

# City's plan to privatize insurance for 250,000 retired workers hits courtroom hurdles

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The city's move to privatize health insurance for 250,000 retired municipal workers is facing a trio of legal challenges from insurers and the retirees themselves, who are making a last-ditch effort to stop a change they said will increase out-of-pocket costs and force them to switch doctors.

Minnetonka, Minn.-based insurance company UnitedHealthcare filed a complaint last week in Manhattan Supreme Court to challenge the city government's decision to award a Medicare Advantage contract to the Alliance, a joint venture between insurers Empire BlueCross BlueShield and EmblemHealth, a nonprofit. The contract, which goes into effect Jan. 1, will shift retirees off Medicare in an effort to help the city cut ballooning health care costs by as much as \$600 million a year.

United's suit, which has not been previously reported, claims that the city Office of Labor Relations did not follow its own selection process and criteria in awarding Alliance the contract in July.

In a separate lawsuit filed against the city, insurance company Aetna has made similar allegations about the process. Aetna, which is based in Hartford, Conn., was the other finalist in the bidding process.

The NYC Organization of Public Service Retirees, a group of 2,000 retired city workers, added further fuel to the courtroom fire on Sunday with yet another legal challenge, this time arguing that retirees are entitled under the law to the insurance benefits that were in place when they retired.

While United and Aetna have their eyes on a contract expected to generate \$34 billion in claims revenue for whomever administers it, retirees with the NYC Organization of Public Service Retirees said they worry they are being forced onto a health plan that will cost them more and that their current providers will not accept. The Medicare Advantage has no monthly premiums but will entail \$15 co-pays for most outpatient services and require prior authorization for certain tests and procedures. The Alliance said its plan will not restrict access to providers or services, but some retirees said they have called their doctors to ask whether they will accept the Medicare Advantage plan and been told "no" or "we don't know."

Nick Paolucci, a spokesman for the city Law Department said the city believes it followed the proper procurement process in selecting the Alliance's bid.

"Alliance met all of the requirements, and the City stands by its contract award," he said in a statement.

Paolucci said the city is still reviewing the retirees' petition, adding, "the city is committed to selecting providers that are in the best interest of the city and its retirees."

As the fate of the city's plan rests in judicial hands, the clock is ticking for the affected retirees, who have only until Oct. 31 to opt out of being automatically enrolled in the new Medicare Advantage plan when it starts in the New Year. Retirees who do so will get to keep their current health plan but will have to pay nearly \$200 a month out of pocket.

The procurement process notwithstanding, Steve Cohen, a lawyer with Pollock Cohen who filed the retirees' petition, said the city should never have embarked on the process to begin with. Cohen cited a provision in the city's booklet summarizing its health plans and eligibility, which says a retiree's "applicable" health benefits are determined based on the policy in place when he or she retires.

Marianne Pizzitola, president of the NYC Organization of Public Service Retirees and a retired FDNY employee, said she was "floored" when she heard about the city's plan. She said she wants to opt out and stomach the added payments to keep her existing coverage.

Judging from the "chaos" of its rollout, she said, "what gives me confidence this plan will be effective for me when I need it, that I should be willing to give up everything I have now?" —Maya Kaufman