Present:

**Committee Members:**
Wendy Macy – Personnel Department  
Cheryl Parisi – AFSCME, Council 36  
Chris Hannan – Building & Construction Trades Council  
Tony Royster – General Services Department  
Matthew Rudnick – Recreation and Parks

**Alternate Committee Members:**
Maritta Aspen – City Administrative Office  
Jody Yoxsimer – 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  
Charles Hong – Deputy City Attorney

**The Segal Group**
Stephen Murphy

**Keenan Associates**
Steven Balentine  
Laurie LoFranco

**Kaiser Permanente**
Ken Reiff
1. CALL TO ORDER

Wendy Macy called the meeting to order at 9:12 a.m.

2. PUBLIC COMMENTS

Daniel Hernandez made a public comment regarding issues related to benefit coverage. Ms Macy indicated that available staff would meet with Mr. Hernandez to assist with resolving his issues.

3. MINUTES

A motion was made by Marleen Fonseca and seconded by Chris Hannan to approve the JLMBC minutes of the October 6, 2016 Special Meeting; the Committee unanimously adopted this motion.

4. Committee Report 16-33: Open Enrollment Implementation Update for Plan Year 2017

Jenny Yau presented this report and began by discussing the results from Open Enrollment that ended on October 31st. She indicated that employees not making active elections were passively re-enrolled into the equivalent health plan level of benefits they had from the prior year. She stated that an increase of approximately 600 was seen in active enrollments compared to active elections in the prior year.

Ms. Yau next reviewed statistics for Anthem enrollment during the OE period. She stated that approximately 715 members actively elected enrollment into the Vivity plan, but this count could change as members made adjustments during the correction window. She indicated the Anthem member advocate received 133 in-person visits and the Anthem member concierge toll free line received 467 calls. She stated the three most discussed topics were PCP assignment, HMO network, and the Vivity HMO plan.

Ms. Yau then introduced the Anthem member services advocate, Nannette Herrera, and asked her to share some information reflecting her experiences thus far working with the City’s population. Ms. Herrera stated she has been assisting members in various ways including assisting with assignments to medical groups, explaining benefits, comparing HMO options, and explaining what each plan has to offer. She stated she had received positive feedback and is honored to work with the City and its employees.

Ms. Yau stated that staff is is working with Anthem on targeted communications to inform and remind members to call the concierge line or visit Ms Herrera in City Hall to select their PCP and confirm that information before Anthem I.D. cards are printed.
in December. She stated initial results of the campaign appeared successful. Ramon Rubalcava asked if there was information on how many of enrollees into the new Vivity plan came from the HMO plan or Kaiser. Ms. Yau responded that she did not yet have this data. Cheryl Parisi asked if the 112 enrollees in the Anthem California Care HMO was consistent with the previous year and if there was significant movement out of that plan. Steven Montagna responded that there was a slight drop but not as much as was expected. Mr. Rubalcava asked if the targeted communications to the 128 Full Network members was about the Vivity plan and to the 323 Blue Shield narrow network members was to inform them that their PCP provider was not in the network. Ms. Yau confirmed that these were both correct. Mr. Rubalcava asked if a report could be produced for the next JLMBC meeting detailing if those members were able to pick new providers and how many were able to get their provider back into the network. Kristyn Nelms of Anthem was present and stated that reconciliation of PCP designations would continue through December with preliminary data reported to benefits staff as available. Mr. Montagna replied that more detailed data would be provided to the JLMBC as soon as possible.

A motion was made by Cheryl Parisi and seconded by Chris Hannan to receive and file the Open Enrollment Implementation Update for Plan Year 2017 report; the Committee unanimously adopted this motion.

5. Committee Report 16-34: Employee Benefits Trust Fund

Steven Montagna began by briefly reviewing previous reports that recommended actions relative to the Employee Benefits Trust Fund. He stated this report was focused on a City Attorney review of Administrative Code language creating the Employee Benefits Trust Fund ("Trust Fund"), which was initiated originally to address the ability of the Trust Fund to issue refunds, but subsequently expanded to further review the general status of the Trust Fund relative to its functions.

Deputy City Attorney Charles Hong of the City Attorney’s office provided background on the creation of the Employee Benefits Trust Fund. He stated that presently, section Los Angeles Administrative Code (LAAC) Chapter 95, Section 5.495(h) states that, “The [Trust] Fund is set up to operate in compliance with Internal Revenue Code Section 501(c)9.” He stated that Chapter 95 is not clear as to whether the Trust Fund is to be actually established as a Voluntary Employee Benefits Association (VEBA), a separate legal entity, or is merely to operate in accordance with the rules governing a VEBA. He indicated that in In 1990, the Council action established the JLMBC to oversee the creation of a flexible benefits program, and that a City consultant was subsequently hired to assist with the development process. He indicated that in 1994 the consultant issued a white paper presentation deck to the City regarding Section 501(c)(9) VEBAs, listing the benefits and burdens of establishing a VEBA and presented a non-VEBA alternative of creating a trust specifying that Trust funds are to be used solely for plans that are governed by the City’s JLMBC. He indicated that the apparent absence of any documentation of formal organization of a VEBA, along with the fact that the City
enacted an ordinance in the Administrative Code referencing the establishment of the Trust Fund “to operate in compliance with Internal Revenue Code Section 501(c)9” without formally requiring a VEBA be created or taking any subsequent action to create a VEBA, likely indicated that the City’s intention was a simplified trust approach as described in the consultant’s white paper presentation.

Assistant City Attorney Curtis Kidder stated there are two main options for consideration, involving either 1) creating a 501(c)(9) VEBA with the IRS or 2) amending the Administrative Code language of the Employee Benefits Trust Fund to clarify how that the Trust Fund will operate similar to other City trust funds.

Mr. Montagna summarized that staff recommended that the JLMBC endorse the second option. He stated that in order to accomplish this the Personnel Department would need to request that City Council amend the Administrative Code language through ordinance. Cheryl Parisi asked about the consequences of a revision to the Administrative Code versus establishment of a VEBA. Mr. Kidder advised that further discussion of consequences should be held in closed session at a later meeting. Mr. Rubalcava asked if an additional objective for the Administrative Code changes was to provide authority for the Trust Fund to issue refunds. Mr. Kidder replied affirmatively. Chris Hannan requested that Committee members be informed of the date the item goes in front of Council with as much notice as possible. Ms. Parisi then requested that an executive session be held at the next JLMBC meeting to receive additional information.

A motion was made by Maritta Aspen and seconded by Chris Hannan to (a) approve proposed modifications to Los Angeles Administrative Code, Chapter 95 (Chapter 95) regarding the establishment and operation of the Internal Revenue Code Section 501(c)(9) Employee Benefits Trust Fund to, among other things, clarify the nature of the fund and the authority to provide benefit overpayment refunds to City employees, and request that the Personnel Department proceed with a report to City Council from the JLMBC with a recommendation to enact the changes by requesting the City Attorney to prepare and transmit the necessary ordinance; and (b) receive and file an update regarding the status of an external audit review; the Committee unanimously adopted this motion.


Steven Montagna began by introducing Joan Centanno, FUSE Fellow and the JLMBC’s Wellness Program development specialist. He then reviewed the findings and recommendations from the JLMBC’s Wellness Subcommittee. He began with the core mission of the City’s Wellness program, which he stated was framed around impacting chronic care conditions and working to improve the quality of working and personal life of members. Next, he indicated that the infrastructure of the Wellness program could be thought of being structured much like the Civilian Benefits Program, perhaps involving Third-Party-Administrator (TPA) resources, a
consultant, and organizational oversight structure. He indicated that a robust infrastructure was necessary to engage members in a meaningful way.

Mr. Montagna next discussed program resources, noting that the program would have certain carryover funding from 2016 in the amount of $1.8 million, and that in 2017 an additional $1.7 million would be flowing in from Anthem and Kaiser. He stated that by 2018 incoming revenues should be $2.0 million, so the ongoing spending plan was structured to be in line with that amount. So before we can talk about that infrastructure, we first need to look at the kinds of resources we have available to us, because as in all things, what we can accomplish will need to operate within the available resources.

Mr. Montagna then reviewed contracted resources potentially available from the provider universe. He noted these could include a mix of recordkeeping, in-person, data management, and consulting resources. He provided an overview of potential program metrics considered by the Subcommittee, including preventive care utilization, behavioral metrics, population health, and program engagement/adoption.

Ms. Centanno described her background in consulting, marketing, and communications, and her role in supporting Wellness Program development. She stated that the goal of this initiative was to establish an employee-centered program that increases employee health and well-being, in addition to improving employee engagement and satisfaction. She stated that it was important to understand and address “Wellness” from the employees’ point of view, and to engage, educate and empower employees with targeted tools, ideally prior to the onset of disease.

Ms. Centanno stated that her work would involve researching and assessing the current state of the City’s program, by understanding the City’s resources, team roles, capabilities, program elements, providers, and stakeholders. She stated that this process includes inventorying the services and capabilities of existing benefits vendor partners in order to speed implementation and reduce costs. She further stated she would seek to gain an understanding of market best practices in order to jump start the City’s program by learning from subject matter experts, thought leaders and other agencies already hosting employee wellness programs.

Ms. Centanno stated that the City can make the program most relevant, and employee participation easier, by honing in on employee needs/preferences, and addressing those needs through targeted wellness communications and programs, in order to gain program participation. She stated that determining the employee perspective would also help build the program into an understandable, meaningful and identifiable entity to enable its adoption, growth and sustainability. To that end, she stated that her work will also include employee research, beginning with reviewing previous employee surveys, potentially acquiring data on employee health and wellness attitudes and behaviors, and potentially conducting a new survey with member employees.
She indicated that armed with the insights from the current state, market and employee research, the City would then build the program infrastructure, a unique brand, communications strategy, and a data measurement system. She stated that the next task would involve defining the program vision, completing the stakeholder analysis and pinpointing the strategies for success; from there, the objective would be to pilot programs that test the program strategies, including those already underway with the city’s financial wellness and vision initiatives, measure the results of those pilots and then refine strategies in order to produce a sustainable program.

Mr. Hannan asked if Keenan provided examples of TPA-administered wellness firms to the Wellness subcommittee. Mr. Montagna responded there were no particular firms, but rather a more general overview of the provider landscape. Laurie LoFranco of Keenan Associates indicated that Keenan was aware of certain firms but in the presentation of information wanted to be as objective as possible and not influence the procurement process. Mr. Hannan asked what set of criteria would be set forth in an RFP for vendors to bid on. Ms. Centanno responded that she was identifying best practices as well as studying outcomes of wellness programs from other cities. Matthew Rudnick asked if the Wellness TPA RFP will assume that the TPA will have access to claims data from the carriers. Mr. Montagna replied that it had not yet been determined if that level of data exchange was required or feasible. Mr. Hannan asked how much of the Wellness resources are being allocated to the RFP. Mr. Montagna pointed out a table projecting the costs to the Wellness Program and also reiterated that the figures are estimates. Mr. Hannan responded by inquiring about where the funds for the RFP are coming from. Mr. Montagna answered that there were minimal expenses associated with RFP development, as most of the work was being performed by staff. Tony Royster asked how long it would take to complete the RFP. Mr. Montagna responded that the RFP would be presented to the Wellness Subcommittee over the next few months before coming to the full JLMBC. Mr. Royster suggested looking into partnering with outside agencies if that would accelerate the contracting process. Wendy Macy indicated that the Subcommittee had discussed that using a TPA was still only an option to be considered, and that the procurement was part of the investigation process to see if this approach made sense for the City.

Following this discussion, a motion was made by Matthew Rudnick and seconded by Tony Royster to receive and file the Wellness Program report; the Committee unanimously adopted this motion.

7. Committee Report 16-36: Staff Report

Ms. Yau began by discussing a delay in the mailing of the confirmation statements by the TPA’s fulfillment vendor. She stated that the correction window was extended to November 30th to ensure employees had ample time to elect their benefits, and that the TPA agreed to process corrections through the end of the month at no additional cost and no impact on transmission of data to carriers.
She then reviewed certain payroll processing issues that staff had been working to resolve.

Ms. Yau next discussed the multiple RFPs in development for the LAwell program. She indicated there were planned to be released no later than February 2017. She added that TPA RFP development was in progress and that the contract with the incumbent would need to be extended to ensure that, if a change in providers occurred, there would be sufficient time for transition. She stated that the TPA RFP review would be brought at the same time as the request for Mercer contract extension. Following this discussion, a motion was made by Maritta Aspen and seconded by Chris Hannan to receive and file the Staff Report; the Committee unanimously adopted this motion.

8. Committee Report 16-37: JLMBC Officer Elections

Mr. Montagna began by reminding the Committee of the annual election of its officers and indicated the current Chairperson can initiate nomination proceedings. A motion was made by Ramon Rubalcava and seconded by Chris Hannan for Cheryl Parisi to be selected as Chairperson for the JLMBC; the Committee unanimously adopted this motion. A motion was made by Maritta Aspen and seconded Tony Royster for Wendy Macy to be selected as the Vice Chairperson for the JLMBC; the Committee unanimously adopted this motion.

9. REQUEST FOR FUTURE AGENDA ITEMS

Cheryl Parisi requested a closed session for the discussion of the Employee Benefits Trust Fund. Mr. Rubalcava indicated that Ken Reiff, the Kaiser account manager for the City, was retiring. Both Mr. Rubalcava and Mr. Montagna thanked Mr. Reiff for his long service to the City’s program.

10. NEXT MEETING DATE

A meeting was noted for January 5, 2017 at 9:00 a.m.

11. ADJOURNMENT

The meeting adjourned at 10:32 a.m.

Minutes prepared by staff member Russell Escueta