

Business Operations  
Ofelia San Pedro, Deputy Superintendent

**SUBJECT:                   REQUEST FOR AUTHORIZATION TO RELEASE  
REQUEST FOR PROPOSAL (RFP) #065-GG10, DISTRICT  
HEALTHCARE BENEFIT PROGRAM**

**COMMITTEE:               INNOVATION,   EFFICIENCY   &   GOVERNMENTAL  
RELATIONS**

**LINK TO DISTRICT        IMPROVE FINANCIAL SERVICES  
STRATEGIC PLAN:**

At the Board meeting of May 10, 2006, the Board awarded its healthcare contract to UnitedHealthcare (United), pursuant to the provision of RFP #019-FF10, and their proposal for coverages effective April 1, 2006 through December 31, 2007. This award provided for a 5% rate reduction to then existing 2006 rates, effective April 1, 2006 through December 31, 2006, with a 4.5% increase becoming effective for calendar year 2007 benefits.

As outlined in the agenda item, anticipated savings from the award totaled approximately \$15 million for the 21 month timeframe, with the bulk of the savings being generated for the nine month time period of April 1, 2006 through December 31, 2006. Pursuant to authorization received, staff entered into negotiations with all unions and successfully negotiated benefits for calendar year 2007 which included significant plan design enhancements and dependent care subsidies funded by the bulk of the savings. A portion of the savings was also utilized to fund the living wage provisions of the approved labor contracts.

In order to allow for maximum time to negotiate benefits for calendar year 2008, United was provided direction to provide rate renewals for calendar year 2008 benefits by February 28, 2007. By letter, dated February 28, 2007, with an updated renewal provided via e-mail on March 20, 2007, United has quoted a renewal increase of 14.3% over current 2007 rates. For purposes of comparison, the rate history with United from the first renewal in 2004 is as follows:

2004 – 9.75% increase  
2005 – 0% increase  
2006 – 2% increase  
2006 (revised) – 5% reduction effective 4-1-06 – 12-31-06  
2007 – 4.5% increase

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Based upon these numbers, the average rate increase from 2004 to 2007 has been 2.81%, significantly lower than healthcare trend increases nationwide. Nevertheless, due to the fact that the Board's loss ratio for calendar year 2006 was 96% (with nine months of that year under a rate reduction) and the competitive nature of the most recent re-marketing effort, staff is recommending that the Board's healthcare contract be re-marketed for calendar year 2008.

The RFP will seek competitive proposals on a fully insured basis with proposals to be based upon existing plan designs and Board contributions to create an "apples to apples" comparison. Additionally, rates for Administrative Services Only (ASO) as well as specific and aggregate stop loss insurance to evaluate self insurance as an option will also be sought. Miami-Dade County recently issued an RFP to seek competitive proposals for its self insured healthcare program to include all offerings moving forward under that financing method. As part of the ongoing partnering with the county on specific initiatives, staff will follow that re-marketing closely to properly evaluate the possibility of combining forces with the county in the event the Board would choose self-insurance as a financing option.

Staff has met with all employee unions to receive requested changes/modifications to both plan design and employer contributions. Requested changes/modifications have been included as part of the RFP as part of the collective bargaining process. Because Section 112.08, Florida Statute which governs the district's role of re-marketing its health insurance contracts allows for negotiations from companies who submit acceptable proposals as a result of the issuance of the RFP, these plan design changes will be evaluated during the proposal analysis stage of the re-marketing effort.

The proposed timeline for RFP 065-GG10 is very aggressive in order to receive and analyze the proposals, then enter into negotiations with the various employee unions in order to have open enrollment begin in the fall of 2008. This proposed timeline is as follows:

M-DCPS Releases RFP to Vendors	May 17, 2007
Written Questions Due	May 30, 2007
Proposals Due	June 19, 2007
Staff/Consultant Evaluation/Evaluation Committee Meetings/Labor Negotiations	July/August, 2007
Recommended Board Action	September/October 2007
Open Enrollment	November, 2007
Plan Effective Date	January 1, 2008

Pursuant to School Board Rule 6Gx13- 3F-1.022, Professional Service Contracts for Insurance or Risk Management Programs – Policy, an Ad-Hoc Insurance Committee will review received proposals, and make recommendations which subsequently will be taken to the Board for final action. The Ad-Hoc Insurance Committee will consist of the following individuals:

Deputy Superintendent, Business Operations  
Risk and Benefits Officer  
Assistant Superintendent, Human Resources, Recruitment and Performance  
Management  
Assistant Superintendent, Labor Relations  
Associate Superintendent, School Operations  
Representative, United Teachers of Dade (UTD)  
Representative, American Federation of State, County and  
Municipal Employees (AFSCME)  
Representative, Dade County Schools Maintenance Employee Committee  
(DCSMEC)  
Representative, Fraternal Order of Police (FOP)  
Representative, Dade County Schools Administrators' Association (DCSAA)  
Employee Benefits Director, Broward County School Board

Additionally, the following representatives will serve as resource persons to the Ad-Hoc  
Committee:

Representative, Board Attorney's Office  
Representative, Office of Procurement Management  
Director, MWBE & Related Services  
Representative, School Board Employee Benefits Consultant

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.

The Board's current contract for Employee Benefits Consultant Services with Deloitte  
Consulting LLP was approved by the Board at its meeting of January 18, 2006, as a  
result of the issuance of Request For Proposals (RFP)# 018-FF10. The resources  
provided through the district's employee benefits consultant are crucial to the success in  
re-marketing the district's \$260 million benefits contract. Re-marketing the benefit  
program including creation of the RFP, analyzing and creating the spreadsheets for the  
review committee, negotiating with the proposers as the district's representative, and  
program implementation will require consulting expenses estimated to be approximately  
\$300,000, based upon approved fees within the Board's current contract with Deloitte.

This pricing contemplates staff from both the Miami and New York offices working on  
the RFP and the received proposals. Staff is recommending that a one-time adjustment  
of \$300,000 be made to the Professional and Technical Budget of the Office of Risk and  
Benefits Management for the 2007-2008 fiscal year to provide these necessary  
consulting services. While this is a significant amount of money, the Board's total  
healthcare contract is in excess of \$260 million annually, therefore proper review and  
consulting is imperative to the re-marketing effort.

**RECOMMENDED:**

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

- 1. authorize the Superintendent of Schools to issue Request For Proposal (RFP) #065-GG10, District Healthcare Benefit Program;**
- 2. approve the Ad-Hoc Committee; and**
- 3. authorize a budget adjustment for the Office of Risk and Benefit Management's 2007-2008 Professional and Technical Budget in the amount of \$300,000 for consulting expenses to be paid to Deloitte Consulting, LLP, the Board's employee benefits consulting firm.**

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