



**DISTRICT OF COLUMBIA  
WATER AND SEWER AUTHORITY**

Board of Directors  
Human Resources and Labor Relations Committee  
Wednesday, November 8, 2017  
11:00 a.m.

- 1. Call to Order.....Bradley Frome  
Chairman
- 2. 2018 Medical Plan Rate Renewals..... Otho Milbourne  
Supervisor, Total Rewards
- 3. Action Item ..... Otho Milbourne  
Supervisor, Total Rewards
  - A. Contract No. 16-PR-HCM-26 – Connecticut General Life Insurance Company  
(CIGNA) – Exercise Option Year One
  - B. Contract No. 14-PR-HCM-08 - Kaiser Foundation Health Plan of the Mid-Atlantic  
States, Inc. – Exercise Option Year Three
- 4. Executive Session\* .....Bradley Frome  
Chairman
- 5. Adjournment ..... Bradley Frome  
Chairman

\* 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.



# 2018 Medical Plan Renewals

**Presented to:**  
**HR Labor Relations Committee**  
**Bradley Frome, Vice Chairperson**

**November 8, 2017**



## 2018 Medical Plan Cost Share Change

Vendor/Plan	Enrollment	2017			2018	Cost Share Difference
		Bi-Weekly Employee Cost Share at 20%	Bi-Weekly Employer Cost	Renewal	Bi-Weekly Employee Cost Share at 23%	
<b>Medical Plan - CIGNA Network Plan (HMO)</b>						
<b>DCWASA Employees</b>						
Individual	56	\$66.25	\$264.99	\$331.24	\$76.19	\$9.94
Employee + 1	53	\$139.44	\$557.76	\$697.20	\$160.36	\$20.92
Family	87	\$199.32	\$797.30	\$996.62	\$229.22	\$29.90
<b>Annual Total</b>	<b>196</b>	<b>\$739,470</b>	<b>\$2,957,911</b>	<b>\$3,697,381</b>	<b>\$850,404</b>	
<b>Medical Plan - CIGNA Open Access Plus (PPO)</b>						
<b>DCWASA Employees</b>						
Individual	120	\$71.14	\$284.56	\$355.70	\$81.81	\$10.67
Employee + 1	81	\$150.08	\$600.31	\$750.39	\$172.59	\$22.51
Family	159	\$214.66	\$858.66	\$1,073.32	\$246.86	\$32.20
<b>Annual Total</b>	<b>360</b>	<b>1,425,430</b>	<b>5,701,781</b>	<b>7,127,210</b>	<b>1,639,241</b>	
<b>Medical Plan - Kaiser Permanente HMO Select</b>						
<b>DCWASA Employees</b>						
Individual	103	\$52.54	\$210.17	\$262.71	\$60.42	\$7.88
Employee + 1	68	\$105.08	\$420.33	\$525.41	\$120.84	\$15.76
Family	144	\$152.37	\$609.48	\$761.85	\$175.23	\$22.86
<b>Annual Total</b>	<b>315</b>	<b>\$896,957</b>	<b>\$3,587,872</b>	<b>\$4,484,829</b>	<b>\$1,031,511</b>	
<b>Grand Total</b>	<b>871</b>	<b>\$3,061,857</b>	<b>\$12,247,564</b>	<b>\$15,309,420</b>	<b>\$3,521,167</b>	

Change in medical plan cost share results in an estimated employer savings of \$459,310.



## 2018 Medical Plan Renewals

Carrier	Plan	2018 Initial Renewal	2018 Final Renewal	Aon Projections
Cigna	HMO	9.9%	0.0%	8.4%
Cigna	OAP	9.9%	0.0%	8.4%
Kaiser	HMO	5.2%	5.2%	7.7%

- 2017 Healthcare trend rates are 8.7% for HMOs and 8.8% for PPOs according to Aon Hewitt Survey Data.
- Cigna Final Renewal assumes an investment of \$1,074,000 to reduce the Final Renewal rate from 9.9% to 0.0%.
- 2017 Annual Medical Utilization meeting with Cigna revealed positive key metrics that were shared with Underwriting as a result of HCM Total Rewards efforts to increase health engagement and reduce costs.
  - Preventive Care Utilization – 48.3% (Norm = 43.8%)
  - Health Assessment Penetration – 14.3% (Norm = 11.2%)



## **Recommend Board Approval**

- Exercise additional option years for the following
  - Cigna HMO and Open Access Plans
  - Kaiser Permanente HMO

**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**

Approval to exercise option year one (1) for medical insurance plans in the amount of \$10,824,582.00.

**CONTRACTOR/SUB/VENDOR INFORMATION**

<b>PRIME:</b> Connecticut General Life Insurance Company (CIGNA) 111 South Calvert Street Baltimore, MD 21202	<b>SUBS:</b> L.T. Printing and Promotion 9 Grant Circle NW Washington, DC 20011 LBE	<b>PARTICIPATION:</b> 0.2%
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**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**

**Purpose of the Contract:**

This contract is to provide DC Water’s employees two (2) health insurance plans: Health Maintenance Organization (HMO) as well as a Preferred Provider Organization (PPO) for employees hired after October 1, 1987.

**Contract Scope:**

This contract offers comprehensive medical coverage to employees and their families.

**Spending Previous Year:**

Cumulative Contract Value: 01-01-2017 to 12-31-2017: \$10,906,116.00  
 Cumulative Contract Spending: 01-01-2017 to 09-30-2017: \$ 8,235,133.00

**Contractor’s Past Performance:**

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

**PROCUREMENT INFORMATION**

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

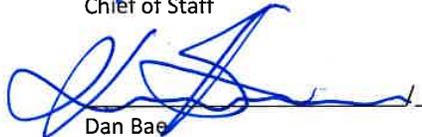
**BUDGET INFORMATION**

<b>Funding:</b>	Operating	<b>Department:</b>	Human Capital Management
<b>Service Area:</b>	DC Water Wide	<b>Department Head:</b>	Roger E. Brown Jr.

**ESTIMATED USER SHARE INFORMATION**

User	Share %	Dollar Amount
District of Columbia	83.65%	\$ 9,054,762.84
Washington Suburban Sanitary Commission	12.07%	\$1,306,527.05
Fairfax County	2.84%	\$307,418.13
Loudoun Water	1.25%	\$135,307.28
Other (PI)	0.19%	\$20,566.70
<b>TOTAL ESTIMATED DOLLAR AMOUNT</b>	<b>100.00%</b>	<b>\$10,824,582.00</b>

 / 10/31/17  
 Mustaafa Dozier Date  
 Chief of Staff

 / 10/31/17  
 Dan Bae Date  
 Director of Procurement

 / 11/3/17  
 Matthew T. Brown Date  
 Chief Financial Officer

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 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 YEAR  
STAFF MODEL HMO MEDICAL PLAN  
JOINT-USE**

Approval to exercise option year three (3) for staff model Health Maintenance Organization (HMO) medical plan contract in the amount of \$4,715,782.00.

**CONTRACTOR/SUB/VENDOR INFORMATION**

<b>PRIME:</b>	<b>SUBS:</b>	<b>PARTICIPATION:</b>
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
<b>Option Year 3 Value:</b>	<b>\$4,715,782.00</b>
<b>Option Year 3 Dates:</b>	<b>01-01-2018—12-31-2018</b>

**Purpose of the Contract:**

This contract is to provide DC Water’s employees a Health Maintenance Organization (HMO) for employees hired after October 1, 1987.

**Contract Scope:**

This contract offers comprehensive HMO medical coverage to employees and their families.

**Spending Previous Year:**

Cumulative Contract Value:	01-01-2017 to 12-31-2017: \$12,448,536.00
Cumulative Contract Spending:	01-01-2017 to 09-30-2017: \$11,620,575.00

**Contractor’s Past Performance:**

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

No LBE/LSBE participation

