

# MLC Path To Preserving Benefits

## Introduction

Health care costs have risen dramatically in the last decade. Many families across the country — and in the metropolitan area — are paying thousands of dollars every year as their share of the costs of the health insurance that they get from their employers.

New York City's annual health care costs have risen from some \$5 billion to \$11 billion in ten years, but City workers have largely been spared this burden. We still have quality, premium-free health coverage, thanks to the negotiating power that the Municipal Labor Committee wields with health insurers and providers.

Meanwhile the unions' own welfare funds spend millions of dollars every year to subsidize services that regular health insurance does not cover and that otherwise members would have to pay for themselves.

But despite these successes in sheltering our members and their families from rising costs, it has become necessary to take some additional steps and make strategic changes to deal with rising healthcare expenses.

As you know, the Active Members' healthcare plan has gone through multiple changes, including changing co-pays to incentivize more appropriate usage and by avoiding the use of expensive hospital settings for procedures like colonoscopies that could appropriately be done in outpatient facilities or physicians' offices. The result has been more than \$4.5 billion in savings this past decade.

Unfortunately, the Retirees' Senior Care Program faces the same challenges. Without strategic action, retirees will be looking at additional out-of-pocket costs and eventually premiums that, once in place, will only grow.

The need is particularly urgent for the services provided by the unions' welfare funds, ranging from prescription drugs to dental/optical benefits. The Health Care Stabilization Fund, run jointly by the City and the MLC, faces the same pressures of rising healthcare costs, and will be completely depleted within the next year unless steps are taken now.

To ensure quality care and premium free health coverage for our retirees, the MLC has developed our own group Medicare Advantage Plan — a plan unlike any other MA program in existence.

This new plan mirrors and improves on the Senior Care Plan and will have aggressive oversight to ensure that member services are protected. Most importantly, under this plan retirees will still have access to the same providers and hospitals that they now use.

Critics have pointed out that previous individual Medicare Advantage saved money by limiting care. In our case, by developing a custom group Medicare Advantage plan, we will not only be able to preserve the same level of care, but the City and the MLC will also be able to tap into additional federal subsidies that we cannot now use to subsidize our Senior Care program.

All the savings from our proposed group Medicare Advantage program will be devoted to the Health Care Stabilization Fund and will go to support services for our members.

We have created a path to preserve members' benefits, and to protect all that we have fought and worked for.