

New York City Council Committee on Civil Service and Labor

Testimony by Renee Campion, Commissioner, Mayor's Office of Labor Relations

On The NYC Medicare Advantage Plus Program

October 28, 2021

Good afternoon, Chair Miller and members of the Civil Service and Labor Committee. Thank you for the opportunity to testify here today.

I am joined at the table by Claire Levitt, the Deputy Commissioner for Health Care Strategy and Ken Godiner, First Deputy Budget Director.

We're here today to discuss the new NYC Medicare Advantage Plus plan that was customized for the 250,000+ NYC Medicare retirees and dependents. The City has worked hard in collaboration with the Municipal Labor Committee (MLC) to offer a new retiree health plan that is not only premium free with benefits equivalent to the existing Senior Care plan, but also provides important new benefits designed to support the health of our retirees. We understand that retirees have questions about this plan, but we are very proud and excited about what this plan offers, and we hope to offer clarification during this hearing today.

By converting from a Medicare supplemental plan to a Medicare Advantage (MA) plan, the City will benefit from the Federal government's subsidy of Medicare Advantage plans nationwide and will save \$600 million a year while still providing an even better plan than the current plan.

As you may be aware, pending litigation may limit our ability to answer some questions, but we will do our best to have the most productive hearing possible for

the benefit of the retirees who are here with us today, as well as the Council members present. The Court has extended the opt-out deadline, and we will be submitting an implementation plan to the court for review. We hope we will receive permission to move forward with the implementation of the plan expeditious.

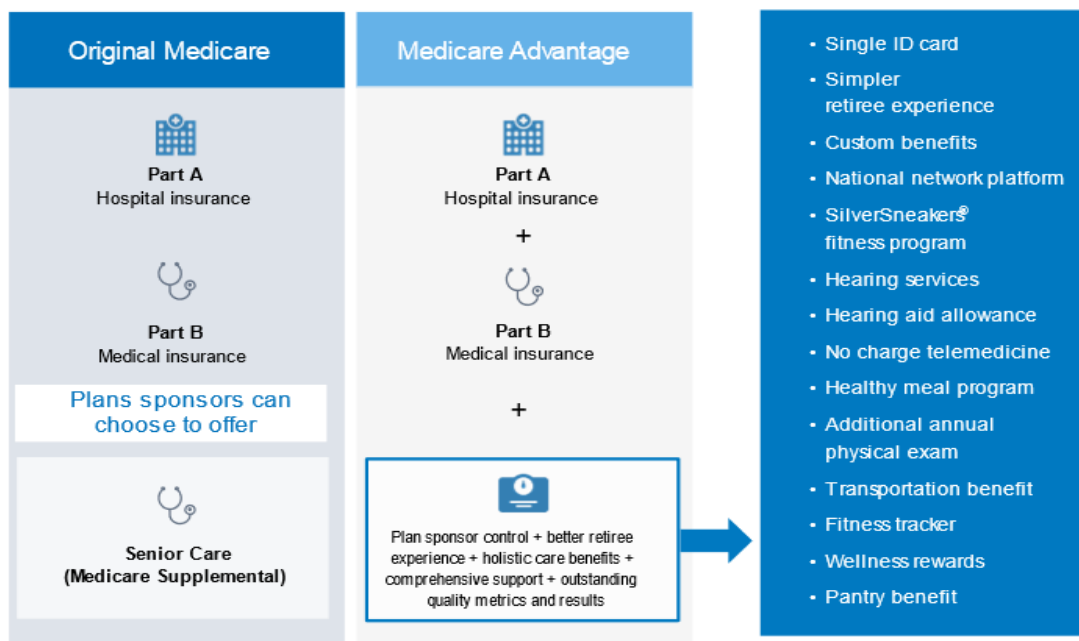
How Original Medicare and Medicare Advantage Plans Are Different

To understand how Medicare Advantage plans generate savings, it's important to understand how traditional Medicare and Medicare Advantage work differently.

In traditional Medicare, the Centers for Medicare and Medicaid Services (CMS) directly pays hospitals under Medicare Part A, and also directly pays medical expenses to doctors and other health care providers under Medicare Part B, which generally pays 80% of the Medicare allowable rate. A Medicare Supplemental plan like Senior Care pays after Medicare pays, and covers the 20% that Medicare Part B doesn't pay, subject to any copays in the plan.

Medicare Advantage Plans, sometimes called "Part C," are offered by Medicare-approved private insurance companies. In a Medicare Advantage Plan, both Part A and Part B payments come from the Medicare Advantage Plan, not Original Medicare, along with the supplemental benefits from the same company. A Medicare Advantage Plan typically includes benefits not covered by Medicare. The process is seamless so it's simpler for retirees. Our testimony includes some helpful visuals that highlight some of these key differences.

Retirees have a simpler, richer experience, compared to Original Medicare



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3

Medicare pays a fixed amount for coverage each month to the company offering the Medicare Advantage Plan. Under a Medicare Advantage Plan, the private company must follow all of Medicare's rules and a retiree has all of the same rights and protections that retirees have under Original Medicare. Medicare Advantage Plans are able to provide better and more efficient programs, address care gaps and support the health of the programs' members with the amount of money provided by Medicare and may need to charge an employer little or no additional premium. About 42% of Medicare recipients nationally receive their Medicare coverage through a Medicare Advantage Plan.

Background

To review why we embarked on this change, in 2014 the City and its municipal unions entered into a four-year agreement to achieve \$3.4 billion dollars in guaranteed health care cost savings aimed at controlling the escalating costs for New York City's health care programs. As reported to this Committee previously, we achieved those savings in the 2015 to 2018 period. In 2018, we agreed with the Municipal Labor Committee to target another round of savings for 2018- 2021 of \$1.1 billion which we have also achieved and will be fully reporting on shortly.

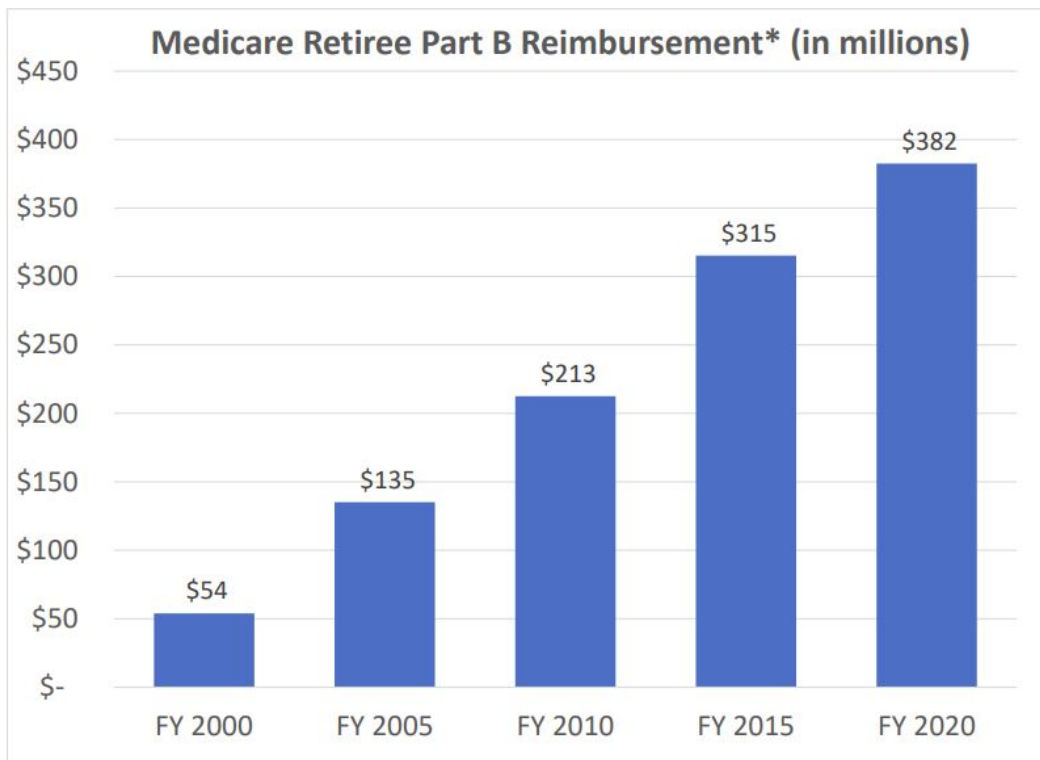
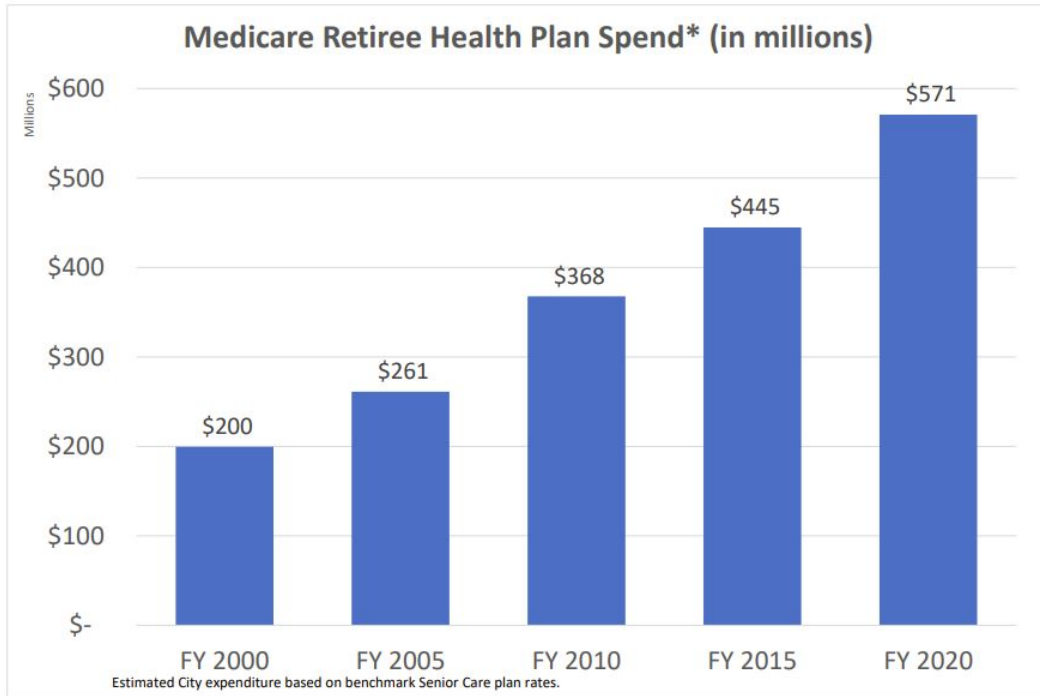
It's important to note that the Medicare Advantage savings are not part of our health savings program targets. Instead, in an agreement with the MLC, the City agreed that the full amount of the Medicare Advantage savings, expected to be about \$600 million a year, would be redirected to support the benefits provided by the Health Insurance Stabilization Fund. The Health Stabilization Fund was originally established in the 1980s to assure that there was funding to equalize the costs of the PPO plan and the HMO plan to permit employees to have a choice. Over time, it has also covered other important expenses including specialty drugs, care management and other costs. The Stabilization Fund is jointly administered by the City and the MLC.

As part of the 2018 Agreement, we also established a Tripartite Committee consisting of leadership of the MLC, the City, and Martin Scheinman, to work on identifying additional cost management strategies. During the 2015 – 2020 period, all the savings programs involved changes to the health care coverage for active employees and pre-Medicare retirees. With the Tripartite Committee, the City and the MLC also began exploring changes to the Medicare retiree coverage.

NYC retirees, like NYC active employees, enjoy premium-free health insurance coverage. In addition, the City reimburses retirees and their spouses for the cost of Medicare Part B coverage. These are increasingly unusual and increasingly expensive benefits.

Since 2000, the costs to the City for retiree health coverage have nearly tripled. In 2020, we spent \$571 million on retiree health coverage compared to \$200 million in 2000. In addition, the reimbursement of Medicare Part B coverage for retirees has gone from \$54 million in 2000 to \$382 million in 2020, an increase of over 600%. In 2020, the City spent nearly \$1 billion on retiree health costs.

Health Plan and Part B Expenditure for the City's Medicare Retirees



Knowing that the escalating cost of retiree benefits needed to be addressed, in early 2020, the MLC and the City agreed to add \$15 copays to certain benefits in the Senior Care plan for doctor visits, radiology and lab services. However, before that could be implemented in July 2020, the COVID pandemic hit and the City and the MLC agreed it was an inopportune time to change retiree benefits. Instead, those copays were included in both the new MA plan and the Senior Care plan for 2022.

The City and the MLC worked for over a year to develop parameters for a new MA program and commenced the negotiated acquisition process in November 2020 to select a vendor whose offer was most advantageous to the City. In July of 2021, it was announced that the City and the MLC had awarded the contract to the Alliance, a contractual alliance comprised of Anthem, Empire Blue Cross and Emblem Health, and that the new plan was expected to save the City about \$600 million dollars a year as a result.

In developing the program, we were committed to offering similar benefits to the existing program while optimizing the Federal funding available for Medicare Advantage programs.

This new program is a win – win for everyone involved. Retirees continue to have a robust program of premium-free health insurance plus their Medicare Part B reimbursements, and the City is able to save \$600 million a year.

The NYC Medicare Advantage Plus Plan

Our new plan, called the NYC Medicare Advantage Plus plan, is a customized plan exclusively for NYC retirees designed to provide equivalent or better benefits in comparison to the Senior Care plan and at no premium cost to retirees.

The NYC Medicare Advantage Plus Plan replaces both traditional Medicare and a Medicare Supplement plan with a single integrated program at a much lower cost to the City than the existing Senior Care program, **and at no premium cost to retirees**. The Medicare Advantage Plan provides all the health care services previously covered by original Medicare, and those supplemented by the Senior Care program, and also adds important new benefits not covered by the current Senior Care plan.

One of the most important ways Medicare Advantage plans can be less expensive is by encouraging and enhancing the healthy lifestyle choices of its participants. The NYC Medicare Advantage Plus Plan is designed to motivate individuals to stay healthy with preventive programs and to improve clinical outcomes for patients with more complex medical conditions. This innovative plan includes addressing complex case management, home visits, house calls, and a rare disease management program.

A comparison chart of all the major plan provisions is on the next page.

If you look at the side-by-side comparison chart of the Senior Care and MA benefits you'll see they are virtually identical, except that the new MA program offers some important new benefits not available in any of our other retiree plans:

- \$0 copay for primary care visits compared to \$15 for Senior Care
- \$1,470 out-of-pocket maximum per year compared to no out-of-pocket maximum for Senior Care
- 365 days of hospital coverage (available as a buy-up in Senior Care)
- Transportation to and from a doctor's office or pharmacy for up to 24 visits a year
- Meals provided after a hospital stay
- \$500 hearing aid allowance
- Telehealth with \$0 copay
- "Silver Sneakers" Fitness Program + Fitness Tracker Device
- \$200 Wellness Rewards Program that pays retirees to go for preventive care.

Enhancements that come with the NYC Medicare Advantage Plus



Plan Design Comparison of Senior Care and new NYC Medicare Advantage Plus Plan		
	Senior Care Plan (as of 1/1/22)	NYC Medicare Advantage Plus Plan
Annual deductible	\$253	\$253
Ann. Out-of-Pocket Max*	Unlimited	\$1,470
PCP Visit	\$15 Copay	\$0 Copay
Specialist Visit	\$15 Copay	\$15 Copay
Diagnostic Tests (X-rays, lab, radiology, etc.)	\$15 Copay	\$15 Copay
Mental Health / Substance Use Disorder	\$15 Copay	\$15 Copay
Urgent Care Center	\$15 Copay	\$15 Copay
Preventive Services	No Copay	No Copay
Rehab. Services	\$15 Copay	\$15 Copay
Durable Medical Equipment (DME)	\$25 Deductible, \$2,500 Ann. Benefit Max. (combined with PDN & Ambulance)	Deductible applies, \$0 Copay, no Ann. Max
Private Duty Nursing (PDN)	\$25 Deductible, \$2,500 Ann. Benefit Max. (combined with DME & Ambulance), 20% Coins.	Deductible applies, 20% Coins., \$2,500 Ann. Max
Hearing Exam	\$15 Copay	\$0 Hearing Copays**
Inpatient Stay	\$300 Copay per stay, \$750 ann. max.	\$300 Copay per stay, \$750 ann. max.
Hospital Stay Coinsurance***	0% Coins. days 1-60 100% Coins. days 61-90 50% Coins. days 91-201 100% Coins. days 202-365	0% Coins. for all 365 days
Skilled Nursing Facility	No Copay days 1-100	No Copay days 1-100
Home Health Care	No Copay	No Copay
Hospital Outpatient Services	No Copay	No Copay
Outpatient Surgery	No Copay	No Copay
Ambulance Services	\$25 Deductible, \$2,500 Ann. Benefit Max. (combined with PDN & DME)	\$0 Copay, Deductible does not apply, no Ann. Max
Emergency Care	\$50 Copay	\$50 Copay
Meal Delivery	Not Covered	Up to 14 meals x 4 events = 56 meals / year, after inpatient stay or for certain weight / health conditions; also includes Healthy Pantry benefit
Fitness / Mobility Programs	Not Covered	Silver Sneakers program at no cost
Transportation	Not Covered	24 rides annually, up to 30 miles / ride
Fitness Tracker Device	Not Covered	Included at no cost
Hearing Aids	Not Covered	Up to \$500 allowance, every 12 months
Voluntary Incentive Gift Card	Not Covered	Up to \$200 in gift cards for completion of certain wellness activities
* Out of Pocket Maximum protects retirees from catastrophic claims ** Hearing Exams must be Hearing Care Solutions in-network providers. *** Enhanced Hospital 365 Day Optional Rider would cover all of these coinsurances, but requires retiree to pay for it today. The Medicare Advantage plan would cover all of these automatically, at no additional cost.		

Network

One of the major concerns we hear from retirees is that they won't be able to continue to see their doctor. This is NOT the case.

This is not a limited network plan. Our MA plan is what's called a "passive PPO" plan or an "extended service area plan". This means that our retirees can go to ANY doctor that accepts Medicare. I want to repeat that because this is so important to understand – **they can go to any doctor that accepts Medicare**. That's 850,000 Medicare participating doctors nationwide. It's the same number of doctors they can go to in the Senior Care plan. It doesn't matter if that doctor is actually in the Alliance network or not. Even if a retiree goes to a doctor who is not in the Alliance network, the retiree cannot be balance-billed above the Medicare fee schedule according to Medicare rules. Over 91% of the providers that the retirees in Senior Care have utilized are providers who are contracted directly with the Alliance to accept the Medicare Advantage Plan.

Unfortunately, some doctors' offices are still confused by the new program, especially outside the NY area, and we have heard complaints from retirees saying their doctor's office said they don't take Medicare Advantage. To address this, the Alliance has embarked on an extensive program to educate doctors about the new program and is holding webinars for doctors to help them understand how it works.

Hospitals

All the hospitals in the NY metropolitan area -- including renowned institutions such as Memorial Sloan Kettering (MSK) and Hospital for Special Surgery (HSS) -- participate in the Alliance network. The Alliance has signed contracts with both

MSK and HSS. Outside of the NY metropolitan area, the national Anthem Blue Cross network covers 96% of all hospitals.

Specialist Referrals

The new NYC Medicare Advantage Plus Plan does NOT require a referral to go to a specialist. Retirees can self-refer to any Medicare participating specialist.

Preauthorization

Retirees have expressed concerns about the preauthorization requirements in the new MA plan, including whether it causes delays, creates paperwork for them and results in denials of care. The preauthorization requirements are actually identical to the requirements in the Empire-Emblem CBP plan for active employees so most of our retirees have been part of such a program when they were active employees.

Under the Alliance plan, the preauthorization reviews are conducted between the provider and the Alliance and there is no paperwork for the retiree. Reviews are normally completed within 3-5 days. In an emergency, the requirements are waived. In an urgent situation, the timeframe is 24-48 hours. While out of network Medicare providers are not required to seek authorization, members are encouraged to work with these providers to obtain pre-authorization to ensure proper processing and payment of their claims.

While this is a procedural change, it guarantees that treatment is medically necessary and appropriate for our retirees and assures that they know in advance what is covered.

Retiree Options

Current NYC retirees will be given the option to opt out of the new NYC Medicare Advantage Plus Program and remain in whatever program they are currently enrolled in. However, their existing program may require an additional premium. For example, to remain in the Senior Care program will be a cost of \$191.57 per month. Rates for other plans are shown in the rate chart in the appendix of your testimony binder. Retirees who do not opt out will be automatically enrolled in the NYC Medicare Advantage Plus Plan and will have no premium cost.

Retirees will have annual open enrollments during which they can transfer between the MA plan and the Senior Care plan.

Future retirees will have a choice of Senior Care at the buy-up rate or the premium free Medicare Advantage plan.

Prescription Drug Program

Many retirees get their prescription drugs from their union welfare funds and that remains unchanged under the MA program.

For those retirees who don't have prescription drug coverage from their union welfare fund, the Emblem Health prescription drug rider that is currently available to those retirees will continue to be offered. The copays and the formulary remain the same and this program does not have the Medicare Part D "donut hole". The one change is that the price is being **reduced** from \$150 per month to \$125 per month.

Communications

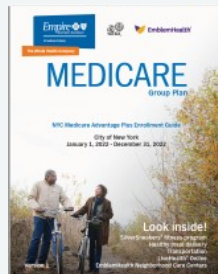
The City, the MLC and the Alliance are working diligently to make sure retirees have access to extensive information about the new program. Retirees received an introductory letter in August and a 40-page enrollment guide in September along with a set of Frequently Asked Questions. All of the material, including a comparison of each existing plan with the new MA plan, is posted on the OLR website and is provided for you in the attachments with the testimony.

Member Communications

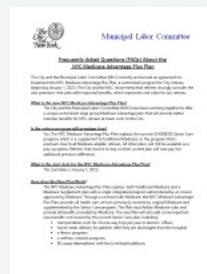
Mailed to Retirees



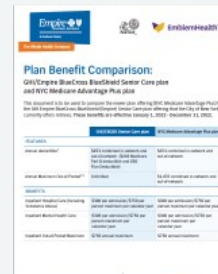
**Notice of Change
(August)**



**Enrollment guide
(September)**



**FAQ's
(September)**



**Senior Care
Plan Comparison
(September)**


The Alliance has also held ongoing webinars open to all retirees. To date there have been 77 webinars attended by 38,000 retirees. Twelve more are scheduled and the Alliance will continue to hold webinars as long as there is demand. In addition, a recorded version of the webinar is available for viewing at your convenience at:

<https://anthemext.rev.vbrick.com/embed?id=e2204ed9-f8c9-4e20-bb25-4126285fb476>


Once they enroll, retirees will receive a welcome kit and their new ID card before the start date. Ongoing monthly newsletters will keep them informed and up to date.

Welcome kit and ID card mailings


Mailing to enrolled retirees prior to effective date



**Identification Card
(December)**




**Welcome Guide
(December)**




**Member Newsletters
(January)**

Available online or by request



Evidence of Coverage



Directory

10

Cost Savings

The new Medicare Advantage Plus plan will significantly reduce the City's costs because of Federal funding, while providing the same benefits as the Senior Care plan. Its customized features include many new and exciting quality programs to support retirees. By agreement with the MLC, the City will be redirecting the

savings generated by the program into the Health Insurance Stabilization Fund to help support the health insurance programs for actives and retirees. This helps the City to continue to provide a premium-free health program to actives and retirees and continue to reimburse retirees for Part B premiums.

The City and the MLC are forming a Committee to carefully monitor the MA program to ensure that the Alliance meets all its commitments to us and delivers the quality services we expect for our retirees. The City and the MLC are designing a reporting package for the Alliance to report back to us on important aspects of the program including customer service response times, payment turnaround time, complaints, preauthorization information and more. We will report publicly on the status of the program on an ongoing basis.

Above all, providing high quality, premium free health insurance to retired City employees and their families has been our number one priority through this process. Thank you for inviting us to this important hearing. We'd be happy to take any questions now from the Committee.

Attachments

1. FAQs
2. Enrollment Guide
3. Benefit Comparison charts
4. Rate charts
5. Preauthorization information