

# Investment and Pensions Oversight Committee

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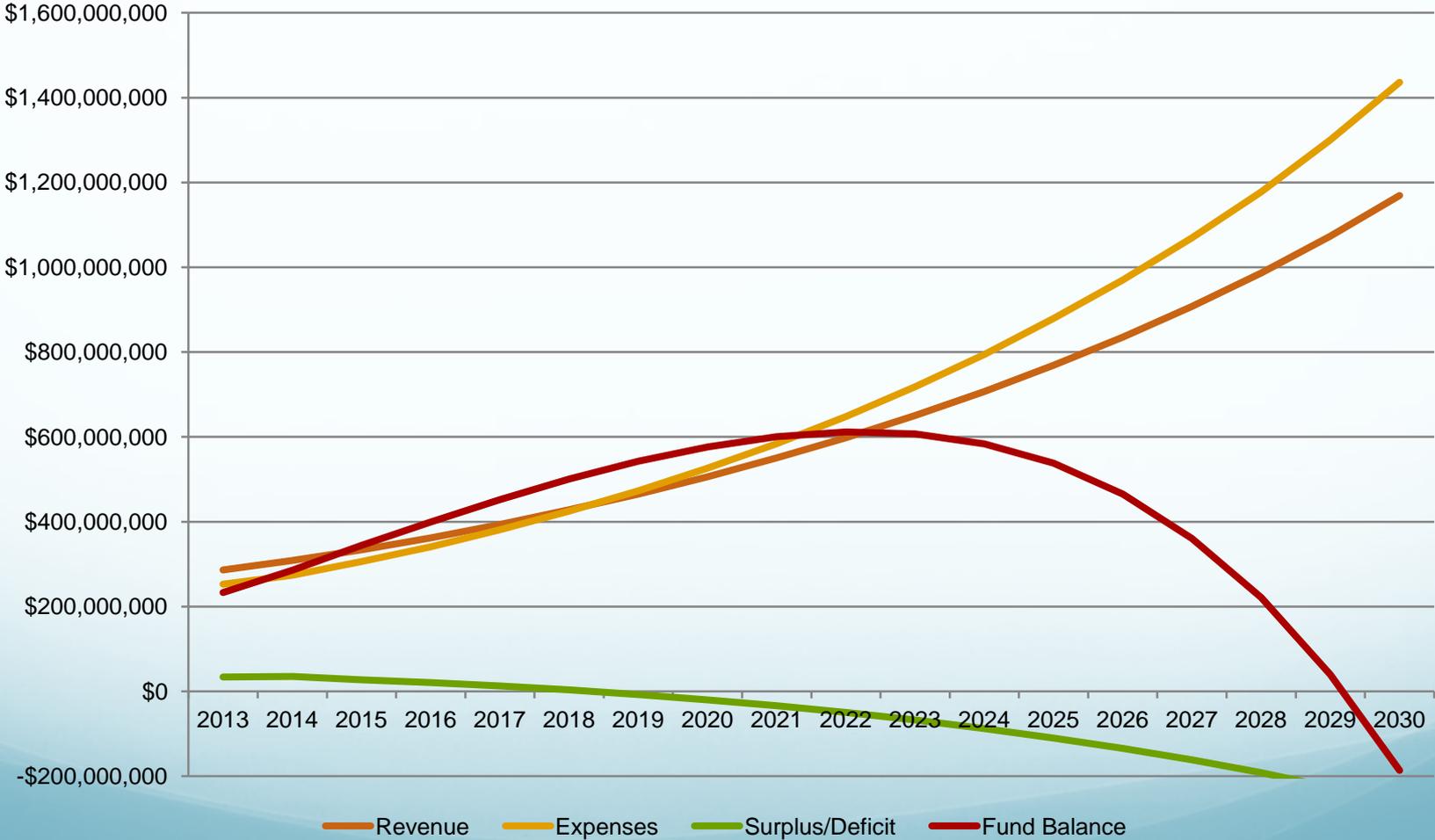


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# NMRHCA Background

- NMRHCA was created in 1990 and provides medical coverage to over 50,000 retired public employees and educators
- About 300 employers with over 133,000 employees participate with NMRHCA
- 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) – Requesting Increase of 0.75% to Employees and 1.50% increase to Employers

X indicates implementation starting in 2013

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

# Proposed NMRHCA Legislation Details

<b>Fiscal Year</b>	<b>Employee*</b>	<b>Increase</b>	<b>Employer*</b>	<b>Increase</b>	<b>Total</b>
FY2013 (current)	1.00%		2.00%		3.00%
FY2014 (Inc. deferred)	1.00%		2.00%		3.00%
FY2015	1.25%	0.25%	2.00%		3.25%
FY2016	1.50%	0.25%	2.00%		3.50%
FY2017	1.75%	0.25%	2.50%	0.50%	4.25%
FY2018	1.75%		3.00%	0.50%	4.75%
FY2019	1.75%		3.50%	0.50%	5.25%

# Proposed NMRHCA Legislation Impact

## **Cost**

### **Employee**

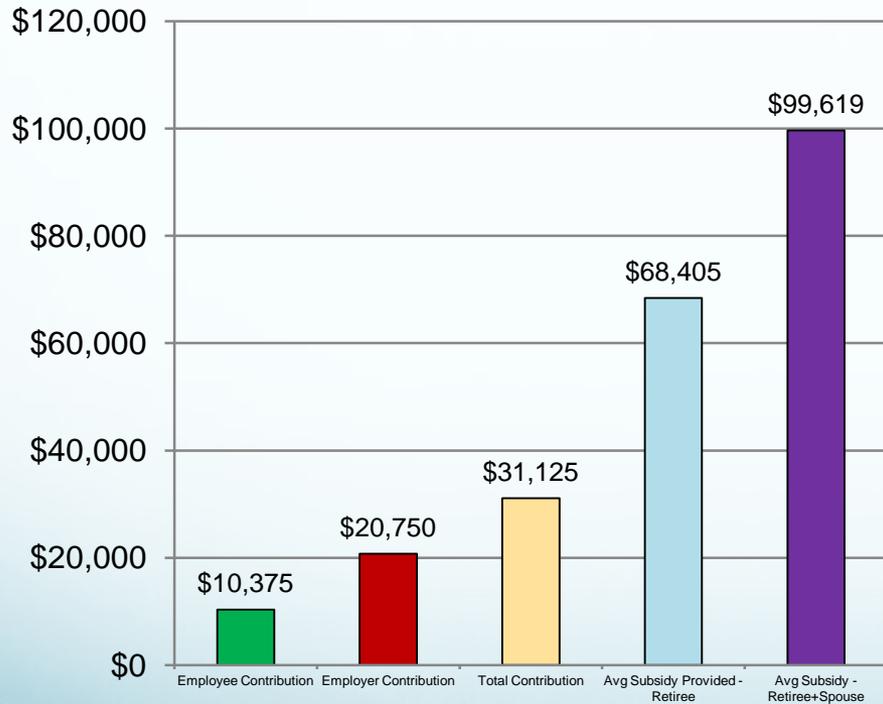
An employee making an annual salary of \$40,000 will have increased contributions of \$3.85 per biweekly period or \$100 annually for each of the affected three years. The total impact is \$11.54 per biweekly period or \$300 annually when fully implemented.

### **General Fund Impact**

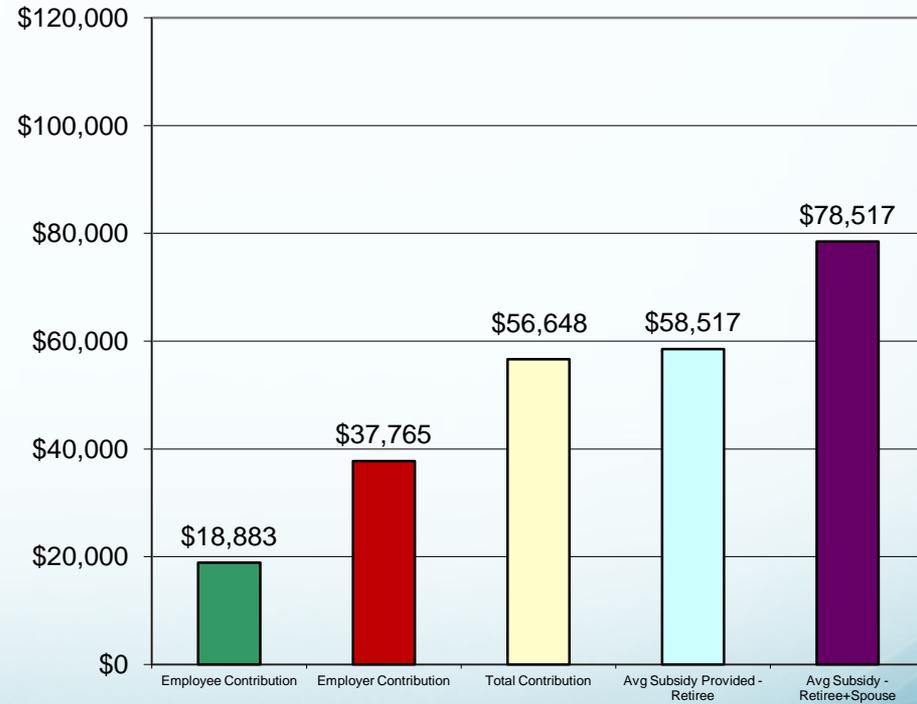
There is no general fund impact until FY2017 at which time employer contributions increase by 0.50% annually for three years. General fund impact each year will be approximately \$9.9 million with a total impact of \$29.6 million when fully implemented.

# Impact of Five Year Plan

## Current Contributions Vs. Benefits



## Contributions Vs. Benefits With Five Year Plan



# Solvency Projections With Five Year Plan

