

**TO THE COUNCIL OF THE
CITY OF LOS ANGELES**

Your

PERSONNEL AND ANIMAL WELFARE

Committee

reports as follows:

PERSONNEL AND ANIMAL WELFARE COMMITTEE REPORT relative to the approval of Plan Year (PY) 2013 Civilian Modified Flexible Benefits (FLEX) Program and related fourth and fifth year contract extensions with Mercer HR Services to provide Third Party Administrative Services for the FLEX Benefits Plan.

Recommendations for Council action:

1. APPROVE the PY 2013 FLEX Benefits Plan with the modifications outlined in Attachment A of the October 2, 2012 report from the Personnel Department, attached to the Council file.
2. AUTHORIZE the Personnel Department's General Manager to execute the fourth and fifth year contract extensions with Mercer HR Services to provide Third Party Administrative Services for the FLEX Benefits Plan from June 4, 2012 through June 3, 2014.
3. NOTE and FILE the October 2, 2012 status report from the Personnel Department relative to the PY 2013 FLEX Benefits Program.
4. REQUEST that the Personnel Department brief the Personnel and Animal Welfare Committee prior to the release of Request for Proposals for future FLEX Benefits Plan medical plan provider(s).

Fiscal Impact Statement: The Personnel Department reports that the estimated annual savings to the City for a 12-month period is approximately \$12.46 to \$12.96 million. There will be additional costs to conduct another open enrollment including consulting costs, printing costs and staff costs estimated at \$500,000. The Personnel Department will report back to Council regarding the need for any additional funds in a subsequent Financial Status Report.

Community Impact Statement: None submitted.

Summary:

On September 25, 2012, the Personnel and Animal Welfare (PAW) Committee considered a Personnel Department's report dated September 20, 2012, relative to the approval of PY 2013 FLEX Program and related fourth and fifth year contract extensions with Mercer HR Services to provide Third Party Administrative Services for the FLEX Benefits Plan. During the discussion of this item, representatives from the Personnel Department and the City Administrative Officer provided a thorough overview of the proposed plan and responded to numerous related questions from the Committee members. After considering public comments from members who would be affected by changes in the proposed Anthem Blue Cross narrow network HMO and PPO medical plans and from an Anthem Blue Cross representative, the PAW Committee sent the item back to the Joint Labor-Management Benefits Committee (JLMBC). The Committee requested that a special meeting of the JLMBC be convened to consider Anthem's offer of \$250,000 to partially offset the cost of maintaining the Anthem PPO plan at the current Full Network level, and to consider establishing a

second Anthem HMO Plan alongside the HMO Narrow Network Plan which would allow HMO members to pay a higher premium in order to have access to the full network of providers.

On October 2, 2012, the PAW Committee reconsidered this matter. In a report submitted in Committee, dated October 2, 2012, the Personnel Department reports that the JLMBC held special meetings on September 28, 2012, and October 2, 2012, to discuss the matters described above. The JLMBC also heard public comments from various employees and the public regarding the proposed Anthem Blue Cross narrow network. On October 2, 2012, the JLMBC unanimously voted to adopt the Civilian Flexible Benefits Program plan design changes contained in Attachment A of the October 2, 2012 Personnel Department report.

After thorough overview and discussion of proposed modifications, as well as considering additional public comments, the Committee recommended that Council approve the recommendations contained in this report, as reflected above. This matter is now submitted to Council for its consideration.

Respectfully submitted,

PERSONNEL AND ANIMAL WELFARE COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
KORETZ:	YES
ALARCON:	ABSENT
ZINE:	YES

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- Not Official Until Council Acts -