

WEST BASIN MUNICIPAL WATER DISTRICT

SEPTEMBER 4, 2007 - Administration
Little (Chair), Dear
SEPTEMBER 24, 2007- Board Meeting
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Approved by: Rich Nagel

INFORMATION CALENDAR

HEALTH EXPENSE CLAIMS ADMINISTRATIONSUMMARY:

Health expense reimbursement claims are currently processed by staff and paid twice a month. Claim forms must be submitted by a certain deadline in order for staff to prepare the reimbursement checks. There is a 10-20 day turnaround period, depending on the month, and three staff employees are involved in processing the payments.

Based upon the size of the staff, the need to safeguard confidentiality of the records at all times, and the processing limitations of the District, it is recommended that the health expense claims administration be contracted out to a third-party administrator (TPA). The advantages of contracting with a TPA are:

- TPA's have more resources and extensive technical expertise to ensure District compliance with all IRS and other legal requirements.
- Contracting out would insure confidentiality at all times as no health care documents would be submitted to the District.
- Claims can be paid more frequently (either weekly or daily by some TPA's).
- TPA's can issue debit cards to pay for many healthcare services, eliminating the need to pay for services up front and the wait for an expense claim to be paid.
- Reimbursement claims can be submitted online and receipts faxed.
- TPA's provide periodic reports to the employees on their account status and/or online viewing of their account status.
- Contracting out costs less than processing claims in-house. Annual fees are estimated to be less than \$10,000.
- TPA's can assist with the preparation of the employer's plan document.

Additional information on TPA fees and services will be provided to the Board in October for further consideration. If the District contracts out the health expense claims administration, the ideal time to initiate these services would be January, the start of a new calendar year.

FISCAL IMPACTS:

Funds were included in the Fiscal Year 2007-08 Budget to cover the costs of a TPA for health expense claims administration.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Administration Committee on September 4, 2007 and agendaized to the September 24, 2007 Board meeting as information for discussion.

RECOMMENDED MOTION:

This item is for information only.