



NEW MEXICO
RETIREE
HEALTH CARE
AUTHORITY

Investments & Pensions Oversight Committee

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Agency Updates & Proposed Legislation

December 10, 2020

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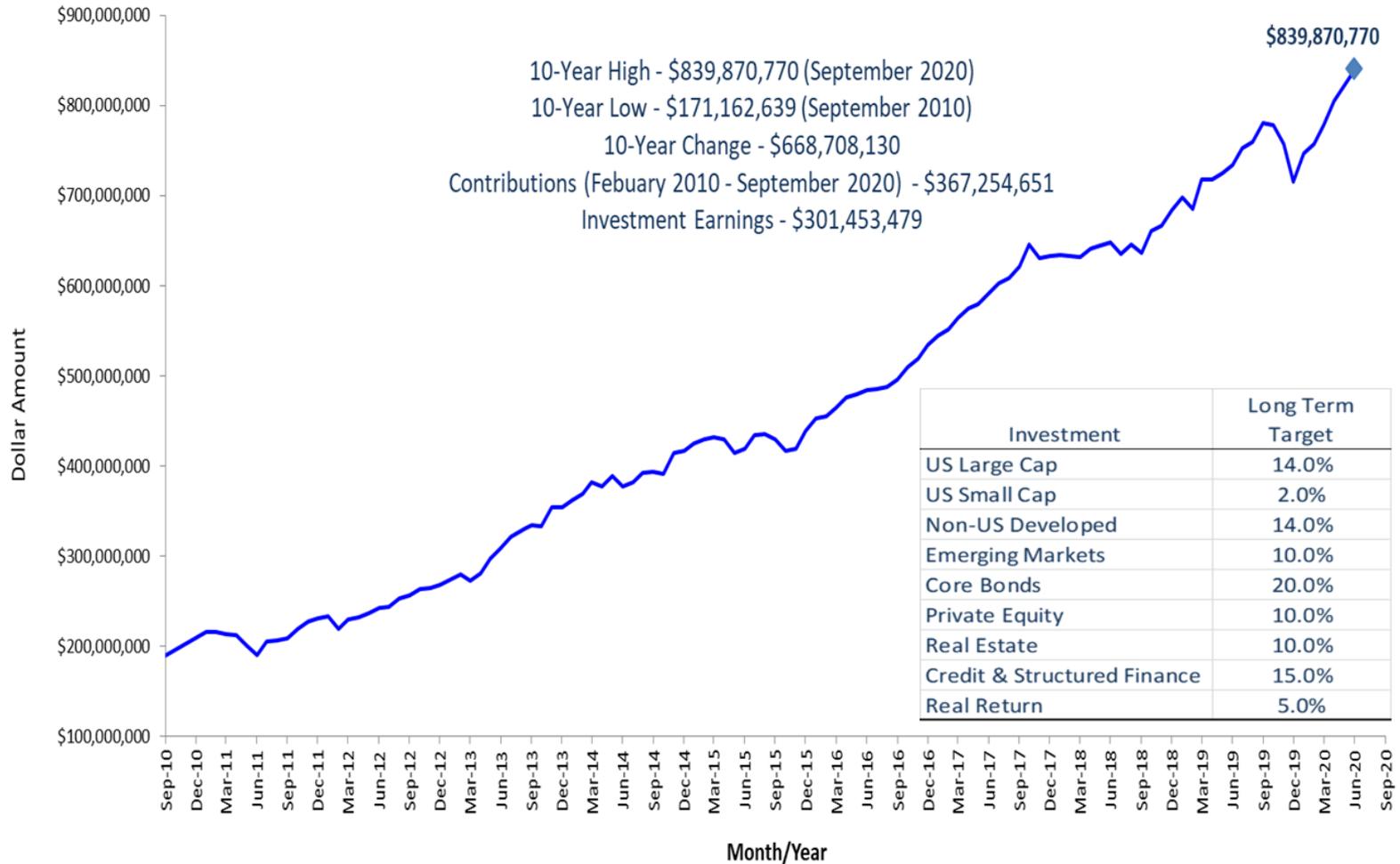
David Archuleta, Executive Director

Agency Updates

- Switch Enrollment: October 1 - November 13, 2020 – Effective January 1, 2021
- Open Enrollment: January 1 – January 31, 2021 (every odd year)
- COVID-19 Operations
 - Combination of office/remote work
 - No in-person interactions w/customers
 - Monthly Board/Committee meetings held via/GoToMeetings
 - FY22 IT Request to develop web portal
 - Assistance provided by telephone and email
- Continued participation with the Interagency Pharmaceuticals Purchasing Council (SB 131, 2019)
- Continued monitoring of implementation of Executive Orders, which serve as a preview of regulatory action through HHS
 - Most Favored Nation
 - Drug Rebates in Medicare Part D
 - Drug Importation
 - Insulin and Injectable via the 340B Program

Financial Updates

NMRHCA Trust Fund Balance History September 2010 - September 2020



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)
 - Delay in increased years-of-service and minimum age rule requirements from January 1, 2021 to July 31, 2021 (7 months) added \$6.6 million in long-term liabilities
 - 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

2021 Legislative Proposal

- *No request for increase in employee and employer contributions*
- Amend section 10-7C-4. Definitions:
 - “an unmarried child under the age of nineteen who is” to “a child under the age of twenty-six” and eliminate requirements associated with attending an accredited educational institution
 - Replace term “mental retardation” with “intellectual disability” for dependents over the age 26

Amendments will align Retiree Health Care Act with requirements contained in the Affordable Care Act

- Delete sections:
 - 10-7C-17 – Creation of discount prescription drug program
 - 10-7C-18- Fund created; and
 - 10-7C- Audit; fee recommendation

Program defunded in FY11 and other options available online and through retail pharmacy outlets

- *No Fiscal Impact*

New Mexico Retiree Health Care Authority

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

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