Date: May 17, 2019
To: JLMBC
From: Staff
Subject: Ad Hoc Plan Design Subcommittee

RECOMMENDATION
That the JLMBC establish an Ad Hoc Plan Design Subcommittee directed to work with staff and LAwell Program consultants to (a) assess the current status of the LAwell Program plan and benefit menu design; (b) identify best practices in other comparable employer-sponsored programs; and (c) recommend strategies for design improvements consistent with the staffing and administrative resources available to support the LAwell Program.

DISCUSSION
In connection with review of the 2020 plan design and adoption of the five-year procurement schedule, as well as a recent report request from the Personnel and Animal Welfare (PAW) Committee which includes the topic of employee benefits, staff has been contemplating launching a strategic initiative to conduct a long-term plan design review for the LAwell Program. Staff believes the best means of accomplishing this review would be to create an Ad Hoc Plan Design Subcommittee tasked with conducting a strategic review.

A. Background

The JLMBC and Personnel Department have successfully partnered over many years to evolve and enhance the LAwell Program. These efforts have produced measurable results.

From 2012 to 2015, as the City emerged from the recession, the JLMBC and Personnel Department successfully slowed the pace of LAwell Program cost increases through plan design changes including adjustments to member co-pays, introduction of a Narrow Network HMO option, and execution of a Dependent Eligibility Verification (DEV) audit. These structural changes set the LAwell Program on a sustainable financial course.

In 2016, the JLMBC and Personnel Department executed major procurements for Health, Dental, and Vision service providers using a broad range of innovative and best-practice process models. Improvements to the City’s benefits were introduced, including the addition of a new regional health plan HMO option, establishing onsite health plan member advocates, enhancing dental plan benefit levels, and creating new staff-led engagement resources to better support LAwell Program members. The JLMBC and Personnel Department, working with elected officials, also created an ongoing funding source and dedicated staffing resources for the City’s LIVEwell Wellness Program.
In 2017 and 2018, the JLMBC and Personnel Department conducted major procurements for the LAwell Program Third-Party Administrator (TPA); the Life, Disability, and Accidental Death & Dismemberment (AD&D) insurance plan provider; the Tax-Advantaged Spending Accounts provider; the LIVEwell Program Wellness Administrator; and the City’s Employee and Family Assistance Program (EFAP) provider. As a result of these procurements and certain provider changes, in 2019 the LAwell Program’s enrollment and administration member support services, EFAP resources, and Wellness resources have been significantly enhanced and expanded.

In addition, working with the JLMBC’s consultants at Keenan, significant progress has been made in working with the LAwell Program’s various service providers to establish goals and metrics for measuring success in improving member outcomes. This new focus on measuring success represents a significant advance for the LAwell Program as staff, stakeholders, and benefit service provider partners move from a legacy “turnkey” administrative approach to a goals-driven philosophy driven by ongoing improvement and evolution.

Viewed collectively, these changes demonstrate the tremendous work that the JLMBC and Personnel Department have successfully completed to evolve and improve the LAwell Program. Staff believes that with this strong foundation established the next step forward should now involve a more fundamental review of the LAwell Program benefit design in consideration of innovations in service offerings and the evolving needs of the City’s workforce. This review should also consider the staffing and administration resources available to support the LAwell Program.

On a related note, on August 29, 2018, the PAW Committee considered a report from the City Controller regarding modernizing City recruitment and hiring. The report included recommendations related to the hiring, retention, and promotion of City employees. After considering that report the PAW Committee requested a number of reports on certain topics, including a request that the Personnel Department report on options to provide more “cafeteria-style” benefit packages that employees can customize. Development of the response to PAW Committee would be done in concert with JLMBC review and consideration, as the JLMBC is responsible for the design of the LAwell Program.

Staff therefore recommends that the JLMBC establish an Ad Hoc Plan Design Subcommittee directed to work with staff and LAwell Program consultants to (a) assess the current status of the LAwell Program plan and benefit menu design; (b) identify best practices in other comparable employer-sponsored programs; and (c) recommend strategies for design improvements consistent with the staffing and administrative resources available to support the LAwell Program.

Submitted by: ________________________________

Steven Montagna