



TO: City Council	DATE July 20, 2021
SUBJECT: LAWell Program Continuing Benefit - Catastrophic Illness Program	COUNCIL FILE

RECOMMENDATION:

That the City Council (a) approve the continuation of the Catastrophic Illness Program (Catastrophic Program) as an ongoing benefit; and (b) request the Office of the City Attorney to prepare and present the necessary ordinance to incorporate the Catastrophic Program as a new section to Division 4, Chapter 7, Article 5 of the City of Los Angeles Administrative Code (LAAC).

SUMMARY:

The Personnel Department administers the City's LAWell Program for active City civilian employees and their qualified dependents in conjunction with the City's Joint Labor Management Benefits Committee (JLMBC). The JLMBC is comprised of five management and five labor representatives. The JLMBC was created in 1990 by action of the City Council and Mayor for the purpose of determining what plans were to be included in the benefits program, defining the structure of benefit plans, and recommending service providers to the General Manager Personnel Department. Currently, the LAWell Program covers approximately 27,000 employees and 35,000 dependents.

Division 4, Chapter 7, Article 5, Sec. 4.303 of the LAAC provides that the City Council authorize suitable employee benefit programs as recommended by the JLMBC and maintained by the Personnel Department. Benefit programs include a variety of insurance plans, including for health, dental, vision, disability, and life insurance; service programs, such as the Employee and Family Assistance Program; and income/health insurance continuation programs such as the Benefits Protection Plan and Catastrophic Program.

The Catastrophic Program provides compensation to employees who are experiencing their own or a dependent family member's catastrophic illness. The program was established in 1993 as a two-year pilot program and, although the pilot program was previously extended by ordinance, it has not yet been established as a continuing program within the LAAC. The purpose of this transmittal is to request that the City Council (a) approve the continuation of the Catastrophic Program as an ongoing benefit; and (b) request the Office of the City Attorney to prepare and present the necessary ordinance to incorporate the Catastrophic Program as a new section to Division 4, Chapter 7, Article 5 of the LAAC.

A. BACKGROUND

In 1993, as part of a two-year pilot program under City Ordinance 168719, the JLMBC established the Catastrophic Program, which was approved by the Mayor and City Council. It allows civilian employee members of the LAWell Program (excluding employees of the Department of Water and Power, and Deputy and Assistant City Attorneys covered through a separate catastrophic program by their membership in MOUs 29, 31, or 32) who are catastrophically ill, or who must care for a catastrophically ill family member, to draw up to 480 hours from a "time bank" of leave time. The program was subsequently extended several times through Ordinances 170422, 1701588, and 172578.

The Catastrophic Program was designed in order to meet two primary objectives: (1) continuation of a minimum level of income for an employee facing severe financial distress as a result of a catastrophic illness; and (2) maintaining employee health coverage when no reasonable option is available to maintain such coverage. If an employee had other options to generating income (e.g., through a disability insurance program) and/or maintaining health coverage (e.g., an employee may be covered under a spouse's health plan), the employee would not be deemed eligible for the Catastrophic Program. Documentation of the medical condition and its actual or potential financial consequences creating the catastrophic situation was required as part of the application and review process. To be eligible to receive time, an employee must have:

- (1) Exhausted all sick leave time, vacation time, floating holidays, accumulated overtime, basic disability benefits and supplemental disability benefits (if time is requested for the employee's own illness).
- (2) Passed probation.
- (3) Be either a permanent full time or half time employee who is a civilian employee member of the City's LAwell Program.
- (4) Suffering from a non-work-related catastrophic illness/injury or life-threatening disease, or required to care for a family member suffering from a catastrophic illness/injury or life-threatening disease where other types of care are not reasonably available.

Under the Catastrophic Program, full time employees are limited to receiving no more than 40 hours of compensated time during any two-week pay period they are approved for the Catastrophic Program. The JLMBC established this limitation for two reasons: (1) it provided the employee the equivalent of a 50% sick pay continuance (the last compensation level an employee would typically exhaust before becoming eligible to apply for the Catastrophic Program); and (2) 40 hours was the minimum level of compensated time a full time employee must receive in order to maintain the City's subsidy for health insurance.

The maximum number of hours that any employee can receive from the Catastrophic Program is 480 hours. At 40 hours per pay period, an employee is therefore provided with up to six months of additional leave benefits. For half time employees, the approval limit is 240 hours, commensurate with a half time employee's compensation level and hours requirement for maintaining the City health insurance subsidy. Prospective applicants must complete the applications with supporting documentation. If approved they are credited with the additional sick time hours.

The hours used by those approved for the Catastrophic Program come from a virtual "time bank" of unused vacation and floating holiday hours waived and lost by other City employees. This differs from the traditional "donation" concept. However, because program utilization has been historically low (as the circumstances requiring a need for the program are rare), on an annual basis, recipients use only a fraction of the waived and lost hours (approximately 5% of annual donated hours are typically used by Catastrophic Program recipients in any given year). In addition, although the pilot program technically has historically permitted voluntary donations of hours, in practice voluntary donations have not been needed because waived and lost vacation and floating holiday hours have always greatly exceeded the needs of program recipients. A review of available records does not indicate any instances of direct donations of time. As a result, with the establishment of the Catastrophic Program as a continuing benefit, the option for voluntary donations is not necessary and would be removed.

B. CATASTROPHIC PROGRAM UTILIZATION

The Personnel Department, on average, reviews and approves fewer than ten Catastrophic Program cases annually. A total of 47 Catastrophic Program cases were approved during the five-year period between January 2016 and December 2020. Of those, 25 were for the employee's illness and 22 were for illnesses of an employee's family member. Following is a summary of approved applications broken down by year:

CATASTROPHIC PROGRAM APPROVALS BY YEAR: 2016-2020			
Year	Catastrophic Illness Program Cases	Catastrophic Illness Program Situation	
		Employee Illness	Family Illness
2020	11	7	4
2019	6	3	3
2018	8	6	2
2017	12	8	4
2016	10	1	9
Totals	47	25	22

C. RECOMMENDATION TO ESTABLISH CONTINUING STATUS WITHIN THE LAAC

The Catastrophic Program is a valuable benefit for City employees who are faced with extraordinary health and family circumstances and have no other benefits available to maintain a base level of income to retain their health benefits. Keeping the Catastrophic Program as a continuing benefit will ensure that it continues to be a resource for City employees in future years.

D. FISCAL IMPACT

The additional sick time hours paid to Catastrophic Program recipients are effectively paid from departmental salary accounts. As utilization is rare, the ongoing fiscal impact of continuing to provide this benefit is minor.

E. CONCLUSION

The JLMBC and Personnel Department have successfully partnered over many years to administer and improve the LAwell Program. The Catastrophic Program is a product of that partnership. It provides an important benefit for City employees who are faced with extraordinary health circumstances and have no other benefits available to maintain a base level of income to maintain their health benefits. The JLMBC respectfully requests that the City Council (a) approve the continuation of the Catastrophic Program as an ongoing benefit; and (b) request the Office of the City Attorney to prepare and present the necessary

ordinance to incorporate the Catastrophic Program as a new section to Division 4, Chapter 7, Article 5 of the LAAC.



DAVID SANDERS, CHAIRPERSON
JOINT LABOR-MANAGEMENT BENEFITS COMMITTEE



WENDY G. MACY, VICE-CHAIRPERSON