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March 20, 2023

Re: New Information about the Proposed Aetna Medicare Advantage Contract

Dear Council Member:

New information has come to light about the proposed Aetna Medicare Advantage contract with the City, which is now available on the OLR website. The PSC has reviewed the contract and believes it contains information that was not disclosed when the contract was under consideration by the MLC.

The proposed Aetna contract **allows the City to continue to offer supplemental Medicare coverage such as Senior Care at no cost to retirees.** Contrary to what the public and perhaps the Council were led to believe, Aetna does not require that Senior Care be eliminated or offered only at full cost.

The contract was posted on March 10 and will be available for public inspection until March 21. It was not available when the Municipal Labor Committee voted to support it on March 9. We offer this update to alert Councilmembers to the information and to ask you to contact the Mayor in support of the City continuing to offer no-cost supplemental Medicare coverage to retirees, as it has for decades.

Under the terms of the contract, the City has until April 1 to notify Aetna if it plans to continue Senior Care or other supplemental coverage free of charge. Notifying Aetna by April 1 would enable retirees to opt out of Aetna MA effective September 1. Given the importance many City Councilmembers placed on “choice” in their public statements about retiree health care, we believe that Councilmembers may want to focus on this provision of the contract.

The relevant sections of the proposed contract are outlined below.

- Attachment B explicitly includes a scenario under which the City would continue to offer free supplemental Medicare coverage to retirees and eligible dependents. The contract lays out three “options” affecting the City’s premiums. Under “Option A,” Aetna MA would be the coverage offered by the City to retirees and eligible dependents, with the only “opt out” into another Medicare Advantage plan, HIP VIP. Under “Option B,” Aetna MA would still be the default plan, but retirees’ opt out options would include the right to choose a supplemental plan such as Senior Care, and retirees would pay the full cost. (This option is currently not permitted under the law because the Administrative Code, Section 12-126, has not been changed.) **Under “Option C,” Aetna would still be the default plan, and retirees would have the right to choose a supplemental plan, but the City would bear the whole cost of supplemental coverage.**

- Section 2.3 sets forth the April 1 notification deadline: “If the City notifies Contractor in writing prior to April 1, 2023 that it will implement the scenario

described in Option B or Option C as set forth in ATTACHMENT B, Eligible Enrollees will be permitted to opt-out of the MA plan and enroll in the Supplement Plan effective September 1, 2023.”

- Under “Option C” the City’s cost per participant in Aetna MA would be increased to offset the anticipated reduction in the number of Aetna MA participants. The increased costs are guaranteed at \$20 per member per month for the first four years of the contract. While the City’s anticipated savings from the introduction of Medicare Advantage would be reduced under Option C, there would still be significant savings. The shortfall could easily be covered by the [proposal offered by the PSC](#) or by one of the other proposals put forward by advocacy groups.
- Section 3.1 acknowledges that the City may decide to continue to offer free supplemental coverage. It addresses the effect on the City’s premiums “[i]n the event the City chooses to offer the Supplement Plan to Eligible Enrollees during the Initial Term or during any Subsequent Term or Additional Subsequent Term and the City chooses to charge a premium for the Supplement Plan that is less than the full additional incremental cost.”

The PSC has significant concerns about other aspects of the proposed Aetna contract, including the extent of its confidentiality requirements, the unusual length of the contract—essentially 11+ years—and other issues. Our concerns are detailed in President James Davis’s March 21 testimony to the Office of Labor Relations, which is attached.

We have focused here on the new information that appears to be most urgent: that the contract permits the City to maintain free health care coverage supplemental to traditional Medicare while also offering Aetna Medicare Advantage.

The PSC remains strongly opposed to the privatization of health care coverage for New York City retirees and their dependents. But we hope that the updates provided here will be helpful to Councilmembers as you continue to advocate for the people of New York City **by demanding that the City continue to offer paid Medicare supplemental coverage**, as it has for decades. We thank you for your engagement with the issue of retiree healthcare and for listening to the thousands of New Yorkers who have expressed their opposition to privatization. Please call on us if we can be helpful in any way.

Sincerely,



James Davis, President