

**DISTRICT OF COLUMBIA
WATER AND SEWER AUTHORITY**

Board of Directors

*Human Resources and Labor Relations
Committee*

Wednesday, November 14, 2012
11:00 a.m.

1. Call to orderKathleen Boucher
Chairperson
2. Education Assistance & Reimbursement Program.....Stephanie E. Black
Manager, Learning & Development
3. *Results of the 2013 Dependent Verification Audit*.....Otho T. Milbourne
Manager, Benefits
4. ACTION ITEMS.....Otho T. Milbourne
Manager, Benefits

Contract No: WAS-11-034-AA-MB, CIGNA Healthcare

Contract No: WAS-09-071-AA-MB, Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.

5. Executive Session – To discuss personnel matters pursuant to D. C. Official Code § 2-575(b)(10) and collective bargaining negotiations under §2-575(b)(5) of the Open Meetings Act of 2010
6. Other Business.....Kathleen Boucher
7. Adjournment..... Kathleen Boucher



2012 Dependent Eligibility Audit

HR Labor Relations Committee

Kathleen Boucher, Chair

November 14, 2012



Dependent Eligibility Audit

- Inspection of dependents covered under medical plans
- All employees covering dependents on medical plans were required to provide documentation
 - Spouse – Copy of marriage certificate and Federal tax return within the last two years
 - Children – Copy of birth certificate



Dependent Eligibility Audit

- Conducted by Aon Hewitt
 - Over 480 Dependent Audit clients
 - Over 2,000,000 dependents verified
- Aon consistently finds that 5-7% of dependents are ineligible
- Fiduciary responsibility to employees and DC Water rate payers



Communications

– Aon Hewitt

- Amnesty Notice (6/2)
- Verification Notice (7/3)
- Reminder Letter (7/25)
- Termination Letter (8/15)

– DC Water

- Memo from the General Manager (6/13)
- Employee Meetings (Week of 6/25)
- Email reminders and letters (8/9 & 9/4)



Audit Results

- Ineligible Dependents – 19%
- Dependents removed from coverage - 294
 - Employees with ineligible dependents - 145
 - Appeals process (11/1 – 12/31)
- Estimated Savings
 - 1st Year: \$618,000
 - 5 Year: \$1,280,000

**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
BOARD OF DIRECTORS CONTRACTOR FACT SHEET**

ACTION REQUESTED

GOODS AND SERVICES CONTRACT OPTION:

**Medical Services
(Joint - Use)**

Approval to execute option year one (1) for medical services in the amount of \$8,120,014.00.

CONTRACTOR/SUB/VENDOR INFORMATION

PRIME: CIGNA Healthcare 10490 Little Patuxent Parkway Suite 400 Columbia, Maryland 21044	SUBS: N/A	PARTICIPATION: N/A
---	---------------------	------------------------------

DESCRIPTION AND PURPOSE

Original Contract Value:	\$6,705,000.00
Original Contract Dates:	01-01 -2012—12-31-2012
No. of Option Years in Contract:	4
First Option Year Values:	\$8,120,014.00
First Option Year Dates:	01-01-2013—12-31-2013

Purpose of the Contract:

To contract for a Preferred Provider Organization (PPO) and Health Maintenance Organization(HMO) medical plans for District of Columbia Water and Sewer Authority (DC Water) employees through DC Water's Human Capital Management department.

2013 Renewal Rates:

The final renewal rates for 2013 represent an increase of 11.5% above the current 2012 rates. This increase is higher than the medical industry's average increase of 9.2%, which is based on DC Water's benefits consultants' Health Care Trend Survey for PPO and HMO medical plans. The final renewal rates have been revised, and are less than CIGNA's initial renewal rate of 16.6%.

Spending Previous Year:

Cumulative Contract Value:	01-01-2012 to 12-31-2012—\$6,705,000.00
Cumulative Contract Spending:	01-01-2012 to 09-30-2012—\$5,411,292.00

Contractor's Past Performance:

The contractor's past performance has been satisfactory.

Note: CIGNA's premiums are billed and payable on a monthly basis. The premiums are determined by taking the monthly enrollment in each enrollment category, such as Employee +, and Employee + Family, and multiplying by the associated rate for that category.

PROCUREMENT INFORMATION


Contract Type:	Fixed Unit Price	Award Based On:	Highest responsive and responsible offeror
Commodity:	Medical Services	Contract Number:	WAS-11-034-AA-MB
Contractor Market:	Open Market with Preference Points for LBE/LSBE participation		

BUDGET INFORMATION


Funding:	Operating	Department:	Human Capital Management
Service Area:	DC Water Wide	Department Head:	Arthur Green

ESTIMATED USER SHARE INFORMATION

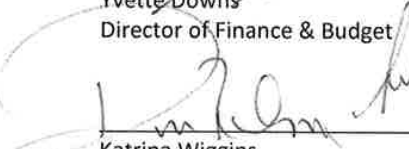
User	Share %	Dollar Amount
District of Columbia	81.85%	\$ 6,646,231.46
Washington Suburban Sanitary Commission	13.24%	\$ 1,075,089.85
Fairfax County	3.36%	\$ 272,832.47
Loudoun County	1.33%	\$ 107,996.19
Potomac Interceptor	0.22%	\$ 17,864.03
TOTAL ESTIMATED DOLLAR AMOUNT	100.00%	\$ 8,120,014.00


 Rosalind R. Inge
 Director of Procurement



 Date


 Yvette Downs
 Director of Finance & Budget


 Date


 Katrina Wiggins
 Assistant General Manager
 Support Services


 Date


 George S. Hawkins
 General Manager


 Date

**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
BOARD OF DIRECTORS CONTRACTOR FACT SHEET**

ACTION REQUESTED

GOODS AND SERVICES CONTRACT OPTION:

**Medical Services
(Joint - Use)**

Approval to execute option year three (3) for medical services in the amount of \$3,147,491.00.

CONTRACTOR/SUB/VENDOR INFORMATION

PRIME: Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc. 2101 East Jefferson Street Rockville, Maryland 20852	SUBS: N/A	PARTICIPATION: N/A
--	---------------------	------------------------------

DESCRIPTION AND PURPOSE

Original Contract Value:	\$2,026,257.00
Original Contract Dates:	01-01-2010—12-31-2010
No. of Option Years in Contract:	4
Option Year Values (1-2):	\$5,363.884.00
Option Year Dates (1-2):	01-01-2011—12-31-2012
Third Option Year Value:	\$3,147,491
Third Option Year Dates:	01-01 -2013—12-31-2013

Purpose of the Contract:

To contract for a Health Maintenance Organization (HMO) medical plan for employees hired on or after October 1, 1987.

2013 Renewal Rates:

The renewal rates for 2013 represent an increase of 5.9% above current 2012 rates. This increase is slightly below the medical industry's trend-- average increases of 8.8%-- based on DC Water's benefits consultants' 2012 Health Care Trend Survey for HMO medical plans.

Spending Previous Year:

Cumulative Contract Value:	01-01-2010 to 12-31-2012—\$7,390,141
Cumulative Contract Spending:	01-01-2010 to 09-30 -2012—\$7,115,853

Contractor's Past Performance:

The contractor's past performance has been satisfactory.

Note: Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc. (Kaiser) premiums are billed on a monthly basis. The premiums are determined by taking the monthly enrollment in each enrollment category, such as Employee, Employee + 1, and Employee + Family and multiplying by the associated rate for that category.

PROCUREMENT INFORMATION

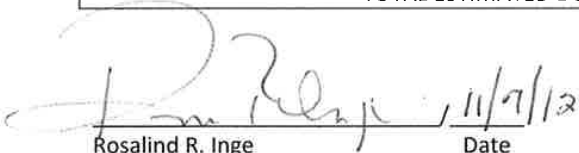
Contract Type:	Fixed Unit Price	Award Based On:	Sole Source
Commodity:	Medical Services	Contract Number:	WAS-09-071-AA-MB
Contractor Market:	N/A		

BUDGET INFORMATION

Funding:	Operating	Department:	Human Capital Management
Service Area:	DC Water Wide	Department Head:	Arthur Green

ESTIMATED USER SHARE INFORMATION

User	Share %	Dollar Amount
District of Columbia	81.85%	\$ 2,576,221.38
Washington Suburban Sanitary Commission	13.24%	\$ 416,727.81
Fairfax County	3.36%	\$ 105,755.70
Loudoun County	1.33%	\$ 41,861.63
Potomac Interceptor	0.22%	\$ 6,924.48
TOTAL ESTIMATED DOLLAR AMOUNT	100.00%	\$ 3,147,491


 Rosalind R. Inge
 Director of Procurement


11/7/12
 Date


 Yvette Downs
 Director of Finance & Budget

11/7/12
 Date


 Katrina Wiggins
 Assistant General Manager
 Support Services

11/7/12
 Date


 George S. Hawkins
 General Manager

Date