
SPECIAL AGENDA

BOARD OF FIRE AND POLICE PENSION COMMISSIONERS

October 18, 2018

**9:00 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

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 3rd Street, 2nd Floor, Los Angeles, California 90013, or by clicking on LAFPP's website at 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.

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. [APPROVAL OF CONTRACT BETWEEN LAFPP AND LAFRA FOR HEALTH PLAN ADMINISTRATION SERVICES](#)
2. GENERAL PUBLIC COMMENT ON MATTERS WITHIN THE BOARD'S JURISDICTION



DEPARTMENT OF FIRE AND POLICE PENSIONS

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

REPORT TO THE BOARD OF FIRE AND POLICE COMMISSIONERS

DATE: OCTOBER 18, 2018 **ITEM:** 1

FROM: RAYMOND P. CIRANNA, GENERAL MANAGER

SUBJECT: APPROVAL OF CONTRACT WITH LOS ANGELES FIREMEN'S RELIEF ASSOCIATION FOR HEALTH PLAN ADMINISTRATION

RECOMMENDATION

That the Board:

1. Approve the attached contract with Los Angeles Firemen's Relief Association (LAFRA) to provide health plan administration services for a five-year term; and
2. Authorize the President of the Board, on behalf of the Board, to execute the contract, subject to the approval of the City Attorney as to form.

BACKGROUND

LAFPP's Duty to Contract for Health Plans

On May 3, 2018, at the Board's request, the City Attorney provided written advice to the Board regarding its fiduciary obligation to oversee the LAFPP retiree healthcare program (the Program). The City Attorney advised that under the Los Angeles City Charter and Administrative Code, the Board is legally responsible for making three critical decisions regarding the Program: (1) approving health and dental plans to be funded with subsidy dollars; (2) contracting with health/dental insurers or third-party administrators to make those plans available to LAFPP retirees and eligible beneficiaries; and (3) setting subsidy amounts annually.

Additionally, contracts to which the Board is a party must adhere to the provisions of the City Charter and Administrative Code and be signed by the City Attorney. Written advice concerning the scope of this duty to contract has been provided by the City Attorney to the Board, protected by attorney-client privilege.

Summary of Contract Discussions Since January 2018

Since January 2018, under the direction of the Board, staff has been in negotiations with Los Angeles Police Relief Association (LAPRA), Los Angeles Firemen's Relief Association (LAFRA), Los Angeles Police Protective League (LAPPL), and United Firefighters of Los Angeles City (UFLAC) (together, the "Associations") to establish written contracts carrying out the Board's legal authority and responsibility over the Program, to be effective July 1, 2018.

The provisions of these contracts have been discussed with the Board and among stakeholders in multiple public meetings, starting at the January 16, 2018 meeting of the Ad Hoc Committee on Retiree Health Plans. These provisions have also been discussed between staff and the Associations and their counsel at multiple meetings. Throughout the contract negotiation process, staff has carried out the Board's direction and has reported back to the Board on the status of the discussions. As a result, the Board has expressed that the contracts must achieve two important goals: transparency and accountability. With those goals in mind, the Board specifically directed staff to include in the new contracts provisions for: 1) access to HIPAA-compliant claims data; 2) Board audit authority; and 3) a fiduciary standard of care.

DISCUSSION

The attached contract meets the legal requirements set forth by the Los Angeles City Charter and Administrative Code and allows the Board to better fulfill its fiduciary obligations. The negotiated terms also address the scope of the Board's duty to contract and increase transparency and accountability between LAFPP and LAFRA.

Under the terms of the new contract, LAFRA acknowledges the Board's fiduciary duty to administer the retiree healthcare program for all members. LAFRA agrees to comply with one performance audit during the contract term. LAFRA also affirms that it will provide mutually agreed upon HIPAA-compliant claims data after the execution of a Business Associate Agreement with the Board's health care consultant. This information along with plan information and related trends will be provided to the Board on an annual basis for the approval of each health and dental plan that will be eligible for subsidies. Other terms include a five-year contract term, 365-day termination provision, and disclosure of administrative or pass-through fees.

With LAFRA's cooperation, LAFPP will have access to more health plan data than at any point since the inception of the subsidy program. Approval of the attached contract will place the Board in a much better position to validate rate renewals as well as support future subsidy increases. Upon execution, LAFPP will be legally authorized to make monthly subsidy payments to LAFRA on behalf of members, thereby reducing liability to the Plan. Lastly, the new contract places both parties in a good position to build upon the long-standing relationship between the two parties.

BUDGET

No impact to budget as recommended.

POLICY

No policy changes as recommended.

CONTRACTOR DISCLOSURE INFORMATION

LAFRA is currently exempt from LAFPP's contractor disclosure policy.

This report was prepared by:

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Pensions Division

RPC:JS:GM:EZ

Attachment: Contract between LAFPP and LAFRA