

PERSONNEL, AUDITS, AND ANIMAL WELFARE COMMITTEE REPORT relative to proposed extension of Professional Services Agreement (Contract C-137662) with Anthem Blue Cross (Anthem).

Recommendation for Council action:

AUTHORIZE the General Manager, Personnel Department, or designee, on behalf of the Joint Labor-Management Benefits Committee, to execute a an extension to Contract C-137662 with Anthem to provide Health Maintenance Organization (HMO) and Preferred Provider Option (PPO) health plan services for an additional one-year contract term from January 1, 2022 to December 31, 2022, subject to City Council approval to include:

- a. Anthem Blue Cross Narrow Network (HMO Narrow Network)
- b. Anthem Blue Cross Full Network (HMO Full Network)
- c. Anthem Blue Cross Vivity HMO (HMO Regional Network)
- d. Anthem Blue Cross PPO plans for eligible City employees (excluding employees of the Los Angeles Department of Water and Power) and their qualified dependents.

Fiscal Impact Statement: The Personnel Department reports that funding is provided in the Human Resources Benefits Budget, Fund No. 100, Contractual Services Account No. 9200, with no additional impact on the General Fund.

Community Impact Statement: None submitted.

Summary:

On August 3, 2022, your Committee considered a June 22, 2022 Personnel Department report relative to proposed extension of Professional Services Agreement (Contract C-137662) with Anthem. According to the Personnel Department, Contract C-137662 was executed with Anthem for a five-year term beginning January 1, 2017 through December 31, 2021. Through this contract Anthem provided the LAwell Program's non-staff model HMO and PPO health plans.

The five-year Anthem contract ended on December 31, 2021, and the Personnel Department had issued an Request for Proposals (RFP) for health plan services in January 2021 with the intention of selecting a successful bidder for services to begin January 1, 2022. However, as a result of certain complications related to the RFP, on July 1, 2021 the JLMBC recommended that the Personnel Department General Manager exercise the option to cancel the RFP. The Personnel Department General Manager approved this recommendation, and effective July 1, 2021 the RFP was canceled and marked as withdrawn.

Subsequently, LAwell Program staff and Anthem negotiated a one-year contract extension for service year 2022 (January 1, 2022 to December 31, 2022) and came to mutual agreement on terms accepted by both the City Attorney and Anthem's legal counsel. The extension has been initially approved by the City Attorney as to form and legality and is in compliance with the City's contracting requirements and will be further reviewed by the City Attorney after City Council approval is received to confirm compliance and meeting of form and legality. As there is an ongoing need and obligation for the City to provide access to the incumbent's health care services for LAwell Program members, such services cannot be replaced absent a procurement and sufficient time to select a provider in advance of the annual Open Enrollment period, which occurs in October. Accordingly, the Personnel Department reissued a revised RFP in March 2022 for health plan services for services to begin January 1, 2023. Evaluation of responses to the RFP for the 2023 service year is currently underway. This proposed extension covers the 2022 service year. After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the recommendation contained in the Personnel Department report. 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  
8/3/22

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**