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Human Resources, Evaluation and Technology

**SUBJECT: CORE LIFE AND ACCIDENTAL DEATH AND DISMEMBERMENT
(AD&D) / FLEXIBLE BENEFITS FOR CALENDAR YEAR 2009**

COMMITTEE: INNOVATION, EFFICIENCY & GOVERNMENTAL RELATIONS

At the Board meeting of August 17, 2005, the Board authorized approval of contracts and rate structures for companies providing flexible benefits program for a three-year term, effective January 1, 2006. Over the three-year period, which ends December 31, 2008, staff has been successful in keeping rates stable and in some cases negotiating rate decreases in conjunction with benefit enhancements, which has resulted in premium savings to District employees.

At the Board meeting of November 20, 2007, the Board authorized approval of contracts and rates for its Short Term and Long Term Disability coverages, which were re-marketed through the issuance of Request For Proposals (RFP)# 095-GG10. The Board authorized re-marketing of these coverages subsequent to receiving a significant increase to the 2008 rates.

As a result of the recent re-marketing effort for the disability coverages and rate reductions achieved for the other flex products, staff is recommending that the contracts for flexible benefits be renewed for one additional year, effective January 1, 2009. Additionally, staff is recommending that work begin on a new RFP to seek competitive proposals for all flexible benefit products other than short term and long term disability coverages, and the District's core life/AD&D insurance coverage to become effective January 1, 2010. Discussions have been held with employee union representatives who are in agreement with this strategy.

Based upon negotiations for renewal terms, staff is recommending that the following flexible benefits be renewed for one additional year effective January 1, 2009 through December 31, 2009.

GROUP TERM LIFE INSURANCE

The optional group term life insurance coverage is provided by CIGNA and is available in \$10,000 increments from a basic amount of \$10,000 to a maximum benefit of \$100,000. CIGNA has confirmed that the monthly rate for this coverage will remain the same as expiring at \$0.33/\$1,000 coverage.

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PERSONAL ACCIDENT INSURANCE

The accidental death and dismemberment coverage is provided by CIGNA and is available in \$25,000 increments from a basic amount of \$25,000 to a maximum benefit of \$500,000 (evidence of insurability is required over \$300,000). CIGNA has confirmed that the monthly rate for this coverage will remain the same as expiring at \$0.017/\$1,000 for employee only coverage and \$0.035/\$1,000 for employee and family coverage.

PRE-PAID LEGAL/SENIOR ADVOCATE

This program, which provides employees with a broad selection of benefits for legal services from both network and non-network attorneys is provided by ARAG Group, Inc. ARAG has confirmed that the monthly rate for this coverage will remain the same as expiring at \$17.30 for employees and their families on a voluntary basis, and \$13.25 for Board-paid options. They have also agreed to renew their Senior Advocate coverage at the same monthly rate of \$7.78 for employees and their families.

HOSPITAL INCOME

This coverage provides a stated dollar benefit of \$50, \$100 or \$150 per day for inpatient hospitalization of a covered employee or family member and is provided by CIGNA. CIGNA has agreed to renew the coverage with an overall rate reduction of 15%. Monthly premiums on all coverage tiers, reflecting this rate decrease are shown below:

	<u>\$50 day</u>	<u>\$100 day</u>	<u>\$150 day</u>
Board-Paid (Opt Out & Retiree Incentives)	\$ 1.25	\$ 2.50	N/A
Employee Only	\$ 4.25	\$ 8.50	\$12.75
Employee & Family	\$ 5.50	\$11.00	\$16.50
<u>Retirees (Voluntary)</u>			
Retiree Only	\$ 4.25	\$ 8.50	\$12.75
Retiree & Family	\$ 9.75	\$20.00	\$29.50

VISION COVERAGE

Humana/CompBenefits provides this coverage for employees and their eligible dependents for vision services including exams, glasses, contact lenses, etc. Humana/CompBenefits has confirmed that the monthly rate for this coverage will remain the same as expiring at \$6.70/month for employees only and \$16.08/month for employee and family coverage. These monthly rates are inclusive of a benefit upgrade to the frequency of the frame allowance from once every 24 months to once every 12 months.

MANAGED CARE DENTAL

Humana/CompBenefits provides a two-tier managed care dental program consisting of standard and high options, the difference of which is reflected in the co-payments paid by employees. Humana/CompBenefits has confirmed that the monthly rate for this coverage will remain the same as expiring, while enhancing the program by adding 128 new dental procedures to the two options.

	<u>Standard</u>	<u>High</u>
Employee Only	\$ 7.54	\$11.64
Employee & Family	\$18.94	\$29.32

INDEMNITY DENTAL

MetLife provides this traditional dental program offering employees and their eligible dependents the ability to seek services from any licensed dentist, with the ability to reduce their out of pocket expenses if they use a contracted PDP network dentist. The program is provided on a two-tier platform with the standard plan providing a scheduled benefit which includes fixed co-payments for covered dental procedures. The high option plan pays a percentage of the negotiated fees for providers participating in the MetLife PDP network, and provides a percentage of usual and customary charges for all other dental providers. MetLife has confirmed that the monthly rate for this coverage will remain the same as expiring at the following monthly rate structure:

	<u>Standard</u>	<u>High</u>
Employee Only	\$17.68	\$ 36.94
Employee & Family	\$54.23	\$110.41

CORE TERM LIFE/ AD&D COVERAGE

Metropolitan Life Insurance Company (MetLife) provided a renewal quotation for Board-paid group term life insurance coverage to include basic, optional, accidental death and dismemberment (AD&D) coverage and group dependent life coverage. The basic life rate for active employees has been reduced to \$0.178/\$1,000 from the current rate of \$0.187/\$1,000 coverage while basic life for retirees has been reduced to \$0.522/\$1,000 from \$0.55/\$1,000 (5% reduction). Optional life coverage for active employees which is age-banded is being maintained at the current rate. Basic AD&D has been reduced to \$.014/\$1,000 from \$.015/\$1,000 (6.7% decrease) while optional AD&D is being maintained at the current rate.

RECOMMENDED:

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

1. approve the following monthly rates and enter into contracts with the following companies contained within the Board's Flexible Benefits Program, for a one-year term, effective January 1, 2009 through December 31, 2009, subject to cancellation provisions, whereby the Board may cancel its contracts with a 60 day advance written notice, including agreed to benefit modifications, changes, terms and conditions:
 - a. CIGNA- Group Term Life insurance coverage at a monthly rate of \$0.33/\$1,000 benefit;
 - b. CIGNA – Personal Accident Insurance (Accidental Death & Dismemberment) at a monthly rate of \$0.017/\$1,000 for employee only coverage and \$0.035/\$1,000 for employee and family coverage;
 - c. ARAG Group – Pre-paid legal coverage at monthly rates of \$17.30/employee and eligible dependent(s) and \$13.25 Board-paid options;
 - d. ARAG Group – Senior Advocate Plan at a monthly rate of \$7.78/employee and eligible dependents;
 - e. CIGNA – Hospital Income with monthly rates as follows:

	<u>\$50/day</u>	<u>\$100/day</u>	<u>\$150/day</u>
Bd. Paid	\$ 1.25	\$ 2.50	N/A
Employee	\$ 4.25	\$ 8.50	\$12.75
Emp & Fam.	\$ 5.50	\$11.00	\$16.50
<u>Retirees (Voluntary)</u>			
Retiree Only	\$ 4.25	\$ 8.50	\$12.75
Ret. & Fam	\$ 9.75	\$20.00	\$29.50
 - f. CompBenefits – Vision coverage with monthly premiums of \$6.70/employee and \$16.08/employee and family;

g. CompBenefits – Managed Care Dental coverage with monthly rates as follows:

	<u>Standard</u>	<u>High</u>
Employee Only	\$ 7.54	\$11.64
Employee & Family	\$18.94	\$29.32

h. MetLife – Indemnity dental coverage with monthly rates as follows:

	<u>Standard</u>	<u>High</u>
Employee Only	\$17.68	\$ 36.94
Employee & Family	\$54.23	\$110.41

2. renew its contract with Metropolitan Life Insurance Company (MetLife), effective January 1, 2009 through December 31, 2009, for group term life insurance coverage including basic, optional, accidental death and dismemberment coverage and group dependent life at the following monthly rates:

Board-Paid Basic Active Life	\$.178/\$1,000 coverage
Board-Paid Basic Retiree Life	\$.522/\$1,000 coverage
Optional Life	
Under 25 years	\$.042/\$1,000 coverage
25-29 years	\$.042/\$1,000 coverage
30-34 years	\$.056/\$1,000 coverage
35-39 years	\$.077/\$1,000 coverage
40-44 years	\$.077/\$1,000 coverage
45-49 years	\$.147/\$1,000 coverage
50-54 years	\$.210/\$1,000 coverage
55-59 years	\$.400/\$1,000 coverage
60-64 years	\$.462/\$1,000 coverage
65-69 years	\$.900/\$1,000 coverage
70-74 years	\$ 1.442/\$1,000 coverage
75+ years	\$ 2.212/\$1,000

	coverage
AD&D Basic	\$.014/\$1,000 coverage
AD&D Optional	\$.030/\$1,000 coverage
AD&D Dependent (spouse)	\$.035/\$1,000 coverage
Life Dependent (spouse)	\$.063/\$1,000 coverage
Age banded to	\$ 5.471/\$1,000 coverage
Life Dependent(child)no AD&D	\$.198/\$1,000 coverage
Age banded to	\$.030/\$1,000 coverage

3.

authorize the Superintendent to begin work on a comprehensive Request For Proposal (RFP) to seek competitive proposals for core life coverage and flexible benefits coverages other than disability coverages, with such RFP to be brought to the Board at a subsequent Board meeting for authority to issue the RFP.

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