



MICHAEL N. FEUER  
CITY ATTORNEY

REPORT NO. R14-0204  
APR 03 2014

**REPORT RE:**

**DRAFT ORDINANCE AMENDING SECTION 4.307 OF THE  
LOS ANGELES ADMINISTRATIVE CODE PERTAINING TO HEALTH INSURANCE  
FOR NON-REPRESENTED EMPLOYEES, TO INCREASE THE ADDITIONAL  
EMPLOYEE CONTRIBUTION TOWARD HEALTH PLAN PREMIUM COSTS FROM  
5% TO 10%, UPDATE THE PROVISION ON THE NON-KAISER FULL-NETWORK  
HMO OPTION, AND ADD A NEW PROVISION FOR AFFORDABLE CARE ACT  
COVERAGE FOR ELIGIBLE EMPLOYEES**

The Honorable City Council  
of the City of Los Angeles  
Room 395, City Hall  
200 North Spring Street  
Los Angeles, California 90012

Honorable Members:

Pursuant to your request, this Office has prepared and now transmits for your consideration the enclosed draft ordinance, approved as to form and legality. This ordinance would amend Section 4.307 of the Los Angeles Administrative Code pertaining to health insurance for non-represented employees, to increase the additional employee contribution toward health plan premium costs from 5% to 10%, update the provision on the non-Kaiser Full-Network HMO option, and add a new provision for Affordable Care Act coverage for eligible employees.

Council Rule 38 Referral

A copy of the draft ordinance was sent, pursuant to Council Rule 38, to the City Administrative Officer (CAO). The CAO recommends adoption of this ordinance.

The Honorable City Council  
of the City of Los Angeles  
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If you have any questions regarding this matter, please contact Senior Assistant City Attorney Zna Portlock Houston at (213) 978-7182. She or another member of this Office will be present when you consider this matter to answer any questions you may have.

Very truly yours,

MICHAEL N. FEUER, City Attorney



By

DAVID MICHAELSON  
Chief Assistant City Attorney

DM:ZPH:lh  
Transmittal

ORDINANCE NO. \_\_\_\_\_

An ordinance amending Section 4.307 of the Los Angeles Administrative Code, pertaining to health insurance for non-represented employees, to increase the additional employee contribution toward health plan premium costs from 5% to 10%, update the provision on the non-Kaiser Full-Network HMO option, and add a new provision for Affordable Care Act coverage for eligible employees.

**THE PEOPLE OF THE CITY OF LOS ANGELES  
DO ORDAIN AS FOLLOWS:**

Section 1. Subsections (b), (c) and (d) of Section 4.307 of the Los Angeles Administrative Code are amended in their entirety to read as follows:

(b) **Non-Represented Full-Time Employees.** The City shall contribute for each full-time employee who is a member of the Los Angeles City Employees' Retirement System (LACERS) a monthly subsidy equal to the cost of his/her City-sponsored medical plan, as determined by the Personnel Department in accordance with Section 4.303, not to exceed the Kaiser family rate ("maximum monthly healthcare subsidy"). Adjustments in this monthly subsidy shall be effective the beginning of the pay period in which the Kaiser yearly premium rate change is implemented. The amount of the adjusted subsidy shall be certified by the General Manager Personnel Department to the Controller.

Effective January 1, 2013, non-represented, full-time employees shall pay five percent (5%) of their monthly medical plan premium on a biweekly basis when the amount of their monthly premium for the City-sponsored medical plan in which they are enrolled is equal to or less than the amount of the City's maximum monthly healthcare subsidy. Effective January 1, 2015, this amount shall increase to ten percent (10%).

Effective January 1, 2013, in the event that non-represented, full-time employees are enrolled in a City-sponsored medical plan that has a monthly premium that exceeds the City's maximum monthly subsidy, then such employees shall pay on a biweekly basis the total of the difference between the cost of their monthly medical plan premium and the City's maximum monthly healthcare subsidy, plus five percent (5%) of the City's maximum monthly healthcare subsidy. Effective January 1, 2015, this amount shall increase to ten percent (10%).

The amount of the City's contribution which is applied toward the coverage of the dependents of an employee enrolled in both Part A and Part B of Medicare shall not exceed that amount which may be applied toward the coverage of the dependents of an employee not enrolled in both Part A and Part B of Medicare and covered by the same health, medical or hospital benefit program.

The amounts provided for the City's health insurance contribution shall be applied first to the employee's health insurance coverage with any balance applied toward the coverage of the employee's dependents under the same plan.

(c) **Non-Represented Half-time Employees.** The City shall contribute for each half-time employee (as defined by Section 4.110 of this Code) a monthly subsidy not to exceed the Kaiser employee-only rate, toward the cost of his/her City-sponsored medical plan. Adjustments in this monthly subsidy shall be effective at the beginning of the pay period in which the Kaiser Permanente yearly premium rate change is implemented.

Effective January 1, 2013, half-time employees who are members of LACERS and are enrolled in a City-sponsored medical plan shall pay five percent (5%) of the monthly Kaiser employee-only rate on a biweekly basis, when the cost of their medical plan is at or below the amount of the Kaiser employee-only rate. Effective January 1, 2015, this amount shall increase to ten percent (10%). When the cost of their medical plan is greater than the Kaiser employee-only rate, then such employees shall pay on a biweekly basis the total of the difference between the cost of their monthly medical plan premium and the Kaiser employee-only rate, plus five percent (5%) of the Kaiser employee-only rate. Effective January 1, 2015, this amount shall increase to ten percent (10%).

A half-time employee who, prior to January 23, 1990, was receiving the same subsidy as full-time employees, shall continue to receive that subsidy and shall be eligible to receive any adjustments provided in subsection (b), as long as such employee does not have a break in service. In addition, such employees shall contribute five percent (5%) toward the cost of their healthcare premium as described above for full-time employees, increasing to ten percent (10%) effective January 1, 2015.

The City will apply the subsidy first to the employee's coverage. Any remaining balance will be applied toward the coverage of the employee's dependents under the plan.

Employees who transfer from full-time to half-time under the provisions of Section 4.129, Family and Medical Leave, shall continue to receive the same subsidy as full-time employees and be subject to the required employee contribution toward the cost of their healthcare premium as described in this section.

(d) **Non-Kaiser Full-Network HMO Option.** Notwithstanding subsections (b) and (c) above, which pertain to monthly medical plan subsidies and employee premium costs for non-represented full-time and half-time employees, respectively, each employee who chooses the non-Kaiser Full-Network HMO option shall be required to pay the difference between the monthly subsidy paid by the City for the non-Kaiser Narrow-Network HMO and the non-Kaiser Full-Network premium for the coverage level selected, as calculated by the Personnel Department.

The employee premium costs provided under this subsection shall be in addition to any percentage of the healthcare premium paid by the employee in accordance with subsections (b) and (c) above.

Sec. 2. Subsection (e) of Section 4.307 of the Los Angeles Administrative Code is added to read as follows:

(e) **Non-Represented Employees Eligible for Affordable Care Act Coverage.** Effective January 1, 2015 (or a subsequent date if revised by federal regulations), pursuant to the federal Affordable Care Act (ACA), employees who do not receive a healthcare subsidy under subsection (b) or (c) above, but meet the ACA eligibility requirements as determined by the Personnel Department shall be referred to as "ACA Qualified Employees." For each ACA Qualified Employee, the City shall contribute a monthly healthcare subsidy equivalent to the Kaiser single-party (employee only) premium rate, toward the cost of the employee's City-sponsored medical plan, less the required employee contribution amount described in subsections (b), (c), and (d) above. Adjustments in the monthly healthcare subsidy for ACA Qualified Employees shall be effective at the beginning of the pay period in which the Kaiser Permanente yearly premium rate change is implemented. The amount of the adjusted subsidy shall be certified by the General Manager Personnel Department to the Controller.

Sec. 3. This ordinance shall be operative upon publication pursuant to Charter Section 252(g).

Sec. 4. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

I hereby certify that this ordinance was passed by the Council of the City of Los Angeles, at its meeting of \_\_\_\_\_.

HOLLY L. WOLCOTT, Interim City Clerk


By \_\_\_\_\_ Deputy

Approved \_\_\_\_\_

\_\_\_\_\_  
Mayor

Approved as to Form and Legality

MICHAEL N. FEUER, City Attorney

By   
ZNA PORTLOCK HOUSTON  
Senior Assistant City Attorney

Date 4/31/2014

File No. \_\_\_\_\_