

# MLC Sues Mayor For Alleged End Run On Health-Care Provider

By DAVID SIMS | Posted: Monday, August 19, 2013 5:00 pm

The Municipal Labor Committee Aug. 9 sued the city to block its Request for Proposals on a new health-care provider for city employees, accusing the Bloomberg administration of rushing the process in its final months.

“The City’s rush to release the RFP has been a deeply flawed process,” MLC President Harry Nespoli said in a statement. “Making a \$7-billion spending decision for services beginning six months after the Mayor’s last day in office prevents any accountability for this important decision.”

## Squabble Over Credit

Mr. Bloomberg has argued that the city’s aggressive tactics, including plans for an RFP, have helped reduce health-care costs from current provider EmblemHealth. Mr. Nespoli and other top MLC officials said that their careful negotiations, which Mr. Bloomberg was not a part of, deserved sole credit.

“We support the city’s efforts to reduce health-care costs, but there is a right and wrong way to go about it,” Mr. Nespoli said. “As recently as 2009 the MLC came forward and helped the city realize \$400 million in health-care savings. Now, instead of sitting down and listening to us in good faith, the city is going it alone and pretending we are standing in the way.

“The truth is that for months the city and outside consultants secretly crafted an RFP without our knowledge...and demanded we sign off without giving us sufficient time to review,” he continued. “This isn’t Wisconsin. In New York, we don’t unilaterally abolish the negotiating rights of unions.”

## Say City Violated Pact

The Bloomberg administration is insisting that it will go ahead with the RFP with or without the unions’ approval, the MLC charged in its lawsuit. The city contracted with management consulting firm Aon Hewitt to help concoct the RFP, which the MLC charged is riddled with red flags.

The MLC lawsuit seeks a temporary restraining order against the city issuing any RFP. It charges that the city is violating the current agreement on health insurance, first struck in 1992.

This agreement states that the city and MLC will bargain on employee health benefits, and

determine together whether changes need to be made, or RFPs issued. Such RFPs were jointly created in 1996, 1999, 2001, and 2003 (and considered in other years).

The MLC included a 1992 letter, signed by then- (and current) Labor Relations Commissioner James F. Hanley, memorializing the agreement. “The city and the unions shall jointly continue to participate in all aspects of the procurement process by which choice of vendors of collectively-bargained health benefits shall be made,” Mr. Hanley wrote at the time.

Mr. Nespoli has charged that in working to issue the RFP, Mayor Bloomberg and Deputy Mayor for Operations Caswell Holloway are trying to ensure a legacy of influence beyond 2013, hampering Mr. Bloomberg’s successor from working out a health-care deal with the city’s unions.

### **Holloway Fires Back**

Mr. Holloway responded that the MLC had agreed with the city on the RFP’s “basic terms” after “months of negotiations.” He said the city was working to undo the temporary restraining order as quickly as possible.

“More troubling than the court’s action, however, is the Municipal Labor Committee’s inexplicable desire to stop a process that will not only improve the quality of health care and save money—it could generate the savings needed for new contracts that the municipal unions say they want,” he said in a statement. “Throughout this process, the city has listened to and made changes to the RFP that have made it better, and met nearly every one of the Municipal Labor Committee’s requests.

“Today’s action by the Municipal Labor Committee suggests that it had no intention of participating in this process productively, despite transparency in the development of the RFP and a role in evaluating the results,” he continued. “We’re confident the courts will ultimately allow the RFP to proceed—but in the meantime, the losers here are city workers and retirees, their families, and New York City taxpayers who foot the bill.”

### **Mayor’s Stern Advisories**

The Mayor has repeatedly warned his successor not to capitulate to union demands on wages, health-care and pensions, in a recent speech bringing up Detroit’s bankruptcy as one future possibility for New York.

Most municipal unions have charged that Mr. Bloomberg has not negotiated with them since his re-election in 2009, allowing all of the city’s contracts to expire and creating a potentially huge financial burden for his successor, who will likely be obligated to provide at least some retroactive raises.