



NEW MEXICO  
**RETIREE**  
HEALTH CARE  
AUTHORITY

Investment & Pensions Oversight Committee  
Senator Roberto “Bobby” J. Gonzales, Chair  
Representative Patricia Roybal Caballero, Vice Chair

RHCA Final Update and Legislative Proposal  
October 29, 2024

Therese Saunders, President  
Tomas Salazar, Vice President  
LeAnne Larrañaga-Ruffy, Secretary  
Neil Kueffer, Executive Director



# AGENDA

- NMRHCA BACKGROUND
- BOARD OF DIRECTORS
- CHALLENGES
- INFLATION REDUCTION ACT
- ENROLLMENT COUNTS
- BENEFITS OFFERED 2025
- INVESTMENT PERFORMANCE
- SOLVENCY UPDATES
- HISTORICAL CONTRIBUTIONS
- GASB 74
- TRUST FUND
- LEGISLATIVE PROPOSAL



# NMRHCA BACKGROUND

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

1. Retiree Health Care Act
2. First full benefits paid to over 15k members in Jan '91
3. Board of directors has authority to set plan parameters
4. Legislature has authority over employer/employee contributions
5. Current solvency - 2055

## Purpose & Composition

1. Provide comprehensive health insurance for those who've retired from public service in NM
2. Active employees = Over 93k
3. Retiree Participants = Over 65k
4. Public Employer Groups – 304
  - a. 50% schools
  - b. 25% State agencies
  - c. 25% local govt

## Budget & Finances

1. \$406M Operating budget
2. \$402M to Healthcare benefits
3. \$4.1M to program support (28 FTE)
4. Revenue Sources
  - a. Employee/employer contributions
  - b. Retiree monthly premiums
  - c. Tax suspension fund distributions
  - d. Miscellaneous
  - e. Interest earnings

Update on Investment Asset Management Consulting Services: Meketa selected for Fiscal Year 2025



# BOARD OF DIRECTORS

Broad representation from retired and active membership



**Ms. Therese Saunders, President**

NEA NM, Classroom Teachers Association  
Federation of Educational Employees



**Mr. Tomas Salazar, Vice President**

New Mexico Association of Educational Retirees



**Ms. LeAnne Larranaga-Ruffy, Secretary**

Public Employees Retirement of New Mexico

**Ms. Alex Castillo Smith**

New Mexico Health Care Authority

**Mr. David Archuleta**

Educational Retirement Board

**Ms. Laura Montoya**

New Mexico State Treasurer

**Ms. Donna Sandoval**

New Mexico Municipal League

**Mr. Lance Pyle**

New Mexico Association of Counties

**Ms. Raquel Alirez**

Classified State Employee

**Mr. Gerry Washburn**

New Mexico Superintendent Association

**Mr. Lee Caruana**

Retired Public Employees of New Mexico

# CHALLENGES

## The inflation Reduction Act (Federal Mandate to Medicare Part D)

- This benefits members by capping out-of-pocket spend on prescriptions to no more than \$2,000 (current cap \$8,000)
- This law has led to higher premiums in many cases due to increased costs of prescriptions paid by Plan, and reduction of patient and Medicare shared financial liability

## Medicare Advantage Star Ratings from Centers for Medicare and Medicaid Services

- Lower reimbursement from Medicare, leads health plans asking for higher premiums to make up difference and rising costs

## Statewide shortage of medical professionals leading to higher reimbursement rates paid to providers to maintain network adequacy.

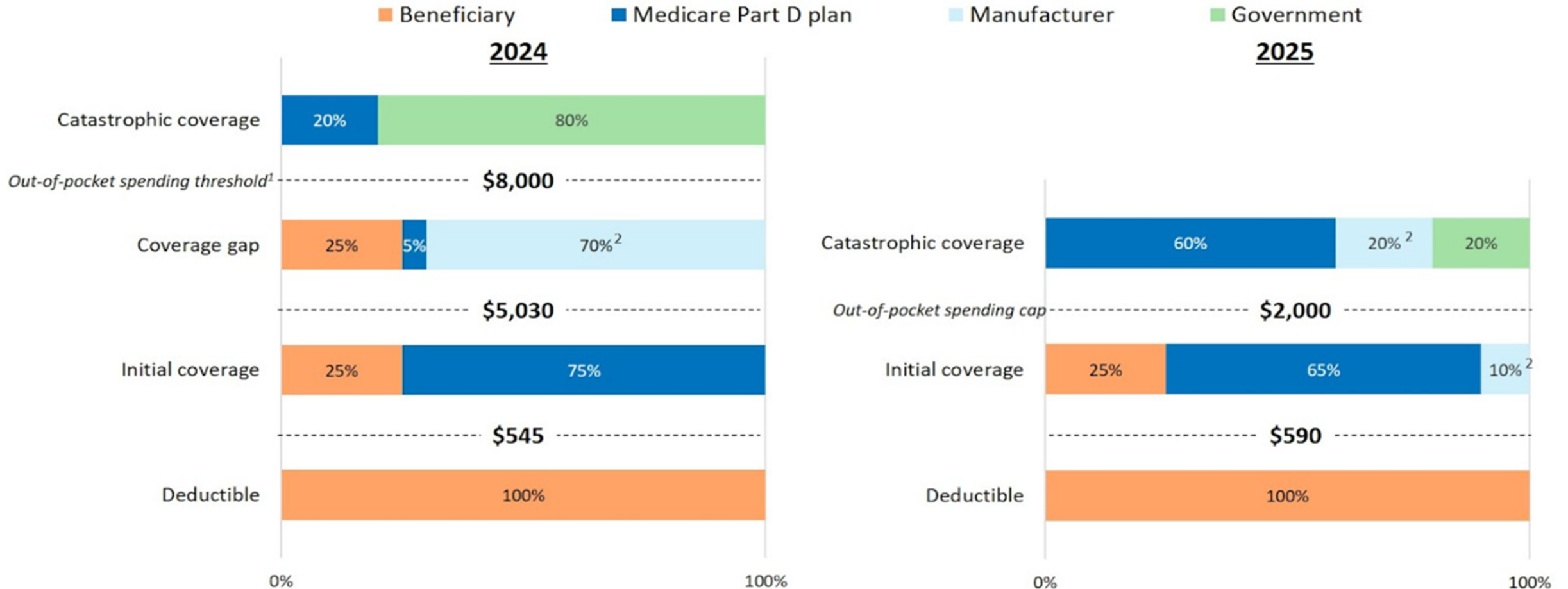
- New Mexico is one of the states facing a high rate of physician shortages
- Physician and Hospital consolidations removing competition and resulting in higher reimbursement rates
- Traveling nurses due to shortage leading to higher costs

## Increase in prescription drug costs

- New cell and gene therapies capable of curing illnesses but lead to costly drugs
- Specialty drugs driving higher costs to plans while waiting for competition
- Increase in pricing of existing drugs
- Accelerated approvals of new drugs to market

# INFLATION REDUCTION ACT

## Standard Medicare Prescription Drug Benefit, 2024 vs. 2025



# ENROLLMENT COUNTS

Enrollment Counts	
July 1, 2014	
Medical Plan	Grand Total
BCBS Premier Plus	3,964
BCBS Premier	6,404
Presbyterian Premier Plus	2,085
Presbyterian Premier	5,617
BCBS Medicare Supplemental Plan	22,499
Lovelace Medicare Advantage I	2,895
Lovelace Medicare Advantage II	1,725
Presbyterian Medicare Advantage I	3,067
Presbyterian Medicare Advantage II	1,246
United Healthcare Plan I	648
United Healthcare Plan II	364
<b>Grand Total</b>	<b>50,514</b>
Voluntary	5,617
<b>Total Enrollment</b>	<b>56,131</b>
Non-Medicare	18,070
Medicare	32,444

Enrollment Counts	
July 1, 2019	
Medical Plan	Grand Total
BCBS Premier	7,171
Presbyterian Premier	4,466
BCBS Value Plan	857
Presbyterian Value Plan	2,739
BCBS Medicare Supplemental Plan	23,094
BCBS Medicare Advantage I	2,494
BCBS Medicare Advantage II	1,331
Humana Medicare Advantage I	401
Humana Medicare Advantage II	413
Presbyterian Medicare Advantage I	6,188
Presbyterian Medicare Advantage II	1,678
United Healthcare Medicare Advantage I	1,810
United Healthcare Medicare Advantage II	1,963
<b>Grand Total</b>	<b>54,605</b>
Voluntary	8,862
<b>Total Enrollment</b>	<b>63,467</b>
Non-Medicare	15,233
Medicare	39,372

Enrollment Counts	
July 1, 2024	
Medical Plan	Grand Total
BCBS Premier	5,082
Presbyterian Premier	2,854
BCBS Value Plan	768
Presbyterian Value Plan	2,275
BCBS Medicare Supplemental Plan	20,062
BCBS Medicare Advantage I	3,715
Humana Medicare Advantage I	1,061
Humana Medicare Advantage II	893
Presbyterian Medicare Advantage I	7,480
Presbyterian Medicare Advantage II	1,476
United Healthcare Medicare Advantage I	3,380
United Healthcare Medicare Advantage II	2,557
<b>Grand Total</b>	<b>51,603</b>
Voluntary	14,066
<b>Total Enrollment</b>	<b>65,669</b>
Non-Medicare	10,979
Medicare	40,624

## Difference between 2014 to 2019

Medical Pre-Medicare: -2,837

Medicare: 6,928

## Difference between 2019 to 2024

Medical Pre-Medicare: -4,254

Medicare: 1,252

# BENEFITS OFFERED - 2025

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

### Medical

- 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 (65+/disabled)

### Medical

- 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
- 0 – Medicare Advantage Plan II
  - Removed United HealthCare, Humana, Presbyterian Health Plan, and Blue Cross Blue Shield

## Voluntary Benefits

### Dental – Delta & Blue Cross Blue Shield

- Basic
- Comprehensive

### Vision – Davis

### Supplemental Term Life Insurance – Standard Insurance Company





# 2025 NON-MEDICARE PLAN CHANGES

CARRIER	PLAN	PLAN CHANGE	PREMIUM CHANGE (based on retiree premiums who are receiving maximum subsidy)*		
			PERCENT CHANGE	AMOUNT OF MONTHLY CHANGE*	NEW MONTHLY PREMIUM*
Presbyterian & Blue Cross Blue Shield	Value Plan	No Medical or Rx Changes	2% increase for retirees & spouse 3% increase for dependent children	\$5.30 Retiree \$10.06 Spouse \$7.70 Child	\$270.19 Retiree \$512.80 Spouse \$264.38 Child
	Premier Plan	No Medical or Rx Changes	2% increase for retirees & spouse 3% increase for dependent children	\$6.78 Retiree \$12.87 Spouse \$9.87 Child	\$345.90 Retiree \$656.51 Spouse \$339.03 Child

# 2025 MEDICARE PLAN CHANGES

CARRIER	PLAN	PLAN CHANGE	PREMIUM CHANGE (based on retiree premiums who are receiving maximum subsidy)*		
			PERCENT CHANGE	AMOUNT OF MONTHLY CHANGE*	NEW MONTHLY PREMIUM*
Blue Cross Blue Shield	Supplement	No medical changes. Rx change per IRA** of \$2000 annual out-of-pocket max.	2% increase	\$4.82 Retiree \$7.22 Spouse \$9.63 Child	\$245.61 Retiree \$368.42 Spouse \$491.23 Child
	Medicare Advantage Plan I (New name is Medicare Advantage HMO)	No medical changes. Rx change per IRA** of \$2000 annual out-of-pocket max.	0% increase	\$0.00 Retiree \$0.00 Spouse \$0.00 Child	\$0.00 Retiree \$0.00 Spouse \$0.00 Child
	Medicare Advantage PPO	New Plan Option. Rx change per IRA** of \$2000 annual out-of-pocket max.	New Plan Option	New Plan Option	\$22.50 Retiree \$33.75 Spouse \$45.00 Child
United HealthCare	Medicare Advantage Plan I (New name is Medicare Advantage PPO)	No medical changes. Rx change per IRA** of \$2000 annual out-of-pocket max.	42% increase	\$20.70 Retiree \$31.05 Spouse \$41.40 Child	\$70.50 Retiree \$105.75 Spouse \$141.00 Child
	Medicare Advantage Plan II		No longer available		
Humana	Medicare Advantage Plan I (New name is Medicare Advantage PPO)	No medical changes. Rx change per IRA** of \$2000 annual out-of-pocket max.	17% increase	\$5.26 Retiree \$7.88 Spouse \$10.51 Child	\$36.61 Retiree \$354.92 Spouse \$73.23 Child
	Medicare Advantage Plan II		No longer available		
Presbyterian	Medicare Advantage Plan I (New name is Medicare Advantage PPO)	<b>Various changes in co-pays and co-insurance.</b> Rx change per IRA** of \$2000 annual out-of-pocket max.	7% increase	\$6.53 Retiree \$9.78 Spouse \$13.04 Child	\$99.74 Retiree \$149.62 Spouse \$199.49 Child
	Medicare Advantage Plan II		No longer available		

# 2025 VOLUNTARY PLAN CHANGES

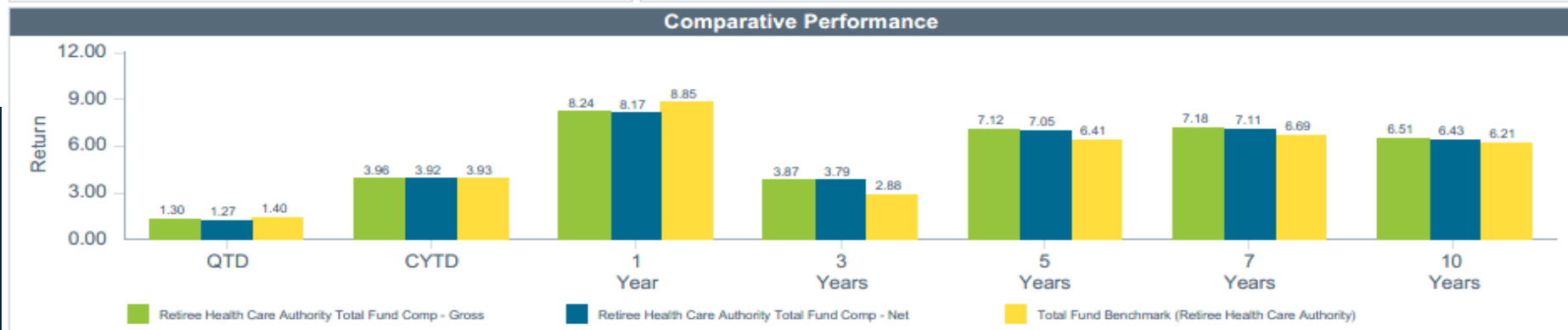
CARRIER	PLAN	PLAN CHANGE	PREMIUM CHANGE (based on retiree premiums who are receiving maximum subsidy)*		
			PERCENT CHANGE	AMOUNT OF MONTHLY CHANGE*	NEW MONTHLY PREMIUM*
Delta Dental	Basic	No change	22.5% increase	\$4.42 Single \$8.41 2-Party \$12.60 Family	\$24.04 Single \$45.68 2-Party \$68.51 Family
	Comprehensive	No change	9% increase	\$3.67 Single \$6.99 2-Party \$10.52 Family	\$43.70 Single \$83.05 2-Party \$124.57 Family
Blue Cross Blue Shield Dental	Basic	New Plan Option			\$19.98 Single \$37.95 2-Party \$56.93 Family
	Comprehensive	New Plan Option			\$38.46 Single \$73.07 2-Party \$109.56 Family
Davis Vision	Vision Plan	Frame allowance up to \$150 or \$200 if at Visionworks	6% increase	\$0.29 Single \$0.53 2-Party \$0.78 Family	\$4.91 Single \$9.24 2-Party \$13.61 Family
The Standard Life Insurance	Multiple Levels of Coverage Available	No change (age bracket change January of each year)			

# INVESTMENT PERFORMANCE

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

As of June 30, 2024

Overview	Asset Allocation vs. Target Allocation				
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.	Market Value (\$)	Allocation (%)	Target (%)	Difference (%)	
	US Large Cap Index	278,988,768	18.54	14.00	4.54
	US Small/Mid Cap Alt Wtd Index	31,130,897	2.07	2.00	0.07
	Non-US Developed Markets Index	199,772,118	13.28	14.00	-0.72
	Non-US Emerging Markets Active	120,677,930	8.02	10.00	-1.98
	US Core Bonds	234,425,209	15.58	20.00	-4.42
	Private Debt Market	220,689,012	14.67	15.00	-0.33
	Real Return	75,595,637	5.02	5.00	0.02
	Real Estate	135,333,894	8.99	10.00	-1.01
	Private Equity	208,026,378	13.83	10.00	3.83
<b>Total Fund</b>	<b>1,504,639,843</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>	



**Comparative Performance**

	QTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2023	2022	2021
<b>Retiree Health Care Authority Total Fund Comp - Gross</b>	1.30	3.96	8.24	3.87	7.12	7.18	6.51	9.39	-6.98	15.61
<i>Total Fund Benchmark (Retiree Health Care Authority)</i>	1.40	3.93	8.85	2.88	6.41	6.69	6.21	9.85	-8.54	12.90
Difference	-0.10	0.03	-0.61	0.99	0.71	0.49	0.30	-0.46	1.56	2.71
<b>Retiree Health Care Authority Total Fund Comp - Net</b>	1.27	3.92	8.17	3.79	7.05	7.11	6.43	9.32	-7.05	15.51
<i>Total Fund Benchmark (Retiree Health Care Authority)</i>	1.40	3.93	8.85	2.88	6.41	6.69	6.21	9.85	-8.54	12.90
Difference	-0.13	-0.01	-0.68	0.91	0.64	0.42	0.22	-0.53	1.49	2.61

**Schedule of Investable Assets**

Periods Ending	Beginning Market Value (\$)	Net Cash Flow (\$)	Gain/Loss (\$)	Ending Market Value (\$)	% Return
CYTD	1,339,917,477	110,000,000	54,722,366	1,504,639,843	3.92

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 Index Pool effective July 1, 2020.





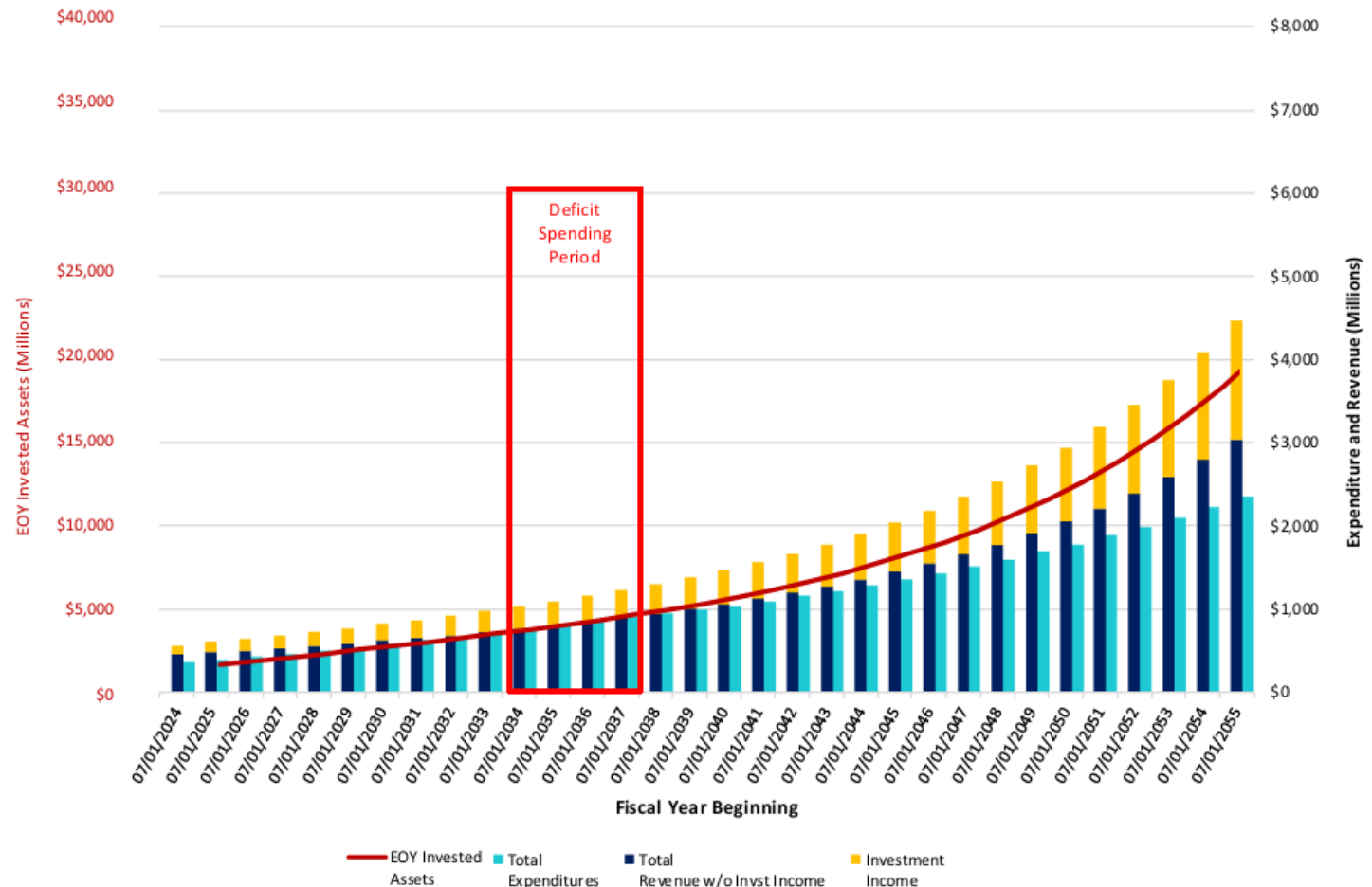
# SOLVENCY UPDATES

## 2024 Solvency Scenario – Board Approved Rate Action

2% Pre-Med\* / 2% Med Supp Rate Increases, No MAPD II Plans, New BCBS PPO MAPD Plan

Projected solvency = past 30 years

Period of time when expenditures exceed revenue



\* +2% increase in Pre-Medicare Retiree and Spouse rates; +3% increase in Pre-Medicare Child contribution rates

# SOLVENCY UPDATES CONTINUED

- Negotiated rates with vendors – limit increases on behalf of members
- Added additional cost containment strategies in contracts
- Wellness programs – Wise and Well with multiple options for members to improve health for better lifestyle
- Improved communication and education for better decisions and use of plans
- Premium increases – keep pace with rising health care costs
- Plan design changes to increase cost share to members



- Implementation of Narrower networks
- Decrease in subsidy levels – pre-Medicare retiree and spouse
- Dependent children subsidy elimination from all plans
- Eligibility rule changes – for subsidy of non-enhanced members
- Minimum age 55 and 25 years of service
- Converted \$6K basic life insurance benefit paid by NMRHCA to 100% member paid

# HISTORICAL CONTRIBUTIONS

Employee & employer contributions since creation of Retiree Health Care Act: Started with over 15,000 members

<b>Non-Enhanced Retirement Plan</b>			
	<b>Employee</b>	<b>Employer</b>	<b>Total</b>
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%
2012-2024 (12 years)	1.000%	2.000%	3.000%

<b>Enhanced Retirement Plan</b>			
	<b>Employee</b>	<b>Employer</b>	<b>Total</b>
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%
2012-2024 (12 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 66,000 members on plans
- 93,595 active employees contributing for future retirement benefits

# NMRHCA GASB 74

## GASB 74 – Actuarial Valuation Review of Other Postemployment Benefits (OPEB) as of June 30, 2024

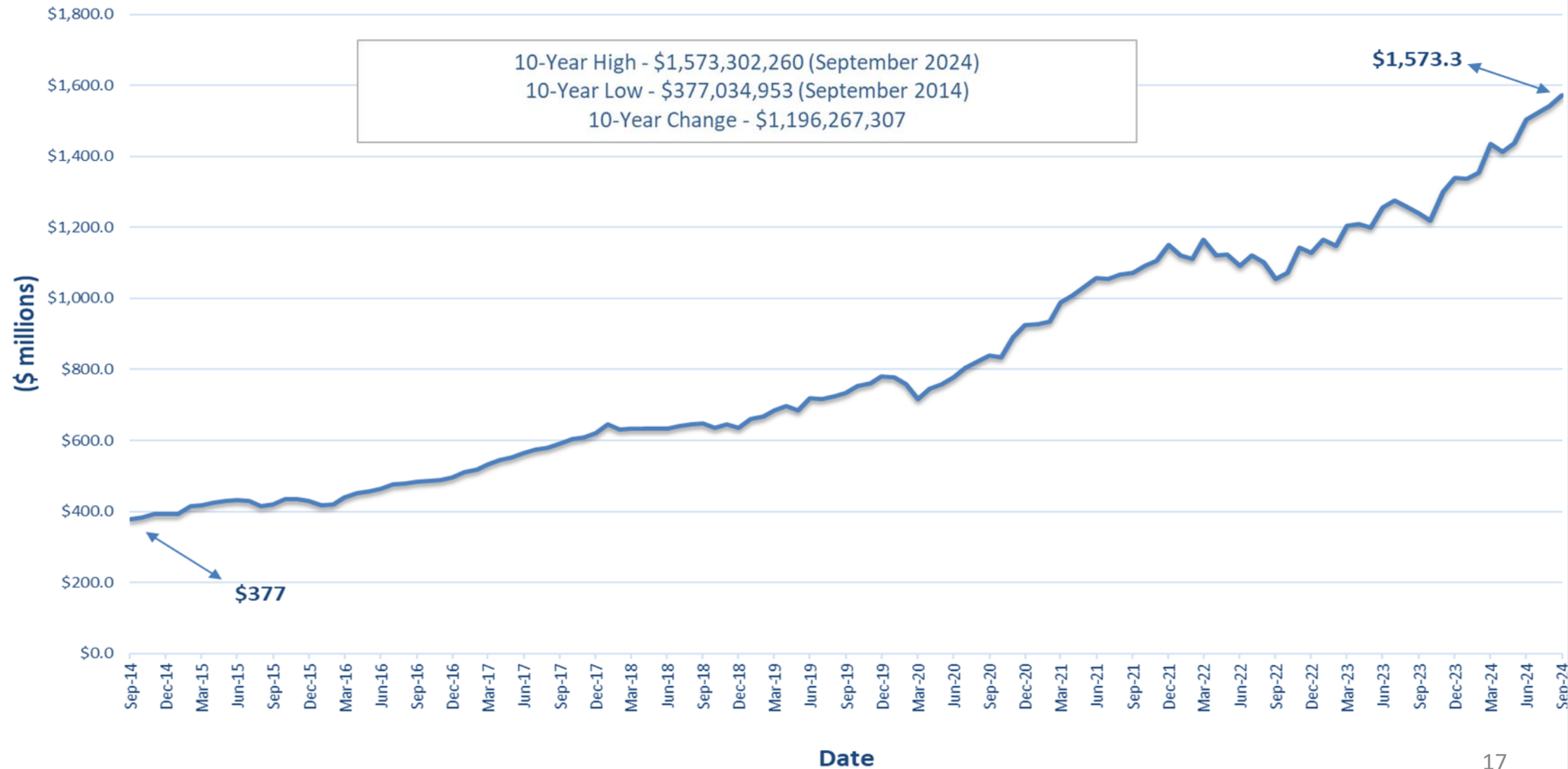
- Total OPEB Liability: **\$3,366,766,868 (2024)\***
  - \$3,049,662,302 (2023) / \$3,467,298,517 (2022) / \$4,409,849,335 (2021)
- Net OPEB Liabilities (NOL): **\$1,793,360,811 (2024)\***
  - \$1,702,935,036 (2023) / \$2,311,603,052 (2022) / \$3,290,349,790 (2021)
- NOL increased a little over \$90 million from previous year, due to the following:
  - Trend rates on the valuation year per capita health costs, including drug rebates and EGWP revenue, methodology, increased liabilities
  - Blended Discount rate – 7% compared to 6.22% in 2023, decrease liabilities
- Funded Status: **46.73% (2024)\***
  - 44.16% (2023) / 33.33% (2022) / 25.39% (2021)

*\*Preliminary results*



# TRUST FUND

## NMRHCA Trust Fund Balance History September 2014 - 2024



# LEGISLATIVE PROPOSAL



For 2025, file a joint resolution for New Mexico Retiree Health Care Authority's health benefits trust fund to be recognized and protected under the New Mexico Constitution.\*

- Similar to the pension systems, Educational Retirement Board and Public Employee Retirement Association.
- The retiree health benefits trust fund is currently over \$1.5 billion.
- Currently the state statute states that this benefit can be modified or extinguished in the future to meet changes in economic or social conditions.
- However, many New Mexicans have been making contributions into this benefit for their careers with the expectation of having a benefit when they retire.

\*Request for Endorsement



# New Mexico Retiree Health Care Authority

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