Testimony of Leonard Rodberg, PhD
before the NYC City Council Committee on Civil Service and Labor

January 9, 2023

I am Leonard Rodberg. I am Professor Emeritus of Urban Studies at Queens College/CUNY and Research Director of the NY Metro Chapter of Physicians for a National Health Program.

When the City and the MLC introduced their plan, 18 months ago, to move all their retirees to a Medicare Advantage plan, they claimed that the federal government would make up for the $600 million cut in City spending on our healthcare. That statement was false. The City is currently contributing 20% of our healthcare costs; the federal subsidy to Medicare Advantage for the past few years has been just 4%, and this year it is reported to be just two percent (see Figure 1)

Further, in Medicare, federal money goes directly to doctors and hospitals. In Medicare Advantage, private insurers siphon off an average of 14% to pay for everything from the cost of staff to review requests from physicians to authorize tests and treatments for their patients, to profits for stockholders, to salaries for overpaid CEOs like Mark Bertolini of Aetna – the City's chosen insurer – of $27 million last year. The result is that Medicare Advantage is inferior, cut-rate medicine, with 24% less money available to care for patients compared to real, traditional Medicare.

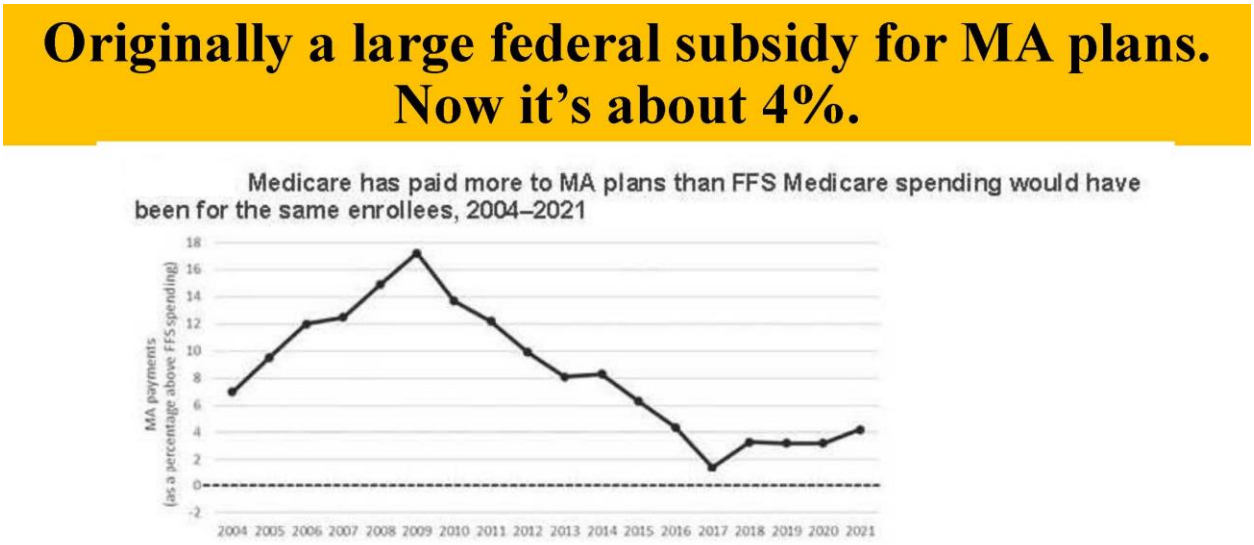
This cut of nearly a billion dollars will have real consequences: Less access to care. More illness. People will die so the City can save money, and insurers like Aetna can enjoy growing profits and paychecks.

The City should continue its practice of the last forty or more years and pay for coverage so all retirees can have high-quality Medicare coverage. My union, the PSC, has shown that the money is there, in reserves that are larger than ever, to keep the existing coverage while the City and the unions pursue real efforts to contain rising healthcare costs.

Speaker Adams and Chairperson De La Rosa, in the statement they issued last week, said that any plan "must include support for low-income retirees to truly access choice in their healthcare coverage," Nothing I have seen so far does that. Only maintaining existing access to traditional Medicare will do it. That is the promise that should be kept.

Thank you for the opportunity to present my views.

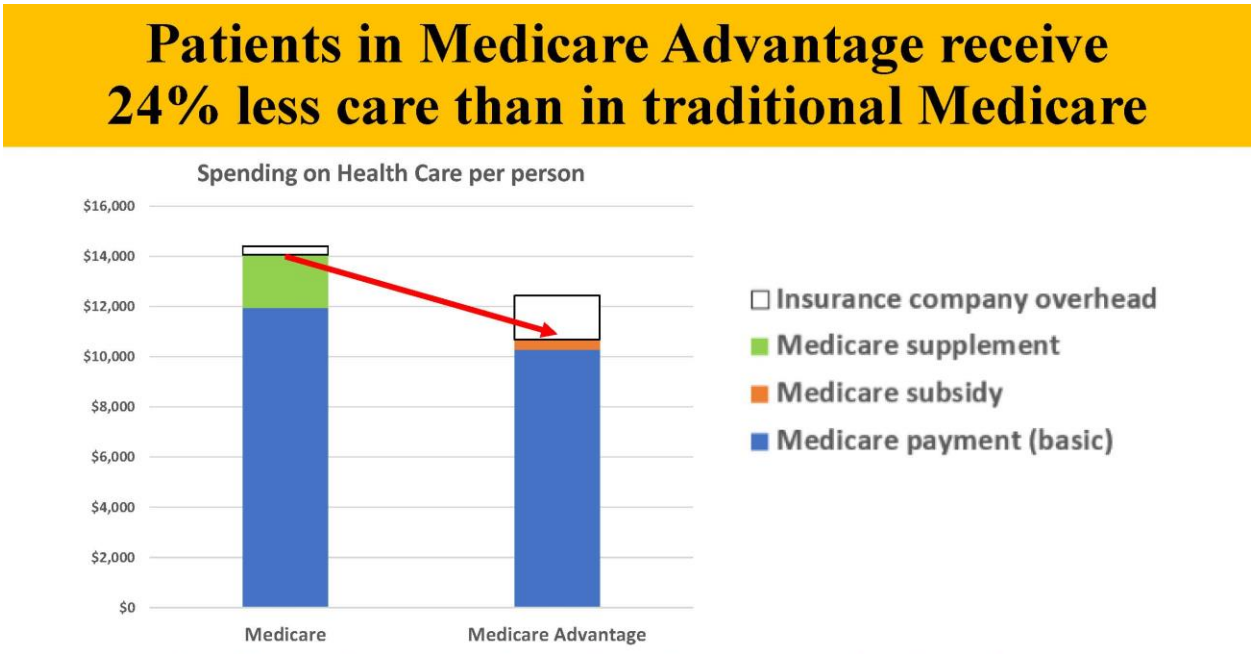
Figure 1



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

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

Figure 2



Source: https://www.pnhpnymetro.org/city_s_plan_will_reduce_retiree_health_care_by_24