

**New Mexico Public Schools Insurance Authority  
Board of Directors Meeting Minutes**

**In Person:**

**Poms & Associates Insurance Brokers  
201 3<sup>rd</sup> Street NM, Ste. 1400  
Albuquerque, NM 87102**

**Virtual:**

<https://us02web.zoom.us/j/81386621337?pwd=VzdZmFEL0RMMUJyWVdKZHgrODhYQT09>

**Phone: +1 669 444 9171**

**Meeting ID: 813 8662 1337**

**Passcode: 510465**

**Thursday, March 7, 2024**

**Draft**

**1. Call to Order**

Mr. Al Park, President, Called the NMPSIA Board Meeting to order at 9:01 a.m. on Thursday, March 7, 2024.

**2. Roll Call**

Ms. Claudette Roybal called roll.

**Board Members Present:**

Al Park, President	In-Person
Chris Parrino, Vice President	In-Person
Trish Ruiz, Secretary	In-Person
Denise Balderas	Virtual
Vicki Chavez	Virtual
Tim Crone	Virtual (departed 9:34)
Pauline Jaramillo	Virtual
Bethany Jarrell	Virtual (arrived 9:10, departed 11:00)
K.T. Manis	Virtual
David Martinez Jr.	Virtual
Sammy Quintana	In-Person

**NMPSIA Staff Members Present:**

Patrick Sandoval, Executive Director	In-Person
Martha Quintana, Deputy Director	In-Person
Phillip Gonzales, Chief Finance Officer	In-Person

Maria Lugo, Chief Procurement Officer	In-Person
Marlene Vigil, Financial Specialist	Virtual
Claudette Roybal, Risk Program Coordinator	Virtual
Kaylei Jones, Benefits/Wellness Coordinator	Virtual
Leslie Martinez, Benefits Analyst	Virtual

### **Audience Present**

Marsha Martinez	BAC Committee Member	Virtual
Kelley Riddle	BAC Committee Member	Virtual
Lisa Guevara	BCBSNM	In-Person
Samantha Mensay	BCBSNM	Virtual
Steve Vanetsky	CCMSI	In-Person
Jerry Mayo	CCMSI	In-Person
Louise Carpenter	CCMSI	Virtual
Ryan Bond	Cigna	Virtual
Cathy Fenner	Davis Vision	In-Person
Sam Garcia	Davis Vision	In-Person
Rich Bolstad	Delta Dental	In-Person
Stephanie Garcia	Delta Dental	In-Person
Simon Miller	Dept. of Finance Administration	In-Person
Kathy Payanes	Erisa Administrative Services	In-Person
Amy Bonal	Erisa Administrative Services	Virtual
C.S. Hwa	Erisa Administrative Services	Virtual
Joseph Simon	Legislative Finance Committee	Virtual
Eric Swartz	Myers-Stevens & Toohey	In-Person
Matt Meade	Pinnacle Actuarial Resources	In-Person
Aaron Hillebrandt	Pinnacle Actuarial Resources	In-Person
Tammy Pargas	Poms & Associates	In-Person
David Poms	Poms & Associates	Virtual
Grant Banash	Poms & Associates	In-Person
Julie Garcia	Poms & Associates	In-Person
Larry Vigil	Poms & Associates	In-Person
Rika Martinez	Poms & Associates	Virtual
Kevin McDonald	Poms & Associates	In-Person
Justin Shirey	Presbyterian	In- Person
Steve Valdez	Presbyterian	In-Person
Nura Patani	Segal	Virtual
Debbie Donaldson	Segal	In-Person
Andrea Vargas	The Standard	In-Person
Jennifer Oswald	The Standard	Virtual
Joe Ortiz	TKM, LLC.	Virtual
Stephanie Anthony	UCCI	Virtual

### 3. Introduction of Guests

Mr. Patrick Sandoval, Executive Director of NMPSIA, introduced Mr. Joe Ortiz with TKM, LLC. formerly Kubiak Melton & Associates; Mr. Aaron Hillebrandt and Mr. Matt Meade with Pinnacle Actuarial; Mr. Eric Swartz with Meyers, Stevens & Toohey; Dr. Nura Patani and Ms. Debbie Donaldson with Segal; and Mr. Steve Valdez with Presbyterian.

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

There were no citizens to address the Board.

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

Mr. Sandoval requested to remove 10. G. Life of a Liability Claim as well as 11. A. Covid Claims Statistics for Fiscal Year 2024 and to move item 10. A. Loss Reserve and Funding Analysis as of 12/31/2023 after item 6. Approval of February 2024 Minutes.

**Motion:** T. Ruiz

**Second:** C. Parrino

A roll call vote was taken.

Ms. Claudette Roybal called roll.

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

**Vote carried unanimously.**

### 6. Approval of February 2024 Minutes (Action Item)

A motion was made to approve the February 2024 NMPSIA Board Meeting Minutes.

**Motion:** C. Parrino

**Second:** T. Ruiz

A roll call vote was taken.

Ms. Claudette Roybal called roll.

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

**Vote carried.**

**7. Executive Session to Discuss Competitive Sealed Proposals Solicited Pursuant to the Procurement Code Pursuant to §10-15-1 H (6) NMSA 1978 (Action Item)**

**7. A. RFP #24-021CG Part B IBAC Medical, Dental, Vision Plans and Related Services**

A motion was made to enter an Executive Session to discuss Sealed Proposals Solicited Pursuant to the Procurement Code Pursuant to §10-15-1 H (6) NMSA 1978. Executive Session began at 9:33 am.

**Motion:** D. Martinez, Jr.

**Second:** T. Ruiz

A roll call vote was taken.

Ms. Claudette Roybal called roll.

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

**Vote carried unanimously.**

A motion was made to come out of Executive Session at 9:50 am. Only items listed on the agenda were discussed.

**Motion:** D. Martinez Jr.

**Second:** T. Ruiz

A roll call vote was taken.

Ms. Claudette Roybal called roll.

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

**Vote carried unanimously.**

**7. B. Any action on the Discussion of Competitive Sealed Proposals Solicited Pursuant to the Procurement Code Pursuant to §10-15-1 H (6) NMSA 1978 (Action Item)**

**7. A. RFP #24-021CG Part B IBAC Medical, Dental, Vision Plans and Related Services**

A motion was made to advance Vendors A & B for Medical under RFP# 24-021CG.

**Motion:** D. Martinez Jr.

**Second:** T. Ruiz

A roll call vote was taken.

Ms. Claudette Roybal called roll.

Al Park, President	Yes
Chris Parrino, Vice-President	Yes
Trish Ruiz, Secretary	Yes
Denise Balderas	Yes
Vicki Chavez	Yes
Tim Crone	Excused

Pauline Jaramillo	Yes
Bethany Jarrell	Yes
K.T. Manis	Yes
David Martinez Jr.	Yes
Sammy Quintana	Yes

**Vote carried unanimously.**

## **8. Administrative Matters**

### **8. A. Legislative Update**

Mr. Sandoval discussed the bills that have been signed into law that NMPSIA staff had been monitoring. This includes House Bill 151: Post-secondary Affirmative Consent - requires postsecondary institutes to adopt policies for investigations of alleged assault, domestic and dating violence, harassment, or stalking to reference affirmative consent as the standard. Senate Bill 14: The Health Care Authority - will transfer several functions from the Office of the Superintendent of Insurance, the General Services Department, and the Department of Health into the Health Care Authority. The NMPSIA statute was not affected and the bill will require the Authority to enter joint procurements and contracts with the new Health Care Authority, Retiree Health Care Authority, and Albuquerque Public Schools. Senate Bill 15: The Healthcare Consolidation Oversight Act - creates a review process that allows the Office of the Superintendent of Insurance to determine whether proposed transactions that materially change the control of a healthcare entity could negatively impact the availability, accessibility, affordability, and quality of health care for New Mexicans concerning mergers and acquisitions. Lastly, Mr. Sandoval reviewed Senate Bill 135: Step Therapy Guidelines - this bill eliminates step therapy requirements for medications prescribed for treating certain conditions. A group health plan will be expected to grant an exception to the plan's step therapy protocol based on medical necessity and a clinically valid explanation from the patient's prescribing practitioner.

## **9. Financial Matters**

### **9. A. Approval of Financial Reports - January 2024 (Action Item)**

Mr. Phillip Gonzales Chief Financial Officer for NMPSIA, presented the Statement of Revenues and Expenditures for the period ending January 31, 2024, for the Employee Benefits Fund. Mr. Gonzales reported revenue of \$32,772,684.30 and expenses of \$34,379,146.01, for a loss of \$1,606,461.71 for January. Year-to-date revenue was \$217,070,981.72 and expenses were \$228,567,335.79 resulting in a loss of \$11,496,354.07.

Mr. Gonzales presented the Statement of Revenues and Expenditures for the period ending January 31, 2024, for the Risk Fund. Mr. Gonzales reported revenue of \$8,760,763.81 and

expenses of \$4,612,623.67 for a gain of \$13,373,387.48 for January. Year-to-date revenue was \$62,285,742.34 and expenses were \$59,004,383.96 resulting in a gain of \$3,281,358.38.

Mr. Gonzales presented the Statement of Revenues and Expenditures for the period ending January 31, 2024, for the Program Support Fund. Mr. Gonzales reported revenue of \$137,118.86 and expenses of \$136,704.67, for a gain of \$414.19 for January. Year-to-date revenue was \$958,877.02 and expenses were \$959,347.38 resulting in a loss of \$470.36.

Mr. Gonzales presented the Balance Sheet for the Agency for the period ending January 31, 2024. Program Support had total assets of \$927,385.75, total liabilities of \$233,192.51, and total fund equity of \$694,193.24. Employee Benefits had total assets of \$45,859,839.58, total liabilities of \$39,774,527.26, and total fund equity of \$6,085,312.32. Risk had total assets of \$152,333,451.56., total liabilities of \$137,696,946.25, and total fund equity of \$14,636,505.31. The total combined fund equity for the agency was \$21,416,010.87.

A motion was made to approve the Financial Reports for January 2024 as presented.

**Motion:** T. Ruiz

**Second:** S. Quintana

A roll call vote was taken.

Ms. Claudette Roybal called roll.

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

**Vote carried unanimously.**

#### **9. B. FY2023 Audit Approval (Action Item)**

Mr. Joe Ortiz, TKM, LLC. presented the FY2023 Audit and noted this is required communication. As part of the State audit rule, under the Public Meetings Act, this presentation will be the official communication with all charged with governance of the Board of Directors for the 2023 fiscal year-end audit. The TKM, LLC. team that was part of the audit this year was Daniel Trujillo, the managing partner; Don Whitman served as the technical

manager and worked on the trial balance, getting data imported, and financial statements; Joe Ortiz served as the audit manager and has worked on the NMPSIA audit for five years; Richard Lu was the audit senior and has also been working on the NMPSIA audit for several years. Mr. Ortiz advised that TKM was formerly called Kubiak, Melton & Associates. The company is still comprised of the same group of managing members, except with Mr. Trujillo filling the seat of the managing partner and John Kubiak stepping down to a partner role. Mr. Ortiz stated that it is the responsibility of the auditor to form and express an opinion on the financial statements. TKM did not test 100% of transactions but did a sampling using a risk-based approach based on financial statement fluctuation. The audit firm TKM is required to communicate significant matters related to the audit that could be related to laws and regulations. Examples would be items related to fraud and noncompliance with grants and contracts, as well as a dollar threshold used while auditing the authority. This is TKM's final year of completing the audit for NMPSIA.

NMPSIA Management, Mr. Sandoval, Ms. Quintana, and Mr. Gonzales reviewed the financial statements with the audit team and signed the management representation letter. NMPSIA had no disagreements or misstatements during the audit related to financial accounting, reporting, or auditing matters. No significant issues or difficulties were encountered while performing the audit. There was no consultation with other accountants, and significant accounting estimates included were reserve for losses and loss adjustment expenses, fair value inputs used to measure the fair value of investments and estimated useful lives of capital assets. Financial statement disclosures are neutral, consistent, and clear. The financial statements had an unmodified opinion and there were no findings. The Audit completion report date was October 3, 2023. TKM received the OK to print on December 8, 2023 and received the release letter on January 5, 2024. TKM will be available to assist in the smooth transition to the new vendor. Mr. Ortiz and members of the board expressed their gratitude to the NMPSIA staff.

A motion was made to approve the FY2023 Audit as presented.

**Motion:** C. Parrino

**Second:** S. Quintana

A roll call vote was taken.

Ms. Claudette Roybal called roll.

Al Park, President	Yes
Chris Parrino, Vice-President	Yes
Trish Ruiz, Secretary	Yes
Denise Balderas	Yes
Vicki Chavez	Yes
Tim Crone	Excused
Pauline Jaramillo	Yes
Bethany Jarrell	Yes

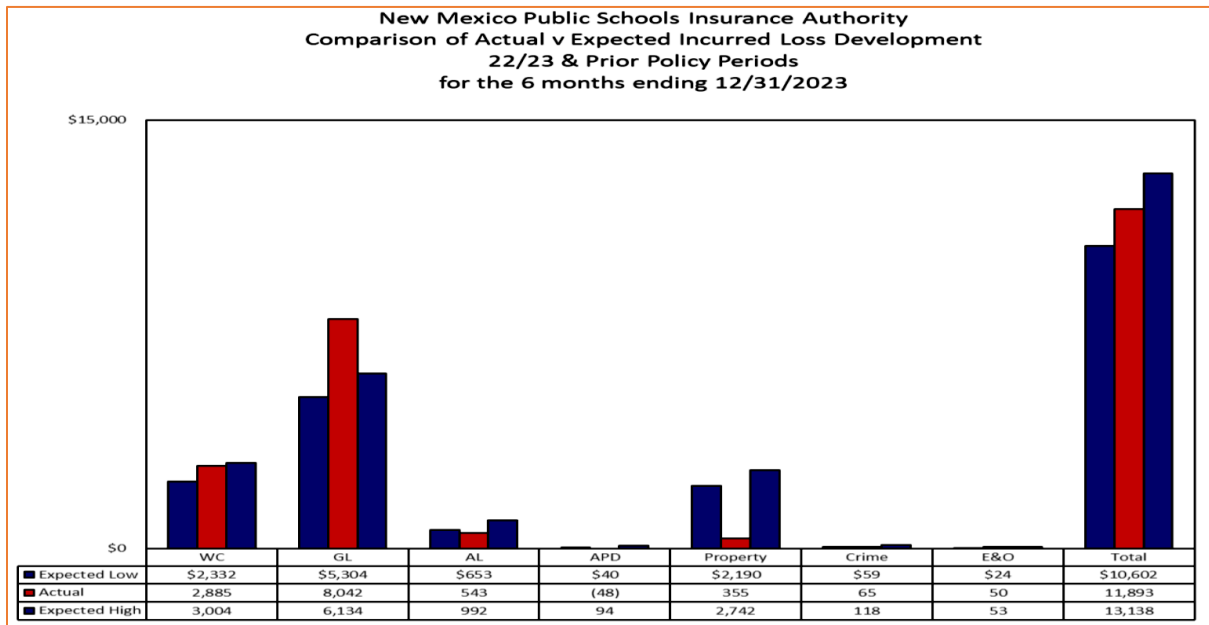




change for the Property Catastrophic (CAT) claims. The claims are now split out as CAT retention and recently increased to \$10 million per occurrence, reducing the otherwise indicated property CAT funding.

Mr. Meade reviewed the recent loss development, actual versus expected loss. The analysis shows how the assumptions are doing, whether prior assumptions were optimistic or pessimistic, and whether loss emergence is improving or worsening. Mr. Meade reviewed the actual vs expected incurred loss development graphs ending December 31, 2023.

Pinnacle identified four general liability claims that had an increase of at least \$100,000 in the past six months, contributing to the worst expected loss experience. These four claims alone accounted for an increase of over \$3.3 million. There are two Sexual Abuse and Molestation (SAM) claims, one shooting incident, and one discrimination claim that are driving the worse-than-expected experience in this coverage. Three property claims had losses that decreased by over \$100,000. These claims were all weather-related damages from hail, wind, and lightning. They were all heavily reserved, anywhere between \$400,000 and \$1.8 million. The reserve went down to zero for all three claims, representing a nearly \$3 million decrease between these three claims.



Mr. Mead reviewed trends in the Ultimate Loss Selections for the policy periods 2019-20, 2020-21, 2021-22, and 2022-23 showing the stability of projections over time. Policy period 2019-2020 was affected by the COVID-19 pandemic. Projections held steady for a couple of evaluations, then dropped down based on a decrease in claim volume. The policy period 2020-21 was like the previous year, with a dip in funding for the reserve analysis portion. Then a steady, gradual drop in the last two evaluation periods. Policy Period 2021-22 was fairly flat and remained in line with the prior projections. For the 2022-23 policy period, the projection was increased in June 2023 but brought back down in December 2023. This was related to

the drop in property claims. Lastly, the 2023-24 policy period was presented, and six months of data were included, resulting in a pretty sizeable dip from the funding study to the reserve analysis, which will be monitored going forward. Mr. Hillebrandt added that this was the first analysis where the CAT increased to \$10 million per occurrence, reflected in the increased retention.

Mr. Hillebrandt reviewed the frequency and severity trends for Workers' Compensation, which includes average claim severity (ultimate dollars per claim) and claim frequency (number of claims per unit of payroll). It was noted that the pandemic year 2020-21 was and continues to be an outlier. In the most recent three years, the average severity has increased due to the retention for workers increasing from \$1 million to \$2.5 million. NMPSIA's fitted trends or ultimate losses continue to be higher than NCCI averages due to conservatism in the ultimate loss selections and the increase in retention. The ultimate loss of dollars per unit to payroll had a downward trend in older years, and when the retention increased, those lost costs increased.

Mr. Hillebrandt also reviewed the frequency and severity trends for general liability. Increases in the SAM claim retention from \$1 million to \$2 million and then \$2 million to \$4 million affect the lost cost but are not yet reflecting an increase in the average severity, only in frequency in the most recent years. In the most recent years with the higher SAM claim retention, the lost costs are not in excess but are on the top end of the historical loss cost. For property, the CAT claim retention has increased from \$1.5 million to \$2.5 million and then to \$10 million so it is projected to be more volatile for 2023-24. The lost costs are at the high end but are not far in excess for the projected future years, and that trend reflects the \$10 million per occurrence. As of December 31, 2023, the projected total reserves undiscounted are in the range of \$100 million to \$111 million. Discounted projected investment income is \$95 million up to \$105 million. Undiscounted funding estimates for the 2024-25 policy period

Summary of Results – Nominal Loss Reserves				Summary of Results – Discounted Loss Reserves					
Loss and LAE Reserve Estimates - Nominal Value (Undiscounted) as of 12/31/2023				Loss and LAE Reserve Estimates - Present Value (Discounted) as of 12/31/2023					
	Property & Liability	Workers Compensation	Total		Property & Liability	Workers Compensation	Total		
Claim Reserves	\$31,120,666	\$13,977,321	\$45,097,988	Claim Reserves	\$30,131,799	\$12,675,649	\$42,807,448		
IBNR Reserves	Low	38,552,061	16,729,012	55,281,073	IBNR Reserves	Low	37,007,643	15,230,528	52,238,170
	Central	41,623,625	19,131,512	60,755,137		Central	39,959,517	17,399,842	57,359,359
	High	44,695,190	21,534,012	66,229,202		High	42,911,391	19,569,157	62,480,547
Total Reserves	Low	69,672,727	30,706,333	100,379,060	Total Reserves	Low	67,139,442	27,906,176	95,045,618
	Central	72,744,292	33,108,833	105,853,125		Central	70,091,316	30,075,491	100,166,806
	High	75,815,856	35,511,333	111,327,189		High	73,043,190	32,244,805	105,287,995
Summary of Results – Nominal Prospective Funding				Summary of Results – Discounted Prospective Funding					
Funding Estimate - Nominal Value (Undiscounted) as of 12/31/2023				Funding Estimate - Present Value (Discounted) as of 12/31/2023					
Policy Period	Property & Liability	Workers Compensation	Total	Policy Period	Property & Liability	Workers Compensation	Total		
2024-2025	\$45,466,763	\$15,496,162	\$60,962,925	2024-2025	\$43,000,900	\$14,345,760	\$57,346,659		
2025-2026	50,387,894	16,309,868	66,697,762	2025-2026	47,691,388	15,099,058	62,790,446		
2026-2027	55,934,937	17,166,868	73,101,805	2026-2027	52,980,951	15,892,436	68,873,387		
2027-2028	62,193,385	18,069,503	80,262,887	2027-2028	58,951,600	16,728,061	75,679,661		
2028-2029	69,260,828	19,020,246	88,281,073	2028-2029	65,696,973	17,608,223	83,305,196		

have projected total funding of about \$61 million, with a discounted projected investment income of about \$57.3 million.

The Board members, Mr. Hillebrandt, Mr. Meade, and Mr. David Poms with Poms and Associates discussed detailed reports to be presented at future meetings that will help the Board and the Legislative Finance Committee make informed decisions and ensure everyone involved has all necessary information when it comes time for renewal on the insurance policies due to the excessive dollar amounts related to the SAM cases and CAT claims. Mr. Park suggested the possible formation of a subcommittee.

A motion was made to approve the Loss Reserve and Funding Analysis as of 12/31/2023.

**Motion:** T. Ruiz

**Second:** C. Parrino

A roll call vote was taken.

Ms. Claudette Roybal called roll.

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

**Vote carried unanimously.**

#### **10. B. FY2025 Risk Premium Rate Setting (Action Item)**

Mr. Sandoval presented the FY2025 Risk Premium Rate Setting. Mr. Park added that this is a very important issue and input from the Board members was highly encouraged. In September 2023, Mr. Sandoval informed the board of a projected increase of 31.86% in Risk for FY25. The 5-year projection adopted initially in March of 2023 called for a 9% increase. NMPSIA staff reworked the projection before the legislative session and turned in an estimated 31.86% to Public School Support. Mr. Sandoval added that changes from September of 2023 to February of 2024 affected this projection, including an IBNR increase of \$4 million, a reserve increase of \$12.9 million, and transfers to program support increased by \$95,877, contractual services decreased by \$2 million, projected property and liability

losses decreased by \$39 million, workers' compensation losses increased by \$9 million, excess recoveries increased by \$18.8 million, which contributed to an overall decrease in expenses of \$33.4 million. Mr. Sandoval advised the Board members to keep these figures in mind while reviewing the scenarios to be presented and explained the methodology used to project increases for the next five years and the development of the scenarios.

The methodology included a review of projected expenses and excess recoveries from FY25 – FY29. Contractual services averaged a projected increase of 3.51%, excess insurance increased by an average of 5.54%, claims for property and liability had an average increase of 11.18%, and workers' compensation had an average increase of 5.26%, and transfers to program support increased by 5.28%. Also included in the methodology were projected excess recoveries. Over the five-year period, NMPSIA is projected to recover \$33.4 million. Evaluating FY24 to FY25, contractual services increased by .27%. Excess insurance increased by 7.70%, claims increased by 2.15%, and transfers to program support increased by 6.38%.

Mr. Sandoval reviewed Scenarios A-H, broken down as follows, pages one and two showing a \$5 million fund balance, and pages 3 and 4 with the same scenarios but with a zero-dollar fund balance.

Page 1: Scenarios Making the Most Sense (\$5 million fund balance)

NMPSIA Risk Premium Income									
Primary Scenarios \$5 Million Fund Balance									
		Scenario A	Scenario B	Scenario C	Scenario D	Scenario E	Scenario F	Scenario G	Scenario H
		Rolling 5-year	Rolling 5-year	Rolling 5-year	Rolling 5-year	Rolling 5-year	Rolling 5-year	Rolling 5-year	Rolling 5-year
<b>Rate Action</b>									
Effective	FY25 7/1/2024	53.85%	9.00%	25.00%	25.00%	30.00%	31.86%	31.86%	31.86%
Effective	FY26 7/1/2025	-5.60%	9.00%	20.00%	25.00%	15.00%	11.00%	10.13%	9.08%
Effective	FY27 7/1/2026	-2.32%	9.00%	6.94%	4.20%	6.66%	7.90%	9.13%	9.08%
Effective	FY28 7/1/2027	18.85%	9.00%	6.94%	4.20%	6.66%	7.90%	8.12%	9.08%
Effective	FY29 7/1/2028	7.27%	106.80%	6.94%	4.20%	6.66%	7.90%	7.12%	9.08%
<b>Premium Income</b>									
Effective	FY25 7/1/2024	\$ 154,247,811	\$ 109,281,842	\$ 125,323,214	\$ 125,323,214	\$ 130,336,142	\$ 132,200,952	\$ 132,200,952	\$ 132,200,952
Effective	FY26 7/1/2025	\$ 145,609,934	\$ 119,117,208	\$ 150,387,857	\$ 156,654,017	\$ 149,886,564	\$ 146,743,056	\$ 145,592,908	\$ 144,204,798
Effective	FY27 7/1/2026	\$ 142,231,784	\$ 129,837,757	\$ 160,824,774	\$ 163,233,486	\$ 159,869,009	\$ 158,335,758	\$ 158,885,541	\$ 157,298,594
Effective	FY28 7/1/2027	\$ 169,042,475	\$ 141,523,155	\$ 171,986,013	\$ 170,089,292	\$ 170,516,285	\$ 170,844,283	\$ 171,787,047	\$ 171,581,306
Effective	FY29 7/1/2028	\$ 181,331,863	\$ 292,669,885	\$ 183,921,842	\$ 177,233,043	\$ 181,872,669	\$ 184,340,981	\$ 184,018,284	\$ 187,160,889
<b>Fund Balance (Projected)</b>	June 30, 2024	(13,017,402)	(13,017,402)	(13,017,402)	(13,017,402)	(13,017,402)	(13,017,402)	(13,017,402)	(13,017,402)
FY 2025 Operating Income		18,017,633	(26,948,336)	(10,906,964)	(10,906,964)	(5,894,036)	(4,029,226)	(4,029,226)	(4,029,226)
<b>Fund Balance</b>	June 30, 2025	5,000,231	(39,965,738)	(23,924,366)	(23,924,366)	(18,911,438)	(17,046,628)	(17,046,628)	(17,046,628)
FY 2026 Operating Income		15,088	(26,477,638)	4,793,011	11,059,171	4,291,718	1,148,210	(1,938)	(1,390,048)
<b>Fund Balance</b>	June 30, 2026	5,015,320	(66,443,375)	(19,131,356)	(12,865,195)	(14,619,720)	(15,898,418)	(17,048,566)	(18,436,676)
FY 2027 Operating Income		99,693	(12,294,334)	18,692,683	21,101,395	17,736,918	16,203,667	16,753,450	15,166,503
<b>Fund Balance</b>	June 30, 2027	5,115,012	(78,737,709)	(438,673)	8,236,200	3,117,198	305,249	(295,117)	(3,270,173)
FY 2028 Operating Income		(100,904)	(27,620,224)	2,842,634	945,913	1,372,906	1,700,904	2,643,668	2,437,927
<b>Fund Balance</b>	June 30, 2028	5,014,108	(106,357,933)	2,403,961	9,182,113	4,490,103	2,006,153	2,348,551	(832,246)
FY 2029 Operating Income		221	111,338,243	2,590,200	(4,098,599)	541,027	3,009,339	2,686,642	5,829,247
<b>Fund Balance</b>	June 30, 2029	5,014,329	4,980,309	4,994,161	5,083,514	5,031,131	5,015,492	5,035,193	4,997,001

\*NMPSIA reported a 31.86% increase to the legislature for FY25.  
 \*\*All scenarios result in a \$5 million fund balance at the end of FY29.  
 Scenario A: Projects the rate at a percentage constant to maintain a \$5 million fund balance at the end of every fiscal year.  
 Scenario B: FY24 adopted scenario. Projects a 9% increase for FY25 through FY28. FY29 represents an increase to get to a \$5 million fund balance.  
 Scenario C: Projects an increase of 25% for FY25, 20% for FY26, and an average of 6.94% for FY27 - FY29.  
 Scenario D: Projects an increase of 25% for FY25 and FY26 and an average of 4.2% for FY27 - FY29.  
 Scenario E: Projects an increase of 30% for FY25, 15% for FY26, and an average of 6.66% for FY27 - FY29.  
 Scenario F: Projects an increase of 31.86% for FY25, 11% for FY26, and an average of 7.9% for FY27 - FY29.  
 Scenario G: Projects an increase of 31.86% for FY25, 10.13% for FY26, 9.13% for FY27, 8.12% for FY28, and 7.12% for FY29.  
 Scenario H: Projects an increase of 31.86% for FY25 and an average of 9.08% for FY26 - FY29.

Page 2: Alternate Scenarios (\$5 million fund balance)

NMPSIA Risk Premium Income									
Alternate Scenarios \$5 Million Fund Balance									
		Scenario I	Scenario J	Scenario K	Scenario L	Scenario M	Scenario N	Scenario O	Scenario P
		Rolling 5-year	Rolling 5-year	Rolling 5-year	Rolling 5-year	Rolling 5-year	Rolling 5-year	Rolling 5-year	Rolling 5-year
<b>Rate Action</b>									
Effective	FY25 7/1/2024	39.47%	24.30%	20.00%	18.00%	19.00%	19.00%	15.68%	9.00%
Effective	FY26 7/1/2025	6.70%	11.00%	20.00%	18.00%	16.50%	14.25%	15.68%	35.00%
Effective	FY27 7/1/2026	-2.32%	12.00%	10.22%	18.00%	14.50%	14.24%	15.68%	13.41%
Effective	FY28 7/1/2027	18.53%	13.00%	10.22%	7.96%	12.50%	14.24%	15.68%	6.56%
Effective	FY29 7/1/2028	7.06%	14.00%	10.22%	7.96%	9.50%	14.24%	15.68%	6.56%
<b>Premium Income</b>									
Effective	FY25 7/1/2024	\$ 139,830,629	\$ 124,621,404	\$ 120,310,285	\$ 118,305,114	\$ 119,307,699	\$ 119,307,699	\$ 115,979,115	\$ 109,281,842
Effective	FY26 7/1/2025	\$ 149,199,281	\$ 138,329,758	\$ 144,372,342	\$ 139,600,034	\$ 138,993,470	\$ 136,309,047	\$ 134,164,640	\$ 147,530,487
Effective	FY27 7/1/2026	\$ 145,737,858	\$ 154,929,329	\$ 159,127,196	\$ 164,728,040	\$ 159,147,523	\$ 155,719,455	\$ 155,201,656	\$ 167,314,326
Effective	FY28 7/1/2027	\$ 172,743,083	\$ 175,070,142	\$ 175,389,995	\$ 177,840,392	\$ 179,040,963	\$ 177,893,905	\$ 179,537,275	\$ 178,290,145
Effective	FY29 7/1/2028	\$ 184,938,744	\$ 199,579,962	\$ 193,314,852	\$ 191,996,488	\$ 196,049,855	\$ 203,225,997	\$ 207,688,720	\$ 189,985,979
Fund Balance (Projected)	June 30, 2024	(13,017,402)	(13,017,402)	(13,017,402)	(13,017,402)	(13,017,402)	(13,017,402)	(13,017,402)	(13,017,402)
FY 2025 Operating Income		3,600,451	(11,608,774)	(15,919,893)	(17,925,064)	(16,922,479)	(16,922,479)	(20,251,063)	(26,948,336)
Fund Balance	June 30, 2025	(9,416,951)	(24,626,176)	(28,937,295)	(30,942,466)	(29,939,881)	(29,939,881)	(33,268,465)	(39,965,738)
FY 2026 Operating Income		3,604,435	(7,265,088)	(1,222,504)	(5,994,812)	(6,601,376)	(9,285,799)	(11,430,206)	1,935,641
Fund Balance	June 30, 2026	(5,812,516)	(31,891,264)	(30,159,799)	(36,937,278)	(36,541,257)	(39,225,680)	(44,698,671)	(38,030,096)
FY 2027 Operating Income		3,605,767	12,797,238	16,995,105	22,595,949	17,015,432	13,587,364	13,069,565	25,182,235
Fund Balance	June 30, 2027	(2,206,749)	(19,094,026)	(13,164,694)	(14,341,329)	(19,525,825)	(25,638,316)	(31,629,106)	(12,847,862)
FY 2028 Operating Income		3,599,704	5,926,763	6,246,616	8,697,013	9,897,584	8,750,526	10,393,896	9,146,766
Fund Balance	June 30, 2028	1,392,955	(13,167,263)	(6,918,078)	(5,644,315)	(9,628,240)	(16,887,790)	(21,235,210)	(3,701,095)
FY 2029 Operating Income		3,607,102	18,248,320	11,983,210	10,664,846	14,718,213	21,894,355	26,357,078	8,654,337
Fund Balance	June 30, 2029	5,000,057	5,081,057	5,065,133	5,020,531	5,089,973	5,006,566	5,121,868	4,953,241

\*NMPSIA reported a 31.86% increase to the legislature for FY25.  
 \*\*All scenarios result in a \$5 million fund balance at the end of FY29.  
 Scenario I: Projects an increase of 39.47% for FY25, a 6.70% increase for FY26, a 2.32% decrease for FY27, an 18.53% increase for FY28, and a 7.06% increase for FY29.  
 Scenario J: Projects an increase of 24.3% for FY25, 11% for FY26, 12% for FY27, 13% for FY28, and 14% for FY29.  
 Scenario K: Projects an increase of 20% for FY25 and FY26 and an average of 10.22% for FY27 - FY29.  
 Scenario L: Projects an increase of 18% for FY25 - FY27 and an average of 7.96% for FY28-FY29.  
 Scenario M: Projects an increase of 19% for FY25, 16.50% for FY26, 14.50% for FY27, 12.50% for FY28, and 9.50% for FY29.  
 Scenario N: Projects an increase of 19% for FY25, 14.25% for FY26, and an average of 14.24% for FY27-FY29.  
 Scenario O: Projects an average increase of 15.68% for FY25- FY29.  
 Scenario P: Projects an increase of 9% for FY25, 35% for FY26, 13.41% for FY27, and an average of 6.56% for FY28-FY29.

Page 3: Same as Page 1 but with a \$0 fund balance

NMPSIA Risk Premium Income									
Primary Scenarios \$0 Fund Balance									
		Scenario A	Scenario B	Scenario C	Scenario D	Scenario E	Scenario F	Scenario G	Scenario H
		Rolling 5-year	Rolling 5-year	Rolling 5-year	Rolling 5-year	Rolling 5-year	Rolling 5-year	Rolling 5-year	Rolling 5-year
<b>Rate Action</b>									
Effective	FY25 7/1/2024	48.87%	9.00%	25.00%	24.73%	30.00%	31.86%	31.86%	31.86%
Effective	FY26 7/1/2025	-2.45%	9.00%	20.00%	24.73%	14.40%	11.00%	10.27%	8.77%
Effective	FY27 7/1/2026	-2.38%	9.00%	6.44%	4.01%	6.50%	7.39%	7.50%	8.76%
Effective	FY28 7/1/2027	19.00%	9.00%	6.44%	4.00%	6.50%	7.39%	8.50%	8.76%
Effective	FY29 7/1/2028	7.21%	103.29%	6.44%	4.00%	6.50%	7.39%	7.50%	8.76%
<b>Premium Income</b>									
Effective	FY25 7/1/2024	\$ 149,254,935	\$ 109,281,842	\$ 125,323,214	\$ 125,052,516	\$ 130,336,142	\$ 132,200,952	\$ 132,200,952	\$ 132,200,952
Effective	FY26 7/1/2025	\$ 145,598,189	\$ 119,117,208	\$ 150,387,857	\$ 155,978,003	\$ 149,104,547	\$ 146,743,056	\$ 145,777,989	\$ 143,794,975
Effective	FY27 7/1/2026	\$ 142,132,952	\$ 129,837,757	\$ 160,072,834	\$ 162,232,721	\$ 158,796,342	\$ 157,587,368	\$ 156,711,339	\$ 156,391,415
Effective	FY28 7/1/2027	\$ 169,138,213	\$ 141,523,155	\$ 170,381,525	\$ 168,722,029	\$ 169,118,105	\$ 169,233,075	\$ 170,031,802	\$ 170,091,303
Effective	FY29 7/1/2028	\$ 181,333,078	\$ 287,702,422	\$ 181,354,095	\$ 175,470,911	\$ 180,110,781	\$ 181,739,399	\$ 182,784,188	\$ 184,991,301
Fund Balance (Projected)	June 30, 2024	(13,017,402)	(13,017,402)	(13,017,402)	(13,017,402)	(13,017,402)	(13,017,402)	(13,017,402)	(13,017,402)
FY 2025 Operating Income		13,024,757	(26,948,336)	(10,906,964)	(11,177,662)	(5,894,036)	(4,029,226)	(4,029,226)	(4,029,226)
Fund Balance	June 30, 2025	7,355	(39,965,738)	(23,924,366)	(24,195,064)	(18,911,438)	(17,046,628)	(17,046,628)	(17,046,628)
FY 2026 Operating Income		3,343	(26,477,638)	4,793,011	10,383,157	3,509,701	1,148,210	183,143	(1,799,871)
Fund Balance	June 30, 2026	10,697	(66,443,375)	(19,131,356)	(13,811,908)	(15,401,737)	(15,898,418)	(16,863,485)	(18,846,499)
FY 2027 Operating Income		861	(12,294,334)	17,940,743	20,100,630	16,664,251	15,455,277	14,579,248	14,259,324
Fund Balance	June 30, 2027	11,558	(78,737,709)	(1,190,612)	6,288,722	1,262,514	(448,141)	(2,284,237)	(4,587,175)
FY 2028 Operating Income		(5,166)	(27,620,224)	1,238,146	(421,350)	(25,274)	89,696	888,423	947,924
Fund Balance	June 30, 2028	6,392	(106,357,933)	47,534	5,867,372	1,237,240	(333,445)	(1,395,814)	(3,639,251)
FY 2029 Operating Income		1,436	106,370,780	22,453	(5,860,731)	(1,220,861)	407,757	1,452,546	3,659,659
Fund Balance	June 30, 2029	7,828	12,847	69,987	6,641	16,379	54,312	56,732	20,408

\*NMPSIA reported a 31.86% increase to the legislature for FY25.  
 \*\*All scenarios result in a zero fund balance at the end of FY29.  
 Scenario A: Projects the rate at a percentage constant to maintain a \$0 fund balance at the end of every fiscal year.  
 Scenario B: FY24 adopted scenario. Projects a 9% increase for FY25 through FY28. FY29 represents an increase to get to a \$0 fund balance.  
 Scenario C: Projects an increase of 25% for FY25, 20% for FY26, and an average of 6.44% for FY27 - FY29.  
 Scenario D: Projects an increase of 24.73% for FY25 and FY26, 4.01% for FY27, and an average of 4% for FY28 - FY29.  
 Scenario E: Projects an increase of 30% for FY25, 14.4% for FY26, and an average of 6.50% for FY27 - FY29.  
 Scenario F: Projects an increase of 31.86% for FY25, 11% for FY26, and an average of 7.39% for FY27 - FY29.  
 Scenario G: Projects an increase of 31.86% for FY25, 10.27% for FY26, 7.5% for FY27, 8.50% for FY28, and 7.50% for FY29.  
 Scenario H: Projects an increase of 31.86% for FY25, 8.77% for FY26, and an average of 8.76% for FY27 - FY29.



Page 4: Same as Page 2 but with a \$0 fund balance:

NMPSIA Risk Premium Income Alternate Scenarios \$0 Fund Balance									
Description		Scenario I	Scenario J	Scenario K	Scenario L	Scenario M	Scenario N	Scenario O	Scenario P
Rate Action		Rolling 5-year	Rolling 5-year	Rolling 5-year	Rolling 5-year	Rolling 5-year	Rolling 5-year	Rolling 5-year	Rolling 5-year
Effective	FY25 7/1/2024	39.47%	23.51%	19.75%	17.75%	18.24%	18.83%	15.46%	9.00%
Effective	FY26 7/1/2025	6.70%	11.00%	19.75%	17.75%	16.50%	14.00%	15.45%	34.00%
Effective	FY27 7/1/2026	-2.32%	12.00%	10.02%	17.75%	14.50%	14.00%	15.45%	13.42%
Effective	FY28 7/1/2027	17.58%	13.00%	10.02%	7.81%	12.50%	14.00%	15.45%	6.57%
Effective	FY29 7/1/2028	5.82%	14.00%	10.02%	7.81%	9.50%	14.00%	15.45%	6.58%
<b>Premium Income</b>									
Effective	FY25 7/1/2024	\$ 139,830,629	\$ 123,829,361	\$ 120,059,639	\$ 118,054,467	\$ 118,545,734	\$ 119,137,260	\$ 115,758,546	\$ 109,281,842
Effective	FY26 7/1/2025	\$ 149,199,281	\$ 137,450,591	\$ 143,771,417	\$ 139,009,135	\$ 138,105,781	\$ 135,816,476	\$ 133,643,241	\$ 146,437,669
Effective	FY27 7/1/2026	\$ 145,737,858	\$ 153,944,662	\$ 158,177,313	\$ 163,683,257	\$ 158,131,119	\$ 154,830,783	\$ 154,291,122	\$ 166,089,604
Effective	FY28 7/1/2027	\$ 171,358,573	\$ 173,957,468	\$ 174,026,680	\$ 176,466,919	\$ 177,897,509	\$ 176,507,093	\$ 178,129,101	\$ 177,001,691
Effective	FY29 7/1/2028	\$ 181,331,642	\$ 198,311,513	\$ 191,464,154	\$ 190,248,986	\$ 194,797,772	\$ 201,218,086	\$ 205,650,047	\$ 188,648,402
<b>Fund Balance (Projected)</b>	<b>June 30, 2024</b>	<b>(13,017,402)</b>	<b>(13,017,402)</b>	<b>(13,017,402)</b>	<b>(13,017,402)</b>	<b>(13,017,402)</b>	<b>(13,017,402)</b>	<b>(13,017,402)</b>	<b>(13,017,402)</b>
FY 2025 Operating Income		3,600,451	(12,400,817)	(16,170,539)	(18,175,711)	(17,684,444)	(17,092,918)	(20,471,632)	(26,948,336)
<b>Fund Balance</b>	<b>June 30, 2025</b>	<b>(9,416,951)</b>	<b>(25,418,219)</b>	<b>(29,187,941)</b>	<b>(31,193,113)</b>	<b>(30,701,846)</b>	<b>(30,110,320)</b>	<b>(33,489,034)</b>	<b>(39,965,738)</b>
FY 2026 Operating Income		3,604,435	(8,144,255)	(1,823,429)	(6,585,711)	(7,489,065)	(9,778,370)	(11,951,605)	842,823
<b>Fund Balance</b>	<b>June 30, 2026</b>	<b>(5,812,516)</b>	<b>(33,562,474)</b>	<b>(31,011,370)</b>	<b>(37,778,823)</b>	<b>(38,190,911)</b>	<b>(39,888,690)</b>	<b>(45,440,638)</b>	<b>(39,122,915)</b>
FY 2027 Operating Income		3,605,767	11,812,571	16,045,222	21,551,166	15,999,028	12,698,692	12,159,031	23,957,513
<b>Fund Balance</b>	<b>June 30, 2027</b>	<b>(2,206,749)</b>	<b>(21,749,904)</b>	<b>(14,966,147)</b>	<b>(16,227,658)</b>	<b>(22,191,883)</b>	<b>(27,189,998)</b>	<b>(33,281,607)</b>	<b>(15,165,402)</b>
FY 2028 Operating Income		2,215,194	4,814,089	4,883,301	7,323,540	8,754,130	7,363,714	8,985,722	7,858,312
<b>Fund Balance</b>	<b>June 30, 2028</b>	<b>8,445</b>	<b>(16,935,815)</b>	<b>(10,082,846)</b>	<b>(8,904,117)</b>	<b>(13,437,754)</b>	<b>(19,826,284)</b>	<b>(24,295,886)</b>	<b>(7,307,090)</b>
FY 2029 Operating Income		0	16,979,871	10,132,512	8,917,344	13,466,130	19,886,444	24,318,405	7,316,760
<b>Fund Balance</b>	<b>June 30, 2029</b>	<b>8,445</b>	<b>44,056</b>	<b>49,666</b>	<b>13,226</b>	<b>28,376</b>	<b>60,159</b>	<b>22,519</b>	<b>9,670</b>

\*NMPSIA reported a 31.86% increase to the legislature for FY25.  
 \*\*All scenarios result in a 0 fund balance at the end of FY29.  
 Scenario I: Projects an increase of 39.47% for FY25, a 6.70% increase for FY26, a 2.32% decrease for FY27, an 17.58% increase for FY28, and a 5.82% increase for FY29.  
 Scenario J: Projects an increase of 23.51% for FY25, 11% for FY26, 12% for FY27, 13% for FY28, and 14% for FY29.  
 Scenario K: Projects an increase of 19.75% for FY25 and FY26 and an average of 10.02% for FY27 - FY29.  
 Scenario L: Projects an increase of 17.75% for FY25 - FY27 and an average of 7.81% for FY28-FY29.  
 Scenario M: Projects an increase of 18.24% for FY25, 16.50% for FY26, 14.50% for FY27, 12.50% for FY28, and 9.50% for FY29.  
 Scenario N: Projects an increase of 18.83% for FY25 and an average of 14.00% for FY26-FY29  
 Scenario O: Projects an increase of 15.46% for FY25 and an average of 15.45% for FY26- FY29.  
 Scenario P: Projects an increase of 9% for FY25, 34% for FY26, 13.42% for FY27, 6.57% for FY28, and 6.58% for FY29.

Mr. Sandoval informed the Board that staff met with the University of Council Presidents and prepared projections for the 31.86% increase. Due to external funding restrictions, the Council advised that they cannot increase tuition fees anymore. The funding for Public School Support had the legislative recommendation adopted for a 9% increase. Based on the projected 31.86% and the 9% included for public school support, the RAC decided on Scenario D with an increase of 25% for FY25, followed by a projected increase of 25% for FY26 and 4.2% increases for FY27 through FY29. This was chosen to give the legislature one year to come up with funding for NMPSIA members. The second year at 25% could change, up or down, based on experience.

Mr. Sandoval opened it up to questions. Mr. David Martinez Jr., Board, IFR, and BAC Member for NMPSIA, inquired if it is possible that the legislature would cap those increases and if NMPSIA had been reimbursed for the funds swept from the reserves. Mr. Sandoval responded that NMPSIA did get the funds back during a special appropriation request. NMPSIA initially received \$10 million, and the legislature recouped \$2 million back for a net of \$8 million. After discussion, Mr. Park asked that Mr. Sandoval run another scenario at 31.86% for FY25 and 15% for FY26 to try to get out of the negative fund balance sooner assuming no assistance from the Legislature.

Mr. Sandoval presented Scenario I.1. While running this scenario staff made sure that there was not a surplus of funds in any of the five years. When running this kind of projection, the

goal is to stay as close to \$5 million at the end of the fifth year as possible. With this new scenario, it would still be 31.86% for FY25, followed by a 17% increase in FY26 and an average of 4.35% increase for FY27 through FY29. This would bring the fund balance by June 30, 2025, to negative \$17 million, FY26 \$8 million, FY27 \$11.3 million, FY28 \$10.6 million, and FY29 \$5 million. Mr. Sandoval added that NMPSIA expects more members to join the Authority which will help to offset expenditures. Mr. Simon from the Legislative Finance Committee (LFC) sees this as an area of priority, and continuing to work on preventative maintenance will also help mitigate spending from the liability fund. Mr. Park stated that as the Board of Directors, the best decision needs to be made to ensure the viability of the fund going forward. The board members chose to select Scenario I.1. Their displeasure with the option was expressed and they added that they will continue actively working on this matter.

NMPSIA Risk Premium Income											Adopted
Primary Scenarios \$5 Million Fund Balance											Scenario
		Scenario A	Scenario B	Scenario C	Scenario D	Scenario E	Scenario F	Scenario G	Scenario H	Scenario I.1	
		Rolling 5-year	Rolling 5-year	Rolling 5-year	Rolling 5-year	Rolling 5-year	Rolling 5-year	Rolling 5-year	Rolling 5-year	Rolling 5-year	
<b>Rate Action</b>											
Effective	FY25 7/1/2024	53.85%	9.00%	25.00%	25.00%	30.00%	31.86%	31.86%	31.86%	31.86%	
Effective	FY26 7/1/2025	-5.60%	9.00%	20.00%	25.00%	15.00%	11.00%	10.13%	9.08%	17.00%	
Effective	FY27 7/1/2026	-2.32%	9.00%	6.94%	4.20%	6.66%	7.90%	9.13%	9.08%	4.35%	
Effective	FY28 7/1/2027	18.85%	9.00%	6.94%	4.20%	6.66%	7.90%	8.12%	9.08%	4.35%	
Effective	FY29 7/1/2028	7.27%	106.80%	6.94%	4.20%	6.66%	7.90%	7.12%	9.08%	4.35%	
<b>Premium Income</b>											
Effective	FY25 7/1/2024	\$ 154,247,811	\$ 109,281,842	\$ 125,323,214	\$ 125,323,214	\$ 130,336,142	\$ 132,200,952	\$ 132,200,952	\$ 132,200,952	\$ 132,200,952	
Effective	FY26 7/1/2025	\$ 145,609,934	\$ 119,117,208	\$ 150,387,857	\$ 156,654,017	\$ 149,886,564	\$ 146,743,056	\$ 145,592,908	\$ 144,204,798	\$ 154,675,114	
Effective	FY27 7/1/2026	\$ 142,231,784	\$ 129,837,757	\$ 160,824,774	\$ 163,233,486	\$ 159,869,009	\$ 158,335,758	\$ 158,885,541	\$ 157,298,594	\$ 161,403,481	
Effective	FY28 7/1/2027	\$ 169,042,475	\$ 141,523,155	\$ 171,986,013	\$ 170,089,292	\$ 170,516,285	\$ 170,844,283	\$ 171,787,047	\$ 171,581,306	\$ 168,424,532	
Effective	FY29 7/1/2028	\$ 181,331,863	\$ 292,669,885	\$ 183,921,842	\$ 177,233,043	\$ 181,872,669	\$ 184,340,981	\$ 184,018,284	\$ 187,160,889	\$ 175,751,000	
Fund Balance (Projected)	June 30, 2024	(13,017,402)	(13,017,402)	(13,017,402)	(13,017,402)	(13,017,402)	(13,017,402)	(13,017,402)	(13,017,402)	(13,017,402)	
FY 2025 Operating Income		18,017,633	(26,948,336)	(10,906,964)	(10,906,964)	(5,894,036)	(4,029,226)	(4,029,226)	(4,029,226)	(4,029,226)	
Fund Balance	June 30, 2025	5,000,231	(39,965,738)	(23,924,366)	(23,924,366)	(18,911,438)	(17,046,628)	(17,046,628)	(17,046,628)	(17,046,628)	
FY 2026 Operating Income		15,088	(26,477,638)	4,793,011	11,059,171	4,291,718	1,148,210	(1,938)	(1,390,048)	9,080,268	
Fund Balance	June 30, 2026	5,015,320	(66,443,375)	(19,131,356)	(12,865,195)	(14,619,720)	(15,898,418)	(17,048,566)	(18,436,676)	(7,966,361)	
FY 2027 Operating Income		99,693	(12,294,334)	18,692,683	21,101,395	17,736,918	16,203,667	16,753,450	15,166,503	19,271,390	
Fund Balance	June 30, 2027	5,115,012	(78,737,709)	(438,673)	8,236,200	3,117,198	305,249	(295,117)	(3,270,173)	11,305,029	
FY 2028 Operating Income		(100,904)	(27,620,224)	2,842,634	945,913	1,372,906	1,700,904	2,643,668	2,437,927	(718,847)	
Fund Balance	June 30, 2028	5,014,108	(106,357,933)	2,403,961	9,182,113	4,490,103	2,006,153	2,348,551	(832,246)	10,586,183	
FY 2029 Operating Income		221	111,338,243	2,590,200	(4,098,599)	541,027	3,009,339	2,686,642	5,829,247	(5,580,642)	
Fund Balance	June 30, 2029	5,014,329	4,980,309	4,994,161	5,083,514	5,031,131	5,015,492	5,035,193	4,997,001	5,005,540	

A motion was made to approve the FY2025 Risk Premium Rate Setting Scenario I.1.

**Motion:** T. Ruiz

**Second:** D. Martinez, Jr.

A roll call vote was taken.

Ms. Claudette Roybal called roll.

- |                               |         |
|-------------------------------|---------|
| Al Park, President            | Yes     |
| Chris Parrino, Vice-President | Yes     |
| Trish Ruiz, Secretary         | Yes     |
| Denise Balderas               | Yes     |
| Vicki Chavez                  | Yes     |
| Tim Crone                     | Excused |



Pauline Jaramillo	Yes
Bethany Jarrell	Yes
K.T. Manis	Yes
David Martinez Jr.	Yes
Sammy Quintana	Yes

**Vote carried.**

**10. C. 2024-2025 MOC L027 General and Automobile Liability (Action Item)**

Mr. David Poms with Poms and Associates requested approval of MOC L027 for General and Automobile Liability coverage. This document is the actual insurance policy and provides coverages, exclusions, and conditions, and lists all the members. Over the past three to four years a lot of work has been put into this document. There have been no changes to the MOC language; the only changes were the MOC number and the term dates.

A motion was made to approve the 2024-2025 MOC L027 General and Automobile Liability.

**Motion:** D. Martinez Jr.

**Second:** C. Parrino

A roll call vote was taken.

Ms. Claudette Roybal called roll.

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

**Vote carried unanimously.**

**10. D. 2024-2025 MOC P027 Property, Automobile Physical Damage, Crime & Cyber Coverage (Action Item)**

Mr. Poms presented MOC P027 Property, Automobile Physical Damage, Crime & Cyber Coverage. These liability coverages are also known as first-party coverages. There is one amendment to the MOC in addition to the change of the number to P027 and the term dates.

The amendment is to the cyber liability pool deductibles. Due to the pool deductibles being fairly high, rather than having a school district pay the high pool deductible, the district would have a smaller deductible, and NMPSIA would cover the remaining. The retention schedule was provided and one correction that needs to be made was under Building Values, in the 2nd row where it says \$251 million to \$500 million. The first number would be changed to \$250,000,001. Mr. Poms added that the member list would be updated and presented for the June Board meeting.

A motion was made to approve the 2024-2025 MOC P027 General and Automobile Liability.

**Motion:** C. Parrino

**Second:** T. Ruiz

A roll call vote was taken.

Ms. Claudette Roybal called roll.

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

**Vote carried unanimously.**

#### **10. E. Student Accident and Sickness Insurance Proposal (Action Item)**

Mr. Eric Swartz of Myers-Stevens and Toohy presented the Blanket Student Accident and Catastrophic Insurance proposal to the Board. Previously students could be covered by a voluntary purchase plan if they did not have insurance so students could participate in school activities and sports. However, the Office of the Superintendent of Insurance (OSI) recently ruled against limited medical plans or limited accident medical plans. This eliminated all student accident programs in the state for any kids who wanted to participate in sports, which leaves them only covered by the current catastrophic event policy, which has a \$25,000 deductible. The attorneys for Chubb-Ace American met with OSI and received approval from OSI to use base or blanket-style programs where everyone is insured.

This program ensures coverage from \$1 to \$25,000, and up to the deductible required by the current catastrophic policy. The proposal would be for all enrolled students of NMPSIA

member districts and charters while on campus, including the hour before and after regularly scheduled classes, attending school-sponsored and directly supervised events, while in school vehicles, and in district-approved and sponsored programs such as school to work and JROTC. This would also include practice, games, and travel associated with interscholastic sports, provided that the travel is direct and without interruption between the school and the site of the sponsored activity. Mr. Vanetsky added that the proposal aims to mitigate liability exposure and related costs to schools resulting from uninsured or underinsured school-related injuries.

Mr. Park advised that this item was discussed in the RAC meeting and a recommendation was made to create a sub-committee to review the proposal in detail. Implementation, Dissemination of information to school districts, and the claim process, as well as data concerning the number of claims, should be assessed. Also, due to this requiring funding, likely from the districts, a deep analysis of the proposed cost savings is required before moving forward.

A motion was made to table the approval of the Student Accident and Sickness Insurance Proposal.

**Motion:** S. Quintana

**Second:** T. Ruiz

A roll call vote was taken.

Ms. Claudette Roybal called roll.

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

**Vote carried unanimously.**

## **10. F. TPA Reports**

### **10. F. 1. Property and Liability Monthly Claims Report**

Mr. Steve Vanetsky with CCMSI reported on the Property & Liability Monthly Claims Report for January 2024. Liability had 437 open claims, 35 new claims, and 33 claims were closed. Reserves were at \$26,685,325.45, and payments were at \$13,974,115.52 for a total of \$40,659,440.97. Property had 157 open claims, 15 new claims, and 26 claims were closed. Reserves were \$65,691,030.29, and payments were \$13,998,721.71 for a total of \$79,679,752.00.

#### **10. F. 2 Property and Liability Large Losses**

Mr. Vanetsky reported no large losses for this month.

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

Mr. Jerry Mayo, with CCMSI provided the Workers' Compensation Monthly Claims Report for January 2024. For January there were 1,109 open claims, 206 new claims, 51 reopened claims, and 315 claims were closed. Reserves were at \$15,308,691.71, and payments were \$49,835,914.38 for a total of \$63,391,438.16.

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

Mr. Mayo reported two large losses for January from Santa Fe Public Schools. The first claim was an individual on a school field trip who fell off a rock and hit their head. The air ambulance bill was over \$85,000, and CCMSI was able to negotiate the bill to \$55,000. The second claim was an individual who fell and, during the fall, sustained a hip injury, resulting in the need for surgery and rehabilitation.

#### **10. G. Life of a Liability Claim**

This item was removed from the agenda.

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

Mr. Larry Vigil with Poms and Associates presented the Loss Prevention Abatement Report for January 2024. For January there was a 73.62% abatement for non-capital recommendations. There were 599 total recommendations, 19 total capital recommendations, and total non-capital were 580. The corrected non-capital was 427, and the capital was 7. The corrected recommendations percentage for January was 72.45%.

Ms. Garcia with Poms and Associates added that January was a slow month with sexual molestation training around the state and noted that a complaint was received regarding an anonymous report that may have been incorrect. There is still some misunderstanding between the schools and the parents about exactly what STOPit does with complaints. Ms. Vicky Chavez, Board Member for NMPSIA, added that the biggest feedback received from the districts is that because STOPit is anonymous, districts have a hard time chasing down

complaints, and most complaints reported are bullying, but because the definition of bullying is very specific, the complaints do not end up being bullying. Ms. Garcia responded that the anonymous reporting systems are utilized mostly to measure the climate and to get a high-level overview of what is going on in the schools. Ms. Garcia noted that work is being done to filter out the use of C-STAG, which is the school threat assessment guidelines. Ms. Garcia suggested having a team at the schools who, by going through the systemic process, could easily identify and resolve some of the complaints, especially the higher-level ones such as molestation and weapons at school.

## 11. Benefits Matters

### 11. A. Covid Claims Statistics for Fiscal Year 2024

This item was removed from the agenda.

### 11. B. Fiscal Year 2025 Projections and Premium Rate Setting (Action Item)

Ms. Debbie Donaldson with Segal presented the Fiscal Year 2025 Projections and Premium Rate Setting, adding that these results are not as positive as was hoped. During the February Board meeting, Dr. Patani presented preliminary FY25-FY29 projections as well as the October 1, 2024, rate-setting projections. The projections being presented were updated as recently as March 7, 2024. All the scenarios were reviewed with a committee that included three NMPSIA Board members and NMPSIA staff, including Mr. Patrick Sandoval, Ms. Martha Quintana, and Mr. Phillip Gonzales. Ms. Donaldson presented a historical look at the fund balance as well as the 2023-24 projected fund balance. In 2021-22, the starting fund balance of \$31.7 million decreased by \$ 16.7 million. In 2022-23, the starting fund balance of \$15 million had an increase of \$2.6 million. In 2023-24, the starting fund balance was \$17.6 million, and the projected decrease is \$15.2 million. There was a loss of \$9.89 million through December 2023.

## Historical Look – Rate Increases and Fund Balance

Plan Year	Fund Balance at Start of Plan Year	Blended Increase to "Breakeven"	Actual October 1 Rate Increase	Increase/(Decrease) in Fund Balance
2016 – 2017	\$20.9 million	Not Evaluated/Reported	High Low 8.30% 7.15%	(\$7.1 million)
2017 – 2018	\$13.8 million	Not Evaluated/Reported	High & HMO Low 3.98% 1.82%	\$3.6 million
2018 – 2019	\$17.4 million	Not Evaluated/Reported	High & EPO Low 4.00% -0.70%	\$9.3 million
2019 – 2020	\$26.7 million	2.9%	High & EPO Low 5.90% 3.10%	\$4.9 million
2020 – 2021	\$31.6 million	11.3%	High & EPO Low 6.00% 2.10%	\$0.1 million
2021 – 2022	\$31.7 million	11.9%	High & EPO Low 6.00% 3.60%	(\$16.7 million)
2022 – 2023	\$15.0 million	8.10%	High & EPO Low 6.00% 3.20%	\$2.6 million (unaudited)
2023 – 2024	\$17.6 million (unaudited)	7.55%	Medical/Rx 7.24%	(\$15.2 million) (unaudited)

Ms. Donaldson reviewed the key cost drivers impacting FY24 and FY25. Medical and prescription trends for FY24 are 14.6%, which is more than the 7% projected. There is \$7 million of additional cost associated with GLP-1 drugs due to utilization. Senate Bill 135 projected costs are \$1.4 million for FY24 and \$2.8 million for FY25. Another key factor is the continued migration from High to Low Plan options. The Low Plan option premiums have been low for affordability purposes, but when members move from the High to the Low Plan, NMPSIA captures fewer premiums, resulting in an increased cost of \$2.2 million. A recent pharmacy market check showed additional savings of 2.1% to pharmacy costs which comes out to just shy of \$1 million.

Ms. Donaldson provided the assumptions for projections and the projection scenarios. Segal is assuming a blended trend of 7.7% for medical and pharmacy. Included in projections are the results of the IBAC Big Bid, the PBM Market Check, and legislative changes. All scenarios included a 5% Dental rate increase and a 3% Vision rate increase effective 10/1/2024. The projections were updated before the Board meeting and reflect recent legislative implications. The projection scenarios include four scenarios with no plan design changes and two with plan design changes.

## Summary of Projection Scenarios

### *Illustrative Scenarios - No Plan Design Changes*

Description	Scenario A: Increases from 10/1/23 rate-setting projection (final approved scenario from March 2023)	Scenario B: Baseline "Breakeven" increase 10/1/24; Premium increases thereafter per 5- year plan	Scenario B.3: Modified Baseline "Breakeven" increase 10/1/24; Premium increases thereafter per 5- year plan (larger increase - 10/1/2025)	Scenario F.1: 12.00% increase 10/1/24 & 10/1/25; Premium increases thereafter per 5- year plan
<b>Rate Action*</b>				
Eff. 10/1/2024	7.24%	15.25%	15.25%	12.00%
Eff. 10/1/2025	7.24%	8.09%	8.84%	12.00%
Eff. 10/1/2026	7.24%	8.09%	7.43%	7.88%
Eff. 10/1/2027	7.24%	8.09%	7.43%	7.88%
Eff. 10/1/2028	7.24%	5.34%	5.77%	6.23%
<b>Fund Balance</b>				
End of FY2025	-\$19.3 M (1.5 months of claims <b>below Target</b> )	\$2.4 M (0.1 months of claims)	\$2.4 M (0.1 months of claims)	-\$6.4 M (1.2 months of claims <b>below Target</b> )
End of FY2026	-\$44.0 M (2.1 months of claims <b>below Target</b> )	\$11.0 M (0.3 months of claims)	\$13.4 M (0.3 months of claims)	\$1.6 M (0.0 months of claims)
End of FY2027	-\$71.3 M (2.7 months of claims <b>below Target</b> )	\$23.2 M (0.5 months of claims)	\$26.6 M (0.6 months of claims)	\$16.3 M (0.4 months of claims)
End of FY2028	-\$101.4 M (3.2 months of claims <b>below Target</b> )	\$39.4 M (0.9 months of claims)	\$40.7 M (0.9 months of claims)	\$34.3 M (0.7 months of claims)
End of FY2029	-\$134.7 M (3.7 months of claims <b>below Target</b> )	\$49.4 M (1.0 months of claims)	\$49.4 M (1.0 months of claims)	\$49.4 M (1.0 months of claims)

\*Medical/Rx rate increase is shown on a blended basis  
All scenarios include a 5% Dental rate increase and 3% Vision rate increase effective 10/1/2024

# Summary of Projection Scenarios

## *Illustrative Scenarios - With Plan Design Changes*

Description	Scenario G:	Scenario H:
	"Breakeven" increase 10/1/24 with plan changes effective 1/1/25; Premium increases thereafter per 5-year plan	"Breakeven" increase 10/1/24 with larger plan changes effective 1/1/25; Premium increases thereafter per 5-year plan
<b>Rate Action*</b>		
Eff. 10/1/2024	14.39%	11.40%
Eff. 10/1/2025	7.92%	7.29%
Eff. 10/1/2026	7.92%	7.29%
Eff. 10/1/2027	7.92%	7.29%
Eff. 10/1/2028	5.16%	4.51%
<b>Fund Balance</b>		
End of FY2025	\$2.4 M (0.1 months of claims)	\$2.4 M (0.1 months of claims)
End of FY2026	\$12.1 M (0.3 months of claims)	\$15.8 M (0.4 months of claims)
End of FY2027	\$24.6 M (0.6 months of claims)	\$29.4 M (0.7 months of claims)
End of FY2028	\$40.3 M (0.9 months of claims)	\$43.4 M (1.0 months of claims)
End of FY2029	\$48.9 M (1.0 months of claims)	\$47.2 M (1.0 months of claims)

\*Medical/Rx rate increase is shown on a blended basis  
All scenarios include a 5% Dental rate increase and 3% Vision rate increase effective 10/1/2024

Ms. Donaldson reviewed the cost breakdowns for the members for each scenario, which are broken down by monthly contributions, and advised that for Vision and Dental, the projected premium rates effective 10/1/2024 are with the assumption of the 5% increase for Dental and a 3% increase for Vision. Mr. Parrino and Mr. Martinez, Jr. reviewed the BAC and subcommittee's thoughts on the different scenarios. Scenario G & H were taken out of consideration by the subcommittee because they would be too detrimental to the members. The subcommittee selected option B.3 as the best option because it does not put the fund too far into the negative in the event the legislature caps future increases at 6%. The Board addressed that they are aware these increases are difficult to accept. Mr. Sandoval reminded the Board that NMPSIA went with 7.24% during the legislative session and that 6.5% was built into the public-school support budget, and a high increase may cause a hardship for higher education institutions that cannot increase their tuition rates, especially now with the Opportunity Scholarship. The Board members reviewed several scenarios and noted that while double-digit increases were not needed in the past, double-digit increases are now necessary. Board members worry about the impact the increases will have on higher education members.

Mr. Sandoval advised the Board that staff are implementing measures. Scenarios will be updated at the annual meeting and again in September and October before NMPSIA submits the annual appropriation request.

Ms. Rika Martinez with Poms and Associates commented on the legislative side and added that conversations have been had that a double-digit increase was possibly coming down. While everyone is unhappy, there is a willingness to address this next year and take action.

Ms. Chavez added that, unfortunately, salaries are not increasing enough to balance the increases, and the educators are taking the hit. Mr. Park added that the Board will need additional help from partners, including friends and colleagues along with teachers, teachers' unions, superintendents, and anyone else who is affected by this to go to the legislature and work with the School Boards to let them know the Board must make decisions on issues that there is no real choice about.

A motion was made to approve Fiscal Year 2025 Projections and Premium Rate Setting Scenario B.3.

**Motion:** C. Parrino

**Second:** S. Quintana

A roll call vote was taken.

Ms. Claudette Roybal called roll.

Al Park, President	Yes
Chris Parrino, Vice-President	Yes
Trish Ruiz, Secretary	No
Denise Balderas	Yes
Vicki Chavez	No
Tim Crone	Excused
Pauline Jaramillo	Absent
Bethany Jarrell	Absent
K.T. Manis	Yes
David Martinez Jr.	Yes
Sammy Quintana	Yes

**Vote carried.**

#### **11. C. Presbyterian Health Services (PHS) Settlement Notification to Members**

Mr. Steve Valdez with Presbyterian provided information regarding the PHS settlement notification that was sent to members. The notice was distributed because of a class action lawsuit related to the data security incident PHS experienced in 2019. The case has reached a tentative settlement and members whose information may have been compromised are being notified of how they can participate. The Presbyterian Customer Service Center (PCSC) has received guidance on how to respond to inquiry calls regarding the notification.

#### **11. D. IBAC Update**

Ms. Kaylei Jones, Benefits/Wellness Program Coordinator with NMPSIA, presented the IBAC Update. The IBAC met on February 14, 2024. Michelle Stoddard and Sherri Wells presented on behalf of the American Heart Association. They presented statistics, and survivor Liz



Nauman shared her story. Ms. Jones presented an update on the RFI and reminded attendees of the information session to be held on February 15, 2024. James Dicky, Vice President of AON, shared a legislative update. The Standard announced the implementation of the Connected EOI platform with NMPSIA. Davis Vision shared they have added a provider to the network in the southeast portion of the state and lost one provider in Albuquerque. United Concordia provided information on two clinics, a free denture clinic happening in March and a clinic to provide cleanings and x-rays in April. BCBS announced they are waiving the fitness program fee through March 31, 2024, as well as introducing a new cost estimator tool. The New Mexico Retiree Health Care Authority reported that they are wrapping up RFPs and working on their budget. NMPSIA reported navigating the 2024 Legislative Session and configuring premium rates. Albuquerque Public Schools reported on their RFP progress and legislative impacts.

## 12. General Discussion

Board members inquired about any new information staff had on the annual meeting. Ms. Jones stated that she and Ms. Maria Lugo, CPO for NMPSIA, visited Angel Fire Resort and were able to begin conversations with the event coordinator about logistics. There was one concern with the meeting space due to the room being a little bit narrower than what we are accustomed to, but manageable. The individual at the resort responsible for negotiating the pricing for the event was on emergency leave and anticipated to return in the next couple of weeks. Staff is hopeful of negotiating some of the estimated pricing. The rooms will be booked for July 23- July 25, 2024. The meetings themselves will be on the 24th and 25th. Ms. Lugo hopes to have an update for the April board meeting.

Mr. Park thanked everyone for the hard work leading up to and during today's meeting.

## 13. Next Meeting Date and Location Thursday, April 4, 2024, Location: Poms and Associates 201 3<sup>rd</sup> Street, Suite 1400 Albuquerque, NM 87102, and Virtual option (Action Item)

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

**Motion:** S. Quintana

**Second:** T. Ruiz

A roll call vote was taken.

Ms. Claudette Roybal called roll.

Al Park, President	Yes
Chris Parrino, Vice-President	Yes
Trish Ruiz, Secretary	Yes
Denise Balderas	Yes
Vicki Chavez	Yes
Tim Crone	Excused
Pauline Jaramillo	Absent

