



RESOLUTION NO. _____

BOARD LETTER APPROVAL

A handwritten signature in blue ink, appearing to read 'M. Adams', is positioned above a horizontal line.

MARTIN L. ADAMS

General Manager and Chief Engineer

DATE: March 12, 2024

SUBJECT: Approval of Agreement Nos. 47002-5 and 47003-5 for Health Care Services for Active and Retired Employees. Award to Kaiser Foundation Health Plan, Inc. for a term of one year.

SUMMARY

The proposed Agreement Nos. 47002-5 and 47003-5 (Agreements) with Kaiser Foundation Health Plan, Inc. (Kaiser) are to provide health care services to LADWP active and retired employees. Agreement No. 47002-5 will cover active employees and Agreement No. 47003-5 will cover retired employees, including those who are Medicare-eligible and enrolled in Kaiser's Senior Advantage Program.

Budgeted health care services are projected to cost LADWP approximately \$144.3 million for Fiscal Year (FY) 2024-25 for both active and retired employees enrolled in a Kaiser health plan. Employee health and dental benefit provisions are included in the Memorandum of Understanding agreements with the various unions and are subject to the labor negotiations process. The next opportunity for plan design changes and/or increases in employees' share of the costs will be during labor negotiations for the 2025-26 plan year.

City Council approval is not required.

RECOMMENDATION

It is recommended that the Board of Water and Power Commissioners (Board) adopt the attached Resolution authorizing approval of the Agreements with Kaiser.

ALTERNATIVES CONSIDERED

There are no other viable alternatives. Pursuant to the Board's authority under City of Los Angeles Charter Section 682, and in accordance with long-standing agreements with the various labor organizations and Resolution No. 86-169, LADWP will provide health and dental care services to its active and retired employees.

FINANCIAL INFORMATION

The Kaiser Agreements are for a term of 12 months beginning July 1, 2024, and ending June 30, 2025. The Agreements have an estimated cost to LADWP of \$102.5 million for active employees, a 10.1 percent increase, and \$41.8 million for retired employees, a 17.2 percent increase, based on current levels of enrollments. Overall, Kaiser rate increases are above health industry standards of 5.0 percent to 8.0 percent for medical plans. However, LADWP's increase for Kaiser is in line with other Kaiser increases in Southern California for public sector clients.

BACKGROUND

LADWP currently offers health and dental care services to more than 19,000 active and retired employees at a projected annual cost of approximately \$442.4 million for FY 2024-25, which includes LADWP's contribution towards Medicare Part B premiums.

ENVIRONMENTAL DETERMINATION

Determine item is exempt pursuant to California Environmental Quality (CEQA) Guidelines 15060(c)(3). In accordance with this section, an activity is not subject to CEQA if it does not meet the definition of a project. Section 15378(b)(4) states that government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment do not meet that definition. Therefore, the continued provision of health care coverage is not subject to CEQA.

CITY ATTORNEY

The Office of the City Attorney has reviewed and approved the Agreements and Resolution as to form and legality.

ATTACHMENTS

- Procurement Summary
- Resolution
- Agreements

PROCUREMENT SUMMARY

1.	Recommended Vendor: Kaiser
2.	Procurement Type: Agreement
3.	Procurement Details: A. Agreement Status: New Agreements B. Bid Advertisement Date: N/A C. Pre-Bid Conference Date: N/A D. Number of Downloads of Solicitation: N/A E. Number of Bids/Proposals Received: N/A F. Protest Received: No
4.	Buyer Assigned: N/A
5.	Contract Administrator: Lindsey Ikuta
6.	LADWP System: Joint
7.	Contact Person for Item: Antrecia Sims

A. Summary of Bids Received/Evaluation Rating Summary of Proposals

Not applicable.

B. Evaluation of Bid/Proposal/Cooperative Agreement

Not applicable.

C. Procurement History

Contract and Vendor Experience					
Contract/ PO No.	Contract Description	Term of Contract	Start Date	Ending Date	Contract Amount
47316-6 47317-6	Kaiser	12 months	7/1/15	6/30/16	\$99.7 million
47002-7 47003-7	Kaiser	12 months	7/1/16	6/30/17	\$107.7 million
47002-8 47003-8	Kaiser	12 months	7/1/17	6/30/18	\$112.5 million
47002-9 47003-9	Kaiser	12 months	7/1/18	6/30/19	\$115.6 million
47002-0 47003-0	Kaiser	12 months	7/1/19	6/30/20	\$125.7 million
47002-1 47003-1	Kaiser	12 months	7/1/20	6/30/21	\$130.0 million

47002-2 47003-2	Kaiser	12 months	7/1/21	6/30/22	\$128.4 million
47002-3 47003-3	Kaiser	12 months	7/1/22	6/30/23	\$128.5 million
47002-4 47003-4	Kaiser	12 months	7/1/23	6/30/24	\$144.3 million (projected)

D. Local Business Preference Program (LBPP)

Not applicable.

E. Additional Outreach Efforts Taken

Not applicable.

F. Small Business Enterprises (SBE)/Disabled Veterans Business Enterprises (DVBE)/Minority Business Enterprises (MBE)/Women Business Enterprises (WBE)/Other Business Enterprises (OBE) Subcontracting Participation

SBE:	None
DVBE:	None
MBE:	None
WBE:	None
OBE:	None