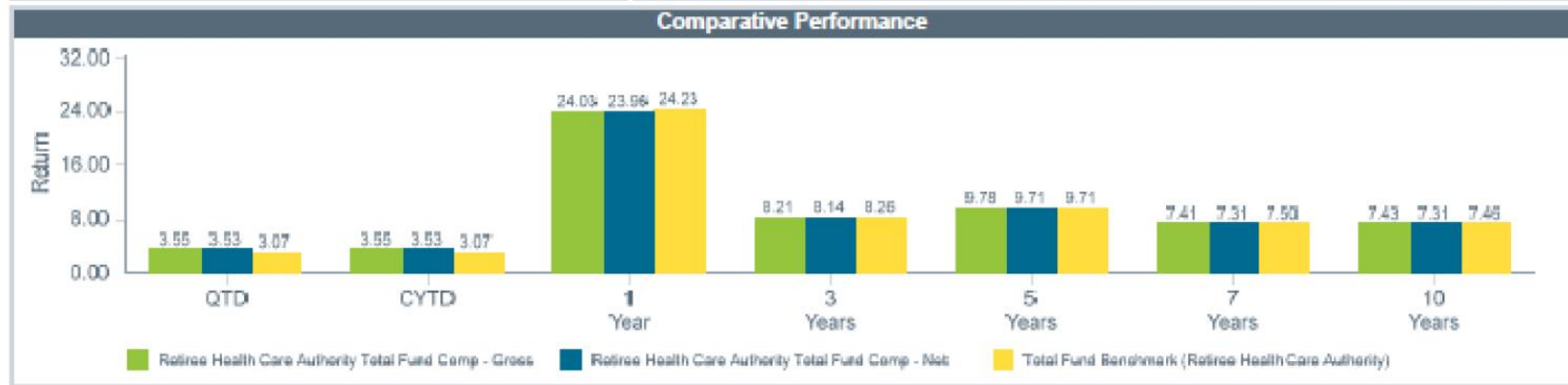
STATE INVESTMENT COUNCIL

RHCA Performance 3/31/21

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

As of March 31, 2021

Overview	Asset Allocation vs. Target Allocation				
<p>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.</p>	Market Value (\$)	Allocation (%)	Target (%)	Difference (%)	
	Large Cap US Equity Index	160,899,725	16.29	14.00	2.29
	Small/Mid Cap US Equity Index	23,745,284	2.40	2.00	0.40
	Non-US Developed Markets Index	138,373,711	13.81	14.00	-0.19
	Non-US Emerging Markets Active	105,937,134	10.72	10.00	0.72
	US Core Bonds	182,511,174	18.48	20.00	-1.52
	Credit & Structured Finance	135,730,599	13.74	15.00	-1.26
	Private Equity	115,854,948	11.73	10.00	1.73
	Real Estate	87,254,171	8.83	10.00	-1.17
	Real Return	39,497,288	4.00	5.00	-1.00
Total Fund	987,804,033	100.00	100.00	0.00	

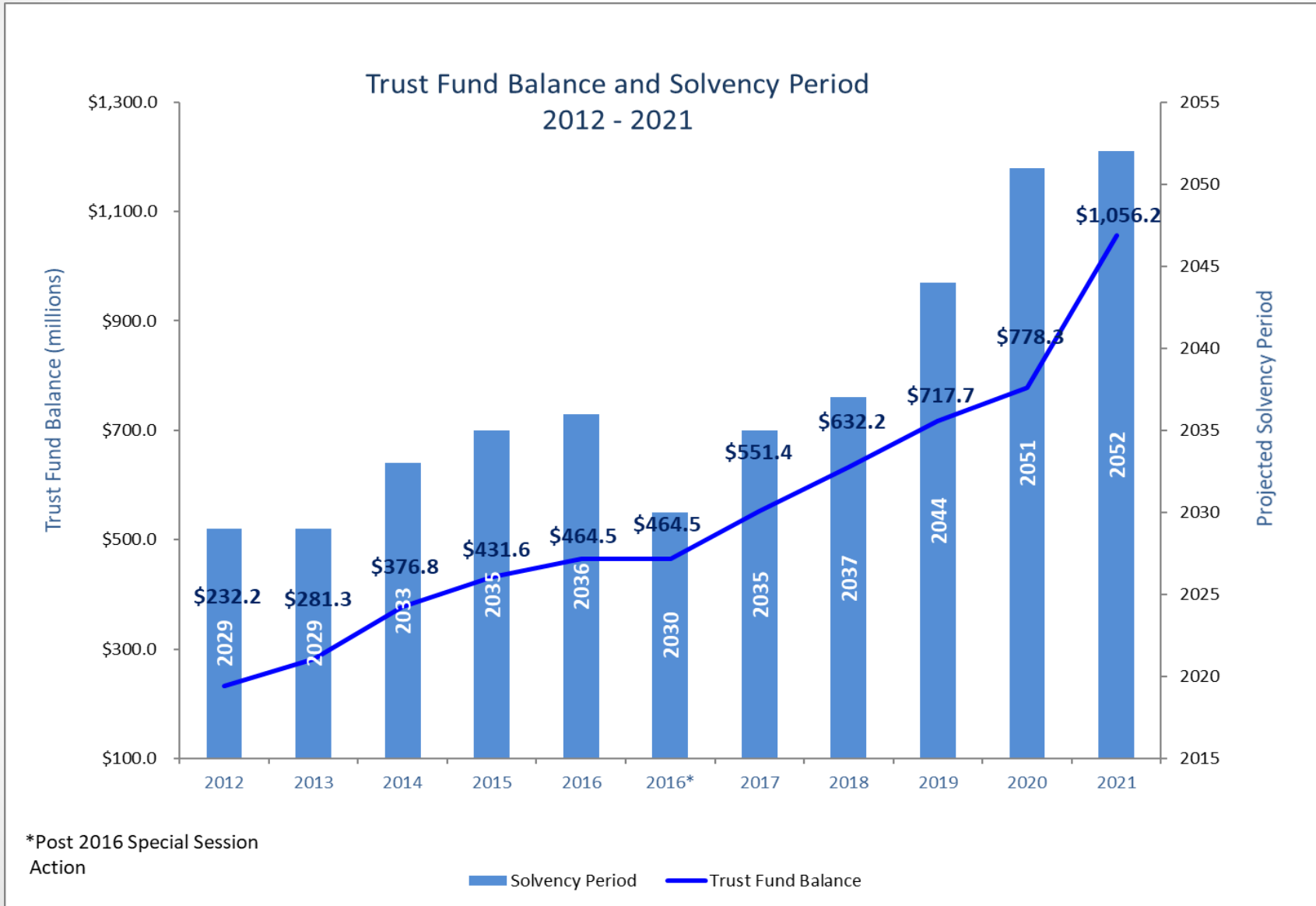


Solvency Updates

Strategic Planning Tool

- Projected Revenues
 - Employee & Employer Contributions (set by statute)
 - Retiree Medical Premiums (set by Board of Directors)
 - Retiree Ancillary Premiums (not subsidized/pass through)
 - Tax & Revenue Suspense Fund (set by statute)
 - Medicare Subsidies & Rebates (vary by consumption)
 - Miscellaneous (performance penalties/subrogation)
- Projected Expenses
 - Medical & Prescription
 - Ancillary Premiums
 - Administrative Fees
 - Agency Operating Expenses
- Major Assumptions
 - Payroll Growth: 2.75%
 - Discount Rate: 7.25% moving to 7.00%
 - Medical Trend: 8% pre-Medicare / 6% Medicare
 - Plan Selection: Migration to lower costing plans
 - Plan Design Changes: Increased copays, coinsurance and deductibles
 - Plan Rates: Continue to grow in accordance with medical trend

Solvency Updates Cont.



GASB Updates

- GASB 74 – Actuarial Valuation Review of Other Postemployment Benefits (OPEB) as of June 30, 2020
 - Completed November 4, 2020
 - Total OPEB Liability: \$5,028,579,923 (2020) / \$3,999,137,737 (2019)
 - Net OPEB Liabilities (NOL) increased \$989.9 million (driven by decrease in blended discount rate/lower bond index rates)
 - 2.86% in 2020 vs 4.16% in 2019
 - Applicable discount rate = blend of assumed investment return on plan assets – 7.25% and the rate for 20-year, tax-exempt general obligation municipal bonds w/an average rate of AA/Aa or higher (e.g. 2.21% as of June 30, 2020 compared to 3.50% as of June 30, 2019)
 - NOL: \$4,198,908,018 (2020) / \$3,242,388,746 (2019)
 - Funded Status: 16.50% (2020) / 18.92% (2019)
 - The Coronavirus (COVID-19) pandemic is rapidly evolving and may have a significant financial impact on future expenditures. The report does not attempt to measure the following:
 - Direct or indirect effects of COVID-19 on short-term health plan costs
 - Short-term or long-term impacts on mortality of the covered population
 - The potential for federal or state fiscal relief

New Mexico Retiree Health Care Authority

David Archuleta, Executive Director

505-222-6416

david.archuleta@state.nm.us

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

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

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