

Investments and Pensions Oversight Committee

Representative Tomas E. Salazar, Chair
Senator George K. Munoz, Vice Chair



Strategic Goals, Staff and Salary Structure
August 3, 2017

Tom Sullivan, Board President

Joe Montano, Vice President

Doug Crandall, Secretary

David Archuleta, Executive Director

Agency & Program Updates

Annual Board Meeting Action - 2018

- Retiree Premiums
 - Pre-Medicare - 8 percent (Premier and Value Plans)
 - Medicare Supplement – 6 percent
- Prescription Drug Plan Changes
 - Smart90 Program
- Increase Value Plan Options
 - Addition of Blue Cross Blue Shield BAV Narrow Network
- Medicare Default
 - UnitedHealthcare Plan I
 - Annual Out-of-Pocket Maximum - \$2,500
 - 2018 Rate - \$104.17
 - Humana Plan I
 - Annual Out-of-Pocket Maximum - \$4,000
 - 2018 Rate - \$87.45

Agency & Program Updates Cont.

Rate Increase – Member Impact:

	2017	2018	Difference	Annual
Pre-Medicare				
Premier	\$223.56	\$241.44	\$ 17.88	\$ 214.56
Value	\$174.63	\$188.60	\$ 13.97	\$ 167.64
Medicare				
Supplement	\$188.64	\$199.96	\$ 11.32	\$ 135.84

Medicare Advantage Rate Increase:

- 8 plans ranging from 6 – 27 percent increase (\$3.20 - \$15.50 per month)

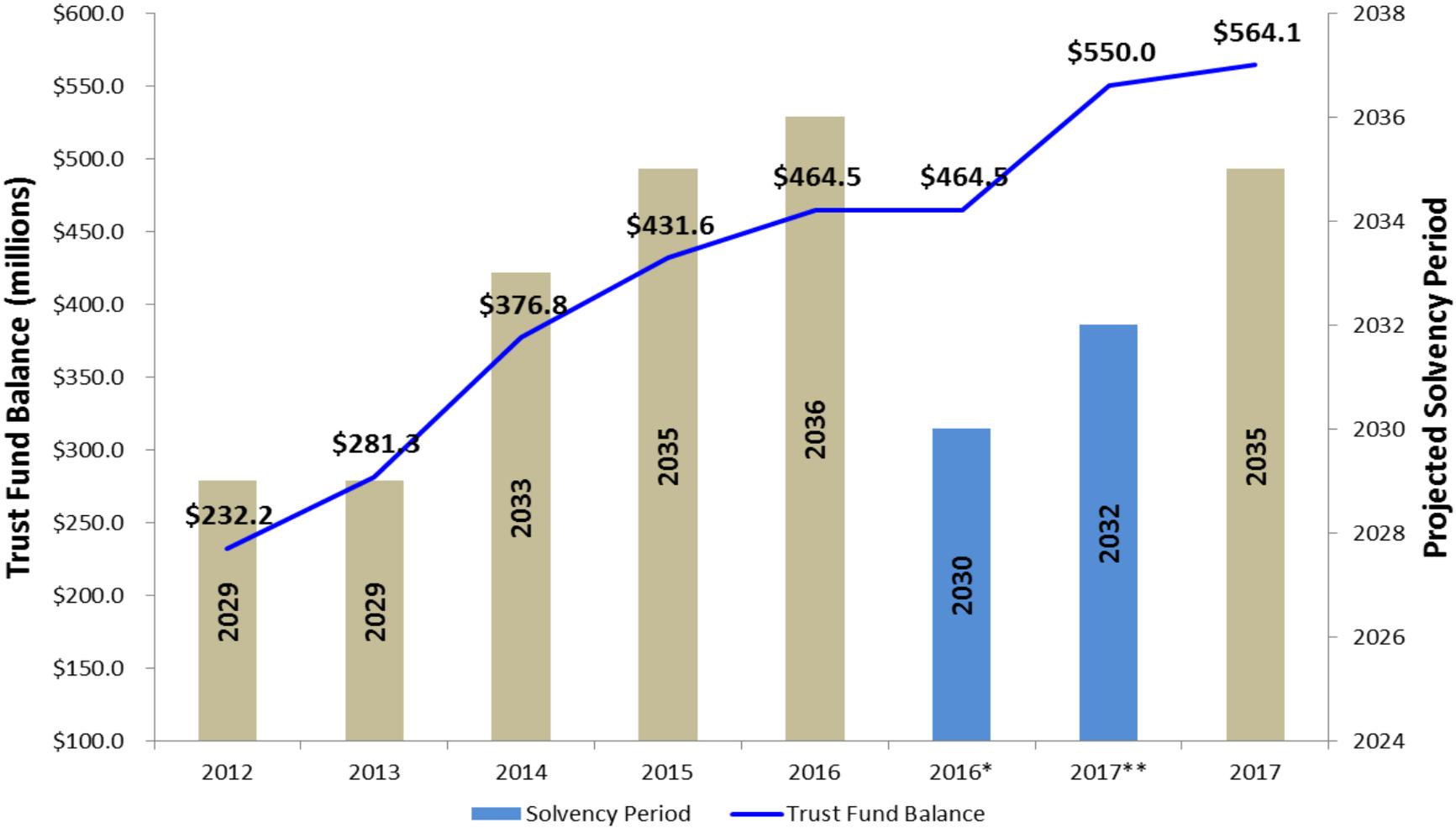
	2017	2018	\$	%
BCBS MA I	\$ 61.20	\$ 69.60	\$ 8.40	14%
Presbyterian MA I	\$ 89.00	\$ 96.50	\$ 7.50	8%
UHC MA I	\$ 94.69	\$ 104.17	\$ 9.48	10%
Human MA I	\$ 82.77	\$ 87.45	\$ 4.68	6%
BCBS MA II	\$ 18.95	\$ 23.30	\$ 4.35	23%
Presbyterian MA II	\$ 57.00	\$ 72.50	\$ 15.50	27%
UHC MA II	\$ 49.68	\$ 54.65	\$ 4.97	10%
Human MA II	\$ 49.86	\$ 53.06	\$ 3.20	6%

2017 Market Comparison

2017 Market Comparison of Commercially Available Plans (Pre-Medicare)

New Mexico Health Care Exchange Plans	Retiree Premium	Spouse Premium	Ret + Spouse Premium	Plan Type	Plan Level	Deductible	Out-of-Pocket Max	First Dollar Coverage: Y/N
Blue Cross Blue Shield - Age: 60 - Albuquerque	\$767	\$767	\$1,534	HMO	Gold	\$2,000	\$3,150	N
NM Health Connections - Age: 60 - Albuquerque	\$693	\$693	\$1,387	HMO	Gold	\$1,000	\$7,150	Y
Blue Cross Blue Shield - Age: 60 - Albuquerque	\$633	\$633	\$1,266	HMO	Silver	\$4,000	\$6,100	N
NM Health Connections - Age: 60 - Albuquerque	\$548	\$548	\$1,096	HMO	Silver	\$4,000	\$7,150	Y
Blue Cross Blue Shield - Age: 60 - Albuquerque	\$539	\$539	\$1,077	HMO	Bronze	\$7,000	\$7,150	N
NM Health Connections - Age: 60 - Albuquerque	\$452	\$452	\$904	HMO	Bronze	\$7,000	\$7,150	N
Blue Cross Blue Shield - Age: 60 - Santa Fe	\$900	\$900	\$1,800	HMO	Gold	\$2,000	\$3,150	N
NM Health Connections - Age: 60 - Santa Fe	\$779	\$779	\$1,557	HMO	Gold	\$1,000	\$7,150	Y
Blue Cross Blue Shield - Age: 60 - Santa Fe	\$752	\$752	\$1,505	HMO	Silver	\$4,000	\$6,100	N
NM Health Connections - Age: 60 - Santa Fe	\$616	\$616	\$1,231	HMO	Silver	\$4,000	\$7,150	Y
Blue Cross Blue Shield - Age: 60 - Santa Fe	\$647	\$647	\$1,295	HMO	Bronze	\$7,000	\$7,150	N
NM Health Connections - Age: 60 - Santa Fe	\$507	\$507	\$1,015	HMO	Bronze	\$7,000	\$7,150	N
Blue Cross Blue Shield - Age: 60 - Las Cruces	\$987	\$987	\$1,975	HMO	Gold	\$2,000	\$3,150	N
NM Health Connections - Age: 60 - Las Cruces	\$759	\$759	\$1,517	HMO	Gold	\$1,000	\$7,150	Y
Blue Cross Blue Shield - Age: 60 - Las Cruces	\$828	\$828	\$1,657	HMO	Silver	\$4,000	\$6,100	N
NM Health Connections - Age: 60 - Las Cruces	\$600	\$600	\$1,200	HMO	Silver	\$4,000	\$7,150	Y
Blue Cross Blue Shield - Age: 60 - Las Cruces	\$715	\$715	\$1,430	HMO	Bronze	\$7,000	\$7,150	N
NM Health Connections - Age: 60 - Las Cruces	\$494	\$494	\$989	HMO	Bronze	\$7,000	\$7,150	N

Trust Fund Balance and Solvency Period



*Post 2016 2nd Special Session

**2017 Projected

Agency & Program Updates Cont.

Pharmacy Benefits Manager RFP

- Release mid-August
- Effective July 1, 2018 – June 30, 2022

Open/Switch Enrollment

- October/early November
- Medical
 - Premier - Value
 - Value - Premier
 - Supplement – Medicare Advantage
 - Medicare Advantage – Supplement
 - Medicare Advantage – Medicare Advantage
- Dental & Vision
 - Switch/Open*
- Life
 - Subject to underwriting

*Eligible if not initially elected or member hasn't had coverage in last 4 years

Issues Confronting the Authority

Challenges

- Competition w/other state priorities i.e., Schools, Medicaid, Courts, Corrections, Public Safety
- Reduction in Tax Suspense Fund revenue
- Prescription drug costs continue to escalate with no clear-cut remedy on the horizon
- Public payroll from which NMRHCA draws contributions continues to remain stagnant
- Volatility in the health insurance market as a result of changes to, or the complete repeal of, the Affordable Care Act and the resulting impact to the system as a whole
- The President's and Congress's disposition toward Medicare is unclear at the federal level

Progress

- Over \$226 million transferred to long-term investment account since 2010
- Measurements of long-term viability have consistently shown progress
- NMRHCA plans remain predictable and stable for over 60,000 members (2/3 of which are Medicare participants)

Mission and Strategic Goals

Mission

- Maintain comprehensive and affordable health insurance benefits for public retirees and eligible dependents

Goals

- Extend the solvency of the program
 - Trust fund contributions and investment earnings
 - Avoiding deficit spending
- Meet customer service needs
 - Communication
 - Education
 - Wellness Programs

5-Year Strategic Plan (2012 – 2017)

1. Phase out “family coverage” subsidies for retirees with multiple dependent children
2. Increase cost sharing on prescription-drug coverage
3. Increase cost sharing of pre-Medicare plans
4. Implement graduated minimum-age requirement
5. Increase years of service required to receive maximum subsidy
6. Reduce pre-Medicare retiree subsidies
7. Reduce pre-Medicare spousal subsidies
8. Implement enhanced-wellness programs
9. Increase Employee/Employer contribution levels

Other Significant Actions

Conversion of \$6,000 basic life (NMRHCA-paid) insurance to supplemental (retiree-paid) life insurance over four years beginning in 2018

Updated Strategic Plan (2018 – 2022)

Board Recommendations to include in 2018 - 2022:

1. Apply downward pressure on prescription drug costs for all members (network, contracts, cost-sharing)
2. Apply downward pressure on pre-Medicare medical plans (network, contracts, cost-sharing)
3. Reduce pre-Medicare retiree subsidies
4. Reduce pre-Medicare spousal subsidies
5. Evaluate existing and emerging wellness/population health programs for inclusion in either plan coverage or incentive support
6. Develop and implement value-based purchasing initiatives either through existing health plan partners or directly with health care delivery systems
7. Evaluate emerging and ongoing demographic trends and make program adjustments commensurate with fiduciary responsibilities
8. Increase employee/employer contribution levels (requires legislative action)

Staff & Salary Structure

Board of Directors

- State Treasurer
- Governor's Appointee
- State Employee
- Teacher
- PERA
- ERB
- Retired Public Employee of NM
- NM Association of Educational Retirees
- Municipal League
- Superintendents Association
- Association of Counties

Staff

- Executive Director
- Deputy Director
 - Chief Financial Officer
 - Customer Service
 - Health Care Reform/Procurement
- IT Director
 - IT Generalist/Systems Analyst
- Chief Financial Officer
 - Accountant/Auditor, Bus Ops Spec, Fin Spec
- HR Manager --- SPO Shared Svcs.
- Director of Communication
- Director of Healthcare Reform
- Customer Service Manager – Alb
 - Customer Service Representatives
- Customer Service Manager – SF
 - Customer Service Representatives