



# CITIZENS BUDGET COMMISSION

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## **CBC RELEASES STUDY CALLING ON THE CITY OF NEW YORK TO REQUIRE HEALTH INSURANCE PREMIUM-SHARING FOR ITS EMPLOYEES AND RETIREES**

### **Current City Policy Is Unsustainable And Out Of Step With Comparable Institutions**

**New York, NY – January 28, 2013** – The cost to taxpayers of health insurance for New York City public employees and retirees has more than doubled in the last 10 years. It's projected to grow by almost 40 percent and comprise 70 percent of the budget deficit in 2016. Contributing significantly to that growth is the fact that more than 90 percent of the City's workforce is enrolled in health plans that require no employee contribution toward the cost of the premium for individual and family coverage. The City continues to pay the full cost for employees and their families if they retire before the age of 65. When they enroll in Medicare at age 65, retirees are reimbursed by the City for the full cost of the Part B premiums.

To put New York City's practices into perspective, the Citizens Budget Commission (CBC) undertook a comparative analysis of prevailing premium-sharing arrangements for employees and retirees in the public and private sectors in the United States. The resulting report, which CBC is releasing today, is titled "[Everybody's Doing It: Health Insurance Premium-Sharing by Employees and Retirees in the Public and Private Sectors.](#)" It reviews the health insurance premium-sharing policies for employees and retirees of the federal government, the State of New York and six large U.S. municipalities: Los Angeles, Chicago, Boston, Houston, Phoenix and San Francisco. It also presents data on health insurance offered by large corporations in New York State and nationwide. The report's overall findings are as follows:

- **New York City's health premium policies for employees *and* retirees are more generous than those of comparable employers in the public and private sectors.**
- **The City is especially generous with respect to retiree health benefits – particularly its reimbursement of Medicare Part B premiums for retirees and their spouses.**
- **Savings can and should come from an agreement between labor and lawmakers to implement premium-sharing in the largest plans.**

- If CBC's recommendations (to implement premium-sharing by employees, require premium-sharing by retirees, and eliminate Medicare Part B reimbursement) are adopted, these savings would total \$1.8 billion in fiscal year 2014 and rise to \$2.2 billion in fiscal year 2016.

Additional findings include the following:

#### **On Employee Premium-Sharing:**

- Employee contributions toward the cost of their health insurance premiums are the norm across the country. The most common premium-sharing arrangements are for employees to contribute up to 25 percent of the premiums for single coverage and family coverage.
- In New York, the prevailing practice in both public and private sectors is to require employee contributions toward the cost of health insurance premiums. The State of New York has required premium-sharing since 1983.
- Premium-sharing is prevalent among large municipal governments: only one other city – Los Angeles – pays for the full cost of health insurance premiums for single and family coverage.

#### **On Retirees Under Age 65:**

- Public employers offering retiree health insurance typically require significant premium-sharing, often at rates greater than those paid by employees.
- Fully subsidizing the premium for retiree family coverage is extremely rare.

#### **On Retirees Over Age 65:**

- It is uncommon for public employers to reimburse the premium cost of Medicare Part B. No other government surveyed reimbursed all retirees and their spouses; most offer no reimbursement at all.

"Employees and retirees should share the premium cost of their health insurance," said CBC President Carol Kellermann. "Reducing the taxpayer burden for premiums will not reduce the City's attractiveness as an employer, and it's essential to improve the City's long-term financial sustainability."

"No other municipal employers surveyed offer health insurance on as generous a basis as New York City," said Maria Doulis, CBC Director of City Studies. "The City can reduce costs and still offer attractive benefits by implementing a premium-sharing arrangement with employees and retirees."

A full copy of the report is available at [www.cbcny.org](http://www.cbcny.org).

*Founded in 1932, the Citizens Budget Commission is a nonpartisan, nonprofit civic organization devoted to influencing constructive change in the finances and services of New York City and New York State governments.*