

Merrett R. Stierheim, Superintendent

**SUBJECT: FRINGE BENEFITS PROGRAM FOR MEDICARE ELIGIBLE
RETIREES FOR CALENDAR YEAR 2004**

**COMMITTEE: LEGISLATIVE RELATIONS, PUBLIC RELATIONS AND
PERSONNEL SERVICES**

Staff has been working with UnitedHealthcare of Florida, Inc., regarding the Board's renewal of the second year of the three year contract the Board approved at its meeting of September 24, 2002. Due to extensive federal governmental requirements, staff is recommending that the Board approve the benefits options for Medicare-eligible retirees.

Currently, Board retirees who are eligible for Medicare coverage may elect to take their Medicare coverage, and either purchase coverage through the Board's health insurance program to supplement those expenses not covered by Medicare, or choose to participate in a Medicare Risk Contract. With a Medicare Risk contract the retiree disenrolls in traditional Medicare, and has Medicare pay a monthly fee to a selected HMO, which in turn provides healthcare services to the retiree. The Federal government determines the amount which is paid to the respective HMOs based upon a formula of the cost of healthcare by region. In South Florida, the amount which is paid for retirees living in Miami-Dade County is higher than for retirees living in Broward County or Palm Beach County. Retirees living in other Florida Counties are not eligible for enrollment in the Medicare Risk program. Besides the amount of money being paid by Medicare being different by county, the benefits which are offered by the HMOs vary by county as well. Retirees living in Miami-Dade County enjoy less out of pocket expenses than those who live in either of the other two counties.

For calendar year 2004 UnitedHealthcare has offered a group Medicare Risk Contract for Miami-Dade County School Board retirees. This group product has benefits specific to our group, most of which are a higher level of benefits than those available elsewhere. United has offered their Medicare Complete product, which is an open access HMO with an expanded provider network covering the three counties, and increased pharmacy limits. Staff has analyzed the program and is recommending that the Board adopt the group product for its retirees who elect to participate in a Medicare Risk Contract, effective January 1, 2004. Those retirees who wish to elect a Medicare Risk Contract other than the Board's group contract with UnitedHealthcare will be viewed as having left the Board's retiree group, and will not be eligible to return as part of the Board's group, unless the Board were mandated to do so by the State of Florida. Retirees leaving the group for medical coverage would be able to continue any optional flexible benefits they already have in place.

REPLACEMENT

A-7

The renewal rates for the United PPO Medicare Supplement, inclusive of the negotiated 9.75% increase is as follows:

Retiree	\$ 400.93
Spouse	\$ 430.84
Child(ren)	\$ 374.50
Family	\$ 771.67

For the new M-DCPS group Medicare Risk Program, Medicare Complete, the monthly per participant premium costs, subject to Center for Medicare and Medicaid (CMS) approval, are as follows:

Miami-Dade County Residents	\$ 53.21
Broward County Residents	\$214.44
Palm Beach County Residents	\$233.01

Specific products within the Board's flexible benefits program are made available to Medicare-eligible retirees. Pursuant to Board direction, flexible benefit companies were approached for renewal terms and conditions to be effective January 1, 2004. The recommended effective date for these flexible benefit products for Medicare-eligible retirees will be January 1, 2004 or as soon thereafter as mutually agreeable between the Board and companies.

The specific flexible benefit plans offered to Medicare-eligible retirees are:

Pre-Paid Legal	ARAG Group
Senior Advocate	ARAG Group
Hospital Income	Cigna
Group Life	Cigna
Personal Accident	Cigna
Indemnity Dental	MetLife
Vision Care	Optix Vision Plan
DHMO Dental	CompBenefits

The description of benefits by county for this group Medicare Risk Program have been provided to the School Board under separate cover and will be placed on file in the Office of the School Board Recording Secretary and in the Citizen Information Center.

RECOMMENDED:

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

1. renew its contract with UnitedHealthcare of Florida, Inc., and UnitedHealthcare Insurance Company (A. M. Best A XV), effective January 1, 2004, to provide the United PPO Medicare Supplement to Medicare-eligible retirees, at the following monthly rate structure:

Retiree	\$ 400.93
Spouse	\$ 430.84
Child(ren)	\$ 374.50
Family	\$ 771.67

2. approve UnitedHealthcare of Florida, Inc. to offer the group Medicare Complete program to M-DCPS Medicare-eligible retirees, and their eligible dependents, effective January 1, 2004, who reside in an area where the Medicare Complete Product is being offered, with benefits and premium costs pursuant to the plan filings as approved by the Center for Medicare and Medicaid Services (CMS), at the following monthly rate structure:

Miami-Dade County Residents:	\$ 53.21
Broward County Residents:	\$214.44
Palm Beach County Residents:	\$233.01

3. approve the following monthly rates and enter into contracts with the following companies contained within the Board's Flexible Benefits Program, administered by the Board's third party benefit administrator for flexible benefits, effective January 1, 2004, including agreed to benefit modifications/changes, terms and conditions, and contract lengths, for Medicare-eligible retirees on a voluntary basis:
 - a. ARAG Group -- Pre-Paid Legal coverage at existing rates of \$17.30/Medicare-eligible retiree and eligible dependent(s) and \$13.25 for Medicare-eligible retirees receiving Board-paid benefits for calendar years 2004 and 2005;

- b. ARAG Group – Senior Advocate Plan at the existing rate of \$8.00/Medicare-eligible retirees and eligible dependent(s), for calendar years 2004 and 2005;
- c. CIGNA – Hospital Income coverage for calendar year 2004 at the following rates:

	<u>\$50/day</u>
Board-Paid (ret. incnt. only)	\$ 1.75
Employee only	\$ 6.50
Family only	\$ 8.50
Employee & Family	\$ 15.00

	<u>\$100/day</u>
Board-Paid (ret. incnt. only)	\$ 3.50
Employee only	\$ 13.00
Family only	\$ 7.50
Employee & Family	\$ 30.00

	<u>\$150/day</u>
Board-Paid (ret incnt only)	N/A
Employee only	\$ 19.50
Family only	\$ 25.50
Employee & Family	\$ 45.00

- d. CIGNA – Group Term Life coverage at the existing rate of \$.34/\$1,000 for calendar year 2004;
- e. CIGNA – Personal Accident (Accidental Death and Dismemberment) coverage at the existing rate of \$.032/\$1,000 for employee, \$.052/1,000 for family for calendar year 2004;
- f. MetLife – Indemnity Dental for calendar year 2004 at the following rates:

	Standard Option	High Option
Employee	\$ 25.29	\$ 44.03
EE & Fam.	\$ 77.56	\$131.59
Family Only	\$ 52.27	\$ 87.56

- g. CompBenefits – Managed Care Dental for calendar year 2004 at the following rates:

	Standard Option	High Option
Employee	\$ 8.68	\$ 13.44
EE & Fam.	\$21.88	\$ 33.92
Family Only	\$13.20	\$ 20.48

- h. Optix Vision Plan for calendar year 2004 at the following rates:

Employee Only	\$ 8.62
Employee + Family	\$20.68

- i. Manhattan National Life Insurance Co. (US Care) – Long Term Care plan is no longer available as of September 30, 2003. The company has agreed to continue the individual policies in place prior to September 30, 2003 at the 2003 rates.

MRS:sc