

January 24, 2011

**MEMORANDUM**

To: House Education Committee  
Senate Education Committee

From: Winston C. Brooks, APS Superintendent

Re: Albuquerque Public Schools: Projected FY 12 Insurance Request

For FY 12, Albuquerque Public Schools (APS) is requesting an appropriation of approximately \$3,984,384 to provide for the employer's share of increased insurance premiums for its members. The benefits portion of the FY 12 budget request considers:

- a 4.7 percent increase in medical insurance premiums
- no increase in dental insurance premiums;
- a 8.6 percent increase in vision insurance premiums; and
- a 10 percent increase for life and disability insurance.

Albuquerque Public Schools reports that, as of July 1, 2010, our unaudited fund balance for medical, dental and vision reserves was \$17.4 million. Albuquerque Public Schools Board of Education has approved the use of \$8.8 million from the fund balance to offset the cost for the current plan year. The projected fund balance on December 31, 2011, will be \$8.6 million. This will bring the fund balance to the recommended incurred but not reported (IBNR) level.

Albuquerque Public Schools may recommend to the Board of Education additional plan design changes for FY 12.

During the current plan year the APS Board of Education approved the following plan design changes that will save the district approximately \$1.129 million.

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|---|-------------------|
| • Increase Specialist Office Copay to \$35  | \$ 375,000        |
| • Increase Urgent Care Copay to \$40  | \$ 23,000         |
| • Increase ER Copay to \$120  | \$ 76,000         |
| • Charge true COBRA Rates (relative value)  | \$ 25,000         |
| • Biometric Screenings – Incentive to participate = \$20/Month<br>Premium discount for Employee and Spouse (Assumes 25% do not<br>Participate and pay higher premium) | <u>\$ 600,000</u> |
| Total Projected Savings:  | \$ 1,129,000      |

The APS Biometric Screening Incentive Program implemented October 11, 2010 through February 28, 2011 encourages employees and their spouses/domestic partners enrolled in Presbyterian or Lovelace health plans to complete a biometric screening. These screenings provide a detailed assessment of an individual's basic health indicators such as

- Blood pressure
- Body Mass Index (calculated from height and weight)
- Cholesterol
- Blood Glucose and
- Pulse/Heart rate.

As of January 7, 2011, 87% of APS members (employee, spouse/domestic partner) out of 12,000 covered members completed the Biometric Screening. The projected savings of \$600,000 with 25% of covered members not participating will draw down the reserve fund balance. In addition, APS projects increased medical claims and prescription drug costs resulting from medical diagnoses and follow-up treatment and prescription medication for members who completed the Biometric Screening.

Regarding the risk program, the FY 12 request does not include any request because the APS administration will request the board to draw down from reserves the 5.9% percent increase or \$517,000 in property and liability premiums and 4.0% percent increase or \$194,000 for worker's compensation claims.

If you have specific questions or concerns, there are APS staff members who are available to discuss the district's benefit plans.