



COUNTY OF LOS ANGELES
DEPARTMENT OF HUMAN RESOURCES

HEADQUARTERS
579 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-2406 FAX (213) 621-0387

BRANCH OFFICE
3333 WILSHIRE BOULEVARD • LOS ANGELES, CALIFORNIA 90010
(213) 738-2222 FAX (213) 637-0820

MICHAEL J. HENRY
DIRECTOR OF PERSONNEL

December 18, 2006

To: Each Supervisor
From: Michael J. Henry
Director of Personnel

Subject: **SUPPLEMENTAL AGENDA ITEM NO. 83-E, BOARD AGENDA OF
DECEMBER 19, 2006**

Item No. 83-E on the supplemental agenda recommends approval to explore alternatives to the Kaiser HMO plan for County employees by marketing the plan to the health care community. This request was made as a result of Kaiser's unwillingness to renegotiate premium rates pending outcome of an audit, as ordered by your Board.

Late Friday afternoon, Kaiser proposed a renegotiation provision to the contract. Kaiser's proposed language expresses a willingness to discuss the audit results but not a commitment to amend rates, if necessary. County Counsel has reviewed and accepted the Kaiser language.

Since Kaiser continues to be the highest priced County-sponsored HMO and, to date, has not provided our benefits consultant, Mercer, all necessary information to fully reconcile the rates, we find it appropriate to explore other alternative health plans to Kaiser and to seek the cooperation of County unions through their respective labor management committees.

If you have any questions, please call me or your staff may contact Marian Hall, Senior Human Resources Manager, at (213) 738-2255.

MJH:TJH
MLH:KF:hv

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors
Local 660, SEIU
Coalition of County Unions

H:Board Memo 12.19.06

To Enrich Lives Through Effective and Caring Service