

*CITY OF NEW YORK*  
**Office of Labor Relations**  
*STATE OF THE AGENCY 2014 - 2016*



---

## TABLE OF CONTENTS

---

<i>Message from the Mayor</i>	5
<i>Message from the Commissioner</i>	6
<i>Agency Overview</i>	9
<i>Collective Bargaining, Negotiations</i>	11
<i>Legal</i>	17
<i>Research</i>	21
<i>Employee Benefits Program</i>	22
<i>Health Benefits Program</i>	22
<i>Deferred Compensation Plan</i>	24
<i>Management Benefits Fund</i>	25
<i>Flexible Spending Accounts Program</i>	26
<i>New York City Employee Assistance Program</i>	28
<i>Health Care Savings Division</i>	30
<i>WorkWell NYC</i>	34



---

## MESSAGE FROM THE MAYOR

---



*Bill de Blasio*  
*109th Mayor of New York City*

On December 31, 2013, I appointed Bob Linn as the City's Labor Relations Commissioner, assigning him a daunting task. First, we needed to resolve all the expired labor contracts covering all 337,000 City workers, while also protecting the interests of the taxpayers. Second, the City needed to cultivate a new type of relationship with its employees—based on respect, honesty and a shared commitment to making this City work. Announcing Bob's appointment, I described his job as possibly the hardest assignment in the history of New York City labor relations.

I am gratified, but not surprised, at the success that OLR has achieved in just two and a half years under Bob's leadership. As of this writing, 98.8% of our workforce is under contract agreement, compared to zero percent when we took office. Moreover, these agreements have reflected groundbreaking innovations, including major health care cost savings aimed at bending the cost curve, opportunities for employees and the City to share in savings and productivity, and comprehensive efforts to enhance the health and well-being of our workforce.

We are continuing to build an even more productive and respectful relationship with the men and women who serve our City. I thank Bob and his team for their excellent work.

---

## MESSAGE FROM THE COMMISSIONER

---



*Robert W. Linn, Commissioner*

Since January 2014, the Office of Labor Relations (OLR) has made tremendous strides negotiating labor agreements for all 337,000 City employees who had been without contracts for many years. At the same time, we have worked with the City's labor unions to achieve cooperative and collaborative solutions to issues affecting both labor and management. This report details that progress.

Upon taking office, the de Blasio administration committed to a respectful and collaborative labor-management relationship. The results have been rewarding. As of this writing, 98.8% percent of our workers are under contract settlement. The labor agreements reached with the City's many unions have been fair to the workers, while also protecting the interests of taxpayers.

The City is also making tremendous strides in the delivery of health care, thanks to a groundbreaking 2014 agreement between the City and the Municipal Labor Committee to achieve \$3.4 billion in cost savings for New York City's health care programs through fiscal year 2018. This innovative approach has yielded multiple initiatives such as effective care management, value-based purchasing of provider services and other plan structure improvements, while improving health care for City employees through the implementation of WorkWell NYC's new wellness initiatives.

Since 2014, OLR has also assisted in the development of important mayoral initiatives like paid parental leave for City employees, and the \$15 minimum wage for City employees and for employees at social service organizations who do contract work for the City, known as purchase of service employees. OLR also continues to address labor issues facing day care and early childhood workers through an unprecedented collaboration among unions, providers and multiple City agencies to address wage disparities, health benefits and pension stability, and to boost education and training opportunities for early education workers. Other significant OLR achievements include the following:

- Launched seasonal meetings to bring City-wide labor relations/personnel representatives together to learn from one another.
- Enhanced employee and retiree access to information through the redesign of the OLR website and expanded communications.
- Successfully collaborated with unions and agencies during the Ebola and Legionnaires' disease crises and on other safety and health issues.
- Established new joint funds for child and elder care programs.
- Addressed labor issues with school bus contracts and at the Fulton Fish Market.

Step by step, we have changed the labor-management dialogue from confrontation and deadlock to collaboration and problem-solving. Restoring this productive and respectful dynamic helps both City employees and City taxpayers, and it supports our agencies in providing excellent service.

I am grateful to the OLR team for all their efforts. Together, we look forward to continuing to contribute to making this City an even better place to work and live.



Bob Linn served as Director of the NYC Office of Municipal Labor Relations (OMLR) from 1983 through 1989, after four years as OMLR general counsel. On December 30, 2013, Mayor de Blasio appointed Bob Linn as his Commissioner of the Office of Labor Relations, marking Bob Linn's return to City government.

*From left to right: Stuart Liebowitz, Evelyn Seinfeld, Al Viani, Mike Davies, Sherri Schultz, Harry Karetzky, Bob Linn. (Photo courtesy of David Paskin, District Council 37.)*



*Commissioner Bob Linn  
Spring 2016 update meeting held at One Police Plaza*



*Spring 2016 update meeting held at One Police Plaza*

# 98.8%

When the de Blasio administration took office, every contract with municipal workers was expired.

As of this writing, 98.8% of the represented workforce is under contract agreement, both civilian and uniformed employees.



*Mayor Bill de Blasio announces that the City of New York has reached a tentative contract agreement with the Uniformed Superior Officers Coalition, marking the administration's first contracts with uniformed unions. Blue Room, City Hall. December 9, 2014. Credit: Demetrius Freeman/Mayoral Photography Office.*



*Mayor Bill de Blasio announces a tentative contract agreement with Teamsters Local 237, which represents school safety agents and special officers. The agreement ensures that over 5,000 predominantly-female school safety agents will achieve full pay equity by the end of the contract term. August 26, 2014. Credit: Rob Bennett/Mayoral Photography Office.*

---

## AGENCY OVERVIEW

---



*Renee Campion, First Deputy Commissioner*

The Office of Labor Relations (OLR) represents the Mayor in the conduct of all labor relations between the City of New York and labor unions representing employees of the City. The Commissioner serves on behalf of the Mayor as the City's liaison with both labor and management in the private sector. The office is authorized by Executive Order 38 (February 7, 1967), amended by Executive Order 13 (July 24, 1990).

Additionally, OLR administers the Health Benefits Program, Management Benefits Fund, Employee Assistance Program, Medicare Part B Reimbursement and Pre-Tax Benefits & Citywide Programs including the Deferred Compensation Plan and NYCE IRA.

OLR's mission focuses on two primary areas: labor relations and administration of the Employee Benefits Program. In addition, OLR serves as a resource to agencies with regard to workforce labor issues and works with the Municipal Labor Committee (MLC) to pursue innovations in a variety of areas. The staff at OLR assist their fellow agencies in handling personnel and payroll issues, conducting labor-management meetings, representing the City at representation hearings, and handling all employee grievances and arbitration matters while also negotiating collective bargaining agreements with the 144 City bargaining units.

The key units of OLR are:

- ***Executive/Negotiations***

The Executive Division is responsible for the negotiation of labor agreements with the City's 144 bargaining units. The division also works with OLR's other units on contract implementation and administration and serves as a resource to agencies on personnel, labor relations and budget issues. Finally, the division works with the unions on various labor-management initiatives.

- ***Research***

The Research Division provides analytic support for collective bargaining negotiations, arbitrations, impasse proceedings and inter-agency presentations and communications. Research staff analyze and provide supportive data that allows negotiators to make the most informed decisions at the bargaining table. The staff also assists agencies in implementing settled contracts.

- ***Legal***

The Labor Commissioner represents the Mayor before the Office of Collective Bargaining (OCB) in all matters over which the OCB possesses jurisdiction. OLR's Legal Division has been significantly involved in the current collective bargaining negotiations while continuing to provide legal support for arbitrations, grievances, changes in representation and impasse proceedings as well as improper practice proceedings. In addition, OLR's attorneys participate in numerous special projects, which can include advising OLR concerning issues related to state and federal legislation, such as the Affordable Care Act.

- ***Employee Benefits***

OLR is responsible for the delivery and management of the Employee Benefits Program to all City and covered Agency employees and retirees. OLR is also in charge of supporting all City agencies in their delivery of the benefits information to their employees. The Employee Benefits Program consists of the following benefit programs:

- ▶ Health Benefits Program—Provides health benefits to approximately one million employees, retirees, and their dependents, and has annual premiums over \$5 billion dollars—making New York City the largest purchaser of employee health services in the Greater New York area.
- ▶ Deferred Compensation Plan—Allows eligible New York City employees to save for retirement through convenient payroll deductions. The Plan also includes an employee retirement account for current and former employees and their spouses.
- ▶ Management Benefits Fund—Provides supplemental benefits to the non-unionized personnel of the City of New York, which includes all managerial, confidential, and original jurisdiction employees and retirees.
- ▶ Flexible Spending Accounts Program—Allows City employees to deposit a portion of their pre-tax income into accounts maintained for certain health and dependent care expenses.
- ▶ Employee Assistance Program (EAP)—Provides education, information, counseling and individualized referrals to employees of non-uniform Mayoral agencies, New York City Housing Authority and NYC Health + Hospitals.

Since 2014, the operations of all programs within Employee Benefits have been merged under a single administrative umbrella. As a result, these programs are supported by common communications policies, operational procedures, contract management and IT management.

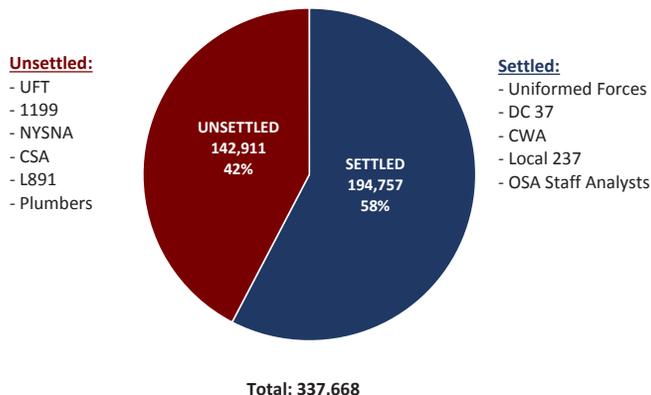
- ***Health Care Savings Division/WorkWell NYC***

The Health Care Savings Division is responsible for implementing the agreement between the City and the MLC to secure at least \$3.4 billion in health care savings over a four fiscal year period (FY15 – FY18) and \$1.3 billion in annual recurring savings thereafter. The project team is dedicated to accomplishing its financial goals while also promoting better utilization of health care resources, and improving the quality of care and the health outcomes for New York City employees. It is also charged with improving the benefit design of the City's health plans to make it more competitive, more current with available technologies, and more beneficial for employees. Communicating health benefits in new and exciting formats to help employees navigate the complex, and often confusing, world of health benefits is another important part of its work. In conjunction with the health savings efforts, the team is involved in promoting a culture of health for NYC employees under the new WorkWell NYC program.

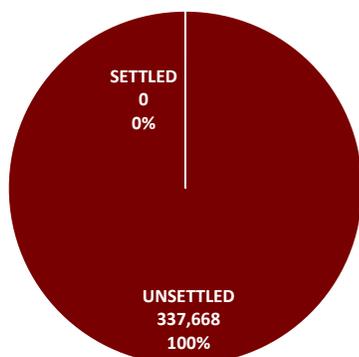
## COLLECTIVE BARGAINING, NEGOTIATIONS

When the de Blasio Administration came into office on January 1, 2014, it faced an extraordinary labor relations crisis. Every one of the City's labor contracts with its unions – 144 bargaining units, representing 337,000 employees – had expired. Compounding this challenge, approximately 143,000 employees, comprising 42% of the represented workforce, were working under contracts that had expired prior to the 2008-10 round of bargaining. Several unions unsettled for the 2008-10 round had filed for impasse, including the United Federation of Teachers (UFT), the New York State Nurses Association (NYSNA), and 1199SEIU. When the current administration took office, these impasse proceedings remained unresolved.

As of January 1, 2014  
PERCENTAGE SETTLED FOR THE 2008-10 ROUND  
(2 x 4% Increases)



As of January 1, 2014  
PERCENTAGE SETTLED FOR THE 2010-17 ROUND



The cost of settling with the 42% of workers on the 2008-10 pattern terms, plus the entire City workforce for the post-2010 period, was estimated at \$30 billion over the term of the financial plan. In the face of this seemingly insurmountable challenge, OLR committed to a respectful and collaborative process.

### I. UFT SETTLEMENT, MLC AGREEMENT

The City took a first significant step forward on April 29, 2014, reaching a groundbreaking nine-year settlement with the UFT. The teachers' union agreement addressed the issue of the 2008-10 round of bargaining by honoring the settlement pattern that the prior Administration had abandoned. The settlement avoided the devastating budgetary impact of retroactive implementation of

those increases. In lieu of retroactive pay for the 2008-10 round increases, the agreement provided for a series of five lump-sum payments for employees in active pay status or retired as of the payment date. The first lump-sum payment was effective on October 1, 2015. The next payment will be made on October 1, 2017, and then three additional payments will be made annually, with the final balance to be paid on October 1, 2020. The chart at the top of page 12 shows that at the end of the round, the UFT received the same total increase with the old and new round increases, but later than the groups that had already settled on the 2008-10 round.

For the new round, the UFT agreement provided a \$1,000 ratification bonus, in addition to the increases shown in the chart on page 12. Additionally, the agreement established a fund that was used to increase the teacher minimum and longevity for nurses and therapists, and provided for an additional increase for hearing officers. The agreement also included provisions such as



Mayor Bill de Blasio, United Federation of Teachers (UFT) President Michael Mulgrew, Department of Education Chancellor Carmen Fariña and arbitrator Martin Scheinman announce a preliminary agreement on a 9-year UFT contract. May 1, 2014. Credit: Diana Robinson/Mayoral Photography Office.

PROSE schools (a pathway for innovations, ranging from reworking the school day and year for up to 200 schools, to wider variations on how a school day is programmed); more parent voice (40 minutes every Tuesday for teachers to reach out to parents); a hard-to-staff teacher differential to attract and retain quality teachers in high-needs schools, and a career ladder for excellent teachers. The UFT and the City, under the direction of Commissioner Linn, had restored problem-solving and respect to the bargaining process, and reached agreement in a fair and reasonable way.

UFT SETTLEMENT					
2008-10 PATTERN + NEW ROUND					
ORIGINAL PATTERN		RESTRUCTURED PATTERN DATES+ NEW ROUND			
			Restructured	New	Total
11/1/2009	4.00%	11/1/2009	0.00%	--	0.00%
11/1/2010	4.00%	11/1/2010	0.00%	--	0.00%
5/1/2013	1.00%	5/1/2013	0.00%	1.00%	1.00%
5/1/2014	1.00%	5/1/2014	0.00%	1.00%	1.00%
5/1/2015	1.00%	5/1/2015	2.00%	1.00%	3.02%
5/1/2016	1.50%	5/1/2016	1.961%	1.50%	3.49%
5/1/2017	2.50%	5/1/2017	2.00%	2.50%	4.55%
5/1/2018	3.00%	5/1/2018 *	1.9605%	3.00%	5.02%
<b>Total</b>	<b>19.41%</b>	<b>Total</b>			<b>19.41%</b>

\* The 5/1/18 3% increase was subsequently delayed until 6/16/18 to provide additional funding to the Structured Retiree Claims Fund. (The contract was also extended one month.)

At the time the UFT contract was reached, the City also entered into another important pact—an agreement with the MLC to achieve \$3.4 billion in health care savings through a variety of changes in the way health benefits are provided to City workers. A citywide labor management Health Care committee was established to implement savings targets of \$400 million in FY15, \$700 million in FY16, \$1 billion in FY17, and \$1.3 billion in FY18 and thereafter. The MLC agreement also provided for the transfer of \$1 billion from the Health Insurance Stabilization Fund to the City treasury. The savings realized by the City under this agreement would be used to fund a portion of the wage increases under the newly established pattern. [See Health Care Savings Division section for detailed discussion of the MLC agreement and its implementation.]

Shortly after the UFT settlement was reached, NYSNA and 1199SEIU agreed to nine-year contracts that contained the same restructuring of the 2008-10 round wage increases as the UFT agreement and provided for general wage increases for the 2010 round that also followed the UFT pattern. Both NYSNA and 1199SEIU used funding within the pattern to create first-of-a-kind (for City unions) childcare and eldercare funds for the benefit of their employees’ dependents, and to establish new training and education funds. The NYSNA agreement also included the creation of Nursing Practice Councils at each facility, which aim to focus on improving the patient experience, ensuring excellent patient outcomes, and encouraging the recruitment and retention of the best nurses.

In December 2014, the City reached a pattern-conforming nine-year agreement with the Council of School Supervisors & Administrators (CSA), representing school principals and administrators. In January 2015, the City announced a contract agreement with Local 891 International Union of Operating Engineers, which represents public school custodians. At this time, 98% of all represented municipal workers have contracts covering the 2008-10 round of bargaining, compared to 58% when the de Blasio administration took office.

## II. DC 37 AGREEMENT, 7-YEAR PATTERN

On July 1, 2014, District Council 37 (DC 37) was the first union that had previously settled on the 2008-10 pattern to agree to the post-2010 (7-year) pattern set by the UFT. DC 37 opted to extend its contract for 4 months in order to generate funding for an Additional Compensation Fund. This fund of 0.52%, effective on March 3, 2017, is intended to address the issues of DC 37's individual bargaining units. There is also 0.06% funding to increase Additions to Gross (ATG)—(longevity differentials, service increments, uniform allowance, assignment differentials, etc.)—by the 3% wage increase effective on September 3, 2016. The net cost of the DC 37 agreement was 10.47%, not including savings from the health agreement. (See chart below.)

### DC 37 Contract Costing - Settlement July 1, 2014

7-Year Contract: 3/3/10 - 7/2/17

	3/3/10 Year 1	3/3/11 Year 2	3/3/12 Year 3	3/3/13 Year 4	3/3/14 Year 5	3/3/15 Year 6	3/3/16 Year 7	3/3/17 - 7/2/17	Total 84 Months	Going Out	Total 88 Months	Going Out
<b>Effective date</b>		9/3/11	9/3/12	9/3/13	9/3/14	9/3/15	9/3/16	3/3/17				
<b>Wage increase</b>	0.00%	1.00%	1.00%	1.00%	1.50%	2.50%	3.00%	0.52% uncomp.				
<b>Annual Cash Cost</b>	0.00%	0.50%	1.51%	2.52%	3.80%	5.88%	8.80%	3.64%	23.01%	10.41%	26.65%	10.93%
<b>Additional: \$1,000 lump sum</b>												
<b>ATG Funding 9/3/16</b>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.03%	0.02%	0.03%	0.06%	0.05%	10.99
<b>Total Cost of Settlements</b>	0.00%	0.50%	1.51%	2.52%	3.80%	5.88%	8.83%	3.66%	23.04%	10.47%		

Over the ensuing months, several other unions reached multi-year agreements patterned on the DC 37 contract, including Teamsters Local 237, Communications Workers of America (CWA) Local 1180, and the Civil Service Bar Association. The Local 237 settlement, which was announced on Women's Equality Day, included a proposed resolution of litigation that dated back more than four years. Subsequently approved by the court, the settlement ensured that 5,000 predominantly female school safety agents will achieve full pay parity with Special Officers by the end of the contract term.

## III. UNIFORMED UNIONS

Efforts to reach contracts with uniformed unions reached a first significant milestone in December 2014, when the City announced a settlement with the Uniformed Superior Officers Coalition (USOC). The USOC consists of eight unions: the Detectives' Endowment Association, Uniformed Fire Officers Association, Lieutenants Benevolent Association, Sanitation Officers Association, Correction Captains' Association, Captains Endowment Association, Assistant Deputy Wardens/Deputy Wardens Association and Uniformed Sanitation Chiefs Association. The approximately 11,900 employees represented by these unions had worked without a contract since either 2011 or 2012.

The agreement followed the established pattern of the Administration's prior contracts, and added a 1% raise in Year One. The agreement also provided an additional 0.12% in funding that the USOC used to help fund a terminal leave payout benefit. The remainder of the cost of the terminal leave benefit was funded by not receiving the \$1,000 ratification bonus (converting the payment to rate), the 0.06% from the pattern (the funding that DC37 used to increase their ATG's), and 0.36% in savings that each union was to come to agreement by the end of the year. The cost of the USOC agreement, which established the uniformed pattern for the post-2010 round, was 11.69%, not including savings from the health agreement. (See chart on the next page.)

## Uniformed Pattern Costing - Settlement December 9, 2014 (11,894 FTE's)

7-Year Contract (84 months) with various Contract Dates

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Total 84 Month	Going Out
<b>Effective date</b>	12 <sup>th</sup> Mo.	19 <sup>th</sup> Mo.	31 <sup>st</sup> Mo.	43 <sup>rd</sup> Mo.	55 <sup>th</sup> Mo.	67 <sup>th</sup> Mo.	79 <sup>th</sup> Mo.		
<b>Wage increase</b>	1.00%	1.00%	1.00%	1.00%	1.50%	2.50%	3.00%		
<b>Annual Cash Cost</b>	0.08%	1.51%	2.02%	3.55%	4.84%	6.94%	9.89%	28.82%	11.51%
<b>Additional: \$1000 lump sum or rate conversion</b>									
<b>38th Month - 0.12%</b>	0.00%	0.00%	0.00%	0.11%	0.12%	0.12%	0.12%	0.47%	0.12%
<b>79th Month - 0.06%</b>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.03%	0.03%	0.06%
<b>USOC Total cost of settlement</b>	0.08%	1.51%	2.02%	3.66%	4.96%	7.06%	10.04%	29.32%	11.69%

After the USOC settlement, three additional uniformed groups reached settlement – Police Sergeants, Sanitation Workers, and Firefighters. Each of the uniformed groups (including the USOC groups) modified the agreement within the cost parameters of the pattern; several advanced the first wage increase (some to the first day of the contract, some to the 7th month of the contract). Those costs were funded by savings in other areas (delaying future wage increases, contract extension, etc.). The Sergeants Benevolent Association (SBA) agreement included a provision to resolve long-standing FLSA litigation. The City and the unions worked together to find ways to deal with the particular needs of each group.

The City was unable to reach a voluntary agreement with the Patrolmen's Benevolent Association (PBA), and entered into arbitration proceedings with the union. Following a process that went through much of 2015, the State Public Employee Relations Board (PERB) issued a decision on November 13, 2015, awarding the two 1% uniformed pattern increases for the period from August 1, 2010 to July 31, 2012. In doing so, the decision followed the pattern previously established with 11 uniformed unions, including the four other police unions. The decision marked the first time that the pattern was upheld for the PBA in four arbitrations since the governing statute was changed to the Taylor Law (they had previously been under the NYC Collective Bargaining Law). Since this award only covers two years, there are 5 more years of the pattern to negotiate over with the PBA. (Under the Taylor Law, there is a two-year limit on Police and Fire arbitration awards unless both parties agree to a longer term.) On December 31, 2015, police officers received the 2010-2012 pay increases provided under the decision.

Through the course of these negotiations and impasse proceedings, the Research Division served as a critical source of analytic support. Research staff analyzed and provided supportive data that allowed for informed decisions at the bargaining table and compelling cases at impasse. Once the agreements were concluded, research staff also assisted agencies in implementing settled contracts.



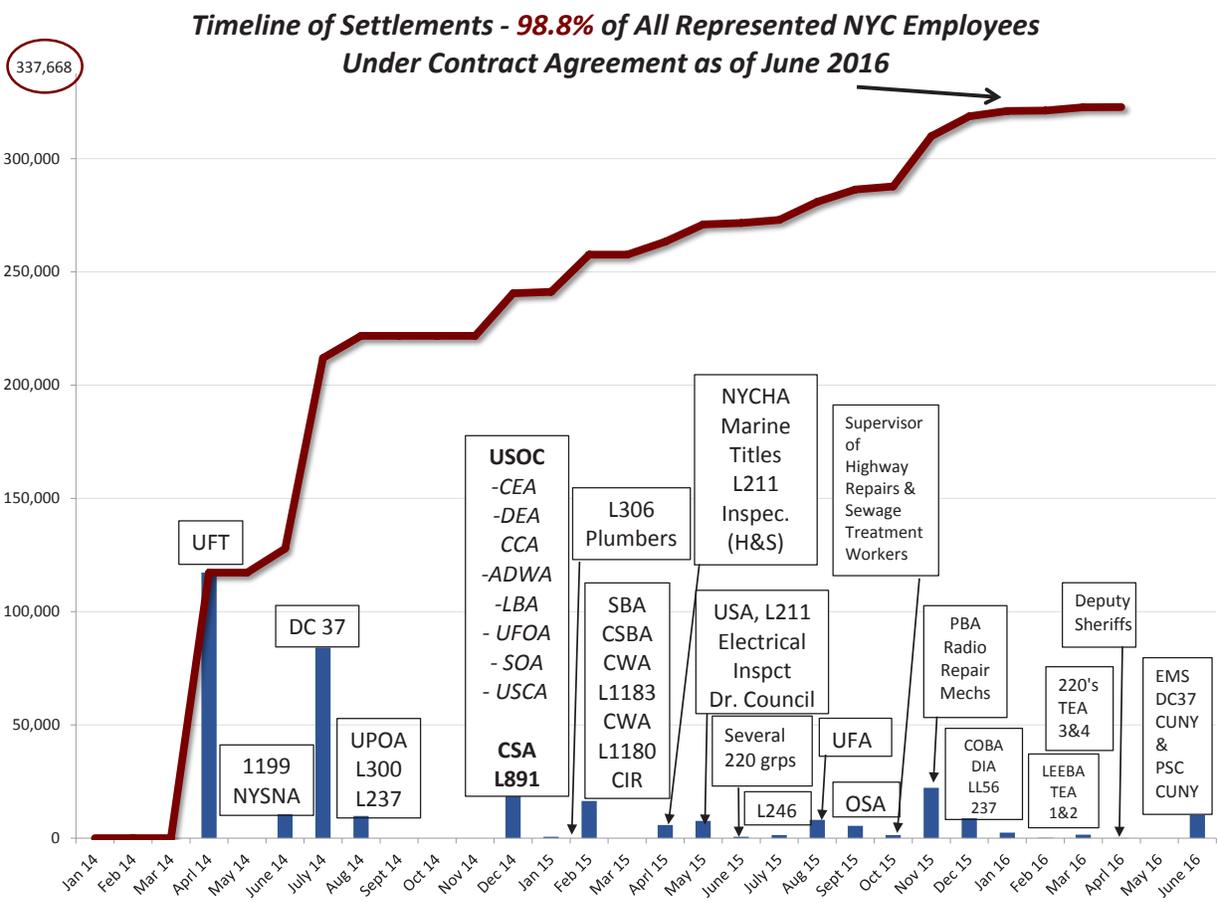
Announcement of tentative contract with the Uniformed Sanitationmen's Association (USA), Local 831. May 19, 2015.  
Credit: Demetrius Freeman/Mayoral Photography Office.

#### IV. Recent Progress, Outlook

The City has continued to reach labor agreements with unions representing the City workforce:

- In September 2015, the City reached a contract agreement with the Organization of Staff Analysts (OSA), representing over 4,000 employees across City agencies.
- On December 30, 2015, the City reached a seven-year contract agreement with the Correction Officers' Benevolent Association (COBA), which covers over 7,000 uniformed correction officers. With the COBA agreement, the City had reached a contract (either through settlement or impasse) with every union representing a uniformed force.
- In late January 2016, the City reached a contract agreement with Communications Workers of America – Local 1182 Traffic Enforcement Agents, which covers over 2,100 agents that serve the City. The agreement includes both Level I Traffic Enforcement Agents, who write summonses, and Level II Traffic Enforcement Agents, who direct traffic.
- In the June 2016, the City reached a tentative contract agreement with DC37 Locals 2507 and 3621, covering approximately 3,700 Fire Department employees, including EMTs, Paramedics, EMS Officers, and Fire Protection Inspectors. As part of this contract, the City and the union have agreed to a one-year alternative work schedule pilot program for EMTs, Paramedics, Lieutenants, and Captains, and also agreed to additional benefits completely funded by the seven-month contract extension and changes in work schedules.

The City has now settled with or concluded arbitrations with 98.8% of its workforce, including the PBA arbitration.



OLR will continue negotiations and impasse proceedings with the various unsettled unions, with the aim of moving all City unions under contract. Additionally, OLR will continue negotiations on possible gainsharing initiatives and over the use of Additional Compensation Fund for those unions that have the Fund. OLR will also continue the process to establish the minimum and maximum pay rates of newly certified (previously managerial) titles either by settlement or arbitration.

---

## City Reaches Agreement on Long-Sought Reforms to School Custodial Systems

*On April 27, 2016, the Mayor announced an agreement to major reforms to the public school custodial system. The agreement reached between the City and the three relevant unions (International Union of Operating Engineers Local 891, International Union of Operating Engineers Local 94, and 32BJ SEIU) marks the most significant changes to the school custodial system in 150 years.*

*The current unique system provides that Custodial Engineers each have their own budget, hire their own staff and purchase their own supplies; each school was run as an individual enterprise with little oversight or transparency. Under the new reforms, which will begin with the 2016-2017 school year, all schools will be managed by the Department of Education (DOE) and staffed through a single not-for-profit affiliated with the DOE. This will ensure the efficient and effective direction of resources. Control and oversight of budgetary and staffing allocation decisions will rest in one place at DOE, ensuring employees and supplies can be effectively moved to meet actual needs.*

*These reforms should eliminate the root cause of past corruption incidents, create a more efficient and transparent school cleaning and maintenance system, while ensuring that all custodial workers in public schools make the prevailing wage. Moreover, these long-sought changes will ensure that the DOE can direct resources where they are most needed, so that students and faculty can get the efficient and effective service they deserve. These reforms will pay for themselves within a few years.*

---



Mayra E. Bell, General Counsel

The OLR Legal Division represents the City of New York and its agencies in various labor relations proceedings, including arbitrations, improper practice proceedings, and representation hearings, under the jurisdiction of the NYC Office of Collective Bargaining (OCB). Attorneys also act as legal counsel in collective bargaining negotiations. In addition to involvement in labor relations proceedings, the Legal Division serves as a resource to agencies, providing advice and counsel regarding various workforce labor issues, and is involved in a wide variety of special projects.

### **I. IMPROPER PRACTICE PROCEEDINGS**

Under the NYC Collective Bargaining Law (NYCCBL), it is an improper practice for an employer to make any change on a mandatory subject of collective bargaining or to refuse to bargain

over terms and conditions of employment such as wages, hours, and working conditions, and other mandatory bargaining subjects, among other actions. Discrimination and retaliation for participating in union activity, along with interference with union participation or activity, also constitute improper practices. OLR attorneys defend the City and its agencies when a union files an Improper Practice Petition.

Represented employees may also file an Improper Practice Petition against their union alleging a violation of the duty of fair representation. Under the NYCCBL, the City is automatically joined as a party in these proceedings.

From 2014 through 2015, there were 61 improper practice actions filed, though many were withdrawn or settled prior to a decision by the Board of Collective Bargaining (BCB). In total, from 2014 through 2015, the Legal Division successfully closed 135 improper practice cases<sup>1</sup>. This number encompasses matters that were resolved by stipulation, withdrawn by the Petitioner, or in which BCB issued a decision.

### **II. GRIEVANCES, STEP III GRIEVANCE REVIEW AND ARBITRATIONS**

Most of the collective bargaining agreements covering City employees and employees of NYC Health + Hospitals include a grievance procedure. Grievances brought pursuant to collective bargaining agreements may include:

**Contract Interpretation.** Virtually every collective bargaining agreement with unions representing municipal workers allows grievances challenging the application or interpretation of the terms of the agreement. Such grievances generally involve disagreement over the meaning of specific language of a contract provision or how it should be applied to employees in particular circumstances. Issues that could be the subject of a contract interpretation grievance include eligibility for a differential payment, a claim of rescheduling to avoid the payment of overtime, and eligibility for standby pay.

**Agency rule violation.** Grievances may also be brought based on a claimed violation, misinterpretation or misapplication of the rules or regulations, written policy or orders of the employer applicable to the agency which employs the grievant affecting terms and conditions of employment.

<sup>1</sup>This number may include cases filed prior to 2014.

**Out of Title.** An out-of-title grievance is one of the most common types of grievances that agencies encounter. These claims are governed by law and contract. Most collective bargaining agreements covering municipal workers prohibit City agencies from assigning duties to an employee (or group of employees) that are “substantially different from those stated in their job specifications.”

**Employee Discipline.** Most collective bargaining agreements include a provision allowing employees against whom charges of incompetence or misconduct have been filed to grieve alleged wrongful disciplinary actions. When such an employee utilizes the grievance procedure for this purpose, he or she may seek a remedy such as reinstatement to employment, reversal of a suspension, reduction of an implemented penalty, and/or back pay.

### Step III Grievance Review Process

Generally, the grievance procedure provides that an unsatisfactory Step II determination from an agency head or designee may be appealed to Step III by the union-represented employee and/or the certified union; the grievance appeal is filed with the Commissioner of Labor Relations. Step III Review Officers of the Legal Division are designated to review such appeals.

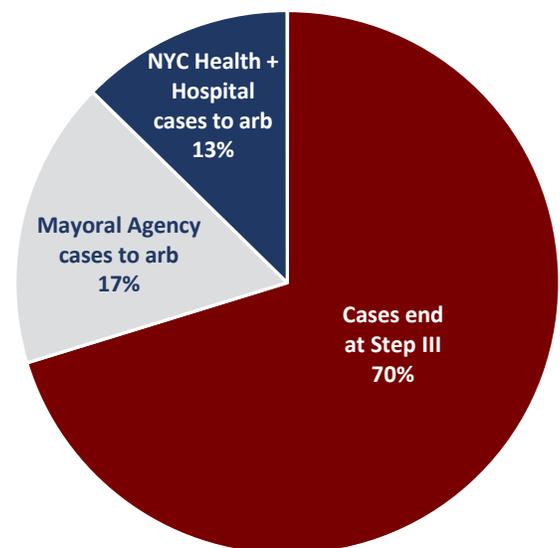
In addition to hearing appeals on the matters described above, the Citywide Agreement provides for the review of challenges to employer-issued recoupment notices. These matters are filed with the Office of Labor Relations; the Step III Review Officers are also designated to review these matters.

The grievance review process provides a meaningful forum for the orderly presentation and review of disputes. To ensure effective and efficient use of the grievance appeals process, the Step III Office provides guidance and support to representatives of City agencies, NYC Health + Hospitals, and unions. Where possible, the Step III Office works with the disputing parties to identify a mutually satisfactory resolution of the dispute, enabling the parties to avoid the time and cost of arbitration.

Applicable time frames for Step III cases are set forth in the collective bargaining agreement. Cases are concluded either with a Step III Reply or by stipulation. From 2014 through 2015, the Step III Office closed 1,381 cases, about one-third of which originated at NYC Health + Hospitals.

After issuance of the Step III Reply, the Union generally has 15 work days from receipt of the Step III Reply to proceed to arbitration. As this table illustrates, however, the majority of cases end at Step III.

Step III Cases that were appealed to Arbitration in 2014 - 2015\*

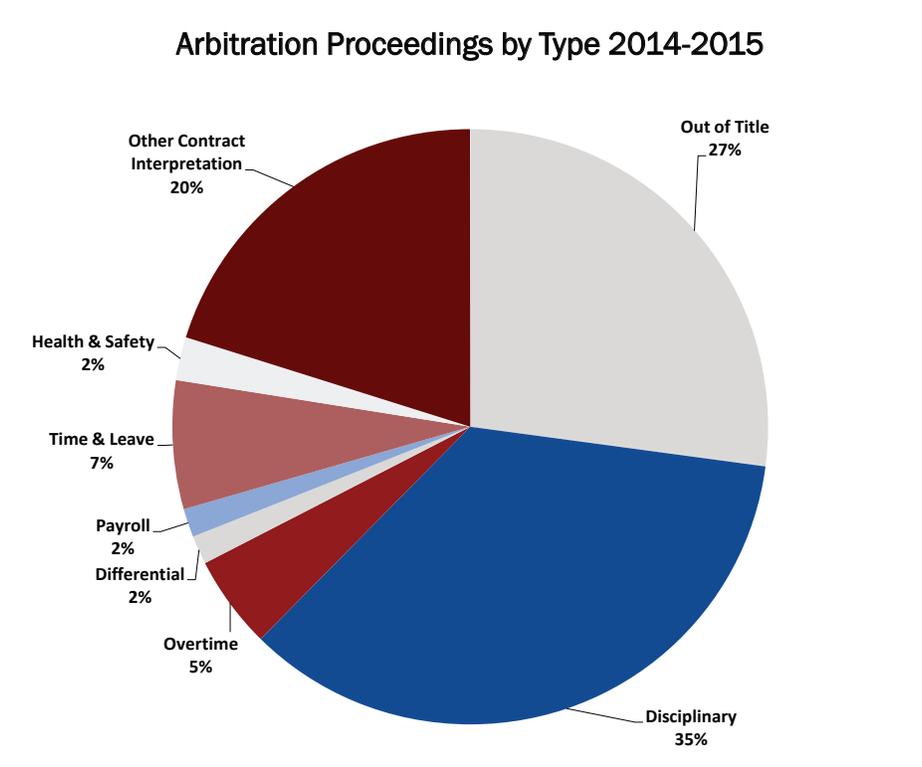


\* This does not include cases that are filed directly at arbitration, improper practice proceedings, and representation cases.

### Grievance Arbitrations

Attorneys in the OLR Legal Division represent City agencies at the following types of grievance arbitrations: out of title, discipline, and matters involving issues of contractual interpretation. Also, OCB offers an expedited arbitration procedure for certain cases which the parties mutually agree are appropriate for this process. Typical types of claims heard in an expedited manner include out-of-title claims and minor disciplinary infractions. Expedited proceedings involve a limited amount of testimony.

From 2014 through 2015, there were 246 cases filed at arbitration. In that same period, OLR’s Legal Division successfully closed 258 grievance arbitrations<sup>2</sup> by one of the following actions: (i) resolution by stipulation, (ii) withdrawal of the case by the Union, (iii) grant of Petition Challenging Arbitrability by BCB, or (iv) issuance of Arbitrator award. A breakdown by type of case is illustrated in the table below.



A selection of noteworthy arbitration awards and BCB decisions appear in OLR’s Bulletins, located on the OLR Web site.

### III. REPRESENTATION

Pursuant to NYCBBL § 12-309(b), OCB’s Board of Certification (BOC) resolves questions concerning union representation of public employees for purposes of collective bargaining. From 2014 through 2015, there were 34 representation matters filed at the BOC. Some involved newly created titles, which unions seek to include in existing bargaining units. Other matters challenged the managerial and/or confidential status of longstanding City titles.

<sup>2</sup>This number may include cases filed prior to 2014.

From 2014 through 2015, the BOC issued decisions in 16 City cases. Among its noteworthy decisions, in 2015, the BOC determined that the Assistant Advocate-PD title is eligible for collective bargaining, and accreted the title to the Civil Service Bar Association (CSBA). In another 2015 ruling, the BOC granted the petition filed by the Organization of Staff Analysts (OSA) to represent NYC Health + Hospitals training and development staff, encompassing about 30 employees across several titles.

Other accretion matters have been uncontested by the City. For instance, in late 2015, the City voluntarily recognized the New York State Nurses Association (NYSNA) as the bargaining representative for various new Correctional Health titles at NYC Health + Hospitals.

#### **IV. OTHER LEGAL ACTIVITIES**

##### *Collective Bargaining Negotiations*

OLR attorneys are actively involved in collective bargaining negotiations alongside OLR negotiators. The OLR Legal Division assists with resolving issues of contract interpretation and advises on the potential implications and interpretation of various provisions that may be included in collective bargaining agreements.

##### *Impasse Proceedings*

Impasse may be declared when the parties have exhausted collective bargaining negotiations and are unable to reach an agreement (“deadlocked”). In an interest arbitration, the issues not resolved in bargaining between the employer and the union are presented to an impartial arbitrator, or to a panel of impartial arbitrators, for final resolution.

##### *Special Projects*

In addition to traditional labor relations legal work, OLR attorneys participate in and assist with a wide variety of special projects. This may involve extensive research, leading to the determination of labor relations issues and other legal questions. The OLR Legal Division also researches, studies, and reports on proposed or existing legislation related to labor relations matters and functions in an advisory role to other departments at OLR.

#### **V. LOOKING AHEAD**

The OLR Legal Division is working to make improvements to the grievance handling process, including a streamlined, more efficient transition for cases moving from Step III to arbitration. Technology improvements are also in progress, with the development and implementation of customized legal software that will allow for improved record keeping, simplified case tracking, and connectivity with other City agencies that use the same program.

---

## RESEARCH

---



*Regina Fuchs, Assistant Commissioner*

Through the course of negotiations and impasse proceedings, the Research Division serves as a critical source of analytic support. From 2014 through 2016, research staff analyzed and provided supportive data to facilitate informed decisions at the bargaining table and make compelling cases at impasse. Once the agreements were concluded, research staff also assisted agencies in implementing settled contracts.

### ***I. COSTINGS***

During bargaining, the Research Division works closely with the Office of Management Budget's (OMB)'s Labor Analysis Unit to cost out economic demands, and works with the negotiator to configure pattern-conforming proposals to be presented to the union. At this time, the Research Division is costing out DC 37's Additional Compensation Fund (ACF) demands for all of its bargaining units, as well as for any other union that has not yet resolved on a use for its ACF. Additionally, the division is developing costings for the remaining unsettled unions and preparing research in relation to the pending impasse with the Patrolmen's Benevolent Association (PBA).

### ***II. IMPASSE PREPARATION***

The Research Division provides much of the supporting information and exhibits used to present the City's case at impasse arbitration. Working with the City's consultants, the Research Division compiles and analyzes national and local wage and benefit data used to support the City's case that our employees receive a competitive total compensation package. The Research Division also compiles historic data showing that, with the exception of unique and compelling circumstances, the City has adhered to the pattern for each round of bargaining.

### ***III. PAY AUTHORIZATIONS/CONTRACT ADMINISTRATION***

After reaching settlement, the Research Division calculates the new rate of pay and additions to gross that were negotiated to ensure that employees are paid correctly. The pay authorizations are sent to the Financial Information Service Agency (FISA) and the Office of Payroll Administration (OPA) and the affected agencies. Draft unit agreements are also reviewed to ensure that the correct pay rates are listed. When the unit agreements are completed, the Research Division registers the contracts and has them published in the City Record. The Research Division also responds to agency questions about agreements and pay authorizations.

### ***IV. SPECIAL PROJECTS***

The Research Division works on special initiatives and ongoing projects for the Commissioner and First Deputy Commissioner, such as keeping track of the number and percentage of union-represented workers that are settled and unsettled, and working on charts and graphs needed for presentations.

# EMPLOYEE BENEFITS PROGRAM



Georgette Gestely, Director Employee Benefits Program

## I. PROGRAM ADMINISTRATION

The Employee Benefits Program provides health benefits to approximately one million employees, retirees, and their dependents, and has annual premiums of more than \$5 billion dollars - making New York City the largest purchaser of employee health services in the greater New York area. In 2014, the programs that comprise the Employee Benefits Program were integrated under a single administrative umbrella. Taking advantage of economies of scale, the programs were then re-organized along functional lines. The Health Benefits Program, the Deferred Compensation Plan, the Flexible Spending Accounts Program and the Management Benefits Fund are now administered as a single entity at the Office of Labor Relations.

Communicating the benefits the City makes available to its employees, retirees and their dependents is central to the mission of the Employee Benefits Program. The primary tool used to communicate benefits is the Employee Benefits Website, accessible from [www.nyc.gov/olr](http://www.nyc.gov/olr). In 2015, the website was redesigned with the user in mind, concentrating on ease of navigation, adding search capability, and improving response time.

Recognizing that we live in an age of communication through images, the Employee Benefits Program has embarked on the creation of an informational video library, the first dozen videos are available on the website.

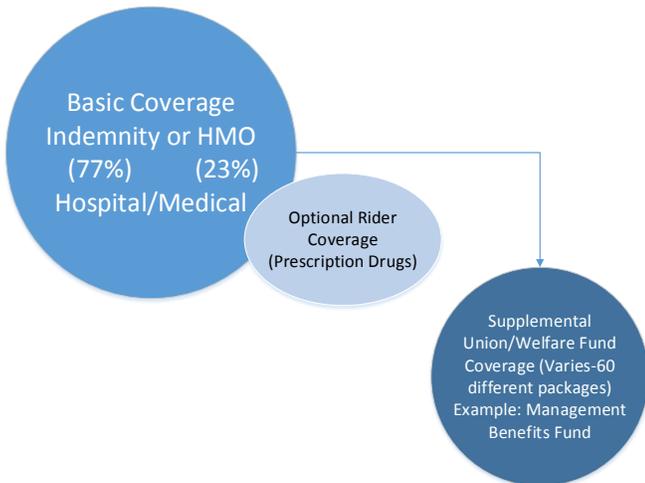


## II. PROGRAM DESCRIPTIONS

### Health Benefits Program



The Health Benefits Program is responsible for the administration of the various health coverage programs offered by the City to its 1.3 million employees, retirees and their dependents. Through collective bargaining agreements, the City of New York and the City's labor unions have worked together to choose the health plans and design the benefits for the Health Benefits Program.



Health Contracts 580,000		
Active 60%	Retiree 40%	
	Medicare 70%	Non-Medicare 30%

Employees and retirees choose the health plan that best fits their needs. They consider four factors that vary depending on the health provider and plan: (1) what services are covered; (2) types of doctors, including primary care physicians (PCP) and specialists; (3) convenience of access from home and work; and (4) cost.

The following health plans are offered to employees and retirees:



### *The Role of OLR in the Health Benefits Program of the City of New York*

OLR serves as the liaison to all other City agencies that deal with Health Benefits, to the City’s unions and their welfare funds, and to the City’s health providers. OLR also serves as the client service department for City retirees and their dependents. OLR is responsible for issuing payments to the City’s health carriers and the union welfare funds, and coordinates with City unions and welfare funds to ensure that there is no duplication of benefits. Finally, the Health Benefits Program ensures that City retirees are eligible for the maximum coverage available, and that dependent coverage documentation is properly maintained.

In 2014, the OLR Health Benefits Program launched several new initiatives to enhance communication with employees and retirees. First, an Interactive Telephone Voice Response System (IVR) was implemented to better handle the 3,500 calls received by the Health Benefits Program monthly. Next, a series of informational videos was launched to better communicate the features of the program to employees and retirees. Additionally, the Health Benefits Program began offering seminars on-site at the administrative offices to both active employees and those employees who are transitioning from active employment to retiree status.

### *Medicare Part B Reimbursement*

In December 2015, the Health Benefits Program, in cooperation with the City’s unions and pension systems, re-organized the annual distribution of the Medicare Part B and Income Related Monthly Adjustment Amount (IRMAA) reimbursements to be done, in June of each year, through direct deposit into retirees’ bank accounts. Where retirees have not chosen Electric Fund Transfer for their pension payments, the Medicare Part B and IRMAA reimbursements will continue to be sent by manual checks. With the March 2016 quarterly pension statements, OLR notified retirees to look for their Medicare Part B and IRMAA payments in their bank accounts.

## Deferred Compensation Plan



The Deferred Compensation Plan (DCP) is the second largest governmental defined contribution plan in the United States. As of December 31, 2015, the Plan had \$16 billion in assets and 185,000 participant accounts.

The Deferred Compensation Plan is an umbrella program for four defined contribution plans: the 457 Plan, the 401(k) Plan, the 401(a) Plan Incentive Savings Program, and the Deemed IRA called the New York City Employee (NYCE) IRA. The 457, 401(k) and the NYCE IRA all each offer both a traditional pre-tax program and an after-tax Roth program. The NYCE IRA is also available to spouses of eligible City employees and retirees. Unlike the 457 and 401(k) Plans, which only accept contributions from active employees through payroll deductions, the NYCE IRA account owners are also able to consolidate their retirement assets through rollovers, deposit their income tax refunds into their accounts, and continue to make contributions of earned income following their retirement from City service.

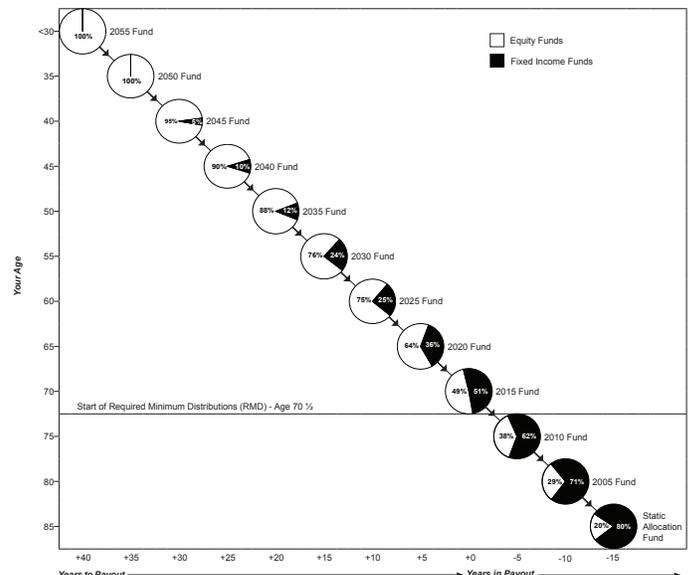
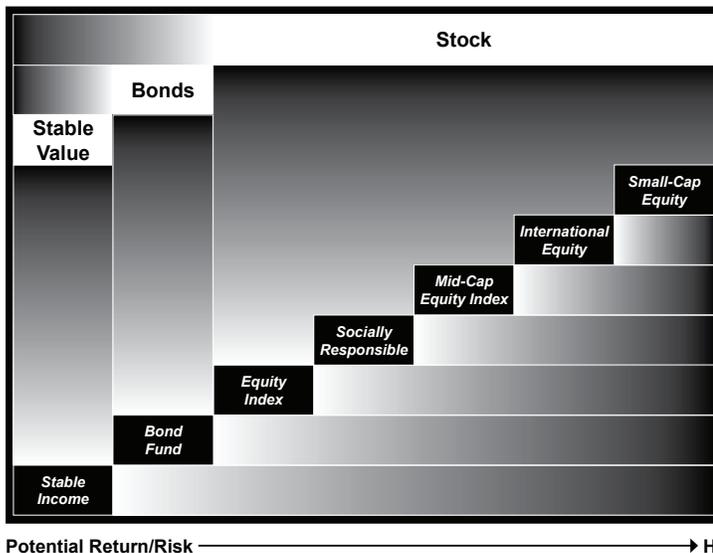


## Plan Fees

While DCP is a benefit offered to employees by the City of New York, it is a wholly self-funded Plan. All participants are assessed a single quarterly administrative fee of \$20.00 for participation in the Plan. Furthermore, to offset Plan expenses, .04% is deducted from the net asset values of each of the investment options. In addition, each investment manager charges an investment management fee that is deducted directly from each investment option's daily value.

## Investment Structure

DCP offers participants seven core investment options which they can use to create individual portfolios, as well as an array of 12 pre-arranged portfolios. The core funds range from low-risk fixed income funds to higher risk equity funds and



include the full range of market asset classes. In 2015, the Deferred Compensation Board voted to convert two of the seven core investment options from active to passive management: the Socially Responsible Fund and the Bond Fund. Together with the S&P 500 Equity Index Fund and the Mid-Cap Equity Index Fund, the Plan will now have four of its seven core options passively managed. The Bond Fund will transition to passive management over a two-year period.

The Plan's pre-arranged portfolios consist of varying percentages of the Plan's core investment options. The same investment funds and portfolios are available in the 457, 401(k) and NYCE IRA Plans.

### *Financial Planning Center*

The Center offers a variety of financial planning seminars which are presented by salaried, non-commission based Certified Financial Planner™ professionals at the Plan's Administrative Offices or at work sites. The Planners help participants build a holistic financial picture, during their working lives and in retirement, using their Deferred Compensation Plan assets.

### *Management Benefits Fund*

The Management Benefits Fund's (MBF) mission is the efficient delivery of supplemental health and welfare benefits to the City's managers and Original Jurisdiction employees and retirees. Some 18,000 employees and 9,000 retirees receive benefits such as vision, dental, and life insurance benefits from the Fund. The overall annual budget of MBF is \$42 million.

Beginning in 2014—following the Commissioner's three-pronged vision of administrative integration of the delivery of customer services, an emphasis on the overall health and well-being of the City workforce, and the assurance of individual attention to each client—fundamental enhancements were made to the MBF. A dedicated hot line was installed and a new Customer Service Liaison position created to offer MBF members concierge services. These new services allow members to receive advice about the best benefit options available prior to being used and provides support for the most efficient form of reimbursement of those services after they have been used.

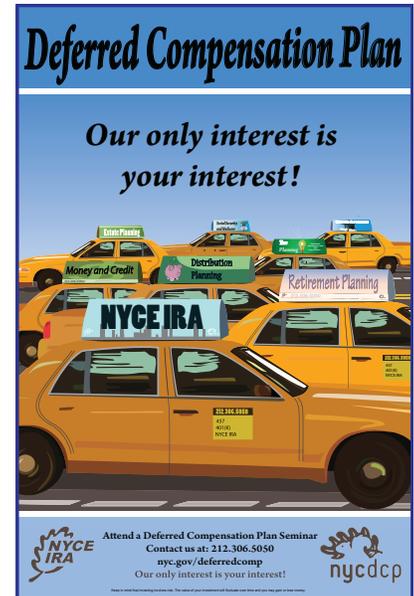
The Health Club benefit was renamed Health and Fitness Reimbursement and the array of eligible activities and fees that could be reimbursed was expanded. The benefit now includes reimbursement of fees for Citi Bike and yoga classes, among other things.

Finally, the integration of all parts of the Employee Benefits Program into a single administrative unit has enabled MBF to lend support to members in the coordination of their GHI basic benefits with the MBF's Superimposed Major Medical Benefit, the secondary payer of out-of-pocket expenses. Members are assisted with their claims step by step, not only to insure that they have received all the benefits available to them, but also to assure that they have had the best possible customer service experience.

### *Flexible Spending Accounts Program*



The Flexible Spending Accounts (FSA) Program is a benefit offered to employees by the City of New York. It is a wholly self-funded Plan where participants are assessed a \$1 per month administrative fee for participation in the Program.



The City of New York offers its employees a Flexible Spending Accounts Program which includes:

- The Health Care Flexible Spending Account Program (HCFSA) for eligible Medical Expenses
- The Dependent Care Assistance Program (DeCAP) for eligible Dependent Care Expenses

The HCFSA and DeCAP programs allow City employees the opportunity to deposit a portion of their pre-tax income into accounts maintained for certain health and dependent care expenses.



- The MSC Health Benefits Buy-Out Waiver Program for employees who are covered by health insurance through another employer and opt out of the City's Health Benefits Program and receive an annual incentive payment.
- The MSC Premium Conversion Program which enables eligible employees to pay for their health plan premium deductions on a pre-tax basis, reducing their gross income for tax purposes.

### III. LOOKING AHEAD

#### *Voluntary Defined Contribution Program*

Signed by Governor Cuomo in 2012 as part of the Tier VI Pension legislation, the Voluntary Defined Contribution (VDC) Program offers unrepresented City employees hired after July 1, 2013 with an annual salary of \$75,000 or higher, the option, in lieu of joining a City pension system, of participating in a defined contribution program which provides eligible City employees with an 8% employer match on annual salary. The Employee Benefits Program was selected by the Mayor's Office to serve as the VDC Agency Administrator, responsible for participant enrollment, eligibility determinations, vesting period communications, recordkeeping and accounting, and end of vesting period asset transfers. The program is slated for implementation in the coming months.

#### *Deferred Compensation Plan: Financial Planning Center Incentive Program*

The Deferred Compensation Board approved an incentive initiative to promote Individual Consultations by offering the first 500 participants who request a Financial Planning Individual Needs Assessment Consultation a reduced fee of \$25.

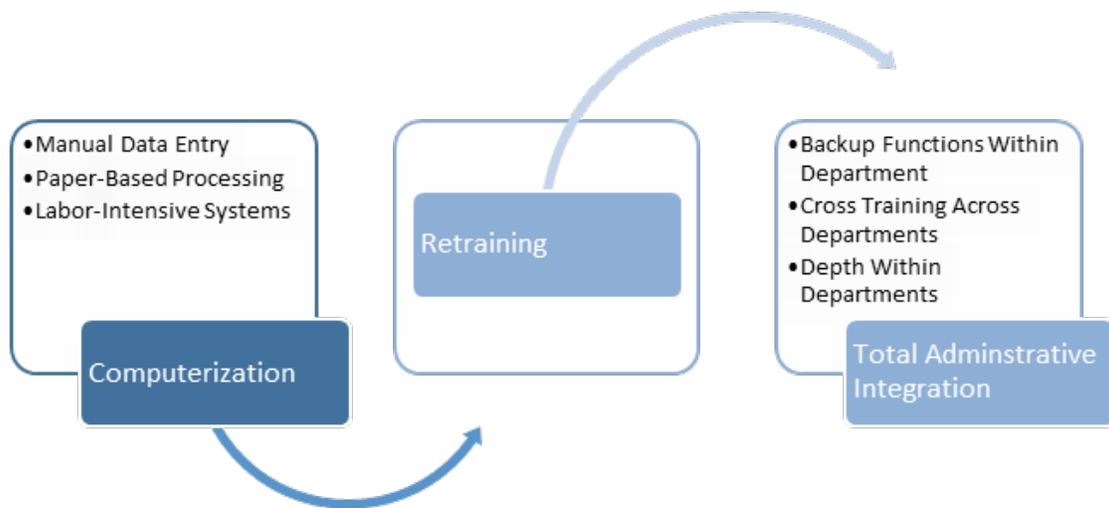
#### *Management Benefits Fund*

The Management Benefits Fund (MBF) is planning multiple new initiatives, including:

- MBF will explore introducing a new program called MBF Answers where members will be able to get responses to basic legal and elder care questions.
- MBF members will be given the chance to join an on-line diabetes prevention program.
- MBF members will be given the chance of meeting with a Certified Financial Planning Professional to have an Individual Consultation in the Financial Planning Department of the Deferred Compensation Plan.

*Redesigning administrative processes in the Employee Benefits Program through digitization initiatives*

During 2016, the Employee Benefits Program focused its attention on streamlining administrative processes. In keeping with the Mayor’s paperless office initiative, those processes which could be computerized were converted to electronic procedures. Where a manual process has been converted to an electronic one, affected staff will be re-trained. Emphasis will be placed on ensuring that all functions within departments have back-ups, that there is cross-training of staff members in each department, and that there is a cross-training of managers between departments to achieve a fully integrated administrative staff.



## NEW YORK CITY EMPLOYEE ASSISTANCE PROGRAM



Kevin Bulger, Director, Employee Assistance Program

The NYC Employee Assistance Program (EAP) offers assistance to employees of the City's non-uniformed mayoral agencies and their eligible dependents through professional counselors who can assist in areas such as stress, alcoholism, drug abuse, mental health and family difficulties. The program also provides services to employees and dependents of the NYC Housing Authority and NYC Health + Hospitals.

The NYC EAP is staffed by NYS licensed master level social workers and mental health counselors, who provide high-quality free and confidential services.

These services include:

- Individual interviews to assess and evaluate the nature and scope of problem(s)
- Crisis counseling, when appropriate
- Referral to treatment and/or other problem-solving resources
- Periodic follow-up with employee and referral agency
- Visits to employees injured on the job, and serving as the contact person for family members as appropriate

In addition, when there is a traumatic event at the worksite or community, the NYC EAP provides services to City agencies, including worksite bereavement groups and informational seminars, supervisory training and consultation and psychological first aid.

### I. HIGHLIGHTS OF CALENDAR YEARS 2014 AND 2015

During 2014 and 2015, over 5,000 employees or their family members contacted the NYC EAP. Approximately 83% of those contacting the program received services.

There are many circumstances that individuals request assistance from the NYC EAP. The following is the analysis of the calendar year 2014 and 2015 on the presenting issues.

Presenting Issues	2014*	2015*
Job Performance: lateness, interpersonal/behavioral, productivity, disciplinary	18%	14.7%
Job Related Issues: sexual harassment/discrimination, job related stress, problem with supervisor/coworker	35.7%	37.2%
Chemical Dependency: alcohol, dual diagnosis, family member(s) have a CD problems	18%	17.3%
Mental Health: anxiety, depression, stress/affected by another's problem, major psychiatric illness, eating disorder, gambling	38.9%	40.1%
Family Issues: marital/couple, problem with child(ren), domestic violence/abuse, bereavement	32.7%	32.5%
Environmental/Situational: housing, childcare/eldercare, financial/legal, health/disability	38.8%	30.3%
*Percentages add up to more than 100%, because a client can present with more than one issue.		

## *II. MENTAL HEALTH AND CHEMICAL DEPENDENCY*

To better connect EAP clients with appropriate services in 2013, NYC EAP added an early childhood trauma assessment. The questionnaire asks incoming EAP clients whether they experienced different types of traumas (e.g., physical or emotional abuse, witnessing the physical abuse of a mother) before the age of 18. More than 63% of EAP clients reported experiencing such a traumatic event. Through this initial assessment, the program can develop a more effective treatment plan for the clients it serves.

In the area of chemical dependency and trauma, the NYC EAP has persuaded a number of in-network treatment programs to become integrated trauma-informed programs using evidence-based treatment. For instance in 2014, NYC EAP reached agreement with Emblem/GHI to allow McLean/Harvard Hospital—one of the top five mental health hospitals in America and a pioneer in treating chemical dependency and trauma—to provide in-network treatment.

## *III. EXPANDING SERVICES, ASSESSING PROGRAM PERFORMANCE*

In late 2013, NYC EAP entered into an agreement to provide services to employees at NYC Health + Hospitals, significantly increasing the population served by the program. With that expansion, NYC EAP recognized the need to expand its office hours. The program is now open Monday-Friday from 8 a.m. to 7 p.m. Phone interviews are available on Saturdays, from 10 a.m. to 6 p.m. To better serve evening staff, the EAP has arranged with hospitals in each borough to have an EAP staff counselor on-site once a week until 7 p.m.

In 2014, the program began having clients complete an optional, confidential survey to assess their experience with the program. These confidential surveys, reviewed each week by program staff, have been a valuable resource to NYC EAP during this period of expansion.

## *IV. AGENCY SERVICES, UPCOMING ACTIVITIES*

NYC EAP has continued to respond to requests from agencies to help in handling stressful circumstances. Following a February 2014 shooting at DEP offices in Kingston, for instance, EAP staff spent three weeks at the upstate offices, providing psychological first aid and facilitating discussions on the effects of the shooting. EAP staff later offered support during the trial and sentencing phase. EAP staff have continued monthly visits to the Kingston office, held supervisory training for all upstate DEP supervisors, and provided orientation sessions for all upstate DEP worker on EAP services.

During the 2014 Ebola crisis, NYC EAP provided services to staff at Bellevue Hospital. NYC EAP provided counseling to Bellevue staff, and facilitated support groups and distributed information on available services. For three weeks at the height of the crisis, NYC EAP had five staff assigned to Bellevue Hospital, providing coverage from Monday-Saturday, from 6 a.m. through 11 p.m.

NYC EAP plans to launch a pilot program to use video-conferencing to provide services to upstate DEP employees. The program also plans to broaden education on mental health and substance abuse, work with agencies on programs to address the stigma of mental health issues, and increase the number of treatment programs using integrated-trauma treatment. Finally, NYC EAP plans to partner with WorkWell NYC to develop a more holistic approach to assisting City employees and family members and will explore opportunities to address issues identified by the Mayor's Mental Health Roadmap, including training NYC employees in Mental Health First Aide.

## HEALTH CARE SAVINGS DIVISION



Claire Levitt, Deputy Commissioner

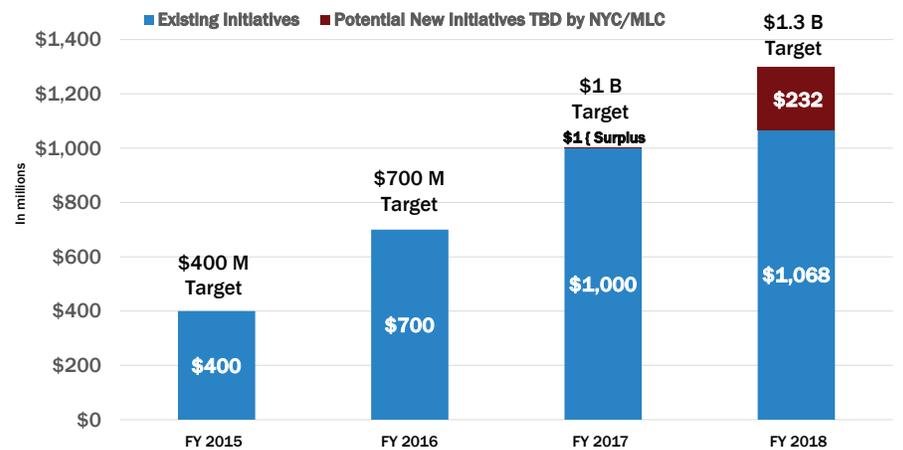
In May 2014, the City and its municipal unions embarked on an unprecedented four-year agreement to achieve \$3.4 billion in cost savings aimed at bending the cost curve for New York City’s health care programs. Since then, this partnership has yielded significant, long-sought changes that will benefit employee health and yield real savings for taxpayers.

From the first day of the de Blasio administration, the administration committed to a respectful and collaborative labor-management approach to solve the seemingly intractable challenge of containing healthcare costs for City workers. Under the agreement reached in May 2014, the City and the Municipal Labor Committee (MLC) agreed to work together to generate \$3.4 billion in cumulative cost savings for New York City’s health care programs over the next four fiscal years – at least \$400 million for FY15, \$700 million for FY16, \$1 billion for FY17 and \$1.3 billion for FY18.

A unique and innovative gain-sharing aspect of the agreement positioned the City and the MLC to become partners in managing health care costs, instead of adversaries. The agreement specified that if cost-saving efforts resulted in savings of greater than the \$3.4 billion goal, the next \$365 million will be used to give each of the 337,000 City workers a one-time bonus. Any further savings would be shared 50/50 between the City and the workers.

The savings are guaranteed by an arbitration process if the City and the unions are unable to meet the goals, but that outcome appears unlikely. Since the May 2014 agreement aligned the goals of labor and management to creating a plan that benefits the City and its workers, collaboration between the City and its unions has moved the process forward to achieve its goals.

Status of the \$3.4 Billion Savings Target as of February 2016  
With City’s Proposed Plan Design Changes



### I. A COLLABORATIVE GAINSHARING APPROACH TO HEALTH CARE SAVINGS

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.

Working towards the cost savings goals is being undertaken in the context of the Institute for Health Improvement’s Triple Aim, whose objective is to simultaneously improve the quality of care, improve the health of the population and reduce costs. Inspiring a culture of health among New York City employees to help improve health outcomes and create a

healthier workforce is an important part of our work. For the very first time, OLR has a dedicated team of professional staff specifically working towards improving the health of New York City employees while achieving health care cost savings.

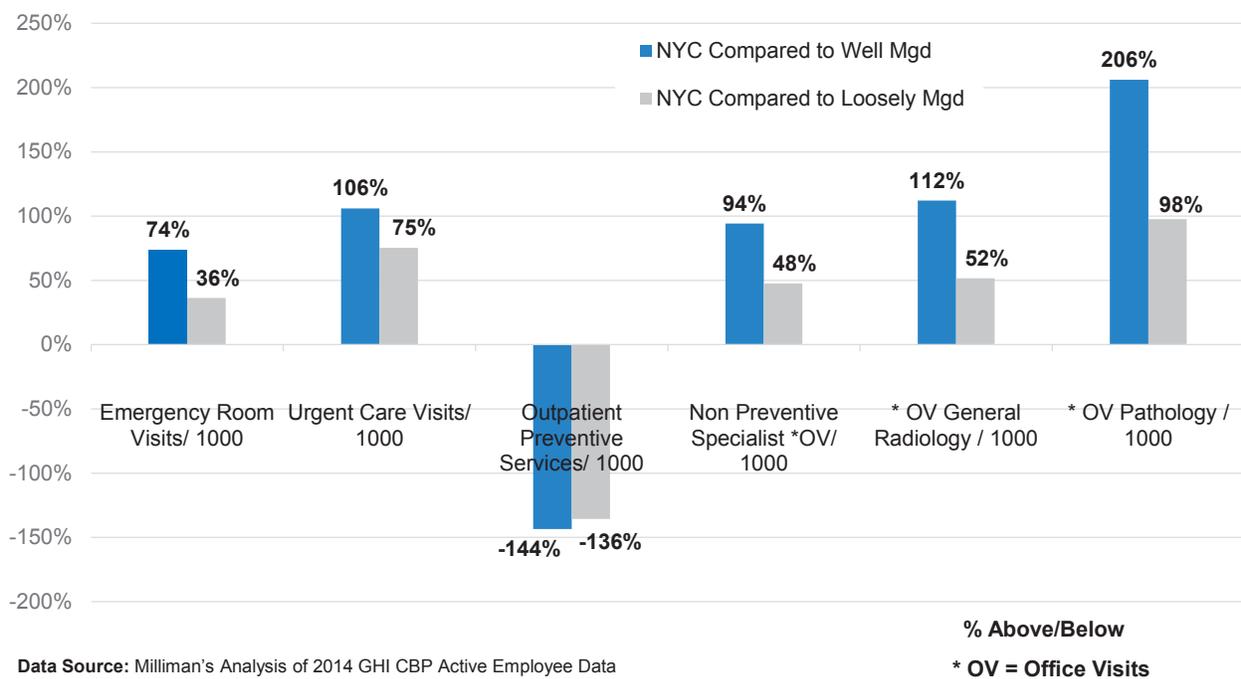
On April 1, 2015, 11 months after the agreement, the City announced that the \$400 million savings goal for FY15 was being reached. On February 24, 2016, the City announced that the \$700 million savings goal for FY16 was expected to be reached by June 30, 2016 and that the FY17 goal of \$1 billion would be met by sweeping changes being implemented effective July 1, 2016.

## II. DATA SHEDS A NEW LIGHT ON EXPENSES

One of the most significant barriers in the City’s ability to contain health care costs was the previous failure to obtain and analyze data from its multiple health plans to understand the nature of the overall health care utilization and expense. By September 2015, for the first time, the City and the Municipal Labor Committee were engaged in collecting and reviewing data in order to get a clear picture of how the City’s health care dollars are being spent. The parties were able to develop an effective process to analyze aggregate data and protect the confidentiality of the workforce.

Key findings from the initial data analysis provided a clearly emerging picture of the trends and expenses and have been extremely helpful in informing the prioritization and direction of the program development to bend the healthcare cost curve for the City’s health plans.

**Summary of Benchmarking Health Data**  
*NYC % Above/Below "Well Managed" and "Loosely Managed" Benchmarks*  
*(2014 GHI-CBP Plan Active Employee Data)*



The findings include the following:

- Emergency room and urgent care visits have exceptionally high utilization.
- Outpatient preventive services utilization (for example, colonoscopy, mammography, lipid panel testing) is very low.
- Physician specialty care visit utilization is very high.
- Radiology and pathology procedures performed in physician offices have extremely high utilization.

The significance of the over-utilization of many services and the underutilization of preventive services was extremely helpful in focusing the health care efforts appropriately.

The data also demonstrated that City health care expenses for cancer, heart disease, diabetes and hypertension represent over 50% of total health care spending, suggesting that programs to help address the lifestyle factors that contribute to these diseases could impact costs as well as improve the overall health of New York City employees.

### **III. ACHIEVING HEALTH COST SAVINGS**

On February 24, 2016, OLR Commissioner Bob Linn announced the new, comprehensive agreement with the MLC that will result in the first significant changes to the City's employee health plans in over 30 years, marking major progress toward fulfilling the May 2014 City-MLC commitment.

In a report sent to the Mayor and First Deputy Mayor, OLR detailed the latest updates in how the City will achieve the \$700 million savings target for FY16, and projected that the Administration will also meet the \$1 billion savings target for FY17. With the recently announced initiatives combined with previously announced savings, the City projects that it has secured approximately \$3.1 billion of the \$3.4 billion total.

These recently announced changes 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, which were approved by the MLC in late February, include important design changes to the GHI-CBP plan, which will result in \$85 million per year in savings for the City beginning in FY17. The GHI-CBP plan covers about 75% of NYC employees. 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 \$0 copays for preventive care services.

Additionally, the City will also offer two new tools to employees to help them best utilize the updated plan, including telemedicine, which provides access to physician services online and via phone 24 hours a day, and a customized version of Zocdoc to allow employees to schedule appointments online.

In addition to the changes to the GHI-CBP plan, the City will launch a HIP 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% of City employees covered by HIP already use HIP's preferred providers. The copay will be \$10 for patients that visit non-preferred providers. The new HIP Preferred Plan will result in \$64 million per year in savings for the City beginning in FY17.

Other new initiatives include expansion of the care management program to include outpatient review and to 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. A special Diabetes Case Management program is also being offered to employees diagnosed with diabetes.

In addition, since the City saved over \$100 million last year through an agreement with the MLC on the Dependent Eligibility Verification Audit (DEVA), these efforts will continue for another three years.

Finally, it should be noted that before the May 2014 agreement with the MLC, the City was unable to tap into the Health Insurance Stabilization Reserve Fund, which is jointly controlled by the City and the MLC. To date, the Stabilization Fund has covered some labor contract costs. The City and the MLC have now agreed to utilize another \$120 million from the fund. Of that total, \$60 million will provide a one-time \$100-per-employee/retiree contributions to the welfare funds. The other \$60 million will be transferred to the City.

Additional information about the Healthcare Savings initiative can be viewed on the Healthcare Savings page on the OLR website, at <http://www1.nyc.gov/site/olr/labor/labor-health-savings.page>.

#### ***IV. LOOKING AHEAD***

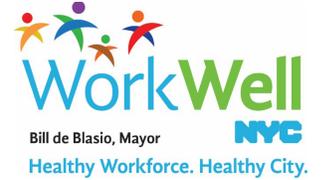
The MLC and the City are continuing to develop additional programs intended to bend the health care cost curve by delivering care more efficiently and promoting better health. The ongoing effort to identify the right mix of programs to meet the long term cost savings goals, while also improving patient care outcomes and the health of the workforce, remains an important focus for OLR. We are optimistic that the four-year, \$3.4 billion health care cost savings goal can be met and exceeded, to support the gain-sharing aspects of the agreement.

## WORKWELL NYC



*Deborah Friedman, Assistant Commissioner*

In 2014, the Office of Labor Relations (OLR) launched the Culture of Health (COH) Program, focused on employee health and well-being at the workplace. In 2015, the COH program was renamed WorkWell NYC. In partnership with OLR's health care cost savings initiative, WorkWell NYC seeks to provide City employees with access to innovative workplace programs that result in one or more of the following outcomes: keeping healthy people healthy, reducing "at-risk" populations, and managing chronic disease. It is expected that these innovative workplace programs will increase worker productivity, engagement and morale, and will decrease absenteeism, health care costs and other adverse implications of poor health.



For many employees, hectic work schedules and personal obligations limit participation in health and wellness activities. The workplace provides a unique opportunity for programming and services that are engaging, integrated, evidence-based, and accessible. WorkWell NYC offers activities addressing:

- Disease Prevention
- Disease Management
- Health and Wellness Education
- Diet and Nutrition
- Physical Activity
- Stress Management

Since the launch of Workwell NYC, OLR has collaborated with the Municipal Labor Committee (MLC) to identify initial employee health programs. Highlights of this initiative are described below.

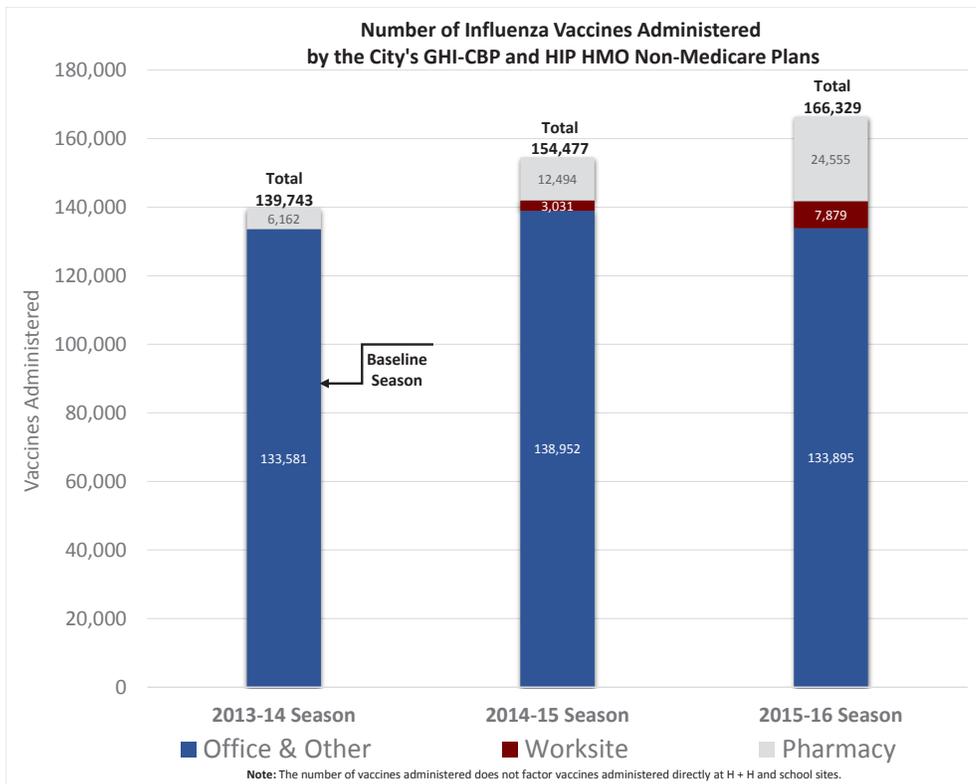
### ***I. NYC EMPLOYEE FLU VACCINATION CAMPAIGN***

In 2014, the NYC Employee Influenza Vaccination campaign was launched providing NYC employees and non-Medicare retirees covered under the City's health plan access to free influenza vaccinations. In the second year of the campaign, OLR also made the vaccine available for dependents of City employees and pre-Medicare retirees at no cost. Thousands of people contract influenza each year with several adverse implications, including severe illness-related symptoms, loss of extensive sick leave, and significant out-of-pocket health care costs. The influenza vaccine can significantly reduce an employee's chance of contracting the virus and suffering these impacts.

The vaccination campaign runs each year from September through December. To maximize participation, the City makes vaccinations available at the following access points: (1) Workplace Flu Clinics at participating NYC worksites; (2) in-network physicians; (3) participating pharmacies; and (4) select AdvantageCare Physician locations. As demonstrated in the chart on page 35, the campaign has resulted in overall increases in vaccination, with significant increases in worksite clinic and pharmacy utilization.



*Department of Health and Mental Hygiene Commissioner Dr. Mary Travis Bassett giving Commissioner Linn his flu shot.*



Moving forward, the campaign will focus on increasing the number of employees getting vaccinated. To this end, WorkWell NYC will increase efforts to educate employees on the benefits of the influenza vaccine and dispel common misconceptions about it.

## II. DIABETES PREVENTION PROGRAM

Based on national averages, it is estimated that about 12% of the City's workforce (approximately 40,000 City employees) is currently living with diabetes. In addition, an estimated 37% of the City's workforce (approximately 125,000 City employees) are at high risk for developing type 2 diabetes; many of them are unaware of this risk.

The risk of developing type 2 diabetes may be reduced by as much as 58% by completing the National Diabetes Prevention Program. The year-long program engages participants in community-building around best practices for developing healthier lifestyle behaviors and reducing body weight by 5-7%. Participants attend weekly lunchtime meetings for 16 weeks. At these meetings, a trained lifestyle coach provides instruction and materials on diabetes prevention. An additional six to eight months of monthly meetings are dedicated to sustaining newly learned behaviors (i.e. meal choices, exercise regimens, etc.).

Recognizing the impact of diabetes on the City's workforce—and the benefits of a prevention program—the MLC identified the disease as a target for the WorkWell NYC program. In partnership with the Fund for the Public Health NYC, WorkWell NYC received a \$350,000 grant from the New York State Health Foundation to implement an evidence-based diabetes prevention program developed by the Centers for Disease Control and Prevention. The grant provided resources for worksite classes and a web-based version of the program for those employees unable to participate in worksite sessions (i.e. field-based positions, those seeking greater privacy, etc.).

In the first year of the program, 12 groups were successfully launched with 249 participants. Of the initial participants at the Department of Environmental Protection (DEP) and the Department of Health and Mental Hygiene (DOHMH), 76% achieved their target weight loss of 5-7% during the first 16 weeks. The participants agreed that as a result of the program, they have the skills needed to prevent the onset of diabetes.

*"Being in this program over the past weeks has given me awareness of how diabetes starts and how to control it. I have learned different processes to manage my weight and to watch what I eat."*

By the end of the two-year grant, OLR expects to have assisted 1,000 NYC employees to learn and implement these important diabetes prevention strategies. Continued monitoring of participant outcomes and their ability to sustain results is expected.

### III. INTER-AGENCY CULTURE OF HEALTH COMMITTEE

OLR established an inter-agency Culture of Health committee to provide a venue for agencies to share information and insights regarding wellness initiatives. The committee also has identified “public-facing” programs provided by City agencies that can be targeted for NYC employees such as the Shape Up NYC program, a Department of Parks & Recreation initiative offering free fitness classes at locations across the City. This collaboration resulted in an effort to promote current NYC Parks programs, as well as to host classes within City agency buildings, to recruit instructors from among the City’s employees, and to encourage membership at NYC Parks Recreation Centers. The committee also identified a need to expand the capacity of the Employee Smoking Cessation Assistance Program (ESCAPE), a DOHMH program. The committee is also working with the Mayor’s Office of Food Policy to heighten awareness of healthier food options and to educate employees about nutrition and healthy eating.



*Kafui Bediako, Grace Lee and Cheryl Griffin, winners of OLR’s agency-wide walking competition, the OLR Step-Up Challenge.*

Additionally, OLR has developed its own agency-based WorkWell NYC/Culture of Health committee to develop and model effective wellness programs. In 2014 and 2015, OLR sponsored an on-site flu vaccine clinic; introduced a month-long walking challenge with 50% of the agency participating and logging more than 9 million steps; issued daily wellness tips emails; and piloted a stress management - meditation program with 30 staff.

### IV. WEBSITE

To help support these wellness programs and provide a health resource to employees and joint labor-management teams, OLR has introduced a new Employee Wellness section on its website. The section contains resources to maximize access to appropriate health care services and to educate the workforce about health issues and the City’s health and well-being programs. For more information, please visit [www.nyc.gov/workwellnyc](http://www.nyc.gov/workwellnyc). This site links employees with information on health care services, health issues and the City’s health and wellness programs.

### V. LOOKING AHEAD

WorkWell NYC will continue to work with agencies to integrate health and wellness initiatives into their workplaces. Shifting the daily habits of City employees and aligning organizational structures and policies to support behavior change is a long-term process, but essential to improving health and well-being. A key strategy will be to focus on the engagement of agency-based labor management Quality of Work Life (QWL) teams or similar joint committees. These teams offer the opportunity to increase engagement and participation and to develop innovative programs that are responsive to agency-specific needs.

OLR will be partnering with key agencies to serve as “Wellness Incubators” to develop agency-wide models for improving employee wellness. This process will engage select agencies in more robust and comprehensive programming emphasizing senior leadership involvement, labor-management engagement, and measurement and evaluation. In addition, OLR will investigate how employee health and wellness impacts absenteeism and presenteeism (the level of productivity of an employee while at work). Through these Wellness Incubators, OLR expects to build a model of health and wellness for each agency in the City of New York. Finally, the WorkWell NYC team will focus on developing a city-wide fitness challenge that will engage every employee in becoming more aware of and participative in their own health and well-being.

### Abbreviation Table

<i>Abbreviation</i>	<i>Definition</i>	<i>Abbreviation</i>	<i>Definition</i>
1199 SEIU	1199 SEIU United Healthcare Workers East	L891	International Union of Operating Engineers Local (IUOE) 891
ADWA	Assistant Deputy Wardens/Deputy Wardens Association	L94	International Union of Operating Engineers Local (IUOE) 94
ATG's	Additions to Gross	LBA	Lieutenants Benevolent Association
BOC	Board of Certification	MBF	Management Benefits Fund
CCA	Correction Captains' Association	MLC	Municipal Labor Committee
CEA	Captains Endowment Association	NYCCBL	NYC Collective Bargaining Law
CIR	Committee of Interns and Residents, SEIU	NYCHA	New York City Housing Authority
CUNY	City University of New York	NYCE IRA	New York City Employee Individual Retirement Account
COBA	Correction Officers' Benevolent Association	NYSNA	New York State Nurses Association
COH	Culture of Health	OCB	Office of Collective Bargaining
CSA	Council of School Supervisors & Administrators	OJ	Original Jurisdiction
CSBA	Civil Service Bar Association	OLR	Office of Labor Relations
CWA	Communications Workers of America	OSA	Organization of Staff Analysts
DC 37	District Council 37, American Federation of State County and Municipal Employees (AFSCME)	PBA	Patrolmen's Benevolent Association
DCP	Deferred Compensation Plan	PERB	Public Employee Relations Board
DEA	Detectives' Endowment Association	PSC	Professional Staff Congress (CUNY)
DEP	Department of Environmental Protection	PROSE	Progressive Redesign Opportunity Schools of Excellence
DeCAP	Dependent Care Assistance Program	QWL	Quality of Work Life
DEVA	Dependent Eligibility Verification Audit	SBA	Sergeants Benevolent Association
DIA	Detective Investigators' Association	SEIU	Service Employees International Union
DOE	Department of Education	SEIU 32BJ	Service Employees International Union, Local 32BJ
DOHMH	Department of Health and Mental Hygiene	SOA	Sanitation Officers Association
EAP	Employee Assistance Program	TEA	Traffic Enforcement Agent
EMS	Emergency Medical Service	UFA	Uniformed Firefighters Association
GHI	Group Health Incorporated	UFOA	Uniformed Fire Officers Association
GHI-CBP	GHI Comprehensive Benefits Plan	UFT	United Federation of Teachers
HCFSA	Health Care Flexible Spending Account Program	UPOA	United Probation Officers Association
LEEBA	Law Enforcement Employees Benevolent Association	USA	Uniformed Sanitationmen's Association, Local 831
L211	International Union of Operating Engineers, Local 211	USCA	Uniformed Sanitation Chiefs Association
L237	Teamsters Local 237	USOC	Uniformed Superior Officers Coalition
L246	SEIU Local 246	VDC	Voluntary Defined Contribution
L300	SEIU Local 300		
L306	International Alliance of Theatrical Stage Employees Local 306		



*Bill de Blasio, Mayor  
The City of New York*

*Robert W. Linn, Commissioner  
Office of Labor Relations*

*The City of New York  
Office Of Labor Relations  
40 Rector Street, 4<sup>th</sup> Floor  
New York, NY 10006-1705  
(212) 306-7200  
[nyc.gov/olr](http://nyc.gov/olr)*