

Portland-area UFCW members dropped from Kaiser

By **DON McINTOSH**
Associate Editor

Nearly 2,000 Portland-area grocery, meat, and retail workers and their families — 5,700 people in all — were dropped from the Kaiser Permanente health system Jan. 1. Their union, United Food and Commercial Workers (UFCW) Local 555, blamed employer-side representatives on the multi-employer health trust: Management trustees on the UFCW 555 Portland Area Employers Health Trust did not support renewing Kaiser as an option after rates went up 15 percent for 2009 and 19 percent for 2010.

That left union members and their families only one choice — a traditional “indemnity” insurance plan administered by Regence Blue Cross Blue Shield, in which the trust pays 85 percent if patients use doctors and hospitals on a preferred provider list. (It pays 75 percent if they go elsewhere.) Kaiser, by contrast, is a health maintenance organization, charging the trust a flat monthly rate per person for access to a members-only health care system.

Kaiser is also the region’s most heavily unionized health care provider, and it had been an option for Portland-area grocery union members since 1960. In fact, Local 555 represents about 800 Kaiser pharmacy and imaging techs, so union grocery workers interacted with members of their own union when they picked up prescriptions or got X-rays. [Those Kaiser workers get their health care through Kaiser under a separate agreement, so their coverage won’t be interrupted.]

At the time of the cancellation, about



Negotiators for United Food and Commercial Workers Local 555 present 6,000 member signatures on petitions for affordable health care, at a Jan. 11 bargaining session at the Holiday Inn on Northeast Columbia and 82nd Avenue — the first day of a three-day bargaining session. Photo by JD Nyberg, courtesy of UFCW Local 555.

a quarter of the UFCW 555 Portland Area Employers Health Trust participants were enrolled in Kaiser.

“What we’re seeing is the national health care crisis being borne out in Portland, Oregon,” said Local 555 Secretary-Treasurer Jeff Anderson. “If we step back, it’s part of a much bigger problem in health care.”

Health care costs are rising everywhere, and how to share that burden is a key item of disagreement between Local 555 and the Portland-area multi-employer group that includes Fred Meyer, Safeway, and Albertsons. The health trust gets nearly all its funding from a per-hour employer contribution that is negotiated as part of a set of multi-employer collective bargaining agreements. The last set of agreements expired July 1, 2008, and their terms were

extended while a new set is negotiated. But that means employers aren’t obligated to increase their health care contributions, even though costs are rising. That gave the trust less room to maneuver when it was hit with Kaiser’s proposed price increases.

Kaiser is frequently the lowest-cost option offered by union health trusts, but in this case, it was more expensive, per member, than the alternative. Kaiser’s strong points — prevention and efficient management of chronic health conditions — may have made it more likely for members with chronic conditions to choose Kaiser over the trust’s indemnity plan. Compared to those on the indemnity plan, the trust participants who enrolled in Kaiser tended to be older, have larger families, and have higher utilization rates for

health care services. Cost-saving measures by the trust may also have contributed to Kaiser being the more expensive option. The trust made its indemnity plan the default for new employees in their first year, and those tend to be younger, healthier individuals.

And in August 2009, the trust moved to require members to contribute a portion of the premium if they wanted to remain in Kaiser. That may have led younger, healthier workers — who also tend to have fewer dependents and be at the lower end of the wage scale — to opt for the free indemnity coverage rather than stay in Kaiser for \$19.41 a week.

The 19 percent 2010 increase would have cost the Trust approximately an additional \$300,000 per month, according to a letter Fred Meyer sent employees. If participants were to pay the increase, that would have meant weekly contributions would rise as high as \$48.16.

For over a year, Kaiser and the trust held complex negotiations over prices and benefit levels, and disagreed over rates and what was owed. In the end they failed to reach an agreement.

Fred Meyer spokesperson Melinda Merrill told the Labor Press that Kaiser was asked to match the Regence rate for equivalent services, but did not. In a let-

ter to employees, Fred Meyer seemed to blame Kaiser for the separation, saying that the health care provider was asked to work with the trust to get benefits costs down, but refused and terminated the contract.

Kaiser spokesperson Dave Northfield, on the other hand, said it was the trust’s decision to terminate the contract, not Kaiser’s. The loss of the trust’s business won’t lead to layoffs at Kaiser, but it was not a move taken lightly, Northfield said: It was the fifth largest group in Kaiser’s Northwest Region.

Anderson said members were upset about the loss of Kaiser, but understood it was not an outcome the union wanted.

“UFCW is pro-Kaiser, very much so, and we look to the day that we’re able to go back,” Anderson said.

“These union employees have given up wages over the years as a trade off to keep their health care insurance,” said UFCW International Representative Jenny Reed. “For 19 months now, employers have been at the bargaining table trying to whittle away their employees’ health insurance and wages.”

On Jan. 11, day one of a three-day bargaining session, Local 555 presented a petition for affordable health coverage to the multi-employer bargaining team. Signed by over 6,000 members, it was meant to show that union members support their bargaining team.

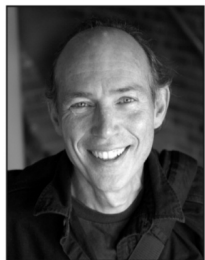
The petition was a key purpose of store-by-store visits like the Oct. 15 appearance by eight union representatives at a Hillsboro Fred Meyer. Reps entered the store and tried to talk to members about the petition, but a store manager ordered them out and called police, and three were arrested for trespass, including Local 555 President Dan Clay. The January court date was expected to be postponed to March.

A “treat us fairly” candlelight vigil is tentatively planned for Feb. 2 at 4:30 at Interstate Fred Meyer to show support for Portland-area grocery workers.

Participants will gather at the Carpenters Local 247 hall, 2215 N Lombard, and march to the Fred Meyer store.



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