



Benefits Administration Committee Agenda

REGULAR MEETING

TUESDAY, MARCH 26, 2019

TIME: 9:00 A.M.

MEETING LOCATION:

LACERS Ken Spiker Boardroom
202 West First Street, Suite 500
Los Angeles, California 90012-4401

Live Committee Meetings can be heard at: (213) 621-CITY (Metro), (818) 904-9450 (Valley), (310) 471-CITY (Westside), and (310) 547-CITY (San Pedro Area).

Chair: Michael R. Wilkinson
Committee Members: Sandra Lee
Nilza R. Serrano
Manager-Secretary: Neil M. Guglielmo
Executive Assistant: Ani Ghoukassian
Legal Counselor: City Attorney's Office
Retirement Benefits Division

Sign Language Interpreters, Communication Access Real-Time Transcription, Assistive Listening Devices, or other auxiliary aids and/or services may be provided upon request. To ensure availability, you are advised to make your request at least 72 hours prior to the meeting you wish to attend. Due to difficulties in securing Sign Language Interpreters, five or more business days' notice is strongly recommended. For additional information, please contact: Board of Administration Office at (213) 473-7169.

- I. PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION
- II. [APPROVAL OF MINUTES FOR SPECIAL MEETING OF FEBRUARY 12, 2019 AND POSSIBLE COMMITTEE ACTION](#)
- III. [RECEVE AND FILE - 2020 HEALTH PLAN CONTRACT RENEWAL TIMELINE AND STRATEGY](#)
- IV. [RECEIVE AND FILE - HEALTH FINANCIAL DASHBOARDS](#)
- V. OPERATIONAL UPDATE
- VI. OTHER BUSINESS
- VII. NEXT MEETING: The next Benefits Administration Committee meeting is not scheduled at this time, and will be announced upon scheduling.
- VIII. ADJOURNMENT



Board of Administration Agenda

SPECIAL MEETING

TUESDAY, MARCH 26, 2019

TIME: 9:00 A.M.

MEETING LOCATION:

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202 West First Street, Suite 500
Los Angeles, California 90012-4401

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President:	Cynthia M. Ruiz
Vice President:	Elizabeth L. Greenwood
Commissioners:	Elizabeth Lee Sandra Lee Nilza R. Serrano Sung Won Sohn Michael R. Wilkinson
Manager-Secretary:	Neil M. Guglielmo
Executive Assistant:	Ani Ghokassian
Legal Counsel:	City Attorney's Office Retirement Benefits Division

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- IV. RECEIVE AND FILE - HEALTH FINANCIAL DASHBOARDS
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MINUTES OF THE SPECIAL MEETING
BOARD OF ADMINISTRATION
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

LACERS Boardroom
202 West First Street, Suite 500
Los Angeles, California

February 12, 2019

Agenda of: Mar. 26, 2019

Item No: II

9:35 a.m.

PRESENT:	Chair:	Michael R. Wilkinson
	Committee Members:	Sandra Lee Nilza R. Serrano
	Commissioners:	Elizabeth Lee Sung Won Sohn
	Manager-Secretary:	Neil M. Guglielmo
	Executive Assistant:	Ani Ghoukassian
	Legal Counselor:	James Napier

The Items in the Minutes are numbered to correspond with the Agenda.

Commissioners Elizabeth Lee and Sohn were present, this is considered a Special Meeting of the Board of Administration. Any votes taken will be taken by Committee Members only.

I

PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION – Chair Wilkinson asked if any persons wished to speak on matters within the Committee's jurisdiction, to which there was no response and no public comment cards received.

II

APPROVAL OF MINUTES FOR BENEFITS ADMINISTRATION COMMITTEE MEETING OF NOVEMBER 27, 2018 AND POSSIBLE COMMITTEE ACTION – Approval of the minutes was moved by Committee Member Serrano and adopted by the following vote: Ayes, Committee Members Sandra Lee, Serrano, and Chair Wilkinson –3; Nays, None.

III

RECEIVE AND FILE – LACERS *WELL* 2018 ANNUAL REPORT – Alex Rabrenovich, Division Manager of Health Benefits Administration and Communications Division and Tara Miller, Wellness Program Manager presented this item to the Committee and the report was received by the Committee and filed.

IV

OPERATIONAL UPDATE – There was no operational update.

V

OTHER BUSINESS – There was no other business.

VI

NEXT MEETING: Chair Wilkinson announced that the next Benefits Administration Committee Meeting is not scheduled at this time, and will be announced upon scheduling.

VII

ADJOURNMENT – There being no further business before the Committee, Chair Wilkinson adjourned the Meeting at 10:05 a.m.

Michael R. Wilkinson
Chair

Neil M. Guglielmo
Manager-Secretary



Report to Benefits Administration Committee

Agenda of: **MARCH 26, 2019**

From: *for T. Br...*
Neil M. Guglielmo, General Manager

ITEM: **III**

SUBJECT: 2020 HEALTH PLAN CONTRACT RENEWAL TIMELINE AND STRATEGY

Recommendation

That the Committee receive and file this report.

Discussion

LACERS contracts with medical, dental, and vision insurance carriers to provide LACERS-sponsored group health plan coverage to its Retired Members and their qualified survivors and dependents.

Each year, when a Request for Proposal is not to be conducted, a health plan contract renewal process is performed. The process is comprised of the following steps:

1. Release Requests for Renewal – In March, our health and welfare consultant, Keenan and Associates (Keenan), sends each carrier a Request for Renewal (RFR), asking the carrier to provide the proposed premium for the following year and to cost additional items that could impact premiums, such as new programs, plan design modifications, or alternative pricing.
2. Carrier Meetings – Staff and Keenan meet with each carrier to review highlights of the renewal request, discuss items of concern regarding Member service, costs, or performance, and LACERS' strategic direction.
3. Evaluate Responses to the RFRs – Keenan will review premium changes and the associated costs, assumptions, and methods used to develop the premiums and discuss concerns and options with staff.
4. Negotiate Premium Rates with Each Carrier – Keenan will request the carriers reconsider certain costs, assumptions, and/or methods, based on their review.
5. Adoption of Final Premiums – The final rates and any recommended plan design changes will be presented by staff and Keenan to the Benefits Administration Committee and then the full Board for approval.

Premiums and benefit structure are subject to change every plan year. The estimated 2019 total premium cost of LACERS health and welfare program is approximately \$134 million. Most of these costs are associated with medical insurance plan premium costs, which in 2019 are estimated to be approximately \$123 million. The average premium cost increase for the last three years has been

below the Board-adopted medical cost trend rates (4.33% vs. 6.75%). It is staff's goal to continue this trend into the future.

Being able to minimize health insurance plan premium increases requires active management and strategy. As we look ahead to the 2020 plan year and beyond, staff and Keenan are continuing a health plan strategy directed toward data-based decision-making and targeted plan design modifications that can have long-term impact on utilization and costs. The focus over the next three years will be on the following:

- Using the data dashboards to identify historical issues and cost drivers that can be managed through plan design and Member engagement
- Value-based benefits that encourage better compliance with medical treatments and decreased costs
- Plan design changes that can have long-term impacts on Member health and costs
- Bring the Anthem Blue Cross HMO premium into better balance with the Kaiser Permanente HMO premium to provide our Members with more competitive options
- Targeted wellness campaigns to impact utilization, thereby premiums
- Survey the health care environment for new products, programs, and vendors that can make the administration of LACERS health plans more cost-effective

Although premiums are driven by medical claims, medical claims are often driven by Member behavior. Through LACERS *Well*, LACERS' retiree wellness program, it is staff's intention to better engage Members in their health care and to provide them incentives to utilize services in the most cost-efficient manner. At the same time, LACERS will continue to take advantage of any market opportunities that can result in cost-savings to our health and welfare program.

Areas of focus for the 2020 health plan contract renewal process:

- Close review of prescription drug costs
- Performance guarantees on security breaches
- Performance guarantee on accuracy of enrollment files
- Request addition of Silver & Fit to the Kaiser Permanente HMO plan
- Review alternative medicine benefit (chiropractic and acupuncture)
- Identify means to provide continued and increasing wellness program funding
- Consideration of premium reserve component
- Review appropriateness of health plan copays

The 2020 health plan contract renewal timeline is as follows:

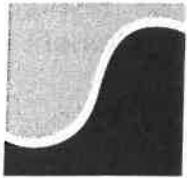
Release RFRs – March 20
RFR Responses Due – April 30
Complete Initial Negotiations – May 17
Preliminary Report to LACERS – May 24
Preliminary Renewal to the BAC – June 11
Carriers Submit Final Renewals – June 28
Final Renewal to the BAC – July 23
Final Renewal to the Board – August 13

Strategic Plan Impact Statement

The health plan contract renewal process assures that LACERS health plan premium changes support Strategic Plan Goal 3: Improve value and minimize costs of Members' health and wellness benefits.

This report was prepared by Alex Rabrenovich, Chief Benefits Analyst, Health Benefits Administration and Communications Division.

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Report to Benefits Administration Committee

Agenda of: **MARCH 26, 2019**

From: *for Neil M. Guglielmo*
 Neil M. Guglielmo, General Manager

ITEM: **IV**

SUBJECT: HEALTH PLAN FINANCIAL DASHBOARDS

Recommendation

That the Committee receive and file this report.

Discussion

Background

As part of LACERS' Strategic Plan, staff developed a health plan data initiative to help achieve the Goal: Maximize Value and Minimize Costs of our Health and Wellness Program. The purpose of the initiative is to review various health plan data reports to better understand costs and trends, and to identify cost drivers that have the potential to be mitigated. As such cost drivers are identified, staff and its health and welfare consultant, Keenan and Associates (Keenan), develop strategies to minimize their impact in an effort to reduce health plan premium increases. The results of these efforts is monitored and reported back to the Board through health plan dashboards.

Keenan developed a set of web-based dashboards to track utilization and cost trends associated with LACERS health plans, as they relate to diagnostic categories, inpatient and outpatient claims, and high-cost claims and therapies. These health plan data dashboards are useful in monitoring the performance of each plan, explaining changes in premiums, and informing health plan decisions and negotiation points during contract renewals. Additionally, they may guide staff's communications and wellness efforts to encourage our Members to utilize their plans in a more cost-effective manner.

After meeting with Anthem Blue Cross and Kaiser Permanente, staff and Keenan identified diagnostic categories that are having the greatest impact on premium costs. (More attention is placed on these two plans because they are able to provide the greatest amount of data and provide coverage to over 90% of our plans' covered lives.) These categories are: Circulatory (e.g. cardiovascular disease), Musculoskeletal (e.g. osteoarthritis), Neoplasms (e.g. breast cancer), Obesity, and Diabetes. Claims costs and utilization trends associated with each of these diagnostic categories are monitored and discussions held regarding the potential to improve outcomes or reduce costs, and how concerns can be addressed through Member wellness efforts.

As a means of monitoring and reporting on the impact of the data initiative/wellness program strategies, the health management dashboards reflect claims costs associated with various health

conditions, and any changes in participation in health management programs and resources available to Members through their LACERS medical plans. These dashboards will complement the health plan financial dashboards and are targeted to be presented to the Committee in June.

Staff and Keenan will be present to share highlights from the current set of financial dashboards.

Strategic Plan Impact Statement

The health plan dashboards support Strategic Plan Goal 3, Improve Value and Minimize Costs of Members' Health and Wellness Benefits. These dashboards give the Board and LACERS staff insight into health plan utilization, which allows staff to develop strategies to minimize future increases in premium costs.

This report was prepared by Alex Rabrenovich, Chief Benefits Analyst of the Health Benefits Administration and Communications Division.

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