

On July 6, 2017, the Board of Fire and Police Pension Commissioners reconsidered a staff report to increase the non-Medicare health subsidy by 5%, retroactive back to July 1, 2017. This report had previously been considered on June 15, 2017 but was carried forward because of a lack of sufficient votes to either pass or reject staff's recommendation.

The staff report was basically a repeat of a 2013 recommendation that was made to satisfy a request by the then CAO to lower the maximum cap on annual increases in the non-Medicare health subsidy from 7% to 5%.

When this item came up for reconsideration a motion was made and seconded by the two active elected Commissioners to approve a 7% increase consisted with the authority granted to the Commission under the Los Angeles Administrative Code (Code). This motion failed by a vote of 5 to 4, with all 5 of the Mayor's appointed Commissioners voting no and all 4 of the elected Commissioners voting yes.

During the discussion that took place prior to the vote one of the appointed Commissioners said he was voting "no" because the associations providing retiree medical plan options would not release proprietary medical claims experience information to Keenan Associates, the Commission's consultant that has proposed eliminating and replacing the current retiree medical plan options. This Commissioner was immediately chastised by the City Attorney assigned to the meeting stating that his statement was not a valid reason to vote "no." But it didn't matter. That Commissioner voted no anyway.

A following motion was proposed and seconded by two appointed Commissioners to approve a 6% increase. This motion failed by a vote of 6 to 3. The Commission President, a Mayor appointee, then stated he did not want to drag the matter out any longer so he made a motion for a 6% increase, even though this exact same motion had just failed. This time the motion passed 5 to 4 with all 5 of the Mayor's appointees falling in line and voting in favor.

It was readily apparent to those in attendance that marching orders had been issued and followed to insure a 7% increase was not approved. It appears that this was done for two reasons. The first was to save money, which was acknowledged by all 5 of the Mayor appointees during the meeting. The other, and more dangerous, reason was to set a precedent that the Commission has now rendered moot the language contained in the Code that spells out how increases in the retiree medical subsidy are to be determined.

The action taken at the July 6 meeting is yet another step in the full-scale attack being instituted against our retiree health subsidy benefits; and it probably won't be the last.