



Office of the Los Angeles City Attorney
Hydee Feldstein Soto

REPORT NO. R 25 - 0 5 6 3
NOV 19 2025

REPORT RE:

**DRAFT ORDINANCE AMENDING SECTION 4.307 OF ARTICLE 5, CHAPTER 7,
DIVISION 4 OF THE LOS ANGELES ADMINISTRATIVE CODE TO REPEAL
SUBSECTION (d) AND REORDER SUBSECTION (e)**

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

Council File No. 25-0830

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. The draft ordinance amends Section 4.307 of Article 5, Chapter 7, Division 4 of the Los Angeles Administrative Code (LAAC) by deleting Subsection (d) Non-Kaiser Full-Network HMO Option from the section and reordering Subsection (e) accordingly. Subsection (d) is no longer needed as a healthcare subsidy benchmark for non-Kaiser HMO enrollees under the three-carrier medical insurance model adopted for City employees for calendar year 2026.

As provided in the Personnel Department Report (citing Joint Labor-Management Benefits Committee Report CF 25-31), Subsection (d) was originally added in 2012 in conjunction with the City's quest to reduce its healthcare benefits costs due to fiscal pressures at that time. The provision clarified the shared employee and employer healthcare premium component for those enrolled in Anthem Blue Cross HMO, as measured against the premiums the City expended for those employees enrolled in

Anthem Blue Cross Select-Network HMO and the Anthem Blue Cross Full-Network premium.

In 2014, Subsection (d) was amended to generalize the healthcare cost-sharing responsibilities of the City and the employee for those enrolled in any City-identified non-Kaiser Narrow-Network HMO and the non-Kaiser Full-Network premium health plan.

For calendar year 2026, the City's Healthcare Request for Proposal process adopted a three-carrier insurance model for health care benefits for its employees. Under the three-carrier model, the premium impact of Narrow-Network and Full-Network no longer achieves the cost-saving that was intended when it was adopted in 2012. The repeal of Subsection (d) removes the subsidy limitation imposed by the relational metric so that the City's health care benefit plan can provide employees the necessary subsidies under the three-carrier model.

The draft ordinance also reorders Subsection (e), with reconciling reference edits, and preserves the remaining portions of the section concerning the City's contributions to its employees' health care costs.

Council Rule 38 Referral

A copy of the draft ordinance was sent, pursuant to Council Rule 38, to the Benefits Division of the Personnel Department, and any comments received have been incorporated.

If you have any questions regarding this matter, please contact Assistant City Attorney Charles S. Hong at (213) 978-7700. A member of this Office will be available when you consider this matter to answer questions you may have.

Sincerely,

HYDEE FELDSTEIN SOTO, City Attorney

By



MICHAEL J. DUNDAS
Chief Assistant City Attorney

MJD:CSH:vw
Transmittal