

NEW YORK CITY AND THE MUNICIPAL LABOR COMMITTEE TRY TO FORCE NEW YORK CITY PUBLIC EMPLOYEE RETIREES FROM TRADITIONAL MEDICARE TO PRIVATE, FOR-PROFIT MEDICARE ADVANTAGE

Background:

- By law, New York City is required to provide free health insurance to NYC's 250,000 public employee retirees and their dependents. For the overwhelming number of retirees over 65, this has meant that retirees enroll in traditional Medicare plus a NYC-sponsored Medicare Supplemental plan that pays almost all the charges that Medicare does not cover (e.g., 20% of the Medicare-allowed fees for doctors' visits). Retirees pay no premiums for Medicare or the Medicare-supplemental plan (known as Senior Care).
- In traditional Medicare, enrollees can see any healthcare provider, anywhere in the country, who agrees to accept Medicare; this is 98% of all doctors. Pre-authorizations (prior approvals for tests or procedures) are rare.
- In 2020, NYC and the Municipal Labor Committee agreed that the city would save \$600 million per year by moving retirees from their traditional Medicare plus Senior Care insurance to a Medicare Advantage (MA) plan. They claimed that the savings would come from increased payments by the federal government for Medicare Advantage plans. The City awarded the MA contract to the insurance companies Emblem and Empire, which dubbed themselves "the Alliance" and called their plan Medicare Advantage Plus. The Alliance claimed that all doctors who take Medicare would be required to accept the MA+ plan, that all hospitals would be in the MA+ network, and that retirees would have better health insurance because of some added benefits like a limited number of free meals and trips to the doctor. Retirees who wished to continue with the traditional Medicare plus Senior Care would be charged nearly \$200/month for Senior Care premiums.

Where Things Stand:

- The rollout of the plan was chaotic. It is still unclear whether some of NYC's premier hospitals (like HSS and MSK) will stay in the plan past its first year; retirees living outside the NYC area are unclear whether their hospitals will take MA+ at all. Many doctors are refusing to accept the new plan and may not continue treating established NYC retiree patients; others still know nothing about the plan. The list of tests and procedures requiring pre-authorization was incomplete and turned out to be voluminous.
- Because of the chaotic rollout, Judge Lyle E. Frank delayed the implementation of the plan, which was supposed to have gone into effect January 1, 2022. Eventually he ruled that NYC could go ahead with the plan, but that NYC law prohibited it from charging premiums for Senior Care if the city wanted to continue to offer Senior Care as an optional program. His decision is being appealed by the City. The appeal will be heard in the fall.
- On March 30, 2022, the NYC Comptroller refused to register the MA+ plan contract with the city, citing legal and budgetary uncertainties due to the continuing litigation, as well as unanswered questions about the "documentation and budgetary impacts of the proposed contract."

We conclude:

- Medicare Advantage is privatized Medicare, which is very profitable for insurance companies. Numerous reports have documented that, while the federal government spends more of our taxpayer money per enrollee on MA plans, these plans spend more on overhead than traditional Medicare and pay less to the actual providers of health care. They increase their profits by negotiating lower payments to providers and denying services (see April 2022 HHS Inspector General Report <https://oig.hhs.gov/oei/reports/OEI-09-18-00260.pdf>), while also claiming their enrollees are sicker than they are.
- The Professional Staff Congress/CUNY has done a close reading of the proposed contract and finds it “deeply flawed”: “First, it provides for little accountability to retirees or the City of New York (identified as the plan sponsor with the Municipal Labor Committee) as to medical care, health outcomes, or cost. Second, the contract gives the Alliance wide latitude to make changes in benefits, precertification requirements, and premiums charged the City.” <https://www.psc-cuny.org/sites/default/files/PSC%20comments--draft%20MA%2B%20contract%20final.pdf>
- Tens of thousands of NYC retirees have demonstrated that they do not want this MA+ plan by “opting-out,” even though they may have to pay thousands more per year. Those unable to afford monthly premiums face the prospect of losing their doctors and being denied needed health care. Retirees have banded together to try to stop this forced change which threatens both their health and their financial well-being, but the city seems determined to move ahead. New York City and the MLC must withdraw this ill-conceived plan.