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# SPECIAL AGENDA

## BOARD OF FIRE AND POLICE PENSION COMMISSIONERS

April 4, 2019

**8:45 a.m. or as soon thereafter as the  
Board recesses its regular meeting**

Sam Diannitto Boardroom  
Los Angeles Fire and Police Pensions Building  
701 East 3rd Street, Suite 400  
Los Angeles, CA 90013

Commissioner Weber will participate telephonically from  
8860 Lawrence Welk Drive  
Escondido, CA 92026

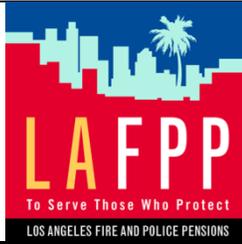
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An opportunity for the public to address the Board or Committee about any item on today's agenda for which there has been no previous opportunity for public comment will be provided before or during consideration of the item. Members of the public who wish to speak on any item on today's agenda are requested to complete a speaker card for each item they wish to address, and present the completed card(s) to the commission executive assistant. Speaker cards are available at the commission executive assistant's desk.

In compliance with Government Code Section 54957.5, non-exempt writings that are distributed to a majority or all of the Board or applicable Committee of the Board in advance of their meetings may be viewed at the office of the Los Angeles Fire and Police Pension System (LAFPP), located at 701 East 3<sup>rd</sup> Street, 2<sup>nd</sup> Floor, Los Angeles, California 90013, or by clicking on LAFPP's website at [www.lafpp.com](http://www.lafpp.com), or at the scheduled meeting. Non-exempt writings that are distributed to the Board or Committee at a scheduled meeting may be viewed at that meeting. In addition, if you would like a copy of any record related to an item on the agenda, please contact the commission executive assistant, at (213) 279-3038 or by e-mail at [rhonda.ketay@lafpp.com](mailto:rhonda.ketay@lafpp.com).

Sign language interpreters, communication access real-time transcription, assistive listening devices, or other auxiliary aids and/or services may be provided upon request. To ensure availability, you are advised to make your request at least 72 hours prior to the meeting you wish to attend. Due to difficulties in securing sign language interpreters, five or more business days notice is strongly recommended. For additional information, please contact the Department of Fire and Police Pensions, (213) 279-3000 voice or (213) 628-7713 TDD.

1. GENERAL PUBLIC COMMENT ON MATTERS WITHIN THE BOARD'S JURISDICTION
2. PRESENTATION OF NEW MEDICARE ADVANTAGE PLAN BY LAPRA
3. [STAFF ANALYSIS OF LAPRA'S NEW MEDICARE ADVANTAGE PLAN AND POSSIBLE BOARD ACTION](#)
4. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.81 TO CONSIDER THE PROPOSED PURCHASE OF ONE (1) PARTICULAR, SPECIFIC INVESTMENT AND POSSIBLE BOARD ACTION



# **DEPARTMENT OF FIRE AND POLICE PENSIONS**

701 E. 3rd Street, Suite 200  
Los Angeles, CA 90013  
(213) 279-3000

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## **REPORT TO THE BOARD OF FIRE AND POLICE PENSION COMMISSIONERS**

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**DATE:** APRIL 4, 2019

**ITEM:** 3

**FROM:** RAYMOND P. CIRANNA, GENERAL MANAGER

**SUBJECT:** STAFF ANALYSIS OF LAPRA'S NEW MEDICARE ADVANTAGE PLAN AND  
POSSIBLE BOARD ACTION

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### **RECOMMENDATION**

That the Board:

1. Adopt the attached resolution (Attachment 1) approving the Los Angeles Police Relief Association (LAPRA) Anthem Blue Cross Medicare Advantage HMO health plan as a suitable plan eligible for the subsidy program for Plan Year 2019-20; and
2. Direct staff to amend Appendix C of the contract between LAFPP and LAPRA for health and dental plan administration services to reflect the new Anthem Blue Cross Medicare Advantage HMO health plan.

### **BACKGROUND**

Over the past couple of years, the Board has been evaluating the retiree healthcare program to obtain a better understanding of the medical and dental plans and explore ways to curb the growth in costs for LAFPP. LAFPP's retiree healthcare program costs have been growing faster than pension-related costs for several years. However, it is noted that this growth in healthcare program costs for LAFPP mirrors the growth in healthcare costs seen across the country.

One aspect of LAFPP's medical and dental plan review was the Board's goal to offer less expensive plan options, specifically, a new Medicare Advantage plan to members. As such, the Board requested all of the Board-approved health plan administrators to consider offering a new Medicare Advantage plan. Subsequently, the United Firefighters of Los Angeles City (UFLAC) introduced two new Medicare Advantage plans for its 2019 Plan Year. Additionally, LAPRA informed the Board that they were looking into the possibility of offering a Medicare Advantage plan.

### **DISCUSSION**

On March 29, 2019, LAPRA notified staff that effective July 1, 2019, they will be introducing a new Medicare Advantage HMO health plan as part of their health insurance plan offerings. The new Medicare Advantage plan will use the Anthem Blue Cross network and members and their dependents who are enrolled in all parts of Medicare will be eligible to enroll. LAPRA requests the Board's approval no later than the April 4<sup>th</sup> Board meeting so they may include this new plan in their open enrollment materials for the upcoming 2019-20 plan year.

LAFPP currently has other Board-approved Medicare Advantage plans, including two offered to the closed group of retirees enrolled in LACERS health plans and the two offered by UFLAC. Additionally, LAFRA and LAPRA both offer Kaiser Senior Advantage, a Medicare Advantage HMO plan, to retirees. Attachment 2 provides a comparison of LAPRA’s proposed Medicare Advantage plan and some of the other Medicare Advantage HMO plans offered to pensioners.

Premiums

LAPRA is proposing the following rates which include the LAPRA wellness program and an administrative fee of \$7 per month.

Anthem Blue Cross Medicare Advantage HMO Plan	Monthly Premium
Member with Medicare A, B, D	\$518.18
2-Party: Both Medicare A, B, D	\$1,005.07
3-Party: All Medicare A, B, D	\$1,499.55

The rates between tiers appear to be equitable as the two-party and three-party premiums are approximately two times or three times the single-party rate. However, the proposed premiums are priced noticeably higher than other Medicare Advantage plans offered by LAFPP or UFLAC. Please note, 2019-20 will be the first year of this plan and subsequent renewal rates may change based on claims experience and/or medical trends.

Benefit Levels

The plan benefit levels are structured to attract retired Medicare-eligible members and are anticipated to suit the needs of LAFPP’s members in terms of co-pays and covered services. The plan will pay 100% of the cost of office visits, hospitalization, emergency room visits, urgent care, and routine physicals. Additionally, pharmaceutical costs are well-priced with generic drug co-pays at \$5 and brand drug co-pays at \$20 per prescription. LAFPP’s health plan consultant, USI, will provide a benefits comparison among the current and proposed Medicare Advantage HMO plans.

Rate Analysis

Currently, claims data is not yet available since there are no retired members enrolled in the proposed plan. It is anticipated that LAPRA staff will be present at today’s meeting to discuss the basis on which the plan premiums were set. LAPRA’s enrollment expectation is approximately five (5) percent of Medicare-eligible members will migrate to the new plan in 2019-20. Next year, depending on enrollment levels, LAPRA may be able to provide claims data and trend information for this plan to validate rate renewals.

Plan Approval

Since this is a new plan offering to LAFPP retirees, the Board must determine the LAPRA Anthem Blue Cross Medicare Advantage HMO plan to be suitable and eligible for subsidies. The attached resolution is the first of the retiree health plan resolutions that the Board will approve or disapprove. If approved, staff will work with LAPRA staff to amend the current contract’s Appendix C, which defines the plans eligible for LAFPP subsidies upon annual Board resolution. As discussed in today’s *Update on Health and Dental Plan Review and Timeline* report, staff will present recommendations to the Board at the May 2, 2019 meeting to either approve or disapprove by resolution each plan outlined in Appendix C of each of LAFPP’s health and/or dental plan administration services contracts for the respective plan year.

## **BUDGET**

No budget impact as written. If approved, Staff will report back to the Board on the expected annual savings to LAFPP based on enrollment effective July 1, 2019.

## **POLICY**

No policy changes as recommended.

## **CONTRACTOR DISCLOSURE INFORMATION**

There is no contractor disclosure information required with this report.

This report was prepared by:

Greg Mack, Chief Benefits Analyst  
Pensions Division

RPC:JS:GM

- Attachments:
1. Resolution approving the LAPRA Anthem Blue Cross Medicare Advantage HMO Plan
  2. Medicare Advantage Plans Benefit Comparison

APPROVAL OF THE LOS ANGELES POLICE RELIEF ASSOCIATION ANTHEM BLUE  
CROSS MEDICARE ADVANTAGE HMO PLAN  
AS A SUITABLE PLAN ELIGIBLE FOR SUBSIDIES

RESOLUTION \_\_\_\_\_

WHEREAS, under the Los Angeles City Charter and Administrative Code, the Board of Fire and Police Pension Commissioners (Board) has the authority to administer a health insurance program for retired members and eligible beneficiaries of the Los Angeles Fire and Police Pension plan (LAFPP). See L.A. Charter §§1330(a), (d), 1518(a), (d), 1618(a), (d), 1718(a), (d); L.A. Admin. Code §§4.2018, 4.1150-4.1167; and

WHEREAS, consistent with these Charter and Administrative Code provisions, the Board has the legal authority to: (1) contract with health insurers, health plans or third-party administrators to make group health insurance plans available to LAFPP retirees and eligible beneficiaries; (2) approve health insurance plans to be funded with LAFPP subsidy dollars; and (3) set subsidy amounts annually; and

WHEREAS, the Board must exercise its authority over this health insurance program in a manner consistent with its fiduciary duties, including its duties of prudence and impartiality; and

WHEREAS, on November 1, 2018, the Board and the Los Angeles Police Relief Association (LAPRA or Association) entered into a contract for health and dental plan administration services (Contract); and

WHEREAS, Appendix C of the Contract lists the plans administered by LAPRA that shall require approval on an annual basis by Board Resolution; and

WHEREAS, the Board and the Association agreed in Article 3.2(d) of the Contract that, at least sixty (60) days prior to the beginning of each plan year, for each plan listed in Appendix C of the Contract, and as soon as feasible for any new plan proposed during the term of the Contract, the Association shall present a report to the Board regarding health plan provisions, member demographic data, cost trend information, Medicare plan pricing and cost reimbursement, and general pharmaceutical benefit information and any changes in plan design, premiums, or administrative fee related to its health plans; and

WHEREAS, the Board and the Association agreed in Article 3.3(b) of the Contract that, in conjunction with this report, the Board will consider each health plan administered or proposed to be administered by the Association for approval by Board Resolution as a suitable plan eligible for LAFPP subsidies for the following plan year; and

WHEREAS, the Association requested Board approval by Resolution of a Medicare Advantage HMO plan and to add this new plan to the list of plans set forth in Appendix C of the Contract; and

WHEREAS, on April 4, 2019, the Association provided the Board a summary of the plan benefits and proposed premiums regarding the Los Angeles Police Relief Association Anthem Blue Cross Medicare Advantage HMO plan.

NOW THEREFORE, BE IT RESOLVED, that the Board has considered all material information provided by the Association regarding the Los Angeles Police Relief Association Anthem Blue Cross Medicare Advantage HMO plan and, consistent with its legal authority under the Charter and Administrative Code and its fiduciary duties, has determined that for the plan year commencing on July 1, 2019 through June 30, 2020, the Los Angeles Police Relief Association Anthem Blue Cross Medicare Advantage HMO plan is approved as a suitable plan eligible to receive LAFPP subsidies.

BE IT FURTHER RESOLVED, for the plan year commencing on July 1, 2019 through June 30, 2020, the administration fee that will be charged by Los Angeles Police Relief Association is \$7 per member and will be included as part of the monthly premium.

BE IT FURTHER RESOLVED that subsidies will be paid on behalf of members, the dependents of retired members, and qualified surviving spouses/domestic partners who are eligible and enrolled in the Los Angeles Police Relief Association Anthem Blue Cross Medicare Advantage HMO plan, subject to the limits described in Board Operating Policy 8.2, and consistent with the Charter and Administrative Code and other applicable laws.

Plan Administrator	LAFPP	LAPRA (PROPOSED)	UFLAC
<b>Provider</b>	<b>UNITED HEALTHCARE</b>	<b>ANTHEM BLUE CROSS</b>	<b>ANTHEM BLUE CROSS</b>
Member w/ AB&D	\$273.69	\$518.18	\$369.99
Member +1 Both AB&D	\$542.78	\$1,005.07	\$715.29
Family: All AB&D	\$817.65	\$1,499.55	N/A
<b>Network</b>	<b>Medicare Advantage HMO</b>	<b>Medicare Advantage HMO</b>	<b>Medicare Advantage HMO</b>
<b>Calendar Year Deductible</b>	None	Plan pays 100%	None
<b>Calendar Year Out-of-Pocket Maximum</b>	\$6,700 Individual ONLY	Plan pays 100%	\$3,400 (Does not apply to Rx)
<b>Physician Office Visits</b>	\$15 copay	Plan pays 100%	\$5 copay/primary care \$25 copay/specialist
<b>Urgent Care Centers</b>	\$15 copay	Plan pays 100%	\$25 copay
<b>Emergency Care (copay waived if admitted)</b>	\$50 copay; waived if admitted	Plan pays 100%	\$75 copay
<b>Inpatient Hospital Room and Board</b>	No Charge	Plan pays 100%	\$150 copay per admission (\$450 hospital out-of-pocket maximum)
<b>Outpatient Surgery Center - Facility</b>	No Charge	Plan pays 100%	\$100 copay
<b>Lab/X-Ray</b>	No Charge	Plan pays 100%	\$25 copay
<b>Physical &amp; Occupational Therapy and Chiropractic Services</b>	No charge after \$15 office visit copay (for Chiro, limit of 30 visits/yr)	Plan pays 100% (for Chiro, only manipulation of the spine is covered)	\$20 copay
<b>Mental Health / Substance Abuse - I/P</b>	No Charge; unlimited	Plan pays 100%	\$150 copay per admission (\$450 hospital out-of-pocket maximum)
<b>Mental Health / Substance Abuse - O/P</b>	\$15 copay, unlimited visits	Plan pays 100%	\$25 copay
<b>Prescription Drugs</b>			
<b>Formulary</b>	Yes	Yes	Yes
<b>Generic Copay</b>	Retail: Tier I generic \$10/unit** Mail Order: \$20/unit	Retail: \$5 copay Mail Order: \$10 copay	Retail: \$10 copay Mail Order: \$20 copay
<b>Brand Copay</b>	Retail: Tier II brand \$20/unit** Mail Order: \$40/unit	Retail: \$20 copay Mail Order: \$40 copay	Retail: \$20 copay Mail Order: \$40 copay
<b>Non-Formulary</b>	Retail: Tier III & IV \$50/unit** Mail Order: \$100/unit	Retail: \$40 copay Mail Order: \$80 copay	Retail: \$40 copay Mail Order: \$80 copay
<b>Specialty</b>	Contact your medical plan for details	20% copay; Retail: max \$150/rx Mail Order: max \$300/rx	Retail: \$40 copay Mail Order: \$80 copay
<b>Retail</b>	Up to 30-day supply	Up to 30-day supply	30-day supply
<b>Mail</b>	Up to 90-day supply	Up to 90-day supply	Up to 90-day supply
<b>Notes</b>	** Tier I - Primarily Generics; Tier II - Preferred Brand & Higher Costs Generics; Tier III - Non-preferred; Tier IV - Specialty - Contact your medical plan for details.		Other Benefits Included: Hearing aids, LiveHealth online visits, SilverSneakers fitness program, and more.

Plan Administrator	LAFPP	UFLAC
Provider	ANTHEM BLUE CROSS	ANTHEM BLUE CROSS
Member w/ AB&D	\$542.51	\$484.90
Member +1 Both AB&D	\$1,080.42	\$943.96
Family: All AB&D	\$1,089.99	N/A
Network	Medicare Supplemental PPO	Medicare Advantage PPO
Calendar Year Deductible	Medicare Part B deductible	\$100
Calendar Year Out-of-Pocket Maximum	Not Applicable	\$3,400 (Does not apply to Rx)
Physician Office Visits	Plan pays 20% after deductible	\$10 copay/primary care \$25 copay/specialist
Urgent Care Centers	Plan pays 20% after deductible	
Emergency Care (copay waived if admitted)	Plan pays 20% after deductible w/in US or traveling	
Inpatient Hospital Room and Board	Plan pays Medicare part A deductible & current per-day deductible from 61st - 90th day	\$0 copay after deductible
Outpatient Surgery Center - Facility	Plan pays 20% after deductible	
Lab/X-Ray	Plan pays 20% after deductible	
Physical & Occupational Therapy and Chiropractic Services	Plan pays 20% after deductible	
Mental Health / Substance Abuse - I/P	Plan pays Medicare part A deductible & current per-day deductible from 61st - 90th day	
Mental Health / Substance Abuse - O/P	Plan pays 20% after deductible	
<b>Prescription Drugs</b>		
Formulary	Yes	Yes
Generic Copay	Retail: \$5 copay Mail Order: \$10 copay*	\$15
Brand Copay	Retail: \$25 copay Mail Order: \$50 copay	\$15
Non-Formulary	Retail: \$50 copay Mail Order: \$100 copay	Not Covered
Specialty	Contact your medical plan for details	N/A
Retail	Up to 30-day supply	100-day supply
Mail	Up to 90-day supply**	31-100 day supply for 2 copays
Notes	<p>* \$0 copay for Select Generics (Retail &amp; Mail Orders)</p> <p>** All mail order prescriptions must be ordered through medical plan's mail order vendor or participating pharmacy directory. For certain injectable drugs (except insulin), a different copayment may be required. Contact your medical plan for details.</p>	Other Benefits Included: Hearing aids, LiveHealth online visits, SilverSneakers fitness program, and more