

**Testimony of Dr. James Davis, President
Professional Staff Congress/CUNY
Before the New York City Council Committee on Civil Service and Labor
January 9, 2023
Re: Intro 0874-2023 Health insurance coverage for city employees, city retirees,
and their dependents**

Thank you Council members and Chairperson De La Rosa for the opportunity to speak today.

As President of the Professional Staff Congress, a 30,000 member union, I am here to ask you to reject the proposed change to the City Administrative Code 12-126. There are practical concerns that my colleague and I will raise, but most importantly, we urge you to seek alternatives. It is true that healthcare costs are skyrocketing, and also true that the Municipal Labor Committee (MLC) cannot maintain its Stabilization Fund commitments under the status quo. But it is not true that Medicare Advantage is the only path to achieving savings for the City, or that premiums must be charged to retirees who remain enrolled in Senior Care or for active employee health insurance.

The PSC has opposed the change to the Administrative Code because it would open the door to lesser plans being negotiated for subgroups of employees. Retiree access to traditional Medicare and Senior Care should continue and remain premium-free. The City can of course implement a Medicare Advantage program, but healthcare savings should be found elsewhere. We are told we are in a box, and now the Council is in that box too. But you do not have to accept those terms if you have the political will to do otherwise.

What kind of choice are we preserving if a retiree is charged \$200/month to keep Senior Care? For low-income retirees and their dependents that is not a real choice. You have heard that if you fail to change the Administrative Code, retirees will be forced into Medicare Advantage; but many will be forced to enroll if the Administrative Code is changed. That is not legislating boldly, it is accepting a tiered system that regulates access by income and race.

Another solution must be found. It is not impossible. It could be accomplished in three phases.

- First, the City should provide short-term relief by allocating \$500 million per year less to the Retiree Health Benefits Trust and contributing the equivalent amount to the Stabilization Fund. The RHBT has sufficient reserves to do this for 2-3 years.
- In that time, a stakeholders' commission should be charged with identifying a path to control healthcare spending. The commission should focus on hospital pricing, the main culprit.
- A sustainable method of funding City health insurance should emerge from this process, replacing the Stabilization Fund and reaffirming the MLC's right to bargain with the City over public employee health insurance.

The City has sufficient resources for this approach. Nothing is solved by forcing the MLC unions to deliver \$600 million unless the Stabilization Fund is restructured. Tying future wage increases

to this \$600 million “savings” is unfair and fiscally unnecessary. We talk about tearing off the band-aid to deal with healthcare savings, but the proposed change just applies a different band-aid while inflicting new wounds.

We urge you to take a bolder and more thoughtful approach than a change to the Administrative Code. Thank you.