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CITY'S HEALTH CRISIS

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Health-care costs for the city's municipal retirees, including more than 10,000 under age 49, are expected to balloon 128 percent over the next eight years, siphoning even more cash from the Big Apple's already depleted coffers.

To blunt the hit, Mayor Bloomberg and the Municipal Labor Council are in tense talks to end free health insurance for city workers and some 271,000 retirees.

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Payments from the city treasury for retiree benefits alone will hit \$3.2 billion by 2016, up from \$1.4 billion in 2008 and \$700 million in 1998, according to the mayor's budget figures.

Plus, the city projects it will have to pony up \$9.9 billion in 2016 for its pension obligations if the stock market does not make a recovery. This year, the city paid \$6.3 billion for pensions and \$1.6 billion for retiree health insurance.

"Take a look at what's going on in the country - the big stories are the automobile companies. As much as anything, their defined benefit plans are what's been bankrupting them. Take a look at the airlines industry, it's the same thing," Bloomberg remarked on Feb. 18.

The mayor is trying to reform pension and benefits packages, including the "20 and out" rule that lets cops, firefighters, sanitation workers and correction officers retire after 20 years of service, often while still in their early 40s.

Retirees covered by the city's five pension funds for teachers, cops, firefighters and other municipal workers receive generous lifetime health insurance that is almost entirely premium free and often does not require co-pays.

"Co-pay is a very big deal," Bloomberg has said. "The taxpayers don't have the benefits that our municipal work force has, and we've all got to share."

Approximately 20 percent of the retirees are on an HIP plan, which costs the city \$340 per person and \$835 per family, and requires no co-payments.

About 80 percent use GHI, which has a \$15 co-payment for doctor visits and \$20 for specialists. The city covers the monthly premium of \$327 per person and \$850 per family, according to data from the Comptroller's Office.

Only 8 percent of all the city retirees pay any kind of premium, according to the Independent Budget Office.

"It's absolutely something that was known all along to be growing liability, and it has taken some of the pressure of this recession to get them to focus," said Charles Brecher, research director at the Citizens Budget Commission.

Bloomberg's labor negotiator, James Hanley, wants current employees and retirees to pay 10 percent of the monthly health-insurance premiums for individuals and 25 percent for families.

The city projects those contributions would save \$357 million a year.

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