Present:

Committee Members:
Paul Bechely – Laborers’ Local 777
Wendy G. Macy – Personnel Department
Cheryl Parisi – AFSCME, Council 36
Tony Royster – General Services Department
Matthew Rudnick – Cultural Affairs Department
David Sanders – SEIU Local 721
Gregory West – Engineers and Architects Association

Alternate Committee Members:
Gregory Dion – Personnel Department
Ramon Rubalcava – SEIU Local 721
Norma Gutierrez – Fire Department

Personnel Department Staff:
Alexandra Castillo – Senior Personnel Analyst II
Helen Georgeson – Personnel Analyst II
Steven Montagna – Chief Personnel Analyst

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

Mercer Human Resource Consulting, Inc.
Bryan Kakita
Clay Levister

Aon Consulting
Not present

1. CALL TO ORDER

Cheryl Parisi called the meeting to order at 9:05 a.m.
2. PUBLIC COMMENTS

There were no public comments.

3. MINUTES

A motion was made by Tony Royster and seconded by Paul Bechely to approve the JLMBC minutes of the October 8, 2015 Special Meeting; the Committee unanimously adopted this motion.

4. COMMITTEE REPORT 15-29: REQUESTS FOR PROPOSAL FOR MEDICAL AND DENTAL PROVIDERS

Steven Montagna presented this report addressing three items involving the design of the 2015 Medical and Dental Requests for Proposal (RFP): the focus group results, proposed member survey, and the preliminary draft of the evaluation categories of the RFP. He stated that these items should be looked at as a whole, and the emphasis is to build in some consistency from the feedback that was received from the focus groups. He added that the member based issues from the focus groups were incorporated within the survey and then will be used in constructing the RFPs, and in reviewing what the topics were and making a rough judgment about the relative weightings of the different categories. He added that the emphasis is to incorporate a member based perspective.

Mr. Montagna then proceeded to the focus group results and referred the JLMBC to attachment A which provided a summary. He explained that there were a total of six focus groups and they were broken down by the different medical group types and each session allowed for some time in the end to discuss the dental. He added that the surveys were conducted by Mercer, although there was a staff member present at each session. Mr. Montagna reported that the methods of inquiry used for the focus groups included written questionnaire, performance exams, and problem resolution essay questions. He explained that the focus group feedback provided vital information which formed the development of the survey and played a role in creating the proposed evaluation categories for the RFP. He added that the member based issues gathered from the focus groups were incorporated into the surveys to offer a member based perspective. Mr. Montagna reviewed some of the issues that came up with respect to the medical portion of the focus group discussions such as wait times and continuity of care with respect to primary care physicians; issues with quality of care which was primarily a concern with members of the Narrow Network HMO; and there was some confusion with respect to the rules and transparency related to pharmacy and vision benefits, such as how and where to get information and access to care outside of normal working hours.
Mr. Montagna stated that member issues regarding the dental benefits involved concerns such as, providing more coverage for expensive services, and also the limitation of the annual maximum.

Matthew Rudnick pointed out that the number of participants in the focus groups was relatively low and he asked if that was the intent or a result of volunteer participation and he also asked about the motivation for participation in the focus groups, such as, whether any incentives were provided and if this factor was addressed. Mr. Montagna replied that getting individuals to participate in focus groups is always a challenge and he pointed out that a very modest gift card incentive was provided to the participants. He stated there was a very strong response to the invitation that was sent to Flex members to be chosen from a pool of volunteers from which staff would draw members for focus groups, not just for the present focus groups, but for future purposes as well. Mr. Montagna added that there were 200 individuals that volunteered for this. He explained that the current low participation is mainly due to the timelines which were very aggressive, the focus groups were put together very quickly and this did present a challenge but nevertheless, the participants did hit upon some very valuable issues and provided useful feedback. He pointed out that the member survey was revised considerably due to the input that was provided from the focus group feedback. He added that in terms of the representative sample, this will be apparent if the feedback from the focus groups is validated by the broader survey.

Ms. Parisi asked what the strategies are used in terms of trying to get more responses to the member survey. Mr. Montagna replied that there is a challenge with respect to the survey because people generally do not like taking time to do surveys and the current member survey is about 10-12 minutes, so there is a concern about how many people will complete it. Mr. Montagna added however, that to get a representative sample population, 100% participation and even 20% participation is not required, so anything between 10-20% participation will be good in order to get a representative sample. He added that to publicize the member survey, there is going to be a direct mailing, a City-wide email, and email reminders, and staff can also reach out to the City’s Human Resources liaisons for assistance in reinforcing the message to employees. He also added that staff will encourage labor organizations to reach out to the members as well. Ms. Parisi stated that the labor organizations will gladly assist in publicizing the surveys and also determine the best way to execute this, such as at member meetings or by email, will be discussed among the labor organizations. Mr. Montagna stated that talking points and bullet points can be provided to the labor organizations so that they may get the point across efficiently. Ms. Macy asked if there will be a gift incentive and Mr. Montagna stated that this had not been considered yet, but will be reviewed further.

Norma Gutierrez suggested separating the survey into two parts as an option to tone down the length of the survey. Mr. Montagna replied that although this is a
good suggestion, practically, this would be difficult to administer and to track the participating pools.

Mr. Montagna then proceeded to the draft member survey and referred the JLMBC to page four of the survey. He pointed out that these questions are broad in order to get a sense of how people value their benefits and what their satisfaction is, and over the long term, they can be used as metrics to determine if there have been changes over time.

Mr. Montagna referred the JLMBC to page six of the survey which he noted is the vital part of the survey because it involves elements in which member feedback is crucial, such as wait time for appointments, ease of referrals to specialists, and vision care. Mr. Montagna stated that with respect to the dental, those questions are not as extensive, but the major issues that were brought up during the focus groups, such as the cost issues, were covered.

Mr. Sanders asked about the intent of question number nineteen on page 10 of the survey which involved member commitment to the City of Los Angeles. The JLMBC discussed this and it was decided to remove this item from the survey as it was not considered constructive to the outcome of the survey.

Mr. Montagna then proceeded with the proposed methods of inquiry, evaluation categories and the evaluation process for the health and dental RFPs. He explained that the mission of the health and dental procurements is to identify the service providers who can best support the Flex population in its health and wellness efforts. He noted that the proposed weightings for the Health and Dental HMO and PPO plans are provided in Attachment C to the staff report. He stated that at the December 3, 2015 JLMBC meeting, staff will provide any necessary updates and reports-back relative to the development of the health and dental plan procurements. He added that for the balance of the period from November 12 through calendar year end, staff will be working with the Flex Program’s consultant to develop the RFP introduction, scope of services, and RFP questionnaire.

A motion was made by Matthew Rudnick, seconded by Paul Bechely, to receive and file the staff report regarding the Requests for Proposals for Medical and Dental Providers; and (a) receive and file report regarding design of the 2015 Medical and Dental Requests for Proposal; (b) approve a proposed Flex Benefits Health and Dental Benefits Survey; and (c) review and discuss concepts for RFP methods of inquiry, evaluation categories and evaluation process. The JLMBC unanimously adopted this motion.
5. COMMITTEE REPORT 15-30: REQUEST FOR PROPOSAL FOR CONSULTING SERVICES

Mr. Montagna began by stating that staff is recommending based on the scoring results, that the recommendation of the JLMBC to the Personnel Department be to select Segal Consulting as the lead consultant for benefits plan administration consulting and the recommendation for the communications consulting is to have two vendors, both Segal Consulting and Mercer Consulting, as they were number one and number two in the scoring. He added that the reason it would be beneficial to have two communications consultants is that Segal would be responsible for the design of the overall communications strategy and working with staff on new initiatives, such as wellness. He added that it is also important and valuable to maintain the relationship with Mercer because of their relationship with Mercer Third Party Administrator (TPA), as the open enrollment materials and all the communications have an intersection between the consultant and the record keeping system of the TPA.

Mr. Montagna then referred the JLMBC to page four of the staff report, he pointed out that Segal scored highest in the areas that are considered to be the core of what is included in the benefits consulting category. He noted that this includes plan design, administration, interpretive and regulatory guidance, procurements and contracts, the rate renewal process, and benchmarking. He added that in addition, Segal also did quite well in the performance examination. He also added that Segal was not the highest ranked in every category, although they did place well in those categories in which they were not ranked as number one. Mr. Montagna noted that the one exception to that is in the category of fees. He stated that Segal did not quote hourly rates, and instead, is proposing a flat annual retainer amount of $440,000. Mr. Montagna explained that the annual retainer amount was more expensive than the hourly rates of the other proposals, and they actually received the lowest mark there, he added that notwithstanding this, he noted that the price quote is actually in line with what the average consulting costs have been over the last five years, which totals approximately $448,000 annually. Mr. Montagna concluded that since Segal’s quote is in line with the average Consultant expenditures, this type of retainer model should work well.

Mr. Montagna stated that in terms of the Segal team, they have proposed a number of individuals, they have in Glendale office location, and their lead consultants would be working out of that office, so they would be locally based. He added that they also have a national medical director that is based in Los Angeles, they have a pharmacy benefit consultant based in San Francisco, and they have a managed care specialist based in Phoenix. He further added that they are also proposing one of their attorneys who is based in Washington, D.C. He concluded that Segal is offering a very comprehensive team of individuals and resource experts and Segal has indicated they would all be part of the team assigned to the City.
Mr. Montagna proceeded with the recommendation for Communications Consultant. He noted that both of the vendors, Segal and Mercer scored well. He pointed out that there is a long standing relationship with Mercer with respect to open enrollment material and other projects that they have worked on, but there are some capabilities that Segal came back with that demonstrate that there will be some opportunities to take the Flex program to the next level. He added that this was demonstrated in the written responses, as well as the performance evaluation. He further concluded that therefore, they would be assigned as the lead consultant and staff would be working with them on the overall strategy of the messaging and what the City will be communicating to members.

Mr. Royster asked if there would be any transition issues in moving to another company. Mr. Montagna replied that the transition issue that will be experienced on the benefits administration side will be the transmission of the medical and dental RFPs because that will occur at the beginning 2016, and it may be a challenge, but it is definitely something that can be worked through and addressed and part of this is because the medical and dental RFP process has been started early, so there will be ample time to work out any issues that arise.

Ms. Parisi asked whether staff’s recommendation can be subject to further review and examination by the JLMBC. She further explained that apart from the scoring, whether the JLMBC can decide on a different recommendation such as, recommending two vendors on the benefits administration side, as well as two vendors on the communications side. Mr. Montagna replied that the JLMBC could opt to recommend that there be for example, two consultants on the benefits administration side.

Ms. Parisi stated that in line with the fact that the JLMBC has been clear in conveying that the top scoring bidders should make presentations to the JLMBC, she recommended that the JLMBC follow through on this process. She asked if it should be the top two or three of each with respect to benefits administration and benefits communications. She further added that it is critical that the respondents come in with their actual team that will be servicing the City contract. Mr. Bechely agreed with this and added it is important to interview the teams as personalities are an important factor, and he asked if the JLMBC has the authority to replace members of the consulting team if they don’t work out.

Curtis Kidder stated that the rules are set forth in the RFP, and the RFP set forth the evaluation criteria, such as the scoring. He added that therefore, unless an additional review process was set forth in the RFP, and it was included in the criteria as to the JLMBC’s input and review of the teams, the JLMBC cannot change staff’s analysis because this has already been completed based on the responses of the RFP. He concluded that if the bidders make presentations, they cannot embellish the services included in their RFP responses. He added that
they can come in and make a presentation, but that cannot change the scoring that has already been completed by staff from the responses to the RFP. Ms. Parisi asked for clarification that the JLMBC can still make a decision regarding the number and assignments of the bidders. Mr. Kidder stated that the JLMBC can make a recommendation to staff and the General Manager of the Personnel Department as to the structure of the benefit delivery to the City. Ms. Parisi asked if this means who and how many team members would be assigned to the benefits administration; and, who and how many team members would be assigned to the communications consulting. Mr. Kidder confirmed that the JLMBC may make a recommendation on that. Ms. Parisi asked if the JLMBC is obligated to accept staff's number one recommendation, and if there is any flexibility allowed. Mr. Kidder reiterated that staff's analysis to the RFP responses cannot be changed through this additional process.

Mr. Sanders asked if the JLMBC can reject staff’s recommendation. Mr. Kidder again reiterated that the role of the JLMBC is to make a recommendation as to the providers to the General Manager of the Personnel Department with the ultimate authority to make the decision (or City Council, depending on the length of the contract). He concluded that the JLMBC does have some discretion regarding what they recommend, however the RFP was submitted to the JLMBC for review and it included the weighting and criteria, so the JLMBC cannot at this point, second guess the criteria or the weighting. He added that the JLMBC can examine staff’s application of the criteria and the weighting although the JLMBC does not have the information at hand at this point.

The JLMBC continued discussion about the advantages of having the lead members that will be assigned to the City’s contract of the top two finalists for Benefits Consultant and the top two finalist for Communications Consulting make presentations to the JLMBC. The JLMBC members are then to make final recommendations on the selections for benefits administration and benefits communications and establish the scopes of duties and responsibilities of each. Following this discussion, a motion was made by Ramon Rubalcava, seconded by Tony Royster, for presentations by the top two finalists for Benefits Consultant (Segal and Keenan) and top two finalists for Communications Consultant (Segal and Mercer) during the first week of December 2015. Staff is instructed to conduct reference checks of the finalists and prepare a written report with staff recommendations to the JLMBC. The JLMBC will successively meet again in December 2015, to make their final recommendations. The Committee unanimously adopted this motion.
6. COMMITTEE REPORT 15-31: WELLNESS SUBCOMMITTEE RECOMMENDATIONS

Steven Montagna began by complimenting the members of the Wellness Subcommittee for doing a good job in pooling together the information and asking for the investigation that resulted in some very well considered recommendations. He pointed out that the Wellness Subcommittee met on five different occasions. He added that they looked at the current carriers and the resources they provide and they looked at a number of different outside entities to get an idea of how other employers construct their wellness programs. He noted that there were two broad concepts that developed as a result of this work. He explained that for a wellness program to work, it really needs to be supported by the right resources, and it needs to have the right organizational commitment and this came up over and over again while the Wellness Subcommittee met with the various plan sponsors. He added that a wellness program needs to be unique to the employee population, and to the employer population. He added that the consensus was that in designing a program for the Flex population, this would be a program that has the intention and the perception of being a resource for employees to be able to support them on their individual health care needs. He added that this is a wellness program in which people will be engaged and it is important to be there to support members wherever they are in their health care journey as there are different stages of readiness and this will be respected.

Mr. Montagna referred the JLMBC to page two of the staff report which described a first take at a mission statement which is to support members and make progress on a continuing basis of improved health and there is a particular emphasis on chronic conditions which is really the one area that is driving up most of the costs that are directly impacted by behavioral changes.

Mr. Montagna reported that the Personnel Department is going to be requesting two positions in the budget for next fiscal year that would be assigned to the wellness exclusively. He added that secondly, staff intends to go to City Council to request the resolution authority for those positions in the current fiscal year. He noted that there has been support from elected officials regarding establishing a wellness program, so this request should not be considered controversial.

Matthew Rudnick commented that the recommended staff positions are critical and the JLMBC can help support this in every way possible. Ms. Macy added that it is important that it be emphasized to City Council that the staffing requests are relatively modest when you look at the scope of the program.

Mr. Montagna continued with proposed implementation steps, indicating that moving forward will require these steps. He stated that the wellness program will be ongoing in order to remain successful and it is important that City management and Labor organizations be engaged in communicating that this is something that is valued, and to create this new culture centered on health. He
added that as already stated, staffing is a critical element. He noted that the following step is building the strategic plan and the new Consultant will be working with staff on this. He further added that one of the top priorities is to build a strategic plan with goals and strategies for how to move forward. He pointed out that the important element is not just a matter of implementing a lot of random programs, but that there is a really well thought out vision and that it is well articulated. Mr. Montagna concluded with execution and implementation in which the JLMBC moves forward with the branding of the program and what the distribution channels will be in executing the objectives, such as, messaging or a web based portal. He reported that another vital element is working with an external resource to provide the educational content and engagement, based on a model where there are representatives to work with members on a one-on-one basis and group educational meetings, where members can work at their own pace and receive personal contact in helping them find the right resources. He concluded that this is a very vital component to the wellness program and it is envisioned to sit above the health plans, not as a part of them, for consistency. He stated that the last component is benchmarking and what is being sought is a benchmarking service to capture and maintain information outside of the medical plans, and the Flex program, and JLMBC can be in control of what should be measured to help create goals that lead to progress.

The JLMBC discussed the advantages of adopting the Citywide Wellness Program and a motion was then made by Paul Bechely, seconded by Tony Royster, to approve the recommendations of staff and the Ad Hoc Wellness Subcommittee for a proposed resource and implementation plan for a Citywide Wellness Program as detailed in the staff report. The Committee unanimously adopted this motion.

7. COMMITTEE REPORT 15-32: STAFF REPORT

Steven Montagna presented the staff report. He began with a report regarding the Flex Benefits Updates to Department Personnel Directors. He reported that the Employee Benefits Division (EBD) was invited to present information at the Los Angeles City Employees Retirement System Annual Department Personnel Directors Seminar that took place on October 8, 2015. Mr. Montagna also reported that staff presented a 30 minute Flex Benefits briefing at a New Employee Orientation Session for new General Services Department employees on October 13, 2015.

Mr. Montagna then reported on the Projects Update. He provided an Employee Benefits Trust Fund Update. He stated that staff was not able to complete its research an report-back regarding the Employee Benefits Trust Fund (including the topics of employee refunds and an external audit) for the present meeting. He added that this report will be calendared for the December 3, 2015 JLMBC meeting.

Mr. Montagna continued with an update of the Affordable Care Act (ACA) Tax Reporting. He reported that the Personnel Department was previously moving
forward with establishing a one-year sole-source contract with Taxware, however, the firm was not able to comply with the City’s contracting requirements, rendering them a non-viable partner. He added that Mercer subsequently recommended another firm, Benelogic and the Personnel Department proceeded to engage Benelogic for a one-year sole-source contract and the Personnel Department executed the Benelogic contract on November 3, 2015.

Mr. Montagna concluded with the ESR Tool Update. He stated that staff has been working with Mercer to resolve a reporting issue involving City employees who transfer to the Department of Water and Power (DWP). He added that Mercer is implementing an audit process to capture duplicate City and DWP employee records and Mercer has resumed generating monthly reports required in order to complete the annual reporting for determining eligibility for the 2016 stability period and is expected to be current by November 17, 2015.

A motion was made by Matthew Rudnick, seconded by Paul Bechely, to receive and file the staff report. The Committee unanimously adopted this motion.

8. NEXT MEETING DATE

December 3, 2015 at 9:00 a.m.

9. ADJOURNMENT

The meeting adjourned at 10:55 a.m.

Minutes prepared by staff member Helen Georgeson