New Mexico Public Schools Insurance Authority

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

Legislative Finance Committee and Legislative Education Study Committee Joint Meeting
September 24, 2026

New Mexico Public Schools Insurance Authority

Contents

Plan Design Comparison

APS and NMPSIA Plan Offerings
Medical In-Network Benefits Overview*

Benefit Description	APS Presbyterian EPO	APS BCBSNM EPO	NMPSIA High Option PPO*	NMPSIA Low Option PPO
Out-of-Pocket Maximum Individual/Family	$4,000 / $12,000	$5,000 / $12,500	$4,500 / $9,000	$5,500 / $11,000
Deductible Individual/Family	$500 / $1,250	$1,000 / $2,000	$825 / $1,650	$2,200 / $4,400
Primary Care Visit	$20 Copayment	$30 Copayment	$30 Copayment	$35 Copayment
Specialist Visit	$50 Copayment	$60 Copayment	$55 Copayment	$70 Copayment
Behavioral Health Services	$0 Copayment	$0 Copayment	$0 Copayment	$0 Copayment
Diagnostic/Laboratory Services	$20 Copayment	$30 Copayment	Freestanding Facility: $30 Copayment Hospital: $60 Copayment	Freestanding Facility: $35 Copayment Hospital: $70 Copayment
Preventive Care	$0 Copayment	$0 Copayment	$0 Copayment	$0 Copayment
X-Ray	$20 Copayment	$30 Copayment	Freestanding Facility: $30 Copayment Hospital: $60 Copayment	Freestanding Facility: $35 Copayment Hospital: $70 Copayment
Durable Medical Equipment	20% Coinsurance (not subject to deductible)	20% Coinsurance (not subject to deductible)	25% Coinsurance	30% Coinsurance

*The benefits summaries shown represent a high-level overview and are not meant to replace or infer any differences from NMPISA provided materials. Please refer to NMPSIA website for specific details on benefit programs.

APS and NMPSIA Plan Offerings Medical In-Network Benefits*

Benefit Description	APS Presbyterian EPO	APS BCBSNM EPO	NMPSIA High Option PPO	NMPSIA Low Option PPO
Outpatient Surgery Facility Fee	20% Coinsurance	20% Coinsurance	25% Coinsurance	30% Coinsurance
Advanced Imaging (CT/PET/MRI Scans)	Freestanding Facility: $120 Copayment Hospital: 20% Coinsurance	Freestanding Facility: $120 Copayment Hospital: 20% Coinsurance	Lesser of $600 Copayment or 25% Coinsurance	Lesser of $700 Copayment or 30% Coinsurance
PT/OT/ST	$20 Copayment, $320 annual maximum	$30 Copayment, $480 annual maximum	$30 Copayment, $300 annual maximum	$35 Copayment
Home Healthcare	$50 Copayment	$60 Copayment	25% Coinsurance	30% Coinsurance
Inpatient Hospital	20% Coinsurance	20% Coinsurance	25% Coinsurance	30% Coinsurance
Inpatient Behavioral Health	$0 Copayment	$0 Copayment	$0 Copayment	$0 Copayment
Skilled Nursing Care	20% Coinsurance	20% Coinsurance	25% Coinsurance	30% Coinsurance
Hospice Care	20% Coinsurance	20% Coinsurance	$0 Copayment	30% Coinsurance
Urgent Care Visit	$50 Copayment	$75 Copayment	$55 Copayment	$70 Copayment
Emergency Room Visit	$350 Copayment	$450 Copayment	$550 Copayment	$550 Copayment
Emergency Transportation	20% Coinsurance	20% Coinsurance	$55 Copayment	30% Coinsurance

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APS and NMPSIA Plan Offerings Pharmacy Benefits*

Benefit Description	APS	NMPSIA High Option	NMPSIA Low Option
Rx Out-of-Pocket Maximum Individual/Family	$3,000/$4,000	$3,000/$6,000	$3,000/$6,000
Generic Drugs – Retail Pharmacy	20% Coinsurance No Minimum/$10 Maximum	$10 Copayment	$15 Copayment
Generic Drugs – Mail-Order	$20 Copayment	$22 Copayment	$35 Copayment
Preferred Brand Name Drugs – Retail Pharmacy	30% Coinsurance $50 Minimum/$100 Maximum	30% Coinsurance $30 Minimum/$75 Maximum	30% Coinsurance $45 Minimum/$112 Maximum
Preferred Brand Name Drugs – Mail-Order	$150 Copayment	$150 Copayment	$175 Copayment
Non-Preferred Brand Name Drugs – Retail Pharmacy	40% Coinsurance $100 Minimum/$175 Maximum	70% Coinsurance	70% Coinsurance
Non-Preferred Brand Name Drugs – Mail-Order	$300 Copayment	70% Coinsurance	70% Coinsurance
Specialty Drugs	Generic: $100 Copay; Preferred Brand: $125; Nonpreferred: $200	Generic: $55 Copay; Preferred Brand: $80; Nonpreferred: $130	Generic: $55 Copay; Preferred Brand: $120; Nonpreferred: $170

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APS and NMPSIA Plan Offerings
Dental In-Network Benefits*

Benefit Description	APS Delta Dental Basic	APS Delta Dental Comprehensive	NMPSIA Delta Dental Basic	NMPSIA Delta Dental Comprehensive
Annual Maximum Benefit (per person)	$1,000	$1,500	$1,500	$1,500
Deductible Individual/Family	$100 / $300	$100 / $300	$50 / $150	$50 / $150
Exams	$0 Copayment	$0 Copayment	$0 Copayment	$0 Copayment
Cleanings	$0 Copayment	$0 Copayment	$0 Copayment	$0 Copayment
X-rays	$0 Copayment	$0 Copayment	$0 Copayment	$0 Copayment
Fillings	30% Coinsurance	30% Coinsurance	20% Coinsurance	20% Coinsurance
Root Canals	30% Coinsurance	30% Coinsurance	20% Coinsurance	20% Coinsurance
Crowns	Not Covered	50% Coinsurance	Not Covered	50% Coinsurance
Implants	Not Covered	50% Coinsurance	Not Covered	50% Coinsurance
Orthodontics	Not Covered	50% Coinsurance $1,000 Lifetime Maximum	Not Covered	50% Coinsurance $1,500 Lifetime Maximum

*The benefits summaries shown represent a high-level overview and are not meant to replace or infer any differences from NMPISA provided materials. Please refer to NMPSIA website for specific details on benefit programs.

APS and NMPSIA Plan Offerings
Dental In-Network Benefits*

Benefit Description	NMPSIA United Concordia Dental - Low	NMPSIA United Concordia Dental - High	NMPSIA BlueCare Dental - Low	NMPSIA BlueCare Dental - High
Annual Maximum Benefit (per person)	$1,500	$1,500	$1,500	$1,500
Deductible Individual/Family	$50 / $150	$50 / $150	$50 / $150	$50 / $150
Exams	$0 Copayment	$0 Copayment	$0 Copayment	$0 Copayment
Cleanings	$0 Copayment	$0 Copayment	$0 Copayment	$0 Copayment
X-rays	$0 Copayment	$0 Copayment	$0 Copayment	$0 Copayment
Fillings	20% Coinsurance	20% Coinsurance	20% Coinsurance	20% Coinsurance
Root Canals	20% Coinsurance	20% Coinsurance	20% Coinsurance	20% Coinsurance
Crowns	Not Covered	50% Coinsurance	Not Covered	50% Coinsurance
Implants	Not Covered	50% Coinsurance	Not Covered	50% Coinsurance
Orthodontics	Not Covered	$1,500 Lifetime Maximum	Not Covered	50% Coinsurance $1,500 Lifetime Maximum

*The benefits summaries shown represent a high-level overview and are not meant to replace or infer any differences from NMPISA provided materials. Please refer to NMPSIA website for specific details on benefit programs.

APS and NMPSIA Plan Offerings
Vision In-Network Benefits*

Benefit Description	Frequency	APS Davis Vision	NMPSIA Davis Vision
Exam	Once per Plan Year	$15 copay	$10 copay
Frame	Once per Plan Year	$0 copay for preferred collection frames	$0 copay for preferred collection frames
Single Vision/Bifocal/Trifocal/ Lenticular Lenses	Once per Plan Year	$20 copay	$15 copay
Progressive Lenses	Once per Plan Year	From $50-175	From $50-175
Contact Lenses – Fitting and Equipment (in lieu of eyeglasses)	Once per Plan Year	$0 for preferred collection contacts or $150 allowance plus 15% discount	$0 for preferred collection contacts or $110 allowance plus 15% discount

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APS and NMPSIA Plan Offerings
Life Insurance Benefits*

Benefit Description	APS Basic Life	APS - Additional Life	NMPSIA - Basic Life	NMPSIA - Additional Life
Carrier	The Standard	The Standard	The Standard	The Standard
Active Employee Contribution	Mixed by class; some noncontributory	Contributory where offered	Classes 2 & 4 noncontributory; Class 5 contributory	Contributory where offered
Dependent Contribution	Contributory for eligible classes	Contributory for eligible classes	Not available	Contributory for eligible classes
Employee Benefit Maximum	$30,000	$10,000-$400,000	$10k, $25k, or $50k employer selected	1x, 2x, or 3x earnings up to $600,000
Spouse Benefit Maximum	$5,000	$10,000-$400,000	Not available	Lesser of 50% of employee amount or 1x earnings
Child Benefit Maximum	$5,000	$10,000	Not available	$5,000
Guarantee Issue - Employee	$30,000	Up to $400,000	$10k, $25k, or $50k	Up to $500,000
Portability / Conversion	Yes / Yes	Yes / Yes	Yes / Yes	Yes / Yes
Waiver of Premium	Yes, 12 months max	Yes, 12 months max	Yes, 12 months max	Yes, 12 months max

*The benefits summaries shown represent a high-level overview and are not meant to replace or infer any differences from NMPISA provided materials. Please refer to NMPSIA website for specific details on benefit programs.

APS and NMPSIA Plan Offerings Disability Insurance Benefits*

Benefit Description	APS Long Term Disability The Hartford	NMPSIA Long Term Disability Standard
Benefit Amount	60% of earnings	66.66% of insured pre-disability earnings
Elimination Period	90 days	Not shown in current notes
Benefit Duration	To Social Security retirement age if disabled before age 63	To Social Security retirement age if disabled before age 62
Minimum Monthly Benefit	$100	$100
Maximum Monthly Benefit	$5,000	$5,000
Pre-Existing Condition	Benefits excluded for pre-existing conditions	90-day period before LTD coverage effective date

- Neither APS or NMPSIA offer a short-term disability program
- APS LTD is voluntary whereas NMPSIA's LTD is contributory

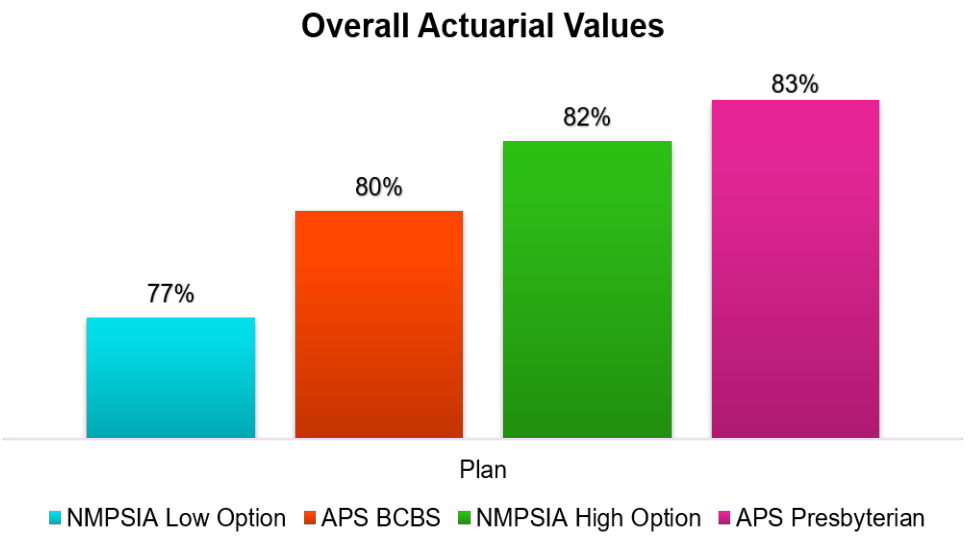
*The benefits summaries shown represent a high-level overview and are not meant to replace or infer any differences from NMPISA provided materials. Please refer to NMPSIA website for specific details on benefit programs.

Actuarial Values

APS and NMPSIA Plan Offerings Medical and Pharmacy Benefits Actuarial Values[1]

Actuarial Value: If you have a $1 to spend on healthcare services, what proportion, on average, would be picked up by plan

Plan	Medical Actuarial Value	Pharmacy Actuarial Value
NMPSIA High Option	79%	90%
NMPSIA Low Option	74%	88%
APS BCBS	76%*	92%
APS Presbyterian	80%*	92%



- NMPSIA High Plan most closely align with APS's Presbyterian Plan; APS plans have in-network only coverage (assumed 3% impact to AV)
- APS pharmacy benefits are slightly more generous

[1] Relative value is based upon Optum Pricing model and Segal's input. Actuarial Values could vary slightly by model and user. For comparison purposes to PPO plans, HMO, and EPO relative values have been adjusted down by 3% to account for no out of network coverage.

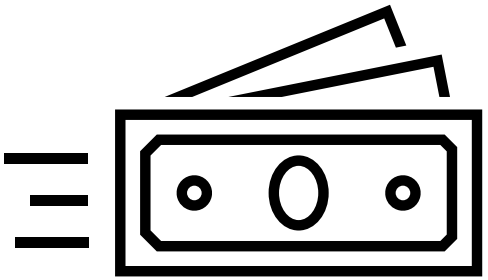
APS and NMPSIA Plan Offerings
Dental Plan Benefits
Actuarial Values

Plan	Dental Actuarial Value
NMPSIA Comprehensive Option	71%
NMPSIA Basic Option	67%
APS Comprehensive	67%
APS Basic	60%

Actuarial Value: If you have a $1 to spend on healthcare services, what proportion, on average, would be picked up by plan

- NMPISA provides more generous benefits and lower premiums than APS
- Currently for APS, the dental and vision plans are subsidizing the medical/Rx plans by about $2.4M

Premium Comparisons



Premium Overview

Comparing APS to NMPSIA's current plan offerings:

- Medical/Rx
  - Premium impacts will vary depending on plan chosen
  - In many cases, APS members will experience a premium reduction when moving to NMPSIA program
- Dental
  - APS will experience lower premiums moving to NMPSIA plans
- Vision
  - APS will experience lower premiums moving to NMPSIA plans
- Tier structure is recommended to be reviewed and assessed

In many to most cases, APS members will experience lower premiums moving to NMPSIA plans as of July 1, 2027

APS and NMPSIA Plan Offerings Medical/Pharmacy Total Monthly Premium Comparisons

Benefit Description	Coverage Tier	APS	NMPSIA	Difference
Medical/Rx				
APS BCBSNM / NMPSIA BCBSNM High Plan	Single	$968.24	$1,227.02	$258.78
	Two-Party	$1,936.42	$2,333.50	$397.08
	Family	$2,614.18	$3,116.66	$502.48
APS BCBSNM / NMPSIA BCBS Low Plan	Single	$968.24	$850.72	-$117.52
	Two-Party	$1,936.42	$1,617.92	-$318.50
	Family	$2,614.18	$2,161.06	-$453.12
APS PHP / NMPSIA PHP High Plan	Single	$1,016.68	$992.24	-$24.44
	Two-Party	$2,033.26	$2,083.54	$50.28
	Family	$2,744.90	$2,778.26	$33.36
APS PHP / NMPSIA PHP Low Plan	Single	$1,016.68	$688.06	-$328.62
	Two-Party	$2,033.26	$1,444.64	-$588.62
	Family	$2,744.90	$1,926.30	-$818.60

PHP = Presbyterian Health Plan
Premiums shown effective October 1, 2026 for NMPSIA and 1/1/27 for APS; Members pay 20% of the rates shown.

APS and NMPSIA Plan Offerings
Total Dental Monthly Premium Comparisons

Benefit Description	Coverage Tier	APS Monthly Rate[1]	NMPSIA Monthly Rate	Difference
Dental				
Delta Dental High	Single	$46.04	$30.36	-$15.68
	Two-Party/(APS: EE + Spouse)	$105.70	$57.76	-$47.94
	Two-Party (APS: EE + Child(ren))	$114.90	N/A – Tier not on NMPSIA	N/A
	Family	$187.50	$90.76	-$96.74
Delta Dental Low	Single	$21.90	$15.20	-$6.70
	Two-Party/(APS: EE + Spouse)	$43.86	$28.94	-$14.92
	Two-Party (APS: EE + Child(ren))	$46.16	N/A	N/A
	Family	$76.44	$45.40	-$31.04
APS Delta Dental High/ NMPSIA BlueCare High	Single	$46.04	$30.02	-$16.02
	Two-Party/(APS: EE + Spouse)	$105.70	$57.12	-$48.58
	Two-Party (APS: EE + Child(ren))	$114.90	N/A – Tier not on NMPSIA	N/A
	Family	$187.50	$89.74	-$97.76

APS rates are effective January 1, 2027, NMPSIA premiums effective October 1, 2026: Members pay 20% of the rates shown.

APS and NMPSIA Plan Offerings
Total Dental Monthly Premium Comparisons

Benefit Description	Coverage Tier	APS Monthly Rate[1]	NMPSIA Monthly Rate	Difference
Dental				
APS Delta Dental Low/ NMPSIA BlueCare Low	Single	$21.90	$15.04	-$6.86
	Two-Party/(APS: EE + Spouse)	$43.86	$28.60	-$15.26
	Two-Party (APS: EE + Child(ren))	$46.16	N/A – Tier not on NMPSIA	N/A
	Family	$76.44	$44.88	-$31.56
APS Delta Dental High/ NMPSIA UCD High	Single	$46.04	$34.10	-$11.94
	Two-Party/(APS: EE + Spouse)	$105.70	$64.88	-$40.82
	Two-Party (APS: EE + Child(ren))	$114.90	N/A – Tier not on NMPSIA	N/A
	Family	$187.50	$101.94	-$85.56
APS Delta Dental Low/ NMPSIA UCD Low	Single	$21.90	$17.08	-$4.82
	Two-Party/(APS: EE + Spouse)	$43.86	$32.50	-$11.36
	Two-Party (APS: EE + Child(ren))	$46.16	N/A – Tier not on NMPSIA	N/A
	Family	$76.44	$51.00	-$25.44

[1]APS rates are effective January 1, 2027, NMPSIA premiums effective October 1, 2026: Members pay 20% of the rates shown.

APS and NMPSIA Plan Offerings
Vision Monthly Premium Comparisons

Benefit Description	Coverage Tier	APS Monthly Rate	NMPSIA Monthly Rate	Difference
Vision				
Davis Vision	Single	$8.80	$6.46	-$2.34
	Two-Party	$16.68	$10.80	-$5.88
	Family	$24.48	$14.56	-$9.92

APS rates are effective January 1, 2027, NMPSIA premiums effective October 1, 2026: Members pay 20% of the rates shown.

Financial Analysis of Combining APS and NMPSIA

Risk Pool Analysis

- Risk Scores reflect overall risk profile of APS and NMPISA populations

	NMPSIA	APS	Difference
% Female	56.1%	56.9%	1.3%
Average Age	37.5	38.2	1.9%

- Two components:
  - 1) Demographic: age and gender:
  - 2) Medial conditions: based on diagnosis code groups

- Total Risk Scores of APS and NMPSIA:

	Risk Score
APS	8.49
NMPSIA	
- Albuquerque Region	8.10
- All other members	8.59
- Total members	8.49

- APS members on average are slightly older and more female as compared to NMPSIA
- Overall, the risk scores of APS and NMPSIA are similar

Assumptions

- Revenues based on enrollment for NMPSIA as of 3/12/2026 and APS as of 2/1/2026
  - Premium rates for FY2027 are based on the 10/1/2026 rates for NMPSIA and 1/1/2027 for APS
- Claims Data: Medical, pharmacy and dental data from March 2024 through February 2026 as provided in Segal's SHAPE data warehouse as provided by claim administrators
- Trend Assumptions:

NMPSIA

	FY2027	FY2028	Stop Loss
Medical	9.5%	9.0%	5.0%
Pharmacy	30.0%	25.0%	15.0%
Dental	4.0%	4.0%	N/A

APS

	CY2027
Medical	9.5%
Pharmacy	18.0%
Dental	4.0%
Vision	3.0%

Assumptions (cont'd)

- Plan changes included in the medical and pharmacy cost includes:
  - Cost adjustments effective 7/1/2026 as a result of the PBM RFP
  - Reference based pricing effective 7/1/2026
  - Legislative bills passed up through 2026 legislative session that are anticipated to impact liabilities.
- The analysis also uses the projected FY2027 ending fund balances prior to consolidation and incorporating all benefits, including an estimated -$41.5 million fund balance for NMPSIA and an estimated $20.0 million fund balance for APS, as the baseline for evaluating the financial impact of APS members joining NMPSIA effective July 1, 2027.
- Assumes no changes to current GLP-1 financial implications associated with anti-obesity medications or utilization management program impacts for APS or NMPSIA. APS incorporated ESI's Encircle program effective January 1, 2026 and NMPSIA incorporated Encircle effective July 1, 2026.
- Administrative Fees: Segal projected administrative fees will increase by 3% for future fees outside of the current contracts. It is assumed that these fees per member per month or per employee per month will not increase more than trend with the incorporation of APS.

Methodology

- Develop enrollment migration assumptions for APS members moving to NMPSIA plans using NMPSIA enrollment distributions as a reference points
- Evaluate plan relativities and member cost differentials to estimate plan elections
- Assess the current premium structure and the need for potential premium tiering adjustments
- Analyze the financial, administrative, IBNR, and stop-loss implications associated with increased enrollment

Financial Summary Prior to Consolidation

- Both NMPSIA and APS are projected to operate at a loss in FY2027
- Consolidation provides an opportunity for improved financial stability through a larger and more diversified risk pool
- Currently the APS dental plans subsidize the medical plan. With the dental subsidization, the APS Medical/Rx ending funding balance is $17.6M

FY2027 Projection Before Consolidation - Medical/Rx only

FY27 Summary ($000's)	NMPSIA	APS
FY2027 Beginning Fund Balance	($9)	$23,660
Revenues	$487,991	$133,050
Expenses	$529,063	$139,085
Net Income/(Loss)	($41,072)	($6,035)
Projected FY2027 Ending Fund Balance[1]	**($41,081)**	**$17,625**

[1] Fund balance is reflective of only the medical and pharmacy plans and does not include dental or vision.

Financial Impact of Consolidation

- Segal modeled several member migration scenarios to evaluate the potential financial impact of APS joining NMPSIA
- Results vary depending on enrollment migration pattern and resulting risk distribution
- Most modeled scenarios, with the exception of Scenario 4, result in savings for NMPSIA compared to the baseline projection

Medical & Pharmacy Scenarios

The following scenarios were modeled:

1. Baseline – Does not include APS migration
2. Scenario 2 – Only NMPSIA Plans are offered:
   - APS BCBS members migrate to the NMPSIA BCBS High and Low plans using the current NMPSIA splits (78%/22%)
   - APS Pres members migrate to the NMPSIA Pres High and Low plans using the current NMPSIA splits (68%/32%)
3. Scenario 3 – Only NMPSIA Plans are offered:
   - APS BCBS members only migrate to the NMPSIA BCBS High
   - APS Pres members only migrate to the NMPSIA Pres High
4. Scenario 4 – Only NMPSIA Plans are offered:
   - APS BCBS members only migrate to the NMPSIA BCBS Low
   - APS Pres members only migrate to the NMPSIA Pres Low
5. Scenario 5 – Only NMPSIA Plans are offered:
   - 50% of the APS BCBS members migrate to the NMPSIA BCBS High plan and 50% migrate to the BCBS Low
   - 50% of the APS Pres members migrate to the NMPSIA Pres High plan and 50% migrate to the Pres Low
6. Scenario 6 – NMPSIA and APS Plans are offered
   - Assume APS members stay in their current plans
   - 5% of NMPSIA BCBS High members migrate to APS BCBS
   - 10% of NMPSIA BCBS Low members migrate to APS BCBS
   - 30% of NMPSIA Pres High members migrate to APS Pres
   - 15% of NMPSIA Pres Low members migrate to APS Pres

Medical & Pharmacy Financial Impact

- Under the six different scenarios the estimated impact ranges from a loss of $12.9M to a surplus of $36.7M
  - The claims are adjusted to reflect the different risk migrating into each plan
  - The revenues are based on a NMPSIA rate increase of 26.5% effective 10/1/2027 and an APS rate increase of 20.5% as of 1/1/27

FY2028 Scenarios – Medical/Rx ($000's)

	Baseline	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6
Members	49,103	63,530	63,530	63,530	63,530	63,530
Revenues	$598,520	$771,660	$788,228	$730,057	$759,211	$777,555
Claims & Expenses	$593,633	$744,633	$746,662	$738,006	$743,129	$753,567
Net Income/(Loss)	**$4,887**	**$27,027**	**$41,566**	**-$7,949**	**$16,082**	**$23,988**
Projected FY2028 Ending Fund Balance[1]	-$36,584	-$14,444	$95	-$49,420	-$25,389	-$17,483
Projected change with APS joining NMPSIA		$22,140	$36,679	-$12,836	$11,195	$19,101

[1] Only reflects medical and pharmacy revenue and expenses.

Recognizing APS's Deductible and Out-of-Pocket Maximums

- If NMPSIA were to allow APS members to carry over what they had already accumulated towards their deductible and out-of-pocket maximum that has been accumulated as of July 1, 2027:

Estimated $3.5M of Additional Cost to NMPSIA

- Based on the average of the last 3 years data:
  - 9.6% of members hit their deductible by July 1
  - 1.0% of members on average hit their out-of-pocket maximum

Incurred But Not Reported (IBNR) Reserves

- Using Scenario 2, the illustration below reflects the estimated increase in reserves NMPSIA would need to maintain the integration for APS members:

Group ($000's)	FY2028 (Before APS)	FY2028[1] (After APS)	Difference
Medical	$49,622	$62,553	$12,931
Pharmacy	$12,910	$15,868	$2,958
Dental	$874	$1,146	$272
Total	$63,406	$79,567	$16,161

[1]FY2028 assumes Scenario 2 for both the medical and dental plans. Scenario 2 assumes proportional migration to the current NMPSIA enrollment.

Total Medical, Pharmacy, Dental and Vision Financial Impact

- Based on projected enrollment and plan migration assumptions, consolidating APS into NMPSIA is expected to generate overall cost efficiencies through improved risk pooling and administrative scale.
- Migration of APS in the NMPSIA dental plan is projected to incur a $1-$2M loss.
  - APS members will experience lower dental premiums, but have higher claims costs than NMPSIA
- Based on various scenarios modeled, it is anticipated that APS consolidation would generate between **$10M to $36M in savings**. A worst-case scenario anticipated an additional cost of $14M, and it likely of low probability.
- NMPSIA **fund balance** at end of FY2028 projected to be -$1M (best case scenario) to -$52M (worst cast scenario), **likely between -$1M and -$27M.**

Total (Medical, Pharmacy, Dental and Vision Plans) Financial Impact

- Under the six different scenarios the estimated impact ranges from a loss of $14.1M to a **surplus** of $36.0M, most likely a surplus
  - The revenues are based on a NMPSIA rate increase of 26.5% for medical/Rx and 4% for dental as of October 1, 2027; APS incorporates a 20.5% for medical/Rx, dental and vision effective January 1, 2027
  - It is projected that NMPSIA ending fund balance will negative between -$1M to -$52M

FY2028 Medical, Rx, Dental and Vision Plans Projection Scenarios

Financial Summary – ($000's)	Baseline	Best-Case Scenario	Scenario 2[1]	Scenario 5[2]	Scenario 6	Worst-Case Scenario
Revenues	$616,996	$811,802	$795,234	$782,785	$801,129	$753,146
Expenses	$612,571	$771,466	$769,437	$767,933	$778,371	$762,837
Net Income/Loss	**$4,425**	**$40,336**	**$25,797**	**$14,852**	**$22,758**	**-$9,691**
Ending Fund Balance	-$37,046	-$1,135	-$15,674	-$26,619	-$18,713	-$51,162
Change with adding APS		$35,911	$21,372	$10,427	$18,333	-$14,116

[1] Scenario 2 utilizes Scenario 2 for both medical/pharmacy and dental plans.

[2] Scenario 5 utilizes Scenario 5 for medical/pharmacy and Scenario 2 for the dental plans.

Disclaimers

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New Mexico Public Schools Insurance Authority

Transition Timeline

Feb-April 2026

- Preliminary talks with carriers to prepare a timeline for the transition based on assumptions
- Legal Guidance is sought regarding the intent of HB47 legislation
- HB47 is chaptered and signed
- Engaged Benefits consultant to begin study of the APS integration
- Initial discussions with APS on transition and establishing line of communication
- NMPSIA/APS onboarding plan is created and sent to leadership for approval

May-June 2026

- Discuss interim work plan with LESC
- NMPSIA carrier contract analysis for transition of APS member lives
- Internal analysis of key aspects NMPSIA/APS
- NMPSIA Benefit Election form provided to APS
- Meet with APS to collaborate on questions and areas of concern
- Carrier touch base
- First APS/NMPSIA training took place and election form received from APS
- Preliminary study findings are presented to the LESC
- Rule change committee is created

July 2026

- Study Results presented to NMPSIA Board of Directors
- Plan Design committee evaluates need for plan design changes
- Continued discussions with Legal as questions arose
- Onboarding plan specific to APS is approved
- Onboarding process is initiated with TPA and carriers
- APS district is officially added to NMPSIA's TPA systems for onboarding and training purposes
- NMPSIA requests file from APS to continue training and onboarding processes

Aug- Sept 2026

- Recommendations from plan design committee are presented to NMPSIA Board and approved
- Inform APS, TPA and carriers of integration plan based on approval
- NMPSIA rules committee recommendations are presented to the Board of Directors for approval
- Enrollment dates, employee notification date, and enrollment events are discussed and finalized with APS
- Update on transition is presented to LFC
- Present study to LFC/LESC and update on transition

Oct-March 2027

- Study results to be utilized with broader consolidation study due October 1, 2026
- Ongoing training and onboarding with APS
- Sample Bill to be provided to APS pending receipt of basic life file
- Preparation for March Enrollment including marketing materials
- Bill reconciliation
- APS Benefits team training on NMPSIA systems; NMPSIA system trainings are imperative
- Assist APS with employee notification as needed
- March enrollment period kicks off as discussed with APS

New Mexico Public Schools Insurance Authority

Enrollment Timeline

Implementation

- Study of APS Integration
- Collaboration with APS
- Carrier coordination
  - TPA
  - Carriers
- Legal Guidance
- NMPSIA Rule Changes
- APS Benefit staff training
- Plan Design Committee
- Board Approval
  - NMPSIA/APS plan comparison
  - Deductibles carry over
  - OPM carry over
  - NMPSIA Rule changes

Enrollment Planning

NMPSIA has worked with APS to understand how enrollment would best suit their needs and prepare for enrollment through APS benefit staff training.

Open Enrollment is set to take place
March 1 - 30th 2027

Employee Notification

APS has requested to begin marketing and informing APS employees beginning end of January 2027. All marketing will come directly from APS per request.

Employee Enrollment

APS has requested 2 Saturday, 2 week-day and 2 virtual benefit education and enrollment opportunities for employees. NMPSIA has coordinated with carriers to ensure their participation.

Effective Date

APS employees will be enrolled in March with their benefits effective 7/1/2027.

Ongoing support for APS benefit staff will be available as needed to ensure new hires and terminations are easily reported and completed.

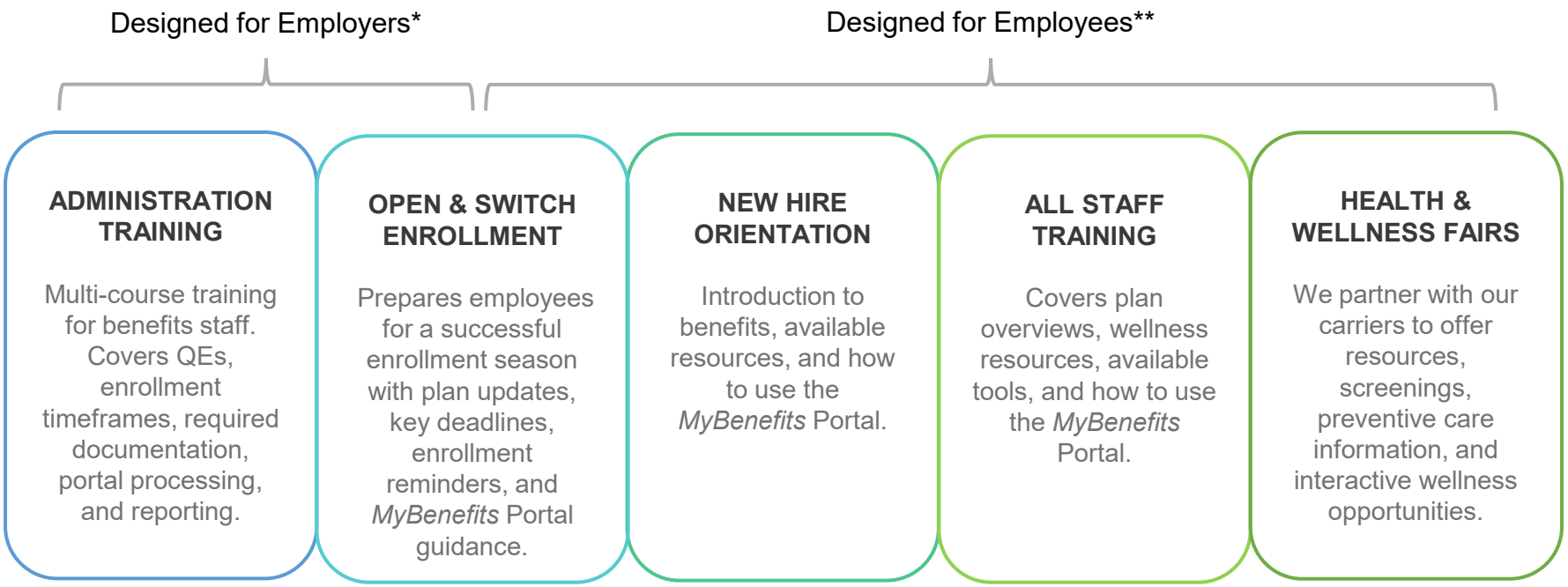
NMPSIA will remain available to the APS benefits team and employees to assist with any member disruption.

New Mexico Public Schools Insurance Authority

Training Opportunities

How will NMPSIA support APS in the transition?

NMPSIA's established training program plays a key role in how we support our participating employer groups and their employees.



*Admin trainings consist of three, 4-hour courses. We recommend new groups to complete all 12-hours of trainings prior to beginning NMPSIA benefits administration. Follow up trainings are available and may be recommended.

** All other trainings sessions are 45- 60 minutes in duration.

New Mexico Public Schools Insurance Authority

Disruption Mitigation

How Does this Transition Impact APS Employees

Expanded Access and Out of Network Benefits

With NMPSIA, APS employees will have access to a full PPO network, including out-of-network benefits; members may now access out-of-network services beyond emergency care. This benefits employees when traveling, when a needed specialist isn't in-network, or whenever an in-network provider isn't available.

Plan Choice (High & Low Options)

This gives members more flexibility to choose a plan that matches their budget and medical needs, benefiting APS families.

Coverage Consistency Across Carriers

The BCBS and Presbyterian plan designs are largely aligned. This means employees get a more predictable experience regardless of carrier. This eliminates different plan design rules depending on which carrier they pick.

Minimal Member Disruption

NMPSIA's Board approved carrying over out-of-pocket accumulators and deductibles. Current APS EPO providers will be available through both of NMPSIA's PPO networks. NMPSIA has confirmed that prior authorizations will transfer within the same carrier.

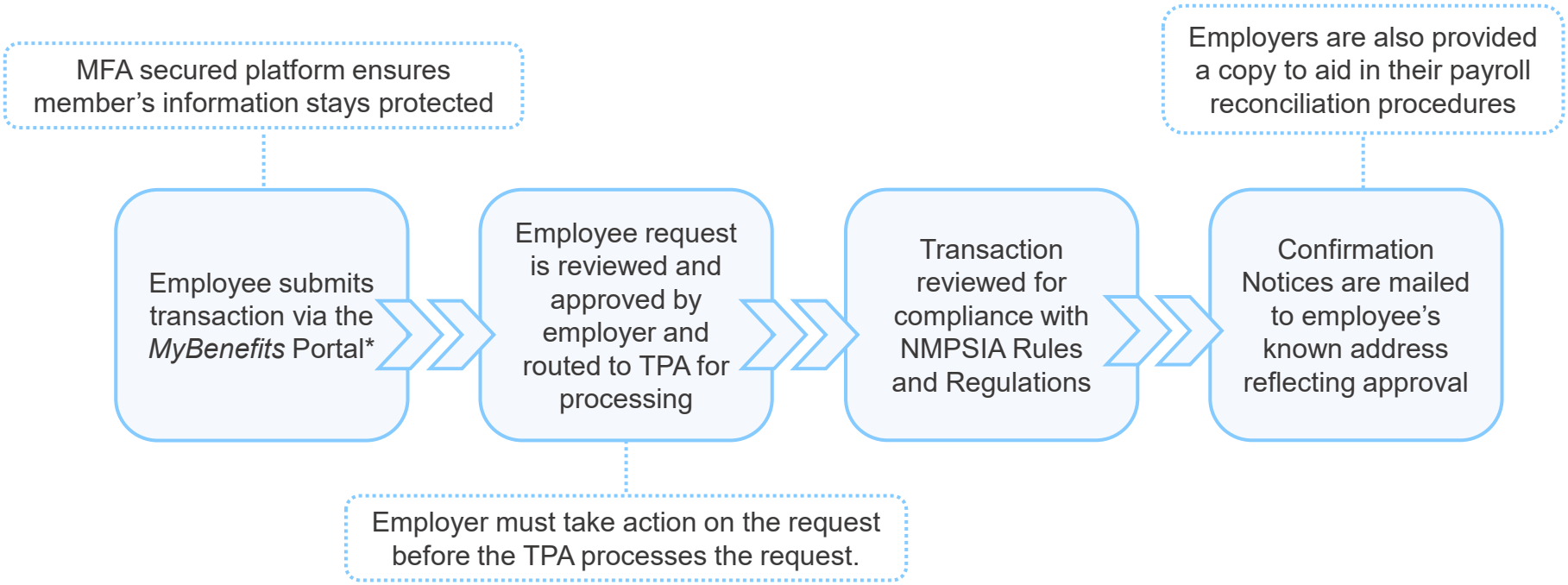
	APS			NMPSIA			
				In-Network		Out of Network	
	In-Network		Out of Network	High	Low	High	Low
Deductible	**BCBS** $1,000 Single $2,000 Two-Party $2,500 Family	**Presbyterian** $500 single $1,000 Two Party $1,250 Family	No out of network benefits	**BCBS and Pres** $825 Single $1,650 Family	**BCBS and Pres** $2,200 single $4,400 Family	**BCBS and Pres** $3,000 single $6,000 Family	**BCBS and Pres** $6,000 single $12,000 Family
Out of Pocket max	**BCBS** $5,000 Single $10,000 Two-party $12,500 Family	**Presbyterian** $4,000 Single $8,000 Two-Party $12,000 Family		**BCBS and Pres** $4,500 Single $9,000 Family	**BCBS and Pres** $5,500 Single $11,000 Family	**BCBS and Pres** $10,000 single $20,000 Family	**BCBS and Pres** $10,000 single $20,000 Family
Preventive Care	**BCBS** $0	**Presbyterian** $0		**BCBS and Pres** $0	**BCBS and Pres** $0		
Primary Care Visit	**BCBS** $30	**Presbyterian** $20		**BCBS and Pres** $30	**BCBS and Pres** $35	**BCBS and Pres** 50% Co-Insurance	**BCBS and Pres** 60% Co-Insurance
Specialist	**BCBS** $60	**Presbyterian** $50		**BCBS and Pres** $55	**BCBS and Pres** $70	**BCBS and Pres** 50% Co-Insurance	**BCBS and Pres** 60% Co-Insurance
Urgent care	**BCBS** $75	**Presbyterian** $50	**BCBS:** No OON coverage **Pres:** OON coverage permitted	**BCBS and Pres** $55	**BCBS and Pres** $70	**BCBS and Pres** 50% Co-Insurance	**BCBS and Pres** 60% Co-Insurance
Emergency room	**BCBS** $450	**Presbyterian** $350	BCBS and Pres: OON coverage	**BCBS and Pres** $550	**BCBS and Pres** $550	**BCBS and Pres** 50% Co-Insurance	**BCBS and Pres** 60% Co-Insurance

New Mexico Public Schools Insurance Authority

Enrollment Process

What will APS members need to do?

NMPSIA's enrollment process is built with efficiency in mind. We prioritize clear and concise instruction to help employees and employers navigate enrollment with confidence.



*Paper enrollment applications are available for use at the employer's discretion for unique situations.

New Mexico Public Schools Insurance Authority

Member ID Card Distribution

Enrollment Window

- APS employees will have the opportunity to enroll between March 1 – March 31, 2027.
- Changes are effective July 1, 2027.

Transaction Processing

- NMPSIA's third party administrator (TPA) will process requests with the future effective date as those requests are submitted by the employee and approved by the employer.

Sample Bills and Eligibility File

- The TPA is obligated to complete processing promptly to generate a timely Sample Bill reflective of the changes made during the Open Enrollment period. This is anticipated to be delivered early-April.
- The first eligibility file will be published to the respective carriers on May 7, 2027 and continue every subsequent Friday thereafter with the July 1 effective date.
- Carriers will load files over the weekend and eligibility updates appear LIVE on the carrier's system no later than that consecutive Monday morning.

ID Card Delivery

- ID Card production and shipment is initiated upon the weekly eligibility file being uploaded into the carrier's system.
- Physical ID Cards are typically received by the member via mail within 10-15 days from production of the ID card or approx. 45 days from the closure of the Open Enrollment period.
- Members will have immediate access to the carrier's portal where they may download digital copies of cards as of July 1, 2027.

New Mexico Public Schools Insurance Authority

Impacts to APS Employees Beyond Plan Design Being Considered

Confusion or Uncertainty During the Transition

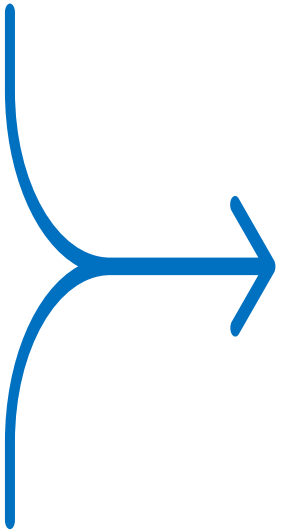
- Employees may not immediately understand:
  - What prompted the APS/NMPSIA integration
  - What benefits are changing
  - Whether their doctors are still in-network
  - Whether their costs will change at point of service

Fear of a Lapse in Care

- Employees might worry about:
  - Losing access to a current doctor
  - Disruption in treatment
  - Prescription continuity
  - Whether pre-authorizations will transfer correctly

Need to Learn New Processes

- There may be a learning curve for:
  - Different Enrollment Processes
  - New ID cards, group numbers and member IDs
  - New deductibles and out of pocket maximums



- We understand that change can be stressful and daunting.
  - **Our focus is on being fully prepared with training, resources, and hands-on assistance so employees get clear, accurate guidance as soon as possible while we work with APS who, as the employer, is taking lead in employee notification and enrollment communication.**
- These concerns are why NMPSIA offers training and hosts a robust website with information and tools to help not only APS, but all NMPSIA members and admin staff better understand NMPSIA benefits.
- Behind the scenes, NMPSIA is working with our carriers to prepare for disruptions and employee questions that may occur. We are taking the time to understand where we can make decisions ahead of the transition to avoid carrier to carrier disruption.
  - It's important to note that if an employee changes from one carrier to another there will be some disruption however; this is not due to the transition of benefits, and these disruptions would be seen in normal circumstances of changing carriers.

New Mexico Public Schools Insurance Authority

Considerations for NMPSIA/HCA Study

Why the Study is needed:

- NMPSIA and HCA currently operate separate self-funded health programs with different risk profiles, benefits, funding of contributions, and administrative structures.
- HB47 requires an evaluation of financial sustainability and whether consolidating programs could improve long-term stability.
- A formal study is necessary to build a validated, comparable baseline of enrollment, claims, premiums, reserves, vendors, and operations for both entities.
- Clear, data-driven analysis helps determine whether integration can create efficiencies.

Administrative Considerations
Administrative Platforms
Premium Collection
Billing Cadence
Data Exchange & Reporting
Enrollment Administration
Eligibility Structures
Member Services
Staffing and Vendor Partners

	Fiscal Year	Benefit Plan Year	Premium Increase Effective Date
NMPSIA	July 1 – June 30	January 1 – December 31	October 1
HCA	July 1 – June 30	July 1 – June 30	July 1

New Mexico Public Schools Insurance Authority

Considerations for NMPSIA/HCA Study (continued)

Why the study is essential:

- Key decisions on alignment or consolidation could significantly impact state budgets, school costs, member affordability, and program solvency.
- Differences in demographics, utilization, and benefit structures mean consolidation could create cross-subsidization risks if not thoroughly evaluated.
- A structured actuarial study ensures transparent, defensible results for executive, board, and legislative audiences.
- Stakeholders need confidence that financial, operational, and member impacts have been fully analyzed before any change is considered.
- The recommended time to complete the study is 13 to 14 weeks, depending on:
  - Data availability
  - Stakeholder engagement
  - Complexity of scenarios being evaluated
  - Time of year and any concurrent projects
- Recommend adding 4 to 6 weeks to the deadline for margin
- Projected costs: ≥ $120,000

Timeline

- Kickoff and data request
- Intake and validation
- Data discrepancies
- Full validation and baseline assessment
- Operational assessments
- Scenario and modeling
- Cost impact testing
- Operational and governance study review
- Draft and final reports
- Presentations and roadmap

Core Timeline Components

- Data intake and reconciliation
- Current state analysis
- Scenario development and modeling
- Cost, reserve, and funding evaluation
- Stakeholder engagement
- Implementation planning

New Mexico Public Schools Insurance Authority

Considerations for NMPSIA/HCA Study (continued)

Benefits of the Study:

- Provides side-by-side cost projections under both the status quo and multiple integration scenarios.
- Identifies how consolidation may affect claims trend, administrative expenses, premium contributions, reserves, and stop-loss strategies.
- Produces low / mid / high cost ranges accounting for trend variability, demographic differences, high-cost claimants, and migration patterns.
- Highlights potential savings through larger risk pools, streamlined administration, and unified vendor strategies—while also flagging where costs could rise

Evaluate	Assess	Identify	Project	Model

• Demographics
• Risk scores
• Utilization patterns
• Stop loss
	• Integration of populations
	• Trend volatility
	• Exposure
	  • High-cost claimants
	  • Chronic condition prevalence
		• Plan design alignment
		• Cost sharing
		• Benefit equivalency
		• Member behavior
		• Efficiency
		  • Benefits Administration
			• Reserve impact
			• IBNR
			• Fiscal sustainability
			  • Economic conditions
			  • Trend assumptions
			  • Enrollment scenarios
				• Contribution impact
				  • Employer
				  • Employee
				• Sensitivity testing
				  • Enrollment migration
				  • Trend assumptions

New Mexico Public Schools Insurance Authority

Benefits Appropriation Request

Benefits Appropriation Request				FY 2028 Appropriation Request Break Out		
	FY 2026 Actuals	FY 2027 Operating Budget	FY 2028 Appropriation Request	NMPSIA	APS	NMPSIA FY2028 Total
Revenue	$ 476,829,300	$ 523,705,000	$ 791,712,000	$ 621,298,140	$ 170,413,860	$ 791,712,000
Expense						
Contractual Services	$ 482,802,000	$ 522,746,800	$ 790,359,700	$ 621,721,558	$ 168,638,142	$ 790,359,700
Other Financing Uses	$ 944,900	$ 958,200	$ 1,352,300	$ 1,352,300	$ -	$ 1,352,300
Total Expense	$ 483,746,900	$ 523,705,000	$ 791,712,000	$ 623,073,858	$ 168,638,142	$ 791,712,000

- The projected premium increase for FY2028 is currently at 26.5%; however, the plan has experienced a positive trend through July 2026.
- The FY2028 Request for benefits is a total of $791,712,00 for Benefits.
  - NMPSIA $623,073,858
  - APS $168,638,142
- The requested increase in Public School Support for benefits is $92,941,677.
  - Requesting 4 additional FTE's
    - 2.5 FTEs for benefits
      - 1.0 Dedicated Wellness Coordinator
      - 1.0 Benefits Analyst
      - .5 Contract Manager
- Each position will review and verify vendor-reported data to ensure accuracy and completeness, validate reporting metrics, and conduct independent analyses using NMPSIA-collected data.
- Strengthen NMPSIA's internal data review processes by developing standard evaluation methods, identifying issues or trends, and preparing clear reports.
- Enhance vendor accountability, improve NMPSIA's ability to assess program effectiveness, support continuous improvement, and ensure strong data integrity and greater operational transparency.

New Mexico Public Schools Insurance Authority

Special Appropriation

NMPSIA requests a one-time $100 million Special Appropriation for the Benefits Fund to stabilize premium rates, offset rising medical and pharmacy claim costs, and rebuild required reserves.

- Since FY2020, the projected blended premium increase needed to reach breakeven averaged approximately 10.6% annually, while actual revenue increases averaged approximately 6.2%.

- Premium buy-downs and delayed rate alignment:
  - Premium increases were set below projected breakeven levels for multiple years.
  - Reduced immediate premium pressure, but it left claims growing faster than revenue and created a compounding structural deficit.

- Medical and pharmacy trends above expectations:
  - Recent experience reflects sustained medical trends near 9% to 10% and a pharmacy trend above 20%.
  - Trend assumptions adjusted for FY27 to 9.5% for medical and 30% for pharmacy under a pessimistic outlook.

- Timing lag in rate setting:
  - Premium rates are determined eight to nine months prior to implementation, based on older claims data.
  - In a high-trend environment, especially with rapidly changing pharmacy utilization, this lag causes premiums to trail actual claims experience.

- GLP-1 and anti-obesity medication utilization:
  - Anti-obesity GLP-1 utilization has grown substantially, driving an estimated $30 million increase in spend since FY2023.
  - Beginning in Q3 FY2025, anti-obesity GLP-1 utilizers exceeded diabetic GLP-1 users signaling a material shift in demand.
  - In FY2026, GLP-1 allowed costs totaled approximately $50 million across 5,400 utilizers.

- High-cost claimants:
  - A small share of members continue to drive a large share of plan costs. For calendar year 2025, the top 1% of claimants accounted for approximately 29% of total medical and prescription drug claims, with average PMPM costs of $23,775.

- Legislative benefit mandates:
  - Legislative changes added meaningful plan costs, with combined legislative impacts totaling approximately $22.2 million from FY2020 through FY2025 and projected impacts continuing into FY2026.
  - Reference-based pricing, effective February 1, 2026, started generating savings to the plan.
    - FY27, it is projected to generate $17.6M in savings.

New Mexico Public Schools Insurance Authority

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