



NEW MEXICO
RETIREE
HEALTH CARE
AUTHORITY

Legislative Finance Committee

Representative Patricia A. Lundstrom, Chair
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FY24 Appropriation Request
November 15, 2022

Doug Crandall, President
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Neil Kueffer, Executive Director

Program Composition, Participation & Financing

Active participation – 92,484 (6/30/21)

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

Retiree participation – 67,927 (11/1/22)

- Medicare – 41,015
- Pre-Medicare – 13,014
- Voluntary Only – 13,898
- Retirees – 48,736
- Spouses/DP – 16,508
- Dependent Children – 2,683
- Average Age Retiree – 70.82
 - Enrollment – 60.70 (2021)
 - Enrollment – 61.42 (2022)
- Retirees Under age 55 – 1,742

FY23 Budget

Healthcare Benefits Administration

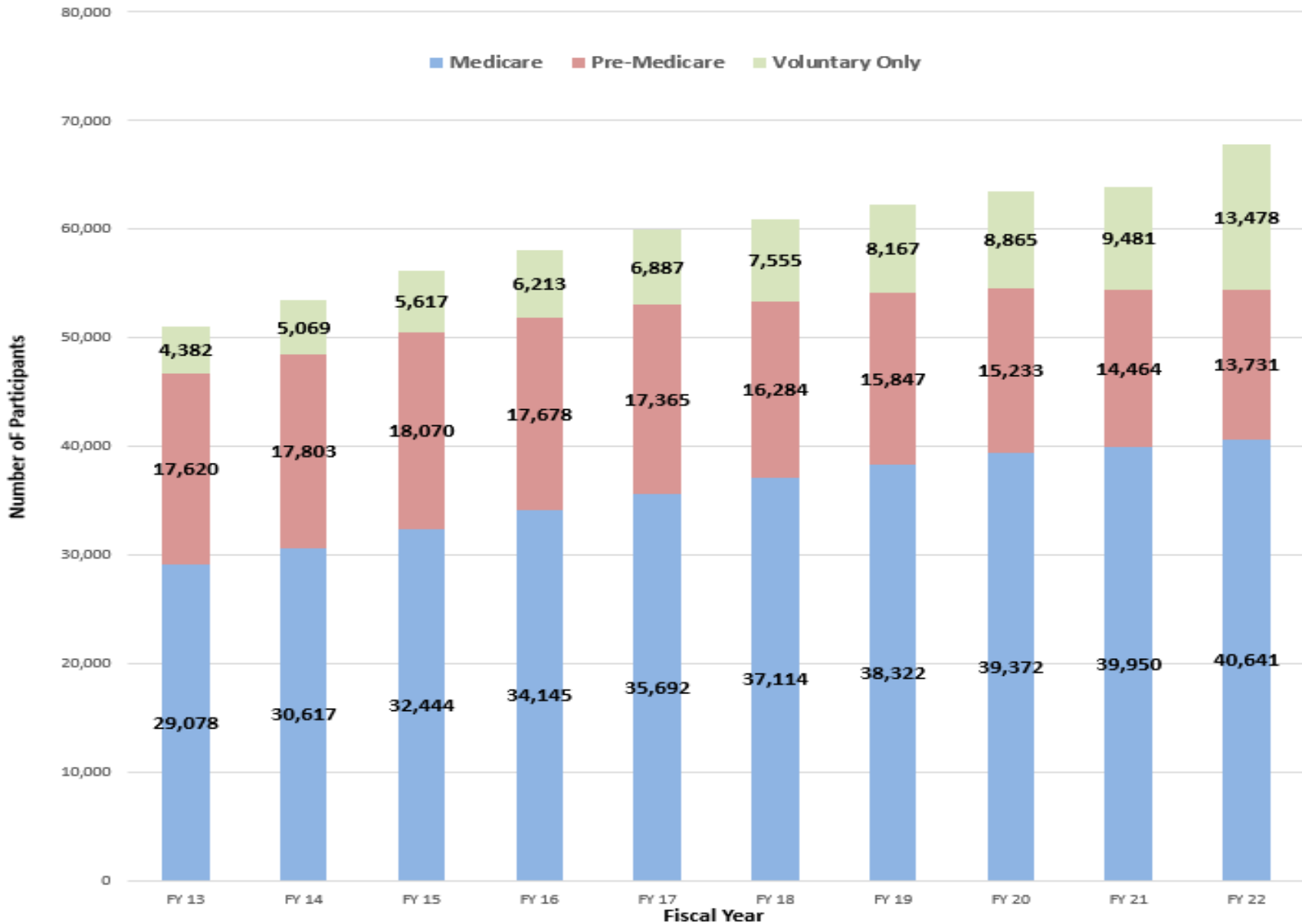
- Uses:
 - Benefits - \$376.9 million
 - ACA Fees - \$45 thousand
 - Other Financing Uses - \$3.6 million (operations)
- Sources:
 - EE/ER Contributions - \$124.6 million
 - Retiree Contributions - \$179.5 million
 - Tax & Rev Suspense Fund - \$41.3 million
 - Misc. Revenue - \$35 million
 - Interest - \$100 thousand

Program Support (26 FTE)

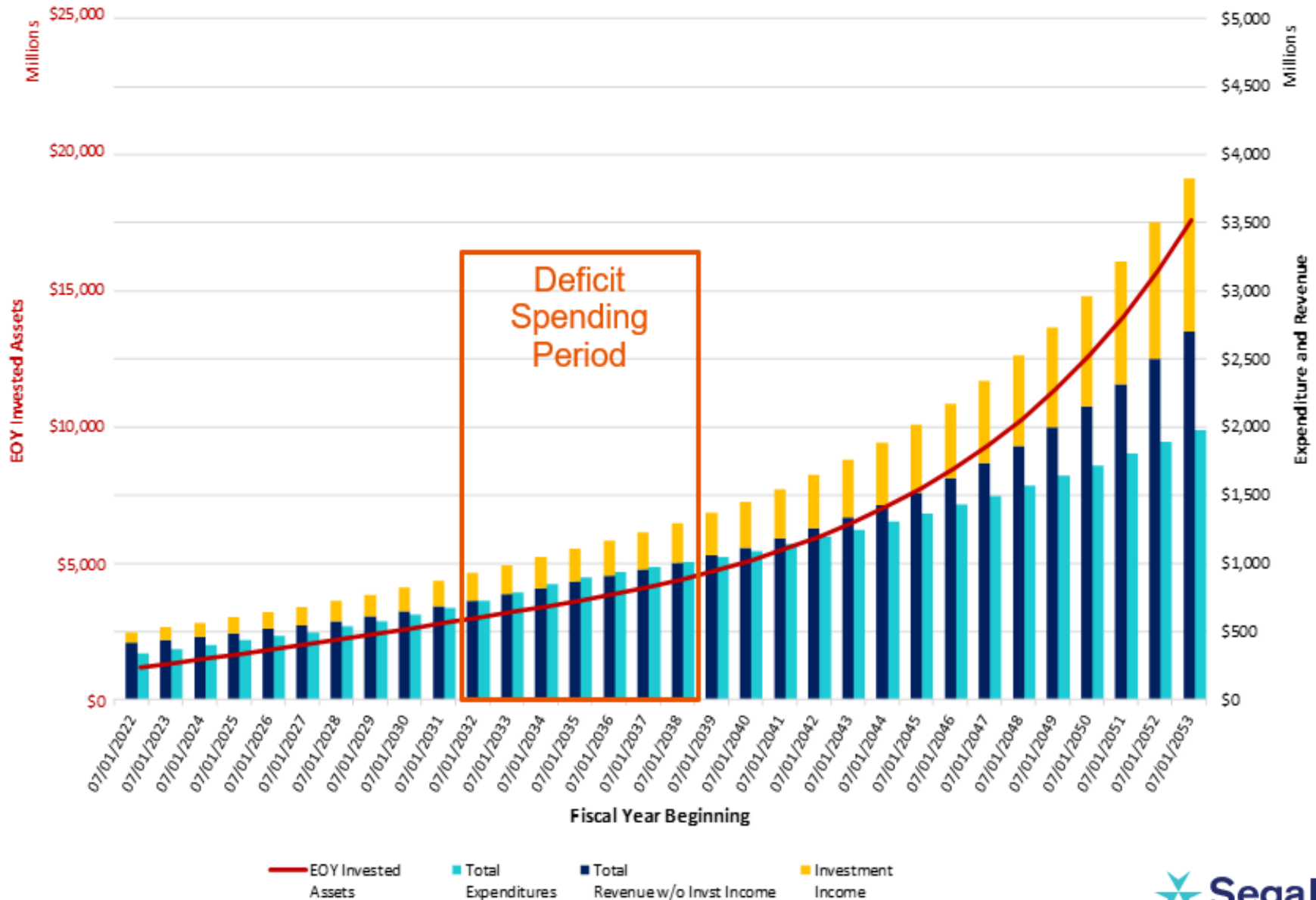
- Salaries & Benefits - \$2.3 million
- Contractual Services - \$674.9 thousand
- Other Costs - \$587 thousand

Retiree Plan Participation

Fiscal Years 2013-2022



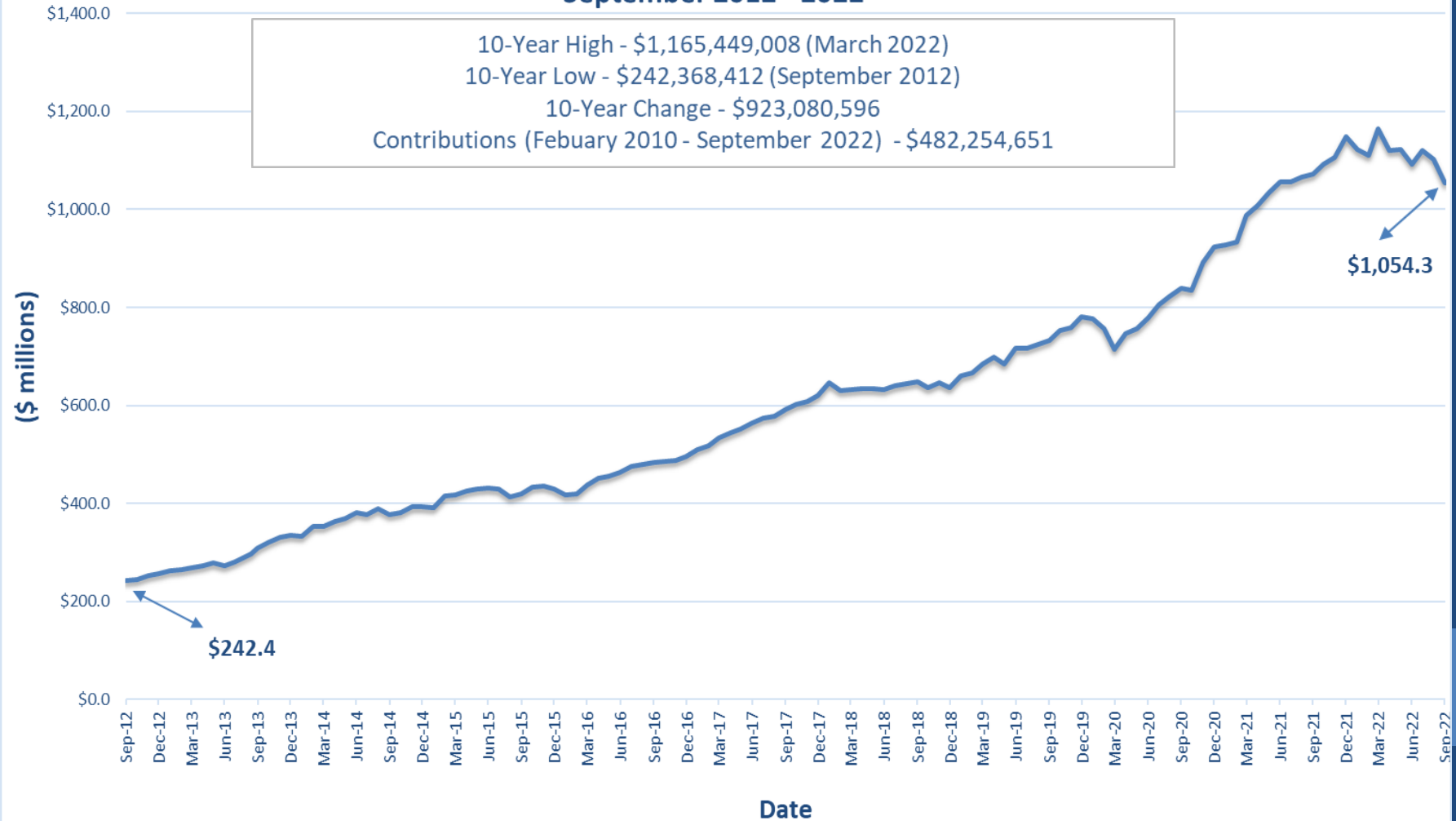
Solvency Updates



Trust Fund

NMRHCA Trust Fund Balance History September 2012 - 2022

10-Year High - \$1,165,449,008 (March 2022)
10-Year Low - \$242,368,412 (September 2012)
10-Year Change - \$923,080,596
Contributions (February 2010 - September 2022) - \$482,254,651



GASB 74

- GASB 74 – Actuarial Valuation Review of Other Postemployment Benefits (OPEB) as of June 30, 2021
 - Completed December 6, 2021
 - **Total OPEB Liability: \$4,409,849,335 (2021) / \$5,028,579,923 (2020)**
 - Net OPEB Liabilities (NOL) decreased \$894.2 million, due to the following:
 - An increase in the blended discount rate
 - Updated per capita health care costs
 - Discount rate – 3.62% compared to 2.86% in 2020
 - Blend rate = 7.00% assumed investment return + 20-year tax exempt general obligation municipal bonds with an average rate of AA/Aa or higher (**2.16% as of June 30, 2021**)
 - **NOL: \$3,290,349,790 (2021) / \$4,198,908,018 (2020)**
 - 1% Decrease in Discount Rate - \$4,134,247,608
 - 1% Increase in Discount Rate - \$2,633,889,896
 - 1% Decrease in Health Care Cost Trend - \$2,646,501,227
 - 1% Increase in Health Care Cost Trend - \$3,808,841,141
 - **Funded Status: 25.39% (2021) / 16.50% (2020)**

Healthcare Benefits Administration

Health Benefit Fund Expenditure Summary								
		FY22	FY22	FY23	FY24	FY24	%	
	Contractual Services	OPBUD	ACTUALS	OPBUD	INC/DEC	REQUEST	CHANGE	
1	Prescriptions	\$ 116,800.7	\$ 108,059.7	\$ 126,000.0	\$ 4,500.0	\$ 130,500.0	3.6%	1
2	Medical - Supplement/Self- Insured	\$ 168,000.0	\$ 159,244.9	\$ 183,876.7	\$ 4,750.0	\$ 188,626.7	2.6%	2
3	Medicare Advantage	\$ 29,951.0	\$ 17,442.7	\$ 26,450.0	\$ 1,850.0	\$ 28,300.0	7.0%	3
4	Voluntary Coverages	\$ 38,750.0	\$ 36,841.3	\$ 40,600.0	\$ 2,350.0	\$ 42,950.0	5.8%	4
5	Total Contractual Services	\$ 353,501.7	\$ 321,588.6	\$ 376,926.7	\$ 13,450.0	\$ 390,376.7	3.6%	5
	Other							
6	PCORI Fee	\$ 43.9	\$ 39.1	\$ 45.0	\$ -	\$ 45.0	0.0%	6
7	Total Other	\$ 43.9	\$ 39.1	\$ 45.0	\$ -	\$ 45.0	0.0%	7
	Other Financing Uses							
8	Program Support	\$ 3,280.7	\$ 3,280.7	\$ 3,558.2	\$ 475.9	\$ 4,034.1	13.4%	8
9	Total Other Financing Uses	\$ 3,280.7	\$ 3,280.7	\$ 3,558.2	\$ 475.9	\$ 4,034.1	13.4%	9
10	Total Expenditures	\$ 356,826.3	\$ 324,908.4	\$ 380,529.9	\$ 13,925.9	\$ 394,455.8	3.7%	10

*Table in Thousands

NMRHCA Requests a \$13.9 Million Increase in Spending Authority for FY24.

- Healthcare Benefits Administration \$390.4 million about 99% total budget - excluding Program Support
- This Request Includes the Following Assumptions:
 - Modest growth in overall plan participant numbers and an increase in the number of members electing lower premium/higher out-of-pocket expense plans.
 - Continued migration and election of lower costing Medicare Advantage Plans compared to Medicare Supplement.
 - Growth in medical and pharmacy plan costs resulting from increases in cost and utilization in plans.

Program Support

Program Support Expenditure Summary									
	Uses		FY22 OPBUD	FY22 ACTUALS	FY23 OPBUD	FY24 INC/DEC	FY24 REQUEST	PERCENT CHANGE	
1	200	Personal Services/ Employee Benefits	2,110.7	1,944.8	2,296.3	376.8	2,673.6	18.6%	1
2	300	Contractual Services	621.4	589.9	674.9	60.9	735.8	8.5%	2
3	400	Other Costs	548.6	536.9	587.0	38.2	625.2	6.7%	3
4		TOTAL	3,280.7	3,071.6	3,558.2	475.9	4,034.6	14.4%	4

*Table in Thousands

Personal Services and Employee Benefits Includes \$475,900(14.4%) Increase, above FY23

- NMRHCA request for Program support \$4,034,600 about 1% of total budget.
- Approved Operating Levels Include Full Funding for 26 FTE and request for 3 new FTE.
- Request for 3 positions:
 - Additional need for IT support for data protection and infrastructure
 - Provide for more oversight, review, and evaluation of programs
 - Place appropriate agency duties for specific position related to office management
 - Staffing has not increased since 2017 but later decreased in 2020 by one HR position.
 - Member participation has grown FY13 to current by 16,847 or over 30%

Contractual Services Includes \$60,900 (8.5%) Increase for Actuarial and Benefits Consulting Services, Investment Advisory Services, Human Resource and Legal Services, IT Programming Charges, and Board Reporting and Recording Services.

This Request Includes \$38,200 (6.7%) Increase in the Other Category Spread Across Multiple Line Items.

2023 Legislative Requests

Special Appropriation Request

- One-time money of \$26 million to NMRHCA benefit program towards lowering unfunded status of program

Proposed Legislation

- Request for increase in employee and employer contributions
 - Employee contributions - 1.00% of salary to 1.17% of salary for employees who are not covered by an enhanced retirement plan and 1.25% of salary to 1.47% of salary for employees covered by an enhanced retirement plan.
 - Employer contributions - 2.00% of payroll to 2.33% of payroll for employees who are not covered by an enhanced retirement plan and 2.50% of payroll to 2.93% for employees who are covered by an enhanced retirement plan.
- NMRHCA Impact
 - Reoccurring revenue of approximately \$27 million
 - Minimizes use of investment earnings to support benefits
 - Lowers reported GASB OPEB Liabilities
 - Increase funded status towards goal of 50%

New Mexico Retiree Health Care Authority

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

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