

Financial Services  
Judith M. Marte, Chief Financial Officer

**SUBJECT: RECOMMENDATION FOR AWARD FOR REQUEST FOR PROPOSALS (RFP) #041-PP10, GROUP TERM LIFE INSURANCE AND FLEXIBLE BENEFITS PROGRAM**

**COMMITTEE: INNOVATION, EFFICIENCY & GOVERNMENTAL RELATIONS**

**LINK TO STRATEGIC FRAMEWORK: FINANCIAL EFFICIENCY/STABILITY**

At the Board meeting of June 18, 2014, the Board authorized the Superintendent of Schools to issue Request for Proposals (RFP) #041-PP10, Group Term Life Insurance and Flexible Benefits Program, as well as approving the composition of the Superintendent's Ad-Hoc Committee, pursuant to the provisions of School Board Policy 6332 – Professional Service Contracts for Insurance or Risk Management Programs – Policy.

At the regularly scheduled bid opening of July 17, 2014, responses from the following companies were received:

- United Healthcare (Life,/AD&D/Dental/Vision/Disability/Hospital Indemnity)
- MetLife (Life/AD&D/Dental/Vision/Disability/Hospital Indemnity/Legal/Identity Theft)
- Aetna (Life/AD&D/Dental/Vision/Disability/Hospital Indemnity)
- Cigna (Life/AD&D/Dental/Vision/Disability/Hospital Indemnity, Legal)
- Humana (Dental/Vision)
- Prudential (Life/AD&D/Disability)
- The Hartford (Life/AD&D/Disability)
- ReliaStar Life Insurance/Voya (Disability/Hospital Indemnity)
- Securion Life (Life/AD&D)
- Delta Dental (Dental)
- Superior Vision (Vision)
- Davis Vision (Vision)
- Eye Med (Vision)
- ARAG (Legal/Identity Theft)
- U.S. Legal Services (Legal/Identity Theft)
- LifeLock (Identity Theft)

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- ID Watchdog (Identity Theft)
- LifeCycle Benefits (Long Term Care)
- ASCIA, LLC (Universal Life with Long Term Care Rider)

Additionally, declinations to bid were received from Guardian Life Insurance Co. and Liberty Mutual Group.

Meetings of the Superintendent's Ad-Hoc Insurance Committee (committee) were held on August 11<sup>th</sup>, August 13<sup>th</sup>, and August 20<sup>th</sup> and 22<sup>nd</sup>. All committee meeting dates were advertised through Citizens Information and all District Labor organizations were provided dates of scheduled meetings in advance.

The committee reviewed all received proposals and comprehensive analyses of received proposals assembled by staff from the Office of Risk and Benefits Management and the District's Employee Benefits Consulting Firm of Aon Hewitt (Aon Hewitt). This item will outline each program for which the District sought and received proposals and will identify those companies which the committee felt best met the District's needs based upon the criteria contained in RFP# 041-PP10, as well as School Board Policy 6332, Professional Service Contracts for Insurance or Risk Management Programs – Policy.

All recommended benefit levels are based upon existing benefits. Any benefit enhancements will be discussed through the collective bargaining process with recommendations for benefit enhancements and associated premiums to be brought back to the Board at a subsequent Board meeting.

### Group Term Life

The committee reviewed the information received from the companies which provided proposals for Core Life Insurance and Accidental Death and Dismemberment (AD&D), Voluntary (Optional) Life Insurance and Accidental Death and Dismemberment (AD&D) and Blanket Accident Policy for Police Officers, and after lengthy discussion voted unanimously to direct Aon Hewitt to best and final terms and pricing from MetLife and The Hartford. The committee then met to discuss these best and final offers and at their meeting of August 22, 2014 and voted unanimously to select Metropolitan Life as the District's Group Life Insurance carrier, effective January 1, 2015 for a period not to exceed five years. The specific terms and pricing for this coverage are as follows:

### Core Life Insurance and Accidental Death and Dismemberment (AD&D)

The Board provides benefit eligible employees Board-paid 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 Rules. 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.

It is the recommendation of the Ad-Hoc Committee that the core life insurance and AD&D be awarded to Metropolitan Life Insurance Company (MetLife). The proposal received from MetLife provides a *three-year rate guarantee* and overall savings of 16.0% over 2014 premiums for Basic Life and Basic AD&D. Basic life premium for active employees is \$.109/\$1,000 and basic AD&D premium is \$.010/\$1,000.

#### Voluntary Life Insurance and Accidental Death and Dismemberment (AD&D)

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. It is recommended that MetLife be awarded this coverage (*three-year rate guarantee*) at a premium of \$.30/\$1,000 coverage for voluntary life and \$.013 (employee)/\$.026 (family)/\$1,000 for AD&D. Rates also apply to eligible part-time employees and retirees.

#### Blanket Accident Policy for Police Officers

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. It is recommended that MetLife be awarded this coverage at a premium of \$.009/\$1,000 coverage.

#### Dental

The committee reviewed the information on all received proposals and as a result of the least disruption and cost structure voted unanimously to allow Delta Dental, Humana, MetLife and United Healthcare to make finalist presentations on Wednesday August 20, 2014.

During the finalist presentations, the committee members heard overviews of the companies' proposals; however the committee voted to ask no questions of the proposers. The committee then voted to direct Aon Hewitt to seek best and final terms and pricing from all four companies to be considered to the next meeting of the committee. The committee met on August 22, 2014 and discussed at length the strength of all four proposals (Delta Dental, Humana, MetLife and United Healthcare). As a result of that meeting and the received terms and pricing received by Aon Hewitt, a consensus recommendation was made to select United Healthcare and Delta Dental as the District's Dental provider for both the Managed Care Dental coverage (DHMO) and Indemnity Dental products, effective January 1, 2015 for a term not to exceed five years. The specifics of the pricing and terms provided through this solicitation are as follows:

Delta Dental – Managed Care Dental coverage (*three-year rate guarantee*) with monthly premiums as follows:

	<u>Standard</u>	<u>High</u>
Employee Only*	\$ 9.41	\$13.31
Employee & Family*	\$23.97	\$33.98

Delta Dental – Indemnity Dental coverage (*three-year rate guarantee*) with monthly premiums as follows:

	<u>Standard</u>	<u>High</u>
Employee Only*	\$19.45	\$ 40.63
Employee & Family*	\$59.68	\$121.48

United Healthcare – Managed Care Dental coverage (*four-year rate guarantee*) with monthly premiums as follows:

	<u>Standard</u>	<u>High</u>
Employee Only*	\$ 8.33	\$10.86
Employee & Family*	\$21.20	\$27.70

United Healthcare – Indemnity Dental coverage (*three-year rate guarantee*) with monthly premiums as follows:

	<u>Standard</u>	<u>High</u>
Employee Only*	\$18.15	\$ 37.92
Employee & Family*	\$55.68	\$113.36

\* Rates also apply to eligible part-time employees and retirees

The District’s employee benefits consultant, Aon Hewitt, will reconfirm pricing on a slice business for dental. Any subsequent changes will be brought back to the Board for approval.

### Vision

The committee reviewed the information received from the companies which provided proposals for vision coverage, and after lengthy discussion voted unanimously to direct Aon Hewitt to best and final terms and pricing from Cigna, Davis Vision, EyeMed, Humana and United Healthcare. The committee then met to discuss these best and final offers and at their meeting of August 22, 2014 voted unanimously to select United Healthcare and David Vision as the District’s Vision providers, effective January 1, 2015 for a period not to exceed five years. The specific terms and pricing for this coverage are as follows:

Davis Vision – Vision coverage (*four-year rate guarantee*) with monthly premiums as follows:

	<u>Vision Plan</u>
Employee Only*	\$ 5.06
Employee & Family*	\$12.21

United Healthcare – Vision coverage (*four-year rate guarantee*) with monthly premiums as follows:

	<u>Vision Plan</u>
Employee Only*	\$ 5.30
Employee & Family*	\$13.26

\* Rates also apply to eligible part-time employees and retirees

The District’s employee benefits consultant, Aon Hewitt, will reconfirm pricing on a slice business for vision. Any subsequent changes will be brought back to the board for approval.

### Long Term/Short Term Disability

The committee reviewed the information received from the companies which provided proposals for Short Term and Long Term Disability coverage, and after lengthy discussion voted unanimously to direct Aon Hewitt to best and final terms and pricing from The Hartford, MetLife and Prudential. The committee then met to discuss these best and final offers and at their meeting of August 22, 2014 voted unanimously to select The Hartford as the District’s Short Term and Long Term Disability carrier, effective January 1, 2015 for a period not to exceed five years. The specific terms and pricing for this coverage are as follows:

<u>Short Term Disability *</u>	<u>Rate</u>
Standard Plan (Board Paid)	\$ 9.84
Standard Upgrade	\$15.83
High Plan	\$12.38
High Upgrade	\$19.18
<u>Long Term Disability*</u>	<u>Rate</u>
Level 1	\$15.92
Level 2	\$20.39
Level 3	\$30.74
Level 4	\$0.873/\$100

\* Rates also apply to eligible part-time employees on a voluntary employee paid basis for Standard plan, Standard Upgrade and LTD Level 1.

### Hospital Indemnity

The committee reviewed the information received from the companies which provided proposals for Hospital Indemnity coverage, and after lengthy discussion voted unanimously to direct Aon Hewitt to best and final terms and pricing from Cigna and MetLife. The committee then met to discuss these best and final offers and at their meeting of August 22, 2014 voted unanimously to select Cigna as the District’s Hospital Indemnity provider (*three year guarantee*), effective January 1, 2015 for a period not to exceed five years. The specific terms and pricing for this coverage are as follows:

	<u>\$50/day</u>	<u>\$100/day</u>	<u>\$150/ day</u>
Employee Only*	\$ 2.48	\$ 4.96	\$7.44
Employee & Family*	\$ 6.20	\$12.40	\$18.60

\* Rates also apply to eligible part-time employees and retirees

### Group Legal

The committee reviewed the information received from the companies which provided proposals for Group Legal coverage, and after lengthy discussion voted unanimously to direct Aon Hewitt to best and final terms and pricing from ARAG, Cigna, MetLife and U.S. Legal. The committee then met to discuss these best and final offers and at their meeting of August 22, 2014 voted unanimously to select ARAG and MetLife as the District's Group Legal providers, effective January 1, 2015 for a period not to exceed five years. The specific terms and pricing for this coverage are as follows:

#### *ARAG (five-year rate guarantee)*

<u>Group Legal Plan</u>	
Employee & Family*	\$14.76
<u>Senior Advocate</u>	
Employee & Family*	\$ 7.76

#### *MetLife (three-year rate guarantee)*

<u>MetLaw – Hyatt Legal Plan</u>	
Employee & Family*	\$15.95
<u>Senior Advocate</u>	
Employee & Family*	\$ 6.35

\* Rates also apply to eligible part-time employees and retirees

### ID Theft

The committee reviewed the information received from the companies which provided proposals for ID Theft coverage, and after lengthy discussion voted unanimously to direct Aon Hewitt to best and final terms and pricing from ARAG, ID Watchdog, LifeLock, MetLife, and U.S. Legal.

The committee then met to discuss these best and final offers and at their meeting of August 22, 2014 voted unanimously to select U.S legal as the District's ID Theft provider, effective January 1, 2015 for a period not to exceed five years. The specific terms and pricing for this coverage are as follows:

#### *U.S. Legal (three-year rate guarantee)*

Employee Only:	\$5.95
Employee & Family:	\$8.95

\* Rates also apply to eligible part-time employees and retirees

Long Term Care

The committee reviewed the information received from the companies which provided proposals for Long Term Care which included ASCIA Partners and Life Cycle Benefits through LifeSecure Insurance Company and Transamerica Insurance Company.

Unlike other flexible benefits which are underwritten on a group basis, proposals received in response to the solicitation for Long Term Care (LTC) coverage are individually underwritten based upon an employee's age and health. As such, the committee determined that while they felt that offering access to such coverage through the District was important, it was virtually impossible to include this benefit as an offered benefit for annual fall enrollment. The committee then voted unanimously to refer the received proposals back to staff to make a final decision to be brought back to the School Board at a later time to potentially include this benefit as part of the District's annual Spring Enrollment. Therefore, no recommendation is being made on this coverage at this point; however, staff from the Office of Risk and Benefits Management and the District's consulting firm of Aon Hewitt will review received proposals and make a recommendation which will be brought back to the School Board at a later time about potentially including this coverage as an offering during the Spring, 2015 enrollment.

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

1. award group term life insurance and flexible benefits to the following companies, pursuant to the provisions of Request For Proposals (RFP) #041-PP10, Group Term Life Insurance and Flexible Benefits Program, and subsequent clarifications and negotiations, for benefit eligible employees, (active and eligible part-time) retirees and their eligible dependents for a three-year term effective January 1, 2015, with the ability to extend for two additional one-year periods subject to successful renewal negotiations and Board action for the following monthly premiums effective January 1, 2015:
  - 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:

<b>CORE LIFE INSURANCE</b>	
Board-Paid Basic Life-Actives	\$ .109

<b>Core Optional Life-Employee</b>	
Under 25 years	\$ .037
25-29 years	\$ .037
30-34 years	\$ .051
35-39 years	\$ .072
40-44 years	\$ .072
45-49 years	\$ .142
50-54 years	\$ .205
55-59 years	\$ .395
60-64 years	\$ .457
65-69 years	\$ .895
70-74 years	\$ 1.435
75+ years	\$ 2.207
<b>Core Optional Life-Spouse</b>	
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
<b>Core Optional Life-Child</b>	
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
<b>Core Optional Life – Retiree</b>	
\$2,000 Basic Life	\$ 2.490
\$5,000 Basic Life	\$ 2.492
\$10,000 Basic Life	\$ 2.492
<b>Core AD&amp;D</b>	
AD&D Basic	\$ .010
AD&D Optional (Employee)	\$ .020
AD&D Dependent (Spouse)	\$ .025
<b>VOLUNTARY LIFE and AD&amp;D INSURANCE</b>	
Optional Group Life	\$ .300
Optional Life – Retiree	\$ .300
Optional AD&D – Employee	\$ .013
Optional AD&D – EE & Family	\$ .026

Optional AD&D – Family Only	\$ .013
Blanket Police Officer Accident Policy	\$ .009

- b. Delta Dental – Managed Care Dental (DHMO) coverage with monthly premiums as follows:

	<u>Standard</u>	<u>High</u>
Employee Only	\$ 9.41	\$13.31
Employee & Family	\$23.97	\$33.98

- c. Delta Dental – Indemnity dental coverage with monthly premiums as follows:

	<u>Standard</u>	<u>High</u>
Employee Only	\$19.45	\$ 40.63
Employee & Family	\$59.68	\$121.48

- d. United Healthcare – Managed Care Dental (DHMO) coverage with monthly premiums as follows:

	<u>Standard</u>	<u>High</u>
Employee Only	\$ 8.33	\$10.86
Employee & Family	\$21.20	\$27.70

- e. United Healthcare – Indemnity dental coverage with monthly premiums as follows:

	<u>Standard</u>	<u>High</u>
Employee Only	\$18.15	\$ 37.92
Employee & Family	\$55.68	\$113.36

- f. Davis Vision – Vision coverage with monthly premiums of \$5.06 per employee and \$12.21 for employee and family;

- g. United Healthcare – Vision coverage with monthly premiums of \$5.30 per employee and \$13.26 for employee and family;

- h. The Hartford – Short Term Disability with monthly premium rates as follows:

<u>Short Term Disability</u>	<u>Rate</u>
Standard Plan (Board Paid)	\$ 9.84
Standard Upgrade	\$15.83
High Plan	\$12.38
High Upgrade	\$19.18

- i. The Hartford – Long Term Disability with monthly premium rates as follows:

<u>Long Term Disability</u>	<u>Rate</u>
Level 1	\$15.92
Level 2	\$20.39
Level 3	\$30.74
Level 4	\$0.873/\$100

- j. Cigna HealthCare – Hospital Income Protection (HIP) with monthly premiums as follows:

	<u>\$50/day</u>	<u>\$100/day</u>	<u>\$150/ day</u>
Employee	\$ 2.48	\$ 4.96	\$ 7.44
EE & Family	\$ 6.20	\$12.40	\$18.60

- k. ARAG Group – Group legal plan coverage at monthly premiums of \$14.76 per employee and eligible dependent(s);

- l. ARAG Group – Senior Advocate Plan at a monthly premium of \$7.76 per employee and eligible dependents;

- m. MetLife – MetLaw – Hyatt Legal Plan coverage at monthly premiums of \$15.95 per employee and eligible dependent(s);

- n. MetLife – Senior Advocate Plan at a monthly premium of \$6.35 per employee and eligible dependents;

- o. U.S. Legal – Identity Theft Protection with monthly premiums as follows:

Employee Only	\$ 5.95
Employee & Family	\$ 8.95

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