Date: August 2, 2016

To: Joint Labor Management Benefits Committee

From: Staff

Subject: 2017 LAwwel Benefits Program Implementation
- Kaiser Contract
- PPO Disruption Analysis
- HMO Plan Access Update
- Member Communications re Program Changes

RECOMMENDATION:
That the Joint Labor-Management Benefits Committee receive and file information regarding the 2017 LAwell Benefits Program, including updates regarding the Kaiser contract, PPO disruption analysis, health plan access, and member communication regarding program changes.

DISCUSSION:
At its meeting on June 9, 2016, the JLMBC made a series of recommendations with respect to provider selections, service provider renewals, and plan design for the 2017 LAwell Plan Year. Contracting recommendations were accepted by the General Manager Personnel Department. The City Council authorized the Civilian LAwell Benefits Program on July 1, 2016. Following are updates regarding a number of items relative to the 2017 LAwell Benefits program and implementation.

A. KAISER CONTRACT DEVELOPMENT

At the JLMBC’s July 7, 2016 meeting, staff provided an update regarding contract negotiations with Kaiser Permanente regarding its commitments with respect to Wellness and on-site member advocacy resources. Previously, the JLMBC had advised the Personnel Department that the contract term length of between 1-5 years should be determined by the degree to which Kaiser was able to improve its commitments in these areas, as well as its overall responsiveness in contract negotiations.

As noted at the July 7 meeting, Kaiser offered to provide a Member Advocate resource to the City three days per week. Although their member advocates would only be present three days per week vs. five days from Anthem, Kaiser has indicated a willingness to renegotiate this after the first year based upon the first year’s experience and the City’s preferences. Overall, in staff’s view this revised member advocacy proposal represents a significant accommodation and financial commitment.
Kaiser has further increased both the dollar amount and the discretion associated with its Wellness resources. It has increased its 2017 commitment from $250,000 to $350,000 and indicated that these dollars can be used to support Wellness-related engagement/health programs that would be available to all LAwell members.

In addition, Kaiser has offered the following resources:

- $50,000 to support marketing and open enrollment programs for 2017 (although the services must be incurred and invoiced by November 2016);
- Use of its “Mobile Health Vehicle” to be used for onsite care gap and remove health visits, the value of which Kaiser estimates to be $72,000 annually if deployed on a monthly basis.
- Consulting services from a variety of internal resources including workforce health experts, physician consulting, communications/marketing, analytical support, enrollment/member and member outreach, which it estimates is worth approximately $97,200 annually.
- On-site wellness education which it estimates to be worth $25,000 annually.
- Health risk assessment resources which, if the City were to use them for its Kaiser members, Kaiser estimates to be worth approximately $64,000 and would not be charged against the $350,000 Wellness allocation.
- Wellness telephonic wellness coaching which it estimates to be worth $100,000 for every 500 people utilizing the service.

Although Kaiser indicates it is not able to provide additional funding for Wellness resources in 2017, it indicates it is preparing to address this issue for subsequent years at a level commensurate with what the City will be receiving from Anthem. Staff recognizes Kaiser’s efforts to approach identifying Wellness resources creatively, to create a member-advocacy resource for the City (which will represent an innovation from Kaiser that it will be piloting out exclusively with the City of Los Angeles), and to be preparing for greater funding and discretionary resources beyond 2017. However, as staff relayed both to Kaiser and the JLMBC at its July 7 meeting, two crucial considerations impacting the City’s position regarding initial contract term length are (a) the degree to which their Wellness funding commitment was commensurate with the resources offered by the non-Kaiser healthcare provider (Anthem); and (b) the level of discretion they would be offering to the City to utilize those resources for funding the City’s Wellness Program infrastructure.

The 2017 funding commitment falls short on both of these counts. As a result, staff is proceeding to execute a one-year contract with Kaiser. Consideration to extend the contract beyond that one-year period will be revisited with the JLMBC in early 2017. Primary considerations in that future review will be Wellness funding commitment and discretion in 2018 and beyond, as well as Kaiser’s capacity to partner with the City, JLMBC and Personnel Department staff in all aspects of plan administration.

As a result of the strong leadership from the JLMBC and the subsequent resulting productive and open dialogue with Kaiser, the Personnel Department sees opportunities for the City and Kaiser to mutually redefine much bolder visions of future program
success. City staff have expressed, and Kaiser has indicated enthusiasm for, an interest in moving the LAwell program away from status quo administration and into an era of greater creativity and innovation. Over the coming months staff’s objective is for the City and all of its service provider partners (including Kaiser) to collaborate not only on wellness and member advocacy, but other initiatives that strive to move the City’s plans into much more ambitious efficacy and accountability, and a leadership role among public sector plans. The first contract year is, in staff’s view, a providing ground for translating this vision into action.

B. DISRUPTION ANALYSIS: PPO PLAN

Previously, staff reported on its work with Segal Consultants and Anthem to evaluate disruption for the Full and Narrow Networks. Staff is now providing information/analysis with respect to disruption for the Preferred Provider Option (PPO) plan.

An assessment of disruption for the PPO plan is less precise than for the HMO plans because PPO members (a) are not required to designate Primary Care Physicians, and (b) can self-refer to physicians for all types of services, including those which may be incidental in nature and may not be regarded by the member as involving a member/provider “relationship” which could result in disruption. As a result, to assess potential disruption, Segal analyzed data from the incumbent PPO provider, Blue Shield, which included the following:

- National Provider Identifier (NPI)
- Provider Name
- Provider Address
- Network Status
- Claimant Count by Provider
- Claim Count by Provider
- % of Total Paid

The NPI, Provider Name and Address were provided to all prospective vendors during the Health Services RFP process. RFP respondents were asked to indicate whether these providers were in-network or out-of-network. Based on that review, Segal/staff previously reported to the JLMBC that Anthem and Blue Shield both identified approximately 89% of PPO providers as being in-network providers. Broken out further, Anthem identified 96.0% of inpatient hospitals and 84.9% of physicians/other providers as in-network providers.

Anthem’s updated data indicates that 1,052 physicians and other providers are presently not in their respective PPO plans. Typical PPO non-network providers include:

- Ambulance services
- Anesthesiologists
- Chiropractors
- Diagnostic services
- Emergency medical centers

Once again, because many of these service providers may well not be regarded by the member as involving a member/provider “relationship,” Segal applied a screen to identify those physicians and other providers serving at least five individual claimants during the 2015 plan year. The screen identified 53 providers serving 1,353 claimants. The service providers were distributed across the following service categories:

- Diagnostic Services 69.80%
- **Specialists** 12.7%
- Emergency Services 10.9%
- Urgent Care Facilities 3.9%
- **Medical Groups** 2.1%
- Medical Supplies 0.6%

This data suggests that of the 1,353 claimants, the vast majority involved services that are unlikely to be regarded as constituting a member/provider “relationship” wherein the removal of that provider from the PPO plan network would be experienced by the member as “disruption.” Disruption is more likely to occur within the category of either “Specialists” (12.7% of claimants) or “Medical Groups” (2.1% of claimants). Within the “Medical Groups” category, Segal’s analysis indicates that utilization of non-network medical groups was concentrated with three providers: Pacific Palisades Medical Group (14 claimants), Family Care Specialists Medical Group (5 claimants) and Sunrise Women Medical Group (5 claimants).

Overall, Segal and staff estimate that less than 300 PPO employee members may experience what the member would regard as provider disruption as a result of the provider moving from in-network with Blue Shield to out-of-network with Anthem. As is the case with HMO Narrow Network disruption, staff and Segal are working with Anthem to provide communication and personalized resources to the entire Blue Shield population to assist them in navigating any potential disruption issues. A special communication from the City to Blue Shield members prior to Open Enrollment will advise them of the insurance provider change and provide contact information for custom support resources. Anthem is dedicating concierge call center services and activating the City’s on-site Member Advocate resource beginning with Open Enrollment.

**C. HMO PLAN ACCESS BY RESIDENTIAL/WORKSITE PROXIMITY**

At the JLMBC’s July 7 meeting, staff indicated that in response to a member inquiry staff had determined that a member’s ability to enroll in Vivity is not required to be limited to the proximity of their residence to their desired primary care provider, but can also include proximity of their worksite to the desired provider. Staff indicated that, based on California Department of Managed Care regulations, for primary care providers enrollees must have a residence or workplace within 30 minutes or 15 miles
of a contracting or plan-operated primary care provider. Staff indicated that 87.4% of LAwell members reside within proximity of a Vivity zip code.

Because virtually all City of Los Angeles employees work within the City and therefore would, based on their worksite address, be in proximity of Los Angeles based service providers (including not only Vivity but the City’s other health/dental HMO plans), staff is pursuing an administrative structure which would remove any benefit provider election restrictions based on home residence. This solution would involve removing the restriction from the City’s Third-Party-Administrator member/plan interface and securing the administrative cooperation of the City’s health and dental service providers. Staff will provide further updates as more information becomes available.

D. MEMBER COMMUNICATIONS REGARDING 2017 LAwell CHANGES

At the JLMBC’s July 7 meeting, staff indicated that it was working with Segal Communications to develop a special communication piece to the membership explaining and highlighting the most significant changes included in the 2017 Civilian Benefits Program, which include:

- Introduction of new branding to “LAwell”
- Replacement of Blue Shield with Anthem
- Introduction of new “Vivity” regional network option for residents of L.A. and Orange counties
- Introduction of new stand-alone Vision Plan
- Explanation of dental insurance benefit level enhancements
- Introduction of new Member Advocacy resources from the City’s health/dental providers

As noted previously, this communication, targeted for release in early to mid-September, will be a crucial introduction to what is changing for 2017. The draft communication is included as Attachment A to this report.

Staff is further working to develop and finalize Open Enrollment communication materials. These materials will be updated to further reflect and explain the changes and improvements in place for Plan Year 2017.

Submitted by:  

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Ana Chavez

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Steven Montagna
You spoke. We listened.

Changes and Enhancements for Your Civilian Benefits Program in 2017

The City’s Joint Labor-Management Benefits Committee (JLMBC) and Personnel Department/Employee Benefits Division are committed to supporting the health and wellness of our employees through the Civilian Benefits Program.

Over the past year, we’ve reached out to you to find out how we can improve our programs and services. Over 2,200 employees provided us feedback through a member survey and focus groups.

We listened carefully to your preferences, concerns and suggestions. We used that information to inform search processes in 2016 for health, dental and vision services. And now we’re very pleased to share some major steps we’re taking in 2017 to evolve and improve our Benefits Program:

<table>
<thead>
<tr>
<th>New Health Plan Provider</th>
<th>New HMO Option</th>
<th>On-site Member Advocates</th>
<th>New Vision Plan</th>
<th>Increased Dental PPO Benefits</th>
<th>Renamed Civilian Benefits Program</th>
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<tbody>
<tr>
<td>Anthem Blue Cross will replace Blue Shield, becoming the new provider of our PPO and non-Kaiser HMO plans and helping us improve member services and expand access to quality care.</td>
<td>A new health plan option, called “Vivity,” will be added to our health plan menu.</td>
<td>Personalized member advocacy resources from the City’s health and dental services will be offered out of our City Hall office.</td>
<td>A single vision plan for all our members will be established to provide one point-of-service, increased eyewear benefit allowances, and on-site vision exam clinics and eyewear delivery.</td>
<td>Improvements to the Dental PPO Plan will help reduce member out-of-pocket costs.</td>
<td>A new name and branding of our program will reflect the integration of our benefit programs with our developing Wellness Program, which launches at the end of 2016.</td>
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We’re excited about introducing these changes. Moving forward, we encourage your ongoing feedback to help us continuously improve and evolve our program.
IMPROVING CHOICES, SERVICE, AND QUALITY CARE

We’re making a number of improvements and changes that will be introduced during this year’s Open Enrollment and start January 1, 2017. You’ll receive full details in your Open Enrollment Kit. Following are the highlights:

HEALTH PLANS

• **Anthem Blue Cross** will replace Blue Shield as the new provider for our PPO, HMO Full Network and HMO Narrow Network Plans.

• We’re introducing a new regional network HMO plan called “Vivity.” Vivity is an affiliation of 7 hospital systems in Los Angeles & Orange counties including:
  – UCLA
  – Cedars Sinai
  – Memorial Care
  – Huntington Hospital
  – Torrance Memorial Care
  – Good Samaritan
  – PIH Health

  Vivity will be the lowest cost health plan menu option.

• **Kaiser Permanente** will continue as the provider of our staff model HMO Plan.

• Provider disruption as a result of changing to Anthem Blue Cross is expected to be minimal, but we will be proactive in assisting impacted members.

WELLNESS PROGRAM

• Our new “LIVEwell” Wellness program will launch in late 2016. This program will focus on giving you and your family the resources you need to meet your personal health and wellness goals.

DENTAL PLANS

• **Delta Dental** will continue as the provider of our dental PPO and HMO Plans.

• Dental PPO benefit levels will expand with an increase to the Annual Maximum benefit; waiving preventive/diagnostic costs as counting against the Annual Maximum; and increasing the reasonable and customary percentile.

VISION PLAN

• **EyeMed Vision Care** will provide a new vision plan for our members; filling your eyewear prescription will no longer be bundled in with your health plan services.

• Benefit levels will increase - members will be eligible for $150 annually towards the cost of glasses/contacts.

• In addition to offering a wide network of service providers, EyeMed will offer “pop-up” clinics at City offices for onsite eye exams and selection/delivery of eyewear! **This benefit is provided at no additional cost to you.**

MEMBER ADVOCATES

• **Member Advocates** from our health and dental providers will offer personal, one-on-one assistance with your benefit issues, both during Open Enrollment and throughout the year.
A NEW NAME TO ACCOMPANY A NEW MISSION

We’re renaming the Benefits Program from “My Flex” to “L.A. Well.” We’re doing this to better demonstrate the ultimate purpose of all of our employee benefits – to support your current and future health and wellbeing – and to present them as related rather than disconnected resources.

We’re excited to be launching the new L.A. Well brand as part of this year’s Open Enrollment. This fall, you’ll mostly see information about CHOOSEwell benefits—those you need to know about for Open Enrollment. All of the new benefit changes will be covered in detail in a new CHOOSEwell booklet that will be included in your 2017 Open Enrollment Kit. Next year, you’ll see more information about your other benefits.

Also, our myflexla.com website will soon become keepingLAwell.com. It will have the new look and feel of L.A. Well and eventually offer employees a wide variety of tools and resources to help you better understand and use your benefits. Look for the new L.A. Well brand on the 2017 Open Enrollment Kit!
KEY ACTIVITIES & DATES
A lot will happen between now and January 1, 2017. Here’s a snapshot:

- **Early September:**
  Website change to www.keepingLAwell.com.

- **Late September:**
  Personal letter mailed to Blue Shield members with details about your options for 2017.

- **Late September:**
  Open Enrollment Kit mailed to your home.

- **October 1-October 31:**
  Open Enrollment for 2017 benefits.

- **October 5, 12, 19, 26:**
  Recurring webinars providing overview of 2017 Changes.

- **January 1, 2017:**
  New plan year; benefit changes take effect.

To learn more, please visit our website for further information and updates. All Open Enrollment materials and important dates/events will be posted and updated as we move through Open Enrollment.

Be sure to visit keepingLAwell.com for up-to-date information about L.A. Well, your benefits and Open Enrollment 2017!

KEEP YOUR ADDRESS UP TO DATE!

You have two ways to report a change of address:

1. Fill out a change of address form and submit it to your Human Resources Department, or
2. If you have access, update your address on D-Time.

THANK YOU for your ongoing support of and participation in the Civilian L.A. Well Benefits Program!