

Legislative Educational Study Committee

September 26, 2019

Albuquerque Public Schools


Risk Management and Benefits




ALBUQUERQUE
PUBLIC SCHOOLS

- 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)
 - 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

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- 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

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- **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

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

2020 Premium Actions

• 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 - Max. Annual Premium Increase: \$155 or 90% of raise intact
- \$36,000 x .06 = \$2,160 raise - Max. Annual Premium Increase: \$233 or 89% of raise intact
- \$40,000 x .06 = \$2,400 raise - Max. Annual Premium Increase: \$310 or 87% of raise intact
- \$50,000 x .06 = \$3,000 raise - Max. Annual Premium Increase: \$310 or 90% of raise intact
- \$60,000 x .06 = \$3,600 raise - Max. Annual Premium Increase: \$310 or 92% of raise intact

• **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

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 Employee Wellness

ALBUQUERQUE PUBLIC SCHOOLS
Employee Wellness



APS Risk Insurance: Fiscal Year 2019
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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 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	\$4,314,509.00	\$3,504,831.00	\$5,044,715.00	\$4,669,284.00	\$3,173,087.00	\$4,757,516.00
Total Payments	\$8,448,325.00	\$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?