



**New Mexico
Public Schools
Insurance
Authority**

**Legislative Finance Committee
November 15, 2022**

**PATRICK SANDOVAL
EXECUTIVE DIRECTOR**

**MARTHA QUINTANA
DEPUTY DIRECTOR**

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

- 100 Mandatory

• 26 Other Educational Entities

- 26 (*Optional*)

• Monthly Membership

- 75,164 Employees and Dependents
- 39,668 Employees
- Employees and Dependents by Coverage
 - 44,400 Medical
 - 51,500 Dental
 - 45,000 Vision
 - 12,500 Long-Term Disability
 - 18,500 Additional Life



• Staff

- 11 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
 - School Boards Association
 - Pauline Jaramillo, Secretary
 - Public Education Commission
 - K.T. Manis
 - NEA-NM
 - Bethany Jarrell
 - David Martinez, Jr.
 - AFT-NM
 - Tim Crone
 - Superintendents' Association
 - Travis Dempsey
 - Educational Entities at Large
 - Trish Ruiz

FY2024 Appropriation Request

| Fund | FY23 Operating Budget | FY24 Appropriation Request | Percentage Difference FY23/FY24 |
|-----------------|-----------------------------|----------------------------------|---------------------------------------|
| Benefits | 354,846,700 | 379,346,055 | 6.90% |
| Risk | 87,249,100 | 106,736,013 | 22.33% |
| Program Support | 1,520,100 | 1,581,100 | 4.01% |
| Agency Total | 443,615,900 | 487,663,168 | 9.93% |

- **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 FY24, the impact on Public School Support is \$15.2 million to fund the employer share of premium increases.**
 - **The increase consists of:**
 - **\$9.9 million for Employee Benefits Premiums (average 63% employer contribution)**
 - **\$5.3 million for Risk Premiums**
 - **APS will receive 1/4 of the total appropriation increase due to the mechanism of the funding formula. This reduces the amount of any additional funding to NMPSIA participating schools.**
 - **NMPSIA is requesting the addition of one FTE consisting of an Executive Assistant to support Executive Staff.**

Employee Benefits

Wellness & Well-Being Programs

NMPSIA offers the following benefits:

Self Insured Medical Options



BlueCross BlueShield
of New Mexico



Self-insured Prescription Drug Coverage



Self-insured High & Low Option Dental Plans



UNITED CONCORDIA
DENTAL

Fully insured Vision Plan



Fully insured Life & Disability Plan



NMPSIA Participating Schools must offer medical (includes prescription drugs) and basic life. Dental, vision, disability and additional life are optional coverages.

Wellness & Well-Being Program



- Discounted Gym Memberships
- Member Wellness & Well-Being Strategic Planning
- Member Health and Wellness Onsite Events, Screenings, and Activities

Customer Service

- Claim Issues, Benefit Inquires, Reconsideration of Determination

Employer Benefits Administration



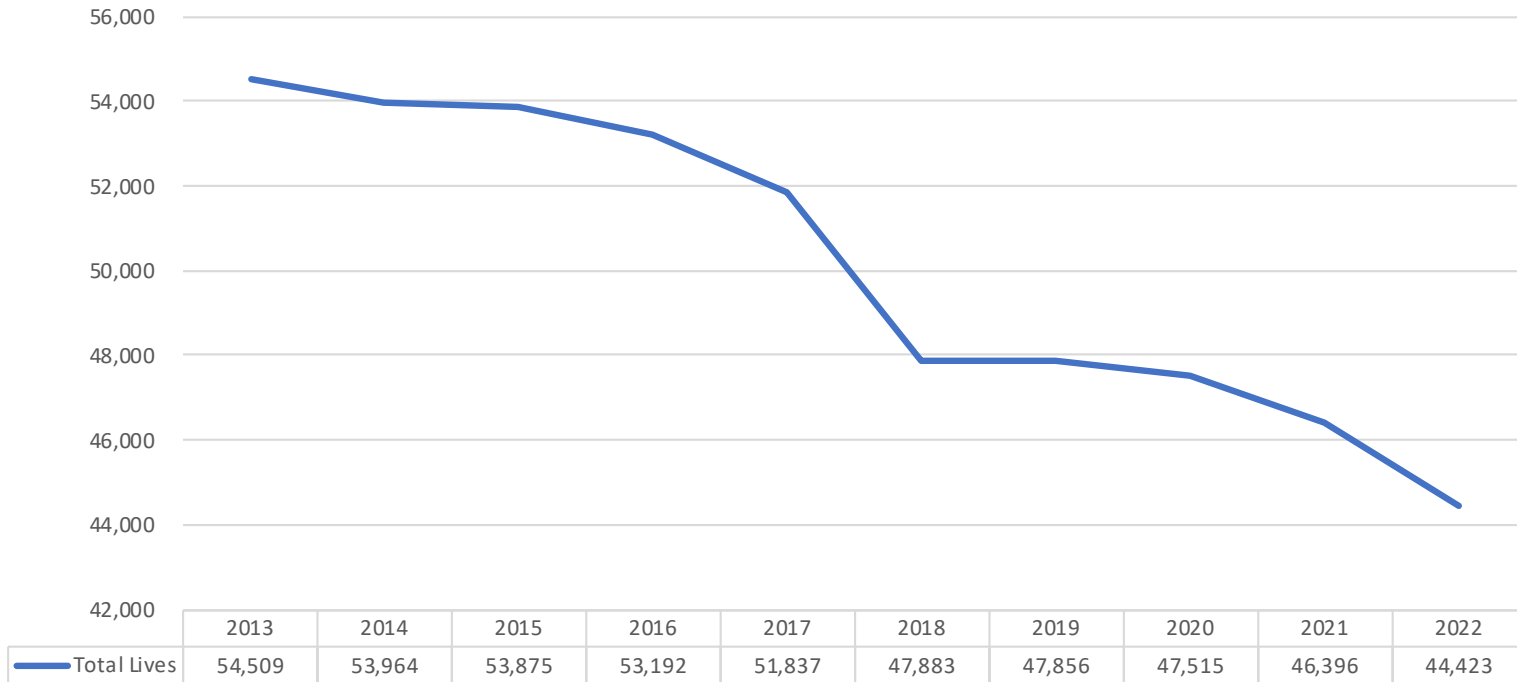
Ersa Administrative Services, Inc.

- Support with Enrollment, Billing and Premium Collection
- COBRA Administration

Program Guide & Medical Plan Side-By-Side Comparison to keep all members informed

Visit <https://nmpsia.com> to access all information

Total Lives Enrolled in Medical Plans



- 6,228 Lives Medicaid eligible since NM Medicaid expansion 1/1/2014
- 1,846 Lives lost when CNM exited 1/1/2018
- 1,022 Lives gained when NM Tech and NM Tech Retirees joined on 1/1/2019

Medical Claims Summary

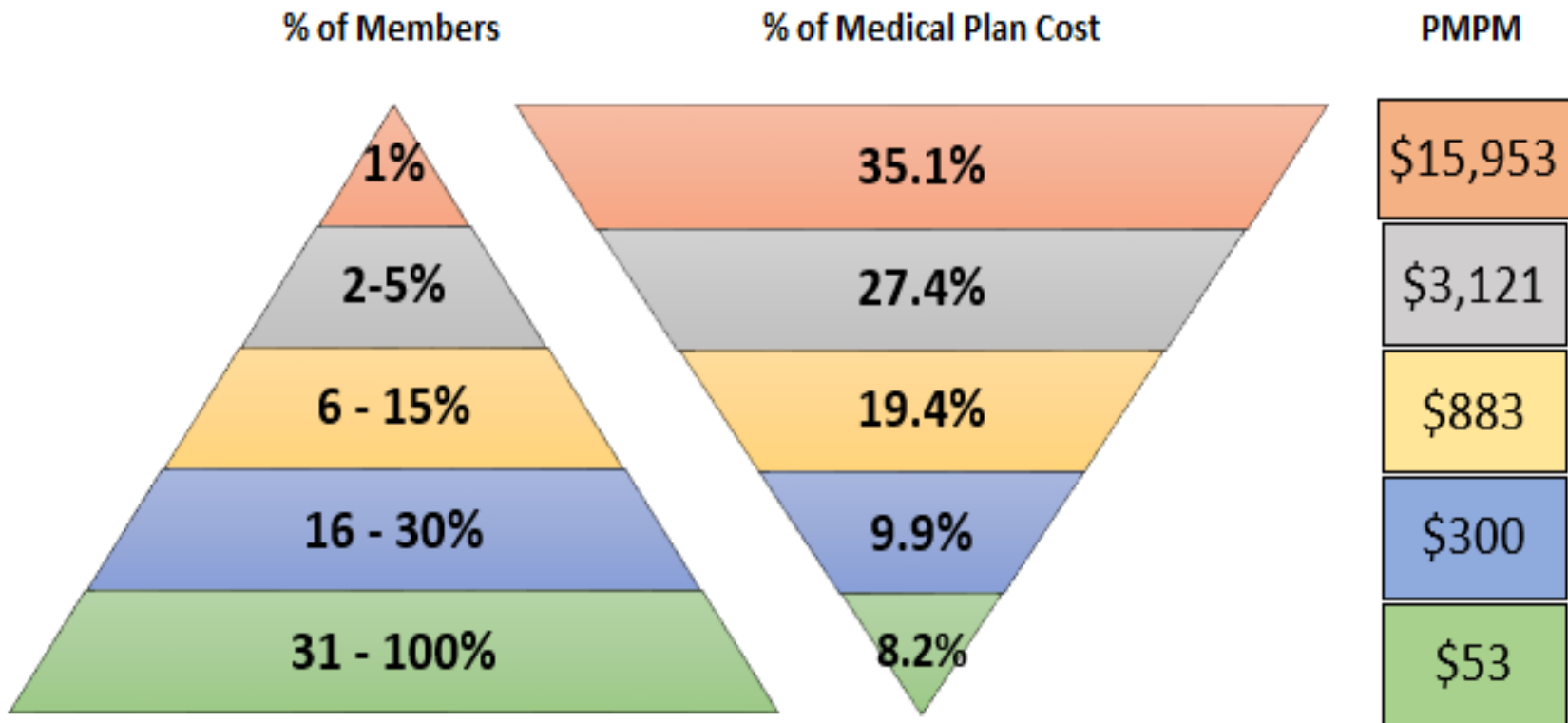
Current: Jul 2021 – Jun 2022

Prior: Jul 2020 – Jun 2021

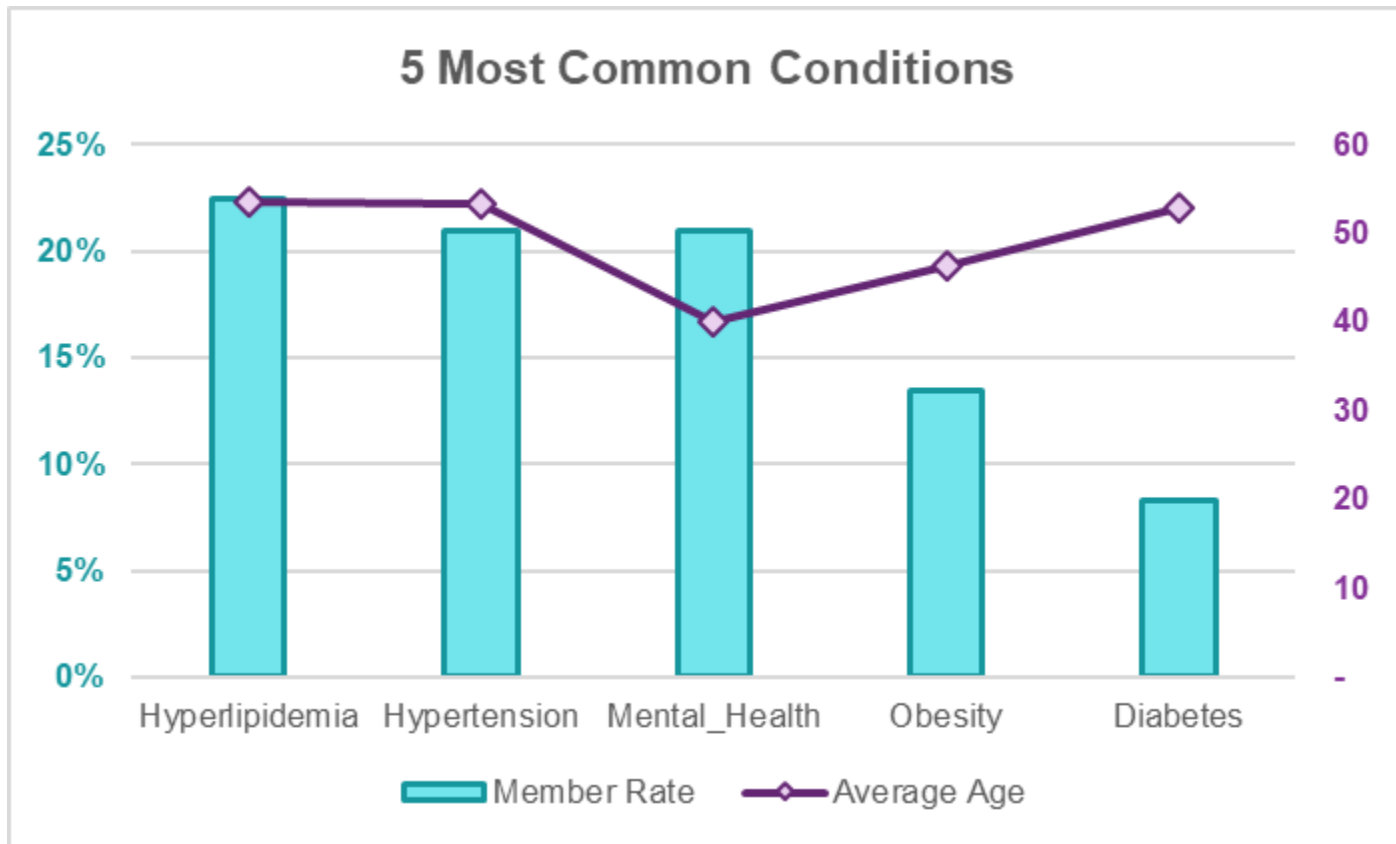
| Place of Service | CURRENT PERIOD | | | PRIOR PERIOD | | | % Change in PMPM |
|----------------------|------------------------|-----------------|---------------|------------------------|-----------------|---------------|------------------|
| | Total Paid Amount | Total Paid PMPM | % of Total | Total Paid Amount | Total Paid PMPM | % of Total | |
| Outpatient Hospital | \$98,943,116 | \$182.00 | 27.7% | \$94,431,440 | \$169.09 | 27.1% | 7.6% |
| Inpatient Hospital | \$68,369,276 | \$125.76 | 19.2% | \$78,003,548 | \$139.67 | 22.4% | -10.0% |
| Professional | \$56,450,924 | \$103.84 | 15.8% | \$50,770,294 | \$90.91 | 14.6% | 14.2% |
| Emergency Room | \$29,416,670 | \$54.11 | 8.2% | \$25,607,069 | \$45.85 | 7.3% | 18.0% |
| Urgent Care | \$1,326,846 | \$2.44 | 0.4% | \$1,027,366 | \$1.84 | 0.3% | 32.7% |
| Drugs in Medical | \$20,607,714 | \$37.91 | 5.8% | \$20,691,367 | \$37.05 | 5.9% | 2.3% |
| All Others | \$6,360,505 | \$11.70 | 1.8% | \$6,763,129 | \$12.11 | 1.9% | -3.4% |
| Total Medical | \$281,475,051 | \$517.76 | 78.8% | \$277,294,213 | \$496.53 | 79.6% | 4.3% |
| Total Rx | \$75,514,064 | \$138.91 | 21.2% | \$71,173,528 | \$127.44 | 20.4% | 9.0% |
| Total Paid | \$356,989,115 | \$656.67 | 100.0% | \$348,467,740 | \$623.97 | 100.0% | 5.2% |
| Member Paid | \$45,812,735.66 | \$84.27 | 12.8% | \$45,259,006.48 | \$81.04 | 13.0% | 4.0% |
| Plan Paid | \$311,176,379 | \$572.40 | 87.2% | \$303,208,734 | \$542.93 | 87.0% | 5.4% |

- Approximately 85% of NMPSIA members reside in rural communities outside of Albuquerque (less provider and hospital competition; higher costs to recruit and retain healthcare professionals). Providers attempt to make up for lower Medicare and Medicaid reimbursement rates.
- Total Medical Per Member Per Month (PMPM) increased by 4.3% when comparing fiscal year 2022 to 2021 incurred claims.
- Emergency Room and Professional services experienced higher increases at 18.0% and 14% respectively; driven by utilization.
- Outpatient Hospital claims represent more than 25% of the total medical allowed and saw an increase of 7.6% from the prior period.
- Inpatient Hospital claims saw a significant decrease of 10.0% on a PMPM basis. This is driven by a decrease in Inpatient Admissions and lower costs per stay.
- Rx costs continue a steady increase; 9% on a PMPM basis and is driven by costs of drugs utilized.
- Overall, the changes in PMPM are within normal expectations and represent a return to normalcy after COVID-19.

Distribution of Plan Paid Claims



Common Conditions



COVID-19 Expenses

| | FY20 | FY21 | FY22 | Total |
|---------|---------|------------|------------|------------|
| Medical | 273,098 | 16,421,783 | 22,125,945 | 38,820,826 |
| Rx | - | 401,763 | 831,310 | 1,233,073 |
| Total | 273,098 | 16,823,545 | 22,957,255 | 40,053,899 |

- **Medical expenses consist of treatment and testing**
- **Rx expenses consist of vaccinations, over-the-counter tests, and antiviral medications**
- **NMPSIA received a \$15 million dollar appropriation during the FY22 Legislative Session**
- **Submitting two appropriation requests during the FY23 Legislative Session**
 - **\$12,067,163 for COVID-19 expenses prior to March 3, 2021**
 - **\$12,986,735 for COVID-19 expenses received after March 3, 2021**
 - **COVID-19 expenses in excess of FY23 appropriation received**

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% |
| 2022-2023 | Medical Blended | 7.20% (Anticipated) |

FY23 Premium Changes and Impact on Monthly Employee Contributions

- **6.0% increase** in monthly payroll deduction for High and EPO Options
- **3.2% increase** in monthly payroll deduction for Low Option
- Effective **October 1, 2022** (deductions taken in September)

| | | Salary less than \$15,000 | Salary \$15,000 to \$19,999 | Salary \$20,000 to \$24,999 | Salary \$25,000 and over |
|-------------------------------------|---------------|------------------------------|--------------------------------|--------------------------------|-----------------------------|
| BCBSNM High Option | Single | \$12.18 | \$14.61 | \$17.05 | \$19.48 |
| | Family | \$30.93 | \$37.11 | \$43.30 | \$49.48 |
| BCBSNM Low Option | Single | \$4.63 | \$5.55 | \$6.48 | \$7.40 |
| | Family | \$11.75 | \$14.10 | \$16.45 | \$18.80 |
| BCBSNM EPO Option | Single | \$10.96 | \$13.15 | \$15.34 | \$17.53 |
| | Family | \$27.83 | \$33.40 | \$38.97 | \$44.53 |
| Cigna High Option | Single | \$11.63 | \$13.95 | \$16.28 | \$18.60 |
| | Family | \$30.08 | \$36.10 | \$42.11 | \$48.13 |
| Cigna Low Option | Single | \$4.44 | \$5.33 | \$6.21 | \$7.10 |
| | Family | \$11.48 | \$13.78 | \$16.08 | \$18.37 |
| Presbyterian High Option | Single | \$9.85 | \$11.81 | \$13.78 | \$15.75 |
| | Family | \$27.57 | \$33.08 | \$38.60 | \$44.11 |
| Presbyterian Low Option | Single | \$3.74 | \$4.49 | \$5.24 | \$5.99 |
| | Family | \$10.47 | \$12.57 | \$14.66 | \$16.76 |

Subject to change after rounding of employee and district contribution rates.

Risk Program

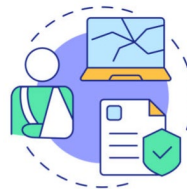
Property:

- Property deductible is \$1.0 million, \$2.5 million for 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 \$29 billion
- \$19 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 only .021 per \$100 dollars of values since 1991



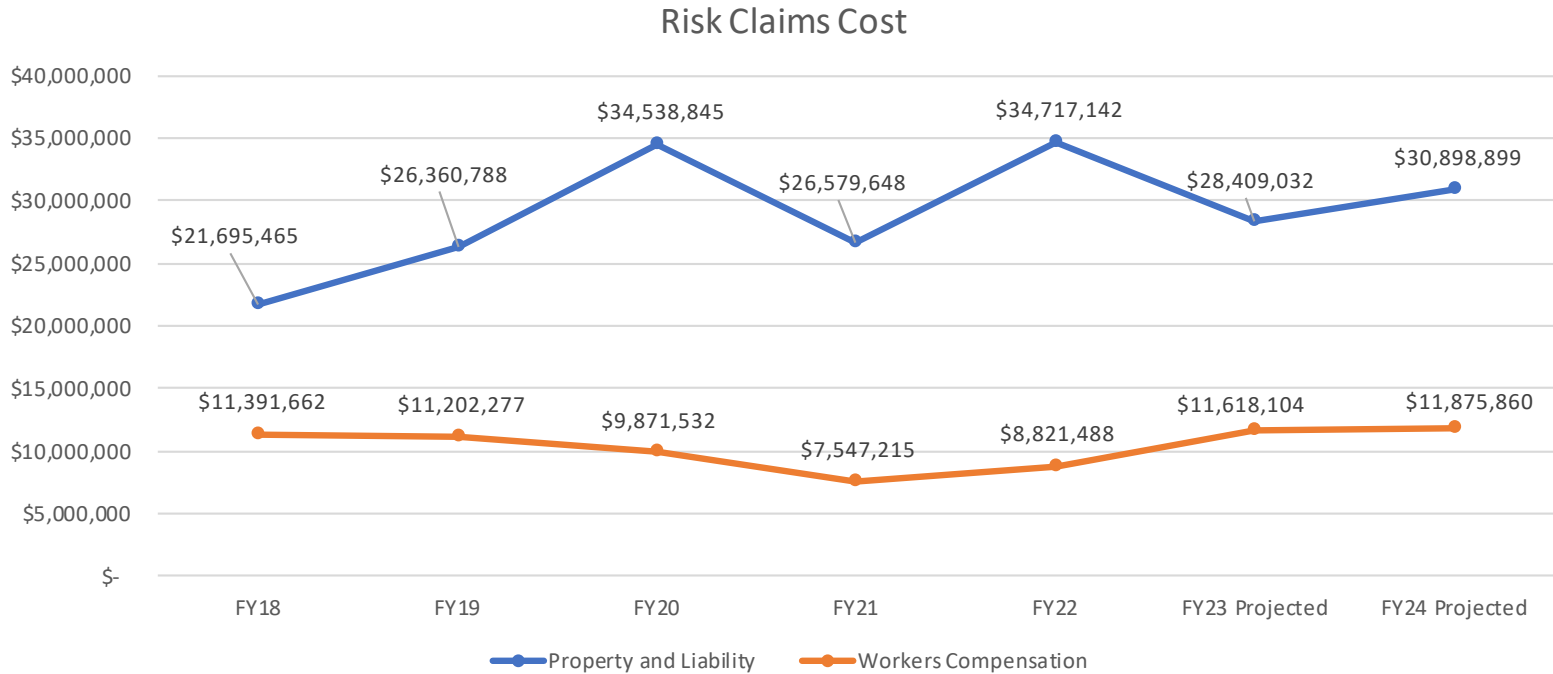
Liability and Workers' Compensation:

- 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
- 44,000 employees
- \$1.8 billion in payroll
- 325,000 students
- 44,000 school athletic participants
- 9,000 volunteers
- 10,343 vehicles including buses

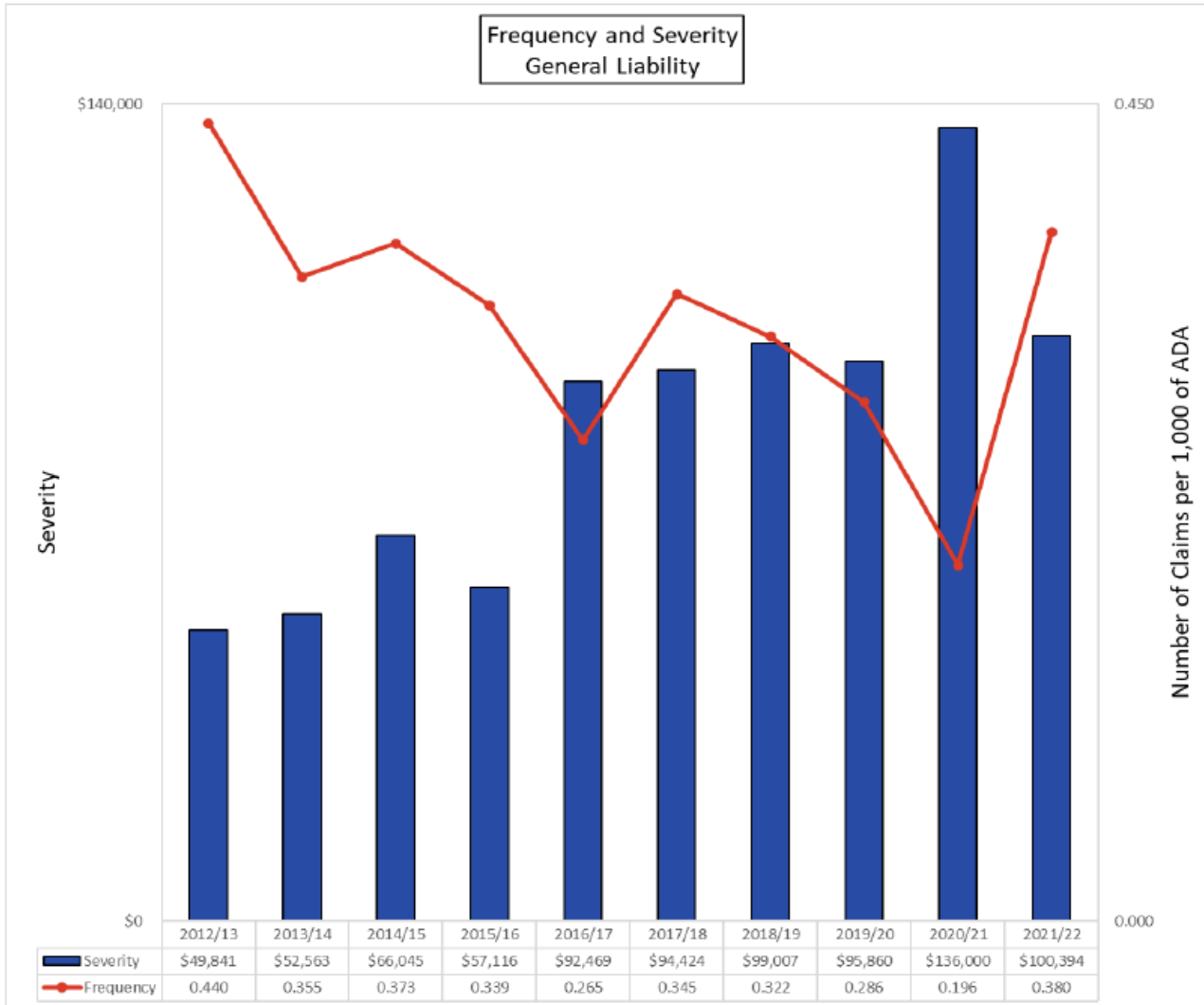


General Liability
Insurance

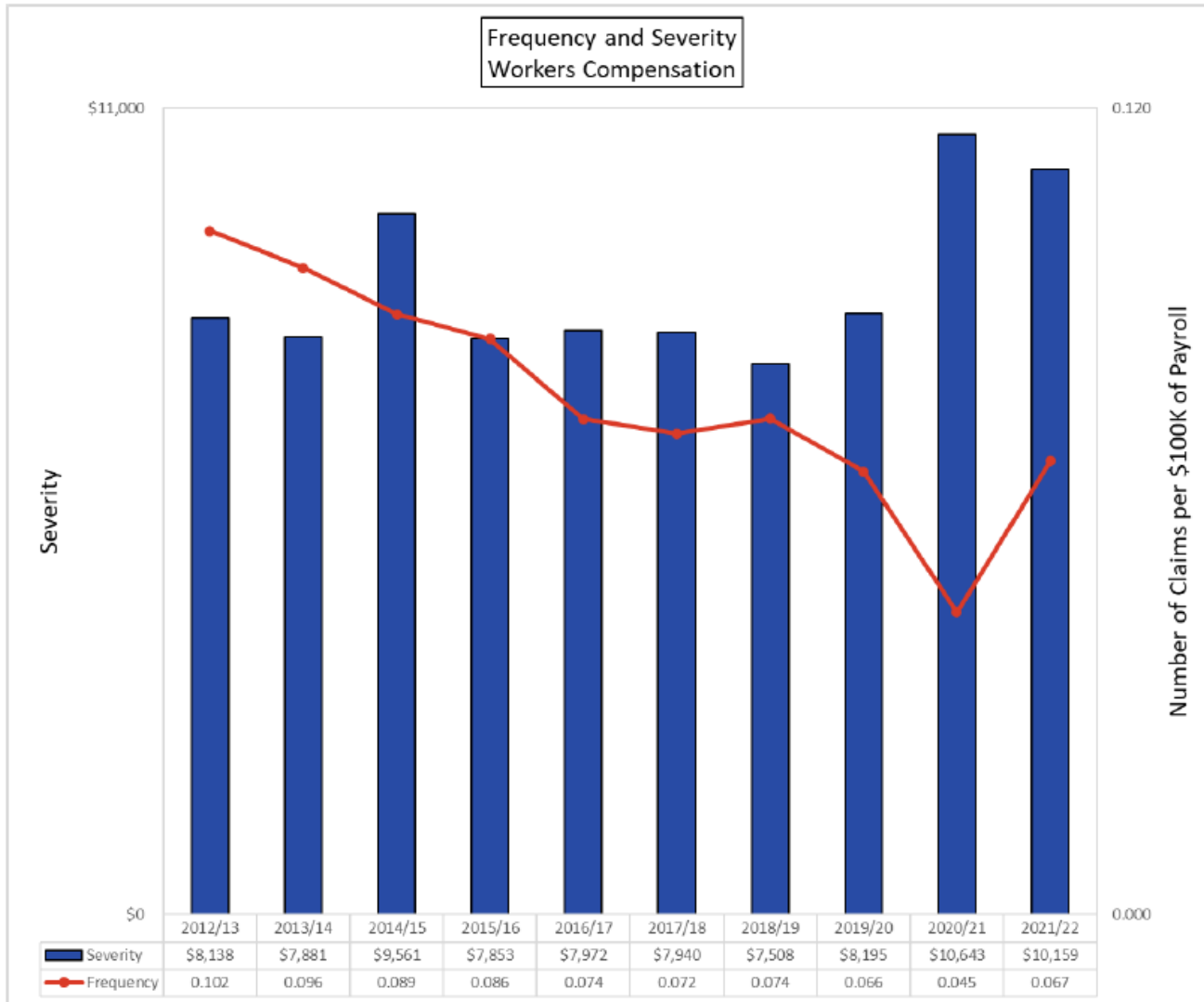
Risk Claims



Frequency & Severity Trends

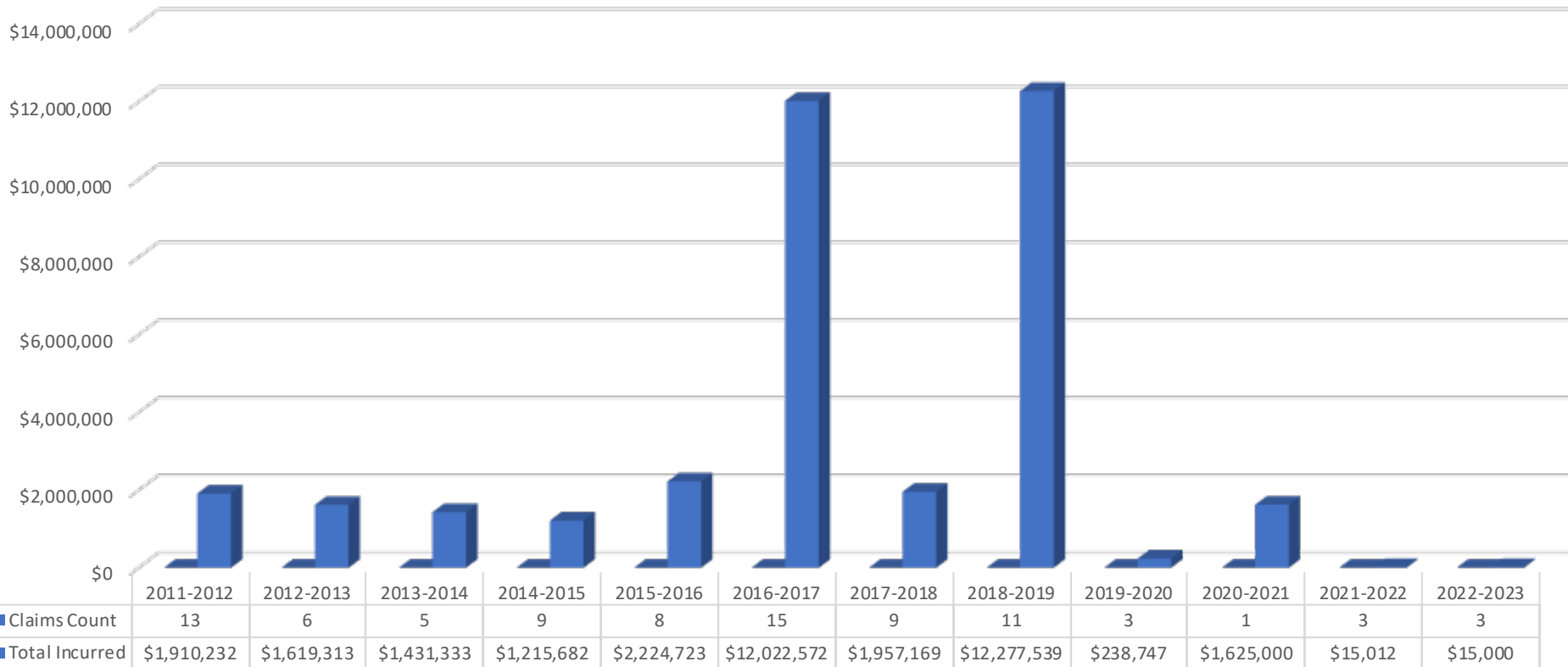


Frequency & Severity Trends



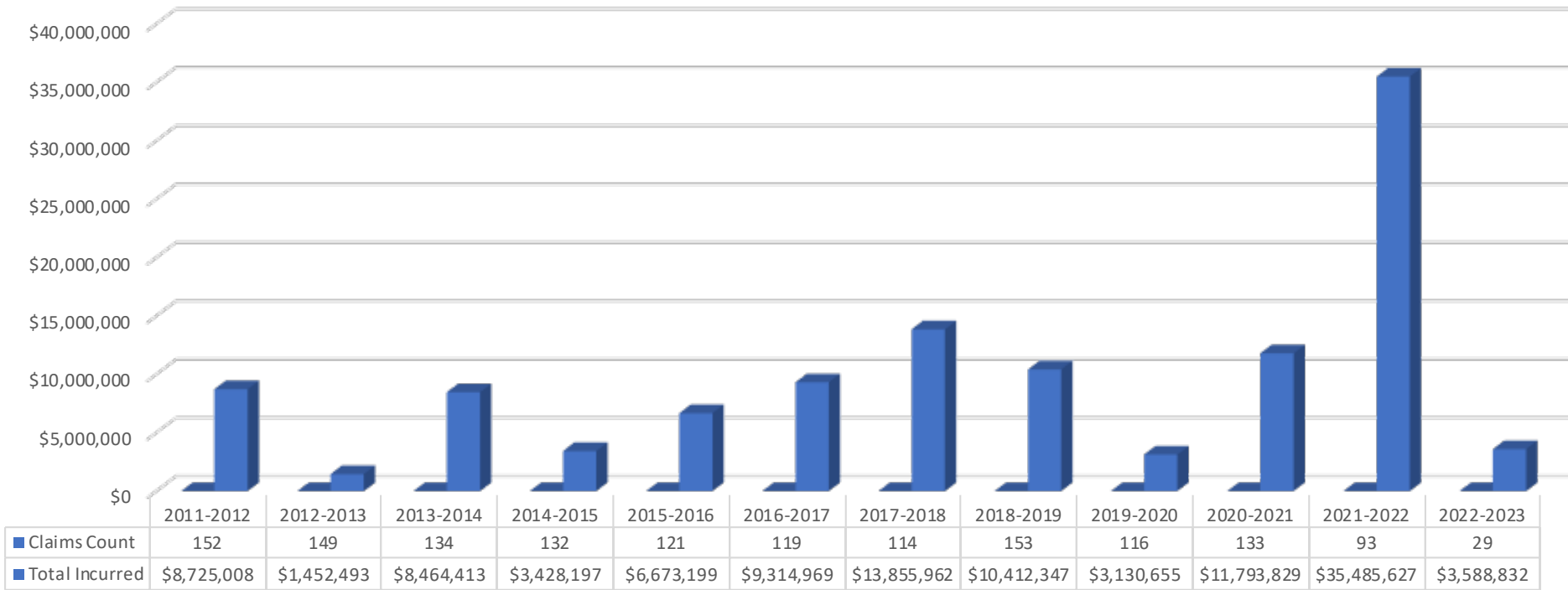
Risk Fund Cost Drivers

Sexual Molestation/Inappropriate Touching Claims



Risk Fund Cost Drivers

Property Losses



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)
 - **Technical Assistance Program for Special Education**

Objective: Reduce the number of IDEA (Individual with Disabilities in Education) Due Process and Litigation claims
 - **On-site School Facility Audits**

Objective: Reduce the frequency of Worker's 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
 - **Armed School Employees**

Objective: To assist schools with an understanding of the relevant statutes, policies, procedures and liabilities necessary to make informed judgments regarding arming employees. To assist with appropriate training necessary to reduce potential wrongful death claims.

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 | 6.73% (Anticipated) |

NMPSIA

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Questions

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