

FIVE BOROUGH INSTITUTE

404 Riverside Drive Suite 4D New York, NY 10025
718-263-2918 email@fiveborough.org www.fiveborough.org

Board of Directors*

Deborah Bell
PSC-CUNY
Susan Borenstein⁺
AFL-CIO Regional Office
Steve Brier
CUNY Graduate Center
Robert Cherry⁺
Brooklyn College
Dennis A. Derryck
New School University
Frank Goldsmith⁺
TWU Local 100
Jeff Grabelsky
Cornell School
of Labor Relations
Larry Hanley
Local 726 ATU
J. J. Johnson
Local 144 SEIU
Julie Kushner
UAW Region 9a
Mark Levinson
UNITE
Kevin P. Lynch
IAM District 15
Greg Mantsios
QC Labor Resource Ctr
Robert Master
CWA District 1
Ed Ott⁺
NYC Central Labor Council
Leonard Rodberg⁺
Queens College
Sumner M. Rosen⁺
Columbia University
Elliott D. Sclar⁺
Columbia University
Walter Stafford
New York University

* Executive Committee

June, 2003

SURVEY FINDS UNION FUNDS UNDER SEVERE STRESS FROM RISING HEALTH CARE COSTS

“Health care has become the most difficult part of any negotiation.”
“The cost of health care is the biggest issue in negotiations by 100%.”
“We’ve begun dipping into our reserves – we are never able to keep up with the increasing cost of health care.”

These are typical findings from a survey-in-progress of the current state of union health benefits. The survey is being conducted by the Five Borough Institute in collaboration with the New York City Central Labor Council.

The union responses stress the soaring costs of health care and the difficulty of maintaining benefits in contract negotiations. One respondent said, “There are the same difficulties in all our negotiations, increased cost contributions from employers, reductions of benefits, and increased contributions by employees.” One union’s benefit fund went bankrupt “because the premiums are going up faster than the money from the employers.” Another union plan’s losses have been nearly \$500,000 each year for the last three years.

Many respondents cited more specific difficulties as well, especially prescription drug coverage and insurance coverage for retirees. Two reported that “retirees have been the biggest issue with health care coverage,” while another says that “many active employees otherwise eligible for early retirement will not be able to retire prior to Medicare eligibility.” Another noted that “to fund current benefits and add prescription coverage for pre-Medicare retirees is the #1 member demand and enormously expensive.”

Board of Advisors*

Rabbi Gary Breton-Granatour
Stephen Wise Free Synagogue
David Dinkins
Columbia University
Rev. David Dyson
Lafayette Avenue Presbyterian Church
G. Eugene Eisner
Eisner & Hubbard PC
Joshua Freeman
Queens College

Kenneth T. Jackson
Columbia University
Rhoda H. Karpatkin
Consumers Union
Alice Kessler-Harris
Columbia University
Rev. Peter Laarman
Judson Memorial Church
+Joanne E. Lukomnik
Columbia U School of Public Health
Edward J. Malloy
NYS & NYC Bldg & Constr. Trades Councils
Manning Marable
Columbia University

Brian McLaughlin
New York City Central Labor Council
Marc Miringoff
Inst. for Innovation in Soc. Policy, Fordham U.
William Moriarity
Local 802, American Federation of Musicians
+Joseph S. Murphy
CUNY
Frances Fox Piven
CUNY Graduate Center
Clara Rodriguez
Fordham University

Saskia Sassen
Columbia University
William Serrin
New York University
Jack Sheinkman
ACTWU
Ruth Sidel
Hunter College
Marcia Bayne Smith
Queens College
Nick Unger

*Institutions for identification only
+Deceased



Negotiating Pressures

Twenty-five of the City's major unions are included in the survey. Faced with an average cost increase last year of 13%, their benefit plans adopted a variety of strategies. Most drew on increased employer contributions and drew down plan reserves, while some changed coverage or access rules, and several increased member deductibles and/or co-payments. In its last negotiation, one union said that work-week minimums rose and employer contributions nearly doubled. Several others reported that rising costs to employees were major concerns. The pressure continues: Most unions predicted sharp rises in health care costs for the next year, with an average prediction of 13%.

Most respondents reported that health benefits were a major issue in the last contract, and all but two said that health care benefits would be a big issue in current or project negotiations. Fourteen said these contract pressures were initiated by management. The most common contract issues included deductibles and/or co-pays, and contributions by employers; other issues were "network" access rules, the scope of covered services, and the use of limited prescription formularies.

Coverage for retirees is a major issue as well, with most unions expecting cost or coverage pressures regarding retiree benefits. The pressures cited included prescription drug costs, overall cost of retiree benefits, coverage of retirees before age 65, and long term care costs.

Who—and what—is Covered, and Who Pays?

All responding unions cover their members and full-time members' families. Half of them cover part-time members as well, with most of these including part-time members' families. More than half cover retirees, and almost all of those cover retirees' spouses or families.

Most unions provide hospitalization, general medical care, prescription drug, dental, and optical coverage. Most do not, however, provide long term care or disability coverage.

More than half of the responding unions had no member contribution to insurance premium costs for either members or member families. To fund retiree benefits, about half used employer contributions on behalf of each eligible retiree, and about half used employer contribution on behalf of active employees.

Plans for the Future

Almost every responding union expressed concern about soaring health care costs and the pressures on negotiations and union health plans. Several offered solutions as well. One union noted the "overriding importance to the labor movement of national health care." It called for a "Labor Health Alliance" solution, which it said "would clearly save money, but requires New York's major unions to take a leap of faith and commit to such a plan." Another union suggested a law in New York State requiring minimum medical coverage, much like Workers Compensation. A third asked, "What are we doing about a national single payer—Canadian-style system. It works better than ours – costs are lower, life expectancy is higher. Let's start with regulating drug costs."