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REGULAR MEETING OF THE BOARD OF DIRECTORS



**February 4, 2025
9:30 AM**

**PERA BOARD ROOM
33 Plaza La Prensa, Santa Fe, NM 87507**

Online: <https://meet.goto.com/NMRHCA/boardmeeting>
Telephone: 1-224-501-3412 / Access Code: 724-176-285

New Mexico Retiree Health Care Authority
Regular Meeting

BOARD OF DIRECTORS

ROLL CALL

February 4, 2025

	Member in Attendance		
Ms. Saunders, President			
Mr. Salazar, Vice President			
Ms. Montoya			
Mr. Pyle			
Ms. Alirez			
Mr. Washburn			
Ms. Sandoval			
Mr. Caruana			
Ms. Castillo Smith			
Ms. Garcia			
Ms. Brassington			

NMRHCA BOARD OF DIRECTORS

FEBRUARY 2025

Ms. Therese Saunders, President
NEA-NM, Classroom Teachers Assoc., &
NM Federation of Educational Employees
5811 Brahma Dr. NW
Albuquerque, NM 87120
tsaunders3@mac.com
505-934-3058

Ms. Renee Garcia
Alternate for ERB Executive Director
Educational Retirement Board
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Santa Fe, NM 87502-0129
renee.garcia@erb.nm.gov
505-531-9885

Mr. Tomas E. Salazar, PhD, Vice President
NM Assoc. of Educational Retirees
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Las Vegas, NM 87701
salazarte@plateautel.net
505-429-2206

Mr. Lance Pyle
NM Association of Counties
Curry County Administration
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Ms. Kate Brassington
Alternate for PERA Executive Director
Public Employees Retirement Association
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Santa Fe, NM 87507
kate.brassington@pera.nm.gov
505-309-1088

Ms. Raquel Alirez
Classified State Employee
401 Broadway NE
Albuquerque, NM 87102
raquel.alirez@dws.nm.gov
505-365-3474

Ms. Donna Sandoval
NM Municipal League
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City/County Building
Albuquerque, NM 87102
donnasandoval@cabq.gov
505-768-2975

Mr. Lee Caruana, MD
Retired Public Employees of NM
leecaruana13@gmail.com

Mr. Gerry Washburn
Superintendents' Association of NM
408 N Canyon
Carlsbad, NM 88220
gerry.washburn@carlsbadschools.net

Ms. Alex Castillo Smith
Deputy Cabinet Secretary
NM Health Care Authority
PO Box 2348
Santa Fe, NM 87504
alex.castillosmith@hca.nm.gov

505-629-8652

The Honorable Ms. Laura M. Montoya NM
State Treasurer
2055 South Pacheco Street
Suite 100 & 200
Santa Fe, NM 87505
laura.montoya@sto.nm.gov
505-955-1120

Regular Meeting of the
NEW MEXICO RETIREE HEALTH CARE AUTHORITY
BOARD OF DIRECTORS

February 4, 2025

9:30 AM

PERA Board Room

33 Plaza La Prensa

Santa Fe NM, 87507

Online: <https://meet.goto.com/NMRHCA/boardmeeting>

Telephone: 1-224-501-3412 / Access Code: 724-176-285

AGENDA

- | | | |
|--|--|-----|
| 1. Call to Order | Ms. Saunders, President | |
| 2. Roll Call to Ascertain Quorum | Ms. Beatty, Recorder | |
| 3. Pledge of Allegiance | Ms. Saunders, President | |
| 4. Approval of Agenda | Ms. Saunders, President | 4 |
| 5. Approval of Regular Meeting Minutes
January 7, 2025 | Ms. Saunders, President | 5 |
| 6. Public Forum and Introductions | Ms. Saunders, President | |
| 7. New Board Member | Mr. Kueffer, Executive Director | |
| 8. Election of Board Secretary (Action Item)
a. Board Policies & Procedures | Ms. Saunders, President | 11 |
| 9. Committee Reports | Ms. Saunders, President | |
| 10. Staff Updates | | |
| a. Human Resource & Operations | Ms. Atencio, Deputy Director | |
| b. 2025 Exchange Rates and Plan Comparison | | 18 |
| c. 2025 Interagency Benefits Advisory Committee
(IBAC) Plan Comparison | | 20 |
| d. FY25 Second Quarter Budget Report | Ms. Ayanniyi, Chief Financial Officer | 22 |
| e. Legislative Updates | Mr. Kueffer, Executive Direct | 28 |
| f. December 31, 2024, SIC Report | | 69 |
| 11. FY24 Financial Audit Report – Moss Adams | Mr. Hoggan, CPA, Partner &
Mr. Hamilton, CPA, Sr. Manager | 70 |
| 12. Meketa | Mr. Cowie & Mr. Benedict, Managing
Principles, Jared Pratt Sr. V.P. | 124 |
| a. Investments Overview and Reporting | | |
| b. Investment Policies and JPA (Action Item) | | |
| 13. Segal Contract Amendment (Action Item) | Mr. Kueffer, Executive Director | 173 |
| 14. Other Business | Ms. Saunders, President | |
| 15. Date & Location of Next Board Meeting
March 4, 2025 – 9:30AM
PERA Board Room
33 Plaza La Prensa
Santa Fe NM, 87507 | Ms. Saunders, President | |
| 16. Adjourn | | 4 |

MINUTES OF THE
NEW MEXICO RETIREE HEALTH CARE AUTHORITY/BOARD OF DIRECTORS

REGULAR MEETING

January 7, 2025

1. CALL TO ORDER

A Regular Meeting of the Board of Directors of the New Mexico Retiree Health Care Authority was called to order on this date at 9:30 a.m. in Room 207, CNM Workforce Training Center, 5600 Eagle Rock Avenue, NE, Albuquerque, New Mexico.

2. ROLL CALL TO ASCERTAIN A QUORUM

A quorum was present.

Members Present:

Ms. Therese Saunders, President
Dr. Tomas Salazar, Vice President
Ms. LeAnne Larrañaga-Ruffy, Secretary
The Hon. Laura M. Montoya, NM State Treasurer [virtual]
Ms. Rachel Alirez [virtual]
Mr. David Archuleta
Dr. Lee Caruana
Mr. Lance Pyle [virtual]
Ms. Donna Sandoval
Dr. Gerry Washburn [virtual]
Ms. Alex Castillo Smith

Members Excused:

Staff Present:

Mr. Neil Kueffer, Executive Director
Ms. Linda Atencio, Deputy Director
Mr. Mark Hayden, General Counsel
Ms. Sheri Ayanniyi, Chief Financial Officer
Mr. Jess Biggs, Communications Director
Mr. Raymond Long, IT Director
Mr. Alexander George, Network Administrator

3. PLEDGE OF ALLEGIANCE

Chair Saunders led the Pledge.

4. APPROVAL OF AGENDA

Mr. Archuleta moved approval of the agenda, as published. Ms. Larrañaga-Ruffy seconded the motion, which passed unanimously.

5. APPROVAL OF REGULAR MEETING MINUTES: DECEMBER 3, 2024

Ms. Sandoval moved approval of the December 3, 2024, minutes, as amended. Ms. Alirez seconded the motion, which passed, with Treasurer Montoya in abstention.

6. PUBLIC FORUM AND INTRODUCTIONS

Attendees introduced themselves.

On behalf of the NMRHCA and its board, Ms. Atencio thanked Blue Cross Blue Shield account executive Lori Bell, who would be retiring on January 16, for her years of service to the NMRHCA.

7. COMMITTEE REPORTS

- The Executive Committee met to review today's agenda. [Chair Saunders]

Treasurer Montoya welcomed NM State Representative-elect Nicole Chavez to the NMRHCA board.

8. STAFF UPDATES

a. Human Resources and Operations

Ms. Atencio presented HR updates.

Ms. Atencio reported that the entire NMRHCA staff received HIPAA training on December 20. Segal provides this training on an annual basis.

b. 2025 Exchange Rates and Plan Comparison

Ms. Atencio presented a high-level overview of the New Mexico Health Care Exchange plan rates (Albuquerque, Santa Fe, and Las Cruces).

Treasurer Montoya said it would be helpful if the chart could include rate comparisons for the northern and southern part of the state. Mr. Kueffer said staff could provide that to include the more rural areas.

Dr. Salazar said NMAER executive board was informed in a meeting yesterday that the NMRHCA is prepared to answer the many difficult questions members have about the plans available to them. Having gone through this process himself, he recognizes how challenging it is.

Mr. Kueffer stated that NMRHCA encourages members to educate themselves on what is available through the various plans, but to be very cautious before making any decision and to contact his office if there are any questions.

c. Switch Enrollment Results

Mr. Biggs reported the results of the switch enrollment process and how people have migrated during the switch process to the different plan options. Medicare Advantage Plan II was eliminated from Humana, Presbyterian and UnitedHealthcare, but for the most part did not result in migration to different carriers.

d. Legislative Updates

Mr. Kueffer presented a list of 2025 Senate prefiles for the upcoming session, which includes the NMRHCA Joint Resolution amending the NM Constitution by adding a new section to prohibit the expenditure or encumbrance of NMRHCA trust funds for any purpose other than for the benefit of trust beneficiaries.

Dr. Salazar noted that NMAER has endorsed this resolution.

Mr. Kueffer reported that the Executive has issued its budget recommendations, and the net amount recommended for NMRHCA is a bit less than what was requested by about \$98,400, which was for one additional position. The Legislative Finance Committee will be releasing their recommendation on January 13.

e. November 30, 2024, SIC Report

Mr. Kueffer reported an increase of \$49.5 million, \$30 million from contributions. The report includes the transfer of funds from the US Large Cap Index Pool to the Core Bonds Pool as a part of the rebalancing approved by the board on October 1.

9. STATE INVESTMENT COUNCIL UPDATES & INVESTMENT PERFORMANCE REPORT – SEPTEMBER 2024

[Presenter: Charles Wollmann, Director, Communications, Legislative & Client Relations, SIC]

Mr. Wollmann reviewed NMRHCA holdings as of November 30, 2024. The NMRHCA's largest positions are in the Core Bonds Pool and US Large Cap Index, for a total of about \$600 million. In the private market pools, the NMRHCA has exposure to Private Debt, Private Equity, Real Estate, and Real Return (or Real Assets). These pools make up 40 percent of its overall assets, which translates to 80 percent of the fees paid. He commented that these pools provide the NMRHCA with a lot less volatility, better diversification, and high-quality active management that helps create an efficient portfolio, but this is not cheap, and there are liquidity restrictions around these types of investments. He said the NMRHCA may want to keep this in mind when assessing how to allocate its resources with its advisor in the future.

Mr. Wollmann noted a CYTD return of 8.66 percent through 9/30/24. The fund reflects very strong long-term performance over the last decade, with a net 1-year return of 14.72 percent.

Mr. Wollmann said the SIC will be issuing an RFP in the next three months that will add as many as a dozen new active managers to the international portfolio. In addition, the SIC will be restructuring its pools for international stocks as of July 1 and will be communicating with NMRHCA as far as what it needs to do in the coming months. Further, this same process is likely to repeat on the domestic US equity side in 2026. Since this is a pool restructure, the SIC's clients will not have the option of choosing managers.

Mr. Wollmann stated that the NMRHCA's existing real estate portfolio is a 60-65 percent pure real estate product, which consists of office buildings in big cities, and about 35 percent that is value-add or opportunistic. With the help of Townsend, its real estate advisor, SIC is looking to flip this on its head in the coming year to bring in a little more return. It may use investments in REITs (publicly traded real estate), which tend to be a little more volatile than the institutional funds the SIC typically invests in. This will take several years to get this flipped around. The NMRHCA should monitor this to make sure things go smoothly.

Mr. Wollmann stated that the SIC is focusing on lowering the fee load in real estate and private equity through co-investments. The SIC's position is large enough that it can work with its managers and make a commitment to their flagship fund. In addition, it will make a sidecar

commitment with either no fee/no carry or a low fee/low carry to reduce those fees in a co-investment vehicle.

In conclusion, Mr. Wollmann noted that, on an individual basis, the SIC is the second-largest domestic sovereign wealth fund, at \$58 billion. He stated that the SIC now manages 12 different funds.

Mr. Wollmann cited a compensation and fund structuring analysis by Dr. Ashby Monk of Ascension, stating that the current SIC staff at 37 should be increased to 57 employees.

Treasurer Montoya asked Mr. Wollmann to discuss potential co-investment in real estate and real return as a way of reducing fees. Her concern is that the SIC not have too much invested with one money manager through this vehicle. Mr. Wollmann responded that this is a balancing act, where the SIC wants to make sure it has a diversified portfolio of big, little and emerging managers, which is not easy with limited staff trying to deploy billions of dollars while maintaining its due diligence and subsequent monitoring. To do all that, the SIC needs to be properly staffed with enough analysts and resources. The SIC doesn't have a specific mandate for an emerging manager program, but that is something the SIC may investigate because it will help a lot. Currently, there are only two people working on the private equity portfolio.

10. DISPOSAL OF IT EQUIPMENT (ACTION ITEM)

[Presenter: Raymond Long, IT Director]

Mr. Long presented a list of equipment that is no longer needed, all of which has been replaced with updated equipment to serve the NMRHCA's needs.

Treasurer Montoya asked if GSD has been offered this list of equipment for their own use. Mr. Kueffer responded that, based on staff's understanding of statute, GSD will be offered first right of refusal after the board makes its determination today.

Treasurer Montoya moved to approve processing forward with the removal of outdated equipment and to GSD first to see if they want it, and if they don't want it before destruction, looking at any nonprofits to see if they want to utilize any of these items first, and if not, to then destroy it. Ms. Alirez seconded the motion.

Dr. Caruana asked if this motion represents a change in state rules. Mr. Kueffer responded that the board is still following statute because it would still be the board approving the

recommendation. He added that certain items that include sensitive information, such as hard drives, would not be offered and would be destroyed.

The motion passed unanimously.

Chair Saunders asked staff has investigated using AI for future meeting transcription services after Ms. Beatty retires. Mr. Kueffer responded that the NMRHCA is looking at various platforms that can be used.

11. OUT-OF-STATE TRAVEL REQUEST (ACTION ITEM)

Mr. Kueffer stated that staff is requesting permission to attend the National Conference of the State and Local Government Benefits Association (SALGBA) on April 28-May in St. Louis. He would be attending the conference with Ms. Atencio and Mr. Biggs.

Chair Saunders said the Executive Committee approved this travel request.

Treasurer Montoya moved for approval. Dr. Caruana seconded the motion, which passed unanimously.

12. OTHER BUSINESS

None.

13. DATE AND LOCATION OF NEXT BOARD MEETING

February 4, 2025 – 9:30 AM
PERA Board Room
33 Plaza La Prensa
Santa Fe, NM. 87507

14. ADJOURN: 11:45 a.m.

Accepted by:

Therese Saunders, President

2024 BOARD POLICIES AND PROCEDURES

MISSION STATEMENT

The New Mexico Retiree Health Care Authority ("NMRHCA" or "Authority") is committed to offering an affordable, comprehensive health care program for present and future eligible retirees and their dependents.

ADMINISTRATION

The Authority is governed by a Board of Directors ("Board"), which is composed of not more than 13 members (the "Board Members" or individually a "Board Member"). The Board is authorized to take all actions reasonably necessary to implement the Retiree Health Care Act (the "Act"). Currently, the Authority maintains two offices and a full time staff of 28 employees. The Authority offers comprehensive medical, dental, vision and life insurance to more than 65,000 retired public employees. NMRHCA receives revenue from premiums paid by retirees, contributions from active employees and their employers, and funding and revenue from other various sources. The Board and Authority administer the Authority's Trust Fund ("Fund"), which is invested and managed by the New Mexico State Investment Council, as required by the Act.

Currently, the Authority has approximately 307 participating public entities including all State agencies, public and charter schools, many counties, and cities, as well as several universities.

ANNUAL REVIEW OF BOARD POLICIES AND PROCEDURES

The Board will review its Policies and Procedures annually. Proposed changes will first be solicited by NMRHCA staff from the Board's Executive Committee. Once approved by the Executive Committee, the initial revised Policies and Procedures will be presented to the full Board at its next regularly scheduled meeting. The Board will review the changes and make final recommendations to the Executive Committee, which will meet to revise the Policies and Procedures in accordance with those recommendations, and then present the Board with the Policies and Procedures for final action at the next regularly scheduled Board meeting.

OFFICERS, TERM OF OFFICE, DUTIES

Term of Office

Terms of office for the president and chairperson (the "Chairperson"), the vice president and vice-chairperson (the "Vice-Chairperson"), and the secretary (the "Secretary") will be from the date elected until a successor is sworn in, unless the office is vacated, in which case, the next lower officer shall automatically assume the duties of the higher officer.

Procedure for Electing Officers

The Board will elect a slate of officers annually to serve for the ensuing twelve-month period.

The three officers will comprise the Board's Executive Committee.

In the event of a vacancy in the office of Chairperson, the Vice-Chairperson will succeed the Chairperson. In the event of a vacancy in the office of the Vice-Chairperson, the Secretary will succeed the Vice-Chairperson. In the event of a vacancy in the office of Secretary, an election will be held at the next Board meeting. Nominations will be taken from the floor. The individual receiving the highest vote count will be elected to the office of Secretary.

Duties of the Chairperson

The duty of the Chairperson is, primarily, to ensure the integrity of the Board's processes and oversee the conduct of the Board at Board and committee meetings.

Duties of the Vice-Chairperson

The duty of the Vice-Chairperson is to act as temporary Chairperson in the absence of the Chairperson.

Duties of the Secretary

The duty of the Secretary is to act as temporary Chairperson in the absence of the Chairperson and Vice-Chairperson.

BOARD COMMITTEES

The Board has the following standing committees:

1. The Executive Committee, consisting of the officers of the Board.
2. The Audit Committee, consisting of four Board Members, including the Chairperson.
3. The Finance and Investment Committee consisting of five Board Members, including the Chairperson.
4. The Legislative Committee consisting of five Board Members, including the Chairperson
5. The Wellness Committee consisting of five Board Members.

The Chairperson is responsible for establishing membership in each standing committees. Additionally, the Chairperson has authority to establish, from time-to-time, other committees for specific purposes and will appoint the membership of those committees. All committee members are entitled to per diem and mileage, as authorized under 2.81.1.21, NMAC.

CODE OF CONDUCT

Board Members are expected to adhere to the highest ethical standards and, at all times, comply with their fiduciary responsibilities. Board Members will avoid any conflict of interest or perceived conflict of interest and may not have a direct financial or direct personal interest in any company or business that has a contractual obligation with the NMRHCA.

Board Members, as fiduciaries, should discharge their duties solely in the interest of the Authority and be governed by all applicable State and Federal laws, rules and regulations.

Each year at its annual meeting, Board Members will complete a financial disclosure form as set out in 2.81.3.8, NMAC.

Board Members will adhere to all requirements set forth in 2.81.3, NMAC, which establishes a Code of Ethics for Board Members.

BOARD TRAVEL

Board Members must submit to the Chairperson any request to participate in an event requiring travel where that travel is paid for by the Authority.

Speakers: Any Board Member that accepts a request to be a speaker at a conference or seminar requiring travel will notify the Chairperson of the request and their intention to participate in their capacity as a member of the Authority.

Payment for Travel: All travel paid for by the Authority is subject to 2.81.1.21, NMAC, the New Mexico Per Diem and Mileage Act, NMSA 1978, 10-8-1 and current New Mexico Department of Finance and Administration rules and regulations.

PROCEDURES FOR CONDUCT OF NMRHCA BOARD MEETINGS

In general, the Board will follow a modified version of Robert's Rules of Order, Revised ("RRO"). In addition, the Board will adhere to the Open Meetings Act and all other applicable provisions of State laws and the Board's rules and regulations.

A quorum of the Board must be present in order to convene and conduct any official meeting. A quorum is a majority of Board Members. Once a quorum is present, action may be taken by majority vote of participating Board Members. Although physical attendance by Board Members is encouraged, Board Members may attend meetings by video conference or telephone, provided that each Board Member participating by video conference or telephone can be identified when speaking, all participants are able to hear each other at the same time, and members of the public attending the meeting are able to hear any Board Members who speak during the meeting.

Regular Meetings

The date, time, and place of the regular Board meeting will be established by Board action and be announced to the public pursuant to the requirements of the Open Meetings Act (Section 10-15-1 et seq. NMSA 1978).

The Board will meet at least once a year.

Special or Emergency Meetings

A special meeting of the Board is a meeting other than a regular or emergency meeting and may be called by the Chairperson, Vice-Chairperson or any three (3) Board Members for the specific purposes specified in the call.

An emergency meeting of the Board is a meeting other than a regular or special meeting and may be called by the Chairperson, Vice-Chairperson, or any two (2) Board Members to consider a sudden or unexpected set of circumstances affecting the NMRHCA which require the immediate attention of the Board.

Public Notice

The New Mexico Open Meetings Act, Section 10-15-1, NMSA 1978, provides that any meeting of a quorum of the members of a public body held for the purpose of formulating public policy discussing public business, or taking action within the authority of the Board, or at which the discussion or adoption of any proposed resolution, rule, regulation, or formal action occurs will be held only after reasonable notice to the public. In accordance with the Open Meetings Act, the Board will establish, at least annually, what constitutes reasonable notice of its meetings.

Agenda

The Chairperson, in consultation with the Executive Committee and the Executive Director, will prepare an agenda for each regular meeting of the Board. The Executive Director will ensure timely dissemination of the agenda to the Board and public.

Any Board Member may request of the Chairperson to have an item placed on, or removed from, the agenda.

Open and Closed Meetings

In addition to requiring public notice of Board meetings, the Open Meetings Act requires all Board meetings to be open to the public at all times unless an exception found in the Open Meetings Act permits a closed meeting.

Minutes

Pursuant to the Open Meetings Act, written minutes will be kept of all public Board meetings, as well as committee meetings, and all minutes shall be open to public inspection. Draft minutes will be approved, amended or disapproved at the next meeting where a quorum is present. Draft minutes may be inspected by members of the public after completion in final draft form but will not become official until approved by the Board.

Board Meeting Attendance

Board Members will ensure strict compliance with 2.81.1.11, NMAC which governs Board meeting attendance.

EXECUTIVE DIRECTOR

General Provisions

The Executive Director will comply with the Code of Ethics established for the Authority (2.81.3, NMAC) and may not have a direct financial or direct personal interest in any company or business that has a contractual obligation with the NMRHCA.

The Executive Director will ensure that all employees of the Authority are aware of their rights and responsibilities and ensure at a minimum:

1. Confidentiality of retiree and dependent enrollment and medical and fiscal records.
2. No conflict of interest or appearance thereof with respect to participation on boards, corporations, or public or private organizations. No conflict of interest or appearance thereof with respect to professional, occupations, or business licenses.
3. Adherence to a pertinent professional code of ethics and standard of professional conduct as prescribed by the Board.
4. No solicitation of gifts, favors, or other items of value from persons with whom the NMRHCA transacts business or companies with whom the NMRHCA may contract.
5. No acceptance of unsolicited items of value that are of such character as to manifest, or appear to manifest, influence upon an employee in carrying out his/her responsibilities to the NMRHCA.

Responsibilities of the Executive Director

The Executive Director is responsible for organizational performance and exercises authority over the day-to-day operations of the Authority. The Executive Director is responsible for the management of all staff and the Board delegates authority for staff management to the Executive Director.

In general, all personnel decisions made by the Executive Director are final. However, the Authority may utilize an appeals process that allows for personnel decisions to be reviewed by the Board.

Employment of the Executive Director

Employment of the Executive Director will be by the Board. The terms of employment for the Executive Director will be subject to applicable policies as they pertain to exempt employees and conditions outlined by the Board.

The Board believes that the selection of an Executive Director is one of the most important tasks performed by the Board. To that end, the Board will carefully consider the following:

- Specifying what the Board expects the Executive Director to do;
- Specifying the education and experience the Board considers essential to performing the work of Executive Director;
- Developing and implementing a recruitment strategy for the position; and
- Applying screening processes, interviewing qualified candidates, and selecting the candidate deemed to be most qualified for the position.

Executive Director Evaluations

The Executive Committee of the Board is responsible for evaluating the Executive Director and will utilize mechanisms to provide periodic feedback on Executive Director performance and on the overall performance of the agency.

The Board endorses the use of an evaluation instrument as a tool in planning, goal setting, establishing shared understandings, providing feedback, and making other decisions. For this reason, the Board may implement a written evaluation form with the Executive Director, whether or not one is required by other controlling agencies such as the Department of Finance and Administration.

Sound personnel practices provide that evaluation instruments are most effective when done at least annually, when the raters and individual establish shared understandings at the beginning of the evaluation period concerning expectations and performance criteria, and when feedback is provided on an ongoing basis.

Executive Director Leave

The Executive Director will notify the Chairperson for approval when annual leave is to be taken. The notice will be given as far in advance as possible.

APPEAL OF BENEFIT DETERMINATIONS

The Board will not consider appeals of medical, dental or vision benefit determinations made by contracted carriers or staff of the Authority. As such, it is the policy of the Board that beneficiaries wishing to appeal benefit determinations made by contracted carriers or staff should make their appeal to the Office of the Superintendent of Insurance.

The Executive Director will report to the board the outcome of any appeals determined by the Office of the Superintendent of Insurance.

2025 Market Comparison of Commercially Available Plans (Pre-Medicare)
Premium Rate - Individual Age 60

New Mexico Health Care Exchange Plans	Retiree Premium	Spouse Premium	Retiree + Spouse Premium	Plan Type	Plan Level	Deductible Individual	Out-of-Pocket Max Individual	First Dollar Coverage
Albuquerque								
Gold								
Blue Cross Blue Shield (205) - Albuquerque	\$752	\$752	\$1,503	HMO	Gold	\$825	\$9,200	Y
Presbyterian (Clear Cost Gold) - Albuquerque	\$1195	\$1195	\$2,389	HMO	Gold	\$3,000	\$5,300	Y
Molina (Clear Cost Gold) - Albuquerque	\$852	\$852	\$1,705	HMO	Gold	\$3,000	\$5,300	Y
United Health Care (Gold Value on Exchange) - Albuquerque	\$827	\$827	\$1,654	HMO	Gold	\$2,000	\$9,000	Y
Silver								
Blue Cross Blue Shield (203) - Albuquerque	\$924	\$924	\$1,848	HMO	Silver	\$1,800	\$9,200	N
Presbyterian (Clear Cost Silver) - Albuquerque	\$1,481	\$1481	\$2,962	HMO	Silver	\$4,800	\$8,400	Y
Molina (Clear Cost Silver) - Albuquerque	\$1069	\$1069	\$2,137	HMO	Silver	\$4,800	\$8,400	Y
United Health Care (Silver Advantage on Exchange) - Albuquerque	\$1012	\$1012	\$2,025	HMO	Silver	\$4,250	\$9,200	Y
Bronze								
Presbyterian Health Plan, Inc. (Bronze 9200) - Age: 60 - Albuquerque	\$896	\$896	\$1,792	HMO	Bronze	\$9,200	\$9,200	N
Only 1 vendor no comparison								
Santa Fe								
Gold								
Blue Cross Blue Shield (205) - Santa Fe	\$1052	\$1052	\$2,104	HMO	Gold	\$825	\$9,200	Y
Presbyterian (Clear Cost Gold) - Santa Fe	\$1195	\$1195	\$2,389	HMO	Gold	\$3,000	\$5,300	Y
Molina (Clear Cost Gold) - Santa Fe	\$1182	\$1182	\$2,363	HMO	Gold	\$3,000	\$5,300	Y
United Health Care (Gold Value on Exchange) - Santa Fe	\$991	\$991	\$1,982	HMO	Gold	\$2,000	\$9,000	Y
Silver								
Blue Cross Blue Shield (203) - Santa Fe	\$1,294	\$1294	\$2,588	HMO	Silver	\$1,800	\$9,200	N
Presbyterian (Clear Cost Silver) - Santa Fe	\$1,481	\$1481	\$2,962	HMO	Silver	\$4,800	\$8,400	Y
Molina (Clear Cost Silver) - Santa Fe	\$1482	\$1482	\$2,964	HMO	Silver	\$4,800	\$8,400	Y
United Health Care (Silver Advantage on Exchange) - Santa Fe	\$1214	\$1214	\$2,427	HMO	Silver	\$4,250	\$9,200	Y
Bronze								
Presbyterian Health Plan, Inc. (Bronze 9200) - Age: 60 - Santa Fe	\$896	\$896	\$1,792	HMO	Bronze	\$9,200	\$9,200	N
Only 1 vendor no comparison								
Las Cruces								
Gold								
Blue Cross Blue Shield (205) - Las Cruces	\$1052	\$1052	\$2,104	HMO	Gold	\$825	\$9,200	Y
Presbyterian (Clear Cost Gold) - Las Cruces	\$1,672	\$1672	\$3,345	HMO	Gold	\$3,000	\$5,300	Y
Molina (Clear Cost Gold) - Las Cruces	\$882	\$882	\$1,763	HMO	Gold	\$3,000	\$5,300	Y
United Health Care (Gold Value on Exchange) - Las Cruces	\$922	\$922	\$1,845	HMO	Gold	\$2,000	\$9,000	Y
Silver								
Blue Cross Blue Shield (203) - Las Cruces	\$1,294	\$1294	\$2,588	HMO	Silver	\$1,800	\$9,200	N
Presbyterian (Clear Cost Silver) - Las Cruces	\$2,073	\$2073	\$4,147	HMO	Silver	\$4,800	\$8,400	Y
Molina (Clear Cost Silver) - Las Cruces	\$1105	\$1105	\$2,211	HMO	Silver	\$4,800	\$8,400	Y
United Health Care (Silver Advantage on Exchange) - Las Cruces	\$1130	\$1130	\$2,259	HMO	Silver	\$4,250	\$9,200	Y
Bronze								
Presbyterian (Bronze 9200) - Las Cruces	\$1,255	\$1255	\$2,509	HMO	Bronze	\$9,200	\$9,200	N
Only 1 vendor no comparison								

2025 Market Comparison of Commercially Available Plans (Pre-Medicare)
Premium Rate - Individual Age 60

New Mexico Health Care Exchange Plans	Retiree Premium	Spouse Premium	Retiree + Spouse Premium	Plan Type	Plan Level	Deductible Individual	Out-of-Pocket Max Individual	First Dollar Coverage
Farmington								
Gold								
Blue Cross Blue Shield (205) - Farmington	\$1052	\$1052	\$2,104	HMO	Gold	\$825	\$9,200	Y
Presbyterian (Clear Cost Gold) - Farmington	\$1672	\$1672	\$3,345	HMO	Gold	\$3,000	\$5,300	Y
Molina (Clear Cost Gold) - Farmington	\$930	\$930	\$1,860	HMO	Gold	\$3,000	\$5,300	Y
United Health Care (Gold Value on Exchange) - Farmington	\$1055	\$1055	\$2,111	HMO	Gold	\$2,000	\$9,000	Y
Silver								
Blue Cross Blue Shield (203) - Farmington	\$1294	\$1294	\$2,588	HMO	Silver	\$1,800	\$9,200	N
Presbyterian (Clear Cost Silver) - Farmington	\$2,073	\$2073	\$4,147	HMO	Silver	\$4,800	\$8,400	Y
Molina (Clear Cost Silver) - Farmington	\$1166	\$1166	\$2,332	HMO	Silver	\$4,800	\$8,400	Y
United Health Care (Silver Advantage on Exchange) - Farmington	\$1293	\$1293	\$2,585	HMO	Silver	\$4,250	\$9,200	Y
Bronze								
Presbyterian Health Plan, Inc. (Bronze 9200) - Age: 60 - Farmington	\$1255	\$1255	\$2,509	HMO	Bronze	\$9,200	\$9,200	N
Only 1 vendor no comparison								
Roswell								
Gold								
Blue Cross Blue Shield (205) - Roswell	\$1052	\$1052	\$2,104	HMO	Gold	\$825	\$9,200	Y
Presbyterian (Clear Cost Gold) - Roswell	\$1672	\$1672	\$3,345	HMO	Gold	\$3,000	\$5,300	Y
Molina (Clear Cost Gold) - Roswell	\$1021	\$1021	\$2,043	HMO	Gold	\$3,000	\$5,300	Y
United Health Care (Gold Value on Exchange) - Roswell	\$1035	\$1035	\$2,070	HMO	Gold	\$2,000	\$9,000	Y
Silver								
Blue Cross Blue Shield (203) - Roswell	\$1,294	\$1294	\$2,588	HMO	Silver	\$1,800	\$9,200	N
Presbyterian (Clear Cost Silver) - Roswell	\$2,073	\$2073	\$4,147	HMO	Silver	\$4,800	\$8,400	Y
Molina (Clear Cost Silver) - Roswell	\$1281	\$1281	\$2,562	HMO	Silver	\$4,800	\$8,400	Y
United Health Care (Silver Advantage on Exchange) - Roswell	\$1268	\$1268	\$2,536	HMO	Silver	\$4,250	\$9,200	Y
Bronze								
Presbyterian Health Plan, Inc. (Bronze 9200) - Age: 60 - Roswell	\$1255	\$1255	\$2,509	HMO	Bronze	\$9,200	\$9,200	N
Only 1 vendor no comparison								
Las Vegas								
Gold								
Blue Cross Blue Shield (205) - Las Vegas	\$1052	\$1052	\$2,104	HMO	Gold	\$825	\$9,200	Y
Presbyterian (Clear Cost Gold) - Las Vegas	\$1,672	\$1672	\$3,345	HMO	Gold	\$3,000	\$5,300	Y
Molina (Clear Cost Gold) - Las Vegas	\$1021	\$1021	\$2,043	HMO	Gold	\$3,000	\$5,300	Y
United Health Care (Gold Value on Exchange) - Las Vegas	\$1035	\$1035	\$2,070	HMO	Gold	\$2,000	\$9,000	Y
Silver								
Blue Cross Blue Shield (203) - Las Vegas	\$1,294	\$1294	\$2,588	HMO	Silver	\$1,800	\$9,200	N
Presbyterian (Clear Cost Silver) - Las Vegas	\$2,073	\$2073	\$4,147	HMO	Silver	\$4,800	\$8,400	Y
Molina (Clear Cost Silver) - Las Vegas	\$1281	\$1281	\$2,562	HMO	Silver	\$4,800	\$8,400	Y
United Health Care (Silver Advantage on Exchange) - Las Vegas	\$1268	\$1268	\$2,536	HMO	Silver	\$4,250	\$9,200	Y
Bronze								
Presbyterian (Bronze 9200) - Las Vegas	\$1,255	\$1255	\$2,509	HMO	Bronze	\$9,200	\$9,200	N
Only 1 vendor no comparison								

Plan Comparison
NM Retiree Health Care Authority, State of New Mexico HCA, NM Public School Insurance Authority, and Albuquerque Public Schools
Effective 1/1/2025

Plan Premiums for individual member per month with employer subsidy of 64%	NMRHCA Premier PPO BCBS and PHP \$345.90	NMRHCA Value Plan HMO BCBS and PHP \$270.19	SONM PPO BCBS \$272.18	SONM HMO BCBS and PHP \$234.05	NMPSIA High Option and PHP BCBS \$365.39, \$295.47	NMPSIA EPO BCBS \$328.84	NMPSIA Low Option BCBS and PHP \$253.33, \$204.89	APS PPO BCBS \$258.26 Food Services: \$344.48	APS EPO Presbyterian Food Services: \$361.57
Annual Deductible	\$500 to \$800/Individual	\$1,500/Individual	\$500 to \$750/Individual	\$350/ \$425/ \$500/Individual	\$750/Individual	\$500/Individual	\$2,000/Individual	\$1,000/Individual	\$500/Individual
Annual Out-of-Pocket Limit	\$3,750 to 4,500/Individual	\$5,500/Individual	\$4,000 or \$5,600/Individual	\$3,750/ \$4,000/\$4,250/ Individual	\$4,100/Individual	\$3,250/Individual	\$4,100/Individual	\$5,000/Individual	\$4,000/Individual
Office Services	Primary - \$20 or \$30 Specialist - \$35 to \$45	Primary -\$35 Specialist - \$55	Primary -\$40 or \$50 Specialist - \$60 or \$70	Primary -\$25, \$35, \$40 Specialist - \$45, \$50, \$60	Primary -\$25 Specialist - \$50	Primary -\$25 Specialist - \$35	Primary -\$30 Specialist - \$60	Primary -\$30 Specialist - \$60	Primary -\$20 Specialist - \$50
Preventive Services	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%
Related testing (includes routine Pap test, mammograms, colonoscopy, physicals, etc.) & immunization (deductible waived)	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%
Lab, X-Ray, and Pathology	Plan pays 100%	Plan pays 100%	30% or 40%	\$20, \$100, 25%	\$30 freestanding lab/ radiology or actual allowed or \$60 hospital outpatient	\$25 freestanding lab/ radiology or actual allowed or \$50 hospital outpatient	\$35 freestanding lab/ radiology or actual allowed or \$70 hospital outpatient	\$30	\$20
Emergency Room	\$250	\$350	\$325	20% or \$300	\$450	\$150 copay plus 20% after deductible	\$450 copay after deductible	\$450	\$350
Urgent Care Facility	\$45	\$55	\$65 or \$75	\$100 or \$60	\$50	\$35	\$60	\$75	\$50
Ambulance Services	25%	30%	20% or 30%	20% or \$30 Ground/\$100 Air	\$50	\$25	25%	20%	20%
High-Tech Radiology (MRI, PET & CT)	10%, 25% or \$100 office/ freestanding radiology	30% or \$125 office/ freestanding radiology	25% or 30% - to max \$300 per test	\$250 per test per day; 25% up to max of \$250 per test	\$600 copay or 20% which ever is less per day	\$500 copay or 20% which ever is less per day	\$700 copay or 25% which ever is less per day	\$120 copay per day freestanding facility, 20% outpatient hospital	\$120 copay per day freestanding facility, 20% outpatient hospital
Rehabilitation Inpatient or Outpatient (Occupational, Physical, and Speech)	10% or 25% / \$20 or \$30 - Physical therapy outpatient alternative to surgery 4 copay max	30% / \$35 - Physical therapy outpatient alternative to surgery 4 copay max	\$1,250 or \$1,750 Inpatient/ \$40 or \$50 Outpatient	20% or \$700 Inpatient/\$25, \$35 or \$40 Outpatient	20% Inpatient/\$25 copay up to \$250; thereafter no charge for remaining calendar year	\$500 copay plus 20% Inpatient/ \$25 up to \$250 then no charge rest of year Outpatient	25% Inpatient/ \$30 Outpatient	20% Inpatient, \$30 maximum \$480 per CY and 60 visit max per condition	20% Inpatient, \$20 maximum \$320 per CY and 60 visit max per condition
Alternative (chiropractic, acupuncture, etc.)	10% or 25%	30%	\$40, \$50, \$60, \$70 max 25 combined visits a year	\$25, \$35, \$40, \$50 or \$55, max 25 combined visits a year	\$50, combined max 30 visits	\$35, combined max 30 visits	25%, combined max 30 visits	\$30, max 25 visits a calendar year	\$20, max 25 visits a calendar year
Hospitalization - Inpatient	10% or 25%	30%	\$1,250 or \$1750 per admission	20% or \$700 per admission	20% coinsurance after deductible	\$500 facility copay plus admission 20%	25%	20%	20%
Surgery - Outpatient	10% or 25%	30%	25% or 35%	\$500 or 25%	20% coinsurance after deductible	\$150 copay plus 20%	25%	20%	20%
Majority of Other Covered Services	10% or 25%	30%	Vary	Vary	Vary	Vary	25%	20%	20%

Plan Comparison
NM Retiree Health Care Authority, State of New Mexico HCA, NM Public School Insurance Authority, and Albuquerque Public Schools
Effective 1/1/2025

<i>Copay (Retail)</i>	<i>Minimum</i>	<i>Maximum</i>	<i>Minimum</i>	<i>Maximum</i>	<i>Minimum</i>	<i>Maximum</i>	<i>Minimum</i>	<i>Maximum</i>	<i>Minimum</i>	<i>Maximum</i>	<i>Minimum</i>	<i>Maximum</i>	<i>Minimum</i>	<i>Maximum</i>	<i>Minimum</i>	<i>Maximum</i>	<i>Minimum</i>	<i>Maximum</i>
Generic	\$5	\$15	\$5	\$15	\$6		\$6		\$10		\$10		\$10		20%	\$10	20%	\$10
Brand	\$30	\$60	\$30	\$60	\$35	\$95	\$35	\$95	\$30	\$60	\$30	\$60	\$30	\$60	\$50	\$100	\$50	\$100
Brand Non-Formulary	\$50	\$125	\$50	\$125	\$60	\$130	\$60	\$130	70%		70%		70%		\$100	\$175	\$100	\$175
Specialty Up to 30 or 34 day supply					**\$50 deductible applies to formulary and non-formulary only		**\$50 deductible applies to formulary and non-formulary only											
<i>Copay (Mail Order)</i>	<i>Minimum</i>	<i>Maximum</i>	<i>Minimum</i>	<i>Maximum</i>	<i>Minimum</i>	<i>Maximum</i>	<i>Minimum</i>	<i>Maximum</i>	<i>Minimum</i>	<i>Maximum</i>	<i>Minimum</i>	<i>Maximum</i>	<i>Minimum</i>	<i>Maximum</i>	<i>Minimum</i>	<i>Maximum</i>	<i>Minimum</i>	<i>Maximum</i>
Generic	\$12	\$35	\$12	\$35	\$17		\$17		\$22		\$22		\$22		\$20		\$20	
Preferred Brand	\$60	\$120	\$60	\$120	\$120		\$120		\$60		\$60		\$60		\$150		\$150	
Non-Formulary	\$100	\$250	\$100	\$250	\$155		\$155		70%		70%		70%		\$300		\$300	
Specialty					\$60 generic, \$85 preferred brand, \$125 non-preferred brand		\$60 generic, \$85 preferred brand, \$125 non-preferred brand		\$55 generic, \$80 preferred brand, \$130 non-preferred (30 day)		\$55 generic, \$80 preferred brand, \$130 non-preferred (30 day)		\$55 generic, \$80 preferred brand, \$130 non-preferred (30 day)		\$100, \$125, \$200 based on tier		\$100, \$125, \$200 based on tier	

New Mexico Retiree Health Care Authority

Fiscal Year 2025 Second Quarter Budget Review

Healthcare Benefits Fund

Between July 1, 2024, and December 31, 2024, the Healthcare Benefits Administration Program expended \$188.4 million and collected \$223.5 million in revenue. The resulting \$35.1 million surplus is lower than the \$44.6 million surplus for the same period in FY24.

Second Quarter FY25 expenditures are \$21.4 million higher than expenditures in Second Quarter FY24, for an increase of 12.8%. Current projections indicate a \$87.7 million surplus at the end of FY25.

Major Upward Cost Pressures:

1. Claims costs typically increase during the third and fourth quarters of the plan year (calendar year) because members are meeting their annual deductible and reaching maximum out-of-pocket expenses.

Major Downward Cost Pressures:

Overall plan participation (medical and voluntary coverages) decreased by 1.0% between December 2023 and December 2024, a reduction of 693 members. This decline is lower than the 1.2% reduction in the previous fiscal year, which saw a loss of 815 members.

1. Pre-Medicare Plan Participation

- Premier Plans: -984 members (-11.4%)
- Value Plans: -324 members (-9.9%)
- Net: -1,308 members (-11.0%)

2. Medicare Plan Participation

- Medicare Supplement: -480 members (-2.3%)
- BCBS MA Plans: -218 members (-5.8%)
- *Humana MA Plans: +200 members (10.8%)
- Presbyterian MA Plans: -258 members (-2.8%)
- *UnitedHealthcare MA Plans: +349 members (6.1%)

3. A 15.2% decline in dependent child participation in medical plans from 1,171 in December 2023 to 993 in December 2024.

*Default Plans --- All Presbyterian Pre-Medicare Plan Participants to UnitedHealthcare MA effective July 1, 2023, and all BCBS Pre-Medicare Plan Participants to Humana MA effective July 1, 2023.

Below is an annual summary of the cash contributions made to the State Investment Council (SIC) between fiscal years 2011 – 2024, as well as monthly contribution(s) made in FY25:

FY11 Total	\$	21,879,651
FY12 Total	\$	21,060,000
FY13 Total	\$	15,315,000
FY14 Total	\$	57,500,000
FY15 Total	\$	42,500,000
FY16 Total	\$	35,000,000
FY17 Total	\$	33,000,000
FY18 Total	\$	20,000,000
FY19 Total	\$	45,000,000
FY20 Total	\$	56,000,000
FY21 Total	\$	75,000,000
FY22 Total	\$	60,000,000
FY23 Total	\$	100,000,000
FY24 Total	\$	140,000,000
Transfer Effective	Amount Transferred	
November 1, 2024	\$	30,000,000
FY25 Total	\$	30,000,000
Total Transfers	\$	752,254,651

New Mexico Retiree Health Care Authority

FY25 2nd Quarter Budget Review

Comparison of Projected vs. Actual

(in thousands)

Healthcare Benefit Fund

FY25/FY24 Comparison

	FY25 Approved Q2 Budget	FY25 Q2 Actual	FY24 Q2 Actual	Dollar Change	Percent Change
Sources:					
Employer/Employee Contributions	\$ 70,501.30	\$ 104,088.9	\$ 91,072.3	\$ 13,016.6	14.3%
Retiree Contributions	\$ 87,159.9	\$ 82,311.3	\$ 86,859.3	\$ (4,548.0)	-5.2%
Taxation & Revenue Fund	\$ 25,907.55	\$ 17,275.0	\$ 15,424.1	\$ 1,850.9	12.0%
Other Miscellaneous Revenue	\$ 19,502.20	\$ 19,080.6	\$ 17,064.8	\$ 2,015.8	11.8%
Interest Income	\$ 50.0	\$ 914.3	\$ 1,454.8	\$ (540.5)	157.0%
Refunds	\$ -	\$ (160.9)	\$ (252.9)	\$ 92.0	-36.4%
Total Sources	\$ 203,121.0	\$ 223,509.2	\$ 211,622.4	\$ 11,886.8	5.6%
Uses:					
Medical Contractual Services	\$ 201,013.4	\$ 184,297.6	\$ 163,122.2	\$ 21,175.4	13.0%
ACA Fees (PCORI)	\$ 45.0	\$ 39.8	\$ 36.1	\$ 3.7	10.2%
Other Financing Uses	\$ 2,062.6	\$ 4,125.2	\$ 3,913.4	\$ 211.8	5.4%
Total Uses	\$ 203,121.0	\$ 188,422.8	\$ 167,035.6	\$ 21,390.9	12.8%
Sources Over Uses	NA	\$ 35,086.4	\$ 44,586.8	NA	NA

FY25 Budget Compared to Actual

	FY25 Approved Budget	FY25 Actuals	Remaing Balance	Percent Expended/ Collected	FY25 Projected Total
Sources:					
Employer/Employee Contributions	\$ 141,002.6	\$ 104,088.9	\$ 36,913.7	73.8%	\$ 208,000.0
Retiree Contributions	\$ 174,319.8	\$ 82,311.3	\$ 92,008.5	47.2%	\$ 164,600.0
Taxation & Revenue Fund	\$ 51,815.1	\$ 17,275.0	\$ 34,540.1	33.3%	\$ 51,828.0
Other Miscellaneous Revenue	\$ 38,959.4	\$ 19,080.6	\$ 19,878.8	49.0%	\$ 38,000.0
Interest Income	\$ 100.0	\$ 914.3	\$ (814.3)	NA	\$ 1,800.0
Refunds	\$ -	\$ (160.9)	\$ -	NA	\$ 300.0
Total Sources	\$ 406,196.9	\$ 223,509.2	\$ 182,526.8	55.0%	\$ 464,528.0
Uses:					
Medical Contractual Services	\$ 402,026.7	\$ 184,257.8	\$ 217,768.9	45.8%	\$ 372,780.0
ACA Fees (PCORI)	\$ 45.0	\$ 39.8	\$ 5.2	88.4%	\$ 39.8
Other Financing Uses	\$ 4,125.2	\$ 4,125.2	\$ -	100.0%	\$ 4,010.0
Total Uses	\$ 406,196.9	\$ 188,422.8	\$ 217,774.1	46.4%	\$ 376,829.8
Sources Over Uses	NA	\$ 35,086.4	NA	NA	\$ 87,698.2

New Mexico Retiree Health Care Authority
2nd Quarter Healthcare Benefit Fund Detail
Fiscal Year 2025
(in thousands)

	FY25 Q2 Actuals	FY24 Q2 Actuals	FY25 - FY24 Difference
REVENUE:			
Employer/Employee Contributions	\$ 104,088.9	\$ 91,072.3	\$ 13,016.6
Retiree Contributions	\$ 82,311.3	\$ 86,859.3	\$ (4,548.0)
Taxation and Revenue Suspense Fund	\$ 17,275.0	\$ 15,424.1	\$ 1,850.9
Other Miscellaneous Revenue	\$ 19,080.6	\$ 17,064.8	\$ 2,015.8
Interest Income	\$ 914.3	\$ 1,454.8	\$ (540.5)
Refunds	\$ (160.9)	\$ (252.9)	\$ 92.0
TOTAL REVENUE:	\$ 223,509.2	\$ 211,622.4	\$ 11,886.8
EXPENDITURES:			
Prescriptions			
Express Scripts	\$ 67,115.0	\$ 56,303.1	\$ 10,811.9
Total Prescriptions	\$ 67,115.0	\$ 56,303.1	\$ 10,811.9
Non-Medicare			
Blue Cross Blue Shield	\$ 33,259.1	\$ 29,071.3	\$ 4,187.8
BCBS Administrative Costs	\$ 791.0	\$ 1,105.3	\$ (314.3)
Presbyterian	\$ 23,083.2	\$ 21,397.0	\$ 1,686.2
Presbyterian Administrative Costs	\$ 1,070.3	\$ 950.0	\$ 120.3
PCORI Fee	\$ 39.8	\$ 40.5	\$ (0.7)
Total Non-Medicare	\$ 58,243.4	\$ 52,564.1	\$ 5,679.3
Medicare			
Blue Cross Blue Shield	\$ 24,105.6	\$ 22,607.4	\$ 1,498.2
BCBS Administrative Costs	\$ 2,297.4	\$ 2,607.5	\$ (310.1)
Presbyterian MA	\$ 9,650.0	\$ 6,611.8	\$ 3,038.2
UnitedHealthcare MA	\$ 2,615.9	\$ 2,060.3	\$ 555.6
Humana MA	\$ 485.5	\$ 387.3	\$ 98.2
BCBS MA	\$ -	\$ 715.4	\$ (715.4)
Total Medicare	\$ 39,154.4	\$ 34,989.7	\$ 4,164.7
Other Benefits			
Davis Vision	\$ 1,259.6	\$ 1,262.1	\$ (2.5)
Delta Dental	\$ 11,669.4	\$ 11,272.3	\$ 397.1
Standard Life Insurance	\$ 6,855.8	\$ 6,730.9	\$ 124.9
Total Other Benefits	\$ 19,784.8	\$ 19,265.3	\$ 519.5
Other Expenses			
Program Support	\$ 4,125.2	\$ 3,913.4	\$ 211.8
Total Other Expenses	\$ 4,125.2	\$ 3,913.4	\$ 211.8
TOTAL EXPENDITURES:	\$ 188,422.8	\$ 167,035.6	\$ 21,387.2
Total Revenue over Total Expenditures	\$ 35,086.4	\$ 44,586.8	\$ (9,500.4)

New Mexico Retiree Health Care Authority
FY25 2nd QTR Budget Review
Comparison of Budget vs. Actual
(in thousands)

Program Support

FY25/FY24 Comparison

	FY25 Approved Q2 Budget	FY25 Actuals	FY24 Actuals	Dollar Change	Percent Change
Sources:					
Other Transfers	\$ 2,062.6	\$ 2,062.6	\$ 1,956.7	\$ 105.9	5.4%
Total Sources	\$ 2,062.6	\$ 2,062.6	\$ 1,956.7	\$ 105.9	5.4%
Uses:					
Personal Services and Benefits	\$ 1,375.9	\$ 1,284.0	\$ 1,199.8	\$ 84.2	7.0%
Contractual Services	\$ 374.2	\$ 244.5	\$ 194.4	\$ 50.1	25.8%
Other Costs	\$ 312.6	\$ 289.2	\$ 280.1	\$ 9.1	3.3%
Total Uses	\$ 2,062.6	\$ 1,817.8	\$ 1,674.3	\$ 143.5	8.6%

New Mexico Retiree Health Care Authority
FY25 2nd QTR Budget Review
Comparison of Budget vs. Actual
(in thousands)

Program Support

FY25 Budget Compared to Actual

	Approved Operating Budget	FY25 Actuals	Remaining Balance	Percent Expended	FY25 Projected
Sources:					
Other Transfers	\$ 4,125.2	\$ 2,062.6	\$ 2,062.6	50%	\$ 4,010.0
Total Sources	\$ 4,125.2	\$ 2,062.6	\$ 2,062.6	50%	\$ 4,010.0
Uses:					
Personal Services and Benefits	\$ 2,751.7	\$ 1,284.0	\$ 1,467.7	47%	\$ 2,661.5
Contractual Services	\$ 748.3	\$ 244.5	\$ 503.8	33%	\$ 733.4
Other Costs	\$ 625.2	\$ 289.2	\$ 336.0	46%	\$ 615.1
Total Uses	\$ 4,125.2	\$ 1,817.8	\$ 2,307.5	44%	\$ 4,010.0

Program Support						
Expenditure Summary (in thousands)						
Acct #	Account Description	A Approved Budget	B Expended Budget	C Remaining Balance	D Projected	E Balance
200	Personal Services/ Employee Benefits	2,751.7	1,284.0	1,467.7	1,377.5	90.2
300	Contractual Services	748.3	244.5	503.8	488.9	14.9
400	Other Costs	625.2	289.2	336.0	325.9	10.1
	TOTAL	4,125.2	1,817.8	2,307.5	2,192.3	115.2
Expenditure Detail (in thousands)						
Personal Services / Employee Benefits						
Acct #	Account Description	Approved Budget	Expended Budget	Remaining Balance	Projected	Balance
520100	Exempt Positions	506.8	262.9	243.9	267.5	(23.6)
520300	Classified Perm. Positions	1,460.5	661.8	798.7	736.9	61.8
520800	Annual, Sick & Comp Paid	0.0	7.9	(7.9)	0.0	(7.9)
521100	Group Insurance Premium	203.7	82.6	121.1	82.7	38.4
521200	Retirement Contributions	383.6	177.8	205.8	193.3	12.5
521300	FICA	152.8	68.3	84.5	76.8	7.7
521400	Workers Comp	0.3	0.1	0.2	0.2	(0.0)
521410	GSD Work Comp Ins	1.2	1.2	0.0	0.0	0.0
521500	Unemployment Comp	0.0	0.0	0.0	0.0	0.0
521600	Employee Liability Insurance	2.9	2.9	0.0	0.0	0.0
521700	Retiree Health Care	39.9	18.5	21.4	20.1	1.3
523000	COVID Related Admin Leave	0.0	0.0	0.0	0.0	0.0
	TOTAL	2,751.7	1,284.0	1,467.7	1,377.5	90.2
Contractual Services						
Acct #	Account Description	Approved Budget	Expended Budget	Remaining Balance	Projected	Balance
535200	Professional Services	441.5	182.9	258.6	258.6	0.0
535300	Other Services	28.7	3.6	25.1	25.1	0.0
535309	Other Services InterA	22.3	0.0	22.3	22.3	0.0
535400	Audit Services	115.8	32.5	83.3	83.3	0.0
535500	Attorney Services	25.0	0.1	24.9	10.0	14.9
535600	Information Technology Services	115.0	25.4	89.6	89.6	0.0
	TOTAL	748.3	244.5	503.8	488.9	14.9
Other Costs						
Acct #	Account Description	Approved Budget	Expended Budget	Remaining Balance	Projected	Balance
542100	Employee In-State Mileage & Fares	1.5	1.6	(0.1)	1.0	(1.1)
542200	Employee In-State Meals & Lodging	5.5	5.4	0.1	0.5	(0.4)
542300	Board & Commission - In-State Meals & Lodging	5.5	4.0	1.5	0.8	0.7
542310	Board & Commission - In-State Mileage & Fares	6.0	2.2	3.8	3.5	0.3
542500	Transportation-Fuel & Oil	2.2	0.4	1.8	1.5	0.3
542600	Transportation	0.6	0.0	0.6	0.6	0.0
542700	Transportation - Insurance	0.2	0.0	0.2	0.2	0.0
542800	State Transportation Pool Charges	5.9	5.9	0.0	0.0	0.0
543200	Maintenance - Furniture, Fixtures & Equipment	6.0	0.0	6.0	6.0	0.0
543300	Maintenance - Building & Structure	6.0	0.0	6.0	6.0	0.0
543400	Maintenance - Property Insurance	0.1	0.0	0.1	0.1	0.0
543830	IT HW/SW Agreements	21.7	30.7	(9.0)	10.4	(19.4)
544000	Supply Inventory IT	20.0	1.6	18.4	18.4	0.0
544100	Supplies - Office Supplies	13.0	2.6	10.4	10.0	0.4
544900	Supplies - Inventory Exempt	5.0	0.0	5.0	5.0	(0.0)
545600	Rep/Recording	0.0	0.0	0.0	0.0	0.0
545700	DoIT - ISD Services	11.2	5.6	5.6	5.6	0.0
545701	DoIT - HCM Fees	9.7	9.2	0.5	0.0	0.5
545900	Printing & Photo. Services	70.0	55.5	14.5	14.5	0.0
546100	Postage & Mail Services	85.0	30.0	55.0	55.0	0.0
546400	Rent of Land & Buildings	126.5	65.9	60.6	60.6	0.0
546409	Rent - Interagency	18.7	9.6	9.1	9.1	0.0
546500	Rent of Equipment	30.3	14.4	15.9	15.9	0.0
546600	Telecomm	6.0	1.1	4.9	3.0	1.9
546610	DOIT Telecomm	69.3	30.1	39.2	39.2	0.0
546700	Subscriptions & Dues	7.0	3.0	4.0	4.0	0.0
546800	Employee Training & Education	10.0	3.5	6.5	6.0	0.5
546801	Board Member Training	7.5	0.0	7.5	3.0	4.5
546900	Advertising	1.8	0.0	1.8	1.8	0.0
547900	Miscellaneous Expense	1.8	0.5	1.3	1.3	0.0
547999	Request to Pay Prior Year	0.0	0.0	0.0	0.0	0.0
548300	Information Technology Equipment	53.9	0.0	53.9	34.5	19.4
549600	Employee Out-Of-State Mileage & Fares	5.0	1.9	3.1	3.1	0.0
549700	Employee Out-Of-State Meals & Lodging	5.8	4.5	1.3	2.3	(1.0)
549800	B&C-Out-Of-State Mileage & Fares	3.5	0.0	3.5	2.0	1.5
549900	B&C- Out-Of-State Meals & Lodging	3.0	0.0	3.0	1.0	2.0
	TOTAL	625.2	289.2	336.0	325.9	10.1

STATE OF NEW MEXICO
HOUSE OF REPRESENTATIVES

FIFTY-SEVENTH LEGISLATURE
FIRST REGULAR SESSION, 2025

HOUSE SCHEDULE OF COMMITTEE HEARINGS

January 31, 2025
Friday

HOUSE APPROPRIATIONS & FINANCE COMMITTEE - NATHAN SMALL, CHAIR

Friday, January 31, 2025 - 1:30 PM

1:30 Subcommittee D – Room 315

- (343) Retiree Health Care Authority (Simon/Miller)
- (361) Department of Information Technology (Hitzman/Macias)
- (410) Ethics Commission (Hernandez/ Jimenez)
- (440) Office of Superintendent of Insurance (Rodriguez/ Vigil)

Join from PC, Mac, iPad, or Android:

<https://us02web.zoom.us/j/81709667675>

Phone one-tap:

+12532158782,,81709667675# US (Tacoma)

Webinar ID: 817 0966 7675

1:30 Subcommittee C – Room 307

- (430) Public Regulation Commission (Rodriguez/ Vigil)
- (495) Spaceport Authority (Rodriguez/ Tapia)
- (508) Livestock Board (Sanchez/Tapia)
- (516) Department of Game and Fish (Gaussoin/Tapia)
- (522) Youth Conservation Corp. (Davidson/Jessop)

Join from PC, Mac, iPad, or Android (Room 307):

<https://us02web.zoom.us/j/88154987441>

Phone one-tap:

+12532158782,,88154987441# US (Tacoma)
+13462487799,,88154987441# US (Houston)

Webinar ID: 881 5498 7441

Saturday, February 1, 2025 - 9:00 AM - Room 307

- (218) Administrative Office of the Courts (Chavez/ Semiglia)
- (215) Court of Appeals (Chavez/Semiglia)



NEW MEXICO
RETIREE
HEALTH CARE
AUTHORITY

House Appropriations & Finance Committee

Nathan P. Small, Chair
Meredith A. Dixon, Vice Chair

FY26 Appropriation Recommendations, Updates and
Proposed Legislation

January 31, 2025

Therese Saunders, President
Tomas Salazar, Vice President
Neil Kueffer, Executive Director



BOARD OF DIRECTORS

Broad representation from retired and active membership



Ms. Therese Saunders, President

NEA NM, Classroom Teachers Association
Federation of Educational Employees



Mr. Tomas Salazar, Vice President

New Mexico Association of Educational Retirees

Mr. Lance Pyle

New Mexico Association of Counties

The Honorable Ms. Laura Montoya

New Mexico State Treasurer

Ms. Raquel Alirez

Classified State Employee

Ms. Donna Sandoval

New Mexico Municipal League

Mr. Gerry Washburn

New Mexico Superintendent Association

Mr. Lee Caruana

Retired Public Employees of New Mexico

Ms. Alex Castillo-Smith

New Mexico Health Care Authority

Ms. Renee Garcia

Educational Retirement Board

Ms. Kate Brassington

Public Employees Retirement of New Mexico

NMRHCA BACKGROUND

The New Mexico Retiree Health Care Authority fosters quality of life and peace of mind by responsibly administering affordable, secure health care benefits for public retirees and their families.

Established July 1990

1. Retiree Health Care Act
2. First full benefits paid to 16k members in Jan '91
3. Board of directors has authority to set plan parameters
4. Legislature has authority over employer/employee contributions
5. Current solvency - 2055

Purpose & Composition

1. Provide comprehensive health insurance for those who've retired from public service in NM
2. Active employees = Over 93k
3. Public Employer Groups – 304
 - a. 50% schools
 - b. 25% State agencies
 - c. 25% local govt
4. Member participation – 65,783 (2/1/25)

- a. Retirees – 48,365
 - i. Pre-Medicare – 7,558
 - ii. Medicare – 32,444
 - iii. Voluntary – 8,363
- b. Spouses/DP – 15,473
 - i. Pre-Medicare – 1,963
 - ii. Medicare – 8,186
 - iii. Voluntary – 5,324
- c. Dependent Children – 1,945
- d. Retiree Average Age – 70.1
- e. Average age upon retirement – 62.7
- f. Retirees Under Age 55 – 1,222

BENEFITS OFFERED - 2025

Pre-Medicare (pre-65/non-disabled)

Medical

- 2 - Value HMO Plans
 - Choice between Presbyterian Health Plan and Blue Cross Blue Shield
- 2 - PPO Plans
 - Choice between Presbyterian Health Plan and Blue Cross Blue Shield

Medicare (65+/disabled)

Medical

- 1 - Supplement Plan - Blue Cross Blue Shield
- 5 - Medicare Advantage Plans
 - Choice United HealthCare, Humana, Presbyterian Health Plan, and Blue Cross Blue Shield HMO and Blue Cross Blue Shield PPO

Voluntary Benefits

Dental - Delta & Blue Cross Blue Shield

- Basic
- Comprehensive

Vision - Davis

- Supplemental Term Life Insurance - Standard Insurance Company



FY26 Appropriation Request & Recommendations

(\$ shown in thousands)	FY25 Approved Operating	FY26 NMRHCA Request	LFC Recommendation	LFC Growth	DFA Recommendation	DFA Growth
Healthcare Benefits Administration						
Contractual Services	\$ 402,026.7	\$ 406,636.7	\$ 406,636.7	1.1%	\$ 406,636.7	1.1%
Other	\$ 45.0	\$ 45.0	\$ 45.0	0.0%	\$ 45.0	0.0%
Other Financing Uses	\$ 4,125.2	\$ 4,413.0	\$ 4,413.0	7.0%	\$ 4,314.6	4.6%
Subtotal	\$ 406,196.9	\$ 411,094.7	\$ 411,094.7	1.2%	\$ 410,996.3	1.2%
Program Support						
Personal Services & Employee Benefits	\$ 2,751.7	\$ 2,941.1	\$ 2,941.1	6.9%	\$ 2,842.7	3.3%
Contractual Services	\$ 748.3	\$ 818.2	\$ 818.2	9.3%	\$ 818.2	9.3%
Other Financing Uses	\$ 625.2	\$ 653.7	\$ 653.7	4.6%	\$ 653.7	4.6%
Subtotal	\$ 4,125.2	\$ 4,413.0	\$ 4,413.0	7.0%	\$ 4,314.6	4.6%
Total	\$ 410,322.1	\$ 415,507.7	\$ 415,507.7	1.3%	\$ 415,310.9	1.2%
FTE	28	29	28	0	28	0

FY26 Request:

NMRHCA Requests of about \$5.2 Million Increase in Spending Authority for FY26

- Healthcare Benefits Administration \$406.6 million equates to 99% total budget
- Personal Services and Employee Benefits Includes \$189.4 Thousand (6.9%) Increase, above FY25
 - Program support includes 1 new FTE to support members and NMRHCA
- Unspent funds revert to Trust Fund

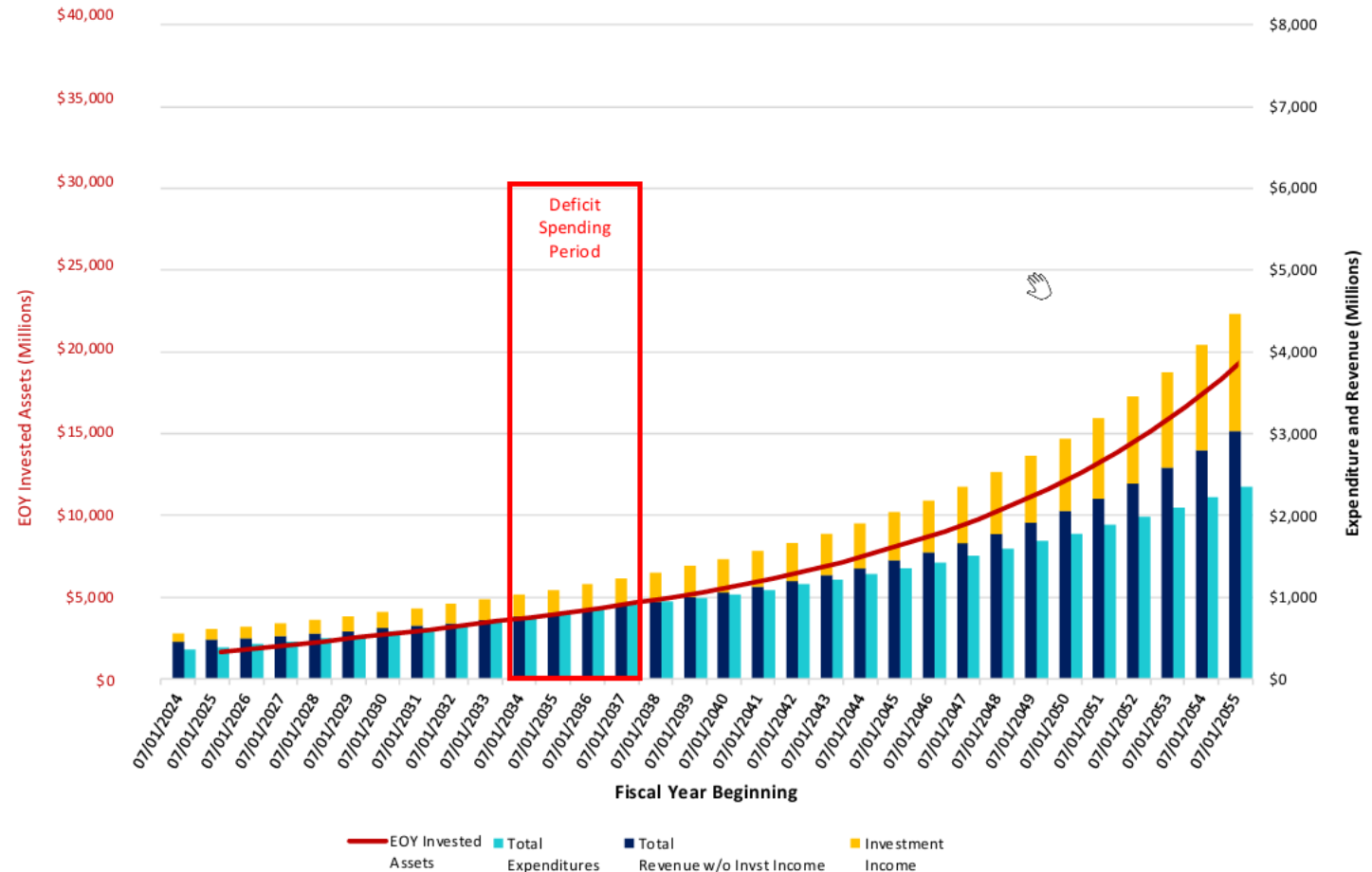
SOLVENCY UPDATES

2024 Solvency Scenario – Board Approved Rate Action

2% Pre-Med* / 2% Med Supp Rate Increases, No MAPD II Plans, New BCBS PPO MAPD Plan

Projected solvency = past 30 years

Period of time when expenditures exceed revenue



* +2% increase in Pre-Medicare Retiree and Spouse rates; +3% increase in Pre-Medicare Child contribution rates

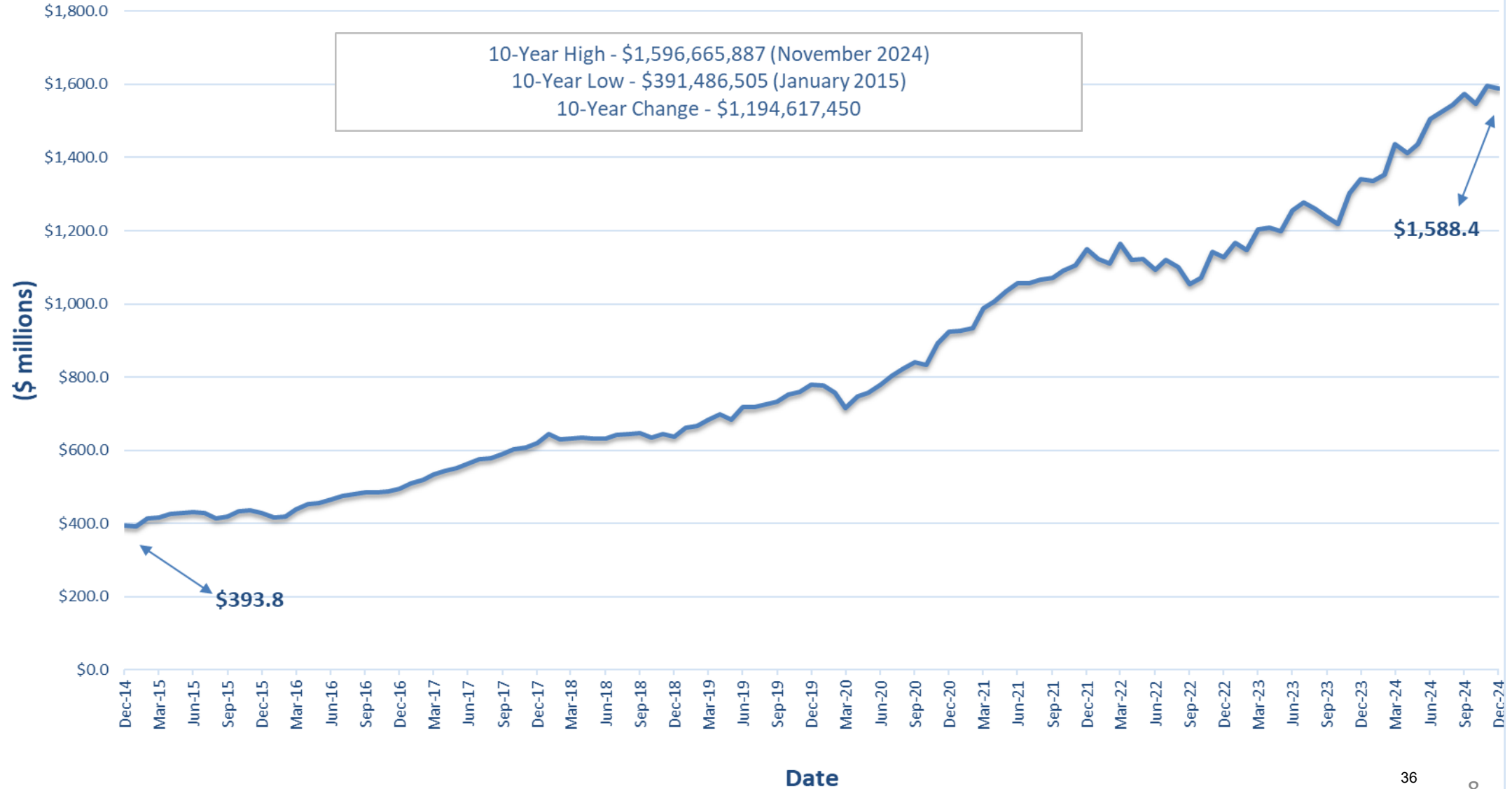
NMRHCA GASB 74

GASB 74 – Actuarial Valuation Review of Other Postemployment Benefits (OPEB) as of June 30, 2024

- Total OPEB Liability: **\$3,366,766,868 (2024)**
 - \$3,049,662,302 (2023) / \$3,467,298,517 (2022) / \$4,409,849,335 (2021)
- Net OPEB Liabilities (NOL): **\$1,784,800,039 (2024)**
 - \$1,702,935,655 (2023) / \$2,311,603,052 (2022) / \$3,290,349,790 (2021)
- NOL increased a little over \$82 million from previous year, due to the following:
 - 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.
 - Blended Discount rate – 7% compared to 6.22% in 2023, decrease liabilities
- Funded Status: **46.99% (2024)**
 - 44.16% (2023) / 33.33% (2022) / 25.39% (2021)

TRUST FUND

NMRHCA Trust Fund Balance History December 2014 - 2024



LEGISLATION

SJR2 - Public Employees Retiree Health Care Funds



● For 2025, Senate Joint Resolution(SJR2) for New Mexico Retiree Health Care Authority's health benefits trust fund to be recognized and protected under the New Mexico Constitution.

- Protecting the NMRHCA trust fund through constitutional safeguards is not just about securing future healthcare; it's about affirming the rights of New Mexicans who have invested in this system.
- Approximately 66,000 retirees rely on NMRHCA for healthcare benefits.
- The retiree health benefits trust fund is currently over \$1.5 billion.
- Over 93,000 active employees continue to contribute, with the expectation of receiving these benefits upon retirement.
- This proposed legislation does not request any new funding.
- Protecting these funds helps maintain the financial stability of participating governmental entities as misuse of the reserved funds could deplete resources, increase liabilities, and negatively impact bond ratings, for these entities.



New Mexico Retiree Health Care Authority

Neil Kueffer, Executive Director
505-222-6408
neil.kueffer@rhca.nm.gov

Please call 800-233-2576 / 505-222-6400
Or visit us at: www.nmrhca.org or www.facebook.com/nmrhca
Business Hours: 8:00AM – 5:00PM (Monday through Friday)

Albuquerque Office Location
6300 Jefferson Street NE, Suite 150

Santa Fe Office Location
33 Plaza La Prensa

1 SENATE JOINT RESOLUTION 2

2 **57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025**

3 INTRODUCED BY

4 Roberto "Bobby" J. Gonzales and Cynthia Borrego
5 and Anita Gonzales
6
7
8
9

10 A JOINT RESOLUTION

11 PROPOSING TO AMEND ARTICLE 20 OF THE CONSTITUTION OF NEW MEXICO
12 BY ADDING A NEW SECTION TO PROHIBIT THE EXPENDITURE OR
13 ENCUMBRANCE OF TRUST FUNDS CREATED FOR PUBLIC EMPLOYEES RETIREE
14 HEALTH CARE FOR ANY PURPOSE EXCEPT FOR THE SOLE AND EXCLUSIVE
15 BENEFIT OF THE TRUST BENEFICIARIES; PROVIDING FOR THE
16 ADMINISTRATION OF THE TRUST FUNDS; AFFIRMING CERTAIN PROPERTY
17 RIGHTS.

18
19 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

20 SECTION 1. It is proposed to amend Article 20 of the
21 constitution of New Mexico by adding a new section to read:

22 "A. All funds, assets, proceeds, income,
23 contributions, gifts and payments from any source whatsoever
24 paid into or held by a public employees retiree health care
25 system created by the laws of this state shall be held in a

.228945.1SA

underscored material = new
[bracketed material] = delete

1 retiree health care trust fund to be administered and invested
2 for the sole and exclusive benefit of the members, retirees and
3 other beneficiaries. Expenditures from the trust fund shall be
4 made only for the benefit of the trust fund beneficiaries and
5 for expenses of administering the public employees retiree
6 health care system. The trust fund shall never be used,
7 diverted, loaned, assigned, pledged, invested, encumbered or
8 appropriated for any other purpose. To the extent consistent
9 with the provisions of this section, the trust fund shall be
10 invested and the public employees retiree health care system
11 administered as provided by law.

12 B. The board of the public employees retiree health
13 care system shall be the trustees of the trust fund, and the
14 board has the sole and exclusive fiduciary duty and
15 responsibility for administration and investment of the trust
16 fund.

17 C. The board of the public employees retiree health
18 care system has the sole and exclusive power and authority to
19 adopt actuarial assumptions based upon the recommendations made
20 by an independent actuary with whom it contracts.

21 D. Upon meeting the minimum service requirements of
22 an applicable retiree health care plan created by law for
23 employees of the state and any of its institutions or political
24 subdivisions, a member of a retiree health care plan shall
25 acquire a vested property right with due process protections

.228945.1SA

underscoring material = new
~~[bracketed material] = delete~~

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under the applicable provisions of the constitution of New Mexico and United States constitution.

E. Nothing in this section shall be construed to prohibit modifications to retiree health care plans that enhance or preserve the actuarial soundness of the trust fund or individual retiree health care plans."

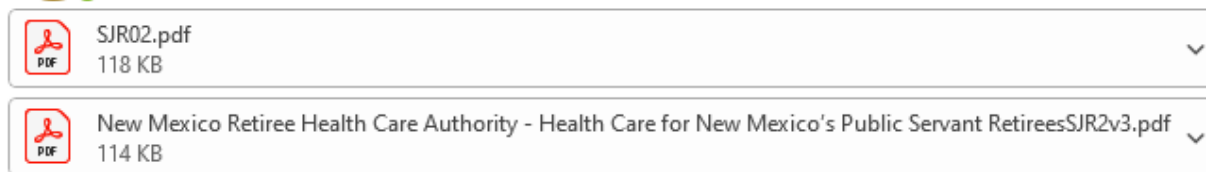
SECTION 2. The amendment proposed by this resolution shall be submitted to the people for their approval or rejection at the next general election or at any special election prior to that date that may be called for that purpose.

Senate Joint Resolution 2 - Informational Email Sent to Legislators and Stakeholders



Biggs, Jess, RHCA

To ○ Kueffer, Neil, RHCA



SENATE JOINT RESOLUTION 2 has been filed to protect the Retiree Health Care Trust Fund constitutionally. Here are the important points about this legislation:

- Protecting the NMRHCA trust fund through constitutional safeguards is not just about securing future healthcare; it's about affirming the rights of New Mexicans who have invested in this system.
- The trust fund currently stands at \$1.5 billion.
- This proposed legislation does not request any new funding.
- Approximately 66,000 retirees rely on NMRHCA for healthcare benefits.
- Over 93,000 active employees continue to contribute, with the expectation of receiving these benefits upon retirement.
- This proposed legislation protects the fund and safeguards the mandatory contributions made by participating members and government entities as a condition of employment.
- This proposed legislation seeks to safeguard contributions deducted from employee paychecks.
- This proposed legislation aligns with the constitutional protection of other retirement benefits, specifically the retirement pension funds (ERB & PERA).
- Protecting these funds helps maintain the financial stability of participating governmental entities as misuse of the reserved funds could deplete resources, increase liabilities, and negatively impact bond ratings, for these entities.

SENATE JOINT RESOLUTION 2 has been attached or [can be found here](#).

For more information about the New Mexico Retiree Health Care Authority and the [Retiree Health Care Act \(Sections 10-7C-1 to 10-7C-16 NMSA 1978 the "Retiree Health Care Act"\)](#), refer to the attached article [New Mexico Retiree Health Care Authority - Health Care for New Mexico's Public Servant Retirees](#).

Additional information can be found on the [NMRHCA website](#).



New Mexico Retiree Health Care Authority

Health Care for New Mexico's Public Servant Retirees

The **New Mexico Retiree Health Care Authority (NMRHCA)** was established in 1990 under the New Mexico Retiree Health Care Act ([Sections 10-7C-1 to 10-7C-16 NMSA 1978 the "Retiree Health Care Act"](#)) to address the need for health care benefits for those that work in the public sector upon retirement including educators in K-12 and higher education, state, city, and county employees. Its mission: to responsibly manage affordable, secure healthcare benefits for public employees and their families upon retirement. Despite its critical role, the program began without initial funding, reserves, or a trust fund. Initial funding relied on payroll contributions, which provided the first benefits to 15,000 retirees starting 6 months after contributions began.

Today, NMRHCA serves approximately 66,000 retirees and their dependents, representing 304 public employer groups and more than 93,000 active employees who anticipate future benefits. Public employers rely on this benefit to attract and retain employees with the promise of healthcare benefits once retired.

Future Risks and Legislative Advocacy

Trust fund assets have grown from \$377 million in 2014 to \$1.57 billion in 2024. Despite progress, the program remains 54% underfunded against its liabilities. Additionally, the growing trust fund has raised concerns about potential diversion for other state priorities. The Retiree Health Care Act allows for the modification or elimination of benefits under changing economic or social conditions, leaving the trust fund vulnerable.

For the 2025 legislative session, NMRHCA has filed [Senate Joint Resolution 2](#) to constitutionally protect the trust fund.

The Bottom Line

By passing this resolution, the state will ensure public retirees have the healthcare support they need during the most vulnerable phase of their lives—a commitment to their well-being and to the integrity of the system they helped build.

Over **66,000 retirees** rely on NMRHCA for healthcare benefits they contributed to throughout their careers, paying premiums in retirement. Over **93,000 active employees** depend on the promise of these benefits upon retirement. Protecting the NMRHCA trust fund through constitutional safeguards is not just about securing future healthcare; it's about **affirming the rights of New Mexicans who have invested in this system.**

**SENATE JOINT
RESOLUTION 2**

**PROTECTING RETIREE
HEALTH CARE
BENEFITS FUND**

**SJR 2 has been filed by
NMRHCA to protect
the Trust Fund under
NM Constitution for
current and future
retirees**



WHY IS THIS LEGISLATION IMPORTANT?

Currently the Retiree Health Care Act states that the NMRHCA benefit can be modified or extinguished in the future to meet changes in economic or social conditions. Trust fund assets have grown from \$377 million in 2014 to \$1.57 billion in 2024. Despite progress, the program remains 54% underfunded against its liabilities. Additionally, the growing trust fund has raised concerns about potential diversion for other state priorities.

SENATE JOINT RESOLUTION 2 (SJR 2) has been filed to protect the Retiree Health Care Trust Fund constitutionally. Here are the important points about this legislation:

- Protecting the NMRHCA trust fund through constitutional safeguards is not just about securing future healthcare; it's about affirming the rights of New Mexicans who have invested in this system.
- This proposed legislation does not request any new funding, only protection of the existing fund.
- Approximately 66,000 retirees rely on NMRHCA for healthcare benefits.
- Over 93,000 active employees continue to contribute, with the expectation of receiving these benefits upon retirement.
- This proposed legislation protects the fund from alternative uses and safeguards the mandatory contributions from employee paychecks by participating members and government entities as a condition of employment.
- This proposed legislation aligns with the constitutional protection of other retirement benefits, specifically the retirement pension funds (ERB & PERA).
- Protecting these funds helps maintain the financial stability of participating governmental entities as misuse of the reserved funds could deplete resources, increase liabilities, and negatively impact bond ratings, for these entities.



NEW MEXICO RETIREE HEALTH CARE AUTHORITY

The New Mexico Retiree Health Care Authority was established in 1990 as an agency to provide those that serve in the public access to quality, affordable health care benefits once they retire.

To learn more about the New Mexico Retiree Health Care Authority, please visit www.nmrhca.org or scan the QR code to the right.



[Scan QR code](#)
[or click here](#)

NMRHCA Contact Information

Website: www.nmrhca.org
Telephone: 800-233-2576
Facebook: www.facebook.com/nmrhca
Fax: 505-884-8611
Email: customerservice@rhca.nm.gov
Hours: Monday-Friday 8:00AM – 5:00PM

2025 LEGISLATION

SENATE JOINT RESOLUTION 2

PROTECTING RETIREE HEALTH CARE BENEFITS FUND

SJR 2 has been filed by
NMRHCA to protect
the Trust Fund under
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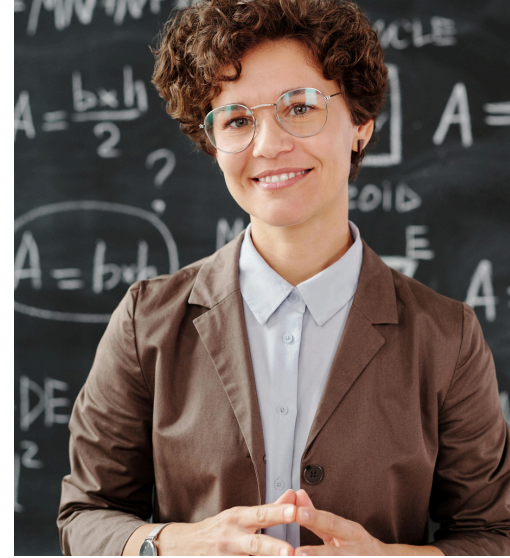
SEE REVERSE SIDE FOR DETAILS

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WE RESPECTFULLY REQUEST YOUR SUPPORT

Please contact your legislators today and voice your support of SJR 2.

Below you can use the link or scan the QR code to find your legislator and watch a tutorial on how to find and contact your legislators.

FIND MY LEGISLATOR



[Scan QR code or click here](#)

TUTORIAL ON FIND MY LEGISLATOR



[Scan QR code or click here](#)

NEW MEXICO RETIREE HEALTH CARE AUTHORITY

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Email: customerservice@rhca.nm.gov
Hours: Monday-Friday 8:00AM – 5:00PM

1 SENATE BILL 62
2 57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025
3 INTRODUCED BY
4 Elizabeth "Liz" Stefanics and Elizabeth "Liz" Thomson
5
6
7

8 FOR THE LEGISLATIVE HEALTH AND HUMAN SERVICES COMMITTEE
9

10 AN ACT

11 RELATING TO PHARMACEUTICAL BENEFITS; AMENDING THE PHARMACY
12 BENEFITS MANAGER REGULATION ACT TO RESTRICT THE TYPES OF FEES
13 THAT PHARMACY BENEFITS MANAGERS CAN COLLECT; DECLARING CERTAIN
14 ACTIONS MADE BY PHARMACY BENEFITS MANAGERS AS UNFAIR OR
15 DECEPTIVE TRADE PRACTICES.
16

17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

18 SECTION 1. Section 59A-61-2 NMSA 1978 (being Laws 2014,
19 Chapter 14, Section 2, as amended) is amended to read:

20 "59A-61-2. DEFINITIONS.--As used in the Pharmacy Benefits
21 Manager Regulation Act:

22 A. "bona fide service fee" means a fee charged by a
23 pharmacy benefits manager that is:

24 (1) a flat dollar amount;

25 (2) consistent with fair market value; and

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underscored material = new
[bracketed material] = delete

underscored material = new
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1 (3) solely related to the provision of
2 pharmacy benefits management services;

3 B. "conflict of interest" means a situation in
4 which a pharmacy benefits manager or pharmacy benefits manager
5 affiliate derives any kind of remuneration, other than the
6 collection of a bona fide service fee, from providing pharmacy
7 benefits management services;

8 ~~[A.]~~ C. "maximum allowable cost" means the maximum
9 amount that a pharmacy benefits manager will reimburse a
10 pharmacy for the cost of a generic drug;

11 ~~[B.]~~ D. "maximum allowable cost list" means a
12 searchable, electronic and internet-based listing of drugs used
13 by a pharmacy benefits manager setting the maximum allowable
14 cost on which reimbursement to a pharmacy or pharmacist is
15 made;

16 ~~[C.]~~ E. "obsolete" means a product that is listed
17 in national drug pricing compendia but is no longer available
18 to be dispensed based on the expiration date of the last lot
19 manufactured;

20 ~~[D.]~~ F. "pharmacist" means an individual licensed
21 as a pharmacist by the board of pharmacy;

22 ~~[E.]~~ G. "pharmacy" means a licensed place of
23 business where drugs are compounded or dispensed and pharmacist
24 services are provided;

25 ~~[F.]~~ H. "pharmacy benefits management" means a

.228847.1

underscoring material = new
[bracketed material] = delete

1 service provided to or conducted by a health plan as defined in
2 Section 59A-16-21.1 NMSA 1978, ~~[ø]~~ health insurer or other
3 third party that involves:

- 4 (1) prescription drug claim administration;
- 5 (2) pharmacy network management;
- 6 (3) negotiation and administration of
7 prescription drug discounts, rebates and other benefits;
- 8 (4) design, administration or management of
9 prescription drug benefits;
- 10 (5) formulary management;
- 11 (6) payment of claims to pharmacies for
12 dispensing prescription drugs;
- 13 (7) negotiation or administration of contracts
14 relating to pharmacy operations or prescription benefits; or
- 15 (8) any other service determined by the
16 superintendent as specified by rule to be a pharmacy benefits
17 management activity;

18 ~~[G.]~~ I. "pharmacy benefits manager" means an entity
19 that provides pharmacy benefits management services;

20 ~~[H.]~~ J. "pharmacy benefits manager affiliate" means
21 a pharmacy or pharmacist that directly or indirectly, through
22 one or more intermediaries, owns or controls, is owned or
23 controlled by or is under common ownership or control with a
24 pharmacy benefits manager;

25 ~~[I.]~~ K. "pharmacy services administrative

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1 organization" means an entity that contracts with a pharmacy or
2 pharmacist to act as the pharmacy or pharmacist's agent with
3 respect to matters involving a pharmacy benefits manager or
4 third-party payor, including negotiating, executing or
5 administering contracts with the pharmacy benefits manager or
6 third-party payor; and

7 ~~[J-]~~ L. "superintendent" means the superintendent
8 of insurance."

9 SECTION 2. Section 59A-61-3 NMSA 1978 (being Laws 2014,
10 Chapter 14, Section 3, as amended) is amended to read:

11 "59A-61-3. LICENSURE--INITIAL APPLICATION--ANNUAL RENEWAL
12 REQUIRED--REVOCATION.--

13 A. A person shall not operate as a pharmacy
14 benefits manager or provide pharmacy benefits management
15 services unless licensed by the superintendent in accordance
16 with the Pharmacy Benefits Manager Regulation Act and
17 applicable federal and state laws. A licensee shall renew the
18 licensee's pharmacy benefits manager license annually.

19 B. An initial application and a renewal application
20 for licensure as a pharmacy benefits manager shall be made on a
21 form and in a manner provided for by the superintendent, but at
22 a minimum shall require:

23 (1) the identity of the pharmacy benefits
24 manager;

25 (2) the name and business address of the

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1 contact person for the pharmacy benefits manager;

2 (3) where applicable, the federal employer
3 identification number for the pharmacy benefits manager; and

4 (4) any other information specified in rules
5 promulgated by the superintendent.

6 C. The superintendent shall enforce and promulgate
7 rules to implement the provisions of the Pharmacy Benefits
8 Manager Regulation Act and may suspend or revoke a license
9 issued to a pharmacy benefits manager or deny an application
10 for a license or renewal of a license if:

11 (1) the pharmacy benefits manager is operating
12 in contravention of its application;

13 (2) the pharmacy benefits manager has failed
14 to continuously meet or comply with the requirements for
15 issuance or maintenance of a license; [~~or~~]

16 (3) the pharmacy benefits manager has a
17 conflict of interest; or

18 [~~(3)~~] (4) the pharmacy benefits manager has
19 failed to comply with applicable state or federal laws or
20 rules.

21 D. If the license of a pharmacy benefits manager is
22 revoked, the pharmacy benefits manager shall proceed,
23 immediately following the effective date of the order of
24 revocation, to conclude its affairs, notify each pharmacy in
25 its network and conduct no further pharmacy benefits management

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1 services in the state, except as may be essential to the
2 orderly conclusion of its affairs. The superintendent may
3 permit further operation of the pharmacy benefits manager if
4 the superintendent finds it to be in the best interest of
5 patients. A pharmacy benefits manager's failure to comply with
6 the superintendent's order to conclude the pharmacy benefits
7 manager's affairs shall constitute an unfair or deceptive trade
8 practice pursuant to the Unfair Practices Act.

9 E. A person whose pharmacy benefits manager license
10 has been denied, suspended or revoked may seek review of the
11 denial, suspension or revocation pursuant to the provisions of
12 Chapter 59A, Article 4 NMSA 1978.

13 F. Nothing in the Pharmacy Benefits Manager
14 Regulation Act shall be construed to authorize a pharmacy
15 benefits manager to transact the business of insurance."

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SENATE BILL 120

57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025

INTRODUCED BY

Martin Hickey and Jeff Steinborn

AN ACT

RELATING TO HEALTH; AMENDING SECTIONS OF THE HEALTH CARE PURCHASING ACT AND NEW MEXICO INSURANCE CODE TO PERMANENTLY ELIMINATE BEHAVIORAL HEALTH SERVICES COST SHARING.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 13-7-26 NMSA 1978 (being Laws 2021, Chapter 136, Section 3) is amended to read:

"13-7-26. BEHAVIORAL HEALTH SERVICES--ELIMINATION OF COST SHARING.--

A. [~~Until January 1, 2027~~] Group health coverage, including any form of self-insurance, offered, issued or renewed under the Health Care Purchasing Act that offers coverage of behavioral health services shall not impose cost sharing on those behavioral health services.

B. For the purposes of this section:

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underscored material = new
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1 (1) "behavioral health services" means
2 professional and ancillary services for the treatment,
3 habilitation, prevention and identification of mental
4 illnesses, substance abuse disorders and trauma spectrum
5 disorders, including inpatient, detoxification, residential
6 treatment and partial hospitalization, intensive outpatient
7 therapy, outpatient and all medications, including brand-name
8 pharmacy drugs when generics are unavailable;

9 (2) "coinsurance" means a cost-sharing method
10 that requires an enrollee to pay a stated percentage of medical
11 expenses after any deductible amount is paid; provided that
12 coinsurance rates may differ for different types of services
13 under the same group health plan;

14 (3) "copayment" means a cost-sharing method
15 that requires an enrollee to pay a fixed dollar amount when
16 health care services are received, with the plan administrator
17 paying the balance of the allowable amount; provided that there
18 may be different copayment requirements for different types of
19 services under the same group health plan; and

20 (4) "cost sharing" means a copayment,
21 coinsurance, deductible or any other form of financial
22 obligation of an enrollee other than a premium or a share of a
23 premium, or any combination of any of these financial
24 obligations, as defined by the terms of a group health plan."

25 SECTION 2. Section 59A-22-57 NMSA 1978 (being Laws 2021,

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1 Chapter 136, Section 6) is amended to read:

2 "59A-22-57. BEHAVIORAL HEALTH SERVICES--ELIMINATION OF
3 COST SHARING.--

4 A. [~~Until January 1, 2027~~] An individual or group
5 health insurance policy, health care plan or certificate of
6 health insurance that is delivered, issued for delivery or
7 renewed in this state that offers coverage of behavioral health
8 services shall not impose cost sharing on those behavioral
9 health services.

10 B. For the purposes of this section:

11 (1) "behavioral health services" means
12 professional and ancillary services for the treatment,
13 habilitation, prevention and identification of mental
14 illnesses, substance abuse disorders and trauma spectrum
15 disorders, including inpatient, detoxification, residential
16 treatment and partial hospitalization, intensive outpatient
17 therapy, outpatient and all medications, including brand-name
18 pharmacy drugs when generics are unavailable;

19 (2) "coinsurance" means a cost-sharing method
20 that requires the insured to pay a stated percentage of medical
21 expenses after any deductible amount is paid; provided that
22 coinsurance rates may differ for different types of services
23 under the same individual or group health insurance policy,
24 health care plan or certificate of health insurance;

25 (3) "copayment" means a cost-sharing method

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1 that requires the insured to pay a fixed dollar amount when
2 health care services are received, with the insurer paying the
3 balance of the allowable amount; provided that there may be
4 different copayment requirements for different types of
5 services under the same individual or group health insurance
6 policy, health care plan or certificate of health insurance;
7 and

8 (4) "cost sharing" means a copayment,
9 coinsurance, deductible or any other form of financial
10 obligation of the insured other than a premium or a share of a
11 premium, or any combination of any of these financial
12 obligations, as defined by the terms of an individual or group
13 health insurance policy, health care plan or certificate of
14 health insurance."

15 SECTION 3. Section 59A-23-16 NMSA 1978 (being Laws 2021,
16 Chapter 136, Section 7) is amended to read:

17 "59A-23-16. BEHAVIORAL HEALTH SERVICES--ELIMINATION OF
18 COST SHARING.--

19 A. [~~Until January 1, 2027~~] A group or blanket
20 health insurance policy, health care plan or certificate of
21 health insurance that is delivered, issued for delivery or
22 renewed in this state that offers coverage of behavioral health
23 services shall not impose cost sharing on those behavioral
24 health services.

25 B. For the purposes of this section:

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1 (1) "behavioral health services" means
2 professional and ancillary services for the treatment,
3 habilitation, prevention and identification of mental
4 illnesses, substance abuse disorders and trauma spectrum
5 disorders, including inpatient, detoxification, residential
6 treatment and partial hospitalization, intensive outpatient
7 therapy, outpatient and all medications, including brand-name
8 pharmacy drugs when generics are unavailable;

9 (2) "coinsurance" means a cost-sharing method
10 that requires a covered person to pay a stated percentage of
11 medical expenses after any deductible amount is paid; provided
12 that coinsurance rates may differ for different types of
13 services under the same group or blanket health insurance
14 policy, health care plan or certificate of health insurance;

15 (3) "copayment" means a cost-sharing method
16 that requires a covered person to pay a fixed dollar amount
17 when health care services are received, with the insurer paying
18 the balance of the allowable amount; provided that there may be
19 different copayment requirements for different types of
20 services under the same group or blanket health insurance
21 policy, health care plan or certificate of health insurance;
22 and

23 (4) "cost sharing" means a copayment,
24 coinsurance, deductible or any other form of financial
25 obligation of a covered person other than a premium or a share

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1 of a premium, or any combination of any of these financial
2 obligations, as defined by the terms of a group or blanket
3 health insurance policy, health care plan or certificate of
4 health insurance."

5 SECTION 4. Section 59A-46-57 NMSA 1978 (being Laws 2021,
6 Chapter 136, Section 8) is amended to read:

7 "59A-46-57. BEHAVIORAL HEALTH SERVICES--ELIMINATION OF
8 COST SHARING.--

9 A. ~~[Until January 1, 2027]~~ An individual or group
10 health maintenance organization contract that is delivered,
11 issued for delivery or renewed in this state that offers
12 coverage of behavioral health services shall not impose cost
13 sharing on those behavioral health services.

14 B. For the purposes of this section:

15 (1) "behavioral health services" means
16 professional and ancillary services for the treatment,
17 habilitation, prevention and identification of mental
18 illnesses, substance abuse disorders and trauma spectrum
19 disorders, including inpatient, detoxification, residential
20 treatment and partial hospitalization, intensive outpatient
21 therapy, outpatient and all medications, including brand-name
22 pharmacy drugs when generics are unavailable;

23 (2) "coinsurance" means a cost-sharing method
24 that requires an enrollee to pay a stated percentage of medical
25 expenses after any deductible amount is paid; provided that

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1 coinsurance rates may differ for different types of services
2 under the same individual or group health maintenance
3 organization contract;

4 (3) "copayment" means a cost-sharing method
5 that requires an enrollee to pay a fixed dollar amount when
6 health care services are received, with the carrier paying the
7 balance of the allowable amount; provided that there may be
8 different copayment requirements for different types of
9 services under the same individual or group health maintenance
10 organization contract; and

11 (4) "cost sharing" means a copayment,
12 coinsurance, deductible or any other form of financial
13 obligation of an enrollee other than a premium or a share of a
14 premium, or any combination of any of these financial
15 obligations, as defined by the terms of an individual or group
16 health maintenance organization contract."

17 SECTION 5. Section 59A-47-51 NMSA 1978 (being Laws 2021,
18 Chapter 136, Section 9) is amended to read:

19 "59A-47-51. BEHAVIORAL HEALTH SERVICES--ELIMINATION OF
20 COST SHARING.--

21 A. [~~Until January 1, 2027~~] An individual or group
22 health care plan that is delivered, issued for delivery or
23 renewed in this state that offers coverage of behavioral health
24 services shall not impose cost sharing on those behavioral
25 health services.

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B. For the purposes of this section:

(1) "behavioral health services" means professional and ancillary services for the treatment, habilitation, prevention and identification of mental illnesses, substance abuse disorders and trauma spectrum disorders, including inpatient, detoxification, residential treatment and partial hospitalization, intensive outpatient therapy, outpatient and all medications, including brand-name pharmacy drugs when generics are unavailable;

(2) "coinsurance" means a cost-sharing method that requires a subscriber to pay a stated percentage of medical expenses after any deductible amount is paid; provided that coinsurance rates may differ for different types of services under the same individual or group health care plan;

(3) "copayment" means a cost-sharing method that requires a subscriber to pay a fixed dollar amount when health care services are received, with the health care plan paying the balance of the allowable amount; provided that there may be different copayment requirements for different types of services under the same individual or group health care plan; and

(4) "cost sharing" means a copayment, coinsurance, deductible or any other form of financial obligation of a subscriber other than a premium or a share of a premium, or any combination of any of these financial

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1 obligations, as defined by the terms of an individual or group
2 health care plan."

3 SECTION 6. EFFECTIVE DATE.--The effective date of the
4 provisions of this act is January 1, 2026.

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1 HOUSE BILL 174

2 **57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025**

3 INTRODUCED BY

4 Gail Armstrong

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9
10 AN ACT

11 RELATING TO INSURANCE; REQUIRING HEALTH INSURANCE THAT IS
12 PROVIDED AS PART OF THE HEALTH CARE PURCHASING ACT TO REIMBURSE
13 COMMUNITY-BASED PHARMACIES FOR THE FULL COST OF PRESCRIPTION
14 DRUGS PLUS A PROFESSIONAL DISPENSING FEE.

15
16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

17 SECTION 1. A new section of the Health Care Purchasing
18 Act is enacted to read:

19 "[NEW MATERIAL] COMMUNITY-BASED PHARMACY REIMBURSEMENT.--

20 A. Group health coverage, including any form of
21 self-insurance, offered, issued or renewed under the Health
22 Care Purchasing Act that offers a prescription drug benefit
23 shall reimburse community-based pharmacy providers as follows:

24 (1) for the ingredient cost of a prescription
25 drug at a value that is at least equal to the national average
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1 drug acquisition cost for the prescription drug at the time
2 that the prescription drug is administered or dispensed, or if
3 data for the national average drug acquisition cost is
4 unavailable, the wholesale acquisition cost of the prescription
5 drug; and

6 (2) a professional dispensing fee.

7 B. The professional dispensing fee reimbursed to
8 community-based pharmacy providers shall be no less than the
9 professional dispensing fee reimbursed to community-based
10 pharmacy providers for covered outpatient drugs in the medicaid
11 fee-for-service program.

12 C. For the purposes of this section:

13 (1) "community-based pharmacy provider" means
14 a pharmacy that is:

15 (a) open to the public for prescriptions
16 to be filled, regardless of the facility or practice where the
17 prescription was written;

18 (b) located in the state or near the
19 state border, if the border town is a primary source of
20 prescription drugs for medicaid recipients residing in the
21 border area; and

22 (c) not: 1) government-owned; 2)
23 hospital-owned; 3) owned by a corporation that owns hospitals;
24 4) an extension of a medical practice or special facility; 5)
25 owned by a corporate chain of pharmacies with stores outside of

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underscoring material = new
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1 the state; or 6) a mail-order pharmacy;

2 (2) "ingredient cost" means the actual amount
3 paid to a community-based pharmacy provider for a prescription
4 drug, not including the professional dispensing fee or cost
5 sharing;

6 (3) "medicaid" means the medical assistance
7 program established pursuant to Title 19 of the federal Social
8 Security Act and regulations issued pursuant to that act;

9 (4) "national average drug acquisition cost"
10 means the national average of prices at which pharmacies
11 purchase a prescription drug from manufacturers or wholesalers;
12 and

13 (5) "wholesale acquisition cost" means a
14 manufacturer's list price for a prescription drug sold to
15 wholesalers in the United States, not including discounts,
16 rebates or reductions in price."

17 SECTION 2. EFFECTIVE DATE.--The effective date of the
18 provisions of this act is January 1, 2026.

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SENATE BILL 193

57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025

INTRODUCED BY

Micaelita Debbie O'Malley and Michael Padilla and
Angel M. Charley and Antoinette Sedillo Lopez

AN ACT

RELATING TO INSURANCE; REQUIRING HEALTH INSURERS TO PROVIDE
COVERAGE FOR WEIGHT LOSS DRUGS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. A new section of the Health Care Purchasing
Act is enacted to read:

"[NEW MATERIAL] COVERAGE FOR CHRONIC WEIGHT MANAGEMENT
REQUIRED.--Group health coverage, including any form of self-
insurance, offered, issued or renewed under the Health Care
Purchasing Act that provides coverage for prescription drugs
shall provide coverage for at least one injectable glucagon-
like peptide-1 receptor agonist that is prescribed for chronic
weight management in adults with obesity."

SECTION 2. A new section of Chapter 59A, Article 22 NMSA
1978 is enacted to read:

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1 "[NEW MATERIAL] COVERAGE FOR CHRONIC WEIGHT MANAGEMENT
2 REQUIRED.--An individual or group health insurance policy,
3 health care plan or certificate of health insurance that is
4 delivered, issued for delivery or renewed in this state that
5 provides coverage for prescription drugs shall provide coverage
6 for at least one injectable glucagon-like peptide-1 receptor
7 agonist that is prescribed for chronic weight management in
8 adults with obesity."

9 SECTION 3. A new section of Chapter 59A, Article 23 NMSA
10 1978 is enacted to read:

11 "[NEW MATERIAL] COVERAGE FOR CHRONIC WEIGHT MANAGEMENT
12 REQUIRED.--A group or blanket health insurance policy, health
13 care plan or certificate of health insurance that is delivered,
14 issued for delivery or renewed in this state that provides
15 coverage for prescription drugs shall provide coverage for at
16 least one injectable glucagon-like peptide-1 receptor agonist
17 that is prescribed for chronic weight management in adults with
18 obesity."

19 SECTION 4. A new section of the Health Maintenance
20 Organization Law is enacted to read:

21 "[NEW MATERIAL] COVERAGE FOR CHRONIC WEIGHT MANAGEMENT
22 REQUIRED.--An individual or group health maintenance contract
23 that is delivered, issued for delivery or renewed in this state
24 that provides coverage for prescription drugs shall provide
25 coverage for at least one injectable glucagon-like peptide-1

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underscoring material = new
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1 receptor agonist that is prescribed for chronic weight
2 management in adults with obesity."

3 SECTION 5. A new section of the Nonprofit Health Care
4 Plan Law is enacted to read:

5 "[NEW MATERIAL] COVERAGE FOR CHRONIC WEIGHT MANAGEMENT
6 REQUIRED.--An individual or group health care plan that is
7 delivered, issued for delivery or renewed in this state that
8 provides coverage for prescription drugs shall provide coverage
9 for at least one injectable glucagon-like peptide-1 receptor
10 agonist that is prescribed for chronic weight management in
11 adults with obesity."

12 SECTION 6. APPLICABILITY.--The provisions of this act
13 apply to all health insurance policies, plans and contracts
14 that become effective on or after January 1, 2026.

New Mexico Retiree Health Care Authority (CP)

Change in Market Value

For the Month of Dec 2024

(Report as of January 17, 2025)

Investment Name	Prior Ending Market Value	Contributions	Distributions	Fees	Income	Gains - Realized	Gains - Unrealized	Gains - Realized & Unrealized	Market Value
Core Bonds Pool	334,313,001.67	-	-	-	2,298,960.84	151,788.77	(8,005,798.44)	(7,854,009.67)	328,757,952.84
NM Retiree Health Care Authority Cash Account	-	-	-	-	-	-	-	-	-
Non-US Developed Markets Index Pool	205,170,217.07	-	-	-	383,370.45	9,451.42	(5,615,646.72)	(5,606,195.30)	199,947,392.22
Non-US Emerging Markets Active Pool	122,038,381.83	-	-	-	215,907.96	458,011.28	(1,032,914.65)	(574,903.37)	121,679,386.42
Private Debt Market Pool	225,256,592.56	-	-	-	892,115.60	3,559.51	5,705,937.75	5,709,497.26	231,858,205.42
Private Equity Pool	210,424,958.09	-	-	-	581,681.83	1,661,400.27	2,378,563.04	4,039,963.31	215,046,603.23
Real Estate Pool	134,573,902.94	-	-	-	372,462.74	156,595.01	(386,458.53)	(229,863.52)	134,716,502.16
Real Return Pool	78,951,806.42	-	-	-	1,364,537.51	357,798.03	(285,691.91)	72,106.12	80,388,450.05
US Large Cap Index Pool	248,911,743.95	-	-	-	302,771.58	364,533.87	(7,609,131.92)	(7,244,598.05)	241,969,917.48
US SMID Cap Alternative Weighted Index Pool	37,025,282.16	-	-	-	64,133.51	132,349.00	(3,137,487.79)	(3,005,138.79)	34,084,276.88
Sub - Total New Mexico Retiree Health Care	1,596,665,886.69	-	-	-	6,475,942.02	3,295,487.16	(17,988,629.17)	(14,693,142.01)	1,588,448,686.70
Total New Mexico Retiree Health Care	1,596,665,886.69	-	-	-	6,475,942.02	3,295,487.16	(17,988,629.17)	(14,693,142.01)	1,588,448,686.70



Reports of Independent Auditors
and Financial Statements with
Supplementary Information

New Mexico Retiree Health Care Authority

June 30, 2024



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New Mexico Retiree Health Care Authority
Official Roster
June 30, 2024

Board of Directors

Therese Saunders, Board President	NEA-NM, Classroom Teachers Association
Tomas Salazar, Vice-President	New Mexico Association of Educational Retirees
LeAnne Larrañaga-Ruffy, Secretary	Public Employee's Retirement Association of New Mexico Designee
Laura M. Montoya	State Treasurer of New Mexico
Vacant	Governor's Appointee
Donna Sandoval	New Mexico Municipal League
David Archuleta	New Mexico Educational Retirement Board
Lance A. Pyle	New Mexico Association of Counties
Raquel Alirez	New Mexico Environment Department
Gerry Washburn	Public School Superintendent's Association of New Mexico

Staff

Neil Kueffer	Executive Director
Sheri Ayanniyi	Chief Financial Officer

Report of Independent Auditors

The Board of Directors
New Mexico Retiree Health Care Authority

Joseph M. Maestas, PE, CFE
New Mexico State Auditor

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of fiduciary net position and changes in fiduciary net position of New Mexico Retiree Health Care Authority (the Authority) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of New Mexico Retiree Health Care Authority as of June 30, 2024, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements of New Mexico Retiree Health Care Authority present the fiduciary net position and changes in fiduciary net position of the State of New Mexico that are attributable to the transactions of the Authority. The financial statements do not present the financial position of the State of New Mexico as of June 30, 2024, the changes in its financial position, and, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of revenues and expenses – budget and actual: administrative fund, schedule of revenues and expenses – budget and actual: benefits fund, schedule of changes in net OPEB liability, schedule of employer contributions, and schedule of investment returns, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The schedule 1 – combining schedule of fiduciary net position by functional activity, schedule 2 – combining schedule of changes in fiduciary net position by functional activity, and schedule 3 – schedule of investment fees (collectively, the supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedule 4 – combining schedule of general and administrative expenses by functional activity, schedule 5 – combining schedule of state general fund investment pool, and schedule 6 – schedule of appropriations, but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2024 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Albuquerque, New Mexico
November 20, 2024

Management's Discussion and Analysis

New Mexico Retiree Health Care Authority

Management's Discussion and Analysis

June 30, 2024

Introduction – The New Mexico Retiree Health Care Authority (the Authority) fosters quality of life and peace of mind by responsibly administering affordable, secure health care benefits for public retirees and their families. The Authority's management has provided this discussion and analysis of the financial activities of the Authority for the year ended June 30, 2024. The narrative offers an overview of the financial reporting requirements, financial highlights, budgetary analysis, and comparative information. Financial data has been provided for the year ended June 30, 2023 for comparative purposes.

Financial Reporting Requirements – The Authority's financial statements have been prepared in conformity with standards published by the Governmental Accounting Standards Board (GASB) for retiree health systems. The basic financial statements presented comprise the following:

Statement of fiduciary net position – The statement of fiduciary net position provides a snapshot of the retiree health trust. It reports the Authority's assets, liabilities, and net position restricted for postemployment benefits other than pensions at the end of the fiscal year.

Statement of changes in fiduciary net position – The statement of changes in fiduciary net position presents the additions and deductions to the net position restricted for postemployment benefits other than pensions and is a summary of the Authority's transactions occurring during the fiscal year.

Notes to the financial statements – The notes to the financial statements are an integral part of the Authority's financial statement presentation and provide additional information not readily evident in the statements as presented.

Required supplementary information – The required supplementary information provides a detailed and informative analysis about the financial condition of the trust administered by the Authority.

Supplementary information – The supplementary information contains additional information not required by the GASB but has been deemed useful in evaluating the Authority's overall financial condition.

New Mexico Retiree Health Care Authority
Management's Discussion and Analysis
June 30, 2024

Financial highlights – The Authority's statement of fiduciary net position is summarized as follows as of June 30:

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 79,082,745	\$ 100,982,649
Contributions and other receivables	22,757,047	21,997,557
Investments with New Mexico State Investment Council	1,513,200,631	1,261,587,417
Capital assets, net	1,374,324	1,729,087
Total assets	1,616,414,747	1,386,296,710
LIABILITIES		
Reserve for loss and loss adjustment expense	19,260,000	21,978,000
Other current liabilities	14,912,635	17,285,927
Retiree premiums received in advance	275,283	306,136
Total liabilities	34,447,918	39,570,063
NET POSITION RESTRICTED FOR POSTEMPLOYMENT		
BENEFITS OTHER THAN PENSIONS	\$ 1,581,966,829	\$ 1,346,726,647

The Authority's statement of changes in fiduciary net position is summarized as follows for the year ended June 30:

	2024	2023
ADDITIONS		
Contributions	\$ 365,911,065	\$ 346,383,835
Investment income	115,267,086	71,822,199
Tax administration suspense fund revenue	46,272,433	41,314,672
Medicare Part D rebates and other	41,011,213	70,607,015
Total additions	568,461,797	530,127,721
DEDUCTIONS		
Premiums and claims paid	328,748,749	335,094,393
Expenses and other	4,472,866	4,002,146
Total deductions	333,221,615	339,096,539
NET INCREASE IN NET POSITION	\$ 235,240,182	\$ 191,031,182

New Mexico Retiree Health Care Authority
Management's Discussion and Analysis
June 30, 2024

Net position increased by approximately \$235.2 million, or 17.5%, during fiscal year 2024 compared to fiscal year 2023. The increase during the current year is primarily due to the following:

The fair value of investments increased by \$251.6 million or 8.8% due to approximately \$136.4 million in investment purchases and net investment income of approximately \$115.2 million.

Cash balances decreased by \$21.9 million or 21.7% due to timing of transfers made to the trust fund held by the New Mexico State Investment Council.

Medicare Part D and other revenues decreased by approximately \$29.6 million or 41.9% from the prior year. Contributions increased by approximately \$19.5 million, or 5.6%, from the prior year. Contributions by source were as follows for the year ended June 30:

	2024	2023
Retirees	\$ 174,823,355	\$ 174,521,312
Employer	127,360,721	114,542,451
Employee	63,680,360	57,271,226
Employer buy-ins interest portion	46,629	48,846
Total contributions	\$ 365,911,065	\$ 346,383,835

The Authority reported an estimated net OPEB liability of \$1,784,800,039 and \$1,702,935,655 as of June 30, 2024 and 2023, respectively, representing an increase of \$81.9 million during the year ended June 30, 2024. The increase is the result of a change in assumptions related trend rates and excise tax assumptions net of the increase in the discount rate from 6.22% to 7.00%. The net OPEB liability as of June 30, 2024, is comprised of the Authority's total OPEB liability of \$3,366,766,868 calculated by the Authority's independent actuaries, offset by the plan's fiduciary net position of \$1,581,966,829. As of June 30, 2024, the plan's fiduciary net position as a percentage of the total OPEB liability (funded status) was 46.99%, an increase of 2.83% compared to the 44.16% funded status as of June 30, 2023.

Budgetary analysis – The fiscal year 2024 operating budget authorized expenditures totaling \$394.3 million, including \$2.6 million in personal services and employee benefits, \$391.1 million in contractual services, and \$0.7 million in other expenses. Actual expenditures totaled \$333.1 million, supported by revenues totaling \$568.4 million, resulting in an increase in net position of \$235.2 million.

New Mexico Retiree Health Care Authority

Management's Discussion and Analysis

June 30, 2024

Currently known facts, decisions, and conditions – The New Mexico Retiree Health Care Act (the Act) was enacted in Sections 10-7C-1 through 10-7C-19 NMSA 1978, for the purpose of providing comprehensive group health insurance coverage for persons who have retired from certain public service in the State of New Mexico and their eligible dependents. The Authority offers both pre-Medicare and Medicare plans to eligible retirees, as well as ancillary coverage including dental, vision, and life insurance. The Act provides that the benefits offered to retired public employees may be modified, diminished, or extinguished by the Legislature, and that the Act does not create any contract, trust, or other rights to public employees for health care benefits. Financing is provided through the setting of premiums for retirees by the Authority's Board of Directors and the allocation of governmental revenue streams by the Legislature on a "pay-as-you-go" basis.

The Authority administers the Act. It has a funding base comprised of active employee payroll deductions, participating employer contributions, monthly premium contributions of enrolled participants, investment income, and amounts distributed annually from the Taxation Administration Suspense Fund (TAA Fund).

Financial contact – Any questions regarding the financial statements of the Authority should be directed to the Executive Director, New Mexico Retiree Health Care Authority, 6300 Jefferson St. NE, Suite 150, Albuquerque, NM 87109.

Financial Statements

New Mexico Retiree Health Care Authority
Statement of Fiduciary Net Position
June 30, 2024

ASSETS

Interest in State General Fund Investment Pool	\$ 79,082,745
Receivables	
Contributions - employers, employees, and retirees, net	14,924,450
Due from other state agencies	3,856,036
Due from charter schools	570,185
Accounts receivable - rebates and Medicare Part D	2,788,551
Buy-in obligations receivable	617,825
Total receivables	22,757,047
Investments with State Investment Council	
U.S. Large Cap Index Pool	278,986,757
Non-U.S. Emerging Markets Active Pool	120,677,061
Non-U.S. Developed Markets Index Pool	199,770,676
Private Equity Pool	210,578,081
Private Debt Market Pool	226,315,424
Real Estate Pool	134,575,770
U.S. Small/Mid Cap Alternative Weighted Index Pool	31,130,671
Real Return Pool	76,742,661
Core Bond Pool	234,423,530
Total investments	1,513,200,631
Capital assets, net of accumulated depreciation and amortization	1,374,324
Total assets	1,616,414,747

LIABILITIES

Accounts payable	13,921,100
Payroll liabilities	48,642
Lease liabilities	847,057
Compensated absences	95,836
Reserve for loss and loss adjustment expense	19,260,000
Retiree premiums received in advance	275,283
Total liabilities	34,447,918

**NET POSITION RESTRICTED FOR POSTEMPLOYMENT
BENEFITS OTHER THAN PENSIONS**

\$ 1,581,966,829

See accompanying notes.

New Mexico Retiree Health Care Authority
Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2024

ADDITIONS

Contributions	
Retiree	\$ 174,823,355
Employer	127,360,721
Employee	63,680,360
Employer buy-ins interest portion	46,629
Total contributions	<u>365,911,065</u>
Investment income	
Net appreciation in fair value of investments	111,613,215
Interest adjustment on State General Fund Investment Pool	3,653,871
Total investment income	<u>115,267,086</u>
Other	
Tax administration suspense fund revenue	46,272,433
Medicare Part D subrogation, rebates and other	41,011,213
Total other	<u>87,283,646</u>
Total additions	<u>568,461,797</u>

DEDUCTIONS

Premiums and claims paid	328,748,749
General and administrative expenses	3,606,901
Refunds to retirees	457,540
Depreciation and amortization expenses	408,425
Total deductions	<u>333,221,615</u>

NET INCREASE IN NET POSITION

235,240,182

**NET POSITION RESTRICTED FOR POSTEMPLOYMENT
BENEFITS OTHER THAN PENSIONS**

Beginning of year	<u>1,346,726,647</u>
End of year	<u>\$ 1,581,966,829</u>

See accompanying notes.

New Mexico Retiree Health Care Authority

Notes to Financial Statements

Note 1 – Retiree Health Care Act Plan

The New Mexico Retiree Health Care Authority (the Authority) was formed on February 13, 1990, under the New Mexico Retiree Health Care Act (the Act) of New Mexico Statutes Annotated, as amended (NMSA 1978), to administer the Retiree Health Care Fund (10-7C-1-19 NMSA 1978) (the Fund) which was created to provide comprehensive group health insurance coverage for individuals (and their spouses, dependents, and surviving spouses) who have retired or will retire from public service in New Mexico.

The Fund is a multiple employer cost sharing defined benefit healthcare plan that provides eligible retirees (including terminated employees who have accumulated benefits but are not yet receiving them), their spouses, dependents and surviving spouses and dependents with health insurance and prescription drug benefits consisting of a plan, or optional plans of benefits, that can be purchased by funds flowing into the Fund and by co-payments or out-of-pocket payments of eligible retirees. Employees of the Authority participate in the plan.

The Act created a governing Board of Directors (the Board) comprised of not more than 12 members. Membership of the Board includes the following:

1. One member who is not employed by or on behalf of, or contracting with, an employer participating in or eligible to participate in the Fund (10-7C-1 to 10 7C-19 NMSA 1978), and who shall be appointed by the Governor to serve at the pleasure of the Governor;
2. The director of the Educational Retirement Board (ERB) or the ERB director's designee;
3. One member to be selected by the Public School Superintendent's Association of New Mexico;
4. One member who shall be a teacher who is certified and teaching in elementary or secondary education to be selected by a committee composed of one person designated by the New Mexico Association of Classroom Teachers, one person designated by the National Education Association of New Mexico and one person designated by the New Mexico Federation of Teachers;
5. One member who shall be an eligible retiree of a public school and who shall be selected by the New Mexico Association of Retired Educators;
6. One member who shall be an eligible retiree of an institution of higher education participating in the Act and who shall be selected by the New Mexico Association of Retired Educators (the institutions of higher education do not currently have the requisite number of participants for board representation);
7. The executive secretary of the Public Employees' Retirement Association (PERA) or the PERA executive secretary's designee;
8. One member who shall be an eligible State government retiree and who shall be selected by the Retired Public Employees of New Mexico;

New Mexico Retiree Health Care Authority

Notes to Financial Statements

9. One member who shall be an elected official or employee of a municipality participating in the Fund to be selected by the New Mexico Municipal League;
10. One member who shall be an elected official or employee of a county participating in the Fund to be selected by the New Mexico Association of Counties;
11. The State Treasurer or the State Treasurer’s designee; and
12. One member who shall be a classified State employee selected by the Personnel Board in response to statutory amendment.

Every member of the Board serves at the pleasure of the party or parties that selected that member. The Board elects from its membership a president, vice president, and secretary.

The Board may enter into contracts or arrangements with consultants, professional persons or firms as may be necessary to carry out the provisions of the Act. Other legal duties of the Board are defined by Section 10-7C-7 of the Act.

The plan has 302 participating employers and 159,125 current members, including active employees, terminated eligible members, retirees, and surviving spouses. The following schedule summarizes the number of members enrolled in the plan as of June 30, 2024:

Plan membership	
Current retirees and surviving spouses	52,978
Inactive and eligible for deferred benefit	12,552
Current active members	93,595
	159,125
Active membership	
State general	18,462
State police and corrections	1,260
Municipal general	17,283
Municipal police	3,169
Municipal FTRE	2,419
Educational Retirement Board	51,002
	93,595

The Authority operates and administers the plan from the following funds:

Administrative Fund (38000) – Created by 10-7C-16 NMSA 1978. The purpose of this fund is to provide administrative support to carry out the purpose of the Benefit Fund and the Act. This fund is not financed by the general fund; it is financed by and reverts to the Benefit Fund (38100).

Benefit Fund (38100) – Created by the Act (10-7C-1 to 10-7C-19 NMSA 1978). The purpose of this fund is to provide core group and optional healthcare and life insurance benefits for current and future retirees and their dependents as mentioned above.

New Mexico Retiree Health Care Authority

Notes to Financial Statements

The Authority is an independent agency of the State of New Mexico. The funds administered by the Authority are considered part of the State of New Mexico financial reporting entity and are OPEB trust funds of the State of New Mexico. The Authority's financial information should be included with the financial presentation of the State of New Mexico.

The Authority has developed criteria to determine whether other state agencies, boards or commissions which benefit the members of the Authority should be included within its financial reporting entity. The criteria include, but are not limited to, whether the Authority exercises oversight responsibility on financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters, scope of public service, and special financing relationships. Based on these criteria, management has determined that no other such entities should be included in its financial reporting entity. The Authority does not have any component units.

Because the Authority is a self-funded, mainly self-insured entity pursuant to Section 10-7C, NMSA 1978, the Authority is not construed to be transacting insurance activity otherwise subject to the laws of the State of New Mexico that regulate insurance companies and therefore, not subject to minimum statutory reserve requirements.

Employer and employee contributions to the Authority total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee's salary as required by 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer's participation in the Authority.

Current retirees are required to make monthly contributions for individual basic medical coverage. The Board may designate other plans as "optional coverages." See Section 10-7C-13, NMSA 1978 for more details.

Note 2 – Summary of Significant Accounting Policies

Basis of accounting – The Authority's financial statements are prepared using the economic resource measurement focus and the accrual basis of accounting. The economic resource measurement focus is used for all assets, deferred outflows, liabilities, deferred inflows, revenues, expenses, gains, and losses. Under the accrual basis of accounting, revenues are recognized in the accounting period in which they are earned, and expenses are recorded at the time liabilities are incurred. Contributions are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Interest in State General Fund Investment Pool – Interest in State General Fund Investment Pool include the Authority's pro rata share of liquid internal investment pools to include cash on deposit held by the New Mexico State Treasurer (State Treasurer). Deposits with the State Treasurer are required to be collateralized at a minimum level of 50%. The State Treasurer issues separate financial statements, which disclose the collateral pledged to secure these deposits and the market value of purchased investments. The only checking account is a zero-balance lock box depository at the State Fiscal Agent and monies are transferred daily to the State Treasurer.

New Mexico Retiree Health Care Authority

Notes to Financial Statements

Accounts receivable and employer buy-ins – Accounts receivable derived from employers and participants consist of amounts due from employers and for contributions relating to payrolls paid prior to June 30, 2024 and amounts due from retirees for monthly premiums. Advance premiums from retirees are recorded as unearned revenues. Accounts receivable also include balances due from other state agencies and charter schools and rebates and Medicare Part D receivables at year end.

Qualified employers previously declining participation may elect to buy-in under 10-7C-1, NMSA 1978. Upon meeting requirements and approval, the employer will pay a determined amount to compensate the Authority and other participants for prior periods of nonparticipation and for additionally incurred liabilities. Payments can be lump sum or on the installment method for up to 13 years and are in addition to regular monthly contributions.

Investments – The Authority accounts for its investments in accordance with GASB No. 40 *Deposit and Investment Risk Disclosures* (GASB No. 40) and GASB No. 72 *Fair Value Measurement and Application* (GASB No. 72). Please refer to the financial statements of the State Investment Council and the State Treasurer's Office for full disclosures, including security credit ratings for investment assets that conform to GASB No. 40 requirements. The Authority is subject to the Uniform Prudent Investor Act, NMSA 45-7 and has structured their investment policy to comply to NMSA 45-7.

Capital assets – Acquisitions of property and equipment and improvements and replacements of equipment with an initial individual cost of at least \$5,000 (per Section 12-6-10, NMSA 1978) and an estimated useful life in excess of one year are capitalized at cost. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the assets. Right-to-use assets are amortized over the lesser of the lease term or the useful life of the leased asset. The useful lives are 10 years for furniture and office equipment and three to seven years for computer equipment.

Leases – The Authority recognizes lease contracts or equivalents that have a term exceeding one year and the cumulative future payments on the contract exceed \$5,000 that meet the definition of an other-than-short-term lease. The Authority uses a discount rate that is explicitly stated or implicit in the contract. When a readily determinable discount rate is not available, the discount rate is determined using the Authority's incremental borrowing rate at start of the lease for a similar asset type and term length to the contract. Short-term lease payments are expensed when incurred.

Income taxes – The Authority provides an essential governmental function to its participants as described in Section 115 of the Internal Revenue Code (the Code) and therefore considers the Authority exempt from federal income taxes pursuant to the Code.

Net position restricted for postretirement benefits other than pensions – The plan's net position and State of New Mexico pension tax revenue are restricted to provide for payment of claims and premiums in future years and to continue to provide health benefits to eligible retirees. All fiduciary funds revenue, including pension tax, is held in trust for qualified retirees. These funds are not available to the State of New Mexico for appropriation for other purposes. The restrictions on the plan net position are deemed to be legally enforceable and, therefore, the net position is reported as restricted pursuant to GASB standards. When restricted and unrestricted resources are available for the same purpose, it is the policy of the Authority to first apply the unrestricted resources.

New Mexico Retiree Health Care Authority

Notes to Financial Statements

Program revenue – Program revenue shown on the accompanying statement of changes in fiduciary net position consists primarily of contributions received from retirees, employers, and employees, including amounts received and accrued from employer buy-ins. Operating revenue is distinguished from non-operating revenue by considering the core purpose of the Authority to provide comprehensive group health insurance. As a result, contributions received from participants are considered operating revenues.

Budgetary process and budgetary basis of accounting – The Authority prepares its budget on the accrual basis. Investment gains and losses, depreciation, and changes in incurred but not reported (IBNR) claim expenses are not budgeted. An operating budget is submitted annually for approval to the Budget Division of the New Mexico Department of Finance and Administration (DFA) and reviewed by the Legislative Finance Committee. The Authority submits two budgets reflecting the Health Benefits Administration Fund and Program Support Fund. The legal level of budgetary control is at the functional level. Budget Adjustment Requests must be reviewed by the Department of Finance and Administration. Administrative line-item expenditures may legally exceed amounts budgeted; however, the total budget category expenditures may not legally exceed approved budget category amounts.

Use of estimates – The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Net OPEB liability – The net OPEB liability and the plan's actuarial valuation were calculated by the Authority's independent actuary as of June 30, 2024. The plan's valuation and measurement of the total OPEB liability and related net OPEB liability were performed in accordance with generally accepted accounting principles.

Net pension liability and related pension amounts – The Authority, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple employer defined benefit pension plan administered by PERA. Overall, total pension liability exceeds plan net position, resulting in a net pension liability. The State of New Mexico has determined that the State's proportionate share of the net pension liability is a liability of the State of New Mexico as a whole, and the net pension liability or other pension amounts will not be reported in the department or agency level of the State.

Postemployment benefits – State retiree health care plan – The Authority, as part of the primary government of the State of New Mexico, is a contributing employer to the Fund on behalf of the Authority's employees and for persons who have retired from certain public service positions in New Mexico. The State has determined the State's share of the net OPEB liability to be a liability of the State as a whole, rather than any agency or department of the State, and the liability will not be reported in the department or agency level financial statements of the State.

Information concerning the net pension and OPEB liabilities, benefit expenses, and benefit-related deferred inflows and deferred outflows of resources of the primary government will be contained in the State of New Mexico Annual Comprehensive Financial Report for the year ended June 30, 2024 and will be available, when issued, from the Office of the State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico 87501.

New Mexico Retiree Health Care Authority

Notes to Financial Statements

New and upcoming accounting standards – The Authority adopted Governmental Accounting Standards Board Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62* (GASB No.100). GASB No. 100 addresses accounting and financial reporting for changes in accounting principles and error corrections, changes within the financial reporting entity, and changes in accounting estimates. Implementation of this new statement had no impact on the financial statements for the year ended June 30, 2024.

GASB Statement No. 101, *Compensated Absences*. This statement increases the usefulness of governments' financial statement by requiring that liabilities for compensated absences be recognized for leave that has not been used and for leave that has been used but not yet paid in cash or settled through noncash means. The statement is effective for the year ending June 30, 2025. The Authority is currently examining the impact, if any, to its current accounting policies and financial reporting from this Statement.

GASB Statement No. 102, *Certain Risk Disclosures*. This statement is to provide users of the financial statements with information about risks related to vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. The statement is effective for the year ending June 30, 2025. Management does not expect a significant impact to their reporting of risk disclosures contained in the current reporting model.

GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this statement is to improve the financial reporting model for certain key components. The statement enhances the effectiveness in providing information essential for decision making and the government's accountability including certain application issues. Management's discussion and analysis is a key component of financial reporting that will be enhanced to include better discussion about the changes in financial amounts. Unusual or infrequent items, proprietary fund presentation of statement of revenues, expenses, and changes in fund net position, major component unit information and budgetary comparison information will also be enhanced with the model improvements. The statement is effective for the year ending June 30, 2026. Management does anticipate enhancements to management discussion and analysis but minimal impact from the other elements of this statement.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. Certain types of capital assets to be disclosed separately in the capital assets note disclosures required by GASB Statement No. 34 under statement No. 104. Lease assets recognized in accordance with GASB Statement No. 87, *Leases*, intangible right to use assets recognized in accordance with GASB Statement No. 94, *Public-Private Public-Public Partnerships and Availability Payment Arrangements*, and subscription assets in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, are to be disclosed separately by major class of the underlying asset in the capital assets note. This statement is effective for the year ending June 30, 2026.

New Mexico Retiree Health Care Authority

Notes to Financial Statements

Note 3 – Interest in State General Fund Investment Pool

Compliant with Section 6-10-3, NMSA 1978 and to optimize state cash management and investment practices, funds of various state agencies are deposited in the State General Fund Investment Pool (SGFIP). This pool is managed by the New Mexico State Treasurer’s Office. Claims on the SGFIP are reported as financial assets by the various agencies investing in the SGFIP. The comprehensive cash reconciliation model compares aggregated agency claims on the SGFIP to the associated resources held by the State Treasurer’s Office. As of June 30, 2024, the DFA provides the following assertions:

1. Resources held in the pool were equivalent to the corresponding business unit claims on those resources.
2. All claims as recorded in SHARE shall be honored at face value.

The fair value of the cash and cash equivalents maintained in the Pool with the New Mexico State Treasurer’s Office is as follows:

Fund	SHARE Fund No.	June 30, 2024
Benefits Fund	38100	\$ 79,016,980
Administrative Fund	38000	65,765
Total interest in State General Fund Investment Pool		\$ 79,082,745

This Pool represents cash and short-term investments. The State Treasurer invests excess cash balances on behalf of certain earmarked funds of state agencies identified by State statute and local governments. Interest earnings are distributed based on average outstanding cash balances for local governments and the state agencies where interest is allowed to be earned. All other interest earnings are transferred to the State General Fund. Currently, there are no limitations or restrictions on withdrawals on the investment in the Pool.

Credit risk and interest rate risk – The New Mexico State Treasurer pools are not U.S. Securities and Exchange registered. The State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10(I) through 6-10-10(O) and Sections 6-10-10(1)(A) and (E), NMSA 1978. At the end of each month, all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and length of time the funds amounts were invested. The end of the fiscal year credit risk rating and the weighted-average maturity (interest risk in number of days) is available on the State Treasurer’s website at www.nmsto.gov. Participation in the local government pool is voluntary.

New Mexico Retiree Health Care Authority

Notes to Financial Statements

Note 4 – Receivables

The Authority receives contributions monthly from employers who remit the employer and the employee portions. Contributions are statutory, based on the gross payroll reported by each employer for the month. Because gross payroll can change in any month, the Authority does not bill the participating employers but depends on monthly reporting and contributions remitted from employers. Accounts receivable also includes amounts to be received for Medicare Part D. There is no allowance for uncollectible receivables recorded as of June 30, 2024, as management deems any uncollectible amounts as immaterial.

As of June 30, 2024, the buy-in receivable includes notes receivable from Sierra County and Taos Soil and Water Conservation District. The remaining balance on the notes are \$546,396 and \$71,429, respectively. The Sierra County obligation is receivable monthly over 13 years at a 7.5% fixed interest rate, maturing in June 2030. The Taos Soil and Water Conservation District obligation is receivable monthly over 6 years at a 7.5% fixed interest rate, maturing in December 2029. The current and long-term portions on the notes are \$85,830 and \$531,995, respectively.

Revenue is transferred from the New Mexico Taxation and Revenue Department in accordance with NMSA 1978, Section 7-1-6.30 and NMSA 1978, Section 7-1-6.56. Monies are transferred on the month following the month due, and any amount due to the Authority that is not received by June 30 is accrued. Transfers from the New Mexico Taxation and Revenue Suspense Fund are based on a 12% per annum increase of the prior year transfer amount. For the year ended June 30, 2024, revenues totaled \$46,272,433. As of June 30, 2024, amounts due from other governments consist of balances due from the Taxation and Revenue Department (Business Unit: 33300; Fund: 83200) totaling \$3,856,036.

Note 5 – Investments and Fair Value Measurements

The Authority maintains a joint powers agreement with the New Mexico State Investment Council (NMSIC) to provide investment services in accordance with guidelines listed in the Authority's Investment Policy. The Authority monies are invested in accordance with the NMSA Section 6-8-9. NMSIC issues a separate, publicly available financial report that includes financial statements and required supplementary information.

The Authority's Board of Directors has adopted an investment allocation policy. The Board is authorized to review and amend the investment allocation policy from time to time to meet the Authority's long-term objective. Investments are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status.

New Mexico Retiree Health Care Authority

Notes to Financial Statements

The following schedule summarizes the current investment allocation policy as of June 30, 2024:

Asset Class	Target Allocation
U.S. core fixed income	20%
U.S. equity - large cap	14%
Non-U.S. emerging markets	10%
Non-U.S. developed equities	14%
Private equity	10%
Private debt market	15%
Real estate	10%
Real return	5%
U.S. equity - small/mid cap	2%
	100%

The Authority accounts for its investments in accordance with GASB No. 72 *Fair Value Measurement and Application*, which establishes fair value standards for certain investments held by governmental entities. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Investments are measured at fair value on a recurring basis which is based upon the Authority's share of NMSIC's pooled investments. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Authority has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

New Mexico Retiree Health Care Authority

Notes to Financial Statements

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used as of June 30, 2024.

The Authority invests in a number of investment pools offered by the NMSIC. Each pool is comprised of units of participation of unlimited quantity. The pools are held in NMSIC's name. No unit in the pool has priority or preference over any other unit and represents an equal beneficial interest in the pool. The valuation the Authority's units in the investment pool is provided by the NMSIC on a monthly basis and represents the fair market value as of that date. Therefore, management has determined that all the investments are measured at Net Asset Value as a practical expedient (NAV practical expedient).

The table below summarizes the investments valued at NAV practical expedient:

Investments Measured at NAV Practical Expedient	Fair Value June 30, 2024	Redemption Frequency	Redemption Notice Period
U.S. Large Cap Index Pool	\$ 278,986,757	4 times per year	3 months
Non-U.S. Emerging Markets Active Pool	120,677,061	Daily	5 business days
Non-U.S. Developed Markets Index Pool	199,770,676	4 times per year	3 months
Private Equity Pool	210,578,081	4 times per year	3 months
Private Debt Market Pool	226,315,424	Daily	5 business days
Real Estate Pool	134,575,770	4 times per year	3 months
U.S. Small/Mid Cap Alt Weighted Index Pool	31,130,671	Daily	5 business days
Real Return Pool	76,742,661	4 times per year	3 months
Core Bond Pool	234,423,530	Daily	5 business days
	<u>\$ 1,513,200,631</u>		

The U.S. Large Cap Index Pool is a passively managed portfolio and seeks to invest in U.S. equities with large market capitalizations. Daily redemptions are allowed provided the Authority gives a Notice of Intent to redeem the units five business days in advance unless \$5 million or more is requested, then 30 days' notice is required.

The Non-U.S. Emerging Markets Active Pool is a passively managed portfolio benchmarked against the MSCI Emerging Market Free Index and invests in emerging market equities around the globe. Daily redemptions are allowed provided the Authority gives a Notice of Intent to redeem the units five business days in advance unless \$5 million or more is requested, then 30 days' notice is required.

The Non-U.S. Developed Markets Active Pool is actively managed by four investment managers (each focused on large-cap value, large-cap core, large-cap growth, and small-cap value). The pool is benchmarked against the MSCI EAFE Index. Daily redemptions are allowed provided the Authority gives a Notice of Intent to redeem the units five business days in advance unless \$5 million or more is requested, then 30 days' notice is required.

New Mexico Retiree Health Care Authority

Notes to Financial Statements

The Private Debt Market Pool invests in various classes of fixed income securities oriented toward credit. The role of this pool is to provide growth of capital and income generation. The pool is managed by investment managers outside NMSIC. The Authority is allowed to redeem this investment four times per year but not less than one month since the last redemption. Notice of Intent to redeem is required three months in advance. There is a 12-month lockup period on this investment class.

The Real Estate Pool contains open- and closed-end comingled real estate funds, dominated by stable, core real estate properties. The pool's objective is to match the rate of return on the NCREIF-ODCE index, plus a small premium from active management. The pool seeks to provide modest growth of capital, income generation, and provide diversification from equities and fixed income investment pools. Redemption notices are required six months in advance and are only allowed twice per year. The redemptions cannot occur within three months of each other. There is an 18-month lockup period on this investment class.

The Private Equity Pool contains more than 100 private equity funds diversified across the different sectors of private equity and seeks to provide a higher rate of return than the Venture Economics All Private Equity Index. The pool's main goal is to provide growth of capital. There is a 24-month lockup period on this investment class with 9-month Notice of Intent to redeem. Redemptions are allowed twice a year and no less than three months apart.

The U.S. Small/Mid Cap Alternative Weighted Pool is passively managed in comparison to the Russell 2000 Index portfolio. Daily redemptions are allowed provided the Authority gives a Notice of Intent to redeem the units five business days in advance unless \$5 million or more is requested, then 30 days' notice is required.

The Real Return Pool is managed across 78 funds with 27 managers. The pool seeks to provide a higher rate of return than the Real Assets CPI + 300 bps benchmark. Redemption notices are required six months in advance and are only allowed twice per year. The redemptions cannot occur within three months of each other. There is an 18-month lockup period on this investment class.

The Core Bond Pool seeks to exceed returns of the Barclays US Aggregate Bond Index through active external management using complementary core-plus strategies. Redemptions are permitted up to five days prior to month-end. Redemptions larger than \$5 million require 30 days' notice.

The investment and administrative fees are deducted from the ending investment account balance on a monthly basis in accordance with the joint powers agreement. For the year ended June 30, 2024, the annual money-weighted rate of return on the Authority's investments, net of related investment expenses, was 11.47%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

New Mexico Retiree Health Care Authority

Notes to Financial Statements

Note 6 – Capital Assets

Capital asset balances and activity are summarized as follows for the year ended June 30, 2024:

Description	June 30, 2023	Additions	Deletions	Transfers	June 30, 2024
Furniture and equipment	\$ 264,902	\$ -	\$ -	\$ -	\$ 264,902
Computer equipment	2,085,306	49,218	-	-	2,134,524
Leased asset - office space	1,158,896	-	-	-	1,158,896
Leased asset - equipment	79,922	4,444	-	-	84,366
	<u>3,589,026</u>	<u>53,662</u>	<u>-</u>	<u>-</u>	<u>3,642,688</u>
Accumulated depreciation - equipment	(1,571,564)	(257,075)	-	-	(1,828,639)
Accumulated amortization - leased assets	<u>(288,375)</u>	<u>(151,350)</u>	<u>-</u>	<u>-</u>	<u>(439,725)</u>
	<u>\$ 1,729,087</u>	<u>\$ (354,763)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,374,324</u>

The Authority has evaluated the capital and leased assets for impairment and determined there was no impairment for the year ended June 30, 2024.

Note 7 – Compensated Absences

Accumulated vacation, compensating time, and sick leave earned and not taken are recorded as an expense in the current year. Vacation earned and not taken is cumulative; however, upon termination, vacation is limited to 240 hours (30 days). Sick pay accumulated in excess of 600 hours, not to exceed 120 hours, is payable semiannually to qualified employees at a rate equal to 50% of the employee's hourly wage.

June 30, 2023	Leave Accrued	Leave Used	June 30, 2024	Amount Due Within One Year
<u>\$ 94,698</u>	<u>\$ 91,011</u>	<u>\$ (89,873)</u>	<u>\$ 95,836</u>	<u>\$ 95,836</u>

Note 8 – Reserve for Losses and Loss Adjustments

The amount shown on the accompanying statement of fiduciary net position as reserve for losses and loss adjustment expenses is an actuarially calculated estimate of the ultimate costs of settling all incurred, but not reported claims as of June 30, 2024, while the amount shown on the accompanying statement of changes in fiduciary net position as losses and loss adjustment expenses represents the change in this estimate during the year ended June 30, 2024. These reserves represent, in management's opinion, the best estimate of the ultimate cost of settling all reported and unreported claims. A range of variability exists around the best estimate of the ultimate cost of settling all unpaid claims. Accordingly, the amount reflected in the accompanying financial statements may not ultimately be the actual cost of settling all unpaid claims, and the difference may be significant.

New Mexico Retiree Health Care Authority

Notes to Financial Statements

As of June 30, 2024, the estimated claims liability for claims incurred but not reported (IBNR) totaled \$19,260,000. This estimated liability represents liability for outstanding claims for services rendered prior to July 1, 2024 and paid after June 30, 2024.

Note 9 – Net OPEB Liability

The components of the net OPEB liability of the employers are as follows:

	June 30, 2024
Total OPEB liability	\$ 3,366,766,868
Plan fiduciary net position	1,581,966,829
Net OPEB liability	\$ 1,784,800,039
Plan fiduciary net position as a percentage of the total OPEB liability ("funded status")	46.99%

The total OPEB liability was determined by an actuarial valuation as of June 30, 2023 and rolled forward to the measurement date of June 30, 2024, using the following actuarial assumptions:

Valuation date	June 30, 2023
Actuarial cost method	Entry age, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.30% for ERB; 2.50% for PERA
Projected payroll increases	3.00% 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%
Healthcare cost trend rate	8.00% graded down to 4.50% over 14 years for Non-Medicare medical plan costs and 8.50% graded down to 4.50% over 12 years for Medicare medical plan costs Actual premium increase for the first year, then 8.25% graded down the 4.50% over 15 years

New Mexico Retiree Health Care Authority

Notes to Financial Statements

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which the expected future real rates of return (net of investment fees 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. The target allocation and projected arithmetic real rates of return for each major asset class, net of assumed inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions are summarized as follows:

Asset Class	Long-Term Rate of Return
U.S. core fixed income	1.6%
U.S. equity - large cap	6.9%
Non-U.S. emerging markets	8.7%
Non-U.S. developed equities	7.2%
Private equity	9.9%
Private debt	3.7%
Real estate	3.6%
Real return	3.2%
U.S. equity - small/mid cap	6.9%

The discount rate used to measure the total OPEB liability is 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of 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 are included. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. The 7.00% assumed investment return on plan assets, which includes the assumed inflation rate of 2.50%, was used to calculate the net OPEB liability.

The following presents the net OPEB liability, calculated using the discount rate of 7.00%, as well as what the Fund's net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
\$ 2,250,750,304	\$ 1,784,800,039	\$ 1,402,840,927

The following presents the net OPEB liability calculated using the current healthcare cost trend rates as well as what Fund's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1% point lower or 1% point higher than the current rate:

1% Decrease	Current Trend	1% Increase
\$ 1,379,274,113	\$ 1,784,800,039	\$ 2,826,241,240

New Mexico Retiree Health Care Authority

Notes to Financial Statements

Note 10 – Pension Plan (Public Employees Retirement Plan)

Plan description – Substantially all of the Authority's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11 NMSA 1978). PERA is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits, and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA; P.O. Box 2123; Santa Fe, New Mexico 87504-2123 or on PERA's website at www.nmpera.org.

Funding policy – Plan members are required to contribute 10.42% of their gross pay. The Authority is required to contribute 18.74% of gross covered salary. The contribution requirements of plan members and the Authority are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the Legislature. The Authority's contributions to PERA for the year ended June 30, 2024 totaled \$334,860, equal to the amount of the required contribution for the year.

Note 11 – Post-Employment Benefits (State Retiree Health Care Plan)

Plan description – The Authority, as an employer, contributes to the Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Authority. The Authority provides healthcare insurance and prescription drug benefits to retired employees of participating employers, their spouses, dependents, and surviving spouses and dependents. The Authority's Board was established by the Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during the period of time made contributions as a participant in plan on the person's behalf, unless that person retires before the employer's effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The Authority issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the New Mexico Retiree Health Care Authority at 6300 Jefferson Street NE, Suite 150; Albuquerque, NM 87109.

New Mexico Retiree Health Care Authority

Notes to Financial Statements

Funding policy – The Act authorizes the Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service-based subsidy rate schedule for the medical, plus basic life plan, plus an additional participation fee of five dollars (\$5) if the eligible participant retired prior to the employer’s effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the Authority or viewed on their website at www.nmrhca.org.

The employer, employee, and retiree contributions are required to be remitted to the Authority on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the fund in the amount determined to be appropriate by the Board.

The Act is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4, or 5; municipal fire member coverage plan 3, 4, or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.5% of each participating employee’s annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced plan during the fiscal year ended June 30, 2021, the statute required each participating employer to contribute 2% of each participating employee’s annual salary; each participating employee was required to contribute 1% of their salary. In addition, pursuant to Section 10-7C-5(G) NMSA 1978, at the first session of the Legislature following July 1, 2014, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Act.

The Authority’s contributions to the plan for the year ended June 30, 2024 totaled \$34,823, which equals the required contributions for the year.

New Mexico Retiree Health Care Authority

Notes to Financial Statements

Note 12 – Joint Powers Agreements

The Authority has entered into two joint powers agreements:

1. An agreement exists between the Authority and the New Mexico State Investment Council (NMSIC) under which NMSIC acts as the investment manager of the Retiree Health Care Fund for the Authority and will invest the Authority's long-term reserves and provide services in accordance with the guidelines provided in the Authority's Investment Policy. The agreement was effective June 25, 1992, renewed December 8, 2011, and continues in force until terminated by either party upon 30 days' written notice to the other party.

The funds under management are invested by NMSIC in accordance with the provision of NMSA 1978, Sections 6-8-1 through 6-8-16. Fees charged for investment services are netted from investment income provided by the Authority on a monthly basis.

The Authority's policy determines the amount to invest with NMSIC. The Authority maintains ownership of all securities and cash balances on deposit in the Authority's accounts at the New Mexico State Treasurer's Office, the fiscal agent bank, and the custodial bank. The Authority is responsible for all audits performed relating to its financial records, including all investment transactions.

2. An agreement exists among the Authority, New Mexico Public Schools Insurance Authority, Albuquerque Public Schools, and the State's Risk Management Division of the General Services Department (collectively, the Interagency Benefits Advisory Committee). The purpose is to authorize the parties to exercise their common powers to provide and administer healthcare insurance programs, and to implement the purposes of the Health Care Purchasing Act. Each agency acts as its own fiscal agent for cost purposes. The agreement was effective March 15, 1999 and continues in force until terminated by any party upon 90 days' written notice to the other parties.

Note 13 – Optional Coverages

The Authority offers voluntary coverages to eligible retirees: two dental plans, a vision plan, and supplemental life. The plans are a pay-all basis by the retiree, whereby the retiree pays monthly for the entire premium for any optional coverages opted for and the Authority in turn pays the optional plan provider the monies collected from the retiree. Therefore, the revenue generated through the collection of optional premium dollars by the Authority is a direct dollar-for-dollar pass through to the providers of optional coverages. Revenues are recorded as retiree contributions and expenses are recorded as premiums in the financial statements.

Note 14 – Legally Required Reserves

There is no stated monetary reserve requirement. Under Section 10-7C-8, NMSA 1978, the Authority's Board is charged with determining what is to comprise the long-term reserves. Those long-term reserves are to be placed in investments pursuant to Section 6 8-1 through 6-8-16, NMSA 1978.

New Mexico Retiree Health Care Authority

Notes to Financial Statements

Note 15 – Leases

As of June 30, 2024, the Authority has following contracts that are considered other than short-term leases:

<u>Lease Type</u>	<u>Lease Term</u>
Office space	September 1, 2020 - August 31, 2030
Office equipment	September 29, 2020 - September 17, 2024
Office equipment	March 1, 2023 - February 28, 2027
Office equipment	March 8, 2023 - February 28, 2027

There are no residual value guarantees included in the measurement of the Authority's lease liability for either lease or recognized as expenses for the year ended June 30, 2024. The Authority does not have any commitments that were incurred at the commencement of the leases. No termination penalties were incurred during the year ended June 30, 2024.

The change in lease liability for the year ended June 30, 2024 is summarized as follows:

<u>June 30, 2023</u>	<u>Additions</u>	<u>Payments</u>	<u>June 30, 2024</u>
\$ 983,497	\$ 4,444	\$ (140,884)	\$ 847,057

Future principal and interest lease payments as of June 30, 2024 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 131,432	\$ 6,154	\$ 137,586
2026	133,534	5,054	138,588
2027	135,809	3,925	139,734
2028	135,347	2,885	138,232
2029	140,527	1,852	142,379
2030-2031	170,408	803	171,211
	<u>\$ 847,057</u>	<u>\$ 20,673</u>	<u>\$ 867,730</u>

Note 16 – Commitments and Contingencies

The Authority is subject to various legal proceedings, claims, and liabilities that arise in the ordinary course of operations, including personnel matters. In the opinion of the Authority's management and legal counsel, the ultimate resolution of such matters will not have a material adverse impact on the financial position or results of operations of the Authority.

New Mexico Retiree Health Care Authority

Notes to Financial Statements

The Authority is exposed to various risks of loss for which the Authority carries insurance (Auto; Employee Fidelity Bond; General Liability; Civil Rights and Foreign Jurisdiction; Money and Securities; Property; and Workers' Compensation) with the State of New Mexico Risk Management Division (RMD). The Authority pays premiums to participate in the State Insurance Program. Coverages are designed to satisfy the requirements of the State tort claims. Also, any claims are processed through RMD. There are no pending or threatened legal proceedings at year-end.

Note 17 – Appropriations and Reversions

The following operating transfers occurred between the Authority's functional activities during the year ended June 30, 2024:

	Benefits 38100 From (To)	Administration 38000 From (To)
Administration appropriation	\$ (3,913,400)	\$ 3,913,400
Reversion of administration	246,866	(246,866)
	\$ (3,666,534)	\$ 3,666,534

The purpose of the operating transfers is to fund appropriations and revert unused appropriations between funds. The operating transfers are conducted on a routine basis.

The Authority submits annually for approval an Administrative Budget Request as part of the operating budget. The DFA and the Legislative Finance Committee (LFC) review the request, and the Legislature takes action to approve and/or amend the Authority's administrative request. Appropriated amounts are then transferred into the Administrative Fund from the Benefits Funds. Unused appropriations from the Benefits Fund to the Administration Fund, if any, revert back to the Benefits Fund, but unused appropriations from the State General Fund to the Discount Prescription Drug Program Fund do not generally revert back to the State General Fund per 10-7C-18 NMSA 1978.

The Authority recorded a \$3,913,400 appropriation from the Benefits Fund to the Administration Fund for fiscal year 2024 (NM-HB2, Section 3). As of June 30, 2024, reversions totaling \$246,866 were returned to the Benefits Fund.

Required Supplementary Information

New Mexico Retiree Health Care Authority
Schedule of Revenues and Expenses – Budget and Actual: Administrative Fund
Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Investment income	\$ -	\$ -	\$ 97,475	\$ (97,475)
Total revenues	-	-	97,475	(97,475)
EXPENSES				
Personal services/employee benefits	2,585,900	2,585,900	2,442,271	143,629
Contractual services	702,300	702,300	675,299	27,001
Other	625,200	625,200	448,879	176,321
Total expenses	3,913,400	3,913,400	3,566,449	346,951
TRANSFERS				
Transfers in - Intra agency from SHARE 38100	3,913,400	3,913,400	3,913,400	-
Transfers out - Intra agency to SHARE 38100 - reversion	-	-	(246,866)	246,866
Net transfers	\$ 3,913,400	\$ 3,913,400	\$ 3,666,534	\$ 246,866
NET CHANGE (budgetary basis)			\$ 197,560	
Depreciation and amortization			(177,584)	
NET CHANGE (GAAP basis)			\$ 19,976	

New Mexico Retiree Health Care Authority
Schedule of Revenues and Expenses – Budget and Actual: Benefits Fund
Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Retiree contributions	\$ 184,530,800	\$ 184,530,800	\$ 174,823,355	\$ 9,707,445
Employer/employee contributions	124,570,500	124,570,500	191,041,081	(66,470,581)
Pension taxes	46,263,500	46,263,500	46,272,433	(8,933)
Investment income	-	-	3,556,396	(3,556,396)
Medicare Part D subrogation, rebates and other	38,970,300	38,970,300	41,011,213	(2,040,913)
Total revenues	<u>394,335,100</u>	<u>394,335,100</u>	<u>456,704,478</u>	<u>(62,369,378)</u>
EXPENSES				
Contractual services	390,376,700	390,376,700	326,030,749	64,345,951
Other	45,000	45,000	40,452	4,548
Total expenses	<u>390,421,700</u>	<u>390,421,700</u>	<u>326,071,201</u>	<u>64,350,499</u>
TRANSFERS				
Transfers in - Intra agency from SHARE 38000 - reversion	-	-	246,866	246,866
Transfers out - Intra agency to SHARE 38000	(3,913,400)	(3,913,400)	(3,913,400)	-
Total transfers	<u>\$ (3,913,400)</u>	<u>\$ (3,913,400)</u>	<u>\$ (3,666,534)</u>	<u>\$ 246,866</u>
NET CHANGE (budgetary basis)			\$ 126,966,743	
Gain on investments excluding interest			111,613,215	
Employer buy-ins revenue and interest portion			46,629	
Change in IBNR liability			(2,718,000)	
Refunds - retirees			(457,540)	
Depreciation			(230,841)	
NET CHANGE (GAAP basis)			<u>\$ 235,220,206</u>	

New Mexico Retiree Health Care Authority
Schedule of Changes in Net OPEB Liability
Year Ended June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017
TOTAL OPEB LIABILITY								
Service cost	\$ 76,343,178	\$ 91,535,036	\$ 155,314,732	\$ 171,993,017	\$ 123,904,973	\$ 156,597,766	\$ 188,372,284	\$ 265,229,268
Interest	190,978,881	190,482,868	163,469,038	147,282,724	169,239,236	208,666,100	199,583,585	187,563,383
Differences between expected and actual experience	(30,797,837)	(179,637,831)	(36,122,262)	57,769,743	(150,535,215)	(754,197,414)	(145,524,098)	(210,435,519)
Changes in assumptions	206,616,516	(430,050,222)	(1,125,435,751)	(894,201,807)	989,792,910	(535,456,730)	(225,363,066)	(958,756,001)
Change of benefit terms	(13,121,991)	-	-	802,116	6,623,960	14,004,267	-	-
Claims and premiums	(328,748,749)	(335,094,393)	(323,478,948)	(315,956,002)	(318,068,212)	(295,383,494)	(320,403,577)	(294,107,402)
Retiree's contributions offset to claims and premiums	174,823,355	174,521,312	180,500,394	177,054,535	178,132,212	172,270,192	167,949,226	153,464,136
Medicare Part D and rebates offset to claims and premiums	41,011,213	70,607,015	43,201,979	36,525,086	30,352,322	26,625,941	30,255,096	26,944,632
NET CHANGE IN TOTAL OPEB LIABILITY	317,104,566	(417,636,215)	(942,550,818)	(618,730,588)	1,029,442,186	(1,006,873,372)	(105,130,550)	(830,097,503)
TOTAL OPEB LIABILITY - BEGINNING	3,049,662,302	3,467,298,517	4,409,849,335	5,028,579,923	3,999,137,737	5,006,011,109	5,111,141,659	5,941,239,162
TOTAL OPEB LIABILITY - ENDING (a)	3,366,766,868	3,049,662,302	3,467,298,517	4,409,849,335	5,028,579,923	3,999,137,737	5,006,011,109	5,111,141,659
PLAN FIDUCIARY NET POSITION								
Contributions - employee and retiree	238,503,715	231,792,538	231,293,073	225,347,087	226,384,131	216,528,376	210,650,057	196,393,352
Contributions - employer	127,360,721	114,542,451	101,585,358	96,585,103	96,503,837	88,516,368	85,401,662	85,858,432
Net investment income	115,267,086	71,822,199	(49,543,613)	217,737,204	10,836,882	41,663,496	49,757,591	67,759,695
Other revenue	87,330,275	111,970,533	80,143,573	69,518,696	59,821,098	52,949,453	57,529,941	55,556,164
Claims and premiums paid	(328,748,749)	(335,094,393)	(323,815,703)	(315,956,002)	(316,936,067)	(296,417,494)	(321,479,577)	(294,393,452)
Administrative expenses	(4,472,866)	(4,002,146)	(3,466,768)	(3,404,448)	(3,686,967)	(4,147,502)	(3,672,021)	(4,179,901)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	235,240,182	191,031,182	36,195,920	289,827,640	72,922,914	99,092,697	78,187,653	106,994,290
PLAN FIDUCIARY NET POSITION - BEGINNING	1,346,726,647	1,155,695,465	1,119,499,545	829,671,905	756,748,991	657,656,294	579,468,641	472,474,351
PLAN FIDUCIARY NET POSITION - ENDING (b)	1,581,966,829	1,346,726,647	1,155,695,465	1,119,499,545	829,671,905	756,748,991	657,656,294	579,468,641
NET OPEB LIABILITY (a) - (b)	\$ 1,784,800,039	\$ 1,702,935,655	\$ 2,311,603,052	\$ 3,290,349,790	\$ 4,198,908,018	\$ 3,242,388,746	\$ 4,348,354,815	\$ 4,531,673,018
DISCOUNT RATE	7.00%	6.22%	5.42%	3.62%	2.86%	4.16%	4.08%	3.81%
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL OPEB LIABILITY	46.99%	44.16%	33.33%	25.39%	16.50%	18.92%	13.14%	11.34%
COVERED PAYROLL	\$ 5,609,136,993	\$ 4,952,012,764	\$ 4,745,115,641	\$ 4,614,243,876	\$ 4,298,116,494	\$ 4,172,928,635	\$ 4,290,616,760	\$ 4,290,616,760
NET OPEB LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	31.82%	34.39%	48.72%	71.31%	97.69%	77.70%	101.35%	105.62%

New Mexico Retiree Health Care Authority
Schedule of Changes in Net OPEB Liability
Year Ended June 30, 2024

NOTES:

Changes in assumptions consist primarily of the effects of changes in the discount rate each year and items noted below:

2024: Changes in assumptions include updates to the valuation year per capita health costs, including drug rebates and EGWP revenue on the Medicare plans and removal of the excise tax thresholds on benefits.

2019: Changes in assumptions include decrease in expected participation rates for future retirees from 75% to 60%, and a decrease in the spousal coverage rate for future male retirees from 55% to 35%.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for those years with available information.

New Mexico Retiree Health Care Authority
Schedule of Employer Contributions
Year Ended June 30, 2024

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for those years with available information.

Actuarial methods and assumptions used:

Actuarial cost method	Entry age, level percent of pay, calculated on individual basis
Amortization method	Level percent of payroll
Remaining amortization period	30 years open (non-decreasing)
Asset valuation method	Market value of assets
Actuarial assumptions	
Investment rate of return	7.00%
Inflation rate	2.50%
Salary increases	3.00%-13.00%

New Mexico Retiree Health Care Authority
Schedule of Investment Returns
Year Ended June 30, 2024

<u>Year Ended June 30,</u>	<u>Annual Money - Weighted Rate of Return</u>
2024	11.47%
2023	5.99%
2022	-0.86%
2021	22.59%
2020	1.43%
2019	6.53%
2018	9.06%
2017	13.98%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for those years with available information.

Supplementary Information

New Mexico Retiree Health Care Authority
Schedule 1 – Combining Schedule of Fiduciary Net Position
by Functional Activity
June 30, 2024

	Benefits 38100	Administration 38000	Eliminations	Total
ASSETS				
Interest in State General Fund Investment Pool	\$ 79,016,980	\$ 65,765	\$ -	\$ 79,082,745
Receivables				
Contributions - employers, employees, and retirees	14,924,450	-	-	14,924,450
Due from other governments	3,856,036	-	-	3,856,036
Due from charter schools	570,185	-	-	570,185
Accounts receivable - rebates and Medicare Part D	2,788,551	-	-	2,788,551
Buy-in obligations receivable	617,825	-	-	617,825
Total receivables	<u>22,757,047</u>	<u>-</u>	<u>-</u>	<u>22,757,047</u>
Investments with New Mexico State Investment Council				
U.S. Large Cap Index Pool	278,633,609	353,148	-	278,986,757
Non-U.S. Emerging Markets Active Pool	120,524,305	152,756	-	120,677,061
Non-U.S. Developed Markets Index Pool	199,517,801	252,875	-	199,770,676
Private Equity Pool	210,311,526	266,555	-	210,578,081
Credit and Structured Finance Pool	226,028,948	286,476	-	226,315,424
Real Estate Pool	134,405,421	170,349	-	134,575,770
U.S. Small/Mid Cap Alternative Weighted Index Pool	31,091,265	39,406	-	31,130,671
Real Asset Pool	76,645,519	97,142	-	76,742,661
Core Bond Pool	234,126,791	296,739	-	234,423,530
Total investments	<u>1,511,285,185</u>	<u>1,915,446</u>	<u>-</u>	<u>1,513,200,631</u>
Capital assets, net of accumulated depreciation	473,990	900,334	-	1,374,324
Total assets	<u>1,613,533,202</u>	<u>2,881,545</u>	<u>-</u>	<u>1,616,414,747</u>
LIABILITIES				
Accounts payable	13,799,765	121,335	-	13,921,100
Payroll liabilities	-	48,642	-	48,642
Lease liabilities	-	847,057	-	847,057
Compensated absences	-	95,836	-	95,836
Reserve for loss and loss adjustment expense	19,260,000	-	-	19,260,000
Retiree premiums received in advance	275,283	-	-	275,283
Total liabilities	<u>33,335,048</u>	<u>1,112,870</u>	<u>-</u>	<u>34,447,918</u>
NET POSITION RESTRICTED FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS	<u>\$ 1,580,198,154</u>	<u>\$ 1,768,675</u>	<u>\$ -</u>	<u>\$ 1,581,966,829</u>

New Mexico Retiree Health Care Authority
Schedule 2 – Combining Schedule of Changes in Fiduciary Net Position
by Functional Activity
Year Ended June 30, 2024

	Benefits 38100	Administration 38000	Eliminations	Total
ADDITIONS				
Contributions				
Retiree	\$ 174,823,355	\$ -	\$ -	\$ 174,823,355
Employer/employee	191,041,081	-	-	191,041,081
Employer buy-ins interest portion	46,629	-	-	46,629
Total contributions	<u>365,911,065</u>	<u>-</u>	<u>-</u>	<u>365,911,065</u>
Investment income				
Net appreciation in fair value of investments	111,613,215	-	-	111,613,215
Interest	3,556,396	97,475	-	3,653,871
Total investment income	<u>115,169,611</u>	<u>97,475</u>	<u>-</u>	<u>115,267,086</u>
Other				
Taxation administration fund revenue	46,272,433	-	-	46,272,433
Medicare Part D subrogation, rebates and other	41,011,213	-	-	41,011,213
Total other	<u>87,283,646</u>	<u>-</u>	<u>-</u>	<u>87,283,646</u>
Total additions	<u>568,364,322</u>	<u>97,475</u>	<u>-</u>	<u>568,461,797</u>
DEDUCTIONS				
Premiums and claims	328,748,749	-	-	328,748,749
General and administrative expenses	40,452	3,566,449	-	3,606,901
Refunds to retirees	457,540	-	-	457,540
Depreciation and amortization	230,841	177,584	-	408,425
Total deductions	<u>329,477,582</u>	<u>3,744,033</u>	<u>-</u>	<u>333,221,615</u>
OTHER FINANCING (USES) SOURCES				
Transfers in (out), net	(3,666,534)	3,666,534	-	-
Net other financing (uses) sources	<u>(3,666,534)</u>	<u>3,666,534</u>	<u>-</u>	<u>-</u>
NET CHANGE	235,220,206	19,976	-	235,240,182
NET POSITION RESTRICTED FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS				
Beginning of year	1,344,977,948	1,748,699	-	1,346,726,647
End of year	<u>\$ 1,580,198,154</u>	<u>\$ 1,768,675</u>	<u>\$ -</u>	<u>\$ 1,581,966,829</u>

New Mexico Retiree Health Care Authority
Schedule 3 – Schedule of Investment Fees
Year Ended June 30, 2024

Investment Class	Value of Investment	Management Fees
U.S. Large Cap Index Pool	\$ 278,986,757	\$ 23,531
Core Bond Pool	234,423,530	200,004
Private Equity Pool	210,578,081	-
Private Debt Market Pool	226,315,424	-
Non-U.S. Developed Mkts Index Pool	199,770,676	82,486
Real Estate Pool	134,575,770	-
Non-US Emerging Markets Active Pool	120,677,061	531,247
Real Return Pool	76,742,661	46,813
U.S. Small/Mid Cap Alt Weighted Index Pool	31,130,671	10,716
	<u>\$ 1,513,200,631</u>	<u>\$ 894,797</u>

Other Information

New Mexico Retiree Health Care Authority
Schedule 4 – Combining Schedule of General and Administrative Expenses
by Functional Activity
Year Ended June 30, 2024

	Benefits 38100	Administration 38000	Total
GENERAL AND ADMINISTRATIVE EXPENSES			
Personnel costs	\$ -	\$ 1,752,801	\$ 1,752,801
Employee benefits	-	689,470	689,470
Contractual services	-	675,299	675,299
Operating costs	40,452	392,872	433,324
Supplies	-	22,197	22,197
In-state travel	-	23,183	23,183
Out-of-state travel	-	10,627	10,627
	<u>\$ 40,452</u>	<u>\$ 3,566,449</u>	<u>\$ 3,606,901</u>

New Mexico Retiree Health Care Authority
Schedule 5 – Combining Schedule of State General Fund Investment Pool
June 30, 2024

	Benefits 38100	Administration 38000	Total
INVESTMENT BALANCES PER DFA			
New Mexico State Treasurer			
Share Fund 34300-38100	\$ 79,016,980	\$ -	\$ 79,016,980
Share Fund 34300-38000	-	65,765	65,765
	\$ 79,016,980	\$ 65,765	\$ 79,082,745

New Mexico Retiree Health Care Authority
Schedule 6 – Schedule of Appropriations
Year Ended June 30, 2024

Description	Authority	Appropriation Period	Share Fund	Total Appropriation	Prior Year Expenditures	Current Year Expenditures	Current Year Reversion Amount
Administrative Fund program support	Laws 2023 House Bill 2	2024	38000	\$ 3,913,400	\$ -	\$ 3,666,534	\$ 246,866

According to 10-7C-16 NMSA 1978, funds to administer the New Mexico Retiree Health Care Act are to be made by an operating budget adopted by the Board, adopted by the State Budget Division, and pursuant to appropriation by the Legislature. The appropriated amounts to SHARE Fund 38000 are recorded as transfers between Benefit Fund (38100) and the Administrative Fund (38000). See Note 18. Unexpended amounts under the special appropriation are not recognized until all eligibility requirements have been fulfilled under the appropriation including the expenditure of allowable amounts.



Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Directors
New Mexico Retiree Health Care Authority

Joseph M. Maestas, PE, CFE
New Mexico State Auditor

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the fiduciary net position and changes in fiduciary net position of New Mexico Retiree Health Care Authority as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise New Mexico Retiree Health Care Authority's basic financial statements, and have issued our report thereon dated November 20, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered New Mexico Retiree Health Care Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of New Mexico Retiree Health Care Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of New Mexico Retiree Health Care Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether New Mexico Retiree Health Care Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Moss Adams LLP".

Albuquerque, New Mexico
November 20, 2024

New Mexico Retiree Health Care Authority
Schedule of Findings and Responses
Year Ended June 30, 2024

FINANCIAL STATEMENTS

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified not considered to be material weakness?

Yes No

Yes None reported

Compliance and other matters noted?

Yes No

FINANCIAL STATEMENT FINDINGS

None reported

FINDINGS IN ACCORDANCE WITH 2.2.2. NMAC – OTHER

None reported

New Mexico Retiree Health Care Authority
Schedule of Prior Year Findings
Year Ended June 30, 2024

RESOLUTION OF PRIOR YEAR FINDINGS

No findings reported in prior year.

New Mexico Retiree Health Care Authority
Exit Conference
June 30, 2024

An exit conference was held on November 20, 2024, in a closed session, with the following in attendance:

New Mexico Retiree Health Care Authority Personnel and Board Members

Donna Sandoval, Board Member – Municipal League, City of Albuquerque

Lance Pyle – Board Member – New Mexico Association of Counties

Laura M. Montoya – Board Member – State Treasurer of New Mexico

Christine Anaya – Designee for State Treasurer of New Mexico

Neil Kueffer, Executive Director

Linda Atencio, Deputy Director

Sheri Ayanniyi, Chief Financial Officer

Jess Biggs, RHCA

Mark Hayden, General Counsel

Moss Adams LLP

Kory Hoggan, Partner

Aaron Hamilton, Senior Manager

The Authority is responsible for the contents of the financial statements. Moss Adams LLP assisted with the preparation and formatting of the financial statements.

New Mexico Retiree Health Care Authority

January 29, 2025

Meeting Materials

Table of Contents

1. Corporate Update
2. Executive Summary
3. Economic and Market Update
4. 4Q 2024 Performance Review
5. Investment Policy Statement Review

MEKETA

Corporate Update | 4Q.2024



Corporate Update



6
Offices



240+
Employees



250+
Clients



\$2T
Assets Under Advisement



\$340B
Assets in Alternative Investments



98%
Client Retention Rate



5:1
Client | Consultant Ratio

UPCOMING EVENTS

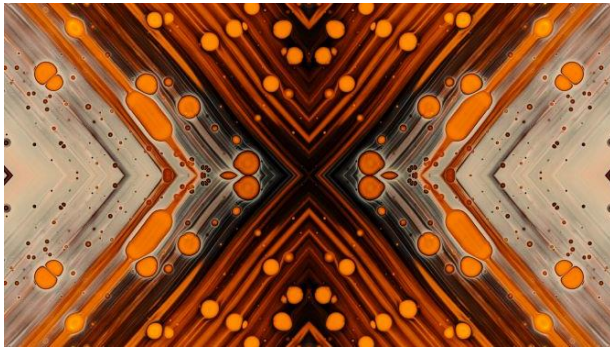


Q4 Investment Perspectives Webcast
January 2025

**Meketa Investment Group is
proud to work for over 25 million
American families everyday!**

Client and employee counts as of December 31, 2024; assets under advisement as of June 30, 2024; assets in alternative investments as of December 31, 2023. Client retention rate is one minus the number of clients lost divided by the number of clients at prior year-end. Average over the previous five years.

THOUGHT LEADERSHIP



The X Factor: China or ex-China?

Meketa invites you to join our latest webinar as we unpack China's recent economic stimulus and reveal the potential impact on emerging markets, including opportunities in India and other growth economies.

In this 45-minute session, our experts discuss portfolio strategies for capitalizing on China's latest moves, offering insights on diversification within China and ex-China, and exploring the evolving landscape of emerging market investments. Whether you're looking to adjust your current portfolio or explore new avenues for growth, this session provides perspectives on navigating today's dynamic global market.

Read more here:

<https://meketa.com/leadership/the-x-factor-china-or-ex-china/>



Risk Budgeting Primer

For CIOs, investment staff, and trustees tasked with assessing the risk of a capital pool, risk budgeting provides a structured approach. This practice involves setting a "budget" for risk and then allocating and monitoring that risk across the portfolio.

This paper focuses on risk budgeting at the active risk level, examining how active risk is allocated and managed within a portfolio. We will explore the concept of active risk, why it exists in portfolios, and the expected outcomes for investors based on different levels of active risk exposure.

Read more here:

<https://meketa.com/leadership/risk-budgeting-primer/>



Cash Flow Gridlock: Understanding the PE Distribution Challenge

Over the last three years, many investors have experienced a considerable decline in the distributions they had grown accustomed to receiving from their private market investments.

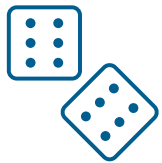
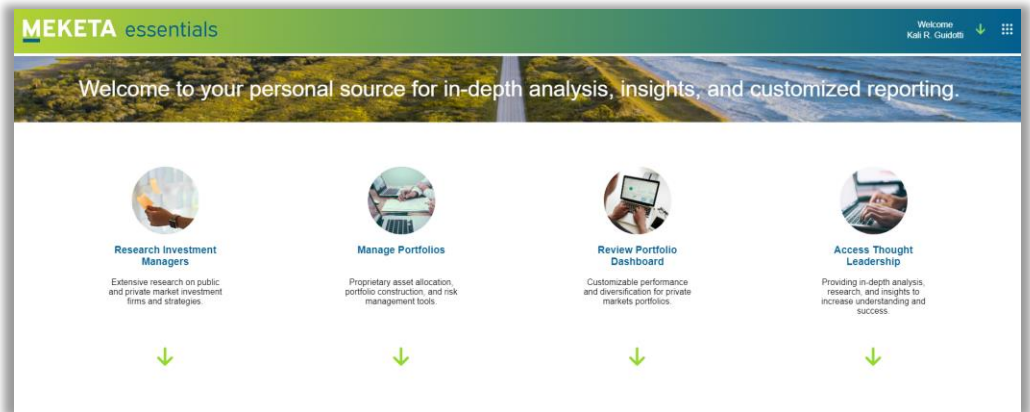
The liquidity that fueled a robust cycle of exits and distributions slowed dramatically beginning in 2022, coinciding with the rise in interest rates. Many general partners (GPs) responded by extending hold periods and seeking alternative sources of liquidity, leading to a collective bottleneck in distribution activity in private equity.

Read more here:

<https://meketa.com/leadership/cash-flow-gridlock-understanding-the-private-equity-distribution-challenge/>

MEKETA ESSENTIALS: PORTFOLIO BUILDER LAUNCH AND NEW LANDING PAGE

Meketa Essentials provides an advanced asset allocation and risk management toolset designed to empower chief investment officers, investment staff, and trustees to make data-driven decisions with confidence.



What is the probability of achieving our target returns?

The asset allocation tool within Meketa Essentials uses sophisticated modeling to estimate the likelihood of reaching your target returns over multiple time periods. By providing insights through probability distributions, it enables decision-makers to gauge if their current strategy is aligned with long-term financial goals.



How might our portfolio respond to economic and market shifts?

With capabilities like stress testing and economic regime modeling, Meketa Essentials allows clients to simulate the effects of different growth, inflation, and interest rate scenarios on their portfolios. This helps in understanding potential vulnerabilities and preparing for various market conditions.



Are we effectively managing portfolio risk?

The platform's risk decomposition tool breaks down overall portfolio risk by asset class, helping stakeholders pinpoint which areas contribute most to volatility. Additionally, tools like tracking error analysis provide insights into deviations from benchmarks, enabling a clearer view of whether risks are within acceptable limits.

New this quarter is the release of our **Portfolio Builder** module. With **Portfolio Builder**, users are able to review manager specific information when building portfolios and see how these managers interact when combined in a portfolio. The tool includes a broad array of public markets and liquid alternatives managers, as well as provides the ability for a user to upload managers. It allows for both analysis and optimization of portfolios.

The tool can answer questions such as:

- What is the information ratio of my current global equity allocation? What changes to my portfolio would optimize that information ratio?
- If I were to change the allocations to the managers in my US equity allocation, how would that impact my factor exposures?
- What impact would a change to my fixed income portfolio have had during the recent increase in interest rates?
- How would introducing a new manager affect the tracking error versus my benchmark and my overall risk exposure?

MEKETA IN THE COMMUNITY



32

Employees
Participated



\$9,640

Total Donations



In late September of 2024, a devastating tropical cyclone (Hurricane Helene) made landfall. It caused widespread catastrophic damage and numerous fatalities across the Southeast.

To show our support for the region (which is the location of one of our clients, Warren Wilson College), Meketa encouraged employees to donate to The Community Foundation of Western North Carolina's "Emergency and Disaster Response Fund", matching all donations. We had \$4,820 from 32 employees, and then a 100% match from Meketa for a total of \$9,640 donated.

When families can't afford enough to eat, they often can't meet other basic needs as well, including housing, employment, healthcare, and more. Feeding America helps provide meals to people in need through a network of food banks and helps address root causes of hunger.

As we entered into the last few weeks of the year, we recognized that food insecurity remains a challenge for many in our local communities. During the month of November, the Corporate Responsibility Committee focused on our company value of **Community Influence** by sponsoring a donation matching challenge in support of Feeding America, to which Meketa and its employees have donated close to \$40,000 over the past few years. Again this year, any donations made by employees to Feeding America in the month of November were matched 100% by Meketa.



45 Employees
Participated



\$7,587 Total
Donations



MEKETA IN THE NEWS

fin|news

Not Investing In China: More Of A Political Decision Than A Financial One

By Zack Cziryak | October 15, 2024

The industry is constantly shifting, with landscapes changing and investment managers and consultants determined to keep up, however, a May 2024 whitepaper from investment consultant **Meketa Investment Group** noted that “there has been a clear pivot towards EM exChina.”

Emerging markets ex-China searches have seemed to gather enough traction at this point, with a cyclical trend line depending on the ebbs and flows of Chinese equities performance, according to **Hayley Tran**, managing principal and head of global equity at Meketa. “This dates back to the discussions leading up to and final decision to add China A shares in the MSCI EM Index which has contributed to the subsequent domination of the Index by the country.” “It’s just such a significant concentration in that Index which is a real headwind to active management ... So, the talk of exclusion started then, but I think over time it has sustained further interest especially from the geopolitical front,” she said.

“It is more practical to try to limit China exposure by excluding China listed names versus attempting to minimize China revenue exposure,” Hayley Tran, Meketa.

[Read Full Article Here](#)

Buyouts

Too Big to Exit? GPs seek Alternatives

By Chris Witkowsky | October 1, 2024

With slow exit activity, including public filings, several GPs are facing a challenge: What to do with portfolio companies that, after years of successful growth, have become challenging to sell?

“It may be a material consideration: as firms raise larger and larger funds and conduct larger deals, the opportunity set of potential buyers generally grows smaller,” says Mr. Fergusson.

“That can make it more challenging to exit deals and ultimately makes you more reliant on the IPO market, which we know has not been very favorable recently.” – Tad Fergusson, Meketa

[Read Full Article Here](#)

Private Equity International

PE Poised for a Comeback

By Alex Lynn | December 2, 2024

“US public equities, certainly, but also global equities, have been in a very positive performance trend, and that’s helped the denominator effect,” says Steve Hartt, managing principal at investment consultancy **Meketa Investment Group**. “Folks generally just aren’t feeling so much of that overallocation issue. I think it’s really been the expansion of the denominator that has helped them, that when you do the math, they end up being not so overallocated.”

“Distributions have continued to be on the lighter side, and just not hitting what historical averages have been,” Meketa’s Hartt notes. “I think that it’s been a busier time for transactions in the second half of 2024, but maybe still being a little below what people would hope for. What I’m hearing is 2025 is supposed to be a big year for exits.”

“What I’m hearing is 2025 is supposed to be a big year for exits” – Steven Hartt, Meketa.

[Read Full Article Here](#)

Executive Summary

Current Status

- As of December 31, 2024, the Fund was valued at \$1.6 billion. During the fourth quarter, the Fund returned -1.0%, which brings the YTD return to 7.6%.
- All asset classes were within 5% of their respective policy targets at quarter-end.
 - Meketa will review portfolio positioning with Staff ahead of the March 1, 2025 SIC trading window for any potential rebalancing needs.

Recently Completed Actions

- Since the October 1, 2024 Board meeting, we have assisted with the following:
 - Assisted Staff with rebalancing the Fund at the November 2024 SIC liquidity window. This included a \$60M redemption from US Large Cap Equity, a \$30M cash contribution, and a \$90M purchase of Core Bonds.

Next Steps

- At this meeting, we plan to address the following topics:
 - Review Meketa's redline recommendations in the Investment Policy Statement and discuss any potential changes.
- At future meetings, we plan to address the following topics:
 - Conduct an initial review of the Plan's asset allocation and return expectations and gauge the Board's risk appetite. We will use this feedback to present a detailed review of alternative asset allocation policies.

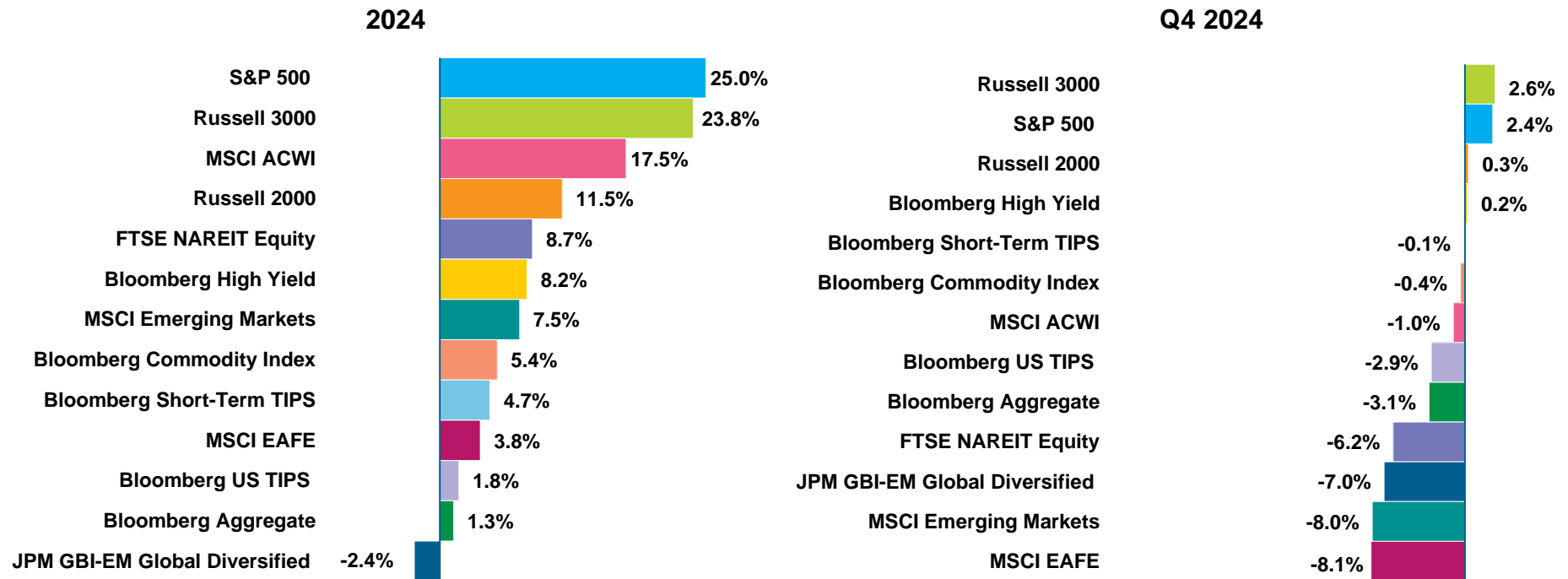
Economic and Market Update
Data as of December 31, 2024

Commentary

Although most major markets finished 2024 in positive territory, in the fourth quarter, with the exception of US stocks, the majority of markets declined.

- Trump's victory along with a now Republican controlled Congress, supported US equity markets in the fourth quarter on anticipation of pro-growth policies. Domestic equity markets (Russell 3000) posted a return of 2.6% in the quarter and an impressive 23.8% for the year driven by large cap technology stocks.
- Non-US developed stocks sold-off in the fourth quarter (MSCI EAFE: -8.1%) largely driven by the strength of the US dollar, as well as slowing growth in Europe and the potential for trade wars. For the year, they trailed US equities by a wide 20% margin (3.8% versus 23.8%).
- Emerging market stocks also fell (MSCI Emerging Markets: -8.0%) in the fourth quarter, again driven by the strong dollar and concerns about US tariffs. In 2024, emerging markets beat developed international markets (7.5% versus 3.8%) but significantly trailed the US.
- The Federal Reserve cut its policy rate another 0.25% in December, but its Summary of Economic Projections and hawkish comments provoked a repricing of future rate cuts and their timing.
- Most fixed income markets fell for the quarter with interest rates rising given fears of inflation from the proposed policies of the incoming US administration. The broad US bond market (Bloomberg Aggregate) declined 3.1% for the quarter, reducing its 2024 gain to 1.3%. For the year, most major bond markets delivered positive returns on cooling global inflation.
- Looking ahead, uncertainty related to the policies of the new Trump Administration and its impact on the economy, inflation, and Fed policy will be key. The path of China's economy and concerns over elevated valuations and technology driven concentration in the US equity market will also be important focuses of 2025.

Index Returns¹



- In 2024, most major assets classes posted gains, led by the S&P 500's 25.0% return.
- Markets had mixed returns in the fourth quarter. US equities rose on optimism over potential pro-growth policies from the incoming administration while inflation concerns and a strong dollar, respectively, weighed on bonds and international equities.

¹ Source: Bloomberg. Data is as of December 31, 2024.

Domestic Equity Returns¹

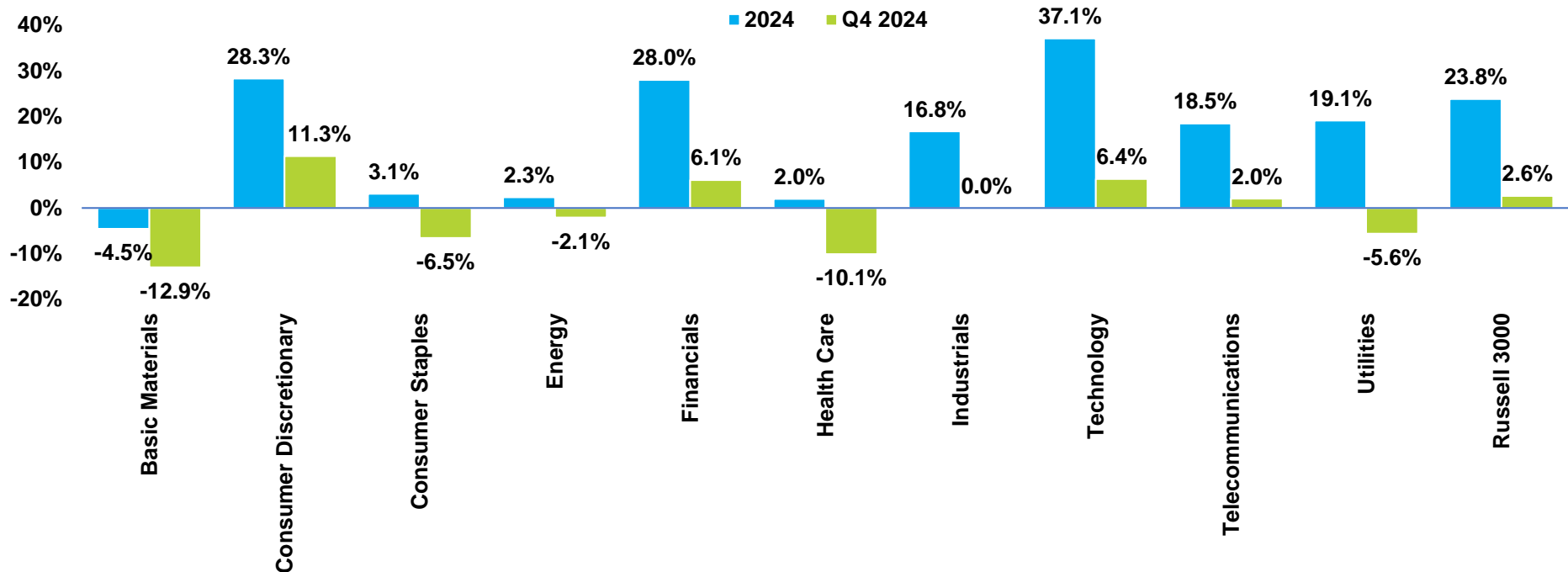
Domestic Equity	December (%)	Q4 2024 (%)	2024 (%)	3 YR (%)	5 YR (%)	10 YR (%)
S&P 500	-2.4	2.4	25.0	8.9	14.5	13.1
Russell 3000	-3.1	2.6	23.8	8.0	13.9	12.5
Russell 1000	-2.8	2.7	24.5	8.4	14.3	12.9
Russell 1000 Growth	0.9	7.1	33.4	10.5	19.0	16.8
Russell 1000 Value	-6.8	-2.0	14.4	5.6	8.7	8.5
Russell MidCap	-7.0	0.6	15.3	3.8	9.9	9.6
Russell MidCap Growth	-6.2	8.1	22.1	4.0	11.5	11.5
Russell MidCap Value	-7.3	-1.7	13.1	3.9	8.6	8.1
Russell 2000	-8.3	0.3	11.5	1.2	7.4	7.8
Russell 2000 Growth	-8.2	1.7	15.2	0.2	6.9	8.1
Russell 2000 Value	-8.3	-1.1	8.1	1.9	7.3	7.1

US Equities: The Russell 3000 rose 2.6% in the fourth quarter, bringing the year-to-date results to +23.8%.

- US stocks rose broadly in the fourth quarter on a post-election rally. However, value stocks did not participate and ended the quarter lower. In the large cap space, the Russell 1000 Value index’s omission of several “Magnificent 7” stocks, such as NVIDIA, Amazon, and Tesla, drove much of the divergence.
- For the full year, US equities gained 23.8%. NVIDIA was the leading contributor among all stocks in the Russell 3000 index. The stock appreciated 171% during the year and was responsible for 20% of total index gains. The “Magnificent 7” stocks contributed just under 50% of the 2024 index gains.
- Growth stocks outperformed value stocks across the market cap spectrum in 2024, which was more pronounced in the large cap space. Larger companies (Russell 1000) produced more than double the returns of smaller companies (Russell 2000) for the year.

¹ Source: Bloomberg. Data is as of December 31, 2024.

Russell 3000 Sector Returns¹



- US equity sectors experienced mixed results in the final quarter of the year but all sectors except materials, experienced gains in 2024.
- Technology stocks rose 37.1% last year, which led all sectors. Within technology, NVIDIA and Broadcom accounted for more than half of the sector's contribution to overall index gains.
- After technology, consumer discretionary (+28.3%) and financials (+28.0%) were next driven by Amazon and Tesla and a steepening yield curve/strong economy, respectively.

¹ Source: Bloomberg. Data is as of December 31, 2024.

Foreign Equity Returns¹

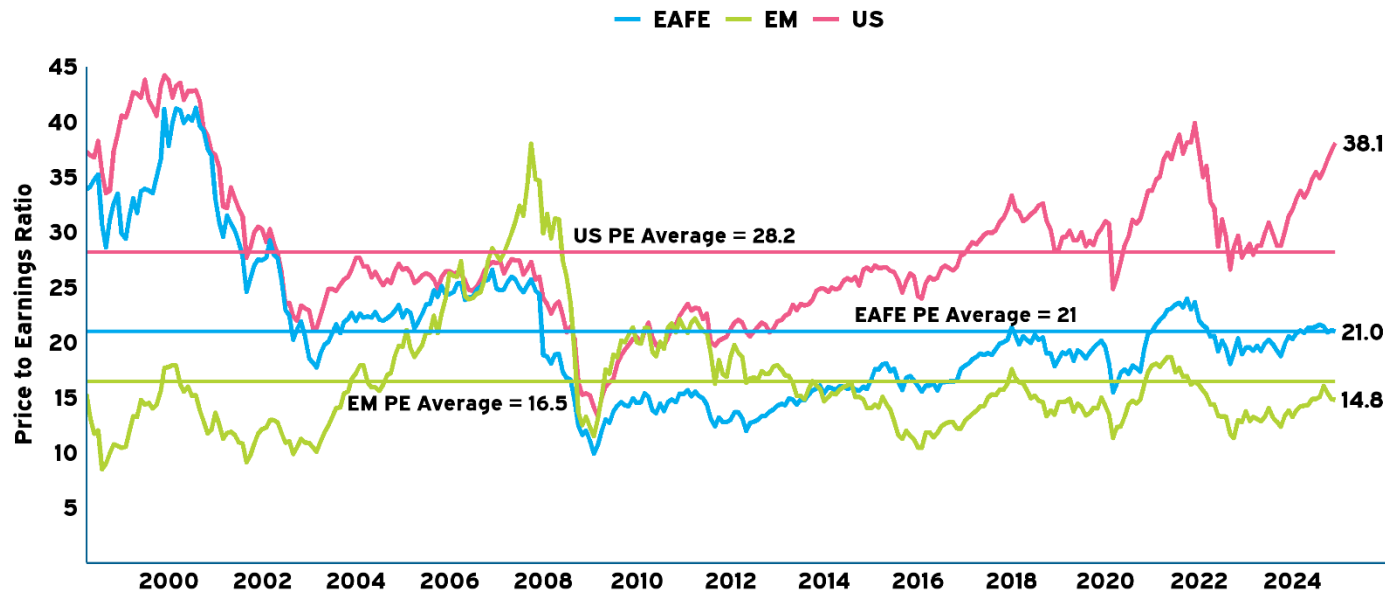
Foreign Equity	December (%)	Q4 2024 (%)	2024 (%)	3 YR (%)	5 YR (%)	10 YR (%)
MSCI ACWI Ex US	-1.9	-7.6	5.5	0.8	4.1	4.8
MSCI EAFE	-2.3	-8.1	3.8	1.6	4.7	5.2
MSCI EAFE (Local Currency)	0.4	-0.6	11.3	6.3	7.5	7.1
MSCI EAFE Small Cap	-2.3	-8.4	1.8	-3.2	2.3	5.5
MSCI Emerging Markets	-0.1	-8.0	7.5	-1.9	1.7	3.6
MSCI Emerging Markets (Local Currency)	1.2	-4.4	13.1	1.6	4.5	6.0
MSCI EM ex China	-1.2	-8.1	3.6	0.1	4.4	4.7
MSCI China	2.7	-7.7	19.4	-6.1	-3.4	1.9

Foreign Equity: Developed international equities (MSCI EAFE) fell -8.1% in the fourth quarter but rose 3.8% for the year, while emerging market equities (MSCI Emerging Markets) fell -8.0% in the quarter but returned 7.5% for the year.

- Continued strength in the US dollar weighed on developed market shares, with declines in local terms significantly lower (-0.6% versus -8.1%). An unstable political environment, potential tariffs from the US, and weak growth all weighed on eurozone equities. Japan was a bright spot, outperforming the US for the quarter, with renewed yen weakness boosting the outlook for exporters.
- Emerging markets reacted poorly to Mr. Trump’s win in the fourth quarter, due largely to tariff fears and the Fed’s decreased likelihood of reducing rates in 2025. A strong dollar also weighed on results but not as much as in developed markets. China declined less than the broader index for the quarter (-7.7% versus -8.0%).
- Over the full 2024 calendar year, international equities significantly trailed US equities.

¹ Source: Bloomberg. Data is as of December 31, 2024.

Equity Cyclically Adjusted P/E Ratios¹



- Valuations in US stocks continued to move higher over the quarter while valuations for international equities fell.
- US stocks, priced at 38.1 times earnings, continue to trade well above their long-run PE average of 28.2.
- Non-US developed market valuations are trading at their long-term average. Emerging market stock valuations declined the most over the quarter (16.1 to 14.8) and remain below their long-term average.

¹ US Equity Cyclically Adjusted P/E on S&P 500 Index. Source: Robert Shiller, Yale University, and Meketa Investment Group. Developed and Emerging Market Equity (MSCI EAFE and EM Index) Cyclically Adjusted P/E Source: Bloomberg. Earnings figures represent the average of monthly "as reported" earnings over the previous ten years. Data is as of December 2024. The average line is the long-term average of the US, EM, and EAFE PE values from April 1998 to the recent month-end, respectively.

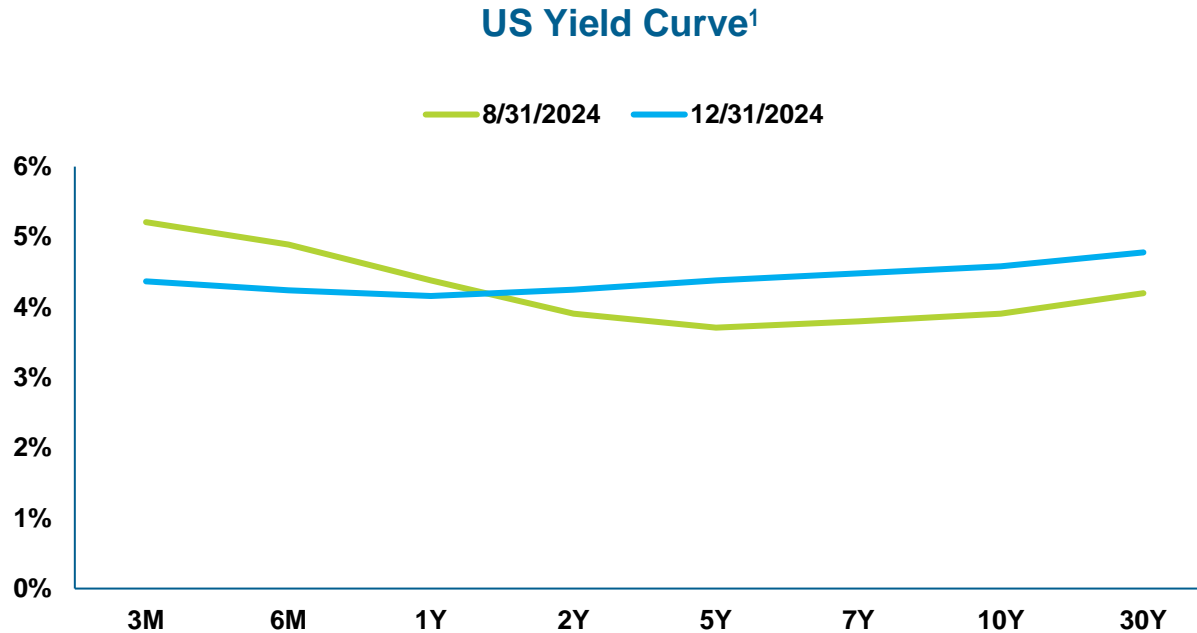
Fixed Income Returns¹

Fixed Income	December (%)	Q4 2024 (%)	2024 (%)	3 YR (%)	5 YR (%)	10 YR (%)	Current Yield (%)	Duration (Years)
Bloomberg Universal	-1.5	-2.7	2.0	-1.9	0.1	1.7	5.1	5.9
Bloomberg Aggregate	-1.6	-3.1	1.3	-2.4	-0.3	1.3	4.9	6.1
Bloomberg US TIPS	-1.6	-2.9	1.8	-2.3	1.9	2.2	4.6	6.5
Bloomberg Short-term TIPS	-0.1	-0.1	4.7	2.1	3.3	2.6	4.4	2.4
Bloomberg US Long Treasury	-5.3	-8.6	-6.4	-12.0	-5.2	-0.6	4.9	14.9
Bloomberg High Yield	-0.4	0.2	8.2	2.9	4.2	5.2	7.5	3.5
JPM GBI-EM Global Diversified (USD)	-1.9	-7.0	-2.4	-1.0	-1.9	-0.4	--	--

Fixed Income: The Bloomberg Universal index fell 2.7% in the quarter, bringing the year-to-date return to +2.0%.

- Fixed income indexes largely declined over the quarter due to rising interest rates as investors considered proposed policies like tariffs and deportations and their respective risks to inflation.
- The broad US bond market (Bloomberg Aggregate) fell 3.1% over the quarter, with TIPS performing similarly at longer maturities. Long-term Treasury bonds experienced the largest declines, with a drop of 8.6%.
- High yield bonds outperformed as investor risk appetite remained robust, while emerging market debt weakened on uncertainty about the path of proposed US tariffs by the incoming administration as well as by higher US interest rates.

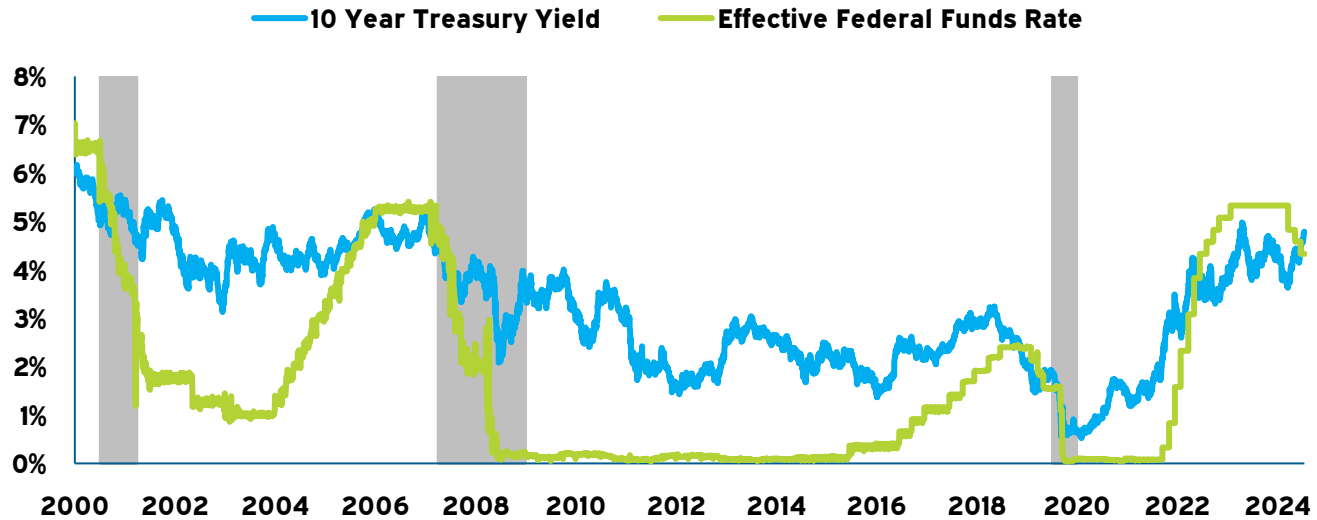
¹ Source: Bloomberg. Data is as of December 31, 2024. The yield and duration data from Bloomberg is defined as the index's yield to worst and modified duration, respectively. JPM GBI-EM data is from J.P. Morgan. Current yield and duration data is not available.



- With the exception of the very shortest maturities, US Treasury yields rose in the fourth quarter driven by resilient growth and increased inflation expectations. Term premium (a measure of interest rate uncertainty) spiking over the quarter was a key driver of higher rates.
- Over the quarter, the more policy sensitive 2-year Treasury yield rose from 3.64% to 4.24%, while the 10-year Treasury yield rose from 3.78% to 4.57%.
- The yield curve was no longer inverted (short-term interest rates higher than long-term interest rates) at year-end given expectations for the Fed to continue to reduce rates and resilient economic growth and persistent inflation.

¹ Source: Bloomberg. Data is as of December 31, 2024. The August 2024 Treasury yields are shown as a reference before the first interest rate cut.

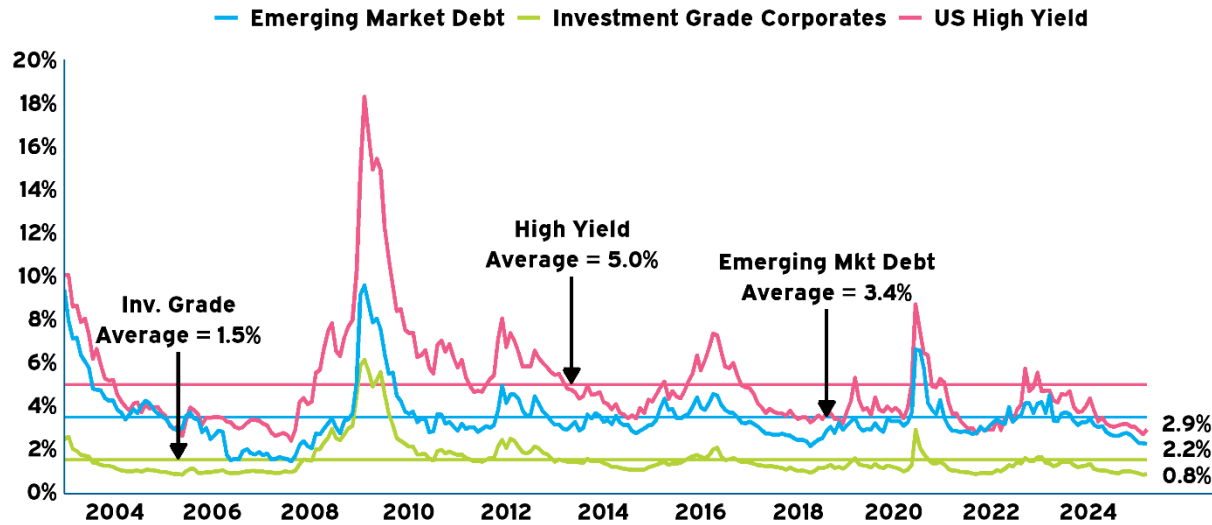
10-Year Treasury Yield versus Fed Funds Rate¹



- Typically, when the Fed cuts interest rates, the yield on the ten-year Treasury follows as rate cuts often come in an environment of falling inflation and rising unemployment.
- The recent dynamic has been very unusual with the Fed cutting interest rates by a total of 1.0% since September and the ten-year Treasury increasing by a similar amount over the same time period.
- Questions remain about why this is happening with some saying it is related to fiscal concerns and others pointing to lower demand for our debt from overseas. It is also possible the market feels the Fed has overcut rates already.

¹ Source: FRED. Data is as of January 15, 2025.

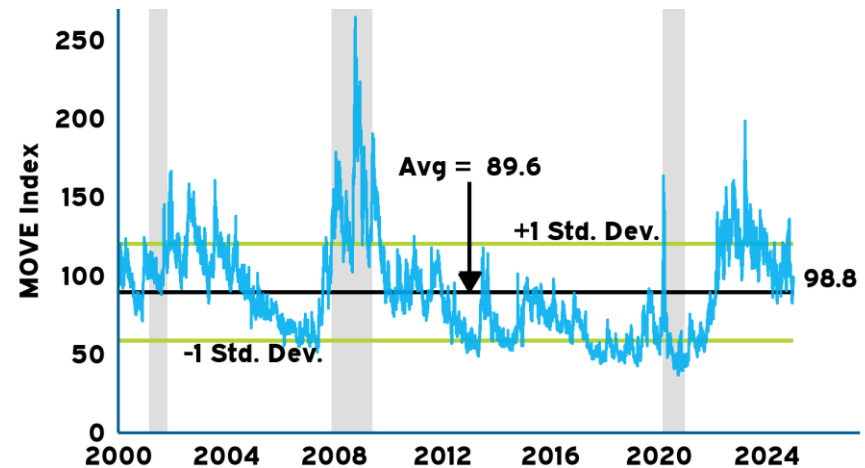
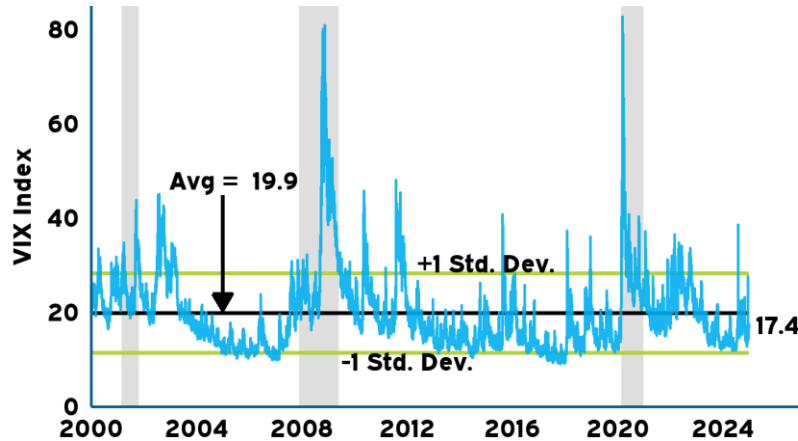
Credit Spreads vs. US Treasury Bonds¹



- Spreads (the yield above a comparable maturity Treasury) all continued to tighten over the quarter.
- All yield spreads remained below their respective long-run averages, particularly high yield (2.9% versus 5.0%).
- Although spreads are tight, absolute yields remain at above-average levels compared to the last two decades.

¹ Source: Bloomberg. Data is as December 31, 2024. Average lines denote the average of the investment grade, high yield, and emerging market spread values from September 2002 to the recent month-end, respectively.

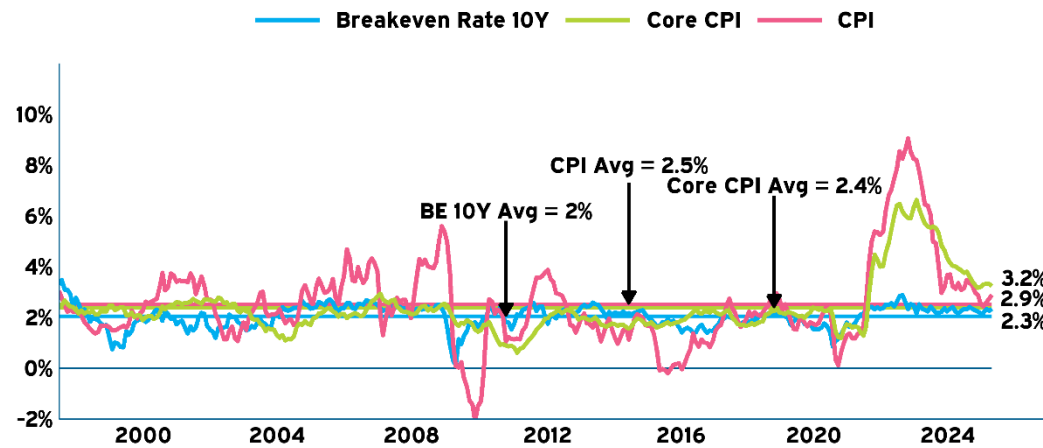
Equity and Fixed Income Volatility¹



- Bond and equity volatility experienced several spikes over the quarter ahead of the election but finished lower after the clear results.
- Volatility levels (VIX) in the US stock market finished the quarter below its long-run average, while volatility in the bond market (MOVE) ended December above its long-run average.

¹ Equity Volatility – Source: FRED. Fixed Income Volatility – Source: Bloomberg. Implied volatility as measured using VIX Index for equity markets and the MOVE Index to measure interest rate volatility for fixed income markets. Data is as of December 31, 2024. The average line indicated is the average of the VIX and MOVE values between January 2000 and December 2024.

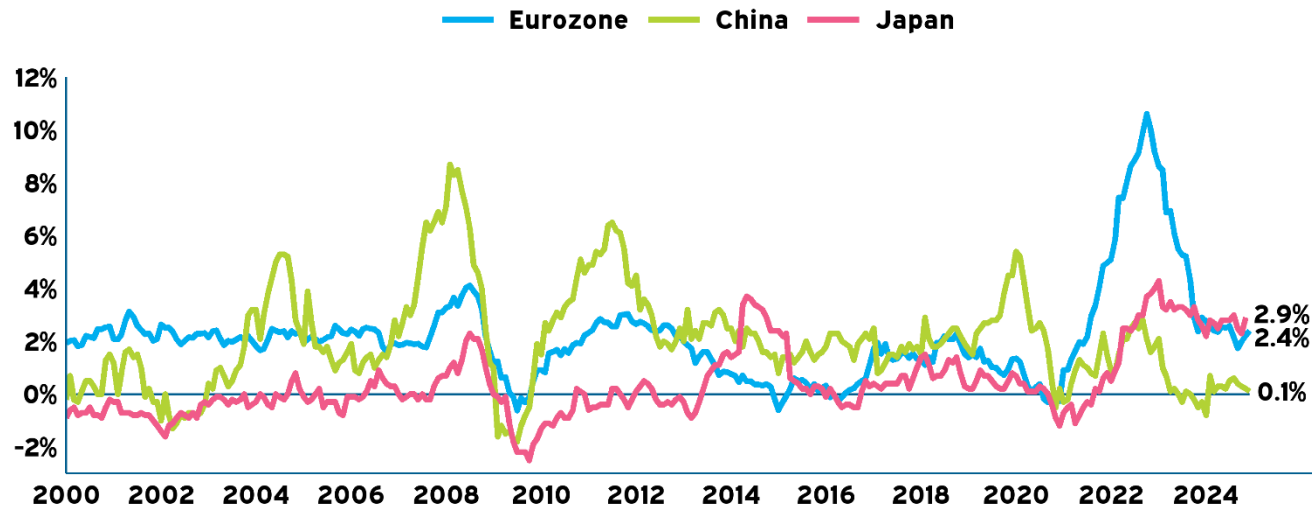
US Ten-Year Breakeven Inflation and CPI¹



- In December, inflation rose 0.4% month-over-month with energy prices accounting for 40% of the monthly increase.
- Year-over-year inflation increased from 2.4% to 2.9% over the quarter largely driven by base year effects. In the December reading shelter (+4.6%), transportation (+7.3%), and medical care (+3.4%) contributed to the annual gain while energy prices (-0.5%) fell over the past year despite the December (+2.6%) gains.
- Year-over-year core inflation (excluding food and energy) fell slightly over the quarter (3.3% to 3.2%).
- Inflation expectations (breakevens) rose over the quarter from the September lows of 2.0%, on continued uncertainty regarding the likelihood and magnitude of potential policies of the next US president.

¹ Source: FRED. Data is as of December 2024. The CPI and 10 Year Breakeven average lines denote the average values from February 1997 to the present month-end, respectively. Breakeven values represent month-end values for comparative purposes.

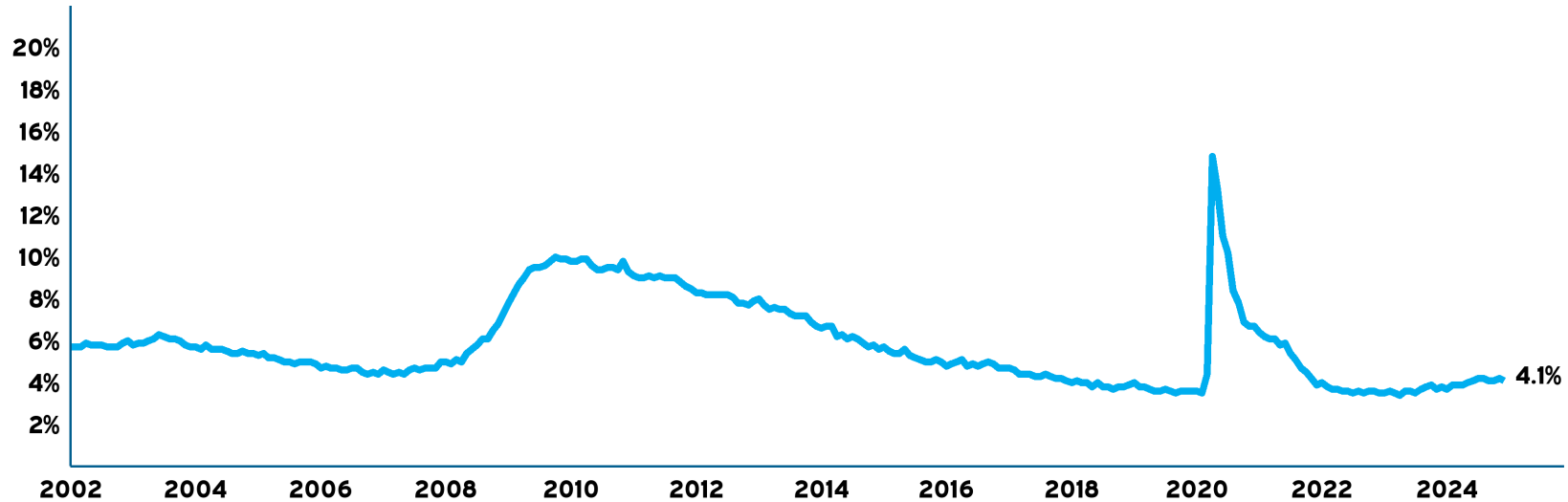
Global Inflation (CPI Trailing Twelve Months)¹



- In the eurozone, inflation rose each month over the quarter (1.7% to 2.4%) but levels remain below the US. The increase was largely driven by last year's significant fall in energy prices no longer being included in the calculation.
- Inflation in Japan rose over the quarter due in part to an increase in food prices and the end of energy subsidies driving electricity and gas prices higher.
- Inflation in China grinded lower in the fourth quarter (0.4% to 0.1%). China continues to experience deflationary pressures despite recent stimulus measures.

¹ Source: Bloomberg. Data is as December 2024, except Japan which is as of November 2024.

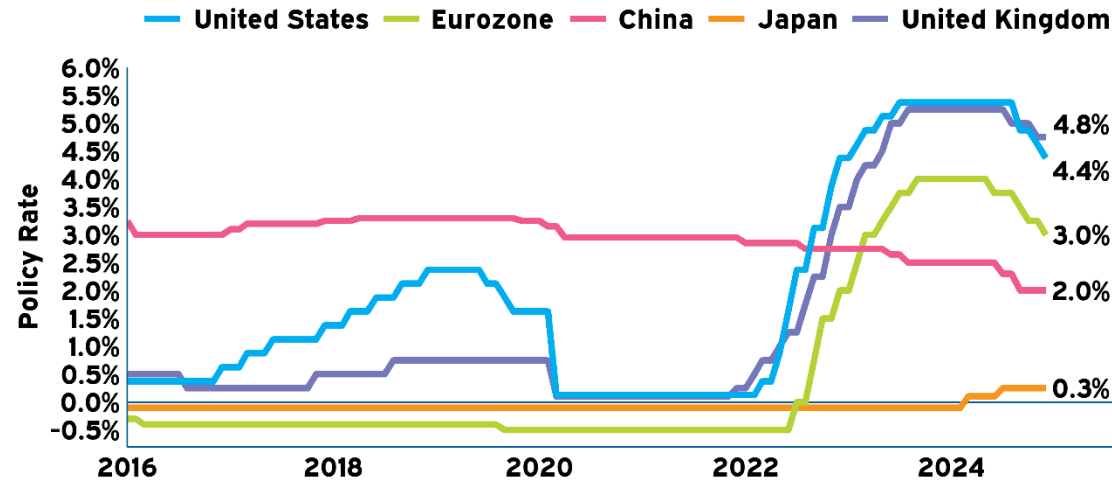
US Unemployment¹



- The unemployment rate stayed stable over the quarter at 4.1% with close to 500k jobs added to the economy since the end of September.
- In December, the health care (+46K), retail (+43k), and government (+33K) sectors added jobs, while retail – which lost jobs in November – rebounded (+43K) jobs.
- Job openings (8.1M) rose over last month’s openings (7.7M) but are well below pandemic highs (>12M); the number of openings exceeds the number of unemployed workers looking for work (6.9M).
- Separations (5.1M) and hires (5.3M) remain steady and average hourly wages continue to grow at approximately 3.9% a year.

¹ Source: FRED and BLS. Data is as of December 31, 2024.

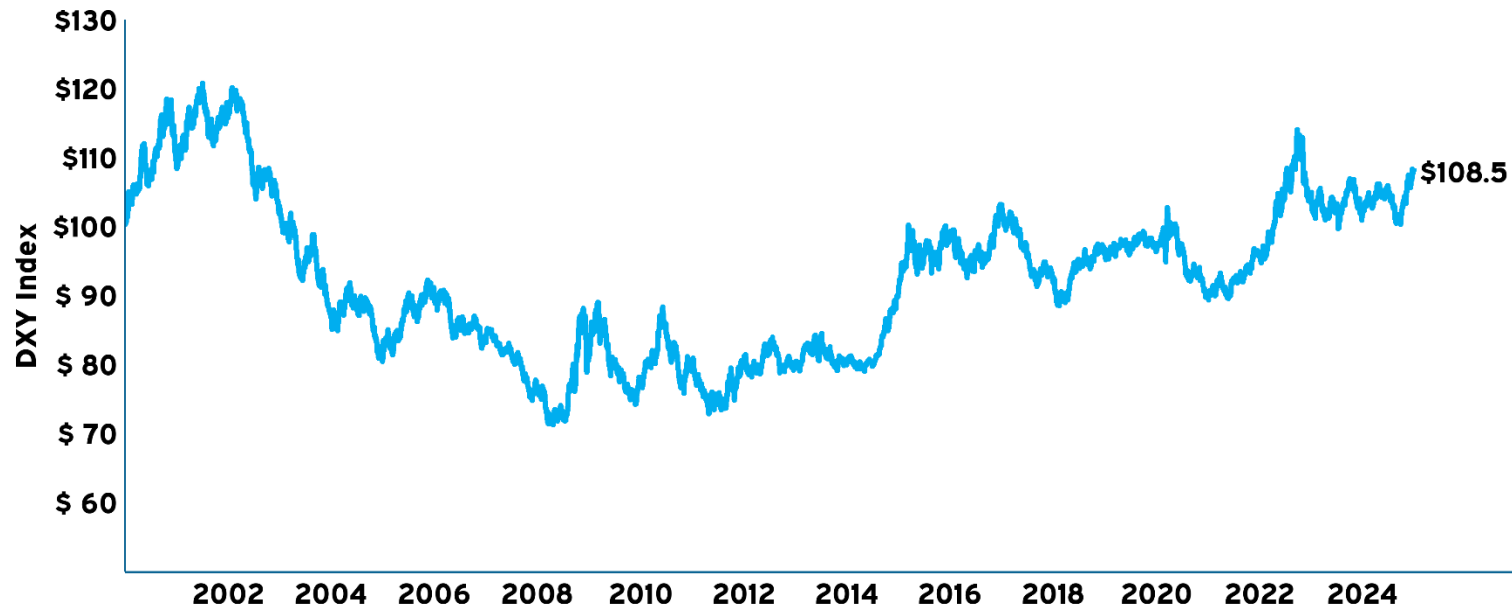
Policy Rates¹



- In the US, the Fed reduced interest rates by 0.25% twice over the quarter to a range of 4.25% to 4.50%, in moves largely expected by investors. Going forward, questions remain about the timing and amount of additional cuts given the strength of the economy and persistent above-target inflation.
- The Bank of England left rates unchanged in December after their November 0.25% cut, while the European Central Bank cut rates by another 0.25% in early December.
- After exiting negative interest rates in 2024 and making several rate increases, rate cutting by other major central banks are complicating prospects for further policy rate hikes in Japan.

¹ Source: Bloomberg. Data is as of December 31, 2024. United States rate is the mid-point of the Federal Funds Target Rate range. Eurozone rate is the ECB Deposit Facility Announcement Rate. Japan rate is the Bank of Japan Unsecured Overnight Call Rate Expected. China rate is the China Central Bank 1-Year Medium Term Interest Rate. UK rate is the UK Bank of England Official Bank Rate.

US Dollar vs. Broad Currencies¹



- Over the quarter, the US dollar sharply strengthened (+8.0%) versus other currencies.
- A rise in interest rates driven by potential inflationary impacts of proposed higher tariffs, lower taxes, and immigration policies from candidate, and now president-elect Trump, drove the dollar's gains.

¹ Source: Bloomberg. Data as of December 31, 2024.

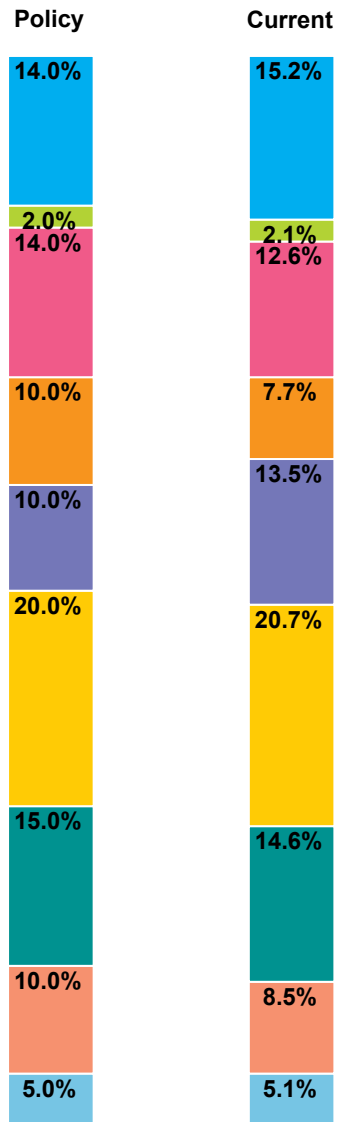
Summary

Key Trends:

- According to the International Monetary Fund's (IMF) October report, global growth in 2025 is expected to be similar to 2024 at around 3.2% with most major economies predicted to avoid a recession.
- Questions remain about what policies will be implemented by the new administration in the US. Although deregulation and tax cuts could support growth, these policies, along with higher tariffs and restrictive immigration, could fan inflation. This will likely lead to additional uncertainty regarding the timing and pace of interest rate cuts in the coming year.
- US consumers could feel pressure as certain components of inflation (e.g., shelter) remain high, borrowing costs stay elevated, and the job market may weaken further.
- A focus for US equities going forward will be whether earnings can remain resilient if growth slows. Also, the future paths of the large technology companies that have driven market gains will be important.
- We have started to see divergences in monetary policy. Some central banks, such as the Fed, European Central Bank, and the Bank of England, have started to cut interest rates and others, like the Bank of Japan, have increased interest rates. This disparity will likely influence capital flows and currencies.
- China appears to have shifted focus to more policy support for the economy/asset prices with a suite of fiscal and financial policy stimulus measures. Thus far, these efforts have not increased weak consumer spending or helped the lingering trouble in the real estate sector. It is still not clear what the long-term impact of these policies will be on the economy and if policy makers will remain committed to these efforts.

4Q 2024 Performance Review

Asset Allocation vs. Target Allocation | As of December 31, 2024



Allocation vs. Targets							
	Balance (\$)	Current Allocation (%)	Policy (%)	Difference (%)	Policy Range (%)	Within IPS Range?	
US Large Cap Equity	241,969,917	15.2	14.0	1.2	0.0 - 100.0	Yes	
US Small/Mid Cap Equity	34,084,277	2.1	2.0	0.1	0.0 - 100.0	Yes	
Non-US Developed Markets Equity	199,947,392	12.6	14.0	-1.4	0.0 - 100.0	Yes	
Non-US Emerging Markets Equity	121,679,386	7.7	10.0	-2.3	0.0 - 100.0	Yes	
Private Equity	215,046,603	13.5	10.0	3.5	0.0 - 100.0	Yes	
Core Bonds	328,757,953	20.7	20.0	0.7	0.0 - 100.0	Yes	
Private Debt	231,858,205	14.6	15.0	-0.4	0.0 - 100.0	Yes	
Real Estate	134,716,502	8.5	10.0	-1.5	0.0 - 100.0	Yes	
Real Assets	80,388,450	5.1	5.0	0.1	0.0 - 100.0	Yes	
Total	1,588,448,687	100.0	100.0	0.0			

Asset Allocation & Performance | As of December 31, 2024

	Market Value \$	% of Portfolio	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Total Fund	1,588,448,687	100.0	-1.0	7.6	3.0	6.8	6.9	7.4	Jul-92
<i>Total Fund Benchmark</i>			<i>-1.8</i>	<i>6.7</i>	<i>2.3</i>	<i>5.9</i>	<i>6.5</i>	<i>7.6</i>	
Global Public Equity	597,680,973	37.6	-2.8	13.1	3.1	7.7	7.8	7.4	May-11
<i>MSCI AC World Index</i>			<i>-0.9</i>	<i>18.0</i>	<i>5.9</i>	<i>10.6</i>	<i>9.8</i>	<i>9.1</i>	
US Equity	276,054,194	17.4	2.4	22.6	7.7	13.6	12.3	12.1	May-11
<i>Russell 3000 Index</i>			<i>2.6</i>	<i>23.8</i>	<i>8.0</i>	<i>13.9</i>	<i>12.5</i>	<i>12.9</i>	
US Large Cap Index Pool	241,969,917	15.2	2.7	24.5	8.4	14.2	12.8	13.2	May-11
<i>Russell 1000 Index</i>			<i>2.7</i>	<i>24.5</i>	<i>8.4</i>	<i>14.3</i>	<i>12.9</i>	<i>13.2</i>	
US SMID Cap Alternative Weighted Index Pool	34,084,277	2.1	-0.6	8.5	1.8	--	--	6.0	Feb-21
<i>S&P SmallCap 600 Index</i>			<i>-0.6</i>	<i>8.7</i>	<i>1.9</i>	<i>--</i>	<i>--</i>	<i>6.1</i>	
Non-US Equity	321,626,779	20.2	-7.1	5.0	-0.9	2.9	4.3	2.7	May-11
<i>MSCI AC World ex USA index</i>			<i>-7.5</i>	<i>6.1</i>	<i>1.3</i>	<i>4.6</i>	<i>5.3</i>	<i>4.2</i>	
Non-US Developed Markets Index Pool	199,947,392	12.6	-7.7	3.8	0.9	4.6	5.3	4.6	May-11
<i>Non US Developed Markets Passive Custom Index</i>			<i>-7.5</i>	<i>4.4</i>	<i>1.2</i>	<i>4.8</i>	<i>5.3</i>	<i>4.5</i>	
Non-US Emerging Markets Active Pool	121,679,386	7.7	-6.1	7.1	-3.7	--	--	-5.0	Jan-21
<i>MSCI Emerging Markets (Net)</i>			<i>-8.0</i>	<i>7.5</i>	<i>-1.9</i>	<i>--</i>	<i>--</i>	<i>-2.1</i>	

Performance returns are all net of fees throughout the report.

The Non US Developed Markets Passive Custom Index is composed of 100% MSCI EAFE Index (USD) (Net) through 04/2017, the MSCI World Ex US IM Index (USD) (Net) through 07/2022 and is calculated monthly using beginning of month investment weights applied to each corresponding primary benchmark return thereafter.

Asset Allocation & Performance | As of December 31, 2024

	Market Value \$	% of Portfolio	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Private Equity	215,046,603	13.5	1.7	5.9	4.7	14.0	--	12.4	Apr-15
Private Equity Pool	215,046,603	13.5	1.7	5.9	4.7	14.0	--	12.3	Apr-15
<i>MSCI ACWI + 2%</i>			<i>-0.5</i>	<i>19.8</i>	<i>7.5</i>	<i>12.3</i>	<i>--</i>	<i>11.4</i>	
Fixed Income	560,616,158	35.3	-0.7	4.8	1.5	3.2	3.8	4.3	May-11
<i>Blmbg. U.S. Universal Index</i>			<i>-2.7</i>	<i>2.0</i>	<i>-2.0</i>	<i>0.1</i>	<i>1.7</i>	<i>2.4</i>	
Core Bonds Pool	328,757,953	20.7	-3.0	1.7	-2.5	-0.1	--	1.6	Oct-18
<i>Blmbg. U.S. Aggregate Index</i>			<i>-3.1</i>	<i>1.3</i>	<i>-2.4</i>	<i>-0.3</i>	<i>--</i>	<i>1.3</i>	
Private Debt Market Pool	231,858,205	14.6	2.4	8.7	6.4	7.4	--	6.2	Apr-15
<i>Credit Suisse Leveraged Loan +2%</i>			<i>2.8</i>	<i>11.2</i>	<i>9.0</i>	<i>7.8</i>	<i>--</i>	<i>7.1</i>	
Real Estate	134,716,502	8.5	-0.2	-5.8	0.5	4.0	6.4	6.2	May-14
Real Estate Pool	134,716,502	8.5	-0.2	-5.8	0.5	4.0	6.4	6.2	May-14
<i>NCREIF ODCE Net 1 Qtr Lag</i>			<i>0.0</i>	<i>-8.0</i>	<i>-1.0</i>	<i>2.1</i>	<i>5.2</i>	<i>5.6</i>	
Real Assets	80,388,450	5.1	4.0	11.9	12.1	8.6	--	6.9	Oct-18
Real Return Pool	80,388,450	5.1	4.0	11.9	12.1	8.6	--	6.9	Oct-18
<i>CPI+3%</i>			<i>0.8</i>	<i>6.0</i>	<i>7.3</i>	<i>7.3</i>	<i>--</i>	<i>6.7</i>	

Asset Allocation & Performance | As of December 31, 2024

Calendar Year Performance										
	2023 (%)	2022 (%)	2021 (%)	2020 (%)	2019 (%)	2018 (%)	2017 (%)	2016 (%)	2015 (%)	2014 (%)
Total Fund	9.3	-7.1	15.5	9.8	13.2	-1.3	17.3	8.0	-1.0	4.5
<i>Total Fund Benchmark</i>	<i>9.8</i>	<i>-8.5</i>	<i>12.9</i>	<i>10.3</i>	<i>14.3</i>	<i>-1.8</i>	<i>17.0</i>	<i>8.4</i>	<i>-0.8</i>	<i>4.9</i>
Global Public Equity	18.8	-18.4	14.0	16.0	24.8	-10.4	26.1	9.6	-4.9	3.6
<i>MSCI AC World Index</i>	<i>22.8</i>	<i>-18.0</i>	<i>19.0</i>	<i>16.8</i>	<i>27.3</i>	<i>-8.9</i>	<i>24.6</i>	<i>8.5</i>	<i>-1.8</i>	<i>4.7</i>
US Equity	25.4	-18.8	26.5	20.0	31.5	-6.0	20.6	13.1	-0.5	8.6
<i>Russell 3000 Index</i>	<i>26.0</i>	<i>-19.2</i>	<i>25.7</i>	<i>20.9</i>	<i>31.0</i>	<i>-5.2</i>	<i>21.1</i>	<i>12.7</i>	<i>0.5</i>	<i>12.6</i>
US Large Cap Index Pool	26.6	-19.1	26.5	20.4	31.3	-4.8	21.7	12.1	1.0	13.2
<i>Russell 1000 Index</i>	<i>26.5</i>	<i>-19.1</i>	<i>26.5</i>	<i>21.0</i>	<i>31.4</i>	<i>-4.8</i>	<i>21.7</i>	<i>12.1</i>	<i>0.9</i>	<i>13.2</i>
US SMID Cap Alternative Weighted Index Pool	16.0	-16.3	--	--	--	--	--	--	--	--
<i>S&P SmallCap 600 Index</i>	<i>16.1</i>	<i>-16.1</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>
Non-US Equity	13.2	-18.1	4.8	13.1	20.5	-14.9	31.6	6.2	-8.1	-4.2
<i>MSCI AC World ex USA index</i>	<i>16.2</i>	<i>-15.6</i>	<i>8.3</i>	<i>11.1</i>	<i>22.1</i>	<i>-13.8</i>	<i>27.8</i>	<i>5.0</i>	<i>-5.3</i>	<i>-3.4</i>
Non-US Developed Markets Index Pool	16.3	-15.0	12.7	8.4	22.9	-14.4	25.8	1.1	-0.1	-5.6
<i>Non US Developed Markets Passive Custom Index</i>	<i>17.2</i>	<i>-15.3</i>	<i>12.4</i>	<i>8.3</i>	<i>22.9</i>	<i>-14.7</i>	<i>25.8</i>	<i>1.0</i>	<i>-0.8</i>	<i>-4.9</i>
Non-US Emerging Markets Active Pool	8.0	-22.8	-8.7	--	--	--	--	--	--	--
<i>MSCI Emerging Markets (Net)</i>	<i>9.8</i>	<i>-20.1</i>	<i>-2.5</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>
Private Equity	5.8	2.4	49.4	12.4	9.6	14.1	15.8	7.4	--	--
Private Equity Pool	5.8	2.4	49.4	12.4	9.6	14.1	15.8	7.4	--	--
<i>MSCI ACWI + 2%</i>	<i>24.6</i>	<i>-16.7</i>	<i>20.9</i>	<i>18.6</i>	<i>29.1</i>	<i>-7.6</i>	<i>26.4</i>	<i>10.0</i>	<i>--</i>	<i>--</i>

Asset Allocation & Performance | As of December 31, 2024

	2023 (%)	2022 (%)	2021 (%)	2020 (%)	2019 (%)	2018 (%)	2017 (%)	2016 (%)	2015 (%)	2014 (%)
Fixed Income	6.9	-6.7	4.9	7.0	6.3	2.2	7.0	6.4	0.4	6.4
<i>Blmbg. U.S. Universal Index</i>	<i>6.2</i>	<i>-13.0</i>	<i>-1.1</i>	<i>7.6</i>	<i>9.3</i>	<i>-0.3</i>	<i>4.1</i>	<i>3.9</i>	<i>0.4</i>	<i>5.6</i>
Core Bonds Pool	6.0	-13.9	-1.4	9.0	8.8	--	--	--	--	--
<i>Blmbg. U.S. Aggregate Index</i>	<i>5.5</i>	<i>-13.0</i>	<i>-1.5</i>	<i>7.5</i>	<i>8.7</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>
Private Debt Market Pool	8.0	2.5	14.2	4.1	3.1	4.5	9.0	6.9	--	--
<i>Credit Suisse Leveraged Loan +2%</i>	<i>15.3</i>	<i>0.9</i>	<i>7.5</i>	<i>4.8</i>	<i>10.3</i>	<i>3.2</i>	<i>6.3</i>	<i>12.1</i>	<i>--</i>	<i>--</i>
Real Estate	-9.4	18.8	20.8	-0.6	5.4	10.2	7.9	10.6	10.4	--
Real Estate Pool	-9.4	18.8	20.8	-0.6	5.4	10.2	7.9	10.6	10.4	--
<i>NCREIF ODCE Net 1 Qtr Lag</i>	<i>-12.9</i>	<i>21.0</i>	<i>13.6</i>	<i>0.5</i>	<i>4.6</i>	<i>7.7</i>	<i>6.7</i>	<i>9.1</i>	<i>13.9</i>	<i>--</i>
Real Assets	9.4	15.0	16.0	-7.6	4.1	--	--	--	--	--
Real Return Pool	9.3	15.0	16.0	-7.6	4.1	--	--	--	--	--
<i>CPI+3%</i>	<i>6.5</i>	<i>9.6</i>	<i>10.2</i>	<i>4.4</i>	<i>5.4</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>

Financial Reconciliation | 1 Quarter Ending December 31, 2024

	Beginning Market Value(\$)	Contributions(\$)	Distributions(\$)	Net Cash Flow(\$)	Net Investment Change(\$)	Ending Market Value(\$)
US Large Cap Index Pool	295,940,718	-	-60,000,000	-59,119,360	5,148,560	241,969,917
US SMID Cap Alternative Weighted Index Pool	34,283,489	-	-	145,793	-345,005	34,084,277
Non-US Developed Markets Index Pool	216,601,374	-	-	802,229	-17,456,211	199,947,392
Non-US Emerging Markets Active Pool	129,590,789	-	-	404,071	-8,315,474	121,679,386
Private Equity Pool	211,470,782	-	-	842,283	2,733,538	215,046,603
Core Bonds Pool	246,625,195	90,000,000	-	93,760,069	-11,627,310	328,757,953
Private Debt Market Pool	226,484,313	-	-	2,137,408	3,236,484	231,858,205
Real Estate Pool	135,045,731	-	-	512,146	-841,375	134,716,502
Real Return Pool	77,259,868	-	-	1,552,116	1,576,466	80,388,450
Total	1,573,302,260	90,000,000	-60,000,000	41,036,754	-25,890,327	1,588,448,687

Benchmark History

From Date	To Date	Benchmark
Total Fund		
07/01/2023	Present	14.0% Russell 1000 Index, 2.0% S&P SmallCap 600 Index, 14.0% Non US Developed Markets Passive Custom Index, 10.0% MSCI Emerging Markets (Net), 20.0% Blmbg. U.S. Aggregate Index, 15.0% Private Market Fixed Income Custom Index, 5.0% Real Return Custom Index, 10.0% NCREIF ODCE Net 1 Qtr Lag, 10.0% CA U.S Private Equity Index
02/01/2021	07/01/2023	14.0% Russell 1000 Index, 14.0% Non US Developed Markets Passive Custom Index, 10.0% MSCI Emerging Markets (Net), 2.0% S&P SmallCap 600 Index, 15.0% Private Market Fixed Income Custom Index, 10.0% Cambridge Associates US PE 1Q Lagged, 10.0% NCREIF ODCE Index (AWA) (Net) (Monthly), 20.0% Blmbg. U.S. Aggregate Index, 5.0% Real Return Custom Index
11/01/2018	02/01/2021	14.0% Russell 1000 Index, 14.0% Non US Developed Markets Passive Custom Index, 10.0% MSCI Emerging Markets (Net), 2.0% US Small/Mid Cap Equity Custom Index, 15.0% Private Market Fixed Income Custom Index, 10.0% Cambridge Associates US PE 1Q Lagged, 10.0% NCREIF ODCE Index (AWA) (Net) (Monthly), 20.0% Blmbg. U.S. Aggregate Index, 5.0% Real Return Custom Index
10/01/2018	11/01/2018	14.0% Russell 1000 Index, 14.0% Non US Developed Markets Passive Custom Index, 10.0% MSCI Emerging Markets (Net), 2.0% US Small/Mid Cap Equity Custom Index, 15.0% Private Market Fixed Income Custom Index, 10.0% Cambridge Associates US PE 1Q Lagged, 10.0% NCREIF ODCE Index (AWA) (Net) (Monthly), 20.0% Blmbg. U.S. Aggregate Index, 5.0% Real Return Custom Index
05/01/2018	10/01/2018	20.0% Russell 1000 Index, 12.0% Non US Developed Markets Passive Custom Index, 15.0% MSCI Emerging Markets (Net), 3.0% US Small/Mid Cap Equity Custom Index, 25.0% US Core Bonds Pool Blended Index, 10.0% Private Market Fixed Income Custom Index, 10.0% Cambridge Associates US PE 1Q Lagged, 5.0% NCREIF ODCE Index (AWA) (Net) (Monthly)
04/01/2018	05/01/2018	20.0% Russell 1000 Index, 12.0% Non US Developed Markets Passive Custom Index, 15.0% MSCI Emerging Markets (Net), 3.0% US Small/Mid Cap Equity Custom Index, 25.0% US Core Bonds Pool Blended Index, 10.0% Private Market Fixed Income Custom Index, 10.0% Cambridge Associates US PE 1Q Lagged, 5.0% NCREIF ODCE Index (AWA) (Net) (Monthly)
05/01/2017	04/01/2018	20.0% Russell 1000 Index, 12.0% MSCI EAFE (Net), 15.0% MSCI Emerging Markets (Net), 3.0% US Small/Mid Cap Equity Custom Index, 20.0% US Core Bonds Pool Blended Index, 10.0% Private Market Fixed Income Custom Index, 5.0% HFRI FOF Composite (1-qtr lagged), 10.0% Cambridge Associates US PE 1Q Lagged, 5.0% NCREIF ODCE Index (AWA) (Net) (Monthly)
11/01/2015	05/01/2017	20.0% Russell 1000 Index, 12.0% MSCI EAFE (Net), 15.0% MSCI Emerging Markets (Net), 3.0% US Small/Mid Cap Equity Custom Index, 20.0% US Core Bonds Pool Blended Index, 10.0% Private Market Fixed Income Custom Index, 5.0% HFRI FOF Composite (1-qtr lagged), 10.0% Cambridge Associates US PE 1Q Lagged, 5.0% NCREIF ODCE Index (AWA) (Net) (Monthly)
04/01/2015	11/01/2015	20.0% Russell 1000 Index, 12.0% MSCI EAFE (Net), 15.0% MSCI Emerging Markets (Net), 3.0% US Small/Mid Cap Equity Custom Index, 20.0% US Core Bonds Pool Blended Index, 10.0% Private Market Fixed Income Custom Index, 5.0% HFRI Fund of Funds Composite Index, 10.0% CA U.S. Private Equity Index (Legacy), 5.0% NCREIF ODCE Index (AWA) (Net) (Monthly)
12/01/2011	04/01/2015	25.0% Russell 1000 Index, 15.0% MSCI EAFE (Net), 15.0% MSCI Emerging Markets (Net), 10.0% US Small/Mid Cap Equity Custom Index, 35.0% US Core Bonds Pool Blended Index

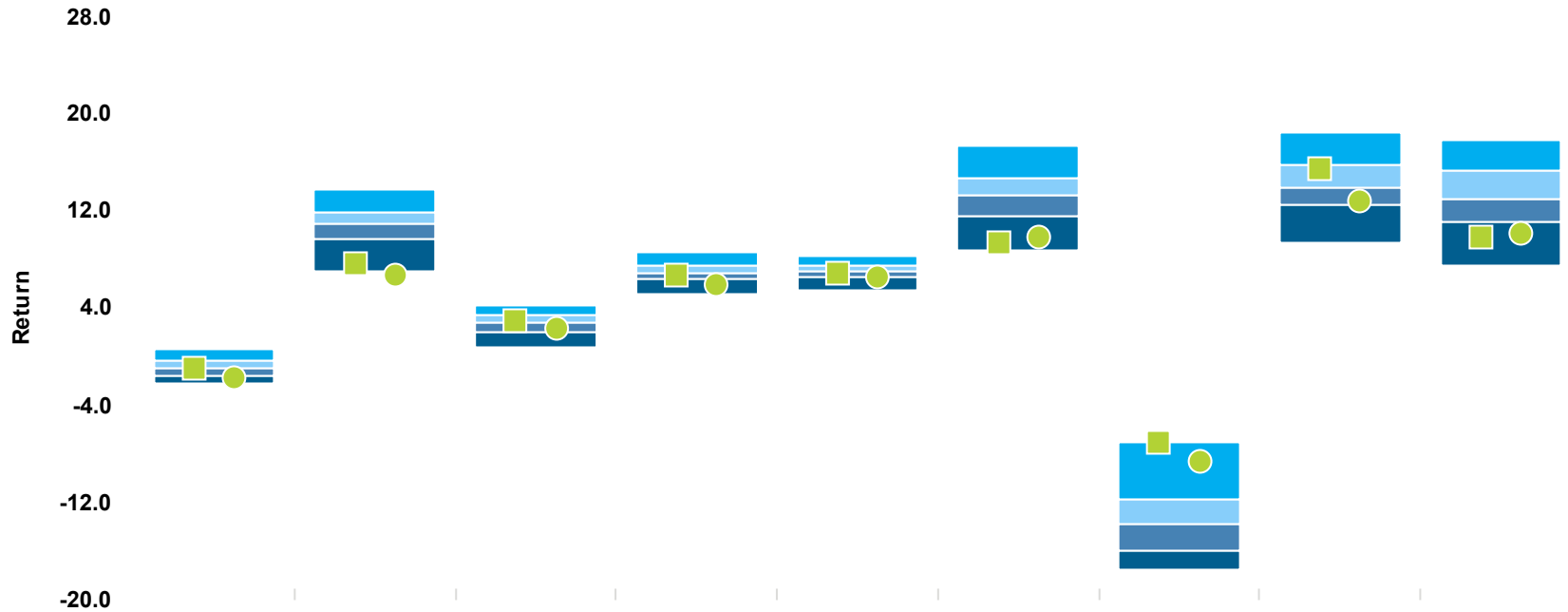
Benchmark History | As of December 31, 2024

From Date	To Date	Benchmark
11/01/2011	12/01/2011	25.0% S&P 500 Index, 15.0% MSCI EAFE (Net), 15.0% MSCI Emerging Markets (Net), 10.0% US Small/Mid Cap Equity Custom Index, 35.0% US Core Bonds Pool Blended Index
04/01/2011	11/01/2011	25.0% S&P 500 Index, 15.0% MSCI EAFE (Net), 15.0% MSCI Emerging Markets (Net), 10.0% US Small/Mid Cap Equity Custom Index, 35.0% US Core Bonds Pool Blended Index
12/01/2010	04/01/2011	38.0% S&P 500 Index, 20.0% MSCI EAFE (Net), 5.0% MSCI Emerging Markets (Net), 9.0% US Small/Mid Cap Equity Custom Index, 28.0% US Core Bonds Pool Blended Index
11/01/2007	12/01/2010	38.0% S&P 500 Index, 28.0% Blmbg. U.S. Aggregate Index, 20.0% MSCI EAFE (Net), 5.0% MSCI Emerging Markets (Net), 9.0% Russell 2500 Index
08/01/2005	11/01/2007	38.0% S&P 500 Index, 25.0% Blmbg. U.S. Aggregate Index, 20.0% MSCI EAFE (Net), 5.0% MSCI Emerging Markets (Net), 9.0% Russell 2500 Index, 3.0% ICE BofA High Yield BB-B Constrained Index
07/01/2005	08/01/2005	38.0% S&P 500 Index, 25.0% Blmbg. U.S. Aggregate Index, 20.0% MSCI EAFE (Net), 5.0% MSCI Emerging Markets (Net), 9.0% Russell 2500 Index, 3.0% ICE BofA High Yield BB-B Constrained Index
03/01/2002	07/01/2005	38.0% S&P 500 Index, 25.0% Blmbg. U.S. Aggregate Index, 20.0% MSCI EAFE (Net), 5.0% MSCI Emerging Markets (Net), 9.0% Russell 2500 Index, 3.0% ICE BofA U.S. High Yield, BB-B Rated Index
01/01/2001	03/01/2002	40.0% S&P 500 Index, 25.0% Blmbg. U.S. Aggregate Index, 22.0% MSCI EAFE (Net), 3.0% MSCI Emerging Markets (Net), 10.0% Russell 2500 Index
08/01/2000	01/01/2001	40.0% S&P 500 Index, 25.0% Blmbg. U.S. Aggregate Index, 22.0% MSCI EAFE (Net), 3.0% MSCI Emerging Markets Index, 10.0% Russell 2500 Index
05/01/1999	08/01/2000	45.0% S&P 500 Index, 40.0% Blmbg. U.S. Aggregate Index, 13.0% MSCI EAFE (Net), 2.0% MSCI Emerging Markets Index
03/01/1999	05/01/1999	45.0% S&P 500 Index, 40.0% Blmbg. U.S. Aggregate Index, 15.0% MSCI EAFE (Net)
12/01/1995	03/01/1999	60.0% S&P 500 Index, 40.0% Blmbg. U.S. Aggregate Index
06/01/1992	12/01/1995	40.0% S&P 500 Index, 60.0% Blmbg. U.S. Aggregate Index

Annual Investment Expense Analysis			
	Market Value (\$)	Expense Ratio (%)	Estimated Expense (\$)
Total Fund	1,588,448,687	0.41	6,563,005
Global Public Equity	597,680,973	0.12	701,871
US Equity	276,054,194	0.01	37,831
US Large Cap Index Pool	241,969,917	0.01	24,197
US SMID Cap Alternative Weighted Index Pool	34,084,277	0.04	13,634
Non-US Equity	321,626,779	0.21	664,040
Non-US Developed Markets Index Pool	199,947,392	0.04	79,979
Non-US Emerging Markets Active Pool	121,679,386	0.48	584,061
Private Equity	215,046,603	0.80	1,720,373
Private Equity Pool	215,046,603	0.80	1,720,373
Fixed Income	560,616,158	0.33	1,855,216
Core Bonds Pool	328,757,953	0.12	394,510
Private Debt Market Pool	231,858,205	0.63	1,460,707
Real Estate	134,716,502	1.07	1,441,467
Real Estate Pool	134,716,502	1.07	1,441,467
Real Assets	80,388,450	1.05	844,079
Real Return Pool	80,388,450	1.05	844,079

Fee information is based on RVK's State Investment Council Third Party Investors Report as of September 30, 2024.

Peer Group Analysis All Public DB Plans



	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	2023	2022	2021	2020
■ Total Fund	-1.0 (51)	7.6 (92)	3.0 (40)	6.8 (60)	6.9 (61)	9.3 (93)	-7.1 (6)	15.5 (28)	9.8 (86)
● Total Fund Benchmark	-1.8 (81)	6.7 (97)	2.3 (65)	5.9 (87)	6.5 (78)	9.8 (91)	-8.5 (9)	12.9 (68)	10.3 (84)
5th Percentile	0.6	13.8	4.3	8.6	8.3	17.4	-7.0	18.5	17.9
1st Quartile	-0.3	11.9	3.5	7.5	7.5	14.7	-11.7	15.7	15.3
Median	-0.9	11.0	2.8	7.0	7.0	13.3	-13.8	13.9	13.0
3rd Quartile	-1.6	9.7	2.0	6.4	6.6	11.5	-15.9	12.5	11.1
95th Percentile	-2.2	7.0	0.8	5.1	5.4	8.8	-17.4	9.4	7.6
Population	301	294	281	269	231	1,078	1,097	1,143	1,190

Parenteses contain percentile rankings.
Calculation based on monthly periodicity.

Investment Policy

State of New Mexico Retiree Health Care Authority Reserve Fund

~~August 3, 2010~~ February 4, 2025

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Investment Policy

State of New Mexico Retiree Health Care Authority Reserve Fund

I. Purpose and Core Beliefs

The purpose of this document (herein after referred to as the Investment Policy) is to set forth an appropriate set of goals and objectives for investment of the objectives for investment of the New Mexico Health Care Authority (NMRHCA) Trust Fund (herein after referred to as the Fund). This policy statement is intended to set forth reasonable parameters to ensure prudence and care in the execution of the investment program, while allowing for sufficient flexibility in the management oversight process.

Core Beliefs:

- A well-defined governance structure with clearly delineated responsibilities is critical in achieving long-term, consistent success.
- Balancing the opportunity for potential returns with the possibility of losses is an important risk mitigator.

II. Functional Organization and Responsibilities

A. Board

The Board of Directors of the NMRHCA (Board) is responsible for overseeing the investment policy and disbursements of the Fund. The State Investment Council (SIC) is authorized to invest the assets in the Fund in accordance with the Joint Powers Agreement attached as Appendix I. The Board will review the agreement annually.

B. Staff

The Board has delegated to Staff authority to assist the Board to review policy issues to implement the programs established by the Board and to report to the Board on the ongoing operations of the [PlanFund](#).

Pursuant to its authority to delegate functions, the Board hereby delegates to the Executive Director the responsibility to manage the Fund investment program subject to the Board-approved investment policies.

C. General Investment Consultant

The Board may utilize the services of a General Investment Consultant. The General Investment Consultant will be responsible for:

- Performing asset allocation studies and recommending asset allocation strategies to the Board at least annually.
- Quarterly performance reporting and analysis.
- Monitor portfolio positioning and recommend rebalancing as needed.
- Providing liquidity analysis as needed.
- Oversee and advise on the utilization of investments provided by the SIC on behalf of the Fund.

III. General Objectives

The general objectives define the goals to be achieved through the management of Fund assets.

A. General Objectives of Fund

- The primary objective of the Fund is to generate a total return in excess of the assumed actuarial return as determined annually by the Board, which includes realized and unrealized gains, plus income, less expenses, with a prudent level of risk. Secondly, for Board information purposes, the total return for the overall Fund shall meet or exceed the Fund's Policy Index (as described in Appendix II). Additionally, the Fund's return shall also be compared with comparable funds as represented by the Consultant's relevant peer group universe, with the understanding that the Fund's funded status and overall investment risk profile may differ from the average fund in that universe.
- Provide liquidity to meet all cash needs and serve as a buffer against higher than anticipated adverse claims. As such, the Fund will maintain a position in highly liquid market instruments.
- Provide diversification to avoid significant losses and preserve capital, while operating under the Prudent Investor Rule.

IV. Asset Allocation Objectives and General Strategies

A. Objectives

The Fund has a long term investment horizon, and utilizes an asset allocation methodology which encompasses a strategic, long-run perspective on capital markets. It is recognized that a strategic long-run asset allocation plan implemented in a consistent and disciplined manner will be the major determinant of the ~~Plan's Fund's~~ investment performance. Asset allocation modeling identifies asset classes the ~~Plan-Fund~~ will utilize, and the target percentage and appropriate ranges that each class will represent in the Total Fund.

B. General Strategies

Asset allocation provides diversification to the ~~Plan's Fund's~~ overall investment program and is to be managed over time to maximize return at a prudent level of risk. To accomplish this, the ~~Plan-Fund~~ considers the following:

1. Historical and expected long-term capital market risk and return behavior.
2. The correlation of returns among the relevant asset classes.
3. The perception of future economic conditions, including inflation and interest rate assumptions.
4. Projected net cash flows - i.e. contributions and premiums paid (cash inflows) compared to claim expenses, administrative expenses and other expenses (cash outflows).

5. The potential for significant periods of negative returns in many asset classes.

V. Investment Program Implementation

A. Manager and Advisor Policy

1. Manager Utilization

The SIC (~~or if appropriately determined, any external money managers~~) will have full discretionary investment authority over the assets it is responsible for managing, subject to the Joint Powers Agreement and guidelines and policies set for in this document. Each investment manager, including the SIC, will function under a formal contract which delineates responsibilities and appropriate performance expectations. All managers will be expected to acknowledge in writing that they are fiduciaries and as such, will be expected to know and comply with applicable manager specific portfolio guidelines. Portfolio performance will be evaluated relative to its adopted benchmark and peer group on a regular basis.

2. Manager Authority

The Fund's investment managers shall have discretion and authority to direct and manage the investment and reinvestment of assets, determine portfolio strategy, determine security selection and determine timing within their asset class. Investment managers shall have discretion to establish and execute transactions with established regional and national securities brokers/dealers as needed. Investment managers are required to achieve best available prices and most favorable executions with respect to all portfolio transactions, as market conditions permit. It is each manager's responsibility to identify policies that may have an adverse impact on performance, and to initiate discussion with Staff toward possible improvement of said policies through Board action.

3. Securities Trading

The emphasis of security trading should be on the best execution basis, i.e. the highest proceeds to the fund and the lowest cost, net of all transaction expenses. Placement of orders should be based on the financial viability of the brokerage firm and the assurance of a prompt and efficient execution. The SIC will notify the NMRHCA Executive Director in advance of the SIC Board meeting(s) when the independent contractor presents the Execution Cost report. At least annually, the SIC will present to the Board an independent report related to the SIC's overall execution costs.

VI. Performance Measurement and Review

Special attention will be paid to risk-based performance measures.

1. The ~~Plan's Fund's~~ investment returns should meet or exceed the designated benchmark plus expenses over the long term (defined as rolling ~~fifteen~~-year horizons).

2. Individual manager portfolios shall be judged according to benchmarks which reflect the objectives and characteristics of their strategic role within the PlanFund.
3. The Board shall review the long-term investment performance of the Plan-Fund at least quarterly.

VII. Rebalancing

Due to the fluctuation of market values, positioning within a specified range is acceptable and constitutes compliance with the policy. The Board shall review the actual asset allocation quarterly and determine if any asset classes are out of range. ~~The Board will direct staff to rebalance as necessary. Staff, in consultation with the General Investment Consultant, has the authority to implement rebalancing as necessary within the specified target ranges. The Board recognizes that certain alternative asset classes (e.g., private equity, real estate, real assets, private debt) may have limited or no liquidity. In these cases, adjusting future contributions will be the preferred rebalancing mechanism.~~

VIII. Review and Modification of Investment PlanPolicy

1. The Board shall review the Investment Policy and Joint Powers Agreement annually. Any modifications approved by the Board will be promptly communicated to the SIC and made available to the public.
2. The ~~SIC-General Investment Consultant~~ will meet at least quarterly with the Board to review the Fund portfolio activity, investment performance, and economic market analysis in the context of this Investment Policy.
3. The SIC will provide monthly written reports on portfolio activity and investment performance and expenses. Additionally, any significant changes in investment strategy, decision-making process, or personnel will be communicated in writing to the Board immediately.
4. The Board intends to review quarterly the performance of the Fund and the SIC reporting relative to the objectives and guidelines described herein.

IX. Agreement

By signing this Statement of Investment Plan-Policy the Board indicates its agreement therewith.

Adopted

Appendix I

(Insert Joint Powers Agreement)

Appendix II

Asset Allocation Targets

<u>Asset Class</u>	<u>Target (%)</u>	<u>Range (%)</u>	<u>Policy Benchmark</u>
<u>US Equity</u>	<u>16</u>	<u>11 – 21</u>	<u>Russell 3000</u>
<u>Non-US Developed Markets Equity</u>	<u>14</u>	<u>9 – 19</u>	<u>MSCI World ex. US IMI</u>
<u>Non-US Emerging Markets Equity</u>	<u>10</u>	<u>5 – 15</u>	<u>MSCI Emerging Markets</u>
<u>Private Equity</u>	<u>10</u>	<u>5 – 15</u>	<u>MSCI ACWI +2%</u>
<u>Investment Grade (Core) Bonds</u>	<u>20</u>	<u>15 – 25</u>	<u>Bloomberg US Aggregate</u>
<u>Private Debt</u>	<u>15</u>	<u>10 – 20</u>	<u>Credit Suisse Leverage Loan +2%</u>
<u>Real Assets</u>	<u>5</u>	<u>0 – 10</u>	<u>CPI +3%</u>
<u>Real Estate</u>	<u>10</u>	<u>5 – 15</u>	<u>NCREIF ODCE (1 Qtr Lag)</u>

The Fund's Policy Index will be a weighted average of each asset class's policy benchmark based on the above target weights. The Policy Index is dynamic and will be adjusted over time to reflect any changes to the targets or underlying policy benchmarks.

The above asset allocation targets are designed to achieve an actuarial assumed investment return of 7.0%.

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PERFORMANCE DATA CONTAINED HEREIN REPRESENT PAST PERFORMANCE. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.

FY25 Contract Amendment - Action Item*

Program Support

Background.

Each year, Segal provides a long-term projection of the Authority’s revenues, expenditures, and asset balances, which we refer to as the Solvency Model. The model allows NMRHCA to assess the long-term solvency of its current program and potential changes. One of the items required to prepare the Solvency Model is a projection of NMRHCA plan enrollment.

The enrollment projection is based on a combination of assumptions from the OPEB valuation, assumptions as to new members who could be eligible for NMRHCA benefits, and active employees eligible for RHCA benefits as well as current retiree members. The retiree enrollment projection from the OPEB valuation was last updated roughly five years ago. In 2024, the actuarial assumptions for the Public Employees Retirement Association of New Mexico (PERA) and New Mexico Educational Retirement Board (ERB) were updated per experience studies performed by pension systems.

Because of the recent updates to the demographic assumptions used by the pension plans, and the length of time since the prior enrollment projection was updated, we recommend updating the retiree enrollment projections used for the solvency model to incorporate the updated actuarial assumptions from PERA and ERB and to incorporate new entrant and retirement pattern changes seen most recently since the pandemic.

Summary of Work & Methodology.

A standard OPEB valuation will include a projection of retiree enrollment based on the current active membership. To project headcounts for a 30-year horizon, modifications are required to incorporate forecasts for employees joining the plan in the coming years. This approach is called an “open-group” projection as it incorporates future members not part of the current membership eligible for or receiving NMRHCA benefits. A “closed-group” membership is used in the OPEB valuation. The open-group projection requires additional modeling and assumptions regarding the demographic profile of future participants (new-entrant profile). Specifically, Segal wants retirement eligibility for future employees to be based on the most recent tiers of the pension plans. Segal will use employees hired five years before the most recent OPEB valuation date to create the new-entrant profile. A five-year period should produce a sample that is representative of the various employees entering the system. With the changes in retirement patterns happening recently, particularly post-COVID, an updated profile to reflect new retirement patterns is helpful to reflect recent experiences and trends. The number of retirees projected to have coverage in the future will, in part, depend on the number of active employees in the program over the next several decades.

Program Support Contractual Services Information

Table 1 Below:

FY25 Approved Operating Budget		\$748,300		
		Proposed		
		Contract	Contract	
Vendor		Amount	Term	Type
1	Segal - Benefit & Actuary Consultant	\$334,000	July 1, 2023 - June 30, 2027	Term/Comp
2	Judith Beatty	\$7,000	July 1, 2024 - June 30, 2025	New/Small
3	Moss Adams - Audit Services	\$77,940	July 1, 2023 - June 30, 2025	Term/Comp
4	Rodey - Legal Services	\$25,000	July 1, 2024 - June 30, 2025	New/Small
5	RESPEC	\$60,862	July 1, 2024 - June 30, 2025	Price Agreement
6	PERA MOU - HR Services	\$25,500	July 1, 2024 - June 30, 2025	MOU
7	Horizons of NM - Shredding Services	\$4,418	July 1, 2024 - June 30, 2025	New/Small
8	Real Time Solutions (Webhost)	\$1,700	July 1, 2024 - June 30, 2025	Price Agreement
9	Meketa	\$55,000	July 5, 2024 - June 30, 2028	Term/Comp
10	Robert Romero & Associates	\$32,456	August 22, 2024 - June 30, 2025	New/Small
Total		\$623,876		
Unencumbered Balance		\$124,424	Available for mid/end-year adjustments	

Requested Action

NMRHCA staff respectfully request the authority to amend the Segal agreement for an increase of \$14,000. The new agreement for FY25 would total \$334,000, resulting in a balance of \$124,424 for other contractual services throughout the remainder of fiscal year 2025.