

October 10, 2000

Personnel Management and Services
Nelson E. Diaz, Deputy Superintendent

**SUBJECT: REQUEST FOR AUTHORIZATION TO ENTER INTO AGREEMENT FOR
CONSENT TO ASSIGNMENT OF CONTRACT WITH HIP HEALTH PLAN OF
FLORIDA**

As the Board has been made aware, HIP Health Plan of Florida, Inc. (HIP) was placed under Administrative Supervision by the State of Florida, Department of Insurance (DOI), in July, 2000, as a result of HIP having fallen below the required statutory reserve requirements.

HIP provided the DOI with a corrective action plan, which included a letter of intent, signed by HIP Health Plan of New York, to sell HIP to Florida Health Plan Holdings, L.L.C. (FHPH), a company wholly owned by Dr. Steven Scott. This buyout is pending final approval from DOI.

Article 4.4 of the Board's contract with HIP requires written permission of the Board for assignment of its contract to the new owner, FHPH. There are certain provisions of this assignment that the Board must be made aware of including:

1. FHPH is purchasing HIP, as well as HIP Insurance Company of Florida. Allianz Insurance Company (A.M. Best A+) is the current insurer for the Board's PPO through a contract with HIP. That relationship will continue as HIP is purchased by FHPH;
2. HIP will cease being a not-for-profit corporation and under its new ownership will become a for-profit corporation;
3. All aspects of the Board's current contract with HIP, including, but not limited to contractual indemnification/hold harmless provisions, performance standards and guarantees, obligations for on-site staff, reimbursement for enrollment expenses, data exchange requirements, and provider network of physicians and hospitals, will be assumed by FHPH in the same manner, and to the same extent as HIP has under its current contract with the Board, for the remainder of the contract, through December 31, 2001; and
4. Currently, HIP provides certain specified support services to the Board under its contract, as well as to HIP Health Plan of New York, including corporate services, customer service and claims administration. Following the sale, these services will be provided by an independent third party administrator, HIP Administrators of Florida, Inc., owned by HIP Health Plan of New York, under contract to HIP.

With new ownership in place for HIP, School Board staff will be able to move forward with open enrollment for 2001 benefits, which is scheduled for October 16, 2000 through December 1, 2000. Rates for active employees and eligible retirees approved by the School Board for HIP, at the June 21, 2000 Board meeting, Agenda item A-3, to be effective January 1, 2001, remain valid.

HIP VIP Plan rates, also approved at the June 21, 2000 Board meeting, Agenda item A-3, were identified as being subject to the approval of the Health Care Financing Association (HCFA). HIP has received this approval which maintains a rate structure with a \$0 premium for retirees residing in Miami-Dade County, and two alternatives which include monthly premiums for retirees residing in Broward and Palm Beach Counties. Upon receiving this information, a recommendation for a rate structure was submitted to members of the Board's Compensatory Fringe Benefit Council, with an explanation as to why the rate structure with the lower co-payments and higher premiums were being recommended. Responses agreeing with the recommendations were received by a majority of the members of the Compensatory Fringe Benefits Council. Therefore, revised rates for HIP's Medicare VIP Plan for retirees residing in Broward and Palm Beach Counties are submitted in this item for approval.

A copy of the Consent to Assignment letter, including all applicable provisions of the Board's contract has been sent to the Board under separate cover and is on file at Citizen Information.

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

1. the Superintendent of Schools to enter into an agreement for consent to assignment of the Board's contract with HIP Health Plan of Florida, Inc., inclusive of the provisions where HIP Health Plan of Florida, Inc. would cease being a not-for-profit corporation, owned by HIP Health Plan of New York, and become a for-profit corporation, owned by Florida Health Plan Holdings, L.L.C., subject to the provisions outlined in a consent to assignment letter, incorporating all current contractual provisions, restrictions, and requirements currently existing in the Board's contract with HIP Health Plan of Florida, Inc., subject to the provisions that HIP Health Plan of Florida, Inc. will contract with HIP Administrators of Florida, Inc. for currently-provided support services, at the sole expense of HIP Health Plan of Florida, Inc., to be effective upon the closing of the sale of HIP Healthcare of Florida, Inc., through December 31, 2001; and
2. approval of HIP VIP Plan rates for Board retirees, and their eligible dependents over the age of 65 and/or medicare eligible, residing in Miami-Dade County of \$0/month, Broward County of \$112/month, and those residing in Palm Beach County of \$193/month, effective January 1, 2001.

NED:sc