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January 12, 2022

Mayor Eric Adams
City Hall
New York, NY 10007

Re: Reconsider Medicare Advantage Contract
for City Retirees

Dear Mayor Adams:

On behalf of the 30,000 active and retired faculty and professional staff at The City University of New York represented by the Professional Staff Congress, AFT Local 2334, AFL-CIO (“PSC”), we extend our congratulations on your mayoralty and your new administration. We write to highlight the urgent need to revisit a recent policy choice affecting current and future municipal retirees.

The PSC calls on you to carefully examine and reconsider the previous administration’s decision to convert premium-free health insurance for New York City retirees from traditional Medicare to a Medicare Advantage plan (MA+). Our active members and retirees—who oppose the further privatization of Medicare—were filled with hope when you expressed skepticism about the proposal several months ago. You are one of over 250,000 New York City municipal government retirees who are affected by this change. Many retirees will have to accept this change because they simply cannot afford to pay premiums to stay with their existing health plan and traditional Medicare.

New York State Supreme Court Judge Frank delayed implementation of the MA+ plan because the City and the MA+ provider, the Alliance, had violated the law by not providing adequate information to retirees about the plan, including whether they would have access to their current health care providers, and he specified steps the City must take prior to implementation.

PSC President Davis submitted testimony to the tumultuous hearing held by the New York City Office of Labor Relations on the contract between the City and the Alliance. In his testimony, he outlined several significant flaws that make this a non-standard contract between a health insurance vendor and a public employer, among them:

- *Inadequate accountability*-- The contract does not require periodic reporting by the Alliance to the City and its employee unions about trends among City retiree MA+ participants on access to services, medical care utilization, health outcomes, plan income and expenses, or claims denials, appeals, or dispositions. This is information that the Alliance is required to report to the federal Center for Medicare Services anyway, and PSC recommends that the City also require other insurance providers serving City retirees and employees to provide this data for comparison purposes.
- *Ability to change Plan without consultation or approval*—
 - The contract does not require consultation or approval from New York City and the Municipal Labor Committee concerning changes to plan design, rates and benefits. The contract is rooted in an assumption that federal Medicare payments to the MA+ plan will not change significantly, but federal policy-makers are actively considering changes to control the rate of increase in federal subsidies for MA

plans. If they do, under the current contract language, the Alliance has the unilateral right to change rates, benefits and plan design without consultation.

- The contract does not require consultation or approval from New York City and the Municipal Labor Committee concerning changes to practices covering referral, pre-authorization, and certification requirements. The services listed in the “Evidence of Coverage” section of the contract as potentially subject to pre-authorization requirements are already far more extensive than those required under traditional Medicare/Senior Care, despite assurances to retirees to the contrary.
- The Alliance can unilaterally change the financial agreement if the costs are greater than anticipated or if the Federal government changes the amount it pays the Alliance.
- *Potential that changes to the plan will stick retirees with inadequate health care--*
The contract does not have language providing sufficient opportunities for review, evaluation, and approval/disapproval of the terms and operation of the plan. Historically, both of the companies that constitute the Alliance (Emblem and Empire) have ranked in the lowest third of companies in patient satisfaction at handling complaints.

We recognize the need to control health care costs, the importance of maintaining a premium-free option and the urgency of securing the Joint Stabilization Fund. However, PSC, as a member union of the Municipal Labor Committee, voted against this decision, expressing and respecting the position of the overwhelming majority of our members. We respectfully suggest that you consider other options from among the range of [potential cost saving measures that were agreed upon by the City and the MLC](#), including but not limited to action to regulate out-of-control hospitalization costs and a more decisive and enduring step such as self-insurance. The shortcomings in the MA+ contract and the disruption this transition will cause compel serious reconsideration of the plan to move municipal government retirees from traditional Medicare to a Medicare Advantage plan.

Sincerely,



James Davis, PSC President



William Friedheim, Chair, PSC Retirees Chapter

cc: Adrienne Adams, Speaker, NY City Council
Harry Nespoli, Chair, Municipal Labor Committee