

Legislative Education Study Committee Meeting

November 4, 2020

Albuquerque Public Schools

Risk Management and Benefits

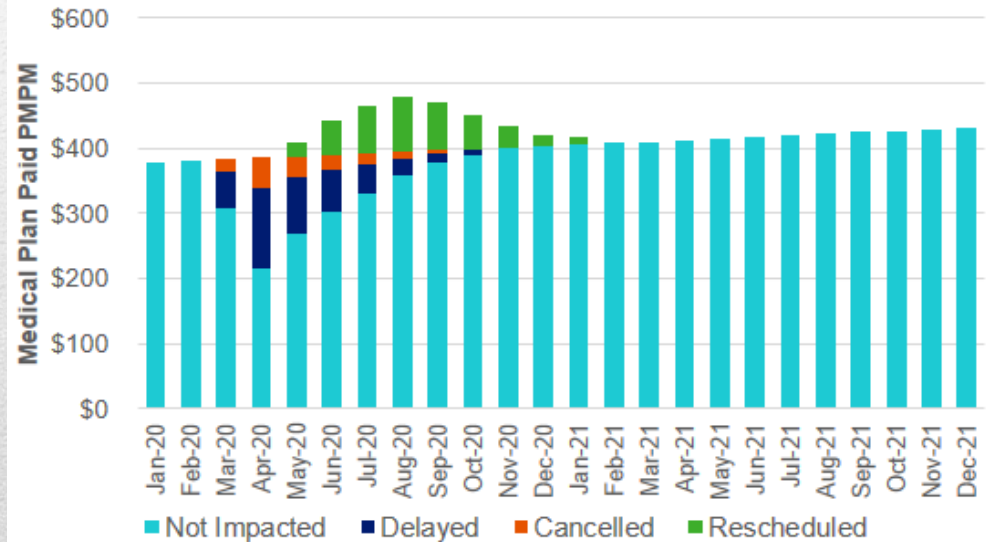


• BENEFITS: The Challenges –

What we know, and what we know we don't know

- Impact of COVID-19 pandemic
 - Direct costs for testing and treatment
 - Delayed and cancelled care
 - Potential for increased severity or complications due to delayed care
- 2020 Special Legislative Session outcomes
 - HB 1: ‘A school district or charter school shall not pay an increase of more than six percent for group health insurance premium increases that take effect in fiscal year 2021.’
- IBAC ‘Big Bid’ RFP Results
 - Adding Cigna as a fourth medical carrier

Projected Savings from Reduced Utilization of Non-Essential Care Due to COVID-19 Pandemic*



*Illustrated is the share of non-impacted, delayed, cancelled, and rescheduled non-essential Services based on aggregated data from SHAPE, Segal's data warehouse. Direct costs to Test and treat COVID-19 are not included.

- **The Challenges** *(continued)*

COVID-19 estimated impact, direct costs CY2021

(Actives and Non-Medicare Members)

Estimated Plan Impact Summary
Direct Costs

	Member Impact			Plan Impact	
	Count	% of Total	PMPM	Annual	% of Total ¹
Members Tested	5,403	34.9%	\$1.89	\$351,000	0.5%
Members Who Test Positive:					
Members Who Self-Quarantine	348	2.2%	\$0.38	\$70,000	0.1%
Members Admitted to Hospital	23	0.1%	\$3.01	\$560,000	0.8%
Members Admitted to ICU	9	0.1%	\$3.57	\$663,000	1.0%
Total - Treatment Only	380	2.5%	\$6.96	\$1,293,000	1.9%
Total - Testing & Treatment	5,403	34.9%	\$8.85	\$1,644,000	2.4%

Note: The projections for this exhibit are based on an assumed 15,466 active employees & covered dependents and 27 non-Medicare retirees & covered dependents.

¹ *Based on % of projected Plan paid medical expenses incurred during calendar year 2020.*

Recent Historical Experience

- 2019 Medical claims trend at 7.7%
 - Outpaced both projected national trend from Segal study (7.1%) and trend factor from prior budget projection (6.3%)
 - Driven by increases in Inpatient Facility, Emergency Room, and Medical Pharmacy claims
- 2019 Prescription drug claims trend at 12.7%
 - Higher than both projected Segal trend (7.5%) and prior budget projection trend factor (9.0%)
- More recently, new high cost claimants have emerged
 - Data through May 2020 indicates 3 large claimants with \$2.5 M in total plan paid (est. \$200k reimbursable through stop loss)
 - Same report during all of 2019 showed 4 large claimants with \$2.0 M total plan paid

Place of Service	Current Period			Prior Period			% Change in PMPM
	Total Paid Amount	Total Paid PMPM	% of Total	Total Paid Amount	Total Paid PMPM	% of Total	
Outpatient Hospital ¹	18,902,999	\$101.45	21.2%	19,275,594	\$102.61	23.3%	-1.1%
Inpatient Hospital	20,951,886	\$112.45	23.5%	17,319,008	\$92.19	20.9%	22.0%
Professional	16,556,720	\$88.86	18.6%	17,349,880	\$92.36	21.0%	-3.8%
Emergency Room	4,584,685	\$24.61	5.1%	3,753,763	\$19.98	4.5%	23.1%
Urgent Care	864,146	\$4.64	1.0%	707,473	\$3.77	0.9%	23.1%
Drugs (Medical Benefit)	4,789,310	\$25.70	5.4%	3,975,526	\$21.16	4.8%	21.5%
All Others ²	2,207,907	11.85	2.5%	2,078,227	\$11.06	2.5%	7.1%
Total Medical	68,857,653	\$369.55	77.2%	64,459,471	\$343.13	78.0%	7.7%
Total Rx³	20,372,368	\$109.34	22.8%	18,225,013	\$97.02	22.0%	12.7%
Total Paid	89,230,022	\$478.89	100.0%	82,684,483	\$440.15	100.0%	8.8%
Member Paid	9,309,538	\$49.96	10.4%	8,532,695	\$45.42	10.3%	10.0%
Plan Paid	79,920,483	\$428.93	89.6%	74,151,789	\$394.73	89.7%	8.7%



• 2021 premium and plan design changes consider reserve requirements AND legislative action

- From IBAC RFP, Cigna added as 4th medical provider
- Medical, dental and vision premiums 6.0% increase
- Simplified medical plan designs:
 - From 3-tier design to single-tier:
 - EPO (exclusive provider) – Presbyterian & TrueHealthNM
 - PPO (preferred provider) with out-of-network access – BCBSNM & Cigna
- Medical plan design changes includes adjustments for 4.8% lower medical claims
- Medical premium differential:
 - Premiums for less rich PPO benefit appropriately lower vs. more generous EPO
 - Premiums reflect relative value of discounts between BCBSNM and Cigna networks

• Health Plans Premium – *Considerations and Impact*

- **Impact on district** – 6% premium increase over 2020 premium contribution amount
- **Impact on reserves** – \$1.3 M drawdown during CY2021
- **Impact on employees** – average 6% premium increase (medical, dental, vision), dependent on medical plan selection
 - BCBSNM PPO: 2.8% higher than current blended premium
 - Cigna PPO: 5.8% higher than current blended premium
 - Pres, THNM EPOs: 7.9% higher than current blended premium
- **Impact on take-home pay** – for employees receiving 1% salary increase
 - All employees with single coverage would experience a **net increase to take-home pay**, regardless of 2021 plan election
 - All employee electing the BCBSNM PPO for 2021 would experience a **net increase to take-home pay**, regardless of coverage tier



APS Risk Insurance: Fiscal Year 2019-2020
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APS Risk Management

The Risk Management claim department handles claims made by entities and individuals against the school district. The Albuquerque Public Schools is self-insured for all workers compensation, property and casualty exposures. Albuquerque Public School district has insurance for large claims in excess of the self-insured limit. Albuquerque Public Schools serves 75,909 students.

The district employs 12,182 permanent employees as of June 30, 2020 of which 6,652 are certified educators (teachers/counselors/librarians/nurses) and 1,848 classroom educational assistants.

Geographic Area: the APS district covers a 1,230-square mile area that encompasses all of the Albuquerque Metropolitan area in Bernalillo County and a small portion of Sandoval County, New Mexico.

APS has 92 elementary 30 middle schools - 21 high schools and 12 schools of choice- 74% of the District's schools are Title I high poverty schools

Total insured property value of \$2,910,111,000

Excess general liability insurance to \$20M

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
W.C. Budget	\$11,401,327.00	\$10,474,953.00	\$7,598,839.00	\$10,718,598.00	\$17,351,497.00	\$15,959,715.00
P.C. Budget	\$14,162,342.00	\$15,571,064.00	\$13,530,022.00	\$12,534,231.00	\$10,288,747.00	\$8,159,459.00
Total Budget	\$25,563,669.00	\$26,046,017.00	\$21,128,561.00	\$23,252,829.00	\$27,640,244.00	\$24,119,174.00
W.C. Payments	\$5,246,160.00	\$6,215,929.00	\$5,178,251.00	\$4,424,672.22	\$4,693,921.00	\$4,887,460.00
P.C. Payments	\$3,504,831.00	\$5,044,715.00	\$4,669,284.00	\$3,173,087.00	\$4,757,516.00	\$3,373,688.00
Total Payments	\$8,750,991.00	\$11,260,644.00	\$9,847,535.00	\$7,597,759.22	\$9,451,437.00	\$8,261,148.00

Appropriations FY15 – FY20

ALBUQUERQUE PUBLIC SCHOOLS HISTORICAL RETENTION & DEDUCTIBLE HISTORY

COVERAGE						
POLICY TERM	* PROPERTY	EXCESS LIABILITY	SCHOOL BOARD LEGAL LIABILITY	EXCESS WORKER'S COMPENSATION	* BOILER & MACHINERY	CRIME
2019-2020	\$250,000	\$350,000	\$350,000	\$650,000	\$5,000	\$350,000
2018-2019	\$250,000	\$350,000	\$350,000	\$650,000	\$5,000	\$350,000
2017-2018	\$250,000	\$350,000	\$350,000	\$650,000	\$5,000	\$350,000
2016-2018	\$250,000	\$350,000	\$350,000	\$650,000	\$5,000	\$350,000
2015-2016	\$250,000	\$350,000	\$350,000	\$550,000	\$5,000	\$350,000
2014-2015	\$250,000	\$350,000	\$350,000	\$550,000	\$5,000	\$350,000
2013-2014	\$250,000	\$350,000	\$350,000	\$550,000	\$5,000	\$350,000
2012-2013	\$250,000	\$350,000	\$350,000	\$500,000	\$5,000	\$350,000
2011-2012	\$250,000	\$350,000	\$350,000	\$500,000	\$5,000	\$350,000
2010-2011	\$250,000	\$350,000	\$350,000	\$500,000	\$5,000	\$250,000
2009-2010	\$250,000	\$350,000	\$350,000	\$500,000	\$5,000	\$250,000
2008-2009	\$500,000	\$350,000	\$350,000	\$500,000	\$5,000	\$250,000



Questions?