



*Richard Valerio*  
Executive Director

*Patrick Sandoval*  
Deputy Director

# NEW MEXICO PUBLIC SCHOOLS INSURANCE AUTHORITY

## Office of Executive Director

410 Old Taos Highway  
Santa Fe, New Mexico 87501  
1-800-548-3724 or 505-988-2736  
505-983-8670 (fax)

### BOARD OF DIRECTORS

- NM School Boards Association
- NM Superintendents Association
- Public Education Commission
- NM School Administrators
- NM National Education Association
- American Federation of Teachers N.M.
- Governor Appointees
- Educational Institutions at Large

## Legislative Finance Committee

November 16, 2020

### About NMPSIA

NMPSIA was established by the New Mexico Legislature in 1986 to provide comprehensive core insurance programs for public schools, public school employees, retirees and other educational entities. Charter schools were added after the Charter Schools Act in 1999.

### NMPSIA Today

- 88 mandatory school districts (excluding APS)
- 96 charter schools (including those in Albuquerque)
- 27 other educational entities (higher educational institutions and associations)
- 47,672 employees and dependents enrolled in medical coverages

NMPSIA offers self-insured medical, prescription drug, and dental plans. Fully insured vision, life, and disability plans are also offered under the Benefits Program.

Under the Risk Program, NMPSIA insures assets in excess of \$26 Billion, approximately 44,000 employees, \$2 Billion in payroll, 325,000 students, 44,000 school athletic participants, 9,000 volunteers, and 9,300 vehicles.

NMPSIA is governed by an 11-member Board of Directors and has a staff of 11 FTE.

### NMPSIA Funding

- 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. Schools then pay insurance premiums to NMPSIA.
- For FY22, the impact to Public School Support is \$19.3 million to fund the employer share of premium increases.
  - The increase consists of:
    - \$13.8 million for Employee Benefits Premiums (average 63% employer contribution)
    - \$5.5 million for Risk Premiums
  - APS will receive approximately 25% of the total appropriation increase due to the mechanism of the funding formula. This reduces the amount of any additional funding to NMPSIA participating schools.

## FY2022 Appropriation Request

Fund	FY20 Actuals	FY21 Operating Budget	FY22 Appropriation Request	Percentage Difference FY21/FY22
Benefits	\$ 306,854,316	\$ 330,041,300	\$ 363,952,533	10.27%
Risk	\$ 90,571,784	\$ 83,071,000	\$ 92,722,998	11.62%
Program Support	\$ 1,152,475	\$ 1,401,000	\$ 1,401,000	0.00%
Agency Total	\$ 398,578,575	\$ 414,513,300	\$ 458,076,531	10.51%

## Employee Benefits

### Medical Claims Summary Current: Jan 2019 – Dec 2019 Prior: Jan 2018 – Dec 2018

Place of Service	Current Period			Prior Period			% Change in PMPM
	Total Paid Amount	Total Paid PMPM	% of Total	Total Paid Amount	Total Paid PMPM	% of Total	
Outpatient Hospital <sup>1</sup>	102,013,136	\$178.32	31.5%	91,983,603	\$161.79	31.5%	10.2%
Inpatient Hospital	62,998,116	\$110.12	19.5%	57,378,679	\$100.92	19.7%	9.1%
Professional	45,537,379	\$79.60	14.1%	42,603,902	\$74.93	14.6%	6.2%
Emergency Room	15,574,000	\$27.22	4.8%	13,638,175	\$23.99	4.7%	13.5%
Urgent Care	985,364	\$1.72	0.3%	897,795	\$1.58	0.2%	9.1%
Drugs (Medical Benefit)	22,562,630	\$39.44	7.0%	20,271,305	\$35.65	6.9%	10.6%
All Others <sup>2</sup>	10,803,838	\$18.89	3.3%	10,297,656	\$18.11	3.5%	4.3%
<b>Total Medical</b>	<b>260,474,463</b>	<b>\$455.32</b>	<b>80.5%</b>	<b>237,071,116</b>	<b>\$416.97</b>	<b>81.3%</b>	<b>9.2%</b>
<b>Total Rx<sup>3</sup></b>	<b>62,937,559</b>	<b>\$110.02</b>	<b>19.5%</b>	<b>54,690,829</b>	<b>\$96.19</b>	<b>18.7%</b>	<b>14.4%</b>
<b>Total Paid</b>	<b>323,412,022</b>	<b>\$565.34</b>	<b>100.0%</b>	<b>291,761,944</b>	<b>\$513.17</b>	<b>100.0%</b>	<b>10.2%</b>
<b>Member Paid</b>	<b>47,340,628</b>	<b>\$82.75</b>	<b>14.6%</b>	<b>44,088,931</b>	<b>\$77.55</b>	<b>15.1%</b>	<b>6.7%</b>
<b>Plan Paid</b>	<b>276,071,395</b>	<b>\$482.58</b>	<b>85.4%</b>	<b>247,673,013</b>	<b>\$435.62</b>	<b>84.9%</b>	<b>10.8%</b>

- Approximately 85% of NMPSIA members reside 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.
- Medical and pharmacy trends are not favorable; driven by both cost and utilization. Per member per month increases are utilization and price driven. Large claim experience is more severe in 2019.
- Inpatient days per 1,000 decreased, however, the average inpatient day cost went up. Similarly ER utilization is moderate, but the cost per visit increased.
- Costs for oncology treatments including pharmaceuticals for chemotherapy and side-effects are among the key cost drivers.

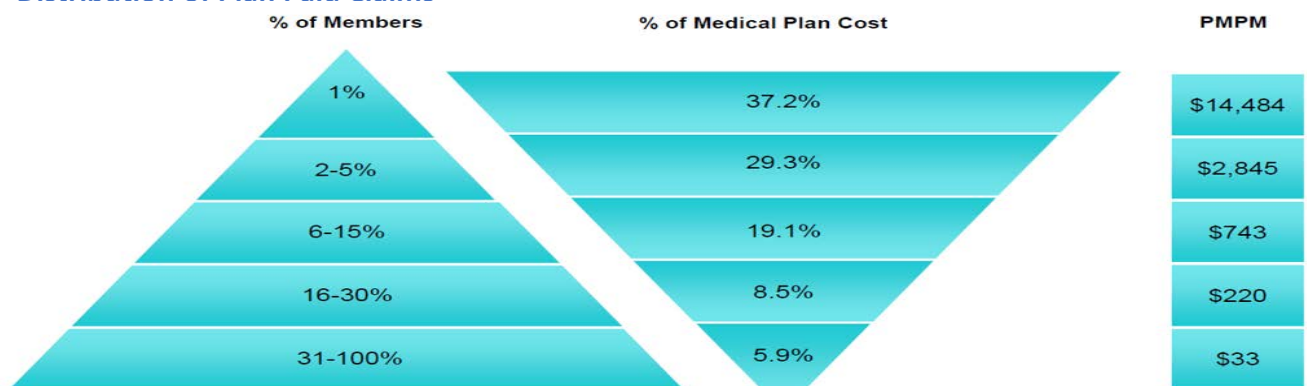
## Employee Benefits

### Medical Claims Summary Current: Jan 2019 – Dec 2019 Prior: Jan 2018 – Dec 2018

Chronic Condition <sup>3</sup>	Current Period							% Change	
	Members	% of Total	Norm	Medical Claims	% of Total	PMPY	PMPY Comparison <sup>4</sup>	Prevalence	PMPY
1. Diabetes	3,662	7.7%	6.0%	\$39,449,849	15.1%	\$10,773	197%	0.3%	4.1%
2. CAD	1,208	2.5%	1.5%	\$30,490,064	11.7%	\$25,240	462%	0.1%	-5.9%
3. Asthma	3,684	7.7%	3.6%	\$27,609,315	10.6%	\$7,494	137%	0.5%	0.6%
4. COPD	342	0.7%	0.7%	\$7,661,570	2.9%	\$22,402	410%	0.0%	-11.0%
5. Hypertension	9,685	20.3%	12.8%	\$107,726,190	41.4%	\$11,123	204%	0.6%	6.4%
6. Mental Health	9,189	19.3%	18.6%	\$71,300,183	27.4%	\$7,759	142%	0.7%	6.1%
7. SUD	802	1.7%	2.1%	\$11,015,597	4.2%	\$13,735	251%	0.1%	39.5%
8. CHF	155	0.3%	0.4%	\$7,811,352	3.0%	\$50,396	922%	-0.1%	10.5%
<b>Totals (unique)</b>	<b>19,339</b>	<b>40.6%</b>		<b>\$157,441,175</b>	<b>60.4%</b>	<b>\$8,141</b>	<b>149%</b>	<b>1.4%</b>	<b>5.1%</b>

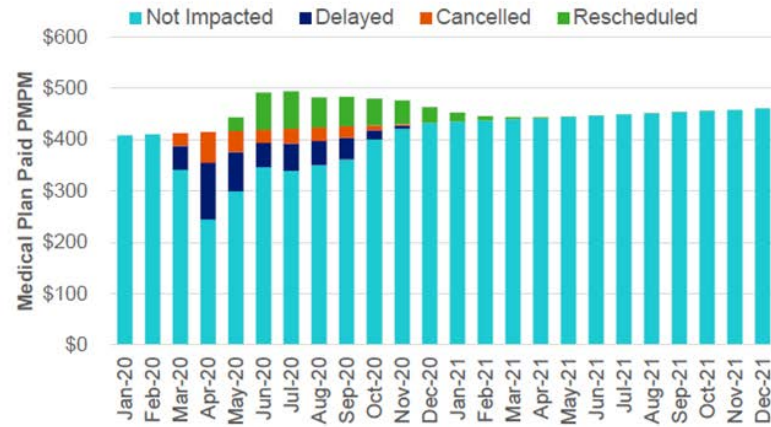
- Disease management and care management programs available through all medical carriers at no additional cost to the member.
- Diabetes management, blood pressure management and weight management programs recently implemented through Livongo at no cost to the member.
  - Bluetooth and cellular connected blood sugar meters, blood pressure monitors, and connected scales issued to participating members.
  - Unlimited strips and lancets for diabetics.
  - One-on-one coaching, real-time tips, and community support via mobile application.
- Pulmonary remote monitoring program implemented through Express Scripts.
  - Bluetooth connected inhalers prescribed to participating members to track and monitor inhaler usage.
  - Access to private and personalized clinical consultations.

### Distribution of Plan Paid Claims



# COVID-19

## Savings — Reduced Utilization of Non-Essential Care <sup>1</sup>

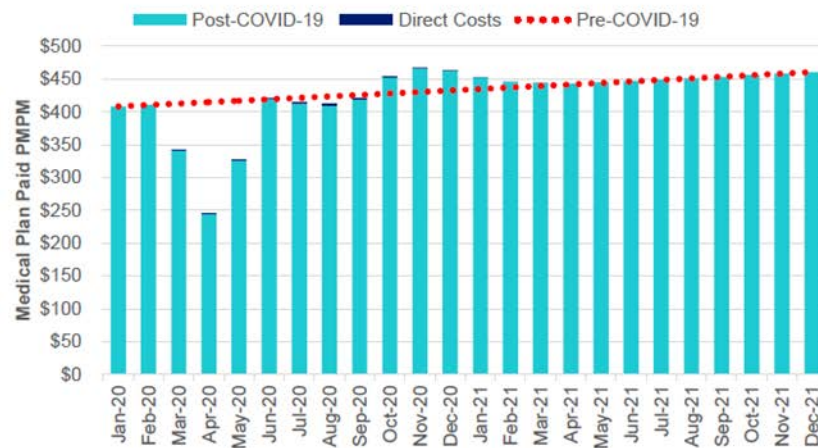


% of Medical Expenses Impacted in CY2020 <sup>1</sup>

	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter
Delayed	3.8%	18.8%	11.3%	1.9%
Cancelled	2.0%	10.0%	6.0%	1.0%

## Overall Plan Impact Estimate for H2 FY20 (Jan-Jun 2020) and FY21

Projected Medical Expenses  
Pre- and Post- COVID-19

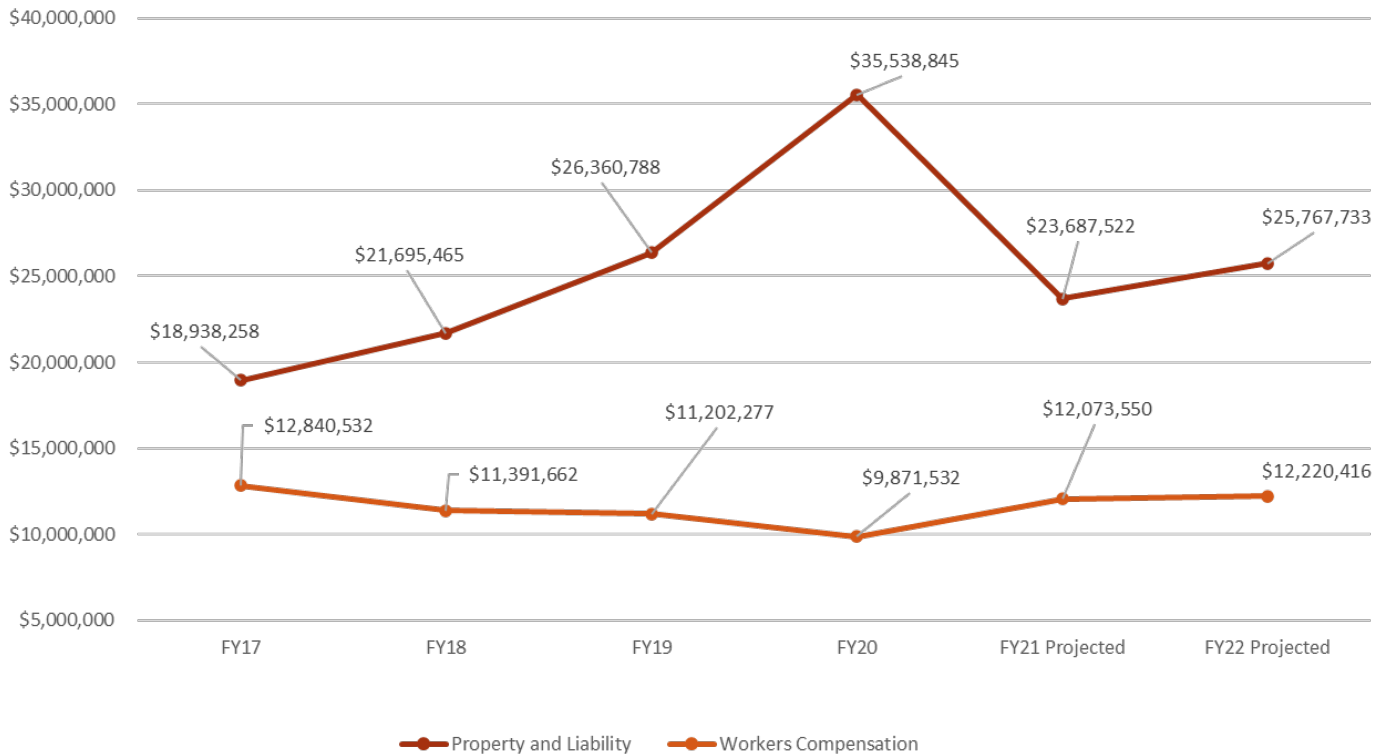


**\$14,963,000**  
reduction in medical expenses during H2 FY20

**\$5,175,000**  
increase in medical expenses in FY21

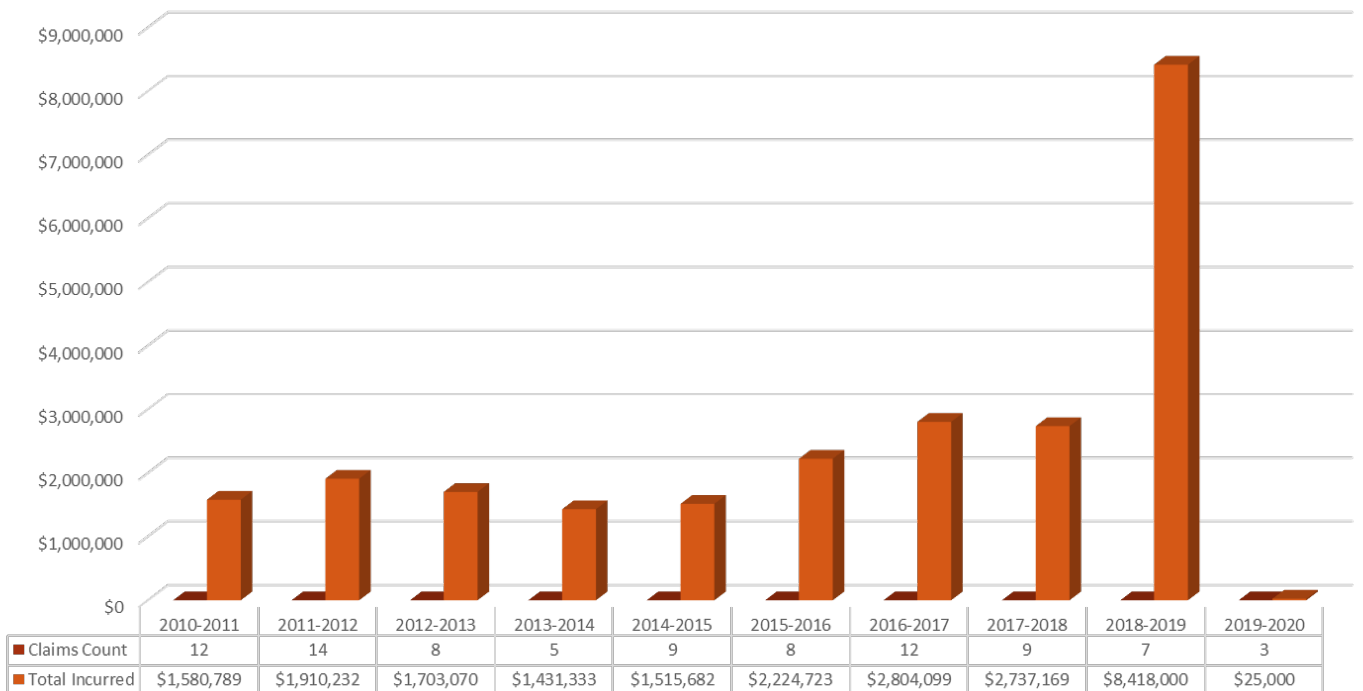
NMPSIA COVID-19	Total
Test Completed	5,732
Positive Test	570
Test Cost	\$ 592,256
Patients Treated	1,948
Treatment Cost	\$ 1,877,492
<b>Total Cost Through 9/30/2020</b>	<b>\$ 2,469,748</b>

**Claims Total \$ Spent**



- The claims frequency (number of claims) has been steadily decreasing, while the severity (cost of claims) has been increasing.

**Sexual Molestation/Inappropriate Touching Claims**



## [Risk Program](#)

### **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
- Threat Assessment and Active Shooter
- Employment Practices Policy and Consulting
- Technical Assistance Program for Special Education
- On-site School Facility Audits
- Identifying a Predator Training
- Bullying Prevention Training and Sustainable Policy Development Consulting
- Armed School Employees Training/Policy Development Assistance
- Anonymous Reporting System

### **Premium Rate Increases**

Effective July 1, 2020

No Rate Increase Passed

Effective July 1, 2021

Cumulative 8.82% (*Anticipated*). Increases for individual school districts, charter schools and other educational entities will be higher or lower, depending on their experience and exposure.

## [NMPSIA Contact Information](#)

410 Old Taos Highway

Santa Fe, New Mexico 87501

Phone: 505.988.2736/1.800.548.3724

Fax: 505.983.8670

Website: [nmpsia.com](http://nmpsia.com)

[Richard.Valerio@state.nm.us](mailto:Richard.Valerio@state.nm.us)

[Patrick.Sandoval@state.nm.us](mailto:Patrick.Sandoval@state.nm.us)