

Office of Human Resources
Paul M. Cholak, Chief Personnel Officer

**SUBJECT: REQUEST FOR AUTHORIZATION TO RELEASE REQUEST FOR
PROPOSAL (RFP) #089-EE10, FLEXIBLE BENEFITS PROGRAM**

COMMITTEE: INNOVATION, EFFICIENCY & GOVERNMENTAL RELATIONS

The School Board has offered its employees a flexible benefits program, consisting of varying coverages as part of the Internal Revenue Code Section 125 program, since the early 1980's. Through the years, the types of benefits included in the program have changed, as have the funding mechanisms. For a number of years employees could choose from Board-paid flexible benefit groupings. Effective January 1, 2003, the program was changed to consist of all voluntary benefits offered to employees, retirees and their eligible dependents, where employees can purchase coverage on a pre-tax basis through payroll reductions. At that same time, the Board began offering all full time, benefit eligible employees a base short term disability program, in addition to life insurance and health insurance benefits.

The components of the flexible benefits program have not been re-marketed since 1996, for an effective date of January 1, 1997, except when Fringe Benefits Management Company (FBMC) sought competitive proposals on behalf of the Board in 2001 for a Short Term/Long Term Disability Program. When the majority of the program became voluntary for Board employees, retirees, and their eligible dependents in 2003, enrollments in the various benefits declined; however, the carriers agreed to no rate increase. Some insurers are experiencing "adverse selection" which means that employees are only purchasing the coverages which they intend to use, thus eliminating the spread of risk to employees which allows for premium stabilization. Last year, changes were made to the benefit levels offered in the dental programs to attract employees and their families into the program. While there has been some gravitation back to the flexible benefit program, staff feels that it is important to seek competitive proposals for currently offered benefits, as well as benefits not previously offered as part of the flexible benefits program, so that district employees have the best possible flexible benefits program possible.

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The RFP will seek proposals for the following types of benefits:

- **DENTAL** - Employees are currently offered a choice of either a Dental HMO program offered by CompBenefits, or a more traditional indemnity dental program with a preferred dental panel, offered by MetLife.

Proposals are being sought for a range of dental programs which vary from the HMO coverage, to newly offered hybrid coverages where employees have a broader scope of coverage than in a traditional HMO environment, but where co-payments are still charged, as well as indemnity coverages offered by one or more carriers.

- **VISION** – All employees are currently covered by a base vision program provided by the district health insurance carrier, UnitedHealthcare. Employees have the opportunity to purchase a stand alone vision program offered by CompBenefits, which provides services from either in-network providers, or out-of-network providers, for themselves, district retirees, and their eligible dependents.

Proposals are being sought for a range of vision options, including coverage for traditional vision services, as well as the ability to access other services on a discounted basis such as lasik, etc.

- **LEGAL** – Employees are currently offered a comprehensive pre-paid legal program with coverage provided by ARAG Group, which offers access to attorneys and their services in a provider-panel; reimbursement of legal expenses for services provided by non-panel attorneys; and telephonic legal assistance. Employees may also purchase a Senior Advocate Program which provides covered employees and their family's access to attorneys who deal with eldercare issues.

Proposals are being sought for pre-paid legal programs of all types so that all companies which provide these types of coverages may put forth their best offering for district employees, retirees and their eligible dependents.

- **HOSPITAL INCOME PROTECTION** – Employees are currently offered a range of daily benefits to be paid to them if they are hospitalized, with coverage provided by CIGNA.

Proposals are being sought for a program which would provide daily benefits to employees who are hospitalized to offset expenses incurred by employees and their families when a family member is hospitalized.

- ➡ **SHORT TERM/LONG TERM DISABILITY** – Employees are currently provided by the Board a basic short term disability program consisting of a benefit period of 22 weeks, following a 30 day elimination period to cover salary replacement of 60% of salary, or \$500/week, whichever is less. Employees may purchase a short term disability upgrade providing a benefit period of 24 weeks following a 15 day elimination period. Employees may also purchase a Long Term Disability Program which provides for salary replacement, subject to a six month elimination period, for a longer period of time, at three levels, with coverages offered by Unum/Provident.

Proposals are being sought for insurers to provide proposals on a combination program, consisting of a short term and long term component, which will allow for a more stable program than separating the coverages. Short term disability benefits will continue to be paid for by the Board as a core benefit, while additional levels of salary replacement for long term disability coverage will be sought to cover all Board employee salary levels.

- ➡ **PERSONAL ACCIDENT** – Employees are currently offered the ability to purchase accidental death and dismemberment (AD&D) coverages for various levels of benefits, depending upon the injury or death, with coverage provided by CIGNA.

Proposals are being sought for insurers to provide proposals for AD&D benefits, which is a very popular benefit for Board employees.

- ➡ **GROUP TERM LIFE** – Employees are currently offered the ability to purchase group term life insurance coverage at varying levels of coverage, with premiums based upon age with coverage provided by CIGNA.

Proposals are being sought for insurers to provide proposals for term life coverage in addition to that which is offered to employees as part of the Board's core benefits program.

- ➡ **LIMITED MEDICAL BENEFITS** - The School Board has never offered a Limited Medical/Supplemental Health Plan to Board employees. Because of the high cost of dependent healthcare, some of the Board's lower paid employees may find the Board's comprehensive healthcare program to be too costly.

Proposals are being sought for insurers to provide proposals for this limited medical plan which may provide employees an option for access to some limited medical treatment, Rx, etc. with the understanding that it is not a replacement for comprehensive group healthcare.

Received proposals will be analyzed by the Office of Risk and Benefits Management, in conjunction with the Board's Third Party Administrator for Flexible Benefits, Fringe

Benefits Management Company (FBMC). Pursuant to School Board Rule 6Gx13- 3F-1.022, Professional Service Contracts for Insurance or Risk Management Programs – Policy, a Superintendent’s Ad-Hoc Insurance Committee will make recommendations for award, which will be brought back to a future School Board meeting.

As the Board rule stipulates, the Superintendent shall appoint representatives to the Ad-Hoc Insurance Committee which will include a broad-based representation of various administrative offices of the District, and, to the extent possible, some external risk managers, to review the proposals.

The Superintendent’s recommended members of the Ad-Hoc Insurance Committee will consist of the following representatives:

- Ms. Ofelia San Pedro, Deputy Superintendent, Business Operations
- Mr. Martin Berkowitz, Chief Financial Officer
- Dr. Kriner Cash, Chief of Accountability and Systemwide Performance
- Mr. Paul Cholak, Chief Personnel Officer
- Ms. Carolyn Spaht, Chief of Staff
- Ms. Willa Young, Associate Superintendent, Region Centers
- Mr. Scott B. Clark, Risk and Benefits Officer
- Ms. Connie Pou, Controller
- Ms. Carol A. Erbs, Assistant Risk and Benefits Officer
- Mr. Chuck Burdeen, Dade County School Administrators’ Association
- Mr. Artie Leichner, United Teachers of Dade
- Ms. Marsha Pascual, Director of Risk Management, Miami-Dade County

Additionally, representatives from the Board Attorney’s Office, and Fringe Benefits Management Company, the Board’s Third Party Administrator for Flexible Benefits, will serve as resource persons to the Ad-Hoc Insurance Committee.

Copies of the RFP will be distributed to Board Members, the Superintendent of Schools, and appropriate district staff and will be placed on file in the Office of the Recording Secretary to the School Board and in the Citizen Information Center.

- RECOMMENDED:** That The School Board of Miami-Dade County, Florida:
1. authorize the Superintendent to issue Request For Proposal (RFP) #089-EE10, Flexible Benefits Program; and
 2. approve the Ad-Hoc Insurance Committee.

PMC:sc