

Roger C. Cuevas, Superintendent of Schools

SUBJECT: EMPLOYEE BENEFITS PROGRAM FOR YEAR 2000

Following direction from the Board, staff entered into negotiations with the Board's healthcare companies: HIP, Humana, and United Healthcare, for rates to be effective January 1, 2000 through December 31, 2000. Additionally, HIP was able to commit to rates for 2001, United was able to provide a maximum combined rate increase for 2001, however Humana was not able to commit to either, as indicated in the following chart.

Following a meeting with the Board's Compensatory Fringe Benefits Council, which was held on May 25, 1999, the Superintendent is recommending the Board adopt the following:

1. Health insurance rates for all three companies for 2000;
2. Stipulated rates for HIP for 2001;
3. Maximum combined percentage rate increase for United Healthcare for 2001;
4. Renewal of Flexible Benefits for 2000, 2001, and 2002.

Single Monthly Rates (Board Paid)

Company Name	1999 Rate	Approximate % increase	2000 Rate	Percent Increase	2001 Rate
HIP HMO	\$179.55	5%	\$188.53	5%	\$197.96
HUMANA POS	\$192.92	20%	\$231.56	N/A	No offer now
HIP PPO	\$231.12	8%	\$249.61	8%	\$269.58
HUMANA PPO**	\$256.95	34%	\$343.87	N/A	No offer now
UNITED OPEN ACCESS HMO	\$215.00	14%	\$245.00	13%*	

Dependent Monthly Rates (Employee Paid)

Company Name	1999 Rate	Approximate % increase	2000 Rate	Percent Increase	2001 Rate
HIP HMO	\$168.00	5%	\$176.40	5%	\$185.22
HUMANA POS	\$177.74	30%	\$231.56	N/A	No offer now
HIP PPO	\$443.88	8%	\$479.39	8%	\$517.74
HUMANA PPO	\$494.10	5%	\$519.78	N/A	No offer now
UNITED OPEN ACCESS HMO	\$255.00	28%	\$328.00	13%*	

Note:

* United reserves the right to re-allocate percentage between single and family, although COMBINED rate will not exceed 13% on a total basis.

** Since this amount exceeds the \$300/month contribution, employees who enroll in this plan will pay the difference via a cost share, plus the enrollment fees of \$4.42/month.

All companies currently providing coverages as part of the Board's flexible benefits program were requested to develop renewal rates for years 2000, 2001, and 2002. The following rates are being recommended, which include a combination of rate decreases, rate increases and some coverages which require no changes from present premiums.

**Flexible Benefit Plan Rates
Account A (Board-Paid)**

Type of Coverage/ Company Name	1999 Rate	Approximate % increase	2000 Rate	Approximate % increase	2001 Rate	Approximate % increase	2002 Rate
Health Screening Health Examinetics (new company name is Continuum Healthcare, Inc.	\$7.50	-0-	\$7.50	-0-	\$7.50	-0-	\$7.50
Hospital Income CIGNA Group Insurance	\$.35/\$10/ day	-0-	\$.35/ \$10/day	-0-	\$.35/\$10 /day	-0-	\$.35/\$10 /day
Long Term Care U. S. Care, Inc.	\$1.78/\$5/ day (3yr) \$2.35/\$5/ day(5yr)	-0-	\$1.78/\$5 /day(3yr) \$2.35/\$5 /day(5yr)	-0-	\$1.78/\$5 /day(3yr) \$2.35/\$5 /day(5yr)	-0-	\$1.78/\$5 /day(3yr) \$2.35/\$5 /day(5yr)
Legal Expense Benefits ARAG Group, Inc.	\$13.25 w/o FP \$16.00 With FP	-0-	\$13.25 w/o FP \$14.25 With FP	-0-	\$13.25 w/o FP \$14.25 With FP	-0-	\$13.25 w/o FP \$14.25 With FP
Dental (Indemnity) MetLife	\$32.92 st \$36.75 hi	6.5% 6.5%	\$35.08st \$39.16hi	8% max. 8% max.	37.88st \$42.29hi	8% max. 8% max.	\$40.92st \$45.67hi
Long Term Disability Liberty Mutual Group	\$7.12 st \$9.11max	3% 3%	\$7.33 st \$9.38mx	-0- -0-	\$7.33 st \$9.38mx	N/A	N/A
Managed Dental Benefits Oral Health Services	\$13.41	-0-	\$13.41	-0-	\$13.41	7%	\$14.35
Vision Care Benefits Optix Vision Plan	\$5.72	-0-	\$5.72	7%	\$6.12	5%	6.43
Group Term Life CIGNA Group Insurance	\$.12 per \$1,000	181%	\$.34 per \$1,000	N/A	N/A	N/A	N/A
Personal Accident CIGNA Group Insurance	N/A	N/A	\$.032 per \$1,000	-0-	\$.032 per \$1,000	-0-	\$.032 per \$1,000

- No Rate Increases: ■ Health screening, hospital income protection, and long term care.
- Reduced Rates: ■ Legal expense benefits with financial planning (optional rates).
- Rate Increases: ■ Indemnity dental (usual dental inflation with average trend projected)
- Managed dental (previous agreements locked in rate increases for first two years, third year is average trend).
- Vision benefits reflect average trend.
- Long term disability has had considerable adverse experience and would have required a 19% increase, but by modifying benefits slightly, the increase has been reduced to 3%. Changes suggested include removing the cost of living adjustment rider, and including the drug and alcohol claims within the 24 month mental and nervous maximums.
- Group term life claims have resulted in a very negative loss experience factor of 181% (\$1.3 in premiums paid compared to \$2.3 in incurred losses) which has resulted in a sizeable premium increase for this benefit, as a result of offerings to retirees. In an effort to assist the program, it is suggested that another program be permitted to be offered by CIGNA to enable it to maximize the life benefits and spread the risk. The additional offering is the Personal Accident Insurance Plan.

Trustmark Cancer Policy

This program was introduced in 1996 as a voluntary program (all employee paid) for any full time employee meeting very minimal underwriting guidelines.

Effective September 1, 1999, a 34% rate increase for all business in the State of Florida is taking effect. Trustmark will notify individual certificate holders via three separate mailings conducted over a six week period prior to the first payroll deduction date in September. The individuals enrolled will be given the following options:

1. Accept the 34% rate increase to maintain the same level of coverage; or
2. Elect to keep premium rates the same and have the benefit amount reduced proportionally.

MetLife Life Insurance

MetLife presently offers employees who retire or terminate from the Board to convert all or part of the life insurance which is in place at the time of retirement/termination, from group term life to an individual whole life policy. Because of the high cost of the conversion, many retiring/terminating employees cannot afford to keep their life insurance in force.

MetLife is now offering a portability feature to retiring/terminating employees for their optional life coverages. There is no additional cost to the Board for this feature, and employees will be able to elect either the conversion to a whole life program, or the portability feature of the term coverage, which is significantly less expensive. While the portable term life rates are not guaranteed, the employee would not have to prove insurability. Additionally, the conversion charges that the Board pays when an employee converts will be reduced if an employee elects the portability feature rather than the conversion.

The Internal Revenue Service (IRS) establishes rates for the imputed value of the coverage which the Board provides in excess of \$50,000, and the optional coverages paid for by employees. The IRS rates are being reduced which means that employees having amounts of term coverage in excess of \$50,000 will see their taxable sums reduced.

To comply, the IRS will require insurers like MetLife to establish rates for all optional coverages within the same banding arrangements (five year age groupings), that are at least one cent over/under the newly formed IRS rates.

<u>Age</u>	<u>Current MetLife Rates</u>	<u>MetLife Rates for Optional Coverages in year 2000</u>	<u>Table 1 IRS Rates</u>
<25	\$.07/\$1000/month	\$.06/\$1000/month	\$.05/\$1000/month
25-29	\$.07	\$.06	\$.06
30-34	\$.07	\$.08	\$.08
35-39	\$.11	\$.11	\$.10
40-44	\$.11	\$.11	\$.11
45-49	\$.27	\$.21	\$.17
50-54	\$.27	\$.30	\$.29
55-59	\$.45	\$.57	\$.57
60-64	\$.73	\$.66	\$.66
65-69	\$ 1.07	\$ 1.27	\$ 1.27
70-74	\$ 3.88	\$ 2.06	\$ 2.06
75+	\$ 3.16	\$ 3.16	\$ 2.06

Long Term Care

The School Board is being offered three optional riders to its current Long Term Care Policy (LTC). These riders would be offered through Account B (employee-paid) for employees who are enrolled through U.S. Care directly. The following is a description of each:

- Return of Premium Death Benefit Rider: Full or Partial return of premium if member dies within the first 10 years of coverage prior to utilizing the benefit. Premium percentage returned depends upon the number of years the policy was in effect.
- Limited Pay Option: Premiums are paid for the first 10 years, after which the policy becomes paid in full and no further premium are due. Premiums are age banded.
- Survivor Benefit Option: If the employee or spouse dies, the policy is paid in full after 10 consecutive years of premium payments. Both the employee and spouse must have coverage on LTC, and have paid premiums for five consecutive years prior to death.

RECOMMENDED: That The School Board of Miami-Dade County, Florida:

1. approve the following monthly healthcare rates, flexible benefit rates, and Board contribution, effective January 1, 2000 through December 31, 2000:

<u>Healthcare Company Name</u>	<u>2000 Single Rate for Health Plan</u>	<u>Flex. Benefit Contribution</u>	<u>Total Paid by Board</u>	<u>Emp. Paid Dep. Health</u>
HIP HMO	\$ 188.53	\$ 111.47	\$ 300.00	\$ 176.40
HUMANA POS	\$ 231.56	\$ 68.44	\$ 300.00	\$ 231.56
HIP PPO	\$ 249.61	\$ 50.39	\$ 300.00	\$ 479.39
HUMANA PPO*	\$ 343.87	\$ (-0-)	\$ 300.00	\$ 519.78
UNITED OA	\$ 245.00	\$ 55.00	\$ 300.00	\$ 328.00

* Since this amount exceeds the Board paid \$300/month contribution, employees who enroll in this plan will pay the difference via a cost share, plus the enrollment fees of \$4.42/month.

YEAR 2000 MONTHLY RATE FOR RETIREES UNDER AGE 65

<u>Company</u>	<u>2000 Single Rate</u>	<u>2000 Dependent Rate</u>
HIP HMO	\$ 188.53	\$ 176.40
HUMANA POS	\$ 231.56	\$ 231.56
HIP PPO	\$ 249.61	\$ 249.61
HUMANA PPO	\$ 343.87	\$ 519.78
UNITED OA	\$ 245.00	\$ 328.00

YEAR 2000 MONTHLY RATE FOR RETIREES OVER AGE 65 AND/OR MEDICARE ELIGIBLE

<u>Company</u>	<u>2000 Single Rate</u>	<u>2000 Dependent Rate</u>
HIP VIP MEDICARE	(-0-)	(-0-)
HUMANA GOLD PLUS PLAN	(-0-)	(-0-)
HIP PPO	\$218.06	\$218.06 (w/o Medicare \$249.61)
HUMANA PPO	\$343.87	\$519.78
UNITED OA	(-0-)	(-0-)

2. approve rates for HIP for calendar year 2001 as follows:
 HIP HMO (single) - \$197.96/month HIP HMO (dependent) - \$185.22/month
 HIP PPO (single) - \$269.58/month HIP PPO (dependent) - \$517.74/month
3. approve a combined percentage rate increase for United Healthcare Open Access HMO for calendar year 2001 not to exceed 13% on a total basis, with specific rates for both single and dependents to be brought back to the Board prior to January 1, 2001;
4. add a portability feature to the Life Insurance policy provided through MetLife to terminating/retiring employees for their optional life coverages, with no additional cost to the Board for this feature;
5. approve the revised IRS table rates, and life insurance rates for optional coverages provided by MetLife, effective January 1, 2000, for the imputed value of the coverage that the Board provides in excess of \$50,000, and the optional coverages paid for by employees:

<u>Age</u>	<u>MetLife Rates for Optional Coverages in year 2000</u>	<u>Table 1 IRS Rates</u>
<25	\$.06	\$.05
25-29	\$.06	\$.06
30-34	\$.08	\$.08
35-39	\$.11	\$.10
40-44	\$.11	\$.11
45-49	\$.21	\$.17
50-54	\$.30	\$.29
55-59	\$.57	\$.57
60-64	\$.66	\$.66
65-69	\$ 1.27	\$ 1.27
70-74	\$ 2.06	\$ 2.06
75+	\$ 3.16	\$ 2.06

6. approve the following monthly rates and benefit changes in the Flexible Benefits Plan administered by Fringe Benefits Management Company (FBMC), effective January 1, 2000, and subsequent years, as indicated:

- A. CIGNA Group Insurance Company for group term life insurance benefits. Accounts A and Account B rates:

		<u>Year 2000</u>	<u>Year 2001, 2002</u>
Account A	Employee (EE) only	\$.34/\$1000	N/A
Account B	EE only	\$.34/\$1000	N/A

- B. Liberty Mutual Insurance Company for long term disability benefits, inclusive of a 3% rate increase, removal of the cost of living adjustment and the drug and alcohol claims to be included within the 24 month limitation of mental and nervous benefits:

		<u>Year 2000</u>	<u>Year 2001</u>	<u>Year 2002</u>
Account A	(Standard)	\$ 7.33	\$ 7.33	N/A
Account A	(Maximum)	\$ 9.38	\$ 9.38	N/A
Account B	(Standard)	\$ 9.20	\$ 9.20	N/A
Account B	(Maximum)	\$11.80	\$11.80	N/A
Account B	(Max Plus)	\$22.10	\$22.10	N/A

CIGNA Group Insurance for hospital income protection benefits at expiring rates for 2000, 2001, and 2002.

Account A	\$ 50/day EE only	\$ 1.75
Account A	\$100/day EE only	\$ 3.50
Account B	\$ 50/day EE only	\$ 6.50
Account B	\$100/day EE only	\$13.00
Account B	\$150/day EE only	\$19.50
Account B	\$ 50/day Family only	\$ 8.50
Account B	\$100/day Family only	\$17.00
Account B	\$150/day Family only	\$25.50
Account B	\$ 50/day EE & Fam only	\$15.00
Account B	\$100/day EE & Fam only	\$30.00
Account B	\$150/day EE & Fam only	\$45.00

- C. Optix Vision Care at expiring rates for Account A and Account B rates for the year 2000, an increase of 7% in 2001, and an increase of 5% for the year 2002.

		<u>Year 2000</u>	<u>Year 2001</u>	<u>Year 2002</u>
Account A	EE only	\$ 5.72	\$ 6.12	\$ 6.43
Account B	EE only	\$ 5.97	\$ 6.39	\$ 6.71
Account B	Fam. only	\$10.55	\$11.29	\$11.85
Account B	EE + Fam.	\$16.47	\$17.62	\$18.50

- D. Oral Health Services (OHS), at expiring rates for Account A and Account B for the year 2000 and 2001, and a 7% increase for 2002.

		<u>Year 2000</u>	<u>Year 2001</u>	<u>Year 2002</u>
Account A	EE only	\$13.41	\$13.41	\$14.35
Account B	EE only	\$14.42	\$14.42	\$15.43
Account B	Fam. only	\$21.94	\$21.94	\$23.48
Account B	EE + Fam.	\$36.36	\$36.36	\$38.91

- F. MetLife dental inclusive of a rate increase for Account A or Account B of

6.5% for 2000, and a maximum increase of 8% for the years of 2001 and 2002.

		<u>Year 2000</u>	<u>Year 2001</u>	<u>Year 2002</u>
Account A	EE only(Standard)	\$ 35.08	\$ 37.88	\$ 40.92
Account A	EE only(High)	\$ 39.16	\$ 42.29	\$ 45.67
Account B	EE only(Standard)	\$ 38.36	\$ 41.43	\$ 44.74
Account B	Fam only(Standard)	\$ 72.99	\$ 78.82	\$ 85.13
Account B	EE + Fam(Standard)	\$114.00	\$123.12	\$132.97
Account B	EE only(High)	\$ 42.82	\$ 46.25	\$ 49.95
Account B	Fam only(High)	\$ 81.46	\$ 87.98	\$ 95.02
Account B	EE + Fam(High)	\$127.27	\$137.45	\$148.45
Account B	EE only(Enhanced)	\$ 44.13	\$ 47.66	\$ 51.47
Account B	Fam only(Enhanced)	\$ 83.95	\$ 90.67	\$ 97.92
Account B	EE + Fam(Enhanced)	\$131.15	\$141.64	\$152.97

- G. ARAG Group, providing pre-paid legal benefits at expiring rates for years 2000, 2001, 2002, inclusive of the addition of the Financial Lifeline and Telephone Tax Advisory Service.

Account A	Without Financial Planning	\$13.25
Account B	Without Financial Planning	\$17.30
Account A	With Financial Planning	\$14.25
Account B	With Financial Planning	\$18.40

- H. Health Examinetics, Inc., providing mobile health screening services at expiring rates in Account A and Account B for the years 2000, 2001, 2002.

Account A	\$ 7.50	employee
Account B	\$ 7.50	employee
Account B	\$ 7.50	spouse
Account B	\$15.00	employee and spouse

- I. U.S. Care for the Long Term Care benefits at expiring rates for Account A and the age banded rates on Account B for the years 2000, 2001 and 2002, inclusive of adding riders under Account B for Return of Premium Death Benefit, Limited Pay Option, and Survivor Benefit Option.

Account A employee only (3yr. Plan) \$1.78 per \$5/day
 Account A employee only (5yr. Plan) \$2.35 per \$5/day

- J. CIGNA Group Insurance Company to add a Personal Accident Insurance benefit for three years, effective January 1, 2000.

Account A&B	EE only(\$25,000)	\$.80
Account B	Fam only(\$25,000)	\$.50
Account B	EE + Fam(\$25,000)	\$ 1.30
Account A&B	EE only(\$50,000)	\$ 1.60
Account B	Fam only(\$50,000)	\$ 1.00
Account B	EE + Fam(\$50,000)	\$ 2.60
Account A&B	EE only(\$75,000)	\$ 2.40
Account B	Fam only(\$75,000)	\$ 1.50
Account B	EE + Fam(\$75,000)	\$ 3.90
Account A&B	EE only(\$100,000)	\$ 3.20
Account B	Famonly(\$100,000)	\$ 2.00
Account B	EE + Fam(\$100,000)	\$ 5.20
Account A&B	EE only(\$125,000)	\$ 4.00
Account B	Fam only(\$125,000)	\$ 2.50
Account B	EE + Fam(\$125,000)	\$ 6.50
Account A&B	EE only(\$150,000)	\$ 4.80
Account B	Fam only(\$150,000)	\$ 3.00
Account B	EE + Fam(\$150,000)	\$ 7.80
Account A&B	EE only(\$175,000)	\$ 5.60
Account B	Fam only(\$175,000)	\$ 3.50
Account B	EE + Fam(\$175,000)	\$ 9.10
Account A&B	EE only(\$200,000)	\$ 6.40
Account B	Famonly(\$200,000)	\$ 4.00
Account B	EE + Fam(\$200,000)	\$10.40
Account A&B	EE only(\$250,000)	\$ 8.00
Account B	Fam only(\$250,000)	\$ 5.00
Account B	EE + Fam(\$250,000)	\$13.00
Account A&B	EE only(\$300,000)	\$ 9.60
Account B	Fam only(\$300,000)	\$ 6.00
Account B	EE + Fam(\$300,000)	\$15.60

7. approve the Memorandum of Understanding with the United Teachers of Dade (UTD), the American Federation of State, County & Municipal Employees (AFSCME), Local 1184, the Dade County School Maintenance Employee Committee (DCSMEC), the Teamsters, Local 769, the Dade County Schools Administrators' Association (DCSAA), Local 77, the Dade Association of School Administrators (DASA), and Confidential Exempt Personnel.

MEMORANDUM OF UNDERSTANDING

Modification/Implementation

Pursuant to article XXVIII and Appendix D, Section 2 of the MDCPS/UTD Contract; Appendix II of the MDCPS/AFSCME, Local 1184 Contract; Article XV (A) of the MDCPS/DCSMEC Contract; Article XXI, Section 1 of the MDCPS/Teamsters, Local 769 Contract; and Article XV, Section 1 of the MDCPS/DCSAA, Local 77 Contract, The School Board of Miami-Dade County, Florida has met with the various MDCPS exclusive bargaining agents and with representatives of non-bargaining unit employees through the compensatory Fringe Benefits Council and the parties have agreed to the attached provisions as outlined in Agenda Item A-3 for the School Board Meeting of June 23, 1999. These provisions affect products in the flexible benefits program administered by Fringe Benefits Management Company, and include rate changes, premium adjustments, and plan modifications. Group term life insurance for employees and dependents will be provided by Metropolitan Life Insurance Company. The parties have further agreed to the employee and dependent rates under said plans. The implementation date of these provisions is January 1, 2000.

THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

BARGAINING AGENTS/EMPLOYEE GROUPS

_____ Solomon C. Stinson Chair	_____ Date	_____ United Teachers of Dade (UTD)	_____ Date
_____ Michael M. Krop Vice Chair	_____ Date	_____ American Federation of State, County & Municipal Employees (AFSCME), Local 1184	_____ Date
_____ Roger C. Cuevas Superintendent of Schools	_____ Date	_____ Dade County School Maintenance Employee Committee (DCSMEC)	_____ Date
		_____ Teamsters, Local 769	_____ Date
		_____ Dade County Schools Administrators' Association (DCSAA), Local 77	_____ Date
		_____ Dade Association of School Administrators (DASA) (Non-Bargaining Unit)	_____ Date
Approved As To Form:			
_____ School Board Attorney	_____ Date	_____ Confidential Exempt Personnel (Non-Bargaining Unit)	_____ Date