

Financial Services
Richard H. Hinds, Chief Financial Officer

SUBJECT: APPROVAL OF UPDATED HEALTH INSURANCE RATE STRUCTURE FOR CALENDAR YEAR 2009

COMMITTEE: INNOVATION, EFFICIENCY & GOVERNMENTAL RELATIONS

LINK TO DISTRICT STRATEGIC PLAN: IMPROVE FINANCIAL SERVICES

At the Board meeting of December 10, 2008, the School Board approved Agenda Item E-66, Approval of Health Insurance Rates for Calendar Year 2009, which incorporated a set of fully insured rates for calendar year 2009, based upon current plan offerings and plan designs inclusive of a 9.2% increase over calendar year 2008 rates. Included in that agenda item was information that negotiations with employee unions and associations were continuing in an effort to achieve some cost reductions through plan design changes. The Board has been informed through memoranda when each of the various employee unions agreed to the plan design changes which reduced the rate increase for 2009 benefits from 9.2% to 7.27%. Based upon open enrollment and implementation schedules, the plan design changes for all employees became effective March 1, 2009.

As the Board is aware, the District's financial pressures have increased as a result of the actions of the Florida Legislature in its Special Session which was held in January, 2009. As a result of the further stresses being put on the general fund for fiscal year 2008-2009, staff entered into further negotiations with UnitedHealthcare of Florida, Inc. (United) to create a two step rate action which is designed to take some financial stress from the 2008-2009 fiscal year budget.

Negotiations with United have been successful in accomplishing the goal of easing the financial impact of premium increases taking effect at the beginning of the 2009 calendar year. Pursuant to an agreement with United, the School Board will not incur any premium increase over 2008 rates for January, February, and March, 2009. Effective April 1, 2009 through June 30, 2009, premiums paid to United will be increased by 7.27%. Effective July 1, 2009, premiums paid to United will be increased by an additional 3.99% through December 31, 2009. These rate actions apply only to Board-paid coverages. Current employee deductions for 2009 dependent coverage remain the same to the end of the calendar year.

RECOMMENDED: That The School Board of Miami-Dade County, Florida approve an updated rate structure for its 2009 health insurance contract with UnitedHealthcare of Florida, Inc. consisting of a 7.27% rate increase over calendar year 2008 rates effective April 1, 2009 through June 30, 2009, with rates effective July 1, 2009 through December 31, 2009 to be subject to an additional increase of 3.99%.

RHH:xbc

E-66