



## Amending Administrative Code 12-126 *Frequently Asked Questions*

### **Why are DC 37 and the Municipal Labor Committee pushing to update Administrative Code 12-126?**

The language update we're requesting with this amendment specifically allows the Municipal Labor Committee (MLC) and the City of New York to collectively bargain our healthcare options. Collective bargaining is what we believe in—it's a right that has been afforded to working people and their unions for decades. Having this flexibility will help us rein in the high cost of healthcare so that our more than 150,000 members and 89,000 retirees won't have to sacrifice their premium-free benefits while also allowing the MLC to negotiate additional optional plans.

### **What is the administrative code language that is being introduced and what does it do?**

The language retains the current benchmark for health insurance that's been in place for over four decades, but allows for an alternative plan to be negotiated between the City and the MLC in order to continue to provide choices for both active workers and retirees.

### **What are the consequences of not amending the administrative code?**

DC 37's active members and retirees could be forced to pay premiums for themselves and their dependents if no action is taken. New York City is the only major municipality that provides this benefit for city workers, and the City needs every available tool to retain and recruit its workforce. If the administrative code is not amended, retirees will not keep their current healthcare plan as-is— the current plan is not financially sustainable. Amending the code will simply protect the option to offer multiple plans and maintain our benefits at a lower cost to the City.

### **What is the status of the appeal? Why not wait for the judge's decision?**

Amending the administrative code was only deemed necessary after a lawsuit brought by a group of retirees resulted in the decision rendered by Judge Lyle Frank on March 2. The decision underscores that the City is not obligated to give retirees "an option of plans," and in fact could satisfy its obligations under the Administrative Code by removing choice in plans. Although the City has appealed this decision, it could take months for there to be a decision on appeal, and there have been multiple requests for continuances as the retiree group has consistently sought to delay it. Even after that decision is finally made, further appeals could occur, which will only further delay the implementation of a solution for healthcare costs.

### **What is Medicare Advantage?**

The Medicare Advantage Plan is designed to provide better benefits for NYC retirees at lower costs. District Council 37 played a major role in crafting this plan, which provides better care than plans previously offered. The Plan is premium-free, provides comprehensive services and includes National Access Plus, which allows members to see any doctor or hospital who accepts Medicare without being tied to a provider network. Members pay the same co-pay or co-insurance whether their provider is in- or out-of-network, and out-of-network providers who accept Medicare will receive the same reimbursements under the Plan as they do from traditional Medicare. With a Medicare Advantage Plan, we are able to access federal subsidies that are not available for Medigap plans such as Senior Care. The Medicare Advantage Plan requires pre-authorization to discourage providers from making unnecessary referrals, which contributes significantly to the exorbitant cost of retiree healthcare. Pre-authorization is already required of active members and pre-Medicare retirees.

### **Will there be premiums added to healthcare benefits if the administrative code bill passes?**

NO. The MLC is trying to update the administrative code to maintain a choice of plans and prevent the imposition of premiums. In fact, the plan that a retiree group (representing a small fraction of retirees) is trying to push as an alternate option would impose significant costs on active employees and still does not cover the shortfall.

### **Why do we have to do this now?**

Every month we wait for a decision or delay action on the administrative code, the bill for city employee and retiree healthcare grows and adds to the crisis at hand. Inaction or a decision to not amend the administrative code will continue to cost the City of New York \$50 million per month, which has significant implications on next year's City budget and future fiscal year budgets. As a result, our active members, retirees and their dependents could be forced to pay premiums to cover the shortfall, and all will lose the power of choice in available healthcare plans.