AUDIT AT A GLANCE

Financial Condition of the Joint Health Insurance Stabilization Fund

What questions did the audit look at?

- What is the financial condition of the Joint Health Insurance Stabilization Fund (HISF)?
- Was the HISF used for its intended purpose(s)?

Why does it matter for New Yorkers?

The primary purpose of the HISF is to provide a budgetary reserve to help support the cost of health insurance coverage for municipal employees, retirees, and their dependents. The Fund was created in 1985 and is jointly administered by the New York City Office of Labor Relations (OLR), representing the City, and the Municipal Labor Committee (MLC), representing municipal labor unions.

The audit found that the multi-billion-dollar Fund is insolvent because OLR and MLC authorized significant transfers or payments from HISF's coffers that were not consistent with the Fund's intended purpose. The Fund accrued $3.1 billion in liabilities for payments owed to the City through Fiscal Year 2023, and amounts owed to vendors as of April 2025, which OLR and MLC failed to report. Despite HISF's worsening fiscal health, OLR and MLC did not take timely or adequate steps to improve the Fund's financial position.

Additionally, HISF lacks adequate governance structures and operates in an opaque manner, with no formal documents defining the authority or scope of its Technical Committee. Critical information about the Fund's fiscal condition was not consistently documented and shared, limiting informed oversight by City officials.

Without a budgetary reserve to support health insurance costs, the City must fully and appropriately budget for the costs of healthcare coverage, placing additional strain on the City's budget and potentially diverting resources from other services.

What changes did the agency commit to make following the audit?

- Because the auditors concluded that the HISF is insolvent and cannot meet its obligations, the audit did not include typical corrective suggestions; instead, the report recommended that the City work with MLC to dissolve the Fund, transfer remaining balances to the City, and establish more sustainable budgeting for healthcare costs and benefits.

AUDIT FINDINGS

- HISF is insolvent, with acrrued liabiltiies totaling at least $3.1 billion.
- OLR and MLC authorized transfers or payments that were not consistent with the Fund's purpose.
- HISF lacks governance structures and transparency.

	Audit Recommendations	Agency Response
1	Work with the MLC to dissolve HISF and transfer carrier reserves and remaining fund balances to the City.	**DID NOT AGREE OR DISAGREE**[1]
2	Create a new Restricted Account for health insurance carrier	**NO LONGER APPLICABLE**
3	Appropriately budget for healthcare costs and benefits that the City agrees to fund in collective bargaining.	**AGREED**[2]

[1] OLR stated the parties must first stabilize healthcare costs and the shortages in funding through the establishment of the new healthcare plan which they maintain will provide up to $1 billion in savings. Once the plan is in place, OLR stated that the parties will discuss how to address HISF and generally the long-term framework for health benefits for City employees. OLR stated that when the GHI-CBP plan ends, HISF carrier reserves will be used to pay run-out claims under that plan.

[2] OLR stated that it agrees that healthcare costs and benefits should be based on what the City has agreed to in collective bargaining and statutory requirements, and that it has consistently modified the budget to address variances caused by HISF's insolvency.