



HEALTH AND WELFARE BOARD RETREAT

08.29.17

Presented by:

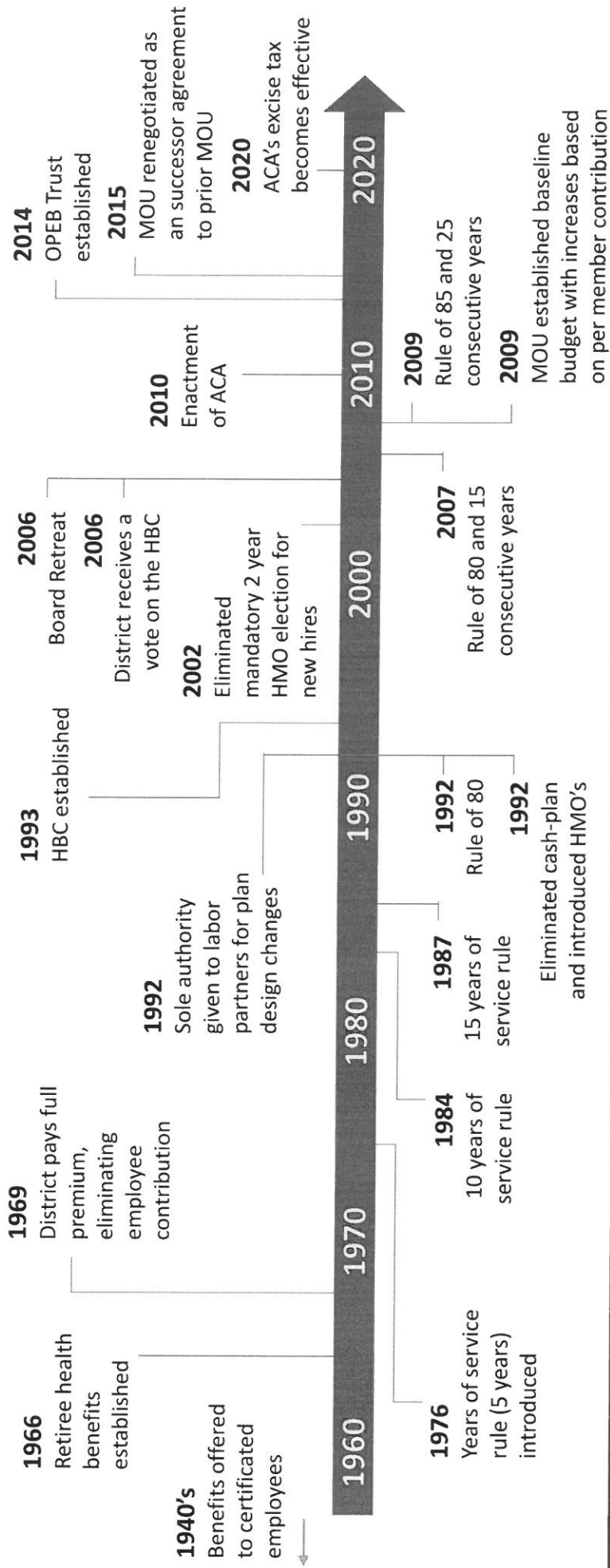
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How It All Began

The Evolution of Health & Welfare



Health Benefits Committee (HBC)

Structure

- Comprised of bargaining units
- One vote per unit and one vote for the District
- Governing Document: Memorandum of Understanding

Roles

- Responsible for plan design changes
- Contain cost within the annual budget for health and welfare
- Negotiate all health & welfare contracts

LAUSD Benefits

Benefits	Paid By		Benefit Provided To			
	District	Employee	Active	Active Dep	Retiree	Retiree Dep
Health Care						
Health (Medical, Dental, Vision)	✓		✓	✓	✓	✓
Health Care Flexible Spending Account		✓	✓			
Dependent Care Flexible Spending Account		✓	✓			
Continuation of Health Coverage – COBRA		✓	✓	✓	✓	✓
Life Insurance						
Basic Life Insurance	✓		✓			
Optional Life Insurance / Accidental Death (AD&D)		✓	✓	✓		
Retirement						
STRS/PERS/PARS	✓	✓			✓	
403(b) / 457(b)		✓			✓	

Benchmarks: Active

How LAUSD compares to other public entities

Public Entity	Medical Plan Structure	Active Employee Contribution
LAUSD	District pays full premium for eligible employees and their dependents	None
City of Los Angeles	City pays full premium for eligible employees and their dependents	None
Los Angeles County	County pays monthly allowance for eligible employees and their dependents	Varies
San Diego Unified School District	District pays full premium for eligible employees and their dependents	None
Long Beach Unified School District	District pays annual maximum contribution. Currently all plans offered are under the annual max contribution	None
New York City, Dept. of Education	Dept. of Education pays full premium for basic plans. Member required to pay additional premiums for upgraded plans.	Varies
Chicago Public Schools (CPS)	Employees contribute 2-5% of salary depending on plan type and coverage level.	2-5%
City of Detroit	City pays 80% of premium for eligible employees and dependents	20%

Benchmarks: Retiree

How LAUSD compares to other public entities

Public Entity	Medical Plan Structure	Retiree Contribution
LAUSD	District pays full premium for eligible retirees and their dependents.	None
City of Los Angeles	City offers premium subsidy based on years of service. Retiree responsible for remaining balance.	Varies
Los Angeles County	County contributes premium for retiree and dependents based on years of service. Members retired after 07/01/2014 responsible for dependent coverage.	Varies
San Diego Unified School District	Retiree pays full premium. Depending on Bargaining Unit, subsidy may be offered.	Varies
Long Beach Unified School District	District pays annual maximum contribution to age 67	Varies
New York City, Dept. of Education	Dept. of Education pays full premium for basic plans. Retiree required to pay additional premiums for upgraded plans.	Varies
Chicago Public Schools (CPS)	Retiree pays full premium. Depending on Bargaining Unit, subsidy may be offered. Dependent coverage is not eligible for subsidy.	Varies
City of Detroit	Members retired after 01/01/2015 are not eligible for medical coverage.	Full amount

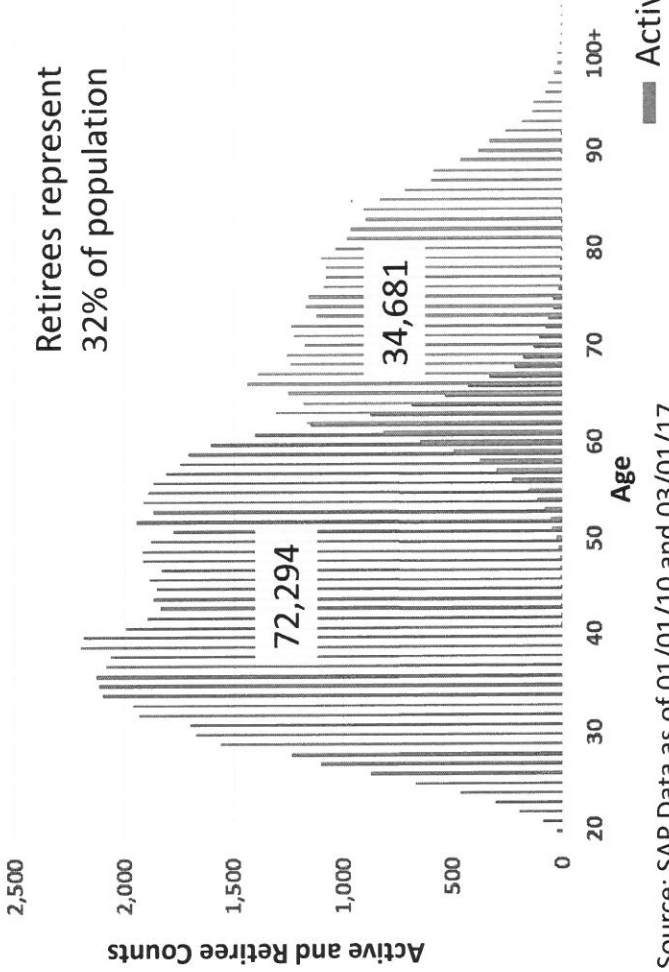
Health & Welfare (H&W) Population

Medical Plan	Active Employees	Active Employees' Dependents	Retirees <65 Dependents	Retirees >65 Dependents	Retirees <65 Dependents	Retirees >65 Dependents
Anthem Blue Cross EPO	3,651	4,631	829	589	15,735	5,803
Anthem Blue Cross HMO	16,791	25,324	1,216	875	N/A	N/A
Health Net HMO	6,736	9,820	480	327	1,028	511
Kaiser Permanente HMO	28,683	38,556	2,302	1,536	13,402	4,689
United Health Care HMO	N/A	N/A	N/A	N/A	1,061	302
Opt-Out	3,752	N/A	N/A	N/A	N/A	N/A
Total	59,613	78,331	4,827	3,327	31,226	11,305

Source: SAP Data as of 03/01/17 and the Office of Data and Accountability

Actives vs. Retirees

2010

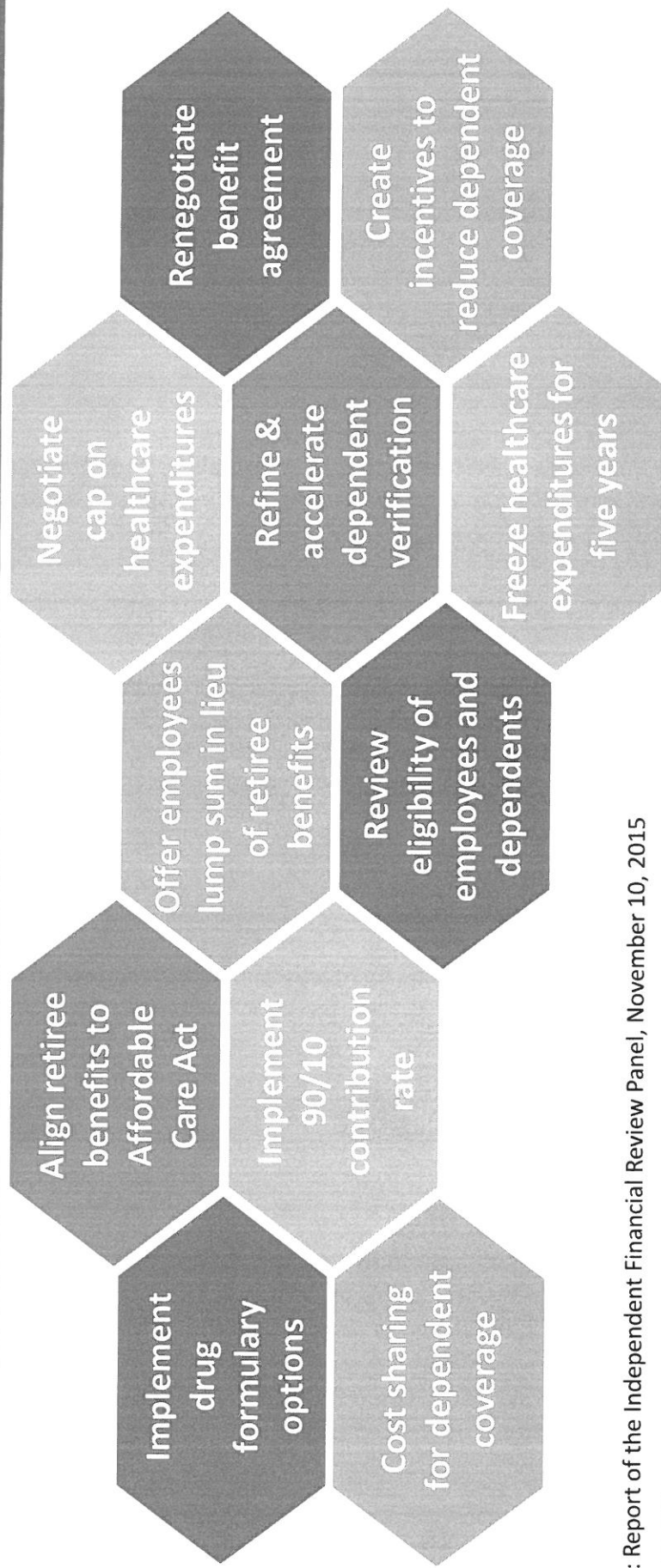


2017



Source: SAP Data as of 01/01/10 and 03/01/17

Independent Financial Review Panel Recommendations

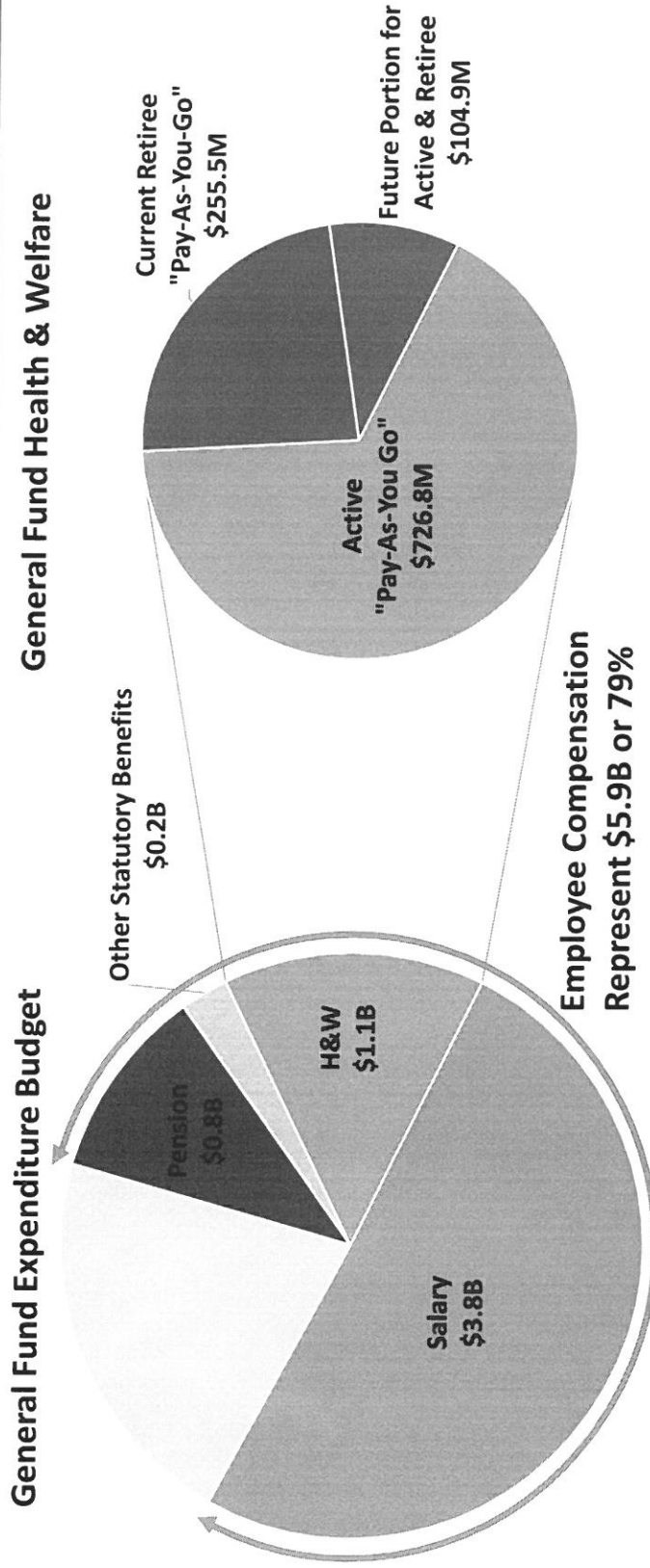


Source: Report of the Independent Financial Review Panel, November 10, 2015

LAUSD Budget and Local Control Funding Formula

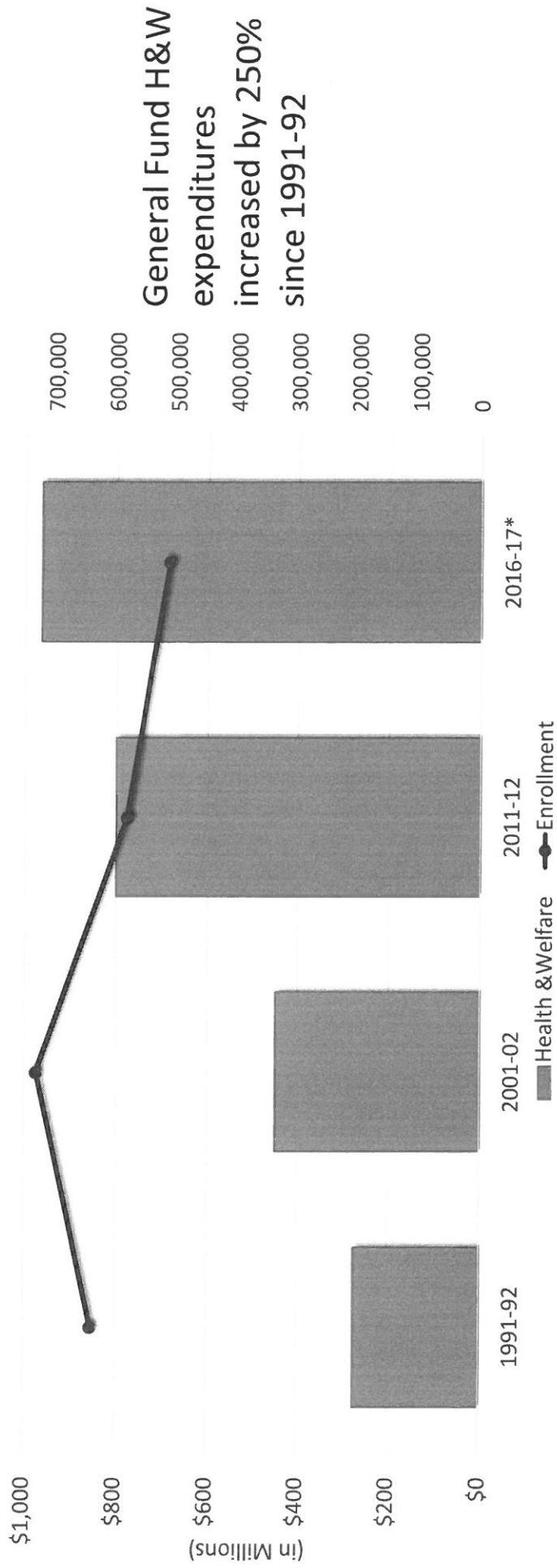
- LAUSD has a structural deficit
- LAUSD has had to provide and implement a fiscal stabilization plan to the County Office for over 5 years
- Local Control Funding Formula (LCFF) is currently funded at 97%
- LCFF is projected to be fully funded in 2020-21
- LAUSD continues to experience declining enrollment of over 2% annually
- Pension and health care costs continue to rise

Employee Compensation and H&W Components



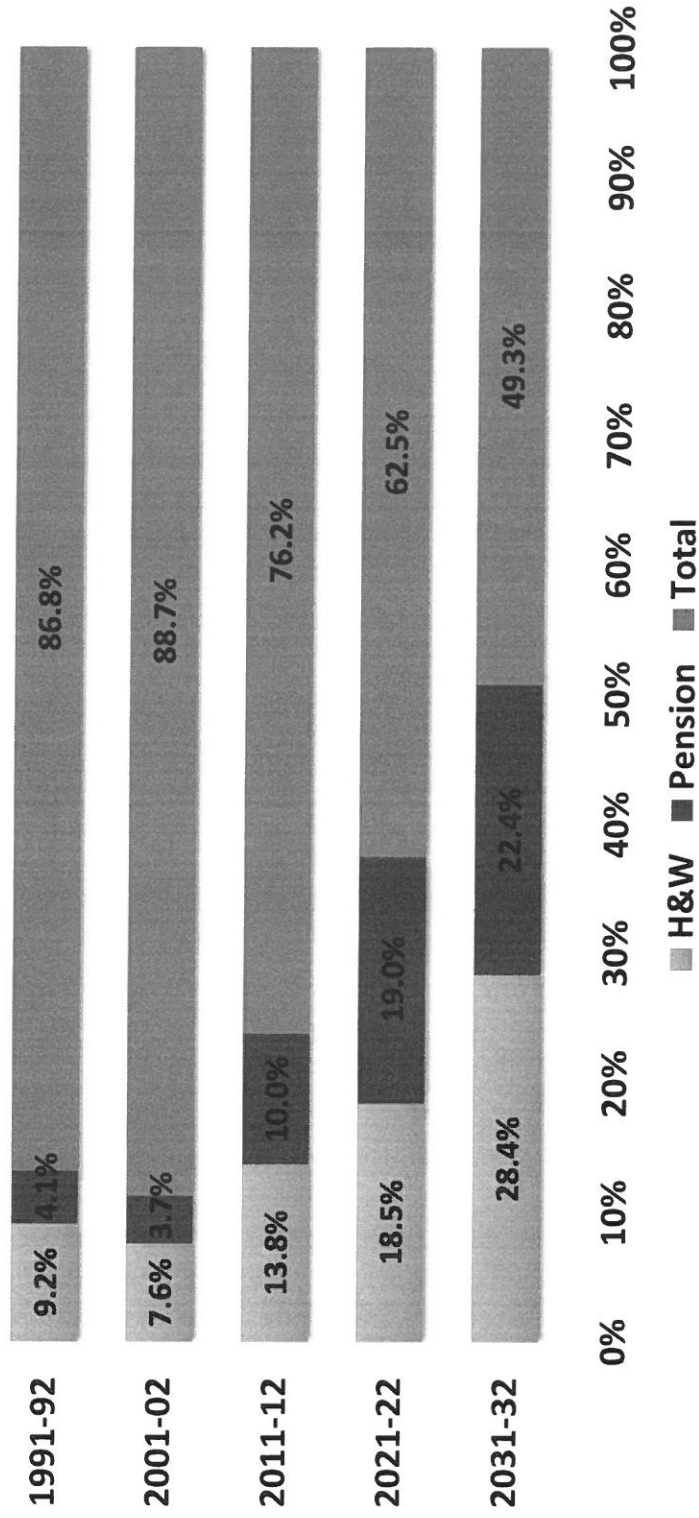
Source: 2017-18 Adopted Final Budget
 * Includes \$104.9 million contribution to OPEB Trust Only (not the Annual Required Contribution)

H&W Costs and Enrollment



Source: 1991-92, 2001-02, and 2011-12: Annual Budget Books
 *2016-17 Third Interim

Increasing Benefit Costs Impact Available Funds



Cost Saving Opportunities

Description

- 1 Employee / Retiree Coverage Only
 - 2 Employee / Retiree + 1 Dependent Coverage
 - 3 20% Premium Sharing
 - 4 Lowest Cost Plan
 - 5 50 State Medicare Plan
-

1. Employee / Retiree Coverage Only

Covers employee / retiree only, premium free	Flexibility to choose from available plans
COST SAVINGS \$434M / year	
Member contribution required for dependent coverage	Total Members Affected: Active: 33,970 Retiree: 13,476

1A. Employee Coverage Only



Employee Only Employee + 1 Dep Employee + Family

Medical Plan	District Contribution	Monthly Employee Contribution	
		Employee Only	Employee + Family
Kaiser Permanente	\$475.82	\$0	\$870.75
Anthem Blue Cross HMO	\$499.27	\$0	\$998.54
Anthem Blue Cross EPO	\$574.71	\$0	\$1,149.41
Health Net HMO	\$723.88	\$0	\$1,411.52

Total Savings: 345.9M / year

1B. Retiree Coverage Only



Retiree Only



Retiree + 1 Dep



Retiree + Family

Medical Plan	District Contribution	Monthly Retiree Contribution		
		Retiree Only	Retiree + 1 Dep	Retiree + Family
Kaiser Permanente (<65)	\$798.30	\$0	\$798.31	\$1,460.90
Anthem Blue Cross HMO (<65)	\$808.92	\$0	\$808.92	\$1,617.84
Anthem Blue Cross EPO (<65)	\$1,096.28	\$0	\$1,096.28	\$2,192.56
Health Net HMO (<65)	\$868.01	\$0	\$998.19	\$1,692.60
Kaiser Permanente Senior Adv. (>65)	\$202.73	\$0	\$202.73	\$865.32
United HealthCare (>65)	\$343.00	\$0	\$343.00	N/A
Health Net Seniority Plus (>65)	\$390.25	\$0	\$390.25	\$780.50
Anthem Blue Cross EPO (>65)	\$538.61	\$0	\$538.61	\$1,077.22

Total Savings: 88.1M / year