



Office of Labor Relations

22 Cortlandt Street, New York, NY 10007
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Renee Campion

Commissioner

Daniel Pollak

First Deputy Commissioner

Nicole Andrade

General Counsel

Claire Levitt

Deputy Commissioner

Health Care Strategy

Georgette Gestely

Director, Employee Benefits Program

March 30, 2023

Mr. Harry Nespoli
Chair, Municipal Labor Committee
125 Barclay Street
New York, New York 10007

Dear Harry:

I write to clarify some of the misunderstanding among some members of the public and media regarding “option C” in the Aetna Medicare Advantage Contract. The Contract with Aetna clearly indicates the parties intend to move forward with offering only the Aetna Medicare Advantage plan and HIP-VIP to retirees in accordance with the December 15, 2022 decision of Martin Scheinman. The contract includes the pricing for other contingencies only in the event a change in circumstances in the future, whether due to litigation, legislative action, or some other event, mandates a different approach and the parties still wish to offer the Aetna Medicare Advantage plan.

As you are aware, when the original procurement for a Medicare Advantage plan was put out to bid, three potential pricing scenarios were requested: Option A, where the Medicare Advantage (“MA”) plan is the only plan for Medicare-eligible retirees; Option B, where retirees can opt out of the MA plan and remain in Senior Care, and pay the incremental cost difference between Senior Care and MA; and Option C, where retirees can opt to remain in Senior Care and the City pays the full cost of Senior Care, with no co-premium for retirees. All bidders, including Aetna, submitted pricing under all three scenarios. Aetna’s quoted pricing for Options A and B was \$0, and for Option C was \$20 per member per month.

To be clear, this is the pricing for each enrollee in the MA plan, not for Senior Care, the full cost of which (approximately \$200 per member per month) would be paid by the City under Option C. Therefore, under Option C savings would only be achieved for retirees who chose to be in Medicare Advantage despite being able to stay in Senior Care with the cost fully borne by the City.

Both the MLC and the City recognized that if this were the case, the savings would be minimal with most retirees remaining in Senior Care, thereby undermining the parties’ goal of using these savings to ensure we could continue to provide high-quality, premium-free care to

both retirees and active employees. We therefore chose to proceed under Option B with retirees paying the difference in cost if they wished to remain in Senior Care. After litigation blocked that option, Tri-Partite Chair Martin Scheinman ordered the City and the MLC to proceed based on Option A, eliminating Senior Care, to ensure the savings could be met. The parties then negotiated the contract with Aetna on that basis and included the Option B and C pricing purely as a contingency.

Please feel free to contact me with any questions and thank you again for your collaboration throughout this process.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Campion", with a stylized flourish extending to the right.

Renee Campion