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City Council will have key say on Medicare plan



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Retirees outside United Federation of Teachers headquarters rallied against a city proposal to shift their city Medicare program to the NYC Medicare Advantage Plus program. The Adams administration enlisted the City Council in its effort to switch retirees from the current Senior Care program to a Medicare Advantage plan, a move decried by retirees, who fear it would compromise their care.

MICHEL FRIANG/THE CHIEF

Posted Tuesday, September 13, 2022 2:33 pm

BY RICHARD KHAVKINE

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E-edition

The Adams administration has enlisted the City Council in its so-far frustrated bid to switch retirees to a cost-saving Medicare Advantage plan.

The Council will take up a request from the Office of Labor Relations to amend city law to allow the city to charge retired municipal workers for their coverage should they decline to switch to the new health plan, a move decried by the head of one retiree organization as a cynical end-around to a judge's finding earlier this year that a health-care surcharge would be unlawful.

The proposed amendment language would permit the city to essentially bill retirees the difference between a health plan approved by both the city and the main coalition of municipal unions and any retirees' plan that costs more.

The amendment, sanctioned by the vast majority of unions that make up the Municipal Labor Committee, would in effect circumvent Manhattan Justice Lyle Frank's conclusion, reached in March, that the city's planned switch was illegal as constituted since it would have obliged retirees who opted to stay in the current Senior Care program to pay an additional \$191 each month for coverage.

The municipal code requires the city to "pay the entire cost of health insurance coverage for city employees, city retirees and their dependents, not to exceed one hundred percent of the full cost of H.I.P.-H.M.O. on a category basis."

The new health plan had been scheduled to take effect April 1.

'Cost is off the chart'

Marianne Pizzitola, the president of the NYC Organization of Public Service Retirees and a retired emergency medical technician, said she sensed the city's move reflects the city's apprehensiveness about the legality of their program.

"That is a workaround," she said. "I believe they are fearful that they know what they did was wrong, that they are going to lose the case when we hit appellate court in October."

But Harry Nespoli, the head of the Municipal Labor Committee, said the move was necessary given the fast increasing costs of health-care plans, presumably including the current Senior Care program, that he said were sapping the city's Health Insurance Premium Stabilization Fund, which was created in 1984 to subsidize employees' rising premium costs. "The increase has depleted that fund to practically nothing," Nespoli said of rising premiums. "The cost is off the chart and we have to turn this around. We have to change with the times."

Some union leaders have in recent voiced frustration that increased health-care costs to the city were cutting in to money available for raises for their members.

Nespoli said the cost savings would be a "guaranteed" \$3 billion in five years. "That is the change," he said. He said 87 percent of 124 union presidents voted in favor of the proposal to amend the city code during a meeting last week. But Nespoli, who was just reelected to a fifth term as head of the city's Uniformed Sanitationmen's Association, also emphasized that he and other union leaders would ensure that the quality of retirees' health-care options stayed the same. "They have to continue to get us the quality of health for retirees and for active members," he said.

Questions cost-saving projections

Teamsters Local 237 President Gregory Floyd, who represents school safety agents and 8,000 employees at the city Housing Authority, backed the proposal because retirees who choose Medicare Advantage will still have access to a free plan. "If you choose the policy that's not the [Health Insurance Plan] rate, then you pay the difference," he said.

Neither City Hall nor the Council Speaker's office answered questions on the amendment proposal. The chairperson of the Council's Civil Service and Labor Committee, Carmen De La Rosa, did not respond to a request for comment.

Pizzitola is skeptical of the city's cost-savings projections. She also questions whether the city and OLR have been sufficiently diligent in rooting out redundancies, overpayments and oversights tied to the current plan.



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She said her organization's findings suggested that the city could recover a good chunk of the projected \$600 million savings that would come with any switch with better accounting. For instance, Pizzitola said that a number of deceased retirees, albeit admittedly few, were still listed as receiving the benefits. Many more, though, are on other states' Medicare plans, which is against regulations.

"Why isn't some kind of form generated from OLR on an annual basis to still confirm the eligibility of the person being carried on your contract under penalty of perjury?," she asked. "Why isn't that being done? That's a letter. I don't understand that. ... There's no one doing the checks and balances."

Pizzitola said the last time an eligibility audit had been conducted was during the Bloomberg administration.

The city's intention to switch health plans for roughly 250,000 retirees has stuttered since it surfaced about 18 months ago. Nearly immediately, it was beset by widespread dissatisfaction and litigation, delaying its implementation. Just weeks after Frank's findings that the \$191 payments would violate city law, City Comptroller Brad Lander said he lacked "sufficient information" to register the contract for the plan given its uncertain financial footing.

And in July, the insurance company chosen to administer the Medicare Advantage plan withdrew from the deal.

As of late May, almost 66,000 retirees, or 26 percent of all municipal retirees, had opted out of the impending plan.

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Staff reporter Crystal Lewis contributed to this story.

Comments

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Bigjohn619

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