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MANAGERIAL EMPLOYEES
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October 17, 2022

Speaker Adrienne Adams
New York City Council
165-90 Baisley Blvd
Jamaica, NY 11434
SpeakerAdams@council.nyc.go

RE: Do Not Amend NYC Administrative Code Section 12-126

Dear Speaker Adams,

The New York City Managerial Employees Association (MEA) objects to the proposed change to the Administrative Code, Section 12-126 enabling the City to make Medicare Advantage the only premium free retiree plan. The current Medicare / Senior Care plan will then cost at least \$191 a month per person. Changing Section 12-126 of the Administrative Code will seriously undermine and compromise the healthcare protections for all City workers. It will allow the City to renegotiate the rate for everyone and place employees into different "classes" with reduced benefits eliminating the protections and equal treatment regarding health benefits that current and retired employees have now.

We strongly oppose the Administration's planned reductions in health coverage through the privatization of Medicare for retirees as the City seeks to weaken the protections guaranteed for all City workers in the Administrative Code. The City has alternatives for managing rising health care costs instead of amending the Administrative Code. The Administration could use its purchasing power to challenge hospitals for exorbitant charges, address the skyrocketing costs of prescription drugs, and audit current insurance providers. The burden should not fall on current workers, retirees, and their dependents.

Additionally, based on the enclosed June 28, 2018 Letter of Agreement and the Fiscal Year End 2019 Healthcare Savings Report from the Office of Labor Relations, MEA advises that the City Council Civil Service and Labor Committee and Finance Committee require the Mayor's Office of Management and Budget (OMB) provide the following before hearings on amending Section 12-126 of the Administrative Code:

1. Reports indicating the cumulative healthcare cost savings for Fiscal Years 2019, 2020 and 2021 compared to the projected cost savings enumerated in *Section 1. a. i., ii., and iii.*
2. Reports indicating the actual costs versus the projected costs in *Section 1. b., c., and d.*

3. Reports indicating any savings enumerated in *Section 2. a. and b.*
4. Copies of all reports enumerated in *Section 3*
5. Projected cost savings for all options enumerated in *Section 5.*
6. How much money has the City spent on GHI Senior Care and the other retiree Medicare plans in Fiscal Years 2019, 2020 and 2021 compared to the projected \$600M per year.
7. How much money has the City saved by providing all new hires with HIP as the only option. What percentage of those new employees changed coverage to another plan after the one year waiting period?
8. What are the additional savings accruing based on this factor?
9. How much money has the City saved over the past three years based on the 24,000 reduction in headcount?
10. How much money is the City projected to save in the out years based on this headcount reduction and what are the future Programs to Eliminate the Gap (PEG)?

MEA believes it is critical that the committee chairs require OMB to submit these reports before scheduling the hearings so that the committees can ask informed questions and follow-up with policy / legislative proposals.

Respectfully submitted,

A handwritten signature in cursive script that reads "Darrell L. Sims".

Darrell L. Sims
President

cc: Alice Wong, Executive Director
Stuart Salles, Esq.

Enclosures



OFFICE OF LABOR RELATIONS

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ROBERT W. LINN
Commissioner

RENEE CAMPION
First Deputy Commissioner

CLAIRE LEVITT
Deputy Commissioner
Health Care Cost Management

MAYRA E. BELL
General Counsel

GEORGETTE GESTELY
Director, Employee Benefits Program

June 28, 2018

Harry Nespoli, Chair
Municipal Labor Committee
125 Barclay Street
New York, New York

Dear Mr. Nespoli:

1. This is to confirm the parties' mutual understanding concerning the health care agreement for Fiscal Years 2019 – 2021:
 - a. The MLC agrees to generate cumulative healthcare savings of \$1.1 billion over the course of New York City Fiscal Years 2019 through 2021. Said savings shall be generated as follows:
 - i. \$200 million in Fiscal Year 2019;
 - ii. \$300 million in Fiscal Year 2020;
 - iii. \$600 million in Fiscal Year 2021, and
 - iv. For every fiscal year thereafter, the \$600 million per year savings on a citywide basis in healthcare costs shall continue on a recurring basis.
 - b. Savings will be measured against the projected FY 2019-FY 2022 City Financial Plan (adopted on June 15, 2018) which incorporates projected City health care cost increases of 7% in Fiscal Year ("FY") 2019, 6.5% in FY 2020 and 6% in FY 2021. Non-recurring savings may be transferrable within the years FY 2019 through FY 2021 pursuant only to 1(a)(i), 1(a)(ii), 1(a)(iii) above. For example:
 - i. \$205 million in FY 2019 and \$295 million in FY 2020 will qualify for those years' savings targets under 1(a)(i) and 1(a)(ii).
 - ii. \$210 million in FY 2019, \$310 million in FY 2020, and \$580 million in FY 2021 will qualify for those years' savings targets under 1(a)(i), 1(a)(ii), 1(a)(iii).
 - iii. In any event, the \$600 million pursuant to 1(a)(iv) must be recurring and agreed to by the parties within FY 2021, and may not be borrowed from other years.

- c. Savings attributable to CBP programs will continue to be transferred to the City by offsetting the savings amounts documented by Empire Blue Cross and GHI against the equalization payments from the City to the Stabilization Fund for FY 19, FY 20 and FY 21, unless otherwise agreed to by the City and the MLC. In order for this offset to expire, any savings achieved in this manner must be replaced in order to meet the recurring obligation under 1(a)(iv) above.
 - d. The parties agree that any savings within the period of FY 2015 - 2018 over \$3.4 billion arising from the 2014 City/MLC Health Agreement will be counted towards the FY 2019 goal. This is currently estimated at approximately \$131 million but will not be finalized until the full year of FY 2018 data is transmitted and analyzed by the City's and the MLC's actuaries.
 - e. The parties agree that recurring savings over \$1.3 billion for FY 2018 arising under the 2014 City/MLC Health Agreement will be counted toward the goal for Fiscal Years 2019, 2020, 2021 and for purposes of the recurring obligation under 1(a)(iv) above. This is currently estimated at approximately \$40 million but will not be finalized until the full year of FY 2018 data is transmitted and analyzed by the City's and the MLC's actuaries. Once the amount is finalized, that amount shall be applied to Fiscal Years 2019, 2020, 2021 and to the obligation under 1(a)(iv).
2. After the conclusion of Fiscal Year 2021, the parties shall calculate the savings realized during the 3 year period. In the event that the MLC has generated more than \$600 million in recurring healthcare savings, as agreed upon by the City's and the MLC's actuaries, such additional savings shall be utilized as follows:
- a. The first \$68 million will be used by the City to make a \$100 per member per year increase to welfare funds (actives and retirees) effective July 1, 2021. If a savings amount over \$600 million but less than \$668 million is achieved, the \$100 per member per year (actives and retirees) increase will be prorated.
 - b. Any savings thereafter shall be split equally between the City and the MLC and applied in a manner agreed to by the parties.
3. Beginning January 1, 2019, and continuing unless and until the parties agree otherwise, the parties shall authorize the quarterly provision of the following data to the City's and MLC's actuaries on an ongoing quarterly basis: (1) detailed claim-level health data from Emblem Health and Empire Blue Cross including detailed claim-level data for City employees covered under the GHI-CBP programs (including Senior Care and Behavioral Health information); and (2) utilization data under the HIP-HMO plan. Such data shall be provided within 60 days of the end of each quarterly period. The HIP-HMO utilization data will also be provided to the City's and MLC's actuaries within 60 days of the execution of this letter agreement for City Fiscal Year 2018 as baseline information to assess ongoing savings. The HIP-HMO data shall include: (i) utilization by procedure for site of service benefit changes; (ii) utilization by disease state, by procedure (for purposes of assessing Centers of Excellence); and (iii) member engagement data for the Wellness program, including stratifying members by three tranches (level I, II and III). The data shall include baseline data as well as data regarding the assumptions utilized in determining expected savings for comparison. The data described in this paragraph shall be provided pursuant to a data sharing agreement entered into by the City and MLC, akin to prior data agreements, which shall provide for the protection of member privacy and related concerns, shall cover all periods addressed by this Agreement (i.e., through June 30, 2021 and thereafter), and shall be executed within thirty days of the execution of this letter agreement.

4. The parties agree that the Welfare Funds will receive two \$100 per member one-time lump-sum payments (actives and retirees) funded by the Joint Stabilization Fund payable effective July 1, 2018 and July 1, 2019.
5. The parties recognize that despite extraordinary savings to health costs accomplished in the last round of negotiations through their efforts and the innovation of the MLC, and the further savings which shall be implemented as a result of this agreement, that the longer term sustainability of health care for workers and their families, requires further study, savings and efficiencies in the method of health care delivery. To that end, the parties will within 90 days establish a Tripartite Health Insurance Policy Committee of MLC and City members, chaired by one member each appointed by the MLC and the City, and Martin F. Scheinman, Esq. The Committee shall study the issues using appropriate data and recommend for implementation as soon as practicable during the term of this Agreement but no later than June 30, 2020, modifications to the way in which health care is currently provided or funded. Among the topics the Committee shall discuss:
 - a. Self-insurance and/or minimum premium arrangements for the HIP HMO plan.
 - b. Medicare Advantage- adoption of a Medicare Advantage benchmark plan for retirees
 - c. Consolidated Drug Purchasing- welfare funds, PICA and health plan prescription costs pooling their buying power and resources to purchase prescription drugs.
 - d. Comparability- investigation of other unionized settings regarding their methodology for delivering health benefits including the prospect of coordination/cooperation to increase purchasing power and to decrease administrative expenses.
 - e. Audits and Coordination of Benefits- audit insurers for claims and financial accuracy, coordination of benefits, pre-65 disabled Medicare utilization, End Stage Renal Disease, PICA, and Payroll Audit of Part Time Employees.
 - f. Other areas- Centers of Excellence for specific conditions; Hospital and provider tiering; Precertification Fees; Amendment of Medicare Part B reimbursement; Reduction of cost for Pre-Medicare retirees who have access to other coverage; Changes to the Senior Care rate; Changes to the equalization formula.
 - g. Potential RFPs for all medical and hospital benefits.
 - h. Status of the Stabilization Fund.

The Committee will make recommendations to be considered by the MLC and the City.

6. The joint committee shall be known as the Tripartite Health Insurance Policy Committee (THIPC) and shall be independent of the existing "Technical Committee." The "Technical Committee" will continue its work and will work in conjunction with the THIPC as designated above to address areas of health benefit changes. The Technical Committee will continue to be supported by separate actuaries for the City and the MLC. The City and the MLC will each be responsible for the costs of its actuary.
7. In the event of any dispute under sections 1-4 of this Agreement, the parties shall meet and confer in an attempt to resolve the dispute. If the parties cannot resolve the dispute, such dispute shall be referred to Martin Scheinman for resolution consistent with the dispute resolution terms of the 2014 City/MLC Health Agreement:
 - a. Such dispute shall be resolved within 90 days.

- b. The arbitrator shall have the authority to impose interim relief that is consistent with the parties' intent.
- c. The arbitrator shall have the authority to meet with the parties as such times as is appropriate to enforce the terms of this agreement.
- d. The parties shall share the costs for the arbitrator (including Committee meetings).

If the above conforms to your understanding, please countersign below.

Sincerely,



Robert W. Linn

Agreed and Accepted on behalf of the Municipal Labor Committee

BY:


Harry Nespoli, Chair



Office of Labor Relations

22 Cortlandt Street, New York, NY 10007
nyc.gov/olr

Renee Campion
Commissioner
Steven H. Banks
First Deputy Commissioner
General Counsel

Claire Levitt
Deputy Commissioner
Health Care Cost Management
Georgette Gestely
Director, Employee Benefits Program

January 2, 2020

To: Bill de Blasio
Mayor, City of New York
Dean Fuleihan
First Deputy Mayor, City of New York

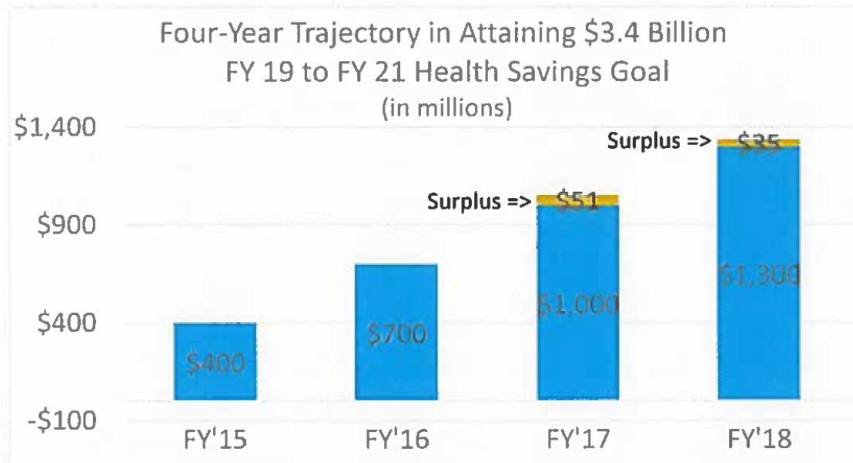
From: Renee Campion
Claire Levitt

Re: Fiscal Year End 2019 Healthcare Savings Report

The FY 19- FY 21 Health Savings Agreement between the City and the Municipal Labor Committee targets \$1.1 billion in additional health care savings over three years, with \$600 million of recurring savings in FY 21. The Agreement calls for a combined savings of \$500 million in FY 19 and FY 20. We are pleased to report that actual final savings for FY 19 were \$193 million, putting us on track to attain the required \$500 million of combined program savings for FY 2019 and FY 2020.



The savings that will be generated in the three-year FY 2019 – FY 2021 Health Savings Agreement will add to the more than \$3.4 billion total savings and \$1.3 billion in recurring savings that was successfully saved in the prior FY 2015 – FY 2018 Health Savings Agreement.



As with the prior Agreement, savings are measured against the City's Financial Plan for FY 2019 – FY 2021, which projected City health care cost increases of 7% in FY 2019, 6.5% in FY 2020 and 6% in FY 2021 for actives and pre-Medicare retirees, and 5% annually for Medicare retirees. The FY 2019 HIP HMO rate, which represents the City's total health plan cost obligation, rose 6.84%. The Senior Care rate for Medicare retirees rose by 5.57%. However, as a result of changes made to the HIP HMO plan, the FY 2020 HIP HMO rate increase was only 3.49%, and is anticipated to be only 3% in FY 2021. The Senior Care plan increase for FY 2020 is 3.39%.

The new programs generating these savings include:

- Effective January 1, 2019, the HIP HMO added new programs for encouraging wellness and promoting the use of Centers of Excellence for oncology and orthopedics at Memorial Sloan Kettering Medical Center and Hospital for Special Surgery. This program will expand to the CBP effective January 1, 2020.
- Effective July 1, 2019, new employees of the City are being enrolled in the HIP HMO for their first year of coverage. There is a process to apply to opt out of this requirement based on either lack of geographic accessibility to HIP providers or medical continuity of care issues.

- Effective October 1, 2018, the WIN Fertility Program started assisting families with infertility issues.
- Effective October 1, 2018, changes were made to the coverage for prescription drugs provided under the CBP to include the expansion from 60 to 90 day maintenance drug refills and a change to adopt the Express Scripts national formulary.
- Effective July 1, 2020, the CBP will add two more care management programs to help direct patients to the appropriate site-of-service for outpatient procedures; for example, having routine colonoscopies performed in the doctor's office rather than in a hospital facility.
- The FY 2019 savings consist of the following items:

	(in millions)
Rollover savings This represents the surplus savings over the savings target in FY'17 and FY'18, plus an additional amount representing annual recurring savings. Per an agreement with the City in June 2018, the Municipal Labor Committee (MLC) decided to use these savings towards the FY'19 savings target.	\$127 M
HIP HMO Plan savings <ul style="list-style-type: none"> • Rate increase of 6.84% (excluding the 0.13% rate increase for coverage of statins in the base health plan) versus the budgeted 7.0% increase in FY'19 • Rate increase of 3.49% versus the budgeted 6.5% rate increase in FY'20 Based on historical trends, the City's budget estimated an annual increase in the HIP rate in FY'19 and FY'20 of 7% and 6.5%, respectively. However, the rates were finalized at a lower than budgeted increase (see above). The HIP rate reduction generates savings as the amount representing the differential between the budgeted and actual increase would have otherwise been paid by the City into the Stabilization Fund.	\$10 M \$10 M
Senior Care Plan additional costs <ul style="list-style-type: none"> • Rate increase of 5.57% versus the budgeted 5% increase in FY'19 This represents the additional costs to the City of a rate increase that is higher than the budgeted increase.	(\$3 M)
EBCBS/GHI CBP Plan Savings	
Empire WINFertility Program eff. 10/1/18 This program generates savings from comprehensive care and case management for fertility treatment services. It reduces medical and pharmacy cost related to fertility treatment by guiding members to the fastest route to a successful singleton birth.	\$7 M
Empire Length-of-Stay (LOS) Management eff. 1/1/19 This program involves intensive utilization review for hospital inpatient cases and, when clinically appropriate, determines when hospital care for short length of stay cases can still be safely provided at an <i>Observation Level of Care</i> instead of the more expensive <i>Inpatient Level of Care</i> .	\$23 M
Emblem CBP Plan Drug Changes eff. 10/1/18 (i.e., Smart 90 Program & Change to ESI National Formulary) The <i>Smart 90</i> program allows for 90-day supplies of long term medications (e.g., diabetic drugs, ACA preventive care drugs, etc.) through the (i) Express Scripts Inc. pharmacy or (ii) Walgreens/Duane Reade retail pharmacy. Previously, the CBP mail order program was only for a 60-day supply. Drug discounts are higher than otherwise for longer duration supplies. Net pricing (after factoring rebates) is more favorable under the "ESI National Formulary" when compared to that in the plan's existing formulary.	\$18 M
Total Savings	\$193 M

Total may not add due to rounding