

**New Mexico
Public Schools Insurance Authority**



**Board of Directors Meeting
March 2, 2023**



New Mexico Public Schools Insurance Authority

Board of Directors Meeting

Board of Directors

Al Park, President, Governor Appointee
Chris Parrino, Vice President, NM Association of School Business Officials
Trish Ruiz, Secretary, Educational Entities at Large
Denise Balderas, Governor Appointee
Tim Crone, American Federation of Teachers NM
Travis Dempsey, NM Superintendents Association
Pauline Jaramillo, NM School Boards Association
Bethany Jarrell, National Education Association - New Mexico
K.T. Manis, Public Education Commission
David Martinez, Jr., National Education Association - New Mexico
Sammy J. Quintana, Governor Appointee

In-Person & Virtual

In-Person:

Poms & Associates
201 3rd Street, Suite 1400
Albuquerque, New Mexico 87102

Virtual:

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Thursday, March 02, 2023

9:00 a.m.

Agenda

Draft

- | | |
|---|-------------|
| 1. Call to Order | A. Park |
| 2. Roll Call | C. Probst |
| 3. Introduction of Guests | P. Sandoval |
| 4. Citizens to Address the Board (Five-Minute Limit) | A. Park |
| 5. Approval of Agenda (Action Item) | A. Park |

- 6. Approval of Minutes
 - A. December 8, 2022 Minutes **(Action Item)** A. Park
 - B. February 2, 2023 Minutes **(Action Item)** A. Park
- 7. Administrative Matters
 - A. Staff Update P. Sandoval
 - B. Legislative Update P. Sandoval
 - C. COVID-19 Update M. Quintana
 - D. Annual Meeting K. Jones
- 8. Approval of January 2023 Financials **(Action Item)** L. Jennings
- 9. Benefits Matters
 - A. Approval of IBAC Employee Benefits Consultant RFP for Medical, Dental and Vision **(Action Item)** M. Quintana
 - B. FY2024 Projections and Premium Rate Setting **(Action Item)** N. Patani
 - C. Repricing Analysis Review N. Patani
 - D. Approval of Segal Amendment **(Action Item)** M. Quintana
 - E. Blue Cross Blue Shield Audit **(Action Item)** K. Plaunt
 - F. Delta Dental Community Initiatives A. Rhodes
 - G. Wellness and Wellbeing Update C. Archuleta
- 10. Risk Matters
 - A. Loss Reserve and Funding Analysis as of 12/31/2022 **(Action Item)** A. Hillebrandt/M. Meade
 - B. FY2024 Risk Premium Rate Setting **(Action Item)** P. Sandoval
 - C. TPA Reports
 - 1. Property & Liability Monthly Claims Report S. Vanetsky
 - 2. Property & Liability Large Losses² S. Vanetsky
 - 3. Workers' Compensation Monthly Claims Report J. Mayo
 - 4. Workers' Compensation Large Losses J. Mayo
 - D. Ergonomics Program Updates K. Mestas-Harris
 - E. Loss Prevention Update L. Vigil / J. Garcia
- 11. General Discussion A. Park
- 12. Next Meeting Date and Location: Thursday, April 6, 2023 **(Action Item)** A. Park

Location: Poms & Associates, 201 3rd Street, Suite 1400 and a virtual option
- 13. Adjournment **(Action Item)** A. Park

**NEW MEXICO PUBLIC SCHOOLS INSURANCE AUTHORITY
BOARD OF DIRECTORS MEETING MINUTES**

**In-Person: Poms & Associates
201 3rd Street, Suite 1400
Albuquerque, NM 87102**

**Virtual: <https://meet.goto.com/646914477>
Dial in +1 (571) 317-3122
Access Code: 646-914-477**

Thursday, December 08, 2022

DRAFT

1. Call to Order

Mr. Al Park, NMPSIA Board President, called the NMPSIA Board Meeting to order at 9:04 a.m. on Thursday, December 8, 2022.

2. Roll Call

Ms. Kaylei Jones called roll.

Board Members Present:

Al Park, President	In-Person (Left at 10:05 a.m.)
Chris Parrino, Vice President	In-Person (Left at 9:18 a.m.)
Trish Ruiz, Secretary	In-Person (Left at 9:54 a.m. & joined virtually)
Tim Crone	Virtual
Travis Dempsey	Virtual
Pauline Jaramillo	Virtual
K.T. Manis	Virtual
David Martinez, Jr.	Virtual
Sammy Quintana	In-Person (Became the Chair at 7.A.)

Board Members Absent:

Denise Balderas
Bethany Jarrell

NMPSIA Staff Members Present:

Patrick Sandoval, Executive Director	In-Person
Martha Quintana, Deputy Director	In-Person
Cyndi Archuleta, Benefits/Wellness Manager	In-Person
Kaylei Jones, Benefits/Wellness Program Coordinator	In-Person
Claudette Roybal, Risk Program Coordinator	Virtual
Charlette Probst, Finance/HR Manager	In-Person
Andrew Romero, Chief Procurement Officer	In-Person
Dion Romero, Accountant/Auditor	Virtual
Natasha Ortiz, Financial Specialist	Virtual

Audience Present:

Lisa Guevara	BCBSNM	Virtual
Kathryn Hull	BCBSNM	Virtual
Lisa Sullivan	BCBSNM	Virtual
Samantha Mensay	BCBSNM	Virtual
Steve Vanetsky	CCMSI	Virtual
Jerry Mayo	CCMSI	In-Person
Louise Carpenter	CCMSI	Virtual
Richard Cangioli	CCMSI	In-Person
Daniel Warner	Cigna	Virtual
Mariana Sandoval	Davis Vision	Virtual
Albert Rhodes	Delta Dental	In-Person
Rich Bolstad	Delta Dental	In-Person
Lisa Jennings	DFA	Virtual
Kathy Payanes	Erisa Administrative Services	In-Person
Mike Barrios	Erisa Administrative Services	Virtual
CS Hwa	Erisa Administrative Services	Virtual
Amy Bonal	Erisa Administrative Services	Virtual
Michelle Alarid	Erisa Administrative Services	Virtual
Martin Esquivel	Esquivel & Howington	Virtual
Ellen Clark	PFM	In-Person
Matt Smith	PFM	In-Person
David Poms	Poms & Associates	Virtual
Rika Martinez	Poms & Associates	Virtual
Kevin McDonald	Poms & Associates	In-Person
Grant Banash	Poms & Associates	In-Person
Tamie Pargas	Poms & Associates	In-Person
Dan Foley	Poms & Associates	In-Person
Julie Garcia	Poms & Associates	Virtual
Karen Mestas-Harris	Poms & Associates	In-Person
Steve Valdez	Presbyterian Health Plan	In-Person
Jennifer Laguna	Segal	Virtual
Nura Patani	Segal	Virtual
Melissa Krumholz	Segal	Virtual
Jennifer Oswald	The Standard	Virtual
Greg Archuleta	The Standard	Virtual
Stephanie Anthony	United Concordia	Virtual

3. Introduction of Guests

Mr. Patrick Sandoval, Executive Director NMPSIA, introduced Ms. Ellen Clark and Mr. Matt Smith with PFM, Ms. Melissa Krumholz and Ms. Jennifer Laguna with Segal, Mr. Rich Bolstad and Mr. Albert Rhodes with Delta Dental, and Mr. Grant Banash with Poms & Associates.

4. Citizens to Address the Board (Five-Minute Limit)

There are no citizens to address the Board.

5. Approval of Agenda (Action Item)

Mr. Park acknowledged that some board members had to leave early and therefore all action items would be moved up on the agenda. A motion was made to approve the agenda as amended.

MOTION: C. Parrino

SECONDED: P. Jaramillo

A roll call vote was taken.

Ms. Kaylei Jones called roll.

Al Park, President	Yes
Chris Parrino, Vice President	Yes
Trish Ruiz, Secretary	Yes
Denise Baldares	Absent
Tim Crone	Yes
Travis Dempsey	Yes
Pauline Jaramillo	Yes
Bethany Jarrell	Absent
K.T. Manis	Yes
David Martinez, Jr.	Yes
Sammy Quintana	Yes

Vote carried unanimously.

6. Approval of November 3, 2022 Minutes (Action Item)

A motion was made to approve the November 3, 2022 Minutes as presented.

MOTION: T. Ruiz

SECONDED: D. Martinez, Jr.

A roll call vote was taken.

Ms. Kaylei Jones called roll.

Al Park, President	Yes
Chris Parrino, Vice President	Yes
Trish Ruiz, Secretary	Yes
Denise Baldares	Absent
Tim Crone	Yes
Travis Dempsey	Yes
Pauline Jaramillo	Yes
Bethany Jarrell	Absent
K.T. Manis	Yes
David Martinez, Jr.	Yes
Sammy Quintana	Yes

Vote carried unanimously.

8. Financial Matters

8. A. Financial Reports - August 2022 (Action Item)

Ms. Quintana presented the Statement of Revenues and Expenditures for period ending August 31, 2022 for the Employee Benefits Fund. Ms. Quintana reported revenue of \$26,247,075.34 and expenses of \$33,073,251.29, which resulted in a loss of \$6,826,175.95 for the month of August.

Ms. Quintana presented the Statement of Revenues and Expenditures for period ending August 31, 2022 for the Risk Fund. Ms. Quintana reported revenue of \$7,270,593.84 and expenses of \$14,194,677.13, which resulted in a loss of \$6,924,083.29 for the month of August.

Ms. Quintana presented the Statement of Revenues and Expenditures for period ending August 31, 2022 for the Program Support Fund. Ms. Quintana reported revenue of \$126,673.00 and expenses of \$101,966.60 which resulted in a net revenue of \$24,706.40 for the month of August.

Ms. Quintana presented the Balance Sheet for the Agency for the period ending August 31, 2022. Program Support had total assets of \$999,854.15, total liabilities of \$218,704.24, and total fund equity of \$781,149.91. Employee Benefits had total assets of \$38,738,566.12, total liabilities of \$29,020,481.14, and total fund equity of \$9,718,084.98. Risk had total assets of \$173,032,031.03, total liabilities of \$162,758,105.81, and total fund equity of \$10,273,925.22. Total for the Agency through the month of August, total assets of \$212,770,451.30, total liabilities \$191,997,291.19, for a total fund equity of \$20,773,160.11.

A motion was made to approve the Financial Reports for August 2022 as presented.

MOTION: T. Ruiz

SECONDED: S. Quintana

A roll call vote was taken.

Ms. Kaylei Jones called roll.

Al Park, President	Yes
Chris Parrino, Vice President	Yes
Trish Ruiz, Secretary	Yes
Denise Baldares	Absent
Tim Crone	Yes
Travis Dempsey	Yes
Pauline Jaramillo	Yes
Bethany Jarrell	Absent
K.T. Manis	Yes
David Martinez, Jr.	Yes
Sammy Quintana	Yes

Vote carried unanimously.

8. B. Financial Reports - September 2022 (Action Item)

Ms. Quintana presented the Statement of Revenues and Expenditures for period ending September 30, 2022 for the Employee Benefits Fund. Ms. Quintana reported revenue of \$25,111,552.27 and expenses of \$22,283,701.91, which resulted in a gain of \$2,827,850.36 for the month of September.

Ms. Quintana presented the Statement of Revenues and Expenditures for period ending September 30, 2022 for the Risk Fund. Ms. Quintana reported revenue of \$6,444,296.42 and expenses of \$8,978,362.22, which resulted in a loss of \$2,534,065.80 for the month of September.

Ms. Quintana presented the Statement of Revenues and Expenditures for period ending September 30, 2022 for the Program Support Fund. Ms. Quintana reported revenue of \$126,673.00 and expenses of \$89,526.27 which resulted in a net revenue of \$37,146.73 for the month of September.

Ms. Quintana presented the Balance Sheet for the Agency for the period ending September 30, 2022. Program Support had total assets of \$1,041,797.44, total liabilities of \$223,500.80, and total fund equity of \$818,296.64. Employee Benefits had total assets of \$43,662,868.13, total liabilities of \$31,116,932.79, and total fund equity of \$12,545,935.34. Risk had total assets of \$163,567,082.05, total liabilities of \$155,827,222.63, and total fund equity of \$7,739,859.42. Total for the Agency through the month of September, total assets of \$208,271,747.62, total liabilities \$187,167,656.22, for a total fund equity of \$21,104,091.40.

A motion was made to approve the Financial Reports for September 2022 as presented.

MOTION: T. Ruiz

SECONDED: C. Parrino

A roll call vote was taken.

Ms. Kaylei Jones called roll.

Al Park, President	Yes
Chris Parrino, Vice President	Yes
Trish Ruiz, Secretary	Yes
Denise Baldares	Absent
Tim Crone	Yes
Travis Dempsey	Yes
Pauline Jaramillo	Yes
Bethany Jarrell	Absent
K.T. Manis	Yes
David Martinez, Jr.	Yes
Sammy Quintana	Yes

Vote carried unanimously.

8. **E. Investment Performance Review for the Quarter ended September 30, 2022 (Action Item)**

Mr. Matt Smith and Ms. Ellen Clark presented on the Investment Performance Review for the Quarter that ended September 30, 2022. Mr. Smith presented that there was no opinion from the reviewed NMPSIA Statement Policy and no recommended changes.

The quarter ended on September 30, 2022, showed an abysmal return. Domestic Equities were down about 4.5% for the quarter due to the increase in interest rates. International Equities were down about 10% for the quarter due to the impacts of the Russian invasion of Ukraine. Fixed income was down about 4.75% for the quarter due to the rapid stock sell-off. As of December 6, 2022 portfolios structured as 65% stocks and 35% bonds are up over 8.5% in quarter four. During the quarter inflation came down from 9.1% to 7.7% in October helping drive the recovery.

The Benefits Fund ended the quarter at \$21.2 million which represents a one-quarter return. Year to date the portfolio is down about 22.5% and you must get out to three years to see a positive return due to the historic run by US Equities. The Core Plus Bonds Fund outperformed for the quarter and the rest of the funds were in line with the benchmark.

The Risk Fund ended the quarter at \$16.5 million and since the investments are structured in line to the Benefits Fund the outcomes were the same for the Risk fund.

A motion was made to approve the Investment Performance Review for the Quarter ended September 30, 2022.

MOTION: D. Martinez, Jr.

SECONDED: T. Ruiz

A roll call vote was taken.

Ms. Kaylei Jones called roll.

Al Park, President	Yes
Chris Parrino, Vice President	Absent
Trish Ruiz, Secretary	Yes
Denise Baldares	Absent
Tim Crone	Yes
Travis Dempsey	Yes
Pauline Jaramillo	Yes
Bethany Jarrell	Absent
K.T. Manis	Yes
David Martinez, Jr.	Yes
Sammy Quintana	Yes

Vote carried unanimously.

8. F. Request to Rebalance Investment Portfolio (Action Item)

Mr. Matt Smith and Ms. Ellen Clark recommended two changes. The first recommendation is change/replacement of the US Equity Active Fund to the Small/Mid Cap US Equity Index fund. This fund will not outperform the index fund on a net of fee basis moving forward. Recommendation to replace the non-US Development Index Fund with the non-US Development Active Fund. Mr. Smith's second recommendation is rebalancing due to economic conditions. The Federal Reserve and other major banks have aggressively raised rates in 2022 to deal with unacceptably high inflation. PFM recommends rebalancing the portfolios to their target weights.

A motion was made to approve the Request to Rebalance the Investment Portfolio.

MOTION: P. Jaramillo

SECONDED: T. Ruiz

A roll call vote was taken.

Ms. Kaylei Jones called roll.

Al Park, President	Yes
Chris Parrino, Vice President	Absent
Trish Ruiz, Secretary	Yes
Denise Baldares	Absent
Tim Crone	Yes
Travis Dempsey	Yes
Pauline Jaramillo	Yes
Bethany Jarrell	Absent
K.T. Manis	Yes
David Martinez, Jr.	Yes
Sammy Quintana	Yes

Vote carried unanimously.

9. **Benefit Matters**

9. **A. Approval of United Concordia Dental Contract Amendment (Action Item)**

Ms. Quintana presented the Amendment to the United Concordia Dental Agreement. The agreement was reviewed by NMPSIA's general council and staff is requesting retroactive approval to amend the ASO fees. If approved, the Amendment will be effective immediately. The PMPM for January 1, 2022 through December 31, 2022 shall be \$1.25 and the PMPM will be \$1.45 for the period January 1, 2023 through December 31, 2023. These changes would reflect a decrease from the current fee schedule of \$1.65 PMPM.

A motion was made to approve the United Concordia Dental Contract Amendment.

MOTION: T. Ruiz

SECONDED: S. Quintana

A roll call vote was taken.

Ms. Kaylei Jones called roll.

Al Park, President	Yes
Chris Parrino, Vice President	Absent
Trish Ruiz, Secretary	Yes
Denise Baldares	Absent
Tim Crone	Yes
Travis Dempsey	Yes
Pauline Jaramillo	Yes
Bethany Jarrell	Absent
K.T. Manis	Yes
David Martinez, Jr.	Yes
Sammy Quintana	Yes

Vote carried unanimously.

9. B. Stop Loss Renewal (Action Item)

Ms. Melissa Krumholz presented key Stop Loss provisions. Segal is looking to re-run the matrix as lasers from the previous period were still included on the renewal despite these individuals no longer being on the NMPSIA plan. Lasers include an existing laser of \$1.2 million, one for \$3.7 million and two for \$3.5 million. Staff is recommending approving the renewal while Segal works on NMPSIA's behalf to get the lasers reconsidered.

A motion was made to approve the Stop Loss Renewal.

MOTION: T. Ruiz

SECONDED: S. Quintana

A roll call vote was taken.

Ms. Kaylei Jones called roll.

Al Park, President	Yes
Chris Parrino, Vice President	Absent
Trish Ruiz, Secretary	Yes
Denise Baldares	Absent
Tim Crone	Yes
Travis Dempsey	Yes
Pauline Jaramillo	Yes
Bethany Jarrell	Absent
K.T. Manis	Yes
David Martinez, Jr.	Yes
Sammy Quintana	Yes

Vote carried unanimously.

10. Risk Matters

10. A. Approval of Amended Property and Liability Claims Procedures for 7/1/2022 to 6/30/2023 (Action Item)

Mr. David Poms, Poms and Associates presented the proposed amendment. The amendment falls under the responsibilities of reporting. There was a reporting issue that the excess carriers were not notified for several months. There has been other instances of some first party or property claims that have been reported late to the reinsurers. The amendment is to have all property claims and all first party claims, reported to the Excess Carrier in excess of \$50,000. This is the addition to the Property & Liability Claims Procedures under letter "F".

A motion was made to approve the Amended Property and Liability Claims Procedures for 7/1/2022 to 6/30/2023.

MOTION: T. Ruiz

SECONDED: S. Quintana

A roll call vote was taken.

Ms. Kaylei Jones called roll.

Al Park, President	Yes
Chris Parrino, Vice President	Absent
Trish Ruiz, Secretary	Yes
Denise Baldares	Absent
Tim Crone	Yes
Travis Dempsey	Yes
Pauline Jaramillo	Yes
Bethany Jarrell	Absent
K.T. Manis	Yes
David Martinez, Jr.	Yes
Sammy Quintana	Yes

Vote carried unanimously.

**13. Next Meeting Date and Location: Thursday, February 2, 2023 (Action Item)
Location: Poms & Associates, 201 3rd Street, Suite 1400 and a virtual option**

The next meeting date will be on Thursday, February 2, 2023 at 9:00 a.m. located at Poms & Associates to be offered in-person and virtually. Mr. Park appointed the following Board Members to serve on the RFP evaluation committees: Property & Liability-Ms. Ruiz and Ms. Balderas, Anonymous Reporting-Ms. Balderas and Mr. Quintana; Workers' Compensation-Ms. Jarrell and Mr. Quintana.

A motion was made to approve the next meeting date and location.

MOTION: S. Quintana

SECONDED: T. Ruiz

A roll call vote was taken.

Ms. Kaylei Jones called roll.

Al Park, President	Yes
Chris Parrino, Vice President	Absent

Trish Ruiz, Secretary	Yes
Denise Baldares	Absent
Tim Crone	Yes
Travis Dempsey	Yes
Pauline Jaramillo	Yes
Bethany Jarrell	Absent
K.T. Manis	Yes
David Martinez, Jr.	Yes
Sammy Quintana	Yes

Vote carried unanimously.

12. Executive Session to Discuss Competitive Sealed Proposals Solicited Pursuant to the Procurement Code Pursuant to 10-15-1 H (6) NMSA 1978 (Action Item)

12. A. RFP#342-2023-02 Benefits Consulting and Actuarial Services

A motion was made to go into executive session to discuss Competitive Sealed Proposals Solicited Pursuant to the Procurement Code Pursuant to 10-15-1 H (6) NMSA 1978.

MOTION: D. Martinez, Jr.

SECONDED: S. Quintana

A roll call vote was taken.

Ms. Kaylei Jones called roll.

Al Park, President	Yes
Chris Parrino, Vice President	Absent
Trish Ruiz, Secretary	Yes
Denise Baldares	Absent
Tim Crone	Yes
Travis Dempsey	Yes
Pauline Jaramillo	Yes
Bethany Jarrell	Absent
K.T. Manis	Yes
David Martinez, Jr.	Yes
Sammy Quintana	Yes

Vote carried unanimously.

A motion was made to come out of executive session. No action was taken during the executive session. Only items listed were discussed.

MOTION: D. Martinez, Jr.

SECONDED: T. Ruiz

A roll call vote was taken.

Ms. Kaylei Jones called roll.

Al Park, President	Yes
Chris Parrino, Vice President	Absent
Trish Ruiz, Secretary	Yes
Denise Baldares	Absent
Tim Crone	Yes
Travis Dempsey	Yes
Pauline Jaramillo	Yes
Bethany Jarrell	Absent
K.T. Manis	Yes
David Martinez, Jr.	Yes
Sammy Quintana	Yes

Vote carried unanimously.

12. B. Any Action on the Discuss Competitive Sealed Proposals Solicited Pursuant to the Procurement Code Pursuant to 10-15-1 H (6) NMSA 1978 (Action Item)

Mr. Park recommended Vendor A for Benefits Consulting and Actuarial Services and to enter into contract negotiations, binding and retroactive approval.

A motion was made to approve Vendor A for Benefits Consulting and Actuarial Services and to enter into contract negotiations, binding and retroactive approval.

MOTION: T. Ruiz

SECONDED: S. Quintana

A roll call vote was taken.

Ms. Kaylei Jones called roll.

Al Park, President	Yes
Chris Parrino, Vice President	Absent
Trish Ruiz, Secretary	Yes
Denise Baldares	Absent
Tim Crone	Yes
Travis Dempsey	Yes
Pauline Jaramillo	Yes
Bethany Jarrell	Absent
K.T. Manis	Yes
David Martinez, Jr.	Yes
Sammy Quintana	Yes

Vote carried unanimously.

7. Administrative Matters

7. A. Staff Update

Mr. Sandoval presented to the Board that the Benefits Analyst position will be closing on December 12, 2022. Lisa Jennings is the new NMPSIA CFO. Ms. Jennings brings experience from the New Mexico Department of Finance and Administration (DFA) in the ACFR unit, and experience from the Office of The State Auditor (OSA). NMPSIA has hired a new Financial/HR Manager, Charlette Probst. Ms. Probst addressed the board with a brief introduction of herself.

7. B. Legislative Update

Mr. Patrick Sandoval presented to the Board that NMPSIA continues to work with the Governor's office, LFC, and the Legislative Staff. Mr. Sandoval and Ms. Quintana attended a Legislative Finance Committee hearing on Nov 15, 2022, and a Legislative Education Study Committee hearing on December 7, 2022.

7. C. IBAC Update

Ms. Cyndi Archuleta, Benefits and Wellness Manager, gave the IBAC Update. The IBAC met on December 9, 2022. Delta Dental notified the IBAC of the 4% increase to the ASO fee schedule and will effect contract years 3 and 4. The IBAC is starting the RFP for Medical, Dental and Vision services. APS will be taking chair ownership of the IBAC and will manage the RFP for the Benefits Consultant to assist the agencies through the Big Bid RFP process. The process will start in February of 2023. Life and LTD RFP was posted on November 23, 2022. Responses are due to New Mexico Retiree Health Care Authority on December 22, 2022.

7. D. COVID-19 Update

Ms. Quintana provided the COVID-19 update. Between March of 2020 and September 30, 2022, there were 215,515 claims for a total of \$44,888,245 in COVID claims spent that includes testing, vaccinations, and treatment. For the month of September there were 5,419 claims for a July total of \$1,009,694.

7. E. Interagency Pharmaceuticals Purchasing Council (IPPC) Update

Ms. Quintana provided the Interagency Pharmaceuticals Purchasing Council (IPPC) Update. Mr. Sandoval, and Ms. Quintana attended the IPPC meeting on November 10, 2022. The State of New Mexico presented an overview of its health and drug plan initiatives to take advantage of pooling smaller groups to find common denominators to consolidate. They will share future plans with the committee to find solutions and savings for stakeholders.

8. Financial Matters

8. C. FY2022 Audit Report Update

Mr. Sandoval reported that NMPSIA had its Audit Exit Conference on October 31, 2022, which Mr. Sandoval, Mr. Park, and Ms. Quintana attended on behalf of NMPSIA along with Daniel Trujillo and Joseph Ortiz from Kubiak and Melton Associates, obtaining authorization to release the FY22 Audit on December 2, 2022. We did receive an unmodified opinion and no audit findings. The audit report will be presented at the next Board meeting in February.

8. D. Long-Term Funds Investment Policy Discussion

Mr. Matt Smith and Ms. Ellen Clark presented on the Long-Term Funds Investment Policy Discussion. There was no recommendation to make any changes to the NMPSIA Investment Policy at this time.

9. Benefit Matters

9. C. BCBS Carrier Update

Ms. Jennifer Laguna from Segal presented the BCBS Carrier Audit Update. Segal is currently waiting on one outstanding response from BCBS. If the response is received by Friday, the draft report can be sent to BCBS on December 22, 2022. Ms. Laguna stated that it typically takes two weeks for the carrier to respond. It is estimated that the draft report would be presented to NMPSIA by January 19, 2023, for approval on February 2, 2023.

9. D. Delta Dental Annual Report

Mr. Bolstad provided the Delta Dental Annual Report. Delta does not lease their network nor do they borrow other provider networks. This helps with provider retention and reduces hidden fees. Delta Dental conducts quarterly audits to keep the list of providers up to date. Delta's NMPSIA enrollment has increased by 277% in the last year. In 2021, 92.8% of claims were considered in-network and 98% were considered in-network for 2022. Total charges (not including invalid claims) were \$6.4 million for a total percentage saved of 31.9%.

9. E. Wellness and Well-Being Update

Ms. Archuleta and Ms. Kaylei Jones provided the Wellness and Well-Being Update. Ms. Archuleta shared before and after pictures from recipients of the Zen Room Grant. Ms. Archuleta presented NMPSIA membership's participation in wellness initiatives as well as engagement in carrier specific platforms and Health Assessments. Overall participation is very low. The NMPSIA team is looking at new and creative ways to encourage the completion of the Health Assessments. Ms. Jones noted that the completion of the Health Assessments is currently incentivized but it is apparent that the membership is still not motivated to take action which has led to discussion of potentially mandating the completion of the assessment upon enrollment.

10. Risk Matters

10. B. TPA Reports

1. NMPSIA Workers' Compensation Claims Comparison with Other New Mexico Public Entities

Mr. Rich Cangiolosi presented on the Workers' Compensation Claims that is provided by the New Mexico Workers' Compensation Administration, they collect all the numbers for all the governmental entities. We are able to compare ourselves to the other governmental entities. He explained that with some of the entities that are smaller, a big claim can change the average. NMPSIA has been steady over the last few years on average is just over \$4,000.00 per claim and is happy to say that we have been able to maintain NMPSIA's cost. Mr. Cangiolosi then presented on the Indemnity Costs per claim, these are higher dollar amounts, and Albuquerque Public Schools (APS) tend to cost the most money. CCMSI took over APS and about 6 years ago and since then their claims have started to level out. Again, when smaller entities have a large claim, it tends to change the average. NMPSIA claims are going down and are steady.

2. Property & Liability Monthly Claims Report

Mr. Steve Vanetsky, CCMSI, reported on the Property & Liability Monthly Claims Report for the month of September 2022. There were 422 open claims, 43 new claims and 45 claims were closed. Reserves were at \$60,412,675.93 and payments were \$40,843,252.53 for a total of \$101,255,928.46.

3. Property & Liability Large Losses

Mr. Steve Vanetsky reported two large losses. The first is a tort claim received on November 28, 2022 claiming school policy is to blame for negligence and failure to implement proper policies. A student left campus for lunch and was shot by another Las Cruces Public School student from a different school. The second is a property claim out of Moriarty Edgewood, a clear water report, and flood damage to a portable building. A sink was left running over the Thanksgiving holiday and there was a dish blocking the drain causing 2 to 3 feet of standing water in the building. It is expected to be a total loss, and the building will likely need to be replaced.

Mr. Venetsky updated the committee on the Lovington hail loss to the roof, the repairs are 90% done, and they are expecting repairs to be completed by the end of the month. The estimated cost for repairs due to the electrical fire in Springer are about \$561,000. It's not expected to reach the excess layer, but carriers have been placed on notice. A structure fire in Bloomfield, NM was caused by an HVAC unit. The unit was under the service and maintenance of Honeywell's third party contractor. The unit malfunctioned and sparked a fire. Honeywell's third party administrator, Sedgwick accepted liability for the cause of the fire resulting in damages.

Another situation in Las Vegas, NM with a HVAC unit that was being replaced by Honeywell. The unit was removed from the rooftop and due to delays in obtaining a new unit, Honeywell failed to weather seal the open cavity in the roof and Las Vegas experienced monsoon rains. The third-party administrator Sedgwick accepted liability for the damage, but has been unresponsive to mitigation and remediation costs of approximately \$348,000. The committee discussed possible legal options to encourage mitigation.

4. Workers' Compensation Monthly Claims Report

Mr. Jerry Mayo, CCMSI, provided the Workers' Compensation Monthly Claims Report for Districts as of September 30, 2022. During the month of September, there were 946 open claims, 280 new claims, 29 claims were re-opened, and 261 claims were closed. Reserves were at \$13,772,734.44 and payments were \$47,045,575.78 for a total of \$60,818,310.22.

5. Workers' Compensation Large Losses

Mr. Mayo reported no large losses for the month of September 2022.

10. C. Maintaining Cybersecurity Insurance Compliance

Mr. Grant Banash, and Justin Perkins from Poms and Associates, along with Demetrius Brandon from Public Education Department did a combined presentation on November 3, 2022, to the Technology Leaders in Education from various school districts. Mr. Banash went through the presentation with the committee. He stated how important it is to try to protect the personal information of the staff and students. Most cyber-attacks are from the outside and the majority are for financial gain. The main goal is how networks are being protected, and how to be able to maintain security and controls. Controls are needed for our cyber insurance carriers so we may continue to have cyber insurance. He stated that Vector Solutions has 4 courses on cyber security that is available to all members. The four courses take about 2 hours to complete.

10. D. Loss Prevention Update

Ms. Julie Garcia, Poms & Associates, reported on the Loss Prevention Abatement Report for October 2022. In October there was a 72.41% abatement for non-capital recommendations. There were 64 total recommendations, total capital recommendations were 6, total non-capital were 58. Corrected non-capital were 42, corrected capital were 2 for a total of 44. The corrected recommendations percentage for October was 68.75%.

10. E. Liability Under Title IX

Ms. Julie Garcia, Poms & Associates, presented that Title IX is changing all the time and it is leaning on having the liability and responsibility on the schools to do their due diligence to complete a thorough investigation for any and all sexual misconduct. This was based on a Supreme Court decision. Schools are responsible for investigating all and any sexual misconduct issues that arise. A thorough investigation must be completed by the Title IX coordinator.

11. General Discussion

Mr. Sammy Quintana opened up the general discussion for the Board. There was no discussion.

14. Adjournment (Action Item)

A motion was made to adjourn the meeting at 11:18 a.m.

MOTION: D. Martinez, Jr.

SECONDED: P. Jaramillo

A roll call vote was taken.

Ms. Kaylei Jones called roll.

Al Park, President	Absent
Chris Parrino, Vice President	Absent
Trish Ruiz, Secretary	Yes
Denise Baldares	Absent
Tim Crone	Yes
Travis Dempsey	Yes
Pauline Jaramillo	Yes
Bethany Jarrell	Absent
K.T. Manis	Yes
David Martinez, Jr.	Yes
Sammy Quintana	Yes

Vote carried unanimously.

APPROVED:

Mr. Alfred Park, President

Date

**NEW MEXICO PUBLIC SCHOOLS INSURANCE AUTHORITY
BOARD OF DIRECTORS MEETING MINUTES**

**In-Person: Poms & Associates
201 3rd Street, Suite 1400
Albuquerque, NM 87102**

**Virtual: <https://meet.goto.com/489893269>
Dial in +1 (872) 240-3212
Access Code: 489-893-269**

Thursday, February 02, 2023

DRAFT

1. Call to Order

Mr. Al Park, NMPSIA Board President, called the NMPSIA Board Meeting to order at 9:01 a.m. on Thursday, February 2, 2023.

2. Roll Call

Ms. Kaylei Jones called roll.

Board Members Present:

Al Park, President	In-Person (left at 10:10am)
Chris Parrino, Vice President	In-Person (Chair after 10:10am)
Bethany Jarrell	In-Person
Denise Balderas	Virtual
Tim Crone	In-Person
K.T. Manis	Virtual
David Martinez, Jr.	Virtual
Sammy Quintana	In-Person

Board Members Absent:

Trish Ruiz
Travis Dempsey
Pauline Jaramillo

NMPSIA Staff Members Present:

Patrick Sandoval, Executive Director	In-Person
Martha Quintana, Deputy Director	In-Person
Cyndi Archuleta, Benefits/Wellness Manager	In-Person
Kaylei Jones, Benefits/Wellness Program Coordinator	In-Person
Lisa Jennings, Chief Financial Officer	In-Person
Charlette Probst, Finance/HR Manager	In-Person
Andrew Romero, Chief Procurement Officer	Virtual

Dion Romero, Accountant/Auditor
Natasha Ortiz, Financial Specialist

Virtual
Virtual

Audience Present:

Lisa Guevara	BCBSNM	Virtual
Samantha Mensay	BCBSNM	Virtual
Steve Vanetsky	CCMSI	In-Person
Vanessa Devine	CCMSI	Virtual
Jerry Mayo	CCMSI	In-Person
Louise Carpenter	CCMSI	Virtual
Richard Cangioli	CCMSI	In-Person
Courtney Barela	CCMSI	Virtual
Daniel Warner	CIGNA	Virtual
Lara Clower	CVS	Virtual
Daniel Foster	CVS	Virtual
David Lauck	CVS	Virtual
Sam Garcia	Davis Vision	In-Person
Albert Rhodes	Delta Dental	In-Person
Rich Bolstad	Delta Dental	Virtual
Kathy Payanes	Erisa Administrative Services	In-Person
Emma Reed	Erisa Administrative Services	Virtual
Michelle Alarid	Erisa Administrative Services	Virtual
Mike Barrios	Erisa Administrative Services	Virtual
Amy Bonal	Erisa Administrative Services	Virtual
Martin Esquivel	Esquivel & Howington	Virtual
Sandra Esquivel	Esquivel & Howington	Virtual
Joe Ortiz	Kubiac Melton and Associates	Virtual
Matt Smith	PFM	Virtual
Steve Valdez	Presbyterian	In-Person
Sharon Griffin	Presbyterian	Virtual
David Poms	Poms & Associates	In-Person
Rika Martinez	Poms & Associates	Virtual
Kevin McDonald	Poms & Associates	In-Person
Grant Banash	Poms & Associates	In-Person
Tamie Pargas	Poms & Associates	Virtual
Larry Vigil	Poms & Associates	In-Person
Julie Garcia	Poms & Associates	In-Person
Karen Mestas-Harris	Poms & Associates	In-Person
Erin Brannan	Poms & Associates	In-Person
Dan Foley	Poms & Associates	In-Person
Nura Patani	Segal	In-Person
Melissa Krumholz	Segal	Virtual
Greg Archuleta	The Standard	In-Person
Stephanie Anthony	United Concordia	Virtual

3. Introduction of Guests

Mr. Patrick Sandoval, Executive Director NMPSIA, introduced Mr. Joe Ortiz with Kubiak Melton and Associates, Mr. Matt Smith with PFM Asset Management, Ms. Nura Patani and Ms. Melissa Krumholz with Segal, Mr. David Lauck with CVS, and Ms. Kathy Payanes and Ms. Emma Reed with Erisa Administrative Services.

4. Citizens to Address the Board (Five-Minute Limit)

There are no citizens to address the Board.

5. Approval of Agenda (Action Item)

Mr. Park requested to move item 12, Executive Session, to after item 6 - Approval of December 2022 Minutes.

A motion was made to approve the agenda as amended.

MOTION: C. Parrino

SECONDED: B. Jarrell

A roll call vote was taken.

Ms. Charlette Probst called roll.

Al Park, President	Yes
Chris Parrino, Vice President	Yes
Trish Ruiz, Secretary	Absent
Denise Balderas	Yes
Tim Crone	Yes
Travis Dempsey	Absent
Pauline Jaramillo	Absent
Bethany Jarrell	Yes
K.T. Manis	Yes
David Martinez, Jr.	Yes
Sammy Quintana	Yes

Vote carried unanimously.

6. Approval of December 8, 2022 Minutes (Action Item)

This item was tabled due to the fact that the minutes were not provide to the Board timely.

12. Executive Session to Discuss Competitive Sealed Proposals Solicited Pursuant to the Procurement Code Pursuant to §10-15-1 H (6) NMSA 1978 (Action Item)

12. A. RFP#342-2023-05 Property and Liability Claims Administrative Services

A motion was made to go into executive session to discuss Competitive Sealed Proposals Solicited Pursuant to the Procurement Code Pursuant to §10-15-1 H (6) NMSA 1978.

MOTION: D. Martinez, Jr.

SECONDED: C. Parrino

A roll call vote was taken.

Ms. Charlette Probst called roll.

Al Park, President	Yes
Chris Parrino, Vice President	Yes
Trish Ruiz, Secretary	Absent
Denise Balderas	Yes
Tim Crone	Yes
Travis Dempsey	Absent
Pauline Jaramillo	Absent
Bethany Jarrell	Yes
K.T. Manis	Yes
David Martinez, Jr.	Yes
Sammy Quintana	Yes

Vote carried unanimously.

A motion was made to come out of executive session. No action was taken during the executive session. Only items listed were discussed.

MOTION: D. Martinez, Jr.

SECONDED: B. Jarrell

A roll call vote was taken.

Ms. Charlette Probst called roll.

Al Park, President	Yes
Chris Parrino, Vice President	Yes
Trish Ruiz, Secretary	Absent
Denise Balderas	Yes
Tim Crone	Absent
Travis Dempsey	Absent
Pauline Jaramillo	Absent
Bethany Jarrell	Yes
K.T. Manis	Yes
David Martinez, Jr.	Yes
Sammy Quintana	Yes

Vote carried unanimously.

12. **B. Any Action on the Discussion of Competitive Sealed Proposals Solicited Pursuant to the Procurement Code Pursuant to §10-15-1 H (6) NMSA 1978 (Action Item)**

Mr. Park recommended Vendor A for Property and Liability Claims Administrative Services and to enter into contract negotiations and binding contract.

A motion was made to approve Vendor A for Property and Liability Claims Administrative Services and enter into contract negotiations and binding contract.

MOTION: D. Martinez, Jr.

SECONDED: S. Quintana

A roll call vote was taken.

Ms. Charlette Probst called roll.

Al Park, President	Yes
Chris Parrino, Vice President	Yes
Trish Ruiz, Secretary	Absent
Denise Balderas	Yes
Tim Crone	Absent
Travis Dempsey	Absent
Pauline Jaramillo	Absent
Bethany Jarrell	Yes
K.T. Manis	Yes
David Martinez, Jr.	Yes
Sammy Quintana	Yes

Vote carried unanimously.

7. **Administrative Matters**

7. **A. Staff Update**

Mr. Sandoval provided the staff update. Interviews for the Benefits Analyst were completed on January 10th and 11th. The finalist withdrew from consideration. The position was reposted and will close on February 3. All staff is back in the office effective today, February 2. Mr. Sandoval introduced Ms. Lisa Jennings, the new Chief Financial Officer. Ms. Jennings said a few words in regards to her experience.

7. **B. Legislative Update**

Mr. Sandoval provided the legislative update. Staff has been reviewing fiscal impact reports. Some bills that have been reported to NMPSIA include HB102 . This bill did pass the House Education Committee with a vote of 10:2. Additional bills under review include HB36, SB51, HB132, HB43, SB82 and SB126. Mr. Cangioli and Mr. Poms commented on upcoming bills that may have implications for the NMPSIA Risk Division.

7. **C. IBAC Update**

Ms. Cyndi Archuleta, Benefits/Wellness Manager NMPSIA, provided the IBAC update. The IBAC met on January 11, 2023 where Dr. Vesta Sandoval and Dan Lanari presented on behalf of Lovelace Health Systems. They shared the history of Lovelace, services available at their six hospitals and multi-specialty medical groups, and provided ranking results from LeapFrog in the areas of quality, service, and safety. Carrier updates were provided from Presbyterian. Presbyterian opened its new tower on January 20. The addition will add rooms and increase capacity to 698 beds. Presbyterian also launched their new wellness platform adding mobile optimization. All carriers are preparing for the 2023 Legislative Session. The next meeting will be held on March 8, 2023. Mr. Quintana asked if the IBAC has had any discussion regarding the clinic implementation. Ms. Archuleta informed the Board that Segal is on the agenda to present more on the clinic implementation today and how facilities can be made more accessible to rural communities.

7. **D. COVID-19 Update**

Mr. Sandoval provided the COVID-19 update. For the period March 2020 through December 2022 NMPSIA has seen 240,306 claims and \$46,824,013 in claim costs. The Biden Administration will end the public emergency order on May 11, 2023. The NMPSIA plan will no longer be required to pay for COVID tests, plans may limit COVID vaccine coverage to in-network providers and cost-sharing will be in effect for any COVID-related services.

7. **E. Annual Meeting**

Mr. Parrino recommended the Tamaya, Mr. Sandoval recommended Las Cruces, and Mr. Park recommended Cloudcroft. Ms. Probst confirmed the venue in Cloudcroft is not handicap accessible. Mr. Martinez, Jr. asked when the Annual Meeting would take place. The school year may be extended per legislation. Mr. Park requested that NMPSIA staff bring back information from a variety of venue locations.

7. **F. 2023 Financial Disclosures**

Mr. Sandoval reminded the Board members to submit their Financial Disclosures. If assistance is required, Ms. Natasha Ortiz and Ms. Charlotte Probst are available.

8. **Financial Matters**

8. **A. Financial Reports - October 2022 (Action Item)**

Ms. Lisa Jennings, Chief Financial Officer NMPSIA, presented the Statement of Revenues and Expenditures for period ending October 31, 2022 for the Employee Benefits Fund. Ms. Jennings reported revenue of \$29,825,230.19 and expenses of \$23,884,094.89, which resulted in a gain of \$5,941,135.30 for the month of October.

Ms. Jennings presented the Statement of Revenues and Expenditures for period ending October 31, 2022 for the Risk Fund. Ms. Jennings reported revenue of \$8,661,702.52 and expenses of \$7,578,920.57, which resulted in a gain of \$1,082,781.95 for the month of October.

Ms. Jennings presented the Statement of Revenues and Expenditures for period ending October 31, 2022 for the Program Support Fund. Ms. Jennings reported revenue of \$126,673.00 and expenses of \$131,007.13, which resulted in a net loss of \$4,334.13 for the month of October.

Ms. Jennings presented the Balance Sheet for the Agency for the period ending October 31, 2022. Program Support had total assets of \$1,042,160.13, total liabilities of \$228,197.62, and total fund equity of \$813,962.51. Employee Benefits had total assets of \$48,042,931.84, total liabilities of \$29,555,861.20, and total fund equity of \$18,487,070.64. Risk had total assets of \$156,601,105.40, total liabilities of \$147,778,464.03, and total fund equity of \$8,822,641.37. Total for the Agency through the month of October, total assets of \$205,686,197.37, total liabilities \$177,562,522.85, for a total fund equity of \$28,123,674.52.

A motion was made to approve the Financial Reports for October 2022 as presented.

MOTION: D. Martinez, Jr.

SECONDED: B. Jarrell

A roll call vote was taken.

Ms. Charlette Probst called roll.

Al Park, President	Absent
Chris Parrino, Vice President	Yes
Trish Ruiz, Secretary	Absent
Denise Balderas	Yes
Tim Crone	Yes
Travis Dempsey	Absent
Pauline Jaramillo	Absent
Bethany Jarrell	Yes
K.T. Manis	Yes
David Martinez, Jr.	Yes
Sammy Quintana	Yes

Vote carried unanimously.

8. **B. Financial Reports - November 2022 (Action Item)**

Ms. Jennings presented the Statement of Revenues and Expenditures for period ending November 30, 2022 for the Employee Benefits Fund. Ms. Jennings reported revenue of \$30,222,372.89 and expenses of \$31,480,190.33, which resulted in a loss of \$1,257,817.44 for the month of November.

Ms. Jennings presented the Statement of Revenues and Expenditures for period ending November 30, 2022 for the Risk Fund. Ms. Jennings reported revenue of \$9,034,075.13 and expenses of \$7,948,501.05, which resulted in a gain of \$1,085,575.08 for the month of November.

Ms. Jennings presented the Statement of Revenues and Expenditures for period ending November 30, 2022 for the Program Support Fund. Ms. Jennings reported revenue of \$126,673.00 and expenses of \$95,145.71 which resulted in a gain of \$31,527.29 for the month of November.

Ms. Jennings presented the Balance Sheet for the Agency for the period ending November 30, 2022. Program Support had total assets of \$1,060,389.37 total liabilities of \$214,899.57, and total fund equity of \$845,489.80. Employee Benefits had total assets of \$47,813,938.99, total liabilities of \$30,584,685.79, and total fund equity of \$17,229,253.20. Risk had total assets of \$150,663,964.52, total liabilities of \$140,755,746.07, and total fund equity of \$9,908,215.45. Total for the Agency through the month of November, total assets of \$199,538,292.88, total liabilities \$171,555,334.43, for a total fund equity of \$27,982,958.45.

A motion was made to approve the Financial Reports for November 2022 as presented.

MOTION: S. Quintana

SECONDED: B. Jarrell

A roll call vote was taken.

Ms. Charlette Probst called roll.

Al Park, President	Absent
Chris Parrino, Vice President	Yes
Trish Ruiz, Secretary	Absent
Denise Balderas	Yes
Tim Crone	Yes
Travis Dempsey	Absent
Pauline Jaramillo	Absent
Bethany Jarrell	Yes
K.T. Manis	Yes
David Martinez, Jr.	Yes

Sammy Quintana Yes

Vote carried unanimously.

8. C. Financial Reports - December 2022 (Action Item)

Ms. Jennings presented the Statement of Revenues and Expenditures for period ending December 31, 2022 for the Employee Benefits Fund. Ms. Jennings reported revenue of \$28,096,387.22 and expenses of \$28,968,473.43, which resulted in a loss of \$872,086.21 for the month of December.

Ms. Jennings presented the Statement of Revenues and Expenditures for period ending December 31, 2022 for the Risk Fund. Ms. Jennings reported revenue of \$7,451,333.87 and expenses of \$6,642,262.67, which resulted in a gain of \$809,071.20 for the month of December.

Ms. Jennings presented the Statement of Revenues and Expenditures for period ending December 31, 2022 for the Program Support Fund. Ms. Jennings reported revenue of \$126,673.00 and expenses of \$148,265.38 which resulted in a net loss of \$21,592.38 for the month of December.

Ms. Jennings presented the Balance Sheet for the Agency for the period ending December 31, 2022. Program Support had total assets of \$1,043,716.14, total liabilities of \$219,818.72, and total fund equity of \$823,897.42. Employee Benefits had total assets of \$46,018,773.13, total liabilities of \$29,661,606.14, and total fund equity of \$16,357,166.99. Risk had total assets of \$143,782,561.64, total liabilities of \$133,065,274.99, and total fund equity of \$10,717,286.65. Total for the Agency through the month of December, total assets of \$190,845,050.91 total liabilities \$162,946,699.85, for a total fund equity of \$27,898,351.06.

A motion was made to approve the Financial Reports for December 2022 as presented.

MOTION: S. Quintana

SECONDED: B. Jarrell

A roll call vote was taken.

Ms. Charlette Probst called roll.

Al Park, President	Absent
Chris Parrino, Vice President	Yes
Trish Ruiz, Secretary	Absent
Denise Balderas	Yes
Tim Crone	Yes
Travis Dempsey	Absent
Pauline Jaramillo	Absent
Bethany Jarrell	Yes
K.T. Manis	Yes

David Martinez, Jr.	Yes
Sammy Quintana	Yes

Vote carried unanimously.

8. D. FY 2022 Audit (Action Item)

Mr. Joe Ortiz, Kubiak Melton and Associates, presented the FY 2022 Audit. The auditors conducted an audit in accordance with auditing standards generally accepted in the United States. In the opinion of the auditors, the financial statements in question present fairly in all material aspects. The financial position of the business-type activities of NMPSIA as of June 30, 2022, the respective changes in financial position, the respective budgetary comparisons, and cash flows (where applicable) ended in accordance with accounting principles generally accepted in the U.S.

A motion was made to approve the FY 2022 Audit as presented.

MOTION: D. Martinez, Jr.

SECONDED: S. Quintana

A roll call vote was taken.

Ms. Charlette Probst called roll.

Al Park, President	Absent
Chris Parrino, Vice President	Yes
Trish Ruiz, Secretary	Absent
Denise Balderas	Yes
Tim Crone	Absent
Travis Dempsey	Absent
Pauline Jaramillo	Absent
Bethany Jarrell	Yes
K.T. Manis	Yes
David Martinez, Jr.	Yes
Sammy Quintana	Yes

Vote carried unanimously.

8. **E. Investment Performance Review for the Quarter ended December 31, 2022**

Mr. Matt Smith, PFM, presented the investment performance review. Overall the 4th quarter investment performance was driven by data with a lower likelihood of a recession in 2023. The labor market remains strong. Interest rates have shown the ability to plateau or even have the potential to come down. Stock and bond markets have done well over the last 4 months. Benefit's fund, quarter 1 performance was up 7.51% (benchmark performance is 7.03%) due to high performance in international equity. Total fund was down 16.6% in 2022. Total fund as of Jan. 1, 2022 was \$27,408,146, net flows were \$28,076 and market value as of Dec. 31, 2022 was \$22,836,828. The benefits fund ranks in the top 10 percentile when compared to NMPSIA's peers. For the risk fund, performance was very similar. Total fund as of Jan. 1, 2022 was \$11,687,778, net flows were \$8.9M and market value as of Dec. 31, 2022 was \$17,715,175. Mr. Parrino asked if PFM had any inclinations based on this data. Mr. Smith responded that they are optimistic. The lows of unemployment have softened but are hopeful the trend seen in the last 4 months will prove to be favorable.

9. **Benefit Matters**

9. **A. Temporary Waiver of Premium Payment Penalties (Action Item)**

Mr. Sandoval reported that in April of 2020, the Board granted a 10-day additional grace period for late premium payments to be collected without penalty. Since April of 2020, only two entities have paid after the 20-day total grace period. After discussion with the Benefits Advisory Committee, staff is recommending to end the Temporary Waiver of Premium Payment Penalties and revert to the Board policy effective May 11, 2023 to coincide with the end of the Federal Public Health Emergency Order.

A motion was made to end the Temporary Waiver of Premium Payment Penalties and revert to the Board policy effective May 11, 2023 to coincide with the end of the Federal Public Health Emergency Order.

MOTION: S. Quintana

SECONDED: B. Jarrell

A roll call vote was taken.

Ms. Charlette Probst called roll.

Al Park, President	Absent
Chris Parrino, Vice President	Yes
Trish Ruiz, Secretary	Absent
Denise Balderas	Yes
Tim Crone	Yes
Travis Dempsey	Absent
Pauline Jaramillo	Absent
Bethany Jarrell	Yes
K.T. Manis	Yes

David Martinez, Jr.	Yes
Sammy Quintana	Yes

Vote carried unanimously.

9. **B. Benefits Consulting and Actuarial Services Contract (Action Item)**

Mr. Sandoval presented the Benefits Consulting and Actuarial Services Contract. At the December meeting, staff requested to enter into and bind a contract with Vendor A. Staff is requesting retroactive approval of the contract. The vendor can be announced after the Board grants approval.

A motion was made to approve the Benefits Consulting and Actuarial Services Contract.

MOTION: B. Jarrell

SECONDED: S. Quintana

A roll call vote was taken.

Ms. Charlette Probst called roll.

Al Park, President	Absent
Chris Parrino, Vice President	Yes
Trish Ruiz, Secretary	Absent
Denise Balderas	Yes
Tim Crone	Yes
Travis Dempsey	Absent
Pauline Jaramillo	Absent
Bethany Jarrell	Yes
K.T. Manis	Yes
David Martinez, Jr.	Yes
Sammy Quintana	Yes

Vote carried unanimously.

Mr. Parrino announced that Segal was selected to provide Benefits Consulting and Actuarial Services.

9. **C. RSV and Flu Statistics**

Ms. Nura Patani, Segal, presented the RSV and Flu Statistics. Data includes information from August-March of FY19 through FY23. Flu counts tend to spike during November through February. Most recent data shows nearly identical similarities to pre-pandemic counts (FY19-FY20). FY23 RSV data is drastically higher than prior years. Higher cases are consistent across carriers with the majority of claims being made by employees and dependent children (only a single case from a dependent spouse in any given month).

9. **D. Mapping of Clinic for Albuquerque, NM**

Ms. Patani provided a clinic feasibility analysis to include a clinic location in the Albuquerque area in addition to Farmington, Las Cruces and Roswell. This added location increased the percentage of NMPSIA population within a 1 hour drive to a clinic from 29% to 55%. This increase would reflect in the estimated savings as well. Ms. Patani estimates an increase in savings of just under \$2.1M with the added Albuquerque clinic. Mr. Crone pointed out that the clinic locations are few and far between. Ms. Patani noted that the initial clinics were placed based on where the majority of the membership is located. Mr. Crone also noted there is a large Native population in Northern New Mexico and asked if Ms. Patani thought if some of those members may have alternative access to IHS rather than utilizing the clinics. Ms. Patani spoke to the fact that Segal would need to gather additional demographic information. Mr. Quintana asked if the state has the resources to staff the clinics. Ms. Patani shares the concern. She noted that there is an option to ask clinic providers to submit responses to an RFI on how they intend to navigate that challenge. Mr. Parrino asked Ms. Patani to put together a presentation on the next steps for proceeding with an RFI.

9. **E. Approval of Stop Loss Contract-Retroactive (Action Item)**

Mr. Sandoval reminded the Board that Segal presented the Stop Loss Renewal Contract at the December meeting and requested retroactive approval.

A motion was made to retroactively approve the Stop Loss Contract.

MOTION: B. Jarrell

SECONDED: S. Quintana

A roll call vote was taken.

Ms. Charlette Probst called roll.

Al Park, President	Absent
Chris Parrino, Vice President	Yes
Trish Ruiz, Secretary	Absent
Denise Balderas	Yes
Tim Crone	Yes
Travis Dempsey	Absent
Pauline Jaramillo	Absent
Bethany Jarrell	Yes
K.T. Manis	Yes
David Martinez, Jr.	Yes
Sammy Quintana	Yes

Vote carried unanimously.

9. **F. FY2024 Projections and Premium Rate Setting Review**

Ms. Patani presented the preliminary rate setting for FY24. Historical trends show that PMPM increased 4.1% and membership has decreased 2.1% over the last 13 years. Assumptions for the projection include claims experience from December 2021-November 2022, approximately 7.0% blended medical and prescription trend and 4.0% dental trend. Revenues are based on enrollment as of January 5, 2023 and projections do not account for any anticipated COVID relief funds. The fund balance calculation assumes June 30 prepaid claims to be approximately \$5.5M with nearly a \$1M prepaid adjustment due to \$6.5M in prepaid claims as of November 30, 2022. Segal projects a \$1.7M total gain over FY23 and a fund balance of approximately \$16.8M as of June 30, 2023. In order to have premium revenue to support 1 month of claims by FY2028, Ms. Patani presented 3 different scenarios. One included a 6% increase to the High and EPO options and a 1.82% increase to the Low option (Baseline), 7.2% increase (scenario A) and a 7.24% increase (scenario B). Mr. Sandoval added that NMPSIA requested 2 special appropriations that are not included in this projection.

9. **G. SHAPE Report**

Ms. Patani presented the SHAPE Report. Of the key findings Ms. Patani noted that medical trends are lower than expected. This is mostly driven by lower inpatient severity and a higher utilization of lower-cost benefits. PMPM increases were mostly driven by the utilization of ER visits and outpatient lab work. Pharmacy trends are high but still consistent with expectations. These trends are driven by the high cost of treatment for autoimmune conditions and cancers. Experience for members with chronic conditions worsened due to large claimant activity (i.e. COVID, cancers and circulatory conditions). The percentage of members with diabetes is higher than last year and Segal benchmarks. A1c medication utilization has decreased. Care compliance for COPD and preventative cancer screenings are both below the benchmark.

9. **H. CVS Update**

Mr. David Lauck, CVS, presented the CVS Update. The total gross cost came in at \$36.5M (\$30.4M with rebates) for July through December. Net cost for the period, with rebates, is \$106.55 PMPM. NMPSIA membership is at an 81.3% generic dispensing rate which is slightly below the benchmark. Mr. Lauck shared the most costly categories and drugs. Antidiabetic medications are the most costly drug category (\$9M) followed by anti-inflammatory (\$5M) and Antineoplastics (\$2.8M). 8 out of 10 non-specialty drugs are classified as antidiabetic. NMPSIA has seen almost \$1.8M in savings through the Prudent Rx program. There are currently 476 NMPSIA members utilizing CVS Specialty. This program helps ensure compliance and support in the treatment of several diagnoses. Lastly, Mr. Lauck provided an implementation update on the Transform Diabetes Care (TDC) program where he covered the timeline for the launch of the new program. NMPSIA members previously supported by the Livongo program (approximately 980 individuals) are being transitioned for a seamless go-live date of February 1, 2023.

9. I. Erisa Open Switch Enrollment Stats

Mr. Kathy Payanes, Erisa Administrative Services, provided the Open/Switch Enrollment Stats. The 2022 NMPSIA Open/ Switch enrollment period commenced on October 1 and ended on November 18 with an effective date of January 1, 2023. NMPSIA and Erisa staff conducted six Open/Switch presentations across New Mexico. As of December 31, 2022 BlueCross BlueShield total enrollment is 265 employees and 505 employees and dependents, Presbyterian total enrollment is 315 employees and 578 employees and dependents, Cigna total enrollment is 17 employees and 36 employees and dependents, United Concordia Dental total enrollment is 171 employees and 383 employees and dependents, Delta Dental 480 employees and 949 employees and dependents, and Vision total enrollment is 587 employees and 1,195 employees and dependents. The Open/Switch enrollment reflected a net gain of 13 members for BlueCross BlueShield, a net gain of 8 members for Cigna, a net loss of 21 members for Presbyterian, a net gain of 298 for Delta Dental, and a net loss of 298 members for United Concordia.

9. J. Annual Statistical Package

Ms. Payanes presented the Annual Stat Package. First was a statement of NMPSIA Medical Eligibility. Enrollments have continued to decline over the last 5 years however there has been an increase in enrollment as of October 2022. The next statement includes number of lives, eligible, and the total month premium collected over the last 5 years. Ms. Payanes also presented a report which included demographic information such as average age, family size, salary and carrier allocation. Shown in a graph, the allocation of medical premium was presented. BlueCross BlueShield allocates the highest percentage of premium and medical allocates the largest percentage of premium when compared with all other lines of coverage (91.92%).

9. K. Erisa Mobile App Stats

Ms. Emma Reed, Erisa Web Developer, presented the mobile app update. The NMPSIA Mobile App has not gained much traction and there is not enough data to plot on a graph however the mobile app development team has set up a server to report on user actions such as number of page views and users who sign into the app. Ms. Reed shared efforts to market the app. These include mass email communications, adding a link to the home page of the website, and an informational landing page on the website. Incentives for app users has been a topic of discussion. Improvements include modernized login, aesthetic updates, and push notifications.

10. Risk Matters

10. A. TPA Reports

1. Property & Liability Monthly Claims Report

Mr. Steve Vanetsky, CCMSI, reported on the Property & Liability Monthly Claims Report for the month of October 2022. Property, there were 68 open claims, 2 new claims, and 11 claims were closed. Liability, there were 362 open claims, 80 new claims, and 65 claims were closed. Total payments and reserves were \$97,556,156.51. For November Property, there were 67 open claims, 10 new claims, and 14 claims were closed. Liability, there were 376 open claims, 52 new claims, and 45 claims were closed. Total payments and reserves were \$99,420,263.62. For December Property, there were 67 open claims, 5 new claims, and 5 claims were closed. Liability, there were 363 open claims, 27 new claims, and 42 claims were closed. Total payments and reserves were \$93,735,918.50.

2. Property & Liability Large Losses

Mr. Vanetsky reported large losses. One was out of Central Consolidated Schools, a kitchen fire in a teacher housing. Also, at Central Consolidated Schools, a frozen overhead fire suppression line that burst and caused flooding to the administration building. In Clovis High School an electrical short in the welding shop caused an interior fire. In Cimmaron an overhead water line ruptured due to extreme temperatures. Dexter Elementary School overhead water line ruptured resulting in flooding of a portable classroom. At Gallup a claim that was thought to be due to wind damage was later attributed to structure age. On the liability side a student suffered leg injuries when a hydraulic lift in auto shop class fell on the student. A bus accident in Portales, one student was taken to a hospital via air ambulance with a head injury. A claim from Santa Fe Community College, a tort claim regarding inappropriate contact. A loss out of Las Cruces, a pedestrian student was struck by a vehicle and sustained fatal injuries. An investigation into a teacher from Gadsden Independent Schools for inappropriate contact with students was discovered when a former student posted about the incident on social media that was picked up by KRQE news. As a caution a claim was opened.

3. Workers' Compensation Monthly Claims Report

Mr. Jerry Mayo, CCMSI, provided the Workers' Compensation Monthly Claims Report for Districts as of October 31, 2022. During the month of October, there were 988 open claims, 266 new claims, 25 claims were re-opened, and 249 claims were closed. Reserves were at \$13,796,432.07 and payments were \$47,541,316.10 for a total of \$61,337,748.17. During the month of November, there were 977 open claims, 193 new claims, 31 claims were re-opened, and 235 claims were closed. Reserves were at \$13,979,544.16 and payments were \$47,682,054.64 for a total of \$61,661,598.80. During the month of December, there were 961 open claims, 154 new claims, 31 claims were re-opened, and 201 were closed. Reserves were at \$13,912,141.54 and payments were \$48,018,990.62 for a total of \$61,931,132.16.

4. Workers' Compensation Large Losses

Mr. Mayo reported large losses at Eastern New Mexico University, a trip and fall resulting in a torn rotator cuff, with a final settlement which increased the reserves by a little over \$52,000. In Gallup, a worker moving a 55 gallon trash barrel had surgery on the right shoulder, with medical increases of \$56,000. Rio Rancho Public Schools, a 76 year old worker tripped and fractured right femur with surgery indemnity increase by a little over \$101,000. At Central Consolidated Schools two large losses; one person tripped over water bottles and had a tear of the left knee, with medical increased to \$61,000 and the second was a person that slipped and fell on water from a broken water pipe resulting in a torn rotator cuff on the right shoulder, with medical indemnity increased by \$62,000.

5. Workers Compensation Year-End Bill Review

Mr. Cangiolosi presented on Savings and Fee Summary. Every year CCMSI goes through the bill review process and Preferred Provider Discounts. Several years ago, CCMSI had a consultant build a review process to review the overall processes and make recommendations. At the time CCMSI was averaging about 52% savings per year. The consultant recommended that they could hit 56%. Last year CCMSI was able to save 60% total savings. Total charges were billed at \$12 million, 60% represents \$7.3 million dollars in savings. CCMSI implemented the consultant's recommendations and go through the preferred provider networks bi-annually and annually to re-arrange them and get better discounts.

10. B. Loss Prevention Committee Recommendations (Action Item)

Ms. Julie Garcia, POMS, presented the Loss Prevention Committee Recommendations. Recommendations include a National Database. There have been discussions held with Senator Lujan regarding a National Database. Issues include the fact that NASDTEC is dependent upon NMPED to provide information. Ms. Garcia also recommends NMPSIA review alternative Databases such as Offender Watch which is a database that cross-references sex offender data pulled directly from participating law enforcement. Additional training directed at children was also recommended. Ms. Garcia recommends working with the Attorney General's office to present a list of specific asks. Ms. Garcia recommends an anonymous reporting system. NMPSIA is in the process of running an RFP for an anonymous reporting system Poms and Associates will begin to audit schools for HB128 compliance as well as other regulatory HR and business office functions. Poms and Associates continue to work with Vector Solutions on which Districts have completed training.

On school violence, the recommendation is to improve interior and perimeter fencing, improved communications, secondary perimeter doors, visitor management systems, and interior and exterior door locks.

A motion was made to approve the Loss Prevention Committee Recommendations.

MOTION: S. Quintana

SECONDED: D. Martinez, Jr.

A roll call vote was taken.

Ms. Charlette Probst called roll.

Al Park, President	Absent
Chris Parrino, Vice President	Yes
Trish Ruiz, Secretary	Absent
Denise Balderas	Yes
Tim Crone	Absent
Travis Dempsey	Absent
Pauline Jaramillo	Absent
Bethany Jarrell	Yes
K.T. Manis	Yes
David Martinez, Jr.	Yes
Sammy Quintana	Yes

Vote carried unanimously.

10. C. Loss Prevention Update

Mr. Larry Vigil, Poms and Associates, presented the Loss Prevention Abatement Report for November of 2022 and December of 2022. In November there were 30 total recommendations with 56.67% that were corrected. In December there were 195 total recommendations with 64.62% that were corrected. Year-to-date, 1,032 total recommendations with 75.29% that have been corrected which is above the benchmark of 70%. Ms. Quintana asked if Mr. Vigil follows up with the capital recommendations. Mr. Vigil responded that sometimes the capital improvements take more time hence the reason why the non-capital receive the majority of follow-ups.

11. General Discussion

Mr. Sandoval wished Ms. Quintana a happy Birthday. There were no other items to be discussed at this time.

**13. Next Meeting Date and Location: Thursday, February 2, 2023 (Action Item)
Location: Poms & Associates, 201 3rd Street, Suite 1400 and a virtual option**

The next meeting date will be on Thursday, March 2, 2023 at 9:00 a.m. located at Poms & Associates to be offered in-person and virtually.

No motion was made to approve the next meeting date and location.

MOTION: S. Quintana

SECONDED: B. Jarrell

A roll call vote was taken.

Ms. Charlette Probst called roll.

Al Park, President	Absent
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Chris Parrino, Vice President	Yes
Trish Ruiz, Secretary	Absent
Denise Balderas	Yes
Tim Crone	Absent
Travis Dempsey	Absent
Pauline Jaramillo	Absent
Bethany Jarrell	Yes
K.T. Manis	Yes
David Martinez, Jr.	Yes
Sammy Quintana	Yes

Vote carried unanimously.

14. Adjournment (Action Item)

A motion was made to adjourn the meeting at 12:42p.m.

MOTION: S. Quintana

SECONDED: B. Jarrell

A roll call vote was taken.

Ms. Charlette Probst called roll.

Al Park, President	Absent
Chris Parrino, Vice President	Yes
Trish Ruiz, Secretary	Absent
Denise Balderas	Yes
Tim Crone	Absent
Travis Dempsey	Absent
Pauline Jaramillo	Absent
Bethany Jarrell	Yes
K.T. Manis	Yes
David Martinez, Jr.	Yes
Sammy Quintana	Yes

Vote carried unanimously.

APPROVED:

Mr. Alfred Park, President

Date

Public Schools Insurance Authority



Board Meeting

Fiscal Year 2023

January 2023 Financial Reports

March 2, 2023

NM Public Schools Insurance Authority
Statement of Revenues and Expenditures - Employee Benefits Fund
From 1/1/2023 Through 1/31/2023

	Prior Year Current Period Actual	Current Period Actual	Current Period % Change	Prior Year Actual	Current Year Actual	Current Year % Change
Revenue						
Premiums (Health Insurance Assessments)	27,780,468.20	29,191,468.49	5.08	189,595,513.75	196,681,965.16	3.74
Interest Income (Wells Fargo, LGIP)	2,969.63	60,884.26	1,950.23	23,607.91	311,045.29	1,217.55
Investment Income (SIC)	(1,175,794.71)	1,388,033.20	(218.05)	(330,152.86)	1,725,157.95	(622.53)
Miscellaneous Income (Rx Rebates, Penalties, Subros, Etc)	0.00	0.00	0.00	1,000.00	0.00	(100.00)
Total Revenue	26,607,643.12	30,640,385.95	15.16	189,289,968.80	198,718,168.40	4.98
Expenditures						
Medical Claims Expense	21,165,896.67	19,688,233.91	(6.98)	153,250,539.49	143,497,877.72	(6.36)
Prescription Claims Expense	3,178,181.65	4,490,198.43	41.28	25,002,222.31	25,373,296.65	1.48
Dental Claims Expense	1,096,899.39	1,177,128.87	7.31	7,603,585.96	7,778,984.89	2.31
Premiums (Life, Vision)	1,125,074.05	1,275,216.71	13.35	7,363,517.21	7,986,225.89	8.46
Claims Administration Fees (Medical, Dental, Rx)	1,382,352.48	1,180,719.84	(14.59)	10,589,644.97	8,078,227.33	(23.72)
Contractual Services (Erisa, Segal, Legal, Etc)	204,970.69	206,097.35	0.55	1,551,708.75	1,668,906.71	7.55
Transfer to Program Support	59,166.00	63,333.00	7.04	414,170.00	443,335.00	7.04
Total Expenditures	28,212,540.93	28,080,928.11	(0.47)	205,775,388.69	194,826,854.19	(5.32)
Net Revenue & Expenditures	(1,604,897.81)	2,559,457.84	(259.48)	(16,485,419.89)	3,891,314.21	(123.60)

NM Public Schools Insurance Authority
Statement of Revenues and Expenditures - Risk Fund
From 1/1/2023 Through 1/31/2023

	Prior Year Current Period Actual	Current Period Actual	Current Period % Change	Prior Year Actual	Current Year Actual	Current Year % Change
Revenue						
Premiums (Risk Insurance Assessments)	7,242,159.07	7,737,270.00	6.84	50,723,949.07	54,160,934.00	6.78
Interest Income (Wells Fargo, LGIP)	8,787.47	298,612.03	3,298.16	60,239.46	1,306,087.50	2,068.16
Investment Income (SIC)	(501,142.47)	1,077,098.56	(314.93)	(140,472.29)	1,341,208.82	(1,054.79)
Miscellaneous Income (Penalties, Subros, Etc)	0.00	0.00	0.00	0.00	1.04	100.00
Total Revenue	6,749,804.07	9,112,980.59	35.01	50,643,716.24	56,808,231.36	12.17
Expenditures						
Property - Liability Claims Expense						
Property Claims	217,068.34	770,150.19	254.80	4,093,338.50	7,346,049.33	79.46
Liability Claims	513,468.61	671,039.07	30.69	15,559,126.26	12,316,468.58	(20.84)
P-L Provisions for Losses	341,162.99	289,109.20	(15.26)	(159,924.20)	3,243,926.36	(2,128.41)
P-L Excess Recoveries	(488,587.95)	(6,905.00)	(98.59)	(7,021,442.86)	(10,386,889.36)	47.93
P-L Excess Recoveries Distributed to Schools	0.00	22,727.72	100.00	0.00	3,880,015.42	100.00
Total Property - Liability Claims Expense	583,111.99	1,746,121.18	199.45	12,471,097.70	16,399,570.33	31.50
Workers' Compensation Claims Expense	930,437.73	686,341.22	(26.23)	5,643,448.02	6,229,137.80	10.38
Property Excess Coverage Premium	2,374,974.00	2,586,540.00	8.91	16,624,812.00	18,105,788.00	8.91
Liability Excess Coverage Premium	1,622,917.00	1,771,250.00	9.14	11,360,415.00	12,398,750.00	9.14
Workers' Compensation Excess Coverage Premium	39,098.00	39,900.00	2.05	273,277.00	279,309.00	2.21
Student Catastrophic Insurance Premium	18,092.00	18,240.00	0.82	126,649.47	127,688.62	0.82
Equipment Breakdown Insurance Premium	31,280.00	34,196.00	9.32	218,972.60	239,376.62	9.32
Property - Liability Claims Administration Fees	91,147.15	94,196.10	3.35	638,030.05	659,480.92	3.36
Workers' Compensation Claims Administration Fees	100,680.78	104,051.99	3.35	704,765.46	728,483.58	3.37
Contractual Services (Erisa, Poms, CCMSI, Legal, Etc)	239,927.48	246,761.68	2.85	2,720,286.07	2,798,162.82	2.86
Transfer to Program Support	59,158.00	63,340.00	7.07	414,110.00	443,400.00	7.07
Total Expenditures	6,090,824.13	7,390,938.17	21.35	51,195,863.37	58,409,147.69	14.09
Net Revenue & Expenditures	658,979.94	1,722,042.42	161.32	(552,147.13)	(1,600,916.33)	189.94

NM Public Schools Insurance Authority
Statement of Revenues and Expenditures - Program Support Fund
From 1/1/2023 Through 1/31/2023

	Prior Year Current Period Actual	Current Period Actual	Current Period % Change	Prior Year Actual	Current Year Actual	Current Year % Change
Revenue						
Transfers from Other Funds (Benefits, Risk)	118,324.00	126,673.00	7.06	828,280.00	886,735.00	7.06
Miscellaneous Income	0.00	0.00	0.00	0.00	26.50	100.00
Total Revenue	118,324.00	126,673.00	7.06	828,280.00	886,761.50	7.06
Expenditures						
Contractual Services (Professional, Audit, Legal, Etc)	2,963.96	2,900.15	(2.15)	54,333.37	69,061.20	27.11
Other Expenses (Travel, Maint., Supplies, Utilities, Etc.)	5,226.02	4,126.18	(21.05)	83,602.07	88,329.40	5.65
Per Svc/Ben (Salaries, Fringe Benefits)	76,561.06	109,816.30	43.44	665,934.19	595,208.68	(10.62)
Total Expenditures	84,751.04	116,842.63	37.87	803,869.63	752,599.28	(6.38)
Net Revenue & Expenditures	33,572.96	9,830.37	(70.72)	24,410.37	134,162.22	449.61

NM Public Schools Insurance Authority

Balance Sheet
As of 1/31/2023

	<u>Program Support</u>	<u>Employee Benefits</u>	<u>Risk</u>	<u>Total</u>
ASSETS				
Cash (Wells Fargo/State Treasurer)	805,358.16	9,677,173.03	999,915.49	11,482,446.68
Short-term Investments (LGIP)	0.00	8,996,751.85	77,059,340.18	86,056,092.03
Long-term Investments (SIC)	0.00	24,224,861.11	18,792,273.17	43,017,134.28
Receivables (LGIP Int., W/C Excess Carrier)	0.00	114,689.10	18,962,512.24	19,077,201.34
Prepaid Premiums (Risk Excess Coverage)	0.00	0.00	22,250,630.00	22,250,630.00
Other Assets (Deposits, Furniture, Fxtures, Equip., Etc)	249,846.47	8,746,624.21	331,992.50	9,328,463.18
Total ASSETS	1,055,204.63	51,760,099.30	138,396,663.58	191,211,967.51
LIABILITIES				
Accounts Payable (Admin Fees)	0.00	1,385,469.56	443,344.97	1,828,814.53
Case Reserves (P/L, W/C)	0.00	0.00	36,755,753.15	36,755,753.15
IBNR (Incurred But Not Reported)	0.00	22,533,576.00	49,392,898.00	71,926,474.00
Claims Payable (Medical, Dental, P/L, W/C)	0.00	8,830,472.15	678,988.39	9,509,460.54
Deferred Revenue (Self-Pays, P/L, W/C Premiums)	0.00	83,316.46	38,686,350.00	38,769,666.46
Other (Payroll Taxes, Benefits, Compensated Absences Payable)	221,476.84	10,640.30	0.00	232,117.14
Total LIABILITIES	221,476.84	32,843,474.47	125,957,334.51	159,022,285.82
FUND EQUITY				
Beginning Fund Equity	699,565.57	15,025,310.62	14,040,245.40	29,765,121.59
Net Revenue & Expenditures (Year-to-Date)	134,162.22	3,891,314.21	(1,600,916.33)	2,424,560.10
Total FUND EQUITY	833,727.79	18,916,624.83	12,439,329.07	32,189,681.69



New Mexico Public Schools
Insurance Authority

FY2024 Projection for October 1, 2023 Rate Setting

March 1–2, 2023

Nura Patani, PhD, ASA, MAAA
Vice President, Consulting Actuary

Melissa Krumholz, FSA, MAAA
Vice President, Health Actuary

Contents

Historical Look & Assumptions

FY2023 Projection

FY2024 – FY2028 Projection

- **Projection Scenario**
- **Employee Deduction Impact**

Historical Look - Trends

- For the 161 months from July 1, 2009 through November 30, 2022, paid Medical/Rx **claims PMPM have increased by 4.9%** per annum
- During the same time period:
 - Average Medical/Rx **revenue PMPM increased 4.1%** per annum (membership is migrating to lower premium plans)
 - Average **membership has decreased 2.1%** per annum

	Med/Rx Claims PMPM ⁽¹⁾	Med/Rx Paid Trend	Med/Rx Expenses PMPM	Total Claims & Expenses PMPM	Total Med/Rx Revenue PMPM ⁽²⁾	% Change in Revenue PMPM	Med/Rx Revenue less Expenditures
FY2010	\$300.76	N/A	\$20.85	\$321.61	\$336.57	N/A	\$14.96
FY2011	\$314.59	4.6%	\$19.48	\$334.07	\$349.87	4.0%	\$15.80
FY2012	\$330.48	5.1%	\$20.01	\$350.49	\$355.41	1.6%	\$4.93
FY2013	\$350.69	6.1%	\$20.23	\$370.93	\$371.06	4.4%	\$0.14
FY2014	\$360.87	2.9%	\$20.47	\$381.35	\$394.65	6.4%	\$13.30
FY2015	\$380.69	5.5%	\$25.40	\$406.09	\$403.97	2.4%	(\$2.11)
FY2016	\$421.22	10.6%	\$25.51	\$446.73	\$416.58	3.1%	(\$30.14)
FY2017	\$441.48	4.8%	\$27.02	\$468.50	\$446.10	7.1%	(\$22.40)
FY2018	\$431.18	-2.3%	\$27.21	\$458.38	\$464.77	4.2%	\$6.39
FY2019	\$435.41	1.0%	\$26.74	\$462.14	\$480.27	3.3%	\$18.12
FY2020	\$473.53	8.8%	\$31.49	\$505.01	\$503.27	4.8%	(\$1.75)
FY2021	\$495.43	4.6%	\$38.13	\$533.56	\$530.70	5.5%	(\$2.86)
FY2022	\$557.33	12.5%	\$43.23	\$600.56	\$558.97	5.3%	(\$41.59)
FY2023 YTD ⁽³⁾	\$568.29	2.0%	\$35.30	\$603.59	\$578.73	3.5%	(\$24.86)
Annualized Average		4.9%				4.1%	

(1) Includes Rx Rebates

(2) Excludes investment income/(loss) and miscellaneous income.

(3) Reflects five months of claim experience, three months Rx Rebates, not annualized.

Assumptions for Projections

- Claims Experience: December 2021 – November 2022
- FY2023 through FY2028 Trend:
 - 6.5% Medical
 - 9.0% Rx
 - 4.0% Dental

} Approximately 7.0% blended Medical/Rx trend
- Revenues based on enrollment as of January 5, 2023
- Explicit claims margin is not included in our projections, but is recommended for consideration given uncertainty associated with the current environment
- Our projections reflect the anticipated impact of provider fees increase effective January 1, 2023, per procedure code for Delta Dental claims
- These projections do not contemplate any material migration between plans from the experience period to the projection periods
- Any COVID relief funds that may become available are not included in our projections
- Any cost adjustments for the COVID-19 pandemic Public Health Emergency (or “PHE”) and the COVID-19 National Emergency (or “NE”) expiration are not included in our projections

Assumptions for Projections (cont'd)

- Fund Balance of approximately \$17.2 million as of November 30, 2022 (excludes prepaid claims)
- Fund Balance calculation: assumes June 30 prepaid claims will be approximately \$5.5 million, based on discussion with NMPSIA staff
 - Nearly \$1.0 million prepaid claim adjustment due to \$6.5 million in prepaid claims as of November 30, 2022

Target fund balance floor (1 month of claims)

Fiscal Year	2023	2024	2025	2026	2027	2028
	\$28.1	\$30.3	\$32.3	\$34.5	\$36.9	\$39.4

Illustrations reflect **target fund balance ceiling of 1.5 months of claims**, based on discussion during April 2018 meetings

FY2023 Experience and Projection

- Projected \$1.7 M total gain over FY2023*
 - \$2.2 M gain through November 30, 2022
 - \$1.5 M loss projected during the remainder of the fiscal year
 - \$1.0 M positive prepaid claim adjustment
- Fund Balance of approximately \$16.8 M projected as of June 30, 2023 (~0.6 months of claims)
 - Drivers include:
 - Changes to the experience period used to develop projection
 - Migration from the High Option to the Low Option
 - CVS contract that was effective July 1, 2022



* Listed components contributing to overall projection may not sum to total due to rounding.

Affordability Considerations for 10/1/23 Rates

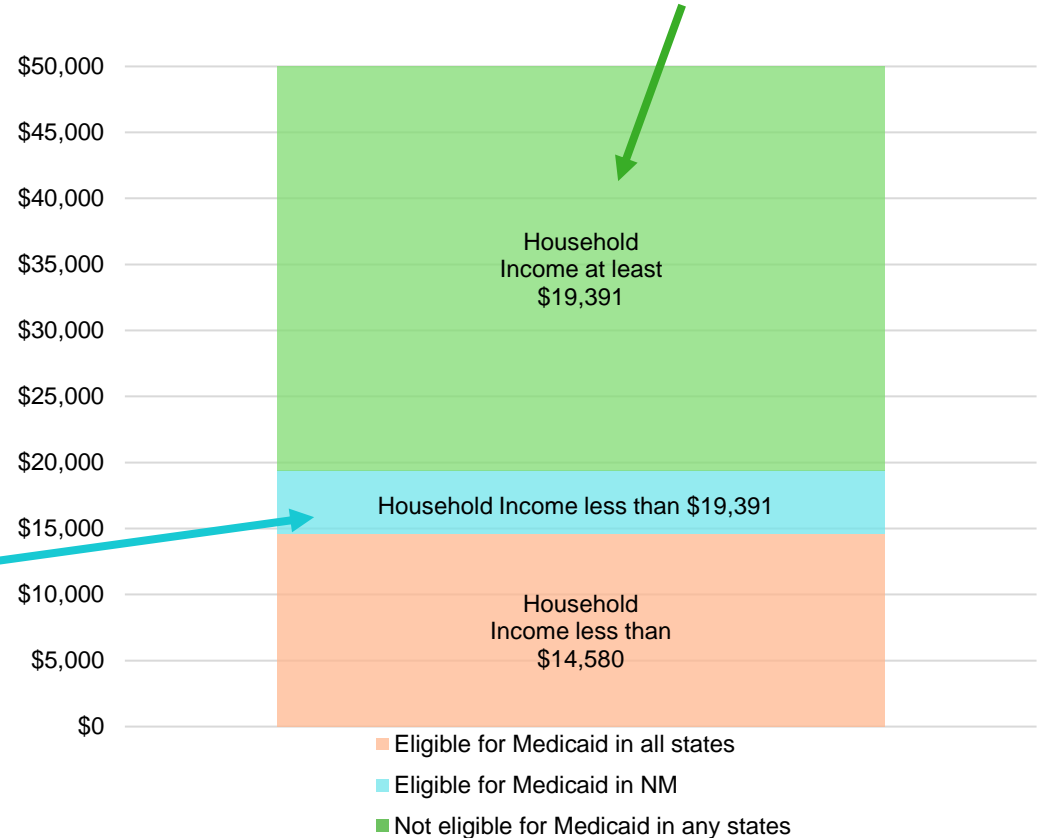
- Only considering affordability as it relates to individuals not eligible for Medicaid
- In New Mexico, these are individuals at or above 133% of the federal poverty line (\$19,391 for 2023)

➤ For plan years beginning in 2023, compare cost of self-only employer-sponsored coverage to 9.12% of household income to determine if employee would qualify for subsidy due to unaffordable coverage

$$\begin{aligned} & \$19,391 \\ & \times 9.12\% \\ & \div 12 \text{ months} \\ & = \$147.37 \text{ per month} \end{aligned}$$

➤ Maximum increase to Low Option is 1.8%

Employees with household income in this range who reside outside of NM may qualify for subsidized coverage on the exchange.



Summary of Projection Scenarios

Status Quo Plan Design

Description	Baseline: Max 6.0% Increase FY24; Level Increase FY25-28	Scenario A: 7.2% Increase FY24 (Blended); Level Increase FY25-28	Scenario B: Level Increase FY24-28	Scenario C: Max 6.0% Increase FY24; Level Increase FY25-28; 3.0% Dental Increase FY24
Rate Action				
Eff. 10/1/2023	6.00% High Option / EPO 1.82% Low Option; 0.00% Dental	7.20%*; 0.00% Dental	7.24%*; 0.00% Dental	6.00% High Option / EPO 1.82% Low Option; 3.00% Dental
Eff. 10/1/2024	8.18%*	7.26%*	7.24%*	8.12%*
Eff. 10/1/2025	8.18%*	7.26%*	7.24%*	8.12%*
Eff. 10/1/2026	8.18%*	7.26%*	7.24%*	8.12%*
Eff. 10/1/2027	8.18%*	7.26%*	7.24%*	8.12%*
Fund Balance				
End of FY2024	\$11.5 M (0.4 months of claims)	\$15.9 M (0.5 months of claims)	\$16.0 M (0.5 months of claims)	\$11.8 M (0.4 months of claims)
End of FY2025	\$10.7 M (0.3 months of claims)	\$19.1 M (0.6 months of claims)	\$19.3 M (0.6 months of claims)	\$11.3 M (0.4 months of claims)
End of FY2026	\$14.3 M (0.4 months of claims)	\$23.6 M (0.7 months of claims)	\$23.8 M (0.7 months of claims)	\$15.0 M (0.4 months of claims)
End of FY2027	\$23.6 M (0.6 months of claims)	\$30.3 M (0.8 months of claims)	\$30.4 M (0.8 months of claims)	\$24.1 M (0.7 months of claims)
End of FY2028	\$39.4 M (1.0 months of claims)	\$39.4 M (1.0 months of claims)	\$39.4 M (1.0 months of claims)	\$39.4 M (1.0 months of claims)

**Medical/Rx rate increase is shown on a blended basis*

Summary of Projection

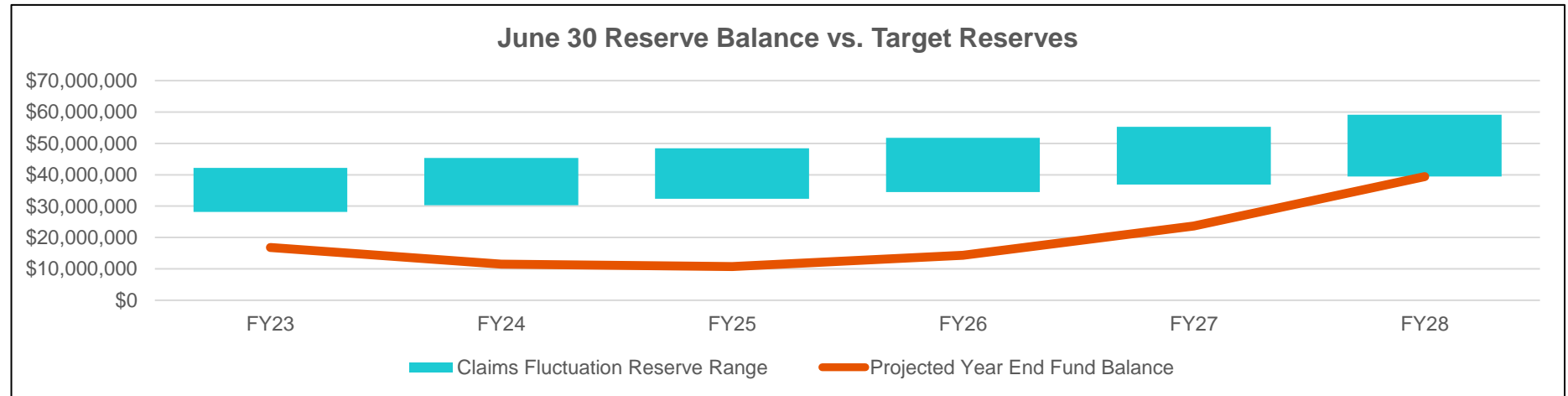
Baseline

	Percentage Increase effective 10/1/20**			Projected Year End Fund Balance	Target Fund Balance Floor ⁽²⁾	Target Fund Balance Ceiling ⁽³⁾
	Breakeven	Contribution to Contingency Reserve	Total Rate Increase ⁽¹⁾			
FY23	n/a	n/a	n/a	\$16,777,437	\$28,117,115	\$42,175,673
FY24	7.55%	-2.20%	5.36%	\$11,479,535	\$30,260,361	\$45,390,542
FY25	8.47%	-0.29%	8.18%	\$10,731,303	\$32,309,323	\$48,463,984
FY26	6.88%	1.30%	8.18%	\$14,315,803	\$34,500,464	\$51,750,696
FY27	5.05%	3.13%	8.18%	\$23,614,800	\$36,872,679	\$55,309,018
FY28	3.27%	4.91%	8.18%	\$39,416,867	\$39,412,904	\$59,119,356

(1) Medical/Rx rate increase is shown on a blended basis with the FY24 increase effective 10/1/2023, FY25 effective 10/1/2024, FY26 effective 10/1/2025, FY27 effective 10/1/2026, and FY28 effective 10/1/2027.

(2) Floor is one month of projected incurred claims.

(3) Ceiling is one and a half months of projected incurred claims, based on Segal recommendation in April 2018.



Blended FY24 Med/Rx increase of 5.4% is based on:

6.0% High Option / EPO increase
1.8% Low Option increase

Summary of Projection

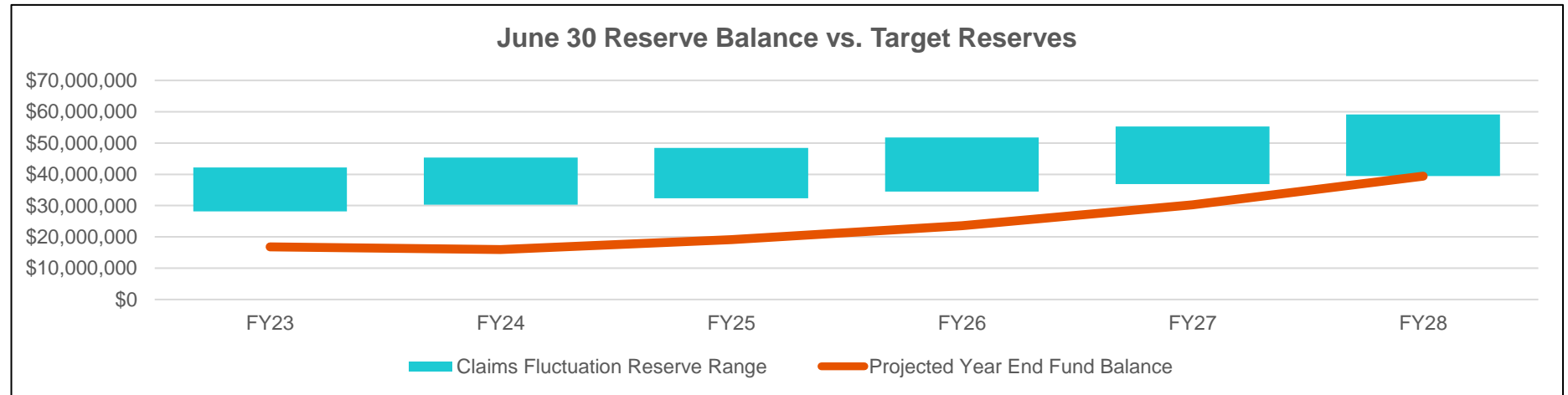
Scenario A - 7.2% Increase FY24 (Blended)

	Percentage Increase effective 10/1/20**			Projected Year End Fund Balance	Target Fund Balance Floor ⁽²⁾	Target Fund Balance Ceiling ⁽³⁾
	Breakeven	Contribution to Contingency Reserve	Total Rate Increase ⁽¹⁾			
FY23	n/a	n/a	n/a	\$16,777,437	\$28,117,115	\$42,175,673
FY24	7.55%	-0.35%	7.20%	\$15,934,630	\$30,260,361	\$45,390,542
FY25	6.03%	1.23%	7.26%	\$19,111,803	\$32,309,323	\$48,463,984
FY26	5.64%	1.62%	7.26%	\$23,597,939	\$34,500,464	\$51,750,696
FY27	5.01%	2.25%	7.26%	\$30,284,701	\$36,872,679	\$55,309,018
FY28	4.40%	2.86%	7.26%	\$39,412,852	\$39,412,904	\$59,119,356

(1) Medical/Rx rate increase is shown on a blended basis with the FY24 increase effective 10/1/2023, FY25 effective 10/1/2024, FY26 effective 10/1/2025, FY27 effective 10/1/2026, and FY28 effective 10/1/2027.

(2) Floor is one month of projected incurred claims.

(3) Ceiling is one and a half months of projected incurred claims, based on Segal recommendation in April 2018.



Summary of Projection

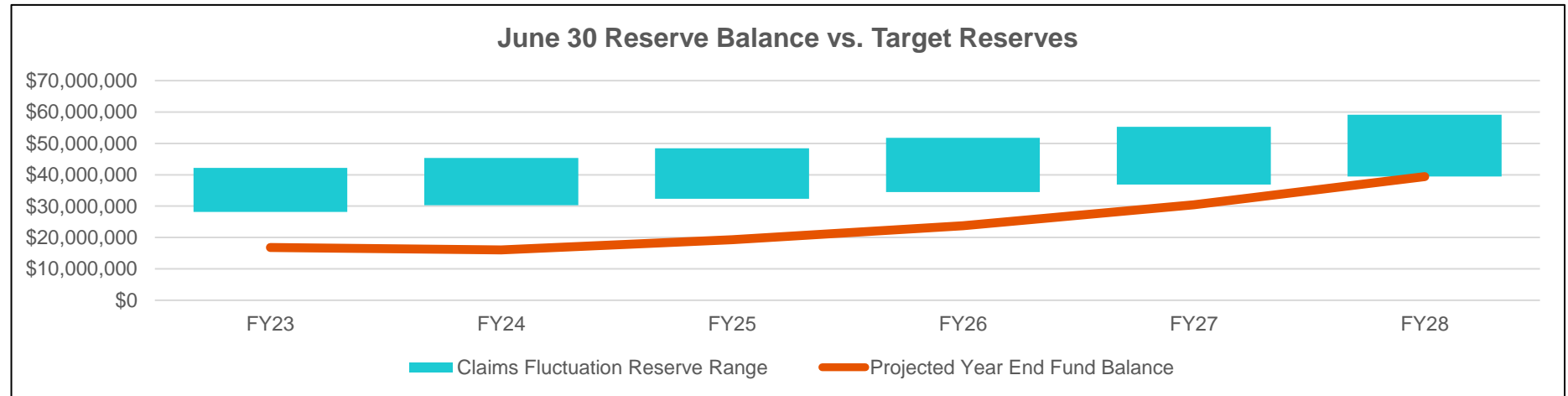
Scenario B - Level Increases for FY24-28

	Percentage Increase effective 10/1/20**			Projected Year End Fund Balance	Target Fund Balance Floor ⁽²⁾	Target Fund Balance Ceiling ⁽³⁾
	Breakeven	Contribution to Contingency Reserve	Total Rate Increase ⁽¹⁾			
FY23	n/a	n/a	n/a	\$16,777,437	\$28,117,115	\$42,175,673
FY24	7.55%	-0.31%	7.24%	\$16,022,750	\$30,260,361	\$45,390,542
FY25	5.98%	1.26%	7.24%	\$19,277,116	\$32,309,323	\$48,463,984
FY26	5.62%	1.62%	7.24%	\$23,780,408	\$34,500,464	\$51,750,696
FY27	5.01%	2.23%	7.24%	\$30,415,177	\$36,872,679	\$55,309,018
FY28	4.42%	2.82%	7.24%	\$39,412,070	\$39,412,904	\$59,119,356

(1) Medical/Rx rate increase is shown on a blended basis with the FY24 increase effective 10/1/2023, FY25 effective 10/1/2024, FY26 effective 10/1/2025, FY27 effective 10/1/2026, and FY28 effective 10/1/2027.

(2) Floor is one month of projected incurred claims.

(3) Ceiling is one and a half months of projected incurred claims, based on Segal recommendation in April 2018.



Summary of Projection

Scenario C - Level Increases for FY24-28

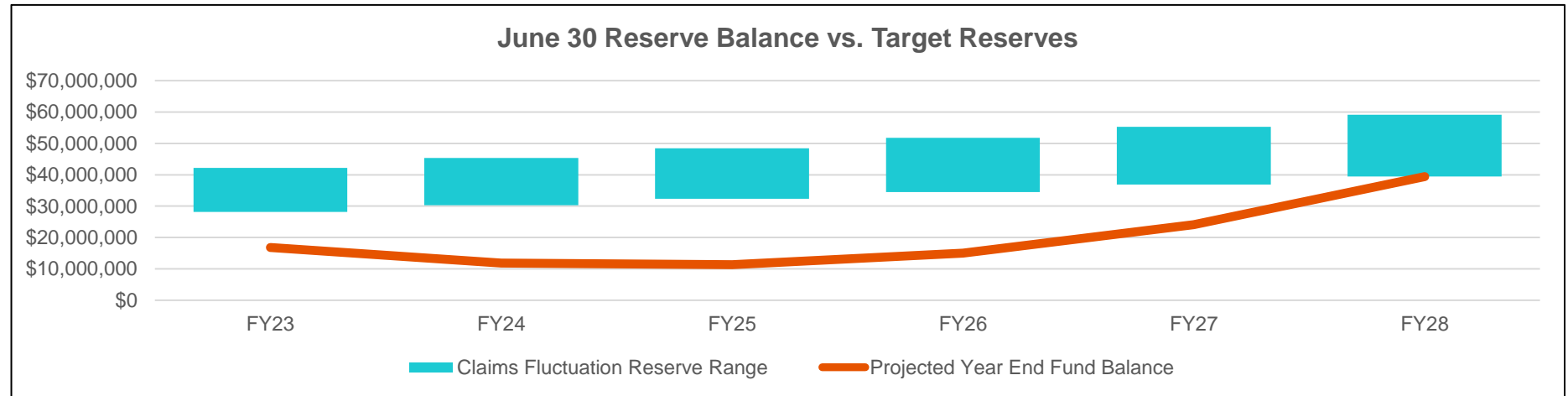
	Percentage Increase effective 10/1/20**			Projected Year End Fund Balance	Target Fund Balance Floor ⁽²⁾	Target Fund Balance Ceiling ⁽³⁾
	Breakeven	Contribution to Contingency Reserve	Total Rate Increase ⁽¹⁾			
FY23	n/a	n/a	n/a	\$16,777,437	\$28,117,115	\$42,175,673
FY24⁽⁴⁾	7.42%	-2.06%	5.36%	\$11,808,059	\$30,260,361	\$45,390,542
FY25	8.30%	-0.18%	8.12%	\$11,348,452	\$32,309,323	\$48,463,984
FY26	6.79%	1.33%	8.12%	\$14,998,019	\$34,500,464	\$51,750,696
FY27	5.06%	3.06%	8.12%	\$24,103,079	\$36,872,679	\$55,309,018
FY28	3.35%	4.77%	8.12%	\$39,412,468	\$39,412,904	\$59,119,356

(1) Medical/Rx rate increase is shown on a blended basis with the FY24 increase effective 10/1/2023, FY25 effective 10/1/2024, FY26 effective 10/1/2025, FY27 effective 10/1/2026, and FY28 effective 10/1/2027.

(2) Floor is one month of projected incurred claims.

(3) Ceiling is one and a half months of projected incurred claims, based on Segal recommendation in April 2018.

(4) Includes 3% rate increase for Dental



Blended FY24 Med/Rx increase of 5.4% is based on:
 6.0% High Option / EPO increase
 1.8% Low Option increase
 3.0% Dental increase

Employee Deduction Increases eff. 10/1/23

- **6.0% increase** in monthly payroll deduction for High and EPO Options
- **1.8% increase** in monthly payroll deduction for Low Option
- Effective **October 1, 2023** (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	\$12.91	\$15.49	\$18.07	\$20.65
	Family	\$32.78	\$39.34	\$45.89	\$52.45
BCBSNM Low Option	Single	\$2.71	\$3.25	\$3.80	\$4.33
	Family	\$6.88	\$8.26	\$9.63	\$11.02
BCBSNM EPO Option	Single	\$11.61	\$13.94	\$16.26	\$18.58
	Family	\$29.50	\$35.40	\$41.30	\$47.21
Cigna High Option	Single	\$12.32	\$14.79	\$17.25	\$19.71
	Family	\$31.88	\$38.26	\$44.64	\$51.02
Cigna Low Option	Single	\$2.59	\$3.12	\$3.64	\$4.16
	Family	\$6.73	\$8.08	\$9.41	\$10.76
Presbyterian High Option	Single	\$10.44	\$12.52	\$14.61	\$16.70
	Family	\$29.22	\$35.07	\$40.91	\$46.76
Presbyterian Low Option	Single	\$2.19	\$2.63	\$3.07	\$3.51
	Family	\$6.14	\$7.36	\$8.59	\$9.82

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

Thank
You



New Mexico Public Schools
Insurance Authority

Benefit Network/Repricing Analysis

March 1-2, 2023

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Background

- To help address questions about the appropriate alignment of plan premium differentials by carrier, NMPSIA requested that Segal conduct a claims repricing analysis in order to develop recommended changes.
 - Are the carriers and/or plans premiums representative of their network costs?
 - There was particular focus on Cigna as a more recent entrant with lower enrollment share
 - Is the contribution structure appropriate and accomplishing objectives?

While useful for this purpose, a great deal of judgement and caution is necessary when analyzing the results of a repricing analysis. Carriers often approach the exercise with different levels of experience, skill, and technical means, leading to different approaches with varying levels of accuracy and appropriateness.

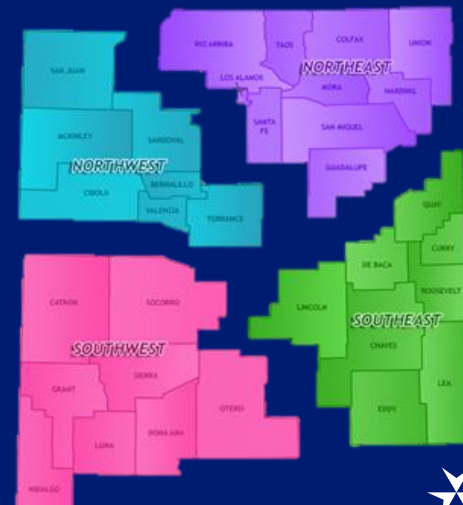
This is for informational purposes only and does not constitute legal, tax or investment advice. You are encouraged to discuss the issues raised here with your legal, tax and other advisors before determining how the issues apply to your specific situations.



Methodology – Analysis of Results

- Carriers (BCBSNM, Cigna, and Presbyterian) repriced NMPSIA actual claims
 - Incurred from July 2020 through June 2021
 - Paid from July 2020 through February 2022
- Segal analyzed repriced claim files
 - Differences assessed by Service Categories and Regions (including out of state)
 - Repriced amounts were compared to known actual amounts as a means of validation
 - High-level results and questionable findings were confirmed/evaluated with carriers to the extent possible

Limitations exist in being able to validate a claims reprice, particularly for a carrier without much existing market share. The summary results and conclusions rely on an accurate reprice from Cigna and accurate claims history from all carriers.



Methodology – Carrier Reprice Considerations

Repricing is rarely an exact science; assumptions are often necessary and can vary by carrier. Segal coordinated with the carriers to confirm assumptions, key decisions, and limitations to the extent possible, so that the results can be compared on a same basis as much as possible.

BCBSNM

- Re-priced each claim line with allowed amounts for the service code provided, simplifying methods & assumptions appear limited
- Claims were not designated “In” or “Out” of Network, this created a limitation in analysis
- Used average discount on major service categories, which could limit the detailed analysis by minor service categories

Cigna

- Re-priced each claim line with allowed amount for the service code provided, simplifying methods & assumptions appear limited
- Allowed amounts for non-network claims were based on the 80th percentile of Fair Health

Presbyterian

- Used historical experience to estimate pricing based on combinations of matching providers, place of service, and various service codes (DRG, revenue codes, procedure codes)
- This approach created variances to actuals and limited accuracy of repriced amounts
- OON Physician claims priced with Fair Health (not available for Institutional)
- Exclusions were broad and included some High Dollar claims; ~\$170M in Billed Charges was not repriced, other carriers repriced all claims

Current Carrier/Premium Structure

FY 2023 Monthly Premiums

		Total Premium	Employee Premium			
			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	\$860.40	\$215.10	\$258.12	\$301.14	\$344.16
	Two-Party	\$1,636.30	\$409.08	\$490.88	\$572.70	\$654.52
	Family	\$2,185.48	\$546.36	\$655.64	\$764.92	\$874.18
BCBSNM Low Option	Single	\$596.52	\$149.12	\$178.96	\$208.78	\$238.60
	Two-Party	\$1,134.52	\$283.62	\$340.36	\$397.08	\$453.80
	Family	\$1,515.36	\$378.84	\$454.60	\$530.38	\$606.14
BCBSNM EPO Option	Single	\$774.34	\$193.58	\$232.30	\$271.02	\$309.74
	Two-Party	\$1,472.64	\$368.16	\$441.78	\$515.42	\$589.06
	Family	\$1,966.90	\$491.72	\$590.06	\$688.42	\$786.76
Cigna High Option	Single	\$821.54	\$205.38	\$246.46	\$287.54	\$328.62
	Two-Party	\$1,585.92	\$396.48	\$475.78	\$555.06	\$634.36
	Family	\$2,125.66	\$531.42	\$637.70	\$743.98	\$850.26
Cigna Low Option	Single	\$572.26	\$143.06	\$171.68	\$200.28	\$228.90
	Two-Party	\$1,104.70	\$276.16	\$331.40	\$386.64	\$441.88
	Family	\$1,480.68	\$370.16	\$444.20	\$518.24	\$592.26
Presbyterian High Option	Single	\$695.76	\$173.94	\$208.72	\$243.52	\$278.30
	Two-Party	\$1,461.02	\$365.26	\$438.30	\$511.36	\$584.40
	Family	\$1,948.18	\$487.04	\$584.44	\$681.86	\$779.26
Presbyterian Low Option	Single	\$482.46	\$120.62	\$144.74	\$168.86	\$192.98
	Two-Party	\$1,013.02	\$253.26	\$303.90	\$354.56	\$405.20
	Family	\$1,350.76	\$337.68	\$405.22	\$472.76	\$540.30

Current Carrier/Premium Structure

Membership by Carrier and Region

	BCBS	PRES	Cigna
Albuquerque	2,139	6,657	66
Santa Fe	1,178	2,379	23
NorthEast	1,804	2,230	15
NorthWest	2,524	3,208	53
SouthEast	8,509	2,183	46
SouthWest	6,738	3,545	51
Out of State	1,413	201	25

Current Carrier/Premium Structure

Premium differential between carriers & plans

Premiums differentials are consistent with the differentials between PMPM paid claims

Premium differential between Carriers:

	Relativity to Cigna
BCBSNM	1.05
Cigna	1.00
Presbyterian	0.85

Premium differential between Plans:

	Relativity to Low Option
High Option	1.44
EPO Option	1.30
Low Option	1.00

Network Analysis

Presbyterian and Cigna

- Underlying claims represent Presbyterian experience
- Cigna appears to have more favorable costs with providers Out-of-State

Network Regions	% of Total Billed	Cigna		Presbyterian	
		% In-Network ¹	Avg Cost (Relative to Cigna)	% In-Network ¹	Avg Cost (Relative to Cigna)
Albuquerque	37.2%	97.7%	1.000	94.3%	1.021
Santa Fe	14.1%	95.2%	1.000	98.6%	0.854
NorthEast	4.9%	98.0%	1.000	95.1%	1.134
NorthWest	8.0%	98.2%	1.000	98.5%	0.909
SouthEast	6.0%	98.7%	1.000	98.9%	0.980
SouthWest	13.1%	98.9%	1.000	97.0%	1.104
Out of State	16.7%	97.6%	1.000	51.1%	1.411
Total	100.0%	97.6%	1.000	88.7%	1.046

¹Based on Presbyterian Claims Actual

Network Analysis

BCBSNM and Cigna

- Underlying claims represent BCBSNM experience
- BCBSNM has lower percentage of billed in Albuquerque and Santa Fe
- Both have similar discounts with providers Out-of-State (BCBSNM slightly lower)

Network Regions	% of Total Billed	BCBSNM - PPO		Cigna	
		% In-Network ¹	Avg Cost (Relative to Cigna)	% In-Network ¹	Avg Cost (Relative to Cigna)
Albuquerque	13.0%	95.3%	0.788	97.4%	1.000
Santa Fe	4.4%	90.2%	0.947	90.9%	1.000
NorthEast	1.7%	92.7%	0.997	96.9%	1.000
NorthWest	5.1%	94.0%	0.851	97.5%	1.000
SouthEast	16.2%	94.5%	0.900	98.0%	1.000
SouthWest	16.0%	89.9%	1.077	97.9%	1.000
Out of State	43.6%	90.6%	0.974	94.9%	1.000
Total	100.0%	91.9%	0.940	96.2%	1.000

¹Based on BCBSNM Claims Actual

Premium Considerations

Carrier differentials

- Current premium offerings are consistent with performance on a plan paid PMPM basis, which reflects several enrollee factors in addition to network rates, such as the mix of member age, acuity, and location
- Theoretical differential based purely on the network analysis would suggest a significantly different ranking and scaling

Plan differentials

- Current plan differentials reflect factors and constraints beyond the difference in the value of benefits
- Theoretical differential based purely on the value of benefits, all else equal, would result in a more compressed scale

Key considerations for any premiums differential changes

- Migration/disruption
- Geographic differences and risk score differences between current membership
- Affordability calculation

Demographic and Risk Scores

New Mexico	Member	Member %	NMPSIA	Relative Demo Score ³				Demo Neutral Relative Risk Score ³			
Region	Total	Total	ADI ²	Total	BCBS	PHS	CIGNA	Total	BCBS	PHS	CIGNA
Albuquerque	3,461	8%	3	0.97	1.03	0.95	0.84	0.91	0.97	0.88	1.35
Santa Fe	3,040	7%	2	1.05	1.08	1.04	1.08	0.98	1.01	0.96	1.20
NorthEast	4,299	10%	5	1.02	1.06	0.99	1.31	0.93	0.96	0.92	0.45
NorthWest	11,381	25%	5	1.00	1.03	0.98	0.95	0.96	1.04	0.92	0.85
SouthEast	10,758	24%	5	0.98	1.00	0.92	0.96	1.07	1.10	0.96	0.54
SouthWest	10,298	23%	6	1.00	1.02	0.98	1.18	1.03	1.09	0.92	0.64
Out of State	1,577	4%	5	1.03	1.04	0.97	0.89	1.04	1.08	0.75	0.84
Total	44,814	100%	5	1.00	1.02	0.98	1.01	1.00	1.06	0.92	0.81

Note:

1. Enrollment is based on Apr 2022 data
2. Weighted average 2019 Area Deprivation Index (ADI) with the scale of 1-10 using NMPSIA's census
3. Relative Risk Score is retrospective based on CY2021 data

Recommendations for Premium Differentials

- Dramatic changes may have adverse or unintended consequences
- Sufficient evidence exists to support narrowing the differentials between carriers
- Table below illustrates compression of carrier differentials ranging from 25% to 75%

	<u>BCBS</u>	<u>Cigna</u>	<u>Pres</u>
Current	1.047	1.000	0.847
Low	1.035	1.000	0.883
Mid	1.023	1.000	0.920
High	1.012	1.000	0.959

Premium Differential Changes – FY 2023 Rates

Low – Narrow carrier diff by 25%, reset plan diff

		Total Premium	Employee Premium			
			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	(\$66.20)	(\$16.55)	(\$19.87)	(\$23.17)	(\$26.48)
	Two-Party	(\$127.32)	(\$31.85)	(\$38.19)	(\$44.57)	(\$50.94)
	Family	(\$168.21)	(\$42.05)	(\$50.47)	(\$58.89)	(\$67.28)
BCBSNM Low Option	Single	\$164.48	\$41.13	\$49.33	\$57.56	\$65.80
	Two-Party	\$311.37	\$77.84	\$93.40	\$108.98	\$124.56
	Family	\$417.57	\$104.39	\$125.28	\$146.14	\$167.02
BCBSNM EPO Option	Single	(\$2.20)	(\$0.56)	(\$0.66)	(\$0.77)	(\$0.89)
	Two-Party	(\$5.58)	(\$1.41)	(\$1.67)	(\$1.95)	(\$2.24)
	Family	(\$5.68)	(\$1.42)	(\$1.69)	(\$1.99)	(\$2.28)
Cigna High Option	Single	(\$54.40)	(\$13.60)	(\$16.33)	(\$19.04)	(\$21.77)
	Two-Party	(\$105.34)	(\$26.33)	(\$31.60)	(\$36.86)	(\$42.13)
	Family	(\$138.76)	(\$34.70)	(\$41.63)	(\$48.57)	(\$55.51)
Cigna Low Option	Single	\$162.81	\$40.70	\$48.84	\$56.99	\$65.13
	Two-Party	\$313.98	\$78.50	\$94.20	\$109.89	\$125.58
	Family	\$423.15	\$105.79	\$126.95	\$148.10	\$169.27
Presbyterian High Option	Single	(\$18.51)	(\$4.63)	(\$5.55)	(\$6.48)	(\$7.41)
	Two-Party	(\$38.80)	(\$9.70)	(\$11.63)	(\$13.58)	(\$15.52)
	Family	(\$51.88)	(\$12.97)	(\$15.55)	(\$18.17)	(\$20.74)
Presbyterian Low Option	Single	\$166.48	\$41.60	\$49.94	\$58.27	\$66.58
	Two-Party	\$349.74	\$87.42	\$104.92	\$122.41	\$139.91
	Family	\$466.26	\$116.56	\$139.88	\$163.19	\$186.51

Premium Differential Changes – FY 2023 Rates

Low – Includes affordability adjustments

		Total Premium	Employee Premium			
			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	(\$14.01)	(\$3.51)	(\$4.20)	(\$4.90)	(\$5.60)
	Two-Party	(\$28.16)	(\$7.06)	(\$8.44)	(\$9.86)	(\$11.28)
	Family	(\$35.66)	(\$8.90)	(\$10.69)	(\$12.49)	(\$14.25)
BCBSNM Low Option	Single	(\$30.75)	(\$7.69)	(\$9.23)	(\$10.76)	(\$12.30)
	Two-Party	(\$59.55)	(\$14.89)	(\$17.88)	(\$20.84)	(\$23.81)
	Family	(\$78.30)	(\$19.57)	(\$23.48)	(\$27.41)	(\$31.32)
BCBSNM EPO Option	Single	(\$12.61)	(\$3.15)	(\$3.78)	(\$4.42)	(\$5.06)
	Two-Party	(\$25.35)	(\$6.35)	(\$7.60)	(\$8.87)	(\$10.15)
	Family	(\$32.11)	(\$8.02)	(\$9.63)	(\$11.25)	(\$12.84)
Cigna High Option	Single	(\$3.99)	(\$0.99)	(\$1.20)	(\$1.40)	(\$1.61)
	Two-Party	(\$8.04)	(\$2.01)	(\$2.42)	(\$2.80)	(\$3.21)
	Family	(\$8.20)	(\$2.06)	(\$2.46)	(\$2.87)	(\$3.29)
Cigna Low Option	Single	(\$25.76)	(\$6.44)	(\$7.74)	(\$9.02)	(\$10.30)
	Two-Party	(\$49.96)	(\$12.48)	(\$14.99)	(\$17.49)	(\$19.99)
	Family	(\$65.25)	(\$16.30)	(\$19.57)	(\$22.84)	(\$26.09)
Presbyterian High Option	Single	\$25.99	\$6.49	\$7.81	\$9.08	\$10.39
	Two-Party	\$54.66	\$13.66	\$16.40	\$19.13	\$21.86
	Family	\$72.73	\$18.18	\$21.82	\$25.46	\$29.10
Presbyterian Low Option	Single	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Two-Party	\$0.15	\$0.02	\$0.04	\$0.05	\$0.07
	Family	\$0.13	\$0.04	\$0.04	\$0.04	\$0.06

Premium Differential Changes – FY 2023 Rates

Mid – Narrow carrier diff by 50%, reset plan diff

		Total Premium	Employee Premium			
			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	(\$84.43)	(\$21.12)	(\$25.33)	(\$29.55)	(\$33.78)
	Two-Party	(\$161.96)	(\$40.51)	(\$48.58)	(\$56.69)	(\$64.80)
	Family	(\$214.52)	(\$53.62)	(\$64.36)	(\$75.10)	(\$85.81)
BCBSNM Low Option	Single	\$147.00	\$36.76	\$44.10	\$51.45	\$58.80
	Two-Party	\$278.18	\$69.54	\$83.44	\$97.36	\$111.28
	Family	\$373.19	\$93.30	\$111.97	\$130.61	\$149.27
BCBSNM EPO Option	Single	(\$19.93)	(\$4.99)	(\$5.98)	(\$6.99)	(\$7.98)
	Two-Party	(\$39.26)	(\$9.83)	(\$11.78)	(\$13.74)	(\$15.71)
	Family	(\$50.70)	(\$12.67)	(\$15.20)	(\$17.76)	(\$20.28)
Cigna High Option	Single	(\$63.30)	(\$15.82)	(\$18.99)	(\$22.17)	(\$25.32)
	Two-Party	(\$122.52)	(\$30.63)	(\$36.76)	(\$42.87)	(\$49.00)
	Family	(\$161.82)	(\$40.46)	(\$48.55)	(\$56.64)	(\$64.72)
Cigna Low Option	Single	\$154.28	\$38.58	\$46.28	\$54.00	\$61.71
	Two-Party	\$297.52	\$74.39	\$89.26	\$104.13	\$119.00
	Family	\$401.06	\$100.27	\$120.31	\$140.36	\$160.43
Presbyterian High Option	Single	\$2.03	\$0.50	\$0.61	\$0.71	\$0.81
	Two-Party	\$4.33	\$1.08	\$1.31	\$1.51	\$1.73
	Family	\$5.62	\$1.41	\$1.70	\$1.96	\$2.25
Presbyterian Low Option	Single	\$186.15	\$46.53	\$55.83	\$65.14	\$74.47
	Two-Party	\$391.07	\$97.75	\$117.32	\$136.87	\$156.44
	Family	\$521.36	\$130.34	\$156.41	\$182.47	\$208.54

Premium Differential Changes – FY 2023 Rates

Mid – Includes affordability adjustments

		Total Premium	Employee Premium			
			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	(\$28.71)	(\$7.19)	(\$8.61)	(\$10.06)	(\$11.49)
	Two-Party	(\$56.09)	(\$14.04)	(\$16.82)	(\$19.64)	(\$22.45)
	Family	(\$72.99)	(\$18.24)	(\$21.89)	(\$25.55)	(\$29.19)
BCBSNM Low Option	Single	(\$60.01)	(\$14.99)	(\$18.01)	(\$21.00)	(\$24.00)
	Two-Party	(\$115.14)	(\$28.79)	(\$34.56)	(\$40.30)	(\$46.05)
	Family	(\$152.61)	(\$38.15)	(\$45.78)	(\$53.42)	(\$61.05)
BCBSNM EPO Option	Single	(\$25.84)	(\$6.46)	(\$7.76)	(\$9.04)	(\$10.35)
	Two-Party	(\$50.49)	(\$12.63)	(\$15.14)	(\$17.67)	(\$20.20)
	Family	(\$65.71)	(\$16.43)	(\$19.70)	(\$23.01)	(\$26.28)
Cigna High Option	Single	(\$8.85)	(\$2.22)	(\$2.66)	(\$3.11)	(\$3.55)
	Two-Party	(\$17.43)	(\$4.36)	(\$5.23)	(\$6.09)	(\$6.96)
	Family	(\$20.79)	(\$5.20)	(\$6.24)	(\$7.28)	(\$8.31)
Cigna Low Option	Single	(\$48.00)	(\$12.01)	(\$14.41)	(\$16.79)	(\$19.20)
	Two-Party	(\$92.88)	(\$23.22)	(\$27.86)	(\$32.51)	(\$37.16)
	Family	(\$122.85)	(\$30.71)	(\$36.85)	(\$43.01)	(\$49.14)
Presbyterian High Option	Single	\$52.13	\$13.02	\$15.65	\$18.24	\$20.85
	Two-Party	\$109.56	\$27.38	\$32.87	\$38.34	\$43.82
	Family	\$145.92	\$36.49	\$43.78	\$51.07	\$58.38
Presbyterian Low Option	Single	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Two-Party	\$0.15	\$0.02	\$0.04	\$0.05	\$0.07
	Family	\$0.13	\$0.04	\$0.04	\$0.04	\$0.06

Premium Differential Changes – FY 2023 Rates

High – Narrow carrier diff by 75%, reset plan diff

		Total Premium	Employee Premium			
			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	(\$102.77)	(\$25.69)	(\$30.83)	(\$35.98)	(\$41.12)
	Two-Party	(\$196.81)	(\$49.22)	(\$59.03)	(\$68.89)	(\$78.73)
	Family	(\$261.10)	(\$65.27)	(\$78.34)	(\$91.40)	(\$104.44)
BCBSNM Low Option	Single	\$129.43	\$32.37	\$38.83	\$45.30	\$51.77
	Two-Party	\$244.79	\$61.20	\$73.42	\$85.68	\$97.92
	Family	\$328.56	\$82.14	\$98.58	\$114.99	\$131.42
BCBSNM EPO Option	Single	(\$37.76)	(\$9.44)	(\$11.33)	(\$13.23)	(\$15.11)
	Two-Party	(\$73.14)	(\$18.29)	(\$21.94)	(\$25.59)	(\$29.26)
	Family	(\$95.99)	(\$23.99)	(\$28.79)	(\$33.61)	(\$38.39)
Cigna High Option	Single	(\$72.61)	(\$18.15)	(\$21.78)	(\$25.43)	(\$29.05)
	Two-Party	(\$140.49)	(\$35.12)	(\$42.15)	(\$49.16)	(\$56.19)
	Family	(\$185.94)	(\$46.50)	(\$55.79)	(\$65.08)	(\$74.37)
Cigna Low Option	Single	\$145.35	\$36.34	\$43.60	\$50.87	\$58.14
	Two-Party	\$280.29	\$70.08	\$84.09	\$98.10	\$112.11
	Family	\$377.94	\$94.49	\$113.38	\$132.27	\$151.18
Presbyterian High Option	Single	\$22.69	\$5.66	\$6.80	\$7.94	\$9.08
	Two-Party	\$47.72	\$11.93	\$14.32	\$16.70	\$19.09
	Family	\$63.48	\$15.87	\$19.05	\$22.21	\$25.40
Presbyterian Low Option	Single	\$205.95	\$51.48	\$61.77	\$72.07	\$82.38
	Two-Party	\$432.65	\$108.15	\$129.79	\$151.42	\$173.07
	Family	\$576.79	\$144.20	\$173.04	\$201.87	\$230.71

Premium Differential Changes – FY 2023 Rates

High – Includes affordability adjustments

		Total Premium	Employee Premium			
			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	(\$43.89)	(\$10.98)	(\$13.17)	(\$15.37)	(\$17.57)
	Two-Party	(\$84.93)	(\$21.25)	(\$25.47)	(\$29.73)	(\$33.98)
	Family	(\$111.55)	(\$27.88)	(\$33.46)	(\$39.04)	(\$44.62)
BCBSNM Low Option	Single	(\$87.75)	(\$21.93)	(\$26.33)	(\$30.71)	(\$35.10)
	Two-Party	(\$167.86)	(\$41.96)	(\$50.37)	(\$58.75)	(\$67.13)
	Family	(\$223.08)	(\$55.77)	(\$66.92)	(\$78.08)	(\$89.24)
BCBSNM EPO Option	Single	(\$39.50)	(\$9.88)	(\$11.86)	(\$13.83)	(\$15.81)
	Two-Party	(\$76.45)	(\$19.12)	(\$22.93)	(\$26.75)	(\$30.58)
	Family	(\$100.41)	(\$25.11)	(\$30.11)	(\$35.16)	(\$40.16)
Cigna High Option	Single	(\$14.41)	(\$3.61)	(\$4.33)	(\$5.05)	(\$5.78)
	Two-Party	(\$28.16)	(\$7.04)	(\$8.45)	(\$9.84)	(\$11.26)
	Family	(\$35.20)	(\$8.80)	(\$10.56)	(\$12.32)	(\$14.07)
Cigna Low Option	Single	(\$69.33)	(\$17.34)	(\$20.81)	(\$24.26)	(\$27.73)
	Two-Party	(\$134.05)	(\$33.51)	(\$40.22)	(\$46.92)	(\$53.63)
	Family	(\$178.10)	(\$44.53)	(\$53.43)	(\$62.35)	(\$71.24)
Presbyterian High Option	Single	\$78.52	\$19.62	\$23.57	\$27.48	\$31.40
	Two-Party	\$164.98	\$41.24	\$49.50	\$57.74	\$65.99
	Family	\$219.82	\$54.96	\$65.95	\$76.93	\$87.94
Presbyterian Low Option	Single	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Two-Party	\$0.15	\$0.02	\$0.04	\$0.05	\$0.07
	Family	\$0.13	\$0.04	\$0.04	\$0.04	\$0.06

Thank
You



NEW MEXICO PUBLIC SCHOOLS INSURANCE AUTHORITY

Office of Executive Director

410 Old Taos Highway
Santa Fe, New Mexico 87501
1-800-548-3724 or 505-988-2736
505-983-8670 (fax)

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Patrick Sandoval
Executive Director

Martha Quintana
Deputy Director

March 2, 2023

Nura Patani, PhD, ASA, MAAA
Vice President & Consulting Actuary
The Segal Company
1501 West Fountainhead Parkway, Suite 370
Tempe, AZ 85282

RE: Amendment - Effective March 2, 2023
Professional Services Agreement for Benefits
and Actuarial Consulting
Date of Agreement: January 1, 2023
Agreement No. 342-2023-02

Dear Dr. Patani:

This letter shall constitute an Amendment to the above-captioned Agreement between the New Mexico Public Schools Insurance Authority, hereinafter referred to as the "Agency," and The Segal Company referred to as the "Contractor" and is effective as of the dates shown herein.

The Agency and Contractor entered into a Professional Services Agreement for Benefits and Actuarial Consulting ("Agreement") effective January 1, 2023. The Agency and Contractor wish to amend their Agreement with the amendments set out herein.

1. Pursuant to Section 1 (Scope of Work), the Contractor will provide:

28. PBM Post-Audit Analysis Services

Contractor shall provide post-audit pharmacy analysis services via its Benefits Audit Solutions Practice (BAS) related to the audit of NMPSIA's former pharmacy benefit manager (PBM), Express Scripts, Inc. (ESI) for the two-year audit periods during July 1, 2018, through June 30, 2020. Contractor will review the pharmacy claims data and assess multi-source brand (MSB) drugs and compare the following:

- A. Volume and impact of MSBs with Dispense As Written (DAW) codes of 1 and 2 codes for the applicable/impacted audit period(s).
- B. Pricing applied to identified claims.



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Patrick Sandoval
Executive Director

Martha Quintana
Deputy Director

C. Member cost share/tier averages applied to said claims.

Segal will provide a summary deliverable to NMPSIA by March 24, 2023, outlining the findings.

2. Pursuant to Section 2, (Compensation):

A.2 The compensation payable to the Contractor under the amendment for item 28, added to the scope of work shall not exceed \$15,000 including gross receipts tax.

3. This Amendment has been signed this 2nd day of March 2, 2023, and shall be in effect from March 2, 2023, to December 31, 2023.

**NEW MEXICO PUBLIC SCHOOLS
INSURANCE AUTHORITY**

THE SEGAL COMPANY

By:

By:

Alfred A. Park
Board President

Dr. Nura Patani
Vice President & Consulting Actuary



New Mexico Public Schools Insurance Authority

Analysis of Medical Claims Processing and Payment Procedures

Audit Period of January 1 through December 31, 2021

February 23, 2023 / Jennifer T. Laguna

BlueCross BlueShield of New Mexico Medical Claims Audit – Final Report

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Section I – Executive Summary

This report outlines Segal's evaluation of the claims processing and payment procedures utilized by BlueCross BlueShield of New Mexico (BCBSNM) in their administration of the New Mexico Public Schools Insurance Authority (NMPSIA) medical claims. Jennifer Laguna and Amber Turner of Segal's Benefit Audit Solutions (BAS) Practice conducted the review remotely from October 31 through November 4, 2022. The audit encompassed a review of a total of 250 sample claims.

Scope of Services

BCBSNM provided an electronic data file of all medical claims processed and paid during the 12-month period of January 1 through December 31, 2021. The objective of the review was to ensure that claims were paid in accordance with NMPSIA's Plan provisions. Segal's claims review included the following in-house and remote review components:

- An adjudication procedures review to assess day-to-day processing guidelines and claim control measures.
- A random, stratified sample of 210 claims to measure validity in the financial and incidence (number) accuracy of all benefit payments processed during the review period (i.e., inpatient, surgery, office, laboratory and x-rays, durable medical equipment, etc.); and,
- A target selection of 40 claims identified through electronic analyses designed to explore claims and benefit provisions related to acupuncture, high dollar claims, End Stage Renal Disease (ESRD), SARS-CoV-2, COVID-19 related claims, mental health and substance abuse, routine foot care, hearing exams/aids, potential duplicate payments and/or sample various benefit applications (i.e., deductibles, employee cost-shares, limitations, and exclusions).

The auditors completed a worksheet for each sampled claim. These worksheets serve as the primary documentation on which this report is based. Claims addressed within this report are referred to as "Worksheets". These worksheets (1-210) are further distinguished with an alphabet character (A-J) that identifies the respective payment tier in the statistical analysis. Segal reviewed each claim from receipt to release for check disbursement to identify any variance in procedures or benefit determination.

"Target" claims identified through electronic analyses (worksheets preceded with a T) were reviewed for the attribute selected (i.e., duplicate payment, benefit provisions, etc.). Due to the focused review and selection of these claims, they are excluded from the overall calculation of processing performance.

Statistical Results

Industry standards are established through ongoing review and comparison of measures utilized by major carriers and third-party administrators (TPAs) nationwide. Standards include acceptable

performance levels for administration of fully-insured, self-insured, corporate, public, and multiemployer plan benefits.

During the 12-month period of January 1 through December 31, 2021, total benefit payments of \$162,651,288.12 were issued for 307,782 claims. Benefit payments for the 210 stratified sample claims totaled \$5,683,794.22 (3.5% of total payments).

The stratified review sample was selected through analyses performed by actuarial staff to provide statistical validity in both the dollar value and incidence of errors. The statistical sample of 210 claims was expected to identify less than a 3% error rate, which provides a 95% confidence level with ±3% precision.

A basic principle of the sampling technique is that the stratified review findings are representative of all claims; therefore, the respective strata error rate is used to project the total errors for each stratum. The total projected errors are used to calculate the statistical accuracy levels for comparison to performance guarantees and industry standards.

The sample of 210 claims identified 13 findings: seven (7) overpayments totaling \$10,309.76, and six (6) Plan intents.

BCBSNM agreed to five (5) findings in the random, statistical sample with total overpayments of \$1,559.78.

As seen in the chart below, BCBSNM met each of their performance guarantees but fell below in the Financial Accuracy and Time-to-Process within 14 and 30 calendar days. The Time-to-Process achievements may be explained by multiple processing events (i.e., claims that were processed within the correct timeframe but then later adjusted), which are not factored in the calculation.

Category	Statistical Achievement	Performance Guarantees	Industry Standard
Financial Accuracy (dollar value)	98.21%	99.00%	99.00%
Payment Accuracy (free from financial error)	98.32%	NA ²	97.00%
Procedural Accuracy (free from processing error)	100.00%	NA ²	95.00%
Overall Processing Accuracy (free from error)	98.32%	95.00%	95.00%
Time-to-Process ¹ (within 14 calendar days)	87.06%	92.00%	95.00%
(within 30 calendar days)	94.70%	NA ²	100.00%

¹ Time-to-Process / turnaround time achievement has been calculated on 100% of the claims for the audit period and does not take adjustments into account.

²N/A = not applicable.

Target Sample Results

BCBSNM supported an additional sample of 40 claims that auditors selected through a series of electronic analyses to identify and confirm the accuracy of specific plan provisions and exclusions.

Segal's selection focused on single claims and patterns that would present the greatest financial risk to the plan. Claims were sampled from the following categories:

- Duplicate claims analysis.
- Reimbursement of plan exclusions and limitations.
- COVID-19, SARS-CoV-2 related claims.
- High dollar.
- Prior authorization.
- Patient out-of-pocket expenses (i.e., deductible, copay, and coinsurance).
- Plan variables not represented in the random selection.

The auditors manually reviewed the electronic results and the patient history for the sampled claims via remote access to validate the processing event or identify the root cause of any error, as applicable.

The sample of 40 claims identified six (6) total findings; four (4) overpayments totaling \$8,272.59, one (1) underpayment totaling \$35.00, and one (1) out-of-sample (OOS) procedural error.

BCBSNM agreed to five (5) of the findings within the Target sample; four (4) overpayments totaling \$8,272.59, and one (1) out of sample procedural error.

Key Findings and Recommendations

The following recommendations are based on the total 19 findings identified by Segal during the individual claims review, as indicated. BCBSNM was presented with a draft report on December 30, 2022, for its review and comment. Excerpts from BCBSNM's January 23, 2023 response are presented in italics throughout this report. BCBSNM's complete responses are provided in Section V of the report.

- Overpayment and underpayment recovery efforts should be initiated for the errors identified within the statistical and target samples. (Worksheets 87C, 108C, 147E, 161F, 185H, 192I, T1, T9, T26, T28 & T29)

BCBSNM's Response: *BCBSNM will not pursue any adjustments which would negatively affect the member, as confirmed by marketing representative.*

Segal's Response: Segal recommends a discussion between NMPSIA and BCBSNM regarding resolution for overpayment errors.

- BCBSNM should provide additional training regarding appropriate deductible, copayment, and coinsurance application. (Worksheets 87C, 108C, 147E, 161F, 185H, 192I, T26 & T28)

BCBSNM's Response: *Some operators who released the claims are no longer with the company and feedback could not be provided in those cases.*

- Autism treatment did not apply a copayment of \$30.00 for two (2) dates of services on the claim. (Worksheets 87C)

BCBSNM's Response: *BCBSNM agreed to the \$60.00 overpayment error. Due to mental health parity, ABA therapy is subject to the same benefit as other mental health. Coding has been updated because of this error, identified 11.08.22, and completed 12.22.22. A financial impact report is currently being generated for review.*

Segal's Response: Segal recommends a financial impact report be generated. The results should be shared with NMPSIA and Segal. Furthermore, Segal recommends a discussion between NMPSIA and BCBSNM regarding overpayment resolution.

- One claim applied cost share to a COVID-19 related claim as the member had a COVID-19 test done on the same date of service. BCBSNM disagreed with Segal, noting the claim must be filed with a CS modifier in order to confirm the claim was related to COVID-19. The diagnosis on the claim was COVID-19 related. Segal maintained the error. (Worksheet T1)

BCBSNM's Response: *BCBSNM maintains our response and disagrees. Modifier CS is the identifier that services were related to COVID-19 and related to pandemic guidelines. This claim was for urgent care global fee and was billed without the modifier for COVID-19 and without a positive diagnosis related to COVID-19. Z208.28 is contact with and (suspected) exposure to other viral communicable diseases, which is a diagnosis related to COVID. However, it wasn't billed with the modifier to indicate it's truly related so the standard benefit was applied appropriately.*

Segal's Response: The pandemic guidelines are evolving with updates as well as changes. Because the diagnosis is related to COVID-19, it should be considered.

- One durable medical equipment (DME) claim was paid in error. BCBS did not obtain prior authorization and the claim was deemed not medically necessary by BCBSNM. (Worksheet T9)

BCBSNM's Response: *BCBSNM agrees with error and feedback has been provided to the operator that medical policy determinations should be followed.*

- One procedural error was assessed due to the deductible accumulator being manually over applied when the claim was adjusted. (Worksheet T15)

BCBSNM's Response: *BCBSNM agrees to a procedural error as the deductible was found to be overapplied after accumulators were reviewed for the year. This is due to an adjustment*

of a previously processed claim. BCBSNM is currently conducting analysis to determine the root cause and future prevention.

- One EPO Plan claim was paid to a non-contracted provider. BCBS agreed to the overpayment noting the provider must have an active contract and did not therefore the claim was paid in error. (Worksheet T29)

BCBSNM's Response: BCBSNM agrees to an \$5,715.09 overpayment. This member is under the Blue Preferred EPO plan and benefits are only available if the provider has an active NLP contract. The provider is not active under an NLP contract for the date of service and the claim should have denied as benefit not available. The operator is no longer with the company so feedback could not be provided. The claim has not been adjusted as it would negatively affect member.

- One claim for CT scan was paid without a prior authorization. Per the SBC, prior authorization of imaging tests is required to avoid financial penalty. BCBSNM disagreed noting only PET scans require prior authorization. Segal needs Plan intent regarding prior authorization for imaging (CT/PET scans and MRIs). (Worksheet 167F)

BCBSNM's Response: BCBSNM maintains their response and disagrees. MRI/CT scans do not require prior authorization.

Segal's Response: Upon further clarification from NMPSIA, Segal removed this finding from Plan intent to an overpayment.

- Five (5) claims paid more than the BCBSNM allowed amount for COVID-19 testing. BCBSNM disagreed noting the test is under \$150.00 therefore they will reimburse at 100% of the billed amount. Segal needs Plan intent regarding if this payment arrangement was part of the approval for COVID-19 related coverage. (Worksheets 111C, 112C, 113C, 114C & 117C)

BCBSNM's Response: BCBSNM maintains their response and disagrees. The group follows the BCBSNM corporate standard for negotiations regarding COVID testing for non-participating providers. For New Mexico, if a COVID test is billed less than \$150, the service will be reimbursed at 100% of billed. The other services will be reimbursed at their normal rate for out of network providers.

Section II – Statistical Claim Sample

BCBSNM's data file of all medical claims processed and paid during the 12-month review period of January 1 through December 31, 2021, was utilized for sampling purposes. Benefit payments for 307,782 claims totaled \$162,651,288.12. Sampled benefit payments for 210 stratified claims totaled \$5,683,794.22 (3.5% of total payments).

Relevant claims processing information was verified through BCBSNM's responses to remote discussions, Segal's observations, and the individual claims review. BCBSNM's responses to the review draft report can be found in Section V.

Stratification Table

The selection of 210 claims was stratified by dollar amount to provide large claims representation that is more valid in determining financial accuracy levels. The methodology of the stratified selection process utilizes a formula designed to take full advantage of statistical sampling procedures that allows a quantifiable degree of confidence, whereby results obtained in the review sample are a true reflection of the way all claims were processed during the review period.

A basic principle of the sampling technique is the premise that stratified review findings are representative of all claims; therefore, the respective strata error rate is used to project the total errors for each stratum. The total projected errors are used to calculate the statistical accuracy levels for comparison to industry standards.

Strata	Dollar Range of Strata	Number of Claims in Range	Claims in Selection	Dollar Amount in Selection	Dollar Amount in Strata
A	\$0.01 - \$69.99	104,438	43	\$1,521.82	\$3,675,701.18
B	\$70.00 - \$139.99	101,064	42	\$3,957.18	\$10,012,185.61
C	\$140.00 - \$499.99	71,246	35	\$8,499.74	\$16,130,129.54
D	\$500.00 - \$1,699.99	19,376	25	\$21,373.38	\$17,427,556.01
E	\$1,700.00 - \$4,999.99	6,780	15	\$41,880.16	\$19,410,682.12
F	\$5,000.00 - \$12,999.99	2,847	10	\$70,622.45	\$22,116,165.67
G	\$13,000.00 - \$29,999.99	1,311	10	\$187,150.25	\$26,086,796.01
H	\$30,000.00 - \$74,999.99	531	10	\$417,742.59	\$23,372,913.36
I	\$75,000.00 - \$264,999.99	179	10	\$1,199,683.80	\$20,687,795.77
J	\$265,000.00 - \$553,883.22	10	10	\$3,731,362.85	\$3,731,362.85
Totals		307,782	210	\$5,683,794.22	\$162,651,288.12

Review Process

BCBSNM provided a copy of the sampled claim submissions and access to its claims system for Segal's reference. Each claim was reviewed as if the auditors manually processed from initial receipt to final benefit determination, seeking evidence of compliance with established adjudication procedures and plan provisions. Each patient's claim history was reviewed to confirm proper application of plan deductibles and benefit maximums. In addition to verifying the amount paid, evidence of the following processing tasks was explored when applicable:

- Claims were paid only on behalf of eligible individuals based on records contained in the claims system.
- Documentation (e.g., provider bills, physician statements, utilization review decisions or penalty findings, surgical reports, etc.) was on file for claims paid and verified when necessary.
- Coordination of benefits (COB) were investigated and enforced, where applicable.
- Prior authorization was obtained when required.
- Claims personnel properly referred claims for medical necessity, when appropriate; however, we do not make determinations as to whether a service is medical necessity.
- Proper application of age, gender, and disease specific edits.
- Duplicate submissions were properly denied.
- Amounts paid were within the network discount fees or designated non-contracted allowances.
- Benefits were paid under the proper classification, diagnostic, and procedure codes as an incorrect entry could affect payment accuracy or future benefit determinations.
- Appropriate benefit limitations, deductibles, copayments, coinsurance, and out-of-pocket (OOP) maximums were applied.
- High dollar claims were considered for care management.
- Claims system logic for examiner edits and auto-adjudication capabilities.
- Proper medical necessity was investigated as defined by the Plan.
- Arithmetic calculations were correct.
- Payment was made to the proper party (i.e., the provider of service or claimant for unassigned out-of-network services).
- Adjustments (under or over payment) were handled in a timely manner.
- Time to process claims was within industry standards and established performance guarantees.

All questions and potential errors were presented to BCBSNM’s representative daily; additional supporting documentation was provided through December 7, 2022.

Statistical Error Table

The sample of 210 claims identified 13 findings; seven (7) overpayments totaling \$10,309.76, and six (6) Plan intents. Segal recommends that BCBSNM initiate overpayment recovery efforts for claims identified in the following table.

Statistical Sample Findings		
Worksheet	Category	Explanation
87C	\$60.00 Overpayment	<p>High Plan</p> <p>Autism treatment did not apply a copayment of \$30.00 for two (2) dates of services on the claim. (Manual Adjudication)</p> <p>BCBSNM Response: BCBSNM agreed to the \$60.00 overpayment error. Due to mental health parity, ABA therapy is subject to the same benefit as other mental health. Coding has been updated because of this error, identified 11.08.22, and completed 12.22.22.</p> <p>Segal’s Response: BCBSNM noted they will generate a financial impact report for NMPSIA review/</p>
108C	\$41.82 Overpayment	<p>High Plan</p> <p>Per the SBC, in-network childbirth delivery professional services apply a 20% coinsurance (Manual Adjudication)</p> <p>BCBSNM disagreed with error stating inpatient physician charges for well-baby should be reimbursed at 100% of allowable. The diagnosis on the claim is for single liveborn infant delivery not well-baby. Segal maintains the error.</p> <p>BCBSNM response: BCBSNM disagrees. The baby was discharged on the same day as the mother so all physician’s fees related to the well-newborn delivery should be reimbursed at 100% of allowable.</p> <p>Segal’s Response: Further discussion with NMPSIA is needed. If NMPSIA agrees with BCBSNM, Segal recommends the SBC be updated.</p>
111C	Plan Intent Potential \$275.00 Overpayment	<p>High Plan</p> <p>BCBSNM paid \$75.00 on a procedure code that only allowed \$25.00. BCBSNM noted per negotiations regarding COVID-19 testing for non-participating providers, if a COVID test is</p>
112C		
113C		
114C		

Statistical Sample Findings		
Worksheet	Category	Explanation
117C		<p>billed less than \$150.00, it will be reimbursed at 100% of billed amount. Segal could not find reference to how COVID-19 testing is paid when billed under \$150.00. Plan intent is required. (Auto and Manual Adjudication)</p> <p>BCBSNM Response: BCBSNM disagrees. The group follows corporate standard for negotiations regarding COVID testing for non-participating providers. For New Mexico, if a COVID test is billed less than \$150.00, those lines will be reimbursed at 100% of billed. The other lines will be reimbursed at the rate for out of network providers.</p> <p>Segal's Response: Further discussion with NMPSIA is needed. If NMPSIA agrees with BCBSNM, Segal will remove finding from the report.</p>
167F	\$8,708.16 Overpayment	<p>High Plan</p> <p>Prior authorization was not obtained for CT scan. The CT scan should have denied. Per the SBC, prior authorization of imaging tests is required in order to avoid financial penalty. (Manual Adjudication)</p> <p>BCBSNM Response: BCBSNM does not agree stating only PET scans require prior authorization, not MRIs or CT scans.</p> <p>Segal's Response: Segal maintains the error.</p>
147E	\$150.00 Overpayment	<p>High Plan</p> <p>An upper endoscopy (EGD) with a biopsy did not apply the \$150.00 copayment. (Manual Adjudication)</p> <p>BCBSNM Response: BCBSNM agreed to the \$150.00 overpayment error. Copay was not taken when it should have applied per group benefit. Claim was manually processed, and copay was omitted in error. The claim has not been adjusted as it would negatively affect member.</p> <p>Segal's Response: Segal recommends a discussion between NMPSIA and BCBSNM regarding resolution for overpayment errors.</p>
161F	\$344.48 Overpayment	<p>High Plan</p> <p>Cost share (deductible, copay and/or coinsurance) was not applied to the claim. (Manual Adjudication)</p> <p>BCBSNM Response: BCBSNM agreed to the \$344.48 overpayment error. The claim will not be adjusted due to impact on the member.</p>

Statistical Sample Findings		
Worksheet	Category	Explanation
		Segal's Response: Segal recommends a discussion between NMPSIA and BCBSNM regarding resolution for overpayment errors.
185H	\$975.30 Overpayment	<p>High Plan</p> <p>The appropriate cost share was not applied to the claim after the claim was adjusted. (Manual Adjudication)</p> <p>BCBSNM Response: <i>BCBSNM agreed to the \$975.30 overpayment error. The claim should have processed as a well-baby claim and applied to the mother's accumulator because mother and child were discharged from this hospital on the same day. Inpatient well baby claims apply to mother's accumulator. 2023 benefit coding has been updated to be in line with the group intent.</i></p> <p>Segal's Response: Segal recommends a discussion between NMPSIA and BCBSNM regarding resolution for overpayment errors.</p>
192I	\$30.00 Overpayment	<p>High Plan</p> <p>Cost share (deductible, copay and/or coinsurance) was not applied to the claim. (Manual Adjudication)</p> <p>BCBSNM Response: <i>BCBSNM agreed to the \$30.00 overpayment error. At the time of processing, January 22, 2021, the individual out-of-pocket was not satisfied and copay should have applied. Claim was manually adjudicated due to pricing negotiation with the provider and correct pricing was used, but the incorrect benefit was applied. Feedback has been provided to the operator and since individual out-of-pocket was satisfied March 8, 2021, no adjustment is necessary.</i></p> <p>Segal's Response: Segal acknowledges the adjustment; however, the error will remain for this audit period.</p>
Total	7 Overpayments 6 Plan intents	\$10,309.76

Time-to-Process Achievement

There were no concerns with the time-to-process for non-adjusted claims. Results from our electronic analysis of all claims processed during the review period revealed BCBSNM processed 87.06% of the claims within 14 calendar days and 94.70% within 30 calendar days.

Time-to-process is measured from the date a claim is first received to the initial date processed for payment or denial; subsequent adjustments were measured from receipt of the new information to the benefit determination date with processing time measured as the longest interval. Measurements included routing delays due to internal review (i.e., medical review, quality review).

Industry standards indicate 95% of all claims should be processed within 14 calendar days. Best practice, which follows Department of Labor regulations, requires 100% within 30 calendar days.

Electronic calculations often do not allow for distinction of multiple processing events. As such, Segal reviewed extended calculations in the statistical sample and found adjustments overstated processing timeliness.

Section III – Target Claims

Segal performed an electronic review of all claims processed and paid during the review period (January 1 through December 31, 2021). Our electronic review was designed to identify potential deficiencies in the benefit delivery system; however, our analysis was not expected to identify data entry errors (i.e., incorrect patient, date of service, or provider) or creative billing practices of the provider.

The random nature of statistical sampling does not ensure every benefit provision or plan variation in the selection. Therefore, our electronic analyses included exploration of scenarios that could suggest a systematic error in programming and/or administrative procedures with focus given to patterns suggesting a greater financial impact to the Plan. Our query process was defined by the following categories:

- Duplicate claims analysis.
- Reimbursement of plan exclusions and limitations.
- COVID-19, SARS-CoV-2 related claims.
- High dollar.
- Prior authorization.
- Patient out-of-pocket expenses (i.e., deductible, copay, and coinsurance).
- Plan variables not represented in the random selection.

Electronic reports provided a list of suspected errors that required the manual review by Segal to refine the analysis, identify any patterns of concern, and select claims expected to confirm potential errors or identify appropriate query revisions.

The remote review of target claims focused on the attribute(s) selected to gain confidence and to understand how a change in query programs could present more accurate results (e.g., minimize the number of false positives evidenced in such electronic reviews).

Of the 40 claims targeted through electronic analyses, 33 claims were supported by claim documentation, and/or explanation of established administrative procedures and six (6) claims resulted in findings.

Target Error Table

The sample of 40 claims identified six (6) total findings; four (4) overpayments totaling \$8,272.59, one (1) underpayment totaling \$35.00, and one (1) OOS procedural error. Segal recommends a discussion between NMPSIA and BCBSNM regarding resolution for overpayment errors. Additionally, BCBSNM should initiate overpayment recovery efforts for claims identified in the following table.

Target Sample Findings		
Worksheet	Category	Explanation
T1	(\$35.00) Underpayment	<p>Low Plan</p> <p>Cost share was applied to services and testing related to COVID-19. (Manual Adjudication)</p> <p>BCBSNM Response: <i>Modifier CS is the identifier that services were related to COVID-19 and related to pandemic guidelines. This claim was for urgent care global fee and was billed without the modifier for COVID-19 and without a positive diagnosis related to COVID-19. Z208.28 is contact with and (suspected) exposure to other viral communicable diseases which is a diagnosis related to COVID but wasn't billed with the modifier to indicate it's related so regular benefit would apply.</i></p> <p>Segal's Response: According to CMS.gov the diagnosis (Z20.828) billed on the claim is related to COVID-19. The ICD10 indicates exposure to someone who is COVID-19 positive. The pandemic guidelines are evolving with updates as well as changes. Because the diagnosis is related to COVID-19 it should be considered.</p>
T9	\$2,497.50 Overpayment	<p>High Plan</p> <p>Prior authorization for DME was not obtained. Medical records indicated the DME was not medically necessary. (Manual Adjudication)</p> <p>BCBSNM Response: <i>BCBSNM agreed to overpayment error. Records were received, the item was deemed not medically necessary, so DME item should have been denied. The cause of the finding is operator did not follow medical policy procedures and the medical determination was not followed. Feedback has been provided and the claim has not been adjusted as it would negatively affect member.</i></p> <p>Segal's Response: Segal recommends a discussion between NMPSIA and BCBSNM regarding resolution for overpayment errors.</p>
T15	OOS Procedural	<p>High Plan</p> <p>Member's deductible was over applied due to an adjustment on the claim. (Manual Adjudication)</p> <p>BCBSNM Response: <i>BCBSNM agreed to procedural error. The deductible was overapplied after an accumulators review for the year.</i></p>

Target Sample Findings		
Worksheet	Category	Explanation
T26	\$25.00 Overpayment	<p>EPO Plan</p> <p>Office visit copayment was not applied to claim. (Manual Adjudication)</p> <p>BCBSNM Response: BCBSNM agreed to overpayment error. Original processing denied in error. Claim was manually adjudicated to pay at 100% of allowable in error based on virtual visit benefit, but this claim does not appear to be a virtual visit. A system lock has been put in place to address the issue.</p>
T28	\$35.00 Overpayment	<p>EPO Plan</p> <p>Specialist office visit copayment was not applied to claim. (Manual Adjudication)</p> <p>BCBSNM Response: BCBSNM agreed to overpayment error. Original processing denied in error. Claim was manually adjudicated to pay at 100% of allowable in error based on virtual visit benefit, but this claim does not appear to be a virtual visit. A system lock has been put in place to address the issue.</p>
T29	\$5,715.09 Overpayment	<p>EPO Plan</p> <p>A claim paid for a non-contracted provider under the EPO Plan in error. (Manual Adjudication)</p> <p>BCBSNM Response: BCBSNM agreed to error. The member is under the Blue Preferred EPO plan and benefits are only available if the provider has an active NLP contract. The provider is not active under an NLP contract for the date of service and the claim should have denied as benefit not available. The operator is no longer with the company so feedback could not be provided. The claim has not been adjusted as it would negatively affect member.</p> <p>Segal's Response: Segal recommends a discussion between NMPSIA and BCBSNM regarding resolution for overpayment errors.</p>
Total	4 Overpayments 1 Underpayment 1 OOS Procedural	\$8,272.59 \$ 35.00

Section IV – Claim Control Measures

The following processing guidelines were described in the Adjudications Procedures Review and evidenced within the 210 statistical and 40 target samples or confirmed through discussion with BCBSNM personnel. While the list did not capture all administrative procedures and system functions, it does support that established guidelines are in place to control Plan costs.

- A dedicated team of claim technicians are assigned to NMPSIA claims.
 - 97.81% of NMPSIA claims are submitted electronically.
 - 74.66% are auto adjudicated.
- The average claim volume received for NMPSIA on daily, weekly, and monthly basis is as follows:
 - 1,478 daily average
 - 7,108 weekly average
 - 30,800 monthly average
- Retroactive terminations are adjusted within the parameters of the contracts that are mutually agreed to a period of adjustment.
- Coordination of Benefits is generated annually based on member's activity. BCBSNM has an automated online COB system that interfaces with the claim adjudication system. Each claim submitted is adjudicated against the current COB history.
- BCBSNM uses the pay and pursue approach to COB investigations.
- BCBSNM handles reimbursement/subrogation services internally.
 - Post claims are handled via Equian.
 - A single claim or aggregate associated claims that meet a threshold of \$500.00 activates a systematic investigation for subrogation investigation.
 - BCBSNM will pursue recovery of cases identified by alternate means regardless of value.
- BCBSNM prices claims for services rendered by their non-contracted providers based on a percentage of the Medicare allowable rate for in State claims only. Using Medicare reimbursement helps allow providers and members to find information more easily about the costs of services.

- The standard payment policy BCBSNM uses regarding multiple surgery claims are reimbursed at 100% of allowed amount for primary procedure on claim and 50% of allowed amount for subsequent procedure(s).
 - Assistant surgeons are paid at 85% of the 20% of the applicable fee schedule that is reimbursed for a physician, podiatrist, or dentist that assists at surgery.
- Pre-payment manual intervention is performed for claims not auto-adjudicated through the system, roughly 20%. These claims are reviewed by paying special attention to high-dollar claims; claims flagged for pre-payment review and any apparent claim anomalies, all before the claim is paid.
 - Claims with a payment amount that is more than the operator's authorized draft amount will trigger a system prompt requiring an operator with a higher seniority level to review and release a claim. Any payment over \$50,000 will require additional review prior to being released
- BCBSNM monitors health care fraud through detection, and mitigation of suspicious claim activity using their Special Investigations Department (SID)
 - The SID detects aberrant providers and health care fraud schemes through proactive data analysis. To facilitate the approach to reducing health care fraud (identify, investigate, and refer cases for criminal prosecution and civil litigation), SID has a dedicated Data Intelligence Unit, Clinical Team and Investigative Groups. The SID also works closely with the Prime Therapeutics Special Investigation Unit and the Dental Network of America Director to review data mining results and patient records as well as collaboration with law enforcement in criminal cases.
- Large Case Management is handled through BCBSNM's Health Care Management team.
 - Examples of members who are identified for case management services include:
 - Members who accumulate \$100,000 or more in paid claims in a rolling 12-month period
 - Members requiring high-risk obstetrical/neonate care
 - Members who require transplant and/or related services
 - Members requiring admission to long-term acute (transitional/sub-acute) care facilities, air ambulance transport, private duty nursing services, neurocognitive rehabilitation facilities, and/or extra-contractual agreements.
 - Members requiring complex discharge planning and/or with complex needs at a lower level of care.
 - Members with diabetes and additional comorbid conditions who present with poor adherence to drugs that may forestall disease progression and complications with our comorbid program identification.

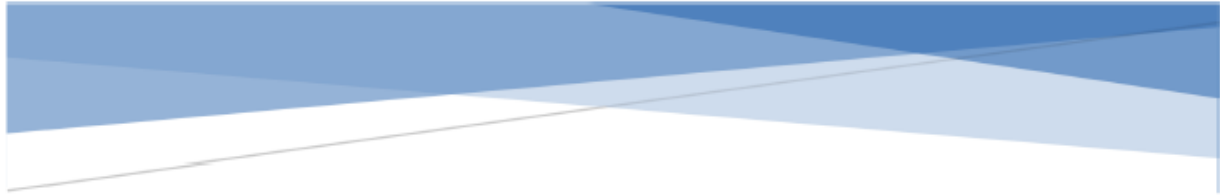
- Members with behavioral health issues and multiple co morbidities.
 - Members with an oncology diagnosis, from newly diagnosed to high stage.
 - Members with potential to receive specialty infusions at a lower level of care.
- BCBSNM has in place special handling requirements based on dollar amount as defined below

Job Title	Provider Pay Dollar Draft Limit
Examiner, Customer Advocate I, II and Health Advocacy Concierge	up to \$50,000.
Examiner III, Technician, CAS	up to \$100,000.
Claims Specialist, Group Benefit Specialist, Sr. Claim Technician	up to \$200,000.
Coordinator, Developmental Specialist	up to \$300,000
Supervisor	up to \$400,000.
Senior Supervisor	up to \$600,000
Manager, Senior Manager	up to \$900,000.
Director/Divisional VP	up to \$1,500,000.
Officer	up to \$10,000,000.
Job Title	Member Pay Dollar Draft Limit
Supervisor, Senior Supervisor	Up to \$19,999
Manager, Senior Manager, Director/Divisional VP	Up to \$29,999
VP	Unlimited

- BCBSNM's standard dollar threshold for pursuit of overpayment is \$50.00.
- Refunds are pursued by means of a claim adjustment on a claim-by-claim basis as overpayments are identified. The adjustment triggers a series of refund request letters to the provider or member, depending on who originally received payment on the claim. Providers that have requested to only be notified electronically through the electronic Refund Management (eRM) system will be notified of the overpayment via eRM.
 - BCBSNM will offset future payments for participating contracted providers as a means of recovery if there is no response received from recovery attempts.
 - BCBSNM credits all overpayments under \$500 at the time the refund is initiated. Overpayments greater than \$500 are credited when the refund is received.

- Contracted providers are identified by associated network values, individually negotiated and not necessarily on a fixed schedule, but fees are reviewed annually and should be updated accordingly.
- Out of Network Providers are identified as not having a BCBSNM contract and associated network and are reimbursed based off of a percentage of Medicare-like vendor, Burgess, depending on their service category.
- BCBSNM implemented special handling procedures due to the COVID-19 pandemic:
 - The patient cost-share waivers below had a hard stop effective 12/31/2021. After that time, a Custom Benefit & Service Review (CBSR) would be completed for COVID-19 related claims.
 - MD Live: Cost share waived effective 03/23/2020 (COVID and non-COVID related)
 - Telehealth services: Cost share waived effective 03/23/2020 (COVID related only)
 - COVID related treatment/services: Office visit, UC, ER, Outpatient and Inpatient Hospital cost share waived effective 04/01/2020 until the end of the Health and Human Services (HHS) public health emergency. Individual state guidelines may vary.

Section V – BCBSNM’s Draft Report Response



BLUE CROSS AND BLUE SHIELD OF
NEW MEXICO RESPONSE TO THE
DRAFT AUDIT REPORT
Segal on behalf of The New Mexico Public School
Insurance Authority

Performance Evaluation of Claim Administration Services for
the period 01/01/2021 through 12/31/2021

This is BCBSNM's response to Segal's draft audit report regarding the medical plan audit conducted on behalf of the New Mexico Public School Insurance Authority. Excerpts from Segal's report are in black text. BCBSNM responses are in blue text.

The sample of 210 claims identified 13 findings; six (6) overpayments totaling \$1,601.60, and seven (7) Plan intents.

BCBSNM Response – BCBSNM agrees to 5 findings in the general sample with a total overpayment of \$1,559.78.

As seen in the chart below, BCBSNM met each of their performance guarantees but fell below in the Time-to-Process within 14 and 30 calendar days. The Time-to-Process achievements may be explained by multiple processing events (i.e., claims that were processed within the correct timeframe but then later adjusted), which are not factored in the calculation.

Category	Statistical Achievement	Performance Guarantees	Industry Standard
Financial Accuracy (dollar value)	99.74%	99.00%	99.00%
Payment Accuracy (free from financial error)	99.99%	NA ²	97.00%
Procedural Accuracy (free from processing error)	99.99%	NA ²	95.00%
Overall Processing Accuracy (free from error)	97.14%	95.00%	95.00%
Time-to-Process ¹ (within 14 calendar days) (within 30 calendar days)	87.06% 94.70%	92.00% NA ²	95.00% 100.00%

¹ Time-to-Process / turnaround time achievement has been calculated on 100% of the claims for the audit period and do not take adjustments into account.

²N/A = not applicable.

Target Sample Results

BCBSNM supported an additional sample of 40 claims that auditors selected through a series of electronic analyses to identify and confirm the accuracy of specific plan provisions and exclusions.

Segal's selection focused on single claims and patterns that would present the greatest financial risk to the plan. Claims were sampled from the following categories:

- Duplicate claims analysis.
- Reimbursement of plan exclusions and limitations.
- COVID-19, SARS-CoV-2 related claims.
- High dollar.
- Prior authorization.
- Patient out-of-pocket expenses (i.e., deductible, copay, and coinsurance); and,
- Plan variables not represented in the random selection.

The auditors manually reviewed the electronic results and the patient history for the sampled claims via remote access to validate the processing event or identify the root cause of any error, as applicable.

The sample of 40 claims identified seven (7) total findings; four (4) overpayments totaling \$8,272.59, one (1) underpayment totaling \$35.00, and one (1) out-of-sample (OOS) procedural error.

BCBSNM Response – BCBSNM agrees to 5 total findings within the Target sample; 4 overpayments totaling \$8,272.59, and 1 out of sample procedural error.

Key Findings and Recommendations

The following recommendations are based on the total 19 findings identified by Segal during the individual claims review, as indicated. BCBSNM was presented with a draft report on December 30, 2022, for its review and comment. Excerpts from BCBSNM's _____ response have been presented in italics throughout this report. BCBSNM's complete response will be provided in Section V of the report.

- Overpayment and underpayment recovery efforts should be initiated for the errors identified within the statistical and target samples. (Worksheets 87C, 108C, 147E, 161F, 185H, 192I, T9, T26, T28 & T29)

BCBSNM Response: BCBSNM will not pursue any adjustments which would negatively affect the member, as confirmed by marketing representative.

- BCBSNM should provide additional training regarding appropriate deductible, copayment, and coinsurance application. (Worksheets 87C, 108C, 147E, 161F, 185H, 192I, T26 & T28)

BCBSNM Response: BCBSNM has pursued benefit coding updates for 87C because of this audit, and feedback has been provided where appropriate. Some operators who released the claims are no longer with the company and feedback could not be provided in those cases.

- One claim applied cost share to a COVID-19 related claims as the member had a COVID-19 test done on the same date of service. BCBSNM disagreed with Segal, noting the claim must be filed with a CS modifier in order to confirm the claim was related to COVID-19. The diagnosis on the claim was COVID-19 related. Segal maintained the error. (Worksheet T1)

BCBSNM Response: BCBSNM maintains our response and disagree. Modifier CS is the identifier that services were related to COVID-19 and related to pandemic guidelines. This claim was for urgent care global fee and was billed without the modifier for COVID-19 and without a positive diagnosis related to COVID-19. Z208.28 is contact with and (suspected) exposure to other viral communicable diseases, which is a diagnosis related to COVID. However, it wasn't billed with the modifier to indicate it's truly related so the standard benefit was applied appropriately.

- One durable medical equipment (DME) claim was paid in error. BCBS did not obtain prior authorization and the claim was deemed not medically necessary by BCBSNM. (Worksheet T9)

BCBSNM Response: BCBSNM agrees and feedback has been provided to the operator that medical policy determinations should be followed.

- One procedural error was assessed due to the deductible accumulator being manually over applied when the claim was adjusted. (Worksheet T15)

BCBSNM Response: BCBSNM agrees to a procedural error as the deductible was found to be overapplied after accumulators were reviewed for the year. This is due to an adjustment of a previously processed claim. BCBSNM is currently conducting analysis to determine the root cause and future prevention.

- One EPO Plan claim was paid to a non-contracted provider. BCBS agreed to the overpayment noting the provider must have an active contract and did not therefore the claim was paid in error. (Worksheet T29)

BCBSNM Response: BCBSNM agrees to an \$5,715.09 overpayment. This member is under the Blue Preferred EPO plan and benefits are only available if the provider has an active NLP contract. The provider is not active under an NLP contract for the date of service and the claim should have denied as benefit not available. The operator is no longer with the company so feedback could not been provided. The claim has not been adjusted as it would negatively affect member.

- One claim for CT scan was paid without a prior authorization. Per the SBC, prior authorization of imaging tests is required to avoid financial penalty. BCBSNM disagreed noting only PET scans require prior authorization. Segal needs Plan intent regarding prior authorization for imaging (CT/PET scans and MRIs). (Worksheet 167F)

BCBSNM Response: BCBSNM maintains our response and disagrees. MRI/CT scans do not require prior authorization.

- Five (5) claims paid more than the BCBSNM allowed amount for COVID-19 testing. BCBSNM disagreed noting the test is under \$150.00 therefore they will reimburse at 100% of the billed amount. Segal needs Plan intent regarding if this was payment arrangement was part of the approval for COVID-19 related coverage. (Worksheets 111C, 112C, 113C, 114C & 117C)

BCBSNM Response: BCBSNM maintains our response and disagrees. The group follows the BCBSNM corporate standard for negotiations regarding COVID testing for non-participating providers. For New Mexico, if a COVID test is billed less than \$150, the

Statistical Error Table

The sample of 210 claims identified 13 findings; six (6) overpayments totaling \$1,601.60, and seven (7) Plan intents. BCBSNM should initiate overpayment recovery efforts for claims identified in the following table.

BCBSNM Response – BCBSNM agrees to 5 findings in the random sample with a total overpayment of \$1,559.78.

Statistical Sample Findings		
Worksheet	Category	Explanation
87C	\$60.00	<p>High Plan</p> <p>Autism treatment did not apply a copayment of \$30.00 for two (2) dates of services on the claim. (Manual Adjudication)</p> <p>BCBSNM agreed to the \$60.00 overpayment error.</p> <p><i>BCBSNM Response:</i> <i>BCBSNM agrees to \$60 overpayment. Due to mental health parity, ABA therapy is subject to the same benefit as other mental health. Coding has been updated because of this error, identified 11.08.22 and completed 12.22.22. An impact report is currently being generated for review.</i></p>
108C	\$41.82	<p>High Plan</p> <p>Per the SBC, in-network childbirth delivery professional services apply a 20% coinsurance (Manual Adjudication)</p> <p>BCBSNM disagreed with error stating inpatient physician charges for well-baby should be reimbursed at \$100.00 of allowable. The diagnosis on the claim is for single liveborn infant delivery not well-baby. Segal maintains the error.</p> <p><i>BCBSNM Response:</i> <i>BCBSNM disagrees. The baby was discharged on the same day as the mother so all physician's fees related to the well-newborn delivery should be reimbursed at 100% of allowable.</i></p>
111C	Plan Intent Potential \$275.00 Overpayment	<p>High Plan</p> <p>BCBSNM paid \$75.00 on a procedure code that only allowed \$25.00. BCBSNM noted per negotiations regarding COVID-19 testing for non-participating providers, if a COVID test is billed less than \$150.00, it will be reimbursed at 100% of billed amount. Segal could not find reference to how COVID-19 testing is paid when billed under \$150.00. Plan intent is required. (Auto and Manual Adjudication)</p>
112C		
113C		
114C		
117C		

		<p><i>BCBSNM Response: BCBSNM disagrees. Group follows corporate standard for negotiations regarding COVID testing for non-participating providers. For New Mexico, if a COVID test is billed less than \$150.00, those lines will be reimbursed at 100% of billed. The other lines will be reimbursed at the rate for out of network providers</i></p>
167F	<p>Plan Intent Potential \$8,708.16 Overpayment</p>	<p>High Plan</p> <p>Prior authorization was not obtained for CT scan. The CT scan should have denied. Per the SBC, prior authorization of imaging tests is required in order to avoid financial penalty. (Manual Adjudication)</p> <p>BCBSNM disagreed stating only PET scans require prior authorization, not MRIs or CT scans.</p> <p>Plan intent is required.</p> <p><i>BCBSNM Response: BCBSNM disagrees. MRI/CT scans do not require prior authorization.</i></p>

Statistical Sample Findings		
Worksheet	Category	Explanation
147E	\$150.00	<p>High Plan</p> <p>An upper endoscopy (EGD) with a biopsy did not apply the \$150.00 copayment. (Manual Adjudication)</p> <p>BCBSNM agreed to the \$150.00 overpayment error.</p> <p><i>BCBSNM Response:</i> <i>BCBSNM agrees to \$150.00 overpayment. Copay was not taken when it should have applied per group benefit. Claim was manually processed, and copay was omitted in error. The claim has not be adjusted as it would negatively affect member.</i></p>
161F	\$344.48	<p>High Plan</p> <p>Cost share (deductible, copay and/or coinsurance) was not applied to the claim. (Manual Adjudication)</p> <p>BCBSNM agreed to the \$344.48 overpayment error.</p> <p><i>BCBSNM Response:</i> <i>BCBSNM agrees to \$344.48 overpayment which was what was left of the mother's coinsurance which should have applied until the out of pocket was met. The claim has not be adjusted as it would negatively affect member.</i></p>
185H	\$975.30	<p>High Plan</p> <p>The appropriate cost share was not applied to the claim after the claim was adjusted. (Manual Adjudication)</p> <p>BCBSNM agreed to the \$975.30 overpayment error..</p> <p><i>BCBSNM Response:</i> <i>BCBSNM agrees to \$975.30 error. Claim should have processed as a well-baby claim and applied to the mother's accums since mother and child were discharged from this hospital on the same day. Inpatient well baby claims apply to mother's accums. 2023 benefit coding has been updated to be in line with the group intent.</i></p>
192I	\$30.00	<p>High Plan</p> <p>Cost share (deductible, copay and/or coinsurance) was not applied to the claim. (Manual Adjudication)</p> <p>BCBSNM agreed to the \$30.00 overpayment error.</p> <p><i>BCBSNM Response:</i> <i>BCBSNM agrees to \$30.00 overpayment. At the time</i></p>

		<i>of processing, 01/22/21, individual out of pocket was not satisfied and copay should have applied. Claim was manually adjudicated due to pricing negotiation with the provider and correct pricing was used, but the incorrect benefit was applied. Feedback has been provided to the operator and since individual out of pocket was satisfied 03/08/21, no adjustment is necessary.</i>
Total	6 Overpayments 7 Plan intents	\$1,601.60

Time-to-Process Achievement

There were no concerns with the time-to-process for non-adjusted claims. Results from our electronic analysis of all claims processed during the review period revealed BCBSNM processed 87.06% of the claims within 14 calendar days and 94.70% within 30 calendar days.

BCBSNM Response: BCBSNM is committed, focused and driven to reducing claims inventory and aging to meet the demands and high service levels of our members and will continue to do so in the future.

Target Error Table

The sample of 40 claims identified six (6) total findings; four (4) overpayments totaling \$8,272.59, one (1) underpayment totaling \$35.00, and one (1) OOS procedural error. BCBSNM should initiate overpayment recovery efforts for claims identified in the following table.

BCBSNM Response – BCBSNM agrees to 5 total findings within the Target sample; 4 overpayments totaling \$8,272.59, and 1 out of sample procedural error.

Target Sample Findings		
Worksheet	Category	Explanation
T1	(\$35.00)	<p>Low Plan</p> <p>Cost share was applied to services and testing related to COVID-19.</p> <p>BCBSNM disagreed noting the modifier CS is the identifier that indicates services are related to the pandemic guidelines for COVID-19. The claim was for urgent care and did not bill with a CS modifier.</p> <p>Segal disagreed, according to CMS.gov the diagnosis (Z20.828) billed on the claim is related to COVID-19. The ICD10 indicates exposure to someone who is COVID-19 positive. (Manual Adjudication)</p> <p><i>BCBSNM Response:</i> <i>BCBSNM disagrees. Modifier CS is the identifier that services were related to COVID-19 and related to pandemic guidelines. This claim was for urgent care global fee and was billed without the modifier for COVID-19 and without a positive diagnosis related to COVID-19. Z208.28 is contact with and (suspected) exposure to other viral communicable diseases which is a diagnosis related to COVID but wasn't billed with the modifier to indicate it's related so regular benefit would apply.</i></p>
T9	\$2,497.50	<p>High Plan</p> <p>Prior authorization for DME was not obtained. Medical records indicated the DME was not medically necessary. (Manual Adjudication)</p> <p>BCBSNM agreed to overpayment error.</p> <p><i>BCBSNM Response:</i> <i>BCBSNM agrees to \$2,497.50 error. Records were received, the item was deemed not medically necessary, so DME item should have been denied.</i></p>

		<i>The cause of the finding is operator did not follow medical policy procedures and the medical determination was not followed. Feedback has been provided and the claim has not be adjusted as it would negatively affect member.</i>
T15	OOS Procedural	<p>High Plan</p> <p>Member's deductible was over applied due to an adjustment on the claim. (Manual Adjudication)</p> <p>BCBSNM agreed to procedural error. <i>BCBSNM Response: BCBSNM agrees to procedural error, deductible was overapplied after accums review for the year. This is due to an adjustment of a previously processed claim.</i></p>
T26	\$25.00	<p>EPO Plan</p> <p>Office visit copayment was not applied to claim. (Auto Adjudication)</p> <p>BCBSNM agreed to overpayment error.</p> <p>Segal recommends BCBSNM to generate a financial impact report as the claim was auto adjudicated. <i>BCBSNM Response: BCBSNM agrees to \$25.00 error. Original processing denied in error. Claim was manually adjudicated to pay at 100% of allowable in error based on virtual visit benefit, but this claim does not appear to be a virtual visit. A system lock has been put in place to address the issue.</i></p>
T28	\$35.00	<p>EPO Plan</p> <p>Specialist office visit copayment was not applied to claim. (Manual Adjudication)</p> <p>BCBSNM agreed to overpayment error.</p> <p>Segal recommends BCBSNM to generate a financial impact report as the claim was auto adjudicated. <i>BCBSNM Response: BCBSNM agrees to \$35.00 error. Original processing denied in error. Claim was manually adjudicated to pay at 100% of allowable in error based on virtual visit benefit, but this claim does not appear to be a virtual visit. A system lock has been put in place to address the issue.</i></p>

T29	\$5,715.09	<p>EPO Plan</p> <p>A claim paid for a non-contracted provider under the EPO Plan in error.</p> <p>BCBSNM agreed to error noting benefits are only available if the provider has an active contract. The provider did not have an active contract at the time of services therefore the claim should have denied. (Manual Adjudication)</p> <p><i>BCBSNM Response:</i> <i>BCBSNM agrees to \$5,715.09 overpayment. This member is under the Blue Preferred EPO plan and benefits are only available if the provider has an active NLP contract. The provider is not active under an NLP contract for the date of service and the claim should have denied as benefit not available. The operator is no longer with the company so feedback could not be provided. The claim has not be adjusted as it would negatively affect member.</i></p>
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Target Sample Findings		
Worksheet	Category	Explanation
Total	4 Overpayments 1 Underpayment 1 OOS Procedural	\$8,272.59 \$ 35.00

DDNM Mouthguard Program



Improving New Mexican children's oral health with the ONLY ADA accepted mouthguard in the US

A properly fit mouthguard can help minimize the impact of a concussion & other injuries to the teeth, tongue, lips, jaw, & face.

DDNM Mouthguard Program

FALL SPORTS



WINTER SPORTS



SPRING SPORTS



Approximately 100,000 high school & youth athletes across NM (all sports)

DDNM Mouthguard Program

DDNM & New Mexico Activities Association (NMAA) partner to provide FREE mouthguards to high school & youth athletes across NM

- Supports the Delta Dental mission of promoting oral health across NM with a focus on children
- **Program will be for boys AND girls' sports requiring mouthguards**
- **First sport for Mouthguard Program - wrestling (Winter 2023)**
 - **2764** mouthguards shipped to **(65)** NM wrestling programs
- **Additional sports to be added to program as the year progresses**
 - Football to be added in summer 2023
 - Approximately 6,500 student athletes
- **Middle school sports & youth leagues to be added as program grows!**



DDNM Mouthguard Program

ADVANCED PROTECTION

2X
IMPACT
ABSORPTION



SCIENTIFICALLY PROVEN TO PROVIDE 2X
THE IMPACT ABSORPTION OF TRADITIONAL
MOUTH GUARDS

CUSTOM COMFORT & FIT

 DELTA DENTAL[®]



- » DESIGNED WITH MAXIMUM COMFORT FOR BREATHING, SPEAKING, AND DRINKING
- » AVAILABLE IN MULTIPLE COLORS
- » MICROWAVABLE FOR AN EASY CUSTOM FIT
- » WORKS WITH BRACES

DDNM Mouthguard Program

Strapped or Strapless - Youth or Adult & Includes Protective Case



STRAPLESS



STRAPPED



PROTECTIVE CASE

DDNM Mouthguard Program

Available in 14 colors to match school colors





Actuarial Presentation to NMPSIA

March 1-2, 2023

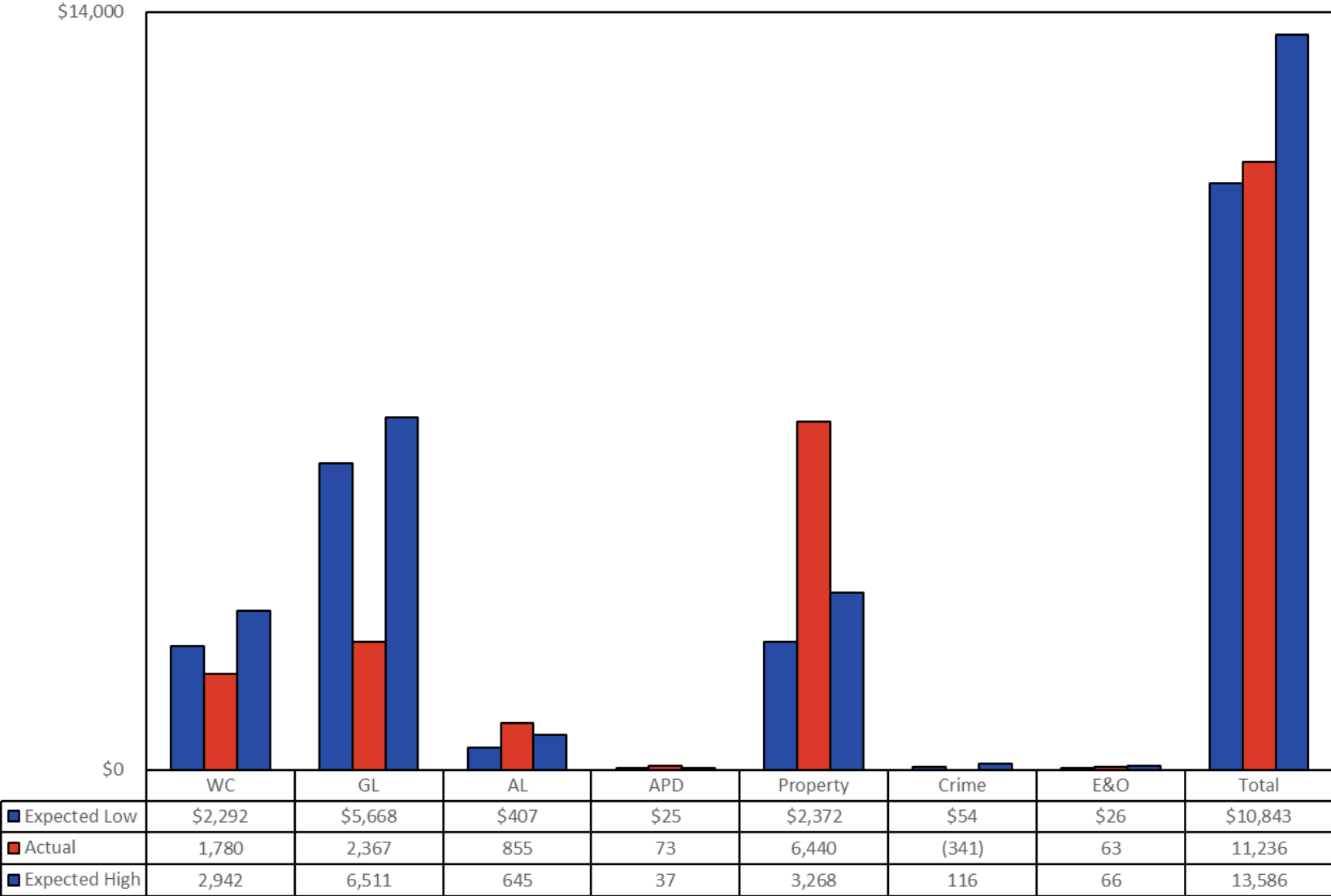
Outline of Presentation

- Actual vs. Expected Loss Development 6/30/2022-12/31/2022
 - Drivers of Favorable Development
- Ultimate Loss Trends
- Frequency / Severity / Loss Cost Trends
 - Workers Compensation
 - General Liability
- Summary of Results of 12/31/2022 analysis

Actual vs. Expected Loss Development

- Based on assumptions in prior analysis, how much incurred loss development did we expect to see between analyses?
 - Low and high estimates
- How much did we actually see?
- Gives us an idea whether prior assumptions were too optimistic/pessimistic, and/or whether loss emergence is improving/worsening

New Mexico Public Schools Insurance Authority
 Comparison of Actual v Expected Incurred Loss Development
 21/22 & Prior Policy Periods
 for the 6 months ending 12/31/2022



Claims with Large Development – General Liability

GL	as of 6/30/2022			as of 12/31/2022			Development 6/30/2022 - 12/31/2022		
Claim Number	Total Paid	Total Case	Total Incurred	Total Paid	Total Case	Total Incurred	Total Paid	Total Case	Total Incurred
1	12	249,988	250,000	12	0	12	0	(249,988)	(249,988)
2	12	249,988	250,000	12	0	12	0	(249,988)	(249,988)
3	12	249,988	250,000	12	0	12	0	(249,988)	(249,988)
4	12	249,988	250,000	12	0	12	0	(249,988)	(249,988)

GL	Claim Number	Year	Description	Cause
	1	2021/22	Hazing incident, possible the second of two.	ASSAULT - STUDENT VS STUDENT
	2	2021/22	Hazing incident, possibly second of two.	ASSAULT - STUDENT VS STUDENT
	3	2021/22	Hazing incident, possibly second of two.	ASSAULT - STUDENT VS STUDENT
	4	2021/22	Hazing incident, possibly the second of two.	ASSAULT - STUDENT VS STUDENT

Note: Claim numbers are placeholders and do not reflect actual NMPSIA claim numbers

Claims with Large Development – Property

Property	as of 6/30/2022			as of 12/31/2022			Development 6/30/2022 - 12/31/2022		
Claim Number	Total Paid	Total Case	Total Incurred	Total Paid	Total Case	Total Incurred	Total Paid	Total Case	Total Incurred
1	0	85,000	85,000	235,082	2,196,262	2,431,344	235,082	2,111,262	2,346,344
2	0	0	0	10,338	1,809,662	1,820,000	10,338	1,809,662	1,820,000
3	5,623	293,500	299,123	285,831	1,546,017	1,831,848	280,207	1,252,517	1,532,724
4	0	0	0	997,448	403	997,851	997,448	403	997,851

Property	Claim Number	Year	Description	Cause
	1	2021/22	Severe hail damage: LHS.	HAIL DAMAGE
	2	2022/23	Hail damage.	HAIL DAMAGE
	3	2021/22	Ligtning damage.	LIGHTNING
	4	2021/22	Smoke damage.	SMOKE DAMAGE

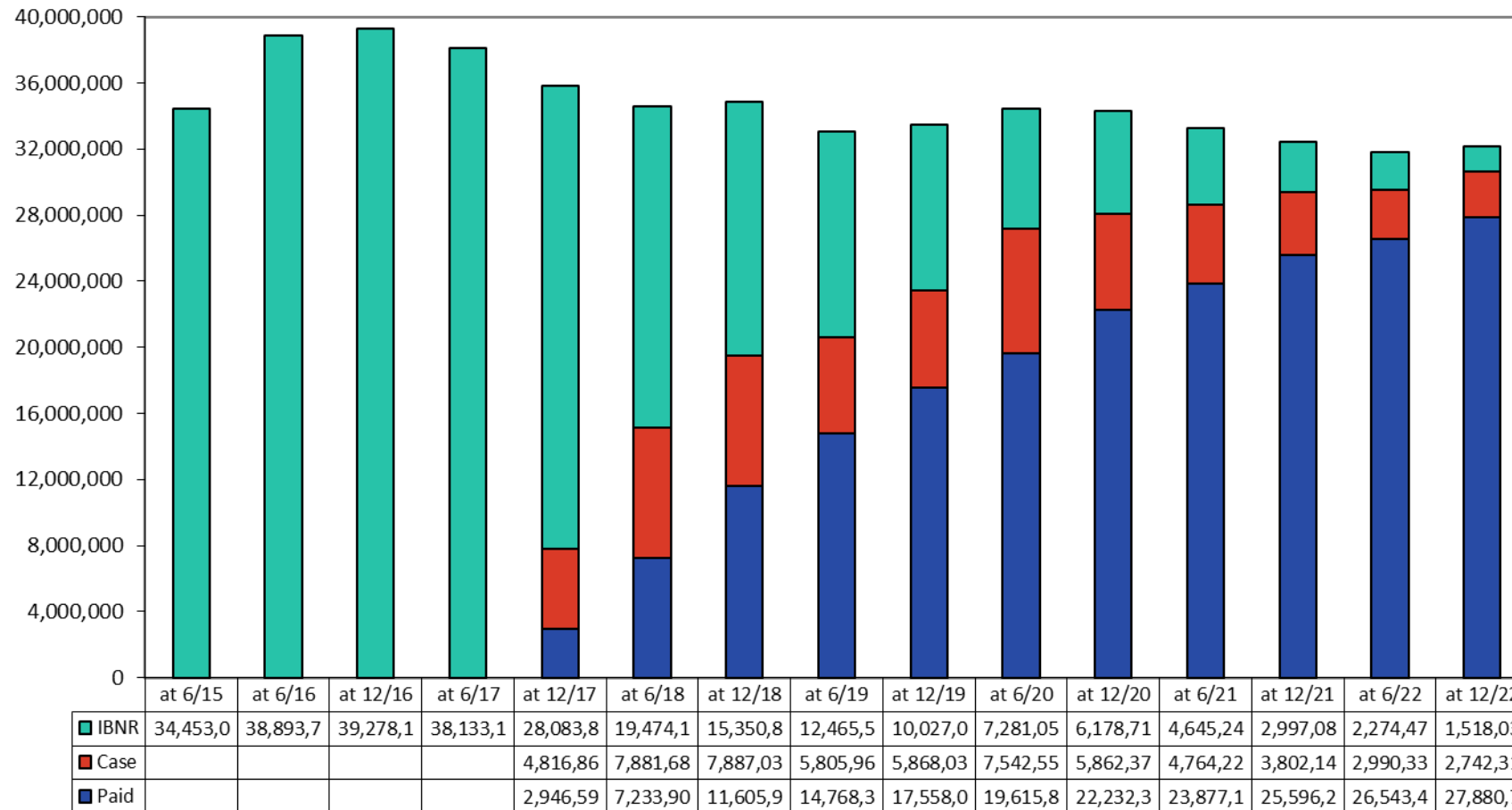
Note: Claim numbers are placeholders and do not reflect actual NMPSIA claim numbers

Ultimate Loss Trends

- Shows stability of ultimate loss projections for a given year, over successive evaluation dates as we learn more about the losses in the year
- All Coverages Combined

Ultimate Loss Trends – 2017-2018

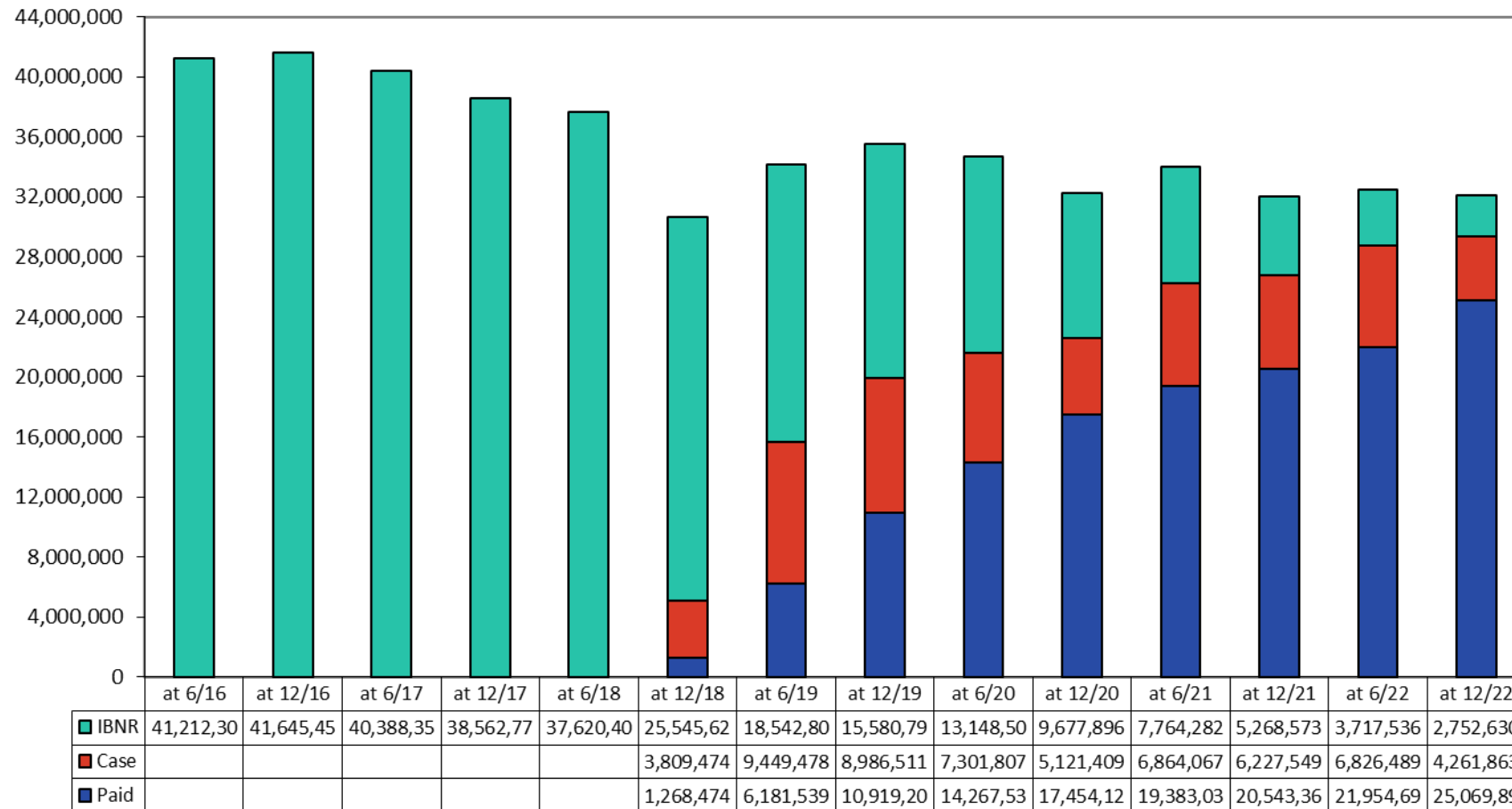
New Mexico Public Schools Insurance Authority - Components of Ultimate Losses
 2017-18 Policy Period
 Estimates Prior to 6/2016 are from the Prior Actuarial Firm



Evaluation Date

Ultimate Loss Trends – 2018-2019

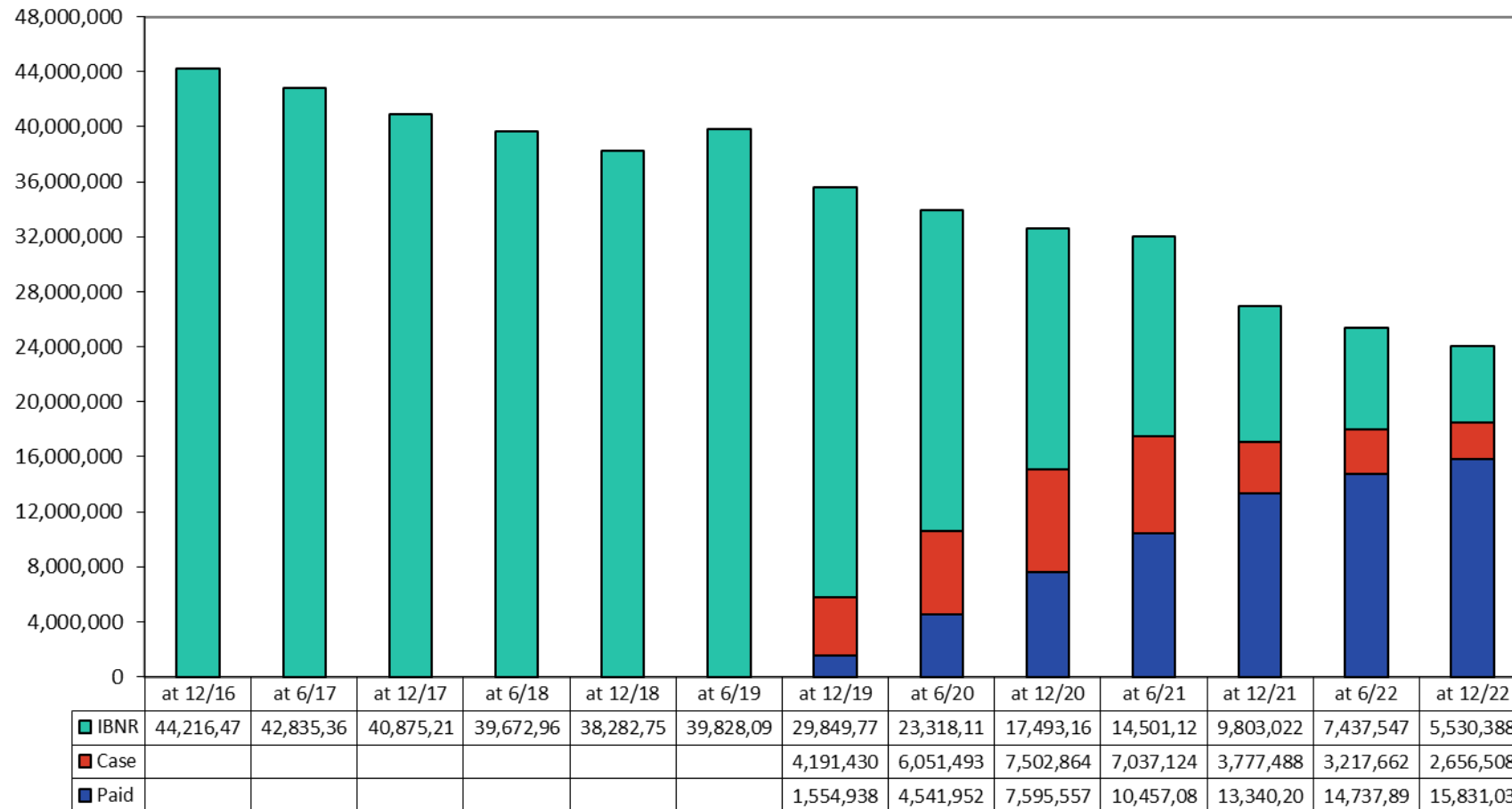
New Mexico Public Schools Insurance Authority - Components of Ultimate Losses
2018-19 Policy Period



Evaluation Date

Ultimate Loss Trends – 2019-2020

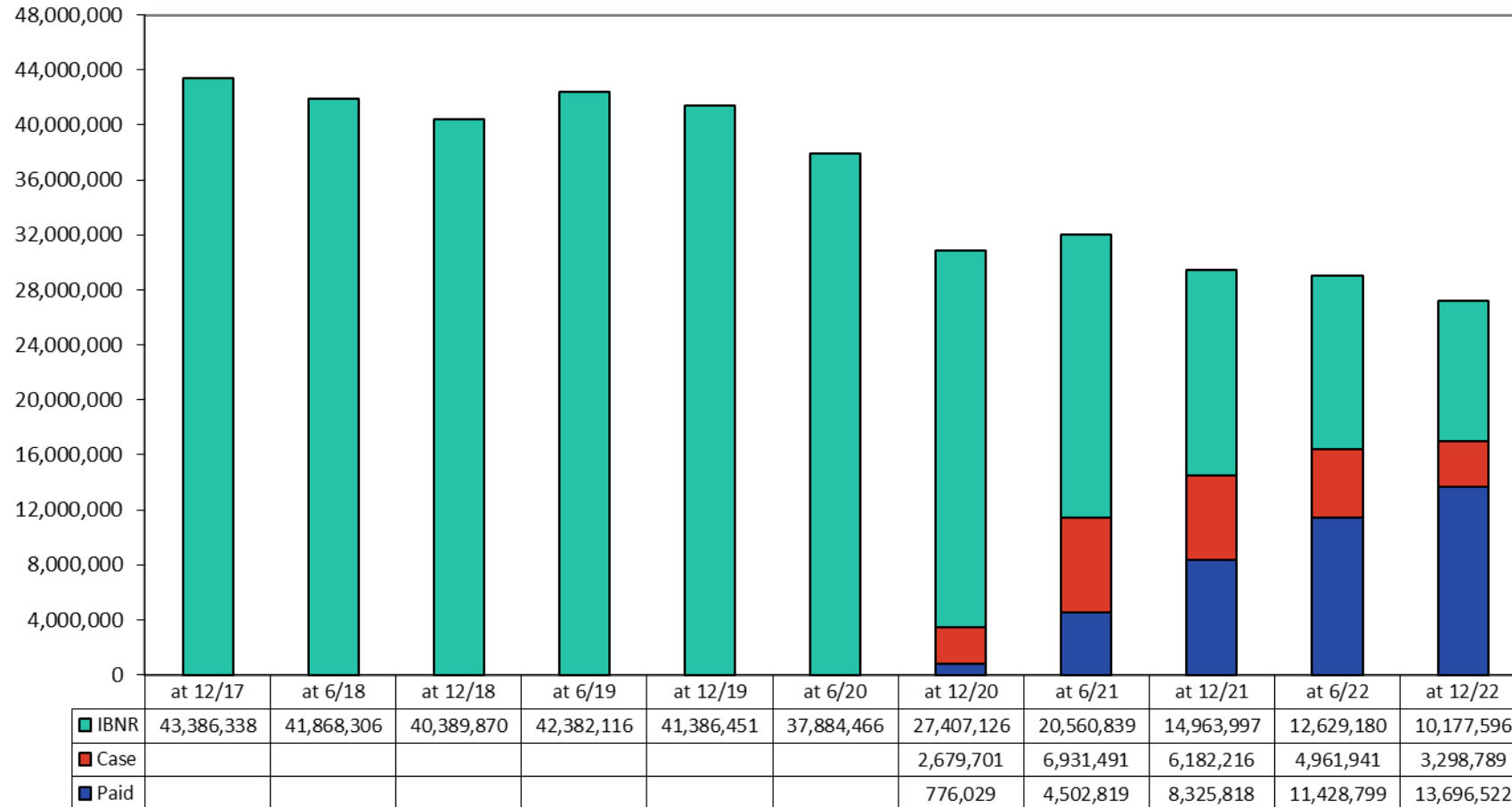
New Mexico Public Schools Insurance Authority - Components of Ultimate Losses
2019-20 Policy Period



Evaluation Date

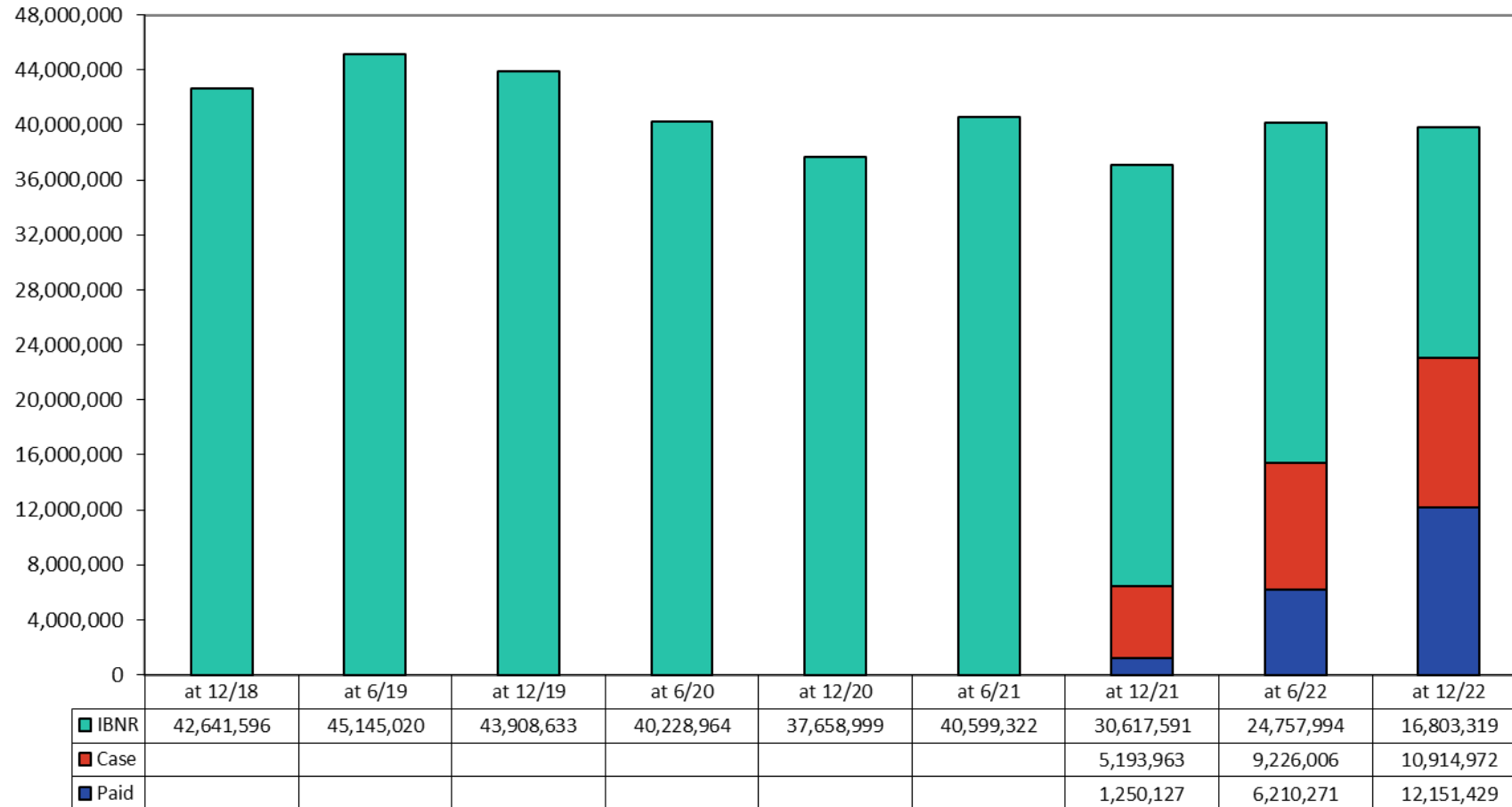
Ultimate Loss Trends – 2020-2021

New Mexico Public Schools Insurance Authority - Components of Ultimate Losses
2020-21 Policy Period



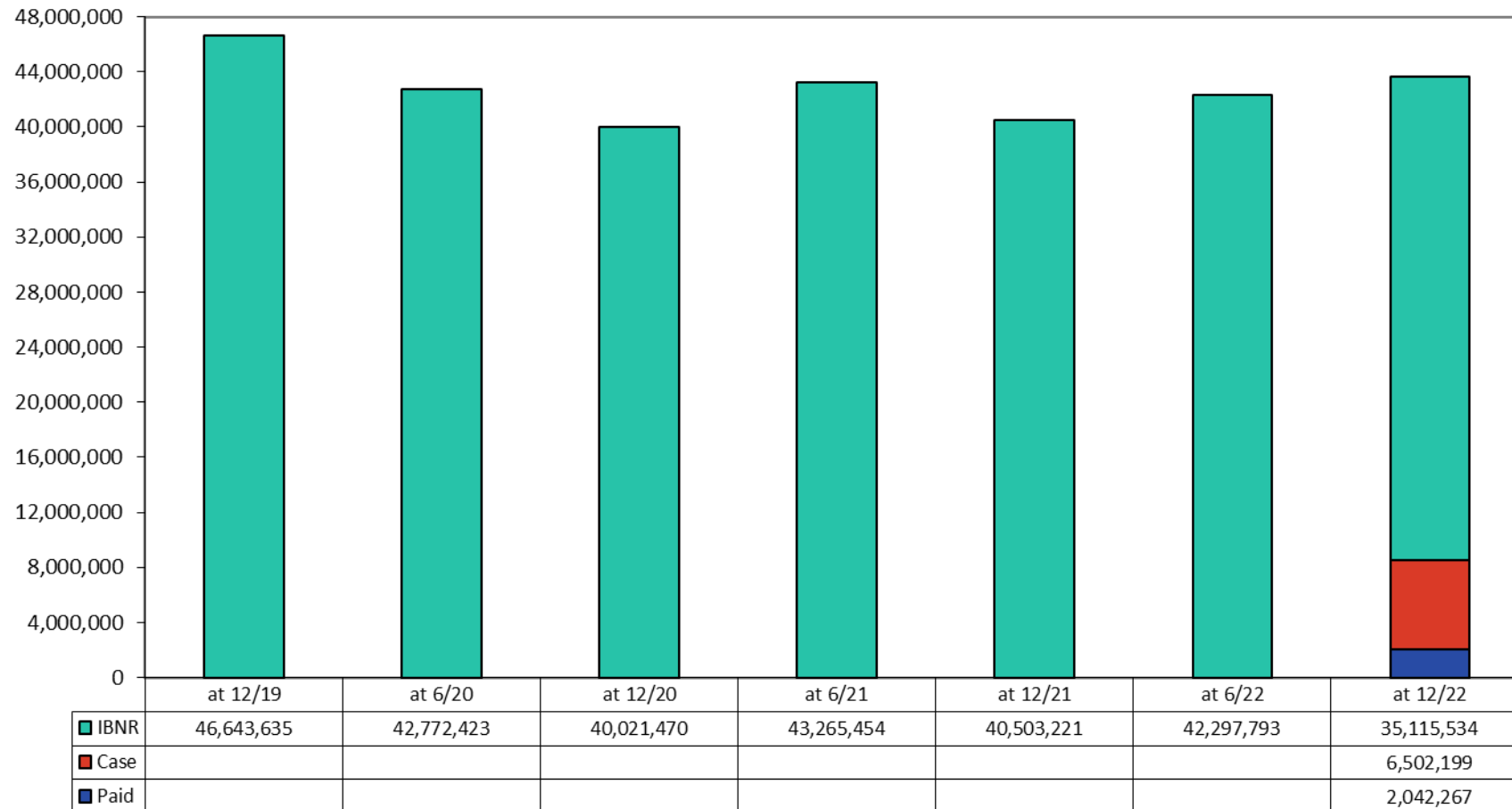
Ultimate Loss Trends – 2021-2022

New Mexico Public Schools Insurance Authority - Components of Ultimate Losses
2021-22 Policy Period



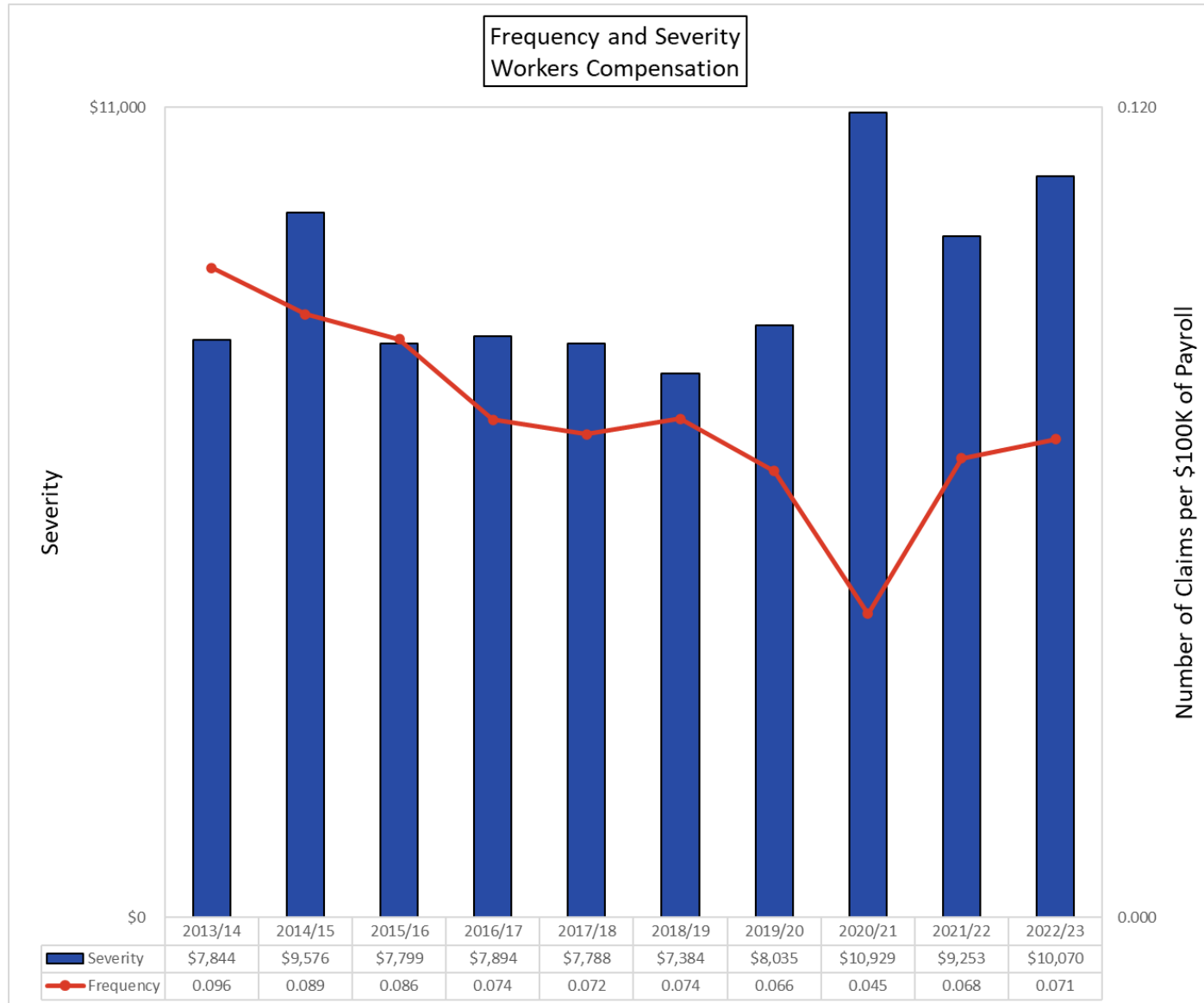
Ultimate Loss Trends – 2022-2023

New Mexico Public Schools Insurance Authority - Components of Ultimate Losses
2022-23 Policy Period



Evaluation Date

Frequency & Severity Trends – Workers Compensation



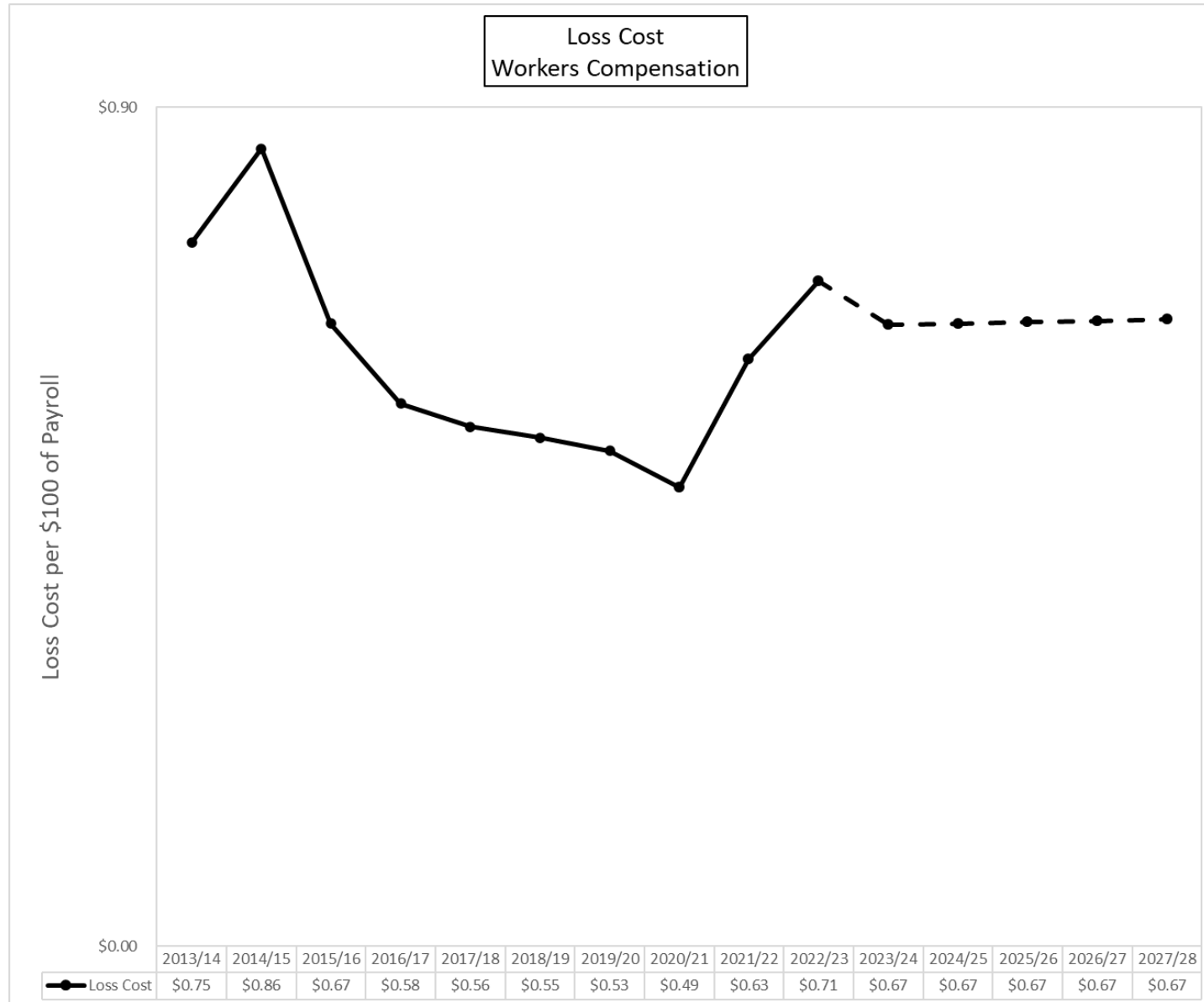
- NMPSIA loss cost trend:

- 8-year: +0.5%
- 5-year: +7.3%

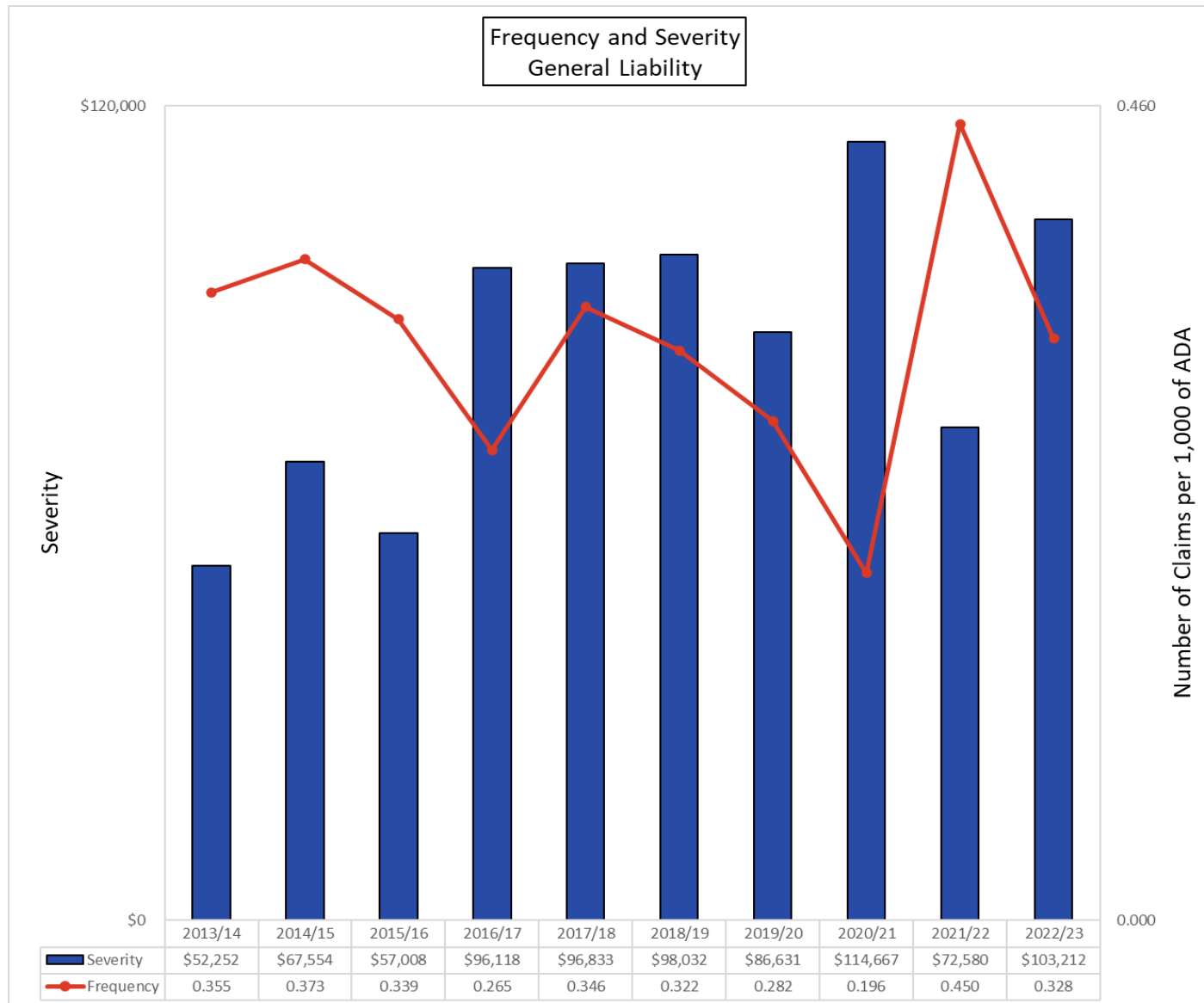
- NCCI New Mexico loss cost trend:

- 8-year -5.3%
- 5-year -4.6%

Loss Cost Trends – Workers Compensation

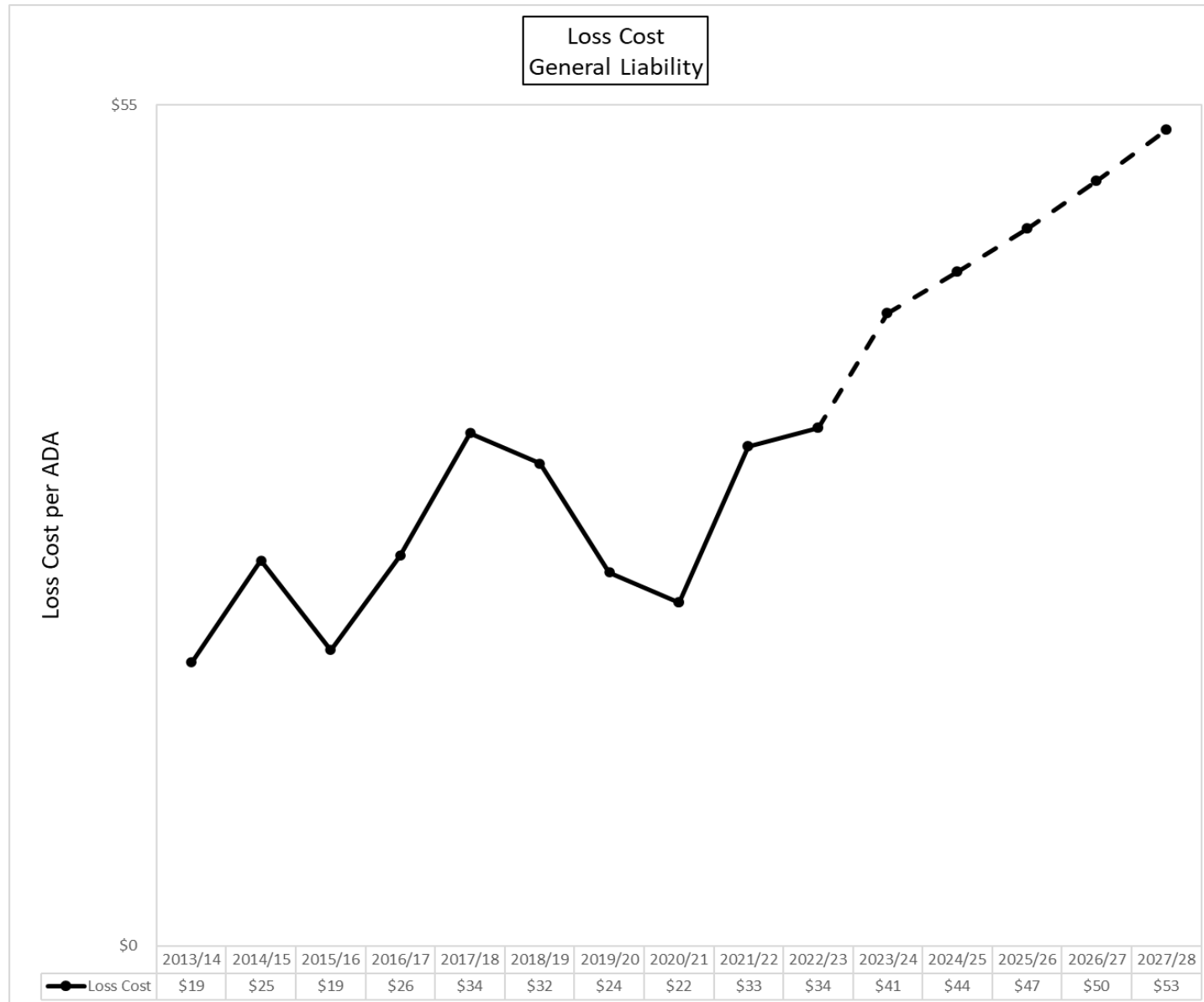


Frequency & Severity Trends – General Liability



- NMPSIA loss cost trend:
 - 8-year: +4.5%
 - 5-year: +4.4%

Loss Cost Trends – General Liability



Summary of Results – Nominal Loss Reserves

Loss and LAE Reserve Estimates - Nominal Value (Undiscounted) as of 12/31/2022				
		Property & Liability	Workers Compensation	Total
Claim Reserves		\$24,237,116	\$13,002,995	\$37,240,111
IBNR Reserves	Low	34,081,581	16,969,528	51,051,109
	Central	37,219,912	19,377,702	56,597,613
	High	40,358,242	21,785,875	62,144,117
Total Reserves	Low	58,318,698	29,972,523	88,291,220
	Central	61,457,028	32,380,697	93,837,725
	High	64,595,358	34,788,870	99,384,229

Summary of Results – Discounted Loss Reserves

Loss and LAE Reserve Estimates - Present Value (Discounted) as of 12/31/2022				
		Property & Liability	Workers Compensation	Total
Claim Reserves		\$23,461,260	\$11,920,534	\$35,381,794
IBNR Reserves	Low	32,690,959	15,455,675	48,146,634
	Central	35,708,576	17,643,530	53,352,106
	High	38,726,193	19,831,386	58,557,579
Total Reserves	Low	56,152,219	27,376,209	83,528,428
	Central	59,169,836	29,564,064	88,733,900
	High	62,187,453	31,751,920	93,939,373

Summary of Results – Nominal Prospective Funding

Funding Estimate - Nominal Value (Undiscounted) as of 12/31/2022			
Policy Period	Property & Liability	Workers Compensation	Total
2023-2024	\$37,207,485	\$11,682,035	\$48,889,520
2024-2025	41,209,922	11,939,293	53,149,215
2025-2026	45,700,245	12,202,649	57,902,894
2026-2027	50,742,810	12,472,266	63,215,075
2027-2028	56,410,876	12,748,307	69,159,183

Summary of Results – Discounted Prospective Funding

Funding Estimate - Present Value (Discounted) as of 12/31/2022			
Policy Period	Property & Liability	Workers Compensation	Total
2023-2024	\$35,099,531	\$10,822,184	\$45,921,715
2024-2025	38,899,580	11,060,506	49,960,086
2025-2026	43,165,069	11,304,478	54,469,547
2026-2027	47,957,592	11,554,250	59,511,842
2027-2028	53,347,288	11,809,973	65,157,261

Thank You for Your Attention

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FY24 Risk Premium Rate Setting

Methodology

- Expenses for Fiscal Year 2024 through 2028 are projected over the next five years
 - Contractual Services
 - Projected Contract costs are based on actuals or an average percentage increase by contract
 - Excess Insurance
 - Costs are projected to increase by an average of 3.36% every year for FY24 – FY28
 - Claims
 - Claims costs are derived from the Pinnacle Loss Reserve and Funding Analysis as of 12/31/2022
 - The report contains projected claims costs for FY24 – FY28
 - Transfer to Program Support
 - Transfer to Program Support is derived from the FY24 Appropriation with a 4.0% increase for FY24 – FY28
 - Projected Excess Fund Balance over \$5 million is used to offset expenditures

FY24 Projection Details

- Average yearly expenditure increase over a five-year period
 - Transfers to Program Support
 - Increased by 4.00%
 - Contracts
 - Increased by 7.50%
 - New Cost
 - Anonymous Reporting System \$283,255 (Projected)
 - NMPSIA Members IT Audit \$700,000 (Projected) for one Fiscal Year
 - Claims
 - Increased by 9.14%
 - Property & Liability increased by 11.03%
 - Worker's Compensation increased by 2.21%
 - Excess Insurance
 - Increased by 3.36%
 - Property 2.95%, Crime 4.0%, Liability 4.05%, Equipment Breakdown 1.37%, Workers Compensation 2.28%

NMPSIA Risk Premium Income

Description		Base Flat	Scenario A	Scenario B	Scenario C	Scenario D	Scenario E	Scenario F
Rate Action		Rolling 5-year	Rolling 5-year	Rolling 5-year	Rolling 5-year	Rolling 5-year	Rolling 5-year	Rolling 5-year
Effective	FY24 7/1/2023	15.80%	6.73%	6.73%	7.73%	7.73%	8.07%	8.59%
Effective	FY25 7/1/2024	5.59%	9.46%	7.73%	9.00%	7.73%	13.13%	8.59%
Effective	FY26 7/1/2025	6.40%	9.46%	10.54%	9.00%	9.79%	6.40%	8.59%
Effective	FY27 7/1/2026	5.71%	9.46%	10.54%	9.00%	9.79%	5.71%	8.59%
Effective	FY28 7/1/2027	6.66%	9.46%	10.54%	9.00%	9.79%	6.66%	8.59%
Premium Income								
Effective	FY24 7/1/2023	\$ 107,516,151	\$ 99,095,096	\$ 99,095,906	\$ 100,024,379	\$ 100,024,379	\$ 100,344,066	\$ 100,822,866
Effective	FY25 7/1/2024	\$ 113,526,304	\$ 108,469,492	\$ 106,756,020	\$ 109,026,573	\$ 107,756,263	\$ 113,519,242	\$ 109,483,550
Effective	FY26 7/1/2025	\$ 120,791,987	\$ 118,730,706	\$ 118,008,104	\$ 118,838,965	\$ 118,305,602	\$ 120,784,473	\$ 118,888,187
Effective	FY27 7/1/2026	\$ 127,689,210	\$ 129,962,631	\$ 130,446,158	\$ 129,534,472	\$ 129,887,720	\$ 127,681,267	\$ 129,100,682
Effective	FY28 7/1/2027	\$ 136,193,311	\$ 142,257,096	\$ 144,195,183	\$ 141,192,574	\$ 142,603,728	\$ 136,184,839	\$ 140,190,431
Fund Balance (Projected)	June 30, 2023	12,172,085	12,172,085	12,172,085	12,172,085	12,172,085	12,172,085	12,172,085
FY 2024 Operating Income		0	(8,421,055)	(8,420,245)	(7,491,772)	(7,491,772)	(7,172,085)	(6,693,285)
Fund Balance	June 30, 2024	12,172,085	3,751,030	3,751,840	4,680,313	4,680,313	5,000,000	5,478,800
FY 2025 Operating Income		2,809	(5,054,003)	(6,767,475)	(4,496,922)	(5,767,232)	(4,253)	(4,039,945)
Fund Balance	June 30, 2025	12,174,894	(1,302,973)	(3,015,635)	183,391	(1,086,919)	4,995,747	1,438,855
FY 2026 Operating Income		2,989	(2,058,292)	(2,780,894)	(1,950,033)	(2,483,396)	(4,525)	(1,900,811)
Fund Balance	June 30, 2026	12,177,883	(3,361,265)	(5,796,529)	(1,766,642)	(3,570,315)	4,991,222	(461,956)
FY 2027 Operating Income		4,174	2,277,595	2,761,122	1,849,436	2,202,684	(3,769)	1,415,646
Fund Balance	June 30, 2027	12,182,057	(1,083,670)	(3,035,407)	82,793	(1,367,631)	4,987,453	953,691
FY 2028 Operating Income		10,354	6,074,139	8,012,226	5,009,617	6,420,771	1,882	4,007,474
Fund Balance	June 30, 2028	12,192,411	4,990,469	4,976,819	5,092,410	5,053,140	4,989,335	4,961,165

Scenario A: Keeps the FY24 Budgeted rate and averages the increase for FY25 - FY28.

Scenario B: Keeps the FY24 Budgeted rate, increase the FY25 rate by 1%, and averages FY26 - FY28.

Scenario C: Increase the FY24 rate by 1% from 6.73% to 7.73% and average the rate for FY25 - FY28.

Scenario D: Increase the FY24 rate by 1% from 6.73% to 7.73%, keeps the rate of 7.73% for FY25, and average the rate for FY26 - FY28 of 9.79%.

Scenario E: Keeps the rate at a percentage constant to maintain a \$5 million dollar fund balance.

Scenario F: Increase the percentage from 6.73% to 8.59% for FY24 and keeps an average of 8.59% for FY 25 - FY28.



NMPSIA BOARD REPORT

ALL YEARS TOTAL														
OPEN CLAIMS FOR WORKERS' COMPENSATION AS OF JANUARY 31, 2023														
SCHOOL DISTRICT	OPEN		RE-OPENED		NEW		CLOSED		RESERVE		PAYMENT		TOTAL	
HISTORY	Chg	Ct	Chg	Ct	Chg	Ct	Chg	Ct	Change	Current	Change	Current	Change	Current
JANUARY-2023	(21)	940	(9)	22	+58	212	+54	255	(\$160,549)	\$13,751,592.21	(\$150,749)	\$47,868,241.18	(\$311,299)	\$ 61,619,833.39
DECEMBER-2022	(16)	961	+0	31	(39)	154	(34)	201	(\$67,403)	\$13,912,141.54	+\$336,936	\$48,018,990.62	+\$269,533	\$ 61,931,132.16
HISTORY	OPEN		RE-OPENED		NEW		CLOSED		RESERVE		PAYMENT		TOTAL	
HISTORY	Chg	Ct	Chg	Ct	Chg	Ct	Chg	Ct	Change	Current	Change	Current	Change	Current
JANUARY-2023	(21)	940	(9)	22	+58	212	+54	255	(\$160,549)	\$13,751,592.21	(\$150,749)	\$47,868,241.18	(\$311,299)	\$ 61,619,833.39
DECEMBER-2022	(16)	961	+0	31	(39)	154	(34)	201	(\$67,403)	\$13,912,141.54	+\$336,936	\$48,018,990.62	+\$269,533	\$ 61,931,132.16
NOVEMBER-2022	(11)	977	+6	31	(73)	193	(14)	235	+\$183,112	\$13,979,544.16	+\$140,739	\$47,682,054.64	+\$323,851	\$ 61,661,598.80
OCTOBER-2022	+42	988	(4)	25	(14)	266	(12)	249	+\$23,698	\$13,796,432.07	+\$495,740	\$47,541,316.10	+\$519,438	\$ 61,337,748.17
SEPTEMBER-2022	+48	946	+8	29	+31	280	+5	261	+\$113,539	\$13,772,734.44	(\$36,008)	\$47,045,575.78	+\$77,531	\$ 60,818,310.22
AUGUST-2022	+14	898	+7	21	+191	249	+123	256	+\$245,756	\$13,659,195.34	(\$176,954)	\$47,081,584.06	+\$68,802	\$ 60,740,779.40
JULY-2022	(61)	884	(18)	14	(35)	58	(7)	133	(\$548,564)	\$13,413,439.70	(\$1,038,108)	\$47,258,537.68	(\$1,586,672)	\$ 60,671,977.38
JUNE-2022	(15)	945	+10	32	(114)	93	(59)	140	(\$344,886)	\$13,962,003.26	+\$54,290	\$48,296,645.97	(\$290,596)	\$ 62,258,649.23
MAY-2022	+30	960	(1)	22	+29	207	+18	199	(\$24,133)	\$14,306,889.60	+\$353,763	\$48,242,355.49	+\$329,630	\$ 62,549,245.09
APRIL-2022	+20	930	+1	23	(47)	178	(24)	181	(\$354,710)	\$14,331,022.70	+\$398,883	\$47,888,592.21	+\$44,173	\$ 62,219,614.91
MARCH-2022	+42	910	+7	22	+59	225	+26	205	+\$27,833	\$14,685,732.34	(\$404,683)	\$47,489,709.58	(\$376,850)	\$ 62,175,441.92
FEBRUARY-2022	+2	868	+0	15	+13	166	+10	179	+\$168,625	\$14,657,898.88	(\$178,556)	\$47,894,392.95	(\$9,932)	\$ 62,552,291.83
JANUARY-2022	(1)	866	+2	15	+52	153	(1)	169	+\$204,865	\$14,489,274.20	(\$236,518)	\$48,072,949.17	(\$31,653)	\$ 62,562,223.37
DECEMBER-2021	(56)	867	(9)	13	(67)	101	(54)	170	(\$73,386)	\$14,284,409.04	(\$316,376)	\$48,309,467.44	(\$389,761)	\$ 62,593,876.48
NOVEMBER-2021	(34)	923	(17)	22	(34)	168	+35	224	(\$299,608)	\$14,357,794.86	(\$450,346)	\$48,625,842.94	(\$749,954)	\$ 62,983,637.80
OCTOBER-2021	+52	957	+23	39	(40)	202	(12)	189	+\$756,885	\$14,657,403.06	(\$111,683)	\$49,076,188.93	+\$645,202	\$ 63,733,591.99
SEPTEMBER-2021	+57	905	+2	16	+27	242	+10	201	+\$71,559	\$13,900,518.15	(\$403,273)	\$49,187,872.17	(\$331,714)	\$ 63,088,390.32
AUGUST-2021	+38	848	+1	14	+154	215	+91	191	(\$27,930)	\$13,828,959.45	(\$136,432)	\$49,591,145.27	(\$164,361)	\$ 63,420,104.72
JULY-2021	(26)	810	(5)	13	(20)	61	(10)	100	(\$179,232)	\$13,856,889.02	+\$301,019	\$49,727,577.14	+\$121,788	\$ 63,584,466.16
JUNE-2021	(11)	836	(3)	18	(67)	81	(26)	110	(\$8,065)	\$14,036,120.59	(\$289,351)	\$49,426,557.96	(\$297,416)	\$ 63,462,678.55
MAY-2021	+33	847	+13	21	(40)	148	(1)	136	(\$372,986)	\$14,044,185.65	(\$262,097)	\$49,715,908.54	(\$635,083)	\$ 63,760,094.19
APRIL-2021	+59	814	(4)	8	+63	188	+38	137	(\$26,222)	\$14,417,171.69	+\$34,571	\$49,978,005.34	+\$8,349	\$ 64,395,177.03
MARCH-2021	+38	755	+6	12	+29	125	(5)	99	+\$322,358	\$14,443,393.30	+\$53,478	\$49,943,434.55	+\$375,835	\$ 64,386,827.85
FEBRUARY-2021	(2)	717	(8)	6	+39	96	+19	104	(\$347,549)	\$14,121,035.63	(\$98,645)	\$49,889,956.94	(\$446,193)	\$ 64,010,992.57
JANUARY-2021	(14)	719	+5	14	+8	57	(28)	85	(\$21,541)	\$14,468,584.16	+\$284,394	\$49,988,601.75	+\$262,853	\$ 64,457,185.91



NMPSIA BOARD REPORT

ALL YEARS TOTAL														
OPEN CLAIMS FOR WORKERS' COMPENSATION AS OF January 31, 2023														
CHARTER SCHOOL HISTORY	OPEN		RE-OPENED		NEW		CLOSED		RESERVE		PAYMENT		TOTAL	
	Chg	Ct	Chg	Ct	Chg	Ct	Chg	Ct	Change	Current	Change	Current	Change	Current
JANUARY-2023	(3)	46	(1)	1	+0	7	+4	11	(\$22,403)	\$ 728,018.79	(\$34,573)	\$ 1,940,858.92	(\$56,976)	\$2,668,877.71
DECEMBER-2022	+2	49	+2	2	(1)	7	(5)	7	(\$9,378)	\$ 750,421.36	+\$27,437	\$ 1,975,432.31	+\$18,059	\$2,725,853.67
CHARTER SCHOOL HISTORY	OPEN		RE-OPENED		NEW		CLOSED		RESERVE		PAYMENT		TOTAL	
	Chg	Ct	Chg	Ct	Chg	Ct	Chg	Ct	Change	Current	Change	Current	Change	Current
JANUARY-2023	(3)	46	(1)	1	+0	7	+4	11	(\$22,403)	\$ 728,018.79	(\$34,573)	\$ 1,940,858.92	(\$56,976)	\$2,668,877.71
DECEMBER-2022	+2	49	+2	2	(1)	7	(5)	7	(\$9,378)	\$ 750,421.36	+\$27,437	\$ 1,975,432.31	+\$18,059	\$2,725,853.67
NOVEMBER-2022	(4)	47	+0	0	(3)	8	+5	12	(\$21,224)	\$ 759,799.35	+\$1,554	\$ 1,947,995.10	(\$19,670)	\$2,707,794.45
OCTOBER-2022	+4	51	(2)	0	+1	11	(3)	7	+\$3,404	\$ 781,023.81	+\$37,302	\$ 1,946,440.84	+\$40,706	\$2,727,464.65
SEPTEMBER-2022	+2	47	+2	2	+1	10	+2	10	(\$31,777)	\$ 777,620.22	+\$48,599	\$ 1,909,138.41	+\$16,822	\$2,686,758.63
AUGUST-2022	+1	45	(1)	0	+3	9	(2)	8	+\$13,656	\$ 809,397.01	(\$105,737)	\$ 1,860,539.91	(\$92,081)	\$2,669,936.92
JULY-2022	(3)	44	+0	1	+4	6	+3	10	+\$6,248	\$ 795,741.44	+\$9,746	\$ 1,966,276.84	+\$15,995	\$2,762,018.28
JUNE-2022	(4)	47	+1	1	(9)	2	(7)	7	(\$43,681)	\$ 789,493.43	+\$29,740	\$ 1,956,530.34	(\$13,941)	\$2,746,023.77
MAY-2022	(3)	51	+0	0	+1	11	+10	14	(\$29,616)	\$ 833,174.56	+\$44,892	\$ 1,926,790.51	+\$15,277	\$2,759,965.07
APRIL-2022	+6	54	(2)	0	(6)	10	(5)	4	(\$68,886)	\$ 862,790.36	+\$168,297	\$ 1,881,898.08	+\$99,410	\$2,744,688.44
MARCH-2022	+9	48	+2	2	+11	16	(1)	9	+\$657	\$ 931,676.51	+\$105,793	\$ 1,713,601.47	+\$106,449	\$2,645,277.98
FEBRUARY-2022	(5)	39	(1)	0	+0	5	+6	10	(\$10,262)	\$ 931,019.99	+\$9,860	\$ 1,607,808.58	(\$402)	\$2,538,828.57
JANUARY-2022	+2	44	+0	1	+1	5	(2)	4	(\$57,788)	\$ 941,281.61	+\$15,719	\$ 1,597,948.81	(\$42,069)	\$2,539,230.42
DECEMBER-2021	(1)	42	+1	1	(5)	4	(1)	6	+\$372,644	\$ 999,069.99	+\$11,921	\$ 1,582,229.46	+\$384,565	\$2,581,299.45
NOVEMBER-2021	+2	43	(1)	0	(1)	9	(1)	7	+\$78,324	\$ 626,426.25	(\$25,354)	\$ 1,570,308.41	+\$52,971	\$2,196,734.66
OCTOBER-2021	+3	41	+1	1	+3	10	+5	8	(\$27,115)	\$ 548,101.87	+\$28,569	\$ 1,595,662.06	+\$1,454	\$2,143,763.93
SEPTEMBER-2021	+4	38	+0	0	+0	7	+0	3	(\$14,313)	\$ 575,216.83	+\$44,220	\$ 1,567,093.53	+\$29,907	\$2,142,310.36
AUGUST-2021	+4	34	+0	0	+5	7	+1	3	(\$37,112)	\$ 589,529.88	+\$93,512	\$ 1,522,873.45	+\$56,401	\$2,112,403.33
JULY-2021	+0	30	(2)	0	(1)	2	+0	2	+\$137	\$ 626,641.48	+\$54,157	\$ 1,429,361.01	+\$54,294	\$2,056,002.49
JUNE-2021	+3	30	+1	2	+1	3	+1	2	+\$25,924	\$ 626,504.44	(\$241,619)	\$ 1,375,203.90	(\$215,694)	\$2,001,708.34
MAY-2021	+2	27	+1	1	(8)	2	(7)	1	(\$236,571)	\$ 600,580.03	+\$270,654	\$ 1,616,822.49	+\$34,082	\$2,217,402.52
APRIL-2021	+2	25	(1)	0	+9	10	+6	8	+\$5,731	\$ 837,151.09	(\$21,219)	\$ 1,346,168.99	(\$15,488)	\$2,183,320.08
MARCH-2021	+0	23	+1	1	+0	1	(1)	2	(\$21,294)	\$ 831,419.61	(\$28,199)	\$ 1,367,388.38	(\$49,493)	\$2,198,807.99
FEBRUARY-2021	(2)	23	(1)	0	+1	1	+1	3	(\$50,003)	\$ 852,714.04	+\$33,083	\$ 1,395,586.97	(\$16,921)	\$2,248,301.01
JANUARY-2021	(1)	25	+1	1	(3)	0	(3)	2	(\$12,366)	\$ 902,717.50	+\$21,800	\$ 1,362,504.31	+\$9,434	\$2,265,221.81

Poms Ergonomic Program Updates (1)

Ergonomic Team: Karen Mestas-Harris and Erin Brannan

Program Design: to encourage improved safety through recognition and response of the signs and symptoms of Musculoskeletal Disorders (MSD).

Focus: injury prevention, utilize ergonomic principles in all work, body mechanics, and dynamic movements with job tasks. After injury look at job task modification or adaptations for completing job tasks safely.

Methods: Proactive training (annual and as requested by any and all NMPSIA clients), ergonomic evaluations, job hazard analysis, individual and group on the spot feedback, trend analysis, ergonomic newsletters, handouts, and upcoming short ergo tip videos.

5 Year MSD Work Comp Review 7/1/2017-6/30/2022. 1042 MSD Claims

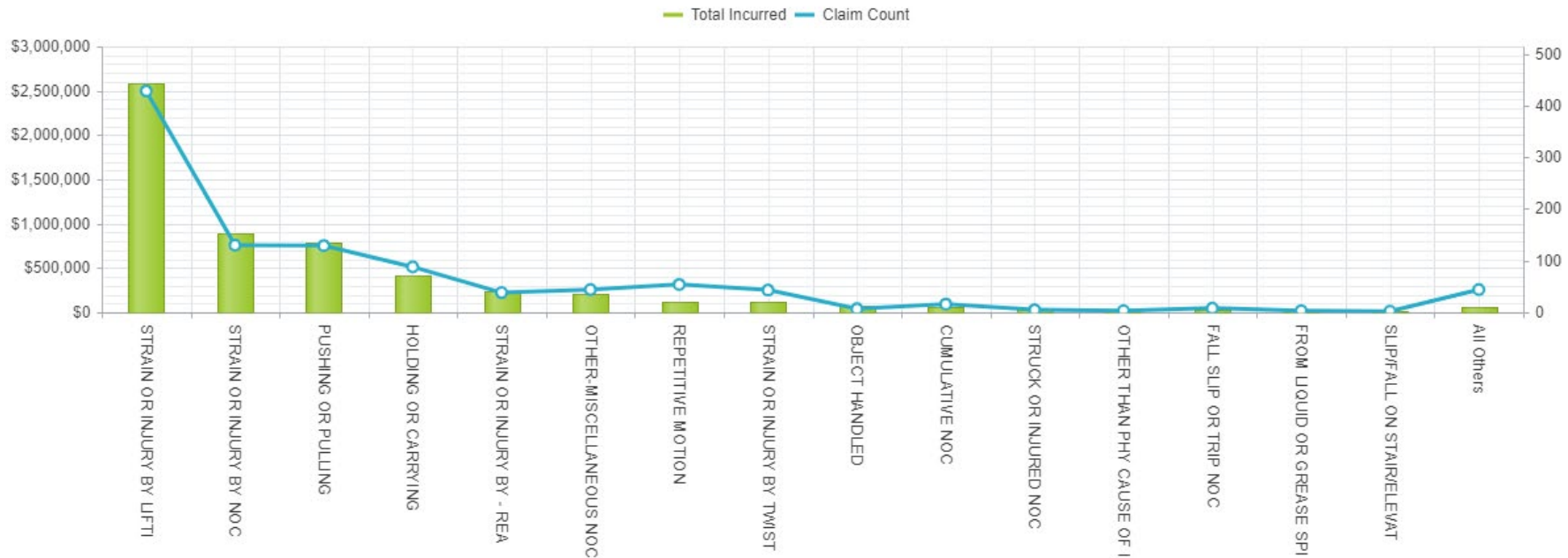
Traditional focus on Custodian, Maintenance, Cafeteria (540 claims) 51% of claims

Other (nurse, diagnostician, health aide, teacher, teacher aide) add to SPED, TA, and Teacher=384 claims (36% of claims)



Poms Ergonomic Program Updates (2)

Cause: lifting, strain, push, pull, carry (item or student)



Future plans: Continue monthly claim analysis. SPED: developed ergonomics training for ergonomic principles with setup of teaching and providing care to student to minimize risk for injury. Instituted “train the trainer” with ergo councils and included PT/OT for further carry over.

Collaborate with

- Poms-Loss Prevention, HR/Civil Rights, Security/Safety (training, equipment, facilities, de-escalation)
- CCMSI-Jerry Mayo and staff (Collaborate to promote JHA or ergo evals for workers who are injured while providing care or with incident only trends)
- TAP Program-Loretta Garcia (Provides schools consultation and collaboration on student specific or program specific items)

Goals: To prevent injury, reduce claims, improve employee safety/satisfaction, and promote ergonomic awareness for districts and employees for overall wellness and productivity. This plays an important role in ensuring students and staff are in a safe and supportive learning environment.

NMPSIA Loss Prevention Monthly Abatement Report

January 2023	Total Rec	Total Capital	Total Non-Capital	Corrected Capital	Corrected Non-Capital	Total Corrected
January 2023	112	2	110	0	69	69
Total % Corrected	61.61%	= Total Corrected/Total Recommendations				
% Corrected Capital	0.00%	= Corrected Capital/Total Capital				
% Corrected Non-Capital	62.73%	= Corrected Non-Capital/Total Non-Capital				