



LOS ANGELES POLICE RELIEF ASSOCIATION, INC.

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May 4, 2018

Dear Members,

Some members have contacted us with questions regarding the changes to LAPRA's medical plans.

For the last four years, each of LAPRA's medical plans, except for Anthem HMO family coverage tier, were provided to active members at no cost. Each year LAPRA rigorously negotiates medical premiums with the insurance carriers, but the reality is that healthcare costs are rising nationally. The 8.15% increase in health care subsidy negotiated by the LAPPL in your upcoming MOU is critical to defraying even higher out-of-pocket costs.

Here are some important facts:

- Under our medical plans with Anthem Blue Cross, enrollment was consistent, but **our claims increased 14.2% in 2017 compared to 2016**. Increased claims lead to increased costs.
- Acute inpatient admissions increased 2.7%, but **the cost per acute admission increased 31.9%**. This is because the number of acute inpatient admissions we had increased by only 2.7%, but the average cost of each admission increased 31.9% in claim dollars spent. In other words, Members were admitted with more serious conditions and for a much longer stay, resulting in extremely increased claims.
- Professional visits decreased .1%, **but because doctors are charging so much more, our costs actually went up 8.5%**.
- In 2017 **481 members (1.6%) accounted for 39.1% of our total medical claims** (2016: 1.3% account for 32.6%).
- Pharmacy claims, particularly the use of specialty medications, have risen significantly.
- While **member contributions** have increased this year, members' payroll deductions are still 40% lower than six years ago.

Another key factor is that many members with workers' compensation injuries are seeking their much-needed treatment by using their LAPRA coverage. Although LAPRA works diligently to recoup costs for worker's compensation claims, reimbursement from the City of Los Angeles is slow. As of today, **LAPRA has over \$20 million dollars outstanding in workers compensation claims**. This ultimately increases everyone's costs.

This year, after multiple rounds of negotiations, it was absolutely clear that we had to make some plan design changes. While we recognize there are cost increases, even with these changes, LAPRA continues to be highly competitive with other city plans.

Another misconception is that LAPRA is discontinuing Healthy Lifestyles, which provides the free gym membership, one on one coaching, etc. **This is simply not true**. The only change is the program's name. It is changing from Healthy Lifestyles to LAPRA Wellness Program. **It is the same vendor with the same network of gyms, and you will have access to the exact same benefits you had previously**.

LAPRA understands that nobody wants their out-of-pocket costs to increase. Its board and their families have the same coverage at the same rates and they don't want their costs to increase either. So, as we do each year, we will explore ways to contain costs and minimize the impact to our members. If you have questions regarding the changes, please call LAPRA at (888) 252-7721 or send an email to benefits@lapra.org.

Sincerely,

LAPRA Board of Directors