LBAEE
August 2024 News

UPDATES

- LBAEE requested interest for increased representation for Departments with low number of members (Fire, Energy and Airport Departments). Stay tuned for some organizational changes that may result from this increased participation.

- LBAEE attended the August 6th City Council meeting where, despite some pushback, it was approved for the Civil Service Charter Amendment to be presented for voting in the November elections. LBAAEE however, holds a binding Letter of Agreement with the City where, should the Amendment pass in the November election, they still shall meet and confer with the Association for each foreseeable impact before implementation.

- The Citywide Education Assistance Program negotiated in the last MOU is now effective 8/1/24 for Courses from an accredited program that are job or career related for a maximum of $800 per fiscal year specifically for tuition (course units). Harbor and Utilities members have existing separate Department programs that should be used instead of the Citywide. For details contact your Department HR.

- The 2025 Employee Health Contribution Rates are being finalized. Our Current MOU provides maximum caps for increases year over year. These are the likely monthly increases as per recent reports:

Anthem PPO – Single	$4.00
Anthem PPO – Two Party	$25.00 (max cap)
Anthem PPO – Family	$30.00 (max cap)
Anthem HMO– Single	$6.00
Anthem HMO– Two Party	$25.00 (max cap)
Anthem HMO- Family	$30.00 (max cap)

  The final increases may vary slightly depending on potential contemplated add-on benefits to dental and vision.

- The Association is planning a meeting to reach-out and reconnect in person with our members in October. Stay tuned for details in how to RSVP in an upcoming email.

Note: Info contained here applies to generic public agencies. City of Long Beach Medical insurance is not directly tied to CalPERS

Medical Insurance Premiums Increasing for 2025

Inflation has been cooling recently, but not in time to affect medical plan premium increases again for 2025. Last month, CalPERS – one of the nation's largest medical insurance providers – approved rates for next year's plans. On average, prices will increase by 8-10%. These increases are high but are consistent with general medical premium increases seen outside of CalPERS. According to CalPERS, the increases for the 2025 premiums are largely due to the higher cost of providing services and the increased use of high-cost specialty and brand name drugs. These same trends are affecting other medical plans outside of CalPERS, too. Increases for Medicare supplemental plans are driven by significant changes in the way the federal government reimburses employer plans, which is adding new costs for plan sponsors like CalPERS.

CalPERS negotiates aggressively with insurers. They understand that many members often must absorb cost increases out of their own pocket. While rates tend to reflect the current state of the health care market, CalPERS expects health insurance companies to take decisive action to keep costs down. CalPERS leverages its large pool of members to try and hold insurance companies accountable and keep costs transparent. Premium increases generally stem from the costs of medical care exceeding premium revenue, rather than an overall increase in usage. Despite efforts to control costs, however, the cost trend is still affected by general inflation.

CalPERS provides health insurance for more than 1.5 million people, including about 770,000 public employees and retirees and about 770,000 dependents. CalPERS offers both preferred provider organization (PPO) and health maintenance organization (HMO) plans. CalPERS members can change health plans during open enrollment, which runs from September 16 through October 11. The new premiums will take effect January 1, 2025. Rates vary based on region, plan, and level of coverage (*e.g.,* employee only, employee +1, and employee +Family). Detailed information on premiums for each region are on the CalPERS website: https://www.calpers.ca.gov/page/active-members/health-benefits/plans-and-rates

One factor affecting this year's rate change is that CalPERS will be completing its transition to a single risk pool to improve the stability of its Basic PPO plans by pricing the plans based on the value of their benefits and network instead of the mix of healthy or unhealthy members in the plan. The CalPERS Pension and Health Benefits Committee had met in June to receive an update on the Rate Development Process and the 2025 proposed premiums for CalPERS health plans. The CalPERS Board then approved those changes during its July meeting. This includes moving to a single risk pool for PPO plans. Don Moulds, the Chief Health Director at CalPERS, recommended transitioning to a single risk pool in 2025. He said the current projection is PPOs will lose money for 2024, and continuing with a phase-in to a single risk pool would likely cause more workers to opt for HMO plans over PPO plans in 2025. Transitioning to a single risk pool in 2025 could significantly reduce the migration from those on PPO plans to HMO plans and quicken the path back to single-digit PPO increases.

CalPERS has been implementing a rate-setting system which, officials say, will gradually stabilize and align prices more closely with a plan's value. CalPERS approved the new system in 2020 on the recommendation of health insurance experts, who said the changes are needed to save three of the best plans – Anthem HMO Traditional, Blue Shield Access+, and what was then the PERS Care PPO – which attract those who spend the most on medical treatment. As a result, insurers kept raising premiums to cover costs. The fear was this trend – referred to as a "death spiral" – would drive healthy people away from the plans, prompting even further price hikes, ultimately leading to these plans being unsustainable. The new system partly re-distributes premium cost increases from plans with higher health risk to those with lower risk. To smooth out the cost increases for PPOs, CalPERS looked at phasing-in a single risk pool over either two or three years. In 2023, CalPERS approved the three-year option. That timeline has now changed.

This phenomenon is not unique to CalPERS. Public agencies that do not participate in CalPERS medical have also struggled with being able to offer quality PPO plans at competitive prices. As employees have had to absorb a greater share of the medical premiums, more employees have switched from higher cost PPOs to lower cost HMOs. Depending on the level of participation, some health carriers have said they will not offer PPO plans unless a certain percentage of the workforce enrolls in the PPOs. Employers have struggled to offer a quality carrier and affordable plan as an alternative to Kaiser.

The 2025 CalPERS premiums reflect an average increase of 8-10% but vary by plan, with the two popular PPO plans – PERS Gold and PERS Platinum – increasing substantially more. The PPO plans were projected to increase by 15.07% under the current two-pool system. However, using a single pool system, HMO rates will rise more to keep PPO premiums from skyrocketing. The PPOs will now only go up by 9.82%. HMO plans will go up 8.72% by transitioning to a single pool, versus 7.44% by staying with the two-pool system. The monthly price for the most popular plan – an HMO plan administered by Kaiser Permanente – will rise 8.41%. That plan serves nearly 550,000 people. The Kaiser rates were projected to go up 7.12% under the two-pool system. The Anthem HMO Traditional plan will go up 9.28%, and the Blue Shield Access+ plan will go up 8.22%. United Healthcare plans will go up 7.39% (Harmony) and 8.88% (Alliance). These are averaged amounts statewide. The actual percentages may vary based on region.

CalPERS also announced it would award two new five-year contracts – one to Blue Shield of California, and the second to Included Health – to help control costs for its PPO plans. CalPERS says this will lower costs while improving quality and accountability, in part by creating financial incentives for the companies to provide higher quality care at lower costs. Blue Shield and Included Health will put $464 million at-risk if they do not meet the program's goals for controlling medical cost trends and improving quality. The contracts set the initial medical trend cost target at 5.5% in 2025 and lowers the target each year until it reaches 3% by 2029. If CalPERS' trend is lower than the target, the companies will share in the savings. This affects about 400,000 members (250,000 in Basic PPO plans and 150,000 in Medicare Supplemental Plans). This represents about one-third of the 1.5 million CalPERS members who receive health care coverage. The companies will begin providing care for CalPERS members starting in 2025. Previously, Anthem Blue Cross provided PPO services to CalPERS members for more than two decades. CalPERS says members need to know the following:

(1) Most PPO members can continue seeing their existing doctor as an in-network provider since Blue Shield has virtually all the same hospitals, facilities, and systems, and significant overlap of physicians and clinicians as the current plan.

(2) Basic PPO members will benefit from new navigation and member support services, and those with complex health conditions will receive more tailored assistance that is responsive to their unique needs based on who they are and the health challenges they are facing.

(3) For the small percentage of Basic PPO members whose clinician may not be available in-network, CalPERS has developed systems to ensure continuity of care and a range of options to make sure they get the best care possible.

The PPO plans are self-funded, meaning CalPERS is responsible for collecting premiums from enrollees and paying their medical claims and those of their dependents. The contracts set new target thresholds for providing quality health care, including controlling blood pressure, colorectal cancer screening, diabetes care, pediatric care, and pregnancy care. The targets are identical to those that CalPERS included in its latest HMO contracts, which also contain significant financial consequences for health plans that do not meet quality targets. CalPERS hopes this program will serve as a national model, in part because they expect the reduction in medical trend costs will be accomplished by improving the care members receive, not by reducing the benefits members receive or increasing their out-of-pocket costs. Since a lot of the insurance companies – including Kaiser, Anthem, Blue Shield, and United Healthcare – provide similar plans outside of CalPERS, these reforms are likely to affect workers who are not in CalPERS medical, too.

For public employees who do not participate in CalPERS medical, the CalPERS medical increases are a good barometer to compare the increases in your medical plan. Kaiser increases will likely go up by 7% to 8% on average, and PPO plans may go up more. It is always a good idea to review the plan and premium changes during open enrollment and select the plan that meets your need at the best possible price. If you have questions about your medical plan increases, contact your human resources department. Given the increasing rise of medical insurance premiums, your employee organization will continue to demand higher contributions from the employer when negotiating the next MOU.

News Release - CPI Data!

The U.S. Department of Labor, Bureau of Labor Statistics, publishes monthly consumer price index figures that look back over a rolling 12-month period to measure inflation.

3.0% - CPI for All Urban Consumers (CPI-U) Nationally

2.8% - CPI-U for the West Region

3.2% - CPI-U for the Los Angeles Area

3.2% - CPI-U for San Francisco Bay Area

4.0% - CPI-U for the Riverside Area (from May)

3.2% - CPI-U for San Diego Area (from May)

Legal Update

California Supreme Court Strikes Down Proposed Ballot Initiative

The California Supreme Court blocked the Secretary of State from placing an initiative measure on the November 2024 general election ballot. The measure – labeled the *Taxpayer Protection and Government Accountability Act* by its drafters – would have required voter approval for any future state or local tax increases. It would have added a requirement that a majority of voters approve a statewide tax increase, not just the currently required two-thirds vote of the Legislature. It would have also changed the threshold for passing local taxes from a majority vote to a two-thirds vote of the people. Local agencies would have been required to vote on any fee increases – which can currently be approved administratively. It also would have enacted a rollback provision providing that any tax or fee adopted after January 1, 2022, but prior to the effective date of the measure, that was not adopted in compliance with the measure's requirements, be considered void twelve months after the effective date of the measure, unless the tax or fee is reenacted in compliance with the measure.

A lot of cities have passed ballot measures increasing sales taxes in the last three years. Many residents have approved of them, though often not by a two-thirds vote. Until this decision, cities that recently passed sales tax measures by a simple majority have been worried about what might happen to their extra sales tax revenue if the measure were to pass in November. Business interests and taxpayer advocacy groups had championed the measure and collected the signatures needed to put it on the ballot, arguing its passage was vital for continued job creation and company retention in California. Public employee unions and local governments opposed the measure, arguing it would undermine the ability of the state and local governments to fund vital public services. The California Supreme Court held that the measure would revise the Constitution without complying with the appropriate procedure. The Court said the changes proposed by the measure would substantially alter our basic plan of government and therefore cannot be enacted by initiative. The case is *Legislature v. Weber*, S281977 (2024).

Questions & Answers about Your Job

Each month we receive dozens of questions about your rights on the job. The following are some GENERAL answers. If <u>*you*</u> *have a specific problem, talk to your professional staff.*

Question: The employee organization currently has a filing cabinet where association-related documents and materials are located. The filing cabinet is, and has always been, located inside the police department. The employee organization is attempting to locate a more permanent location for the cabinet. It has been a challenge recently to find space. Some of our superiors think that the cabinet encroaches on their space. Is there existing labor law language establishing that employee organizations have a right to keep association-related documents and materials on the employer's premises? Or would this be a negotiating item?

Answer: Although the law does not require your City to provide a filing cabinet for Association use, this is a permissive subject of bargaining, meaning your employee organization can make a proposal during MOU bargaining. The Public Employment Relations Board has said state bargaining law provides recognized employee organizations an implied right to access an employer's facilities, but subject to reasonable regulations imposed by the employer. These limitations are often documented in the MOU or the City's local rules.

Check your MOU and local rules for any relevant language allowing or limiting an employee organization's use of the City's equipment or facilities for Association business. If storage of Association property is not mentioned, it could be something that the Association proposes in the next round of bargaining.

The City likely can require the Association to find another place to keep its files, particularly if the City can show a legitimate need to remove the files. An example may be that the cabinet disrupts the efficient operations of City business. The City will need to notify the Association and allow a reasonable opportunity to meet and confer before making the change, if there has been a long-standing past practice allowing the Association to store its materials on-site.

The Association may want to consider digitizing records and implementing a records retention practice to preserve necessary files and reduce or eliminate the need for on-site storage. First, clean out documents that you no longer need. The Association should keep a copy of the MOUs, negotiation notes from the last round of bargaining, the bylaws, meeting minutes where significant Board or membership action is taken, such as the meeting where the officers were last elected, and financial and tax records. The remaining documents can be scanned and maintained digitally. Many associations store records in the cloud using services like Dropbox or other cloud storage platforms. Once you have removed the unnecessary papers and digitized your files, you may need less physical storage space than you are currently using. This may help you to keep your files in the police department or in another on-site location. When new officers are elected, be prepared to provide the new officers with access to the Association's digital records.

Question: I am currently out on medical leave and want to know if an evaluation should still be completed by my supervisor. The City's policy says we must receive an annual evaluation. The evaluation will affect my step increase, and in turn, my wages. I am under the impression an evaluation should have been done this year. Please advise.

Answer: Check your MOU or Personnel Rules. Some agencies have language that say evaluations or merit increases are due after completing 2,080 hours of service, and not "annually." There may also be language regarding extended leaves of absence, which can result in the delay of the evaluation and merit increase period (*e.g.,* by 90 days, or by the length of the leave of absence).

Depending on the length of your medical leave, management may say they did not have enough time to assess your work performance and therefore extend the evaluation period. If your medical leave was short (*e.g.,* a couple weeks), your employer may have to give you a timely evaluation and merit increase, unless the language says otherwise. If your anniversary date occurred while you were out on medical leave, your employer may simply be waiting for you to return to work before providing the evaluation and merit increase. In that case, the merit increase should be applied retroactively to your anniversary date. Contact your professional staff for help if you do not receive the evaluation and increase upon your return to work.

Question: I have been filling in as an acting supervisor for six months. The City has not flown the position yet. We have other positions where people leave, and the position is flown right away. I believe it is not being flown as a cost savings measure, because they have done so with other supervisor and director positions in the past. I don't if they are violating any rules. Do I have any options?

Answer: There is typically no grievance you can file against the City for the City failing to timely initiate recruitment for a vacancy. But check your City's hiring rules to see what it says. As long as you are getting acting pay, there is also no grievance that can be filed against the City for the City assigning you to perform the supervisor duties in the interim.

Government Code Section 20480 prohibits an agency or school employer that contracts with CalPERS from assigning employees to a limited term appointment in a vacant position for more than 960 hours in a fiscal year. Employers must track and report each fiscal year the hours worked by an employee serving in an out-of-class appointment, regardless of whether the employee has worked above the limit. The Code defines a vacant position as a position that is vacant during recruitment for a permanent appointment. It does not apply if a position is temporarily available due to another employee's leave of absence. An out-of-class appointment is defined as an appointment by the employer of an employee to an upgraded position or higher classification in a vacant position for a limited duration. The City may have reasons why it has not initiated recruitment, and cost savings is one. The City might not be initiating recruitment because it does not want to start the 960 hour timeline. When vacancies occur, management will often assess the need, including whether to recruit at all, and if so, whether it would like to propose changes to the classification specifications or pay before recruiting. Sometimes vacancies are used as cost-savings to balance the budget or positions are eliminated from the budget entirely. Sometimes positions are recruited out of order from the date they became vacant. Management can decide that certain vacancies are a higher priority to fill than others. You can ask your department or Human Resources when they expect to open the position for recruitment.

Note: Info contained here applies to generic public agencies. City of Long Beach observes Juneteenth Holiday.

Question: Why is the City not observing the Juneteenth holiday? Our MOU lists specific Federal Holidays and Juneteenth is not one of them. I seem to recall an admin or Council policy that references recognizing all Federally observed holidays, but I'm only able to find the specific days listed in our MOU. Is the City required to follow the observance of Juneteenth and other Federally observed holidays either as a paid day off or floating holiday?

Answer: Most MOUs list specific holidays that are recognized. Some MOUs have language that includes all other State or Federally recognized holidays too, but this is less common. Unless your MOU has this language, or you can find the Council resolution or policy you mentioned, the City does not have to recognize Juneteenth as an official holiday. The City only needs to observe the specific holidays that have been negotiated and are listed in your MOU. You may be able to use a floating holiday or paid time off to take the day off. Many MOUs provide floating holiday time for this purpose. You typically need to request the day off in advance.

If the City officially observing Juneteenth is important to you, let your employee organization leaders know. The employee organization can propose during the next round of MOU bargaining to add Juneteenth to the list of holidays. Adding Juneteenth has been a very common proposal during MOU bargaining since the day it was Federally recognized in 2021. Many agencies, though not all, have agreed to add Juneteenth to the list of recognized holidays.