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## **Economy & Efficiency Commission Presentation**

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*Editorial Note: Although every effort has been made to insure the accuracy of the material in this presentation, the scope of the material covered and the discussions undertaken lends itself to the possibility of minor transcription misinterpretations.*

**PRESENTATIONS BY  
Chairman Don Knabe  
Board of Supervisors  
Los Angeles County**

**April 3, 2014**

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### **Los Angeles County Sheriff Department Reforms:**

Chairman Barcelona greeted Supervisor Knabe, Chairman of the Board of Supervisors and welcomed him while turning it over for Supervisor Knabe to speak to the Economy and Efficiency Commission (EEC).

### **Health Care Benefits Reform/ Healthcare Affordable Care Act (ACA)**

Supervisor Knabe stated that a series of sweeping reforms to the County's retiree healthcare obligations, agreed to by labor leaders and County management, could save up to \$840 million over the next 30 years. He stated that these reforms represent the most significant reductions to retirement obligations in over 35 years, since the Board of Supervisors reduced pension opportunities for general members four separate times between 1977 and 1981.

Supervisor Knabe stated that the County's current annual costs for retiree healthcare are approximately \$487.8 million, with the County obligated to pay for retiree healthcare first, before any public services are funded. He stated that as part of recent contract negotiations, County and Labor leaders took action to reduce the future costs of retirement medical costs.

Supervisor Knabe also stated that currently, after 10 years of service with the County, an employee receives 40-percent of retirement healthcare paid for, with an additional four-percent accruing each year after that, for a total of 100-percent after 25 years of service. The benefits are extended after the retiree dies for eligible spouse/domestic partners and children up to age 19, or age 23 if they are full-time students.

Supervisor Knabe stated that the new agreement reached with County labor groups will provide paid medical coverage at the retiree-only premium level and not at the current level of full family coverage. He stated that the retiree may choose to purchase coverage for dependents, but the County will only provide a financial subsidy for the retiree-only level. He stated that in addition to the new agreements, Medicare-eligible retirees will be required to enroll in Medicare and the County subsidy will be based on a Medicare supplement plan. He also stated that the same vesting rights and years of service crediting formula of 40-

percent after 10 years and 100-percent after 25 years will still apply. He stated that these reforms do not apply to current retirees or current employees, and if approved, would be in place for employees who begin employment with the County on or after July 1, 2014.

Supervisor Knabe also stated that over the last several years, our labor partners were essential to helping the County weather the recession by sacrificing raises and cost of living increases. He stated that he is grateful that labor has stepped-up once again, agreeing to reforms that could save the County up to \$840 million in the decades ahead.

Supervisor Knabe stated that he made a motion for Los Angeles County to partner with the John Wesley Community Institute Incorporated (JWCH) to open a new health facility in Hacienda Heights to provide underserved residents with health services. He stated that the Board of Supervisors unanimously voted to allocate \$400,000 to assist with renovations and startup expenses at an existing medical building located in Hacienda Heights. He stated that JWCH will use the facility to provide primary care, substance abuse, HIV and mental health services, and more to residents throughout the surrounding areas. He also stated that access to preventative care is too limited in the eastern part of county, but thanks to this new medical clinic, first-class healthcare will now be available to the community. He stated that the Affordable Care Act still leaves over a million people uninsured, but thanks to this partnership with JWCH, Los Angeles County residents who may not have health insurance, can still receive basic primary care without needing to visit an emergency room. He stated that this new health clinic will help us create healthier families and a healthier community.

Supervisor Knabe stated that in January 2013, the County, its unions and partners began the development of a marketing campaign to educate the public about the County's health system in advance of the roll-out of the Affordable Care Act (ACA), which is slated for January 2014. He stated that since its passing, the County's Health Services Department has been aggressively preparing for the ACA, including addressing operations and technology required under the new mandate. He also stated that the ACA is expected to make healthcare coverage available to up to half of the County's roughly 1.8 million uninsured residents.

Supervisor Knabe stated that while the County will remain the safety net for hundreds of thousands of residents who will remain without insurance, the County must begin to tell the story of the County healthcare system to those who will now face choices in selecting their healthcare provider. He stated that with unanimous approval, the Board directed the CEO, in conjunction with the County's Health Services and Public Social Services departments, labor unions, USC and UCLA, and other partners to develop a comprehensive strategy to explain the County's public-private health care system to residents and potential enrollees. He stated that LA County has the second largest public health system in the country with a \$3.5 billion annual budget. He stated that every year, the County sees 2.9 million outpatients, and sixty-four percent of those who come to County facilities are uninsured.

Supervisor stated that he would like to see the infrastructure, public/private partnership and safety net services projects completed before his term ends in 2016.

### **Chairman's Challenges**

Supervisor Knabe stated that when he began his term as Chairman he issued a Chairman's challenge and the purpose of that was to showcase a couple of things: (1) how innovative the County is and (2) the collaboration between County Departments. He stated that all departments have to work together but they are not competing against each other. He stated that everyone that puts a program together is eligible for an award. He stated that programs dealing with County government should be as easy as going online to Amazon. He stated that the Chairman's Challenge is just trying to look for efficiencies because revenue continues to be an issue.

### **The Invisible Government Philosophy**

Supervisor Knabe stated that while polls expose Americans' ongoing frustration with government gridlock, he thinks poll numbers are beside the point. He stated that what people really want is invisible government.

He also stated that you are safe in your home; you put the garbage out and it is collected; you drive to work and the streets have no potholes and the lights work; your kids go to school and they learn; you come home and the playgrounds and parks are well maintained and safe and if all of this is true, you don't notice government. He stated that it's invisible and it works. He stated that is what our County government is trying to do.

### **Improved Credit Rating**

Supervisor Knabe stated that the County has had its credit rating increased in the last 18 months and there is no other municipality in America that has had this happen. He stated that things like that can happen once you remove politics out of the situation.

### **Questions/Comments:**

Commissioner Kalm commented that the Commission appreciates the Supervisors leadership as Chairman this year for putting e-Government on his agenda. He stated that it is a win-win opportunity for County government because it's a political issue and hopefully overtime it will continue to provide better services at a lower cost. Supervisor Knabe replied that this has been the fight over the years because some departments are so large everyone wants to create their own computer network and trying to bring everyone together is always a problem. Supervisor Knabe referenced what the County is doing with Electronic Records; at the healthcare side of the hospital people were saying they were sick and then they go to Harbor UCLA to get x-rays but ends up in Lancaster. The whole process gets duplicated because they had no way of cross checking. He stated with examples like that you can bring real efficiency. He stated that e-Government should be as easy as dealing with amazon. He stated that there are some real efficiency opportunities there and the E&E Commission has been on the forefront of that.

Commissioner Fuhrman stated that the County has had a tradition that the Chairmanship should rotate each year. He asked whether one year is enough to really achieve an agenda, and does it make sense for one member of the Board to remain as chair for two years to follow through on the agenda. Supervisor Knabe replied that it is something he would take up with his colleagues. He stated that from a personal perspective he would say that it is not enough, but if you can get things going you're usually able to follow through with it. He stated that the the Chairman's Challenge could be a program that goes on.

Commissioner Padilla commented that since the Supervisor has been in the public service for so many years, if he can speak to some of the nuggets that he has learned over the years. Supervisor Knabe replied that one of the nuggets that he has learned over the years is patience because he has had a tendency to become impatient with most processes. He stated that he would also like to teach one class at Long Beach State or Pepperdine on Public Policy Government. He stated that he thinks he would bring a wealth of experience from his positions as the City Council, Mayor, Chief of Staff, and a Board of Supervisor. He stated that he really feels that politics is extremely ugly right now and we are losing a generation of candidates and administrators. He stated that the biggest nugget he has learned is to have a meeting room like the one E&E Commission meets in, with a square table, and when you have a problem bring everyone into the room and talk about it and great things would come out of that. He stated that it is really easy to call someone a name in the press or at a press conference but when you are eyeball to eyeball you have a tendency to sort of say look we have a problem here let's get through and resolve it. He stated that he is very frustrated with the Blue Ribbon Commission because they have 878 recommendations for the department to do and they say implement the 878 recommendations but bringing people into a room could get issues resolve better and a lot quicker. He stated that the last nugget he learned is to pick your fights and don't be a bomb thrower all the time. He stated that you really have to work with your colleagues, the State and the Federal government. He also stated that we are all in the game together and we all represent the same people and it all rolls back to patience.

Chairman Barcelona expressed his appreciation to Supervisor Knabe for coming to speak to the EEC and the Commissioners applauded. .

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