

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: November 14, 2012

Board Item: V-A-16

2012 Cigna Stop Loss Renewal #05778B

Action by Consent

Action

Information

Denver Water's insurance agreement with CIGNA for Stop Loss insurance coverage ends December 31, 2012.

Stop loss coverage provides reimbursement of claim costs that exceed an established individual stop loss (ISL) limit. That limit has been set at \$200,000 since 2010. In 2010 Denver Water paid \$1,087,339 in premiums for stop loss coverage and received \$735,201 in reimbursements. In 2011 Denver Water paid \$1,273,927 in premiums for stop loss coverage and received \$1,383,879 in reimbursements.

Denver Water has seen the following increases in Stop Loss ISL coverage over the last few years:

Renewal Year	Amount of ISL (Individual Stop Loss)	Increase In Premium Cost Over Prior Year	Comments
2012	\$200,000	13%	Recommendation based on Healthcare Reform changes
2011	\$200,000	19%	Includes the elimination of a lifetime maximum per health care reform
2010	\$200,000	-5%	DW moved to a new network which lowered ISL cost, and increased ISL to \$200,000 for a lower premium cost

For 2012 Cigna offered 2 choices to Denver Water: ISL of \$200,000 with a premium increase of 15.9% or an ISL of \$220,000 with a premium increase of 0%. Leif Associates recommends that DW move to the \$220,000 ISL level based on our experience.

Recommendation:

Considering the elimination of life time limits, risk exposure and Leif's recommendation, it is recommended that the Board increase the individual stop loss limit to \$220,000 at the same Per Employee Per Month (PEPM) of \$101.30 for an approximate cost of \$1,440,000 per year.

Approvals:

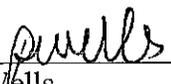
Respectfully submitted,



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