



NEW MEXICO
RETIREE
HEALTH CARE
AUTHORITY

Legislative Finance Committee

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FY21 Appropriation Request

October 31, 2019

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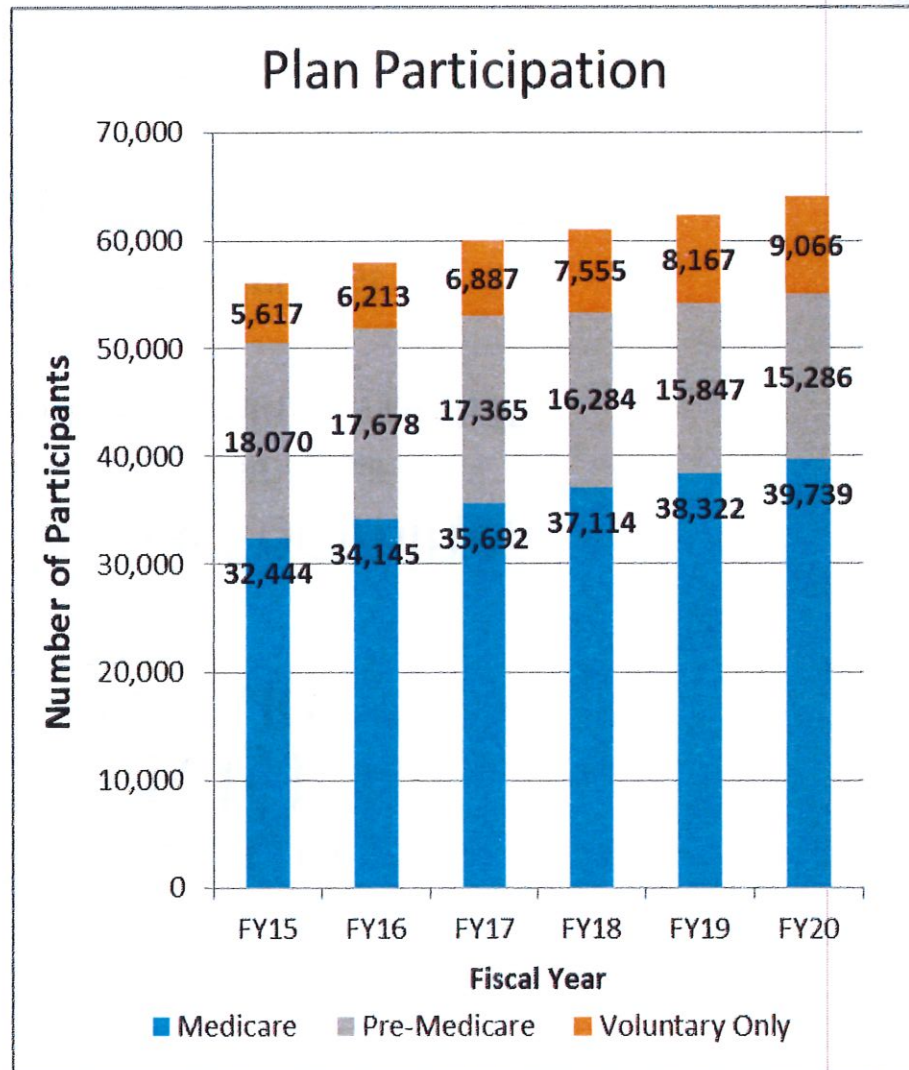
Program Composition and Participation

Active participation – 91,082 (6/30/19)

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

Retiree participation – 64,091 (11/1/19)

- Retirees – 40,097
 - Pre-Medicare - 10,286
 - Medicare – 29,811
- Spouses/DP – 13,058
 - Pre-Medicare – 3,162
 - Medicare – 9,896
- Dependent Children – 1,870
- Average Age – 67.57
 - Enrollment – 60.56 (2018)
 - Enrollment – 56.92 (2019)
- Members Under age 55 - 2,203



Program Benefits & Upcoming Procurements

Pre-Medicare (self-insured)

- Premier PPO Plan
 - Offered through BCBS and Presbyterian
 - \$800 deductible
 - \$4,500 annual out-of-pocket maximum
- Value HMO Plan
 - Offered through BCBS and Presbyterian
 - \$1,500 deductible
 - \$5,500 annual out-of-pocket maximum

Medicare

- Medicare Supplement (self-insured)
 - Blue Cross Blue Shield of New Mexico
- Medicare Advantage (fully-insured)
 - 2 HMO products – Presbyterian & BCBS
 - 2 PPO products – Humana & UnitedHealthcare

Voluntary Coverages

- Dental
 - Comprehensive & Basic
 - Offered through Delta and United Concordia
- Vision
 - Davis Vision
- Life Insurance
 - The Standard

Completed/Upcoming Procurements

- Life Insurance – Effective 7/1/19
- Bid Consultant – Effective 7/1/19
- Medical, Dental, Vision, and Medicare – Posted 10/28/19
- Care Navigation – Spring 2020

FY21 Appropriation Request Healthcare Benefits Administration

Health Benefit Fund Expenditure Summary							
		FY19	FY19	FY20	FY21	FY21	Percent
		OPBUD	Actuals	OPBUD	Inc/Dec	Request	Change
Contractual Services							
1	Prescriptions	\$ 107,025.7	\$ 78,855.2	\$ 105,000.0	\$ 5,000.0	\$ 110,000.0	4.8%
2	Medical - Supplement/Self- Insured	\$ 162,075.0	\$ 154,510.1	\$ 175,000.0	\$ 8,250.0	\$ 183,250.0	4.7%
3	Medicare Advantage	\$ 29,000.0	\$ 28,208.9	\$ 36,343.4	\$ 2,875.0	\$ 39,218.4	7.9%
4	Voluntary Coverages	\$ 34,350.0	\$ 34,885.2	\$ 38,400.0	\$ 3,840.0	\$ 42,240.0	10.0%
5	Total Contractual Services	\$ 332,450.7	\$ 296,459.4	\$ 354,743.4	\$ 19,965.0	\$ 374,708.4	5.6%
	Other						
6	PCORI Fee	\$ 42.0	\$ 39.5	\$ 42.0	\$ (42.0)	\$ -	-100.0%
7	Total Other	\$ 42.0	\$ 39.5	\$ 42.0	\$ (42.0)	\$ -	-100.0%
	Other Financing Uses						
8	Program Support	\$ 3,047.6	\$ 3,047.6	\$ 3,207.7	\$ 118.3	\$ 3,326.0	3.7%
9	Total Other Financing Uses	\$ 3,047.6	\$ 3,047.6	\$ 3,207.7	\$ 118.3	\$ 3,326.0	3.7%
10	Total Expenditures	\$ 335,540.3	\$ 299,546.5	\$ 357,993.1	\$ 20,041.3	\$ 378,034.4	5.6%

- NMRHCA is requesting an additional 4.8 percent compared to FY20 approved operating levels to accommodate projected growth in pharmacy benefit management expenses.
- Medical/self-insured plans are trending between a 5- to 7-percent increase, which is being offset by continued migration to lower costing/higher out-of-pocket-expense plans.
- Medicare Advantage Plans are expected to continue growing in terms of participation as well as cost, beginning January 1, 2021.
- Participation in the voluntary plans are expected to continue growing at nearly 10 percent per year, given the average growth rate going back to FY15 combined with an unknown rate increase after July 1, 2020.

FY21 Appropriation Request Program Support

Program Support Expenditure Summary									
			FY19	FY19	FY20	FY21	FY21	Percent	
	Uses		OPBUD	Actual	OPBUD	Inc/Dec	Request	Change	
1	200	Personal Services/ Employee Benefits	1,937.5	1,847.6	2,053.0	15.0	2,068.0	0.7%	1
2	300	Contractual Services	566.3	511.1	616.6	75.2	691.8	12.2%	2
3	400	Other Costs	543.8	523.1	538.1	28.1	566.2	5.2%	3
4		TOTAL	3,047.6	2,881.8	3,207.7	118.3	3,326.0	3.7%	4

- Personal services and employee benefits includes a \$15,000, or 0.7 percent, increase above FY20 approved operating levels to include full funding for all 26 FTE according to the E1 calculation in the budget preparation system.
- The request in the contractual services category includes sufficient funding for actuarial and benefits consulting services, investment advisory services, human resource and legal services, IT programming charges, and board reporting and recording services.
- Lastly, the request includes additional funding for moving services related to the relocation of our Albuquerque office space along with sufficient amounts to support the projected operating expenses of the agency in FY21.

Recent Updates

CY20 Board Actions

- Rate Increases
 - Pre-Medicare Plans: 7 percent
 - Medicare Supplement Plans: 5 percent
 - Medicare Advantage: -2 to 0 percent
 - Dental: No Change
 - Vision: No Change

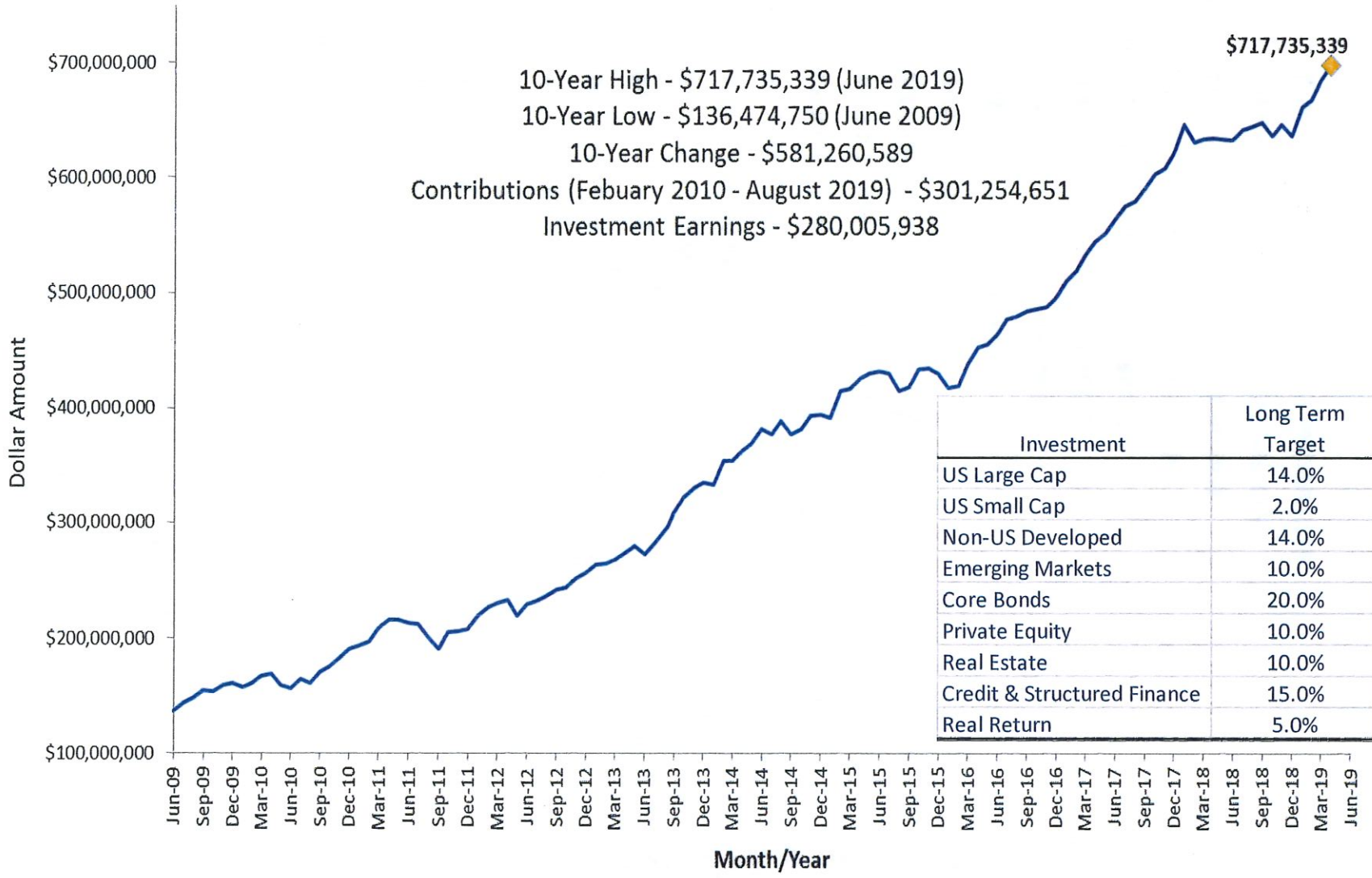
Rule Change – Effective January 1, 2021

- Minimum Age 55 to receive program subsidy (excludes enhanced retirees as defined by statute)
- Years of service requirements increased from 20 to 25 to receive maximum subsidy
- Does not apply to current or future retirees who retire prior to January 1, 2021

GASB 74:

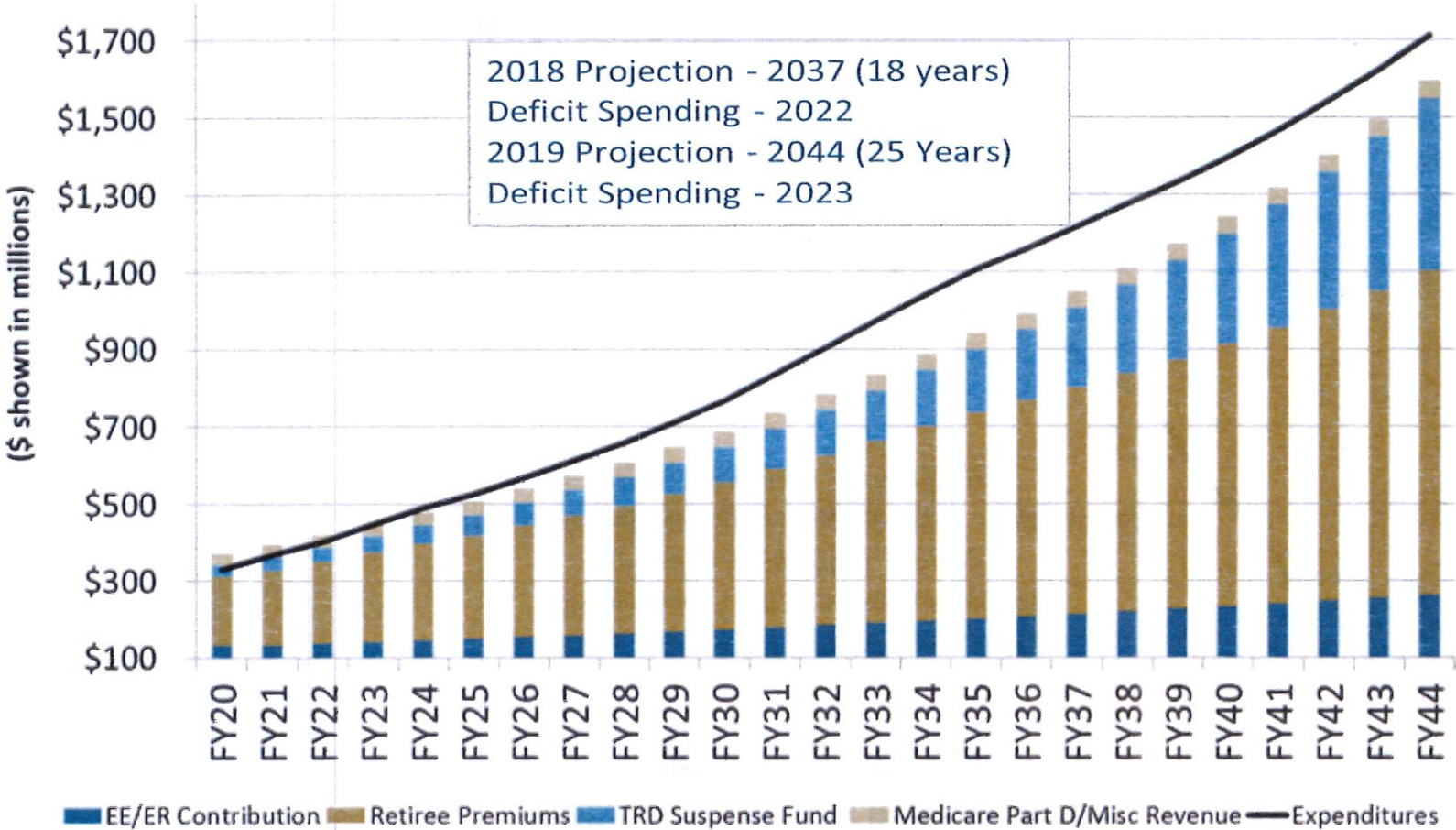
- Completed October 14, 2019
- As of June 30, 2019
 - Total OPEB Liability - \$3.9 billion
 - Fiduciary Net Position - \$751.8 million
 - Net OPEB Liability - \$3.2 billion
 - Net position as percentage of total liability – 18.80%
- As of June 30, 2018
 - Total OPEB Liability - \$5 billion
 - Fiduciary Net Position - \$657.6 million
 - Net OPEB Liability - \$4.3 billion
 - Net position as percentage of total liability – 13.14%
- 2018/2019 Change
 - *Total OPEB Liability - \$1 billion*
 - *Fiduciary Net Position - \$94.2 million*
 - *Net OPEB Liability - \$1.1 billion*
 - *Net position as percentage of total liability – 5.66%*

NMRHCA Trust Fund Balance History June 2009 - June 2019



2019 Solvency Analysis

Projected Revenues and Expenditures
FY20 - FY44 Projected



2020 Legislative Proposal / Sustainability

Funding:

30-Year Funded Status Estimate: Exceeds 50%						
	Employee	Employer	Total	GF Impact	Additional Revenue	Projected Solvency
FY20	1.000%	2.000%	3.000%	\$ -	\$ -	2044
FY21	1.170%	2.330%	3.500%	\$ 8,000,000	\$ 22,600,000	Beyond 30 Years
FY22	1.170%	2.330%	3.500%	\$ 8,000,000	\$ 22,600,000	Beyond 30 Years
FY23	1.170%	2.330%	3.500%	\$ 8,000,000	\$ 22,600,000	Beyond 30 Years
FY24	1.170%	2.330%	3.500%	\$ 8,000,000	\$ 22,600,000	Beyond 30 Years
FY25	1.170%	2.330%	3.500%	\$ 8,000,000	\$ 22,600,000	Beyond 30 Years
Average Employee		Annual Cont.	Pay Period			
Current	\$ 40,000	\$ 400.00	\$ 15.38		FY50 Projected Fund Balance	\$3,740,000,000
FY21	\$ 40,000	\$ 468.00	\$ 18.00			
Difference		\$ (68.00)	\$ (2.62)			
Plus One Time Infusion (FY21) = \$12,384,296						

Benefits:

- Consideration of additional eligibility restrictions
- Continued plan modification
- Pre-Medicare subsidy reduction
- Procurement
 - Collaborative purchasing
 - Provider negotiations
 - Referenced-based pricing

Alternatives

- Convert to a defined contribution program
 - Flat monthly contribution toward purchase of coverage regardless of overall cost
- Eliminate subsidies for spouses and domestic partners (Pre-Medicare/Medicare)
- Eliminate subsidies for all Pre-Medicare coverage
 - Medicare Only Plan
- Eliminate Medicare Supplement Plan
 - Medicare Advantage Plans Only
- Limit access to care i.e., narrow/limited network for doctors, facilities and hospitals
- Adopt a more restricted pharmacy benefit management formulary