

Financial Operations
Richard H. Hinds, Chief Financial Officer

**SUBJECT: REQUEST FOR AUTHORIZATION TO RENEW REQUEST
FOR PROPOSALS (RFP) #047-HH10, STUDENT
ACCIDENT AND ATHLETIC ACCIDENT INSURANCE
COVERAGES**

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

**LINK TO STRATEGIC
FRAMEWORK: FINANCIAL EFFICIENCY/STABILITY**

At the Board meeting of June 18, 2008, the Board Awarded Request For Proposals (RFP) #047-HH10, Student Accident And Athletic Accident Insurance Coverages. The contract was awarded for a three-year term, with the option to renew for two additional one-year terms by mutual agreement between the School Board and the awardee, assuming satisfactory service and pricing, pursuant to the provisions of the RFP. Rates were guaranteed for the first two years of the contract. We are now at the end of the two-year rate guarantee period.

The District's program consists of a structured Student Accident Insurance program for students and athletes, providing a cost effective way to pay medical bills for students who become injured. Student Accident Insurance coverage can be purchased as school-time only coverage or 24-hour coverage. All M-DCPS students are offered the opportunity to purchase this low cost accident coverage on a voluntary basis, which provides coverage for physicians office visits, hospitalization, surgery, and ambulance transportation. Interscholastic athletes (grades 9-12) purchase either the Student Accident or Football Accident Insurance coverage. The District's Sports Medicine Program is linked into this program as well. Physicians treating District athletes have agreed to accept the Student Accident and Football Accident insurance reimbursements as payment in full.

School Board Rule 6Gx13- 6A-1.161, Miami-Dade County Public School Athletic Manual, provides for the mandatory purchase of appropriate accident coverage for students participating in interscholastic athletics. Athletes participating in interscholastic sports other than football purchase the Student Accident Insurance (9-12). Students in grades 9-12 participating in football are required to purchase the Football Accident Insurance coverage for both fall and spring football seasons. In addition, all students enrolled in district-operated before and after school care programs are required to purchase student accident insurance.

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For over 20 years, the District has subsidized the cost of both the Fall and Spring Football Accident Insurance premiums. This strategy has been very successful as compared to Districts which do not mandate coverage as litigation stemming from football accidents has been minimal.

Additionally, the District purchases Catastrophic Athletic Accident Insurance Coverage, which is required to be purchased by member Districts of the Florida High School Activities Association (FHSAA), Article 3.1.2.

Over the past two years, the guaranteed rates for both the Student Accident Program and the Football Accident Program have not been adequate to cover the incurred claims, resulting in loss ratios as follows:

At school 7-12 Basic	210%
24-Hour coverage Pre-K – 12	99.8%
Fall Football	131%
Spring Football	105%
Overall loss ratio all coverages	107%

This means that for grades 7-12 basic School Accident coverage, which includes interscholastic athletics other than football, for every \$1.00 paid in premiums, the carrier is paying out \$2.10. This is obviously unsustainable and will necessitate rate increases for the 2010-2011 School Year. Among the reasons for these dismal loss ratios is the fact that these programs are priced and designed to coordinate coverage with primary health insurance coverages and not stand alone as primary coverage. When this contract was awarded approximately 45% of Student Accident and Football Accident claims were paid as secondary payer. Due to the recession, this figure has dropped to 22%, resulting in these coverage being primary coverage for 78% of all incurred claims.

Below is a comparison of the expiring rates for last year and the initial proposed rate submission for the 2010-11 school year:

Student Accident Insurance

	<u>Expiring Rates/School Year</u>	<u>Proposed/Rates School Year</u>
School Time Pre-K to 6 th	\$11.00	\$18.00 (63% increase)
School Time 7 th to 12 th	\$13.00	\$52.00 (400% increase)
24-Hour Pre-K to 12 th	\$33.00	\$60.00 (81% increase)

Football Accident Insurance

	<u>Expiring Rates/ Rates/School Year</u>	<u>New/Proposed School Year</u>
Fall Premium	\$140.00	\$210.00 (50% increase)
Spring Premium	\$35.00	\$ 53.00 (51% increase)

Staff from Risk Management and Athletic and Activities felt strongly that the significant levels of increased rates would be too much of a financial burden for the students of Miami-Dade County. After analyzing the data, staff determined that the majority of claim costs are associated with students participating in Interscholastic Sports. In order to keep the school-time accident Insurance coverage affordable, staff negotiated proposed rates based on creating a separate coverage designed specifically for interscholastic athletics other than football. It is recommended that the Board subsidize a portion of the interscholastic sports premium similar to the football insurance program. Staff also believes that it was not in the best interest of the program to re-market at this juncture due to the significantly high loss ratios produced over the past two years.

The following outlines staff's recommendations for revised final renewal rates:

Student Accident Insurance

School Time Pre-K to 6 th	\$14.00 per student (currently \$11.00)
School Time 7 th to 12 th	\$16.00 per student excludes interscholastic sports (currently \$13.00)
24-Hour Pre-K to 12 th	\$66.00 per student school time insurance including interscholastic sports (currently \$33.00)
Interscholastic Sports 9-12 th	\$45.00 per student school time insurance with student paying \$30.00 (67%) and the Board paying \$15.00 (33%)

Based on 2009-2010 Interscholastic Sports enrollment figures, it is estimated that approximately 3,000 students will enroll resulting in an estimated School Board subsidy of \$45,000.

Football Accident Insurance

Recommended Renewal Rates 2010-2011 School Year

Fall Premium	\$195 per student (currently \$140.00) Student Pays \$62.00 (32%) District Pays \$133.00 (68%)
Spring Premium	\$45.00 per student (currently \$35.00) Student Pays \$23.00 (51%) District Pays \$22.00 (49%)

Based on 2009-10 enrollment figures we anticipate approximately 3,620 students to enroll in fall football and approximately 2,500 students to enroll in spring football. We estimate the Board's total contribution to the football insurance premium to be approximately \$536,460, representing an increase of approximately \$150,345 or 39% in the cost of subsidizing Football Insurance Coverages.

Catastrophic Athletic Insurance

The recommended renewal of this coverage is for a one-year period, effective August 1, 2010 through July 31, 2011, with National Union Fire Insurance Co. (A.M. Best A+ XV), through Arthur J. Gallagher Risk Management Services with a flat annual premium of \$80,809. Purchase of this coverage is a requirement of the Florida High School Activities Association (FHSAA), Article 3.1.2.

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

1. renew the Student Accident Insurance coverage pursuant to the terms of Request for Proposals (RFP) #047-HH10, Student Accident and Athletic Accident Insurance Coverages, to United HealthCare Insurance Company (A.M. Best A XV), through Insurance for Students, Inc., for a one-year period, effective August 1, 2010 to July 31, 2011, at the following rates per student/school year;

School Time (PK -6)	\$14.00
School Time (7-12)	\$16.00
24-Hour	\$66.00
Interscholastic Sports	\$45.00

2. renew the Catastrophic Athletic Insurance coverage pursuant to the terms of Request for Proposals (RFP) #047-HH10, Student Accident and Athletic Accident Insurance Coverages, to National Union Fire Insurance Co. (A.M. Best A+ XV), through Arthur J. Gallagher Risk Management Services for a one-year period, effective August 1, 2010 to July 31, 2011 with a flat annual premium of \$80,809;

3. renew the Football Accident Insurance coverage pursuant to the terms of Request for Proposals (RFP) #047-HH10, Student Accident and Athletic Accident Insurance Coverages, to United HealthCare Insurance Company (A.M. Best A XV), through Insurance for Students, Inc., for a one-year period, effective August 1, 2010 to July 31, 2011, at the following per student/school year rates;

Fall Premium - \$195.00

Spring Premium - \$ 45.00

4. authorize expenditures for the Board subsidy for fall and spring football season's insurance premiums with the Board paying \$133.00 and the athlete paying \$62.00 equaling a total fall football premium of \$195.00 for the 2010-2011 football season; and the Board paying \$22.00 and the athlete paying \$23.00 equaling a total spring football premium of \$45.00 for the 2010-2011 spring football season;
5. authorize expenditures for the Board subsidy for Interscholastic Sports insurance premiums with the Board paying \$15.00 and the Student paying \$30.00 equaling a total premium of \$45.00 for the 2010-11 School Year; and
6. authorize staff to begin work on a comprehensive Request For Proposal to seek competitive proposals for the District's Student Accident and Football Accident Insurance Coverages, including all interscholastic athletes, as well as Catastrophic Athletic coverage as required by the Florida High School Activities Association (FHSAA) with an Request For Proposal to be brought back to a future School Board meeting.

RHH:cbc