



**DISTRICT OF COLUMBIA  
WATER AND SEWER AUTHORITY**

Board of Directors

**Human Resources and Labor Relations Committee**

Wednesday, November 13, 2013  
11:00 a.m.

1. Call to Order..... Edward L. Long, Jr.  
Chairman
2. 2014 Medical Plan Renewals.....Otho T. Milbourne  
Manager, Benefits
3. 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
4. 2014 Meeting Schedule
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.



# 2014 Medical Plan Renewals

## HR Labor Relations Committee

### Edward L. Long, Chair

### November 13, 2013



## DC Water Medical Plans

- Medical Plans (offered to post 1987 employees)
  - CIGNA Open Access Plan (PPO)
  - CIGNA Network Plan (HMO)
  - Kaiser HMO
- Premiums are fully insured
  - Premiums paid to insurance carriers who accept all risk associated with employee claims

Employees hired before 1987 have grandfathered eligibility for Federal Health Benefits



## Kaiser HMO

- Kaiser proposed a premium increase of 4.9%
- Aon Hewitt performed rate development and analysis of claims data and determined increase to be reasonable



## **Cigna HMO and Open Access Plans**

- Cigna proposed an increase of 9.5%
- Aon Hewitt negotiated down to 8.6% after performing rate development and analysis of claims data
- Aon Hewitt provided a range of plan design changes to lower impact of increase
- Three plan design changes were selected to further mitigate increase down to 6.5%



## 2014 Proposed Cigna Plan Design Change 1 of 3

- **PPO (OAP) ER copay from \$50 to \$75 (No change to HMO)**
  - Copay waived if admitted
  - High numbers of employees using hospital ER for conditions that can be better treated in urgent care centers
  - Cigna reported 126 steerable visits in 2012
  - Educate employees on the proper use of ER and urgent care
  - ER Copay Benchmarking Data:
    - DC Gov - \$100
    - WSSC - \$75
    - PG County - \$150



## 2014 Proposed Cigna Plan Design Change 2 of 3

- **RX copays from \$5/\$15/\$30 to \$5/\$20/\$35**
  - \$5 increase to preferred brand name and non preferred brand name drugs
  - No change to generic
    - Less expensive and same active ingredients as brand name RX
  - RX Benchmarking data:
    - DC Gov - \$10/\$20/\$30
    - WSSC - \$5/\$15/\$30
    - PG County - Generic: \$10, Preferred Brand: Greater of \$20 or 20% to a max of \$50, Non-Preferred Brand: Greater of \$40 or 30% to a max of \$50



## 2014 Proposed Cigna Plan Design Change 3 of 3

- **Specialist copay increases from \$20 to \$30**
  - Minimal dollar impact to employee but will help create separation between PCP and Specialist copays and provide incentive to use PCP.
  - Specialist Benchmarking data:
    - DC Gov - \$30
    - WSSC - \$25
    - PG County - \$35





## **Cigna Plan Enhancements – Loss of GF Status**

- **Women's Preventive Care Covered at 100%**
  - FDA-approved contraception methods and contraceptive counseling
  - Breastfeeding support, supplies, and counseling
  - HPV DNA testing for women 30 years and older
  - Sexually-transmitted infection counseling
  - HIV screening and counseling
  - Screening and Counseling for Interpersonal & Domestic Violence
- **All Deductibles, Copays, Coinsurance, and Pharmacy Claims must Count Towards an Out-Of-Pocket Maximum**
  - This will help protect higher utilizing employees in the event of catastrophic situations



## Financial Impact

- **Cigna plan changes will result in approximately \$242,000 first year savings**
  - Employee Savings: \$48,000
  - DC Water Savings: \$193,000

Vendor/Plan	2014 Initial Renewal				2014 Final Renewal			% Change
	Enrollment	Monthly Employee Cost	Monthly Employer Cost	Renewal	Monthly Employee Cost	Monthly Employer Cost	Renewal	Dollar Difference
Medical Plan - CIGNA Network Plan (HMO)								
DCWASA Employees								
Individual	50	\$132.01	\$528.06	\$660.07	\$128.53	\$514.12	\$642.65	-3%
Employee + 1	36	\$277.78	\$1,111.14	\$1,388.92	\$270.36	\$1,081.46	\$1,351.82	-3%
Family	82	\$397.05	\$1,588.22	\$1,985.27	\$386.41	\$1,545.66	\$1,932.07	-3%
Annual Total	168	\$590,000	\$2,360,000	\$2,950,000	\$574,000	\$2,297,000	\$2,871,000	-\$79,000
Medical Plan - CIGNA Open Access Plus (PPO)								
DCWASA Employees								
Individual	122	\$142.19	\$568.76	\$710.95	\$138.43	\$553.70	\$692.13	-3%
Employee + 1	72	\$299.81	\$1,199.25	\$1,499.06	\$291.74	\$1,166.95	\$1,458.69	-3%
Family	144	\$428.77	\$1,715.09	\$2,143.86	\$417.17	\$1,668.69	\$2,085.86	-3%
Annual Total	338	\$1,208,000	\$4,832,000	\$6,041,000	\$1,176,000	\$4,702,000	\$5,878,000	-\$163,000



## **Recommend Board Approval**

- **Exercise additional option years for Cigna and Kaiser**

**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 two (2) for medical services in the amount of \$8,748,695.00.

**CONTRACTOR/SUB/VENDOR INFORMATION**

<b>PRIME:</b> CIGNA Healthcare 10490 Little Patuxent Parkway Suite 400 Columbia, Maryland 21044	<b>SUBS:</b> N/A	<b>PARTICIPATION:</b> N/A
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**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
Option Year (1) Value:	\$8,120,014.00
Option Year (1) Dates:	01-01-2013—12-31-2013
Second Option Year Values:	\$8,748,695.00
Second Option Year Dates:	01-01-2014—12-31-2014

**Purpose of the Contract:**

To contract for a Preferred Provider Organization (PPO) medical plan for the District of Columbia Water and Sewer Authority's (DC Water) under the responsibility of Human Capital Management department.

**2014 Renewal Rates:**

The final renewal rates for 2014 represents an increase of 6.5% over the current 2013 rates. This increase is slightly under the medical industry trend of average increases of 9.0% which is based on DC Water benefits consultants' 2013 Health Care Trend Survey for PPO medical plans.

**Spending Previous Year:**

Cumulative Contract Value:	01-01-2012 to 12-31-2013—\$14,825,014.00
Cumulative Contract Spending:	01-01-2012 to 09-30-2013—\$13,345,892.00

**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 and responsible offeror
<b>Commodity:</b>	Medical 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

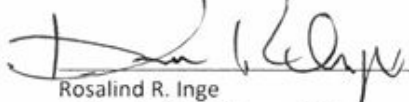
User	Share %	Dollar Amount
District of Columbia	83.78%	\$ 7,329,656.67
Washington Suburban Sanitary Commission	11.84%	\$1,035,845.49
Fairfax County	3.03%	\$ 265,085.46
Loudoun County	1.17%	\$ 102,359.73
Potomac Interceptor	0.18%	\$ 15,747.65
<b>TOTAL ESTIMATED DOLLAR AMOUNT</b>	<b>100.00%</b>	<b>\$ 8,748,695.00</b>

  
 Katy Chang  
 Acting Director of Procurement

11-5-13  
 Date

  
 Gail Alexander-Reeves  
 Director of Budget

11/08/13  
 Date

  
 Rosalind R. Inge  
 Acting Assistant General Manager  
 Support Services

11/11/13  
 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 four (4) for medical services in the amount of \$3,377,259.00.

**CONTRACTOR/SUB/VENDOR INFORMATION**

<b>PRIME:</b> Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc. 2101 East Jefferson Street Rockville, Maryland 20852	<b>SUBS:</b> N/A	<b>PARTICIPATION:</b> N/A
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**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 (1-3):	\$8,511,375.00
Option Year Dates (1-3):	01-01-2011—12-31-2013
Fourth Option Year Value:	\$3,377,259.00
Fourth Option Year Dates:	01-01-2014—12-31-2014

**Purpose of the Contract:**

To contract for a Health Maintenance Organization (HMO) medical plan to employees hired on or after October 1, 1987 for the District of Columbia Water and Sewer Authority's (DC Water) under the responsibility of Human Capital Management department.

**2014 Renewal Rate:**

The renewal rates for 2014 represents an increase of 4.9% over current 2013 rates. This increase is slightly under the medical industry trend of average increases of 8.2% which is based on DC Water benefits consultants' 2013 Health Care Trend Survey for HMO medical plans.

**Spending Previous Year:**

Cumulative Contract Value:	01-01-2010 to 12-31-2013—\$10,537,632
Cumulative Contract Spending:	01-01-2010 to 09-30-2013—\$10,179,437

**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>	Sole Source
<b>Commodity:</b>	Medical Services	<b>Contract Number:</b>	WAS-09-071-AA-MB
<b>Contractor Market:</b>	N/A		

## BUDGET INFORMATION

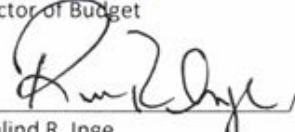
<b>Funding:</b>	Operating	<b>Department:</b>	Human Capital Management
<b>Service Area:</b>	DC Water Wide	<b>Department Head:</b>	Arthur Green

## ESTIMATED USER SHARE INFORMATION

User	Share %	Dollar Amount
District of Columbia	83.78%	\$2,829,467.59
Washington Suburban Sanitary Commission	11.84%	\$ 399,867.47
Fairfax County	3.03%	\$ 102,330.95
Loudoun County	1.17%	\$ 39,513.93
Potomac Interceptor	0.18%	\$ 6,079.07
<b>TOTAL ESTIMATED DOLLAR AMOUNT</b>	<b>100.00%</b>	<b>\$ 3,377,259</b>

 11-5-13  
 Katy Chang Date  
 Acting Director of Procurement

 11/08/13  
 Gail Alexander-Reeves Date  
 Director of Budget

 11/8/13  
 Rosalind R. Inge Date  
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