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COUNCIL OF THE CITY OF PHILADELPHIA

3

PUBLIC HEARING BEFORE THE COMMITTEE ON

4

LAW AND GOVERNMENT

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Room 400, City Hall
Philadelphia, Pennsylvania
Wednesday, June 21, 2000
1:10 p.m.

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Resolution No. 000476

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PRESENT: COUNCILMAN DAVID COHEN, Chair
COUNCILMAN ANGEL L. ORTIZ, Vice Chair
COUNCILWOMAN JANNIE L. BLACKWELL
COUNCILMAN MICHAEL A. NUTTER
COUNCILMAN FRANK RIZZO

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2 MR. KEARNEY: Good morning, ladies and
3 gentlemen. This is Tim Kearney, the legislative
4 aide for City Councilman David Cohen who is the
5 Chairman of the Law and Government Committee, and
6 Councilman Cohen is delaying the Law and Government
7 Committee, which was supposed to meet now at
8 11:00 a.m., until 11:30 a.m. there will be a short
9 delay in the beginning of the Law and Government
10 Committee. It will start about 11:30 a.m.

11 Thank you.

12 - - -

13 MR. KEARNEY: Good morning. This is the
14 legislative aide for City Councilman David Cohen who
15 is Chairman of the Law and Government Committee. I
16 want to announce that the Committee on Law and
17 Government will be postponed another half an hour.
18 The committee meeting will take place at 12 noon
19 because of Councilmembers being tied up in a
20 briefing.

21 So the Committee on Law and Government
22 scheduled for 11:00 a.m. will be postponed for
23 another half hour. It will take place about 12
24 noon.

25 Thank you.

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2 MR. KEARNEY: This is the clerk for the
3 City Council Committee on Law and Government. Due
4 to a briefing that's taking place across the hall,
5 the Committee on Law and Government will be -- that
6 was scheduled for 11:00 a.m. today will be postponed
7 another half an hour. The Committee on Law and
8 Government will start the meeting about 12:30.

9 Thank you.

10 - - -

11 MR. KEARNEY: This is the clerk for the
12 Committee on Law and Government. The hearing before
13 the Committee on Law and Government will be
14 postponed for another half hour. The committee
15 hearing today of the Law and Government Committee
16 will take place at 1 o'clock due to a briefing with
17 Councilmembers across the hall.

18 - -

19 COUNCILMAN COHEN: This is the Law and
20 Government Committee. The committee is about to
21 resume. Would all the members please come to the
22 main chambers; Councilman Ortiz, Councilman Nutter,
23 councilwoman Blackwell, Councilman Rizzo, Councilman
24 Good, Councilman Mariano, Councilman Longstreth. I
25 think they're all the members. If I've left anybody

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2 out, please come to the chambers and complain. That
3 way we'll be about to count you as a member of the
4 quorum. Very astute. Well, let's see if it
5 produces results.

6 We appreciate everybody waiting. We
7 really regret holding you up. It was an historic
8 meeting, the first time in many years, of state
9 elected officials and council officials getting
10 together to discuss the problem of the school system
11 and how we deal with the financial problems that it
12 has. So we regret holding this meeting, but the
13 other meeting started at 10:00, was scheduled for an
14 hour. It almost took three hours, but it's a good
15 long step forward. As soon as we get a quorum we
16 will be beginning. Councilwoman Blackwell has
17 already been here, Councilman Ortiz is entering the
18 room, that's two, with Blackwell three. We need
19 Councilman Nutter who's still in --

20 COUNCILMAN ORTIZ: We have Nutter.

21 COUNCILMAN COHEN: Now we need one more.
22 We need Councilwoman Blackwell and Councilman Rizzo,
23 Mariano, Good, Longstreth. We need two, please,
24 Councilman Nutter and Councilman Ortiz remain.

25 COUNCILMAN COHEN: The Committee on Law

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2 and Government is now in session for the purpose of
3 holding a hearing on Resolution No. 476. The three
4 zeros before it are unimportant. They're computer
5 numbers not bill numbers.

6 Commissioner Seyda, would you please
7 come to the stand.

8 Until the arrival of enough bodies to
9 officially constitute a quorum, I'd like to go over
10 with you what has been done informally in this
11 morning's session.

12 I will repeat for the record, my apology
13 for holding everybody, but there was a 10 o'clock
14 meeting between some elected officials at the state
15 level, who come from Philadelphia, and
16 Councilmembers dealing with the school crisis. And
17 that meeting was scheduled to last an hour from
18 10:00 to 11:00, but it actually went to almost
19 1 o'clock, so we express our regrets. We're glad
20 that you're staying and you're here. Councilman
21 Rizzo is in his office, and we're told that as soon
22 as he finishes a telephone conversation, he will be
23 joining us.

24 But in the meantime, Commissioner Seyda,
25 did you this morning at my suggestion relayed my

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2 staff members Shoshana Bricklin and Stanley Shapiro,
3 did you produce documents that had been requested by
4 you -- from you by me as chairman of the committee?

5 MS. SEYDA: Yes. We took the
6 opportunity this morning to go through your document
7 request. We provided a substantial number of those
8 documents to your staff this morning.

9 There is some additional documentation
10 that is still in the process of being prepared, and
11 I believe that we have an understanding of just
12 exactly what you're looking for and how and when it
13 will be provided.

14 COUNCILMAN COHEN: Well,
15 what I'm looking for and I believe the committee is
16 looking for is a whole series of things. We would
17 like to know how contracts are negotiated between
18 the City of Philadelphia and health providers,
19 whether they be medical health providers, hospitals,
20 prescriptions, whatever, who does the negotiating,
21 what's the negotiating team. And we'd like to go
22 back a number of years, and we requested a number of
23 documents with respect to that.

24 Is that accurate, Miss Bricklin?

25 MS. BRICKLIN: For the record, yes.

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2 COUNCILMAN COHEN: For the record, yes.

3 We would also like to know because it's
4 come to our attention that there are other plans
5 covering represented employees which seem to be
6 superior to the plans covering non-represented and
7 exempt employees, we're going to be, I think,
8 interested in their concerns, were there documents
9 with respect to that matter?

10 Were there, Miss Bricklin? Let me ask
11 you that Shoshana Bricklin.

12 MS. BRICKLIN: Were there documents in
13 respect to --

14 COUNCILMAN COHEN: To the differences
15 between our plans and the plans of at least some of
16 the represented groups in the City.

17 MS. BRICKLIN: No.

18 COUNCILMAN COHEN: There were no
19 documents.

20 MS. BRICKLIN: No.

21 COUNCILMAN COHEN: Were there documents
22 with respect to retirees that were requested?

23 MS. BRICKLIN: Yes. For the record,
24 this is Shoshana Bricklin from the Technical Staff
25 of City Council.

Today Miss Seyda has produced for us the

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2 names of the outside non-City employees who have
3 negotiated or are negotiating City administered
4 health plans, the contracts under which they receive
5 compensation whether directly from the City or from
6 the companies who received contracts and the amount
7 of that compensation. That has been represented to
8 be in a letter with the agreements attached, and we
9 will review that to see whether all the information
10 is there.

11 She has also not -- she has not
12 provided, but will provide this soon, the names of
13 the city employees who have worked on City health
14 plans, including the preparation of RFPs, and she
15 will be able to do this prospectively as opposed to
16 for prior contracts.

17 Is that correct?

18 MS. SEYDA: Right. Based upon the
19 conversation that we had this morning, it is my
20 understanding that you are interested in knowing
21 what the additional cost is associated with
22 reviewing RFPs, and that's retroactively very
23 difficult to do.

24 But what I did agree to was to provide a
25 scenario in terms of what the cost would be for a

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2 typical review of an RFP that we would put out on
3 the street now and also to put on the record the
4 basic process that the City has used in the past,
5 which is to have a representative from a number of
6 City departments, generally at the deputy level or
7 senior administrative level within the City, to
8 participate in the review process and to make
9 recommendations.

10 COUNCILMAN COHEN: Please explain what
11 you mean by "the review process."

12 MS. SEYDA: In a situation where the
13 City would put an RFP out on the street, we would
14 then ask that the responses to the RFP be reviewed
15 by group of senior City managers and then for that
16 group to make a recommendation to the administration
17 in terms of who the successful proposer should be.

18 COUNCILMAN COHEN: You mean there is no
19 negotiations of any kind?

20 MS. SEYDA: We go through that process
21 and then negotiations follow that recommendation.

22 So the committee would review the
23 responses to the RFP, makes a recommendation in
24 terms of who the work should go to or who,
25 generally, the provider should be and then

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2 negotiations are conducted between the City and the
3 provider.

4 COUNCILMAN COHEN: And with respect to
5 the formation of the RFP, what documents exist with
6 respect to participation as to the formulation of
7 the RFP?

8 MS. SEYDA: It has varied. In some
9 cases the RFP is put together by an outside
10 consultant and then reviewed by the City before it
11 goes out on the street. In some cases the RFP is
12 developed internally within the City and then
13 reviewed by -- generally, it would be the Mayor's
14 office and then it would go out on the street.

15 COUNCILMAN COHEN: Well, wouldn't it be
16 possible to have records with respect to, say, the
17 last five years on that as to what method was used
18 and who did the reviewing?

19 MS. SEYDA: We will provide the best
20 information that we can. I don't know how far back
21 that information exists at this point.

22 Generally, the representation comes from
23 the Finance Department, the Personnel Department, in
24 some cases we've had risk management involved, we've
25 had the Mayor's office involved, and we've had City

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2 Council involved.

3 COUNCILMAN COHEN: Well, we would like
4 to get whatever information exists with respect to
5 that.

6 Now, there's one name that occurs very
7 frequently, Mr. Manuel Stemitakus. As I understood
8 it originally, when he appeared at council hearings,
9 he was acting as a representative on behalf of Rite
10 Aid. Was that a correct impression I had or was
11 that wrong?

12 And then I'm not sure what his capacity
13 has been since. But he seems to be involved in at
14 least the prescription phrase. I don't know whether
15 he has any other role. But I don't know who he
16 represents. Does he represent the City, does he
17 represent Rite Aid, does he represent other
18 companies, and are there other people like him from
19 the outside that seem to be significant, steady
20 participants in this process?

21 MS. SEYDA: Mr. Stemitakus has
22 represented the City for the proposals related to
23 dental, optical and prescription coverages. He has
24 not represented the City in terms of any medical
25 programs, and he has really worked for the City on a

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2 consultant basis for the -- basically, it's been the
3 DOP contracts.

4 COUNCILMAN COHEN: For the what?

5 MS. SEYDA: Dental, optical and
6 prescription contracts.

7 COUNCILMAN COHEN: How about the
8 prescription?

9 MS. SEYDA: Yes, I believe I did
10 indicate prescription.

11 COUNCILMAN COHEN: And he does not
12 represent Rite Aid.

13 MS. SEYDA: No, he does not.

14 COUNCILMAN COHEN: Has he ever
15 represented Rite Aid.

16 MS. SEYDA: Not to the best of my
17 knowledge.

18 COUNCILMAN COHEN: So he's always been a
19 City representative.

20 MS. SEYDA: That's correct.

21 COUNCILMAN COHEN: And by a City
22 representative you mean he has done negotiations.

23 MS. SEYDA: On behalf of the City.

24 COUNCILMAN COHEN: On behalf of the
25 City.

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2 MS. SEYDA: That's correct.

3 COUNCILMAN COHEN: All right. Does the
4 City have anybody else that acts in that capacity?

5 MS. SEYDA: I have worked actively in
6 those processes and the Mayor's office has been
7 involved in those processes as well.

8 COUNCILMAN COHEN: But you know of no
9 other outside consultants.

10 MS. SEYDA: There are no other outside
11 consultants who have worked with the City on these
12 programs to the best of my knowledge.

13 COUNCILMAN COHEN: All right. Thank
14 you.

15 Miss Bricklin, I'm going back so that
16 you can continue your questions with respect to the
17 presentation documents.

18 MS. BRICKLIN: And you have represented
19 that you will provide by June 30th the actual
20 contracts for the products provided in the City
21 health plan for this year and for all the years that
22 the flex plan has existed.

23 Is that correct?

24 MS. SEYDA: We are in the process of
25 putting that information together and we will go

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2 back as far as we can.

3 MS. BRICKLIN: Okay. And the date will
4 be June 30th --

5 MS. SEYDA: That's correct.

6 MS. BRICKLIN: -- which is a week from
7 Friday.

8 MS. SEYDA: That's correct.

9 MS. BRICKLIN: And can you also include
10 in that the consultant contracts which were
11 referenced by Councilman Cohen either for Mr.
12 Stemitakus or any other consultants who have been
13 negotiating on behalf of the City.

14 MS. SEYDA: I believe I provided that
15 already this morning.

16 COUNCILMAN COHEN: Let me at this
17 point -- is Mr. Kearney here?

18 Mr. Kearney, would you sit at the table
19 and read what I have neglected to ask you to do
20 before, the title of the resolution that this
21 hearing is being held on.

22 MR. KEARNEY: Good morning -- good
23 afternoon, I'm sorry.

24 Resolution 000476: Resolution
25 authorizing the Committee on Law and Government to

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2 investigate whether the City administered health
3 plan currently and in the past has provided the most
4 comprehensive and cost-efficient coverage to City
5 employees for the premiums paid and whether the City
6 could provide more comprehensive and less costly
7 coverage to the approximately 8,000 employees and
8 retirees currently covered by this plan if other
9 options were pursued.

10 COUNCILMAN COHEN: Councilman Rizzo.

11 COUNCILMAN RIZZO: I just want to point
12 out that, I don't know if Miss Seyda mentioned it,
13 it's currently 10,644 employees, just to be
14 accurate.

15 MS. SEYDA: I believe that I can be
16 responsive to your question.

17 In the testimony that I prepared, I
18 indicated that the City of Philadelphia administers
19 benefits for approximately 10,600 active and retired
20 employees. The difference between the 10,600 number
21 and the 8,500 number is the number of retired
22 employees who are beyond the four-year period that
23 is paid for by the City, and so, therefore, the cost
24 of their benefits is paid directly by those
25 employees and not by the City.

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2 COUNCILMAN COHEN: Thank you.

3 Incidentally, I also want to note the
4 reason for this hearing today is because the
5 Commissioner was a witness during the budget
6 hearings and there was an agreement between
7 Commissioner Seyda and myself, the Chairman of this
8 committee, that instead of her testifying at that
9 time, that her office would be cooperative in
10 presenting the necessary documentation to the staff
11 that I had assigned to do the work on finding out
12 answers to a lot of questions that members of
13 council had raised.

14 Over the last four months, and I'm not
15 going to try to prove anything, it just has been
16 impossible for the staff to obtain very much in the
17 way of significant information. The person to whom,
18 apparently, the Commissioner had assigned the task
19 of furnishing this information proved very
20 uncooperative. And I did call the Commissioner who
21 again assured me, I think about a month to six weeks
22 ago, that that situation would be remedied, and
23 again immediately we found that there was just no
24 way of cooperating.

25 I have to tell you, Commissioner, that

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2 the person said he was acting fully in accordance
3 with your directions. I have no idea whether that's
4 so or not, but we were unable to get any
5 information. And for that reason, I had to
6 introduce a resolution calling this hearing today
7 and including the authorization for the committee to
8 operate by subpoena power to compel the production
9 of the documents. We're hoping that won't be
10 necessary. I regret having to go through this
11 procedure, but I could not figure out any other
12 method of obtaining the information.

13 So that's the basis for the hearing
14 today, and we're trying to get the information so
15 that the staff can make a study of what's needed.
16 And that's why I'm emphasizing today the questions
17 we're concerned about and the production of
18 documents.

19 Now, Miss Bricklin, have you --

20 MS. BRICKLIN: We're halfway through.

21 COUNCILMAN COHEN: May I ask you to
22 continue so the record will disclose what's been
23 presented.

24 MS. BRICKLIN: You have, at our request,
25 provided all of the flex booklets from the beginning

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2 of the flex program up until now. So that has been
3 complete.

4 You have also provided the composite
5 cost, the average monthly cost per subscriber of
6 each product provided -- no, you didn't, that is in
7 the material in the box -- for each year since the
8 flex program has existed.

9 We do not have at this point the
10 methodology for how that was calculated, but I
11 believe that that will be reviewed either in this
12 hearing or in the summer.

13 Is that correct?

14 MS. SEYDA: We provided all of the rate
15 information for all of the City products, and I
16 believe we have in the past provided what the
17 composite -- what I'm calling the composite cost of
18 the plans, which is what the average City payment is
19 per covered employee and retiree.

20 In our discussion this morning you had
21 some questions about the methodology that we used to
22 develop that composite cost, and I believe we did
23 talk through it and I indicated that we would
24 provide some additional backup for you so that you
25 could actually see the numbers.

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2 MS. BRICKLIN: And, additionally, we
3 will sit down and work out the math together.

4 Is that agreeable?

5 MS. SEYDA: I believe we had that
6 conversation this morning, yes.

7 MS. BRICKLIN: All right. The next
8 thing --

9 MS. SEYDA: And I would like to add that
10 you also provided us with some information that you
11 had developed based upon information that had been
12 provided to you previously and in the interim we
13 will review that.

14 MS. BRICKLIN: Yes.

15 You also said that by June 30th you will
16 provide the number of employees covered by the flex
17 plan for each year since its inception, grouped by
18 the union drops versus the non-represented employees
19 and by family size. You've indicated that in terms
20 of the retirees that would only go back as far as
21 1994, which will be fine for now.

22 You also indicated that by June 30th you
23 will provide the number of retirees, that is, the
24 four-year retirees, who were covered under the flex
25 program since its inception, grouped by size.

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2 We did discuss that those employees who
3 have been retired more than four years, we will get
4 a break down of that sometime no later than the end
5 of July.

6 The final area we did -- is that
7 correct?

8 MS. SEYDA: That's correct.

9 MS. BRICKLIN: Thank you.

10 The final area we did not reach any
11 resolution. You were requested, if possible, to
12 provide us with any cost studies or comparisons of
13 various products offered, including but not limited
14 to any proposal by Blue Cross/Blue Shield indicating
15 the cost of an exclusive contract with Blue
16 Cross/Blue Shield.

17 It is our understanding that Blue
18 Cross/Blue Shield had prepared such a calculation
19 some time back in the fall of '99.

20 MS. SEYDA: I believe that I gave you a
21 letter from Blue Cross indicating that we had not
22 received such a quote, and I think that you have a
23 letter that was addressed to me from a
24 representative at Blue Cross.

25 MS. BRICKLIN: We do have that letter.

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2 I would like to also put on the record,
3 as part of our discussion, I indicated to you that I
4 did speak with Robert Seccus of Blue Cross/Blue
5 Shield back in February of this year, and he
6 indicated to me in a telephone conversation that he
7 had prepared such a study.

8 Is that your recollection of our
9 conversation?

10 MS. SEYDA: All I can say is there must
11 be some miscommunication because we never received
12 such information.

13 MS. BRICKLIN: That may well be true,
14 but I'm asking if that was your recollection of our
15 conversation earlier before this hearing in terms of
16 what I represented to you.

17 MS. SEYDA: Yes, you did represent that
18 to me. And since I didn't have that information, I
19 did ask Blue Cross to provide me with that letter
20 that I gave you today.

21 MS. BRICKLIN: All right.

22 We did have one other piece of
23 information which was referred to in your printed
24 testimony that you agreed to provide for us, which
25 is the Mercer Foster Higgins National Survey of

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2 Employee Sponsored Health Plans in 1999. And if you
3 have that available, that would be very useful to
4 have by the end of June, as well.

5 MS. SEYDA: That's readily available.

6 MS. BRICKLIN: Thank you.

7 COUNCILMAN COHEN: With respect to that
8 other information, this committee will invite Mr.
9 Seccus to appear before us and to either furnish the
10 report that he told Miss Bricklin that he had
11 prepared or to refused to do that or to give us
12 information as to whether he sent it to you.

13 I think it will be a feeling of this
14 committee that no company should be dealt with if
15 any officer refuses to cooperate with requests from
16 City Council.

17 MS. SEYDA: I'm sure that it's just a
18 miscommunication or misunderstanding. But --

19 COUNCILMAN COHEN: Well, wouldn't it be
20 your impression that this material had been prepared
21 by Blue Cross?

22 MS. SEYDA: I have no reason to believe
23 that it was.

24 COUNCILMAN COHEN: Say again, I'm sorry.

25 MS. SEYDA: I have no reason to believe

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2 that that information was prepared by Blue Cross.

3 COUNCILMAN COHEN: And then why would
4 they not sent send it to you?

5 Assuming they sent it to you and it got
6 lost in the mail or got lost somewhere in their own
7 bureaucratic functioning, why would they not send
8 you a copy of it? They must have a copy of it.

9 MS. SEYDA: I can't be responsive to
10 that.

11 COUNCILMAN COHEN: All right. Then
12 that's the reason we will call him.

13 MS. BRICKLIN: I would like to proceed
14 with --

15 COUNCILMAN COHEN: All right. I'm going
16 to ask Miss Bricklin to continue her question.

17 MS. BRICKLIN: Prior to this hearing we
18 discussed whether the City had ever considered going
19 with a complete Blue Cross/Blue Shield medical
20 coverage. I would like to have you state for the
21 record what the reasoning behind the City's not only
22 offering Blue Cross/Blue Shield, given that Blue
23 Cross/Blue Shield might provide additional savings
24 to the City and to the employees who are subscribers
25 to these plans.

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2 MS. SEYDA: Well, it has been the policy
3 of the City, position of the City for a number of
4 years that we should offer a variety of programs for
5 our employees, and so we have worked in our
6 negotiations with the providers to develop programs
7 that are cost effective and still provide a range of
8 options and choice as far as employees' medical
9 coverage is concerned.

10 I would add that, as you know, we're
11 currently in negotiations with our employee
12 organizations. And, of course, one of the things
13 that we're looking at is to have all of our
14 employees in one plan or one program, which includes
15 a number of options, and that we feel that that is a
16 way that we can provide the most cost-effective
17 program for all City employees.

18 MS. BRICKLIN: Are you aware that
19 District Council 47 -- you should be aware, as you
20 sit on their Health and Welfare Board, that they
21 made a decision as a cost-saving measure to only use
22 Blue Cross/Blue Shield medical programs for their
23 insurance?

24 MS. SEYDA: I'm aware of that, yes.

25 MS. BRICKLIN: And you also are aware

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2 that the choice of -- the predominant choice in the
3 City administered plan are Blue Cross/Blue Shield
4 products. I believe on your information over 70
5 percent of the subscribers, the employee
6 subscribers, are subscribed to one of three Blue
7 Cross/Blue Shield products.

8 Is that correct?

9 MS. SEYDA: Yes, it's approximately 70
10 percent. The other 30 percent are in an Aetna US
11 Healthcare product, and have been for many, many
12 years. I believe the City was --

13 MS. BRICKLIN: I'd like to just go to
14 our prescription plan, because, in that instance,
15 the City plan employees have no choice. At this
16 point we are all required to be part of the Rite Aid
17 prescription plan, which I believe is now a
18 subsidiary of Eagle Managed Care.

19 Is that correct?

20 MS. SEYDA: No, that is not exactly
21 correct. The prescription program is managed by PCS
22 which is a pharmaceutical benefit manager, a very
23 large firm. They're located in Arizona. They have
24 clients all over the country. They are a subsidiary
25 of Rite Aid at the present time, I believe.

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2 MS. BRICKLIN: Well, I'd like to have
3 you put on the record why in the case of the
4 prescription plan the employee subscribers have no
5 choice. They can go to a Rite Aid subsidiary as
6 opposed to the medical programs where it appears
7 that the City philosophy is to provide a large
8 choice of options, regardless of the cost factor
9 involved.

10 MS. SEYDA: Well, with the
11 pharmaceutical program, the network includes
12 independent pharmacies in the City of Philadelphia
13 as well as Rite Aid. So it is broader than just the
14 Rite Aid stores.

15 MS. BRICKLIN: How many independent
16 pharmacies and how were they selected to be part of
17 the network?

18 MS. SEYDA: Well, I believe that that
19 goes back to some, I guess, negotiations about five
20 or six years ago. And I believe it was at the
21 request of City Council that that network be
22 broadened on include independent pharmacies within
23 the City of Philadelphia, and I believe that this
24 committee or members of this committee were very
25 active in pursuing that.

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2 MS. BRICKLIN: Can you provide this
3 committee with the substantiation of that assertion
4 by Friday, and also the list of the independent
5 pharmacies that are part of the Rite Aid
6 prescription program.

7 MS. SEYDA: I believe that we have done
8 that before, but I will be more than happy to
9 provide it.

10 COUNCILMAN COHEN: At this point, for
11 the members of the committee, the Chair has
12 completed the questioning necessary to permit our
13 staff to move ahead with its work for further
14 hearing.

15 Now, are there any members of the
16 committee that wish to ask any questions at this
17 time?

18 Miss Seyda, at this point we're going to
19 say there are no further questions to be asked of
20 you at this point, because I think it's important
21 for the staff to do its work. All right?

22 MS. SEYDA: Thank you.

23 COUNCILMAN COHEN: Now, with respect to
24 others who may have come as witnesses, it's not the
25 intention of the Chair to call anybody else as a

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2 witness today, because we think it's necessary for
3 the staff to go through the documentation presented
4 so that we can deal with that directly.

5 And at the next hearing -- and I can't
6 give you a date on it until we get the rest of the
7 documentation and the staff has the opportunity to
8 study it, but we very much appreciate your
9 cooperation in coming today and being prepared to
10 testify.

11 I do have one last question, Miss Seyda.
12 Is it not a fact that you are the City's
13 representative on the boards that operate the health
14 plans of the represented organizations?

15 MS. SEYDA: That is correct.

16 COUNCILMAN COHEN: And how many boards
17 does that consist of?

18 MS. SEYDA: Six.

19 COUNCILMAN COHEN: Could you name those
20 six.

21 MS. SEYDA: Yes. There are two boards
22 that are related to the FOP, one for the medical
23 coverage and the other one for a retiree benefit;
24 likewise, that there are two boards attached to
25 Local 22 YAFF, one for the medical coverage and the

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2 other for retiree program; and I also sit on boards
3 for the two non-uniformed unions.

4 COUNCILMAN COHEN: Now, you sit on each
5 of those boards in your capacity as Director of
6 Personnel or Commissioner?

7 MS. SEYDA: I sit on those boards as the
8 designee of the Mayor.

9 COUNCILMAN COHEN: As a result of
10 appointment by the Mayor, is that what you said?

11 MS. SEYDA: That is correct.

12 COUNCILMAN COHEN: And in your official
13 City role.

14 MS. SEYDA: That is correct.

15 COUNCILMAN COHEN: And as a result of
16 that, you will have information about all of the
17 other plans which receive financial support from the
18 City.

19 Is that correct?

20 MS. SEYDA: To a greater or lesser
21 extent.

22 COUNCILMAN COHEN: Why do you put it
23 that way? Why wouldn't you, as board member, be
24 fully informed as to whatever action those groups
25 take?

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2 MS. SEYDA: Well, for example, in the
3 case of the Fraternal Order of Police, I sit on a
4 joint trust board, but then that joint trust board
5 then funds programs that are then administered
6 through three other trusts where there is no City
7 representation.

8 So it's a very complicated
9 administrative structure, which is one of the
10 reasons that the City believes that we would be
11 better positioned to have one program as opposed to
12 a multitude of different programs and different
13 funds and different administrative structures, et
14 cetera.

15 COUNCILMAN COHEN: Well, the City, I
16 guess, has had many years in which to propose that,
17 and that may be the City's position, but at the
18 appropriate time we would want to, of course, hear
19 from the various groups involved as to what their
20 position is.

21 And I have to tell you it's my feeling
22 as Chairman of the committee that on the preliminary
23 information we have, the City's plan is not the best
24 plan, certainly not for the employees. I understand
25 that there are some plans that the City finances in

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2 the regular way that these funds are financed, these
3 plans are financed. There's some in which there's
4 no participation by employees and any co-op funding.
5 I also understand that from the limited information
6 we had it also seems as if the City's plan is not
7 the least expensive of plans. Yet I think the group
8 that you refer to as being covered by the City maybe
9 larger than any of the other plans. It's certainly
10 larger than most your larger -- certainly than the
11 fire fighters. I think the City's plan is larger
12 than District Council 47, FOP I'm not sure on the
13 numbers, counting their retirees, District Council
14 33 may be larger, I don't know. So that this
15 committee would be in no position to have any
16 opinion with respect to even the economy of such a
17 consolidation, and there may be a lot of other
18 factors involved.

19 MS. SEYDA: Well, yes, you have to take
20 into consideration the fact that some of the funds
21 are funded at a higher level than the City
22 administered plan and that is the result of the
23 interest arbitration process, and you also have to
24 take into consideration that some of the funds have
25 other sources of revenue over and above the money

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2 that they have from the City.

3 COUNCILMAN COHEN: Well, we understand
4 that since your in the negotiating phase and since
5 this subject may be a matter of negotiations, I'm
6 deferring any questioning with respect to that,
7 because I think bargaining ought to be done by the
8 parties involved and not in any other fashion.

9 But that's going to be part of the --

10 MS. SEYDA: And I believe that we
11 concur.

12 COUNCILMAN COHEN: -- information we're
13 going to be seeking down the road.

14 Councilman Rizzo.

15 COUNCILMAN RIZZO: Miss Seyda, as
16 Personnel Director of the City of Philadelphia, you
17 and both Councilmen Cohen have referred to the City,
18 the administration, of being the one that wants to
19 consolidate these various health plans.

20 Could you be more specific. Was this a
21 consultant's recommendation? Whose idea is this?

22 MS. SEYDA: This is the administration's
23 position on the negotiation and arbitration process
24 in which we are currently involved.

25 COUNCILMAN COHEN: With respect to that

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2 process, when does that process end?

3 I know from, you know, from a long time
4 ago that it seemed to me that sometimes this process
5 drags on for a long time.

6 Is my memory wrong on that or -- is
7 there any schedule? Do they have dates that they
8 set up for when whence things happen?

9 MS. SEYDA: Yes, there is a schedule and
10 we are very hopeful and optimistic that we will have
11 contracts with all of our labor organizations in a
12 timely way.

13 COUNCILMAN RIZZO: Could I go back to
14 that?

15 COUNCILMAN COHEN: Yes, sure, Councilman
16 Rizzo.

17 COUNCILMAN RIZZO: I would like to go
18 back and see if I can get a more specific answer.

19 Was this position by the administration
20 developed as a result of outside influence, was it
21 as a result of lobbying from another organization,
22 was it a consultant that was hired to take a look at
23 it? Could you just give us some background how this
24 position was developed.

25 MS. SEYDA: I really cannot be

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2 responsive to that question.

3 I'm sorry, but I just can't. I just do
4 not know the answer.

5 COUNCILMAN COHEN: Is that because you
6 don't have any information or because you don't feel
7 free to disclose information that you have?

8 We respect confidences. We don't want
9 to put you in an impossible position, but I think
10 the question is fair to know what the basis is.

11 Is it as a result of just the
12 administration's -- change of administration,
13 meaning a new policy?

14 I never remember that during the last
15 administration as ever having been stated. Without
16 respect to whether I think it's good bad, I just
17 never remembered and --

18 MS. SEYDA: Well, actually, that was the
19 City's position in earlier negotiation and
20 arbitration processes going back as early as 1992.

21 COUNCILMAN RIZZO: Going back to my
22 question, and, again, I would appreciate you trying
23 to answer this.

24 Has a consultant ever been engaged, paid
25 for by the City of Philadelphia, to review this and

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2 make a recommendation which helped to develop this
3 position?

4 I mean, that shouldn't be confidential.

5 MS. SEYDA: I just don't know the answer
6 to the question.

7 COUNCILMAN RIZZO: That's fine. Then
8 you'll get back to the Chair.

9 COUNCILMAN COHEN: We'd like to ask you
10 to try to find out the information.

11 MS. SEYDA: I mean, I just honestly do
12 not know the answer to your question.

13 COUNCILMAN RIZZO: And I respect that
14 your response is an honest one.

15 COUNCILMAN COHEN: But we would like you
16 to seek to determine whether or not you do have
17 information in your office with respect to that.

18 MS. SEYDA: I know that I do not have
19 that information in my office, and I will ask the
20 Mayor's office for their response to that question.

21 COUNCILMAN COHEN: All right.

22 Is there any further questions

23 Councilmen?

24 COUNCILMAN RIZZO: No. Thank you.

25 COUNCILMAN COHEN: There is one

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2 additional request at this point for documentation.

3 I have to tell you that there may be
4 additional requests as the staff studies this,
5 because one may lead to another. But at this point
6 there's one other request.

7 We anticipate that we will have your
8 cooperation in providing this information so that we
9 don't have to use the subpoena process.

10 Miss Bricklin, would you --

11 MS. BRICKLIN: One last piece of
12 information for now. We would like to have, if you
13 could provide this committee, the number of
14 subscribers per month on the City administered plan,
15 let's just say for this fiscal year, as well as
16 monthly invoices from the health providers.

17 Is that something that you can provide
18 for the committee?

19 MS. SEYDA: Certainly, but could you
20 repeat the question so I'm certain that I understand
21 what you're asking for.

22 MS. BRICKLIN: We'd like to know the
23 number of subscribers per month, broken down on a
24 monthly basis, that are part of the City plan, and,
25 secondly, the copies of the monthly invoices from

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2 the health providers for all of the products that we
3 purchase as part of our health plan, health coverage
4 for the year 2000, just the fiscal year 2000.

5 MS. SEYDA: The way the City's payment
6 process works, it is not done on an invoice basis.
7 The City self bills, and the way that the City's
8 computer system is set up is that at the beginning
9 of each month it prepares a payment for each
10 provider based upon the number of individuals who
11 have coverage with that provider and then that
12 payment is processed to each individual provider
13 organization.

14 All of its done on a self-bill basis.

15 MS. BRICKLIN: So could we see that
16 information?

17 MS. SEYDA: That is information which is
18 maintained by the City's Finance Department, and I
19 will forward your request to them.

20 MS. BRICKLIN: Thank you.

21 COUNCILMAN COHEN: You do not have that
22 information?

23 MS. SEYDA: It's available through the
24 City's Finance Department.

25 COUNCILMAN COHEN: Councilman Rizzo.

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2 COUNCILMAN RIZZO: Miss Seyda, has there
3 been any internal analysis done by the people that
4 work with you to really look at this issue and
5 determine what the cost savings could be if the
6 recommendation of the administration were accepted?
7 Do you have any really hard facts, good numbers -- I
8 mean, it's hard for me to believe that we could do
9 or even make a proposal like this without really
10 crunching some numbers and understanding the issue.

11 What exactly has been done to analyze
12 this issue by the administration? And if you have
13 those documents, we'd like to see them.

14 MS. SEYDA: I will direct your question
15 to the Mayor's office, because I know that there is
16 work that has been done, and I will ask the Mayor's
17 office, and specifically the Mayor's Chief of Staff,
18 about your interest in receiving that information.

19 COUNCILMAN RIZZO: It's very difficult
20 for me to understand how something like this could
21 be pursued, if we didn't really know whether it was
22 good, bad, whatever.

23 MS. SEYDA: Absolutely. I understand
24 your question, and I believe that there has been
25 some communication between the Mayor's office and --

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2 COUNCILMAN RIZZO: And?

3 MS. SEYDA: And I believe the
4 representative from City Council.

5 COUNCILMAN COHEN: Miss Seyda, what does
6 the City do, if anything, with respect to the
7 various authorities, Redevelopment Authority,
8 Housing Authority, any of the -- PIDC paid, those
9 groups? Does the City participate in any way in
10 funding any of their medical plans?

11 MS. SEYDA: In the funding of their
12 plans?

13 COUNCILMAN COHEN: Yes.

14 MS. SEYDA: No.

15 COUNCILMAN COHEN: Nothing all?

16 MS. SEYDA: No, we did not.

17 COUNCILMAN COHEN: And does the City
18 play any role in the awarding of those -- the
19 administration, when I say the City. Does the
20 administration play any role in making the decisions
21 with respect to those medical plans?

22 MS. SEYDA: We have provided some
23 consulting services to a couple of the authorities
24 over the years, using the word consulting in just
25 the very generic sense.

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2 I know I have -- I have personally have
3 done some work with the Parking Authority several
4 years ago, I had some personal involvement in some
5 of the School District negotiations a couple of
6 years ago, but that was just on a -- very much on an
7 ad hoc basis.

8 COUNCILMAN COHEN: Does the City play
9 any role in the administration of any of those
10 plans?

11 MS. SEYDA: None whatsoever.

12 COUNCILMAN COHEN: Well, we may be
13 interested in inquiring about that at a later time
14 more fully.

15 But you're indicating that, to the best
16 of your knowledge, the City's interest in those
17 authority plans, whatever the authority might be, is
18 just peripheral, not any direct interest and no
19 direct financial responsibility?

20 MS. SEYDA: That's accurate.

21 I mean, the City has, I guess, some
22 interest. But, I mean, the City does not have any
23 responsibility in terms of administering those
24 programs.

25 COUNCILMAN COHEN: But in the

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2 appropriations that council makes, you're saying
3 there's no City money involved in financing health
4 plans for the employees of these different agencies?

5 MS. SEYDA: No. I mean, they're
6 virtually independent in terms of the administration
7 of their programs.

8 COUNCILMAN COHEN: All right. We'll
9 leave it at that for this portion. We may want to
10 go into that more deeply.

11 COUNCILMAN RIZZO: I'd like to follow on
12 that. Can I follow up on that.

13 COUNCILMAN COHEN: Okay.

14 COUNCILMAN RIZZO: Miss Seyda, in
15 reference to the School District of the City of
16 Philadelphia, do you know of any analysis or do you
17 know of any review of the plans and programs that
18 are afforded the employees of the School District?

19 MS. SEYDA: I mean, that question is
20 obviously, you know, is better, you know, directed
21 to the School District.

22 It is my understanding that they're in
23 the process of looking at their options, and, of
24 course, it's appropriate that they would be doing
25 that now because they're in the labor negotiation

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2 process.

3 COUNCILMAN RIZZO: But my question was
4 just of your knowledge, are you aware of any
5 analysis or any review of the School District's
6 plan?

7 MS. SEYDA: I really don't have any
8 direct -- I don't have any direct knowledge along
9 those lines.

10 COUNCILMAN RIZZO: Thank you.

11 COUNCILMAN COHEN: All right. Miss
12 Seyda, we thank you for being here. We thank all of
13 the others who were here.

14 The Law and Government Committee will
15 stand in recess with respect to the MTBE issue until
16 the call of the Chair.

17 Thank you all for coming.

18 (The hearing concluded at 2:05 p.m.)

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C E R T I F I C A T E

I HEREBY CERTIFY that the foregoing
proceedings of the Council of the City of
Philadelphia of Wednesday, June 21, 2000, were
reported fully and accurately by me, and that this
is a correct transcript of same.

RE: COUNCIL COMMITTEE ON LAW AND GOVERNMENT
BILL NO.'S 000356, 357, RESOLUTION No. 000380

Judith D. Barit
Court Reporter