



New Mexico
Public Schools
Insurance Authority

Legislative Finance Committee December 7, 2017

Sammy J. Quintana
Executive Director

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Deputy Director

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NMPSIA Today

- **School Districts**
 - 88 Mandatory (Excludes APS)
- **Charter Schools**
 - 100 Mandatory
- **26 Other Educational Entities**
 - (Optional)



- **Staff**
 - 11 FTE
- **Board of Directors**
 - 11 Board Members
 - 2 NEA-NM
 - 1AFT-NM
 - 3 Governor Appointees
 - 1 Superintendents' Association
 - 1 New Mexico Association of School Business Officials
 - 1 Educational Entities at Large
 - 1 School Boards Association
 - 1 Public Education Commission

FY19 Appropriation Request

Fund	FY17 Actual	FY18 Operating Budget	FY19 Appropriation Request	Increase FY18-FY19	Percentage Difference FY18-FY19
Benefits	\$ 314,734,567	\$ 325,783,600	\$ 332,022,081	\$ 6,238,481	1.91%
Risk	\$ 84,246,273	\$ 70,799,100	\$ 82,965,060	\$ 12,165,960	17.18%
Program Support	\$ 1,347,000	\$ 1,299,900	\$ 1,338,700	\$ 38,800	2.98%
Agency Total	\$ 400,327,841	\$ 397,882,600	\$ 416,325,841	\$ 18,443,241	4.64%

- For FY19, NMPSIA has recommended that the Public Education Department request an increase of \$17,695,497 to fund the employer share of premium increases.
- The increase consists of:
 - \$13,329,192 for Employee Benefits Premiums
 - \$4,366,305 for Risk Premiums
- APS will receive 1/3 of the total appropriation increase due the funding formula. This reduces the amount of any additional funding to NMPSIA participating schools.

Risk Program Facts

Property:

- Property deductible is \$750,000; \$750 Million in Insured limits Per Occurrence subject to sub-limits such as Flood and Earthquake: \$100 Million Annual Aggregate; \$800 Million in Terrorism Limits
- Crime Limit is \$2 Million Per Occurrence
- Assets insured are in excess of \$23 Billion
- \$17 Billion are Frame/Stucco construction, the most flammable type of construction
- 60% of properties are located in Protection Class 9 or 10, 10 being the worst protection class
- 60% of properties are located in 100 Year Flood zones
- The property rate has increased only .021 per \$100 dollars of values since 1991

Liability and Workers' Compensation:

- Liability deductible is \$1,000,000; \$20 Million in Liability Limits for Sexual Abuse
- There are no Tort Claims Act Limit protections for School Bus Contractors
- 44,000 employees
- \$1.75 Billion in payroll
- 300,000 students
- 44,000 school athletic participants
- 9,000 volunteers
- 9,300 vehicles including buses

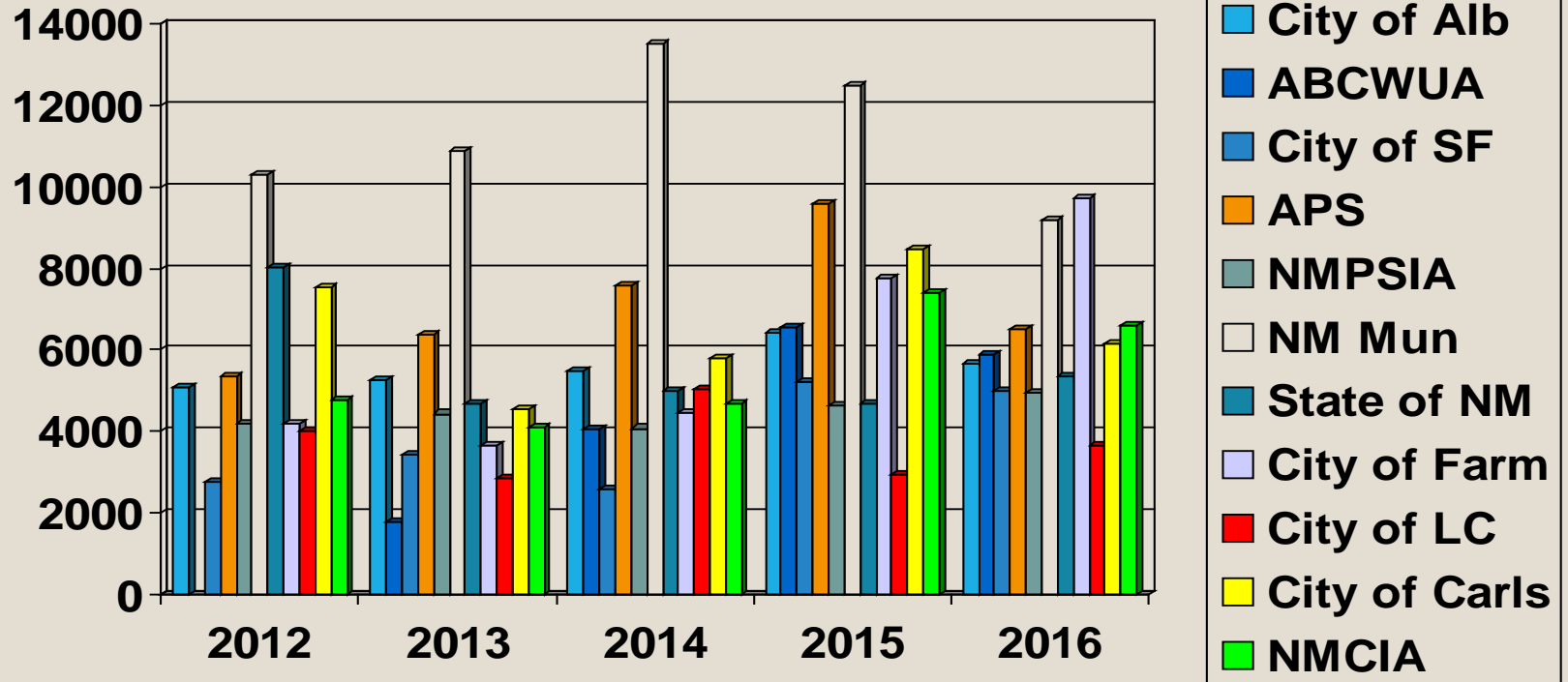
Risk Claims

Total \$ Spent



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

SELF-INSURED GOVERNMENT WORKERS' COMPENSATION AVERAGE COST PER CLAIM



Loss Prevention Programs

- **Ergonomics**
 - Objective: reduce the frequency and severity of costly soft tissue injuries by school employees.
- **Threat Assessment and Active Shooter**
 - Objective: Reduce the probability of an incident of multiple victim school violence.
- **Employment Practices Policy and Consulting**
 - Objective : Reduce the number of employment practices claims (wrongful termination, violation of contract)
- **Technical Assistance Program for Special Education**
 - Objective: reduce the number of IDEA (Individual with Disabilities in Education) Due Process and Litigation claims.
- **On-site School Facility Audits**
 - Objective: reduce the frequency of Worker's Compensation, Liability and Property Claims.
- **Identifying a Predator Training**
 - Objective: reduce the number of sexual molestation claims in NM public Schools
- **Bullying Prevention Training and sustainable policy development consulting**
 - Objective: To assist schools with understanding of the issues and development of policies addressing bullying.
- **Armed school employees**
 - Objective: To assist schools with an understanding of the relevant statutes, policies, procedures and liabilities necessary to make informed judgements regarding arming employees.

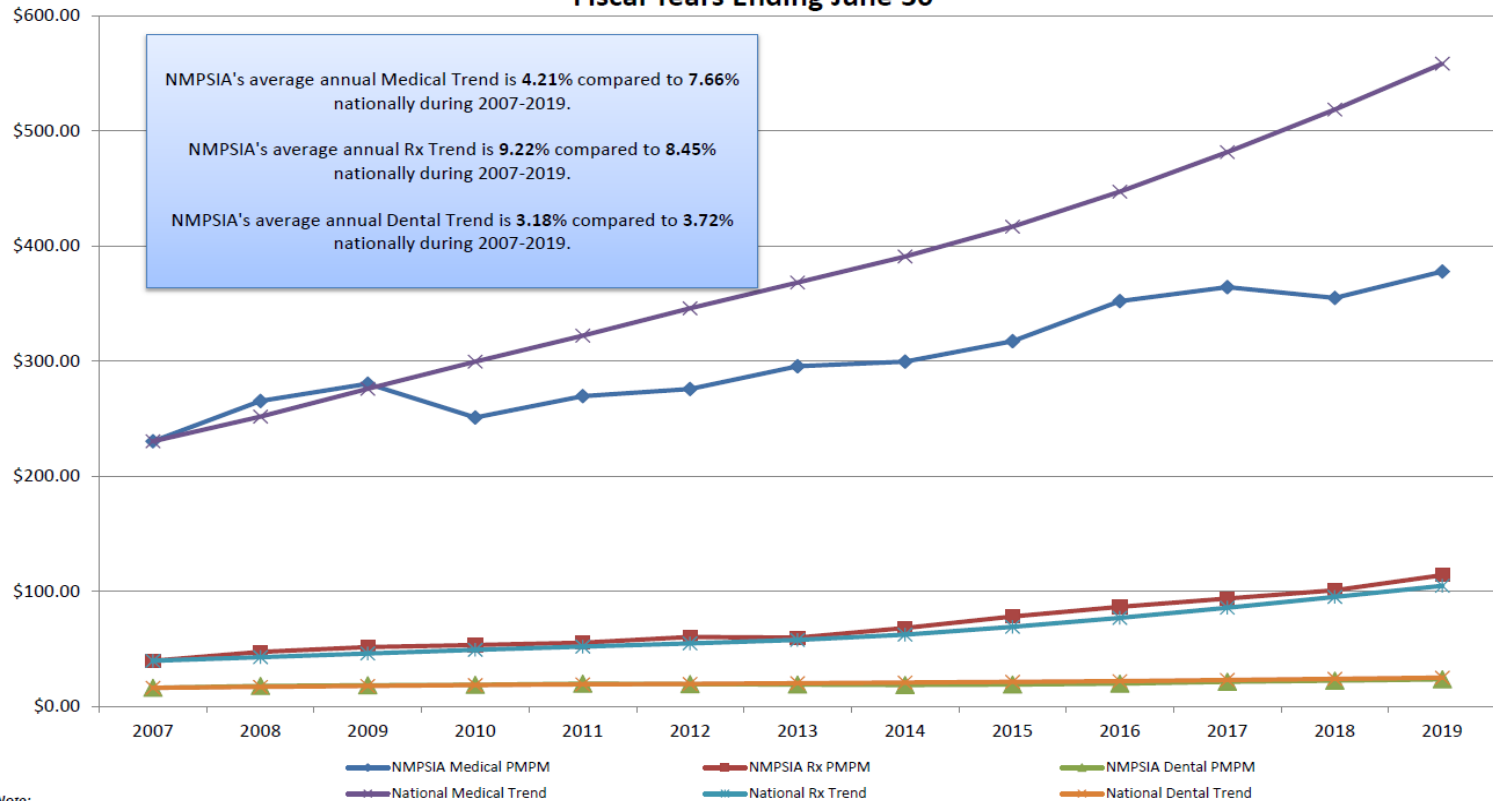
Risk Fund

Plan Year	Fund Balance at Start of Plan Year	Rate Increase	Fund Balance at End of Plan Year
2010-2011	\$23.3 million	No Increase	\$24.9 million
2011-2012	\$24.9 million	No Increase	\$19.8 million
2012-2013	\$19.8 million	-10.00%	\$12.3 million
2013-2014	\$12.3 million	25.49%	\$5.4 million
2014-2015	\$5.4 million	7.31%	\$4.0 million
2015-2016	\$4.0 million	11.28%	\$-5.7 million
2016-2017	\$-5.7 million	5.14%	\$-14.2 million
2017-2018	\$-14.2 million	0.09%	\$-17.1 million (projected)
2018-2019	\$-17.1 million (projected)	6.58%	\$-17.1 million (projected)
\$16.0 million in fund sweeps during FY17!			

Employee Benefits Program

- **NMPSIA offers the following benefits and services:**
 - Self-Insured High Option Medical Plan and Low Option Medical Plan – BCBSNM and Presbyterian
 - Self-Insured HMO Medical Plan - New Mexico Health Connections
 - Self-Insured Prescription Drug coverage - Express Scripts
 - Covered Members on Medical/RX
 - 22,180 Employees
 - 49,314 Total Lives
 - Self-insured High and Low Option Dental Plans - United Concordia
 - Fully insured Vision Plan - Davis Vision
 - Fully insured Life and Disability Plans - Standard
- **Measures taken to improve cost containment efforts:**
 - Purchased Stop-Loss Coverage in FY16 to mitigate the risk of claims over \$1 million
 - Purchased Data Warehouse, Reporting and Data Mining Services in FY18 in order to better define the health risk of the plan participant population and to track changes over time. This will allow NMPSIA to improve the value of the plans and identify opportunities for future plan designs and premiums.
 - Finalized 2016 medical plan contracts with commitments to managing diabetics and members with chronic health conditions, value-based care arrangements, wellness and disease (care management) management programs.
 - Implemented significant medical and prescription drug plan design changes and implemented programs to decrease plan cost and increase member cost share.

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 CY2003 through 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 CY2016 is from the 2017 Segal Health Plan Cost Trend Survey; trend data for CY2017 and CY2018 is based on preliminary results of the 2018 Segal Health Plan Cost Trend Survey and is subject to change.
 Projected trend is shown for CY2016, CY2017, and CY2018; Trend during CY2019 is 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 and FY2019 reflect the anticipated impact of future benefit changes as approved by the NMPSIA Board.

Employee Benefits Fund

Plan Year	Fund Balance at Start of Plan Year	Rate Increase		Fund Balance at End of Plan Year
2013-2014	\$31.6 million	Medical	6.6%	\$42.3 million
		Dental	3.0%	
2014-2015	\$42.3 million	Medical	1.5%	\$41.4 million
		Dental	0.0%	
2015-2016	\$41.4 million	Medical	4.0%	\$20.9 million
		Dental	0.0%	
2016-2017	\$20.9 million	Medical High	8.30%	\$13.8 million
		Medical Low	7.15%	
		Dental	0.0%	
2017-2018	\$13.8 million	Medical High	3.98%	\$18.4 million
		Medical Low	1.82%	(projected)
		Dental	0.0%	
2018-2019	\$18.4 million (projected)	Medical Blended	10.39%	\$20.5 million (projected)
		Dental	0.0%	
Target fund balance is 1 month of claims - \$24.2 – 26.1 million.				

FY18 Monthly Increase for Employee

Eff. 10/1/2017

Rate Increase	
High Options	3.98%
Low Options	1.82%
HMO	3.98%

Plan	Salary Under \$15,000 (75%/25%)	Salary \$25,000 or Over (60%/40%)
Single:		
Blue Cross Blue Shield High Option	\$6.28	\$10.04
Presbyterian High Option	\$5.08	\$8.12
New Mexico Health Connections	\$5.66	9.04
Family:		
Blue Cross Blue Shield High Option	\$15.94	\$25.52
Presbyterian High Option	\$14.22	\$22.74
New Mexico Health Connections	\$14.34	\$22.96

FY17 Plan Design changes

Medical/Rx

Change	Estimated Savings (Annually)
Medical	
Increased calendar year plan deductibles effective 1/1/17 High Option Plan - from \$300 to \$750 for in-network services Low Option Plan - from \$1500 to \$2000 for in-network services	\$11.0 million
Increased calendar year out-of-pocket maximum effective 1/1/17 High Option Plan - from \$2800 to \$3750 for in-network services Low Option Plan - from \$3500 to \$3750 for in-network services	\$10.0 million
Value of Medical Plan Design Changes	\$21.0 million

Change	Estimated Savings (Annually)
Prescription	
Increased copayments on diabetic oral medications, retail generic, mail generic, retail preferred brand, mail preferred brand, and specialty medications effective 7/1/16	\$4.5 million
Eliminated coverage for over-the-counter (OTC) medications (Proton Pump Inhibitors, Antihistamines and Intranasal Steroids) effective 7/1/16	\$1.2 million
Value of Prescription Plan Design Changes	\$5.7 million

FY17/18 Plan Design changes

Medical/Rx

Change	Estimated Savings (Annually)
Medical	
Increased office visit copays for in-network PCP/Specialty services effective 5/1/17 High Option Plan – PCP from \$20 to \$30/ Specialty from \$30 to \$50 Low Option Plan – PCP from \$25 to \$35/ Specialty from \$35 to \$60 HMO Plan – PCP from \$15 to \$25/ Specialty from \$25 to \$35	
Increased urgent care copay and copay for ER visits effective 5/1/17 Low Option Plan urgent care copay from \$50 to \$60 High Option Plan – ER from deductible/20% coinsurance to ded./coins. +\$150 copay Low Option Plan – ER from deductible/25% coinsurance to ded./coins. +\$150 copay HMO Plan – ER from deductible/20% coinsurance to ded./coins. +\$150 copay	
Value of Medical Plan Design Changes	\$4.0 million
Change	
Prescription	
Rx copay changes effective 7/1/17 Generic from \$8 non-Walgreens/\$15 Walgreens to \$10 for all participating retail pharmacies Formulary Brand 30% from 30% \$25 min./\$35 maximum non-Walgreens and \$35 min/\$55 max Walgreens to \$30 min./\$60 max. all participating retail pharmacies and mail order copay from \$55 to \$60	\$282k
SaveOn Program (specialty drug/drug manufacturer co-pay assistance) effective 7/1/17	\$2.4 million
Value of Prescription Plan Design Changes	\$2.682 million

Medical Cost Drivers

ACA Costs

- \$5.1 million (FY15-17)
- Other Mandates
 - Removed pre-existing conditions
 - Limits premium increases to remain affordable
 - Removed plan limitations
 - Cover children up to 26 – married/unmarried

Catastrophic Claims

- 372 Claimants had claims greater than \$100K totaling \$83.8 million in FY17
- 11 claimants with claims greater than \$750K
- 3 claimants with claims greater than \$1.0 million

Provider Reimbursement Rates

- Challenges with provider reimbursement negotiations, especially in rural communities where approx. 85% of the membership resides
- Providers attempt to make up for lower Medicare and Medicaid reimbursement rates

Top Medical Conditions

- Inflammatory Conditions
- Diabetes
- Cancer
- Leukemia
- Hodgkin's Disease
- Coronary Disease
- Cardiovascular Disease
- Stroke
- Injury and Poisoning
- Multiple Sclerosis
- Maternity

Vaccine Program

- \$1.6 million – FY17
- \$1.4 million – FY16
- **\$740K** – FY15
- Statute requires vaccines for privately insured children to be purchased at retail costs.

Prescription Drug Plan Performance

	Overall	Non-Specialty	Specialty
Previous Plan Cost PMPM	\$83.92	\$52.07	\$31.85
Utilization	↓ -5.3%	↓ -5.1%	↑ 14.1%
Inflation	↑ 4.8%	↑ 3.1%	↑ 11.2%
Drug Mix	↑ 2.9%	↑ 0.7%	↓ -8.1%
Discount	↑ 3.9%	↑ 2.5%	↓ -1.2%
Cost Share	↓ -2.4%	↓ -4.8%	↑ 0.4%
Change in Plan Cost PMPM	3.9%	-3.7%	16.4%
Current Plan Cost PMPM	\$87.23	\$50.14	\$37.08
Previous Net Cost PMPM	\$67.52		
Change in Net Cost PMPM	1.6%		
Current Net Cost PMPM	\$68.62		

Top 25 Drugs

Top Drugs by Plan Cost

Top Drugs by Plan Cost													% Change
7-16 - 6-17								7-15 - 6-16					
AUM Strategy	Rank	Peer Rank	Brand Name	Indication	Rxs	Pts.	Plan Cost	Plan Cost PMPM	Rank	Rxs	Pts.	Plan Cost PMPM	Plan Cost PMPM
ST/PA/DQM	1	1	HUMIRA PEN*	INFLAMMATORY CONDITIONS	608	103	\$3,488,519	\$5.65	2	461	67	\$2.87	96.7%
ST/PA/DQM	2	2	ENBREL*	INFLAMMATORY CONDITIONS	454	77	\$2,399,339	\$3.88	1	525	70	\$3.01	29.2%
N/A	3	13	LANTUS SOLOSTAR	DIABETES	2,359	445	\$1,232,566	\$2.00	4	2,506	466	\$2.07	-3.7%
N/A	4	5	HUMALOG	DIABETES	1,427	245	\$1,066,521	\$1.73	5	1,507	262	\$1.68	2.8%
ST/DQM	5	10	JANUVIA	DIABETES	2,337	382	\$1,013,737	\$1.64	7	2,238	361	\$1.52	8.3%
N/A	6	8	HUMALOG KWIKPEN U-100	DIABETES	1,359	305	\$1,012,250	\$1.64	6	1,375	320	\$1.52	7.5%
ST/PA/DQM	7	19	HUMIRA*	INFLAMMATORY CONDITIONS	174	34	\$988,091	\$1.60	9	206	27	\$1.25	27.7%
ST/PA/DQM	8	4	TRULICITY	DIABETES	1,223	186	\$931,516	\$1.51	20	666	124	\$0.71	111.8%
N/A	9		IDELVION*	HEMOPHILIA	6	1	\$915,249	\$1.48					
ST	10	35	ONETOUCH ULTRA TEST STRIPS	DIAGNOSTIC AIDS	4,752	1,248	\$685,159	\$1.11	8	6,385	1,513	\$1.37	-19.0%
N/A	11	27	LEVEMIR FLEXTOUCH	DIABETES	1,070	195	\$643,782	\$1.04	10	1,184	224	\$1.14	-8.5%
ST	12	7	TECFIDERA*	MULTIPLE SCLEROSIS	70	9	\$605,437	\$0.98	21	70	11	\$0.70	40.6%
ST	13	52	AUBAGIO*	MULTIPLE SCLEROSIS	92	11	\$555,617	\$0.90	22	75	9	\$0.67	33.8%
PA/DQM	14	28	SYMBICORT	ASTHMA	1,485	501	\$493,213	\$0.80	15	1,684	594	\$0.86	-6.7%
ST/PA/DQM	15	11	HARVONI*	HEPATITIS C	15	6	\$472,498	\$0.76	19	15	4	\$0.75	2.3%
N/A	16	46	LANTUS	DIABETES	968	178	\$453,934	\$0.73	13	1,117	206	\$0.88	-16.5%
DQM	17	74	EPCLUSA*	HEPATITIS C	17	6	\$419,684	\$0.68					
N/A	18	1215	XYNTHA SOLOFUSE*	HEMOPHILIA	10	2	\$417,786	\$0.68	14	16	2	\$0.87	-22.2%
ST	19	86	XELJANZ*	INFLAMMATORY CONDITIONS	100	14	\$416,356	\$0.67	31	115	18	\$0.54	24.2%
PA/DQM	20	22	VIAGRA	IMPOTENCE	1,122	303	\$412,775	\$0.67	26	1,430	376	\$0.59	14.0%
ST/PA/DQM	21	9	COPAXONE*	MULTIPLE SCLEROSIS	60	11	\$408,334	\$0.66	17	95	17	\$0.76	-13.4%
PA/DQM	22	63	IMBRUVICA*	CANCER	42	5	\$401,640	\$0.65	42	30	7	\$0.40	61.7%
PA/DQM	23	23	IBRANCE*	CANCER	35	6	\$389,655	\$0.63	93	12	5	\$0.20	212.8%
ST/DQM	24	12	INVOKANA	DIABETES	796	151	\$381,474	\$0.62	25	884	145	\$0.60	2.8%
ST	25	16	GILENYA*	MULTIPLE SCLEROSIS	38	6	\$372,919	\$0.60	49	37	4	\$0.36	70.0%
Total Top 25:					20,619		\$20,578,051	\$33.31		22,633		\$25.31	31.6%
Differences Between Periods:					-2,014		\$4,575,614	\$8.00					

*Specialty Drugs

Top 25 Drugs Represent
38.2%
of Total Plan Cost and
Comprise 9 Indications

14 of 25 Top Drugs
are Specialty Drugs, Making
up 59.5% of Top 25 Spend

1 Member With
Drug Spend Of
Over \$2.0 Million
Annually

Clinical Savings and Rx Programs

Utilization Management	Plan Cost Savings	Plan Cost Savings PMPM	Program Description
Prior Authorization	\$2,486,821	\$4.02	A review of the indication and other pertinent information is performed to confirm that products are covered only when clinical criteria are met.
Drug Quantity Management	\$1,705,886	\$2.76	Review claims and allow FDA approved quantities
Step Therapy/PSM	\$1,710,996	\$2.77	Promote lower cost first line agents before more expensive brand name products.
Estimated Program Fees	(\$463,788)	(\$0.75)	Estimated Fees
Total Plan Cost Savings \$5,439,915 or \$8.80 PMPM (Net of Estimated Program Fees)			

Rx Programs

Rx Programs	Description of Program
Inflammatory Conditions Care Value Program	Indication-level management, extensive clinical documentation, and early discontinuation reimbursement guarantee
Market Events Protection Program	Quicker formulary changes when prices increase leading to faster savings
Hepatitis Cure Value Program	Lowered the cost of curative hepatitis C treatments by nearly 50% and expands access to an affordable hepatitis C cure.
Cholesterol Care Value Program	Avoiding up to 90% of the plan cost increases in this therapy class
Oncology Care Value Program	Aligning cost with efficacy for selected oncology drugs
Inflation Protection Program For Brand Name Drugs	Inflation protection guarantee
Fraud Waste and Abuse Program	Identifies outliers, flags suspicious activity, gather evidence, investigate, intervention by restricting certain members to one pharmacy for substance abuse medications (opioids, ADHD, sleep, anxiety, muscle relaxers, anticonvulsants)
Multiple Sclerosis Care Value Program	Drives member adherence and includes a discontinuation guarantee if member discontinues treatment in the first three months
RationalMed Safety Protection Program	Identifies patients at risk – alerts physicians of health and safety issues
Mobile Adherence App – Pilot Program	Improve adherence for members with diabetes, hypertension, and blood cholesterol
Therapeutic Resource Centers	Member education and helps with member adherence



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Questions???

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