New Mexico Public Schools Insurance Authority

Created 1986 - Statutes 22-29-2 and 22-29-4

FY28 Health Insurance

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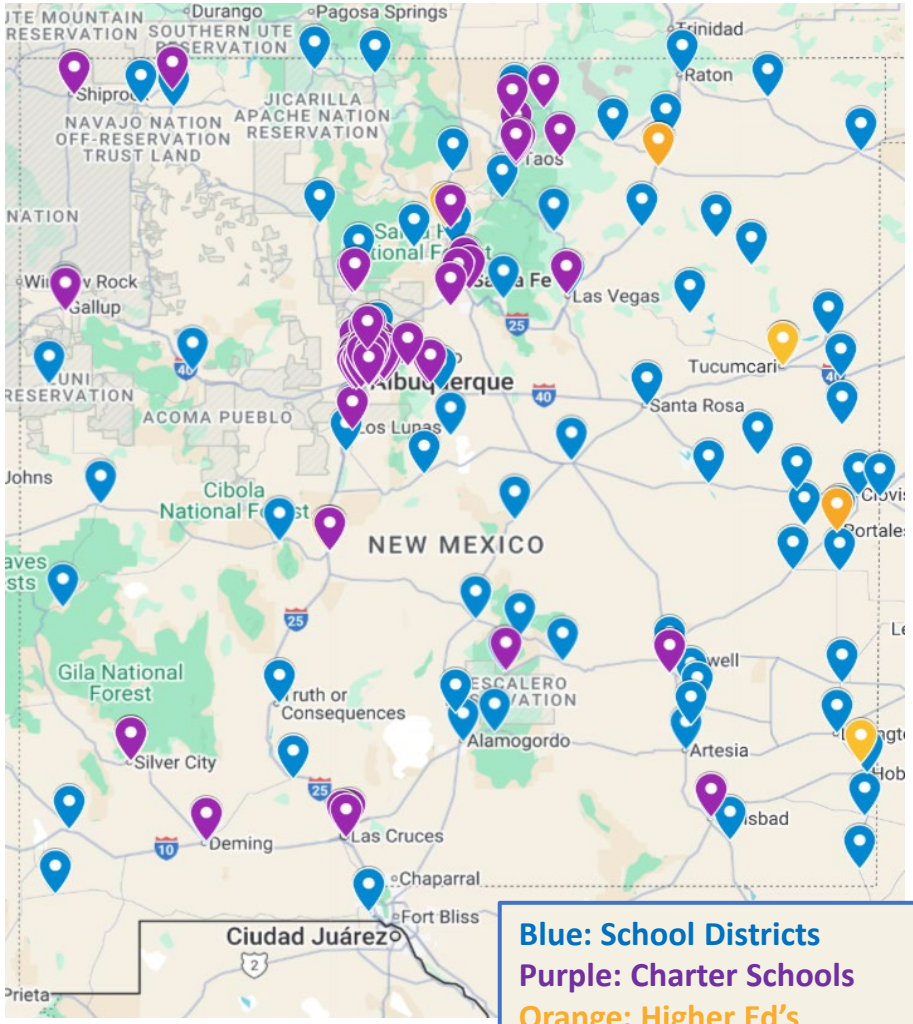
New Mexico Public Schools Insurance Authority

NMPSIA Membership



Blue: School Districts
Purple: Charter Schools
Orange: Higher Ed's

88 Public Schools (APS July 1, 2027)
102 Charter Schools

10 Institutions of Higher Education
18 Other Educational Entities

79,300+ Employees & Dependents
41,800+ Eligible Employees

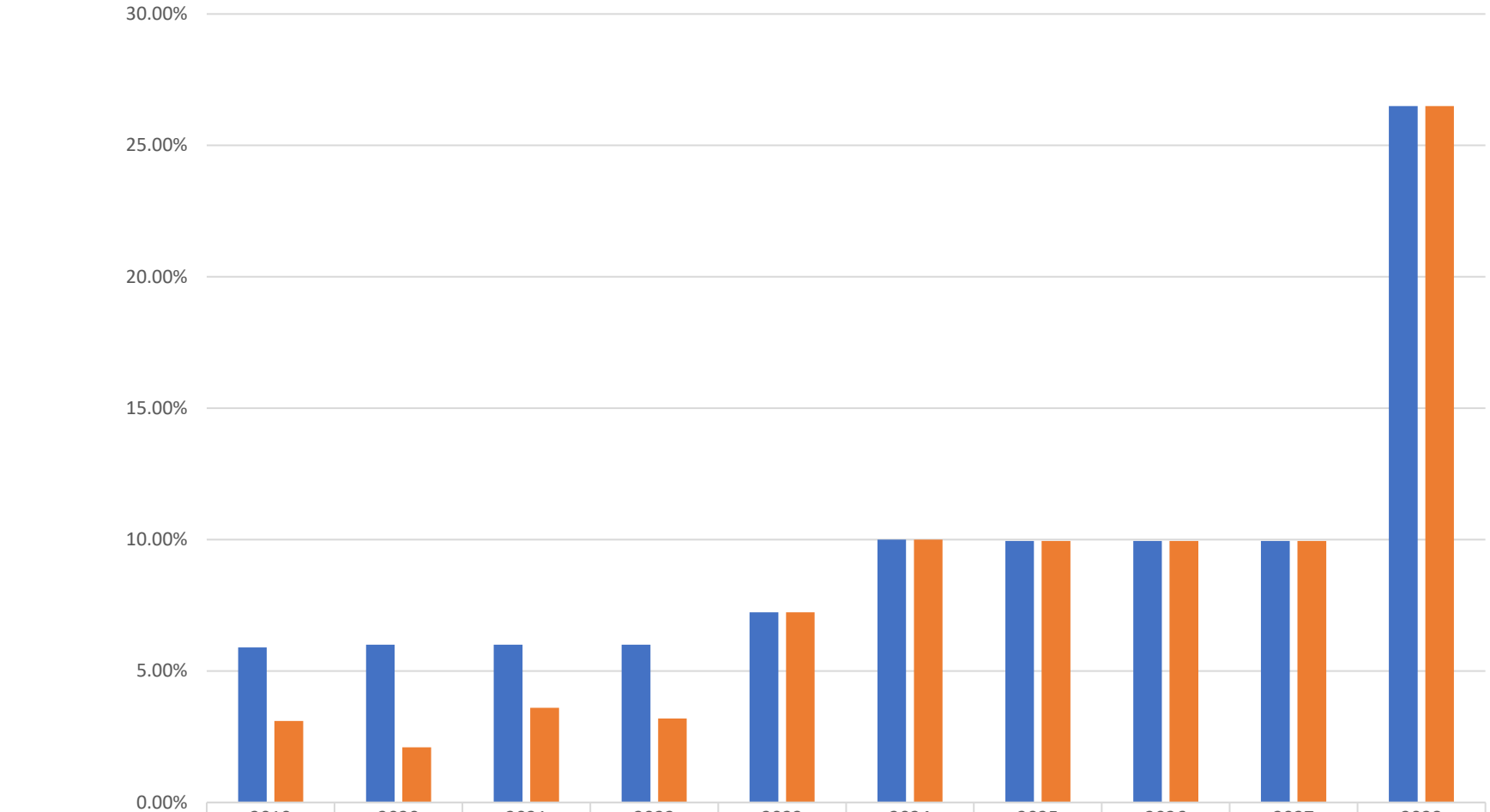
Staff of 12 FTEs
Governed by a Board of Directors*

*Governor Appointees, NMASBO, Educational Entities at Large, AFT-NM, NEA-NM, PEC, NMSBA, Superintendents Association

New Mexico Public Schools Insurance Authority

Employee Benefits Fund

Premium Rate Increases



	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Medical High Option	5.90%	6.00%	6.00%	6.00%	7.24%	10.00%	9.95%	9.95%	9.95%	26.50%
Medical Low Option	3.10%	2.10%	3.60%	3.20%	7.24%	10.00%	9.95%	9.95%	9.95%	26.50%

New Mexico Public Schools Insurance Authority

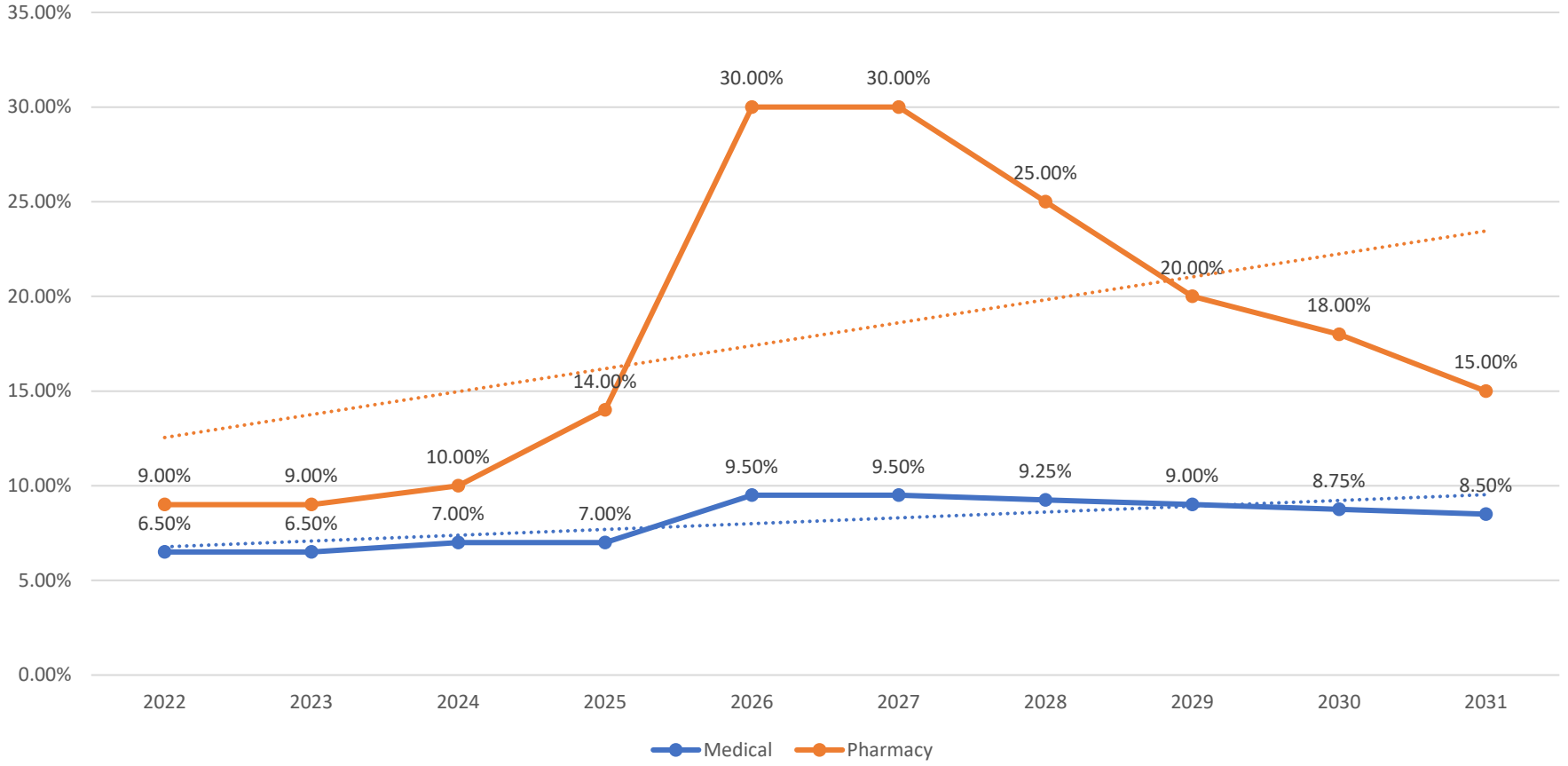
NMPSIA Five-Year Benefits Projection

FY2027 - FY2031 Benefits Projections			
Description		**Baseline**	**Flat Increase**
Rate Action			
Eff. 10/1/2026		9.95% Medical / 4% Dental	9.95% Medical / 4% Dental
Eff. 10/1/2027		26.50%	15.50%
Eff. 10/1/2028		9.00%	15.50%
Eff. 10/1/2029		9.00%	15.50%
Eff. 10/1/2030		9.00%	15.50%
Fund Balance			
	Revenue	$476,750,000	$476,750,000
End of FY2026	**Fund Balance**	$15,960,000	$15,960,000
	Month of Claims	0.4	0.4
	Revenue	$519,900,000	$519,900,000
End of FY2027	**Fund Balance**	($11,900,000)	($11,900,000)
	Month of Claims	-0.2	-0.2
	Revenue	$803,500,000	$752,300,000
End of FY2028	**Fund Balance**	$14,000,000	($37,100,000)
	Month of Claims	0.2	-0.5
	Revenue	$901,400,000	$864,300,000
End of FY2029	**Fund Balance**	$53,000,000	($35,300,000)
	Month of Claims	0.7	-0.5
	Revenue	$981,000,000	$993,700,000
End of FY2030	**Fund Balance**	$78,300,000	$2,700,000
	Month of Claims	0.9	0.0
	Revenue	$1,068,000,000	$1,143,500,000
End of FY2031	**Fund Balance**	$97,300,000	$97,300,000
	Month of Claims	1.0	1.0

New Mexico Public Schools Insurance Authority

Benefits and Prescription Drug Claims

Trend Assumptions



New Mexico Public Schools Insurance Authority

Premium Buy-Down Impact

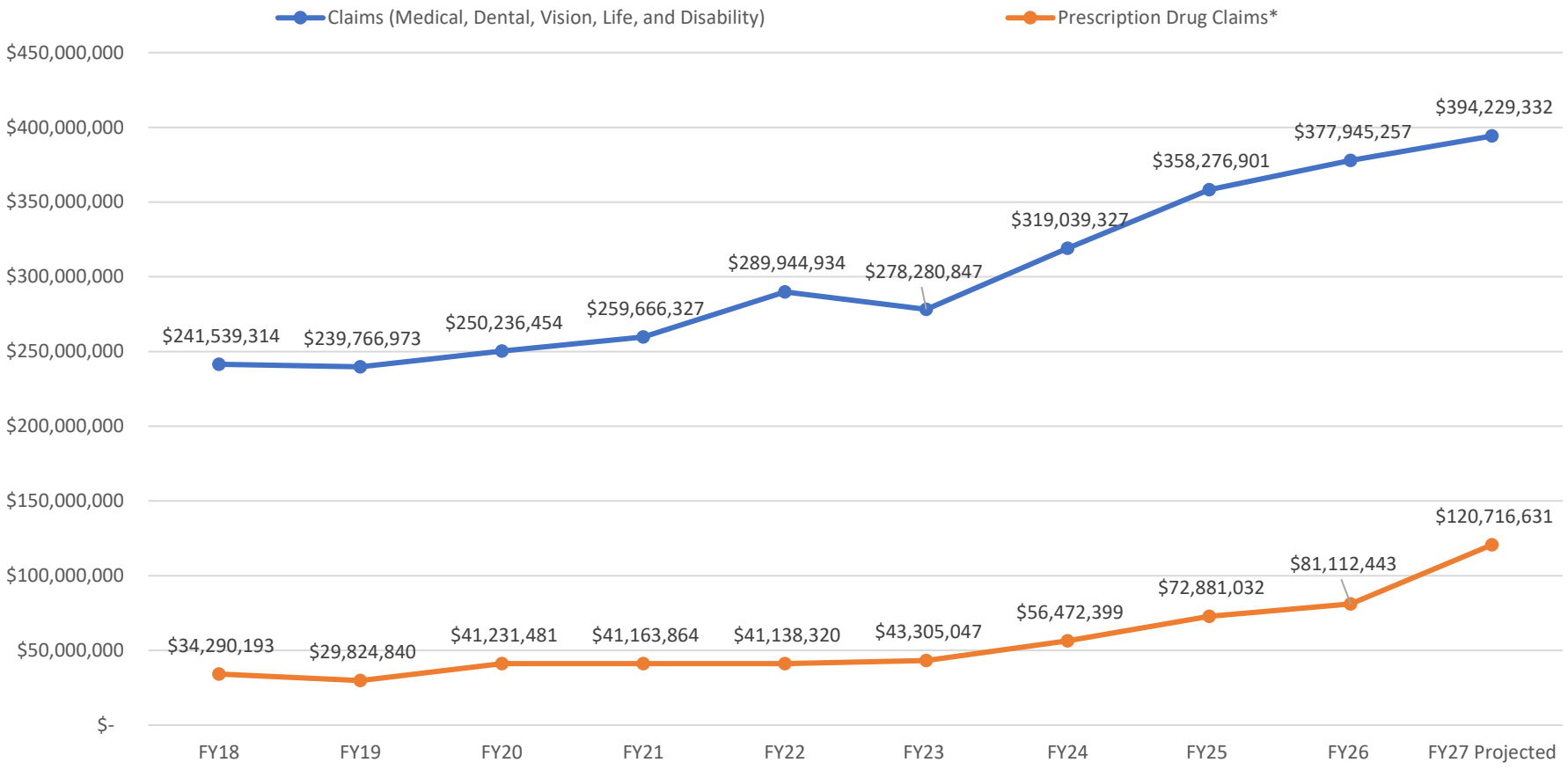
	Projected Blended Increase as of 10/1 to "Breakeven"	Actual October 1 Rate Increase	% Change in Revenue[1]	Med/Rx Revenue less Expenditures[2,3]	Appropriation Funds	Loss Ratio
FY2020	2.9%	5.9% High/EPO; 3.1% Low	4.8%	($987,000)	N/A	100.3%
FY2021	11.3%	6.0% High/EPO; 2.1% Low	5.5%	($1,586,000)	N/A	100.5%
FY2022	11.9%	6.0% High/EPO; 3.6% Low	5.3%	($22,368,000)	$15,000,000	107.4%
FY2023	8.10%	6.0% High/EPO; 3.2% Low	5.6%	($10,428,000)	N/A	103.3%
FY2024	7.6%	7.2% All Plans	6.7%	($15,522,000)	N/A	104.5%
FY2025	15.5%	10.0% All Plans	9.5%	($30,455,000)	$65,000,000	107.8%
FY2026[3]	18.0%	9.95% All Plans	10.0%	($36,000,000)	N/A	107.6%
Annualized Average	10.6%		6.2%			
Cumulative Total				(117,346,000)	$80,000,000	

- The difference between 10.6% and 6.2% since FY2020 has accumulated year over year, even with cash infusions of $15M in FY2022 and $65M in FY2025.
- Breakeven = Premiums set to cover expenses
- Premium increases are not keeping pace with claims trend

New Mexico Public Schools Insurance Authority

Benefit Cost Drivers

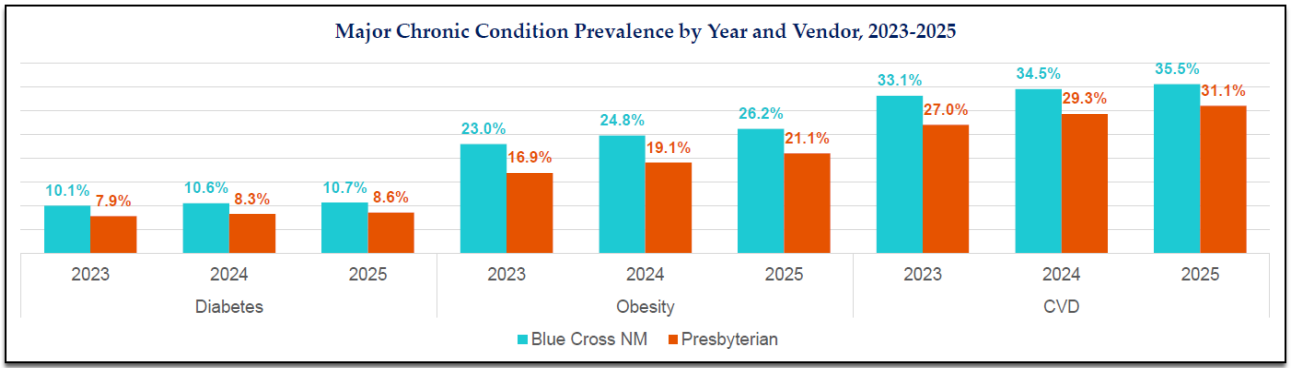
Medical and Prescription Drug Claims Costs



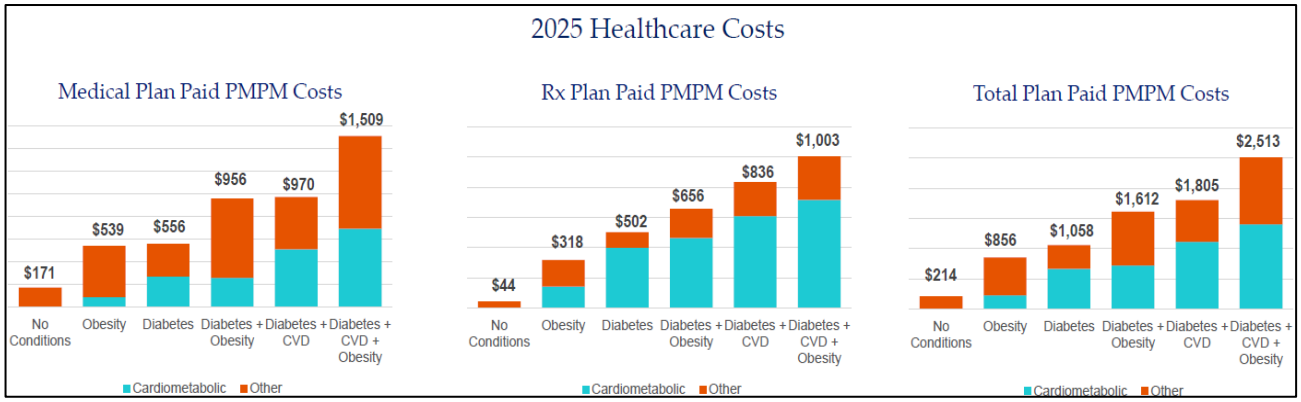
- *Prescription drug claims are net of rebates
- FY 2026 Expenditures do not include audit adjustments

New Mexico Public Schools Insurance Authority

Chronic Conditions and Comorbidities



Cohort	Prevalence			
	2023 Prevalence	2024 Prevalence	2025 Prevalence	2023 to 2025 Change
Diabetes	0.7%	0.7%	0.6%	-0.1 pp.
CVD	13.5%	13.6%	13.6%	+0.2 pp.
Obesity	6.7%	7.1%	7.3%	+0.6 pp.
Diabetes + CVD	3.8%	3.9%	3.8%	0.0 pp.
Diabetes + Obesity	0.5%	0.5%	0.5%	0.0 pp.
Obesity + CVD	9.0%	10.1%	11.3%	+2.3 pp.
Diabetes + CVD + Obesity	4.1%	4.5%	4.8%	+0.8 pp.
Any Cardiometabolic Condition	**38.2%**	**40.4%**	**42.0%**	**+3.8 pp.**
No Conditions	**53.2%**	**51.4%**	**48.9%**	**-4.3 pp.**
Other Conditions	**8.6%**	**8.2%**	**9.1%**	**+0.5 pp.**
Any Chronic Condition	**46.8%**	**48.6%**	**51.1%**	**+4.3 pp.**



The charts focus on three types of cardiometabolic disease:

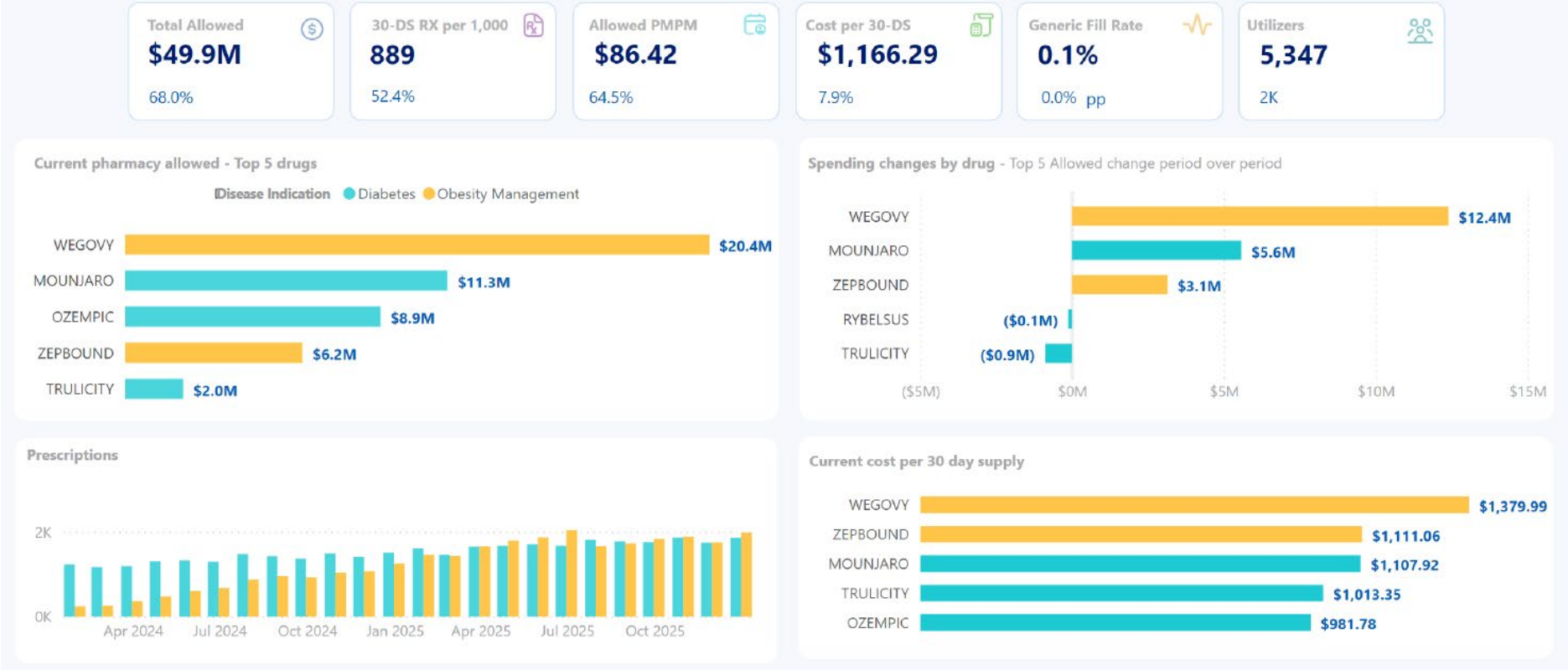
- Diabetes
- Obesity
- Cardiovascular Disease (CVD)
  - Hypertension
  - Hyperlipidemia
  - Coronary Artery Disease (CAD)
  - Congestive Heart Failure

A majority of members have more than one comorbidity

Between 27 to 36 percent of members are affected

New Mexico Public Schools Insurance Authority

GLP-1 Utilization and Cost



- PMPM costs for GLP-1s rose by 64.5% in the current period, with spend increases concentrated in Wegovy (+$12.4M) and Mounjaro (+5.6M).
- Through cost per Rx did increase by 7.9%, utilization – which rose by 52.4%- led to a larger impact on trend.

New Mexico Public Schools Insurance Authority

Cost Measures

Reference-Based Pricing

- SB 376 was passed during the 2025 New Mexico Legislative Session
- Authorizes the New Mexico Secretary of Health to implement Reference-Based Pricing (RBP)
- FY2027 Projected Savings - $16,000,000

Plan design Changes
Effective January 1, 2026

- Increases variation between low and high plans
- Pharmacy Plan Design Changes
- FY2027 Projected Savings = $12,800,000

Wellness Solutions

- Cardiometabolic Solutions offered through Omada Health (Prevention & Weight Health, Diabetes, Diabetes with Hypertension, Hypertension)
- Professional Health Coaching, Connected Devices, Weekly Interactive Lessons
- Musculoskeletal Health Solutions (AI-guided programs, Targeted Support, Clinician Designed Treatment Plans)
- Women's Pelvic Health Support
- Healthy Habits & Prevention Movement

EncircleRX GLP-1 Solution

- GLP-1 Anti-Fraud Protection
- Diabetes Qualifications for the Program: Hemoglobin A1c (HbA1c): ≥ 6.5%; Type 2 Diabetes diagnosis code
- Weight Management Qualifications for the Program: Enrollment in a lifestyle program is required to access GLP-1
- Restrictive utilization strategy: BMI ≥ 32 or 27 with two documented comorbidities

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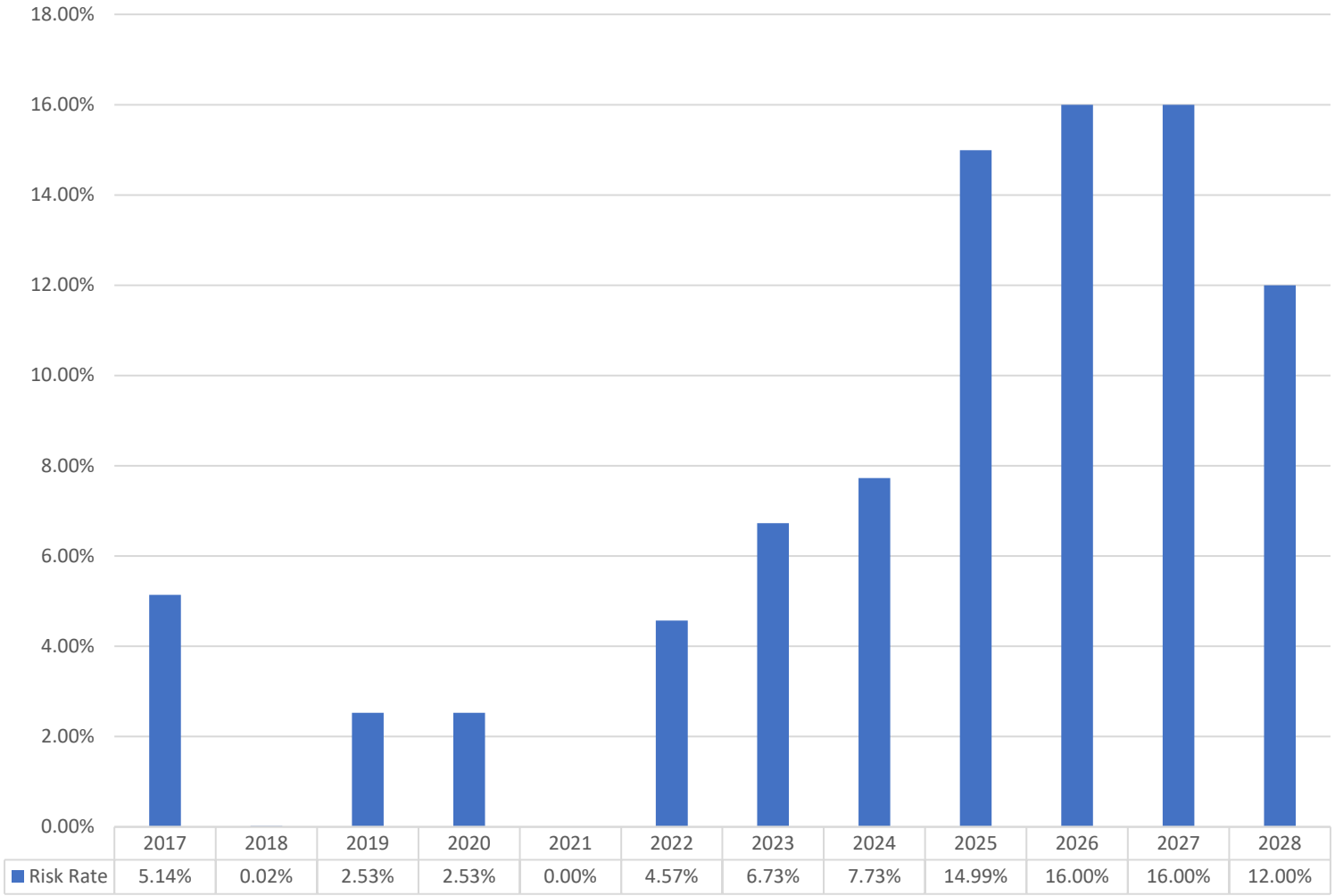
Risk Fund Premium Rate Increases



	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Risk Rate	5.14%	0.02%	2.53%	2.53%	0.00%	4.57%	6.73%	7.73%	14.99%	16.00%	16.00%	12.00%

New Mexico Public Schools Insurance Authority

HB47 (2026)

School Employee Insurance Programs

New Mexico Public Schools Insurance Authority

Changes Made by HB47

As it Pertains to NMPSIA Implementation

1. Referenced Based Pricing Implementation Requirement effective 7/1/2026
2. 80/20 Benefits Contribution for Employees of School Districts and Charter Schools effective 7/1/2026
3. Benefits Participation Waiver Option Removed for School Districts and Charter Schools effective 7/1/2027
4. School District Definition Change Removed Exception for School Districts with a Student Enrollment Exceeding 60k. Effective 7/1/2027
5. Consolidation Study of NMPSIA/APS/HCA due October 1, 2026

New Mexico Public Schools Insurance Authority

Implementation Focus

APS/NMPSIA Integration: Project Highlights

Collaboration

- Conducted initial meetings with involved agencies, carriers, NMPSIA staff and leadership.
- Executed contract amendment and coordinated with Actuarial team from initiation to completion.
- Continued conversation and outreach to APS to support a smooth transition.
- Addressing questions and seeking guidance as appropriate.

Research and Review

- Performed internal analyses of enrollment rule differences and existing processes to support an understanding of transition impact to rules and processes for both APS and their employees.
- Discussions on operational nuances, coordinating onboarding and implementation considerations from both agencies.
- Goal establishment with focus on supporting a smooth transition for APS employees and admin staff

Planning and Preparation

- Organized and facilitated multiple coordination, fact finding, clarifying and update meetings.
- Special Enrollment for APS employees including 2-3 in person events and 2-3 virtual employee trainings
- Created a Rule changes subcommittee to discuss and potentially implement rule changes to implement HB47, optimizing the opportunity to accommodate when possible.

Legal Guidance

- Sought general counsel guidance to ensure clear understanding of statutory changes and how it shall be applied.
- Evaluations confirm and ensure that guidance provided by staff is legally sound and supported
- Assess based on recommendations where rules can be improved to not only comply with HB47 provisions but also to ease administrative burden on all participating entities. Evaluated where NMPSIA can provide autonomy to participating entities to make choices as the employer.
- Ensure understanding of nuances to the NMAC and NMSA to effectively answer questions and implement statutory requirements and administrative code.

New Mexico Public Schools Insurance Authority

Implementation Focus

APS/NMPSIA Integration: Study Overview

July 2026 NMPSIA Board Meeting

- Results were presented by NMPSIA'S Benefits consulting firm, Segal.
- APS was invited to attend and was provided study as well as Benefits Advisory Committee, Board Members and NMPSIA Staff.

Plan Design Committee

- Results were presented by NMPSIA'S Benefits consulting firm, Segal.
- Discussion on key takeaways took place and recommendations will be made to NMPSIA Board for approval at the September NMPSIA Board Meeting.

Indications from the Committee

- Unlikely to implement current APS plan structure consisting of EPO plans and a 4-tier premium system for dental premiums.
    - Study results showed a cost incurred to implement EPO plans while showing a modest net positive increase in scenarios without EPO plans. APS members will have access to more providers under NMPSIA's PPO network even within the ABQ area where their network is still narrowed by the EPO network.
- Medical and Dental accumulations for out-of-pocket maximums and deductibles will likely be absorbed by NMPSIA to support APS members who have already financially invested in their plans and health.

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