



# NEW MEXICO PUBLIC SCHOOLS INSURANCE AUTHORITY

## Office of Executive Director

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### 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

October 31, 2019

### 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

NMPSIA covers 88 mandatory school districts (excluding APS), 97 charter schools (including those in Albuquerque), and 27 other educational entities through its Employee Benefits and Risk Programs.

NMPSIA offers self-insured medical, prescription drug, and dental plans. Fully insured vision, life, and disability plans are also offered. There are approximately 47,000 members (21,000 employees) covered under the NMPSIA medical and prescription drug plans.

Under the Risk Program, NMPSIA insures assets in excess of \$25 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 NMPSIA has a staff of 11 FTE.

### NMPSIA Funding

NMPSIA's revenues are derived from Other State Funds (i.e. premiums, investment income). NMPSIA does not receive a direct appropriation from the State General Fund.

Employer funding for premiums is disbursed from the General Fund through the State Equalization Guarantee appropriation to schools. For FY21, NMPSIA has recommended that the Public Education Department request an increase of \$17.4 Million (\$10.7 Million for Employee Benefits and \$6.7 Million for Risk) to fund the employer share of premium increases. APS will receive approximately 1/3 of the total appropriation increase due to the mechanisms of the funding formula. This reduces the amount of any additional funding to NMPSIA participating schools.

## FY2021 Appropriation Request

Fund	FY19 Actuals	FY20 Operating Budget	FY21 Appropriation Request	Percentage Difference FY20-FY21
Benefits	\$287,017,618	\$316,929,100	\$332,533,700	4.92%
Risk	\$82,074,800	\$70,080,500	\$89,254,300	27.36%
Program Support	\$1,227,753	\$1,355,000	\$1,477,500	9.04%
Agency Total	\$370,320,171	\$388,364,600	\$423,265,500	8.99%

*\*The approved FY20 Risk operating budget was reduced by approx. \$12 Million from the agency request for the fund and FY19 actuals; the FY21 Risk request brings expenditure authority closer to actuals and funds projected increases.*

## FY2020/2021 Special Appropriation Request

NMPSIA is requesting a \$16 Million special appropriation from the General Fund for risk insurance-related services. This special appropriation will assist in limiting risk premiums increases assessed to school districts and charter schools.

### Employee Benefits

#### **Medical/Rx Cost Drivers**

- High Cost Claimants/Top Medical and Rx Conditions
  - Neoplasms and Cancer, Diabetes/Endocrine, Cardiovascular Disease, Circulatory, Injury/Poisoning, Premature Births, Genitourinary, Hemophilia, Asthma, Multiple Sclerosis.
  - Specialty drugs are expensive to fill and are expensive to administer and manage claimants at outpatient facilities.
- Healthcare Costs – Rural Communities
  - Challenges with cost of healthcare for approximately 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.
  - New Therapies
- Vaccine Program
  - Statute requires vaccines for privately insured children to be purchased at retail costs.

#### **Premium Rate Increases**

Effective October 1, 2020

Medical – Estimated 7.4% blended for High and Low Options. Will be revisited and finalized by the NMPSIA Board of Directors in February 2020.

### Risk

#### **Cost Drivers**

- Severity
  - Claims frequency (number of claims) has been steadily decreasing, while the severity (cost of claims) has been increasing.
- Sexual Molestation/Inappropriate Touching Claims
  - 106 claims since 2008/2009 policy year. 7 claims in the 2018/2019 policy year.
- Property Losses
  - Hail - \$19 Million incurred losses over the last three fiscal years.

#### **Premium Rate Increases**

Effective July 1, 2020

Estimated 9.5%. Increases for individual school districts, charter schools and other educational entities will be higher or lower, depending on their experience and exposure.



MONTHLY CONTRIBUTIONS EFFECTIVE OCTOBER 1, 2019

NEW MEXICO PUBLIC SCHOOLS INSURANCE AUTHORITY

**THE STANDARD: BASIC LIFE  
ACCIDENTAL DEATH & DISMEMBERMENT**  
Employer pays 100% of premium

\$10,000 Life/AD&D	\$0.94 per month
\$25,000 Life/AD&D	\$2.36 per month
\$50,000 Life/AD&D	\$4.70 per month

**THE STANDARD: ADDITIONAL LIFE** (Employee, Spouse, & Children) and **AD&D** (Employee Only)  
Employee pays 100% of premium

Person's Age	Rate per \$1,000
under 30	\$0.04
30 - 39	\$0.06
40 - 44	\$0.08
45 - 49	\$0.12
50 - 54	\$0.22
55 - 59	\$0.34
60 - 64	\$0.52
65 - 69	\$0.78
70 & over	\$1.02
Child(ren)	\$0.24/mo.

**THE STANDARD: LONG TERM DISABILITY**

Employer contributes premium

30 Day Wait	\$0.58 per \$100 payroll
60 Day Wait	\$0.34 per \$100 payroll
90 Day Wait	\$0.28 per \$100 payroll

**HEALTH COVERAGES**

Employer contributes premium (see reverse side)

	<u>Single</u>	<u>Two-Party</u>	<u>Family</u>
Blue Cross Blue Shield New Mexico – High Option	\$722.40	\$1,373.88	\$1,834.96
Blue Cross Blue Shield New Mexico – Low Option	\$546.46	\$1,039.32	\$1,388.20
Blue Cross Blue Shield New Mexico – Exclusive Provider Organization (EPO) Option*	\$650.16	\$1,236.46	\$1,651.46
Presbyterian – High Option	\$584.20	\$1,226.70	\$1,635.74
Presbyterian – Low Option	\$441.98	\$928.02	\$1,237.40
United Concordia Dental – High	\$28.60	\$54.44	\$85.54
United Concordia Dental – Low	\$14.32	\$27.26	\$42.78
Davis Vision Plan	\$6.26	\$10.48	\$14.14

\* EPO Plan – A managed care plan where services are covered only if you go to providers (doctors, specialists, hospitals, etc.) in the plan's network (except in an emergency).

(5.9% increase on High and EPO medical plan options;  
3.1% increase on Low medical plan options;  
5.0% increase on dental plan options)

Date prepared: 02.11.2019

CONTRIBUTIONS EFFECTIVE OCTOBER 1, 2019		Less than	\$15,000 -	\$20,000 -	\$25,000
MONTHLY COST SHARING based on salary and EMPLOYER		\$15,000	\$19,999	\$24,999	and Over
MINIMUM CONTRIBUTION REQUIREMENTS set for in NM		25%/75%	30%/70%	35%/65%	40%/60%
State Statute					
<b>MEDICAL</b>	<b>Single (employee deduction)</b>	<b>\$180.60</b>	<b>\$216.72</b>	<b>\$252.84</b>	<b>\$288.96</b>
<b>BCBS</b>	Single (district/employer contribution)	\$541.80	\$505.68	\$469.56	\$433.44
<b>High Option</b>	<b>Two-Party (employee deduction)</b>	<b>\$343.46</b>	<b>\$412.16</b>	<b>\$480.86</b>	<b>\$549.54</b>
	Two-Party (district/employer contribution)	\$1,030.42	\$961.72	\$893.02	\$824.34
	<b>Family (employee deduction)</b>	<b>\$458.74</b>	<b>\$550.48</b>	<b>\$642.24</b>	<b>\$733.98</b>
	Family (district/employer contribution)	\$1,376.22	\$1,284.48	\$1,192.72	\$1,100.98
<b>BCBS</b>	<b>Single (employee deduction)</b>	<b>\$136.62</b>	<b>\$163.94</b>	<b>\$191.26</b>	<b>\$218.58</b>
<b>Low Option</b>	Single (district/employer contribution)	\$409.84	\$382.52	\$355.20	\$327.88
	<b>Two-Party (employee deduction)</b>	<b>\$259.82</b>	<b>\$311.80</b>	<b>\$363.76</b>	<b>\$415.72</b>
	Two-Party (district/employer contribution)	\$779.50	\$727.52	\$675.56	\$623.60
	<b>Family (employee deduction)</b>	<b>\$347.04</b>	<b>\$416.46</b>	<b>\$485.86</b>	<b>\$555.28</b>
	Family (district/employer contribution)	\$1,041.16	\$971.74	\$902.34	\$832.92
<b>BCBS</b>	<b>Single (employee deduction)</b>	<b>\$162.54</b>	<b>\$195.04</b>	<b>\$227.56</b>	<b>\$260.06</b>
<b>EPO Option</b>	Single (district/employer contribution)	\$487.62	\$455.12	\$422.60	\$390.10
	<b>Two-Party (employee deduction)</b>	<b>\$309.12</b>	<b>\$370.94</b>	<b>\$432.76</b>	<b>\$494.58</b>
	Two-Party (district/employer contribution)	\$927.34	\$865.52	\$803.70	\$741.88
	<b>Family (employee deduction)</b>	<b>\$412.86</b>	<b>\$495.44</b>	<b>\$578.00</b>	<b>\$660.58</b>
	Family (district/employer contribution)	\$1,238.60	\$1,156.02	\$1,073.46	\$990.88
<b>Presbyterian</b>	<b>Single (employee deduction)</b>	<b>\$146.04</b>	<b>\$175.26</b>	<b>\$204.46</b>	<b>\$233.68</b>
<b>High Option</b>	Single (district/employer contribution)	\$438.16	\$408.94	\$379.74	\$350.52
	<b>Two-Party (employee deduction)</b>	<b>\$306.68</b>	<b>\$368.00</b>	<b>\$429.34</b>	<b>\$490.68</b>
	Two-Party (district/employer contribution)	\$920.02	\$858.70	\$797.36	\$736.02
	<b>Family (employee deduction)</b>	<b>\$408.94</b>	<b>\$490.72</b>	<b>\$572.50</b>	<b>\$654.30</b>
	Family (district/employer contribution)	\$1,226.80	\$1,145.02	\$1,063.24	\$981.44
<b>Presbyterian</b>	<b>Single (employee deduction)</b>	<b>\$110.50</b>	<b>\$132.58</b>	<b>\$154.68</b>	<b>\$176.78</b>
<b>Low Option</b>	Single (district/employer contribution)	\$331.48	\$309.40	\$287.30	\$265.20
	<b>Two-Party (employee deduction)</b>	<b>\$232.00</b>	<b>\$278.40</b>	<b>\$324.80</b>	<b>\$371.20</b>
	Two-Party (district/employer contribution)	\$696.02	\$649.62	\$603.22	\$556.82
	<b>Family (employee deduction)</b>	<b>\$309.34</b>	<b>\$371.22</b>	<b>\$433.08</b>	<b>\$494.96</b>
	Family (district/employer contribution)	\$928.06	\$866.18	\$804.32	\$742.44
<b>DENTAL</b>	<b>Single (employee deduction)</b>	<b>\$7.16</b>	<b>\$8.58</b>	<b>\$10.00</b>	<b>\$11.44</b>
<b>United Concordia</b>	Single (district/employer contribution)	\$21.44	\$20.02	\$18.60	\$17.16
<b>High Option</b>	<b>Two-Party (employee deduction)</b>	<b>\$13.62</b>	<b>\$16.34</b>	<b>\$19.06</b>	<b>\$21.78</b>
	Two-Party (district/employer contribution)	\$40.82	\$38.10	\$35.38	\$32.66
	<b>Family (employee deduction)</b>	<b>\$21.38</b>	<b>\$25.66</b>	<b>\$29.94</b>	<b>\$34.22</b>
	Family (district/employer contribution)	\$64.16	\$59.88	\$55.60	\$51.32
<b>United Concordia</b>	<b>Single (employee deduction)</b>	<b>\$3.58</b>	<b>\$4.30</b>	<b>\$5.00</b>	<b>\$5.74</b>
<b>Low Option</b>	Single (district/employer contribution)	\$10.74	\$10.02	\$9.32	\$8.58
	<b>Two-Party (employee deduction)</b>	<b>\$6.82</b>	<b>\$8.18</b>	<b>\$9.54</b>	<b>\$10.90</b>
	Two-Party (district/employer contribution)	\$20.44	\$19.08	\$17.72	\$16.36
	<b>Family (employee deduction)</b>	<b>\$10.70</b>	<b>\$12.82</b>	<b>\$14.98</b>	<b>\$17.12</b>
	Family (district/employer contribution)	\$32.08	\$29.96	\$27.80	\$25.66
<b>VISION</b>	<b>Single (employee deduction)</b>	<b>\$1.58</b>	<b>\$1.88</b>	<b>\$2.20</b>	<b>\$2.50</b>
<b>Davis Vision</b>	Single (district/employer contribution)	\$4.68	\$4.38	\$4.06	\$3.76
	<b>Two-Party (employee deduction)</b>	<b>\$2.64</b>	<b>\$3.14</b>	<b>\$3.68</b>	<b>\$4.18</b>
	Two-Party (district/employer contribution)	\$7.84	\$7.34	\$6.80	\$6.30
	<b>Family (employee deduction)</b>	<b>\$3.54</b>	<b>\$4.24</b>	<b>\$4.94</b>	<b>\$5.66</b>
	Family (district/employer contribution)	\$10.60	\$9.90	\$9.20	\$8.48

(5.9% increase on High and EPO medical plan options;  
3.1% increase on Low medical plan options;  
5.0% increase on dental plan options)

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