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## CBC PROPOSES GUIDELINES FOR DETERMINATION OF HEALTH INSURANCE SAVINGS UNDER LABOR AGREEMENT BETWEEN CITY AND MLC

**Savings should be recurring and bend the cost curve**

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June 6, 2014 – The Citizens Budget Commission (CBC) today [released a letter](#) from President Carol Kellermann to New York City Labor Commissioner Robert Linn that suggests guidelines for effective implementation of the agreement between the City of New York and the Municipal Labor Committee to generate \$3.4 billion in health care savings between fiscal years 2015 and 2018.

The basic principle should be that savings come from changes that truly “bend the curve” in health care costs by making the system operate more efficiently, thereby producing savings that are recurring. Such savings are possible by reducing the City’s per person or per family premium costs through premium-sharing, lower utilization of services, or lower service payments to providers.

Savings from changes in national and regional health care inflation, temporary rate “freezes,” or headcount reductions should not be counted as savings under the agreement. Only changes that improve the efficiency of the system or reduce the City’s annual health care cost should be counted.

The letter further calls for a system of quarterly public reports to monitor the results of each savings initiative.

“With \$3.4 billion of taxpayer dollars at stake it is crucial that the savings claimed under the City/MLC agreement are real, recurring and well-documented,” said Carol Kellermann.

The letter is available online [here](#).