

**New Mexico  
Public Schools Insurance Authority**



**Board of Directors Meeting  
September 8, 2022**



# 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  
Travis Dempsey, NM Superintendents Association  
Tim Crone, American Federation of Teachers NM  
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, September 08, 2022**

**9:00 a.m.**

### Agenda

**Draft**

- |                           |             |
|---------------------------|-------------|
| 1. Call to Order          | A. Park     |
| 2. Roll Call              | K. Jones    |
| 3. Introduction of Guests | P. Sandoval |

- |  |                              |
|--|------------------------------|
| 4. Citizens to Address the Board <b>(Five-Minute Limit)</b>                                  | A. Park                      |
| 5. Approval of Agenda <b>(Action Item)</b>   | A. Park                      |
| 6. Approval of Minutes <b>(Action Item)</b>  | A. Park                      |
| A. July 21, 2022   |                              |
| B. August 4, 2022  |                              |
| C. August 16, 2022   |                              |
| 7. Administrative Matters  |                              |
| A. Staff Update  | P. Sandoval                  |
| B. COVID-19 Update   | P. Sandoval                  |
| C. IBAC Update   | M. Quintana                  |
| D. Loss Prevention Committee Update  | S. Quintana                  |
| 8. Financial Matters   |                              |
| A. Financial Reports - June 2022 <b>(Action Item)</b>  | M. Quintana                  |
| B. Board Approved Rebalance & Cash Position in June 2022<br>- Rescinded <b>(Action Item)</b> | E. Clark / M. Smith          |
| C. Investment Performance Review for the Quarter ended<br>June 30, 2022 <b>(Action Item)</b> | E. Clark / M. Smith          |
| 9. Risk Matters  |                              |
| A. Risk Fund Actuarial Analysis as of June 30, 2022 <b>(Action Item)</b>                     | A. Hillebrandt /<br>M. Meade |
| B. Workers' Compensation, Property, Liability Claims Audit 2022 <b>(Action Item)</b>         | T. Farley                    |
| C. TPA Reports   |                              |
| 1. Property & Liability Monthly Claims Report  | S. Vanetsky                  |
| 2. Property & Liability Large Losses   | S. Vanetsky                  |
| 3. Workers' Compensation Monthly Claims Report   | J. Mayo                      |
| 4. Workers' Compensation Large Losses  | J. Mayo                      |
| D. Loss Prevention Update  | J. Garcia / L. Vigil         |
| 10. Benefits Matters   |                              |
| A. No Surprises Act Compliance Plan Update - Segal   | N. Patani/A. Dunn            |
| B. Express Scripts, Inc. Pharmacy Benefits Audit 7/1/2018-6/30/2020 - Segal                  | N. Patani/<br>A. Merrick     |

C. Marathon Health

J. Weeks/  
L. Morrissey

11. General Discussion

A. Park

12. Next Meeting Date and Location: Thursday, October 6, 2022 **(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: Inn of the Mountain Gods Resort  
287 Carrizo Canyon Rd.  
Mescalero, NM 88340**

**Virtual: <https://meet.goto.com/325226037>  
Dial in +1 (872) 240-3412  
Access Code: 325-226-037**

**Thursday, July 21, 2022**

**DRAFT**

**1. Call to Order**

Mr. Al Park, NMPSIA Board President, called the NMPSIA Board Meeting to order at 9:02 a.m. on Thursday, July 21, 2022.

**2. Roll Call**

Ms. Natasha Ortiz called roll.

**Board Members Present:**

Al Park, President	In-Person
Chris Parrino, Vice President	In-Person
Pauline Jaramillo, Secretary	In-Person
Denise Balderas	In-Person
Tim Crone	Virtual
Bethany Jarrell	In-Person
K.T. Manis	Virtual
David Martinez, Jr.	Virtual
Sammy Quintana	In-Person
Trish Ruiz	In-Person

**Board Members Absent:**

Daniel Benavidez	Resigned
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**NMPSIA Staff Members Present:**

Martha Quintana, Executive Director	In-Person
Melissa Rael, Financial/HR Manager	In-Person
Katherine Chavez, Benefits/Wellness Operations Manager	In-Person
Claudette Roybal, Chief Procurement Officer	In-Person
Dion Romero, Accountant/ Auditor	In-Person
Kaylei Jones, Benefits Analyst	In-Person
Natasha Ortiz, Financial Specialist	In-Person

**Audience Present:**

Lisa Guevara	BCBSNM	In-Person
Lisa Sullivan	BCBSNM	In-Person
Kevin Sovereign	CCMSI	In-Person
Steve Vanetsky	CCMSI	In-Person
Jerry Mayo	CCMSI	In-Person
Rich Cangioli	CCMSI	In-Person
Louise Carpenter	CCMSI	In-Person
Daniel Warner	Cigna	In-Person
Sam Garcia	Davis Vision	In-Person
Cathy Fenner	Davis Vision	In-Person
Rich Bolstad	Delta Dental	In-Person
Steven Moraga	Delta Dental	In-Person
Kathy Payanes	Erisa Administrative Services	In-Person
Amy Bonal	Erisa Administrative Services	Virtual
Emma Reed	Erisa Administrative Services	Virtual
CS Hwa	Erisa Administrative Services	Virtual
Mike Barrios	Erisa Administrative Services	Virtual
Michelle Alarid	Erisa Administrative Services	Virtual
Martin Esquivel	Esquivel & Howington	In-Person
Lisa Downey	Fort Sumner Municipal Schools	Virtual
Joseph Simon	Legislative Finance Committee	Virtual
David Poms	Poms & Associates	In-Person
Julie Garcia	Poms & Associates	In-Person
Grant Banash	Poms & Associates	Virtual
Kevin McDonald	Poms & Associates	In-Person
Tamie Pargas	Poms & Associates	Virtual
Karen Mestas-Harris	Poms & Associates	Virtual
Larry Vigil	Poms & Associates	In-Person
Keith Witt	Presbyterian Health Plan	In-Person
Steve Valdez	Presbyterian Health Plan	In-Person
Emily Varner	Presbyterian TSG	In-Person
Nura Patani	Segal	In-Person
Melissa Krumholz	Segal	In-Person
Greg Archuleta	The Standard	In-Person
Debby Holt	United Concordia	In-Person
Stephanie Anthony	United Concordia	In-Person

**3. Introduction of Guests**

Mr. Park thanked the entire NMPSIA staff for all their hard work to put the annual meeting together. Additionally, Mr. Park thanked all the dinner sponsors.

Ms. Martha Quintana, Executive Director NMPSIA, noted that Delta Dental, United Concordia and Poms & Associates wanted to introduce their guests at the meeting. Introduced were Steven Moraga-Delta Dental Sales Vice-President, Debby Holt- United Concordia Manager of Account Services, and Kevin McDonald-Poms & Associates Media Manager.

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

There are no citizens to address the Board.

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

Ms. Quintana requested item 8.B. be removed from the agenda until the August 2022 regular meeting.

A motion was made to approve the Agenda as amended.

**MOTION:** T. Ruiz

**SECONDED:** C. Parrino

A roll call vote was taken.

Ms. Natasha Ortiz called roll.

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

**Vote carried unanimously.**

6. **Approval of June 2, 2022 Minutes (Action Item)**

A motion was made to approve the June 2, 2022 Minutes as presented.

**MOTION:** C. Parrino

**SECONDED:** T. Ruiz

A roll call vote was taken.

Ms. Natasha Ortiz called roll.

Al Park, President	Yes
Chris Parrino, Vice President	Yes
Pauline Jaramillo, Secretary	Yes
Denise Baldares	Yes

Daniel Benavidez	Resigned
Tim Crone	Yes
Bethany Jarrell	Yes
K.T. Manis	Yes
David Martinez, Jr.	Yes
Sammy Quintana	Yes
Trish Ruiz	Yes

**Vote carried unanimously.**

**7. Administrative Matters**

**7. A. Open Meetings Act Resolution (Action Item)**

Mr. Martin Esquivel, NMPSIA General Counsel, presented the annual Open Meetings Act Resolution that is updated for the new fiscal year. This Act dictates how we operate with respect to regular, emergency and special meetings. Mr. Esquivel recommend approval of the Open Meetings Act Resolution.

A motion was made to approve the Open Meetings Act Resolution.

**MOTION:** C. Parrino

**SECONDED:** D. Balderas

A roll call vote was taken.

Ms. Natasha Ortiz called roll.

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

**Vote carried unanimously.**

**7. B. Approval of Executive Director, Deputy Director, and Chief Financial Officer Salaries (Action Item)**



Mr. Park reported that there was an impromptu series of emails between Mr. Park, Ms. Ruiz, Mr. Quintana, Mr. Esquivel, and Ms. Quintana to discuss the salaries for the Executive Director, Deputy Director and Chief Financial Officer. To date the Deputy Director and CFO positions are vacant and we are working to fill these positions. The group reviewed the salary levels from 7/2021, 4/2022 with the FY22 COLA and 7/2022 with the FY23 increase. The Board does have discretion over the executive salaries and the proposed salaries may fall short of other similar positions in the State.

Mr. Parrino questioned if they should be increased to meet similar positions. Mr. Esquivel noted that the Board has a discretion of \$5,000-\$10,000. He advised to approve the proposed salaries and noted that the Board may revisit salaries at any time. Mr. Quintana asked if these proposed salaries require DFA approval. Mr. Park advised that the Board has the sole exclusive determination of executive salaries. Ms. Quintana noted that the proposed salaries were part of our FY23 Appropriation Request that was approved by DFA. Ms. Ruiz noted that these salaries are a good starting point, but the Board should make sure that the salaries are competitive for recruiting purposes and recommends the Board revisit this topic in the future.

A motion was made to approve the Executive Director, Deputy Director and Chief Financial Officer salaries as presented.

**MOTION:** T. Ruiz

**SECONDED:** B. Jarrell

A roll call vote was taken.

Ms. Natasha Ortiz called roll.

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

**Vote carried unanimously.**

## 7. C. Staff Update

Ms. Quintana reported that staff reposted for the position of Benefits Program Coordinator, interviewed and on 6/15/2022 extended an offer that was declined. Staff will be advertising for this position again and the position of Risk Program Coordinator as Ms. Pam Vigil will be retiring as of 7/31/2022. NMPSIA wishes Ms. Vigil all the best in her retirement.

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

Ms. Quintana reported COVID-19 data through May 31, 2022. She stated for the month of May there were 4,036 claims with a cost of \$614,312. Since March 2020 there has been a total of 193,998 claims for a total spend of \$40,355,983. Ms. Quintana noted that in June NMPSIA received the \$15,000,000 appropriation from House Bill 2 that will be recorded to fund balance.

**7. E. IBAC Update**

Ms. Quintana reported that the IBAC met on June 8, 2022. Hinge Health presented a comprehensive Digital Muscular Skeletal Clinic Therapy for preventing acute and chronic injury, surgery evaluations, and pre and post surgery rehabilitation. Marathon Health also presented on their advanced primary care and health management system for in-person and virtual care. The month of June was also NMPSIA's last month to chair IBAC and the next chair of IBAC is NMRHCA effective 7/1/2022. Mr. Park requested to invite Marathon Health to present at our September meetings.

**7. F. Loss Prevention Committee Update**

Mr. Quintana reported that the Loss Prevention Committee (LPC) met three weeks ago. In attendance were representatives from the LPC, Mr. Esquivel, PED, NMSBA, NMCEL, Attorney General's Office, NMAA, Poms & Associates and NMPSIA Staff. The committee plans to create a list of 5-6 recommendations to share with the LPC prior to the next Risk Advisory Committee meeting in September. Recommendations will include SAM and school safety for active shooter.

**7. G. Rules and Regulations Committee Update**

Ms. Ruiz commended the committee who has been meeting every two weeks to review the Rules. The committee has finished the review and updates will be sent to Mr. Esquivel for his final review. Mr. Park requested a preview of the changes. Ms. Quintana reported updated definitions, added clarifying language to Loss Prevention, Workers' Compensation, Benefits, and Risk sections and updated for gender neutral references.

**8. Financial Matters**

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

Ms. Quintana presented the Statement of Revenues and Expenditures for period ending May 31, 2022 for the Employee Benefits Fund. She reported revenue of \$27,482,646.73 and expenses of \$25,597,446.31, which resulted in a gain of \$1,885,200.42 for the month of May.

Ms. Quintana presented the Statement of Revenues and Expenditures for period ending May 31, 2022 for the Risk Fund. She reported revenue of \$7,307,699.34 and expenses of \$6,388,526.52, which resulted in a gain of \$919,172.82 for the month of May.

Ms. Quintana presented the Statement of Revenues and Expenditures for period ending May 31, 2022 for the Program Support Fund. She reported revenue of \$118,324.00 and expenses of \$93,709.15 which resulted in a gain of \$24,614.85 for the month of May.

Ms. Quintana presented the Balance Sheet for the Agency for period ending May 31, 2022. Program Support had total assets of \$953,180.94, total liabilities of \$112,804.11 and total fund equity of \$840,376.83. Employee Benefits had total assets of \$40,758,651.82, total liabilities of \$32,290,673.28 and total fund equity of \$8,467,978.54. Risk had total assets of \$108,002,032.43, total liabilities of \$93,076,309.09 and a total fund equity of \$14,925,723.34. Total combined fund equity for the agency was \$24,234,078.71.

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

**MOTION:** P. Jaramillo

**SECONDED:** T. Ruiz

A roll call vote was taken.

Ms. Natasha Ortiz called roll.

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

**Vote carried unanimously.**

**8. B. Fiscal Year 2024 Appropriation Request (Action Item)**

This item was removed from the agenda.

**9. Benefits Matters**

**9. A. Approval of Part-Time Resolution-La Academia de Esperanza (Action Item)**

Ms. Katherine Chavez, Benefits/Wellness Operations Manager NMPSIA, presented a late submission for this Part-Time Resolution. She requested approval of the Part-Time Resolution for La Academia de Esperanza as a Standard resolution.

A motion was made to approve the Part-Time Resolution for La Academia de Esperanza.

**MOTION:** B. Jarrell

**SECONDED:** S. Quintana

A roll call vote was taken.

Ms. Natasha Ortiz called roll.

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

**Vote carried unanimously.**

9. **B. Gallup McKinley County Schools Resolution to Increase Basic Life Benefit Coverage From \$25,000 to \$50,000 (Action Item)**

Ms. Chavez presented the Gallup McKinley County Schools Resolution to Increase Basic Life Benefit Coverage from \$25,000 to \$50,000. She stated that this is a great benefit for employees. Increases to the basic life benefit coverage can be updated at any time. Staff is recommending approval for Gallup McKinley County Schools to increase their Basic Life Benefit Coverage from \$25,000 to \$50,000.

A motion was made to approve the Gallup McKinley County Schools Resolution to Increase Basic Life Benefit Coverage From \$25,000 to \$50,000.

**MOTION:** P. Jaramillo

**SECONDED:** B. Jarrell

A roll call vote was taken.

Ms. Natasha Ortiz called roll.

Al Park, President	Absent
Chris Parrino, Vice President	Yes
Pauline Jaramillo, Secretary	Yes
Denise Baldares	Yes
Daniel Benavidez	Resigned
Tim Crone	Yes
Bethany Jarrell	Yes
K.T. Manis	Yes

David Martinez, Jr.	Yes
Sammy Quintana	Yes
Trish Ruiz	Yes

**Vote carried unanimously.**

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

Ms. Quintana reported that back in April of 2020 the Board approved a temporary waiver of premium payment penalties and extension of the due date by 10 days. She noted that the Benefits Advisory Committee recommended to continue the extended due date of the 20th of each month and that the Temporary Waiver of Premium Payment Penalties be revisited in February of 2023. Mr. Parrino reported that there has not been any abuse of the due date extension.

A motion was made to approve the Temporary Waiver of Premium Payment Penalties with the addition to revisit in February of 2023.

**MOTION:** B. Jarrell

**SECONDED:** S. Quintana

A roll call vote was taken.

Ms. Natasha Ortiz called roll.

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

**Vote carried unanimously.**

**9. D. Scenarios for Possible Benefit Changes for 1/1/2023- Segal**

Dr. Nura Patani, Segal, presented various scenarios for possible benefit changes beginning January 1, 2023. Scenario B reflected the most dramatic plan changes with 6.6% reduction to medical plan benefits. Scenario C was a 4% reduction in medical plan benefits. Scenario D was a 5% reduction. The 6% rate cap does not keep in line with trend, and the scenarios reflect a substantial gap in the amount of premium collected and the number of claims that are being paid out.

Mr. Parrino suggested Scenario D would be a good compromise. Dr. Patani explained Scenario D in detail that shifted out-of-pocket costs to the employee. Mr. Parrino noted that the hope is that this information can be shared with the LFC to realize that holding our premium increases to 6% would have a drastic affect on our members and annual premium increases are necessary. Mr. Park commented that these actions are sending the wrong message to our members. Ms. Jarrell noted that shifting the cost to the employer may cripple some of the smaller schools with tight budgets.

**9. E. NMPSIA Mobile Application Demonstration- Erisa**

Ms. Emma Reed, Web Designer Erisa, presented the new mobile app. Ms. Reed shared the app's capabilities, navigation, and security measures. The mobile app will serve as a convenient resource for members to access their benefits and enrollment information.

Mr. Park asked if Erisa has statistics as to how many employees have downloaded the app. Statistic via Apple and Google Play have not been released yet. Ms. Reed added that she is working on a whole page to be added to the website to advise employees of the app.

**9. F. 2022 NMPSIA Annual Training Update**

Ms. Chavez reported on the 2022 NMPSIA Annual Training which took place on July 12-14. Ms. Quintana gave the Executive Director's message encouraging employers to be accessible to their employees and that NMPSIA aims to empower employers to be a resource to their employees to decrease the disruption to employee's time by sending the employee back to their employer. Ms. Chavez reported an average of 200 attendees per day. Topics included Benefits Enrollment information, Risk Programs, FMLA, Worker's Compensation and Liability Claims. The training was orientated toward benefits and enrollment representatives, payroll representatives as well as risk representatives.

Ms. Chavez reported on dialogue pertaining to the CVS Caremark transition, common challenges and questions as well as how to navigate NMPSIA.com. She reported 33% survey participation immediately after the trainings, which is a high volume. These will be assessed to improve for next year. Ms. Chavez announced offering the training in-person next year with an option to attend virtually as well.

**10. Risk Matters**

**10. A. Approval of Risk Premium Payment Installment Plan (Action Item)**

Ms. Quintana requested approval to grant installment payment plans for employers that request them. In previous fiscal years NMPSIA has allowed schools to pay over a 3-month period when approved. To date only one charter school has asked for an installment plan.

A motion was made to approve the Risk Premium Payment Installment Plan as presented.

**MOTION:** T. Ruiz

**SECONDED:** B. Jarrell

A roll call vote was taken.

Ms. Natasha Ortiz called roll.

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

**Vote carried unanimously.**

**10. B. Temporary Waiver of Risk Premium Payment Penalties (Action Item)**

Ms. Quintana presented that annual Risk premiums are due on August 1st with a 10 day grace period before incurring a 1.5% interest charge for paying late. Last July the Board approved an additional 10-day grace period extension to pay and waive the 1.5% interest penalties. Ms. Quintana requested approval to extend the grace period date to August 20th and waive any penalties incurred by the schools.

A motion was made to approve the Temporary Waiver of Risk Premium Payment Penalties as presented.

**MOTION:** C. Parrino

**SECONDED:** S. Quintana

A roll call vote was taken.

Ms. Natasha Ortiz called roll.

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

**Vote carried unanimously.**

**10. C. Approval 2022-2023 Property MOC Amendment (Action Item)**

Mr. Dave Poms, Poms & Associates, presented a "Member" Retention Schedule to be added to the Property MOC that assigns a cyber retention based on the employer's building values that are provided in the annual Budget Notice with recent values. NMPSIA has a large deductible on property insurance and this schedule will reduce that deductible for this occurrence. The schedule will be applied to the total loss including damages or expenses arising out of any Per Occurrence loss. Once the out-of-pocket retention has been reached the Member retention will default to \$5,000 per occurrence for the remainder of the "Term" of the MOC.

Mr. Park asked how the Member Building Values were calculated. Mr. Poms stated that building values were split into the three categories based on the values at each school.

A motion was made to approve the 2022-2023 Property MOC Amendment as presented.

**MOTION:** C. Parrino

**SECONDED:** T. Ruiz

A roll call vote was taken.

Ms. Natasha Ortiz called roll.

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

**Vote carried unanimously.**

**10. D. Approval Active Shooter Coverage Addition (Action Item)**

Mr. Poms presented that a need arose to secure Deadly Weapons Protection Insurance for our covered employers. He presented statistics of mass shootings across the country and described the policy in detail.



Premium: \$260,400; Policy Limit: \$3,000,000 each and every loss occurrence of a deadly weapon event \$3,000,000 annual aggregate; Deductible: \$10,000 each and every loss occurrence of a deadly weapon event.

Sub-Limits of Liability: Medical Expenses: \$25,000 each eligible person, each and every loss occurrence of a deadly weapon event, \$3,000,000 in the aggregate; Accidental Death & Dismemberment: \$50,000 each eligible person, each and every loss occurrence of a deadly weapon event, \$3,000,000 in the aggregate; Crises Management Services: \$250,000 each and every loss occurrence of a deadly weapon event, \$1,000,000 in the aggregate; Circumstance: Event responder fees will be in addition to the policy limit of liability and aggregate expressed above; Counseling Services: \$250,000 each and every loss occurrence of a deadly weapon even and \$15,000 each deceased person, \$1,000,000 in the aggregate.

A motion was made to approve the Active Shooter Coverage Addition as presented.

**MOTION:** T. Ruiz

**SECONDED:** B. Jarrell

A roll call vote was taken.

Ms. Natasha Ortiz called roll.

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

**Vote carried unanimously.**

#### 10. **E. Approval Claim Procedure Amendment (Action Item)**

Mr. Poms reported that with the approval of the addition of the Active Shooter Coverage/Deadly Weapons Protection Insurance it is necessary to update the CCMSI/Poms claims procedures for incidents as follows:

**Deadly Weapon Protection Insurance** – CCMSI will forward all incidents reported by Members directly to Poms and Associates – Risk Services immediately for processing, but in no case more than twenty – four (24) hours after CCMSI becomes aware of a deadly weapon event. Procedurally, reporting claims to the carrier(s) will be the sole responsibility of Risk Services. Risk Services will electronically (cc) CCMSI and provide Member contact(s) information on all initial reporting correspondence to the carrier(s) to ensure proper record and documentation of files.

A motion was made to approve the Claim Procedure Amendment as presented.

**MOTION:** C. Parrino

**SECONDED:** P. Jaramillo

A roll call vote was taken.

Ms. Natasha Ortiz called roll.

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

**Vote carried unanimously.**

#### 10. **F. Stewardship Report - Loss Analysis Worker's Compensation**

Mr. Rich Cangiolosi, CCMSI, reported on the Worker's Compensation Loss Analysis over the past three years. He noted a drop in claims in 2020 and 2021 due to Covid and virtual learning. The majority of claims incurred ranged from \$10-\$999 and \$1,000-\$4,999 for an average of total claims range of 463 and 330 in the respective claim cost ranges. Claims occur in the first three years of service as employees are new and don't know procedures. Frequency of claims occur in the age range of 55 to 64. The top body part injuries include knees, shoulders and low back area. Causes include strain or lifting injury, fall, slip, trip and fall from ladder or scaffold. Mr. Cangiolosi shared the top five schools with claim costs >\$200,000 and the average legal fees over the three years at \$152,061.

#### 10. **G. TPA Reports**

##### **1. Property & Liability Monthly Claims Report**

Mr. Steve Vanetsky, CCMSI, reported on the Property & Liability Monthly Claims Report for the month of May 2022. There were 381 open claims, 55 new claims and 73 claims were closed. Reserves were at \$38,328,351.19 and payments were \$30,686,000.76 for a total of \$69,014,351.95.

## **2. Property & Liability Large Losses**

Mr. Vanetsky reported high cost large losses for the fiscal year. A grass fire at ENMU, an electrical fire at the Espanola high school gym, severe wind damage at Gallup middle school, wildfire damage at Luna Community College and SAM case settlements on the Gregor cases, two cases at Carinos Charter and two cases at Los Lunas Schools.

## **3. Workers' Compensation Monthly Claims Report**

Mr. Jerry Mayo, CCMSI, provided the Workers' Compensation Monthly Claims Report for Districts as of May 31, 2022. During the month of May there were 960 open claims, 207 new claims, 22 claims were re-opened, and 199 claims were closed. Reserves were at \$14,306,889.60 and payments were \$48,242,355.49 for a total of \$62,549,245.09.

Mr. Mayo reported on the Workers' Compensation Monthly Claims Report for Charter Schools as of May 31, 2022. During the month of May there were 51 open claims, 11 new claims and 14 claims were closed. Reserves were at \$833,174.56 and payments were \$1,926,790.51 for a total of \$2,759,965.07.

## **4. Workers' Compensation Large Losses**

Mr. Mayo reported there was one claim over \$50,000 from Clovis Municipal Schools. An employee tripped over a dolly and incurred a rotator cuff tear. Reserves were increased by a little over \$62,500.

## **10. H. Loss Prevention Update**

Mr. Larry Vigil, Poms & Associates, reported on the Loss Prevention Abatement Report for May and June. In May there was an 83.91% abatement rate for non-capital recommendations and 97.44% abatement rate for non-capital recommendations for June. For fiscal year 2022 there were 3,917 total recommendations and a total of 3,371 corrected recommendations at 86.06% correction rate for the year.

Mr. Vigil shared pictures of a worksite at ENMU showing multiple safety issues and hazards. The project was halted for improper safety measures and securing a qualified contractor to complete the work. This incident will be used as a training example of what "not" to do on building construction projects.

Ms. Julie Garcia, Poms & Associates, presented a report as of June 30, 2022 of schools who have and/or have not taken the Vector Solutions training and which schools have responded to the firm letter of compliance sent in April 2022. Hopes are that the enrollment and completion of the training will increase after the April letter.

Ms. Garcia shared a report on the Uvalde school shooting with new timelines of events and response by law enforcement. There were clear indications that the school perimeter was not secure, doors unlocked, slow notification and lockdown system, miscommunication, protocols not followed, and training ignored. This event could easily be repeated in New Mexico schools. Ms. Garcia shared the training provided to schools by Poms & Associates.

#### 11. General Discussion

Mr. Park ask the Board members to advise staff on their need for printed packets for the meetings.

#### 12. Next Meeting Date and Location: August 2022 Special Meeting (Action Item) Location: Virtual GoTo Meeting

The next meeting date will be August 16, 2022 at 3:30 via GoTo Meeting.

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

**MOTION:** T. Ruiz

**SECONDED:** C. Parrino

A roll call vote was taken.

Ms. Natasha Ortiz called roll.

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

**Vote carried unanimously.**

#### 13. Adjournment (Action Item)

A motion was made to Adjourn the meeting at 11:13 a.m.

**MOTION:** T. Ruiz

**SECONDED:** S. Quintana

A roll call vote was taken.

Ms. Natasha Ortiz called roll.

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

**Vote carried unanimously.**

**APPROVED:**

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Mr. Alfred Park, President

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

Virtual: <https://meet.goto.com/731855477>

Dial in: +1 (408) 650-3123

Access Code: 731-855-477

Thursday, August 04, 2022

**DRAFT**

**1. Call to Order**

Mr. Al Park, NMPSIA Board President, called the NMPSIA Board Special Meeting to order at 4:01 p.m. on Thursday, August 4, 2022. Mr. Park recognized Renee Russ, Superintendent of Clovis Municipal Schools, representing the NM Superintendents Association. Ms. Russ acknowledged her recent appointment to the NMPSIA Board and provided a history of her service to the schools.

**2. Roll Call**

Ms. Martha Quintana called roll.

**Board Members Present:**

Al Park, President	Virtual
Chris Parrino, Vice President	Virtual
Pauline Jaramillo, Secretary	Virtual
Tim Crone	Virtual (Arrived after roll call)
Bethany Jarrell	Virtual
David Martinez, Jr.	Virtual
Sammy Quintana	Virtual
Trish Ruiz	Virtual
Renee Russ	Virtual

**Board Members Absent:**

Denise Balderas  
K.T. Manis

**NMPSIA Staff Members Present:**

Martha Quintana, Executive Director	Virtual
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**Audience Present:**

Hannah Garcia	ENMU Intern	Virtual
Martin Esquivel	Esquivel & Howington	Virtual
Patrick Sandoval	Educational Retirement Board	Virtual

**3. Approval of Agenda (Action Item)**

A motion was made to approve the Agenda as presented.

**MOTION:** S. Quintana

**SECONDED:** C. Parrino

A roll call vote was taken.

Ms. Martha Quintana called roll.

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

**Vote carried unanimously.**

4. **Executive Session to Discuss Limited Personnel Matters to §10-15-1 H (2)  
NMSA 1978 (Action Item)**

A motion was made to enter into Executive Session to Discuss Limited Personnel Matters Pursuant to §10-15-1 H (2) NMSA 1978 at 4:08 p.m.

**MOTION:** D. Martinez, Jr.

**SECONDED:** C. Parrino

A roll call vote was taken.

Ms. Martha Quintana called roll.

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

**Vote carried unanimously.**

A motion was made to exit out of Executive Session at 4:31 p.m. No action was taken while in Executive Session.

**MOTION:** D. Martinez, Jr.

**SECONDED:** P. Jaramillo

A roll call vote was taken.

Ms. Martha Quintana called roll.

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

**Vote carried unanimously.**

5. **Action Items**

5. **A. Executive Director Position (Action Item)**

Mr. Park asked Mr. Patrick Sandoval for any comments. Mr. Sandoval thanked the Board and Ms. Quintana for the opportunity to serve NMPSIA once more. He wanted to let everyone know his goal is to serve NMPSIA, the Board and the membership to the best of his abilities. He announced that he would be appointing Ms. Quintana as Deputy Director effective 8/20/2022.

A motion was made to appoint Mr. Patrick Sandoval to the Executive Director Position effective 8/20/2022.

**MOTION:** T. Ruiz

**SECONDED:** C. Parrino

A roll call vote was taken.

Ms. Martha Quintana called roll.

Al Park, President	Yes
Chris Parrino, Vice President	Yes
Pauline Jaramillo, Secretary	Yes
Denise Baldares	Absent
Tim Crone	Yes



Bethany Jarrell	Yes
K.T. Manis	Absent
David Martinez, Jr.	Yes
Sammy Quintana	Yes
Trish Ruiz	Yes
Renee Russ	Yes

**Vote carried unanimously.**

**5. B. Approval of Deputy Director and Chief Financial Officer Salaries (Action Item)**

Mr. Sandoval recommended that the Deputy Director salary increase to \$130,000 effective 8/20/2022 and the salary for the Chief Financial Officer be increased to a range of \$110,000 to \$115,000. Mr. Quintana asked if there was a change to the Executive Director salary. Mr. Park stated that the Executive Director salary was approved at the July 21, 2022 meeting and would not change.

A motion was made to Approve the Deputy Directory Salary at \$130,000 effective 8/20/2022 and the Chief Financial Officer Salary at a range of \$110,000 to \$115,000.

**MOTION:** T. Ruiz

**SECONDED:** B. Jarrell

A roll call vote was taken.

Ms. Martha Quintana called roll.

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

**Vote carried unanimously.**

**5. C. Approval to Add Executive Administrative Staff Position (Action Item)**

The Board discussed the need for an Executive Administrative Staff position for the NMPSIA executive team. This would relieve the Executive and Deputy Director from these duties to focus on NMPSIA affairs. Mr. Sandoval explained the funding and appropriation process and Ms. Quintana explained the process provided by the State Personnel Office.

A motion was made to Approve to Add an Executive Administrative Staff Position.

**MOTION:** P. Jaramillo

**SECONDED:** C. Parrino

A roll call vote was taken.

Ms. Martha Quintana called roll.

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

**Vote carried unanimously.**

**6. Adjournment (Action Item)**

A motion was made to Adjourn the meeting at 4:50 p.m.

**MOTION:** T. Ruiz

**SECONDED:** C. Parrino

A roll call vote was taken.

Ms. Martha Quintana called roll.

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

**Vote carried unanimously.**

**APPROVED:**

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Mr. Alfred Park, President

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

Virtual: <https://meet.goto.com/555144109>

Dial in: +1 (872) 240-3412

Access Code: 555-144-109

**Tuesday, August 16, 2022**

**DRAFT**

**1. Call to Order**

Mr. Al Park, NMPSIA Board President, called the NMPSIA Board Meeting to order at 4:03 p.m. on Tuesday, August 16, 2022.

**2. Roll Call**

Ms. Natasha Ortiz called roll.

**Board Members Present:**

Al Park, President	Virtual
Chris Parrino, Vice President	Virtual
Pauline Jaramillo, Secretary	Virtual
Denise Balderas	Virtual
Tim Crone	Virtual
Bethany Jarrell	Virtual
David Martinez, Jr.	Virtual
Sammy Quintana	Virtual
Trish Ruiz	Virtual

Mr. Martinez, Jr. asked about Board Member Russ missed on the Roll Call. Mr. Park asked Ms. Quintana to report.

Ms. Martha Quintana, Executive Director NMPSIA, reported that Ms. Renee Russ who represented the NM Superintendents Association resigned from the Board. Ms. Russ felt she could not meet the obligation of the Board meeting schedule and would ask Ms. Bonnie Lightfoot to appoint another representative.

**Board Members Absent:**

K.T. Manis  
Renee Russ

**NMPSIA Staff Members Present:**

Martha Quintana, Chief Financial Officer	Virtual
Claudette Roybal, Chief Procurement Officer	Virtual
Kaylei Jones, Benefits Analyst	Virtual
Natasha Ortiz, Financial Specialist	Virtual

**Audience Present:**

Jerry Mayo	CCMSI	Virtual
Rich Cangiolosi	CCMSI	Virtual
Tamie Pargas	CCMSI	Virtual
Sam Garcia	Davis Vision	Virtual
Rich Bolstad	Delta Dental	Virtual
Patrick Sandoval	Educational Retirement Board	Virtual
CS Hwa	Erisa Administrative Services	Virtual
Kathy Payanes	Erisa Administrative Services	Virtual
Amy Bonal	Erisa Administrative Services	Virtual
Mike Barrios	Erisa Administrative Services	Virtual
Martin Esquivel	Esquivel & Howington	Virtual
Joseph Simon	Legislative Finance Committee	Virtual
David Poms	Poms & Associates	Virtual
Julie Garcia	Poms & Associates	Virtual
Larry Vigil	Poms & Associates	Virtual
Grant Banash	Poms & Associates	Virtual
Karen Mestas-Harris	Poms & Associates	Virtual
Kevin McDonald	Poms & Associates	Virtual
Steve Valdez	Presbyterian	Virtual
Sharon Griffin	Presbyterian - The Solutions Group	Virtual
Nura Patani	Segal	Virtual
Melissa Krumholz	Segal	Virtual
Greg Archuleta	The Standard	Virtual
Stephanie Anthony	United Concordia	Virtual

**3. Introduction of Guests**

Ms. Martha Quintana reported no guests to introduce.

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

No citizens addressed the Board.

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

Ms. Quintana reported no changes to be made to the agenda. A motion was made to approve the Agenda as presented.

**MOTION:** T. Ruiz

**SECONDED:** C. Parrino

A roll call vote was taken.

Ms. Natasha Ortiz called roll.

Al Park, President	Yes
Chris Parrino, Vice President	Yes

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

**Vote carried unanimously.**

## 6. Administrative Matters

### 6. A. Election of Officers (Action Item)

Mr. Park turned over the handling of the election to General Counsel, Mr. Martin Esquivel. Mr. Esquivel detailed the process for the Election of Officers to be as follows: a motion to open nominations for the office of President is to be made. Board members may make nominations without being seconded. Once no further nominations are presented, there will be a motion to close the nomination process. A roll call vote will be taken if the position is contested. The next vote will be for the position of Vice President and finally for Secretary following the same process. Mr. Esquivel requested a motion to open the floor to accept nominations for the office of President.

**MOTION:** T. Ruiz

**SECONDED:** D. Martinez, Jr.

A roll call vote was taken.

Ms. Natasha Ortiz called roll.

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

**Vote carried unanimously.**

Ms. Ruiz nominated Mr. Park to continue to serve as President. There were no further nominations.

A motion was made to close nominations for President.

**MOTION:** C. Parrino

**SECONDED:** D. Martinez, Jr.

A roll call vote was taken.

Ms. Natasha Ortiz called roll.

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

**Vote carried unanimously.**

Due to the fact that the nomination for office of President was uncontested, a vote is not required. Mr. Esquivel announced Mr. Park as President, elected by acclamation.

Mr. Esquivel requested a motion to open the floor to accept nominations for the office of Vice President.

**MOTION:** T. Ruiz

**SECONDED:** B. Jarrell

A roll call vote was taken.

Ms. Natasha Ortiz called roll.

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

**Vote carried unanimously.**

Ms. Ruiz nominated Mr. Parrino for the office of Vice President. There were no further nominations.

A motion was made to close the nomination process.

**MOTION:** S. Quintana

**SECONDED:** D. Martinez, Jr.

A roll call vote was taken.

Ms. Natasha Ortiz called roll.

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

**Vote carried unanimously.**

Due to the fact that the nomination for office of Vice President was uncontested, a vote is not required. Mr. Esquivel announced Mr. Parrino as Vice President.

Mr. Esquivel requested a motion to open the floor to accept nominations for the office of Secretary.

**MOTION:** A. Park

**SECONDED:** C. Parrino

A roll call vote was taken.

Ms. Natasha Ortiz called roll.

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

**Vote carried unanimously.**



Mr. Parrino nominated Ms. Pauline Jaramillo and Mr. Tim Crone nominated Trish Ruiz for the position of Secretary.

A motion was made to close nominations for the position of Secretary.

**MOTION:** A. Park

**SECONDED:** C. Parrino

A roll call vote was taken.

Ms. Natasha Ortiz called roll.

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

**Vote carried unanimously.**

Being that two individuals were nominated for the position of Secretary, Mr. Esquivel requested to conduct the roll call vote of each member to cast their vote for either Ms. Jaramillo or Ms.

A roll call vote was taken.

Ms. Natasha Ortiz called roll.

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

Mr. Esquivel announced that via vote of six to three, Ms. Ruiz has been elected as the Secretary of the Board.

6. **B. Approval of Part-Time Resolution for Southwest Preparatory Learning Center (Action Item)**

Ms. Quintana presented the Part-Time Resolution for the Southwest Preparatory Learning Center. This resolution gives employees working between 15 and 20 hours per week access to all the insurance benefits. The school is asking to approve enrollment through the month of August to be effective October 1, 2022.

A motion was made to approve the Part-Time Resolution for Southwest Preparatory Learning Center.

**MOTION:** C. Parrino

**SECONDED:** P. Jaramillo

A roll call vote was taken.

Ms. Natasha Ortiz called roll.

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

**Vote carried unanimously.**

6. **C. Approval of Domestic Partnership Coverage for Hatch Valley Public Schools (Action Item)**

Ms. Quintana requested approval of Domestic Partnership coverage for Hatch Valley Public Schools. They are requesting approval for the enrollment dates of October 1, 2022 through November 11, 2022 with an effective date of January 1, 2023. If approved, this allows Hatch Valley Public Schools to treat a domestic partner as a spouse and will contribute to that coverage as if they were a spouse.

A motion was made to approve Domestic Partnership Coverage for Hatch Valley Public Schools.

**MOTION:** D. Martinez, Jr.

**SECONDED:** T. Ruiz

A roll call vote was taken.

Ms. Natasha Ortiz called roll.

Al Park, President	Yes
Chris Parrino, Vice President	Yes

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

**Vote carried unanimously.**

**6. D. FY2024 Appropriation Request (Action Item)**

Ms. Quintana presented the Appropriation Request totals as follows: For Program Support NMPSIA is requesting \$1,581,100 which is slightly more than a 4.01% increase to the FY23 Operating Budget. Personnel Services increase of 4.90% is related to fund an Executive Assistant Position. A budgeted vacancy rate of 4% is included. Contractual and other services remain flat.

For Employee Benefits NMPSIA is requesting \$379,346,055 which is a 6.90% increase to the FY23 Operating Budget due to medical trend of 6.5%, claims account for 91.8% of the request, prescription drug trend of 9.0%, and dental trend of 4.0%. Other transfers increased by 4.02% to fund the requested increase to Program Support.

For Risk NMPSIA is requesting \$106,736,013 which is a 22.33% increase to the FY23 Operating Budget due to 5.30% increase to contractual services, 10.57% increase in excess insurance, and 50.47% increase in claims. Claims expense is projected off of the actuarial reports. One reason for the significant increase to claims is the FY23 Operating Budget was reduced by \$9.1 million. Other transfers increased by 4.01% to fund the requested increase to Program Support.

This brings the total of the FY2024 Appropriation Request to \$487,663,167 a 9.93% increase to the FY23 Operating Budget.

A motion was made to approve the FY2024 Appropriation Request as presented.

**MOTION:** D. Balderas

**SECONDED:** C. Parrino

A roll call vote was taken.

Ms. Natasha Ortiz called roll.

Al Park, President	Yes
Chris Parrino, Vice President	Yes
Pauline Jaramillo, Secretary	Yes
Denise Baldares	Yes
Tim Crone	Yes
Bethany Jarrell	Yes
K.T. Manis	Absent

David Martinez, Jr.	Yes
Sammy Quintana	Yes
Trish Ruiz	Yes

**Vote carried unanimously.**

**7. General Discussion**

There are no items for General Discussion.

**8. Next Meeting Date and Location: September 8, 2022 (Action Item)**  
**Location: Poms & Associates, 201 3rd Street Suite 1400, Albuquerque**

Motion to approve the next meeting date and location of September 8, 2022 at Poms & Associates.

**MOTION:** T. Ruiz

**SECONDED:** C. Parrino

A roll call vote was taken.

Ms. Natasha Ortiz called roll.

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

**Vote carried unanimously.**

**9. Adjournment (Action Item)**

A motion was made to adjourn the meeting at 4:35 p.m.

**MOTION:** T. Ruiz

**SECONDED:** S. Quintana

A roll call vote was taken.

Ms. Natasha Ortiz called roll.

Al Park, President	Yes
Chris Parrino, Vice President	Yes

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

**Vote carried unanimously.**

**APPROVED:**

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Mr. Alfred Park, President

# Public Schools Insurance Authority



**Board Meeting**

**Fiscal Year 2022**

**June 2022 Financial Reports**

**September 08, 2022**

**NM Public Schools Insurance Authority**  
**Statement of Revenues and Expenditures - Employee Benefits Fund**  
**From 6/1/2022 Through 6/30/2022**

	Prior Year Current Period Actual	Current Period Actual	Current Period % Change	Prior Year Actual	Current Year Actual	Current Year % Change
<b>Revenue</b>						
Premiums (Health Insurance Assessments)	26,831,386.07	27,347,943.21	1.93	320,299,615.15	326,945,648.79	2.07
Interest Income (Wells Fargo, LGIP)	4,490.51	16,545.20	268.45	80,080.10	61,553.11	(23.14)
Investment Income (SIC)	293,627.61	(1,633,175.55)	(656.21)	5,656,966.53	(4,034,724.69)	(171.32)
Miscellaneous Income (Rx Rebates, Penalties, Subros, Etc)	31,089.49	15,005,860.90	48,166.67	31,089.49	15,046,448.66	48,297.22
Transfers from Other Funds	64,618.15	0.00	(100.00)	64,618.15	0.00	(100.00)
<b>Total Revenue</b>	<u>27,225,211.83</u>	<u>40,737,173.76</u>	<u>49.63</u>	<u>326,132,369.42</u>	<u>338,018,925.87</u>	<u>3.64</u>
<b>Expenditures</b>						
Medical Claims Expense	26,725,270.32	29,731,852.22	11.25	238,032,632.48	265,191,076.60	11.41
Prescription Claims Expense	2,907,354.71	1,433,944.15	(50.68)	41,163,582.34	42,654,795.34	3.62
Dental Claims Expense	1,447,944.07	1,473,768.17	1.78	13,920,497.42	13,513,079.74	(2.93)
Premiums (Life, Vision)	1,060,911.79	1,115,596.25	5.15	12,518,337.80	12,952,217.37	3.47
Claims Administration Fees (Medical, Dental, Rx)	1,488,918.59	2,126,425.59	42.82	17,205,826.12	18,924,801.37	9.99
Contractual Services (Erisa, Segal, Legal, Etc)	218,152.19	211,565.31	(3.02)	2,531,723.93	2,617,988.57	3.41
Other Expenses	12,400.00	0.00	(100.00)	12,840.46	52,200.30	306.53
Transfer to Program Support	58,375.00	59,166.00	1.36	700,500.00	710,000.00	1.36
<b>Total Expenditures</b>	<u>33,919,326.67</u>	<u>36,152,317.69</u>	<u>6.58</u>	<u>326,085,940.55</u>	<u>356,616,159.29</u>	<u>9.36</u>
<b>Net Revenue &amp; Expenditures</b>	<u>(6,694,114.84)</u>	<u>4,584,856.07</u>	<u>(168.49)</u>	<u>46,428.87</u>	<u>(18,597,233.42)</u>	<u>...,155.32)</u>

**NM Public Schools Insurance Authority**  
**Statement of Revenues and Expenditures - Risk Fund**  
**From 6/1/2022 Through 6/30/2022**

	Prior Year Current Period Actual	Current Period Actual	Current Period % Change	Prior Year Actual	Current Year Actual	Current Year % Change
<b>Revenue</b>						
Premiums (Risk Insurance Assessments)	6,922,434.00	7,248,663.00	4.71	83,069,230.00	86,960,480.07	4.68
Interest Income (Wells Fargo, LGIP)	7,424.82	43,663.36	488.07	158,465.01	176,231.77	11.21
Investment Income (SIC)	126,539.36	(1,270,001.96)	(1,103.64)	2,410,539.28	(2,856,839.81)	(218.51)
Transfers from Other Funds	64,618.16	0.00	(100.00)	64,618.16	0.00	(100.00)
<b>Total Revenue</b>	<u>7,121,016.34</u>	<u>6,022,324.40</u>	<u>(15.43)</u>	<u>85,702,852.45</u>	<u>84,279,872.03</u>	<u>(1.66)</u>
<b>Expenditures</b>						
Property - Liability Claims Expense						
Property Claims	534,429.10	2,115,294.38	295.80	9,457,534.33	9,059,134.98	(4.21)
Liability Claims	7,943,404.39	2,320,482.91	(70.79)	17,122,113.82	25,658,006.62	49.85
P-L Provisions for Losses	(10,954,489.36)	(677,853.22)	(93.81)	2,906,851.00	(1,121,726.15)	(138.59)
P-L Excess Recoveries	(7,334,452.06)	(724,536.32)	(90.12)	(8,513,647.42)	(13,031,976.83)	53.07
Total Property - Liability Claims Expense	(9,811,107.93)	3,033,387.75	(130.92)	20,972,851.73	20,563,438.62	(1.95)
Workers' Compensation Claims Expense	(293,329.60)	517,881.69	(276.55)	6,960,823.55	9,317,830.41	33.86
Property Excess Coverage Premium	2,114,445.00	2,779,974.00	31.48	25,373,347.00	28,904,682.00	13.92
Liability Excess Coverage Premium	1,437,243.00	1,628,823.00	13.33	17,246,916.00	19,480,906.00	12.95
Workers' Compensation Excess Coverage Premium	49,432.00	39,098.00	(20.91)	593,194.00	468,767.00	(20.98)
Student Catastrophic Insurance Premium	19,949.00	18,092.00	(9.31)	219,440.77	217,109.47	(1.06)
Equipment Breakdown Insurance Premium	27,585.00	31,280.00	13.39	331,034.60	375,372.60	13.39
Property - Liability Claims Administration Fees	88,095.73	91,147.11	3.46	1,057,148.70	1,093,765.76	3.46
Workers' Compensation Claims Administration Fees	97,306.90	100,680.82	3.47	1,167,682.81	1,208,169.40	3.47
Contractual Services (Erisa, Poms, CCMSI, Legal, Etc)	233,278.68	228,364.32	(2.11)	3,782,337.96	3,939,626.06	4.16
Other Expenses (Training, Etc.)	0.00	0.00	0.00	90.70	0.00	(100.00)
Transfer to Program Support	58,375.00	59,158.00	1.34	700,500.00	709,900.00	1.34
<b>Total Expenditures</b>	<u>(5,978,727.22)</u>	<u>8,527,886.69</u>	<u>(242.64)</u>	<u>78,405,367.82</u>	<u>86,279,567.32</u>	<u>10.04</u>
<b>Net Revenue &amp; Expenditures</b>	<u>13,099,743.56</u>	<u>(2,505,562.29)</u>	<u>(119.13)</u>	<u>7,297,484.63</u>	<u>(1,999,695.29)</u>	<u>(127.40)</u>



**NM Public Schools Insurance Authority**  
**Statement of Revenues and Expenditures - Program Support Fund**  
**From 6/1/2022 Through 6/30/2022**

	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)	116,750.00	118,324.00	1.35	1,401,000.00	1,419,900.00	1.35
<b>Total Revenue</b>	<u>116,750.00</u>	<u>118,324.00</u>	<u>1.35</u>	<u>1,401,000.00</u>	<u>1,419,900.00</u>	<u>1.35</u>
Expenditures						
Contractual Services (Professional, Audit, Legal, Etc)	5,288.74	11,705.68	121.33	72,429.85	77,881.14	7.53
Other Expenses (Travel, Maint., Supplies, Utilities, Etc.)						
Depreciation Expense	6,463.66	6,463.66	0.00	6,463.66	6,463.66	0.00
Other	163,536.41	42,005.12	(74.31)	263,653.85	158,877.32	(39.74)
Total Other Expenses (Travel, Maint., Supplies, Utilities, Etc.)	170,000.07	48,468.78	(71.49)	270,117.51	165,340.98	(38.79)
Per Svc/Ben (Salaries, Fringe Benefits)	104,950.26	68,256.39	(34.96)	1,064,916.30	1,052,437.13	(1.17)
<b>Total Expenditures</b>	<u>280,239.07</u>	<u>128,430.85</u>	<u>(54.17)</u>	<u>1,407,463.66</u>	<u>1,295,659.25</u>	<u>(7.94)</u>
<b>Net Revenue &amp; Expenditures</b>	<u>(163,489.07)</u>	<u>(10,106.85)</u>	<u>(93.82)</u>	<u>(6,463.66)</u>	<u>124,240.75</u>	<u>(2,022.14)</u>

**NM Public Schools Insurance Authority**

**Balance Sheet**

**As of 6/30/2022**

	<b>Program Support</b>	<b>Employee Benefits</b>	<b>Risk</b>	<b>Total</b>
<b>ASSETS</b>				
Cash (Wells Fargo/State Treasurer)	682,836.56	958,009.45	55,301,653.85	56,942,499.86
Short-term Investments (LGIP)	0.00	22,391,280.19	573,966.07	22,965,246.26
Long-term Investments (SIC)	0.00	22,506,003.99	17,455,958.45	39,961,962.44
Receivables (LGIP Int., W/C Excess Carrier)	476.39	78,405.72	23,754,013.11	23,832,895.22
Prepaid Premiums (Risk Excess Coverage)	0.00	0.00	0.00	0.00
Other Assets (Deposits, Furniture, Fxtures, Equip., Etc)	249,846.47	3,667,123.44	256,000.00	4,172,969.91
<b>Total ASSETS</b>	<b>933,159.42</b>	<b>49,600,822.79</b>	<b>97,341,591.48</b>	<b>147,875,573.69</b>
<b>LIABILITIES</b>				
Accounts Payable (Admin Fees)	19,199.37	2,111,125.21	825,550.05	2,955,874.63
Case Reserves (P/L, W/C)	0.00	0.00	34,653,130.15	34,653,130.15
IBNR (Incurred But Not Reported)	0.00	22,924,224.00	49,181,129.00	72,105,353.00
Claims Payable (Medical, Dental, P/L, W/C)	0.00	11,363,935.93	261,621.23	11,625,557.16
Deferred Revenue (Self-Pays, P/L, W/C Premiums)	0.00	94,228.60	0.00	94,228.60
Other (Payroll Taxes, Benefits, Compensated Absences Payable)	83,690.07	54,474.44	0.00	138,164.51
<b>Total LIABILITIES</b>	<b>102,889.44</b>	<b>36,547,988.18</b>	<b>84,921,430.43</b>	<b>121,572,308.05</b>
<b>FUND EQUITY</b>				
Beginning Fund Equity	706,029.23	31,650,068.03	14,419,856.34	46,775,953.60
Net Revenue & Expenditures (Year-to-Date)	124,240.75	(18,597,233.42)	(1,999,695.29)	(20,472,687.96)
<b>Total FUND EQUITY</b>	<b>830,269.98</b>	<b>13,052,834.61</b>	<b>12,420,161.05</b>	<b>26,303,265.64</b>



# New Mexico Public Schools Insurance Authority

## Investment Performance Review For the Quarter Ended June 30, 2022

Client Management Team

PFM Asset Management LLC

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Paulina Woo, Managing Director  
Ellen Clark, Director  
Matt Smith, CFA, Senior Managing Consultant  
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## **Markets and Economy**

	QTD	YTD	1 Year	3 Years	5 Years	7 Years	10 Years
<b>DOMESTIC EQUITY</b>							
S&P 500	-16.10%	-19.96%	-10.62%	10.60%	11.31%	11.14%	12.96%
Russell 3000 Index	-16.70%	-21.10%	-13.87%	9.77%	10.60%	10.43%	12.57%
Russell 1000 Value Index	-12.21%	-12.86%	-6.82%	6.87%	7.17%	7.69%	10.50%
Russell 1000 Growth Index	-20.92%	-28.07%	-18.77%	12.58%	14.29%	13.45%	14.80%
Russell Midcap Index	-16.85%	-21.57%	-17.30%	6.59%	7.96%	8.04%	11.29%
Russell 2500 Index	-16.98%	-21.81%	-21.00%	5.91%	7.04%	7.16%	10.49%
Russell 2000 Value Index	-15.28%	-17.31%	-16.28%	6.18%	4.89%	6.40%	9.05%
Russell 2000 Index	-17.20%	-23.43%	-25.20%	4.21%	5.17%	5.91%	9.35%
Russell 2000 Growth Index	-19.25%	-29.45%	-33.43%	1.40%	4.80%	4.96%	9.30%
<b>INTERNATIONAL EQUITY</b>							
MSCI EAFE (Net)	-14.51%	-19.57%	-17.77%	1.07%	2.20%	2.70%	5.40%
MSCI AC World Index (Net)	-15.66%	-20.18%	-15.75%	6.21%	7.00%	6.98%	8.76%
MSCI AC World ex-USA (Net)	-13.73%	-18.42%	-19.42%	1.35%	2.50%	2.92%	4.83%
MSCI AC World ex-USA Small Cap (Net)	-17.55%	-22.92%	-22.45%	2.94%	2.55%	3.71%	6.22%
MSCI EM (Net)	-11.45%	-17.63%	-25.28%	0.57%	2.18%	2.79%	3.06%
<b>ALTERNATIVES</b>							
FTSE NAREIT Equity REIT Index	-17.00%	-20.20%	-6.27%	4.00%	5.30%	6.74%	7.39%
FTSE EPRA/NAREIT Developed Index	-17.22%	-20.33%	-12.71%	-0.17%	2.90%	3.97%	5.59%
Bloomberg Commodity Index Total Return	-5.66%	18.44%	24.27%	14.34%	8.39%	2.79%	-0.82%
<b>FIXED INCOME</b>							
Blmbg. U.S. Aggregate	-4.69%	-10.35%	-10.29%	-0.94%	0.88%	1.42%	1.54%
Blmbg. U.S. Government/Credit	-5.03%	-11.05%	-10.85%	-0.77%	1.05%	1.63%	1.67%
Blmbg. Intermed. U.S. Government/Credit	-2.37%	-6.77%	-7.28%	-0.16%	1.13%	1.39%	1.45%
Blmbg. U.S. Treasury: 1-3 Year	-0.52%	-3.01%	-3.51%	0.18%	0.90%	0.81%	0.77%
Blmbg. U.S. Corp: High Yield	-9.83%	-14.19%	-12.81%	0.21%	2.10%	3.48%	4.47%
Credit Suisse Leveraged Loan index	-4.35%	-4.45%	-2.68%	2.03%	2.97%	3.31%	3.90%
ICE BofAML Global High Yield Constrained (USD)	-11.38%	-16.72%	-17.65%	-1.86%	0.74%	2.54%	3.77%
Blmbg. Global Aggregate ex-USD	-11.01%	-16.49%	-18.78%	-5.07%	-1.75%	-0.29%	-1.06%
JPM EMBI Global Diversified	-11.43%	-20.31%	-21.22%	-5.22%	-1.19%	1.33%	2.21%
<b>CASH EQUIVALENT</b>							
90 Day U.S. Treasury Bill	0.11%	0.15%	0.17%	0.63%	1.11%	0.87%	0.63%

Source: Investment Metrics. Returns are expressed as percentages. Please refer to the last page of this document for important disclosures relating to this material.

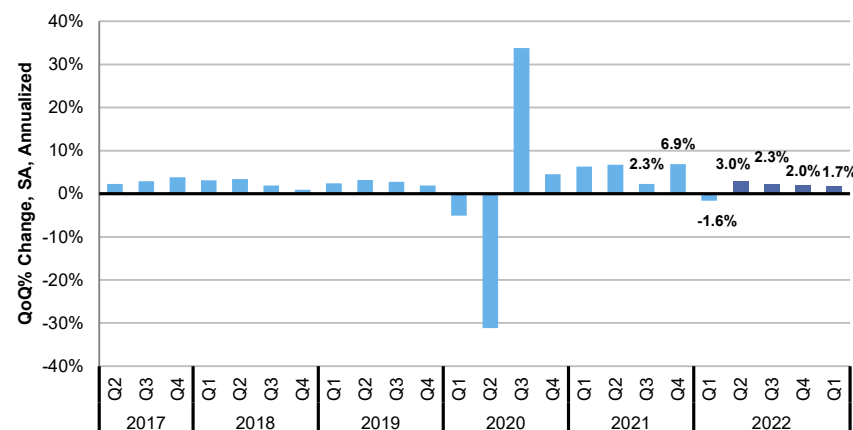
## THE ECONOMY

► The quarter ended with inflation continuing to dominate the conversation, as annual inflation hit new 40-year highs in June. On a year-over-year (YoY) basis, total Consumer Price Index (CPI) was up 9.1%, climbing from the already dizzying rate of 8.6% in May, while core CPI, which excludes food and energy, was up 5.9% versus 6.0% in May. One of the main drivers propelling inflation to these highs is rising rental rates, surging by the most in 36 years at 5.8% YoY, highlighting the home affordability problem from a hot real estate market and the remnants of the rent moratoriums over the past two years. The June flash estimate for headline Euro area annual inflation also shows expectations for more record-breaking at 8.6%, as runaway energy prices continue due to the ongoing conflict. In emerging markets (EM), some countries have seen inflation spiral into double-digit territory. Sri Lanka experienced a 54.6% annual inflation rate in June, amid an economic crisis that led to a breakdown in government which saw the president flee the country.

► To fight this outsized inflation the Federal Reserve (Fed) has been maintaining an aggressive monetary policy stance, raising rates twice during the quarter. The Fed raised rates in May and June, with hikes of 50 basis points (bps) and 75 bps, respectively, making June's hike the most aggressive hike since 1994. Officials were aware of how tightening financial conditions could heighten the downside risks to economic growth. Nonetheless, combatting inflation remained the Fed's top priority, and with the quarter-end inflation coming in at record-breaking levels, we may see the size of July's hike reach as much as 100 bps. The U.S. would not be alone in large rate hikes either. In a surprise move the Bank of Canada raised its benchmark interest rate by 100 bps this July, its biggest in nearly 24 years. The Swiss National Bank also increased its benchmark rate for the first time since 2007 this July, and the European Central bank is set to raise its rates in July for the first time in more than 11 years.

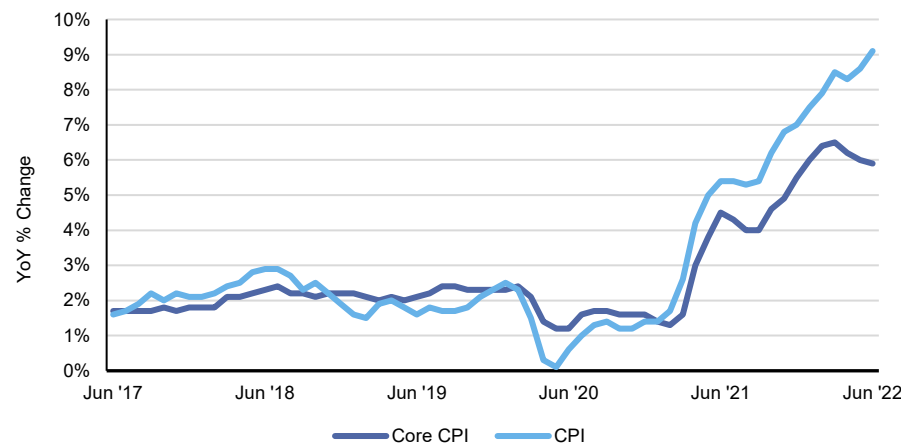
► As monetary policy continues to prioritize inflation, slowing economic growth is a growing secondary risk. Second quarter U.S gross domestic product (GDP) growth was downwardly revised to an annual decrease of 1.6%. In comparison, the International Monetary Fund once again cut its U.S. growth forecast for 2022 from 2.9% to 2.3% and warned that avoiding a recession in the U.S. will be "increasingly challenging." In China, the lingering effects of the pandemic and related COVID-19 lockdowns are still hobbling economic growth, with second quarter GDP growth coming in at only 0.4%, missing expectations that had forecast growth at 1%.

**U.S. Real GDP Growth**  
Seasonally Adjusted (SA)



Source: Bloomberg. Light blue bars indicate actual numbers; dark blue bars indicate forecasted estimates.

**Monthly Inflation Rate**



Source: Bureau of Labor Statistics.

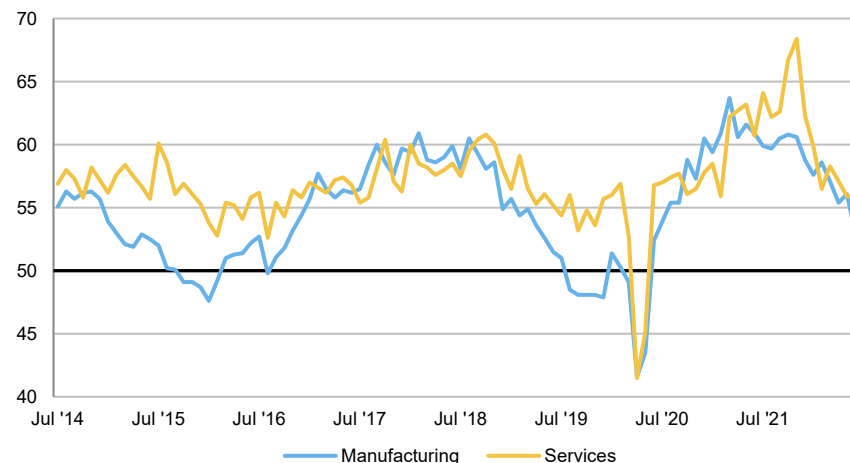
## WHAT WE'RE WATCHING

► The red-hot housing market has finally begun to cool, as demand slows due to decreasing affordability. The National Association of Realtors' housing affordability index fell to near record lows of 102.5 in May, the lowest level since July 2006. This lack of affordability stems, in large part from the increase in mortgage rates, which ended the quarter with the average 30-year fixed-rate of 5.74%, more than twice the 2021 low of 2.65%, which is a byproduct of the Fed increasing rates to battle inflationary pressures. Global markets such as Canada and New Zealand have seen their real estate markets reacting to increases, with New Zealand's house prices falling 2.3% in the second quarter, the most in 13 years as the NZ Reserve Bank is expected to raise its rate to 2.5%. China's housing market has also seen a dramatic cooling, with a rapidly escalating boycott of mortgage payments as Chinese homebuyers across 22 cities are refusing to pay mortgage payments on stalled construction projects.

► As both prices and the risk of a recession continue to rise, consumer confidence continues to fall, leading to a drag on economies globally. In the U.S., consumer spending growth slowed in May, rising just 0.2%, down from 0.9% growth in April. This slowdown comes as June consumer confidence readings hit 16-month lows, decreasing to 98.7 from a downwardly-revised 103.2 reading in May. In the EU, the consumer confidence indicator decreased by 1.9 points from the previous month to -24 in June 2022, the lowest since April 2020.

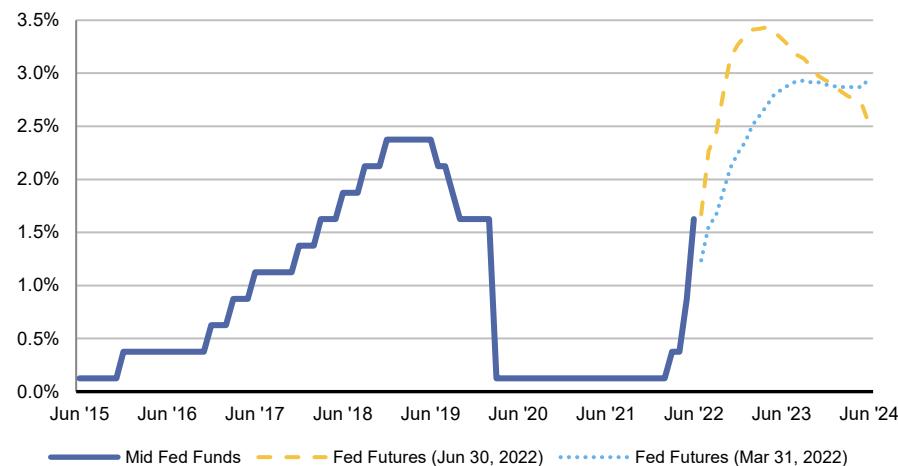
► Global supply chains are still far from recovered, leading to continued shortages and increased prices across a broad range of industries, from automakers to contrast dyes for medical imaging. China's "zero-COVID" lockdown policy led to numerous lockdowns of important manufacturing centers during the quarter and continue to pose a threat as COVID-19 numbers begin to climb once again in cities like Shanghai. The blocked shipments and closed factories caused by shutdowns are still rippling through the system and weighing on companies' bottom lines. For those manufacturers that are open, global ocean freight schedule reliability continues to pose problems with approximately 36% of cargo being delivered on time, less than half of pre-pandemic levels.

ISM Manufacturing & Services PMI



Source: Bloomberg.

Federal Funds Target Rate



Source: Bloomberg.

## DOMESTIC EQUITY

► The S&P 500 Index (S&P) posted a negative return of -16.10% for the quarter as investors weighed the impact of a hawkish Fed solely focused on bringing down inflation, at the cost of growing probability of a recession. Year-to-date (YTD), the S&P has lost 19.96% through June.

► In an environment with Russia's war in Ukraine, COVID-related lockdowns in China, global supply chain issues, high gas prices, and concerns over persistently high inflation, the Consumer Confidence Index fell in June to its lowest level in over a year.

► Within S&P, all 11 sectors ended with negative returns for the quarter. Consumer Discretionary (-26.15%), Communication Services (-20.71%) and Information Technology (-20.24%) were the worst performing sectors, seeing continued volatility and decline from their rich valuations. Defensive sectors and Energy were the best performers over the quarter, with Consumer Staples (-4.62%), Utilities (-5.09%), Energy (-5.29%), and Healthcare (-5.91%) leading the way.

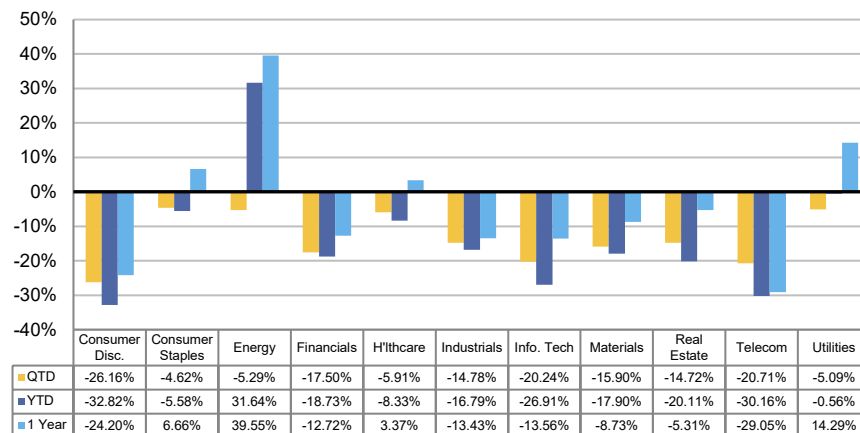
► Value stocks, as represented by the Russell 1000 Value Index, returned -12.21%, outperforming growth stocks, as represented by the Russell 1000 Growth Index, which returned -20.92%. Over the trailing 12 months, the value index has outperformed the growth index by 1195 bps (-6.82% vs. -18.77%).

► Small-caps, as represented by the Russell 2000 Index, returned -17.20% during the quarter, lagging mid- and large-caps. The Russell Mid-cap and Russell 1000 indices returned -16.85% and -16.67%, respectively.

► According to FactSet Earnings Insight, as of July 1, 2022, the expected earnings growth rate for S&P 500 for the quarter is 4.1%. If 4.1% is the actual growth rate for the quarter, it will mark the lowest earnings growth rate reported by the index since Q4 2020 (3.8%). Additionally, according to FactSet Earnings Insight, the Energy sector is expected to be the largest contributor to earnings growth for the S&P 500 for the second quarter. If this sector were excluded, the index would be expected to report a decline in earnings of 3.5% rather than growth in earnings of 4.1%.

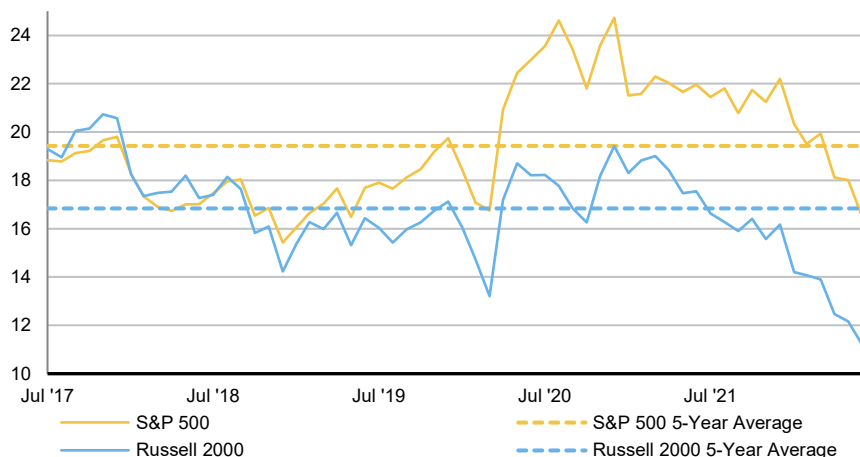
### S&P 500 Index Performance by Sector

Periods Ended June 30, 2022



Source: Bloomberg.

### P/E Ratios of Major Stock Indices\*



Source: Bloomberg.

\*P/E ratios are calculated based on one-year forward estimates and adjusted to include only positive earnings results for consistency.



## NON-U.S. EQUITY

► Equity markets outside of the United States, as measured by the MSCI ACWI ex-U.S. Index, outperformed their U.S. counterparts, returning -13.73% for the quarter and YTD has returned 18.42%. All 11 sectors posted negative returns for the quarter. Energy was the best-performing sector returning -4.71%, followed by Consumer Staples (-7.63%) and Consumer Discretionary (-8.41%), while Information Technology was the worst-performing sector returning -22.62%.

► EM, as represented by MSCI Emerging Market Index, outperformed Developed ex-U.S. Markets, represented by the MSCI EAFE Index, returning -11.45% versus -14.51% for the quarter. EM Asia (-9.34%) was the top performing region over the quarter, benefitting from China's positive return of 3.40% as the economy reopened and government support led to the recent stabilization of Chinese equities. Despite slowing growth concerns and the runup in inflation, Europe slightly outperformed the MSCI EAFE Index, returning -14.17%. Japan and Australia dragged the index down with quarterly returns of -14.60% and -18.08%, respectively.

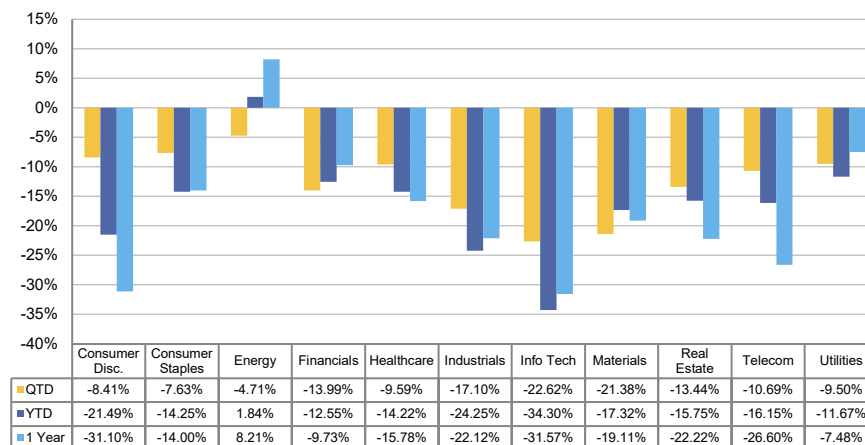
► Geopolitical tensions, inflation pressures, the ongoing war between Russia and Ukraine, and associated sanctions remain major headwinds, offset the asset class's attractiveness given relatively cheap valuations.

► Value stocks outperformed growth stocks for the quarter across the International Equity Markets, a continuation of the trend observed towards the end of last year. MSCI AC World ex-USA Value returned -11.72% versus MSCI AC World ex-USA Growth -15.63%.

► Small-caps, as represented by MSCI ACWI ex-U.S. Small Cap Index, underperformed within the international equity markets, returning -17.55%.

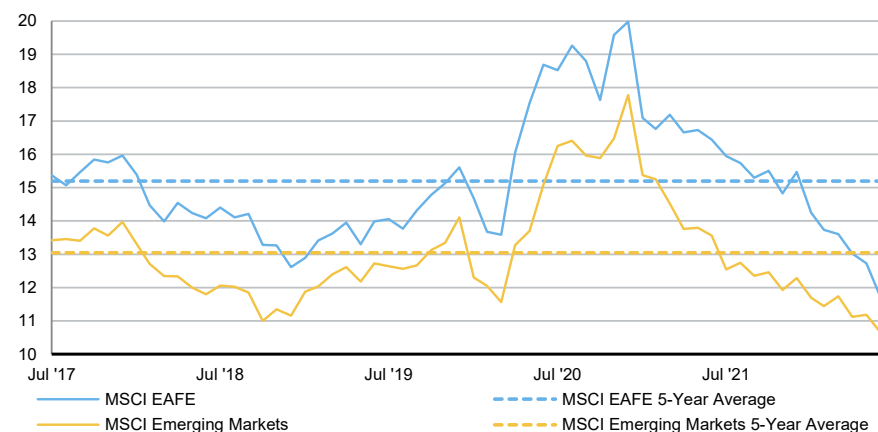
### MSCI ACWI ex-U.S. Sectors

Periods Ended June 30, 2022



Source: Bloomberg.

### P/E Ratios of MSCI Equity Indices\*



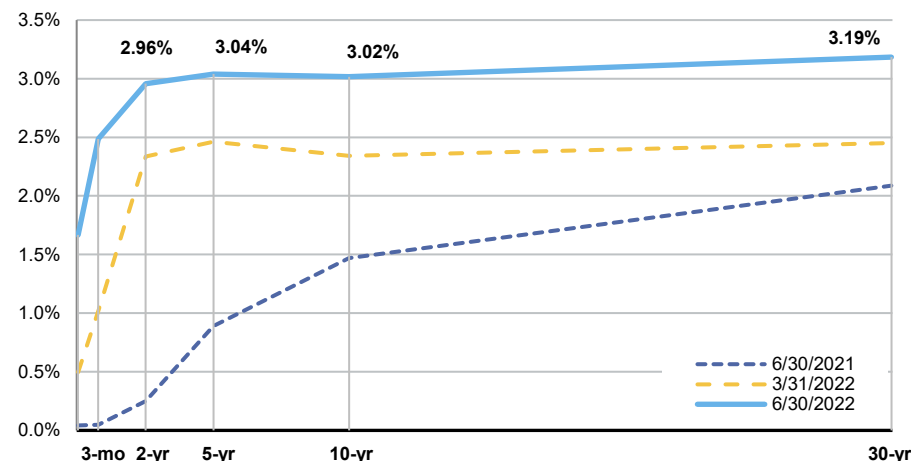
Source: Bloomberg.

\*P/E ratios are calculated based on one-year forward estimates and adjusted to include only positive earnings results for consistency.

## FIXED INCOME

- ▶ The U.S. bond market represented by the Bloomberg U.S. Aggregate (Aggregate) Index had another sharply negative quarter, this time with a 4.69% loss. YTD the Aggregate has lost 10.35% through June.
- ▶ The treasury market sold off again this quarter as the front end of the curve continued to rise on Fed hikes. The back end also rose most of the quarter before getting more of a bid late in June. Yields on the 2- and 5-year treasuries rose about 60 bps each. Further out the curve, the 10-year was as high as 115 bps higher but settled back with a 68 bps increase for the quarter. Meanwhile, the 30-year increased, settling with a 3.19% yield. The Bloomberg U.S. Treasury Index lost 3.77% in total return for the quarter.
- ▶ Corporate credit was sharply negative as the Bloomberg U.S. Corporate Index lost 7.26%, while high yield bonds, as represented by the Bloomberg U.S. Corporate High Yield (HY) Index, sold off 9.83%. Credit spreads widened in these areas +40 and +244bps, respectively. Within HY, the lowest quality (CCC-rated) was the worst performer.
- ▶ The fixed-rate mortgage market, as measured by the Bloomberg U.S. Mortgage-Backed Securities (MBS) Index, had another weak quarter, down 4.01%. Duration extension was a factor as consumers are being priced out of a hot housing market while mortgage rates increased, indicating a cooling period. On the commercial side, the Bloomberg U.S. Agency CMBS Index fell 2.45%.
- ▶ EM USD sovereign bonds, as represented by the JP Morgan EMBI Global Diversified Index, lost 11.43% as inflation and COVID-19 continue to disturb markets. During the quarter, Asia and Middle East markets performed the strongest while Africa was the biggest detractor.

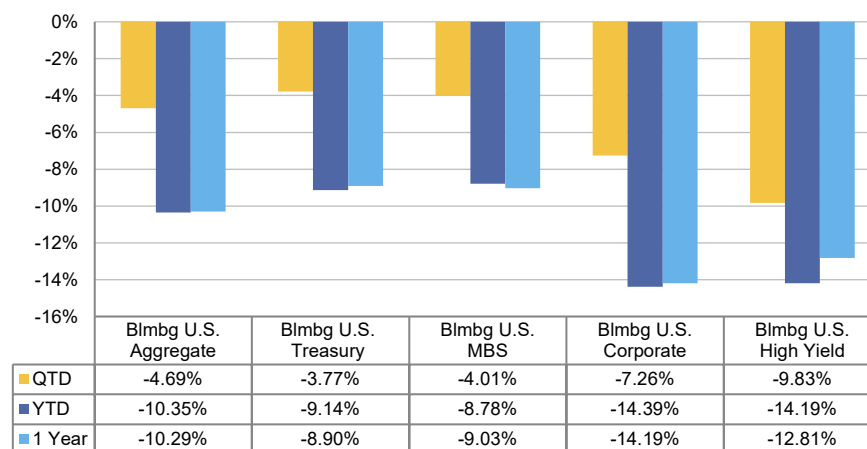
U.S. Treasury Yield Curve



Source: Bloomberg.

Returns for Fixed-Income Segments

Periods Ended June 30, 2022



Source: Bloomberg. "Blmbg BC" is Bloomberg Barclays.

## ALTERNATIVES

► REITs, as measured by the FTSE NAREIT Equity REITs Index, fell 17.00% in the second quarter of 2022 and YTD has returned -20.20%. All major sectors posted negative returns during the second quarter. The best performers were the Diversified and Data Center sectors, which posted returns of -7.54% and -9.69%, respectively. The Office sector, which continues to have structural headwinds, fell 29.39% and was the worst performer during the quarter.

► Private real estate, as measured by the NCREIF Property Index, gained 5.33% in the second quarter of 2022, resulting in a 21.90% return over the last 12-month period. Industrial properties continued to be the top performing sector, with a total return of 10.96% in the second quarter, comprised of 0.84% in income return and 10.13% in appreciation return. Office properties were the worst performers, although the sector still posted a positive total return of 1.60%, comprised of 1.06% in income return and 0.54% in appreciation return.

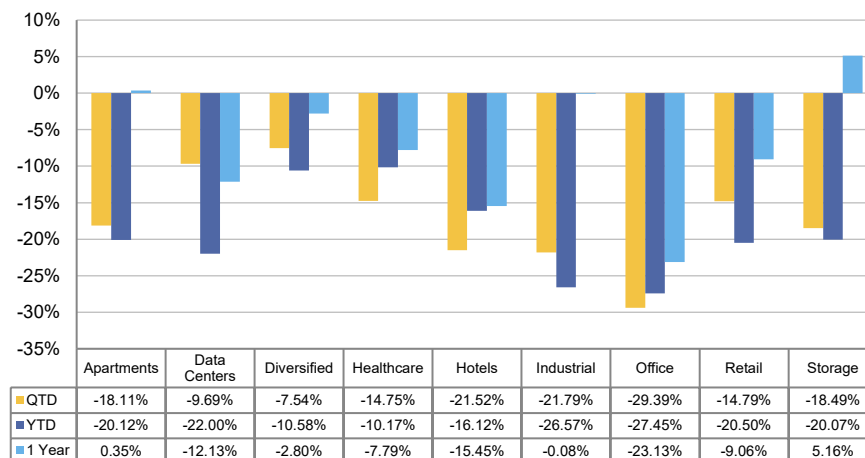
► Hedge fund returns were mostly negative in the second quarter of 2022, with the HFRI Fund Weighted Composite Index returning -4.93%. During the same period, the HFRI Macro (Total) Index gained 2.14%. The HFRI Equity Hedge (Total) Index and the HFRI Fund of Funds Index returned -8.30% and -3.61%, respectively.

► In the second quarter of 2022, private capital fundraising was led by private equity funds, which closed on \$94.8 billion, followed by \$44.8 billion raised by real assets funds, \$28.9 billion raised by private debt funds, and \$17.5 billion raised by private real estate funds. Global private equity dry powder, which accounts for the bulk of private capital dry powder, remains near all-time highs at \$1.78 trillion as of February 2022. According to Cambridge Associates, U.S. private equity generated a return of 23.55% for the five years ended Q4 2021. According to Cliffwater Direct Lending Index, U.S. middle market loans, a proxy for private debt, generated a return of 8.63% for the five years ended Q1 2022.

► Commodity futures, represented by the Bloomberg Commodity Total Return Index, fell 5.66% in the second quarter of 2022. The U.S. Dollar Index (DXY) gained 6.48% over the same period. Gold spot price finished the quarter at \$1,807.27 per ounce, a 6.72% decline over the period. The West Texas Intermediate (WTI) Crude Oil spot price increased 5.47% from \$100.28 to \$105.76 per barrel during the second quarter of 2022.

### FTSE NAREIT Sectors

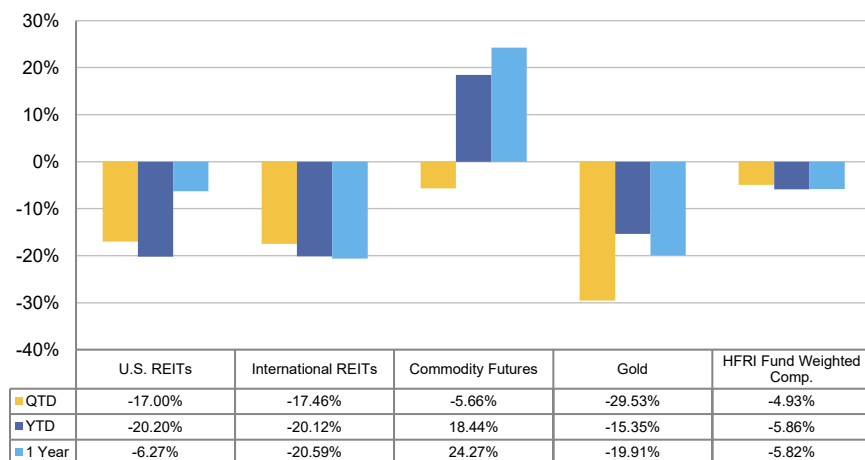
Periods Ended June 30, 2022



Source: Bloomberg.

### Returns for Alternative Assets

Periods Ended June 30, 2022



Sources: Bloomberg and Hedge Fund Research, Inc.

## Benefits Fund - Performance Review

## Asset Allocation &amp; Performance

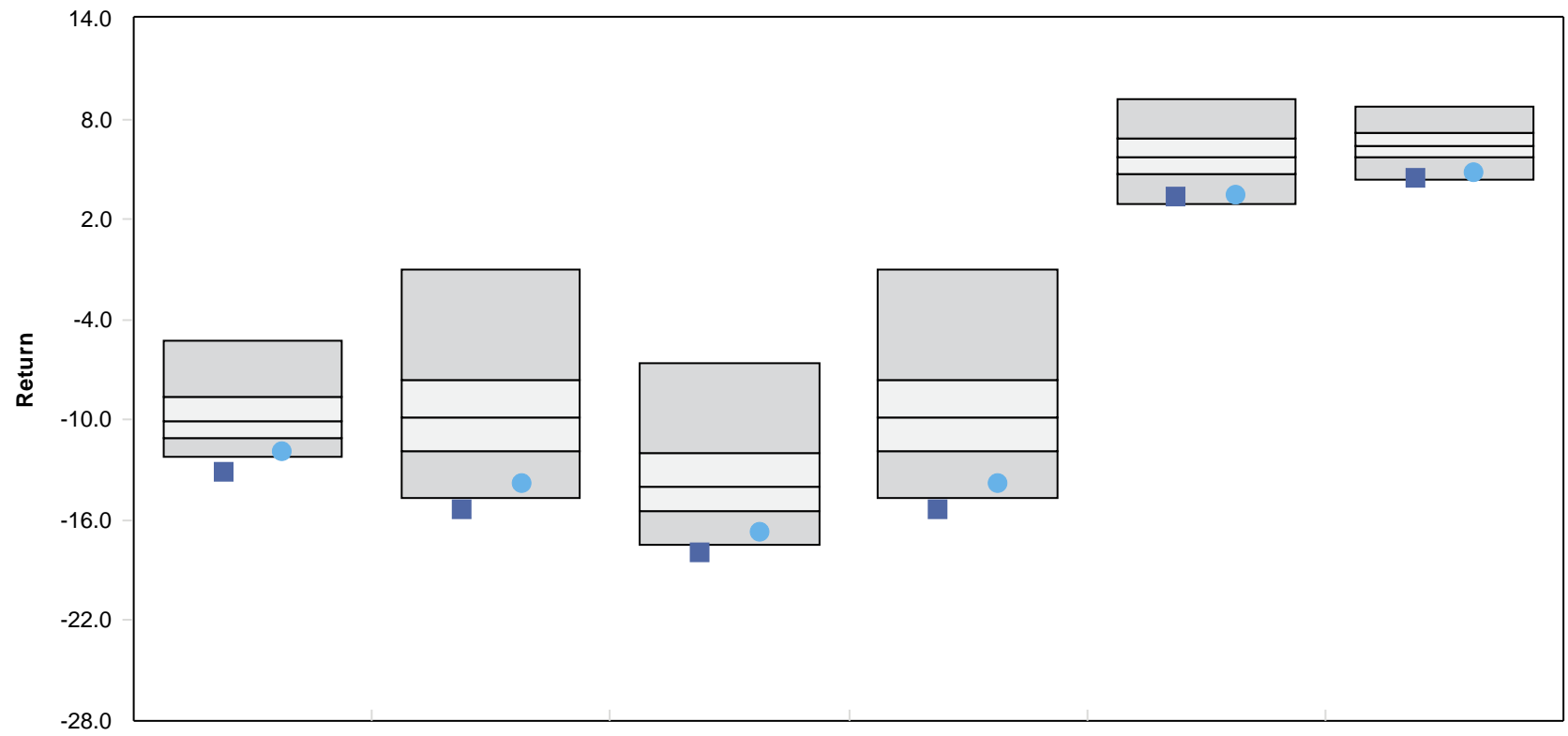
	Allocation		Performance(%)								
	Market Value (\$)	%	1 Quarter	Fiscal YTD	Year To Date	1 Year	3 Years	5 Years	7 Years	Since Inception	Inception Date
<b>Total Fund</b>	<b>22,506,004</b>	<b>100.00</b>	<b>-13.16</b>	<b>-15.30</b>	<b>-17.89</b>	<b>-15.30</b>	<b>3.35</b>	<b>4.53</b>	<b>5.17</b>	<b>4.91</b>	<b>07/01/2014</b>
<i>Blended Benchmark</i>			-11.89	-13.79	-16.74	-13.79	3.42	4.81	5.09	4.93	07/01/2014
<b>Domestic Equity</b>											
Large Cap Index	7,591,629	33.73	-16.64	-12.82	-20.75	-12.82	9.16	10.17	10.31	9.94	07/01/2014
<i>Russell 1000 Index</i>			-16.67	-13.04	-20.94	-13.04	10.17	11.00	10.78	10.35	07/01/2014
Small Mid Cap	2,483,823	11.04	-17.22	-24.53	-23.48	-24.53	5.40	4.35	N/A	9.01	02/01/2016
<i>Russell 2500 Index</i>			-16.98	-21.00	-21.81	-21.00	5.91	7.04	7.16	10.55	02/01/2016
<b>International Equity</b>											
Non US Developed	4,285,193	19.04	-14.71	-16.79	-18.74	-16.79	2.35	3.10	3.55	2.51	07/01/2014
<i>MSCI AC World ex USA (Net)</i>			-13.73	-19.42	-18.42	-19.42	1.35	2.50	2.92	1.86	07/01/2014
Non US Emerging	1,459,493	6.48	-10.66	-25.30	-18.28	-25.30	1.95	2.59	N/A	5.45	12/01/2016
<i>MSCI Emerging Markets Index</i>			-11.34	-25.00	-17.47	-25.00	0.92	2.55	3.16	5.51	12/01/2016
<b>Fixed Income</b>											
Core Plus Bonds	6,685,867	29.71	-6.50	-11.13	-11.53	-11.13	-0.17	1.80	2.51	2.42	07/01/2014
<i>Blmbg. U.S. Aggregate</i>			-4.69	-10.29	-10.35	-10.29	-0.94	0.88	1.42	1.47	07/01/2014

Returns are net of fees.

Returns are expressed as percentages.

## Plan Sponsor Peer Group Analysis

All Public Plans-Total Fund



■ Total Fund  
● Blended Benchmark

	1 Quarter	Fiscal YTD	Year To Date	1 Year	3 Years	5 Years
Total Fund	-13.16 (99)	-15.30 (97)	-17.89 (97)	-15.30 (97)	3.35 (94)	4.53 (95)
Blended Benchmark	-11.89 (92)	-13.79 (92)	-16.74 (89)	-13.79 (92)	3.42 (94)	4.81 (91)
5th Percentile	-5.22	-1.00	-6.61	-1.00	9.17	8.75
1st Quartile	-8.58	-7.57	-11.97	-7.57	6.79	7.19
Median	-10.07	-9.84	-14.00	-9.84	5.69	6.43
3rd Quartile	-11.04	-11.88	-15.49	-11.88	4.71	5.70
95th Percentile	-12.18	-14.70	-17.52	-14.70	2.88	4.36
Population	291	291	291	291	287	277

Parentheses contain percentile rankings.  
Calculation based on monthly periodicity.  
Returns are net of fees and are expressed as percentages.

## Financial Reconciliation

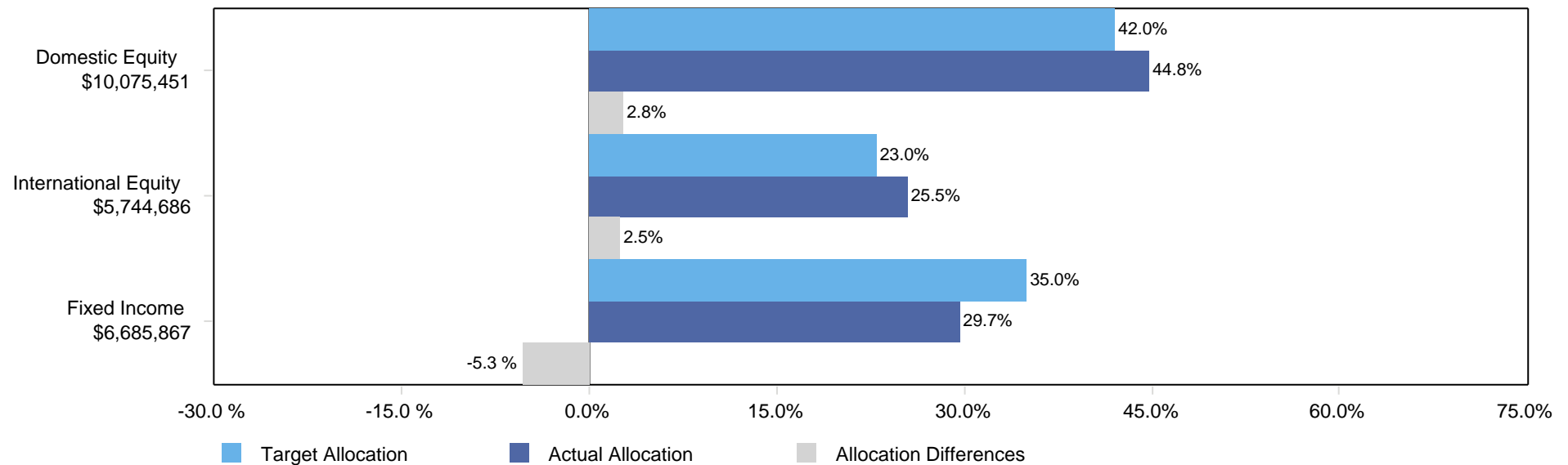
	Market Value As of 04/01/2022	Net Flows	Return On Investment	Market Value As of 06/30/2022
Total Fund	25,916,578	(14,293)	(3,396,280)	22,506,004
Large Cap Index	9,107,447	(482)	(1,515,336)	7,591,629
Small Mid Cap	3,000,441	(6,023)	(510,596)	2,483,823
Non US Developed	5,024,097	(1,007)	(737,897)	4,285,193
Non US Emerging	1,633,612	(930)	(173,189)	1,459,493
Core Plus Bonds	7,150,980	(5,852)	(459,262)	6,685,867

	Market Value As of 07/01/2021	Net Flows	Return On Investment	Market Value As of 06/30/2022
Total Fund	26,569,965	(29,237)	(4,034,725)	22,506,004
Large Cap Index	8,205,900	524,107	(1,138,378)	7,591,629
Small Mid Cap	2,441,044	764,071	(721,292)	2,483,823
Non US Developed	4,560,374	573,084	(848,265)	4,285,193
Non US Emerging	1,236,166	598,374	(375,047)	1,459,493
Core Plus Bonds	10,126,482	(2,488,873)	(951,742)	6,685,867

	Market Value As of 01/01/2022	Net Flows	Return On Investment	Market Value As of 06/30/2022
Total Fund	27,408,146	(21,775)	(4,880,367)	22,506,004
Large Cap Index	9,027,394	524,313	(1,960,078)	7,591,629
Small Mid Cap	2,407,656	766,511	(690,344)	2,483,823
Non US Developed	4,669,807	573,535	(958,149)	4,285,193
Non US Emerging	1,130,027	598,734	(269,268)	1,459,493
Core Plus Bonds	10,173,261	(2,484,867)	(1,002,527)	6,685,867

## Asset Allocation Compliance - Total Fund

	Asset Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)	Differences (%)
<b>Total Fund</b>	<b>100.0</b>	<b>100.0</b>	<b>N/A</b>	<b>N/A</b>	<b>0.0</b>
Domestic Equity	44.8	42.0	27.0	57.0	2.8
International Equity	25.5	23.0	8.0	38.0	2.5
Fixed Income	29.7	35.0	15.0	55.0	-5.3





## Historical Hybrid Composition - Blended Benchmark

Allocation Mandate	Weight (%)
<b>Jul-2014</b>	
Russell 1000 Growth Index	20.0
Russell 1000 Value Index	20.0
Russell 2500 Index	10.0
MSCI EAFE (net)	10.0
Blmbg. Intermed. U.S. Government/Credit	35.0
90 Day U.S. Treasury Bill	5.0
<b>Jul-2015</b>	
Russell 3000 Index	36.0
MSCI AC World ex USA (Net)	19.0
Blmbg. U.S. Aggregate	45.0
<b>Dec-2021</b>	
Russell 3000 Index	42.0
MSCI AC World ex USA (Net)	23.0
Blmbg. U.S. Aggregate	35.0

## Risk Fund - Performance Review

## Asset Allocation &amp; Performance

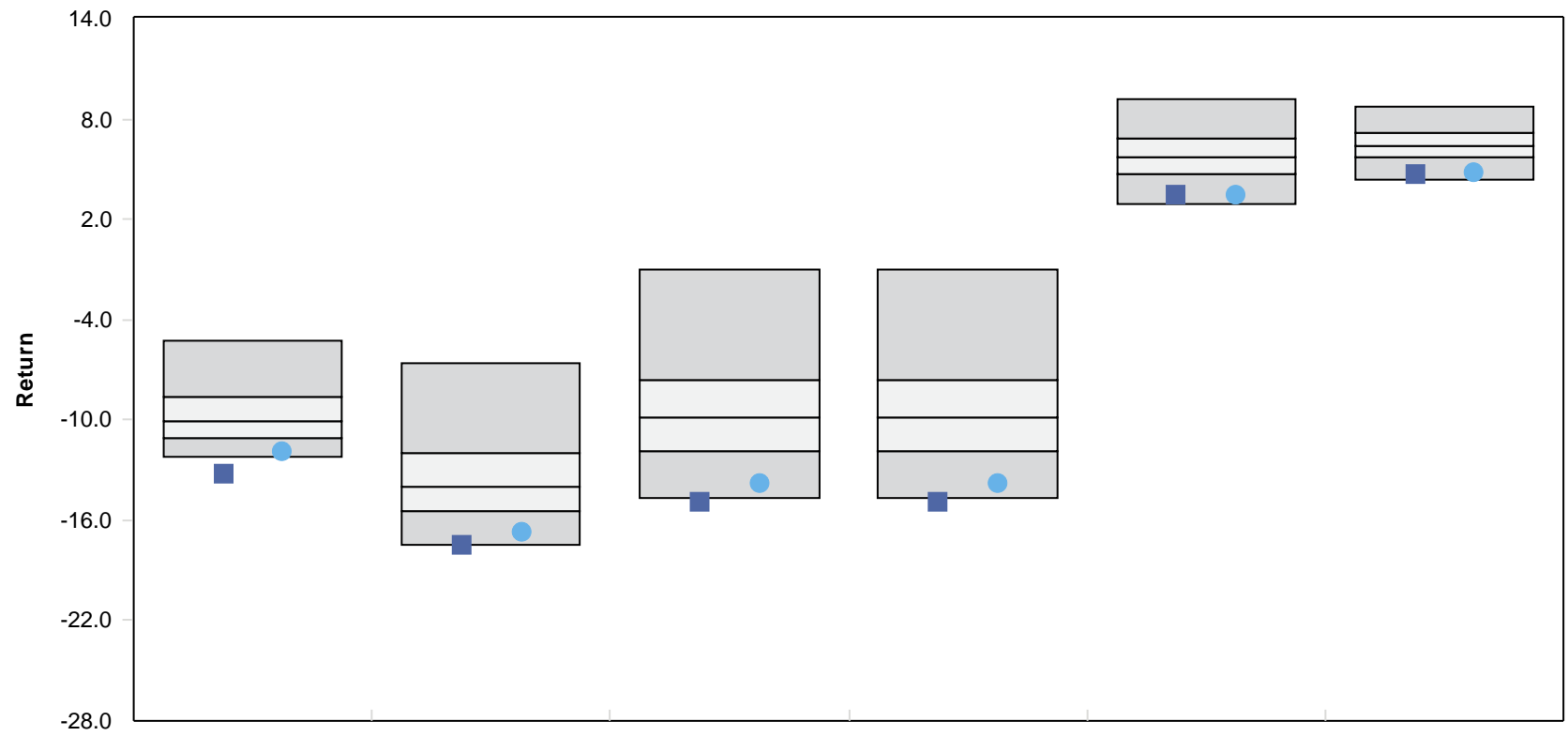
	Allocation		Performance(%)							
	Market Value (\$)	%	1 Quarter	Fiscal YTD	Year To Date	1 Year	3 Years	5 Years	Since Inception	Inception Date
<b>Total Fund</b>	<b>17,455,958</b>	<b>100.00</b>	<b>-13.19</b>	<b>-14.89</b>	<b>-17.49</b>	<b>-14.89</b>	<b>3.51</b>	<b>4.75</b>	<b>4.99</b>	<b>07/01/2014</b>
Blended Benchmark			-11.89	-13.79	-16.74	-13.79	3.42	4.81	4.93	07/01/2014
<b>Domestic Equity</b>										
Large Cap Index	5,935,158	34.00	-16.64	-10.31	-18.47	-10.31	10.20	10.92	10.36	07/01/2014
Russell 1000 Index			-16.67	-13.04	-20.94	-13.04	10.17	11.00	10.35	07/01/2014
Small Mid Cap	1,954,171	11.19	-17.22	-24.14	-23.09	-24.14	5.58	5.04	9.12	02/01/2016
Russell 2500 Index			-16.98	-21.00	-21.81	-21.00	5.91	7.04	10.55	02/01/2016
<b>International Equity</b>										
Non US Developed	3,304,490	18.93	-14.71	-15.91	-17.88	-15.91	2.71	3.30	2.62	07/01/2014
MSCI AC World ex USA (Net)			-13.73	-19.42	-18.42	-19.42	1.35	2.50	1.86	07/01/2014
Non US Emerging	1,133,644	6.49	-10.66	-28.13	-21.38	-28.13	0.69	1.50	3.43	11/01/2016
MSCI Emerging Markets Index			-11.34	-25.00	-17.47	-25.00	0.92	2.55	4.55	11/01/2016
<b>Fixed Income</b>										
Core Plus Bonds	5,128,495	29.38	-6.50	-12.32	-12.72	-12.32	-0.62	1.52	2.25	07/01/2014
Blmbg. U.S. Aggregate			-4.69	-10.29	-10.35	-10.29	-0.94	0.88	1.47	07/01/2014

Returns are net of fees.

Returns are expressed as percentages.

## Plan Sponsor Peer Group Analysis

All Public Plans-Total Fund



■ Total Fund  
● Blended Benchmark

	1 Quarter	Year To Date	Fiscal YTD	1 Year	3 Years	5 Years
Total Fund	-13.19 (99)	-17.49 (95)	-14.89 (96)	-14.89 (96)	3.51 (93)	4.75 (92)
Blended Benchmark	-11.89 (92)	-16.74 (89)	-13.79 (92)	-13.79 (92)	3.42 (94)	4.81 (91)
5th Percentile	-5.22	-6.61	-1.00	-1.00	9.17	8.75
1st Quartile	-8.58	-11.97	-7.57	-7.57	6.79	7.19
Median	-10.07	-14.00	-9.84	-9.84	5.69	6.43
3rd Quartile	-11.04	-15.49	-11.88	-11.88	4.71	5.70
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Population	291	291	291	291	287	277

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## Financial Reconciliation

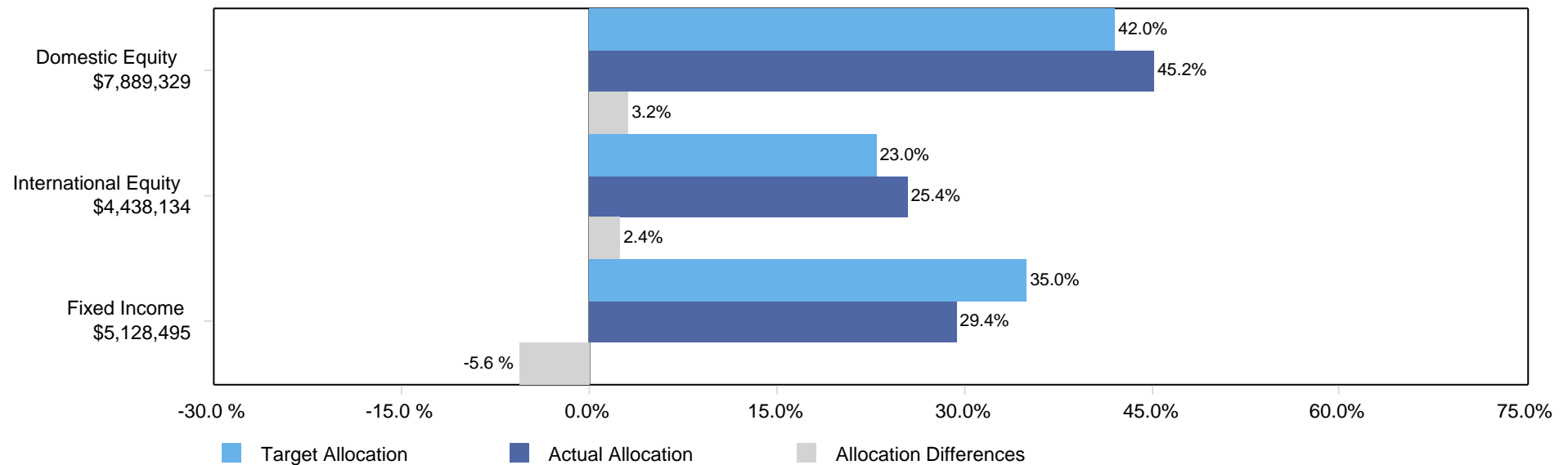
	Market Value As of 04/01/2022	Net Flows	Return On Investment	Market Value As of 06/30/2022
Total Fund	20,109,301	(11,103)	(2,642,240)	17,455,958
Large Cap Index	7,120,229	(377)	(1,184,694)	5,935,158
Small Mid Cap	2,360,626	(4,738)	(401,716)	1,954,171
Non US Developed	3,874,289	(777)	(569,023)	3,304,490
Non US Emerging	1,268,889	(723)	(134,523)	1,133,644
Core Plus Bonds	5,485,268	(4,489)	(352,284)	5,128,495

	Market Value As of 01/01/2022	Net Flows	Return On Investment	Market Value As of 06/30/2022
Total Fund	11,687,778	8,985,690	(3,217,510)	17,455,958
Large Cap Index	3,854,692	3,349,536	(1,269,069)	5,935,158
Small Mid Cap	1,034,002	1,394,202	(474,033)	1,954,171
Non US Developed	1,946,700	1,999,032	(641,242)	3,304,490
Non US Emerging	476,012	849,136	(191,504)	1,133,644
Core Plus Bonds	4,376,373	1,393,784	(641,661)	5,128,495

	Market Value As of 07/01/2021	Net Flows	Return On Investment	Market Value As of 06/30/2022
Total Fund	11,330,306	8,982,492	(2,856,840)	17,455,958
Large Cap Index	3,503,914	3,349,448	(918,204)	5,935,158
Small Mid Cap	1,048,341	1,393,155	(487,324)	1,954,171
Non US Developed	1,901,080	1,998,845	(595,435)	3,304,490
Non US Emerging	520,722	848,984	(236,062)	1,133,644
Core Plus Bonds	4,356,249	1,392,061	(619,814)	5,128,495

## Asset Allocation Compliance - Total Fund

	Asset Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)	Differences (%)
<b>Total Fund</b>	<b>100.0</b>	<b>100.0</b>	<b>N/A</b>	<b>N/A</b>	<b>0.0</b>
Domestic Equity	45.2	42.0	27.0	57.0	3.2
International Equity	25.4	23.0	8.0	38.0	2.4
Fixed Income	29.4	35.0	15.0	55.0	-5.6



## Historical Hybrid Composition - Blended Benchmark

Allocation Mandate	Weight (%)
<b>Jul-2014</b>	
Russell 1000 Growth Index	20.0
Russell 1000 Value Index	20.0
Russell 2500 Index	10.0
MSCI EAFE (net)	10.0
Blmbg. Intermed. U.S. Government/Credit	35.0
90 Day U.S. Treasury Bill	5.0
<b>Jul-2015</b>	
Russell 3000 Index	36.0
MSCI AC World ex USA (Net)	19.0
Blmbg. U.S. Aggregate	45.0
<b>Dec-2021</b>	
Russell 3000 Index	42.0
MSCI AC World ex USA (Net)	23.0
Blmbg. U.S. Aggregate	35.0

## IMPORTANT DISCLOSURES

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## **Actuarial Presentation to NMPSIA**

September 7-8, 2022

# Outline of Presentation

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- Case Reserve Increases on Property Claims After 6/30/2022
- Actual vs. Expected Loss Development 12/31/2021-6/30/2022
  - Drivers of Favorable Development
- Ultimate Loss Trends
- Frequency / Severity / Loss Cost Trends
  - Workers Compensation
  - General Liability
- Summary of Results of 6/30/2022 analysis

# Case Reserve Increases on Property Claims After 6/30/2022

- 2021/2022 hail claim 22H01K265075 (occurrence # 500032134)
  - At 6/30/2022 = \$148,000; After 6/30 – excess of \$2.5M SIR (wind/hail claims)
- 2021/2022 lightning claim 21H01J897135
  - At 6/30/2022 = \$299,123; After 6/30 – excess of \$1M SIR (all other claims)
- IBNR adjustments in funding and reserve exhibits to account for case increases

		21H01J897135			22H01K265075*			
Layer	Layer Retention	Incurred Loss @6/30/2022	IBNR Added to Layer	Incurred @6/30 incl. Added IBNR	Layer Retention	Incurred Loss @6/30/2022	IBNR Added to Layer	Incurred @6/30 incl. Added IBNR
Funding Primary	0-250K	250,000	0	250,000	0-250K	148,000	102,000	250,000
Funding Excess	250K-1.0M	299,123	450,877	750,000	250K-2.5M	148,000	2,102,000	2,250,000
Reserves	0-1.0M	299,123	700,877	1,000,000	0-2.5M	148,000	2,352,000	2,500,000

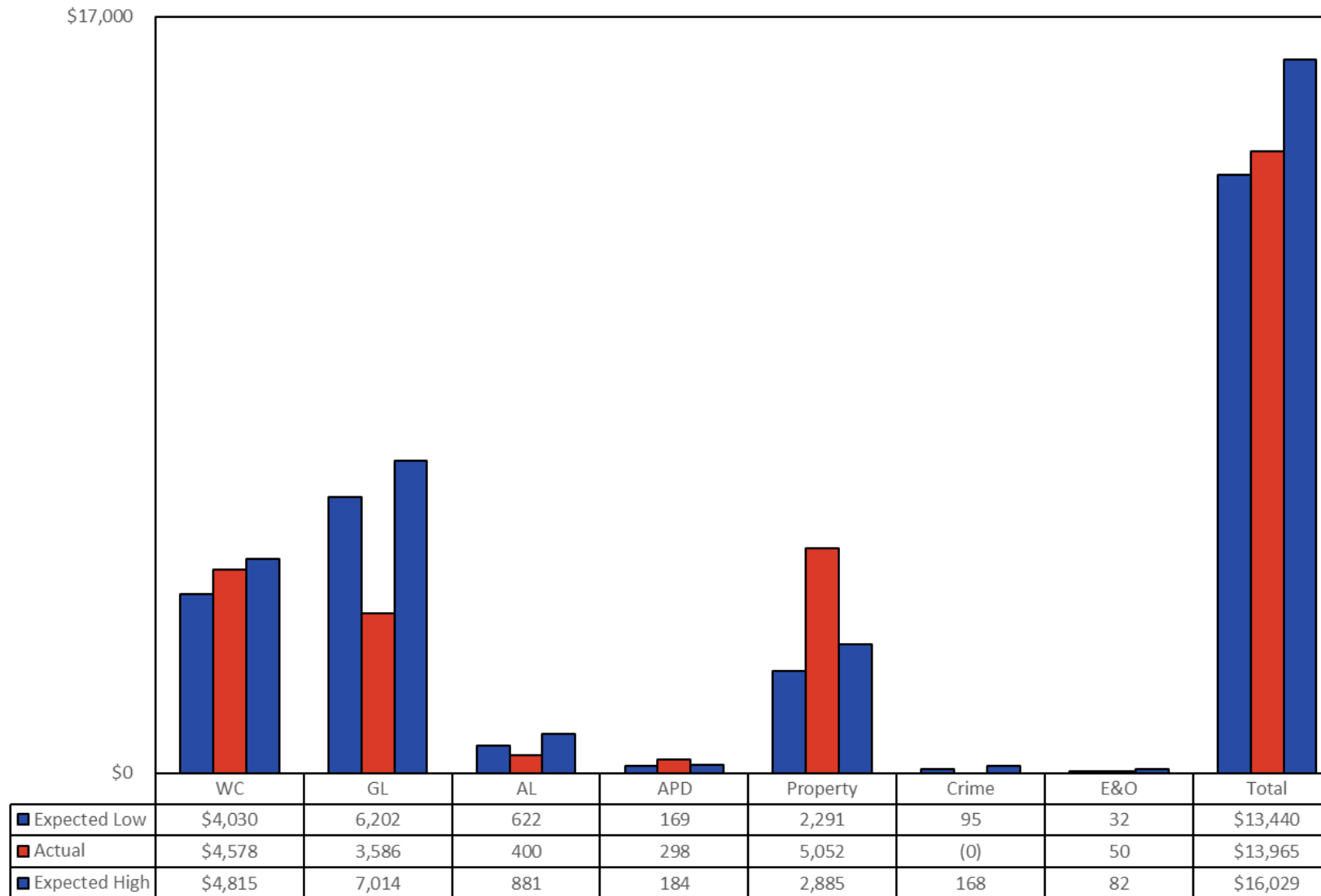
\* Wind/Hail claim; includes total losses for occurrence # 500032134

# Actual vs. Expected Loss Development

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- 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 6/30/2022



# Claims with Large Development – Property

Property	as of 12/31/2021			as of 6/30/2022			Development 12/31/2021 - 6/30/2022		
Claim Number	Total Paid	Total Case	Total Incurred	Total Paid	Total Case	Total Incurred	Total Paid	Total Case	Total Incurred
1	52,979	294,021	347,000	330,867	318,133	649,000	277,887	24,113	302,000
2	9,667	196,614	206,280	240,238	216,042	456,280	230,572	19,428	250,000
3	0	38,300	38,300	5,623	293,500	299,123	5,623	255,200	260,823
4	22,015	282,785	304,800	897,654	102,346	1,000,000	875,639	(180,439)	695,200
5	0	200,000	200,000	0	743,000	743,000	0	543,000	543,000
6	0	0	0	211,168	71,432	282,600	211,168	71,432	282,600
7	0	0	0	89,592	910,408	1,000,000	89,592	910,408	1,000,000

Property			
Claim Number	Year	Description	Cause
1	2020/21	Electrical fire at bus barn: Building.	FIRE - ELECTRICAL
2	2020/21	Hail damage.	HAIL DAMAGE
3	2021/22	Lightning damage.	LIGHTNING
4	2021/22	Electrical fire.	ELECTRICAL FIRES
5	2021/22	Wind blew off roof at the MS.	WIND DAMAGE
6	2021/22	Water line rupture.	WATER FREEZE PLUMB / HTG / AIR
7	2021/22	Property fire.	FIRE

Note: Claim #3 is large lightning claim with case reserve increase after 6/30/2022; actual vs. expected excludes additional IBNR for property claims  
Claim numbers are placeholders and do not reflect actual NMPSIA claim numbers

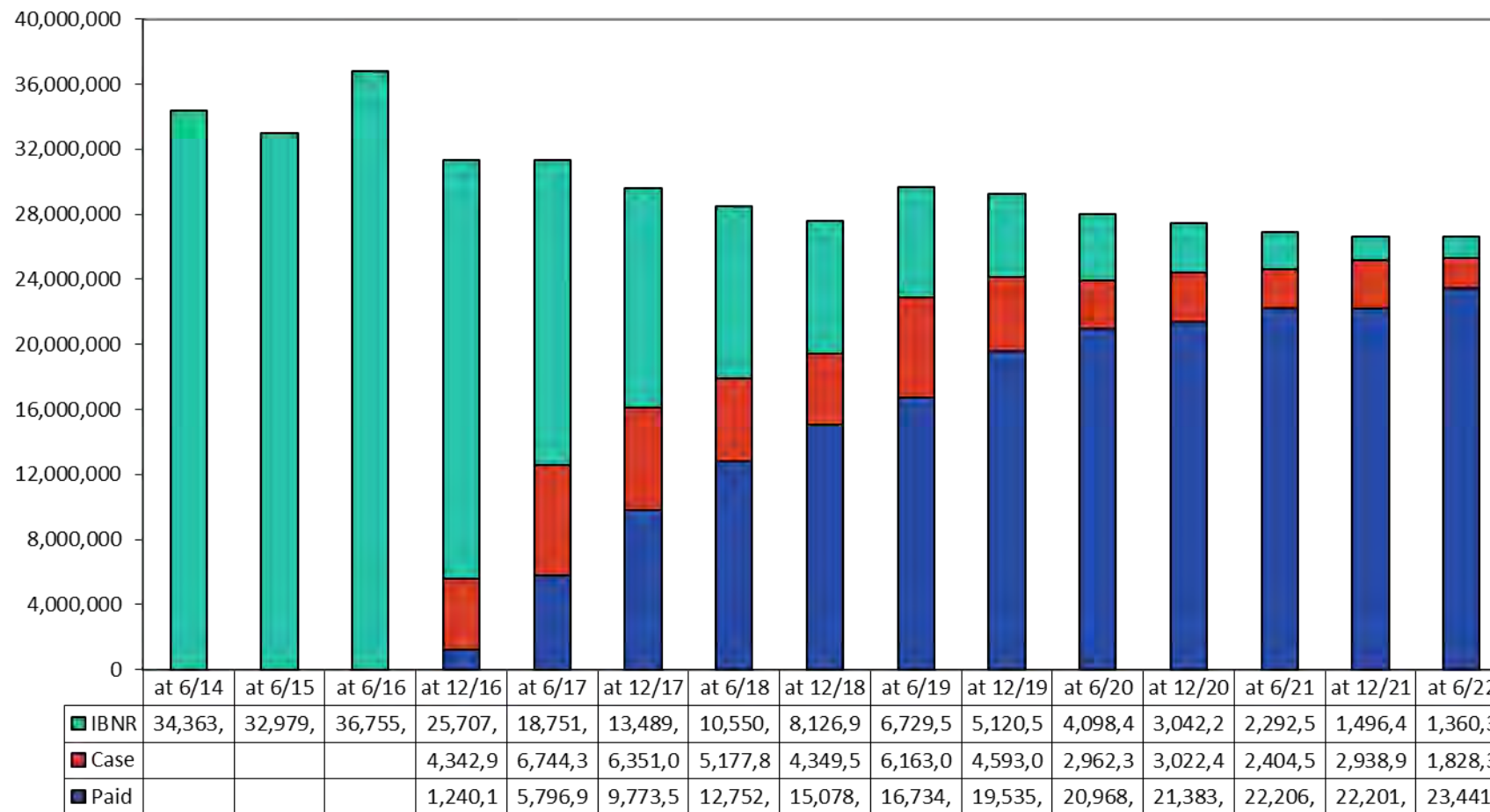
# Ultimate Loss Trends

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- 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 – 2016-2017

New Mexico Public Schools Insurance Authority - Components of Ultimate Losses  
2016-17 Policy Period  
Estimates Prior to 6/2016 are from the Prior Actuarial Firm

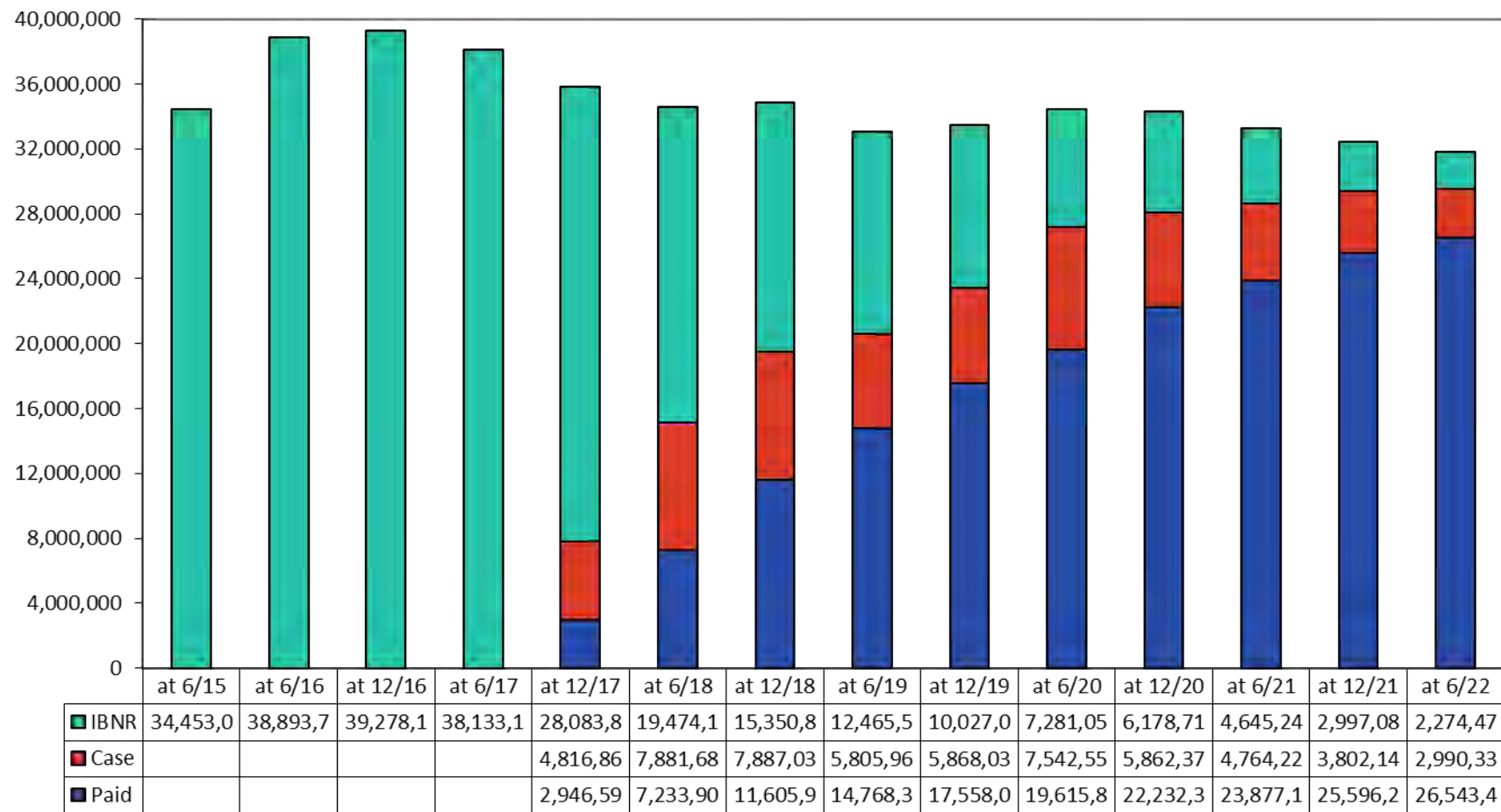


Evaluation Date



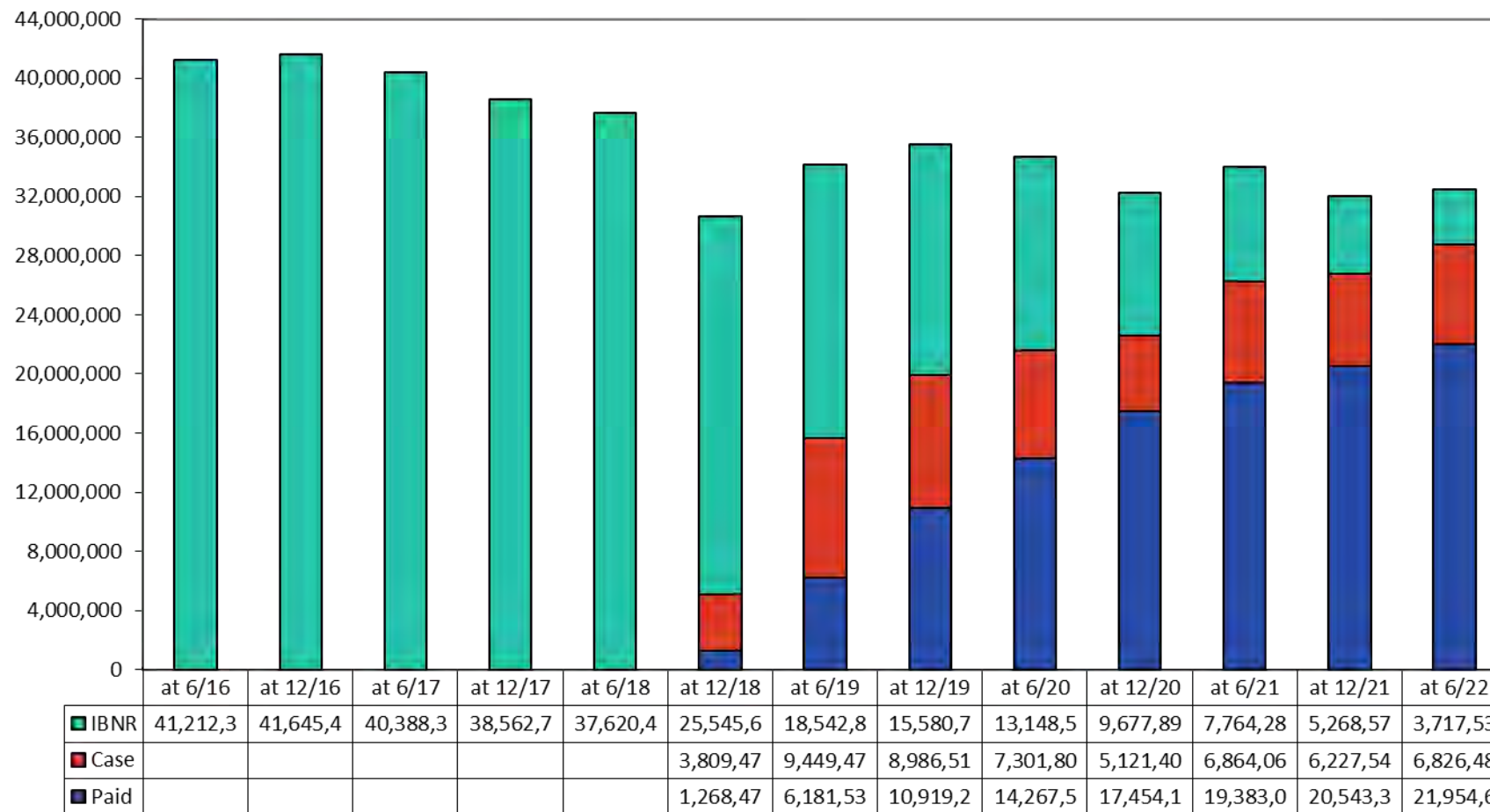
# Ultimate Loss Trends – 2017-2018

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



# Ultimate Loss Trends – 2018-2019

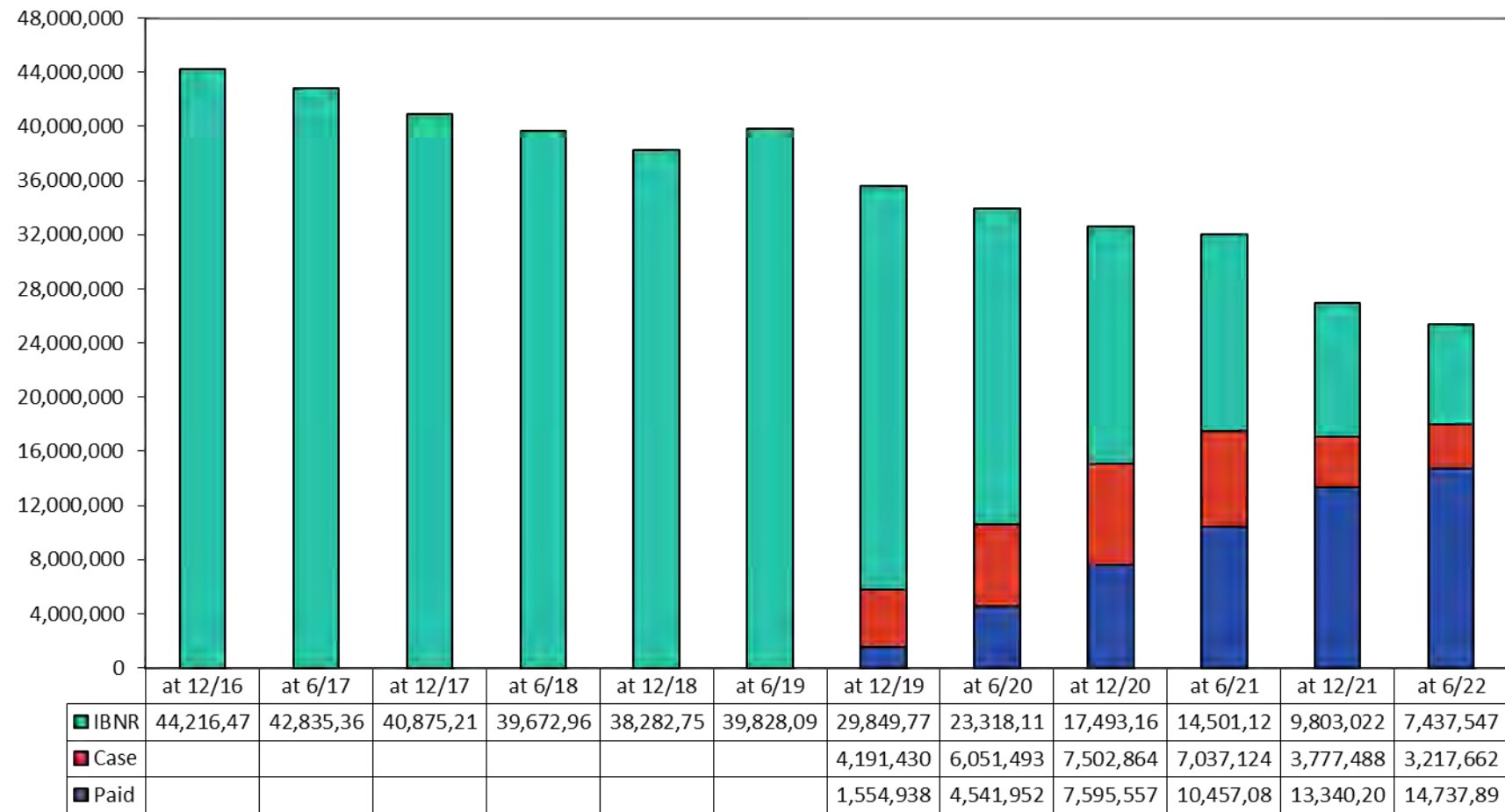
New Mexico Public Schools Insurance Authority - Components of Ultimate Losses  
2018-19 Policy Period



Evaluation Date

# Ultimate Loss Trends – 2019-2020

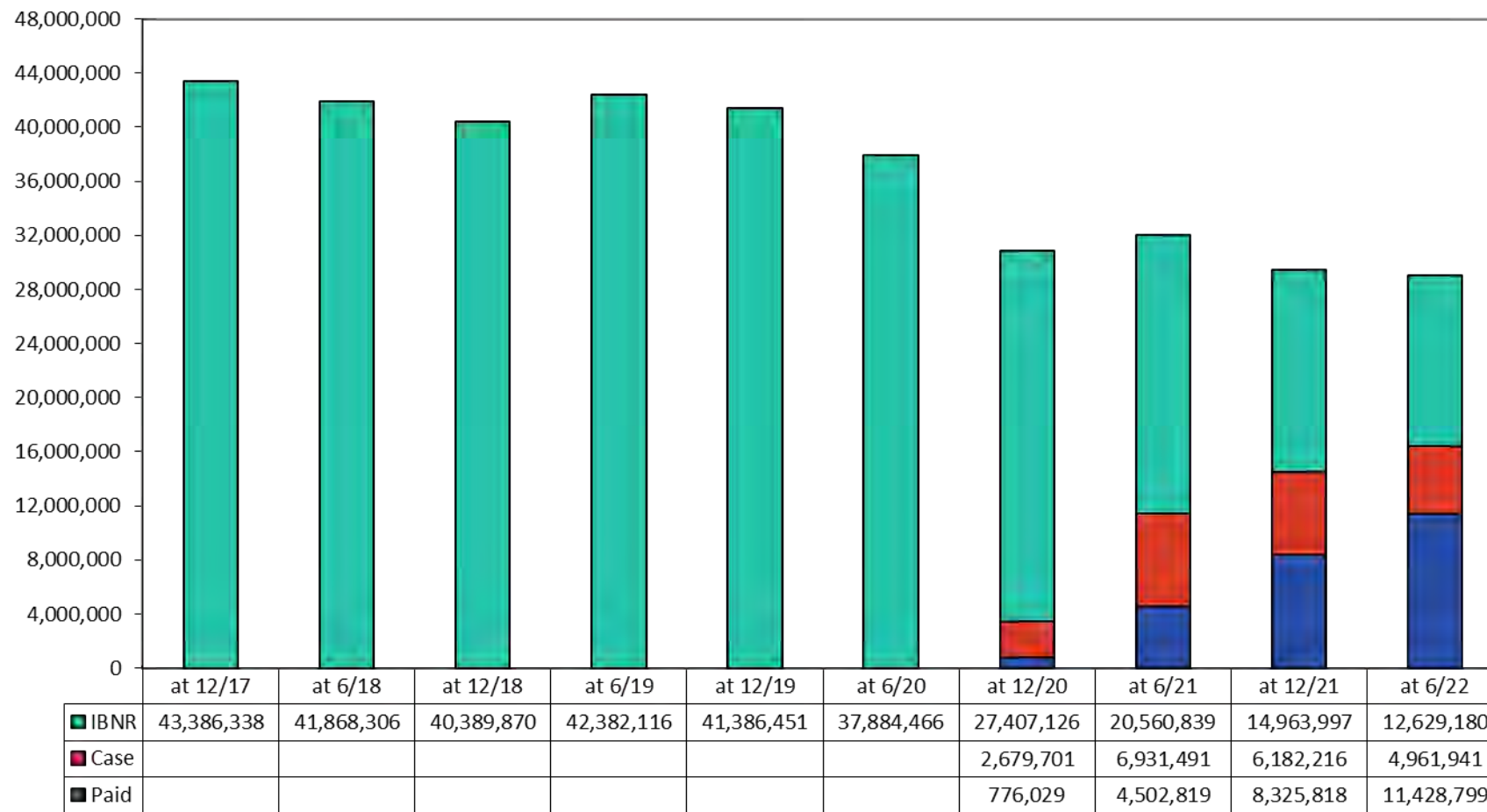
New Mexico Public Schools Insurance Authority - Components of Ultimate Losses  
2019-20 Policy Period



Evaluation Date

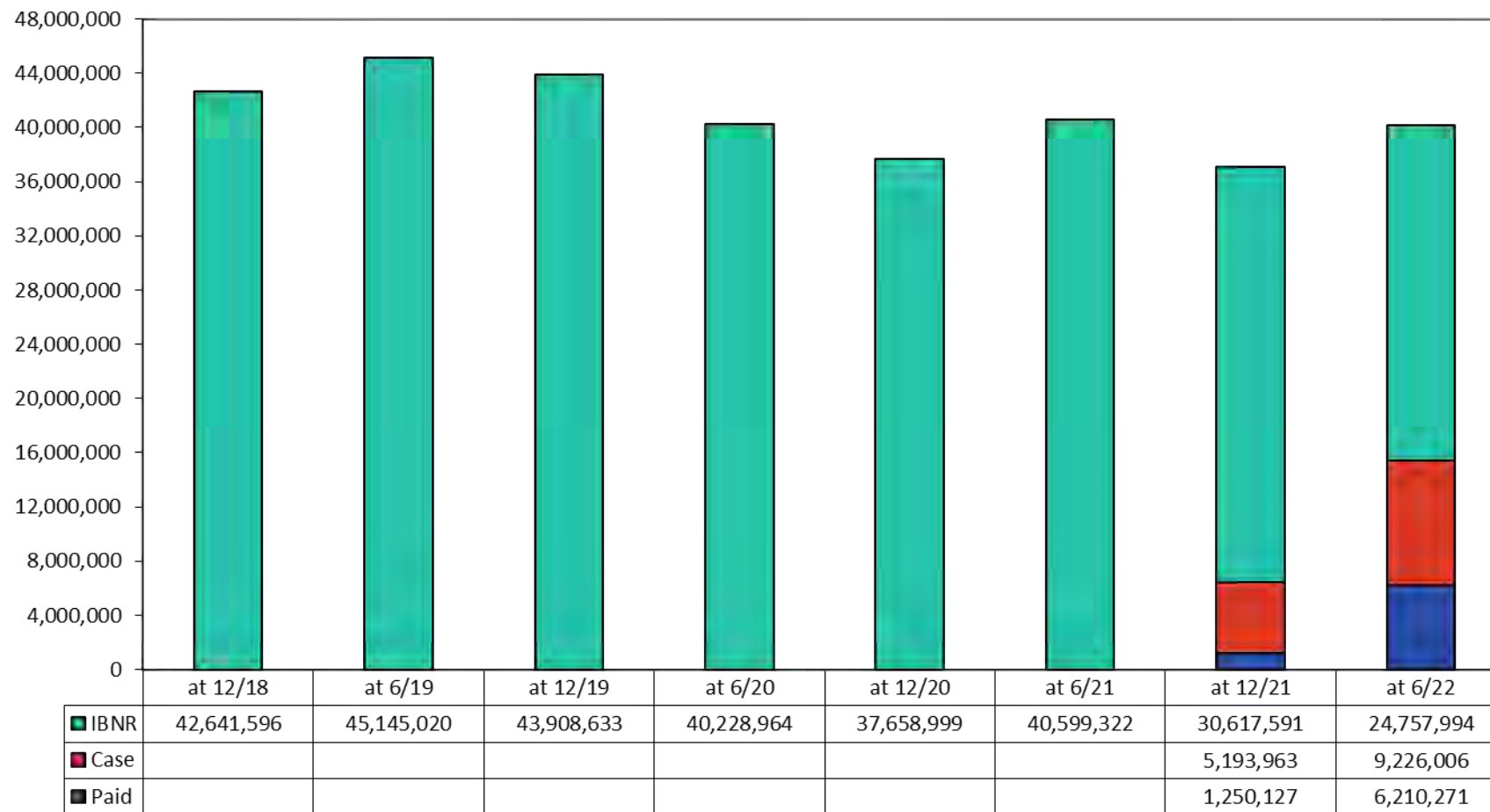
# Ultimate Loss Trends – 2020-2021

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

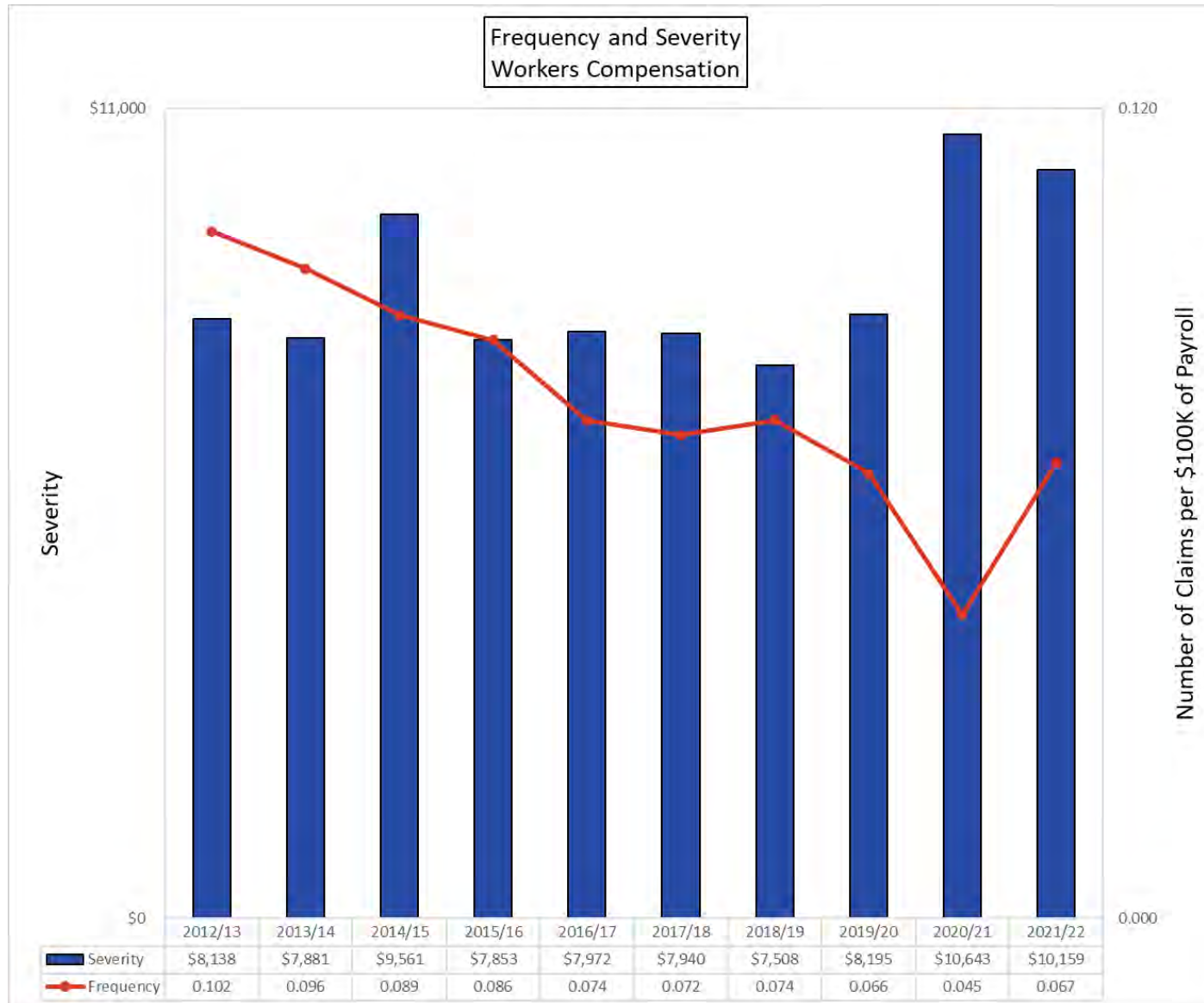


# Ultimate Loss Trends – 2021-2022

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

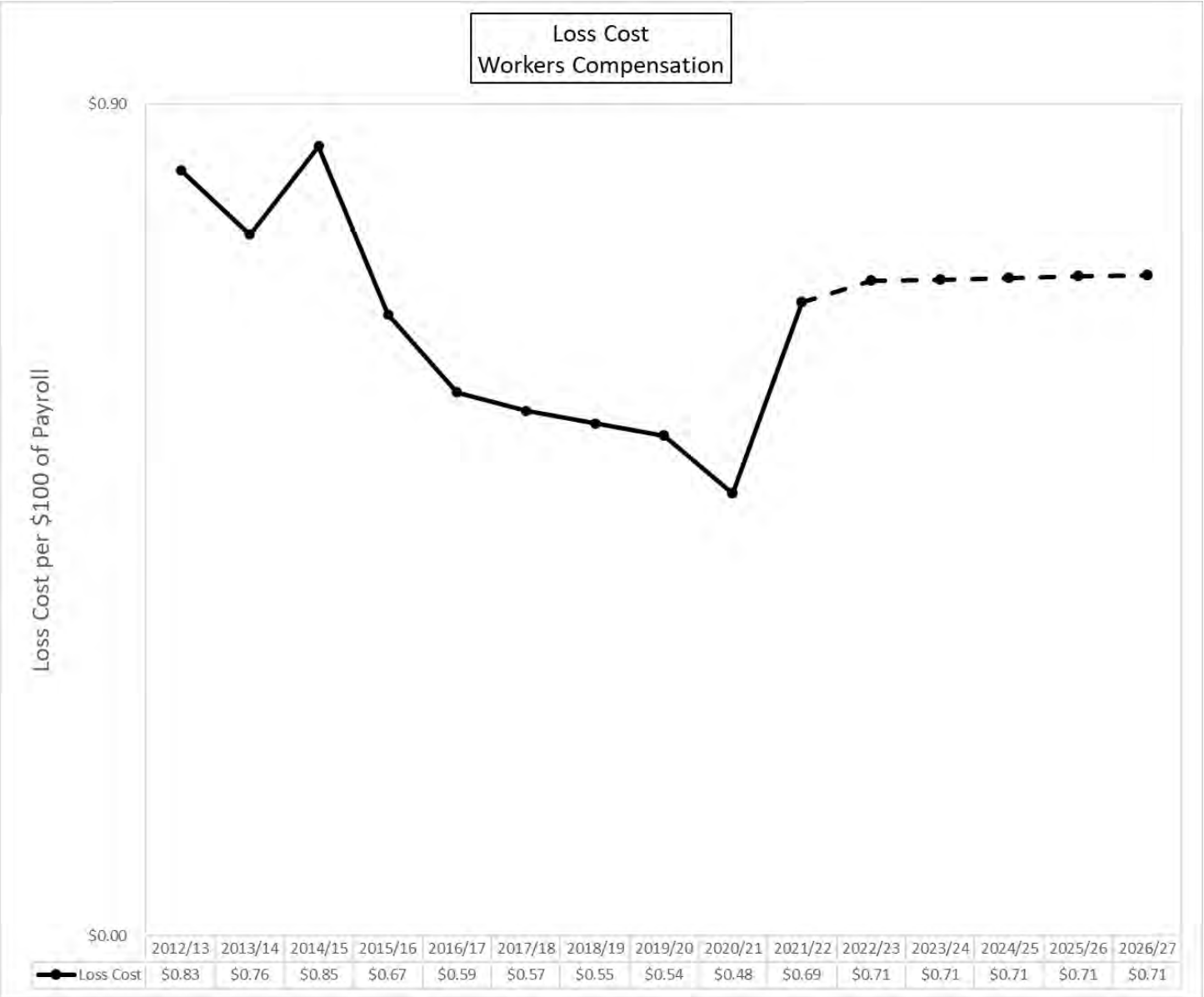


# Frequency & Severity Trends – Workers Compensation



- NMPSIA loss cost trend:
  - 8-year: -4.1%
  - 5-year: +2.3%
- NCCI New Mexico loss cost trend:
  - 8-year -5.3%
  - 5-year -4.5%

# Loss Cost Trends – Workers Compensation



# Frequency & Severity Trends – General Liability

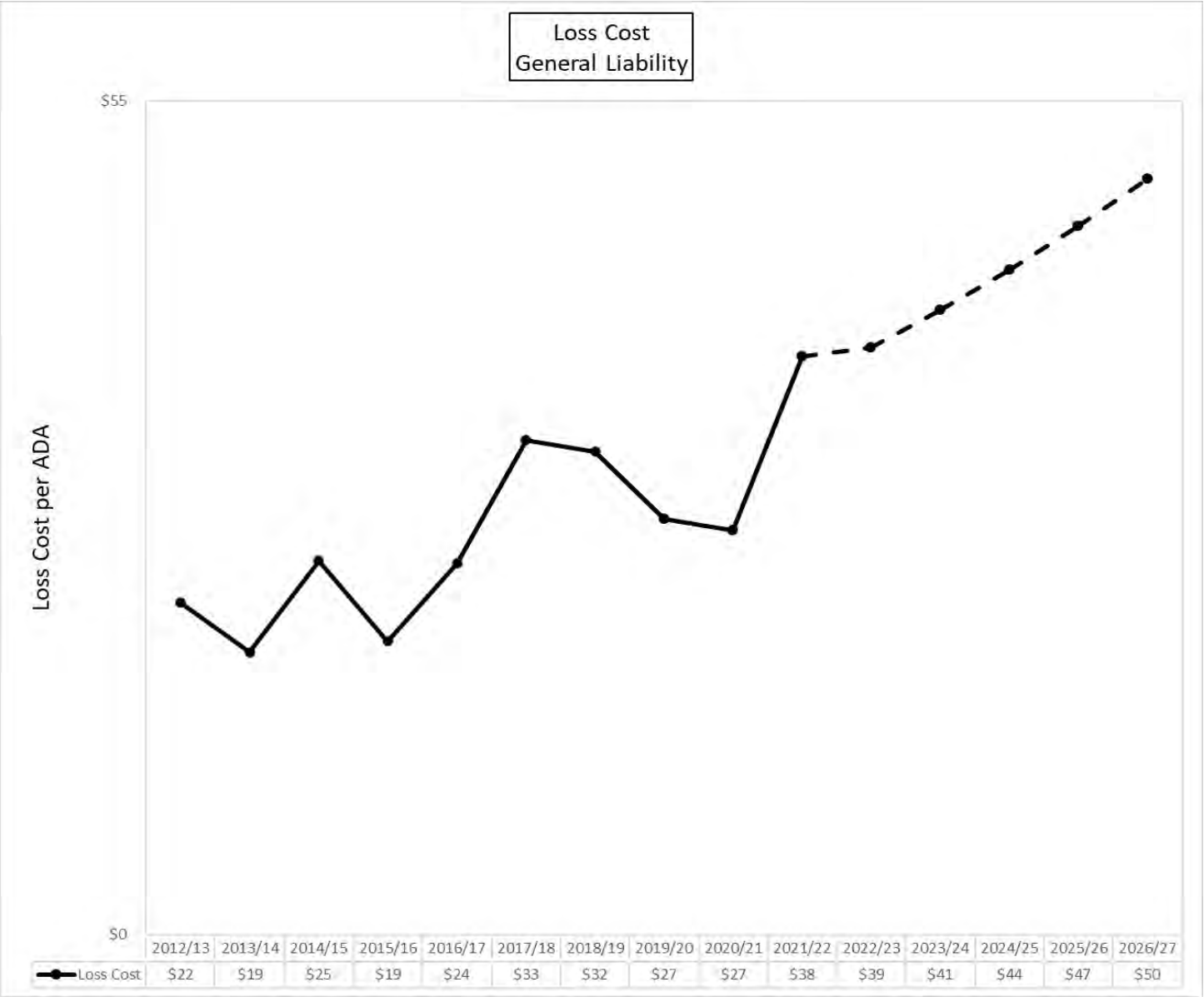


- NMPSIA loss cost trend:

- 8-year: +6.1%
- 5-year: +1.3%



# Loss Cost Trends – General Liability



# Summary of Results – Nominal Loss Reserves

Loss and LAE Reserve Estimates - Nominal Value (Undiscounted) as of 6/30/2022				
		Property & Liability	Workers Compensation	Total
Claim Reserves		\$21,659,735	\$13,008,745	\$34,668,480
IBNR Reserves	Low	35,000,083	17,220,603	52,220,686
	Central	38,743,840	19,857,862	58,601,702
	High	42,487,598	22,495,120	64,982,717
Total Reserves	Low	56,659,818	30,229,348	86,889,166
	Central	60,403,576	32,866,606	93,270,182
	High	64,147,333	35,503,864	99,651,197

# Summary of Results – Discounted Loss Reserves

Loss and LAE Reserve Estimates - Present Value (Discounted) as of 6/30/2022				
		Property & Liability	Workers Compensation	Total
Claim Reserves		\$20,939,069	\$11,947,560	\$32,886,629
IBNR Reserves	Low	33,668,107	15,724,791	49,392,898
	Central	37,275,667	18,127,161	55,402,828
	High	40,883,228	20,529,530	61,412,758
Total Reserves	Low	54,607,176	27,672,351	82,279,527
	Central	58,214,736	30,074,721	88,289,457
	High	61,822,297	32,477,090	94,299,387

# Summary of Results – Nominal Prospective Funding

---

Funding Estimate - Nominal Value (Undiscounted) as of 6/30/2022			
Policy Period	Property & Liability	Workers Compensation	Total
2022-2023	\$29,889,202	\$12,408,590	\$42,297,793
2023-2024	32,499,754	12,683,884	45,183,637
2024-2025	35,359,713	12,965,779	48,325,491
2025-2026	38,494,492	13,254,451	51,748,943
2026-2027	41,932,207	13,550,084	55,482,291

# Summary of Results – Discounted Prospective Funding

---

Funding Estimate - Present Value (Discounted) as of 6/30/2022			
Policy Period	Property & Liability	Workers Compensation	Total
2022-2023	\$28,409,032	\$11,618,104	\$40,027,137
2023-2024	30,898,899	11,875,860	42,774,759
2024-2025	33,627,204	12,139,797	45,767,001
2025-2026	36,618,276	12,410,080	49,028,356
2026-2027	39,899,033	12,686,880	52,585,912

# Thank You for Your Attention

---

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# **Workers' Compensation and Property/Liability Claims Audit – 2022**

for

## **New Mexico Public Schools Insurance Authority**



**New Mexico  
Public Schools  
Insurance  
Authority**

**August 19, 2022**

The logo for Farley Consulting Services, LLC. It consists of the letters "FCS" in a bold, dark blue, sans-serif font. To the right of the letters is a dark blue swoosh that curves around them.

**F A R L E Y**

**CONSULTING SERVICES, LLC**

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Phone: 760.533.3439 ~ [farleyconsulting2000@gmail.com](mailto:farleyconsulting2000@gmail.com)

**An Independent Claims Management  
Consulting Firm**



August 19, 2022

New Mexico Public Schools Insurance Authority  
410 Old Taos Highway  
Santa Fe, NM 87501

Attn: Martha Quintana  
Executive Director

by email: *pamela.vigil@state.nm.us*  
*martha.quintana@state.nm.us*  
*dpoms@pomsassoc.com*

## **Workers' Compensation and Property/Liability Claims Audit – 2022**

This report summarizes the results of an independent audit of workers' compensation and property/liability claims for the New Mexico Public Schools Insurance Authority (NMPSIA). NMPSIA requested an expanded audit size this year. Farley Consulting Services (FCS) reviewed 100 workers' compensation claims and 100 property/liability claims administered by Cannon Cochran Management Services, Inc. (CCMSI) in Albuquerque. The audit includes:

1. The evaluation of 100 workers' compensation claims:
  - 65 open indemnity (lost time) claims
  - 35 closed indemnity claims
2. The evaluation of 100 property/liability claims:
  - 70 open claims
  - 30 closed claims
3. Interviews and discussions with the following CCMSI personnel:
  - Mr. Jerry Mayo, Workers' Compensation Supervisor
  - Ms. Courtney Barela, NMPSIA Account Manager
  - Ms. Kimberly Trimble, Workers' Compensation Supervisor
  - Mr. Steve Vanetsky, Property-Liability Claims Manager
  - Mr. Kevin Sovereign-Senior Account Manager

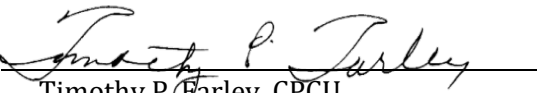


4. Separate exit discussions of audit findings with Mr. Mayo, Ms. Trimble, and Ms. Barela for workers' compensation and Mr. Vanetsky and Mr. Sovereign for property/liability.
5. Consideration of follow up rebuttals to audit findings presented by Ms. Barela and Mr. Vanetsky.
6. Consideration of specific claims handling requirements set forth in the following documents:
  - NMPSIA/CCMSI – Property and Liability Claims Procedures, 2020/2021
  - NMPSIA/CCMSI – Workers' Compensation Claims Procedures, 2020/2021
  - CCMSI's own internal claims administration policy pertaining to case reserve establishment/maintenance and nurse case management assignment criteria

FCS appreciates the opportunity to complete this important project for NMPSIA.

Respectfully submitted,

FARLEY CONSULTING SERVICES

by   
Timothy P. Farley, CPCU  
President

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## I. Executive Summary

The audit of 100 workers' compensation claims for NMPSIA concludes that CCMSI continues to be in general compliance with accepted standards of claims administration for all lines of coverage. Minor deficiencies exist in the key areas of diary maintenance. There is also an indication that claims initially deemed as indemnity are not being converted to medical only status when necessary. These items are discussed in greater detail in respective sections of this report.

The audit of 100 property/liability claims indicates that CCMSI is competently administering NMPSIA claims. Notable deficiencies in the areas of case reserve accuracy and excess reporting compliance still persist.

All conclusions are based on the observations of specific claims administration performance generated from the audit.

An exhibit comparing CCMSI performance over the past 3 audit cycles is provided for each program (see Exhibit 1 on page 6 and Exhibit 5 on page 16.)

### A. Workers' Compensation

1. CCMSI staff has changed considerably since the 2021 audit. CCMSI is adequately staffed to handle the NMPSIA account. All examiners are dedicated to NMPSIA and have caseloads that comply with the recommended maximum of 150 indemnity/50 medical only claims (lost time examiners) or 200 claims (medical only/PPD payout examiners). This combined caseload arrangement was considered when evaluating staffing adequacy. Exhibit 2 on page 7 displays the staffing organizational structure for workers' compensation claims and each examiner's caseload.
2. Case reserves are accurate. All of the claims reviewed are accurately reserved. There are no deficiencies.  
  
Five claims are still designated as indemnity even though the exposure on the claim clearly dictates it be administered as a medical only claim. Those claims are listed on page 9.
3. The audit identified no miscalculation of temporary disability or permanent disability benefit rates. FCS re-rated the permanent disability on 9 claims. Those calculations reconcile with CCMSI's calculation.
4. Investigation is thorough on all claims reviewed. No investigation deficiencies are identified.  
  
Five of the claims reviewed involve claim cost reimbursement/recovery (subrogation) issues. CCMSI appropriately pursued the responsible party on all 5 claims.
5. Forty-eight of the claims reviewed involve some element of litigation. The audit identified no litigation management deficiencies. Status reports from defense counsel are timely.

Hourly legal billing rates comply with the industry average. Defense costs on all claims comply with the \$22,500 maximum legal costs per New Mexico law.

6. NMPSIA utilizes Comp MC to apply medical fee schedule savings pursuant to New Mexico's fee structure. Fee schedule net savings for the period 7/1/21-6/30/22 is \$6,342,014 or 59.1% of the original amount on the 11,427 bills submitted during this period. This is comparable to the net savings calculated for the same period last year.

The claims reviewed confirm that CCMSI is aggressively attempting to advise the involved NMPSIA member of light duty return-to-work possibilities. Responses from the involved NMPSIA member are timely and exhibit an awareness of the cost-mitigating potential of an aggressive return-to-work program. This has been a consistent finding in past audits.

Nurse case management services are properly utilized. These services are billed at \$85 per hour. This is similar to billing rates for other New Mexico entities FCS is familiar with.

7. All material viewed to conduct this audit was observed via remote access to CCMSI's iCE claims management information system. That system is efficient.

Four claims lack a clear explanation/calculation of the outstanding medical reserve. These claims, in addition to one other deficient claim, are listed and discussed in Exhibit 3 on page 12.

8. CCMSI is maintaining proper diary on the claims reviewed. One claim exhibits a deficiency. That claim is discussed in Exhibit 4 on page 13.
9. As set forth in the Claims Procedures document, CCMSI is required to issue a report to the NMPSIA executive director within 30 days on any claim with incurred costs of \$250,000 or more. Thirty-eight of the claims reviewed comply with this requirement. All 38 claims were reported to the executive director timely. One of the claims discussed in Exhibit 3 on page 12 may lack timely follow-up reporting.
10. Supervisory input is compliant on all of the claims reviewed. There are no supervisory deficiencies.
11. Twenty-nine of the claims reviewed qualify for reporting to excess insurers in addition to the NMPSIA executive director. All qualifying claims were reported timely.

## **B. Property/Liability**

1. Claims handling personnel have changed somewhat since the last audit was completed in 2021.

CCMSI is adequately staffed to handle NMPSIA claims, but Cathy Lundy's caseload is excessive. The technical adjusting staff has changed somewhat since the 2021 audit. The organizational chart in Exhibit 6 on page 17 lists the current caseload (as of 7/1/22) of all staff on the NMPSIA account. Caseloads for all but one of the staff comply with the recommended maximum caseload of 180 (total of all CCMSI clients).

2. CCMSI is establishing and maintaining accurate case reserves. Only 1 claim requires reserve adjustment. That claim is discussed in Exhibit 7 on page 18.

3. The audit identified no deviation from assigned settlement authority levels.
4. All claims were reviewed via access to the CCMSI iCE claims management information system. One claim exhibits deficiencies. That claim is discussed in Exhibit 9 on page 23.
5. CCMSI is thoroughly investigating NMPSIA claims. One claim exhibits deficiencies. That claim is discussed on page 19.

Six claims warranted the pursuit of parties responsible for injuries/damages sustained by NMPSIA members. One of these claims generated questions. It is discussed on page 19.

6. Fifty-five of the claims reviewed involve some element of litigation. The audit concludes that CCMSI is performing effective litigation management. All referrals are timely. Still, one claim exhibits deficiencies. That claim is discussed on page 20.

No excessive billing rates are identified on the litigated claims reviewed.

7. CCMSI is maintaining active diary on all but 3 of the claims reviewed. The deficient claims are discussed in Exhibit 8 on page 22.
8. Supervisory activity is appropriate. Instructive direction is consistently documented.
9. Twenty-three claims reviewed qualified for reporting to the NMPSIA executive director, including 14 that were also reportable to excess insurance providers. Two claims exhibit deficiencies. Those claims are discussed on page 20.

These and other elements of this study are discussed in more detail in the remainder of this report.

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## **II. Audit Results**

### **A. Workers' Compensation**

#### **1. Background**

Currently, NMPSIA has 201 members with approximately 36,057 employees. Retention levels for the workers' compensation program have varied over the years. Claims are administered by CCMSI in Albuquerque.

At the time of this review, the NMPSIA open indemnity case count was 658. This is 17% lower than the indemnity count during the 2021 audit (795).

The list of claims to be audited was selected solely by FCS from an open loss report provided electronically by CCMSI. FCS was instructed by NMPSIA to attempt to select a representative sample that includes claims handled by all assigned technical staff at CCMSI.

FCS was given remote access to CCMSI's iCE claims management information system. The audit was conducted via this remote access. An exit discussion of audit findings was conducted with NMPSIA staff via teleconference on 7/27/22.

Exhibit 1 provides a comparison of CCMSI performance in key areas of analysis over the past 3 audit cycles.

#### **2. Staffing/Caseloads**

Exhibit 2 is an organizational chart of personnel at CCMSI involved with NMPSIA workers' compensation claims. Each individual's caseload is in parentheses below the name.

The recommended maximum caseload for workers' compensation examiners handling indemnity claims only is 175. However, CCMSI maintains a case assignment policy whereby all technicians handle medical only claims in addition to indemnity claims. Accordingly, FCS amends its caseload maximum recommendation to 150 indemnity claims and 50 medical only claims.

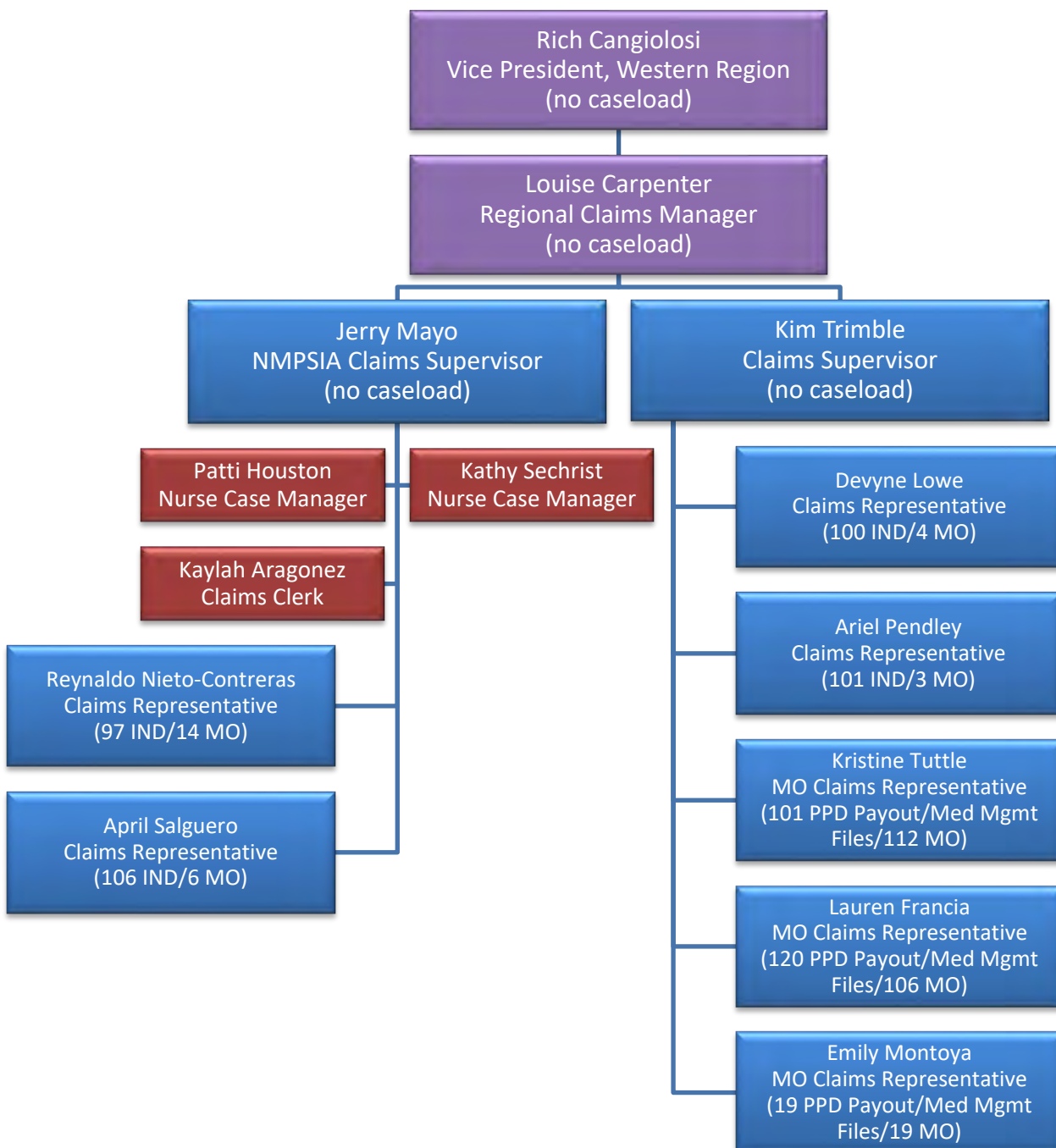
CCMSI is adequately staffed to administer NMPSIA claims. All caseloads are compliant. Personnel have changed slightly since the past audit, but all staff have the requisite experience to administer New Mexico workers' compensation claims.

### Exhibit 1 – NMPSIA Claim Administration Performance History

Category Evaluated	Percent of Claims in Compliance		
	2022	2021	2020
Staffing adequacy	100	100	100
Case reserve accuracy	100	97.3	98
Payment/benefit distribution accuracy	100	100	100
Litigation management	100	100	100
Reporting to NMPSIA	97	100	96
Diary maintenance	98	98.7	98
Documentation/information system clarity	94	95	95
Medical management effectiveness	100	100	100
Supervision	100	100	100
Excess reporting	99	100	97



## Exhibit 2 – Organizational Chart, NMPSIA Workers' Compensation



### **3. Accuracy of Case Reserves**

Reserves established on NMPSIA claims are based on:

- Information contained in the Employer's First Report of Injury, including anticipated duration of disability to determine whether the disability period will meet or exceed New Mexico's 7-day waiting period.
- Employee's wage information
- Anticipated medical costs
- Anticipated temporary disability (TD) benefits
- Anticipated vocational rehabilitation (VR) benefits
- Anticipated permanent disability (PD) benefits
- Injury history information obtained through The Index System, a nationwide database subscribed to by CCMSI
- Effectiveness and utilization of a light-duty/return-to-work program
- Life expectancy and average annual medical costs for future medical claims
- Anticipated legal expense
- Other related injuries (apportionment)

All of the claims reviewed are accurately reserved. There are no deficiencies.

Four claims lack a detailed description of CCMSI's rationale for the established medical reserve. FCS does not disagree with the amount of the reserve based on its assessment of the exposure, but documented support must appear in periodic claim activity summaries. Examples of the deficient claims are listed in Exhibit 3 on page 12 pertaining to documentation.

### **4. Payments/Settlements**

The audit identified no miscalculated temporary disability (TD) or permanent disability (PD) rates. FCS rated the permanent disability on 9 of the claims reviewed. Those calculations reconcile with the rate calculated by CCMSI on all 9 claims.

### **5. Quality of Investigation**

Proper investigation for NMPSIA workers' compensation claims includes:

- Making prompt contact with the injured employee and witnesses (48 hours from CCMSI's receipt of loss notice).
- Verifying that the injury is work related.
- Periodic evaluation of procured treatment to confirm its relation to the injury.
- Consideration of conducting surveillance activity on possible fraudulent claims.
- Securing injury history through use of The Index System.

- Canvassing for possible witnesses to the industrial accident.
- Obtaining recorded or written statements regarding the incident from injured employees or witnesses when possible.
- Follow-up contact with medical providers to gain a clear understanding of the severity of the injury and the anticipated duration of disability.
- Obtaining police accident reports when the industrial injury is the result of a traffic accident.
- Obtaining updated wage information to accurately calculate benefits.
- Identifying claims with rehabilitation potential and effectively monitoring rehabilitation progress.
- Identifying employees who are subject to Medicare Set Aside (MMSEA) processing.
- Timely assignment of field investigation to independent contractors when necessary.
- Identification and pursuit of other parties responsible for the injury.

CCMSI is thoroughly investigating NMPSIA claims. No investigation deficiencies are observed. This has been a consistent finding in past audits.

### **Subrogation**

New Mexico employers have reimbursement rights (i.e., the provider/employer can only recover when the employee has received some settlement in tort from the party responsible for his/her work-related injury) rather than subrogation rights (i.e., the right to pursue the responsible party directly).

Five of the claims reviewed qualified for subrogation/reimbursement pursuit. All 5 claims exhibit aggressive pursuit of the responsible party by CCMSI via communication of the reimbursement rights directed to the employee.

### **Indemnity/Medical Only Designation**

The audit identified 5 claims currently designated as indemnity that should be or should have been converted to medical only. Those claims are:

- 22H01K042163
- 22H01K214421
- 22H01K253878
- 22H01K222710
- 22H01K251412 (claim now closed)

## 6. Litigation Management

For this category, the audit evaluates:

- Confirmation that cases are referred to defense counsel timely.
- Whether the claims handling representative simply delegates all responsibility to the attorney once it is referred or continues to closely monitor all defense activity.
- A comparison of the average hourly billing rate charged by defense counsel with billing rates of other New Mexico entities.

Forty-eight (48%) of the claims reviewed involve some element of litigation. Referrals and status updates from defense counsel are timely on all 48 claims.

CCMSI is effectively managing litigation and NMPSIA continues to receive competent legal defense on its workers' compensation claims. No litigation management deficiencies are identified.

## 7. Cost Containment

Effective cost containment on workers' compensation claims includes:

- An aggressive and effective light-duty/return-to-work program.
- Confirmation that medical bills are reviewed to confirm that rendered treatment is applicable to the claimed injury and that bills comply with New Mexico's fee schedule.
- Mitigation of claims costs through effective medical case management (nurse case management).
- Consistent utilization of an effective Preferred Provider Organization (PPO) arrangement.

### Bill Review/Fee Schedule Compliance

Medical bill review is conducted by Comp MC. Fee schedule net savings for the period 7/1/21-6/30/22 is \$6,342,014 or 59.1% of the original amount on the 11,427 bills submitted during this period. This is slightly improved performance compared to the same 1-year period analyzed for last year's report.

The table below provides the calculations for this performance.

#### Fee Schedule Savings – Comp MC (7/1/21-6/30/22)

A	Number of bills processed	11,427
B	Original amount billed	\$10,726,114
C	Amount paid	\$4,161,483
D	Gross savings (B) – (C)	\$6,564,631
E	Cost saving fees	\$222,617
F	Net savings (D) – (E)	\$6,342,014 or 59.1% of the original amount billed (B)

## **Return to Work**

CCMSI is aggressively attempting to advise the involved NMPSIA member of light duty return to work possibilities. The NMPSIA member is responsive in all cases reviewed with light duty factors. This has been a consistent finding in past audits.

## **Nurse Case Management**

FCS concludes that nurse case managers are properly utilized. This was a conclusion in last year's audit as well. Case management assignments observed this year seem reasonable based on the potential exposure of the claim.

The hourly billing rate of \$85 per hour is similar to the average hourly rate for other comparable entities.

## **8. Claim Data Organization and Documentation Clarity**

All material observed for this audit was obtained via remote access to the CCMSI iCE claims information system.

The iCE system is efficient. Five claims exhibit deficiencies, including 4 that lack a clear explanation/calculation of the current outstanding medical reserve. Based on the review of each claim's exposure, the audit concludes that the established reserve is reasonable, but some support for the reserve must appear in periodic case summaries documented to the information system. CCMSI's performance in this key area has improved significantly since last year's audit.

Exhibit 3 lists the deficient claims.

## **9. Diary/Case Closure**

CCMSI is adhering to industry standards for diary review on all but 2 of the claims reviewed. Those 2 claims are discussed in Exhibit 4 on page 13.

## **10. Claim Status Reports to NMPSIA**

As set forth in the Claims Procedures document, CCMSI is required to issue a report to the NMPSIA executive director within 30 days on any claim with incurred costs of \$250,000 or more. Follow-up reports are required every 60 days or at the discretion of the executive director. CCMSI is complying with this requirement on all 38 qualifying claims.

## **11. Supervision**

Supervisory instructional notes are consistent. No deficiencies are observed.

## **12. Excess Reporting**

Twenty-nine of the claims reviewed qualify for reporting to excess insurers in addition to the NMPSIA executive director. All qualifying claims were reported timely.

### Exhibit 3 – NMPSIA RMIS/Documentation Analysis

Claim Number	Discussion
00H01H144217 (Rio Rancho Public Schools)	Recent plans of action provide no detail on the settlement figures for the PPD payout claim. Notes do indicate that a \$12,500 compromise & release was part of the total PD payout, but the other details (e.g., MMI figure and anticipated duration of payout) are absent.
18H01F773571 (Rio Rancho Public Schools)	No supporting calculation/rationale for medical reserve
22H01J990339 (Gallup-McKinley Schools)	No supporting calculation/rationale for PD or medical reserves)
22H01K253878 (Deming Public Schools)	No supporting calculation/rationale for TD reserve
99H01H183773 (Mesa Vista Consolidated)	No supporting calculation/rationale for medical reserve.

#### **Exhibit 4 – NMPSIA Diary Maintenance Analysis**

Claim Number	Discussion
19H01J157723 (Silver Consolidated Schools)	This employee was deemed to have reached maximum medical improvement (MMI) status on 4/29/20. The claim was not closed until 10/26/20 with no interim activity.

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## **B. Property/Liability**

Exhibit 5 provides a comparison of CCMSI performance in key areas of analysis over the past 3 audit cycles.

### **1. Background**

This evaluation provides NMPSIA with an assessment of procedural performance of CCMSI, providing recommendations for improvement, if warranted. The claims chosen for review were selected by FCS from a loss experience report sent to FCS by CCMSI.

The audit was conducted remotely via access to the CCMSI information system during the period 7/27/22-8/8/22. An exit discussion of audit findings was conducted with CCMSI on 8/15/22. CCMSI's response was provided on 8/16/22 and was considered when preparing this report.

### **2. Staffing/Caseloads**

Exhibit 6 provides an organizational chart of personnel at CCMSI involved with NMPSIA property/liability claims. FCS recommends a maximum open caseload of 180. This recommended maximum assumes that the adjuster is assigned a sample of litigated claims (maximum of 75) as part of his/her total caseload.

Caseloads appear in parentheses below the person's name. The first number is the total caseload (all CCMSI clients), and the second number is the NMPSIA only caseload. The exhibit confirms that Cathy Lundy's caseload is excessive. The audit also suggests the close monitoring of Marc Bernstein's caseload. Mr. Bernstein administers highly complex claims with high cost exposure.

There has been considerable change to the technical adjusting staff since the 2021 audit project.

CCMSI is adequately staffed to administer NMPSIA property and liability claims.

### **3. Case Reserves**

NMPSIA property/casualty case reserves should be primarily based on:

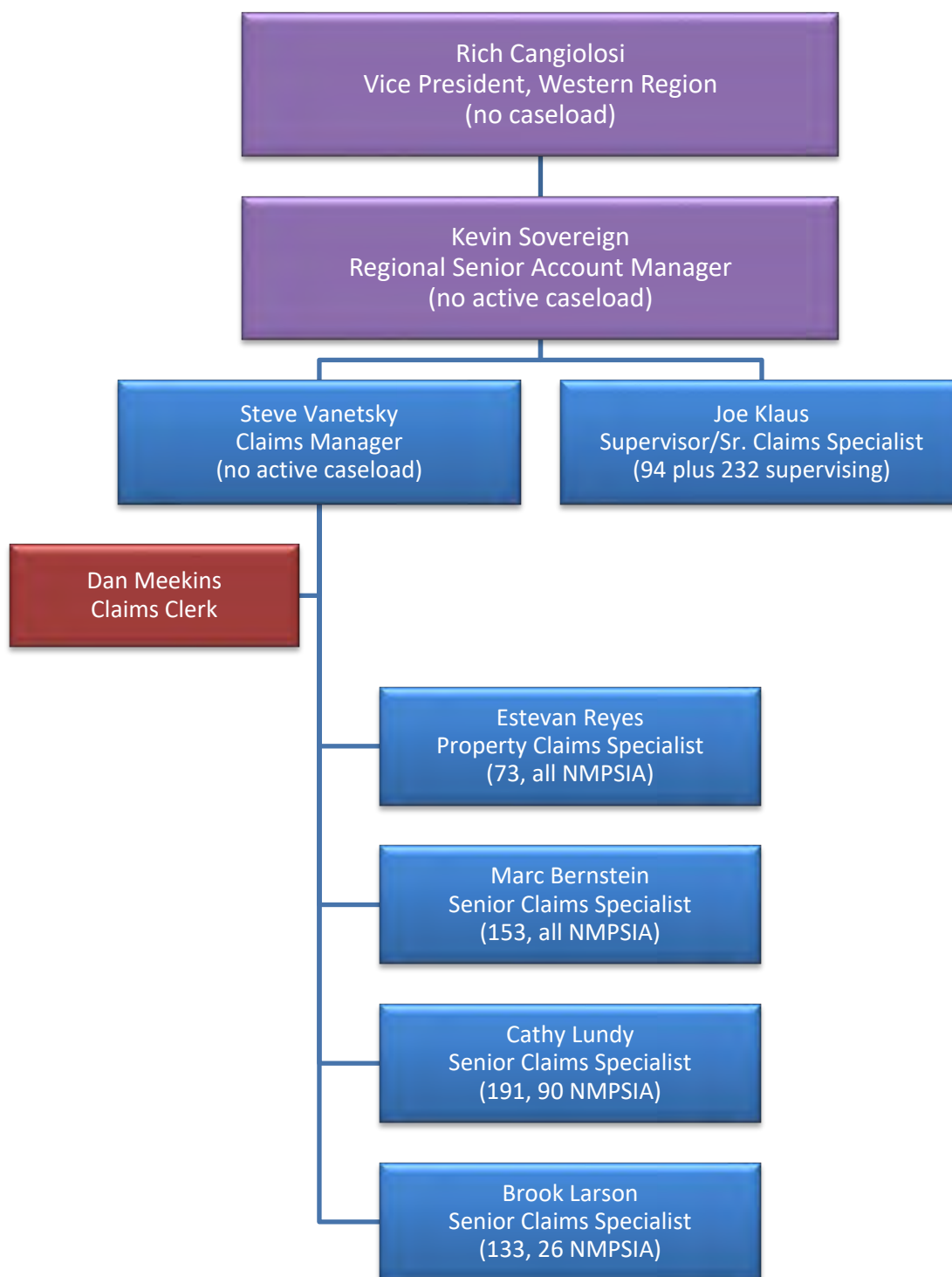
- Anticipated extent of damages/injuries sustained.
- Degree of liability attributable to the NMPSIA member based on a consideration of New Mexico tort law.
- Existence of additional tortfeasors (responsible parties who may share in the application of liability).
- Application of statutory defenses or immunities available to the NMPSIA member.
- History of settlement trends in the loss venue.
- Anticipated legal costs.

CCMSI is establishing accurate case reserves on the claims reviewed. One claim requires adjustment. That claim is discussed in Exhibit 7 on page 18.

### Exhibit 5 – NMPSIA Claim Administration Performance History

Category Evaluated	Percent of Claims in Compliance		
	2022	2021	2020
Staffing adequacy	100	100	100
Case reserve accuracy	90	95	99
Investigation	99	100	100
Litigation management	99	98	100
Reporting to NMPSIA	98	100	90
Diary maintenance	96	99	99
Documentation/information system clarity	98	99	100
Supervision	100	100	100
Excess reporting	85	100	95

## Exhibit 6 – Organizational Chart, NMPSIA Property/Liability Claims Handling



### Exhibit 7 – NMPSIA GL/Property Case Reserve Analysis

Claim Number	Current Outstanding Reserve	Recommended Reserve	Discussion
19H01J543302 (Pojoaque Valley Schools)	\$80,000 (bodily injury)	\$45,000 (bodily injury)	Claim activity notes indicate the claimant has made a demand for \$45,000. An offer of \$15,000 has been made. Medical costs appear to be only \$1,900.

#### **4. Payments/Settlements**

The audit concurs with all settlement stances and resolutions made by NMPSIA or its legal representative. CCMSI claims exhibit detailed assessments of property damage estimates, bodily injury medical billings, and causation evidence (e.g., police reports, statements of involved individuals/witnesses, and index inquiry results). This has been a consistent finding in all past audits.

#### **5. Quality of Investigation**

Proper investigation for NMPSIA's property/liability claims includes:

- Making prompt contact with the injured claimant and witnesses (48 hours from CCMSI's receipt of loss notice).
- Securing injury history through use of The Index System.
- Canvassing for possible witnesses to the accident.
- Obtaining recorded or written statements regarding the incident from member employees or witnesses when possible.
- Obtaining police accident reports.
- Obtaining photographs of accident scenes and instruments that may have caused the injury or property damage.
- Aggressive pursuit of additional responsible parties to offset NMPSIA's contribution to any damage/injury awards.
- Application of any hold harmless/indemnification language contained in the various contracts that NMPSIA members may enter into with subcontractors.
- Timely assignment of field investigation to independent contractors when necessary.
- Identification and aggressive pursuit of individuals or entities causing damage or injury to NMPSIA (subrogation).

CCMSI is thoroughly investigating NMPSIA claims. One claim exhibits a deficiency:

- 22H01K283394 (Las Cruces Public Schools) – This is a claim alleging bullying. The claimant's mother requested a status on the resolution of the claim more than a month ago. There seems to have been no reply. This claim could generate a significant exposure for the District.

#### **6. Reimbursement/Recovery (Subrogation)**

Six claims had subrogation/reimbursement issues. The following generated questions:

- 21H01J545093 (Bloomfield Schools) – District property sustained fire damage. A responsible party's insurer has been unresponsive to requests for reimbursement. The first notice was issued by CCMSI more than 4 months ago. NMPSIA/CCMSI should consider engaging subrogation counsel to assist in the pursuit of recoverable costs. More than \$424,000 has been incurred to resolve the claim. In its response, CCMSI confirmed that NMPSIA general counsel is assisting in the retention of a coverage expert.

## **7. Litigation Management**

Evaluation of this claims handling function attempts to:

- Confirm that cases are referred to defense counsel timely.
- Evaluate whether responsibilities are simply delegated to the attorney once a file is referred or whether CCMSI continues to closely monitor all defense activity.
- Confirm that inquiries from counsel are responded to promptly.
- Evaluate the reasonableness of hourly billing rates charged by defense counsel and compares those rates to other clients FCS is familiar with in New Mexico.

Fifty-five of the claims reviewed involve some element of litigation. The claims reflect thorough litigation management. Status updates from counsel are timely for all, but one litigated claim:

- 18H01J823765 – This is a claim alleging molestation. The event occurred off premises. There is a coverage question associated with this claim. CCMSI has experienced some difficulty identifying qualified coverage counsel to assist. An inquiry to the current defense counsel about any qualified colleague was made more than 2 months ago. Defense counsel has still not responded. This must be addressed immediately.

## **8. Diary Maintenance**

Some adjusting activity should be implemented and documented every 30 days on unresolved claims. In those instances where the claimant is unresponsive or where the claim has been denied, an extended diary is warranted. No “active” claim should go without activity for longer than 6 months. Exhibit 8 lists and discusses 3 claims that exhibit deficiencies.

## **9. Reporting to NMPSIA and Excess Insurers/Reinsurers**

CCMSI is required to generate a report to the NMPSIA executive director within 10 working days for the following claims:

- All bodily injury claims with incurred costs of \$50,000 or more
- All property damage (NMPSIA member) claims of \$50,000 or more

Follow-up reports must be provided every 60 days. The need for follow-up reporting is at the discretion of the executive director. David Poms, NMPSIA's insurance broker, must be copied on all reports.

Twenty-three claims qualified as reportable to the executive director. Fourteen of these were also reportable to the excess insurer. The following claims exhibit deficiencies:

- 22H01K236733 (Corona Municipal Schools) – This is a claim alleging sexual solicitation. There is no indication the claim has been reported to the NMPSIA executive director or that NMPSIA is being copied on email correspondence. CCMSI received notice of this loss on 4/13/22. The current loss reserve is \$100,000.
- 22H01K265075 (Lovington Schools) – The member sustained significant hail damage from a 5/1/22 storm. CCMSI received notice of this loss on 5/2/22. Mr. Reyes inspected the site

on 5/4/22. As early as 5/24/22, CCMSI was aware of a possible loss figure exceeding \$14,000,000 yet did not notify excess providers of the loss until late July. The loss estimate has now increased to approximately \$22 million. The excess carrier is proceeding under a reservation of rights due to the late reporting.

#### **10. Information System Organization and Documentation Clarity**

All material viewed to conduct this audit was obtained via access to the CCMSI claims management information system. That system exhibits consistently organized and chronologically accurate material. Still, one claim exhibits deficiencies. That claim is discussed in Exhibit 9 on page 23.

#### **11. Supervision**

Supervisory review activity is consistently seen in the iCE claims information system's activity notes. No deficiencies are identified.

### Exhibit 8 – NMPSIA Diary Maintenance Analysis

Claim Number	Discussion
15H01J877531 (closed claim)	This is an IDEA claim. The last activity note indicated CCMSI was awaiting the involved district to request reimbursement for legal costs. The claim was closed in September 2021.
18H01J823765	CCMSI is awaiting a referral for coverage counsel. The last note reflecting this was more than 2 months ago.
21H01J535170	This claim was closed in December 2021. The last activity notes indicate no closing process and an active claim.



## Exhibit 9 – NMPSIA Information System/Documentation Analysis

Claim Number	Discussion
21H01J525170 (Dexter Consolidated Schools)	Claim activity notes refer to an electrical fire loss exceeding \$1 million, yet the financial screen records a payment of \$57,147. The claim was resolved and closed in December 2021.

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## **Appendix**

### **Audit List**

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**Open Workers' Compensation Claims**

Claim #	Claim #	Claim #	Claim #	Claim #
1. 00H01H144172	15. 13H01C700041	29. 21H01J868177	43. 22H01K189653	57. 91H01H164564
2. 00H01H144195	16. 13H01C996784	30. 21H01J900510	44. 22H01K202596	58. 92H01H164813
3. 00H01H144217	17. 14H01E395201	31. 22H01J989683	45. 22H01K214421	59. 93H01H168011
4. 00H01H144639	18. 15H01E750137	32. 22H01J990339	46. 22H01K214874	60. 93H01H168511
5. 04H01H547805	19. 15H01E838741	33. 22H01J998489	47. 22H01K215546	61. 95H01H174837
6. 04H01H746954	20. 15H01G390955	34. 22H01K000631	48. 22H01K217604	62. 96H01H176550
7. 06H01T392391	21. 16H01G502912	35. 22H01K018372	49. 22H01K219677	63. 97H01H177725
8. 07H01T866081	22. 16H01G771893	36. 22H01K026626	50. 22H01K222710	64. 99H01H183346
9. 07H01T916637	23. 16H01G895272	37. 22H01K038854	51. 22H01K230841	65. 99H01H183773
10. 07H01T962687	24. 18H01F733780	38. 22H01K042163	52. 22H01K245106	
11. 10H01B096230	25. 18H01F773571	39. 22H01K043736	53. 22H01K248227	
12. 11H01B529052	26. 19H01F974901	40. 22H01K171607	54. 22H01K251412	
13. 11H01C010740	27. 20H01J194166	41. 22H01K176020	55. 22H01K253878	
14. 11H01C046828	28. 21H01J616559	42. 22H01K182501	56. 22H01K259301	

**Closed Workers' Compensation Claims**

Claim #	Claim #	Claim #	Claim #
1. 18H01F729304	10. 19H01F868517	19. 19H01J073763	28. 20H01J198268
2. 18H01F733194	11. 19H01F896914	20. 19H01J079278	29. 20H01J206370
3. 18H01F756731	12. 19H01F898543	21. 19H01J081296	30. 20H01J208529
4. 18H01F782303	13. 19H01F913317	22. 19H01J092149	31. 20H01J232872
5. 18H01F786749	14. 19H01F945342	23. 19H01J098841	32. 20H01J309997
6. 18H01F806968	15. 19H01F949071	24. 19H01J104098	33. 20H01J368798
7. 18H01F850870	16. 19H01F984114	25. 19H01J128775	34. 21H01J520592
8. 19H01F836099	17. 19H01J036066	26. 19H01J151291	35. 21H01J574051
9. 19H01F839501	18. 19H01J054162	27. 19H01J357474	

**Open Property/Liability Claims Files**

Claim #	Claim #	Claim #	Claim #	Claim #
1. 15H01G294173	15. 19H01J331167	29. 21H01J897185	43. 22H01K214743	57. 22H01K284142
2. 16H01J267636	16. 19H01J378835	30. 21H01J909100	44. 22H01K216942	58. 22H01K292654
3. 16H01J612328	17. 19H01J543302	31. 21H01J920694	45. 22H01K228385	59. 22H01K292846
4. 17H01F270164	18. 19H01J615715	32. 21H01J927024	46. 22H01K230875	60. 22H01K298744
5. 17H01F315521	19. 19H01J827460	33. 21H01J927051	47. 22H01K236733	61. 22H01K298769
6. 17H01F559945	20. 20H01J223069	34. 21H01J927096	48. 22H01K246419	62. 22H01K304055
7. 17H01F629282	21. 20H01J379447	35. 21H01J934386	49. 22H01K248218	63. 22H01K304357
8. 17H01J959641	22. 20H01J438074	36. 21H01J977899	50. 22H01K264016	64. 22H01K307809
9. 18H01F616447	23. 20H01J958065	37. 21H01K221696	51. 22H01K265075	65. 22H01K310792
10. 18H01J279177	24. 21H01J545093	38. 21H01K242806	52. 22H01K267907	66. 22H01K310828
11. 18H01J823765	25. 21H01J611894	39. 22H01K025385	53. 22H01K270297	67. 22H01K310850
12. 18H01K235818	26. 21H01J835593	40. 22H01K182405	54. 22H01K271691	68. 22H01K311056
13. 19H01F985397	27. 21H01J839655	41. 22H01K185220	55. 22H01K273577	69. 22H01K321571
14. 19H01J075638	28. 21H01J881468	42. 22H01K202978	56. 22H01K283394	70. 22H01K332249

**Closed Property/Liability Claims**

Claim #
1. 03H01F772294
2. 15H01E822632
3. 15H01E822645
4. 15H01J877531
5. 16H01J115304
6. 17H01F994312
7. 18H01F524492
8. 18H01F725248

Claim #
9. 18H01F843736
10. 19H01F916565
11. 19H01J076818
12. 19H01J122800
13. 19H01J506733
14. 20H01J197072
15. 20H01J250469
16. 20H01J288458

Claim #
17. 20H01J342360
18. 20H01J369621
19. 20H01J390278
20. 20H01J441452
21. 20H01J572439
22. 21H01J535170
23. 21H01J843247
24. 21H01J877504

Claim #
25. 21H01J897168
26. 21H01J902875
27. 21H01J919071
28. 21H01J964685
29. 22H01K041647
30. 22H01K250208

**NMPSIA BOARD REPORT SUMMARY - LIABILITY AND PROPERTY**

06-30-2022

ALL YEARS TOTAL OPEN CLAIMS FOR LIABILITY AS OF JUNE 30, 2022							ALL YEARS TOTAL OPEN CLAIMS FOR PROPERTY AS OF JUNE 30, 2022						GRAND TOTALS	
SCHOOL DISTRICT	NUMBER OF CLAIMS OPEN	NUMBER OF NEW CLAIMS	NUMBER OF CLOSED CLAIMS	RESERVE	PAYMENT	TOTAL	NUMBER OF CLAIMS OPEN	NUMBER OF NEW CLAIMS	NUMBER OF CLOSED CLAIMS	RESERVE	PAYMENT	TOTAL	TOTAL CLAIMS OPEN	GRAND TOTAL
SUBTOTAL - DISTRICTS	304	40	32	\$26,184,577.32	\$7,919,670.55	\$34,104,247.87	73	10	6	\$10,966,227.03	\$17,197,479.87	\$28,163,706.90	377	\$62,267,954.77
SUBTOTAL - CHARTER SCHOOLS	30	5	0	\$361,881.07	\$7,208,836.68	\$7,570,717.75	1	2	2	\$2,000.00	\$0.00	\$2,000.00	31	\$7,572,717.75
GRAND TOTAL	334	45	32	\$26,546,458.39	\$15,128,507.23	\$41,674,965.62	74	12	8	\$10,968,227.03	\$17,197,479.87	\$28,165,706.90	408	\$69,840,672.52

CHANGE FROM PRIOR MONTH	CURRENT CHANGES LIABILITY CLAIMS FROM PRIOR MONTH						CURRENT CHANGES PROPERTY CLAIMS FROM PRIOR MONTH						CURRENT CHANGES	
SCHOOL DISTRICT	CLAIMS OPEN	NEW CLAIMS	CLOSED CLAIMS	RESERVE	PAYMENT	TOTAL	CLAIMS OPEN	NEW CLAIMS	CLOSED CLAIMS	RESERVE	PAYMENT	TOTAL	CLAIMS OPEN	GRAND TOTAL
SUBTOTAL - DISTRICTS	18	(5)	(28)	(\$1,554,674.59)	\$822,809.69	(\$731,864.90)	4	0	(3)	\$746,743.29	\$686,424.59	\$1,433,167.88	22	\$701,302.98
SUBTOTAL - CHARTER SCHOOLS	5	5	(1)	\$1,265.53	\$130,752.06	\$132,017.59	0	2	(1)	(\$7,000.00)	\$0.00	(\$7,000.00)	5	\$125,017.59
GRAND TOTAL	23	0	(29)	(\$1,553,409.06)	\$953,561.75	(\$599,847.31)	4	2	(4)	\$739,743.29	\$686,424.59	\$1,426,167.88	27	\$826,320.57

HISTORY	MONTH TOTAL						MONTH TOTAL CHANGES FROM PRIOR MONTH TOTAL					
Monthly Totals	Open Claims	New Claims	Closed Claims	RESERVE	PAYMENTS	TOTAL	Open Claims	New Claims	Closed Claims	RESERVE	PAYMENTS	TOTAL
June - 2022	408	57	40	\$37,514,685.42	\$32,325,987.10	\$69,840,672.52	27	2	(33)	(\$813,665.77)	\$1,639,986.34	\$826,320.57
May - 2022	381	55	73	\$38,328,351.19	\$30,686,000.76	\$69,014,351.95	(16)	11	40	(\$5,203,062.14)	\$3,030,181.71	(\$2,172,880.43)
April - 2022	397	44	33	\$43,531,413.33	\$27,655,819.05	\$71,187,232.38	21	(25)	(7)	\$342,327.71	\$1,366,532.28	\$1,708,859.99
March - 2022	376	69	40	\$43,189,085.62	\$26,289,286.77	\$69,478,372.39	34	22	6	\$1,481,802.34	\$1,290,433.83	\$2,772,236.17
February - 2022	342	47	34	\$41,707,283.28	\$24,998,852.94	\$66,706,136.22	15	8	0	\$2,051,510.59	(\$272,536.59)	\$1,778,974.00
January - 2022	327	39	34	\$39,655,772.69	\$25,271,389.53	\$64,927,162.22	7	4	(17)	(\$2,780,159.39)	(\$279,539.15)	(\$3,059,698.54)
December - 2021	320	35	51	\$42,435,932.08	\$25,550,928.68	\$67,986,860.76	(14)	(12)	13	\$733,971.22	(\$846,129.80)	(\$112,158.58)
November - 2021	334	47	38	\$41,701,960.86	\$26,397,058.48	\$68,099,019.34	16	13	(12)	\$428,298.90	(\$140,259.94)	\$288,038.96
October - 2021	318	34	50	\$41,273,661.96	\$26,537,318.42	\$67,810,980.38	(11)	(17)	(1)	\$387,615.58	\$1,047,331.60	\$1,434,947.18
September - 2021	329	51	51	\$40,886,046.38	\$25,489,986.82	\$66,376,033.20	1	(2)	7	(\$1,015,326.68)	(\$14,926,877.83)	(\$15,942,204.51)
August - 2021	328	53	44	\$41,901,373.06	\$40,416,864.65	\$82,318,237.71	13	26	23	(\$6,602,301.51)	\$8,714,729.10	\$2,112,427.59
July - 2021	315	27	21	\$48,503,674.57	\$31,702,135.55	\$80,205,810.12	10	(6)	(14)	(\$9,463,560.36)	\$917,883.95	(\$8,545,676.41)
June - 2021	305	33	35	\$57,967,234.93	\$30,784,251.60	\$88,751,486.53	(1)	6	3	(\$7,958,945.25)	\$7,182,105.43	(\$776,839.82)
May - 2021	306	27	32	\$65,926,180.18	\$23,602,146.17	\$89,528,326.35	(1)	(17)	(12)	(\$3,911,820.87)	\$2,197,081.64	(\$1,714,739.23)
April - 2021	307	44	44	\$69,838,001.05	\$21,405,064.53	\$91,243,065.58	(4)	(11)	(20)	\$664,221.97	\$850,627.02	\$1,514,848.99
March - 2021	311	55	64	\$69,173,779.08	\$20,554,437.51	\$89,728,216.59	5	23	29	\$1,736,847.96	(\$1,879,101.28)	(\$142,253.32)
February - 2021	306	32	35	\$67,436,931.12	\$22,433,538.79	\$89,870,469.91	0	6	5	\$1,663,112.17	\$860,697.63	\$2,523,809.80
January - 2021	306	26	30	\$65,773,818.95	\$21,572,841.16	\$87,346,660.11	3	3	(7)	\$3,370,469.11	\$580,052.17	\$3,950,521.28
December - 2020	303	23	37	\$62,403,349.84	\$20,992,788.99	\$83,396,138.83	(10)	(8)	(6)	(\$581,271.80)	\$177,982.64	(\$403,289.16)
November - 2020	313	31	43	\$62,984,621.64	\$20,814,806.35	\$83,799,427.99	(11)	(1)	(2)	(\$367,874.33)	(\$1,858,671.89)	(\$2,226,546.22)
October - 2020	324	32	45	\$63,352,495.97	\$22,673,478.24	\$86,025,974.21	(8)	(11)	1	(\$1,061,841.28)	\$338,457.26	(\$723,384.02)
September - 2020	332	43	44	\$64,414,337.25	\$22,335,020.98	\$86,749,358.23	5	(3)	(6)	\$4,366,893.14	(\$3,456,682.77)	\$910,210.37
August - 2020	327	46	50	\$60,047,444.11	\$25,791,703.75	\$85,839,147.86	(2)	12	(13)	\$2,049,364.59	\$207,038.63	\$2,256,403.22
July - 2020	329	34	63	\$57,998,079.52	\$25,584,665.12	\$83,582,744.64	(13)	6	10	\$623,995.55	(\$503,018.35)	\$120,977.20
June - 2020	342	28	53	\$57,374,083.97	\$26,087,683.47	\$83,461,767.44	(16)	0	5	\$6,269,195.94	(\$2,612,598.40)	\$3,656,597.54
May - 2020	358	28	48	\$51,104,888.03	\$28,700,281.87	\$79,805,169.90	(17)	(5)	(7)	(\$1,001,774.21)	\$212,572.70	(\$789,201.51)
April - 2020	375	33	55	\$52,106,662.24	\$28,487,709.17	\$80,594,371.41	(18)	(26)	(5)	\$9,055,092.07	(\$1,810,158.40)	\$7,244,933.67
March - 2020	393	59	60	\$43,051,570.17	\$30,297,867.57	\$73,349,437.74	(27)	6	(10)	\$4,121,623.47	(\$362,590.96)	\$3,759,032.51
February - 2020	420	53	70	\$38,929,946.70	\$30,660,458.53	\$69,590,405.23	(13)	0	3	(\$1,238,603.78)	(\$1,510,281.42)	(\$2,748,885.20)
January - 2020	433	53	67	\$40,168,550.48	\$32,170,739.95	\$72,339,290.43	(7)	(14)	(15)	(\$2,507,472.41)	\$7,475,585.61	\$4,968,113.20
December - 2019	440	67	82	\$42,676,022.89	\$24,695,154.34	\$67,371,177.23	(6)	18	16	(\$2,236,179.20)	(\$18,093,649.00)	(\$20,329,828.20)
November - 2019	446	49	66	\$44,912,202.09	\$42,788,803.34	\$87,701,005.43	(14)	(28)	6	(\$528,488.93)	\$1,391,292.16	\$862,803.23
October - 2019	460	77	60	\$45,440,691.02	\$41,397,511.18	\$86,838,202.20	18	(5)	16	\$614,136.14	\$951,617.93	\$1,565,754.07
September - 2019	442	82	44	\$44,826,554.88	\$40,445,893.25	\$85,272,448.13	43	38	(14)	\$1,132,687.96	\$649,885.94	\$1,782,573.90
August - 2019	399	44	58	\$43,693,866.92	\$39,796,007.31	\$83,489,874.23	(9)	(2)	(10)	(\$542,517.22)	\$10,512,370.30	\$9,969,853.08
July - 2019	408	46	68	\$44,236,384.14	\$29,283,637.01	\$73,520,021.15	(14)	(5)	15	\$1,018,508.88	\$2,965,261.93	\$3,983,770.81



# NMPSIA BOARD REPORT

ALL YEARS TOTAL													
OPEN CLAIMS FOR WORKERS' COMPENSATION AS OF JUNE 30, 2022													
SCHOOL DISTRICT	OPEN		RE-OPENED		NEW		CLOSED		RESERVE		PAYMENT		TOTAL
HISTORY	Chg	Ct	Chg	Ct	Chg	Ct	Chg	Ct	Change	Current	Change	Current	Change
JUNE-2022	(15)	945	+10	32	(114)	93	(59)	140	(\$344,886)	\$ 13,962,003.26	+\$54,290	\$ 48,296,645.97	(\$290,596)
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
HISTORY	OPEN		RE-OPENED		NEW		CLOSED		RESERVE		PAYMENT		TOTAL
HISTORY	Chg	Ct	Chg	Ct	Chg	Ct	Chg	Ct	Change	Current	Change	Current	Change
JUNE-2022	(15)	945	+10	32	(114)	93	(59)	140	(\$344,886)	\$ 13,962,003.26	+\$54,290	\$ 48,296,645.97	(\$290,596)
MAY-2022	+30	960	(1)	22	+29	207	+18	199	(\$24,133)	\$ 14,306,889.60	+\$353,763	\$ 48,242,355.49	+\$329,630
APRIL-2022	+20	930	+1	23	(47)	178	(24)	181	(\$354,710)	\$ 14,331,022.70	+\$398,883	\$ 47,888,592.21	+\$44,173
MARCH-2022	+42	910	+7	22	+59	225	+26	205	+\$27,833	\$ 14,685,732.34	(\$404,683)	\$ 47,489,709.58	(\$376,850)
FEBRUARY-2022	+1	868	+2	15	+65	166	+9	179	+\$168,625	\$ 14,657,898.88	(\$178,556)	\$ 47,894,392.95	(\$9,932)
JANUARY-2022	+0	867	+0	13	+0	101	+0	170	+\$204,865	\$ 14,489,274.20	(\$236,518)	\$ 48,072,949.17	(\$31,653)
DECEMBER-2021	(56)	867	(9)	13	(67)	101	(54)	170	(\$73,386)	\$ 14,284,409.04	(\$316,376)	\$ 48,309,467.44	(\$389,761)
NOVEMBER-2021	(34)	923	(17)	22	(34)	168	+35	224	(\$299,608)	\$ 14,357,794.86	(\$450,346)	\$ 48,625,842.94	(\$749,954)
OCTOBER-2021	+52	957	+23	39	(40)	202	(12)	189	+\$756,885	\$ 14,657,403.06	(\$111,683)	\$ 49,076,188.93	+\$645,202
SEPTEMBER-2021	+57	905	+2	16	+27	242	+10	201	+\$71,559	\$ 13,900,518.15	(\$403,273)	\$ 49,187,872.17	(\$331,714)
AUGUST-2021	+38	848	+1	14	+154	215	+91	191	(\$27,930)	\$ 13,828,959.45	(\$136,432)	\$ 49,591,145.27	(\$164,361)
JULY-2021	(26)	810	(5)	13	(20)	61	(10)	100	(\$179,232)	\$ 13,856,889.02	+\$301,019	\$ 49,727,577.14	+\$121,788
JUNE-2021	(11)	836	(3)	18	(67)	81	(26)	110	(\$8,065)	\$ 14,036,120.59	(\$289,351)	\$ 49,426,557.96	(\$297,416)
MAY-2021	+33	847	+13	21	(40)	148	(1)	136	(\$372,986)	\$ 14,044,185.65	(\$262,097)	\$ 49,715,908.54	(\$635,083)
APRIL-2021	+59	814	(4)	8	+63	188	+38	137	(\$26,222)	\$ 14,417,171.69	+\$34,571	\$ 49,978,005.34	+\$8,349
MARCH-2021	+38	755	+6	12	+29	125	(5)	99	+\$322,358	\$ 14,443,393.30	+\$53,478	\$ 49,943,434.55	+\$375,835
FEBRUARY-2021	(2)	717	(8)	6	+39	96	+19	104	(\$347,549)	\$ 14,121,035.63	(\$98,645)	\$ 49,889,956.94	(\$446,193)
JANUARY-2021	(14)	719	+5	14	+8	57	(28)	85	(\$21,541)	\$ 14,468,584.16	+\$284,394	\$ 49,988,601.75	+\$262,853
DECEMBER-2020	(55)	733	(2)	9	(19)	49	(5)	113	(\$140,827)	\$ 14,490,125.38	(\$815,625)	\$ 49,704,207.32	(\$956,451)
NOVEMBER-2020	(39)	788	(1)	11	(34)	68	+10	118	+\$256,577	\$ 14,630,952.20	(\$497,463)	\$ 50,519,831.99	(\$240,886)
OCTOBER-2020	+6	827	+4	12	(7)	102	+12	108	(\$179,532)	\$ 14,374,375.16	+\$29,412	\$ 51,017,294.97	(\$150,120)
SEPTEMBER-2020	+21	821	+2	8	+33	109	+6	96	(\$223,317)	\$ 14,553,906.93	+\$19,544	\$ 50,987,883.44	(\$203,773)
AUGUST-2020	(8)	800	(3)	6	+45	76	+20	90	+\$6,035	\$ 14,777,223.97	(\$203,860)	\$ 50,968,339.27	(\$197,825)
JULY-2020	(28)	808	+0	9	(9)	31	(31)	70	(\$192,135)	\$ 14,771,188.76	+\$115,265	\$ 51,172,199.03	(\$76,870)
JUNE-2020	(52)	836	(2)	9	(3)	40	+0	101	(\$65,519)	\$ 14,963,323.51	+\$171,712	\$ 51,056,933.96	+\$106,193
MAY-2020	(47)	888	(3)	11	+5	43	(48)	101	+\$80,413	\$ 15,028,842.93	(\$685,831)	\$ 50,885,221.68	(\$605,418)
APRIL-2020	(97)	935	(10)	14	(88)	38	(84)	149	(\$387,956)	\$ 14,948,429.98	(\$707,090)	\$ 51,571,052.40	(\$1,095,046)
MARCH-2020	(83)	1,032	(5)	24	(132)	126	+23	233	(\$465,833)	\$ 15,336,386.15	(\$111,414)	\$ 52,278,142.52	(\$577,247)
FEBRUARY-2020	+77	1,115	(7)	29	+27	258	(49)	210	+\$374,372	\$ 15,802,218.71	+\$274,161	\$ 52,389,556.80	+\$648,533
JANUARY-2020	+8	1,038	+14	36	+31	231	+7	259	+\$313,853	\$ 15,427,846.88	(\$838,082)	\$ 52,115,395.98	(\$524,229)
													\$ 67,543,242.86





NMPSIA BOARD REPORT

**ALL YEARS TOTAL**  
**OPEN CLAIMS FOR WORKERS' COMPENSATION AS OF June 30, 2022**

CHARTER SCHOOL	OPEN		RE-OPENED		NEW		CLOSED		RESERVE		PAYMENT		TOTAL	
HISTORY	Chg	Ct	Chg	Ct	Chg	Ct	Chg	Ct	Change	Current	Change	Current	Change	Current
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

CHARTER SCHOOL	OPEN		RE-OPENED		NEW		CLOSED		RESERVE		PAYMENT		TOTAL	
HISTORY	Chg	Ct	Chg	Ct	Chg	Ct	Chg	Ct	Change	Current	Change	Current	Change	Current
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
DECEMBER-2020	(2)	26	+0	0	+2	3	+1	5	(\$7,508)	\$ 915,083.31	(\$8,604)	\$ 1,340,704.56	(\$16,112)	\$2,255,787.87
NOVEMBER-2020	(3)	28	(1)	0	(2)	1	+2	4	+\$94,090	\$ 922,591.45	(\$87,448)	\$ 1,349,308.47	+\$6,642	\$2,271,899.92
OCTOBER-2020	+1	31	+0	1	(2)	3	(3)	2	+\$229,281	\$ 828,501.88	+\$129,497	\$ 1,436,756.04	+\$358,779	\$2,265,257.92
SEPTEMBER-2020	+1	30	+0	1	+4	5	+1	5	+\$15,865	\$ 599,220.63	+\$27,958	\$ 1,307,258.66	+\$43,823	\$1,906,479.29
AUGUST-2020	(2)	29	+1	1	+1	1	+1	4	(\$30,160)	\$ 583,356.09	+\$3,290	\$ 1,279,300.32	(\$26,870)	\$1,862,656.41
JULY-2020	(1)	31	(1)	0	(2)	0	+0	3	+\$14,082	\$ 613,515.68	+\$9,819	\$ 1,276,010.55	+\$23,901	\$1,889,526.23
JUNE-2020	+0	32	+0	1	+2	2	+2	3	(\$29,687)	\$ 599,433.75	+\$22,997	\$ 1,266,191.06	(\$6,690)	\$1,865,624.81
MAY-2020	+0	32	(1)	1	(3)	0	(5)	1	+\$6,075	\$ 629,120.81	+\$12,838	\$ 1,243,194.00	+\$18,913	\$1,872,314.81
APRIL-2020	(1)	32	+1	2	+1	3	(5)	6	(\$85,694)	\$ 623,046.15	(\$186,145)	\$ 1,230,355.78	(\$271,838)	\$1,853,401.93
MARCH-2020	(8)	33	+1	1	(42)	2	(3)	11	+\$14,058	\$ 708,739.78	+\$27,195	\$ 1,416,500.31	+\$41,253	\$2,125,240.09
FEBRUARY-2020	(3)	41	(1)	0	+36	44	+2	14	(\$19,515)	\$ 694,681.78	(\$63,159)	\$ 1,389,305.39	(\$82,674)	\$2,083,987.17
JANUARY-2020	(3)	44	+1	1	(4)	8	+3	12	(\$22,137)	\$ 714,196.30	+\$56,658	\$ 1,452,464.65	+\$34,520	\$2,166,660.95

# NMPSIA Loss Prevention Annual Abatement Report

July 2022	Total Rec	Total Capital	Total Non-Capital	Corrected Capital	Corrected Non- Capital	Total Corrected
July 2022	314	17	297	0	202	202
Total % Corrected	64.33%	= Total Corrected/Total Recommendations				
% Corrected Capital	0.00%	= Corrected Capital/Total Capital				
% Corrected Non-Capital	68.01%	= Corrected Non-Capital/Total Non-Capital				



# No Surprises Act/Transparency Compliance Plan

Check in

September 2, 2022

**Amy Dunn. JD. MHA.**

Vice President, Senior Consultant – Compliance

# No Surprises Act (NSA) and Transparency Rule Compliance Status Report – NMPSIA

## Summary

- The Consolidated Appropriations Act of 2021 was enacted on December 27, 2020 and contains many provisions to help protect consumers from surprise bills, including the No Surprises Act under Title I and Transparency under Title II.
- Segal has reached out to NMPSIA's medical carriers (BCBSNM, Cigna, and PHP) and pharmacy vendors (ESI and CVS), with a series of questions regarding compliance with Transparency and No Surprises Act.
- All vendors except BCBSNM have provided responses to Segal's questions. BCBSNM provided only presentation slides and did not respond to the specific questionnaires or follow-up outreach.
- Cigna and PHP confirmed that NMPSIA is subject to both the New Mexico Surprise Billing Protection Act and the federal No Surprises Act. The No Surprises Act will supplement the New Mexico Surprise Billing Protection Act.
- Cigna and PHP confirmed that they have been administering and paying out-of-network emergency claims, and out-of-network non-emergency claims received at an in-network facility in accordance with the New Mexico Surprise Billing Protection Act.
- Cigna and PHP confirmed that claims relating to air ambulance services will be governed by the No Surprises Act.
- Most requirements for transparency and the No Surprises Act for 2022 have been completed. Please refer to the Requirements Effective for 2022 Plan Year chart for additional discussion.
- Additional requirements are effective in 2023. Please refer to the Requirements Effective for 2023 for additional information.

# Requirements Effective for 2022 Plan Year

Requirement	Responsible Party	Comments
Participant disclosures (NSA)	NMPSIA	<ul style="list-style-type: none"> <li>Post balance billing protection disclosure on plan website.</li> <li>Consider links to vendor information for New Mexico Surprise Billing Protection Act, if available.</li> <li>PHP: <a href="https://www.phs.org/tools-resources/member/Pages/balance-billing-protections.aspx">https://www.phs.org/tools-resources/member/Pages/balance-billing-protections.aspx</a></li> <li>BCBSNM: <a href="https://www.bcbsnm.com/member/member-resources/surprise-medical-bills">https://www.bcbsnm.com/member/member-resources/surprise-medical-bills</a></li> </ul>
	BCBSNM Cigna PHP	<ul style="list-style-type: none"> <li>Amend applicable Explanation of Benefits (EOB) to include balance billing protection disclosure.</li> <li>Cigna and PHP have confirmed.</li> </ul>
Provider Directory (NSA)	BCBSNM Cigna PHP	<ul style="list-style-type: none"> <li>Provider directory information must be updated and verified as accurate at least every 90 days.</li> <li>BCBSNM, Cigna and PHP confirmed provider outreach.</li> </ul>
ID cards (NSA)	BCBSNM Cigna PHP CVS	<ul style="list-style-type: none"> <li>Must include information about deductibles, out-of-pocket maximums, and contact information.</li> <li>BCBSNM, Cigna and PHP confirmed cards have been updated and will be sent upon request.</li> <li>CVS awaits further regulatory guidance. Cards include phone number and website to access Rx deductibles and OOP maximums.</li> </ul>
Prohibition on Gag Clauses – provider contracts (NSA)	BCBSNM Cigna PHP CVS	<ul style="list-style-type: none"> <li>Review service provider contracts to remove “gag clauses”.</li> <li>Cigna and PHP have confirmed.</li> </ul>
Prohibition on Gag Clauses-attestation (NSA)	NMPSIA	<ul style="list-style-type: none"> <li>Attestation portal coming from Government later in 2022.</li> <li>NMPSIA will need to complete the attestation when it becomes available.</li> </ul>
Updates to service provider contracts (NSA)	NMPSIA Legal Counsel	<ul style="list-style-type: none"> <li>Get a full statement of work for what service provider is doing and consider performance guarantees or indemnification if desired.</li> <li>Service providers may increase fees – determine whether permitted under contract.</li> </ul>
Continuity of care (NSA)	BCBSNM Cigna PHP	<ul style="list-style-type: none"> <li>Provide notice to continuity of care patients of termination of its contract with an in-network provider or facility, and administer election for continuing of care from terminating provider or facility for up to 90 days at the in-network cost-sharing.</li> <li>Vendors have confirmed they are updating their process to provide notice.</li> </ul>

Requirement	Responsible Party	Comments
Machine-readable files (Transparency Rules)	BCBSNM Cigna PHP	<ul style="list-style-type: none"> <li>• Provide links to the medical vendors Machine Readable Files (MRFs).</li> <li>• Links are featured on NMPSIA's website.</li> <li>• Vendors have reported future updates will be released.</li> </ul>
Prescription drug reporting (NSA)	ESI NMPSIA	<ul style="list-style-type: none"> <li>• Effective date for submitting 2020 data is 12/27/2021 and 2021 data is June 1, 2022, but enforcement for submitting is deferred until 12/27/2022</li> <li>• ESI will send aggregated reporting for this client which will include in house data and plan data obtained from the client.</li> <li>• ESI will obtain plan data from the client in order to complete the appropriate P file and ESI will explain what data we do not have in the narrative sections. ESI would combine the client's data with other similar clients and aggregate at levels including state and market segment.</li> <li>• Any data that is not available in house in the appropriate P files will need to be provided by the client. Any data that is not available in house or on the for reports D3-8 will be explained in the narrative, such as certain cases in which manufacturers provide assistance to customers at point of sale.</li> <li>• ESI will complete the appropriate P file based on the survey response to Market Segment provided by client (P1 is for individual &amp; student plans, P2 is for group plans, P3 is for FEHB) and reports D3-8.</li> <li>• According to the latest guidance, plans without HIOS IDs are not required to obtain one for reporting purposes.</li> <li>• ESI reports no additional costs for standard reporting.</li> <li>• NMPSIA needs to work with ESI for needed data.</li> <li>• Review Prescription Drug Reporting in Appendix A for additional information.</li> </ul>



Requirement	Responsible Party	Comments
Identification of claims subject to the No Surprises Act versus the New Mexico Surprise Billing Protection Act (NSA) (NMSBPA)	BCBSNM Cigna PHP	<ul style="list-style-type: none"> <li>• PHP and CIGNA stated that they interpret the No Surprises Act to apply to Air Ambulance claims, and the New Mexico Surprise Billing Protection Act to apply to Emergency services and non-emergency services performed by nonparticipating providers at participating health care facilities.</li> <li>• See Appendix B for select requirements.</li> </ul>
Determination of participant cost sharing (NMSBPA)	BCBSNM Cigna PHP	<ul style="list-style-type: none"> <li>• PHP stated participants cost share will be at the in-network benefit level for emergency care out of network, including air ambulance services.</li> <li>• PHP participants cost share will be at the in-network benefit level for nonemergency care from an out-of-network provider at an in-network facility if 1) the participant did not consent to services from an out-of-network provider; 2) the participant was not offered the service from an in-network provider; or 3) the service was not available from an in-network provider as determined by the health care provider and health insurance.</li> <li>• Cigna states that with respect to cost sharing that their position aligns with the State's <a href="#">responses</a> to the CMS enforcement survey and <a href="#">statements</a> by the Office of Superintendent of Insurance regarding the applicability of NM state law.</li> </ul>
New Mexico Surprise Bill Reimbursement Rate (NMSBPA)	BCBSNM Cigna PHP	<ul style="list-style-type: none"> <li>• For services subject to the New Mexico Surprise Billing Protection Act, a health insurance carrier shall directly reimburse a nonparticipating provider for care rendered the "surprise bill reimbursement rate" - calculated using 2017 claims data and paid at the 60th percentile of the allowed commercial reimbursement rate for the particular health care service performed by a provider in the same or similar specialty in the same geographic area, as reported in a benchmarking database (e.g., Fair Health).</li> <li>• No surprise bill reimbursement rate shall be paid at less than 150% of the 2017 Medicare reimbursement rate for the applicable health care service provided.</li> </ul>

Requirement	Responsible Party	Comments
Identification of Qualifying Payment Amount (QPA) (NSA)	BCBSNM Cigna PHP	<ul style="list-style-type: none"> <li>• PHP has stated that the only impact to NMPSIA is for the additional protections provided under the No Surprises Act for air ambulance claims, as these types of claims were not included in the New Mexico Surprise Billing Protection Act. For these types of claims, Presbyterian uses its vendor, Fair Health, to determine the QPA and will work through the independent dispute resolution process on behalf of NMPSIA, if a provider elects to begin that process.</li> <li>• Cigna has stated that for claims that qualify as No Surprises Act claims, they will calculate and apply the member's cost share at the in-network level.</li> </ul>
Initial payment to provider (NSA)	BCBSNM Cigna PHP	<ul style="list-style-type: none"> <li>• PHP will attempt to negotiate with any provider prior to the provider electing to conduct an Independent Dispute Resolution in order to reach a fair payment arrangement.</li> <li>• Cigna has stated that for claims that qualify as No Surprises Act claims, reimburse providers as directed in the interim final rules released 7.1.21</li> </ul>
Open Negotiation Period between Plan and Provider (NSA)	BCBSNM Cigna PHP	<ul style="list-style-type: none"> <li>• PHP will attempt to negotiate with any provider prior to the provider electing to conduct an IDR in order to reach a fair payment arrangement.</li> <li>• Cigna has stated they will implement the independent dispute resolution process as directed by law.</li> </ul>
Independent Dispute Resolution (IDR) (NSA)	BCBSNM Cigna PHP	<ul style="list-style-type: none"> <li>• PHP states that it will attempt to negotiate with any provider prior to the provider electing to conduct an IDR in order to reach a fair payment arrangement. PHP will be responsible for preparing submissions needed for the IDR process and will coordinate and inform activities related to this process with NMPSIA, as needed. PHP will inform NMPSIA if adverse payment determinations are made at the conclusion of the process.</li> <li>• Cigna has stated they will implement the independent dispute resolution process as directed by law. Cigna will prepare the IDR submission on behalf of the Plan at no additional cost. Cigna will pay IDR fees on behalf of the Plan, including general assessments and fees if the Plan is unsuccessful.</li> <li>• See Appendix C for Federal IDR Flowchart</li> </ul>
External Review (NSA)	BCBSNM Cigna PHP	<ul style="list-style-type: none"> <li>• PHP currently contracts with a few different vendors that provide external review services.</li> <li>• Cigna will implement the independent dispute resolution process as directed by law and will follow the established external review processes (applicable by funding type) when an external appeal is requested.</li> </ul>



## Requirements Effective in 2023

Requirement	Task/Element	Status
Price comparison tool	<ul style="list-style-type: none"> <li>• By telephone and online</li> <li>• Effective January 1, 2023 (top 500 services on list); remaining services by January 1, 2024</li> <li>• Required under NSA and Transparency Rule</li> </ul>	<ul style="list-style-type: none"> <li>• Awaiting regulatory guidance which is likely to merge this requirement with the Transparency requirement</li> </ul>
Air ambulance claims data reporting	<ul style="list-style-type: none"> <li>• Reporting first due 3/31/2023 for 2022 calendar year</li> <li>• Departments will issue a proposed data template and instructions</li> </ul>	<ul style="list-style-type: none"> <li>• Awaiting regulations</li> </ul>

## Delayed Pending Regulatory Guidance

Requirement	Task/Element	Status
Advanced explanation of benefits	<ul style="list-style-type: none"> <li>• When a participant schedules an item or service, the provider is required to provide the Plan with a good faith estimate of the cost of the item or service</li> <li>• Upon receipt of the good faith estimate, plans are required to provide an Advanced EOB to the participant within 1 – 3 business days</li> </ul>	<ul style="list-style-type: none"> <li>• No action necessary pending future rulemaking</li> </ul>

## Next steps

- Confirm all questions with BCBSNM.
- Review prescription drug reporting requirements.
- Reach out to ESI for drug information reporting for 2020 and 2021. Confirm needed plan information.
- Post balance billing notice on NMPSIA website. Consider links to vendor sites for New Mexico laws.
- Review vendor services agreements for NSA services. Watch for fee increases.
- Complete the gag clause attestation when it becomes available.

# Appendix A - Prescription Drug Reporting

## Background

Group health plans must submit information on prescription drug costs and spending to the federal government later this year. The government calls the data submission the “RxDC report.” Data for the 2020 and 2021 calendar years must be reported by December 27, 2022, and data for the 2022 calendar year must be reported by June 1, 2023. Data will be used by the government to publish reports on prescription drug costs.

Group health plans are required to report the following information:

- Identifying information for the plan and its reporting entities;
- The beginning and end dates of the plan year;
- The number of participants and beneficiaries covered on the last day of the applicable calendar year;
- Each state in which the plan coverage is offered;
- The 50 brand prescription drugs most frequently dispensed by pharmacies for claims paid by the plan and the total number of paid claims for each drug;
- The 50 most costly prescription drugs with respect to the plan by total annual spending and the annual amounts spent for each drug;
- The 50 prescription drugs with the greatest increase in plan expenditures over the calendar year and for each, the change in amounts expended by the plan in each calendar year;
- Total annual spending on health care services by the plan broken down by type of costs (hospital, provider, Rx and other) and spending on prescription drugs broken down by health plan spending and participant spending;
- Average monthly premium paid by plan sponsors and by participants;
- Prescription drug rebates, fees and other remuneration, excluding bona fide service fees, broken down by the amounts passed through to the plan, its participants, and its pharmacy benefit manager, for each therapeutic class and for each of the 25 drugs that yielded the highest amount of rebates or other remuneration;
- The method used to allocate prescription drug rebates, fees, and other remuneration; and
- The impact of prescription drug rebates, fees or other remuneration on premiums and cost-sharing amounts.

The [Interim Final Rule](#) implementing the reporting provision provides that plan data may be reported to CMS in the aggregate by pharmacy benefit managers, insurers, or other reporting entities. CMS encourages aggregation by PBMs or other reporting entities because there will be less uploads to the CMS reporting system and drug spend can be determined across larger groups. There may also be multiple entities reporting information on behalf of a single plan.

## HIOS Reporting System

Data is submitted to the government through the RxDC module in CMS's Health Insurance Oversight System (HIOS). HIOS is an application that is generally used by insurance carriers. Employer sponsored group health plans have not historically been required to use HIOS.<sup>1</sup> Consequently, if plans must report data (because their PBM is not reporting it for them) they would need to create a HIOS account at <https://portal.cms.gov/portal>. Instructions for creating the account are available [here](#).

Plans only need one HIOS ID, even if they have multiple plan options. In addition, multiple entities may submit data to the HIOS RxDC module on behalf of a plan.

## Reporting Guidance

CMS has published more detailed reporting guidance along with reporting templates on its RxDC website at its [RxDC website](#), including the following:

- [RxDC reporting instructions \(PDF\)](#)
- [RxDC templates \(ZIP\)](#)
- [RxDC drug name and therapeutic class crosswalk \(XLSX\)](#)

The RxDC reporting instructions were updated in June 2022.

The reporting templates include eight data files:

- D1. Premium and Life-Years
- D2. Spending by Category
- D3. Top 50 Most Frequent Brand Drugs
- D4. Top 50 Most Costly Drugs
- D5. Top 50 Drugs by Spending Increase
- D6. Rx Totals
- D7. Rx Rebates by Therapeutic Class
- D8. Rx Rebates for the Top 25 Drugs

In reviewing the data included on the templates, it appears likely that the PBM would need to complete templates D3-D8. The plan or its medical administrator would have information necessary to complete templates D1-D2. Drugs covered under the pharmacy benefit are reporting in the prescription drug spending category, and drugs covered under a non-pharmacy benefit, such as hospital or medical, would be reported in the hospital or medical spending category.

An additional template, P2, contains identifying information for the plan. Finally, a narrative response is required in word or PDF, which describes answers to additional questions posed by the government.

<sup>1</sup> Several years ago, the government had proposed that all group health plans were required to obtain a HPID number through HIOS, but that program was eliminated. However, some plans may have opened HIOS accounts in anticipation of the HPID requirement. In addition, self-insured nonfederal governmental plans that have opted out of federal health laws such as the MHPAEA will have a HIOS ID because that opt-out is done through the HIOS system.

## Appendix B – Applicability of New Mexico Surprise Billing Protection Act (2020)

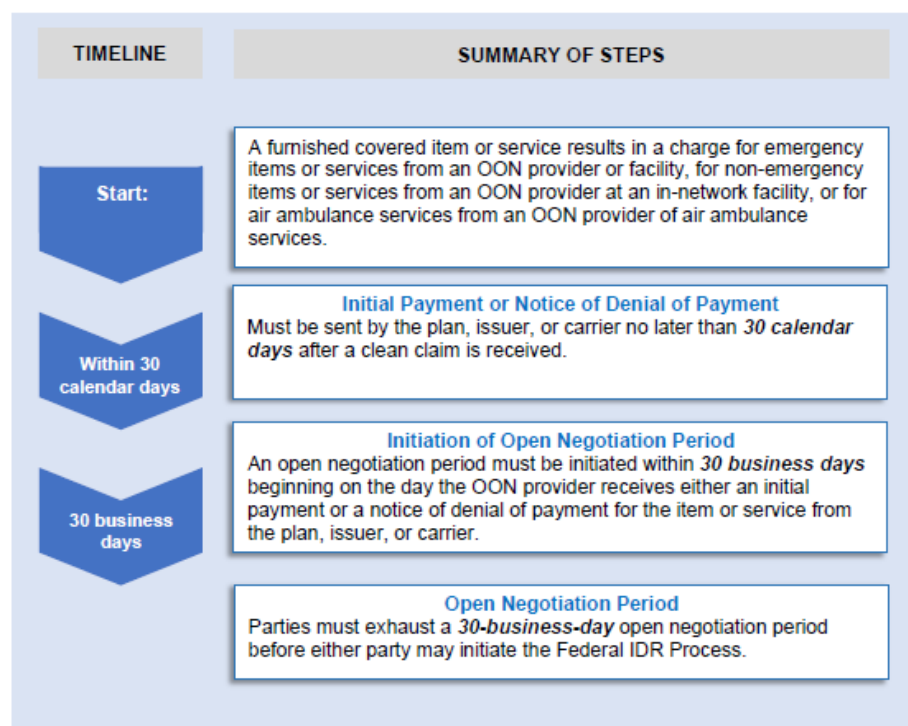
The New Mexico Public School Insurance Authority (NMPSIA) is subject to the [New Mexico Health Care Purchasing Act](#). The [New Mexico Surprise Billing Protection Act](#), which is part of the New Mexico Insurance Code, applies to group health coverage governed by the provisions of the Health Care Purchasing Act. Cigna and PHP have confirmed that NMPSIA is subject to both the New Mexico Surprise Billing Protection Act and the federal [No Surprises Act](#). The No Surprises Act will supplement what the New Mexico Surprise Billing Protection Act already covers.

Select Requirements	Federal No Surprises Act	New Mexico Surprise Billing Protection Act
Out-of-Network Emergency Services		X
Out-of-Network Nonemergency services received at an in-network facility		X
Out-of-Network Air Ambulance	X	
Independent Dispute Resolution (IDR)	X (Out-of-Network Air Ambulance)	
ID Cards	X	
Advanced EOB	X	
Price Comparison	X	
Provider Directory Verification	X	

# Appendix C – Federal IDR process flowchart

## IDR Guidance for Disputing Parties

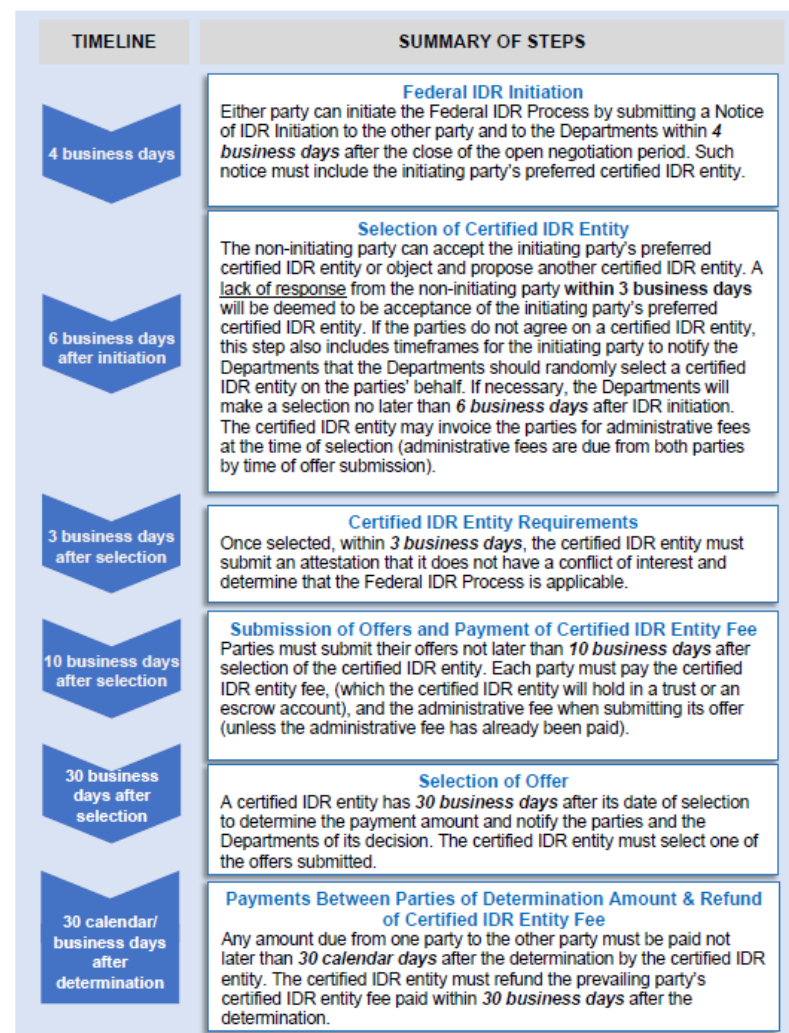
### Steps Preceding the Federal IDR Process



## IDR Guidance for Disputing Parties

### Federal IDR Process Overview

The Departments may provide extensions to some of these time periods due to extenuating circumstances. See Section 9 for more information.





# New Mexico Public Schools Insurance Authority

## **Pharmacy Pricing and Plan Design Review Results – Final Draft Audit Report**

August 1, 2022 / Amy Merrick, Consultant, Benefit Audits Solution



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August 1, 2022

Martha Quintana  
Executive Director  
New Mexico Public Schools Insurance Authority  
[Martha.Quintana@state.nm.us](mailto:Martha.Quintana@state.nm.us)

Dear Martha:

On behalf of the New Mexico Public Schools Insurance Authority ("NMPSIA"), Segal completed a review of the pharmacy benefits program administered by NMPSIA's pharmacy benefit manager (PBM), Express Scripts, Inc. (ESI), for the contract period of July 1, 2018 through June 30, 2020. This review included an assessment of the Financial Performance of Average Wholesale Price (AWP) Discounts, Dispensing Fees, Minimum Rebates, and Benefit / Plan Design Administration.

The following Final Report presents the details and results of the review process. ESI's responses have been incorporated in italics throughout the Final Audit Report for NMPSIA review.

Once you have reviewed this report, Segal is happy to review any questions with NMPSIA.

Sincerely,

Amy Merrick  
Consultant  
Segal, Benefits Audit Solutions

cc: Cristina De Leon – Segal – Chicago

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# Section I - Executive Summary

## Engagement Overview

New Mexico Public Schools Insurance Authority (NMPSIA) engaged the services of Segal's Benefit Audit Solutions (BAS) Practice to conduct a pharmacy claims review to assess Express Scripts, Inc (ESI's) administration of the NMPSIA's self-funded pharmacy plan benefits and financial contract terms. This engagement encompassed a review of ESI to assess the accuracy and appropriateness of the prescription adjudication process, compliance with pricing agreements, contract terms, and compliance with benefit and plan design documents to ensure that they align with plan intent and pharmacy industry standards.

Segal conducted a review of the NMPSIA's pharmacy program, which contained a total of one (1) base plan design for the contract periods of July 1, 2018 through June 30, 2019 (Period 1), July 1, 2019 through December 31, 2019 (Period 2) and January 1, 2020 through June 30, 2020 (Period 2 Part 2).

## Review Process

Segal obtained the Plan Design Documents and Prescription Benefit Services Agreement from the NMPSIA and a claims data file from ESI for the Active lines of business containing detailed records of 100% of the NMPSIA claims, corresponding benefits, and financial reimbursements processed during the review period. Using this data, Segal created a customized data warehouse and performed a series of analyses on 100% of the NMPSIA claims based on various business rules. These business rules were generated from the Prescription Benefit Services Agreement, Plan Design Documents, various industry guidelines, and proprietary Segal tools. Based on the claim analyses, a sample of 126 claims was selected for testing. The sample included claims that may have been paid in error or did not comply with standard industry guidelines. Further details of the analyses are illustrated in the sections herein.

## Conclusion

Segal evaluated all 1,212,999 claims totaling \$126,269,867 (\$107,734,985 in NMPSIA cost and \$18,534,882 in member costs) during the review periods of July 1, 2018 through June 30, 2019 (Period 1), July 1, 2019 through December 31, 2019 (Period 2) and January 1, 2020 through June 30, 2020 (Period 2 Part 2) for the NMPSIA pharmacy claim review.

Segal determined that ESI did not meet the Minimum Rebate guarantees in Period 1 or Period 2 and exceeded the guarantees in Period 2 Part 2. ESI noted a total of \$37,172,547 was paid to NMPSIA in rebates for the entire review period. Segal's results determined an additional \$2,975,148 is due in rebates to NMPSIA for the review Periods 1 and 2 due to brand claims ESI excluded that Segal did not. ESI noted the brand claims processed as generics due to Dispense as Written ("DAW") 1 or 2 submitted codes and are excluded from rebates. Segal disagrees with this exclusion as DAW 1 or 2 submitted brand claims are not explicitly excluded in the contract.

For the Discount and Dispensing Fee guarantees, Segal determined ESI did not meet the

guarantees for the entire review period. ESI's self-reported results indicated ESI did not meet the Discount and Dispensing Fee guarantees for the review period as well. After review of ESI's self-reported Discount and Dispensing Fee results, Segal determined an additional amount is owed to NMPSIA Period 2 Part 2 due to zero balance claims ("ZBCs") ESI processed in its analysis. Segal agrees with ESI's self-reported dispensing fee results.

In regards, to the Benefit Administration - Plan Design review, based on ESI's responses to the original sample claims, Segal identified 5 outlier sample claims totaling \$3,253 that could be potential copay errors. This copay error was due to the 90-day claims dispensed at VA and non-Smart90 pharmacies. ESI disagreed with these errors and noted they are processing claims according to plan intent. After reviewing these issues with NMPSIA account management at Segal, it was determined a plan intent discussion should occur between NMPSIA and ESI regarding retail 90 claims that process at Veterans Affairs pharmacies and Retail pharmacies that dispense 90 days supply when they are not part of the Smart90 network.

Audit Results	
<b>Total cost of prescription drug claims paid by plan for 7/1/2018-6/30/2020</b>	<b>\$107,734,985</b>
<b>Financial Results:</b> Discount and Dispensing Fee analysis for mail, retail, and specialty claims = an additional Underperformance	<b>\$1,612,535</b>
<b>Financial Results:</b> Minimum Rebate Guarantee Results above what ESI reported total (shortfall)	<b>\$2,975,148</b>
<b>Benefit Administration – Plan Design</b> Total dollar errors/exceptions identified in claims sample	<b>\$3,253</b>

*ESI disputes these results and has not agreed to any payments for these errors.*

# Section II - Summary of Findings

## Audit Summary

In accordance with the Pharmacy Benefit Services Agreement (Agreement) between ESI and NMPSIA, effective July 1, 2018, Segal performed a review of the following tasks in order to evaluate ESI's performance as NMPSIA's PBM for the audit period of July 1, 2018 through June 30, 2020:

Review Task	Status
<b>Financial Review</b>	
AWP Discount Guarantees	Did Not Pass
Dispensing Fees Guarantees	Did Not Pass
Minimum Rebate Guarantees	Did Not Pass
Generic Dispensing Rate Guarantees	Pass
<b>Benefit Administration - Plan Design Validation</b>	
Copay and Coinsurance Application	Did Not Pass
Excluded Products	Pass
Duplicate Claims and Early Refill	Pass
Prior Authorization	Pass

- Segal determined ESI did not meet the Discount guarantees for the review periods. Segal determined an additional shortfall of **\$1,612,535** is due to NMPSIA for the Period 2 Part 2 due to ZBCs ESI processed in its analysis that should have been excluded per contract terms. Furthermore, Segal rejects ESI's response of the ZBD adjustment post adjudication. Further details of Segal's recommendations can be found in Section III of the report under Average Wholesale Price Discount Guarantee Results.
- Segal determined minor shortfalls in Dispensing Fees for the review periods totaling \$768. ESI determined minor shortfalls in Dispensing Fees for the review periods totaling \$784. Segal is in agreement with ESI's self-report dispensing fee results and does not consider the difference to be an issue of note.
- Segal determined that ESI did not meet the Minimum Rebate guarantees for the review Period 1 and Period 2 and exceeded the guaranteed in Period 2 Part 2. Segal's analysis determined an additional **\$2,975,148** is due to NMPSIA in rebates from the periods that did not meet guarantees. Furthermore, Segal rejects ESI's response to the exclusion of claims with a Dispense as Written Code of 1 or 2 and claims with ancillary charges as this is not exclusively outlined in the contract. Further details of Segal's recommendations can be found in Section III of the report under Minimum Rebates Guarantee Results.
- Generic Dispensing Rate Guarantee: Segal was not able to locate Generic Dispensing Rate (GDR) guarantees in the contract for review periods. Therefore, Segal measured the overall achieved GDR for the review periods and determined the plans over all generic utilization is within industry standards. The results are located below. Segal recommends that NMPSIA consider adding GDR guarantees as a future cost savings opportunity.

- Overall, the majority Benefit Administration - Plan Design review components passed the audit analyses. However, Segal determined that some claims for Retail-90 claims adjudicated at copays other than outlined in NMPSIA's Benefit Plan Design documents. The claims were for 90-day supplies at VA pharmacies and out of network Smart90 pharmacies. Segal recommends a discussion of these claims between NMPSIA and ESI, regarding terms should be outlined in detail and agreed to. This should be considered as an industry best practice.

# Section III - Financial Review

## Background and Scope

The purpose of the financial review is to confirm the accuracy in which ESI applied the contractual pricing terms to the pharmacy claims during the review period from July 1, 2018, through June 30, 2020. Pricing terms reviewed included Average Wholesale Price (AWP) Discounts, per Rx Dispensing Fees, and Minimum Rebate guarantees. There were no Generic Dispensing Rates (GDRs) outlined in the contract for NMPSI. Segal conducted an assessment on the achieved GDR rates per Channel per period for NMPSI's review and consideration.

## Review Process

To conduct this review, Segal reviewed a file of all claims adjudicated by ESI during the contract period from July 1, 2018 through June 30, 2020. Segal performed an initial review of these claims to determine any aberrant or unexplained price methodology. ESI's response to the preliminary report has been incorporated throughout the report, as applicable.

## Source Documentation

In order to determine the applicable contract terms, Segal reviewed the following:

- **Pharmaceutical Benefits Management Services Agreement**, between ESI and State of New Mexico Public Schools Insurance Authority, effective July 1, 2018. Also referred to as the "Agreement" or "Contract".
- **Amendment to Additional Smart90 Program**, between ESI and State of New Mexico Public Schools Insurance Authority, effective January 1, 2020. Also referred to as the "Amendment".

# Summary of Results

The following charts summarize the audit results of Segal's pricing review.

July 1, 2018 to June 30, 2019 (Period 1)			
Pricing Guarantee	Segal Audited Amount Due	ESI Reported Amount Due	Segal Audited less ESI Reported Amount Due
Ingredient Cost Discounts	\$190,984	\$193,364	\$0
Dispensing Fees	\$388	\$386	\$2
Minimum Rebates	\$18,122,198	\$16,612,528	-
Rebate Payments		\$16,182,089	\$1,940,109
Generic Dispensing Guarantee	N/A	N/A	N/A
<b>Grand Total</b>			<b>\$1,940,111</b>

July 1, 2019 to December 31, 2019 (Period 2 Part 1)			
Pricing Guarantee	Segal Audited Amount Due	ESI Reported Amount Due	Segal Audited less ESI Reported Amount Due
Ingredient Cost Discounts	\$367,077	\$374,282	\$0
Dispensing Fees	\$242	\$241	\$1
Minimum Rebates	\$10,309,137	\$9,417,538	
Rebate Payments		\$9,274,098	\$1,035,039
Generic Dispensing Guarantee	N/A	N/A	N/A
<b>Grand Total</b>			<b>\$1,035,040</b>

January 1, 2020 to June 30, 2020 (Period 2 Part 2)			
Pricing Guarantee	Segal Audited Amount Due	ESI Reported Amount Due	Segal Audited less ESI Reported Amount Due
Ingredient Cost Discounts	\$1,763,998	\$151,463	\$1,612,535
Dispensing Fees	\$138	\$157	\$0
Minimum Rebates	\$9,835,632	\$9,197,501	-
Rebate Payments		\$11,716,360	\$0
Generic Dispensing Guarantee	N/A	N/A	N/A
<b>Grand Total</b>			<b>\$1,612,535</b>

<sup>1</sup> Totals in the charts above are rounded to the nearest dollar for effect.

2. Segal was not able to locate a Generic Dispensing Rate Guarantee in the NMPSIA contract for the review periods. Segal measured the plans achieved generic dispensing rate, and those results can be seen on page 14 of the report.

ESI did not meet all the guarantees. Segal's results indicate that there is an underperformance, and that additional money is due to NMPSIA.

- Segal independently calculated the performance of each guarantee based on its interpretation of the contract terms.
- The AWP Discount analysis resulted in underperformances: ESI's self-reported Discount analysis determined shortfalls for each audit period. Segal is in agreement for Period 1 and Period 2; However, Segal disagrees with ESI's results for Period 2 Part 2. Segal determined an additional \$1,612,535 is due to NMPSIA for Period 2 Part 2. This is largely due to ZBC claims Segal excluded from the analysis, whereas ESI did not. The contract amendment dated January 1, 2020, noted \$0 cost claims to sponsor are excluded from the guarantees. Segal applied this exclusion on all claims and found that ESI did not. Further, details can be found in AWP Discount Guarantee Results noted below.
- Segal determined a minor difference of \$3 in the Dispensing Fee guarantee results between Segal and ESI for Period 1 and Period 2. Segal does not consider dispensing fees to be an issue of note.
- Segal calculated underperformances of \$1,940,109 and \$1,035,039 in the Minimum Rebates guarantees for Period 1 and Period 2, respectively. Segal agrees with ESI's Minimum Rebate guarantee results for Period 2 Part 2.

ESI's responses are noted in italics in the below sections for the Financial Guarantee issues noted above.

## Average Wholesale Price Discount Guarantee Results

The following tables indicate the achieved discounts for each dispensing channel and drug source from July 1, 2018 through June 30, 2020. The values in the last two columns in parenthesis correspond to shortfalls.

Segal agrees with ESI's self-reported results for Period 1 and Period 2. Segal determined for Period 2 Part 2an additional underperformance of \$1,612,535.

ESI determined a total an underperformance of \$151,463 in Discounts for the review Period 2 Part 2. The difference of \$1,612,535 in Segal's results vs. ESI is largely due to the inclusion of ZBCs that ESI processed in its analysis. Segal excluded ZBCs in its analysis per the contract terms.

The Smart90 Amendment effective January 1, 2020 section 5.4 noted, "ESI will pay the shortfall, if any, between Sponsor's net cost and the applicable guarantee, excluding claims with \$0 cost to sponsor." Based on the results of Segal's analysis we determined ESI did not follow those contract terms.

The results of Segal's analysis can be seen in the tables below:

Period 1 (July 1, 2018 - June 30, 2019)								
Dispensing Channel / Drug Source	Claim Count	Average Wholesale Price	Achieved Discount	Guaranteed Discount	Billed Ingredient Cost	Guaranteed Ingredient Cost	Billed Less Guaranteed Ingredient Cost	Calculated Amount Due
Mail Brand	5,436	\$7,912,025	25.07%	25.25%	\$5,928,339	\$5,914,238	(\$14,100)	(\$14,100)
Mail Generic	29,836	\$9,886,805	85.19%	86.50%	\$1,464,001	\$1,334,719	(\$129,282)	(\$129,282)
Retail Brand	50,589	\$21,270,207	17.90%	18.00%	\$17,463,734	\$17,441,570	(\$22,164)	(\$22,164)
Retail Generic	473,982	\$46,024,775	83.05%	83.00%	\$7,799,417	\$7,824,212	\$24,795	\$0
Specialty Mail	1,935	\$16,785,497	20.35%	20.50%	\$13,369,908	\$13,344,470	(\$25,438)	(\$25,438)
<b>Grand Total</b>	<b>561,778</b>	<b>101,879,309</b>	<b>-</b>	<b>-</b>	<b>\$46,025,398</b>	<b>\$45,859,209</b>		<b>(\$190,984)</b>
Period 2 (July 1, 2019 - December 31, 2019)								
Dispensing Channel / Drug Source	Claim Count	Average Wholesale Price	Achieved Discount	Guaranteed Discount	Billed Ingredient Cost	Guaranteed Ingredient Cost	Billed Less Guaranteed Ingredient Cost	Calculated Amount Due
Mail Brand	2,640	\$4,071,381	24.84%	25.25%	\$3,060,074	\$3,043,357	(\$16,716)	(\$16,716)
Mail Generic	15,632	\$5,296,683	84.79%	86.75%	\$805,416	\$701,810	(\$103,605)	(\$103,605)
Retail Brand	26,384	\$11,161,839	18.11%	18.30%	\$9,140,920	\$9,119,222	(\$21,698)	(\$21,698)
Retail Generic	242,121	\$24,086,676	82.62%	83.40%	\$4,185,899	\$3,998,388	(\$187,511)	(\$187,511)
Specialty Retail	0	\$0	0.00%	0.00%	\$0	\$0	\$0	\$0
Specialty Mail	1,045	\$10,046,830	20.38%	20.75%	\$7,999,660	\$7,962,113	(\$37,547)	(\$37,547)
<b>Grand Total</b>	<b>287,822</b>	<b>54,663,408</b>	<b>-</b>	<b>-</b>	<b>\$25,191,968</b>	<b>\$24,824,891</b>	<b>-</b>	<b>(\$367,077)</b>
Period 2 Part 2 (January 1, 2020 - June 30, 2020)								



Dispensing Channel / Drug Source	Claim Count	Average Wholesale Price	Achieved Discount	Guaranteed Discount	Billed Ingredient Cost	Guaranteed Ingredient Cost	Billed Less Guaranteed Ingredient Cost	Calculated Amount Due
Mail Brand	2,738	\$4,460,497	25.29%	25.25%	\$3,332,337	\$3,334,221	\$1,885	(\$347,830)
Mail Generic	7,503	\$3,300,668	76.15%	86.75%	\$787,054	\$437,339	(\$349,715)	
Retail Brand	22,687	\$11,091,079	18.86%	18.30%	\$8,999,371	\$9,061,412	\$62,041	(\$1,392,207)
Retail Brand 90	554	\$818,151	24.61%	23.75%	\$616,825	\$623,840	\$7,015	
Retail Generic	89,665	\$13,106,483	72.88%	83.40%	\$3,554,908	\$2,175,676	(\$1,379,232)	
Retail Generic 90	4,225	\$1,376,023	78.79%	84.75%	\$291,875	\$209,844	(\$82,031)	
Specialty Retail	0	\$0	0.00%	0.00%	\$0	\$0	\$0	(\$23,961)
Specialty Mail	1,040	\$10,657,974	20.53%	20.75%	\$8,470,405	\$8,446,444	(\$23,961)	
<b>Grand Total</b>	<b>128,412</b>	<b>\$44,810,875</b>	<b>-</b>	<b>-</b>	<b>\$26,052,774</b>	<b>\$24,288,776</b>	<b>-</b>	<b>(\$1,763,998)</b>

Numbers in the above table are rounded for effect. The table is broken out into Period 1, Period 2, and Period 2 Part 2 due to contract changes. Period 1 and Period 2 there is no off setting, and any underperformance is being reported in Segal's results. For Period 2P2 the results are aggregated by channel.

- The AWP amounts in the charts above reflect the amounts on the claim files provided by ESI.
- According to the Agreement, AWP Discount guarantees are measured individually in the "Dispensing Channel / Drug Source" component, and an over-performance overage in the Discount guarantee may not be used to offset an under-performance (shortfall) in the other financial guarantee from July 1, 2018 to December 31, 2019. Per the Amendment, an over-performance in the Discount guarantees may be used to offset an under-performance in other financial guarantees, effective January 1, 2020. Segal interprets this measurement and reconciliation methodology as a channel-based guarantee basis.
- Per the Agreement, the following types of claims are excluded from the AWP Discount guarantee calculations:
  - Over-the-Counter (OTC) Drugs
  - Home Infusion claims
  - Vaccines
  - Subrogation claims
  - Member submitted claims
  - Coordination of Benefit (COB) claims
  - 340B claims
  - Compounds
  - Exclusive or limited distributed drugs (LDD)
- The Discount guarantee shortfall is derived from the under-performance of the Mail Brand, Mail Generic, Retail Brand, Retail Generic, Retail 90 Generic, and Specialty Mail components.
- ESI calculated under-performance in their financial reconciliation report for Mail Brand, Mail Generic, Retail Brand, and Specialty Mail for Period 1. Segal agrees with these results.
- ESI calculated under-performance in their financial reconciliation report for Mail Brand, Mail Generic, Retail Generic, Retail Brand, and Specialty Mail from July 1, 2019 to June 30, 2020. Segal disagrees with ESI's 2020 results.

- Segal determined an underperformance of \$1,763,998 for Period 2 Part 2 largely due to the exclusion of zero balance claims. Segal's analysis excluded all claims with \$0 cost to the client starting from January 1, 2020 as per the Amendment, which states: ESI will pay the shortfall, if any, between Sponsor's net cost and the applicable guarantee, excluding claims with \$0 cost to Sponsor.
- Segal determined ESI did not excluded all ZBC claims Period 2 Part 2 causing their results to reflect a lower under-performance.
- Segal recommends ESI explain why they processed some ZBC claims in their analysis of the 2020 claims. Segal will send a sample of these claims along with this draft report to ESI for review and response.

**ESI's Response:** *ESI disagrees with Segal's interpretation of the cited PBM Agreement language, 'ESI will pay the shortfall, if any, between Sponsor's net cost and the applicable guarantee, excluding claims with \$0 cost to sponsor'. ESI does not agree that all ZBD claims should be excluded from the pricing agreements, as Zero Balance Due claims are not listed as an exclusion. Rather, this language supports a ZBD Adjustment being applied to the shortfall. With the ZBD adjustment ESI is removing the impact of any claims where the Sponsor did not pay toward the claims, i.e. the member paid the full cost. The ZBD adjustment removes the impact of a ZBD claim (not the whole claim) from the payment calculation because there is no net cost to the client for a ZBD claim. Please note, the second half of this statement, 'excluding claims with \$0 cost to sponsor', is descriptive language to support the ZBD adjustment.*

**Segal's Final Review:** Segal maintains its position regarding zero cost to sponsor claims as the claims should be excluded from the overall guarantees if the member paid 100% of claim. Including these claims in the overall calculation increases the PBM's performance in the aggregate. Excluding these claims from the overall guarantees will cause the PBM to show larger underperformances in certain channels. If the claims have no cost to the Plan, then the claims should not be part of the overall calculation for the guarantee. Furthermore, the PBM taking credit for the discount off AWP on some of the claims takes away from underperformances in other categories. This appears' to be double dipping, as the PBM excludes the claims where the discount off AWP does not align with the channel in which it was dispensed, and the PBM processes the claims when the discount off AWP is in its favor.

Segal recommends that contract terms be updated to exclude all claims for which the member paid 100%. This language is recommended to be added in the contract as a standard exclusion.

Additionally, Segal recommends that ESI provide the full impact of all claims for which the member paid 100% to NMPSIA so it can review the full impact of this exclusion. ESI should not be able to choose which \$0 cost to sponsor it excludes and which it processes as part of the guarantee.

# Dispensing Fees Guarantee Results

The following tables indicate the achieved dispensing fees per Rx for each dispensing channel and drug type for July 1, 2018 through June 30, 2020.

Period 1 (July 1, 2018 - June 30, 2019)							
Dispensing Channel / Drug Source	Claim Count	Achieved Dispensing Fee / Rx	Guaranteed Dispensing Fee / Rx	Billed Dispensing Fee	Guaranteed Dispensing Fee	Billed Less Guaranteed Dispensing Fee	Calculated Amount Due
Mail Brand	5,436	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Mail Generic	29,836	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Retail Brand	50,589	\$0.41	\$0.40	\$20,623.20	\$20,235.60	(\$387.60)	(\$387.60)
Retail Generic	473,982	\$0.50	\$0.50	\$236,967.40	\$236,991.00	\$23.60	\$0.00
Specialty Mail	1,935	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Specialty Retail	313	\$0.50	\$0.50	\$156.50	\$156.50	\$0.00	\$0.00
<b>Total</b>	<b>562,091</b>	<b>-</b>	<b>-</b>	<b>\$257,747.10</b>	<b>\$257,383.10</b>	<b>-</b>	<b>(\$387.60)</b>
Period 2 (July 1, 2019 - December 31, 2019)							
Dispensing Channel / Drug Source	Claim Count	Achieved Dispensing Fee / Rx	Guaranteed Dispensing Fee / Rx	Billed Dispensing Fee	Guaranteed Dispensing Fee	Billed Less Guaranteed Dispensing Fee	Calculated Amount Due
Mail Brand	2,640	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Mail Generic	15,632	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Retail Brand	26,384	\$0.41	\$0.40	\$10,795.70	\$10,553.60	(\$242.10)	(\$242.10)
Retail Generic	242,121	\$0.50	\$0.50	\$121,055.40	\$121,060.50	\$5.10	\$0.00
Specialty Mail	1,045	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Specialty Retail	105	\$0.50	\$0.50	\$52.00	\$52.50	\$0.50	\$0.00
<b>Total</b>	<b>287,927</b>	<b>-</b>	<b>-</b>	<b>\$131,903.10</b>	<b>\$131,666.60</b>	<b>-</b>	<b>(\$242.10)</b>
Period 2 Part 2 (January 1, 2020 - June 30, 2020)							
Dispensing Channel / Drug Source	Claim Count	Achieved Dispensing Fee / Rx	Guaranteed Dispensing Fee / Rx	Billed Dispensing Fee	Guaranteed Dispensing Fee	Billed Less Guaranteed Dispensing Fee	Calculated Amount Due
Mail Brand	2,738	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Mail Generic	7,503	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Retail Brand	22,686	\$0.41	\$0.40	\$9,213.10	\$9,074.40	(\$138.70)	\$137.70
Retail Brand 90	555	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Retail Generic	89,665	\$0.50	\$0.50	\$44,830.50	\$44,832.50	\$2.00	
Retail Generic 90	4,225	\$0.00	\$0.00	\$1.00	\$0.00	\$1.00	
Specialty Mail	1,040	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Specialty Retail	81	\$0.50	\$0.50	\$40.50	\$40.50	\$0.00	
<b>Total</b>	<b>128,493</b>	<b>-</b>	<b>-</b>	<b>\$54,085.10</b>	<b>\$53,947.40</b>	<b>-</b>	<b>(\$137.70)</b>

- According to the Agreement, Dispensing Fee guarantees are measured individually in the “Dispensing Channel / Drug Source” component, and an over-performance overage in the Discount guarantee may not be used to offset an under-performance (shortfall) in the other financial guarantee from July 1, 2018 to December 31, 2019. Per the Amendment, an over-

performance in the Dispensing Fee guarantees may be used to offset an underperformance in other financial guarantees, effective January 1, 2020. Segal interprets this measurement and reconciliation methodology as a channel-based guarantee basis.

- The Dispensing Fee exclusions are the same as the Discount exclusions noted above.
- Segal agrees with ESI's self-reported Dispensing Fee results for the review periods.

***ESI's Response:*** *ESI is in agreement with Segal's findings above and notes the difference is immaterial.*

## Minimum Rebates Guarantee Results

Rebates are additional payments made by drug manufacturers to lower the cost of certain brand drugs. Per the contract, ESI provides NMPSIA a guarantee on the rebates paid by the pharmaceutical manufacturers as the greater of:

- 100% of the Rebates received by ESI; or,
- The total minimum rebates guaranteed on a per brand Rx basis times the number of brand Rx claims.

ESI calculated a total of \$37,172,547 in rebate payments had been paid to NMPSIA for the review period of July 1, 2018 through June 30, 2020.

Segal calculated at total of \$38,704,972 was due to NMPSIA in Minimum Rebate guarantees based on contract terms for the review period of July 1, 2019 to June 30, 2020.

Segal observed a difference of \$1,940,332 between our results and the total amount in rebates ESI noted had been paid to NMPSIA for Period 1 (July 1, 2018 to June 30, 2019).

For Period 2 (July 1, 2019 to December 31, 2019) Segal observed a difference of \$1,047,260 between our results and the total amount in rebates ESI noted had been paid to NMPSIA for Period 2.

For Period 2 Part 2 (January 1, 2020 to June 30, 2020), Segal is in agreement with ESI's self-reported rebate results.

The difference in Segal's results and ESI's for Period 1 and 2 is largely due to the Multi-Source Brand (MSB) program ESI is implementing which processes brand claims as generics with a Dispense as Written (DAW) code 1 or 2. ESI is excluding the claims from its rebate true-up results. Segal found no language in the contract that allows the exclusion of DAW claims from the Rebate Minimum guarantees.

Segal recommends that NMPSIA and ESI undergo a discussion regarding ESI's brand for generic substitution program. Also, the plans intent for claims that a prescriber or member request to be dispensed as brand when a generic is available. Furthermore, Segal recommends that contract terms be outlined in detail and agreed to for these exclusions. Segal also recommends ESI conduct an impact analysis on these claims so that NMPSIA can see the full impact of these exclusions.

**ESI's Response:** *ESI maintains that the rebate guarantee was reconciled appropriately in accordance with the PBM Agreement. Rebate guarantees are reconciled based on how the claim was billed to the client, unless otherwise stated in the Agreement. Claims dispensed for a multi-source brand drug with a DAW 1 or 2 charge the member the base copay plus the difference in cost between the brand and generic (MAC) cost. The client is then billed the generic cost as the member was responsible for the ancillary cost. Additionally, when a MSB drug is dispensed with a DAW of 0 (no selection made), the member is charged the generic copay and the client receives the lower of logic pricing, which includes the MAC (generic) price. In an effort to preserve the true economic value to the client, as these claims were billed at the generic cost, ESI does not guarantee a rebate on these generically priced products.*

**Segal's Final Review:** While Segal accepts ESI's response in terms of claims are reconciled based on how they are billed, Segal notes that Brand claims cannot be excluded from Rebate guarantees unless it's outlined in contract terms. Segal found no mention in the contract of claims with Ancillary Charges or Dispense as Written (DAW) 1 or 2 claims. Therefore, Segal recommends the contract be updated to address Ancillary Charges or DAW 1 and 2 claims and how the claims are to be reconciled.

**Segal notes that the following applicable contract definition related to ancillary charges:**

*"Ancillary Charge" means the difference between the price of the Brand Drug and the Generic Drug and is the additional charge paid by Members pursuant to plan design and coverage policies due to the application of "dispensed as written" protocols or where the Member elects to fill a prescription with a Brand Drug when an equivalent Generic Drug is available.*

Segal recommends that DAW claims that contain Ancillary Charges and the impact of these claims to the adjudicated and reconciled claims' pricing is reviewed for applicable plans, as well as in subsequent PBM renewals or agreements.

Period 1 (July 1, 2018 - June 30, 2019)					
Dispensing Channel / Drug Source	Brand Claim Count	Guaranteed Minimum Rebate Per Brand Rx	Total Guaranteed Minimum Rebates	Total Rebates Paid	Calculated Shortfall
Retail	47,397	\$222.33	\$10,537,775		
Mail	5,365	\$623.70	\$3,346,151		
Specialty Retail	4	\$530.00	\$2,120		
Specialty Mail	1,738	\$2,437.50	\$4,236,375		
<b>Total</b>	<b>54,504</b>	<b>-</b>	<b>\$18,122,421</b>	<b>\$16,182,089</b>	<b>\$1,940,332</b>
Period 2 (July 1, 2019 - December 31, 2019)					
Dispensing Channel / Drug Source	Brand Claim Count	Guaranteed Minimum Rebate Per Brand Rx	Total Guaranteed Minimum Rebates	Total Rebates Paid	Calculated Shortfall
Retail	24,461	\$245.14	\$5,996,370		
Mail	2,595	\$686.46	\$1,781,364		
Specialty Retail	20	\$600.00	\$12,000		
Specialty Mail	942	\$2,687.50	\$2,531,625		
<b>Total</b>	<b>28,018</b>	<b>-</b>	<b>\$10,321,358</b>	<b>\$9,274,098</b>	<b>\$1,047,260</b>
Period 2 (January 1, 2020 - June 30, 2020)					
Dispensing Channel / Drug Source	Brand Claim Count	Guaranteed Minimum Rebate Per Brand Rx	Total Guaranteed Minimum Rebates	Total Rebates Paid	Calculated Shortfall
Retail	23,174	\$245.14	\$5,680,874		
Retail 90	546	\$245.14	\$133,846		
Mail	2,779	\$686.46	\$1,907,672		
Specialty Retail	3	\$600.00	\$1,800		
Specialty Mail	944	\$2,687.50	\$2,537,000		
<b>Total</b>	<b>27,446</b>	<b>-</b>	<b>\$10,261,193</b>	<b>\$11,716,360</b>	<b>\$0</b>

- According to the Agreement, Minimum Rebate guarantees are measured individually in the “Dispensing Channel / Drug Source” component, and an over-performance (overage) in the Minimum Rebate guarantees may be used to offset an under-performance (shortfall) in the other financial guarantee. Segal interprets this measurement and reconciliation methodology as an aggregate guarantee basis.
- Per Agreement, the following types of claims are excluded from the rebate guarantee calculations:
  - Subrogation claims
  - Claims older than 180 days
  - Over-the-Counter (OTC)
  - Vaccines
  - Claims through agency-owned, in-house, or on-site pharmacies
  - Member submitted claims
  - Exclusive or limited distributed products

## Generic Dispensing Rate Guarantees Results

Segal was not able to locate Generic Dispensing Rate (GDR) guarantees in the contract for review periods. Therefore, Segal measured the overall achieved GDR for the review periods and determined the plans over all generic utilization is within industry standards. The results are located below. Segal recommends that NMPSIA consider adding GDR guarantees as a future cost savings opportunity.

Dispensing Channel / Drug Source	Total Claim Count	Generic Claim Count	Achieved GDR	Guaranteed GDR	GDR Guarantee Performance	Calculated Amount Due
Retail Period 1	524,571	473,982	90.36%	N/A	N/A	\$0
Mail Period 1	35,272	29,836	84.59%	N/A	N/A	\$0
Retail Period 2 & 2P2	385,082	336,011	87.26%	N/A	N/A	\$0
Mail Period 2 & 2P2	28,513	23,135	81.14%	N/A	N/A	\$0
<b>Total</b>	<b>973,438</b>	<b>862,964</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$0</b>

# Section IV – Benefit Administration and Plan Design Review Results

## Plan Design Review

Segal obtained the plan documents from the NMPSIA and claims data file from ESI containing detailed records of 100% of the NMPSIA's claims and corresponding benefit reimbursements processed during the review period. Using this data, Segal created a customized data warehouse and performed a series of analyses on 100% of the NMPSIA's claims based on various business rules. These business rules were generated from the plan documents, various industry guidelines, and proprietary Segal algorithms. Based on the analyses, a claims sample of 126 claims was selected for testing. The sample included claims that may have been paid in error or did not comply with standard industry guidelines.

## Data Analysis

The following chart summarizes the claim counts and payments by plan for the entire claim's population:

Plan Name	Claims	Member Paid Amount	Plan Cost
Review Period:7/1/2018– 6/30/2020			
New Mexico Public Schools Insurance Authority (NMPSIA)			
Commercial Program	1,212,999	\$18,534,882	\$107,734,985



## Claim Sample Results

The following charts summarize the areas tested during the review and claim samples selected based on the applicable programs.

Exception Area	Claims Sample		Sample Findings	
	Count	Paid	Count	Impact
<b>New Mexico Public Schools Insurance Authority (NMPSIA)</b>				
<b>Industry Standard and Best Practices</b>				
Duplicate Claim Payment	-	-	-	-
Early Refill	28	\$ -	-	-
Mandatory Mail or Specialty	5	\$ -	-	-
<b>Summary Plan Descriptions (SPDs)</b>				
Copayment/Coinsurance Application	75	\$79,786	5	\$3,253
Prior Authorization	9	\$-	-	-
ACA Zero Copay	5	\$57	-	-
Excluded Drugs	5	\$32	-	-
<b>Total</b>	<b>127</b>	<b>\$ -</b>	<b>5</b>	<b>\$3,253</b>

If an area has no results, it means this area was tested by Segal's Auditors; however, no exceptions were identified.

Please note in the table above in the claims sample section the "paid" amount includes both plan paid amount and member share, in the sample findings section "impact" references plan paid amount only.

Impact analysis on 100% of errors are only conducted on "confirmed" errors. That information will be noted in the final audit report subject to confirmation of errors from ESI.

- After review of information provided by ESI in response to the sample claims, Segal found VA claims and claims for a day's supply greater than 90 are adjudicating at rates that do not align with plan intent.
- After review of information provided by ESI in response to the sample claims, Segal found a claim where a member obtained a 150 days' supply of a drug for a 30-day copay. **After review of documentation provided by ESI, Segal maintains its position and the claim remains an error. Segal notes that it is not NMPSIA's intent to allow a member to obtain a year's worth of medication for a 30 - day copay. Segal recommends that NMPSIA work with ESI to determine the appropriate copay for members obtaining a year supply of medication.**
- It was not the NMPSIA's intent for members obtaining a 90-day supply at VA pharmacies to pay more than members obtaining a 90-day supply at retail Smart90 pharmacies. **Segal recommends that a discussion between NMPSIA and ESI regarding VA copays, as well as terms should be outlined in detail and agreed to. This should be conducted as an Industry Best Practice.**

**NOTE: Segal does not guarantee the accuracy of the claims adjudication of the pharmacy benefit program or that the review results will capture all differences between the plan design documentation and the pharmacy claims adjudication.**

# Appendix– Unresolved Plan Design Review Findings

Sample Number(s)	Explanation	Segal Comments
17	<p><b>Segal's Initial Review: Copay Application-</b> Please validate why claim did not adjudicate at Retail Generic 90-day copay of \$22.00?</p> <p><i>ESI' Formal Response: Claim is correct. ESI notes that this claim processed at a national standard pharmacy that wasn't part of the Smart 90 network. The member was appropriately charged a standard retail copay for standard retail network pharmacy. ESI also notes that this NDC was active on the ESI 365 drug list (116025) which allowed the claim to pay at a standard retail pharmacy for a days supply &gt; 30. Please see the "Smart90 Network" files for support.</i></p>	<p>After review of information provided by the NMPSIA Segal disagrees with ESI' response. Segal has no documentation noting NMPSIA agreed to 30-day copays for retail-90 claims. According to NMPSIA's SPDs, members can obtain a 90-day supply of maintenance medications at ESI mail order or Smart 90 retail pharmacies for the same copay.</p> <p>The claim remain exceptions. ESI please provide signed client documentation that NMPSIA authorized the 30-day copays on retail-90 claims.</p> <p><b>Segal's Final Review: After review of documentation provided by ESI Segal maintains our position claim remains an error. It was not the plans intent to allow a member to obtain a years' worth of medication for a 30- day copay. Segal recommends the Fund work with ESI to determine the appropriate copay for members obtaining a year supply of medication.</b></p>
44,46,48	<p><b>Segal's Initial Review: Copay Application-</b> Please validate why claim did not adjudicate at Retail Brand Formulary 90-day copay of \$60?</p> <p><i>ESI' Formal Response: Claim is correct. ESI notes that the claim in question adjudicated at a Veterans Administration (VA) pharmacy. Please note members are allowed up to a 90 day supply to be dispensed at VA pharmacies. In addition, the member is charged a retail copay for each 30 days supply dispensed. The copay in place formulary brand drugs at retail was 30% with a \$30 MIN and \$60 MAX. The member correctly paid three times the applicable \$60 MAX copay (\$180) for a 90 days supply dispensed at a VA pharmacy. Please refer to the 'PHCY_CLASS_CDE_V'.</i></p>	<p>After review of information provided by the NMPSIA, Segal disagrees with ESI' response. Segal has no documentation noting the NMPSIA agreed to step copays for 90 claims obtained at VA pharmacies. According to NMPSIA a member should have the same copay benefits at VA pharmacies as at Smart 90 pharmacies.</p> <p>ESI please provide signed client documentation that the NMPSIA authorized the stepped copays on 90 claims filled at VA pharmacies.</p> <p><b>Segal's Final Review: After review of documentation provided by CVS Segal maintains our position the claims are not processing according to plan intent. It was not the plans intent for members obtaining a 90-day supply at VA pharmacies to pay a higher copay then members obtaining a 90-day supply at Smart 90 pharmacies. Segal recommends ESI account team work with NMPSIA to ensure plan design changes are made so that veterans and their family members obtaining 90 days' supply at a VA pharmacy receive the same benefits as members obtaining 90 days' supply at Smart 90 pharmacies.</b></p>

# Claim Sample Results

## ESI Response:

Finding	Sample Number(s)	Segal Comments	ESI Response
1	17	<p>After review of information provided by the NMPSIA Segal disagrees with ESI' response. Segal has no documentation noting NMPSIA agreed to 30-day copays for retail-90 claims. According to NMPSIA's SPDs, members can obtain a 90-day supply of maintenance medications at ESI mail order or Smart 90 retail pharmacies for the same copay.</p> <p>The claim remains exceptions. Segal determined it was not the client's intent for members to obtain a year supply for a 30-day copay. Segal recommends ESI charge a 90 - day copay for members obtaining a year supply of medication through prior authorization.</p>	<p>ESI respectfully disagrees with Segal's finding that a retail claim inappropriately applied a standard copay for a Smart90 claim. ESI maintains that this claim was not processed at a Smart90 pharmacy. The benefit days supply limits were expanded due to the drug being targeted by a drug list that expanded the days supply permitted to be dispensed by any retail pharmacy (ESI 365 days supply drug list 116025)</p> <p>ESI maintains that the current setup aligns with the client intent applicable to the audit scope period. ESI's account team is available to review current plan benefits or benefit changes with NMPSIA should they elect to do so.</p>
2	44,46,48	<p>After review of information provided by the NMPSIA, Segal disagrees with ESI' response. Segal has no documentation noting the NMPSIA agreed to step copays for 90 claims obtained at VA pharmacies. According to NMPSIA a member should have the same copay benefits at VA pharmacies as at Smart 90 pharmacies.</p> <p>Segal recommends ESI work with NMPSIA to determine the appropriate copay for members obtaining a 90- day supply through a VA pharmacy.</p>	<p>ESI respectfully disagrees with Segal's finding that a retail claim inappropriately applied a stepped standard copay for a Smart90 claim. ESI maintains that this claim was not processed at a Smart90 pharmacy. ESI notes that the VA pharmacies program is set up during install with the client. ESI does not have documentation showing the client's VA pharmacy copay intent but ESI is available to discuss changing the plan design going forward should NMPSIA wish to do so.</p>



# Marathon Health

Changing the Way Healthcare is Delivered

Presentation for NMPSIA

Sept. 7, 2022

# Improving outcomes through advanced primary care and population health management





# population health approach



We leverage award-winning data and analytics to identify and engage patients that have, or are at-risk for having, chronic conditions.

**Then, we empower them to make smarter health decisions.**



**Risk stratification**



**Member Outreach /  
Engagement.**



**Patient Care &  
Navigation**



**Review Outcomes /  
Capture Savings**

# A leading national provider with a growing presence in New Mexico



**270+**

Health centers in 40+ states

**180+**

Clients

**800K+**

Members

**750+**

World-class providers  
and clinicians

**97%**

Client retention rate

**98%**

Patient Satisfaction



# Experience with Rural and Government Locations



**+57**

Government  
Entities  
Served

**2+**

Clients in  
State of New  
Mexico

**+35%**

Conversions

**+1B**

Savings Delivered  
to Clients

ConocoPhillips

**MACK**  
Energy Corporation

**SPUR**  
ENERGY  
PARTNERS

**CEBT**  
Benefit by Trust



  
Indianapolis



City of  
**Fort Collins**

# Comprehensive services



## Primary & urgent care

- ✓ Acute and preventive care
- ✓ Routine physicals and wellness visits/check-ups
- ✓ Concierge referral coordination
- ✓ Mental health screenings



## Chronic conditions and integrated care

- ✓ Chronic condition care
- ✓ Care coordination and case management
- ✓ Health advocacy
- ✓ After-hours care
- ✓ Behavioral Health
- ✓ Physical Therapy



## Occupational Health

- ✓ Work-related injury triage
- ✓ DOT Physicals
- ✓ DOT Drug Screens
- ✓ Pre-Employment & Return to Work Physicals
- ✓ Fit for Duty Exams



## Lab & pharmacy services

- ✓ 150+ cost-saving medications
- ✓ Mail order medications
- ✓ Onsite CLIA waived labs
- ✓ 3,000+ offsite labs
- ✓ Work-related medicine services



## Health center design & promotion

- ✓ Member marketing campaigns to drive engagement
- ✓ Incentive design and tracking
- ✓ Client reporting
- ✓ Claims import and analysis
- ✓ Signage



## Integrated wellness

- ✓ Biometric screenings
- ✓ 1:1 health coaching
- ✓ Group wellness programming
- ✓ Patient Portal with health library and health tracking
- ✓ Mobile App

## New Mexico

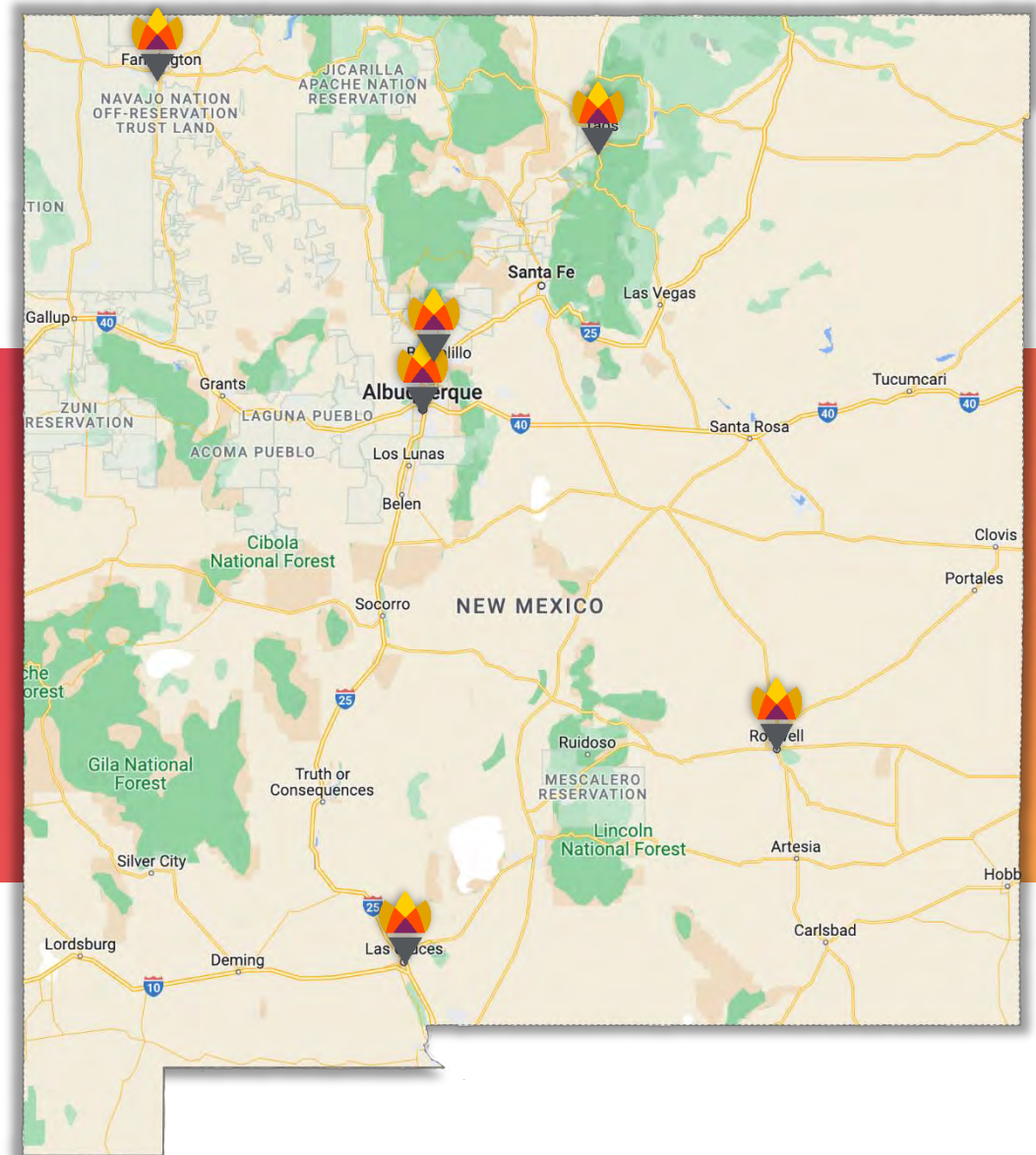
# Opportunity: State-Wide Access

Care delivery options for serving members throughout the state.

- Multiple locations
- Clinics designed to foster strong patient-provider relationships
- Better dependent engagement



Potential Future Location





# The Marathon Health Model

## How We Measure Success

Outcomes that matter



### Member Engagement

Engagement

**65%+**

Chronic  
at Risk

**50%+**

Employee  
Population



### Member Experience

NPS

**88**

Member  
NPS  
Score

**98%**

Patient  
Satisfaction



### Health Improvement

Outcomes

**74%**

diabetics with  
Ha1C < 8

**Testimonials**

“Healthy Like Me”



### Financial Savings

Reduced Claim Spend

**32% Less**

Engaged members spend  
32% less than the non  
engaged

# Claims differentials

User vs. non-user average cost deltas by place of service

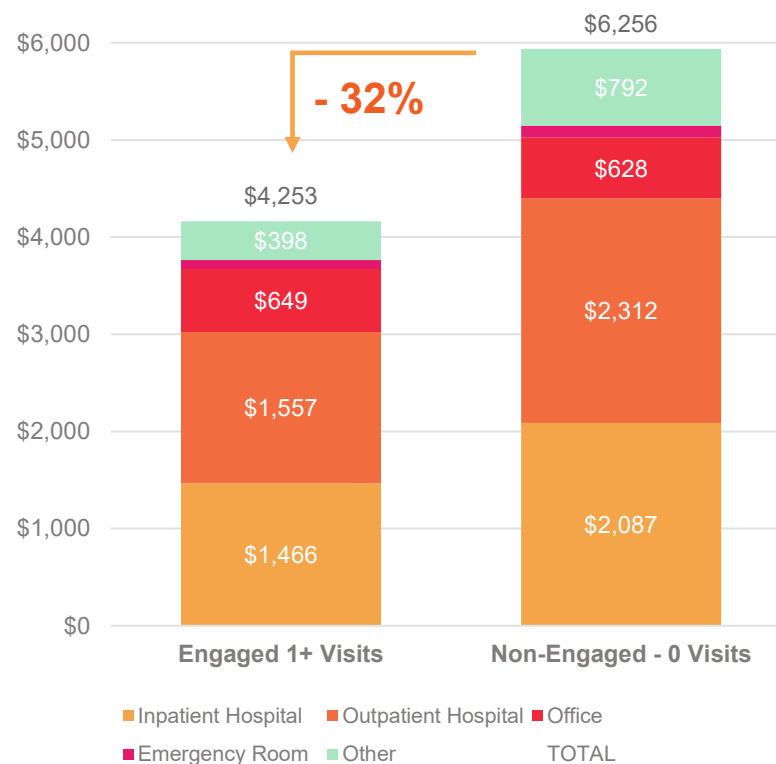
**55%**

of engaged members have identified chronic conditions, vs 33% among non-engaged members

**80%**

of engaged members have an identified risk vs. 30% of non-engaged members

Place of service PMPY



Plan paid deltas

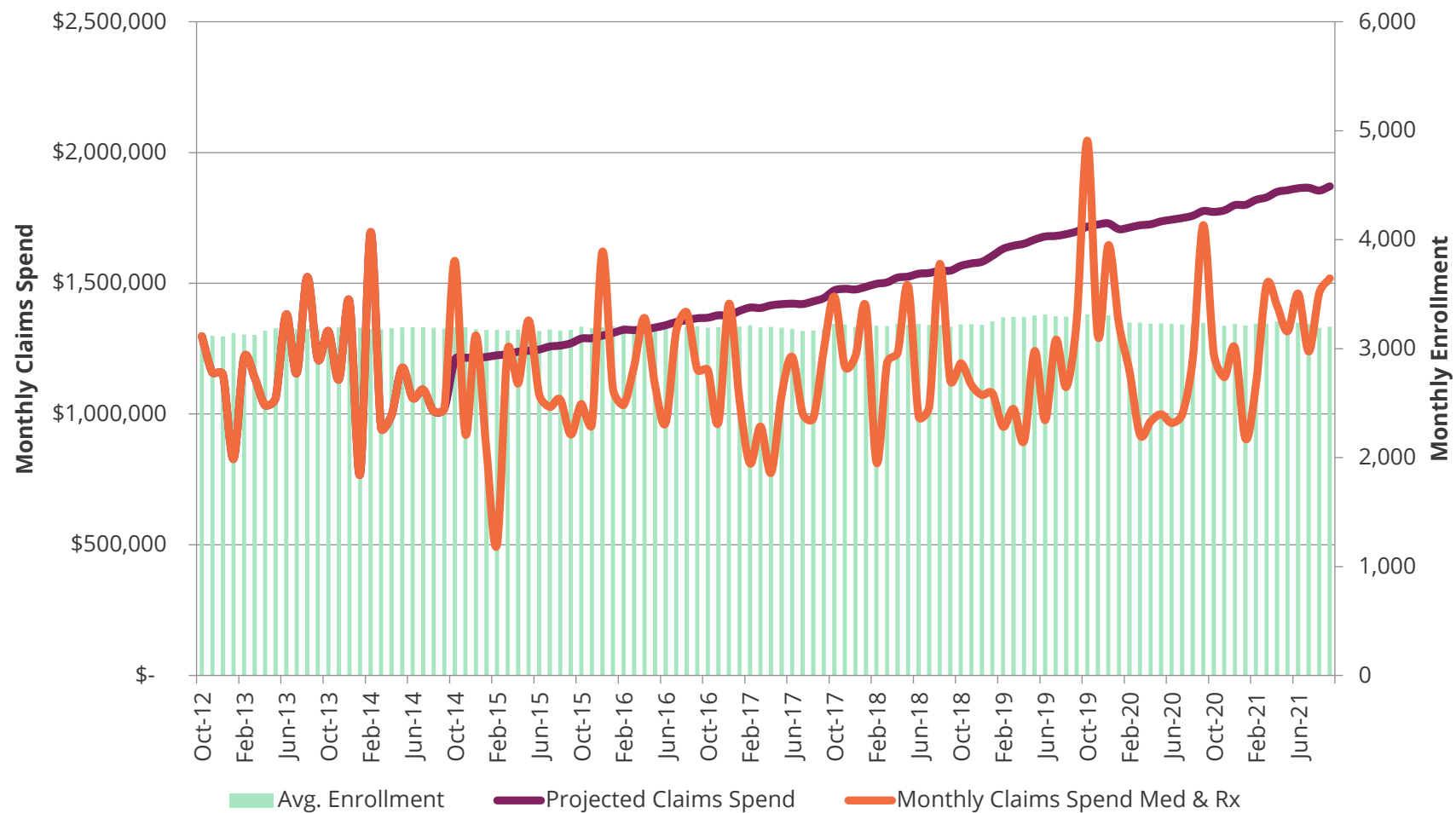




# Claims Trend Analysis\*



Total Medical & Rx Paid Vs 6.5% Comparison Trend



	Annual Savings	ROI
Year 1	\$ 1,859,541	2.13
Year 2	\$ 1,654,173	1.94
Year 3	\$ 4,212,502	4.89
Year 4	\$ 3,422,923	3.80
Year 5	\$ 6,379,600	6.70
Year 6	\$ 5,521,601	6.12
Year 7	\$ 6,410,576	6.99
<b>TOTAL</b>	<b>\$ 29,460,915</b>	<b>4.68</b>



\*Slide presented as part of the City of Rockford, Illinois Year End Review Dec. 20, 2021

# Marathon Health Anywhere

Marathon Health Anywhere delivers an engaging virtual healthcare experience through a dedicated care team focused on an extensive scope of healthcare services including convenient, effective medication services.

## Care Team

- Physicians
- Behavioral Health Counselors
- Licensed Nurse Health Coaches
- Engagement Specialists
- Concierge Care Navigators

## Engagement

- Engagement Audit & Strategy
- Communications Plan
- Customized Materials
- Care Navigation & Care Coordination Services



## Scope of Services

- Primary & Acute Care
- Behavioral Health Counseling & Health Coaching
- Remote Patient Monitoring & Chronic Condition Management
- Concierge Care Navigation
- Full Lab Services
- 24/ 7 Telemedicine Services

## Medication Services

- ePrescribing
- Home Delivery
- Virtual Dispensary Medication Program



# Thank you

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