

Rudolph F. Crew, Ed.D, Superintendent of Schools

SUBJECT: REQUEST FOR AUTHORIZATION TO RELEASE REQUEST FOR PROPOSALS (RFP) #089-EE10, SHORT TERM AND LONG TERM DISABILITY COVERAGES

COMMITTEE: INNOVATION, EFFICIENCY & GOVERNMENTAL RELATIONS

At the Board meeting of March 16, 2005, the Board authorized staff to enter into negotiations with companies currently providing flexible benefits to Board employees to seek multi-year renewals for such programs, effective January 1, 2006. The authorization included negotiating changes in plan designs and offerings, with recommendations for such renewal terms and conditions to be brought back to the Board meeting of June 15, 2005, with the Board reserving the right to subsequently issue a Request For Proposals (RFP) for such benefits, if the terms and conditions of such renewals are not acceptable to the Board.

The Board additionally directed staff to meet with the representatives of employee unions and associations to review the results of such negotiations, prior to coming back to the Board with any further recommendations. Staff met with the representatives of the employee unions and associations on Friday, May 20, 2005, at which time the results of the negotiations were discussed. Staff's recommendations at that meeting were to take advantage of the aggressive renewal terms and conditions which had been negotiated for flexible benefit programs other than the short term and long term disability products, which staff felt should be competitively marketed. The union representatives asked that they have the opportunity to review the recommendations and discuss the issue again at the next scheduled meeting of May 25, 2005.

At the meeting on May 25, 2005, each representative of the employee unions and associations agreed with the recommendation to move forward with the negotiations which had taken place on existing flexible benefit products for calendar year 2006, and issue an RFP for the short term and long term disability products.

Employees are currently provided by the Board a basic short term disability program consisting of a benefit period of 22 weeks, following a 30-day elimination period to cover salary replacement of 60% of salary or \$500/week, whichever is less. Employees may purchase a short term disability upgrade providing a benefit period of 24 weeks, following a 15-day elimination period.

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Employees may also purchase a Long Term Disability Program which provides for salary replacement at a benefit level of 60%, subject to a six month elimination period, for longer periods of time, at three benefit levels, with coverage presently provided by Unum/Provident.

Proposals will be sought for one company to provide both short term and long term disability programs, to ensure a smooth transition for those employees who seek benefits from both programs. Additionally, it is being recommended that the current benefit structure on the long term product, which consists of three levels, be replaced with a benefit structure which is based upon premium being charged per \$100 of base salary, in order to make sure that employees are only paying premium for the amount of disability coverage they need, based upon their actual salary.

Proposals will be analyzed by the Office of Risk and Benefits Management, in conjunction with the Board's Third Party Administrator for Flexible Benefits, Fringe Benefits Management Company (FBMC), and the Board's employee benefits consulting firm, Deloitte Consulting, LLP. Pursuant to School Board Rule 6Gx13- 3F-1.022, Professional Service Contracts for Insurance or Risk Management Programs – Policy, a Superintendent's Ad-Hoc Insurance Committee will make recommendations for award, which will be brought back to the School Board meeting of August 17, 2005.

As the Board rule stipulates, the Superintendent shall appoint representatives to the ad-hoc insurance committee which will include broad-based representation of various administrative offices of the district and, to the extent possible, some external risk managers, to review the proposals. The Superintendent's recommended members of the Ad-Hoc Insurance Committee will consist of the following representatives:

- Mr. Martin A. Berkowitz, Chief Financial Officer
- Ms. Carolyn Spaht, Chief of Staff
- Ms. Willa Young, Associate Superintendent, Region Operations
- Mr. Scott B. Clark, Risk and Benefits Officer
- Ms. Carol A. Erbs, Assistant Risk and Benefits Officer
- Mr. Robert Romero, Retiree and Leave Supervisor
- Mr. Chuck Burdeen, DCSAA
- Mr. Artie Leichner, UTD
- Mr. Sherman Henry, AFSCME
- Mr. Joseph Cortese, DCSMEC
- Mr. Howard Giraldo, FOP
- Mr. Jerry Parker, DASA
- Ms. Vivian Lissabet, Confidential Exempt
- Ms. Marsha Pascual, Risk Management, Miami-Dade County

Additionally, representatives from the Board Attorney's Office, Fringe Benefits Management Company (FBMC), and Deloitte Consulting will serve as resource persons to the Ad-Hoc Insurance Committee.

Copies of the RFP will be distributed to Board members, the Superintendent of Schools, and appropriate district staff and will be placed on file in the Office of the Recording Secretary to the School Board and in the Citizen Information Center.

RECOMMENDED:

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

1. authorize the Superintendent to issue Request For Proposals (RFP) #089-EE10, Short Term and Long Term Disability Coverages; and
2. approve the Ad-Hoc Insurance Committee.

RFC:sc