



September 30, 2025

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:

**EMPLOYEE HEALTH PLANS FOR CALENDAR YEAR 2026
(ALL DISTRICTS) (3 VOTES)**

SUBJECT

This letter recommends approval of the Los Angeles County Development Authority (LACDA) employee health benefits for the 2026 calendar year.

IT IS RECOMMENDED THAT THE BOARD:

1. Authorize the Executive Director or his designee to approve renewal plans with PRISM Health for HMO and PPO group medical plans with Blue Shield, and to execute a contract with Kaiser Health Plan, effective January 1, 2026.
2. Approve the employer-paid medical subsidy for the 2026 calendar year to Blue Shield and Kaiser, at an estimated cost not to exceed \$3,236,300.
3. Authorize the LACDA to fund all Calendar Year 2026 health plan costs using funds included in the approved Fiscal Year 2025-2026 budget and funds to be approved through the annual budget process for Fiscal Year 2026-2027.
4. Find that the approval of the employee health plans for the 2026 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.



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Executive Director: Emilio Salas

Commissioners: Hilda L. Solis, Holly J. Mitchell, Lindsey P. Horvath, Janice Hahn, Kathryn Barger



PURPOSE/JUSTIFICATION OF THE RECOMMENDED ACTIONS

The purpose of the recommended action is to provide LACDA employees affordable health care coverage for the 2026 calendar year. The current plans end on December 31, 2025.

FISCAL IMPACT/FINANCING

There is no fiscal impact to the County General Fund. The expenses will be fully covered using funds included in the LACDA's approved Fiscal Year 2025-2026 budget and Fiscal Year 2026-2027 proposed budget.

To help ease the cost of medical insurance premiums, the LACDA will continue to provide an employer-paid medical subsidy. This amount, estimated not to exceed \$3,236,300 from the projected total premium cost of \$13,573,500, combined with employee contributions through flex dollars, will cover the medical insurance premiums for the 2026 calendar year.

There are increases in both the employee and the LACDA portions of the medical premiums for the 2026 calendar year. Both will observe an overall 15.8% premium cost increase.

The current Fiscal Year 2025-2026 approved LACDA budget includes funds to cover the proposed health plans through June 30, 2026. The annual budget process for Fiscal Year 2026-2027 will include funding for the remainder of the calendar year costs.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Since its inception, LACDA employees have been participants in a separate and distinct personnel and retirement system, 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 July, the LACDA evaluated these plans and the premium costs for 2026, with the assistance of the LACDA's insurance broker, Alliant Insurance Services.

The LACDA participates in a Joint Powers Agreement through PRISM Health and has secured the most favorable plan rates for 2026. This renewal retains Kaiser and Blue Shield plans without any design changes and offers the most cost-effective option for the LACDA, with a total group increase of 15.8%, compared to California's market trend of 14-25% for HMO and PPO products. The annual open enrollment period for 2026, will start after Board 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 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 LACDA employees and their families by offering comprehensive employee benefits.

Respectfully submitted,



EMILIO SALAS
Executive Director