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**MAYOR DE BLASIO ANNOUNCES MAJOR PROGRESS ON HEALTH SAVINGS INITIATIVE –
INCLUDING FIRST SIGNIFICANT STRUCTURAL CHANGES TO CITY’S HEALTH PLANS IN
DECADES**

*New Agreement with Municipal Labor Committee Promotes Better Utilization of Health Care Resources &
Healthier Employees, Important Step Toward \$3.4 Billion in Guaranteed Savings through FY2018*

*Changes Will Incentivize Primary Care, Expand Access to Free Preventive Care – Including \$0 Copays and
Customized Tools like ZocDoc and Telemedicine*

NEW YORK—Mayor Bill de Blasio announced today a new, unprecedented agreement with the Municipal Labor Committee (MLC) that will result in the first significant changes to the City’s employee health plans in over 30 years, marking major progress toward the City and MLC’s commitment to \$3.4 billion in guaranteed health care savings through FY2018 and \$1.3 billion recurring every year after. Working collaboratively with the City’s workforce, the administration undertook a data-driven approach to understanding and improving the employee health care system – resulting in significant, long sought-after changes that will benefit employee health and taxpayers alike.

“Our goals are clear: healthier employees and real savings for taxpayers. By making the first significant changes to our health plans in decades, we are furthering both,” said **Mayor Bill de Blasio**. “These improvements follow a number of other savings over the last two years, and would not have been possible without unprecedented collaboration with our workforce. Thank you to the MLC and our municipal unions for their continued partnership.”

In a [report](#) sent to the Mayor and First Deputy Mayor, the Office of Labor Relations detailed the latest updates in how the City will achieve the \$700 million savings target for FY2016 savings, and projected that the Administration will also meet the \$1 billion savings target for FY 2017. When new initiatives announced today are combined with previously announced savings, the City projects that it has secured approximately \$3.1 billion of the \$3.4 billion total. A full breakdown of the savings secured to date is available in the report.

The goal of the City’s talks with the MLC has been to fundamentally bend the health care cost curve through structural changes that will result in better use of health care resources and better health outcomes for employees, rather than simply shifting costs to employees.

The updates announced today – the first significant changes to the City’s health plans in decades – will incentivize employees to rely more on primary care, which is widely recognized as vital to improving the quality of care and health outcomes for patients, while reducing costs to employers. The City will also expand access to free preventive care; for example, employees covered by the GHI/CBP plan will have access to free coverage for services such as medical and mental health screenings, well-woman visits, contraceptives, mammograms, colonoscopies, and breastfeeding supplies.

The changes were approved by the MLC this week and include:

Design Changes to the GHI/CBP Health Plan: By obtaining and analyzing comprehensive health data for the first time, the City and the MLC worked together to redesign the plan to encourage better utilization of primary care to improve health outcomes, lower costs, and increase equity in coverage. These changes will result in \$85 million/year in savings for the City beginning in FY2017.

- In order to encourage employees to utilize preventive services, all preventive care visits and procedures will be reduced to a \$0 copay, while some copays will increase to disincentivize the use of costly, over-utilized services, such as emergency room (in cases when a patient is not admitted to the hospital) and high-cost radiology. The plan will also include medical and mental health screenings, and \$0 copays for preventive services like well-woman exams, contraceptives, breastfeeding supplies, mammograms, colonoscopies, and more. Primary care and mental health copays will remain flat.
- Ahead of the start of the new fiscal year (July 1, 2016), the City will undertake a comprehensive effort to educate employees about these changes. The City will also offer two new tools to employees to help them best utilize the updated plan, including access to 24/7 physician services online and via phone, and a customized version of ZocDoc to allow employees to schedule appointments and have a complete list of physicians where the copay will be \$0.

New HIP HMO Preferred Plan: The City will launch an HMO Preferred Plan that will encourage the use of preferred providers (at a \$0 copay), which utilize improved medical management, enhanced quality management, and member engagement to improve health. At least 60 percent of City employees already use HIP preferred providers. The copay will be \$10 for patients that visit non-preferred providers. This will result in \$64 million/year in savings for the City beginning in FY2017.

The City and the MLC have also launched other changes aimed at reducing costs and improving health outcomes for employees:

Care Management Expansion: A new vendor for Care Management will provide intensive case management support to ensure employees and their families with the greatest health care needs receive the highest quality and most cost effective care.

Diabetes Case Management: The City is now offering one-on-one case management services for employees who are diabetic. Several hundred employees have already enrolled.

Continued Dependent Eligibility Verification Audit: The City saved over \$100 million last year through an agreement with the MLC on the DEVA audit; these efforts will continue for another three years.

Additional Stabilization Fund Resources: Before the May 2014 agreement with the MLC, the City was unable to tap into the Labor Stabilization Fund, which is jointly controlled by the MLC. To date, the fund has covered some labor contract costs. The City and the MLC have now agreed to utilize another \$120 million from the fund; \$60 million will fund \$100-per-employee contributions to the welfare funds, and the other \$60 million will be transferred to the City.

The City has also created a cross-agency team focused on promoting a healthier workforce and developing a “Culture of Health,” with a number of programs in place and much more to come, focused on fitness, nutrition and obesity, smoking cessation, and stress reduction. These programs are not only the right thing to do – they also can result in long-term cost savings, as many employees work for the City for years and continue their coverage as retirees.

“We’ve made changes to our health plan that will dramatically improve health care for our employees, while saving taxpayer dollars and furthering our goal of fundamentally bending the health care cost curve,” said **Labor Relations Commissioner Bob Linn**. “Changes like these have not been made in decades. We’ll continue to partner with the MLC in achieving these savings, which have been a cornerstone of our labor agreements.”

“The City and MLC should be congratulated for beginning to make the tough changes necessary to reduce health care costs for the long-term. If the parties continue to pursue these types of programs they can significantly impact the City’s per-enrollee costs and bend the cost curve of medical expenses,” said **Carol Kellermann, President of the Citizens Budget Commission**.

“These are important and long overdue reforms that will modernize insurance coverage offered to City workers and set the stage for further innovation,” said **David Sandman, Ph.D. and incoming President and CEO of the New York State Health Foundation**. “Encouraging the right kinds of care in the right settings is a hallmark of value-based designs. Coupling that with wellness initiatives like the Diabetes Prevention Program could improve health and lower costs.”

"Offering low-to-no cost access to preventive programs and primary care services while dis-incentivizing use of the unnecessary or over-utilized services revealed by its own data demonstrates The City of New York's commitment to achieving better health outcomes at more sustainable cost," said **Laurel Pickering, President and CEO of Northeast Business Group on Health**. "We are fortunate to have the largest employer in New York City and its municipal unions now joining many other employers locally and nationally in taking a leadership role by embracing strategies that achieve real savings by driving consumers to the best care."

“With nearly a million lives covered, New York City's new health insurance agreement can have significant impact not only on the health of employees and their dependents but on the communities in which they live. By prioritizing high-performing primary care, prevention and mental health, this agreement takes a big step forward in contributing to a healthier New York City,” said **Andrea G. Cohen, Senior Vice President for Program at United Hospital Fund**.

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