

# 'HEALTH INSURANCE ATE MY PENSION'

## What some unions are doing about out-of-control health care costs

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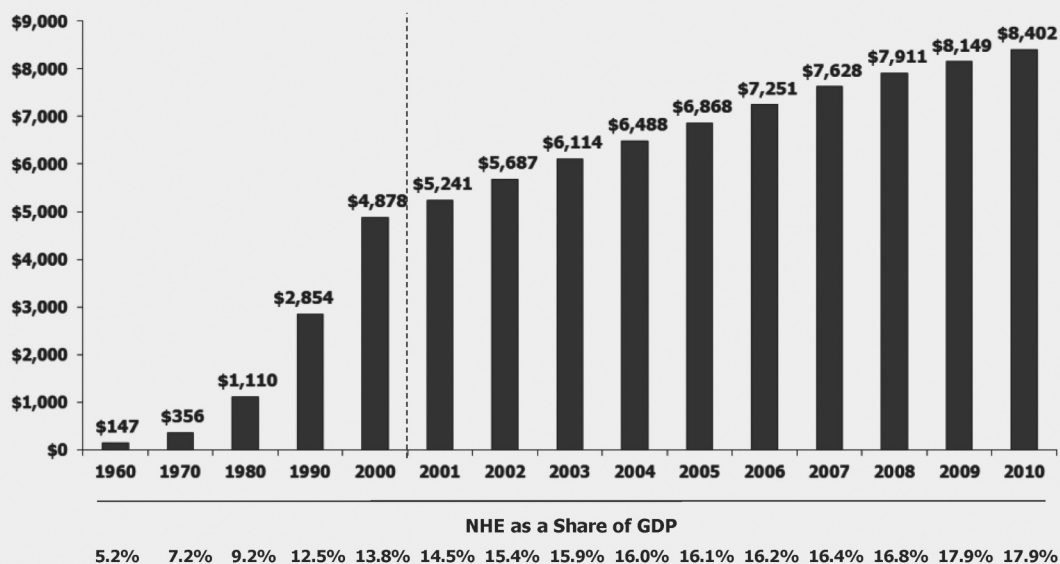
America spent 17.9 percent of its Gross Domestic Product on health care in 2010 — \$2.6 trillion. That's \$8,402 per person per year, and double what Canada spends. To combat metastasizing cost in-

After decades of rising health costs, American workers are used to rising health insurance premiums and worsening coverage, and watching as raises are gobbled up by health care cost increases. And the question of who will pay for the increases — workers or employers — is the number one source of conflict in union contract bargaining.

At Boeing, it was a factor in the last two strikes. At TriMet, new hires will have 401(k)s instead of a traditional pension because of rising health costs: In July, an arbitrator said he imposed the employer's contract proposal (which included the pension change) because the union's contract proposal would have continued the same health benefits and thus would have been too costly.

Health insurance premiums have doubled in a decade, according to a nationwide annual employer survey — from \$7,061 for employer-sponsored family coverage in 2001 to \$15,073 in 2011. And employee-only coverage now averages \$5,429 a year. Under President Obama's Affordable Health Care Act, premiums will be disclosed on every worker's W-2 form, but they're expected to continue to rise.

**Figure 1: National Health Expenditures per Capita, 1960-2010**



Notes: According to CMS, population is the U.S. Bureau of the Census resident-based population, less armed forces overseas.

Source: Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group, at <http://www.cms.hhs.gov/NationalHealthExpendData/> (see Historical; NHE summary including share of GDP, CY 1960-2010; file nhegdp10.zip).



creases, unions and employers around the country are looking at ways to improve health and/or eliminate costly administration.

In New York City, a health trust jointly run by a hotel employers association and the New York Hotel Trades Council is saving a bundle by employing doctors directly, and cutting out the insurance middleman. The trust operates four health centers and employs 200 physicians, 50 dentists, 24 pharmacists and 700 other medical support staff to serve hotel workers and their dependents — 86,000 people in all. The \$315 million annual cost is completely funded through contributions from approximately 300 participating hotel employers at a collectively bargained contribution rate of 22.5 percent of gross wages. And in the most recent master contract, the employer group committed to replacing an aging Brooklyn health center with a new 100,000 square foot state-of-the-art health center, which Dr. Robert H. Greenspan, the health network CEO, estimates will cost around \$60 million. That may sound like a lot of money, but the cost to the trust for health care works out to be \$358.79 a month for a single member and \$986.52 for a family. And that's about a third the cost of an equivalent HMO, Greenspan said in an e-mail.

The strategy of cutting out insurance middlemen may be spreading: Service Employees International Union (SEIU), which long had a clinic for its janitor members in Chicago, recently opened one for janitors in Houston. And a group called the Freelancers Union is opening a clinic in Brooklyn, New York, this winter for its members.

A more common approach is to try to encourage employees to become healthier — quitting smoking or losing weight. Pepsi charges employees \$50 a month if they smoke or have obesity-related medical problems — if they refuse to attend smoking cessation or weight loss classes — though Teamsters in upstate New York are fighting aspects of

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