

REPORT  
FROM



THE PERSONNEL  
DEPARTMENT

TO: City Council	DATE June 16, 2022
REFERENCE: Los Angeles Administrative Code Division 4, Chapter 7, Article 5, Sec. 4.303	COUNCIL FILE

SUBJECT: **Plan Year 2023 LAwell Civilian Benefits Program (LAwell Program)**

**RECOMMENDATION:**

That the City Council approve the 2023 LAwell Program including the employee benefit plans, benefit plan premiums and rates, and program design features embodied therein.

**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 composed 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 25,000 employees and 32,000 dependents.

Division 4, Chapter 7, Article 5, Sec. 4.303 of the Los Angeles Administrative Code provides that the City Council authorize suitable employee benefit programs as recommended by the JLMBC and maintained by the Personnel Department. At its meeting on June 16, 2022, the JLMBC recommended adoption of the LAwell Program for Plan Year 2023. The purpose of this transmittal is to request that the City Council approve the JLMBC's recommendation.

The LAwell Program Plan Year is a twelve-month period concurrent with each calendar year. Each year the JLMBC reviews information provided by the Personnel Department, benefits consultants, and service providers for the purpose of recommending to City Council adoption of the premiums and rates for the subsequent year. The JLMBC may also recommend certain modifications to LAwell Program design services and features. The recommended 2023 LAwell Program reflects the success of the JLMBC and Personnel Department in providing a vibrant and competitive benefits package while also successfully managing employer and member costs. In 2023, premium costs for the Kaiser and Anthem plans will rise. Additionally, the Employee and Family Assistance Program (EFAP) will incur a small increase. Outside of the increases to the Health and EAP benefits, all other benefit provider premiums and rates are decreased or unchanged in 2023 compared to 2022 premiums and rates.

## A. LAwell PROGAM BENEFIT PLANS AND SERVICE PROVIDERS

The LAwell Program contains a diverse array of benefit plans with multiple vendors providing benefit plans, wellness services, administrative services, consulting services, and federally required compliance services. The City's diverse range of services creates opportunities for employees to customize their benefit needs in support of the health and well-being of themselves and their dependents. Current benefit plans, services, and service providers include the following:



### THIRD-PARTY ADMINISTRATOR

LifeWorks (formerly Morneau Shepell) – Benefit administration, recordkeeping, and data exchange



## **B. SERVICE PROVIDER ANNUAL RENEWALS AND PROCUREMENTS**

On June 16, 2022, the JLMBC reviewed annual service provider renewals for the purpose of developing recommendations to the General Manager Personnel Department and City Council for adoption of the 2023 LAwell Program. For LAwell Program health plans, Kaiser has renewed at a 7.5% increase in premiums, and Anthem has renewed at a 10.9% increase in premiums. Additionally, the Employee and Family Assistance Program (EFAP) will incur a 3.3% increase. Outside of the increases to the Health and EAP benefits, all other benefit provider premiums and rates are decreased or unchanged in 2023 compared to 2022 premiums and rates.

Following are highlights for each provider renewal.

### **Health Plans**

#### **Service Provider: Kaiser**

- Kaiser is the provider of the LAwell Program's Staff Model Health Maintenance Organization (HMO) plan. Kaiser's services are provided by its employees and using its facilities.
- Kaiser is renewing at a 7.5% premium increase.
- Kaiser continues to support the City's Wellness Program with \$1 million in annual discretionary wellness funds. For 2023, it has committed to add an additional \$150,000 to its annual \$1 million, for a total of \$1,150,000.

#### **Service Provider: Anthem**

- Anthem is the provider of the LAwell Program's Preferred Provider Option (PPO), Narrow Network HMO, Full Network HMO, and Regional HMO ("Vivity") options. Anthem uses contracted physicians and provider groups for its in-network services and provides reimbursements to physicians and provider groups outside of its PPO network.
- Anthem is renewing at a 10.9% premium increase.
- Anthem continues to support the City's Wellness Program with \$1 million in annual discretionary wellness funds.

### **Dental Plans**

#### **Service Provider: Delta**

- Delta is the provider of the LAwell Program's Dental PPO, HMO, and Preventive Care plans. Delta Dental uses contracted dentists and provider groups for its in-network services and provides certain reimbursements to provider groups outside of its PPO network.
- Delta is providing no increase in its HMO premiums and has provided a -1.75% decrease to its PPO and Preventative Care plans in 2023.

### **Vision Plan**

#### **Service Provider: EyeMed**

- EyeMed is the provider of the LAwell Program's vision plan. EyeMed uses contracted service providers for its in-network services and provides certain reimbursements to provider groups outside of its network.
- EyeMed is providing no premium increase in 2023.

### Life/Disability/AD&D Plans

#### **Service Provider: The Standard**

- The Standard is the provider for the LAwell Program's Life Insurance (base benefit and optional supplemental); Short-Term Disability (base benefit) and Long-Term Disability (base benefit with optional supplemental benefit); and Accidental Death & Dismemberment (AD&D) insurance plans.
- The Standard is providing no increase in premiums for its Long-Term Disability and AD&D benefits, and no premium change for its base benefit portion of Life Insurance in 2023; The Standard is further renewing with 9% reduction for the optional supplemental portion of its Life Insurance and a 6% reduction for its Short-Term Disability benefit in 2023.

### Tax-Advantaged Spending Accounts

#### **Service Provider: WageWorks**

- WageWorks is the provider of the LAwell Program's Tax-Advantaged Spending Accounts. These accounts include the Healthcare Flexible Spending Account (HFSA), Dependent Care Reimbursement Account (DCRA), Transit Spending Account (TSA), and Parking Spending Account (PSA).
- WageWorks is providing no increase in rates for its services in 2023.

### EFAP Services

#### **Service Provider: Optum**

- Optum is the provider of the LAwell Program's Support Plus - Employee and Family Assistance Program (EFAP) services.
- Optum is providing a 3.3% rate increase in 2023.

Renewal actions for all benefit providers in 2023 are summarized as follows:

Provider	Benefit Plan	Proposed Renewals
Kaiser Permanente	Staff Model HMO	Proposed 2023 7.5% premium increase
Anthem Blue Cross	Preferred Provider Option (PPO)	Proposed 2023 10.9% premium increase
Anthem Blue Cross	Full Network HMO	Proposed 2023 10.9% premium increase
Anthem Blue Cross	Narrow Network HMO	Proposed 2023 10.9% premium increase
Anthem Blue Cross	Regional Network HMO (Vivity)	Proposed 2023 10.9% premium increase
Delta Dental	Dental HMO	Proposed 2023 no premium change for all plans
Delta Dental	Dental PPO/Preventive Plans	Proposed 2023 (1.75%) premium decrease
EyeMed	Vision Plan	Proposed 2023 no premium change
The Standard	Basic Life	Proposed 2023 no premium change
The Standard	Supplemental Life	Proposed 2023 (9%) premium decrease
The Standard	Short-Term Disability (Base/Buy-Up)	Proposed 2023 (6%) premium decrease
The Standard	Long-Term Disability (Base/Buy-Up)	Proposed 2023 no premium change
The Standard	Voluntary AD&D	Proposed 2023 no premium change
Optum	Support Plus - Employee and Family Assistance Program	Proposed 2023 3.3% premium increase
WageWorks	Tax-Advantaged Spending Accounts	Proposed 2023 no premium change



### C. PLAN DESIGN CHANGES

Outside of premiums and rates, the 2023 LAwell Program generally contains the same plans and benefit levels in effect for Plan Year 2023. However, the JLMBC has approved two benefit design changes, as follows:

- (1) **Basic Disability Insurance** – The JLMBC adjusts the basic disability insurance monthly benefit each year based on cost-of-living increases in employee salaries. In 2023 the monthly basic disability maximum benefit amount for those receiving disability insurance payments will increase by \$71 from \$3,559 to \$3,630.
- (2) **Healthcare Flexible Spending Account (HFSA)** – Each year the federal government adjusts the maximum annual contribution for HFSA accounts. In 2023 the maximum annual contribution will increase by \$100 from \$2,750 to \$2,850.

### D. FISCAL YEAR 2022-23 BUDGET AND PROJECTED EXPENDITURES

The City budgets for the LAwell Program on a fiscal year basis. Projected expenditures for fiscal year 2022-23 represent a combination of premiums and rates for calendar years 2022 and 2023. Incorporating vendor selection and service provider renewals, the overall cost of the LAwell Program is expected to increase from the adopted budget amount for fiscal year 2022-23. Actual costs will further vary based on changes in enrollment and member benefit elections that occur throughout the year, particularly elections made during Open Enrollment in October 2022 for calendar year 2023.

### E. CONCLUSION

The JLMBC and Personnel Department have successfully partnered over many years to administer and improve the LAwell Program. Each day City employees are on the front lines supporting the public and one another to fulfill the mission of the City of Los Angeles. The LAwell Program plays a vital role in providing the tools and resources for City employees to take care of themselves and their families, and this has been particularly the case throughout the COVID-19 pandemic. The JLMBC respectfully requests that the City Council adopt the 2023 LAwell Program.



DANA BROWN, CHAIRPERSON



DAVID SANDERS, VICE-CHAIRPERSON

JOINT LABOR-MANAGEMENT BENEFITS COMMITTEE