CITY OF LOS ANGELES
JOINT LABOR-MANAGEMENT BENEFITS COMMITTEE

PROPOSED MINUTES
SPECIAL MEETING
November 30, 2017 – 9:00 A.M.
CITY HALL, 200 NORTH SPRING STREET, ROOM 1010

Present:

Committee Members

Regular:
Wendy Macy – Personnel Department
Cheryl Parisi – AFSCME, Council 36
Tony Royster – General Services Department
Chris Hannan – Building & Construction Trades Council
Richard Llewellyn – Office of the City Administrative Officer
Paul Bechely – Laborers’ Local 777

Alternates:
Marleen Fonseca – Engineers and Architects Association
Ramon Rubalcava – SEIU Local 721
Norma Gutierrez – Fire Department

Personnel Department Staff
Jody Yoxsimer – Assistant General Manager
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
Daisy Tam – Personnel Analyst
Russell Escueta – Personnel Analyst
Ted Vasquez – Personnel Analyst

Office of the City Attorney
Curtis Kidder – Assistant City Attorney

The Segal Group
Stephen Murphy

Keenan Associates
Steven Balentine
Laurie LoFranco
Robin Rager
1. Call to Order

Cheryl Parisi called the meeting to order at 9:04 a.m.

2. Public Comments

None.

3. Minutes

A motion was made by Tony Royster and seconded by Marleen Fonseca to approve the JLMBC minutes of the September 7, 2017 special meeting; the Committee unanimously adopted this motion. A motion was made by Richard Llewellyn and seconded by Tony Royster to approve the JLMBC minutes of the October 5, 2017 special meeting; the Committee unanimously adopted this motion.

4. Wellness Program Presentation: City of Los Angeles City Employees’ Retirement System (LACERS) – Presentation from LACERS regarding the LACERS Wellness Program

Alex Rabrenovich from LACERS began by providing an overview of the LACERS Wellness Program, LACERS Well, including the number of participants, coordination of events, and communications materials that are provided to members regarding the program. He described the role that the health carriers play in the Wellness Program as being important to achieving significant health outcomes. Additionally, he stated that LACERS’ consultant, Keenan and Associates (Keenan) created a platform to compile data and different health metrics of members to measure outcomes.

Lara Miller, Wellness Coordinator of LACERS Well, then spoke about the goals of the program. She explained how members connect with the program and stated that their health plans play an important role in increasing interaction with the program. She provided a brief overview of a rewards program that was recently implemented in which members were able to earn points for keeping updated on their health screenings. She explained that the members could then use those points to purchase prizes. She also described some of the wellness related events held in 2017 and stated that diabetes prevention will be the main focus for 2018.

Robin Rager from Keenan next discussed a dashboard that was developed containing different types of metrics for measuring success of the program. He described the five different categories of metrics recorded on the dashboard: health conditions, preventive care, health risks, condition management, and wellness participation. He added that these categories were chosen in the beginning when forming the LACERS Well...
program. He noted hypertension and Type II diabetes as being the most prevalent chronic conditions for both Kaiser and Anthem members.

Mr. Rabrenovich next stated that finding a focus for the program was of particular importance due to limited time and resources. He stated there are funding challenges and continued to note that the LACERS Well program will have to continue to be self-sufficient through its wellness champions. He added that the LACERS Well program would like to work with the LAwell wellness program since both organizations share similar goals.

Chris Hannan asked if there was an incentive given to the 250+ members that attended an Ontario LACERS Well event. Ms. Miller replied that during Open Enrollment sessions, the LACERS Well program hosts events at five or six different locations. She added that a strong champion network exists in the Chino and Ontario areas of Southern California and indicated that no incentive was given for people to attend the event. Mr. Rabrenovich added that Open Enrollment attendance has been growing over the years and that the program is assessing the feasibility of putting together a road show to garner more attention.

Mr. Hannan asked if there are other areas such as Orange County or the Antelope Valley where the program is planning to hold more events. Mr. Rabrenovich replied that various locations have had events and a map was developed to see where the most members reside. He added that past participation at an Orange County event was not very high. He stated there has been some discussion of holding more events in Orange County and members residing in the vicinity have provided positive feedback.

Cheryl Parisi asked what the strategy was to increase participation. Ms. Miller replied that the preventive health screening form used by LACERS Well gives members an incentive to win a prize by submitting a signed form from their physician stating they are up-to-date on all of their annual health screenings. She added that a direct mailer communication was sent to a targeted group of members to encourage participation.

Mr. Hannan asked if there are other areas where Keenan is using data dashboards like the one used for LACERS Well. Mr. Rager answered that the data dashboard is a model that can be used for other programs and it continues to be a work in progress. Mr. Rabrenovich added that Keenan also developed financial data dashboards that track claims costs. Ms. Miller stated it is challenging for the carriers to provide this information because the data that is being requested is not something they normally provide. She added that the carriers have to work with their internal systems to extract the requested data.

Ms. Parisi asked what was done to address diabetes once it was targeted by the program. Ms. Miller responded that each of the carriers were tasked with finding diabetes resources within their own networks. She added that it was important to ensure that the member experience was even across the field. She continued that there is a nationally accepted diabetes prevention program that facilitates a healthy lifestyle. She further added that they plan to launch this program in April 2018.
Mr. Rubalcava commented that the utilization reports from the carriers will be useful in identifying disease prevalence and that the carriers have a lot of resources to address these issues. Ms. Fonseca asked if the carriers are conducting the workshops to provide information on their wellness related resources. Ms. Miller replied that the carriers conduct the workshops but the program collaborates with them to communicate the resources to members.

Mr. Rabrenovich next explained the various activities and social events that their wellness champions lead such as hikes, bike rides, and runs. Norma Gutierrez asked what the LACERS Well program envisions a partnership with active employees to look like. Mr. Rabrenovich stated that he would first like to look at the utilization data the LAwell program has and see if it corresponds with the LACERS Well data. He added that a consistent message could be developed between the groups and that both programs could hold joint events.

Following this discussion, a motion was made by Chris Hannan and seconded by Marleen Fonseca to direct Keenan and Associates to review the status of the current LIVEwell Wellness Program and provide a full report to the JLMBC, preferably at its January 2018 meeting with recommendations to incorporate best practices including possibilities for collaboration between the LACERS Well Program and the LIVEwell Wellness Program; the Committee unanimously adopted this motion.

5. Committee Report 17-47: Revised Pledge Form Regarding Conflict of Interest, Confidentiality and Proposer Communications

Jenny Yau presented this report. She stated the recommendation in the staff report is for the Committee to approve the revised “Pledge Form Regarding Conflict of Interest, Confidentiality and Proposer Communications” for all City staff and JLMBC members involved in the procurement development, evaluation, or decision-making process for Requests for Proposals issued for the Civilian Benefits Program.

She provided some background on the subject area by explaining that the Personnel Department, Employee Benefits Division conducts a large number of procurements for the Benefits Program and other services. She continued by stating that to ensure the procurement and contract decision-making processes are transparent, neutral, merit-based, and conducted strictly and solely in the best interest of participants, the Division has developed a range of what it regards as best practices relative to the conduct of these procurements, including recommending that the JLMBC adopt and execute a Pledge Form Regarding Conflict of Interest, Confidentiality and Proposer Communications for all procurements issued for the Civilian Benefits Program.

She then stated that at the last meeting on October 5, certain questions arose regarding the requirements of the Pledge Form and whether it was optional or required. She explained that based on the comments received, staff reviewed the
Pledge Form with the City Attorney to ensure its consistency with related City/State ethics requirements and otherwise update the document. She added that updates to the Pledge Form were made included revising language in each of the sections of the Form to more clearly distinguish the roles between the staff and Committee and to further clarify those duties and responsibilities.

She concluded the presentation by stating that the revised Pledge Form has been approved by the City Attorney and is attached to the report for the Committee’s reference. She added that staff recommends the JLMBC adopt the revised Form and execute it for all current procurements including the Benefits TPA, Tax-Advantaged Spending Accounts, EAP, and Wellness Program RFPs. She explained that while the form is not required from JLMBC members, Personnel Department staff will be required to complete the form.

Ms. Parisi asked if the Pledge Form would limit the decision-making ability of the Committee. Curtis Kidder replied that the intent of the provisions contained in the form is that only the information presented by the vendors in their proposal be considered in the evaluation of the RFP proposal. He added that the Pledge Form does not prohibit the Committee from considering their own analysis of the information provided by vendors. Paul Bechely asked if the form is optional. Steven Montagna confirmed that the form is optional. He added that the intent of the form is to ensure that conversations regarding the procurement process are held in a public setting. Wendy Macy stated that she signs the form because she receives many unsolicited emails from vendors regarding the procurement process and the form serves as a reminder to inform vendors that any talks regarding procurements must be held as public discussions. She added that although it is optional, she signs the form for the reasons that were discussed.

Following this discussion, a motion was made by Tony Royster and seconded by Chris Hannan to approve the revised “Pledge Form Regarding Conflict of Interest, Confidentiality and Proposer Communications” for all City staff and JLMBC members involved in the procurement development, evaluation, or decision-making process for Requests for Proposals issued for the Civilian Benefits Program; the Committee unanimously adopted this motion.


Jenny Yau presented the review panel’s evaluation of the proposals received in response to the Request for Proposal (RFP) for benefits Third-Party Administrator (TPA) services. She began by stating that the intent of issuing the RFP was to identify a service provider which could best support the Civilian Benefits Program by providing reliability and accuracy in benefits election processing, recordkeeping, and data exchange of information, providing an effective account management team to ensure the recordkeeping system accurately executes all of its functions and is responsive in resolving errors quickly, providing outstanding customer service in the call center and
personalized member communications, communicating and assisting members in navigating complex benefits options and resolving member inquiries and complaints, and providing robust standardized and customized reporting capabilities.

She stated that four firms, Empyrean, Mercer, Morneau Shepell, and Zenith American, submitted proposals in response to the RFP. She explained that two proposals were disqualified for failure to meet the City’s general contracting requirements and staff moved forward with reviewing the two remaining proposals from Morneau Shepell (Morneau) and Zenith American (Zenith). She further explained that responses to the RFP were reviewed and rated by staff with assistance provided by the JLMBC’s consultant, the Segal Company in the review of some of the more technical data and financial information in the responses. She concluded that the combined average scoring for both firms is provided in Attachment A of the report.

Ms. Yau stated that the review panel recommends that Morneau Shepell be selected as the Third-Party Administrator for the City of Los Angeles Civilian Benefits Program. She stated that Morneau submitted a strong proposal that best addressed the selection criteria established in the RFP including organizational and financial strength; providing a fully, integrated benefits administration and recordkeeping system; ability to customize its resources to the City’s specific needs at no additional cost; strong commitment and investment in innovative projects and technology; additional service enhancements including COBRA and direct billing services; strong and robust standard and customized reporting capabilities; user friendly member self-service website with enhanced capabilities; experienced customer service call center and an integrated case management system; availability of an on-site benefits management member advocate and senior communications development specialist resource; strong ability to support the City’s ambitious communications objectives; and competitive pricing and performance guarantees. She then reviewed the evaluation categories including organizational strength, plan sponsor, and recordkeeping services, TPA services, member services and communications, and fees and guarantees and provided a high level overview of how each proposer ranked in each section. Ms. Yau concluded the presentation by stating that due to the significance of this decision, staff recommended that Morneau be invited to provide an oral presentation to the JLMBC and that Segal provide a report at the Committee’s next meeting describing key considerations when transitioning TPA service providers prior to the Committee making a final recommendation on vendor selection.

Ms. Parisi asked for confirmation that all of Morneau Shepell’s services would be based in the United States. Ms. Yau confirmed that all services proposed to be provided in the contract would be performed in the United States. Mr. Bechely asked what public agencies Morneau represents. Steve Murphy from Segal replied that Morneau Shepell acquired Ceridian in 2015, which was based in Minneapolis. He continued that Morneau currently serves nine public entities in the United States, including the State of Nevada. In total, he stated that Morneau represents three quarters of a million participants. He further stated that Morneau has acquired one to two public sector accounts over the last
three to four years and added that Morneau will be able to handle the City’s requirements in their design of the recordkeeping system.

Tony Royster voiced his concern regarding the lack of competition due to the other two bidders being disqualified. Mr. Murphy replied that the automation technology team at Segal was engaged by the City when starting the RFP development and evaluation process. He added they are very knowledgeable of the TPA marketplace and that the team evaluated the City’s requirements and highlighted the call center as being very important which only a handful of companies are able to provide. Mr. Royster asked what specifically in the City’s process caused the vendor bids to be disqualified. Mr. Montagna confirmed that one of the vendors submitted their proposal late and the other failed to submit required documents. Mr. Royster asked if there are a limited number of agencies that can provide the services the City requires. Mr. Murphy replied that the market of vendors that could offer what the City requires was small to begin with. Mr. Royster stated that it appears that most of Morenau’s business in the public sector was gained through acquisition. Mr. Murphy replied that only one company was acquired in 2015 and since then, Morneau has added clients post 2015.

Mr. Royster asked if there is a transition plan that has been put together by the vendor on moving to a new system. Mr. Murphy answered that the target date for a benefits TPA transition/implementation would be the spring of 2019. He continued that the reason for this is that there is a lot of preparation work over the late spring or early summer for Open Enrollment, so that would not be an ideal time to transition. He concluded that spring 2019 is preferable because it would provide time to work with the new system and prepare adequately for the upcoming Open Enrollment period.

Mr. Royster asked how long the City has been with Mercer. Mr. Montagna replied that including acquisitions, the City has had Mercer since inception of the Flex Benefits Program. Ms. Fonseca asked if enhancements that are being provided by Morneau, such as scanning documents and the ability to make payments online, are unusual. Mr. Murphy answered that it should be standard but this was not the case with Zenith American. He continued that vendors who offer the same enhancements exist, but they decided not to participate in the bidding process, part of which may be due to potential mergers and acquisitions occurring in the industry at the time the RFP was released.

Mr. Royster asked what challenges are likely in a transition. Mr. Murphy replied that the City’s payroll system is unique. He added that there is also complexity in working with the City’s benefit vendors to make sure their file transmission processes align with the new system. He further stated the system will be built over time and that as Morneau becomes familiar with the City’s operations, systems updates will need to be made. Mr. Royster asked what the contingency plan is if the transition encounters problems. Mr. Montagna replied the contingency plan would be to postpone implementation.

Mr. Hannan asked if Morneau Shepell was required to disclose possible ethics or pending litigation problems and if the problems they face in Canada are big enough to affect their ability to serve the City. Mr. Murphy replied that Morneau described their
transparency processes in their proposal and no significant issues were noted. He continued that in regards to Canada, the Finance Minister of Canada divested all of his stock in the company when he joined Prime Minister Trudeau’s cabinet. Mr. Murphy further stated that this will not impact the organization’s ability to serve as all services will be provided in the US. Mr. Bechely asked if Morneau Shepell representatives will be appearing at the January JLMBC meeting. Ms. Yau confirmed that staff’s recommendation is for Morneau representatives to make an oral presentation before the Committee at its January meeting prior to the JLMBC making a recommendation on a final vendor selection.

A motion was made by Tony Royster and seconded by Chris Hannan to (a) consider the Civilian Benefits Program Third-Party Administrator Request for Proposal review panel recommendation that Morneau Shepell be selected as the Third-Party Administrator for the City of Los Angeles Civilian Benefits Program; (b) invite Morneau Shepell to make an oral presentation before the Joint-Labor Management Benefits Committee (JLMBC) prior to the Committee making a final recommendation to the General Manager Personnel Department; (c) request that the JLMBC’s benefits plan administration consultant, The Segal Company (Segal) develop a report describing key considerations when transitioning Third-Party Administrator service providers prior to making a recommendation regarding service provider selection to the General Manager Personnel Department; the Committee unanimously adopted this motion.


Ms. Parisi continued this item to the next JLMBC meeting to be held January 4, 2018.


Steven Montagna, Jenny Yau and Steve Murphy presented this report. Mr. Montagna stated the report came about due to a member inquiry. He indicated that binding arbitration has been part of the plan for many years and over the past two Open Enrollments, staff has worked on ways to improve the communication materials that discloses this information to members. He stated that binding arbitration provisions are the norm in group health plans offered in California and that it is common to see these types of provisions with other California governmental agencies. He further stated that, as an example, Kaiser has had binding arbitration provisions in place since the 1970’s.

Ms. Parisi asked if the Anthem plan for plan year 2017 is the first year that members were subject to binding arbitration provisions. Mr. Murphy answered that the City’s previous contract with Anthem prior to Blue Shield also contained binding arbitration provisions, but Blue Shield did not have those provisions.
Mr. Montagna continued that over the past two years, staff has worked to improve disclosure of binding arbitration provisions in communications materials. He stated that the binding arbitration provisions have been part of the Open Enrollment materials since at least 2005 and that for the first time during this year’s Open Enrollment, members electing benefits online were made aware of the binding arbitration provisions by checking a box indicating they had read and acknowledged the statement. Additionally, Mr. Montagna stated that members who called the Benefits Service Center to elect their benefits were read the binding arbitration provisions by the call center representative. He stated the same language has also been included on personal enrollment fact sheets that are provided to new hires and annually to all employees during each annual Open Enrollment period.

Ramon Rubalcava asked if the binding arbitration provisions were disclosed at the time a new hire enrolled in benefits. Mr. Montagna replied that the information would be included in their personal enrollment fact sheet. Mr. Rubalcava asked if some members may not remember the language since it is not disclosed annually. Mr. Montagna replied that this year staff implemented the disclosure online and via the call center. He added that members in previous years would not have had to acknowledge the disclosures but that staff verified that binding arbitration provisions were disclosed in Open Enrollment materials going back to at least 2005, and likely prior to that date. Ms. Parisi stated that the fact that Anthem had binding arbitration was a material fact that should have been discussed at the time the JLMBC was making its recommendations regarding selection of health plan providers.

Following this discussion, a motion was made by Paul Bechely, seconded by Tony Royster, to receive and file the staff report regarding binding arbitration provisions related to the Civilian Benefits Program health plans; the Committee unanimously adopted this motion.


Paul Makowski presented this report. He first updated the Committee regarding Anthem’s network agreements. He stated the current contract with Huntington Memorial Hospital has been extended until January 1, 2018. He stated that Anthem has also begun contract negotiations with Citrus Valley Health Partners and expects to reach an agreement prior to the contract termination date of February 15, 2018. He stated with respect to St. John’s Health Center, Anthem provided notification that several doctors in the Vivity HMO plan that were part of St. John’s Health Center left the Vivity network and created their own medical group. He explained that 18 City of LA members were impacted by this change and that Anthem mailed letters to these members requesting they contact Anthem with their new primary care physician (PCP) or medical group of choice. He further indicated that the letter provided information on the process to request continued care with the previous PCP.

Mr. Makowski next discussed a recent EyeMed issue regarding sales tax charges on contact lenses. He stated EyeMed notified the City in October that members who
ordered contacts through ContactsDirect.com may have been charged California sales tax incorrectly. He indicated 33 members were impacted and that all of these members were issued refunds on November 8, 2017.

Mr. Makowski next provided several project updates. He stated the 2018 Open Enrollment period has now closed and that staff will be providing a full report regarding the results of the campaign at the JLMBC’s January meeting. He provided an update on staff’s preparation for the Affordable Care Act tax reporting process and added that the law has not changed regarding filing deadlines. Finally, he provided a staffing update and introduced Leo Reyes who was appointed to the vacant Wellness Coordinator position effective October 16, 2017.

Ms. Macy asked if the Employee Benefits Trust Fund item has been scheduled in Committee. Mr. Montagna replied that staff expects the item to be considered by the Personnel and Animal Welfare Committee at its December 6, 2017 meeting.

A motion was made by Paul Bechely and seconded by Tony Royster, to receive and file the projects and activities report regarding informational items, projects update, completed projects/meeting calendar, and staffing summary for October and November 2017; the Committee unanimously adopted this motion.

10. Committee Report 17-52: Election of Officers for Calendar Year 2018

A motion was made by Marleen Fonseca and seconded by Tony Royster to nominate Cheryl Parisi as Vice-Chairperson of the JLMBC effective January 1, 2018; the Committee unanimously adopted this motion. Following this motion, a motion was made by Paul Bechely and seconded by Tony Royster to nominate Wendy Macy as the Chairperson of the JLMBC effective January 1, 2018; the Committee unanimously adopted this motion.

11. REQUEST FOR FUTURE AGENDA ITEMS

Mr. Hannan restated his request for a report from Keenan and Associates regarding the City’s Wellness program. Ms. Parisi requested a report providing an update on any pending Life Insurance payment payouts. She also requested that the Anthem PPO Engagement report be continued to the next meeting.

12. NEXT MEETING DATE

A meeting was noted for January 4, 2018 at 9:00 a.m.

13. ADJOURNMENT

The meeting was adjourned at 10:59 a.m.

Minutes prepared by staff member Russell Escueta.