

Financial Services
Richard H. Hinds, Chief Financial Officer

SUBJECT: RENEWAL OF GROUP TERM LIFE INSURANCE AND FLEXIBLE BENEFITS PROGRAM EFFECTIVE JANUARY 1, 2013

COMMITTEE: INNOVATION, EFFICIENCY & GOVERNMENTAL RELATIONS

LINK TO STRATEGIC FRAMEWORK : FINANCIAL EFFICIENCY/STABILITY

At the Board meeting of September 9, 2009, the Board approved the award of RFP# 070-JJ10, Group Term Life Insurance and Flexible Benefits Program, to various proposers for a three year term beginning January 1, 2010, with the ability to extend for two additional one-year periods subject to successful renewal negotiations. Successful negotiations have resulted in the following renewals:

MetLife – Group Core Life Insurance and Accidental Death and Dismemberment (AD&D)
MetLife has renewed the program at the same rates in effect for the first three years of the contract. The Board provides benefit eligible employees Board-paid group core term life insurance and AD&D at one or two times their annual salary in accordance with their respective union or employee association contract and School Board Policies. Employees may also purchase optional life insurance and AD&D up to five times their annual salary after one year of purchasing optional life, plus dependent term life insurance at their own expense. Basic life insurance is also offered to retirees at their own expense.

MetLife - Voluntary Group Life Insurance and Accidental Death and Dismemberment (AD&D)

MetLife has renewed the program at the same rates in effect for the first three years of the contract. Benefit eligible employees and retirees may purchase voluntary group term life insurance in \$10,000 increments from a basic \$10,000 up to \$100,000 and AD&D.

MetLife - Blanket Accident Policy for Police Officers

MetLife has renewed the program at the same rates in effect for the first three years of the contract. The Board must provide blanket accident policies for its police officers in compliance with Section 112.19, Florida Statutes, Law Enforcement, Correctional, and Correctional Probation Officers; Death Benefits.

E-66

MetLife – Voluntary Dental Program

The Board offers its employees a comprehensive dental program consisting of two indemnity plans and two managed dental plans. Benefit eligible employees, retirees and their dependents may purchase dental coverage from four options as both the indemnity plan and the managed dental plan contain standard and high dental plan options. Negotiations with MetLife for the indemnity and managed dental options have resulted in an increase of 4.1% and 18.3% respectively in 2013 and 4.4% and 4.0% in 2014 due to claims results.

The managed care dental program (Dental HMO) provides a standard and high option, the difference of which is reflected in the co-payments paid by employees for dental procedures. The managed care dental program has resulted in poor experience due to high reimbursement rates demanded by the contracted providers and high utilization by employees including specialty care. Options were reviewed which would have lowered the recommended 18% increase to 15% however required copays for many services utilized by our employees would have increased by 20%.

The indemnity dental plans offer employees the ability to seek services from any licensed dentist, with the ability to reduce their out of pocket expenses if they use a contracted PDP network dentist. The program is provided on a two tier platform with the standard plan providing a scheduled benefit which includes fixed co-payments for covered dental procedures. The high option plan pays a percentage of the negotiated fees for providers participating in the MetLife PDP network and provides a percentage of usual and customary charges for all other dental providers.

UnitedHealthcare – Voluntary Vision Plan

UnitedHealthcare has renewed the vision plan at the same rates in effect for the first three years of the contract. The Board offers its benefit eligible employees, retirees and their eligible dependents coverage for vision services including exams, glasses, contact lenses, etc.

Cigna Healthcare – Voluntary Hospital Indemnity Plan

Cigna Healthcare has renewed the vision plan at the same rates in effect for the first three years of the contract. The Board offers its eligible employees, retirees and their dependents a Hospital Indemnity Plan which provides \$50, \$100 or \$150 per day options for inpatient hospital admissions.

ARAG/US Legal – Voluntary Group Legal and Senior Assistance

ARAG and US Legal have renewed their programs at the same rates in effect for the first three years of the contract. The Board offers its eligible employees and their families the option of two Group Legal and Senior Assistance Programs. The group legal plan provides a broad selection of benefits for legal services from both network and non-network attorneys.

The senior assistance program 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.

ID Watchdog – Voluntary Identity Theft Protection

ID Watchdog has renewed the program at the same rates in effect for the first three years of the contract. This program provides monitoring of personal records, including credit monitoring, regular client updates, and thorough research and resolution services.

Short and Long Term Disability Program

At the Board meeting of November 20, 2007, the Board approved the award of RFP# 095-GG10, Short and Long Term Disability Coverages to The Hartford Life and Accident Insurance Company for a three year term beginning January 1, 2008, with the ability to extend for two additional one-year periods subject to successful renewal negotiations. At the Board meeting of October 13, 2010, the Board approved extension of the contract for two additional one-year periods effective January 1, 2011 to December 31, 2012.

In order to try to align the short and long term disability contract term with the other offered flexible benefit programs, staff entered into negotiations for a two year contract extension pursuant to the authority provided in State Board Rule 6A-1.012(15) which provides the ability for a school district when purchasing insurance, entering risk management programs or contracting with third party administrators to make such acquisitions through the competitive solicitation process or by direct negotiations and contract. Claims experience is such that staff was successful in negotiating reasonable renewal increases that resulted in pricing that is commensurate with the original pricing in effect beginning January 1, 2008 through December 31, 2010.

Staff believes that remarketing of all coverages contained in this item simultaneously will result in the ability to maximize terms including pricing. Therefore, authorization is sought to begin work on a comprehensive RFP for all related coverages which will become effective January 1, 2015.

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

1. Renew contracts for group term life insurance and flexible benefits to the following companies, pursuant to the provisions of Request For Proposals (RFP) #070-JJ10, Group Term Life Insurance and Flexible Benefits Program,

for benefit eligible employees, retirees and their eligible dependents for the following monthly premiums effective January 1, 2013 through December 31, 2014:

- a. Core Life Insurance and AD&D; Voluntary Life and AD&D; and Blanket Accident Policy for Police Officers: Metropolitan Life Insurance Company (MetLife), at the following monthly premiums per \$1,000 coverage:

CORE LIFE INSURANCE	
Board-Paid Basic Life-Actives	\$.132
Board-Paid Basic Life - Incentive Retirees	\$.522
Core Optional Life-Employee	
Under 25 years	\$.042
25-29 years	\$.042
30-34 years	\$.056
35-39 years	\$.077
40-44 years	\$.077
45-49 years	\$.147
50-54 years	\$.210
55-59 years	\$.400
60-64 years	\$.462
65-69 years	\$.900
70-74 years	\$ 1.440
75+ years	\$ 2.212
Core Optional Life-Spouse	
Under 35 years	\$.063
35-44 years	\$.132
45-54 years	\$.377
55-59 years	\$.741
60-64 years	\$ 1.143
65-69 years	\$ 1.805
70-74 years	\$ 2.797
75+ years	\$ 5.471
Core Optional Life-Child	
Under 35 years	\$.198
35-44 years	\$.214
45-54 years	\$.091
55-59 years	\$.076
60-64 years	\$.042
65-69 years	\$.030
70-74 years	\$.030
75+ years	\$.030

Core Optional Life - Retiree	
2,000 Basic Life	\$ 1.425
\$5,000 Basic Life	\$ 1.520
\$10,000 Basic Life	\$ 1.504
Core AD&D	
AD&D Basic	\$.010
AD&D Optional (Employee)	\$.020
AD&D Dependent (spouse)	\$.025
OPTIONAL LIFE and AD&D INSURANCE	
Optional Group Life	\$.300
Optional Life – Retiree	\$.300
Optional AD&D – Employee	\$.013
Optional AD&D – Family	\$.026
Blanket Police Officer Accident Policy	
	\$.009

- b. ARAG Group – Pre-paid legal coverage at monthly premiums of \$17.30/employee and eligible dependent(s);
- c. ARAG Group – Senior Advocate Plan at a monthly premium of \$7.76/employee and eligible dependents;
- d. US Legal - Pre-paid legal coverage at monthly premiums of \$16.90/employee and eligible dependent(s)
- e. US Legal – US Defender Plan at a monthly premium of \$7.75/employee and eligible dependents;
- f. Cigna HealthCare – Hospital Income Protection (HIP) with monthly premiums as follows:

	\$50/day	\$100/day	\$150/ day
Employee	\$ 4.25	\$ 8.50	\$12.75
Emp & Fam.	\$ 5.50	\$11.00	\$16.50
PTime Emp.			
PTTime Emp.	\$ 4.25	\$ 8.50	\$12.75
Emp & Fam.	\$ 9.75	\$19.50	\$29.30
Retiree Only			
Retiree Only	\$ 4.25	\$ 8.50	\$12.75
Ret. & Fam.	\$ 9.75	\$20.00	\$29.50

g. UnitedHealthcare – Vision coverage with monthly premiums of \$5.76/employee and \$14.40/employee and family;

h. Metropolitan Life Insurance Company (MetLife) – Managed Care Dental coverage with monthly premiums as follows:

<u>2013</u>	<u>Standard</u>	<u>High</u>
Employee Only	\$ 8.83	\$12.49
Employee & Family	\$22.50	\$31.88

<u>2014</u>	<u>Standard</u>	<u>High</u>
Employee Only	\$ 9.18	\$12.99
Employee & Family	\$23.40	\$33.16

i. Metropolitan Life Insurance Company (MetLife) – Indemnity dental coverage with monthly premiums as follows:

<u>2013</u>	<u>Standard</u>	<u>High</u>
Employee Only	\$17.30	\$ 36.14
Employee & Family	\$53.07	\$108.05

<u>2014</u>	<u>Standard</u>	<u>High</u>
Employee Only	\$18.06	\$ 37.73
Employee & Family	\$55.41	\$112.80

j. ID Watchdog Inc. – Identity Theft Protection with monthly premiums as follows:

Employee Only	\$ 7.95
Employee & Family	\$14.95

2. Extend the contract with The Hartford Life and Accident Insurance Company for short and long term disability for benefit eligible employees for the following monthly premiums effective January 1, 2013 through December 31, 2014:

a. Short Term Disability

Standard Plan -	\$ 10.36
Standard Upgrade -	\$ 15.83
High Plan -	\$ 12.38

- High Plan Upgrade - \$ 19.18
- b. Long Term Disability
 - Level 1 - \$ 24.14
 - Level 2 - \$ 30.94
 - Level 3 - \$ 46.63
 - Level 4 - \$ 1.06 per \$100/month

- 3. Authorize the Superintendent to begin work on a comprehensive RFP for all related coverages to become effective January 1, 2015 which will be brought back to the Board for approval prior to issuance.

RHH:sbc