



# OFFICE OF LABOR RELATIONS

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**ROBERT W. LINN**  
*Commissioner*

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*First Deputy Commissioner*

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*Deputy Commissioner  
Health Care Cost Management*

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*General Counsel*

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*Director, Employee Benefits Program*

December 22, 2016

**To: Bill de Blasio**  
Mayor, City of New York

**Anthony Shorris**  
First Deputy Mayor, City of New York

**From: Robert Linn**  
**Claire Levitt**

**Re: Report of the Status of Healthcare Savings, Q1 Fiscal Year 2017**

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As we reported previously, on July 1, 2016, the New York City Health Benefits Program in collaboration with the Municipal Labor Committee (MLC), implemented the most robust changes to its health plans in decades, aimed at encouraging more appropriate utilization of health care resources. For example, employee copays for the emergency room, urgent care, specialty care, radiology and diagnostic testing were increased, while copays for preventive care treatment and certain primary care visits were decreased.

Initial reports on the first quarter of FY 2017 utilization confirm that our health care plans are demonstrating significant changes in utilization patterns that are attributable to the plan changes. One very significant concern about our health care spending was the overutilization of unnecessary emergency room visits. Following the copay changes in July, we compared the emergency room claims utilization for the first quarter of FY 2017 to the same quarter in FY 2016 and observed an 18.5% drop in emergency room utilization, generating savings of \$9.2 million in just one quarter.

Medical care utilization is showing a similar downward trend with specialty care, physical therapy and high cost radiology procedures are all trending significantly lower than projected utilization for the first quarter FY 2017. Reports with additional details should be available next month.

As a result of these changes, the City and the MLC continue to project that we will successfully meet the \$1 billion in health savings required to meet the FY 2017 targets specified under the 2014

agreement with the Municipal Labor Committee. We also project that the existing initiatives will generate over \$3.25 billion in savings by the end of FY 2018, leaving less than \$150 million in savings to be achieved in FY 2018 to meet the four year \$3.4 billion savings goal.

To help support employees in adapting to the changes, we also implemented two new programs to help employees find appropriate physician care and avoid unnecessary emergency room utilization. The ZocDoc program has been well received; NYC employees scheduled over 50,000 physician visits utilizing ZocDoc's online scheduling service. The Telemedicine program got off to a slower start but we are currently running a promotion offering the first telehealth visit free until March 31 for anyone who signs up by December 31 and we are expecting to see increased utilization.

Our wellness programs also continue to further our efforts to help New Yorkers get healthy and stay healthy. The free flu vaccination program delivered over 10,000 vaccinations at 137 worksites and encouraged many thousands of other employees and family members to receive free vaccinations at pharmacies and physician offices. The Weight Watchers program enrolled over 13,000 NYC employees, spouses and retirees from June through the present, who have shed over 27,000 pounds. About 20% of enrollees have already achieved a clinically meaningful weight loss of over 5% of their body weight. Worksite Weight Watchers programs have been implemented at over 50 NYC worksites, with another 20 being started up, making it even easier and more convenient for employees to participate and work towards improving their health through weight loss, fitness and healthier food choices. Our year-long Diabetes Prevention Program using the CDC's evidence based program has been offered at 6 agencies with 12 different classes of participants. An additional 15 classes at 5 additional agencies are already scheduled for 2017. New WorkWell NYC plans for the future include expansion of the smoking cessation program and a new hypertension program, both being implemented in collaboration with the NYC DOHMH.

Our future plans to meet the \$3.4 billion savings by the end of FY 2018 include developing a new approach to our hospital relationships which is where about half of our total health care spend is attributed. We are also looking to expand the use of primary care and patient centered medical home models, bid out our specialty prescription drug program and improve our retiree program costs through Medicare Advantage programs. We are convinced that we can reach the savings goals set out by the City and the MLC and set the stage for improved health care outcomes for City employees.