



NEW MEXICO  
**RETIREE**  
HEALTH CARE  
AUTHORITY

## Investments & Pensions Oversight Committee

Senator George K. Munoz, Chair

Representative Patricia Roybal Caballero, Vice Chair

## New Mexico Retiree Health Care Authority Updates

June 5, 2019

Tom Sullivan, President

Joe Montaña, Vice President

Doug Crandall, Secretary

David Archuleta, Executive Director

# Background Information & Composition

- Created in 1990 (no appropriation or material pre-funding period)
- Governed by 11-member Board of Directors
- Broad authority for administration of the Health Care Benefits Administration Program
- Legislature maintains authority over employee/employer contributions
- Public Employer Groups - 302
  - All school districts and charter schools – 50%
  - All state agencies – 25%
  - Municipalities, counties & universities – 25%
  - Active members – 93,349 (June 30, 2018)
- Covered Members – 63,372 (June 1, 2019)
  - Medicare – 39,234 / Pre-Medicare - 15,312 / Voluntary Only – 8,826
  - Average age - 67.8 / Average age at enrollment – 60.56 (2018)
  - Retirees under age 55 - 2,230
  - Retirees - 39,650
  - Spouses/domestic partners – 13,006
  - Dependent children – 1,890

# Budget & Finance

## FY20 Operating Budget

### Healthcare Benefits Administration

- Uses:
  - Benefits - \$358 million
  - ACA Fees - \$42,000
  - Other Financing Uses - \$3.1 million (operations)
- Sources:
  - EE/ER Contributions - \$124.6 million
  - Retiree Contributions - \$170 million
  - Tax & Rev Suspense Fund - \$32.9 million
  - Misc. Revenue - \$30.2 million
  - Interest - \$100,000

### Program Support (26 FTE)

- Salaries & Benefits - \$2 million
- Contractual Services - \$616,000
- Other Costs - \$538,100

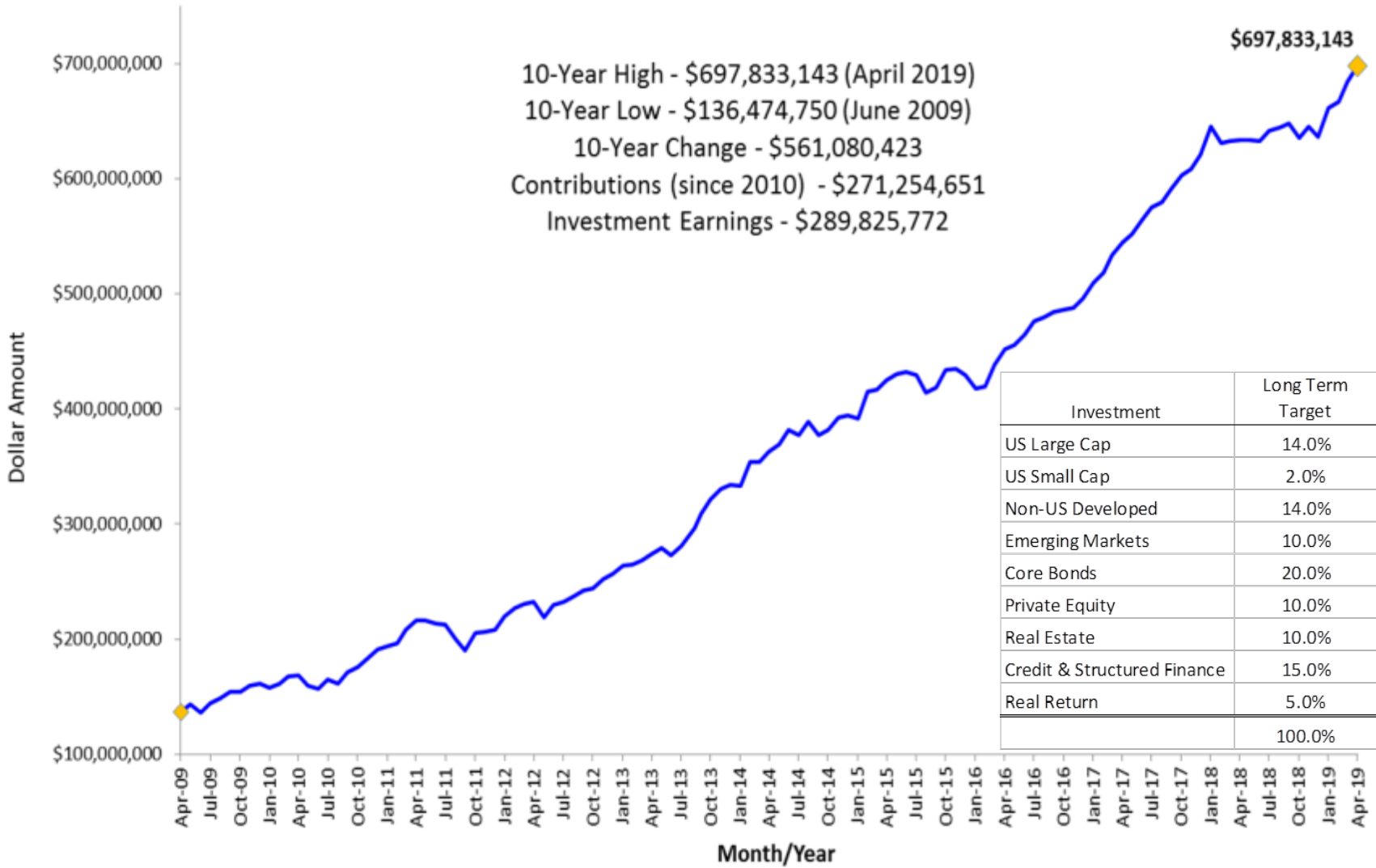
## Finance

### NMRHCA Trust Fund

- Investments held by State Investment Council (SIC)
- NMRHCA charged pro rata portion of investment fees
- 2018 Asset Allocation – performed by Wilshire

Investment	10-Year Expected Compound Return	Expected Risk
US Large Cap	7.00%	17.00%
US Small Cap	7.00%	17.00%
Non-US Developed	7.50%	18.00%
Emerging Markets	7.50%	26.00%
Core Bonds	3.80%	5.15%
Private Equity	10.50%	28.00%
Real Estate	6.85%	14.15%
Credit & Structured Finance	6.55%	8.10%
Real Return	8.50%	14.35%

## NMRHCA Trust Fund Balance History April 2009 - April 2019



# 2019 Program Benefits

## Pre-Medicare

- Premier PPO Plan (BCBS and Presbyterian) -- \$260.76 per month\*
  - \$800 deductible / \$4,500 annual out-of-pocket maximum
- Value HMO Plan (BCBS and Presbyterian) -- \$203.69 per month\*
  - \$1,500 deductible / \$5,500 annual out-of-pocket maximum

## Medicare

- Medicare Supplement (BCBS) -- \$211.96 per month\*
- Medicare Advantage Plans -- Costs range: \$22.15 - \$94.68 per month\*
  - Presbyterian, BCBS, Humana and UnitedHealthcare

## Voluntary Coverages

- Dental (Delta Dental and United Concordia) -- \$17.78 - \$42.93 per month
  - Comprehensive & Basic
- Vision -- \$4.76 per month
  - Davis Vision
- Life Insurance (\$2,000 - \$60,000) -- \$0.68 - \$164.00 per month
  - The Standard

\*20 years of service

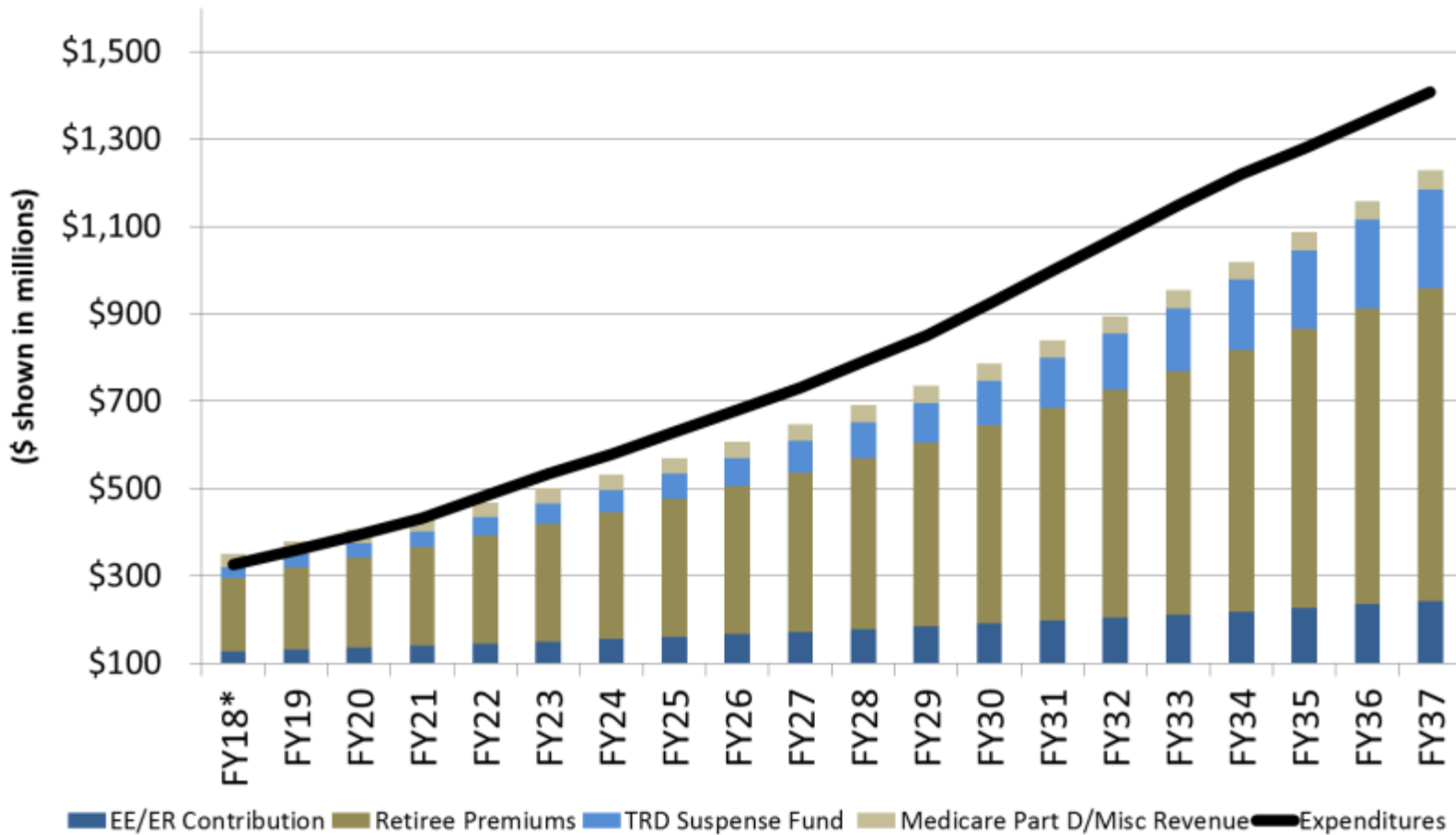
# Solvency Analysis

- Solvency Study
  - Performed Annually
  - Analysis of future cash inflows and outflows
  - Used for strategic planning purposes
    - Plan design i.e., copays, deductibles, coinsurance
    - Medicare reimbursements and prescription drug rebates
    - Subsidy levels
    - Network/medical and prescription drug access
  - 2018 Projected Year of Deficit Spending - 2022
    - Expenditures exceed revenues - \$15.3 million
  - 2018 Projected Year of Insolvency: FYE 2037 (18 years)
    - FY37 Projected Expenditures - \$1.3 billion / Revenues \$1.2 billion
  - 2019 Solvency Analysis
    - July 2019 / Post Annual Board Meeting

# 2018 Solvency Analysis

\*Unaudited

Projected Revenues and Expenditures  
FY18 Actuals, FY19 - FY37 Projected



# GASB 74 & 75

- GASB 74: Financial Reporting for Postemployment Benefits Other Than Pension Plans – November 2018
  - Total OPEB liability - \$5,006,011,109
  - Fiduciary net position - \$657,656,294
  - Net OPEB liability - \$4,348,354,815
  - Net position as percentage of total liability – 13.14%
- GABS 75: Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions – May 2019
  - Employer Allocations at of June 30, 2018
    - Employer Contributions
    - Employer Allocation Percentage
  - Applies to 302 employer groups
  - Produced by Segal
  - Audited by Moss Adams
  - Concurring Review Performed by CliftonLarsonAllen LLP



# Updates & Notices

- Rule Changes Effective January 1, 2021
  - Minimum age 55 (non-enhanced retirees)
  - Increased years of service to receive maximum subsidy
- Annual Board Meeting – July 11 & 12, 2019
  - CY2020 Plan Changes
- Health Insurer Fee – 2020
  - Suspended in 2019
  - Applicable to Medicare Advantage Plans
  - \$30 - \$40 PMPM (21 – 68% increase in 2020)
- Part D Rebates moving to Point of Sale
  - Significant negative impact to Medicare Supplement and Medicare Advantage Plan Rates
  - Announcement expected in June

New Mexico Retiree Health Care Authority

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