Office of Superintendent of Schools
Board Meeting of November 19, 2003

November 14, 2003

Office of Human Resources
Marjorie H. Adler, Chief Personnel Officer

SUBJECT: EMPLOYEE BENEFITS PROGRAM 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. Additionally, pursuant to Board direction, staff has been working on its employee benefits program, through its third party administrator, Fringe Benefits Management Company (FBMC), to negotiate renewal terms for the various flexible benefits programs offered to employees. Renewal terms have also been negotiated with the Board's core term life insurance carrier, MetLife, Inc.

HEALTH INSURANCE

The Board provided authorization last year to enter into negotiations with its existing health providers, as well as negotiating with any other interested providers, following CIGNA's admission that they had not provided adequate rates for its calendar year 2002 contract, resulting in renewal increases in excess of 100%. This culminated at the special Board meeting of September 24, 2002, wherein the Board authorized the termination of its current contracts for group healthcare coverage, and entered into a contract with UnitedHealthcare of Florida (United), effective January 1, 2003, for a three-year term, subject to annual premium re-rate.

The Board, and the employee unions and associations which represent all School Board employees, made some very difficult decisions last year regarding its employee benefits program. The issues that the Board was forced to deal with occurred following the issuance of a Request For Proposal (RFP) in 2001, for calendar year 2002 benefits, as required by Florida Statutes, and Cigna's inability to properly price its product. It now appears that the Board's actions for calendar year 2003, however difficult, are providing positive returns.

On May 28, 2003, a formal renewal letter was sent to United seeking renewal rates for 2004 for the existing program, and requesting that United provide alternatives to address the inordinately high cost of dependent coverage, Including:

- Implementation of an opt-out provision; and
- Creation of an alternative model to be offered in conjunction with the existing plan which would modify benefits to lower the cost of dependent healthcare

United provided preliminary renewal terms on June 18, 2003, consisting of an initial rate increase of 19.5% for the existing healthplan offering, along with a number of alternative health plan design offerings. Following several weeks of meetings with underwriters and actuaries from the Board's benefits consulting firm, Deloitte & Touche, LLP (DT), as well as meeting with staff from the Office of Risk and Benefits Management, final renewal rates for calendar year 2004 were successfully negotiated consisting of a confirmed 9.75% increase, for all programs.

REPLACEMENT
H-11

This negotiated increase, including Board paid and dependent coverage, reflects a 50% reduction from the initial renewal proposal, or a savings for calendar year 2004 of $25 million for the program, $18 million of which would have been Board paid.

Due to the inordinate delay in implementing the 2004 program, United has agreed to extend the 2003 contract terms, conditions and premium rates through January 31, 2004. The following plan design changes will become effective February 1, 2004.

Additionally, United has agreed to allow the Board to introduce an opt-out provision for those benefit-eligible employees who can demonstrate that they have health coverage elsewhere. Employees who take this option would only be able to get Board-paid coverage during calendar year 2004 if they experience a change in status, as defined by the Internal Revenue Service (IRS) Section 125. All employees who opt-out would be eligible to re-enroll for coverage on an annual basis during open enrollment for the following calendar year.

United has also provided a quotation for an alternative plan, which staff is recommending to be offered in conjunction with the current plan design. This alternative plan provides lower Board-paid and employee-paid premium structures, and a more restrictive healthcare environment (no out of network benefits), with higher employee out of pocket expenses.

A brief comparison of the current healthplan offering with renewal rates, as well as the alternative offering with negotiated rates is provided below.

	CURRENT PLAN (POS)	ALTERNATIVE PLAN (HMO)
Physician's Office Co-payment (includes testing at physician's office)	$15 – Primary $30 – Specialist	Choice 063B $20 – Primary $20 – Specialist
Annual Medical Deductible	In Network: None Out of Network: $500	$500-person/ $1,000-family N/A
Out of Pocket Maximum	$1,500-person/ $3,000-family	$2,000-person/ $4,000-family
Coinsurance In-Network	None	80%/20% of negotiated fees
Coinsurance Out of Network	70%/30%	N/A
In patient Hospital Deductible	$150/day - $450 Maximum	Subject to deductible/ coinsurance above
Maximum Policy Benefit	Unlimited	Unlimited
Prescription co-pays Retail	$10 generic $30 brand preferred $50 non-preferred	$10 generic $30 brand preferred $50 non-preferred
Mail Order	2.5 x 30-day supply	2.5 x 30-day supply

Monthly Premiums – Active Employees and Non-Medicare Retirees

	POS	Choice 063B
Employee Only (Bd. Pd.)	$400.93	$366.57
Spouse	$430.84	$393.92
Child(ren)	$374.50	$342.40
Family	$771.67	$705.54

The Board continues to provide a Preferred Provider Option (PPO) for employees or retirees who may be living outside of a network area, either within the State of Florida, or across the nation. Based upon the vast network which United has assembled nationwide, it is anticipated that few people would require this program, however, it is important that it exists if a need arises. The same 9.75% increase would apply to this program as well. The Board will provide the POS employee only contribution ($400.93) toward the premiums for those who are eligible for Board-paid medical benefits.

Monthly Premiums – Preferred Provider PPO/Out of Area only

Employee/Retiree only	$ 833.05
Spouse	$ 949.67
Child(ren)	$ 828.88
Family	$1,680.26

FUNDING OPPORTUNITES FOR DEPENDENT SUBSIDIES

With the introduction of both the opt-out provision, and the alternative plan offering, the Board has the ability to generate funds to further subsidize premiums for active employees who choose dependent coverage. Following is the analysis of these funds:

OPT-OUT PROVISION

Now that the Board has all of its employees under one financial umbrella with United, the concerns previously raised over "adverse selection", or only unhealthy employees and dependents remaining in the plan, becomes less of an issue. To that end, if the Board provides employees with a $100 per month opt-out benefit, which would be used for a package of flexible benefits, 401(k) contribution, flexible spending account (FSA), or cash, then the Board could further subsidize the cost of dependent coverage for active employees.

Potential savings to the Board depends upon the number of employees who choose not to participate in the Board's program. For example, if 2,000 employees (approximately 5%) choose to opt-out, the Board would realize a premium savings of $7.2 million. Since a precise prediction of the number of employees who will opt out is not possible, a model reflecting 4.5% of Board employees choosing to opt out has been used to subsidize dependent coverage for active employees.

ALTERNATIVE PLAN OFFERING

The difference between the 2004 premium for employee only (Board-paid) of the existing plan design, including the negotiated 9.75% rate increase, and the alternative plan offering employee only (Board-paid) rate is $412 annually.

In calendar year 2002, when dependent rates were very inexpensive, and employees could further reduce them by utilizing available flexible benefit dollars, only 11,452 employees chose dependent coverage. Again, since a prediction of the number of employees who will choose dependent coverage in 2004 is not possible, staff and the Board's consultant feel that utilization of models which reflect ranges from the current 6,411 with dependent coverage to the 2002 levels where 11,452 chose dependent coverage is valid.

Employees would have the choice to enroll in either the current plan, or the alternative plan offering if they choose to enroll their eligible dependents. If all of the 5,041 employees who choose dependent coverage in 2002, but did not continue dependent coverage for calendar year 2003 were to re-enroll for 2004, presumably in the alternative plan with lower dependent costs, the premium savings generated as a result of the premium differential would be approximately $2.1 million (5,041 x $412 = $2,076,892). It is recommended that this $2.1 million be allocated to subsidize dependent premiums for active employees for calendar year 2004.

PREMIUM SAVINGS BUDGET VS. NEGOTIATED PREMIUMS

Based upon the industry statistics for healthcare, the Board budgeted a 15% increase in its health insurance budget for healthcare in calendar year 2004. The difference between the actual negotiated premium increase for calendar year 2004 (9.75%) and the budgeted increase (15%) for the twelve month calendar year program is approximately $9.4 million, or $4.7 million for fiscal year 2003-2004. Staff is recommending that additional funds be taken from this reserve to offset dependent coverage for active employees.

SUBSIDIZED DEPENDENT PREMIUM OPTIONS

The introduction of the alternative plan provides additional savings for each employee who chooses the lower cost plan. So that the Board is not at risk of overspending its budget, including anticipated savings generated from the introduction of the opt-out and the alternative plan design, a model which reflects all dependents that left in 2003 coming back for calendar year 2004 would demonstrate a model which reflects estimated maximum expenditures.

If the Board were to subsidize dependent premiums for active employees for the current plan by holding 2003 subsidized rates into 2004 for spouse and children; by providing an additional subsidy to lower family rates beyond calendar year 2003 rates; as well as providing a subsidy for the rates for the alternative plan design, the Board could spend up to $19 million in dependent premium subsidies. A comparison of calendar year 2003 premiums, inclusive of the $64/month dependent subsidy for active employees, with recommended subsidized premium rates for active employees in both the current United Point of Service (POS) plan design and the United Choice 063 alternative plan design for calendar year 2004 are as follows:

	2003 POS	2004 POS	2004 CHOICE 063B
Employee Only (Board Paid)	$365.31	$400.93	$366.57
Spouse	$328.57	$328.57	$205.60
Child(ren)	$277.23	$277.23	$176.79
Family	$639.17	$539.12	$364.14

Staff is recommending that the above-referenced rate structure be implemented for calendar year 2004 consisting of the two plan offerings, introduction of the opt-out provision including a $100/month benefit for employees who can demonstrate that they have health coverage elsewhere. Total estimated Board cost for this program structure is estimated to be $212,700,000, if all employees who dropped dependent coverage return, which is consistent with the budget. It is recommended that any savings which are generated as a result of actual enrollment statistics be utilized for future benefit improvements.

CORE TERM LIFE COVERAGE

At the special Board meeting of September 24, 2002, the Board renewed its contract with Metropolitan Life Insurance Company, effective January 1, 2003, for a two-year term, for Board-paid group term life insurance coverage to include basic, optional, accidental death and dismemberment coverage and group dependent life coverage.

Staff and the Board's benefit consultant, Deloitte & Touche, LLP, upon reviewing the experience for the basic life insurance experience, felt that MetLife could provide additional premium reductions. As a result of these negotiations, MetLife has agreed to reduce the basic life rate from the current $ .275/$1,000 coverage/month to $ .227/$1,000 coverage/month, for a two year term, effective January 1, 2004 through December 31, 2005. Other existing rates for retiree life, optional life, accidental death and dismemberment (basic and optional), dependent life (spouse) and dependent life (child) will continue at existing rates for the two year term. Staff is recommending that the Board renew its contract with MetLife to take advantage of this premium reduction.

FLEXIBLE BENEFITS PROGRAM

The Board's current Internal Revenue Service (IRS) approved Section 125 Program provides for a selection of insurance products which can be purchased by employees on a pre-tax basis. As a result of the changes which were made in the benefits program for calendar year 2003, all offered flexible benefits became voluntary to the employee, except short term disability coverage, which became a core Board-paid benefit. All companies providing products through the flexible benefits program agreed to keep their 2002 premiums for 2003, however, due to the voluntary nature of the program, all companies experienced a significant decrease in enrollment. For example, there was a 67% drop in the number of employees enrolled in the vision care program with Optix, (CompBenefits), a 43% drop in the number of employees enrolled in the managed dental care program with Oral Health Services (CompBenefits), and MetLife experienced a 51% drop in enrollment for the indemnity dental benefit.

Because of the changes taking place in the health insurance arena, staff and the Board's benefit consulting firm, Deloitte & Touche, LLP, recommended that the Board offer to renew the flexible benefit contracts, including benefit modifications, to make the programs more user friendly and more affordable. This renewal is authorized pursuant to the terms of the Request For Proposal (RFP) 174-SS10, Group Flexible Benefits, whereby the Board reserved the right to negotiate renewals to the program following the original five year contract.

Due to the inordinate delay in implementing the 2004 program, all of the companies contained within the Board's Flexible Benefits Program, administered by the Board's third party benefit administrator for flexible benefits, have agreed to extend the 2003 monthly rates and benefits through January 31, 2004.

SHORT TERM DISABILITY

This coverage was approved by the Board for calendar year 2003 as a core Board-paid benefit for all full time benefit-eligible employees. The basic benefit consists of a 22-week benefit, subject to a 30-day waiting period, with a benefit of 60% of base salary, not to exceed $500/week. The monthly rate is currently $12.25, and UNUM/Provident has agreed to hold this rate for calendar year 2004.

This program also provides an upgrade whereby an employee may increase the benefit from 22 weeks to 24 weeks. The current monthly premium for this program is $18.36, with the employee buying the upgrade of $6.11 monthly through payroll reduction. Unum/Provident has agreed to renew this program at the existing rate for calendar year 2004.

LONG TERM DISABILITY

This coverage provides employees who are totally disabled with a percentage of their income after they have been disabled for 180 continuous days (6 months). There are three levels of benefits consisting of Standard (60% of monthly earnings not to exceed a maximum benefit of $1,800); Maximum (60% of monthly earnings not to exceed maximum benefit of $3,000); and Maximum Plus (60% of monthly earnings, not to exceed a maximum benefit of $5,000).

The incurred loss ratio for this program is running in excess of 150%. Subject to no benefit changes, Unum was providing a renewal rate with a 21% increase. However, if the program is amended to include a pre-existing condition limitation for employees who enroll on or after February 1, 2004, and reduce from 36 months to 24 months the period of time for which disability is determined in reference to the employee's regular occupation, versus any gainful occupation, then Unum agreed to keep the existing rates in place.

Staff is recommending the benefit changes, as they are standard in the disability marketplace, and take advantage of the existing rates of $5.92/month/employee for the Standard Plan; $7.59/month/employee for the Maximum Plan; and $11.44/month/employee for the Maximum Plus Plan to be renewed with UNUM/Provident effective February 1, 2004 through December 31, 2004.

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 a popular benefit. ARAG Group has agreed to renew the program with currently existing rates for calendar years 2004 and 2005. Rates consist of $17.30/month/employee and eligible dependent(s), and $13.25/month for retirees who receive Board-paid benefits, by virtue of their retiree incentive program option and active employee medical opt out options.

The Senior Advocate Plan provides employees with legal services specific to the needs arising from the employee's parents/grandparents, as well as the spouse's parents and grandparents. The current rate of $8.00/month/employee and eligible dependent(s) will also be renewed by ARAG Group for calendar years 2004 and 2005.

HOSPITAL INCOME

This coverage provides a stated dollar benefit in the event a covered employee, or family member is admitted into a hospital. Due to the drop in enrollment for calendar year 2003, CIGNA has agreed to extend current rates for calendar year 2004, but reserves the right to re-rate for calendar year 2005. The renewal rates will be as follows:

	$50 day	$100 day	$150 day
Board-Paid (retiree incentive only)	$ 1.75	$ 3.50	N/A
Employee Only Rate	$ 6.50	$ 13.00	$ 19.50
Family Only Rate	$ 8.50	$ 17.00	$ 25.50
Employee & Family Rate	$15.00	$ 30.00	$ 45.00

GROUP TERM LIFE

This optional group term life coverage is provided by CIGNA and is available in $10,000 increments from a basic amount of $10,000 to a maximum benefit of $50,000. CIGNA has confirmed that their existing rates will be renewed for calendar year 2004. The rates for calendar year 2004 will be $.34/$1,000 for both retirees who receive a Board-paid benefit, as well as all other benefit-eligible employees.

PERSONAL ACCIDENT

This accidental death and dismemberment coverage provides a specific benefit to employees or their insured dependents in the event of an injury resulting from a covered accident. CIGNA has agreed to renew this coverage for calendar year 2004 at existing rates for employee only of $.032/$1,000 of coverage with limits of coverage beginning at a minimum of $25,000 increasing to a maximum of $300,000 (based upon $25,000 increments) and $.052/$1,000 for employee + family coverage.

INDEMNITY DENTAL

MetLife has re-configured its dental program to provide more competitive rates, and updated benefit levels. The existing three tier program of standard, high and enhanced will be replaced by a standard and high option program, which includes in and out of network benefits.

The Standard Option plan is a "scheduled" benefit plan which includes fixed co-pays for covered dental procedures. The standard option plan would be more attractive to employees who enroll in dental programs for diagnostic and preventative procedures, as opposed to major dental work. The high option plan pays a percentage of the negotiated fees for providers participating in the MetLife PDP network. Monthly rates for the two programs, effective February 1, 2004 are as follows:

	STANDARD OPTION	HIGH OPTION
Employee only rate	$ 25.29	$ 44.03
Employee & Family rate	$ 77.56	$131.59
Family Only	$ 52.27	$ 87.56

A complete description of the two offered options will be provided to the Board as back-up information.

MANAGED CARE DENTAL

CompBenefits (formerly Oral Health Services) has proposed a two tier program consisting of Standard and High Option alternatives. These plans will replace the existing patient charge schedule that is limited to network dentists in Miami-Dade, Monroe and Broward Counties, and replace it with an updated schedule which is accepted across the State of Florida with many new services included.

The major difference between the standard and high option alternatives is the amount of co-payment the employee must pay. The low option would provide benefits to employees who require basic dental services, including preventative care, as the co-payments for other covered services are higher, however, the premiums are far less expensive. Rates effective February 1, 2004 through December 31, 2004, are as follows:

	STANDARD OPTION	HIGH OPTION
Employee only rate	$ 8.68	$ 13.44
Employee & Family rate	$ 21.88	$ 33.92
Family Only	$ 13.20	$ 20.48

A complete description of the two plan offerings will be provided to the Board as back-up information.

VISION

Optix Vision Plan has made two enhancements to the current plan consisting of increasing the number of frames covered on a paid in full basis to approximately 6,000 and including the contact lens fitting fee in the exam co-payment allowing the full $100 to be used for contact materials. The rates guaranteed for 2004 and 2005 are:

Employee only rate	$ 8.62
Employee & Family rate	$ 20.68
Family Only	$ 12.06

EMPLOYEE BENEFIT CONSULTANT CONTRACT

At the Board meeting of June 19, 2002, the Board awarded its consulting services contract for employee benefit program to Deloitte & Touche, LLP, pursuant to the terms of Request For Proposal (RFP) # 094-BB10, Consulting Services, Employee Benefit Program. At that time, the contract was awarded for an initial three-year term, based upon stated hourly rates for consulting fees as follows:

Lead Consultant, Fellow Actuary, and Legal Consultants:	$281/hour
Senior Consultant:	$248/hour
Medical Consultant:	$225/hour
Associate Actuary	$149/hour

Annual expenditures were capped at $175,000.

When the Board took action on the Employee Benefit Program for Calendar Year 2003, at the special School Board meeting of September 25, 2002, the Board authorized an additional expenditure of $200,000 for consulting expenses incurred by the Board for benefit negotiations and analyses for calendar year 2003. The current cap for fiscal year 2003-2004 of $175,000 on the Board's benefit consulting contract is not adequate for the consulting work, including but not limited to actuarial analyses of renewal terms, subsequent negotiations with United, and the numerous collective bargaining sessions. Additionally, to adequately prepare the Board for a possible self-insured healthplan for calendar year 2005, additional consulting, including further actuarial analyses and legal consulting, will be necessary.

Therefore, it is recommended that the $175,000 annual maximum on the Deloitte & Touche, LLP contract for employee benefit consulting services, be re-established to a maximum annual expenditure of $300,000. The return on that investment has already been realized by the successful negotiations of the current healthplan at 9.75%, as opposed to the original renewal provide by United at 19.5%. Additionally, to put this in perspective, a $300,000 budget represents .00112 of the total Board and employee dollars currently being spent on healthcare.

Funding for this recommended increase will be taken from the Office of Risk and Benefits Management's Professional and Technical Budget (0100,5310,9112,7760,7790).

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

1. extend the terms, conditions and premium rates of the 2003 contract with UnitedHealthcare of Florida, Inc., through January 31, 2004 to provide healthcare benefits to full-time, benefit eligible employees and their eligible dependents, as well as Board retirees for their Point of Service (POS) program, Choice Plus - 1001 CLG and their Preferred Provider Organization (PPO) program, NTLPPO5, for those residing outside the United network;

2. extend the $64 subsidy initiated in 2003 for those employees who elect dependent coverage through January 31, 2004;

3. renew its contract with UnitedHealthcare of Florida, Inc., for the second year of its three-year contract, effective February 1, 2004, to provide healthcare benefits to full-time, benefit eligible employees and their eligible dependents, as well as Board retirees for their Point of Service (POS) program, Choice Plus - 1001 CLG, at the following monthly rate structure:

Employee/Retiree:	$ 400.93
Spouse:	$ 430.84
Child(ren):	$ 374.50
Family:	$ 771.67

4. renew its contract with UnitedHealthcare of Florida, Inc., and UnitedHealthcare Insurance Company (A.M. Best A+ XV), effective February 1, 2004, to provide healthcare benefits to full-time, benefit eligible employees and their eligible dependents, with the Board contributing the POS employee only contribution, as well as to Board retirees, for the Preferred Provider Organization (PPO) program, NTLPPO5, at the following monthly rate structure:

Employee/Retiree:	$ 833.05
Spouse:	$ 949.67
Child(ren):	$ 828.88
Family:	$1,680.26

5. authorize the introduction of an opt-out provision for active, full time, benefit-eligible employees, effective February 1, 2004, who can provide proof and attest to the fact that they will be covered by another group healthcare product, with such employees who elect not to participate in the Board's healthcare program to receive a monthly benefit equal to $100, to be utilized for the purchase of a pre-determined selection of Board-approved flexible benefit products, including investment in the Board's supplementary retirement 401(k) program, FSA or cash, taxable pursuant to the requirements of the Internal Revenue Service (IRS);

6. enter into a contract with UnitedHealthcare of Florida, Inc., to provide an additional healthplan offering, Choice 063B, consisting of benefits as filed with the State of Florida, Department of Insurance, effective February 1, 2004, to benefit-eligible School Board employees, non-Medicare eligible School Board retirees; and their eligible dependents, at the following monthly rate structure:

Employee/Retiree:	$ 366.57
Spouse:	$ 393.92
Child(ren):	$ 342.40
Family:	$ 705.54

7. authorize the expenditure of funds to subsidize monthly dependent premiums for active, benefit-eligible Board employees who elect dependent coverage, effective February 1, 2004, at the following amounts, to be paid on behalf of the active, benefit-eligible Board employees who elects dependent healthcare, directly to UnitedHealthcare of Florida, Inc., in order to fully fund the approved rate structure for healthplans offered to active, benefit-eligible Board employees, including Choice Plus – 1001CLG and Choice 063B, in the following amounts, with funds to be taken from the Board's healthcare budget:

	1001CLG	063B
Spouse:	$102.27	$ 188.32
Child(ren):	$ 97.27	$ 165.61
Family:	$232.55	$ 341.40

8. renew its contract with UnitedHealthcare Insurance Company (A. M. Best A+ XV), to provide the hospital income benefit consisting of $350/day while confined to a hospital for negotiated benefit eligible employees represented by the American Federation of State, County, and Municipal Employees (AFSCME), local 1184, for a monthly premium of $17.55 effective January 1, 2004 through December 31, 2004.

9. amend its contract with Metropolitan Life Insurance Company Life Insurance Company, effective January 1, 2004, for a two-year term, for group term life insurance coverage including basic, optional, accidental death and dismemberment coverage and group dependent life at the following monthly rates, including the existence of the previously authorized "Easy Benefits" on-line program and beneficiary services:

Basic Active Life:	$ .227/$1,000 coverage
Basic Retiree Life:	$ .610/$1,000 coverage

Optional Life		
Under 25 years	$	.06/$1,000 coverage
25-29 years	$	.06/$1,000 coverage
30-34 years	$	.08/$1,000 coverage
35-39 years	$	.11/$1,000 coverage
40-44 years	$	.11/$1,000 coverage
45-49 years	$	.21/$1,000 coverage
50-54 years	$	.30/$1,000 coverage
55-59 years	$	.57/$1,000 coverage
60-64 years	$	.66/$1,000 coverage
65-69 years	$	1.27/$1,000 coverage
70-74 years	$	2.06/$1,000 coverage
75+ years	$	3.16/$1,000 coverage

AD&D Basic	$	.02/$1,000 coverage
AD&D Optional	$	.03/$1,000 coverage
Dependent (spouse)	$	.49/$5,000 coverage
Age banded to	$	8.29/$5,000 coverage
Dependent (child)	$	.99/$5,000 coverage
Age banded to	$	1.98/$5,000 coverage

10. renew the Board's contract with UNUM/Provident to offer Short Term Disability, effective January 1, 2004, as a Board-paid core benefit for all full time, benefit-eligible employees, excluding any employee whose contract calls for only healthcare coverage, with a 30-day waiting period, and a 22-week benefit of 60%of base salary, not to exceed $500/weekly, at a monthly rate of $12.25 per employee;

11. extend the 2003 monthly rates for the companies contained within the Board's Flexible Benefits Program, administered by the Board's third party benefit administrator for flexible benefits, through January 31, 2004;

12. 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 February 1, 2004 through December 31, 2004, including agreed to benefit modifications/changes, terms and conditions, and contract lengths, for School Board employees on a voluntary basis:

    a. UNUM/Provident – Short Term Disability upgrade consisting of a 15-day waiting period and 24-week benefit of 60% of base salary, not to exceed $500/weekly, at a buy up monthly rate of $6.11 effective February 1, 2004 through December 31, 2004;

b. UNUM/Provident – Long Term Disability coverage for employees who are totally disabled for a period of 180 continuous days, consisting of a standard benefit (60% of monthly earnings not to exceed ($1,800), a maximum benefit (60% of monthly earnings not to exceed $3,000), and a Maximum Plus benefit (60% of monthly earnings not to exceed $5,000), including the establishment of a pre-existing condition limitation for employees who enroll on or after 2-1-04, and the reduction from 36 to 24 months the period of time for which disability is determined in reference to the employee's regular occupation, versus any gainful occupation, at monthly rates of $5.92/employee for standard coverage, $7.59/employee for maximum coverage, and $11.44 for maximum plus coverage effective February 1, 2004 through December 31, 2004;

c. ARAG Group – Pre-Paid Legal coverage at existing rates of $17.30/employee and eligible dependent(s) and $13.25 for retirees and medical opt out employees receiving Board-paid benefits, effective February 1, 2004 through December 31, 2004 and for calendar year 2005;

d. ARAG Group – Senior Advocate Plan at the existing rate of $8.00/employee and eligible dependent(s), effective February 1, 2004 through December 31, 2004 and for calendar year 2005;

e. CIGNA – Hospital Income coverage effective February 1, 2004 through December 31, 2004, (January 1, 2004 through December 31, 2004 for Medicare-eligible retirees and eligible dependents) at the following rates:

	$50/day
Board-Paid (retiree incentive only)	$ 1.75
Employee Only	$ 6.50
Family Only	$ 8.50
Employee + Family	$ 15.00

	$100/day
Board-Paid (retiree incentive only)	$ 3.50
Employee Only	$ 13.00
Family Only	$ 17.00
Employee + Family	$ 30.00

	$150/day
Board-Paid (retiree incentive only)	N/A
Employee Only	$ 19.50
Family Only	$ 25.50
Employee + Family	$ 45.00

f. CIGNA – Group Term Life coverage at the existing rate of $.34/$1,000 effective February 1, 2004 through December 31, 2004;

g. CIGNA – Personal Accident (Accidental Death and Dismemberment) coverage at the existing rate of $.032/$1,000 for employee, $.052/1,000 for employee & family effective February 1, 2004 through December 31, 2004;

h. MetLife – Indemnity Dental effective February 1, 2004 through December 31, 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

i. CompBenefits – Managed Care Dental effective February 1, 2004 through December 31, 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

j. Optix Vision Plan – Vision care effective February 1, 2004 through December 31, 2004, at the following rates:

Employee Only	$ 8.62
Employee + Family	$20.68
Family Only	$12.06

k. Manhattan National Life Insurance Co. (US Care) Long Term Care plan is no longer available as of September 30, 2003. Those employees who currently have the individual policies may continue deductions at the 2003 rates.

13. authorize the increase of the annual maximum for the Board's employee benefits consulting contract with Deloitte & Touche, LLP, pursuant to Request For Proposal (RFP) # 094-BB10, from $175,000 to $300,000, with funding to be taken from the Office of Risk and Benefit Management's Professional and technical budget (0100,5310,9112,7760,7790).

14. approve the Memorandum of Understanding, subject to union ratification where applicable, with the United Teachers of Dade (UTD), the American Federation of State, County, and Municipal Employees (AFSCME), Local 1184, the Dade County School Maintenance Employee Committee (DCSMEC), the Fraternal Order of Police (FOP), Lodge 133, and the Dade County School Administrators' Association (DCSAA), Local 77.

15. authorize the same employee benefits program for calendar year 2004 for all employees not covered by a collective bargaining agreement.

MHA:sc