

Financial Services
Mrs. Judith M. Marte, Chief Financial Officer

SUBJECT: APPROVAL OF PREMIUM EQUIVALENT RATES FOR DISTRICT SELF INSURED HEALTHCARE PROGRAM FOR CALENDAR YEAR 2016; CONFIRMATION OF COVERAGES AVAILABLE TO MEDICARE ELIGIBLE RETIREES THROUGH THE FLORIDA SCHOOLS RETIREE BENEFITS CONSORTIUM (FSRBC)

COMMITTEE: FISCAL ACCOUNTABILITY

LINK TO STRATEGIC BLUEPRINT: EFFECTIVE AND SUSTAINABLE BUSINESS PRACTICES

At the Board meeting of September 9, 2015, the Board approved the ratification of the Labor Contracts with United Teachers of Dade, and the Dade County School Administrators' Association. Additionally at the October 14, 2015, Board Meeting the Board approved the ratification of the Labor Contract with Dade County Schools Maintenance Employee Committee. Labor negotiations continue with the other employee unions which includes the recommendations for healthcare for calendar year 2016.

Due to excellent performance of the District's self-funded healthcare program over the past year, actuarial projections for needed increases for calendar year 2016 are estimated to be 1.7%, equaling approximately \$6.1M. This nominal increase illustrates the continued decrease of needed healthcare increases in past years. The actuarial increase for calendar year 2015 was 4%, equaling approximately \$14.3M.

Another important aspect of the agreed upon changes to the District's healthcare program for calendar year 2016 is the re-structuring of the salary bands which incorporate employee cost shares for the offered plans which are not free to covered employees, as well as the cost for dependent coverage. This re-structuring of the salary bands provides for expansion of the salary band levels as well as an established percentage of District subsidies between the salary bands. This replaces the past structure which had different percentages of subsidies for each tier of the salary bands, resulting in the increases for healthcare costs for employees who moved from one salary band to another.

The District contribution for re-structuring the salary bands for calendar year 2016 increases the dependent subsidies for calendar year 2015 from approximately \$60M to \$67.4M for calendar year 2016. When combined with the \$6.1M increase required for the overall healthcare increases for calendar year 2016, the District's investment for healthcare in 2016 equals approximately \$13.5M.

This item establishes appropriate premium equivalent rates, for the District's healthcare program effective January 1, 2016, through December 31, 2016. These rates will apply to associations (Managerial Exempt Personnel, Confidential Exempt Personnel) and any bargaining unit that accepts the 2016 benefits program through collective bargaining and ratification.

As previously indicated, the needed increase of 1.7% for all three offered programs including OAP10, OAP 20 and Local Plus will be absorbed by the District with existing reserves in the District's self-funded healthcare program (Fund 711), resulting in premium equivalent rates for calendar year 2016 (employee-only) which match the existing 2015 premium equivalent rates. Dependent healthcare rates have been modified to reflect the additional \$7.4M investment in dependent subsidies with the re-structured salary bands.

Premium equivalent rates are comprised of the needed rates to pay claims, based upon actuarial projections from Aon Hewitt, as well as an additional rate which is comprised of the ASO fees paid to Cigna for administering the program and paying claims, as well as premiums for the Individual Stop Loss (ISL) coverage. Based upon past and future anticipated claims costs, the District will need to increase the current attachment point of the ISL coverage from \$880,000 to \$1,000,000, an increase of \$120,000, in order to retain the current premium rate of \$7.80/employee/month. This increase in the attachment point has been reviewed and confirmed by the Actuaries from Aon Hewitt as being reasonable. Lastly, there is an Internal Service Fund Administrative Fee which provides a funding mechanism for administrative support for the District's self-funded healthcare program, used for consulting expenses and District staff to manage the program. The composite rate for 2016 of \$25.34 is exactly the same as in 2015 and is comprised of the following components:

	2015	2016
Administrative Services Only (ASO) Fee	\$ 21.46	\$ 21.46
Pharmaceutical Rebate Decrement	(\$ 7.00)	(\$ 7.00)
Individual Stop Loss (ISL) Premium	\$ 7.80	\$ 7.80
Internal Service Fund Administrative Fee	\$ 3.08	\$ 3.08
Total Monthly Composite Rate	\$ 25.34	\$ 25.34

The following monthly premium equivalent rates will be effective January 1, 2016, through December 31, 2016.

EMPLOYEE SALARY BANDS	OAP 10			OAP 20			LOCAL PLUS		
	MONTHLY PREMIUM	BOARD PAYS	EMPLOYEE PAYS	MONTHLY PREMIUM	BOARD PAYS	EMPLOYEE PAYS	MONTHLY PREMIUM	BOARD PAYS	EMPLOYEE PAYS
Salary Band 1(Under \$34,999K)									
Employee Only	\$692	\$574	\$118	\$656	\$646	\$10	\$655	\$655	\$0
EE + SP	\$1,669	\$1,307	\$362	\$1,585	\$1,417	\$168	\$1,583	\$1,425	\$158
EE + CH*	\$1,379	\$1,089	\$290	\$1,310	\$1,188	\$122	\$1,308	\$1,197	\$111
EE + Family	\$2,648	\$2,041	\$607	\$2,514	\$2,188	\$326	\$2,510	\$2,195	\$315
Salary Band 2 (Over \$35K to \$54,999K)									
Employee Only	\$692	\$539	\$153	\$656	\$636	\$20	\$655	\$655	\$0
EE + SP	\$1,669	\$1,174	\$495	\$1,585	\$1,332	\$253	\$1,583	\$1,351	\$232
EE + CH*	\$1,379	\$986	\$393	\$1,310	\$1,126	\$184	\$1,308	\$1,145	\$163
EE + Family	\$2,648	\$1,810	\$838	\$2,514	\$2,029	\$485	\$2,510	\$2,046	\$464
Salary Band 3 (Over 55K to \$69,999K)									
Employee Only	\$692	\$518	\$174	\$656	\$626	\$30	\$655	\$655	\$0
EE + SP	\$1,669	\$1,055	\$614	\$1,585	\$1,183	\$402	\$1,583	\$1,240	\$343
EE + CH*	\$1,379	\$896	\$483	\$1,310	\$1,018	\$292	\$1,308	\$1,066	\$242
EE + Family	\$2,648	\$1,594	\$1,054	\$2,514	\$1,740	\$774	\$2,510	\$1,824	\$686
Salary Band 4 (Over \$70K to \$89,999K)									
Employee Only	\$692	\$497	\$195	\$656	\$616	\$40	\$655	\$655	\$0
EE + SP	\$1,669	\$937	\$732	\$1,585	\$1,108	\$477	\$1,583	\$1,147	\$436
EE + CH*	\$1,379	\$806	\$573	\$1,310	\$962	\$348	\$1,308	\$1,001	\$307
EE + Family	\$2,648	\$1,377	\$1,271	\$2,514	\$1,600	\$914	\$2,510	\$1,638	\$872
Salary Band 5 (Over \$90K)									
Employee Only	\$692	\$475	\$217	\$656	\$586	\$70	\$655	\$655	\$0
EE + SP	\$1,669	\$768	\$901	\$1,585	\$892	\$693	\$1,583	\$1,054	\$529
EE + CH*	\$1,379	\$681	\$698	\$1,310	\$801	\$509	\$1,308	\$936	\$372
EE + Family	\$2,648	\$1,062	\$1,586	\$2,514	\$1,199	\$1,315	\$2,510	\$1,453	\$1,057
Adult Dependent**		\$598.00			\$546.00			\$550.00	

* Rate includes adult children up to age 26 in compliance with 2010 Health Reform Act.

** Rate is per eligible dependent 27-30 years of age in addition to other dependent rates as shown above in compliance with Florida Statute §627.602(c)(1).

Medicare-Eligible Retiree Healthcare Options

At the School Board meeting of September 9, 2015, the Board awarded its contract for additional Medicare Advantage (MA) programs, pursuant to the proposals received in response to Request For Proposal (RFP)# 14-053-ND, District Medicare Advantage Retiree Healthcare Benefit Program. The two additional MA offerings from Av-Med and Humana will be offered in conjunction with existing Medicare options under the Florida Schools Retiree Benefit Consortium (FSRBC) for calendar year 2016, along with some additional Pharmacy Part D Plan offerings. Staff believes that this expanded group of options for Medicare-eligible retiree and dependents will be well received. The Medicare Plan offerings and associated premiums for calendar year 2016, subject to final approval by the Centers for Medicare and Medicaid (CMS) are as follows:

	Medicare Advantage-Prescription Drug Plans			Medicare Supplement Plans			Pharmacy Part D Plans			
	Zero Premium	Comprehensive Plan	Premier Plan	Plan A	Plan F	Plan N	Saver Plus	Preferred	Comprehensive	Premier
United Healthcare	✓		✓	✓	✓	✓	✓	✓	✓	✓
Cigna Leon	✓									
Humana	✓	✓								
AvMed	✓									
Monthly Premium Range	\$0	\$144.79	\$338.15	Varies by Age	Varies by Age	Varies by Age	\$25-\$30	\$50-\$55	\$100.01	\$249.35

RECOMMENDED:

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

1. approve the monthly premium equivalent rates for benefit eligible full and part time employees, eligible COBRA participants, non-Medicare eligible retirees and their eligible dependents for associations (Managerial Exempt Personnel, Confidential Exempt Personnel) and unions in agreement with plan design and contribution changes for the self-funded medical program administered by Cigna Healthcare effective January 1, 2016, through December 31, 2016, which appear on page 5 of this item; and
2. confirm the following composite rate structure for the District's self-funded healthcare program for calendar year 2016, with the Individual Stop Loss premium's attachment point of \$1,000,000:

	2016
Administrative Services Only (ASO) Fee	\$ 21.46
Pharmaceutical Rebate Decrement	(\$ 7.00)
Individual Stop Loss (ISL) Premium	\$ 7.80
Internal Service Fund Administrative Fee	\$ 3.08
Total Monthly Composite Rate	\$ 25.34

EMPLOYEE SALARY BANDS	OAP 10			OAP 20			LOCAL PLUS		
	MONTHLY PREMIUM	BOARD PAYS	EMPLOYEE PAYS	MONTHLY PREMIUM	BOARD PAYS	EMPLOYEE PAYS	MONTHLY PREMIUM	BOARD PAYS	EMPLOYEE PAYS
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Adult Dependent**	\$598.00			\$546.00			\$550.00		

* Rate includes adult children up to age 26 in compliance with 2010 Health Reform Act.

** Rate is per eligible dependent 27-30 years of age in addition to other dependent rates as shown above in compliance with Florida Statute §627.602(c)(1).

3. approve Medicare Group plan offerings and applicable premiums as referenced below with listed plans and premiums to be subject to final approval from Centers for Medicare and Medicaid Services (CMS).

	Medicare Advantage-Prescription Drug Plans			Medicare Supplement Plans			Pharmacy Part D Plans			
	Zero Premium	Comprehensive Plan	Premier Plan	Plan A	Plan F	Plan N	Saver Plus	Preferred	Comprehensive	Premier
United Healthcare	✓		✓	✓	✓	✓	✓	✓	✓	✓
Cigna Leon	✓									
Humana	✓	✓								
AvMed	✓									
Monthly Premium Range	\$0	\$144.79	\$338.15	Varies by Age	Varies by Age	Varies by Age	\$25-\$30	\$50-\$55	\$100.01	\$249.35

JMM:sbc