Present:

Committee Members:
June Gibson – Fire Department
Chris Hannan – Building & Construction Trades Council
Wendy Macy – Personnel Department
Cheryl Parisi – AFSCME, Council 36
Tony Royster – General Services Department
Matthew Rudnick – Department of Cultural Affairs
David Sanders – SEIU Local 721
Miguel Santana – Office of the City Administrative Officer

Alternate Committee Members:
Gregory Dion – Personnel Department
Marleen Fonseca – Engineers & Architects Association
Victor Gordo – Laborers’ Local 777
Ramon Rubalcava – SEIU Local 721

Personnel Department Staff:
Russell Escueta – Management Assistant
Helen Georgeson – Personnel Analyst II
Maria Koo – Senior Personnel Analyst I
Steven Montagna – Chief Personnel Analyst

Office of the City Attorney:
Curtis Kidder – Assistant City Attorney

The Segal Group
Robert Mitchell
Stephen Murphy

Keenan Associates
Steven Balentine
Laurie LoFranco

1. CALL TO ORDER

Wendy Macy called the meeting to order at 2:05 p.m.
2. PUBLIC COMMENTS

Ms. Macy asked for public comments for general items not on the agenda and stated that public comments on specific agenda items will be taken later. There were no public comments at this time.

3. COMMITTEE REPORT 16-19: FLEX BENEFITS PROGRAM PROVIDER SELECTIONS, RATE RENEWALS, AND BENEFIT DESIGN FOR PLAN YEAR 2017

Steven Montagna reported that recommendations are broken down into three categories: 1) bringing back the vendor selection reports and items in which recommendations were presented at prior meetings, but were not yet acted upon, 2) the annual rate renewals for the service providers that were not procured for this year, and 3) recommended plan design changes.

Mr. Montagna began with the provider selections and staff’s recommendation that Kaiser be chosen as the Staff Model HMO medical plan carrier. He stated that as part of contract development, negotiations with Kaiser continue with respect to wellness resources and onsite member advocacy services, noting that Kaiser’s offer is not on par with proposals of the non-staff model bidders. Miguel Santana asked what incentives Kaiser had to respond to the City’s requests. Mr. Montagna stated that these were topics that were presented during the performance examination portion of the Request for Proposal process and again when Kaiser made their presentation to the JLMBC.

Mr. Montagna confirmed that the Administrative Code was recently amended providing the Personnel Department authority to enter into five-year contracts with any of the benefits service providers for the City’s FLEX Program without Council approval. He added that staff is recommending a three-year contract term. Mr. Santana asked if in the context of the negotiations, whether the negotiators have the authority to negotiate the contract for less than three years and Mr. Montagna replied that they did. Tony Royster asked if the rates are based on a three-year commitment and Stephen Murphy of Segal Consulting replied that the rates are based on a 12-month period of time with the option to extend beyond that, adding that the contract can be renewed on an annual basis and that negotiations can be made annually. Mr. Santana then asked if it is within staff’s authority to agree to a contract for less than three years. Mr. Santana pointed out that agreeing to less than three years would provide staff with the opportunity to address the issue of wellness based on the priorities that the City has established in the second and third years of the wellness program. Mr. Santana noted that the JLMBC had agreed to provide a more robust wellness program, so if the terms of the contract are accepted as they are now, the City is
accepting the wellness proposal as it is currently presented and the only items that would be open to change later are the rates. He further asked if the City receives better terms as they relate to wellness in years two and three, whether there is the option to limit the Kaiser contract to one year, and allow for the opportunity to raise the issue of wellness to have more robust funding in years two and three. Cheryl Parisi asked if it was possible for the JLMBC to approve Kaiser as the Staff Model HMO and staff can then determine if the term of the contract should be one year or three years based on the success of the negotiations. Mr. Santana recommended giving the negotiating team the authority to be flexible and have between a 1-5 year contract. Victor Gordo agreed and summarized that the contract would then be negotiated for one year with the option and flexibility for further negotiations on wellness, each year for up to five years. Ms. Macy pointed out that the issue of further negotiations is not limited only to wellness, but is also related to the issue of member advocacy and that these are the two issues of focus.

City Attorney Curtis Kidder pointed out that the meeting agenda lists a recommendation for a three-year contract. Mr. Santana stated that since this is merely a Brown Act issue, the negotiating team can still negotiate the term and bring that back to the JLMBC for a final vote. Mr. Gordo summed up that the JLMBC would be approving the contract for one-year with extensions up to three years and the option of extending for two additional years, for a total of five years. Mr. Kidder stated that the General Manager of the Personnel Department does have the authority to enter into a five-year contract under the Administrative Code. Mr. Gregory Dion stated that the contract recommendation still needs to go to Council by the end of June and the contract sometimes takes 4-6 months to negotiate, so negotiations may not be finalized until approximately September or October. He further added that the Committee would be giving the General Manager approval to proceed with the Kaiser contract, giving the flexibility to negotiate between one and five years; and in the meantime, staff would continue to negotiate with Kaiser on wellness and onsite member advocacy. He concluded that this item would be brought back to the JLMBC, and then eventually to Council. The JLMBC discussed the timelines and that Mr. Dion would exit the meeting with Kaiser and begin negotiations and report back.

Mr. Montagna stated that staff recommends Anthem Blue Cross be selected as the provider of the Flex Program’s PPO, HMO Full Network, and HMO Narrow Network plans, as well as an alternate regional network plan, “Vivity,” to be added as an additional option for Flex members for a three-year contract beginning January 1, 2017, through December 31, 2019. Ms. Parisi asked for an analysis of disruption for each of the top three bidders. Mr. Murphy replied that of the top three bidders, Anthem Blue Cross had the least disruption.

Josh Geller, City Attorney provided public comment on striving for minimal disruption and vision care offered by EyeMed and Kaiser.
Following this, a motion was made by Chris Hannan and seconded by Tony Royster to approve staff’s recommendation that the JLMBC recommend to the General Manager of the Personnel Department that Anthem Blue Cross be selected as the provider of the Flex Program’s PPO, HMO Full Network, and HMO Narrow Network plans, as well as an alternate regional network plan “Vivity” to be added as an additional option for Flex members for a three-year contract beginning January 1, 2017, through December 31, 2019; the Committee unanimously adopted this motion.

Mr. Montagna then reported on the new vision benefit, stating that staff recommended EyeMed be selected as the provider for a stand-alone vision option for Flex members for a three-year term beginning January 1, 2017, through December 31, 2019. He explained there would be a single monthly rate paid by the City for each employee and he pointed out that one rate entitles members to get the same benefits for the same money. Laurie LoFranco of Keenan Associates added that there will be savings as the cost is based per employee, not per member.

Public comments were made by Ken Reiff and Melanie Pun regarding Kaiser vision services, focusing on the value of keeping vision services bundled with Kaiser. Following that discussion, a motion was made by Miguel Santana and seconded by Marleen Fonseca to approve staff’s recommendation that the JLMBC recommend to the General Manager of the Personnel Department that EyeMed be selected as the provider for a stand-alone vision option for Flex members for a three year-contract beginning January 1, 2017, through December 31, 2019; the Committee unanimously adopted this motion.

Kaiser contract discussion then resumed. Mr. Dion reported that Kaiser could not commit at this time, but would report back. Ken Reiff of Kaiser indicated that if they cannot approve the $900,000 funding for wellness, they will look at alternate resources and contemplate onsite advocacy resources/services. There was discussion regarding the term of the rates and it was confirmed that rates would be based on one year.

A motion was made by Miguel Santana and seconded by Cheryl Parisi that the JLMBC recommend to the General Manager of the Personnel Department that Kaiser Permanente be selected as the provider of the Staff Model HMO option for a one-year contract beginning January 1, 2017, through December 31, 2017 and for staff to continue negotiations with Kaiser regarding wellness, onsite advocacy services, and other issues and give staff the ability to further negotiate the contract for up to three years without reporting back to the JLMBC; the Committee unanimously adopted this motion.

Mr. Montagna continued, reporting on the Annual Service Provider Rate Renewals. He provided information on the rate renewals required for Standard
Life, Standard Disability, Standard Accidental Death and Dismemberment (AD&D), WageWorks Flexible Spending Accounts, and Managed Health Network (Employee Assistance Program).

Following this, a motion was made by Cheryl Parisi and seconded by Matthew Rudnick that the JLMBC recommend to the General Manager of the Personnel Department to approve the following contract renewals: renewal of the Standard Life, Disability, and AD&D insurance plans for a 0% rate increase for Plan Year 2017; renewal of the Wageworks Tax-advantaged savings plans for a 0% rate increase for Plan Year 2017; and, renewal of the Managed Health Network Employee Assistance Program for a 0% rate increase for Plan Year 2017; the Committee unanimously adopted this motion.

Mr. Montagna and Stephen Murphy of Segal Consulting reported on Plan Design changes for Plan Year 2017. Mr. Murphy presented the various plan design options for the Flex dental plans. Mr. Montagna indicated that staff was recommending a balanced approach that would provide for reduced out-of-pocket expenses for PPO members with only a modest increase in premiums, the overall cost of which is shared equally by the City and Flex members.

A motion was then made by Cheryl Parisi and seconded by Miguel Santana to adjust the dental benefit levels for the Dental PPO Plan to include a Diagnostic & Preventive Waiver; equalize the In/Out of Network Annual Maximum at $1,500; and increase the Reasonable & Customary out-of-network reimbursement from the 51st to the 90th percentile. The Committee unanimously adopted this motion.

Mr. Montagna presented disability earnings information for 2017 and indicated that based on annual average wage increase information from the CAO the cap was proposed to be raised to $3,166 per month. Following this, a motion was made by Cheryl Parisi and seconded by Miguel Santana to increase the monthly disability earnings cap for 2017 to $3,166 per month. The Committee unanimously adopted this motion.

4. REQUESTS FOR FUTURE AGENDA ITEMS

Ms. Parisi requested that Managed Health Network make a presentation at a future JLMBC meeting.

Mr. Gordo requested that staff continue negotiations with the selected vendors.

5. NEXT MEETING DATE

A Regular meeting was noted for July 7, 2016 at 9:00 a.m.
6. ADJOURNMENT

The meeting adjourned at 4:10 p.m.

Minutes prepared by staff member Helen Georgeson