

Legislative Finance Committee Meeting

September 30, 2020

Albuquerque Public Schools

Risk Management and Benefits

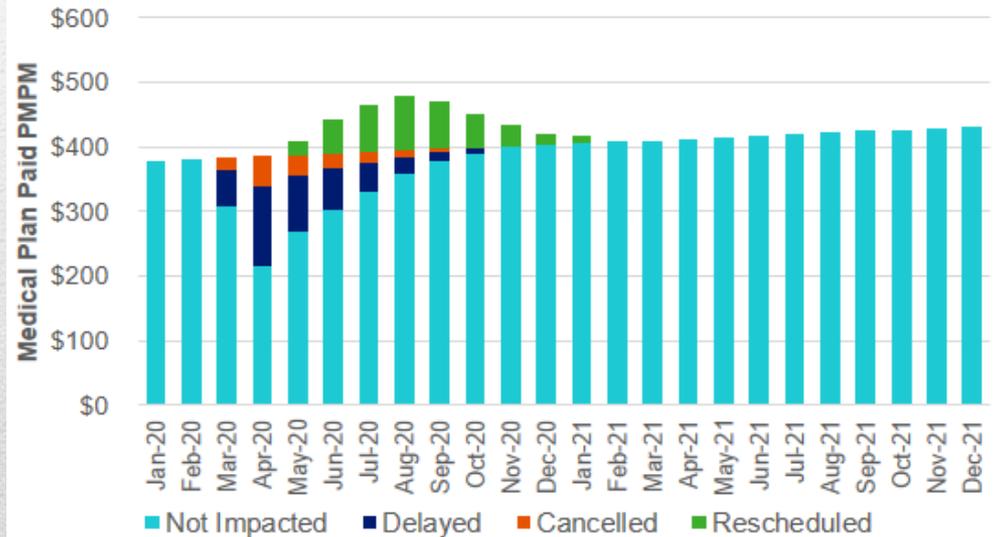


• **BENEFITS: The Challenges** –

What we know, and what we know we don't know

- Impact of COVID-19 pandemic
 - Direct costs for testing and treatment
 - Delayed and cancelled care
 - Potential for increased severity or complications due to delayed care
- 2020 Special Legislative Session outcomes
 - HB 1: ‘A school district or charter school shall not pay an increase of more than six percent for group health insurance premium increases that take effect in fiscal year 2021.’
- IBAC ‘Big Bid’ RFP Results
 - Adding Cigna as a fourth medical carrier

Projected Savings from Reduced Utilization of Non-Essential Care Due to COVID-19 Pandemic*



*Illustrated is the share of non-impacted, delayed, cancelled, and rescheduled non-essential Services based on aggregated data from SHAPE, Segal's data warehouse. Direct costs to Test and treat COVID-19 are not included.

- **The Challenges** *(continued)*

COVID-19 estimated impact, direct costs FY2021

(Actives and Non-Medicare Members)

Estimated Plan Impact Summary
Direct Costs

	Member Impact		PMPM	Plan Impact Annual	% of Total ¹
	Count	% of Total			
Members Tested	5,403	34.9%	\$1.89	\$351,000	0.5%
Members Who Test Positive:					
Members Who Self-Quarantine	348	2.2%	\$0.38	\$70,000	0.1%
Members Admitted to Hospital	23	0.1%	\$3.01	\$560,000	0.8%
Members Admitted to ICU	9	0.1%	\$3.57	\$663,000	1.0%
Total - Treatment Only	380	2.5%	\$6.96	\$1,293,000	1.9%
Total - Testing & Treatment	5,403	34.9%	\$8.85	\$1,644,000	2.4%

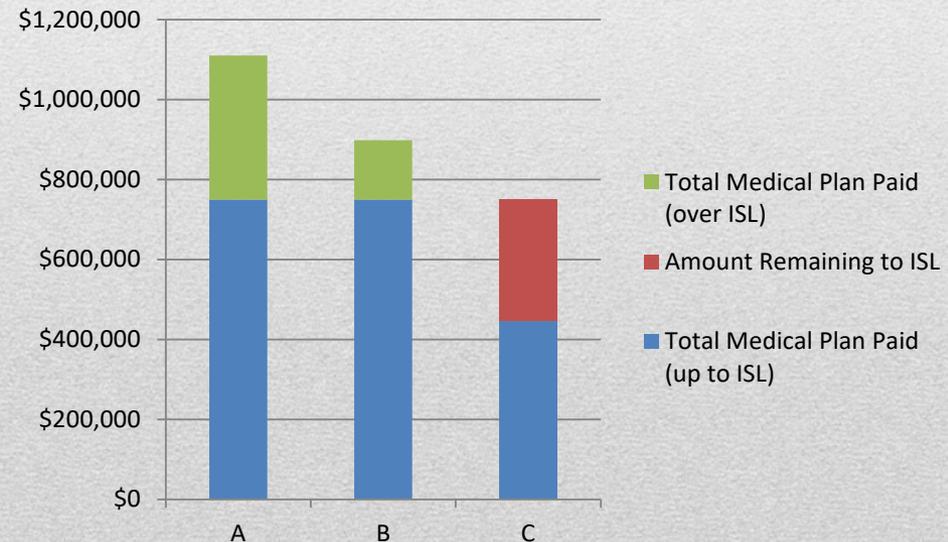
Note: The projections for this exhibit are based on an assumed 15,466 active employees & covered dependents and 27 non-Medicare retirees & covered dependents.

¹ *Based on % of projected Plan paid medical expenses incurred during calendar year 2020.*

Recent Historical Experience

- 2019 Medical claims trend at 7.7%
 - Outpaced both projected national trend from Segal study (7.1%) and trend factor from prior budget projection (6.3%)
 - Driven by increases in Inpatient Facility, Emergency Room, and Medical Pharmacy claims
- 2019 Prescription drug claims trend at 12.7%
 - Higher than both projected Segal trend (7.5%) and prior budget projection trend factor (9.0%)
- More recently, new high cost claimants have emerged
 - Data through May 2020 indicates 3 large claimants with \$2.5 M in total plan paid (est. \$200k reimbursable through stop loss)
 - Same report during all of 2019 showed 4 large claimants with \$2.0 M total plan paid

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	18,902,999	\$101.45	21.2%	19,275,594	\$102.61	23.3%	-1.1%
Inpatient Hospital	20,951,886	\$112.45	23.5%	17,319,008	\$92.19	20.9%	22.0%
Professional	16,556,720	\$88.86	18.6%	17,349,880	\$92.36	21.0%	-3.8%
Emergency Room	4,584,685	\$24.61	5.1%	3,753,763	\$19.98	4.5%	23.1%
Urgent Care	864,146	\$4.64	1.0%	707,473	\$3.77	0.9%	23.1%
Drugs (Medical Benefit)	4,789,310	\$25.70	5.4%	3,975,526	\$21.16	4.8%	21.5%
All Others ²	2,207,907	11.85	2.5%	2,078,227	\$11.06	2.5%	7.1%
Total Medical	68,857,653	\$369.55	77.2%	64,459,471	\$343.13	78.0%	7.7%
Total Rx³	20,372,368	\$109.34	22.8%	18,225,013	\$97.02	22.0%	12.7%
Total Paid	89,230,022	\$478.89	100.0%	82,684,483	\$440.15	100.0%	8.8%
Member Paid	9,309,538	\$49.96	10.4%	8,532,695	\$45.42	10.3%	10.0%
Plan Paid	79,920,483	\$428.93	89.6%	74,151,789	\$394.73	89.7%	8.7%

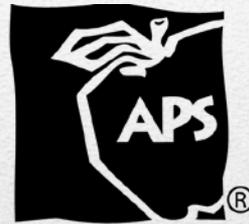


• 2021 premium and plan design changes consider reserve requirements AND legislative action

- From IBAC RFP, Cigna added as 4th medical provider
- Medical, dental and vision premiums 6.0% increase
- Simplified medical plan designs:
 - From 3-tier design to single-tier:
 - EPO (exclusive provider) – Presbyterian & TrueHealthNM
 - PPO (preferred provider) with out-of-network access – BCBSNM & Cigna
- Medical plan design changes includes adjustments for 4.8% lower medical claims
- Medical premium differential:
 - Premiums for less rich PPO benefit appropriately lower vs. more generous EPO
 - Premiums reflect relative value of discounts between BCBSNM and Cigna networks

• Health Plans Premium – *Considerations and Impact*

- **Impact on district** – 6% premium increase over 2020 premium contribution amount
- **Impact on reserves** – \$1.3 M drawdown during CY2021
- **Impact on employees** – average 6% premium increase (medical, dental, vision), dependent on medical plan selection
 - BCBSNM PPO: 2.8% higher than current blended premium
 - Cigna PPO: 5.8% higher than current blended premium
 - Pres, THNM EPOs: 7.9% higher than current blended premium
- **Impact on take-home pay** – for employees receiving 1% salary increase
 - All employees with single coverage would experience a **net increase to take-home pay**, regardless of 2021 plan election
 - All employee electing the BCBSNM PPO for 2021 would experience a **net increase to take-home pay**, regardless of coverage tier



APS Risk Insurance: Fiscal Year 2019-2020
Legislative Finance Committee
September 30, 2020

APS Risk Management

The Risk Management claim department handles claims made by entities and individuals against the school district. The Albuquerque Public Schools is self-insured for all workers compensation, property and casualty exposures. Albuquerque Public School district has insurance for large claims in excess of the self-insured limit. Albuquerque Public Schools serves 75,909 students.

The district employs 12,182 permanent employees as of June 30, 2020 of which 6,652 are certified educators (teachers/counselors/librarians/nurses) and 1,848 classroom educational assistants.

Geographic Area: the APS district covers a 1,230-square mile area that encompasses all of the Albuquerque Metropolitan area in Bernalillo County and a small portion of Sandoval County, New Mexico.

APS has 92 elementary 30 middle schools - 21 high schools and 12 schools of choice- 74% of the District's schools are Title I high poverty schools

Total insured property value of \$2,910,111,000

Excess general liability insurance to \$20M

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
W.C. Budget	\$11,401,327.00	\$10,474,953.00	\$7,598,839.00	\$10,718,598.00	\$17,351,497.00	\$15,959,715.00
P.C. Budget	\$14,162,342.00	\$15,571,064.00	\$13,530,022.00	\$12,534,231.00	\$10,288,747.00	\$8,159,459.00
Total Budget	\$25,563,669.00	\$26,046,017.00	\$21,128,561.00	\$23,252,829.00	\$27,640,244.00	\$24,119,174.00
W.C. Payments	\$5,246,160.00	\$6,215,929.00	\$5,178,251.00	\$4,424,672.22	\$4,693,921.00	\$4,887,460.00
P.C. Payments	\$3,504,831.00	\$5,044,715.00	\$4,669,284.00	\$3,173,087.00	\$4,757,516.00	\$3,373,688.00
Total Payments	\$8,750,991.00	\$11,260,644.00	\$9,847,535.00	\$7,597,759.22	\$9,451,437.00	\$8,261,148.00

Appropriations FY15 – FY20

ALBUQUERQUE PUBLIC SCHOOLS HISTORICAL RETENTION & DEDUCTIBLE HISTORY

COVERAGE						
POLICY TERM	* PROPERTY	EXCESS LIABILITY	SCHOOL BOARD LEGAL LIABILITY	EXCESS WORKER'S COMPENSATION	* BOILER & MACHINERY	CRIME
2019-2020	\$250,000	\$350,000	\$350,000	\$650,000	\$5,000	\$350,000
2018-2019	\$250,000	\$350,000	\$350,000	\$650,000	\$5,000	\$350,000
2017-2018	\$250,000	\$350,000	\$350,000	\$650,000	\$5,000	\$350,000
2016-2018	\$250,000	\$350,000	\$350,000	\$650,000	\$5,000	\$350,000
2015-2016	\$250,000	\$350,000	\$350,000	\$550,000	\$5,000	\$350,000
2014-2015	\$250,000	\$350,000	\$350,000	\$550,000	\$5,000	\$350,000
2013-2014	\$250,000	\$350,000	\$350,000	\$550,000	\$5,000	\$350,000
2012-2013	\$250,000	\$350,000	\$350,000	\$500,000	\$5,000	\$350,000
2011-2012	\$250,000	\$350,000	\$350,000	\$500,000	\$5,000	\$350,000
2010-2011	\$250,000	\$350,000	\$350,000	\$500,000	\$5,000	\$250,000
2009-2010	\$250,000	\$350,000	\$350,000	\$500,000	\$5,000	\$250,000
2008-2009	\$500,000	\$350,000	\$350,000	\$500,000	\$5,000	\$250,000



Questions?