

TESTIMONY OF JAMES DAVIS, PRESIDENT, PROFESSIONAL STAFF CONGRESS/CUNY
NEW YORK CITY COUNCIL COMMITTEE ON CIVIL SERVICE AND LABOR
OVERSIGHT HEARING ON CHANGES TO MUNICIPAL RETIREES' HEALTH CARE PLAN
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I'm James Davis, the President of the Professional Staff Congress (PSC), the union representing 30,000 active and retired faculty and professional staff at the City University of New York. We are one of five city unions that declined to support the move from traditional public Medicare to private insurance provided by the Alliance of health insurance companies.

Judge Frank was correct when he found that the City mishandled this transition in retiree health care. He was correct that the City's mishandling caused tremendous anxiety to the city's retirees in the midst of a global pandemic. The judge was right to suspend the deadline for retirees to opt out of this new plan until the City and the Alliance get it right. The City and the Alliance implemented the transition to privatized retiree health care hastily, failing to nail down critical details, including confirmation that retirees' doctors would accept coverage by this new entity.

While the City and the Alliance pledged that nearly every provider that accepts Medicare would accept coverage by the Alliance, The PSC and our Welfare Fund were flooded with phone calls and emails from distraught retirees whose doctors told them they would not accept this new coverage.

And unfortunately, there is more. The majority of CUNY's retirees are enrolled in TIAA. For years, CUNY and the City have required TIAA-enrolled retirees to have a \$10,000 annuity which pays a small monthly benefit from which the tiny \$2 hospitalization rider is paid. These retirees, who are now looking at a \$200 monthly premium in order to keep their Senior Care, must either have a direct billing option or establish a much larger annuity. But the communication with TIAA has been terrible. Many TIAA agents are completely unaware of this transition or of the need for CUNY retirees to establish a new, larger annuity.

We ask that in the short term the Council exercise strict, continuous oversight of this transition, to ensure that the City and the Alliance keep their promises, are transparent, and move assiduously to address the concerns retirees are raising, so their anxiety and hardship are alleviated before establishing a new opt out deadline.

There is also a bigger picture to consider. The decision to privatize City retirees' Medicare was driven by a real crisis in rapidly escalating health care costs, which threatens the health care of active employees too. The privatized, profit-driven model upon which this decision was based will neither control costs nor deliver quality care.

The bottom line is that we need national single-payer to achieve the goal of affordable, universal health care. There are many intermediate steps the Council could take to help move

us towards that goal. For example, the Council could pass legislation to curb exorbitant hospital costs, as Maryland has done. (<https://www.nytimes.com/2021/10/24/opinion/maryland-medical-bills-lower.html?referringSource=articleShare>) It could do more to ensure healthcare funds are distributed to address race and class injustice, including the disparities between rich and poor hospitals. It could carefully consider whether self-insurance would save the City hundreds of millions if not billions by recouping excess payments to insurance companies and avoiding premium taxes. (<http://www.centernyc.org/urban-matters-2/2021/1/20/new-york-city-over-pays-for-health-insurance-city-workers-still-get-a-bad-deal>)

New York City's economy is comparable to the entire country of Canada. (<https://www.aei.org/carpe-diem/understanding-americas-enormous-20-6t-economy-by-comparing-us-metro-area-gdps-to-entire-countries/>) New York City has leverage it is not using to address the health care crisis facing not only its own retirees, but every New Yorker. It is time to get moving.