

June 20, 2000

Roger C. Cuevas, Superintendent of Schools

Revised

SUBJECT: EMPLOYEE BENEFITS PROGRAM FOR YEAR 2001

Subsequent to the information provided to the Board at its meeting of April 12, 2000 regarding employee benefit programs, staff has finalized negotiations for rates to be effective January 1, 2001 through December 31, 2001. At the Board meeting of June 23, 1999, most rates for the flexible benefit options were approved for 2000, 2001, and 2002. Therefore, the only approvals sought from the Board at this time, other than health insurance rates, are from Metropolitan Life Insurance Company for dental coverage, Oral Health Services, Optix Vision and U.S. Care for long term care coverage.

FLEXIBLE BENEFITS

Rates approved at the Board meeting of June 23, 1999 for the following companies/benefits were approved for 2000, 2001 and 2002:

Continuum, Inc. - Health Screening

CIGNA - Hospital Income Protection and Personal Accident Insurance

ARAG Group - Legal Expense Benefits

METLIFE - The Board approved a maximum 8% rate increase for MetLife's dental program for both 2001 and 2002. MetLife has confirmed that the increase is not needed for 2001, therefore the rate structure approved for 2000 will apply for 2001. The maximum 8% increase previously approved by the Board would continue to apply to the 2002 rates, and will be evaluated next year.

ORAL HEALTH SERVICES (OHS) - The Board approved a rate structure with no change in rates from 2000 to 2001, and a maximum 7% increase for 2002. OHS did reserve the right to make necessary changes in co-payments on a year-to year basis. However, OHS has confirmed that no co-payment changes are necessary for 2001 for either the active or retiree charge schedule.

OPTIX VISION - The Board approved a rate structure with a maximum 7% increase for 2001. Optix has confirmed that they only are requesting a 5% increase for 2001, with a maximum 5% increase for 2002 as well.

REVISED
REPLACEMENT

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U.S. CARE - The Board approved rates for this long term care program which remain the same for 2000 through 2002, with the right to re-evaluate their rates if the percentage of employee enrolled varies by more than 10%. Although there was a 14% decrease in Long Term Care enrollment for 2000, U.S. Care has confirmed that there will not be any rate change for 2001, however, they continue to reserve the right to evaluate the rates for 2002, based upon the approved structure.

LIBERTY MUTUAL - The Board approved rates for this long term disability benefit which remain the same for 2000 and 2001. They have indicated a willingness to extend the rate to 2002, under certain circumstances, however, staff is recommending that this coverage be re-marketed to include a short term disability component as well.

CIGNA - The Board approved rates for this group term life insurance program only for 2000. CIGNA has confirmed that the rates will remain the same for 2001 and 2002.

HEALTH COVERAGE

The Board last re-marketed its health coverages in 1996 for a five-year contract, beginning January 1, 1997. United Healthcare and Humana provided a two-year rate guarantee, while HIP Healthcare provided a five-year rate guarantee. However, the cost of healthcare is much higher today than was anticipated in 1996 when the proposals were received from the current providers. As such, the Board approved increases in healthcare rates for 2000, and the proposed recommendations for 2001 also reflect healthcare rate increases.

Humana, Inc. has decided not to provide the Board with renewal options for its Preferred Provider Organization (PPO) program. Following negotiations, it was anticipated that Humana might be interested in providing renewal rates, if benefit changes could be made. However, Humana has declined to offer any PPO program, regardless of benefit changes for 2001. While Humana did provide renewal rates for their Point of Service (POS) program, the proposed rate increases were so large, staff is recommending that the Board not renew its contract with Humana, Inc., effective January 1, 2001.

At the Board meeting of April 12, 2000, the Board authorized issuance of a Request For Proposal (RFP) #220-ZZ10, Group Healthcare Preferred Provider Organization (PPO). At the bid opening of May 23, 2000, UnitedHealthcare of Florida provided a letter indicating their interest in establishing a fully-self insured program. Based upon the time frame, this alternative is not feasible, as the RFP was seeking a replacement fully insured PPO. Declinations were received from Foundation Health and Neighborhood Health Partnership. Blue Cross/Blue Shield, while not officially responding to the RFP, did indicate their inability to properly price a replacement PPO program, taking into consideration the Board's current fringe benefits structure.

HIP Healthplan of Florida's proposal for group healthcare coverage, which began in 1997, provided guarantees for 1998, 1999, 2000, and 2001 of 5% and 8% rate increases for the HMO and PPO plans respectively. Since the inception of that contract, the health care industry has experienced tremendous inflation, which has significantly impacted HIP. HIP has provided renewal rates for both its HMO and PPO which exceed the previously approved 5% and 8% rate increases for 2001. Staff has spent much time negotiating with HIP representatives to provide the Board a benefit structure which keeps the rate increases for Board employees, dependents, and retirees as low as possible. Because of Humana's decision not to provide the Board with a renewal quotation on its PPO, HIP Healthcare has indicated that it would make every attempt possible to expand the physician and hospital networks.

Last year, the Board approved a maximum rate increase of 13% for United HealthCare on both the employee and dependent premiums. United has agreed to provide renewal rates for 2001, based upon the 13% increase, with no changes in benefits structure.

Following a meeting with the Board's Compensatory Fringe Benefits Council, which was held on June 13, 2000, the Superintendent is recommending the Board adopt the following health insurance rates and benefit changes:

SINGLE MONTHLY RATES
(Employee and Retiree under 65)

<u>Company Name</u>	<u>Current Rate</u>	<u>Board Approved Rate 2001</u>	<u>Revised Rate 2001</u>
HIP HMO	\$188.53	\$197.96 (5% increase)	\$238.87 (+21.7%)*
HIP PPO	\$249.61	\$269.58 (8% increase)	\$313.51 (+17.6%)**
UNITED OPEN ACCESS	\$245.00	\$276.85 (13% increase)	\$276.85 (as approved)

DEPENDENT MONTHLY RATES
(Employee and Retiree under 65)

<u>Company Name</u>	<u>Current Rate</u>	<u>Board Approved Rate 2001</u>	<u>Revised Rate 2001</u>
HIP HMO	\$176.40	\$185.22 (5% increase)	\$223.50 (+21.7%)*
HIP PPO	\$479.39	\$517.74 (8% increase)	\$602.11 (+ 17.6%)**
UNITED OPEN ACCESS	\$328.00	\$370.64 (13% increase)	\$370.64 (as approved)

*rates based upon changing pharmacy co-pay from \$5 generic/\$10 brand to \$7 generic/\$15 brand /\$45 all other drugs.

**rates based upon changing pharmacy co-pay from \$7 generic/\$10 brand to \$10 generic/\$20 brand/ \$55 all other drugs.

RETIREE OVER AGE 65 AND/OR MEDICARE ELIGIBLE MONTHLY RATES

<u>Company Name</u>	<u>Current Rate</u>	<u>Renewal Rate</u>
HIP VIP Medicare	\$26/\$80*	\$26/\$66/\$140** (+0%/154%/75%)
HIP PPO Supplement	\$218.06	\$374.63 (+71.8%)*
United Medicare Complete	\$-0-	\$-0- (Same)

DEPENDENT OVER AGE 65 AND/OR MEDICARE ELIGIBLE MONTHLY RATES

<u>Company Name</u>	<u>Current Rate</u>	<u>Renewal Rate</u>
HIP VIP Medicare	\$26/\$80*	\$26/\$66/\$140** (+0%/154%/75%)
HIP PPO Supplement	\$218.06	\$428.83 (+96.7%)*
United Medicare Complete	\$-0-	\$-0- (Same)

*\$26 Miami-Dade and Broward Counties/\$80 Palm Beach County

**\$26 Miami-Dade/\$66 Broward/\$140 Palm Beach Counties

***rates are based upon changing pharmacy co-payment from \$7 generic/\$15 brand name/\$70% out of network/\$10 for 90-day supply mail order to \$15 generic/\$30 brand name/50% out of network/1.5 x retail co-payment for mail order as well as the plan paying only 100% in network/70% out of network, following \$200 in network/\$500 out of network annual deductibles.

INTERNET/IVR ENROLLMENT

Last fall, Board employees were introduced to enrollment alternatives with 1,800 enrolling for their 2000 benefits via either the internet or telephonically. The remaining Board employees completed a traditional enrollment form, which was then entered into a proprietary enrollment program designed for the Board through a contract with Fringe Benefits Management Company (FBMC) with InsurData, Inc. The Office of Information Technology feels that the development of this technology was a success and has applications for use in future enrollments.

This concept of providing alternatives for enrolling current employees in their benefit programs, and possibility of expanding this for newly hired employees, was discussed with the Board, and funding was set aside to implement the program last fall for open enrollment 2000. Authorization is now being requested to pay FBMC for the costs associated with open enrollment 2000, and the upcoming open enrollment for 2001.

For this fall's open enrollment for plan year 2001, it is being recommended that the funding be taken from the Board's fringe benefits contribution. Current per month benefit contribution is \$300. It is recommended that the Board's contribution for benefits be increased to \$329 for 2001, with an additional amount, not to exceed \$1 per month/employee to be placed into an established budget for enrollment expenses, resulting in a total monthly Board contribution of \$330.

As part of the Board's contract with its benefits consultant, William M. Mercer, Inc., meetings are being held between Mercer staff with specific expertise in employee benefit enrollment systems, along with FBMC and InsureData staff to focus on aspects of security, enrollment options, and cost issues. Staff from Management Audits is also participating in these meetings. With technology in this area changing so quickly, it is crucial that the Board's interests be protected to assure that it is getting the best product at the best pricing for future years.

With the cost of healthcare in such an inflationary state, the Board must be in a position to make necessary changes and modifications to its employee benefit program. Staff is working closely with the Board's consultant, William M. Mercer, Inc. to evaluate all possibilities, including changes in the Board's funding methodology. Prior to 1997, the Board provided its benefits through fully insured contracts, and a combination of self-insurance/traditional insurance contracts. Staff feels that the Board and its employees and retirees could benefit from a change in its current programs, and is seeking authority to explore the marketplace and come back to the Board with recommendations for alternatives for calendar year 2002 at the School Board meeting of October 11, 2000.

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

1. approve the following monthly rates, inclusive of identified benefit changes, based upon a monthly Board contribution of \$329 for benefit-eligible employees, effective January 1, 2001 through December 31, 2001:

<u>Company</u>	<u>Single Rate</u>	<u>Flex Contrib.</u>	<u>Dep. Premium</u>
HIP HMO	\$238.87	\$90.13	\$223.50
HIP PPO	\$313.51	\$15.49	\$602.11
United	\$276.85	\$52.15	\$370.64

2. approve the following monthly rates, inclusive of identified benefit changes, for Board retirees and their dependents who are under the age of 65 and/or not eligible for medicare:

<u>Company</u>	<u>Retiree Rate</u>	<u>Dependent Rate</u>
HIP HMO	\$238.87	\$223.50
HIP PPO	\$313.51	\$602.11
United	\$276.85	\$370.64

3. approve the following rates, inclusive of identified benefit changes, for Board retirees and their dependents over the age of 65 and/or medicare eligible, subject to Health Care Financing Administration (HCFA) approval, if any:

<u>Company</u>	<u>Retiree Rate</u>	<u>Dependent Rate</u>
HIP VIP Medicare	\$26/\$66/\$140	\$26/\$66/\$140
HIP PPO Sup.	\$374.63	\$428.83
United	\$-0-	\$-0-

4. elect to cancel its contract with Humana, Inc., pursuant to the terms of its contract which provides that the School Board may cancel at any time with a 60-day advance written notice;
5. confirm monthly rates for flexible benefit providers, effective January 1, 2001, which were approved by the Board at its meeting of June 23, 1999 including Continuum, Inc. for Mobile Health Screening, CIGNA for Hospital Income and Personal Accident, Liberty Mutual for Long Term Disability, and ARAG Group, for Legal Expense.
6. confirm MetLife's Indemnity dental rates for 2001 as follows:

STANDARD PLAN

Account A - employee	\$ 35.08
Account B - employee	\$ 38.36
Retiree	\$ 38.36
Account B - family only	\$ 72.99
Account B - ee and family	\$114.00
Retiree and family	\$114.00

HIGH PLAN

Account A - employee	\$ 39.16
Account B - employee	\$ 42.82
Retiree	\$ 42.82
Account B - family only	\$ 81.46
Account B - ee and family	\$127.27
Retiree and family	\$127.27

ENHANCED PLAN

Account B -	\$ 44.13
Retiree	\$ 44.13
Account B - family only	\$ 83.95
Account B - ee and family	\$131.15
Retiree and family	\$131.15

7. confirm Oral Health Service (OHS) rates for 2001 as follows:

Account A - employee	\$ 13.41
Account B - employee	\$ 14.42
Account B - family only	\$ 21.94
Account B - ee and family	\$ 36.36
Account A - retiree	\$ 11.40
Account B - retiree	\$ 12.24
Account B - family only	\$ 15.63
Account B - ret. and fam.	\$ 27.88

8. approve the following monthly rates for Optix Vision Care:

Account A - employee	\$ 6.01
Account B - employee	\$ 6.27
Account B - family only	\$11.08
Account B - ee and fam.	\$17.29

9. approve the following monthly rates for U.S. Care:

	<u>3-Year Plan</u>	<u>5-Year Plan</u>
Account A	\$1.78/\$5/day	\$2.35/\$5 day
Account B age-banded rates:		
Age less than 25	\$.55/\$5 day	\$.58/\$5 day
25-29	\$.62/\$5 day	\$.67/\$5 day
30-34	\$.73/\$5 day	\$.79/\$5 day
35-39	\$.88/\$5 day	\$.98/\$5 day
40-44	\$ 1.17/\$5 day	\$ 1.32/\$5 day
45-49	\$ 1.59/\$5 day	\$ 1.84/\$5 day
50-54	\$ 2.03/\$5 day	\$ 2.37/\$5 day
55-59	\$ 2.88/\$5 day	\$ 3.39/\$5 day
60-64	\$ 4.12/\$5 day	\$ 4.90/\$5 day
65-69	\$ 6.02/\$5 day	\$ 7.16/\$5 day
70-74	\$ 8.90/\$5 day	\$10.60/\$5 day
75-79	\$12.86/\$5 day	\$15.23/\$5 day
80-84	\$17.66/\$5 day	\$20.83/\$5 day
85+	\$22.51/\$5 day	\$26.39/\$5 day

10. confirm the following rates for the group term life insurance program provided by CIGNA:

Account A - \$.34/\$1000
Account B - \$.34/\$1000
11. authorize payment to Fringe Benefits Management Company for enrollment expenses incurred as a result of open enrollment for 2000 benefits, based upon 36,280 employees enrolled at \$.75 employee/month, resulting in a total expenditure of \$326,520, with funding to be taken from account structure 0100,2281,0000,0000,2229.
12. authorize a monthly amount, not to exceed \$1/employee/month to be placed into an established budget for enrollment expenses for this fall open enrollment for 2001; and to be paid to Fringe Benefits Management Company based upon the actual number of enrolled employee,
13. authorize staff to analyze different approaches to providing benefits for 2002, with recommendations to come back to the Board at the Board meeting of October 11, 2000; and
14. 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 Fraternal Order of Police (FOP), Lodge 133, the Dade County Schools Administrators' Association (DCSAA), Local 77, the Dade Association of School Administrators (DASA), and Confidential Exempt Personnel.

NED:sc

**MEMORANDUM OF UNDERSTANDING
Contract Modification/Implementation**

suant 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 MDCSP/FOP 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 21, 2000. 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, 2001.

**THE SCHOOL BOARD OF MIAMI-DADE
COUNTY, FLORIDA**

BARGAINING AGENTS/EMPLOYEE GROUPS

Perla Tabares Hantman, Chair

Date

United Teachers of Dade

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

Florida State Lodge, Fraternal Order
of Police (FOP), Inc.

Date

Dade Association of School Administratorsg
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