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## Pact saves PICA drug coverage

Announcing PICA deal, from left, Mayor Michael R. Bloomberg, DC 37 Executive Director Lillian Roberts, Robert Croghan (Organization of Staff Analysts), Labor Commissioner James F. Hanley, Rand Weingarten (United Federation of Teachers) and William Kwasniak (Correction Officers' Benevolent Association).



By GREGORY N. HEIRES

The city and municipal unions have reached an agreement to continue covering 500,000 public employees and retirees for four categories of expensive and often life-saving drugs.

Under the deal, both parties will restructure the PICA program, which provides psychotropic, injectable, chemotherapy and asthma drugs, and the city will beef up its payments to union benefit funds to ensure that employees and retirees continue to receive the drugs.

Beginning July 1, chemotherapy and injectable drugs will be covered by the GHI health plan or the Stabilization Fund, which was set up years ago to equalize funding of the city's health-care plans and has funded the PICA program. Psychotropic and asthma medications will be provided by union welfare funds, such as the DC 37 Health and Security Plan, or elsewhere through optional health-plan riders. Mayor Michael R. Bloomberg announced the changes April 4 at a joint news conference with the Municipal Labor Committee, the umbrella organization that represents

city unions in negotiations over health-related benefits.

"We have crafted a short-term solution that saves these life-sustaining benefits," said MLC Chair Randi Weingarten.

In labor's efforts to identify resources to save the PICA coverage, DC 37 Executive Director Lillian Roberts, MLC's secretary, and Steering Committee members Veronica Montgomery-Costa, Maf Misbah Uddin and Charles Ensley played an important role, with other municipal labor leaders. For injectable and chemotherapy drugs, on July 1 retail co-payments will be raised to \$10 (from \$5) for 30-day supplies of generic drugs, \$25 (from \$15) for brand name medication on a preferred list and \$45 (from \$35) for non-preferred brand name drugs. Mail-order co-payments for 90-day supplies will be double the amount of 30-day retail co-payments. Beginning Jan. 1, 2006, there will be an annual deductible of \$100 per person.

The co-pays of the DC 37 prescription drug benefit (\$5 for generics, \$15 for brand-name preferred drugs and \$35 for

non-preferred drugs) will remain for asthma and psychotropic drugs. The plan's trustees will study whether changes will be necessary to address any additional costs, according to Rosa Esperon, administrator of the DC 37 Health and Security Plan.

City coverage of injectable and chemotherapy drugs will continue to be funded through the health-care Stabilization Fund.

Last year, the city told the unions PICA costs had risen to \$140 million a year and were draining the fund. The city threatened to shut down the PICA program in January, but it backed off that threat after the MLC insisted upon negotiations.

Under a 2004 agreement, union welfare funds are receiving an extra \$65 per member, which will be suspended from July 1, 2005, to Jan. 1, 2006, to help shore up the Stabilization Fund. To help the union funds with the burden of the asthma and psychotropic coverage, the city agreed to contribute an additional \$100 for each employee and retiree from July 1, 2005, through June 30, 2006.

# Civil Service **LEADER** THE CIVIL EMPLOYEES' WEEKLY

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## Accord Protects Cancer, Asthma Drug Benefits

### Co-Pays, Deductibles For Whole PICA Plan to Rise

By GINA SALAMONE

More than 500,000 city workers and retirees will continue receiving vital prescription drug benefits under a tentative agreement reached between the city and the Municipal Labor Committee, it was announced April 4.

In December, the Office of Labor Relations warned the MLC that the Health Insurance Stabilization Fund, which subsidizes the cost of drugs for city employees with cancer, asthma and mental illness, would be bankrupt by early this year. The city withdrew its threat to cancel the program in January, after union leaders agreed to intensive negotiations.

#### 'Complex Problems'

"Increasing health costs are something that everybody in the public and private sector [is] trying to grapple with, not just here, but throughout the nation," Mayor Bloomberg said last week. "There are no easy answers to complex problems. But we have an obligation to make sure that the city work force is covered for what they and their families need. By working together, we will preserve a very valuable level of health-care benefits for employees, retirees and their dependents."

He said that modifications to the PICA program, which provides psychotropic, injectable, chemotherapy and asthma drugs, will require members to make somewhat higher co-payments and accept a small deductible to ensure the viability of the program.

"This is an agreement that

we worked very hard together to craft," MLC Chair Randi Weingarten said. "It's an agreement that preserves coverage for certain life-sustaining drugs. And what has happened here is that the drug costs for these four types of drugs have gone up 8 to 15 percent a year. And so the PICA program has become this unsustainable benefit because of the huge increase in costs. And every time we try to do something to stay with it, we've been losing the battle."

"How do you say to someone with cancer that we're no longer paying for your chemotherapy?" she asked.

#### Change Effective July 1

Under the agreement, all four classes of drugs will continue to be provided for all employees and non-Medicare retirees in the way they have been through June 30.

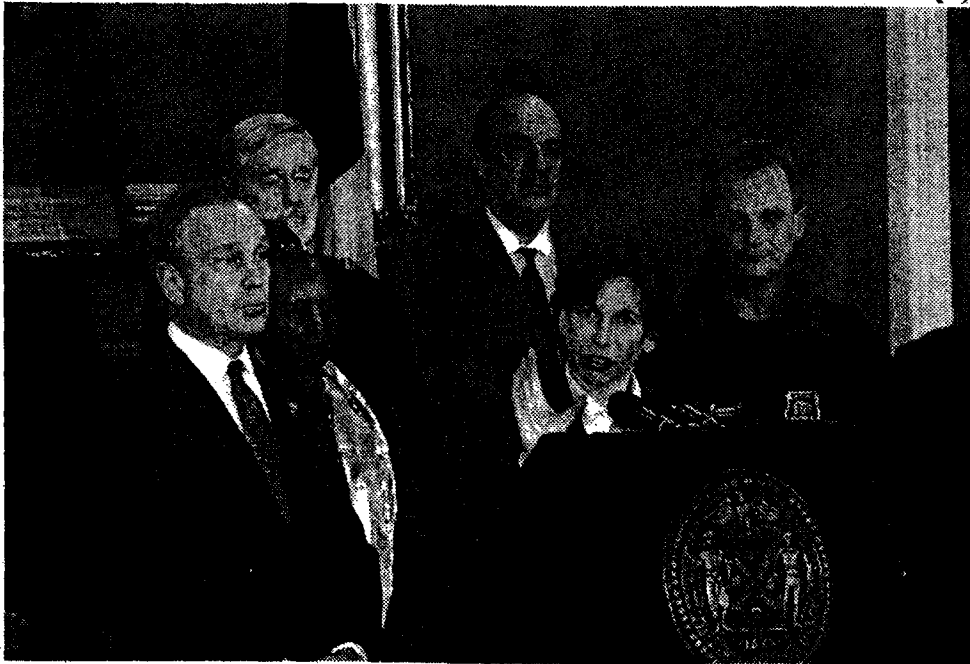
Effective July 1, psychotropic and asthma drugs will be provided through the union welfare funds or health plan optional riders where applicable. Co-payments for those drugs will vary with each union. Ms. Weingarten, who heads the United Federation of Teachers, said her union is trying to make the transition without increasing the co-pays for psychotropic and asthma drugs.

#### \$100 Deductible in '06

Injectable and chemotherapy drugs will continue to be funded by the Health Insurance Stabilization Fund and be obtained through the PICA program. Co-payments will increase from \$5 to \$10 for all generic injectable and chemotherapy drug prescriptions, from \$15 to \$25 for brand-name drugs on the plan's preferred list, and from \$35 to \$45 for other brand-name drugs.

Mail order co-payments will be double the rate of retail co-payments for 90-day supplies.

# Preserve Cancer, Asthma Drug Benefits



United Federation of Teachers photo

**PATCHING THE SAFETY NET:** With Mayor Bloomberg looking on, Municipal Labor Committee Chair Randi Weingarten discusses the agreement that will allow for continued funding for the purchase of psychotropic, injectable, cancer and asthma drugs. Standing directly behind her is Labor Relations Commissioner James F. Hanley, who negotiated the accord with the unions.

Effective next January, there will be an annual deductible for injectable and chemotherapy prescription drugs of \$100 per person.

From July 1 through Dec. 31, payment of a \$65-per-member welfare fund increase, agreed to in an earlier Health Insurance Stabilization Fund deal, will be suspended. While most of that money would have been provided by the city, some of it also comes from other sources.

From July 1 through June 30, 2006, the city will increase contributions to the union-administered welfare funds by \$100 per year per employee.

#### New Committee

As part of the deal, the parties will establish a labor-management committee to explore potential savings and funding opportunities resulting from the Medicare Modernization Act, which Congress enacted in 2003, as related to the New York City Health Benefits Program.

The committee will also work on reconfiguring the current structure for providing prescription drugs, and look into savings opportunities to support the continuation of the increased welfare fund contribution or enhance resources for the Health Insurance Stabilization Fund.

According to Ms. Weingarten, chemo and injectables were lumped together because costs are broken down for them on a per-treatment basis. She added that the MLC and the city also believe the union welfare funds could handle psychotropic and asthma drugs.

Labor Relations Commissioner James F. Hanley said the deal will cost the city an additional \$50 million a year. He added that the cost of PICA itself right now is running at an annual rate of about \$140 million a year, but that it is funded overwhelmingly by union money that has been set aside in earlier agreements.

#### Bankruptcy Loomed

He said "something dramatic would have happened very soon" if there were no adjustments to the PICA program. He said the fund would either have gone bankrupt, or the city would have had to shoulder all of the cost.

Stuart Leibowitz, president of the Retirees' Association of District Council 37, said in a phone interview last week that he tried to get DC 37 to put more money into its welfare fund during its last round of contract bargaining, realizing that it needed an infusion.

"That did not happen," he said. "It was quite clear that

more money was required for the union welfare fund even to stabilize the current benefits because the costs are outstripping the income. What the retirees are gunning for, is that the next round of bargaining—at least on a DC 37 basis—will pump more money into the health and security fund."

He noted that Transport Workers Union Local 100 received an extra two percent in its welfare fund under its last contract agreement.

#### 'Just Buys Time'

"The state settlements with the state workers got extra money into their welfare funds," Mr. Leibowitz said. "Only the city workers did not get extra money into our welfare funds. The retirees were bitter about that and remain bitter. And this PICA agreement is a device that's helpful, but what it really does, it buys time."

Mayor Bloomberg remarked, "What we're all doing here is acting responsibly. Nobody likes to raise deductibles or co-pays or put more money in. But the bottom line is, you have to first sit there and say, 'What are your priorities in making sure that people get the care that they need?'—particularly when it's life-saving care—and then finding a way together to pay for it."

# Unions, city save crucial drug benefit program



MILLER PHOTOGRAPHY

Flanked by Mayor Michael Bloomberg (left) and union leaders, UFT President Randi Weingarten tells the press that the unions and city "had to find a way to preserve coverage of these vital medications for our members."

## By DEIDRE MCFADYEN

The municipal labor unions, led by UFT President Randi Weingarten, and the city have reached an agreement that saves a crucial drug benefit program for city workers and some retirees that the city had threatened to eliminate because it had become financially unsustainable.

The deal, which Mayor Michael Bloomberg and Weingarten announced on April 5 at a City Hall press conference, preserves coverage of the four types of drugs in the PICA program — psychotropic, injectable, chemotherapy and asthma medications — while implementing cost-sharing measures to ensure adequate funding for these life-sustaining benefits going forward.

Under the agreement, the city, through its Health Insurance Stabilization Fund, will continue to pay for chemotherapy and injectable drugs, though co-pays will rise on July 1 and a \$100 deductible will be es-

gram, whose annual cost has climbed to \$140 million, is part of a national problem caused by soaring drug prices.

Prescription drugs are typically covered by the union welfare funds, but the city and the municipal unions agreed, as part of a broader 2001 health benefits accord, that the PICA drugs would be paid for through the City Health Benefits Program because they are so expensive that it made sense to pool the cost across the larger insured group. The plan was to tap the Health Insurance Stabilization Fund, which was flush with a \$500 million surplus.

Even though city funding for health benefits has risen 8 to 10 percent each year, the cost of the four PICA drugs has shot up 15 to 20 percent a year, Weingarten said.

At the current pace, city officials said, the stabilization fund would have run dry by May.

In December 2004, the city warned the municipal unions that it intended to terminate the PICA program on Jan. 31, 2005 unless a solution could be found.

The new agreement, which was ratified

on April 6 at an MLC general membership meeting, followed three months of intense negotiations.

Weingarten noted that the chemotherapy and injectable drugs that the city will continue to cover cost substantially more than the asthma and psychotropic drugs that the unions have assumed responsibility for.

"We fought pretty hard to keep chemotherapy and injectable drug benefits as part of the city health plan because those drugs are part of basic life sustenance," she said.

UFT Welfare Fund officials said that they would work hard to avert any gaps in coverage due to the switch.

Reporters asked if the health benefits accord was a harbinger of a wage contract agreement.

Weingarten responded that the two sets of negotiations were separate.

"I've made no secret of wanting to get to a collective-bargaining agreement for educators," she said. "I think we should have done it two years ago, when our contract expired."

## Agreement at a glance

The main elements of the April 1 PICA agreement as they pertain to UFT members are:

- Chemotherapy and injectable drugs will continue to be paid as part of the City Health Benefits Program, through the Health Insurance Stabilization Fund. Effective July 1, retail pharmacy co-pays for these drugs will increase to \$10 generic/\$25 brand-preferred/\$45 brand non-preferred (up from \$5 generic/\$15 brand-preferred/\$35 brand non-preferred). The mail order co-pay for a 90-day supply (which saves one retail co-pay) will be \$20 generic/\$30 brand-preferred/\$90 brand non-preferred (up from \$10 generic/\$30 brand-preferred/\$70 non-brand-preferred).
- Starting Jan. 1, 2006, there will be an annual deductible of \$100 per person for chemotherapy and injectable drugs, independent of any other deductibles.
- Effective July 1, psychotropic and asthma drugs will be covered by the UFT Welfare Fund or an optional drug rider for retirees instead of the Health Insurance Stabilization Fund.
- For the year beginning July 1, the city will give the UFT Active and Retired Welfare Funds a \$100 increase per employee or retiree to offset part of the union's increased cost of covering psychotropic and asthma drugs. In addition, the UFT and the other unions agreed to forego for a six-month period the \$65 per-capita increase to each welfare fund from the stabilization fund that was agreed to in the previous PICA agreement.

published in January 2006. Starting July 1, each union's welfare fund or optional drug rider will assume coverage of asthma and psychotropic drugs. For the year starting July 1, the city will contribute an extra \$100 per member to the union-run welfare funds — about \$50 million in all — to partially offset the unions' new costs.

"This was a situation where we could not fail. All of us understood that we had to find a way to preserve coverage of these vital medications for our members," said Weingarten, who led the delicate negotiations with the city in her role as chair of the Municipal Labor Committee, the umbrella organization of the city's public-employee unions.

The PICA drugs treat chronic conditions such as cancer, Hepatitis C, multiple sclerosis, depression, AIDS and endometriosis. A year's treatment can run from \$30,000 to nearly \$100,000 in many cases.

The funding shortfall in the PICA pro-