

Anderson v City of New York
2026 NY Slip Op 31733(U)
April 21, 2026
Supreme Court, New York County
Docket Number: Index No. 164234/2025
Judge: Lyle E. Frank
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**SUPREME COURT OF THE STATE OF NEW YORK
NEW YORK COUNTY**

PRESENT: HON. LYLE E. FRANK PART 11M

Justice

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GEORGE ANDERSON, MIGDALIA ACEVEDO, SAMY MAHMOUD, RAEANN SINGLETON, ANDREA FRANCIS, CHRYSTLE BULLOCK, MONIQUE BROWN, WANDA WILLIAMS, HANDS OFF NY CARE, INC.,

Petitioner,

- v -

THE CITY OF NEW YORK, RENEE CAMPION, CITY OF NEW YORK OFFICE OF LABOR RELATIONS, MUNICIPAL LABOR COMMITTEE, NYPD RETIREE EMBLEM/HEALTH DOCTOR & DENTAL INFORMATION GROUP, BY ITS FOUNDER WILLIAM MCMAHON, EMBLEMHEALTH PLAN, INC., UMR, INC.,

Respondent.

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DECISION + ORDER ON MOTION

The following e-filed documents, listed by NYSCEF document number (Motion 001) 2, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 48, 49, 50, 51, 56, 57, 58, 59, 60, 61, 79, 80, 81, 82, 83, 84, 85, 86, 87, 96, 97, 98, 103, 114, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 142

were read on this motion to/for PREL INJUNCTION/TEMP REST ORDR.

Upon the foregoing documents, the motion is denied and the cross-motion is granted.

Background

Under the NYC Admin Code § 12-126(b)(1), New York City (the “City”) has been obligated to pay the entire cost of health insurance coverage for city employees, city retirees, and their dependents. The City (along with Renee Campion and the City of New York Office of Labor Relations, the “City Respondents”) also has various collective bargaining obligations with regards to providing healthcare. There are several fully insured plans offered by the City, with the primary plan being a comprehensive benefits plan administered through Anthem Blue Cross

(the “CPB Plan”). Over the course of several years, the City has negotiated a new plan with the Municipal Labor Committee (the “MLC”).

This new plan (the “NYCE PPO”) is fully self-funded by the City, with EmblemHealth Plan, Inc. and a UnitedHealthcare subsidiary, UMR, Inc. (collectively, the “Administrators”) serving solely in an administrative function. The NYCE PPO was approved in September of 2025 and the city employees and retirees have received a variety of communications regarding the plan change. All participants covered under the previous CBP Plan are automatically transferred to the NYCE PPO unless they opt-out during the open enrollment period, which took place in November of 2025. Petitioners are several city employees/retirees who seek to challenge the transfer to the NYCE PPO, along with a newly formed interest group with the same goal.

The present motion is brought by the Petitioners, seeking a preliminary injunction preventing the rollout of the NYCE PPO. The City Respondents have cross-moved to dismiss the petition. In a previous order, this Court denied the motion for failing to establish irreparable harm, and denied the cross-motion on the grounds that the City Respondents had failed to meet their burden at that time. Further briefing and the service of an answer to the petition was directed, and Respondents have answered. The Court now decides the cross-motion.

Standard of Review

A party may bring an Article 78 petition to challenge the final determination of an administrative agency. CPLR § 7801(1). A court must give great deference to the agency’s decision and cannot “interfere unless there is no rational basis for the exercise of discretion or the action complained of is arbitrary and capricious.” *Pell v. Board of Education*, 34 N.Y.2d 222, 231 [1974]. Judicial review is also available if the agency’s determination was “contrary to law or procedure.” *Barrett Japaning, Inc. v. Bialobroda*, 190 A.D.3d 544, 545 [1st Dept. 2021]. An

action is irrational or arbitrary and capricious if “it is taken without sound basis in reason or regard to the facts.” *Matter of A.Z. v. City Univ. of N.Y., Hunter Coll.*, 197 A.D.3d 1027, 1027 [1st Dept. 2021].

Discussion

Petitioners’ basis for the argument that the decision to adopt the new NYC PPO was arbitrary and capricious is that it is contrary to law. Specifically, Petitioners argue that Admin. Code § 12-126 bars self-funded plans, and they have a single cause of action to that effect. Respondents make various arguments in opposition, including that Petitioners fail to establish that Section 12-126 conclusively bars self-funded plans. Respondents cite to both the explicit language of Section 12-126 and the legislative history surrounding the provision. At the outset, the Court notes that for an Article 78 proceeding, Petitioners bear the burden of showing that the decision being challenged was arbitrary and capricious. *See, e.g., Mosher v. Ward*, 218 A.D.2d 626, 627 [1st Dept. 1995].

To the extent that Petitioners argue in favor of the petition and in opposition to the cross-motion to dismiss that Respondents have not conclusively established that the Mayor is entitled to authorize self-funded plans under GML § 92-a, such an argument fails. The issue before the Court is not whether Respondents have conclusively shown that they were entitled to adopt the NYC PPO. The issue is whether Petitioners have met their burden in showing that Admin. Law § 12-126 conclusively bars self-funded plans under the standard of review for Article 78 proceedings. For the reasons that follow, the Court finds that Petitioners have not met their burden. Therefore, the cross-motion is granted and the petition is dismissed.

Petitioners’ Fail to Establish that Section 12-126 Conclusively Bars Self-Funded Plans and Fails to Establish that the Respondents’ Action Was Arbitrary and Capricious

Petitioners argue that there is no ambiguity in Section 12-126 and that it conclusively bans the adoption of self-funded plans. There is no explicit language in Section 12-126 banning self-funded plans. Section 12-126 does require that the City provide employees, retirees, and their dependents with “health insurance coverage”, and then defines the phrase “health insurance coverage” as “a program of hospital-surgical-medical benefits to be provided by health and hospitalization insurance contracts entered into between the city and companies providing such health and hospitalization insurance.” Admin. Code. § 12-126(1)(iv). Respondents offer several arguments as to why this provision does not bar self-funded plans, including 1) that the provision is a payment obligation statute that simply regulates the level of contribution to health benefit plans, 2) the City is in fact complying with the requirements by providing other health insurance plans; and 3) the NYC PPO complies because the City has entered into an agreement with a health insurance provider to administer the benefits, thus satisfying the definition of “health insurance coverage” under the Administrative Code.

The Court notes that in a previous order, it found that Section 12-126 is at the least ambiguous regarding the availability of a self-funded plan as an option for the City to provide healthcare benefits to employees. As a rule, when an Article 78 proceeding is brought that concerns an ambiguous statute, the court is to defer to the agency’s interpretation of the statute which must be upheld if it is reasonable. *Matter of Chin v. New York City Bd. of Stds. & Appeals*, 97 A.D.3d 485, 487 [1st Dept. 2012]. Here, regardless of whether it is the interpretation the Court would have of Section 12-126, the City’s interpretation is reasonable and therefore the decision cannot be deemed arbitrary and capricious. But even if the statute was not ambiguous, the Court finds that the City’s interpretation of the definition of “health insurance coverage” as including the NYC PPO and accompanying administration contracts with Emblem/United is also

reasonable. The statute does not require that the health insurance company *fund* the program, only that there be benefits provided by the insurance company, which is the case with the NYC PPO.

Ultimately, Petitioners have failed to meet their burden in establishing that Section 12-126 bars self-funded plans and therefore the administrative agency’s decision at issue here is arbitrary and capricious. Once an agency’s determination is found to have a rational basis, judicial review is exhausted. *See, e.g., Matter of Brookdale Physicians’ Dialysis Assoc., Inc. v. Department of Fin. of the City of N.Y.*, 41 N.Y.3d 608, 616 [2024]. Because the Court has determined that Petitioners have not met their burden under the Section 12-126 argument, which is the sole cause of action in the Petition, the Court need not address the parties’ other arguments. Accordingly, it is hereby

ADJUDGED that the motion is denied and the cross-motion is granted; and it is further ORDERED that the petition is dismissed.


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4/21/2026
DATE

LYLE E. FRANK, J.S.C.

CHECK ONE:	<input checked="" type="checkbox"/>	CASE DISPOSED	<input type="checkbox"/>	NON-FINAL DISPOSITION
	<input type="checkbox"/>	GRANTED	<input type="checkbox"/>	GRANTED IN PART
	<input type="checkbox"/>		<input checked="" type="checkbox"/>	OTHER
APPLICATION:	<input type="checkbox"/>	SETTLE ORDER	<input type="checkbox"/>	SUBMIT ORDER
CHECK IF APPROPRIATE:	<input type="checkbox"/>	INCLUDES TRANSFER/REASSIGN	<input type="checkbox"/>	FIDUCIARY APPOINTMENT
			<input type="checkbox"/>	REFERENCE