Date: August 1, 2019

To: JLMBC

From: Staff

Subject: Employee Benefits Trust Fund Staffing
Reimbursements – Fourth Quarter Fiscal Year 2018-19 and Funding for Additional Staff Position

RECOMMENDATION
That the JLMBC approve (a) reimbursements from the Employee Benefits Trust Fund for Personnel Department salary costs of staff providing direct administrative support of the LAwell Program in the total amount of $78,716.38 inclusive of the fourth quarter of fiscal year 2018-19, (b) reimbursements from the Employee Benefits Trust Fund/Wellness sub-account for Personnel Department salary costs of staff providing direct administrative support of the LIVEwell Wellness Program in the total amount of $84,872.16 inclusive of the fourth quarter of fiscal year 2018-19, and (c) funding from the Employee Benefits Trust Fund for one Management Analyst position to expand cost-containment, efficiency, and accountability strategies in benefit service provider administration (including procurements, contract execution, and contractor performance metrics) and the coordination, administration, and support of services for the LAwell Program.

DISCUSSION

A. Background

On January 7, 1997, the City established an Employee Benefits Trust Fund (Trust Fund) in Los Angeles Administrative Code Division 5 (Finance), Chapter 95. The purpose of the Trust Fund is for the receipt and retention of City and participant contributions for the LAwell Civilian Benefits Program (LAwell Program). Amounts deposited into the Trust Fund may be used to pay premiums to LAwell Program service providers (medical, dental, vision, life, disability, and accidental death and dismemberment insurance), cash-in-lieu benefits, and administrative and operating costs of the LAwell Program (staffing reimbursements, consulting services, participant reimbursements, education and travel expenses, and other administrative expenses) as approved by the JLMBC.

Subsequently, in 2017, a LIVEwell Wellness Program (LIVEwell Program) sub-account was established within the Trust Fund to receive and track LIVEwell Program funding and expenditures. LIVEwell Program funding is provided by the City’s health plan carriers.

LAwell Program Positions
At its September 7, 2006 and February 7, 2013 meetings, the JLMBC approved funding from the Trust Fund for three full-time positions: two Management Analyst II positions and one Senior Management
Analyst I position providing direct administrative support of the LAwell Program. Effective June 25, 2017, the Management Analyst II pay grade was eliminated. Accordingly, reimbursement calculations are based on the new Management Analyst classification. The two Management Analyst positions are currently filled. The Senior Management Analyst I position became vacant effective April 2019. The division is currently working to fill the position.

**LIVEwell Program Positions**

At its March 3, 2016 meeting, the JLMBC approved funding from the Trust Fund/LIVEwell Program sub-account for two full-time positions: one Senior Personnel Analyst I position and one Personnel Analyst II position providing direct administrative support of the LIVEwell Program. Effective June 25, 2017, the Personnel Analyst II pay grade was eliminated. Accordingly, reimbursement calculations are based on the new Personnel Analyst classification. Both positions are currently filled.

**B. Detail of Proposed Staffing Reimbursements**

The calculation for salary reimbursements includes direct costs (actual salary costs incurred by incumbent staff) and indirect costs as calculated using the City Controller Special Rates for Indirect Cost Centers (Special Rates). The Special Rates are established on a fiscal year basis. Unique rates are identified by department categories. The most recently published rate is Special Rates 41, which identifies an indirect cost rate for Personnel Department staffing of 72.24%. The rates are published on a preliminary basis and subject to change. If the rate is subsequently revised, any necessary adjustments will be addressed in a future quarterly reconciliation.

The proposed reimbursements identified in this report include the total staffing costs (direct and indirect) of five staff positions providing direct administrative support of the LAwell Program and LIVEwell Program during the fourth quarter of fiscal year 2018-19, for the period beginning April 1, 2019 and ending June 30, 2019. The fiscal year 2018-19 fourth quarter reimbursement also includes an adjustment for compensation hours for one staff position that was inadvertently not included in the fiscal year 2018-19 third quarter reimbursement request. Calculation details are provided in Attachment A.

**C. Proposal to Fund Additional Staff Position**

As part of the JLMBC’s and Personnel Department’s administration of the LAwell Program, the Employee Benefits Division administers 13 contracts in connection with approximately $400 million in ongoing premium and fee payments to benefit service providers, including health, dental, vision, life, disability, accidental death and dismemberment insurance, tax-advantaged spending accounts program, consulting, wellness, Affordable Care Act (ACA) compliance, and Third-Party Administrator (TPA) vendors. The Benefits Division has a small unit overseeing LAwell Program responsibilities including but not limited to the following:

- Direct-service administration of LAwell Program benefits (including the City’s health, dental, vision, life, disability, accidental death and dismemberment insurance, and tax-advantaged spending accounts program) to City employees and their dependents
Administration of ongoing and annual benefit eligibility and enrollment processes including oversight of bi-weekly payroll and TPA recordkeeping system data exchanges and bi-weekly communication of benefit eligibility and coverage information to the City’s contracted providers
- Support to the JLMBC in the design and refinement of LAwell Program services, operational policies and procedures, governance, and benefit service provider oversight
- Annual premium/rates renewal review processes for the City’s benefit service providers
- Engagement, communications, and educational initiatives in support of LAwell Program membership
- Ongoing procurements and contract development for the City’s benefit service providers
- Administration of federally-mandated continuation benefits for terminated City employees pursuant to the Consolidated Omnibus Benefits Reconciliation Act (COBRA)
- Administration of the LIVEwell Program
- ACA compliance (recordkeeping and eligibility and tax reporting)

As detailed in Committee Report 19-20 at the JLMBC’s May 17, 2019 meeting, the responsibilities and ambitions of the LAwell Program have vastly expanded over the past five years. In order to adequately support existing programs, staff has been focused on strategic expansion of staffing resources to support the LAwell Program. Specifically, given the magnitude of the role the City’s benefit service providers play in executing the mission and services of the LAwell Program, staff believes a critical next step involves increasing staff resources dedicated to service provider oversight.

As a result, as part of the fiscal year 2019-20 budget process, staff worked with the Administrative Services Division of the Personnel Department and the Mayor’s Office to successfully add one Management Analyst position authority in the Employee Benefits Division to assist Division leadership in working with LAwell Program benefit consultants and service providers to expand cost-containment, efficiency, and accountability strategies in benefit service provider administration (including procurements, contract execution, and contractor performance metrics) and the facilitation and administration of services for the LAwell Program. This “Benefits Contractor Efficiency” position will further provide a critical coordination role in working with benefits consultant, Keenan and Associates (Keenan) to develop and establish benefit service provider goals, strategies, and metrics for measuring success in member outcomes for the LAwell Program.

In order to fill the Benefits Contractor Efficiency position, funding is required from the Employee Benefits Trust Fund. The Committee has historically approved funding for many of the professional positions supporting the LAwell Program, including acting in 2006 to provide funding for two Management Analyst positions; in 2013 to provide funding for one full-time Senior Management Analyst I position to support ACA compliance; and in 2016 to provided funding for two positions dedicated to LIVEwell Program administration. Staff believes that funding the Benefits Contractor Efficiency position will provide a critical and strategically focused resource for expanding results and outcomes of the LAwell Program.

Adequate resources exist within the Employee Benefits Trust Fund to fund the cost of the position. Employee Benefits Division staff are working with the Personnel Department’s Administrative Services Division to complete the annual Employee Benefits Trust Fund accounting for FY 2018-19,
the results of which will be presented to the JLMBC at its September 5, 2019 meeting. In the interest of moving expeditiously to fill the position, staff recommends that the JLMBC act immediately to approve funding from the Employee Benefits Trust Fund for one Management Analyst position to expand cost-containment, efficiency, and accountability strategies in benefit service provider administration (including procurements, contract execution, and contractor performance metrics) and the coordination, administration, and support of services for the LAwell Program.

Submitted by: ________________________________

Paul Makowski

Reviewed by: ________________________________

Jenny M. Yau

Approved by: ________________________________

Steven Montagna
# STAFFING REIMBURSEMENT COSTS DETAIL

**LAwell PROGRAM**

FY 2018-19 Fourth Quarter: April 1, 2019 to June 30, 2019
Special Rate 41: 72.24%

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<th>Position</th>
<th>Reimbursement Amount (Direct/Indirect Salary Costs)</th>
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**LIVEwell PROGRAM**

FY 2018-19 Fourth Quarter: April 1, 2019 to June 30, 2019
Special Rate 41: 72.24%

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**STAFFING REIMBURSEMENTS TOTAL**

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<td>LIVEwell Program</td>
<td>$84,872.16</td>
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Grand Total: $163,588.54