



New Mexico  
Public Schools  
Insurance Authority

Legislative Finance Committee  
Taos Ski Valley, NM  
August 25, 2021

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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

- 98 Mandatory

## •27 Educational Entities

- 27 (*Optional*)

## •Average Monthly Membership

- 58,860 Employees and Dependents
  - (26,191 Employees)



## •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
  - School Boards Association
    - Pauline Jaramillo, Secretary
  - Public Education Commission
    - K.T. Manis
  - NEA-NM
    - Bethany Jarrell
    - David Martinez, Jr.
  - AFT-NM
    - Tim Crone
  - Superintendents' Association
    - Daniel Benavidez
  - Educational Entities at Large
    - Trish Ruiz

# FY2023 Appropriation Request

Fund	FY22 Operating Budget	FY23 Appropriation Request	Percentage Difference FY22/FY23
Benefits	\$ 343,874,900	\$ 378,655,572	10.11%
Risk	\$ 83,080,400	\$ 96,307,672	15.92%
Program Support	\$ 1,419,900	\$ 1,456,533	2.58%
Agency Total	\$ 428,375,200	\$ 476,419,777	11.22%

- **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 FY23, the impact to Public School Support is \$17.4 million to fund the employer share of premium increases.**
  - **The increase consists of:**
    - **\$14.1 million for Employee Benefits Premiums (average 63% employer contribution)**
    - **\$3.3 million for Risk Premiums**
  - **APS will receive 1/3 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

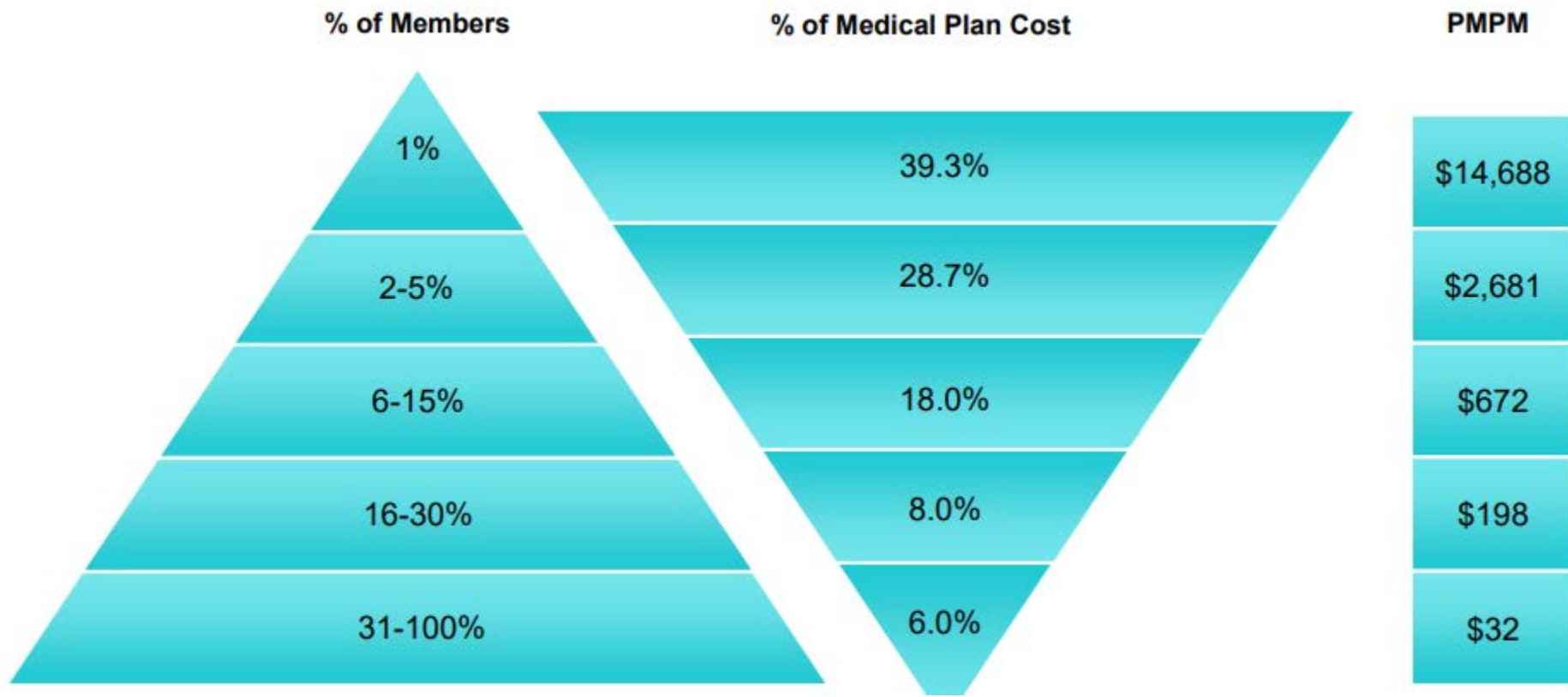
Current: Jan 2020 – Dec 2020

Prior: Jan 2019 – Dec 2019

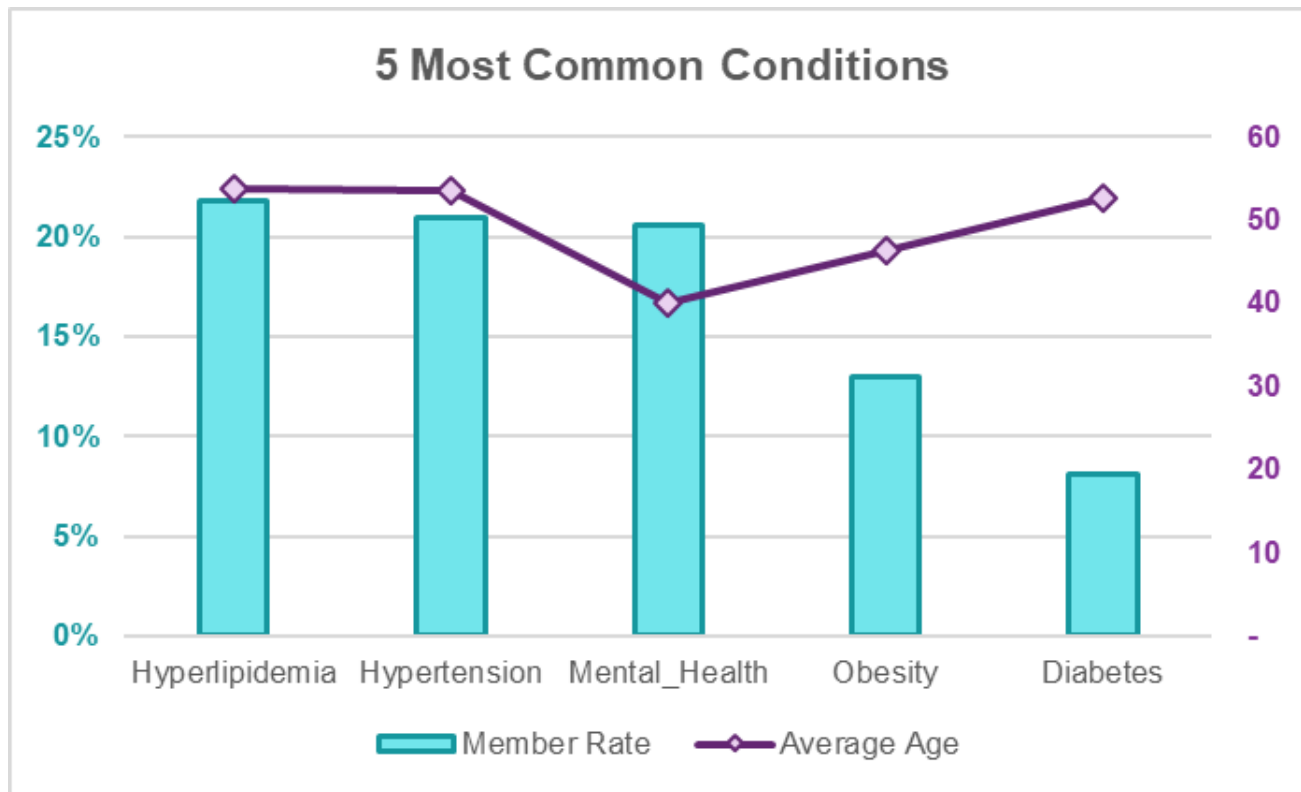
Place of Service	Current Period			Prior Period			% Change in PMPM
	Total Paid Amount	Total Paid PMPM	% of Total	Total Paid Amount	Total Paid PMPM	% of Total	
Outpatient Hospital <sup>1</sup>	\$81,480,776	\$143.78	26.1%	\$87,966,800	\$153.77	26.9%	-6.5%
Inpatient Hospital	\$65,705,260	\$115.94	21.0%	\$71,273,351	\$124.59	21.8%	-6.9%
Professional	\$44,303,425	\$78.18	14.2%	\$45,772,002	\$80.01	14.0%	-2.3%
Emergency Room	\$24,332,294	\$42.94	7.8%	\$28,521,244	\$49.86	8.7%	-13.9%
Urgent Care	\$962,873	\$1.70	0.3%	\$977,346	\$1.71	0.3%	-0.5%
Drugs (Medical Benefit)	\$20,861,479	\$36.81	6.7%	\$22,967,682	\$40.15	7.0%	-8.3%
All Others <sup>2</sup>	\$6,282,452	\$11.09	2.0%	\$6,015,121	\$10.51	1.8%	5.4%
<b>Total Medical</b>	<b>\$243,928,559</b>	<b>\$430.43</b>	<b>78.1%</b>	<b>\$263,493,547</b>	<b>\$460.60</b>	<b>80.7%</b>	<b>-6.5%</b>
<b>Total Rx<sup>3</sup></b>	<b>\$68,550,634</b>	<b>\$120.96</b>	<b>21.9%</b>	<b>\$62,945,227</b>	<b>\$110.03</b>	<b>19.3%</b>	<b>9.9%</b>
<b>Total Paid</b>	<b>\$312,479,193</b>	<b>\$551.39</b>	<b>100.0%</b>	<b>\$326,438,774</b>	<b>\$570.63</b>	<b>100.0%</b>	<b>-3.4%</b>
<b>Member Paid</b>	<b>\$41,959,801</b>	<b>\$74.04</b>	<b>13.4%</b>	<b>\$47,566,411</b>	<b>\$83.15</b>	<b>14.6%</b>	<b>-11.0%</b>
<b>Plan Paid</b>	<b>\$270,519,392</b>	<b>\$477.35</b>	<b>86.6%</b>	<b>\$278,872,363</b>	<b>\$487.48</b>	<b>85.4%</b>	<b>-2.1%</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.
- Total Medical Per Member Per Month (PMPM) decreased 6.5% when comparing calendar year 2019 to 2020 incurred claims.
- Emergency Room claims had the highest decrease at 13.9%, likely driven by COVID-19 reduction in overall utilization.
- Outpatient Hospital claims represent about more than 25% of the total medical allowed and saw a decrease of 6.5% from the prior period.
- Inpatient Hospital claims saw a significant decrease of 6.9% on a PMPM basis. This is driven by a decrease in Inpatient Admissions.
- Increases for ambulance costs drove the trend for All Others.
- Rx costs continue a steady increase; nearly 10% on a PMPM basis and is driven by costs of drugs utilized.

# Distribution of Plan Paid Claims



# Common Conditions





# Cost Saving Measures



- Disease management, care management and behavioral health programs available through all medical carriers at no additional cost to the member.
- Statewide mental wellness initiative through Blue Cross Blue Shield and EVERFI.
  - Access to all New Mexico schools for implementation in middle or high school. Enrollment in a NMPSIA medical plan is not required.
  - Unlimited access to all New Mexico educators & administrators - beginning July 2021
- 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.
- SafeGuardRX and Clinical savings programs through Express Scripts.
  - Prior authorization, drug quantity management, step therapy, etc. saving over \$12 million annually.

# 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.

## Direct Costs *Due to Testing, Treating, and Vaccination for COVID-19*

	Paid through 3/31/2021	Estimated Remaining	Total
	Total Plan Paid	Total Plan Paid	Total Plan Paid
Testing	\$3,700,000	\$1,604,000	\$5,304,000
Direct Treatment all DXs	\$9,962,000	\$4,257,000	\$14,219,000
Vaccine Administration <sup>1</sup>	\$413,000	\$858,000	\$1,271,000
Suspected Exposure Costs	\$3,133,000	\$552,000	\$3,685,000
<b>Total</b>	<b>\$17,208,000</b>	<b>\$7,271,000</b>	<b>\$24,479,000</b>

# Premium Rate Increases Employee Benefits Fund

Plan Year	Rate Increase
2014-2015	Medical 1.5%
2015-2016	Medical 4.0%
2016-2017	Medical High Option 8.30% Medical Low Option 7.15%
2017-2018	Medical High Option/HMO 3.98% Medical Low Option 1.82%
2018-2019	Medical High Option/EPO 4.0% Medical Low Option -0.7%
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 High Option/EPO 6.0% Medical Low Option 3.6%
2022-2023	Medical Blended 9.4% (Anticipated)

# FY22 Premium Changes and Impact on Monthly Employee Contributions

- > **6.0% increase** in monthly payroll deduction for High and EPO Options
- > **3.6% increase** in monthly payroll deduction for Low Option
- > Effective **October 1, 2021** (deductions taken in September)

		Salary less than \$15,000	Salary \$15,000 to \$19,999	Salary \$20,000 to \$24,999	Salary \$25,000 and over
<b>BCBSNM High Option</b>	<b>Single</b>	\$11.49	\$13.78	\$16.08	\$18.38
	<b>Family</b>	\$29.18	\$35.01	\$40.85	\$46.68
<b>BCBSNM Low Option</b>	<b>Single</b>	\$5.09	\$6.11	\$7.13	\$8.14
	<b>Family</b>	\$12.93	\$15.52	\$18.10	\$20.69
<b>BCBSNM EPO Option</b>	<b>Single</b>	\$10.34	\$12.40	\$14.47	\$16.54
	<b>Family</b>	\$26.26	\$31.51	\$36.76	\$42.01
<b>Cigna High Option</b>	<b>Single</b>	\$10.97	\$13.16	\$15.35	\$17.55
	<b>Family</b>	\$28.38	\$34.05	\$39.73	\$45.40
<b>Cigna Low Option</b>	<b>Single</b>	\$4.88	\$5.86	\$6.84	\$7.81
	<b>Family</b>	\$12.63	\$15.16	\$17.69	\$20.21
<b>Presbyterian High Option</b>	<b>Single</b>	\$9.29	\$11.15	\$13.00	\$14.86
	<b>Family</b>	\$26.01	\$31.21	\$36.41	\$41.61
<b>Presbyterian Low Option</b>	<b>Single</b>	\$4.12	\$4.94	\$5.76	\$6.59
	<b>Family</b>	\$11.53	\$13.83	\$16.14	\$18.44

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

# Plan Design Changes Effective 1/1/22

## Benefit Reductions

- Moderate increase to the Low Option Medical OOPM (relative to High Option)
- Increase Ambulance copay to the level of Specialist (\$50 on High where this is current just \$30)

## Benefit Enhancements

- Reduce the Rx OOPM for all plans by \$100 (from \$3,100 currently to \$3,000)
- Reduce the PCP Copay by \$5 on High and Low Options (to \$25 and \$30 respectively)
- Change the ER cost-sharing to a flat copay at a moderate level – Waive the deductible on the High, but make ER subject to deductible on Low Option – Goal is to create a clear difference to other sites of care without being overly punitive
- Change IP and OP Surgery to coinsurance only

# Risk Program

## **Property:**

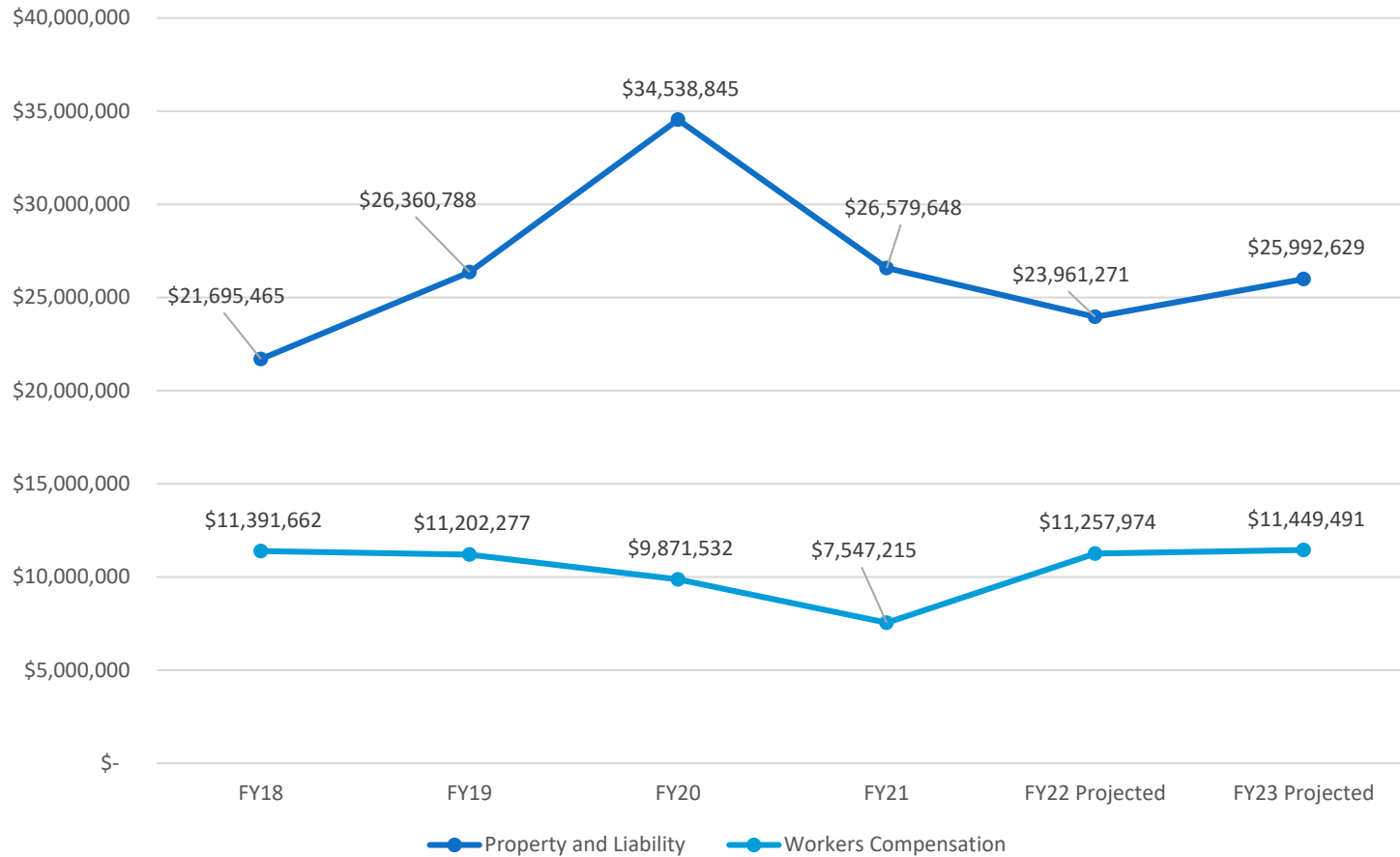
- Property deductible is \$1.0 million. \$2.5 million for wind and hail; \$750 Million in Insured limits Per Occurrence subject to sub-limits such as Flood and Earthquake: \$100 Million Annual Aggregate; \$800 Million in Terrorism Limits
- Crime Limit is \$2,250,000 Per Occurrence
- Assets insured are 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:**

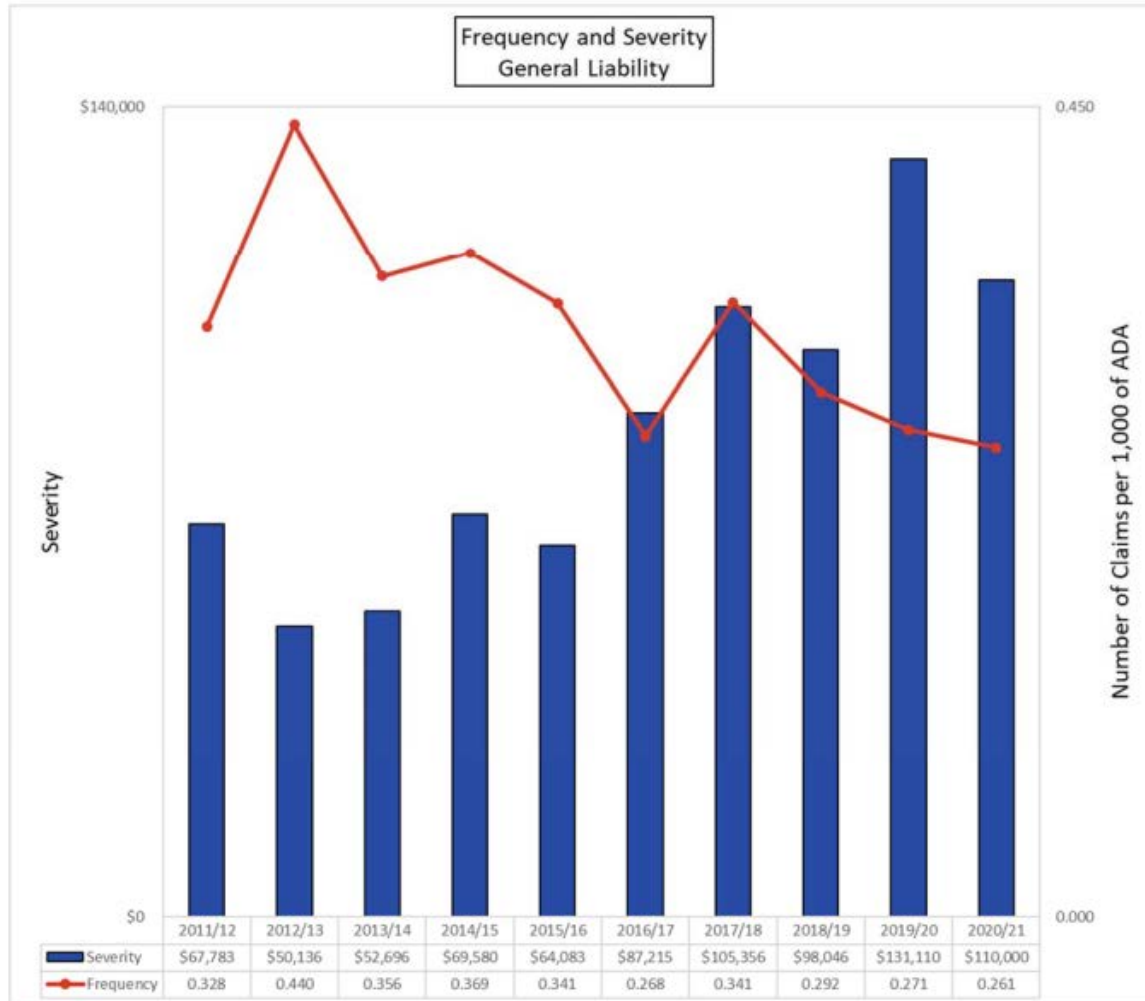
- Liability deductible is \$1.0 million each occurrence. \$2.0 million for sexual molestation and abuse claims.
- Workers' Compensation deductible is \$2.5 million.
- There are no Tort Claims Act Limit protections for Independent School Bus Contractors and suits that are filed in federal court
- 44,000 employees
- \$2.0 Billion in payroll
- 325,000 students
- 44,000 school athletic participants
- 9,000 volunteers
- 9,300 vehicles including buses

# Risk Claims

Risk Claims Total \$ Spent



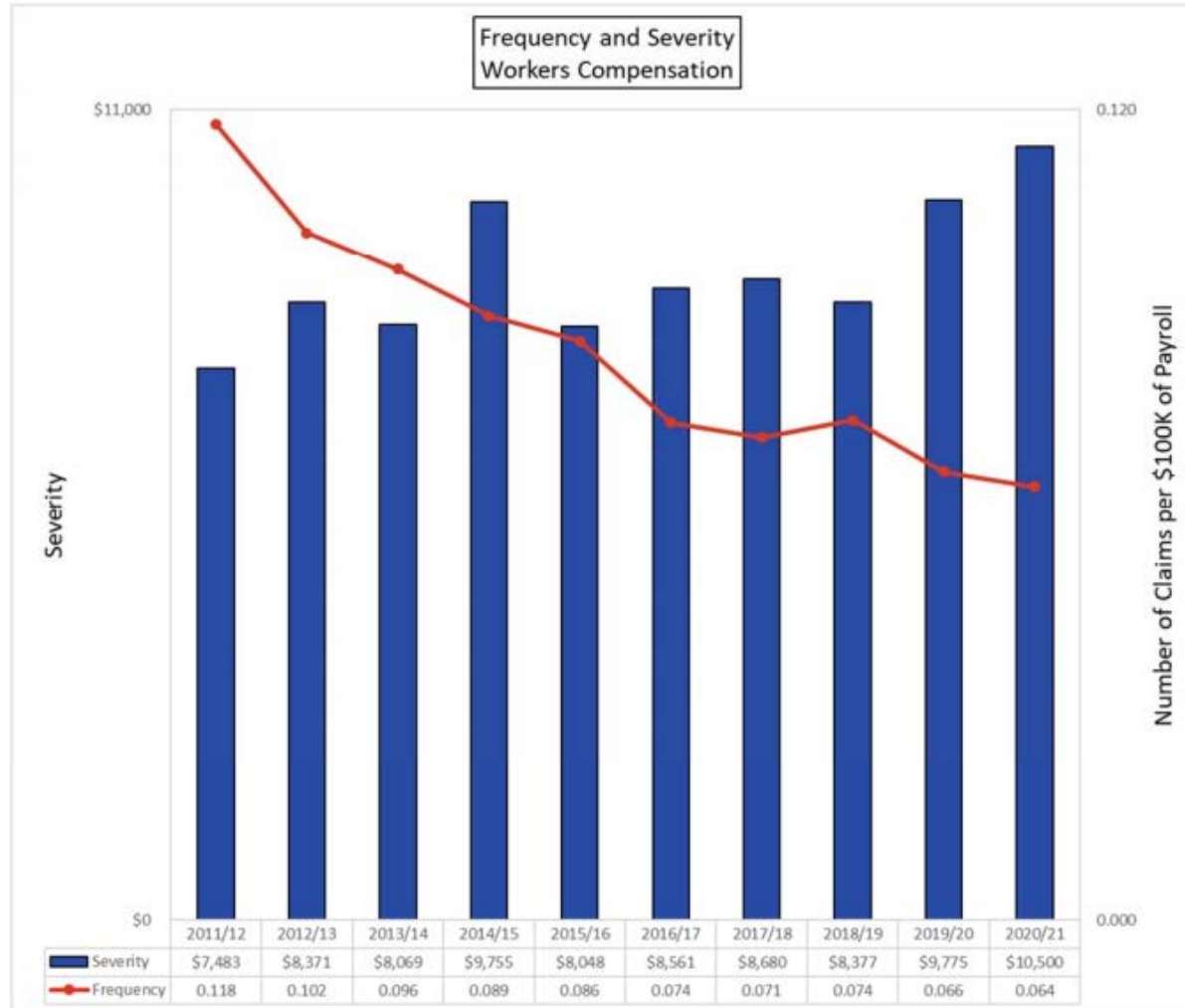
# Frequency & Severity Trends



Over the past several years, claim frequency and severity have exhibited volatility, although decreasing frequency and increasing severity trends are apparent in the more recent policy periods.



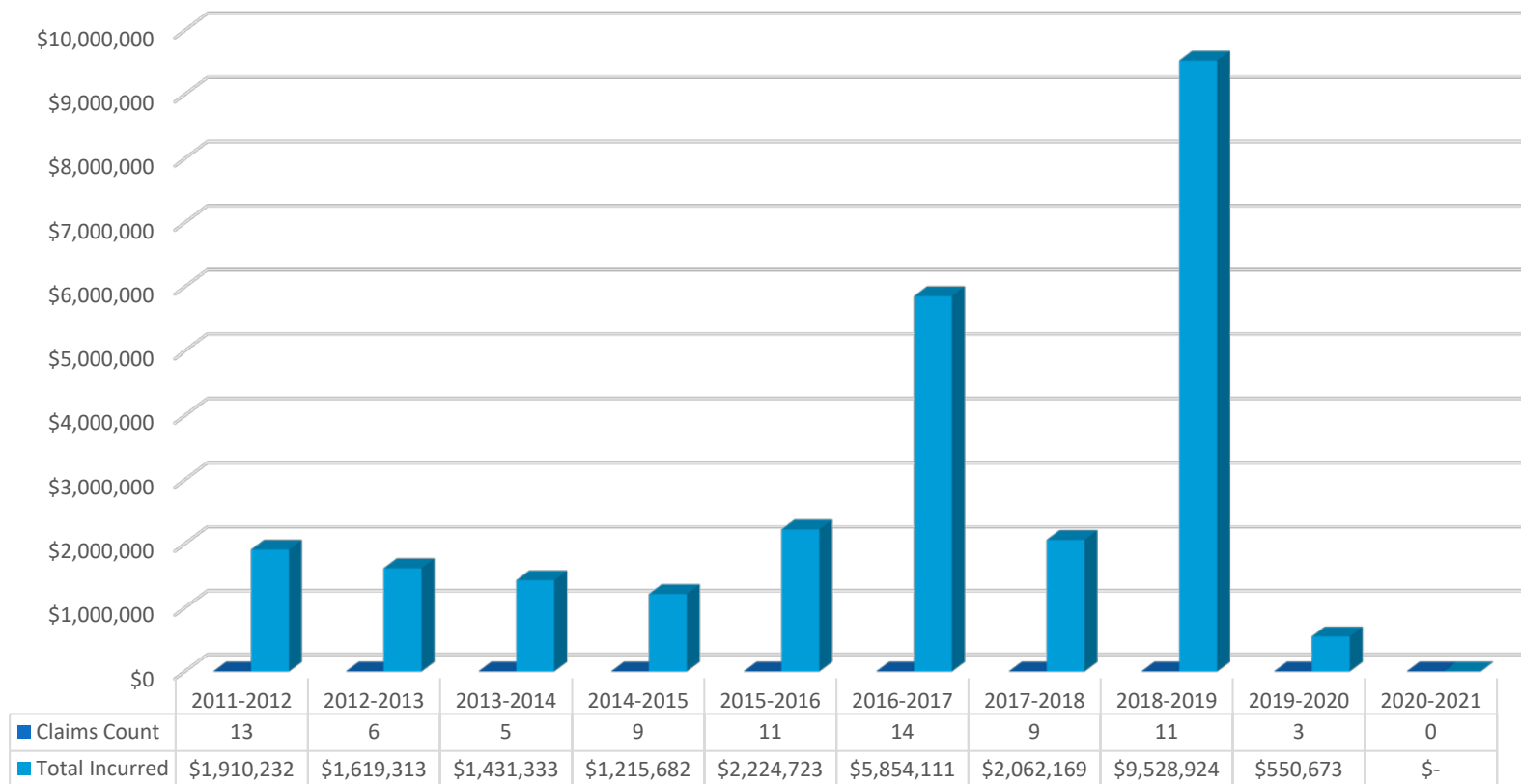
# Frequency & Severity Trends



Over the past several years, claim frequency has been steadily decreasing while claim severity had leveled off in the past several years until an increase in the most recent policy periods.

# Risk Fund Cost Drivers

## Sexual Molestation/Inappropriate Touching Claims

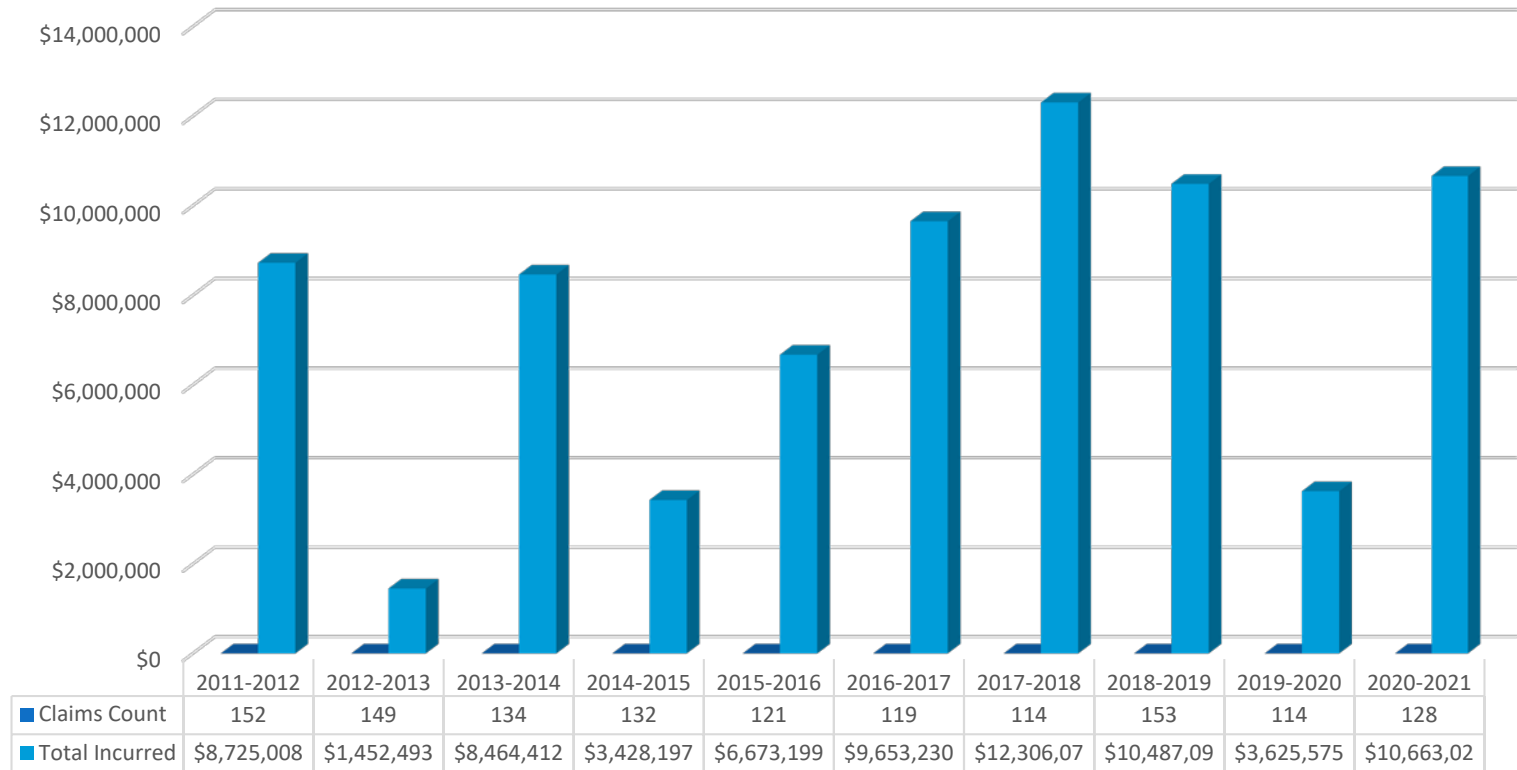


Note: The incurred amount for the 2020-2021 policy year is immature.

# Risk Fund Cost Drivers

## Property Losses

Property Claims & Expense



# 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

- **Anonymous Reporting System**

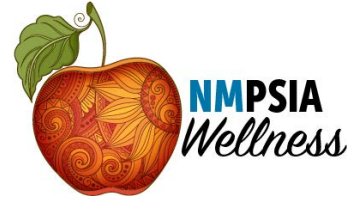
Objective: To provide an anonymous reporting system to report inappropriate behavior, to prevent gun violence (and other forms of violence and victimization) BEFORE it happens by educating and mobilizing youth and adults to identify, intervene and get help for at-risk behaviors.

# Premium Rate Increases Risk Fund

Plan Year	Rate Increase
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	4.57%
2022-2023	4.57% (Anticipated)



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Public Schools  
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# Questions???

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