

PERSONNEL, AUDITS, AND ANIMAL WELFARE COMMITTEE REPORT relative to proposed Second Supplemental Agreement to Contract No. C-132624 with Kaiser Foundation Health Plan, Inc. Southern California Region (Kaiser Foundation Health Plan) to provide staff model health maintenance organization healthcare services for active City employees.

Recommendation for Council action:

APPROVE and AUTHORIZE the General Manager, Personnel Department to execute, the Second Supplemental Agreement to Contract No. C-132624 with Kaiser Foundation Health Plan to extend the term by an additional one year for a revised total term of six years effective January 1, 2017 through December 31, 2022, subject to approval as to form by the City Attorney.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that funding is included in the 2021-22 Adopted Budget within the Human Resources Benefits Civilian Flex Program and fees collected from City employee participants.

Fiscal Policies Statement: The CAO reports that as budgeted funds are available to support the proposed Agreement and expenditures, the recommendation of this report complies with the City's Financial Policies.

Community Impact Statement: None submitted.

TIME LIMIT FILE – MAY 6, 2022

(LAST DAY FOR COUNCIL ACTION – MAY 6, 2022)

Summary:

On April 6, 2022, your Committee considered a December 16, 2021 CAO report relative to proposed Second Supplemental Agreement to Contract No. C-132624 with Kaiser Foundation Health Plan, Inc. Southern California Region (Kaiser Foundation Health Plan) to provide staff model health maintenance organization healthcare services for active City employees (excluding the Los Angeles Department of Water and Power [LADWP]) and their qualified dependents. According to the CAO, on June 9, 2016, the Joint Labor-Management Benefits Committee (JLMBC) adopted a Personnel Department recommendation to select Kaiser Foundation Health Plan as the staff model health maintenance organization (HMO) healthcare services provider for active City employees (excluding the LADWP) and their qualified dependents.

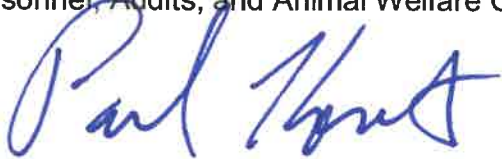
The initial Healthcare Services Agreement (Agreement No. C-132624) provided a three-year term effective January 1, 2017 through December 31, 2019, with an option to extend for up to two additional years. The First Supplemental Agreement exercised the option to extend the term by two years to the current five-year term effective January 1, 2017

through December 31, 2021. On February 11, 2021, the Personnel Department released a Request for Proposals (RFP) for the selection of health plan services beginning in January 2022. During the evaluation of proposals, the Department states that process complications were identified relating to the RFP and, in consultation from the City Attorney, it was determined that the evaluation could not be completed.

Subsequently, on July 1, 2021, the JLMBC recommended that the Department cancel the RFP process. To ensure ongoing health care services for City employees and their qualified dependents and to provide time to complete a new RFP process in 2022, the Personnel Department and Contractor negotiated the proposed Second Supplemental Agreement to provide an additional one-year extension for a total term of six years effective January 1, 2017 through December 31, 2022. The Agreement includes a ratification clause to allow the Contractor to continue providing services prior to execution of the proposed Agreement to ensure the continued provision of healthcare services for City employees and their qualified dependents. Compensation for services is based on the agreed upon premium rates for the selected tier and number of City employees. Premium rates during the 2022 plan year increase by 3.0 percent. After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the exemption as detailed above. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

Personnel, Audits, and Animal Welfare Committee



COUNCILMEMBER	VOTE
KORETZ:	YES
HARRIS-DAWSON:	YES
BONIN:	ABSENT

ARL

4/6/22

-NOT OFFICIAL UNTIL COUNCIL ACTS-