COUNCIL OF THE CITY OF PHILADELPHIA

PUBLIC HEARING

COMMITTEE ON LAW AND GOVERNMENT

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Room 401, City Hall
Philadelphia, Pennsylvania
February 22, 2001
1:45 p.m.

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RESOLUTION 000476 - Resolution authorizing the Committee on Law and Government to investigate whether the city-administered health plan currently and in the past has provided the most comprehensive and cost-efficient coverage to City employees for the premiums paid, and whether the City could provide more comprehensive and less costly coverage to the approximately 8000 employees and retirees currently covered by this plan, if other options were pursued.

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PRESENT:
COUNCILMAN DAVID COHEN, Chairman
COUNCILWOMAN JANNIE BLACKWELL
COUNCILMAN FRANK J. DI CICCO
COUNCILMAN MICHAEL A. NUTTER
COUNCILMAN ANGEL L. ORTIZ
COUNCILMAN FRANK RIZZO

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I N D E X

COUNCILMAN COHEN: May we have everyone's attention? We're sort of in a race with the snow. But this is such an urgent hearing that I believe it's necessary that we continue. And as some of you know, this is a continued hearing. It was recessed from a January 30th date on Resolution 000476, and I want to welcome everybody. You're all a very courageous, determined group as you prepare to weather the snow. I especially want to thank you all for coming.

My name is David Cohen. I'm Chairman of the Law and Government Committee, known usually for a quiet laid back approach to all problems.

(Laughter.)

COUNCILMAN COHEN: Similarly, in the same vein, the other member that's immediately present is Councilman Frank Rizzo.

(Applause.)

COUNCILMAN COHEN: The quorum of the committee was established at the previous hearing. We're going to be joined by other members of the committee at various times during the hearing. Some of them will be in their chambers listening. Some of them because of the snow are busy as some others are with tending to needs of children, removing them from schools and so forth. But we felt that it was urgent that this matter get underway and so we're going to begin.

I wanted to just note a very few things simply. We're here in this weather because it's a very serious problem that anyone has who is represented particularly by the City and has a problem on insurance. And it becomes a very difficult problem with the increase in costs that are occurring with the fact that there is no one who seems to advocate for the City-represented employees. There's a loss of dignity when you are compelled to fight a powerful insurance company and are told that the cost of medicines are beyond your reach. We had the recent situation that I know covered a number of District Council 33 retirees. It may have also affected others, and we wanted to hear about it, who were told that it's too expensive to continue to insure them. And at the time when they needed health insurance most, the City said, "You're expensive for us to cover." All the years of services to the City were forgotten and they were put out in the cold to fend for themselves. I think we're going to hear some testimony may give them hope. But it's a situation that should have never occurred. And it's especially frightening in view of the general effort of the City Administration to say to the other employees of the City who are represented by organizations, "We, the City, can do better." It seems hard to believe when we know the City plan seems to be much more expensive than those plans operated by unions. The plans operated by the union representatives organizations seem to offer more benefits than the benefits obtained by City employees represented just by the City. And the seems that the City does not believe in the principle of having anyone advocate on behalf of the City employee, but leaves solely to the City employee the battle of dealing with their insurance companies with health matters and with prescription matters.

Therefore, we're going to present different panels that are going to give us an opportunity to get at the facts. I'm going to be a strict parliamentarian as chairman of the committee.

Councilwoman Blackwell is coming in and we're pleased she's here with us. As you know, Councilwoman Blackwell is the majority leader in the City Council.

(Applause.)

COUNCILMAN COHEN: I'm going to be asking for the cooperation of the members of the committee as well as the audience. I would like to see presented the full facts and, therefore, we're going to proceed with five different panels to put out the issues before us. I'm going to try to exert extreme restraint on myself not to ask any questions until all the five panels are finished.

Councilman Nutter has just joined us.

(Applause.)

COUNCILMAN COHEN: It's interesting, I just have to mention all the four members here, we're usually the most laid out Members of Council who never ask any questions on anything, right, Councilman Nutter?

(Laughter.)

COUNCILMAN COHEN: Councilman Nutter, you know, is the keenest analyst of the City's budget I think the City has ever had. Bit in this case, we're asking for restraint and we're going to ask the panel members in the first panel to come forward. And so I'm going to ask for the first panel consisting of District Council 47 president, Thomas Paine Cronin to come forward with Robert McAllister and Louise Wendy Pongracz.

(Applause.)

COUNCILMAN COHEN: I want to pay special accommodation to this panel because they've been after me. They've been after every Member of City Council in their effort to make clear to us what the problem the City presents when the City says to them, "Give up your own independent plans. Let us represent you." In the face of facts would show that it would be an extremely unwise decision to make. So we thank you for putting all the necessary attention to bring this subject for the fore.

President Cronin, please proceed with your testimony.

MR. CRONIN: Mr. Chairman, before I begin, if you would just permit me a couple of courtesies. You know Bob and you know Wendy. I just want to say that we have Linda Ryan who's the vice president of AFSCME District Council 47 here in the back.

(Applause.)

MR. CRONIN: We have Kathy Scott, president of Local 2187.

(Applause.)

MR. CRONIN: Jim Pervis, President of Local 2186.

(Applause.)

MR. CRONIN: I especially want to thank, first of all, all of the active members who have come out here today who I see in the audience and in the gallery. But I especially want to thank, because I think it is so much of a sacrifice, the retirees from District Council 47 and District Council 33.

(Applause.)

MR. CRONIN: Also, the president of Local 810, the court workers, Dominick Vincially (ph) is here.

(Applause.)

MR. CRONIN: And I think I -- at least I hope I mentioned Betty Flanagan, the president of 47 retirees; great president.

(Applause.)

MR. CRONIN: I also want to thank the representatives from some of the other unions that are here. The gas workers that are here, I appreciate. I know that there's one or two Teamster locals that are coming in. I know that the fire fighters are here and the FOP and the non-represented employees, so I want to also thank all of those folks for being in attendance.

(Applause.)

MR. CRONIN: My name is Tom Cronin. I'm here today in my capacity as Chairman of the Board of Trustees of AFSCME District Council 47 Health and Welfare Fund, President of AFSCME District Council 47 which represents employees of the City of Philadelphia, two locals with the City, one local with the court workers and six other locals at the universities, the zoo, and other locals that are here. We have over 5500 members in District Council 47. I appreciate being asked here today to discuss the very serious subject of health benefits.

The purpose of this hearing is to investigate whether the City provides benefits to its non-represented employees in an efficient and cost-effective manner. The short answer to that, as you will soon see, is a resounding no.

The City's administration of Health

Benefits is cumbersome and sloppy. Moreover, the manner in which benefits are purchased for employees, whether by City personnel or by a commission agent, is subject to no internal or external control. The City's handling of benefits for non-represented employees is costly for all employees. The City pays more than it has to for inferior benefits, and because of the City's wasteful health benefits management, money that should be available for health benefits for the City's other employees is flitted away.

To any rational or clear-thinking person, it certainly appears that the City has little or no control over its own costs and no idea at all of the actual cost of providing benefits. The City will not or cannot calculate or even report its administrative costs. The City won't openly discuss how much it pays either for premiums or for commissions. We need an audit of the City's management or what appears to be miss management of its health fund so that all the citizens and taxpayers can learn about the real cost of the City to provide benefits.

Isn't it interesting to note that in the

City's five-year plan, the City does not even attempt to list or show or quantify or reveal the amount it pays for health care for 8,000 non-represented employees. You can see that very well illustrated in that chart to my right where they have no figure. And we took this right from Page 71 of the City's own five-year plan.

I submit that the City's cost for health plan are not listed in five-year plan for at least two reasons: First, what we do know about the health benefits is that even under the most generous analysis, the City pays about 20 percent more for health insurance coverage than my union's health fund does and the City provides its non-represented employees with inferior coverage. For example, we provide both an HMO and a PPO that require substantially less out-of-pocket costs for each family than the City's plan. And our Health and Welfare Fund pays lower premiums for the coverage.

Second, the City doesn't describe the amount it pays to provide health care because it can't, plain and simple. The cost of providing benefits doesn't end with the cost of premiums. It includes all the cost for administering the benefits as well.

Unlike the City, the union health funds can tell you exactly how much they spend for benefits and Administration. Let me repeat that. Unlike the City, the union health funds can tell you exactly how much they spend for benefits and for Administration. Like other union health funds, my fund has an independent certified public accountant from a major accounting firm, Price Waterhouse Coopers, do a complete audit of our fund each year so that everyone will know how much we pay for benefits, how much we pay for staff, for equipment, for furniture, etcetera.

As an aside, I'd like to note that our funds administrative costs last year as certified by Price Waterhouse Coopers were 4.5 percent. I challenge any health fund in the private sector or public sector to manage this efficiency.

The City, however, can't or won't even tell anyone how much it spends on administration. There is no naturally known accounting firm reviewing how much the City spends on health benefits for its non-represented employees. There is no party inside or outside the City reviewing how much the City spends on health benefits for non-represented employees. There is no annual report of costs nor is there a report every two years or every five years. There is no place that anyone can go and look to see how much the City is spending on health benefits for its non-represented employees.

During the negotiations with the City, the City kept insisting that it could save somewhere between 11 million and 20 million annually if all the funds were put under the City's control. The city, of course, never produced the alleged study that was the basis for this ridiculous boast. The City did not come up with any concrete support for such a figure because it can not. Before you know how much money you can save, you have to know how much money you spend. And the City cannot tell you how much it spends to provide benefits to its non-represented employees.

Moreover, the City is all wrong whether it could save money by consolidating the funds. First, the City claims that it could save money on administrative cost by consolidating the funds. Leaving aside for a moment the fact that the City is not able to quantify or even estimate how much it spends on administrative cost, I would challenge the City on being able to meet the amounts that AFSCME District Council 47 Health and Welfare Fund spends, namely, 4.5 percent of its total budget is administrative cost. It is a figure that I am confident that the City does not and cannot meet.

Second, the City's idea that if everyone is in the same pool, the health insurance premiums necessarily go down is a vast oversimplification of how health care premium pricing actually works. There are economic some benefits to be gained when benefits are provided for a larger rather than a smaller group. But there are real limits to how much health care premiums can be reduced by buying for a bigger group. Moreover, there are important "dis-economies of scale" that can counterbalance any savings that could be achieved. This is the subject best tackled by a competent health actuary who can explain concretely and exactly why bigger is not necessarily cheaper.

I understand that this is not the main topic of discussion today, but because the City has raised this topic time and time again, most recently in the negotiations with the City's fire fighters union, I invite your review of the transcript of that hearing, in particular, the examination and testimony of its health benefits expert.

Let me conclude my remarks by drawing a sharp contrast between the way the City provides benefits for its non-represented employees and the way AFSCME District Council 47 Health and Welfare Fund provides benefits for those employees the union represents. Our fund provides better benefits than the City provides for the non-represented employees and we provide these benefits at a lower cost. Even more important for every taxpayer and citizen, we provide this better benefit with complete accountability. That is the least the City should do. Thank you.

(Applause.)

COUNCILMAN COHEN: Thank you for those incisive remarks. I think it puts the issue squarely before us. You will be stay here to be subject to questioning later.

I'm now going to call the second panel consisting of the City Controller, the Honorable Jonathan Saidel.

(Applause.)

COUNCILMAN COHEN: And would Richard Costello, President of the Fraternal Order of Police -- is he here yet? If he's here, I invite him to join. If not, we know he had another appointment. We'll put him on as soon as he comes.

Is George Casey, President of the International Association of Fire Fighters, Local 22.

(Applause.)

COUNCILMAN COHEN: Thank you. We're very pleased that the controller was able to find time to join us today to give us a clear vision of what he sees as City Controller with respect to the statements made previously and which many of us have felt were important enough -- I know I've written to the City Controller asking the City Controller whether he had the power and if he would, could he undertake an audit of the City's health costs. It is very important that we get those figures.

Controller Saidel, we're delighted that you're here. Please go first.

MR. SAIDEL: Thank you, Mr. Chairman. As always, when there's a communication from you, I know it has to do with the problems that people face and not the problems that individuals face, but people as a whole.

The definition of what an audit is is very simple. There is an allocation of resources. There is an allocation of expenditures. An audit verifies the allocation of those resources. It verifies an allocation of those expenditures that were made. So there can be a comparison not only for that particular department in comparison to its past, but also to compare that department with other departments that have like kind undertakings.

Mr. Cronin is absolutely right. I have never seen an audit or an allocation of expenditures as well as revenue flow of the self-administered plans within the City Philadelphia. It is all listed as part of total payroll.

You communicated to me earlier last week and asked me to undertake an audit of the self-administered health and welfare plan, and I accepted that challenge with all humility and have already contacted Linda Seyda, the personnel director of Philadelphia who tells me and informs me on behalf of the Mayor that she will comply fully with all the information that we need.

Mr. Cronin's plan, which by the way, the percentage that Mr. Cronin mentions as far as administrative cost is quite low in comparison to others. And I congratulate you on that.

Before any plan can be looked at to be administered by the City of Philadelphia, it makes no sense until we actually have an audited plan so see exactly how much it cost for ours in relationship to the benefits that are received in comparison to the other plans that are in existence in the City of Philadelphia.

(Applause.)

COUNCILMAN COHEN: Thank you very much.

Mr. Casey.

MR. CASEY: My name is George Casey. I'm president of Local 22, Philadelphia Fire Fighters if I am a fire fighters.

It is important to understand first and foremost that the health and welfare funds that provide benefits to represented employees of the City of Philadelphia are trust funds. These trust funds must be operated in compliance with state and federal laws that require. Among other things, that each fiduciary keep track of and spend wisely each dollar that goes into the fund. Unlike the City which does not report it's health care expenditures in a straightforward way, each fund has engaged an independent certified public accounting firm to perform an annual audit of all the books and records, including all administrative expenses, in addition, in order to keep track how the money is being spent. The funds have a separate independent certified public accountant which prepares monthly cash flow statements so that the trustees can keep abreast of the funds financial status as well as any need to make any changes in benefit structures. Unlike City officials, our fund fiduciaries are forced each month to confront exactly how the fund is doing financially. The month and annual reports reveal the good, the bad, and the ugly. But if you're going to provide the participant and beneficiaries with the best benefits you can with the money that is available, you must watch the dimes and nickels and know how much money you're spending on the benefits. We challenge the City to open health benefits operations to the same scrutiny under which we have always operated our funds.

As president of Local 22 the last two years, we have changed our funds because of hepatitis C issue at the Philadelphia Fire Department at least three or four times. My members, we had to cut benefits of prescriptions to 20 percent because of the money brought into the union trust fund for health and the money that we were spending. The Philadelphia fire fighters have taken a beating for the last two years under my leadership because of the money that the City is providing for us.

We just won a binding arbitration award. The City took me to court about our health fund because the second year we were getting $621 because with our disease that we catch the job, the hepatitis C, the cancers from when we never wore Scott packs in the '70s and '80s, from all the plastics that we have in our lungs right now. I'm averaging about nine members a month coming down with cancers. And this is on our health plan and we cannot afford this much longer. So we're still looking for Monday from the City who says that they don't have to report anything but then sign lucrative contracts with certain people for their prescription drugs and everything that had a certain amount of money.

(Applause.)

MR. CASEY: I think it's total disgrace when people are more concerned about building stadiums than taking care of their people's health benefits.

(Applause.)

MR. CASEY: This is Steve Dalworth (ph), our accountant who takes care of our health fund.

COUNCILMAN COHEN: In the midst of the applause, Councilman Frank DiCicco has joined the panel.

(Applause.)

MR. CASEY: That's all I have to say.

COUNCILMAN COHEN: Thank you, Mr. Casey. I'm very glad of the record of City Council in support of the fire fighters. We have felt from the very begin that the fire fighters had a very just cause and that the City was behaving very poorly with respect to meeting the needs of the fire fighters who put their lives at stake every day. And I'm very pleased that City Council took two separate actions. One was a general resolution of support for the fire fighters that was introduced by Councilman Jim Kenney and unanimously adopted by the City Council. And secondly, the Council acted favorably and unanimously on a resolution that I introduced authorizing the City Council to hire an attorney to join the fire fighters in their case against the City when the City tried to upset the arbitration award. We're delighted that both actions were somewhat helpful to the fire fighters, and we will join you also in whatever you need with respect to problems arising from cancer.

(Applause.)

MR. CASEY: I would like to thank City Council for being behind us 100 percent in this issue and everything. But the City's taking me back court on Monday for retirement health care. So it's like a never-ending battle.

COUNCILMAN COHEN: Thank you very much. In keeping with our procedure, there will be no questions until all panels finish. We thank you for your statements. We thank the City Controller especially for his cooperation with City Council and with all these organization in trying to get at the facts so that we'll know what the best solution will be. Thank you very much.

MR. SAIDEL: As I said, Mr. Chairman, we are ready, willing, and able to undertake that audit. We will begin the process. We'll work closely with you and interested union leaders to make sure that the numbers are fair and accurate and a comparison can be made in the open, not in the dark. Thank you, Mr. Chairman.

(Applause.)

COUNCILMAN COHEN: We are very appreciative. City Controller Saidel, I think his record is clear. He is trying to make clear to people the great services performed by the people who work for the City of Philadelphia and his strong desire to see that they get treated fairly and we found that he always cooperates in an effort to get at the facts that enable City Council to do its duty. We thank you publicly, Controller Saidel.

We're not asking any questions until the panels are all completed. Thank you very much for being with us today.

(Applause.)

COUNCILMAN COHEN: It's great to know that the various organizations that represent the

City employees have in the City Controller an elected official who stands up and speaks for them. Thank you particularly, Controller Saidel.

(Applause.)

COUNCILMAN COHEN: The third panel consist of David Villela, President of the Association of Management and Professional Employees, and Judith Samans. Would that panel approach?

(Applause.)

COUNCILMAN COHEN: This is a group that most directly represent the unrepresented City employees.

David Villela, would you proceed.

Let the record note that six of the eight members, much more than a quorum, of the Law and Government Committee has been present here at the hearing. The seventh is unavailable because of health reasons. The eighth we don't have a report on. Thank you.

Go ahead, Mr. Villela.

MR. VILLELA: Good afternoon. I'd like to thank you for opportunity to let us express our thoughts on some of the issues that are very crucial and important for our members.

My name David Villela and I'm chairman of the Association of Management and Professional Employees for the City of Philadelphia which is known also ACMPE. We are very pleased to be in this hearing taking place because there's a lot of interest of our members, primarily the ones that have been retired, on result of this issues that is affecting them tremendously as it is now. It also affects any non-represented non-union employees, including exempt which I'm sure in your City Council Chambers you have people who are exempt but not non-represented.

Our organization represents all the civil service employees that are non-represented by the bargaining unit. Our membership base is a bridge appointed officials and the City Administration and the union employees. We are senior and middle management employees in all City departments and agencies. We are architects, engineers, chemists, accountants, nurses and many other provisions. We are the individuals that keep the City Government running during transitions between administrations, many times assuming acting capacities until new officials are appointed. We are the people that maintain the continuity of City Government during those crucial times of transition. In addition, during labor disputes or strikes, we are the people that step in and maintain continuity of essential City services and keep the City functioning. We serve the public and other City agencies and provide the vital links between newly appointed officials and the rest of the departments and agencies. Quite often, some of our members end up teaching some new appointees the procedures and logistics required to run the City Government. In spite of all this critical role that we play in the City Government, we are not only non-recognized and non-represented for our values, and in this case we are also disrespected.

We consider the recent mandate by the benefits plan arbitrary, capricious, short-sighted callous and insensitive. How could the City Administration cut the prescriptions plan for the most vulnerable sector of our City employees, the non-rep retiree?

The City Administration has been eroding the non-represented employees benefits for many years, so this is just one of the latest steps.

We recognize the right and perrogative of the City Administration to cut the prescription benefits to our retirees. We also understand that it might be legal, but is it fair? Is it ethical to abuse the seniors with a callus thought, "They cannot do anything to us because they are powerless." We find it abusive, highly improper, and definitely discriminatory since our membership also includes secretaries, administrative assistants, crew chiefs and many other low pay level employees, some including City Council members in your staff. Many of those non-union retirees won't be able to afford medications that seem to increase as we get older.

I wish I could be as healthy and dynamic as the Mayor but, unfortunately, that is not the case. A lot of us is not as healthy as he is. Many of them might have to make a choice between buying food or medications when they're patients. We don't know if the Administration is saving a considerable amount of money by cutting this prescription plan to retirees. And as you heard testimony by the representatives of the unions, there is a great deal of obscurity regarding an audit on all of this health plans.

There has to be a resolution to resolve this matter without sacrificing the health and welfare of our seniors now and for all of us in the future, which we will all become seniors.

We see this as two sets of rules: One for the union people and one for the non-reps. Are we second-class employees? Are we not really fully employed employees? We deserve the same type of benefits. We want equitable and fair treatment. We want equitable treatment for all City employees, not differential treatment reminiscent of times in the past in which discrimination was the law of the land. We want the same respect in the statute that other City employees get. We want to have this matter resolved, not because there's threat of legal action which we could take, but because it's the right thing to do. We do not want to be in a position of adversity against the City or question integrity of the decision-makers that have decided to take this kind of action.

The senior citizens, it might not be legal to take candy from a child, however, is it proper? Is it ethical? Is it honest is it? Is it acceptable behavior. The ironic part of this issue is that sooner or later the individuals making these decisions to cut down all prescriptions for retirees will be retirees themselves, making the decision a self-perpetuating stab in the back. So please, City Administration, don't shoot yourself in the foot. Revise the order.

I expect to be a senior some day myself because the alternative, that is 20 feet below, is way too permanent for me. So to all of you people of power, please review this matter with depth, with conscience, decide what is fair and equitable.

Many members might be forced to remain on the job working for many more years, as they would be unable to continue on their retiree plan. Many of them might have to make a choice between buying food or medicine with their pension his. We don't know if this Administration is saving considerable amount of money, but what we know is that there's no audit on these issues. There has to be a resolution to resolve this matter. We appeal to City Council to help remedy this situation and provide equitable treatment for all City employees, union and non-union, especially our most vulnerable, our senior citizens who have retired and have no ability to be represented in any way or form.

I thank you for your opportunity to let us express our feelings on this, and I hope and I trust that your judgment will be favoring those most in need, us and them. Most of us will be senior citizens and I hope we all are. Thank you very much.

(Applause.)

COUNCILMAN COHEN: Thank you for your fine statement. We're now going to ask Judith Samans. Please identify yourself for the record and proceed.

MS. SAMANS-DUNN: Good afternoon, members of City Council. I'm very honored to be here today. I'm Judith Samans-Dunn. I'm the vice chairperson of the ACMPE. We are not represented employees. We are precluded from being represented employees, and as such, all 1200 non-reps working for the City fall under the City Administered Benefits Plan. I was feeling rather stupid when I prepared my testimony because I was unable to figure out how much our benefits plan cost. And I really thank Mr. Cronin for explaining to me why I couldn't find it. It's not there.

I also want to comment on Mr. Saidel's offer to allow the unions to take a part, see what's going on as he does this audit, and I ask that he include us in that offer since all of us fall under the City benefits plan.

Going back to what I had planned to say, as you know by now, in mid-January of this year, mid-January, after the beginning of the year, the retired City employees found out that if they had been retired more than four years and were paying for their coverage, oops, they didn't have their prescription plan. Many of them found out when they went to the pharmacy. They called the Board of Pensions to find our what their new plan was. They were told there were no cards yet and they didn't know what the discount was available. This isn't how to treat people.

Now, we later found out that the prescription plan offered a modest 15 percent discount. That doesn't do much when you're on a number of maintenance medications.

(Applause.)

MS. SAMANS-DUNN: So you members of City Council, you might wonder how can the City benefits plan administrator under the personnel director do this to our retirees. Well, apparently with ease. You see, these employees did not retire under the protective wing of unions and negotiated contracts. If they did, then the City would be required to deal with minimal benefits acceptable to union representatives. But for non-represented employees, newly enacted Civil Service Regulation 27.013 allows the City to "Contribute each pay period for health medical life insurance coverage and optional benefits under the City's Flexible Benefits Plan, an amount determined by the Director of Finance," while it requires the contribution for represented employees to be as negotiated in their contracts. So there are amounts required when the unions can negotiate, but we have no say and no feedback or information about what is required to be set for our benefits. And as District Council 47 so aptly pointed out, our benefits don't compare.

So how can the City benefits plan administrator do this to our retirees? The City's benefits administrator is simply continuing its effort to save relatively minuscule amounts of City dollars on the backs of a small group of current and former employees. After all, how many retirees from non-rep or exempt classes have been retired greater than four years and are not yet eligible for other plans?

The City's benefits plan administrator has established a history already of sequential reductions to the benefits being offered to non-represented employees. This is just the latest in a string of benefits reductions that have had no due process because there's no established oversight for non-union employees' benefits. Even though benefits of City employees should be equivalent, in 1986 the personnel director changed the benefits plan for non-rep employees to the, quote, flexible benefits plan, including flex credits that could be used to select various options under this plan. The overall effect of the plan was a cost savings to the City as individual employees would supposedly select those coverage options that were most applicable to their needs. Heaven forbid that an employee would need the coverages that had previously been available to him, because they pay through the nose.

This was only the first step. On January 1, 1989, the automatic flex credits that had been part of the Flex Benefits plan were eliminated. Now, for any coverage beyond basic health care and 5,000 life and casualty insurance, the employee had to pay the difference. From that time on, the benefits being afforded non-represented employees have been significantly less than those being afforded those employees who work in classes represented by bargaining units.

Now, lest you fall into the old thinking that non-represented employees can afford more benefits because they are high income earners, remember that we are not only managers, we are secretaries, executive assistants, administrative assistants. Look at your own staffs, including various assistants, clerical workers, drivers.

You have called a hearing to look in the cost of health care coverage and the ability of the City to provide a complete quality plan to its many employees, and I add hopefully retirees. I am here to point out a glaring hole in the City's procedures. As long as the personnel director can reduce our benefits and the retiree benefits and any

City plan benefits with the stroke of a pen, we continue to be broadsided by unreasonable reductions without warning. As long as the finance director continues to be convinced that the small potatoes of savings that can be realized on our backs is of significance in the City's budget, we will continue to be treated as stepchildren of this City.

In 1996 Civil Service Regulation 27.0151 was created. It states, "The range of available options for medical and life insurance pursuant to a flexible benefits plan shall be subject to the annual approval of the Commission. Neither the cost to employees for choosing any particular option nor the amount of flexi credits, if any, to be paid to employees shall be subject to Commission approval." Basically, this means that we can be offered a menu of benefit options with absolutely non of it paid for by the City if that becomes the next whim of the benefits administrator.

Our retirees worked hard for the City. Our current employed members see that required City services are efficiently and effectively rendered to all City residents. We do not deserve to be treated as anything less than the majority of represented

City employees. We do not deserve to learn about our benefits being cut over and over again. We do not deserve to learn only after the fact that our benefits have been cut again.

We're really relieved to see concern over this issue. We're willing to assist with any efforts to assure equitable benefits in coverage for all City employees and retirees. And I thank you for allowing me to testify here today.

(Applause.)

COUNCILMAN COHEN: Thank you very much.

We thank you all for your testimony. And we're going to proceed to the final panel before the City personnel director appears. Thank you very much.

The next panel consists of the following retirees: I believe they're all now not represented. Joe Goldberger, Louise Simpson, Sheldon Plan, George Karalius, Jeff Katz. Would they all approach the table.

(Applause.)

COUNCILMAN COHEN: Is Mr. Goldberger here? You're going to be the first speaker. Is Louise Simpson here? You're second. The other gentleman is Sheldon Plam. And George Karalius and Jeff Katz are not here?

Okay, I think you're representing those who were kind of brutally told that certain health benefits they had before no longer existed. It was too expensive, therefore -- you know, I just can't figure out this logic. They were told, "You're too expensive to continue to insure, therefore, you have to pay your own way." That's the logic that makes no sense to me.

Mr. Goldberger, please go ahead.

MR. GOLDBERGER: Allow me to thank you for the opportunity to present my views on the loss of the drug benefit for approximately 640 non-union retired persons. It is now clear to me that the City Administration intended to abandon us. Their job was made easier because we have no representation at the benefit table. City Council has responded to our plight.

In year 2000, for a $1,500 max yearly benefit, I was paying $672 per year plus $10 or 20 percent for brand name drugs and $5 for prescription drugs.

In preparation for year 2001, the

Administration performed a utilization study in which they separated out 640 non-union retirees, those retired over four years for special attention. Their conclusion was that these 640 pensioners had used a large amount of drugs. To continue this benefit at the year 2000 level would require the City to provide additional funds to the program or would have required almost double the $672 retiree contribution of Year 2000. City Council was not informed of the problem.

The Administration answer was to eliminate the drug benefit for the 640 retirees who paid their own medical and prescription premiums while continuing a paid drug benefit for those non-union pensioners still within the four-year retirement period. The substitution for the post four-year non-union retirees was a, quote, discount card. No further details about this discount card or, in fact, the percentage of the discount have been provided to retirees as of have date.

Mr. Chairman, in recognition of the problem of separating the post four-year retirees from the entire retiree group, you requested from the City Personnel Director a per person drug benefit cost for all non-union pensioners, what you referred to as the blended rate. I eagerly await the answer to your very pertinent question.

Incidentally, I visited blue cross where I learned that the Security 65 Medicare supplement C Plan under the City's negotiated group rate for which the City was extracting $173.09 from my monthly pension check would cost me $163.70 if I purchased it directly from Blue Cross. Certainly, a unique form of negotiation. Perhaps the additional $10 per month charged by the City was a "administrate overhead cost" or a "privilege tax" or our contribute toward sports stadiums.

(Applause.)

MR. GOLDBERGER: As for my personal utilization, I am now on seven maintenance drugs. I have just paid to the AARP Pharmacy $730 for a two- to three-month supply of several but not all of my maintenance drugs. I expect to have to have to pay $4,000 in 2001, assuming no new physical problems.

I asked at a previous Council briefing for information as to who or what City agency is negotiating health insurance benefits for non-union City employees and pensioners. I have never received an answer to that question. I ask it again of this committee, this Administration, and indeed the news media. If there is a broker being used, who is that broker? And how is he or she being compensated? Are non-union employees and retirees paying the price for the City's middleman? I had thought and still hope that the City operated under a sunshine philosophy and laws. Absent appropriate disclosure and judging by the negotiation results, suspicious exists.

Allow me to presence the following five suggestions for your consideration:

First and most important, immediately restore our drug benefit to at least last year's level. We need immediate help.

Second, to further improve our retirements health plans, review the retirement plans of the federal government, the Commonwealth of Pennsylvania, the School District of Philadelphia and above all, District Council 47. District Council 47 illustrates what wise management and administration can accomplish when the goal is to provide for retirees.

(Applause.)

MR. GOLDBERGER: Parenthetically, your review will give you some idea of the reason for our stream anger and frustration when confronted with the Administration's inadequate attempts to provide decent retiree benefits.

Third, a dental and vision benefit should be added to the pension health care package. Dental costs in many cases far exceed medical expenses and no plan is available except through group auspices.

Fourth, involve us in helping to evaluate and consider various health care options. We know City funds are not inexhaustible and our lack of representation is through no fault of ours. We were excluded from District Council 47 memberships by negotiation between the City and the Commonwealth's Labor Board because of the policymaking and supervisory nature of our positions.

Fifth, it is obvious to me that you cannot depend on the Administration to provide you with the independent information and knowledgeable judgments you need to review and improve retiree health benefits. Make certain that the City and retirees are getting the most benefit from the City retiree dollars invested. Hire your own consultants.

(Applause.)

MR. GOLDBERGER: City Council members have voted for specific employee and retirement benefits in the past. In 1999, you voted to provide a badly needed one-time adjustment for long-time retirees and a mechanism by which retiree can receive additional benefits. You voted to permit employees with five years but less than 10 years service to purchase up to five additional years of service time so that they would qualify for a City pension and retiree health benefits and you voted for a drop program for present employees.

The Administration has based its decision to eliminate our drug benefit on the proposition that the City has no legal obligation to provide us with health benefits. This is a unique proposition for an administration that purports to be concerned about improving the living conditions of its citizens and which has spent considerable time and effort to provide City funds to finance private sports stadiums.

(Applause.)

MR. GOLDBERGER: Providing adequate health benefits for non-union City retires, individuals who have given years of service, requires a higher priority, in my judgment.

As a former director of recruiting for the City, I know firsthand what we told perspective employees to expect in retirement. There was no small print pointing out that there was no legal obligation to provide these retirement benefits.

Please restore other drug benefit and expand our benefits to include a dental and vision program.

Thank you, Mr. Chairman and members of the Law and Government Committee for your interest and consideration, past and present. I wish to particularly thank Council President Verna, Committee Chairman Cohen and Councilmembers Blackwell, Kenney and Nutter for their helpful and active participation in the Council briefings which preceded this hearing and which have resulted in proposed new and revised benefits.

(Applause.)

COUNCILMAN COHEN: Thank you. I ask

that retire from the panel so that Mr. Richard Costello, President of the Fraternal Order of Police who was unavoidably detained could come in and complete the statements of the representatives.

(Applause.)

COUNCILMAN COHEN: Mr. Costello, we're very pleased you were able to make it. We promised that we would not hold you too long. We're very pleased you are here. Go ahead, sir.

MR. COSTELLO: Thank you, Mr. Chairman. And I do apologize for the delay, but ironically, nothing could be more relevant since I myself was out to see a cardiologist at the University of Pennsylvania because after 28 years of City service, one of the proud honors I was given is a life-threatening case of heart disease that I now have to contend with. So this issue has a very personal aspect to myself and to many other people in this room and in the four unions similarly afflicted.

I would like to just point out a couple of facts, if I may. Number 1, when the City comes forth and, say, cuts four holidays from the employees' schedule, which it did four to six years ago, then the employees can gather their families together and say, "Maybe we can't afford Disney World this year. Maybe we'll have to go to Wild Wood." When the City cut starting pay as it did about eight years ago, you can make the same choices. You can forego the purchase of a new car, forego the summer vacation entirely and make other economic decisions. But when your medical benefits are threatened, you cannot, no one can sit the family down around the kitchen table and agree not to get sick. You cannot form the family together and decide that based on the economic value of Plan A versus Plan B, you're going to choose this disease off the shelf and leave that one for someone else. You are completely at the mercy of nature itself, and I would submit that this problem goes beyond labor management and it has to be addressed on a system-wide basis because the runway cost of medical care is quickly getting to the point where there's literally taking lives of citizens. So this is an extremely serious issue.

On the question before us today regarding the audits, we have submitted to numerous audits. With me, I have the administrator of our dental, optical, and prescription plan and my honorable predecessor Bobby Hurst and also Tom Lamb, the administrator of our predominant major medical carrier, Law Enforcement Health Benefits, which delivers our Blue Cross package to our members. They have both submitted to a number of audits. But I guess the issue can be capsulized by an incident that occurred during the 1998 arbitration proceedings with the City of Philadelphia when, as both sides do during contract times, the subpoenas fly like snowflakes in the blizzard that's occurring right outside the window as we speak. And subpoenas were handed back and forth. Well, the City made some kind of crack that maybe the FOP had something to hide and that's why they weren't honoring it. We immediately stopped the proceedings and threw our doors open and said, "You know what? It's taxpayer money. There have been problems in the past. The City has a right to see how we spend it and, in fact, we are proud of how we spend it." So we opened the doors. We had three or four law firms camp themselves at our dental office and at our major medical office for about 10 full days reviewing every single document on the property.

And so be it; they had a right to. They came out with nothing other than two very well run plans.

The surprise of the whole procedure was we felt that just as we are funded by taxpayer dollars, so is the City of Philadelphia. We in turn delivered a package of subpoenas to the City to examine certain records, and three years later from 1998 to 2001, we're still fighting to get those subpoenas honored because not one document, not one record, nothing was shown to us.

So I would submit that there is a crying need for a review of some of the what the City is doing regarding their medical plans because when we felt that the right of the taxpayers to know, we respected that. It was not respected by the very same people who were preaching it.

(Applause.)

MR. COSTELLO: I would have also submit that the actual people working for the City who run the medical plans are not necessarily at fault here. They're doing the best they can. The problem arises, unfortunately, in two different directions, one of which is we have managed to deliver medical coverage to over 7,000 officers and retirees which brings us to a total of about 14,000 members. We've been able to deliver medical coverage and full dental, optical, and prescription coverage to an outstanding level without the need of one single broker or consultant. We don't need anybody making two or three percent commission on the sale of the package. We have Tom Lamb who spent his career in the Philadelphia Police Department picks up the phone, calls Blue Cross, gets the rate, and that's all there is to it. There is no magic or formula or smoke and mirrors that necessitates the spending of millions of dollars on somebody who bills themselves as a medical broker or has a firm set up for that purpose. And I think that might be part of the reason the City was so reluctant to share any records because if we shook the box hard enough, the floor would be littered with campaign contributors, not doctors and not hospitals.

(Applause.)

MR. COSTELLO: The other issue goes to the root cause to the problem itself in which the City and the unions and Council are all for the moment helpless, but something needs to be done. And that is for all intents and purposes, we have one major medical carrier in the Greater Philadelphia area. We have a number of subsidiary HMOs such as Aetna US Health Care and some of the others. But the major provider is the Independence Blue Cross. They recently negotiated a series of contracts with hospitals that have led to massive increases, and we're looking at the potential of double-digit increases in the premiums delivered to all four plans with absolutely no option of going somewhere else for benefit. Now, the choices left open are brutal. We can cut the benefit, we can raise the co-pay, or we can put the burden on the victim. We can't continue to punish the recipients of medical care.

As I said at the outset, I can't sit here and decide not to get sick, neither can anybody else in this room. If I am sick, I can't decide to go to the Kmart plan instead of the Sears plan because the Kmart department has an offwing connected with funeral director. You're going to go for the best medical care you can get.

So I have to tell you that we all need to address this because this is a critical, critical issue. We felt, and to be honest with everybody in the room, in days past the FOP had its problems in this area and we needed to do a thorough housecleaning in-house before we were preaching to anybody else. We think we've accomplished that. We attacked the budget with a knife and curve and sliced everything we could. We've got our administrative rates down well below the market and well below any other plan we're aware of. And we still funnel the money into actual delivery of care. We're willing to work together with Council. We're willing to work together with the City, with Blue Cross or anyone else, but something has to be done because if left unchecked and unadjusted, as you'll hear maybe if you haven't already, you'll hear the police are receiving more than some of the other employees. That is true, but what you're not hearing is that police are also injured at a far greater rate than other employees and the City of Philadelphia has seen fit to allow officers who are injured while working in the line of duty to receive medical treatment through their off-duty medical provider, either Blue Cross or the prescription plan so they've put the burden on us of financing their legal and moral obligation of providing medical care to those officers hurt in the line the duty. That has increased our rates. We are now under a capital. And if we get to the point where we can no longer afford to treat officers hurt in the line of duty, we're going to have to take whatever steps are necessary to ensure that officers do not get hurt in the line of duty, and I don't think I have to carry it any further than that.

So the critical nature of this affects all four unions. We have all worked together. We've had discussions with Tom Cronin out of 47, Pete Matthews out of 33, George Casey out of Local 22. We are all facing the same problem and we are looking for help and that's we're very gratified that Council has chosen to convene these hearings. And I would ask you, please don't make it a one-shot deal. We do need attention in this area. Thank you very much.

(Applause.)

COUNCILMAN COHEN: Thank you very much. We're not addressing questions to panel members at this time. We wanted to get all the panels to give their basic testimony, which you have done in an admirable fashion, very clear, and I think you stated all of the problems. And we're going to have the other retirees testify. You need not stay here, but if could, we'd appreciate it, but you need not. And then we're going to have the Personnel Director of the City of Philadelphia come to make the City's statement. We've invited the Chief of Staff Joyce Wilkerson, but so far have not heard one way or the other as to whether she will be appearing here on this subject. Thank you very much for your testimony.

(Applause.)

COUNCILMAN COHEN: The next speaker will be Louis Simpson.

MS. SIMPSON: My name is Louise Simpson. Members of City Council, first of all I would like to thank you for providing me the opportunity today to testify on this very important matter of prescription coverage for retirees in the non-represented class.

I want to begin by telling you how much I appreciate the past benefits the City of Philadelphia provided me after I retired. When I retired, I received a three-year grace period. After that grace period, I was given the opportunity to buy into one of several group medical programs provided by the City of Philadelphia to non-represented retirees. I chose the Blue Cross Blue Shield Personal Choice. It contained coverage for prescription and was automatically deducted from my monthly pension check. Initially, I paid a dollar for a brand name prescription. Last year while I was still covered under Personal Choice with the prescriptions, the cost of a name brand prescription had escalated to $10. A generic prescription was $5.

Now, there's something that's very important that I think you all should know. Few people understand that generic prescriptions are not the same as brand names. Unless a prescription has been on the market by the drug company for more than 10 years, it has 30 percent less medication than the brand name prescription. So if an individual, for example, has diabetes and cannot afford the brand name and has to cut down to a generic, they are putting themselves at risk to have a diabetic coma. That's why doctors have to write on a prescription form "brand name necessary."

In December this past year during the

open enrollment period, I learned from the Pension Board that all prescription plans were canceled for retirees in the non-represented class. When I tried to get information from the Board of Pensions, I was stonewalled. Although the form said a card was going to be sent with a discount, no card was ever sent. To this date, I have never received a card. Further, the information I received in the mail was unclear, it was confusing and it sound like gargle, gargle.

On one hand, the correspondence stated any drug store could be used with the discount card. When I called the Pension Board, they neither knew what the discount would be or when a card would be sent, and I received the letter December 18th. And I might add as an aside, the information that I received said that there would be a meeting on December 19th, which of course I could not make. Now, I have still not received any card from the Pension Board nor anything in writing which establishes what I am entitled to for prescriptions as a retiree in a non-represented class.

On January 16th, President Verna called a caucus to discuss this issue. Constituents were calling members of Council because they had no knowledge of the changes. The Board of Pensions was telling them call City Council.

Last year when we had a prescription coverage, part of our payment $56 a month for prescriptions with a capital of $1500 a year. That amount multiplied by 12 is $672. There are people who re paying a great deal more. Again, the Administration said that was too much money to pay for prescriptions for the retirees in non-represented cups classes.

Members of Council and members of this committee, listen. We're very fortunate in this country. We have the best medical system in the world. The City of Philadelphia is one of the medical capitals of the world. During the last 10 years, there has been so much research that individuals with chronic illnesses no longer have to rely on surgery, extended hospital stays, and painful rehabilitations. Through this medical research, prescriptions are now available to individuals with chronic illnesses and these prescriptions provide them the ability to live normal lives.

Viox and Celebrex are brand name prescriptions that provide seniors with arthritis relief. Antibiotics with a million different names are used to cure to ulcers and stomach disorders, and the list goes on and on.

Members of Council and this committee, please remember these are all prescription drugs. They can not been purchased over the counter. They are prescribed by a physician and must be purchased at a pharmacy, and I might note, with a price already set by the drug company.

Retirees do not get cost-of-living increases. Inflation and the rising cost of living have cut the amount of their retirement. The gas company just raised our rates. Now they're asking for another rate hike. Add to this the cost of rent, telephone, and maybe some food, and a retiree he doesn't have much left.

Then the Mayor takes away the prescription coverage and the Administration is performing direct harm to individuals worked for years for the City of Philadelphia and were promised medical coverage and prescriptions when they retired.

The Mayor has reneged on the City's problems to these retires. Can we say that a stadium is worth more than a person? I don't think so. These retirees are not asking for a free ride. They pay for their coverage. We should not move backward and remove that coverage. At the ver least, the retirees should be given what they had.

Each of the unions is asked every year to have their medical plan audited. When was the last time the Controller looked at how the City of Philadelphia and the Mayor use the monies they have for medical coverage for non-represented employees and exempt employees? This will impact on those people who work for you.

Five years ago I sent a registered certified letter to the Director of Personnel and asked them to send me a copy of their medical plan and the name of their plan administrator. Here it is and here is the signed card. To this day, it's never been answered.

Accountability. We are all called upon to be accountable. If the unions have to be accountable, so should the Mayor. The Mayor is healthy, and on Monday he was seen on national television talking about he wanted all the citizens of Philadelphia to be healthy. Did he forget about the retirees?

(Applause.)

MS. SIMPSON: One day, all of us will have to face the fact that our bodies are no longer young. Some of us will acquire chronic illnesses that require daily prescriptions to allow us to perform our regular life functions without pain, discomfort, or suffering. It is the responsibility of this body to ensure that we don't go backward, but we move forward.

One day you or one of your loved ones will need prescriptions. Whatever choices you make today will affect not only the retirees today, but you tomorrow.

I pray that our voices will be heard. Determine that we can and will go forward and not backward. Thank you.

(Applause.)

COUNCILMAN COHEN: Thank you very, very much.

Sheldon Plam.

MR. PLAM: Mr. Chairman and members of

City Council, I believe Ms. Simpson and Mr. Goldberger have said just about everything about the subject that can be said. My remarks will be very brief and very personal. When I retired a little over four years ago, it was my impression, I didn't know there was no legal understandings that the City would have to offer me a health benefit. But when you retire, you retire with doing your homework and you sit down and you figure out why you can retire and how you're going to be able to retire. One of the things that I counted on was having a health benefit and a prescription plan. Being a non-rep employee, when my four years of COBRA were up, I got a letter saying that I would now have to pay for my plan and the plan would have a cap of $1500 on it. But within two months of that letter and within the time that my four years finally did come up and that I now had to pay for my own health plan, suddenly I found out that the prescription benefit was dropped altogether like a sack of potatoes.

Now, for me personally, I happen to be that person that Ms. Simpson spoke about just a little while ago. I have a number of chronic illnesses. I asked me pharmacist the other day to give me a printout of all the drugs that I take and how much they cost and how much they would have cost me last year and what they would possibly cost me this year. And my wife and I would probably spend a little $4700 for the year. That's quite a chunk of money pay spend for prescription drugs. But I do need them; I have no other choice. What I'm asking is for the prescription drug benefit to be restored.

I also would like to know why those who negotiate our benefits have negotiated for us our Personal Choice or whatever health benefit we have. I pay $290 and some odd change a month for that benefit for myself. My wife who is retired from the School Board has a similar plan to mine, Personal Choice and pays $65 a month less than I do. So I ask why? And that's the end of my talk.

(Applause.)

COUNCILMAN COHEN: Thank you very much.

Is George Karalius here?

MR. KARALIUS: Councilwoman Blackwell, Councilman Cohen, Mr. Ortiz, Mr. Rizzo, Mr. Nutter, I'll also be very brief.

You know, last time I testified in front of this Council a number years ago before I retired --

COUNCILMAN COHEN: Sir, would you state your name for the record?

MR. KARALIUS: I am George Karalius formerly with the Department of Recreation as deputy commissioner, now retired. And I started to say that the last time I testified before this Council you wanted to know how come the Recreation Department cannot light their field lights, and I said we only have one truck but we can light a highway from here to Dayton, Ohio every 80 yards. I understand now there's two trucks, so we've made improvement.

But I'm here today on a more personal matter as the other folks have testified here. I am currently a member of the District Council 47 retirees chapter. They've allowed exempt employees to became members. I became trustee last month.

Ladies and gentlemen, about a week before Christmas, I received also that same letter the gentleman before me testified that my prescription plan is dropped. I have a very serious heart condition and I take over $470 worth of pills a month. That's over $5500 a year. I don't know how people can survive without help on the prescription plan. I'm not here ask for a freebee, just let us pay what the City paying and reinstate at least what we had if it cannot be improved.

Finally, my friends, for the last nine years I've been a licensed agent with every health insurance agency in Philadelphia area, Blue Cross Blue Shield, US Health Care, Aetna US Health Care, a number of others. And I'll tell you this right now. I could get some of the same plans at 20 percent less, as I told the Pension Board year in year out. Somebody is overpaying and that overpayment is not coming back in any of our pockets. It is just disappearing. You can figure out yourself where it goes. Thank you.

(Applause.)

COUNCILMAN COHEN: Is Jeff Katz here? He was a retiree. The snow probably has kept him.

I'm told by the office of Joyce Wilkerson, Chief of Staff, that a call was made to my office, which I have not received at 11 o'clock this morning saying that she was not available today. I want her and the Mayor to know that we will be available anytime next week for the purpose of convening a special hearing to hear from them on the subject, and I hope if that happens that you will be with us.

At this time we're going to ask the Director of Personnel Linda Seyda to come forward and present the City's position. You've heard the positions taken by the various unions and by the retirees, non-represented people.

You know, it's a strange thing that the phrase "City represented" is the equivalent non-represented for the purpose, and in fact, they appear to have been from the testify in fact not represented at all.

So Ms. Seyda with that kind of friendly beginning, can you tell us why, tell us the reasons for all of these stories you've heard today and we've heard today about the very bad aspect of the City represented plan. Go ahead Ms. Seyda, please.

MS. SEYDA: As you know, my name is Linda Seyda. I'm the Personnel Director for the City of Philadelphia. I have been the Director since 1994. And prior to that, I was the Deputy Director for about 15 years, maybe a little less than that. And I have been an employee of the City of Philadelphia for 33 years.

I did testify before this committee back in June and I believe that Council has my testimony from that time. I also did meet with Council on the issue that the retirees here have raised and so I believe that -- and I have also communicated with Council President Verna, so I believe that City Council does have a significant amount of information on that particular issue.

However, for those in the room today who did not participate in those meetings, basically, what happened as far as the retiree coverage is concerned, the City, even though it was not obligated to provide prescription coverage for retirees beyond the four-year period, what will now be five years, what we did as an accommodation for those employees was to negotiate an arrangement. We negotiated an arrangement whereby the post four-year retirees would be able to purchase prescription coverage with a cap, as I think you heard, of $1500. And last year, the cost of that for the retiree was approximately $55 per person per month. What we found was that there had been a substantial amount of adverse selection out of that program and the cost of providing the coverage in the coming year would approach the value of the benefit itself. Therefore, because we still wanted to provide a benefit for the employees, we did offer a discount card.

Subsequent to that and in response to a number of concerns that retirees had, that Council had, we entered into negotiations with Blue Cross. We have been negotiating with Blue Cross and we are very, very close to working out an arrangement. We're waiting for one more number from Blue Cross and then we will have a package offer to the post four-year retirees. Basically, what we've been able to do, and Blue Cross has been very, very helpful in terms of being responsive to the needs of our retirees, we will offer another open enrollment. Retirees will have the choice of the Keystone Health Plan East Program as the HMO, Personal Choice as the PPO. For those over 65, we will also be offering the Keystone 65 program and the Security 65 program.

COUNCILMAN ORTIZ: Ms. Seyda, do you have that in writing? Do you have prepared testimony in writing for this committee so that we can follow you?

MS. SEYDA: Actually, no. I was asked to come and just respond to questions so I didn't bring prepared testimony with me. I certainly will be able to provide in writing whatever information this committee desires. It was my understanding that I was here just to respond to questions since I had already testified.

COUNCILMAN ORTIZ: I just thought that knowing the scope of the resolution that you would bring a prepared statement and add about the comments that were made, but go ahead.

MS. SEYDA: I apologize. I was working under the assumption that I had already testified and I was led to believe that I was just to be here to respond to questions from the other testimony.

COUNCILMAN ORTIZ: Go ahead.

MS. SEYDA: Bottom line, what we will be providing for the retirees is a prescription rider to the medical programs so all of the programs will have a prescription rider. Keystone 65 already has a prescription rider that was a max of $1600 a year. That is being increased so that the cap is being removed and it will be unlimited. The other plans will also have unlimited coverage with the exception of the Security 65 plan which will have a cap of $1250 per year. We expect to have this out, this information about this option out in the mail within the next few days.

In terms of the City medical programs, we really need to back up a number of years in order to get an understanding of what was happening with medical programs throughout the City. And it was back in the mid-'80s where the City did introduce a different program for our non-represented employees. It is the program that has been in effect for about 15 years. There have been modifications to that program over the years. And quite frankly, those modifications have been the result of the increased cost in health care.

The plan that the City provides in many respect has greater flexibility than programs that some of the unions offer, specifically District Council 47, since that seems to be the program that everybody compares with the City-administered program.

In addition to the medical options, the non-represented employees and the exempt employees have the option of --

COUNCILMAN ORTIZ: Since you're going into that, Mr. Nutter -- because I think we have a series of questions that Councilman Nutter has and I have, I know Frank Rizzo would have. Why don't we try to frame the issue through the questioning. Since you're going into the cost of the benefits, I would recognize Councilman Nutter because I know he had asked me as he came over that he has some questions along those lines.

Councilman Nutter.

COUNCILMAN NUTTER: Thank you, Mr. Chairman. Ms. Seyda, I just have some of the budgetary questions and cost questions. Now, is it the case that all of your fringe benefits are generally, for budgetary purposes, listed under the Office of Director of Finance?

MS. SEYDA: That is correct.

COUNCILMAN NUTTER: And on Page 8-4 of the budget book, there's a line item called Fringe Benefits under the general heading of Departmental Total All Funds. That number appears to be for Fiscal Year 2002, $575,858,658. Does that sound about right for all public employees?

MS. SEYDA: That sounds about right.

COUNCILMAN NUTTER: Now, can you tell me how that's broken out for health benefits as it relates to District Council 33, District Council 47, Local 22 and the FOP?

MS. SEYDA: Yes, I can. Just a moment.

For the current fiscal year, the City is contributing -- this is the current fiscal year.

COUNCILMAN NUTTER: We're talking about '01?

MS. SEYDA: Yes. For the current fiscal year the City is contributing for District Council 33 and District Council 47, $506.52 per member per month. That's for all active employees and all five-year retirees.

COUNCILMAN NUTTER: I'm sorry, I don't mean to interrupt you. I don't know exactly how many people are in 33 versus 47. I have some general rough estimates. Do you know what the total is for the four unions? I'm assuming it's those numbers per person per month. And then what's the rate or what's the total amount for everyone else who I assume are in a non-represented class? Would that be accurate?

MS. SEYDA: The cost for the

non-represented employees?

COUNCILMAN NUTTER: No. What I said was, out of the -- again, in the budget book, the Fiscal 2001 estimated obligation for that same line item is $561,171,009.

MS. SEYDA: Right.

COUNCILMAN NUTTER: So what I'd like to know is, tell me -- I'm assuming it's probably in the millions. Tell me what the number is for DC 33, 47, Police and Fire. And then I'm making assumption, which you'll correct me if I'm wrong, after those four, everyone else is in a non-represented class? Is that the way it works?

MS. SEYDA: That is correct. There are basically five categories.

COUNCILMAN NUTTER: So what you need you to tell me is how do the five categories add up to the 561-plus million dollars.

COUNCILMAN ORTIZ: Councilman, during the budget hearings, we've been getting sort of different numbers as to how many employees are on the non-represented category. I know that we have received testimony today that there are about 8,000 people. And during the last couple days from Ms.

Seyda and other folks, I received a far lower number than that, ranging around 5,000 or 6,000 people. So can you see that we get that?

COUNCILMAN NUTTER: I know that the daily census of public employees probably fluctuates to some extent, but probably not in the thousand, 2,000, 3,000 range, right?

MS. SEYDA: Right. I mean, I believe I can answer Councilman Ortiz's question. If you just be patient for 30 seconds, I have that information with me.

The City-administered plan covers currently 8700 people. Of that 8700, 7600 are active employees and 608 are retirees for whom the City has an obligation to pay health and welfare, and there's another 500 who are in that category but have elected not to have coverage. Of that total number, about 40 percent are District Council 33 represented employees who are not members of District Council 33, and because they're not members of District Council 33 are not entitled to benefits under District Council 33 and so those employees have opted to belong to the City-administered plan. So that's why the number of exempt and non-represented employees does not add up -- is far less than the total number of people in this plan because about 40 percent of them are 33 employees.

COUNCILMAN NUTTER: Hold on for one second. The 40 percent number that you're referring to or the percentage that you're using, is it 40 percent of the last number you gave us, which was the 500 non-coverage people or is it 40 percent of 8700?

MS. SEYDA: There are a total of 3,393 non District Council 33 represented employees who are in the City-administered plan.

COUNCILMAN NUTTER: 3,393 non District Council 33 --

MS. SEYDA: They are represented by District Council 33, but they are not members of District Council 33. They are what the City calls fair share employees.

COUNCILMAN ORTIZ: They opted out of District Council 33; is that what you're saying?

MS. SEYDA: Yes.

COUNCILMAN NUTTER: They're not in 33 --

MS. SEYDA: They're not members. They're not dues-paying members.

COUNCILMAN NUTTER: But they're represented by?

MS. SEYDA: That is correct.

COUNCILMAN ORTIZ: They used to be members of District Council 33 and have opted out of the union.

MS. SEYDA: That's basically correct. So they pay rather than a membership fee, they pay an agency fee.

COUNCILMAN NUTTER: So they're covered by the City?

MS. SEYDA: Yes.

COUNCILMAN NUTTER: So that's 3393 out of a total of 8700?

MS. SEYDA: That's correct.

COUNCILMAN NUTTER: So what's going on with the other 5,400 or so people?

MS. SEYDA: They fall into three groups. They are your Civil Service non-represented employees, they are your exempt employees, and they're court employees.

COUNCILMAN NUTTER: So that's 5407 people?

MS. SEYDA: Approximately, yes.

COUNCILMAN NUTTER: And they are court --

MS. SEYDA: Exempt and non-represented Civil Service.

COUNCILMAN NUTTER: Okay. So now what does it cost the City to provide benefits for the 8700 people?

MS. SEYDA: Approximately the same as what it cost the City for District Council 33 and 47 employees. What we have done over the course of --

COUNCILMAN NUTTER: Don't they have different rates? Don't we pay a different rate to 33 versus 47.

MS. SEYDA: In terms of the composite cost of the benefit for the employees in the City-administered plan, the composite, our goal or our objective is to have that cost at the same level as what the City contributes fir 33 and 47 employees.

COUNCILMAN NUTTER: What does the City contribute for 33?

MS. SEYDA: Currently it's $506 and some change.

COUNCILMAN NUTTER: What's it for 47?

MS. SEYDA: The same thing.

COUNCILMAN ORTIZ: Councilman, if I may.

COUNCILMAN NUTTER: Sure.

COUNCILMAN ORTIZ: You're stating that that's an objective. And I think the Councilman asked what is the cost, not the objective. You can wish for something in the future. I think Richard was talking about, you can wish not to have certain diseases, that's objective you may have, but the disease may come. And I think you're speaking in objectives. We're trying to get facts.

MS. SEYDA: That's a fair question. I say objective because when we go out with an open enrollment, we make a projection, we have to make certain assumptions. The assumptions being in terms of what choices the employees will make. And it is our objective -- we've gotten pretty good at it. It is our objective that when all is said and done and the employees make whatever elections of their choice that the composite cost will equal, be the same as our contribution to the non-uniformed employee groups.

COUNCILMAN NUTTER: Well, I understand that, but what was the actual cost? I mean, we had to pay money.

MS. SEYDA: Right.

COUNCILMAN NUTTER: I have an objective to have more hair, but actually I gave up a while ago.

COUNCILMAN ORTIZ: Rogaine, Rogaine.

(Laughter.)

COUNCILMAN NUTTER: I don't think it's covered by the health plan, Councilman.

So when you negotiated with whom ever we negotiate with, they certainly either know or determine or dictate that you will pay us X amount of dollars per month per employee; is that correct?

MS. SEYDA: The health care providers?

COUNCILMAN NUTTER: Yes.

MS. SEYDA: That is correct.

COUNCILMAN NUTTER: So what do we pay them for the non-represented people per month per person.

MS. SEYDA: The question you're asking then is what are the current rates that we are paying our providers?

COUNCILMAN NUTTER: I think so.

MS. SEYDA: Okay, I can do that for you.

For the Blue Cross Keystone Point of Service Plan, it's $378.

COUNCILMAN NUTTER: I'm sorry, this is the Keystone -- which one?

MS. SEYDA: $378.50 that's for the Keystone Point of Service Plan. For the Keystone Health Plan East, which is the HMO plan, it's $342.30.

COUNCILMAN NUTTER: That's the HMO?

MS. SEYDA: Right. And for the Personal Choice option, there are two Personal Choice options. And one is $490.61 and the other is $504.22. That's all on this sheet, which I will provide this to Council.

COUNCILMAN NUTTER: Which is the 490 and which is 504.

MS. SEYDA: 504 is the Personal Choice option 210, and the other one is The Personal Choice option 152570. Those are composite rates.

COUNCILMAN NUTTER: What does that mean? What's the significance of that term? Why do you keep telling me that? It must be important.

MS. SEYDA: Composite rate, because some people elect single coverage, some people elect coverage for themselves and a spouse or a child and some people elect family coverage. And so family coverage is going to be more expensive than single coverage because you're covering more people. So what the composite rate represents is what the average cost is when you blend all those groups together.

COUNCILMAN NUTTER: If you didn't blend them together and you took them individually, I guess, what, there are three options? What is it, the single option, person plus one, and then family?

MS. SEYDA: That's correct.

COUNCILMAN NUTTER: Each of those would have their own associated costs?

MS. SEYDA: That's correct.

COUNCILMAN NUTTER: And then they come back and kind of average it out or blend it or the composite formula, is that how you do it?

MS. SEYDA: The rates that we negotiate with Blue Cross are composite rates, but we have to break those rates down into tier rates because if an individual leaves the City and elects a COVER (ph) option then they are changed the actual cost, the single plus one or the family cost.

COUNCILMAN NUTTER: Let me ask a couple questions based on some of the testimony that's occurred so far.

COUNCILMAN ORTIZ: Councilman, does that include the dental and the vision?

MS. SEYDA: No. It does not. Those are medical costs.

COUNCILMAN ORTIZ: That does not include the dental and the vision. If you add the dental and the vision -- again, we're trying to get the total price the health benefits. What is the total cost that you add to that?

COUNCILMAN NUTTER: I appreciate that, Councilman, because I guess -- now we're making a assumption. But I thought in this conversation, I mean, if I ask you what does it cost to provide benefits to a public employee, I thought we were talking about the entire package. I mean, everybody gets the same thing, right?

MS. SEYDA: That's correct. There are additional costs for the dental, optical, and prescription coverages.

COUNCILMAN NUTTER: So the full package, if a person has Keystone Point of Service, is not

$378.50, it's $378.50 plus all the other stuff, right?

MS. SEYDA: That is correct.

COUNCILMAN NUTTER: I mean, it's like when you go to buy a car and they quote you a price, they don't have like a with-engine price/a without-engine price or tires/no tires.

(Applause.)

COUNCILMAN NUTTER: I mean, the discussion with the salesperson is not in realm. It's more, you know, I gotta to go back and talk to the sales manager about the whole car. A thousand here, a thousand there. I mean, you might have to negotiated about a CD player and a couple of those things, but you can deal with the basic radio. So total package, tires, windows, doors, engine, what is the cost of providing health care to our public employees? Full package.

MS. SEYDA: On average $518 per employee per month.

COUNCILMAN NUTTER: $518 per employee per month. Is that for Keystone POS, HMO, and the two Personal Choice option plans? I guess I thought that if all four plans had separate individual costs, that you then added on the dental, the vision, the prescription, and that even if that number was the same for everyone, you would add that number to these numbers and then you would have four new costs which are hire.

MS. SEYDA: That's correct.

COUNCILMAN NUTTER: But now you're telling me that it's just a flat 518 across the board?

MS. SEYDA: It takes into consideration a number of factors. That is for the entire covered population of 8700 people. On average it is $518 per employee and retiree per month. And that compares to last calendar year of $494, so on average that is it's $506 per active and retiree.

COUNCILMAN NUTTER: I got that. But there is a little bit of a gap between the Keystone Point of Service, the 378 and the Personal Choice 210 at 504. Sounds like 126 maybe gap between. Again, how do we get to a flat 518 and then what's the difference within that between actives and retirees?

MS. SEYDA: Obviously, the total cost for health benefits for someone who elects a

Personal Choice plan is going to be higher than it is for someone who selects an HMO plan.

COUNCILMAN NUTTER: Right. I got that.

MS. SEYDA: Also, there are some employees who, of their own volition, elect to waive coverage. There's about 400 of those employees. Those employees who elect to do that, the City gives them a flat amount. I believe it's $78 per month or close to a thousand a year if the individual waives. So the City's cost for those employees are significantly less than it is for someone who is taking the full range of benefits.

COUNCILMAN ORTIZ: Councilman, does the numbers that we're getting, does that also provide for the administrative costs that are added or is that just the rate in terms of the medicals? What is the administrative cost?

We're trying to get a clear picture. I think the Councilman is trying to get a clear picture of what is the total cost of what is to the City for administering this program. And part of that should be the administrative cost, it should be included.

COUNCILMAN RIZZO: Also, can I just jump

in a minute? Isn't it possible just -- you're telling us there's 400 of this. Don't you have it broken out of what each employee elects, that you've got 2800 of this, 3600 of that? That would eliminate a lot of the confusion, because what I see here is that this appears to be so guarded that -- well, it's more than suggesting. It's suggesting that you're hiding something from us.

(Applause.)

COUNCILMAN RIZZO: And I don't think you are personally hiding something, you. But if you could just break it out and tell us how many of this, how many of that, and do arithmetic, I think I could do it in my head.

MS. SEYDA: I'd be happy to.

COUNCILMAN RIZZO: So let's do it.

MS. SEYDA: I think that Council has a copy of this, but this is what it is. Active employees. There are 3,564 or 47 percent of the active group elected Keystone Health Plan East. 336 elected the Keystone Point of Service Plan. 155 elected the Personal Choice Value Plan --

COUNCILMAN RIZZO: Could you pull the microphone in front of your mouth, please.

MS. SEYDA: Sorry. 3,553 elected the Personal Choice 210 program.

COUNCILMAN RIZZO: So how much money do we spend with medical, dental, eye care, administrative costs to provide this coverage?

MS. SEYDA: $4,200,715.34.

COUNCILMAN RIZZO: So then we divide --

COUNCILMAN NUTTER: Ms. Seyda, isn't that per month?

MS. SEYDA: Yes, this is per month.

COUNCILMAN NUTTER: Isn't the real number 54,079,200 per year?

MS. SEYDA: If you multiply that number by 12, it's an annual number, yes.

COUNCILMAN NUTTER: So it costs us 54,079,200 a year for coverage; is that correct.

MS. SEYDA: No, that doesn't sound right.

COUNCILMAN NUTTER: Well, why don't we go back. It's 518 per month per employee, right?

MS. SEYDA: The number that I just gave you is net of any employee contribute.

COUNCILMAN NUTTER: The 518.

MS. SEYDA: Right, this is the City's

cost.

COUNCILMAN NUTTER: It's 518?

MS. SEYDA: That's correct.

COUNCILMAN NUTTER: So why don't you work us through the math. It's 518 per month per employee, right?

MS. SEYDA: Right.

COUNCILMAN NUTTER: So that would be 518 times 8700 times 12.

MS. SEYDA: Right. Whatever number is, that's what it is.

COUNCILMAN NUTTER: My little calculator told me that it was $54,079,200.

MS. SEYDA: Okay, so that's what it is.

COUNCILMAN NUTTER: Does that sound reasonable?

COUNCILMAN RIZZO: When you add it up it turns into real money.

MS. SEYDA: Of course, it's real money.

COUNCILMAN ORTIZ: Does that include the administrative cost, Councilman Nutter?

COUNCILMAN NUTTER: I thought that that was the pure cost out the door to the providers; is that correct?

MS. SEYDA: That's correct.

COUNCILMAN NUTTER: What does it cost to administer these programs and how many people work on this?

MS. SEYDA: The cost would be $300,000 a year. That includes benefits. $300,000 a year for what -- I'm just going to rip off a number for what anybody over in your shop might be making. I've never seen your payroll. I mean, what are we talking about, what are your folks making, like $40,000? That's less than 10 people, probably not including benefits. I mean, how many people work on this?

MS. SEYDA: There are --

COUNCILMAN NUTTER: Is there an administrative unit for fringe benefits or health care for the City.

MS. SEYDA: Yes. But they do not spend all of their time working on the City-administered health and welfare program. So what we did was take a look at what percentage of their time that they spend working on the City-administered programs.

COUNCILMAN NUTTER: So how many people work on this?

MS. SEYDA: Ten.

COUNCILMAN NUTTER: Ten.

MS. SEYDA: Right. And there's a couple people who spend all of their time -- actually, let me correct that; nine. Some of people spend just 5 or 6 percent of their time, a couple people who spend a hundred percent of their time.

COUNCILMAN NUTTER: But you're saying that the salaries and benefits for these people who spend some or all of their time administering these plans for the non-reps is $300,000?

MS. SEYDA: That's correct. And that includes me.

COUNCILMAN ORTIZ: That's just your department, right?

MS. SEYDA: That's correct.

COUNCILMAN ORTIZ: But Frank Rizzo just said to me, what about other departments? They spend time in the administration of these programs, don't they?

MS. SEYDA: Yes.

COUNCILMAN ORTIZ: They've got to get the information to you so that -- we're trying to determine the cost. We have to see where all the administration comes from and how it's administered.

MS. SEYDA: I understand your question. But you also have to take into consideration the fact that there are people in other departments also do administrative work for not just the City-administered plan, but also other union-administered plans as well. For example, in the Finance Department, the work that the Finance Department does in support of the City-administered plan, they also do in support of the union-administered plans as well.

COUNCILMAN NUTTER: What do they do?

MS. SEYDA: Basically, they process the payments. And we don't charge the unions for that.

COUNCILMAN NUTTER: Your testimony is that for at $54 million that's spent for the 8700 non-rep employees -- that's non-rep employees and retirees? Retirees are in that number?

MS. SEYDA: To the extent that the work is done in the Personnel Department.

COUNCILMAN NUTTER: Where else would it be done?

MS. SEYDA: I believe the Board of Pensions has one person who probably devotes most of her time to this.

COUNCILMAN NUTTER: At least for the moment, your testimony is that your administrative cost for the non-rep plans is $300,000 which represents all or a portion of the salary of people who work on this.

MS. SEYDA: In the Personnel Department, that's correct.

COUNCILMAN NUTTER: In the Personnel Department, okay.

Let me move to one other thing. I know many of my colleagues have questions. Who negotiates health benefits for the union plans?

MS. SEYDA: Well, that question, of course, is better directed to the union. You're talking about their plan, I mean, the FOP, for example, as Rich Costello testified, Tom Lamb negotiates with Blue Cross for LEHB. District Council 47 has somebody there --

COUNCILMAN NUTTER: Does the City have a role in any of the either the negotiations or what's ultimately agreed to? Does the City have representatives within some group that the unions utilize to determine what their benefits are?

MS. SEYDA: Within the City or outside the City?

COUNCILMAN NUTTER: What do you mean, within the City?

COUNCILMAN NUTTER: The City has some role in the administration of the union plans; is that correct.

MS. SEYDA: The City has representation on the health and welfare funds for the unions, and that's basically me. And I don't in my role as a trustee, I would have the same level of involvement in negotiating the union plans as any other trustee. And it varies somewhat from union to union.

COUNCILMAN NUTTER: Who negotiates the health benefits on behalf of the non-reps?

MS. SEYDA: The last couple of years it's been primarily me with some assistance from the Mayor's Office.

COUNCILMAN NUTTER: Yourself with some assistance from the Mayor's Office?

MS. SEYDA: Yes.

COUNCILMAN NUTTER: You go down to Blue Cross or when we had he had Aetna and you just go over to their office or they come to us or whatever and you just kind of sit down and hash it out as to what we're going to get or what you're putting on the table or what their response is? I mean, how does it work?

MS. SEYDA: What we'll do is about three or four months prior to the end of the year -- this is standard with how Blue Cross operates with all of their clients. They send a renewal and we look at it and it may be more than what we want it to be; it's never less. And we negotiate with them. It's primarily me. I have people on my staff who assist me in terms of numbers crunching and such. We go back and forth, ask for different options, you know, to --

COUNCILMAN NUTTER: Do you get outside City support? Are there consultants? Are there brokers?

It seems to have been the case in years gone by. Is that still the situation or are we pretty much on our own?

MS. SEYDA: On the medical plans that's done in-house on the dental, optical, and prescription programs, the City is still using outside help.

COUNCILMAN NUTTER: And that's because they help us negotiate a better rate, or do we not know how to do that part?

MS. SEYDA: I think it's not a matter of knowing or not knowing. It's a matter of giving us some assistance. I have provided information to Council on this in the past.

COUNCILMAN NUTTER: There's a big chart to my right, to your left, that makes a comparison between the City-administered plan and the District Council 47, for instance, because that's been a topic of a lot of a lot of conversation. And there are a lot of yeses on one and noes on the other and a fair amount of disparity in some areas between the two. What's your reaction to that? Are there any things that are incorrect on the City side, or is it pretty much accurate?

MS. SEYDA: Well, I have some notes on that.

COUNCILMAN NUTTER: I mean, is it true that there is no audit of the City's fund?

MS. SEYDA: The City Controller is the City's auditor. To the extent that the City Controller audits all City money, the City

Controller has been auditing the funds in the same way that he audits all City money. I believe --

COUNCILMAN NUTTER: Is it incorporated in some larger audit? Is there a separate one just on the health benefits for the City? I mean, sometimes he does separate ones in particular areas.

MS. SEYDA: This money is appropriated to the Department of Finance, so to the extent that the controller has done audits in the past, it's been as part of his audit of the Finance Department.

I think that I indicated or the City Controller indicated earlier this afternoon, he's certainly willing to move forward with this. We have talked recently. And I have certain indicated that we will cooperate with him in any way that he feels is appropriate.

COUNCILMAN NUTTER: Let me ask this last question about the chart. And there are many others. You and I have had a lot of discussion in the past about our prescription drug program and this document from a publication called Medical Benefits from January of this year, seems to indicate that we have PCS. PCS, is that a subsidiary of Rite Aid?

MS. SEYDA: No, it is not.

COUNCILMAN NUTTER: Is it a part of Rite-Aid, associated with Rite Aid, work for Rite Aid?

MS. SEYDA: It has no association at all with Rite Aid.

COUNCILMAN NUTTER: Why are we still going to Rite Aid.

MS. SEYDA: PCS is a pharmacy benefit manager. They bought Eagle Managed Care.

COUNCILMAN NUTTER: Which was owned by Rite Aid.

MS. SEYDA: Which was owned by Rite Aid. So Rite Aid and some number of independent pharmacies are the network that PCS manages.

COUNCILMAN NUTTER: What's your reaction to this publication, seemingly independent publication in this assessment that the PCS Health System was rated eighth which, unfortunately, in this case was last, and the MPA was rated No. 1?

MS. SEYDA: It surprises me a little bit. PCS is not a nobody group. They are used by many companies. Quite frankly, I just saw this information the last day or so and I haven't had an opportunity to look into it. It surprises me. But at this point in time, I'm not really prepared to comment because I really haven't had an opportunity to investigate it.

COUNCILMAN COHEN: I'm going to ask you to utilize the next two weeks because the Chairs intend to recess this hearing because of the weather conditions very shortly after Councilman Rizzo asks a burning question.

I don't want to interrupt you, Councilman Nutter, but I know you're deep in the heart of it. I have a whole series of questions about advocacy, whether any of your figures, that 300,000 figure includes any cost for advocating on behalf of the City employee when there's a dispute between the carrier and the City employee. And if it does, I'll ask you how much. But you'll be better prepared to answer that two weeks from now. Could I interrupt you. I know Councilman Rizzo has been burning to ask a question.

COUNCILMAN NUTTER: Councilman, the two-week break will give me time to actually come up with some questions.

COUNCILMAN COHEN: Councilman Rizzo.

COUNCILMAN RIZZO: Thank you. Mr. Chairman.

Have you had a chance to look at this chart.

MS. SEYDA: No.

COUNCILMAN RIZZO: Could you comment on this?

MS. SEYDA: Well, if you give me a calculator, I can put --

COUNCILMAN RIZZO: Why would it be blank? That's a copy of a document that's blank. It's not a matter that the numbers were left out intentionally. The numbers aren't there.

MS. SEYDA: I didn't put this piece together for the five-year plan, so I really don't have the answer.

COUNCILMAN RIZZO: Could you comment why do you think it's blank?

MS. SEYDA: I don't know.

COUNCILMAN RIZZO: You could fill in the numbers? You don't need to do it right now because I think it would take some time. But when you come back, could all the blanks be filled in?

MS. SEYDA: I think so.

COUNCILMAN RIZZO: That's fair.

COUNCILMAN COHEN: Ms. Seyda, could we set the date for the next hearing so we can recess it to two weeks from today, Thursday March 8 at 1:30 p.m. Could you put that in your calendar? And is there a representative here of the Chief of Staff, Joyce Wilkerson? Is the representative that was here before still here? Would you good enough to inform Ms. Wilkerson that we would be requesting her specific attendance and/or the Mayor's at the Thursday March 8th, 1:30 p.m. recessed hearing?

I'm going to recess the hearing to that specific date. That serves as full notice to all parties that this hearing will resume that date to continue this matter until we get to a resolution of what has to be done and Council agrees to the action that has to be taken.

Thank you all for being here. I want to expressly thank the members of the committee who cooperated so wonderfully in not any questions at the beginning to get all the facts before us. Thank you. And once more, thanks to all the employee organizations, the unions, the non-represented groups for their wonderful support. Thank you.

(Applause.)

COUNCILMAN COHEN: The Committee on Law and Government will stand in recess until Thursday March 8th at 1:30 p.m. to continue this hearing. Thank you.

(Council adjourned at 4:05 p.m.)

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C E R T I F I C A T I O N

I HEREBY CERTIFY that the foregoing proceedings of the Council of the City of Philadelphia of February 22, 2001, were reported fully and accurately by me, and that this is a correct transcript of the same.

RE: COMMITTEE ON LAW AND GOVERNMENT

Lisa C. Bradley, RPR
and Notary Public