



FY27 HEALTH INSURANCE PLANNING

PRESENTATION TO FACULTY SENATE
NOVEMBER 25, 2025

Agenda

- Current Plan Overview and Benchmarking
- Plan Design and Cost Shifting Scenarios
- Premium Contribution Scenarios
- Discussion

Plan Summary and Benchmarking

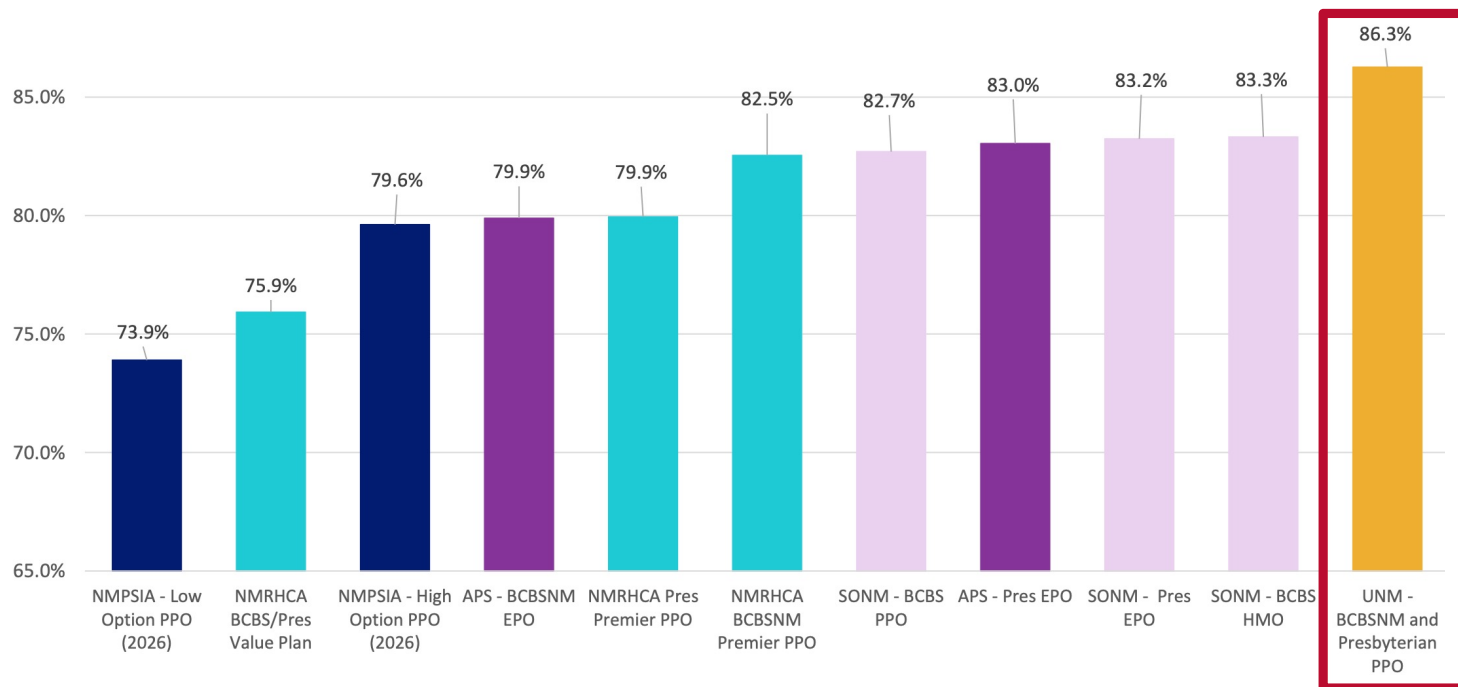
Current Plan Overview

- UNM manages its own self-insured medical, prescription drug, and dental insurance programs
 - Employees choose between two PPO plans for medical insurance, LoboHealth (administered by BCBS) and Presbyterian
- UNM sets premium levels annually based on projected claims and administrative expenses
- Premium costs are shared between UNM and employees, with various contribution tiers based on salary levels:
 - State Statute regulates minimum and maximum contribution amounts, prohibiting UNM from contributing more than 80% or less than 60% of premium costs.
- *Preliminary FY27 premium increase projection of 15.8%*

Employee Annual Salary	UNM Contribution	Employee Contribution	# of Employees Enrolled in Medical Coverage	% of Enrolled Employees
\$54,999 or less	80%	20%	1,475	24%
\$55,000-\$69,999	70%	30%	1,356	22%
\$70,000 and greater	60%	40%	3,363	54%
TOTAL	67%	33%	6,194	100%

Actuarial Value Benchmarking – Local Market

Actuarial Value is a standardized measure of a health plan’s “generosity”
That is, the percentage of total medical costs the plan is expected to pay for a “standard” population



*Relative value is based upon Optum Pricing model and Segal's input. Actuarial Values could vary slightly by model and user. For comparison purposes to PPO plans, HMO, and EPO relative values have been adjusted down by 3% to account for no out of network coverage.

Higher-Ed Benchmarking

UNM's plan design compared to college and university peers:

- LoboHealth plan design is **Competitive** when utilizing Tier 1 providers
- Presbyterian plan design is **Less Competitive**, below median for specialty and in-network benefits
- Employee Contributions overall are **Less Competitive**

UNM's plan design compared to NMSU

- Medical plan design is **More Competitive** than NMSU
- Prescription drug benefits are **Competitive** with NMSU
- Employee Contributions are **Competitive** with NMSU

Comparison Market					University of New Mexico		
					All Plans		
					<\$55,000	\$55,000-\$69,999	\$70,000+
Coverage Tier	1 st Quartile	Median	3 rd Quartile	Average			
Contribution as a Percentage of Premiums							
Employee Only	26%	18%	11%	17%	20%	30%	40%
Employee + Spouse	26%	24%	16%	23%	20%	30%	40%
Employee + Child(ren)	26%	22%	14%	21%	20%	30%	40%
Employee + Family	28%	23%	16%	23%	20%	30%	40%

Higher Education Benchmarking from the Segal College and University Benefits Study, comparison of 21 peer/comparable institutions.

Plan Design Options

Plan Design Considerations

Description	Change in Actuarial Value	Estimated Savings ¹
Increase Deductible: In-Network: \$600/\$1,200 to \$1,000/\$2,000 Out-of-Network: \$1,800/\$3,600 to \$3,000/\$6,000	-1.5%	\$1.4M BCBS only; \$1.8M Both Plans
Increase Out-of-pocket Maximums In Network: \$3,000/\$6,000 to \$3,500/\$7,000 Out-of-Network: \$7,500/\$15,000 to \$8,750/\$17,500	-0.6%	\$0.5M BCBS only; \$0.7M Both Plans
Combined Deductible and Out-of-pocket Maximum plan changes	-2.1%	\$2.5M
Change Presbyterian Plan to an HMO	-1%-3%	\$250K-\$800K
Increase Deductibles for BCBS: In-Network: \$600/\$1,200 to \$800/\$1,600 Out-of-Network: \$1,800/\$3,600 to \$2,400/\$4,800 Increase Deductibles for Presbyterian: In-Network: \$600/\$1,200 to \$1,200/\$2,400 Out-of-Network: \$1,800/\$3,600 to \$3,600/\$7,200 Increase Out-of-Pocket Maximums for Both Plans: In Network: \$3,000/\$6,000 to \$3,500/\$7,000 Out-of-Network: \$7,500/\$15,000 to \$8,750/\$17,500	-1.7%	\$2.1M

¹FY2027 claim projections assume 8.5% increase to FY2026 Medical/Rx estimated claim costs provided by Aon

Impact of Deductible and OOP Max Options

Deductible

BCBS	Total Members ¹	Deductible (In/Out of Network)	Members Meeting Deductible	% of Total Members Impacted
Single	4,263	\$600 / \$1,800	386 (360/26)	9.1%
Family	7,684	\$1,200 / \$3,600	629 (584/45)	8.2%
Total	11,947		1,015	8.5%
Presbyterian				
Single	886	\$600 / \$1,800	183	20.7%
Family	1,977	\$1,200 / \$3,600	414	20.9%
Total	2,863		597	20.9%
Combined Total	14,810		1,612	10.9%

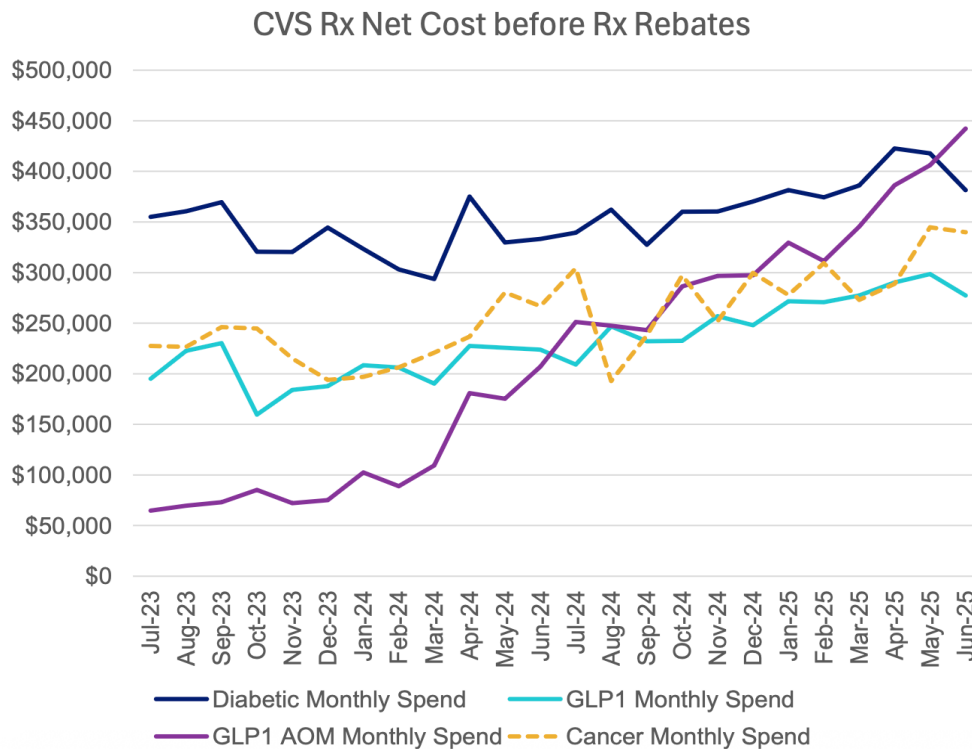
Out-of-Pocket Maximum

Out-of-Pocket Maximum (In/Out of Network)	Members Meeting Out-of-Pocket Maximum	% of Total Members
\$3,000 / \$7,500	146 (144/2)	3.4%
\$6,000 / \$15,000	274 (273/1)	3.6%
	420	3.5%
Presbyterian		
\$3,000 / \$7,500	63 (63/0)	7.1%
\$6,000 / \$15,000	152 (151/1)	7.7%
	215	7.5%
Combined Total	635	4.3%

¹Member count includes any member (employee or covered dependent) enrolled during July 2024 to June 2025.

Prescription Drug Cost Trends

GLP-1 and Cancer Treatments



GLP-1 Anti-Obesity Medication (AOM) Trends:

- GLP-1 AOM accounts for nearly 11% of total prescription drug expenses
- Net cost nearly tripled from FY24 (\$1.3M) to FY25 (\$3.8M)
- Unique utilizers more than doubled from FY24 (220) to FY25 (480)

Prescription Drug Cost Drivers

Category	Data Period	Unique Utilizers	Total Scripts	Gross Cost ¹	% of Total Rx Gross Cost	Plan Cost ¹	% of Total Rx Plan Cost
Diabetic Spend²	July 2023 - June 2024	956	6,942	\$4,318,614	11.4%	\$4,029,003	12.9%
	July 2024 - June 2025	934	7,916	\$4,820,622	11.1%	\$4,483,424	12.4%
	% Change	-2.3%	14.0%	11.6%	-0.3%	11.3%	-0.5%
GLP-1 Diabetic Spend	July 2023 - June 2024	408	2,409	\$2,663,022	7.0%	\$2,461,798	7.9%
	July 2024 - June 2025	392	3,120	\$3,345,831	7.7%	\$3,111,298	8.6%
	% Change	-3.9%	29.5%	25.6%	0.7%	26.4%	0.7%
GLP-1 AOM Spend	July 2023 - June 2024	220	944	\$1,381,621	3.6%	\$1,303,761	4.2%
	July 2024 - June 2025	480	3,401	\$4,079,897	9.4%	\$3,842,978	10.6%
	% Change	118.2%	260.3%	195.3%	5.8%	194.8%	6.5%
Cancer Spend	July 2023 - June 2024	202	821	\$2,794,621	7.4%	\$2,762,186	8.9%
	July 2024 - June 2025	207	919	\$3,445,423	8.0%	\$3,417,575	9.5%
	% Change	2.5%	11.9%	23.3%	0.6%	23.7%	0.6%

¹Costs illustrated above does not include Rx rebates.

²Diabetic spend contains all diabetic drugs (including GLP-1) and does not include diabetic supplies.

- \$3.1M spend in GLP-1 Diabetic drugs represent 8.6% of total Rx plan cost in FY25
 - GLP-1 Diabetic drugs have higher growth rate than overall diabetic drugs (26% vs 11% growth)
- GLP-1 AOM drug spend of \$3.8M represents 10.6% of total Rx plan cost in FY25
- Net plan cost for cancer drugs increased by 24% between most recent 12 months and prior 12 months



Benchmarking on AOM Coverage

AOM (Anti-Obesity Medication) Coverage Prevalence

- CUPA-HR data for public universities:
 - PPO: 37% cover weight management drugs
 - HMO/EPO: 32%
 - POS: 60%
 - HDHP: 31%
- Segal's May 2025 survey:
 - Public sector coverage of GLP-1s for weight loss: **52%**
 - Private sector: **48%**

FY2027 Anti-Obesity Medication Scenarios

Scenario	Description	Gross Plan Cost (Before Rebates)	Projected Rebates	Net Plan Cost (After Rebates)	Additional Program Costs	Total Annual Costs	Projected Savings	Est. Members Impacted
A	No Change - Continue AOM Coverage	\$10.5M	\$3.9M	\$6.6M	\$0	\$6.6M	\$0	0
B	Eliminate AOM Coverage	\$0	(\$700K)	\$700K	\$0	\$700K	\$5.9M	960
C	Continue Coverage with Required Coaching Program	\$2.1M - \$5.2M	(\$600K) - \$700K	\$2.8M - \$4.6M	\$300K - \$700K	\$3M - \$5.3M	\$1.3M - \$3.6M	480 - 768

Notes:

Cost estimates assume consistent rate of growth through FY27 (20 additional utilizers per month, average utilization of 9.4 months)

Projected Rx rebates assume 37% rebates for AOM GLP-1 and estimated reduction from non-GLP-1 drugs

Scenario C estimates 20% to 50% of AOM utilizers participate in coaching support program and additional Program Costs include \$185 monthly coaching fee

Budget Impact of Possible Plan Design Options

	Estimated \$ Impact	Estimated % Premium Change
Baseline Projection	\$18.4M	15.8%
Increase Deductible: In Network: \$600/\$1,200 to \$1,000/\$2,000 Out of Network: \$1,800/\$3,600 to \$3,000/\$6,000	(\$1.8M)	(1.5%)
Increase Out-of-Pocket Maximums: In Network: \$3,000/\$6,000 to \$3,500/\$7,000 Out of Network: \$7,500/\$15,000 to \$8,750/\$17,500	(\$0.7M)	(0.6%)
GLP-1 Anti-Obesity Coverage Changes: Continue GLP-1 AOM coverage; require participation in coaching support program	(\$2.5M)	(2.1%)
TOTAL	\$12.4M	11.6%

Premium Contribution Scenarios

Based on current premium rates and salary levels

Premium Contribution Scenario 1

Scenario 1:

- Shift Current Contribution Tiers by \$5K
- Reduced Premiums for 795 *Enrolled Employees* earning \$55K-\$59K and \$70k-\$74K
- \$1.2M Cost Increase to UNM

Salary Range	UNM Contribution	Employee Contribution	# of Employees Enrolled
\$59,999 or less	80%	20%	1697
\$60,000 - \$74,999	70%	30%	1320
\$75,000 and greater	60%	40%	3247
TOTAL	68%	32%	6264

Premium Contribution Scenario 2

Scenario 2:

- Create a fourth salary tier and adjust two tiers' cost share to accommodate change
- New \$55k to \$69K Tier and new 70k to \$149K Tier
- Reduced Premiums for 3972 *Enrolled Employees* earning \$55,000 - \$150,000
- \$5.4M Cost Increase to UNM

New Salary Range	UNM Contribution	Employee Contribution	# of Employees Enrolled
\$54,999 or less	80%	20%	1284
\$55,000 - \$69,999	75%	25%	1351
\$70,000 - \$149,999	70%	30%	2621
\$150,000 and greater	60%	40%	1008
TOTAL	72%	28%	6264

Premium Contribution Scenario 3

Scenario 3:

- Increase UNM Contribution for the below \$55K salary tier to 100%
- Reduced Premiums for 1,284 *Enrolled Employees* earning \$31,200 - \$54,999
- \$3.6M Cost Increase to UNM
- *Requires legislative change to statute removing 80% contribution limit*

New Salary Range	UNM Contribution	Employee Contribution	# of Employees Enrolled
\$54,999 or less	100%	0%	1284
\$55,000 - \$69,999	70%	30%	1351
\$70,000 and greater	60%	40%	3629
TOTAL	70%	30%	6264

Premium Contribution Scenario 4

Scenario 4:

- Increase UNM Contribution for each tier by 10%
- Reduced Premiums for *All Enrolled Employees*
- \$10.2M Cost Increase to UNM
- *Requires legislative change to statute removing 80% contribution limit*

Salary Range	UNM Contribution	Employee Contribution	# of Employees Enrolled
\$54,999 or less	90%	10%	1284
\$55,000 - \$69,999	80%	20%	1351
\$70,000 and greater	70%	30%	3629
TOTAL	76%	24%	6264

Premium Contribution Scenario Summary

Scenario	Description	# of Impacted Employees	Avg. UNM Contribution	Projected Cost Increase	Projected Increase w/ 16% premium increases	Projected Increase w/ 12% premium increases
Scenario 1: \$5K Tier Shift	Shift contribution tiers by \$5K to < \$60K, \$60K - \$74K, and \$75K and above	795	68%	\$1.2M	\$14.2M	\$8.2M
Scenario 2: Create Fourth Salary Tier	Shifts 60/40 tier threshold to \$150,000, creates new \$70 - \$149K tier	3972	72%	\$5.4M	\$18.4M	\$12.4M
Scenario 3*: Adjust Lowest Tier to 100/0	Increase employer contribution to 100% for the lowest (< \$55K) tier	1284	70%	\$3.6M	\$18.6M	\$10.6M
Scenario 4*: Increase Employer Contributions by 10%	Increase employer contributions by 10% in all tiers	6264	76%	\$10.8M	\$25.8M	\$17.8M

Note*: Scenarios 3 and 4 require legislative action to remove current 80% contribution cap