

# Investment and Pensions Oversight Committee

Mark Tyndall, Executive Director

October 23, 2012

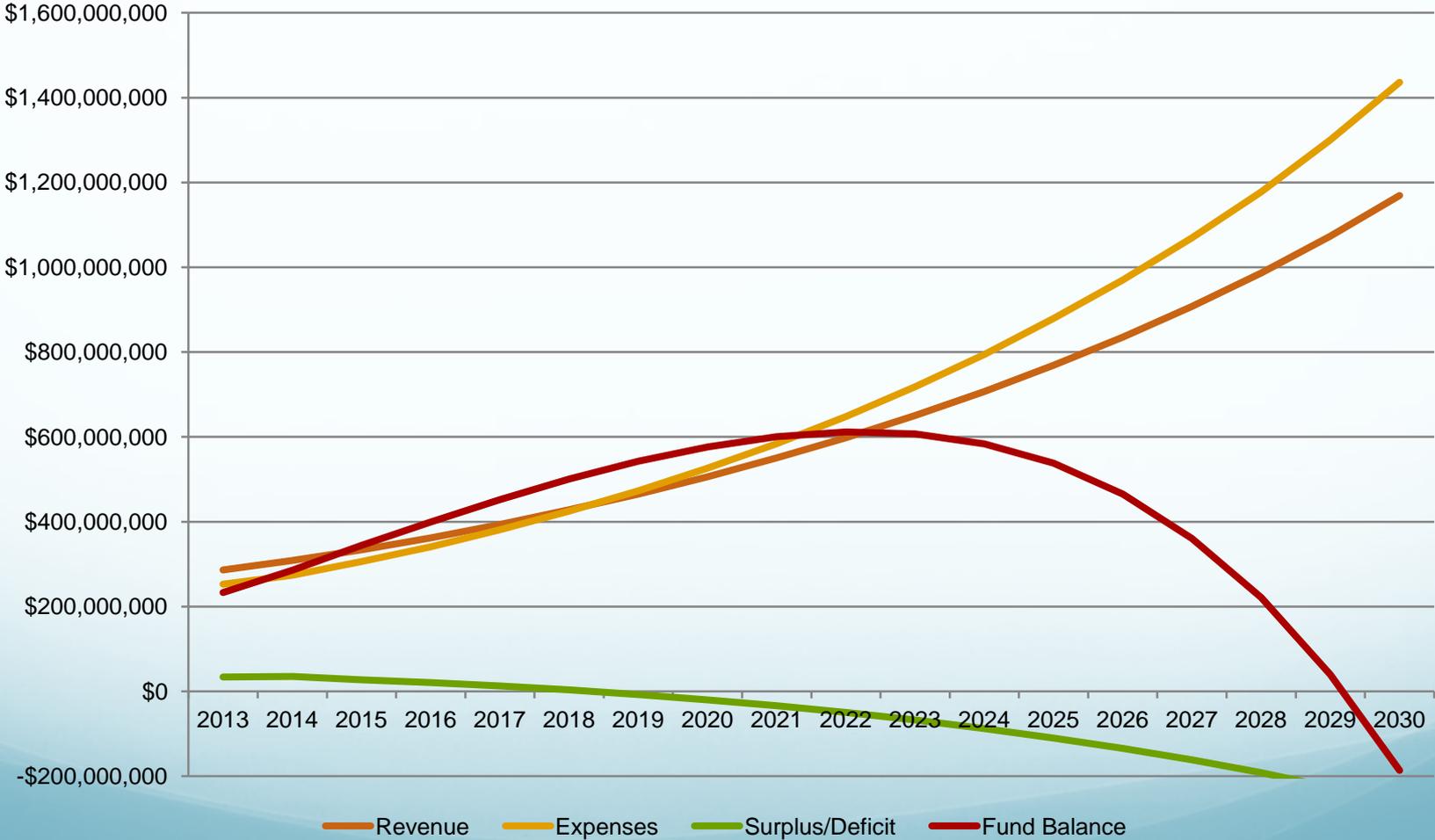


NEW MEXICO  
RETIREE  
HEALTH CARE  
AUTHORITY

# NMRHCA Background

- NMRHCA has increased its period of positive fund balance from 2014 to 2029 over the last 5 years
  - Cost sharing for retirees was increased (monthly premiums and out-of-pocket costs when accessing care)
  - Contribution rates from all active employees was also increased
- Fundamental challenges will require additional action
  - Increasing medical costs
  - Career contributions do not match retirement benefits

# NMRHCA Fund Balance Projection



# NMRHCA Five-Year Strategic Plan

## Positive Fund Balance Through 2045

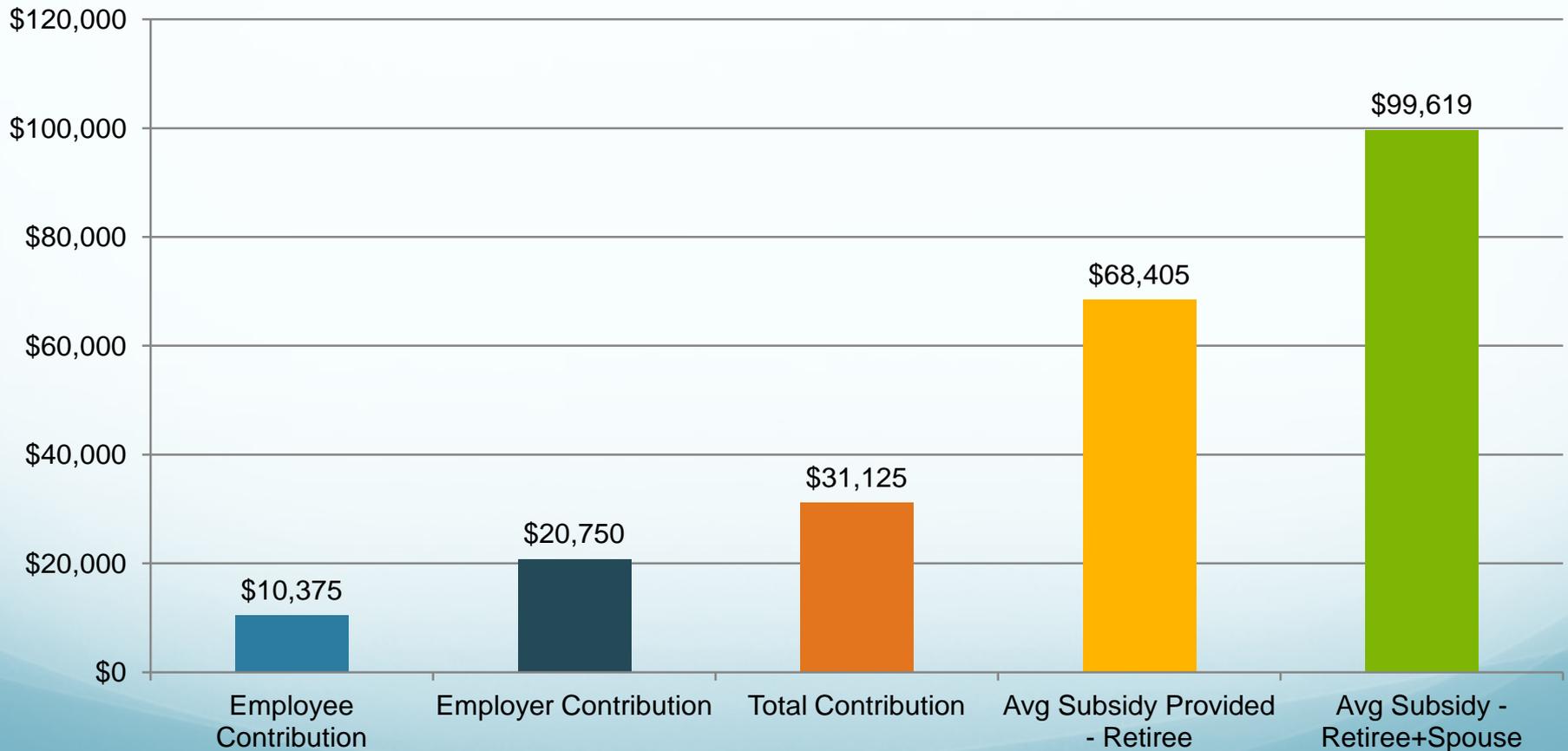
- X Phase out “Family Coverage” subsidies for retirees with multiple dependent children
- X Increase cost sharing on prescription coverage (stabilize plan/member share percentage)
- X Increase cost-sharing of pre-Medicare Plans
- Implement graduated minimum age requirement (to receive subsidies)\*
- Increase years of service required to receive maximum subsidy (currently 20 years)
- Reduce pre-Medicare retiree subsidies
- Reduce pre-Medicare spousal subsidies
- Implement enhanced wellness programs (premium incentives for participation/health status)
- Increase Employee/Employer contribution levels (requires legislative action)

X indicates implementation starting in 2013

\*NMRHCA will implement any minimum age requirement adopted by PERA and/or ERB

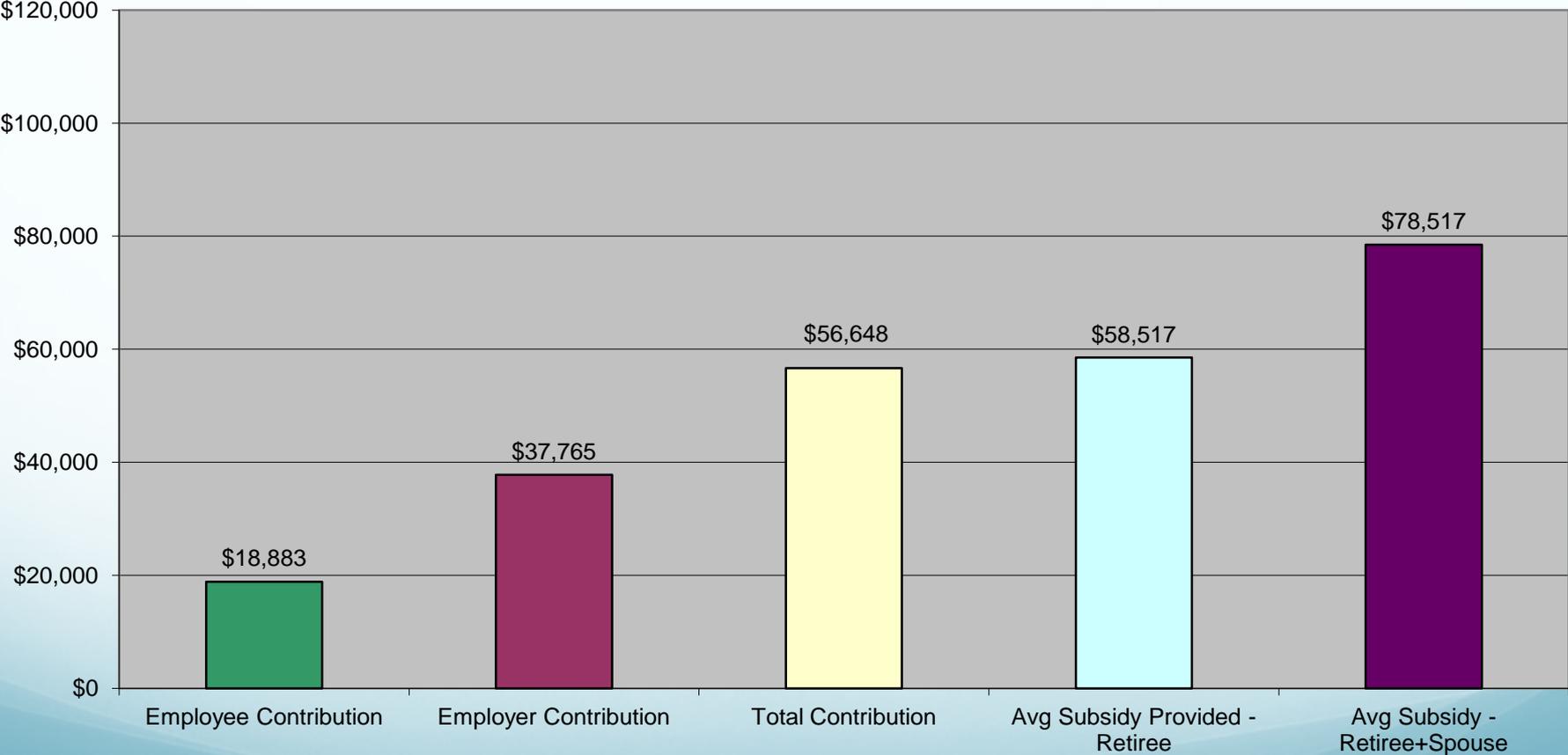
# Contribution vs. Benefits – State General

**Contributions vs. Subsidies**  
**25 Years of Service**  
**@ Average of \$41,500K annual salary – 1% EE / 2% ER**  
**Life Expectancy - 82**



# Contributions vs. Benefits – Five Year Plan

**Contributions Vs. Subsidies**  
**25 Years of Service**  
**@ Average of \$41,500K annual salary – 1.75% EE / 3.5% ER**  
**Life Expectancy - 82**



# Solvency Projections With Five Year Plan

