

ALBUQUERQUE PUBLIC SCHOOLS

Inter-Agency Benefits Advisory Committee (IBAC)

Presented to the Legislative Finance Committee
Representative Luciano “Lucky” Varela, Chair
Senator John Arthur Smith, Vice Chair

July 11, 2014

APS DEMOGRAPHICS

Albuquerque Public Schools (APS) is the 32nd largest school district in the nation and the largest school district in the state of New Mexico. APS provides educational services (K-12) to approximately 90,000 students in 89 elementary schools, 27 middle schools, 13 high schools, and 11 alternative schools. APS is Albuquerque's second largest employer, providing jobs for nearly 15,000 employees, including hourly employees and substitute teachers.

The district is governed by a seven-member elected school board that sets policy and approves the annual budget. The board also hires the APS Superintendent, who oversees the operations of the district. There are six separate unions within APS that represent teachers, educational assistants, secretarial/clerical workers, maintenance and operations workers, food service personnel, and school police.

With approximately 11,000 benefit-eligible employees, APS currently covers approximately 17,127 members under its two medical plans, 18,807 members under its two dental plans, and 16,348 members under its vision plan. The APS plan year runs from January through December. Full-time employees who work 30 or more hours per week are eligible for benefits.

APS BENEFIT PROGRAMS

APS offers the following benefit programs:

- Pre-tax insurance premium plan (PIPP)
- Flexible Spending Accounts (FSAs) - Health Care FSA (with optional, employee-elected debit card) and Dependent Care FSA
- Self-funded medical plan with two carriers – Blue Cross Blue Shield NM and Presbyterian Health Plan
- Self-funded prescription drug plan managed by a Pharmacy Benefit Manager (PBM) – Express Scripts
- Employee Wellness Incentive Program – Biometric Health Screenings, Tobacco Cessation Program and Health Coaching
- Self-funded dental plan, two plan options – Basic & Comprehensive – Delta Dental Plan NM
- Self-funded vision plan – Davis Vision Plan
- Fully-insured Long Term Disability plan – Standard Insurance Company
- Fully-insured Basic Life, Voluntary Additional Life, Voluntary Dependent Life – Standard
- Voluntary Long-Term Care Insurance Plan
- Employee Assistance Plan (administered by the district)
- Voluntary 403(b) and 457 retirement savings plans

SELF-FUNDED MEDICAL/RX, DENTAL & VISION PLANS INSURANCE RESERVE FUND BALANCE

Benefit Pan	Insurance Reserve Fund Balance
Medical/Prescription Drug	\$13,325,252.69
Dental	\$ 2,878,479.28
Vision	\$ 634,636.44

*Figures represent closing balances as of May 31, 2014

**Statutorily Required “Incurred but Not Reported” Fund Balance Level

≈

\$8.0 million

Board of Education and superintendent Required Fund Balance ≈

\$12.0 million

PROJECTED 2015 MEDICAL COSTS

Total Dollars	Medical
\$85,517,171	2014 Contributions
<u>\$89,339,771</u>	2015 Projected Costs with Autism Benefit
(\$3,822,540)	Projected Shortfall
4.47%	Projected Increase needed over 2014

*Projected costs based on APS enrolled members as of February 2014

PROJECTED 2015 DENTAL & VISION COSTS

Total Dollars	Dental
\$ 5,889,221	2014 Contributions
<u>\$ 6,087,828</u>	2015 Projected Costs
(\$ 198,607)	Projected Shortfall
3.37%	Projected Increase needed over 2014

Total Dollars	Vision
\$ 880,181	2014 Contributions
<u>\$ 903,542</u>	2015 Projected Costs
(\$ 23,361)	Projected Shortfall
2.65%	Projected Increase needed over 2014

2015 PROJECTED COMBINED COSTS

	Total Dollars
Medical	\$89,339,711
Dental	\$ 6,087,828
Vision	<u>\$ 903,542</u>
Total	\$96,331,081
Total 2014 Contributions	\$92,286,573
Total Increase Needed	\$ 4,044,508
Total Budgeted Employer Increase	\$ 2,500,000
Total Shortfall	(\$ 1,544,508)

PRESCRIPTION DRUG PLAN PROPOSED PLAN DESIGN CHANGES

- Align mail order co-pays with retail co-pays

Category	Percent	Minimum	Maximum	Mail Order	Mail Order Rec.
Generics	20%	\$8	\$20	\$15	\$20
Preferred Brand	30%	\$25	\$55	\$30	\$55
Non-Preferred Brand	40%	\$45	\$105	\$70	\$120
				Projected Savings	\$56,000

APS MEDICAL CONTRIBUTION SCHEDULE

PROPOSED MEDICAL RATE PREMIUMS*

- APS 2015 Benefit Plan Recommendations will be presented to the Board of Education Finance Committee July 15, 2014 – administration proposes 0% increase in medical plan contributions but it is subject to BOE approval

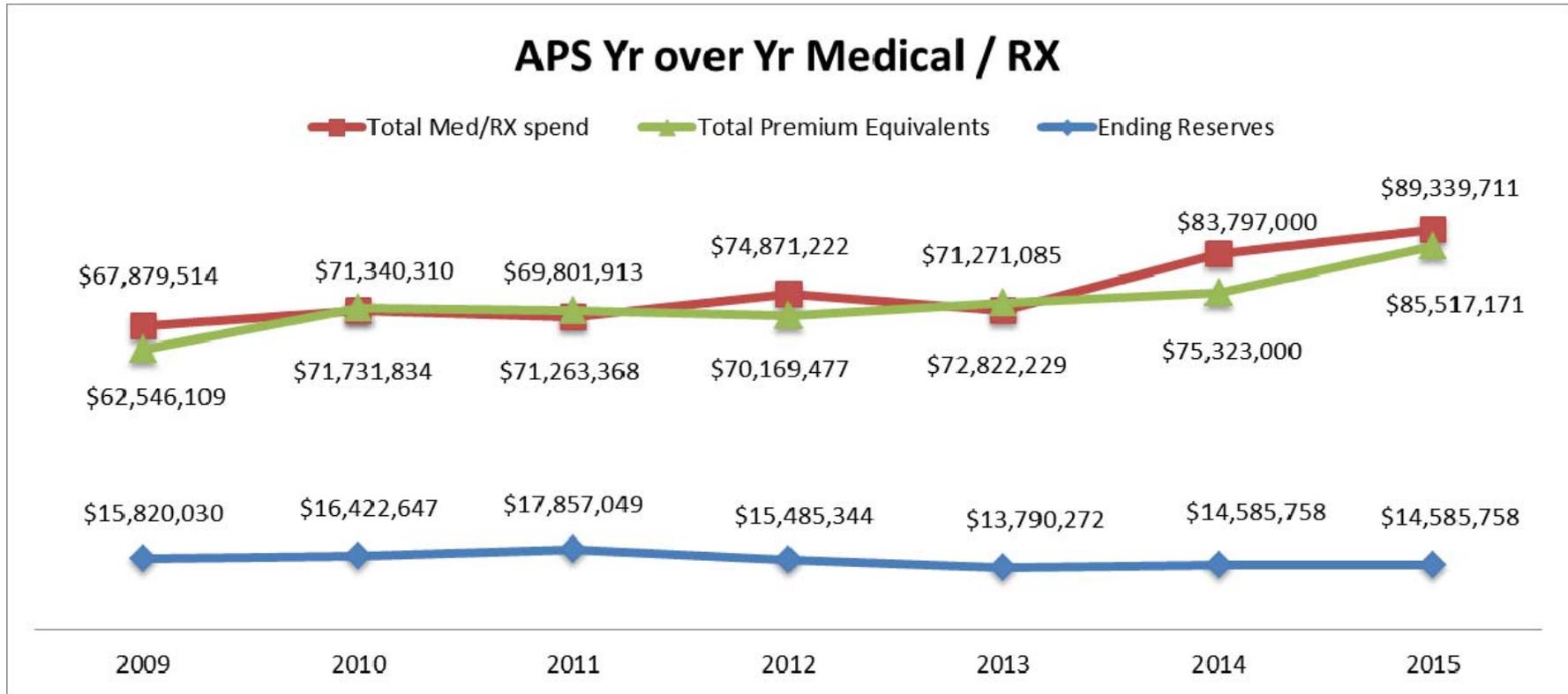
Employee/Employer Contributions	Employee/Employer Contributions	FY15 Medical Rates with & without Employee Wellness Incentive Discount
<u>Earnings < \$30,000/Year</u>	<u>Earnings > \$30,000/Year</u>	<u>Presbyterian & BCBSNM</u>
Employee Contributes 20%	Employee Contributes 40%	\$179.50 Single With \$484.72 Family With
APS Contributes 80%	APS Contributes 60%	\$204.50 Single Without \$509.72 Family Without

PY15 PROPOSED MEDICAL BENEFITS

(REFLECTS MEDICAL PLAN DESIGN CHANGES 2013-2015)

Benefit	2013	In-Network 2014	In-Network 2015
Deductible (3x Family)	None	\$250	\$250
Coinsurance (3x Family)	None	20%	20%
Coinsurance Max	\$2,000	\$2,000	\$2,000
Out-of-Pocket Max (ded + coins)	\$2,000	\$2,250	\$2,250
PCP & Primary Care Co-Pays	\$25	\$25	\$25
Specialist Co-Pays	\$40	\$40	\$40
IP Hospital Admission	\$750 copay	Ded/Coins	Ded/Coins
OP Surgery	\$250 copay	Ded/Coins	Ded/Coins
Advanced Radiology	\$100 copay	\$100 copay, then Ded/Coins	\$100 copay, then Ded/Coins
Emergency Room	\$150 copay	\$150 copay, then Ded/Coins	\$150 copay, then Ded/Coins
Urgent Care Co-Pays	\$50	\$50	\$50
Radiation, Dialysis, Chemotherapy	Paid at 100%	Ded/Coins	Ded/Coins

APS MEDICAL/RX COSTS & RESERVE FUND BALANCE 2009-2014



MANAGING LOSSES AND HEALTH CARE COSTS: APS MEDICAL/RX PLANS

Benefit Strategy	Projected Savings
Medical, Dental, Vision <ul style="list-style-type: none">• Dependent Audit in PY15	<ul style="list-style-type: none">• \$1.5 – 2.0 Million
Prescription Drug Plan/RX <ul style="list-style-type: none">• Align Mail Order Co-Pays with Retail• Compound Drug Program – Manage High-Cost Compound Medications	<ul style="list-style-type: none">• \$56,000• \$44,000

MANAGING LOSSES AND HEALTH CARE COSTS: IBAC VALUE-BASED CONSOLIDATING PURCHASING

Aligning Forces for Quality (AF4Q)

- AF4Q funded by the Robert Wood Johnson Foundation.

Business Health Advisory Group (BHAG)

- The Business Health Advisory Group is comprised of small, medium and large local employers/businesses. The purpose of the group is to provide a forum for employers and businesses to come together and work with providers and health plans to improve health care quality while improving efficiencies to reduce costs. APS has been a member of the BHAG for the past three years. The New Mexico Retiree Health Care Authority (NMRHCA) and New Mexico Public Schools Insurance Authority (NMPSIA) joined the BHAG in 2013.

Goals:

- Bring together local small, medium and large, public and private employers to focus on the reporting and outcomes of local health care quality, consumer engagement and address issues of cost and payment reform. This will be done in collaboration with the multi-stakeholder coalition (New Mexico Coalition for Healthcare Quality).

APS EMPLOYEE WELLNESS INCENTIVE PROGRAM

2010 – 2011 Employee Wellness Incentive Program – Biometric Screening (BMS)

More than 11,000 (90%) APS employees and their spouses/domestic partners who have medical insurance through the district participated in the Biometric health screening incentive program during the 2010-2011 academic school year, saving up to \$40 a month in discounts off their medical plan contributions. The screenings provided individuals with a detailed assessment of basic health indicators including blood pressure, Body Mass Index (BMI), cholesterol, blood glucose and pulse/heart rate.

2011 – 2012 Employee Wellness Incentive Program – Personal Health Profile(PHP)

More than 9,500 (80%) APS employees and their spouses and/domestic partners who have medical insurance through the district participated in the on-line Personal Health Profile (PHP) incentive program during the 2011-2012 academic school year, saving up to \$40 a month in discounts off their medical plan contributions. The on-line PHP is a comprehensive health risk assessment that includes questions about health and wellness and such topics as, nutrition, tobacco use, personal safety, physical activity, alcohol use, stress and health history.

2012 – 2013 Employee Wellness Incentive Program – Biometric Screening (BMS) and Personal Health Profile(PHP)

The 2012-2013 Employee Wellness Incentive Program will require APS employees and their spouses and/domestic partners who have medical insurance through the district to complete both an on-site BMS and Personal Health Profile (PHP). More than 11,300 (90%) APS employees and their spouses/and/domestic partners participated.

APS EMPLOYEE WELLNESS INCENTIVE PROGRAM

2013 – 2014 Employee Wellness Incentive Program – Biometric Screening (BMS), Personal Health Profile(PHP) and Tobacco Cessation Program (Tobacco Affidavit)

The 2013-2014 Employee Wellness Incentive Program will require APS employees and their spouses and/domestic partners who have medical insurance through the district to complete an on-site BMS, Personal Health Profile (PHP) and complete a Tobacco Affidavit. Tobacco Users will be required to complete a 12-week on-line Tobacco Cessation Program. We anticipate more than 11,300 (90%) APS Employees and their spouses/and/domestic partners will complete the Employee Wellness Incentive program to save \$25-\$50 per month in medical plan contributions.

2014 – 2015 Employee Wellness Incentive Program – Biometric Screening (BMS) and Tobacco Cessation Program (Tobacco Affidavit)

The 2014-2015 Employee Wellness Incentive Program will require APS employees and their spouses and/domestic partners who have medical insurance through the district to complete an on-site BMS and complete a Tobacco Affidavit. Tobacco users will be required to complete a 12-week on-line Tobacco Cessation Program. We anticipate more than 11,300 (90%) APS employees and their spouses/and/domestic partners will complete the Employee Wellness Incentive program to save \$25-\$50 per month in medical plan contributions.

2014 National Recognition: APS was nominated and awarded the National 100 Healthiest Employer in 2014 (Ranked 86th out of 100 Employers)

2013-2014 State Recognition: Nominated and recognized as one of Albuquerque's Healthiest Employer

ON-SITE HEALTH CLINIC PROPOSED IN 2015 PLAN YEAR

- Provide primary health services to employees, spouses and children over the age of 2, covered under the district's health plans
- Provide Occupational Health Services – Pre-employment testing, drug and alcohol testing, workers compensation services, and fitness for duty exams for all employees and applicants
- All health center services provided at no cost to APS Members
- List of common prescriptions dispensed by the on-site physician at no cost to APS members
- Estimated Return On Investment (ROI) – Range from 1:1 to 5:1

APS RISK MANAGEMENT OVERVIEW

Risk Management has been a separate department for more than forty years. Risk Management serves the primary function of the protection and preservation of the assets of Albuquerque Public Schools. The Risk Management Department has two areas of operation. Those areas of operation are the Loss Control Department and the Claim Department.

The Loss Control Department is charged with the oversight of the safety of all of the various school programs. The Loss Control Department visits each school facility every year. The number of school facilities visited each year total in excess of 140 sites. They report on safety issues and suggest areas of improvement. This department is in charge of the waste disposal as well as oversight of safety of chemical and bio-hazardous waste. While the Loss Control Department does not perform the actual disposal of hazard waste, the contracts are with the Loss Control Department. The Loss Control Department is responsible for the contracts of random drug testing for all drivers holding a CDL driver license. The department works in conjunction with OSHA and other governmental entities. Other governmental entities the Loss Control Department works closely with are the fire departments and the Workers Compensation Administration. The safety department does a walking visit of the school classrooms and playground. The Loss Control Department makes a review of the chemical disposal procedures and an inspection of the chemical inventory procedure of each school. In partnership with the Albuquerque Public School Police Department, fire drills are conducted, data recorded and program safety programs developed. Two staff members handle the duties of the Loss Control Department.

APS RISK MANAGEMENT OVERVIEW (CONT.)

The Claim Department handles first and third party 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. Although self-insured, the Albuquerque Public School district has insurance for large claims in excess of a self-insured retained limit. All claims for these loss exposures are self-administered with APS claims staff. The self-insured program has existed for decades. Since January 2012, the district's liability and property claims have been self-administered with its own claim staff. Prior to January of 2012 the claims involving Albuquerque Public Schools were handled by third party administrators. For greater effectiveness and efficiency of claim processing the administration proceeded to a planned program of self-administration.

The Risk Management Department is also in charge of the employee assistance program. Most every employer and insurance organization has some form of limited counseling service on a short term basis. Most generally, this counseling service program provides referrals to the employee's health insurance following a limited number of visits. We have found this program to be cost effective to also be self-administered. Two professional counselors perform the needed services to the district employees. A support staff member is also employed for the needed activities of the professionals.

The Risk Management Department provides support services and research to other departments. These support services such as research of types and locations of accident. Our Facilities and Design Department and Risk Management collaborate on analysis of playground accidents for site development. We also work with our Community Support Department for issues with volunteers and other related insurance issues.

Our claim volume for received claims has remained consistent over the past several years for all lines of coverage. We have noticed an inflationary measure in all lines of coverage. This figure is difficult to quantify to an actual dollar amount.

RISK MANAGEMENT – REVENUE FY11- FY15

	FY2011	FY2012	FY2013	FY2014	FY2015
Workers Compensation Budget	\$10,990,164.00	\$12,199,641.00	\$13,212,386.00	\$11,686,595.00	\$11,401,327.00
Property & Liability Budget	\$ 9,114,211.00	\$ 8,866,469.00	\$11,313,023.00	\$14,255,634.00	\$14,162,342.00
Total Budget	\$20,104,375.00	\$21,066,110.00	\$24,525,409.00	\$25,942,229.00	\$25,563,669.00
Workers Compensation Payments	\$ 3,225,072.00	\$ 3,564,649.00	\$ 5,034,941.00	\$ 4,133,816.00	\$ 0.00
Property & Liability Payments	\$ 6,351,385.00	\$ 3,216,531.00	\$3,221,343.00	\$ 4,314,509.00	\$ 0.00
Total Payments	\$ 9,576,457.00	\$ 6,781,180.00	\$ 8,256,284.00	\$ 8,448,325.00	\$ 0.00

SELF-FUNDED RISK MANAGEMENT INSURANCE RESERVE FUND BALANCE

Risk Management Fund	Insurance Reserve Fund Balance
Workers Compensation	\$11,401,327.72
Property & Liability	\$14,255,634.60

*Figures represent closing balances as of May 31, 2014

ACTUARIAL CONFIDENCE LEVEL FOR WORKERS COMPENSATION

Actuarial Confidence level for W\C	70%	80%	90%
Six year average	9,922,951	11,299,141	12,890,675
Estimated Outstanding Losses			
2013	10,512,911	11,008,804	11,802,231
2012	10,749,471	11,261,350	12,285,109
2011	11,114,679	11,643,950	12,702,491
2010	8,770,444	11,576,986	13,857,302
2009	7,562,928	9,983,065	11,949,426
2008	10,827,273	12,320,690	14,747,492

ACTUARIAL CONFIDENCE LEVEL FOR PROPERTY & LIABILITY

Actuarial Confidence level for P/C	70%	80%	90%
Six year average	7,193,271	8,414,356	10,553,649
Estimated Outstanding Losses			
2013	4,748,641	5,401,190	6,661,792
2012	6,540,305	7,315,972	8,732,415
2011	7,805,775	9,077,527	11,478,710
2010	7,443,841	8,805,251	11,311,155
2009	7,606,353	9,102,888	11,513,885
2008	9,014,711	10,783,310	13,623,934