

Personnel Management and Services
Nelson E. Diaz, Deputy Superintendent

SUBJECT: REQUEST FOR AUTHORIZATION TO DISTRIBUTE REQUEST FOR PROPOSAL (RFP# 220-ZZ-10), GROUP HEALTHCARE PREFERRED PROVIDER (PPO) PROGRAM

The Board currently offers its employees, dependents and retirees, healthcare choices which include two preferred provider organizations (PPO) from HIP Health Plan of Florida (HIP) and Humana Inc. In order to obtain rates for calendar years 2001 and 2002, all companies were asked to provide rates and backup financial data for evaluation by staff and the Board's consultant, William M. Mercer, Inc. In response to this rate request, Humana sent a letter notifying the Board that they will not be offering a renewal quotation for the PPO product for 2001 and beyond. As a result, the choices offered to employees and retirees for 2001 would include only one PPO from HIP.

Humana had notified the Board last year that they did not want to continue offering the PPO for 2000 and introduce their HMO. However, pursuant to a legal opinion received from the Board Attorney's Office at the time, Humana was not legally able to introduce a health program which it did not provide as a result of the RFP which was issued in 1996. The Board could agree, however, to release Humana from their obligation to provide the PPO.

Authorization is requested to issue RFP #220-ZZ-10 to replace the Humana PPO. HIP's PPO will continue to be offered at rates which will be established through the renewal process. Additionally, as part of the RFP, it is being requested that in conjunction with a PPO network for the South Florida area, access to a national PPO network be provided.

Recommendations for award, along with renewal terms for all fringe benefit programs for 2001 will be brought back to the Board.

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

1. release Humana Inc. from its current contractual obligation to offer a Preferred Provider Organization (PPO) option as part of their healthcare delivery system to School Board employees, dependents and retirees, effective January 1, 2001;
2. authorize issuance of Request For Proposal (RFP) # 220-ZZ-10, Group Healthcare Preferred Provider (PPO) program.

NED:sc

**REPLACEMENT
E-15**