



WILLIAM T FUJIOKA  
Chief Executive Officer

## County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration  
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*"To Enrich Lives Through Effective And Caring Service"*

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October 21, 2014

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

### **MEDICAL, DENTAL, LIFE INSURANCE, AND DISABILITY PLANS FOR 2014 IMPACT OF THE AFFORDABLE CARE ACT ALL DISTRICTS (3 VOTES)**

#### **SUBJECT**

This letter and accompanying ordinance will make minor changes to existing provisions related to the cafeteria plan provisions affecting represented employees and the eligibility rules for permanent part-time employees, in order to comply with the Patient Protection and Affordable Care Act (PPACA). In addition, it will make technical changes and corrections to existing benefit provisions.

#### **IT IS RECOMMENDED THAT THE BOARD:**

1. Approve the accompanying ordinance amending Title 5, Personnel, of the Los Angeles County Code to allow represented employees participating in the Choices and Options cafeteria benefit plan to decline County health coverage by enrolling in health insurance coverage through a health care exchange.
2. Approve the accompanying ordinance amending Title 5, Personnel, of the Los Angeles County Code to extend the health insurance subsidy for monthly temporary and permanent part-time employees to all permanent part-time employees working 30 hours or more per week.
3. Approve the accompanying ordinance amending Title 5, Personnel, of the Los Angeles County Code increasing the minimum "floor" contribution for the Flexible Benefit and MegaFlex plans and correcting the health insurance subsidy amounts shown for non-represented temporary and part-time employees.
4. Instruct the Auditor-Controller to make the payroll system changes necessary to implement the changes recommended herein for pay warrants issued on and after January 15, 2015.

## **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The PPACA, commonly called the Affordable Care Act (ACA), is the United States federal statute signed into law on March 23, 2010. The ACA includes numerous provisions that take effect between 2010 and 2020. The County has made changes to its benefit plan policies to comply with the ACA provisions that have already taken effect. For example, in 2011, the eligibility for dependent child coverage was extended to age 26; in 2012, the W-2 form reporting was changed to include the cost of employer-sponsored health coverage; in 2013, the maximum contribution into the Health Care Spending Account was lowered to \$2,400 per year; and in 2014, the health insurance providers were assessed various fees mandated by the ACA.

Beginning in January 2015, employees may decline County health coverage to enroll in an individual health insurance plan (including enrollment in health insurance coverage through a health care exchange). However, there will be no waiver contribution for employees who choose to decline coverage and enroll in an individual plan. Also, effective for Plan Year 2015, the ACA requires that any employer with 50 or more full-time equivalent employees may face penalties unless it offers affordable health insurance to its full-time employees. The ACA defines full-time employees as those who work an average of 30 or more hours per week. In addition, health insurance coverage must be provided to employees 91 days from the date of hire or date of eligibility. As a result of these requirements, the ordinance change will extend the health insurance subsidy for monthly temporary and permanent part-time employees to all permanent part-time employees working 30 hours or more per week.

In conjunction with the approval of the health insurance premium rates effective for 2015, the Board previously approved on September 2, 2014, that the minimum contributions be increased to \$859 for the Flexible Benefit Plan and \$1,158 for the MegaFlex Plan. These adjustments are reflected in the attached ordinance and would be initially reflected on the County pay warrants issued on January 15, 2015.

Technical corrections have been made to the temporary and part-time employee Maximum Monthly County Contribution – Non-Represented Employees table in the attached ordinance. Department of Human Resources Employee Benefits Division and the Auditor-Controller's Countywide Payroll office have been using the correct amounts for 2014 as determined by the Chief Executive Office (CEO), but the amounts shown for Plan Year 2014 and 2015 as shown in the County Code are incorrect.

## **Implementation of Strategic Plan Goals**

The recommended actions are consistent with the principles of the Countywide Strategic Plan by promoting the well-being of County employees and their families by offering comprehensive employee benefits.

## **FISCAL IMPACT/FINANCING**

Each cafeteria plan, including represented employee plans provided by Memoranda of Understanding (MOUs), provides for a County contribution and, in some cases, an additional subsidy to help pay the cost of insurance benefits. The County contributions and applicable subsidies for employee benefits mentioned or recommended herein are included in the Fiscal Year 2014-2015 budget. Employees pay for additional costs above and beyond the County contributions through payroll deductions.

## **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The Honorable Board of Supervisors

10/21/2014

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The accompanying ordinance implementing amendments to Title 5 – Personnel, of the County Code has been approved as to form by County Counsel.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

No impact on current services.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'W. T. Fujioka', with a long horizontal line extending to the right.

WILLIAM T FUJIOKA  
Chief Executive Officer

WTF:BC:JA  
MTK:LSB:mst

Enclosures

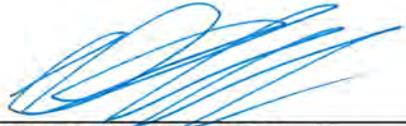
c: Executive Office, Board of Supervisors  
County Counsel  
Auditor-Controller  
Human Resources  
SEIU Local 721  
Coalition of County Unions

## ANALYSIS

This ordinance amends Title 5 – Personnel of the Los Angeles County Code by:

- Amending portions of Sections 5.27.040, 5.27.240, 5.28.040, 5.28.240, 5.33.040, and 5.37.040 to update the County contribution provisions in each of the County's cafeteria plans for health insurance purposes;
- Amending portions of Sections 5.36.025 and 5.36.029 to revise the health insurance eligibility rules and County subsidy rates for certain monthly permanent part-time employees; and
- Amending portions of Sections 5.27.220, 5.27.240, 5.27.500, 5.27.510, 5.28.220, 5.28.240, 5.28.500, and 5.28.510 to update the definitions of the applicable Retirement Plans and the election options of the Survivor Income Benefit available in the Flexible Benefit Plans.

RICHARD D. WEISS  
Acting County Counsel

By: 

RICHARD D. BLOOM  
Principal Deputy County Counsel  
Labor & Employment Division

RDB:mst

Requested: 08-13-14  
Revised: 09-24-14

**ORDINANCE NO. \_\_\_\_\_**

An ordinance amending Title 5 - Personnel of the Los Angeles County Code, relating to fringe benefit changes.

The Board of Supervisors of the County of Los Angeles ordains as follows:

**SECTION 1.** Section 5.27.040 is hereby amended to read as follows:

**5.27.040 - Contributions.**

A. Nonelective Contributions. Except as otherwise provided herein, each month the County shall contribute to the Plan on behalf of each Participant an amount equal to the greater of ~~\$859.00~~ ~~\$809.00~~ or 10 percent of such Participant's Compensation for the preceding month beginning the 2015-~~2009~~ Plan Year. In addition to these monthly Nonelective Contributions, the County shall make two ad hoc Nonelective Contributions on behalf of each Participant in an amount equal to \$250 on each of the March 28, 2014 and July 30, 2014 pay dates. Notwithstanding the foregoing, no Nonelective Contribution shall be contributed for any Participant if he has not been in a pay status for at least eight hours during the prior month. Nonelective Contributions shall be reflected in County payroll warrants issued on or about the fifteenth day of the month following the month in which the requisite pay status was completed. Effective beginning on and after April 1, 2010, or such later date as may be determined by the Chief Executive Officer when the human resources management system reflecting this provision is implemented, an advance of approximately one-half the monthly Nonelective Contributions received as additional Eligible Earnings in accordance with Section 5.27.050E shall be reflected in County payroll warrants issued

on or about the thirtieth day of the month in which the requisite pay status was completed and the remainder of such additional Eligible Earnings shall be reflected in County payroll warrants issued on or about the fifteenth day of the month following the month in which the requisite pay status was completed.

...

**SECTION 2.** Section 5.27.220 is hereby amended to read as follows:

**5.27.220 - Definitions.**

The following terms, when used herein with initial capital letters, unless the context clearly indicates otherwise, shall have the following respective meanings:

A. "Applicable Health Insurance Coverage" means coverage under a County-sponsored medical plan offered through the Plan for which an employee, Medical Dependent or LTD Health Survivor would be eligible if the employee were not disabled or deceased.

...

FF. "Retirement Plan A, B, C, ~~or D~~, or G Member" means an Eligible Employee or a Participant who is covered by any of the contributory retirement plans established for general or safety members of the Los Angeles County Employees Retirement Association pursuant to the County Employees Retirement Law of 1937. For the sole purpose of determining entitlement to Nonelective Contributions and Nontaxable Benefits and Taxable Benefits provided under the Plan, an Eligible Employee or Participant employed on a monthly temporary training "M" item basis pursuant to Title 6 of the Los Angeles County Code shall be treated as if he were a

Retirement Plan A, B, C, ~~or D~~, or G Member. In no event shall such Eligible Employee or Participant be entitled to any benefit under the County Employees Retirement Law of 1937 by reason of this treatment.

...

**SECTION 3.** Section 5.27.240 is hereby amended to read as follows:

**5.27.240 - Contributions.**

A. Nonelective Contributions.

1. Except as otherwise provided herein, each month the County shall contribute to the Plan on behalf of each Participant an amount equal to the greater of ~~\$1,158.00~~ ~~\$1,078.00~~ beginning the 2015-2009 Plan Year or the amount designated in subsection A1a or A1b below, whichever is applicable:

a. 14.5 percent of the Participant's Compensation for the preceding month if the Participant is a Retirement Plan A, B, C, ~~or D~~, or G Member, and has completed less than five years of continuous service as of the commencement of the current Plan Year;

b. 17.0 percent of the Participant's Compensation for the preceding month if the Participant is a Retirement Plan A, B, C, ~~or D~~, or G Member and has completed five or more years of continuous service as of the commencement of the current Plan Year, or if he is a Retirement Plan E Member; provided, however, that the percentage figures set forth in the following table shall apply in lieu of said 17.0 percent for any Participant, regardless of retirement plan, who has completed 10 or more years of continuous service as of January 1, 1991:

Continuous Service As of January 1, 1991	Nonelective Contribution
10 years	17.4%
11 years	17.8%
12 years	18.2%
13 years	18.6%
14 or more years	19.0%

...

**SECTION 4.** Section 5.27.500 is hereby amended to read as follows:

**5.27.500 - Life insurance.**

A. Retirement Plan A, B, C, ~~or D,~~ or G Members.

1. Each Retirement Plan A, B, C, ~~or D,~~ or G Member may elect group variable universal life insurance in any of the amounts set forth in the Election Information.

...

**SECTION 5.** Section 5.27.510 is hereby amended to read as follows:

**5.27.510 - Survivor income benefits.**

A. Purpose. There is hereby established the County of Los Angeles Survivor Income Benefit Plan, hereinafter called the "SIB Plan." The SIB Plan is established for Retirement Plan E Members for the purpose of providing a Benefit under the Plan.

B. Election. Each Retirement Plan E Member may elect a survivor benefit equal to:

1. 35 percent or 50 percent of the SIB Participant's SIB

Compensation, provided that, with respect to the same Plan Year, he has not elected group variable universal life insurance exceeding two times annual Compensation; or

2. 10 percent, 15 percent or 25 percent of the SIB Participant's SIB

Compensation, provided that, with respect to the same Plan Year, he has not elected group variable universal life insurance exceeding four times annual Compensation.

...

**SECTION 6.** Section 5.28.040 is hereby amended to read as follows:

**5.28.040 - Contributions.**

A. Nonelective Contributions. Except as otherwise provided herein, each month the County shall contribute to the Plan on behalf of each Participant an amount equal to the greater of ~~\$859.00~~ ~~\$809.00~~ or 10 percent of such Participant's Compensation for the preceding month beginning the 2015~~2009~~ Plan Year; provided, however, that no Nonelective Contribution shall be contributed for any Participant if he has not been in a pay status for at least eight hours during the prior month. Nonelective Contributions shall be reflected in County payroll warrants issued on or about the fifteenth day of the month following the month in which the requisite pay status was completed. Effective beginning on and after April 1, 2010, or such later date as may be determined by the Chief Administrative Officer when the human resources management system reflecting this provision is implemented, an advance of approximately one-half

the monthly Nonelective Contributions received as additional Eligible Earnings in accordance with Section 5.28.050E shall be reflected in County payroll warrants issued on or about the thirtieth day of the month in which the requisite pay status was completed and the remainder of such additional Eligible Earnings shall be reflected in County payroll warrants issued on or about the fifteenth day of the month following the month in which the requisite pay status was completed.

...

**SECTION 7.** Section 5.28.220 is hereby amended to read as follows:

**5.28.220 - Definitions.**

The following terms, when used herein with initial capital letters, unless the context clearly indicates otherwise, shall have the following respective meanings:

A. "Applicable Health Insurance Coverage" means coverage under a County-sponsored medical plan offered through the Plan for which an employee, Medical Dependent or LTD Health Survivor would be eligible if the employee were not disabled or deceased.

...

FF. "Retirement Plan A, B, C, ~~or~~ D, or G Member" means an Eligible Employee or a Participant who is covered by any of the contributory retirement plans established for general or safety members of the Los Angeles County Employees Retirement Association pursuant to the County Employees Retirement Law of 1937. For the sole purpose of determining entitlement to Nonelective Contributions and Nontaxable Benefits and Taxable Benefits provided under the Plan, an Eligible

Employee or Participant employed on a monthly temporary training "M" item basis pursuant to Title 6 of the Los Angeles County Code shall be treated as if he were a Retirement Plan A, B, C, ~~or D,~~ or G Member. In no event shall such Eligible Employee or Participant be entitled to any benefit under the County Employees Retirement Law of 1937 by reason of this treatment.

...

**SECTION 8.** Section 5.28.240 is hereby amended to read as follows:

**5.28.240 - Contributions.**

A. Nonelective Contributions.

1. Except as otherwise provided herein, each month the County shall contribute to the Plan on behalf of each Participant an amount equal to the greater of ~~\$1,158.00~~ ~~\$1,078.00~~ beginning the ~~2015-2009~~ Plan Year or the amount designated in subsection A1a or A1b below, whichever is applicable:

a. 14.5 percent of the Participant's Compensation for the preceding month if the Participant is a Retirement Plan A, B, C, ~~or D,~~ or G Member, and has completed less than five years of continuous service as of the commencement of the current Plan Year;

b. 17.0 percent of the Participant's Compensation for the preceding month if the Participant is a Retirement Plan A, B, C, ~~or D,~~ or G Member and has completed five or more years of continuous service as of the commencement of the current Plan Year, or if he is a Retirement Plan E Member; provided, however, that the percentage figures set forth in the following table shall apply in lieu of said 17.0 percent

for any Participant, regardless of retirement plan, who has completed 10 or more years of continuous service as of January 1, 1991:

Continuous Service As of January 1, 1991	Nonelective Contribution
10 years	17.4%
11 years	17.8%
12 years	18.2%
13 years	18.6%
14 years or more	19.0%

...

**SECTION 9.** Section 5.28.500 is hereby amended to read as follows:

**5.28.500 - Life insurance.**

A. Retirement Plan A, B, C, ~~or D~~, or G Members.

1. Each Retirement Plan A, B, C, ~~or D~~, or G Member may elect group variable universal life insurance in any of the amounts set forth in the Election Information.

...

**SECTION 10.** Section 5.28.510 is hereby amended to read as follows:

**5.28.510 - Survivor income benefits.**

A. Purpose. There is hereby established the County of Los Angeles Survivor Income Benefit Plan, hereinafter called the "SIB Plan." The SIB Plan is established for Retirement Plan E Members for the purpose of providing a Benefit under the Plan.

B. Election. Each Retirement Plan E Member may elect a survivor benefit equal to:

1. 35 percent or 50 percent of the SIB Participant's SIB Compensation, provided that, with respect to the same Plan Year, he has not elected group variable universal life insurance exceeding two times annual Compensation; or

2. 10 percent, 15 percent, or 25 percent of the SIB Participant's SIB Compensation, provided that, with respect to the same Plan Year, he has not elected group variable universal life insurance exceeding four times annual Compensation.

**SECTION 11.** Section 5.33.040 is hereby amended to read as follows:

**5.33.040 - Contributions.**

A. Nonelective Contributions.

1. Except as otherwise provided herein, for each month of the 2014 Plan Year (commencing with County pay warrants issued on or about January 15, 2014), the County shall contribute to the Plan on behalf of each Participant an amount equal to \$244.00, unless (1) said Participant is entitled to One Party Medical Insurance Coverage with respect to said month, in which case, the County shall contribute an amount equal to \$757.46; or (2) said Participant is entitled to Two Party Medical

Insurance Coverage with respect to said month, in which case, the County shall contribute an amount equal to \$1,382.02; or (3) said Participant is entitled to Three Party Medical Insurance Coverage with respect to said month, in which case, the County shall contribute an amount equal to \$1,632.60.

...

3. Beginning in January 2015, participants may decline coverage to enroll in an individual health insurance plan (including enrolling in health insurance coverage through a health care exchange); however, there will be no waiver contribution for participants who choose to decline coverage and enroll in an individual plan. This provision shall not apply to participants who decline coverage and have enrolled in an individual health insurance plan prior to January 2014.

~~43.~~ In addition to these monthly Nonelective Contributions, the County shall make two ad hoc Nonelective Contributions on behalf of each Participant in an amount equal to \$250 on each of the March 28, 2014 and July 30, 2014 pay dates.

~~54.~~ No Nonelective Contribution shall be contributed for any Participant if he has not been in a pay status for at least eight hours during the prior month. Nonelective Contributions shall be reflected in County payroll warrants issued on or about the fifteenth day of the month following the month in which the requisite pay status was completed. Effective beginning on and after April 1, 2010, or such later date as may be determined by the Chief Executive Officer when the human resources management system reflecting this provision is implemented, an advance of approximately one-half the monthly Nonelective Contributions received as additional Eligible Earnings in

accordance with Section 5.33.050F shall be reflected in County payroll warrants issued on or about the thirtieth day of the month in which the requisite pay status was completed and the remainder of such additional Eligible Earnings shall be reflected in County payroll warrants issued on or about the fifteenth day of the month following the month in which the requisite pay status was complete.

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**SECTION 12.** Section 5.36.025 is hereby amended to read as follows:

**5.36.025 - Contribution to health insurance coverage for specified employees.**

Pursuant to Article 1 (commencing with Section 53200) of Chapter 2, Part 1 of Division 2 of Title 5, of the California Government Code, the County will pay a monthly contribution to each group medical/hospital insurance plan administered by the County, or administered by an employee organization and approved by the County, for each eligible employee who elects to enroll in such plan.

A. The maximum monthly County contribution rates set forth in the table below shall apply with respect to:

1. Monthly temporary and monthly recurrent employees (designated ~~designed~~ as "O" or "B" in Section 6.28.020 of this Code) who are (a) employed in classifications specifically approved for said special maximum monthly Contribution rates by the board of supervisors, and (b) otherwise entitled to a County contribution toward County-sponsored or County-approved union-sponsored health insurance coverage pursuant to the provisions of this chapter.

2. Monthly permanent 3/4 & 4/5 time employees (designated-designed as "Y" & "Z" in Section 6.28.020 of this Code), ~~and employed in a classification requiring a license to practice as a registered nurse.~~

Maximum Monthly County Contribution—Represented Employees		
Coverage	Effective 1-1-14	Effective 1-1-15
Employee	\$635.96	\$681.75
Employee plus one dependent	\$1,129.54	\$1,210.87
Employee plus two or more dependents	\$1,296.59	\$1,389.94

Maximum Monthly County Contribution—Non-Represented Employees		
Coverage	Effective 1-1-14	Effective 1-1-15
Employee	<del>\$635.96</del> <u>\$512.41</u>	<del>\$681.75</del> <u>\$549.30</u>
Employee plus one dependent	<del>\$1,129.54</del> <u>\$910.10</u>	<del>\$1,210.87</del> <u>\$975.63</u>
Employee plus spouse	<del>\$1,129.54</del> <u>\$910.10</u>	<del>\$1,210.87</del> <u>\$975.63</u>
Employee plus two or more dependents	<del>\$1,296.59</del> <u>\$1,044.69</u>	<del>\$1,389.94</del> <u>\$1,119.90</u>

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**SECTION 13.** Section 5.36.029 is hereby amended to read as follows:

**5.36.029 - Contribution to health insurance for non-student part-time employees.**

A. In addition to the eligible employees designated in Section 5.36.025, employees meeting the criteria in subsection B of this section, who are enrolled in a County-sponsored health plan, or a County-approved union-sponsored health plan, shall be entitled to a monthly contribution toward the payment of the premiums for such plan. The amount of the monthly contribution shall be the lesser of the monthly premium or the contribution provided in subsection A of Section 5.36.025.

B. The provisions of this section shall apply to each daily as-needed, daily recurrent, hourly as-needed, hourly recurrent, monthly permanent 1/2 time, monthly permanent 3/5 time, monthly permanent 5/8 time, and monthly permanent 2/3 time, ~~monthly permanent 3/4 time and monthly permanent 4/5 permanent time~~ (designated as C, E, F, H, U, V, W, and X, ~~Y and Z,~~ respectively, in Section 6.28.020 of this Code) employee who:

1. Has been in a pay-status for an average of 20 hours a week for the three consecutive months prior to enrollment in the County sponsored health plan. For purposes of this section, an employee will be deemed to have been in a pay status for an average of 20 hours per week if, in the aggregate, he has been compensated the following number of hours over any three (3) consecutive month period:

a. 244 hours if employed on a daily or hourly basis,

b. 256 hours if employed on a monthly temporary or monthly recurrent basis or on a 1/2 time, 3/5 time, 5/8 time, or 2/3 time, ~~3/4 time or 4/5 time~~ monthly permanent basis;

...

F. In no event shall the subsidy provided for in this Section 5.36.029 be payable prior to the pay day occurring on or about the fifteenth day of the month occurring 90 days ~~four months~~ after the requirements set forth in subsection B have been met. All employees who qualify for the subsidy shall qualify on the basis of hours worked subsequent to January 1, 2001. No subsidy payment shall be payable prior to the pay day occurring on or about July 13, 2001.

**SECTION 14.** Section 5.37.040 is hereby amended to read as follows:

**5.37.040 - Contributions.**

A. Nonelective Contributions.

1. Except as otherwise provided herein, for each month of the 2014 Plan Year (commencing with County pay warrants issued on or about January 15, 2014), the County shall contribute to the Plan on behalf of each Participant an amount equal to \$228.00, unless (1) said Participant is entitled to One Party Medical Insurance Coverage with respect to said month, in which case, the County shall contribute an amount equal to \$757.46; or (2) said Participant is entitled to Two-Party Medical Insurance Coverage with respect to said month, in which case, the County shall contribute an amount equal to \$1,382.02; or (3) said Participant is entitled to Three-

Party Medical Insurance Coverage with respect to said month, in which case, the County shall contribute an amount equal to \$1,632.60.

...

3. Beginning in January 2015, participants may decline coverage to enroll in an individual health insurance plan (including enrolling in health insurance coverage through a health care exchange); however, there will be no waiver contribution for participants who choose to decline coverage and enroll in an individual plan.

43. In addition to these monthly Nonelective Contributions, the County shall make two ad hoc Nonelective Contributions on behalf of each Participant in an amount equal to \$250 on each of the March 28, 2014 and July 30, 2014 pay dates.

54. No Nonelective Contribution shall be contributed for any Participant if he has not been in a pay status for at least eight hours during the prior month. Nonelective Contributions shall be reflected in County payroll warrants issued on or about the fifteenth day of the month following the month in which the requisite pay status was completed. Effective beginning on and after April 1, 2010, or such later date as may be determined by the Chief Executive Officer when the human resources management system reflecting this provision is implemented, an advance of approximately one-half the monthly Nonelective Contributions received as additional Eligible Earnings in accordance with Section 5.37.050F shall be reflected in County payroll warrants issued on or about the thirtieth day of the month in which the requisite pay status was completed and the remainder of such additional Eligible Earnings shall be reflected in

County payroll warrants issued on or about the fifteenth day of the month following the month in which the requisite pay status was completed.

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**SECTION 15.** Pursuant to Section 25123(f) of the Government Code, this Ordinance shall take effect and operative on and after December 1, 2014.

[533040LSBCEO]