



New Mexico
Public Schools
Insurance Authority

Legislative Education Study Committee November 4, 2020

RICHARD VALERIO
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ABOUT 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

- 96 Mandatory

• 27 Educational Entities

- 27 (*Optional*)

• Average Monthly Membership

- 47,672 Employees and Dependents



• Staff

- 11 FTE

• Board of Directors

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

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%

- **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 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.**

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 
- 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

- Recently implemented Fitness Pass Program (discounted gym membership)
- Assistance with Wellness & Well-Being Strategic Plan  
- Assistance and support for scheduling health and wellness events and onsite activities

Benefits Administration Training – NMPSIA 101



- 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 Claims Summary

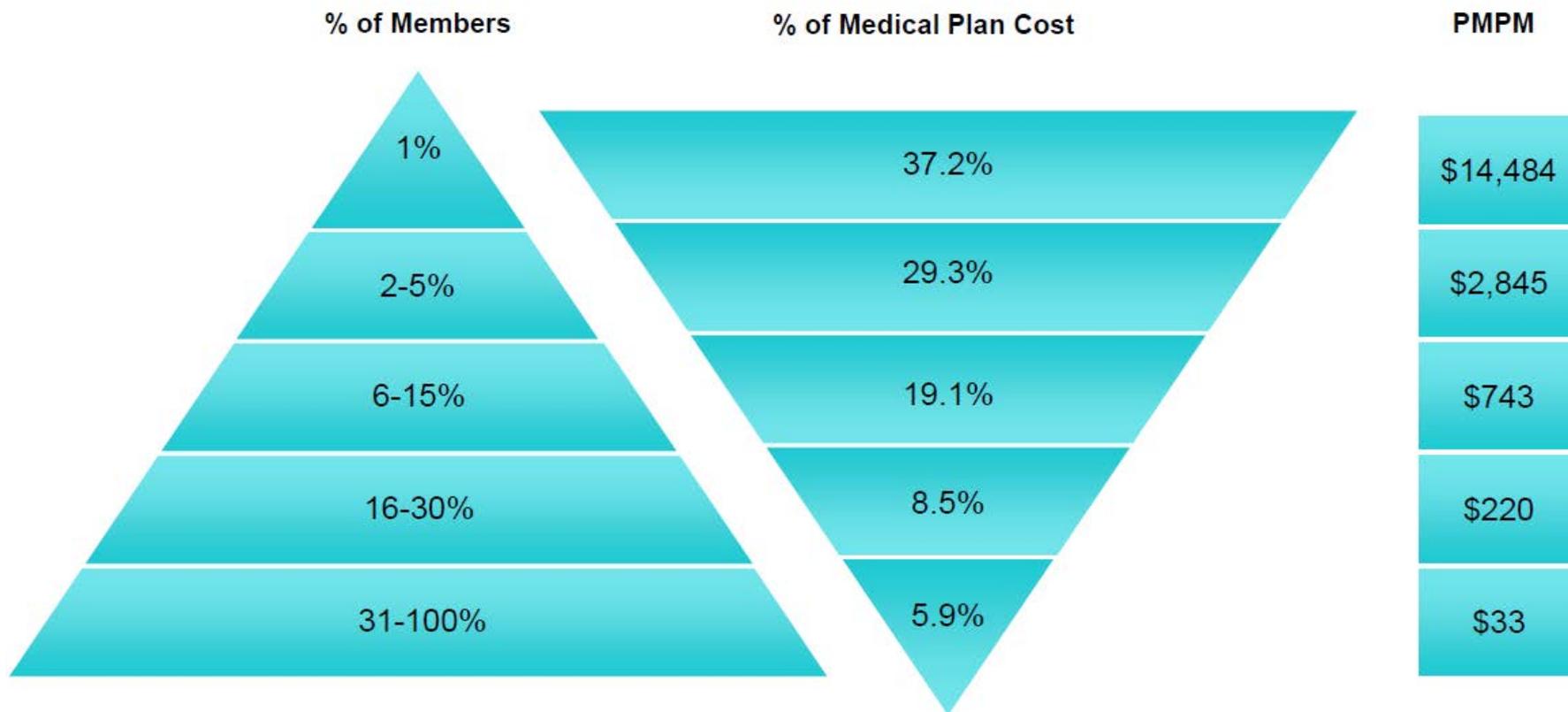
Current: Jan 2019 – Dec 2019

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 ¹	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 ²	10,803,838	\$18.89	3.3%	10,297,656	\$18.11	3.5%	4.3%
Total Medical	260,474,463	\$455.32	80.5%	237,071,116	\$416.97	81.3%	9.2%
Total Rx³	62,937,559	\$110.02	19.5%	54,690,829	\$96.19	18.7%	14.4%
Total Paid	323,412,022	\$565.34	100.0%	291,761,944	\$513.17	100.0%	10.2%
Member Paid	47,340,628	\$82.75	14.6%	44,088,931	\$77.55	15.1%	6.7%
Plan Paid	276,071,395	\$482.58	85.4%	247,673,013	\$435.62	84.9%	10.8%

- 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.

Distribution of Plan Paid Claims



Major Conditions Prevalence and Cost

Current: Jan 2019 – Dec 2019

Prior: Jan 2018 – Dec 2018



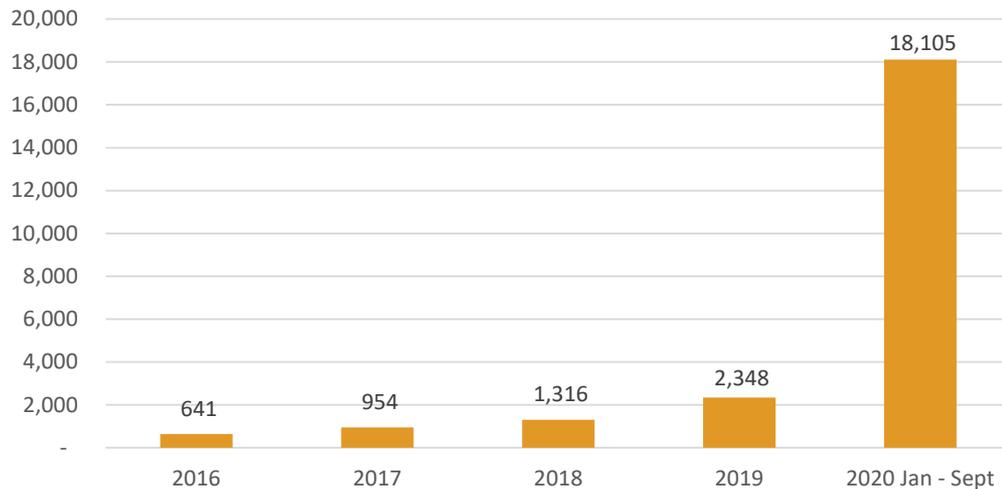
Chronic Condition ³	Current Period							% Change	
	Members	% of Total	Norm	Medical Claims	% of Total	PMPY	PMPY Comparison ⁴	Prevalence	PMPY
1. Diabetes	3,662	7.7%	6.0%	\$39,449,849	15.1%	\$10,773	197%	0.3%	4.1%
2. CAD	1,208	2.5%	1.5%	\$30,490,064	11.7%	\$25,240	462%	0.1%	-5.9%
3. Asthma	3,684	7.7%	3.6%	\$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%
Totals (unique)	19,339	40.6%		\$157,441,175	60.4%	\$8,141	149%	1.4%	5.1%

- 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.

Telemedicine Visits

- NMPSIA's telemedicine (virtual visit) programs offers members access to care for non-emergency medical and behavioral health needs 24 hours a day/7 days a week at no cost to the member with a savings to the plan.

Telehealth Visits by Calender Year



Average Plan Cost per Visit

Telemedicine	\$66
Office Visit	\$106
Urgent Care	\$157
Emergency Room	\$1,679

Prescription Drug Expense Summary

Current: Jan 2019 – Dec 2019

Prior: Jan 2018 – Dec 2018

Category	Non-Specialty		Specialty		Total		
	Current Period	Change	Current Period	Change	Current Period	Prior Period	Change
Total Cost ¹	\$42,196,763	26.1%	\$20,740,796	-2.3%	\$62,937,559	\$54,690,829	15.1%
% of Total Costs	67.0%	9.6%	33.0%	-15.1%			
Total Scripts	610,518	9.0%	8,391	11.6%	618,909	567,386	9.1%
% of Total Scripts	98.6%	0.0%	1.4%	2.3%			
Avg Cost PMPM	\$73.76	25.3%	\$36.26	-2.9%	\$110.02	\$96.19	14.4%
Avg Cost Per Rx	\$69.12	15.6%	\$2,472	-12.4%	\$101.69	\$96.39	5.5%
Number of Scripts PMPM	1.07	8.4%	0.01	10.9%	1.08	1.00	8.4%
Generic Dispensing Rate	86.9%	0.1%	64.7%	4.6%	86.6%	86.5%	0.1%
Member Cost %	13.7%	-10.3%	17.1%	9.4%	14.8%	15.4%	-3.9%

- Total prescription drug cost increased 15.1% due to a large increase in non-specialty drug cost and utilization.
- The generic dispensing rate increased 0.1% and is now 86.6%.
- Specialty drugs account for 33.0% of total drug costs (down from 37% in 2018). However, the utilization of these higher cost drugs contributes to higher pharmacy cost trend.
- Member cost share decreased 0.6 percentage points. This decrease is a result of the increase in non-specialty drug average cost per Rx.

Prescription Drug Expense Summary

Current: Jan 2019 – Dec 2019

Prior: Jan 2018 – Dec 2018

Rank	Top 10 Indications	Prev Rank/ Movement		Current Period				Prior Period				% Change		
				Total Scripts ¹	Total Cost ²	Generic Fill Rate	PMPM	Total Scripts ¹	Total Cost ²	Generic Fill Rate	PMPM	Total Scripts*	Total Cost/Rx ²	PMPM
1	Diabetes	1	-	44,648	\$13,354,954	55.6%	\$23.35	40,198	\$11,173,163	57.8%	\$19.65	11.1%	7.6%	18.8%
2	Autoimmune Disease	2	-	2,623	\$11,572,136	35.8%	\$20.23	2,167	\$9,155,395	33.9%	\$16.10	21.0%	4.4%	25.6%
3	Oncology	3	-	3,431	\$4,392,254	89.3%	\$7.68	3,018	\$3,385,442	91.2%	\$5.95	13.7%	14.1%	28.9%
4	Multiple Sclerosis	4	-	313	\$3,140,876	22.4%	\$5.49	333	\$3,025,729	12.0%	\$5.32	-6.0%	10.4%	3.2%
5	Asthma/COPD	5	-	25,297	\$3,009,996	48.3%	\$5.26	22,601	\$2,643,930	45.5%	\$4.65	11.9%	1.7%	13.1%
6	Viral Infections/HIV AIDS	8	▲ 2	636	\$1,742,699	5.2%	\$3.05	441	\$1,151,108	7.3%	\$2.02	44.2%	5.0%	50.5%
7	Psoriasis	6	▼ -1	337	\$1,516,154	42.1%	\$2.65	331	\$1,282,516	48.3%	\$2.26	1.8%	16.1%	17.5%
8	Skin Disorders	10	▲ 2	8,853	\$1,491,421	94.8%	\$2.61	8,275	\$1,107,717	95.1%	\$1.95	7.0%	25.8%	33.8%
9	Blood Disorders	15	▲ 6	5,803	\$1,329,846	65.9%	\$2.32	5,012	\$931,969	71.4%	\$1.64	15.8%	23.2%	41.8%
10	Anti-Infectives	11	▲ 1	44,234	\$1,187,352	99.6%	\$2.08	42,995	\$1,049,675	99.7%	\$1.85	2.9%	9.9%	12.4%
Total Top 10				136,175	\$42,737,688	71.6%	\$74.71	125,371	\$34,906,645	73.0%	\$61.40	8.6%	12.7%	21.7%

- Diabetes is the leading disease indication with a lofty PMPM of \$23.35. The high drug cost for the average diabetic is another reason to manage this chronic population aggressively. In addition, reminding members to utilize generic options as much as possible can mitigate cost trend.
- Autoimmune disease is the second leading indication due to the high cost of Humira and Enbrel.
- Viral Infections/HIV AIDS is increasing in rank and driving up the specialty cost per script and proportion of total spend. Increased use is driving this PMPM increase.
- Asthma/COPD is still ranked fifth; higher than average prevalence of asthma is the reason this disease indication is ranked so high.
- Top five conditions are consistent with Viral Infections/HIV AIDS and other rare disorders driving the shift in the remaining top drug costs.

Annual Rx Clinical Savings

Utilization Management	Plan Cost Savings	Plan Cost Savings PMPM	Program Description
Prior Authorization	\$2,023,191	\$3.58	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	\$1,435,748	\$2.54	Review claims and allow FDA approved quantities
Step Therapy/PSM	\$1,999,052	\$3.54	Promote lower cost first line agents before more expensive brand name products.
Total Plan Cost Savings \$5,457,991 or \$9.65 PMPM			

Reporting Period: 07/01/2019 - 6/30/2020

SafeGuardRx Program Savings

Program	2019 SafeGuardRx Financial Guarantees ¹	Drug Cost Avoidance ²	Medical Cost Avoidance ³	Therapy Management Cost Avoidance ⁴	Total Accrued Rebate Value	Total Value
Hepatitis Cure Value	\$13,955	\$65,733	\$0	\$0	\$0	\$79,688
Inflammatory Condition Care Value	\$74,000	\$801,114	\$0	\$572,305	\$3,826,012	\$5,273,431
Multiple Sclerosis Care Value Program	\$7,500	\$98,603	\$0	\$92,556	\$258,000	\$456,659
Oncology Care Value	\$34,799	\$31,618	N/A	\$441,724	\$223,063	\$731,203
Rare Conditions Care Value	\$132	\$297	N/A	N/A	\$118,250	\$118,679

Program	2019 SafeGuardRx Financial Guarantees ¹	Drug Cost Avoidance ²	Preferred Network Savings	Total Accrued Rebate Value	Total Value
Cholesterol Care Value	\$43,132	\$39,152	N/A	\$0	\$82,284
Diabetes Care Value	\$0	\$0	\$0	\$0	\$0
Market Events Protection Program	N/A	\$116,455	N/A	N/A	\$116,455
Migraine Care Value	\$4,084	\$52,986	N/A	\$0	\$57,070
Pulmonary Care Value	\$0	\$0	\$0	\$0	\$0
Grand Total Savings					\$6,915,470

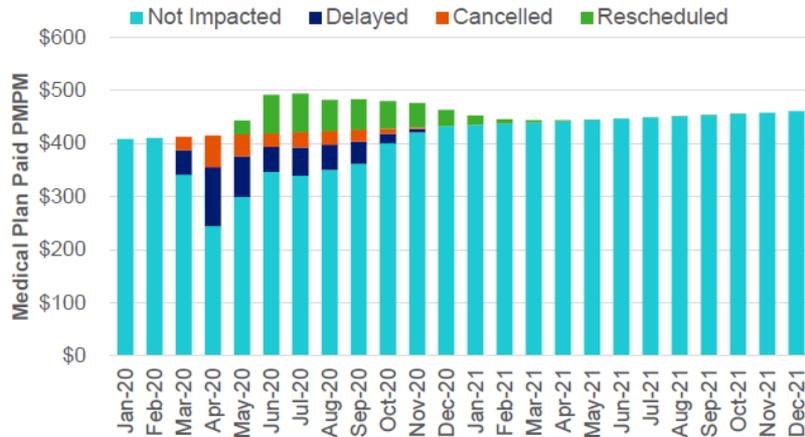
COVID-19

- In response to Governor Michelle Lujan Grisham’s March 11 declaration of a public health emergency, Superintendent of Insurance Russell Toal issued an emergency rule prohibiting health insurers from imposing cost sharing, including copays, coinsurance and deductibles, for testing and health care services related to COVID-19. The rule also covers pneumonia, influenza, or any disease or condition that is the subject of a public health emergency.
 - Emergency rule does not apply to self-insured governmental insurance pools.
 - NMPSIA and the Interagency Benefits Advisory Committee (NM Retiree Healthcare Authority, General Services, Albuquerque Public Schools) opted in to cover the cost of testing and treatment for COVID-19 at no cost-sharing to the member.

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

Coronavirus Disease 2019

Savings — Reduced Utilization of Non-Essential Care ¹

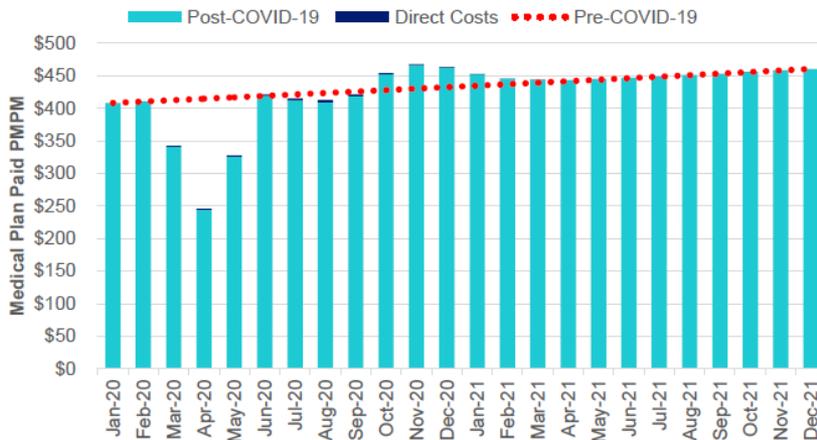


% of Medical Expenses Impacted in CY2020 ¹

	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th 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

Premium Rate Increases Employee Benefits Fund

Plan Year		Rate Increase
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 High Option/EPO	6.0%
	Medical Low Option	2.1%
2021-2022	Medical Blended	9.3% (Anticipated)

FY21 Premium Changes Effective 10/1/2020 and Impact on Monthly Employee Contributions

Rate Increase	
High/EPO Options	6.0% Increase
Low Options	2.1% 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	\$10.84	\$13.00	\$15.17	\$17.34
	Family	\$27.52	\$33.03	\$38.53	\$44.04
BCBSNM Low Option	Single	\$2.87	\$3.44	\$4.02	\$4.59
	Family	\$7.29	\$8.75	\$10.20	\$11.66
BCBSNM HMO Option	Single	\$9.75	\$11.70	\$13.65	\$15.60
	Family	\$24.77	\$29.73	\$34.68	\$39.64
Presbyterian High Option	Single	\$8.76	\$10.52	\$12.27	\$14.02
	Family	\$24.54	\$29.44	\$34.35	\$39.26
Presbyterian Low Option	Single	\$2.32	\$2.78	\$3.25	\$3.71
	Family	\$6.50	\$7.80	\$9.09	\$10.39

Subject to change after rounding of employee and district contribution rates.

Employee Benefits Fund Financials

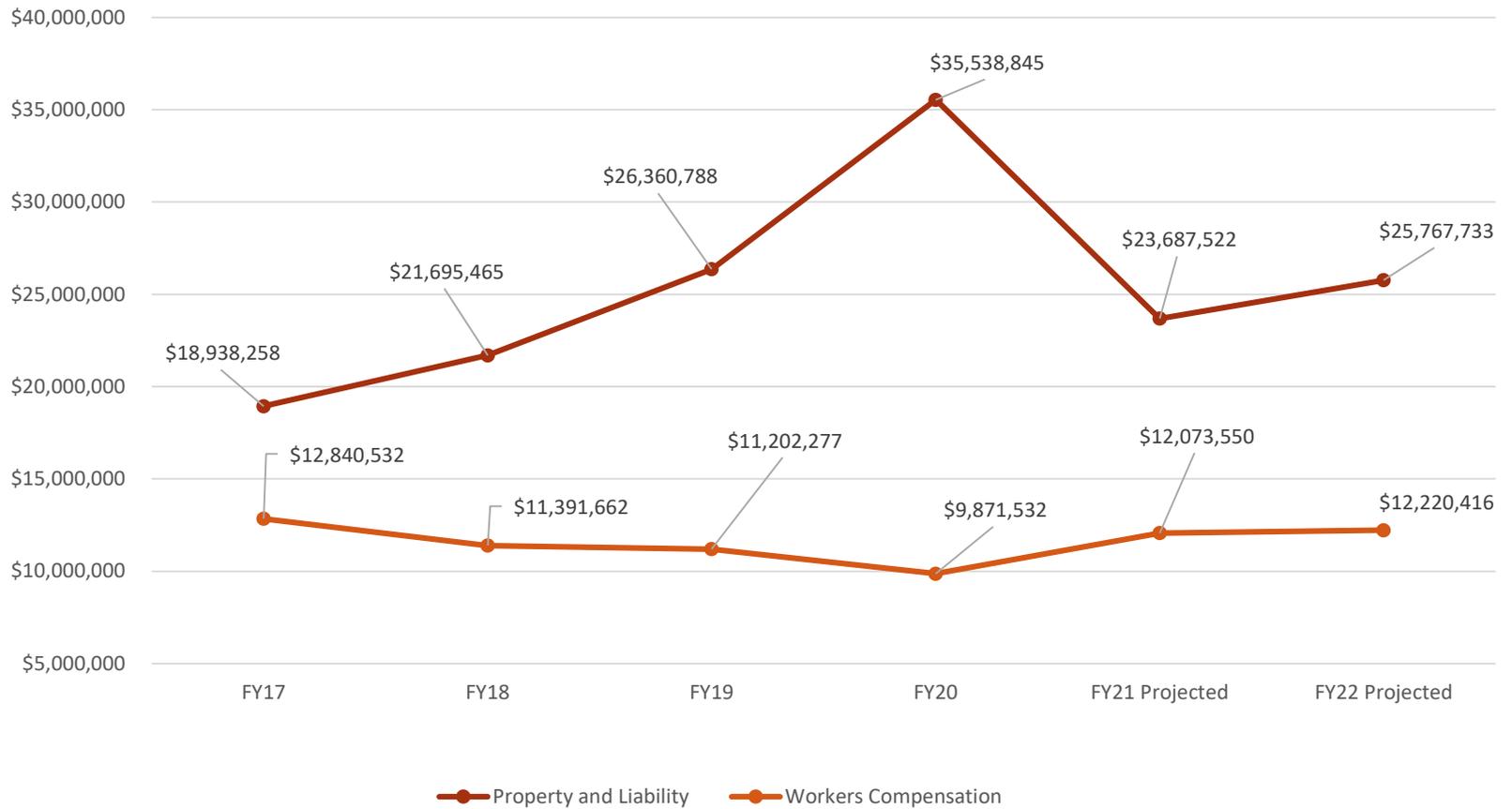
FY21 Beginning Fund Balance (Unaudited)	\$31,630,640
10/1/2020	6.0% High/EPO
Rate Increase	2.1% Low
FY21 Revenue	\$326,645,481
FY21 Expenses	\$347,375,867
FY21 Net Income/(Loss)	(\$20,730,386)
FY21 Fund Balance	\$10,900,254
10/1/2021 Rate Increase	9.3% (blended)
Plan Changes	None
FY22 Revenue	\$352,358,334
FY22 Expenses	\$363,952,533
FY22 Net Income/(Loss)	(\$11,594,199)
FY22 Fund Balance	(\$693,945)

Risk Program

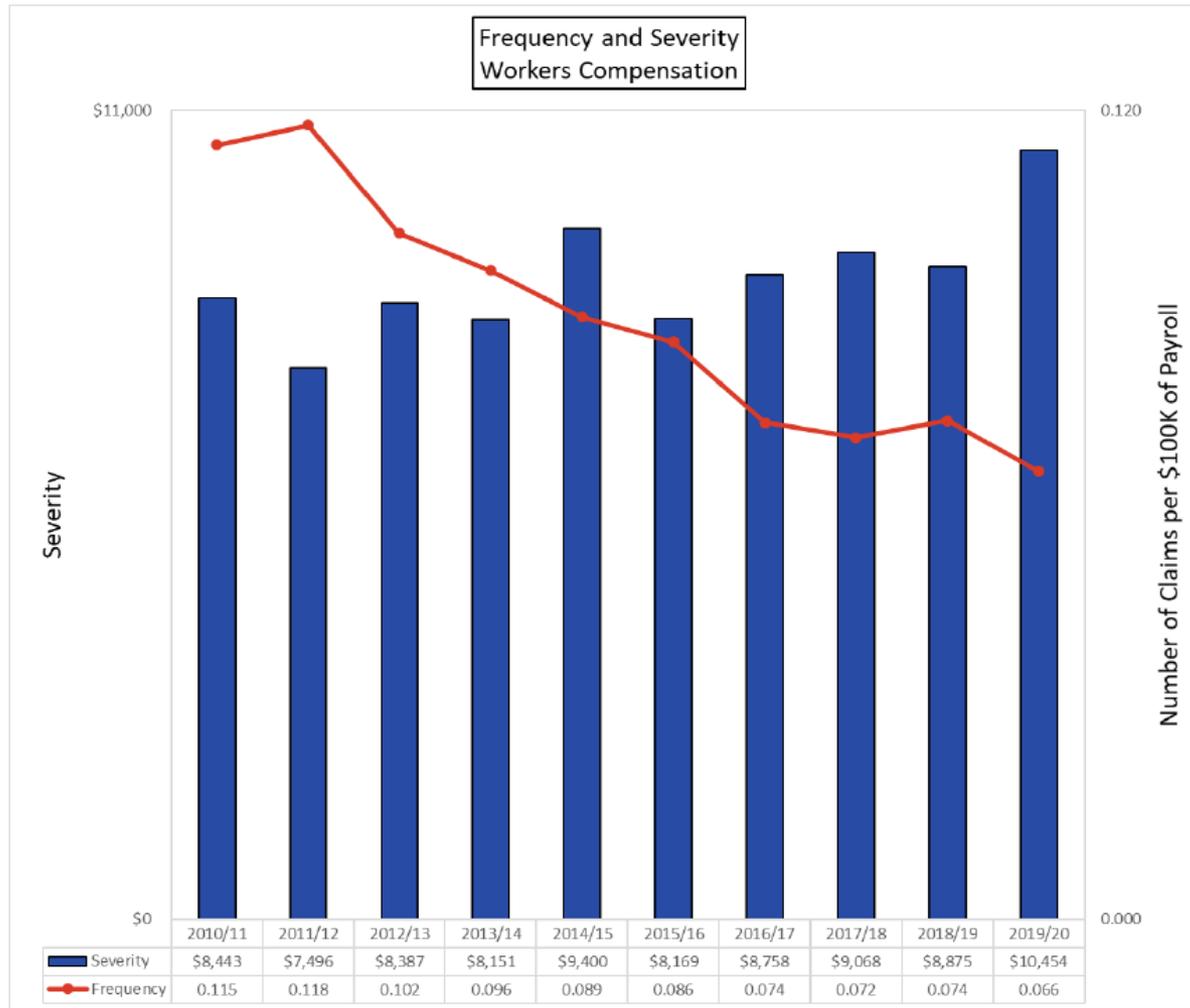
- **Property:**
- Property deductible is \$1,000,000; \$750 Million in Insured limits Per Occurrence subject to sub-limits such as Flood and Earthquake: \$100 Million Annual Aggregate; \$800 Million in Terrorism Limits
- Crime Limit is \$2,250,000 Per Occurrence
- Assets insured are approximately \$26 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:**
- Both Liability and Workers' Compensation deductible are \$1,000,000 Each Occurrence
- 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

Risk Claims Total \$ Spent

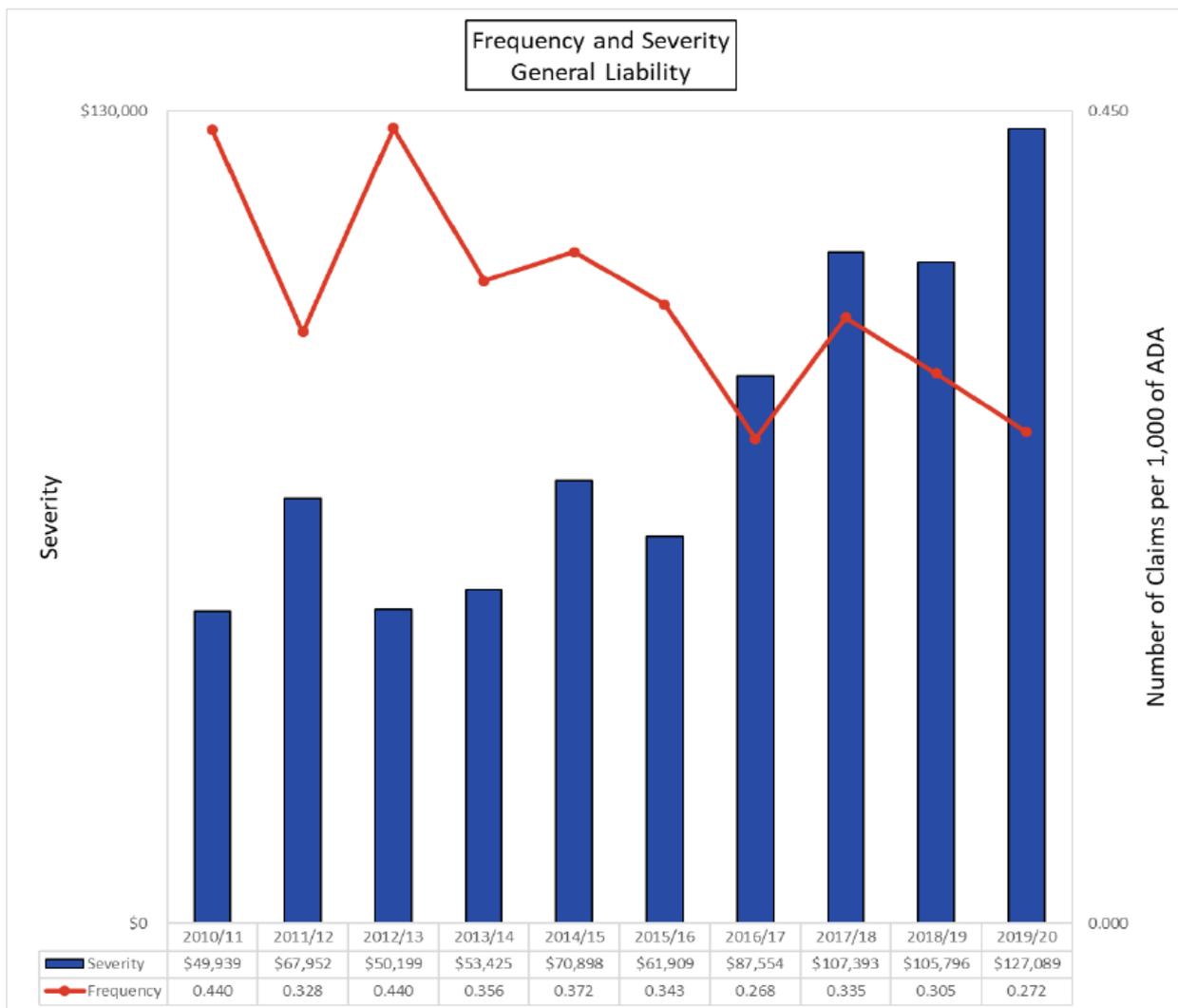


Frequency & Severity Trends – Workers' Compensation



- Over the past several years, claim frequency has been steadily decreasing, while claim severity has been steadily increasing.

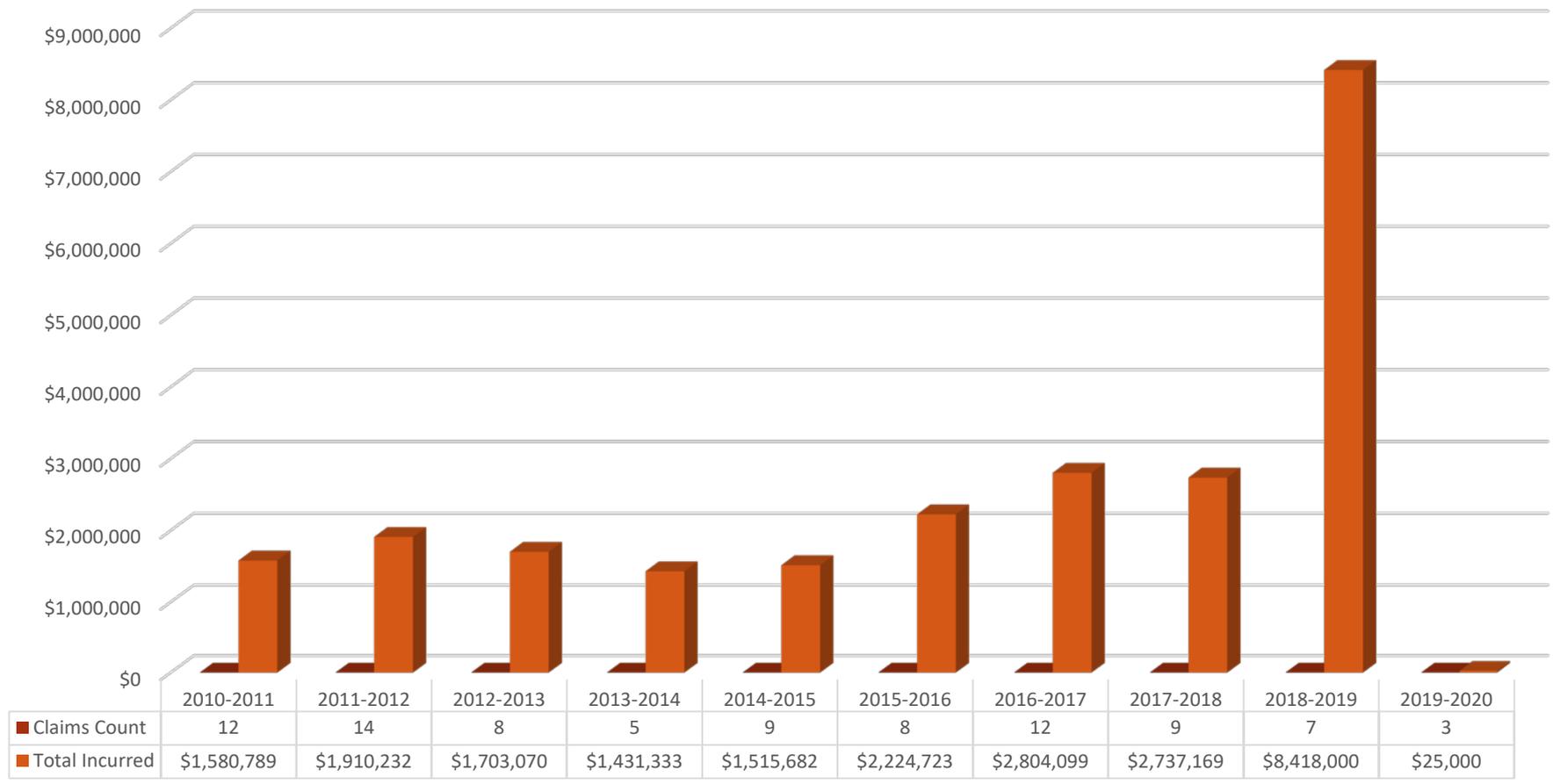
Frequency & Severity Trends – General Liability



- Over the past several years, claim frequency has been steadily decreasing, while claim severity has been steadily increasing.

Risk Fund Cost Drivers

Sexual Molestation/Inappropriate Touching Claims

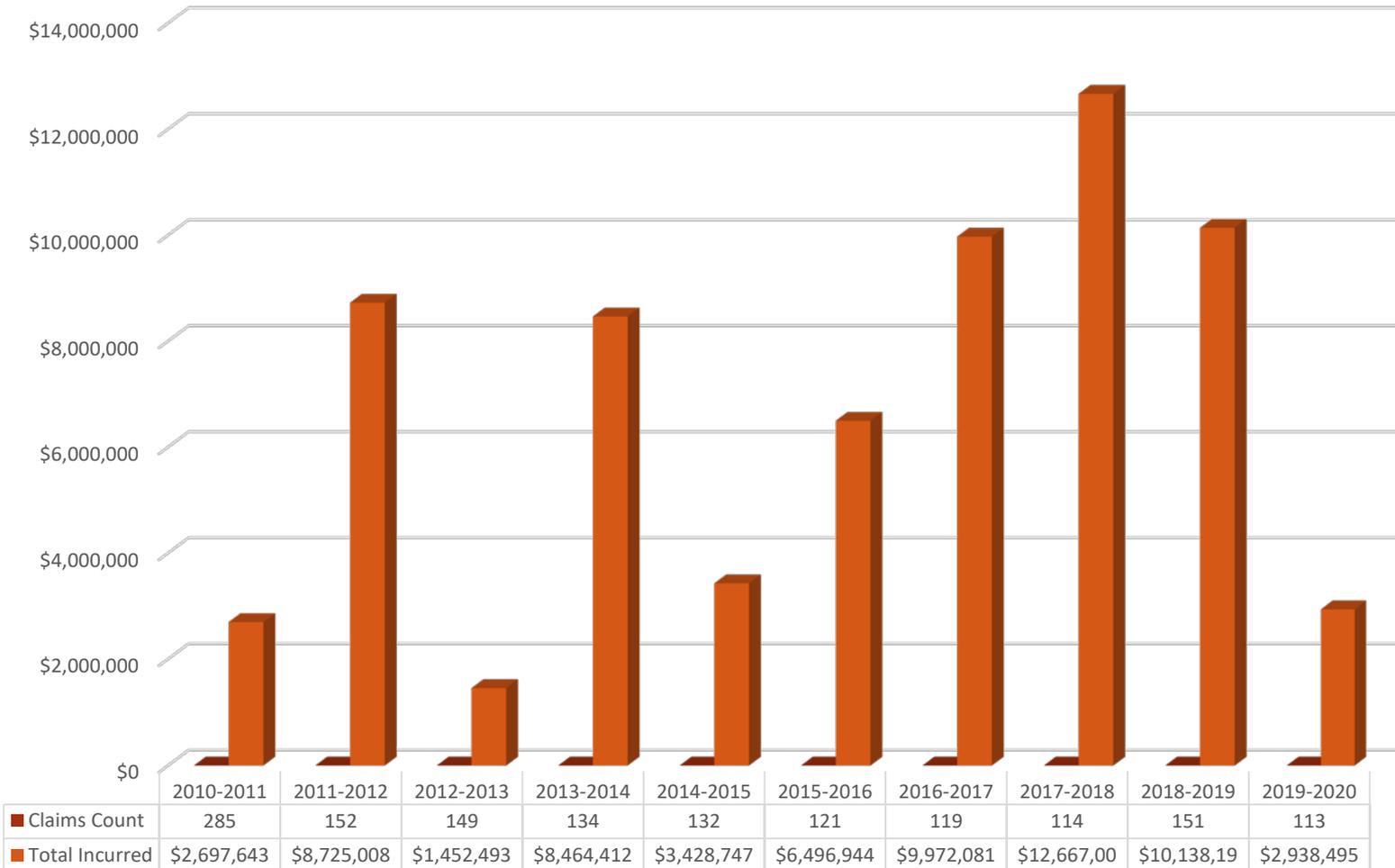


Note: Recent claims paid in the amount of \$22.3 million not included in the graph because they predate the “10 year history” report parameters.

Note: The incurred amount for the 2019-2020 policy year is immature.

Risk Fund Cost Drivers

Property Losses



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**

- **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.

- **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

- **Sandy Hook Promise**

Objective: To provide an anonymous reporting system (*Say Something*) to report inappropriate behavior, 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.

Premium Rate Increases Risk Fund

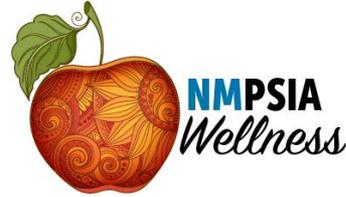
Plan Year	Rate Increase
2010-2011	No Increase
2011-2012	No Increase
2012-2013	-10.00%
2013-2014	25.49%
2014-2015	7.31%
2015-2016	11.28%
2016-2017	5.14%
2017-2018	0.02%
2018-2019	3.90%
2019-2020	2.53%
2020-2021	No Increase
2021-2022	8.82% (Anticipated)

Risk Fund Financials

FY21 Beginning Fund Balance (Unaudited)	\$7,122,371
10/1/2020 Rate Increase	0%
FY21 Revenue	\$83,169,230
FY21 Expenses	\$87,483,682
FY21 Net Income/(Loss)	(\$4,314,452)
FY21 Fund Balance	\$2,807,919
10/1/2021 Rate Increase	8.82%
Plan Changes	None
FY22 Revenue	\$90,507,446
FY22 Expenses	\$92,009,141
FY22 Net Income/(Loss)	(\$1,501,695)
FY22 Fund Balance	\$1,306,224



New Mexico
Public Schools
Insurance Authority



410 Old Taos Highway

Santa Fe, New Mexico 87501

Phone: 505.988.2736/1.800.548.3724

Fax: 505.983.8670

Website: nmpsia.com

Questions???

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