



**New Mexico
Public Schools
Insurance
Authority**

Legislative Finance Committee September 29, 2023

**PATRICK SANDOVAL
EXECUTIVE DIRECTOR**

**MARTHA QUINTANA
DEPUTY DIRECTOR**

**PHILLIP GONZALES
CHIEF FINANCIAL OFFICER**

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

- 101 Mandatory

• 27 Other Educational Entities

- (*Optional*)

• Monthly Membership

- 76,212 Employees and Dependents
- 40,640 Employees
- Employees and Dependents by Coverage
 - 44,550 Medical
 - 51,858 Dental
 - 45,308 Vision
 - 12,570 Long-Term Disability
 - 18,507 Additional Life



• Staff

- 12 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
 - Educational Entities at Large
 - Trish Ruiz, Secretary
 - AFT-NM
 - Tim Crone
 - NEA-NM
 - Bethany Jarrell
 - David Martinez, Jr.
 - Public Education Commission
 - K.T. Manis
 - School Boards Association
 - Pauline Jaramillo
 - Superintendents' Association
 - Vicki Chavez

FY2025 Benefits Premium Increase

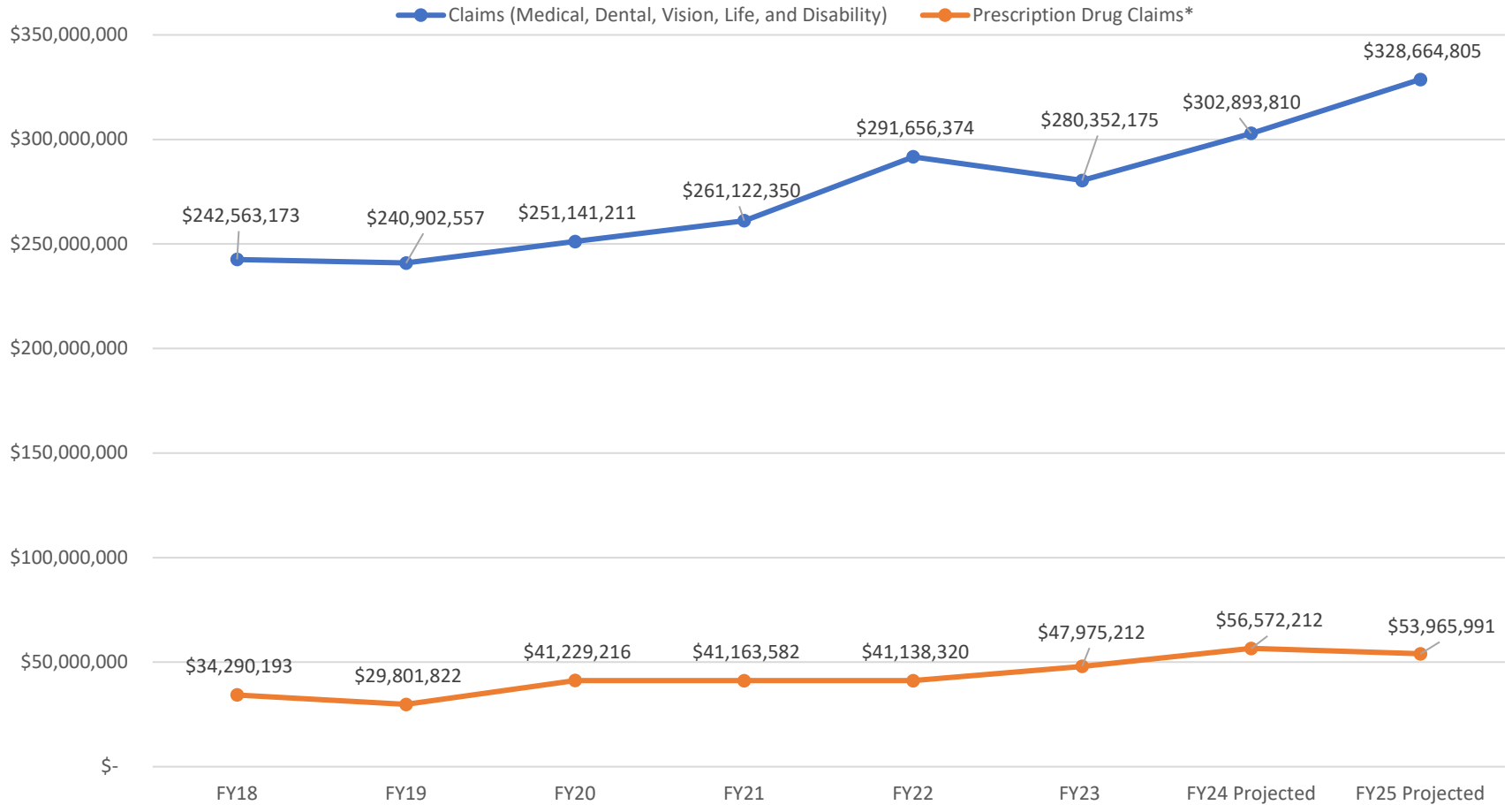
FY24 Revenues	FY24 Projected Expenses	Difference	FY25 Requested Increase Amount	FY25 Requested Increase Percentage
\$365,504,016	\$373,735,558	(\$8,231,542)	\$26,462,491	7.24%

- **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**
- **The FY25 impact on Public School Support is \$14.8 million to fund the employer share of benefit premium increases**
- **NMPSIA uses a rolling five-year plan to smooth out the yearly increase**
- **FY25 projected claims (Medical, Dental, Vision, Life, and Disability) are \$328.7 million**
- **FY25 projected prescription drug claims are \$53.9 million (Net of rebates)**

Premium Rate Increases Employee Benefits Fund

Plan Year		Rate Increase
2015-2016	Medical	4.00%
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	4.00%
	Medical Low Option	-0.70%
2019-2020	Medical High Option/EPO	5.90%
	Medical Low Option	3.10%
	Dental	5.00%
2020-2021	Medical High Option/EPO	6.00%
	Medical Low Option	2.10%
2021-2022	Medical High Option/EPO	6.00%
	Medical Low Option	3.60%
2022-2023	Medical High Option/EPO	6.00%
	Medical Low Option	3.20%
2023-2024	Medical High Option Low/EPO	7.24%
2024-2025	Medical High Option, Low/EPO	7.24% (anticipated)

Benefits Claims



•FY25 Medical trend 6.5% •FY25 Prescription Drug trend 10.0%

•All claims account for approximately 95% of cost for FY25

* Prescription Claims Net of Rebates

Medical Claims Summary

Current Period: Jan 2022 – Dec 2022

Prior Period: Jan 2021 – Dec 2021

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	\$102,662,654	\$190.55	28.3%	\$99,702,592	\$180.77	27.6%	5.4%
Inpatient Hospital	\$63,159,581	\$117.23	17.4%	\$72,648,011	\$131.72	20.1%	-11.0%
Professional	\$53,557,974	\$99.41	14.8%	\$55,842,826	\$101.25	15.5%	-1.8%
Emergency Room	\$31,602,302	\$58.66	8.7%	\$28,283,469	\$51.28	7.8%	14.4%
Urgent Care	\$1,496,619	\$2.78	0.4%	\$1,220,053	\$2.21	0.3%	25.6%
Drugs (Medical Benefit)	\$24,629,267	\$45.71	6.8%	\$22,939,007	\$41.59	6.4%	9.9%
All Others ²	\$5,911,307	\$10.97	1.6%	\$6,881,691	\$12.48	1.9%	-12.1%
Total Medical	\$283,019,704	\$525.30	78.1%	\$287,517,649	\$521.30	79.7%	0.8%
Total Rx³	\$79,180,039	\$146.96	21.9%	\$73,184,349	\$132.69	20.3%	10.8%
Total Paid	\$362,199,743	\$672.27	100.0%	\$360,701,998	\$654.00	100.0%	2.8%
Member Paid	\$46,195,824	\$85.74	12.8%	\$47,474,532	\$86.08	13.2%	-0.4%
Plan Paid	\$316,003,920	\$586.52	87.2%	\$313,227,466	\$567.92	86.8%	3.3%

¹ "Outpatient Hospital" includes Ambulatory Surgical Centers, which was previously reported separately.

² "All Others" includes Ancillary type services such as Home, Ambulance, and DME.

³ "Total Rx does not account for rebates.

Major Conditions Prevalence and Cost

Current Period: Jan 2022 – Dec 2022
Prior Period: Jan 2021 – Dec 2021

Chronic Condition ³	Current Period							% Change	
	Members	% of Total	Norm ¹	Medical Claims	% of Total	PPPY	PPPY Comparison ⁴	Prevalence	PPPY
1. Diabetes	4,191	9.3%	6.7%	\$54,554,819	19.3%	\$13,017	207%	1.3%	2.7%
2. CAD	1,015	2.3%	3.1%	\$33,982,177	12.0%	\$33,480	531%	-0.1%	14.0%
3. Asthma	3,879	8.6%	8.9%	\$34,487,682	12.2%	\$8,891	141%	0.6%	3.0%
4. COPD	257	0.6%	0.9%	\$7,844,982	2.8%	\$30,525	484%	0.0%	11.4%
5. Hypertension	9,425	21.0%	21.8%	\$117,062,015	41.4%	\$12,420	197%	0.5%	2.2%
6. Mental Health	9,583	21.3%	36.1%	\$79,618,169	28.1%	\$8,308	132%	1.0%	9.6%
7. SUD	848	1.9%	3.5%	\$11,858,044	4.2%	\$13,984	222%	0.1%	31.3%
8. CHF	171	0.4%	0.4%	\$9,643,099	3.4%	\$56,392	895%	0.0%	-6.6%
Totals (unique)	19,403	43.2%		\$178,809,708	63.2%	\$9,216	146%	1.9%	1.6%

PPPY = per patient per year

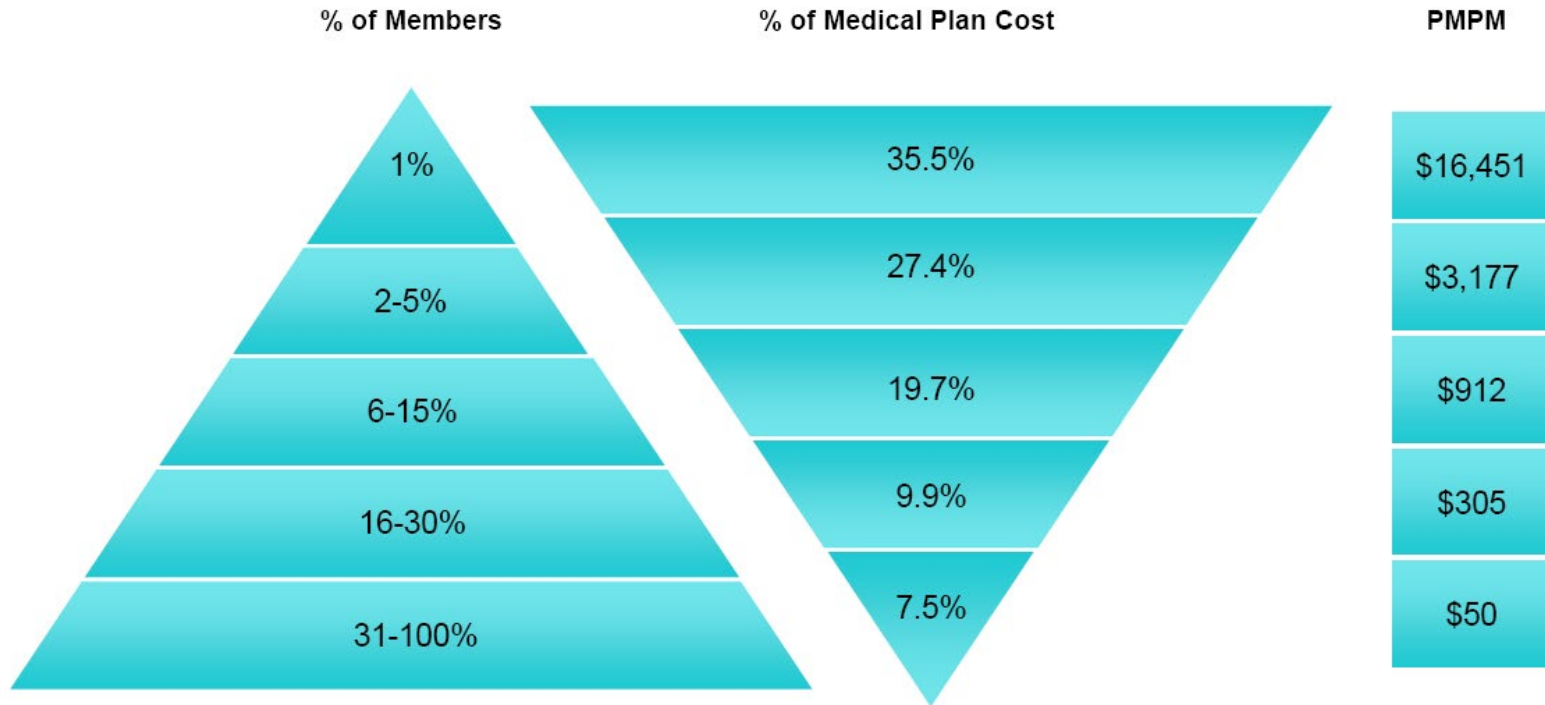
Observations

- In total, 43.2% of members have been identified with at least one of the measured conditions. This is a 1.9%-point increase in the prevalence of these conditions within the group. The medical costs for these members represents 63.2% of total medical costs for the population.
- Members with diabetes increased in prevalence and cost over the prior period. Diabetic cost increases were driven by an increased severity in diabetics with large claims; including circulatory conditions, ESRD and cancer as driving diagnoses.
- Members with Coronary Artery Disease (CAD) also experienced an increase in PMPY costs despite a slight drop in prevalence. This is driven by large claims; though CAD influences cost as a comorbidity more often than a circulatory diagnosis.

Distribution of Plan Paid Claims

Current Period: Jan 2022 – Dec 2022

Prior Period: Jan 2021 – Dec 2021



- 15% of members account for 82.6% of medical plan cost

FY2025 Risk Premium Increase

FY24 Revenues	FY24 Projected Expenses	FY24 Difference	FY25 Requested Increase Amount	FY25 Requested Increase Percentage
\$100,227,900	\$143,388,425	\$(43,160,525)	\$31,932,609	31.86%

- 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 FY25, the impact on Public School Support is \$27.1 million to fund the employer share of risk premium increases
- NMPSIA uses a rolling five-year plan to smooth out the yearly increase
- NMPSIA projected excess insurance payments for wind and hail claims are \$54 million

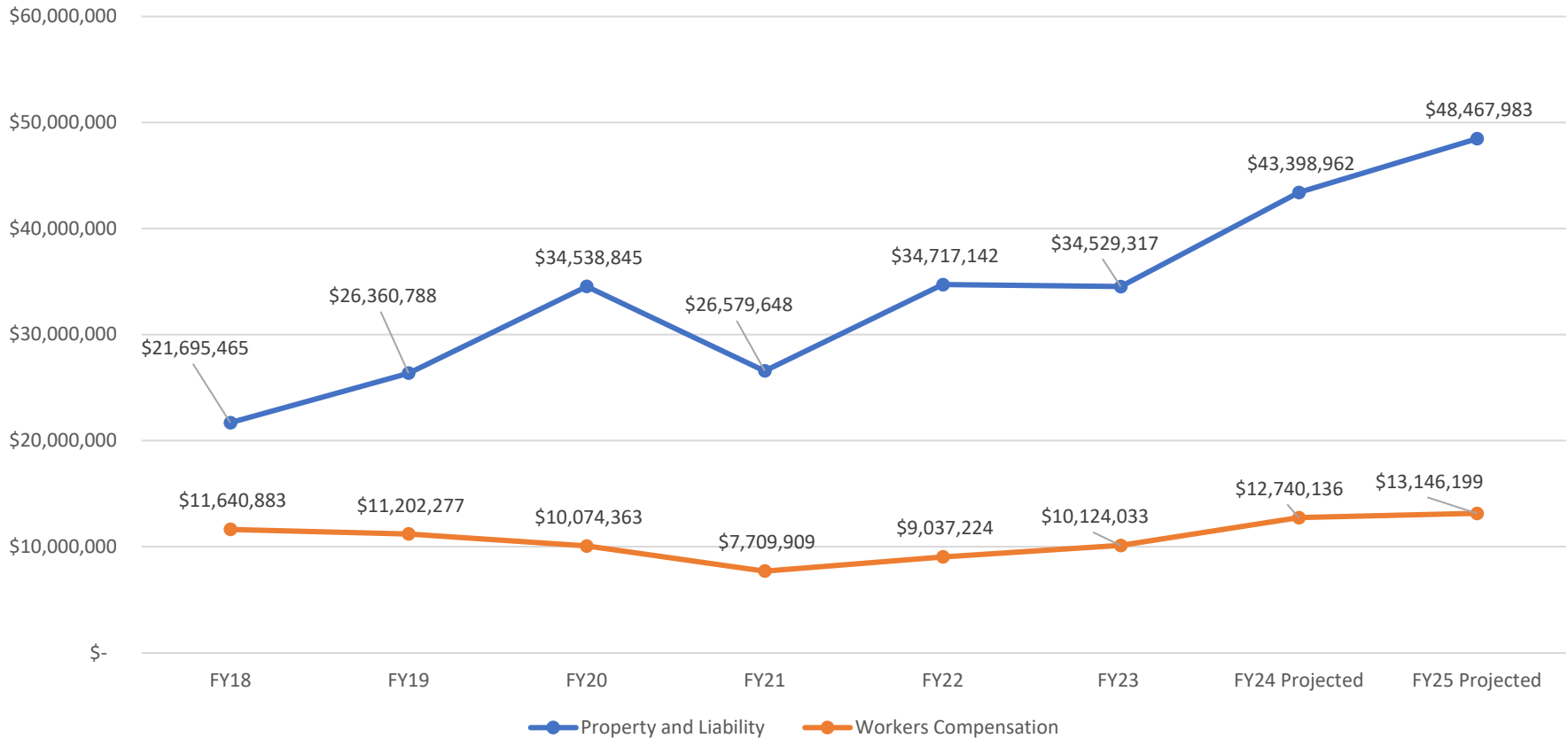
Risk Insured Values

- \$32.5 billion in assets
 - Increase of \$3.0 billion from July 2022 to July 2023
- \$19 billion are frame/stucco construction, the most flammable type of construction
- 60% of properties are in Protection Class 9 or 10 and 100-year flood zones
- 44,000 employees
- \$1.8 billion in payroll
- 325,000 students
- 44,000 school athletic participants
- 9,000 volunteers
- 10,343 vehicles, including buses

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	2.53%
2019-2020	2.53%
2020-2021	No Increase
2021-2022	4.57%
2022-2023	6.73%
2023-2024	7.73%
2024-2025	31.86% (Anticipated)

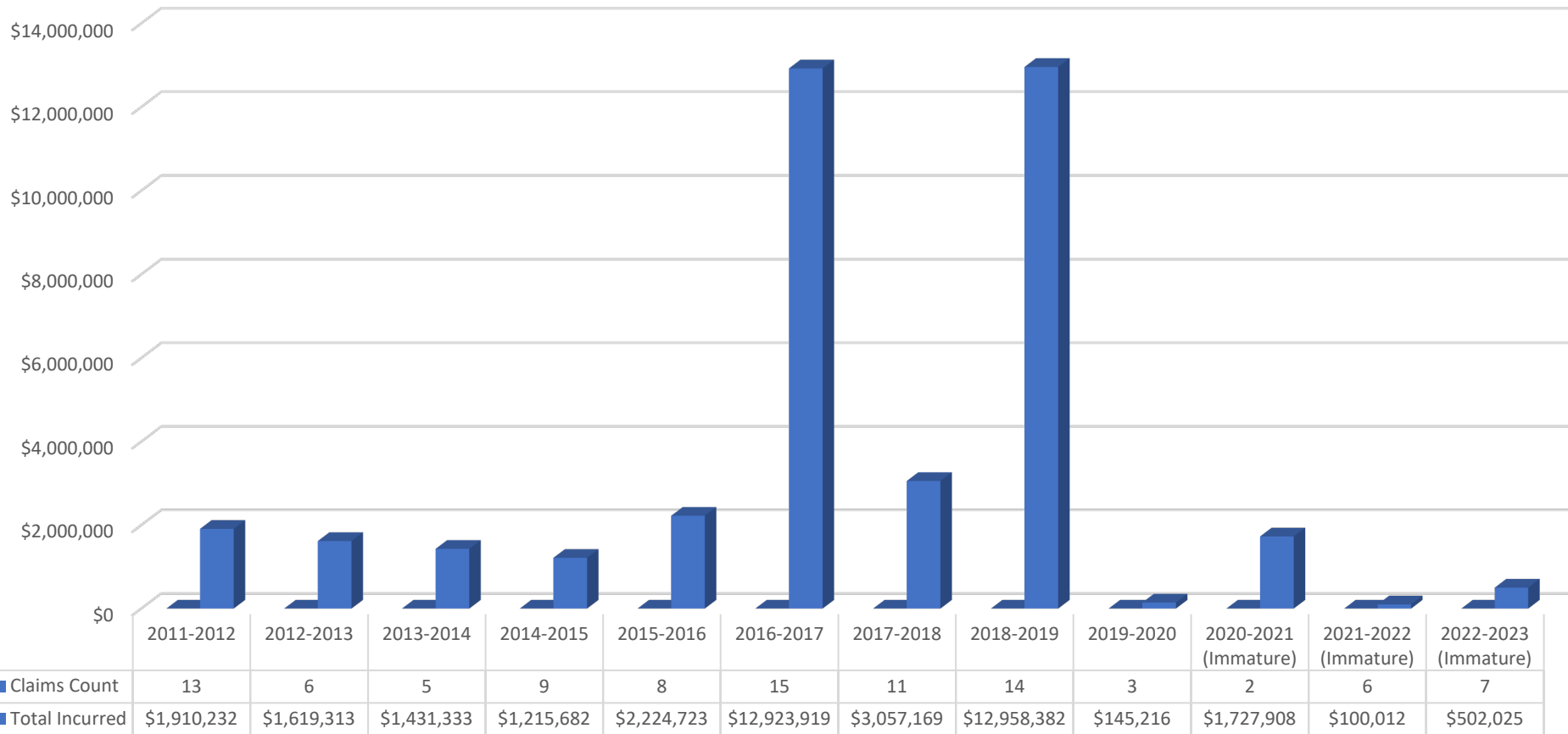
Risk Claims



- FY23 unaudited claims costs came in \$6,120,285 over budget
- FY24 actuarial projected claims cost increased by \$13,364,339
- FY25 actuarial projected claims cost increased by \$15,847,181
- The Excess Insurance deductible for hail and wind claims increased from \$2.5 million to \$10 million with an aggregate of \$25 million

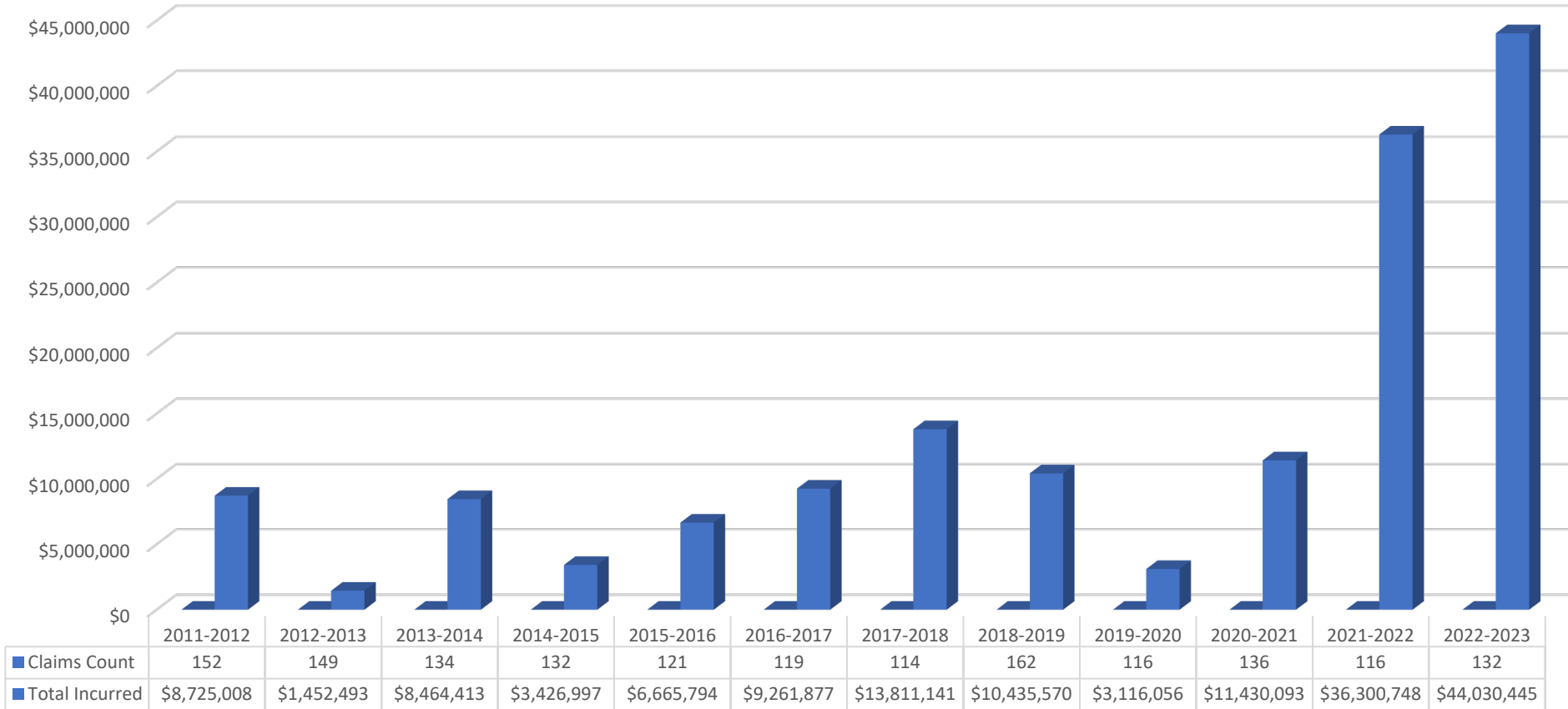
Risk Fund Cost Drivers

Sexual Molestation/Inappropriate Touching Claims



Risk Fund Cost Drivers

Property Losses



- From May 2022 to May 2023, NMPSIA has incurred projected expenses of \$61.5 million due to Wind and Hail Claims.

NMPSIA

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Questions

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