

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

**SUBJECT: REQUEST FOR AUTHORIZATION TO NEGOTIATE RENEWAL
 CONTRACTS FOR FLEXIBLE BENEFITS PROGRAM**

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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.

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 meet with each of the companies currently providing products to Board employees and attempt to negotiate aggressive multi-year renewal contracts. These negotiations will include re-structuring existing benefits to take advantage of plan designs and types of benefits which the Board may not currently have in its program.

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Negotiations for renewal programs will be conducted with companies currently providing benefits to Board employees for the following types of benefits:

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- **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.

Negotiations will be conducted with both MetLife and CompBenefits (formerly Oral Health Services) to seek 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.

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- **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.

Negotiations will occur with CompBenefits being asked to provide 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.

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- **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.

Negotiations will occur with ARAG Group for pre-paid legal coverage in an effort to provide the most comprehensive and affordable program for district employees, retirees and their eligible dependents.

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- **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.

Negotiations with CIGNA will be conducted to structure a renewal 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.

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- **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.

Negotiations will be conducted with Unum/Provident for a combination short term/long term disability program which will bring stabilization to these coverages in an effort to stem the tide of future rate increases. Negotiations will occur with the assumption that 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.

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- **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.

Negotiations will occur to provide a renewal AD&D program, which is a very popular benefit for Board employees.

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- **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.

Negotiations will occur to structure a renewal program for term life coverage in addition to that which is offered to employees as part of the Board's core benefits program.

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- **OTHER BENEFITS** - It is staff's intentions to speak with insurance carriers and other companies who may provide benefits which have never been offered to Board employees before as part of the Board's comprehensive employee benefits program. One such benefit, Limited Medical Benefit, would provide employees who either choose not to enroll in the Board's health insurance program, or are not eligible for Board-paid coverage, the ability to purchase coverage which may either be a discount off of regularly billed charges, or benefits for services on a limited access basis.

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It is staff's intentions to begin negotiations with the companies currently providing benefits immediately upon Board action on this item. Recommendations for renewal contracts, including terms and conditions will be brought to the Board meeting of June 15, 2005 and will be negotiated with the various employee unions and associations representing Board employees. In the event that the negotiations are either not successful, or if the Board is not in favor of such renewal terms, staff will immediately issue a Request For Proposal (RFP) to seek competitive proposals for such benefits.

ADDED

RECOMMENDED:

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

1. authorize the Superintendent to enter into negotiations with companies currently providing flexible benefits to Board employees to seek multi-year renewals for such programs, effective January 1, 2006, including changes in plan designs and offerings, where appropriate; with recommendations for such renewal terms and conditions to be brought back to the Board meeting of June 15, 2005, with the Board reserving the right to subsequently issue a Request For Proposal (RFP) for such benefits, if the terms and conditions of such renewals terms are not acceptable to the Board.
2. authorize the Superintendent to enter into negotiations for benefits which are currently not offered as part of the flexible benefits program, but could be included effective January 1, 2006, with recommendations for such program to be included in the recommendations which will be brought back to the Board no later than the Board meeting of June 15, 2005.

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