



October 01, 2019

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

Dear Commissioners:

**APPROVE HEALTH PLANS
(ALL DISTRICTS) (3 VOTES)**

SUBJECT

This letter recommends approval of the Los Angeles County Development Authority (LACDA) employee health benefits for the 2020 calendar year.

IT IS RECOMMENDED THAT THE BOARD:

1. Authorize the Executive Director or her designee to approve renewal plans with CSAC Excess Insurance Authority, a Joint Powers Agreement (JPA), to continue to provide Health Maintenance Organization (HMO) and Preferred Provider Option (PPO) group medical plans by Blue Shield, and to execute a continuing contract with Kaiser Health Plan (Kaiser), to be effective January 1, 2020.
2. Approve the employer-paid medical subsidy for the 2020 calendar year to Blue Shield and Kaiser, at an estimated cost not to exceed \$2,400,000.
3. Authorize the LACDA to fund all Calendar Year 2020 health plan costs using funds included in the approved Fiscal Year 2019-20 budget and funds to be approved through the annual budget process for Fiscal Year 2020-21.
4. Find that the approval of the employee health plans for the 2020 calendar year is not subject to the provisions of the California Environmental Quality Act (CEQA) because the activities are not defined as a project under CEQA.

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

2-D October 1, 2019

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CELIA ZAVALA
EXECUTIVE OFFICER

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended action is to provide LACDA employees affordable health care coverage for the 2020 calendar year. The current plans end on December 31, 2019.

FISCAL IMPACT/FINANCING

There is no fiscal impact to County General Fund. The expenses will be fully covered using funds included in the LACDA's approved Fiscal Year 2019-2020 budget and Fiscal Year 2020-2021 proposed budget.

In an effort to help employees pay for medical insurance coverage, the LACDA will continue to provide an employer-paid medical subsidy. This amount, projected at a cost not to exceed \$2,400,000 of the \$7,670,000 projected total premium cost, combined with the amount contributed by each employee, will fund the premiums for medical insurance for the 2020 calendar year.

There is no increase to the employee portion of the premiums for the 2020 calendar year. The LACDA will absorb the 2.3% premium cost increase from 2019.

The current Fiscal Year 2019-20 approved LACDA budget includes funds to cover the proposed health plans through June 30, 2020. The annual budget process for Fiscal Year 2020-2021 will include funding for the remainder of the calendar year costs.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

LACDA employees are participants in a separate and distinct personnel and retirement system from Los Angeles County, inclusive of a separate and distinct group benefit plan.

The LACDA currently provides employees with Blue Shield HMO, Blue Shield PPO, and Kaiser as employee medical plan options. During the month of August, the LACDA evaluated these plans and the cost increases for 2020, with the assistance of the LACDA's insurance broker, Alliant Insurance Services.

The LACDA received and evaluated favorable renewals from CSAC Excess Insurance Authority (EIA) for the third year of a three-year cost savings agreement that has provided rate relief through a purchasing pool. The renewals preserve the Kaiser and Blue Shield plans with no plan design changes for 2020. The renewal provides the most cost effective option for the LACDA at a total group premium increase of 2.3% over 2019. The current California market trend increases average 8-12% for HMO and PPO products.

The annual open enrollment period, which allows LACDA employees to enroll in health plans for 2020, will begin following your Board's approval.

ENVIRONMENTAL DOCUMENTATION

This action is exempt from the provisions of the National Environmental Policy Act pursuant to Title 24 of the 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

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have the potential for causing a significant effect on the environment.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Monique King-Viehlend". The signature is fluid and cursive, with a large initial "M" and a long, sweeping underline.

MONIQUE KING-VIEHLAND

Executive Director

MKV:JD