

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

*PROPOSED MINUTES*  
**November 2, 2023 -- 9:00 A.M - 11:00 A.M.**

**Present:**

**Committee Member**

**Regular:**

Esteban Lizardo - LiUNA Local 777

Lisa Palombi - AFSCME

**Alternates:**

Shauna Janeway - SEIU Local 721

David Sifuentes - Engineers and Architects Association

Jose Barba - Building & Construction Trades Council

Tyrone Spears - Personnel Department

Matthew Crawford - Department of Recreation & Parks

Paul Girard - Office of the City Administrative Officer

Petty Santos - Office of the 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 II

Brianna Collins - Benefits Analyst

Isela Jurado - Benefits Analyst

**1. Call to Order**

Shauna Janeway called the meeting to order at 9:04 a.m.

**2. Public Comments**

None.

### **3. Committee Report 23-38: Wellness Request for Proposal (RFP)**

#### Presentation Highlights:

Brianna Collins presented this report and highlighted:

- The RFP included 115 questions across 18 categories with different weights. A copy of the questionnaire is included in Attachment A.
- Questionnaire responses were scored on a range from 1 to 5. A Qualitative analysis was applied to all the sections except for the Fees and Performance Guarantees which had a Quantitative review.
- The proposals were evaluated and scored by the Review Committee, which included Brianna Collins, Daniel Powell, and Paul Makowski. Each proposal was also reviewed by the City's consultant, Segal, as a peer review.
- Overall, the Review Committee rated Virgin Pulse's proposal the highest over all received proposals.
- It is recommended that Virgin Pulse be selected as the LAwell Program's Plan provider for a three-year contract beginning April 1, 2024, with an option for up to two additional one-year terms, pending successful negotiations.

#### Committee Member Comments, Questions, and Responses:

Lisa Palombi asked for clarification on the tentative status of the contract. Mr. Makowski stated that it was a typo and it is still pending contract negotiation. Ms. Palombi asked if the purpose of the criteria of the gross annual revenue of \$15 million (M) was to ensure the company will still be around. Stephen Murphy confirmed that was correct.

Matthew Crawford asked if there were any concerns in regards to the area of coordination with other vendors, Anthem and Kaiser, since Virgin Pulse showed challenges there in terms of scoring. Steve Murphy stated the vendor will be required to work in parallel with Anthem and Kaiser. Mr. Crawford stated that currently one of the rough spots include the bridge between healthcare and wellness and the constant back and forth. Mr. Murphy stated that the wellness program is not meant to compete with other providers. Daniel Powell stated that it will involve a lot of staff involvement and account management teams, and that there will be a long term discussion on how to keep improving on that discussion. Mr. Makowski stated that this RFP has been different compared to previous RFPs because additional enhancements are being considered and vendor coordination is a high priority discussion item with any selected vendor

Ms. Palmobi noticed that the scores in some subcategories for Sonic Boom were higher than for Virgin Pulse, who overall scored highest, and asked if there were any concerns about those areas with Virgin Pulse. Mr. Makowski stated that review was based on the responses provided on the questionnaire, and after selection, the City would be able to negotiate contract terms with the selected vendor about all services. However, if the contract does not work out and/or cannot reach mutual terms, then negotiation would go to the next highest bidder, which will be discussed with the committee before moving forward. Staci Rossi also stated that it was very close between Virgin Pulse and Sonic Boom, however, upon reviewing the individual questions, Sonic Boom did not answer as robustly particularly in their web platform and outreach and member engagement. Mr. Murphy stated that outreach and engagement is a critical factor no matter who was selected. The intent is to have a partnership with vendors to ensure reaching members as much as possible and capturing them real time to make positive behavioral changes.

Mr. Crawford asked if there will be turnover for members and existing providers. Mr. Powell stated that there is currently no existing relationship between members through the Wellness Platform provided by the incumbent Wellness TPA. But he noted that providers changes could be a concern for a future Wellness RFP.

Shauna Janeway noticed that Virgin Pulse was a higher cost option and asked what the cost benefits were. Ms. Rossi stated that Virgin Pulse is still comparable in cost to the other vendors, all things considered, but their coaching model is nationally board certified and coaching is a clinical component of their philosophy. The triage or referral process can include programs outside of what they offer, so they can be strong with coordinating with healthcare providers. Mr. Powell further stated that pricing was not uniformly applied on proposals, and other bidders priced items differently. He noted that the base price of Sonic Boom may look more affordable; however, they listed separate costs for coaching as well as for each wellness coordinator, whereas Virgin Pulse included coaching services in their top line number.

Mr. Crawford asked what the transition for Wellness TPA would look like. Mr. Makowski stated that once contractual terms of services are agreed and a launch date is determined, it will be a somewhat easy transition for employees to be involved in and it will be similarly easy for staff to administer.

Committee Action:

**A motion was made by Esteban Lizardo and seconded by Paul Girard that the JLMBC recommend to the General Manager of the Personnel Department that Virgin Pulse be tentatively selected as the provider of the LAwell Program's Wellness Plan for a three-year contract beginning April 1, 2024 through March 31, 2027 with an option for up to two additional**

**one-year terms, pending successful negotiations by the Personnel Department with Virgin Pulse for, at minimum, contract requirements, prices/premiums, and service level agreements; the Committee unanimously adopted this motion.**

#### **4. Committee Report 23-39: Medical Plans RFP Recommendation**

##### Presentation Highlights:

Paul Makowski presented this report and highlighted:

- A medical plan subcommittee was created to review plan costs and what changes can be considered to combat high costs.
- The subcommittee met numerous times and identified 16 items for consideration
- The subcommittee recommendation is to begin drafting a Medical Plan Request for Proposal and look into where employees feel comfortable in making changes to their healthcare through focus groups and surveys to obtain data to identify where tangible or receptive changes can be made.
- Immediately after discussion with the committee, assuming the JLMBC moves forward with recommendation, staff would begin holding focus groups with employees.
- If the committee moves forward with drafting an RFP, then the target would be to issue the RFP in February.
- If the JLMBC wishes to not move forward with drafting an RFP, the timeline to execute an extension matches with the current RFP timeline. By February, negotiation for contract extension can begin for the renewal process to occur between April through June.

##### Committee Member Comments, Questions, and Responses:

Mr. Lizardo asked what is known about the providers' availability to negotiate prices if moving forward with a contract extension. Mr. Makowski stated that, through past experience, no health providers guarantee their prices for more than 12 months, and negotiating a renewal price is a standard practice for health vendors .

Ms. Palombi had a question on the timeline on page 3 timeline and asked if that contract negotiations had already occurred. Mr. Makowski responded that that was a prior timeline and the new timeline is on page 5. Ms. Palombi noted that on the old timeline this would have been the month when the contract was extended. Mr. Makowski stated that the direction was to instead create a subcommittee. The deadline is still the deadline to pick a new provider by June. Ms. Palombi asked if the work for the negotiation extension still occurred. Mr. Makowski stated that no discussion has happened in terms of contract discussion.

Mr. Crawford asked for clarification on recommendation with the proposed timeline summarizing that the plan is to start on a RFP if recommendation moves forward or if not, set that aside and go through contract negotiations. Mr. Makowski stated that a RFP template will be used however the real work is to identify the scope of services and drafting the questionnaires, which is still a substantial amount of work to perform in a few months.

Committee Action:

**A motion was made by Matthew Crawford and seconded by David Sifuentes that the JLMBC approve the recommendation from the Medical Plans Ad-Hoc Subcommittee to (a) perform surveys and outreach as necessary with City employees and their dependents and to (b) develop a Request For Proposals for Medical Plans requesting multiple plan design options and alternative medical plan types; the committee unanimously adopted this motion.**

## **5. Benefit Provider Presentation: Delta Dental**

Presentation Highlights:

Melissa King (Keenan) provided a high level overview and highlighted:

- Delta proposed a 5% rate decrease for Dental Health Maintenance Organization (DHMO) effective 2024 and guaranteed for a five-year period.
- This is the first premium change for the DHMO plan since Delta was implemented in 2014.
- Delta proposed a 2% rate decrease for Dental Preferred Provider Organization (DPPO) effective 2024 and guaranteed for a three-year period.
- Delta proposed a 1.75% decrease to rates for the DPPO plans for 2023.
- Prior to 2023, the DPPO Plan rates had been in place since 2017.
- Delta proposed a 2% rate decrease for Dental Preventive effective 2024 and guaranteed for a three-year period.
- Delta proposed a 1.72% decrease to rates for the Preventative plans for 2023
- Prior to 2023, the DPPO Plan rates had been in place since 2014
- 2022 saw a 1.3% decrease in overall plan enrollment
- 2022 plan financial utilization increased only by 0.5% compared to 2021.

Michele Bodie (Delta Dental) presented and highlighted:

- There was slight decrease in overall enrollment:
  - PPO: -1.4%
  - Preventive: -8.8%
  - DeltaCare USA: -0.73%
  - Overall: -1.32%
- Average age of employees per plan:

- PPO: 48 years old
- Preventive: 47
- DeltaCare USA: 43
- Benchmark: 48
- Total plan costs were 94.1% premium in 2022 plan year vs. 93.6% in 2021
- Incurred Per Employee Per Month (PEPM) had spikes in quarter 1 and quarter 4 in 2021 and 2022.
- Network Utilization:
  - 94% of approved procedures were performed by an in-network dentist
  - 71% of procedures were performed by PPO providers
  - 23% by Premier providers
  - 6% out of network providers, which was lower than book of business
- Distribution of Services:
  - PPO
    - 72% of approved procedures in diagnostic and preventative (D&P) care services, exams and cleaning
    - 23% consistently year or over for basic services like cavities
    - 5% for major services which are more costly like crowns and inlays
  - DeltaCare USA
    - Slight increase in D&P
    - Basic services went down
    - Equated to decreased in enrollment with DeltaCare
- Diagnostic and Preventive
  - 56% members had their teeth cleaned in 2022
  - 86% of utilizers received a least one cleaning in 2022
  - 35% of active members did not utilize dental benefits in 2022.
- Annual Maximum
  - 4.2% of members reached the annual maximum in 2022.
  - 22.6% of municipalities have the same \$1,500 max and slightly more have a \$2,000 maximum.
  - 14,000 of utilizers received services under \$300 which was in line with diagnostic and preemptive procedure data.
  - 4,826 utilizers reached the \$1500 annual maximum.
- Member Perks
  - BrushSmart is an online oral healthcare vendor to get discounts on electric toothbrushes and healthcare products.
  - Hearing aids and LASIK through QualSight.
  - LifePerks discounts outside oral healthcare like Disneyland.

- Virtual dentistry is an option for members short on time or traveling and have a toothache.
- Video resources are available if some members want to learn about differences between PPO and premier or how to use the cost estimator tool.

Committee Member Comments, Questions, and Responses:

Petty Santos asked about the perks and online video tools and how were members notified if they don't currently go online. Ms. Bodie stated that marketing materials can be posted on the website. Ms. Santos asked how employees would access the website. Ms. Bodie stated that a QR code can be sent electronically, which was the easiest way for members to access the website.

Committee Action:

None.

**6. Committee Report 23-40: Procurement Updates for plan year 2025**

Presentation Highlights:

Isela Jurado presented this report and highlighted:

- Life Insurance
  - Term Life Insurance and Whole Life Insurance are being requested
  - Child Life Insurance increase coverage amount above \$5,000
  - Improve experience for beneficiaries filing claims by identifying options to improve and expedite funeral assignment
- Disability
  - Increase supplemental disability plan options
  - Improve timing of when benefits become payable for employees going through a Workers compensation claim
- Accidental Death and Dismemberment (AD&D)
  - Enhance benefit structure by separating plans to match LAwell benefit levels: Employee Only, Employee+Child, Employee+Spouse and Employee Family
- Tax-Advantaged Spending Accounts
  - Improve file feeds between systems
  - Improve integration with current and future systems
- The tentative release date for all RFPs is January 2024 with a due date of March 2024.
- Recommendation with results is anticipated to occur in December 2024.

Committee Member Comments, Questions, and Responses:

None.

Committee Action:

None.

## **7. Committee Report 23-41: Human Resource and Payroll (HRP) Update**

Presentation Highlights:

Paul Makowski presented this report and highlighted:

- Since the report was printed a big change was announced and the deadlines were extended. Making most information in the report no longer valid.

Committee Member Comments, Questions, and Responses:

Ms. Janeway asked when the new go-live date was. Mr Makowski stated it was timed to go live for the first paycheck paid in July 2024.

Mr. Crawford asked if there was an additional extension at what point will implementation of new providers be impacted. Mr. Makowski stated that the currently planned delay to June 2024 works best and should have a minimal impact on providers . However, if a subsequent extension pushes Go Live to December 2024, then that will bring back staff's concern for system changes coinciding with any new provider change starting effective January 1, 2025.

Committee Action:

None.

## **8. Committee Report 23-42: Self-Funded Dental/Vision Administration Estimate**

Presentation Highlights:

Chuong Tran presented this report and highlighted:

- This is the second update on the possibility of changing from a fully-insured insurance plan to a self-funded insurance plan for its Dental and Vision insurance plans.
- A Senior Benefits Analyst I would be best to serve as the HIPAA compliance officer requirement, which would cost approximately \$231,000 per year including salary and indirect costs.

Committee Member Comments, Questions, and Responses:

Mr. Crawford asked what the next steps are. Mr. Makowski stated that if the objective is to move forward for self-funded, multiple steps would be required. The first step is to get a HIPAA

compliance officer position added to the LAwell Program, fill the position, and have the HIPAA Compliance Officer go through all required HIPAA training. From there, the HIPAA Compliance Officer would then design a plan to move forward to a self-funded model.

Ms. Santos asked what is the financial benefit for this. Mr Makowski stated that in a self-funded model, the City would hold onto its collected premiums and only transfer money for paid claims and administration . By the City holding funds, the City can realize savings compared to the fully insured model. However, the City will take on more risk.

Ms. Santos asked if one position would be enough to perform the duties in case that person goes out on vacation or on leave. Mr. Makowski stated it is bare minimum that is needed.

David Sifuentes asked what would be done to address the increased risk. Mr. Makowski stated in this concept of putting collected premiums into a special fund, the City would be identifying a reserve amount to create a financial safeguard.

Mr. Crawford stated that there are a lot of moving parts and it would be useful for consideration of budget requests to have an action by the JLMBC telling the department this is the direction we want to go versus waiting to get a position because there is no need for a position right now. Before March, the JLMBC should have a decision or action item to direct one way or the other. Once a decision has been made, then the Mayor and Council can be notified and they can decide to give resources for the recommendation. Mr. Makowski concurred and will work on drafting that and bringing it forward.

Committee Action:

None.

## **9. Committee Report 23-43: Activities and Projects**

Presentation Highlights:

Chuong Tran presented this report and highlighted:

- 2023 Open Enrollment (OE) period
  - Several types of prints and electronic communications were sent out to members regarding enrollment period dates and instructions.
  - Four onsite benefits events were held in which LAwell providers visited and roughly 200-400 employees attended in total.
  - 26,000 employee open enrollment packages were sent to members, which cost approximately \$160,000 in postage.

- 400 undeliverable packages were returned. Those employees were advised of alternative ways to obtain a packet: 1) downloading a copy online from the member portal 2) pick up hard copies at the office 3) mail them copies.
- Informed employees that physical packages were not needed for enrollment since members participating in the online process will provide details of what choices are available for each member.
- OE period ended on October 31 so working with TELUS team to prepare confirmation statements, which reflect the elections members have made or not made for 2024.
- The deadline to make corrections to their elections is November 17, 2023.
- Affordable Care Act (ACA)
  - Last year, a 1-year contract with BenefitScape with reporting services was executed and extended through August 2025.
  - Staff has been working with BenefitScape in reviewing payroll and benefits data in preparation for 2023 for ACA tax filing.
- Staffing Update
  - Leo Reyes, Wellness Coordinator, retired so in process of backfilling position.

Committee Member Comments, Questions, and Responses:

Mr. Crawford asked where data is being pulled from that resulted in 400 undeliverable addresses. Mr. Tran stated that addresses are obtained from WorkDay. Currently, employees update or enter their addresses on WorkDay, which gets transmitted to paySR and then later sent to the benefits system. Some employees may have moved, changed their address but have not updated their address on WorkDay. Sometimes they entered it incorrectly, so USPS are unable to deliver it if a member didn't put in an apartment number or if they move and their forwarding request is no longer active. USPS cannot deliver it and will return it to City. Mr. Crawford asked if members were advised to fix addresses on WorkDay. Mr. Tran stated that employees were advised to update their information and are made aware that is the source of the error.

Ms. Santos noted that \$160,000 is a lot of money to spend on postage and asked if sustainability efforts were considered to prevent sending out letters in the first place. Mr. Tran stated that to reduce postage cost staff need to first fix address issues and to also work with TELUS to develop the opt-out feature for electronic deliveries of LAwell materials. Once OE closes and benefits are transferred, the opt-out feature is a top project to look at to improve member experience and reduce cost for the next OE.

Ms. Palombi asked if information was available online before October 1st. Mr. Tran stated that it generally is and is available before a member receives a package. If a member goes on the

member portal by September 29th, their enrollment and guidebook would be there for their review. Ms. Palombi stated that if information was provided or got a guidebook digitally prior hand, that would be helpful for members. Mr. Tran concurred.

Committee Action:

None.

### **10. Request for Future Agenda Items**

Ms. Janeway made a request to bring forth the IFEBP conference earlier for the next year to prevent any delays. Mr. Makowski stated that the cost may be unknown however staff will look into it.

Ms. Santos requested that presentations from vendors to include employee education efforts.

Ms. Palombi requested a mid-year report on the benefits provider presentations to obtain 2023 figures particularly for Delta Dental.

### **11. Next Meeting Date**

A meeting was noted for:

- December 7, 2023 – Regular Meeting (In-Person with live broadcast/teleconference option for participation from the public)
- January 4, 2024 – Regular Meeting (In-Person with live broadcast/teleconference option for participation from the public)

### **12. Adjournment**

The meeting was adjourned at 10:41 a.m.