The tough truth about NYC's Medicare Advantage plan

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Close,Up,Hand,Of,Elderly,Patient,With,Intravenous,Catheter,For
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This month EmblemHealth and Blue Cross, Blue Shield placed full-page ads in the Daily News and nine other publications in the New York City and Palm Beach, Fla., area where many retirees live. The ads promote a Medicare Advantage plan for New York City retirees announced last July by comparing it favorably with the Senior Care plan that's currently the choice of 200,000, or 80% of NYC retirees. Why this ad blitz six months after the plan's rollout?

The immediate answer is that retirees organized and took the city to court last September, obtaining a Temporary Restraining Order (TRO) which has delayed implementation from Jan. 1 until at least April 1. With this ad, the insurers — and implicitly the city — are telling the public and retirees that they are offering retirees a great deal. That ad is not the whole story.

This past summer, New York City announced agreement with its employees' unions to provide a new Medicare Advantage plan coupled with an EmblemHealth prescription drug plan with a $125-per-month premium. As MA plans go, it is a good plan: $0 monthly premium, a low $1,450 out-of-pocket cap, and no difference in payments between in-and out-of-network providers. Like most, it has drawbacks, especially for retirees with serious medical problems: time-delaying pre-authorization procedures that can compromise or even deny needed care. Plus, there are providers that don't participate in MA plans. Contrast that with the city's Senior Care plan — a supplemental Medigap policy to original Medicare — that covers service from any provider who accepts Medicare with no pre-authorization hurdles. This is why most NYC retirees, myself included, have chosen Senior Care.

But there were other factors that drove the retirees into court.

At the same time the Medicare Advantage plan was announced, the city presented two drastic changes to the Senior Care plan also to be effective Jan. 1, intended to move people over into the new Medicare Advantage plan.

Where there had been no monthly premium, a monthly premium of $191.57 would be deducted from retirees' pension checks. This would be an insurmountable obstacle to many former low-paid employees and disproportionately impact persons of color. In issuing the TRO, the court said "this can only be described as a penalty"; most retirees call it blatant financial coercion into an unwanted health-care plan.

Second, a new Senior Care $15 copayment would be applied on most services. The city would keep but no longer put any money into the Senior Care program.

The city botched the roll-out of the Medicare Advantage plan. It was sprung on retirees with little warning; written materials and oral presentations often contained misleading information. Retirees were given too little time to decide whether to participate. Additionally, there was a gross failure to notify the provider community of the new MA plan. In the language of the court's TRO: "the implementation of its [city's] program is irrational," and if implemented as planned "there would certainly be irreparable harm." Even today, more than six months later, retirees are reporting the providers they have used for years have no knowledge of the new plan or that they won't participate, creating great fear and anxiety among older retirees, many in their 80s and 90s.

This is where we are today. As the city considers how it plans to move forward, government officials and the public should consider some public policy issues this case has brought to light.

First, for decades the city has provided its retirees the opportunity to choose between managed care plans and the Senior Care supplement to Medicare. Should the city be allowed to deprive retirees of the real freedom of choice they have enjoyed like other citizens by coercing them into a plan they don't want?

Second, Social Security law prohibits a person enrolling in a Medicare Advantage plan from participating in a Medicare Part D drug plan of their choice. If an MA enrollee wants drug coverage, they have to take whatever separate drug plan the MA plan offers. If I accepted the city's MA plan, I would have to drop my current Part D plan with an estimated total cost for 2022 in premium and drugs of under $600 — and enroll in the EmblemHealth drug plan, paying $1,500 ($125 per month for 12 months) for the premiums alone. This may be a good law for the insurance industry but certainly not for the Medicare beneficiary. Can this law be rescinded?

Third, who legally can represent and negotiate for retirees? A U.S. Supreme Court case and numerous New York State cases establish that unions represent employees, not retirees. The stark conflict of employee interests and retiree interests in the city's plan is clear to all. Retirees in the private sector are similarly vulnerable.

The city's flawed roll-out of its Medicare Advantage program has unintentionally revealed these issues.

Collins, a retirees' advocate, is prior chair of the NGO Committee on Ageing at the UN.