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DADE COUNTY COURTHOUSE
ROOM 242
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September 6, 2013

Letter of Submittal

I am pleased to submit the completed INDEPENDENT AUDITOR'S REPORT of the Sub-Fund IS 540-545, Self-Insured Health Plan.

Respectfully,

Harvey Ruvin, Clerk of Courts

MIAMI-DADE COUNTY, FLORIDA

**SUB-FUND IS 540-545,
SELF-INSURED HEALTH PLAN**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Years Ended September 30, 2012, 2011 and 2010

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MOORE STEPHENS
LOVELACE, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Harvey Ruvin
Miami-Dade County Clerk of Courts
Miami, Florida

Report on the Financial Statements

We have audited the accompanying segment financial statements of the Sub-Fund IS-540-545, Self-Insured Health Plan (the "Plan") of the Miami-Dade County (the "County") as of and for the years ended September 30, 2012, 2011 and 2010, and the related notes to the financial statements, which collectively comprise the Plan's segment financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Honorable Harvey Ruvin
Miami-Dade County Clerk of Courts

INDEPENDENT AUDITOR'S REPORT
(Concluded)

Opinion

In our opinion, the segment financial statements referred to above present fairly, in all material respects, the financial position of the Plan as of September 30, 2012, 2011 and 2010, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the segment financial statements of the Plan are intended to present the financial position, and changes in financial position and, where applicable, cash flows of Sub-Fund IS-540-545. They do not purport to, and do not represent the financial position of the County as a whole as of September 30, 2012, 2011 or 2010, and the changes in its financial position and, where applicable, cash flows for the years then ended in conformity with generally accepted accounting principles in the United States of America. Our opinions are not modified with respect to this matter.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the segment financial statements as a whole. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the Plan's financial statements as a whole.

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Miami Lakes, Florida
September 6, 2013

MIAMI-DADE COUNTY, FLORIDA

SUB-FUND IS-540-545 SELF-INSURED HEALTH PLAN
(FOR HEALTH, DENTAL, VISION AND LIFE INSURANCE)

STATEMENTS OF NET ASSETS

AS OF SEPTEMBER 30, 2012, 2011 AND 2010
(in thousands)

	2012	2011	2010
Assets:			
Current Assets:			
Cash, cash equivalents and investments	\$ 114,621	\$ 81,708	\$ 45,091
Accounts receivable, net	23	-	6,378
Due from other funds	9,499	59	3,092
Total unrestricted assets	<u>124,143</u>	<u>81,767</u>	<u>54,561</u>
Restricted Assets:			
Restricted cash and cash equivalents	<u>18,596</u>	<u>16,340</u>	<u>14,798</u>
Total assets	<u>142,739</u>	<u>98,107</u>	<u>69,359</u>
Liabilities:			
Current liabilities payable from current assets:			
Accounts payable and accrued liabilities	2	5	139
Estimated claims payable - current	<u>41,206</u>	<u>28,168</u>	<u>32,800</u>
Total current liabilities	<u>41,208</u>	<u>28,173</u>	<u>32,939</u>
Current liabilities payable from restricted assets:			
Reported claims payable	<u>11,596</u>	<u>9,340</u>	<u>7,798</u>
Total current liabilities payable from restricted assets	<u>11,596</u>	<u>9,340</u>	<u>7,798</u>
Total liabilities	<u>52,804</u>	<u>37,513</u>	<u>40,737</u>
Net Assets:			
Unrestricted	<u>89,935</u>	<u>60,594</u>	<u>28,622</u>
Total net assets	<u>\$ 89,935</u>	<u>\$ 60,594</u>	<u>\$ 28,622</u>

The accompanying notes are an integral part of the financial statements.

MIAMI-DADE COUNTY, FLORIDA

SUB-FUND IS-540-545 SELF-INSURED HEALTH PLAN
(FOR HEALTH, DENTAL, VISION AND LIFE INSURANCE)
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2012, 2011 AND 2010
(in thousands)

	2012	2011	2010
Operating revenues:			
Employer contributions (MDC)	\$ 259,811	\$ 221,263	\$ 231,896
Employee premiums	97,639	102,214	94,920
Employee contributions	109,868	76,676	33,825
Retired employee premiums	20,050	20,258	14,296
Other	822	411	2,204
Total operating revenues	<u>488,190</u>	<u>420,822</u>	<u>377,141</u>
Operating expenses:			
Health claims paid and accrued	383,796	307,983	344,844
Policy payments	61,063	68,891	69,089
Administrative costs	14,359	12,449	13,276
Total operating expenses	<u>459,218</u>	<u>389,323</u>	<u>427,209</u>
Operating income (loss)	<u>28,972</u>	<u>31,499</u>	<u>(50,068)</u>
Non-operating revenues			
Investment income	<u>369</u>	<u>473</u>	<u>475</u>
Change in net assets	29,341	31,972	(49,593)
Total net assets -- beginning	<u>60,594</u>	<u>28,622</u>	<u>78,215</u>
Total net assets -- ending	<u>\$ 89,935</u>	<u>\$ 60,594</u>	<u>\$ 28,622</u>

The accompanying notes are an integral part of the financial statements.

MIAMI-DADE COUNTY, FLORIDA

SUB-FUND IS-540-545 SELF-INSURED HEALTH PLAN
(FOR HEALTH, DENTAL, VISION AND LIFE INSURANCE)

STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2012, 2011 AND 2010
(in thousands)

	2012	2011	2010
Cash flows from operating activities:			
Cash received for premiums and contributions	\$ 478,726	\$ 430,233	\$ 370,597
Cash paid for claims and policies	<u>(443,926)</u>	<u>(392,547)</u>	<u>(418,102)</u>
Net cash provided (used) by operating activities	<u>34,800</u>	<u>37,686</u>	<u>(47,505)</u>
Cash flows from investing activities:			
Interest and dividends on investments	<u>369</u>	<u>473</u>	<u>475</u>
Net cash provided by investing activities	<u>369</u>	<u>473</u>	<u>475</u>
Net increase (decrease) in cash and cash equivalents	35,169	38,159	(47,030)
Cash and cash equivalents at beginning of year	<u>98,048</u>	<u>59,889</u>	<u>106,919</u>
Cash and cash equivalents at end of year	<u>\$ 133,217</u>	<u>\$ 98,048</u>	<u>\$ 59,889</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 28,972	\$ 31,499	\$ (50,068)
(Increase) decrease in assets:			
Accounts receivable, net	(23)	6,378	(6,374)
Due from other funds	(9,440)	3,033	(170)
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses	(3)	(134)	83
Estimated claims payable	13,038	(4,632)	8,211
Reported claims payable	2,256	1,542	813
Net cash provided (used) by operating activities	<u>\$ 34,800</u>	<u>\$ 37,686</u>	<u>\$ (47,505)</u>
Reconciliation to the Statements of Net Assets:			
Cash, cash equivalents and investments	\$ 114,621	\$ 81,708	\$ 45,091
Restricted cash and cash equivalents	<u>18,596</u>	<u>16,340</u>	<u>14,798</u>
	<u>\$ 133,217</u>	<u>\$ 98,048</u>	<u>\$ 59,889</u>

The accompanying notes are an integral part of the financial statements.

MIAMI-DADE COUNTY, FLORIDA
Sub-Fund IS 540-545, Self-Insured Health Plan
Notes to Financial Statements
Years Ended September 30, 2012, 2011 and 2010

Note 1 – General

Miami-Dade County's Health Insurance Sub-Fund ("the Health Sub-Fund" or "Plan") was established in accordance with Florida Statute 112.08. The Health Sub-Fund is used to account for assets, liabilities, revenues and expenses related to the provision of medical, dental, vision and life insurance coverage to its employees, eligible spouses and dependents, and retirees. The Plan also accounts for the activity of the International Association of Firefighters Health Plan. The Health Sub-Fund is restricted based on sustainable internal policies and can only be used toward the County's healthcare obligations. In the County's Comprehensive Annual Financial Report (CAFR), the Health Sub-Fund is combined with other self-insured sub-funds and reported as the Governmental Activities – Self-Insurance Internal Service Fund.

These financial statements present only the Health Sub-Fund, and do not purport to, and do not represent the financial position of the County as a whole as of September 30, 2012, 2011 or 2010, and the changes in its financial position and, where applicable, cash flows for the years then ended in conformity with generally accepted accounting principles in the United States of America.

Note 2 – Summary of Significant Accounting Policies

Basis of presentation: The Health Sub-Fund is presented as a proprietary fund of Miami-Dade County.

Basis of accounting: The accrual basis of accounting and economic resources measurement focus are used to account for the Health Sub-Fund activities.

Note 3 – Assets, Liabilities, and Net Assets

Cash, cash equivalents and investments: Cash and cash investments include amounts in demand deposits, as well as short-term investments with maturity dates within three months of the dates they were acquired by the County. Investments are carried at fair value plus interest.

The County pools substantially all cash, cash equivalents and investments, except for separate cash and investment accounts that are maintained in accordance with legal restrictions. The Health Sub-Fund's share of the total pooled cash and investments is displayed in the Statements of Net Assets under the caption "Cash, cash equivalents and investments". Income earned or losses arising from the County's pooled balances are allocated by the County on a monthly basis to the Health Sub-Fund based on its respective average daily cash balance.

All cash deposits are held in qualified public depositories pursuant to State of Florida Statutes, Chapter 280, "Florida Security for Public Deposits Act" (the Act). Under the Act, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The pledging level may range from 25% to 200% depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any losses to public depositories are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default. (See the County's CAFR for disclosures relating to its interest rate risk, credit risk, custodial risk and concentration of credit risk.)

Restricted cash and cash equivalents: These amounts are restricted to use for a specific purpose, as per the agreement with the third-party administrator. The \$18,596, \$16,340 and \$14,798 million in the Statements of Net Assets as of September 30, 2012, 2011, and 2010, respectively, includes an imprest amount of \$7 million that must be maintained in the bank account at all times to be used for claims payments. The account is to be funded weekly by the County based on the claims processed by the third-party administrator. Certain reported claims payable offset the restricted cash balances in the amount of \$11,596, \$9,340 and \$7,798 million as of September 30, 2012, 2011, and 2010, respectively.

MIAMI-DADE COUNTY, FLORIDA
Sub-Fund IS 540-545, Self-Insured Health Plan
Notes to Financial Statements
Years Ended September 30, 2012, 2011 and 2011

Note 3 – Assets, Liabilities, and Net Assets (Continued)

Accounts receivable: At September 30, 2010, the Plan reported approximately \$6.4 million in accounts receivable from Public Health Trust. The amount was collected in full in the subsequent year.

Due from other funds: The following are amounts owed by other County funds/departments to the Health Sub-Fund for costs associated with providing insurance to their employees, as follows: (in thousands)

Due from other funds	<u>9/30/2012</u>	<u>9/30/2011</u>	<u>9/30/2010</u>
Public Health Trust	\$ 8,607	\$ 32	\$ 3,000
Miami-Dade Housing	865	20	-
Miami-Dade Aviation	20	7	85
Miami-Dade Water and Sewer	7	-	7
Total	\$ 9,499	\$ 59	\$ 3,092

Estimated claims payable: As of September 30, 2012, estimated claims payable includes \$41.206 million of claims that were estimated to have been incurred, but not reported (IBNR) as of September 30, 2012, as calculated by an independent actuary. The estimated claims incurred, but not reported, as of September 30, 2011 and 2010 were \$28.168 million and \$32.800 million, respectively.

Changes in the Health Sub-Fund's estimated claims payable and premiums of policies administered by the County (not including the policies paid by members of the Dade County Firefighters Union to their union-sponsored plan) were as follows in fiscal years 2010, 2011 and 2012: (in thousands)

Liabilities as of 10-1-2009	\$ 24,590
Claims paid and administrative costs	(394,814)
Reported claims and changes in estimates	403,024
Liabilities as of 9-30-2010	32,800
Claims paid and administrative costs	(367,751)
Reported claims and changes in estimates	363,119
Liabilities as of 9-30-2011	28,168
Claims paid and administrative costs	(399,598)
Reported claims and changes in estimates	412,636
Liabilities as of 9-30-2012	\$ 41,206

Unrestricted Net assets: These are resources that are available to be used for any purpose within the Health Sub-Fund. Each year, the County is required to report to the Department of Financial Services, Office of Insurance Regulation, an Annual Report. State regulations promulgate that self-funded plans have minimum reserves of 60 days' of anticipated claims costs. At September 30, 2012, the County exceeded the safe harbor threshold of sixty days of anticipated claim costs. The amount of excess reserves maintained in the Sub-Fund is at the discretion of management. Currently, management earmarks the excess of estimated 60 days claims reserve to fund other post-employment benefit (OPEB) obligations.

MIAMI-DADE COUNTY, FLORIDA
Sub-Fund IS 540-545, Self-Insured Health Plan
Notes to Financial Statements
Years Ended September 30, 2012, 2011 and 2010

Note 4 – Self-Insurance Plan

The Health Sub-Fund is used to account for assets, liabilities, revenues and expenses related to the provision of medical, dental, vision and life insurance coverage to its employees, eligible spouses and dependents, and retirees. The County self-insures for health coverage, and utilizes an independent third-party administrator to handle the medical claims. Benefits are established and may be amended by the Miami-Dade County Board of County Commissioners.

The Self-Insured Health Plan is subject to approval by the State of Florida's Office of Insurance Regulation (OIR) based on its actuarial soundness. An annual report prepared by an independent actuary is submitted to the OIR with a certification from the actuary as to the actuarial soundness of the Plan. The report is due to OIR 90 days after the close of the fiscal year of the Plan. The report also consists of, but is not limited, to:

1. A statement as to the adequacy of the contribution rates in meeting the level of benefits provided, and any required changes to the rates to preserve an adequate level of funding in the Plan. This is the starting basis for determining the rates required to be charged to County departments and Plan members in the subsequent fiscal year to fund the Plan's estimated expenditures and related liabilities.
2. The valuation of the assets and liabilities of the Plan. This includes an estimate of claims reserves that must be maintained in the fund to meet its obligations at the end of the fiscal year.

Based on the accumulated surpluses as of September 30, 2012, 2011 and 2010, the Plan was considered to be actuarially sound in the opinion of the independent actuaries for each fiscal year. If the Plan's surplus is less than sixty days of anticipated claims, the Office of Insurance Regulation of the Florida Department of Financial Services may require a letter from the County pledging other assets for the difference to bring the reserve up to an amount equaling the sixty days of anticipated claims cost.

Revenues in the Health Sub-Fund are primarily premiums paid by County employees and retirees, contributions made by employees as a percent of their salaries, contributions from County departments and other miscellaneous revenues.

Members of the International Association of Fire Fighters Union are eligible to participate in their union-sponsored health plan. Premiums collected from the members and remitted to their health plan are also accounted for in the Health Sub-fund.

Note 5 – Management's Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 6 – Other Post Employment Benefits

Effective October 1, 2007, the County implemented the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. For a detailed plan description and any liability for active employees and retirees of the County, see the Miami-Dade County, Florida CAFR for the fiscal years ended September 30, 2012, 2011 and 2010.

Note 7 – Subsequent Events

The County evaluated subsequent events for potential recognition or disclosure through September 6, 2013, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

MIAMI-DADE COUNTY, FLORIDA

SUB-FUND IS-540-545, SELF-INSURED HEALTH PLAN
 (FOR HEALTH, DENTAL, VISION AND LIFE INSURANCE)
 SUPPLEMENTARY INFORMATION
 AS OF SEPTEMBER 30, 2012, 2011 AND 2010

Reserve Components and the Number of Months of Claims

Reserve components at year end.

All of the unrestricted net assets are available to pay future costs of the self-insured health plan. The County does not have a formal reserve policy with respect to its other post-employment benefits program or liability, however, management's practice is to earmark excess reserves to fund OPEB obligations. Annually, the Office of Insurance Regulation evaluates self-insured health benefit plan reserves using a minimum of 60 days of anticipated claims costs. The State regulations promulgate that self-funded plans have minimum reserves of sixty days of anticipated claims costs.

	(in thousands)		
	Fiscal Year Ended September 30,		
	2012	2011	2010
<u>Financial Statements:</u>			
Unrestricted Net Assets - Ending	\$ 89,935	\$ 60,594	\$ 28,622
Estimated number of months of claims costs in reserves	2.8	2.4	1.0
<u>Actuarial Certification and Annual Report:</u>			
Claims costs per actuarial Certification and Annual Report	\$ 383,796	\$ 307,983	\$ 334,331
Calculated reserve (divided by 12 and times 2)	\$ 63,966	\$ 51,331	\$ 55,722
Calculated over (under) sixty days of anticipated claims	\$ 25,969	\$ 9,263	\$ (27,100)
The Plan meets or exceeds 60-day safe harbor threshold?	Yes	Yes	No
Claims costs per financial statements	\$ 383,796	\$ 307,983	\$ 344,844
Variance with actuarial Annual Report claims costs	\$ -	\$ -	\$ (10,512)
See supplementary information on page 20 for explanation of variance.			

Source: Form OIR-B2-574

Use of Employee Health Care Contributions

100% of employee health care contributions are used for the County's cost of health care. It is important to note, that Public Health Trust employee contributions are not deposited directly into the County's self-insurance fund but rather used to offset the employer's cost of health care. Contribution revenue is recorded on the accrual basis of accounting. The accompanying financial statements report employee contributions on the face of the Statement of Revenues, Expenses and Changes in Fund Net Assets for fiscal years ended September 30, 2012, 2011 and 2010. The underlying contribution rates are presented by collective bargaining unit and time period on page 10.

See Independent Auditor's Report.

MIAMI-DADE COUNTY, FLORIDA

SUB-FUND IS-540-545, SELF-INSURED HEALTH PLAN
(FOR HEALTH, DENTAL, VISION AND LIFE INSURANCE)
SUPPLEMENTARY INFORMATION
AS OF SEPTEMBER 30, 2012, 2011 AND 2010

Employee Contribution Percentages

During the beginning and ending dates indicated below, County employee contribution percentages changed periodically depending on terms of collective bargaining agreements. Total employee contributions by fiscal year are reported on the face of the Statement of Revenues, Expenses and Changes in Fund Net Assets. The employee contributions are considered pre-tax contributions for federal income tax purposes.

		AFSCME 121	AFSCME 199	AFSCME 1542	AFSCME 3292	GSAF	IAFF	PBA	TWU	Non-Bargaining
Begin Date	End Date									
2/22/2010	2/19/2012		5%							
2/22/2010	12/11/2011			5%						
2/22/2010	2/5/2012				5%					
2/22/2010	11/27/2011						5%			
2/22/2010	7/10/2011									5%
3/8/2010	2/19/2012							5%		
4/5/2010	2/6/2012								5%	
6/14/2010	2/5/2012					5%				
10/4/2010	10/2/2011	8.1%								
7/11/2011	9/30/2012									10% *
10/3/2011	2/5/2012	5%								
11/28/2011	N/A						0%			
12/12/2011	9/30/2012			9%						
2/6/2012	9/30/2012	9%			9%	9%			9%	
2/20/2012	3/4/2012		9%					9%		
3/5/2012	4/29/2012		10%					10%		
4/30/2012	9/30/2012		9%					9%		
10/1/2012	TBD	5%	5%	5%	5%	5%		5%	5%	5% **

* Deputy Mayors continue to contribute 10% towards the cost of the County's healthcare

** Nonmayoral employee contributions range from 0% to 10%.

Legend:

AFSCME (4 Locals) - American Federation of State, County and Municipal Employees

GSAF - Government Supervisors Association of Florida

IAFF - International Association of Fire Fighters

PBA - Dade County Police Benevolent Association

TWU - Transport Workers Union

See Independent Auditor's Report.

MIAMI-DADE COUNTY, FLORIDA
SUB-FUND IS-540-545, SELF-INSURED HEALTH PLAN
(FOR HEALTH, DENTAL, VISION AND LIFE INSURANCE)
SUPPLEMENTARY INFORMATION
AS OF SEPTEMBER 30, 2012, 2011 AND 2010

Employee and Dependent Premiums for Medical Coverage

Medical			
County			
AvMed HMO Low			
Enrollment Type	2010 Bi-Weekly Net EE Premium	2011 Bi-Weekly Net EE Premium	2012 Bi-Weekly Net EE Premium
EE Only	\$0.00	\$0.00	\$0.00
EE+Spouse	\$168.59	\$196.42	\$196.42
EE+Children	\$145.92	\$169.83	\$169.83
Family	\$231.86	\$271.36	\$271.36
AvMed HMO High			
EE Only	\$0.00	\$0.00	\$0.00
EE+Spouse	\$178.78	\$208.35	\$208.35
EE+Children	\$154.76	\$180.17	\$180.17
Family	\$245.80	\$287.77	\$287.77
AvMed HMO POS			
EE Only	\$13.34	\$14.90	\$14.90
EE+Spouse	\$295.95	\$344.54	\$344.54
Ee+Children	\$245.55	\$285.86	\$285.86
Family	\$511.60	\$595.59	\$595.59
JMH HMO High			
EE Only	\$0.00	\$0.00	Plan Terminated 12/31/2011
EE+Spouse	\$178.78	\$208.35	Plan Terminated 12/31/2011
Ee+Children	\$154.76	\$180.17	Plan Terminated 12/31/2011
Family	\$245.80	\$287.77	Plan Terminated 12/31/2011
JMH HMO Low			
EE Only	\$0.00	\$0.00	Plan Terminated 12/31/2011
EE+Spouse	\$168.59	\$196.42	Plan Terminated 12/31/2011
Ee+Children	\$145.92	\$169.83	Plan Terminated 12/31/2011
Family	\$231.86	\$271.36	Plan Terminated 12/31/2011
Fire Union			
HMO			
Single	\$14.95	\$19.95	\$19.95
Member + 1	\$144.95	\$164.95	\$164.95
Member+ 2-3	\$164.95	\$184.95	\$184.95
Member + 4	\$184.95	\$204.95	\$204.95
PPO			
Single	\$34.95	\$34.95	\$34.95
Member + 1	\$219.95	\$239.95	\$239.95
Member + 2-3	\$239.95	\$259.95	\$259.95
Member + 4	\$259.95	\$279.95	\$279.95

See Independent Auditor's Report.

MIAMI-DADE COUNTY, FLORIDA

SUB-FUND IS-540-545, SELF-INSURED HEALTH PLAN
(FOR HEALTH, DENTAL, VISION AND LIFE INSURANCE)

SUPPLEMENTARY INFORMATION
AS OF SEPTEMBER 30, 2012, 2011 AND 2010

Employee and Dependent Premiums for Medical Coverage (Continued)

Medical - Non Mayoral County	
AvMed HMO Low	
Enrollment Type	2012 Bi-Weekly Net EE Premium
EE Only	\$0.00
EE+Spouse	\$219.59
EE+Children	\$189.74
Family	\$304.25
AvMed HMO High	
EE Only	\$0.00
EE+Spouse	\$232.98
EE+Children	\$201.33
Family	\$322.73
AvMed POS	
EE Only	\$16.20
EE+Spouse	\$385.00
Ee+Children	\$319.43
Family	\$665.53

Note:

Applies to non-bargaining (BU - L) employees who are not making an employee health care contribution.

See Independent Auditor's Report.

MIAMI-DADE COUNTY, FLORIDA

**SUB-FUND IS-540-545, SELF-INSURED HEALTH PLAN
(FOR HEALTH, DENTAL, VISION AND LIFE INSURANCE)**

**SUPPLEMENTARY INFORMATION
AS OF SEPTEMBER 30, 2012, 2011 AND 2010**

Employee and Dependent Premiums for Dental Coverage

Delta Dental			
Standard			
Enrollment Type	2010 BI-Weekly Net EE Premium	2011 BI-Weekly Net EE Premium	2012 BI-Weekly Net EE Premium
EE	\$0.00	\$0.00	\$0.00
EE + 1	\$14.09	\$14.09	\$14.09
Family	\$31.53	\$31.53	\$31.53
Enriched			
EE	\$4.45	\$4.45	\$4.45
EE + 1	\$22.89	\$22.89	\$22.89
Family	\$45.72	\$45.72	\$45.72
County Premium			
County Cost	\$14.41	\$14.41	\$14.41

Humana OHS			
Standard			
Enrollment Type	2010 BI-Weekly Net EE Premium	2011 BI-Weekly Net EE Premium	2012 BI-Weekly Net EE Premium
EE	\$0.00	\$0.00	\$0.00
EE + 1	\$2.60	\$2.42	\$2.42
Family	\$6.09	\$5.65	\$5.65
Enriched			
EE	\$1.25	\$2.63	\$3.14
EE + 1	\$4.69	\$6.81	\$7.65
Family	\$9.80	\$12.99	\$14.32
County Premium			
County Cost	\$3.98	\$3.69	\$3.69

MetLife DHMO Effective January 1, 2011			
Enrollment Type		2011 BI-Weekly Net EE Premium	2012 BI-Weekly Net EE Premium
EE		\$0.00	\$0.00
EE + 1		\$2.62	\$2.62
Family		\$6.14	\$6.14
EE		\$1.83	\$1.83
EE + 1		\$5.67	\$5.67
Family		\$11.39	\$11.39
County Cost		\$4.02	\$4.02

See Independent Auditor's Report.

MIAMI-DADE COUNTY, FLORIDA

SUB-FUND IS-540-545, SELF-INSURED HEALTH PLAN
(FOR HEALTH, DENTAL, VISION AND LIFE INSURANCE)

SUPPLEMENTARY INFORMATION
AS OF SEPTEMBER 30, 2012, 2011 AND 2010

Employee and Dependent Premiums for Dental Coverage (Continued)

Humana ADP Terminated December 31, 2010		
Standard		
Enrollment Type	2010 BI-Weekly Net EE Premium	
EE	\$0.00	
EE + 1	\$2.60	
Family	\$6.09	
Enriched		
EE	\$1.25	
EE + 1	\$4.69	
Family	\$9.80	
County Premium		
County Cost	\$3.98	

Fire Union Dental			
Enrollment Type	2010 BI-Weekly Premium	2011 BI-Weekly Premium	2012 BI-Weekly Premium
DRPO			
Single	\$0.00	\$0.00	\$0.00
Member + 1	\$0.00	\$0.00	\$0.00
Member + 2-3	\$0.00	\$0.00	\$0.00
Member + 4	\$0.00	\$0.00	\$0.00
County Cost	\$14.41	\$14.41	\$14.41
DHMO			
Single	\$0.00	\$0.00	\$0.00
Member + 1	\$0.00	\$0.00	\$0.00
Member + 2-3	\$0.00	\$0.00	\$0.00
Member + 4	\$0.00	\$0.00	\$0.00
County Cost	\$3.98	\$4.02	\$4.02

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MIAMI-DADE COUNTY, FLORIDA

SUB-FUND IS-540-545, SELF-INSURED HEALTH PLAN
(FOR HEALTH, DENTAL, VISION AND LIFE INSURANCE)

SUPPLEMENTARY INFORMATION
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Employee and Dependent Premiums for Vision Coverage

Vision Plan			
OPTIX			
Enrollment Type	2010 Bi-Weekly Net EE Premium	2011 Bi-Weekly Net EE Premium	2012 Bi-Weekly Net EE Premium
Single	\$2.06	\$2.06	\$2.06
Couple	\$4.12	\$4.12	\$4.12
Family	\$7.57	\$7.57	\$7.57
County Cost	\$0.00	\$0.00	\$0.00

See Independent Auditor's Report.

MIAMI-DADE COUNTY, FLORIDA

SUB-FUND IS-540-545, SELF-INSURED HEALTH PLAN
(FOR HEALTH, DENTAL, VISION AND LIFE INSURANCE)
SUPPLEMENTARY INFORMATION
AS OF SEPTEMBER 30, 2012, 2011 AND 2010

Claims Costs Incurred and Claims Costs Per Employee

	Fiscal Year Ended September 30,		
	2012	2011	2010
<i>Claims cost per employee per actuary certification:</i>			
Claims incurred (fiscal year basis)	\$ 383,796,644	\$ 307,983,189	\$ 334,331,601
Annual claims cost per employee	\$ 11,406	\$ 10,694	\$ 9,830

Source: Form OIR-B2-574

Claims costs incurred are for the medical health benefit plan, which includes prescriptions costs.

See Independent Auditor's Report.

MIAMI-DADE COUNTY, FLORIDA

SUB-FUND IS 540-545, SELF-INSURED HEALTH PLAN
 SUPPLEMENTARY INFORMATION
 Years Ended September 30, 2012, 2011 and 2010

Fiscal year 2010 Claims Paid Amount in Note 7 of the County's CAFR

In the County's CAFR for the fiscal year ended September 30, 2010, management prepared and reported certain two-year tabular information required by GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*. In preparing the required information, management used an in-house estimate methodology that resulted in understating both: 1) the claims paid and 2) claims and changes in estimates line items in the table of changes for the fiscal year. Reported amounts should have each been higher by approximately \$293 million as shown in the following table (in thousands).

	Liabilities as of September 30, 2009	Claims Paid	Claims and changes in estimates	Liabilities as of September 30, 2010
Amounts as originally reported in fiscal year 2010	\$ 24,590	\$ (101,857)	\$ 110,067	\$ 32,800
Adjustment:				
Gross up changes in claims liability		(292,957)	292,957	
Corrected amounts for fiscal year 2010	\$ 24,590	\$ (394,814)	\$ 403,024	\$ 32,800

The effect of the unintentional netting of changes in the liability balance in the note disclosure did not affect the year-end balance of the estimated claims liability as reported in the County's CAFR. For this audit of the Sub-Fund, the County corrected the note disclosure for fiscal year 2010.

See Independent Auditor's Report.

MIAMI-DADE COUNTY, FLORIDA

SUB-FUND IS 540-545, SELF-INSURED HEALTH PLAN SUPPLEMENTARY INFORMATION Years Ended September 30, 2012, 2011 and 2010

Health Care Premium Increase Methodology

Miami-Dade County's methodology for setting premium rate increases in any fiscal year follows.

The County's Office of Management and Budget (OMB) projects expenditures and revenues for the current fiscal year and future fiscal years with the help of the County's actuary. The County determines the annual group health and dental rates as explained by the process steps below.

First, OMB requests information from the County's actuary information on projected for expenditures for the current fiscal year. The actuary receives all County claims activity from the third-party, health-insurance administrator and uses it to provide the County with an expenditure estimate, in addition to providing the trends the County should be assuming for the future fiscal year. Reserves are determined by taking five to seven percent of the estimated health fund expenditures and multiplying by two, as the County is expected to hold 60-days of claims in reserve per the safe harbor requirement of the Office of Insurance Regulation.

Second, OMB receives the enrollment information for all County employees (excluding Fire Union Health Plan Participants) from the Internal Services Department. This information details the insurance benefit each employee has selected (i.e., single, employee plus spouse, employee plus children, or family), the plan (POS, High Option HMO, Low Option HMO), and the rates (dependent premiums, as recommended by the actuary) for each benefit type. Based on this information, the dependent premium revenue is estimated.

Third, once expenditures and dependent premium and employee contribution (established percentage through the collective bargaining process) revenues have been established, the difference between available revenue and expenditures is divided by the number of employees enrolled in the County group health program to determine how much each of the County departments would have to contribute per employee, including the required reserves. This information, along with Dependent Premium recommendations, is reviewed and established by the County Executive Insurance Committee annually.

It is important to note, that because rate development is looking at a 24-month period, the rates are adjusted once a year as part of the budget development process. Should the fund experience a better-than-anticipated carryover, that is taken into consideration in the following fiscal year's budget development cycle and used to either reduce or keep dependent premiums flat and/or reduce the County departmental contribution rate. The objective is to only generate enough revenues to cover all fund expenditures, including reserves.

Employee contribution rates are established through the collective bargaining process, except for non-bargaining employees*. Any changes to the rates must be negotiated. The 5% rate at the end of fiscal year 2012 remains in place until a new rate is negotiated. Contracts cover three-year periods, and the current contracts terminate on September 30, 2014.

* Rates for non-bargaining employees under the purview of the Mayor are determined by the Mayor. Rates for non-bargaining, nonmayoral employees are determined by their respective Office or Department head.

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MIAMI-DADE COUNTY, FLORIDA

SUB-FUND IS-540-545 ,SELF-INSURED HEALTH PLAN
 (FOR HEALTH, DENTAL, VISION AND LIFE INSURANCE)
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 AS OF SEPTEMBER 30, 2012, 2011 AND 2010

Actual Premium Increases

	Percentage
Actual premium increases of the County medical coverage for employees were as follows:	<u>Increase</u>
Calendar Year 2010	8.0%
Calendar Year 2011	11.7%
Calendar Year 2012	0.0%

Projected Premium Increases as Documented in the Actuary's Annual Report of Self-Funded Health Benefit Plans

A summary of the County's projected premium increases is scheduled below by fiscal year.

Premium increases are based on estimates that project information into the future ahead of circumstances which could significantly affect future terms and conditions of the County's health plan, including premium rates.

The estimate or projection of rates (and annual changes thereof) each year is based on study and analysis by the County's management and by actuarial specialists hired by the County to assist in setting appropriate rates to sustain the activities and programs that comprise the health care plan.

Due to the timing of measuring the County's IBNR liability and accounting for transactions in the Sub-Fund, premium percentage increases are projected over the subsequent three fiscal years.

Another significant assumption used by the County in determining projected premium increases is its estimate of the healthcare trend rate; accordingly, that rate is also scheduled below, along with percentage of premium increases.

Operating Projections for Self-Funded Health Benefit Plans

Source: Form OIR-B2-573

	Fiscal Year Ended September 30,					
	2010	2011	2012	2013	2014	2015
<u>Percent Premium Increase Based on</u>						
<u>Annual Report Prepared in Fiscal Year:</u>						
2009	17.2%	-0.8%	24.9%			
2010		31.8%	11.6%	9.0%		
2011			0.0%	6.0%	6.0%	
2012				0.0%	10.0%	10.0%
<u>Trend (Medical / Expense) Percent</u>						
<u>Premium Increase Based on</u>						
<u>Annual Report Prepared in Fiscal Year:</u>						
2009 *	16.8%	7.8%	7.9%			
2010 *		11.9%	8.2%	10.0%		
2011 Medical			10.0%	10.0%	10.0%	
2011 Expense			5.0%	5.0%	5.0%	
2012 Medical				8.4%	8.0%	8.0%
2012 Expense				4.8%	5.0%	5.0%

* blended rate for medical and expenses

See Independent Auditor's Report.

MIAMI-DADE COUNTY, FLORIDA

SUB-FUND IS-540-545 SELF-INSURED HEALTH PLAN
(FOR HEALTH, DENTAL, VISION AND LIFE INSURANCE)
SUPPLEMENTARY INFORMATION
AS OF SEPTEMBER 30, 2012, 2011 AND 2010
(In thousands)

Comparison of Actuary's Annual Report and Financial Statements

A comparison was performed between the actuary's Annual Report of Self-Funded Health Benefit Plans filed with the Florida Department of Financial Services and Sub-Fund IS-540-545's financial statements.

A schedule of significant variances and explanations follows:

	Description	Fiscal Year Ended September 30,		
		2012	2011	2010
Annual Report - line 4	Total income	\$ 431,960	\$ 352,210	\$ 308,247
Financial Statements	Operating income and investment income	488,559	421,295	377,616
	Variance	\$ (56,599)	\$ (69,085)	\$ (69,369)
Annual Report - line 13	Total disbursements	\$ 395,414	\$ 320,432	\$ 347,607
Financial Statements	Total expenses	459,218	389,323	427,209
	Variance	\$ (63,804)	\$ (68,891)	\$ (79,602)
Net losses		\$ (7,205)	\$ 193	\$ (10,233)

Background information: As noted in all three (3) Annual Report filings, premium and contribution income from all accounts associated with medical and dental plans (not just accounts specifically identified as self-insured) continue to be available to meet the obligations of the self-insured plan. The net of the activity in these accounts were net losses to the plan. The County has taken steps to reduce the impact of these accounts on the Sub-Fund's equity reserves, and it is expected that over time, the losses will get smaller.

Variance explained: In 2012, a timing difference resulted when the annual report line 4 was reduced by approximately \$7 million to account for and recognize the existence of a contractual obligation that was originally expensed in a prior fiscal year. For financial reporting purposes, the \$7 million adjustment was made as of October 1, 2009. In addition, the 2010 variance is primarily affected by approximately \$10.5 million due to the expense side accounting adjustment explained at Annual Report – lines 7 and 8.

	Description	Fiscal Year Ended September 30,		
		2012	2011	2010
Annual Report - line 7	Claims liability - beginning of year	\$ 28,167	\$ 32,800	\$ 35,100
Financial Statements	FS Claims liability - beginning of year	28,168	32,800	24,590
	Variance	\$ (1)	\$ -	\$ 10,510
Annual Report - line 8	Total incurred claims	\$ 383,797	\$ 307,983	\$ 334,332
Financial Statements	Claims paid and accrued (Exp)	383,796	307,983	344,844
	Variance	\$ 1	\$ -	\$ (10,512)

Variance explained: In fiscal year 2010, County changed the method it used to estimate and report the Plan's self-insured claims liability; the Plan incurred a \$10.5 million expense to adjust the recorded liability to the actuary's calculation of the claims liability.

See Independent Auditor's Report.

MIAMI-DADE COUNTY, FLORIDA

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 SUPPLEMENTARY INFORMATION
 AS OF SEPTEMBER 30, 2012, 2011 AND 2010
 (in thousands)

Comparison of Actuary's Annual Report and Financial Statements (Continued)

	Description	Fiscal Year Ended September 30,		
		2012	2011	2010
Annual Report - line 12	Expenses - TPA	\$ 11,618	\$ 12,449	\$ 13,276
Financial Statements	Administrative costs	14,359	12,449	13,276
	Variance	\$ (2,741)	-	-

Variance explained: In 2012, the County recorded and reported administrative costs that had budget authorization as expense; on the Annual Report in 2012, these cost were netted with income on line 4, resulting in a variance of \$2.7 million. In 2011 and 2010, the budgeted administrative cost allocation was not charged to the Sub-Fund.

	Description	Fiscal Year Ended September 30,		
		2012	2011	2010
Annual Report - line 14	Operating gain or (loss)	\$ 36,546	\$ 31,779	\$ (39,361)
Financial Statements	Change in net assets	29,341	31,972	(49,593)
	Variance	\$ 7,205	\$ (193)	\$ 10,232

Variance explained: The 2010 variance is primarily caused by approximately \$10.5 million due to the expense side accounting adjustment explained at Annual Report -- lines 7 and 8. The 2012 variance includes a \$7 million contractual obligation, as explained in the line 4 variance. Other variances of \$.205 million, \$.193 million and \$.278 million are due to certain timing differences from the time the actuary certification was prepared and the date year end close was completed for fiscal years 2012, 2011 and 2010, respectively.

See Independent Auditor's Report.