

Memorandum



Date: January 26, 2015

To: Honorable Chairman Jean Monestime
and Members, Board of County Commissioners

From: Carlos A. Gimenez
Mayor 

Subject: Self-funded Medical Program Contract No. 559
Supplemental No. 9

Pursuant to Resolution R-834-14 adopted by the Board of County Commissioners on September 26, 2014, attached is an executed copy of Supplemental Agreement No. 9 to Contract No. 559, Self-funded Medical Program.

Supplemental Agreement No. 9 allows amendments to the County's Health insurance plans so that a new Health Plan option can be offered in 2015 to non-bargaining unit employees and to all eligible bargaining unit employees in accordance with their respective Collective Bargaining Agreement. The new plan, referred to as the "Select Plan," offers the County the ability to offer a high level of benefits at lower premium rates by securing deeper discounts from participating providers. The select network was established by negotiating with a subset of providers that have agreed to reduce their rates in exchange for an expected increase in volume from the coverage of additional "lives." The Select Plan offers a vast number of providers on the plan, including the University of Miami, Miami Children's Hospital, Baptist Health and Memorial Healthcare Systems, and Jackson Health System (JHS). The Select Plan includes 90 percent of AvMed physicians (over 8,500 physicians).

Below are additional Benefit Redesign components implemented in 2015 for eligible and participating employee groups:

Premiums

- Single Coverage
 - Select Plan: No premium payments.
 - High health maintenance organization (High HMO) or point of service (POS) plans: Bi-weekly premium of \$75 for the High HMO and \$100 for POS plan.
- Dependent Coverage
 - Select Plan: Approximately 20 percent lower than the 2014 High HMO plan.
 - HMO and POS: Remained flat (2014 rates).

Copays

- Physician co-pays, generic pharmacy co-pays, and Urgent Care visit co-pays remained flat in all plans.
- Emergency Room co-pays increased to \$100 for POS and High HMO plans, and are \$50 for Select Plan (co-pay waived if member is admitted).
- Inpatient Hospital Copays increased to \$200 for High HMO and POS plans (co-pay waived if services sought at JHS), remained at \$0 for Select Plan.
- Outpatient Hospital Copays increased to \$100 for High HMO and POS plans (co-pay waived if services sought at JHS), remained at \$0 for Select Plan.
- Increases applied to Pharmacy Preferred Brands, Non-Preferred Brands, and Specialty Pharmacy Medications for High HMO and POS plans.

Out-of-Pocket Maximums

Adjustments to the out-of-pocket maximum amounts were required in order to keep the same level of benefits as in 2014 and as a result of changes in the Affordable Care Act effective

January 1, 2015, which requires pharmacy costs be applied to out-of-pocket expenses. Out-of-pocket maximums were adjusted as follows:

- Select Plan: \$2,500 (single coverage);
- High HMO: from \$1,500 to \$3,000 (single coverage); and
- POS: from \$4,500 to \$3,000 (single coverage).

As in 2014, the out-of-pocket maximum for dependent coverage is twice the amount of the single coverage.

As a result of these and other benefit design changes, our Benefits Consultant has projected the County will save up to 15 percent in healthcare costs. For those unions who have incorporated Benefits Redesign as part of their 2014-2017 Collective Bargaining Agreements, the savings projected for their respective unions have been applied to the: (1) restoration of positions, which would have otherwise been eliminated in FY 2014-15; (2) a commitment to hire additional staff; and/or (3) restoration of other benefits (e.g. night differential).

As the County continues to tackle the issue of the rising cost of healthcare, staff is actively working on the completion of a Request for Proposal (RFP) for our Medical Program, Third Party Administrator contract, which would replace Contract No. 559. It is our intention to release the draft of the Scope of Services for the RFP by February 2, 2015 for vendor review. It is anticipated that an award will be made by no later than July 2015.

Proposing vendors are expected to be appropriately licensed in order to provide the services being requested. It is the County's intent that proposers provide a commitment to provide the appropriate and available data relative to the plan's claims, enrollment, and allowable charges. within the scope of the law.

I have also committed to our Labor partners with which we have ratified 2014-2017 Collective Bargaining Agreements (AFSCME 199, AFSCME 1542, AFSCME 3292, and GSAF Professionals and Supervisors) that my Administration will conduct periodic meetings with them to continue to review all healthcare related issues for the purpose of containing the County's healthcare costs.

Per Ordinance 14-65, this memorandum will be placed on the next available Board of County Commissioners meeting agenda.

Should you need further information, please contact Deputy Mayor Edward Marquez at 305-375-1451.

Attachment

c: Honorable Carlos Martinez, Public Defender
Honorable Bertila Soto, Chief Judge, Eleventh Judicial Circuit
Honorable Katherine Fernandez Rundle, State Attorney
Honorable Harvey Ruvlin, Clerk, Circuit and County Courts
Pedro J. Garcia, Property Appraiser
Carlos A. Migoya, President and Chief Executive Officer, Jackson Health Systems
Robert A. Cuevas, Jr., County Attorney
Office of the Mayor Senior Staff
Mary Cagle, Inspector General
Joseph Centorino, Executive Director, Commission on Ethics and Public Trust
Department Directors
Charles Anderson, Commission Auditor
Eugene Love, Agenda Coordinator

SUPPLEMENTAL AGREEMENT NO. 9

Contract Number: 559
Contract Title: Self-funded Medical Program
Contractor: Av-Med Inc.
9400 S. Dadeland Blvd., Suite 370
Miami, FL 33156

In accordance with the above-referenced Contract, this Supplemental Agreement, effective as of January 1, 2015 (the "Effective Date: of Supplemental Agreement No. 9) shall:

A. Option to Renew Provision Requirements

1. Incorporate the "Price Schedule for Plan Year 2015" attached hereto into the Contract to reflect the applicable price schedule amendments for the Contract renewal period from January 1, 2015 through December 31, 2015.

B. County Required Amendments

1. Amend Contract No. 559 including all appendices, attachments and supplements, to **substitute** all references made to the "County Manager" with the "County Mayor."
2. Amend Article 1 titled "Definitions" to **include** the underlined language as follows:
 - a) *The initials "ASO" to mean Administrative Services Only Fee. The ASO fee includes all services required under this Agreement, except for actual claims billed separately.*
 - b) *The initials "AWP" to mean Average Wholesale Price. This refers to the average price at which drugs are purchased at the wholesale level.*
3. Amend Article 1 titled "Definitions" to **substitute** with the underlined language as follows:
 - f) *The words "Contract Manager" to mean Miami-Dade County's Director, Internal Services Department, or the duly authorized representative.*
 - j) *The word "Department" to mean Human Resources.*
4. Amend Article 6, titled "Notice Requirements", Item Nos. 1(a)(b) and 2 to **substitute** with the underlined language as follows:
 - (1) *to the County*
 - (a) *to the Project Manager:*

*Miami-Dade County
Human Resources Department
Benefits and Compensation Division
111 N. W. 1st Floor, Suite 2340*

Miami, FL 33128-1989
Attention: Human Resources Department Director
Phone: 305-375-1589
Email: jmnstks@miamidade.gov

and,

b) to the Contract Manager:

Miami-Dade County
Internal Services Department, Procurement Management Division
111 N.W. 1st Street, Suite 2100
Miami, FL 33128-1974
Attention: Assistant Director
Phone: (305) 375-2363
E-mail: singer@miamidade.gov

(2) To the Contractor

AvMed, Inc.
9400 Dadeland Blvd., Suite 370
Miami, FL 33156
Attention: Patricia M. Nelson
Regional Head of Strategic Accounts
Phone: (904) 891-6138 Cell
(305) 671-6168 Office
E-mail: Patricia.Nelson@avmed.org

5. Amend Article 10 titled "Indemnification and Insurance", 3rd and 5th paragraphs to substitute with the underlined language as follows:

3rd - Upon County's notification, the Contractor shall furnish to the Internal Services Department, Procurement Management Division, Certificates of Insurance that indicate that insurance coverage has been obtained, which meets the requirements as outlined below:

5th - The company must be rated no less than "A-" as to management, and no less than "Class VII" as to financial strength by A.M. Best Company, Oldwick, New Jersey, or its equivalent, subject to the approval of the County Risk Management Division. The mailing address of Miami-Dade County as the certificate holder must appear on the certificate of insurance as follows:

Miami-Dade County
111 N.W. 1st Street
Suite 1300
Miami, Florida 33128-1974

6. Amend the Scope of Services (Appendix A), Section 1.0 titled "Introduction/Background" with the underlined language as follows:

1.0 The Contractor shall provide a Self-Funded Health Care Program which includes a Point-of-Service (POS) and Health Maintenance Organization (HMO) options, as defined by the plan

design. County and Public Health Trust employees, dependents, and retirees are eligible for these plans. The Contractor is the County's sole provider (except as stipulated in the next paragraph; in reference to the Jackson Memorial Hospital "JMH" Health Plan) to administer all components on a full replacement basis.

In accordance with Resolution No. R-834-14, the Miami-Dade County Mayor is authorized to amend Contract No. 559 with AvMed, Inc. for the provision of the self-funded medical program, to achieve cost savings by modification of plan design. As such, the Group Policy issued by the Contractor prior to the effective date of coverage, as approved by the County on October 16, 2014, and as included in the summary plan design within the County's 2015 Open Enrollment Website, shall define the agreed to modified plan designs.

- 7. Amend the Scope of Services (Appendix A), Section 2.6.1 to replace the reference made to the Director of Risk Management with the following underlined language: the Human Resources Department Director.

All terms, covenants and conditions of the original Contract and any Supplemental Agreements issued thereto shall remain in full force and effect, except to the extent herein amended.

IN WITNESS WHEREOF, the parties have executed this Supplemental Agreement to County Contract No. 559 effective as of the date herein above set forth.

Contractor

Miami-Dade County

By: [Signature]

By: _____

Name: JAMES M. REPP

Name: _____

Title: CIRCLE MARKETING OFFICER

Title: _____

Date: 12/17/14

Date: _____

Attest: [Signature]

Attest: _____

Corporate Secretary/Notary

Clerk of the Board

Corporate Seal/Notary

Approved as to form and legal sufficiency

Assistant County Attorney

