CITY OF LOS ANGELES
JOINT LABOR-MANAGEMENT BENEFITS COMMITTEE

PROPOSED MINUTES
SPECIAL MEETING
April 5, 2018 – 9:00 A.M.
CITY HALL, 200 NORTH SPRING STREET, ROOM 1060

Present:

Committee Members

Regular:
Cheryl Parisi – AFSCME, Council 36
Paul Bechely – Laborers’ Local 777
Chris Hannan – Building & Construction Trades Council
Tony Royster – General Services Department
David Sanders – SEIU Local 721
Matthew Rudnick – Recreation and Parks
Richard Llewellyn – Office of the City Administrative Officer

Alternates:
Marleen Fonseca – Engineers and Architects Association
Ramon Rubalcava – SEIU Local 721
Jody Yoxsimer – Personnel Department

Personnel Department Staff
Steven Montagna – Chief Personnel Analyst
Jenny Yau – Senior Management Analyst II
Paul Makowski – Senior Personnel Analyst I
Leo Reyes – Senior Personnel Analyst I
Helen Georgeson – Personnel Analyst
Ted Vasquez – Personnel Analyst
Daisy Tam – Personnel Analyst
Russell Escueta – Personnel Analyst

Office of the City Attorney
Curtis Kidder – Assistant City Attorney

The Segal Group
Bobby Mitchell

Keenan Associates
Laurie LoFranco
Robin Rager
1. Call to Order

Jody Yoxsimer called the meeting to order at 9:04 a.m.

2. Public Comments

None.

3. Benefit Service Provider Presentation: Anthem Blue Cross

Andrew Richards, Anthem Executive Account Manager, and Dr. David Pryor, Anthem Regional Vice President and Medical Director, presented the 2017 annual review for the City of Los Angeles. They began by discussing various trends among the HMO and PPO groups and how those trends compared to Anthem’s national book of business.

Mr. Richards discussed high-cost claimants and stated they impact PPO costs greatly. He discussed Anthem benchmarks for the City’s population. He stated the average age of employees and their dependents was higher than Anthem’s benchmark. He indicated that the per member per month claim cost increased 3.28% from 2016 to 2017 for the HMO plan. Tony Royster asked if this data point was a major factor in next year’s premium increase. Mr. Richards replied that it is an important factor. He stated the base starting point for calculating the renewal is the actual claims experience as reflected in both the per member per month cost as well as the total incurred claims costs. He then reviewed the PPO health risk index, which he noted is 1.64 vs. the baseline of 1, significantly higher because the City has an older population. Mr. Royster stated it would good to have direct comparisons with public sector California agencies because the data with private employers is different. Mr. Richards replied that Anthem is working toward being able to identify a public sector benchmark. Richard Llewellyn suggested that breaking out Vivity from the Narrow Network HMO option would be helpful in understanding differences between the populations.

Mr. Richards next reviewed the City’s high-cost claims and stated that there were 144 high-cost claimants in the PPO plan for the review period, with the total claims cost at $50,000 or more. He indicated this constitutes 3.3% of the population and 53% of the overall amount spent. Ramon Rubalcava asked if $50,000 is the pooling point. Mr. Andrews replied that $50,000 is the barometer that Anthem uses to get a sense of the high-cost claim activity relative to other populations. Mr. Rubalcava asked if any claims above the pooling point are not factored into the rate renewal. Mr. Richards replied that it is not a financial metric but used to track high-cost claimants and compare to the previous year.
Mr. Richards next reviewed HMO plan costs. He indicated that per member per month claim costs increased 3.28% from the previous year, a positive reading which he attributed to strong network management. Mr. Rubalcava asked if Vivity is treated like an HMO with managed care at the network level. Mr. Richards indicated it was. He stated that like an HMO plan, an employee enrolls in a medical group such as UCLA or Cedars Sinai. He stated physician directed access is unique to Vivity and members can ask to be referred to another doctor in a different hospital within the Vivity network.

Dr. Prior reviewed the City’s high-cost claims. Matthew Rudnick asked if there was a higher prevalence of substance abuse among the 144 members that drove 54% of the costs compared to Anthem’s book of business. Mr. Richards indicated he did not believe this to be the case. Mr. Rudnick asked if the substance abuse results reflect the opioid crisis. Dr. Pryor replied the opioid crisis is a contributing factor. Mr. Llewellyn indicated he wondered how substance abuse treatment in California compares to other parts of the country and how mandatory requirements affect the data. Mr. Rubalcava asked if there was an Anthem program for depression. Mr. Richards stated Anthem had considerable mental health resources and was trying to increase awareness and utilization of those resources. He added that confidentiality and stigma can make it difficult for members to seek help. Dr. Pryor indicated that California has higher levels of depression compared to Anthem’s national book of business. Mr. Royster asked if there is something that can be done if the causes are job related. Dr. Pryor replied that it is a challenge because it is complicated to pinpoint what the triggers for depression are. Cheryl Parisi asked if Anthem tracks how long it takes for appointments to be booked and how often people are allowed to see providers and if there are limits with that for HMO plans. Mr. Richards replied that this information is not tracked at a client level but tracked through Anthem’s behavioral resource team. Ms. Parisi asked what Anthem does for a higher level of outreach to patients who are being treated on an outpatient basis as opposed to hospitalized patients. Dr. Pryor stated these individuals may trigger into case management programs after getting picked up on a claims issue or being hospitalized. He stated that case managers reach out to those members to steer them toward tools that will help them begin changing their lifestyle or meeting certain goals. Ms. Parisi asked if Anthem offers education classes or something similar. Mr. Richards replied there are vendor partners Anthem works with that are tied to the City’s Wellness initiative. Dr. Pryor added that the HMO groups have dedicated resources that are reaching out to members directly. Ms. Parisi asked about Anthem denying emergency room claims in certain instances. Mr. Richards replied that this does not apply to California. Mr. Rubalcava asked for the process for emergency room admittance. Dr. Pryor replied that overall emergency room utilization for the City is much lower than the Anthem national benchmark. He added that many people go to the emergency room but it may turn out to be a minor issue and does not result in hospitalization. Mr. Llewellyn stated that he wondered how much California patients are more accustomed to using urgent care compared with other states.

Mr. Richards then discussed mental health and substance abuse utilization. He indicated the City’s utilization was well over Anthem’s national benchmark. Mr. Rubalcava asked how mental health and depression are treated. Dr. Pryor responded
that Anthem’s approach is to provide outreach and resources as early as possible to support the member. Ms. Parisi asked why autism prevalence appears high. Dr. Pryor replied this might be partly related to greater awareness of autism as a treatable condition in states such as California and parents may be getting their children into treatment more often and at a younger age.

Dr. Pryor next discussed pharmacy metrics and utilization. Mr. Rubalcava asked why the plan cost per day is trending higher for the City than the benchmark. Dr. Pryor indicated he would have to research this. Mr. Rubalcava stated that it would be helpful to have a listing of the most used drugs by usage and costs, to give a sense of the population trends. He further indicated that the utilization by hospital would be more helpful if it were broken down by the plan types (PPO, Vivity, and HMO. Mr. Richards replied that this information is available and can be provided.


Daisy Tam presented this report and summarized staff’s recommendation that WageWorks be selected as the provider. Ms. Parisi asked how many employees are enrolled in the Tax-Advantaged Spending Accounts. Bobby Mitchell from Segal responded that approximately 3,000 are enrolled in the health and dependent care accounts and 829 in the transit and parking spending accounts. Mr. Rudnick asked for the value of the contract. Mr. Mitchell responded that the total value is approximately $825,000 depending on the enrollment.

Jenny Yau indicated that concerning fees, ConnectYourCare provided fee information in its response but requested it be redacted for public purposes. She indicated staff’s analysis was the proposed fees were higher than those proposed by Wageworks. Mr. Mitchell added that WageWorks’ fees for members are $3.00 per month. Mr. Rudnick asked if staff was satisfied with receiving only two proposals for the services. Ms. Tam responded that although more proposals would have been welcomed, the recommended vendor was viable. She further stated a mandatory pre-proposal conference had been held for potential proposers and some vendors determined they could not provide the full range of services requested in the RFP.

Ms. Fonseca noted that WageWorks’ communication and member satisfaction scores were lower than ConnectYourCare’s and asked if there was a way they could improve. Mr. Montagna replied that a core focus for all of the City’s benefit providers was creating more ambitious goals and measuring success in some areas, including communications and engagement. Mr. Rudnick stated that more outreach done during Open Enrollment could result in higher utilization of the benefit. Ms. Yau added that the incoming (Third-Party Administrator (TPA) has a more robust system and allows users to see benefits without having to log in to an account, something the incumbent TPA cannot do. Mr. Royster stated that separate campaigns might be needed so that the medical benefits campaign does not overshadow the Tax-Advantaged Spending Account campaign. Mr. Rudnick asked if any of the ongoing member surveys address the Tax-Advantaged
Spending Accounts. Mr. Montagna stated the communications survey did not but this could be addressed on the next survey.

A motion was made by Tony Royster and seconded by Richard Llewellyn to recommend to the General Manager Personnel Department that WageWorks, Inc. be selected as the service provider of the City of Los Angeles LAwell Civilian Benefits Program Tax-Advantaged Spending Accounts services for an initial three-year contract term, with the option to renew for up to two additional years; the Committee unanimously adopted this motion.


A motion was made by Richard Llewellyn and seconded by Tony Royster to approve reimbursements from the (a) Employee Benefits Trust Fund for Personnel Department salary costs of staff providing direct administrative support of the LAwell Civilian Benefits Program in the total amount of $103,420.47 inclusive of the second quarter of fiscal year 2017-18; and (b) Employee Benefits Trust Fund/Wellness sub-account for Personnel Department salary costs of staff providing direct administrative support of the LIVEwell Wellness Program in the total amount of $83,749.80 inclusive of the second quarter of fiscal year 2017-18; the Committee unanimously adopted this motion.

6. Committee Report 18-21: LIVEwell Wellness Program Update

A motion was made by Richard Llewellyn and seconded by Tony Royster to (1) approve an expenditure of up to $25,000 from the Employee Benefits Trust Fund Wellness sub-account to participate in a Joint LA City/LA County Family Fitness Event in October 2018; (2) approve proposed 2018 Annual Employee Wellness Survey; and (3) receive and file staff report regarding LIVEwell Wellness Program (LIVEwell) developments, updates, and activities; the Committee unanimously adopted this motion.


Mr. Montagna introduced this report. He indicated a preliminary meeting held with the Wellness Subcommittee to obtain input on the process and results and valuable feedback was provided. He reviewed the services that had been requested and explained there were separate services that vendors could propose: Wellness Engagement Administration only, Wellness Website and Data Management Services only or a combination of both. He stated that Limeade was recommended by the rating panel. Mr. Rubalcava indicated he had not participated in the Subcommittee meeting and would like to review the results. He stated he believes the Committee should interview the top three to help them decide on the recommendation. Mr.
Royster asked how the Committee’s disagreement would affect the decision made by the panel. Mr. Montagna replied that the panel is charged with adhering to the RFP and executing the process. He continued that the scoring and result from the interview panel had been completed and recommendation submitted, and that recommendation was considered final. Curtis Kidder stated that the RFP process allows for interviews by the Committee at the end of the process.

Joan Centanno described each vendor that submitted a proposal and the distinctions between their service models. She stated that Limeade scored highest with the rating panel based on its data management capabilities and wellness engagement resources. She stated Limeade appeared to be best aligned with the City’s objectives for bringing in a resource that had a fully developed turnkey product offering which was also customizable and highly focused on driving improved outcomes. Mr. Rudnick asked, given that the RFP was designed to be modular if the Committee could select another provider to provide marketing and communications and use another firm to provide the data management portion of the services. Mr. Montagna replied that there would have to be a separate procurement to administer the data management service because a mix-and-match approach could not be pursued from this RFP based on the way the firms proposed.

Robin Rager from Keenan provided his findings regarding the proposers and their capabilities. He stated each proposal was reviewed from the perspective of which could best move the City forward in its Wellness goals, and Limeade appeared best able to move the City forward. Ms. Parisi asked if the vendors that submitted a bid were representative of the best in the field regarding wellness. Mr. Rager responded that he believed they were representative based on what the City was looking for. He added that many of the vendors were challenged by the integration of the process and components that they were asked to provide. He stated there were very few that were able to do that. Mr. Rubalcava asked if data experience and integration with the medical carriers was requested in the RFP, to which Mr. Rager replied that it was and asked discussed as well during the performance exams.

Following this discussion, a motion was made Matthew Rudnick and seconded by Tony Royster to invite Limeade to provide a presentation to the JLMBC prior to making a recommendation to the General Manager Personnel Department; the Committee unanimously adopted this motion.

8. NEXT MEETING DATE

A meeting was noted for May 3, 2018 at 9:00 a.m.

9. ADJOURNMENT

The meeting was adjourned at 11:08 a.m.

Minutes prepared by staff member Russell Escueta.