NEW MEXICO
RETIREE
HEALTH CARE
AUTHORITY

August 31, 2026

Jacob Gabel
Principal Executive Budget & Policy Analyst
Department of Finance and Administration
Bataan Memorial Building, Room 190G
Santa Fe, NM 87501

Allegra E. Hernandez, PhD
Senior Fiscal Analyst
Legislative Finance Committee
325 Don Gaspar
Santa Fe, NM 87501

Dear Mr. Gabel and Ms. Hernandez,

On behalf of the New Mexico Retiree Health Care Authority (NMRHCA), I respectfully submit the agency's Fiscal Year 2028 appropriation request, effective July 1, 2027. NMRHCA is requesting $437.4 million, an increase of approximately $14.4 million, or 3.4 percent, compared to the approved FY27 operating budget.

This request reflects the continued growth and evolving health care needs of more than 65,000 retirees and their dependents. The proposed increase for the Health Care Benefits Administration Program is primarily driven by medical and pharmacy cost trends, including anticipated increases in Medicare Advantage costs. The request supports NMRHCA's commitment to providing affordable, comprehensive health care coverage while responsibly managing program costs and protecting the long-term sustainability of the Retiree Health Care Benefits Fund.

For Program Support, NMRHCA is requesting $5.3 million, an increase of $572.3 thousand, or 12.2 percent, over FY27. This request supports 28 FTEs, including four new positions to strengthen critical agency functions. Consistent with NMRHCA's FY28 Strategic Plan, these resources will help maintain responsive member services, strengthen vendor oversight and compliance, support technology and data administration and reduce reliance on contractor support.

We appreciate your continued support of NMRHCA's mission and consideration of this request. I would be happy to provide any additional information or answer any questions.

Sincerely,

Neil Kueffer
Executive Director

6300 JEFFERSON ST. NE, SUITE 150 - ALBUQUERQUE, NM 87109-3392 - TOLL FREE 800.233.2576
EMAIL: CUSTOMERSERVICE@STATE.NM.US - FAX: 505.884.8611 - WEBSITE: WWW.NMRHCA.ORG

APPROPRIATION REQUEST

CERTIFICATION
FORM S-1

Agency Name: Retiree Health Care Authority

Business Unit: 34300

I hereby certify that the accompanying summary and detailed statements are true and correct to the best of my knowledge and belief and that the arithmetic accuracy of all numeric information has been verified.

DocuSigned by:
0F15CCECEDEB44C...

Neil Kueffer, Executive Director

Signed by:
5B814F01DA194CB...

Lee Caruana, President

DocuSigned by:
E3BE5FA5B5AF416...

Sheri Ayanniyi, CFO

6300 Jefferson St. NE,
Suite 150
Albuquerque, NM 87109

(505) 222-6406

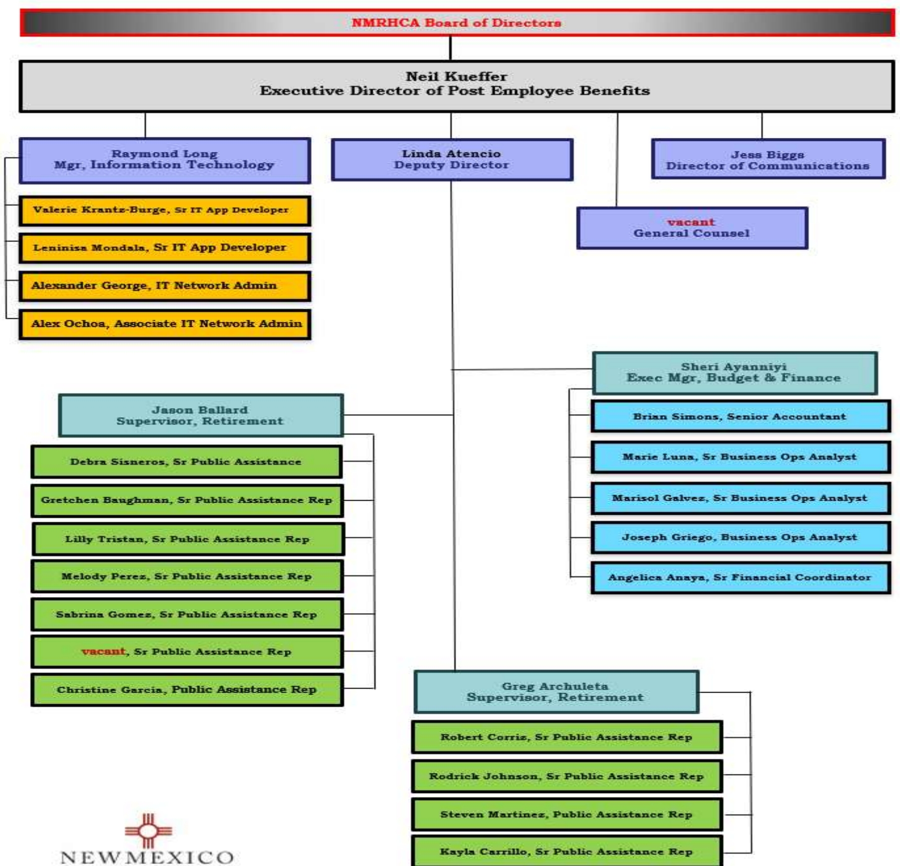
sheri.ayanniyi@rhca.nm.gov

Note: Appropriation Requests for agencies headed by a board or commission must be approved by the board or commission by official action and signed by the chairperson. Operating Budgets of other agencies must be signed by the director or secretary. Appropriation Requests not properly signed will be returned.

Agency Name: Retiree Health Care Authority
Program Name: Program Support

Business Unit: 34300
Program Code: P634

APPROPRIATION REQUEST
ORGANIZATION CHART
FORM S-2



NEW MEXICO RETIREE HEALTH CARE AUTHORITY

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Revision no:
Revision Date: 6/30/2011
Page

Healthcare Benefits Administration

BU	PCode	Department
34300	P633	000000

State of New Mexico

S-8 Financial Summary

(Dollars in Thousands)

	2025-26 Opbud	2025-26 Actuals	2026-27 Opbud	2027-28 PCF Proj	-------- FY 2028 Agency Request -------- Base	Expansion	Total
REVENUE							
130 Other Revenues	411,096.7	744,229.9	422,963.8	0.0	437,386.5	0.0	437,386.5
REVENUE, TRANSFERS	**411,096.7**	**744,229.9**	**422,963.8**	**0.0**	**437,386.5**	**0.0**	**437,386.5**
REVENUE	**411,096.7**	**744,229.9**	**422,963.8**	**0.0**	**437,386.5**	**0.0**	**437,386.5**
EXPENSE							
300 Contractual services	406,636.7	363,726.8	418,236.7	0.0	432,087.1	0.0	432,087.1
400 Other	45.0	38.6	45.0	0.0	45.0	0.0	45.0
EXPENDITURES	**406,681.7**	**363,765.4**	**418,281.7**	**0**	**432,132.1**	**0.0**	**432,132.1**
500 Other financing uses	4,415.0	4,427.0	4,682.1	0.0	5,254.4	0.0	5,254.4
OTHER FINANCING USES	**4,415.0**	**4,427.0**	**4,682.1**	**0**	**5,254.4**	**0.0**	**5,254.4**
EXPENSE	**411,096.7**	**368,192.4**	**422,963.8**	**0**	**437,386.5**	**0.0**	**437,386.5**

BU	PCode	Department
34300	P634	000000

State of New Mexico

S-8 Financial Summary

(Dollars in Thousands)

		2025-26 Opbud	2025-26 Actuals	2026-27 Opbud	2027-28 PCF Proj	-------- FY 2028 Agency Request -------- Base	Expansion	Total
REVENUE								
112	Other Transfers	4,415.0	4,487.6	4,682.1	0.0	5,254.4	0.0	5,254.4
130	Other Revenues	0.0	79.1	0.0	0.0	0.0	0.0	0.0
REVENUE, TRANSFERS		**4,415.0**	**4,566.7**	**4,682.1**	**0.0**	**5,254.4**	**0.0**	**5,254.4**
REVENUE		**4,415.0**	**4,566.7**	**4,682.1**	**0.0**	**5,254.4**	**0.0**	**5,254.4**
EXPENSE								
200	Personal services and employee benefits	3,041.5	2,851.7	3,268.5	3,154.8	3,732.5	0.0	3,732.5
300	Contractual services	748.3	679.5	763.2	0.0	871.5	0.0	871.5
400	Other	625.2	536.6	650.4	0.0	650.4	0.0	650.4
EXPENDITURES		**4,415.0**	**4,067.8**	**4,682.1**	**3,154.83**	**5,254.4**	**0.0**	**5,254.4**
EXPENSE		**4,415.0**	**4,067.8**	**4,682.1**	**3,154.83**	**5,254.4**	**0.0**	**5,254.4**
FTE POSITIONS								
810	Permanent	28.00	26.00	28.00	28.00	32.00	0.00	32.00
FTEs		**28.00**	**26.00**	**28.00**	**28.00**	**32.00**	**0.00**	**32.00**
FTE POSITIONS		**28.00**	**26.00**	**28.00**	**28.00**	**32.00**	**0.00**	**32.00**

Retiree Health Care Authority

State of New Mexico

S-8 Financial Summary by Fund Level

(Dollars in Thousands)

BU	Fund
34300	38000

		2025-26 Opbud	2025-26 Actuals	2026-27 Opbud	2027-28 PCF Proj	FY 2028 Agency Request Base	FY 2028 Agency Request Expansion	FY 2028 Agency Request Total
REVENUE								
112	Other Transfers	4,415.0	4,487.6	4,682.1	0.0	5,254.4	0.0	5,254.4
130	Other Revenues	0.0	79.1	0.0	0.0	0.0	0.0	0.0
REVENUE, TRANSFERS		**4,415.0**	**4,566.7**	**4,682.1**	**0**	**5,254.4**	**0.0**	**5,254.4**
REVENUE		**4,415.0**	**4,566.7**	**4,682.1**	**0**	**5,254.4**	**0.0**	**5,254.4**
EXPENSE								
200	Personal services and employee benefits	3,041.5	2,851.7	3,268.5	3,159.1	3,732.5	0.0	3,732.5
300	Contractual services	748.3	679.5	763.2	0.0	871.5	0.0	871.5
400	Other	625.2	536.6	650.4	0.0	650.4	0.0	650.4
EXPENDITURES		**4,415.0**	**4,067.8**	**4,682.1**	**3,159.06**	**5,254.4**	**0.0**	**5,254.4**
EXPENSE		**4,415.0**	**4,067.8**	**4,682.1**	**3,159.06**	**5,254.4**	**0.0**	**5,254.4**
FTE POSITIONS								
810	Permanent	28.00	26.00	28.00	28.00	32.00	0.00	32.00
FTEs		**28.00**	**26.00**	**28.00**	**28.00**	**32.00**	**0.00**	**32.00**
FTE POSITIONS		**28.00**	**26.00**	**28.00**	**28.00**	**32.00**	**0.00**	**32.00**

Retiree Health Care Authority

State of New Mexico

S-8 Financial Summary by Fund Level

(Dollars in Thousands)

BU	Fund
34300	38100

	2025-26 Opbud	2025-26 Actuals	2026-27 Opbud	2027-28 PCF Proj	-------- FY 2028 Agency Request -------- Base	Expansion	Total
REVENUE							
130 Other Revenues	411,096.7	744,229.9	422,963.8	0.0	437,386.5	0.0	437,386.5
REVENUE, TRANSFERS	**411,096.7**	**744,229.9**	**422,963.8**	**0**	**437,386.5**	**0.0**	**437,386.5**
REVENUE	**411,096.7**	**744,229.9**	**422,963.8**	**0**	**437,386.5**	**0.0**	**437,386.5**
EXPENSE							
300 Contractual services	406,636.7	363,726.8	418,236.7	0.0	432,087.1	0.0	432,087.1
400 Other	45.0	38.6	45.0	0.0	45.0	0.0	45.0
EXPENDITURES	**406,681.7**	**363,765.4**	**418,281.7**	**0**	**432,132.1**	**0.0**	**432,132.1**
500 Other financing uses	4,415.0	4,427.0	4,682.1	0.0	5,254.4	0.0	5,254.4
OTHER FINANCING USES	**4,415.0**	**4,427.0**	**4,682.1**	**0**	**5,254.4**	**0.0**	**5,254.4**
EXPENSE	**411,096.7**	**368,192.4**	**422,963.8**	**0**	**437,386.5**	**0.0**	**437,386.5**

Retiree Health Care Authority

BU	PCode	Department
34300	0000	0000000000

State of New Mexico

S-9 Account Code Revenue/Expenditure Summary

(Dollars in Thousands)

		2025-26 Opbud	2025-26 Actuals	2026-27 Opbud	2027-28 PCF Proj	-------- FY 2028 Agency Request -------- Base	Expansion	Total
499905	Other Financing Sources	0.0	60.6	0.0	0.0	0.0	0.0	0.0
499906	OFS - INTRA-Agency	4,415.0	4,427.0	4,682.1	0.0	5,254.4	0.0	5,254.4
112	**Other Transfers**	**4,415.0**	**4,487.6**	**4,682.1**	**0.0**	**5,254.4**	**0.0**	**5,254.4**
402101	Withholding Taxes	58,032.9	58,044.1	64,996.9	0.0	72,796.4	0.0	72,796.4
422001	Rebates	0.0	64,794.3	0.0	0.0	0.0	0.0	0.0
441201	Interest On Investments	100.0	1,999.3	689.0	0.0	1,000.0	0.0	1,000.0
441401	Interest On Loans	0.0	36.8	0.0	0.0	0.0	0.0	0.0
441851	Unrealized Gain (Loss) on Invs	0.0	220,881.5	0.0	0.0	0.0	0.0	0.0
462000	Legal Settlements	0.0	486.6	0.0	0.0	0.0	0.0	0.0
471508	Employer Contr-Retiree Ins	141,103.0	215,511.6	148,476.5	0.0	148,476.5	0.0	148,476.5
471608	Retiree Contr.-Retiree Ins.	172,901.4	182,540.6	168,801.4	0.0	175,113.6	0.0	175,113.6
496901	Miscellaneous Revenue	0.0	14.1	0.0	0.0	0.0	0.0	0.0
496903	Miscellaneous Revenue	38,959.4	0.0	40,000.0	0.0	40,000.0	0.0	40,000.0
130	**Other Revenues**	**411,096.7**	**744,309.0**	**422,963.8**	**0.0**	**437,386.5**	**0.0**	**437,386.5**
TOTAL REVENUE		**415,511.7**	**748,796.6**	**427,645.9**	**0**	**442,640.9**	**0.0**	**442,640.9**
520000	Payroll	0.0	0.0	0.0	0.0	0.0	0.0	0.0
520100	Exempt Perm Positions P/T&F/T	527.4	435.3	551.8	547.6	563.9	0.0	563.9
520300	Classified Perm Positions F/T	1,673.9	1,542.1	1,733.1	1,665.9	1,989.6	0.0	1,989.6
520700	Overtime & Other Premium Pay	0.0	12.0	0.0	0.0	0.0	0.0	0.0
520710	Longevity Pay	0.0	0.0	0.0	0.0	15.0	0.0	15.0
520800	Annl & Comp Paid At Separation	0.0	1.0	0.0	0.0	0.0	0.0	0.0
521100	Group Insurance Premium	191.0	284.1	311.4	343.2	370.3	0.0	370.3
521200	Retirement Contributions	427.9	382.8	439.3	421.8	494.3	0.0	494.3
521300	F I C A	169.2	147.6	174.7	135.9	198.5	0.0	198.5
521400	Workers' Comp Assessment Fee	0.3	0.3	0.3	0.0	0.3	0.0	0.3
521410	GSD Work Comp Insur Premium	1.7	1.7	1.4	0.0	1.4	0.0	1.4
521500	Unemployment Comp Premium	0.0	0.0	0.6	0.0	34.4	0.0	34.4
521600	Employee Liability Ins Premium	5.1	5.1	10.2	0.0	13.8	0.0	13.8
521700	RHC Act Contributions	45.0	39.8	45.7	44.6	51.0	0.0	51.0
200	**Personal services and employee benef**	**3,041.5**	**2,851.7**	**3,268.5**	**3,159.1**	**3,732.5**	**0.0**	**3,732.5**
530000	Contracts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
535100	Medical Services	406,636.7	363,726.8	418,236.7	0.0	432,087.1	0.0	432,087.1
535200	Professional Services	437.6	454.3	451.2	0.0	539.5	0.0	539.5

S-9 Account Code Revenue/Expenditure Summary

(Dollars in Thousands)

		2025-26 Opbud	2025-26 Actuals	2026-27 Opbud	2027-28 PCF Proj	FY 2028 Agency Request Base	Expansion	Total
535300	Other Services	25.5	10.0	24.0	0.0	24.0	0.0	24.0
535309	Other Services - Interagency	30.3	31.6	33.0	0.0	35.0	0.0	35.0
535400	Audit Services	129.9	78.6	110.0	0.0	123.0	0.0	123.0
535500	Attorney Services	25.0	36.5	35.0	0.0	40.0	0.0	40.0
535600	IT Services	100.0	68.5	110.0	0.0	110.0	0.0	110.0
300	**Contractual services**	**407,385.0**	**364,406.3**	**418,999.9**	**0.0**	**432,958.6**	**0.0**	**432,958.6**
540000	Other Expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
542100	Employee I/S Mileage & Fares	2.5	1.3	2.5	0.0	2.5	0.0	2.5
542200	Employee I/S Meals & Lodging	6.0	4.2	6.0	0.0	6.0	0.0	6.0
542300	Brd & Comm Mbr Meals & Lodging	5.5	5.4	5.5	0.0	5.5	0.0	5.5
542310	Brd & Comm Mbr Mileage & Fares	6.0	6.1	6.5	0.0	6.5	0.0	6.5
542500	Transp - Fuel & Oil	2.2	0.7	2.2	0.0	1.7	0.0	1.7
542600	Transp - Parts & Supplies	0.6	1.1	0.6	0.0	1.1	0.0	1.1
542700	Transp - Transp Insurance	0.2	0.0	0.2	0.0	0.0	0.0	0.0
542800	State Transp Pool Charges	8.1	7.9	9.2	0.0	9.2	0.0	9.2
543200	Maint - Furn, Fixt, Equipment	6.0	0.0	6.0	0.0	6.0	0.0	6.0
543300	Maint - Buildings & Structures	6.0	0.0	6.0	0.0	0.0	0.0	0.0
543400	Maint - Property Insurance	0.1	0.0	0.1	0.0	0.0	0.0	0.0
543830	IT HW/SW Agreements	24.0	26.8	30.0	0.0	33.0	0.0	33.0
544000	Supply Inventory IT	20.0	14.5	20.0	0.0	18.0	0.0	18.0
544100	Supplies-Office Supplies	13.0	6.1	11.0	0.0	10.0	0.0	10.0
544200	Supplies-Medical,Lab,Personal	0.0	0.5	0.0	0.0	0.0	0.0	0.0
544900	Supplies-Inventory Exempt	5.0	2.5	6.5	0.0	6.5	0.0	6.5
545600	Reporting & Recording	0.2	0.0	0.2	0.0	0.2	0.0	0.2
545700	ISD Services	21.5	18.5	23.7	0.0	28.2	0.0	28.2
545710	DOIT HCM Assessment Fees	9.8	9.8	10.5	0.0	10.2	0.0	10.2
545900	Printing & Photo Services	70.0	68.7	71.5	0.0	71.5	0.0	71.5
546100	Postage & Mail Services	90.0	85.0	90.0	0.0	90.0	0.0	90.0
546400	Rent Of Land & Buildings	134.7	134.5	140.5	0.0	145.0	0.0	145.0
546409	Rent Expense - Interagency	19.9	19.9	20.5	0.0	21.2	0.0	21.2
546500	Rent Of Equipment	37.1	33.0	37.0	0.0	37.0	0.0	37.0
546600	Communications	6.0	3.4	6.0	0.0	6.0	0.0	6.0
546610	DOIT Telecommunications	58.5	66.3	74.4	0.0	71.3	0.0	71.3

BU	PCode	Department
34300	0000	0000000000

S-9 Account Code Revenue/Expenditure Summary

(Dollars in Thousands)

		2025-26 Opbud	2025-26 Actuals	2026-27 Opbud	2027-28 PCF Proj	-------- FY 2028 Agency Request -------- Base	Expansion	Total
546700	Subscriptions/Dues/License Fee	7.0	3.6	6.0	0.0	6.0	0.0	6.0
546709	Subscription & Due Interagency	0.2	0.1	0.2	0.0	0.2	0.0	0.2
546800	Employee Training & Education	9.0	5.8	9.0	0.0	9.0	0.0	9.0
546810	Board Member Training	5.5	0.0	5.5	0.0	5.5	0.0	5.5
546900	Advertising	1.8	0.4	1.8	0.0	1.8	0.0	1.8
547730	Lease Principal Payment	0.0	0.0	0.0	0.0	0.0	0.0	0.0
547900	Miscellaneous Expense	47.3	40.1	47.3	0.0	47.3	0.0	47.3
548300	Information Tech Equipment	27.5	0.0	20.0	0.0	20.0	0.0	20.0
548882	Lease Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
549600	Employee O/S Mileage & Fares	6.0	3.3	6.0	0.0	6.0	0.0	6.0
549700	Employee O/S Meals & Lodging	6.5	5.7	6.5	0.0	6.5	0.0	6.5
549800	Brd & Comm O/S Mileage & Fares	3.5	0.0	3.5	0.0	3.5	0.0	3.5
549900	Brd & Comm O/S Meals & Lodging	3.0	0.0	3.0	0.0	3.0	0.0	3.0
400	**Other**	**670.2**	**575.2**	**695.4**	**0.0**	**695.4**	**0.0**	**695.4**
555106	OFU - INTRA-Agency	4,415.0	4,427.0	4,682.1	0.0	5,254.4	0.0	5,254.4
500	**Other financing uses**	**4,415.0**	**4,427.0**	**4,682.1**	**0.0**	**5,254.4**	**0.0**	**5,254.4**
TOTAL EXPENSE		**415,511.7**	**372,260.2**	**427,645.9**	**3,159.06**	**442,640.9**	**0.0**	**442,640.9**
810	Permanent	28.00	26.00	28.00	28.00	32.00	0.00	32.00
810	**Permanent**	**28.00**	**26.00**	**28.00**	**28.00**	**32.00**	**0.00**	**32.00**
TOTAL FTE POSITIONS		**28.00**	**26.00**	**28.00**	**28.00**	**32.00**	**0.00**	**32.00**

(Dollars in Thousands)

		2025-26 Opbud	2025-26 Actuals	2026-27 Opbud	2027-28 PCF Proj	-------- FY 2028 Agency Request -------- Base	Expansion	Total	-------- FY 2028 Exec Recommendation Base	Expansion	Total	FY 2028 Opbud
499905	Other Financing Sources	0.0	60.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
499906	OFS - INTRA-Agency	4,415.0	4,427.0	4,682.1	0.0	5,254.4	0.0	5,254.4	0.0	0.0	0.0	0.0
112	**Other Transfers**	**4,415.0**	**4,487.6**	**4,682.1**	**0.0**	**5,254.4**	**0.0**	**5,254.4**	**0.0**	**0.0**	**0.0**	**0.0**
402101	Withholding Taxes	58,032.9	58,044.1	64,996.9	0.0	72,796.4	0.0	72,796.4	0.0	0.0	0.0	0.0
422001	Rebates	0.0	64,794.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
441201	Interest On Investments	100.0	1,999.3	689.0	0.0	1,000.0	0.0	1,000.0	0.0	0.0	0.0	0.0
441401	Interest On Loans	0.0	36.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
441851	Unrealized Gain (Loss) on Invs	0.0	220,881.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
462000	Legal Settlements	0.0	486.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
471508	Employer Contr-Retiree Ins	141,103.0	215,511.6	148,476.5	0.0	148,476.5	0.0	148,476.5	0.0	0.0	0.0	0.0
471608	Retiree Contr.-Retiree Ins.	172,901.4	182,540.6	168,801.4	0.0	175,113.6	0.0	175,113.6	0.0	0.0	0.0	0.0
496901	Miscellaneous Revenue	0.0	14.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
496903	Miscellaneous Revenue	38,959.4	0.0	40,000.0	0.0	40,000.0	0.0	40,000.0	0.0	0.0	0.0	0.0
130	**Other Revenues**	**411,096.7**	**744,309.0**	**422,963.8**	**0.0**	**437,386.5**	**0.0**	**437,386.5**	**0.0**	**0.0**	**0.0**	**0.0**
TOTAL REVENUE		**415,511.7**	**748,796.6**	**427,645.9**	**0**	**442,640.9**	**0.0**	**442,640.9**	**0.0**	**0.0**	**0.0**	**0.0**
520000	Payroll	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
520100	Exempt Perm Positions P/T&F/T	527.4	435.3	551.8	547.6	563.9	0.0	563.9	0.0	0.0	0.0	0.0
520300	Classified Perm Positions F/T	1,673.9	1,542.1	1,733.1	1,665.9	1,989.6	0.0	1,989.6	0.0	0.0	0.0	0.0
520700	Overtime & Other Premium Pay	0.0	12.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
520710	Longevity Pay	0.0	0.0	0.0	0.0	15.0	0.0	15.0	0.0	0.0	0.0	0.0
520800	Annl & Comp Paid At Separation	0.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
521100	Group Insurance Premium	191.0	284.1	311.4	343.2	370.3	0.0	370.3	0.0	0.0	0.0	0.0
521200	Retirement Contributions	427.9	382.8	439.3	421.8	494.3	0.0	494.3	0.0	0.0	0.0	0.0
521300	F I C A	169.2	147.6	174.7	135.9	198.5	0.0	198.5	0.0	0.0	0.0	0.0
521400	Workers' Comp Assessment Fee	0.3	0.3	0.3	0.0	0.3	0.0	0.3	0.0	0.0	0.0	0.0
521410	GSD Work Comp Insur Premium	1.7	1.7	1.4	0.0	1.4	0.0	1.4	0.0	0.0	0.0	0.0
521500	Unemployment Comp Premium	0.0	0.0	0.6	0.0	34.4	0.0	34.4	0.0	0.0	0.0	0.0
521600	Employee Liability Ins Premium	5.1	5.1	10.2	0.0	13.8	0.0	13.8	0.0	0.0	0.0	0.0
521700	RHC Act Contributions	45.0	39.8	45.7	44.6	51.0	0.0	51.0	0.0	0.0	0.0	0.0
200	**Personal services and employee benef**	**3,041.5**	**2,851.7**	**3,268.5**	**3,159.1**	**3,732.5**	**0.0**	**3,732.5**	**0.0**	**0.0**	**0.0**	**0.0**
530000	Contracts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
535100	Medical Services	406,636.7	363,726.8	418,236.7	0.0	432,087.1	0.0	432,087.1	0.0	0.0	0.0	0.0
535200	Professional Services	437.6	454.3	451.2	0.0	539.5	0.0	539.5	0.0	0.0	0.0	0.0

(Dollars in Thousands)

		2025-26 Opbud	2025-26 Actuals	2026-27 Opbud	2027-28 PCF Proj	FY 2028 Agency Request Base	FY 2028 Agency Request Expansion	FY 2028 Agency Request Total	FY 2028 Exec Recommendation Base	FY 2028 Exec Recommendation Expansion	FY 2028 Exec Recommendation Total	FY 2028 Opbud
535300	Other Services	25.5	10.0	24.0	0.0	24.0	0.0	24.0	0.0	0.0	0.0	0.0
535309	Other Services - Interagency	30.3	31.6	33.0	0.0	35.0	0.0	35.0	0.0	0.0	0.0	0.0
535400	Audit Services	129.9	78.6	110.0	0.0	123.0	0.0	123.0	0.0	0.0	0.0	0.0
535500	Attorney Services	25.0	36.5	35.0	0.0	40.0	0.0	40.0	0.0	0.0	0.0	0.0
535600	IT Services	100.0	68.5	110.0	0.0	110.0	0.0	110.0	0.0	0.0	0.0	0.0
300	**Contractual services**	**407,385.0**	**364,406.3**	**418,999.9**	**0.0**	**432,958.6**	**0.0**	**432,958.6**	**0.0**	**0.0**	**0.0**	**0.0**
540000	Other Expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
542100	Employee I/S Mileage & Fares	2.5	1.3	2.5	0.0	2.5	0.0	2.5	0.0	0.0	0.0	0.0
542200	Employee I/S Meals & Lodging	6.0	4.2	6.0	0.0	6.0	0.0	6.0	0.0	0.0	0.0	0.0
542300	Brd & Comm Mbr Meals & Lodging	5.5	5.4	5.5	0.0	5.5	0.0	5.5	0.0	0.0	0.0	0.0
542310	Brd & Comm Mbr Mileage & Fares	6.0	6.1	6.5	0.0	6.5	0.0	6.5	0.0	0.0	0.0	0.0
542500	Transp - Fuel & Oil	2.2	0.7	2.2	0.0	1.7	0.0	1.7	0.0	0.0	0.0	0.0
542600	Transp - Parts & Supplies	0.6	1.1	0.6	0.0	1.1	0.0	1.1	0.0	0.0	0.0	0.0
542700	Transp - Transp Insurance	0.2	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
542800	State Transp Pool Charges	8.1	7.9	9.2	0.0	9.2	0.0	9.2	0.0	0.0	0.0	0.0
543200	Maint - Furn, Fixt, Equipment	6.0	0.0	6.0	0.0	6.0	0.0	6.0	0.0	0.0	0.0	0.0
543300	Maint - Buildings & Structures	6.0	0.0	6.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
543400	Maint - Property Insurance	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
543830	IT HW/SW Agreements	24.0	26.8	30.0	0.0	33.0	0.0	33.0	0.0	0.0	0.0	0.0
544000	Supply Inventory IT	20.0	14.5	20.0	0.0	18.0	0.0	18.0	0.0	0.0	0.0	0.0
544100	Supplies-Office Supplies	13.0	6.1	11.0	0.0	10.0	0.0	10.0	0.0	0.0	0.0	0.0
544200	Supplies-Medical,Lab,Personal	0.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
544900	Supplies-Inventory Exempt	5.0	2.5	6.5	0.0	6.5	0.0	6.5	0.0	0.0	0.0	0.0
545600	Reporting & Recording	0.2	0.0	0.2	0.0	0.2	0.0	0.2	0.0	0.0	0.0	0.0
545700	ISD Services	21.5	18.5	23.7	0.0	28.2	0.0	28.2	0.0	0.0	0.0	0.0
545710	DOIT HCM Assessment Fees	9.8	9.8	10.5	0.0	10.2	0.0	10.2	0.0	0.0	0.0	0.0
545900	Printing & Photo Services	70.0	68.7	71.5	0.0	71.5	0.0	71.5	0.0	0.0	0.0	0.0
546100	Postage & Mail Services	90.0	85.0	90.0	0.0	90.0	0.0	90.0	0.0	0.0	0.0	0.0
546400	Rent Of Land & Buildings	134.7	134.5	140.5	0.0	145.0	0.0	145.0	0.0	0.0	0.0	0.0
546409	Rent Expense - Interagency	19.9	19.9	20.5	0.0	21.2	0.0	21.2	0.0	0.0	0.0	0.0
546500	Rent Of Equipment	37.1	33.0	37.0	0.0	37.0	0.0	37.0	0.0	0.0	0.0	0.0
546600	Communications	6.0	3.4	6.0	0.0	6.0	0.0	6.0	0.0	0.0	0.0	0.0
546610	DOIT Telecommunications	58.5	66.3	74.4	0.0	71.3	0.0	71.3	0.0	0.0	0.0	0.0
546700	Subscriptions/Dues/License Fee	7.0	3.6	6.0	0.0	6.0	0.0	6.0	0.0	0.0	0.0	0.0

S-9 Account Code Revenue/Expenditure Summary

(Dollars in Thousands)

		2025-26 Opbud	2025-26 Actuals	2026-27 Opbud	2027-28 PCF Proj	FY 2028 Agency Request Base	FY 2028 Agency Request Expansion	FY 2028 Agency Request Total	FY 2028 Exec Recommendation Base	FY 2028 Exec Recommendation Expansion	FY 2028 Exec Recommendation Total	FY 2028 Opbud
546709	Subscription & Due Interagency	0.2	0.1	0.2	0.0	0.2	0.0	0.2	0.0	0.0	0.0	0.0
546800	Employee Training & Education	9.0	5.8	9.0	0.0	9.0	0.0	9.0	0.0	0.0	0.0	0.0
546810	Board Member Training	5.5	0.0	5.5	0.0	5.5	0.0	5.5	0.0	0.0	0.0	0.0
546900	Advertising	1.8	0.4	1.8	0.0	1.8	0.0	1.8	0.0	0.0	0.0	0.0
547730	Lease Principal Payment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
547900	Miscellaneous Expense	47.3	40.1	47.3	0.0	47.3	0.0	47.3	0.0	0.0	0.0	0.0
548300	Information Tech Equipment	27.5	0.0	20.0	0.0	20.0	0.0	20.0	0.0	0.0	0.0	0.0
548882	Lease Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
549600	Employee O/S Mileage & Fares	6.0	3.3	6.0	0.0	6.0	0.0	6.0	0.0	0.0	0.0	0.0
549700	Employee O/S Meals & Lodging	6.5	5.7	6.5	0.0	6.5	0.0	6.5	0.0	0.0	0.0	0.0
549800	Brd & Comm O/S Mileage & Fares	3.5	0.0	3.5	0.0	3.5	0.0	3.5	0.0	0.0	0.0	0.0
549900	Brd & Comm O/S Meals & Lodging	3.0	0.0	3.0	0.0	3.0	0.0	3.0	0.0	0.0	0.0	0.0
400	**Other**	**670.2**	**575.2**	**695.4**	**0.0**	**695.4**	**0.0**	**695.4**	**0.0**	**0.0**	**0.0**	**0.0**
555106	OFU - INTRA-Agency	4,415.0	4,427.0	4,682.1	0.0	5,254.4	0.0	5,254.4	0.0	0.0	0.0	0.0
500	**Other financing uses**	**4,415.0**	**4,427.0**	**4,682.1**	**0.0**	**5,254.4**	**0.0**	**5,254.4**	**0.0**	**0.0**	**0.0**	**0.0**
TOTAL EXPENSE		**415,511.7**	**372,260.2**	**427,645.9**	**3,159.06**	**442,640.9**	**0.0**	**442,640.9**	**0.0**	**0.0**	**0.0**	**0.0**
810	Permanent	28.00	26.00	28.00	28.00	32.00	0.00	32.00	0.00	0.00	0.00	0.00
810	**Permanent**	**28.00**	**26.00**	**28.00**	**28.00**	**32.00**	**0.00**	**32.00**	**0.00**	**0.00**	**0.00**	**0.00**
TOTAL FTE POSITIONS		**28.00**	**26.00**	**28.00**	**28.00**	**32.00**	**0.00**	**32.00**	**0.00**	**0.00**	**0.00**	**0.00**

S-13 Line Items by Business Unit Expenditures

(Dollars in Thousands)

BusUnit			Line Item		2025-26 Actuals	2026-27 Opbud	Request Base	Request Expansion	Recommendation Base	Recommendation Expansion	Opbud
34300	**P633-R**	**Healthcare Benefits Administrat**	535100	Medical Services	363,726.77	418,236.7	432,087.1	0	0	0	0.0
			547900	Miscellaneous Expense	38.63	45	45	0	0	0	0.0
			555106	OFU - INTRA-Agency	4,427	4,682.1	5,254.4	0	0	0	0.0
Subtotal for:	**34300**	**P633-R**	**Healthcare Benefits Administrat**		**368,192.4**	**422,963.8**	**437,386.5**	**0**	**0**	**0**	**0.0**

BusUnit			Line Item		2025-26 Actuals	2026-27 Opbud	Request Base	Request Expansion	Recommendation Base	Recommendation Expansion	Opbud
34300	**P634-R**	**Program Support**	520100	Exempt Perm Positions P/T&F/T	435.32	551.8	563.9	0	0	0	0.0
			520300	Classified Perm Positions F/T	1,542.05	1,733.1	1,989.6	0	0	0	0.0
			520700	Overtime & Other Premium Pay	12	0	0	0	0	0	0.0
			520710	Longevity Pay	0	0	15	0	0	0	0.0
			520800	Annl & Comp Paid At Separation	1.02	0	0	0	0	0	0.0
			521100	Group Insurance Premium	284.1	311.4	370.3	0	0	0	0.0
			521200	Retirement Contributions	382.76	439.3	494.3	0	0	0	0.0
			521300	F I C A	147.57	174.7	198.5	0	0	0	0.0
			521400	Workers' Comp Assessment Fee	0.27	0.3	0.3	0	0	0	0.0
			521410	GSD Work Comp Insur Premium	1.7	1.4	1.4	0	0	0	0.0
			521500	Unemployment Comp Premium	0	0.6	34.4	0	0	0	0.0
			521600	Employee Liability Ins Premium	5.09	10.2	13.8	0	0	0	0.0
			521700	RHC Act Contributions	39.79	45.7	51	0	0	0	0.0
			535200	Professional Services	454.34	451.2	539.5	0	0	0	0.0
			535300	Other Services	9.96	24	24	0	0	0	0.0
			535309	Other Services - Interagency	31.6	33	35	0	0	0	0.0
			535400	Audit Services	78.57	110	123	0	0	0	0.0
			535500	Attorney Services	36.54	35	40	0	0	0	0.0
			535600	IT Services	68.49	110	110	0	0	0	0.0
			542100	Employee I/S Mileage & Fares	1.27	2.5	2.5	0	0	0	0.0
			542200	Employee I/S Meals & Lodging	4.16	6	6	0	0	0	0.0
			542300	Brd & Comm Mbr Meals & Lodgin	5.4	5.5	5.5	0	0	0	0.0
			542310	Brd & Comm Mbr Mileage & Fares	6.09	6.5	6.5	0	0	0	0.0
			542500	Transp - Fuel & Oil	0.71	2.2	1.7	0	0	0	0.0
			542600	Transp - Parts & Supplies	1.14	0.6	1.1	0	0	0	0.0

(Dollars in Thousands)

			542700	Transp - Transp Insurance	0	0.2	0	0	0	0	0.0
			542800	State Transp Pool Charges	7.88	9.2	9.2	0	0	0	0.0
			543200	Maint - Furn, Fixt, Equipment	0	6	6	0	0	0	0.0
			543300	Maint - Buildings & Structures	0	6	0	0	0	0	0.0
			543400	Maint - Property Insurance	0	0.1	0	0	0	0	0.0
			543830	IT HW/SW Agreements	26.8	30	33	0	0	0	0.0
			544000	Supply Inventory IT	14.55	20	18	0	0	0	0.0
			544100	Supplies-Office Supplies	6.08	11	10	0	0	0	0.0
			544200	Supplies-Medical,Lab,Personal	0.46	0	0	0	0	0	0.0
			544900	Supplies-Inventory Exempt	2.46	6.5	6.5	0	0	0	0.0
			545600	Reporting & Recording	0	0.2	0.2	0	0	0	0.0
			545700	ISD Services	18.51	23.7	28.2	0	0	0	0.0
			545710	DOIT HCM Assessment Fees	9.8	10.5	10.2	0	0	0	0.0
			545900	Printing & Photo Services	68.69	71.5	71.5	0	0	0	0.0
			546100	Postage & Mail Services	85.05	90	90	0	0	0	0.0
			546400	Rent Of Land & Buildings	134.54	140.5	145	0	0	0	0.0
			546409	Rent Expense - Interagency	19.88	20.5	21.2	0	0	0	0.0
			546500	Rent Of Equipment	32.98	37	37	0	0	0	0.0
			546600	Communications	3.39	6	6	0	0	0	0.0
			546610	DOIT Telecommunications	66.35	74.4	71.3	0	0	0	0.0
			546700	Subscriptions/Dues/License Fee	3.57	6	6	0	0	0	0.0
			546709	Subscription & Due Interagency	0.13	0.2	0.2	0	0	0	0.0
			546800	Employee Training & Education	5.79	9	9	0	0	0	0.0
			546810	Board Member Training	0	5.5	5.5	0	0	0	0.0
			546900	Advertising	0.41	1.8	1.8	0	0	0	0.0
			547730	Lease Principal Payment	0	0	0	0	0	0	0.0
			547900	Miscellaneous Expense	1.52	2.3	2.3	0	0	0	0.0
			548300	Information Tech Equipment	0	20	20	0	0	0	0.0
			548882	Lease Interest	0	0	0	0	0	0	0.0
			549600	Employee O/S Mileage & Fares	3.26	6	6	0	0	0	0.0
			549700	Employee O/S Meals & Lodging	5.75	6.5	6.5	0	0	0	0.0
			549800	Brd & Comm O/S Mileage & Fares	0	3.5	3.5	0	0	0	0.0
			549900	Brd & Comm O/S Meals & Lodgin	0	3	3	0	0	0	0.0
Subtotal for:	**34300**	**P634-R**	**Program Support**		**4,067.77**	**4,682.1**	**5,254.4**	**0**	**0**	**0**	**0.0**

(Dollars in Thousands)

34300	**372,260.17**	**427,645.9**	**442,640.9**	**0**	**0**	**0**	**0.0**

Totals by Line Item

BusUnit	Line Item		2025-26 Actuals	2026-27 Opbud	Request Base	Request Expansion	Recommendation Base	Recommendation Expansion	Opbud
34300	520100	Exempt Perm Positions P/T&F/T	435.32	551.8	563.9	0	0	0	0.0
	520300	Classified Perm Positions F/T	1,542.05	1,733.1	1,989.6	0	0	0	0.0
	520700	Overtime & Other Premium Pay	12	0	0	0	0	0	0.0
	520710	Longevity Pay	0	0	15	0	0	0	0.0
	520800	Annl & Comp Paid At Separation	1.02	0	0	0	0	0	0.0
	521100	Group Insurance Premium	284.1	311.4	370.3	0	0	0	0.0
	521200	Retirement Contributions	382.76	439.3	494.3	0	0	0	0.0
	521300	F I C A	147.57	174.7	198.5	0	0	0	0.0
	521400	Workers' Comp Assessment Fee	0.27	0.3	0.3	0	0	0	0.0
	521410	GSD Work Comp Insur Premium	1.7	1.4	1.4	0	0	0	0.0
	521500	Unemployment Comp Premium	0	0.6	34.4	0	0	0	0.0
	521600	Employee Liability Ins Premium	5.09	10.2	13.8	0	0	0	0.0
	521700	RHC Act Contributions	39.79	45.7	51	0	0	0	0.0
	535100	Medical Services	363,726.77	418,236.7	432,087.1	0	0	0	0.0
	535200	Professional Services	454.34	451.2	539.5	0	0	0	0.0
	535300	Other Services	9.96	24	24	0	0	0	0.0
	535309	Other Services - Interagency	31.6	33	35	0	0	0	0.0
	535400	Audit Services	78.57	110	123	0	0	0	0.0
	535500	Attorney Services	36.54	35	40	0	0	0	0.0
	535600	IT Services	68.49	110	110	0	0	0	0.0
	542100	Employee I/S Mileage & Fares	1.27	2.5	2.5	0	0	0	0.0
	542200	Employee I/S Meals & Lodging	4.16	6	6	0	0	0	0.0
	542300	Brd & Comm Mbr Meals & Lodging	5.4	5.5	5.5	0	0	0	0.0
	542310	Brd & Comm Mbr Mileage & Fares	6.09	6.5	6.5	0	0	0	0.0
	542500	Transp - Fuel & Oil	0.71	2.2	1.7	0	0	0	0.0

(Dollars in Thousands)

542600	Transp - Parts & Supplies	1.14	0.6	1.1	0	0	0	0.0
542700	Transp - Transp Insurance	0	0.2	0	0	0	0	0.0
542800	State Transp Pool Charges	7.88	9.2	9.2	0	0	0	0.0
543200	Maint - Furn, Fixt, Equipment	0	6	6	0	0	0	0.0
543300	Maint - Buildings & Structures	0	6	0	0	0	0	0.0
543400	Maint - Property Insurance	0	0.1	0	0	0	0	0.0
543830	IT HW/SW Agreements	26.8	30	33	0	0	0	0.0
544000	Supply Inventory IT	14.55	20	18	0	0	0	0.0
544100	Supplies-Office Supplies	6.08	11	10	0	0	0	0.0
544200	Supplies-Medical,Lab,Personal	0.46	0	0	0	0	0	0.0
544900	Supplies-Inventory Exempt	2.46	6.5	6.5	0	0	0	0.0
545600	Reporting & Recording	0	0.2	0.2	0	0	0	0.0
545700	ISD Services	18.51	23.7	28.2	0	0	0	0.0
545710	DOIT HCM Assessment Fees	9.8	10.5	10.2	0	0	0	0.0
545900	Printing & Photo Services	68.69	71.5	71.5	0	0	0	0.0
546100	Postage & Mail Services	85.05	90	90	0	0	0	0.0
546400	Rent Of Land & Buildings	134.54	140.5	145	0	0	0	0.0
546409	Rent Expense - Interagency	19.88	20.5	21.2	0	0	0	0.0
546500	Rent Of Equipment	32.98	37	37	0	0	0	0.0
546600	Communications	3.39	6	6	0	0	0	0.0
546610	DOIT Telecommunications	66.35	74.4	71.3	0	0	0	0.0
546700	Subscriptions/Dues/License Fee	3.57	6	6	0	0	0	0.0
546709	Subscription & Due Interagency	0.13	0.2	0.2	0	0	0	0.0
546800	Employee Training & Education	5.79	9	9	0	0	0	0.0
546810	Board Member Training	0	5.5	5.5	0	0	0	0.0
546900	Advertising	0.41	1.8	1.8	0	0	0	0.0
547730	Lease Principal Payment	0	0	0	0	0	0	0.0
547900	Miscellaneous Expense	40.14	47.3	47.3	0	0	0	0.0
548300	Information Tech Equipment	0	20	20	0	0	0	0.0
548882	Lease Interest	0	0	0	0	0	0	0.0
549600	Employee O/S Mileage & Fares	3.26	6	6	0	0	0	0.0
549700	Employee O/S Meals & Lodging	5.75	6.5	6.5	0	0	0	0.0

(Dollars in Thousands)

549800	**Brd & Comm O/S Mileage & Fares**	0	3.5	3.5	0	0	0	0.0
549900	**Brd & Comm O/S Meals & Lodging**	0	3	3	0	0	0	0.0
555106	**OFU - INTRA-Agency**	4,427	4,682.1	5,254.4	0	0	0	0.0
	Grand Total	**372,260.17**	**427,645.9**	**442,640.9**	**0**	**0**	**0**	**0.0**

DFA Performance Based Budgeting Data System

Annual Performance Report

Agency: 34300 Retiree Health Care Authority

Program: P633 Healthcare Benefits Administration

The purpose of the healthcare benefits administration program is to provide fiscally solvent core group and optional healthcare benefits and life insurance to current and future eligible retirees and their dependents so they may access covered and available core group and optional healthcare benefits and life insurance benefits when they need them.

Performance Measures:		2025-26 Target	2025-26 Result	Met Target	Year End Result Narrative
Explanatory	Annual loss ratio for the health benefits fund	N/A	110%	N/A	
Outcome	Emergency room visits per one thousand members	200	571	No	
Outcome	Hospital inpatient admissions per one thousand members	0	117	No	
Outcome	Hospital inpatient readmissions per one thousand members	0	4	No	Target Met: Inpatient Readmissions: 5 / 117 = 4.27%, rounded to 4.3% less than 15% Target
Outcome	Number of nonemergent emergency department encounters per one thousand members	0	12	No	Target Met: Non-Emergent ED Encounters: 71 / 571 = 12.43%, rounded to 12.4% less than 20.8% Target
Outcome	Number of years of projected balanced spending	6	9	Yes	
Outcome	Percent change in per-member per-year annual health claims cost	0	-%	Yes	
Output	Minimum number of years of positive fund balance	30	30	Yes	
Quality	Percent of members with diabetes receiving an annual screening for diabetic nephropathy	85%	19%	No	
Quality	Percent of members with diabetes receiving at least one hemoglobin A1C test in the last 12 months	80%	48%	No	

Program: P634 Program Support

The purpose of program support is to provide administrative support for the healthcare benefits administration program to assist the agency in delivering its services to its constituents.

Performance Measures:		2025-26 Target	2025-26 Result	Met Target	Year End Result Narrative
Outcome	Percent of deposits made within twenty-four hours	100%	100%	Yes	
Outcome	Percent of payments made within thirty days	98%	100%	Yes	

Performance Measures Summary

P633 Healthcare Benefits Administration

Purpose: The purpose of the healthcare benefits administration program is to provide fiscally solvent core group and optional healthcare benefits and life insurance to current and future eligible retirees and their dependents so they may access covered and available core group and optional healthcare benefits and life insurance benefits when they need them.

Performance Measures:		2024-25 Actual	2025-26 Actual	2026-27 Budget	2027-28 Request	2027-28 Recomm
Quality	Percent of members with diabetes receiving an annual screening for diabetic nephropathy	42%	19%	85%	85%	
Quality	Percent of members with diabetes receiving at least one hemoglobin A1C test in the last 12 months	48%	48%	80%	80%	
Output	Minimum number of years of positive fund balance	30	30	30	30	
Outcome	Number of years of projected balanced spending	30	9	6	6	
Outcome	Emergency room visits per one thousand members	572	571	200	200	
Outcome	Hospital inpatient admissions per one thousand members	New	117	100	100	
Outcome	Hospital inpatient readmissions per one thousand members	New	4	15	15	
Outcome	Number of nonemergent emergency department encounters per one thousand members	New	12	21	21	
Outcome	Percent change in per-member per-year annual health claims cost	New	-%	9%	9%	
Explanatory	Year-end fund balance of the health benefits fund, in thousands	0	0	N/A	N/A	
Explanatory	Annual loss ratio for the health benefits fund	113%	110%	N/A	N/A	

P634 Program Support

Purpose: The purpose of program support is to provide administrative support for the healthcare benefits administration program to assist the agency in delivering its services to its constituents.

Performance Measures:		2024-25 Actual	2025-26 Actual	2026-27 Budget	2027-28 Request	2027-28 Recomm
Outcome	Percent of deposits made within twenty-four hours	100%	100%	100%	100%	
Outcome	Percent of payments made within thirty days	99%	100%	98%	98%	

Program Description:

Program Purpose:
The Health Care Benefits Administration program provides affordable, comprehensive core group health care plans and optional benefits to eligible retirees and their dependents. The program supports NMRHCA's mission to foster quality of life and peace of mind by responsibly administering affordable, secure health care benefits for retirees and their families while protecting the long-term sustainability of the Retiree Health Care Benefits Fund.

Program Users:
Program users include eligible retirees and their dependents, as well as participating public employers and active employees who contribute toward future retiree health care benefits. NMRHCA currently provides health care and voluntary benefit coverage to more than 65,000 retirees and dependents throughout New Mexico and across the country. The broader program responsibility extends to active and vested former public employees with future eligibility for retiree health care benefits.

Program Goals:
• Maintain long-term financial sustainability. Prudently manage the Retiree Health Care Benefits Fund through disciplined benefit, contribution, investment, and cost-management strategies while maintaining a minimum 30-year positive fund balance.
• Maintain affordable, comprehensive benefits. Balance premiums, benefit design, utilization, and available resources to preserve meaningful health care coverage while limiting the financial impact on retirees and the Fund.
• Manage medical and pharmacy costs. Use competitive procurement, health plan and vendor negotiations, pharmacy benefit management, actuarial and financial analysis, utilization review, and other cost-management strategies to address medical and prescription drug expenditures.
• Advance value-based purchasing. Work with health plans, pharmacy benefit managers, providers, consultants, and other public purchasers to identify contracting and reimbursement strategies that improve quality, outcomes, and cost effectiveness.
• Promote preventive care and chronic condition management. Encourage preventive services, member education, wellness, and effective management of chronic conditions to improve health outcomes and reduce avoidable utilization.
• Maintain financial accountability. Ensure timely and accurate budgets, audits, financial reporting, actuarial analysis, contribution collections, contracts, and compliance reporting.
• Protect the Retiree Health Care Benefits Fund. Continue education and engagement with policymakers and stakeholders regarding the program, contribution adequacy, long-term solvency, and proposed legislation that may affect the Fund or NMRHCA operations.
• Maintain prudent investment strategies. Continue working with the State Investment Council and investment professionals to monitor asset allocation, investment performance, market conditions, and long-term risk.

Major Issues and Accomplishments:

NMRHCA continues to strengthen the financial position of the Retiree Health Care Benefits Fund while maintaining comprehensive and affordable health care options for eligible retirees and their dependents. The June 30, 2025, GASB 74 actuarial valuation reported a Net OPEB Liability of approximately $1.557 billion, a decrease of $228 million from the prior valuation, while the funded ratio improved from 47.0 percent to 54.5 percent. These results demonstrate continued improvement in the financial position of the program.

The Fund has continued to build on this progress. The FY26 year-end fund balance reached approximately $2.177 billion, and the Board-approved long-term solvency projection shows the Fund remaining solvent beyond the projection period. The current model reflects approximately nine years before expenditures are projected to exceed revenues excluding investment income, demonstrating significant improvement in the Fund's long-term financial outlook while reinforcing the importance of continued cost management and prudent investment oversight.

NMRHCA has also continued to balance financial sustainability with affordability and benefit stability for retirees. For calendar year 2027, the Board approved a 5 percent premium increase for non-Medicare plans and a 2 percent increase for Medicare Supplement, with no medical benefit reductions to the self-funded plans. Medicare Advantage results were favorable for several plan options: the UnitedHealthcare Medicare Advantage PPO remains unchanged, the Humana Medicare Advantage PPO decreases 29.2 percent, and the Blue Cross Blue Shield Medicare Advantage HMO remains available with no premium increase. These results preserve a range of affordable Medicare options while limiting the financial impact on retirees.

NMRHCA continues to manage the program through competitive procurement, health plan and vendor negotiations, pharmacy benefit oversight, actuarial and financial analysis, investment management, and ongoing evaluation of benefit design and utilization. These efforts support the agency's objective of maintaining affordable, comprehensive benefits while protecting the Retiree Health Care Benefits Fund for current and future retirees.

Overview of Request:

For FY28, NMRHCA is requesting approximately $437.4 million for the Health Care Benefits Administration program, an increase of approximately $14.4 million, or 3.4 percent, over the FY27 operating budget.

The request reflects projected expenditures for medical, prescription drug, Medicare Advantage, voluntary benefits, and other costs necessary to provide coverage to eligible retirees and dependents. Contractual services for health benefits are projected at approximately $432.1 million, an increase of $13.9 million, or 3.3 percent, over FY27.

Prescription drug expenditures represent the largest projected increase, rising approximately $14.0 million, or 9.8 percent. This increase is partially offset by projected reductions in self-insured medical expenditures resulting from changes in the covered population and continued migration of Medicare-eligible members from Medicare Supplement to Medicare Advantage plans.

Medicare Advantage expenditures are projected to increase approximately $1.2 million, or 3.0 percent, reflecting enrollment and applicable plan costs. Voluntary benefit expenditures are projected to increase approximately $2.65 million, or 5.9 percent, primarily due to increased participation, with some cost offset anticipated from migration to lower-cost dental coverage.

The FY28 request incorporates actual prior-year experience, current enrollment, expected plan migration, and known benefit and rate changes. The requested appropriation provides sufficient budget authority to meet projected benefit obligations while allowing NMRHCA to continue managing costs and protecting the long-term financial sustainability of the Fund.

Programmatic Changes:

For calendar year 2027, NMRHCA approved premium adjustments intended to balance affordability with continued financial sustainability. Non-Medicare retiree, spouse, and dependent premiums will increase 5 percent, while Medicare Supplement premiums will increase 2 percent. No medical benefit reductions were made to the self-funded plans.

NMRHCA also continues to maintain a range of Medicare Advantage options at varying price points. UnitedHealthcare Medicare Advantage PPO premiums remain unchanged for 2027, Humana Medicare Advantage PPO premiums decrease 29.2 percent, and the Blue Cross Blue Shield Medicare Advantage HMO remains available with no premium increase. The Blue Cross Blue Shield Medicare Advantage PPO continues to provide an additional lower-cost PPO option for eligible members.

NMRHCA will continue evaluating opportunities to manage medical and prescription drug costs through competitive procurement, pharmacy benefit oversight, plan negotiations, utilization and claims analysis, value-based purchasing, and coordination with other public-sector health care purchasers. Preventive care, member education, wellness, and chronic condition management will remain important components of the agency's efforts to improve health outcomes and manage long-term costs.

The agency will also continue using actuarial, financial, claims, enrollment, and utilization information to evaluate benefit strategies, monitor vendor and plan performance, identify emerging risks, and support Board decisions regarding rates, benefits, and long-term solvency.

Base Budget Justification:

The FY28 Health Care Benefits Administration request reflects the projected cost of providing medical, prescription drug, Medicare Advantage, dental, vision, life insurance, and related benefits to eligible retirees and their dependents.

Prescription drug expenditures are projected to increase approximately 9.8 percent and represent the largest component of the FY28 increase. Self-insured medical expenditures are projected to decrease approximately 2.1 percent as the Non-Medicare population declines and Medicare Supplement members continue to migrate to Medicare Advantage coverage. Medicare Advantage expenditures are projected to increase approximately 3.0 percent, while voluntary benefit expenditures are projected to increase approximately 5.9 percent, primarily due to increased participation.

The request also recognizes the offsetting effect of plan management and enrollment changes. NMRHCA continues to offer Medicare options at multiple price points, including plans with flat or reduced premiums for 2027, while maintaining comprehensive medical benefits. These options allow members to select coverage based on cost, provider access, and individual health care needs.

The requested appropriation provides the budget authority necessary to meet projected benefit obligations while balancing retiree affordability with responsible stewardship of the Retiree Health Care Benefits Fund.

Program Description:

Program Purpose:
The Program Support/Administration program manages the day-to-day operations of NMRHCA. This includes executive administration, finance, customer service, human resources, information technology, procurement, contract and vendor oversight, communications, compliance, and data administration necessary to ensure the Authority operates efficiently and fulfills its fiduciary responsibilities.

Program Users:
Program users include NMRHCA retirees and dependents, participating employers, the Legislature and Executive branch, the Board of Directors, insurance carriers and other vendors, consultants, and the public.

Program Goals:
• Enhance workflow efficiency. Review and improve customer service and administrative workflows, maintain current procedures and operational documentation, and use technology and process improvements to promote timely and consistent service.
• Invest in workforce capacity. Add critical positions in operations management, database administration, customer service, and actuarial analysis to address identified organizational needs and strengthen internal expertise.
• Strengthen contract and vendor oversight. Improve internal capacity to manage procurements, contracts, vendor performance, deliverables, costs, and compliance requirements.
• Strengthen staff development. Continue training, cross-training, professional development, knowledge transfer, leadership development, and succession planning to improve organizational continuity.
• Enhance customer service. Improve member-service capacity, response times, accuracy, quality controls, and the agency's ability to address increasingly complex eligibility, enrollment, premium, and benefit questions.
• Expand internal technical expertise. Increase database and actuarial capabilities to strengthen institutional knowledge, improve responsiveness and analytical capacity, and reduce reliance on contractor support where work can appropriately be performed internally.
• Leverage technology for efficiency. Continue improvements to CareView and development and testing of member-facing technology while modernizing infrastructure and improving agency processes.
• Strengthen cybersecurity and data protection. Maintain appropriate safeguards for protected health information and other sensitive data through cybersecurity controls, infrastructure improvements, monitoring, backups, staff training, and alignment with Department of Information Technology standards.
• Maintain financial and regulatory compliance. Ensure accurate financial reporting, audits, GASB reporting, procurement, HIPAA compliance, internal controls, and adherence to applicable state and federal requirements.
• Ensure safe and resilient operations. Maintain safe facilities and continuity-of-operations capabilities to support employees, retirees, and uninterrupted agency operations.

Major Issues and Accomplishments:

NMRHCA administers a complex retiree health benefits program and is responsible for the stewardship of a Retiree Health Care Benefits Fund with an FY26 year-end balance of approximately $2.177 billion. The scope and complexity of this responsibility continue to increase as health care costs, regulatory requirements, vendor relationships, data demands, technology and cybersecurity risks, and member service expectations evolve.

The agency currently operates with 28 FTE across its Albuquerque and Santa Fe offices. Despite its relatively small staff and expanding responsibilities, NMRHCA has continued to effectively manage agency operations and resources, meet financial reporting, audit, procurement, compliance, and fiduciary requirements, and support the continued growth and improved financial position of the Fund. The agency has also strengthened internal processes, staff training and cross-training, and contract and vendor oversight while maintaining direct service to more than 65,000 retirees and dependents.

NMRHCA has continued to modernize its technology environment and strengthen cybersecurity and data protection. Accomplishments and ongoing initiatives include CareView and database improvements, development and testing of the member Enrollment Portal, infrastructure and backup enhancements, cybersecurity risk management, and preparation for future SQL modernization. These efforts improve operational efficiency and help protect sensitive member and financial information.

Maintaining sufficient internal capacity and specialized expertise remains an ongoing challenge as program responsibilities continue to expand. The FY28 request includes four additional FTE to address identified needs in operations and contract oversight, member service, database administration, and actuarial analysis, strengthening the agency's ability to manage current responsibilities and respond to future program demands.

Overview of Request:

For FY28, NMRHCA is requesting approximately $5.254 million for Program Support, an increase of approximately $572.3 thousand, or 12.2 percent, over the FY27 operating budget.

The increase consists of approximately $464.0 thousand in Personal Services and Employee Benefits and $108.3 thousand in Contractual Services. The Other Costs budget remains flat at approximately $650.4 thousand, demonstrating that the requested increase is concentrated on identified staffing and professional-service needs rather than general administrative growth.

The Personal Services and Employee Benefits request fully funds the agency's 28 currently authorized FTE and requests funding for four additional positions, which would increase authorized staffing to 32 FTE. The requested positions are an Administrative Operations Manager, Associate IT/Database Administrator, Senior Public Assistance Representative, and Senior Actuary.

These positions address specific operational needs by strengthening management, procurement and contract oversight; increasing front-line member service capacity; providing dedicated database administration and support; and expanding internal actuarial and analytical expertise.

The Contractual Services request supports specialized professional services including actuarial and benefits consulting, annual solvency projections and GASB reporting, investment consulting, procurement and RFP assistance, legislative services, financial and internal audit functions, legal services, human resources support, and information technology services.

Programmatic Changes: During FY28, NMRHCA will continue strengthening its organizational capacity, technology environment, member services, and internal oversight to support the increasing complexity of administering the retiree health care program. A key component of the FY28 request is the addition of four positions, an Administrative Operations Manager, Associate IT/Database Administrator, Senior Public Assistance Representative, and Senior Actuary, increasing authorized staffing from 28 to 32 FTE if approved. These positions address identified needs in operational and contract oversight, member service, database administration, and actuarial analysis while strengthening internal expertise and reducing reliance on contracted support where appropriate.
Technology priorities include continued development and testing of the member Enrollment Portal, improvements to CareView, database and server modernization, and stronger documentation of programming and business processes. NMRHCA will also continue cybersecurity monitoring, automated security patching, backup and recovery improvements, staff security training, and alignment with Department of Information Technology standards.
Operational improvements will focus on streamlining workflows, strengthening staff training and cross-training, improving the timeliness and accuracy of member services, and enhancing procurement, contract, and vendor oversight. Together, these efforts will strengthen organizational continuity, data security, vendor accountability, and NMRHCA's ability to efficiently administer the program and meet its fiduciary responsibilities.

Base Budget Justification: The FY28 Program Support request of approximately $5.254 million represents an increase of $572.3 thousand, or 12.2 percent, over FY27. The increase is targeted primarily toward workforce capacity and specialized professional services required to administer an increasingly complex health benefits program.

Personal Services and Employee Benefits increase by approximately $464.0 thousand, or 14.2 percent. The request fully funds the agency's existing 28 authorized positions and adds four classified positions to address identified needs in operations management, member service, database administration, and actuarial analysis. If approved, NMRHCA would have 32 authorized FTE.

Contractual Services increase by approximately $108.3 thousand, or 14.2 percent. These funds support specialized expertise that cannot reasonably or independently be performed entirely by existing agency staff, including actuarial and benefits consulting, investment consulting, procurement and RFP assistance, legislative services, financial and internal audits, legal services, human resources support, and information technology services.

The additional internal positions complement rather than eliminate the need for specialized external services. Increasing internal expertise will improve NMRHCA's ability to oversee contractors, evaluate recommendations and deliverables, maintain institutional knowledge, perform work internally where appropriate, and reduce unnecessary reliance on contractor support.

Other Costs remain flat at approximately $650.4 thousand for FY28. Existing funding supports the agency's Albuquerque and Santa Fe offices, printing and postage, equipment, training, office supplies, technology charges, communications, and other routine operating requirements. Maintaining this category at the FY27 level further demonstrates that the requested Program Support increase is focused on identified staffing and specialized professional-service requirements rather than broad administrative expansion.

The FY28 Program Support request provides the staffing, expertise, technology, controls, and administrative infrastructure necessary to responsibly administer benefits for more than 65,000 retirees and dependents, oversee the Retiree Health Care Benefits Fund, meet fiduciary and regulatory responsibilities, manage increasingly complex vendor relationships, safeguard sensitive information, and provide timely and accurate service to NMRHCA members.

State of New Mexico

R-2 Transfers
(Dollars in Thousands)

Prov PCode	Prov Fund	Prov Account	Prov Account Name	Rec PCode	Rec Fund	Rec Account	Rec Account Name	2025-26 Actual Transfers	2026-27 Adopted Transfers	2027-28 Agency GF	2027-28 Agency OSF	2027-28 Agency ISF/IAT	2027-28 Agency FF	2027-28 Total Request	Justification
P633	38100	555106	OFU - INTRA	P634	38000	499906	OFS - INTRA	0	0	0	5,254.4	0	0	5,254.4	
								Sum:	**0**	**0**	**5,254.4**	**0**	**0**	**5,254.4**	

REV EXP COMPARISON

(Dollars in Thousands)

34300 - Retiree Health Care Authority

P633 - Healthcare Benefits Administration

	General Fund	Other Funds	Other Transfers	Federal Funds	Total
SOURCES Totals	**0.0**	**437,386.5**	**0.0**	**0.0**	**437,386.5**
Contractual services	0.0	432,087.1	0.0	0.0	432,087.1
Other	0.0	45.0	0.0	0.0	45
Other financing uses	0.0	5,254.4	0.0	0.0	5,254.4
USES Total:	**0.0**	**437,386.5**	**0.0**	**0.0**	**437,386.5**
Net:	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

REV EXP COMPARISON

(Dollars in Thousands)

34300 - Retiree Health Care Authority

P634 - Program Support

	General Fund	Other Funds	Other Transfers	Federal Funds	Total
SOURCES Totals	**0.0**	**0.0**	**5,254.4**	**0.0**	**5,254.4**
Personal services and employee benefits	0.0	0.0	3,732.5	0.0	3,732.5
Contractual services	0.0	0.0	871.5	0.0	871.5
Other	0.0	0.0	650.4	0.0	650.4
USES Total:	**0.0**	**0.0**	**5,254.4**	**0.0**	**5,254.4**
Net:	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

State of New Mexico

F4 PCode Detail

(Dollars in Thousands)

Fund	Account		2025-26 Actuals	2026-27 Opbud	2027-28 PCF Proj	FY 2028 Agency Request GF	OSF	ISF/IAT	FF	Total	Justification
38100	542100	Employee I/S Mileage & Fares	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
38100	547900	Miscellaneous Expense	38.6	45.0	0	0.0	45.0	0.0	0.0	45.0	
	400	**Other**	**38.6**	**45.0**	**0**	**0.0**	**45.0**	**0.0**	**0.0**	**45.0**	
38100	555106	OFU - INTRA-Agency	4,427.0	4,682.1	0	0.0	0.0	0.0	0.0	0.0	
	500	**Other financing uses**	**4,427.0**	**4,682.1**	**0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	
TOTAL EXPENSE			**4,465.6**	**4,727.1**		**0.0**	**45.0**	**0.0**	**0.0**	**45.0**	

(Dollars in Thousands)

Fund	Account		2025-26 Actuals	2026-27 Opbud	2027-28 PCF Proj	FY 2028 Agency Request GF	OSF	ISF/IAT	FF	Total	Justification
38000	520000	Payroll	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
38000	520100	Exempt Perm Positions P/T&F/T	435.3	551.8	547.64	0.0	0.0	563.9	0.0	563.9	
38000	520300	Classified Perm Positions F/T	1,542.1	1,733.1	1,665.87	0.0	0.0	1,989.6	0.0	1,989.6	The agency requests four positions to address increased workload, maintain timely and compliant services, and fulfill its mission effectively.
38000	520700	Overtime & Other Premium Pay	12.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
38000	520710	Longevity Pay	0.0	0.0	0	0.0	0.0	15.0	0.0	15.0	
38000	520800	Annl & Comp Paid At Separation	1.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
38000	521100	Group Insurance Premium	284.1	311.4	343.19	0.0	0.0	370.3	0.0	370.3	
38000	521200	Retirement Contributions	382.8	439.3	421.82	0.0	0.0	494.3	0.0	494.3	
38000	521300	F I C A	147.6	174.7	135.93	0.0	0.0	198.5	0.0	198.5	
38000	521400	Workers' Comp Assessment Fee	0.3	0.3	0	0.0	0.0	0.3	0.0	0.3	
38000	521410	GSD Work Comp Insur Premium	1.7	1.4	0	0.0	0.0	1.4	0.0	1.4	
38000	521500	Unemployment Comp Premium	0.0	0.6	0	0.0	0.0	34.4	0.0	34.4	
38000	521600	Employee Liability Ins Premium	5.1	10.2	0	0.0	0.0	13.8	0.0	13.8	
38000	521700	RHC Act Contributions	39.8	45.7	44.61	0.0	0.0	51.0	0.0	51.0	
	200	**Personal services and employee benef**	**2,851.7**	**3,268.5**	**3,159.06**	**0.0**	**0.0**	**3,732.5**	**0.0**	**3,732.5**	
38000	540000	Other Expenses	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
38000	542100	Employee I/S Mileage & Fares	1.3	2.5	0	0.0	0.0	2.5	0.0	2.5	
38000	542200	Employee I/S Meals & Lodging	4.2	6.0	0	0.0	0.0	6.0	0.0	6.0	
38000	542300	Brd & Comm Mbr Meals & Lodging	5.4	5.5	0	0.0	0.0	5.5	0.0	5.5	
38000	542310	Brd & Comm Mbr Mileage & Fares	6.1	6.5	0	0.0	0.0	6.5	0.0	6.5	
38000	542500	Transp - Fuel & Oil	0.7	2.2	0	0.0	0.0	1.7	0.0	1.7	
38000	542600	Transp - Parts & Supplies	1.1	0.6	0	0.0	0.0	1.1	0.0	1.1	
38000	542700	Transp - Transp Insurance	0.0	0.2	0	0.0	0.0	0.0	0.0	0.0	
38000	542800	State Transp Pool Charges	7.9	9.2	0	0.0	0.0	9.2	0.0	9.2	
38000	543200	Maint - Furn, Fixt, Equipment	0.0	6.0	0	0.0	0.0	6.0	0.0	6.0	
38000	543300	Maint - Buildings & Structures	0.0	6.0	0	0.0	0.0	0.0	0.0	0.0	
38000	543400	Maint - Property Insurance	0.0	0.1	0	0.0	0.0	0.0	0.0	0.0	
38000	543830	IT HW/SW Agreements	26.8	30.0	0	0.0	0.0	33.0	0.0	33.0	
38000	544000	Supply Inventory IT	14.5	20.0	0	0.0	0.0	18.0	0.0	18.0	
38000	544100	Supplies-Office Supplies	6.1	11.0	0	0.0	0.0	10.0	0.0	10.0	
38000	544200	Supplies-Medical,Lab,Personal	0.5	0.0	0	0.0	0.0	0.0	0.0	0.0	

State of New Mexico

F4 PCode Detail

(Dollars in Thousands)

Fund	Account		2025-26 Actuals	2026-27 Opbud	2027-28 PCF Proj	FY 2028 Agency Request GF	OSF	ISF/IAT	FF	Total	Justification
38000	544900	Supplies-Inventory Exempt	2.5	6.5	0	0.0	0.0	6.5	0.0	6.5	
38000	545600	Reporting & Recording	0.0	0.2	0	0.0	0.0	0.2	0.0	0.2	
38000	545700	ISD Services	18.5	23.7	0	0.0	0.0	28.2	0.0	28.2	
38000	545710	DOIT HCM Assessment Fees	9.8	10.5	0	0.0	0.0	10.2	0.0	10.2	
38000	545900	Printing & Photo Services	68.7	71.5	0	0.0	0.0	71.5	0.0	71.5	
38000	546100	Postage & Mail Services	85.0	90.0	0	0.0	0.0	90.0	0.0	90.0	
38000	546400	Rent Of Land & Buildings	134.5	140.5	0	0.0	0.0	145.0	0.0	145.0	
38000	546409	Rent Expense - Interagency	19.9	20.5	0	0.0	0.0	21.2	0.0	21.2	
38000	546500	Rent Of Equipment	33.0	37.0	0	0.0	0.0	37.0	0.0	37.0	
38000	546600	Communications	3.4	6.0	0	0.0	0.0	6.0	0.0	6.0	
38000	546610	DOIT Telecommunications	66.3	74.4	0	0.0	0.0	71.3	0.0	71.3	
38000	546700	Subscriptions/Dues/License Fee	3.6	6.0	0	0.0	0.0	6.0	0.0	6.0	
38000	546709	Subscription & Due Interagency	0.1	0.2	0	0.0	0.0	0.2	0.0	0.2	
38000	546800	Employee Training & Education	5.8	9.0	0	0.0	0.0	9.0	0.0	9.0	
38000	546810	Board Member Training	0.0	5.5	0	0.0	0.0	5.5	0.0	5.5	
38000	546900	Advertising	0.4	1.8	0	0.0	0.0	1.8	0.0	1.8	
38000	547730	Lease Principal Payment	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
38000	547900	Miscellaneous Expense	1.5	2.3	0	0.0	0.0	2.3	0.0	2.3	
38000	548300	Information Tech Equipment	0.0	20.0	0	0.0	0.0	20.0	0.0	20.0	
38000	548882	Lease Interest	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
38000	549600	Employee O/S Mileage & Fares	3.3	6.0	0	0.0	0.0	6.0	0.0	6.0	
38000	549700	Employee O/S Meals & Lodging	5.7	6.5	0	0.0	0.0	6.5	0.0	6.5	
38000	549800	Brd & Comm O/S Mileage & Fares	0.0	3.5	0	0.0	0.0	3.5	0.0	3.5	
38000	549900	Brd & Comm O/S Meals & Lodging	0.0	3.0	0	0.0	0.0	3.0	0.0	3.0	
	400	**Other**	**536.6**	**650.4**	**0**	**0.0**	**0.0**	**650.4**	**0.0**	**650.4**	
TOTAL EXPENSE			**3,388.3**	**3,918.9**		**0.0**	**0.0**	**4,382.9**	**0.0**	**4,382.9**	

Healthcare Benefits Administration

State of New Mexico

Contract by PCode Detail

(Dollars in Thousands)

BU	PCode
34300	P633

Fund	Account		#	Contract Purpose	Actuals	FY 2028 Agency Request GF	OSF	ISF/IAT	FF	Total	Justification
38100	535100	Medical Services	1000		363,726.8	0.0	432,087.1	0.0	0.0	432,087.1	
	TOTAL EXPENSE				**363,726.8**	**0.0**	**432,087.1**	**0.0**	**0.0**	**432,087.1**	

State of New Mexico

Contract by PCode Detail

(Dollars in Thousands)

Fund	Account		#	Contract Purpose	Actuals	FY 2028 Agency Request GF	OSF	ISF/IAT	FF	Total	Justification
38000	535200	Professional Services	1000	Actuarial services, Investment Consulting srvices, and	454.3	0.0	0.0	539.5	0.0	539.5	
38000	535300	Other Services	1000	Shredding services and Board meeting minutes taker	10.0	0.0	0.0	24.0	0.0	24.0	
38000	535309	Other Services - Interagency	1000	MOU between RHCA and PERA for HR services	31.6	0.0	0.0	35.0	0.0	35.0	
38000	535400	Audit Services	1000	Financial Audit, Schedules of Employer Allocations Audit, and Internal Audit services.	78.6	0.0	0.0	123.0	0.0	123.0	
38000	535500	Attorney Services	1000	To provide legal services for the agency	36.5	0.0	0.0	40.0	0.0	40.0	
38000	535600	IT Services	1000	IT Contracts for RHCA CareView system and to provide support for the agency website.	68.5	0.0	0.0	110.0	0.0	110.0	
	TOTAL EXPENSE				**679.5**	**0.0**	**0.0**	**871.5**	**0.0**	**871.5**	

Agency: 34300 Retiree Health Care Authority

Program: P633 Healthcare Benefits Administration

The purpose of the healthcare benefits administration program is to provide fiscally solvent core group and optional healthcare benefits and life insurance to current and future eligible retirees and their dependents so they may access covered and available core group and optional healthcare benefits and life insurance benefits when they need them.

Performance Measures:		2025-26 Target	2025-26 Result	Met Target	Year End Result Narrative
Explanatory	Annual loss ratio for the health benefits fund	N/A	110%	N/A	
Outcome	Emergency room visits per one thousand members	200	571	No	
Outcome	Hospital inpatient admissions per one thousand members	0	117	No	
Outcome	Hospital inpatient readmissions per one thousand members	0	4	No	Target Met: Inpatient Readmissions: 5 / 117 = 4.27%, rounded to 4.3% less than 15% Target
Outcome	Number of nonemergent emergency department encounters per one thousand members	0	12	No	Target Met: Non-Emergent ED Encounters: 71 / 571 = 12.43%, rounded to 12.4% less than 20.8% Target
Outcome	Number of years of projected balanced spending	6	9	Yes	
Outcome	Percent change in per-member per-year annual health claims cost	0	-%	Yes	
Output	Minimum number of years of positive fund balance	30	30	Yes	
Quality	Percent of members with diabetes receiving an annual screening for diabetic nephropathy	85%	19%	No	
Quality	Percent of members with diabetes receiving at least one hemoglobin A1C test in the last 12 months	80%	48%	No	

Program: P634 Program Support

The purpose of program support is to provide administrative support for the healthcare benefits administration program to assist the agency in delivering its services to its constituents.

Performance Measures:		2025-26 Target	2025-26 Result	Met Target	Year End Result Narrative
Outcome	Percent of deposits made within twenty-four hours	100%	100%	Yes	
Outcome	Percent of payments made within thirty days	98%	100%	Yes	

Performance Measures Summary

P633 Healthcare Benefits Administration

Purpose: The purpose of the healthcare benefits administration program is to provide fiscally solvent core group and optional healthcare benefits and life insurance to current and future eligible retirees and their dependents so they may access covered and available core group and optional healthcare benefits and life insurance benefits when they need them.

Performance Measures:		2024-25 Actual	2025-26 Actual	2026-27 Budget	2027-28 Request	2027-28 Recomm
Quality	Percent of members with diabetes receiving an annual screening for diabetic nephropathy	42%	19%	85%	85%	
Quality	Percent of members with diabetes receiving at least one hemoglobin A1C test in the last 12 months	48%	48%	80%	80%	
Output	Minimum number of years of positive fund balance	30	30	30	30	
Outcome	Number of years of projected balanced spending	30	9	6	6	
Outcome	Emergency room visits per one thousand members	572	571	200	200	
Outcome	Hospital inpatient admissions per one thousand members	New	117	100	100	
Outcome	Hospital inpatient readmissions per one thousand members	New	4	15	15	
Outcome	Number of nonemergent emergency department encounters per one thousand members	New	12	21	21	
Outcome	Percent change in per-member per-year annual health claims cost	New	-%	9%	9%	
Explanatory	Year-end fund balance of the health benefits fund, in thousands	0	0	N/A	N/A	
Explanatory	Annual loss ratio for the health benefits fund	113%	110%	N/A	N/A	

P634 Program Support

Purpose: The purpose of program support is to provide administrative support for the healthcare benefits administration program to assist the agency in delivering its services to its constituents.

Performance Measures:		2024-25 Actual	2025-26 Actual	2026-27 Budget	2027-28 Request	2027-28 Recomm
Outcome	Percent of deposits made within twenty-four hours	100%	100%	100%	100%	
Outcome	Percent of payments made within thirty days	99%	100%	98%	98%	

NEW MEXICO
RETIREE
HEALTH CARE
AUTHORITY

FY28 STRATEGIC PLAN

September 1, 2026

EXECUTIVE SUMMARY

The New Mexico Retiree Health Care Authority ("NMRHCA" or "Authority") Board of Directors is pleased to submit the FY28 Strategic Plan. The Authority's vision is to provide comprehensive and affordable group health care benefits and life insurance to current retirees and their dependents while ensuring access to benefits for future generations of retirees.

MISSION STATEMENT

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.

OVERVIEW

Established in 1990, NMRHCA provides health care coverage to retirees of state agencies and eligible participating public entities. Approximately 315 public entities, including cities, counties, universities, and charter schools, participate in NMRHCA. The agency offers medical plans for both non-Medicare and Medicare-eligible retirees and their dependents, as well as dental, vision, and life insurance. Currently, the Authority covers over 65,000 retirees and their dependents.

The Authority is governed by a 12-member Board of Directors, representing retired and active employees from the following groups:

- Superintendents Association of New Mexico
- New Mexico Association of Educational Retirees
- Retired Public Employees of New Mexico
- Educational Retirement Board
- Public Employees Retirement Association
- NEA Classroom Teachers Association
- Governor's Appointee
- New Mexico State Treasurer
- New Mexico Municipal League
- New Mexico Association of Counties
- State Classified Employee
- State Benefits Division of the Health Care Authority

INTERNAL AND EXTERNAL ASSESSMENTS

Revenue Streams

The Authority receives funding from five sources:

1. Employer and employee contributions
2. Retiree premiums
3. Taxation and Revenue Department suspense fund disbursements

4. Investment income
5. Federal prescription drug subsidies, rebates, and vendor performance guarantees

As of June 30, 2026, the health benefits trust fund balance was approximately $2.177 billion. The fund remains projected to maintain a positive balance for at least 30 years; however, the current projection reflects nine years of balanced spending. This distinction reinforces the need to continue managing health care trends, benefit costs, contribution levels, and investment performance to protect long-term sustainability.

Staffing and Locations

The Authority has 28 authorized full-time employees and operates two customer service locations in Albuquerque and Santa Fe.

To meet increasing operational demands, industry best practices, and fiduciary responsibilities over a $2.177B fund, NMRHCA is requesting approval for four new positions in FY27. These positions are designed to strengthen internal operations, reduce risks, expand technical expertise, and improve customer service capacity:

1. Administrative Operations Manager

Justification:

The need for this position has been identified over multiple budget cycles and remains essential. As the Authority grows and operational complexity increases, the Administrative Operations Manager role is vital to strengthening oversight, ensuring consistent processes, maintaining compliance, and coordinating workflows across customer service, finance, and IT. Currently, multiple critical operational responsibilities are distributed among staff without a dedicated role to oversee and integrate them, creating inefficiencies and operational risk. A dedicated Administrative Operations Manager will provide focused leadership to unify processes, strengthen accountability, and help ensure members receive timely, accurate, and high-quality service.

Current Scope of Work:
The agency manages a broad and growing set of administrative and operational responsibilities that require dedicated oversight, including:

- **Vendor & Reporting Oversight:** Producing and reconciling 13 weekly health plan vendor discrepancy reports, COBRA notification reports processed monthly, billing fall-out and paid reports from 2 pension systems handled monthly, and monthly evidence of insurability reports.

- **Customer Service & Member Accounts:** Assisting with escalated member issues, assuring accuracy of member accounts for terminations, additions, and enrollment changes, and coordinating the filing of death claims with the life insurance vendor.

- **Cross-Departmental Coordination:** Serving as a liaison across customer service, finance, and IT to improve CareView processes and ensure efficiency in overlapping workflows.

- **Audit & Compliance:** Conducting audits on customer service entry, providing secondary review of refunds, and ensuring adherence to internal controls and best practices.

- **Ongoing Meetings & Monitoring:** Participating in vendor and eligibility discrepancy meetings, documenting process improvements, and ensuring timely resolution of issues.

This role will centralize accountability for these operational functions, reduce redundancy, and ensure a consistent standard of accuracy and timeliness across departments.

Impact:

- Improves reporting accuracy through centralized oversight of vendor, billing, and compliance reports.
- Reduces operational risk by implementing consistent processes and adding a dedicated layer of review for key functions such as refunds and eligibility changes.
- Ensures compliance with best practices and audit requirements, strengthening confidence in agency operations.
- Strengthens vendor oversight by monitoring eligibility, billing, and enrollment processes across multiple carriers.
- Addresses escalated customer service issues, leading to faster resolutions and improved member satisfaction.
- Creates efficiencies in CareView operations by coordinating IT, finance, and customer service on process improvements.

Alignment with Agency Business Goals and Strategic Priorities:

- **Robust IT Infrastructure:** Enhances coordination with IT on CareView platform improvements to support reliable and efficient operations.
- **Expert Technical & Operational Support:** Provides dedicated oversight of operational workflows to improve accountability and reduce errors.
- **Fiscal Stewardship:** Reduces costs by minimizing billing discrepancies, refund delays, and vendor inefficiencies.
- **Operational Efficiency:** Streamlines reporting and cross-departmental processes, reducing delays and ensuring staff time is used more productively.
- **Cost Reduction with Quality Improvement:** Delivers faster service to members, such as reduced waiting times for refunds and more accurate eligibility processing.
- **Data Protection and Reliability:** Ensures accurate member account maintenance, enrollment changes, and reporting, which strengthens overall integrity of agency systems.

Industry Alignment:

Public pension and retiree health systems across the U.S. increasingly rely on operational managers to improve accountability, strengthen internal controls, and coordinate cross-departmental efficiencies. By adding this role, NMRHCA aligns with peer agencies that have prioritized operational management as a cornerstone of delivering efficient, accurate, and member-focused services.

2. IT Database Administrator (Associate IT)
Justification:
With NMRHCA's reliance on complex data systems, maintaining reliable, secure, and high-performing databases is essential. The agency successfully transitioned from SQL Server 2012 to SQL Server 2022 and is now beginning preparations for a future transition to SQL Server 2025. These ongoing technology changes require continued database maintenance, testing, optimization, and planning while supporting daily agency operations. NMRHCA utilizes CareView, its internally developed and managed proprietary benefits system, which requires significant institutional and technical knowledge to maintain and cannot be fully outsourced.

Two senior employees are currently responsible for managing database functions in addition to their primary roles, resulting in unsustainable growth in responsibilities. A dedicated DBA will provide the needed support to these positions, allowing them to focus on strategic IT and operational priorities while ensuring the database environment is fully optimized and sustainable.

Current Scope of Work:
The existing IT staff already manage a wide range of critical, time-sensitive database functions in addition to their other duties, including:

- **Eligibility & Billing**: Processing 12 eligibility files weekly, monthly deduction files from pensions, direct billings, posting deposits, and managing collections reports.
- **Data Corrections & Migrations**: Performing ongoing data corrections from customer service entries, finance updates, and large-scale data migration projects.
- **Coding & Development**: Delivering program coding for corrections and enhancements in both testing and production environments, supporting web portal development, and configuring system changes (monthly over 25 SQL system modifications).
- **Vendor & Staff Support**: Participating in vendor eligibility meetings, training staff on proper CareView processes, and documenting all updates, changes, and enhancements (14 meetings on average a month).
- **Reporting & Compliance**: Producing on average 16 monthly reports to include ad hoc participation/demographic reports, preparing data files for consultants (benefits, GASB), generating IRS 1095 uploads, and creating outgoing enrollment switch files to produce 45 thousand letters.
- **Operational Continuity**: Providing full coverage of all these responsibilities during staff absences.

This workload demonstrates the breadth and complexity of tasks tied directly to agency operations and member services. Without additional DBA support, growth in responsibilities will continue to strain current resources and heighten the risk of errors, delays, and inefficiencies.

Impact:

- Adds direct support to two senior IT staff managing critical, high-volume workloads.
- Enables the agency to be proactive in addressing bugs, errors, and inefficiencies before they impact staff or member services.
- Improves efficiency and performance in the CareView platform, the central system relied on by all agency staff to accomplish daily work.

- Supports continued optimization of the SQL Server 2022 environment while assisting with planning, testing, and preparation for the transition to SQL Server 2025.
- Enhances data accuracy and reporting, strengthening decision-making across the organization.

Alignment with Agency Business Goals and Strategic Priorities:

- **Robust IT Infrastructure:** A DBA ensures the CareView platform and SQL environment are reliable, optimized, and able to scale with organizational needs.
- **Expert Technical Support:** Provides specialized knowledge to complement current senior IT staff, relieving them of excessive workload and enabling sustainable operations.
- **Fiscal Stewardship:** Protects the agency's investment in its proprietary CareView system and database infrastructure by providing dedicated internal expertise to maintain, optimize, and support these critical systems.
- **Operational Efficiency:** Proactively resolves bugs and optimizes queries, improving CareView functionality for all staff.
- **Cost Reduction with Quality Improvement:** Builds internal database expertise, reducing reliance on external contractor support for routine database administration, troubleshooting, maintenance, and system enhancements while improving system performance and service delivery.
- **Data Protection and Reliability:** Maintains the accuracy, integrity, and availability of member and agency data, which underpins all operations.

Industry Alignment:

Performance optimization, data integrity, and modernization are leading priorities across public benefit agencies. Many peer organizations have created dedicated DBA positions to reduce reliance on multi-tasked IT staff, improve system reliability, and ensure continuous improvements to enterprise-wide platforms. An in-house DBA at NMRHCA will enable consistent optimization of the CareView platform and ensure that the agency's database systems keep pace with both technological advancements and organizational growth.

3. Senior Public Assistance Representative

Justification:
The retiree population exceeds 65,000 members, with increasing case volumes, regulatory requirements, and program complexity. Current staffing levels in the Santa Fe office—four Public Assistance Representatives and one Business Operations Manager—are insufficient to keep pace with member demand. Staff are responsible for managing face-to-face meetings, high call volumes, ongoing training requirements, and complex eligibility and enrollment processes while maintaining office coverage from 8–5 daily. This workload results in strained service response times, call abandonment, and reduced ability to provide the level of service retirees need and expect. Adding an additional Public Assistance Representative will provide essential support to ensure timely service, accurate processing, and improved member experience.

Current Scope of Work:
Public Assistance/Customer Service Representatives staff manage a wide range of time-intensive responsibilities, including:

- **Member Service & Coverage:** Meeting with members face-to-face, answering calls, educating retirees on benefit options, and maintaining full coverage for walk-ins and phone support.

- **Processing & Compliance:** Preparing and processing benefit paperwork, calculating and receiving premiums, verifying eligibility under statutes, NMAC, entity participation, and pension systems, and processing death claims and refund requests.

- **Data Accuracy & Oversight:** Performing peer review of data entry, scanning of documents, and verifying accuracy of records to maintain integrity of member accounts and ensure compliance.

- **Coordination:** Working closely with 7 Public Assistance Representatives and one Business Operations Manager in Albuquerque to handle data entry averaging 2,300 enrollments per year over the last 8 years.

- **Mailings & Notifications:** Preparing Medicare-age-in mailouts (≈130 per month) and processing approximately 140 member deaths monthly.

- **Volume & Service Data (FY26):** Supporting 7,090 walk-ins and more than 30,800 calls through the phone queue (excluding direct calls), with abandonment rate of 4,241 due to high volume and time required to properly explain benefits.

- **Training & Oversight:** Staying current with changes in benefit plans and regulations, participating in ongoing trainings, supporting health fairs and enrollment meetings, and completing assigned reporting, audits, and special projects.

This workload demonstrates the critical need for additional front-line staffing to maintain service levels, reduce call abandonment, and provide retirees with adequate time and attention during interactions.

Impact:

- Provides additional support to the Santa Fe office to balance high member volumes and reduce call abandonment rates.

- Improves service response times for retirees who need in-depth explanations of benefits and complex eligibility requirements.

- Ensures accurate documentation and eligibility compliance, including through peer review of data entry and scanned documents.

- Enhance coverage and capacity during walk-ins, phone calls, and enrollment events, reducing bottlenecks and delays.

- Strengthens member experience by reducing wait times for services such as refunds, death claims, and enrollment changes.

Alignment with Agency Business Goals and Strategic Priorities:

- **Robust Operations Infrastructure:** Expands staff capacity to ensure reliable member service delivery.

- **Member Service Excellence:** Provides retirees and their families with timely, accurate, and personal assistance.

- **Operational Efficiency:** Improves call response rates, reduces abandoned calls, and ensures all member interactions are completed accurately.
- **Cost Reduction with Quality Improvement:** Prevents costly errors in eligibility, refunds, and premium processing while improving service satisfaction.
- **Data Integrity and Reliability:** Strengthens accuracy of data entry and document management through peer review, ensuring reliable member account records.

Industry Alignment:

Customer service models in large benefit programs increasingly emphasize adequate staffing and tiered service levels to balance volume, manage compliance, and provide quality assistance. Many peer agencies have expanded public assistance staffing as retiree populations grow and regulatory complexity increases. Adding a Senior Public Assistance Representative will allow NMRHCA to align with best practices while directly improving member service and reducing risks tied to under-resourced operations.

4. Senior Actuary

Justification:
The Authority relies heavily on outside actuarial consultants for complex forecasting, GASB compliance, and benefit sustainability projections. While these consultants provide valuable expertise, sole reliance on external vendors can limit responsiveness, reduce institutional knowledge, and create additional costs. An internal actuary will strengthen the Authority's ability to conduct timely analysis, ensure accuracy in consultant data, and support long-term benefit sustainability through independent oversight and in-house expertise.

Duties & Responsibilities:
An internal actuary would provide critical support across several areas, including:

- **Strategic Forecasting & Compliance:** Developing, reviewing, and validating actuarial models to ensure compliance with GASB, federal, and state requirements.
- **Vendor Oversight:** Supporting RFP development, review, and participation in vendor selection; monitoring health carrier performance guarantees to ensure accountability.
- **Claims & Program Analysis:** Reviewing health benefit carrier claims data and identifying opportunities for improvement based on benchmarks from other state retiree systems.
- **Consultant Oversight:** Reviewing actuarial work products and data from consultants (benefits and investments) to validate assumptions and improve accuracy.
- **Plan Enhancement Research:** Recommending plan design changes and evaluating point solutions with proven results to improve outcomes for retirees, particularly those managing chronic conditions.
- **Health Care Trend Mitigation:** Analyzing and recommending strategies to help mitigate rising health care costs and improve value for retirees.
- **Provider Access & Alternatives:** Reviewing provider access issues and evaluating alternative industry options that could improve access while containing costs.

- **Alternative Health Care Models:** Researching and assessing new models from medical carriers and pharmacy benefit managers (PBMs) to identify innovations that could reduce costs and improve care.

- **Member Impact:** Identifying opportunities that could lead to lower premium increases, fewer disruptive plan design changes, and improved care delivery for retirees.

- **Legislative & Policy Support:** Providing data-driven analysis on proposed or enacted legislation and assessing its impact on the Authority's funding and benefit sustainability.

- **Internal Coordination:** Supplying timely analysis and recommendations to leadership, finance, and program staff to strengthen decision-making and align benefits strategy with fiduciary responsibilities.

Impact:

- Provides independent, in-house expertise to strengthen the accuracy and timeliness of actuarial forecasting.

- Ensures compliance with GASB and federal/state regulatory requirements.

- Improves vendor accountability by monitoring claims performance, performance guarantees, and contract deliverables.

- Helps drive better care for retirees by evaluating benefit design, access, and outcomes in line with industry best practices.

- Mitigates growing health care trends by identifying opportunities for efficiency and recommending cost-saving strategies.

- Supports lower premium growth and fewer plan design disruptions through data-driven oversight and research into cost management models.

- Strengthens legislative analysis capacity, allowing the Authority to proactively assess impacts of proposed policy changes.

- Enhances cost control and sustainability by identifying opportunities for efficiency and validating consultant assumptions.

Alignment with Agency Business Goals and Strategic Priorities:

- **Fiscal Stewardship:** Provides deeper internal oversight of actuarial and financial data to protect long-term solvency and reduce unnecessary consultant reliance.

- **Operational Efficiency:** Improves the speed and responsiveness of financial forecasting and legislative analysis.

- **Expert Technical Support:** Expands the Authority's in-house expertise in actuarial science, supporting leadership with high-quality, timely data.

- **Cost Reduction with Quality Improvement:** Reviews and research new care models, carrier strategies, and PBM approaches that reduce costs while maintaining or improving retiree care.

- **Data-Driven Decision Making:** Supplies leadership with reliable, independent data to guide program design, vendor selection, and strategic planning.
- **Member Service Excellence:** Supports better retiree outcomes through access improvements, chronic condition management, and innovative plan design options.

Industry Alignment:

Large public retiree systems nationwide employ internal actuarial staff to improve accuracy, speed, and strategic alignment of financial forecasts. Increasingly, internal actuaries are also tasked with evaluating alternative health care models, provider access strategies, and trend mitigation efforts. Adding an actuary will bring NMRHCA in line with peer organizations that have recognized the value of building internal actuarial capacity to safeguard solvency, improve care, and strengthen member programs.

Conclusion for Staffing: These four positions align with industry standards, address critical operational and fiduciary needs, and will significantly strengthen the Authority's ability to serve its large retiree population while protecting fund solvency. In addition, NMRHCA will ensure that any vacancies are monitored and that positions are filled per guidelines set by the Department of Finance and Administration and the State Personnel Office.

SIGNIFICANT CHALLENGES

The financial and operational position of NMRHCA's health benefits trust fund continues to present both opportunities and challenges. The fund reached approximately $2.177 billion as of June 30, 2026, an increase from the prior fiscal year. Although the fund is projected to maintain a positive balance for at least 30 years, the projected period of balanced spending is nine years. Rising health care costs, prescription drug trends, regulatory requirements, provider access constraints, technology needs, and workforce capacity therefore remain central to the Authority's long-term planning.

The health care environment in New Mexico and across the United States continues to change rapidly. The following current and anticipated challenges require sustained strategic attention:

Rising Health Care and Prescription Drug Costs

Health care spending growth has accelerated due to hospital consolidations, labor shortages driving wage inflation, and the increased use of specialty medications. GLP-1 therapies (for diabetes and weight management) and other emerging specialty drugs continue to strain pharmacy budgets. While these drugs offer significant clinical benefits, their rapid uptake presents unsustainable cost trajectories for self-insured and public sector health plans. The expected expansion of new high-cost gene therapies further compounds this trend.

Neoplasms and Cancer-Related Costs

Cancer remains a significant driver of health care costs for retirees nationwide and in New Mexico. An aging population, advances in treatment, and the growing number of cancer survivors continue to place pressure on health care expenditures. Oncology treatments, including chemotherapy, immunotherapy, targeted therapies, and specialty medications, are among the costliest categories of care. Nationally, cancer-attributable medical care costs are projected to reach approximately $246 billion annually by 2030, driven in part by population growth and aging. For NMRHCA, cancer-related claims continue to represent a significant area of health care spending, reinforcing the importance of strategies that support early detection, appropriate care coordination, access to high-quality treatment, and effective cost management.

Cardiovascular Disease

Heart disease remains the leading cause of death in New Mexico and a major contributor to health care spending. Costs associated with cardiovascular conditions, including hospitalizations, surgeries, medications, and rehabilitation continue to grow. Retirees with multiple comorbidities face higher risks of readmission and complications. NMRHCA must emphasize prevention programs, chronic condition management, and coordination of cardiac care.

Cybersecurity and Data Protection

State agencies have experienced an uptick in ransomware attacks and attempted breaches targeting personal health information (PHI). With more than 65,000 retirees and dependents in NMRHCA's system, a successful attack could create both reputational and financial risk. As the Authority expands online platforms and self-service tools, cybersecurity must remain a top organizational priority, requiring investments in infrastructure, monitoring, and in-house expertise.

Customer Service and Member Expectations

NMRHCA has seen increasing case volumes, more complex eligibility issues, and higher demand for real-time support. Members now expect digital self-service options while also requiring personalized assistance for complex matters. This dual demand creates operational stress. Without additional staffing capacity and senior-level oversight, there is heightened risk of processing delays, escalations, and compliance gaps in member communications.

Regulatory and Legislative Pressures

New Mexico continues to pursue state-level reforms related to prescription drug pricing, transparency, and cost-sharing limitations. At the federal level, Medicare reforms under the Inflation Reduction Act (e.g., insulin caps, drug price negotiations, and out-of-pocket maximums) will alter retiree benefit coordination and increase administrative complexity. Anticipated federal budget pressures could further impact subsidies and funding streams that NMRHCA relies upon.

Provider Shortages and Access Barriers

New Mexico remains among the states with the highest shortages of primary care physicians, specialists, and behavioral health providers. The aging population, coupled with retirements in the provider workforce, will deepen these shortages, particularly in rural areas. Limited provider access may drive retirees toward more costly emergency and out-of-network services, raising both financial and member satisfaction risks.

Mental and Behavioral Health Needs

Demand for behavioral health services continues to rise among retirees and dependents, reflecting national trends around depression, anxiety, substance use, and post-pandemic stressors. Legislative mandates, including

New Mexico's cost-sharing elimination for behavioral health services (SB 317), have elevated a barrier but also increased utilization and costs. The challenge for NMRHCA will be to balance affordability with timely access to a limited behavioral health workforce.

Inflationary and Economic Pressures

General inflation, particularly in the medical sector, remains above historical averages. Wage increases across provider systems, coupled with higher supply chain costs, are directly impacting insurance premiums and health care service pricing. At the same time, investment market volatility can reduce fund earnings, challenging solvency projections.

Evolving Retiree Demographics and Expectations

NMRHCA's retiree base is growing not only in size but also in diversity of needs. Younger retirees expect digital-first solutions, while older populations require traditional service models. Balancing these competing expectations requires modernization while maintaining accessibility. Additionally, rising life expectancy and longer retirements increase benefit costs and the demand for preventive and chronic disease management.

Future Anticipated Challenges

- Emerging Technologies in Care: Adoption of telehealth and AI-driven diagnostic tools will reshape care delivery. While promising, these raise regulatory, equity, and cost implications.

- Climate and Public Health Risks: Extreme weather and environmental changes increase risks of respiratory and chronic disease conditions, potentially raising claims costs.

- Workforce Sustainability: Recruiting and retaining highly skilled staff within state salary structures is becoming more difficult, particularly in IT, actuarial sciences, and specialized customer service roles. Without competitive positions, reliance on costly external vendors could increase.

FY28 STRATEGIC PRIORITIES TO MITIGATE SIGNIFICANT CHALLENGES

The Board of Directors remains committed to ensuring that NMRHCA members have access to affordable, comprehensive health coverage while preserving the solvency of the trust fund for future generations. Building on the progress from FY26 and for FY27, the Authority will continue advancing core initiatives while refining strategies to address current financial, operational, technological, and health care delivery risks.

1. Strengthen Financial Sustainability and Solvency

- Continue making contributions to the long-term investment account and monitoring market conditions to safeguard the $2.18 billion health benefits trust fund.

- Maintain diversified investment strategies in coordination with the State Investment Council to mitigate volatility.

- Expand in-house actuarial capacity to strengthen forecasting, evaluate contribution adequacy, and reduce reliance on external consultants.

- Advance legislative discussions on employer/employee contribution levels to proactively address long-term deficit spending risks.

2. Contain Rising Health Care and Pharmacy Costs

- Expand value-based purchasing and outcomes-based contracts with health plans and PBMs, particularly for GLP-1 therapies, gene therapies, and other specialty drugs.
- Strengthening pharmacy benefit oversight, rebate management, and formulary alignment to ensure affordability.
- Promote preventive care, wellness programs, and chronic disease management to reduce avoidable utilization.
- Leverage partnerships with other public sector purchasers to advocate for cost-containment reforms and explore group procurement opportunities.

3. Enhance Cybersecurity and IT Infrastructure

- Add an in-house IT Database Administrator to strengthen data security, system reliability, and disaster recovery planning.
- Invest in advanced cybersecurity defenses and continuous monitoring systems to protect personal health information (PHI).
- Expand digital self-service platforms with secure access controls to balance convenience and security.
- Provide annual staff training to improve cybersecurity awareness and reduce human error risks.

4. Improve Customer Service and Member Experience

- Strengthen customer service capacity by adding a Senior Public Assistance Representative to support increasing member service demands, improve office coverage, reduce response times, and maintain timely and accurate assistance for complex eligibility and benefit matters.
- Standardize workflows and update customer service policies and procedures to reduce errors and processing delays.
- Expand web-based self-service functionality for routine transactions while preserving personalized support for complex needs.
- Develop tailored member communication and education resources to improve health literacy and benefit utilization.

5. Navigate Regulatory and Legislative Changes

- Monitor state-level reforms on prescription drug pricing, transparency, and cost-sharing limitations, ensuring compliance readiness.
- Model the financial impact of federal Medicare reforms under the Inflation Reduction Act, including drug price negotiations and out-of-pocket caps.
- Use in-house actuarial analysis to provide timely, data-driven recommendations to policymakers.
- Maintain engagement with the Legislature, Executive agencies, and public-sector partners to ensure alignment on retiree health priorities.

6. Address Provider Shortages and Access Barriers

- Expand telehealth, telemedicine, virtual care platform offerings and partnerships to mitigate shortages and improve access to healthcare services, especially in underserved or rural areas. This can enhance convenience, reduce costs, and facilitate better management of chronic conditions.
- Support provider recruitment and retention through value-based arrangements that incentivize high-quality, efficient care.
- Strengthen oversight of provider networks to ensure retirees have timely access to necessary services.
- Collaborate with state workforce development initiatives to address provider pipeline challenges.

7. Expand Behavioral and Mental Health Support

- Promote integration of behavioral health into primary care delivery models.
- Increase tele-mental health partnerships to expand access despite workforce shortages.
- Monitor utilization trends to anticipate costs and adjust plan design as needed.
- Enhance retiree education and outreach around behavioral health resources, stigma reduction, and crisis support.

8. Manage Inflationary and Economic Pressures

- Continue proactive cost containment efforts through contract negotiations, utilization management, and value-based arrangements.
- Stress-test financial models under various inflation and investment return scenarios to guide long-term planning.
- Explore operational efficiencies to reduce administrative costs without compromising service quality.

9. Adapt to Changing Retiree Demographics

- Invest in technology-driven self-service tools for younger retirees while maintaining traditional service channels for older members.
- Expand preventive health, wellness, and chronic disease programs to meet the needs of longer retirements.
- Tailor communication strategies to different retiree segments for accessibility and engagement.
- Evaluate plan designs and benefit offerings to ensure they remain responsive to evolving demographics.

10. Anticipate and Prepare for Future Challenges

- Monitor and responsibly integrate emerging technologies such as AI-enabled tools and remote monitoring into retiree care delivery.
- Incorporate climate-related health risks into actuarial models and disease management programs.
- Strengthen workforce sustainability through succession planning, leadership development, and competitive staffing investments (Administrative Operations Manager, IT Database Administrator, Senior Public Assistance Representative, Senior Actuary).
- Continue to benchmark against peer retiree systems nationwide to identify best practices and lessons learned.

AGENCY PROGRAMS

Health Care Benefits

Program Purpose:
The Health Care Benefits program provides affordable, comprehensive core group health care plans and optional life insurance to eligible participants. It is the foundation of NMRHCA's mission to balance affordability, sustainability, and access to quality care.

Program Users:
Program users include more than 65,000 eligible retirees and their dependents, as well as participating employers and active employees who contribute toward future retiree health coverage. The program serves a substantial portion of New Mexico's public-sector workforce and retiree population.

Program Goals:

- Extend long-term sustainability. Prudently manage the health benefits trust fund, valued at approximately $2.177 billion as of June 30, 2026, while maintaining a positive fund balance over the long term and improving the current nine-year projected balanced-spending horizon.
- Maintain affordability. Balance premium rates and benefit design to discourage deficit spending, reduce retiree burden, and continue growing the trust fund.
- Legislative partnership. Engage with policymakers and stakeholders to promote understanding and support of the NMRHCA program, evaluate and communicate the long-term impacts of proposed legislation on benefits and the health benefits trust fund, and advocate for measures that protect program sustainability, including, when appropriate, a legislative resolution supporting protection of the trust fund.
- Improve collections and oversight. Strengthening management and IT processes to ensure timely and accurate receipt of contributions from participating entities.
- Financial accountability. Ensure timely completion of budgets, audits, monthly balance reports, contracts, and compliance reporting, maintaining transparency for stakeholders.
- Prudent investment strategy. Continue reviewing and adjusting investment policy and asset allocations in collaboration with investment consultants and the State Investment Council, aligning with evolving markets and risk tolerance.
- Promote retiree health. Expand engagement in health-risk assessments, patient education, wellness programs, and chronic disease management to reduce costs and improve quality of life.

- Shift toward value-based care. Partner with health plans and providers to advance value-based reimbursement methodologies that reward quality outcomes, reducing reliance on fee-for-service models and bending the cost curve over time.

- **Program Performance Measures:**

Healthcare Benefits Administration		FY26 Actuals	FY27 Target	FY28 Request
Outcome	Emergency room visits per one thousand members	571	<200	<200
Outcome	Hospital inpatient admissions per one thousand members	117	<100	<100
Outcome	Hospital inpatient readmissions per one thousand members	4.3%	<15%	<15%
Outcome	Number of nonemergent emergency department encounters per one thousand members	12.4%	<20.8%	<20.8%
Outcome	Number of years of projected balanced spending	9	6	6
Output	Percent change in per-member per-year annual health claims cost	-0.2%	<8.75%	<8.75%
Output	Minimum number of years of positive fund balance	30	30	30
Quality	Percent of members with diabetes receiving an annual screening for diabetic nephropathy	19.1%	>85%	>85%
Quality	Percent of members with diabetes receiving at least one hemoglobin A1C test in the last 12 months	47.5%	>80%	>80%
Explanatory	Annual loss ratio for the health benefits fund	110%	<100%	<100%
Explanatory	Year-end fund balance of the health benefits fund, in thousands	$2,176,752	Baseline	Baseline

Program Support/Administration

Program Purpose:
The Program Support/Administration program manages the day-to-day operations of NMRHCA. This includes administration, finance, customer support, human resources, IT, communications, and compliance functions that ensure the Authority operates efficiently and fulfills its fiduciary responsibilities.

Program Users:
Program users include NMRHCA retirees and dependents, the Legislature and Executive branch, the Board of Directors, participating employers, insurance providers, vendors, and the public.

Program Goals:

- Enhance workflow efficiency. Review, categorize, and improve customer service workflows; update operations manuals; and implement standardized procedures to ensure timely and consistent retiree service.

- Invest in workforce capacity. Add critical new positions (Administrative Operations Manager, IT Database Administrator, Senior Public Assistance Representative, and Senior Actuary) to strengthen oversight, service quality, and in-house expertise.

- Strengthen staff development. Develop comprehensive training plans in customer relations, technical expertise, cross-training, leadership, and team building to ensure adaptability and resilience.

- Professional certification. Offer opportunities for staff to participate in certification programs, such as SALGBA's Certified Government Benefits Administrator program, to validate expertise and strengthen professional standards.

- Expand training participation. Engage staff across customer service, finance, and IT in targeted training and knowledge-sharing opportunities.

- Enhance customer service. Monitor and improve response times, establish escalation management protocols, and implement tools to reduce processing errors and ensure compliance.

- Ensure safe operations. Maintain safe environments for employees and customers by monitoring facilities, implementing safety protocols, and preparing continuity-of-operations plans.

- Leverage technology for efficiency. Improve digital tools and online self-service options for retirees, while strengthening cybersecurity and data protection to safeguard PHI and operational continuity.

Program Performance Measures:

Program Support		FY26 Actuals	FY27 Target	FY28 Request
Outcome	Percent of deposits made within 24 hours	100	100	100
Outcome	Percent of payments made within 30 days	100	98	98

CONCLUSION

For fiscal year 2028, the Board anticipates continued improvement in the management, financial stewardship, and operational effectiveness of the Authority through clear objectives, measurable performance, and transparent communication with stakeholders. The strategic priorities outlined in this plan are intended to preserve long-term fund sustainability, manage health care cost pressures, strengthen internal capacity, and maintain a competitive retiree health benefits program for current and future retirees.

Fiscal Year 2028
New Mexico Retiree Health Care Authority
IT STRATEGIC PLAN
September 1, 2026

Raymond Long
Chief Information Officer

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EXECUTIVE SUMMARY

The New Mexico Retiree Health Care Authority (NMRHCA) was established under the Retiree Health Care Act to ensure that public and higher education employees have access to affordable and secure health care benefits. The Information Technology (IT) Strategic Plan supports this mission by providing the systems, infrastructure, and security necessary to serve more than 65,000 retirees and their dependents.

The IT department is committed to delivering innovative, reliable, and cost-effective technology solutions that enhance agency operations, safeguard sensitive information, and support long-term program sustainability. Through proactive investment in cybersecurity, infrastructure modernization, and application development, IT plays a central role in enabling NMRHCA to fulfill its fiduciary responsibilities and improve member experience.

I. AGENCY OVERVIEW

A. AGENCY PURPOSE AND MISSION

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

B. AGENCY BUSINESS GOALS

NMRHCA's primary business goal is to maintain and expand access to affordable health care benefits while ensuring the long-term solvency of the retiree fund. The IT department supports this goal through three core objectives:

- **Robust IT Infrastructure** – Provide reliable, secure, and efficient systems that empower staff to deliver services effectively.
- **Expert Technical Support** – Maintain a highly skilled IT team capable of supporting the agency's full technology environment.
- **Fiscal Stewardship** – Ensure that all technology investments are prudent, cost-effective, and aligned with the agency's mission.

C. AGENCY VISION

The IT department will align all technology initiatives with NMRHCA's strategic goals and State of New Mexico IT (DoIT) standards. By balancing service needs, available funding, and organizational capacity, IT will ensure the agency can operate at peak productivity while continuously improving member and staff experiences.

<u>STRATEGIC PRIORITIES</u>

- **Operational Efficiency** – Implement modern hardware and software to optimize staff productivity.
- **Cost Reduction with Quality Improvement** – Leverage technology to reduce administrative costs while maintaining high-quality service.
- **Cybersecurity and Data Protection** – Safeguard personal health information (PHI), agency systems, and financial assets through proactive security measures.

D. AGENCY BUSINESS PRIORITIES AND PRIORITY CHANGES

The agency's highest priority is controlling health care costs for retirees. IT supports this by:

- Providing secure, accessible data to inform policy decisions.
- Consolidating and upgrading servers and software (e.g., Microsoft OS and Database 2022).
- Implementing stronger backup and recovery processes.
- Developing the new Enrollment Portal to streamline member services.

E. AGENCY ACCOMPLISHMENT, GOALS, AND CHALLENGES

The IT Department plays a critical role as a strategic partner in agency planning. Over the past three years, NMRHCA has:

- Enhanced cybersecurity under DoIT's statewide security umbrella (Intune and SecurIn)
  - Using Intune, new Automated Patch policies were implemented
- Implemented robust data backup and replication systems.
- Improved data backup and replication systems by reducing offsite replication intervals from approximately 20 minutes to 10 minutes and maintaining offsite copies of production data. Advanced development and internal testing of a new Enrollment WebPortal

Developed a new HTML Rate Calculator for Customer Service Representatives. Improved website accessibility compliance with WCAG 2.1 AA standards

Challenges remain in staffing, contractor reliance, and meeting rising cybersecurity demands. To address these, IT will continue to expand internal expertise, modernize infrastructure, and ensure compliance with HIPAA and other regulatory standards.

II. IT ENVIRONMENT

1. Major Applications

The agency relies on two primary applications to manage retiree health benefits and records:

- **CareView System** – A custom-built intake and benefits management system. CareView maintains retiree enrollment, benefit selections, and generates weekly provider files that supply health care carriers with essential participant information.
- **Kofax Document Imaging and Scanning System** – Used to securely capture and store retiree documents. All scanned records are associated with retiree files and maintained in compliance with HIPAA and agency retention standards.

Together, these systems ensure accuracy, security, and efficiency in administering retiree benefits.

2. Infrastructure

Staffing and Locations

NMRHCA operates two customer service locations in Albuquerque and Santa Fe with 28 authorized full-time employees. IT staff consists of **five positions**: CIO, two Application Developers, and two Network Administrators. Although staffing has remained stable, the steady increase in retiree enrollment has significantly heightened demands on IT infrastructure and support.

The agency shares data centers with the Public Employees Retirement Association (PERA) in Albuquerque and Santa Fe.

- **Albuquerque Office**: 28 NB/Computers, 4 core servers, 22 virtual machines, FortiGate 80F firewall, HPE MSA disk array, Veeams backup software, three Aruba and one Dell data switch, two FS S5860-20sq iSCSI switches, DoIT routers for Internet and telephony access, and a 300Mb internet circuit.
- **Santa Fe Office**: 8 NB/Computers, 3 core servers, 12 virtual machines, FortiGate 80F firewall, Network Attached Storage (NAS), Veeams Backup software, Aruba and Dell switch, DoIT routers for Internet and telephony access, and a 300Mb internet circuit.
- **Telephony**: Avaya phones are deployed at both sites; connectivity is supported through DoIT routers.

The infrastructure assets consist of the following:

Hardware

- 10 Dell active computers / 8 WFH / 3 spare
- 14 HP 800-G9 mini-computers / 5 HP Z2 desktops / 3 spare
- 6 Lenovo P16 / 3 HP Elitebook 840 / 2 ZBook 17
- 2 Dell Servers
- 5 HP Servers
- 2 FortiGate 80F Firewalls
- 3 Aruba switches
- 2 Dell switches
- 2 FS iSCSI switches
- 2 KoFax Scanning Systems w/Canon DR-G2140 scanner
- 3 enterprise Canon printer/copiers with Fax and Scanning
- 14 Canon printers
- 11 HP printers
- 1 disk array (HP MSA)
- 1 tape backup system (LTO-8)

Software

- Microsoft Windows 2022 Enterprise Server Software
- Microsoft Office software O365 for each staff member
- Microsoft Visual Studio 2019
- HIPAA SUITE software
- Microsoft SQL Server software 2022
- Microsoft SharePoint Server software 2019
- OTG Application Extender software (AppX)
- Netwrix Network/AD monitor software
- PGP and TLS Encryption for Emails
- MS Defender for EndPoints and Servers

Data

- Retiree Data – Odessey, REBIS, CareView, and OTG databases
- File Share Data – Consists of all documents stored on NMRHCA shared drive
- Personal Folder Data – Consists of the personal folders of all staff members' drive

3. Security

The agency prioritizes cybersecurity to protect retiree PHI, financial assets, and agency systems. Security governance is embedded through partnerships with DoIT and contracted expertise.

Key security measures include:

- **Penetration Testing & Scans** – Monthly penetration assessments (DoIT/Ivanti) since 2022; monthly external penetration tests by DHS CISA since 2024; annual statewide DoIT penetration test (March 05, 2026); Annual Risk assessment survey (May 27, 2026).
- **Security Governance** – Contracted HIPAA-focused training and policy development with Segal Co. since 2018.
- **Policies & Procedures** – Implemented and partially completed updates covering information security, password management, and acceptable use.
- **Vulnerability Management** – Ongoing remediation of risks identified in monthly security assessments.
- **Access Control & Monitoring** – Standardized Active Directory naming and group policy management; Netwrix monitoring of Active Directory and SQL database changes.
- **Encryption & Upgrades** –Retiree data within the SQL 2022 database is protected through Transparent Data Encryption (TDE), implemented July 17, 2025. IT will continue evaluating and strengthening encryption protections as technology and security requirements evolve.
- **Endpoint Protection** – Defender for Endpoints and Servers, BitLocker, Entra ID, and Intune device management.
- **Cybersecurity Awareness** – Periodic staff security alerts and KnowBe4 phishing-awareness training are conducted, with additional campaigns planned on an ongoing basis.

4. Agency IT Certified Projects

Current projects are designed to improve service delivery for retirees and staff alike. The Enrollment WebPortal is being developed to streamline enrollment processes and enhance ease of use. The Document Imaging System is being upgraded to standardize the agency on a single platform/vendor and eliminate Windows 10 security vulnerabilities. In addition, replacing CareView’s current GUI with a consolidated .NET/C# framework would simplify maintenance, reduce reliance on external platforms such as SharePoint, and support faster, more reliable system enhancements.

Enrollment WebPortal	
Project Description	Allow new Retirees to electronically enroll in NMRHCA to start their State sponsored benefits
Estimated Project Costs	$25,000.00
Current Funding	$25,000.00
Certified Project Phase	Phase IV
Estimated Completion	June 30, 2027
Strategic Priority	1
Agency IT Strategic Plan Alignment	
Document Imaging system upgrade	

Project Description	Upgrade AppX to AppExtender
Estimated Project Costs	$7,500.00
Current Funding	$7,500.00
Certified Project Phase	Refresh 1
Estimated Completion	June 30, 2027
Strategic Priority	2
Agency IT Strategic Plan Alignment	

5. Workforce

A. Full Time IT Employees

Classification	Positions Filled	Positions Vacant
CIO	1	0
IT Application Dev III	2	0
Network Admin II	1	0
Network Admin I	1	0

B. Percentage of IT Full-Time Employees Teleworking, In the Office, or a Hybrid Schedule

Teleworking (%)	Working in the Office (%)	Hybrid Schedule (%)
20%	80%	0%

C. IT Professional Services Contractors

Service Category	Contract Vendor Name	Number of Contract Personnel	Annual Hours
Professional Services	Respec	1 (one)	462

6. Challenges

NMRHCA's technology environment continues to grow in complexity as the agency expands electronic services, strengthens cybersecurity protections, and relies increasingly on data and technology to support benefit administration, financial operations, and member services. Maintaining a secure, reliable, and responsive technology environment while modernizing legacy systems remains a significant operational challenge.

Cybersecurity continues to be one of the agency's most critical IT challenges. The increasing frequency and sophistication of ransomware, phishing, social engineering, and other cyber threats require continuous monitoring, timely patching, employee awareness, and ongoing investment in security tools and infrastructure. Protecting members' personal health information (PHI)and systems supporting more than $16 million in monthly premium records, require sustained attention and resources. NMRHCA will continue strengthening its cybersecurity posture through DoIT standards, security assessments, endpoint protection, network standardization, employee training, and improved monitoring and response capabilities.

Increasing internal database and application development capacity is also a critical need. CareView is central to NMRHCA's administration of retiree eligibility, enrollment, benefits, financial processes, and carrier data. The agency's two current application development positions must remain focused on higher-level programming, system development, complex problem resolution, and modernization initiatives. Additional database and application support capacity would allow routine database maintenance, reporting, troubleshooting, testing, documentation, and lower-level development work to be handled internally while allowing existing staff to concentrate on higher-level priorities. Strengthening this capacity would reduce reliance on contracted programming support, improve institutional knowledge and operational continuity, and allow the agency to respond more quickly to changing business and regulatory requirements.

Modernization of CareView and its supporting technology remains a significant application challenge. CareView continues to require bug fixes, performance improvements, and development work while remaining essential to daily agency operations. Its current web-based graphical user interface (GUI) is built on Microsoft SharePoint 2019, creating a need to determine and implement a sustainable replacement approach as the agency modernizes its application environment. A feasibility analysis completed in FY25 determined that a programmable GUI using .NET and C# was viable, and the agency is also evaluating an HTML-based approach. Modernization must occur while CareView remains fully operational, requiring careful testing, development, and deployment to avoid disruption to benefit administration and member services.

Development and testing of the Enrollment WebPortal creates an additional development and resource need. The Enrollment WebPortal is currently in internal testing as the agency evaluates functionality, identifies needed improvements, and prepares the system for future member use. Continued development and testing are necessary before the portal can advance to member testing or implementation. Future development is expected to expand electronic enrollment functionality and ultimately incorporate change-request capabilities. The agency is also working toward greater internal ownership of portal maintenance and updates so that routine modifications can be performed by NMRHCA IT staff rather than relying exclusively on outside resources. Adequate development, testing, security, and support resources will be necessary to move the portal from internal testing to a reliable and sustainable member-service tool.

Infrastructure modernization and lifecycle management remain ongoing operational requirements. NMRHCA continues to replace and consolidate aging physical servers while maintaining supported Microsoft operating systems and improving the performance of its virtual server environment. The planned addition of a Windows Server 2025 production server will allow the agency to retire two older recycled servers purchased in 2016 and 2019, reduce the physical server environment from seven servers to six, and place critical production infrastructure within Microsoft's current support lifecycle. This approach also provides an opportunity to redistribute virtual machines across newer hardware and improve the performance and resiliency of core applications, particularly CareView.

Business continuity and disaster recovery require continued development and testing. NMRHCA has strengthened its backup environment by reducing offsite replication to approximately 10-minute intervals and implementing an immutable backup server to provide additional ransomware protection. However, recovery processes must be formally and periodically tested to verify that systems and data can be restored within acceptable timeframes following a cyber incident, hardware failure, power disruption, or other emergencies. The agency must also continue evaluating aging backup technology, including its LTO-8 tape backup system, as part of its broader continuity and infrastructure lifecycle strategy.

Addressing these challenges requires NMRHCA to balance cybersecurity, staffing, application modernization, infrastructure lifecycle management, business continuity, and fiscal stewardship while maintaining uninterrupted day-to-day operations. Strategic investment in internal expertise and supported technology will be essential to reducing operational risk, limiting reliance on external resources, and ensuring that IT remains positioned to support the agency's long-term mission.

III. KEY ACCOMPLISHMENTS – PRIOR FISCAL YEAR

A. STRATEGIC IT ACCOMPLISHMENTS

STRATEGIC PRIORITY 1 – Deliver fast and reliable IT services	
Implement an efficient technical operation structure to support benefit program administration.	
Strategy 1	**Maintain current Microsoft server environment**
Accomplishments	Plan and prep for new OS (2025), and pending new Production Server
Outcomes/Metrics	Virtual Machines (VM) re-organized and preparation to retire aging servers in Santa Fe; Will keep all servers within the Microsoft software lifecycle until 2031
Strategy 2	**Strengthening Test Environment**
Accomplishments	Upgrade servers, RAM, and storage to improve testing capacity and reduce delays
Outcomes/Metrics	Test environment mimics Production environment
Strategy 3	**Replace Aging Servers**
Accomplishments	Cycle out remaining legacy servers and refresh virtual server hosts (Hyper-V) to supported versions (Yoda & DA1)
Outcomes/Metrics	End of Life and non-supported hardware is no longer in service; Technical environment not dependent on older technology.
Strategy 4	**Refresh User Desktops**
Accomplishments	Replaced 2 User desktops; provided 5 new Lenovo laptops and trickle-down two existing desktops.
Outcomes/Metrics	Standardization of hardware, eliminated older equipment, complete migration to Windows 11
Strategy 5	**Maintain Robust Backup Systems**

Accomplishments	Replication time to offsite is now reduced from 20min to 10min; SF full copy of backups increased
Outcomes/Metrics	Possible data loss is now 10min; along with full copies and an immutable copy

STRATEGIC PRIORITY 2 – Secure IT infrastructure	
Protect agency and retiree data while meeting CMS and HIPAA requirements.	
Strategy 1	**Complete Alignment with DoIT Cybersecurity compliance standards**
Accomplishments	Completion all five of five Cybersecurity components from DoIT OCS; Intune was pending, but is now completed.
Outcomes/Metrics	Provide for 1st layer protection for vulnerabilities and attacks. This allows Hybrid join with DoIT to provide more oversight and resources to identify, prevent, and quarantine vulnerabilities in NMRHCA environment – including desktops, servers, and software. Standardization with security patch management.
Strategy 2	**monthly (DoIT & HHS-CISA) Security Assessments on infrastructure**
Accomplishments	Elimination older, less secure protocols, patching and addressing current and new vulnerabilities
Outcomes/Metrics	Additional oversight to provide better awareness of potential risks and provide quicker turnaround time to correct.
Strategy 3	**SQL tuning and encryption**
Accomplishments	MS SQL 2022 TDE encryption implementation; ongoing tuning
Outcomes/Metrics	Variables set for memory and CPU processing to provide best performance; DB encryption to protect PHI if databased is stolen/copied
Strategy 4	**Expand Use of Third-Party Monitoring Tools**
Accomplishments	Removed OpManager and expanded alerts and monitoring of Netwrix Network and Server auditing
Outcomes/Metrics	Increase visibility into event logs and system alerts using tools like Netwrix, allowing proactive action to address risks

STRATEGIC PRIORITY 3 – Maintain and enhance core applications (CareView and AppX)	
Ensure core applications operate at peak efficiency to support staff and retirees.	
Strategy 1	**Improved CareView database performance in production**
Accomplishments	Removed bad code and cell locking from Finance Batch reporting; setup daily Cache clearing; restructure Seach function to SQL DB
Outcomes/Metrics	System performance stays optimal for all Users and is not degraded when Batch reports are run; Searching for Retirees is also improved.
Strategy 2	**Flowchart CareView Tasks from each Module**

Accomplishments	Created Flowchart views of each CareView module with respective Tasks (bugs) for that area
Outcomes/Metrics	Will be able to see dependencies of each Task within that module and be able to determine priorities and when to target effort to fix.
Strategy 3	**Correct and enhance CareView**
Accomplishments	30 bugs/patches handled / 4 deployments / Finance Batch reporting Performance fix – system impact
Outcomes/Metrics	Better functioning core Application to serve staff and customers
Strategy 4	**IRS / Federal gov't data uploaded**
Accomplishments	IRS 1095-B upload data sent to IRS; 3 for 3 yearly 1st try attempts successful
Outcomes/Metrics	Retirees received their mandated IRS information

STRATEGIC PRIORITY 4 – Business Continuity and Resilience	
Goal Statement - Ensure the agency can maintain operations and recover quickly from disruptions.	
Strategy 1	**Formalize IT Policies and Procedures**
Accomplishments	Publish updated IT policies on security, access, and usage to guide staff behavior and ensure accountability (23 of 25 completed)
Outcomes/Metrics	Provide formal and standardized IT process and procedures for all Staff.
Strategy 2	**Enhance Disaster Recovery Plan (DRP)**
Accomplishments	Document and test recovery processes to restore IT services in the event of a system failure or disaster
Outcomes/Metrics	Provide formal and standardized IT process to follow in an event of an event that prevents Agency from doing business from Home Office (Albuquerque)
Strategy 3	**Data Room protection**
Accomplishments	UPS alerts set, along with additional Room Alert sensor (temp & humidity)
Outcomes/Metrics	Alerts to IT Staff on conditions that can adversely affect Data Room equipment – servers, switches, and Firewall.

B. OTHER KEY IT ACCOMPLISHMENTS – PRIOR FISCAL YEAR

APPLICATION	
Accomplishment	N/A
Value or Impact	N/A
DATA	
Accomplishment	Enhanced current Database encryption with TDE Keys
Value or Impact	Increases security further, in the event database is compromised.
PROCESS IMPROVEMENT	
Accomplishment	Created New Processes for Employee onboarding/offboarding, Printer Management, Check Scanner's, and Santa Fe Visit's
Value or Impact	Accomplish same work more efficiently using checklists or process steps. This allows current IT employees to standardize and follow same steps and in the event we lose employee, a newly hired person can quickly pick up.
WORKFORCE	
Accomplishments	Trained Net Admin I to accomplish 50% or more of basic Network Admin scope of responsibilities.
Value or Impact	Improved workload distribution, enhanced cybersecurity focus, and established backup staffing – which increases productivity and effectiveness of the Team
CUSTOMER SERVICE	
Accomplishments	Created Desktop HTML Rate Calculator (Medical, Dental/Vision, and Insurance for ~99% of possible scenarios.
Value or Impact	Allows CSReps to find the rate to be charged, based on electronic input. This should allow the value to be found easily and more efficiently and minimize human error
TELEWORK	
Accomplishments	Created a new process to deploy FortiClient and the VPN Config to User's who need to work remotely. Started the transition to Zoom Phones.
Value or Impact	The Business can easily mobilize employees to work from home in the event of a disaster or pandemic.
SECURITY	
Accomplishments	Implementation of DoIT's five cybersecurity components, using one, we were able to use Intune to push automated Security Patches Across endpoint's (User's devices).
Value or Impact	This allows for a stronger Security posture to reduce the chances a User's computer is compromised.

IV. FY28 IT STRATEGIC GOALS AND STRATEGIES

STRATEGIC PRIORITY 1 – Strengthen Agency Cybersecurity	
Goal Statement - Ensure that the agency's technology environment, applications, and retiree data remain secure against evolving threats.	
Strategy 1	**Move to standardize network security equipment (FortiNet)**
Outcomes/Metrics	Consolidate firewalls, switches, and access points under FortiNet to enable centralized management – using FortiAnalyzer to provide stronger security alerts, and greater efficiency.
Strategy 2	**Complete Alignment with DoIT Cybersecurity compliance standards**
Outcomes/Metrics	All DoIT cybersecurity components have been completed (5 of 5). Phishing training and campaigns to be implemented and done periodically. Continue use of Intune to push patches to User devices.
Strategy 3	**Expand Use of Third-Party Monitoring Tools**
Outcomes/Metrics	Increase visibility into event logs and system alerts using tools like Netwrix, allowing proactive action to address risks; additional enhancement to Room Alert software to provide server shutdown; additional enhancement to APC UPS – acquire Enterprise PowerChute software for graceful Virtual Machine shutdowns.

STRATEGIC PRIORITY 2 – Enhance Core Application Testing and Development	
Goal Statement – Build internal capacity to maintain and improve the CareView system while reducing reliance on external contractors.	
Strategy 1	**Rely less on contracted support for the agency's CareView system**
Outcomes/Metrics	Recruit and assign a full-time database/application support position to increase internal capacity for routine database maintenance, reporting, troubleshooting, testing, documentation, CareView support, and development activities, reducing reliance on contracted programming support.
Strategy 2	**Maintain current Microsoft server environment**
Outcomes/Metrics	Plan for new OS (2025), and related Server services (SQL, BizTalk, PowerBI, Visual Studio, etc) – for current CareView environment
Strategy 3	**Document programming code to business logic**
Outcomes/Metrics	Further develop CareView FlowChart Tasks for each Module and begin collaboration meetings to assess priorities and direction of fixes - reducing troubleshooting time and supporting smoother enhancements

STRATEGIC PRIORITY 3 – Improve Core Application Functionality	
Goal Statement - Ensure CareView and related systems operate efficiently and continue to meet staff and Retiree needs.	
Strategy 1	**Ongoing CareView Fixes and Enhancements**
Outcomes/Metrics	Address bugs and implement usability improvements to increase staff efficiency
Strategy 2	**Advance Enrollment WebPortal Development & Testing**
Outcomes/Metrics	Advance the Enrollment WebPortal through internal testing toward a functioning electronic enrollment portal and, once implemented, begin development of Change Request functionality. This will streamline processes, improve the member experience, and reduce manual administrative work.
Strategy 3	**Staff Training and Support**
Outcomes/Metrics	Standardize CareView and WebPortal training across Customer Service and Finance to reduce errors and minimize IT intervention.

STRATEGIC PRIORITY 4 – Update Physical Computing Environment	
Goal Statement - Implement efficient and effective operational structure to support administration of benefit programs.	
Strategy 1	**Consolidation of Server Hardware / New Server**
Outcomes/Metrics	The new server will allow IT to optimize the application environment by retiring aging servers and redistributing virtual machines and enterprise applications across newer physical hardware.
Strategy 2	**Network Enhancements**
Outcomes/Metrics	Switch Servers to new networking FortiNet switches to eliminate local bottlenecks; Establish new VLAN organization to separate Serves, Users, printers, phones, Test environment, and management subnet.
Strategy 3	**Recycle Current Server Hosts**
Outcomes/Metrics	Recycle our Backup Host (Vader) to Replace outdated Immutable Host (retire Dinjarin); harvest RAM and HDDs to potentially improve Server overall performance

STRATEGIC PRIORITY 5 – Business Continuity and Resilience	
Goal Statement - Ensure the agency can maintain operations and recover quickly from disruptions.	
Strategy 1	**Acquire FortiNet VPN / ZTNA licenses**
Outcomes/Metrics	Allows IT to provision VPN access quickly with single-sign on capabilities, segmented and secure user access to agency resources, and provide less User interaction or burden when accessing the Network.
Strategy 2	**Implement Zoom Phone environment**
Outcomes/Metrics	Transition from the legacy on-premises Avaya VoIP phone system to the Zoom cloud-based phone environment, providing improved reporting, administrative capabilities, single sign-on, and greater flexibility for remote operations and business continuity.
Strategy 3	**Enhance Disaster Recovery Plan (DRP)**
Outcomes/Metrics	Document and test recovery processes to restore IT services in the event of a system failure or disaster (ongoing); two previous incidents used – gas leak & power outage. Continued development and formal, planned testing to ensure processes are correct.
Strategy 4	**Formalize IT Policies and Procedures**
Outcomes/Metrics	Publish updated IT policies on security, access, and usage to guide staff behavior and ensure accountability
Strategy 5	**Build Work from Home / Disaster Prep devices**
Outcomes/Metrics	Determine available spare equipment viability; purchase new equipment (as part of Refresh cycle) to trickle down older equipment as spares; consider notebooks as replacements to desktops instead – user mobility is enhanced.

V. IT FISCAL AND BUDGET MANAGEMENT

Information Technology (IT) Operating Budget (C1)

(To update this table, please double click on the embedded spreadsheet and add the required information. Before exiting the spreadsheet, please make sure to scroll up. Otherwise, the entries of this table will not be fully previewed.) ☐

Agency Name		Agency Code
Retiree Health Care Authority		34300
Base Request Operational Support of IT. Check one of the options below:	**Flat Budget**	**Expansion from previous year**
Yes/No	Yes	

Revenue IT Base Budget (dollars in thousands)

Appropriation Funding Type	FY25 Actual	FY26 Actual	FY27 OpBud	FY28 Request	FY29 Estimate
General Fund	0.0	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0	0.0
Internal Svc Funds/Interagency Transfer	829.2	789.2	986.4	1,032.2	1,032.2
Total	**829.2**	**903.7**	**986.4**	**1,032.2**	**1,032.2**

Expenditure Categories *(dollars in thousands)*

Category or Account Description	FY25 Actual	FY26 Actual	FY27 OpBud	FY28 Request	FY29 Estimate
Personnel Services & Employee Benefits	508.4	664.7	664.8	708.5	708.5
Contractual & Professional Services	110.9	68.5	110.0	110.0	110.0
IT Other Services	209.9	170.5	211.6	213.7	213.7
Other Financing Uses	0.0	0.0	0.0	0.0	0.0
Total	**829.2**	**903.7**	**986.4**	**1,032.2**	**1,032.2**

	Print Name	Phone	Email Address	Date
Agency Cabinet Secretary/ Director (Mandatory)	Neil Kueffer	505-222-6408	neil.kueffer@rhca.nm.gov	
Chief Information Officer or IT Lead(Mandatory)	Raymond Long	505-222-6421	raymond.long@rhca.nm.gov	
Chief Finance Officer (Mandatory)	Sheri Ayanniyi	505-222-6406	sheri.ayanniyi@rhca.nm.gov	

Agency Cabinet Secretary/Director Signature

DocuSigned by:
Neil Kueffer
0F15CCECEDEB44C...

Chief Information Officer/IT Lead Signature

DocuSigned by:
Raymond Long
DC59F498798F427...

Chief Financial Officer Signature

DocuSigned by:
E3BE5FA5B5AF416...

VI. SPECIAL FUNDING, SUPPLEMENTAL, COMPUTER SYSTEM ENHANCEMENT (C2) FUNDING AND REAUTHORIZATION OF C2 APPROPRIATIONS

A. **Special Funding and Supplemental Request(s):** NMRHCA is not requesting for FY28

B. **Computer System Enhancement (C2) Funding**: NMRHCA is not requesting for FY28

C. **Reauthorization of C2 Appropriations:** NMRHCA is not requesting for FY28

REQUEST FOR REAUTHORIZATION OF C2 APPROPRIATIONS

<table>
<tr><th colspan="5">Information Technology Request for Reauthorization of C2 Appropriations</th></tr>
<tr><td>Agency Name</td><td></td><td>Agency Code</td><td colspan="2"></td></tr>
<tr><td>Lead Agency Name Listed on Appropriation</td><td></td><td>Project Name</td><td colspan="2"></td></tr>
<tr><td colspan="3">Source of Authorization
(e.g. Laws 2022, Chapter 54, Section 7 (12) or Grant/Federal Fund #)</td><td>Appropriation Amount
(in thousands)</td><td>Remaining Balance
(in thousands)</td></tr>
<tr><td colspan="3"></td><td>0.0</td><td>0.0</td></tr>
<tr><td colspan="3"></td><td>0.0</td><td>0.0</td></tr>
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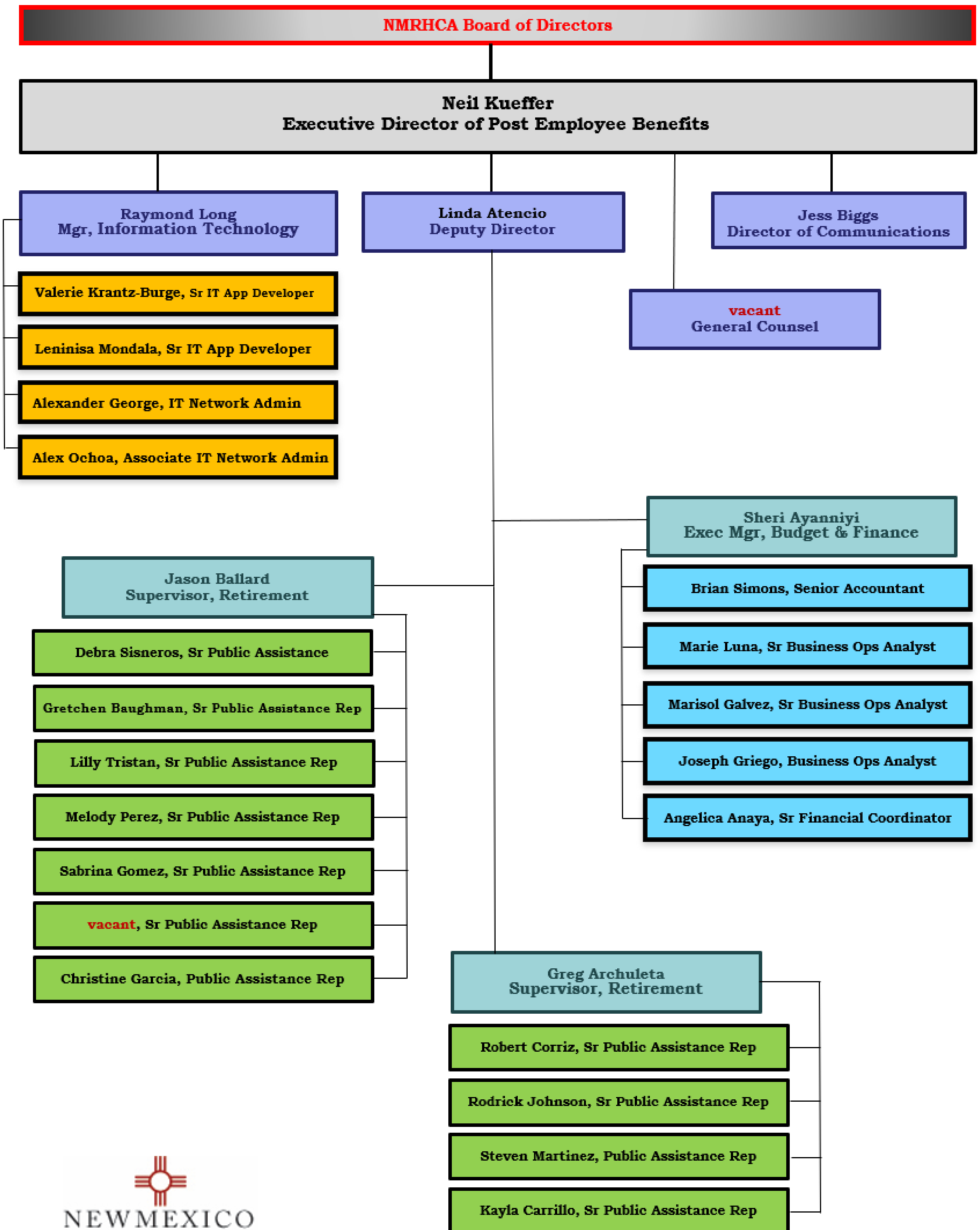
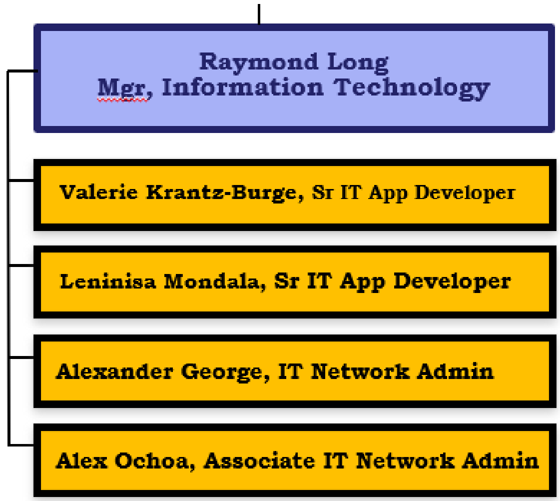
<tr><td colspan="3"></td><td>0.0</td><td>0.0</td></tr>
<tr><td>Total amount appropriated for project life
(in thousands)</td><td></td><td colspan="2">Will the project be completed within the next fiscal year?</td><td>☐ Yes
☐ No</td></tr>
<tr><td>Reason for Requesting Reauthorization</td><td colspan="4"></td></tr>
</table>

APPENDIX A-I: AGENCY ORGANIZATION CHART



NEW MEXICO
RETIREE
HEALTH CARE
AUTHORITY

APPENDIX A-II: IT ORGANIZATION CHART



APPENDIX A-III: C2 IT DATA PROCESSING CSEF

C2: Information Technology
Data Processing - Computer Systems Enhancement Fund (CSEF)

Agency Name	Agency Code	Project Name		
Multi-Agency Project Participating Agencies		**Priority**	**Projected/Actual Start Date**	**Projected End Date**

Revenue Project Cost *(dollars in thousands)*				
Category or Account Description	**FY25 & Prev Actual**	**FY26 Budget**	**FY27 Request**	**Total**
General Fund (CSEF)	0.0	0.0	0.0	0.0
Other State Funds ***(*specify funds below)***	0.0	0.0	0.0	0.0
Federal Funds	0.0	0.0	0.0	0.0
Internal Svc Funds/Interagency Transfer	0.0	0.0	0.0	0.0
Total	**0.0**	**0.0**	**0.0**	**0.0**
***If Other State Funds, Specify Funding Source/Fund Name**				

Expenditure Categories *(dollars in thousands)*				
	FY25 & Prev Actual	**FY26 Budget**	**FY27 Request**	**Total**
Personnel Services & Employee Benefits	0.0	0.0	0.0	0.0
Professional Services	0.0	0.0	0.0	0.0
Travel/Lodging	0.0	0.0	0.0	0.0
IT Hardware	0.0	0.0	0.0	0.0
IT Software	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0
Total	**0.0**	**0.0**	**0.0**	**0.0**

	Print Name	Phone	Email Address	Date
Agency Cabinet Secretary/ Director (Mandatory)				
Chief Information Officer or IT Lead(Mandatory)				
Chief Finance Officer / Budget Director (Mandatory)				

Agency Cabinet Secretary/Director Signature ____

Chief Information Officer/IT Lead Signature ____

Chief Finance Officer/Budget Director Signature ____

FY28 APPROPRIATION REQUEST
FORM E-6B LEASED PASSENGER-RELATED VEHICLES
Account code 542800
LEASED VEHICLE INFORMATION @ 7/1/26

Agency Name: Retiree Health Care Authority — Business Unit: 34300
Program Name: Program Support — Program Code: P634

	LONG TERM LEASES ONLY							Long Term Only			SHORT TERM ONLY			
							Lease Type	A	B	A x B = C	D	E	D x E = F	
Item No.	Year	Make/Model	Vehicle Type	A** R C	License Plate Number	Mileage As of 7/1/26	Operational (O) or Standard (S)	FY28 Monthly Rate S= Rate Schedule	Number of months to lease	Total cost Rate FY28	Daily Rate Based On Vehicle Type	No. of Days	Total Lease Rate	Put (x) if Fed $
Example										-			-	
1	2025	Honda/Accord	02BH	C	011590SG	3,961	Standard (S)	766	12	9,192.0			-	
2										-			-	
3										-			-	
4										-			-	
5										-			-	
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17										-			-	
18										-			-	
19										-			-	
									TOTAL LONG TERM:	9,192.0	**TOTAL SHORT TERM:**		-	

Operational(O) rate for FY28 will be

** Code A = additional leased vehicle request C = vehicle currently leased R = request to replace previously purchased vehicle