



New Mexico
Public Schools
Insurance Authority

Legislative Education Study Committee
September 26, 2018
Albuquerque, New Mexico

Ernestine Chavez
Executive Director



NMPSIA

- The New Mexico Public Schools Insurance Authority (NMPSIA) was created by the NM Legislature in 1986 to serve as a purchasing agency for public school districts, post-secondary educational entities and charter schools. Through NMPSIA, member schools are afforded the opportunity to offer quality employee benefit and risk coverages.
- **Purpose of act. 22-29-2.**
 - The purpose of the Public School Insurance Authority Act is to provide comprehensive core insurance programs, including reimbursement coverage for the costs of providing due process to students with disabilities, for all participating public schools, school board members, school board retirees and public school employees and retirees by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage.
- **Authority created. 22-29-4**
 - There is created the "public school insurance authority", which is established to provide for group health insurance, other risk-related coverage and due process reimbursement with the exception of the mandatory coverage provided by the risk management division on the effective date of the Public School Insurance Authority Act.

NMPSIA Today



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

- **Staff**
 - 11 FTE
 - Change in leadership effective September 1, 2018:
 - Ernestine Chavez, Executive Director
 - Richard Valerio, Deputy Director
 - Patrick Sandoval, Chief Financial Officer

- **Board of Directors**
 - 11 Board Members
 - NEA-NM
 - Mary Parr-Sanchez, President
 - David Martinez, Jr.
 - AFT-NM
 - Tim Crone
 - Governor Appointees
 - Alfred Park
 - Robert Lowery
 - Gerald Schalow
 - Superintendents' Association
 - Ricky Williams
 - New Mexico Association of School Business Officials
 - Chris Parrino
 - Educational Entities at Large
 - David Willden
 - School Boards Association
 - Lowell Irby
 - Public Education Commission
 - Trish Ruiz



FY2020 Appropriation Request

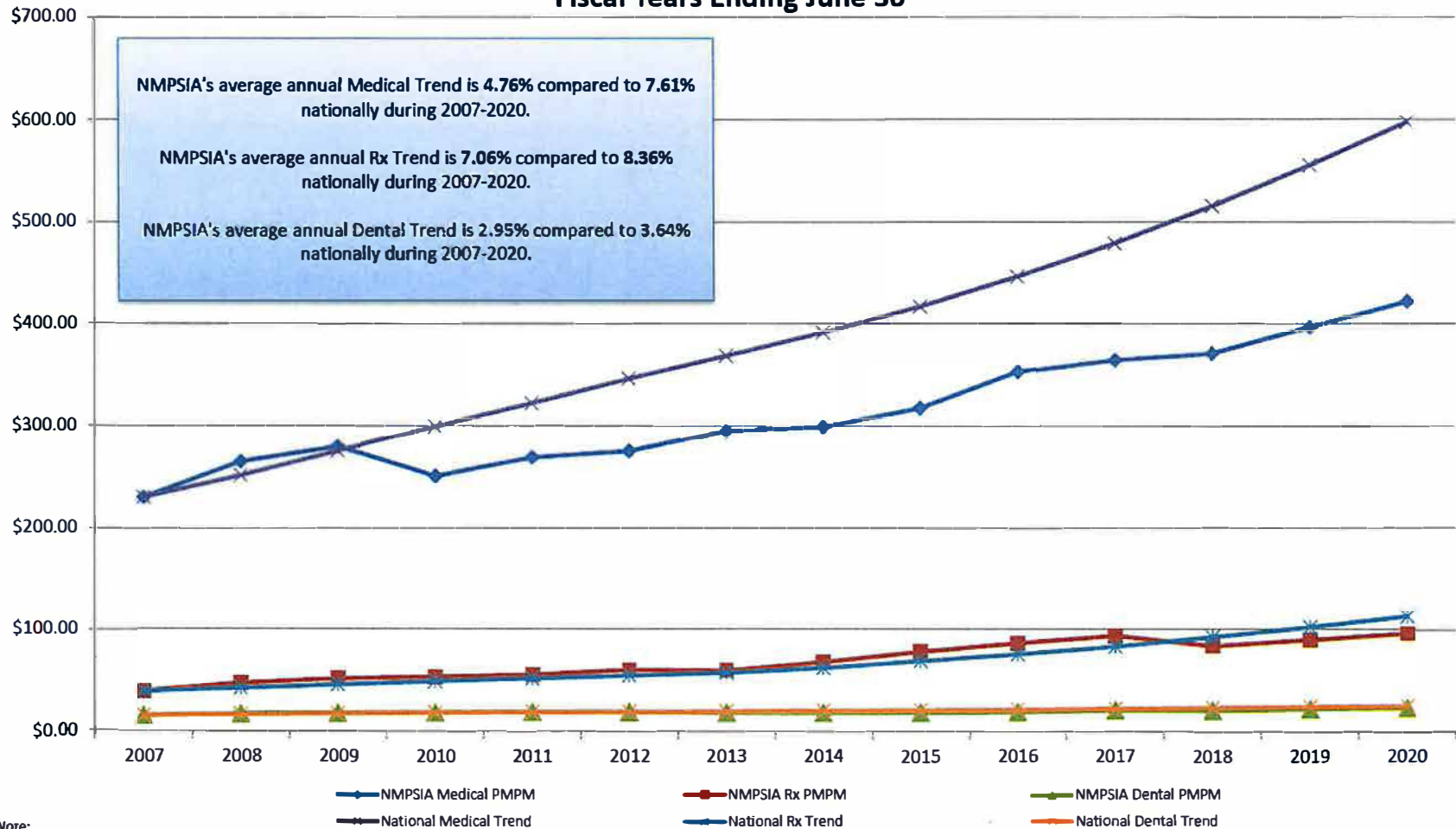
Fund	FY19 Operating Budget	FY20 Appropriation Request	Percentage Difference FY19-FY20
Benefits	\$332,680,900	\$316,951,700	-4.73%
Risk	\$75,078,200	\$82,552,100	9.95%
Program Support	\$1,335,400	\$1,367,300	2.39%
Agency Total	\$409,094,500	\$400,871,100	-2.01%

- **NMPSIA's revenues are derived from other state funds.**
- **Employer funding for premiums is disbursed from the general fund through the state equalization guarantee appropriation to schools.**
- **For FY20, NMPSIA has recommended that the Public Education Department request an increase of \$12.9 million to fund the employer share of premium increases.**
- **The increase consists of:**
 - **\$10.2 million for Employee Benefits Premiums (average 63% employer contribution)**
 - **\$2.7 million for Risk Premiums**
- **APS will receive 1/3 of the total appropriation increase due the mechanism of the funding formula. This reduces the amount of any additional funding to NMPSIA participating schools.**

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 EPO Medical Plan - BCBSNM
 - Self-Insured Prescription Drug coverage - Express Scripts
 - Covered Members on Medical/RX
 - 20,775 Employees
 - 46,199 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.
 - Finalized 2018 prescription plan contract resulting in larger discounts and rebates.
 - Implemented a series of benefit changes for medical and prescription drug coverage in FY17 and FY18, including increasing copays and implementing a copay offset savings program to reduce the cost of the many expensive specialty drugs. Results were a savings of approximately \$6.6 million for prescription drugs over the last couple of years and were the leading factor in the reduction of spending on pharmaceuticals.
 - Telehealth visits for additional access to care (includes behavioral health under BCBSNM)

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 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 CY2018 is from the 2018 Segal Health Plan Cost Trend Survey.

Projected trend is shown for CY2017 and CY2018; Trend during CY2019 and CY2020 are 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 through FY2020 reflect the 2018 benefit design.

Employee Benefits Fund

Plan Year	Fund Balance at End of Plan Year	Rate Increase	
2013-2014	\$42.3 million	Medical Dental	6.6% 3.0%
2014-2015	\$41.4 million	Medical Dental	1.5% 0.0%
2015-2016	\$20.9 million	Medical Dental	4.0% 0.0%
2016-2017	\$13.8 million	Medical High Medical Low Dental	8.30% 7.15% 0.0%
2017-2018	\$17.3 million (unaudited)	Medical High Medical Low Dental	3.98% 1.82% 0.0%
2018-2019	\$17.7 million (projected)	Medical High Medical Low Dental	4.0% -0.7% 0.0%
2019-2020	\$15.7 million (projected)	Medical High Medical Low Dental	7.6% 7.6% 5.0%
Target fund balance is 1 month of claims - \$24.1 – 26.0 million.			

FY19 Monthly Increase for Employee

Eff. 10/1/2018

High Options: 4.0% Increase

Low Options: 0.70% Decrease

EPO Option: 4.0% Increase

		Salary less than \$15,000	Salary \$15,000 to \$19,999	Salary \$20,000 to \$24,999	Salary \$25,000 and over
BCBSNM High Option	Single	\$6.56	\$7.87	\$9.18	\$10.49
	Family	\$16.66	\$19.99	\$23.33	\$26.66
BCBSNM Low Option	Single	(\$0.93)	(\$1.11)	(\$1.30)	(\$1.48)
	Family	(\$2.36)	(\$2.83)	(\$3.30)	(\$3.77)
Presbyterian High Option	Single	\$5.30	\$6.37	\$7.43	\$8.49
	Family	\$14.85	\$17.82	\$20.79	\$23.76
Presbyterian Low Option	Single	(\$0.75)	(\$0.90)	(\$1.05)	(\$1.20)
	Family	(\$2.10)	(\$2.52)	(\$2.94)	(\$3.36)
EPO Option	Single	\$5.90	\$7.08	\$8.26	\$9.45
	Family	\$14.99	\$17.99	\$20.99	\$23.99



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	\$4.0 million
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	
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	\$25.0 million

Change	Estimated Savings (Annually)
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
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	\$8.382 million



Medical Cost Drivers

High Cost Claimants

- Injury
- Premature Births
- Neoplasms
- Endocrine
- Genitourinary

NMPSIA High Dollar Claims Paid - FY18

Number of Claimants	Total Dollars Paid	Threshold
290	\$19,044,324.14	> \$100,000
270	\$48,711,247.69	\$100,000 - \$499,999
13	\$8,242,948.90	\$500,000 - \$749,999
5	\$4,182,172.29	\$750,000 - \$999,999
2	\$2,663,810.57	\$1,000,000
580	\$82,844,503.59	

Healthcare costs – Rural Communities

- Challenges with cost of healthcare for approx. 85% of members residing in rural communities outside of Albuquerque (lesser provider and hospital competition; higher costs to recruit and retain healthcare professionals)
- Providers attempt to make up for lower Medicare and Medicaid reimbursement rates
- Air ambulance

Top Medical Conditions

- Neoplasms
- Musculoskeletal
- Circulatory
- Injury/Poisoning
- Diabetes/Endocrine
- Respiratory
- Inflammatory Conditions
- Cardiovascular Disease
- Nervous System

Vaccine Program

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

Top 25 Drugs

Top Drugs by Plan Cost													
7-17 -6-18										7-16 -6-17			% Change
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	482	92	\$2,762,944	\$4.75	1	610	103	\$5.65	-15.9%
ST/PA/DQM	2	3	ENBREL SURECLICK*	INFLAMMATORY CONDITIONS	281	51	\$1,506,168	\$2.59	2	325	61	\$2.76	-6.3%
PA/DQM	3	2	TRULICITY	DIABETES	1,765	269	\$1,480,587	\$2.54	8	1,223	186	\$1.51	68.7%
N/A	4	435	IDELVION*	HEMOPHILIA	14	1	\$1,177,212	\$2.02	9	6	1	\$1.48	36.5%
N/A	5	11	LANTUS SOLOSTAR	DIABETES	2,123	393	\$1,118,880	\$1.92	3	2,361	445	\$2.00	-3.7%
ST/DQM	6	6	JANUVIA	DIABETES	2,327	387	\$1,117,200	\$1.92	5	2,344	382	\$1.64	16.7%
N/A	7	7	HUMALOG KWIKPEN U-100	DIABETES	1,486	316	\$1,088,540	\$1.87	6	1,360	306	\$1.64	14.1%
N/A	8	8	HUMALOG	DIABETES	1,260	212	\$1,058,570	\$1.82	4	1,432	245	\$1.73	5.2%
ST/PA/DQM	9	16	HUMIRA*	INFLAMMATORY CONDITIONS	123	23	\$787,515	\$1.35	7	174	34	\$1.59	-15.0%
N/A	10	38	ONETOUCH ULTRA BLUE TEST STRP	DIAGNOSTIC AIDS	4,423	1,118	\$625,906	\$1.08	11	4,756	1,249	\$1.11	-3.0%
N/A	11	36	LEVEMIR FLEXTOUCH	DIABETES	931	162	\$565,136	\$0.97	12	1,072	195	\$1.04	-6.9%
PA	12	13	REVLIMID*	CANCER	32	3	\$512,563	\$0.88	28	29	5	\$0.56	57.1%
ST	13	9	TECFIDERA*	MULTIPLE SCLEROSIS	56	9	\$481,701	\$0.83	13	70	9	\$0.98	-15.3%
ST/PA/DQM	14	23	ENBREL*	INFLAMMATORY CONDITIONS	97	15	\$469,112	\$0.81	10	131	20	\$1.13	-28.9%
PA/DQM	15	30	SYMBICORT	ASTHMA	1,382	432	\$468,092	\$0.80	15	1,485	501	\$0.80	0.7%
ST	16	49	AUBAGIO*	MULTIPLE SCLEROSIS	94	12	\$418,825	\$0.72	14	92	11	\$0.89	-19.4%
N/A	17	75	LANTUS	DIABETES	816	148	\$415,534	\$0.71	17	979	178	\$0.74	-3.5%
N/A	18	47	TRESIBA FLEXTOUCH U-200	DIABETES	465	77	\$373,998	\$0.64	58	255	58	\$0.34	89.4%
PA/DQM	19	20	VIAGRA	ERECTILE DYSFUNCTION	782	215	\$368,907	\$0.63	21	1,122	303	\$0.67	-5.1%
PA	20	169	KUVAN*	ENDOCRINE DISORDERS	5	1	\$362,119	\$0.62	47	10	1	\$0.42	47.2%
ST/DQM	21	19	INVOKANA	DIABETES	703	116	\$361,445	\$0.62	25	798	151	\$0.62	0.4%
ST/DQM	22	28	JARDIANCE	DIABETES	675	115	\$359,040	\$0.62	65	342	76	\$0.28	117.6%
PA	23	130	AFINITOR*	CANCER	25	3	\$358,221	\$0.62	48	17	5	\$0.38	60.7%
ST/DQM	24	45	JANUMET	DIABETES	800	117	\$358,143	\$0.62	29	830	127	\$0.55	12.5%
ST	25	10	GILENYA*	MULTIPLE SCLEROSIS	30	6	\$354,084	\$0.61	26	38	6	\$0.60	1.1%
Total Top 25:					21,177		\$18,950,439	\$32.56		21,861		\$31.12	4.6%
Differences Between Periods:					-684		-\$274,618	\$1.44					



Clinical Savings and Rx Programs

Utilization Management	Plan Cost Savings	Plan Cost Savings PMPM	Program Description
Prior Authorization	\$2,087,385	\$3.59	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	\$1,492,000	\$2.56	Review claims and allow FDA approved quantities
Step Therapy/PSM	\$1,305,963	\$2.24	Promote lower cost first line agents before more expensive brand name products.
Estimated Program Fees	(\$436,473)	(\$0.75)	Estimated Fees
Total Plan Cost Savings \$4,448,875 or \$7.64 PMPM (Net of Estimated Program Fees)			

Reporting Period: 07/01/2017 - 6/30/2018

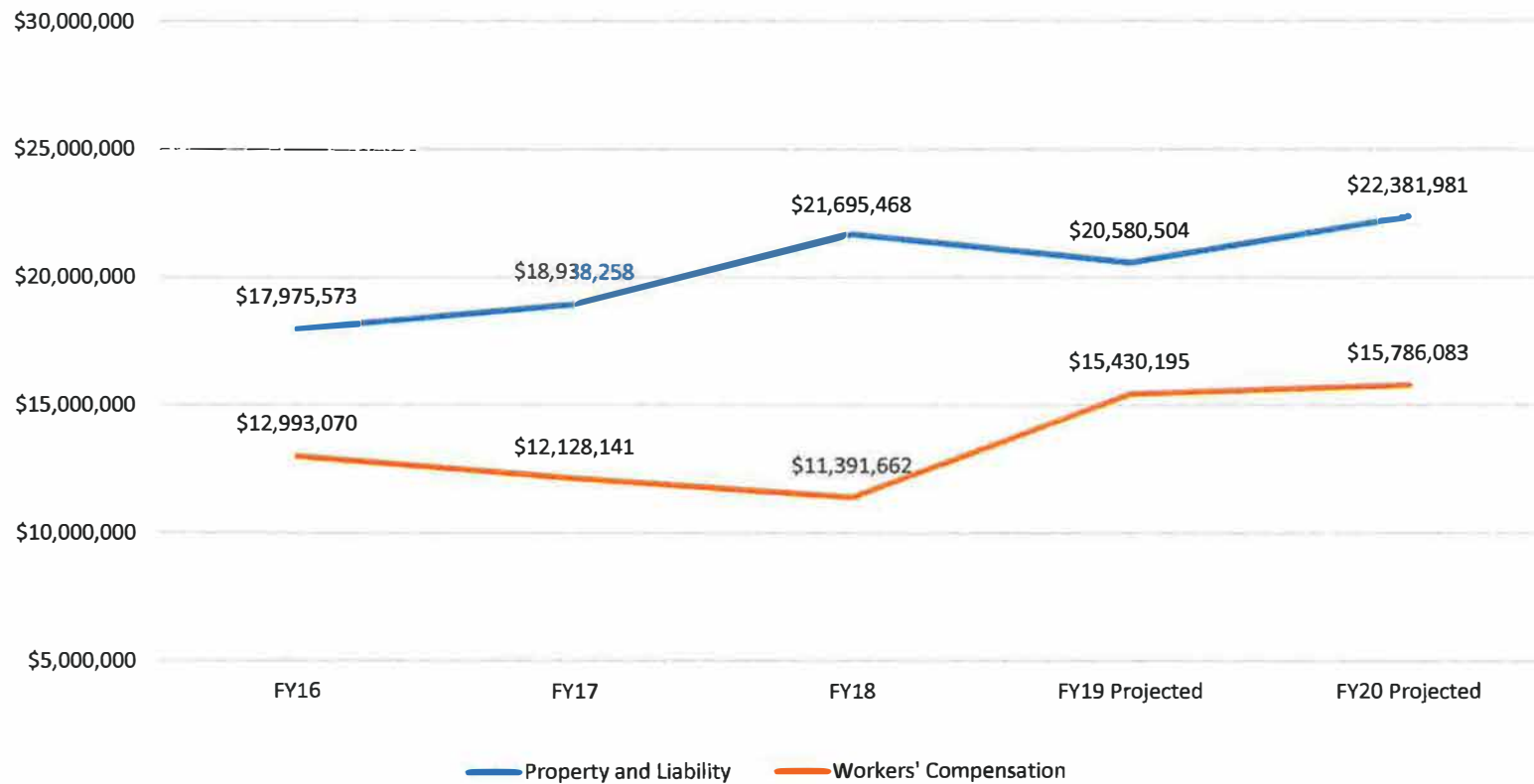
Rx Programs

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	Improves adherence for members with diabetes, hypertension, and blood cholesterol
Therapeutic Resource Centers	Member education and helps with member adherence
Opioid Care Value Program	Places limits on initial prescriptions. Member outreach and education.

Risk Program Facts

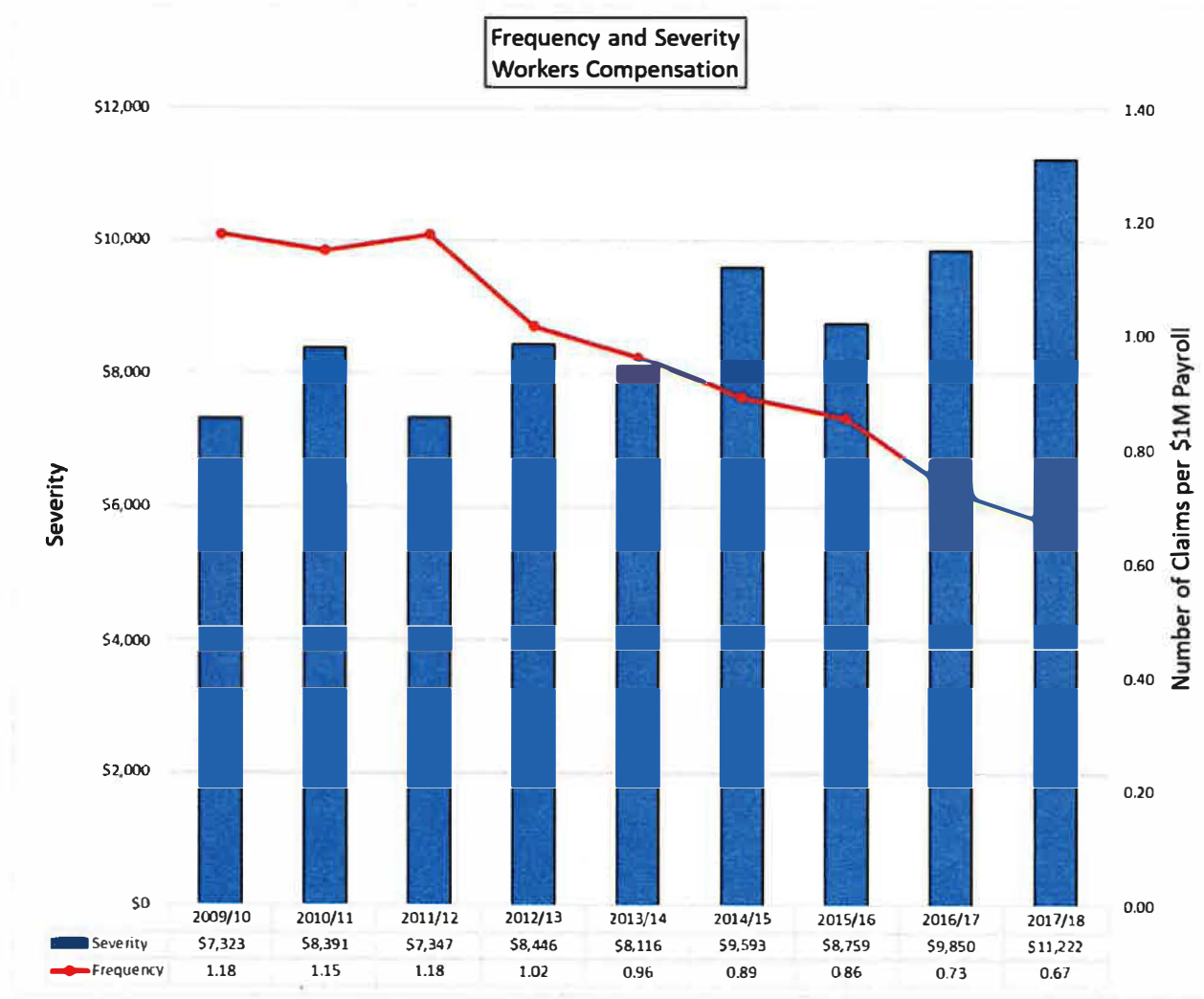
- **Property:**
- Assets insured are in excess of \$25 Billion.
- \$17 Billion are Frame/Stucco construction, the most flammable type of construction
- 60% of properties are located in Protection Class 9 or 10, 10 being the worst protection class
- 60% of properties are located in 100 Year Flood zones
- Property deductible is \$1,000,000; \$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
- The property rate has increased only .021 per \$100 dollars of values since 1991
- **Liability and Workers' Compensation:**
- 44,000 employees
- \$2.0 Billion in payroll
- 325,000 students
- 44,000 school athletic participants
- 9,000 volunteers
- 9,300 vehicles including buses
- Liability deductible is \$1,000,000; \$30 Million in Liability Limits for Sexual Abuse
- There are no Tort Claims Act Limit protections for Independent School Bus Contractors and suits that are filed in federal court

Risk Claims Total \$ Spent



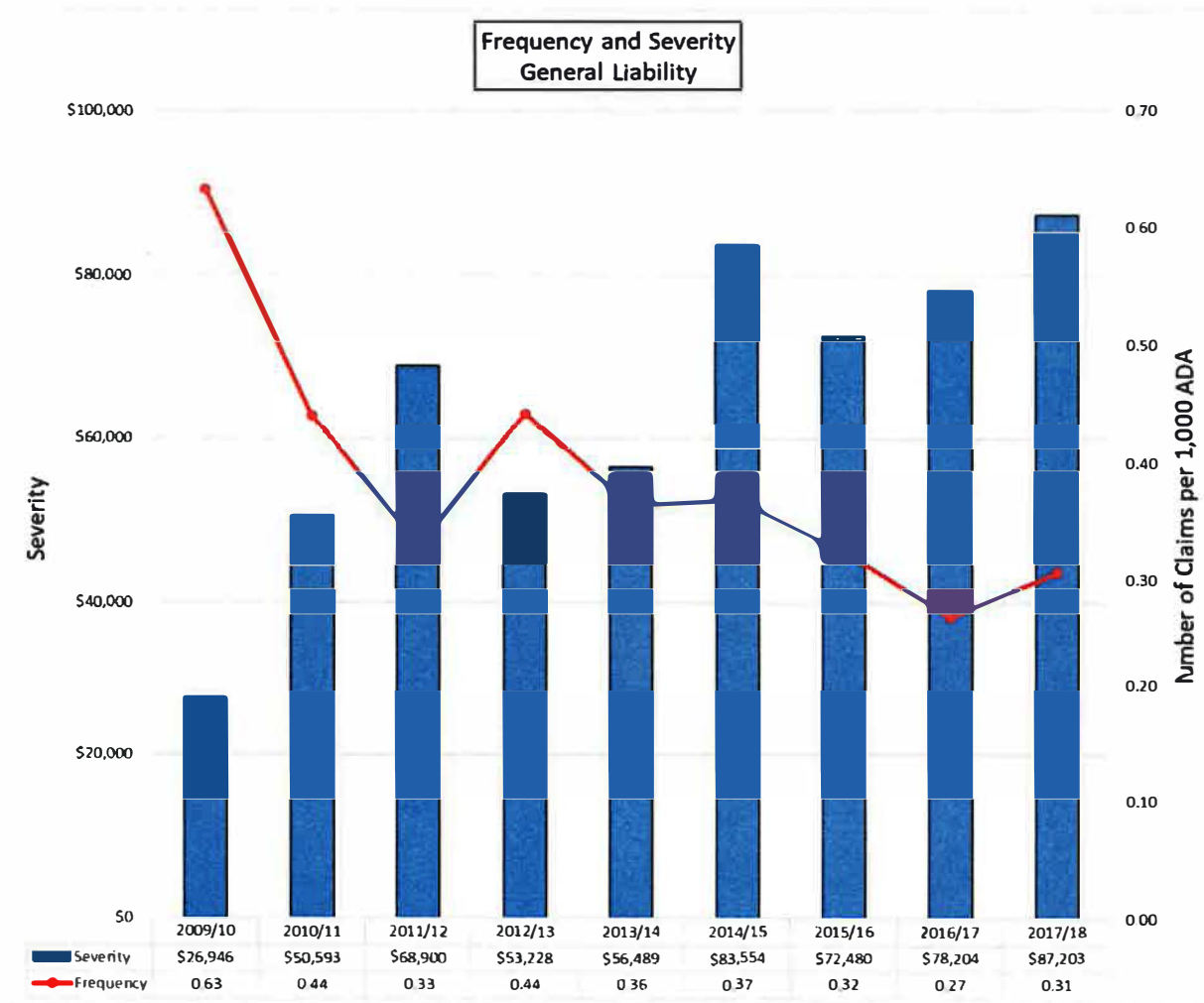
- Over the past several years, claim frequency has been steadily decreasing, while claim severity has been steadily increasing.

Frequency & Severity Trends – Workers Comp



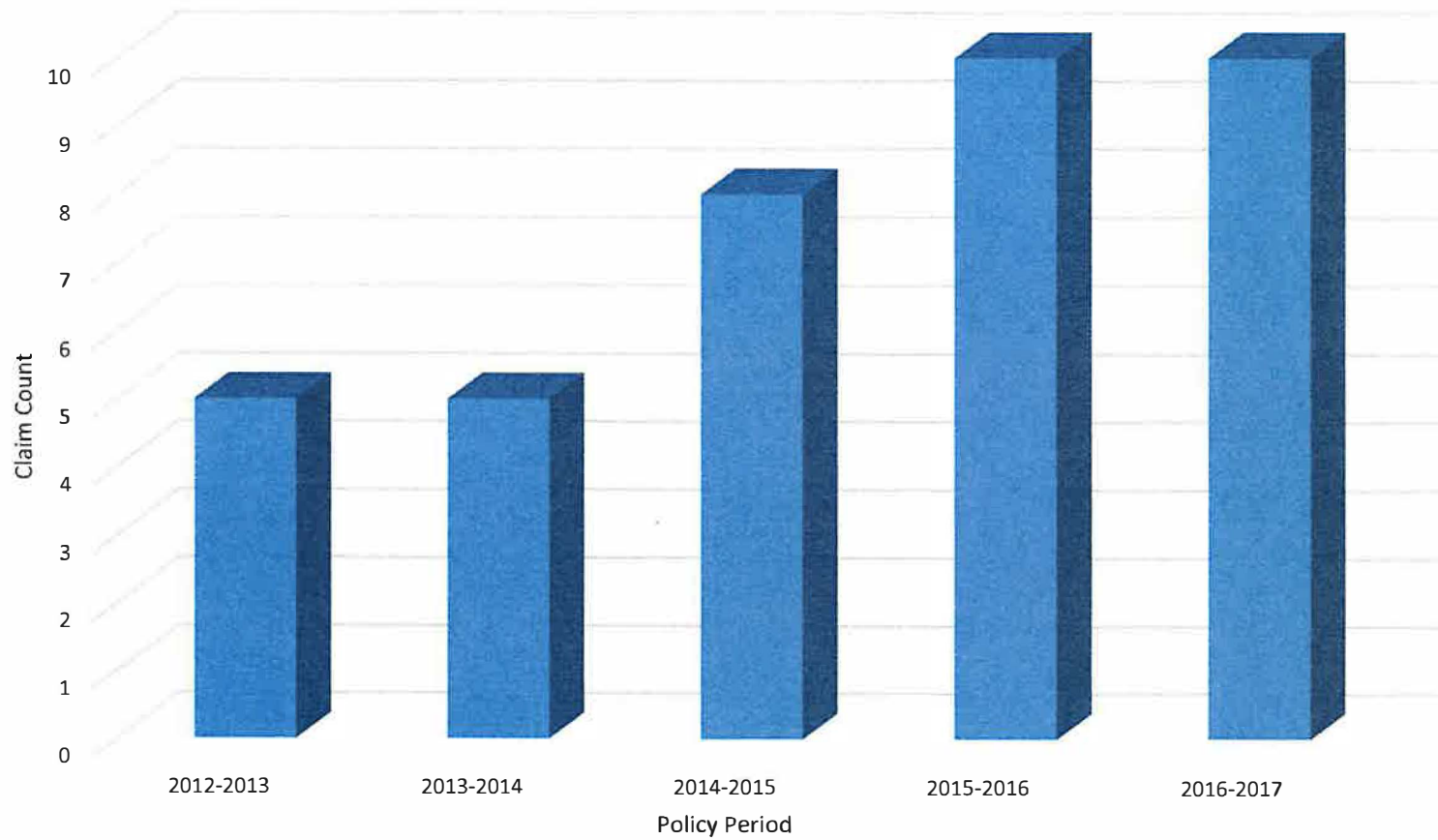
- Over the past several years, claim frequency has been steadily decreasing, while claim severity has been steadily increasing.

Frequency & Severity Trends – General Liability



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

Sexual Molestation Claims





Risk Fund

Plan Year	Fund Balance at End of Plan Year	Rate Increase
2010-2011	\$24.9 million	No Increase
2011-2012	\$19.8 million	No Increase
2012-2013	\$12.3 million	-10.00%
2013-2014	\$5.4 million	25.49%
2014-2015	\$4.0 million	7.31%
2015-2016	\$-5.7 million	11.28%
2016-2017	\$-14.2 million	5.14%
2017-2018	\$5.9 million (unaudited)	0.02%
2018-2019	\$6.4 million (projected)	3.90%
2019-2020	\$7.9 million (projected)	3.90%
\$16.0 million in fund sweeps during FY17!		

Loss Prevention Programs

- **NMPSIA Loss Prevention Program**
 - Established through NMAC 6.50.12 with the objective of reducing claims and costs.
 - Facilitated through contractual arrangement between NMPSIA and Poms & Associates.
- **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**

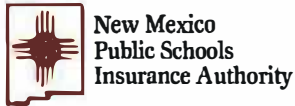
Objective: reduce the number of IDEA (Individual with Disabilities in Education) Due Process and Litigation claims.
 - **On-site School Facility Audits**

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. To assist with appropriate training necessary to reduce potential wrongful death claims.



**New Mexico
Public Schools
Insurance Authority**

410 Old Taos Highway

Santa Fe, New Mexico 87501

Phone: 505.988.2736/1.800.548.3724

Fax: 505.983.8670

Website: nmpsia.com

Questions???

Ernestine.Chavez@state.nm.us

Richard.Valerio@state.nm.us