

Financial Services
Mr. Ron Y. Steiger, Chief Financial Officer

SUBJECT: APPROVAL OF PREMIUM EQUIVALENT RATES AND COMPOSITE RATE FOR THE DISTRICT'S SELF-INSURED HEALTHCARE PROGRAM FOR CALENDAR YEAR 2020, AND CONFIRMATION OF COVERAGES AVAILABLE TO MEDICARE ELIGIBLE RETIREES

COMMITTEE: FISCAL ACCOUNTABILITY & GOVERNMENT RELATIONS

LINK TO STRATEGIC BLUEPRINT: EFFECTIVE AND SUSTAINABLE BUSINESS PRACTICES

In order to properly structure a self-funded healthcare program, it is necessary to create premium equivalent rates to pay claims, individual stop loss (ISL) premiums and necessary expenses on an annual basis. Premium equivalent rates are determined by an annual actuarial analysis prepared by the District's employee benefits consulting firm, Aon, as well as Cigna, the District's third-party administrator for the plan. Additionally, an annual filing is required with the Office of Insurance Regulation, State of Florida, in order to demonstrate statutory reserve requirements.

This item establishes appropriate premium equivalent rates, based upon approved changes to the District's healthcare program effective January 1, 2020 through December 31, 2020. The collective bargaining process is currently ongoing with the employee unions which includes the recommendations for the final healthcare offering for calendar year 2020.

According to the results of the most recent actuarial projection received from Aon, the projected medical and pharmacy claim trend for the District's self-insured medical program is 7.5%.

Medical Administrative Services Only (ASO)

At the Board Meeting of July 24, 2019, the Board awarded RFP 018-058-MT, District Healthcare Benefits Program to Cigna effective January 1, 2020 through December 31, 2024 with the ability to extend, by mutual agreement, for one (1) additional two (2) year extension period. ASO fees for the initial five-year period were approved through December 31, 2024 at a rate of \$22.32 per employee per month (PEPM).

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As part of Cigna’s proposal, the Board will be able to strategically introduce a narrow network plan which will leverage local providers to yield significant savings to the Board and the employees. In order to take advantage of this plan, the District will incur an ASO rate of \$25.82 per employee per month enrolled in this plan. This rate is also guaranteed for the initial five-year period through December 31, 2024.

Individual Stop Loss (ISL)

The average loss ratio for the individual stop loss insurance policy from calendar year 2014 through 2018 is 60.8%. Due to the maturity of the self-insured medical program and claims experience, Staff recommends increasing the District’s ISL attachment point from \$1,000,000 to \$1,500,000. The 2020 ISL premium will be \$4.65 PEPM, resulting in a savings of \$6.34 PEPM or over \$2.3 M. This premium rate has been reviewed and confirmed by the actuaries from Aon as being reasonable.

Lastly, the Internal Service Fund Administrative Fee, which provides a funding mechanism for administrative support for the District’s self-funded healthcare program, consulting expenses and District staff to manage the program will remain at \$3.08. The composite rate for 2020 will decrease to \$15.30 PEPM after the higher pharmaceutical rebate decrement is applied.

	2019	2020
Administrative Services Only (ASO) Fee	\$ 22.32	\$ 22.32*
Pharmaceutical Rebate Decrement	(\$ 11.00)	(\$ 16.00)
Individual Stop Loss (ISL) Premium	\$ 10.10	\$ 4.65
Internal Service Fund Administrative Fee	\$ 3.08	\$ 3.08
Healthcare Bluebook Admin Fee	\$ 1.25	\$ 1.25
Total Monthly Composite Rate	\$ 25.75	\$ 15.30

*\$25.82 PEPM for employees enrolled in the narrow network plan

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The following monthly premium equivalent rates will be effective January 1, 2020 through December 31, 2020 for all current employees hired before January 1, 2018.

	OAP High			OAP Standard			SureFit		
EMPLOYEE SALARY BANDS	MONTHLY PREMIUM	BOARD PAYS	EMPLOYEE PAYS	MONTHLY PREMIUM	BOARD PAYS	EMPLOYEE PAYS	MONTHLY PREMIUM	BOARD PAYS	EMPLOYEE PAYS
Salary Bands 1 (Under \$35K)*									
Employee Only	\$771	\$721	\$50	\$746	\$721	\$25	\$724	\$724	\$0
EE + SP/DP	\$1,860	\$1,650	\$210	\$1,800	\$1,645	\$155	\$1,746	\$1,596	\$150
EE + CH	\$1,537	\$1,377	\$160	\$1,488	\$1,377	\$111	\$1,443	\$1,338	\$105
EE + Family	\$2,951	\$2,566	\$385	\$2,856	\$2,533	\$323	\$2,770	\$2,465	\$305
SP/DP Surcharge	\$41.67	\$0	\$41.67	\$41.67	\$0	\$41.67	\$41.67	\$0	\$41.67
Salary Bands 2 (Over \$35K to \$54K)*									
Employee Only	\$771	\$711	\$60	\$746	\$716	\$30	\$724	\$724	\$0
EE + SP/DP	\$1,860	\$1,570	\$290	\$1,800	\$1,570	\$230	\$1,746	\$1,526	\$220
EE + CH	\$1,537	\$1,317	\$220	\$1,488	\$1,317	\$171	\$1,443	\$1,288	\$155
EE + Family	\$2,951	\$2,411	\$540	\$2,856	\$2,386	\$470	\$2,770	\$2,320	\$450
SP/DP Surcharge	\$41.67	\$0	\$41.67	\$41.67	\$0	\$41.67	\$41.67	\$0	\$41.67
Salary Bands 3 (Over \$55K to \$69K)*									
Employee Only	\$771	\$701	\$70	\$746	\$711	\$35	\$724	\$724	\$0
EE + SP/DP	\$1,860	\$1,440	\$420	\$1,800	\$1,440	\$360	\$1,746	\$1,426	\$320
EE + CH	\$1,537	\$1,227	\$310	\$1,488	\$1,228	\$260	\$1,443	\$1,223	\$220
EE + Family	\$2,951	\$2,151	\$800	\$2,856	\$2,146	\$710	\$2,770	\$2,110	\$660
SP/DP Surcharge	\$41.67	\$0	\$41.67	\$41.67	\$0	\$41.67	\$41.67	\$0	\$41.67
Salary Bands 4 (Over \$70K to \$89K)*									
Employee Only	\$771	\$691	\$80	\$746	\$706	\$40	\$724	\$724	\$0
EE + SP/DP	\$1,860	\$1,340	\$520	\$1,800	\$1,340	\$460	\$1,746	\$1,336	\$410
EE + CH	\$1,537	\$1,157	\$380	\$1,488	\$1,158	\$330	\$1,443	\$1,153	\$290
EE + Family	\$2,951	\$1,976	\$975	\$2,856	\$1,956	\$900	\$2,770	\$1,925	\$845
SP/DP Surcharge	\$41.67	\$0	\$41.67	\$41.67	\$0	\$41.67	\$41.67	\$0	\$41.67
Salary Bands 5 (Over \$90K)*									
Employee Only	\$771	\$681	\$90	\$746	\$701	\$45	\$724	\$724	\$0
EE + SP/DP	\$1,860	\$1,150	\$710	\$1,800	\$1,165	\$635	\$1,746	\$1,236	\$510
EE + CH	\$1,537	\$1,012	\$525	\$1,488	\$1,033	\$455	\$1,443	\$1,083	\$360
EE + Family	\$2,951	\$1,616	\$1,335	\$2,856	\$1,646	\$1,210	\$2,770	\$1,730	\$1,040
SP/DP Surcharge	\$41.67	\$0	\$41.67	\$41.67	\$0	\$41.67	\$41.67	\$0	\$41.67
Retiree and COBRA***									
Retiree Only	\$771	\$0	\$771	\$746	\$0	\$746	\$724	\$0	\$724
RE + SP/DP	\$1,860	\$0	\$1,860	\$1,800	\$0	\$1,800	\$1,746	\$0	\$1,746
RE + CH	\$1,537	\$0	\$1,537	\$1,488	\$0	\$1,488	\$1,443	\$0	\$1,443
RE + Family	\$2,951	\$0	\$2,951	\$2,856	\$0	\$2,856	\$2,770	\$0	\$2,770
Adult dependent**	\$655			\$634			\$615		

* 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).

*** 2% admin fee not included in Rate

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As a result of the collective bargaining process in 2017 a new set of dependent subsidy rates were created for employees hired on or after January 1, 2018, which reflect a decrease of 30% to Board-paid dependent subsidies. The following monthly premium equivalent rates have been created and will be applied effective January 1, 2020 through December 31, 2020.

	OAP High			OAP Standard			SureFit		
EMPLOYEE SALARY BANDS	MONTHLY PREMIUM	BOARD PAYS	EMPLOYEE PAYS	MONTHLY PREMIUM	BOARD PAYS	EMPLOYEE PAYS	MONTHLY PREMIUM	BOARD PAYS	EMPLOYEE PAYS
Salary Bands 1 (Under \$35K)*									
Employee Only	\$771	\$721	\$50	\$746	\$721	\$25	\$724	\$724	\$0
EE + SP/DP	\$1,860	\$1,371	\$489	\$1,800	\$1,368	\$432	\$1,746	\$1,334	\$412
EE + CH	\$1,537	\$1,180	\$357	\$1,488	\$1,180	\$308	\$1,443	\$1,154	\$289
EE + Family	\$2,951	\$2,012	\$939	\$2,856	\$1,990	\$866	\$2,770	\$1,943	\$827
SP/DP Surcharge	\$41.67	\$0	\$41.67	\$41.67	\$0	\$41.67	\$41.67	\$0	\$41.67
Salary Bands 2 (Over \$35K to \$54K)*									
Employee Only	\$771	\$711	\$60	\$746	\$716	\$30	\$724	\$724	\$0
EE + SP/DP	\$1,860	\$1,312	\$548	\$1,800	\$1,314	\$486	\$1,746	\$1,285	\$461
EE + CH	\$1,537	\$1,135	\$402	\$1,488	\$1,137	\$351	\$1,443	\$1,119	\$324
EE + Family	\$2,951	\$1,901	\$1,050	\$2,856	\$1,885	\$971	\$2,770	\$1,841	\$929
SP/DP Surcharge	\$41.67	\$0	\$41.67	\$41.67	\$0	\$41.67	\$41.67	\$0	\$41.67
Salary Bands 3 (Over \$55K to \$69K)*									
Employee Only	\$771	\$701	\$70	\$746	\$711	\$35	\$724	\$724	\$0
EE + SP/DP	\$1,860	\$1,218	\$642	\$1,800	\$1,221	\$579	\$1,746	\$1,215	\$531
EE + CH	\$1,537	\$1,069	\$468	\$1,488	\$1,073	\$415	\$1,443	\$1,073	\$370
EE + Family	\$2,951	\$1,716	\$1,235	\$2,856	\$1,716	\$1,140	\$2,770	\$1,694	\$1,076
SP/DP Surcharge	\$41.67	\$0	\$41.67	\$41.67	\$0	\$41.67	\$41.67	\$0	\$41.67
Salary Bands 4 (Over \$70K to \$89K)*									
Employee Only	\$771	\$691	\$80	\$746	\$706	\$40	\$724	\$724	\$0
EE + SP/DP	\$1,860	\$1,145	\$715	\$1,800	\$1,150	\$650	\$1,746	\$1,152	\$594
EE + CH	\$1,537	\$1,017	\$520	\$1,488	\$1,023	\$465	\$1,443	\$1,024	\$419
EE + Family	\$2,951	\$1,590	\$1,361	\$2,856	\$1,581	\$1,275	\$2,770	\$1,565	\$1,205
SP/DP Surcharge	\$41.67	\$0	\$41.67	\$41.67	\$0	\$41.67	\$41.67	\$0	\$41.67
Salary Bands 5 (Over \$90K)*									
Employee Only	\$771	\$681	\$90	\$746	\$701	\$45	\$724	\$724	\$0
EE + SP/DP	\$1,860	\$1,009	\$851	\$1,800	\$1,026	\$774	\$1,746	\$1,082	\$664
EE + CH	\$1,537	\$913	\$624	\$1,488	\$934	\$554	\$1,443	\$975	\$468
EE + Family	\$2,951	\$1,335	\$1,616	\$2,856	\$1,363	\$1,493	\$2,770	\$1,428	\$1,342
SP/DP Surcharge	\$41.67	\$0	\$41.67	\$41.67	\$0	\$41.67	\$41.67	\$0	\$41.67
Retiree and COBRA***									
Retiree Only	\$771	\$0	\$771	\$746	\$0	\$746	\$724	\$0	\$724
RE + SP/DP	\$1,860	\$0	\$1,860	\$1,800	\$0	\$1,800	\$1,746	\$0	\$1,746
RE + CH	\$1,537	\$0	\$1,537	\$1,488	\$0	\$1,488	\$1,443	\$0	\$1,443
RE + Family	\$2,951	\$0	\$2,951	\$2,856	\$0	\$2,856	\$2,770	\$0	\$2,770
Adult dependent**	\$655			\$634			\$615		

* 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).

*** 2% admin fee not included in Rate

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Medicare-Eligible Retiree Healthcare Options

As part of the award of RFP 018-058-MT, District Healthcare Benefits Program, Medicare healthcare offerings were also approved with an effective date of January 1, 2020 through December 31, 2024, with the ability to extend, by mutual agreement, for one (1) additional two (2) year extension period.

As noted in the July 2019 board item, Medicare Plan offering and associated premiums for calendar year 2020 are subject to final approval by the Center of Medicare and Medicaid Services (CMS). The CMS Final Call Letter and CMS approval will most likely be published after October 2019. Rates are subject to annual filing by the carriers and approval by CMS.

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

1. approve the monthly premium equivalent rates and plan design for all current benefit eligible full and part time employees, eligible COBRA participants, non-Medicare eligible retirees and their eligible dependents for employee organizations, Managerial Exempt Personnel, Confidential Exempt Personnel and all labor unions subject to successful collective bargaining negotiation and ratification for the self-funded medical program administered by Cigna Healthcare effective January 1, 2020 through December 31, 2020; and
2. approve the monthly premium equivalent rates for employees hired on and after January 1, 2018, benefit eligible full and part time employees, eligible COBRA participants, non-Medicare eligible retirees and their eligible dependents and all labor unions subject to successful collective bargaining negotiation and ratification for the self-funded medical program administered by Cigna Healthcare effective January 1, 2020 through December 31, 2020; and

3. approve the following composite rate structure for the District's self-funded healthcare program for calendar year 2020, with the Individual Stop Loss premium's attachment point of \$1,500,000; and

	2020
Administrative Services Only (ASO) Fee	\$ 22.32*
Pharmaceutical Rebate Decrement	(\$ 16.00)
Individual Stop Loss (ISL) Premium	\$ 4.65
Internal Service Fund Administrative Fee	\$ 3.08
Healthcare Bluebook Admin Fee	\$ 1.25
Total Monthly Composite Rate	\$ 15.30

*\$25.82 PEPM for employees enrolled in the narrow network plan

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