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STATEMENT ON COMMISSIONER LINN'S RESPONSE TO CBC LETTER ON NYC HEALTH AGREEMENT WITH THE MUNICIPAL LABOR COMMITTEE

New York, NY June 10, 2014 – The Citizens Budget Commission (CBC) appreciates receiving [Commissioner Linn's response](#) to CBC President Carol Kellermann's [letter of June 6, 2014](#) relating to potential savings from worker and retiree health insurance reforms under the recent agreement with the Municipal Labor Committee (MLC).

The agreement is an opportunity to achieve substantial, recurring savings derived from initiatives that lower health care costs by making the system more efficient. Many of the measures identified in Commissioner Linn's letter do not meet these criteria. Instead the measures are a collection of one-time or temporary savings such as artificial rate caps or adjustments to the City's contribution to the Health Insurance Stabilization Fund. In addition, the suggestion that savings will be calculated relative to City Financial Plan projections rather than actual results of specific initiatives further divorces any savings claimed from changes in the benefit structure of the health insurance program. This basis of calculation makes it possible to attribute savings derived from shifts in national or regional trends in overall health care inflation, which have been projected at high levels in the Financial Plan, to the MLC agreement even if there is no demonstrable causal connection. Such devices should not be part of an agreement that could provide taxpayers and union members with more meaningful returns if CBC's suggestions were pursued.