

January 19, 2023

To members of the City Council and Municipal Retiree Colleagues,

My name is Marthe Gold. I am Professor Emerita of Community Health and Social Medicine at the CUNY SOM at City College. I am a physician whose career has been in primary care (and therefore understand why physicians are disinclined to enroll in a plan where prior authorization rules) and as a senior policy advisor in the federal Department of Health and Human Services where I served as the editor of an influential report entitled *Cost-Effectiveness in Health and Medicine*. I am a member of the National Academy of Science.

I know that your immediate charge is to decide whether or not to amend 12-126 and you will hear rationales today as to why it makes sense to let retiree litigation run its course (which I favor) without making changes. But I hope that the City Council will also make it its business to apply pressure wherever possible to undo the cynical plan to place municipal retirees in a Medicare Advantage plan. A recent survey found that fully 80% of Democrats support Medicare for All, a public option. Medicare Advantage is all about privatizing medical care. For the City of New York to place its municipal workers in a private for-profit plan is completely out of synch with the desires of the vast majority of its constituency. People will not forget.

My further remarks center on the weaknesses of Medicare Advantage programs for NYC municipal retirees, and more generally.

First, in last year's go around with the Alliance Medicare Advantage plan, the insurers were unable to assure that enrollees would have access to the range of medical services they had under the Medicare Fee-For-Service Senior care program. This worked badly enough in the NYC metro environment, but guaranteeing unfettered access to hospitals in more affordable regions of the US (where many municipal

workers spend their retirement to escape the unaffordability of New York City) is implausible.

Second. An April 2022 report on Medicare Advantage from the Office of the Inspector General of DHHS found that 13% of prior authorization denials were for service requests that MET Medicare coverage rules, thereby preventing or delaying medically necessary care for enrollees.

<https://oig.hhs.gov/oei/reports/OEI-09-18-00260.pdf>

Third, an October 8<sup>th</sup> NY Times article details the large amount of fraud and overbilling that Medicare Advantage insurers have engaged in.

Fourth, and relevant to the City's presentation that the federal government will pick up much of the missing \$600 million tab, a December 7<sup>th</sup> Congressional Budget Office study reported that the federal government pays Medicare Advantage plans an average of 4 percent MORE than it would cost the Medicare fee-for-service program to cover a similar beneficiary. The CBO recommends that benchmark payments to US plans be REDUCED by 10% in 2025.

<https://www.cbo.gov/budget-options/58626>

I have to wonder how AETNA will manage that little problem of less money and find a way to satisfy its shareholders.

Enrolling municipal workers in Medicare Advantage is a Band-Aid solution to restraining long run cost growth. Requiring a premium to buy out of the Aetna Plan creates a two-tier system, deeply at odds with New York City's efforts to create more equity in its population. PSC CUNY has developed a proposal that is far more likely to accomplish the ends the city seeks in cost control while keeping faith with municipal workers.

Thank you for your holding this important information gathering session. It is much appreciated.