

Regents' Policy Manual - Section 7.14: Risk Management and Insurance

Adopted Date: 09-12-1996

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Applicability

This policy applies to all members of the University community and to all property owned or controlled by the University.

Policy

1. Safety and Loss Prevention Program

It is the policy of the University to take reasonable steps to avoid accidents or other incidents that could result in injury or death to students, faculty, staff, and visitors, and to protect the physical resources of the University against loss or damage. The University, therefore, will have an active safety and loss prevention program. Because of the unique and distinct manner in which the Health Sciences Center operates and the unique nature of the risks of loss with respect thereto, the governance and oversight of the safety and loss prevention program for the Health Sciences Center (and each of its component colleges, schools, centers, units, and subsidiary corporations as described in Section 1 of [RPM 3.4](#)) shall be as described in Section 3i of [RPM 3.5](#) for the Health Sciences Board of Directors and Exhibit A Section 12 of [RPM 3.6](#) for the UNM Hospital Board of Trustees. The program will also provide for the proper handling and disposition of hazardous materials, pursuant to applicable laws.

Liability insurance covering the University and its "public employees," as defined in the New Mexico Tort Claims Act, property and casualty insurance, workers' compensation insurance, and health care liability coverage for health care students are provided by the Risk Management Division, General Services Department, of the State of New Mexico.

Recognizing that the University's and its "public employees" tort liability to third parties is subject to the immunities and limitations set forth in the New Mexico Tort Claims Act and the Eleventh Amendment to the U.S. Constitution, in cooperation with the Risk Management Division of the New Mexico General Services Department under and pursuant to the New Mexico Tort Claims Act, the University will carry (a) fire and extended coverage insurance on its buildings, heating and cooling systems, and major equipment; (b) workers' compensation and unemployment compensation as required by applicable law, (c) medical malpractice, professional liability, and comprehensive general liability insurance under the Public Liability Fund administered by the Risk Management Division to protect itself and its "public employees," as defined in and consistent with the New Mexico Tort Claims Act; (d) such other and further insurance coverage as may be necessary and appropriate under the circumstances of a particular situation.

2. Insurance for Employees and Students

The University will provide opportunities for its students and employees to purchase medical insurance.

The Board must approve the establishment or elimination of any alternative insurance or self-insurance program. In 2009, the Board approved a self-funded employee health plan.

The University will offer to all its active permanent faculty and staff employees, and certain retirees, group health insurance coverage which the University co-pays in accordance with state law. University employees may also purchase group life insurance, accidental death and dismemberment insurance, and short- and long-term disability insurance coverage for themselves and their families through the University.

The University will offer one or more health insurance policies to its students each year.

2.1. Reserve Fund Maintained for Self-Insurance Plan

The University maintains a reserve fund for its self-insured health, prescription drug, and dental benefits covering active employees and eligible retirees. Third Party Administrators (TPA) are contracted to process claims and perform certain administrative functions. In addition to claims payments and TPA administrative fees, the three components of the reserve fund (discussed below) may be used, as appropriate, for medical and non-medical costs such as stop-loss premiums, wellness initiatives, onsite clinic costs, telemedicine services, disease management services, and outside consulting fees.

The reserve fund has three distinct components: an Incurred But Not Reported (IBNR) reserve, a Claims Fluctuation Reserve (CFR), and a general reserve.

- The IBNR reserve is maintained to fund terminal liabilities in the event that the self-funded plan, or any subset of it, were to cease. The amount of the IBNR reserve is calculated and certified annually by an independent credentialed healthcare actuary.
- The CFR reserve provides budget certainty to any given fiscal year should actual costs exceed the expected amounts. The amount is calculated to reflect a percentage of budget certainty between 50% and 100%.
- The general reserve represents any funds that exceed the combined IBNR and CFR reserves, and may include earnings created by the reserve.

2.2. Use of the General Reserve Component of the Self-Insurance Reserve Fund

The Board in its discretion may approve the allocation of funds from the general reserve component for other University purposes. The premium amounts paid by covered employees constitute assets of the self-insurance plan, and can be used for no other purpose. Any interest paid on the employees' premiums, and other monies that exceed participant contributions and form the basis of the general reserve component, however, are considered general assets of the University and may be used for purposes unrelated to the self-insurance plan.

3. Reports to the Board

The President shall report annually to the Board on the status and financial condition of the University's risk management and insurance programs. In this regard, the Chancellor for Health Sciences shall coordinate reporting for the Health Sciences Center's safety and loss prevention program with the President of the University.

References

Tort Claims Act, § 41-4-1 et seq., NMSA 1978; Workers' Compensation Act, § 52-1-1, et seq.; Group Benefits Act, § 10-7B-1, et seq.