

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: June 8, 2011

Board Item: V-E-4

**2012 - 2014 Cigna ASO Renewal Rates**

Action by Consent

Action

Information

Denver Water's third party administrator (TPA) contract with CIGNA will end December 31, 2011. Summarized below are proposed renewal rates for 2012 -2014 medical (administrative costs). In January 2011, an informational item was brought before the Board regarding whether to issue a RFP for medical, dental, vision, life, AD&D, Short Term Disability and Long Term Disability coverage, and for FSA, COBRA and Retiree Billing Services. Pros and cons were presented to the Board including competitive pricing, new services, costs to rebid (\$60,000 - &120,000), morale, and health care reform changes. The decision by the Board was to not issue a RFP at this time.

The following is the proposed Administrative Services Only (ASO) rates effective January 1, 2012 – December 31, 2014:

- Open Access Plus (OAP) with Medical Management \$40.81/employee/month
  - OAP Access Fee \$23.66/employee/month
- (Includes Medical Management fee, Disease Management fee and Narcotics Therapy fee)

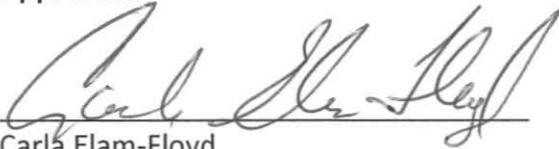
CIGNA has offered to hold the 2011 Administrative Fees constant for 2012, 2013 and 2014. Administrative Fees in 2011 for claims administration, network access, medical management and disease management are estimated to be \$930,000.

**Recommendation**

It is recommended that the Board approve:

- The Administrative Service Only Agreement which includes the above fees for the period of January 1, 2012 through December 31, 2014.

**Approvals:**

  
Carla Elam-Floyd  
Director of Human Resources

Respectfully submitted,

  
James S. Lochhead, CEO/Manager

  
Patricia Wells  
General Counsel