



June 2, 2023

**Los Angeles County
Board of Supervisors**

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TO: Supervisor Janice K. Hahn, Chair
Supervisor Hilda L. Solis
Supervisor Holly J. Mitchell
Supervisor Lindsey P. Horvath
Supervisor Kathryn Barger

FROM: Christina R. Ghaly, M.D. 
Director

**SUBJECT: ADDRESSING RECRUITMENT AND RETENTION OF CLINICAL
STAFF (ITEM 72B, FROM THE MAY 2, 2023 AGENDA)**

Christina R. Ghaly, M.D.
Director

Hal F. Yee, Jr., M.D., Ph.D.
Chief Deputy Director, Clinical Affairs

Nina J. Park, M.D.
Chief Deputy Director, Population Health

Elizabeth M. Jacobi, J.D.
Administrative Deputy

On [May 2, 2023](#), the Board of Supervisor (Board) directed the Department of Health Services (DHS), in collaboration with the Chief Executive Office (CEO), the Department of Public Health (DPH), the Department of Mental Health (DMH), and the Los Angeles County's (LA County) Department of Human Resources (DHR), to report back to the Board in 30-days on the impact of employee benefits and incentives in the recruitment and retention of healthcare employees, including:

1. The feasibility and cost estimates for including MegaFlex benefits and other incentives for LA County doctors including, but not limited to, physicians, dentists, and psychiatrists; and
2. An analysis of the efficacy of including MegaFlex benefits and other incentives for LA County clinical staff in enhancing recruitment and retention efforts.

Herein is the response to the Board:

Feasibility and Cost Estimates for Megaflex

LA County administers four flexible benefit plans (*Options, Choices, Flex, and Megaflex*) with corresponding medical, dental, and life insurance plans. Currently, LA County's physician specialists, mental health psychiatrists, and dentists receive the Choices Benefit Plan pursuant to the Memorandum of Understanding (MOU) between LA County and the Coalition of County Unions, American Federation of Labor and Congress of Industrial Organizations (AFL-CIO), with the most recent MOU being effective December 6, 2022, except for physician specialists who were grandfathered into Megaflex by agreement in 2007.

Since 2007, LA County and the Union of American and Physicians and Dentists (UAPD) have successfully negotiated multiple successor MOUs for Bargaining Unit 324 (Physician Specialists) and Bargaining Unit 325 (Mental Health Psychiatrists and Dentists), which have resulted in significant

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increases to compensation by specialty. Of note, there are more than 40 unique physician specialties, such as Anesthesiology, Emergency Medicine, Family Practice, Radiology-General/Diagnostic, Radiology - Vascular/Internal Diagnostic, Surgery-General, Surgery-Cardiothoracic, amongst others. The current physician pay plan recognizes the variability for compensation by specialty, rather than setting one salary range for all physicians. For example, a physician specialist of Family Practice can earn up to \$23,791.84 per month in salary, an anesthesiologist can earn up to \$36,7323.01 per month in salary, and a physician specialist in Surgery-Cardiothoracic can earn up to \$45,623.97 per month in salary, with physician specialists having an opportunity for other special pay, such as a 5.5% Board Certification bonus. Over the years, these steady increases in salary were negotiated while factoring in that this group does not receive Megaflex benefits and other incentives.

The CEO has assessed that the estimated cost to extend Megaflex benefits to the physicians, psychiatrists, and dentists in Bargaining Units 324 and 325 would be approximately \$86.8 million annually for the cafeteria portion of the plan only. This estimate represents the difference in cost if all budgeted positions assigned to Choices in Bargaining Units 324 and 325 were switched to Megaflex, taking into account the costs of the Cafeteria Plan Allowance, Health Insurance Subsidy, Dental Insurance Subsidy, Life Insurance Subsidy, and Long-Term Disability (LTD) Health Insurance Subsidy in both plans, and for Megaflex only, the Short-Term Disability (STD)/LTD Subsidy. In addition to the estimated Megaflex costs, there would be additional costs for entry into and matching contributions for the 401K Savings Plan.

A full estimate is not available at this time as LA County and UAPD are currently in negotiations for successor MOUs for Bargaining Unit 324 (Physician Specialists) and Bargaining Unit 325 (Mental Health Psychiatrists and Dentists) and the estimated cost of Megaflex benefits would increase with any negotiated salary increases. Past negotiations have resulted in significant increases in total compensation for this group to support recruitment and retention while contemplating the fact that members in this group do not receive Megaflex benefits and other incentives. The cost for extending Megaflex benefits would make it prohibitive to consider such investments in wages and incentives by specialty, location and other hard-to-recruit roles for patient care. It should be noted that other similarly situated bargaining units may also ask for extended benefits, increasing the total cost to LA County.

Efficacy of Megaflex Benefits to Enhance Recruitment and Retention Efforts

We believe that the best way to recruit physicians, psychiatrists, and dentists is with a targeted approach that considers total compensation and market factors, rather than extending broad Megaflex benefits and other incentives. There is wide heterogeneity in the market compensation for physicians that depends on their specialty, type, and location of work. Salary, benefits, and cost of living are all important considerations. Therefore, DHS favors a targeted approach to recruiting and retention that considers all of these factors. DHS does not believe that expansion of benefits, including Megaflex, in a non-targeted manner is best for physician recruitment and retention nor do we believe it is in the interest of our patients and taxpayers.

Extending Megaflex would not place the Health Departments at a competitive recruitment advantage where it is most needed. In the healthcare market, specialties with higher salary compensation usually have a lower benefits expense as a percentage of compensation. For instance, employer-paid benefits for physicians would typically account for a lower percentage

of a neurosurgeon's salary than a pediatrician's salary. Meanwhile, Megaflex provides benefits based on a set percentage of salary. In addition, new recruits who seek flexibility and prefer a higher portion of salary in their compensation package may not find the shift from salary to more County benefits as attractive as competing offers.

Considering the historical context, the potential disruption to negotiated agreements and present bargaining, and the impact on the Health Departments' budgets, the Health Departments and CEO concur that it would be neither feasible nor effective to unilaterally extend the Megaflex benefits plan. Instead, the Health Departments support good faith bargaining between LA County and UAPD, and the opportunity to develop well-designed solutions with CEO and DHR to recruit and retain a healthcare workforce that best serve the needs of patients with wise and targeted investments that take into consideration total compensation (salary and benefits), our current and future workforce, and the healthcare market.

If you have any questions, you may contact me or your staff may contact Elizabeth Jacobi J.D., Administrative Deputy, by email at ejacobi@dhs.lacounty.gov, and Dr. Hal Yee M.D. Ph.D., Chief Deputy Director of Clinical Affairs by email at hyee@dhs.lacounty.gov.

CRG:ej:hy

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors