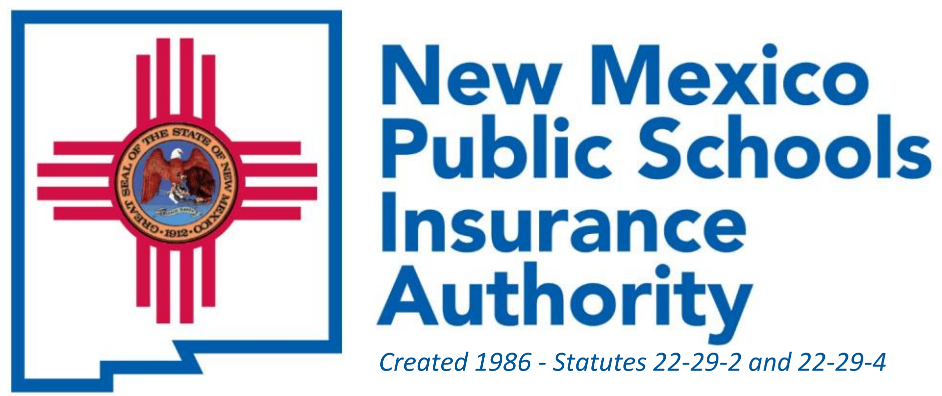

Legislative Education Study Committee
May 27, 2026

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- Claims Experience and Utilization Trends
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- Large Employer Comparison
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- Chronic Conditions and Comorbidities
- Historical and Projected Medical & Pharmacy Claims Costs
- GLP-1 Cost and Utilization Overview

Mitigation Strategies

- Referenced Based Pricing
- GLP-1 Wrap Around Program
- Cardiometabolic Solutions
- Musculoskeletal Health Solutions

APS Integration Study Update

NMPSIA Membership Across New Mexico

Blue: School Districts
Purple: Charter Schools
Orange: Higher Ed's

88 Public Schools (Excludes APS)
102 Charter Schools

10 Institutions of Higher Education
18 Other Educational Entities

78,778+ Employees & Dependents
41,602 Eligible Employees

Staff of 12 FTEs
Governed by a Board of Directors*

* Governor Appointees, NMASBO, Educational Entities at Large, AFT-NM, NEA-NM, PEC, NMSBA, and Superintendents Association

Major Contributors to Disparity between Claims and Expenses

Compounding effect between claims and premiums

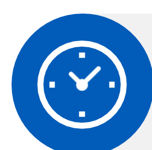
- Slide 6

Historical premiums lower than claim projections

- Premium increases on average 6.2% vs.10.6% break-even

Continued higher than expected and sustained medical and pharmacy trends

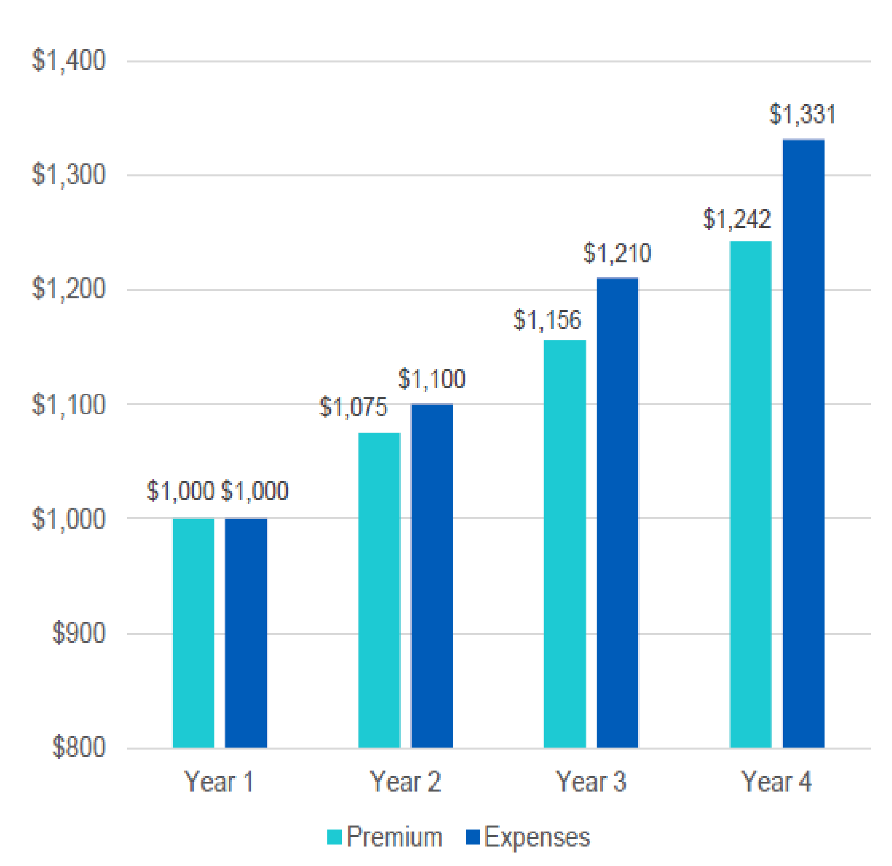
- 9-10% medical and 20%+ pharmacy trends since FY24



Timing effect of rate setting vs. premium increase

- Rates based on data lagging 9-10 months from premium increases

Compounding Effect - Illustration



Example:

- Loan payment = $1,000
- Loan repayment at 7.5% vs. 10%
- Loan interest still accumulates at 10%, but payments continue to fall behind with gap increasing over time.

With repayments not matching loan trend:

- Year 2: Difference is $25.
- Year 3: Instead of $110 payment, it is now $135 to break even ($1,210 less $1,075) which is a 12.5% increase instead of 10%.
- Year 4: Instead of $121 payment, it is now $175 ($1,331 less $1,156) which is a 15% increase instead of 10%.

Premium Buy-Down Impact

	Projected Blended Increase as of 10/1 to "Breakeven"	Actual October 1 Rate Increase	% Change in Revenue[1]	Med/Rx Revenue less Expenditures[2,3]	Appropriation Funds	Loss Ratio
FY2020	2.9%	5.9% High/EPO; 3.1% Low	4.8%	($987,000)	N/A	100.3%
FY2021	11.3%	6.0% High/EPO; 2.1% Low	5.5%	($1,586,000)	N/A	100.5%
FY2022	11.9%	6.0% High/EPO; 3.6% Low	5.3%	($22,368,000)	$15,000,000	107.4%
FY2023	8.10%	6.0% High/EPO; 3.2% Low	5.6%	($10,428,000)	N/A	103.3%
FY2024	7.6%	7.2% All Plans	6.7%	($15,522,000)	N/A	104.5%
FY2025	15.5%	10.0% All Plans	9.5%	($30,455,000)	$65,000,000	107.8%
FY2026[3]	18.0%	9.95% All Plans	10.0%	($36,000,000)	N/A	107.6%
Annualized Average	10.6%		6.2%			
Cumulative Total				(117,346,000)	$80,000,000	

- The difference between 10.6% and 6.2% since FY2020 has accumulated year over year, even with cash infusions of $15M in FY2022 and $65M in FY2025.
- Breakeven = Premiums set to cover expenses
- **Premium increases are not keeping pace with claims trend**

1) Excludes investment income/(loss) and miscellaneous income.
2) Includes Rx Rebates, does not include cash infusions.
3) July 1, 2025 through February 28, 2026 claims experience and Rx Rebates, annualized. Revenue less expenditures includes dental, vision, and additional expenses and revenues.

Major Contributors to Claims Trend

- Legislative Bills passed ➔$27M projected additional plan cost from FY20-FY27
- GLP-1 spend with low to no member cost share (SB51)
  - $30M increased spend from FY23 to FY25
  - 88% cumulative pharmacy trend from FY23 to FY26
  - Premium lag: Premium projections are determined nine to ten months in advance
    - Data through December or January, voted by the board typically in March for October 1 premium change
    - Created a compounding effect of losses, notably for pharmacy trends in the GLP-1 category
    - Pharmacy national trends at around 10%-12% while NMPSIA's Rx trends 18%-26%, exacerbated by SB51 and new level of community awareness (see slide 11)
- Medical claims cost exceeding expectations FY26 projections ➔ $23M
  - Intensity of conditions, additional and larger high-cost claims
  - Diverse geographic membership with on average, rural inpatient and outpatient claims approximately 20% higher than urban hospitals, prior to Referenced Based Pricing*

*Based on Percentage of Medicare study performed by Segal and presented in July 2025 Board Meeting, differences does not take into consideration claim intensity and is based on reimbursement differences converted into percentage of Medicare

Cost of Legislative Bills

Impacts From Effective Date to Current

- NMPSIA Tracks 20 bills from 2019-2026.
  - 16 bills are shown from 2019-2025 with combined actual costs from the effective date to the current date.
  - SB376 Reference Based Pricing is not shown. Actual data is not yet available.
- Estimated impacts and actual impacts are tracked meticulously in partnership with our benefits consultant, pharmacy benefits manager, and medical carriers twice per year.
  - Impact measured as actual plan cost compared to what we would have expected absent the legislation, using prevailing cost and utilization expectations.
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	1/1/2024	HB73	$ 151,500	1
	1/1/2024	HB75	$ 40,100	1
	1/1/2024	SB51	$ 1,150,000	1
	1/1/2024	SB132	$ 62,000	0
	1/1/2024	SB273	$ 5,805,000	1
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	1/1/2026	HB174	$ -	0
	1/1/2027	SB120	$ -	0
	1/1/2026	HB233	$ -	0
	1/1/2027	SB120	$ -	0
			$ 19,713,900	17

GLP-1 Spend = $30M Increase since FY2023

GLP-1 Unique Utilizers

Anti-Obesity | Diabetic

	Q1 FY23	Q4 FY23	Q4 FY24	Q4 FY25	Q2 FY26
Anti-Obesity	49	279	784	2,109	2,150
Diabetic	792	1,357	1,735	1,993	2,135

771% increase in weight loss GLP-1 utilizers since FY23

Total Allowed by Year

	FY2023	FY2024	FY2025	FY2026
Total	$10.9M	$21.2M	$40.6M	$36.1M
Diabetic	$9.5M	$15.7M	$20.9M	$16.6M
Anti-Obesity		$5.5M	$19.7M	$19.5M

Thru Feb. 2026, on track to equal and exceed FY25

AOM = GLP-1 Anti-obesity medications

Allowed PMPM

AOM GLP-1 | DM GLP-1

	FY2023 Q1	FY2023 Q2	FY2023 Q3	FY2023 Q4	FY2024 Q1	FY2024 Q2	FY2024 Q3	FY2024 Q4	FY2025 Q1	FY2025 Q2	FY2025 Q3	FY2025 Q4	FY2026 Q1	FY2026 Q2	FY2026 Q3
AOM GLP-1	$0.86	$0.90	$3.28	$5.63	$6.91	$6.79	$8.83	$16.39	$24.35	$28.71	$37.31	$46.98	$48.48	$51.84	$50.76
DM GLP-1	$13.55	$14.24	$18.60	$23.97	$24.74	$26.69	$29.06	$31.58	$34.74	$35.16	$36.93	$39.49	$42.18	$42.40	$43.61

Large increase in AOM spend starting in Q3 2024 through Q4 FY25 was difficult to predict

Six-Year Summary of Medical Trends

Fiscal Year (FY) Medical Trend

	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Projected	6.5%	6.5%	6.5%	7.0%	7.0%	7.0%
Segal Survey	5.6%	8.1%	4.7%	7.0%	7.5%	8.6%
NMPSIA	8.8%	9.8%	1.6%	9.7%	9.1%	10.1%

6-year weighted average trend (FY21-FY26) = 8.1%; 3-year weighted average trend (FY24-FY26) = 9.6%

1 Source: 2026 *Segal Health Plan Cost Trend Survey*. All trends are illustrated for actives and retirees under age 65
2 The Segal Trend Survey data is reported on a calendar year basis and has been converted to a July 1 basis in chart on right to align with NMPSIA's fiscal year.
3 The FY2025 and FY2026 Segal Survey Actual figure includes a projected component
4 FY2026 data is through February 2026
5 For each fiscal year, the projected trend aligns with the trend assumptions used in the 10/1/20XX rate calculations

Six-Year Summary of Rx Trends

Fiscal Year (FY) Pharmacy Trend

28.0%
26.0%
24.0%
22.0%
20.0%
18.0%
16.0%
14.0%
12.0%
10.0%
8.0%
6.0%
4.0%
2.0%
0.0%

26.0%
23.4%
17.9%
20.2%
11.9%
14.0%
12.0%
10.8%
11.2%
8.8%
9.6%
9.0%
10.0%
8.7%
9.0%
9.0%
9.0%
8.9%
9.0%

6-year weighted average of NMPSIA's Pharmacy FY(2021-2026 Trend = 17.3%; 3-year weighted average trend (FY24-FY26) = 23.7%

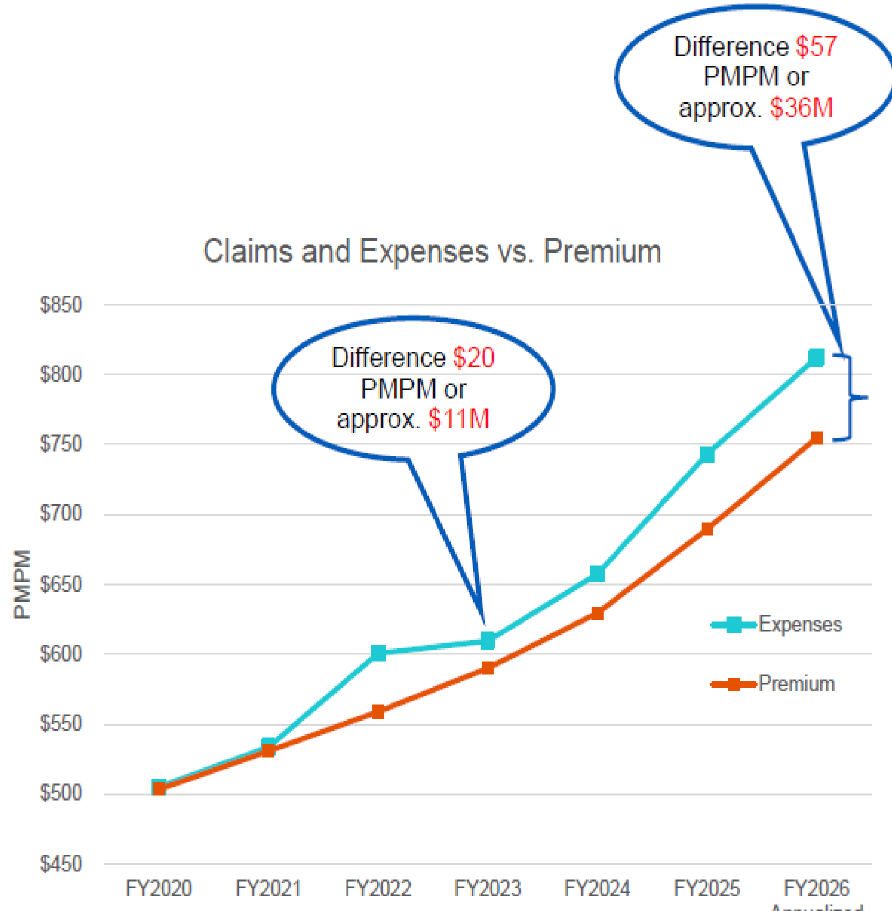
FY2021 FY2022 FY2023 FY2024 FY2025 FY2026

Projected Segal Survey NMPSIA

1 Source: 2026 *Segal Health Plan Cost Trend Survey.* All trends are illustrated for actives and retirees under age 65
2 The Segal Trend Survey data is reported on a calendar year basis and has been converted to a July 1 basis in chart on right to align with NMPSIA's fiscal year.
3 The FY2025 and FY2026 Segal Survey Actual figure includes a projected component
4 Rx trends are reflective prior to rebates.
5 FY2026 data is through February 2026
6 For each fiscal year, the projected trend aligns with the trend assumptions used in the 10/1/20XX rate calculations

Current State

- Cash infusions replenish Fund Balance for prior plan years' losses.
- Premium increases have not kept up with costs.
  - Lower than recommended premium rate increases (buy-downs) create increased disparity between claims.
  - Recent claims experience outpaced expectations.
  - Premium rates less than claim costs will continue to generate ongoing plan losses if gap isn't closed.
  - Appropriations have addressed historical gaps but have not fully addressed funding gap going forward.
- Compounding effect of increased difference between claims and premiums.



$65M Appropriation Allocation

Amounts drawn down from $65M

FY25 $36M	FY25 Ending Fund Balance → $29M
FY26 $29M	FY26 Projected Fund Balance → $0
FY27 -$42M	FY27 Projected Fund Balance → -$42M

$65M

Changes to Fund Balance and Breakeven Premium Rate Increase

Projected FY2027 Fund Balance Changes

Increase | Decrease | Total

Category	Value
Projected FY2027 Fund Balance – Data through 11/30/2025	-$6M
December Loss	-$3M
Worsening Claims Experience on Projected Claims	-$5M
AOM Program Impact	-$6M
Projected FY2027 Fund Balance – Data through12/31/2025	-$20M
Trend Assumption Changes	-$22M
Projected FY2027 Fund Balance – Data through 2/28/2026	-$42M

$0, ($5,000,000), ($10,000,000), ($15,000,000), ($20,000,000), ($25,000,000), ($30,000,000), ($35,000,000), ($40,000,000), ($45,000,000)

- Between the November and December projections, updates to the AOM program impact resulted in a less favorable experience.
- In the projection using data through February, trend assumptions increased from 7.5% to 9.5% for medical and 16% to 30% for pharmacy, driving $22M of worsening projected experience.

Premium Increases – Large NM Employers

	Medical	Pharmacy	Premium
NMPSIA	10%	24%	10%
NM Entity #1	15%	19%	19%
NM Entity #2	6%	22%	3%
NM Entity #3	14%	13%	20%
NM Entity #4	20%	20%	15%

Other New Mexico entities have experienced similar high trends as NMPSIA; however, in general, premium increases are more aligned with trend experience.

Assumptions for Projections

- Claims Experience: March 2025 – February 2026
- Revenues based on enrollment as of March 13, 2026
- FY2026 (March thru June), FY27 and FY28 Medical and Pharmacy (Rx) trend scenarios:

Pessimistic Scenario	FY26	FY27	FY28	FY29	FY30	FY31
Medical	9.5%	9.5%	9.0%	9.0%	8.75%	8.5%
Rx	30.0%	30.0%	25.0%	20.0%	18.0%	15.0%
Blended Med + Rx	**15.4%**	**15.4%**	**15.0%**	**14.3%**	**13.9%**	**13.4%**

- Dental Trend: 4%
- Due to the low prepaid claims for February compared to December, the prepaid claims adjustment was reduced from $11.2 to $750K, resulting in a net prepaid claims adjustment of $7.0M (February 28, 2026, prepaid claims of $7.75M less the $750K June 30th assumption).
- APS members move to NMPSIA effective 7/1/2027
    - Detailed analysis of impact with APS moving to NMPSIA has not been performed. It is assumed all APS members would migrate to NMPSIA High Plan; no risk profile or plan design analysis has been performed.
- Projections do not assume any material migration between plans from the experience period to the projection periods

Assumptions for Projections (cont'd)

- Projections include estimated impact of:
  - 2024 and 2025 legislative requirements effective 1/1/2025 and 1/1/2026 and beyond
  - 2026 legislative requirements pending Governor signing into law (HB38, HB306,SB20), totaling $693K in FY27 and $1.5M in FY28
  - Plan changes effective 1/1/2026
  - Estimated change in IBNR effective 6/30/26
  - Reference-based pricing effective 7/1/2026
  - Preliminary, estimated PBM RFP impact effective 7/1/2026
  - Assumes no changes to current GLP-1 financial implications associated with anti-obesity medications or utilization management program impacts

Projection Scenarios

- **All** scenarios incorporate:
  - **9.95%** premium increase **October 1, 2026**
    - Creates a **$42M loss** at the end of **FY27** as premiums not keeping pace with projected claims
    - FY27 claim payments will be inhibited if the loss goes lower than negative $20M
  - One-half month of claims reserve at the end of FY2031, which equates to approximately $52M Fund Balance
  - Utilizes pessimistic trend assumptions based on the most recent claims experience

Scenarios

- A – Breakeven end of FY28: **26.5%** October 2027 premium increase, **8.5%** thereafter
- B – Flat 10% increase each year: **10%** October 2026 – 2030
  - Not sustainable, resulting in large plan deficits in each year
- C – Decreasing rate from **20%**
- D – Fund Balance no less than **negative $20M** starting in FY28

FY27-FY31 Projection Scenarios

Premium Increases	Scenario A Breakeven	Scenario B Flat 10% Increase	Scenario C Alt. Rate Increases	Scenario D Fund Balance above -$20M
10/1/26	9.95%	9.95%	9.95%	9.95%
10/1/27	26.5%	10.0%	20.0%	22.5%
10/1/28	8.5%	10.0%	15.0%	11.0%
10/1/29	8.5%	10.0%	12.0%	11.0%
10/1/30	8.5%	10.0%	4.5%	11.0%
PYE FY27 Fund Balance	-$42M	-$42M	-$42M	-$42M
PYE FY28 Fund Balance	$0	-$86M	-$33M	-$20M
PYE FY29 Fund Balance	$41M	-$153M	$1M	$7M
PYE FY30 Fund Balance	$56M	-$244M	$46M	$28M
PYE FY31 Fund Balance	$52M	**-$351M**	$52M	$52M

PYE = Projected year end.

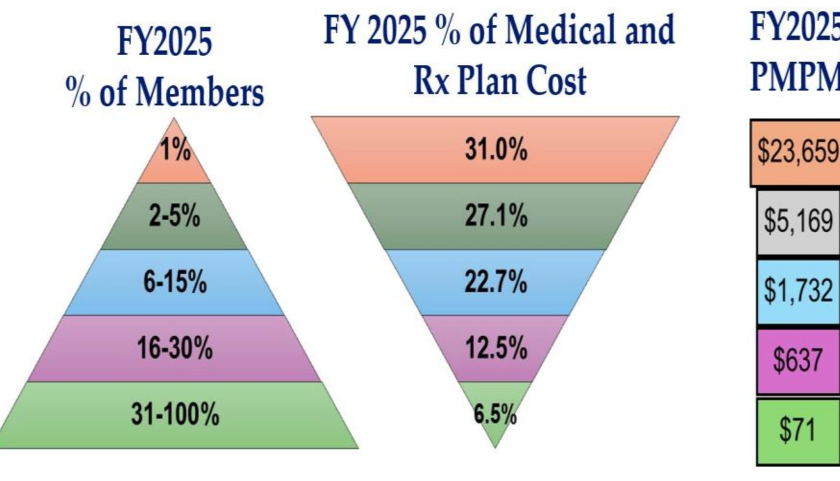
Estimated Monthly Increase to Employee Payroll Deductions - Medical

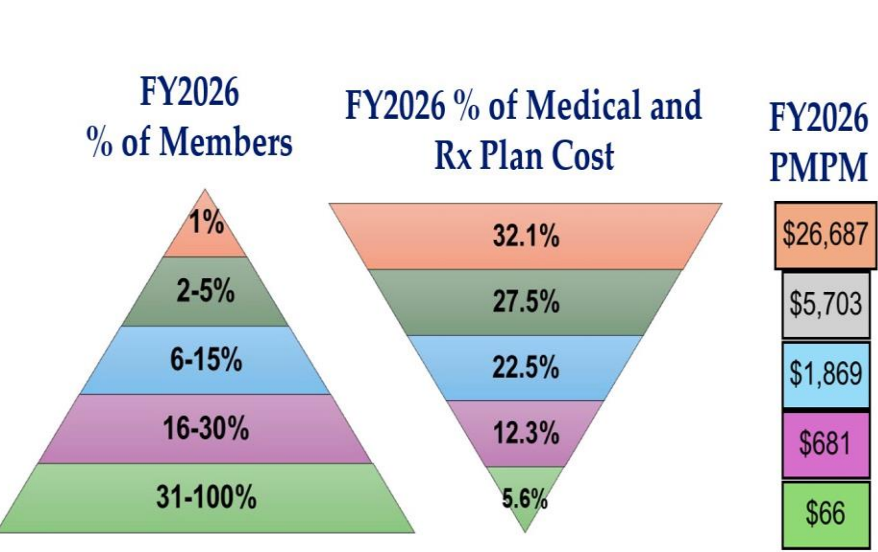
			Rate Change 2025-2026 (9.95%)			Rate Change 2026-2027 (26.5%)
			80/20	70/30	60/40	80/20
BlueCross BlueShield of New Mexico	High Option	Single	$ 22.20	$ (89.38)	$ (200.98)	$ 65.04
		Two-Party	$ 42.24	$ (170.00)	$ (382.22)	$ 123.68
		Family	$ 56.40	$ (227.06)	$ (510.52)	$ 165.19
	Low Option	Single	$ 15.40	$ (61.98)	$ (139.34)	$ 45.09
		Two-Party	$ 29.28	$ (117.86)	$ (265.02)	$ 85.75
		Family	$ 39.10	$ (157.44)	$ (353.98)	$ 114.55
PRESBYTERIAN Health Plan, Inc.	High Option	Single	$ 17.96	$ (72.28)	$ (162.54)	$ 52.60
		Two-Party	$ 37.70	$ (151.78)	$ (341.28)	$ 110.44
		Family	$ 50.28	$ (202.40)	$ (455.10)	$ 147.26
	Low Option	Single	$ 12.44	$ (50.12)	$ (112.70)	$ 36.48
		Two-Party	$ 26.14	$ (105.24)	$ (236.64)	$ 76.57
		Family	$ 34.86	$ (140.32)	$ (315.52)	$ 102.09

*Employee Contribution Difference

Plan Spend Distribution

- The distribution of plan spend is highly concentrated, with 1% of members accounting for 32.1% of all plan spend in FY2026 through March 31, 2026.
- Over the last 2 fiscal years (with 2026 being a partial year of data), you can see that the plan spend toward 1% of members has increased slightly from 31.0% to 32.1%.
- Despite this seemingly slight increase, the Per Member Per Month (PMPM) cost for almost every tier depicted has increased. Highlighting the critical role of cost containment strategies.





Benefit Cost Drivers

Medical High-Cost Claimants by Condition

Rank	Plan	Option	Diagnostic Category	Total Allowed
1	BCBS	High	Hypertension	$2,293,467
2	BCBS	High	Hypertension	$1,936,787
3	PRES	High	Neoplasm	$1,669,413
4	BCBS	High	Hyperlipidemia	$1,487,060
5	BCBS	High	Neoplasm	$1,409,183
6	BCBS	High	Neoplasm	$1,404,125
7	PRES	High	Mobility Impairment	$1,362,865
8	BCBS	High	Neoplasm	$1,361,181
9	PRES	Low	Maternity	$1,252,628
10	PRES	High	Neoplasm	$1,204,884
Grand Total				**$15,381,593**

- Incurred claims and enrollment experience July 1, 2025, through December 31, 2025.

Chronic Conditions and Comorbidities

Current Prevalence ● Benchmark

Condition	Current Prevalence	Benchmark
Hyperlipidemia	26.9%	25.8%
Obesity	24.5%	22.0%
Hypertension	22.3%	22.0%
Mental Health	15.5%	35.5%
Diabetes	10.3%	8.0%
Asthma	4.0%	4.7%
CAD	2.6%	3.9%
COPD	1.7%	2.5%
Substance Use Disorder	1.5%	2.8%
CHF	1.3%	1.4%

Chronic Condition	Members	Prevalence Change	Med PMPM	Rx PMPM	Avg Total Conditions	Member Change
Obesity	11,714	2.4% ↑	$1,053	$493	2.6	1237 ↑
Hyperlipidemia	12,839	2.0% ↑	$997	$476	2.8	1059 ↑
Hypertension	10,662	1.0% ↑	$1,253	$545	2.9	579 ↑
Diabetes	4,932	0.5% ↑	$1,266	$887	3.5	289 ↑
Substance Use Disorder	720	0.2% ↑	$1,813	$406	2.9	99 ↑
CAD	1,219	0.2% ↑	$3,160	$776	4.1	86 ↑
Asthma	1,927	0.1% ↑	$1,181	$603	2.7	84 ↑
CHF	602	0.1% ↑	$4,369	$1,027	4.4	34 ↑
COPD	813	-0.1% ↓	$2,080	$857	3.3	-24 ↓
Mental Health	7,384	-0.2% ↓	$1,001	$337	2.2	-26 ↓

- *(Graph to the Left)* NMPSIA prevalence trends exceed the benchmark for many conditions.
- Managing chronic conditions effectively remains a key opportunity for improving outcomes and supporting long-term cost sustainability.
- *(Graph to the Right)* Average total conditions highlights that members don't have just one of these conditions; they have multiple. Someone with Diabetes might also have hypertension. Members with multiple comorbidities often require more frequent and complex medical interventions, specialty care, and ongoing treatment.
- Increasing prevalence of chronic conditions is contributing to higher long-term healthcare utilization and costs.

- FY2025 Data shown

Benefit Cost Drivers

Medical and Prescription Drug Claims Costs

	Claims (Medical, Dental, Vision, Life, and Disability)	Prescription Drug Claims*
FY18	$241,539,314	$34,290,193
FY19	$239,766,973	$29,824,840
FY20	$250,236,454	$41,231,481
FY21	$259,666,327	$41,163,864
FY22	$289,944,934	$41,138,320
FY23	$278,280,847	$43,305,047
FY24	$319,039,327	$56,472,399
FY25	$358,276,901	$72,881,032
FY26 Projected	$389,157,776	$85,454,128
FY27 Projected	$410,661,915	$126,032,384

* Prescription drug claims are net of rebates

Benefit Cost Drivers

Medical and Prescription Drug Trends

Trend Assumptions

	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031
Medical	6.50%	6.50%	6.50%	7.00%	7.00%	9.50%	9.50%	9.00%	9.00%	8.75%	8.50%
Pharmacy	9.00%	9.00%	9.00%	10.00%	14.00%	30.00%	30.00%	25.00%	20.00%	18.00%	15.00%

- Notice the volatility of the pharmacy trend compared to that of the medical trend. Nationwide trends are troublesome, and medications continue to be approved for new indications.

Cost of Legislative Bills

Impacts From Effective Date to Current

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	1/1/2026	HB174	$ -	0
	1/1/2027	SB120	$ -	0
	1/1/2026	HB233	$ -	0
	1/1/2027	SB120	$ -	0
			$ 19,713,900	17

Legislative Impacts on Benefits

Tracked from 2019-Current

- **HB322- Autism Spectrum Disorder Coverage - Effective 7/1/2019**
    - **What the Bill Does:** Prohibits age and dollar limits on services related to autism spectrum disorder.
    - **Impact: Effective date to current: $2,224,300**

- **HB81- Physical Rehab Cost Sharing Limits - Effective 7/1/2019**
    - **What the Bill Does:** Establishes limits on cost-sharing for physical rehabilitation services. Healthcare insurers cannot impose a copayment or coinsurance on physical rehabilitation services that exceeds the amount a consumer would pay for primary care services.
    - **Impact: Effective Date to Current: $2,196,000**

- **SB317- No Behavioral Health Cost Sharing Effective 1/1/2022**
    - SB317 integrated with SB273 effective 1/1/2024
- **SB273- Health Insurance Mental Health Coverage-Effective 1/1/2024**
    - **What the Bill Does:** (SB317) Prohibits the imposition of cost-sharing by health insurers on behavioral health services. (SB273) Prohibits limitations on coverage for mental health or substance use disorder services that are more restrictive than limitations on coverage for other types of health care services.
    - **Impact: Effective Date to Current: (Combined) $13,599,000**

- **SB51-Cost-sharing Contributions For Prescriptions - Effective 1/1/2024**
    - **What the Bill Does:** Requires the insurer to credit the enrollee for the full value of any discounts provided or payments. Provides that any drug rebate will be credited to enrollee at point of sale. Any remaining rebate is then credited to the plan.
    - **Impact: Effective Date to Current: $1,150,000**

Note: These 5 bills total $19,169,300 in fiscal impact to NMPSIA over the last 7 years. NMPSIA tracks 20 bills with fiscal impact from 2019-2026.

GLP-1 Spend = $30M Increase since FY2023

Mitigation Strategies

Plan Design Changes to ensure long-term sustainability and alignment with current healthcare utilization trends.

Reference-Based Pricing (RBP) is a cost-containment opportunity to address rising healthcare expenses in urban areas.

Implementation of Integrated Care Solutions focused on improving screening prevalence rates, access, outcomes, and efficiency, including chronic condition care, a GLP-1 wraparound program, musculoskeletal support, and maternal health initiatives.

- Encircle
- Omada
  - Diabetes management (GLP-1 behavioral modification support)
  - Hypertension (Chronic condition support)
  - Obesity Management (GLP-1 behavioral modification support)
  - Prevention
    - Diabetes
    - Weight Management
  - Musculoskeletal Intervention Support Virtual Program

NMPSIA Plan Design Changes

Effective Jan 1, 2026

	Medical Plan Design – High Option				Medical Plan Design – Low Option			
	Current		Proposed		Current		Proposed	
	IN	OON	IN	OON	IN	OON	IN	OON
Deductible	$750 person, $1,500 family	$1,500 person, $3,000 family	$825 person, $1,650 family	$3,000 person, $6,000 family	$2,000/person, $4,000/family	$4,000/person, $8,000/family	$2,200/person, $4,400/family	$6,000/person, $12,000/family
Coinsurance	20%	40%	25%	50%	25%	50%	30%	60%
Medical Out-of-Pocket Maximum	$4,100 person, $8,200 family	$9,500 person, $19,000 family	$4,500 person, $9,000 family	$10,000 person, $20,000 family	$4,100/person, $8,200/family	$9,500/person, $19,000/family	$5,500/person, $11,000/family	$10,000/person, $20,000/family
Office Visits - Primary Care	$25 copay (deductible waived)	40% coinsurance after deductible	$30 copay (deductible waived)	50% coinsurance after deductible	$30 copay (deductible waived)	50% coinsurance after deductible	$35 copay (deductible waived)	60% coinsurance after deductible
Office Visits - Specialist	$50 copay (deductible waived)	40% coinsurance after deductible	$55 copay (deductible waived)	50% coinsurance after deductible	$60 copay (deductible waived)	50% coinsurance after deductible	$70 copay (deductible waived)	60% coinsurance after deductible
Office Visits - Urgent Care	$50 copay (deductible waived)	40% coinsurance after deductible	$55 copay (deductible waived)	50% coinsurance after deductible	$60 copay (deductible waived)	50% coinsurance after deductible	$70 copay (deductible waived)	60% coinsurance after deductible
Emergency Room	$450 copay (deductible waived)		$550 copay (deductible waived)		$450 copay after deductible		$550 copay after deductible	
Inpatient Hospital Stay	20% coinsurance after deductible	40% coinsurance after deductible	25% coinsurance after deductible	50% coinsurance after deductible	25% coinsurance after deductible	50% coinsurance after deductible	30% coinsurance after deductible	60% coinsurance after deductible
Outpatient Surgery	20% coinsurance after deductible	40% coinsurance after deductible	25% coinsurance after deductible	50% coinsurance after deductible	25% coinsurance after deductible	50% coinsurance after deductible	30% coinsurance after deductible	60% coinsurance after deductible
Ambulance / Emergency Air Transport	$50 copay/trip (deductible waived)		$55 copay/trip (deductible waived)		25% coinsurance after deductible		30% coinsurance after deductible	

- Increases variation between plans
  - Offers membership more distinctive choice
- Facilitates rebalancing of cost-sharing mechanisms to address migration from the High to Low Plan
- Increase to Emergency Room copay projected savings: $513K in FY26; nearly $1.1M in FY27
- Increase to Low Option INN out-of-pocket maximum projected savings: $629K in FY26; $1.3M in FY27
- Elimination of EPO Plan projected savings: $20K in FY26; $43K in FY27
- Pharmacy Plan Design Changes projected savings: $362K in FY26; $825K in FY27
- **Total projected savings: $5.9M in FY26; $12.8M in FY27**

Adoption of Reference-Based Pricing

Effective February 1, 2026

Legislative Overview: SB 376 was passed during the 2025 New Mexico Legislative Session, signed on April 7, 2025, and became effective June 30, 2025, with some provisions effective July 1, 2025.

- SB 376 sets employer contributions for state employee health benefits at 80%.
- Authorizes the New Mexico Secretary of Health to implement Reference-Based Pricing (RBP), establishing payment limits tied to Medicare reimbursement rates.

Agency Participation: SB 376 allows state agencies responsible for providing state employee health benefits under the Health Care Purchasing Act, including NMPSIA, to opt into RBP, extending cost-containment strategies beyond the state plan.

- Under the Secretary of Health's implementation authority, the approach applies only to counties with populations over 125,000, resulting in four counties: Santa Fe, Bernalillo, Sandoval, and Doña Ana. Hospitals in these counties are reimbursed at 200% in-network and 175% out-of-network.
- The Health Care Authority (HCA) was the first entity to implement SB 376 with a July 1, 2025, implementation date. The HCA expressed its support for all eligible agencies to participate under their established framework if desired.

Steps Taken Toward Adoption: NMPSIA conducted early analyses alongside our Benefits Consultant to assess current spending above Medicare rates and evaluate the impact of RBP.

- NMPSIA established a subcommittee to bring key stakeholders together to discuss the impacts of RBP. The goal was to ensure transparency and gain collaborative insights.
- Based on this analysis, RBP is estimated to generate **approximately $16 million in savings**, creating meaningful cost relief for the Plan.
- To maintain the sustainability of the Plan, we are proactively implementing RBP.

EncircleRx GLP-1 Solution

Diabetes & Weight Management

- GLP-1 Anti-Fraud Protection
  - Curbs fraud, waste, and abuse by identifying prescribers and member outliers and ensuring that medications are used by clinically appropriate patients
- Diabetes Qualifications for the Program
  - Automatic Enrollment
  - Hemoglobin A1c (HbA1c): ≥ 6.5%;
  - Fasting plasma glucose (FPG) ≥ 126 mg/dL
  - 2-hour plasma glucose (2-h PG) ≥ 200 mg/dL
  - Type 2 Diabetes diagnosis code
- Weight Management Qualifications for the Program
  - Enrollment in a lifestyle program is required to access GLP-1
  - Restrictive utilization strategy: BMI ≥ 32
  - BMI 27 - ≥ 32 with two documented comorbidities
  - Required 4 weigh-ins + 4 app engagements per month

Omada Health

Cardiometabolic Solutions

• Prevention & Weight Health • Diabetes • Diabetes with Hypertension • Hypertension

- Programs offer personalized tools and support designed to meet members' unique needs, helping them feel understood and supported in managing prediabetes, diabetes, and/or hypertension.
- A professional health coach for ongoing one-on-one guidance with expertise to help with conditions that work for the member.
- Connected devices (scale, blood pressure monitor, and/or glucose meter) automatically sync to the Omada account.
- Weekly interactive lessons to help explore physical, social, and psychological components of healthy living, including the essential knowledge and skills to self-manage conditions.
- An online community of peers with similar health conditions and challenges for real-time encouragement, sharing, and support.

Digital Health Formulary

Evernorth Preferred

Product	Prevention & Weight Health	Hypertension	Diabetes
Connected Devices	Scale	Scale, BPM	Scale, BGM, CGM*
Clinical Indication	Prediabetes & At-Risk	High Blood Pressure	Type 1 & Type 2 Diabetes

Musculoskeletal Health Solutions

Supporting Pain Management, Pelvic Health, and Healthy Movement

- Musculoskeletal (MSK) Care for Pain
  - AI-guided programs for bones, joints, muscles, tendons, ligaments, and nerves
  - Targeted support for joint issues, spine/back pain, and soft-tissue injuries
  - Clinician-designed treatment plans with personalized progression

- Women’s Pelvic Health Support
  - Pelvic organ prolapse
  - Bladder/bowel leakage
  - Perimenopause/menopause
  - Endometriosis
  - Pregnancy/postpartum
  - Abdominal/lower-back pain

- Healthy Habits & Preventive Movement
  - Weight management
  - Strength building
  - Mobility & flexibility
  - Improved sleep
  - Positive mindset
  - Injury prevention

Considerations and Takeaways

- FY 2027 premium increase is equal to 9.95%
  - The projected fund balance on June 30, 2027, is a negative $42 million
- FY 2028 projected premium increase is 26.5%
  - The projected fund balance on June 30, 2028, is $0
- One-time funding support alone will not address the underlying imbalance between premium revenue and claim expenses without premium adjustments that keep pace with ongoing claims and healthcare cost trends. (Compounding effect).
- Long-term sustainability requires responsible premium funding, ongoing cost-containment strategies, and continuous evaluation of plan design while considering the needs of our members.
- NMPSIA will request a special appropriation during the 2027 Legislative Session to:
  - Supplement the negative fund balance
  - Supplement cash flow
  - May help reduce the projected premium increase in FY2028 of 26.5%

APS Integration Study Update

- **Amendment to Benefits Consultant (Segal Contract)**
- **Date of Amendment: April 2, 2026**
  - Segal is to perform actuarial, financial, and administrative analyses associated with the requirements of HB47 School Employee Insurance Programs passed during the 2026 legislative session. This work includes an analysis of Albuquerque Public Schools (APS) joining the NMPSIA Benefits Pool and associated risk effective July 1, 2027.
- **Target Completion Date: July 21, 2026**
  - The results of the study will be provided to the Legislative Education Study Committee and the Legislative Finance Committee no later than the requested date of Sept 1, 2026.
- **Key Objectives**
  - Evaluate the financial and administrative implications of combining the APS and NMPSIA benefits pools.
    - Evaluate the funding method, incorporating financial and administrative implications associated with the transition of APS members and operational differences
    - Evaluate and assign individual member risk scores
    - Comparisons will be carried out across populations, including regional risk score analysis
    - Determine the current benefit plan actuarial value and normalization of historical and projected claims to analyze impacts to the Benefits Pool associated risk
    - Review and analyze reserve requirements, IBNR, and stop loss considerations/changes with the combined Benefits Pool associated risk
    - Review claims and enrollment experience

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