

Ofelia San Pedro, Deputy Superintendent
Business Operations

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

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

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

At the Board meeting of July 11, 2007, authorization was received to release RFP# 095-GG10, Short and Long Term Disability Coverages, to seek competitive proposals from insurers who provide these coverages on a group basis to large employers. The Board also approved the structure of the Superintendent's Ad-Hoc Insurance Committee which was convened pursuant to the provisions of School Board Rule 6Gx13- 3F-1.022, Professional Service Contracts for Insurance or Risk Management Programs – Policy.

It was recommended that this re-marketing occur for a January 1, 2008 effective date of coverage, as opposed to the recommended re-marketing of all other flexible benefit programs, with an effective date of coverage of January 1, 2009 due to the renewal terms received from the incumbent carrier, UNUM. These renewal rates included a 17.65% increase for Short Term Disability which is a Board paid, core benefit; and a 65.38% increase for Long Term Disability which is a voluntary benefit paid by employees.

At the regular bid opening which was held on August 14, 2007, proposals were received from 10 insurers consisting of the following carriers:

*UNUM	*American Fidelity	*Florida Combined Life (FCL) (BCBS)
*Aetna	*CIGNA	*Hartford
*ING	*Liberty Mutual	*MetLife *Standard

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Board staff and the Board's Employee Benefits Consulting Firm of Deloitte Consulting, LLC, conducted an analysis of the received proposals and a meeting of the Ad-Hoc Committee was held on September 24, 2007. Based upon the received proposals for both the Short Term and Long Term Disability products, the lowest cost combined program was offered by Hartford Insurance Company.

Benefits are underwritten on the following bases:

Short Term Disability

- Standard - 60% of salary up to \$500/week with benefits payable for 22 weeks
- Standard Upgrade - Same as Standard with benefits payable for 24 weeks
- High Plan - 60% of salary up to \$1,000/week with benefits payable for 22 weeks
- High Upgrade – Same as Standard with benefits payable for 24 weeks.

The terms of the proposal are as follows:

	Current (UNUM)	Recommended (Hartford)	Increase
Standard (Bd. Pd.)	\$4,208,000	\$4,208,000	\$0
Std. Upgrade	\$1,332,000	\$1,332,000	\$0
High Plan	\$ 189,000	\$ 189,000	\$0
High Upgrd.	<u>\$ 586,000</u>	<u>\$ 586,000</u>	<u>\$0</u>
Total	\$6,315,000	\$6,315,000	\$0

Benefits are underwritten on the following bases:

Long Term Disability

- Level 1 – 60% of monthly salary not to exceed \$1,800
- Level 2 – 60% of monthly salary not to exceed \$3,000
- Level 3 – 60% of monthly salary not to exceed \$5,000
- Level 4 – 60% of monthly salary not to exceed \$7,500

The terms of the proposal are as follows:

	Current (UNUM)	Recommended (Hartford)	Inc/Dec.
Level1	\$1,253,000	\$1,530,000	\$ 277,000
Level2	\$1,021,000	\$1,246,000	\$ 225,000
Level3	\$ 630,000	\$ 769,000	\$ 139,000
Level 4	<u>\$ 43,000</u>	<u>\$ 53,000</u>	<u>\$ 10,000</u>
Total	\$2,947,000	\$3,598,000	\$ 651,000

Monthly rates for Short Term and Long Term products were quoted on a monthly premium basis of per employee/per month, except for Level 4, Long Term Disability which is quoted on a rate per \$100/monthly pay.

Based upon the savings of reducing the Short Term Disability rate increase from 17.6% to 0% and the Long Term Disability increase from 65.38% to 22%, as well as other factors including Hartford's financial stability; reputation in the disability marketplace; and the 36 month rate guarantee, the Ad-Hoc Committee has recommended that Hartford be awarded the contract, effective January 1, 2008 for a three-year term.

RECOMMENDED: That the School Board of Miami-Dade County, Florida award:

1. Hartford Life and Accident Insurance Company (A.M. Best A+ XV), the contract for Short Term coverage, effective January 1, 2008 for a three year term at the following monthly rates:

Standard Plan -	\$ 10.99
Standard Upgrade -	\$ 16.46
High Plan -	\$ 13.01
High Plan Upgrade -	\$ 19.81

2. Hartford Life and Accident Insurance Company (A.M. Best A+XV), the contract for Long Term Disability coverage, effective January 1, 2008 for a three year term at the following rates:

Level 1 -	\$ 21.14
Level 2 -	\$ 30.94
Level 3 -	\$ 46.63
Level 4 -	\$ 1.16 per \$100/mo. pay

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