



New Mexico Public Schools Insurance Authority

Created 1986 - Statutes 22-29-2 and 22-29-4

Legislative Education Study Committee October 18, 2024

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NMPSIA Today

Employee Benefits

- **Mandatory Members**
 - 88 Public Schools (Excludes APS)
 - 99 Charter Schools
- **Voluntary Members**
 - 10 Higher Education
 - 18 Other Educational Entities
- **Membership**
 - 77,804 Employees & Dependents
 - 51,374 Eligible Employees
 - Employees & Dependents by Coverage
 - 46,567 Medical; 54,394 Dental; 47,437 Vision
 - 12,804 Long-Term Disability; 18,961 Additional Life

Risk Coverages

- **Mandatory Members**
 - 88 Public Schools (Excludes APS)
 - 99 Charter Schools
- **Voluntary Members**
 - 10 Higher Education
 - 16 Other Educational Entities
- **Membership**
 - 53,000+ Covered Employees & Volunteers
 - 345,000+ Covered Students
 - Members by Coverage
 - 212 Property; 212 Gen. Liability; 212 Auto Liability;
 - 141 Student Accident; 148 Equip. Breakdown;
 - 211 Workers' Comp; 128 Bus Inspection

Staff

- 12 FTE

Board of Directors

- 11 Board Members
 - **Governor Appointees**
 - Alfred Park, President
 - Denise Balderas
 - Sammy J. Quintana
 - **NM 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

FY26 Appropriation Request

Fund	FY25	FY26	Percentage Difference
	Operating Budget	Appropriation Request	
Benefits	\$ 404,946,700	\$ 480,003,600	18.54%
Risk	\$ 133,026,500	\$ 154,681,700	16.28%
Program Support	\$ 1,791,200	\$ 1,891,200	5.58%
Agency Total	\$ 539,764,400	\$ 636,576,500	17.94%

- **NMPSIA’s revenues are derived from other state funds.**
- **Employer funding for premiums is disbursed from the general fund through the State Equalization Guarantee to schools. Schools then pay insurance premiums to NMPSIA.**
 - **For FY26, the projected impact on Public School Support is \$39.7 million to fund the employer share of premium increases.**
- **The increase consists of:**
 - **\$22.1 million for Employee Benefits Premiums (average 66% employer contribution)**
 - **\$17.7 million for Risk Premiums**
- **NMPSIA uses a rolling five-year plan to smooth out the yearly increase.**

FY26 Risk Appropriation Request

Risk	FY25 OP Bud	FY26 Request	FY25 / FY26 Difference	FY25 / FY26 Percentage Difference
Contracts	\$ 7,835,400	\$ 8,190,600	\$ 355,200	4.53%
Claims	\$ 49,068,200	\$ 63,560,700	\$14,492,500	29.54%
Attorney Services	\$ 215,300	\$ 228,700	\$ 13,400	6.22%
Excess Insurance Premiums	\$ 75,012,000	\$ 81,756,100	\$ 6,744,100	8.99%
Total Contractual	\$ 132,130,900	\$ 153,736,100	\$21,605,200	16.35%
Transfers to Program Support	\$ 895,600	\$ 945,600	\$ 50,000	5.58%
Total Budget / Request	\$ 133,026,500	\$ 154,681,700	\$21,655,200	16.28%

- FY24 Unaudited Ending Fund Balance (\$11,663,492)
- FY25 Projected Ending Fund Balance (\$38,527,390)
- FY25 Premium Increase 14.99%
- FY26 – FY29 Projected Premium Increase of 16.91%
- Submitted a Special Appropriation of \$120,500,000
 - Reduce Premium Increases
 - Sexual Abuse and Molestation Prevention Efforts
 - Offset to Self Insured Retention for Wind and Hail Claims
 - Current Deductible is \$10,000,000

NMPSIA Five-Year Risk Projection

			Scenario A	Scenario B	Scenario C	Scenario D
			No Appropriation	\$20M Appropriation	\$40M Appropriation	\$60M Appropriation
Rate Action		Original				
Effective	FY25 7/1/2024	31.86%	14.99%	14.99%	14.99%	14.99%
Effective	FY26 7/1/2025	17.00%	16.91%	15.64%	14.35%	13.03%
Effective	FY27 7/1/2026	4.35%	16.91%	15.64%	14.35%	13.03%
Effective	FY28 7/1/2027	4.35%	16.91%	15.64%	14.35%	13.03%
Effective	FY29 7/1/2028	4.35%	16.91%	15.64%	14.35%	13.02%
Premium Income						
Effective	FY25 7/1/2024	\$ 132,200,952	\$ 115,984,204	\$ 115,984,204	\$ 115,984,204	\$ 115,984,204
Effective	FY26 7/1/2025	\$ 154,675,114	\$ 135,597,132	\$ 134,124,133	\$ 132,627,937	\$ 131,096,945
Effective	FY27 7/1/2026	\$ 161,403,481	\$ 158,526,607	\$ 155,101,147	\$ 151,660,046	\$ 148,178,877
Effective	FY28 7/1/2027	\$ 168,424,532	\$ 185,333,457	\$ 179,358,967	\$ 173,423,262	\$ 167,486,585
Effective	FY29 7/1/2028	\$ 175,751,000	\$ 216,673,344	\$ 207,410,709	\$ 198,309,500	\$ 189,293,338
Fund Balance (Projected)	June 30, 2024	\$ (13,017,402)	\$ (15,088,862)	\$ (15,088,862)	\$ (15,088,862)	\$ (15,088,862)
FY 2025 Operating Income (Loss)		\$ (4,029,226)	\$ (23,438,528)	\$ (23,438,528)	\$ (23,438,528)	\$ (23,438,528)
Legislative Appropriation		\$ -	\$ -	\$ 20,000,000	\$ 40,000,000	\$ 60,000,000
Fund Balance	June 30, 2025	\$ (17,046,628)	\$ (38,527,390)	\$ (18,527,390)	\$ 1,472,610	\$ 21,472,610
FY 2026 Operating Income (Loss)		\$ 9,080,268	\$ (13,075,472)	\$ (14,548,471)	\$ (16,044,667)	\$ (17,575,659)
Fund Balance	June 30, 2026	\$ (7,966,361)	\$ (51,602,862)	\$ (33,075,861)	\$ (14,572,058)	\$ 3,896,951
FY 2027 Operating Income (Loss)		\$ 19,271,390	\$ 12,660,742	\$ 9,235,282	\$ 5,794,181	\$ 2,313,012
Fund Balance	June 30, 2027	\$ 11,305,029	\$ (38,942,120)	\$ (23,840,579)	\$ (8,777,877)	\$ 6,209,963
FY 2028 Operating Income (Loss)		\$ (718,847)	\$ 12,278,563	\$ 6,304,073	\$ 368,368	\$ (5,568,309)
Fund Balance	June 30, 2028	\$ 10,586,183	\$ (26,663,557)	\$ (17,536,506)	\$ (8,409,509)	\$ 641,654
FY 2029 Operating Income (Loss)		\$ (5,580,642)	\$ 31,803,025	\$ 22,540,390	\$ 13,439,181	\$ 4,423,019
Fund Balance	June 30, 2029	\$ 5,005,540	\$ 5,139,468	\$ 5,003,884	\$ 5,029,673	\$ 5,064,673

Premium Rate Increases Risk Fund

Plan Year	Rate Increase
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	14.99%
2025-2026	16.91% (projected)

FY26 Benefits Appropriation Request

Benefits	FY25 OP Bud	FY26 Request	FY25 / FY26 Difference	FY25 / FY26 Percentage Difference
Contracts	\$ 16,608,400	\$ 19,207,100	\$ 2,598,700	15.65%
Claims	\$ 370,868,600	\$ 441,402,400	\$ 70,533,800	19.02%
Attorney Services	\$ 215,300	\$ 238,100	\$ 22,800	10.59%
Self Insured Premiums	\$ 16,308,800	\$ 18,160,400	\$ 1,851,600	11.35%
General Administration Insurance	\$ 50,000	\$ 50,000	\$ -	0.00%
Total Contractual	\$ 404,051,100	\$ 479,058,000	\$ 75,006,900	18.56%
Transfers to Program Support	\$ 895,600	\$ 945,600	\$ 50,000	5.58%
Total Budget / Request	\$ 404,946,700	\$ 480,003,600	\$ 75,056,900	18.54%

- FY24 Unaudited Ending Fund Balance \$1,428,602
- FY25 Projected Ending Fund Balance (\$15,886,732)
- FY25 Premium Increase 10.00%
- FY26 – FY30 Projected Premium Increase 10.25%
- Submitted a Special Appropriation of \$62.9 million
 - COVID Reimbursement
 - Reduce Premium Increases
 - Third-Party Administrator Services Analysis

NMPSIA Five-Year Benefits Projection

Summary of Projection Scenarios

Description		Baseline	Scenario A: FY25 Breakeven Scenario	Scenario B: \$15M Appropriation	Scenario C: \$35M Appropriation	Scenario D: \$50M Appropriation
Rate Action*						
Eff. 10/1/2024		10.00%	17.46%	10.00%	10.00%	10.00%
Eff. 10/1/2025		10.25%	7.52%	10.03%	9.74%	9.53%
Eff. 10/1/2026		10.25%	7.52%	10.03%	9.74%	9.53%
Eff. 10/1/2027		10.25%	7.52%	10.03%	9.74%	9.53%
Eff. 10/1/2028		10.25%	7.52%	10.03%	9.74%	9.53%
Eff. 10/1/2029		10.25%	7.52%	10.03%	9.74%	9.53%
Fund Balance						
End of FY2025	Revenue	\$418,990,608	\$439,168,022	\$418,990,608	\$418,990,608	\$418,990,608
	Fund Balance	-\$15,886,732	\$4,290,683	-\$15,886,732	-\$15,886,732	-\$15,886,732
	Month of Claims	(0.4)	0.1	(0.4)	(0.4)	(0.4)
End of FY2026	Revenue	\$458,937,909	\$479,264,920	\$458,302,354	\$457,449,803	\$456,806,478
	Appropriation Funds	\$0	\$0	\$15,000,000	\$35,000,000	\$50,000,000
	Fund Balance	-\$28,287,919	\$12,216,506	-\$13,923,475	\$5,223,975	\$19,580,650
	Month of Claims	(0.7)	0.3	(0.3)	0.1	0.5
End of FY2027	Revenue	\$503,002,003	\$513,191,711	\$512,057,219	\$511,456,929	\$510,842,856
	Fund Balance	-\$29,728,308	\$21,010,742	-\$16,975,697	\$13,863	\$12,745,455
	Month of Claims	(0.7)	0.5	(0.4)	0.0	0.3
End of FY2028	Revenue	\$551,556,969	\$549,749,142	\$548,777,435	\$545,064,391	\$542,274,303
	Fund Balance	-\$18,063,707	\$30,867,516	-\$8,090,630	\$5,185,886	\$15,127,391
	Month of Claims	(0.4)	0.7	(0.2)	0.1	0.3
End of FY2029	Revenue	\$605,062,340	\$588,993,275	\$600,894,899	\$595,340,241	\$591,175,699
	Fund Balance	\$9,024,900	\$41,887,058	\$14,830,536	\$22,552,394	\$28,329,357
	Month of Claims	0.2	0.8	0.3	0.4	0.6
End of FY2030	Revenue	\$664,024,713	\$631,174,193	\$658,216,510	\$650,492,331	\$644,714,335
	Fund Balance	\$54,114,535	\$54,126,174	\$54,111,969	\$54,109,648	\$54,108,614
	Month of Claims	1.0	1.0	1.0	1.0	1.0

- Medical/Rx rate increase is shown on a blended basis
- All scenarios include a 5% Dental rate increase and 3% Vision rate increase effective 10/1/2024

Employee Benefits Fund Premium Rate Increases

Plan Year	Plan Options	Rate Increase
2016-2017	Medical High Option	8.30%
	Medical Low Option	7.15%
2017-2018	Medical High Option/HMO Option	3.98%
	Medical Low Option	1.82%
2018-2019	Medical High Option/EPO Option	4.00%
	Medical Low Option	-0.70%
2019-2020	Medical High Option/EPO Option	5.90%
	Medical Low Option	3.10%
	Dental	5.00%
2020-2021	Medical High Option/EPO Option	6.00%
	Medical Low Option	2.10%
2021-2022	Medical High Option/EPO Option	6.00%
	Medical Low Option	3.60%
2022-2023	Medical High Option/EPO Option	6.00%
	Medical Low Option	3.20%
2023-2024	Medical High Option/Low Option/EPO Option	7.24%
2024-2025	Medical High Option/Low Option/EPO Option	10.00%
	Dental	5.00%
	Vision	3.00%
2025-2026	Medical High Option/Low Option/EPO Option	10.25% (projected)

Risk Program

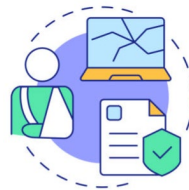
Property:

- Property deductible is \$1.0 million for all perils except a \$10.0 million deductible for the perils of Wind and Hail;
- \$750 million in insured limits per occurrence subject to sub-limits such as Flood and Earthquake: \$100 million Annual Aggregate; \$1.4 billion Annual Aggregate Terrorism Limit
- Crime limit is \$2.2 million per occurrence
- Assets insured are approximately \$35.5 billion
- \$23 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 .021 per \$100 dollars of value since 1991



Liability and Workers' Compensation:

- Liability deductible is \$1.0 million for each occurrence. \$4.0 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, lawsuits filed in federal court and/or out-of-state accidents
- 46,000 employees
- \$2.1 billion in payroll
- 345,000 students
- 45,000 school athletic participants
- 9,000+ volunteers
- 11,898 vehicles including buses



General Liability
Insurance

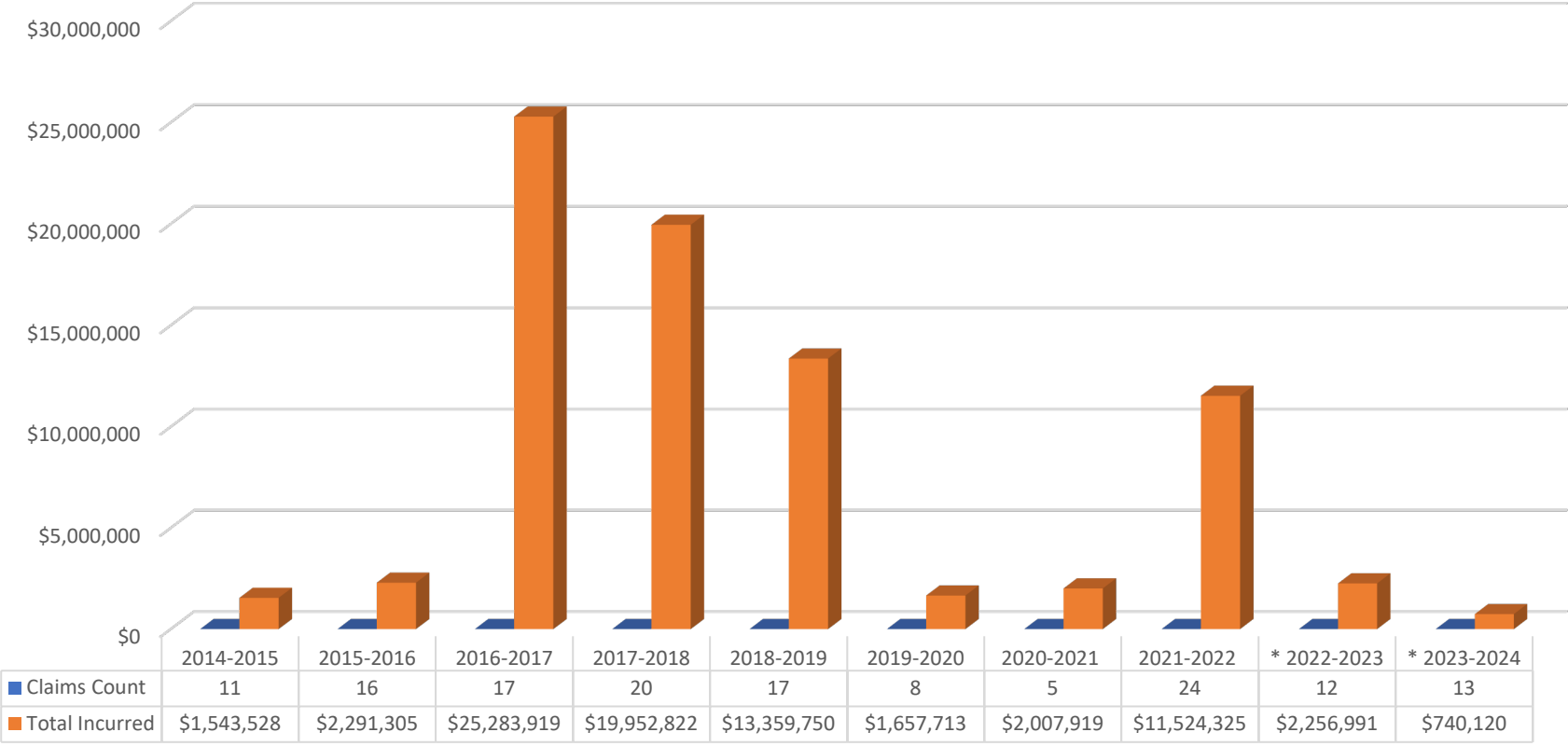
Risk Claims



- FY24 expenses are unaudited
- FY25 & FY26 projected expenses are derived from NMPSIA’s Fiscal Year 2024 actuarial analysis

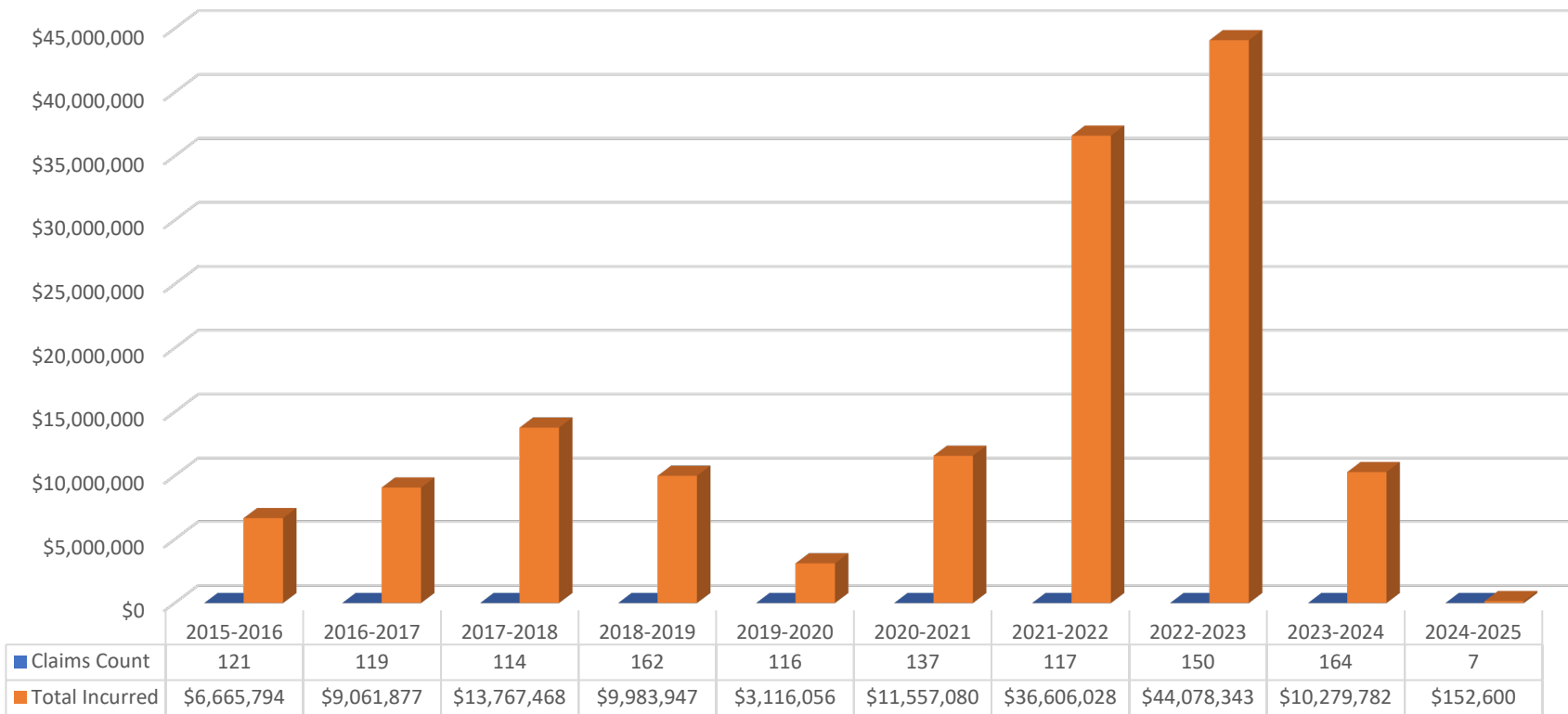
Risk Fund Cost Drivers

Sexual Molestation/Inappropriate Touching Claims



- * Fiscal Years considered immature
- Data includes faculty on student, faculty on faculty, and student on student

Risk Fund Cost Drivers Property Losses



- From August 2018 to May 2023, NMPSIA has incurred projected expenses of \$65.5 million due to Wind and Hail claims
- \$54.5 million in Excess Insurance due to NMPSIA

Top Ten Risk Claims Paid

Member Name	Description	FY24 Amount paid
Clovis Municipal Schools	Hail Damage	\$8,305,871
Lovington Municipal Schools	Hail Damage	\$4,850,994
Grady Municipal Schools	Hail Damage	\$1,832,905
Clovis Municipal Schools	Electrical Fire	\$1,722,514
Bloomfield School District	Lightning Strike Damaged Electrical Systems	\$1,685,515
Eastern New Mexico University	Hail Damage	\$1,403,678
Tucumcari Public Schools	Hail Damage	\$1,184,109
Las Vegas City Public Schools	Hail Damage	\$1,090,723
Mesalands Community College	Hail Damage	\$1,061,090
Pecos Independent Schools	Hail Damage	\$725,786
	Total	\$23,863,183

Loss Prevention Programs

- **NMPSIA Loss Prevention Program**

- Established through NMAC 6.50.12 with the objective of reducing claims and costs
- Facilitated through a 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)

- **On-site School Facility Audits**

Objective: Reduce the frequency of Workers' 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 an understanding of the issues and development of policies addressing bullying

- **Reunification**

Objective: Reunification is a structured process to bring families together after a school emergency

- **Restorative Practices**

Objective: Begin to reform suspension and discipline practices to utilize the time to teach and encourage positive behaviors and communication

- **Technical Assistance program for Special Education (Cooperative Educational Services)**

Objective: Reduce the number of Individuals with Disabilities in Education (IDEA) Due Process and Litigation Claims

HR Audits and Training for Districts and Charters with a focus on HB128 (2021) requirements

- **Board Policies and Employee Handbooks** – a discussion and review of expectations for Board Policies and Staff Handbooks regarding Professional Boundaries, Child Abuse, and Ethical Misconduct
- **Staff Training** – a discussion and review of required Child Abuse and Ethical Misconduct training – who, how, when, etc. – training must be attended (not just offered) and documented (by the district/charter), for all “staff” – including substitutes, volunteers, coaches, and contracted employees
- **Applications, Background, and Reference Checks** – a discussion and review of the requirements involving what must occur before offering a position or access to students (for all “staff” – including substitutes, volunteers, coaches, and contracted employees) – including the specifics of HB128 (2021)
- **Hiring Practices** – including interviews, waivers, required misconduct questions, handling “flags/events” on a background or reference check, documentation, and virtual checks of applicants (social media, Google, etc.)
- **Duty to Report and Investigations** – including statutes, NMAC, NMPED Rules, Title IX, additional reporting if the alleged perpetrator works or volunteers for the school, when to notify NMPSIA

HR Training and HR Audits

HR/Admin Staff HB128 Training

- Roswell January 4, 2022
- Ruidoso July 24, 2023
- Aldo Leopold October 13, 2023
- Central Cons. December 28, 2023
- Corona January 15, 2024
- Alamogordo February 26, 2024
- Los Alamos March 18, 2024
- Mora April 2, 2024
- Hagerman April 19, 2024
- Raton April 22, 2024
- Las Vegas City May 28, 2024
- Animas October 9, 2024
- Dexter October 10, 2024

- HR/Admin Staff Training is based on what the audit will cover, a prep/pre-audit.
- Pre-audits are designed to help districts/charters better understand HB128 requirements.
- There have been countless phone calls and emails to assist with HB128 questions, issues, and concerns.

Completed HR Audits

- Pecos January 24, 2023
- Bloomfield February 28, 2023
- Ruidoso April 18, 2023
- Raton March 11, 2024
- Espanola January 16, 2024

HB128 Reporting Statistics

- Cases reported to PED by a Superintendent or a school district employee following reasonable suspicion that a licensed educator is engaging in ethical misconduct.
- "Ethical misconduct" is generally sexual conduct with a student or child as defined by NMSA 22-10A-2 (F).

Fiscal Year	PED Complaints Received
2022	60
2023	69
2024	34

Red Flags and Green Lights

Navigating Healthy and Unhealthy Relationships

Purpose: Explain why understanding healthy vs. unhealthy relationships is essential

Defining Relationships:

- Types of Relationships: Briefly define friendships, family, and romantic relationships
- Healthy Relationships: Discuss trust, respect, communication, and mutual support
- Unhealthy Relationships: Identify warning signs such as control, manipulation, disrespect, and abuse/digital abuse

Impact of Unhealthy Relationships:

- Emotional and Physical Effects: Discuss the potential consequences of an unhealthy relationship
- Empowerment: Encourage students to seek help and make positive choices

Building Healthy Relationships:

- Skills: Teach communication, setting boundaries, and conflict resolution
- Self-Respect and Self-Care: Emphasize the importance of self-esteem and self-worth in maintaining healthy relationships

Resources and Support:

- Where to go for help: Provide information for school counselors, helplines, and trusted adults
- Peer Support: Encourage students to support each other in making healthy choices

Anonymous Reporting System

- NMPSIA procured STOPit Solutions as an Anonymous Reporting System (ARS) beginning July 1, 2023
- STOPit is offered to NMPSIA members at no charge
- Empower students, staff, and community members to report concerns, incidents, and potential threats anonymously and securely
- Anonymous reporting is vital in identifying potential risks and ensuring timely interventions
- STOPit's comprehensive reporting platform enables anonymous reporting of various issues, including bullying, harassment, safety threats, etc.
- Available through the web, mobile app, and telephone
- 24/7 command center
 - All tips are investigated and vetted
- 24/7 access to crisis-trained counselors
- Custom-created educational videos on sexual abuse and grooming
 - Middle School
 - High School
 - Parents

Anonymous Reporting System

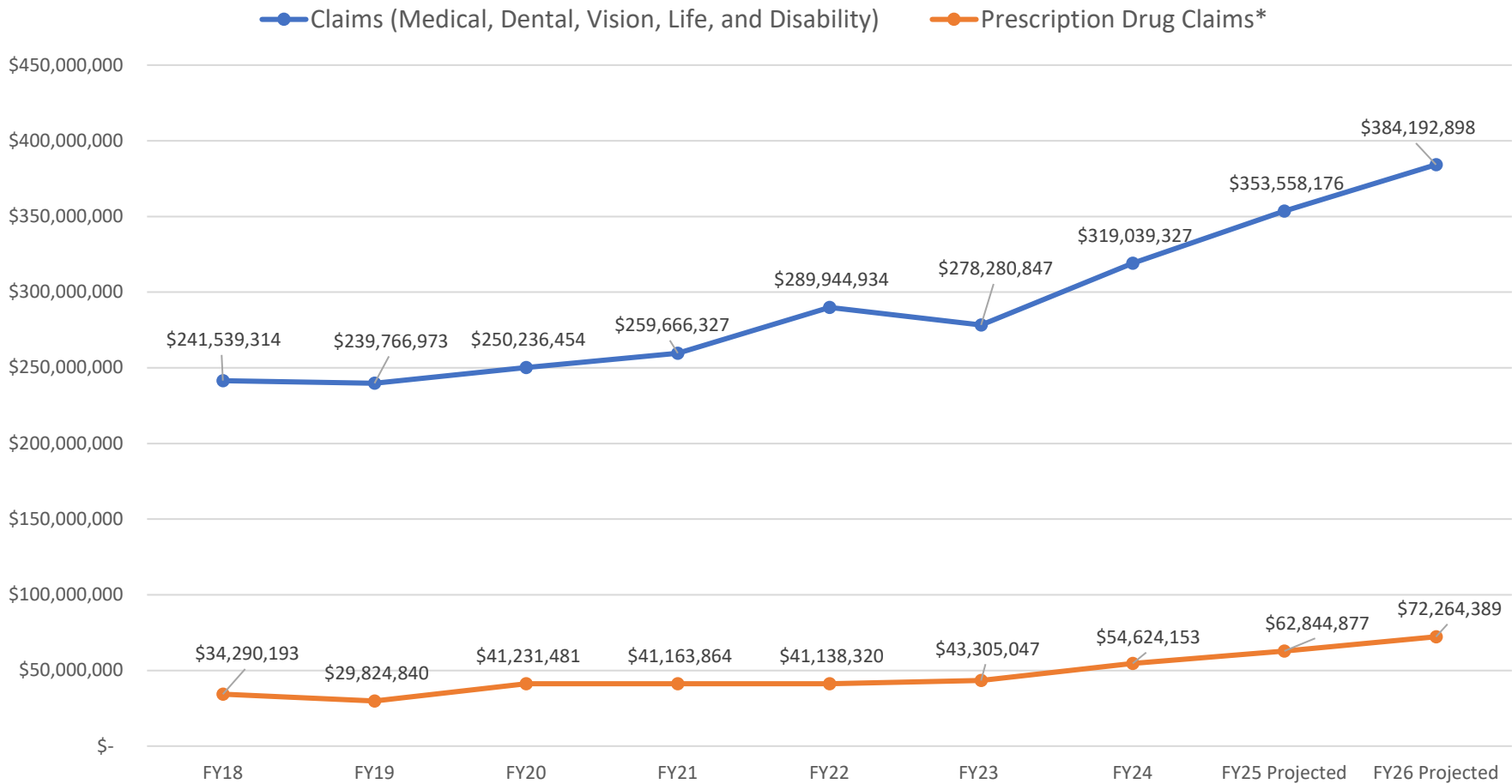
2023 – 2024 School Year

- 118,385 Students have access to the application
- 2,319 Incidents Reported
- 4,699 STOPit Messenger Reports
- 614 Crisis Text Line Interventions
- 237 Life Threats Reported
- 210 Get Help Resources
 - Immediate access to community resources
- Top 5 Life Threats
 1. Fight / Assault
 2. Cutting / Self-Harm
 3. Violence
 4. Suicide Ideation
 5. Weapons
- Top 5 Resources Accessed
 - STOPit Reporting Hotline
 - What to do if you are bullied
 - National Help Resources
 - Suicide Prevention Hotline
 - Kids talk

2024 – 2025 School Year

- 119,135 Students have access to the application
- 617 Incidents Reported
- 1,518 STOPit Messenger Reports
- 197 Crisis Text Line Interventions
- 137 Life Threats Reported
- 71 Get Help Resources
 - Immediate access to community resources
- Top 5 Life Threats
 1. Threat or Planned Attack
 2. Violence
 3. Weapons
 4. Cutting / Self-Harm
 5. Suicide Ideation
- Top 5 Resources Accessed
 - STOPit Reporting Hotline
 - Suicide Prevention Hotline
 - Child Abuse and Neglect
 - National Help Resources
 - New Mexico Suicide and Crisis

Benefits Medical and Prescription Drug Claims



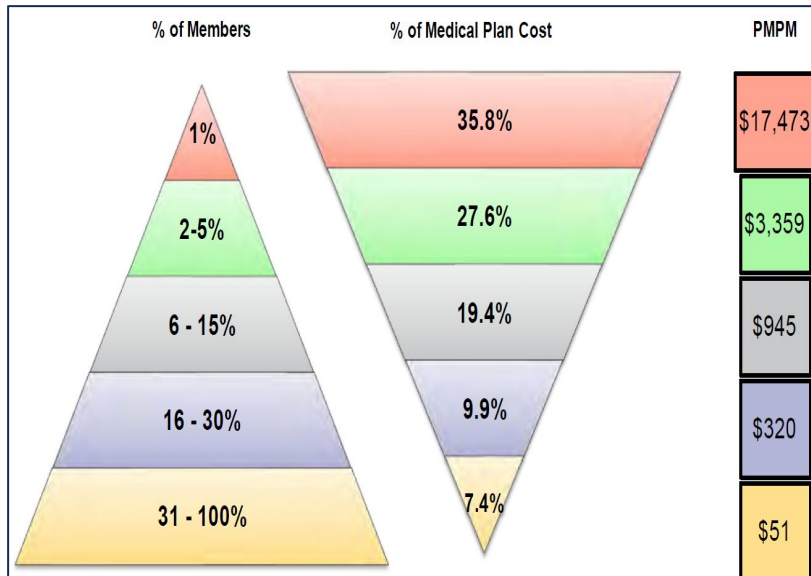
Benefit Cost Drivers

Medical Claims Comparison

Current: Jan 2023 – Dec 2023

Prior: Jan 2022 – Dec 2022

Distribution of Plan Paid Claims



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	\$110,284,884	\$202.33	27.3%	\$99,359,358	\$184.42	28.1%	9.7%
Inpatient Hospital	\$66,035,163	\$121.15	16.3%	\$60,146,700	\$111.64	17.0%	8.5%
Professional	\$54,382,191	\$99.77	13.4%	\$53,079,340	\$98.52	15.0%	1.3%
Emergency Room	\$32,894,230	\$60.35	8.1%	\$30,540,401	\$56.68	8.6%	6.5%
Urgent Care	\$1,446,118	\$2.65	0.4%	\$1,421,363	\$2.64	0.4%	0.6%
Drugs (Medical Benefit)	\$29,187,295	\$53.55	7.2%	\$24,157,018	\$44.84	6.8%	19.4%
All Others ²	\$6,490,355	\$11.91	1.6%	\$5,955,217	\$11.05	1.7%	7.7%
Total Medical	\$300,720,236	\$551.72	74.3%	\$274,659,397	\$509.78	77.6%	8.2%
Total Rx³	\$103,930,117	\$190.68	25.7%	\$79,180,039	\$146.96	22.4%	29.7%
Total Paid	\$404,650,353	\$742.39	100.0%	\$353,839,436	\$656.75	100.0%	13.0%
Member Paid	\$50,759,148	\$93.13	12.5%	\$45,171,721	\$83.84	12.8%	11.1%
Plan Paid	\$353,891,204	\$649.27	87.5%	\$308,667,715	\$572.91	87.2%	13.3%

- 1% of Members account for 35.8% of medical plan cost
- 5% of Members account for 63.45% of medical plan cost
- 15% of Members account for 82.8% of medical plan cost

- Outpatient Hospital increased \$10.9 million or 9.7%
- Medical Benefit Drugs increased \$5.0 million or 19.4%
- Total Prescriptions increased \$24.8 million or 29.7%

Medical High-Cost Claimants by Condition

Medical Claims Comparison

Current: Jan 2023 – Dec 2023 • Prior: Jan 2022 – Dec 2022

Chronic Condition for High Cost Claimants ¹	Current Period			Prior Period			% Change	
	Members	% Within Condition	PMPY	Members	% Within Condition	PMPY	Prev	PMPY
1. Diabetes	94	2.1%	\$217,078	95	2.3%	\$202,175	-0.2%	7.4%
2. CAD	78	7.3%	\$238,752	79	7.8%	\$238,897	-0.5%	-0.1%
3. Asthma	53	1.3%	\$198,449	42	1.1%	\$173,560	0.2%	14.3%
4. COPD	22	8.3%	\$290,340	19	7.4%	\$247,965	0.9%	17.1%
5. Hypertension	213	2.2%	\$230,400	201	2.1%	\$211,127	0.0%	9.1%
6. CHF	18	10.6%	\$212,795	25	14.6%	\$255,564	-4.0%	-16.7%
7. Breast Cancer	31	8.2%	\$272,529	24	6.6%	\$250,579	1.5%	8.8%
8. Colon Cancer	13	15.3%	\$273,177	13	14.1%	\$289,202	1.2%	-5.5%
9. Prostate Cancer	11	9.7%	\$153,531	6	4.9%	\$141,788	4.8%	8.3%
Totals (unique)	267	1.3%	\$226,678	242	1.2%	\$214,407	0.1%	5.7%

- 267 unique high-cost member claimants account for \$60.5 million in claims.

Medical High-Cost Claimants by Condition

Current: Jul 2023 – Jun 2024

Claimant Name	Plan	Option	Top 3 Diagnoses by Plan Paid	Total Plan Paid
Claimant 1	BCBS	Low	1. Adrenal cancer 2. Acute myeloblastic leukemia 3. Chemotherapy-induced pancytopenia	\$2,154,722
Claimant 2	Presbyterian	High	1. Multiple myeloma 2. Encounter for immunotherapy 3. Encounter for chemotherapy	\$2,085,922
Claimant 3	Presbyterian	High	1. Cervical cancer 2. Encounter for immunotherapy 3. Aftercare	\$1,056,521
Claimant 4	Presbyterian	High	1. Sepsis 2. Esophageal varices 3. Hypovolemic shock	\$1,041,778
Claimant 5	BCBS	High	1. End-stage renal disease 2. Dependence on renal dialysis 3. Fabry disease	\$1,040,241
Claimant 6	BCBS	High	1. Hydrops fetalis 2. Pulmonary hypertension of newborn 3. Neonatal cardiac failure	\$1,018,473
Claimant 7	BCBS	High	1. Familial hypercholesterolemia 2. COVID-19 3. Shortness of breath	\$976,430
Claimant 8	Presbyterian	High	1. Encounter for chemotherapy 2. Cervical cancer 3. Other anemia	\$951,558
Claimant 9	BCBS	High	1. Nonfamilial hypogammaglobulinemia 2. Long-term drug therapy 3. Immune deficiency	\$937,204
Claimant 10	BCBS	High	1. Breast cancer 2. Estrogen receptor negative status 3. Encounter for chemotherapy	\$916,770
Grand Total				\$12,179,619

Prescription Drug Expenses

Current: Jan 2023 – Dec 2023 • Prior: Jan 2022 – Dec 2022

Category	Non-Specialty		Specialty		Total		
	Current Period	Change	Current Period	Change	Current Period	Prior Period	Change
Total Cost ¹	\$56,733,270	32%	\$47,196,847	30.6%	\$103,930,117	\$79,180,039	31.3%
% of Total Costs	54.6%	0.4%	45.4%	-0.5%			
Total Scripts	477,337	-7.9%	11,170	27.4%	488,507	527,107	-7.3%
% of Total Scripts	97.7%	-0.6%	2.3%	37.5%			
Avg Cost PMPM	\$104.09	30.3%	\$86.59	29.1%	\$190.68	\$146.96	29.7%
Avg Cost Per Rx	\$118.85	43.1%	\$4,225	2.5%	\$212.75	\$150.22	41.6%
Number of Scripts PMPM	0.88	-9.0%	0.02	25.9%	0.90	0.98	-8.4%
Generic Dispensing Rate	83.2%	-1.9%	39.5%	-14.7%	82.2%	84.2%	-2.4%
Member Cost %	7.5%	-14.0%	24.3%	1.2%	15.1%	15.7%	-3.6%

- Total prescription drug cost increased nearly 30% PMPM driven by an increase in Non-specialty drug cost and utilization of higher cost Specialty medications. Non-specialty trend is primarily driven by GLP-1 medications.
- Total scripts decreased when compared to prior period. However, average days' supply increased as there was a shift in the number of prescriptions filled for 90 days at retail. There was still an overall increase in the average cost per day.
- Average cost per Rx increased by more than 40% and average cost per day at nearly 12%. While the cost per Specialty script did not increase significantly, the higher utilization of that class contributed to increased cost per script.
- The generic dispensing rate decreased and is now just under 83%. Continued marketing for new drugs is ever-increasing; remind members to use lower-cost generics wherever possible. Increased utilization of medications to treat autoimmune, psoriasis and multiple sclerosis also contribute to a lower generic proportion as many of these are Specialty and/or have very limited generic options.

Prescription Cost Management by Condition

Current: Jan 2023 – Dec 2023 • Prior: Jan 2022 – Dec 2022

Rank	Top 10 Indications	Prev Rank/ Movement		Current Period				Prior Period				% Change		
				Total Scripts ¹	Total Cost ²	Generic Fill Rate	PMPM	Total Scripts ¹	Total Cost ²	Generic Fill Rate	PMPM	Total Scripts*	Total Cost/Rx ²	PMPM
1	Diabetes	1	-	38,474	\$24,198,429	39.3%	\$44.40	36,908	\$17,720,757	49.8%	\$32.89	4.2%	31.0%	35.0%
2	Autoimmune Disease	2	-	4,166	\$20,357,718	19.0%	\$37.35	2,832	\$14,255,134	30.1%	\$26.46	47.1%	-2.9%	41.2%
3	Oncology	3	-	2,953	\$8,401,363	75.8%	\$15.41	3,077	\$7,544,280	79.4%	\$14.00	-4.0%	16.0%	10.1%
4	Psoriasis	4	-	856	\$7,372,505	8.2%	\$13.53	526	\$4,833,724	17.7%	\$8.97	62.7%	-6.3%	50.8%
5	Asthma/COPD	5	-	22,393	\$3,589,071	76.7%	\$6.58	23,892	\$3,280,579	78.8%	\$6.09	-6.3%	16.7%	8.1%
6	Obesity Management	28	▲ 22	2,354	\$3,099,049	5.0%	\$5.69	455	\$432,866	29.5%	\$0.80	417.4%	38.4%	607.7%
7	Rare Disorders	12	▲ 5	531	\$2,815,062	74.2%	\$5.16	516	\$1,462,025	80.2%	\$2.71	2.9%	87.1%	90.3%
8	Diabetic Supplies/Monitoring	9	▲ 1	7,454	\$2,632,591	0.0%	\$4.83	6,404	\$1,764,337	0.0%	\$3.27	16.4%	28.2%	47.5%
9	Multiple Sclerosis/Neuromuscular Disorders	6	▼ 3	391	\$2,538,838	47.6%	\$4.66	339	\$2,503,956	27.4%	\$4.65	15.3%	-12.1%	0.2%
10	Skin Disorders	10	-	9,652	\$2,497,649	91.4%	\$4.58	8,925	\$1,717,846	95.0%	\$3.19	8.1%	34.4%	43.7%
Total Top 10:				89,224	\$77,502,274	50.3%	\$142.19	83,874	\$55,515,504	59.3%	\$103.04	6.4%	31.2%	38.0%

- Diabetes continues to be the leading disease indication with a PMPM of \$44.40, which is a 35% PMPM increase over the prior period.
- Psoriasis and Autoimmune diseases experienced significant increases in total scripts at more than 40% over the prior period.
- Obesity Management medications soared into the top ten cost category due to increased utilization.
- Rare disorders experienced cost increases due to selected medications; particularly kidney disorders.

COVID-19 Expenses

	FY20	FY21	FY22	FY23	Total
Medical	271,964	16,944,675	24,330,879	7,364,818	48,912,337
Rx	-	384,405	848,668	384,105	1,617,178
Total	271,964	17,329,080	25,179,547	7,748,923	50,529,515
Expenses incurred March 2020 through June 2023; NM Public Health Emergency (PHE) ended March 31, 2023; Federal PHE ended May 11, 2023					(15,000,000)
					35,529,515

- Medical expenses consist of testing, treatment, and vaccinations
- Rx expenses consist of anti-viral medications, over-the-counter tests, and vaccinations
- Under the American Rescue Plan Act (ARPA) March 11, 2021, and directed by the NM Department of Homeland Security and Emergency Management
 - In January 2022, NMPSIA submitted a request for Federal Emergency Management Agency (FEMA) funds in the amount of **\$19,942,128** for incurred claims from March 2020 through September 2021
 - FEMA determination:
 - *FEMA policy does not provide Public Assistance (PA) funding for medical costs if underwritten by private insurance, Medicare, Medicaid, or a pre-existing private payment agreement. The Applicant is a state of New Mexico agency and is a private payment agreement to pool funds for payment upon claims. The Applicant's request for PA funding for the testing, treatment, and vaccinations of the members of its self-funded health plan are not eligible for funding from FEMA and are considered a duplication of benefits*

Requests	Time Period of Request	Amount of Request
1	2.2020-6.2020 QTR FEMA Funding Request	\$ 273,098.44
2	7.2020-09.2020 QTR FEMA Funding Request	\$ 1,446,738.27
3	10.2020-12.2020 QTR FEMA Funding Request	\$ 5,211,209.47
4	1.2021-3.2021 QTR FEMA Funding Request	\$ 6,504,490.49
5	4.2021-6.2021 QTR FEMA Funding Request	\$ 3,029,569.28
6	7.2021-9.2021 QTR FEMA Funding Request	\$ 3,477,018.78
	Total Request	\$ 19,942,124.73

COVID-19 Expenses

- NMPSIA received a \$15 million-dollar Special Appropriation during the FY22 Legislative Session
 - Passed a Single Audit of Coronavirus State and Local Fiscal Recovery Funds
 - Under the Single Audit Active Amendments of 1996, a Single Audit is an organization-wide audit of a non-Federal entity's financial statements of its expenditures of Federal fund awards over \$750,000

- Submitted two appropriation requests during the FY23 Legislative Session
 - \$12,067,163 for COVID-19 expenses prior to March 2021
 - \$12,986,735 for COVID-19 expenses received after March 2021
 - Not approved

- Submitted Special Appropriation in FY24 for unfunded \$35,500,000
 - Not approved

COVID-19 Paid Vaccination Claims Summary					
Sum of Plan Cost		Drug Label			Grand Total
Years	Date - Serviced	JANSSEN COVID-19 VACCINE (EUA)	MODERNA COVID-19 VACCINE (EUA)	PFIZER COVID-19 VACCINE (EUA)	
2020	Dec		945.76		945.76
2020 Total			945.76		945.76
2021	Jan		35,129.00	100.00	35,229.00
	Feb		58,592.46	2,389.34	60,981.80
	Mar	9,443.21	74,076.24	36,974.67	120,494.12
	Apr	2,340.00	46,170.00	18,542.24	67,052.24
	Jun		20.00		20.00
2021 Total		11,783.21	213,987.70	58,006.25	283,777.16
Grand Total		11,783.21	214,933.46	58,006.25	284,722.92

COVID-19 Paid Medical Claims Summary by Vendor				
Sum of Paid		PlanDesc		
Years	PaidDate	BCBS	PRES	Grand Total
2020	Feb	399.79	147.62	547.41
	Mar	685.50	298.70	984.20
	Apr	5,444.09	8,409.01	13,853.10
	May	85,494.75	29,983.73	115,478.48
	Jun	106,757.64	35,477.61	142,235.25
	Jul	210,547.36	60,373.30	270,920.66
	Aug	512,481.53	101,571.14	614,052.67
	Sep	354,318.37	207,446.57	561,764.94
	Oct	197,733.53	221,571.18	419,304.71
	Nov	825,728.17	718,981.34	1,544,709.51
	Dec	1,336,361.40	1,909,888.09	3,246,249.49
2020 Total		3,635,952.13	3,294,148.29	6,930,100.42
2021	Jan	2,369,372.36	473,758.95	2,843,131.31
	Feb	1,170,431.36	-522,732.13	647,699.23
	Mar	960,994.80	1,835,960.23	2,796,955.03
	Apr	600,163.56	13,066.57	613,230.13
	May	557,114.93	64,435.94	621,550.87
	Jun	186,490.56	76,119.53	262,610.09
2021 Total		5,844,567.57	1,940,609.09	7,785,176.66
Grand Total		9,480,519.70	5,234,757.38	14,715,277.08

\$15,000,000.00

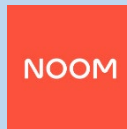
Making Wellness Accessible to Members

Weight Loss & Mental Health Support

Health Coaching (offered to Presbyterian members)



Psychology-based program to help members make healthier choices (offered to Presbyterian members)



Metabolic Syndrome Reversal Program (BCBS members only)



Messaging Therapy for emotional wellbeing (offered to Presbyterian members)



My Stress Tools: Online suite of stress management and resilience-building resources (offered to Presbyterian members)



Learn to Live: Digital programming with lessons, activities, and one-to-one support (offered to BCBS members)



Cost Saving Solutions

Prescription Benefit Programs

- Transform Diabetes Care (TDC) Program



Connected smart devices to monitor and track diabetes and overall health



Reminders on upcoming screenings, needed testing, lab result availability, how to take insulin

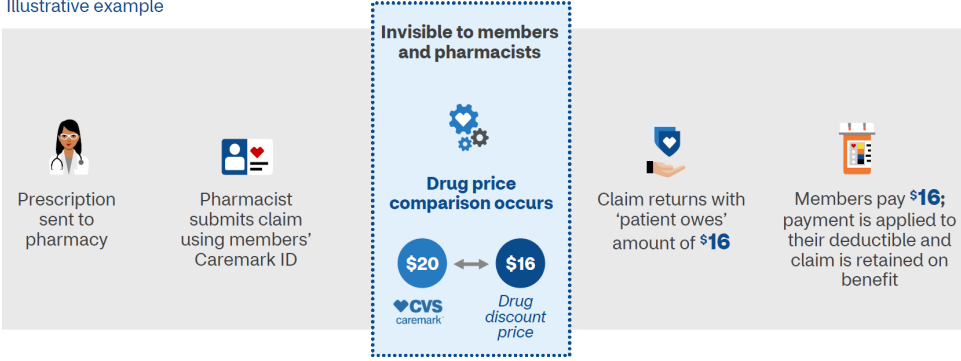


Dedicated specialists allow members to access remote help from a team of pharmacists, nurses and specialists

- Caremark Cost Saver Program

- Seamless member experience at participating pharmacies
- Retains Claims on benefit
 - Applies the cost to deductibles and out-of-pocket limits
 - Helps prevent gaps in clinical support
 - Supports continuity of data and reporting for member adherence programs

Illustrative example



Cost Saving Solutions

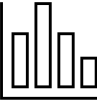
Prescription Benefit Programs

- **Drug Savings Review**



Designed to eliminate unnecessary medication

without disruption to members



Leverages data to identify members who might be at risk for drug-induced conditions

or have opportunities for more cost-effective therapy using evidence-based prescribing criteria



Delivers timely, voluntary recommendations to prescribers

to improve clinical outcomes and reduce drug spend

\$1.89 PMPM savings on average	1.29% Rate of savings on average
6:1 ROI	\$3.9M Total savings in 2022

- **Point of Sale (POS) Estimated Rebate**

- POS Estimated Rebate applied to the ingredient cost, after applying the appropriate network discount and dispensing fee, and before calculating the applicable member cost share amount at point of sale to reduce the price to the member

- **Biosimilars**

- Increased competition in the pharmaceutical market, leads to more affordable options

- **Channel Management**

- Retail 90 and CVS Specialty Pharmacy
 - **Prudent Rx**
 - Captures some pharmaceutical manufacturer dollars for copay assistance and reduces out-of-pocket costs on specialty medications

- **Utilization Management**

- Formulary Tiers, Prior Authorizations, Step Therapy



Cost Saving Solutions

Stop Loss Insurance

- Enables NMPSIA to protect our self-insured plan from catastrophic losses

Leveraged Trend Illustration

Terms: \$1,700,000 Individual Claimant 2023
 \$1,000,000 Individual Stop Loss Level
 \$500,000 Aggregating Specific Deductible

	2023	2024	
Total Individual Claim	\$1,700,000	\$1,785,000	+ 5%
Individual Stop Loss	\$1,000,000	\$1,000,000	
<u>Aggregating Specific</u>	<u>\$500,000</u>	<u>\$500,000</u>	
Reimbursement	\$200,000	\$285,000	+ 43%

- Even though the individual claim increased by 5% in 2024, from \$1,700,000 to \$1,785,000, the reimbursement increased by 43%, from \$200,000 to \$285,000.
- This type of leveraging occurs with any type of fixed co-payments or fixed deductibles.

The Plan can mitigate leveraged trend by the Individual Stop Loss level or Aggregating Specific Deductible by marketplace trend

Cost Saving Solutions

Strategic Initiatives and Opportunities

Annual Audit Cycle

- NMPSIA's Benefits Consultant conducts an external audit of carrier (one per year)

Claims Integrity Audit

- Review 100% of a health care provider's claims to ensure accuracy and compliance with regulations and adjudication practices
- Determine and collect any recoveries from improper claims overpayments

Ongoing Medical Claims and Administrative Procedures Audit

- Review for financial accuracy, processing accuracy (evaluating claims processing for payment or procedural errors), payment accuracy, and turnaround time
- Includes a review of adjudication procedures to assess claim control measures

Pre and Post Implementation Audit for New Vendors

- Audit to ensure implementation was delivered according to the NMPSIA plan design
- Financial Review, Benefit Administration, Clinical Program Review

Pharmacy Benefit Manager (PBM) Claims and Rebate Audit

- Financial Review (Average Wholesale Price (AWP) discount, dispensing fee, minimum rebate, and generic dispensing rate guarantees)
- Benefit Administration – Plan Design Validation (copay and coinsurance application, excluded products, duplicate claims, early refills, and prior authorization)

Cost Saving Solutions

Strategic Initiatives and Opportunities

PBM Market Check

- Review of the financial competitiveness of aggregate PBM pricing against aggregate pricing terms presented to employers of similar size and comparable services in the marketplace by other PBMs
- Compare terms to industry benchmarks and negotiate for improvements
- July 1, 2024 through June 30, 2025 – Estimated pricing improvements of up to roughly 2.1% or \$901k

Claims Data Warehouse

- In place since 2014
- Carriers submit medical and prescription claims data

NMPSIA Shape and RADR Reports

- Provided by the NMPSIA Benefits Consultant a comparison between two years of data that includes:
 - Principal Financial Trends and Observations
 - Components frequently included in audits:
 - Financial claims audit
 - Operational review of medical claims, i.e., administration performance measurement including administrative (procedural), financial, and payment accuracy and claims processing time (turnaround time)
 - Plan design review
 - Utilization Management & Administrative and Clinical Program Review
 - Potential Fraud and Abuse Review
 - Major Conditions – Prevalence and Cost
 - High-Risk Cost Analysis
 - Clinical Quality Performance
 - Prescription Drug Expenses
 - Prescription Drug Cost Management Analysis
 - Distribution of Plan Paid Claims
 - COVID-19 Risk & Experience

Cost Saving Solutions

Strategic Initiatives and Opportunities

Repricing Exercise

- Evaluate the relative strength of network discounts offered by current provider networks by area based on where membership resides
- Perform a provider network repricing analysis
- Provide current network contractors with actual recent Agency historical claims utilization and request that current contractors evaluate what each claim would have been paid at under their network
- Contractor will prepare a repricing analysis report that will include revised network differentials that Agency may consider applying to the contribution rates for current plan offerings

Exploration of Near-Site and/or Mobile Clinics

- Identified for provider and member care gaps
- To be placed or made available in various locations across New Mexico
- Collaborate with other partners with membership in identified locations

Lantern (previously SurgeryPlus)

- Musculoskeletal surgical services coverage for Episodes of Care (EOC) for non-emergency surgeries
 - Eliminates member cost share for musculoskeletal procedures
 - Bundle all costs for spine, orthopedic or joint surgeries and interventional pain management
 - Savings are realized on procedure costs due to favorable rates negotiated with providers and facilities
 - Required credentialing in-network standards of excellence for participating surgeons
 - Travel program provides mileage reimbursement, hotel, per diem (meals/travel related expenses) for patient and one companion and (if appropriate) airfare
 - Guided support from a Personal Care Advocate



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