1. CALL TO ORDER

Cheryl Parisi called the meeting to order at 9:03 a.m.
2. PUBLIC COMMENTS

There were no public comments.

3. MINUTES

A motion was made by Tony Royster and seconded by Ramon Rubalcava to approve the JLMBC minutes of the November 12, 2015 Special Meeting; the Committee unanimously adopted this motion.

4. COMMITTEE REPORT 15-33: REQUEST FOR PROPOSAL FOR CONSULTING SERVICES

Ms. Parisi stated that the JLMBC met the day before, on December 2, 2015, and heard presentations made by the top two bidder’s for Benefits Administration consulting. Steven Montagna stated that staff was providing feedback based on information the JLMBC had requested at the last month’s meeting. He stated one of the requests was the opportunity for the JLMBC to meet with the top two ranking firms within each category with respect to Benefits Administration consulting services, and also requesting that staff report back with considerations with respect to contracting with multiple providers. He explained that one of the advantages of using multiple vendors includes having the opportunity to use a wide array of resources and to utilize more than one expert. He continued further by stating that some of the advantages would include an expanded base of resources for expert advice and collaboration on certain projects, and to provide a secondary resource in the event that one consultant may not have the desired amount of time, such as times in which there are multiple projects, so that the JLMBC can portion some of the work out to more than one vendor. He stated that a third advantage is that having more than one vendor allows for the option of having more than one expert serving on rating panels to help with the production and evaluation process when conducting RFPs. He then explained that there are potential challenges of establishing relationships with multiple consultants, such as defining the boundaries with respect to roles, responsibilities, and assignments, but these are things that can be managed by appropriate staff oversight.

Mr. Montagna pointed out that although the recommended vendor, Segal Consulting, would meet all of the consulting needs from the perspective of the Personnel Department, staff is also comfortable working with a multi-consultant format. He added that therefore the JLMBC may be interested in working with Keenan as an additional consultant. He indicated that wellness and training were two examples of areas where Keenan demonstrated strength in its proposal and could be utilized for services. He stated that in a multi-vendor model, it would be beneficial to write the contracts as broadly as possible to provide the JLMBC and staff the maximum flexibility to access resources when and how they are needed.
Mr. Montagna then proceeded to report that staff member Maria Koo had conducted reference checks for each of the vendors with respect to each of the categories, and these included former as well as current clients. He stated that the general feedback was positive and nothing emerged as a red flag that would generate concern.

Ms. Parisi thanked staff for the report and asked if any JLMBC members that were present during the presentations on December 2nd would offer their perspective. Mr. Rubalcava stated that he appreciated the work done by staff during the RFP process and that the presentations were very helpful. He further stated that he concurs that there were strengths that were clearly conveyed by Segal Consulting in their presentation but there are also benefits that can be obtained from having more than one consultant, and that this will help the JLMBC for the upcoming medical and dental RFP process.

Matthew Rudnick inquired about the fees associated with having two consultants and whether there would be an increase in costs involved as well as any overlapping services they would be provided. Mr. Montagna confirmed this would likely be the case, but that staff would seek to balance out the value of multiple perspectives with additional costs in a reasonable way.

Mr. Rubalcava stated that based on the staff analysis and recommendation as outlined in the staff report, and the presentations made by the consultants on December 2, 2015, he would like to proceed forward with a motion with respect to the selection of the Benefit Administration consultant. A motion was then made by Ramon Rubalcava, seconded by Matthew Rudnick to recommend to the General Manager Personnel Department that Segal Consulting along with Keenan Associates be selected as the Flex Program’s Benefit Administration Consultants. The JLMBC unanimously adopted this motion.

Mr. Rubalcava added that with respect to the scope of services, he recommends that Keenan be assigned as the lead in training resources, assisting the JLMBC on wellness, and to also take the lead on the rate renewal analysis. Mr. Montagna reiterated that the contracts for both providers would be written broadly to include the full scope of services contained within the RFP and that specific assignments would evolve on a project by project basis.

Mr. Montagna then stated that for Communications consulting, staff is recommending that Segal Consulting and Mercer Consulting be selected as the Flex Program’s Communications consultants. He pointed out that staff was recommending that Segal be the lead and their responsibilities would include the overall design of the communications strategy, themes and objectives. He also indicated that they would asked to perform an audit of communication plan materials. He further added that therefore, with respect to the Flex Program, the JLMBC will be moving forward to focus and refine the messaging to more efficiently
convey information to employees, and this will help to avoid any incoherent messaging. He stated that staff recommended the JLMBC maintain a relationship with Mercer Communications Consulting, particularly because of the work they do with Mercer Third Party Administrator (TPA), specifically relating to the materials that are sent to employees during open enrollment. He pointed out that maintaining access to those resources is particularly important.

A motion was made by Matthew Rudnick and seconded by Tony Royster to approve staff’s recommendation and recommend to the General Manager Personnel Department that Segal Consulting and Mercer Consulting be selected as the Flex Program's Communication consultants. The Committee unanimously adopted this motion.

Ms. Parisi expressed appreciation on behalf of the JLMBC to Mercer Consulting for the service and support they provided to the JLMBC and the employees of the City of Los Angeles. Clay Levister of Mercer Consulting thanked the JLMBC on behalf of Mercer, and stated that he and the staff at Mercer Consulting appreciate having had the opportunity to serve the JLMBC in establishing the Flex Program.

5. COMMITTEE REPORT 15-34: EMPLOYEE BENEFITS TRUST FUND REFUNDS AND AUDIT UPDATE

Steven Montagna presented an update on the progress of the Employee Benefits Trust Fund refunds and audit. He stated that with respect to the external auditor, staff reached out to the Controller’s office on November 10th and asked them to provide information regarding external audit resources. He added that the Controller’s office provided a template that they use for being able to identify the appropriate scope of services, and after their review of this is completed, they will issue that to the firms they work with. He further explained that staff would then receive responses back and the vendors that would be interested in doing the work would then quote the amount that would be involved to carry out the work. He stated staff was moving forward on this and would report on its progress.

Mr. Montagna then proceeded with an update of the employee refunds. He pointed out that staff attached the reports dating back to 2011, to show the JLMBC what the original plan was. He added that the original plan involved determining the refund amount and dividing that by the number of individuals that were enrolled in a particular benefit as of a particular point in time. He stated that shortly thereafter, Division staff had revised the proposal to make the refund more equitable by incorporating different tier levels of benefits into the methodology.

For the current review, however, staff had determined that it was possible to identify everyone who contributed to the benefit during the period of time to which the refund was calculated and calculate refunds proportional to the amount of each member’s contribution during the period of time over which the refund was
established. He stated that this means that everyone who contributed at the time the refund was earned could be identified and receive a refund, an improvement over the previously adopted refund methodology.

Mr. Montagna noted that in 2011, staff understood that refunds could not be issued to terminated employees, but after meeting with the Controller, it was determined that there is a payroll functionality that allows the payroll system to issue refunds to current employees and for any terminated employees as those individuals could be mailed checks. He noted that this is not a complicated procedure and that the same process is currently being used by the Controller’s office for different kinds of refunds, and different kinds of circumstances. Mr. Montagna further stated that with respect to applying interest, staff determined that an interest amount could be applied based on the trust fund credited interest rate over the period in question.

Ms. Parisi asked about the time frame involved. Mr. Montagna replied that staff estimates that this process will be concluded by the end of March 2016. He added that staff would like to generate the TPA’s report by the end of next month (January 2016). He further added that staff resources are currently dedicated to closing out the open enrollment items, and the Affordable Care Act (ACA) Tax reporting, but as soon as these projects are completed, then staff will proceed with the refunds.

Mr. Montagna also noted that the reports of the eligible individuals can be broken down by MOU so that when correspondence is issued advising members why they are getting the refund, it could be co-signed by the labor organization. He added that alternatively, it could be just a general letter that would come from the JLMBC. Mr. Royster requested that once the information with respect to the final calculations is determined, and ensuring there are no legal issues with the refunds, that staff bring the item back to the JLMBC so that it may be reviewed before making a final decision. He also recommended having an independent group take a look and confirm that everything is up to par, to mitigate any grievances or legal objections. Mr. Montagna said that the item will certainly be reviewed with legal counsel and the consultant, as this is being done ongoing, as well as prior to the final execution of the refunds.

A motion was made by Ramon Rubalcava, seconded by Chris Hannan to receive and file the staff report providing an update regarding the Employee Benefits Trust Fund audit. The Committee unanimously adopted this motion.

A motion was made by Chris Hannan and seconded by Ramon Rubalcava to approve staff’s proposed employee refund implementation plan as outlined in the staff report. The Committee unanimously adopted this motion.
6. COMMITTEE REPORT 15-35: STAFF REPORT

Samantha Hanzy presented this report. She began with an update on the Blue Shield Request for Missing Social Security Numbers (SSNs). Ms. Hanzy explained that on November 2, 2015 Blue Shield sent a mailing to subscribers and their covered dependent(s) with missing SSNs, requesting completion of a pre-populated form. She explained that the request is in compliance with a provision of the mandate of the ACA, which requires insurers, such as Blue Shield of California, to provide annual reporting of Minimum Essential Coverage (MEC) by filing an information return with the Internal Revenue Service (IRS) [Form 1094-B] and furnishing a Health Coverage Statement (IRS Form 1095-B) to covered individuals which includes the individuals SSN, or Tax Identification Numbers (TINs). She indicated that Kaiser sent a similar mailing requesting missing SSNs/TINs in July 2015.

Ms. Hanzy proceeded with an update on the California Integrated Data Exchange (Cal INDEX) Enrollment of Blue Shield Members. She stated that as of October 2015, Blue Shield has notified all subscribers by mail of their automatic enrollment in the new statewide health information exchange, California Integrated Data Exchange (Cal INDEX), an independent not-for-profit organization cofounded by Blue Shield that created a statewide database of electronic patient records. She stated participation in Cal INDEX for Blue Shield members is completely free and voluntary.

Ms. Hanzy then provided an update on staff projects. She began with the RFPs for medical and dental providers. She stated that staff is continuing the development work on medical/dental RFPs to be released in early 2016. She continued with the Wellness Program Development, reporting that staff had prepared an initial draft report to City Council detailing the Wellness Program elements approved by the JLMBC at its November 12, 2015 meeting. She added that the draft report is under peer review and is expected to be released to City Council shortly.

Ms. Hanzy concluded her presentation with an update on the ACA Tax Reporting and Annual Reporting. She stated that the Personnel Department executed a one-year sole source contract with Benelogic to provide ACA tax reporting services. She added that Mercer TPA provided staff the first annual tax report test file which contained 3 months of data. She added further that staff transmitted the test report to Benelogic on November 13, 2015 and that Benelogic successfully loaded the file and is setting up the tax forms for mapping their system. Ms. Hanzy concluded that staff is further working with Mercer TPA on annual reporting for determining eligibility for the 2016 stability period.

A motion was made by Chris Hannan, seconded by Ramon Rubalcava, to approve the staff report regarding Flex Benefits service announcements and pending projects. The Committee unanimously adopted this motion.
7. ELECTION OF OFFICERS

Steven Montagna reported on the recommendation for the JLMBC to conduct its annual officer elections for Chairperson and Vice-Chairperson for calendar year 2016 and to approve a change in the JLMBC’s regular meeting location to Room 1060 City Hall.

Ms. Parisi provided some background, stating that the JLMBC votes annually for its Chairperson and Vice-Chairperson. She added that according to JLMBC policies, the position of Chairperson and Vice-Chairperson rotates between City Employee Organizations (Labor) and City Management (Management). She further explained that for terms beginning in odd numbered years, the Chairperson must be a Labor Committee Member with a Management Committee member as Vice-Chairperson. Consequently, since 2016 is an even numbered year, the Committee must determine its Chairperson and Co-Chairperson in accordance with these JLMBC policies.

Ms. Parisi asked for confirmation that if Room 1060 City Hall does not work out well, the JLMBC may move back to the current meeting location (Room 1200 of City Hall East). Mr. Montagna confirmed that this is acceptable.

A motion was made by Tony Royster and seconded by Matthew Rudnick to elect Wendy Macy as the 2016 JLMBC Chairperson. The Committee unanimously adopted this motion.

A motion was made by Ramon Rubalcava and seconded by Victor Gordo to elect Cheryl Parisi as the 2016 Vice-Chairperson. The Committee unanimously adopted this motion.

A motion was made by Matthew Rudnick and seconded by Victor Gordo to move the JLMBC meeting location to Room 1060 City Hall, starting with the January 2016 JLMBC meeting. The Committee unanimously adopted this motion.

8. REQUESTS FOR FUTURE AGENDA ITEMS

None.

9. NEXT MEETING DATE

Steven Montagna announced that the January meeting will need to be rescheduled to January 14, 2016 at 9:00 a.m.
10. ADJOURNMENT

The meeting adjourned at 9:45 a.m.

Minutes prepared by staff member Helen Georgeson