



SACHI A. HAMAI  
Interim Chief Executive

## County of Los Angeles CHIEF EXECUTIVE OFFICE OPERATIONS CLUSTER

**DATE:** March 19, 2015  
**TIME:** 1:00 p.m.  
**LOCATION:** Kenneth Hahn Hall of Administration, Room 830

### AGENDA

Members of the Public may address the Operations Cluster on any agenda item by submitting a written request prior to the meeting.  
Three (3) minutes are allowed for each item.

1. Call to order – Gevork Simdjian
  - A) **Board Letter – RECOMMENDATION FOR ONE-TIME AMNESTY FOR DEPENDENT ELIGIBILITY VERIFICATION IN COUNTY BENEFIT PLAN**  
CEO-DHR – Maryanne Keehn and Shawn Atin
  - B) **DATA CENTER ASSESSMENT AND CONSOLIDATION UPDATE**  
CIO – Richard Sanchez or designee
  - C) **UPDATE ON BOARD POLICY NO. 3.020 CLEAN FUELS – SUSTAINABLE FLEET**  
ISD – Dave Chittenden or designee
2. Public Comment
3. Adjournment



# County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 713, Los Angeles, California 90012  
(213) 974-1101  
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA  
Chief Executive Officer

Board of Supervisors  
GLORIA MOLINA  
First District

MARK RIDLEY-THOMAS  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

No Date

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

## **RECOMMENDATION FOR ONE-TIME AMNESTY FOR DEPENDENT ELIGIBILITY VERIFICATION IN COUNTY BENEFIT PLANS (ALL DISTRICTS) (3 VOTES)**

### **SUBJECT**

This is a joint recommendation with the Interim Chief Executive Officer and Director of Personnel to grant one-time amnesty for County employees who are found to have ineligible person(s) enrolled in their health benefits under the County's benefit plans via a Dependent Eligibility Verification (DEV) review.

### **IT IS RECOMMENDED THAT THE BOARD:**

Approve changes to the Los Angeles County Code amending Title 5 – Personnel – to grant one-time amnesty to County employees who are found to have ineligible persons enrolled in their County-sponsored benefits via a Dependent Eligibility Verification (DEV) records review.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

In 2015, the County will spend over one billion dollars on subsidized health benefits for its nearly 100,000 employees and their 146,000 dependents. In addition to base salary, subsidized health benefits represent a significant percentage of most employees' total compensation. The Chief Executive Office and the Department of Human Resources

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are committed to offering quality benefits programs that are cost effective for both the employees and the County. The County reviews the programs on an annual basis and conducts a rigorous renewal process to keep the plan premiums at a reasonable level. Continuing our efforts to keep the plans sustainable and reduce cost where possible, the Department of Human Resources was budgeted funds to conduct a Dependent Eligibility Verification (DEV) process.

A DEV is a recognized best practice process in benefits administration. It requires all employees with dependents on their plan to provide documented proof that their enrolled dependents continue to meet the prescribed criteria for coverage. By conducting a DEV, the County can ensure that only individuals who currently qualify as eligible dependents receive these employer-provided benefits. The County requires verification of dependent status at the point of enrollment and provides its employees the provisions of dependent eligibility annually. However, employees may neglect to remove formerly eligible dependents when they change status, such as after a divorce, or the end of a domestic partnership. The DEV will provide independent verification of current employee dependent records to ensure that those currently receiving the benefits are actually entitled to receive them.

The DEV will be conducted by a consultant chosen from the CEO panel of employee benefit consultants. Working with the County, the consultant will conduct an extensive communication program to advise employees of the DEV and help them comply. Initially, all employees with dependents on their plans will be allowed to voluntarily remove ineligible dependents. Next, employees will be required to provide documentation to keep eligible dependents enrolled in the plans. Those who do not provide the required documentation will receive reminder letters from the consultant warning them that dependents who have not been verified will be removed from the plans. Finally, if no information is received, the consultant will send a termination of ineligible dependent letter that also describes an appeal process.

Ineligible persons enrolled in health plans create an increase in plan utilization and premium costs. The City of Los Angeles conducted a DEV in 2014; 6.8% of dependents were removed from coverage with a projected savings of \$5 million in fiscal year 2014/15. CalPERS conducted a DEV in 2012 and 2014; 3.6% of dependents were removed for an annual premium cost savings of \$35.5 million. According to all the consultants who bid on this project, large employers like the County often experience a removal rate of 2% - 6% of dependents. For the County of Los Angeles, potential vendors estimate a 1% reduction in dependents on the plans will save \$1 million in the first year.

In conjunction with the DEV review, the Chief Executive Office and the Department of Human Resources recommend that a one-time amnesty be granted for all impacted County employees. Amnesty will allow employees to remove ineligible dependents

without discipline or liability for the premiums paid to cover ineligible persons. In addition, an amnesty provision will encourage employees to voluntarily terminate coverage for ineligible persons on their respective plans. Absent an amnesty period, the cost savings of a DEV would be negatively impacted. Additional staffing or contracting funds would be needed to investigate each instance of dependent removal for the possibility of premium recovery. According to the Affordable Care Act section 2590.715-2712 regarding rescissions, employers cannot retroactively cancel or discontinue health coverage from the date of the ineligible condition except in instances of fraud or intentional misrepresentation. This further negates any possible savings of retroactive terminations. Other jurisdictions including the City of Los Angeles, Orange County and CalPERS have all granted amnesty periods for administrative ease, expeditious disenrollment, employee morale, as well as other concerns. Since this is the first time the County will conduct this process, an amnesty period is essential given our uncertainty of the volume of dependents to be removed.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

The recommended action supports the County's Strategic Plan, Goal 1 – Operational Effectiveness/Fiscal Sustainability, by ensuring that only those entitled to enroll in the County-sponsored benefits plans are receiving benefits. Furthermore, it is anticipated to create long term savings through reduced plan utilization costs and lower premium rates.

### **FISCAL IMPACT/FINANCING**

Although the County will not seek to recoup County paid premiums from employees for ineligible dependents removed during the amnesty, it is anticipated that the premium costs will be offset by the savings realized through the reduced plan utilization costs and immediate premium rate reductions mentioned earlier.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

Appropriate consultations have been conducted with the impacted employee organizations regarding the recommended actions and there has been no expressed opposition. Also, the accompanying ordinance has been approved as to form by County Counsel

### **CONTRACTING PROCESS**

As mentioned earlier, we have solicited three Requests for Proposals (RFP) from our panel of Employee Benefits Contractors. We anticipate selecting a contractor and commencing the DEV within the next few months.

The Honorable Board of Supervisors

Date

Page 4

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

No impact on current services.

Respectfully submitted,

SACHI A. HAMA  
Interim, Chief Executive Officer

SAH:LG:JJ:MTK  
EC:VMH:DC:rld

Attachment

c: Executive Office, Board of Supervisors  
County Counsel  
Auditor-Controller  
All Department Heads  
Coalition of County Unions  
SEIU, Local 721  
Independent Unions

## **AGENDA ENTRY**

Approve the introduction of an ordinance related to the one-time amnesty to be granted to County employees found to have ineligible persons enrolled in their County-sponsored benefits plans.

The Honorable Board of Supervisors  
Date  
Page 6



Los Angeles County  
**BOARD OF SUPERVISORS POLICY MANUAL**

Policy #:	Title:	Effective Date:
3.020	<b>DRAFT REVISION</b> Clean Fuels – Sustainable Fleet	XX/XX/15

### PURPOSE

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Establish a clean air – sustainable fleet policy to improve air quality in the South Coast Basin through the expanded use of clean fuels for County vehicles in conjunction with other County-sponsored environmental programs. This policy establishes standards for new vehicle purchases and vehicle replacement cycles that will ensure the County's vehicles are replaced in a fiscally responsible and consistent manner that reduces energy/fuels consumption, criteria pollutants generation, and greenhouse gas (GHG) emissions.

### REFERENCES

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September 20, 1994 Board Order, [Synopsis 9](#)

[November 30, 1994](#) Chief Administrative Office and Internal Services Department memo, "Los Angeles County Clean Fuels Policy"

January 10, 1995 Board Order, [Synopsis 8](#)

November 15, 2005 [Board Order No. 2](#)

February 3, 2009 [Board Order No. 23](#)

July 1, 2011 [Chief Executive Office Policy/Procedure/Guidelines – County Vehicle Policy](#)

[California Air Resources Board \(CARB\)](#)

[South Coast Air Quality Management Districts \(AQMD\)](#)

[California's Global Warming Solutions Act \(AB 32\)](#)

[California's Sustainable Communities Strategy \(SB 375\)](#)

[Vehicle Retirement and Replacement \(SB 1275\)](#)

## POLICY

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It is the policy of the County of Los Angeles to transition its motor vehicle fleet to viable clean fuels, including hybrids and alternative fuels vehicles, as approved by the California Air Resources Board (CARB) and South Coast Air Quality Management Districts (AQMD).

The following County standards are provided for new vehicle purchases:

1. The standard for all new non-emergency passenger sedans for conducting routine County business shall be hybrid vehicles<sup>1</sup>, and shall have a minimum EPA Combined City/Highway fuel consumption of 35 miles per gallon and produce less than 250 grams of CO<sub>2</sub> per mile, as rated by the U.S. Environmental Protection Agency. Any exceptions to this provision shall be made for cause and approved by the CEO.

Additionally, departments shall make at least ten percent (10%) of the non-emergency passenger sedans purchased as original equipment manufactured Transitional Zero Emission Vehicles (T-ZEVs)<sup>2</sup> or Zero Emission Vehicles (ZEVs)<sup>3</sup>. All T-ZEV Sedans shall have a minimum all-electric range of at least 16 miles. Any exceptions to this provision shall be made for cause and approved by the CEO.

2. The standard for non-emergency trucks, medium and heavy-duty vehicles (Gross Vehicle Weight over 14,000 pounds) with emphasis on buses, trucks, street sweepers, and waste collection vehicles will be Compressed Natural Gas (CNG), or other alternative fuels other than diesel.
3. Departments shall make at least 10% of all non-emergency light duty trucks or vans (14,000 pounds Gross Vehicle Weight or less) purchased as original equipment manufactured alternative fuel, such as CNG, Propane (LPG), T-ZEV or ZEV (Plug-In models). Any exceptions to this provision shall be made for cause and approved by the CEO.
4. Departments shall provide basis for seeking an exemption from the acquisition of vehicles not meeting the County standards to the CEO for review and approval. The written approval must be submitted along with the vehicle purchase requisition to the Internal Services Department's (ISD) Purchasing Division.

All exemptions will be reported by ISD, or the appropriate reporting department, in their Annual Clean Fuels – Sustainable Fleet report. (See No. 4 below)

5. Departments that manage fleet operations shall report to the Board by March 1<sup>st</sup> each year on the composition of their fleet and the number of vehicles powered by clean fuels, including hybrids and other alternative fueled vehicles.

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<sup>1</sup> Examples of Hybrids: Ford C-MAX, Ford Fusion, Honda Accord, Honda Civic, Toyota Prius, Toyota Camry, etc.

<sup>2</sup> Examples of T-ZEVs: Chevrolet Volt, Ford CMAX Energi, Ford Fusion Energi, etc.

<sup>3</sup> Examples of ZEVs: Chevrolet Spark EV, Ford Focus Electric, Kia Soul EV, Nissan LEAF, Volkswagen e-Golf

The following are the guidelines to achieve a systematic approach to vehicle replacement:

1. All departments will utilize the following vehicle fleet replacement cycle standards for light-duty vehicles:

Vehicle Class	Years	Mileage
Emergency Response*	7	110,000
Sedan	8	115,000
SUV	8	105,000
Van	8	105,000
Truck-Light-duty *	9	110,000

\* Emergency Response includes light duty emergency-related vehicles used by Sheriff, Fire, Probation, and District Attorney. Light duty trucks are defined as those of 14,000 pounds gross vehicle weight or less. All vehicle replacement standards are applicable on 'whichever comes first' basis.

2. Vehicles become candidates for replacement when they reach either the age or mileage replacement criteria, whichever comes first. When vehicles are identified as candidates for replacement, the vehicles are not mandated to be replaced. Rather, vehicle replacement candidates will be subject to further analysis, including current utilization level; front-line or backup assignment status; repair history and pending repair/refurbishment costs; perceived reliability, suitability, and safety; and ease of replacement. Departments will report the results of this review to the CEO, as part of their annual vehicle budget requests.
3. Vehicle replacement will be coordinated centrally through the Chief Executive Office (CEO) as part of the annual budget process. ISD will provide fleet utilization and repair historical data and help develop the replacement strategy for departments that use ISD Fleet Services. Other departments will similarly work directly with the CEO. Each department should prepare an annual vehicle replacement plan.
4. Departments shall review vehicle utilization for opportunities to reduce fleet operating costs. Where feasible, departments shall reduce vehicle counts by pooling, renting County motor pool vehicles, employee mileage reimbursement, etc. Departments shall review vehicles that are driven 5,000 miles or less annually. Generally, such vehicles will be considered underutilized, and should be removed/turned in or redeployed unless fully justified based on business/operating requirements. Departments are advised to periodically rotate higher use vehicles with lower use units.
5. Increases to departmental vehicle counts will require CEO approval based on operating and/or program needs.

6. Unless otherwise justified based on operating/business needs, vehicles must be replaced "in kind". Replacement vehicles must meet departmental business requirements, limit features/accessories to those that improve safety and/or reduce risk or liability issues, enhance employee productivity, and are clearly needed for operations.
7. In procurement calculations of the Total Cost of Ownership bid evaluation shall utilize replacement mileage standards detailed above to determine the lowest responsible bid.
8. All retired/replaced vehicles must be turned in for disposal or salvage, and may not be retained within any County operation unless approved by the CEO. For salvaged vehicles, auction proceeds will be deposited to Motor Vehicle Accumulated Capital Outlay (MVACO) and returned as appropriate to each department to partially offset cost of replacement vehicles.
9. Departments will consult with the CEO to develop budgetary plans to fund replacement vehicles.

**RESPONSIBLE DEPARTMENT**

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Internal Services Department  
Chief Executive Office

**DATE ISSUED/SUNSET DATE**

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**Issue Date: XXXXX ##, 2015**

**Sunset Review Date: December 31, 2016**