

1

2

COUNCIL OF THE CITY OF PHILADELPHIA

3

PUBLIC HEARING

4

COMMITTEE ON LAW AND GOVERNMENT

5

- - -

6

Room 401, City Hall
Philadelphia, Pennsylvania
March 8, 2001
1:40 p.m.

7

8

- - -

9

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.

15

- - -

16

17 PRESENT:

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

20

21

- - -

22

VINCENT VARALLO ASSOCIATES, INC.
Registered Professional Reporters
Eleven Penn Center
1835 Market Street, Suite 600
Philadelphia, Pennsylvania 19103
(215) 561-2220

23

24

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

I N D E X

	PAGE
RESOLUTION 00476	
LINDA SEYDA, Personnel Director	4
JOYCE WILKERSON, Chief of Staff	8
THOMAS PAINE CRONIN, Pres., DC 47	32
BOB MCALLISTER, Benefits Administrator DC 47	33
RICHARD COSTELLO, President Local 22	37
GEORGE CASEY, President Local 22	38
DAVID VILLELA, President ACMPE	39

1

2

P R O C E E D I N G S

3

COUNCILMAN COHEN: May we have

4

everyone's attention, please. Good afternoon,

5

ladies and gentlemen. This is a second recessed

6

hearing on Resolution 000476 which raises inquiries

7

about the health care provided by the City for its

8

employees which raises a number of issues. We've

9

already had two hearings. One was back in June of

10

last year and then it was a continued hearing in the

11

middle of snowstorm on February 22, and I want to

12

congratulate those of you who survived that

13

snowstorm and are here again for your courage in

14

attending that day. You may remember, while the

15

flakes were falling that we were getting partial

16

answers, sometimes no answers and occasionally, rare

17

occasion, a real answer to questions that were being

18

asked. We've got lots of questions and we're going

19

to be joined today by the Personnel Director of the

20

City Linda Seyda and the Chief of Staff Joyce

21

Wilkerson. The Mayor was unable to make it today,

22

but he's indicated his general availability to

23

discuss the things at various times, and we may see

24

about that at a later time.

25

But today we have opened all the

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476
2 questions we did before. We kind of want to know
3 why it seems that the City's plan is the most
4 extensive and offers the least benefits to the
5 people it covers, and they are generally the 8700
6 non-represented employees. We want to know why is
7 it that the City insists on the auditing of funds
8 that go to the health and welfare plans of the four
9 City unions but that the City itself does not have
10 any audit. In fact, from what we're getting, and
11 this may be advanced notice to Ms. Wilkerson and to
12 Ms. Seyda of some of the questions, we want to know
13 how the City plan gets decided upon. Is there a
14 negotiation? Does the City rely on outside experts
15 that most of the employee unions do? Who does the
16 negotiating? Who makes the decision? To what
17 extent are employees involved because we're
18 concerned that most employees of the City, the
19 so-called non-represented employees, seem to have
20 nothing to say about the plans that the City decides
21 upon. We'd like to know how that decision is made.
22 We also don't understand why it is that if an
23 employee in the City among the non-represented
24 groups have a bad decision, as they see it, made by
25 insurance company, why that employee has no employee

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 advocate among the non-represented employees. Most
3 of the union plans seem to give protection to their
4 people.

5 These are just some of the issues.
6 There will be others. For example, the issue that
7 came after these hearings started about retirees
8 suddenly being dumped by the City because it was
9 too expensive for the City to pay for their
10 prescription drugs. And we want to know if it's too
11 expensive to the City how does the City expect the
12 retirees to manage to pay? These are some questions
13 that I think are legitimate questions. There are
14 questions raised about should not employees and
15 retirees be involved in the decision-making, at
16 least have some input. These are the kinds of
17 questions last time and we're going to begin to the
18 best of our ability with where we left off last time
19 and that is the questioning of witnesses.

20 We're pleased that Ms. Wilkerson, the
21 Chief of Staff -- and Ms. Wilkerson, we'd like to
22 welcome you here to the hearing and we'd like you to
23 come forward with Linda Seyda, the Personnel
24 Director and so it will been the first panel. When
25 the two of you come, I'm going to open the

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 questioning of witnesses to the Councilmembers.

3 Incidentally, for those who are
4 standing, there is room on the balcony. I see some
5 folks are going there. Standing may get tiresome,
6 so feel free to go up to the balcony.

7 (Witnesses come forward.)

8 COUNCILMAN COHEN: We welcome you and I
9 just wanted to ask one question and I'm recognize
10 members who wish to ask questions.

11 At the last hearing, Ms. Seyda, I
12 understood that you said you were going to furnish
13 City Council with information as to what the savings
14 might be or the cost might be if the retirees who
15 were being dumped from the City plan were
16 incorporated with the 8700 other employees and what
17 that cost would be. And we have not been able to
18 get any information from that. I understand you may
19 have some information today. Could you give us
20 whatever information you have? We understand that
21 Blue Cross has given to you several proposals for
22 consideration by the Administration, but no one
23 seems to have any information other than perhaps you
24 and maybe Joyce Wilkerson, maybe the Mayor; I don't
25 know. Ms. Seyda, could you respond to that?

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 MS. SEYDA: Yes, I can. For the record,
3 my name is Linda Seyda and I am the Personnel
4 Director for the City of Philadelphia.

5 COUNCILMAN COHEN: Could you maybe pull
6 it closer. We're having difficulty up here hearing,
7 and we want everybody in the audience to be able to
8 hear, too.

9 MS. SEYDA: We have been working with
10 Blue Cross and I believe we are at the point now
11 where we will be able to formally offer some options
12 for the post four-year retirees, and I am able to
13 review those options with you this afternoon.

14 Blue Cross has agreed to add riders to
15 the three Medicare plans that we offer for the
16 retirees. These are plans that will supplement the
17 Medicare program, and there are three options. One
18 is the Keystone 65 option. One is the AmeriHealth
19 65 option which is available for retirees who live
20 in New Jersey, and the other is the Security 65
21 plan.

22 The Keystone 65 plan will be changed so
23 that it will increase the prescription coverage by
24 eliminating the \$1600 cap and providing an unlimited
25 prescription program for those who elect the 65

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476
2 special. The same is true for the AmeriHealth
3 option which is for those people who live in New
4 Jersey. And we will also be able to offer a
5 Security 65 plan, what they call a Plan H as opposed
6 to a Plan C, and that provides a prescription
7 coverage after a \$250 deductible. It will pay for
8 50 percent of the cost of both brand and generic
9 drugs up to a maximum of \$1250 per year.

10 For those retirees who are under 65,
11 Blue Cross is offering a rider to the Keystone
12 program. The Keystone program that's currently
13 being offered as the Keystone 10, they are willing
14 with the Keystone 15 option to offer the
15 prescription rider. And that rider, for an
16 additional sum of money, will include unlimited
17 prescription coverage. They are also for those of
18 our retirees who opt for a Personal Choice option
19 that the Personal Choice high option which they
20 normally offer to subscribers on a non-group basis
21 will be available to our retirees through the
22 pension program.

23 COUNCILMAN COHEN: Let the record note
24 that although there is no need for a quorum for this
25 committee in view of the fact that it's a continuing

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 quorum since this is a recessed hearing,
3 nonetheless, Councilman Rizzo on my left and on my
4 right our majority leader Councilwoman Blackwell and
5 Councilman Nutter are present, and I'm the chairman
6 David Cohen. So there's also --

7 (Applause.)

8 COUNCILMAN COHEN: And I believe that a
9 good number of Councilmembers who are not members of
10 the committee are in their offices listening
11 intently to this testimony because this is a matter
12 of tremendous interest.

13 Just one follow-up question. Do you
14 have any analysis of how this would compare with
15 what the retirees had available to them before the
16 abrupt termination by the City of their
17 participation in the present plan? How would this
18 affect them, one, as to the cost first?

19 MS. SEYDA: As to the cost for the Blue
20 Cross Security 65 plan by moving from the Security
21 Plan C to Plan H, the monthly cost increase will be
22 \$45.41 per individual. For the Keystone 65 plan,
23 the increase is \$45.02.

24 COUNCILMAN COHEN: Is that an increase
25 per month?

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 MS. SEYDA: Per month, that is correct.

3 COUNCILMAN COHEN: Over what was being
4 paid before?

5 MS. SEYDA: That is correct. For the
6 Personal Choice high option non-group plan, the
7 increase is \$33.38 per month. And for the Keystone
8 HMO plan, the increase is \$45.52 per month per
9 person.

10 COUNCILMAN COHEN: That strikes me that
11 the minimum increase in cost would be well over \$600
12 per year for those who have already been retired?

13 MS. SEYDA: On an annual basis, that
14 would be approximately close to \$600, that's
15 correct.

16 COUNCILMAN COHEN: My immediate question
17 on that we'll leave alone for a moment.

18 Has the City Controller notified you,
19 Ms. Seyda, of the audit that's being undertaken by
20 that office of the costs to the City of its
21 provision for health care needs of its
22 non-represented employees?

23 MS. SEYDA: I did receive communication
24 from the City Controller's Office within the last
25 couple of days. We will be meeting with the

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 Controller very soon.

3 COUNCILMAN COHEN: And you're going to
4 be cooperating with the Controller?

5 MS. SEYDA: I believe that when I was
6 here two weeks ago that I did testify that I had
7 talked with the Controller and that we agreed that
8 we would be working together to do this audit.

9 COUNCILMAN COHEN: Very good.

10 I want to recognize those from the
11 employee groups, the heads of the organizations that
12 are currently here. I see Thomas Cronin, the
13 President of District Council 47 is here.

14 (Applause.)

15 COUNCILMAN COHEN: I also see Richard
16 Costello, the head of the Fraternal Order of Police.

17 (Applause.)

18 COUNCILMAN COHEN: I was told yesterday
19 by George Joyce, the president of the Fireman Union
20 that he would be here as soon as the City's
21 continuing lawsuit against the fire fighters case is
22 over today. There's a hearing ongoing beginning at
23 1 o'clock, I believe, in Room 275. He said he would
24 join us and I'm sure there are members of the
25 firemen's union who are here. He said they would be

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 split between that courtroom and here today and he
3 will join us as soon as he's available.

4 And Peter Matthews, President of
5 District Council 33 who is out of town said he would
6 have representatives present at this meeting because
7 one of the issues is the issue raised by the City
8 Administration in which the City says it wants to
9 have a single consolidated plan for the current four
10 employee groups and the non-represented people on
11 the theory that there might be an economy of scale
12 savings to the City and all of the evidence to date
13 -- before I introduce Joyce Wilkerson to testify --
14 all the evidence to date that we've been able to get
15 was that the employee plans are run more
16 efficiently, provide greater service --

17 (Applause.)

18 COUNCILMAN COHEN: And do it all at
19 lower cost than the City does. So if anything,
20 maybe the plan ought to be reversed and maybe the
21 non-represented employees ought to be represented by
22 the union plan.

23 (Applause.)

24 COUNCILMAN COHEN: Ms. Wilkerson, please
25 assume that some of that applause is for your

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 presence here today. Since you have not had an
3 opportunity to make an opening statement, we would
4 be pleased if you would go ahead and proceed. We
5 welcome you here as an alumni of the City Council.

6 MS. WILKERSON: Thank you very much. I
7 don't have a comprehensive statement. I read over
8 the testimony that was offered by the --

9 COUNCILMAN COHEN: Could you speak more
10 directly into the microphone, please?

11 MS. WILKERSON: I don't have a prepared
12 statement. I've read over the testimony that has
13 been offered at the previous hearings and I think it
14 adequately reflects the position of the
15 Administration. We're concerned about the quality
16 of the benefits, the health and welfare benefits
17 offered to current employees and also our retirees
18 and at the same time are concerned about the cost of
19 delivering those benefits.

20 As we move forward in the coming months,
21 the Administration will be studying and considering
22 a host of alternatives as it attempts to provide
23 better quality benefits to the work force and
24 retirees and also manage the cost of those benefits.
25 I believe it was testified at one of the earlier

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 hearings that we would be looking at the option you
3 mentioned, bringing everybody under the same
4 program, but that's just one of the alternatives
5 that we'll be studying in the coming time period.

6 We appreciate the investigation. I
7 think, as you know, the cost associated with health
8 and welfare benefits are some of largest single
9 costs that the City confronts annually and it's
10 important to everyone that we get quality benefits
11 but also manage those costs.

12 COUNCILMAN COHEN: Let me ask you. Do
13 you think it's a fair request of the employee groups
14 that if their plans are being audited by outside
15 accountants that the City's costs for the health
16 plan also ought to be audited?

17 MS. WILKERSON: I think that's why the
18 City will be cooperating with the Controller in his
19 conduct of the audit. It's important to everyone
20 that those kinds of ancillary costs be managed and
21 managed effectively, and so we will participate
22 constructively in the audit and take to heart what
23 it is that we learn from that process.

24 COUNCILMAN COHEN: From what information
25 we have to date, the City has always maintained that

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476
2 there are no administrative costs that the City
3 bears with respect to the provision of health care
4 for the non-represented employees. Does that mean
5 that the City has had no brokers, has had no
6 advocates on behalf of the employees? Or does it
7 mean that somehow or other there have been costs
8 that have not been included officially in the record
9 of costs by the City?

10 MS. WILKERSON: I think the City is --
11 and Linda can testify more fully. I think the City
12 has always had some administrative cost. As you
13 know, there are members of the Personnel Department.
14 Ms. Seyda testified at the last hearing about the
15 budget for her department and has gotten additional
16 information about the kind of overhead associated
17 with administering the health and welfare programs.

18 The City does retain some consultants in
19 helping it put together health and welfare packages
20 and solicit proposals from the various providers.
21 And I believe Ms. Seyda can testify to that.

22 We are monitoring on an ongoing basis
23 those relationships as well. And as we begin
24 putting together alternative proposals, the
25 Administration will be considering those consulting

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 relationships in addition to the kinds of products
3 that we buy from the various health care providers.

4 COUNCILMAN COHEN: Well, there are many
5 issues we have to discuss, but let me raise the most
6 urgent and immediate one because it involves the
7 retirees who were abruptly terminated from
8 prescription coverage at the time when it appeared
9 that most of them needed it more than before. Could
10 you tell me what the City is did doing to resolve
11 that situation? Or do we tell the retirees, "Thanks
12 for your work. We're the City that loves you back,
13 but we've forgotten all about you."

14 (Applause.)

15 MS. SEYDA: In a telephone conversation
16 I had as recently as this morning with the executive
17 director of the Pension Board, it is their intention
18 to send out a mailing next week for a second open
19 enrollment for that group of post four-year retirees
20 that will begin effective March the 19th and the
21 open enrollment will go through April the 2nd and
22 the new coverages will be effective May the 1st. So
23 the prescription coverages that I enumerated just a
24 few minutes ago will be in place by the 1st of May
25 and the pensioners can expect to receive a mailing

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 next week.

3 COUNCILMAN COHEN: Have the retirees,
4 any of them been contacted as to their thoughts
5 about the options? Who decided what they needed and
6 whether these offers were the best offers that could
7 be made?

8 MS. SEYDA: The options that we will be
9 able to offer were options that we had been working
10 with Blue Cross over the last couple of months. We
11 did meet, as you know, with representatives of City
12 Council at the beginning of this process. There
13 were representatives, retirees who were there. We
14 have taken into consideration the testimony of
15 retirees in the course of these hearings and Blue
16 Cross has been -- is very well aware of what the
17 needs and interest of the employees are concerned,
18 and I think the package that we have to put on the
19 table now is one which does take into consideration
20 the needs of the employees within the parameters of
21 that --

22 COUNCILMAN COHEN: Ms. Wilkerson, who
23 made the decision terminating the retirees'
24 prescription benefits?

25 MS. WILKERSON: I believe the

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 Administration receives input from the Personnel
3 Director when the entire package is put together
4 and, you know, so I'm involved in the
5 decision-making process as one of the individuals
6 who decides what it is that the City offers, what it
7 is that the City can afford to offer. We solicit
8 information from a number of sources. We're
9 concerned about the cost, we're concerned about the
10 quality of what it is that is being proposed. All
11 of those considerations are taken into account.

12 COUNCILMAN COHEN: What does it say
13 about an employer who says to employees who have
14 labored hard during their working career when you're
15 in retirement and need us most, need the benefits,
16 need the rewards of a long hard service most, we cut
17 you off cold?

18 (Applause.)

19 COUNCILMAN COHEN: Doesn't the Mayor
20 have to have responsibility for that kind of
21 decision?

22 MS. SEYDA: I think it's important to
23 note that this has been an ongoing process and that
24 at the end of the last calendar year, the options
25 that we have available to us now were simply not

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 available because we didn't have the same
3 understanding with our providers that we have now.
4 The IBC or Independence Blue Cross has been very
5 helpful in terms of working with us over the course
6 of the last several months and has put options on
7 the table for us that were simply not available
8 several months ago.

9 COUNCILMAN COHEN: Let me acknowledge
10 the presence -- I know Councilman Mariano has been
11 here; I'm sure he'll be back. Councilman Ortiz --

12 COUNCILMAN MARIANO: Just getting some
13 water, Councilman.

14 COUNCILMAN COHEN: You're here; very
15 good. I want to commend them both for joining us
16 this afternoon and I want to announce the presence
17 of David Villela, the President of the Association
18 of Professional and Management City Employees.

19 (Applause.)

20 COUNCILMAN COHEN: So as far as I know,
21 every group of employees of the City are fully
22 represented.

23 Councilman Rizzo.

24 COUNCILMAN RIZZO: Thank you.

25 Ms. Seyda, from what I just heard about

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 the renewed working relationship with the carrier,
3 it sounds to me like the carrier is driving the
4 vote.

5 (Applause.)

6 COUNCILMAN RIZZO: Why would we be put
7 in a position where we would have to basically
8 accept what the provider suggests? There's more
9 than one provider in this world, and I just can't
10 imagine why we would have allowed -- and again, I
11 don't want to keep beating that to death -- to just
12 cut these folks off because the provider wasn't
13 providing the coverage that you deemed acceptable.
14 What was your B Plan? When you knew that the
15 provider and these folks were going to be cut off,
16 what did you do to try to keep them with the
17 coverage that they vitally need?

18 COUNCILMAN COHEN: Before you answer the
19 question, I want to announce that George Casey, the
20 President of the Fire Fighters has joined us.

21 (Applause.)

22 COUNCILMAN COHEN: And we hope your
23 battle with the City over fair medical benefits is
24 successful, Mr. Casey.

25 (Applause.)

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 COUNCILMAN COHEN: The question has been
3 asked by Councilman Rizzo; please proceed to answer.

4 MS. SEYDA: I think the Councilman is
5 aware that for many years the City has made every
6 effort and has worked with the carriers to provide
7 as much choice as we possibly can with the plans
8 that we have and we've worked with multiple
9 providers over the course of the last several years.
10 There have been a number of health care providers
11 that have offered benefits to our employees and we
12 have taken into consideration cost issues as well as
13 issues of choice. We have had to make decisions in
14 terms of what are the best packages that we can
15 offer to our employees within the monetary
16 constraints that the City has to live with.

17 COUNCILMAN COHEN: Ms. Seyda, one of our
18 concerns is that while we find that the employee
19 unions have used at various times professionals to
20 help negotiate for them, the City has apparently
21 never had anybody trained in the field to negotiate
22 for them except representatives of the companies
23 they were negotiating with, which is the issue that
24 Councilman Rizzo is raising.

25 (Applause.)

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 COUNCILMAN COHEN: So we're very
3 concerned as to whose interests were being protected
4 when the insurance policies were handed out to the
5 various groups.

6 COUNCILMAN RIZZO: Just to further
7 comment, it's hard for me to believe that in the
8 area of competition that no one would step forward.
9 I'd be curious myself maybe to call around to some
10 of these folks in the big leagues in providing this
11 kind of coverage to see if they were seriously
12 considered or contacted when in fact you were having
13 difficulty coming up with an alternative.

14 So what you're saying today for the
15 record is that an effort was made to come up with an
16 alternative before these folks were cut off?
17 Because I'm going to check, you know I'm going to
18 check.

19 (Applause.)

20 COUNCILMAN COHEN: Could we have an
21 answer to Councilman Rizzo's question?

22 MS. SEYDA: One of the options that we
23 did look at last year when we were evaluating just
24 what our options were was to offer prescription
25 discount program for the employees who would be

25 COUNCILMAN COHEN: Before this year when

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 the City went all blue, that is dealt with Blue
3 Cross for all of its employees, there was another
4 company which represented some people. Do you
5 remember that company's name?

6 MS. SEYDA: Yes, I do.

7 COUNCILMAN COHEN: Could you tell us
8 what it was?

9 MS. SEYDA: Aetna US Health Care.

10 COUNCILMAN COHEN: Could you tell us
11 what was the basis for the division of people into
12 each of those companies? Was there a comparison
13 between the rates? Were they the sure, were they
14 different? Why were the two offered when the
15 evidence was clear that by having one company, at
16 least Blue Cross, it would have been cheaper from
17 the City's point of view? What was the basis for
18 the decision to go with both?

19 MS. SEYDA: As I think we've indicated
20 at this table today and in the past, I mean, it's
21 been important to the City and we felt to our
22 employees to offer as much choice as we possibly
23 could for our employees so that they would have the
24 option to elect from or select a medical program
25 from a multitude of options. And so over the course

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 of the last number of years, that has been our
3 policy, to provide a multitude of options for our
4 employees.

5 COUNCILMAN COHEN: Was that a decision
6 made by a Mayor, by an administrative board, by the
7 personnel director? Do you know who made that
8 decision?

9 MS. SEYDA: Prior to this
10 Administration, I worked with the previous
11 Administration, with the Mayor's Office in looking
12 at options and making recommendations much in the
13 same way we work with the Street Administration.

14 COUNCILMAN COHEN: Councilman Nutter.

15 COUNCILMAN NUTTER: Thank you. Thank
16 you, Mr. Chairman.

17 Good afternoon, Ms. Wilkerson and Ms.
18 Seyda. I have just a few questions that I'd like to
19 ask. Some may overlap or make reference to the last
20 time we were together. I'm just trying to keep all
21 my materials together and the keep a sense of
22 continuity of these hearings.

23 So let me go back a little bit to a few
24 weeks ago. Now, Ms. Seyda, who actually negotiates
25 the benefits plans for the non-represented

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 employees? Because all the other employees are
3 represented by their respective unions; is that
4 correct?

5 MS. SEYDA: That is correct.

6 COUNCILMAN NUTTER: The retirees of the
7 various unions, their benefits are negotiated as a
8 part of the collective bargaining process, is that
9 correct? Or did they get whatever the
10 non-represented people get? How does that work?

11 MS. SEYDA: Under the terms of the
12 City's agreements with the various employee
13 organizations, the City funds retirement benefits,
14 retire, health and welfare benefits, for up to a
15 maximum of four years. That changed during the last
16 round of negotiations and was increased from four to
17 five years.

18 COUNCILMAN NUTTER: That's for all
19 employees?

20 MS. SEYDA: That's for all employees,
21 that is correct.

22 COUNCILMAN NUTTER: So let's go back to
23 the original question. Tell us a little bit about
24 this negotiation process; who does it, who is it
25 with, who is involved?

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 MS. SEYDA: A variety of different
3 participants in the process. The City has used
4 outside consultants to work with on some of our
5 programs. When we have gone out with RFPs we've had
6 a committee to review them. That included
7 representation from a number of City departments
8 and, in fact, also including City Council.

9 COUNCILMAN NUTTER: For the purpose of
10 my question, why don't we look at what took place
11 in, I guess, in the last six-month period before and
12 leading up to the open enrollment period that I
13 guess for us takes place in he is December. Don't
14 tell me so much about maybe what we were doing in
15 '92 or '96, but in the most recent round, what was
16 done, who was involved, if we hired people what did
17 they hire them for; who were they negotiating with,
18 if we hired other people to deal with people, just
19 walk me through all of the steps and components that
20 results in the document that we get in December that
21 tells us basically what the plans are and what the
22 deal is.

23 MS. SEYDA: In this past year, what we
24 did was to go to our -- I'm going to have separate
25 the medical providers from the dental and

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 prescription providers.

3 COUNCILMAN NUTTER: That's fine.

4 MS. SEYDA: For the medical providers we
5 went to the providers that we had been working with,
6 the major providers in this area, US Health Care and
7 Blue Cross, and asked them to provide us with rate
8 information, renewal information for all of our
9 employees. That process starts in the late summer,
10 early fall.

11 COUNCILMAN NUTTER: I'm sorry. I don't
12 mean to interrupt you. Now, when you're going to do
13 this, when you start making these contacts or
14 solicitations or calls or whatever the process is,
15 you were doing that on behalf of whom?

16 MS. SEYDA: On behalf of the
17 Administration.

18 COUNCILMAN NUTTER: All right. I got
19 that part. What group of employees are you doing
20 this on behalf of?

21 MS. SEYDA: For non-represented Civil
22 Service employees, exempt employees in the
23 government, employees of Common Pleas Court -- the
24 non-represented employees in Common Pleas Court
25 which is most of them, and also for those employees

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 who are represented by District Council 33 but for
3 whatever reason are not members and therefore their
4 medical coverage is provided through the
5 City-administered plan. So it's a total of about
6 8,000 people.

7 COUNCILMAN NUTTER: Well, I'm sure it
8 was nervousness or oversight. I'm sure as a part of
9 that group you're also talking about the entire
10 complement of Councilmembers and Council staff.

11 MS. SEYDA: That is correct.

12 COUNCILMAN NUTTER: Would we be included
13 in that group of 8,000?

14 MS. SEYDA: Yes.

15 COUNCILMAN NUTTER: And that would also
16 be the -- are there non-represented retirees who get
17 whatever happens out of that process as well? Would
18 they be in that group?

19 MS. SEYDA: That is correct.

20 COUNCILMAN NUTTER: So to some extent
21 they round out the entire universe of people that --
22 and when does this process start?

23 MS. SEYDA: Generally, it's late summer,
24 early fall -- I'm sorry. Yeah, late summer.

25 COUNCILMAN NUTTER: So late summer comes

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 around and do you send a letter to these providers?
3 Do you just call them because you've known them for
4 a while and you've worked with them? Who starts
5 this process?

6 MS. SEYDA: Generally, I would call them
7 and ask them for their renewal for the next year.

8 COUNCILMAN NUTTER: So you call them up
9 and say, "Give me your rate next year. We have
10 approximately 8,000 some odd people." They tell you
11 what the rate is, and is that pretty much it? You
12 kind of take it back to the shop and talk to whoever
13 you have to talk to and that's pretty much the end
14 of it?

15 MS. SEYDA: No. What generally happens
16 is that the rate is generally higher than we would
17 like it to be or that can afford, quite frankly, and
18 so we often go back and ask for different
19 alternatives.

20 COUNCILMAN ORTIZ: Councilman, if I may.
21 When you have these contacts or when you began these
22 contacts, do you write each one of these providers a
23 letter stating what it is that you were looking for?
24 And if so, can you give copies of those letters that
25 you wrote to them and communications?

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 MS. SEYDA: Generally, what we've done
3 in the last couple of years, I've simply called them
4 and asked them for their renewal.

5 COUNCILMAN ORTIZ: You picked up the
6 phone?

7 MS. SEYDA: Yes.

8 COUNCILMAN ORTIZ: No written
9 communication stating what it is, an example, the
10 population we have, the needs that we have? You
11 stated all of that over the phone?

12 MS. SEYDA: Generally, unless they would
13 ask for some more specific information.

14 COUNCILMAN ORTIZ: Go ahead, Councilman.
15 I'm sorry.

16 COUNCILMAN NUTTER: Thank you,
17 Councilman.

18 Now, in the course of this most recent
19 process, was it only yourself involved in this?
20 Were there other parties outside the government that
21 had the need to assist us in this effort?

22 MS. SEYDA: For the medical coverages,
23 that's basically handled through the Personnel
24 Department and staff within the Personnel Department
25 who would assist in putting data together and

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 analyzing data and running various scenarios in
3 terms of what the implications are of one plan over
4 another.

5 COUNCILMAN NUTTER: The groups that you
6 mentioned, there were at least a half dozen of them,
7 where are they in this whole process? Again, I
8 start from a very small base of knowledge, but I
9 would tend to think that the union negotiation with
10 the various providers is -- and I don't know whether
11 they pick up the phone, send a letter, fax machine
12 or what, but they have some kind of contact. I
13 don't know what it is. A counter-offer is made or
14 they start with an offer and don't necessarily ask
15 them what the current rates are, but this is what
16 we're willing to pay, this is our population -- I'm
17 not absolutely certainly about that, but they're
18 negotiating on behalf of their members or their
19 retirees with a very clear interest. What's the
20 level of -- go ahead.

21 MS. SEYDA: I think that the interest
22 that the employee organizations has is very similar
23 to the interest that the City has in that they, like
24 the City, want to offer their employees the best
25 benefit that they can with the dollars that they

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 have available.

3 COUNCILMAN NUTTER: Right. But within
4 that, there's also an assumption, if not a belief,
5 that they talk to those employees or they work
6 through some hierarchy of person X has certain
7 information, they share it with numerous Ys and then
8 it eventually gets to Z and kind of start back
9 around. Out of the groups that you mentioned that
10 you're calling these organization on behalf of, what
11 was the level of contact between your office or the
12 people negotiating on behalf of these employees and
13 the ultimate recipient of these benefits in terms of
14 what's available, what's being offered what are some
15 of the prices, what's the scope of service that's
16 available? Or is there any contact with those half
17 dozen constituencies that you mentioned?

18 MS. SEYDA: Well, I think we take
19 into -- we certainly take into consideration the
20 feedback that we get from our employees over the
21 course of the year because we are dealing with our
22 employees on an ongoing basis. And so when we deal
23 with the health care providers, we make it known
24 that our employees are -- what they're happy with
25 and what they're not happy with.

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 COUNCILMAN NUTTER: I understand that.

3 Let me be a little more specific or direct.

4 Sometime in the late summer, early fall, for
5 instance, with our shop, does somebody call here and
6 say, "We're about to go into negotiations on health
7 benefits. What do people in City Council think
8 about what's going on with the plan, with the
9 coverage, with your access to the system, whatever
10 the issue may be?"

11 And do you get any kind of formal
12 response or reaction to the prospect of the upcoming
13 open enrollment period that's going to be another
14 four months from now?

15 And then if you are or are not doing
16 that with City Council, is that happening with some
17 representative group of the court employees, the
18 exempt employees, other Civil Service
19 non-represented employees, the court people, or just
20 this kind of unrepresented population that's out
21 there?

22 Again, in the realm of advocacy, who is
23 looking out for the interest and concerns from a
24 health care perspective for the 8,000
25 non-represented employees?

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 MS. SEYDA: I think the work that we do
3 in the Personnel Department, I truly believe that we
4 do everything we can to reflect the interest of our
5 employees in our discussions with the Finance
6 Department. We certainly make that known as well.
7 I think the Mayor's Office is sensitive to those
8 issues as well. Overall, it's -- quite frankly,
9 it's a balancing act.

10 COUNCILMAN NUTTER: Ms. Seyda, I'm not
11 questioning your sensitivity or your sense of
12 humanitarian nature. What I'm asking you is from an
13 operations standpoint, is anyone in touch with --
14 I'm not asking you necessarily to be in touch with
15 8,000 individual people and kind of serve them
16 something on a silver platter, but, I mean, you
17 wouldn't have to do that for the 200 or so people
18 that work on the third, fourth, and fifth floor.
19 That's kind of that group, and you've got a court
20 group and you've got all of these groups. All I'm
21 asking is -- because I know a little bit of what
22 happens on the union side -- who is talking to this
23 group and sharing information with them or
24 explaining different things to them?

25 I mean, at some point in time a decision

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476
2 was made. I'm not griping about it. It was a
3 decision I'm sure was for good reasons. But at some
4 point in time someone made a decision, for instance,
5 to drop Aetna US Health Care. I've read about their
6 little situation. Maybe that was a good decision.
7 But that was mentioned somewhere in the book that I
8 got in December. Now, maybe I'm wrong, but I have
9 to assume that sometime before December 12th or so
10 last year that a decision may have been made to drop
11 that company. All I'm saying is, in the realm
12 sharing information and being in touch with this
13 group of 8,000 people, some one of those folks may
14 have wanted to know that that kind of decision was
15 either being considered or was being made for
16 whatever reason. It's in the realm of representing
17 people and sharing information. All I'm asking you,
18 is that kind of process either in place or has
19 anyone thought about that?

20 MS. SEYDA: I would say that the process
21 is an informal process. If your question is, is
22 there a formal process, I would have to admit there
23 is not a real formal process, but there is certainly
24 an informal process.

25 COUNCILMAN NUTTER: Ms. Seyda, we've

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 known each other for too long; I mean, health care
3 is not an informal kind of thing. I mean, you know
4 that.

5 (Applause.)

6 MS. SEYDA: Councilman, I agree with
7 you.

8 COUNCILMAN NUTTER: Okay. The Chief the
9 Staff looks like she wants to say something.

10 MS. WILKERSON: I think Ms. Seyda is
11 correct, there is no formal process. We don't use
12 any survey instruments or questionnaires or have
13 focus groups as a way of soliciting input from
14 employees. I think we do pay a considerable amount
15 of attention to looking at what it is that people
16 opt to do when they are given an array of choices.
17 And so we look at the utilization for Personal
18 Choice versus an HMO program. We look at whether
19 people have migrated to Blue Cross as opposed to
20 participated in the Aetna programs. That ends up
21 being an important part of the decision-making. The
22 decision is not always to go with the cheapest
23 provider in large part because when you survey the
24 pattern that's been established over time, employees
25 within the City have shown a clear preference for

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 certain programs and that plays a substantial role
3 into the decision-making process, but we don't have
4 a more formal instrument.

5 COUNCILMAN NUTTER: I guess I would only
6 say, while it's good data and information, I mean,
7 it really is kind of more the horse already out of
8 the barn kind of stuff. It is always reactionary as
9 opposed to participatory or anticipatory of what we
10 may do going forward as opposed to reviewing data a
11 year or two later to see what people have done.
12 There are reasons why people do what they do, either
13 consciously or it's like, you know, I'll just switch
14 to this. So I think a part of this is who's sitting
15 down with folks and talking to them about what it is
16 that's available to them? Is anyone trying to
17 encourage folks to go a particular way, not for
18 monetary reasons but for, quite honestly, good
19 health care management purposes? And that's the
20 component of this that I'm trying to figure out and
21 understand, because I think that then leads you in a
22 number of directions about quality of care, cost of
23 care, how you drive costs down, and where people are
24 going and getting information and in an environment
25 where you kind of get a package -- I mean, I'm not

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476
2 necessarily ashamed about it and fortunately nothing
3 bad has happen. I have never read one of those big
4 propaganda pieces from any of the health care
5 companies. And fortunately so far I haven't needed
6 to. But, I mean, I almost need another job to go
7 through all of their stuff and really try to
8 understand it. What I know is I'm in a plan, I got
9 a card, I show up, I pay my money, I get service,
10 good-bye. I mean, I don't need another thing to
11 chase after, and certainly not in the health care
12 environment.

13 But in other places, it is someone's job
14 to make sure that people understand what's available
15 to them. They are driving the train in the process,
16 not only to get to low cost, but high quality. And
17 when we see some of the charts and the comparisons
18 around, it does raise a whole host of questions, so
19 that's why I go back to who's looking out for the
20 8,000 people. And if they were represented I guess
21 with the same -- I want to zeal, but I don't want to
22 say that you're not trying to do a good job over
23 there. If it was the same, I guess, focus on this
24 as we assume goes on in other places that people
25 might have a lot more information and would be

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 participating in different ways. I have a bunch
3 more questions, but this is more of an operational
4 question so let me go on.

5 Let's go back. Were there any
6 consultants the last round? You said personnel took
7 care of the medical side.

8 MS. SEYDA: That's correct.

9 COUNCILMAN NUTTER: Then what's left,
10 prescription, dental?

11 MS. SEYDA: The dental, optical, and
12 prescription programs are the other pieces of that.

13 COUNCILMAN NUTTER: Did we negotiate
14 those ourselves?

15 MS. SEYDA: They represent about 25
16 percent of the cost of the programs. And the City
17 does use a consultant to assist us with those
18 programs, that is correct.

19 COUNCILMAN NUTTER: And who is that?

20 MS. SEYDA: Currently, the consultant
21 that the City is using is Emmanuel Stamatakis.

22 COUNCILMAN NUTTER: You know I don't do
23 this for a living, so we negotiate 75 percent of the
24 benefits ourselves on the health side and then we
25 use a consultant for -- I guess what's generally

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 called the DOP part?

3 MS. SEYDA: That's correct.

4 COUNCILMAN NUTTER: Not to trying to
5 take any money out of anybody's pocket, but why? We
6 can't do the deal -- I mean, you've been at this for
7 a while. I know you know how to do your job.

8 MS. SEYDA: At the time that Mr.
9 Stamatakis was brought into this process was several
10 years ago, and the City was looking at some very
11 potentially serious problems, particularly from a
12 cost point of view, and at that point in time the
13 Administration thought that it was appropriate to
14 bring somebody else in to help us take a look at
15 those programs and to look at ways that we could
16 maximize our --

17 COUNCILMAN NUTTER: You're talking back
18 in '92 though, right?

19 MS. SEYDA: That would be -- I believe
20 that's when the current consultant came on board,
21 that's correct.

22 COUNCILMAN NUTTER: So what's been going
23 on since that time? What all is involved? And
24 again, if you're able to deal with US Health Care
25 and Blue Cross and whoever else is involved in the

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 75 percent of operation, I mean, is there something
3 tremendously unique or unusual about dental,
4 optical, prescription?

5 COUNCILMAN ORTIZ: Excuse me. Didn't
6 that same individual also work for the other
7 companies? Didn't he represent -- wasn't he a
8 broker for some of the providers also?

9 UNIDENTIFIED SPEAKER: (Inaudible.)
10 (Applause.)

11 COUNCILMAN ORTIZ: Wasn't he also
12 representative of providers, prescription providers
13 and so on?

14 MS. SEYDA: No, I don't believe -- not
15 to the best of my knowledge.

16 COUNCILMAN RIZZO: Could I just ask you
17 to provide the Chair if you know the number? This
18 consultant has been with the Administration since
19 1992?

20 MS. SEYDA: I believe that's correct.

21 COUNCILMAN RIZZO: Could you provide the
22 Chair how much money we've paid that consultant?

23 (Applause.)

24 COUNCILMAN RIZZO: Or I understand that
25 the company may have paid the commission for the

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 consultant. That's a strange arrangement. I never
3 heard of a -- how does it work where a consultant,
4 we hire a consultant and then the provider pays the
5 consultant? Who's he working for?

6 (Applause.)

7 MS. SEYDA: I have provided information
8 concerning our consultant to City Council in the
9 past and I will be pleased to resubmit that
10 information and to update it.

11 COUNCILMAN RIZZO: I'm curious on the
12 arrangement. Is that a norm where a consultant is
13 hired by the Administration and then -- Ford will be
14 buy Crown Victorias pays the consultant? Would you
15 comment on that arrangement? Maybe it's just lack
16 of knowledge. I just don't understand it.

17 MS. SEYDA: Well, there are a number of
18 different ways that consultants can be compensated.
19 I wasn't involved in the original negotiation on
20 this. So exactly how this arrangement was set up, I
21 don't know. I cannot comment on.

22 COUNCILMAN RIZZO: Do you believe you
23 get the best representation when you hire a
24 consultant and the consultant gets paid by the
25 person who gets the business? It's hard for me,

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 again, to understand.

3 (Applause.)

4 MS. SEYDA: We have looked at this issue
5 in the past, and we have found that the arrangement
6 that we have had has worked well for the City over
7 the years. Our consultant has saved us many
8 millions of dollars and so --

9 (Audience reacts.)

10 COUNCILMAN ORTIZ: Let her answer the
11 question.

12 COUNCILMAN RIZZ0: Do you have an idea
13 what we've spent? Not that that's important, it
14 might not be a lot, it might be only a few thousand
15 dollars.

16 MS. SEYDA: I think I would prefer to
17 provide the information directly to Council.

18 (Audience reacts.)

19 MS. SEYDA: Off the top of my head I
20 just don't know.

21 COUNCILMAN RIZZ0: That's fair enough.

22 COUNCILMAN ORTIZ: Councilman, continue
23 please.

24 COUNCILMAN RIZZ0: Thank you, Councilman
25 Nutter.

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 COUNCILMAN NUTTER: Sure. Ms. Seyda,
3 with regard to the health care providers, whether on
4 the medical side or DOP side, what's the length of
5 the contract? I assume we have a contract with
6 these various companies.

7 MS. SEYDA: Our programs have been for a
8 year and then with renewals.

9 COUNCILMAN NUTTER: So what's the
10 current situation?

11 MS. SEYDA: So we generally go out with
12 RFPs every three or four years.

13 COUNCILMAN NUTTER: So is the current
14 situation -- are they usually concurrent kind of the
15 general cycle of our union negotiations? What's the
16 current? The contract that we're in now, did it
17 start July 1, 2000.

18 MS. SEYDA: It's a renewal from the
19 previous year.

20 COUNCILMAN NUTTER: Well, tell me when
21 it started and what kind of renewals are there.

22 MS. SEYDA: I believe that we will be
23 going out with -- we should be going out for an RFP
24 for medical coverage in the course of the next year.

25 COUNCILMAN NUTTER: Will that start

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 July 1, 2001?

3 MS. SEYDA: For January 1 of 2002.

4 COUNCILMAN NUTTER: So around the
5 calendar for --

6 MS. SEYDA: Yes.

7 COUNCILMAN NUTTER: Because of the open
8 enrollment.

9 MS. SEYDA: And I also expect that we
10 will be going out with a dental RFP as well.

11 COUNCILMAN NUTTER: Now, when you
12 negotiate these contracts, I guess, one, why do you
13 just do one year contracts with two or three --
14 what's the maximum number of renewals that has
15 usually been a case?

16 MS. SEYDA: Well, generally it's three.

17 COUNCILMAN NUTTER: So a one-year
18 contract with three one-year renewals?

19 MS. SEYDA: At the discretion of the
20 City.

21 COUNCILMAN NUTTER: I understand that.
22 Why do you do that?

23 MS. SEYDA: If I could back up for a
24 minute. For example, on our prescription program,
25 we had an arrangement where it was for one year with

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 caps on the succeeding years.

3 COUNCILMAN NUTTER: Right.

4 MS. SEYDA: With the medical programs,
5 that is an option that we have considered.

6 COUNCILMAN NUTTER: But we don't
7 currently utilize?

8 MS. SEYDA: We are not currently
9 utilizing it, that's correct.

10 COUNCILMAN NUTTER: So the current
11 situation is we have a one-year contract with three
12 one-year renewals which is in essence a four-year
13 contract.

14 COUNCILMAN ORTIZ: Councilman, that's
15 one way of getting around coming to City Council for
16 approval so that you don't have to scrutinize it
17 every year.

18 (Applause.)

19 COUNCILMAN NUTTER: I do appreciate my
20 colleague pointing that out to me. I actually
21 wasn't aware of that.

22 So it's a four-year contract, one year
23 with three one-year renewals, but when you make that
24 call in the late summer, in essence you are
25 essentially subject to whatever the provider is

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476
2 offering at that particular time, not that you
3 necessarily have to take it and not that you can't
4 negotiate about it, versus an environment where if
5 you had longer term contract -- and I'm not saying
6 that the Rite Aid contract is necessarily the model
7 of contracts. But conceptionally, if you negotiated
8 a longer term contract with caps in it, wouldn't you
9 in fact not only cap but know what your limits were
10 going to be for a four-year period of time as
11 opposed to every year trying to negotiate and
12 renegotiate with the providers?

13 MS. SEYDA: You are assuming that the
14 providers would be willing to enter into that kind
15 of agreement, and that's not necessarily the case.

16 COUNCILMAN NUTTER: Do the providers,
17 are all of their contracts with all of the various
18 companies around the City, they're all only one
19 year?

20 MS. SEYDA: I can't speak to that. I
21 don't know.

22 COUNCILMAN NUTTER: I mean, do you think
23 a company might have any interest in trying to lock
24 down in essence about 8,000 people for more than one
25 year, guaranteed?

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 MS. SEYDA: That can be very attractive.
3 I'm not disputing you.

4 COUNCILMAN NUTTER: I know they have a
5 lot of business with a lot of different companies,
6 but 8,000 people is big business.

7 MS. SEYDA: I agree.

8 MS. WILKERSON: I think one reason that
9 the City also opted not to renew long-term was
10 because we were interesting in taking a look at the
11 kind of benefit package we were offering, you know,
12 we want to take a look at whether or not
13 opportunities available if we try to have more
14 people into the pool, if we have greater leverage.
15 We were migrating away from having multiple
16 providers to just one and, you know, before
17 committing long-term and possibly completely driving
18 somebody out of the market, we wanted to do a more
19 careful analysis.

20 COUNCILMAN NUTTER: At least for today's
21 discussion, I guess these things can always go
22 either way, would you reject out of hand the concept
23 or the notion that depending on how you do it and
24 depending maybe how you negotiate, if not who's
25 negotiating, is it possible that the City could in

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 fact drive a fairly hard bargain for about 8,000
3 people in a multi-year contract environment versus
4 an every year contract negotiation even though we've
5 given someone a one-year contract with three
6 one-year renewals at our option? I mean, is it
7 viable, is it legitimate, or is it just so bizarre
8 and absurd to not even merit consideration?

9 MS. SEYDA: I think that the City is
10 open to a variety of options. I think the City
11 should be open to that option. As a matter of fact,
12 at this point in time I think it would be very
13 desirable for the City to be able to predict its
14 increases over the years.

15 COUNCILMAN NUTTER: Predict its
16 increases and also attempt to limit them.

17 I'll probably have to relinquish the
18 microphone because the Chairman has come back and
19 I've taken tremendous advantage of his absence.

20 Councilman, if I could ask one last
21 question and then I will relinquish.

22 COUNCILMAN COHEN: Sure, go ahead.

23 COUNCILMAN NUTTER: Ms. Seyda, we've had
24 an opportunity now -- there's a very large chart to
25 my right, your left. It's been here for both

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476
2 hearings. There's a smaller document around. I'd
3 like to get your comments, your reaction to the
4 chart that has about 10, 11 categories, maybe a
5 dozen different categories of benefit service
6 offered in a comparison between the DC 47
7 administered plan and the City-administered plan. I
8 guess in the perfect world, all the answers would be
9 the same for both. But there are some -- most of
10 them, it's yes one, no for the other, and for some
11 of the others there's still some level of
12 discrepancy. I guess I have two questions. One,
13 between the last time and today -- I'm just going to
14 assume you had some opportunity to review this. So
15 is the chart correct?

16 MS. SEYDA: Well, it's certainly a chart
17 that I guess would be developed by District
18 Council 47.

19 COUNCILMAN NUTTER: I didn't hear you.

20 MS. SEYDA: If I could make a few
21 comments. In terms of administrative charges, I do
22 I think that -- I did testify or the City has
23 testified in various proceedings with the labor
24 unions in terms of administrative charges, I believe
25 that I did testified at this hearing last week on

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 the Personnel Department's administrative charges.

3 In terms of employee assistance --

4 COUNCILMAN NUTTER: So we can keep all
5 the components together, my recollection -- I know I
6 have it written down here somewhere, but I think my
7 recollection was your testimony was that from the
8 Personnel Department the administrative cost
9 \$300,000 based on the salaries of however many
10 people are over there doing that work. I think the
11 number was 9 to 10 range. That's my recollection.

12 MS. SEYDA: Right.

13 COUNCILMAN NUTTER: We also had some
14 discussion, I think, back at that time about other
15 parts of the government. I mean, seemingly,
16 virtually every department seems to have their own
17 smaller personnel complement. And I think one of
18 the questions last time was whether or not those
19 costs were being accounted for across the various
20 sectors of the government, just kind of taking the
21 10 operating departments and going from there.
22 There's obviously more components to the government.
23 Now, has that figure been calculated in any way,
24 shape, or form?

25 MS. SEYDA: I believe that the number

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476
2 that I testified to when I was here earlier was the
3 Personnel Department. The other department in the
4 City government where there is, I think, some
5 significant staff time devoted to the health and
6 welfare programs would be the Board of Pensions, and
7 their costs are approximately \$130,000 a year and
8 those costs could very appropriately be added onto
9 the Personnel Department's costs as well.

10 COUNCILMAN NUTTER: I mean, we've got at
11 least a couple folks in the big room over here, our
12 historically known big room, just on the side they
13 do personnel stuff. Are they accounted for anywhere
14 in this?

15 MS. SEYDA: Not in the numbers that I
16 testified to.

17 COUNCILMAN NUTTER: So there are
18 probably other people like those folks in other
19 parts of the government that do what they do even on
20 a small scale basis?

21 MS. SEYDA: I would say that in the
22 departments the work that is done is basically
23 handing out material and channeling it through the
24 various City offices and that work that's done in
25 the department that they do for non-represented

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 employees and exempt employees they also do similar
3 -- maybe not identical, but similar processing work
4 for other employees as well.

5 COUNCILMAN NUTTER: The Councilman's
6 going to yank the mike from me in a second, so why
7 don't we agree at least for the moment that we
8 absolutely agree that there are \$300,000 in cost out
9 of Personnel. Why don't we agree that there is some
10 unaccounted amount of dollars in other parts of the
11 government that may be not only have we not figured
12 out yet, but we don't even have an agreement about
13 how we want to do that calculation for the moment,
14 because I'd like to get through the chart. It's
15 kind of a yes or no -- I mean, you either agree that
16 the chart is mostly right or you're going say the
17 chart is mostly wrong and you're going to tell me
18 where those items are.

19 Certified audit, is that a disputed
20 item?

21 MS. SEYDA: Well, I believe we've
22 indicated that even though the Controller's Office
23 does do their regular audit every year that we've
24 agreed to work with the Controller on another audit.

25 COUNCILMAN NUTTER: Let me ask this

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 question. If I called anywhere today and said, "Can
3 you give me a document, 5 pages, 50 pages, 500
4 pages, that represents the audit of the City's
5 health plan," could you pull it off the shelf
6 somewhere and hand it to me?

7 (Audience reacts.)

8 MR. NUTTER: Ms. Seyda, we have much
9 more painful questions going down the chart.

10 MS. SEYDA: I don't think we have the
11 kind of audit you're referring to.

12 (Applause.)

13 COUNCILMAN NUTTER: We talked about the
14 administrative charges; we don't need to go back
15 down there.

16 Employee assistance program, do we have
17 one?

18 MS. SEYDA: Actually, until very
19 recently we did. The vendor we were using is no
20 longer in this business and we are in the process of
21 looking for a replacement vendor.

22 COUNCILMAN NUTTER: So today the answer
23 is no? Next week the answer could be yes?

24 MS. SEYDA: Yes, but for the past number
25 of years it's been yes.

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 COUNCILMAN NUTTER: It was yes,
3 presently it's no, and it will soon be yes?

4 MS. SEYDA: That's correct.

5 COUNCILMAN NUTTER: Same benefits as the
6 five-year retirees as actives?

7 MS. SEYDA: The only difference is that
8 the division plan and the dental plan that is
9 offered for the active employees has not been
10 authorized for the five-year retirees, has never
11 been.

12 COUNCILMAN NUTTER: Advocacy for
13 members?

14 MS. SEYDA: I think that that is one of
15 the roles the staff in the Personnel Department
16 plays in terms of working with individuals who have
17 problems. That's also the role that the staff
18 people over the Board of Pensions has as well.

19 COUNCILMAN NUTTER: I think we talked
20 about this item. The input on the plan design. I
21 think we had our earlier philosophical discussion
22 about input versus reactionary and all that. I
23 mean, we don't really have non-represented people
24 involved in designing the new plan for the upcoming
25 year, right?

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 MS. SEYDA: I think we responded to
3 that.

4 COUNCILMAN NUTTER: This drug benefit,
5 there's at least one chart that indicates that PCS,
6 some outside entity was 8 out of 8, 47 PCS was
7 No. 1 -- I'm sorry, MPA, in a customer satisfaction
8 survey. That's a document. Do you have any reason
9 to dispute that?

10 MS. SEYDA: Well, there are a number of
11 surveys that are done concerning pharmacy benefit
12 managers. PCS has been ranked at different levels
13 within the same survey.

14 COUNCILMAN NUTTER: Have they ever been
15 ranked No. 1 by anybody?

16 MS. SEYDA: Actually, I can provide to
17 Council a summary of an independent survey that was
18 done which shows that PCS ranked very high as
19 compared to other pharmacy benefits.

20 COUNCILMAN NUTTER: If you could forward
21 that to the Chair, I'd appreciate it.

22 MS. SEYDA: I'd be happy to.

23 COUNCILMAN NUTTER: No dispute about the
24 co-pays?

25 I was just at the doctor two days ago.

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 I know about the \$10.

3 The 10-20-70 versus 15-25-70, those
4 co-pays and the in-patient deductible.

5 MS. SEYDA: Right. I would also add
6 that the City has a Personal Choice 210 plan as
7 well.

8 COUNCILMAN NUTTER: For any of the items
9 that are not crystal clear yeses or noes, if you
10 could provide us with additional information. But
11 based on our kind of back and forth, I don't get the
12 impression that you find anything radically out of
13 sorts in terms of this particular comparison, maybe
14 notwithstanding the PCS MPA issue.

15 MS. SEYDA: No, although actually we're
16 in the process of taking a look at the 47 versus the
17 City-administered plan and I expect to have some
18 information available to share with the
19 Administration and with Council in the near future.

20 COUNCILMAN NUTTER: Thank you. Thank
21 you, Mr. Chairman.

22 COUNCILMAN COHEN: At this point, Ms.
23 Seyda, may I ask you to sit on the other side of Ms.
24 Wilkerson because I'm going to call up two people
25 who I think need to sit next to each other. Ms.

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 Wilkerson, you stay where you are because we only
3 need one change.

4 On many occasions, we've used District
5 47 as a model. The other union health plans are
6 also excellent. But I'd like to call up Tom Cronin
7 and Bob McAllister.

8 (Applause.)

9 COUNCILMAN COHEN: And if the other
10 union representatives want to add those personal
11 notes, I'm going to ask them for statements with
12 respect to the testimony that you've heard. If the
13 other groups are interested in making statements, I
14 will be calling on them, too.

15 But before I do, I'd like to recognize
16 Councilman Rizzo. He had the question of either Ms.
17 Wilkerson or Ms. Seyda. Go ahead, Councilman.

18 COUNCILMAN RIZZO: Councilman Nutter
19 covered part of my question on how we could accept a
20 prescription drug pharmacy manager that comes in
21 No. 8 versus No. 1 and even why we would agree.
22 When that recommendation was made, was there any
23 questioning the choice. Did you agree? When you
24 saw these lists where it was all over the chart from
25 one end to the other, didn't that cause some concern

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 that you were picking a PCS when it was
3 potentially -- did you conduct an internal
4 investigation before agreeing to that
5 recommendation?

6 MS. SEYDA: That was one of the
7 questions that was included in the RFP. We asked
8 for that kind of information, and I will be please
9 to share it with Council.

10 COUNCILMAN RIZZO: But how could you as
11 essential personnel see that an organization is so
12 badly rated probably in a majority of the surveys
13 and go with that? How do you explain that?

14 MS. SEYDA: Actually, I don't know that
15 the survey that 47 had was one that we had seen. I
16 know that this survey is done on a, I guess, fairly
17 regular basis. It's my understand that PCS has been
18 evaluated very well in the survey. There are also
19 some concerns in terms of the methodology that is
20 utilized by that survey.

21 COUNCILMAN RIZZO: Maybe that was one
22 that the consultant didn't want you to see.

23 (Applause.)

24 COUNCILMAN RIZZO: I'd like to point out
25 that I've learned that we were earlier talking about

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476
2 the communication with members, with employees, and
3 I understand that District Council 47 and Mr. Cronin
4 might be able to comment on this. You indicated
5 that there's very little communication, there's very
6 little input, it's informal. I don't believe it's
7 as an informal at District 47 as it is with the
8 City-administered.

9 Mr. Cronin could you comment on the
10 communication?

11 MR. CRONIN: That's one of the course
12 issues that we have with the City. We've heard the
13 testimony today that there's really no focus groups,
14 very little input, occasionally maybe someone from
15 City personnel will make a comment to one of the
16 providers.

17 Contrast that with 47's direction which
18 is to have focus groups, to bring in members, to let
19 the members make the decisions, to have an open
20 dialog where all of these meetings are open. We go
21 out and we solicit from all three locals, whether
22 it's the court local or whether it's 2186 or 2187.
23 And then further, we go to every single job site
24 that we're invited to all over the City and every
25 single City department, commission, agency, and

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 board and meet with the members and make a
3 presentation and answer their questions and have
4 stuff on the web, information on the web, invite
5 discussions, invite debate to have that to get a
6 feedback. The City doesn't do that and we do.

7 (Applause.)

8 MR. CRONIN: And that's got to be said,
9 I think, loudly and clearly to the City because
10 that's one of the things that we're worried about.
11 When a member has a problem, has a serious problem
12 with the health care provider, they know that they
13 can go to that steward, that they can go to a
14 trustee, that they go to the president of the local
15 or the president of the council and get an answer
16 and get action quick. They can't do that with the
17 City of Philadelphia.

18 (Applause.)

19 COUNCILMAN RIZZO: My final question,
20 and I think I know the answer. I believe you took
21 notes or you remember, Ms. Seyda, at the last
22 hearing that this chart was an exhibit and the last
23 column was left blank and I believe we asked you
24 come back with a chart that had that last column
25 filled in. Are you prepared to fill in this column

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 today or do you need more time? What is the
3 situation here?

4 MS. SEYDA: I believe that at the time
5 that that chart was put together, I think that's the
6 chart in the five-year plan, I don't believe that
7 the information was available at that point in time.
8 But if I was going to do this today, I would say
9 that the number would be about \$6100.

10 COUNCILMAN RIZZO: 6100?

11 MS. SEYDA: That's correct.

12 MR. MCALLISTER: I'd be interested in
13 knowing what that number would compare active
14 employee benefits between the City-represented group
15 and active employee benefits for the union group and
16 not mesh in the retiree benefits.

17 Again, for the record, my name is Bob
18 McAllister, I'm the benefits administrator of
19 District Council 47.

20 The City has stated that it does not
21 provide the dental and optical benefits for its
22 five-year retirees but yet they blend that dollar
23 figure in when they give you the overall cost.
24 Let's compare apples to apples; active employee
25 benefits for the union and active employee benefits

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 for the non-represented --

3 (Applause.)

4 COUNCILMAN RIZZO: Ms. Seyda, could you
5 provide that document to the Chair on exactly how
6 you arrived, what's in, what's out so we can really
7 see how you got to this number of 6100?

8 MS. SEYDA: As I indicated, I think I
9 indicated to the Chair that we were still working on
10 this and we would continue to work on it. However,
11 I think it's important to add that over the course
12 of the last couple of years, District Council 47 has
13 drawn down on their reserves in order to provide the
14 benefits they provide and that's not included in the
15 number that's on that chart.

16 MR. MCALLISTER: Thank God we did have a
17 reserve there to draw down on because of the
18 continued underfunding from the City for health
19 benefits for union members.

20 (Applause.)

21 MR. MCALLISTER: When this is all said
22 and done, you're going to see that there's a
23 disparity in the health care dollars and how they
24 are distributed between non-represented employees
25 and union employees.

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 (Applause.)

3 COUNCILMAN COHEN: Now, Mr. Cronin, you
4 and Bob McAllister came in in the middle of the
5 question. Are there any other comments you wish to
6 make about the testimony that was offered?

7 MR. MCALLISTER: I have a few that I
8 would like to make. I want to go back to the
9 opening statement about the City finally providing a
10 prescription drug benefit for those retirees after
11 four or five years. I am very glad that the City is
12 now going to provide them an unlimited prescription
13 drug benefit, something that District Council 47 has
14 been doing for over 10 years.

15 (Applause.)

16 MR. MCALLISTER: For our folks who are
17 on the Security 65 plan, they will have and still do
18 have an unlimited prescription drug plan.
19 Unfortunately, I think the City's plan is going to
20 be a \$250 deductible and a 50 percent of the cost.
21 So those folks who are on the City-administered
22 Security 65 plan are going to be going deep into
23 their pockets to pay for prescription drugs.

24 COUNCILMAN COHEN: I'm confused when at
25 various times, Ms. Seyda, you stated the City would

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 be amenable to such and such or not amenable. It
3 seems to me that currently the decision is being
4 made by a single person; am I right?

5 MS. SEYDA: Excuse me? I'm sorry, I
6 didn't hear the question.

7 COUNCILMAN COHEN: Is it a fact that the
8 Mayor is the one that makes the ultimate decision on
9 the health plan or is it you? Tell us who it is.

10 Ms. Wilkerson, I think it needs the
11 Chief of Staff for an answer.

12 MS. WILKERSON: The Mayor in
13 consultation with others. We advise the Mayor on
14 the decision. Ms. Seyda doesn't have the sole
15 authority to commit the Administration unilaterally
16 on all these issues. I am provided with backup
17 information. There's a lot of discussion about
18 this.

19 COUNCILMAN COHEN: But the ultimate
20 decision is made by the Mayor?

21 MS. WILKERSON: To the extent he's the
22 chief executive officer, yes.

23 COUNCILMAN COHEN: I raise that because
24 I think it very important -- I'm very pleased that
25 you're here today because we were getting a sense

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476
2 that while the decision was being made by the
3 Mayor's Office we didn't know on what basis. But
4 the fact that you are here today enables you to know
5 of the discontent that exist, the basis of that
6 discontent, and we certainly hope you're going to
7 convey to the Mayor and to convey to him -- because
8 in a phone conversation just before the hearing when
9 I renewed the invitation for the Mayor to appear
10 here, he said he was agreeable to a meeting. He
11 preferred not to be at this meeting, but agreed to
12 be at a meeting with the Law and Government
13 Committee to discuss the role of the City's plans.
14 And we're hoping that you're going to convey to him
15 the deep concern all the people have about a plan
16 that affects their lives deeply but about which they
17 seem to play no role in, about how it looks to the
18 world when the City abruptly cuts off retirees.
19 We'd like to know how the City feels about how do
20 people manage to get health care if at a time when
21 their income is at the lowest point and cost are
22 highest the City says to them "That's your problem,
23 not ours." We need answers to that and we need
24 answers as how the feelings of the employees are
25 going to be represented.

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 We think the Mayor ought to be concerned
3 about the fact that employee unions have apparently
4 through diligence been able to offer greater
5 benefits often for longer periods of time at less
6 costs than the City. One would think the reverse
7 would be true because except in the case of District
8 Council 33, the numbers are really in the City's
9 advantage. The City among its non-represented group
10 represents more employees than District Council 47
11 and it's retirees. Probably the same may be true of
12 the FOP and the Firemen's Union. And what we all
13 would think would be an economy of scale seems to
14 work in reverse and we're very concerned about that.

15 (Applause.)

16 COUNCILMAN COHEN: We think it has to
17 be -- for the non-represented plans, I think the
18 City has to study the union plans. It has to agree
19 to submit itself to the same stringent tests that
20 the City imposes upon the employee health plans.

21 (Applause.)

22 COUNCILMAN COHEN: And I think instead
23 of insisting on trying to dissolve all the good
24 plans and substitute the one plan that seem weakest
25 and most expensive and least useful to employees,

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 that what you ought to do is seek to strengthen each
3 of the employees' plans to enabling them to continue
4 their fine service instead of --

5 (Applause.)

6 COUNCILMAN COHEN: The final thing is
7 somehow I think, as I see it, based on the
8 testimony, that in some way the plan has to be
9 opened up so the City can get some input from the
10 non-represented employees rather than just imposing
11 plans on them.

12 (Applause.)

13 COUNCILMAN COHEN: Now, are there any
14 other matters District 47 wishes to raise today?

15 MR. CRONIN: Just one quick point and
16 the other thing is a hope. The quick point is when
17 we talk about administrative cost to a health plan,
18 we've heard the City's testimony of what they
19 believe it is. But it's interesting to me, and
20 again, I hope as Bob McAllister said, we're
21 comparing apples and apples and oranges and oranges
22 because if the City uses a computer, if the City
23 uses the telephone, that's got to be factored into
24 these administrative costs. It is with us; it
25 should be with them. So there's all kinds of hidden

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476
2 expenses that I would hope, Councilman, that your
3 committee will take a look at and figure into that
4 administrative cost. Let's put it all out on the
5 table. Let's rip the curtains back, let's open the
6 doors, open the windows, and let the sunshine and
7 the air come through and have all this information
8 laid out here. We're required to do that in the
9 labor contract that we have now. We're supposed to
10 be sitting down with the City of Philadelphia and
11 doing that in terms of getting everybody into one
12 plan. Well, we can't very well do it or be honest
13 if we're putting our cards on the table and the
14 other side is not.

15 (Applause.)

16 MR. CRONIN: Let me just say one other
17 thing. There have been a number of things that have
18 been said here by the representatives of the City
19 that I'm sure at some point both the fire fighters
20 and FOP would like to have a shot at or at least a
21 rebuttal or a response to some of things that have
22 been said. In arbitration hearings I hope they get
23 that opportunity. But let me add my comments by
24 saying that over the next four years, there is not
25 an issue, and I include the stadium issue in this

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476
2 package, that's as important to the people of
3 Philadelphia as what these health care cost. In
4 every single labor agreement, whether it's with the
5 fire fighters, with the FOP, with District Council
6 33, with 47, with SEPTA workers, with PGW workers,
7 and more, and when you begin to add all of them up
8 and their families, how many people are we talking
9 about and how significant is it in terms of health
10 care?

11 Because, Mr. Chairman, I am telling you
12 right now, if you put pencil to paper and you take a
13 look at what is happening with these collective
14 agreements and the cost of health care, that what
15 workers are being asked to do today, not even two
16 years from now, four years from now, is that they're
17 being asked to choose do you want benefits or do you
18 want wages because you're not getting both. And I
19 would say to you just put it down there and let
20 people see and you'll be able to see for yourself.
21 And I say this to the committee, I say this to City,
22 and I say this to my brothers and sisters. Two
23 years from now and four years from now if we don't
24 start raising more hell than you can imagine, that's
25 the choice you're going to have because you're not

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476
2 going to be able to get wages and health care, let
3 me tell you. And if we take the plans that we have
4 which are good plans run by honest people where we
5 spend a lot of time and we go out and make it
6 democratic and ask the people what they think and
7 say that we're going scrap that for secrecy, for
8 political contributions, for whatever it is, let me
9 just say what the State of Israel said, "Never,
10 never, never."

11 (Applause.)

12 COUNCILMAN COHEN: Thank you.

13 Mr. McAllister, is there any final
14 comment you wish to make? I agree it's pretty
15 difficult after that last address by Tom Cronin.

16 MR. MCALLISTER: I'm here to answer your
17 questions.

18 COUNCILMAN COHEN: Well, I just suggest
19 you stay there. I'd like to hear from the other
20 union groups if they wish to be heard. Is Mr.
21 Costello still here? Please come forward. Mr.
22 Casey, too, if you wanted to bring anybody up with
23 you, you could.

24 Mr. Costello, why don't you begin.

25 MR. COSTELLO: Without belaboring the

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476
2 point, Mr. Chairman, thank you for asking us back,
3 but we did have a chance to make a statement at the
4 last hearing. I do want to reiterate one point of
5 that statement, and that is something Mr. Cronin
6 referred to is that to a certain extent we are all
7 victims in the medical care crisis facing us because
8 unlike some of the other benefits that employees
9 have or employers distribute, you can't sit down and
10 make a deliberate choice and conscious election not
11 to get ill and not to use your medical benefits.
12 That necessity is imposed on you. And when we
13 continue to use the tool of wages or benefits as a
14 weapon against employees, we are beating them with
15 something that they are every bit of helpless with
16 as anyone else. And it's not only unfair, it
17 borders on very cruel. So we are looking to this
18 committee and this Council to take a serious look at
19 the issue, particularly when it involves our
20 retirees because under labor law it's very difficult
21 for bargaining units to bargain for those who are no
22 longer in the bargaining unit. The only place the
23 retirees can go for relief is to a body such as
24 this. So there is a lot riding on the outcome of
25 these hearings.

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 (Applause.)

3 COUNCILMAN COHEN: Mr. Casey.

4 MR. CASEY: I would just like to say
5 that out of the top 30 cities in the country,
6 Philadelphia is the only one that doesn't give its
7 retirees health benefits. That's a complete
8 disgrace.

9 I just went to a seminar in health care.
10 I can see why the City always fights us about going
11 seminars, because they don't want us to be educated.
12 What they're doing is they have to form a trust. If
13 they do not have a trust, they have to form a trust.
14 And if they do have a trust, people should sue them
15 because they're not holding up to thier fiducial
16 responsibility for the people who retire and the
17 people who are in their health plan. So if they do
18 have a trust, take a look at it; you might be able
19 to sue them. If they don't have a trust, they have
20 to. Because if they were following (inaudible) like
21 our brothers in the trades, they'd be in jail.

22 (Applause.)

23 COUNCILMAN COHEN: I ask Mr. Villela do
24 you have statement you'd like to make?

25 MR. CASEY: I would just like to ask a

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 question. What is MPA on that drug list?

3 COUNCILMAN COHEN: Would you repeat
4 that.

5 MR. CASEY: What is MPA on that drug
6 list for the drug company on the list that
7 Councilman Rizzo was talking about?

8 COUNCILMAN NUTTER: In terms of the
9 rank?

10 MR. CASEY: Yes, the rank.

11 COUNCILMAN RIZZO: No. 1.

12 MR. CASEY: That's the one we have. I
13 can't understand why the City doesn't have that
14 because they have representatives on our board and
15 also on the FOP board.

16 COUNCILMAN RIZZO: They wanted to be
17 No. 8.

18 (Laughter.)

19 COUNCILMAN COHEN: Good question. Mr.
20 Villela.

21 MR. VILLELA: Thank you, Mr. Chairman.
22 It has been put very eloquently here by the union
23 brothers and sisters who represent their employees.
24 I think most of the things I wanted to say have been
25 said except for one thing. Non-represented

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476
2 employees are essentially second-class citizens. We
3 do not have the ability to communicate with the
4 City. We don't have the ability to negotiate. We
5 don't have the options except when the unions decide
6 to go on strike, we are the ones cover on their
7 behalf, not because we want to, because we have to.
8 So I hope that these hearings also bring an
9 opportunity to for us to dialog.

10 At the beginning of this Administration,
11 the group of ACMPE, Association of Civic Management
12 and Professional Employees along with the Board of
13 Directors requested a hearing and a meeting with the
14 Mayor's Office and we provided information. We
15 opened our hands and said we were willing to help
16 you, we can work together. And we never heard from
17 them, ever. This was almost a year ago.

18 So I don't really have much to say other
19 than we want to treated fairly and equitable. We
20 are not second-class. We are the same employees as
21 Union 47, as 33, as the court employees, and as the
22 exempts. And as you know, we don't have any ability
23 to negotiate anything other than accept whatever
24 they want to hand us out. That's all. Thank you
25 very much.

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 (Applause.)

3 COUNCILMAN COHEN: Seems to me, Ms.

4 Wilkerson, if you have any questions -- we usually
5 don't ask witnesses if they have questions, but I'm
6 going to say that to you because it's my intention
7 to in the next few minutes recess this hearing until
8 Thursday afternoon April 5th at 1:30. It is our
9 hope that there will be the meeting I referred to
10 with the Mayor beforehand. We hope by that time to
11 be able on April 5th to begin reaching resolutions.
12 We're hoping that the retirees will have an
13 opportunity to be heard on these options plans
14 before they're finally placed before them. We're
15 hoping that the City's policy will become clear so
16 that what we can talk before the revised, revamped
17 plan presented by the City to its unrepresented
18 employees that begins to compete somewhat with the
19 City plans. And perhaps the City will be ready at
20 that time to announce that it is not going to waste
21 anymore time in trying to plan how to destroy four
22 good City plans.

23 (Applause.)

24 COUNCILMAN COHEN: And instead look for
25 ways to strengthen it. We hope the City will be

1 3/8/01 - LAW AND GOVERNMENT - RES. 000476

2 forward in having a full audit so that we can have
3 the real facts before us in City Council upon which
4 we can base our independent judgment.

5 If that's satisfactory to all parties,
6 the hearing will stand in recess until Thursday,
7 April the 5th at 1:30.

8 (Council adjourned at 3:30 p.m.)

9 - - -

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

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 March 8, 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