COMMITTEE ON FINANCE JOINTLY WITH THE COMMITTEE ON CIVIL SERVICE AND LABOR

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2 CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

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COMMITTEE ON FINANCE JOINTLY WITH THE COMMITTEE ON CIVIL SERVICE AND LABOR

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HELD AT: Council Chambers – City Hall

11

B E F O R E: DANIEL DROMM
12 Chairperson

13 I. DANEEK MILLER
Co-Chair

14

COUNCIL MEMBERS:

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A P P E A R A N C E S (CONTINUED)

Robert Linn
Commissioner of the New York City Office of Labor Relations

Ken Godiner
First Deputy Budget Director at the New York City Mayor's Office of Management and Budget

Claire Levitt
Deputy Commissioner for Health Care Cost Management

Jonathan Rosenberg
Director of Budget Review for the New York City Independent Budget Office

Brian Downey
President of the Gay Officers Action League of New York

Ryan Merola
Executive Director of the Gay Officers Action League

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2 [gavel]
3 CHAIRPERSON DROMM: Okay, good morning
4 and welcome to today's oversight hearing on the
5 healthcare savings agreements reached between the
6 city and the municipal labor committee which
7 represents roughly 100 public sector unions employed
8 by the city. My name is Daniel Dromm and I'm the
9 Chair of the Finance Committee. Today's hearing is
10 being jointly held with the Committee on Civil
11 Service and Labor Chaired by Council Member I. Daneek
12 Miller who I know has significant experience with the
13 topic at hand. We've been joined today by Council
14 Members Stave Matteo, Council Member Barry
15 Grodenchik, Council Member Francisco Moya, Council
16 Member Adrienne Adams and other Council Members will
17 be joining us some of whom are across the way at the
18 other hearing happening in the Committee Room. Today
19 we will hear from the City's Office of Labor
20 Relations and the Mayor's Office of Management and
21 Budget about two important agreements related to the
22 health care provided to the city's workforce, the
23 dependents and retirees, a group that totals over a
24 half a million people. In May of 2014, the
25 administration and the Municipal Labor Committee

2 announced an agreement creating a process to achieve
3 3.4 billion dollars in savings on health care costs
4 over a four-year period, fiscal years 2015 through
5 2018. This first agreement was the subject of must…
6 much useful discussion with the Committees on Finance
7 and Civil Service and Labor holding two separate
8 oversight hearings during the course of that
9 agreement. Though the health care savings agreement
10 the city implemented a number of new programs and
11 initiatives which successfully helped the city and
12 its workforce reach and exceed the target of 3.4
13 billion dollars in savings. Today we are interested
14 to discuss the find… the final standing of the 24
15 agreement and its final accounting. Additionally, we
16 are here today to look forward at the new three-year
17 health care savings agreement reached between the
18 city and the MLC on June 26th, 2018. This new
19 agreement intends to generate savings of 200 million
20 dollars in fiscal 2019, 300 million dollars in fiscal
21 2020 and 600 million dollars in fiscal 2021 for a
22 total cumulative savings of 1.1 billion dollars.
23 There are a number of intricacies to this agreement
24 which I hope to better understand including exactly
25 how the savings are being measured. I'm also

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2 especially interested in the regulation of health
3 care cost and look forward to hearing about premium
4 rate setting and the city's relationship with New
5 York State as well as with Emblem Health in regard to
6 this issue. Before I pass it over to Council Member
7 Miller, I'd like to take a moment to thank some of
8 our staff here at the Council for their work on this
9 hearing; from the Council's Finance Division I'd like
10 to thank Senior Counsel Rebecca Chasan and our new
11 Assistant Counsel Noah Brick and Stephanie Ruiz. I'd
12 also like to thank our Chief Economist Dr. Ray
13 Majewski, Supervising Economist Paul Sturm and Senior
14 Economist Kendall Stephenson. From my own staff I'd
15 really like to thank Sebastian Maguire for the work
16 that he's done on this. And, and now I'd like to turn
17 it over to Council Miller… Council Member Miller,
18 Chair Miller to make an opening statement.
19 COUNCIL MEMBER MILLER: Good morning
20 everyone, thank you so much Chair Dromm and yes, we
21 have been together doing this for a number of years
22 now and, and, and really excited about this hearing
23 that we're doing together this morning. Good morning,
24 my name is Council Member I. Daneek Miller and I am
25 the Chair of the Committee on Civil Service and

2 Labor. I'd like to thank Chair Dromm for holding this
3 very important hear… follow up oversight hearing to
4 discuss the new health care savings agreement reached
5 between New York City and the Municipal Labor
6 Council. While we're also looking back at prior
7 agreements and receiving the savings that were
8 retrieved. Our last hearing on this issue was in
9 February of '16 and I'm eager to hear what the… what
10 is in store for this particular agreement, this
11 newest agreement and the committee staff has done a
12 great job in preparing for this hearing today.
13 Healthcare, more specifically high-quality healthcare
14 is essential for workers however, we as a city have
15 much to, to do… adequately provide to be able to
16 adequately provide for our city's workforce. I have
17 said this time before… time and time before but this
18 hearing is much needed and we as a city currently
19 spend too much on health care specifically for
20 quality healthcare that the city receives and with
21 the way it is… in… which health care… health
22 insurance cost has risen considerably over the past
23 few decades. As of November 2018, financial plans…
24 financial plans which was recently released
25 experienced… are estimated to be nearly 6.4 billion

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2 dollars for this fiscal year while it will top out at
3 eight billion dollars for fiscal year 2022. As many
4 of you know 20… in 2014 Mayor De Blasio's
5 administration settled an expired contract with city
6 workers at the cost of 14 billion dollars in an
7 effort… in efforts to offset this cost the union
8 leaders and… under the MLC and the Office of Labor
9 Relations agreed to work together to generate
10 cumulative health care savings of 3.4 billion dollars
11 over the four year fiscal… four, four fiscal years
12 from 2015 to 2018. At the same time one billion
13 dollars was transferred from… transferred from the
14 jointly controlled health insurance premium
15 stabilization fund to cover some of the labor costs.
16 Notably these agreements regarding health care
17 savings allowed significant savings by changing plans
18 which included co-pays, increases, eligibility orders
19 of dependents and diabetic management programs and
20 freeze radiology's were renegotiated downward. These
21 plans change a lot… these plan changes allow for more
22 flexibility coverage as well as reduction of cost
23 plans. On June 26th of 2018, Mayor De Blasio
24 announced a second health plan savings agreement with
25 the MLC covering fiscal period 2019 through 2021.

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2 This agreement will look to build upon the first
3 savings agreement that took place in 2015 through
4 2018. The key features of the new agreement will look
5 to generate cumulative savings of 1.1 billion dollars
6 over a three-year period from fiscal year 2019
7 through 2021. During this hearing I would like to
8 understand how the second health care savings
9 agreement is being conducted as well as receive
10 updates on the specifics of the agreement we'll be
11 touching on… that we'll be touching on. I'm
12 especially looking forward to hearing about the
13 Tripartite policy committee which is being
14 established in advance of these… of these goals of
15 the new agreement. This group will supposedly be
16 studying a number of high-level topics about health
17 care insurance system and a place to offer
18 recommendations for reform. Many of the topics listed
19 in the agreement could have major ramifications for
20 the workforce and the city's budget. So, I'm curious
21 what information will be made available to the public
22 and how often. I have expressed concerns many times
23 during my time in office regarding the health care
24 that is available to the workforce, I do not believe
25 that it is all always adequate, I want to… I want the

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2 second agreement to benefit the workers themselves
3 with substantial increases in quality of care. I
4 don’t want to see more costs pushed onto the workers
5 which undoubtedly occurred in previous agreements. I
6 want to ensure that city employees are benefiting
7 from the savings achieved and that those savings come
8 in… come in the future. Most importantly, I would
9 like to ensure that the dedicated work… men and women
10 of the New York City’s workforce, retirees and their
11 dependents receive the benefits that they so richly
12 deserve. Furthermore, I want to make sure that this
13 agreement and its, its sole provider is the most
14 effective and efficient way of achieving these goals.
15 I’d like to thank Committee Counsel and my staff for
16 helping me to put this together. I’m excited about
17 this hearing and I look forward to hearing from the
18 administration as we move forward. Thank you. With
19 that I’m going to swear in the admin.
20 CHAIRPERSON DROMM: Before we do just let
21 me just announce who’s here. Thank you, Council
22 Member Miller, we will now hear from the Commissioner
23 of the Office of Labor Relations, Bob Linn; Deputy
24 Commissioner Claire Levitt and the First Deputy
25 Director of the Office of Management and Budget, Ken

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2 Godiner and we'll do that after they are sworn in.
3 So, Counsel would you do that for us please.
4 COMMITTEE CLERK: Good morning. Do you
5 affirm that your testimony will be truthful to the
6 best of your knowledge, information and belief?
7 ROBERT LINN: I do.
8 COMMITTEE CLERK: Thank you, you may
9 proceed.
10 CHAIRPERSON DROMM: Good morning, just
11 move that mic, if you hit the button and the little
12 red… [cross-talk]
13 ROBERT LINN: I need that… [cross-talk]
14 CHAIRPERSON DROMM: …light… [cross-talk]
15 ROBERT LINN: …on red, is this better?
16 Okay. Good morning Chair Dromm, Chair Miller, Council
17 Members. I want to express appreciation for the
18 opportunity to speak today. I think we've had
19 productive sessions in the past talking about the
20 city's health labor… health agreements and I look
21 forward to presenting all of the material on both how
22 we've done in the prior agreement and how we plan to
23 move forward in our new collective bargaining
24 agreement. You have before you and I'm… and I'm
25 joined as you said by Clair Levitt, the Deputy

2 Commissioner for Health Care Cost Management on my
3 left; Ken Godiner, First Deputy Director of the
4 Office of Management and Budget and First Deputy
5 Commissioner of OOR Renee Campion on my right. You
6 have in front of you two documents, the presentation
7 that I will be referring to with… to begin with and
8 then a series of slides that I will use mainly for my
9 testimony to take you through the various salient
10 issues and I will take you through there on the
11 screen but probably that's not terribly visible to
12 you so each of you have a printed version of the
13 slides and I'll take care of that… I'll take you
14 through that once we get through the initial
15 introduction. This administration and the city's
16 unions embarked on an unprecedented four-year
17 agreement starting in 2014 to achieve, achieve 3.4
18 billion in health care cost savings aimed at bending
19 the cost curve for New York City's health benefit
20 programs. The city and the unions committed to the
21 plan to save at least 400 million dollars in fiscal
22 2015, 700 million in fiscal '16, a billion in '17 and
23 1.3 billion in '18 and those 1.3 billion are
24 recurring savings that go forward into the future
25 year after year. When we last testified to the City

2 Council in 2016, we reported that we'd achieved the
3 goals of the program of 400 million for FY '15 and
4 700 million for FY '16. We also detailed significant
5 changes we had agreed upon for the upcoming FY '17
6 and we said that we expected to reach the targeted
7 billion dollars at that time. Today, we're pleased to
8 be here to report successful conclusion of the four-
9 year agreement. As of June 30th, 2018, and we indeed
10 did achieve 3.4 billion in total health care savings
11 for the period of FY '15 through '18 and that we
12 exceeded in '17 and we exceeded the amounts in '18
13 and I'll describe that in a couple of minutes of what
14 we did and how we're going to use those dollars. In
15 addition, we'll report today on the details of the
16 successful conclusion of negotiations for a new
17 health savings agreement for 2019 to 220… 2021 which
18 was modeled after the 2015 to '18 agreement and this
19 establishes new mutual labor management goal of
20 achieving another 1.1 billion dollars as you
21 mentioned in total savings, 600 million dollars in
22 the third year and so I might point out so that
23 there's no mistake, this is 600 million dollars on
24 top of the 1.1 billion recurring so that we didn't
25 diminish in any way the expectation of savings. We

2 continue with the three… 1.3 billion and we've
3 increased that by another 600 million to a total of
4 1.9 billion of health care savings as a result of
5 these two labor agreements, 1.9 billion recurring
6 annually going out of the, the labor agreement. I
7 want to take a moment here to recognize the efforts
8 of all of the MLC unions and their leadership in this
9 regard especially Harry Nespoli, President of the
10 Sanitation Workers Union and Chairman of the
11 Municipal Labor Committee known as the MLC; Michael
12 Mulgrew, President of the UFT; Henry Garrido, the
13 Executive Director of DC 37, as well as the members
14 of the Labor Management Health Insurance Policy
15 Committee. Their leadership and willingness to work
16 with us to achieve our health care savings goals has
17 helped transform our vision into reality. The work
18 that has been accomplished in the past four years has
19 been collaborative between the city and its unions
20 and that relationship has carried forward into the
21 newest agreement that we just reached. Let me start
22 and I will be referring to the slides but let me
23 briefly remind everyone of the challenges we faced in
24 the labor management healthcare efforts in the
25 broader context of the collective bargaining with the

2 De Blasio administration. As you'll recall, when the
3 city… when the Mayor took a… took office in January
4 2014, every single labor agreement and there were 144
5 labor agreements at that time for 337,000 workers,
6 all of those had expired. The De Blasio
7 administration was committed to a respectful
8 collaborative labor management process and was also
9 committed to reforming health care benefit structure
10 which is… which had remained virtually unchanged in
11 decades and I say that having been participated in
12 health care saving in the Koch administration, we
13 reached a labor agreement in 1982 and that agreement
14 was largely unchanged between '82 and when we took a
15 look at it again in 2014 and I believe we
16 successfully accomplished some save… substantial
17 major innovative changes, let's go to the next slide.
18 So, as I mentioned in 2014, we had 144 bargaining
19 units to bargain with, contracts were between three
20 and five years expired and there had been limited
21 negotiations over health care for decades. We, during
22 the course of the next several years settled with
23 99.9 percent of the workforce. We have about 256
24 workers still not under contract though we still have
25 discussions that are issues that… before the

2 comptroller but 337.410 of the 337,661 are now under
3 extended labor, lengthy labor agreements. And as I
4 said, what we brought to the bargaining table was a
5 respectful and collaborative process. We listened to
6 issues that were brought to us, we engaged in
7 conversation over those issues and we've solved
8 numerous labor issues over the last five years. We
9 also achieved an historic agreement and I want to
10 thank the, the words of the CBC that I read this
11 morning that I believe we did indeed create a
12 paradigm shift in our collective bargaining that we
13 brought the issue of escalating health care cost into
14 our collective bargaining and we engaged in
15 approaches that adjusted those increases, modified
16 those increases and truly bent the health care curve
17 and I believe that we were able to free up dollars
18 from the projections of what the health care trend
19 would be that had been left for us by the prior
20 administration, the Bloomberg administration had
21 predicted that there would be health care changes
22 over about… of about nine percent per year that had
23 been based on five, ten and 15 year analysis of, of
24 costs and we believed that we could do better than
25 that and we have in fact done better than that and so

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2 if you'll take a look at the next slide, we didn't
3 stop bargaining with having round… wound up the
4 negotiations with virtually the entire workforce, we
5 also moved forward and in the past six to nine months
6 we've settled with three unions; DC 37, UFT and the
7 local 300 and we have in fact now wound up
8 negotiations with over 59 percent of the workforce
9 and we are going to continue the process until we
10 again reach labor agreements with the rest of the
11 city's workforce. I want to mention just because it
12 was the source of the last time I appeared before the
13 Council, we also committed to work on paid parental
14 leave. At the time I spoke to the council in the
15 spring we had just had an increase… an agreement with
16 the managerial or had a… an approach with the
17 managerial employees, I said back then that if you
18 give us a little bit of time I thought that we would
19 reach settlements with a substantial part of the
20 workforce on paid parental leave and paid family
21 leave and in fact we now have reached agreement in…
22 if you'll include the managerial coverage of paid
23 parental leave, 64 percent of the workforce now is
24 covered by paid family leave or paid parental leave
25 and it is our hope to continue the negotiations, we

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2 will continue negotiations is my expectation that we
3 will continue to increase that number and paid family
4 leave and paid parental leave will become the norm
5 for the, the city's workforce. We go to the next
6 slide, I'll now focus a bit on the last agreement,
7 the… well we call health savings agreement one and
8 you start by… the… we have said on a number of
9 occasions we believe we have bent the health care
10 cost curve. Why do we say that? Some people
11 commented, no you haven't reduced health care cost
12 and I've said I've never said we were going to reduce
13 health care costs I said we're going to reduce the
14 increase, the percentage increase and people quickly
15 forget what where… what was going on at the time we
16 reached the agreement and we, we reached this initial
17 settlement and what had happened was we had a
18 financial plan since the time of the fiscal crisis in
19 the 70's the city has put together financial plans
20 that look four years out into the future and of
21 course you have to predict what's going to happen
22 with health care costs in any financial plan. For the
23 prior 15 years health care costs have gone up at nine
24 percent a year. When we created our financial plan in
25 the beginning of this… of this administration, 2014,

of course we used that projection for what would be the cost increases, I think any… if we had… we don't think it's going to go at that level all of the monitors would have said what are you talking about, you've had 15 years of nine percent growth how can you not predict that so for those who now casually say why did you use that number they're rewriting history. We used the number that we had inherited of a nine percent trend factor and in fact what we then accomplished with the unions was an agreement that we would not have cost increases of that level, we would bring that cost… those costs down and as you can see that the actual cost although along the lower line of that graph we have saved in excess of the 1.3 billion dollars and you see at the right the 1.3 billion in excess of that continues, we have not as some people have said lowered our expectations of where we're going forward we have taken that 1.3 billion and we are going to enhance that and the number will grow. The unions when we came into negotiations said to us why do you want any more in collective bargaining, you're already achieved 3.4 billion, you've already achieved 1.3 recurring and we said no, we're not stopping at the 1.3 we need to exceed that and so

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2 what you see now in the current agreement is that
3 we've exceeded that 1.3 and we continue to bend the
4 cost of health care. I do want to say and, and, and
5 Chair Miller I, I, I agree with you in terms of our
6 approach to bargaining and it has been called by the
7 institute for health care improvement the triple aim
8 frame work of how they recommend that you should
9 start… how you should deal with health care cost. The
10 very first thing we want to do is we want to improve
11 patient care, we want to make sure that the
12 employees, the dependents, the retirees have access
13 to high quality programs now and in the future and
14 that remains a cornerstone of our work. We want to
15 reduce those costs because we believe as Daneek
16 Miller said the billions and billions that are… that
17 go to health care costs we don't want those costs to
18 continue escalating and so we want to figure out what
19 are those things you can reduce and how do you… how
20 do you control the escalating costs that every
21 employer in the country and every employer in the
22 country faces cost that… not at the level of
23 inflation if the costs are going, going up at the
24 level of inflation there wouldn't be a health care
25 problem in this country. The problem is that every

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2 employer in the country faces double digit increases
3 in health care costs, high single digit costs and the
4 question is how you bend the costs down so it can
5 become closer to expected cost of inflation that’s
6 what the serious approach to health care requires and
7 so we have continued the trajectory of the last
8 agreements. Let’ look at the next slide and you’ll
9 see as has been described we achieved the 400 million
10 of savings in FY ’15, we achieved the 700 million of
11 savings in FY ’16, we have exceeded the billion
12 dollars of savings in 2017 by 51 million and we’ve
13 exceeded the 1.3 billion of savings in ’18 by 35
14 million. That 1.3 billion along with the extra
15 savings will continue year after year, we have not
16 turned around and said let’s reduce that we’ve said
17 let’s enhance those savings and that’s what I’m going
18 to describe in a little while. So, let me talk about
19 some of the specifics of how we’ve done exactly the,
20 the concept of, of reducing costs while improving
21 health care and one of the really… we lost that… one
22 of the truly innovative approaches that we adopted
23 was to study data, labor and management together and
24 so one of the first things we did was we said how do
25 we compare two various plans on certain very

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2 important expensive areas, emergency room use, how
3 much emergency room use do our plans, do our workers
4 use, how much urgent care do we use, how much
5 specialist work do we do, how much general radiology
6 done in a doctors office, how much physical therapy,
7 and how do… how do we compare to two types of plans,
8 well managed plans which in… which include the
9 industries best practice and loosely managed which
10 are more conventional, conventional plans, how do we
11 compare and then there are areas that save costs,
12 preventative procedures, visiting… visits of primary
13 care physicians those are all things that are good
14 for a plan, good for employees, good for health care
15 delivery, good for population, improvement of health
16 care those are all things that are important and we
17 said we're, we're too low on the preventative end as
18 the, the, the right hand bars and we're too high on
19 those… on the things on the left, what do we do about
20 that? And so I think what is… what is missed in some
21 of the cavalier comments that have been made by this…
22 about the labor agreements is we sat down together
23 and we said here is the data, here are the result…
24 here is… here's what the problems are lets adjust our
25 co-pays in a way that changes behavior and lowers

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2 cost, changes behavior to a more effective health
3 plan to a plan that delivers better results and
4 lowers cost at the same time or reduce or modifies
5 increases of cost and so if you go to the next slide
6 what did we do? We said labor and management together
7 we should increase co-pays and so yes there are
8 certain areas where increasing co-pays I think is
9 beneficial to a plan. If there's over emergency use,
10 emergency room use we increase the co-pay from 50
11 dollars to 150 dollars but at the same time we said
12 if you go to preventative care or if you go to a, a
13 primary care physician at certain locations,
14 Advantage care physician locations there the co-pay
15 goes down. So, we've used two levers, we've used one
16 lever to increase the cost in order to steer people
17 away from things that are not a productive or
18 effective use of, of health, health care delivery
19 service and others to lower cost which is a much more
20 effective use and so we made the changes that you see
21 in that slide and what was the result? The result was
22 that we lowered emergency room use, we lowered urgent
23 care, we lowered specialty use, we lowered general
24 radiology, we lowered, lowered physical therapy and
25 we increased the use of preventative procedures and

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2 we increased preventative visits so that we have used
3 the system to indeed used our process of, of co-pays
4 and the… and the health care coverage, we used it to
5 control costs while improving utilization of the type
6 of, of services that are used and if you'll look at
7 the slide you see the before and after we did… we
8 were able to achieve exactly the type of outcomes
9 that we were looking to do. In the other initiatives
10 that we… and this is in my testimony but that we
11 invested in care management, we invested on, on
12 providing in HIP preferred providers under a value-
13 based arrangement where physicians have incentives to
14 provide improved care coordination that's good for
15 the employees, improved care coordination. We used
16 best doctors to do an expert review for oncology and
17 we did competitive bidding for the first time and
18 prescription drugs that resulted in substantially
19 lower pricing and we saved 130 million dollars as
20 part of the 3.4 billion dollars. Those were some of
21 the things we did. If you take a look at the next
22 slide we have set up at, at OLR and under the expert
23 guidance of Debbie Friedman who works… who's the head
24 of that operation. We look at population health and
25 we've done some very important things. We have

2 reinstituted on site influenza vaccines which were
3 eliminated as a cost savings approach from the prior
4 administration rather than reducing influenza shots
5 we believe that increasing the number of influenza
6 shots making them more available would ultimately
7 save more money in the process in terms of lowering
8 overall health care costs. And so, we've increased
9 flu shots by 28 percent, we have instituted weight
10 watchers' programs where we have… there are now
11 37,000… we've, we've… we have highly discounted rates
12 and over 37,000 employees have used weight watcher,
13 25,000 in this past fiscal year, FY '18. As a
14 statistic on here, a combined weight loss of 105,000
15 pounds and that there is 16 percent of the
16 participants lost five percent or more of their body
17 weight. That issue of body… of, of control of, of
18 eating and, and overweight employees is central in
19 how you deal with diabetes, an incredibly expensive
20 cost for the… for the city and we set up a diabetes
21 prevention program that was recognized by the center
22 for disease control as, as a program that was, was
23 effective and in that program 53 percent of the
24 people in that program lost five percent or more of
25 their body weight, 27 percent lost seven percent or

2 more of their body weight. We have programs that are
3 discounted, programs that are going to make health…
4 make our employees healthier and are going to reduce
5 health care costs at the same time, exactly the type
6 of work that we would want to do with the triple aim
7 that I talked about initially. And so, then we said
8 that’s not enough, these were good programs, we
9 exceeded the amount of the 1.3 billion let’s exceed
10 the 1.3 billion annually by more. And let me
11 emphasize that point again, the 1.3 billion of
12 savings of the last agreement continue into ’19, ’20,
13 ’21, those savings continue, we have enhanced those
14 savings by 200 million dollars in ’19, 300 million in
15 ’20 and 600 million more in ’21. So, we will actually
16 be at 1.9 billion annual savings from where we
17 started this process when the administration began.
18 So, as you see on table 16, you have the graph that
19 shows again the expected rates and how did we come up
20 with these rates. I heard recently a comment oh, we,
21 we over… we overestimated the rates, that was a
22 ridiculous comment that in fact we used what
23 actuaries told us was a responsible projection of
24 health care cost of seven percent, six and a half and
25 six had the city when put together its budget. In the

2 beginning of, of the… of the calendar year used a
3 lower number, I'm sure all the critics would have
4 said well how can you possibly predict rates lower
5 than what the actuaries are predicting. So, we used
6 the actuary projections, that's what the actuary
7 projection would be the cost of our healthy
8 inflation, the trend factor on our health care cost
9 and then when we worked with the unions to come up
10 with new plans, not cutting old plans, additional new
11 plans that would reduce those costs and those, those
12 cost increases and bring them down for a new 600
13 million or 1.1 billion as Chair Dromm said over the
14 course of the… of the agreement. And so, you see on
15 page… on table 17 you'll see the savings that I
16 mentioned. So, the new initiatives of the health care
17 agreement, one of the very significant aspects is
18 that we have an agreement from Emblem on the HIP
19 increases for '20 and '21 to be three and a half and
20 three not the six and a half and six that we had
21 projected. Anyone who says well that's just… you know
22 could have gotten any way, that's sort of another
23 ridiculous comment that at a time when health care is
24 going up at high single digit levels we've achieved
25 in '19… in '20 and '21 an increase of three and a

2 half and three for two years of the agreement. How do
3 we do things, how do we get there? Well, we have
4 centers of excellence, we're on college in
5 orthopedics, we have site of service redirection
6 where, where you, you move things into free standing
7 facilities in doctor's offices rather than, than in
8 hospitals for AMA surgery, chemotherapy, high tech
9 radiology, we've in… increased wellness programs and
10 we've increased… that we have now provide for
11 mandatory enrollment of new employees in the first
12 year of service. These types of approaches are what
13 let us change the projection of seven, six and a
14 half, and six to the current year and then three and
15 half and three thereafter. We've made changes in GHI
16 as well also creating centers of excellence and
17 exactly Chair, Chair Miller exactly the point,
18 centers of excellence, our employees are being
19 directed or being incentivized to use those places
20 that have the best results, the best outcomes that's
21 what we want our employees to use. We want to use
22 drug formulary and, and 90-day refills in order to,
23 to lower cost. We want to create a program on
24 fertility programs where utilization management can
25 be employed in order not to change results to enhance

1
2 results and to lower cost. We want medical management
3 enhancements in our… in our process. So, all of that
4 was part of the last of the current agreement which
5 we feel pretty certainly will get us to the savings
6 that we've talked about and let me point out just
7 like the last agreement if we don't achieve those
8 savings there is enforcement through third party
9 arbitration. What I think incredibly additional,
10 important additional agreement was the establishment
11 of the Tripartite savings committee so this is not in
12 lieu of the savings, this is in addition to the… to
13 those savings and this is not somehow eliminated
14 because we've reached important settlements with DC
15 37 and the UFT this is part of those settlements is
16 that we agreed to the health care savings of the… of
17 the new 200, 300 and 600 million and we've agreed to
18 a committee that is going to look at the following
19 issues and, and I can't tell you these are issues
20 that have been absolutely central and third rail
21 issues in labor negotiations in the city for decades
22 and we now have a Tripartite group that is going to,
23 to look at these issues and I, I want to go down that
24 list of the issues that, that the Tripartite group
25 and the first meeting of that Tripartite group is

2 this afternoon. The… some of the issues we're talking
3 about are RFPs for replacement of CBP and HIP
4 programs exactly the kind… the concept that Chair
5 Miller was talking about, we need to look at that;
6 self-insurance, minimum premiums; Medicare Advantage
7 plans for retirees; consolidated drug purchasing and
8 I'll get back to that also in minute; comparability,
9 how do we compare to other plans, how do we… how do
10 we move to the best possible state of the art 21st
11 century plan; hospital and provider tiering, I know
12 it's an issue that's of, of a concern and I'll talk
13 about that in a little bit; audits and coordination
14 of benefits; the stabilization fund which was
15 referred to, the dollars are diminishing there and we
16 need to look at what that means; and reduction of
17 costs for pre-Medicare retirees who have access to
18 other coverage and the important issue that the city
19 has been concerned about for years continues to be
20 concerned about and we hope to make major progress in
21 this Tripartite committee. Let me talk about some of
22 the issues that have been recently in the press and
23 the first is hospital pricing variations, which I
24 know is was a topic of a Council hearing last week
25 and I want to say that in our… looking at our

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2 employees, looking at a, a case mix adjusted so the
3 same type of difficulty and severity of, of
4 procedures that New York Presbyterian costs on
5 average about 35 percent more than the average of all
6 the other hospitals and those other hospitals that
7 are in that include teaching institutions, its not
8 that we're comparing New York Presbyterian to, to
9 others that are… that are much different types of
10 institutions there are active teaching institutions,
11 large teaching institutions in there and the costs
12 are, are 35 percent higher. This is an issue that we
13 need to talk about and in fact when we said that we
14 are going to look at, at hospital tiering in our
15 Tripartite group hospital and provider tiering its
16 exactly the sort of issue that we want to look at
17 with, with the, the employees, with the labor unions
18 and we want to see how do we deal with issues like
19 this, what's a fair responsible approach to, to an
20 issue like this. Another area, consolidated drug
21 purchasing that we recently had the issue with one of
22 the city welfare funds of… that there… thought
23 because of the high cost of HEP-C medication that
24 perhaps they were not going to, to cover those costs
25 in the welfare fund which provides the prescription

2 drug coverage and we worked out an arrangement with
3 the Health and Hospitals Corporation where starting
4 in 2019 we're going to provide comprehensive medical
5 treatment at H and H and low cost and access to, to
6 help Hepatitis C medication. We believe that this
7 collaborative approach of working with Health and
8 Hospitals using the buying power of Health and
9 Hospitals providing the care at Health and Hospitals
10 made a tremendous change in the ability to provide
11 HEP-C coverage at a more reasonable rate and we think
12 that this really can be a model for other areas
13 including PrEP and I'm going to talk about that for a
14 minute because I know that that has been a… also a
15 concern of the council. Right now, 97 percent of our
16 workforce has access in their… in their welfare fund
17 coverage or in the high option rider to PrEP
18 coverage. Some of the plans have more high, highly,
19 higher deductibles than others the question is how we
20 do two things; how we extend the coverage from 97
21 percent to 100 percent because we know how important
22 this is… I know how important this is to the Mayor I
23 work for and how important it is to the
24 administration, I know how important it is to the
25 council. We in fact sent a letter to the union

2 welfare funds who were not covering PrEP prescription
3 drugs, we sent a letter saying we think you should
4 consider covering this and we think you should work
5 to do that. I believe that the effort of the City
6 Council… of the City Council is extraordinarily
7 important in helping convince welfare funds that they
8 should indeed expand this coverage and perhaps even
9 lower the cost of it but I also think that we need to
10 look at this issue from the same type of model of the
11 HEP-C model and perhaps we can make an approach or
12 come up with an approach that can lower the cost of
13 providing this coverage as well. And it is going to
14 be a topic in our Tripartite group this afternoon as
15 to how we move from 97 percent to 100 percent and how
16 we make certain that the costs are reasonable for the
17 city and for the city workers. So, let me now close,
18 I think that… I hope you can see that that triple aim
19 for health care is in fact front and center in our
20 approach to labor negotiations that we want to
21 improve patient care, we are not simply saying lets
22 reduce costs by shifting costs to workers, we're
23 trying to avoid that, we're trying to become more
24 efficient and more effective and at the same time we
25 want to improve the pass… the health care of our

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2 employees, our retirees and our dependents. So, with
3 that I'd like to turn it over to questions.
4 CHAIRPERSON DROMM: Thank you very much
5 Commissioner and before we just start with the
6 questions let me announce that we've been joined by
7 Council Member Keith Powers, Council Member Andy
8 Cohen, Council Member Jimmy Van Bramer, Majority
9 Leader Cumbo and Council Member and Chair of the
10 Finance Committee, the Subcommittee on Capital
11 Council Member Vanessa Gibson as well, I hope I got
12 everybody, yep. Okay, thank you very much as I said
13 for your testimony. Let me just start off with this
14 question, according to the November 2018 financial
15 plan the city will spend roughly 6.4 billion dollars
16 on health insurance this year, this figure reaches
17 approximately eight billion in fiscal 2022, could you
18 break down to the Committees the cost for this and
19 what percentage is act… is for active employees and
20 for retirees?
21 ROBERT LINN: So, I'm not sure I can do
22 that at this moment and I do have Ken Godiner the
23 First Deputy Budget Director who can talk about it or
24 we can provide information but let me just express
25 one comment before I turn it over Ken. It is true

2 that health care costs are a very substantial part of
3 our budget as I think is true for every employer. We
4 do cover almost a million lives between actives and
5 retirees and dependents so the context of the dollars
6 have to be put in the context of the overall number
7 of, of lives that we cover. In fact, we believe that
8 our health care costs on a per capita basis are
9 responsible but that does not stop our constant work
10 on making sure those costs do not increase at, at
11 any… at, at rates that ordinarily they would increase
12 at and that we need to look at how we become more
13 efficient and more effective but I believe that the
14 central concern of employer should not be simply how
15 do we make our cost the employees cost. Our concern
16 should be how do we bring down overall costs or how
17 do we not increase as much as otherwise would have,
18 that's the central concern and it sort of becomes a…
19 sort of an end in itself oh, let's just shift costs
20 to employees, that's not what you want to do, you may
21 shift costs to employees but have a plan that's much
22 more expensive at the same time shifting costs to
23 employees and so having shifted costs to employees
24 with a plan that is more expensive hasn't saved
25 anyone anything, the employee is paying more and the

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2 employer is paying more. How do we get control over
3 those costs? That's what we have been doing, that's
4 what collective bargaining has been doing and I'm
5 very proud of changing the paradigm as we've done in
6 this bargaining. Ken.
7 KEN GODINER: So, I don't have the, the
8 breakdown for each year but in FY '19 approximately
9 1.8 billion of the 6.4 is for retirees and the, the
10 4.6 billion for active. We can provide the council
11 with, you know more information after the hearing if
12 you want.
13 CHAIRPERSON DROMM: Do, do you have what
14 proportion is exclusively for the city's contribution
15 to the health insurance premiums?
16 KEN GODINER: I'm, I'm sorry, I think all
17 of it… I'm, I'm not sure.
18 [off mic dialogue]
19 CHAIRPERSON DROMM: Is there a total cost
20 for premiums or…
21 KEN GODINER: That's, that's a… that's
22 the total city spend on… [cross-talk]
23 CHAIRPERSON DROMM: That's the total…
24 [cross-talk]
25 KEN GODINER: …health… [cross-talk]

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2 CHAIRPERSON DROMM: …amount?
3 KEN GODINER: Right, the… there are… as,
4 as you know a number of plans with smaller
5 participation where employees pay additional co-
6 premium but that's not a city expense, it doesn't
7 appear in the budget so…
8 CHAIRPERSON DROMM: Okay, in 2014… the
9 2014 savings agreement stipulated that at the
10 conclusion of the agreement in fiscal 2018 there
11 would be a final calculation of the savings realized,
12 it further stated that in the event that more than
13 3.4 billion dollars was saved the first 365 million
14 dollars would be credited proportionately to each
15 union as a one time lump sum and… lump sum payment
16 for its members. Additionally, any savings over the
17 365 million dollars would be split equally between
18 the city and the MLC. In the new agreement however,
19 the following is stated; the parties agree and I'm
20 quoting, the parties agree that any savings within
21 the period of fiscal 2015 to '18 over 3.4 billion
22 dollars arising from the last agreement will be
23 counted towards the 2019 goal. This is currently
24 estimated at approximately 131 million dollars but
25 will not be finalized until the full year of fiscal

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2 2018 data is transmitted and analyzed by the city in
3 the MLC's actuaries. So, what is the final additional
4 savings from the previous agreement?
5 ROBERT LINN: So, if you go back to slide
6 six, table six you can see that there was a surplus
7 of 51 million in 2017, another 35 million in 2018 so
8 that represents the 86 million that I think I
9 mentioned in the… in my testimony. The agreement with
10 the union, unions and the MLC was that it… the first
11 365 million so this is less than 365 million, its 86
12 million could be used for a lump agreement or
13 otherwise as agreed to by the parties. We in our
14 negotiations agreed that this 86 million which were
15 the additional savings beyond the 3.4 billion could
16 be used in the first year as you mentioned of the
17 next labor agreement and so if you take a look at… if
18 you take a look at slide 17 you will see that our
19 objective of 200 million dollars in FY '19 would be
20 partially offset by the 86 million of the additional
21 savings from the last contract though that, that
22 doesn't impact the next years and the recurring costs
23 so I'm not reducing the current cost going out but
24 the 86 million of that same as the lump sum payment
25

2 that might have been used that is used to offset the
3 200 million by the agreement of the parties.
4 CHAIRPERSON DROMM: Okay, at a previous
5 hearing on the healthcare savings you spent some time
6 discussing the health insurance regulatory system in
7 New York State, I understand that not all health
8 plans are created equal and only some policies are
9 subject to the states prior approval law. This means
10 that the HIP premium is subject to approval by New
11 York State Department of Financial Services but not
12 GHI which is the largest plan by a long shot, which
13 of the city's policies are subject to the prior
14 approval law and which are not?
15 ROBERT LINN: So, is that… I, I know that
16 HIP does go through regulatory procedures…
17 proceedings easier… what's that… because it's a…
18 because it's a fully insured plan and I think that
19 GHI does not because we pretty much self-insure that
20 plan, but the state does, right, does regulate the
21 GHI cost… I'm sorry, the HIP cost and we regularly
22 respond to those… at… in those rate proceedings to
23 our comments on… in our thoughts about the cost and
24 the projected cost that are being requested.
25

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2 CHAIRPERSON DROMM: So, what's your
3 opinion of the prior approval plan access… what are
4 your sentiments on that?
5 ROBERT LINN: So, I, I do think that and
6 I'm not sure I'm answering exactly your question but
7 one of the things we are looking at is whether we
8 should try and find the ability to self-insure the
9 HIP plan, there are substantial savings that would
10 come from self-insurance and that that would or would
11 not change the regulatory… probably would change the
12 regulatory impact but we believe that most employers,
13 I mean virtually all employees other than us with
14 employee size as we have in, in the city and, and
15 total number of lives covered should be employing
16 self-insurance as a way to provide their… the health
17 care because of the savings that that would provide
18 both in taxes and in overall cost of implementing the
19 plan. So, those are things were looking at and as a
20 matter of fact if you take a look again at the slide
21 of what we're dealing with in the Tripartite
22 committee slide 20 you see that the second bullet is
23 self-insurance and minimum premium that's exactly
24 the, the, the topic and the area that we'll be
25 considering with the units.

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2 CHAIRPERSON DROMM: Can you explain what
3 you mean by self-insurance with HIP?
4 ROBERT LINN: Ken.
5 KEN GODINER: The, the HIP plan is
6 currently a fully insured product which means we pay
7 a premium to, to the carrier, the carrier pays the
8 claims and you know if claims are higher than, than
9 the premiums that, that, that cost winds… you know
10 resides with the insurer and if they're less those,
11 those funds are kept by the insurer. Moving to, you
12 know minimum premium or a self-insured plan means
13 that claims are paid out of a… out of an account,
14 right, that's a, a city account so that the cost of
15 claims is entirely a city cost and the insurance
16 company neither takes the risk nor, nor reaps the
17 benefit when, when this goes the other direction so
18 there are… there are a number of reasons why that's
19 beneficial, like Commissioner Linn said the… there's
20 a tax advantage doing that in addition to which
21 presumably the insurance company builds in some
22 cushion so that they don't lose money that's
23 additional funds that the city's paying to the
24 insurance company.
25

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2 CHAIRPERSON DROMM: Have premiums for GHI
3 and HIP increased at a faster pace than other plans?
4 ROBERT LINN: So, I don't think they have
5 and I think that they've, they've increased at
6 different rates which is part of some of the issues
7 that we've been dealing with in, in the collective
8 bargaining but the, the rate of increase has been I
9 think fairly similar to national increases in health
10 care costs, is that a fair statement?
11 KEN GODINER: Yes…
12 ROBERT LINN: Yes.
13 CHAIRPERSON DROMM: Can you provide us
14 with… [cross-talk]
15 ROBERT LINN: And there was something in
16 the recent best in the… during, during… at least
17 during our term, our administration.
18 CHAIRPERSON DROMM: Can you provide us
19 with the annual premiums for the plans going back to
20 2007?
21 ROBERT LINN: Sure.
22 CHAIRPERSON DROMM: Okay. Emblem Health
23 has requested a rate increase of 5.8 percent to
24 the New York State Department of Financial
25 Services for HIP in 2019, however, despite this

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2 requested increase the city included in a budget a
3 projected health insurance cost of seven percent
4 in 2019 and 6.5 percent in 2020. It is unlikely
5 that the state will approve the rate increase that
6 is higher than what Emblem Health is requesting
7 and in fact they will likely agree to a rate
8 probably that is lower than the request. Are you
9 anticipating that DFS will approve a rate higher
10 than what was requested and why would the city
11 project a cost increase of seven percent when the
12 requested, requested rate increase is only 5.8
13 percent?
14 ROBERT LINN: So, first of all I, I think
15 our understanding is the requested rate increase
16 is 6.97 not five… so, its slightly… [cross-talk]
17 CLAIRE LEVITT: For 2019… [cross-talk]
18 ROBERT LINN: For 2019, slightly under
19 the, the seven but, but, but not much but remember
20 the order of the process. We create the financial
21 plan well before there’s a labor agreement and
22 well before HIP has provided… has presented its
23 rate request so you have to… the city has to come
24 up with projections of where the rates will go not
25 knowing what the actual rate request will be. I do

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2 believe the rate request is actually very, very
3 close to the seven percent we've projected and I
4 think when the… when we asked and I… actually
5 asked the actuaries exactly that question a year
6 and a half ago of what… how do they think… what do
7 they think about our projection of seven, six and
8 a half and six and they said we think that that is
9 not conservative by any means, we… in the… in the
10 type of increases we're seeing going forward we
11 believe that those are perfectly legitimate
12 reasonable increases for projections and could
13 perhaps be higher. So, we now have evidence that
14 the increase for the first year is going to be
15 slightly less and it could be less… if it's less
16 than 6.97 that's good because those are additional
17 savings that we will achieve and we now have an
18 agreement for the future years of the… of the
19 three and a half and three so we know for certain
20 that the costs are coming in less than we
21 projected that's why we reached a collective
22 bargaining agreement. They wouldn't be coming in
23 less if we hadn't reached an agreement with
24 savings that are… that are now part of our
25 understanding and so we now know and are able to

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2 use the difference, the delta between those
3 projections and the numbers that we're now seeing
4 in the savings that we're projecting as a basis
5 for, for our financial planning and for our
6 budgeting.
7 CHAIRPERSON DROMM: Okay, thank you. The
8 Committees have previously expressed our concerns
9 about the merger of GHI and HIP in 2006 under
10 Emblem Health, which the city actually at that
11 time tried to halt. When the deal was approved
12 were any safeguards put in place to stop Emblem
13 Health from using their newfound market power to
14 increase premiums and if so, what were they?
15 ROBERT LINN: So, we think that we have
16 over… again starting in 2014 dramatically impacted
17 the rate of increase in the, the HIP and the GHI
18 plans. That is not to say that we think that that
19 is the end of the discussion and that's why in
20 table 20 the very first thing I mentioned was RFPs
21 for replacement of CBP and HIP HMO plans that is
22 still… needs to be discussed and I believe that
23 competition in the market is critically important
24 to make sure that the city, its workers, the
25 unions and the tax payers are getting the most

1
2 efficient plans that are possible while providing
3 excellent health care services.
4 CHAIRPERSON DROMM: Okay, Commissioner in
5 your testimony you spoke a little bit about PrEP
6 and its an issue of major concern to me, we have
7 seen the lowest number of people contracting AIDS
8 or HIV in many, many years, I think it's about
9 6,600 or so over the last year, however there are
10 still those people who are unfortunately
11 contracting AIDS and the issue of PrEP has been
12 brought to my attention by members of GOAL, Gay
13 Offices Action League, would you be willing to
14 walk through this question with me, who does and
15 who does not have access to PrEP and what is the
16 city's plan to make every single employee access…
17 have access to these life savings plans. I know
18 you just did a little bit in your… in your
19 testimony but I really would like to have a little
20 further discussion with you on that.
21 ROBERT LINN: Sure, sure. So, first I
22 want to state that the administration is
23 absolutely committed to this… to this care being
24 available and I think the fact that 97 percent of
25 the workforce has access is a statement of how

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2 important it is and how important the city
3 believes it is and how important the union
4 leadership believes that it is because the plans
5 do indeed cover this for 97 percent of the workers
6 but there are still two issues that need to be
7 resolved. One is the three percent that don't and
8 they are in four unions, three that we know for
9 show and one that's not respondent and we have
10 sent letters and I think you have the letters to
11 each of those four unions stating that theirs is a
12 concern and they should take a hard look at that
13 and I believe that the council can apply pressure
14 along with us that would be very helpful to make
15 clear how important we all think this is so that
16 is one area is that the pressure should be… should
17 be enhanced, should be on the… on those, those
18 three or four unions that don't provide the
19 coverage to the 11,000 or so or 12,000 total
20 employees that don't have coverage. The other
21 thing is how we can get control over the cost and
22 I do believe that the model we, we talked about
23 for HEP-C is something we need to take a look at
24 here and perhaps that… and that's something we
25 will be looking at right away and can be an area

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2 to reduce cost. And finally, this will be front
3 and center in the conversation I have this
4 afternoon with the municipal labor committee to
5 talk about the need to get to 100 percent coverage
6 and get the labor input in that as well.
7 CHAIRPERSON DROMM: Okay, the Mayor has
8 committed himself to ending the epidemic by 2020
9 and we want to continue to make sure that that
10 discussion continues to happen, so we'll be in
11 contact with you about that again. And finally,
12 before I turn it over to my colleague, Chair
13 Miller, the previous agreement came with somewhat
14 regular progress reports, but can you commit today
15 to produce the quarterly updates of the status of
16 the 2018 savings program?
17 ROBERT LINN: Yes, we do commit to that.
18 CHAIRPERSON DROMM: Okay, thank you very
19 much. And now I'd like to turn it over to Chair
20 Miller.
21 COUNCIL MEMBER MILLER: Thank you Chair
22 Dromm and, and thank you for that line of
23 questioning that was in, insightful and, and while
24 you are the finance chair I think that because I
25 am a, a former benefit trustee and business agent

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2 I think that I am just slightly able to ask a few
3 questions that will continue along those lines
4 there and so I thank you for your line of
5 questioning and I know we think that other members
6 certainly have a lot of questions there. While I
7 wanted to focus on the quality of care I do have a
8 few questions directly related to the finance and,
9 and, and how exactly we're able to finance this,
10 this program that we see now and I know my, my
11 colleague asked about the, the rate increases and
12 so forth and that, that was there, my information
13 was, was pretty consistent with my colleagues that
14 it was more in the line of about five and a half
15 percent and that if we worked to see that and that
16 was an achievable number that would be pretty much
17 the savings that, that we're discussing here today
18 but I don't want to belabor that, we'll just let
19 the numbers speak for itself and, and just ask
20 that… when was the last time that OLR or OMB has,
21 has written to the state Department of Financial
22 Service opposing an increase from a benefit
23 provider?
24 ROBERT LINN: Excuse me… [cross-talk]
25

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2 COUNCIL MEMBER MILLER: In this case
3 obviously HIP… [cross-talk]
4 ROBERT LINN: I can get the end of…
5 [cross-talk]
6 COUNCIL MEMBER MILLER: When was the last
7 time that the, the, the OLR or OMB has… the
8 administration has written to the state opposing
9 an increase request?
10 ROBERT LINN: Every year, we, we, we
11 responded every year, we protest the rate.
12 COUNCIL MEMBER MILLER: Okay and the
13 savings that the city… is, is the savings that,
14 that… this plan that the city is achieving
15 currently is that unique to, to the city, of the
16 municipalities because, because obviously we're
17 talking about the high increases that we've seen
18 historically but we know that over the past few
19 years where there was some, some restrictions
20 made through health care reform that we had not
21 seen those traditional numbers and increases
22 that we were seeing or, or the municipalities or
23 even other agencies such as the MTA and, and
24 more regionally receiving similar results, was
25

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2 this savings unique to this program and what
3 we're doing here?
4 ROBERT LINN: Look I think most employers
5 around the country are dealing with health care
6 costs and when there's collective bargaining
7 almost all are dealing with health care costs in
8 collective bargaining that is why there's a
9 health care crisis in the country is that health
10 care costs are rising way above inflation and
11 employers are trying to find various approaches
12 to deal with that. Many employers take… move
13 quickly to the answer of well there's nothing we
14 can do about those costs let's have the
15 employees pay and others have said that's what
16 the city should be doing, my view is that is not
17 right what we should be looking at is how we
18 bring down the trend factors into numbers like
19 the three and a half and the three, we should
20 approximate inflation or be a little more than
21 inflation or at least closer to inflation levels
22 in the… in the going out years that's where we
23 should be going. In terms of looking at others
24 and how we compare I think we compare favorably
25 but I would also point out that if you look at

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2 the Tripartite health savings committee that the
3 middle bullet is comparability so we will study
4 with labor, we'll continue to study how our plan
5 compares to others, we will benchmark other
6 plans and we will see how we compare but they
7 differ and many of them as we know are not even
8 at high single digits but many plans are
9 increasing at double digits and substantial
10 double digit increases so I think that we should
11 all celebrate that we have come up with an
12 agreement and an approach that keeps our health
13 plan inflation to three and a half percent in
14 '20 and three percent in '21 that's an
15 extraordinary achievement and I think we all
16 should acknowledge it and, and say that that's
17 good, how do we do better?
18 COUNCIL MEMBER MILLER: So, that wasn't
19 what I was expecting considering that you and I
20 have had a lot of conversations about health
21 care services how did it get delivered and how
22 efficient and effectively they are and that
23 while we have achieved a certain goal I think
24 that we both can agree that, that this is not
25 unique to the industry nor unique to labor to

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2 some of these savings and how they've been done.
3 The fact of the matter is that they have been
4 done regionally, they have been done right
5 around here and in other areas and, and so I,
6 I'd like to divert now the attention to the
7 quality of health care that we're receiving and
8 whether or not this has an impact on the
9 quality. You put an emphasis on how we've moved
10 from certain specialized services and kind of
11 brought them in house, have we then before
12 making this commitment evaluating how those
13 services get delivered to the overall membership
14 throughout… you know first, first of all the,
15 the plan is a regional plan and, and that has
16 value in itself, right, that you can't live
17 outside of the 18, 30… 18 counties or whatever
18 and, and receive benefits, right, so for
19 retirees that's, that's interesting to, to say
20 the least but whether or not we, we, we're
21 looking at how this specific plan design impacts
22 those… the workforce and the retired workforce.
23 For instance, if we're driving folks towards an
24 Advantage Care system, right, because costs have
25 come down, what we've seen previously was three,

four hour literally waits in, in an Advantage Care system or center particularly in a community like Eastern, Southern Queens where you have a, a… probably I would submit the largest number of public servants and retirees in the entire city, right, so before we design a system that is designed to benefit those who go into those Advantage Care systems do we know that we have… that we can meet the demand, right, that, that we have those, I would submit that that is not the case. How do we adjust to that and what provisions are in place so that more… that, that we have a, a, a… or richer network that addresses those issues?

ROBERT LINN: So, let me answer a couple of things, first I do completely agree with you that we can't rest at what we're doing and not look at how others are providing health care and seeing how we can improve and I don't by any means say… we are doing it as well as possibly can be done. I started by saying that when we arrived the approach to health care had largely not changed in, in decades and so we should be looking at how others provide, we should be

1
2 looking at how you get the state of art… of art…
3 state of the art approaches to delivery of
4 health care systems. So, I, I totally agree with
5 you that we should not be saying this is it, we
6 can’t do better and that’s why I really believe
7 if you look at the Tripartite committee
8 commitment we are looking at all those areas and
9 that is on top of the health care savings costs
10 that we talked about, we’re looking at all of
11 those multiple areas which are all directed
12 towards how we improve our plan and get to a
13 more efficient and effective plan and also
14 without the, the central theme of simply moving
15 cost to the… to the workers. I do have to say
16 just in terms of the… of the ACPs I use the one
17 on Dwayne Street over here and have had pretty
18 good results. I understand what you’re saying is
19 look it’s, it’s uneven and that… and that that
20 should be monitored and I think that is
21 something we do need to monitor, what are we
22 wait times, what are… what are the… what’s those
23 services, are they… are they in fact delivering
24 effective care at a… at a reduced price and it’s
25

one of the things that, that we are looking at and I'll give it to Claire for a second, yeah.

CLAIRE LEVITT: My understanding is that Emblem health has, has been investing significantly into upgrading the… their Advantage Care facilities and that they have worked very hard to bring down the wait times at facilities. What we can do is request a report from them of the wait times at the various facilities, so we can report to the council on what people are experiencing at different facilities.

COUNCIL MEMBER MILLER: So, I, I, I don't want to lose track of what we're kind of talking about in terms of… on the financing side, how do we… how do we pay for this but on, on quality care let's, let's kind of stay there for a moment. When, when, when you… when we procure with them… first of all I have a problem with this, this, this single provider that we have there that… a single provider that as, as you alluded to that doesn't have the competition that I think is necessary here and the fact that when we talk about high option riders when,

when, when you don't… when you aren't able to provide the same level of services throughout the city that those members, retirees and dependents should have in option, right, this doesn't provide an option even when you have a high option… my benefit prior to coming here which is what a lot of folks in this city have is nothing special, MTA and other agencies have it, in order for me to maintain that would cost me 1,100 dollars a month here. Let me just ask you, does the city contribute at all to the higher option riders?

ROBERT LINN: No. No, we do not.

COUNCIL MEMBER MILLER: You just offer the plan but you just… so, exclusively this is just what you offer so I can go on my own and get that.

ROBERT LINN: I don't… you wouldn't be insured but you could try and seek other insurance.

COUNCIL MEMBER MILLER: Right… so… no, that's what I'm saying is that if, if I went out on my own it would cost essentially the same.

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2 ROBERT LINN: No, I don’t know… [cross-
3 talk]
4 COUNCIL MEMBER MILLER: Because… [cross-
5 talk]
6 ROBERT LINN: I don’t know that that’s
7 true, I mean it’s, its based on… we were a large
8 group purchasing but it is… [cross-talk]
9 COUNCIL MEMBER MILLER: Nobody’s
10 purchasing… [cross-talk]
11 ROBERT LINN: …but we just… [cross-talk]
12 COUNCIL MEMBER MILLER: …insurance at
13 1,100 dollars a month not when they can get
14 something else. I just… I think that that is
15 something that just came out when we kind of
16 led… read between the lines that what… where
17 those contributions went and, and I know during
18 open enrollment its offered as part of the
19 cafeteria plan but there’s also an assumption
20 that there’s some contribution coming from the
21 city and so obviously you… we’re steering
22 everybody into this particular plan if you’re
23 not able to do that. With that being said we, we
24 were talking about how we provide a better
25 service through the, the Advantage Care but

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2 analyzing the data about who's using and what
3 those wait times are and if not… if you're
4 aren't able to provide equitable service how do
5 we open up the market to those people that live
6 in Queens and other areas that have density of,
7 of, of city workers?
8 ROBERT LINN: So, look we have discussed
9 this a number of times and, and I always agree
10 with you that we need to pursue greater
11 competition, we need to see what is out there
12 and, and I believe that we have made progress in
13 the collective bargaining with beginning to look
14 at opening this up, we did bid out some
15 prescription drug opportunities last time, we
16 will do more and that's why I think that the
17 importance of this Tripartite panel is so
18 important, we are committed labor and management
19 to look at those issues and we have a labor
20 agreement. Let me just go back to the labor
21 agreement for a minute, that to the extent that
22 we can… we can achieve savings beyond the 600
23 million dollars, we have a joint interest in
24 doing that because there is a gainsharing
25 approach, there's the use of the funds for

1
2 certain… for welfare fund increases, there is a
3 joint increase to increase beyond the 600
4 million so I am optimistic that we not only
5 achieve 600 million but we achieve more and some
6 of the things you're talking about are all
7 elements that would make that… [cross-talk]
8 COUNCIL MEMBER MILLER: So… [cross-talk]
9 ROBERT LINN: …more likely… [cross-talk]
10 COUNCIL MEMBER MILLER: …when, when,
11 when… I know from a… from a labor perspective
12 with the, the contract negotiation… benefits and
13 negotiations, right, how they get delivered, who
14 delivers them is, is not part of that, right,
15 but when the city is procuring benefits, in this
16 case from Emblem Health are there a set of
17 standards as to how they get provided, what are
18 the number of doctors per patient, what is the
19 wait time that we're expecting? Let me give you
20 an example here and not just of the wait times
21 at, at those Emblem Health, you probably… I, I
22 tried for the last week to get an appointment to
23 see my doctor and I finally got one for January,
24 right but they said I can come in and I can see
25 someone today or tomorrow if, if, if it was an

1
2 emergency situation, that person that I would be
3 able to see would be a nurse practitioner. Three
4 years ago when, when my… when my previous doctor
5 left and I wanted to see someone I was seeing a
6 physician's assistant so in the past five years
7 through attrition or second question the rate
8 of, of, of reimbursement for doctors which is
9 probably the reason why people were leaving the
10 system, we no longer see doctors we are seeing
11 physician assistants, we now no longer see
12 physician assistants we're seeing nurse
13 practitioners, is that what we're paying for and
14 is that… is that specifically specified in the
15 contract that that can be done while we're
16 paying to see doctors?
17 ROBERT LINN: So, first of all the
18 ability to on our own do an RFP for other… for
19 other plans is something that the last
20 administration tried and was stopped in court so
21 it does require based on court decision it
22 requires an agreement to move forward within an
23 RFP together and that's why we're continuing to
24 talk about those things… [cross-talk]
25

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2 COUNCIL MEMBER MILLER: Well I… [cross-
3 talk]
4 ROBERT LINN: …but in… [cross-talk]
5 COUNCIL MEMBER MILLER: …disagree I just
6 want you to move on and answer the second
7 question…
8 ROBERT LINN: Okay, but in terms of the…
9 of what we're purchasing… look, I, I… the
10 specifics of who is the, the best provider of
11 certain… of, of certain services whether it is
12 a, a physician, a primary care physician or a
13 specialist or whether it is a physician's
14 assistant or a nurse practitioner or whether
15 anesthesia can be done through an anesthetist or
16 a certified nurse anesthetist, those are all
17 issues that are… is, is the direction of where
18 health care is going. I believe that the
19 important thing to look at are results and
20 outcomes and, and we look at those things and I
21 believe that the, the, the bottom line is that
22 the outcomes continue to improve and I don't
23 know who the specific provider is best for any
24 given service, it may be that it can be a nurse
25 rather than a physician and it could be that the

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2 nurse is providing better service in certain
3 circumstances than a physician but the issue to
4 me is whether the outcomes are improving or not
5 and those are things that we need to pay
6 attention to…
7 COUNCIL MEMBER MILLER: So, would you say
8 that that… so, those, those are now industry
9 practices or something specific… is it… or is a
10 specific cost savings practice that, that we're
11 seeing here because I, I, I certainly see a
12 difference in whether or not… and certainly I
13 think even anyone looking peripherally could see
14 that there is a savings between a doctor, a
15 doctor's… a physician's assistant and a nurse
16 practitioner, there's a… obviously cost
17 difference.
18 ROBERT LINN: Well, well look… [cross-
19 talk]
20 COUNCIL MEMBER MILLER: Is it cheaper
21 than employing a doctor or… [cross-talk]
22 ROBERT LINN: Of course, it… of course…
23 of course… (cross-talk]
24 COUNCIL MEMBER MILLER: …assistant…
25 [cross-talk]

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2 ROBERT LINN: …the reason… the reason…
3 the reason throughout the country that employers
4 and plans consider using a nurse specialist of
5 some sort rather than a physician is because
6 they're less expensive. The question to me is
7 not whether it's less expensive the question to
8 me is does it provide… is good service or
9 perhaps better service… [cross-talk]
10 COUNCIL MEMBER MILLER: Absolutely…
11 ROBERT LINN: Yes, and I believe that
12 needs to be looked at but I… but I don't…
13 [cross-talk]
14 COUNCIL MEMBER MILLER: You, you, you…
15 [cross-talk]
16 ROBERT LINN: …believe… but I don't…
17 [cross-talk]
18 COUNCIL MEMBER MILLER: …wait a minute…
19 [cross-talk]
20 ROBERT LINN: …believe per se that the
21 use of a nurse as opposed to a physician for a
22 certain service is per se less good delivery of
23 service.
24 COUNCIL MEMBER MILLER: You know what,
25 I'd, I'd like to see the data that, that would…

that would, would contradict that, I, I think on the surface just based on qualifications and, and knowing that if you look… if, if, if you're procuring… if you… if you're attempting to leverage one million members and… for health care it would not concern you the amount of doctors that are in this system per, per, per capita for, for, for your members there whether or not they could provide adequate service there?

ROBERT LINN: Of course… [cross-talk]

COUNCIL MEMBER MILLER: Here's what I know also, in the last five years as I said you had X amount of doctors now you may have… you may have ten or 20 percent less, those doctors through attrition or whatever they just left, they have not been replaced by doctors, we're not talking about whether or not you walk in the center and say hey, doctor is busy see a nurse, we're saying that that doctor no longer exists, you no longer… nor does the physician assistant now you see a nurse practitioner, that doesn't concern you?

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2 ROBERT LINN: What concerns me is that
3 best practices are being used, its… and, and
4 I'm, I'm certainly not an expert on what is the
5 best practice and what is the level of, of
6 health… [cross-talk]
7 COUNCIL MEMBER MILLER: Are you paying
8 for… [cross-talk]
9 ROBERT LINN: …of health… [cross-talk]
10 COUNCIL MEMBER MILLER: …a lawyer or are
11 you paying for a, a, a… or are you paying for a
12 legal assistant… [cross-talk]
13 ROBERT LINN: I'm… [cross-talk]
14 COUNCIL MEMBER MILLER: Are you paying
15 for a doctor or are you paying for a nurse?
16 ROBERT LINN: I'm paying for the coverage
17 and, and we're, we're paying to… we're paying
18 for the service and we're paying for the
19 benefits and I don't know and perhaps… listen,
20 costs differ, people staff differently, the
21 important thing to an employer is that the
22 outcomes are at least as good and that's
23 something that I concur with you.
24 COUNCIL MEMBER MILLER: I, I agree…
25 [cross-talk]

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2 ROBERT LINN: What we're looking at.
3 COUNCIL MEMBER MILLER: I agree and I
4 submit to you that it just has not been… it has
5 not been based on the, the, the complaints and
6 comments that I field daily from my constituents
7 for… from the lack of health… adequate health
8 care access that we have because of them being
9 moved into a, a… Advantage Care center that does
10 not provide adequate health care providers,
11 that's a problem and, and we should be taking a
12 look at that and before we enter into these
13 agreements we should know whether or not we have
14 adequate service providers to provide services
15 to these members. We did it in the past when
16 there was nobody in the Bronx that was
17 negotiating, right, when there was no, no center
18 in, in certain locations, it was negotiated,
19 that was a problem that was done. Are we… are we
20 still paying particular attention to these
21 details that we're serving members in, in the
22 way that we should?
23 ROBERT LINN: So, Chairman let me just
24 give this anecdote, I missed a flu shot when it
25 was given at our office, I went to the ACP on

Dwayne Street, I'm sure a nurse practitioner was the person who gave me the flu shot, I do not feel that I received a reduced service because it was not a physician so it depends on… [cross-talk]

COUNCIL MEMBER MILLER: I, I can get… [cross-talk]

ROBERT LINN: …the circumstance… [cross-talk]

COUNCIL MEMBER MILLER: …a flu shot in, in the drug store, I'm not talking about that, I'm talking about if I think I have the flu and I want to see a doctor I get to see a, a nurse… a nurse practitioner. Maybe if you go to Dwayne… down to Dwayne Street or where you go on a regular basis to your, your, your PC that's possible but when you don't have an option that you're never going to see a doctor that's a problem, that's another problem… [cross-talk]

ROBERT LINN: That… it should never be an option where you never see a doctor depending on… [cross-talk]

COUNCIL MEMBER MILLER: Unless you want to wait a month and a half…

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2 ROBERT LINN: So, we need to look at that
3 and perhaps you want to… we should go over the
4 specifics of, of your case and we can see
5 whether or not we can help improve that.
6 COUNCIL MEMBER MILLER: Could, could,
7 could we… so, so… before we transition to the
8 Tripartite Committee because I, I certainly want
9 to talk to you, I want to get to them and I know
10 part of the savings was, was with the well care
11 which was, was that RFP itself?
12 CLAIRE LEVITT: Well Care…
13 COUNCIL MEMBER MILLER: Well care.
14 ROBERT LINN: Well Care…
15 COUNCIL MEMBER MILLER: Well Care
16 program. The diabetes, all the preventative…
17 [cross-talk]
18 ROBERT LINN: Is it… is this… [cross-
19 talk]
20 COUNCIL MEMBER MILLER: …programs…
21 [cross-talk]
22 ROBERT LINN: This is the… this is the
23 work well… the work well program, yes, was… are
24 RFPs.
25

COUNCIL MEMBER MILLER: Yeah, so we had a problem throughout this city last year where Emblem Health ran… just randomly announced that they were closing the, the neighborhood well care centers and they did and ours shut down for a while until we… how'd we not know that, we called the admin and they opened it back up after going back and forth but it was throughout the city and, and so we're paying for something as you said a well care program, a wellness program that would allow community members to come in, work on their diabetes, to exercise, yoga programs, all these other things which… what… that, that prevent illness that take place in the well care centers they were just randomly shut down.

ROBERT LINN: So listen, let me say this, we talk and deal with Emblem, Emblem all the time in terms of issues and problematic issues, I'm not familiar with, with what you just recommended but Claire does… it was familiar that Emblem had… did shut various centers down but I think in terms of expanding others, if there are specific issues that you would like us

to look at please feel free to talk… [cross-talk]

COUNCIL MEMBER MILLER: Do they… do… [cross-talk]

ROBERT LINN: …and you should let us know.

COUNCIL MEMBER MILLER: Do, do they contact the city before they shut down these centers?

CLAIRE LEVITT: No, we didn't… we were not made aware that they were shutting them down, we probably found out the same way you did.

COUNCIL MEMBER MILLER: Yep, that was a big issue. Okay, so how, how often will the Tripartite committee be meeting?

ROBERT LINN: I will know more this afternoon.

COUNCIL MEMBER MILLER: This… is this the first meeting?

ROBERT LINN: This is the first set…

COUNCIL MEMBER MILLER: Because you put a lot of emphasis on, on the work that was done

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2 leading us to believe that you've met some time
3 in the past…
4 ROBERT LINN: Oh, no I don't think that's
5 true at all. That… I've, I've said that part of
6 the… we, we just reached our labor agreements…
7 [cross-talk]
8 COUNCIL MEMBER MILLER: Yeah… [cross-
9 talk]
10 ROBERT LINN: …in May… [cross-talk]
11 COUNCIL MEMBER MILLER: …a month ago,
12 yeah, six… [cross-talk]
13 ROBERT LINN: In May… [cross-talk]
14 COUNCIL MEMBER MILLER: …60 days… [cross-
15 talk]
16 ROBERT LINN: …in, in actually in, in
17 June, late June…
18 COUNCIL MEMBER MILLER: Uh-huh…
19 ROBERT LINN: …and we did not meet over
20 the summer and the… we are scheduled to bring
21 together the highest level of union leadership
22 and city leadership with the mediator and
23 arbitrary Marty Scheinman…
24 COUNCIL MEMBER MILLER: Marty Scheinman…
25

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2 ROBERT LINN: …today and that we will
3 then establish a schedule, but I don't think… I
4 didn't say to anyone; the city hasn't said to
5 anyone that this Tripartite Committee was
6 meeting before…
7 COUNCIL MEMBER MILLER: No, no, no I, I
8 just… based on your testimony because you named
9 a couple… a couple of times some of the things
10 that you had hoped to achieve with some of the
11 things that were discussed or will be discussed,
12 what, what… [cross-talk]
13 ROBERT LINN: Yes… [cross-talk]
14 COUNCIL MEMBER MILLER: …are some of the
15 things that you hope to achieve differently in
16 this agreement that we didn't see over the past?
17 ROBERT LINN: Well first of all when you
18 say you didn't see, we have as I've said agreed
19 to provisions that will save on a recurring
20 basis 1.9 billion dollars from what was
21 projected and what actuaries recommended that we
22 budget. In addition to that, there is a… an
23 approach, a gainsharing approach that invites
24 the parties to continue working on things so we
25 have an incentive in the current labor agreement

2 to continue to look how we can reach, reach
3 savings in excess of 600, some of the things
4 that we’re talking about and I’ve said this
5 before, some of the things that we’re talking
6 about have been under discussion for long
7 periods of time without reaching an agreement by
8 the last administration, by the administration
9 before that and, and that we now have the
10 ability to discuss RFPs that you were talking
11 about, self-insurance that Claire and Ken were
12 talking about, Medicare Advantage which is a
13 program that could save a substantial amount of
14 money that some other… as you say other, other
15 unions 1199 uses a Medicare Advantage for, for
16 senior workers, hospital provider tiering as you
17 heard last week, 32 BJ is interested in that,
18 we’re interested in talking about that. The…
19 these are all things… reduction of cost for pre-
20 Medicare retirees that have access to other
21 coverages, these are all things that are
22 incredibly important and now are going to be
23 considered by labor and management together
24 that’s why we are saying that this is an
25 important breakthrough but it’s not the

1
2 important breakthrough, the important
3 breakthrough is another important breakthrough
4 not only have we got… achieved the 1.3 billion
5 or 3.4 billion of the last settlement, not only
6 have we achieved enhancing that by another 1.1
7 billion in cash and 600 million in rate we have
8 also added this approach, I think that that is
9 truly a paradigm shift.
10 COUNCIL MEMBER MILLER: Thank you Chair
11 Dromm.
12 CHAIRPERSON DROMM: Okay, thank you Chair
13 Miller. I want to announce that we have been
14 joined by Council Members Lancman, Rosenthal,
15 Levine, Maisel and Ulrich and we have some
16 questions from the members so I'm going to start
17 with Council Member Powers followed by Council
18 Member Cohen.
19 COUNCIL MEMBER POWERS: Thank you, thanks
20 for being here today and I, I have… [cross-talk]
21 ROBERT LINN: Thank you… [cross-talk]
22 COUNCIL MEMBER POWERS: …50 pages, this
23 is pretty impressive, and I just want to say
24 thank you for the work, I know this is tough,
25 tough work you're doing, and I know the reflect

1
2 the desire for all of us to be in the right
3 place in terms of health care. I wanted to
4 follow up just first and I have some other
5 questions on the PrEP issue… [cross-talk]
6 ROBERT LINN: Uh-huh… [cross-talk]
7 COUNCIL MEMBER POWERS: …you noticed… you
8 noted I think it was 97 percent of the
9 workforce… [cross-talk]
10 ROBERT LINN: Yes… [cross-talk]
11 COUNCIL MEMBER POWERS: …was covered, you
12 said there was some who aren't, but I didn't
13 hear you say who exactly that was so which units
14 or unions I guess are not covered today with
15 PrEP?
16 ROBERT LINN: So, you have the letters we
17 sent in the… [cross-talk]
18 COUNCIL MEMBER POWERS: Okay… [cross-
19 talk]
20 ROBERT LINN: …here that we gave you but
21 are… they are the Detectives' Endowment
22 Association, Local 444 Sanitation Officers,
23 Local 246 Auto Mechanics and we did not receive
24 an answer from LEEBA, the Law Enforcement
25 Employees Benevolent Association.

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2 COUNCIL MEMBER POWERS: Okay, thank you
3 and there is an… there is an expectation that
4 under the same agreement or arrangement that you
5 had for the hepatitis C coverage that you might
6 be able to 100 percent and…
7 ROBERT LINN: We're going to look at that
8 as a model that we think could be helpful in
9 getting there but I don't… I'm not… [cross-talk]
10 COUNCIL MEMBER POWERS: Okay… [cross-
11 talk]
12 ROBERT LINN: …don't know for certain…
13 [cross-talk]
14 COUNCIL MEMBER POWERS: No commitments, I
15 know the… [cross-talk]
16 ROBERT LINN: No commitments but, but
17 it's an approach I think that was… has proved to
18 be useful.
19 COUNCIL MEMBER POWERS: And the… and is
20 there an… a timeline by when you might start
21 looking at how to do that?
22 ROBERT LINN: We will be looking at these
23 issues right away.
24 COUNCIL MEMBER POWERS: Okay, thank you,
25 I know we're going to hear from some folks who,

1
2 who had concerns about that I think you've
3 addressed many of these questions, but we'll
4 follow up if there's other ones. To date, I just
5 wanted to just clarify, 59 percent of the
6 workforce is covered through 2021?
7 ROBERT LINN: Yes.
8 COUNCIL MEMBER POWERS: Okay, those are…
9 and, and which ones?
10 ROBERT LINN: The UFT, DC 37 and Local
11 300.
12 COUNCIL MEMBER POWERS: Okay, thank you
13 and those all include paid parental and family
14 leave?
15 ROBERT LINN: One or the other…
16 COUNCIL MEMBER POWERS: Right, okay…
17 [cross-talk]
18 ROBERT LINN: The paid family leave was
19 part of the DC 37, Local 300; paid parental
20 leave was the D… was the teacher settlement.
21 COUNCIL MEMBER POWERS: And that is…
22 those are different because that's the
23 arrangement they, they negotiated or… [cross-
24 talk]
25 ROBERT LINN: Yes… [cross-talk]

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2 COUNCIL MEMBER POWERS: …just… okay…
3 [cross-talk]
4 ROBERT LINN: …that's what they chose to
5 negotiate.
6 COUNCIL MEMBER POWERS: Thank you and are
7 the wage increases in, in, in those contracts
8 offset entirely by the health care savings?
9 ROBERT LINN: No.
10 COUNCIL MEMBER POWERS: Okay and what's
11 the cost beyond the savings?
12 ROBERT LINN: So, we believe that the
13 health care savings of 600 million generates
14 slightly under… about 1.4 percent in, in the
15 equivalent rate savings. Let me speak in rate
16 because obviously it… this cash and rate and
17 labor contracts and so let me go to the end of
18 the contract… [cross-talk]
19 COUNCIL MEMBER POWERS: Okay… [cross-
20 talk]
21 ROBERT LINN: We have provided increases
22 of a, a two, two and a quarter and three over 43
23 months and we've provided two additional quarter
24 points, another half percent that can be used
25 in, in negotiations for, for other items so

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2 those together provide a total cost of, of two
3 point… 7.42 in terms of the three rate increases
4 and another half a point so let's say 7.9
5 percent of that 7.9 percent the health care
6 savings represent 1.41 percent.
7 COUNCIL MEMBER POWERS: Okay and then the
8 city will take the rest in the cost or the city…
9 [cross-talk]
10 ROBERT LINN: Part of the cost of the
11 labor agreement.
12 COUNCIL MEMBER POWERS: Got it and there
13 was… there's some coverage today I think… so the
14 budget commission and others are going to be
15 testifying later today around whether… there's a
16 couple of different points that they made and
17 others made today but one of them was obviously
18 we're, we're, we're attempting to achieve less
19 savings this round versus what we did in the
20 last round and I credit you for, for the work
21 you did to get those contracts for the most part
22 resolved and so forth, can you tell us just
23 reasons why we're, we're looking to get less
24 savings this round and I know some are
25

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2 structural things that you've resolved the last
3 time that can't be… [cross-talk]
4 ROBERT LINN: Right, so, so first of all
5 let me make the point that after a very
6 substantial negotiations over health care many,
7 many employers don't make any further changes in
8 the next contract or two and we received… we did
9 the 3.4 billion dollars of savings, 1.3 billion
10 recurring, many employers might have said that's
11 sufficient, we have substantial savings, the
12 3.4… the 1.3 billion was the equivalent of
13 instead of 1.4 percent perhaps three, three and
14 a half… three and a half percent, very
15 substantial and the union's position, major
16 leadership positions was like why, why talk
17 about more, why not stop and at that point we
18 would have then not done any further increases
19 in health care savings we would have done a
20 labor agreement, we said because there's more to
21 do we haven't looked at health in all these
22 years, there's more to do so we said let's go
23 beyond the 1.3 billion and let's increase it.
24 Now at one point I said look let's, let's
25 perhaps double it, that was a conversation and

1
2 the general view is first of all this is a three
3 year agreement not a seven year agreement and
4 did that and we just had gone through all of
5 these savings therefore it is not a reasonable
6 approach going forward to those numbers so we
7 wound up settling on 600 million which is about
8 half of the number but it's over three years
9 versus seven years of the labor agreement. We
10 believe it has led to some very important
11 changes and we created a gainsharing approach to
12 go beyond that's what we were able to achieve. I
13 think we achieved a responsible labor settlement
14 with responsible across the board wage increases
15 and we achieved also the ability to keep looking
16 at labor cost containment and we have a
17 commitment… a guaranteed commitment to get
18 there, I think it was a perfectly responsible
19 and reasonable settlement that was in the
20 taxpayer's interest, the public interest and the
21 worker's interest.
22 COUNCIL MEMBER POWERS: Okay and one last
23 question because I, I am at my zero but… and I
24 try to respectful of the time here. Just other
25 cost saving measures that you are looking at or

1
2 you maybe identife3d that aren't part of this
3 plan, but you think could be part of future
4 plans or future negotiations that, that would be
5 able to achieve savings for health care?
6 ROBERT LINN: Well that's exactly the,
7 the agenda for this Tripartite committee is
8 looking at some of those things. You heard
9 testimony or maybe you heard testimony from the
10 Local 30… from 32 BJ about whether hospital
11 tiering is one of those things, those are things
12 among others that we're re-looking at.
13 COUNCIL MEMBER POWERS: Can you name…
14 just name others while we're… while we're here?
15 ROBERT LINN: So, others would be self-
16 insurance, possible RFPs for, for the program,
17 Medicare Advantage plan for, for retirees,
18 consolidated drug purchasing, hospital tiering
19 as I said, audits and coordination of benefits,
20 reduction of cost for pre-Medicare retirees.
21 COUNCIL MEMBER POWERS: Great, thank you,
22 thanks for your time.
23 CHAIRPERSON DROMM: Okay, thank you, we
24 have questions now from Council Member Cohen
25 followed by Rosenthal and Levine.

1
2 COUNCIL MEMBER COHEN: Thank you Chair.
3 Thank you for your testimony, sure I understood
4 a solid two or three percent of it so I really…
5 I do really appreciate you taking the time. I do
6 have some questions about the work of the
7 Tripartite Committee partly in terms of like
8 what will be the… if the committee comes up
9 with, you know no pun intended but if you come
10 up with a cure for cancer what, what happens
11 with that information?
12 ROBERT LINN: Okay, first of all I'm, I'm
13 saddened that you only understand two or three
14 percent of what… [cross-talk]
15 COUNCIL MEMBER COHEN: I'm trying…
16 [cross-talk]
17 ROBERT LINN: …we talked about, I, I will
18 try harder next time to get you up to four or
19 five percent… [cross-talk]
20 COUNCIL MEMBER COHEN: I appreciate it…
21 [cross-talk]
22 ROBERT LINN: …of the… of, of the… of the
23 material. To the extent that we come up with
24 things that reduce costs we have a joint
25 interest in exceeding the 600 million so let us…

1
2 let us say that we come up with an approach for
3 retirees of the Medicare Advantage program and
4 let's say that we did that out and that that
5 saves whatever, 50 million dollars or whatever
6 the number is that it could save if we are then
7 able to go beyond the 600 million of savings
8 that we agreed to in the labor agreement, go to
9 650 then that would be used… the first 60
10 million can be used to increase the welfare fund
11 contributions so that can be further payments to
12 the welfare funds to let them… [cross-talk]
13 COUNCIL MEMBER COHEN: But if, if the…
14 [cross-talk]
15 ROBERT LINN: …make available… [cross-
16 talk]
17 COUNCIL MEMBER COHEN: …committee comes,
18 comes up… will the work of the committee be
19 automatically implemented… what, what, what if
20 there's not an agreement on what, what the… this
21 concept is, we came up with a great… you think
22 it's a great idea some, some of the… [cross-
23 talk]
24 ROBERT LINN: Yes… [cross-talk]
25

1
2 COUNCIL MEMBER COHEN: …unions don't
3 think it's a great idea how does… what happens…
4 what happens with that information?
5 ROBERT LINN: During the term of this
6 agreement it only… if… it only has to take
7 bilateral agreement and there will be a report
8 from the… from the mediator at the… at the… in
9 2020 but it would require bilateral agreement,
10 we will be by the end of that ready for
11 collective bargaining again… [cross-talk]
12 COUNCIL MEMBER COHEN: So, the work of
13 the committee… [cross-talk]
14 ROBERT LINN: So… [cross-talk]
15 COUNCIL MEMBER COHEN: …is not binding
16 its, its sort… [cross-talk]
17 ROBERT LINN: It is not binding… [cross-
18 talk]
19 COUNCIL MEMBER COHEN: …of a think tank…
20 okay.
21 ROBERT LINN: Right…
22 COUNCIL MEMBER COHEN: I have a question
23 about self-insurance, I guess and maybe in this
24 context it probably could make a lot of sense,
25 you know I, I'm always afraid like I don't want

1
2 to subject the city to unnecessary risk, you
3 know trying to be concerned about it but I, I
4 get… I mean the variation how great could it be
5 in terms of self-insurance, its not like… and
6 even though we self-insure and liability too and
7 I… and I guess maybe over time those costs do
8 become fairly consistent but this seems like a
9 place where we're going to… you know we know
10 sort of what the cost are more or less, what do
11 you think the applications are in that?
12 ROBERT LINN: So, look I think that its
13 not as if, if costs exceed projections, we
14 talked about the state rate setting that then
15 becomes part of the HIP proposal for their
16 increases the next year so it's not as if it
17 just disappears and the city doesn't have to pay
18 for them, I believe that with an employer with
19 this population size that we have that does
20 towards a million lives being covered by health
21 insurance that the pay administer of cost or to
22 pay insurance on the coverage when we can do it
23 internally doesn't economically make sense and
24 this is not just Bob Linn with his opinion these
25 are our actuaries, health care actuaries and

1
2 the… and the, the conclusions of many, many
3 employers around the country.
4 COUNCIL MEMBER COHEN: Yeah… the only…
5 and the final thing I would say about it I'd
6 just be concerned to make sure that we're not…
7 it's not another vehicle for debt like that we
8 actually pay as we go. If, if it… if it were…
9 [cross-talk]
10 ROBERT LINN: No, absolutely I, I agree.
11 COUNCIL MEMBER COHEN: Thank you Chairs.
12 CHAIRPERSON DROMM: Alright, I'm, I'm
13 going to go to a question while Council Member
14 Levine is… [cross-talk]
15 COUNCIL MEMBER LEVINE: No, Council,
16 Council Member Rosenthal.
17 CHAIRPERSON DROMM: I'm sorry, Council
18 Member Rosenthal.
19 COUNCIL MEMBER ROSENTHAL: Great, thank
20 you, thank you Chairs for holding this hearing,
21 great to see you… [cross-talk]
22 ROBERT LINN: See you…
23 COUNCIL MEMBER ROSENTHAL: I wanted to
24 know about people who enroll in GHI and Emblem
25 Health and whether or not the city has a

mechanism for checking number one, that people are getting reimbursement for their claims that they put in consistently and two whether or not the city is being properly charged for the claims that are put in and the reason for both of these questions is first of all on GHI and Emblem Health I never get reimbursed and always have to send in my paperwork two or three times so there clear… appears to be a clear desire to not pay people and secondly I've heard of a number of situations where the city was overcharged for a health care bill for services that may have not been provided or for services that had been provided but at a lower cost, I'm wondering if there's some sort of audit that you do or know of in other states like some way of comparing what individuals, employees are experiencing compared to what the insurance company is saying?

ROBERT LINN: So, let me first start with, we have, OLR has a health benefits section, any issues like that you should bring to us and if you have people that… and, and if you have… then if… [cross-talk]

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2 COUNCIL MEMBER ROSENTHAL: Do you want to
3 announce publicly for the record where people
4 should go, could you?
5 ROBERT LINN: Can I… we'll get… how about
6 we'll get… we'll get you exactly the number and,
7 and who… [cross-talk]
8 COUNCIL MEMBER ROSENTHAL: Great… [cross-
9 talk]
10 ROBERT LINN: …to call but first… the
11 first thing is we should be told and you know
12 me… but it could go… you ought to be going into
13 health benefits and say look here's a problem
14 because people call all the time and we help
15 them and try to help them through the thicket of
16 insurance on, on a number of occasions but you
17 should… you should let us know and if it's a
18 welfare fund issue it may be the union issue in
19 terms of its prescription drug coverage and so…
20 but the… but the first important thing is, is,
21 is to let us know and let us look at it because
22 its impossible for us to take action if we don't
23 know.
24 COUNCIL MEMBER ROSENTHAL: And let me
25 just stop you right there, do you send out a

letter every year to GHI and Emblem Health, people who sign up for those saying that this is a common occurrence, you should feel free to contact this information because as a somewhat educated person I literally have never contacted your office and it was recently just crossing my mind to contact my own office just because life is so busy and insurance is supposed to work.

ROBERT LINN: So we don't specifically but we do on our website, the OLR website has all the information about health benefits and telephone numbers and, and, and where to reach and I assume in… when we send out the annual notices we have telephone numbers there as well but it… well you should look at it so I, I think in terms of, of making people aware of… [cross-talk]

COUNCIL MEMBER ROSENTHAL: Uh-huh… [cross-talk]

ROBERT LINN: …if they have issues who to call and where to go it's an… it's a terrific point and, and, and we will do that. We are asking in this Tripartite committee that has not met yet but is going to start meeting this

1
2 afternoon, the issue of audits are one of the
3 things we're going to be looking at and I will
4 mention, okay this afternoon this conversation
5 that we've had and I think it is important that
6 we continue to do that and as I've said it's a
7 triple lane, we want to bring down costs but we
8 want to make sure that the populations are
9 getting healthier and that we're provider better
10 service so I agree with what you said.
11 COUNCIL MEMBER ROSENTHAL: And the second
12 issue about an audit about whether or not GHI or
13 Emblem Health are overcharging… [cross-talk]
14 ROBERT LINN: Uh-huh… [cross-talk]
15 COUNCIL MEMBER ROSENTHAL: …the city for
16 services.
17 ROBERT LINN: Well that's what I meant
18 when I said that we're going to be discussing in
19 the Tripartite the issue of audits of Emblem…
20 [cross-talk]
21 COUNCIL MEMBER ROSENTHAL: This has never
22 crossed your mind before to be thinking and my
23 understanding was in 2014 you were starting to
24 work on audits and maybe had done so previously?
25

1
2 ROBERT LINN: So, we've done a number of
3 audits of a number of elements for… and we
4 inherited a very important audit from the last
5 administration on the audit of appropriate
6 coverage, we have been talking to the unions and
7 this again we act… we operate bilaterally not,
8 not unilaterally and we have made some progress
9 and mainly progress in terms of the coverage
10 issues. In terms of the service deliver we're
11 getting there.
12 COUNCIL MEMBER ROSENTHAL: I guess…
13 sorry… my question may have been a little
14 confusing, if I may for one second because I
15 asked about two diametrically opposed examples,
16 so set aside for the example about not getting
17 reimbursed for services that one should get
18 reimbursement for, separate and apart from that
19 it's my understanding that there have been cases
20 in the past where the city has been overcharged
21 by GHI for services provided and I'm wondering
22 if… what the process is for communication
23 between the insurance company, the city who then
24 pays the insurance company, right, for some
25 stuff and the individual as to whether or not

1
2 the service was actually provided and what the
3 bill was for that service and whether or not the
4 city is being overcharged by the insurance
5 company for services, does that make sense or
6 maybe that… [cross-talk]
7 ROBERT LINN: Well listen, so there,
8 there are certain… several levels of where
9 problems could develop; one is the physician is
10 overcharging or charging… [cross-talk]
11 COUNCIL MEMBER ROSENTHAL: Sure… [cross-
12 talk]
13 ROBERT LINN: …for services and that that
14 filters through the… through the system… [cross-
15 talk]
16 COUNCIL MEMBER ROSENTHAL: Sure… [cross-
17 talk]
18 ROBERT LINN: …and, and we got… we do
19 regularly look at the cost and, and, and seek to
20 analyze it but it seems to me that you're
21 raising that we should be doing more and that…
22 and we've been saying that we should be doing
23 more and its my hope that we move forward in
24 audits in those areas as well but, but I do
25 believe that that is front and center as… and

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2 when I say front and center its on the list of
3 the… of, of one of the items, audits, audits and
4 coordination of benefits are exactly an element
5 that we're talking… going to be talking about
6 with the unions.
7 COUNCIL MEMBER ROSENTHAL: So, and, and
8 perhaps we can talk off line, we don't need to…
9 [cross-talk]
10 ROBERT LINN: Sure… [cross-talk]
11 COUNCIL MEMBER ROSENTHAL: …beat a dead
12 horse here but it's my understanding in 2014 an
13 audit was done and there were… it was found that
14 from 2012, 2013 there were significant
15 overcharges and there was a question about
16 whether or not the city could claw back the
17 money so I think this work has been done, I may
18 not be articulating… [cross-talk]
19 ROBERT LINN: Yes… [cross-talk]
20 COUNCIL MEMBER ROSENTHAL: …it… [cross-
21 talk]
22 ROBERT LINN: I believe the audit that
23 you're referring to was the dependent coverage
24 audit where in fact we did make very substantial
25 changes in terms of people being covered or, or

not be… shouldn't be covered who were being covered who shouldn't have been covered and I think that's the audit that I'm under… know about so if there's… [cross-talk]

COUNCIL MEMBER ROSENTHAL: Yeah… [cross-talk]

ROBERT LINN: …another audit let's have a conversation… [cross-talk]

COUNCIL MEMBER ROSENTHAL: It is, and I will follow up with our staff… [cross-talk]

ROBERT LINN: Yes… [cross-talk]

COUNCIL MEMBER ROSENTHAL: …and with the Chairs to give them the specific information. Thank you… [cross-talk]

ROBERT LINN: Fine… [cross-talk]

COUNCIL MEMBER ROSENTHAL: …I appreciate that… [cross-talk]

ROBERT LINN: Okay, thank you, we're happy to talk about it.

COUNCIL MEMBER ROSENTHAL: Thank you.

ROBERT LINN: You're welcome.

CHAIRPERSON DROMM: Okay, thank you very much. I have a few more questions and then Chair Miller has some questions as well. I'm sorry, I

1
2 keep skipping… Mark Levine, Mark Levine, go
3 ahead.
4 COUNCIL MEMBER LEVINE: Thank you so much
5 to both the Chairs, hello Commissioner…
6 ROBERT LINN: Hello.
7 COUNCIL MEMBER LEVINE: There's been such
8 consolidation in the hospital sector, we're down
9 to really just a few large networks in a city
10 that used to have dozens and dozens of
11 independent hospitals and you don't need a
12 degree in economics to understand that if you
13 restrict supply that could give the ability to
14 raise to prices… [cross-talk]
15 ROBERT LINN: Yes… [cross-talk]
16 COUNCIL MEMBER LEVINE: …prices are going
17 up; do you see consolidation of the industry as
18 driving costs for the city?
19 ROBERT LINN: Yes and… [cross-talk]
20 COUNCIL MEMBER LEVINE: So… [cross-talk]
21 ROBERT LINN: Yes and I… and I think
22 obviously it is, is one of the elements that
23 everyone needs to be concerned about, if there
24 is a borough that a single… basically a single
25 hospital provides that gives the ability to, to

1
2 increase charges, those are very concerning
3 issues and, and, and we need to pay attention to
4 them that's one of the reasons why I mentioned
5 before that looking at one facility which
6 doesn't have a, a monopoly of… Manhattan…
7 COUNCIL MEMBER LEVINE: Right… [cross-
8 talk]
9 ROBERT LINN: …has… charges much more
10 than other facilities and what to do about that,
11 that's something that we… again it needs to be
12 front and center and other unions looking at…
13 [cross-talk]
14 COUNCIL MEMBER LEVINE: Yeah… yes and
15 what… it, it is… it is striking how different
16 the pricing is from hospital to hospital and you
17 couldn't get away with that if we had
18 transparency and we don't…
19 ROBERT LINN: As, as a second, it's not
20 just transparency it's the fact that the nature
21 of health insurance can reimburse in full no
22 matter whether you take someone where, where
23 cost is 35,000 dollars or 25,000 dollars as long
24 as the payment, the reimbursement is, is, is in
25 full and there's also one of the institutions

1
2 was charging 35,000 dollars is doing a very
3 effective advertising job on the… [cross-talk]
4 [cross-talk]
5 COUNCIL MEMBER LEVINE: Yes… [cross-talk]
6 ROBERT LINN: …television and there’s no
7 difference in, in reimbursement there will be an
8 impact and so that… those are very difficult
9 health benefit issues but need to be considered
10 by all employers and… [cross-talk]
11 COUNCIL MEMBER LEVINE: Right… [cross-
12 talk]
13 ROBERT LINN: …and one that we are
14 looking at.
15 COUNCIL MEMBER LEVINE: I, I also wanted
16 to ask you about the new metro plus gold plan
17 which its obviously… it’s, it’s an entity
18 controlled by the city hospitals and it seems to
19 be a more affordable plan but one which patients
20 are moving to because it does seem to be a
21 strong option, is that… does that provide a
22 possible way forward for to save money for the
23 city?
24
25

1
2 ROBERT LINN: We believe that expansion
3 of ci9ty employee utilization of health and
4 hospitals… [cross-talk]
5 COUNCIL MEMBER LEVINE: Yes… [cross-talk]
6 ROBERT LINN: …is a tremendously
7 important opportunity from all sorts of
8 directions not just from health insurance but
9 from providing utilizers of the hospitals very,
10 very important. I believe that in the current
11 administration of the hospitals there is a real
12 move towards providing care and… in a timely and
13 effective way and the discussions on HEP-C as an
14 example of, of, of bringing more city employees
15 into, into the fold so I am totally in favor of,
16 of exploring that and expanding that and I hope
17 we're able to do that.
18 COUNCIL MEMBER LEVINE: And, and lastly,
19 I wanted to ask you about the kind of innovative
20 facility that hotel trades council has created…
21 [cross-talk]
22 ROBERT LINN: Yes… [cross-talk]
23 COUNCIL MEMBER LEVINE: …that have a
24 dedicated health care center just for their
25 members and retirees, they have a… I'm sure

1
2 you've seen the state-of-the-art facility in
3 Brooklyn and the quality of care is world class…
4 [cross-talk]
5 ROBERT LINN: Yes… [cross-talk]
6 COUNCIL MEMBER LEVINE: …and it is saving
7 30 percent of the cost of health care for them,
8 so could the city not replicate that at a larger
9 scale for our workers?
10 ROBERT LINN: So, let me say first of all
11 the, the facility in, in Brooklyn is, is a
12 spectacular facility and Manhattan is
13 spectacular, it is… it is… it is an important
14 approach innovation, the comparison of cost are
15 difficult because of different levels of, of
16 retiree utilization and different age of the
17 population so its difficult to make exact
18 comparisons but on the other hand that type of
19 approach is, is tremendously important. One of
20 the major unions is very excited about possibly
21 moving in that direction, I hope that one of the
22 things we can do over the next several years is
23 explore and expand that possibility for city
24 workers.
25

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2 COUNCIL MEMBER LEVINE: I'm very happy to
3 hear that. Thank you, Commissioner, and thank
4 you to the Chairs.
5 CHAIRPERSON DROMM: Thank you very much.
6 Alright, now finally I get to ask my question.
7 How did you come up with this HEP-C agreement
8 with health and hospitals and what does that
9 look like exactly, I'm not aware of it?
10 ROBERT LINN: So, the… the… how we did it
11 is we've… the question was, was asked is, is
12 there a way of using the hospital ability to buy
13 expensive prescriptions, is there a way of
14 building that into our utilization… our, our
15 provision of health care so that we're, we're
16 not providing… we're not buying Rx or the… or
17 the, the welfare funds are not buying on the… on
18 the market at a very high rate but can use
19 health and hospitals as a… as a provider, you
20 can do that if and all… if health and hospitals
21 is providing the medical care around the
22 provision of the medication and we worked with
23 the new administration I think on a, a very good
24 and creative approach to saying yes we will use
25 health and hospitals as a center to provide the

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2 medical care and that they will then be able to
3 dispense the medication as part of that and that
4 is something that we and… we reached the
5 agreement with, with DC 37 along with health and
6 hospitals and think that it's a very good
7 approach that if anything could be win, win this
8 is it, brings down the cost of the coverage, it
9 provides more utilization of health and
10 hospitals and provides a very important
11 medication that is… that is necessary for
12 population health. So, we, we think that model
13 was a good one and can be used in, in multiple
14 areas.
15 CHAIRPERSON DROMM: Okay, so let me go
16 also back to the PrEP issue, I understand that
17 about 97 percent are covered but from what I
18 understand also there are variations in the
19 amount of coverage within those agreements so
20 work needs to be done as well even where some
21 type of coverages are provided but not full
22 coverage, am I correct… [cross-talk]
23 ROBERT LINN: Yes and, and that's a…
24 that's why I was referring to the model of the
25

1
2 HEP-C approach of perhaps a way of bringing down
3 cost in that area as well.
4 CHAIRPERSON DROMM: Okay, so that was
5 news to me I didn't understand that completely
6 but… alright, how much money is in the health
7 insurance premium stabilization fund?
8 ROBERT LINN: Right now, let me get that…
9 [off mic dialogue]
10 ROBERT LINN: Is that… is that different
11 from this, 1641 FY '18, pretty close. So, I see
12 that the, the current balance as of October 31st
13 '18 is 1.6 billion dollars.
14 CHAIRPERSON DROMM: Okay, have any
15 outlays been made recently from the fund?
16 ROBERT LINN: Oh, yes, there's a whole
17 series of outlays that are being made annually
18 based on prior health agreements through the…
19 through the years.
20 CHAIRPERSON DROMM: Can you… [cross-talk]
21 ROBERT LINN: So, there are… for instance
22 there's a welfare fund payment that is… do I
23 have the expenses here? Yeah, so there's at
24 least ten or 15 agreements, one of the most
25 significant amount is the… there was an

1
2 agreement in 2009 where the agreement in 2009
3 provided that the city would receive 112 million
4 a year from the stabilization fund based on
5 agreements reached by the, the prior
6 administration but there are agreements for
7 welfare fund payments to come out of the fund,
8 there are agreements of 112 million I just
9 talked about, there's an agreement that care
10 management would be… would be paid for by the
11 fund, HIP mental health subsidy is paid for and
12 PICA cost that are a small part of PICA cost so
13 all of those elements have been agreed to in
14 labor negotiations would annually flow out of
15 the… of the fund.
16 CHAIRPERSON DROMM: Can we get that list
17 from you.
18 ROBERT LINN: Sure.
19 CHAIRPERSON DROMM: Yeah, okay. And could
20 any of the money that's in the fund be used to
21 pay for PrEP?
22 ROBERT LINN: So, the fund as we now
23 project is, is diminishing substantially based
24 on these commitments and based on more limited
25 in flow because of a narrowing of the difference

between the HIP cost and the GHI cost so that the answer will… my view it is that in fact this fund will be… will be running low in the not too distant future and then that's why that is on the reduction, the status of the stabilization fund is third from the bottom is for the conversation of the… of the parties. I believe that the best approach on PrEP is, is what I've described before, 97 percent is already covered, we will do everything we can working with the unions, working with you to move to 100 percent and also to figure out ways to make it affordable for everybody.

CHAIRPERSON DROMM: Okay, let's go to Chair Miller.

COUNCIL MEMBER MILLER: Thank you Chair Dromm. So, just on, on that note that, that we left off on what are… what are the plans in the contingence to, to replenish the fund as they steadily diminish?

ROBERT LINN: So, the current labor agreements to the current labor agreement and so there are no plans under the current labor agreement to make any changes other than we've

1
2 already described. If GHI, if we can find
3 further savings in GHI the… so the costs are
4 lower than the HIP costs that would add to the…
5 that would help replenish the fund but those
6 again, I hate to keep referring to the topic we
7 now see why there's a full agenda for the
8 conversations of Tripartite committee, the
9 parties recognize that that is a problem
10 probably in fiscal '21 and, and… that we need to
11 start looking at that and, and seeing what we
12 do.
13 COUNCIL MEMBER MILLER: Okay, so on, on
14 Tripartite committee what, what, what are we
15 going to see different from the, the, the
16 current technical advisory committee that exist?
17 ROBERT LINN: So, I believe the most
18 important thing of this Tripartite committee is
19 that the top leadership of the unions will
20 participate, the top leadership of the city will
21 participate and there's going to be a very
22 effective mediator who's going to work with the
23 parties on that. I believe that… and our… and
24 our… the topic for topics for consideration is
25 this list of innovative new approaches as

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2 opposed to the technical committee that's
3 charged with implementing the old agreement so I
4 believe it is… that the, the new group… this
5 group, this high level group will be looking
6 towards the future in terms of how we deal with
7 things like the stabilization fund and things
8 like tiering and things like self-insurance, all
9 the things we've been discussing recently in
10 this… in the conversation today.
11 COUNCIL MEMBER MILLER: Would, would that
12 include things such as the, the responsibility
13 of provider as Council Member Rosenthal
14 mentioned audits and so forth… [cross-talk]
15 ROBERT LINN: Yes… [cross-talk]
16 COUNCIL MEMBER MILLER: …which will be…
17 [cross-talk]
18 ROBERT LINN: Yes, audits are the… four
19 from the bottom.
20 COUNCIL MEMBER MILLER: I, I, I would
21 just… having dealt with these folks and I, I… we
22 did regular audits, I can't believe that there's
23 not quarterly audits that are happening and, and
24 I remember literally being reimbursed millions
25

1
2 of dollars be, because of that, because of being
3 over… [cross-talk]
4 ROBERT LINN: Uh-huh… [cross-talk]
5 COUNCIL MEMBER MILLER: …overcharged and,
6 and certainly when you're looking at a, a, a
7 smaller size than certainly the one million
8 members that we have here that that could
9 potentially be a significant amount of money
10 that the city is, is not retrieving. So, how
11 open to the council, the public when you have
12 these meetings we, we haven't… obviously you
13 haven't decided on when the meetings… when… how
14 frequently they'd be… will be held, will, will
15 they be open to the public, will they be open to
16 the council, what access will public testimony
17 or member testimony have… play… what, what kind
18 of roles will they play in these meetings as
19 well?
20 ROBERT LINN: So, my view is this, this
21 is collective bargaining and collective
22 bargaining in the city is, is not open to the
23 public but is, is done between the parties and
24 across the table and I think it's the most
25 effective way to do collective bargaining. It's

1
2 not to say once we reach agreement we don't come
3 in, in reported length like I'm doing today and
4 have done multiple times before on, on health
5 benefits. I believe that we should… and, and
6 the… and the obligation of the committee is a
7 report in 2020 which is a year and a half off,
8 it is not, not now and I think that, that we
9 ought… we ought… we will discuss in the
10 committee how to make more information known to
11 the council if they're interested in terms of
12 the work we're doing but I do believe its
13 collective bargaining which is done amongst the
14 parties.
15 COUNCIL MEMBER MILLER: Okay, not exactly
16 what I wanted to hear but I'm sure that we'll,
17 we'll be having this conversation and, and, and
18 also I, I think that you and I have had some
19 very productive conversation on health care and,
20 and how to provide a high quality service in, in
21 how we move forward on that and as, as we wrap
22 up I want to talk about the provider, this, this
23 sole provider that we have here, Emblem Health a
24 little bit AMA Best a, a credit rating agency
25 obviously for health care industry recently

1
2 upgraded Emblem Health financials strength
3 rating to a C-plus margin from a… and, and a
4 rating which portrays a, a, a relatively
5 negative outlook for, for, for this agency and
6 its balance sheets and its strengths of
7 operating performance and, and quite frankly…
8 which means it, it is an enterprise at risk, of,
9 of course you knew that going in as well as the…
10 that the statutory contingency reserve that is
11 required, is it just the HMO portion or… [cross-
12 talk]
13 CLAIRE LEVITT: Yes… [cross-talk]
14 COUNCIL MEMBER MILLER: …or, or all
15 providers?
16 ROBERT LINN: Yes, the HMO.
17 COUNCIL MEMBER MILLER: Right… that… as,
18 as I believe as, as recent as the past 90 days
19 they had not met that requirement, how do they
20 continue to do business?
21 ROBERT LINN: Do you know how to answer?
22 CLAIRE LEVITT: I don't know… [cross-
23 talk]
24 ROBERT LINN: I don't know I, I haven't
25 heard that but I, I… we'll, we'll look into

1
2 that, I don't… I haven't heard that but let me
3 say, say this and we've had this… and I do look
4 forward to additional productive conversations
5 that we have had like the ones in the past. The
6 court was clear, the courts were clear that we
7 cannot do an RFP on our own, it requires
8 agreement of the parties, we have talked about
9 RFPs with the labor unions so far we've gotten
10 the… we've achieved the savings agreements we
11 have which I think are very important but as you
12 can see from the list of the Tripartite
13 committee we haven't completed all of the things
14 that we think we should be talking about and the
15 issue of, of RFPs will be front and center in
16 those conversations and so, so I, I, I concur
17 and I think to the extent that you can also
18 express your opinion to the labor leaders of the
19 city would be very helpful.
20 COUNCIL MEMBER MILLER: I… yeah, the
21 question wasn't about RFPs, it, it was really
22 about Emblem and I… and I think that we're on
23 the same page but that was really a question
24 that I wanted to know about the financial
25 viability of a company that… let me ask you

1
2 this, is this the largest procurement agreement
3 that the city has with any company?
4 ROBERT LINN: I would assume so, right? I
5 assume so but I… we could check to make sure
6 that that's, that's… [cross-talk]
7 COUNCIL MEMBER MILLER: With that being
8 the case wouldn't you know whether or not they
9 were… had a C rating or whether or not they had
10 not met their statutory responsibilities in
11 terms of… [cross-talk]
12 ROBERT LINN: We, we know… we know the
13 financial issues that Emblem is facing, and we
14 are keeping track of it and it is our hope that
15 we can continue to provide excellent service
16 with them but it's obviously critical, we have
17 a… all that… [cross-talk]
18 COUNCIL MEMBER MILLER: And, and then
19 what is… [cross-talk]
20 ROBERT LINN: …it provides health to the
21 bulk of our… [cross-talk]
22 COUNCIL MEMBER MILLER: …the total cost
23 of this agreement… [cross-talk]
24 ROBERT LINN: …employees… what's that?
25

1

2 COUNCIL MEMBER MILLER: What is the total

3 cost of our contract with Emblem Health?

4 ROBERT LINN: Well it's got… [cross-talk]

5 COUNCIL MEMBER MILLER: What are we

6 paying them?

7 ROBERT LINN: …the health care cost…

8 [off mic dialogue]

9 ROBERT LINN: So, it's about 90 percent

10 of the numbers that you were talking about.

11 COUNCIL MEMBER MILLER: And by far the

12 largest contract that we… [cross-talk]

13 ROBERT LINN: Oh, yes… [cross-talk]

14 [off mic dialogue]

15 ROBERT LINN: Oh, yes… [cross-talk]

16 [off mic dialogue]

17 ROBERT LINN: Yes.

18 COUNCIL MEMBER MILLER: Yeah.

19 ROBERT LINN: Because both GHI and HIP

20 are covered by Emblem as you… as you pointed

21 out.

22 COUNCIL MEMBER MILLER: Yeah, so… and

23 certainly I'd, I'd, I'd like to follow up and…

24 along with Chair Dromm with his… and the other

25 members did a number of follow up questions not

1
2 just for the… for… and, and hopefully some of
3 our concerns would be sent on to the, the new
4 Tripartite committee which, which… as well as
5 you I am excited about happening and that, that,
6 that there is real opportunity to not just
7 provide the level of, of, of this service that,
8 that has been negotiated but the high level of
9 quality service that the men and women that
10 served this city that, that gives this city
11 such, such a great value that, that they so
12 richly deserve and in particular our retirees
13 that are struggling, health care matters and,
14 and, and they deserve a higher quality of
15 service not necessarily on their backs and I
16 don’t degree… don’t agree at any… in any shape,
17 form, or fashion that what has been done has
18 been on the backs of the workers, I think that
19 has been thoughtful, that it really parties to
20 the table to bring… to, to provide thoughtful,
21 high quality health care but we want to make
22 sure we’re getting what we pay for that when we
23 negotiate and, and make these things possible
24 that we go to a provider that can really provide
25 the, the highest level of service and, and we

want to continue to talk about that as a council and, and do whatever we can do to assist you in making sure that that happens.

ROBERT LINN: Well let me thank you for those comments and I assure you we have the same sentiments of that… the, the health plan.

COUNCIL MEMBER MILLER: Okay, thank you.

CHAIRPERSON DROMM: Okay, thank you very much, we thank you for coming in and we're going to call up our next panel which is going to be Jonathan Ross… Rosenberg From the IBO and after that we'll have testimony from the public.

JONATHAN ROSENBERG: Thank you for…

CHAIRPERSON DROMM: Okay, thank you for coming in, I want to ask Counsel to swear you in and then we can… you can start giving testimony.

JONATHAN ROSENBERG: Okay.

COMMITTEE CLERK: Do you affirm that your testimony will be truth… will be truthful to the best of your knowledge, information and belief?

JONATHAN ROSENBERG: Yes.

COMMITTEE CLERK: Thank you.

CHAIRPERSON DROMM: Okay, thank you Mr. Rosenberg, would you begin.

1
2 JONATHAN ROSENBERG: Thank you. Thank you
3 Chairman Dromm and Chairman Miller and members
4 of the committee and staff. My name is Jonathan
5 Rosenberg, I'm the Director of Budget Review for
6 the New York City Independent Budget Office.
7 Along with me is my colleague Robert Callahan
8 also from IBO and I appreciate the opportunity
9 to testify before this joint committee today.
10 IBO continues to monitor the progress of the
11 city's and the Municipal Labor Committee's joint
12 health care savings initiatives. Our office has
13 appeared before this committee or these
14 committees in prior years to offer our
15 assessment of the annual progress. While we
16 applaud the collaborative efforts of… efforts to
17 find budgetary savings through increased
18 efficiency and effectiveness in the city's
19 provision of health care, it is disappointing
20 that the vast majority of savings realized to
21 date have come in the form of paper gains from
22 lower than expected premium increases and other
23 accounting maneuvers. But instead of focusing my
24 testimony on issues that have already been
25 thoroughly discussed, I instead wish to focus

1
2 today's testimony on key provisions of the most
3 recent joint agreement. The agreement dated June
4 28th, of 2018, lays out a broad schedule of
5 targets for new health savings totaling 1.1
6 billion dollars in fiscal years 2019 through
7 '21, 200 million in 2019, 300 in 2020 and 600
8 million in 2021. Under the agreement at least
9 600 million of this total savings must be
10 reoccurring. These savings are intended to
11 defray some of the cost of wage increases in the
12 current round of collective bargaining. These
13 savings goals, an average of 357 million dollars
14 per year, are less ambitious than the 850
15 million per year requirement of the previous
16 agreement although with more realistic health
17 care cost growth projections, the initiative
18 should result in measurable progress in
19 controlling health insurance costs. A key
20 feature of the prior agreement between the MLC
21 and the city covering fiscal years 2015 through
22 2018 was a provision designating a portion of
23 the excess savings above the agreed upon target
24 of 3.4 billion dollars for pensionable lump sum
25 bonus payments to be proportionately distributed

1
2 to the members of the various city unions.
3 According to the most recent report from the
4 Office of Labor Relations, the prior round of
5 savings initiatives generated a surplus of 51
6 million dollars over the target amount subject
7 to certification by the city's actuary. However,
8 rather than providing the previously promised
9 employee bonuses, the parties now intend to
10 credit these surplus savings towards the new
11 fiscal 2019 health care savings goals of 200
12 million dollars reducing the target for new
13 initiatives in that year to 149 million.
14 Similarly, similarly in the prior agreement, the
15 allocation of recurring savings for fiscal 2018
16 that exceeded the target of 1.3 billion dollars
17 were to be subject to negotiations between the
18 parties. According to OLR, these savings
19 exceeded the target by 35 million dollars
20 pending certification. As with the
21 aforementioned nonrecurring surplus, the most
22 recent OLR report states that the city and the
23 MLC intend to repurpose these recurring savings
24 to reduce their obligations to generate new
25 health care savings in the next three fiscal

1
2 years and beyond. After accounting for these
3 surplus funds from the prior agreement, the city
4 and the MLC are only obligated to find 114
5 million dollars in new savings for fiscal 2019
6 and a total of 944 million dollars through 2021.
7 The tangible savings achieved under the prior
8 agreement were the result of increases in
9 premiums, changes in services provided, and
10 efficiencies borne by the workforce from fiscal
11 2015 through 2018. However, using surplus funds
12 from these prior initiatives to reduce future
13 employees' savings targets avoids making changes
14 that would actually alter the cost of delivering
15 health benefits to city workers and retirees.
16 Unlike the prior agreement, the new agreement
17 between MLC and the city does not include any
18 provision for returning excess savings to the
19 employees. Rather, the new agreement allows for
20 the transfer of the first 68 million dollars of
21 recurring savings exceeding the 600-million-
22 dollar target to fund a 100 dollar per member
23 contribution by the city to the unions' welfare
24 funds. This is in addition to two 100 dollar per
25 member contributions the city will make to union

1
2 welfare funds at the beginning of fiscal years
3 2019 and 2020 using funds from the health
4 insurance stabilization fund. Speaking of the
5 HISF, it was established in fiscal 2000… fiscal
6 1884 to provide a reserve that could be used to,
7 and I quote, “maintain the current level of
8 health insurance benefits provided under GHI”.
9 The city’s employer contribution for the cost of
10 health care provision is equalized to the HIP
11 premium rate with the stabilization fund
12 intended to cover the difference should GHI
13 rates exceed those of HIP. The HISF shields city
14 employees from health insurance paycheck
15 deductions in years when the relative cost of
16 the city’s major health plans, HIP and GHI,
17 reverse. Since 2002, GHI’s premiums have been
18 lower than those of HIP and the difference
19 between the HIP premium rate paid by the city
20 and the lower GHI premium has been deposited
21 annually by the city in the HISF. The city is
22 also required by terms of its collective
23 bargaining agreements to make an annual
24 contribution to the fund of 35 million dollars.
25 The city and organized labor must agree on any

1
2 unplanned expenditures from that fund. The
3 stabilization fund has become a steady source of
4 reserve income for the city and has been used
5 for both recurring and a substantial one-time
6 payment to the workforce in labor negotiations.
7 The 2015 to ’18 health savings agreement
8 withdrew one billion dollars from the fund to
9 defray the cost of wage increases and also
10 forgave a 148-million-dollar loan by the fund
11 used by Mayor Bloomberg to satisfy a federal
12 mental health parity requirement. The balance of
13 the fund at the conclusion of fiscal 2018 was
14 1.6 billion dollars after 250 million… four
15 million dollars in expenditures in that year and
16 I believe my testimony that you have provides a
17 table which gives you the last eight years
18 balances of the health insurance stabilization
19 fund. According to preliminary reports from the
20 Mayor’s Office of Management and Budget, the
21 family premium rate for HIP is actually lower
22 than that of the GHI rate for fiscal 2019. This
23 could likely result in a net reduction in the
24 HISF balance, consistent with the fund’s
25 original role as a short-term reserve in years

1
2 when the GHI rate exceeds the rate of… for HIP.
3 If this trend continues in future years, the
4 stabilization fund surpluses may not be
5 available as a source of health insurance
6 savings. While the current balance in the HISF
7 is robust, it is uncertain how long that could
8 be sustained if the HIP rate remained lower than
9 the GHI rate for an extended period. If the fund
10 were to be depleted the city and the unions
11 would eventually have to face difficult
12 decisions to either reduce employee benefits or
13 increase, increase employee contributions.
14 Nevertheless, the 2018 agreement assumes there
15 will be contributions from the surplus in each
16 year of the plan. Though the targets of the De
17 Blasio Administration's and the Municipal Labor
18 Committee's second round of health care savings
19 initiatives are less ambitious than the first,
20 IBO is hopeful that the new agreement's call for
21 a new Tripartite health insurance policy
22 committee can make meaningful, mutually
23 beneficial changes to the way that the city
24 delivers health insurance to its workforce. The
25 stated topics of discussion for the committee

1
2 are largely common-sense reforms with tangible
3 financial consequences. We will continue to
4 monitor their developments and I thank you for
5 your time and I'm glad to answer any questions
6 that you have or try to.
7 COUNCIL MEMBER MILLER: Good afternoon.
8 JONATHAN ROSENBERG: Hi.
9 COUNCIL MEMBER MILLER: I really
10 appreciate your assessment of, of this agreement
11 as, as usual, great job but in your testimony
12 you, you referred to it as, as, as… go back…
13 the, the Tripartite committee as, as common
14 sense… some common sense measures that are being
15 discussed there and, and as you summarized it
16 made me think what, what non-common sense go on,
17 what would you do differently and what has been
18 omitted from, from, from the admin's testimony
19 and, and some of the things that we've seen what
20 would… what should be on the table and what
21 should they be discussing in the Tripartite
22 committee?
23 JONATHAN ROSENBERG: Well I think that,
24 you know from seeing their presentation and, and
25 the long list of things and, and very general

1
2 kind of all-encompassing things that they put up
3 there I can't say that I had specific ideas that
4 were, were, were… exceeded their list because
5 their list was pretty long and comprehensive.
6 One of the things I know that you… we… that was
7 brought up by the Council Members and I agree
8 is, is that the audit of the previous audits of
9 services and, and I think they might have
10 mentioned that in there but I don't think it was
11 one of the higher up ones… [cross-talk]
12 COUNCIL MEMBER MILLER: Uh-huh… [cross-
13 talk]
14 JONATHAN ROSENBERG: …maybe more of a
15 focus on that and not necessarily something
16 that's different from it was… but definitely
17 things that had been brought up by Council
18 Members. I would ask… I don't know if… do you
19 have any… no, okay. Yeah, I mean I don't… we…
20 yeah, yeah, I mean we, we basically… we, we as
21 the IBO have presented some options, some budget
22 finance… budget options that are related to the
23 health care savings or, or potential health care
24 savings some of which I believe actually were
25 presented in… I think they were in your

1
2 committee report, maybe not, but in regards to
3 savings for Medicare savings and other types of
4 savings that the city could have that might need
5 to be discussed and those can be found on our…
6 on IBO's website as well, they have… they will…
7 they actually are being updated as we speak but
8 there are certain health care savings related
9 things that I'm not sure that necessarily were
10 on that list. So, on the savings side IBO has
11 done a bit of research on those things, in terms
12 of the provision of services we haven't done
13 quite as much, you know because we, we focus a
14 lot more on the budget I guess than the
15 provision of services maybe to our detriment
16 but… so I, I would say that some of the stuff
17 that we have already… we've already… IBO has
18 already put forward in terms of health care
19 savings for Medicare and Medicaid and… those
20 things have… probably should be discussed as
21 well.
22 COUNCIL MEMBER MILLER: And, and, and
23 finally, does, does the… does the, the, the lack
24 of, of competition in providers… does, does,
25 does the lack of competition in providers and in

1
2 this particular case the, the fiscal… current
3 fiscal status of the current provider does any
4 of that concern you?
5 JONATHAN ROSENBERG: Honestly we have not
6 done a lot of analysis of that so I, I wouldn’t
7 want to speak to that only from what… you know
8 the, the information that I’ve heard today I
9 would say that that is something of concern but
10 IBO has not done specific research on that topic
11 but would be glad to… you know we’d be glad to
12 discuss that in… if that is something you would…
13 you know we’re here as a resource for the
14 council as well if that’s something that we
15 could be of more help with.
16 COUNCIL MEMBER MILLER: Thank you very
17 much.
18 CHAIRPERSON DROMM: Okay, thank you to
19 this panel for coming in, we appreciate it,
20 thank you for your… [cross-talk]
21 JONATHAN ROSENBERG: Thank you…
22 CHAIRPERSON DROMM: …your testimony. I’d
23 like to now call up Brian Downey, the President
24 of the Gay Officers Action League and Ryan
25 Merola, Executive Director of the Gay Officers

1
2 Action League. Okay, start whenever you're
3 ready. The little red light has to be on.
4 BRIAN DOWNEY: Okay, thank you. Good
5 afternoon now Chairman Dromm, Chairman Miller,
6 members of the council staff. I want to thank
7 you for the opportunity to address these
8 committees on a matter of great concern for my
9 membership and frankly for all city employees;
10 the lack of coverage in some city worker health
11 plans for HIV medicines, medicines and the
12 preventative drug, PrEP. Based upon Commissioner
13 Linn's remarks, I also have to thank you for
14 your work Council Members in pressing the Office
15 of Labor Relations for the information provided
16 in his testimony, we are encouraged by the PrEP
17 figures but until we see the details of the 90
18 cent… 97 percent figure on PrEP coverage we
19 believe that our prepared remarks are still
20 incredibly relevant and I have shortened a
21 version of what's to be read in front of you. My
22 name is Brian Downey and as introduced I am the
23 President of the Gay Officers Action League of
24 New York. GOAL exists to address the needs,
25 issues, and concerns of LGBTQ criminal justice

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2 professionals in the metropolitan area. We are
3 also the go to group for many across the country
4 who need help advocating in the criminal justice
5 community on LGBTQ issues or forming their own
6 organizations. Like I mentioned a moment ago, I
7 come to you today because some of my members are
8 hurting and GOAL requires your help. Some of my
9 members lack essential coverage in their health
10 plans for HIV medications and for PrEP. To be
11 clear, I'm talking about a gap in health care
12 coverage for the, the antiviral… antiretrovirals
13 that are essential for HIV positive persons to
14 control their viral load and live normal lives
15 and the prophylaxis treatment that can stop the
16 spread of HIV. Over the past two years several
17 of my members in particular uniformed officers
18 have quietly sought help from GOAL, all were
19 police officers whose excellence as officers
20 were recognized through promotion to the rank of
21 detectives. Detectives are the investigative
22 heart of the NYPD and to achieve the rank of
23 detective its truly a special recognition for
24 past successes that few receive in their
25 careers. And yet, after a coveted promotion

1
2 these officers were shocked to find that
3 critical coverage was not afforded to them in
4 their new rank under the city's plan, those
5 costs were suddenly out of pocket. Make no
6 mistake these are five figure costs annually,
7 costs that rival rent payments and costs the
8 city employees, my members never expected to
9 face. I raise this matter with my membership and
10 sure enough other non-uniformed members and
11 friends of our organization, current and former
12 city employees came to me and shared similar
13 stories they had no or limited coverage either,
14 they were stuck to asking themselves how do I
15 afford PrEP, how do I get my antiviral…
16 antiretroviral treatment covered and or
17 subsidized. The worst part…
18 CHAIRPERSON DROMM: You may proceed.
19 BRIAN DOWNEY: The worst part is that we
20 now know the problem is bigger than just my
21 members who raise this issue directly with me.
22 In fact, today was the first time, the first
23 time we heard the 97 percent figure on PrEP and
24 still that figure does not tell a full story on
25 what coverage means, what are costs, what the

1
2 high option rider means for costs either. So, I
3 come before you for help, please I know my
4 organization knows and you now know that there
5 are public servants who's job it is to serve the
6 city of New York that have no coverage for life
7 saving drugs for prophylactics that might one
8 day make HIV obsolete. GOAL is asking for your
9 support Council Members to address this issue,
10 we need the Council's help to scope this problem
11 and to solve it. there ought to be an
12 examination of the data made available on which
13 groups of employees lack this coverage and also
14 a city backed solution that helps its employees
15 whatever form that comes in whether adding HIV
16 medications and PrEP to the basic HIP, HMO, and
17 Emblem Health, GHI, CBB plans or adding them to
18 the PICA program or offering a program to the
19 Department of Health and Mental Hygiene for city
20 employees who can't afford coverage. The city's
21 employees deserve that kind of commitment from
22 the government they serve. I thank you for
23 listening to me this morning and I appreciate
24 any questions you have.
25

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2 CHAIRPERSON DROMM: Thank you very much,
3 Brian… Mr. Merola do you have anything?
4 RYAN MEROLA: No, Brian's statement
5 concludes our prepared remarks.
6 CHAIRPERSON DROMM: Okay, you know when
7 you first brought this issue to my attention I
8 found it really shocking to hear and very
9 disappointing to find out about especially in
10 light of the fact that as members of the NYPD
11 who risk your lives every single day for New
12 Yorkers to then put you out there and risk your
13 life in another way by not making PrEP available
14 to officers in particular but also to others who
15 are effected by the lack of coverage is really
16 very deeply concerning to me. I asked a number
17 of questions today of the Office of Labor
18 Relations, we had written a letter to them and
19 we got a response I think my office might have
20 shared that response with you… with your
21 organization if now we will share it with you
22 and we want to continue to work with you on this
23 issue. I mentioned as well when OLR was here
24 that, you know the 97 percent figure actually is
25 not even the full story as you mentioned in your

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2 testimony as well that the, the, the inadequacy
3 of some of the coverage even within that 97
4 percent is not sufficient and I do recognize as
5 you did in your testimony as well that the
6 administration has made great strides in terms
7 of producing the number of those who are
8 infected by HIV yet this issue still remains
9 outstanding and it's something that certainly
10 I'm going to be fighting for as we move forward.
11 Thank you.
12 BRIAN DOWNEY: Thank you Council Member.
13 CHAIRPERSON DROMM: Is that it?
14 COUNCIL MEMBER MILLER: Yeah. Thank you
15 so much for coming in and, and thank you for
16 your testimony. I am… I am… I'm also appalled
17 and, and, and I know that you've been
18 corresponding with my office as well. This is a
19 problem that as, as Council Member Dromm says
20 that, that look this city has value far beyond
21 anything that we've seen in decades past and it
22 has value because of its public servants, this
23 city is safer, it is cleaner, the transportation
24 is better, we are better educated because of the
25 people that provide those critical services, we

1
2 have to honor them with the fair compensation
3 that they deserve and it has to be equitable
4 across the board, what we can do and I think
5 based on this hearing we, we've seen kind of
6 where the money is, where the savings is that
7 they instituted this Tripartite committee now
8 that part of that conversation and dialogue has
9 to be… is that how we ensure that these
10 services… these, these benefits are delivered
11 equitably, you know I, I had the privilege of
12 serving as a president of a business… in
13 business agent, a union that, that serves the
14 city, a smaller union that, that… surely you
15 know a couple of bad cases would, would put the
16 benefit fund in jeopardy but we figured it out
17 and we as, as a city will figure it out and, and
18 I assure you that the way that this council, the
19 leadership, Speaker Johnson, Chair Dromm, the
20 Health Committee, the, the, the Labor Committee
21 we are committed and, and we'll see it through
22 and look forward to working with you in, in, in
23 the future and, and the leadership to, to making
24 this happen so, thank you for coming out…
25 BRIAN DOWNEY: Thank you… [cross-talk]

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2 CHAIRPERSON DROMM: And in the same way
3 that this council advocated for parental leave
4 we can do that as well, yes, we could do that as
5 well in this issue and that's why it's so
6 important. I thank you for staying throughout
7 the whole testimony and we will continue to, to
8 network with you until this is achieved. Thank
9 you… [cross-talk]
10 BRIAN DOWNEY: I appreciate that
11 commitment, thank you, thank you to the Chairs.
12 CHAIRPERSON DROMM: Thank you very much.
13 And with that this hearing is adjourned at 12:55
14 p.m.
15 [gavel]
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C E R T I F I C A T E

World Wide Dictation certifies that the foregoing transcript is a true and accurate record of the proceedings. We further certify that there is no relation to any of the parties to this action by blood or marriage, and that there is interest in the outcome of this matter.

Date December 26, 2018