

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

Virtual Meeting: <https://global.gotomeeting.com/join/530218005>

Dial in: +1(669) 224-3412  
Access Code: 530-218-005

Thursday, June 4, 2020

**1. Call to Order**

Ms. Mary Parr-Sanchez called the NMPSIA Board Meeting to order at 9:00 a.m. on Thursday, June 4, 2020.

**2. Roll Call**

Ms. Pamela Vigil, called roll.

**Present via virtual meeting/telephonic meeting:**

Mary Parr-Sanchez, President  
Chris Parrino, Vice President  
Alfred Park, Secretary  
Denise Balderas  
Tim Crone  
Pauline Jaramillo  
Sammy Quintana  
David Martinez Jr.  
Trish Ruiz  
Dave Willden  
Ricky Williams

**Absent:**

None

**Staff Members Present via virtual/telephonic meeting:**

Richard Valerio, Executive Director  
Patrick Sandoval, Deputy Director/Chief Financial Officer  
Melissa Rael, Human Resource/Finance Manager  
Katherine Chavez, Benefits/Wellness Operations Manager  
Pamela Vigil, Program Coordinator  
Dion Romero, Accountant/Auditor  
Claudette Roybal, Chief Procurement Officer

Andrew Arellano, Financial Specialist

**Audience present via virtual/telephonic meeting:**

Martin Esquivel	Esquivel & Howington
David Poms	Poms & Assoc.
Julie Garcia	Poms & Assoc.
Larry Vigil	Poms & Assoc.
Tamie Pargas	Poms & Assoc.
Richard Cangiolosi	CCMSI
Kevin Sovereign	CCMSI
Steve Vanetsky	CCMSI
Jerry Mayo	CCMSI
Louise Carpenter	CCMSI
Dr. Nura Patani	Segal
Sam Garcia	Davis Vision
Stephanie Anthony	United Concordia
Heather Leclerc	BCBSNM
Maureen Sergel	BCBSNM
Lisa Gueva	BCBSNM
Ingrid Jarud	Presbyterian
Steve Valdez	Presbyterian
Connor Jorgensen	LFC
Joseph Simon	LESC
Kathy Payanes	Erisa
Lourdes Rael	Erisa
Michelle Alaird	Erisa
Martha Quintana	Standard
Harris Zeyae	Express Scripts
Amy Daily	Express Scripts
Ellen Clark	PFM

**3. Introduction of Guests**

There were no guests.

Mr. Valerio recognized Mr. David Poms, Poms & Associates for being named 2020 Entrepreneur of the Year at the American Business Awards.

**4. Citizens to Address the Board (five- minute time limit)**

There were no citizens to address the Board.

**5. Approval of the Agenda (Action Item)**

A motion was made to approve the agenda as presented.

**MOTION:** T. Ruiz

**SECONDED:** C. Parrino

A roll call vote was taken.

Ms. Vigil called roll:

Mary Parr-Sanchez - Yes  
Chris Parrino, Vice President - Yes  
Alfred Park, Secretary – Yes  
Denise Balderas - Yes  
Tim Crone - Yes  
Pauline Jaramillo - Yes  
David Martinez Jr. – Yes  
Sammy Quintana - Yes  
Trish Ruiz – Yes  
Ricky Williams - Yes  
Dave Willden – Yes

**Vote carried unanimously.**

**6. Approval of May 7, 2020 Board Minutes (Action Item)**

A motion was made to approve the May 7, 2020 NMPSIA Board Minutes as presented.

**MOTION:** T. Ruiz

**SECONDED:** D. Willden

A roll call vote was taken.

Ms. Vigil called roll:

Mary Parr-Sanchez - Yes  
Chris Parrino, Vice President - Yes  
Alfred Park, Secretary – Yes  
Denise Balderas - Yes  
Tim Crone- Yes  
Pauline Jaramillo - Yes  
David Martinez Jr. – Yes  
Sammy Quintana- Yes  
Trish Ruiz – Yes  
Ricky Williams - Yes  
Dave Willden – Yes

**Vote carried unanimously.**

## **7. Administrative Matters**

### **7. A Recognition of David Willden for His Dedicated Service to the NMPSIA Board and Risk Advisory Committee**

Mr. Valerio stated Mr. Dave Willden will be retiring and this meeting will be his last. He recognized Mr. Willden for his many years of service and dedication to the NMPSIA Board and Risk Advisory Committee.

Ms. Parr-Sanchez read a statement acknowledging Mr. Willdens accomplishments and thanked him for his service to the NMPSIA Board and Risk Advisory Committee.

Members of the Board expressed their appreciation and gratitude for Mr. Willden's dedication to the NMPSIA Board and RAC.

### **7. B COVID-19 Update**

Mr. Valerio reported that for NMPSIA's Presbyterian membership there are 82 claims. He stated one member has tested positive for COVID-19 and to date \$82,585.00 has been spent on testing and treatment. He reported under Blue Cross Blue Shield there are 37 claims, 2 individuals have tested positive and are seeking treatment. Mr. Valerio reported he will continue to update the Board on this item.

### **7. C August 2020 Annual Meeting**

Mr. Valerio requested direction from the Board on whether or not they would like to continue with plans to hold the August 2020 Annual Meeting at the Inn of the Mountain Gods. He stated Ms. Pamela Vigil has contacted the Inn and they are still able to accommodate the group with hotel rooms and accommodate the meetings with appropriate social distancing.

Ms. Parr-Sanchez asked what the will of the Board is for the Annual Meeting.

Mr. Parrino stated that depending on what restrictions are in place at the time, it would be good for the economy to continue with the plan.

Ms. Parr-Sanchez stated she would like the option for members to attend virtually if they do not feel comfortable.

Mr. Valerio stated that we could have that option.

Ms. Pauline Jaramillo reported that her local school board just held a retreat there and members were able to attend virtually.

A motion was made to proceed with having the August 2020 Annual Meeting in Ruidoso with the option for Board Members to attend virtually.

**MOTION:** C. Parrino

**SECONDED:** P. Jaramillo

A roll call vote was taken.

Ms. Vigil called roll:

Mary Parr-Sanchez - Yes  
Chris Parrino, Vice President - Yes  
Alfred Park, Secretary – Yes  
Denise Balderas - Yes  
Tim Crone - Yes  
Pauline Jaramillo- Yes  
David Martinez Jr. – Yes  
Sammy Quintana - Yes  
Trish Ruiz – Yes  
Ricky Williams - Yes  
Dave Willden – Abstained

**Vote carried.**

There was discussion about changing the Annual Meeting to July instead of August to accommodate Board Members that work in schools.

Ms. Trish Ruiz stated that she would like to be on the record requesting the Annual Meeting be changed to July.

Mr. David Martinez Jr. stated the first week of August is a busy time for schools.

Mr. Tim Crone agreed with Ms. Ruiz and Mr. Martinez Jr. He stated the first week in August is not a good time.

Mr. Esquivel stated NMPSIA's Administrative Rules state the meeting must be held in August. He stated that next year the Board could vote to change the meeting to July and Mr. Esquivel could take the necessary legal steps to change that meeting.

Ms. Ruiz requested that Mr. Esquivel and staff consider changing the meeting to July for 2021.

Mr. Esquivel stated he will come back to the Board with some options for changing the Annual Meeting.

**7. D Approval of Contract for Independent Public Accountant for FY20 Audit (Action Item)**

Mr. Valerio requested approval of the contract for Independent Public Accountant for the FY20 Audit. He stated NMPSIA is in the second year of a three year price agreement with Kubiak, Melton & Associates and there is no change in compensation from the last fiscal year. Mr. Valerio stated that Kubiak, Melton & Associates has been the auditor for the last four years and the Audit Rule allows for six years with the same auditor.

A motion was made to approve the Contract for Independent Public Accountant for the FY20 Audit with Kubiak, Melton & Associates.

**MOTION:** C. Parrino

**SECONDED:** P. Jaramillo

A roll call vote was taken.

Ms. Vigil called roll:

Mary Parr-Sanchez - Yes  
Chris Parrino, Vice President - Yes  
Alfred Park, Secretary – Yes  
Denise Balderas - Yes  
Tim Crone - Yes  
Pauline Jaramillo - Yes  
David Martinez Jr. – Yes  
Sammy Quintana - Yes  
Trish Ruiz – Yes  
Ricky Williams - Yes  
Dave Willden – Yes

**Vote carried unanimously.**

#### **7. E Approval of Contract for Investment Advisor Services (Action Item)**

Mr. Valerio reported that staff issued an RFP for Investment Advisor Services in April 2020. He stated one response was received from PFM Asset Management. Mr. Valerio stated that the cost will be \$50,000.00 per year which is a decrease of \$5,000.00 per year.

A motion was made to approve the Contract for Investment Advisor Services with PFM Asset Management Inc.

**MOTION:** C. Parrino

**SECONDED:** D. Martinez Jr.

A roll call vote was taken.

Ms. Vigil called roll:

Mary Parr-Sanchez - Yes  
Chris Parrino, Vice President - Yes  
Alfred Park, Secretary – Yes  
Denise Balderas - Yes  
Tim Crone - Yes  
Pauline Jaramillo - Yes  
David Martinez Jr. – Yes  
Sammy Quintana - Yes  
Trish Ruiz – Yes

Ricky Williams - Yes  
Dave Willden – Yes

**Vote carried unanimously.**

Ms. Ellen Clark, PFM thanked the NMPSIA Board and NMPSIA Staff for their continued confidence in PFM.

**8. FINANCIAL MATTERS**

**8. A Financial Reports for April 2020 (Action Item)**

Mr. Patrick Sandoval, NMPSIA Deputy Director/Chief Financial Officer, reviewed the statement of revenues and expenditures for the Employee Benefits Fund for the period 4/1/2020 through 4/30/2020. The Benefits Fund had revenues in the amount of \$27,675,281.67; expenditures in the amount of \$21,147,657.91; resulting in a surplus of 6,527,623.76.

Mr. Sandoval reviewed the statement of revenues and expenditures for the Risk Fund for the period 4/1/2020 through 4/30/2020. The Risk Fund had revenues in the amount of \$7,507,238.09; expenditures in the amount of \$12,433,850.80; resulting in a loss of \$4,926,612.71.

Mr. Sandoval reviewed the statement of revenues and expenditures for the Program Support Fund for the period 4/1/2020 through 4/30/2020. The Program Support Fund had revenues in the amount of \$110,182; expenditures in the amount of \$88,628.50; resulting in a surplus of \$21,553.50.

Mr. Sandoval reviewed the balance sheet for the period 4/1/2020 through 4/30/2020. Program Support had total assets of \$978,475.49, total liabilities of \$92,153.67, and fund equity of \$886,321.82. Employee Benefits had total assets of \$47,431,666.36, ending liabilities of \$27,825,677.92, and fund equity of \$19,605,988.44. Risk had assets of \$93,008,482.27, liabilities of \$102,530,851.72, and a loss of \$9,522,369.45. Total assets for the agency were \$141,418,624.12, and ending liabilities of \$130,448,683.31. Combined fund equity for the agency was \$10,969,940.81.

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

**MOTION:** C. Parrino

**SECONDED:** T. Ruiz

A roll call vote was taken.

Ms. Vigil called roll:

Mary Parr-Sanchez - Yes  
Chris Parrino, Vice President - Yes  
Alfred Park, Secretary – Yes

Denise Balderas - Yes  
Tim Crone - Yes  
Pauline Jaramillo - Yes  
David Martinez Jr. – Yes  
Sammy Quintana - Yes  
Trish Ruiz – Yes  
Ricky Williams - Yes  
Dave Willden – Yes

**Vote carried unanimously.**

## **9. Benefits Matters**

### **9. A COVID-19 Modeling**

Dr. Nura Patani, Segal, reported that Segal has prepared cost impact modeling to look at the impact of COVID-19 on NMPSIA's health claims. She reported with this analysis, the model looks at data from publicly available sources such as information from Segal's national database and insights of clinical experts. Dr. Patani reported this model is intended to look at two avenues of impact; direct cost and savings as a result of executive orders and postponement of elective procedures etc. Dr. Patani reported there has been a significant claims volume drop as a result of elective procedures and other visits being cancelled. She stated this is temporary and Segal does project there will be a return after executive orders are lifted and members begin to reschedule procedures. Dr. Patani reviewed the modeling based on NMPSIA's plan membership and statistical data. She reported there would be approximately 4,000 members tested for COVID-19 and testing costs would be relatively small. She reviewed treatment costs for COVID-19 and stated the impact would be just under \$1.5 million for these direct costs. Dr. Patani stated based on Segal's projections they are expecting expenses in calendar year 2020 will be approximately 3 to 4% lower than they would have been in the absence of the pandemic. She reported that in calendar year 2021 Segal expects expenses to be 0 to 1% higher due to rescheduling of services delayed in calendar year 2020. Dr. Patani stated that this doesn't take into account the delayed care of health conditions. There is a possibility that a member's condition could become worse and require a higher level of care, which would result in high costs. Dr. Patani stated that looking at all of this information including the anticipated savings; Segal is predicting the impact will be a \$19 million reduction for the rest of calendar year 2020. Dr. Patani stated that this will be offset by a projected increase of \$12.3 million in medical expenses in FY21, which would result in a net positive impact of \$7 million. Dr. Patani reviewed the impact on the scenarios that were developed. She reviewed a revised projection incorporating the impacts of COVID-19, and stated that for the end of FY2020 NMPSIA will have a net operating income of a positive \$2.3 million, putting projected fund balance at \$29 million. She stated that with respect to the five-year plan, the starting point is higher. Dr. Patani stated that even though there is a resetting of the fund balance, the differential between the expenses and contributions is still there.



Mr. Parrino reported that when this information was presented at the BAC, it reassured them that the rate increases as they stand should remain in place and we must be fiscally responsible.

**9. B Behavioral Health Plan Design Changes (Action Item)**

Dr. Patani reported on Behavioral Health Plan Design Changes. She reported that questions came up about the Mental Health Parity and Addiction Equity Act of 2008 and the fact that NMPSIA opts out of this provision and has done so historically. She stated Segal looked at modeling some cost sharing changes that would adjust the cost sharing to satisfy the requirements of this act. She reported the law states that if there is a plan that offers mental health and substance abuse services as well as medical and surgical services, then there cannot be restrictions that are more significant on the mental health and substance abuse side than the medical and surgical side. Dr. Patani reviewed the financial cost sharing components and quality components that federal agencies have looked at. She stated Segal's analysis focused on the financial and cost sharing components. Dr. Patani reviewed two scenarios. She reported the first scenario is looking at changes to the low option plan changing the amount members would pay for an office visit or an outpatient facility visit from deductible plus co-insurance to co-pay which would match the PCP copay, resulting in an increase of \$33,000 annually. Scenario two removes all of the other cost sharing restrictions that would be looked at under the parity law including day limits and visit limits that are currently in place for these services. She stated removing these would add additional cost on an annual basis. Total annual cost increase under the second scenario would be \$429,000. Dr. Patani stated NMPSIA can make the plan changes and continue to opt out. She stated if NMPSIA chooses to make the plan changes, the recommendation of Segal is that NMPSIA continue to opt out and look at doing a mental health parity compliance review at a later time if NMPSIA chooses to no longer opt out.

Mr. Parrino reported the BAC reviewed this and agreed that the mental health concern has been going on a long time and goes beyond the current pandemic.

A motion was made to approve Scenario Two and continue opt out of the specific requirements.

**MOTION:** C. Parrino

**SECONDED:** T. Ruiz

A roll call vote was taken.

Ms. Vigil called roll:

Mary Parr-Sanchez - Yes  
Chris Parrino, Vice President - Yes  
Alfred Park, Secretary – Yes  
Denise Balderas - Yes  
Tim Crone- Abstained  
Pauline Jaramillo - Yes  
David Martinez Jr. – Yes

Sammy Quintana - Yes  
Trish Ruiz – Yes  
Ricky Williams - Yes  
Dave Willden – Yes

**Vote carried.**

**9. C Approval of Amendment to Presbyterian Health Plan, Inc. Agreement (Action Item)**

Mr. Valerio requested approval of the Amendment to Presbyterian Health Plan, Inc. Agreement. He stated that this amendment is increasing the compensation from \$93 million to \$97 million for this fiscal year to allow staff to continue to pay claims for the remainder of the fiscal year.

A motion was made to approve the Amendment to Presbyterian Health Plan, Inc. Agreement as presented.

**MOTION:** C. Parrino

**SECONDED:** R. Williams

A roll call vote was taken.

Ms. Vigil called roll:

Mary Parr-Sanchez - Yes  
Chris Parrino, Vice President - Yes  
Alfred Park, Secretary – Yes  
Denise Balderas - Yes  
Tim Crone - Yes  
Pauline Jaramillo - Yes  
David Martinez Jr. – Yes  
Sammy Quintana- Yes  
Trish Ruiz – Yes  
Ricky Williams - Yes  
Dave Willden – Yes

**Vote carried unanimously.**

**9. D Approval of Amendment to Pharmaceutical Benefits Management Services (Action Item)**

Mr. Valerio presented the amendment to Pharmaceutical Benefits Management Services with Express Scripts. He stated this amendment is formalizing the approval by the Board last month to add the Livongo Step In Program and increases the maximum compensation from \$37,000,000.00 to \$40,000,000.00 to pay claims and administrative fees for the remainder of the fiscal year.

A motion was made to approve the amendment to Pharmaceutical Benefits Management Services.

**MOTION:** C. Parrino

**SECONDED:** D. Martinez Jr.

A roll call vote was taken.

Ms. Vigil called roll:

Mary Parr-Sanchez - Yes  
Chris Parrino, Vice President - Yes  
Alfred Park, Secretary – Yes  
Denise Balderas - Yes  
Tim Crone - Yes  
Pauline Jaramillo - Yes  
David Martinez Jr. – Yes  
Sammy Quintana - Yes  
Trish Ruiz – Yes  
Ricky Williams - Yes  
Dave Willden – Yes

**Vote carried unanimously.**

**9. E Approval of Amendment to Pharmaceutical Benefits Management Extended Services Agreement (Action Item)**

Mr. Valerio presented the amendment to Pharmaceutical Benefits Management Extended Services Agreement. He stated this is the contract with SavonSP who is the Specialty Drug Co-Pay Assistance Program provider. This amendment is increasing the total compensation from \$1,035,567.00 to \$1,500,000.00 and will allow staff to continue to pay the contractor through the remainder of the year.

A motion was made to approve the amendment to Pharmaceutical Benefits Management Extended Services Agreement as presented.

**MOTION:** C. Parrino

**SECONDED:** T. Ruiz

A roll call vote was taken.

Ms. Vigil called roll:

Mary Parr-Sanchez - Yes  
Chris Parrino, Vice President - Yes  
Alfred Park, Secretary – Yes  
Denise Balderas - Yes  
Tim Crone - Yes  
Pauline Jaramillo - Yes

David Martinez Jr. – Yes  
Sammy Quintana- Yes  
Trish Ruiz – Yes  
Ricky Williams - Yes  
Dave Willden – Yes

**Vote carried unanimously.**

**9. F Approval of Pharmaceutical Benefits Management Extended Services Agreement (Action Item)**

Mr. Valerio requested approval of the Pharmaceutical Benefits Management Extended Services Agreement. He stated this is the upcoming contract with SavonSP and was procured as a Sole Source Procurement. He stated this is a four-year agreement with a maximum compensation of \$1.75 million dollars per year. Mr. Valerio stated the way that SavonSP works is that they charge 25% of program savings. This program saves NMPSIA approximately \$2.5 million dollars per year.

A motion was made to approve the Pharmaceutical Benefits Management Extended Services Agreement.

**MOTION:** S. Quintana

**SECONDED:** C. Parrino

A roll call vote was taken.

Ms. Vigil called roll:

Mary Parr-Sanchez - Yes  
Chris Parrino, Vice President - Yes  
Alfred Park, Secretary – Yes  
Denise Balderas - Yes  
Tim Crone - Yes  
Pauline Jaramillo - Yes  
David Martinez Jr. – Yes  
Sammy Quintana - Yes  
Trish Ruiz – Yes  
Ricky Williams - Yes  
Dave Willden – Yes

**Vote carried unanimously.**

**9. G 2020-2021 Part-Time Employee Resolutions (Action Item)**

Mr. Valerio presented the following Part-Time Resolutions for review and approval.

Jemez Mountain Public Schools	Standard
Magdalena Municipal Schools	Standard

Penasco Independent Schools	Standard
Roswell Independent Schools	Certified employees only - Non-Standard
Santa Rosa Consolidated Schools	Standard
Springer Municipal Schools	Bus drivers only -Non-Standard
The Great Academy	Standard
Tucumcari Public Schools	Standard

A motion was made to approve the 2020-2021 Par-Time Employee Resolutions as presented.

**MOTION:** C. Parrino

**SECONDED:** D. Martinez Jr.

A roll call vote was taken.

Ms. Vigil called roll:

Mary Parr-Sanchez - Yes  
Chris Parrino, Vice President - Yes  
Alfred Park, Secretary – Yes  
Denise Balderas - Yes  
Tim Crone - Yes  
Pauline Jaramillo - Yes  
David Martinez Jr. – Yes  
Sammy Quintana - Yes  
Trish Ruiz – Yes  
Ricky Williams - Yes  
Dave Willden – Yes

**Vote carried unanimously.**

**9. H Request for Approval for Domestic Partner Benefits from Cooperative Educational Services (Action Item)**

Mr. Valerio presented a request for Approval for Domestic Partner Benefits from Cooperative Educational Services.

A motion was made to approve the request for Approval for Domestic Partner Benefits from Cooperative Educational Services.

**MOTION:** C. Parrino

**SECONDED:** R. Williams

A roll call vote was taken.

Ms. Vigil called roll:

Mary Parr-Sanchez - Yes  
Chris Parrino, Vice President - Yes

Alfred Park, Secretary – Yes  
Denise Balderas - Yes  
Tim Crone - Yes  
Pauline Jaramillo - Yes  
David Martinez Jr. – Yes  
Sammy Quintana - Yes  
Trish Ruiz – Yes  
Ricky Williams - Yes  
Dave Willden – Yes

**Vote carried unanimously.**

### **9. I Interagency Pharmaceuticals Purchasing Council Update**

Mr. Valerio reported that he had a call with the Interagency Pharmaceuticals Purchasing Council last Friday. He reported there was discussion on the possibility of the Council and other governmental agencies putting together a coalition for the purchases of pharmaceuticals. There was discussion on whether or not NMPSIA would be interested in joining. If so, the coalition would go out together on a joint bid for these services. He stated nothing has been formalized at this time, but he will be bringing this back for approval in the future.

### **9. J Wellness Update**

Ms. Katherine Chavez, Benefits and Wellness Operations Manager, NMPSIA, reported on the current wellness opportunities that have been offered to members. She stated as of yesterday there will be a wellness support live initiative from BCBS wellness team members. She reported they will be taking calls every Wednesday from 2 to 3 p.m. answering questions on health and wellbeing matters.

Ms. Chavez provided an update on the Livongo Program. She stated there was a 2.2% increase in this last month of members enrolling in the Diabetes Program and a 3% increase of members enrolling in the Hypertension Program.

Ms. Chavez reported that June is food borne illness and home safety month.

Ms. Chavez stated there are always ongoing initiatives for the health and wellbeing of members.

## **10. Risk Matters**

### **10. A. 1 Claims Comparison**

Mr. Cangiolosi, CCMSI, reported that in the month of May 2020 there were 20 workers' compensation claims and last year there were 36 indemnity and 98 medical claims. He stated there was a significant drop off.

Mr. Cangiolosi reported that for Property & Liability, during the month of May 2020 there were a total of 10 claims vs. 44 for May 2019.

#### **10. A. 2 Property & Liability Monthly Claims Report**

Mr. Steve Vanetsky, CCMSI, reported on the Property & Liability Monthly Claims Report. He stated that for the month of April 2020 there were 375 open claims, 33 new claims and 55 claims were closed. Mr. Vanetsky reported that reserves were at \$52,106,662.24, payments were \$28,487,709.17 for a total of \$80,594,371.41.

#### **10. A. 3 Property & Liability Large Losses**

Mr. Sandoval reported that the Property & Liability Reserves increased by \$6.5 million.

Mr. Sandoval reported there was a bodily injury claim in Taos in the amount of \$89,315.00 and a bodily injury claim in Hobbs in the amount of \$70,000.00.

Mr. Valerio reported that additional lawsuits have brought forth against Gary Gregor.

#### **10. A. 4 Workers' Compensation Monthly Claims Report**

Mr. Jerry Mayo, CCMSI, provided the Workers' Compensation Monthly Claims Report for Districts as of April 30, 2020. He reported that during the month of April there were 935 open claims, 14 claims were re-opened, 38 new claims, and 149 claims were closed. Mr. Mayo reported that reserves were at \$14,948,429.98; payments were \$51,571,052.40; for a total of \$66,519,482.38. Mr. Mayo reported on the Workers' Compensation Monthly Claims Report for Charter Schools as of April 30, 2020. Mr. Mayo reported that during the month of April, there were 32 open claims, 2 claims were re-opened, 3 new claims, and 6 claims were closed. Mr. Mayo reported that reserves were at \$623,046.15; payments were \$1,230,355.78; for a total of \$1,853,401.93.

#### **10. A. 5 Workers' Compensation Large Losses**

There were no large losses to report.

#### **10. B Public Charter Schools of New Mexico's Request to Exit the Authority's Risk Coverages (Action Item)**

Mr. Willden reported that the Public Charter Schools of New Mexico has requested to exit the Authority's Risk Coverages.

Mr. Willden reported that it is the recommendation of the RAC to approve this request.

A motion was made to approve the Public Charter Schools of New Mexico's Request to Exit the Authority's Risk Coverages.

**MOTION:** T. Ruiz

**SECONDED:** C. Parrino

A roll call vote was taken.

Ms. Vigil called roll:

Mary Parr-Sanchez - Yes  
Chris Parrino, Vice President - Yes  
Alfred Park, Secretary – Yes  
Denise Balderas - Yes  
Tim Crone - Yes  
Pauline Jaramillo - Yes  
David Martinez Jr. – Yes  
Sammy Quintana - Yes  
Trish Ruiz – Yes  
Ricky Williams - Yes  
Dave Willden – Yes

**Vote carried unanimously.**

### **10. C Market Update**

Mr. Poms provided a brief market place summary. He reported that on the property side there have been an extraordinarily large number of natural disasters in the last three years. He reported 2017 had the worst recorded number of claims from the frequency and severity standpoint which has significantly impacted the property market. Mr. Poms reported that there have been drastic increases in renewals, reduction of limits as well as increases in deductibles primarily for areas that are prone to hail and wind. He stated New Mexico is one of those areas. Mr. Poms reported on the potential for trillions of dollars in business interruption losses because of COVID-19. He reported most carriers exclude most types of business interruptions based on anything to do with a virus or disease. He stated there are numerous lawsuits that have been filed against insurers. Mr. Poms stated there is potential legislation that may come about that will provide some funding for the loss of revenue that is occurring in just about every type of industry. He reported there is going to be virus exclusions in all property policies. He reported on the liability side, sexual molestation is at the forefront of all of the insurers and re-insurers. There are over \$600 million dollars in sexual abuse claims over the last couple of years and this has really affected the re-insurance community. Mr. Poms stated that it will be very interesting to see how the workers' compensation reacts and pays claims arising out of COVID-19. Mr. Poms stated the industry has been very successful denying disease and virus claims.

Mr. Martinez Jr. questioned what will happen if a student contracts the virus.

Mr. Poms stated students are considered third parties and could file lawsuits against the school. He stated the question will be whether or not the school will be held liable. Mr. Poms stated that all these claims are now excluded by insurers and employers are very reluctant to opening up their doors because of liability.



Mr. Esquivel reported that there are a number of legal questions with respect to this. He stated it would be very difficult to prove where the student contracted the virus and it would be very unlikely we would face liability on such a claim.

Mr. Martinez Jr. asked what if someone contracted the virus and was subject to a 14 day quarantine. He asked if this would fall under workers' compensation or using medical leave.

Mr. Esquivel stated that he does not know how it would be addressed and it might be a district to district policy. He stated he would research it.

Ms. Garcia reported that if they are required to take leave, it would fall under New Families First and Emergency Medical Leave.

Ms. Parr-Sanchez reported she is serving on the school re-entry task force. She stated as she finds out information she will update everyone.

#### **10. D Request to Renew Property/Liability, Equipment Breakdown, Crime and Workers' Compensation Excess Coverages (Action Item)**

Mr. Poms reported this is the time to renew all of the excess insurance. Mr. Poms reported that the RAC recommends the following:

##### Property:

- 1) The specific property limit will remain at \$750,000,000 per occurrence, subject to various sub-limits. Two major sub-limits, Earthquake and Flood, will remain at an annual aggregate limit of \$100,000,000; \$50,000,000 for Flood Zone A, V and all 100-year flood zones. For the perils of earthquake and Flood, there is a \$1,000,000 per unit of insurance deductible.
- 2) The Major Property deductibles are as Expiring \$1,000,000 per occurrence "All Risk" and \$1,500,000 for Wind and Hail Damage
- 3) Recommendation is to renew with APIP (Public Entity Property Insurance Program). This program remains the largest single property placement in the world. Lead reinsurers continue to be Lexington Insurance Company (2019 Best's Rating: A XV), Lloyd's and U.S. domestic underwriters that will provide coverage for the first \$25,000,000 limit. Excess limits up to \$750,000,000 will be placed with London, Bermudian, European and U.S. Domestic markets with all A.M. Best Rated at least A-VII. There are more than two dozen reinsurers that participate in the program. Total Insurable Values (TIV) increased by 3.36%.
- 4) Cyber Liability coverage is included in the Property Program with a limit of liability of \$25,000,000 Annual Aggregate for all NMPSIA members. The higher educational institutions will have a \$5,000,000 limit each, whereas all remaining

members will have a \$2,000,000 limit. The Insurer is Lloyd's of London – Beazley Syndicate 2623 – 263. Coverages include BREACH RESPONSE: \$500,000 Aggregate Limit for each Member; FIRST PARTY LOSS - Business Interruption Loss Resulting from Security Breach: \$2,000,000 Aggregate Limit for each Member, Business Interruption Loss Resulting from System Failure: \$500,000 Aggregate Limit for each Member, Dependent Business Loss Resulting from Security Breach: \$750,000 Aggregate Limit for each Member, Dependent Business Loss Resulting from System Failure: \$100,000 Aggregate Limit for each Member, Cyber Extortion Loss: \$2,000,000 Aggregate Limit for each Member, and Data Recovery Costs: \$2,000,000 Aggregate Limit for each Member. LIABILITY: Data & Network Liability: \$2,000,000 Aggregate Limit for each Member for all Damages and Claims Expenses, Regulatory Defense & Penalties: \$2,000,000 Aggregate Limit for each Member, Payment Card Liabilities & Costs: \$2,000,000 Aggregate Limit for each Member for all Damages and Claims Expenses, Media Liability: \$2,000,000 Aggregate Limit for each Member for all Damages and Claims Expenses; eCRIME: Fraudulent Instruction: \$75,000 Aggregate Limit for each Member, Funds Transfer Fraud: \$75,000 Aggregate Limit for each Member, Telephone Fraud: \$75,000 Aggregate Limit for each Member; CRIMINAL REWARD: \$25,000 Aggregate Limit for each Member; Consequential Reputational Loss: \$50,000 Aggregate Limit for each Member, Computer Hardware Replacement Costs: \$75,000 Aggregate Limit for each Member, Invoice Manipulation: \$100,000 Aggregate Limit for each Member.

Retentions:

- A. \$50,000 Per Occurrence for each Member with TIV up to \$500,000,000 at the time of the loss; 8 hour waiting period for Dependent/ Business Interruption Loss
- B. \$100,000 Per Occurrence for each Member with TIV greater than \$500,000,000 at time of loss; 8 hour waiting period for Dependent/ Business Interruption Loss.

**RAC recommended providing a lower deductible that would mirror their Building Property Deductible. This will greatly assist the small to medium members to maintain a smaller deductible than above.**

- 5) Total Crime limits will remain at \$2,250,000. Excess Crime coverage is insured by Berkley (A.M. Best: A+ XV). Coverage is provided for Employee Theft – Per Loss Coverage; Employee Theft – Per Employee; Forgery or Alteration (Credit, Debit or Charge Cards); Inside the Premises – Theft of Money and Securities; Inside the Premises – Robbery or Safe Burglary of Other Property; Outside the Premises; Computer and Funds Transfer Fraud and Money Orders and Counterfeit Currency
- 6) Terrorism coverage is provided by the Property program. Each member's limit is \$600,000,000 subject to a NMPSIA annual aggregate limit of \$1,400,000,000.

This stand-alone coverage offered to NMPSIA Members is extremely important to maintain.

- 7) Premiums for Property, Auto Physical Damage, Crime, Limited Pollution and Cyber insurance for (expiring program) will be \$25,373,347, which is a 2.01018% increase from expiring. The property rate will increase from \$.095 per \$100 of Property Values to \$.102 (+5.26316%). The rate will increase from \$.095 per \$100 of Property Values to \$.097 (+2.10526%). Property values increasing by 3.36% from \$24,891,102,368 to \$25,787,182,053.
- 8) **Staff would like the Board to provide authority to the Executive Director to continue to negotiate with Poms during the month of June. The premiums will be the maximum amounts charged. In addition, there might be other options from insurers/reinsurers. Any negotiations with Poms and any acceptance by the Executive Director would only yield better terms or lower premiums than stated above. Staff would like the authority to be granted to the Executive Director to bind coverage with the existing reinsurers and/or another, as long as the terms are more favorable to the Authority.**

Excess Liability:

- 1) The specific SIR of 1,000,000 will remain for General Liability, School Board Errors & Omissions and Automobile Liability as expiring. However, Sexual Abuse/Molestation SIR will increase to \$2,000,000 Per Member, Per Occurrence.
- 2) A combined lines Aggregate Attachment Point will increase by \$1,000,000 to \$34,500,000, with an aggregate limit of \$3,000,000. The aggregate includes losses for all Liability, Property and Workers' Compensation coverages.
- 3) Regarding the Primary Liability Policy, we are recommending renewing with the following reinsurers: Great American Insurance Company (2018 Best Rating: A+ XIII), General Reinsurance Corp. (2018 Best rating: A++ XV), Old Republic Insurance Company (2018 Best Rating: A XII), Hudson Insurance Company (Best Rating: A XV) and many Lloyd's of London and Bermuda reinsurers which will all participate in the limit up to **\$35,000,000 in liability limits Per Member, subject to annual aggregates**. In addition, there is a Clash Cover which provides for one SIR that applies to multiple coverage parts in certain circumstances.
- 4) Coverage for Sexual Abuse was written on a "Claims-Made" trigger form with a retroactive Date of July 1, 2006. However, Poms was able to negotiate buying a one-time tail cover to purchase the "claims-made" years from 2006 to current 6 years ago, so Sexual Abuse coverage and all liability coverage triggers have been on an Occurrence basis which corresponds to NMPSIA's MOC. Unfortunately, there is one layer, \$10,000,000 xs \$20,000,000 that will revert to a Claims-Made trigger for Sexual Abuse/Molestation. The Retroactive Date for this layer will be July 1, 2020. All other

layers will remain on an Occurrence Trigger. All reinsurers will exclude Communicable Disease or Virus. There are various versions of the exclusions and we are the process of trying to get them to agree on one exclusion to maintain consistency.

**RAC recommended providing a sub-limit for Communicable Disease or Virus of \$1,000,000. This will be an amendment to Liability MOC**

- 5) Exposures (ADA, # of buses, other vehicles and payroll) increased 3.543%, 3.275%, 8.35% and 3.821% respectfully.
- 6) All the Liability carriers will reinsure NMPSIA's Liability Memorandum of Coverage (MOC).
- 7) Premiums for Liability coverage will be \$16,488,965. This includes costs for specific, aggregate and clash coverages. Premium increases were attributable to the multiple sexual abuse claims. This is an increase of 9.97733%. Due to the increase in exposures the net increase is approximately 6%.
- 8) Renew the self-insured Ltd. Criminal Defense coverage. Losses do not apply toward the liability aggregate. The Ltd. Criminal Defense coverage will be renewed as a stand-alone program. We are recommending the following limits as outlined below:
  - A) Sexual Abuse or Molestation:** A limit of \$30,000 (remains the same) for each and all criminal proceedings brought against the covered person;
  - B) Corporal Punishment:** A limit of \$5,000 when all charges are misdemeanors, or \$15,000 when one or more felony charges are brought against the covered person;
  - C) Assault or Battery:** A limit of \$5,000 when all charges are misdemeanors, or \$15,000 when one or more felony charges are brought against the covered person. Based on favorable loss experience, we are requesting this coverage be renewed for another year.
- 9) Renew the self-insured Ltd. IDEA coverage. Losses do not apply toward the liability aggregate.
- 10) **Staff would like the Board to provide authority to the Executive Director to continue to negotiate with Poms during the month of June. The premiums will be the maximum amounts charged. In addition, there might be other options from insurers/reinsurers. Any negotiations with Poms and any acceptance by the Executive Director would only yield better terms or lower premiums than stated above. Staff would like the authority to be granted to the Executive Director to bind coverage with the existing reinsurers and/or another, as long as the terms are more favorable to the Authority.**

Excess Workers' Compensation:

- 1) Specific SIR of \$1,000,000 will remain as expiring. There is no aggregate coverage.
- 2) Limits are Statutory with a \$2,000,000 Limit for Employers Liability.
- 3) The exposure base (Payroll) increased by 3.821%.
- 4) The premium increased slightly due to the exposure increase from \$591,288 to \$593,194 (+0.322347%), however, the rate increased from \$.03254 to .0373 (+14.6281%) per \$100 in payroll. Charter schools are billed an additional premium (just for the xs work. comp.) when they join NMPSIA. Premium is auditable based on payroll audits.
- 5) Safety National remains the carrier as expiring.

Equipment Breakdown (Voluntary program)

- 1) District deductibles remains at \$2,500.
- 2) Limit of \$200,000,000 each accident will remain as expiring.
- 3) The premium is based on property values, which increased by 3.36%. The rate increased from .001196 to .001242 (+3.84615%) and premiums will increase from \$289,170 to \$315,682 (+9.16831%). This is the maximum premium and would include all Members if they join the voluntary program.
- 4) Liberty Mutual Insurance Company remains the carrier as expiring.

**A motion was made to approve the recommendations as outlined.**

**MOTION:** T. Ruiz

**SECONDED:** D. Martinez Jr.

A roll call vote was taken.

Ms. Vigil called roll:

Mary Parr-Sanchez - Yes  
Chris Parrino, Vice President - Yes  
Alfred Park, Secretary – Yes  
Denise Balderas - Yes  
Tim Crone - Yes  
Pauline Jaramillo - Yes  
David Martinez Jr. – Yes  
Sammy Quintana - Yes  
Trish Ruiz – Yes  
Ricky Williams - Yes  
Dave Willden – Yes

Vote carried unanimously

#### 10. E Title IX Changes Update

Ms. Julia Garcia, Poms & Associates, reported on the Title IX changes. She reported that Title IX has gone through major changes with respect to sexual harassment and sex discrimination claims. Ms. Garcia reported that each district must have Title IX coordinator, investigator, hearing officer, advisors and appeal officers. She stated the recommendation from Poms is that the advisors and appeal officers should be attorneys. Ms. Garcia stated the rules require each district and school that receives federal money to publish a policy by August 14, 2020. The policy must have ten elements. She reviewed all of the elements and requirements in detail.

#### 10. F Loss Prevention Update

Ms. Garcia reported that there has been an increase in requests for online ergo assessments to assess in-home offices. She stated that there are over 1,000 requests in the queue right now.

Ms. Garcia reported that the New Mexico Activities Association (NMAA) agreed with NMPSIA and put items to include two online programs to address reporting child molestation and preventing molestation. She stated this would be for all coaches and volunteers.

Ms. Garcia stated Poms and Associates received 10,000 masks and was out delivering those this week to schools to offset the need for custodial workers and cafeteria workers that have been running out of masks.

Mr. Larry Vigil, Poms & Associates, reported that the NMAA voted last Thursday to allow summer activities on June 15, 2020. He stated they have issued a guidance document that must be followed. He reviewed some of the highlights of the guidance document in detail.

#### 11. Next Meeting Date and Location

Mr. Valerio reported that a Special Board Meeting will be held on June 25, 2020 to address some items before July 1, 2020. Mr. Valerio asked if 10:30 a.m. works for everyone.

Mr. Valerio reported that the next meeting will be August 5<sup>th</sup> and 6<sup>th</sup> in Ruidoso. He stated he will work with Mr. Vigil to get information to provide to the Board with respect to reservations.

#### 13. Adjournment

The NMPSIA Board Meeting was adjourned at 11:19 am.

APPROVED:

 8/20/2020