New Mexico Retiree Healthcare Authority

Governmental Accounting Standards Board (GASB) Statement 74
Actuarial Valuation and Review of Other Postemployment Benefits (OPEB)
measured as of June 30, 2024

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Segal

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November 25, 2024

Board of Trustees
New Mexico Retiree Healthcare Authority
6300 Jefferson St. NE, Suite 150
Albuquerque, NM 87109

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review of Other Postemployment Benefits (OPEB) measured as of June 30, 2024 under Governmental Accounting Standards Board Statement No. 74. The report summarizes the actuarial data used in the valuation, discloses the Net OPEB Liability (NOL), and analyzes the preceding year's experience. The actuarial calculations were completed under the supervision of Mehdi Riazi, FSA, MAAA, FCA, EA, Vice President & Consulting Actuary and Melissa Krumholz, FSA, MAAA, Vice President and Health Actuary.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law.

The actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices for the exclusive used and benefit of the Board, based upon information provided by the staff of the Plan and the Plan's other service providers. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate. Further, in our opinion, the assumptions used in this valuation and described in Section 3, Exhibit B are reasonably related to the experience of and the expectations for the Plan. The actuarial projections are based on these assumptions and the plan of benefits as summarized in Section 3, Exhibit C.

Segal makes no representation or warranty as to the future status of the Plan and does not guarantee any particular result. This document does not constitute legal, tax, accounting or investment advice or create or imply a fiduciary relationship. The Board is encouraged to discuss any issues raised in this report with the Plan's legal, tax and other advisors before taking, or refraining from taking, any action.

Sincerely,

Deborah L Donaldson

Deborah Donaldson, FSA, MAAA
Senior Vice President and West Health Practice Leader

Mehdi Riazi

Mehdi Riazi, FSA, MAAA, FCA, EA
Vice President & Consulting Actuary

Melissa A. K

Melissa A. Krumholz, FSA, MAAA
Vice President and Health Actuary

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Section 1: Actuarial Valuation Summary

Purpose and basis

This report presents the results of our actuarial valuation of New Mexico Retiree Healthcare Authority ("NMRHCA") OPEB Plan as of June 30, 2024, required by Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans.* The actuarial computations made are for purposes of fulfilling plan accounting requirements. Determinations for purposes other than meeting financial accounting requirements may be significantly different from the results reported here. This valuation is based on:

- The benefit provisions of NMRHCA, as administered by the NMRHCA;
- The characteristics of covered active members, terminated vested members, and retired members and beneficiaries as of June 30, 2023 (captured as of January 1, 2023), provided by NMRHCA;
- The assets of the Plan as of June 30, 2024, provided by NMRHCA;
- Economic assumptions regarding future salary increases and investment earnings adopted by the Board for the June 30, 2023 valuation; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, health care trend and enrollment, etc.

Highlights of the valuation

Accounting and financial reporting

- For GASB 74 reporting as of June 30, 2024, the Net OPEB Liability (NOL) was measured as of June 30, 2024. The Plan's Fiduciary Net Position (plan assets) and the Total OPEB Liability (TOL) were valued as of the measurement date.
- The NOL as of June 30, 2024 is $1.785 billion, an increase of $82 million, from the prior valuation NOL of $1.703 billion. Assumption changes increased the NOL by $207 million. The trend rates on the Medicare plans were updated to reflect the anticipated impact of the Inflation Reduction Act on the 2025 Part D benefits and the excise tax thresholds used to limit future trend increases were removed. The impact of these changes was partially offset by an increase to the discount rate from 6.22% to 7.00%. The cross-over test methodology was updated to reflect contributions on future employee payroll that will finance the unfunded liabilities of current members. The net impact of the assumption changes was essentially equal to the impact of the

updated Medicare plan trends as the removal of the excise tax thresholds was almost entirely offset by the change to the discount rate. Details regarding the assumption changes can be found in Exhibit B, Section 3.

- Plan changes decreased the NOL by $13.1 million due to the transfer of all retirees covered under the BCBS Medicare Advantage Plan II to the BCBS Medicare Advantage Plan I with a decreased premium of $0. The Authority made several other changes to the 2025 Medicare plans, but those changes were adopted after June 30, 2024 and will be reflected in the June 30, 2025 measurement. The current plan of benefits is summarized in Exhibit C of Section 3.
- As of June 30, 2024, the ratio of assets to the Total OPEB Liability (the funded ratio) is 46.99%. This is based on the market value of assets at this point in time. The funded ratio as of June 30, 2023 was 44.16%.
- The discount rates used to determine the TOL and NOL as of June 30, 2024 and 2023 were 7.00% and 6.22%, respectively. The detailed projection used to determine the discount rate of 7.00% used in the calculation of the TOL and NOL as of June 30, 2024 can be found in Appendix A, Section 3. Various other information that is required to be disclosed can be found in Section 2.
- The discount rate used in the valuation for financial disclosure purposes as of June 30, 2024 is the assumed investment return on Plan assets (e.g. 7.00% for the June 30, 2024 valuation). Plan assets, when projected in accordance with the method prescribed by GASB 74, are expected to be sufficient to make all benefit payments to current Plan members.

Funding (with funding policy)

- The funding policy for the Plan does not rely upon an actuarially determined contribution. Retiree benefits are funded from a combination of employer contributions as a percentage (2.50% for Public Safety, and 2.00% for Other Occupations) of compensation and member contributions as a percentage (1.25% for Public Safety and 1.00% for Other Occupation) of compensation to fund the cost of the subsidy, with the remaining cost funded by retiree contributions, RHCA Statutory Distribution, investment income and pharmacy plan subsidies from Centers for Medicare and Medicaid Services (CMS).

Summary of key valuation results

Valuation Result	Current	Prior
Measurement date	June 30, 2024	June 30, 2023
Disclosure elements for fiscal year ending June 30:		
• Total OPEB Liability	$3,366,766,868	$3,049,662,302
• Plan Fiduciary Net Position (Assets)	1,581,966,829	1,346,726,647
• Net OPEB Liability	1,784,800,039	1,702,935,655
• Plan Fiduciary Net Position as a percentage of Total OPEB Liability	46.99%	44.16%
• Service cost at beginning of year	76,343,178	91,535,036
• Total payroll	5,609,136,993	4,952,012,764
Schedule of contributions for fiscal year ending June 30:		
• Statutorily required contributions[1]	$127,360,721	$114,542,451
• Actual contributions	127,360,721	114,542,451
• Contribution deficiency / (excess)	0	0
• Benefit payments	112,914,181	89,966,066

[1] The information provided in this table has been updated to better align with the requirements for cost-sharing plans with statutorily required contribution rates.

Important information about actuarial valuations

An actuarial valuation is a budgeting tool with respect to defining future uncertain obligations of a postretirement health plan. As such, it will never forecast the precise future stream of benefit payments. It is an estimated forecast – the actual cost of the plan will be determined by the benefits and expenses paid, not by the actuarial valuation.

In order to prepare a valuation, Segal relies on a number of input items. These include:

Input Item	Description
Plan of benefits	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. For example, a plan may provide health benefits to post-65 retirees that coordinates with Medicare. If so, changes in the Medicare law or administration may change the plan's costs without any change in the terms of the plan itself. It is important for the NMRHCA to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary included in our report to confirm that Segal has correctly interpreted the plan of benefits.
Participant data	An actuarial valuation for a plan is based on data provided to the actuary by the plan. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is not necessary to have perfect data for an actuarial valuation: the valuation is an estimated forecast, not a prediction. The uncertainties in other factors are such that even perfect data does not produce a "perfect" result. Notwithstanding the above, it is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
Assets	The valuation is based on the market value of assets as of the valuation date, as provided by the NMRHCA on November 4, 2024.
Actuarial assumptions	In preparing an actuarial valuation, Segal starts by developing a forecast of the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. To determine the future costs of benefits, Segal collects claims, premiums, and enrollment data in order to establish a baseline cost for the valuation measurement, and then develops short- and long-term health care cost trend rates to project increases in costs in future years. This forecast also requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of each participant for each year, as well as forecasts of the plan's benefits for each of those events. The forecasted benefits are then discounted to a present value, typically based on an estimate of the rate of return that will be achieved on the plan's assets or, if there are no assets, a rate of return based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). All of these factors are uncertain and unknowable. Thus, there will be a range of reasonable assumptions, and the results may vary materially based on which assumptions the actuary selects within that range. That is, there is no right answer (except with hindsight). It is important for any user of an actuarial valuation to understand and accept this constraint. The actuarial model necessarily uses approximations and estimates that may lead to significant changes in our results but will have no impact on the actual cost of the plan. In addition, the actuarial assumptions may change over time, and while this can have a significant impact on the reported results, it does not mean that the previous assumptions or results were unreasonable or wrong.

Section 1: Actuarial Valuation Summary

Input Item	Description
Models	Segal accounting results are based on proprietary actuarial modeling software. The accounting valuation models generate a comprehensive set of liability and cost calculations that are presented to meet accounting standards and client requirements. Our Actuarial Technology and Systems unit, comprising both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary. The blended discount rate used for calculating Total OPEB liability is based on a model developed by our Actuarial Technology and Systems unit, comprised of both actuaries and programmers. The model allows the client team, under the supervision of the responsible actuary, control over the entry of future expected contribution income, benefit payments and administrative expenses. The projection of Fiduciary Net Position and the discounting of benefits is part of the model. Our claims costs assumptions are based on proprietary modeling software as well as models that were developed by others. These models generate per capita claims cost calculations that are used in our valuation software. Our Health Technical Services Unit, comprised of actuaries and programmers, is responsible for the initial development and maintenance of our health models. They are also responsible for testing models that we purchase from other vendors for reasonableness. The client team inputs the paid claims, enrollments, plan provisions and assumptions into these models and reviews the results for reasonableness, under the supervision of the responsible actuary.

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

- The actuarial valuation is prepared for use by the NMRHCA Finance Department. It includes information for compliance with accounting standards and for the plan's auditor. Segal is not responsible for the use or misuse of its report, particularly by any other party.
- If the NMRHCA is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
- An actuarial valuation is a measurement at a specific date – it is not a prediction of a plan's future financial condition. Accordingly, Segal did not perform an analysis of the potential range of financial measurements, except where otherwise noted. The actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.
- Sections of this report include actuarial results that are not rounded, but that does not imply precision.
- Critical events for a plan include, but are not limited to, decisions about changes in benefits and contributions. The basis for such decisions needs to consider many factors such as the risk of changes in plan enrollment, emerging claims experience, health care trend, and investment losses, not just the current valuation results.

Section 1: Actuarial Valuation Summary

- Segal does not provide investment, legal, accounting, or tax advice and is not acting as a fiduciary to the Plan. This valuation is based on Segal's understanding of applicable guidance in these areas and of the Plan's provisions, but they may be subject to alternative interpretations. The NMRHCA should look to their other advisors for expertise in these areas.
- While Segal maintains extensive quality assurance procedures, an actuarial valuation involves complex computer models and numerous inputs. In the event that an inaccuracy is discovered after presentation of Segal's valuation, Segal may revise that valuation or make an appropriate adjustment in the next valuation.
- Segal's report shall be deemed to be final and accepted by the NMRHCA upon delivery and review. The NMRHCA should notify Segal immediately of any questions or concerns about the final content.

November 25, 2024

Actuarial Certification

This is to certify that Segal has conducted an actuarial valuation of certain benefit obligations of New Mexico Retiree Healthcare Authority's other postemployment benefit programs as of June 30, 2024, in accordance with generally accepted actuarial principles and practices. The actuarial calculations presented in this report have been made on a basis consistent with our understanding of GASB Statement 74 for the determination of the liability for postemployment benefits other than pensions.

The actuarial valuation is based on the plan of benefits verified by the Authority and reliance on participant, premium, claims and expense data provided by the Authority or from vendors employed by the Authority. Segal does not audit the data provided. The accuracy and comprehensiveness of the data is the responsibility of those supplying the data. Segal, however, does review the data for reasonableness and consistency.

The actuarial computations made are for purposes of fulfilling plan accounting requirements. Determinations for purposes other than meeting financial accounting requirements may be significantly different from the results reported here. Accordingly, additional determinations may be needed for other purposes, such as judging benefit security at termination of the plan, or determining short-term cash flow requirements.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: retiree group benefits program experience or rates of return on assets differing from that anticipated by the assumptions; changes in assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in retiree group benefits program provisions or applicable law. Retiree group benefits models necessarily rely on the use of approximations and estimates, and are sensitive to changes in these approximations and estimates. Small variations in these approximations and estimates may lead to significant changes in actuarial measurements. The scope of the assignment did not include performing an analysis of the potential change of such future measurements except where noted.

To the best of our knowledge, this report is complete and accurate and in our opinion presents the information necessary to comply with GASB Statement 74 with respect to the benefit obligations addressed. The signing actuaries are members of the Society of Actuaries, the American Academy of Actuaries, and other professional actuarial organizations and collectively meet the “General Qualification Standards for Statements of Actuarial Opinions” to render the actuarial opinion contained herein.

Mehdi Riazi, FSA, MAAA, FCA, EA Vice President & Consulting Actuary Certifying Liability Calculations	Melissa A. Krumholz, FSA, MAAA Vice President and Health Actuary Certifying Claims and medical Trend Calculations

Section 2: GASB 74 Information

General information about the OPEB plan

Plan administration. The NMRHCA administers the OPEB Plan - a multiple employer cost sharing OPEB plan that is used to provide postemployment benefits other than pensions (OPEB) for retirees who were an employee of an employer participating in NMRHCA and eligible to receive a pension from either the New Mexico Public Employees Retirement Association (PERA) or Educational Retirement Board (ERB). For employers who “buy-in” to the plan, retirees are eligible for benefits six months after the effective date of employer participation.

At the July 11, 2014, meeting, the Board of Directors of the NMRHCA approved a change to its subsidy eligibility requirements such that retirees not in a PERA enhanced (Fire, Police, Corrections) pension plan who commence benefits on or after January 1, 2020, will not receive any subsidy from NMRHCA before age 55. Amended November 29, 2018, the subsidy eligibility requirement of age 55 was deferred one year (from 2020) such that retirees not in a PERA enhanced pension plan who commence benefits after January 1, 2021, will not receive a subsidy from NMRHCA before age 55. On June 2, 2020, the Board approved amending the effective date of minimum years of service and age requirements to receive the maximum subsidy provided by the program from January 1, 2021, to July 31, 2021, in order to align with the school year-end and subsequent potential teacher retirements.

Adopted April 5, 2021, Senate Bill 315 grants employees who were employed with the Department of Public Safety (DPS) prior to July 1, 2015, and that were reported under the State General Plan 3 (‘Non-Enhanced’) retroactive eligibility in the State Police and Adult Correctional Officer Plan (‘Enhanced’) for purposes of retirement and health care benefits.

Section 2: GASB 74 Information

Plan membership. At June 30, 2023, (captured as of January 1, 2023, with service increased by half year from census date to valuation date), OPEB plan membership consisted of the following:

Membership	Medical
Retired members, beneficiaries, and married dependents currently receiving benefits	52,978
Vested terminated members entitled to but not yet receiving benefits	12,552
Active members	93,595
Total	**159,125**

Benefits provided. Retirees and spouses are eligible for medical and prescription drug benefits. Dental, vision, and life insurance benefits are also available, but were not included in this valuation, since they are 100% retiree-paid. Employees and dependents are valued for life. A description of these benefits may be found at www.nmrhca.org by clicking on Retirees.

Net OPEB Liability

Components of the Net OPEB Liability	Current	Prior
Measurement date	June 30, 2024	June 30, 2023
Total OPEB Liability	$3,366,766,868	$3,049,662,302
Plan Fiduciary Net Position	1,581,966,829	1,346,726,647
Net OPEB Liability	1,784,800,039	1,702,935,655
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	46.99%	44.16%

The Net OPEB Liability was measured as of June 30, 2024 and 2023. Plan Fiduciary Net Position (plan assets) was valued as of the measurement dates and the Total OPEB Liability was determined from actuarial valuations using data as of June 30, 2023.

Actuarial assumptions. The Total OPEB Liability was measured by an actuarial valuation as of June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Assumption Type	Assumption
Inflation	2.30% for ERB, 2.50% for PERA
Salary increases	ERB: Ranges from 3.00% to 10.00% based on years of service, including inflation PERA: Ranges from 3.25% to 13.00% based on years of service, including inflation
Investment rate of return	7.00%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Discount rate	7.00%
Health care cost trend rates	
Non-Medicare	8.00% graded down to 4.50% over 14 years
Medicare supplement	8.50% in 2023/2024, then 21.99% in 2024/2025, then 8.00% graded down to 4.50% over 14 years
Medicare advantage	First year trend based on actual premium increases, then 21.99% in 2024/2025, then 8.00% in 2025/2026 graded down to 4.50% over 14 years

The mortality, retirement, disability, turnover and salary increase assumptions are based on the Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2023, and the Educational Retirement Board (ERB) of New Mexico Actuarial Valuation Report as of June 30, 2023.

Detailed information regarding all actuarial assumptions can be found in Section 3, Exhibit B.

Determination of discount rate and investment rates of return

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which best estimate ranges of expected future rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	16.00%	6.39%
Non-US Developed Markets Equity	14.00%	6.49%
Non-US Emerging Markets Equity	10.00%	7.79%
Private Equity	10.00%	9.69%
Investment Grade (Core) Bonds	20.00%	1.59%
Private Debt	15.00%	3.49%
Real Estate	10.00%	3.19%
Real Assets	5.00%	3.69%
Total	**100.00%**	

Rate of return. For the year ended June 30, 2024, the annual money-weighted rate of return on investments, net of investment expense and margin for adverse deviation, was assumed to be 7.00%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Municipal bond rate. 3.93% and 3.65% based on the 20-year municipal bond rate for the Bond Buyer GO Index as of June 30, 2024 and June 30, 2023, respectively.

Discount rate. The discount rates used to measure the Total OPEB Liability (TOL) were 7.00% and 6.22% as of June 30, 2024 and June 30, 2023, respectively. The projection of cash flows used to determine the discount rate assumed employer and plan member contributions will be made at the current contribution rate. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan Fiduciary Net Position (FNP) was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL as of June 30, 2024.

Funding policy. Retiree benefits are funded from a combination of employer contributions as a percentage of compensation (2.50% for Public Safety, and 2.00% for Other Occupations) and member contributions as a percentage of compensation (1.25% for Public Safety and 1.00% for Other Occupation) to fund the cost of the subsidy, with the remaining cost funded by retiree contributions, RHCA Statutory Distribution, investment income and pharmacy plan subsidies from CMS.

Sensitivity

The following presents the NOL of the NMRHCA as well as what the NMRHCA’s NOL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate. Also, shown is the NOL as if it were calculated using health care cost trend rates that were 1-percentage-point lower or 1-percentage-point higher than the current health care trend rates.

Item	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net OPEB Liability (Asset)	$2,250,750,304	$1,784,800,039	$1,402,840,927

Item	1% Decrease in Health Care Cost Trend Rates	Current Health Care Cost Trend Rates	1% Increase in Health Care Cost Trend Rates
Net OPEB Liability (Asset)	$1,379,274,113	$1,784,800,039	$2,286,241,240

Schedule of changes in Net OPEB Liability – Last two fiscal years

Components of the Net OPEB Liability	Current	Prior
Measurement date	June 30, 2024	June 30, 2023
Total OPEB Liability		
Service cost	$76,343,178	$91,535,036
Interest	190,978,881	190,482,868
Change of benefit terms	-13,121,991	0
Differences between expected and actual experience	-30,797,837	-179,637,831
Changes of assumptions	206,616,516	-430,050,222
Benefit payments[1]	-112,914,181	-89,966,066
Net change in Total OPEB Liability	**$317,104,566**	**-$417,636,215**
Total OPEB Liability – beginning	3,049,662,302	3,467,298,517
Total OPEB Liability – ending	**$3,366,766,868**	**$3,049,662,302**
Plan Fiduciary Net Position[2]		
Contributions – employer	$127,360,721	$114,542,451
Contributions – employee	63,680,360	57,271,226
Net investment income	115,178,207	71,822,199
Benefit payments[1]	-112,914,181	-89,966,066
Administrative expense	-3,518,022	-3,105,864
Other[3]	45,453,097	40,467,236
Net change in Plan Fiduciary Net Position	**$235,240,182**	**$191,031,182**
Plan Fiduciary Net Position – beginning	1,346,726,647	1,155,695,465
Plan Fiduciary Net Position – ending	**$1,581,966,829**	**$1,346,726,647**
Net OPEB Liability		
Net OPEB Liability – ending	$1,784,800,039	$1,702,935,655
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	46.99%	44.16%
Covered payroll	$5,609,136,993	$4,952,012,764
Plan Net OPEB Liability as percentage of covered payroll	31.82%	34.39%

[1] For measurement date June 30, 2024, this category equals Premium and claims paid ($328,748,749) offset by the sum of Retiree contributions ($174,823,355) and Medicare Part D subrogation and rebates ($41,011,213). For measurement date June 30, 2023, this category equals Premium and claims paid ($335,094,393) offset by the sum of Retiree contributions ($174,521,312) and Medicare Part D subrogation and rebates ($70,607,015).

[2] The Plan Fiduciary Net Position values are based on financial statements provided by NMRHCA on November 4, 2024.

[3] For measurement date June 30, 2024, this category equals sum of Employer buy-ins interest portion ($46,629) and Tax administration suspense fund revenue ($46,272,433) offset by the sum of Refunds to retirees ($457,540) and Depreciation expense ($408,425). For measurement date June 30, 2023, this category equals sum of Employer buy-ins interest portion ($48,846) and Tax administration suspense fund revenue ($41,314,672) offset by the sum of Refunds to retirees ($432,866), Depreciation expense ($391,824), and transfers to New Mexico General Services Department ($71,592).

Section 2: GASB 74 Information

Notes to Schedule:

Benefit changes:	As of July 1, 2024, all retirees covered under the BCBS Medicare Advantage Plan II were transferred to the BCBS Medicare Advantage Plan I with a decreased premium of $0.
Changes of assumptions:	The trend rates on the valuation year per capita health costs, including drug rebates and EGWP revenue, were updated for Medicare plans. This change increased the TOL.
	Excise tax thresholds on benefits are no longer applied. During the June 4, 2024 meeting, the Board rescinded the 2020 Attestation of Intent. The excise tax thresholds described by the Affordable Care Act (ACA) for High Cost Health Plans are no longer applicable for assumption setting purposes. This change increased the TOL.
	The discount rate was updated from 6.22% to 7.00%. The cross-over test methodology was updated to reflect contributions on future employee payroll that will finance the unfunded liabilities of current members. This change decreased the TOL.

Schedule of employer contributions – last eight fiscal years

Year Ended June 30	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency / (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2017	$85,858,432	$85,858,432	$0	$4,165,647,340	2.06%
2018[1]	85,401,662	85,401,662	0	4,290,616,760	1.99%
2019	88,516,369	88,516,369	0	4,172,928,635	2.12%
2020[2]	96,503,837	96,503,837	0	4,298,116,494	2.25%
2021	96,585,103	96,585,103	0	4,614,243,876	2.09%
2022	101,585,358	101,585,358	0	4,745,115,641	2.14%
2023	114,542,451	114,542,451	0	4,952,012,764	2.31%
2024	127,360,721	127,360,721	0	5,609,136,993	2.27%

The information provided in this table has been updated to better align with the requirements for cost-sharing plans with statutorily required contribution rates; see paragraph 36.c.2 of GASB Statement No. 74.

[1] Covered payroll was rolled forward from the June 30, 2017, at 3.00% assumed payroll increases using a member-weighted average of PERA and ERB payroll growth rates rounded to the nearest 0.25%.

[2] Covered payroll was projected forward from June 30, 2019, valuation at 3.00% assumed payroll increases for PERA and ERB.

Section 3: Supporting Information

Exhibit A: Summary of participant data

Statistic	As of June 30, 2023
Number of retirees	39,007
Average age of retirees	71.98
Number of spouses	11,557
Average age of spouses	71.07
Number of surviving spouses	2,414
Average age	80.34
Number inactive vested	12,552
Average age	51.97
Number of actives	93,595
Average age	45.26
Average service	9.89

Note: The liabilities measured as of June 30, 2024 were based on census data as of June 30, 2023.

Exhibit B: Actuarial assumptions and actuarial cost method

Data:

Detailed census data, premium data and/or claim experience, and summary plan descriptions for OPEB were provided by:

- The non-retired census information was provided by New Mexico ERB an PERA.
- The retiree census and medical data information was provided by NMRHCA.
- The financial information was provided by NMRHCA.

Actuarial cost method:

Entry Age Actuarial Cost Method. Entry Age is the age at the member’s hire date. Actuarial Accrued Liability is calculated on an individual basis and is based on costs allocated as a level percentage of compensation.

Asset valuation method:

Market Value. The assets as of June 30, 2024, were based on financial statements provided by NMRHCA on November 4, 2024.

Measurement date:

June 30, 2024

Actuarial valuation date:

June 30, 2023

Census date:

January 1, 2023

Discount rate:

7.00%

Roll-forward techniques:

The results as of June 30, 2024 were based on the results of the Actuarial Valuation and Review of Other Postemployment Benefits as of June 30, 2023 in accordance with GASB No. 74, dated November 13, 2023, completed by Segal, adjusted forward using standard actuarial techniques and also adjusted for the changes in assumptions described below and the changes in the plan of benefits described in Exhibit C.

Payroll increase:

3.00%. assumed payroll increases for PERA.

2.60%, assumed payroll increases for ERB.

PERA salary increases:

Salary increases occur in recognition of (i) individual merit and longevity, (ii) inflation-related depreciation of the purchasing power of salaries, and (iii) other factors such as productivity gains and competition from other employers for personnel. Sample rates follow:

Attributed to	1	5	10	15	20
General Increase in Wage Level Due to					
Inflation	2.50	2.50	2.50	2.50	2.50
Other factors	0.75	0.75	0.75	0.75	0.75
Increase Due to Merit/Longevity					
State General	5.00	1.25	0.50	0.00	0.00
State Police and Corrections[1]	9.75	3.50	2.00	1.50	1.50
Municipal General	2.50	1.50	0.50	0.00	0.00
Municipal Police	7.75	2.75	1.50	0.75	0.75
Municipal Fire	7.75	2.75	1.50	1.25	1.25

[1] The State Police and Corrections subgroups were not identified separately in the census data. We have used the Corrections assumption because the subgroup comprises about 70% of the combined group total.

ERB salary increases:

General Increase in Wage Level Due to:

Inflation: 2.30%

Productivity increase rate: 0.70%

Salary increases occur in recognition of (i) individual merit and longevity, (ii) plus step-rate/promotional as shown:

Years of Service	Annual Step Rate (%) / Promotional Components Rates of Increase	Total Annual Rate (%) of Increase
0	7.00	10.00
1	3.50	6.50
2	2.75	5.75
3	2.25	5.25
4	1.75	4.75
5	1.50	4.50
6	1.25	4.25
7	1.00	4.00
8	0.75	3.75
9	0.50	3.50

Demographic assumptions:

The demographic assumptions used in this valuation (including mortality, disability, turnover, retirement, percent married and relative ages of spouses) are based on

- For PERA, the Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2023.
- For ERB, the Educational Retirement Board (ERB) of New Mexico Actuarial Valuation Report as of June 30, 2023.

PERA mortality rates:

Post-Retirement Healthy: Headcount-Weighted RP-2014 Blue Collar Annuitant Mortality, set forward one year for females, projected generationally with Scale MP-2017 times 60%.

Post-Retirement Disabled: Headcount-Weighted RP-2014 Blue Collar Annuitant Mortality, set forward one year for females, projected generationally with Scale MP-2017 times 60%.

Pre-Retirement: Headcount-Weighted RP-2014 Blue Collar Employee Mortality, set forward one year for females, projected generationally with Scale MP-2017 times 60%.

These mortality tables were determined so as to reasonably reflect future mortality improvement, based on the June 30, 2023, PERA pension valuation.

PERA termination rates (%) before retirement:

State General Males

Rates (%) of Active members Terminating During Sample Years of Service

Age	2	4	6	8	10+
20	18.76	10.86	8.21	7.78	5.11
25	17.72	11.06	8.10	7.07	4.65
30	16.45	11.27	7.97	6.18	4.13
35	15.31	10.81	7.59	5.58	3.89
40	14.30	9.97	7.08	5.40	3.86
45	13.55	9.06	6.63	5.40	3.86
50	13.26	8.45	6.49	5.40	3.86
55	13.26	8.37	6.49	5.40	3.86
60	13.26	8.37	6.49	5.40	3.86

State General Females
Rates (%) of Active members Terminating During Sample Years of Service

Age	2	4	6	8	10+
20	18.13	11.95	8.22	6.05	4.83
25	17.76	11.95	8.02	5.81	4.25
30	17.28	11.89	7.81	5.54	3.55
35	16.34	11.23	7.45	5.28	3.46
40	15.22	10.24	6.99	5.06	3.46
45	14.19	9.20	6.58	4.95	3.46
50	13.52	8.55	6.45	4.80	3.46
55	13.37	8.50	6.45	4.70	3.46
60	13.37	8.50	6.45	4.70	3.46

Municipal General Males
Rates (%) of Active members Terminating During Sample Years of Service

Age	2	4	6	8	10+
20	21.70	14.59	11.29	8.93	8.54
25	20.00	13.52	10.26	8.05	7.32
30	17.73	12.04	8.96	6.94	5.69
35	15.77	10.65	8.01	6.20	4.61
40	14.06	9.37	7.29	5.73	3.92
45	12.80	8.39	6.87	5.58	3.65
50	12.20	8.01	6.79	5.58	3.65
55	12.18	8.01	6.79	5.58	3.65
60	12.18	8.01	6.79	5.58	3.65

Municipal General Females
Rates (%) of Active members Terminating During Sample Years of Service

Age	2	4	6	8	10+
20	24.40	17.77	14.41	11.94	7.51
25	21.96	16.06	12.80	10.32	6.38
30	18.85	13.77	10.63	8.16	4.94
35	16.69	11.96	9.08	6.70	4.09
40	15.16	10.49	7.84	5.74	3.67
45	14.28	9.49	6.50	5.31	3.62
50	14.01	9.14	6.50	5.30	3.62
55	14.01	9.14	6.50	5.30	3.62
60	14.01	9.14	6.50	5.30	3.62

Rates (%) of Active members Terminating During Sample Years of Service

	1	3	5	7	10+
State Police & Corrections[1]	20.00	16.00	9.00	8.00	5.75
Municipal Detention	22.00	16.00	10.00	10.00	6.00
Municipal Police	14.00	9.50	6.80	5.15	3.50
Municipal Fire	10.00	7.50	5.00	3.30	2.75

[1] The State Police and Corrections subgroups were not identified separately in the census data. We have used the Corrections assumption because the subgroup comprises about 70% of the combined group total.

PERA disability rates (%) before retirement:

Age	State General Male	State General Female	State Police and Corrections[1]	Municipal General Male	Municipal General Female	Municipal Police	Municipal Fire
25	0.02	0.02	0.14	0.03	0.04	0.01	0.02
30	0.04	0.03	0.16	0.06	0.04	0.01	0.02
35	0.08	0.06	0.21	0.09	0.04	0.05	0.02
40	0.13	0.12	0.27	0.13	0.06	0.11	0.08
45	0.24	0.20	0.46	0.18	0.14	0.18	0.08
50	0.41	0.39	0.90	0.30	0.25	0.28	0.33
55	0.57	0.61	1.40	0.49	0.39	0.46	0.33
60	0.74	0.73	1.88	0.60	0.51	0.74	1.17
65	0.75	0.73	1.88	0.62	0.59	1.08	1.17

[1] The State Police and Corrections subgroups were not identified separately in the census data. We have used the Corrections assumption because the subgroup comprises about 70% of the combined group total.

PERA retirement rates (%):

Age	State General Male	State General Female	State Police and Corrections[1]	Municipal General Male	Municipal General Female	Municipal Police[2]	Municipal Fire
40	25	25	40	20	25	30	30
45	25	25	40	20	25	30	25
50	25	25	40	20	25	30	20
55	25	25	40	20	25	30	25
60	30	25	35	15	25	30	20
65	25	25	35	15	25	30	20
70	25	20	100	20	15	100	100
75	25	20		20	15		
80	100	100		100	100		

ERB mortality rates:

Post-Retirement Healthy Males: 2000 GRS Southwest Region Teacher Mortality Table, set back one year and scaled at 95%. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020.

Post-Retirement Healthy Females: 2020 GRS Southwest Region Teacher Mortality Table, set back one year. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020.

Post-Retirement Disabled Males: 2020 GRS Southwest Region Teacher Mortality Table, set forward three years with minimum rates at all ages of 4.0%. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020.

[1] The State Police and Corrections subgroups were not identified separately in the census data. We have used the Corrections assumption because the subgroup comprises about 70% of the combined group total.

[2] Plan 1-5 were not identified separately in the census data. We have used the Plan 3-5 assumptions because this subgroup comprises over 95% of the combined group total for Municipal Police and Fire.

Section 3: Supporting Information

Post-Retirement Disabled Females: 2020 GRS Southwest Region Teacher Mortality Table, set forward three years with minimum rates at all ages of 2.0%. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020.

Pre-Retirement: Pub-2010 Teachers Active Employee Mortality table. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2010.

These mortality tables were determined so as to reasonably reflect future mortality improvement, based on the June 30, 2023, ERB pension valuation.

ERB termination rates (%) before retirement:

Completed Years Service	Male	Females
0	30.0	24.0
1	24.0	20.0
2	19.0	16.5
3	14.0	13.5
4	11.5	11.5
5	10.0	10.0
6	9.0	9.0
7	7.5	7.5
8	6.5	7.0
9	6.0	6.0
10	5.3	5.5
11	4.6	4.7
12	4.1	4.2
13	3.4	3.6
14	3.1	3.2
15	2.8	2.8
16	2.5	2.5
17	2.2	2.2
18	1.9	1.9
19 and over	0.0	0.0

ERB disability rates (%) before retirement:

Age	Males	Females
25	0.007	0.010
30	0.007	0.010
35	0.042	0.020
40	0.091	0.050
45	0.133	0.080
50	0.168	0.120
55	0.182	0.168

ERB retirement rates:

Rates (%) for Male Members
Hired Before July 1, 2010 and Normal Retirement for Members Hired On or After July 1, 2020

Age	0-4 Years of Service	5-9 Years of Service	10-14 Years of Service	15-19 Years of Service	20-24 Years of Service	25 Years of Service	26+ Years of Service
45	0	0	0	0	0	25	15
50	0	0	0	0	0	25	18
55	0	0	0	0	5	20	18
60	0	0	0	15	20	25	25
62	0	0	30	30	30	25	25
65	0	40	35	30	30	25	25
67	0	25	25	25	30	25	25
70	100	100	100	100	100	100	100

Rates (%) for Female Members
Hired Before July 1, 2010 and Normal Retirement for Members Hired On or After July 1, 2020

Age	0-4 Years of Service	5-9 Years of Service	10-14 Years of Service	15-19 Years of Service	20-24 Years of Service	25 Years of Service	26+ Years of Service
45	0	0	0	0	0	25	15
50	0	0	0	0	0	25	18
55	0	0	0	0	6	25	23
60	0	0	0	20	15	25	25
62	0	0	40	30	30	30	30
65	0	35	40	40	40	40	40
67	0	25	25	25	30	30	30
70	100	100	100	100	100	100	100

Rates (%) for Male Members
Hired On or After July 1, 2020

Age	15-19 Years of Service	20-24 Years of Service	25-29 Years of Service
55	0	0	5
60	0	20	20
62	30	30	30
65	30	30	30

Rates (%) for Female Members Hired On or After July 1, 2020

Age	15-19 Years of Service	20-24 Years of Service	25-29 Years of Service
55	0	0	6
60	0	15	15
62	30	30	30
65	40	40	40

Unknown data for participants:

Same as those exhibited by members with similar known characteristics. If not specified, members are assumed to be male. For active participants with unknown dates of birth, we assumed their age at entry was that of the average for actives with date of birth.

Participation and coverage election:

60% of the active participants with 15 or more years of service and 50% of active participants with less than 15 years of service are assumed to continue coverage at retirement. 25% of employees terminating prior to retiring, and eligible, are assumed to elect NMRHCA benefits at retirement.

Future retirees are assumed to elect medical carriers in the same proportion as current retirees.

Non-Medicare Plan	Medical Election Rate (%)
Premier	75
Value	25

Non-Medicare Plan	Medical Election Rate (%)
BCBS Medicare Supplement	51
BCBS Senior Plan I or II	6
Presbyterian Senior Plan I or II	21

Non-Medicare Plan	Medical Election Rate (%)
United Healthcare Plan I or II	16
Humana Plan I or II	6
BCBS Medicare Supplement	51
BCBS Senior Plan I or II	6

Dependents:

Demographic data was available for spouses of current retirees.

Of those future male retirees who elect to continue their health coverage at retirement, 35% were assumed to have an eligible female spouse who also opts for health coverage at that time and who is 2 years younger.

Of those future female retirees who elect to continue their health coverage at retirement, 30% were assumed to have an eligible male spouse who also opts for health coverage at that time and who is 2 years older.

Administrative expenses:

Non-Medicare:	$475/year
Medicare Supplement:	$436/year
Medicare Advantage:	$66/year

The administrative expenses were assumed to increase by 2.5% in 2023/2024 and thereafter.

Per capita cost development (self-funded medical, drug, drug rebates and EGWP revenue):

Per capita claims costs were based on actual paid retiree claim experience furnished by the carriers for the periods April 1, 2020 through March 31, 2023 for Medical, Drug, Drug rebates and EGWP Revenue. Claims were separated by plan year and participant status (Medicare vs. Non-Medicare), then adjusted as follows:

- paid claims were multiplied by a factor to yield an estimate of incurred claims,
- total claims were divided by the number of adult participants to yield a per capita claim,

- the per capita claim was trended to the midpoint of the valuation year at assumed trend rates, and
- the per capita claim was adjusted for the effect of any plan changes.

Per capita claims for each plan year were then combined by taking a weighted average. The weights used in this average account for a number of factors including each plan year's volatility of claims experience and distance to the valuation year. Actuarial factors were then applied to the weighted average cost to estimate individual retiree and spouse/domestic partner costs by age and by gender.

Per capita cost development (Medicare advantage medical):

Per capita costs were based on the actual monthly premiums. Actuarial factors were applied to the premiums to estimate individual retiree and spouse/domestic partner costs by age and by gender in accordance with ASOP 6.

Per-capita costs:

Annual medical and drug claims costs for the 2023/2024 plan year, excluding assumed expenses were developed actuarially for retirees and spouses at select ages and are shown in the table below. These costs are net of deductibles and other benefit plan cost sharing provisions.

Age	Premier Non-Medicare Male	Premier Non-Medicare Female	Value Non-Medicare Male	Value Non-Medicare Female
50	$11,184	$11,809	$7,673	$8,102
55	12,620	12,819	8,658	8,795
60	14,530	13,897	9,968	9,534
64	17,659	15,087	12,115	10,350

Non-Medicare costs include non-Medicare drug rebates.

Age	BCBS Medicare Supplemental Male	BCBS Medicare Supplemental Female	United Healthcare Medicare Advantage Male	United Healthcare Medicare Advantage Female	BCBS Medicare Advantage Male	BCBS Medicare Advantage Female
65	$4,120	$3,422	$776	$645	$362	$301
70	4,628	3,828	872	721	407	336

Age	BCBS Medicare Supplemental Male	BCBS Medicare Supplemental Female	United Healthcare Medicare Advantage Male	United Healthcare Medicare Advantage Female	BCBS Medicare Advantage Male	BCBS Medicare Advantage Female
75	5,111	4,024	963	758	449	354
80	5,353	4,295	1,008	809	470	377

BCBS Medicare Supplemental costs include Medicare drug rebates & EGWP revenue.

Age	Presbyterian Medicare Advantage Male	Presbyterian Medicare Advantage Female	Humana Medicare Advantage Male	Humana Medicare Advantage Female
65	$1,731	$1,438	$441	$366
70	1,944	1,608	495	410
75	2,148	1,691	547	431
80	2,249	1,805	573	460

Drug rebate and other subsidy increase assumptions:

The 2023/2024 annual drug rebate for non-Medicare retirees was assumed to increase by the same trend assumed for drug costs.

The 2023/2024 annual drug rebate and EGWP revenue for Medicare retirees with BCBS Medicare Supplement plan were assumed to increase by the same trend assumed for drug costs.

Health care cost trend rates (%):

Health care trend measures the anticipated overall rate at which health plan costs are expected to increase in future years. The rates shown below are “net” and are applied to the net per capita costs shown above. The trend shown for a particular plan year is the rate that is applied to that year’s cost to yield the next year’s projected cost.

The first year Medicare Advantage rates reflect actual calendar year 2024 premiums.

Year Beginning June 30	All Non-Medicare Plans	BCBS Medicare Supplement Plan	United Healthcare Medicare Advantage	BCBS Medicare Advantage	Presbyterian Medicare Advantage	Humana Medicare Advantage
2023	8.00%	8.50%	12.97%	-77.76%	24.95%	8.78%
2024	7.75	21.99	21.99	21.99	21.99	21.99
2025	7.50	8.00	8.00	8.00	8.00	8.00
2026	7.25	7.75	7.75	7.75	7.75	7.75
2027	7.00	7.50	7.50	7.50	7.50	7.50
2028	6.75	7.25	7.25	7.25	7.25	7.25
2029	6.50	7.00	7.00	7.00	7.00	7.00
2030	6.25	6.75	6.75	6.75	6.75	6.75
2031	6.00	6.50	6.50	6.50	6.50	6.50
2032	5.75	6.25	6.25	6.25	6.25	6.25
2033	5.50	6.00	6.00	6.00	6.00	6.00
2034	5.25	5.75	5.75	5.75	5.75	5.75
2035	5.00	5.50	5.50	5.50	5.50	5.50
2036	4.75	5.25	5.25	5.25	5.25	5.25
2037	4.50	5.00	5.00	5.00	5.00	5.00
2038	4.50	4.75	4.75	4.75	4.75	4.75
2039 & Later	4.50	4.50	4.50	4.50	4.50	4.50

The trend rate assumptions were developed using Segal's internal guidelines, which are established each year using data sources such as the Segal Health Trend Survey, internal client results, trends from other published surveys prepared by the S&P Dow Jones Indices, consulting firms and brokers, and CPI statistics published by the Bureau of Labor Statistics.

Health care reform:

The 2024/2025 trend rate assumptions reflect the generally higher anticipated cost due to the implementation of the provisions found in the Inflation Reduction Act of 2022 based on the 2025 Final CY 2025 Part D Redesign Program Instructions that were released by the Centers for Medicare and Medicaid Services (CMS).

Funding policy:

Retiree benefits are funded from a combination of employer contributions as a percentage (2.50% for Public Safety, and 2.00% for Other Occupations) of compensation and member contributions as a percentage (1.25% for Public Safety and 1.00% for Other Occupation) of compensation to fund the cost of the subsidy, with the remaining cost funded by retiree contributions, RHCA Statutory Distribution, investment income and pharmacy subsidies from CMS.

Future benefit accruals:

1.0 year of service per year.

Former vested retirement age:

Former vested members are assumed to begin receiving retiree health benefits at the later of age 60 and early retirement eligibility.

Plan design:

Development of plan liabilities was based on the substantive plan of benefits in effect as described in Exhibit C.

Assumption changes:

Since Prior Valuation:

- The trend rates on the valuation year per capita health costs, including drug rebates and EGWP revenue, were updated for Medicare plans. This change increased the TOL.
- Excise tax thresholds on benefits are no longer applied. During the June 4, 2024 meeting, the Board rescinded the 2020 Attestation of Intent. The excise tax thresholds described by the Affordable Care Act (ACA) for High Cost Health Plans are no longer applicable for assumption setting purposes. This change increased the TOL.
- The discount rate was updated from 6.22% to 7.00%. The cross-over test methodology was updated to reflect contributions on future employee payroll that will finance the unfunded liabilities of current members. This change decreased the TOL.

Exhibit C: Summary of plan

This exhibit summarizes the major benefit provisions as included in the valuation. To the best of our knowledge, the summary represents the substantive plans as of the measurement date. It is not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions.

Eligibility:

A retiree who was an employee of either New Mexico PERA or an ERB eligible to receive a pension, is eligible for retiree health benefits.

For employers who “buy-in” to the plan, retirees are eligible for benefits six months after the effective date of employer participation.

- Amended June 2, 2020, the Board of Directors of the NMRHCA approved a change to its subsidy eligibility requirements such that retirees not in a PERA enhanced (Fire, Police, Corrections) pension plan who commence benefits on or after July 31, 2021, will not receive any subsidy from NMRHCA before age 55.
- Adopted April 5, 2021, Senate Bill 315 grants employees who were employed with the Department of Public Safety (DPS) prior to July 1, 2015, and that were reported under the State General Plan 3 (`Non-Enhanced') retroactive eligibility in the State Police and Adult Correctional Officer Plan (`Enhanced') for purposes of retirement and health care benefits. This measure represents the impact of reclassifying those members to the Enhanced Plan for retiree healthcare subsidies based upon GASB 74 and 75 valuation assumptions and methods.

Benefit types:

Retees and spouses are eligible for medical and prescription drug benefits.

For Calendar years 2017 and prior there was a NMRHCA-paid Basic Life benefit of $6,000 for all retirees who commenced benefits on or before December 31, 2012. The $6,000 benefit decreases $1,500 per year commencing January 1, 2018, until January 1, 2021, at which time retirees must pay 100% of the premium cost.

Dental and vision benefits are also available, but were not included in this valuation, since they are 100% retiree-paid.

A description of these benefits may be found at www.nmrhca.state.nm.us by clicking on Retirees.

Duration of coverage:

Employees and dependents are valued for life.

Retiree contributions:

The retiree contribution is derived on a service based schedule implemented effective July 1, 2001, and updated annually. The table below shows the anticipated retiree paid portion of claims.

	FY 2021 & Later
Non-Medicare Retiree	36.0%
Non-Medicare Spouse	64.0
Medicare Retiree	50.0
Medicare Spouse	75.0

Amended on June 2, 2020, the Board of Directors of the NMRHCA approved a change to its subsidy eligibility requirements for retirements on or after July 31, 2021 (deferred 7 months from January 1, 2021) and not in a Public Safety pension plan:

Years of Service	Retired before July 31, 2021, or in Public Safety Pension Plan Percent of Full Subsidy Based on Service (%)	Retired on or after July 31, 2021, and Not in Public Safety Pension Plan Percent of Full Subsidy Based on Service (%)
2023	6.25	4.76
2024	12.50	9.52
2025	18.75	14.29
2026	25.00	19.05
2027	31.25	23.81
2028	37.50	28.57
2029	43.75	33.33
2030	50.00	38.10
2031	56.25	42.86
2032	62.50	47.62
2033	68.75	52.38

Years of Service	Retired before July 31, 2021, or in Public Safety Pension Plan Percent of Full Subsidy Based on Service (%)	Retired on or after July 31, 2021, and Not in Public Safety Pension Plan Percent of Full Subsidy Based on Service (%)
2034	75.00	57.14
2035	81.25	61.90
2036	87.50	66.67
2037	93.75	71.43
2038	100.00	76.19
2039 & Later	100.00	80.95

Dental eligibility:

This benefit was not included in the valuation because retirees pay 100% of the cost.

Vision eligibility:

This benefit was not included in the valuation because retirees pay 100% of the cost.

Life insurance death benefit eligibility:

For Calendar years 2017 and prior there was a NMRHCA-paid Basic Life benefit of $6,000 for all retirees who commenced benefits on or before December 31, 2012. The $6,000 benefit decreases $1,500 per year commencing January 1, 2018, until January 1, 2021, at which time retirees must pay 100% of the premium cost.

Plan changes:

Since prior valuation: As of July 1, 2024, all retirees covered under the BCBS Medicare Advantage Plan II were transferred to the BCBS Medicare Advantage Plan I with a decreased premium of $0.

Appendix A: Projection of OPEB Plan's Fiduciary Net Position for use in the calculation of discount rate as of June 30, 2024

Year Beginning July 1	Projected Beginning Plan Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses (d)	Projected Investment Earnings (e)	Projected Beginning Plan Fiduciary Net Position (f) = (a) + (b) – (c) – (d) + (e)
2024	$1,581,966,829	$215,861,845	$154,418,420	$3,623,563	$112,761,373	$1,752,548,064
2025	1,752,548,064	213,412,237	168,602,718	3,956,410	124,108,223	1,917,509,396
2026	1,917,509,396	211,694,209	176,398,817	4,139,352	135,316,119	2,083,981,555
2027	2,083,981,555	210,392,380	185,682,301	4,357,197	146,591,060	2,250,925,497
2028	2,250,925,497	209,360,616	196,463,736	4,610,193	157,854,819	2,417,067,003
2029	2,417,067,003	208,521,193	208,156,566	4,884,575	169,036,492	2,581,583,547
2030	2,581,583,547	207,836,533	220,052,749	5,163,730	180,102,550	2,744,306,151
2031	2,744,306,151	207,292,085	233,914,385	5,489,005	190,977,535	2,903,172,381
2032	2,903,172,381	206,832,756	247,451,182	5,806,658	201,597,189	3,058,344,486
2033	3,058,344,486	206,493,642	261,090,228	6,126,710	211,958,799	3,209,579,989
2053	6,525,587,799	235,317,926	412,638,816	9,682,930	450,246,012	6,788,829,991
2054	6,788,829,991	238,613,165	409,854,871	9,617,602	468,888,024	7,076,858,707
2055	7,076,858,707	242,425,517	405,336,085	9,511,565	489,345,335	7,393,781,909
2056	7,393,781,909	246,656,250	399,263,285	9,369,061	511,895,570	7,743,701,384
2057	7,743,701,384	251,260,962	391,915,795	9,196,646	536,814,295	8,130,664,200
2058	8,130,664,200	256,201,451	383,034,006	8,988,227	564,392,767	8,559,236,185
2059	8,559,236,185	261,415,821	371,267,125	8,712,107	594,996,814	9,035,669,588
2060	9,035,669,588	266,961,980	358,029,766	8,401,481	629,015,447	9,565,215,768
2061	9,565,215,768	272,829,023	343,982,967	8,071,861	666,792,201	10,152,782,164
2062	10,152,782,164	278,943,139	330,962,624	7,766,327	708,602,248	10,801,598,600

Year Beginning July 1	Projected Beginning Plan Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses (d)	Projected Investment Earnings (e)	Projected Beginning Plan Fiduciary Net Position (f) = (a) + (b) – (c) – (d) + (e)
2082	41,724,715,792	449,278,606	164,196,625	3,853,017	2,930,573,119	44,936,517,875
2083	44,936,517,875	460,603,762	153,349,106	3,598,471	3,156,184,218	48,396,358,278
2084	48,396,358,278	472,253,112	142,415,715	3,341,909	3,399,172,422	52,122,026,188
2085	52,122,026,188	484,235,979	131,480,330	3,085,301	3,660,780,295	56,132,476,830
2086	56,132,476,830	496,561,952	120,620,468	2,830,465	3,942,332,264	60,447,920,114
2087	60,447,920,114	509,240,900	109,919,182	2,579,350	4,245,240,391	65,089,902,872
2088	65,089,902,872	522,282,974	99,454,823	2,333,794	4,571,010,504	70,081,407,733
2089	70,081,407,733	535,698,619	89,303,872	2,095,593	4,921,249,012	75,446,955,899
2090	75,446,955,899	549,498,584	79,541,051	1,866,500	5,297,670,099	81,212,717,031
2091	81,212,717,031	563,693,925	70,243,549	1,648,326	5,702,103,264	87,406,622,345
2115	453,121,546,961	1,058,186,881	30,416	714	31,755,543,739	485,935,246,451
2116	485,935,246,451	1,086,981,719	16,826	395	34,053,511,009	521,075,721,957
2117	521,075,721,957	1,116,604,105	9,059	213	36,514,381,356	558,706,698,147
2118	558,706,698,147	1,147,077,924	4,735	111	39,149,616,428	599,003,387,652
2119	599,003,387,652	1,178,427,748	2,393	56	41,971,482,021	642,153,294,972
2120	642,153,294,972	1,210,678,865	1,170	27	44,993,104,366	688,357,077,006
2121	688,357,077,006	1,243,857,295	543	13	48,228,530,376	737,829,464,121
2122	737,829,464,121	1,277,989,811	233	5	51,692,792,124	790,800,245,818
2123	790,800,245,818	1,313,103,963	88	2	55,401,975,843	847,515,325,534
2124	847,515,325,534	1,349,228,098	24	1	59,373,295,770	908,237,849,377
2125	908,237,849,377	1,386,391,388	3	0	63,625,173,155	973,249,413,917
2126	973,249,413,917	1,424,623,848	0	0	68,177,320,809	1,042,851,358,574

Notes

- Amounts may not total exactly due to rounding.
- Years 2034-2052, 2063-2081, 2092-2114, and beyond 2126 have been omitted from this table.
- Column (b): Projected total contributions are calculated as fixed percentages of payroll plus the Pension Tax Revenue and offset by new entrant normal cost. Contributions are assumed to occur halfway through the year on average.
- Column (c): Projected benefit payments have been determined in accordance with paragraphs 43-47 of GASB Statement No. 74 and are based on the closed group of active, retired members and beneficiaries as of June 30, 2023.
- Column (d): Projected administrative expenses are attributable to the current membership and are calculated as approximately 2.3% of the projected benefit payments amount. The 2.3% portion was based on the projected fiscal year 2024-2025 administrative expenses as a percentage of the projected fiscal year 2024-2025 benefit payments amount. Administrative expenses are assumed to occur hallway through the year, on average.
- Column (e): Projected investment earnings are based on the assumed investment rate of return of 7.00% per annum and reflect the assumed timing of benefit payments made at the beginning of each month.
- As illustrated in this Appendix, the OPEB Plan's Fiduciary Net Position is projected to be available to make all projected future benefit payments for current Plan members. In other words, there is no projected "cross-over date" when projected benefits are not covered by projected assets. Therefore, the long-term expected rate of return on Plan investments of 7.00% per annum was applied to all periods of projected benefit payments to determine the Total OPEB Liability as of June 30, 2024 shown earlier in this report, pursuant to Paragraph 49 of GASB Statement No. 74.

Appendix B: Definition of terms

Definitions of certain terms as they are used in Statement 75. The terms may have different meanings in other contexts.

Term	Definition
Actuarially Determined Contribution:	A target or recommended contribution to an OPEB plan for the reporting period based on the most recent measurement available.
Assumptions or actuarial assumptions:	The estimates on which the cost of the Plan is calculated including: a. Investment return — the rate of investment yield that the Plan will earn over the long-term future; b. Mortality rates — the death rates of employees and retirees; life expectancy is based on these rates; c. Retirement rates — the rate or probability of retirement at a given age; d. Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.
Covered payroll:	The payroll of the employees that are provided OPEB benefits
Discount rate:	The single rate of return, that when applied to all projected benefit payments results in an actuarial present value that is the sum of the following: a. the actuarial present value of projected benefit payments projected to be funded by plan assets using a long term rate of return, and b. the actuarial present value of projected benefit payments that are not included in (a) using a yield or index rate for 20 year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher
Entry age actuarial cost method:	An actuarial cost method where the present value of the projected benefits for an individual is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age
Health care cost trend rates:	The rate of change in per capita health costs over time
Net OPEB Liability:	The Total OPEB Liability less the Plan Fiduciary Net Position
Plan Fiduciary Net Position:	Market Value of Assets
Real rate of return:	The rate of return on an investment after removing inflation
Service cost:	The amount of contributions required to fund the benefit allocated to the current year of service.
Total OPEB Liability:	The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of Statement No. 75.
Valuation date:	The date at which the actuarial valuation is performed

Appendix C: Accounting requirements

The Governmental Accounting Standards Board (GASB) issued Statement Number 74 – Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, and Statement Number 75 – Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. Under these statements, all state and local government entities that provide other post-employment benefits are required to report the cost of these benefits on their financial statements. The accounting standards supplement cash accounting, under which the expense for postemployment benefits is equal to benefit and administrative costs paid on behalf of retirees and their dependents (i.e., a pay-as-you-go basis).

The statements cover postemployment benefits of medical, prescription drugs, dental, vision and life insurance coverage for retirees; long-term care coverage, life insurance and death benefits that are *not* offered as part of a pension plan; and long-term disability insurance for employees. The benefits valued in this report are limited to those described in Exhibit C of Section 3, which are based on those provided under the terms of the substantive plan in effect at the time of the valuation and on the pattern of sharing costs between the employer and plan members. The projection of benefits is not limited by legal or contractual limits on funding the plan unless those limits clearly translate into benefit limits on the substantive plan being valued.

The new standards prescribe an accrual-basis accounting requirement, thereby recognizing the employer cost of postemployment benefits over an employee's career. The standards also prescribe a consistent accounting requirement for both pension and non-pension benefits.

The total cost of providing postemployment benefits is projected, taking into account assumptions about demographics, turnover, mortality, disability, retirement, health care trends, and other actuarial assumptions. These assumptions are summarized in Exhibit B of Section 3. This amount is then discounted to determine the Total OPEB Liability. The Net OPEB Liability (NOL) is the difference between the Total OPEB Liability and market value of assets in the Plan, called the Plan Fiduciary Net Position.

Once the NOL is determined, the annual OPEB expense is determined as the change in NOL from the prior year with deferred recognition of certain elements. In addition, Required Supplementary Information (RSI) must be reported, including historical information about the Net OPEB Liability and the contributions made to the Plan. Appendices C and E of Section 3 contain a definition of terms as well as more information about GASB 74/75 concepts.

The calculation of an accounting obligation does not, in and of itself, imply that there is any legal liability to provide the benefits valued, nor is there any implication that the Authority is required to implement a funding policy to satisfy the projected expense.

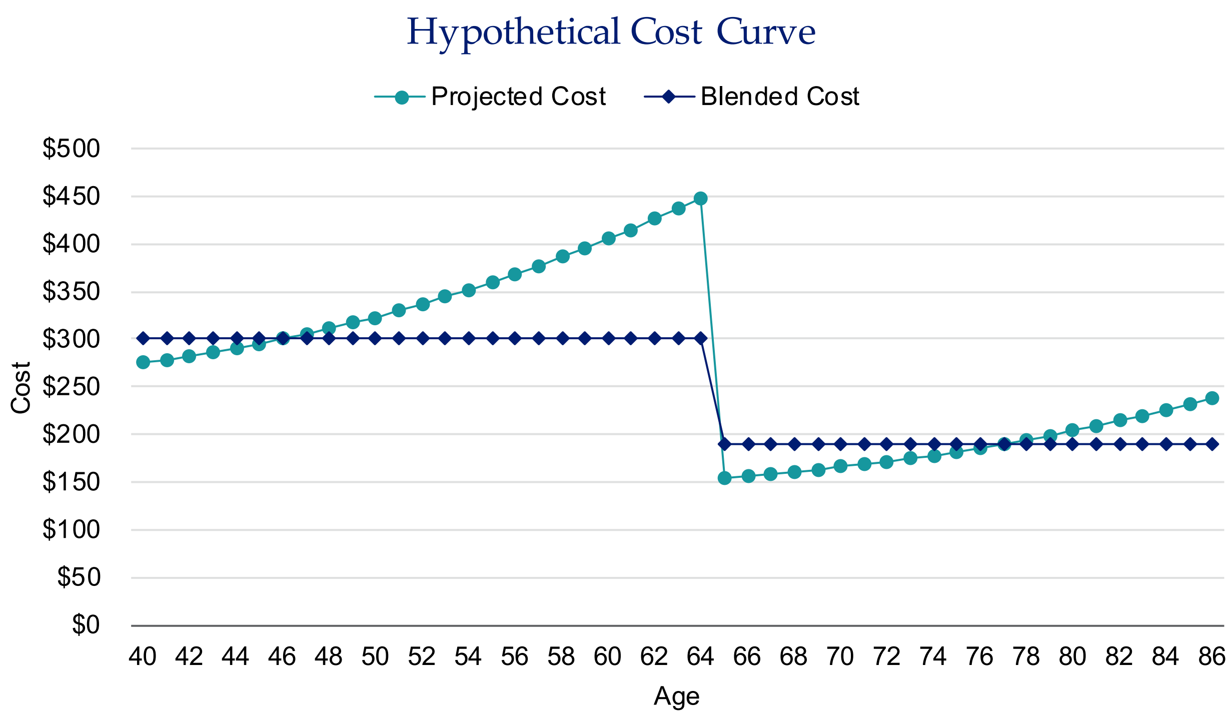
Actuarial calculations reflect a long-term perspective, and the methods and assumptions use techniques designed to reduce short-term volatility in accrued liabilities and the actuarial value of assets, if any.

Section 3: Supporting Information

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and the actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Appendix D: GASB 74/75 concepts

The following graph illustrates why a significant accounting obligation may exist even though the retiree contributes most or all of the blended premium cost of the plan. The average cost for retirees is likely to exceed the average cost for the whole group, leading to an implicit subsidy for these retirees. The accounting standard requires the employer to identify and account for this implicit subsidy as well as any explicit subsidies the employer may provide.



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