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NYC retirees opposed to Medicare Advantage eye loophole that could let them keep traditional coverage

By Chris Sommerfeldt
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Retired municipal workers furious over the city's effort to enroll them in a cost-cutting Medicare Advantage Plan are homing in on a contract loophole they believe could permit them to stay on traditional Medicare at no extra cost — but they would need Mayor Adams' buy-in for it to happen.

For nearly two years, the municipal government has tried to [shift its roughly 250,000 retired workers into an Advantage plan](#) on grounds that it would save the city some \$600 million annually thanks to increased federal subsidies.

Thousands of retirees have been up in arms over the move, fearing they'd lose access to certain doctors, medical procedures and drugs under the privately-administered Advantage plan.



DC37 member Michelle Keller, middle in red, rallies a group of municipal employees against the Municipal Labor Committee's vote to eliminate traditional Medicare plans in lower Manhattan on March 9, 2023. (Barry Willilams/for New York Daily News)

Despite the outcry, Mayor Adams and the city's Municipal Labor Committee bosses [signed off on a contract deal](#) this month with health insurance giant Aetna that they said would make Advantage the only premium-free health insurance available to municipal retirees. Adams' administration has argued that drastic option complies with [court orders](#) that blocked a previous iteration of its Advantage plan.

However, the Daily News has learned that the \$200 million Advantage contract Adams' administration intends to award Aetna includes a provision called "Option C" that would let municipal retirees keep traditional



Medicare coverage without increased costs to them.

But Option C would only be possible if Adams selects it over two other Advantage implementation structures that do not come with traditional Medicare opt-out choices.



Mayor Eric Adams takes questions after a press conference at the Queens DA's office on Feb. 14, 2023, in the Bronx, New York. (Barry Willilams/for New York Daily News)

Under Option C, Adams' administration would be responsible for paying a \$20 monthly fee for every member who'd pick a traditional Medicare supplement over Advantage, states the contract, which was [publicly released on March 10](#). If Adams authorized that fee arrangement, the \$600 million in annual budget savings that his administration projects from the Advantage plan would all but certainly shrink, though it's unclear by how much.

Spokesmen for Adams did not return requests for comment Tuesday.

United Federation of Teachers President Michael Mulgrew, whose union is one of the city's largest, played a key role in advancing the Aetna contract this month, and a spokeswoman for him suggested it's unlikely Option C will happen.

The spokeswoman, Alison Gendar, said Option C was baked into the Aetna contract as a contingency that could be activated "in the event the City Council changes the city administrative code to allow for additional 'pay for' options," a reference to Advantage-related legislation the administration and labor unions [pitched the Council on last year without any success](#).





New York Municipal retirees protest the Municipal Labor Committee voting to eliminate traditional Medicare as the only healthcare option in lower Manhattan, New York, on March 9, 2023. (Barry Willilams/for New York Daily News)

Still, in a Tuesday morning public hearing on the five-year Aetna contract held by the Mayor’s Office of Labor Relations, dozens of anti-Advantage municipal retirees called on Adams to go with Option C.

“Please Mr. Mayor, choose Option C. Choose Medicare, not Money-care,” David Kotelchuck, a retired Hunter College professor, testified at the virtual hearing.

Gail Benjamin, a municipal government veteran who recently retired as the City Council’s Land Use Committee director, echoed Kotelchuck’s sentiment and argued that while Adams’ administration may not get “all of the savings they would want” under Option C, it could prove a reasonable compromise.

“Option C would be desirable for both retirees and for the city,” Benjamin testified.





Dana Simon, 65, left, speaks protest the Municipal Labor Committee voting to eliminate traditional Medicare as the only healthcare option in lower Manhattan, New York, on March 9, 2023. (Barry Willilams/for New York Daily News)

Retirees who are opposed to Advantage have pointed to federal studies finding that beneficiaries are sometimes denied “medically necessary” care under such plans, in part due to pre-authorization protocols.

“This is a life-and-death issue. You deny access to some of those doctors and treatments, I die,” retired Baruch College English professor Jacqueline Disalvo, who’s wheelchair bound and suffers from multiple health issues, said at the hearing.

Many of the municipal retirees concerned about Advantage are currently benefitting from Medicare with a city-subsidized GHI SeniorCare supplement, a traditional Medicare coverage setup. The SeniorCare supplement would expire when Aetna’s Advantage plan is slated to take effect Sept. 1, but anti-Advantage retirees say Option C would open the door for the city to create a new version of the SeniorCare framework.

Adams’ administration, Mulgrew and other leaders in the Municipal Labor Committee have maintained that Advantage would provide retired workers with robust care in addition to saving the city hundreds of millions of dollars per year.





New York Municipal retirees protest the Municipal Labor Committee voting to eliminate traditional Medicare as the only healthcare option in lower Manhattan, New York, on March 9, 2023. (Barry Willilams/for New York Daily News)

Professional Staff Congress President James Davis, whose union represents about 30,000 City University of New York employees, said he was surprised he hadn't heard of Option C until his team stumbled upon it this week while reviewing the recently released Aetna contract, which is hundreds of pages long.

"Option C has to my knowledge never really been discussed, and I wasn't aware it was even an option," said Davis, whose union was among the 26 that [voted against adopting Aetna's Advantage plan](#) during a contentious Municipal Labor Committee meeting on March 9.

Davis said his union would switch to supporting the Advantage plan if Adams picked Option C. However, Davis acknowledged that Option C would undermine Adams' justification for pursuing Advantage in the first place.

"It would definitely eat into the savings that they would be able to allocate," he said.



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