



DISTRICT OF COLUMBIA  
WATER AND SEWER AUTHORITY

Board of Directors

Human Resources and Labor Relations Committee

Wednesday, November 12, 2014  
11:00 a.m.

- 1. Call to Order ..... Edward L. Long, Jr.  
Chairman
  
- 2. 2015 Health and Welfare Benefit Renewals ..... Otho T. Milbourne  
Benefits Manager
  
- 3. Action Items ..... Otho T. Milbourne  
Benefits Manager
  - A. Contract No: WAS-11-034-AA-MB, Cigna Healthcare
  - B. Contract No. 14-PR-HCM-08, Kaiser Foundation Health Plan of the Mid Atlantic States
  - C. Contract No. WAS-11-038-AA-MB, Delta Dental PPO
  - D. Contract No. WAS-12-050-AA-MB, Life Insurance Company of North America (Cigna)
  - E. Contract No. WAS-12-045-AA-MB, Life Insurance Company of North America (Cigna)
  
- 4. Union Topics ..... Union Presidents  
*Frank Walton, Secretary, AFSCME 2091*  
*Michelle Hunter, NAGE R3-06*  
*Barbara Milton, AFGE 631*  
*Jonathan Shanks, AFGE 872*  
*Charles White, AFGE 2553*
  - A. The General Manager's position that he will not meet with the Union Presidents outside of the quarterly Labor Management meeting to discuss personnel issues.
  - B. As a result of the reduction in force in Pumping, there is a safety issue of not having enough employees to safely perform the work in the pumping stations. The jobs have been eliminated but the work is still needed.
  - C. We believe that it is illegal to have Mr. Long as the Chairperson of the HR Committee because this committee deals with non-joint usage issues.

5. Executive Session – To discuss personnel matters pursuant to D.C. Official Code Section 2-575(b)(10).....Edward L. Long, Jr.
  
6. Adjournment.....Edward L. Long, Jr.

\* The DC Water Board of Directors may go into executive session at this meeting pursuant to the District of Columbia Open Meetings Act of 2010, if such action is approved by a majority vote of the Board members who constitute a quorum to discuss: matters prohibited from public disclosure pursuant to a court order or law under D.C. Official Code § 2-575(b)(1); contract negotiations under D.C. Official Code § 2-575(b)(1); legal, confidential or privileged matters under D.C. Official Code § 2-575(b)(4); collective bargaining negotiations under D.C. Official Code § 2-575(b)(5); facility security under D.C. Official Code § 2-575(b)(8); disciplinary matters under D.C. Official Code § 2-575(b)(9); personnel matters under D.C. Official Code § 2-575(b)(10); proprietary matters under D.C. Official Code § 2-575(b)(11); decision in an adjudication action under D.C. Official Code § 2-575(b)(13); civil or criminal matters where disclosure to the public may harm the investigation under D.C. Official Code § 2-575(b)(14), and other matters provided in the Act.



# 2015 Health and Welfare Benefit Renewals

HR Labor Relations Committee

Edward L. Long, Chair

November 12, 2014



## Staff Model HMO Medical Services

- Background
  - DC Water has over the years issued solicitations for HMO Staff Model services and Kaiser Permanente has been the only firm to respond
- May, 2014 – Request for Information (RFI) issued
  - Washington Post
  - Washington Times
  - FidBid and DC Water Portal
- No responses
- Issued a Request for Proposal solely to Kaiser



## Staff Model HMO Medical Services

- Kaiser provided a preliminary renewal increase of 15.4%
- Aon Hewitt completed an independent analysis reflecting a 10.4% increase
  - Aon requested that Kaiser reconsider rate development methodology
- Kaiser proposed a 7% as part of a best and final response through the RFP process
- Financial Impact: \$300,000 estimated savings
  - Employee Savings - \$60,000
  - Employer Savings - \$240,000



## **Cigna HMO and Open Access Plans (PPO)**

- Cigna provided a preliminary renewal increase of 6.8%
- Aon Hewitt negotiated down to a blended increase of 4.7% after performing an independent analysis



## Excise Tax Exposure - PPACA

- In 2018 the Federal government will begin assessing an excise tax of 40% on the value of benefits it deems excessive. Aon Hewitt evaluated the potential impact to DC Water
- Aon used the following assumptions for the calculation
  - Enrollment will continue at the same level and demographic makeup
  - DC Water Plan costs will increase at an annual rate of 8.00%
  - The Federal Employees Health Benefit Plan will increase at an average annual rate of 5.00%
  - Cigna will gross up the excise tax charged back to DC Water based on its corporate tax rate of 35%
  - Kaiser is not-for-profit and does not have a corporate tax rate



Kaiser HMO - Status Quo

**Kaiser HMO: 7% Increase**

| <b>PPACA Excise Tax Projection</b> |             |            |                 |              |
|------------------------------------|-------------|------------|-----------------|--------------|
| Year                               | Plan Costs  | Excise Tax | % of Plan Costs | per Enrollee |
| 2018                               | \$4,798,900 | \$0        | 0%              | \$0          |
| 2019                               | \$5,182,800 | \$0        | 0%              | \$0          |
| 2020                               | \$5,597,500 | \$0        | 0%              | \$0          |
| 2021                               | \$6,045,200 | \$0        | 0%              | \$0          |
| 2022                               | \$6,528,900 | \$3,800    | 0%              | \$14         |
| 2023                               | \$7,051,200 | \$56,000   | 1%              | \$211        |
| 2024                               | \$7,615,300 | \$232,500  | 3%              | \$874        |
| 2025                               | \$8,224,500 | \$421,100  | 5%              | \$1,583      |



Cigna HMO – Status Quo

**Cigna HMO: 4.7% Increase**

| <b>PPACA Excise Tax Projection</b> |             |             |                 |              |
|------------------------------------|-------------|-------------|-----------------|--------------|
| Year                               | Plan Costs  | Excise Tax  | % of Plan Costs | per Enrollee |
| 2018                               | \$3,778,600 | \$0         | 0%              | \$0          |
| 2019                               | \$4,080,900 | \$0         | 0%              | \$0          |
| 2020                               | \$4,407,300 | \$67,400    | 2%              | \$419        |
| 2021                               | \$4,759,900 | \$234,400   | 5%              | \$1,456      |
| 2022                               | \$5,140,700 | \$417,500   | 8%              | \$2,593      |
| 2023                               | \$5,552,000 | \$615,600   | 11%             | \$3,824      |
| 2024                               | \$5,996,100 | \$837,300   | 14%             | \$5,201      |
| 2025                               | \$6,475,800 | \$1,080,200 | 17%             | \$6,709      |



Cigna Open Access Plan (PPO) – Status Quo

**Cigna PPO: 4.6% Increase**

| <b>PPACA Excise Tax Projection</b> |              |             |                 |              |
|------------------------------------|--------------|-------------|-----------------|--------------|
| Year                               | Plan Costs   | Excise Tax  | % of Plan Costs | per Enrollee |
| 2018                               | \$8,130,300  | \$0         | 0%              | \$0          |
| 2019                               | \$8,780,700  | \$248,600   | 3%              | \$706        |
| 2020                               | \$9,483,200  | \$583,300   | 6%              | \$1,657      |
| 2021                               | \$10,241,800 | \$946,000   | 9%              | \$2,688      |
| 2022                               | \$11,061,200 | \$1,354,600 | 12%             | \$3,848      |
| 2023                               | \$11,946,100 | \$1,795,700 | 15%             | \$5,101      |
| 2024                               | \$12,901,800 | \$2,282,700 | 18%             | \$6,485      |
| 2025                               | \$13,933,900 | \$2,816,200 | 20%             | \$8,001      |



## Excise Tax Mitigation Strategy

- Look for cost containment opportunities - Wellness Program
  - Current Activities
    - Ongoing wellness activities e.g. weight loss and walking challenge programs
    - Free health screenings and seminars
    - Incentives for employees to get annual physicals and complete online Health Risk Assessments
- Develop a 5 year strategy to avoid excise tax
  - Year 1
    - No changes to Kaiser HMO
    - No changes to Cigna HMO
    - Plan design changes to Cigna Open Access Plan (PPO)



## 2015 Cigna PPO Plan Design Changes

- PPO (OAP) ER copay from \$75 to \$150
  - Copay waived if admitted
  - High numbers of employees using hospital ER for conditions that can be better treated in urgent care centers
  - Continue to educate employees on the proper use of ER and urgent care
- RX copays from \$5/\$20/\$35 to \$5/\$25/\$50
  - \$5 increase to preferred brand name
  - \$15 increase to non preferred brand name drugs
  - No change to generic prescriptions
    - Less expensive and same active ingredients as brand name RX



## 2015 Cigna PPO Plan Design Changes

- PCP/Specialist copay increases from \$15/30 to \$25/\$50
  - \$10 increase to PCP copay
  - \$20 increase to Specialist copay
- Increase in-network deductible from \$200/\$400 to \$300/\$600 (out-of-network is 2X)
  - \$100 increase to individual deductible
  - \$200 increase to family deductible



## Financial Impact – Medical Premium Savings

- Premiums decrease from 4.7% to 2.65%
- Cigna plan changes will result in approximately \$177,000 of first year savings
  - Employee Savings: \$35,400
  - DC Water Savings: \$141,600



## **Financial Impact – Projected Tax Avoidance**

- Cigna PPO
  - \$99,400 of estimated taxes avoided beginning January 1, 2019
- Cigna HMO
  - \$48,600 of estimated taxes avoided beginning January 1, 2020



## **Dental, Vision, Life and Disability Plans**

### **Dental**

- Delta Dental provided a preliminary increase of 9.8%
  - Aon Hewitt performed independent analysis reflecting a 9.0% increase however Delta Dental maintained that 9.8% was necessary
- No increase for United Concordia
  - Rates on hold for 2015

### **Vision**

- UnitedHealthcare Vision rates on hold for 2015

### **Welfare Plans**

- Life and disability (Life, Accidental Death & Dismemberment, Short Term Disability, and Long Term Disability rates under guarantee through 2015)



## Recommend Board Approval

- Kaiser as the Staff Model HMO medical provider for a one (1) year base period
- Exercise additional option years for the following
  - Cigna Medical Plans
  - Delta Dental PPO
  - Cigna Life Insurance
  - Cigna Disability

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

**ACTION REQUESTED**

**GOODS AND SERVICES CONTRACT OPTION**

**Medical Services  
(Joint Use - Indirect Cost)**

Approval to execute option year three (3) for medical services in the amount of \$9,276,195.00.

**CONTRACTOR/SUB/VENDOR INFORMATION**

| <b>PRIME:</b>  | <b>SUBS:</b> | <b>PARTICIPATION:</b> |
|--|--------------|-----------------------|
| Connecticut General Life Insurance Company<br>10490 Little Patuxent Parkway, Suite 400<br>Columbia, Maryland 21044 | N/A          | 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 Value:         | \$8,120,014.00        |
| First Option Year Dates:         | 01-01-2013—12-31-2013 |
| Second Option Year Value:        | \$8,748,695.00        |
| Second Option Year Dates:        | 01-01-2014—12-31-2014 |
| Third Option Year Value:         | \$9,276,195.00        |
| Third Option Year Dates:         | 01-01-2015—12-31-2015 |

**Purpose of the Contract:**

To provide DC Water employees two (2) medical plans: Preferred Provider Organization (PPO) as well as a Health Maintenance Organization (HMO).

**2015 Renewal Rate:**

The final renewal rates for 2015 represent an increase of 2.65% over the current 2014 rates. Cigna provided a preliminary increase of 6.8%. The rates were negotiated to a blended increase of 4.7% by DC Water's benefits consultant after performing an independent analysis. The rates were further decreased to 2.65% after making plan design changes to the Cigna Open Access (PPO) Plan.

**Spending Previous Year:**

|                               |   |
|-------------------------------|---|
| Cumulative Contract Value:    | 01-01-2012 to 12-31-2014: \$23,573,709.00 |
| Cumulative Contract Spending: | 01-01-2012 to 09-30-2014: \$22,265,137.00 |

**Contractor's Past Performance:**

The contractor's past performance has been satisfactory.

**Note:** Connecticut General Life Insurance Company'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, Employee + 1, and Employee + Family, and multiplying it by the associated rate for that category.

**PROCUREMENT INFORMATION**

|                           |  |                         |                      |
|---------------------------|--|-------------------------|----------------------|
| <b>Contract Type:</b>     | Fixed Unit Price   | <b>Award Based On:</b>  | Highest Score Vendor |
| <b>Commodity:</b>         | Services   | <b>Contract Number:</b> | WAS-11-034-AA-MB     |
| <b>Contractor Market:</b> | Open Market with preference points for LBE/LSBE participation. |                         |                      |

**BUDGET INFORMATION**

|                      |               |                         |                          |
|----------------------|---------------|-------------------------|--------------------------|
| <b>Funding:</b>      | Operating     | <b>Department:</b>      | Human Capital Management |
| <b>Service Area:</b> | DC Water wide | <b>Department Head:</b> | Arthur Green             |

**ESTIMATED USER SHARE INFORMATION**

| User                                    | Share % | Dollar Amount   |
|---|---------|-----------------|
| District of Columbia                    | 83.78%  | \$ 7,771,596.17 |
| Washington Suburban Sanitary Commission | 11.84%  | \$ 1,098,301.49 |
| Fairfax County                          | 3.03%   | \$ 281,068.71   |
| Loudoun County                          | 1.17%   | \$ 108,531.48   |
| Potomac Interceptor                     | 0.18%   | \$ 16,697.15    |
| TOTAL ESTIMATED DOLLAR AMOUNT           |         | \$ 9,276,195.00 |

 / 11/3/14  
 Teresa L. Scott Date  
 Acting Director of Procurement

 / 11/5/14  
 Gail Alexander-Reeves Date  
 Director of Budget

 / 11/5/2014  
 Rosalind R. Inge Date  
 Assistant General Manager  
 Support Services

\_\_\_\_\_/\_\_\_\_\_  
 George S. Hawkins Date  
 General Manager

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

**ACTION REQUESTED**

**GOODS AND SERVICES CONTRACT AWARD:**

Staff Model HMO Medical Plan  
(Joint Use - Indirect Cost)

Approval to execute a contract for a base period of one (1) year in the amount of \$3,809,536.00.

**CONTRACTOR/SUB/VENDOR INFORMATION**

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

**DESCRIPTION AND PURPOSE**

Base Year Contract Value: \$3,809,536.00  
 Contract Base Period: 365 days (1 year)  
 Number of Option Years: 4  
 Anticipated Contract Start Date: 01-01-2015  
 Anticipated Contract Completion Date: 12-31-2015  
 Proposal Closing Date: 08-15-2014  
 Proposals Received: 1  
 Proposal Range: \$3,809,536.00  
 Preference Points Received: 0

**Purpose of the Contract:**

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

**Note:** This is a sole source award to Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc. (Kaiser) because it is the only based HMO provider in the region. DC Water has a significant number of employees that are loyal Kaiser participants.

Kaiser'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, Employee +1, and Employee +Family, and multiplying it by the associated rate for that category.

**PROCUREMENT INFORMATION**

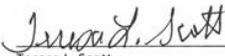
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|---------------------------|------------------|-------------------------|--------------|
| <b>Contract Type:</b>     | Fixed Unit Price | <b>Award Based On:</b>  | Sole Source  |
| <b>Commodity:</b>         | Services         | <b>Contract Number:</b> | 14-PR-HCM-08 |
| <b>Contractor Market:</b> | N/A              |                         |              |

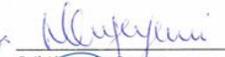
**BUDGET INFORMATION**

|                      |               |                         |                          |
|----------------------|---------------|-------------------------|--------------------------|
| <b>Funding:</b>      | Operating     | <b>Department:</b>      | Human Capital Management |
| <b>Service Area:</b> | DC Water wide | <b>Department Head:</b> | Arthur Green             |

**ESTIMATED USER SHARE INFORMATION**

| User                                    | Share %        | Dollar Amount         |
|---|----------------|-----------------------|
| District of Columbia                    | 83.78%         | \$3,191,629.27        |
| Washington Suburban Sanitary Commission | 11.84%         | \$ 451,049.06         |
| Fairfax County                          | 3.03%          | \$ 115,428.94         |
| Loudoun County & Potomac Interceptor    | 1.17%          | \$ 44,571.57          |
| Other, Specify                          | 0.18%          | \$ 6,857.16           |
| <b>TOTAL ESTIMATED DOLLAR AMOUNT</b>    | <b>100.00%</b> | <b>\$3,809,536.00</b> |

 , 11/5/14  
 Teresa L. Scott Date  
 Acting Director of Procurement

 , 11/5/2014  
 Gail Alexander Reeyes Date  
 Director of Budget

 , 11/5/2014  
 Rosalind R. Inge Date  
 Assistant General Manager  
 Support Services

\_\_\_\_\_  
 George S. Hawkins Date  
 General Manager

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

**ACTION REQUESTED**

**GOODS AND SERVICES CONTRACT OPTION :**

**Dental Services  
(Indirect Cost)**

Approval to execute option year two (2) for dental services in the amount of \$449,088.00.

**CONTRACTOR/SUB/VENDOR INFORMATION**

|   |                     |                              |
|---|---------------------|------------------------------|
| <b>PRIME:</b><br>Delta Dental<br>One Delta Drive<br>Mechanicsburg, Pennsylvania 17055 | <b>SUBS:</b><br>N/A | <b>PARTICIPATION:</b><br>N/A |
|---|---------------------|------------------------------|

**DESCRIPTION AND PURPOSE**

|                                  |                       |
|----------------------------------|-----------------------|
| Original Contract Value:         | \$706,504.56          |
| Original Contract Dates:         | 01-01-2012—12-31-2013 |
| No. of Option Years in Contract: | 3                     |
| Option Year (01) Values:         | \$293,342.52          |
| Option Year (01) Dates:          | 01-01-2014—12-31-2014 |
| Option Year (02) Values:         | \$449,088.00          |
| Option Year (02) Dates:          | 01-01-2015—12-31-2015 |

**Purpose of the Contract:**

To provide employees a dental plan for Preferred Provider Organization (PPO) to DC Water's employees hired on or after October 1, 1987.

**2015 Renewal Rate:**

The final renewal rates for 2015 represent a 9.8% increase over the current 2014 rates. DC Water's benefits consultant (consultant) performed an independent analysis reflecting an increase of 9.0%. Based on the independent analysis, the consultant requested Delta Dental to submit updated renewal rates. Delta Dental maintained the projected increase of 9.8% was necessary due to losses. Claims and administrative costs were in excess of premiums for the period October 1, 2013 to September 20, 2014. The consultant determined that the 9.8% increase was acceptable given that it was within 1% of their September 22, 2014 enrollment matrix calculations.

**Spending Previous Year:**

|                               |   |
|-------------------------------|---|
| Cumulative Contract Value:    | 01-01-2012 to 12-31-2014—\$ 999,847.08  |
| Cumulative Contract Spending: | 01-01-2012 to 09-30-2014—\$1,053,132.21 |

**Contractor's Past Performance:**

The contractor's past performance has been satisfactory.



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

**ACTION REQUESTED**

**GOODS AND SERVICES CONTRACT MODIFICATION**

**Group Life Insurance Services  
(Joint-Use)**

Approval to execute option year one (1) for group life insurance services in the amount of \$484,222.00.

**CONTRACTOR/SUB/VENDOR INFORMATION**

|   |                     |                              |
|---|---------------------|------------------------------|
| <b>PRIME:</b><br>Connecticut General Life Insurance Company<br>10490 Little Patuxent Parkway, Suite 400<br>Columbia, Maryland 21044 | <b>SUBS:</b><br>N/A | <b>PARTICIPATION:</b><br>N/A |
|---|---------------------|------------------------------|

**DESCRIPTION AND PURPOSE**

Original Contract Value: \$737,718.00  
 Original Contract Dates: 01-01 2013—12-31-2014  
 No. of Option Years in Contract: 3  
 First Option Year Value: \$484,222.00  
 First Option Year Dates: 01-01-2015—12-31-2015

**Purpose of the Contract:**

To provide DC Water employees with company-paid life insurance of one times base salary. Employees have the option to purchase Supplemental Life Insurance, Accidental Death and Dismemberment Insurance and Dependent Life Insurance.

**2015 Renewal Rate:**

The Group Life rates remained unchanged from 2013 and 2014 plan years. Premiums are a function of salary and enrollment. Therefore, the increases in premiums are primarily due to the increases in salary and enrollments.

**Spending Previous Year:**

Cumulative Contract Value: 01-01-2013 to 12-31-2014: \$737,718.00  
 Cumulative Contract Spending: 01-01-2013 to-09-30-2014: \$791,181.20

**Contractor's Past Performance:**

The contractor's past performance has been satisfactory.

**PROCUREMENT INFORMATION**

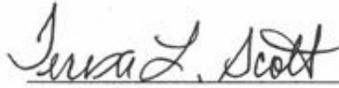
|                           |                  |                         |   |
|---------------------------|------------------|-------------------------|---|
| <b>Contract Type:</b>     | Fixed Unit Price | <b>Award Based On:</b>  | Highest responsive, responsible offeror |
| <b>Commodity:</b>         | Services         | <b>Contract Number:</b> | WAS-12-050-AA-MB                        |
| <b>Contractor Market:</b> | Open Market      |                         |   |

**BUDGET INFORMATION**

|                      |               |                         |                          |
|----------------------|---------------|-------------------------|--------------------------|
| <b>Funding:</b>      | Operating     | <b>Department:</b>      | Human Capital Management |
| <b>Service Area:</b> | DC Water wide | <b>Department Head:</b> | Arthur Green             |

**ESTIMATED USER SHARE INFORMATION**

| User                                    | Share %        | Dollar Amount        |
|---|----------------|----------------------|
| District of Columbia                    | 83.78%         | \$405,681.19         |
| Washington Suburban Sanitary Commission | 11.84%         | \$ 57,331.88         |
| Fairfax County                          | 3.03%          | \$ 14,671.93         |
| Loudoun County                          | 1.17%          | \$ 5,665.40          |
| Potomac Interceptor                     | 0.18%          | \$ 871.60            |
| <b>TOTAL ESTIMATED DOLLAR AMOUNT</b>    | <b>100.00%</b> | <b>\$ 484,222.00</b> |

 11/5/14  
 Teresa L. Scott Date  
 Acting Director of Procurement

 11/5/14  
 Gail Alexander-Reeves Date  
 Director of Budget

 11/5/14  
 Rosalind R. Inge Date  
 Assistant General Manager

\_\_\_\_\_  
 George S. Hawkins Date  
 General Manager

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

**ACTION REQUESTED**

**GOODS AND SERVICES CONTRACT OPTION :**

**Group Disability Insurance Services  
(Joint Use - Indirect Cost)**

Approval to execute option year one (1) for group disability insurance services in the amount of \$445,979.00.

**CONTRACTOR/SUB/VENDOR INFORMATION**

|  |                     |                              |
|--|---------------------|------------------------------|
| <b>PRIME:</b><br>Connecticut General Life insurance<br>Company<br>10490 Little Patuxent Parkway, Suite 400<br>Columbia, Maryland 21044 | <b>SUBS:</b><br>N/A | <b>PARTICIPATION:</b><br>N/A |
|--|---------------------|------------------------------|

**DESCRIPTION AND PURPOSE**

Original Contract Value: \$708,832.00  
 Original Contract Dates: 01-01-2013—12-31-2014  
 No. of Option Years in Contract: 3  
 Option Year (01)Values: \$445,979.00  
 Option Year (01) Dates: 01-01-2015—12-31-2015

**Purpose of the Contract:**

To provide DC Water employees with the option to purchase Short-Term and Long-Term Disability coverage.

**2015 Renewal Rate:**

The Group Disability rates remain unchanged from 2013 and 2014 plan years. The difference in premiums between the 2013 and 2014 plan years, and the projected 2015 plan year are due to fluctuation in enrollment/volume and age band of population.

**Spending Previous Year:**

Cumulative Contract Value: 01-01-2013 to 12-31-2014—\$708,832.00  
 Cumulative Contract Spending: 01-01-2013 to 09-30-2014—\$726,828.62

**Contractor's Past Performance:**

The contractor's past performance has been satisfactory.

**PROCUREMENT INFORMATION**

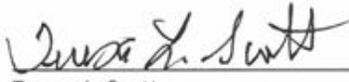
|                           |   |                         |                      |
|---------------------------|---|-------------------------|----------------------|
| <b>Contract Type:</b>     | Fixed Price                                 | <b>Award Based On:</b>  | Highest Score Vendor |
| <b>Commodity:</b>         | Services                                    | <b>Contract Number:</b> | WAS-12-045-AA-MB     |
| <b>Contractor Market:</b> | Open Market with LBE/LSBE Preference Points |                         |                      |

**BUDGET INFORMATION**

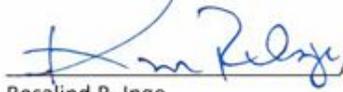
|                      |               |                         |                          |
|----------------------|---------------|-------------------------|--------------------------|
| <b>Funding:</b>      | Operating     | <b>Department:</b>      | Human Capital Management |
| <b>Service Area:</b> | DC Water wide | <b>Department Head:</b> | Arthur Green             |

**ESTIMATED USER SHARE INFORMATION**

| User                                    | Share % | Dollar Amount       |
|---|---------|---------------------|
| District of Columbia                    | 83.78%  | \$373,641.21        |
| Washington Suburban Sanitary Commission | 11.84%  | \$ 52,803.91        |
| Fairfax County                          | 3.03%   | \$ 13,513.16        |
| Loudoun County & Potomac Interceptor    | 1.17%   | \$ 5,217.96         |
| Other, Specify                          | 0.18%   | \$ 802.76           |
| <b>TOTAL ESTIMATED DOLLAR AMOUNT</b>    |         | <b>\$445,979.00</b> |

 11/3/14  
 \_\_\_\_\_ Date  
 Teresa L. Scott  
 Acting Director of Procurement

 11/05/2014  
 \_\_\_\_\_ Date  
 Gail Alexander Reeves  
 Director of Budget

 11/5/2014  
 \_\_\_\_\_ Date  
 Rosalind R. Inge  
 Assistant General Manager  
 Support Services

\_\_\_\_\_  
 \_\_\_\_\_ Date  
 George S. Hawkins  
 General Manager