CITY OF LOS ANGELES
JOINT LABOR-MANAGEMENT BENEFITS COMMITTEE

PROPOSED MINUTES
REGULAR MEETING DECEMBER 5, 2013 – 9:00 A.M.
200 N. MAIN STREET, ROOM 1200

Present:
Committee Members:
Paul Bechely – Laborers’ Local 777
Tony Royster – General Services Department
Matthew Rudnick – Department of Cultural Affairs

Alternate Committee Members:
Luis Arida – Building & Construction Trades Council
Maritta Aspen – Office of the City Administrative Officer (CAO)
Alice Goff – AFSCME, Council 36
David Luther – Personnel Department
Ramon Rubalcava – SEIU Local 721

Personnel Department Staff:
Alex Basquez – Chief Personnel Analyst
Alexandra Castillo – Senior Personnel Analyst I
Helen Georgeson – Personnel Analyst II
Samantha Hanzy – Senior Personnel Analyst I
Maria Koo – Senior Management Analyst I

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

Mercer Human Resource Consulting, Inc.
Clay Levister
Jessica Nabavi

Aon Consulting
Brent Crane

1. CALL TO ORDER

David Luther called the meeting to order at 9:05 a.m.
2. PUBLIC COMMENTS

City employee (James Greenfield) addressed the Committee with a personal issue involving Blue Shield transition assistance. The Committee listened to Mr. Greenfield’s concerns and he was advised that Employee Benefits staff was available to assist him with his transition to Blue Shield. Staff was asked to keep the JLMBC updated on the resolution of Mr. Greenfield’s Blue Shield transition assistance.

3. MINUTES

(ACTION ITEM)

A motion was made by Maritta Aspen and seconded by Tony Royster to approve the JLMBC minutes of the August 1, 2013 Regular Meeting. The Committee unanimously adopted this motion.

4. 2014 Flex Plan Implementation and Medical Carrier Transition Report

(ACTION ITEM)

Alexandra Castillo reported on the 2014 Flex plan implementation and medical carrier transition with Blue Shield. Ms. Castillo reported that an aggressive open enrollment campaign was implemented which included notifying employees of the Blue Shield transition via e-mail reminders, webinars, and a total of nine Blue Shield on-site meetings that took place at the following locations: City Hall, Los Angeles World Airports (LAWA), Piper Technical Center and Harbor. Ms. Castillo reported that there were a total of 484 participants at the on-site meetings and that Blue Shield representatives were present to personally assist City employees with the transition to Blue Shield.

Ms. Castillo explained that the transition to Blue Shield was expected to result in minimal disruption (6% narrow network subscribers), but that overall there was disruption rate of 8% for the Access+ HMO SaveNet (Narrow Network); 1.25% for the Access+ (Full Network); and 10% disruption for the Shield Spectrum PPO. Ms. Castillo reported that two targeted letters were sent to disrupted members in the PPO and HMO plans (one letter was sent to HMO members and one letter was sent to PPO members) about the potential disruption. The letters included vital information, such as how to find a network provider that would accommodate their needs.

Alice Goff inquired about the transition assistance provided to Mr. James Greenfield prior to his attendance at the present meeting. Alex Basquez explained that there was a certain level of disruption involved and unfortunately Mr. Greenfield fell within the disruption level. However, Ms. Basquez added that staff will work with Mr. Greenfield to determine the best course of action to help him resolve his issues and facilitate a successful transition. Malcolm Strohson, Account Executive from Blue Shield was present and he stated that due to the importance of privacy, he will assist Mr. Greenfield privately during the transition process along with Employee Benefits staff.
Ms. Basquez reported that Heritage Provider Group did commit to being an in-network Blue Shield provider and Ms. Castillo concluded her presentation.

A motion was made by Ramon Rubalcava and seconded by Matthew Rudnick to receive and file the staff report on 2014 Flex Plan Implementation and Medical Carrier Transition. The Committee unanimously adopted this motion.

5. HEALTHCARE FLEXIBLE SPENDING ACCOUNT
   (Action Item)

Alex Basquez reported on staff’s recommendation that the JLMBC defer implementation of the recent United States Department of the Treasury and the IRS modification to the “use-or-lose” rule for health flexible spending arrangements (FSA’s) and instruct staff to report on the feasibility of implementing the new option in 2014.

Ms. Basquez explained about the Healthcare Flexible Spending Account (HCFSA) rollover, noting that not every employee participates and she explained that staff is not recommending the rollover feature for plan year 2014 but that the item can be brought back later with a recommendation to the JLMBC. Ms. Basquez further explained that the recommendation will focus on the advantages and disadvantages of implementing a rollover feature and how it will work for a future open enrollment. Ms. Basquez reported that implementing the rollover feature is not a requirement, but it has pros and cons if it is implemented as everyone would need to participate and this is not feasible now. Ms. Basquez stated that staff will announce more specific plans to bring back the item to the JLMBC in the spring of 2014. Ms. Basquez also mentioned that if employees rollover their money, fees are charged and some employees may want to use up the money they have in 2013. Ms. Basquez stated that it is a small fee but it is “all or nothing” and employees will lose it all if they don’t respond. Ms. Basquez added that this is difficult to implement successfully, therefore it needs to be implemented slowly. Ms. Basquez noted that additionally, sworn employees are a concern as well because they also participate, so staff needs to identify the issues and address all the details before bringing the item back to the JLMBC.

A motion was made by Paul Bechely and seconded by Ramon Rubalcava to defer implementation of the Healthcare Flexible Spending Account rollover feature. The Committee unanimously adopted this motion.

6. AFFORDABLE CARE ACT (ACA) UPDATE
   (Action Item)

Samantha Hanzy reported on the Affordable Care Act (ACA). Ms. Hanzy explained that employees who work more than 30 hours per week qualify for benefits under ACA. Ms. Hanzy reported that the ACA federal regulations require the City to provide all employees information regarding health coverage options. Ms. Hanzy explained that the City is already in compliance with the ACA and that the current health care coverage offered to qualified full-time and half-time employees exceeds the minimum requirements mandated by the ACA. Ms. Hanzy reported that a notification was sent to 47,000 (civilian and sworn) participants.
Ms. Basquez added that with respect to the reporting requirements and data, staff is working with Mercer Consulting and Mercer Third Party Administrator (TPA). Ms. Basquez added that there is a separate, email box that was designated for ACA, to be available to address any questions that may come up and only three emails were received out of 47,000 notices that were sent out. Ms. Hanzy reported the one-year delay in the enforcement of the employer shared responsibility under ACA that was announced by the Obama Administration. Ms. Hanzy further explained that the Personnel Department has been working with the Controller’s Office and Mercer TPA to collect the necessary payroll data to determine if employees qualify for benefits under ACA and to develop a process for ensuring that the City meets its obligation under ACA regulations. Ms. Hanzy also briefed the Committee on ACA reporting requirements that are due in March 2016 (based on the 2015 reporting) noting that there are administrative requirements such as reporting information about health coverage offered to full-time employees, employee data, health plan costs, and tracking employees that obtain coverage through the State exchange.

Ms. Hanzy explained about the ACA Cadillac Tax that is effective 2018, noting that the ACA contains an excise tax on high-cost “Cadillac” medical plans starting in 2018. Ms. Basquez added that the Cadillac Tax, will not be effective for a few years but should be on the Committee’s radar even though implementation of this item is very far off in the future.

A motion was made by Paul Bechely and seconded by Tony Royster to receive and file staff’s report on the Affordable Health Care Act Update. The Committee unanimously adopted this motion.

7. ELECTION OF 2014 JLMBC CHAIR AND CO-CHAIR
   (Action Item)

Mr. Luther provided background regarding the annual election of JLMBC Chair and JLMBC Co-Chair stating that the JLMBC votes annually for its Chairperson and Vice-Chairperson. Mr. Luther added that according to JLMBC policies, the position of Chairperson and Vice-Chairperson rotates between City Employee Organizations (Labor) and City Management (Management). Mr. Luther further explained that for terms beginning in even numbered years, the Chairperson must be a Management Committee member with a Labor Committee member as Vice-Chairperson. Mr. Luther explained that consequently, since 2014 is an even numbered year, the Committee must determine its Chairperson and Co-Chairperson in accordance with these JLMBC policies. Mr. Luther added that the change would become effective January 1, 2014.

Mr. Luther announced that a replacement for the vacant JLMBC management member seat will be announced at the next JLMBC meeting by City Administrative Officer (CAO).

A motion was made by Tony Royster and seconded by Maritta Aspen to elect Maggie Whelan as the 2014 JLMBC Chairperson. The Committee unanimously adopted this motion.
A motion was made by Paul Bechely and seconded by Ramon Rubalcava to elect Cheryl Parisi as the 2014 JLMBC Co-Chairperson. The Committee unanimously adopted this motion.

8. 2014 JLMBC MEETING SCHEDULE  
(Non-Action Item)

Ms. Basquez reported on the proposed 2014 JLMBC Meeting Calendar and pointed out that the dates are tentative for some of the meetings, but that they had been included for the Committee’s consideration. Ms. Basquez also pointed out that as usual, there will not be any JLMBC meetings in October 2014 and November 2014 due to open enrollment activities.

Ms. Basquez reported that the next JLMBC meeting is scheduled to take place on January 2, 2014 but since this date falls after the New Year’s holiday, the Committee may consider changing it to the following Thursday, January 9, 2014 and the Committee members in attendance agreed to have the next JLMBC meeting on this date. Ms. Basquez stated that staff will send out a reminder about the next JLMBC meeting date. Ms. Basquez asked Curtis Kidder to confirm whether the meeting would be a Regular or Special meeting and Mr. Kidder confirmed that pursuant to the JLMBC rules, the Regular meetings are on the second Thursday of each month so since January 9, 2014 falls on the second Thursday, it would be a Regular meeting. Mr. Curtis added that the JLMBC should consider officially changing the JLMBC meeting date to the first Thursday of each month soon.

9. AD HOC – MEDICAL PLAN COST CONTAINMENT UPDATE  
(Non-Action Item)

Ms. Basquez reported on the Ad Hoc Subcommittee (Subcommittee) meeting on Medical Plan Cost Containment. Ms. Basquez stated that the Subcommittee met on November 7, 2013 and that during that meeting Anthem and Kaiser provided presentations on plan utilization and trends and they also provided vital statistics on employee health. Ms. Basquez added that the carriers make quarterly presentations to the full JLMBC but it was beneficial to have them come in and brief the Subcommittee as the JLMBC begins discussions on medical plan cost containment. Mr. Luther noted that the Kaiser report on statistics at the end of second quarter is what indicates the rates for next year’s renewal. Ramon Rubalcava noted that the presentation and handouts from Kaiser were very helpful and pointed out that prenatal care is one type of health care that the carriers offer in a robust way, but prenatal care for women with chronic conditions is a continuing issue that Kaiser should follow-up on as it will be a factor that can affect future cost containment.

10. AD HOC – WELLNESS UPDATE  
(Non-Action Item)

Ms. Basquez provided an update on the Ad Hoc Subcommittee meeting on Wellness. Ms. Basquez reported that the exercise classes were well received and
that based on the feedback from City employees, the participants were very excited about the wellness classes.

Ms. Basquez stated that the flu shot program was also well received and she referred to a handout which provided status on participation. Matthew Rudnick asked if the Committee will convene a Subcommittee on Wellness in the next plan year and Ms. Basquez confirmed this.

11. DISCUSSION OF BENEFITS PROVIDED TO ACTIVE CITY EMPLOYEES
(Non-Action Item)

There was nothing new to report.

12. NEXT MEETING DATE
(Non-Action Item)

The next regular JLMBC meeting is scheduled on January 9, 2014 at 9:00 a.m.

Mr. Rudnick noted that this was David Luther’s last meeting prior to his retirement. The Committee members thanked Mr. Luther for all his hard work for the JLMBC.

13. ADJOURNMENT

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

Minutes were prepared by staff member Helen Georgeson