

# **RISK MANAGEMENT ADVISORY BOARD**

**April 16, 2020  
Via Go to Meeting**

## **1. CALL TO ORDER**

The first meeting of the Risk Management Advisory Board called to order at 2:03 pm by Ken Ortiz, Cabinet Secretary of the General Services Department. The meeting was held via Go to Meeting due to the current restrictions.

## **2. ROLL CALL**

Roll call indicated the presence of a quorum as follows:

### **Members Present:**

Tania Maestas, Chief Deputy Attorney General  
Russell Toal, Superintendent of Insurance  
Olivia Padilla-Jackson, Secretary of Department of Finance and Administration  
Tami Coleman, CFO of Albuquerque Public Schools  
C. Quinn Lopez, Attorney  
Raul Burciaga, Legislative Council Service  
Teresa Ann Costantinidis, CFO of UNM  
Anita Schwing, CFO of SONM

### **Members Absent:**

None

### **Others Present:**

Clinton Nicley, Risk Management Division Director  
Duffy Rodriguez, Deputy Secretary of GSD  
David Abbey, Legislative Finance Committee  
Simon Miller, DFA  
Connor Jorgensen, Legislative Finance Committee  
Amber Espinosa-Trujillo, Risk Management Division

Secretary Ortiz introduced the General Services Department (GSD) staff members. Secretary Ortiz discussed the Risk Management Division (RMD) management changes.

## **3. INTRODUCTION OF BOARD MEMBERS**

All members introduced themselves and gave a brief description of their background.

## **4. PURPOSE OF THE BOARD**

Mr. Nicley explained RMD's enabling statute described the Risk Management Advisory Board. The legislature meant this body to be a secondary oversight group. RMD manages a yearly budget of nearly half a billion dollars from year to year. It includes the acquisition of excess insurance policies, the administration of self-insurance plans, and engagements with consultancies and brokerage firms. They will eventually want to discuss with this board the idea of investing those dollars. There is not a requirement that speaks to the frequency of meetings, other than the procedures of electing a Chair and Vice Chair.

Mr. Nicley discussed the ambition is to use the board as an additional checks and balances to their internal process. There is a broad range of expertise on the board. When they discuss the services they need to hold RMD's behavior accountable.

To use it as a way to the internal process. Meet every few months and use the board's range of expertise. When they talk about the partnerships this board can hold RMD's behavior and relationships with those accountable. Making sure the decisions are driven by the data. There are growth opportunities when it comes to the yearly insured certificates. There are seven other bureaus within RMD that he is excited to talk to them about when time permits.

Secretary Ortiz asked the board to think about how often they would like to meet. Later in the agenda there is a time to decide on the next meeting.

## **5. ELECTION OF CHAIR AND VICE CHAIR**

Secretary Ortiz opened it up for nominations or volunteers.

Secretary Padilla-Jackson nominates Russ Toal as Chair, Mr. Toal accepts. The Board was in unanimous agreement.

Secretary Ortiz asked for nominations for Vice Chair. Mr. Toal suggests the Vice Chair be someone outside of State Government. Ms. Coleman volunteers to serve as Vice Chair. The Board was in unanimous agreement.

Chair Toal will now facilitate the meeting.

## **6. OPEN MEETING ACT RESOLUTION**

Chair Toal asked if there were any questions on the Resolution, which was sent out earlier.

**MOTION:** Secretary Padilla moved to approve the Open Meetings Act Resolution with a second from Ms. Costantinidis which passed by unanimous voice vote.

## **7. UPDATES ON GROUP HEALTH BENEFITS PROGRAM**

Mr. Nicley states he will discuss a brief snapshot of the Health Benefits Group. In August they presented revenue to the Legislature at an LFC hearing when they asked for around \$31,000,000 in appropriations to fund it. It included shortfalls and supplemental to bring up FY 20 up into the

black, and a three year solvency measure it would bring it to somewhere around 1- 1 ½ months claims spend.

They were able to obtain \$2,000,000 in deficiencies and \$8.7 in supplemental which was what they accessed for the fund for FY20.

When the hearing adjourned and the session ended they tracked the actuals to work on more consistent reporting. They want to make sure the numbers are easy to evaluate and compare with other IBAC entities. They noticed with the numbers, any numbers will end up with over 20 in the deficit. They will have two appropriations, and the pharmacy benefits manager (Express Scripts) to repurpose a rebate. It can go as a direct payment in the fund.

As of earlier this week the internal projections show they will have a \$9,000,000 shortfall at the end of June. They will likely make a deficiency request. These projections are likely to change. They are working on a contract with a benefits consultancy firm that has a data warehouse to have more accurate information. Mr. Nicley states they expect to use the firm in many ways, they may be helping negotiate contracts with carriers and providers data aggregation they will be auditing PBM and carriers.

Mr. Nicley states they are also in the negotiating stages of the big bid RFP for the IBAC issued request for proposals for all carriers cross the lines for Medical, Dental, Vision and EAP, they have selected vendors but cannot say much more.

They are also working on a voluntary supplemental life insurance policy. They expect it will be a number of end of life care benefits for employees. They are also exploring options for secondary onsite mobile health sites in other areas.

Chair Toal asked for a timetable on the procurements.

Mr. Nicley states the benefits consultancy and the big bid will be in place in the next few weeks. The supplemental life insurance will take longer. Longer term the stay well health center would be much later. Mr. Nicley thinks if it is the will of the board to meet every two months, he is confident the contracts will be in place and they can discuss them. They can also have the carriers visit with the board.

Chair Toal thinks they will want those updates. He is personally happy to hear about the benefits consultancy contract. The members on this board have experience and are happy to assist.

Mr. Nicley states they will have authority and decision making processes. There has been mention of large scale lawsuits spearheaded by the Attorney General's Office antitrust litigation that relates generic drugs and the opioid litigation. RMD doesn't have a heavy role other than information and discovery requests. There is a decent chance to recoup money for the State.

Mr. Nicley discussed the IPPC started by Senator Steinborn's initiative has met a few times. For those that are less familiar, its charge is to leverage the buying power for stakeholders of the state for pharmaceutical spending. They have contracted with a consultant who presented information

for conversations to have with others that do the same type of work. They decided to have the purchaser and payer groups meet in an effort to get the best deals.

Mr. Nicley states they are exploring the expanding with the pool of LPB and more municipalities. As of last week there was 706 on the plan and they get inquiries but some smaller cities ask if they can be part. They believe they should allow them. The greater they grow the more they can spread the risk.

Mr. Nicley discussed the premium increase. It increases every few years, the inflation is close to 5%. That has caused an exit from the plan. They are hoping to reverse that and the create ways to recoup monies and PBM's and doing what they can. That was a brief look at the program.

Chair Toal asked if he can share the enrollment records and trends over the last five years.

Mr. Nicley can since 2013- present there has been roughly an 11% decrease in membership. He will share the data at the next meeting.

Secretary Padilla-Jackson agrees it would be great to see trends in enrollment and costs and see reports often.

Chair Toal asked that the breakouts be by direct employees and then the dependents.

Chair Toal asked for the numbers of State employees are eligible to participate in the plan over the last few years.

Secretary Ortiz states he can get the comparison to those who are eligible and those who have opted out.

Chair Toal may also want to see the numbers of those who are 65 or older that can be covered by Medicare.

Secretary Ortiz states they have been working on a monthly update on the fund and revenue and claims going out they can share that with the Board. There are two items that the Executive branch has control over, premium increase and plan design.

Mr. Nicley gave a brief overview, there are two components there is premium development that is the study then there is plan design. On the RMD website there is an example of benefits. There are listings of the deductibles, urgent care etc. They would like to make it more of a science. They have had a hard time gathering data. The State has control over that. They need to explore more to leverage for that.

Chair Toal states they want to make sure the plan managers are focusing on high utilizers and preventive services. As they are making decisions on the RFP they should give attention to that. It will be important to have an oversight process.

Mr. Nicley states they want to help hold the carriers and providers to account. They think this way, the plan managers can be them into account.

Secretary Padilla-Jackson states GSD does a great job with the wellness program which goes hand in hand with the cost of the program.

Mr. Nicley will also forward that information over.

Ms. Coleman looks forward to seeing that information.

Chair Toal summarized his understanding of what RMD will send. The enrollment history broken up by enrollees and dependents, total number all who are eligible, updates on the procurements, the monthly status reports, information on the wellness program and the amount of those 65 and over

## **8. DEFICIENCY/SUPPLEMENTAL FUNDING IN HOUSE BILL 2**

Deputy Secretary Rodriguez of GSD explained the general appropriation deficiency and supplemental appropriations to our agency. Last year the fund balance wasn't enough to cover claims costs. That was a shortfall they need to get the money into the fund to close it out with a zero balance.

The current fiscal year budget back in August they projected they would need additional money for the current fiscal year as well. Right now that will hopefully get them to the end of the next fiscal year even with the deficiency and the drug rebate there will still be a shortfall for the current fiscal year.

Chair Toal asked if that covers cost and the one to one and half month in reserve.

Deputy Secretary Rodriguez states that doesn't take in to account. Looking at current trend, a one month claims fund would be \$32 million and a month and half would be \$48 million. The negative cash balance at the end of this FY doesn't incorporate either of those numbers.

Chair Toal states money is in short supply for the next fiscal year.

Secretary Padilla-Jackson agrees, she states she feels lucky to be one of GSD's advocates during the session. She believes they need to get the fund in a place where they have the amount of reserves they have a lot of work to do. She wants to hear the options to meet the shortfall in the short term as they plan ahead.

Mr. Abbey states the supplemental for this year they hoped to get to the end of the fiscal year, his concern that the general fund bore all the brunt of the shortfall. A third of the membership is LPB, then a third is for non-general fund employees. It isn't only the shortfall, there is a 3% trend increase he urges the Board to work with GSD think of how to close the gap on a forward basis.

Deputy Secretary Rodriguez states they are going to do that and work with the board. She is not sure about the numbers because they are running the numbers from their actual numbers. They will share them, the issue is it is a risk pool historically the general fund picks it up. For example most of Higher Ed benefits comes from the general fund.

Mr. Abbey states his numbers are ballpark, he appreciates that GSD is looking to clarify. At any event the general fund can't to have the subsidy for non-general fund beneficiaries.

Chair Toal explained it is the Board's mission to help GSD, LFC and DFA to figure it out how to build reserves.

Mr. Abbey states the challenge is going to be setting agencies rate instructions for FY 22 which now will be hard with the financial challenge. LFC has underset rates. The executive and legislature will be concerned about raising rates, then they will need the expertise of this group to advise the legislature and executive to have affordable benefits.

Secretary Ortiz thanked Secretary Padilla-Jackson they have done their best to plan an annual increase. Any time there is a premium increase it affects the employees take home pay. But if they are aware it is planned.

## **9. PUBLIC COMMENT**

None.

## **10. SCHEDULE NEXT MEETING**

Chair Toal states it would be great to meet again in the first part of June.

Ms. Costantinidis suggests they meet every two months.

Secretary Padilla-Jackson suggests for whatever data recommendations for FY22 rates, when it becomes available can those numbers be made available.

Chair Toal asked GSD when they will have that data to discuss.

Mr. Nicley states they will have a contract within the next few weeks. They will have more information in July and August. But if they are aggressive they may have the exact numbers by late June.

Chair Toal was hoping to have information before the special session.

Secretary Padilla-Jackson states the main driver is when GSD needs to finalize the rate recommendation.

Mr. Nicley recommends they have a placeholder, they will have the information that the Board requested. Between now and the next meeting they will meet with the benefits consultant to give an early sense of that they will look like.

Secretary Ortiz states they can also provide different scenarios showing premium increases then they can come up with the recommendations for final decisions.

Chair Toal asked if the afternoon of June 4<sup>th</sup> would be best to meet again.

**11. ADJOURN**

**MOTION:** Ms. Costantinidis moved to adjourn the meeting at 3:08 p.m. with a second from Secretary Padilla-Jackson.

Signed and approved:



---

Teresa Costantinidis






# RMAB Meeting

Final Audit Report

2023-04-28

Created:	2023-04-28
By:	Courtney Padilla (copadilla@unm.edu)
Status:	Signed
Transaction ID:	CBJCHBCAABAApt7t74L47BftBs9IUha--9SqUiJqxP_c

## "RMAB Meeting" History

-  Document created by Courtney Padilla (copadilla@unm.edu)  
2023-04-28 - 9:37:37 PM GMT
-  Document emailed to Teresa Costantinidis (tcostan@unm.edu) for signature  
2023-04-28 - 9:38:09 PM GMT
-  Email viewed by Teresa Costantinidis (tcostan@unm.edu)  
2023-04-28 - 9:41:20 PM GMT
-  Document e-signed by Teresa Costantinidis (tcostan@unm.edu)  
Signature Date: 2023-04-28 - 9:41:29 PM GMT - Time Source: server
-  Agreement completed.  
2023-04-28 - 9:41:29 PM GMT