

The Proposed Contract and Health Care Concessions: Giving Away Gains Made By Others

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I am still trying to understand the proposed contract that is full of substantial concessions. In terms of health care benefits, here is the information and thoughts I have gathered so far.

According to older union members, prior to the Strike of 1970, the USPS paid approximately 50% of each employee's health care plan premiums. Following the strike and by 1993, the USPS paid more than 90% of each employee's health care premium. Just prior to the 2006 contract, the USPS was paying approximately 85% of the employee's premiums. The 2006 contract gave up 1% each year so that as of January of 2011, the USPS is paying only 81% of the total cost.

At the recent 2010 APWU National Convention held in Detroit, Michigan, a resolution from the Iowa Postal Workers Union (Page 121 of Convention Book), expressing a common feeling of members everywhere, stated,

“WHEREAS, APWU eligible members had their health insurance premiums increased by 4% last contract, therefore be it
Resolved, that postal health insurance premiums remain at the same percentage for the next contract as it is when the current contract expires.”

The resolution was adopted overwhelmingly.

It was therefore rather disappointing to see the proposed contract language agreed to by the APWU apparently ignore the adopted resolution and further shift the cost of health care away from the Postal Service and onto the backs of employees.

If the proposed contract is ratified, the portion of the health care costs paid by employees will go up by 4%. This increase is not related to the overall increase in healthcare costs, which is expected to go up by 5% each year. This change is a shift in the percentages paid by each party for the overall cost of the plan. The Postal Service will pay 4% less of the entire plan and workers will pay 4% more. Money in the pockets of workers essentially gets transferred into the pockets of the Postal Service. By 2016, the Postal Service will only be paying 76% of the healthcare costs.

Although it was touted by the APWU News Bulletin that there was no health care increase in 2012, the increase is two percentage points in 2013. For the years, 2014, 2015, and 2016, there is a 1% increase each year.

According to the APWU PowerPoint presentation, it is estimated based on, “2010 premiums and distribution of plans” that each 1% increase for the employee per year, amounts to an additional average cost of approximately \$150 for those in the family plans and approximately \$67 for those with self only plans.

Based on everything I have so far, here is a homemade chart showing the impact of the proposed contract on health care costs for a worker with the family plan without the 5% increase likely each year.

Year	% USPS Pays	% Worker Pays	Annual Increase To Worker (Family Plan)	Cumulative Cost to Worker (Family Plan)
2011	81	19	Current contract	
2012	81	19	0 new contract begins	0
2013	79	21	\$300 (150 + 150)	\$300
2014	78	22	\$450 (300 + 150)	\$750
2015	77	23	\$600 (450 + 150)	\$1350
2016	76	24	\$750 (600 + 150)	\$2100

By 2016, postal workers with the family plan will be paying an average of \$750 more per year than if the health care percentage paid by the Postal Service stayed the same. The total cost of the additional health care costs for an employee on the Family Plan from now to 2016 will be approximately \$2,100. Both the annual and cumulative estimates do not include the projected increases of 5% each year. (This is my estimate using information from the APWU PowerPoint presentation, so please correct me if this is inaccurate or unclear in any way.) My estimate is close to or the same as what the National APWU is saying, as APWU Headquarters icon Phil Tabitta stated, that the cumulative cost would be approximately \$1,821 going to the end of the contract in May of 2015.

For a Level 6 Clerk Craft employee, the annual increase in the health care premiums for those on the family plan, approximately \$750 per year in 2016, will take away approximately half the annual wage increase of \$1,420 in pay.

Despite the significant concession regarding healthcare benefits, the APWU News Bulletin dated March 14, 2011 announcing the proposed contract, boldly states,

“There will be no changes to the healthcare benefits of APWU members in 2012. Each year from 2013 through 2016 there will be a slight shift in employee’s share of contributions toward healthcare coverage. This will amount to an increase of several dollars per pay period each year. (Similar changes were made in the last contract.)”

Given the widespread dissatisfaction with the last contract’s healthcare changes, the recent convention resolution opposing any further concessions, and the significant

increase in health care premiums, the APWU bulletin is problematic. The bulletin is misleading to such a degree that the logical assumption is that the writers are potentially misleading the membership on other aspects of the contract as well.

The handling by the negotiators of this one issue raises many questions, the most obvious being how does the union prevent national representatives from making concessions on an issue that the union specifically gave instructions not to concede on? While it may be that union representatives must make concessions at some point, it should not be on issues that the membership feels so strongly about. Moreover, union representatives should consult back with the body before making such concessions, and before announcing as if it were final.

The health care changes in the last contract were significant. In addition to the 1% increase each year, many of us saw a substantial increase in other bills or “charges” for health care. If we agree again in the proposed contract, for an additional 4% shift in health care costs to workers, and with rising health care costs, this will again be a significant concession.

I see no reason to voluntarily give concessions on health care premiums or on any other issue at this time. The gains for health care coverage were very difficult to win. We have no right to give away these important health care gains so casually. We owe these hard won benefits to courageous APWU members of the past.

If the membership is serious about wanting to preserve current benefits, then they should vote no on this proposed contract and start supporting their union to build the power required to defend our common interests as workers and protect the young and future members of the APWU. Our union can do better than this proposed contract, but we have to be willing to continue the struggle and be active and supportive union members. Vote this contract down and build our union up. We have the power. We just have to use it. En La Union Esta La Fuerza.