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CARMEN A. TRUTANICH
City Attorney

REPORT NO. R 1 2 - 0 2 3 5
JUL 2 5 2012

REPORT RE:

DRAFT ORDINANCE TO AMEND SECTIONS 4.307 AND 4.307.1 OF THE LOS ANGELES ADMINISTRATIVE CODE, PERTAINING TO HEALTH INSURANCE FOR NON-REPRESENTED EMPLOYEES, TO PROVIDE FOR AN ADDITIONAL 5% EMPLOYEE CONTRIBUTION TOWARD HEALTH PLAN PREMIUM COSTS AND PROVIDE UPDATED LANGUAGE PERTAINING TO CONTINUATION OF HEALTH INSURANCE SUBSIDIES DURING FAMILY OR MEDICAL LEAVE, RESPECTIVELY

The Honorable City Council
of the City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, California 90012

Honorable Members:

Pursuant to your request, this Office has prepared and now transmits for your consideration the enclosed draft ordinance, approved as to form and legality. This ordinance would amend Sections 4.307 and 4.307.1 of the Los Angeles Administrative Code, pertaining to health insurance for non-represented employees, to provide for an additional 5% employee contribution toward health plan premium costs and provide updated language pertaining to continuation of health insurance subsidies during Family or Medical Leave, respectively.


Council Rule 38 Referral

Pursuant to Council Rule 38, the ordinance was referred to the City Administrative Officer (CAO). The CAO recommends adoption of this ordinance.

If you have any questions regarding this matter, please contact Senior Assistant City Attorney Zna Portlock Houston at (213) 978-7182. She or another member of this Office will be present when you consider this matter to answer any questions you may have.

Very truly yours,

CARMEN A. TRUTANICH, City Attorney

By 
PEDRO B. ECHEVERRIA
Chief Assistant City Attorney

PBE:ZPH:lh
Transmittal

ORDINANCE NO. _____

An ordinance amending Sections 4.307 and 4.307.1 of the Los Angeles Administrative Code, pertaining to health insurance for non-represented employees, to provide for an additional 5% employee contribution toward health plan premium costs and provide updated language pertaining to continuation of health insurance subsidies during Family or Medical Leave, respectively.

**THE PEOPLE OF THE CITY OF LOS ANGELES
DO ORDAIN AS FOLLOWS:**

Section 1. Section 4.307 of the Los Angeles Administrative Code is amended in its entirety to read as follows:

Sec. 4.307. City Contributions to Health Plan Costs.

(a) **Represented Employees.** The amount of City contribution to health plan costs for employees in representation units shall be in accordance with the various Memoranda of Understanding approved and implemented by the City Council.

(b) **Non-Represented Full-Time Employees.** The City shall contribute for each full-time employee who is a member of the Los Angeles City Employees' Retirement System (LACERS) a monthly subsidy equal to the cost of his/her City-sponsored medical plan, as determined by the Personnel Department in accordance with Section 4.303, not to exceed the Kaiser family rate ("maximum monthly health care subsidy"). Adjustments in this monthly subsidy shall be effective the beginning of the pay period in which the Kaiser yearly premium rate change is implemented. The amount of the adjusted subsidy shall be certified by the General Manager Personnel Department to the Controller.

Effective January 1, 2013, non-represented, full-time employees shall pay five percent (5%) of their monthly medical plan premium on a biweekly basis when the amount of their monthly premium for the City-sponsored medical plan in which they are enrolled is equal to or less than the amount of the City's maximum monthly health care subsidy.

Effective January 1, 2013, in the event that non-represented, full-time employees are enrolled in a City-sponsored medical plan that has a monthly premium that exceeds the City's maximum monthly subsidy, then such employees shall pay on a biweekly basis the total of the difference between the cost of their monthly medical plan premium and the City's maximum monthly health care subsidy, plus five percent (5%) of the City's maximum monthly health care subsidy.

The amount of the City's contribution which is applied toward the coverage of the dependents of an employee enrolled in both Part A and Part B of Medicare shall not exceed that amount which may be applied toward the coverage of the dependents of an

employee not enrolled in both Part A and Part B of Medicare and covered by the same health, medical or hospital benefit program.

The amounts provided for the City's health insurance contribution shall be applied first to the employee's health insurance coverage with any balance applied toward the coverage of the employee's dependents under the same plan.

(c) **Non-Represented Half-Time Employees.** The City shall contribute for each half-time employee (as defined by Section 4.110 of this Code) a monthly subsidy, not to exceed the Kaiser employee-only rate, toward the cost of his/her City-sponsored medical plan. Adjustments in this monthly subsidy shall be effective at the beginning of the pay period in which the Kaiser Permanente yearly premium rate change is implemented.

Effective January 1, 2013, half-time employees who are members of LACERS and are enrolled in a City-sponsored medical plan shall pay five percent (5%) of the monthly Kaiser employee-only rate on a biweekly basis, when the cost of their medical plan is at or below the amount of the Kaiser employee-only rate. When the cost of their medical plan is greater than the Kaiser employee-only rate, then such employees shall pay on a biweekly basis the total of the difference between the cost of their monthly medical plan premium and the Kaiser employee-only rate, plus five percent (5%) of the Kaiser employee-only rate.

A half-time employee who, prior to January 23, 1990, was receiving the same subsidy as full-time employees, shall continue to receive that subsidy and shall be eligible to receive any adjustments provided in subsection (b), as long as such employee does not have a break in service. In addition, such employees shall contribute five percent (5%) toward the cost of their health care premium as described above for full-time employees.

The City will apply the subsidy first to the employee's coverage. Any remaining balance will be applied toward the coverage of the employee's dependents under the plan.

Employees who transfer from full-time to half-time under the provisions of Section 4.129, Family and Medical Leave, shall continue to receive the same subsidy as full-time employees and be subject to the required employee contribution toward the cost of their health care premium as described in this section.

Sec. 2. Section 4.307.1 of the Los Angeles Administrative Code is amended by revising the last sentence to read as follows:

Employees shall be eligible for the continuation of the monthly premium subsidy while on a Family or Medical Leave in accordance with Section 4.129; however, for any unpaid portion of a Family or Medical Leave, the health plan subsidy shall be continued for a maximum of four months (nine pay periods), except while an

employee is on a Pregnancy Disability Leave absence (up to four months) then the City's health plan subsidy shall be continued for her pregnancy health coverage in compliance with the provisions of SB 299 and AB 592 enacted in 2011.

Sec. 3. This ordinance shall be operative upon publication, pursuant to Charter Section 252(g).

Sec. 4. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

I hereby certify that this ordinance was passed by the Council of the City of Los Angeles, at its meeting of _____.

JUNE LAGMAY, City Clerk

By _____
Deputy

Approved _____

Mayor

Approved as to Form and Legality

CARMEN A. TRUTANICH, City Attorney

By Zna P. Houston
ZNA PORTLOCK HOUSTON
Senior Assistant City Attorney

Date 7/25/12

File No. _____