

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

PROPOSED MINUTES

SPECIAL MEETING

March 7, 2019 – 9:00 A.M.

CITY HALL, 200 NORTH SPRING STREET, ROOM 1060
LOS ANGELES, CA 90012

Present:

Committee Members

Regular:

Paul Bechely – Laborers' Local 777

Wendy Macy – Personnel Department

Tony Royster – General Services Department

David Sanders – SEIU Local 721

Neil Guglielmo – Los Angeles City Employees' Retirement System

Matthew Rudnick – Department of Recreation and Parks

Alternates:

Marleen Fonseca – Engineers and Architects Association

Dana Brown – Office of City Administrative Officer

Personnel Department Staff

Steven Montagna – Chief Personnel Analyst

Jenny Yau – Senior Management Analyst II

Isaias Cantú – Senior Management Analyst II

Paul Makowski – Senior Personnel Analyst I

Leo Reyes – Senior Personnel Analyst I

Office of the City Attorney

Curtis Kidder – Assistant City Attorney

Keenan & Associates

Robin Rager

1. Call to Order

David Sanders called the meeting to order at 9:03 a.m.

2. Public Comments

None.

3. Minutes

A motion was made by Tony Royster and seconded by Paul Bechely to approve the minutes of the February 7, 2019 JLMBC special meeting; the Committee unanimously adopted this motion.

4. Benefit Service Provider Presentation: Kaiser Permanente

Justin Cao, Senior Executive Account Manager; Michael Allard, Senior Underwriting Consultant; and Dr. Jonathan Doris, Electrophysiologist and Assistant Area Medical Director, presented the 2018 third quarter (Q3 2018) utilization update for the City of Los Angeles. They began by discussing key findings regarding patient utilization and pharmacy claims.

Mr. Allard started by referencing key findings of patient utilization that drive high claim costs. He noted that the member age for the City is over a year older than the Kaiser Permanente (KP) regional average, and that the total paid claims for the City as of Q3 2018 increased 1.3% versus 0.6% for the KP regional average. He further explained that the City's inpatient claims increased by 3% with an inpatient surgical cost increase of 14%. He added that pharmacy claims increased 4.7%. He noted that the City's top prescribed drugs are primarily used to treat cholesterol and high blood pressure.

Next, Mr. Allard explained the five-year average of claims history and noted an increase in paid claims for the City of 4.8% versus 3.6% for the KP regional average. Mr. Allard proceeded to explain the total claims per member per month (PMPM) figures noting that the City had 33,791 members from October 2017 to September 2018, with an average member age of 35.2. He noted that inpatient claims accounted for 30% of the total paid claims for the City while outpatient claims accounted for 14%, and pharmacy claims accounted for 10%. He summarized that this trend reflected an increase in utilization for the City's plan of 4.7% for inpatient claims, 0.4% for outpatient claims, and 4.7% for pharmacy claims.

Mr. Allard then provided further detail on the total inpatient cost increases and explained there was a single claimant that drove up the cost. Dr. Doris provided additional information and discussed inpatient cost details related to surgical cases. Dr. Doris stated that there is a push for moving inpatient surgical to outpatient surgical procedures, since patients often have a faster recovery time at home. He explained even though KP promotes these efforts, there are cases where inpatient care is required and that care tends to drive claims costs up very quickly. Dr. Doris then

explained high cost claims related to maternity care. David Sanders asked for confirmation if a single member was driving the increase in cost. Mr. Allard replied affirmatively.

Mr. Allard then discussed outpatient utilization and costs, stating that the City's outpatient claims increased 0.4% compared to a 2.1% increase for KP health plans. He indicated emergency room visits for the City increased 33.9%, with an increase of cost per visit of 31.6%. Dr. Doris stated that KP expends efforts to decrease emergency visits including providing expanded urgent care hours, virtual doctor visits, and nurse consultations.

Mr. Allard next discussed pharmacy utilization and cost changes. He stated that total pharmacy paid claims increased by 4.7% and noted that the brand formulary paid claims increased 9.6%, the generic formulary increased 6.3%, and the specialty formulary increased 7.8%. He highlighted the specialty formulary 5-year average increase for the City was 19.9%. Dr. Doris explained that physicians are focused on prescribing generic prescriptions to curb costs, and noted that generics account for about 95% of all prescriptions.

Mr. Guglielmo recommended that KP incorporate the same-day appointment feature currently available by phone into its mobile app for ease of scheduling appointments. Dr. Doris replied that KP is continuing to work on several enhancements to its mobile app. Marleen Fonseca inquired if KP is concerned that hydrocodone-acetaminophen is on the top 10 list of drugs prescribed to the City's members. Mr. Cao stated this is the number two drug prescribed throughout KP. Dr. Doris added that KP is working to decrease the issuance of opioid prescriptions, since the federal government declared a national emergency for opioids addiction.

Wendy Macy asked what recommendations Dr. Doris had that could be implemented for wellness. Dr. Doris referenced the KP Center for Healthy Living as an online resource. Mr. Cao added that KP can identify educational pieces for behavior regarding nutrition and fitness that could be provided for the City's use.

Mr. Sanders asked if claims and costs may change for the fourth quarter of 2018. Mr. Allard responded that there might be significant changes, noting that historically the fourth quarter has experienced increases.

Mr. Guglielmo asked about preventive care screenings results. Mr. Cao replied that preventive screenings are always a focus and noted that promoting that through the City's incoming wellness administrator, Limeade, may help to improve results.

Dana Brown inquired about the recent recall of medication and any effect it may have on costs. Mr. Cao replied he was not sure how this would affect costs but would research it further.

5. Committee Report 19-08: Benefits Third-Party Administrator (TPA) Transition Update

Jenny Yau presented this report. Ms. Yau stated that the project is still on target to meet the anticipated go-live date of April 1. She explained that all phases of testing for both the administrative and member portals are expected to be completed by mid-March.

Ms. Yau next provided a summary of the results of the user acceptance testing of the member portal which concluded on February 21. She explained that staff worked with human resource departmental liaisons in gathering volunteers from a variety of City departments, job classifications, and years of City service to ensure diversity of the testing group. She added that volunteers were asked to complete a survey at the conclusion of their user experience testing session, and she noted that the majority of users indicated a very positive experience with the member portal. She stated that members will still be able to provide feedback on their user experience of the member portal through an on-line survey that will be available after the system goes live. She further added that Employee Benefits Division (EBD) staff is already working with Morneau Shepell to make future enhancements in the member portal based on survey responses.

Next, Ms. Yau provided an update on transition related communications. She stated that a postcard will be mailed to members at the end of March to announce the transition. Ms. Yau added that EBD staff is also working with Morneau on shooting instructional videos on two topics: member portal registration and how to use the new member portal. She indicated that the videos will be available in the member portal and posted on www.keepingLAwell.com on April 1. She also added that the same informational content provided in the postcard and videos will be repeated in this year's upcoming Open Enrollment materials for Plan Year 2020, as members typically do not engage with the member portal outside of Open Enrollment.

Ms. Yau next reminded the Committee that when the Request for Proposal (RFP) for TPA services was released in May of 2017, the City requested that bidders provide a locally based, full-time on-site benefits administration staff member to assist City employees and EBD staff in navigating the TPA's resources, resolve issues that may arise in administration of the TPA's website and recordkeeping system, and/or address issues relating to employee status, eligibility, and benefits coverage. Ms. Yau explained that Morneau Shepell has selected this on-site resource for the City and introduced Sharon Thomas as the TPA benefits administration on-site staff member that would be dedicated full-time to the City's account effective April 1. Kevin Kanoon, Vice-President of Administrative Solutions with Morneau Shepell stated that Ms. Thomas has extensive experience in benefits administration and prior experience working with governmental agencies.

Ms. Yau concluded the presentation by explaining that the TPA transition is entering into the last stage of the implementation plan – Transition to Ongoing Support and introduced Terri Arceneaux, Implementation Manager with Morneau Shepell to provide

an update on this stage of the transition. Ms. Arceneaux provided a status update on the timeline for receiving final production data from the current benefits TPA, Mercer. She also stated that there are a few last-minute changes being made to the member portal to incorporate the feedback received from members as part of the user experience testing. She stated that training for the Morneau Shepell call center staff will be completed by mid-March. She further explained that the call center is fully staffed and will be participating in a “Culture Day” training with EBD staff to learn about the unique aspects of the City’s demographics and benefits administration policies and procedures.

Mr. Guglielmo asked if members provided any negative feedback from the user experience testing. Ms. Yau replied that users provided recommendations for improvement of the member portal which mirrored the suggestions made by staff during its initial testing of the member portal. She explained that work to implement some of these recommendations is already in progress and these enhancements to the member portal are expected to be in place prior to its launch on April 1. Mr. Guglielmo stated that it is best practice to use member criticism to continue to improve the member experience. He then commended EBD staff for a well thought out communications plan. Ms. Macy acknowledged EBD staff for the months of planning, effort, and work that was completed to accomplish the TPA transition.

Mr. Sanders asked if EBD staff could partner with the labor unions on the transition announcement postcard. Mr. Montagna responded that EBD staff would reach out to the labor unions to discuss options.

Following this discussion, **a motion was made by Marleen Fonseca and seconded by Wendy Macy to receive and file the LAWell Program benefits TPA transition update for February 2019; the Committee unanimously adopted this motion.**

6. Committee Report 19-09: LIVEwell Program Update

Leo Reyes presented this report. Mr. Reyes began by stating that staff launched a new “What’s Happening in Wellness” newsletter in February to more effectively communicate wellness information. He explained that the newsletter included information on class schedules, upcoming webinars and clinics, practical wellness tips, and easy to prepare recipes and that staff issued the first monthly communication in February.

Mr. Reyes next provided an update on LIVEwell education classes. He stated that LIVEwell offered the “Exercise with Resistance Bands” class at six locations and a total of 287 employees attended the class. He also stated that LIVEwell offered “Resolve to Get & Stay Healthy” classes at three City locations and that a total of 79 employees attended the classes. Lastly, he stated that a “Mindful Meditation” class was held in February and a total of 238 employees attended the class. Mr. Reyes summarized that from January 1 to February 21, LIVEwell held 18 classes in 12 locations, in which 604 employees attended the classes.

Mr. Reyes then provided a summary of LIVEwell engagement results to date. He explained that for the period July 1 to February 21, 2019, total member engagements were 6,405, exceeding staff's full fiscal year goal of 6,000 total engagements.

Next, Mr. Reyes explained that the LIVEwell Local Program visited several City locations where staff promoted LIVEwell Program events, activities, and resources. He added that in January, staff participated in the Port of Los Angeles Health Fair and that 129 employees visited the LIVEwell booth.

Mr. Reyes then provided an update on the Feel Like a Million Challenge. He noted that the challenge concluded on February 24 with a total of 1,323 employees participating in the challenge. He stated that EBD staff will compile usage data and user feedback and announce the winners once all of the results of the challenge are compiled.

Mr. Reyes concluded the presentation with an update on the LIVEwell Wellness Festival. He stated that staff is currently planning the second annual festival and that staff will return to the Committee at its next meeting with its implementation plans.

Mr. Guglielmo thanked staff for providing a cooking demonstration class at the Los Angeles City Employees' Retirement System (LACERS). He commented that LACERS staff greatly enjoyed the demonstration.

A motion was made by Tony Royster and seconded by Neil Guglielmo to receive and file the staff report regarding LIVEwell Program developments, updates, and activities; the Committee unanimously adopted this motion.

7. Committee Report 19-10: Wellness Services Administrator (Limeade) Implementation Update

Isaias Cantu presented this report. He stated that staff and Limeade have met weekly to coordinate and track the implementation of the Limeade portal on an internet dashboard developed by Limeade. He explained that progress is being tracked on several elements including developing a communications plan for promoting the launch of the Limeade portal, delineating the roles and responsibilities for EBD staff and Limeade personnel, and tracking the hiring of Limeade's onsite engagement specialists.

Mr. Cantu next explained that staff is working to ensure that the Limeade domain name and email address are added to the City's network whitelist which will prevent the Limeade portal from being a restricted site and Limeade emails from being identified as spam. He stated that this work has been completed with the Information Technology Agency, the Port of LA, and Los Angeles World Airports and is expected to be completed with the Library Department by March 29.

Mr. Cantu continued by providing an update on the status of the eligibility file. He stated that staff, Limeade, and the City's new benefits TPA, Morneau Shepell have completed

work on the requirements of the eligibility file and that testing of the file will begin on March 18.

Mr. Cantu concluded the presentation by stating that the contract between the City and Limeade is nearly complete and staff is working to expedite the review and approval of the contract through the City's internal processes.

A motion was made by Neil Guglielmo and seconded by Matthew Rudnick to receive and file the Wellness Services Administrator (Limeade) implementation update for December 2018 to February 2019; the Committee unanimously adopted this motion.

8. Committee Report 19-11: Projects & Activities Report

Paul Makowski presented this report. He began by providing an update on the most recent provider negotiations in the Anthem network. He reported that Anthem successfully renewed their service agreement with Presbyterian Intercommunity Hospital-Whitter for a multi-year term from March 1, 2019 to December 31, 2021.

Mr. Makowski continued by providing an update on Affordable Care Act (ACA) tax reporting. He stated that ACA tax reporting has been completed and all 1095-C tax forms were mailed to employees on February 15 in advance of the March 4 IRS deadline. He also explained that the City's health plan service providers, Anthem and Kaiser have completed their mailing of 1095-B forms to employees.

Next, Mr. Montagna provided an update on health, dental, and vision provider contract extensions. He stated that EBD staff had made significant progress in discussions with all four service providers but those discussions were not concluded as of the release of the report. He explained that a full report will be provided at the April 4, 2019 meeting.

Mr. Montagna then introduced new EBD staff member Gabriela Cortes and explained that she will assist with COBRA and the administration of Support Plus – Employee and Family Assistance Program. Mr. Montagna continued by stating that this will be the last meeting for FUSE fellow, Joan Centanno and presented her with certificates acknowledging her significant accomplishments with the LIVEwell Program.

A motion was made by Tony Royster and seconded by Neil Guglielmo to receive and file the projects and activities report regarding informational items, project updates, staffing summary, and completed projects/meeting calendar for February 2019; the Committee unanimously adopted this motion.

9. REQUEST FOR FUTURE AGENDA ITEMS

None.

10. NEXT MEETING DATE

A meeting was noted for April 4, 2019 at 9:00 a.m.

11. ADJOURNMENT

The meeting was adjourned at 10:19 a.m.

Minutes prepared by staff member Gabriela Cortes.