

# Chained CPI still threatens future Social Security COLAs

By SCOTT BLAU

Unfortunately, the idea that the ‘chained CPI’ will reduce the nation’s deficit has not gone away. The chained CPI is a proposed tactic to decrease the value of cost of living allowances (COLAs) that are added to Social Security checks and also to benefits for disabled veterans and their survivors. It has been sold as “only a small ‘technical adjustment’ to the cost of living allowance that doesn’t really amount to anything.”

That is easy for a political pitchman to say. But COLAs, by their nature, keep reflecting and magnifying what has happened to them in the past. Once the formula for a COLA reduces its value, the original reduction is repeated and increased as the years go by. In plain terms, the chained CPI is a benefit cut. And it is one that keeps on cutting.

Those who scoff that this adjustment is small have not tried to live on the budget of an average Social Security recipient. That average benefit is currently around \$12,000 per year. So every dollar that comes through a COLA increase makes a difference in the life of a senior.



Of course, the irony of this fight over the CPI is that Social Security does not contribute to the nation’s deficit. A cut to Social Security would not decrease the deficit at all. The So-

cial Security Trust fund was set up to be separate from our nation’s regular budget. There has been a concentrated political effort to merge the two in the public’s mind. It is part of a long-term

plan to weaken support for Social Security.

There are two Oregon congressional representatives who are supporting the chained CPI: Republican Rep.

Greg Walden and Democratic Rep. Kurt Schrader. Walden is in lock-step with the House leadership on this issue. No big surprise there. And Schrader is still attempting to bridge the political divide in Washington, D.C., by putting the chained CPI out there in order to make a deal.

The Oregon Alliance for Retired Americans would like to demonstrate our opposition to the chained CPI in coordination with a planned action by the national

On Tuesday, July 2, the Alliance for Retired Americans is mobilizing people in 40 cities across the country to form “Human Chains Against the Chained CPI.”

In Portland, the Oregon ARA will rally at Terry Schunk Plaza across from City Hall starting at 11:30 a.m.

The national day of action will showcase the broad base of Americans who support protecting and enhancing retirement security, not dismantling Social Security inch by inch, ARA said.

*(Editor’s Note: Scott Blau is president of the Oregon Alliance for Retired Americans. This article appeared in the Alliance’s June newsletter.)*

## ... Labor braces for impact of Obamacare

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panies selling individual coverage on the exchanges. In the exchanges, insurance companies have to take all comers, and are barred from denying coverage based on “pre-existing conditions.” To compensate them for any losses that might cause, the government is creating a “reinsurance” pool, funded by \$20 billion in taxes that will be levied on all group health plans over a three-year period. The tax will be \$63 per covered individual for the first year, and four-fifths of that amount will go to pay for the reinsurance program.

Lastly, large businesses (more than 50 employees) that don’t provide insurance will face a tax penalty of a little under \$2,000 a year per full-time worker. But they face no penalty for not providing insurance to part-time workers. That gives large employers a powerful incentive to reduce hours to less than 30 a week — particularly if their employees are low-wage, and thus would qualify for subsidized coverage on the exchange.

But again, that won’t be the case with large unionized employers — if they’re locked into multi-year collective bargaining agreements under which they provide health benefits to part-time workers.

United Food and Commercial Workers spokesperson Tim Schlittner said those union employers are going to feel increased competitive pressure to drop coverage for part-timers. If that happens, those workers will be able to get coverage on the exchanges, but benefits won’t be nearly as good.

“Now, that will obviously be subject

to the negotiations at the bargaining table,” Schlittner said, “and we’re going to work to ensure we get the best health care possible for our members. But we want a level playing field, and we want to get rid of this incentive that’s driving companies to drop coverage.”

For some union employers, there’s more to come. Starting in 2018, the government will levy a 40 percent excise tax on so-called “Cadillac” health plans: Any employer or health insurer that offers a plan that costs more than \$10,200 a year for an individual or \$27,500 for a family would pay the tax on any amount exceeding that threshold. The expectation is not that the tax would actually be collected. Rather, any employer faced with throwing away 40 cents on the dollar would take whatever measures needed to lower premiums. They would do that by lowering benefits.

With labor locked out of Obamacare’s benefits, and forced to pay its costs, some labor leaders are getting vocal.

On April 24, Roofers Union President Kinsey Robinson called for repeal, or complete reform, of the law. Concerns expressed by his union about certain provisions of the ACA have been totally ignored, Robinson said in a press statement: “These provisions jeopardize our multi-employer health plans, have the potential to cause a loss of work for our members, create an unfair bidding advantage for those contractors who do not provide health coverage to their workers, and in the worst case, may cause our members and their families to lose the benefits they currently enjoy as participants in multi-

employer health plans.”

Premiums for family coverage provided by union health trusts averages about \$16,000 a year, said Randy DeFrehn, executive director of the National Coordinating Committee for Multiemployer Plans (NCCMP) — a trade association for the union trusts. That works out to over \$7 an hour for a full-time employee, DeFrehn said, and it’s a labor cost that has to be covered when an employer contributing to these plans is head to head in a competitive bidding situation.

President Obama’s promise to labor — if you like the health plan you’ve got now, you can keep it — “is simply not true for millions of workers,” said UFCW President Joseph Hansen, who’s also chair of the Change to Win labor federation, in a May 20 op-ed in The Hill newspaper.

“All we want is equality — where our plans are treated the same as for-profit insurers,” Hansen wrote. “We’d be open to a legislative fix, but ultimately this is the administration’s responsibility. They are leading the regulatory process. It’s their signature law.”

As many as 20 million people — union workers, retirees and dependents — get health insurance through union-affiliated multi-employer trusts, says NCCMP’s DeFrehn. For two years, DeFrehn’s group pushed the Obama administration to interpret the law in such a way that the union health trusts could be deemed “qualified health plans” in the exchange — so that participating small employers could receive the tax credit. But DeFrehn told the Labor Press his group has given up on that approach, having gotten

nowhere.

Instead, NCCMP is now readying a proposal to let union health plans redefine eligibility — dropping lower-income individuals from coverage — so that they would be eligible for the sub-

sidized coverage on the exchange. Employers could still contribute to pay for the employee share of the premium purchased on the exchange, just not through the trust. DeFrehn said that proposal is still under consideration, but time is running out.

The exchanges open in just over 100 days.

## Local Motion

### May 2013

A list of Oregon and Southwest Washington workplaces deciding whether to be union-represented — as reported by the National Labor Relations Board and the Oregon Employment Relations Board.

### Voting in union elections

Date	Workplace (Location) Union	Yes	No	
5/22	St. Andrew Legal Clinic (Portland) UAW Local 2320	9	4	👍
5/30	KB00 Foundation (Portland) CWA Local 790	8	0	👍

### Requesting a union election

Workplace (Location) Union	Number of workers in unit
City of Coquille Police Dept. (Coquille) Fraternal Order of Police vs. Teamsters Local 206	6
Medix Ambulance Service paramedics and EMTs (Warrenton) United Steelworkers	36
Oregon Child Development Coalition (Wilsonville) Laborers Local 320 <b>DECERT</b>	147

#### LEGEND

👍 : workers will be union-represented    🚫 : workers will be on their own

**DECERT** : A decertification election occurs when some union-represented workers declare that the union no longer has majority support. A ‘yes’ vote is a vote for the union.