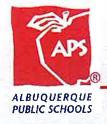
Legislative Educational Study Committee

September 26, 2019
Albuquerque Public Schools
Risk Management and Benefits



- What is the IBAC?
- An administrative construct to fulfill the obligations of the Health Care Purchasing Act [13-7-1 NMSA 1978]
- 13-7-2. Purpose of act.
- The purpose of the Health Care Purchasing Act [13-7-1 NMSA 1978] is to ensure public employees, public school employees and
 retirees of public employment and the public schools access to more affordable and enhanced quality of health insurance through cost
 containment and savings effected by procedures for consolidating the purchasing of publicly financed health insurance.
- Purchases health (medical, pharmacy, dental and vision) services for approximately 175,000 public sector employees, retirees and family members (over 25% of the NM's commercially insured population)

0	State of NM / GSD / RMD:	57,000
•	NM Retiree Health Care Authority:	55,000
•	NM Public Schools Insurance Authority	47,000
•	Albuquerque Public Schools	16,000

• IBAC entities have written contracts under the auspices of the act since FY2000.

Interagency Benefits Advisory Committee 2

- The IBAC is initiating its 6th four-year procurement cycle with a joint RFP this fall
- Emphasis will be placed on cost-containment, member-access and quality by evaluating the following elements:
 - Chronic condition management
 - High cost / acute case management
 - Integration of pharmacy data
 - Shared decision making (reduction of waste and low-value care)
 - Value-based purchasing arrangements evolving away from fee-for-service
 - Cost transparency
 - Care coordination across product lines medical, dental and vision
 - Primary Prevention Population health emphasizing better nutrition and exercise
 - IBAC entities are also voting members of the newly formed Interagency Pharmaceutical Purchasing Council (IPPC) next meeting October 3

- 2020 premium and plan design recommendations consider reserve requirements AND legislative action
 - Increase medical, dental and vision rates 4.5%
 - Increase salary bracket minimums to mitigate cost shifting as a result of teacher pay increases
 - Adjust plan and premium designs to accommodate new state and other regulatory mandates as well as simplify complex benefit designs

APS Plan Recommendations for 2020

Premium History & Background

- No premium increases for 4 years (2015 2018) left reserves projected below zero without rate action in 2019
- Rate increase in 2019 stabilized reserves allowing for a below-trend rate increase in 2020
- Average Annual increases from 2015 through 2020 is 1.9%

Employee Medical Rate History - Single & Family Per Pay Period 40% Contribution

	2014 - 2018	2019	<u>2020</u>	Total 6 Year Increase	Avg. Annual Inc.
Single	\$89.75	\$95.88	\$100.19	11.6%	1,9%
Family	\$242.36	\$258.91	\$270.56	11.6%	1.9%

Impact of Salary Increases on Employee Benefit Costs

- For most employees, 6% salary increase is only marginally impacted by 4.5% premium increase in January, 2020
- \$25,000 x .06 = \$1,500 raise
 \$36,000 x .06 = \$2,160 raise
 \$40,000 x .06 = \$2,400 raise
 \$40,000 x .06 = \$3,000 raise
 \$50,000 x .06 = \$3,000 raise
 \$40,000 x .06 = \$

KNOWN EXCEPTION: Tier 1 Teachers

- APS has about 1,000 Tier 1 Teachers most of whom earn about \$36,000
- ALL received raises effective July 1, 2019 to at least \$41,000 higher salary bracket for premium calculation
- \$5,000 raise Premium Increase for higher bracket: \$1,723 or 66% of raise intact

Recommendation: Increase each salary bracket minimum by \$5,000

- \$39,499 and below: District pays 80% of premiums
 Currently \$34,500 and below
- \$39,500 to \$44,999: District pays 70% of premiums Currently \$34,500 \$39,999
- \$45,000 and above: District pays 60% of premiums Currently \$40,000 and above

SUPPORTING AN ENVIRONMENT THAT PROMOTES A CULTURE OF HEALTHY BEHAVIORS

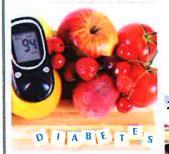
Wellness: Becoming aware of and making choices toward a healthy lifestyle

Why It Matters:

Everything we do and every emotion we have relates to our well-being. Our well-being affects our actions and emotions-cyclical response. It is important to work towards optimal wellness to keep stress down, reduce illness, and to increase positive interactions with work, with family, with community; which can directly connect to a decrease in medical costs, and liability claims.



























APS Risk Insurance: Fiscal Year 2019 Legislative Educational Study Committee

September 26, 2019

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 82,000 students.

The district employs 14,326 permanent employees as of June 30, 2019 of which 7260 are certified staff (teachers/counselors/librarians/nurses) and 2010 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- 72% of the District's schools are Title I high poverty schools

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

Excess general liability insurance to \$15M

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
W.C. Budget	\$11,686,595.00	\$11,401,327.00	\$10,474,953.00	\$7,598,839.00	\$10,718,598.00	\$17,351,497.00
P.C. Budget	\$14,255,634.00	\$14,162,342.00	\$15,571,064.00	\$13,530,022.00	\$12,534,231.00	\$10,288,747.00
Total Budget	\$25,942,229.00	\$25,563,669.00	\$26,046,017.00	\$21,128,561.00	\$23,252,829.00	\$27,640,244.00
W.C. Payments	\$4,133,816.00	\$5,246,160.00	\$6,215,929.00	\$5,178,251.00	\$4,424,672.22	\$4,693,921.00
P.C. Payments		\$3,504,831.00	\$5,044,715.00	\$4,669,284.00	\$3,173,087.00	\$4,757,516.00
Total Payments		\$8,750,991.00	\$11,260,644.00	\$9,847,535.00	\$7,597,759.22	\$9,451,437.00

Appropriations FY14 - FY19

ALBUQUERQUE PUBLIC SCHOOLS HISTORICAL RETENTION & DEDUCTIBLE HISTORY

	COVERAGE							
POLICY TERM	* PROPERTY	EXCESS LIABILITY	SCHOOL BOARD LEGAL LIABILITY	EXCESS WORKER'S COMPENSATION	* BOILER & MACHINERY	CRIME		
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		
2016-2017	\$250,000	\$350,000	\$350,000	\$650,000	\$5,000	\$350,000		
2015-2016	\$250,000	\$350,000	\$350,000	\$650,000	\$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	\$550,000	\$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	\$350,000		
2009 - 2010	\$250,000	\$350,000	\$350,000	\$500,000	\$5,000	\$250,000		
2008 - 2009	\$250,000	\$350,000	\$350,000	\$500,000	\$5,000	\$250,000		
2007 - 2008	\$500,000	\$350,000	\$350,000	\$500,000	\$5,000	\$250,000		

Questions?