

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: December 10, 2014

Board Item: II-A-8

2015 Benefit Insurance Renewals

Action by Consent

Action

Information

Denver Water's third party administrator (TPA) and Stop Loss contract with CIGNA, third party administrator (TPA) with Delta Dental, third party administrator (TPA) with Superior Vision, fully insured Life, ADD, Long Term Disability and Short Term Disability with Lincoln Financial and Flexible Spending Account, COBRA and Retiree Billing Services with Payflex will end December 31, 2014. Below are summarized proposed renewal rates for 2015 medical (administrative costs & stop loss), dental, vision, Life, AD&D, Short Term Disability and Long Term Disability coverage, and for FSA, COBRA and Retiree Billing Services. The following guaranteed contract extension rates were offered by Denver Water's current vendors for the next year. In 2015 Denver Water will be conducting a full market bid for all plans based on the Total Reward Philosophy.

CIGNA (TPA) Administrative Fees – Contract number 05778C & 05924A:

- Administrative Fees in 2015 for claims administration, network access, medical management, disease management & coaching and the Employee Assistance Program are projected to be approximately \$860,000. This is a \$70,000 reduction since 2013.

CIGNA Stop Loss Premium Rates – Contract number 05778B:

- CIGNA is offering a \$285,000 Individual Stop Loss (ISL) without increasing the premium at a rate of \$1,441,702/year.

Delta Dental (TPA) Administrative Fees – Contract number 06716A & 06717A:

- Delta has offered to hold the current administrative fee of \$3.50 PEPM through 12/31/15. Cost for 2015 is expected to be \$48,700.

Superior Vision Administrative Fees – Contract number 05899A:

- Superior has offered to hold the current ASO rate of \$1.90 PEPM through 12/31/15. Cost for 2015 is expected to be \$18,800.

Lincoln Financial Group Life, AD&D, Short Term Disability and Long Term Disability Rates – Contract number 10685A:

- Lincoln has offered to hold the current rate of \$0.18 for basic life and \$0.025 for basic AD&D. Cost for 2015 are expected to be \$260,000.
- Optional life and AD&D, which is 100% employee paid, will hold at the current rates.
- Lincoln has offered a 15% rate decrease on short term and long term disability. Short Term Disability is 100% employee paid. Cost for Long Term Disability for 2015 is \$356,000.

November 20, 2014

Revised by CEO's Office 8/19/2011

PayFlex FSA Administration, COBRA and Retiree Billing Services – Contract number 10790A & 10791A:

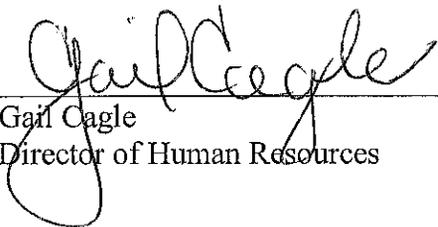
- PayFlex has offered to hold the current ASO fees through 12/31/15. Administration cost for 2015 are expected to be \$33,000.

Recommendation:

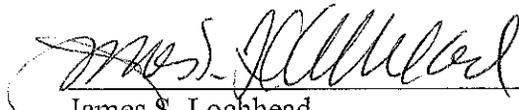
It is recommended that the Board renew all of the above Benefit Plan Amendments through December 31, 2015.

Approvals:

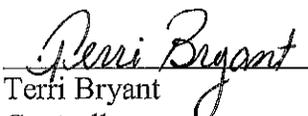
Respectfully submitted,



Gail Cagle
Director of Human Resources



James S. Lochhead
CEO/Manager

 12/2/14

Terri Bryant
Controller