

RISK MANAGEMENT ADVISORY BOARD

June 4, 2020

Via Go to Meeting

<https://global.gotomeeting.com/join/224126165>

1. CALL TO ORDER

The first meeting of the Risk Management Advisory Board called to order at 2:05 pm by Ken Ortiz, Secretary of the General Services Department. The meeting was held via Go to Meeting due to the current COVID-19 restrictions.

ROLL CALL

Roll call indicated the presence of a quorum as follows:

Members Present:

Russell Toal, Superintendent of Insurance
Tami Coleman, CFO of Albuquerque Public Schools
Tania Maestas, Chief Deputy Attorney General
Simon Miller, Department of Finance and Administration designee
Raul Burciaga, Legislative Council Service
C. Quinn Lopez, Attorney
Teresa Ann Costantinidis, CFO of UNM
Anita Schwing, CFO of NM Health Insurance Exchange
Michael Byrd, Insurance Agent

Members Absent:

None

Others Present:

Mark Tyndall, Risk Management Division Director
Randall Cherry, General Counsel and Deputy Director of Risk Management Division
David Abbey, Legislative Finance Committee
Connor Jorgensen, Legislative Finance Committee
Jane Wishner, Office of the Governor

2. INTRODUCTION OF BOARD MEMBERS

All members and guests introduced themselves.

3. APPROVAL OF THE AGENDA

MOTION: Mr. Burciaga moved to approve the agenda with a second from Ms. Coleman which passed by voice vote.

4. APPROVAL OF MINUTES FROM APRIL 16, 2020

Changes/Corrections:

Ms. Schwing would like her business corrected to be NM Health Insurance Exchange.

MOTION: Mr. Miller moved to approve the minutes as amended with as second from Ms. Costantinidis which passed by voice vote.

5. UPDATES ON GROUP HEALTH BENEFITS PROGRAM

Mr. Tyndall was not present at the last meeting but reviewed the minutes and appreciated the conversation.

Mr. Tyndall reviewed who is covered under the plans. There is 17,882 State Employees covered with medical coverage. They are 20,646 dependents covered under these plans. That includes domestic partner, spouse and children up to the age of 26. Under eligibility rules the categories for coverage are relatively inclusive.

Mr. Tyndall explained the Local Public Body participation (LPB). Right now there is 105 LPB's and there will be some new ones as of July 1, 2020. There are 9,445 employees and 9,753 dependents. All together there is 38,528 State employees total and 19,198 LPB members total, for a grand total of 57,726 covered.

Mr. Tyndall reviewed the type of plans they offer. All plans are in compliance with State and Federal regulations. They comply with the Affordable Care Act. The pharmacy plan is carved out through Express Scripts.

Mr. Tyndall explained the HMO plans and member cost sharing coverages. Presbyterian has 34,391 members which is 60% of the total membership. The actuarial value of the plan is 86.7%. Any plan with that value is gold or close to platinum.

Mr. Tyndall explained the Blue Cross/Blue Shield plan. They have 8,839 members which is 15% of total membership. The actuarial value is 85.3%. There out of pocket costs are similar. The Blue Cross/Blue Shield PPO has 14,496 members. The co-pays are a little higher.

Mr. Tyndall explained Express Scripts, there is a deductible for brand name drugs. They have mail order services. They get better rebates with the mail service. Members can get a preferred retail drug because an inner ingredient causes issues they can adjust it. There are certain drugs have no copayment.

Mr. Tyndall discussed the monthly cost of the HMO's and PPO premiums. Different entities have different tiers. Theirs is broken down from single, employee and spouse, employee and children and family. Based on salary brackets, which determines the employer contribution. On average the State of NM pays 72% of the contribution.

Mr. Miller asked if the weighted average that the State pays is standard.

Mr. Tyndall explained that he will review comparison, it is higher. He does not have the breakdowns from other entities.

Mr. Tyndall reviewed the salary brackets. Mr. Tyndall presented the IBAC comparison breakdown. The NMPSIA and APS comparisons were presented. The State combines the pharmacy component. The actuarial values will be worked on by AON and the State of NM. There isn't a huge difference in the values. APS can set their own salary brackets.

Mr. Tyndall discussed the performance of the plans. A revenue against expenses comparison.

Mr. Simon asked if the 10% increase can be tracked by a high cost year or is it a trend. Mr. Tyndall states it is higher than the trend.

Chair Toal asked if the 10% increase has the Express Script rebates backed out. Mr. Tyndall stated it does not. Chair Toal states for the year they may not come close to the percentage increases. They may next year. Members are putting things off due to COVID. Mr. Tyndall agrees.

Mr. Lopez asked about the rebates on drugs, that isn't allocated to reduction in costs or premiums. Mr. Tyndall states they base it off revenue. The revenue from May shows the rebate from Express Scripts. They usually take the averages from months but the numbers have changed with members cancelling or putting off procedures.

They will get an IBNR to certify the actuary. They need to cover it which is near \$40 million. Typically the reserve target is the IBNR with an additional small margin.

Chair Toal states they should target at least a month in reserves. Is there reinsurance for some claims above a certain amount. Mr. Tyndall explained they do not. Reinsurance is expensive. There are some entities that do not have the bandwidth for that type of exposure.

Chair Toal suggest they look at that. Mr. Lopez agrees, they can use a structure similar to Workman's Comp with a reserve level.

Mr. Tyndall discussed the ways premiums are determined. Mr. Byrd asked if there are any lay offs where members cannot pay their premiums. Mr. Tyndall states they have not had yet. There has been a small decrease.

Mr. Tyndall explained there has been a steady rate increase of 3.7%.

6. UPDATES ON PROPERTY CASUALTY LINES OF COVERAGE

Mr. Tyndall explained on July 1, 2020 the renewals for 30 lines of coverage will be finalized. Property renewals are increasing. They are expecting a 23% increase. The exposure is increasing. The public property fund is healthy.

Chair Toal asked how they will handle the property increase. Mr. Tyndall states the fund can manage the increase.

Chair Toal asked Mr. Byrd what kind of increases his firm is seeing lately. Michael Byrd states 23% is high, the market is moving up at 8% but are related to auto.

7. UPCOMING ACTIVITIES

Mr. Tyndall stated the RFP for broker services is being evaluated. They also completed the contract to update the medical, dental, vision, and EAP benefits. The RFP for the Stay Well Health Center will go out soon. The IPPC is a part of Risk Management. They have been looking at options for lower cost drug options.

8. NEXT STEPS FOR RISK MANAGEMENT ADVISORY BOARD

Chair Toal appreciates the information on the Stay Well Health Center, however he noticed they mostly do immunizations. Mr. Tyndall states they need to analyze that. Chair Toal asked if there will be more premium increases from the contracts. Mr. Tyndall explained the ASO fees they pay to each carrier. Most providers will break even with Medicaid.

Mr. Tyndall states the salary brackets may not be the best way to set premiums. He wants to look at other states.

Mr. Abbey appreciates the presentation, states they saved expenses with the stay at home order. There will be a deficit in FY21. What about part time employees.

Mr. Tyndall agrees, in order to return to where they were before they will need to work on the premiums and the plan.

Chair Toal asked Mr. Tyndall to provide data on employees that work less than 30 hours a week. Mr. Tyndall states he will need to review the report. They annualize the hours and set the premium rate as if they were full time.

Chair Toal asked the percentage covered are in the categories of plans.

Mr. Miller asked if the average increase has been higher than 5% in the last 5 years. Mr. Tyndall will look into it. Trends have been around 6-7%. Mr. Miller would like to see the data from the last 10 years.

Mr. Miller asked if the benefits consultant will look at how to cut costs without changing the cost of the plans. Mr. Tyndall explained they will get the best performance from the providers.

Chair Toal suggests they audit dependents.

9. PUBLIC COMMENT

None.

10. NEXT MEETING

Chair Toal asked for feedback from the group as to the next meeting.

Mr. Miller reminded the group that the FY22 rate increase is due by the end of July to the State Budget Division. They can meet before that. Mr. Ortiz asked if the board would like to meet the third week of July.

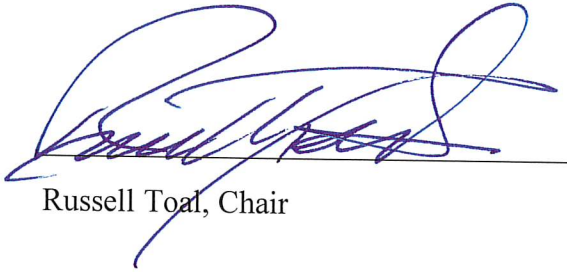
It was decided that the meeting will be July 23, 2020 at 2:00 p.m. and will be held virtually.

11. ADJOURN

With all business concluded the meeting was adjourned at 3:48 p.m.

MOTION:

Signed and approved:

A handwritten signature in blue ink, appearing to read "Russell Toal", is written over a horizontal line. The signature is stylized and cursive.

Russell Toal, Chair