

**Washington Metropolitan Area Transportation Authority
Board Action/Information Summary**

<input checked="" type="checkbox"/> Action <input type="checkbox"/> Information	MEAD Number: 99956	Resolution: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
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PURPOSE

To request the approval of the Board of Directors to enter into a contract with Aon Consulting for Employee Health & Welfare Benefit Consultant services on a sole-source basis.

DESCRIPTION

The Authority is required to comply with the Government Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", which includes preparation of actuarial calculations. The Authority also has the opportunity to participate in the Retiree Drug Subsidy (RDS) Program included under the Medicare Prescription Drug, Improvement, and Modernization Act of 2003. To participate, an application, which requires the attestation of a qualified actuary, must be filed annually for each medical plan.

Following a best-value, competitively negotiated procurement, WMATA awarded a firm fixed price contract to Aon Consulting on April 30, 2003. Aon was retained under this contract to provide necessary routine health and welfare benefit consultant services, such as assistance in reviewing the contract renewal and costing of health and welfare plans, assistance as needed with the health and welfare plans annual enrollment, assistance with the assessment of benefit programs, and serving as the Authority's liaison with insurance vendors on administrative issues. This contract was modified on September 4, 2007 to include the services for developing the actuarial valuation mandated by GASB No. 45 and preparing funding and plan/benefit alternatives. Aon has amassed a significant amount of history and experience in assisting the Authority in shaping its six different benefit programs. Our current contract with Aon Consulting expires on April 30, 2008.

The proposed action would establish a new, one-year contract with Aon for the provision of Employee Health and Welfare Benefit Consultant services, as well as additional services that will satisfy the requirements of the mandated GASB Statement

No. 45 and the elective cost-saving Medicare RDS Program, for the period from May 1, 2008 through April 30, 2009.

It is not possible for the Authority to package the historical knowledge that Aon has developed relative to the history, evolution and strategies of WMATA's six benefit programs for inclusion into a solicitation or for transfer to another contractor and it would take any other firm several months of review to develop even a limited portion of this information. Metro needs to include the expense in this year's (FY2008) financial statements. The time required for another contractor to gain the knowledge Aon has amassed would put pressure on those making plan decisions and on those preparing the financial statements.

Aon's depth of knowledge of the Authority's past and present program structure is estimated to effectively and timely orchestrate the compliance with the mandated GASB Statement No. 45 and the elective cost-saving Medicare RDS Program. The utilization of Aon ensures a continuity of services and strategies for these programs. There would be an unacceptable level of risk associated with utilizing a firm that is less knowledgeable about the historical and present strategies and issues of WMATA's benefit programs.

FUNDING IMPACT

Budget: Operations

Project: Health & Welfare Benefit Consultant Services

	FY08	FY09
Budget Amount:	\$88,000	\$260,000
This Action:	25,833	129,167
Prior Obligation:	<u>0</u>	<u>0</u>
Remaining:	\$62,167	\$130,833

Funding for the FY2009 budget has been identified and is pending Board approval.

RECOMMENDATION

That the Board of Directors grant approval to initiate and award a sole source contract to Aon Consulting for Employee Health & Welfare Benefit Consultant services.