

Investment & Pensions Oversight Committee

Representative Cynthia Borrego, Chair
Senator Roberto "Bobby" J. Gonzales, Vice Chair

New Mexico Retiree Health Care Authority Information and Updates

July 1, 2026

Lee Caruana, President
Tomas Salazar, Vice President
Lance A. Pyle, Secretary
Neil Kueffer, Executive Director

Agenda

■ Board of Directors

■ Agency Overview

■ Premiums and Claims Costs

■ Retiree Health Care Act

■ Agency and Board Operations

■ Investments & Performance

■ Historical Contributions

■ Benefits & Enrollment

■ GASB 74 Update

Dr. Lee Caruana, MD
President

Retired Public Employees of New Mexico



Dr. Tomas Salazar, Ph.D.
Vice President

New Mexico Association of
Educational Retirees



Mr. Lance A. Pyle,
Secretary

New Mexico Association
of Counties



Ms. Therese Saunders

NEA NM, Classroom Teachers Association
Federation of Educational Employees

Ms. Kate Brassington

Public Employees Retirement of New Mexico

Ms. Renee Garcia

Educational Retirement Board

Ms. Laura Montoya

New Mexico State Treasurer

Ms. JoLou Trujillo-Ottino

New Mexico Health Care Authority

Ms. Heather Vigil Clark

Classified State Employee

Dr. Gerry Washburn, Ed.D.

New Mexico Superintendent Association

Ms. Donna Sandoval

New Mexico Municipal League

Vacant

Governor Appointee

Board of Directors

Retiree Health Care Act 1990

10-7C-1 through 10-7C-16 NMSA 1978

Purpose to provide comprehensive core group health insurance for persons who have retired from certain public service in New Mexico

Legislative Findings (10-7C-3)

Public employees face a severe problem in securing continuing medical insurance upon retirement citing medical care inflation exceeding general inflation for the past decade (1990)

Public employees covered by the Act have entered into public employment in circumstances where they have received in exchange for their services a present salary and an expectation of receiving a future stream of benefits, including certain retirement benefits

Nothing in the Act shall prohibit the legislature from increasing or decreasing participating employer or employee contributions, eligible retiree premiums or group health insurance coverages or plans

Board Duties (10-7C-7)

Administration of program to include: procurement, promulgate and adopting rules, regulations and procedures for the governance of eligibility, participation, enrollment, length of service requirements and other conditions

Historical Contributions

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

Non-Enhanced Retirement Plan			
	Employee	Employer	Total
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%
2012-2026 (14 years)	1.000%	2.000%	3.000%

Enhanced Retirement Plan			
	Employee	Employer	Total
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%
2012-2026 (14 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 over 65,000 members on plans
- 98,861 active employees contributing for future benefits (2025 GASB Report)



Agency Overview

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

- Retiree Health Care Act
- First full benefits paid to over 15k members in Jan '91
- Board of directors has authority to set plan parameters
- Legislature has authority over employer/employee contributions
- Current solvency – Beyond 2056

Purpose & Composition

- Provide comprehensive health insurance for those who've retired from public service in NM
- Active employees = Over 98k
- Retiree Participants = Over 65k
- Public Employer Groups = 306
- 50% schools
- 25% State agencies
- 25% local govt

Budget & Finances

\$423M Operating budget

- \$418.2M Healthcare benefits
- \$4.7M Program Support (28 FTE)

Revenue Sources

- Employee/employer contributions
- Retiree monthly premiums
- Tax suspension fund distributions
- Miscellaneous
- Interest earnings

Agency and Board Operations

Annual Board Meeting: July 16th - 17th

- Election of Board Officers and Committee Assignments
- Investment performance, actuarial, and health plan reviews
- 2027 financial, premium, and benefit recommendations

2026 Board Actions Supporting 2027 Planning

- Pre-Medicare Plans – FY26 Premium increases of 2% & 3%
- Medicare Supplement – FY26 No premium increases
- Prescription copay increases across all tiers
- Medicare Supplement prescription deductible (\$250 preferred/non-preferred prescriptions)
- Medicare Advantage Plans – FY26 Carrier specific premium adjustments (0% to 76%)

Annual Operations

- Monthly Board Meetings - 1st Tuesday of each month unless otherwise specified
- Committees meet prior to board meetings and/or as needed
- Fall Open / Switch Enrollment - October 1 - November 15

Procurement

- Continued IBAC collaborative purchasing initiatives
 - Completed Pharmacy Benefit Management Services RFP
 - Life Insurance and Consultant RFPs in development for release this fall.

Benefits Offered 2026

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

- 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 Medical (65+/disabled)

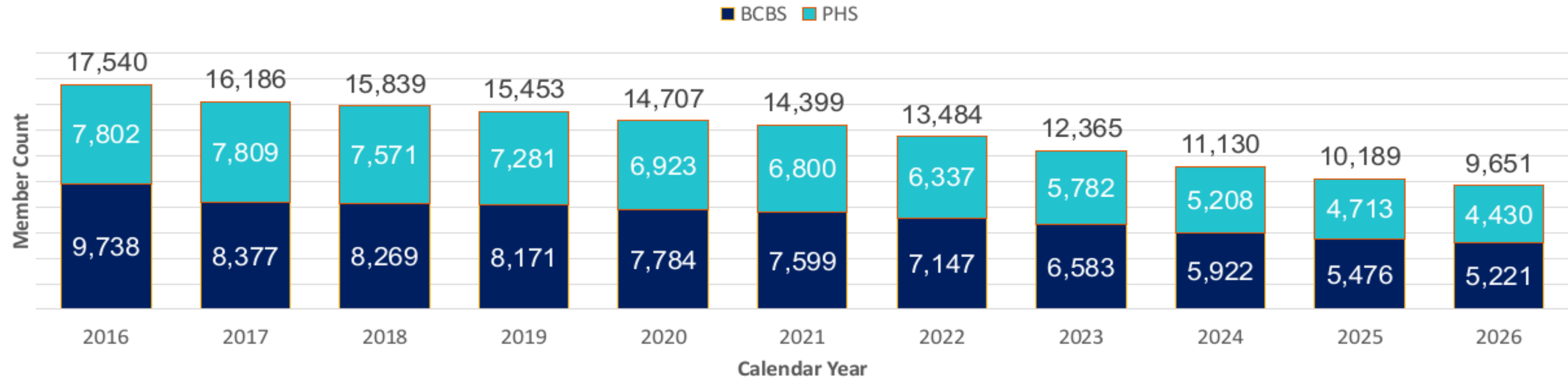
- 1 - Supplement Plan - Blue Cross Blue Shield
- 5 - Medicare Advantage Plans
- Choice United HealthCare, Humana, Presbyterian Health Plan, and Blue Cross Blue Shield HMO and Blue Cross Blue Shield PPO

Voluntary Benefits

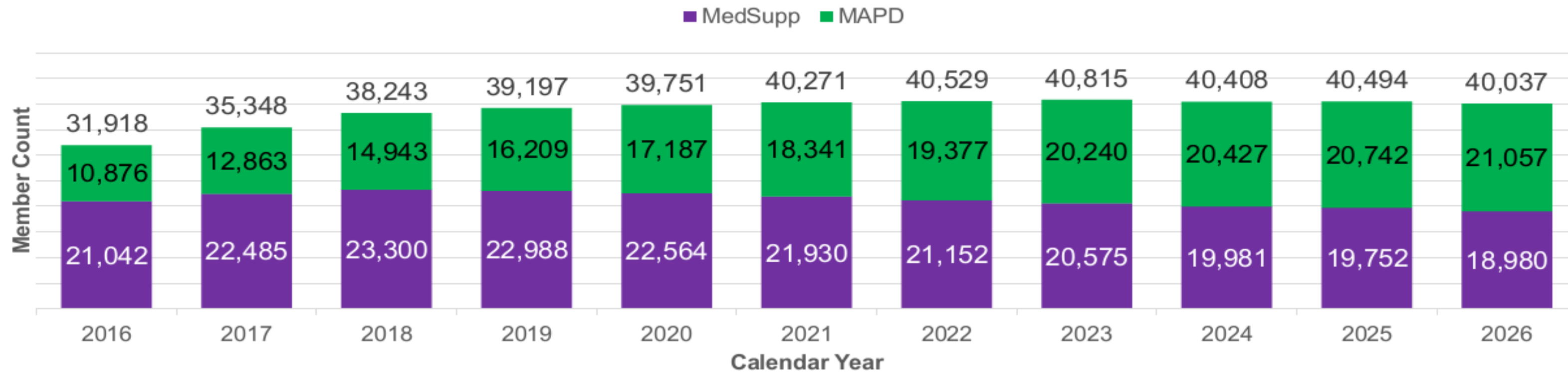
- Dental - Delta & Blue Cross Blue Shield
 - Basic
 - Comprehensive
- Vision - Davis
- Supplemental Term Life Insurance - Standard Insurance Company

Enrollment Counts

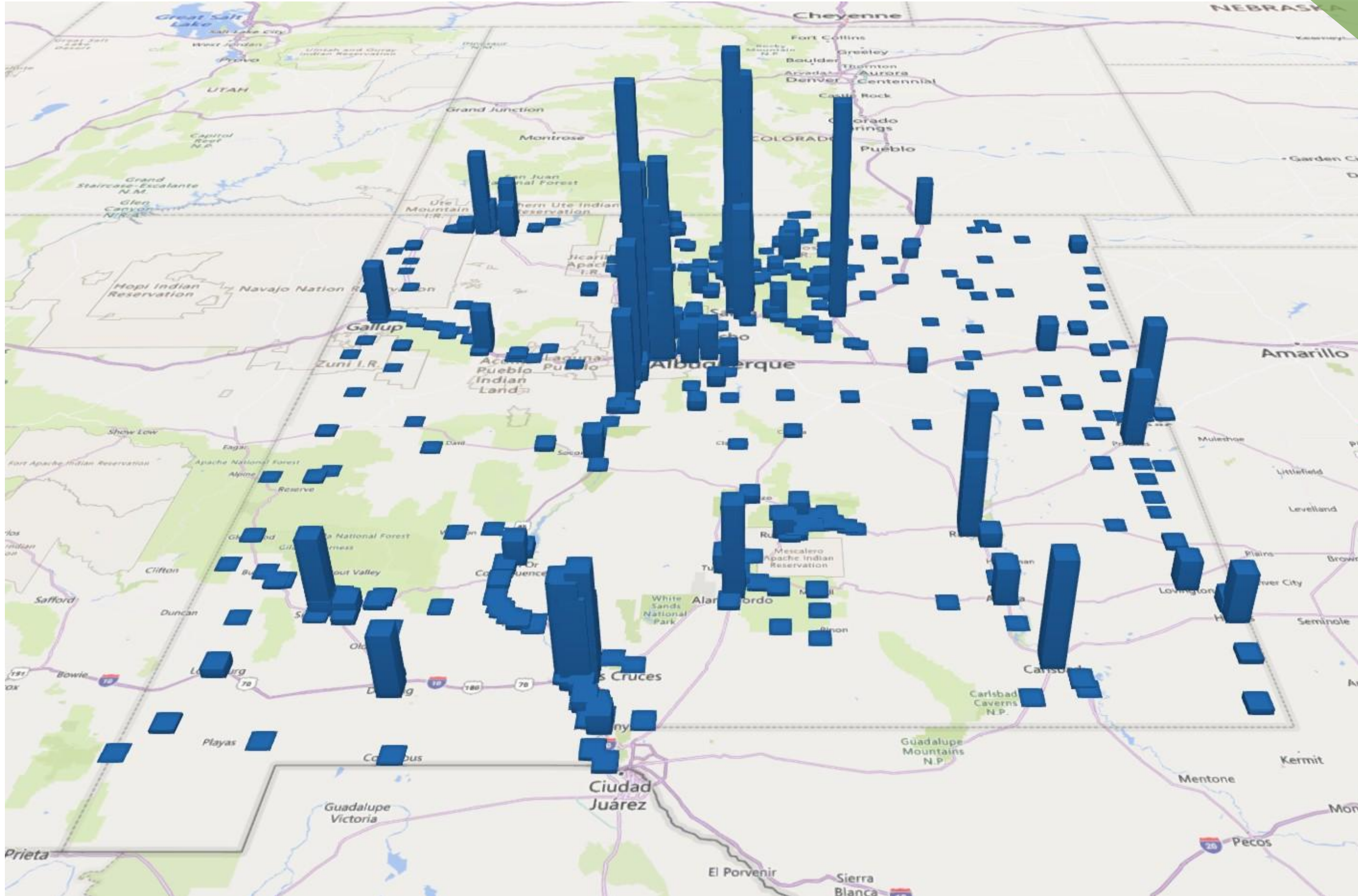
Pre-Medicare Retiree Enrollment



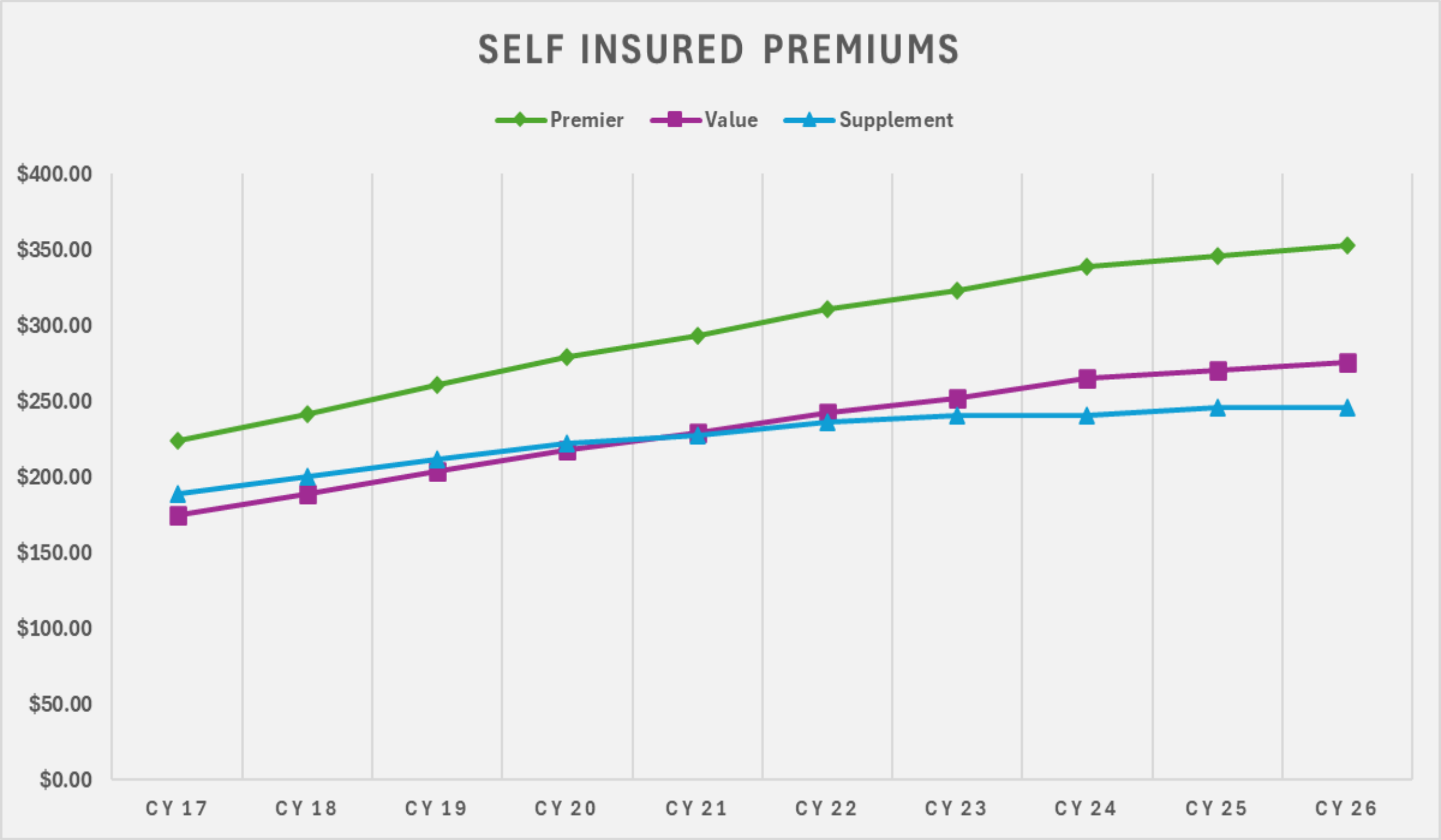
Medicare Enrollment by Plan



Enrollment Map



Medical & Prescription Self Insured Plans

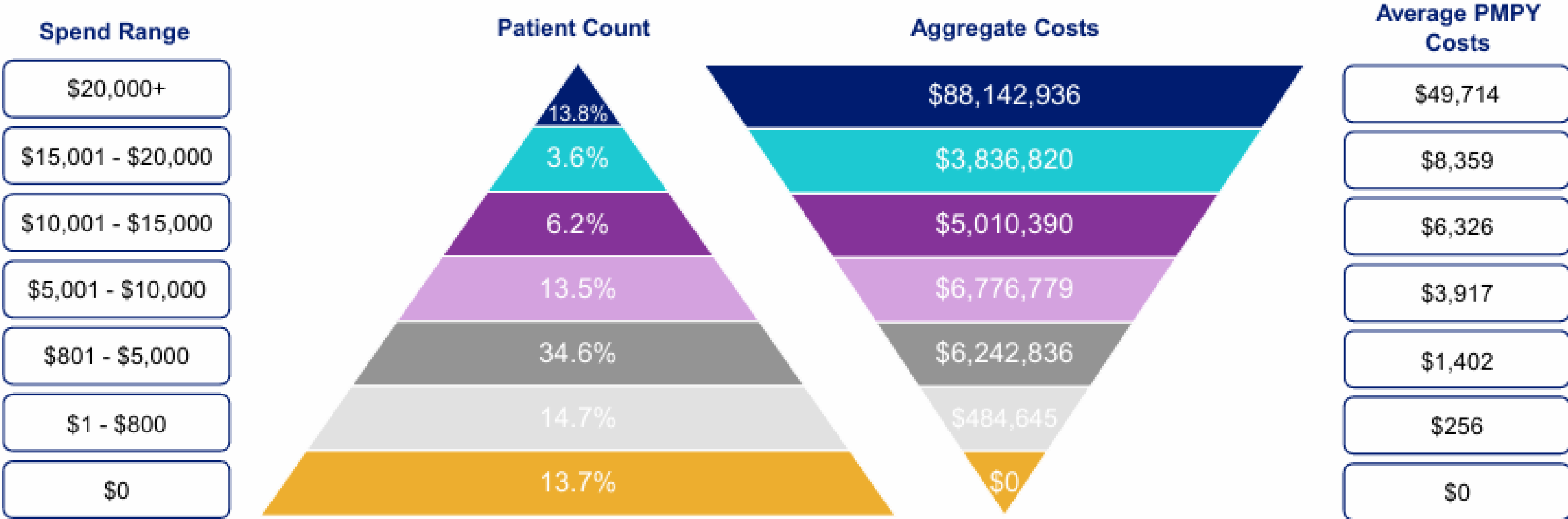


Self Insured Premiums for Member			
	Premier Plan	Value Plan	Supplement
CY 17	\$223.56	\$174.63	\$188.64
CY 18	\$241.44	\$188.60	\$199.96
CY 19	\$260.76	\$203.69	\$211.96
CY 20	\$279.01	\$217.95	\$222.55
CY 21	\$292.96	\$228.85	\$227.00
CY 22	\$310.54	\$242.58	\$236.08
CY 23	\$322.96	\$252.28	\$240.80
CY 24	\$339.11	\$264.89	\$240.80
CY 25	\$345.90	\$270.19	\$245.61
CY 26	\$352.81	\$275.60	\$245.61

Medical Claims Cost Non-Medicare 2024

Distribution of Costs by Spend

Non-Medicare Medical



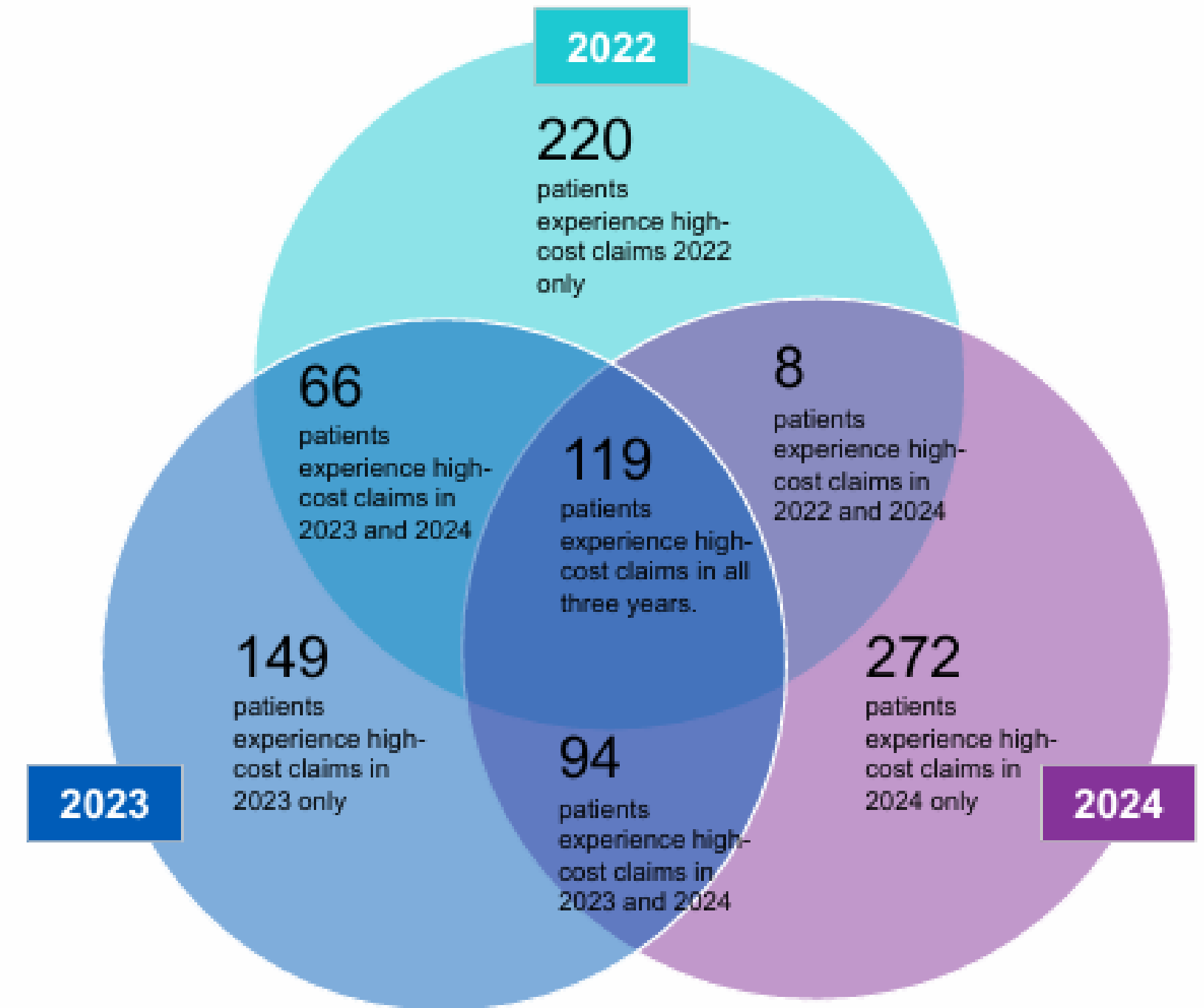
- 24% of members with excess claims greater than \$10,000 contribute to 88% of non-Medicare medical claims.
 - The number of members with claims in excess of \$10,000 grew from 11% in 2014 to 24% in 2024
 - Claims in excess of \$10,000 increased by 8% or \$7.5M over 2023 levels

Medical High-Cost Claimants

Medical and Pharmacy Claims

Members with Total Claims over \$100,000				
Carrier	Plan	2022	2023	2024
Blue Cross Blue Shield	Premier PPO	132	114	124
Blue Cross Blue Shield	Value HMO	6	10	11
Blue Cross Blue Shield	MedSupp	177	210	242
Presbyterian	Premier PPO	71	70	75
Presbyterian	Value HMO	28	26	42
Total		414	430	494

Patient Counts by Year with Recurrence

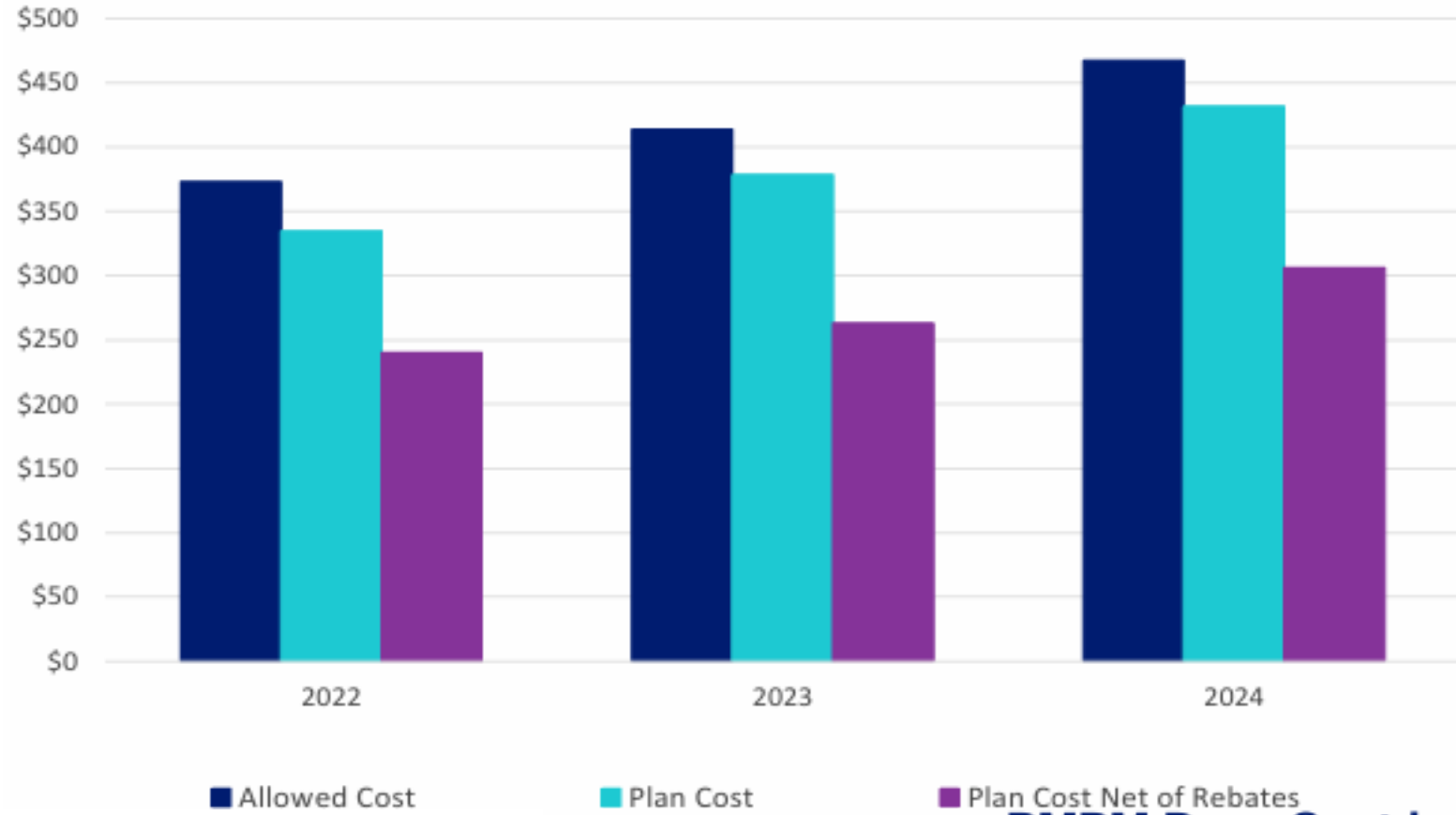


- In 2024, the number of the high-cost patients increased by 15% over 2023
- 24% of high-cost claimants in 2024 have experienced claims in excess of \$100,000 in each of the prior three years
- The average risk score of high-cost claimants decreased from 6.39 in 2023 to 6.17 in 2024, suggesting slightly lower severity for these members

* High-Cost Claimants represent distinct patients with \$100,000 or more in medical and pharmacy plan costs in both the Non-Medicare (Value, Premier) and Medicare (MedSupp) plans

Prescription Drug Costs

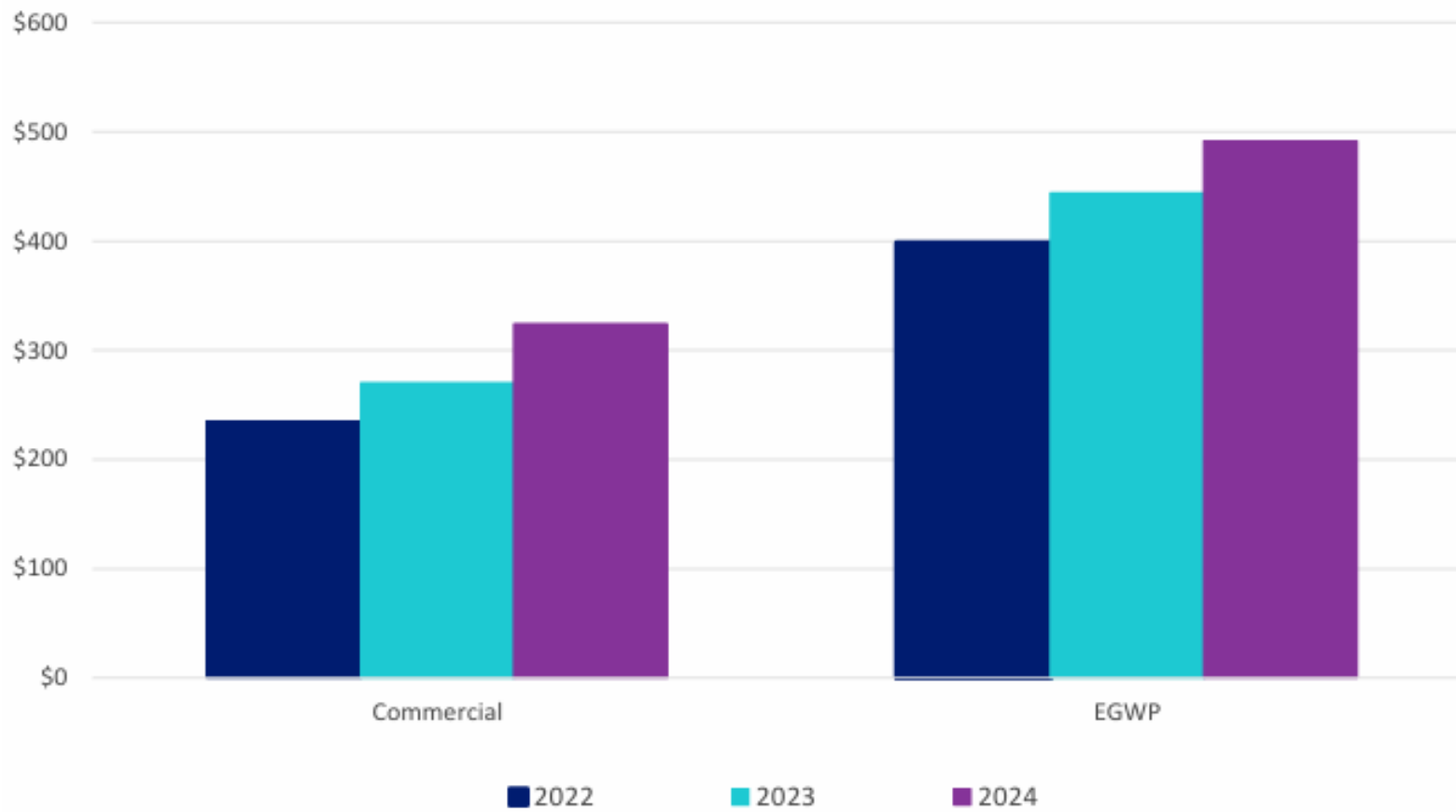
Prescription Drug Costs PMPM



	2022	2023	2024
PMPM Cost			
Allowed Cost	\$372.86	\$413.68	\$467.23
Plan Cost	\$334.61	\$378.34	\$431.51
Plan Cost Net of Rebates	\$240.19	\$262.75	\$306.15
Allowed PMPM Cost Trend			
Allowed Cost		10.9%	12.9%
Plan Cost		13.1%	14.1%
Plan Cost Net of Rebates		9.4%	16.5%

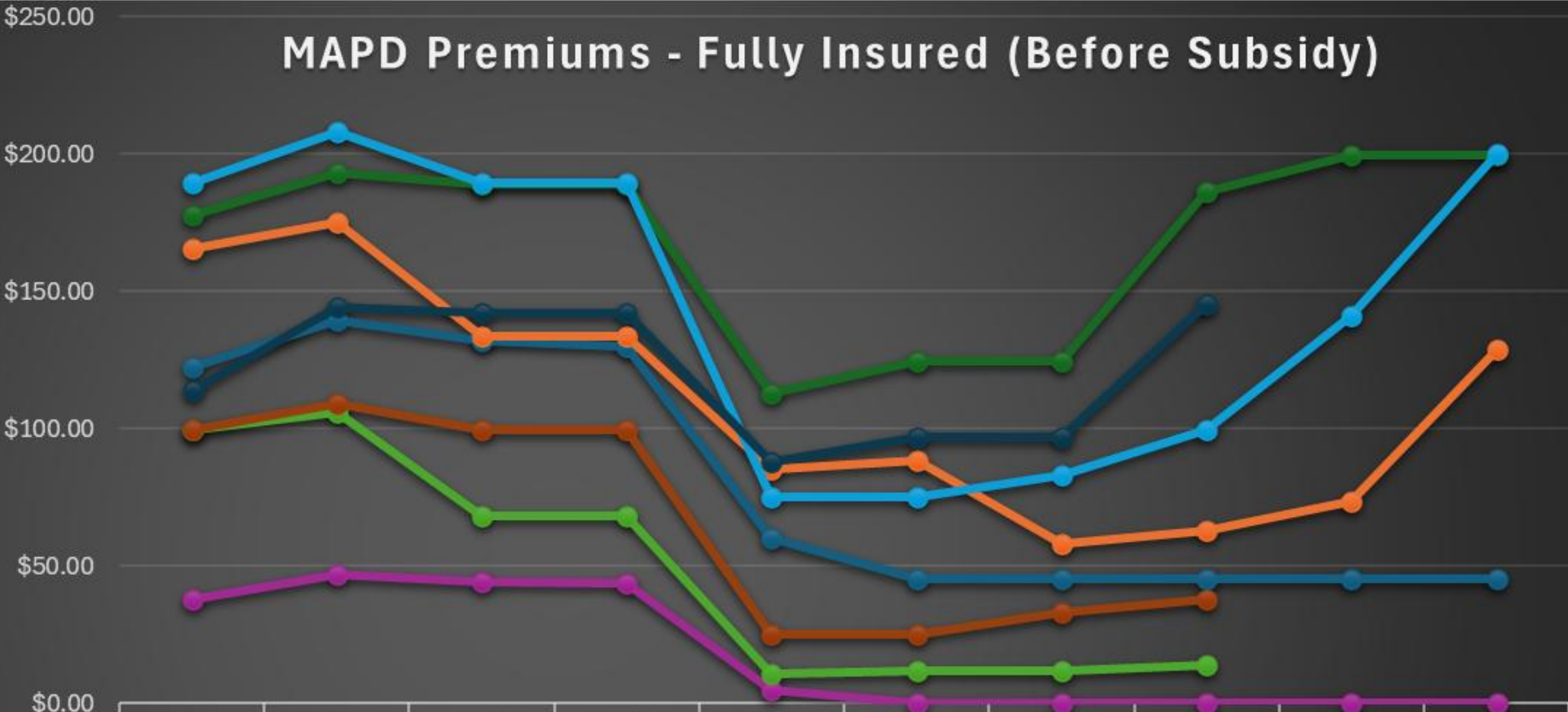
- Member cost share, as a percentage of allowed costs, decreased from 10.3 to 7.6% between 2022 and 2024.
- Rebates have grown from 28% to 29% of plan costs in the three-year period.

PMPM Drug Cost by Plan



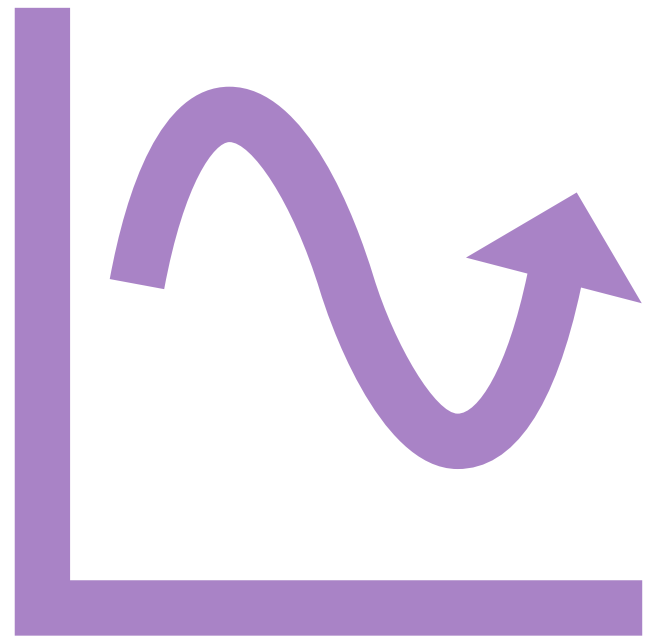
	2022	2023	2024
PMPM Plan Cost			
Commercial	\$234.78	\$269.92	\$324.12
EGWP	\$398.31	\$443.73	\$491.33
PMPM Plan Cost Trend			
Commercial		15.0%	20.1%
EGWP		11.4%	10.7%

Medicare Advantage Prescription Drug Plans



	CY 17	CY 18	CY 19	CY 20	CY 21	CY 22	CY 23	CY 24	CY 25	CY 26
Blue Cross Blue Sheild MAPD (PPO CY25)	\$122.40	\$139.20	\$132.20	\$129.60	\$60.00	\$45.00	\$45.00	\$45.00	\$45.00	\$45.00
Humana MAPD 1	\$165.55	\$174.90	\$133.65	\$133.65	\$84.94	\$88.26	\$58.22	\$62.72	\$73.23	\$128.62
Presbyterian MAPD 1	\$178.00	\$193.00	\$189.00	\$189.00	\$113.00	\$124.30	\$124.30	\$186.45	\$199.49	\$199.49
United Healthcare MAPD 1	\$189.39	\$208.33	\$189.37	\$189.37	\$75.00	\$75.00	\$83.00	\$99.60	\$141.00	\$199.90
Blue Cross Blue Sheild MAPD HMO	\$37.90	\$46.60	\$44.30	\$43.40	\$5.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Humana MAPD 2	\$99.72	\$106.12	\$68.15	\$68.15	\$10.76	\$11.54	\$11.54	\$13.62		
Presbyterian MAPD 2	\$114.00	\$144.00	\$142.00	\$142.00	\$88.00	\$96.80	\$96.80	\$145.20		
United Healthcare MAPD 2	\$99.36	\$109.30	\$99.31	\$99.31	\$25.00	\$25.00	\$33.00	\$37.60		

Total Membership -	21,184
Enrollment as of 6/1/26	
	3,047
	1,706
	8,606
	4,385
	3,440
	0
	0
	0



Medicare Advantage Prescription Drug Plans

Historical View of CMS Rate Notices

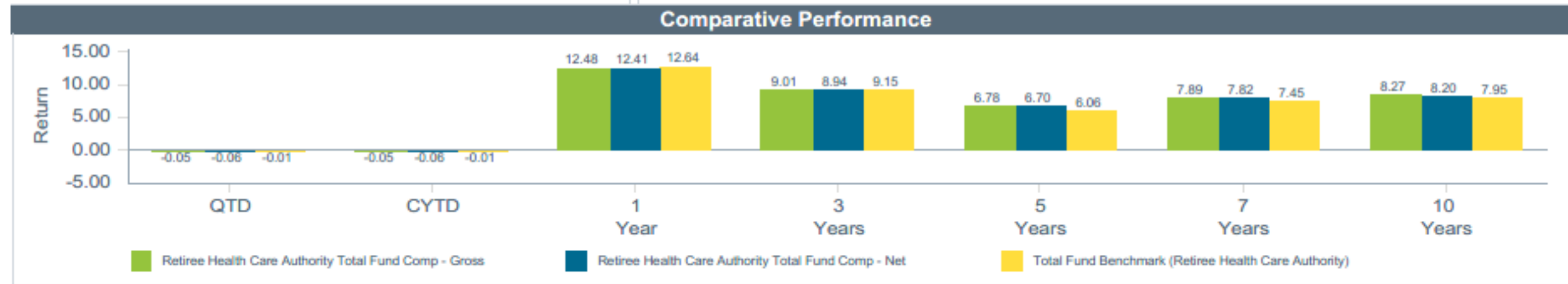
Year	Advance Notice	Final Notice	Improvement
2015	-1.90%	0.40%	2.30%
2016	1.05%	3.25%	2.20%
2017	1.35%	0.85%	-0.50%
2018	0.25%	0.45%	0.20%
2019	1.84%	3.40%	1.56%
2020	1.59%	2.53%	0.94%
2021	0.93%	1.66%	0.73%
2022	2.82%	4.08%	1.26%
2023	4.48%	5.00%	0.52%
2024	-2.27%	-1.12%	1.15%
2025	-0.16%	-0.16%	0.00%
2026	2.23%	5.06%	2.83%
2027	0.09%	2.48%	2.39%

Investment Performance

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

As of March 31, 2026

Overview	Asset Allocation vs. Target Allocation				
<p>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.</p>	Market Value (\$)	Allocation (%)	Target (%)	Difference (%)	
	US Large Cap Passive	366,588,250	18.40	19.00	-0.60
	US SMID Cap Alt Wtd Index	62,100,653	3.12	3.00	0.12
	Non-US Large Cap Active	100,544,248	5.05	5.00	0.05
	Non-US Large Cap Passive	141,969,239	7.13	7.00	0.13
	Non-US SMID Cap Active	24,638,466	1.24	1.00	0.24
	Non-US SMID Cap Passive	38,204,732	1.92	2.00	-0.08
	Credit Plus	96,670,900	4.85	5.00	-0.15
	US Core Bonds	389,093,153	19.53	20.00	-0.47
	Private Debt	244,555,334	12.28	12.00	0.28
	Real Assets	104,313,859	5.24	5.00	0.24
	Real Estate	193,490,993	9.71	10.00	-0.29
	Private Equity	229,957,964	11.54	11.00	0.54
	Total Fund	1,992,127,790	100.00	100.00	0.00



	QTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2025	2024	2023
Retiree Health Care Authority Total Fund Comp - Gross	-0.05	-0.05	12.48	9.01	6.78	7.89	8.27	13.51	7.69	9.39
<i>Total Fund Benchmark (Retiree Health Care Authority)</i>	<i>-0.01</i>	<i>-0.01</i>	<i>12.64</i>	<i>9.15</i>	<i>6.06</i>	<i>7.45</i>	<i>7.95</i>	<i>14.05</i>	<i>7.30</i>	<i>9.73</i>
Difference	-0.03	-0.03	-0.16	-0.14	0.72	0.44	0.32	-0.54	0.38	-0.34
Retiree Health Care Authority Total Fund Comp - Net	-0.06	-0.06	12.41	8.94	6.70	7.82	8.20	13.45	7.62	9.32
<i>Total Fund Benchmark (Retiree Health Care Authority)</i>	<i>-0.01</i>	<i>-0.01</i>	<i>12.64</i>	<i>9.15</i>	<i>6.06</i>	<i>7.45</i>	<i>7.95</i>	<i>14.05</i>	<i>7.30</i>	<i>9.73</i>
Difference	-0.05	-0.05	-0.23	-0.21	0.65	0.37	0.25	-0.60	0.31	-0.42

Schedule of Investable Assets					
Periods Ending	Beginning Market Value (\$)	Net Cash Flow (\$)	Gain/Loss (\$)	Ending Market Value (\$)	% Return
CYTD	1,953,918,382	40,000,000	-1,790,591	1,992,127,790	-0.06

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 Passive Pool effective July 1, 2020.

Investment Performance - Comparative

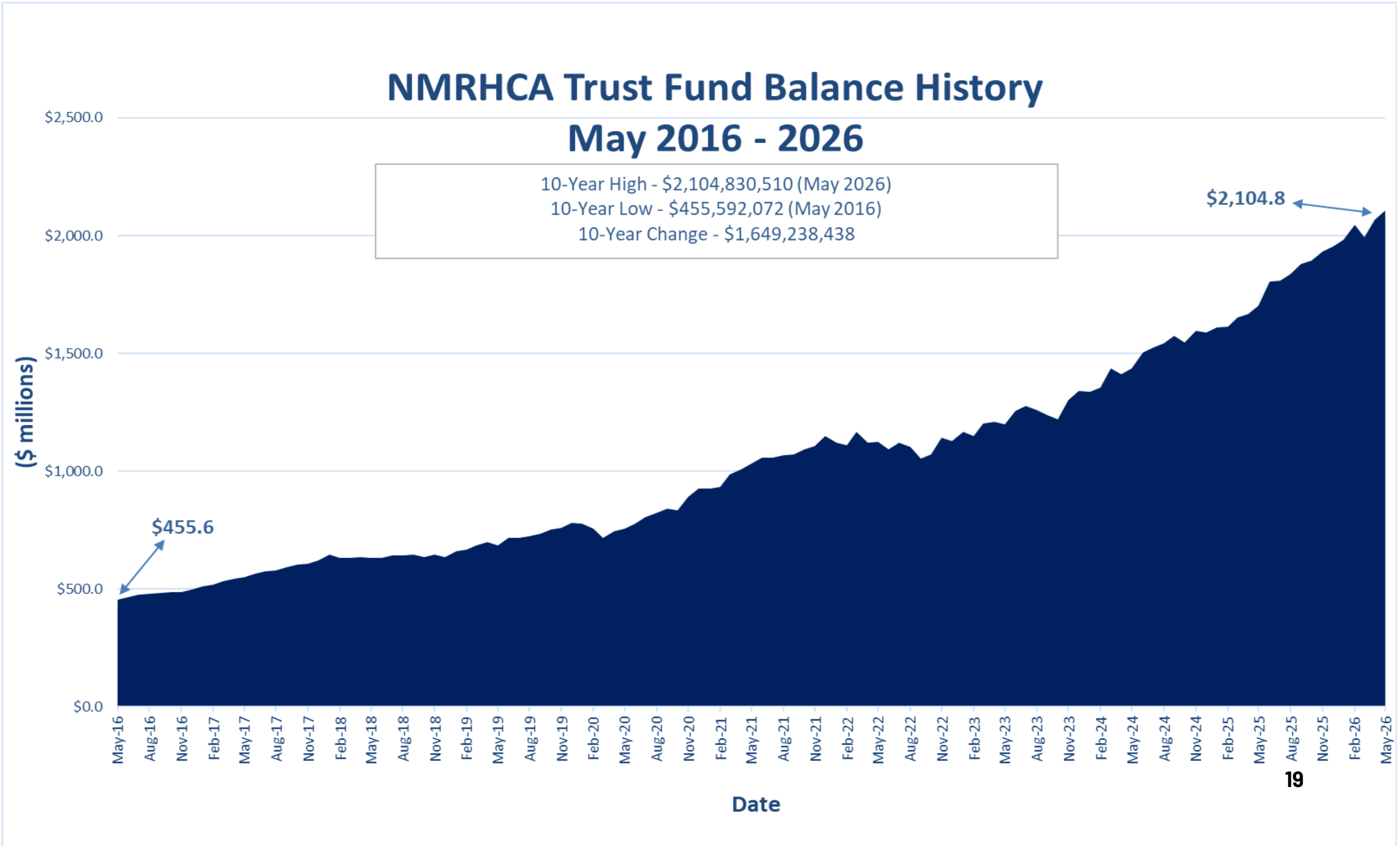
NEW MEXICO STATE INVESTMENT COUNCIL

RHCA COMPARATIVE PERFORMANCE

Fund Net Returns	1 year	3 years	5 years	10 years
RHCA	12.41%	8.94%	6.70%	8.20%
Benchmark	12.64%	9.15%	6.06%	7.95%
Inv Metrics Peer Percentile Rank	46	75	37	41
Median Public Fund	12.18%	9.74%	6.48%	7.97%
Land Grant PF	12.18%	9.17%	7.05%	8.26%
Severance Tax PF	11.96%	8.15%	5.70%	7.18%

Inv Metrics report - 98 public funds >\$1B net of fees data,
as of 3/31/26

Investments



GASB 74 Update

Governmental Accounting Standards Board (GASB)

- Actuarial Valuation Review of Other Postemployment Benefits (OPEB)
 - Beginning 2006 changed accounting standards for (OPEB) GASB 43
 - In 2017, GASB 74 replaced GASB 43
 - Actuarial Accrued Liability = Total OPEB Liability
 - Actuarial Value of Assets = Plan Fiduciary Net Position
 - Unfunded Actuarial Accrued Liability = Net OPEB Liability

	2006	2017	2025
GASB Statement	43	74	74
Actuarial Accrued Liability	\$ 4,264,180,967	\$ 5,111,141,659	\$ 3,422,408,572
Actuarial Value of Assets	\$ 154,538,668	\$ 579,468,641	\$ 1,865,731,998
Unfunded Actuarial Accrued Liability	\$ 4,109,642,299	\$ 4,531,673,018	\$ 1,556,676,574
Funded Ratio	3.62%	11.34%	54.52%
Covered Payroll	\$ 4,073,731,873	\$ 4,165,647,340	\$ 6,246,364,057
Total Participants	140,292	160,035	163,679





NEW MEXICO
RETIREE
HEALTH CARE
AUTHORITY

Neil Kueffer, Executive Director

505-222-6408

neil.kueffer@rhca.nm.gov

Linda Atencio, Deputy Director

505-222-6416

linda.atencio@rhca.nm.gov

Please call 1-800-233-2576 / 505-222-6400

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

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