



NEW MEXICO
RETIREE
HEALTH CARE
AUTHORITY

Investments & Pensions Oversight Committee

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New Mexico Retiree Health Care Authority Updates

June 7, 2018

Tom Sullivan, President

Joe Montaño, Vice President

Doug Crandall, Secretary

David Archuleta, Executive Director

Background Information

Retiree Health Care Authority Act

- 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
 - Staff, procurement activities, eligibility guidelines, strategic planning, policies and procedures
 - Board composition
 - Superintendent's Association, NMAER, RPENM, State Treasurer, Association of Counties, Municipal League, PERA, ERB, NEA-Classroom Teachers Association, Governor's Appointee, and Classified State Employee

Mission and Purpose

- NMRHCA seeks to provide an affordable, comprehensive group health insurance benefits plan for present and future retirees and eligible dependents.
- Retirement planners at Fidelity estimate that couples retiring in 2017 at the age of 65 will need on average \$275,000 to cover medical expenses through retirement, which applies to retirees with traditional Medicare insurance coverage.
 - Average PERA monthly pension \$2,449*
 - Average ERB monthly pension \$1,831*
 - Average Social Security monthly benefit \$1,370
 - NMRHCA average retirement age 61 years

*2016 CAFR Reports

Composition, Budget & Finance

- FY19 Approved Operating Budget - \$338,587,900
 - Health Care Benefits Administration - \$335,540,300
 - Program Support - \$3,047,600
- Public Employer Groups - 301
 - All school districts and charter schools – 50%
 - All state agencies – 25%
 - Municipalities, counties & universities – 25%
- Active members - 97,349 as of 6/30/17
- Covered Members - 62,219 (June 1, 2018)
 - Medicare - 38,220 / Pre-Medicare - 15,916 / Voluntary Only – 8,083
 - Average Age - 71.35
 - Members Under age 55 - 2,287
 - Retirees - 39,111
 - Spouses/domestic partners – 12,990
 - Dependent children – 2,035

2018 Changes and Rates for Medicare

Rate Increases

- Medicare Supplement Premiums by 6 percent to \$199.96 per month
- BCBS Medicare Advantage
 - Plan I (14 percent) \$69.60 / Plan II (23 percent) \$23.30
- Presbyterian Medicare Advantage
 - Plan I (8 percent) \$96.50/Plan II (27 percent) \$72.00
- United Healthcare
 - Plan I (10 percent) \$104.16/ Plan II (10 percent) \$54.65
- Humana
 - Plan I (6 percent) \$87.45 / Plan II (6 percent) \$53.06
- All rates based on 20 years of service
- Introduction of Voluntary Smart90 Program (Supplement Plan)
 - Gives members choice to purchase 90-day prescriptions for lower cost than three one-month prescriptions

2018 Changes and Rates (Pre-Medicare/All Plans)

Pre-Medicare

- Expanding the Value Plan option to include Blue Cross Blue Shield narrow network HMO plan
- Increase Pre-Medicare Premiums 8 percent
- Defaulting aged in members to appropriate Medicare Advantage Plan when selection not made by member
- Introduction of Voluntary Smart90 Program
 - Gives members choice to purchase 90-day prescriptions for lower cost than three one-month prescriptions

All Plans

- Continuation of Wellness Program
- Incentivize healthy behaviors and disease management programs
- This year enrollment for medical plan only allows for a switch in enrollment

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
 - Subsidy levels
 - Network/medical and prescription drug access
- 2017 Projected Year of Deficit Spending - 2020
 - Expenditures exceed revenues - \$9.1 million
- 2017 Projected Year of Insolvency: FYE 2035 (18 years)
 - FY35 Projected Expenditures - \$1.2 billion
 - FY35 Projected Revenues - \$1.1 billion
- 2018 Solvency Study is currently being developed

GASB 74

- Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)
 - Replaced GASB 43 – Fall 2017 for period ending June 30, 2017
 - Compares existing assets to future liabilities
 - Total OPEB Liability - \$5,111,141,659
 - Plan Fiduciary Net Position - \$575,649,501
 - Net OPEB Liability - \$4,535,492,158
 - 1% decrease in discount rate - \$5,500,667,903
 - 1% increase in discount rate - \$3,778,225,036
 - 1% decrease in trend - \$3,858,319,120
 - 1% increase in trend - \$5,063,519,724
 - Plan Fiduciary Net Position as a percentage of total – 11.26%
 - Information included as a note in NMRHCA financial statements

GASB 75

- Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions
 - Replaces GASB 45 – July 2018 for period ending June 30,2017
 - GASB 75 Employer allocation based on GASB 74 Valuation
 - Schedule of employer allocations – Segal
 - Separate auditor’s report and separate opinions – Moss Adams
 - Concurring review of audit – CliftonLarsonAllen
 - Due to the Office of the State Auditor by June 15, 2018
 - Upon review and release of schedule information will be made available to participating employers
 - Allocation information will include an employer guide that illustrates the correct use of the schedule with plan-level reporting and employer specific items

Upcoming Events and Updates

- Annual Board Meeting
 - July 12 & 13 – Taos
 - Election of Board Officers
 - Review of plan data
 - Adoption of changes for 2019
- Announcement of selected Pharmacy Benefits Manager resulting from RFP # 2018-IBAC-0001 upon approval by the Department of Finance and Administration, Contracts Review Bureau
- 2018 Fall Switch Enrollment
 - October 1 – November 9
 - 16 meetings – 13 locations
- 2019 Open Enrollment
 - January 1 – 31, 2019

New Mexico Retiree Health Care Authority

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