HOUSING AUTHORITY
of the County of Los Angeles
Administrative Office
2 Coral Circle • Monterey Park, CA 91755
323.890.7001 • TTY: 323.838.7449 • www.lacdc.org

Gloria Molina
Yvonne Brathwaite Burke
Zev Yaroslavsky
Don Knabe
Michael D. Antonovich
Commissioners

William K. Huang
Acting Executive Director

October 21, 2008

Honorable Board of Commissioners
Community Development Commission
of the County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Honorable Board of Commissioners
Housing Authority of the
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

APPROVE HEALTH PLAN CHANGES (ALL DISTRICTS) (3 VOTE)

IT IS RECOMMENDED THAT THE BOARD OF COMMISSIONERS OF THE COMMUNITY DEVELOPMENT COMMISSION:

1. Find that approval of the changes to the 2009 health plans is not subject to the provisions of the California Environmental Quality Act (CEQA), as described herein, because the activities are not defined as a project under CEQA.

2. Authorize the Acting Executive Director to approve the proposed premium rates for group medical plans provided by Anthem Blue Cross of California Health Maintenance Organization (HMO) and Preferred Provider Option (PPO) and Kaiser Health Plan (Kaiser), effective January 1, 2009.

3. Approve the combined payment, with the Housing Authority, of the employer-paid subsidy for the 2009 calendar year to Anthem Blue Cross and Kaiser, at an estimated cost of $471,000.

4. Authorize the Acting Executive Director to execute contracts and contract amendments with the above firms for the purpose described herein, to be

effective January 1, 2009, following approval as to form by County Counsel.

5. Authorize the Commission to fund all health plan costs using funds included in the approved Fiscal Year 2008-2009 budget and funds to be approved through the annual budget process for Fiscal Year 2009-2010, as needed.

IT IS RECOMMENDED THAT THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY:

1. Find that approval of the changes to the 2009 health plans is not subject to the provisions of CEQA, as described herein, because the activities are not defined as a project under CEQA.

2. Authorize the Acting Executive Director to approve the proposed premium rates for group medical plans provided by Anthem Blue Cross of California Health Maintenance Organization (HMO) and Preferred Provider Option (PPO) and Kaiser Health Plan (Kaiser), effective January 1, 2009.

3. Approve the combined payment, with the Housing Authority, of the employer-paid subsidy for the 2009 calendar year to Anthem Blue Cross and Kaiser, at an estimated cost of $471,000.

4. Authorize the Housing Authority to fund all health plan costs using funds included in the approved Fiscal Year 2008-2009 budget, and funds to be approved through the annual budget process for Fiscal Year 2009-2010, as needed.

PURPOSE/JUSTIFICATION OF THE RECOMMENDED ACTION:

The purpose of the recommended action is to provide employees, during the 2009 calendar year, affordable health coverage that is comparable with plans offered to County employees. The current plans end on December 31, 2008.

FISCAL IMPACT/FINANCING:

For 2009, the minimum contribution under the Flexible Benefit and Optional Benefit plans will increase from $855 and $597 per month, respectively, to $903 and $645 per month, respectively, at an additional cost of $275,000. These increases are provided to assist employees with the purchase of medical, dental, vision and life insurance benefits. The Executive Director was provided the authority on October 11, 2005, to increase these contributions provided the amounts do not exceed the contributions for County employees.

The employer-paid subsidy is estimated at $471,000 for January 1, 2009 through December 31, 2009.

The current Fiscal Year 2008-2009 budgets of the Housing Authority and Community Development Commission include funds for the proposed health plan changes through June 30, 2009. The next annual budget process will include funding for the remaining costs.

The Board of Commissioners of the Housing Authority must approve the plan changes, because Housing Authority funds will be used to pay a portion of the benefits for Commission personnel performing Housing Authority functions.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

Currently, employees covered by the Flexible Benefit Plan receive a Commission contribution expressed as a percentage of salary, but not less than a minimum "floor" contribution of $855 per month. Employees covered by the Optional Benefit Plan receive $597 per month. For 2009, the minimum contribution under the Flexible Benefit Plan will increase to $903 per month and to $645 per month under the Optional Benefit Plan, at an estimated annual cost of $275,000. The Executive Director was provided the authority on October 11, 2005 to increase these contributions provided these amounts do not exceed the contributions provided to County employees. The County received approval on September 16, 2008 to increase contributions for 2009 to $1,078 and $809 under the MegaFlex and Flexible Benefit Plans, respectively.

Employees are currently provided with Anthem Blue Cross HMO, Anthem Blue Cross PPO, and Kaiser as employee medical plan options. During the month of September, the Commission's group insurance broker, Alliant Insurance Services, and the Commission evaluated these plans and the required cost increase for 2009.

Negotiations with Anthem Blue Cross resulted in a premium increase averaging 14.5%. Kaiser is requiring an increase of 17.0%, and remains unwilling to negotiate renewal premiums.

In an effort to assist employees with paying for medical insurance coverage, the Commission will continue to provide an employer-paid subsidy at the current levels. This amount, totaling approximately $471,000 plus the amount contributed by each employee, will fund the total cost of medical insurance for 2009.

The new monthly contribution for each medical plan is provided in Attachment A.

The Chief Executive Office and County Counsel have reviewed this letter. This letter is being filed concurrently with the Housing Commission for its monthly meeting of

October 22, 2008. The annual open enrollment period, which allows Commission employees to enroll in their health plans for 2009, will begin on October 27, 2008. Commission employees must have at least a one-week period to enroll so that the Commission may submit the new enrollment details to the health plan providers during the month of November. Any delays will prevent the Commission from meeting the enrollment deadlines and contractual agreements with the health plan providers which are due to expire on December 31, 2008.

ENVIRONMENTAL DOCUMENTATION:

This action is exempt from the provisions of the National Environmental Policy Act pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34 (a)(3) because it involves administrative activities that will not have a physical impact on or result in any physical changes to the environment. The action is not subject to the provisions of CEQA pursuant to State CEQA Guidelines 15060(c)(3) and 15378 because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.

IMPACT ON CURRENT PROGRAM:

The recommended actions are consistent with the principle of promoting the well being of Commission employees and their families by offering comprehensive employee benefits.

Respectfully submitted,

WILLIAM K. HUANG
Acting Executive Director

Attachment

Attachment A

Monthly Employee Contribution for 2009*

Anthem Blue Cross HMO

Employee Only	$325
Employee + One	$650
Family	$800

Anthem Blue Cross PPO

Employee Only	$550
Employee + One	$1,150
Family	$1,500

Kaiser

Employee Only	$405
Employee + One	$750
Family	$878

*Monthly employee contribution is the employee cost after the subsidy is applied to the actual plan cost.