

Financial Services
Mr. Ron Y. Steiger, Chief Financial Officer

SUBJECT: APPROVAL OF PREMIUM EQUIVALENT RATES AND COMPOSITE RATE FOR THE DISTRICT'S SELF-INSURED HEALTHCARE PROGRAM FOR CALENDAR YEAR 2019; AND CONFIRMATION OF COVERAGES AVAILABLE TO MEDICARE ELIGIBLE RETIREES

COMMITTEE: FISCAL ACCOUNTABILITY & GOVERNMENT RELATIONS

LINK TO STRATEGIC BLUEPRINT: EFFECTIVE AND SUSTAINABLE BUSINESS PRACTICES

In order to properly structure a self-funded healthcare program, it is necessary to create premium equivalent rates to pay claims, individual stop loss (ISL) premiums and necessary expenses on an annual basis. Premium equivalent rates are determined by an annual actuarial analysis prepared by the District's employee benefits consulting firm, Aon, as well as the Cigna, the District's third-party administrator for the plan. Additionally, an annual filing is required with the Office of Insurance Regulation, State of Florida, in order to demonstrate sufficient reserves have been accrued which complies with statutory requirements.

This item establishes appropriate premium equivalent rates, based upon approved changes to the District's healthcare program effective January 1, 2019 through December 31, 2019. The collective bargaining process is currently ongoing with the employee unions which include the recommendations for the final healthcare offering for calendar year 2019.

According to the results of the most recent actuarial projection received from Aon Hewitt, the projected medical and pharmacy claim trend for the South Florida markets is 8.5%. The District's overall trend increases based on the most recent actuarial study indicate an overall 6.5% trend. This trend increase will be absorbed by existing reserves in the District's self-insured healthcare program (Fund 711). There will be no increase to employee cost share and dependent healthcare rates for current employees.

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Medical Administrative Services Only (ASO)

At the Board Meeting of September 3, 2014, the Board awarded RFP 040-PP10, District Healthcare Benefit Program to Cigna for a term not to exceed five years effective January 1, 2015. ASO fees for the initial three-year period were approved through December 31, 2017.

Cigna voluntarily provided the final one-year renewal at expiring fees of \$22.32 per employee per month (PEPM) despite the fact Cigna contractually had the opportunity to increase fees up to 3%. The ASO fee will be effective January 1, 2019 through December 31, 2019.

Individual Stop Loss (ISL)

Since the inception of the individual stop loss coverage in 2010, the average loss ratio has been 101%. Aon recommends keeping the District's ISL attachment point at \$1,000,000. Cigna initially proposed a 15% increase to the ISL coverage. Staff was able to decrease Cigna's proposal to a 5% increase in the renewal rate representing \$0.48. The 2019 ISL premium will be \$10.10 PEPM as compared to the previous premium for 2018 of \$9.62. This increase in the renewal rate has been reviewed and confirmed by the actuaries from Aon as being reasonable.

Lastly, the Internal Service Fund Administrative Fee, which provides a funding mechanism for administrative support for the District's self-funded healthcare program, consulting expenses and District staff to manage the program will remain at \$3.08. The composite rate for 2019 will increase to \$25.75 PEPM after the pharmaceutical rebate decrement is applied.

	2018	2019
Administrative Services Only (ASO) Fee	\$ 22.32	\$ 22.32
Pharmaceutical Rebate Decrement	(\$ 11.00)	(\$ 11.00)
Individual Stop Loss (ISL) Premium	\$ 9.62	\$ 10.10
Internal Service Fund Administrative Fee	\$ 3.08	\$ 3.08
Healthcare Bluebook Admin Fee	\$ 1.25	\$ 1.25
Total Monthly Composite Rate	\$ 25.27	\$ 25.75

The following monthly premium equivalent rates will be effective January 1, 2019 through December 31, 2019 for all current employees hired before January 1, 2018.

EMPLOYEE SALARY BANDS	OAP 10			OAP 20			LOCAL PLUS		
	MONTHLY PREMIUM	BOARD PAYS	EMPLOYEE PAYS	MONTHLY PREMIUM	BOARD PAYS	EMPLOYEE PAYS	MONTHLY PREMIUM	BOARD PAYS	EMPLOYEE PAYS
Salary Bands 1 (Under \$35K)*									
Employee Only	\$757	\$628	\$129	\$718	\$708	\$10	\$717	\$717	\$0
EE + SP/DP	\$1,826	\$1,430	\$396	\$1,734	\$1,566	\$168	\$1,732	\$1,574	\$158
EE + CH	\$1,509	\$1,192	\$317	\$1,433	\$1,311	\$122	\$1,431	\$1,320	\$111
EE + Family	\$2,897	\$2,233	\$664	\$2,750	\$2,424	\$326	\$2,746	\$2,431	\$315
SP/DP Surcharge	\$41.67	\$0	\$41.67	\$41.67	\$0.00	\$41.67	\$41.67	\$0.00	\$41.67
Salary Bands 2 (Over \$35K to \$54K)*									
Employee Only	\$757	\$590	\$167	\$718	\$698	\$20	\$717	\$717	\$0
EE + SP/DP	\$1,826	\$1,284	\$542	\$1,734	\$1,481	\$253	\$1,732	\$1,500	\$232
EE + CH	\$1,509	\$1,079	\$430	\$1,433	\$1,249	\$184	\$1,431	\$1,268	\$163
EE + Family	\$2,897	\$1,980	\$917	\$2,750	\$2,265	\$485	\$2,746	\$2,282	\$464
SP/DP Surcharge	\$41.67	\$0	\$41.67	\$41.67	\$0.00	\$41.67	\$41.67	\$0.00	\$41.67
Salary Bands 3 (Over \$55K to \$69K)*									
Employee Only	\$757	\$567	\$190	\$718	\$688	\$30	\$717	\$717	\$0
EE + SP/DP	\$1,826	\$1,154	\$672	\$1,734	\$1,332	\$402	\$1,732	\$1,389	\$343
EE + CH	\$1,509	\$981	\$528	\$1,433	\$1,141	\$292	\$1,431	\$1,189	\$242
EE + Family	\$2,897	\$1,744	\$1,153	\$2,750	\$1,976	\$774	\$2,746	\$2,060	\$686
SP/DP Surcharge	\$41.67	\$0	\$41.67	\$41.67	\$0.00	\$41.67	\$41.67	\$0.00	\$41.67
Salary Bands 4 (Over \$70K to \$89K)*									
Employee Only	\$757	\$544	\$213	\$718	\$678	\$40	\$717	\$717	\$0
EE + SP/DP	\$1,826	\$1,025	\$801	\$1,734	\$1,257	\$477	\$1,732	\$1,296	\$436
EE + CH	\$1,509	\$882	\$627	\$1,433	\$1,085	\$348	\$1,431	\$1,124	\$307
EE + Family	\$2,897	\$1,507	\$1,390	\$2,750	\$1,836	\$914	\$2,746	\$1,874	\$872
SP/DP Surcharge	\$41.67	\$0	\$41.67	\$41.67	\$0.00	\$41.67	\$41.67	\$0.00	\$41.67
Salary Bands 5 (Over \$90K)*									
Employee Only	\$757	\$520	\$237	\$718	\$648	\$70	\$717	\$717	\$0
EE + SP/DP	\$1,826	\$840	\$986	\$1,734	\$1,041	\$693	\$1,732	\$1,203	\$529
EE + CH	\$1,509	\$745	\$764	\$1,433	\$924	\$509	\$1,431	\$1,059	\$372
EE + Family	\$2,897	\$1,162	\$1,735	\$2,750	\$1,435	\$1,315	\$2,746	\$1,689	\$1,057
SP/DP Surcharge	\$41.67	\$0	\$41.67	\$41.67	\$0.00	\$41.67	\$41.67	\$0.00	\$41.67
Adult Dependent**	\$643			\$610			\$609		

* Rate includes adult children up to age 26 in compliance with 2010 Health Reform Act.

** Rate is per eligible dependent 27-30 years of age in addition to other dependent rates as shown above in compliance with Florida Statute §627.602(c)(1).

As a result of the collective bargaining process in 2017 a new set of dependent subsidy rates were created for employees hired on or after January 1, 2018, which reflect a decrease of 30% to Board-paid dependent subsidies. The following monthly premium equivalent rates have been created and will be applied effective January 1, 2019 through December 31, 2019.

EMPLOYEE SALARY BANDS	OAP 10			OAP 20			LOCAL PLUS		
	MONTHLY PREMIUM	BOARD PAYS	EMPLOYEE PAYS	MONTHLY PREMIUM	BOARD PAYS	EMPLOYEE PAYS	MONTHLY PREMIUM	BOARD PAYS	EMPLOYEE PAYS
Salary Bands 1 (Under \$35K)*									
Employee Only	\$757	\$628	\$129	\$718	\$708	\$10	\$717	\$717	\$0
EE + SP/DP	\$1,826	\$1,189	\$637	\$1,734	\$1,309	\$425	\$1,732	\$1,317	\$415
EE + CH	\$1,509	\$1,023	\$486	\$1,433	\$1,130	\$303	\$1,431	\$1,139	\$292
EE + Family	\$2,897	\$1,751	\$1,146	\$2,750	\$1,909	\$841	\$2,746	\$1,917	\$829
SP/DP Surcharge	\$41.67	\$0	\$41.67	\$41.67	\$0.00	\$41.67	\$41.67	\$0	\$41.67
Salary Bands 2 (Over \$35K to \$54K)*									
Employee Only	\$757	\$590	\$167	\$718	\$698	\$20	\$717	\$717	\$0
EE + SP/DP	\$1,826	\$1,076	\$750	\$1,734	\$1,246	\$488	\$1,732	\$1,265	\$467
EE + CH	\$1,509	\$932	\$577	\$1,433	\$1,084	\$349	\$1,431	\$1,103	\$328
EE + Family	\$2,897	\$1,563	\$1,334	\$2,750	\$1,795	\$955	\$2,746	\$1,812	\$934
SP/DP Surcharge	\$41.67	\$0	\$41.67	\$41.67	\$0.00	\$41.67	\$41.67	\$0	\$41.6
Salary Bands 3 (Over \$55K to \$69K)*									
Employee Only	\$757	\$567	\$190	\$718	\$688	\$30	\$717	\$717	\$0
EE + SP/DP	\$1,826	\$978	\$848	\$1,734	\$1,139	\$595	\$1,732	\$1,187	\$545
EE + CH	\$1,509	\$857	\$652	\$1,433	\$1,005	\$428	\$1,431	\$1,047	\$384
EE + Family	\$2,897	\$1,391	\$1,506	\$2,750	\$1,590	\$1,160	\$2,746	\$1,657	\$1,089
SP/DP Surcharge	\$41.67	\$0	\$41.67	\$41.67	\$0.00	\$41.67	\$41.67	\$0	\$41.67
Salary Bands 4 (Over \$70K to \$89K)*									
Employee Only	\$757	\$544	\$213	\$718	\$678	\$40	\$717	\$717	\$0
EE + SP/DP	\$1,826	\$881	\$945	\$1,734	\$1,083	\$651	\$1,732	\$1,122	\$610
EE + CH	\$1,509	\$781	\$728	\$1,433	\$963	\$470	\$1,431	\$1,002	\$429
EE + Family	\$2,897	\$1,218	\$1,679	\$2,750	\$1,489	\$1,261	\$2,746	\$1,527	\$1,219
SP/DP Surcharge	\$41.67	\$0	\$41.67	\$41.67	\$0.00	\$41.67	\$41.67	\$0	\$41.67
Salary Bands 5 (Over \$90K)*									
Employee Only	\$757	\$520	\$237	\$718	\$648	\$70	\$717	\$717	\$0
EE + SP/DP	\$1,826	\$744	\$1,082	\$1,734	\$923	\$811	\$1,732	\$1,057	\$675
EE + CH	\$1,509	\$677	\$832	\$1,433	\$841	\$592	\$1,431	\$956	\$475
EE + Family	\$2,897	\$969	\$1,928	\$2,750	\$1,199	\$1,551	\$2,746	\$1,397	\$1,349
SP/DP Surcharge	\$41.67	\$0	\$41.67	\$41.67	\$0.00	\$41.67	\$41.67	\$0	\$41.67
Adult Dependent**		\$643			\$610			\$609	

* Rate includes adult children up to age 26 in compliance with 2010 Health Reform Act.

** Rate is per eligible dependent 27-30 years of age in addition to other dependent rates as shown above in compliance with Florida Statute §627.602(c)(1).

Medicare-Eligible Retiree Healthcare Options

The District will continue to offer the current Medicare Advantage offerings from for calendar year 2019 along with Pharmacy Part D Plan offerings.

The Medicare Plan offerings and associated premiums for calendar year 2019, subject to final approval by the Centers for Medicare and Medicaid (CMS), are as follows:

	Medicare Advantage Plan - Prescription Drug Plans				Medicare Supplement Plans			Pharmacy Part D Plans			
	Zero Premium	Group National PPO	Comprehensive Plan	Premier Premium PPO	Plan A	Plan F	Plan N	Saver Plus	Preferred	Comprehensive	Premier
United Healthcare		✓		✓	✓	✓	✓	✓	✓	✓	✓
Cigna Leon	✓										
Humana	✓		✓								
AvMed Choice HMO	✓										
AveMed Circle HMO	✓										
Monthly Premium Range	\$0	\$0	\$223.64	\$378.97	Varies by Age	Varies by Age	Varies by Age	\$45.20	\$76.60	\$115.00	\$284.78

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

1. approve the monthly premium equivalent rates and plan design for all current benefit eligible full and part time employees, eligible COBRA participants, non-Medicare eligible retirees and their eligible dependents for employee organizations, Managerial Exempt Personnel, Confidential Exempt Personnel and all labor unions subject to successful collective bargaining negotiation and ratification for the self-funded medical program administered by Cigna Healthcare effective January 1, 2019 through December 31, 2019, which appears on page 3 of this item; and

2. approve the monthly premium equivalent rates for employees hired on and after January 1, 2018, benefit eligible full and part time employees, eligible COBRA participants, non-Medicare eligible retirees and their eligible dependents and all labor unions subject to successful collective bargaining negotiation and ratification for the self-funded medical program administered by Cigna Healthcare effective January 1, 2019 through December 31, 2019, which appears on page 4 of this item; and

3. approve the following composite rate structure for the District's self-funded healthcare program for calendar year 2019, with the Individual Stop Loss premium's attachment point of \$1,000,000; and

	2019
Administrative Services Only (ASO) Fee	\$ 22.32
Pharmaceutical Rebate Decrement	(\$ 11.00)
Individual Stop Loss (ISL) Premium	\$ 10.10
Internal Service Fund Administrative Fee	\$ 3.08
Health Care Blue Book Admin Fee	\$ 1.25
Total Monthly Composite Rate	\$ 25.75

4. approve Medicare Group plan offerings and applicable premiums as referenced below with listed plans and premiums to be subject to final approval from Centers for Medicare and Medicaid Services (CMS);

	Medicare Advantage Plan - Prescription Drug Plans				Medicare Supplement Plans			Pharmacy Part D Plans			
	Zero Premium	Group National PPO	Comprehensive Plan	Premier Premium PPO	Plan A	Plan F	Plan N	Saver Plus	Preferred	Comprehensive	Premier
United Healthcare		✓		✓	✓	✓	✓	✓	✓	✓	✓
Cigna Leon	✓										
Humana	✓		✓								
AvMed Choice HMO	✓										
AveMed Circle HMO	✓										
Monthly Premium Range	\$0	\$0	\$223.64	\$378.97	Varies by Age	Varies by Age	Varies by Age	\$45.20	\$76.60	\$115.00	\$284.78

RYS:mf