



NEW MEXICO
RETIREE
HEALTH CARE
AUTHORITY

Fall 2018 Switch Enrollment Medicare

Effective January 1, 2019

Tom Sullivan, President

Joe Montaña, Vice President

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Agenda

- Agency Background Information
 - Purpose
 - Mission and Strategic Goals
 - Revenues and Expenditures
 - Fundamental Challenges
 - Solvency Results
- 2019 Medicare Monthly Premiums
- Prescription Drug Copays
- Dental Monthly Premiums
- Updates and Reminders
- Upcoming Events

Purpose

- Based on the 16th annual retiree health care cost estimate, retirement planners Fidelity estimates that couples retiring in 2018 at the age of 65 will need on average \$280,000 to cover medical expenses through retirement.
- Using same assumptions and life expectancies:
 - Male - \$133,000
 - Female - \$147,000
 - Women are expected to live longer than men
 - 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

Mission and Strategic Goals

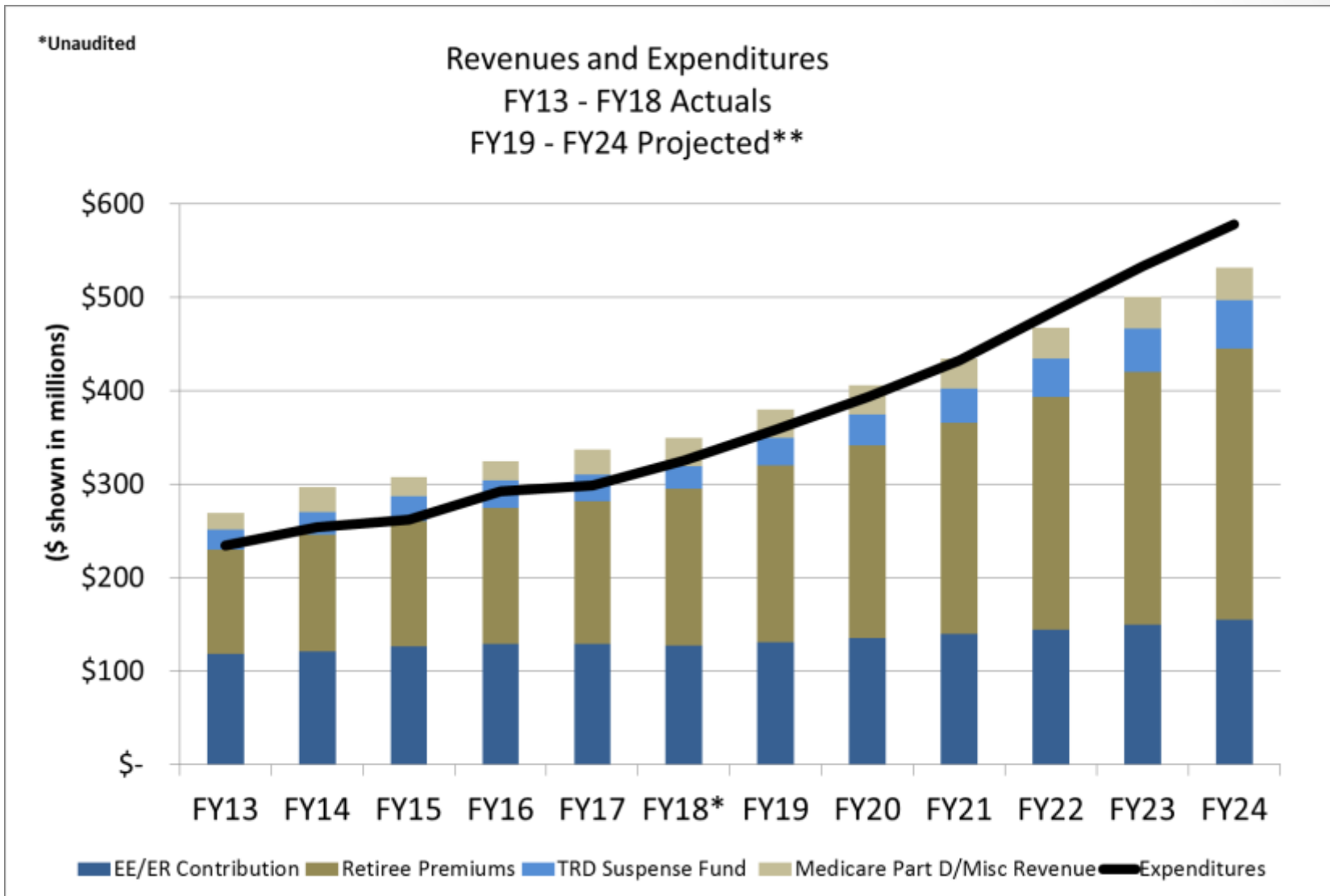
Mission

- Maintain comprehensive and affordable health insurance benefits for public retirees and eligible dependents

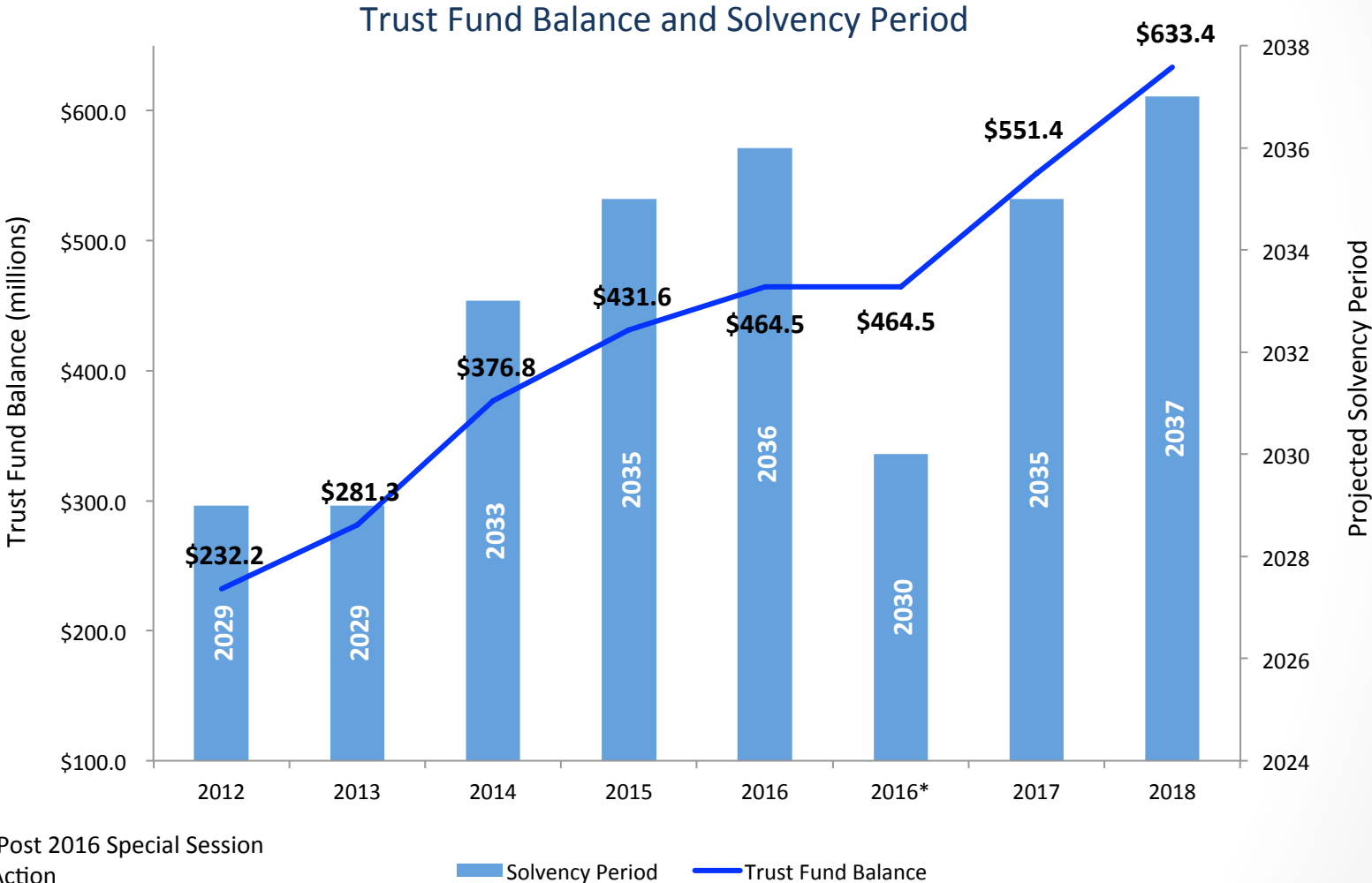
Strategic Goals

- Fiduciary Responsibility
 - Extend the solvency of the program
 - Trust-fund contributions and investment earnings
 - Avoid deficit spending
- Customer Service
 - Communication
 - Education
 - Wellness Programs
- Administration
 - Cost-Effective Procurement
 - Identification of programs and services
 - Comprehensive services and access to care

Fundamental Challenges



Solvency Results (2012 -2018)



Medicare Supplement Monthly Premiums/Copay Changes

- Rate Increase --- 6 percent (examples shown based on 20-years of service)

| | 2018 | 2019 | Monthly Difference | Annual Difference |
|-------------------------|----------|----------|-----------------------|----------------------|
| Medicare Supplement | | | | |
| Retiree | \$199.96 | \$211.96 | \$12.00 | \$144.00 |
| Spouse/Domestic Partner | \$299.94 | \$317.94 | \$18.00 | \$216.00 |
| Dependent Child | \$399.92 | \$423.92 | \$24.00 | \$288.00 |

- Increase in Brand Name Drug Copays

| | 2018 | | 2019 | | Change | |
|---------------|-------------------------|-----------|-----------|-----------|----------|-----------|
| Plans | Non-Specialty/Specialty | | | | | |
| | 30% | 30% | 30% | 30% | NA | NA |
| | \$25 Min | \$50 Min | \$30 Min | \$60 Min | \$5 Min | \$10 Min |
| Formulary | \$50 Max | \$100 Max | \$60 Max | \$120 Max | \$10 Max | \$20 Max |
| | | | | | | |
| | 50% | 50% | 50% | 50% | NA | NA |
| | \$40 Min | \$100 Min | \$50 Min | \$100 Min | \$10 Min | NA |
| Non-Formulary | \$100 Max | \$150 Max | \$125 Max | \$250 Max | \$25 Max | \$100 Max |

Medicare Supplement Plan Change

Naturally Slim

- Program aimed at metabolic syndrome reversal, diabetes prevention and weight management
- Clinical Results
 - 50% of participants reversed MetS
 - 55% of participants reduced their type 2 diabetes risk
 - 50% of participants reversed high blood pressure (of those who lost 5% or more of their body weight)
- Researching opportunities to extend offering to Medicare Advantage Plan participants

Medicare Advantage Monthly Premiums

(examples shown based on 20-years of service)

| | 2018 Rates | | | 2019 Rates | | | Monthly | Annual | Retiree |
|------------------------|------------|-----------|-----------|------------|----------|-----------|------------|-------------|----------|
| | Retiree | NMRHCA | Total | Retiree | NMRHCA | Total | Difference | Difference | % Change |
| Blue Cross Blue Shield | | | | | | | | | |
| Plan I | \$ 69.60 | \$ 69.60 | \$ 139.20 | \$ 66.10 | \$ 66.10 | \$ 132.20 | \$ (3.50) | \$ (42.00) | -5.0% |
| Plan II | \$ 23.30 | \$ 23.30 | \$ 46.60 | \$ 22.15 | \$ 22.15 | \$ 44.30 | \$ (1.15) | \$ (13.80) | -4.9% |
| Presbyterian | | | | | | | | | |
| Plan I | \$ 96.50 | \$ 96.50 | \$ 193.00 | \$ 94.50 | \$ 94.50 | \$ 189.00 | \$ (2.00) | \$ (24.00) | -2.1% |
| Plan II | \$ 72.50 | \$ 72.50 | \$ 145.00 | \$ 71.00 | \$ 71.00 | \$ 142.00 | \$ (1.50) | \$ (18.00) | -2.1% |
| Humana | | | | | | | | | |
| Plan I | \$ 87.45 | \$ 87.45 | \$ 174.90 | \$ 66.82 | \$ 66.82 | \$ 133.64 | \$ (20.63) | \$ (247.56) | -23.6% |
| Plan II | \$ 53.06 | \$ 53.06 | \$ 106.12 | \$ 34.07 | \$ 34.07 | \$ 68.14 | \$ (18.99) | \$ (227.88) | -35.8% |
| United Healthcare | | | | | | | | | |
| Plan I | \$ 104.17 | \$ 104.17 | \$ 208.34 | \$ 94.68 | \$ 94.68 | \$ 189.36 | \$ (9.49) | \$ (113.88) | -9.1% |
| Plan II | \$ 54.65 | \$ 54.65 | \$ 109.30 | \$ 49.65 | \$ 49.65 | \$ 99.30 | \$ (5.00) | \$ (60.00) | -9.1% |

Dental Plan Monthly Premiums

| | 2018 | 2019 | Monthly | Annual |
|-------------------------|-----------|-----------|------------|------------|
| United Concordia | | | Difference | Difference |
| <u>Comprehensive</u> | | | | |
| Single | \$ 34.28 | \$ 36.28 | \$ 2.00 | \$ 24.00 |
| Two Party | \$ 65.12 | \$ 68.93 | \$ 3.81 | \$ 45.72 |
| Family | \$ 97.65 | \$ 103.36 | \$ 5.71 | \$ 68.52 |
| <u>Basic</u> | | | | |
| Single | \$ 16.80 | \$ 17.78 | \$ 0.98 | \$ 11.76 |
| Two Party | \$ 31.91 | \$ 33.78 | \$ 1.87 | \$ 22.44 |
| Family | \$ 47.87 | \$ 50.67 | \$ 2.80 | \$ 33.60 |
| | | | | |
| Delta Dental | | | | |
| <u>Comprehensive</u> | | | | |
| Single | \$ 41.32 | \$ 42.93 | \$ 1.61 | \$ 19.32 |
| Two Party | \$ 78.52 | \$ 81.58 | \$ 3.06 | \$ 36.72 |
| Family | \$ 126.75 | \$ 131.69 | \$ 4.94 | \$ 59.28 |
| <u>Delta Dental</u> | | | \$ - | \$ - |
| Single | \$ 18.51 | \$ 19.23 | \$ 0.72 | \$ 8.64 |
| Two Party | \$ 34.72 | \$ 36.07 | \$ 1.35 | \$ 16.20 |
| Family | \$ 58.15 | \$ 60.42 | \$ 2.27 | \$ 27.24 |

Updates and Reminders

- Delta Dental – additional cleaning each year
- Vision Plan – No Rate/Plan Changes
- Conversion of Basic Life Insurance Policy
 - 2018 – Retiree pays 25%
 - 2019 – Retiree pays 50%
 - 2020 – Retiree pays 75%
 - 2021 – Retiree pays 100%
- Moving/change of address --- please contact our office to let us know!

Upcoming Events

- Rule Making Change
 - Minimum age of 55 beginning January 1, 2020 (excludes non-enhanced retirees)
 - Years of service requirements increase from 20 to 25 beginning January 1, 2020 to receive maximum subsidy
- 2019 Open Enrollment --- Medical
 - January 1 – 31, 2019
- Life Insurance RFP
 - Effective July 1, 2019
- 2019 Legislative Session
 - Proposed increase in employee and employer contributions

Presented by:

New Mexico Retiree Health Care Authority

For Information or Questions:

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

Or visit us at: www.nmrhca.org or

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