Council Sign-on Letter

Mayor Eric Adams
City Hall
New York, NY 10007

March 2023

Dear Mayor Adams:

We have heard the drum beat of thousands of constituents in recent months: do not change the municipal retiree healthcare plan. A Civil Service and Labor Committee hearing on January 9 lasted twelve hours, with an overwhelming majority of New Yorkers opposing a proposed change to the Administrative Code that would allow the City to charge retirees for their current supplemental healthcare plan. Now, many are worried that the City will eliminate their current premium-free plan, which is supplemental to traditional Medicare, and move retirees and their dependents into a private Medicare Advantage plan. Their fears are valid.

New York City is not immune to the challenges of the growing costs of healthcare; we understand that. But charging retirees for their current plan or moving them into Medicare Advantage not only breaks a solemn commitment; it also fails to solve the long-term fiscal problems.

The City's current approach to healthcare does not work. The overall health benefits program (11% of the City's budget) is crumbling piece by piece. Even if $600 million in savings is achieved by forcing retirees into Medicare Advantage, the issues that have caused the funding shortfalls will return again and again, The immediate problem is not how to save $600 million; it is how to stabilize costs long enough to restructure health care for employees and retirees so that it is affordable, stable and excellent for the long term.

There are alternative approaches that both honor the City's promise to its retired employees and address the structural problems responsible for the City's escalating health costs. New York City does not have to choose between retirees and fiscal stability.

We support an approach that leaves retirees' current premium-free healthcare in place and builds a fiscal bridge to address the immediate shortfall. With a temporary fiscal solution established, a diverse group of stakeholders can develop a positive path to address the structural causes of spiraling health care costs, especially hospital-related costs. This approach will ensure that the City budget is not balanced on the backs of retirees and City workers, who

have historically made sacrifices in wages to ensure that they have the means to sustain their health and the health of their families. and communities.

This is how to do it:

1. Buy time to restructure health care thoughtfully: the City can sustain premium-free Senior Care for three years by redirecting a portion of the $4.9 billion surplus identified by the New York City Independent Budget Office. There is no need to force NYC retirees onto a Medicare Advantage plan in order to achieve $600 million in short-term savings. Other short-term measures to fill the current funding gap have also been proposed and should be explored (see "A Resource to Sustain Benefits While NYC Health Benefits are Restructured."). Providing temporary funding would buy time to restructure the health plans for the entire City workforce and its retirees, one and a quarter million people, in a way that addresses the real causes of out-of-control health care costs. It would also set an example for other health care purchasers, whether Medicaid, union plans, or private employers.

2. Leave the current Senior Care plan in place, premium-free. Most NYC retirees earned modest salaries while employed by the City, and many are now living on pensions under $30,000. As employees from full-time positions with sufficient service, they were promised secure and affordable healthcare in retirement. The City must not betray that promise. Medicare Advantage plans, especially from for-profit insurers, make money by regulating access to care. Retirees with special health needs or life-threatening illness are rightly afraid that they will not have access to the care they need unless premium-free Senior Care remains available. Our proposal would make that possible.

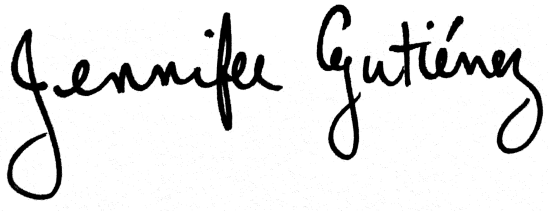
3. Convene a stakeholders group to address root problems without changing current benefits. There are historical and contemporary examples of such tables: New York State used a stakeholders group to respond to the Fiscal Crisis in 1976; the Council on Health Care Financing had everyone at the table – elected officials, the health care and public employee unions, representatives of hospitals and doctors, insurance companies, senior health and social service agency staff, and a small number of experts. We recommend an innovative, City-led stakeholders committee with a similarly broad membership, including retirees and relevant New York State officials and elected officials, since some of the solutions may include state action.

4. Research models from other states and cities. Twelve states have adopted hospital price control strategies. The Millbank Memorial Foundation's Peterson Program for Sustainable Health Care Costs, which is chronicling and supporting efforts across the country, is an excellent resource. Maryland's all-payer system is one model. West Virginia's rate-setting is another. There are significant price control elements in Healthy San Francisco, a program for the uninsured, that have been applied to its employee benefits costs. Cities have established PILOT programs that allow highly profitable not-for-profit hospitals to make payments in lieu of taxes as a mechanism to fund related public needs.

We on the City Council understand the extreme health care cost pressures the City has faced in recent years, and we respect the efforts of the Municipal Labor Committee to work with the City to find savings. We also know that what is currently proposed is not a solution to the challenges the City faces. This is a pivotal moment for all City retirees, one that is, in many ways, the product of the previous administration's policy choices. We urge you to help lead the way out of this crisis. We are eager to work with you to find solutions to the challenges before us. With some discipline and creativity, we can set a national precedent for providing high-quality and affordable healthcare to municipal workers and retirees.

Thank you,

Shahana Hanif, District 39



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