



DISTRICT OF COLUMBIA
WATER AND SEWER AUTHORITY

Board of Directors
Special Meeting of the Human Resources and
Labor Relations Committee

Tuesday, December 18, 2018
9:00 am

- 1. Call to Order..... Ellen Boardman
Vice Chair
- 2. Exercise Medical Plans Option Years.....Eva Lopez
Manager, Benefits and Compensation

Action Items: Renewal of Employees Medical Insurance Plans

- A. Contract #16-PR-HCM-26, Connecticut General Life Insurance (CIGNA)
– Modification for Additional Funding and Exercise Option Year Two
- B. Contract #14-PR-HCM-08, Kaiser Permanente – Exercise Option Year
Four

- 3. Executive Session*
- 4. Adjournment.....Ellen Boardman
Vice Chair

* 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.



2019 Health and Welfare Benefit Renewals

**Presented to:
HR Labor Relations Committee**

December 18, 2018



Executive Summary

- ❖ Overview of 2019 Health and Welfare Benefit Renewals chart
- ❖ Medical Plans' Specifics
- ❖ Recommendation



2019 Health and Welfare Renewals

Carrier	Plan	2019 Renewal Percentage
Cigna	HMO*	8.0%
Cigna – Open Access Plan	PPO**	8.0%
Kaiser	HMO	-.4%
Delta Dental	Dental PPO	0.0%
United Concordia	Dental HMO	0.0%
National Vision Administrators	Vision	0.0%
Cigna	Life Insurance	0.0%
Cigna	Short Term Disability	0.0%
Cigna	Long Term Disability	0.0%

*Health Maintenance Organization

**Preferred Provider Organization



Medical Plans' Specifics

- ❖ Kaiser
 - Enrollment increase – 24%
 - 2015: 266 employees enrolled
 - 2018: 330 employees enrolled

- ❖ Cigna
 - Enrollment increase – 6.6%
 - 2015: 560 employees enrolled
 - 2018: 597 employees enrolled

- ❖ Cigna Rebate
 - Rebates to be distributed to eligible employees in December
 - Lower utilization than anticipated
 - Effective disease management



Recommend Board Approval

- ❖ Exercise additional option years as follows:
 - Cigna HMO and Open Access Plans
 - Option year two: January 1, 2019 through December 31, 2019
 - Option to continue with contract through 2021

 - Kaiser Permanente HMO
 - Last option year: January 1, 2019 through December 31, 2019
 - RFI planned for Spring 2019

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

ACTION REQUESTED

**GOODS AND SERVICES CONTRACT OPTION YEAR
MEDICAL INSURANCE PLANS
(Joint Use – Indirect Cost)**

Approval to execute a contract modification to fund services through the end of the calendar year in the amount of \$996,289.65 and exercise option year two (2) for medical insurance plans: Health Maintenance Organization (HMO) and Preferred Provider Organization (PPO) in the amount of \$13,350,000.00.

CONTRACTOR/SUB/VENDOR INFORMATION

PRIME: Connecticut General Life Insurance Company (Cigna) 111 South Calver Street Baltimore, MD 21202	SUBS: Social Driver (LSBE) 1030 15th St NW, Suite 1050W Washington, DC 20005	PARTICIPATION: 0.2%
--	--	-------------------------------

DESCRIPTION AND PURPOSE

Original Contract Value:	\$10,906,116.00
Original Contract Dates:	01-01-2017—12-31-2017
No. of Option Years in Contract:	4
Option Year 1 Value:	\$10,824,582.00
Option Year 1 Dates:	01-01-2018—12-31-2018
Contract Modification No. 1 Value:	\$55,000.00
Contract Modification No. 1 Dates:	11/01/2018—12/31/2018
Contract Modification No. 2 Value	\$996,289.65
Contract Modification No. 2 Dates	12/01/2018—12/31/2018
Option Year 2 Value:	\$13,350,000.00
Option Year 2 Dates:	01-01-2019—12-31-2019

Purpose of the Contract:

Contract to provide DC Water with two (2) health insurance plans: HMO as well as a PPO for employees hired after October 1, 1987.

Scope of the Contract:

This contract offers comprehensive medical coverages to employees and their families. The Contractor shall maintain the required managed care networks and provide utilization review services. The requested amount represents both the DC Water and employee shares of the total cost.

Contract Modification:

Contract modification for additional funding in the amount of \$996,289.65 to cover the cost for services through December 2018 as usage of the contract services was higher than estimated based upon the enrollment at the time. The growth in enrollment is responsible for the upsurge in cost.

Exercise of option year two (2) in the amount of \$13,350,000.00 is requested. The increase over the prior year is due to market changes in the health care industry. This rate increase of 8% over the prior year projection is considered reasonable based upon the recommendation of DC Water's consultant, Aon Consulting, Inc.

Spending Previous Year:

Cumulative Contract Value: 01-01-2017 - 12-31-2018: \$21,785,698.00
 Cumulative Contract Spending: 01-01-2017 - 12-03-2018: \$21,783,289.50

Contractor's Past Performance:

According to the COTR, the Contractor's quality of services; timeliness of responses; conformance to DC Water's policies, procedures and contract terms; and invoicing all meet expectations.

PROCUREMENT INFORMATION

Contract Type:	Fixed Price	Award Based On:	Highest Rated Offeror
Commodity:	Services	Contract Number:	16-PR-HCM-26
Contractor Market:	Open Market with Preference Points for LBE and LSBE Participation		

BUDGET INFORMATION

Funding:	Operating	Department:	People and Talent
Service Area:	DC Water Wide	Department Head:	Roger E. Brown, Jr.

ESTIMATED USER SHARE INFORMATION

User	Share %	Dollar Amount
District of Columbia	83.75%	\$12,015,017.58
Washington Suburban Sanitary Commission	12.09%	\$1,734,466.42
Fairfax County	2.69%	\$385,915.19
Loudoun County	1.30%	\$186,501.77
Other (PI)	0.17%	\$24,388.69
TOTAL ESTIMATED DOLLAR AMOUNT	100.00%	\$14,346,289.65

 / 12/13/18
 Roger E. Brown, Jr. Date
 EVP of People and Talent (Acting)

 / 12/13/18
 Dan Bae Date
 VP of Procurement

 / 12/13/18
 Matthew T. Brown Date
 CFO and EVP of Finance and Procurement

 David L. Gadis Date
 President and CEO

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

ACTION REQUESTED

**GOODS AND SERVICES CONTRACT EXERCISE OPTION YEAR
STAFF MODEL HMO MEDICAL PLAN
(Joint Use – Indirect Cost)**

Approval to exercise option year four (4) for staff model Health Maintenance Organization (HMO) medical plan contract in the amount of \$4,900,000.00.

CONTRACTOR/SUB/VENDOR INFORMATION

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

DESCRIPTION AND PURPOSE

Original Contract Value:	\$3,809,536.00
Original Contract Dates:	01-01-2015—12-31-2015
No. of Option Years in Contract:	4
Option Year 1 Value:	\$4,379,587.00
Option Year 1 Dates:	01-01-2016—12-31-2016
Option Year 2 Value:	\$4,259,413.00
Option Year 2 Dates:	01-01-2017—12-31-2017
Option Year 3 Value:	\$4,715,782.00
Option Year 3 Dates:	01-01-2018—12-31-2018
Contract Modification No. 1 Value:	\$475,000.00
Contract Modification No. 1 Dates:	11-01-2018—12-31-2018
This Option Year 4 Value:	\$4,900,000.00
This Option Year 4 Dates:	01-01-2019—12-31-2019

Purpose of the Contract:

Contract to provide HMO services for employees hired after October 1, 1987.

Contract Scope:

This contract offers comprehensive HMO medical coverage to employees and their families. The Contractor shall maintain the required managed care networks and provide utilization review services.

Contract Modification:

Exercise of option year four (4) in the amount of \$4,900,000.00. The requested amount represents both the DC Water and employee shares of the total cost. The calendar year 2018 rates will be utilized in 2019. Since 2015 enrollment in Kaiser has increased 24% (64 enrollee).

Spending Previous Year:

Cumulative Contract Value:	01-01-2015 - 12-31-2018: \$17,639,318.00
Cumulative Contract Spending:	01-01-2015 - 12-03-2018: \$17,569,910.45

Contractor's Past Performance:

According to the COTR, the Contractor's quality of services; timeliness of responses; conformance to DC Water's policies, procedures and contract terms; and invoicing all meet expectations.

No LBE/LSBE participation

PROCUREMENT INFORMATION

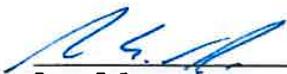
Contract Type:	Fixed Price	Award Based On:	Sole Source
Commodity:	Services	Contract Number:	14-PR-HCM-08
Contractor Market:	Open Market with Preference for LBE and LSBE Participation		

BUDGET INFORMATION

Funding:	Operating	Department:	People and Talent
Service Area:	DC Water Wide	Department Head:	Roger E. Brown, Jr.

ESTIMATED USER SHARE INFORMATION

User	Share %	Dollar Amount
District of Columbia	83.75%	\$4,103,750.00
Washington Suburban Sanitary Commission	12.09%	\$592,410.00
Fairfax County	2.69%	\$131,810.00
Loudoun County	1.30%	\$63,700.00
Other (PI)	0.17%	\$8,330.00
TOTAL ESTIMATED DOLLAR AMOUNT	100.00%	\$4,900,000.00

 / 12/13/2018
 Roger E. Brown, Jr. Date
 EVP of People and Talent (Acting)

 / 12/13/18
 Dan Bae Date
 VP of Procurement

 / 12/13/18
 Matthew T. Brown Date
 CFO and EVP of Finance and Procurement

_____/_____
 David L. Gadis Date
 President and CEO