

City Employee Health Plan Could Switch to Lower-Cost Company Under New Proposal

Hundreds of thousands of city workers and their dependents could have their healthcare shifted to a cheaper plan by 2024, documents show.

By [Sam Mellins, New York Focus](#)

New York City is seeking to replace the main health insurance plan that it provides to its employees with a new, lower-cost option, documents obtained by New York Focus reveal. The shift is currently only a possibility under consideration, but if it goes through, roughly 750,000 employees, retirees and dependents will have their current insurance switched to an as-yet undetermined plan.

One goal of the potential replacement is to cut costs “by at least 10%” without compromising the quality of care or forcing city workers to pay more out of pocket, the documents say.

The plan that currently covers most city employees and their dependents, GHI Emblem Health, began covering municipal workers under the administration of Mayor Fiorello LaGuardia in the 1940s.

On Thursday, the city’s Office of Labor Relations will begin accepting submissions from health insurance companies outlining plans to replace GHI EmblemHealth.

The “target effective date” of a new plan is Jan. 1, 2024.

The Municipal Labor Committee, a group representing most of the city’s local government unions, is supporting the move.

In an email to union leaders reviewed by New York Focus, Ellen Medwid, executive secretary of the Municipal Labor Committee, said that the city’s request for information from insurance companies “will allow both the MLC and the City to become better educated as to possibilities to ensure quality care at a hopefully reduced cost.”

In the email, Medwid noted that the request for information “does not obligate any action” by the city or the unions, which could choose to simply continue with GHI EmblemHealth if they decide none of the proposals would be an improvement.

Medwid did not respond to a request for comment from New York Focus.

According to the documents, the city is seeking to “redesign” the plan to “provide a state of the art, cost-effective, member-focused program.” GHI Emblem health currently provides [premium-free](#) coverage for most public employees, younger retirees, and their dependents, with a zero dollar deductible and a yearly out-of-pocket maximum of \$4,550 for [in-network care](#) for one individual.

Some health care experts doubt that cutting costs for the city by a tenth without raising costs for workers, while preserving the plan’s quality, would be possible. “They’re clearly trying to cut the benefits, or the value of the health

care benefits,” said Naomi Zewde, professor of health policy and management at the City University of New York. “People should stay aware of what might happen.” How the switch would affect workers largely depends on the details of a potential future plan. “I’m not sure if we can tell from this document what the risks might be to enrollees,” said David Meyers, a professor of public health at Brown. “It just depends on how they all come together in a new benefit package.”

The switch would also affect at least some retired city workers.

Retirees who are younger than 65 and therefore not yet eligible for Medicare are generally still covered by GHI EmblemHealth.

It’s not immediately clear whether the proposed plan redesign would affect retirees over 65, most of whom are covered through a different but related plan called Senior Care.

“On the face of it, it looks like they’re two separate plans,” said John Murphy, the former executive director of the New York City Employees’ Retirement System, the city’s largest pension fund.

But Murphy added that the proposed switch could affect retirees covered by Senior Care “depending upon how they have them interconnected.”

For over a year, **as part of a deal with the MLC tied to pay raises**, the city has been attempting to [save millions](#) by switching roughly 250,000 retired employees from their current Medicare plans with free supplemental coverage to privately run “Medicare Advantage” plans that retirees say could [cost more and cover less care](#).

That initiative has been on ice since March, when a State Supreme Court judge [ruled](#) that city law barred the Adams administration from charging retirees for the coverage that they currently get for free.

A spokesperson for the city Office of Labor Relations did not respond to inquiries on whether Senior Care enrollees would be affected by the shift or to other questions about the potential change. A spokesperson for Mayor Eric Adams did not respond to a request for comment.

Marianne Pizzitola, president of the New York Organization of Public Service Retirees, the group that sued to stop the retiree health care switch, said that she understands the city’s desire to save money, but that it shouldn’t come at the expense of workers’ healthcare.

“You want to support them doing things that are fiscally sound,” she said. “I’m not saying that they should give me some crazy-ass Cadillac plan, but at the same time, don’t diminish what I already have.”