

OFFICE OF THE SUPERINTENDENT OF SCHOOLS

**JAMES F. NOTTER
SUPERINTENDENT**

Telephone (754) 321-2600

Facsimile: (754) 321-2701

**School Board Workshop
April 6, 2010**

SUPERINTENDENT'S INSURANCE COMMITTEE AND HEALTH RFP

Staff came before the School Board to give an update on the Superintendent's Insurance Advisory Committee and Health RFP.

School Board Members were given an overview of the current health program with an outline of the various changes that were recommended by the Committee for the:

- HMO High Option Policy
- HMO Low Option Policy
- Consumer Driven Policy
- Kids Basic Option Policy
- Committee discussed and recommended no benefit changes to the PPO High Option Policy and Kids Enhanced Option Policy.

The School District's insurance cost is estimated to be \$171,200,000 for calendar year 2010. With no changes to the current plan design, the projected insurance for the Board portion of the increase for 2011 is \$17,800,000.

Using the alternative plans suggested by the committee, the district would reduce total premiums approximately \$11,900,000 for the entire plan costs. The changes for 2011 were recommended to avoid additional cost and save jobs.

There are opportunities for additional cost avoidances with the elimination of existing plan designs:

- Gym Memberships -\$2,900,000
- Over the Counter Benefit -\$200,000
- Life Insurance -\$300,000
- Open Access -\$4,000,000

This is an estimated cost avoidance of \$7,400,000 for the entire plan costs.

Several Board Members agreed to eliminate the above plan-designs with the objective of saving jobs. Board Members requested staff to look at a separate RFP for gym membership. Staff is also requested to confirm the dollar amount for open access.

It was requested that staff include in the Medical RFP a Kids Basic Option and options for different tiering structures. Board Members would like to see more health companies compete and offer this option. Many School Board employees use the Kids Basic Option and prefer it to the family plan. The Kids Basic Option offers more savings and generally the spouse of a School Board employee is covered by his/her employer's plan. It was also asked if the committee had looked into removing vision and dental from the plan as Dade

and Palm Beach County have done. Staff stated removing vision and dental from the plan would require union negotiations.

The question was asked if it would be more advantageous to keep the existing plan. Having the same plan for several years can provide savings. Or, would it be more beneficial to go out with an RFP and see what other providers would offer. Staff is requested to include with the RFP Board Item, which is coming to the April 20, 2010 Regular School Board meeting, a matrix showing the pros and cons regarding keeping the same provider or going out for an RFP. This will help the Board make their decision on what is in the best interest for the School District and employees.

Board Members asked if there is any savings to the District regarding the new health bill passed by the Federal Government. The impact will be greater for individuals rather than companies or corporations, but there will be additional costs. Staff is requested to monitor the new health bill to see if there will be an impact to the District. General Counsel referred to a pending health bill that is offered by the State and will monitor and bring forward details when available.

Staff is also requested to look at hospital health plans to see if that is something we could be a part of.

In summary, the question is, would it be better to negotiate with the present provider or go out with an RFP to see what is out there. The present plan design cannot be changed but the financial impact can be negotiated. The RFP would allow the School District more flexibility, with several companies bidding, thus getting competitive offers and possibly saving dollars.

The Insurance Committee Chairs and Vice-Chair expressed to the Board that by far, compared to other municipalities, the Broward School District has the richest program for their public employees and best value for the money. They commended the Board for devoting so much time to discuss their employees' health insurance policy.

Material for this presentation is available on the eAgenda April 6, 2010 workshop.

JFN:jd