

The New City Retiree Health Plan: What You Need to Know and What We Need To Do

or

The City Abandons its Retirees

Leonard Rodberg, PhD

Professor Emeritus of Urban Studies, Queens College/CUNY

Board of Directors, Campaign for New York Health

lrodberg@gmail.com

www.nyhcampaign.org

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Overview

- The City is replacing its current Medicare-based retiree benefit with a private Medicare Advantage plan.
- Private insurers have greater costs than public insurers, so they take a variety of actions limiting members' access to care, in order to reduce their expenses.
- Traditional public Medicare with supplemental (Medigap) coverage provides more choice, fewer hassles, and more secure care. However, it has to be purchased with a substantial premium that may make it inaccessible to many people.

OPINION

Stop the Medicare bait-and-switch: NYC is poised to harm its retirees

By LEONARD RODBERG

NEW YORK DAILY NEWS | AUG 13, 2021 AT 5:00 AM

New York City government has [decided](#) to save money by forcing its 245,000 retirees and their dependents to leave traditional Medicare and move to a private Medicare Advantage plan.



Office of Labor Relations

EMPLOYEE BENEFITS PROGRAM

22 Cortlandt Street, 12th Floor, New York, NY 10007
nyc.gov/olr

Renee Campion
Commissioner

Steven H. Banks
First Deputy Commissioner
General Counsel

Georgette Gestely
Director, Employee Benefits Program

Beth Kushner
Deputy Director, Administration

Sang Hong
Deputy Director, Operations

Michael Babette
Director, Financial Management Unit

Dear Retiree:

We are **proud** to announce that starting in January 1, 2022, the City of New York and the Municipal Labor Committee have agreed to implement a Medicare Advantage program for all City retirees and their eligible dependents age 65 and over. The new program will be called the **NYC Medicare Advantage Plus Plan** and be provided by an Alliance between Empire Blue Cross Blue Shield and EmblemHealth. The NYC Medicare Advantage Plus Plan will provide comprehensive **premium-free** health coverage to retirees.



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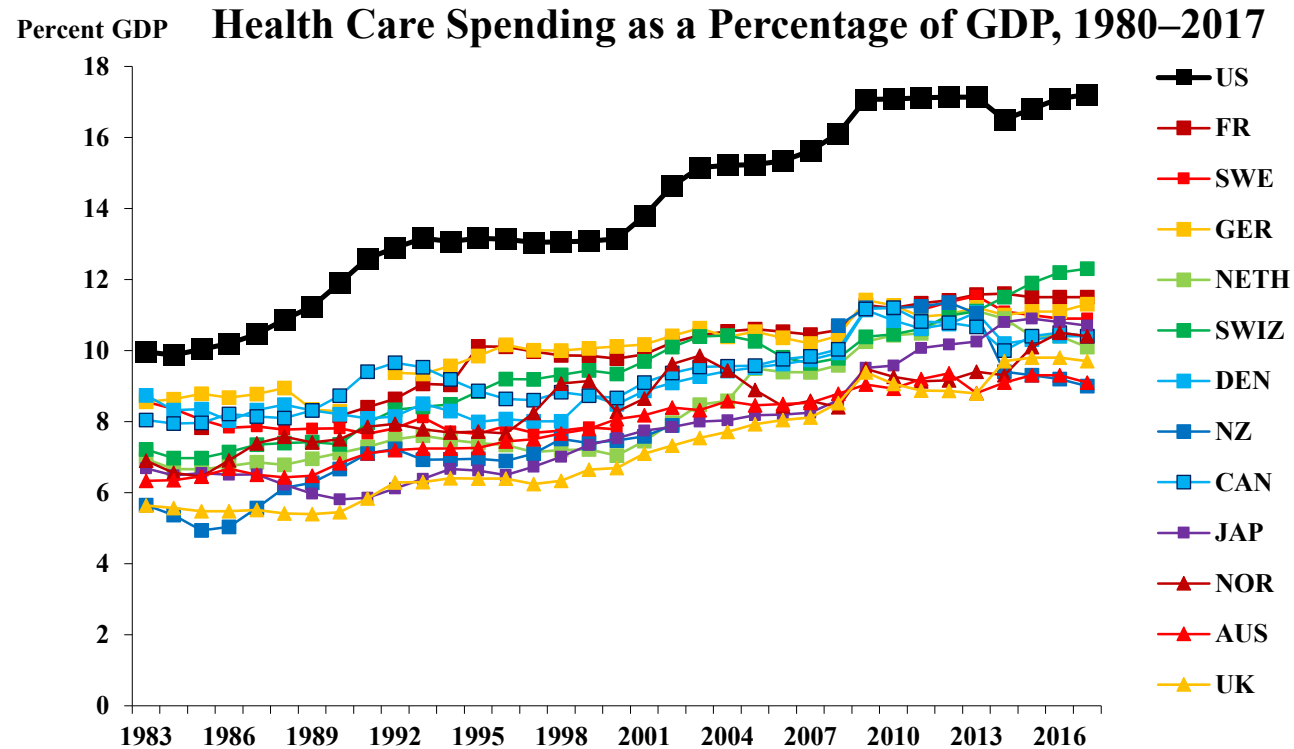
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Every other country covers all their residents and spends half what we do!

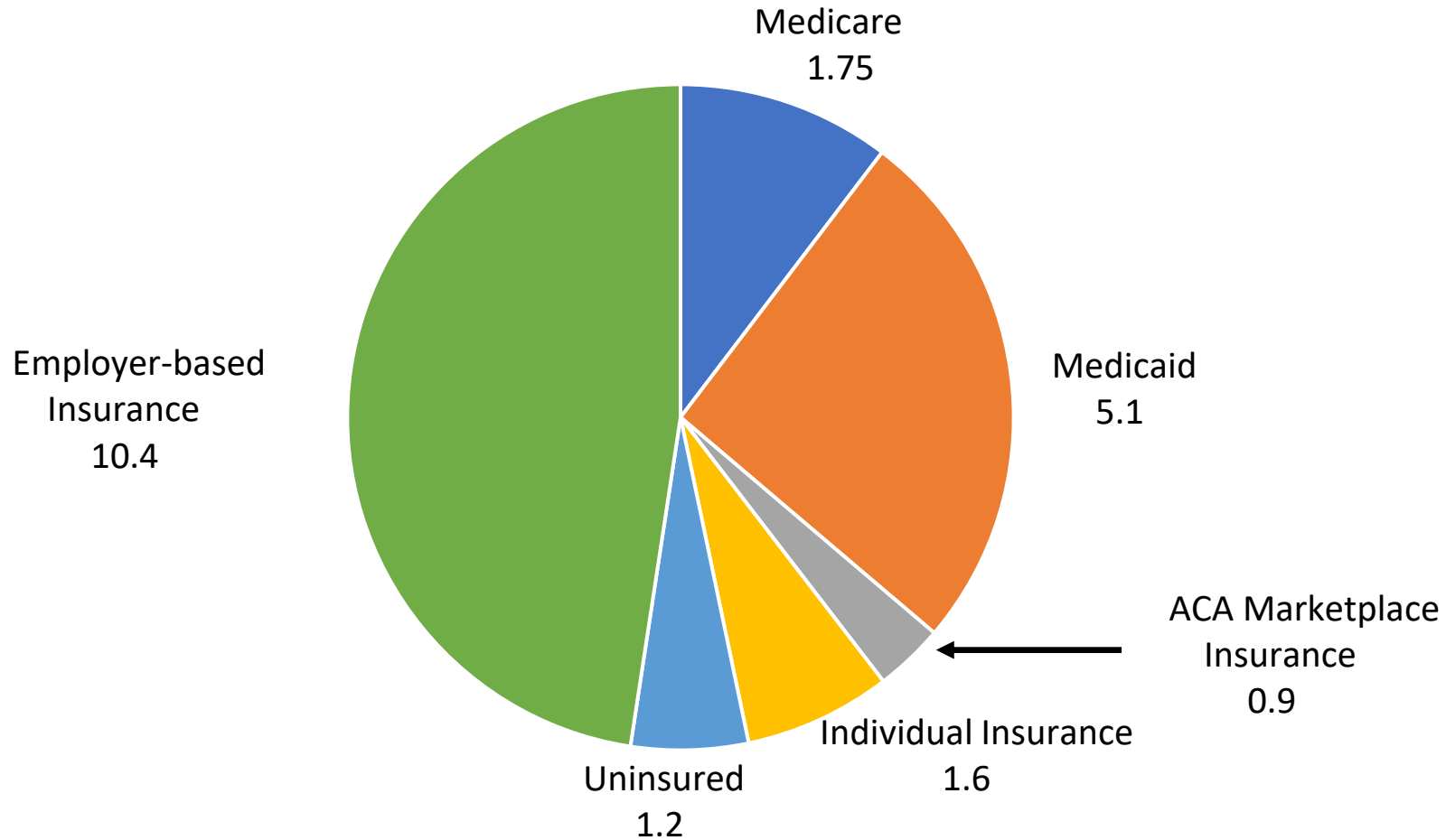


Source: OECD Health Data 2018.

**What they know that we don't:
Government has to oversee and regulate health care.**

Where New Yorkers Get their Coverage

(Population in Millions)



Source: Census Bureau 2017. NYS Dept. of Health 2017

How do we pay for health care in the US?

- **Private, unregulated, mostly for-profit health insurance companies → Perverse incentive: the more service they give, the less money they make!**
- **Physicians and hospitals set their own rates**
- **Not a real market: “Consumers” (patients) have no real power in this “market”**
- **Rising prices → reduced benefits, including in union-employer plans**

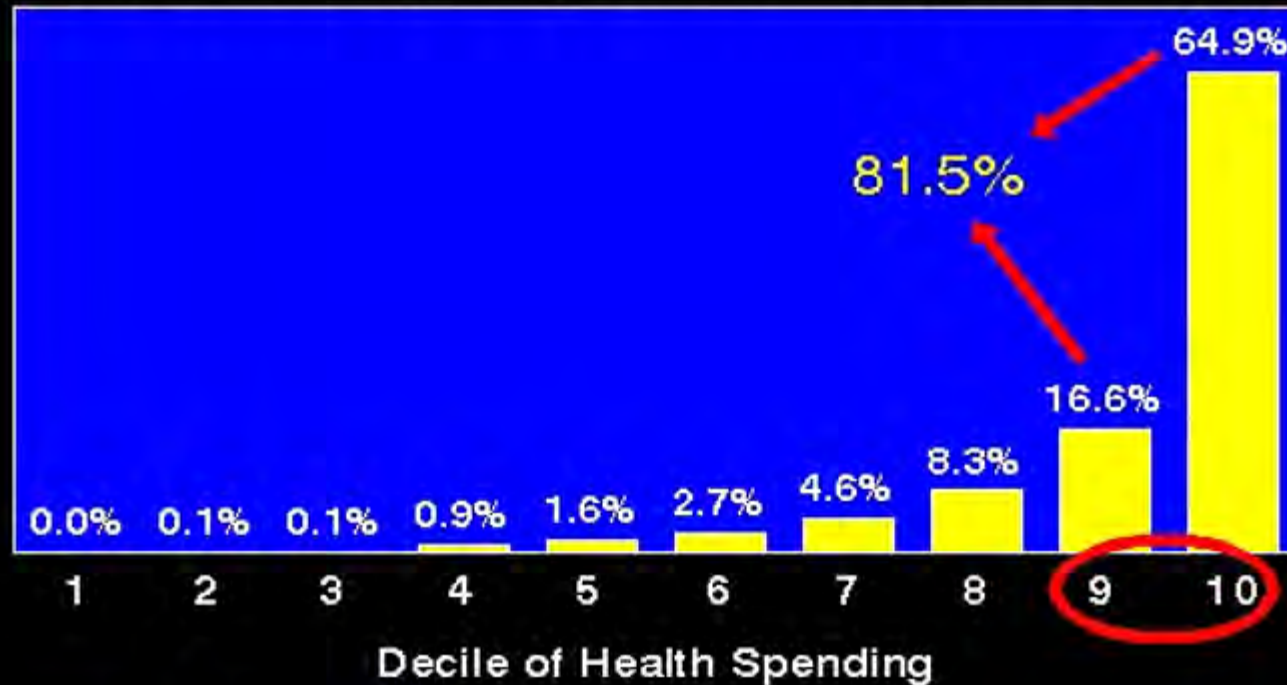
So why do people say, when surveyed, that they’re happy with their insurance?

Here's why: Most people aren't using it!

The 80-20 Rule

Percent of Total Spending for Each Decile Among Non-Institutionalized Americans

% of total health spending accounted for by decile



Source: JAMA 2016;316:1348

Evolution of Medicare

- 1965 — Medicare and Medicaid public (govt) insurance
- 1985 — Medicare Choice+ = private managed care Medicare plans (funded 5% less than Medicare)
- 2003 — “Medicare Advantage” plans (+ Part D drug plans)

Traditional Public Medicare

- Hospital (Part A) and Medical/Physician (Part B)
- Physician Part B
 - Annual premium
 - Deductible
 - 80% of cost covered, patient pays 20% coinsurance
- Hospital
 - Deductible
 - Copay for long stays
- No limit on out-of-pocket costs
- Most people buy supplemental or Medigap coverage to pay for what Medicare doesn't cover.

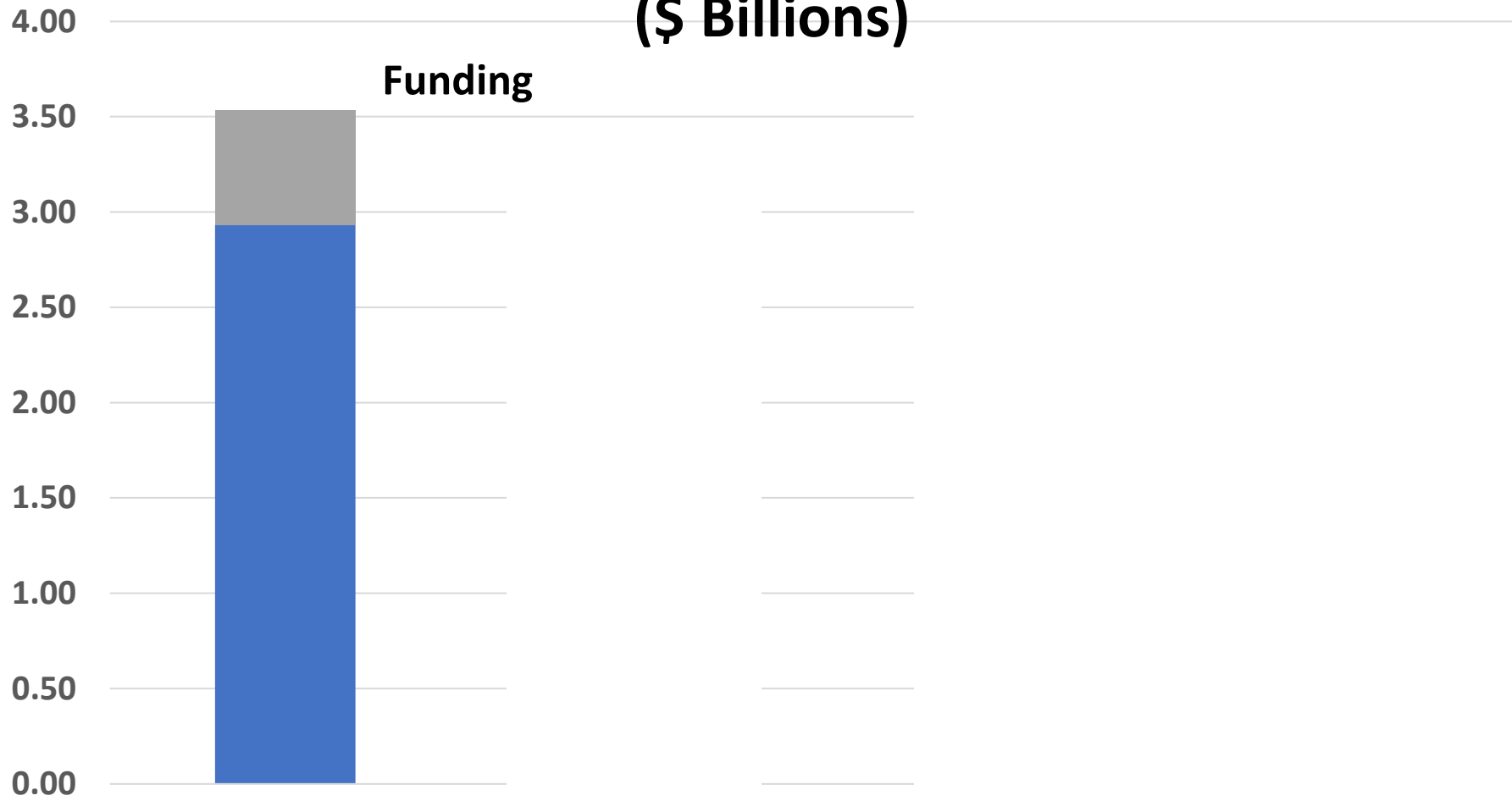
Current City Plan

- Most retirees are on Medicare
- City pays for 20% supplemental coverage called SeniorCare
- Very limited copays and no more than \$1,053 expense per year
- City reimburses the Part B premium

New City Plan starting 1/1/22

- Retirees switched to a private Medicare Advantage Plan
- \$0 premium
- Same covered services as Medicare plus some extras: gym membership, some limited dental, eye, and hearing benefits
- Maximum out-of-pocket cost = \$1,470
- Retirees can opt out and stay in Medicare but must pay \$191.57/month to purchase a new version of SeniorCare

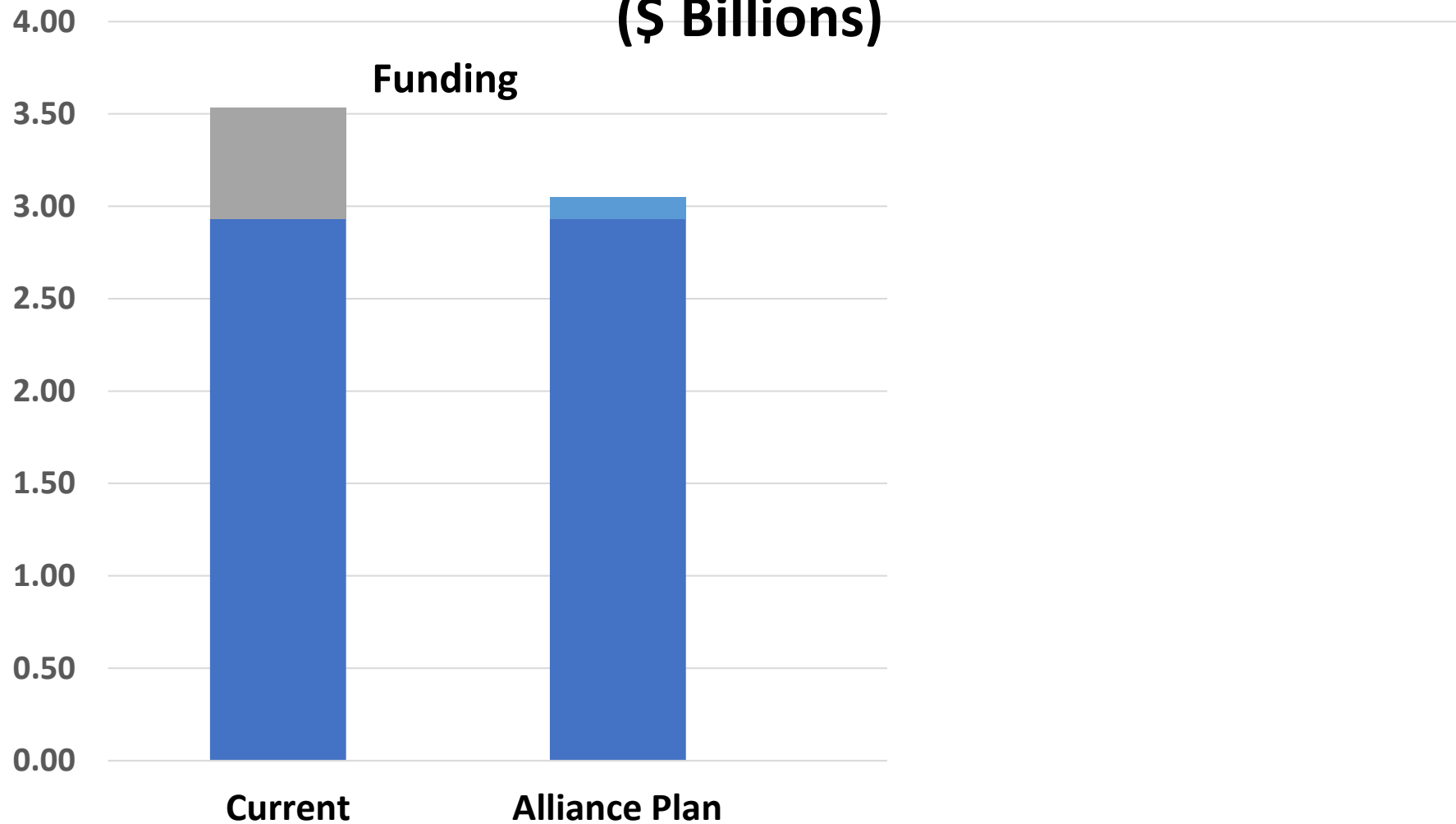
Health Care Spending under the Alliance Plan (\$ Billions)



Current

- Medicare payment
- City payment
- Medicare subsidy
- Insurance company overhead
- Health care portion of Medicare payment
- Health care portion of City payment
- Health care portion of Medicare subsidy

Health Care Spending under the Alliance Plan (\$ Billions)



■ Medicare payment

■ City payment

■ Medicare subsidy

□ Insurance company overhead

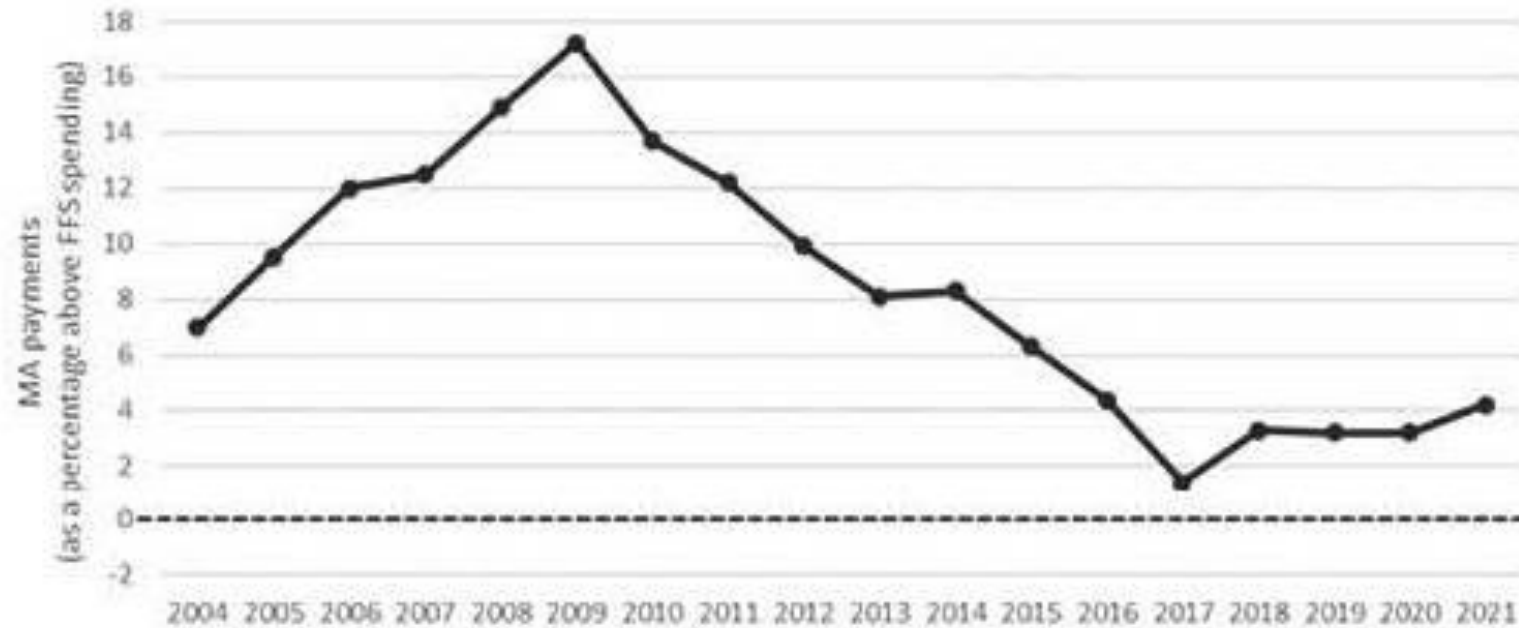
■ Health care portion of Medicare payment

■ Health care portion of City payment

■ Health care portion of Medicare subsidy

Originally, a large federal subsidy for MA plans. Now, it's about 4%

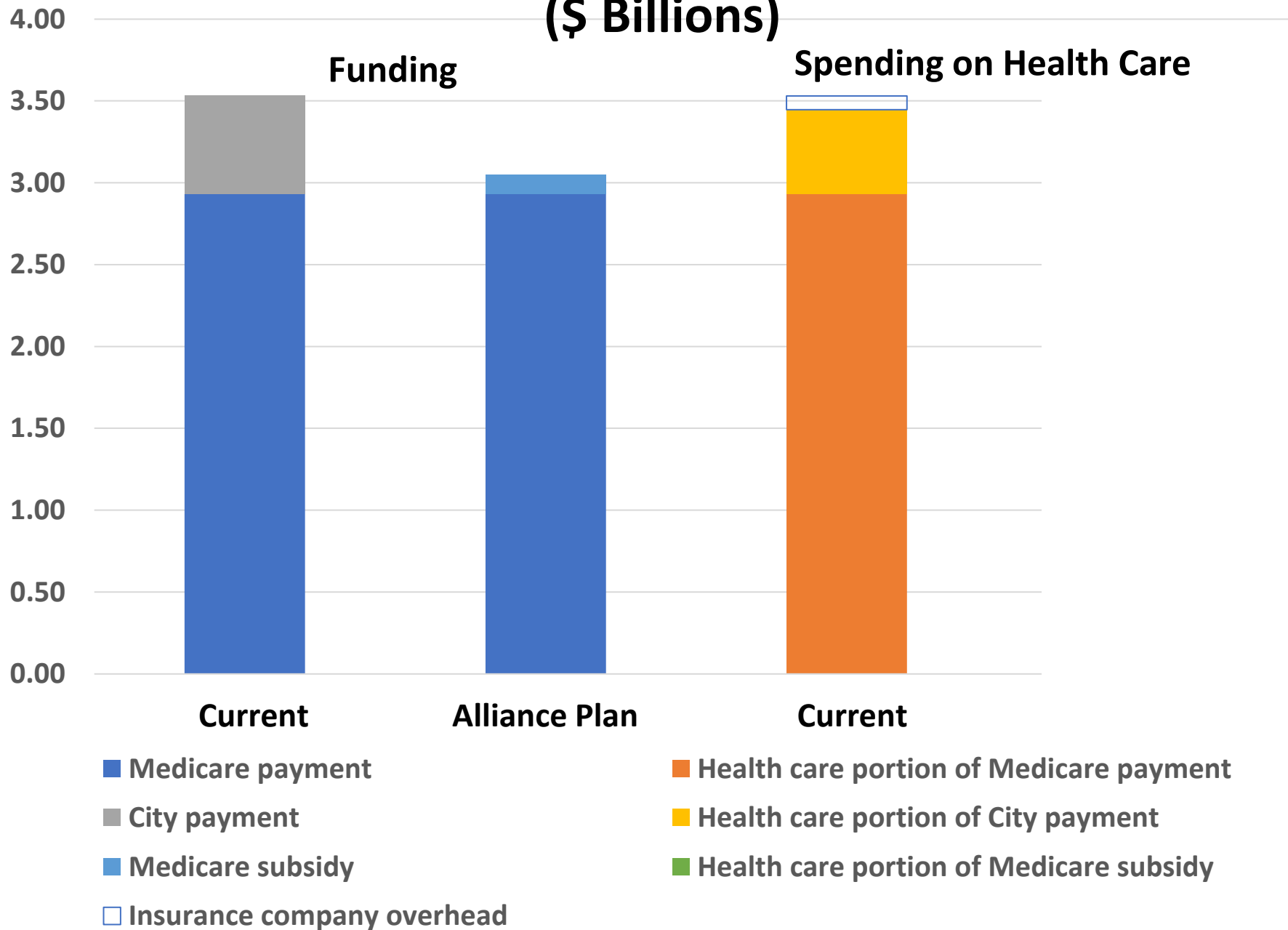
Medicare has paid more to MA plans than FFS Medicare spending would have been for the same enrollees, 2004–2021



“In 2021, total Medicare payments to MA plans average an estimated 104 percent of FFS [traditional Medicare] spending” – Report to the Congress, Medicare Payment Advisory Commission (MedPAC)

Source: MedPAC. <http://www.medpac.gov/-blog-/for-the-record-medpac-s-response-to-ahip-s-recent-correcting-the-record-blog-post/2021/03/03/for-the-record-medpac-s-response-to-ahip-s-recent-correcting-the-record-blog-post>

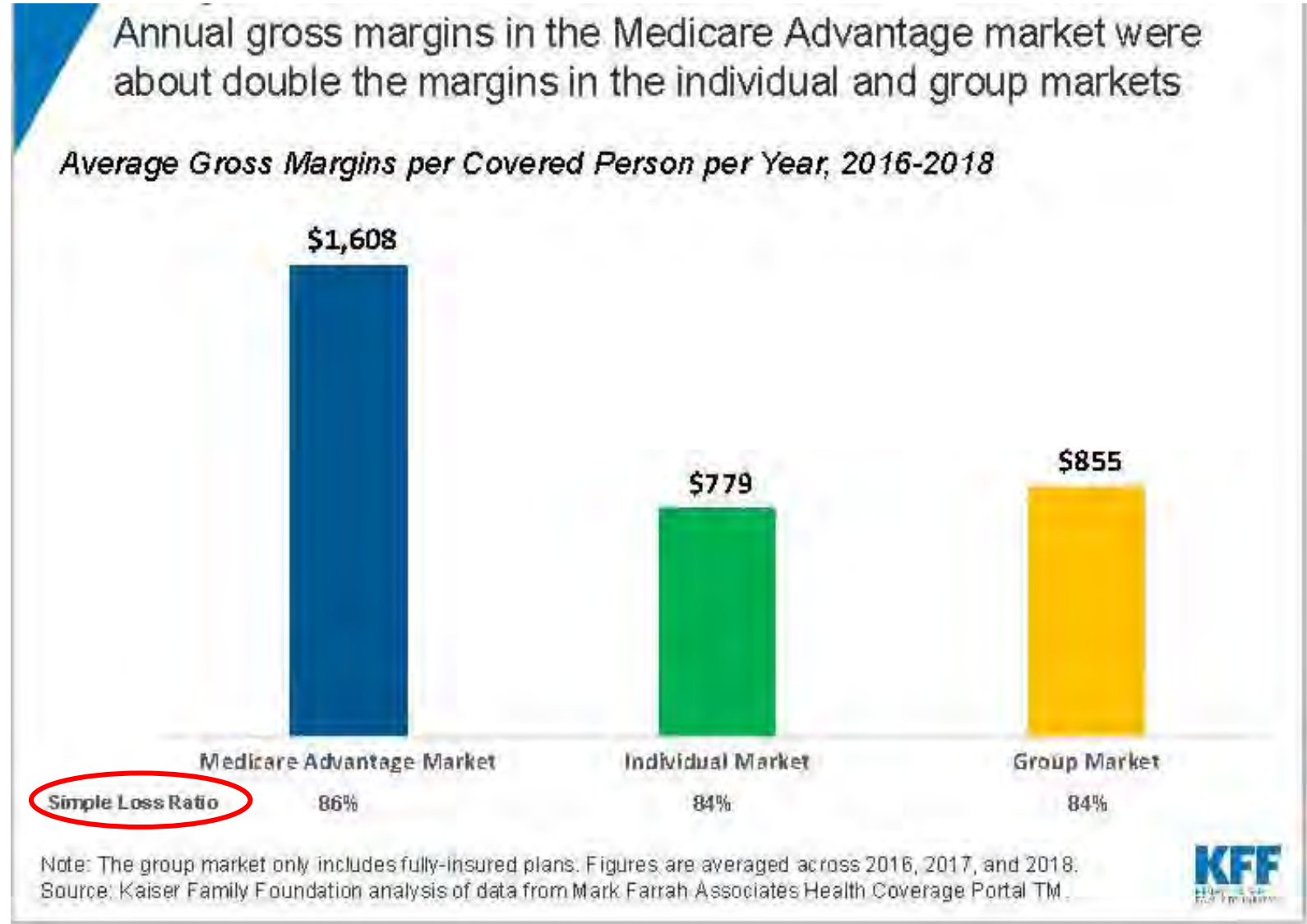
Health Care Spending under the Alliance Plan (\$ Billions)



Private Insurance Overhead Costs*

*

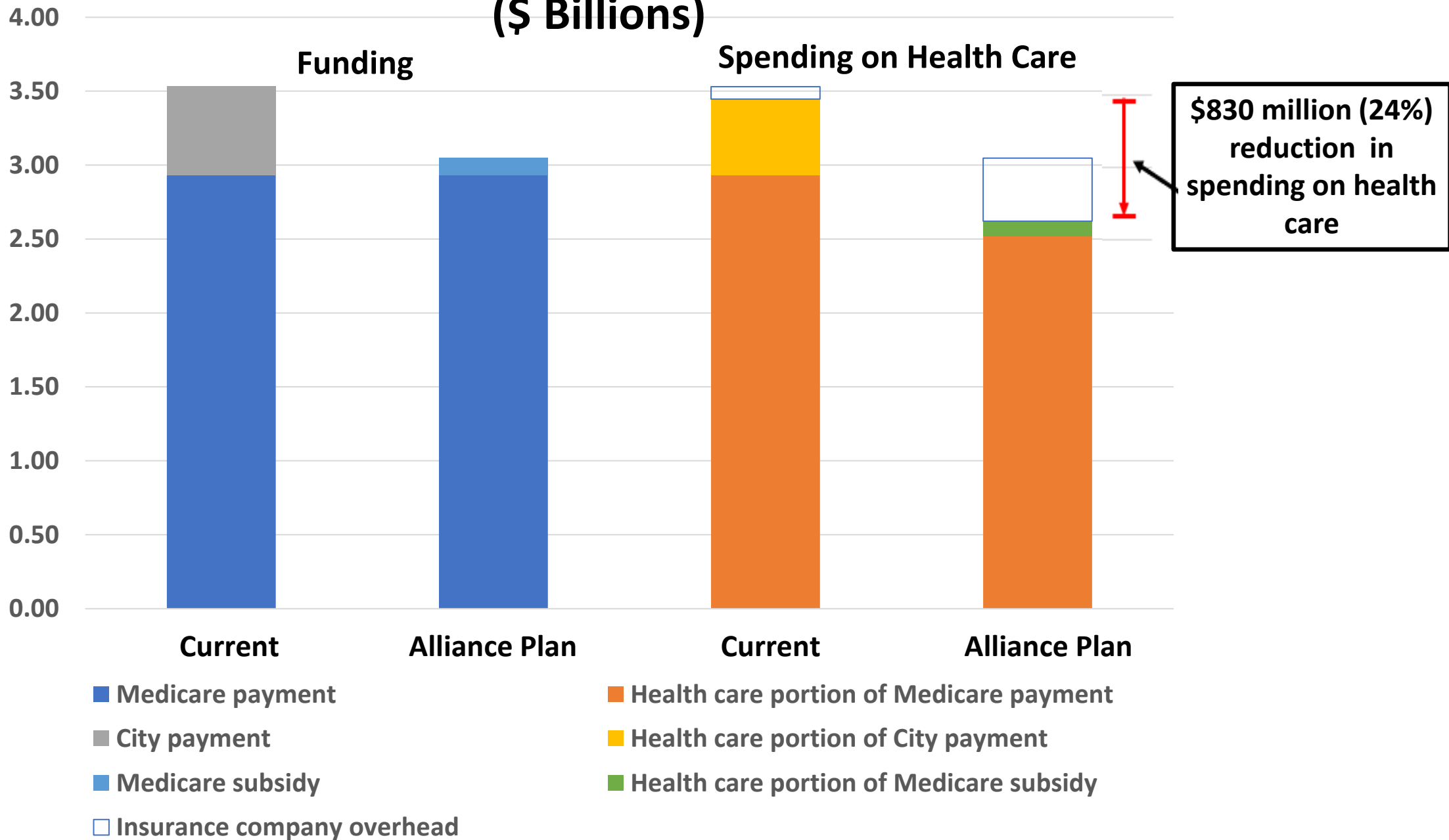
- ✓ Claims processing
- ✓ Prior approval costs
- ✓ Marketing
- ✓ CEO salaries
- ✓ Profits



Source: Kaiser Family Foundation,

<https://files.kff.org/attachment/Issue-Brief-Financial-Performance-of-Medicare-Advantage-Individual-and-Group-Health-Insurance-Markets>

Health Care Spending under the Alliance Plan (\$ Billions)



With Less to Spend on Health Care, How Do Medicare Advantage Plans Make Money?

- The Alliance plan is a “passive” PPO (“preferred provider org”), meaning any Medicare provider can be in the plan, and they pay Medicare rates to doctors and hospitals.
- Therefore, unlike “active” plans, they don’t save money by paying less to doctors and hospitals.
- They can’t provide 100% of the care with only 3/4 of the money.
- They save by reducing “utilization”, limiting the use of health services by their members.

With Less to Spend are on Health Care, How Do Medicare Advantage Plans Make Money?

1. Patients share the cost through copays

Plan Design Comparison: General

Provision	Senior Care (Today)	Senior Care (as of 1/1/22)	Alliance Medicare Advantage Plan
Annual Deductible	\$253	\$253	\$253
Ann. Retiree Out-Of-Pocket Max*	No Limit / Protection	No Limit / Protection	\$1,470
PCP Visit	No Copay	\$15 Copay	\$0 Copay
Specialist Visit	No Copay	\$15 Copay	\$15 Copay
Diagnostic Tests (X-rays, lab, radiology, etc.)	No Copay	\$15 Copay	\$15 Copay
Mental Health / Substance Use Disorder	No Copay	\$15 Copay	\$15 Copay
Urgent Care Center	No Copay	\$15 Copay	\$15 Copay
Preventive Services	No Copay	No Copay	No Copay
Rehab. Services	No Copay	\$15 Copay	\$15 Copay

With Less to Spend on Health Care, How Do Medicare Advantage Plans Make Money?

1. Patients share the cost through copays
2. Copays discourage the use of health services, especially among those with low income

With Less to Spend on Health Care, How Do Medicare Advantage Plans Make Money?

1. Patients share the cost through copays
2. Copays discourage the use of health services, especially among those with low income
3. Limit costly care through prior authorizations

This is the enrollment guide all City retirees will shortly receive...



The Whole Health Company

MEDICARE

Group Plan

NYC Medicare Advantage Plus Enrollment Guide

City of New York
January 1, 2022 - December 31, 2022

Look inside!

- SilverSneakers[®] fitness program
- Healthy meal delivery
- Transportation
- LiveHealth[®] Online
- EmblemHealth Neighborhood Care Centers

Version: Senior Care only

...and here is the page describing prior authorizations.

Note: The hassles involved in prior authorization are among the reasons why many physicians refuse to join Medicare Advantage plans.

Prior authorization

What is it?

Some types of care require your provider to get an approval from us before you receive care. This is called prior authorization.

How does it work?

In-network providers who accept NYC Medicare Advantage Plus are required to ask for prior authorization before providing certain types of care, and once approved by Empire BlueCross BlueShield Retiree Solutions, the provider will only bill you for your applicable copay or coinsurance. If your provider doesn't ask for prior authorization when required, the claim will be denied. The provider CANNOT bill you for the treatment if they did not get prior authorization.

Out-of-network providers aren't required to ask for prior authorization. We encourage you to ask your provider to request it for you before you get care. Here's why:

- If the provider doesn't ask for prior authorization, Empire will review the claim after you've been treated.
- If the claim is determined to be medically necessary, we will process it according to the rules of your plan.
- If the claim is determined to not be medically necessary, we will deny the claim and let you know that you have the right to appeal the decision. The provider CAN bill you for the treatment.

Whether you see an in-network or out-of-network provider, if your provider does ask for prior authorization and it is denied:

- You will be notified. If you choose to continue with the treatment, you will be responsible for the cost.
- We will let you know that you have the right to appeal the decision.

The important thing to remember is that you are not responsible for asking for prior authorization when you see an in-network provider. If you see an out-of-network provider, you can ask them to request it for you.

Whose responsibility is it to receive prior authorization?

It is the provider's responsibility to ask for prior authorization from Empire BlueCross BlueShield Retiree Solutions. You aren't responsible for asking for it when you see a provider that accepts NYC Medicare Advantage Plus.

How do I know what services require prior authorization?

Please refer to the Summary of Benefits on the following page, each service that requires prior authorization will have an asterisk (*). Below is a brief list of most common services that require prior authorization.

- Inpatient hospital admissions
- Skilled nursing facility
- Rehabilitation, including physical, occupational, and speech therapy
- Complex radiology – MRI, CT, and PET scans
- Prosthetics/orthotics
- Transplants

With Less to Spend on Health Care, How Do Medicare Advantage Plans Make Money?

1. Patients share the cost through copays
2. Copays discourage the use of health services, especially among those with low income
3. Limit costly care through prior authorizations
4. Obstruct care for really sick patients, so they avoid joining these plans, or leave when they discover the limitations and go to Medicare

Obstruct care for sick patients, so they leave and go to Medicare

Medicare & Medicaid Research Review

2012: Volume 2, Number 4

Impact of Continued **Biased Disenrollment** from the Medicare Advantage Program to Fee-for-Service

Gerald F. Riley

Centers for Medicare & Medicaid Services

Background: Medicare managed care enrollees who disenroll to fee-for-service (FFS) historically have worse health and higher costs than continuing enrollees and beneficiaries remaining in FFS.

“The healthy go in, the sick come out.”

Questions about the City Plan

- **What should retirees do now?**

Make the best choice they can and track how well it works.

- **Should they join the Alliance Medicare Advantage plan?**

If they can afford it, opt out and stay in Medicare

- **If they join the new plan, will they be able to keep their doctors?**

Not necessarily. Doctors can choose whether to join.

They'll have to check with each of them.

- **Will these changes affect benefits they receive through their union welfare funds?**

No

- **Will their care be curtailed?**

Yes

Which is public Medicare? Which is private Medicare Advantage?

Provision	Senior Care (Today)	Senior Care (as of 1/1/22)	NYC Medicare Advantage Plus Plan	Empire Mediblu Freedom PPO Plan	Empire Medicare Related
Annual Deductible	\$253	\$253	\$253	\$253	\$0
Ann. Retiree Out-Of-Pocket Max*	No Limit / Protection	No Limit / Protection	\$1,470	\$985	\$0
PCP Visit	No Copay	\$15 Copay	\$0 Copay	\$0 Copay	\$0 Copay
Specialist Visit	No Copay	\$15 Copay	\$15 Copay	\$0 Copay	\$0 Copay
Diagnostic Tests (X-rays, lab, radiology, etc.)	No Copay	\$15 Copay	\$15 Copay	\$0 Copay	\$0 Copay
Mental Health / Substance Use Disorder	No Copay	\$15 Copay	\$15 Copay	\$0 Copay	\$0 Copay
Urgent Care Center	No Copay	\$15 Copay	\$15 Copay	\$0 Copay	\$0 Copay
Preventive Services	No Copay	No Copay	No Copay	No Copay	\$0 Copay
Rehab. Services	No Copay	\$15 Copay	\$15 Copay	\$0 Copay	\$0 Copay
Durable Medical Equipment (DME)	\$25 Deductible, \$2,500 Ann. Benefit Max. (combined with PDN & Ambulance)	Same as Today	Deductible applies, \$0 Copay, no Ann. Max	Deductible applies, \$0 Copay, no Ann. Max	\$0 Copay
Private Duty Nursing (PDN)	\$25 Deductible, \$2,500 Ann. Benefit Max. (combined with DME & Ambulance), 20% Coins.	Same as Today	Deductible applies, 20% Coins., \$2,500 Ann. Max	Not included	When authorized by a physician, the plan provides coverage after the first 72 hours at 80% with a \$100 calendar year deductible applied
Hearing Exam	No Copay	\$15 Copay	\$0 Hearing Copays**	\$0 Hearing Copays**	Not covered

* Out of Pocket Maximum protects retirees from catastrophic claims

** Hearing Exams must be Hearing Care Solutions in-network providers.

Which is public Medicare? Which is private Medicare Advantage?

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What are retiree choices if they opt out of Medicare Advantage? Are they limited?



Municipal Labor Committee

Frequently Asked Questions (FAQs) About the NYC Medicare Advantage Plus Plan

Will the City still reimburse my Medicare Part B premium?

Yes, as long as you remain in one of the plans offered by the City.

Opting out: The Fine Print

NYC Medicare Advantage Plus Plan Opt-Out Form for current Senior Care members

Effective January 1, 2022, City of New York is automatically enrolling Medicare-eligible retirees, along with their eligible dependents, into a premium-free plan: The NYC Medicare Advantage Plus Plan.

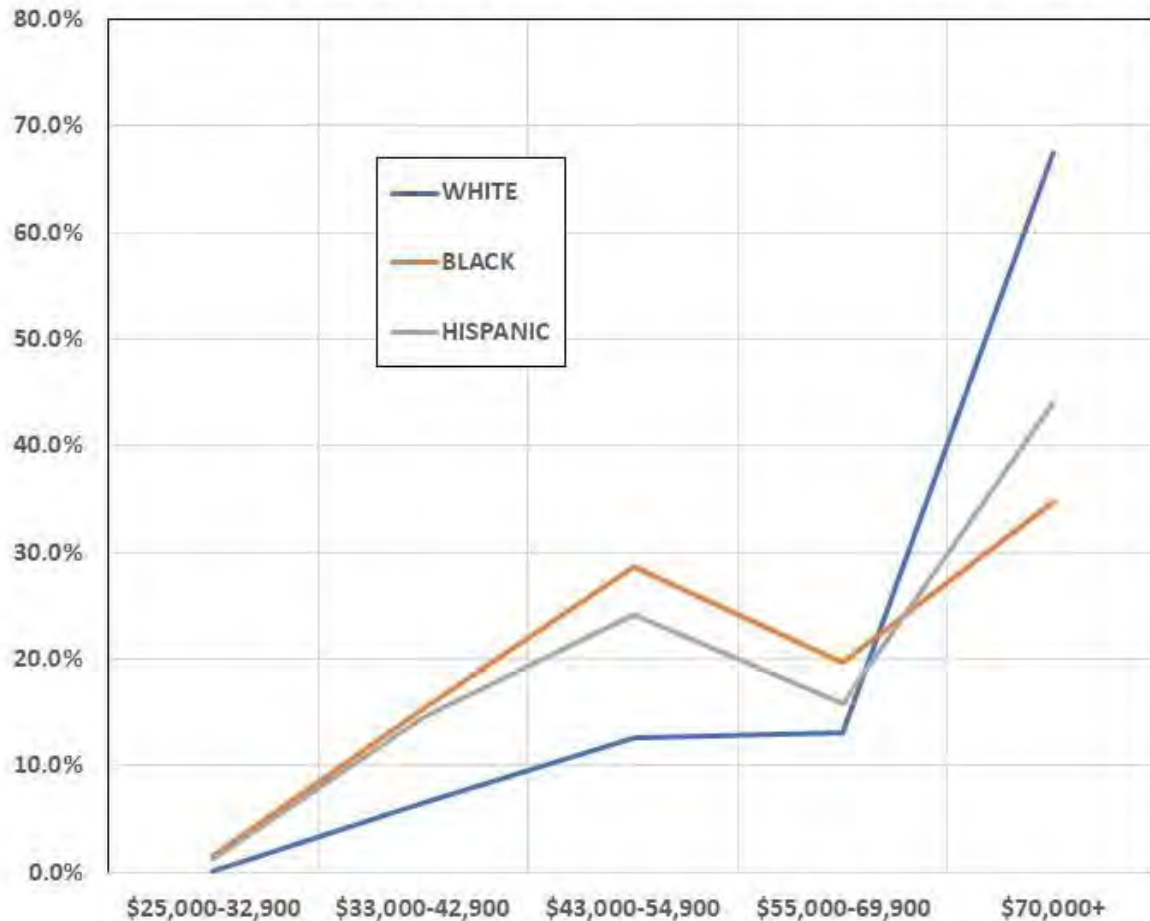
Important information for those who choose not to be enrolled in the NYC Medicare Advantage Plus Plan

If you choose to opt out of the NYC Medicare Advantage Plus Plan, you are acknowledging that **you agree to pay an additional plan premium of \$191.57 to remain in your current retiree health plan for 2022**, and if you have selected the 365 Hospital Rider, an additional \$2.83 to buy up to the 365 Hospital Rider, the specifics of which will be determined in August, and available on the Health Benefits Program website at <https://www1.nyc.gov/site/olr/health/summaryofplans/health-ratechart.page>

-- NYC Medicare Advantage Plus Plan Enrollment Guide, page 34

Bias in the City's Retiree Health Plan: Who Can Afford to Opt Out?

Salary Distribution of NYC Government Workforce
by Race and Ethnicity
(Percent of each race/ethnicity in each bracket)



Source: EEO-4 Report, NYC/Dept. of Citywide Administrative Services, Dec. 9, 2020.

Salary Distribution of NYC Government
Workforce by Gender
(Percent of each gender in each bracket)



Source: EEO-4 Report, NYC/Dept. of Citywide Administrative Services, Dec. 9, 2020.

Opting out: Further Fine Print

What will it really cost to opt out?

CMS-mandated language

If you wish to cease your City of New York retiree health coverage altogether, complete the NYC Health Benefits Application/Change Form available on the Health Benefits Program website at: <https://www1.nyc.gov/site/olr/health/retiree/health-retiree-forms-and-downloads.page>. Please be advised, you will NOT be eligible for the reimbursement by the City of the Medicare Part B premium if you cease City of New York retiree health coverage. You may, however, reenroll in City retiree health benefits during the next Transfer Period.

-- NYC Medicare Advantage Plus Plan Enrollment Guide, page 34

**LOCAL LAWS
OF
THE CITY OF NEW YORK
FOR THE YEAR 2001
No. 39**

A LOCAL LAW

To amend the administrative code of the city of New York, in relation to health insurance for city employees, city retirees and their dependents.

“...the City shall reimburse covered employees in an amount equal to one hundred percent of the Medicare Part-B premium rate applicable to that year.”

Consumers Union:

How to choose the best medigap plan

Medigap health plans are basically bookkeeping operations. Unlike Medicare Advantage plans, Medigap plans don't make any decisions about what to cover. They don't have networks of doctors or hospitals. All they do is pick up a specified share of your medical bills that Medicare doesn't pay, such as Part A or Part B deductibles or co-pays. If Medicare paid for it and you still owe a part of the bill, Medigap will pay it, no questions asked.

Medigap plans come in standardized varieties labeled Plan A-N

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Private Duty Nursing (PDN)	\$25 Deductible, \$2,500 Ann. Benefit Max. (combined with DME & Ambulance), 20% Coins.	Same as Today	Deductible applies, 20% Coins., \$2,500 Ann. Max
Eye / Hearing Exam	No Copay	\$15 Copay	\$10-\$15 Eye / \$0 Hearing Copays**

* Out of Pocket Maximum protects retirees from catastrophic claims

** Eye exams, \$10 copay is for PCPs, \$15 copay is for Specialists. Hearing Exams must be Hearing Care Solutions in-network providers.

Sample Medicare Supplemental (Medigap) Plan




Zipcode: 10024

AARP® Medicare Supplement Insurance Plans insured by UnitedHealthcare

Plan F (1 of 8 Plans)

Most Popular


Save Plan 

\$320.00

Estimated Monthly Rate*

The rate is based on the information you entered.

Benefits

Basic Benefits: 	100%
Part A Deductible:	100%
Part B Deductible:	100%
Part B Excess Charges:	100%
Skilled Nursing Facility Coinsurance:	100%
Foreign Travel Emergency Care (up to plan limits):	80%

What Can be Done

- Demand that Mayor De Blasio cancel this unfair and unnecessary cut in the living standards of its retirees.
- Demand that likely Mayor-to-be Eric Adams cancel this plan before it can get started. **Mr. Adams: Don't be the Mayor who takes Medicare away from his retirees.**
- Criticize publicly this step backwards from progress towards expanding public coverage of health care (Medicare, Medicaid, CHIP, Obamacare)
- Build support for the New York Health Act, New York's universal single payer legislation now before the State Legislature.

Conclusions

- Medicare Advantage plans have less money to spend on health care and take a variety of actions limiting members' access to care.
- For those who need substantial amounts of care, Traditional Medicare with supplemental (Medigap) coverage provides more choice, fewer hassles, and more secure care.
- However, there are still unanswered questions about what options exist for those who wish to opt out.
- Overall, moving retirees from public Medicare to a private Medicare Advantage plan is a step backwards from the direction the country is heading, toward universal access to health care through publicly-funded plans like Medicare, Medicaid, Obamacare, and the New York Health Act.

Some Useful Links

- Information the City's new retiree health plan:
<https://www1.nyc.gov/site/olr/health/retiree/health-retiree-responsibilities-assistance.page>
- The federal government provides a [guide](#) to choosing a Medigap policy.
- The New York State Department for the Aging runs an Health Insurance Information and Counseling Assistance Program (HIICAP) which provides very useful information on Medigap programs. See its [Complete Guide to Health Insurance Coverage for Older New Yorkers](#), especially pages 19-25 which describe Medigap plans, what they cover, and what insurance carriers provide them in New York State.
- A more up- to-date list of Medigap carriers, as well as other information, can be found in the [HIICAP Counselor's Guide to Medigap Plans](#). The list of carriers is on page 7-15.
- “How to choose the best Medigap plan”, Consumers Union, 2017.
<https://www.consumerreports.org/cro/2014/10/best-medigap-plan-for-you/index.htm>