

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 2021, 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 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 statutory reserve requirements.

This item establishes appropriate premium equivalent rates, based upon approved changes to the District's healthcare program effective January 1, 2021 through December 31, 2021. The collective bargaining process has been completed with the employee unions which include the recommendations for the final healthcare offering for calendar year 2021.

According to the results of the most recent actuarial projection received from Aon, the projected medical and pharmacy claim trend for the District's self-insured medical program is 7.5%.

Medical Administrative Services Only (ASO)

At the Board Meeting of July 24, 2019, the Board awarded RFP 018-058-MT, District Healthcare Benefits Program to Cigna effective January 1, 2020 through December 31, 2024 with the ability to extend, by mutual agreement, for one (1) additional two (2) year extension period. ASO fees for the initial five-year period were approved through December 31, 2024 at a rate of \$22.32 per employee per month (PEPM).

As part of Cigna’s proposal, the Board will be able to strategically introduce a narrow network plan which will leverage local providers to yield significant savings to the Board and the employees. In order to take advantage of this plan, the District will incur an ASO rate of \$25.82 per employee per month enrolled in this plan. This rate is also guaranteed for the initial five-year period through December 31, 2024.

Individual Stop Loss (ISL)

The average loss ratio for the ISL insurance policy from calendar year 2014 through 2019 is 64.8%. At the October 2, 2019 Board meeting, the Board approved the increase of the District’s ISL attachment point from \$1,000,000 to \$1,500,000. Cigna initially proposed a 15% increase to renew the current ISL coverage. Staff was able to decrease Cigna’s proposal to a 9.9% increase in the renewal premium. The 2021 ISL premium will be \$5.11 PEPM as compared to the previous premium for 2020 of \$4.65. This premium 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 2021 will increase from \$15.30 to \$15.76 PEPM.

	<b>2020</b>	<b>2021</b>
Administrative Services Only (ASO) Fee	\$ 22.32	\$ 22.32*
Pharmaceutical Rebate Decrement	(\$ 16.00)	(\$ 16.00)
Individual Stop Loss (ISL) Premium	\$ 4.65	\$ 5.11
Internal Service Fund Administrative Fee	\$ 3.08	\$ 3.08
Healthcare Bluebook Admin Fee	\$ 1.25	\$ 1.25
<b>Total Monthly Composite Rate</b>	<b>\$ 15.30</b>	<b>\$ 15.76</b>

\*\$25.82 PEPM for employees enrolled in the narrow network plan

Note: As part of the new ASO agreement, Cigna is providing a variety of financial credits and allowances to support wellness initiatives, claim audits, etc. These allowances also include “ASO fee holidays” for each year of the new five-year contract. These amounts are \$3.7M in 2020 and \$2.3M in 2021.

The following monthly premium equivalent rates will be effective January 1, 2021 through December 31, 2021 for all current employees hired before January 1, 2018.

	OAP High			OAP Standard			SureFit		
EMPLOYEE SALARY BANDS	MONTHLY PREMIUM	BOARD PAYS	EMPLOYEE PAYS	MONTHLY PREMIUM	BOARD PAYS	EMPLOYEE PAYS	MONTHLY PREMIUM	BOARD PAYS	EMPLOYEE PAYS
<b>Salary Bands 1 (Under \$35K)*</b>									
Employee Only	\$771	\$737	\$34	\$746	\$732	\$14	\$724	\$724	\$0
EE + SP/DP	\$1,860	\$1,633	\$227	\$1,800	\$1,617	\$183	\$1,746	\$1,587	\$159
EE + CH	\$1,537	\$1,364	\$173	\$1,488	\$1,354	\$134	\$1,443	\$1,331	\$112
EE + Family	\$2,951	\$2,548	\$403	\$2,856	\$2,503	\$353	\$2,770	\$2,452	\$318
SP/DP Surcharge	\$41.67	\$0.00	\$41.67	\$41.67	\$0.00	\$41.67	\$41.67	\$0.00	\$41.67
<b>Salary Bands 2 (Over \$35K to \$54K)*</b>									
Employee Only	\$771	\$722	\$49	\$746	\$721	\$25	\$724	\$724	\$0
EE + SP/DP	\$1,860	\$1,540	\$320	\$1,800	\$1,528	\$272	\$1,746	\$1,512	\$234
EE + CH	\$1,537	\$1,300	\$237	\$1,488	\$1,290	\$198	\$1,443	\$1,279	\$164
EE + Family	\$2,951	\$2,377	\$574	\$2,856	\$2,338	\$518	\$2,770	\$2,302	\$468
SP/DP Surcharge	\$41.67	\$0.00	\$41.67	\$41.67	\$0.00	\$41.67	\$41.67	\$0.00	\$41.67
<b>Salary Bands 3 (Over \$55K to \$69K)*</b>									
Employee Only	\$771	\$708	\$63	\$746	\$711	\$35	\$724	\$724	\$0
EE + SP/DP	\$1,860	\$1,386	\$474	\$1,800	\$1,374	\$426	\$1,746	\$1,400	\$346
EE + CH	\$1,537	\$1,186	\$351	\$1,488	\$1,177	\$311	\$1,443	\$1,199	\$244
EE + Family	\$2,951	\$2,061	\$890	\$2,856	\$2,038	\$818	\$2,770	\$2,078	\$692
SP/DP Surcharge	\$41.67	\$0.00	\$41.67	\$41.67	\$0.00	\$41.67	\$41.67	\$0.00	\$41.67
<b>Salary Bands 4 (Over \$70K to \$89K)*</b>									
Employee Only	\$771	\$694	\$77	\$746	\$701	\$45	\$724	\$724	\$0
EE + SP/DP	\$1,860	\$1,308	\$552	\$1,800	\$1,296	\$504	\$1,746	\$1,306	\$440
EE + CH	\$1,537	\$1,128	\$409	\$1,488	\$1,119	\$369	\$1,443	\$1,133	\$310
EE + Family	\$2,951	\$1,928	\$1,023	\$2,856	\$1,893	\$963	\$2,770	\$1,890	\$880
SP/DP Surcharge	\$41.67	\$0.00	\$41.67	\$41.67	\$0.00	\$41.67	\$41.67	\$0.00	\$41.67
<b>Salary Bands 5 (Over \$90K)*</b>									
Employee Only	\$771	\$659	\$112	\$746	\$670	\$76	\$724	\$724	\$0
EE + SP/DP	\$1,860	\$1,072	\$788	\$1,800	\$1,072	\$728	\$1,746	\$1,213	\$533
EE + CH	\$1,537	\$945	\$592	\$1,488	\$952	\$536	\$1,443	\$1,068	\$375
EE + Family	\$2,951	\$1,471	\$1,480	\$2,856	\$1,476	\$1,380	\$2,770	\$1,704	\$1,066
SP/DP Surcharge	\$41.67	\$0.00	\$41.67	\$41.67	\$0.00	\$41.67	\$41.67	\$0.00	\$41.67
<b>Retiree and COBRA***</b>									
Retiree Only	\$771	\$0	\$771	\$746	\$0	\$746	\$724	\$0	\$724
RE + SP/DP	\$1,860	\$0	\$1,860	\$1,800	\$0	\$1,800	\$1,746	\$0	\$1,746
RE + CH	\$1,537	\$0	\$1,537	\$1,488	\$0	\$1,488	\$1,443	\$0	\$1,443
RE + Family	\$2,951	\$0	\$2,951	\$2,856	\$0	\$2,856	\$2,770	\$0	\$2,770
Adult dependent**	\$655			\$634			\$615		

\* 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).

\*\*\* 2% admin fee not included in Rate

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, 2021 through December 31, 2021.

	OAP High			OAP Standard			SureFit		
EMPLOYEE SALARY BANDS	MONTHLY PREMIUM	BOARD PAYS	EMPLOYEE PAYS	MONTHLY PREMIUM	BOARD PAYS	EMPLOYEE PAYS	MONTHLY PREMIUM	BOARD PAYS	EMPLOYEE PAYS
<b>Salary Bands 1 (Under \$35K)*</b>									
Employee Only	\$771	\$737	\$34	\$746	\$732	\$14	\$724	\$724	\$0
EE + SP/DP	\$1,860	\$1,364	\$496	\$1,800	\$1,352	\$448	\$1,746	\$1,328	\$418
EE + CH	\$1,537	\$1,176	\$361	\$1,488	\$1,168	\$320	\$1,443	\$1,149	\$294
EE + Family	\$2,951	\$2,005	\$946	\$2,856	\$1,972	\$884	\$2,770	\$1,934	\$836
SP/DP Surcharge	\$41.67	\$0.00	\$41.67	\$41.67	\$0.00	\$41.67	\$41.67	\$0.00	\$41.67
<b>Salary Bands 2 (Over \$35K to \$54K)*</b>									
Employee Only	\$771	\$722	\$49	\$746	\$721	\$25	\$724	\$724	\$0
EE + SP/DP	\$1,860	\$1,295	\$565	\$1,800	\$1,286	\$514	\$1,746	\$1,276	\$470
EE + CH	\$1,537	\$1,127	\$410	\$1,488	\$1,119	\$369	\$1,443	\$1,112	\$331
EE + Family	\$2,951	\$1,880	\$1,071	\$2,856	\$1,853	\$1,003	\$2,770	\$1,828	\$942
SP/DP Surcharge	\$41.67	\$0.00	\$41.67	\$41.67	\$0.00	\$41.67	\$41.67	\$0.00	\$41.67
<b>Salary Bands 3 (Over \$55K to \$69K)*</b>									
Employee Only	\$771	\$708	\$63	\$746	\$711	\$35	\$724	\$724	\$0
EE + SP/DP	\$1,860	\$1,183	\$677	\$1,800	\$1,175	\$625	\$1,746	\$1,197	\$549
EE + CH	\$1,537	\$1,043	\$494	\$1,488	\$1,037	\$451	\$1,443	\$1,056	\$387
EE + Family	\$2,951	\$1,655	\$1,296	\$2,856	\$1,640	\$1,216	\$2,770	\$1,672	\$1,098
SP/DP Surcharge	\$41.67	\$0.00	\$41.67	\$41.67	\$0.00	\$41.67	\$41.67	\$0.00	\$41.67
<b>Salary Bands 4 (Over \$70K to \$89K)*</b>									
Employee Only	\$771	\$694	\$77	\$746	\$701	\$45	\$724	\$724	\$0
EE + SP/DP	\$1,860	\$1,124	\$736	\$1,800	\$1,118	\$682	\$1,746	\$1,132	\$614
EE + CH	\$1,537	\$998	\$539	\$1,488	\$994	\$494	\$1,443	\$1,011	\$432
EE + Family	\$2,951	\$1,558	\$1,393	\$2,856	\$1,536	\$1,320	\$2,770	\$1,540	\$1,230
SP/DP Surcharge	\$41.67	\$0.00	\$41.67	\$41.67	\$0.00	\$41.67	\$41.67	\$0.00	\$41.67
<b>Salary Bands 5 (Over \$90K)*</b>									
Employee Only	\$771	\$659	\$112	\$746	\$670	\$76	\$724	\$724	\$0
EE + SP/DP	\$1,860	\$948	\$912	\$1,800	\$951	\$849	\$1,746	\$1,066	\$680
EE + CH	\$1,537	\$859	\$678	\$1,488	\$868	\$620	\$1,443	\$965	\$478
EE + Family	\$2,951	\$1,227	\$1,724	\$2,856	\$1,234	\$1,622	\$2,770	\$1,410	\$1,360
SP/DP Surcharge	\$41.67	\$0.00	\$41.67	\$41.67	\$0.00	\$41.67	\$41.67	\$0.00	\$41.67
<b>Retiree and COBRA***</b>									
Retiree Only	\$771	\$0	\$771	\$746	\$0	\$746	\$724	\$0	\$724
RE + SP/DP	\$1,860	\$0	\$1,860	\$1,800	\$0	\$1,800	\$1,746	\$0	\$1,746
RE + CH	\$1,537	\$0	\$1,537	\$1,488	\$0	\$1,488	\$1,443	\$0	\$1,443
RE + Family	\$2,951	\$0	\$2,951	\$2,856	\$0	\$2,856	\$2,770	\$0	\$2,770
Adult dependent**	\$655			\$634			\$615		

\* 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).

\*\*\* 2% admin fee not included in Rate

Medicare-Eligible Retiree Healthcare Options

As part of the award of RFP 018-058-MT, District Healthcare Benefits Program, Medicare healthcare offerings were also approved with an effective date of January 1, 2020 through December 31, 2024, with the ability to extend, by mutual agreement, for one (1) additional two (2) year extension period.

Medicare Plan offering and associated premiums for calendar year 2021 are subject to final approval by the Center of Medicare and Medicaid Services (CMS). The CMS Final Call Letter and CMS approval will most likely be published after October 2020. Rates are subject to annual filing by the carriers and approval by CMS which will be included in the Open Enrollment communication.

The Medicare Plan offerings for calendar year 2021 are as follows:

	Medicare Advantage Plan - Prescription Drug Plans					Medicare Supplement Plans					
	Zero Premium	Group National PPO	Comprehensive Plan	Passive PPO	Differential PPO	Plan A	Plan F	Plan N	UHC 4-Tier High PDP	UHC 4-Tier Low PDP	UHC 5-Tier Standard PDP
United Healthcare		✓		✓	✓	✓	✓	✓	✓	✓	✓
Cigna Leon	✓										
Humana	✓		✓								
AvMed Choice HMO	✓										
AveMed Circle HMO	✓										
AveMed Access HMO-POS	✓										
AveMed Premium Saver HMO	✓										

**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, 2021 through December 31, 2021; 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, 2021 through December 31, 2021; and
3. approve the following composite rate structure for the District's self-funded healthcare program for calendar year 2021, with the Individual Stop Loss premium's attachment point of \$1,500,000; and

	<b>2021</b>
Administrative Services Only (ASO) Fee	\$ 22.32*
Pharmaceutical Rebate Decrement	(\$ 16.00)
Individual Stop Loss (ISL) Premium	\$ 5.11
Internal Service Fund Administrative Fee	\$ 3.08
Healthcare Bluebook Admin Fee	\$ 1.25
<b>Total Monthly Composite Rate</b>	<b>\$ 15.76</b>

\*\$25.82 PEPM for employees enrolled in the narrow network plan

4. approve Medicare Group plan offerings as referenced below.

	Medicare Advantage Plan - Prescription Drug Plans					Medicare Supplement Plans					
	Zero Premium	Group National PPO	Comprehensive Plan	Passive PPO	Differential PPO	Plan A	Plan F	Plan N	UHC 4-Tier High PDP	UHC 4-Tier Low PDP	UHC 5-Tier Standard PDP
United Healthcare		✓		✓	✓	✓	✓	✓	✓	✓	✓
Cigna Leon	✓										
Humana	✓		✓								
AvMed Choice HMO	✓										
AveMed Circle HMO	✓										
AveMed Access HMO-POS	✓										
AveMed Premium Saver HMO	✓										

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