



RESOLUTION NO. \_\_\_\_\_

BOARD LETTER APPROVAL

*Tracey K. Pierce*

Tracey K. Pierce (Mar 18, 2025 15:50 PDT)

**TRACEY K. PIERCE**

Chief People Officer

*Janisse Quiñones*

**JANISSE QUIÑONES**

Chief Executive Officer and Chief Engineer

**DATE:** March 25, 2025

**SUBJECT:** Approval of Amendment to Los Angeles Department of Water and Power Health Plans Resolution No. 86-169, Effective July 1, 2025

**SUMMARY**

The proposed Resolution will establish the dates for this year's open enrollment period (March 31, 2025, through April 11, 2025, for actives and May 5, 2025, and continuing through May 16, 2025), update premium subsidies, set the payroll deduction start dates for health and dental contracts, and update the formulas used to calculate the subsidy levels for retired employees, surviving spouses, and family death benefit recipients.

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 2026-27 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 No. 86-169 authorizing the amended sections.

**ALTERNATIVES CONSIDERED**

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

## **FINANCIAL INFORMATION**

This Resolution is for a term of 12 months beginning July 1, 2025, and ending June 30, 2026. Including proposed plan design enhancements, the estimated total cost of the Health and Welfare Program to LADWP is \$233.0 million, which is an estimated 10.4 percent increase from the previous year. The Resolution has an estimated cost to the LADWP of \$147.7 million for active employees and \$85.3 million for retired employees.

Overall, actual premium rates have increased from the current year rates by 7.6 percent for active employees and increased by 10.18 percent for retired employees. LADWP contributes approximately \$17.8 million towards Medicare Part B premiums for retired employees.

LADWP currently offers health and dental care services to more than 19,000 active and retired employees at a projected annual cost of approximately \$499.0 million for Fiscal Year (FY) 2025-26, which includes LADWP's contribution towards Medicare Part B premiums.

## **BACKGROUND**

On January 23, 1986, the Board adopted Resolution No. 86-169. The primary purpose of the 1986 Resolution was to consolidate certain health and dental plan provisions, which were contained in different resolutions, into a single document.

The original document contained a series of definitions applicable to health and dental plan participation, established certain enrollment provisions, identified the specific plans offered by LADWP, set up an open enrollment period for active and retired employees and a mechanism for newly-hired employees to obtain coverage, established rules pertaining to health and dental plan deductions and subsidy levels, identified the maximum subsidies to be paid by LADWP for the various plans offered, and provided formulas for calculating subsidy levels for retired employees with varying levels of LADWP service.

Over the years, the Resolution has been amended to reflect the various changes to the health care program. In addition, each year, as part of the amendment process for health and dental plans, the Board is asked to approve the Amendment of Resolution No. 86-169 to revise the dates for the open enrollment period, update the premium subsidy amounts, reestablish the payroll deduction dates when the new rates will take effect, and update the formulas used to calculate subsidy levels for retirees, surviving spouses, and family death benefit recipients.

## **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 Resolution as to form and legality.

## **ATTACHMENT**

- Resolution