



Establishing The City Of Albuquerque's Administration Of The Group Self-Insurance Fund For Providing Medical Coverage For Employees And Of The Participating Entities, Creating A New Group Self-Insurance Fund 710, In Fiscal Year 2020 (Jones, by request)

ESTABLISHING THE CITY OF ALBUQUERQUE'S ADMINISTRATION OF THE GROUP SELF-INSURANCE FUND FOR PROVIDING MEDICAL COVERAGE FOR EMPLOYEES AND OF THE PARTICIPATING ENTITIES, CREATING A NEW GROUP SELF-INSURANCE FUND 710, IN FISCAL YEAR 2020.

WHEREAS, the City of Albuquerque's Insurance & Benefits Division of the Human Resources Department manages the Group Health Benefits Plans which includes Medical, Dental, Vision, Life Insurance and Voluntary Benefits, for approximately 18,000 employees and dependents of the City of Albuquerque and for the employees and dependents of the Participating Entities to include but not limited to, Albuquerque Bernalillo County Water Utility Authority, Sandoval County, Middle Rio Grande Conservancy District, City of Belen, Town of Bernalillo, Albuquerque Housing Authority, Village of Corrales, Town of Edgewood, Village of Bosque Farms, Village of Tijeras, Village of Los Ranchos, Town of Mountainair, Village of Cuba, Sandoval County Arroyo Flood Control Authority, Village of Jemez Springs, Village of Cochiti Lake, Village of San Ysidro; and

WHEREAS, the combination of insured in the group program is one of the largest public insured groups in New Mexico; and

WHEREAS, the combined procurement, administration, and financial management of the group program contributes greatly to the overall cost effectiveness, administrative efficiencies, technical efficiencies and provides financial savings to City of Albuquerque and that of the Participating Entities; and

WHEREAS, a Request for Proposal was completed to review responses from third party administrators and pharmacy benefit managers experienced in working with self-funded public and private groups; and

WHEREAS, the Insurance & Benefits Division is responsible for the efficient management of the group health program for over 18,000 New Mexicans ensuring that employees and family members have access to comprehensive, affordable, and accessible healthcare.

BE IT RESOLVED BY THE COUNCIL, THE GOVERNING BODY OF THE CITY OF ALBUQUERQUE:

Section 1. The Group Medical Self Insurance Fund 710 is created. The fund and any income produced by the fund shall be held in this protected fund for the benefit of the City of Albuquerque

employees and dependents and the Participating Entities employees and dependents, and invested by the Chief Investment Officer as allowed. Money in the fund shall be used solely for the purposes of the fund and shall not be used to pay any general or special obligation or debt of the city, other than as authorized by this section. Balances in the fund in excess of amounts needed for the purposes of the fund shall not be used to pay dividends or refunds, however described, to individual public employees or their dependents, but may be used, to reduce future contributions, to provide additional benefits or as a reserve to stabilize premiums.

Section 2. Expenditure Method. Disbursements from the fund shall be made by payment dispersal as authorized by Human Resources Director or designee for the following reasons: to purchase health insurance for city and participating entity employees participating in the group self-insurance plan and their covered dependents, from an insurance company determined to be the best responsible bidder, as allowed by City procurement code; to contract with and pay one or more professional claims administrators; to contract with and pay qualified independent actuaries, financial auditors and claims management and procedures auditors; to contract with and pay consultants, financial advisors and investment advisors for independent consulting and advice; to make lump sum advances to any person or firm acting as a professional claims administrator, such advances to be used exclusively to pay benefits for participating employees and their dependents; to pay any other costs and expenses incurred in carrying out this section; and as otherwise provided by law.

Section 3. Fund Accounting. The fund shall be maintained in actuarially sound condition as evidenced by the annual written certification of an actuary qualified for such work that as of June 30 of the current year the fund was actuarially sound. The Accounting Division shall annually submit to the administration a report on the financial status of the group self-insurance medical fund as part of the Comprehensive Annual Financial Report. A claims management and procedure audit may be conducted by a qualified claims auditor periodically at the discretion of the Chief Administrative Officer (CAO). With respect to claim files, the claims audit may be limited to a random sampling dependent upon the scope of work agreed upon by the CAO and auditor. This new fund shall be identified as Group Self Insurance Fund 710.

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