

Date: February 7, 2019

To: JLMBC

From: Staff

Subject: **Projects & Activities Report**

**JLMBC MEMBERS**

Employee Organizations  
**David Sanders, Chairperson**  
 Paul Bechely  
 Chris Hannan  
 Steve Koffroth  
 William Violante

Management  
**Wendy G. Macy, Vice-Chairperson**  
 Neil Guglielmo  
 Rich Llewellyn  
 Tony Royster  
 Matthew Rudnick

## **RECOMMENDATION**

That the JLMBC receive and file projects and activities report regarding informational items, project updates, staffing summary, and completed projects/meeting calendar for December 2018 to January 2019.

## **DISCUSSION**

Following are updates for the LAwell Program for December 2018 to January 2019:

### **A. Informational Items**

- Anthem Blue Cross (Anthem) Network Agreement Updates – Staff provides monthly updates in the monthly projects & activities report regarding Anthem provider negotiations that may potentially impact City members. Below is the monthly Anthem network update for December 2018 to January 2019.
  1. Presbyterian Intercommunity Hospital (PIH)-Whittier – As previously reported to the JLMBC at its December 6, 2018 meeting, Anthem notified the City that they are in negotiations with PIH-Whittier to renew their agreement, which was scheduled to terminate on February 1, 2019. On January 14, Anthem informed the City that it has extended its agreement with PIH-Whittier to March 1, 2019. The City has had 125 HMO and 29 PPO employees and dependents utilize PIH-Whittier in the past 12 months. Anthem will continue to provide staff and the JLMBC with updates related to these negotiations.
- Blue Shield CA Member Refunds – Blue Shield was an LAwell Program health plan provider from 2014 to 2016. Blue Shield notified the City in November 2018 that during a recent internal claims audit, they identified errors in the way they had calculated network out-of-pocket maximum accumulation for several of the City’s employees enrolled in a Blue Shield plan for the calendar year 2016. These affected employees paid copayments and deductibles in excess of the annual plan limit based on the terms of Blue Shield’s Evidence of Coverage. Blue Shield has identified 798 City of Los Angeles employees that were impacted.

Due to this error, Blue Shield sent a letter (**Attachment B**) to this group of impacted

employees explaining the error. These letters were mailed on November 21. A second mailing was also sent at the end of November which included a refund check for the amount overpaid, plus interest directly to the impacted employee.

Blue Shield informed the City that the refund amounts range from \$0.05 to \$814 based on the individual or family maximum being met and that interest on each refund was calculated at the rate of 15% per annum on a per claim basis for each claim that was incurred after the member reached the out-of-pocket maximum. Blue Shield has also notified the City that for checks that are returned with a yellow forwarding address label, they will resend the checks to the new address and for checks returned without any information, they will attempt to find a new/alternative address. The City has also offered to provide Blue Shield assistance with locating any individuals whose checks cannot be delivered.

## B. Project Updates

- Open Enrollment Update – Open Enrollment 2019 successfully closed on October 31, 2018. Staff provided a detailed report on the results of the 2019 Open Enrollment communications campaign to the JLMBC at its December 6, 2018 meeting. A detailed Open Enrollment report summarizing key enrollment numbers from the Open Enrollment period will be provided by the City's current benefits Third-Party Administrator (TPA), Mercer in the spring of 2019. Staff has also completed the administrative and recordkeeping activities required to finalize and process employee elections, including reconciling benefits deductions on employee paychecks.

It is important to note that Open Enrollment 2019 was the last one administered by Mercer. The City's new benefits TPA, Morneau Shepell will be administering the upcoming Open Enrollment period in October 2019 for plan year 2020. Staff will continue to report back to the JLMBC on the progress of the TPA transition and on the status of the preparations leading up to the next annual Open Enrollment period with Morneau in the 2019 calendar year.

- Employee Benefits Trust Fund Refunds Update – As previously reported to the JLMBC, refunds were issued to approximately 23,600 members on August 29 and September 5, 2018. Staff also informed the JLMBC that approximately 3,000 additional members required further research and/or verification before their refund could be processed. The status of the research on this group of members is provided below:
  - At its December 6, 2018 meeting, staff informed the JLMBC that they were working with LACERS to reach out to approximately 1,300 members identified on City payroll as "retired." Staff provided correspondence for these members to LACERS in mid-November. LACERS subsequently mailed this correspondence to members so that members could initiate the address verification process directly with Benefits Division staff. As of January 30, 2019, staff received approximately 900 affidavits from retired members and is currently working to verify the accuracy of the information received on the affidavit before a check can be issued to the member.
  - Staff has successfully obtained approval from the Office of Finance to utilize their Lexis-Nexis system to perform searches on the remaining 1,700 names. This search process is

very labor intensive and requires significant staff time to research and identify a valid address in order to mail an affidavit. While an address may be a valid address, there is no guarantee that the individual living at that address is the individual that is the subject of the search or if the individual will complete and return the affidavit form. Thus, staff anticipates that the work required to identify a valid address for this group of former employees to begin the affidavit process will be constant and ongoing throughout the calendar year. For those affidavits that are received and verified, staff will work with the Office of the Controller to issue refunds.

- Staff has made progress in addressing those members who have been identified as deceased and has confirmed the required procedure under the California Probate Code for how these funds can be claimed. Identified beneficiaries of the decedent will be required to submit a Probate Code specific affidavit and supporting documentation for staff’s review and verification before payment can be issued. Staff has initiated communication about this process with approximately 500 potential beneficiaries of deceased members and is awaiting receipt of required documentation.
- Affordable Care Act Tax (ACA) Reporting and Annual Reporting Update – As previously reported to the JLMBC at its December 6, 2018 meeting, staff continues to work with new vendor, Ernst & Young to provide ACA tax reporting services for the 2018 tax year. The City, Mercer (the City’s benefits Third-Party Administrator), and Ernst & Young exchanged multiple test files over the past two months to ensure timely production of the tax forms. Final data for all eligible civilian and sworn employees was sent to Ernst & Young in mid-January. The ACA tax form mailing deadline was extended to March 4, 2019, and all the tax forms will be mailed to City employees by this date. Concurrently, staff is working to finalize several communication materials including a phone script for the Benefits Service Center to answer member calls, a Citywide email communication, and FAQs related to the ACA tax forms.
- Report to Council: Employee Benefits Trust Fund Review Fiscal Year 2017-18 – A report from the JLMBC’s Chair and Vice-Chair regarding review of the Employee Benefits Trust Fund for fiscal year 2017-18 was submitted to the City Council on September 7, 2018 but is still pending being scheduled for review by the Personnel and Animal Welfare (PAW) Committee. When the item is officially scheduled, JLMBC members will be advised.

### C. Staffing Summary

Elizabeth Hernandez accepted a position with the Housing and Community Investment Department. Her last day with the Personnel Department was December 22, 2018. Additionally, Malika Oatman accepted a position with the Department of Water and Power. Her last day with the Personnel Department was January 19, 2019. The division is currently working to fill both positions.

Following is a summary of staff positions supporting the LAwell Civilian Benefits Program:

Position Authority	Staff Member	Function	Est. % Allocated to LAwell Program
<b>Personnel</b>			
Chief Personnel Analyst	Steven Montagna	Division Chief	60%
Senior Personnel Analyst II	Jenny Yau	Section Manager	100%
Senior Personnel Analyst I	Daisy Tam	TPA/Payroll/Kaiser	100%

Senior Personnel Analyst I	Paul Makowski	Communications/Audits/Budget	100%
Senior Personnel Analyst I	Leo Reyes	Wellness Program Coordinator	100%
Personnel Analyst	Gabriela Cortes	Administration/COBRA/Anthem	100%
Personnel Analyst	Helen Georgeson	Participant Services/JLMBC	100%
Personnel Analyst	Theodore Vasquez	Wellness Program Assistant	100%
Benefits Specialist	Khia Moore	Supervisor-Member Services Section	100%
Senior Administrative Clerk	Mayra Martinez	Member Services Rep: A-F	100%
Senior Administrative Clerk	Vacant	Member Services Rep: G-I / K-M	100%
Administrative Clerk	Vacant	Member Services Rep: N-V	100%
Senior Administrative Clerk	Maria Lopez	Member Services Rep: J, W, Z, Sworn	100%
<b>City Attorney</b>			
Assistant City Attorney	Curtis Kidder	Board Counsel	25%

**D. Completed Projects/Meeting Calendar**

Staff maintains a log of completed projects as well as a calendar of upcoming Board meetings and proposed topics (**Attachment A**).

Submitted by: \_\_\_\_\_  
Paul Makowski/Daisy Tam

Reviewed by: \_\_\_\_\_  
Jenny M. Yau

Approved by: \_\_\_\_\_  
Steven Montagna

**COMPLETED PROJECTS & UPCOMING MEETINGS CALENDAR**

<b>COMPLETED PROJECTS: DECEMBER 2018 to JANUARY 2019</b>		
<b>#</b>	<b>STATUS</b>	<b>PROJECT</b>
1	Completed	JLMBC Report: Employee Assistance Program (EAP) Transition Update and Member Portal Website Demonstration
2	Completed	JLMBC Report: Wellness Services Administrator (Limeade) Implementation Update
3	Completed	JLMBC Report: 2018 Open Enrollment Implementation for Plan Year 2019
4	Completed	JLMBC Report: Benefits Third-Party Administrator (TPA) Transition Update
5	Completed	JLMBC Report: Projects & Activities Report – November 2018
6	Completed	JLMBC Report: Election of Officers and Meeting Schedule for Calendar Year 2019
7	Completed	JLMBC Appeals December 2018 to January 2019 – 1 case processed
8	Completed	Catastrophic Illness Cases December 2018 to January 2019 – 2 cases processed
9	Completed	Employee Assistance Program for Human Resources Liaisons Webinar
10	Completed	Employee Assistance Program Citywide Postcard
11	Completed	Employee Assistance Program Citywide Webinar – 1/30/19
12	Completed	<u>Open Enrollment 2019 Activities:</u> - Review and audit of 2019 Open Enrollment elections and associated payroll deductions - Final 2019 Open Enrollment confirmation statements mailed
13	Completed	New Hire Benefits Presentation – Library Department
14	Completed	ACA Tax Reporting Contract Executed with Ernst & Young
15	Completed	Morneau Shepell TPA Employee and Employer Use Portal User Acceptance Testing – Third Round

<b>JLMBC UPCOMING MEETINGS CALENDAR</b>		
<b>MEETING</b>	<b>AGENDA ITEM</b>	<b>PRESENTATION</b>
7-March-19	Benefits Provider Presentation	Kaiser (Health Insurance)
	Benefits TPA Transition Update	
	Limeade Transition Update	
	Wellness Program Update	
	Monthly Projects & Activities Update	
4-April-19	Benefits Provider Presentation	Anthem (Health Insurance)
	Benefit Provider Goals, Metrics, and Data Review	
	2019 Open Enrollment Data Review	
	Benefits TPA Transition Update	
	Limeade Transition Update	
	Wellness Program Update	
	Monthly Projects & Activities Update	

2-May-19	Benefits Provider Presentation	EyeMed (Vision Plan)
	Employee Benefits Trust Fund Staffing Reimbursements	
	2020 LAwell Plan Design and Renewals	
	Monthly Projects & Activities Update	



DATE

<Addressee\_Prefix> <Addressee\_First> <Addressee\_Last>  
<Addressee\_Address\_1>  
<Addressee\_Address\_2>

Dear <Addressee\_First> <Addressee\_Last>,

We are writing to let you know that during a recent claims audit, we identified an error in our calculation of your network out-of-pocket maximum accumulation, and because of this mistake, we are sending you a refund.

The out-of-pocket maximum limits the amount you pay in copayments, coinsurance, and deductibles during a calendar year for your covered benefits. There are separate limits for covered services received from network providers or non-network providers.\* Once your out-of-pocket maximum is reached from network providers, you have no other network cost-sharing obligations for covered services for the year. However, if you received services from a non-network provider, you would continue to be responsible for cost-sharing as well as for amounts above the allowable amount.

**Next steps**

Blue Shield is reprocessing your claim(s) for the calendar year(s) of <year(s)>, and we are sending you a reimbursement check for the amount you overpaid, plus any applicable interest based on the terms of your Blue Shield Evidence of Coverage (EOC). This reimbursement is being issued to you because you met your network out-of-pocket maximum payment.

**Follow-up information**

You should receive your check within 30 days from receipt of this letter.

If you have questions regarding this claim reimbursement, please contact Member Services at the number provided on the back of your Blue Shield member ID card.

If you disagree with Blue Shield of California, you may file an appeal as described in the attached Appeals & Grievance form.

We apologize for any inconvenience this may have caused.

Sincerely,

Denise Ciuffo  
Director, Claims Recovery, SA & IPP

\* Amounts paid for non-network benefits and payment to non-network providers that are in excess of Blue Shield's allowed amount, do not count toward the out-of-pocket maximum.

## **ATTACHMENT B**

<Subscriber\_ID\_number>

<Plan\_ID\_number (s)> <Plan\_Name (s)>

<Calendar Year of claim reimbursement(s) <year(s)>

Enclosure(s): Appeals and Grievance, DMHC Nondiscrimination notice and language assistance services