

CITY OF LOS ANGELES
JOINT LABOR-MANAGEMENT BENEFITS COMMITTEE (JLMBC)

PROPOSED MINUTES
July 6, 2023 -- 9:00 A.M - 11:00 A.M.

Present:

Committee Member

Regular:

Marleen Fonseca - Engineers and Architects Association
Dana Brown - Personnel Department
Matthew Rudnick - Department of Recreation & Parks
Tony Royster - General Services Department
Esteban Lizardo - LiUNA Local 777

Alternates:

Shauna Janeway - SEIU Local 721
Jose Barba - Building & Construction Trades Council
Paul Girard - Office of the City Administrative Officer
Petty Santos - City Clerk

Office of the City Attorney

Charles Hong - City Attorney

Personnel Department Staff

Paul Makowski - Chief Benefits Analyst
Daniel Powell - Senior Benefits Analyst II
Chuong Tran - Senior Benefits Analyst I
Theodore Vasquez - Benefits Analyst
Brianna Collins - Benefits Analyst

1. Call to Order

Shauna Janeway called the meeting to order at 9:01 a.m.

2. Public Comments

None.

3. Minutes

A motion was made by Chad Boggio and seconded by Marleen Fonseca to approve the minutes of the February 2, 2023 and March 2, 2023 regular meetings; the Committee unanimously adopted this motion.

4. Committee Report 23-27: Medical Insurance Plan Options for Plan Year 2025

Presentation Highlights:

Paul Makowski presented this report and highlighted:

- In 2022, the JLMBC recommended awarding Kaiser and Anthem for two-years of services from January 2023 to December 2024, with an option to extend one-year.
- At the last JLMBC meeting on June 1, 2023, JLMBC adopted a renewal plan for plan year 2024 that included a 9.9% increase for Anthem and a 10.4% increase for Kaiser.
- The JLMBC had two options to consider for the Plan year 2025: renewal process with current vendors or undergo a request for proposal (RFP) to invite other vendors to bid.
- Items to consider:
 - Overall enrollment and population size
 - Benefit Coverage/Plan Design changes
 - Fiscal Changes
 - Other: e.g. pricing structure
- Options to move forward:
 - Create a new Ad Hoc Medical Plans Subcommittee
 - Refer to existing Ad Hoc Plan Design Subcommittee
 - No subcommittee i.e. bring forth to full JLMBC

Committee Member Comments, Questions, and Responses:

Tony Royster asked what would be the preferred option. Mr. Makowski stated that an Ad Hoc committee would likely be the more appropriate option since the task would require a substantial amount of time and work. Petty Santos asked if the start date of May 2024 was determined to prevent any conflict with Open Enrollment (OE) activities. Mr. Makowski stated that it was due to the plan approval process.

Dana Brown asked if fiscal changes were directly related to the RFP process or extension of the contract. Mr. Makowski stated that the City could perform some of the fiscal changes through the contract process only, however, that may play a role in underwriting and could impact premium rates.

Ms. Brown stated that there was a lot of conversation that should be done and preferred the idea of a subcommittee. Shauna Janeway agreed.

Committee Action:

A motion was made by Dana Brown and seconded by Tony Royster that the JLMBC consider: (a) creation of a new Ad-Hoc Medical Plan Subcommittee for development of a recommendation on medical plan coverage for plan year 2025; the Committee unanimously adopted this motion.

5. Committee Report 23-28: Proposed Amendment to Bylaws

Presentation Highlights:

Paul Makowski presented this report and highlighted:

- Current bylaws allowed for a change of member representation on the committee if: (1) a member identified that they no longer want to be a member or (2) the member became incapacitated or unable to physically attend. Both require written documentation.
- There was no language that provided the option to remove a member.
- The recommendation at the last meeting was to make a change in section five of the bylaws identifying that if there were ever a situation in which an individual was absent there would be a structure in place to change a member's seat.
- Section C of 5.6 (page 9) has draft language that can be changed at this meeting if there was any desire to move forward.
- The recommendation was to create an ad hoc now, make a change at this meeting, or no action.

Committee Member Comments, Questions, and Responses:

Dana Brown requested for clarification on Section C, which stated that if both people, primary and alternate, miss three consecutive meetings, or five in a year, then they can be removed. Mr. Makowski stated that in the event that both the member and alternate are absent for three consecutive or five meetings in a year, the JLMBC can, through the proposed change, call for an action to further discuss and consider what action to take. Ms. Brown clarified that an action can be taken to call the seat vacant, not to replace the member. Mr. Makowski confirmed.

Ms. Brown requested for clarification on sections C1 and C2. Charles Hong stated that the intent of C1 was a procedural matter. If the primary member was absent then a special meeting can be called to seek removal of the primary member. A great deal of discussion was had by many JLMBC members regarding the intent and wording of C1 and C2, and confusion with the application of a proposed procedure. Multiple JLMBC members expressed concern and confusion about removing a specific person, where the bylaws designate a seat for an organization. Ms. Brown suggested revising section C to state that any serving member of the committee can identify a seat as vacant and can call for a special meeting for primary and alternate member. Most members agreed with this. Paul Girard asked if that change would mean, for example, if the member for LiUNA is removed then LiUNA would no longer have a seat at the table. Mr. Makowski stated that LiUNA's representation as an organization would be a separate action. LiUNA is not a named organization in the Bylaws, and is representative on the JLMBC through the decision of Labor. So if the JLMBC adopted the proposed bylaws change and took action on C to remove the representative of LiUNA, there was nothing preventing the Labor side of the JLMBC committee from keeping LiUNA as a represented organization. Mr. Lizardo noted that the organization would still want the seat and the opportunity to have someone in attendance.

Further discussion was had by JLMBC members and multiple members identified a need to discuss the matter further in a subcommittee to discuss concerns and contingencies in drafting a proposed change.

Committee Action:

A motion was made by Paul Girard and seconded by Marleen Fonseca that the JLMBC consider: (a) creation of a new Ad-Hoc Governance Subcommittee to draft language to revise its Bylaws; the Committee unanimously adopted this motion.

6. Benefit Provider Presentation: Standard Insurance Company

Presentation Highlights:

Melissa King presented a brief overview and highlighted:

- Standard has been with the City since 1998 providing life, basic short/long term disability, supplemental life insurance, voluntary accidental death & dismemberment, and buy-up disability.
- Current enrollment numbers showed that 51% and 54% of benefit eligible employees purchased supplemental life and Accidental Death & Dismemberment (AD&D) coverage, respectively.

- Only 19% bought the buy-up coverage, which has seen a decline since 2019 aligning with attrition and change in staffing due to the COVID-19 pandemic and the separation incentive program (SIP). New hires were not likely to join these programs.
- 2023 renewal rate decreases were effective this year and through the end of next year.
- Three year rate guaranteed moving forward with 2024 plan year and option to extend for 2025 or move forward with a Request for Proposal (RFP).
- New dedicated on-site account specialist was provided, Darin Plotnick.
- 2023 data was current as of the end of April, which showed no long-term disability yet due to the limitation period.
- High claim counts on respiratory previously risen due to pandemic have subsided and gone to normal levels

Jennifer Queen (National Consultant, Standard) presented this report and highlighted:

- The City provided basic life benefits of \$10,000 (K) for full-time members and \$5K for part-time members.
- It was found that the City offered a lower basic life coverage benefit than Standard's public sector's book of business. About 75% of the public sector offered more. However, the City offered a more generous supplemental life coverage program.
- Employees can buy up coverage up to five times salary and a maximum of \$1M.
- Life claims experience did fluctuate, which was expected. For example there was an increase in respiratory claims during the pandemic.
- The loss ratio for Basic Life plan was 182% due to the volatility of the last five years; however, this is balanced by the supplemental life plan at 76%.
- Overall, the disability plan has run really well with short-term disability (STD) claim results improving; therefore, a reduction was offered.
- Life and AD&D top three incidence diagnoses were cancer, circulator, accidents & violence.
- The top three liability diagnoses were accidents & violence, cancer, and circulatory.
- Highest claim incidence and liability continue to be from Los Angeles World Airports (LAWA) and Police Department.
- Musculoskeletal conditions represent the majority of all disability claims, which is inline with benchmarks from Standard's book of business.
- Maternity was the second highest of incidence for STD and accidents and violence for Long-term disability (LTD).
- Compared to the market, mental STD/LTD claims are high in incidence; accidents and violence claims were also high for LTD compared to benchmarks.
- In 2018 Standard has improved claim intake services and automated coverage continuation notifications.

- In 2020/2021, Standard introduced a behavioral health resource center and took over the Evidence of Insurability (EOI) notification services from the City.
- In 2022, rate reductions were negotiated for 2023.
- In 2023, Standard along with City and third-party administrator, TELUS, implemented a new Connected EOI platform which personalized experience for employees when applying for coverage.
- On-site account specialist is employed by Standard but is 100% dedicated to the City with duties including being the first line of response at the City, assisting members and beneficiaries in filing claims, and is the contact for the City's payroll departments who assist with disability claim process.
- Plan participation showed an above 50% enrollment figure, which was strong.
- STD and LTD were a little bit lower at under 25%.

Committee Member Comments, Questions, and Responses:

Mr. Lizardo asked how much lower the City's basic life coverage benefit is compared to other public sector businesses. Ms. Queen stated that \$50K is commonly provided due to imputed income criteria.

Mr. Lizardo asked for clarification on the medical history documentation requirement for the buy-up disability coverage. Ms. Queen stated that if an employee enrolled late, then it would be required. Darin Plotnick added that supplemental life coverage has annual enrollment rules to where evidence wasn't always required but if an employee was covered for the base plan and then elected the supplemental plan without a family status change, evidence would always be required.

Committee Action:

None.

7. Benefit Provider Presentation: Delta Dental

Presentation Highlights:

Kristen Warren (Account Manager, Delta Dental) reviewed the agenda and passed the presentation to Valerie Layne (Vice President of National & Special Accounts, Delta Dental), who highlighted:

- The current state of the dental industry showed that more dentists have retired, offices have closed, or dentists had moved away and the offices closed as a result.
- Staffing of hygienists and registered dental assistants decreased as many left this practice resulting in a shortage.

- Dental offices were unable to deliver the same hours or same services.
- Most dental offices became independent and administered a “cash” office model.
- Lots of models appeared, such as concierge, in which members pay a flat fee every year.
- Provider partnership is part of the strategic roadmap and high on the priority list for Delta Dental.
- Delta Dental engaged and expanded more digital capabilities for providers to increase their efficiency and make it easier for them to interact with Delta Dental.
- Delta Dental launched provider tools to submit claims and allow the provider to look up eligibility while a member is on the chair.
- A 45-day turnaround time was implemented to add new providers into the network.
- Other administrative processes were simplified to make it easier to submit a claim and follow up as well as streamlining the credentialing process.
- Launched a provider advisory council, in which providers are offered a seat at the table to discuss needs and how to best partner with them in the future.
- Expanded provider concierge model for any problems providers have, in which providers can speak directly with an ambassador to answer questions quickly.

Michele Bodie (Director of Account Services & Special Accounts, Delta Dental) continued the presentation and highlighted:

- Current membership utilized 5,833 contracted providers in California (CA).
- 119 total terminations were observed in the last twelve months. 73 terminations were voluntary as a result of closure practice or financial reasons. 46 were due to attrition (e.g. retired, deceased, moving locations) or involuntary reason (licensing and contracting barriers).
- 1,437 new providers were added in California. Of that, 193 were being seen by City of LA members.
- In LA, 4,203 providers were seen; 588 new providers were added in LA county, of which 134 being utilized by members.
- Orange County (OC) saw 798 providers; 18 terminations; 257 providers added.
- Network strategy initiatives included:
 - Imminent termination intervention process: The Delta Dental provider engagement team reached out directly to providers that want to terminate from the network in order to retain them.
 - Target recruitment and data analytics: Delta Dental evaluated how to utilize out of network providers.
 - Annual Market Review: Reviewed demographic information by geographic region to ensure there are no gaps and meeting access requirements.
- Network growth

- Preferred Provider Organizations (PPO) network has grown by 2.1% in LA county, 2.6% in Riverside county, Orange county remains consistent, and San Bernardino county increased by 2.1%.
- Network participation illustrated that of the number of providers administering care, this is the percentage that is contracted in the PPO network. For example, in Ventura county, 77.2% of providers available are in the PPO network. Premier network is heavily concentrated and continues to grow.

Committee Member Comments, Questions, and Responses:

None.

Committee Action:

None.

8. Committee Report 23-29: Self-funded Insurance Plans with an Administrative Services Only

Presentation Highlights:

Paul Makowski presented this reported and highlighted:

- At the May meeting, there was a request for staff to evaluate the method of self-funded insurance and steps needed to move forward.
- For medical dental and vision, a fully insured product was purchased, which meant that the City was responsible to pay for the premiums and the provider administers everything else, such as reviewing and processing claims, resolving complaints, and dealing with data security, for example Health Insurance Portability and Accountability Act (HIPAA).
- Moving towards a self-funded option would shift more responsibility to the City.
- The option to contract directly with providers to perform basic level of work was reviewed; however, moving to self-insured would define the City as a covered entity.
- Currently, the City has a hybrid covered entity model, so certain divisions within certain departments were identified as covered entities and are required to comply fully with laws under HIPAA.
- Attachment A listed which City departments and divisions were identified as covered entities.
- Certain measures would have to be taken such as identifying an HIPAA officer to undergo comprehensive training and HIPAA compliance.
- Although the City would be outsourcing the work under a separate agreement, there could be situations in which the City might have to be involved such as directing the providers on how to administer claims and specific legal disputes.

- Self-funding may create some level of exposure in transmitting data since there is no current infrastructure to submit information via a secure email, which can lead to data breaches.

Committee Member Comments, Questions, and Responses:

Mr. Royster asked what financial analysis would be done for the proposed transition to self-funding dental and vision insurance. Mr. Makowski stated that he would work to bring that item back to the JLMBC.

Committee Action:

None.

9. Committee Report 23-30: Activities and Projects

Presentation Highlights:

Chuong Tran presented this report and highlighted:

- Anthem has updated the presentation in the April meeting and revised some data, which is included at attachment B.
- The Employee Benefits Division and TELUS held a kickoff meeting for the implementation of the 2024 benefit year open enrollment.
- Catastrophic illness ordinance was approved during the June meeting and updates to the catastrophic application communication will be done once the ordinance has been adopted, which is typically 30 calendar days.
- Staff has worked with Standard and TELUS on the Connected EOI process and discussed details and changes needed to implement this program, which is aimed to be completed in September of this year.
- Karina Aguiar was hired to fill the benefits analyst position and have only one position left.

Committee Member Comments, Questions, and Responses:

None.

Committee Action:

None.

10. Request for Future Agenda Items

A report for a financial analysis of transiting dental and vision benefits to Self-funded Insurance Plans with an Administrative Services Only was requested.

11. Next Meeting Date

A meeting was noted for:

- August 3, 2023 – Regular Meeting (In-Person with live broadcast/teleconference option for participation from the public)
- September 7, 2023 – Regular Meeting (In-Person with live broadcast/teleconference option for participation from the public)

12. Adjournment

The meeting was adjourned at 10:35 a.m.