



New Mexico
Public Schools
Insurance Authority

Legislative Education Study Committee
Silver City, New Mexico
September 26, 2019

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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

- 97 Mandatory

• 26 Educational Entities

- 27 (*Optional*)



• Staff

- 11 FTE

• Board of Directors

- 11 Board Members
 - NEA-NM
 - Mary Parr-Sanchez, President
 - David Martinez, Jr.
 - AFT-NM
 - Tim Crone
 - Governor Appointees
 - Alfred Park, Secretary
 - Vacant
 - Vacant
 - Superintendents' Association
 - Ricky Williams
 - New Mexico Association of School Business Officials
 - Chris Parrino, Vice President
 - Educational Entities at Large
 - David Willden
 - School Boards Association
 - Pauline Jaramillo
 - Public Education Commission
 - Trish Ruiz



FY2021 Appropriation Request

Fund	FY19 Actuals	FY20 Operating Budget	FY21 Appropriation Request	Percentage Difference FY20-FY21
Benefits	\$287,017,618	\$316,929,100	\$332,546,947	4.93%
Risk	\$82,074,655	\$70,080,500	\$89,267,626	27.38%*
Program Support	\$1,227,753	\$1,355,000	\$1,504,000	11.00%
Agency Total	\$370,320,026	\$388,364,600	\$423,318,573	9.00%

- **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 FY21, NMPSIA has recommended that the Public Education Department request an increase of \$17.4 million to fund the employer share of premium increases.**
 - **The increase consists of:**
 - **\$10.7 million for Employee Benefits Premiums (average 63% employer contribution)**
 - **\$6.7 million for Risk Premiums²**
 - **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.**

**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.*



Risk Program

- **Property:**
- 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
- Assets insured are approximately \$26 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
- The property rate has increased only .021 per \$100 dollars of values since 1991
- **Liability and Workers' Compensation:**
- Liability deductible is \$1,000,000
- There are no Tort Claims Act Limit protections for Independent School Bus Contractors and suits that are filed in federal court
- 44,000 employees
- \$2.0 Billion in payroll
- 325,000 students
- 44,000 school athletic participants
- 9,000 volunteers
- 9,300 vehicles including buses

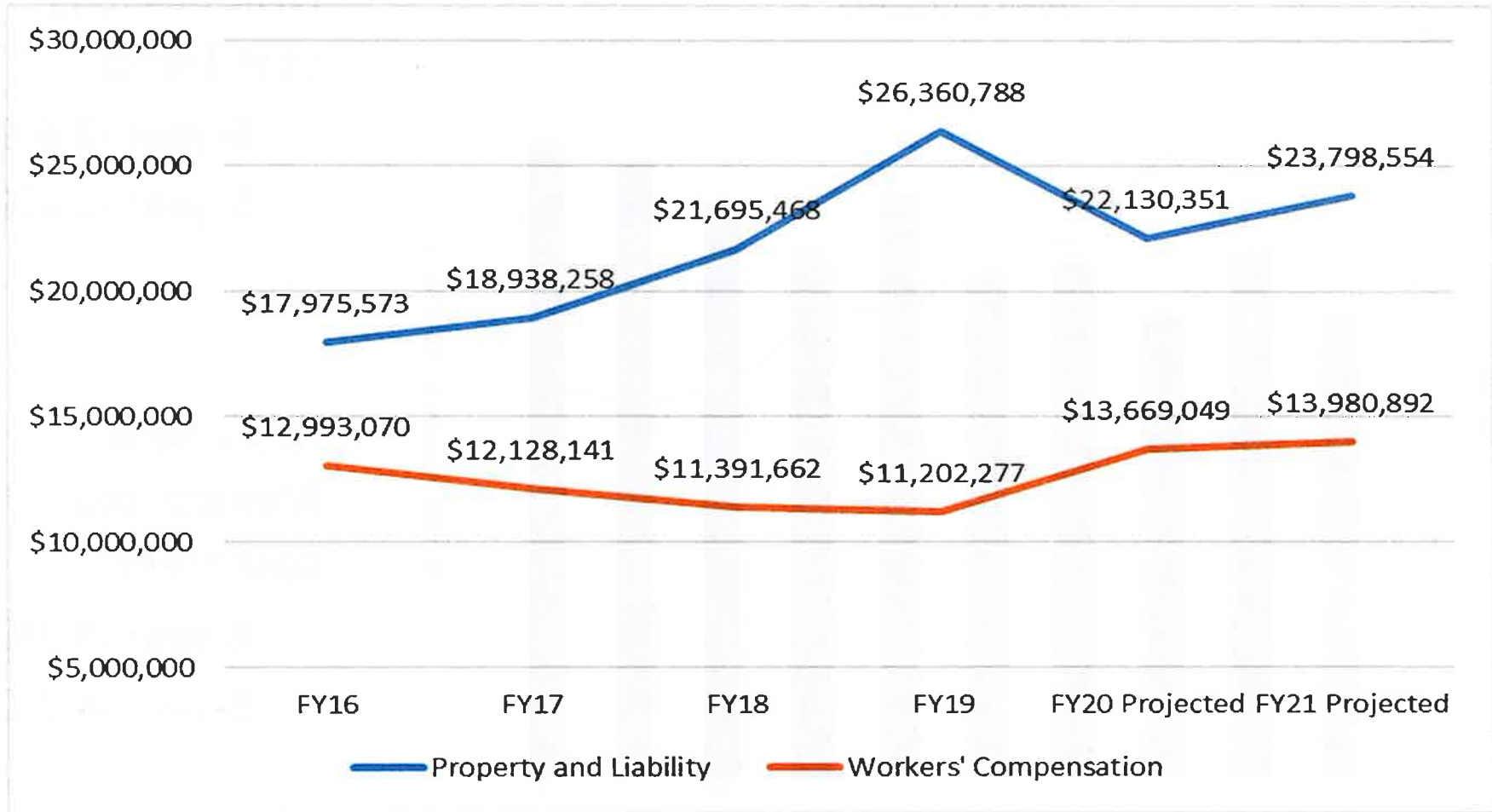


Historical Look at Rate Increases Risk Fund

Plan Year	Rate Increase
2010-2011	No Increase
2011-2012	No Increase
2012-2013	-10.00%
2013-2014	25.49%
2014-2015	7.31%
2015-2016	11.28%
2016-2017	5.14%
2017-2018	0.02%
2018-2019	3.90%
2019-2020	2.53%
2020-2021	9.52% (<i>Anticipated</i>)

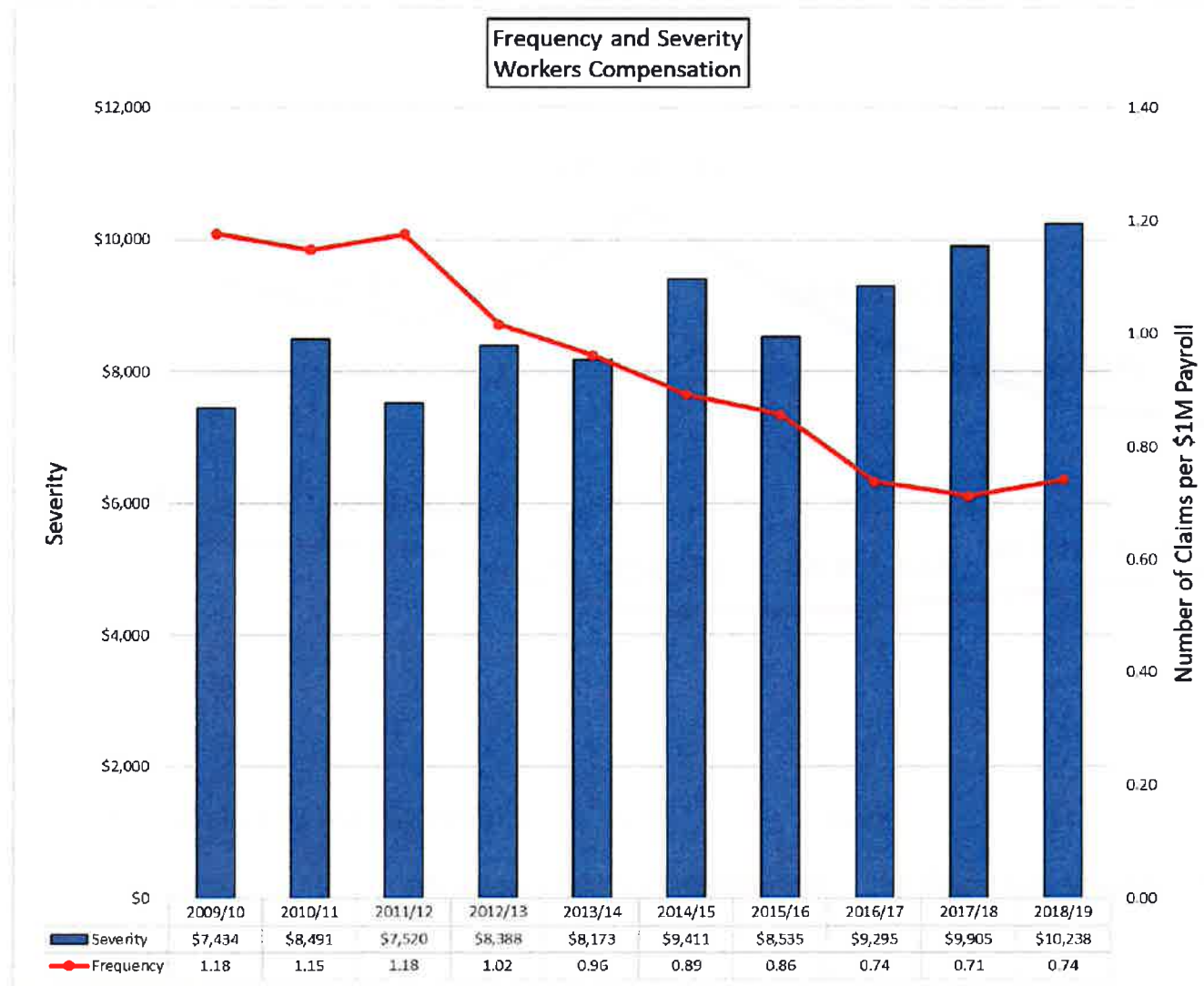


Risk Claims Total \$ Spent





Frequency & Severity Trends – Workers' Compensation

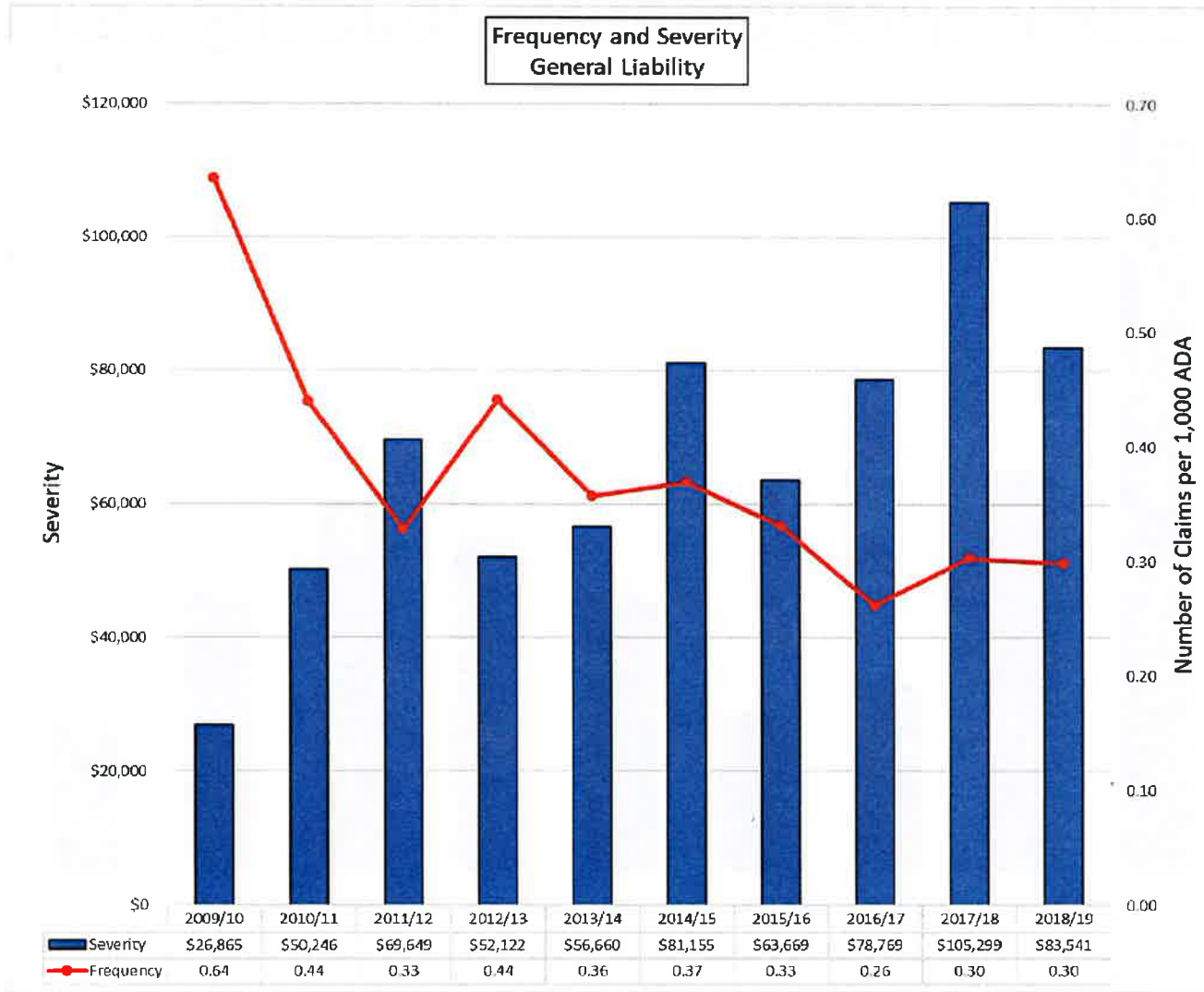


- NMPSIA loss cost trend:
 - 8-year -3.6%
 - 5-year -2.3%

- NCCI New Mexico loss cost trend:
 - 8-year -3.1%
 - 5-year -4.0%



Frequency & Severity Trends – General Liability

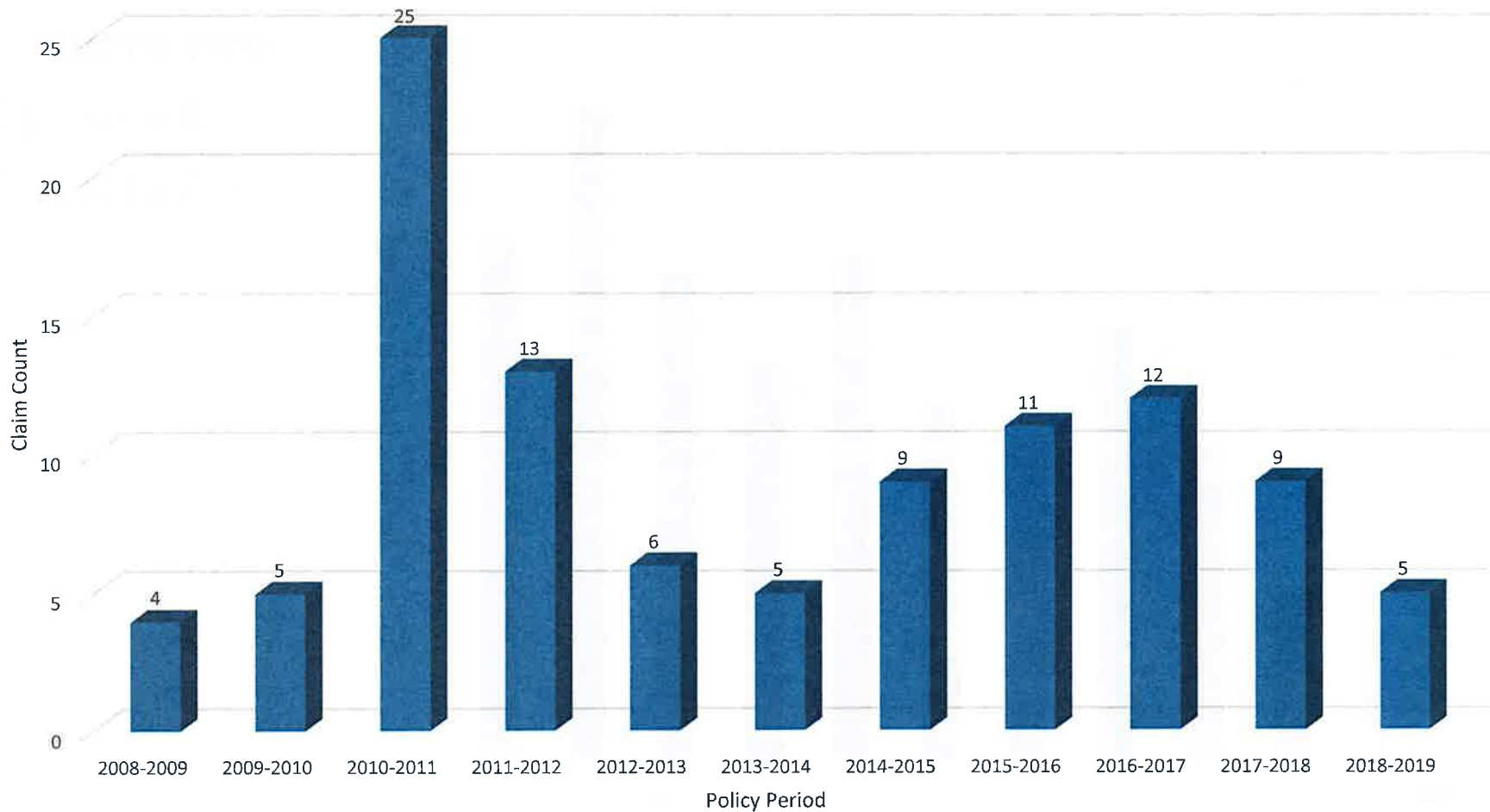


- NMPSIA loss cost trend:
 - 8-year +2.2%
 - 5-year +0.5%



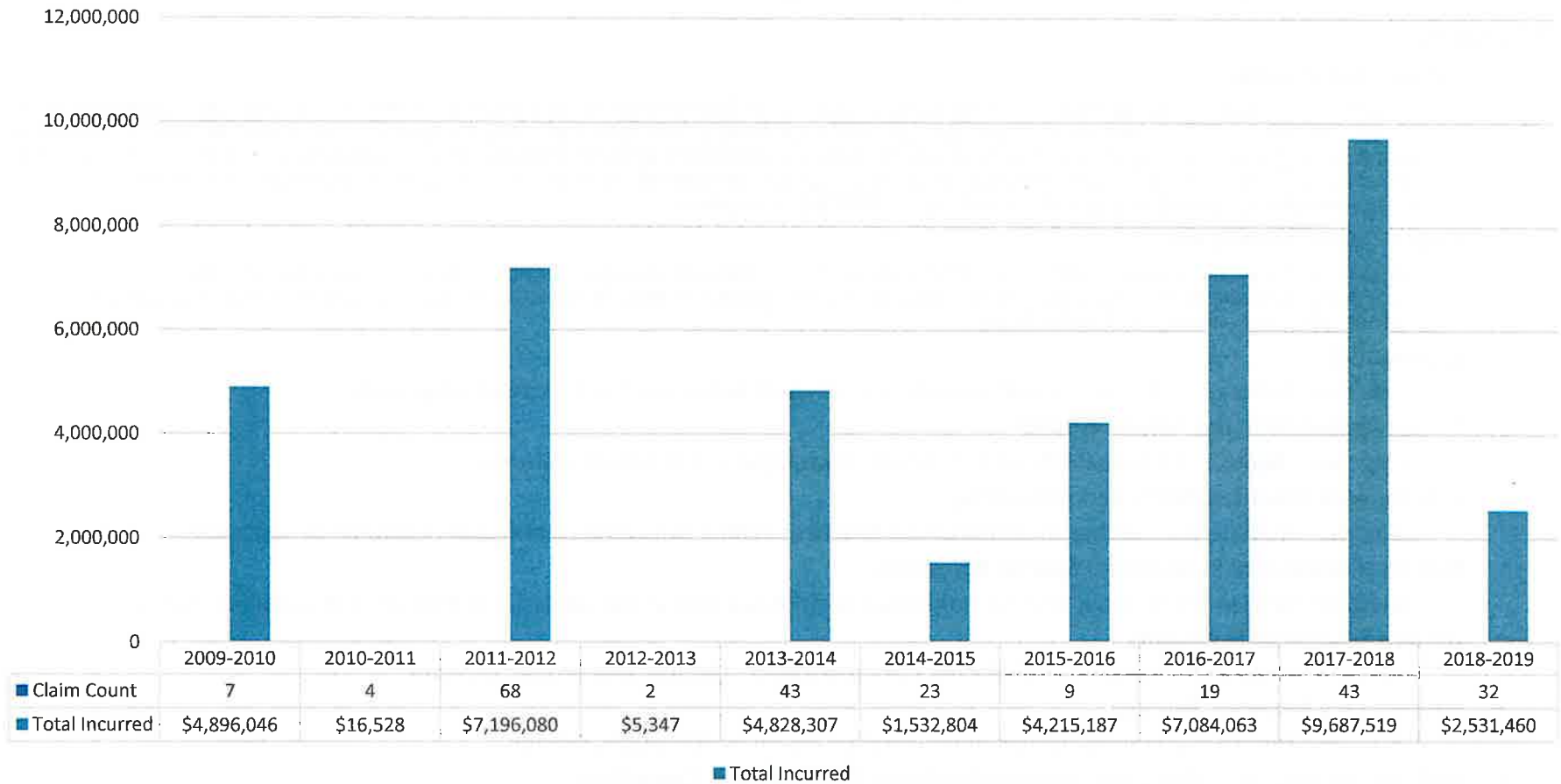
Risk Fund Cost Drivers

Sexual Molestation/Inappropriate Touching Claims





Risk Fund Cost Drivers Property Losses - Hail





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**

- **Sandy Hook Promise**

Objective: To provide an anonymous reporting system (*Say Something*) to recognize and report warning signs and signals or at-risk behavior, with an attempt to prevent gun violence (and other forms of violence and victimization) **BEFORE** it happens by educating and mobilizing youth and adults to identify, intervene and get help for at-risk behaviors. The Program will also allow for the reporting of inappropriate behavior of school personnel, such as grooming, in an attempt to prevent inappropriate touching and sexual molestation **BEFORE** it happens!

- **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.

- **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**.

Employee Benefits & Wellness & Well-Being Program

NMPSIA offers the following benefits:

Self Insured Medical Options




Self-insured Prescription Drug Coverage



Self-insured High & Low Option Dental Plans



Fully insured Vision Plan

- Includes discounts for Lasik and hearing aids  DavisVision™
- Supports student vision program for children enrolled in school – eye exams and eye glasses at no charge <https://nmpsia.com/DV.html>

Fully insured Life & Disability Plan



Customer Service

- Claim Issues
- Benefit Inquires
- Appeals

Robust Wellness & Well-Being Program

- Assistance with Wellness & Well-Being Strategic Plan  
- Assistance and support for scheduling health and wellness events and onsite activities

Eligibility/Billing Administration

- Benefits Enrollment Administration Training – NMPSIA 101 for school staff
- Support with enrollment, billing and payment
- COBRA administration



NMPSIA offers a Program Guide & Medical Plan Side-By-Side Comparison to keep all members informed.

Visit <https://nmpsia.com> to access all information



Medical/Rx Benefits

Encouraging Lower Cost and Preventive Measures

- **Annual Preventive Care - No Charge**
- **Telehealth Visits – No Charge**
- **Maternity** – no cost for mom’s care throughout pregnancy (other than office visit copay to confirm pregnancy) UNTIL delivery.
- **Deductible Waived (only copays applied on High Option Medical Plan)** – office visit consultations, allergy injections, alternative services (acupuncture, chiropractic, etc.), ambulance services, cardiac and pulmonary rehabilitation, physical therapy, hospice, lab and x-ray and other basic diagnostic testing (MRI, MRA, CT Scan, PET Scan); chemotherapy and radiation therapy, urgent care
- **Physical Therapy** – patients pay \$50 copay for 10 PT visits, and receive PT for \$0 for the remainder of the calendar year
- **Behavioral Health** – Office visit copays reduced to mirror PCP copays, telehealth capabilities with BCBSNM at \$0 copay
- **Diabetic Rx’s and Supplies** – formulary glucose meters, test strips and insulin, insulin pumps and supplies (insertion sets, reservoirs), covered at 100%; only \$10 for oral diabetic medications
- **No deductible on Rx**

Visit <https://nmpsia.com> to access all information

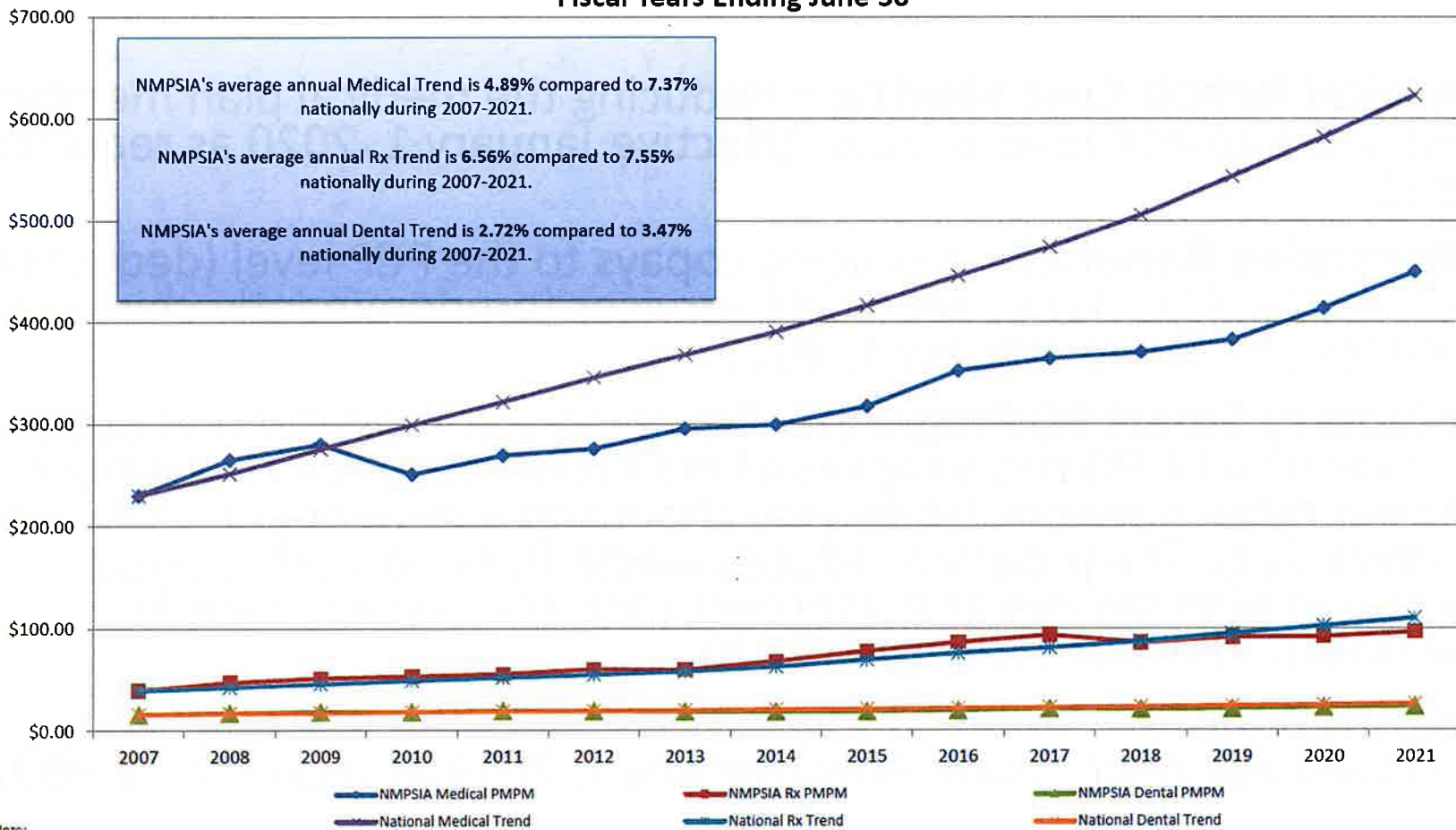


FY20 Plan Design Changes

- **Physical Rehab Cost Sharing** – Reducing the medical plan member cost share to PCP level copays. Effective January 1, 2020 as required by HB81.
- **Alternative Benefits** – Reducing copays to the PCP level (deductible waived) for Alternative Medicine services (predominantly chiropractic services). Effective January 1, 2020.
- **Voluntary Smart 90 Program** – Providing voluntary second option to members to fill 90-day supplies of maintenance medications from **chosen retail network** (statewide chain and independent participating pharmacies). The program reduces waste from non-adherence, increases plan savings and improves care and convenience for members. Effective January 1, 2020.
- **Autism Benefit** – Reduced specialty copay to the PCP level and removed age restrictions. Effective July 1, 2019 as required by HB322.



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 CY2019 is from the 2019 Segal Health Plan Cost Trend Survey.
 Projected trend is shown for CY2018 and CY2019; Trend during CY2020 and CY2021 are shown at same level as CY2019 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 FY2019 through FY2021 reflect the 2019 benefit design.



Historical Look at Rate Increases Employee Benefits Fund

Plan Year		Rate Increase
2013-2014	Medical	6.6%
	Dental	3.0%
2014-2015	Medical	1.5%
	Dental	0.0%
2015-2016	Medical	4.0%
	Dental	0.0%
2016-2017	Medical High Option	8.30%
	Medical Low Option	7.15%
	Dental	0.0%
2017-2018	Medical High Option/HMO	3.98%
	Medical Low Option	1.82%
	Dental	0.0%
2018-2019	Medical High Option/EPO	4.0%
	Medical Low Option	-0.7%
	Dental	0.0%
2019-2020	Medical High Option/EPO	5.9%
	Medical Low Option	3.1%
	Dental	5.0%
2020-2021	Medical Blended	7.4% (<i>Anticipated</i>)



Medical Cost Drivers

High Cost Claimants

- Neoplasms and Cancer
- Diabetes/Endocrine
- Cardiovascular Disease
- Circulatory
- Injury/Poisoning
- Premature Births
- Genitourinary

High Dollar Claims Paid – FY19

Number of Claimants	Total Paid	Threshold
318	\$58,862,725	100,000 – 499,999
11	\$6,550,108	500,000 – 749,999
3	\$2,348,110	750,000 – 999,999
1	\$1,019,538	1,000,000+

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

Vaccine Program

- \$1.1 million – FY19
- \$1.5 million – FY18
- \$1.6 million – FY17
- \$1.4 million – FY16
- Statue requires vaccines for privately insured children to be purchased at retail costs.



Clinical Savings and Rx Programs

Utilization Management	Plan Cost Savings	Plan Cost Savings PMPM	Program Description
Prior Authorization	\$1,809,382	\$3.21	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	\$1,351,156	\$2.40	Review claims and allow FDA approved quantities
Step Therapy/PSM	\$2,244,494	\$3.99	Promote lower cost first line agents before more expensive brand name products.
Total Plan Cost Savings \$5,405,032 or \$9.60 PMPM			

Reporting Period: 07/01/2018 - 6/30/2019



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.



FY20 Premium Changes Effective 10/1/2019 and Impact on Monthly Employee Contributions

Rate Increase	
High/EPO Options	5.9% Increase
Low Options	3.1% Increase
Dental	5.0% 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	\$10.06	\$12.07	\$14.09	\$16.10
	Family	\$25.56	\$30.67	\$35.78	\$40.89
BCBSNM Low Option	Single	\$4.11	\$4.93	\$5.75	\$6.57
	Family	\$10.44	\$12.52	\$14.61	\$16.70
Presbyterian High Option	Single	\$8.14	\$9.76	\$11.39	\$13.02
	Family	\$22.78	\$27.34	\$31.90	\$36.45
Presbyterian Low Option	Single	\$3.32	\$3.99	\$4.65	\$5.32
	Family	\$9.30	\$11.16	\$13.02	\$14.88
HMO Option	Single	\$9.06	\$10.87	\$12.68	\$14.49
	Family	\$23.00	\$27.60	\$32.20	\$36.80
Dental High Option	Single	\$0.34	\$0.41	\$0.48	\$0.54
	Family	\$1.02	\$1.22	\$1.43	\$1.63
Dental Low Option	Single	\$0.17	\$0.20	\$0.24	\$0.27
	Family	\$0.51	\$0.61	\$0.71	\$0.81



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Alternate Contribution Schedule

Survey in progress...

Alternate Contribution Schedules Reported

Farmington Municipal Schools

Grants Cibola County Schools

Loving Municipal Schools

Roswell Independent Schools

Santa Fe Public Schools

Albuquerque Charter Academy

Cesar Chavez Community School

La Academia de Esperanza



New Mexico
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Questions???

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