

Legislative Education Study Committee

September 26, 2018

Albuquerque Public Schools

Risk Management and Benefits



• **How Much Will Health Care Costs Rise in 2018?.....Depends on Who You Ask...AND....Who's Paying**

- Employer Plans (public & private): Medical – 7.8% Pharmacy – 10.3% NM Covered: 700,000
- Medicare (Federal Govt): Medical – 4.6% Pharmacy – 9% NM Covered: 350,000
- Medicaid (Fed/State Govt): Medical / Pharmacy Combined: 4% NM Covered: 833,000

• **What Are the Major Cost Drivers of These Increases?Everyone Is Impacted By:**

- Pharmacy Costs – Especially Specialty and “Orphan” Drugs
- Industry Consolidation – Insurers & Providers
- Increased Burden of Chronic Disease – Good & Bad
 - Good – Some Cancers & HIV
 - Bad – Type 2 Diabetes, Obesity, Heart Disease

Health Care Costs Continue To Go Up 2

• Health Status Issues

- Prevalence of Type 2 Diabetes: 10.7% to 14.2% (slightly above US average)
- Prevalence of Obesity: 28% (slightly below US average)
- High Poverty & Drug Death Rate
- Overall Health Status Rank of States: 36

• Provider Shortages

- Over 40% of NM Population Lives in a Primary Care Health Professional Shortage Area (NOT Abq area)
- 8 of NM's 33 Counties Have No Surgical Facility for Labor & Delivery (Babies in Las Vegas again, though!)
- Specialty Shortages – Dermatology & Neurology

• Payer Mix

- Highest Percentage of Population with Medicaid in US
- Low Market Penetration of National Carriers in Commercial Market

Challenges For New Mexico

- **CY 2019 premium and plan design recommendations are driven by high utilization and high cost claims**
 - Affordable Care Act: additional fees and benefit enhancements for members and have come at an economic cost to the plan
 - APS has not had a premium increase in the last three calendar years
 - Flat annual premiums combined with claims increasing with trend has resulted in a decrease in reserve balance

CY 2019 Benefit Plan Recommendations

- Flat-dollar premium increase was part of our recommendation to the Board of Education Finance Committee
 - The maximum per-pay period increase for an employee with single coverage would be \$6.84
 - The maximum per-pay period increase for an employee with family coverage would be \$19.28
- Continue this flat-dollar premium increase for 2019 – 2023 to rebuild reserve balance

CY 2019 Benefit Plan Recommendations

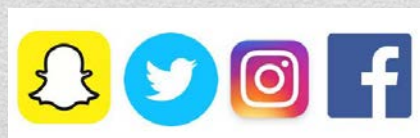
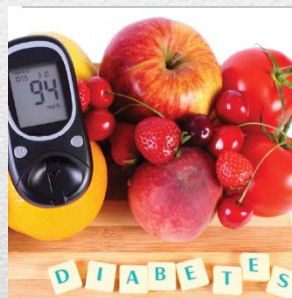
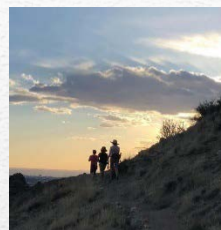
- Decrease cardiac rehabilitation co-pay from \$40 per session to \$0 per session
 - Tier 1 PHP and BCBS, and for True Health NM
- Increase BCBS Tier 1 coinsurance from 10% to 20%
 - Estimated \$374,000 annual savings generated by this change

CY 2019 Benefit Plan Recommendations

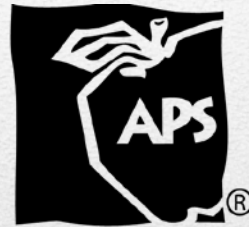
Wellness: *Becoming aware of and making choices toward a healthy lifestyle*

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



APS Risk Insurance: Fiscal Year 2018
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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. Although self-insured, the Albuquerque Public School district has insurance for large claims in excess of the self-insured limit. All claims for these loss exposures are self-administered with APS claims staff. The district's liability and property claims are self-administered with its own claim staff.

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
W.C. Budget	\$13,212,386.00	\$11,686,595.00	\$11,401,327.00	\$10,474,953.00	\$7,598,839.00	\$10,718,598.00
P.C. Budget	\$11,313,023.00	\$14,255,634.00	\$14,162,342.00	\$15,571,064.00	\$13,530,022.00	\$12,534,231.00
Total Budget	\$24,525,409.00	\$25,942,229.00	\$25,563,669.00	\$26,046,017.00	\$21,128,561.00	\$23,252,829.00
W.C. Payments	\$5,034,941.00	\$4,133,816.00	\$5,246,160.00	\$6,215,929.00	\$5,178,251.00	\$4,424,672.22
P.C. Payments	\$3,221,343.00	\$4,314,509.00	\$3,504,831.00	\$5,044,715.00	\$4,669,284.00	\$3,173,087.00
Total Payments	\$8,256,284.00	\$8,448,325.00	\$8,750,991.00	\$11,260,644.00	\$9,847,535.00	\$7,597,759.22

Appropriations FY13 – FY18

Questions?

Sources

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<https://hsc.unm.edu/research/ctsc/assets/doc/CERC/nm-health-data-summary.pdf>

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