

Important information from Anthony DeNatale, Chairman Health and Welfare Committee

NYC to Seek New Provider for \$6 Billion Health-Care Program

By Henry Goldman - Apr 17, 2013 2:12 PM ET

[New York City](#) will seek a new provider for its \$6 billion health-insurance plan that would require workers to pay premiums for the first time, with discounts for participating in wellness programs,

Deputy Mayor Caswell Holloway said.

The proposal, which requires approval by unions, would save about \$400 million a year, Holloway said. Contracts have expired with all 300,000 city employees, and Mayor [Michael Bloomberg](#) has said any deal must require workers to start paying for health coverage, a cost Holloway said may rise 32 percent to \$8.3 billion by 2018.

The city reserved 1.25 percent pay raises in its \$70.1 billion budget for fiscal 2014, which begins July 1. Bloomberg has also conditioned pay increases on the unions agreeing to no back pay for the years without a contract. Retroactive pay would cost the city about \$8 billion, Holloway said.

"We're going to move forward with the health-care program, but the unions have to agree with no retroactive pay increases in order to get a new contract," Holloway said today after a Manhattan speech to the [Citizens Budget Commission](#), a nonpartisan watchdog group funded by businesses.

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Workers are currently covered under Health Insurance Plan of Greater [New York](#) and Group Health Inc., both subsidiaries of EmblemHealth, a New York City-based company. HIP has covered city workers since 1947, Holloway said. Charlene Maher, senior vice president for sales and marketing, didn't immediately return a telephone call seeking comment.

Preventive Measures

Bloomberg is in the final year of his last term, which ends Dec. 31. The administration intends to request proposals from insurance companies by June 30, Holloway said.

The city wants to change a health-insurance program in which 95 percent don't pay premiums, and replace it with a system where workers who agree to participate in preventive health measures -- such as not smoking, exercising and getting yearly medical examinations -- pay either no premium or a minimal amount, Holloway said.

The projected cost of health-care benefits for city employees and their dependents is about \$15,200 in the current fiscal year, 33 percent higher than the national average of \$11,400, he said. Nationally, 98 percent of public and private employers require premiums for family plans; 93 percent for single coverage, Holloway said.

About 200,000 retirees covered under New York's plan would also have to pay premiums, officials said.

Checked Calendar

The deputy mayor made the proposal in a five-page letter sent two days ago to Harry Nespoli, president of the city's Uniformed Sanitationmen's Association Local 831 and chairman of the Municipal Labor Committee, which negotiates health benefits with city officials.

"I looked at it and then turned around to the calendar to see the administration has 277 days left, so why are they putting out this proposal now?" Nespoli said in a telephone interview. The unions will be "very cautious" in dealing with the administration on the insurance proposal, he said.

Of the requirement that union members pay insurance premiums in addition to co-payments for medical care, Nespoli said, "I don't think the unions are ready for that."

Bloomberg's requirement that the union's give up any hope of back pay on raises in contracts that have expired for years, are "not negotiations; that's dictatorship," Nespoli said. "We can work with another administration on anything as long as unions are at the bargaining table again."

The mayor, the founder and majority owner of Bloomberg News parent Bloomberg LP.

To contact the reporter on this story: Henry Goldman in New York at hgoldman@bloomberg.net

To contact the editor responsible for this story: Mark Schoifet at mschoifet@bloomberg.net