

Ofelia San Pedro, Deputy Superintendent
Business Operations

**SUBJECT: REQUEST FOR AUTHORIZATION TO RELEASE
REQUEST FOR PROPOSAL (RFP) #095-GG10, SHORT
TERM AND LONG TERM DISABILITY COVERAGES**

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

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

The Board last re-marketed its contract for both Short Term and Long Term Disability coverage in 2005 at which time UnumProvident was awarded the contract effective January 1, 2006. The short term disability (standard program) is currently a core benefit provided by the Board to all benefit-eligible, full time employees. Employees have the ability to “buy-up” to an enhanced short term disability program with a shorter elimination period (waiting period), and/or higher benefit levels. Long term disability benefits are a component of the Board’s Flexible Benefits Program, which is comprised of optional coverage including accidental death and dismemberment (AD&D); life insurance; dental; vision; pre-paid legal, etc.

At the Board meeting of August 17, 2005, the Board awarded the disability contract to UnumProvident, effective January 1, 2006, with rates which were guaranteed for 24 months and a third year rate structure which was subject to negotiations.

Staff has received the renewal proposal for the short and long term disability coverages, with rates to become effective January 1, 2008, which includes a 17.6% increase for short term and a 65.38% increase for long term disability. Staff believes that although there may be an opportunity to negotiate a renewal, inclusive of plan design changes for the long term disability program, it is in the Board’s best interest to issue an RFP and obtain competitive proposals for a new contract.

Part of the challenge in the long term disability contract is that all employees are paying the same rates, regardless of age and salary. The current rate structure makes the enrollment process easy, but the program is financially volatile. As a result, the loss ratio for this program is running at 135%, or for every dollar employees are paying in premium, the company is paying out \$1.35.

To fix this for the future, staff is recommending that the underwriting of this benefit change and the premium base be converted to a rate per salary level, not unlike that which is used for life insurance. This has been incorporated into the RFP as an option in addition to seeking proposals on the program's current platform.

Pursuant to 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 will be taken to a future Board meeting. As components of the district's employee benefits program, the short term and long term disability programs is also a subject of collective bargaining. Therefore, any recommendations for award which include plan design changes from the current platform will require collective bargaining with the employee unions.

The Ad-Hoc Committee will consist of representatives from the following areas:

Deputy Superintendent, Business Operations
Risk and Benefits Officer, Office of Risk and Benefits Management
Controller, Office of the Controller
District Director, Office of Labor Relations
Executive Director, Leave, Retirement and Unemployment Compensation

Non-Voting Resource:

Representative from the Board Attorney's Office
Representative from the Office of Procurement Management
Representative from MWBE & Related Services
Representatives from Deloitte Consulting, LLP

The schedule for RFP# 095-GG10 is as follows:

RFP authorized for distribution:	July 11, 2007
RFP distributed:	July 12, 2007
Proposal Return Date:	August 14, 2007
Proposals Analyzed:	August – September, 2007
Ad-Hoc Committee:	September, 2007
Award of Contract:	October 17, 2007
Coverage Effective Date:	January 1, 2008

RECOMMENDED:

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

1. authorize the Superintendent of Schools to release Request For Proposals (RFP) # 095-GG10, Short Term and Long Term Disability Coverages; and
2. approve the Ad-Hoc Insurance Committee.

OSP:sc