

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 18, 2013

APS BENEFIT ELIGIBILITY AND MEMBERSHIP

- APS employs approximately 15,000 people, including hourly employees and substitute teachers, and is Albuquerque's second largest employer.
- All full-time employees who work 30 or more hours per week are eligible for benefits.
 - 11,704 employees are eligible for benefits
 - 7,987 of eligible employees are enrolled in one of the medical plans (68.2%)
- Number of members on APS insurance plans (includes employee dependents and spouses):
 - 17,500 members under two medical plans
 - 17,800 members under two dental plans
 - 16,500 members under one vision plan
- The APS insurance plan year runs from January through December of each year.

APS BENEFIT PROGRAMS

- Pre-tax insurance premium plan (PIPP)
- Flexible Spending Accounts (FSAs)
- Self-funded medical plan with two carriers
- Self-funded prescription drug plan
- Employee Wellness Incentive Program
- Self-funded dental plan
- Self-funded vision plan
- Fully-insured Long Term Disability plan
- Life Insurance
- Voluntary Long-Term Care Plan
- Employee Assistance Plan administered by the district
- Voluntary 403(b) and 457 retirement savings plans

APS MEDICAL PREMIUM RATES FOR PY14

Member Category based on Earnings	Member (Employee) Contribution %	APS (Employer) Contribution %	Employee Medical Premium per month w/ Wellness Incentive Discount*	Employee Medical Premium per month w/o Wellness Incentive Discount
Less than \$29,000 per year	20%	80%	Single: \$89.75	Single: \$114.75
			Family: \$230.80	Family: \$255.80
More than \$29,000 per year	40%	60%	Single: \$179.50	Single: \$204.50
			Family: \$484.72	Family: \$509.72

*Wellness Incentive Discount = \$25 per month

PY14 Medical Plan Premium Rates Increased 5% over PY13

APS PY14 MEDICAL PLAN DESIGN CHANGES

Benefit	PY13 High Medical Plan	PY14 Medical Plan
Deductible (3 x family)	None	\$250
Coinsurance (3x family)	None	20%
Coinsurance Maximum	\$2,000	\$2,000
Out-of-Pocket Maximum (deductible + coinsurance)	\$2,000	\$2,250
Primary Care	\$25 copay	\$25 copay
Specialist	\$40 copay	\$40 copay
In-Patient Hospital Admission	\$750 copay	Ded/Coins
Out-Patient Surgery	\$250 copay	Ded/Coins
Advanced Radiology	\$100 copay	\$100 copay, then Ded/Coins
Emergency Room	\$150 copay	\$150 copay, then Ded/Coins
Urgent Care	\$50 copay	\$50 copay
Radiation, Dialysis, Chemo	Paid at 100%	Ded/Coins

APS will no longer offer a “high” and “low” medical plan option in PY14.

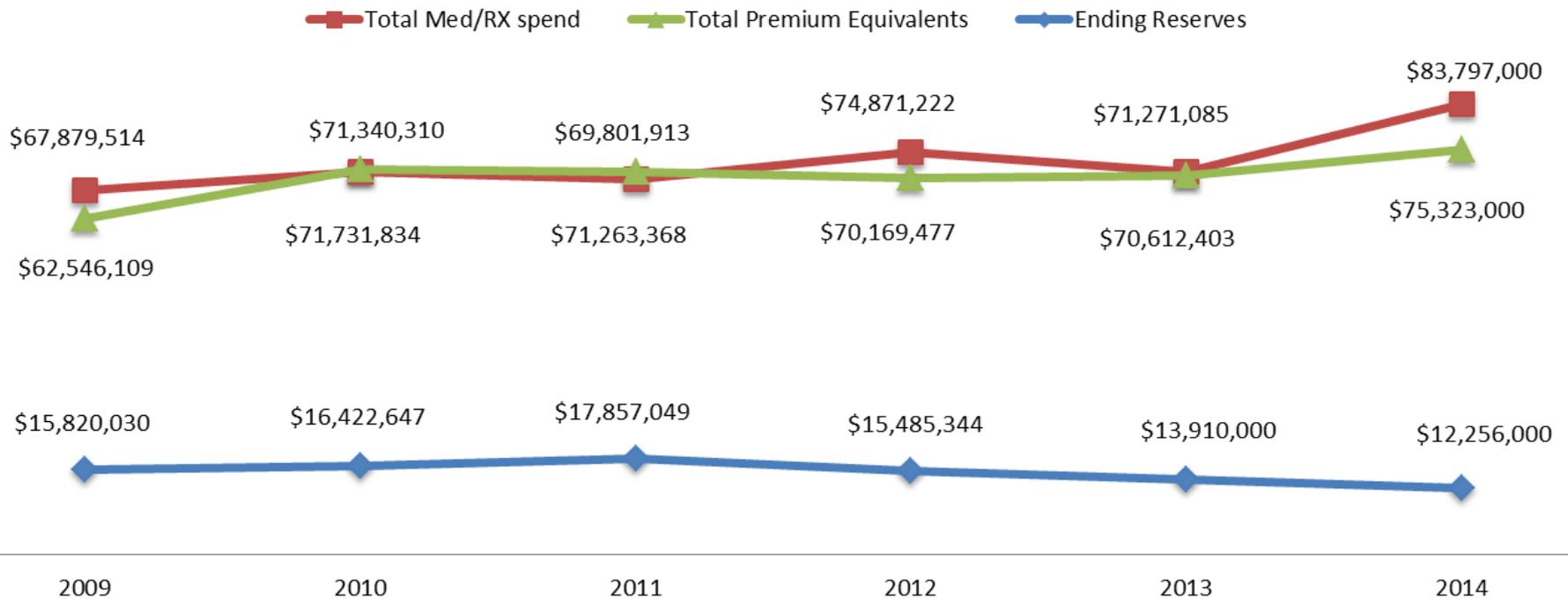
These plan design changes were made in addition to the 5% premium rate increase reflected on the previous slide.

SUMMARY OF APS PLAN DESIGN AND RATE INCREASES: PY2009 – PY2014

Benefit	2009 Plan Changes	2010 Plan Changes	2011 Plan Changes	2012 Plan Changes	2013 Plan Changes	2014 Plan Changes
Copay/ Ded/ Coins	\$0 Copay Diabetic Supplies	Increase Primary Care Copay	Increase Specialist Copay	Increase Advanced Radiology Copay	Increase Specialist Copay	Only 1 plan option
		Increase Specialist Copay	Increase Urgent Care Copay	Increase RX Copay for Specialty Meds	Increase Advanced Radiology Copay	Add Deductible
		Increase In-Patient Hospital Copay	Increase Emergency Room Copay		Increase Out-Patient Surgery Copay	Add Coinsurance
					Increase Sleep Lab Copay	In-Patient Hospital subject to Ded/Coins.
					Increase Urgent Care Copay	Out-Patient Surgery subject to Ded/Coins.
					Increase Emergency Room Copay	Radiation, Dialysis, Chemotherapy subject to Ded/Coins.
Rates		5% medical premium rate increase			2% medical premium rate increase – Presbyterian 8.4% medical premium rate increase – Lovelace	5% medical premium rate increase – Presbyterian & Lovelace
Wellness Program/ Incentive	Wellness	Wellness	Wellness	Wellness	Wellness	Wellness
	Health Risk Assessment		Biometric Premium Incentive \$20/mo	Biometric/HRA Premium Incentive \$20/mo	Biometric/HRA Premium Incentive \$20/mo	Biometric/HRA Premium Incentive Include Tobacco Free Requirement \$25/mo

APS MEDICAL/RX RESERVE FUNDS COMPARED TO MEDICAL/RX EXPENDITURES: PY2009 – PY2014

APS Yr over Yr Medical / RX



APS is required to maintain an “incurred but not reported” (IBNR) balance in its reserve funds totaling \$8.8 million. The superintendent and Board of Education have directed APS administration to maintain a fund balance of no less than \$12million to be as fiscally responsible as possible. 2014 reserve funds are based on projected value on December 31, 2014.

IMPORTANT HEALTH CARE REFORM IMPACTS TO EMPLOYERS: 2012

○ 2012

- Required use of uniform explanations of coverage (SBC)
- 60 days' advance notice of changes required
- Report value of coverage on W'2's
- \$1 per capita CER fee applies to years ending after 9/30/12 (current plan years!)
- Refunds for medical loss ratios <85% or 80% for small plans
- Reporting on health improvement benefits standards (date for reporting unclear)
- Transparency reporting standards (date of issuance/report unclear)

IMPORTANT HEALTH CARE REFORM IMPACTS TO EMPLOYERS: 2013

○ 2013

- Health FSA salary reduction contributions capped at \$2,500
 - *IRS guidance – start with 2013 plan year*
- Per capita CER fee increases to \$2
- Notice of state exchanges and premium assistance availability
- Medicare payroll tax increases to 2.35% on pay over \$200k/\$250k

IMPORTANT HEALTH CARE REFORM IMPACTS TO EMPLOYERS: 2014

- Note: APS will be first member of IBAC to experience 2014 impacts
- 2014
 - Pay or play/free-rider penalties (**Delayed to 2015**)
 - Explained in greater detail
 - No Pre-existing conditions exemption
 - Explained in greater detail
 - Insurance carrier – other taxes, reinsurance fee
 - Explained in greater detail
 - Individual mandate
 - Employer reporting to IRS re: individuals' coverage
 - Automatic enrollment required (expected)
 - Insurance exchanges open individuals and small employers
 - Wellness incentives up to 30% (50% possible)

ELIGIBLE EMPLOYEES (30 HOURS PER WEEK)

- Originally effective January 1, 2014 - The IRS announced on July 2, 2013 that compliance for this mandate has been delayed to 2015
 - Those who work an average of 30 hours per week or more now have access to the health care plan – if employers don't provide access there will be penalties
 - Employers can choose their “look-back” period to see who is eligible for the 30 hours per week provision
 - Look back 3-12 months and apply results to the next 6-12 months
 - December 31, 2012 – IRS regulations clarified requirements for education institutions
 - Education institutions cannot include a time period when school was not in session for more than 4 weeks in their “look-back” period
 - This means school districts can use spring break (one week) but cannot use summer break (more than four weeks)
 - This means that more employees will become eligible for the plan

MIGRATION AND PRE-EXISTING CONDITIONS ISSUES

- Effective January 1, 2014:
 - APS will no longer be able to exclude pre-existing conditions if the employee did not have coverage in the last 63 days
 - Private employers will not be required to offer equitable coverage to spouses
 - Due to the affordability definition of health care plans industry consultants believe that private employers will shift contributions away from spouses and dependents to the employee because affordability only counts for the employee
 - This leads to potential migration of dependents onto the APS plan
 - APS assumes a 2% increase in costs due to the migration and pre-existing conditions

TRANSITIONAL REINSURANCE PROGRAM

- Effective January 1, 2014:
 - 3 year transitional reinsurance program
 - Intent is to stabilize the individual health insurance market from 2014-2016
 - This is funded by contributions from insurers and **self-funded** group health plans
 - Estimated annual per capita rate for \$63 for 2014
 - Fee applies to all participants in group health plans not just the employee
 - APS will start accruing this fee on a month-to-month basis; or at a rate of \$5.25 per month per person on the plan

APS WELLNESS INCENTIVE PROGRAM: 2010-2011

- Biometric Screening (BMS)
 - Over 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.

APS WELLNESS INCENTIVE PROGRAM: 2011-2012

- Personal Health Profile (PHP)
 - Over 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.

APS WELLNESS INCENTIVE PROGRAM: 2012-2013

- Biometric Screening and Personal Health Profile
 - 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). Over 11,300 (90%) APS Employees and their spouses/and/domestic partners participated.

APS WELLNESS INCENTIVE PROGRAM: 2013-2014

- Biometric Screening, Personal Health Profile and Tobacco Cessation Program
 - 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 over 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.

ALBUQUERQUE PUBLIC SCHOOLS RISK MANAGEMENT OVERVIEW

- Risk Management has been a separate department for over forty years. Risk Management serves the primary function of protection and preservation of the assets of Albuquerque Public Schools. The Risk Management department has two principle areas of operation. Those areas of operation are the loss control department and the claim department.
- The loss control department is charged with the over site of the safety of all of the various school programs. The safety department visits each school facility every year. They report on safety issues and suggest areas of improvement. This department is in charge of the waste disposal as well as the safety over site of chemical and bio-hazardous waste. 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 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. The claims for these loss exposures are self-administered with a local claim staff.

RISK MANAGEMENT CONTRACTS

2012/2013 Contract Services

<u>Vendor</u>	<u>Amount</u>
Modrall Law Firm	\$ 359,585.57
Environmental Solutions/Waste Management	\$ 61,605.89
Quick Internet Software	\$ 29,526.25
Concentra	\$ 26,632.71
AON	\$ 12,750.00
Samba	\$ 7,570.01
Iron Mountain	\$ 4,089.53
Robert Caswell	\$ 2,490.59
South West Copy System	\$ 874.43
ISO Services	\$ 422.50
Cintas	\$ 111.28
Stericycle	\$ 75.60
TOTAL	\$ 505,734.36

WORKERS COMPENSATION FUND

	A	B	C	D	E	F	G	H
1	WORKERS COMP	FY2009-10	FY2009-10		FY2010-2011	FY2011-2012	FY 2012-2013	Estimated FY2013-2014
2	DESCRIPTION	WORK COMP	WORK COMP		WORK COMP	WORK COMP	WORK COMP	WORK COMP
3								
4	BEGINNING RESERVE BALANCE	9,577,923.62	9,199,586.79		10,990,164.09	12,199,641.05	13,212,386.86	11,686,595.69
5								
6	TOTAL CONTRIBUTIONS	3,518,046.42	5,005,538.71		4,848,436.79	5,009,293.79	3,661,539.53	4,100,000.00
7								
8	TOTAL PLAN COSTS	3,642,146.80	2,832,387.94		3,312,771.57	3,710,288.08	4,963,575.98	3,700,000.00
9								
10	TOTAL PLAN ADMIN SALARY/BENEFITS	-	62,936.29	*	-	126,387.04	247,780.29	250,000.00
11								
12	TOTAL PLAN ADMIN COSTS	408,714.02	351,621.63		353,728.14	180,154.32	-	-
13								
14	INTEREST EARNINGS	154,477.57	31,984.45		27,539.88	20,281.46	24,025.57	25,000.00
15								
16	ENDING RESERVE BALANCE	<u>9,199,586.79</u>	<u>10,990,164.09</u>		<u>12,199,641.05</u>	<u>13,212,386.86</u>	<u>11,686,595.69</u>	<u>11,861,595.69</u>
17								
18								
19	* Indirect Costs							

PROPERTY AND LIABILITY FUND

	A	B	C	D	E	F	G	H
1	PROPERTY & LIABILITY	FY 2008-2009	FY 2009-2010		FY 2010-2011	FY 2011-2012	FY 2012-2013	Estimated FY2013-2014
2	DESCRIPTION	PROP & LIAB	PROP & LIAB		PROP & LIAB	PROP & LIAB	PROP & LIAB	PROP & LIAB
3								
4	BEGINNNG RESERVE BALANCE	7,426,919.18	7,894,132.05		9,114,211.53	8,866,469.18	11,313,023.41	14,255,634.60
5								
6	TOTAL CONTRIBUTIONS	8,276,556.00	8,251,588.84		9,348,644.00	8,744,352.96	8,747,465.44	8,747,438.00
7								
8	TOTAL PLAN COSTS	7,451,382.23	6,423,103.15		9,129,853.07	5,982,072.09	5,581,288.05	6,900,000.00
9								
10	TOTAL PLAN ADMIN SALARY/BENEFITS	-	78,750.34	*	-	126,387.03	247,780.25	250,000.00
11								
12	TOTAL PLAN ADMIN COSTS	466,374.35	557,570.81		488,866.92	206,654.52	-	-
13								
14	INTEREST EARNINGS	108,413.45	27,914.94		22,333.64	17,314.91	24,214.05	25,000.00
15								
16	ENDING RESERVE BALANCE	7,894,132.05	9,114,211.53		8,866,469.18	11,313,023.41	14,255,634.60	15,878,072.60
17								
18								
19	*Indirect Costs							