



NEW MEXICO PUBLIC SCHOOLS INSURANCE AUTHORITY

Office of Executive Director

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Santa Fe, New Mexico 87501
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505-983-8670 (fax)

BOARD OF DIRECTORS

- NM School Boards Association
- NM Superintendents Association
- Public Education Commission
- NM School Administrators
- NM National Education Association
- American Federation of Teachers N.M.
- Governor Appointees
- Educational Institutions at Large

Ernestine Chavez
Executive Director

Richard Valerio
Deputy Director

Legislative Finance Committee

October 25, 2018

About NMPSIA

NMPSIA was established by the NM Legislature in 1986 to provide comprehensive core insurance programs for public schools, public school employees, retirees and other educational entities. Charter schools were added after the Charter Schools Act in 1999.

NMPSIA Today

NMPSIA covers 88 mandatory school districts (excluding APS), 96 charter schools (including those in Albuquerque), and 26 other educational entities through its Employee Benefits and Risk programs.

NMPSIA offers self-insured medical, prescription drug, and dental plans. Fully insured vision, life, and disability plans are also offered. There are approximately 47,000 members (21,000 employees) covered under the NMPSIA medical and prescription drug plans.

Under the Risk program, NMPSIA insures assets in excess of \$25 Billion, approximately 44,000 employees, \$2 Billion in payroll, 325,000 students, 44,000 school athletic participants, 9,000 volunteers, and 9,300 vehicles.

NMPSIA is governed by an 11 member Board of Directors and has a staff of 11 FTE. Effective September 1, 2018, Ernestine Chavez was appointed as Executive Director, Richard Valerio as Deputy Director, and Patrick Sandoval as Chief Financial Officer.

NMPSIA Funding

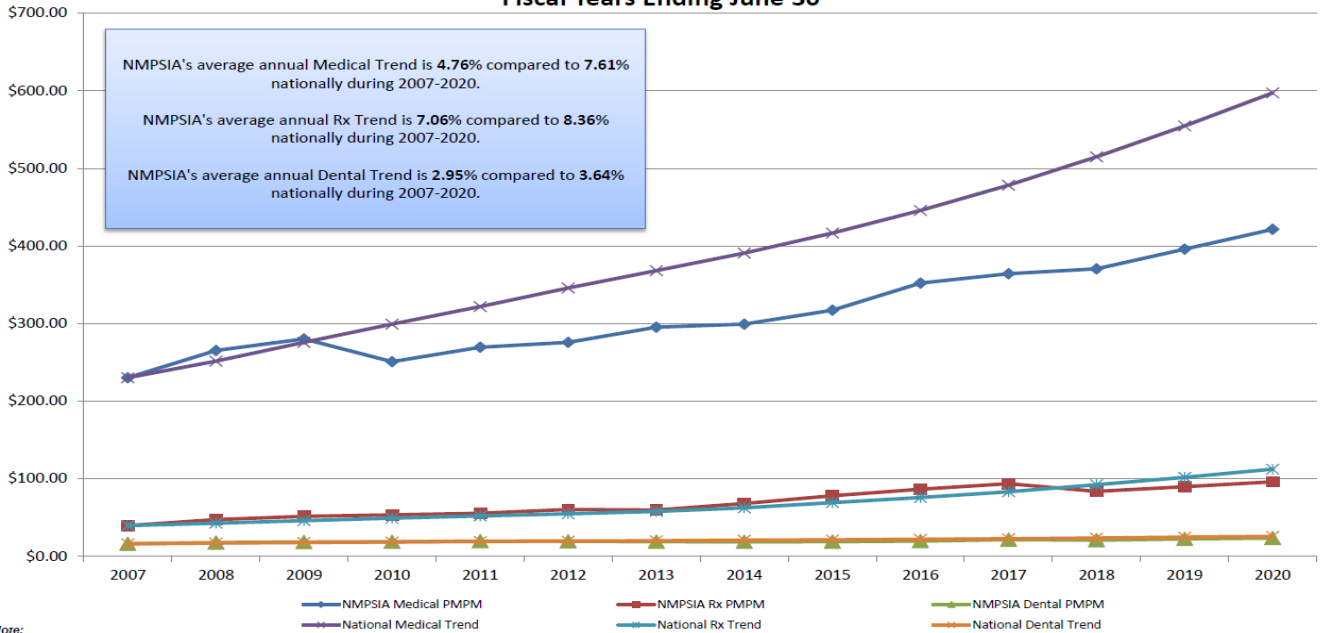
NMPSIA's revenues are derived from Other State Funds (i.e. premiums, investment income, etc.). NMPSIA does not receive a direct appropriation from the State General Fund.

FY2020 Appropriation Request

Fund	FY19 Operating Budget	FY20 Appropriation Request	Percentage Difference FY19-FY20
Benefits	\$332,680,900	\$316,951,700	-4.73%
Risk	\$75,078,200	\$82,552,100	9.95%
Program Support	\$1,335,400	\$1,367,300	2.39%
Agency Total	\$409,094,500	\$400,871,100	-2.01%

Employee Benefits

New Mexico Public Schools Insurance Authority Historical & Projected PMPM Claims vs. Claims Increased at National Trend Rates Fiscal Years Ending June 30



Note:

Medical trends exclude prescription drug coverage.
 Prescription drug national trend data for CY2007 only reflects retail. For CY2008 to current, prescription drug retail and mail-order delivery channels are combined.
 All national trends illustrated are for actives and retirees under age 65.
 National trend data through CY2018 is from the 2018 Segal Health Plan Cost Trend Survey.
 Projected trend is shown for CY2017 and CY2018; Trend during CY2019 and CY2020 are shown at same level as CY2018 for illustration purposes.
 National trend data reflects claims cost trend before changes in plan design and participant cost-sharing is considered.
 NMPSIA historical claims data based on actual paid data and has not been adjusted for benefit design changes. NMPSIA projected claims for FY2018 through FY2020 reflect the 2018 benefit design.

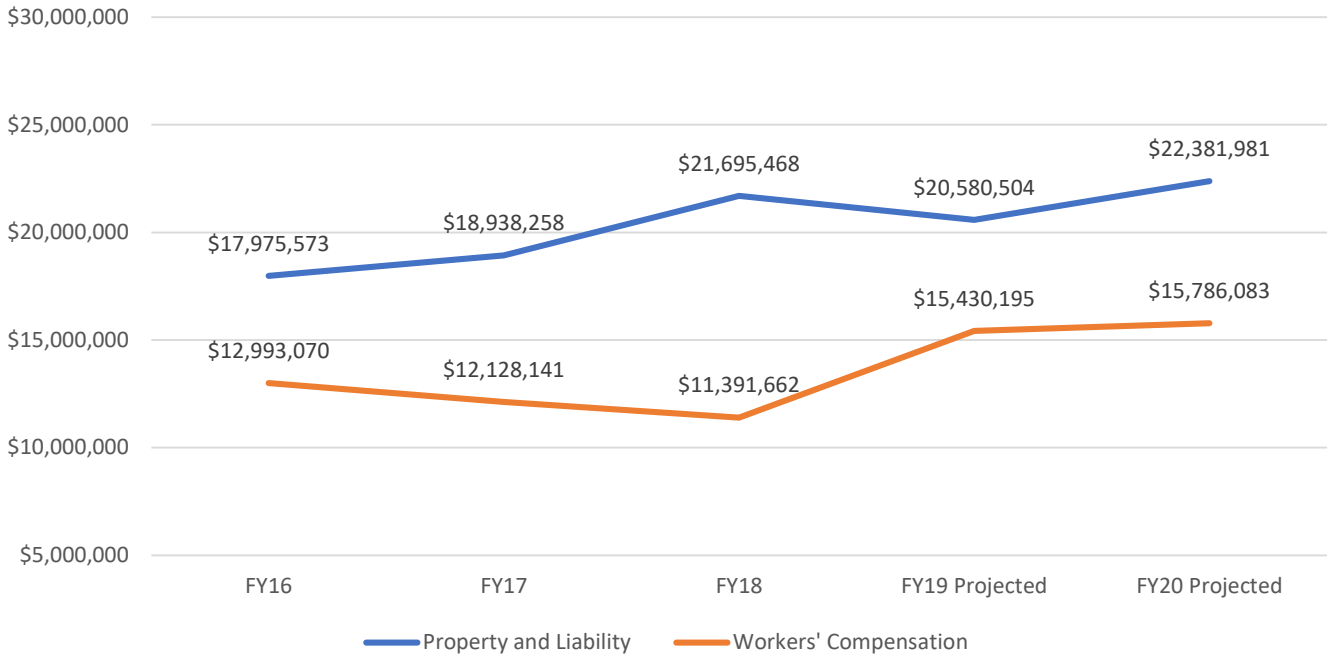
Employee Benefits Fund

Plan Year	Fund Balance at End of Plan Year	Rate Increase
2013-2014	\$42.3 million	Medical 6.6% Dental 3.0%
2014-2015	\$41.4 million	Medical 1.5% Dental 0.0%
2015-2016	\$20.9 million	Medical 4.0% Dental 0.0%
2016-2017	\$13.8 million	Medical High 8.30% Medical Low 7.15% Dental 0.0%
2017-2018	\$17.3 million (unaudited)	Medical High 3.98% Medical Low 1.82% Dental 0.0%
2018-2019	\$17.7 million (projected)	Medical High 4.0% Medical Low -0.7% Dental 0.0%
2019-2020	\$15.7 million (projected)	Medical High 7.6% Medical Low 7.6% Dental 5.0%

Target fund balance is 1 month of claims - \$24.1 – 26.0 million.

Risk Coverages

Risk Claims Total \$ Spent

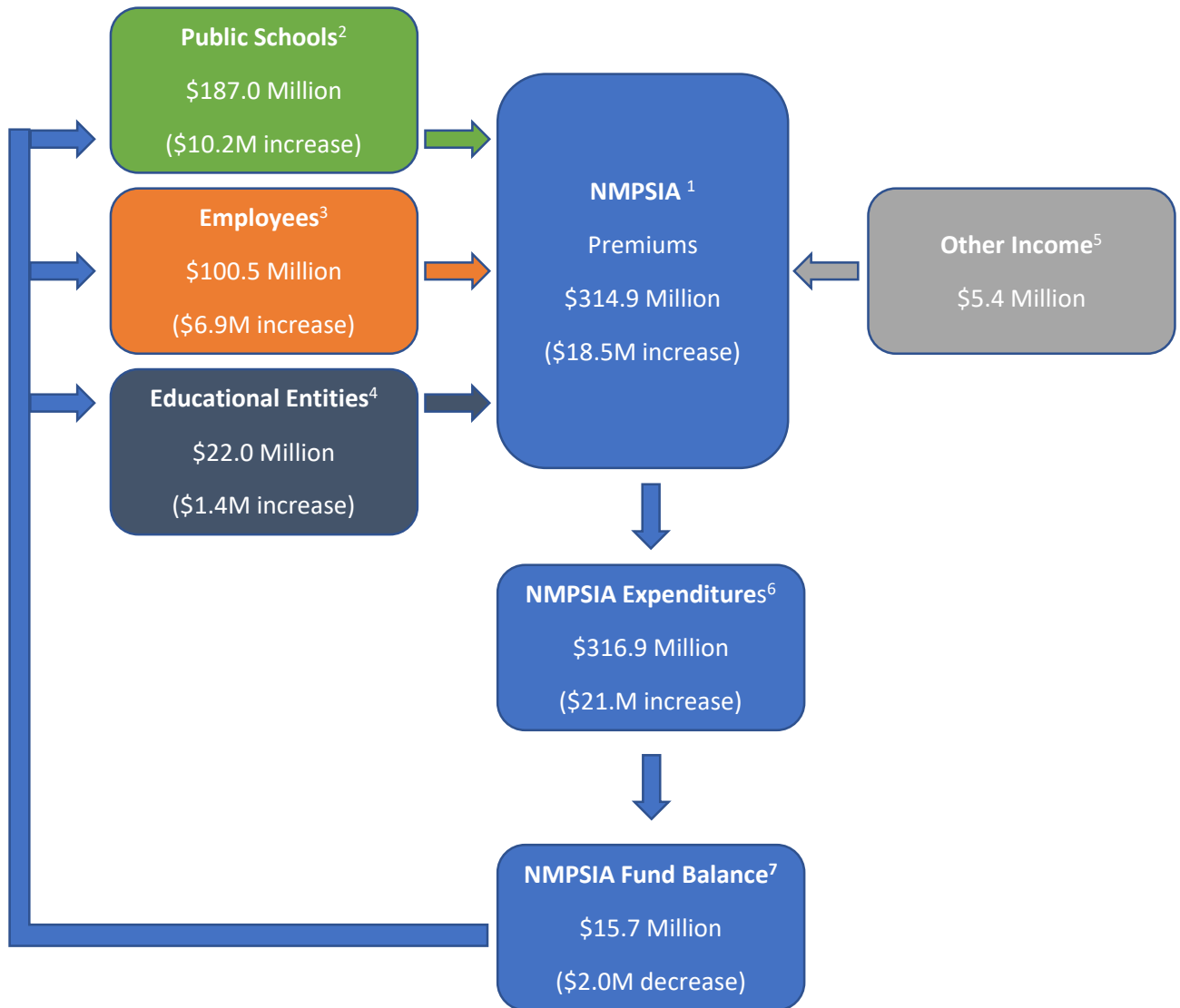


- Over the past several years, claim frequency has been steadily decreasing, while claim severity has been steadily increasing.

Risk Fund

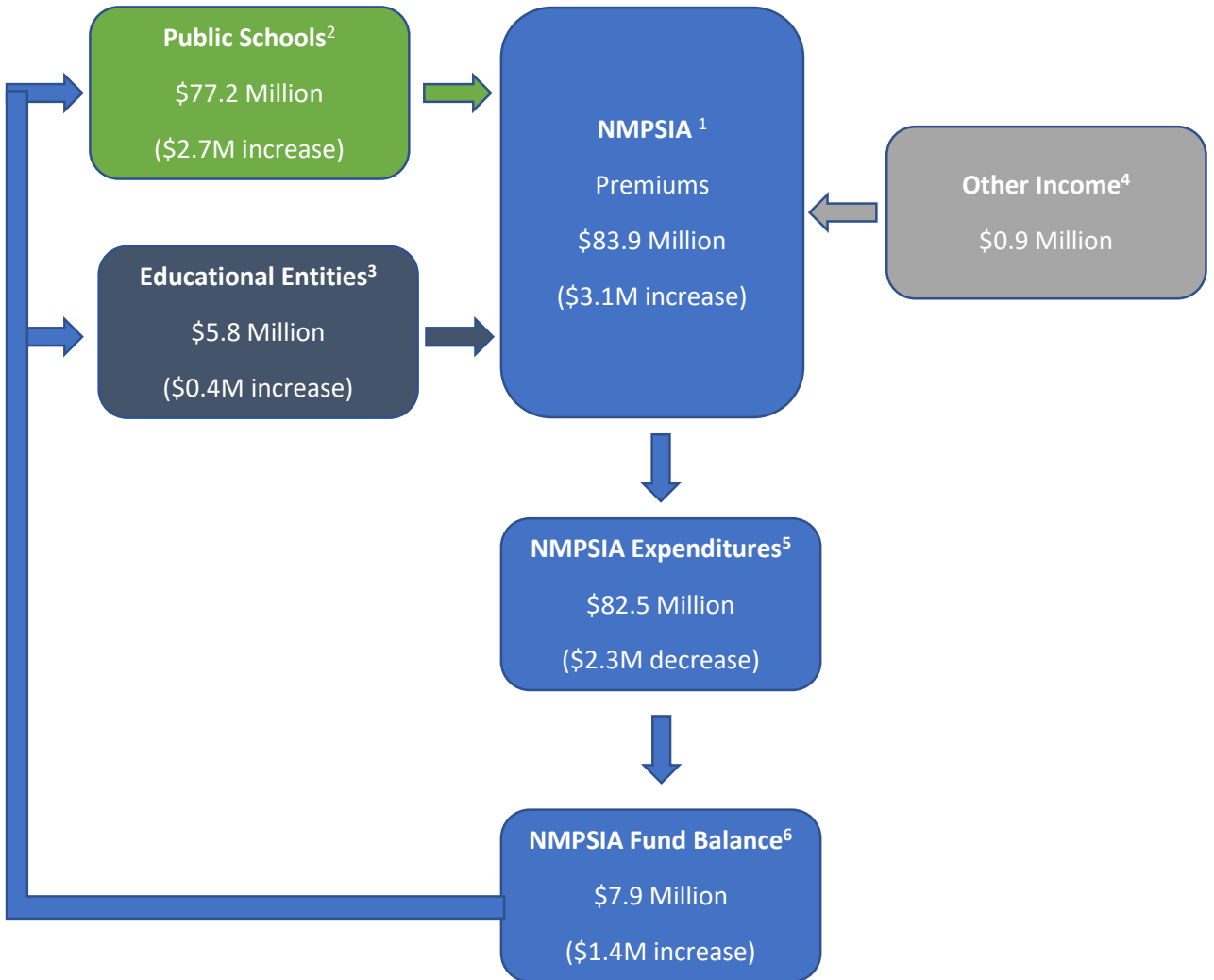
Plan Year	Fund Balance at End of Plan Year	Rate Increase
2010-2011	\$24.9 million	No Increase
2011-2012	\$19.8 million	No Increase
2012-2013	\$12.3 million	-10.00%
2013-2014	\$5.4 million	25.49%
2014-2015	\$4.0 million	7.31%
2015-2016	\$-5.7 million	11.28%
2016-2017	\$-14.2 million (\$16.0 million in fund sweeps)	5.14%
2017-2018	\$5.9 million (unaudited)	0.02%
2018-2019	\$6.4 million (projected)	3.90%
2019-2020	\$7.9 million (projected)	3.90%

Fiscal Year 2020 Funding for Employee Benefits



1. As mandated by statute, the NMPSIA Board determines premium rates and collects premiums from schools. NMPSIA is self-funded and does not receive a direct appropriation from the State General Fund.
2. Public School Support funds the employer contribution for insurance. Funding is distributed to schools through the State Equalization Guarantee (SEG). NMPSIA recommends PED request an FY20 increase of \$10.2 million to insurance for employee benefits. The average employer contribution is 63% of NMPSIA premium.
3. The average employee contribution is 37% of NMPSIA premium.
4. Educational entities include higher education institutions and other members.
5. Other income includes self-pay members and investment income.
6. NMPSIA utilizes premium funding to pay expenditures (i.e. claims, premiums, administrative fees, etc.). NMPSIA expenditure authority is set through the General Appropriation Act.
7. Reserves are utilized to cover unanticipated claims, and to offset premium increases and/or plan design changes.

Fiscal Year 2020 Funding for Risk Coverages



1. NMPSIA is self-funded up to the self-insured retention. As mandated by statute, the NMPSIA Board determines premium rates and collects premiums from schools. NMPSIA does not receive a direct appropriation from the State General Fund.
2. Public School Support funds insurance for public schools. Funding is distributed to schools through the State Equalization Guarantee (SEG). NMPSIA recommends PED request an FY20 increase of \$2.7 million to insurance for risk coverages.
3. Educational entities include higher education institutions and other members.
4. Other income includes investment income.
5. NMPSIA utilizes premium funding to pay expenditures (i.e. claims, premiums, administrative fees, etc.). NMPSIA expenditure authority is set through the General Appropriation Act.
6. Reserves are utilized to cover unanticipated claims, and to offset premium increases.