

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 2026, AND CONFIRMATION OF COVERAGES AVAILABLE TO MEDICARE ELIGIBLE RETIREES

COMMITTEE: FISCAL ACCOUNTABILITY & GOVERNMENT RELATIONS

LINK TO STRATEGIC PLAN: EFFECTIVE AND SUSTAINABLE OPERATIONAL 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, 2026 through December 31, 2026. The collective bargaining process for healthcare is ongoing for all unions. These negotiations may include proposed changes to plan design, as well as employer and employee premium contributions, which would take effect on January 1, 2026. The result of these negotiations may affect the stated premium equivalent rates as outlined in this item, and if necessary, an alternate set of employer and employee healthcare rates for calendar year 2026 will be brought back to the Board for approval once negotiations are finalized.

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 11.7%.

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). The two-year extension has been extended through December 31, 2026.

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As part of Cigna’s proposal, the Board introduced a narrow network plan (SureFit) 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 continue to incur an ASO rate of \$25.82 per employee per month enrolled in this plan. This rate was guaranteed for the initial five-year period through December 31, 2024, and has been extended through December 31, 2026.

Individual Stop Loss (ISL)

Since the inception of the Self-Insured Medical Program, the Board has also carried Individual Stop Loss (ISL) insurance to insulate the district from catastrophic medical claims. The current attachment point of the ISL policy is \$1,750,000. Based on the plan’s loss history and maturity, staff recommends that the attachment point be increased to \$2,000,000. The difference between the two attachment points will result in savings to the Board of approximately \$994,378. The ISL premium for 2026 will be \$3.02 PEPM as compared to the previous premium for 2025 of \$3.94.

The composite rate for 2026 will be \$4.27 PEPM.

	2023
Administrative Services Only (ASO) Fee	\$ 22.32*
Pharmaceutical Rebate Decrement	(\$ 22.32)
Individual Stop Loss (ISL) Premium	\$ 3.02
Healthcare Bluebook Admin Fee	\$ 1.25
Total Monthly Composite Rate	\$ 4.27

*\$25.82 PEPM for employees enrolled in the SureFit plan

Note: As part of the ASO agreement, Cigna is providing a variety of financial credits and allowances to support wellness initiatives, claim audits, etc. These allowances also include “ASO fee holidays” for each year of the new five-year contract and through the extension period. These amounts are \$400,000 in 2025 and 2026.

The following monthly premium equivalent rates effective January 1, 2026 through December 31, 2026 will apply to all active, benefit-eligible full and part time employees, non-Medicare eligible retirees, previously employed personnel who have elected coverage under COBRA and their eligible dependents.

As noted earlier, the collective bargaining process for healthcare is ongoing for all unions. These negotiations may include proposed changes to plan design, as well as employer and employee premium contributions, which would take effect the following plan year. The result of these negotiations may affect the stated premium equivalent rates as outlined in this item, and if necessary, an alternate set of employer and employee healthcare rates for calendar year 2026 will be brought back to the Board for approval once negotiations are finalized.

1/1/2026 - 12/31/2026			
Coverage Tier	Extended Network	Focused Network	SureFit Network
Employee Only	\$1,071	\$1,040	\$1,011
EE + Spouse	\$2,566	\$2,487	\$2,416
EE + Child(ren)*	\$2,123	\$2,058	\$1,999
EE + Family	\$4,065	\$3,938	\$3,822
Adult Dependent**	\$911	\$884	\$859

* 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 for COBRA is not included in Rate

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. The two-year extension has been extended through December 31, 2026. Staff was informed by AvMed that they were exiting the entire Medicare market effective January 1, 2026. Therefore, all previously available AvMed plans have been removed from the 2026 offerings.

M-DCPS is working closely with AvMed and Fringe Benefits Management, the District’s Third-Party Benefits Administrator, to provide retirees enrolled in this plan the opportunity to enroll in another M-DCPS Medicare Group Plan and/or offer information on plans available in the broader Medicare market.

Medicare Plan offering and associated premiums for calendar year 2026 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 2026. Rates are subject to annual filing by the carriers and approval by CMS which will be included in the Open Enrollment communication.

The Medicare Plan offerings for calendar year 2026 are as follows:

	Medicare Advantage Plan - Prescription Drug Plans					Medicare Supplement Plans						
	Zero Premium	Group National PPO	Comprehensive Plan	Passive PPO	Differential PPO	Plan A	Plan F	Plan G	Plan N	UHC 4-Tier High PDP	UHC 4-Tier Low PDP	UHC 5-Tier Standard PDP
United Healthcare		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓
Humana	✓		✓									

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

1. approve the monthly premium equivalent rates for all benefit eligible full and part time employees, eligible COBRA participants, non-Medicare eligible retirees and their eligible dependents for 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 the following plan year; and

1/1/2026 - 12/31/2026			
Coverage Tier	Extended Network	Focused Network	SureFit Network
Employee Only	\$1,071	\$1,040	\$1,011
EE + Spouse	\$2,566	\$2,487	\$2,416
EE + Child(ren)*	\$2,123	\$2,058	\$1,999
EE + Family	\$4,065	\$3,938	\$3,822
Adult Dependent**	\$911	\$884	\$859

- approve the following composite rate structure for the District's self-funded healthcare program for calendar year 2024, with the Individual Stop Loss premium's attachment point of \$2,000,000; and

	2026
Administrative Services Only (ASO) Fee	\$ 22.32*
Pharmaceutical Rebate Decrement	(\$ 22.32)
Individual Stop Loss (ISL) Premium	\$ 3.02
Healthcare Bluebook Admin Fee	\$ 1.25
Total Monthly Composite Rate	\$ 4.27

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

- confirm Medicare Group plan offerings as referenced below.

	Medicare Advantage Plan - Prescription Drug Plans					Medicare Supplement Plans						
	Zero Premium	Group National PPO	Comprehensive Plan	Passive PPO	Differential PPO	Plan A	Plan F	Plan G	Plan N	UHC 4-Tier High PDP	UHC 4-Tier Low PDP	UHC 5-Tier Standard PDP
United Healthcare		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓
Humana	✓		✓									

RYS:mf