

RISK MANAGEMENT ADVISORY BOARD

June 2, 2022
Via Microsoft Teams

1. CALL TO ORDER

The meeting of the Risk Management Advisory Board called to order at 2:02 p.m. Teresa Costantinidis, Chair. The meeting was held via Microsoft Teams due to the current COVID-19 restrictions.

ROLL CALL

Roll call indicated the presence of a quorum as follows:

Members Present:

Teresa Ann Costantinidis , CFO of UNM
Russell Toal, Superintendent of Insurance
Tami Coleman, CFO of Albuquerque Public Schools
Cecilia Mavrommatis, Designee Department of Finance and Administration
C. Quinn Lopez, Attorney
Michael Byrd, Insurance Agent
Malaquias (JR) Rael, Office of the Attorney General
Anita Schwing, CFO of NM Health Insurance Exchange

Members Excused:

Raul Burciaga, Legislative Council Service

Others Present:

Duffy Rodriguez, Deputy Secretary of General Services Department
Randall Cherry, Acting Risk Management Division Director
Lakisha Holley, Risk Management Division Deputy Director
Rod Crawley, Property and Casualty Bureau Chief
Jacob Maule, Legal Bureau Chief
Cynthia Maestas, Health Benefits Chief

2. APPROVAL OF THE AGENDA

No changes to the agenda, the agenda was approved by unanimous vote.

3. APPROVAL OF MARCH 31, 2022 MEETING MINUTES

The minutes were approved by unanimous vote with minor changes.

4. DISCUSSION OF CERTIFICATES OF COVERAGE

Mr. Crawley discussed the changes made to the certificate of coverage regarding coverage of property. Which included the change to the description of livestock animals, transit and properties excluded. There were changes added to the peril losses such as cyber protection. The new language added is for the state owned vehicles for stolen and total losses and the disposal of vehicles if necessary.

Ms. Costantinidis mentioned avian studies for teaching animals, why aren't they covered?

Mr. Crawley explained the loss consisted of eggs that had not hatched. They can be considered teaching animals. They can leave them in, Ms. Costantinidis stated NMSU may have that since they are an agriculture school and suggests they stay in. Mr. Crawley will note it.

Mr. Maule discussed and reviewed the changes made to the certificate of coverage regarding liability. The first change is regarding IPRA cases and settlement awards. There was a change in the section that covers defense costs for damages caused by an animal.

Mr. Maule discussed the changes to exclusions. The State Ethics Commission section was added, there are limited areas where they can assess damage but that is mostly covered under the Secretary of State's Office regarding the Financial Disclosures. Professional Licenses will not be covered they are under the umbrella of the Regulation and Licensing Department.

Mr. Maule explained the removal of the coverage disputes. There are some concerns because it has never been utilized. The RMD Director has always made the decisions and it can be brought back to hire a third party administrator. So far, there has not been a situation when a coverage dispute was brought up. There being no questions, the Board is comfortable with the changes.

5. GROUP HEALTH BENEFITS PROGRAM UPDATE

Ms. Maestas discussed the initiatives for wellness programs. They have started a new diabetes reversal program. Virta Health has enrolled 516 members. Omada Health has enrolled 11 members who are enrolled with Cigna Health.

There is a new administrator at the Stay Well Health Center (SWHC) named ProActive MD. There has been over 600 phone calls and 226 new patients.

Director Abbey asked the monthly cost of the SWHC.

Ms. Maestas stated is \$155,000 the first year will be higher as it included new medication and a startup fee.

Director Abbey asked if with the old administrator Cerner, did they meet their expectation and how do they compare.

Ms. Maestas stated the last few months Cerner had a similar amount, they have heard from members and they seem excited to try the new administrator. Ms. Maestas stated pre-pandemic they saw nearly 500 per month.

Director Abbey wants them to look at cost effectiveness.

Mr. Cherry reviewed the year end review of the benefits fund. Switching to a tier system will save a projected \$6 million dollars.

Mr. Cherry discussed the deficit they are in now. The Secretary's focus is to address it, it is a complex area. Mr. Cherry reviewed some options they have before them for long term solutions.

Chair Costantinidis stated there is a lot of hard work in order to address the deficit.

Mr. Cherry reviewed the possibility of adding more Local Public Bodies (LPB's) to the program. Mr. Cherry explained the LPB's would have a higher cost. The LPB's have a choice to join our network. The State cost is higher than LPB's for pharmacy costs.

Mr. Cherry discussed the COVID costs and are still waiting for Cigna's numbers. They may be able to recover reimbursement.

Mr. Cherry explained starting more wellness programs as a long term solution. Mr. Cherry discussed the idea of high deductibles with health savings accounts.

Mr. Cherry explained vendor optimization, the carriers would be encouraged to reach providers to use better interventions. Mr. Cherry stated there is an idea to form a coalition of neighboring states to come up with a cost saving initiative.

Mr. Cherry stated if the SWHC concept works they can start to expand services. Over time that will reduce costs.

Mr. Miller asked if there have been discussions about premium increases for the next fiscal year. NMDFA needs to build that into the budget.

Chair Costantinidis stated the only revenue seen in the funds is COVID reimbursements.

Ms. Rodriguez explained the tier system is by income. That hasn't been updated in some time.

Mr. Simon compared other agencies with increases, however even if there was a 10% increase there would still be a significant deficit. Chair Costantinidis stated she would like to see a gradual increase.

Director Abbey asked about COVID reimbursements, DOH was able to recover some ARPA funds. Mr. Miller is not sure if all the money is accounted for by DOH. Director Abbey stated some other agencies were also allowed some ARPA funds.

Director Abbey found the LPB numbers interesting, the general fund covered the shortfall. They are taking from schools maybe they can take from other funds. Who bears the responsibility for that shortfall?

Mr. Cherry states it is a conversation that should be had, they welcome all comments and ideas.

Chair Costantinidis stated there is a mix of entities, they do not want to lose healthy ones.

Director Abbey would like to discuss at some point to legal requirements to avoid a deficit. There is a provision every year in the General Appropriations Act that states NMDFA has to cover the shortfall.

Chair Costantinidis states they cannot leave it as it is. The Risk Management Advisory Board is to help the Division avoid this and find ways to make regulations.

Mr. Toal states that the Risk Management Division has a contract with AON, what has been the outcome.

Mr. Cherry stated they are contracted to assist, they are paid by the hour. Mr. Tyndall came up with some cost savings for COVID. AON is focused on this issue.

6. BOARD DISCUSSION ITEMS

None.

7. PUBLIC COMMENTS

Per Mr. Cherry the meeting was properly advertised and there was not any public comment submitted or present.

8. NEXT MEETING POSSIBLY OCTOBER 27, 2022 – DECEMBER 15, 2022 – APRIL 20, 2023 – JUNE 22, 2023

Chair Costantinidis asked these dates be sent out as placeholders.

9. ADJOURN

With all business concluded at 3:25 p.m. the meeting was adjourned.

Signed and approved:

Teresa Costantinidis, Chair