



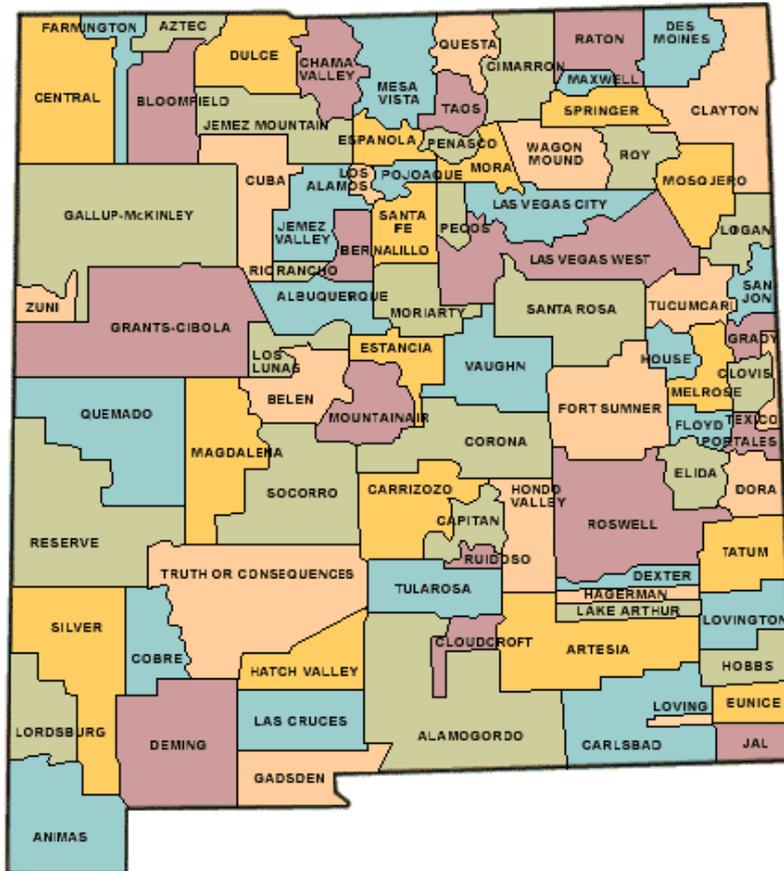
**New Mexico
Public Schools
Insurance Authority**

**FY2017 Appropriation Request
Legislative Finance Committee
October 30, 2015**

Presented by:

**Sammy J. Quintana, Executive Director
Ernestine Chavez, Deputy Director
Norma Henderson, Interim Comptroller**

NMPSIA TODAY



Benefits and Risk
Programs covering
**Mandatory: 88 Public
School Districts** (APS not
included in NMPSIA)
**Mandatory: 99 Charter
Schools**
**Optional: 25 Other
Educational Entities**

- 11 Staff Members
- 11 Board Members

APPROPRIATION REQUEST

- **For FY17, NMPSIA is requesting \$17.8 million be appropriated to Public School Support for the employer's share of increased insurance premiums:**
 - **\$1 million for the Risk program; and**
 - **\$16.8 million for the Benefits program**

IBNR vs. Fund Balance

Claims Incurred But Not Reported (IBNR) reflects the total amount owed by NMPSIA to all valid claimants who have had a covered loss but have not yet reported it.

Fund balance is defined as the difference between the assets and liabilities of a fund.

IBNR and Fund Balance as of September 30, 2015	Employee Benefits	Risk
IBNR Reserves	\$24,403,589	
IBNR Property & Liability		\$7,497,735
IBNR Worker's Comp		\$14,285,020
Fund Balance (Unaudited)	\$30,889,956	\$4,298,747

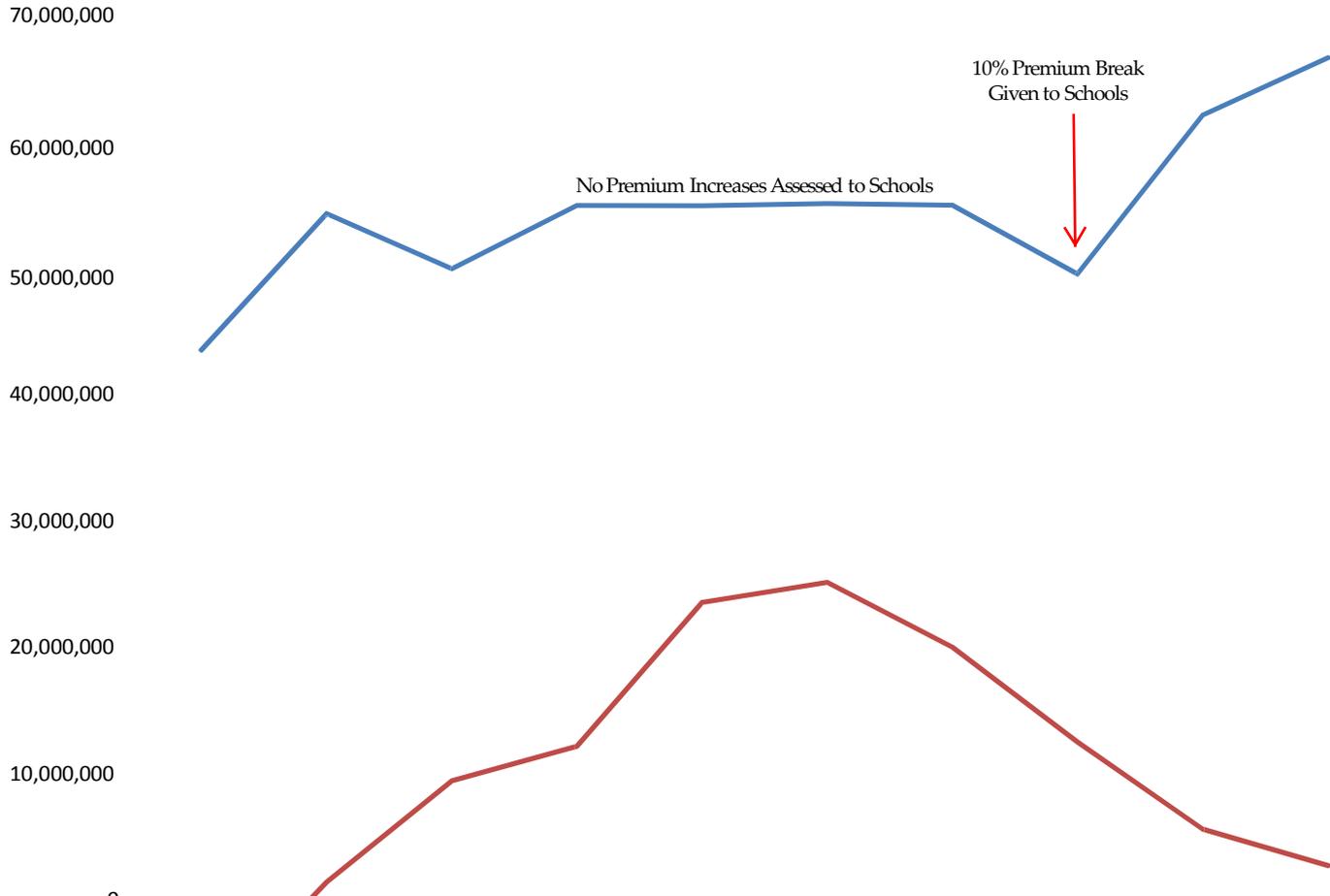


New Mexico Public Schools Insurance Authority
Risk Fund
FY17 Appropriation Request

Source of Revenue	FY15 (2014-2015) Actual	FY16 (2015-2016) Opbud	FY17 (2016-2017) Request	Percentage Difference FY16-FY17
Premiums (Property, Liability, Workers' Comp, Equipment Breakdown & Student Catastrophic Assessments)	66,470,786	73,289,400	74,384,846	1.49%
Interest Income (Wells Fargo, LGIP)	97,566	40,000	80,000	100.00%
Investment Income (SIC)	487,907	-	-	0.00%
Miscellaneous Revenue (Subrogations/Recoveries)	1,993,248	500,000	500,000	0.00%
Fund Balance	2,874,802	-	-	0.00%
Total	\$ 71,924,309	\$ 73,829,400	\$ 74,964,846	1.54%

Source of Expenditures	FY15 (2014-2015) Actual	FY16 (2015-2016) Opbud	FY17 (2016-2017) Request	Percentage Difference FY16-FY17
Claims (Property, Liability & Workers' Comp)	32,693,771	32,348,404	32,954,847	1.87%
Premium for Excess Coverage (Property, Liability, Student Catastrophic, Equipment Breakdown & Workers' Comp)	35,119,594	36,413,032	36,413,032	0.00%
Administrative Fees (Claims Processing, Loss Prevention, Ergonomics)	3,290,737	4,053,259	4,086,052	0.81%
Other Contractual (Property Appraisal, Actuarial, Legal, Bank Fees, Investment Management Fees)	158,707	334,605	828,105	147.49%
Transfer to Program Support	661,500	680,100	682,810	0.40%
Total	\$ 71,924,309	\$ 73,829,400	\$ 74,964,846	1.54%

Public Schools Insurance Authority Risk Premiums Billed vs. Fund Balance



	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
Premiums Billed to Schools	43,347,824	54,134,046	49,781,060	54,786,936	54,770,796	54,923,206	54,814,206	49,363,139	61,943,484	66,470,782
Ending Fund Balance	(9,113,137)	1,245,803	9,253,863	11,989,650	23,377,469	24,967,381	19,825,989	12,341,781	5,425,398	2,550,592

RISK PROGRAM FACTS

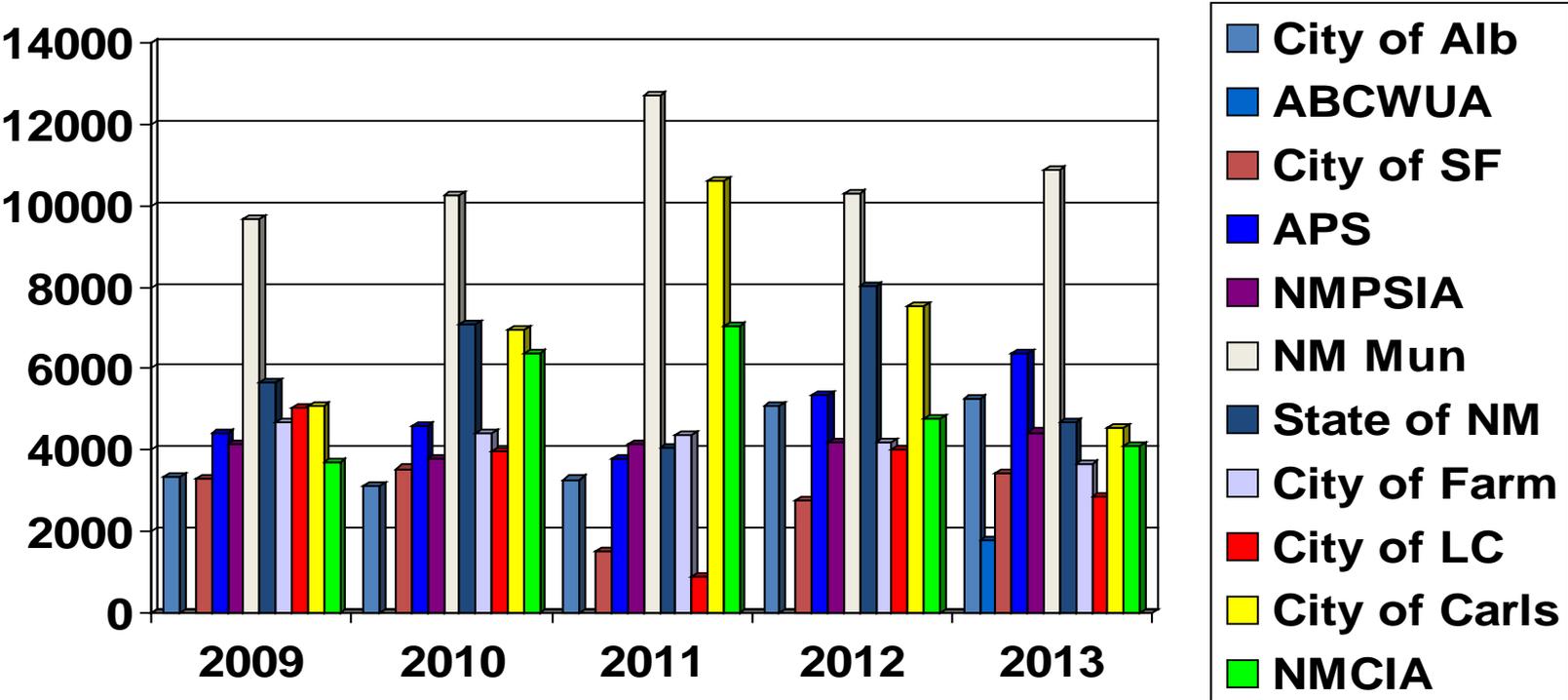
Property:

- Property deductible is \$750,000; \$750 Million in Insured limits Per Occurrence subject to sub-limits such as Flood and Earthquake: \$100 Million Annual Aggregate; \$800 Million in Terrorism Limits
- Crime Limit is \$2 Million Per Occurrence
- Assets insured are in excess of \$21 Billion
- \$12 Billion are Frame/Stucco construction, the most flammable type of construction
- 50% of properties are located in Protection Class 9 or 10, 10 being the worst protection class
- 50% of properties are located in 100 Year Flood zones
- The property rate has increased only .021 per \$100 dollars of values since 1991

Liability and Workers' Compensation:

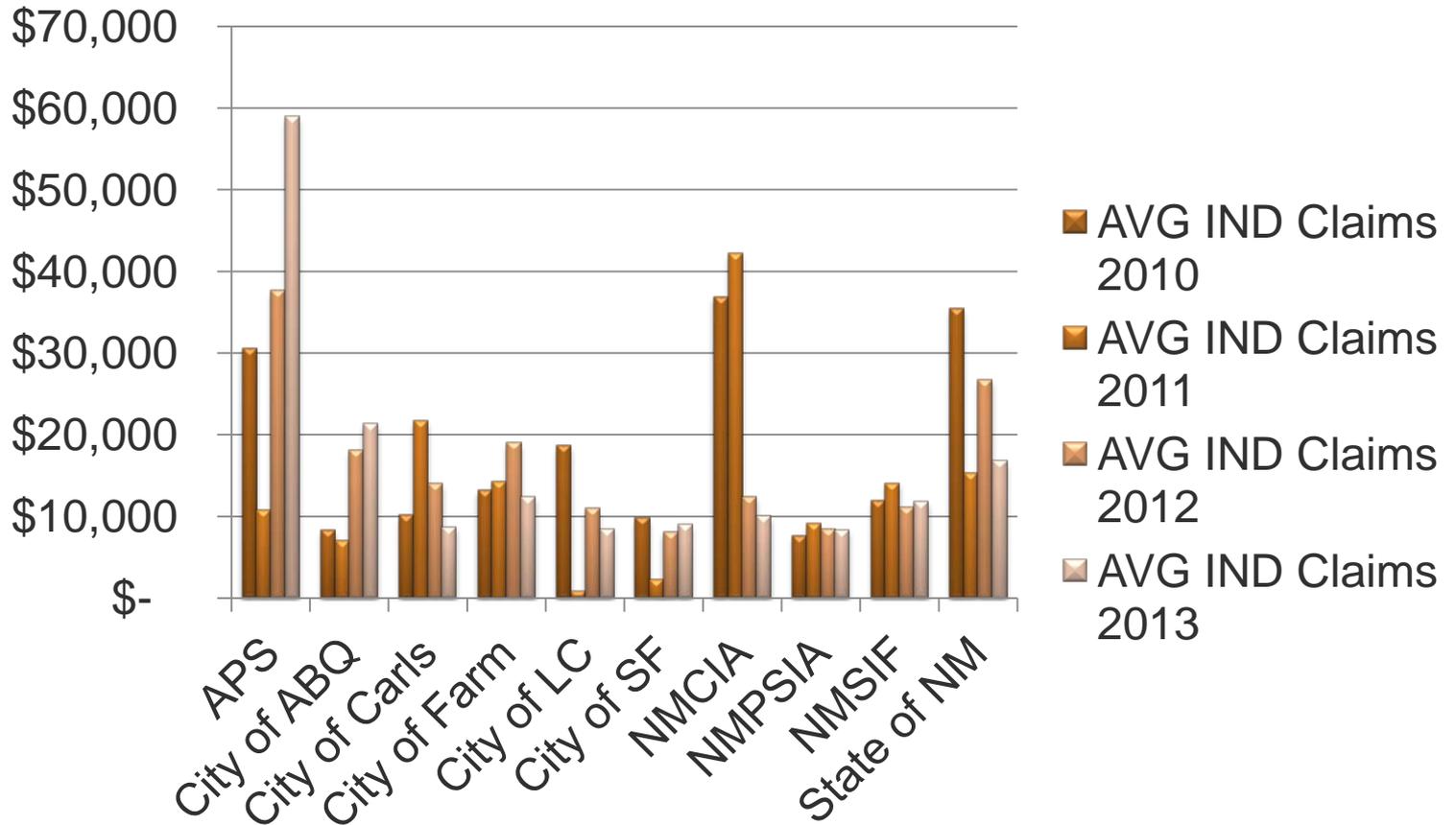
- Liability deductible is \$750,000; \$15 Million in Liability Limits Per NMPSIA Member, subject to a \$29 Million Annual Aggregate for Sexual Abuse
- There are no Tort Claims Act Limit protections for School Bus Contractors
- 44,000 employees
- \$1.6 Billion in payroll
- 300,000 students
- 42,000 school athletic participants
- 9,000 volunteers
- 8,900 vehicles including buses

SELF-INSURED GOVERNMENT WORKERS' COMPENSATION AVERAGE COST PER CLAIM



State Comparison

Average Cost per Indemnity Claims



NMPSIA LOSS PREVENTION PROGRAMS

- **Ergonomics**
 - Objective: reduce the frequency and severity of costly soft tissue injuries by school employees.
 - This is a program that provides training for a returning injured employee on how to re-engineer work habits to avoid future injury and provide training to work units that have a high level of ergonomics claims. The program also includes an audit of workplaces to identify low to no cost re-engineering fixes, such as, adjustment of chairs and work stations.
- **Threat Assessment and Active Shooter**
 - Objective: Reduce the probability of an incident of multiple victim school violence.
 - This program includes many facets, beginning with training and development of threat assessment teams. Threat Assessment teams are the first step in Risk Management, their objective is to identify a potential risk "shooter" and begin the process of mitigating the risk through counseling or in worst case scenario law enforcement . The second portion is target hardening, for example identifying and securing soft entries, for example, unsecured entrances. The third step is developing muscle memory through constant drills much like the requirement for fire drills. The final stage is the understanding the real time requirements in an "Active Shooter" environment. NMPSIA provides the entire gamut of training.
- **Employment Practices Policy and Consulting**
 - Objective : Reduce the number of employment practices claims (wrongful termination, violation of contract)
 - NMPSIA continues to provide training on Employment practices issues. In the 2015-16 school year NMPSIA began offering Sexual Harassment training on-line in order to assure that employees received the training and a certified level of understanding (70% passing score). Other issues such as review of policies or practices are performed on an as requested or as needed basis based on claims basis. NMPSIA continues to be a resource for all manner of employment and federal regulation questions and issues, such as ADAA and FLSA.

NMPSIA LOSS PREVENTION PROGRAMS

- **Technical Assistance Program for Special Education**
 - Objective: reduce the number of IDEA (Individual with Disabilities in Education) Due Process and Litigation claims.
 - A program developed in conjunction with Cooperative Educational Services to provide Hot-line and specialized assistance with Special Education Issues
- **On-site School Facility Audits**
 - Objective: reduce the frequency of Worker's Compensation, Liability and Property Claims.
 - The program requires a minimum of 300 on-site audits each year. The audits are a wall to wall review of issues that affect claims such as slip, trips and falls, building maintenance issues, OSHA, EPA, Department of Labor, and other issues that pose a potential liability. The audits are conducted by Risk Management Consultants who are available to the schools to develop effective programs aimed at reduction of losses, i.e. safety committees.
 - NMPSIA is also working closely with the Cooperative Educational Services in the development and implementation of a Facility Manager Certificate program - a seven module program spanning over a 1.5 year period. This program combined with OSHA 10 (also provided by NMPSIA) has been shown to have a significant statistical impact of facility losses.
- **Identifying a Predator Training**
 - Objective: reduce the number of sexual molestation claims in NM public Schools
 - This is an award winning training program directed at assisting employees and administrators with the identification of predatory behaviors; specifically, Targeting, Testing and Grooming.
- **Bullying Prevention Training and sustainable policy development consulting**
 - Objective: To assist schools with understanding of the issues and development of policies addressing bullying.
 - Bullying has been shown to be directly related to many forms of school violence and reduction in educational benefit. NMPSIA has developed and delivered training programs to schools for the last six years. The training is modified each year to include new research and evidence of effectiveness. Along with the training is a program that assists schools with assistance in the development of a sustainable Bullying Prevention Policy which goes well beyond the one time assembly and the off the shelf program

STUDY RANKS NM THIRD IN SCHOOL SAFETY

Ali Straiton / Journal Staff Writer

This story has been corrected to adjust N.M.'s system quality rank.

New Mexico has again fared poorly in a national ranking of the country's best and worst school systems, but did **rank as one of the top states for school safety**. The WalletHub study released Tuesday gave New Mexico a school-system quality rank of 44 and a safety rank of 3, out of all 50 states and Washington, D.C.

The study offers three main numbers for each state: the state's overall rank, its school-system quality rank and its safety rank. New Mexico's school-system quality rank was lowest of the three. But according to Robert McEntyre, spokesman for New Mexico's Public Education Department, the state is improving in its school-system quality.

How New Mexico placed in WalletHub's 2015 schools study

Overall rank: 42

School-system quality rank: 44 Safety rank: 3

--Best Scores

Bullying incidents, ranked 2 out of 51

Youth incarceration rate, ranked 20 out of 51, Average SAT score, ranked 22 out of 51

-Needs Improvement

Reading test scores, 50 out of 51 Dropout rate, 48 out of 51

Math test scores, 47 out of 51

McEntyre referenced WalletHub's 2014 report, which ranked the New Mexico school-system quality at 46. "We climbed up four spots," he said about placing 42nd this year. "That's a testament to the progress we've been making."

The school-system quality ranking compares the quality of education in 10 key categories, including pupil-teacher ratio, dropout rates, and test scores. One of New Mexico's worst scores was its dropout ranking, at 48 out of 51. "We also have the third-fastest-growing graduation rate," he said, referencing a report by Education Week, a national publication covering K-12 education. "We are obviously climbing to get kids across the finish line, but there is some work that needs to be done to further prevent kids from dropping out."

New Mexico placed better in the school safety category, which ranks schools in three categories: bullying incidents, youth incarceration, and percentage of students who report being threatened or injured on school property. The state had a low youth incarceration rank of 20 and a bullying-incidents rank of 2.



New Mexico Public Schools Insurance Authority
Employee Benefits Fund
FY17 Appropriation Request

Source of Revenue	FY15 (2014-2015) Actual	FY16 (2015-2016) Opbud	FY17 (2016-2017) Request	Percentage Difference FY16-FY17
Premiums (Medical, Rx, Dental, Vision, Life, Disability)	285,259,891	303,398,900	329,386,322	8.57%
Interest Income (Wells Fargo, LGIP)	101,000	-	100,000	100.00%
Investment Income (SIC)	508,054	-	-	0.00%
Miscellaneous Revenue (Drug Rebates, Performance Penalties, etc.)	8,223,223	500,000	6,900,000	1280.00%
Fund Balance	724,441	7,000,000	-	-100.00%
Total	\$ 294,816,609	\$ 310,898,900	\$ 336,386,322	8.20%

Source of Expenditures	FY15 (2014-2015) Actual	FY16 (2015-2016) Opbud	FY17 (2016-2017) Request	Percentage Difference FY16-FY17
Claims (Medical)	204,156,898	215,055,659	232,314,917	8.03%
Claims (Prescription)	49,569,922	54,739,660	63,542,950	16.08%
Claims (Dental)	13,729,984	15,000,000	15,369,576	2.46%
Premiums (Life, Vision)	10,354,187	10,500,000	10,571,401	0.68%
Administrative Fees (Claims Administration)	12,120,590	11,760,340	11,760,340	0.00%
Other Contractual (ERISA, Segal, Actuarial, Legal, ACA)	4,223,528	3,163,041	2,144,328	-32.21%
Transfer to Program Support	661,500	680,200	682,810	0.38%
Total	\$ 294,816,609	\$ 310,898,900	\$ 336,386,322	8.20%

BENEFITS PROGRAM FACTS

- **Over 200 participating entities**
- **Approx. 55,000 individuals covered**
- **Four medical plan options, two dental plan options, one vision plan, life insurance and disability plans**
- **\$226 million in medical claims, \$60 million in Rx claims**
- **TPA manages monthly billings to entities and employee online enrollment capabilities exist**
- **RFPs in process for medical, dental, and vision under the Health Care Purchasing Act requirements – New contracts go into effect July 1, 2016**

RATE INCREASES

DATE	PLAN	INCREASE
10/2009	Drastic Medical Plan Changes	0.0%
10/2010	Medical/Dental	6.4%
10/2011	No Increase	0.0%
10/2012	Medical	6.1%
10/2013	Medical Dental	6.6% 3.0%
10/2014	Medical	1.5%
10/2015	Medical	4.0%

NM Blue Cross Blue Shield	Employees earning <\$15,000	Employees earning \$25,000+
Single Coverage	+ \$2.80 per pay period	+ \$4.48 per pay period
Family Coverage	+7.12 per pay period	+\$11.38 per pay period

PRESCRIPTION DRUG CHALLENGES

New Mexico Public Schools Insurance Authority			
Description	Jul-14 - Jun-15	Jul-13 - Jun-14	Change
Avg Subscribers per Month	23,686	23,740	-0.2%
Avg Members per Month	53,295	53,587	-0.5%
Number of Unique Patients	43,449	44,011	-1.3%
Pct Members Utilizing Benefit	81.5%	82.1%	-0.6
Total Plan Cost	\$49,589,251	\$44,937,475	10.4%
Total Days	19,813,143	19,951,879	-0.7%
Total Rxs	663,424	661,184	0.3%
Average Member Age	37.4	37.5	-0.2%
Plan Cost PMPM	\$77.54	\$69.88	11.0%
Plan Cost/Day	\$2.50	\$2.25	11.1%
Plan Cost per Rx	\$74.75	\$67.97	10.0%
Nbr Rxs PMPM	1.04	1.03	0.9%
Generic Fill Rate	84.9%	83.4%	1.5
Home Delivery Utilization	23.5%	24.9%	-1.4
Member Cost %	9.0%	10.4%	-1.4
Specialty Percent of Plan Cost	33.1%	27.8%	5.2
Specialty Plan Cost PMPM	\$25.64	\$19.45	31.9%
Formulary Compliance Rate	98.8%	97.1%	1.7

Government - State		Employer - Education	
Jul-14 - Jun-15	Change	Jul-14 - Jun-15	Change
37.1		36.8	
\$86.60	13.8%	\$105.84	9.0%
\$2.50	6.0%	\$3.14	8.9%
\$80.46	4.1%	\$116.53	7.7%
1.08	9.3%	0.91	1.3%
83.4%	0.9	81.4%	2.3
14.3%	-5.4	36.6%	-1.9
14.7%	1.5	11.1%	-1.4
29.6%	2.5	30.2%	4.1
\$25.67	24.4%	\$31.97	26.2%
96.7%	0.9	95.8%	1.1

ADDITIONAL CHALLENGES

- **Affordable Care Act costs (\$2.7 million in Reinsurance and PCORI fees in FY15)**
- **Managing provider payment increases
Transition from fee for service to value-based purchasing as a result of RFP in progress**

Questions???

