**RISK MANAGEMENT ADVISORY BOARD**

 **April 20, 2023**

**Via Microsoft Teams**

**1. CALL TO ORDER**

The meeting of the Risk Management Advisory Board called to order at 2:09 p.m. Teresa Costantinidis, Chair. The meeting was held via Microsoft Teams.

 **ROLL CALL**

Roll call indicated the presence of a quorum as follows:

**Members Present:**

Teresa Ann Costantinidis, CFO of UNM

Jennifer Catechis, Superintendent of Insurance

 Cecilia Mavrommatis, Department of Finance and Administration

Michael Byrd, Insurance Agent

 Raul Burciaga LFC Director

**Members Absent:**

Carla Martinez for Raul Torrez-Office of the Attorney General

Rennette Apodaca, Designee for CFO of Albuquerque Public Schools

Quinn Lopez, Attorney

Anita Schwing

**Others Present:**

Robert Doucette, Jr.-Secretary-GSD

Jacob Maule-Acting General Counsel

Diana Barela

Simon Miller, Department of Finance and Administration

Theresa Griego

Markita Sanchez

Rod Crawley

**A Quorum was present.**

**2. APPROVAL OF THE AGENDA**

 Approved.

**3. APPROVAL OF DECEMBER 15, 2022 MEETING MINUTES**

Approved.

**4. CERTIFICATE OF COVERAGE FY24**

Rod Crawley, Bureau Chief introduced himself to the Board and discussed the Certificate of Coverage for FY24 that included the Letter of Administration and Liability Certificate of Coverage with no modifications. Only the Headers have been updated.

Mr. Crawley then discussed the Property Certificate for FY24, which had its header updated. Heavy equipment is now being leased instead of bought, and the leases are being reviewed.

Mr. Crawley then discussed the changes to employee property used to enhance job performance. He noted that as there was abuse by employees, employee property is now limited to that required for the job.

Mr. Crawley discussed the added exclusion for storage tanks and indicated the transfer of risk now lies with outside third party.

Finally, Mr. Crawley discussed the Auto Physical Damage (APD) total losses and stated that they were using comparable pricing due to the volatility of the current market. They will be using comps for vehicles instead of entities such as JD Powers.

Chair Costantinidis then reminded the Board that their purpose was to review the content of Certificates of Coverage.

Mr. Lopez stated they are on the right track. The best advice is to bring the members along and keep them informed.

**5. 2023 LEGISLATIVE RECAP**

GSD Secretary Robert Doucette discussed his employment background and discussed Senate Bill 16, which created the Health Care Authority Department, which will benefit all Divisions. Secretary Doucette noted that the creation of this Department will transfer power from Health and Human Services to the Health Care Authority. The Health Care Authority will allow for better benefits and buying power.

Secretary Doucette then indicated that the first meeting for the Authority was today, and they will meet every two weeks. He then discussed the benefits of the new Authority, including any contracts transferred to the Authority, as well as hiring matters and other duties of the Authority.

A comment was made by Mr. Burciaga concerning Section 16 regarding transfers and provisions, and he suggested the Board members review Section 16, as the proposed statutory changes will be made in the future as to the transition itself.

Board Chair Theresa Costantinidis then commented on the transition, and wondered if the transition of benefits from GSD to the Authority would also include the transfers of liability to the Authority and deficit. Secretary Doucette affirmed this.

Chair Costantinidis then discussed the statutory obligation for the Board, and asked for clarification that they would still in an advisory capacity when it came to insurance and new policies, as per statute.

Secretary Doucette affirmed this statement and indicated that they are aware of the deficits and are working with the Authority will continue.

**6. WORKERS COMPENSATION BUREAU**

Theresa Griego, Workers Compensation Bureau Chief, discussed her employment history, and introduced herself. She then discussed the Bureau’s duties, including the oversite of workers compensation claims and benefits.

Ms. Griego indicated that there were 21,922 full-time employees that had different claims at various reported times. There are currently 1101 combined med/indemnity open claims.

Ms. Griego indicated that all claims are now filed via securely with the online portal. Medical benefits are paid for reasonable, necessary and causally work-related injuries. These are lifetime with no deductibles. She also stated that benefits for injuries are paid at 66 and 2/3% of the average weekly wage, and at 500-700 weeks.

Manual processing continues for non-mapped bill payments, and bulk paid pharmacy claims, as well as litigation. Users get quarterly releases on the PCIS Claims Vision RMIS system, as well as IT interface functionality.

There are temporary employees working on WCA and Section 111 Medicare issues reporting to Centers for Medicare services.

Genex is the medical bill reviewer resulting in significant savings utilizing PPOS and maximum allowable fee schedule.

There are currently eight adjusters and four support staff. Litigation files are assigned to a contract counsel; however, many claims remain in-house. Severe claims are assigned to Medical Case Management to obtain maximum medical improvement and subsequently, claim closure.

Insurance premiums are based on a five-year loss history and subject to laws and regulations.

Board Chair Costantinidis asked about the claim volume and stated that she would like to see claim volumes in real time and asked for an update on volume at subsequent meetings.

7. **PROPERTY AND CASUALTY BUREAU**

Rod Crawley spoke to the Board concerning the Property and Casualty Bureau and stated that the Bureau was created under Statute 41-4-23 and Section 13-5-1.

Mr. Crawley stated that everyone is treated with equity even though the Bureau is responsible for a large group of claimants. He then stated that the Bureau is now almost at 100% paperless.

Mr. Crawley addressed the consistent application of the certificates of coverage and stated that he has trainees review the certificates to see if they can locate any discrepancies in the certificates, to ensure accuracy. There are currently five multi-line staff adjusters and one Business Operations specialist working on claims.

The Bureau also works through outside vendors including AIG to expedite catastrophic claims. In addition, the Bureau educates the agencies on insurance processes, to ensure accuracy and adequate coverage.

Starting with FY24, advertising through RFPs are ongoing with regard to outside independent insurance adjusters, as all current contracts expire June 30, 2023. Currently there are only two active insurance adjusters working for the entire state, which is causing a backlog.

Mr. Crawley stated that as of April 12, 2023, there are currently 1486 claims submissions. The claims submissions previously were approximately 1000 claims submissions. There are 2866 open claims files, to date. Five years ago the average daily claims count was 1200-1400 open claims.

There has been a significant increase in civil rights complaints, now at 1021 open claims. He speculates that some of this may be attributed to HB4, passed last year.

There are currently 1249 General Liability claims files, and 86 Open Property claims files. The Bureau is nearing settlement concerning the PHI helicopter crash at UNM in 2014 for damages and subrogated against PHI. RMD will receive approximately $400,000.00 in reimbursement from the subrogation. PHI will continue to pursue the helicopter manufacturer for damages.

**8. LEGAL BUREAU**

Jacob Maule. Legal Bureau Chief discussed the co-sponsoring of the annual CLE seminar, and partnered with the Defense Lawyers Association. He discussed the possibility of mini-seminars throughout the year, as case law develops, to counsel throughout the State.

The Legal Bureau is currently advertising for contract legal services. These contracts are four-year contracts and went out for advertising on April 7, 2023, and contracts will be awarded May 7, 2023. The Bureau has increased the rates to correspond to industry standards. Paperless amendments are being introduced. Six firms over the last year have closed or merged with other firms. 850 claims are in active litigation, and there are 45 cases per month being filed with the Courts. Many of the claims are being filed by out-of-state firms. In addition, prior to 2019, New Mexico Department of Corrections were handling claims in-house, and they are now referring cases to us. Numerous cases are being filed by pro-se inmates.

 Chair Costantinidis asked how the surrounding states influenced the overall number of claims.

Jacob Maule stated that New Mexico does not have the same protections the other states have and this allows out of state attorneys to open offices in New Mexico, and this allows the in-state attorneys to bring in the out of state attorneys pro-hac vice, and this allows for more cases filed in the State of New Mexico. On a positive note, the total number of claims have decreased.

Currently we have 25 contract firms that can take on a variety of cases. The Bureau is being cautious with regard to expenditures, in order to make it through the end of the fiscal year.

Civil Rights and Medical Malpractice cases are driving the increase. Potholes around the State are driving up the auto claims to include a high number of catalytic converters, and subsequent claims. Approximately 60 State vehicles have had their catalytic converters stolen, at an average replacement cost of $1435.00 each. There are some fraudulent claims that have come in, as well.

Jacob Maule stated that the public liability fund is nearly exhausted. Approximately 28 million had been allocated. To date, $27,804,137 has been expended. $10,000,000 has been requested and is expected to be released, to finish the fiscal year.

The Bureau has lost one attorney, and he has been replaced. A Paralegal position has also been advertised due to one retirement.

Chair Costantinidis asked where the $10,000,000 is coming from. Markita Sanchez answered it’s coming from the public liability fund. The Chair then reiterated that all policies and regulations of Risk Management are to be reviewed by the Board. The Chair then asked if there was anything the Board could do to reduce the tort claims coming in, with regard to regulations and/or policies, to line up with other States. Jacob Maule answered that the changes would have to be within the Tort Claims Act, and the maintenance of the building waiver.

Jacob Maule then discussed the improper release of an inmate by NMCD, who then committed murder in an adjacent county. The Criminal Court Judge found that the inmate had been improperly released early, which fell under the operation and maintenance of a building waiver, and thus NMCD was liable. This now encompasses anything that can be attached to the operation of a building.

Chair Costantinidis then asked Secretary Doucette if the Board holds the power to suggest changes, if they can then do so. Secretary Doucette stated definitely.

It was then noted that Charlene Urban and Mary Jo Lujan, both with RMD, have retired. The Chair then thanked them for their service, on behalf of the Board.

**9. PUBLIC COMMENTS**

None.

**10.**  **NEXT MEETING–September 28, 2023.**

**11. ADJOURN**

With all business concluded at 3:00 p.m., the meeting was adjourned.

Signed and approved:

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Teresa Costantinidis, Chair