CITY OF LOS ANGELES
JOINT LABOR-MANAGEMENT BENEFITS COMMITTEE

PROPOSED MINUTES
SPECIAL MEETING October 6, 2016 – 9:00 A.M.
CITY HALL, 200 NORTH SPRING STREET, ROOM 1060

Present:

Committee Members:
Paul Bechely – Laborers’ Local 777
Wendy Macy – Personnel Department
Cheryl Parisi – AFSCME, Council 36
Tony Royster – General Services Department

Alternate Committee Members:
Maritta Aspen – City Administrative Office
Gregory Dion – Personnel Department
Marleen Fonseca – Engineers & Architects Association
Ramon Rubalcava – SEIU Local 721
Norma Gutierrez – Fire Department

Personnel Department Staff:
Russell Escueta – Management Assistant
Paul Makowski – Senior Personnel Analyst I
Leonor Gardere – Senior Personnel Analyst I
Neil Malabuyoc – Senior Management Analyst I
Steven Montagna – Chief Personnel Analyst
Jenny Yau – Senior Management Analyst II
Ted Vasquez – Management Assistant

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

The Segal Group
Robert Mitchell
Stephen Murphy

Keenan Associates
Steven Balentine
Laurie LoFranco

Delta Dental
Kristen Warren
1. CALL TO ORDER

Wendy Macy called the meeting to order at 9:09 a.m.

2. PUBLIC COMMENTS

There were no public comments.

3. MINUTES

A motion was made by Paul Bechely and seconded by Tony Royster to approve the JLMBC minutes of the September 1, 2016 Special Meeting; the Committee unanimously adopted this motion.

4. Committee Report 16-29: 2016 Open Enrollment Implementation Update

Jenny Yau presented this report and began by discussing changes from the last update provided at the September 1 meeting. Mrs. Yau stated that the Employee Benefits Division, with the assistance of clerical support staff hired through the Hire LA Youth program, was able to stuff and mail approximately 24,600 Open Enrollment kits by September 28 helping to ensure that all members received their Open Enrollment materials on or around the Open Enrollment start date of October 1. She added that an Anthem transition letter was also mailed to approximately 13,000 Blue Shield members on September 22. She continued that staff partnered with vendors and consultants to provide a total of seven webinars instead of the four previously scheduled with software hosting provided by Segal. She further indicated that staff would be conducting four on-site lunch time seminars at Figueroa Plaza, Piper Tech, Harbor, and Los Angeles World Airports. She added that member advocates from Anthem, Kaiser, and Delta are on-site at City Hall, Employee Benefits Division, 8th floor, to assist members with questions throughout the Open Enrollment period in October. She indicated that the webinar and on-site seminar schedules were communicated through email as well as through the www.keepingLAwell.com website.

Paul Makowski then provided a walkthrough demonstration of the www.keepingLAwell.com website to the Committee. Mr. Makowski demonstrated where members can elect changes to their benefits for Open Enrollment and recapped webinar and presentation feedback from members who attended. Tony Royster asked if staff had considered targeted outreach to employees that work on a night schedule as there is a large concentration of these types of employees who may not have access to computers. Mr. Makowski responded that one of the issues with scheduling seminars was finding a time that works with Employee Benefits Division staff and finding a location where a large number of employees congregate so that the LAwell changes can be presented to as many employees as possible. Mr. Royster indicated that there are a couple of hundred people at LAX who work
night schedules and Paul Bechely added Airport Police would also fall into this category. Mr. Royster added that probably a third of GSD’s population works at night, particularly employees working in the fleet yard. He added that it is important to balance out the seminars to demonstrate that efforts are being made to reach these employees and ensure they receive the same information as the rest of the City population. Mr. Montagna replied that he can foresee future presentations moving in this direction similar to the Deferred Compensation plan which has representatives that can attend weekend meetings and travel to various worksites. Mr. Makowski announced that the webinars are being recorded and will be available online for viewing at the www.keepingLAwell.com website. He stated the website also provides contact information and links to the benefit service provider websites, microsites, and Employee Benefits Division. Ms. Macy asked if employees could view the webinars at their leisure but would not be able to ask questions since it is not live. Mr. Montagna confirmed this statement. Mr. Royster asked if staff had considered hosting an on-site seminar in the Valley. Mr. Makowski replied that there was consideration of hosting a seminar at the Marvin-Braude Center but no schedule had been received. Mr. Montagna added that given Employee Benefits Division resources, hosting seminars at locations where the most employees are available was the priority.

The 2017 LAwell Changes video was shown to the JLMBC. Cheryl Parisi suggested that the video also be shown to the Personnel and Animal Welfare Committee. Ms. Macy and Mr. Montagna replied that the video could be shown to the Personnel and Animal Welfare Committee and that Employee Benefits Division staff would work with Council staff to schedule the item.

A motion was made by Maritta Aspen and seconded by Chris Hannan to receive and file the 2016 Open Enrollment Implementation Update report; the Committee unanimously adopted this motion.

5. Committee Report 16-30: LiVEwell Wellness Program Review & Updates

Neil Malabuyoc and Steven Montagna presented this report. Mr. Malabuyoc began by discussing quarterly engagement campaigns and indicated that the first campaign in the fourth quarter of 2016 would focus on financial wellness. He stated that working in collaboration with the Deferred Compensation Plan’s engagement campaign for National Retirement Security week, the financial wellness campaign would include a quarterly wellness resource guide for members and financial wellness workshops provided by the City’s Employee Assistance Program vendor, Managed Health Network. He indicated the topics of the workshops were determined based on feedback received from an interest survey completed by City employees, and that the four most commonly requested workshops were:

1. Investment basics
2. Protecting your heirs
3. Reducing money worries and financial stress
4. Identity theft protection

Mr. Malabuyoc continued by discussing the creation of a quarterly wellness resource guide in the form of a pamphlet which will serve as a permanent source of support for LAwell members and engage employees with different wellness topics on a quarterly basis. He further indicated that additional activities are being coordinated with the Deferred Compensation Plan as part of this quarter’s financial wellness campaign, including releasing a retirement quiz to poll members on financial wellness topics. These topics include credit and debt management, emergency and large purchase savings, risk management insurance, and estate planning. He stated that wellness program staff will be attending the Department of Transportation’s health & wellness fair on October 20, and that the City’s benefit service providers would be distributing information on services they offer.

Mr. Montagna provided an update on wellness funds from Blue Shield. He stated that Blue Shield agreed to transmit the 2016 wellness funds of $900,000 to the Employee Benefits Division before the end of the year. He stated this amount would be placed in the Employee Benefits Trust Fund under a wellness sub-account. He continued that the $50,000 offered by Kaiser has been planned for utilization before the end of November. Mr. Montagna indicated that Ms. Joan Centanno had been selected as the Fuse fellow for the wellness program. He added that Ms. Centanno’s background and experience in marketing will be beneficial in helping to establish metrics for success for the program.

A motion was made by Ramon Rubalcava and seconded by Paul Bechely to receive and file the LIVExell Wellness Program Review & Updates report; the Committee unanimously adopted this motion.

6. Committee Report 16-31: Employee Benefits Trust Fund

Steven Montagna discussed work completed by an independent auditor as approved by the JLMBC in 2015 to conduct a review of the Employee Benefits Trust Fund. He indicated that the firm Turner, Warren, Hwang & Conrad was chosen earlier in 2016 and has been working on finalizing review of the Trust Fund to validate assets and liabilities. He added that the City Attorney is simultaneously drafting recommendations for changes to the Administrative Code and assisting with a separate policy document, the latter of which could provide more transparency and detail. Ms. Macy asked if the JLMBC would need to adopt the policy document and if the City Council would need to approve the changes to the Administrative Code. Mr. Montagna confirmed this statement. Ms. Macy asked if the item would be scheduled for the JLMBC meeting in November and the timetable for Council approval. Curtis Kidder answered affirmatively, and added that the report approved by the JLMBC and transmitted to Council should
direct the City Attorney to prepare an ordinance which would create a multiple step process requiring subsequent JLMBC approval before City Council action.

A motion was made by Chris Hannan and seconded by Paul Bechely to receive and file the Employee Benefits Trust Fund Update report; the Committee unanimously adopted this motion.

7. Committee Report 16-32: Staff Report

Ms. Yau began by discussing recent issues encountered by staff with payroll processing. She specified that issues have occurred with payroll deductions when life event change elections occur in the benefits enrollment system. Ms. Yau mentioned that staff is working with Mercer TPA to identify the cause of these issues and how to improve the process moving forward. Ramon Rubalcava asked if life event changes trigger IRS exceptions. Ms. Yau answered that this is correct. Mr. Rubalcava asked if premiums and coverage by insurance carriers are being recorded correctly. Ms. Yau responded that some of the deduction amounts on premium costs for employees are not correctly sent on the payroll file, resulting in incorrect deductions. She indicated that staff continues to research the issue and concurrently is correcting records for employees that have been identified as being affected. Ms. Yau then moved to item C of the report and indicated that staff provided benefits briefing overviews at several employee orientation sessions requested by City departments.

Mr. Montagna introduced a new staff member, Leonor Gardere, stating that she will be working on compliance with the Affordable Care Act and benefits administration, including contracts. Mr. Rubalcava asked about a first draft of the Request for Proposals (RFP) for Third Party Administration (TPA) services, timeline, and the expiration date of the current TPA contract. Mr. Montagna replied that the contract expires June 2017, but stated that a request will be made to the City Council to request an extension to the current TPA contract to allow for the option of a service provider change, if necessary, either in the spring or after Open Enrollment, but before the period of time where benefits changes are being programmed for the next plan year. He mentioned the TPA RFP would be brought back for the JLMBC to review before it is released.

A motion was made by Marleen Fonseca and seconded by Paul Bechely to receive and file the Staff Report; the Committee unanimously adopted this motion.

8. Delta Dental Benefits Service Provider Presentation

Kristen Warren from Delta Dental presented this report. She began by introducing the plan performance, utilization, and operational reports. Mr. Rubalcava indicated that the dental medical loss ratio on the PPO plan was improving. He further stated that there are discussions in California to model the medical loss ratio targets
required by the Affordable Care Act to dental plans. He inquired how these changes would affect the dental plans. Ms. Warren explained that these changes do not currently affect the dental plan as the information provided in the presentation is through June 30, 2016. She added that the numbers are expected to be where they are but it is trending to the midpoint. Ms. Warren explained that additional information would be provided later on in the presentation.

Mr. Rubalcava asked Ms. Warren to provide a brief explanation of the Delta Preventive Care plan. Ms. Warren explained it is a PPO type of program and that it is a fee for service plan, with preventive and cleaning services provided. Mr. Rubalcava noted that the plan costs exceeded the premium. Ms. Warren explained that she believes the plan was developed for members who do not want to pay a higher premium because they believe they will only need preventative services for that plan year. She further explained that she sees some members potentially switching to the PPO plan if they require services. She stated that only 25 people migrated from the Preventive to PPO plan. Mr. Rubalcava asked if the plan structure for the preventive plan was structured as best as it could be. Ms. Warren replied that the plan was designed that way based on her understanding.

Ms. Warren began walking through the City’s utilization data and compared it to benchmarking data. She discussed the preventive plan and explained that while usage in the basic and major services categories had decreased slightly from the prior year, utilization in implant services increased. She noted that although preventive services usage has increased, it is far off from the benchmark data of where the City should be. She noted that more people have been using diagnostic services rather than preventive services.

Ms. Warren stated that of the population that goes to the dentist, 14.3% do not go for cleaning services. Mr. Royster asked if it could be determined which particular groups of employees were not using the cleaning services and the unions would be able to target the right audience. Mr. Montagna explained that it would require extensive work between the provider and the City’s Third Party Administrator to be able to breakdown data by MOU.

Ms. Warren next discussed that many members in the PPO plan are reaching or exceeding the maximum coverage level. She stated that $1,500 is the most common maximum coverage amount and that typically between 6-8% of the population reaches the maximum. She elaborated that the City is consistently at the high 9 percent range of members who reach the maximum in-network limit. She added that increasing the maximum is one of the benefit changes that the City requested for next year.

Ms. Warren then moved on to discuss the PPO plan and utilization. She explained that the PPO plan had a 63.5% utilization rate for the year. Ms. Warren further explained that the PPO plan covers a higher percentage of services provided in-network than out-of-network.
In terms of enrollment, Ms. Warren explained that enrollment in the DeltaCare USA plan was mostly flat for the year and that most members are going in for diagnostic and not cleaning or preventive procedures.

Ms. Warren next discussed website utilization and explained that Delta is promoting paperless statements and encouraging members to receive information online. She stated that paper copies will still be provided to members that request them.

Ms. Warren also highlighted a new online tool developed by Delta which will be available in 2017 that will allow members to compare the cost of dental procedures in their local geographic area. The tool will provide real time fee data comparing the cost for dental procedures and services across several providers thus giving members the ability to make an informed decision of which dental provider (in-network or out-of-network) they wish to receive services at.

Mr. Montagna thanked Ms. Warren for referencing the Wellness Program as a means of outreach to improve member wellness.

9. REQUEST FOR FUTURE AGENDA ITEMS

There were no requests for future agenda items.

10. NEXT MEETING DATE

A meeting was noted for November 3, 2016 at 9:00 a.m.

11. ADJOURNMENT

The meeting adjourned at 10:13 a.m.

Minutes prepared by staff member Russell Escueta