

Unions clear way for contentious Medicare plan

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Retirees outside United Federation of Teachers headquarters on Broadway downtown rallied in 2021 against a city proposal to shift their traditional Medicare health coverage to a private Medicare Advantage program. The switch was overwhelmingly approved Thursday by a vote of the umbrella organization of the city's public-sector unions. Michel Friang/The Chief

The city's long-stalled, contentious effort to switch municipal retirees to a Medicare Advantage plan cleared a significant hurdle Thursday when the agreement was overwhelmingly endorsed by a vote of the Municipal Labor Committee, the umbrella organization of public-sector unions.

The agreement between the city and managed-health-care company Aetna received 79 percent of votes cast during a virtual meeting of the MLC, its chairman, Harry Nespoli said.

The approval clears the way for the city to switch about 250,000 municipal retirees from their current traditional Medicare to a plan officials have said will ultimately save the city about \$600 million a year in health-care costs.

The savings, in the form of federal subsidies, will be funneled into the city's Joint Health Insurance Premium Stabilization Fund, which finances unions' welfare fund benefits, among other purposes.

"We look forward to ensuring a robust quality plan for our retirees and their families," Nespoli said in a statement. "We will be vigilant in making sure that our retirees' welfare remains front and center in the administration of the plan."

The planned switch, dating to the de Blasio administration, has been opposed by coalitions of retirees whose members have argued that private, for-profit Medicare Advantage plans are by definition inferior to traditional government-run Medicare. Given their labor background, many are also opposed, on principle, to the privatization of Medicare or health care.

Retirees' apprehensions have been supported by proposals from federal health officials to [establish new regulations](#) that would address complaints from consumers, including that some plans could be improperly denying patients' and doctors' requests for care.

To assuage those concerns, city labor officials have said they insisted that Aetna's plan incorporate built-in provisions to ensure superior quality of care. They also sought to include penalties should the provider not meet standards set by the city and the unions.

City labor officials have said Aetna's MAP plan would keep premium-free coverage for current workers and city retirees, which has become increasingly difficult for municipalities and other public entities as health-care costs continue to spike.

Weighted vote

Aetna presented their plan to the MLC last week and answered questions from union representatives afterward and throughout the week, Nespoli said in a phone interview.

"It's been in the works for six years," he said. "It's equal to the best plan that you could get together with Medicare. ... This plan here is specifically for city workers, New York City workers. The object of this plan is to keep the best amount of health coverage for the cheapest amount."

One of the retiree coalitions, the NYC Organization of Public Service Retirees, has successfully challenged aspects of the plan in court, but has not succeeded in barring the city from going ahead with the switch. The organization's president, Marianne Pizzitola, a retired emergency medical technician, did not immediately respond to a request for comment on the MLC's vote.

City labor officials have long insisted that any private Medicare plan would be as good or better than the retirees' current plan and Mayor Eric Adams noted as much following the vote.

Adams said Aetna's plan includes a lower deductible, a cap on out-of-pocket expenses as well as added benefits such as transportation, fitness programs and wellness incentives.

"We also heard the concerns of retirees and worked to significantly limit the number of procedures subject to prior authorization under this plan," the mayor said in a statement.

He said the city would be in touch with municipal retirees in the coming days with details and next steps, adding that Aetna would institute resources to help answer questions about the plan. “This Medicare Advantage Plan is in the best interests of retirees and taxpayers. We thank the MLC for their steadfast partnership throughout this process,” Adams said.

Barring contractual snags or a successful court challenge, the switch is scheduled for Sept. 1.

It’s unclear how many unions participated in the vote. A message left for MLC lawyer Harry Greenberg was not returned. But according to the committee’s bylaws, the vote was weighted in favor of the largest municipal unions, with participating unions getting one vote for every 250 members, Nespoli said.

The MLC’s 102 member unions together represent about 635,000 current and retired city workers — 250,000 retirees and roughly 385,000 active members. The United Federation of Teachers, which likely voted in favor, alone represents 190,000 members, while District Council 37, while comprising a number of locals, altogether represents 240,000 members. Most of that union’s locals also likely approved the plan.

“Aetna’s much-improved Medicare Advantage proposal, with new guarantees about prior authorization of services and enhanced other benefits, has been approved overwhelmingly by the Municipal Labor Committee,” UFT’s president, Michael Mulgrew, said in a statement. “The plan is designed to provide high-quality, premium-free health care. We will continue to monitor its implementation to ensure that Aetna meets its obligations to our retirees.”

A message left with a representative for DC 37’s president, Henry Garrido, was not returned.

Some unions addressed the proposal but abstained from voting, the Police Benevolent Association among them. The police union’s representative to the MLC, Dave Nicholson, said during the virtual meeting that the PBA, which represents 25,000 retired officers, would not vote on the Aetna plan since the union was not party to a 2018 health-benefits agreement that led to the current cost-saving proposal. But, he added, the union was opposed to compelling retirees into the MAP.

“For the record, however, the PBA is opposed to forcing Medicare-eligible members into the Medicare Advantage Plan and agreeing to major modifications of health benefits without a consensus of all MLC members,” Nicholson said.

Nespoli, who is also the president of Teamsters Local 831, the Uniformed Sanitationmen’s Association, declined to otherwise summarize the tally, other than to say that his union voted in favor. “Because I know it’s the best plan that you can give and not cut the quality of medical care that they’ve been doing to the public and to city workers for the longest time,” he said. Nespoli said he nonetheless expected retiree organizations to challenge the plan in court.

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