COUNTY OF LOS ANGELES
DEPARTMENT OF HUMAN RESOURCES

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To enrich lives through effective and caring service

MICHAEL J. HENRY
DIRECTOR OF PERSONNEL

March 7, 2003

To: Each Supervisor

From: Michael J. Henry
Director of Personnel

David E. Janssen
Chief Administrative Officer

Subject: **STATUS REPORT – VOLUNTARY HEALTH CARE PLAN FOR COUNTY WORKFORCE**

On September 17, 2002, your Board approved a motion instructing the Chief Administrative Officer and Director of Personnel to submit for review and approval a voluntary health care plan for the County workforce that utilizes the County's health care system as the primary provider, at a rate significantly lower than the current plans offered by the County. This is to provide you with a status report.

Background

The Department of Health Services (DHS) currently operates the Community Health Plan (CHP), a federally qualified managed care plan that uses the County's own health care system as a major health benefit plan provider. In 1992, the CHP expanded its business to include health care benefits to certain temporary County employees, and in 2002, again expanded to include qualifying In-Home Supportive Services workers. There are currently approximately 8,100 members enrolled in these two business lines, and over 96% of these plan members are assigned to DHS facilities for their care.

It is hoped, using the CHP as a model, that it may be feasible to offer a similar benefit plan option to nonrepresented and represented employees that would be voluntary and significantly lower in cost than the other health plans offered by the County.

Current Status

On November 14, 2002, Chief Administrative Office (CAO) and Department of Human Resources (DHR) staff met with representatives of DHS and CHP to discuss the feasibility of expanding the CHP to include the nonrepresented and represented County workforce on a voluntary basis beginning in 2004. At that time, DHS was unsure if the CHP had the capability to include the general County workforce.

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There are several issues needing further research and analysis, including the following:

- Actuarial review to assess financial viability of offering a lower cost health care option to County employees through the CHP.
- Analysis of changes that may be needed to comply with Knox-Keene requirements and to make the plan attractive to County employees, as well as provide care to the 20 percent of employees who live and normally receive medical care outside of the County's boundaries.
- Ability of the DHS/CHP medical facilities to absorb increased usage.
- Willingness and ability of L.A. Care to take on additional responsibility.

Another issue is the time required to obtain State review and approval of Knox-Keene material plan modifications, which would have to occur before the new health care plan option could be fully developed and marketed to County employees.

Next Steps

DHR has provided eligibility and enrollment information as well as demographic data to assist DHS in completing an actuarial analysis for determining the feasibility of providing a benefit plan option to employees using the County's health system. We will continue to provide DHS with any data available to assist in this effort and will meet with them as necessary.

As soon as the actuarial analysis has been completed, we will report back to your Board with the results and provide a timetable for developing the optional health care plan for County employees through the CHP, if the determination is made that such a plan is feasible and fiscally sound.

Please call Michael J. Henry at (213) 974-2406 or David E. Janssen at (213) 974-1101 if you have any questions.

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c: Thomas L. Garthwaite, M.D.

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