Present:

Committee Members:
June Gibson – Fire Department
Chris Hannan – Building & Construction Trades Council
Wendy Macy – Personnel Department
Cheryl Parisi – AFSCME, Council 36
Matthew Rudnick – Cultural Affairs Department

Alternate Committee Members:
Gregory Dion – Personnel Department
Marleen Fonseca – Engineers & Architects Association
Errol Griffin – City Administrative Officer
Ramon Rubalcava – SEIU Local 721

Personnel Department Staff:
Alexandra Castillo – Senior Personnel Analyst II
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:
Daniel Whitley – Deputy City Attorney III

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 2:10 p.m.

2. PUBLIC COMMENTS

There were no public comments.
3. HEALTH SERVICES RFP PROVIDER PRESENTATION

Ms. Macy began by indicating that Kaiser would be making a presentation for this meeting regarding its staff model health plan, indicating that Kaiser would be allowed forty-five minutes for its presentation and that no new information or enhancements to the original Request for Proposal were permitted. City Attorney Daniel Whitley further clarified that similar to the non-staff model bidder presentations, Kaiser was limited to the information contained in the RFP, and advised that Committee members may ask Kaiser clarifying questions only.

The Kaiser team introduced themselves and indicated the various ways in which their health services would continue to be beneficial to the City as described in their proposal. Ken Reiff, Senior Executive Account Manager with Kaiser, reviewed what he described as their unique approach to offering care in a fully integrated manner with unrivaled success in providing quality care at a competitive price. He reviewed some of the recent improvements in their mental health services.

Following this, there were some questions posed by the JLMBC. The Kaiser team clarified questions posed by the JLMBC with respect to wellness resources. Mr. Reiff indicated that Kaiser would offer the City a budget of $250,000 to be applied towards Kaiser’s wellness services, and it was confirmed that the funds would not be in the form of payment to the City to be used at its discretion but as a credit against Kaiser services. When asked about member access to mental health services, Mr. Reiff replied that the issues were broader than just Kaiser and driven largely by a shortage of available psychiatrists.

JLMBC members asked about the request in the RFP for an on-site member advocate and why Kaiser did not offer this service. Mr. Rieff replied that Kaiser did not have the same level of problem resolution matters that other providers had given the integration and transparency of their services.

The issues were not resolved requests and the Committee members agreed that further discussion of these items would be continued to the next JLMBC meeting.

Ms. Macy thanked the Kaiser presenters.

4. COMMITTEE REPORT 16-17: DENTAL SERVICES RFP EVALUATION

Steven Montagna presented the Dental Services Request for Proposal (RFP) evaluation. He stated the RFP requested the current core dental plan menu including the PPO, HMO, and Preventive services plans, as well as the option of submitting proposals for alternative care models. He stated there were six responses for the core menu and one additional response from Western Dental proposing an alternative network. He then referred the JLMBC to the scoring results.

Mr. Montagna stated that the recommendation of the review committee was that Delta Dental be selected as the combined provider of the Flex Program’s Dental PPO, HMO, and Preventative plans. He stated that once a consensus on the choice of vendor was established, there are certain options that could be explored with respect to
improvements to the benefit level. He noted that benefit levels had generated considerable member feedback from the survey. He stated that the proposal from Delta actually represents a reduction relative to 2016 premiums, so there are options that should be explored with the objective of keeping the overall costs neutral relative to the 2016 overall premiums. He pointed out that given the premium-sharing structure of dental benefits, any increase in premiums would be paid jointly by both the members and the City. Chris Hannan asked if there were to be enhancements, would Delta be the recommended carrier for those enhancements as well, and Mr. Montagna confirmed this. Cheryl Parisi asked that in terms of the RFP, if the vendors were asked to bid on new benefit levels, or did it involve only the existing benefit level. Mr. Montagna stated that certain benefit level pricing enhancements had been requested.

Stephen Murphy of Segal Consulting stated that a combination of benefit level increases were available such as increasing the annual maximum on the PPO plan (especially in instances of using non-network providers), and modifying the usual and customary threshold which is used to process claims for non-network providers. Robert Mitchell of Segal Consulting added that the number two scored firm (UHC) as far as the overall ranking was concerned was the lowest cost bidder but considering the benefit enhancements in which pricing was quoted, if the review team was to recscore based on those enhancements Delta would come further ahead based on the current benefits.

Mr. Montagna stated that performance exams had been conducted as part of this process, and priorities were on reducing out-of-pocket costs, increasing the transparency of benefit costs, and simplifying communications. He stated questions were posed regarding what options vendors could offer to address those issues. He added that one concept discuss in the exams involved rolling over the annual maximum from one year to the next. He stated there currently was no pricing information for this but that along with other options could be explored with the selected vendor. Ms. Parisi indicated her view that in evaluating options they didn’t need to necessarily be cost neutral, as dental health was strongly related to overall health.

Errol Griffin asked whether there was a significant percentage of usage of out of network providers. Mr. Mitchell stated that some of the feedback from the survey communicated this issue as members were receiving lower reimbursement by using out of network providers and the benefits they were receiving were not meeting their expectations. Mr. Mitchell added that there are areas that could benefit the entire population, and one example is a provision that would waive preventive and diagnostic services from the annual maximum, so for an average person that could amount to $300-$500 per year.

Mr. Montagna then reviewed organizational strengths, noting that Delta had relatively high retention rates for both its PPO and HMO plan clients. He added that on administration support and account management, each of the vendors scored within a relatively narrow band, but one item that was distinctive for Delta was that they were going to commit funding during the whole contract term to be used towards the cost of an audit and this was something the other vendors did not do. He added that for innovation and miscellaneous types of services such as member advocacy, most of the vendors were responsive to that request.
Mr. Montagna stated that with respect to provider quality of care such as specialist referrals, Delta’s wait times were approximately 2-4 weeks. He indicated that Delta’s disruption rate was 1.3% for the HMO. Mr. Mitchell referred the JLMBC to page six of Segal’s report noting provider access and continuity of care numbers.

Mr. Montagna noted that summary information was provided in the staff report with respect to premiums and financial cost and further noted that Western Dental’s alternative network represented an approximate 25% discount from current HMO pricing. He stated the rating panel determined there was not enough of a qualitative difference to the offering to justify the addition, and there were also issues concerning the financial strength of the firm.

There were no further questions, and a motion was made by Cheryl Parisi, seconded by June Gibson, to select Delta Dental as the combined provider of the Flex Program’s dental PPO, dental HMO, and dental preventative care services, and requesting that staff return with evaluation for different benefit level options. The Committee unanimously adopted this motion.

5. COMMITTEE REPORT 16-18: VISION SERVICES RFP EVALUATION

Maria Koo presented this report. She began by stating the intent of issuing the vision RFP was to assess the potential value of unbundling vision benefits from the health plans and offering a uniform stand-alone vision benefit to the entire Flex population. She stated the RFP was evaluated from a member based prospective, focused on support services, quality of care, access to care, and effective communications. She further added that the process was informed by feedback obtained from Flex member focus groups and the Flex member survey that was conducted in late 2015, which indicated that only 49% of employees surveyed were satisfied with the level of vision benefits provided by the Flex program.

Ms. Koo stated the City requested vendors to submit vision proposals for five plan design models (A – E). She added that six firms submitted proposals. Ramon Rubalcava asked if VSP submitted a proposal. Ms. LoFranco replied that VSP submitted a proposal but did not meet the City’s Business Inclusion Program (BIP) outreach requirements and was therefore disqualified. Mr. Rubalcava stated the City would be served well by having VSP submit a bid. Mr. Montagna explained that the BIP requirements is a Mayor’s directive and it is part of the general contracting requirements that all vendors need to meet to have their proposals considered. He added that the City allows vendors to pre-submit many forms related to these documents to avoid these kinds of disqualifications, and also provides pre-conference meetings to thoroughly explain the City’s requirements.

Ms. Koo continued, reporting that six firms submitted proposals and that the proposals were reviewed by the JLMBC’s consultants, Segal and Keenan, and by staff. She noted they were rated on organizational qualifications and reliability, administrative support and account management, innovation and direct services, communications, access and continuity of care, and financial cost. She stated the review committee recommended EyeMed be selected as a stand-alone provider of the Flex Program’s vision services. She further indicated the committee was
recommending a benefit level and pricing option described as Model B in the report, noting that this election would provide offer an annual benefit allowance of $150 once every 12 months rather than the different allowances offered by the incumbent providers once every 24 months. She added that EyeMed offers the largest network of providers with the most desirable geographical access, offering a greater selection of facilities and private optometrists than the current program.

Ms. Koo stated another objective of the RFP was to secure a provider able to integrate their services with the medical wellness programs, offering vision screenings, attending wellness events, participating in open enrollment employee meetings, and providing innovative ways to add value to the Flex benefits program. She continued stating that EyeMed’s “Health Eyes” health and wellness support program offers data integration with the City’s health plan vendor and include targeted outreach to high risk members. She stated that EyeMed was the only vendor to offer pop up clinics on site, so they can actually come to the work place, and she pointed out that convenience is often the most effective motivator for some members to get their eyes checked, so it is believed that this is an innovative way to promote the right behaviors to benefit employee wellness. She added that EyeMed demonstrated impressive customer resources in the direct service category as they had an average call center wait time of less than twenty-five seconds (with a 99.4% first call resolution rate); EyeMed had the most competitive hours of operation; they had the shortest claim processing time; and additionally, in administration support and account management, they processed 100% of claims within ten business days with over 99.9% accuracy. She added further that EyeMed was the standout vendor with respect to communications by their use of technology to improve the member’s ability to access care with a mobile app with iOS and Android capability. She concluded that EyeMed was the most competitive in terms of pricing, offering a four-year rate guarantee. She stated that presently the cost of vision care bundled with the City’s medical providers is approximately $2.5 million, and the cost with EyeMed’s improved benefit levels was also $2.5 million.

Ms. Parisi asked for a description of the service delivery model of EyeMed. Ms. LoFranco replied that EyeMed has two different types of service delivery models, and that the first is by private optometrist and coverage at vision centers such as Lens Crafters, Sears Optical, Target Optical, etc. She added that with respect to the “pop-up clinics” available to the City, EyeMed will come to the City and set up a clinic in various City locations and make appointments for employees to be able to come in and have their eyes examined, select materials, and have them delivered to the worksite. She added that this convenience helps to maintain overall health and wellness, as health issues such as diabetes and high blood pressure can be discovered in an eye exam. Ms. LoFranco then answered questions posed by the JLMBC with respect to coverage for glasses and frames.

Cheryl Parisi asked about integration of union offered vision benefits with the proposed stand-alone vision plan, and stated she would like more time to research this before rendering a final decision. Ms. LoFranco indicated she could assist in this evaluation. Ms. Parisi asked to defer the decision to the next meeting in order to review the findings. Mr. Montagna indicated this could be done. Ramon Rubalcava
agreed that it would be beneficial to have this additional information. Mr. Griffin recommended that cost should also be factored in to the request.

Ms. Macy asked if vision care such as retinal screening can be covered in a routine eye exam, taking into account the integration of wellness and overall health. Ms. LoFranco replied that this item is covered under the medical benefit, for example, if the member has been diagnosed with certain specific diseases. An Eyemed representative present at meeting indicated that retinal screening is covered in a routine eye exam under Model A and Model B with a capped co-pay of $39; however, the representative indicated that EyeMed could look at including this as a routine eye exam copay.

There was discussion regarding whether there may be negative feedback from employees regarding not being able to fill prescriptions with their health plans. Ms. LoFranco explained that a stand-alone vision plan provides members with enhancements that many members would find beneficial. She added that vision care would still be covered under Kaiser and within the current medical plans, but vision materials would be available from a larger selection or providers.

Mr. Hannan stated he had concerns regarding the vision subsidy because the way MOUs are written they have specific language regarding the Kaiser subsidy and it is unknown whether that will change, so more time is needed to analyze this as well. Ms. LoFranco pointed out that both Kaiser and Blue Shield’s rates would drop as a result of pulling out the vision plan and the City would be fully subsidizing the stand-alone vision plan, so there was no extra cost to members.

6. REQUESTS FOR FUTURE AGENDA ITEMS

Cheryl Parisi indicated that in addition to further discussion on plan design issues, she was also interested in reviewing Kaiser renewal rates for other large employers such as, CalPers, the County of Los Angeles, and Los Angeles Unified School District. She added that in order to fully evaluate the Anthem bid she would like information regarding how many members and dependents were in Vivity groups that were eliminated when the City adopted the Narrow Network HMO.

7. NEXT MEETING DATE

A Regular meeting was noted for June 2, 2016 at 9:00 a.m.

8. ADJOURNMENT

The meeting adjourned at 4:45 p.m.

Minutes prepared by staff member Helen Georgeson