

The Climate for Bargaining
Health Benefits and
CWA's Health Care For All
Campaign



The Reality of Our Current Health Care System

- 47 million Americans have no health insurance
- Premium costs have increased 92% since 2000 while worker wages have increased 21%(1)
- In 2007, the average cost of a family health insurance plan was \$12,106
- Patients fail to receive recommended care 46% of the time; 11% of the time patients receive unnecessary and potentially harmful care.

Sources: KFFHRET 2006 Employer Health Benefit Survey and revised Census Bureau estimate,3/23/07)

In spite of our best efforts, our ideal vision for the U.S. health care system has eluded our grasp. 47 million of us remain uninsured in 2006 – that's one of every seven Americans. A large part of the reason that so many of us remain without health insurance is that the cost of coverage is so high. Health insurance premiums have increased 92% since the year 2000. That tremendous rate of increase has driven the cost of care beyond the ability of many of us to pay. The average cost of a family health insurance plan in 2007 was over \$12,000. That's higher than the annual salary of a minimum wage worker.

Employer Sponsored Health Insurance is Disappearing

- The percentage of firms offering health benefits to their workers fell from 69% in 2000 to 60% in 2007
- The share of employers offering retiree health benefits has declined, from 66% in 1988 to 33% today

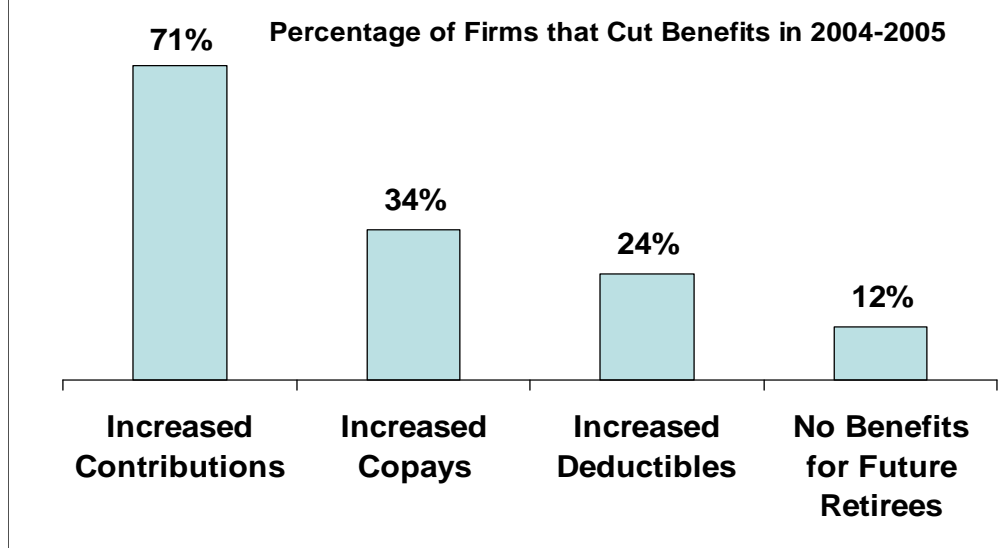
Costs increased 12.7%, 2003-04

Retiree costs represent more than 25% of total company health costs.

Between 2004 & 2005 more than 70% of employers raised the amount retirees must pay toward premiums.

89% of firms say their CEO is very concerned about retiree health costs

Rising Health Costs Lead to Benefit Cuts



Health care cost increases are leading employers to increase retiree health contributions and cost-sharing, and to consider eliminating employer-paid retiree health coverage for new hires.

71% of employers increased the amount of contributions retirees must make toward their health insurance

34% of employers increased the copays retirees must pay out of pocket

24% of employers increased the amount of deductible retirees must pay before their insurance begins to pay out.

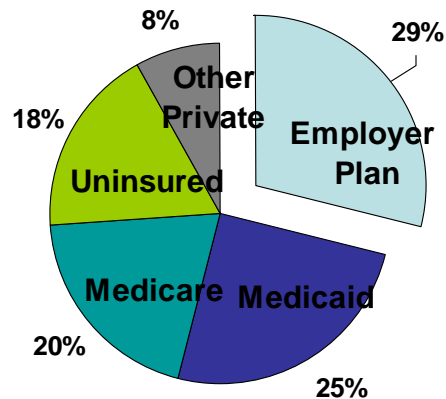
12% of employers eliminated retiree health care for future retirees. In some cases that means new hires do not get retiree health insurance. In some cases it means current employees will not get it.

But even if current employees continue to be eligible for benefits, it is clear that they will have to pay more and get less.

Cost of Retiree Coverage is Soaring

- One large telecommunications company pays over \$23,000 a year for retiree family coverage for under age 65
- \$23,000 a year = \$11.50/hr

Less than 30% of Retirees Age 55-65 have Employer Plans



6.6 million 55-64 non-workers in 2004

29% have employer-sponsored coverage

25% are covered by Medicaid, the state-federal program for the poor

20% have Medicare, the federal program for seniors age 65 and older and for the disabled

18% are uninsured

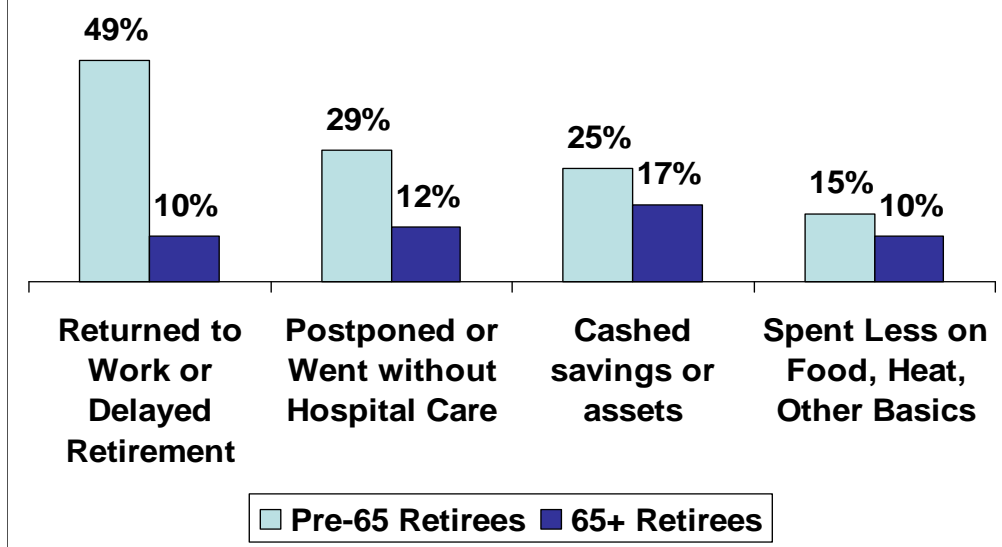
8% have other private coverage

Few options for older non-workers who do not have employer-sponsored coverage

Source: Kaiser Commission on Medicaid and the Uninsured and Urban Institute analysis of 2004 CPS data, March 2005

(Presentation by Tricia Neuman to National Coalition on Health Care, June 7, 2006)

Without Adequate Insurance, Retirees Make Tough Choices



A survey of retired steelworkers in 2004 found that retirees make tough choices when they do not have adequate insurance coverage. These retirees lost their retiree health insurance.

Of those under age 65, and therefore not covered by Medicare,

49% returned to work or delayed retirement

29% postponed or went without needed hospital care

25% cashed in a lot of savings or assets

15% spent less on food, heat and other basic needs

18% were uninsured at the time of the survey

Access to Medicare coverage gives over 65 retirees a safety net. They are not as hard hit.

Only 10% returned to work

Only 12% went without needed hospital care

Only 17% cashed in savings

Only 10% spent less on food, heat and other basic needs.

Source: "Retired Steelworkers and Their Health Benefits: Results from a 2004 Survey", May 2006, Kaiser Family Foundation.

(Presentation by Tricia Neuman to National Coalition on Health Care, June 7, 2006)

What Drives Health Costs?

- Advances in medical technology
- Less-restrictive managed care
- Nurse and health worker shortages
- Hospital consolidations
- Prescription drugs
- Greater prevalence of disease
- Administration

•Advances in medical technology have an ongoing impact on health costs: new equipment and treatment options often bump up the cost of care. Other current factors include the rapid expansion of specialty facilities including hospital inpatient and outpatient, freestanding centers and other ancillary service capabilities in physician offices. There are some concerns about the impact of physician self-referral and the impact of supply creating demand. (Trends: Tackling Health Care Costs: Continued Stability but at High Rates in 2005, Ginsburge et al, 3 Oct 2006, Health Affairs)

•Managed care which successfully moderated costs in the 90s (along with the threat of regulation during the Clinton administration) has lost its influence. Market reaction against tight networks and strict utilization controls forced more open networks.

•Ongoing nurse and health care worker shortages are forcing hospitals to come up with better compensation packages and increase staffing levels, pressing on hospital costs in spite of continued reduction in hospital utilization

•Hospitals themselves have caught onto the economic value of solidarity and have consolidated, giving themselves better market presence to set costs and to bargain with health plans and networks.

•Prescription drugs have long been considered a major culprit driving costs. This year they account for 14% of the total increase in health care spending, well below its contribution in previous years. The main factor in this slow down is a slowdown in utilization.

•Administration: Kaiser Family Foundation reports that administrative costs per enrollee nearly doubled during the six-year period 1998-2003, rising from \$216 per enrollee to \$421 per enrollee , a 95% increase.

•Another study published in the New England Journal of Medicine in 2003 reported on the difference in the administrative costs in Canada and the US. They found administrative costs in the US accounted for 31% of total health care spending compared to 17% in Canada. The average overhead for US private insurers was 11.7% compared to 3.6% for US Medicare and 1.3% for Canadian provincial insurance plans.

Employer Approaches to Skyrocketing Health Costs

- High Deductible Health Plans
- Consumer Driven Health Plans
- “Buy up” plans
- Increased out of pocket costs

Bargaining Health Care in the Current Environment

- No single strategy works for every negotiations; assess each employer
- Analyze health plan for true cost drivers
- Assess health care agreement in relation to total economic package
- Assure access, affordability and fairness for workers at different wage levels
- Assure access and affordability for those with chronic conditions

Health Care Crisis Cannot Be Solved at the Bargaining Table

- The problem of rising health costs cannot be solved by any one employer, or single union
- Employers and unions have mutual interest in crafting solutions

The fact is, the health care crisis cannot be solved by any one union or any one company. The problem is complex – it is about how much health care costs, about who has coverage and who should have coverage, it is about what is enough coverage

Health Care For All is Good for Business and for Workers

- Employers have a lightened expense burden as a result of redistribution of financing.
- The competitive field is leveled as all employers pay toward health care.
- Employers can invest in plant, equipment, jobs.
- Unions can negotiate better wages, other benefits.

CWA's Vision for the U.S. Health Care System

- Every one has health coverage.
- All medically necessary care is provided.
- Coverage is affordable.
- The system is financed fairly .
- We all receive quality care, based on best practices and under safe staffing standards.

Over the years, CWA Convention delegates have adopted a series of resolutions that frame our vision of what the U.S. health care system should be like. The resolutions incorporate five principles for health care reform.

We believe that every one should be covered by a health plan regardless of their health or income, regardless of whether they are working or not, whether they are laid off or on strike.

We believe that everyone should be able to get the care they need. That means benefits should be comprehensive, including preventive care and diagnostic services as well as hospitalization, surgery and catastrophic care. In short, all medically necessary care should be provided.

We believe health care must be affordable. In other words, no one should be denied needed care because they cannot afford it. Premiums, deductibles and copayments cannot be so high that people cannot pay for the care they need. It also means that systems must be in place to assure that waste and inefficiencies are eliminated.

We believe the health care system must be financed fairly. That means that everyone, including employers, must pay according to their means. Currently, some employers don't provide health coverage at all, and those workers are either covered by other plans, such as their spouse's or parents' plan, or by other members of the community when they use the emergency room.

CWA's Health Care For All Campaign Goals

- Enact comprehensive health care reform to control costs and to guarantee all Americans coverage.
- Secure health care for early retirees and provide retiree cost relief.
- Build a CWA activist infrastructure capable of mobilizing a significant number of members for political, legislative and union activities.

Campaign Structure

- National Coordination
 - Executive Board Health Care Committee
- CWA District Coordinators
- State Coordinators
- CD (Congressional District) Coordinators

CD Coordinators

- 120 State & CD Coordinators in 118 CDs and 39 states
- Part time, up to 2–3 days per week
- Build and mobilize Stewards Army to move our health care agenda Organize accountability meetings, recruit for events, worksite education & mobilization, etc.
- Build relationship with Member of Congress

Strategy – Education and Mobilization

- Educate CWA members, families and others about the health care crisis, potential solutions, and mobilize them to vote on that basis
- Prepare our members for arguments made by insurance companies, drug companies, provider groups and ideological opponents

Elements of Member Education and Mobilization

- Workshops
- Workplace 1-on-1
- Website resources
- E-activism
- Accountability sessions with Members of Congress
- Contract and other employer mobilizations
- 2008 Electoral activism

Strategy – Political and Legislative Activism

- Elect a President and stronger majorities in the Senate and House who will ***champion*** comprehensive reform
- Train and deploy coordinators to strategic congressional districts to organize and mobilize CWA's Stewards Army
- With other unions and allies, develop principles and criteria for health care reform that benefits union workers and retirees and controls costs

Current Legislative Options

- Kennedy – Dingell (S 1218 and HR 2034) bill would enhance Medicare and offer buy-in to Federal Employee benefits
- Conyers bill (HR 676) would establish national health insurance plan and eliminate for-profit insurance and providers
- Stark Americare bill (HR 1841) require employers to offer coverage or pay into enhanced Medicare for their employees

Key Elements of Top Presidential Candidate Proposals

- New plan modeled on Medicare
- Offer a choice of private insurance plans (federal employees, regional exchanges, health marts)
- Employers may offer coverage or contribute to public plan on behalf of their employees
- Shared financing

Strategy – Build Coalitions and Alliances

- Working with the AFL-CIO & Jobs with Justice, build a strong national coalition of union and other advocacy organizations pushing for comprehensive reform
- Encourage and work with our employers to advocate for comprehensive reform

Finding Common Ground with Employers on Health Care Reform

Solutions must:

- Preserve quality affordable health care for workers and retirees
- Provide cost relief to employers who have sponsored worker and retiree benefits
- Control costs to keep health care affordable

Campaign Calendar -- Build Infrastructure & Member Education

- Aug. – Dec.: identify target Congressional Districts; recruit coordinators; develop initial campaign plans
- Sept. – January: member and retiree poll and focus groups; develop training for Coordinators
- Dec.- Jan.: develop initial State and Congressional District campaign plans

Campaign Calendar -- Education & Mobilization

- Feb. -- March: Coordinator training
- April - May: Membership training
 - Recruit activists to commit to legislative & political action in '08
 - Increase COPE contributions -- \$8 in '08
- Ongoing activities: Postcard campaign; worksite leafleting and recruiting.

Campaign Calendar – Political & Legislative Action

- May-June: Local union leadership meeting with Member of Congress
- June-August: Member of Congress event with goal of turning out 5% of members in CD
- August: Qwest and Verizon contracts expire, other campaign actions TBD.
- Sept-Nov: mobilization for elections
- December: Evaluate and plan Phase II of CWA Health Care Campaign