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Labor/Management Viewpoints: Health-care crisis requires undivided attention

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For years, Wisconsin Laborers have worked with signatory employers and representatives to provide some of the best health-care coverage in the construction industry at the lowest possible cost.

As partners in an extremely competitive industry, we know the value health-care coverage adds to our ability to retain a quality work force. For that reason, we made sure to extend coverage to nonbargaining personnel in an effort to attract and retain key management, administrative and support staff.

We have been proud of what we have accomplished through our fund. We have been especially proud of the fact that we accomplished our success despite the relentless pressures of rising costs within the health-care industry.

Through much of the 1990s, the Wisconsin Laborers Health Fund managed to avoid the health-care crisis that was affecting a growing share of American working families and responsible businesses. From 1994 to 2000, annual contribution increases demanded by the fund averaged a respectable 2.5 percent.

However, that suddenly changed in 2001 as hourly contribution rates in some agreements climbed by more than 9 percent. That increase was subsequently followed in 2002 by a 19 percent jump. Last year, contributions spiked again, this time by a much more significant 29 percent increase.

Another annual increase

Despite continuing efforts by labor and management trustees and fund consultants to control costs and maintain benefit levels, hourly contributions under many agreements will again have to increase this year by 24.5 percent just to meet projected claim costs. That means this June 1st Laborers Health Fund hourly contribution rates under most agreements will be \$5.45 – an outrageous 89 percent jump over what it was in 2001.

In three short years, rising health care costs have resulted in a \$2.55 an hour increase in fund contributions for members. To give you a better idea of the magnitude of that change, in 1999 the entire hourly contribution for health under the Madison building agreement was \$2.55.

Nearly every building trade in the state is experiencing this same crisis. A recent survey of Wisconsin building trades found hourly health-fund contribution increases over the past three years ranging from 42 percent to 82 percent, with many trades allocating 100 percent of their increases to their health fund in at least one of those contract years. And, that does not include increases that went into effect this year.

More serious projections based on these survey results indicate health contributions eventually overtaking wage rates in future agreements if nothing is done to control health-care costs.

Joining forces

Fed up with double-digit increases in health-care costs, building trades across the state have joined in an effort to reform the health-care system in Wisconsin. The "let's get real about health-care reform" initiative is designed to educate members about the current system, about how that system impacts our funds and ultimately about reform efforts that increase our ability to provide coverage without compromising our ability to compete in the industry. Building trades members will be receiving information of importance on this matter shortly.

Contractors, too, must engage in this effort. Our collective ability to provide family supporting health-care coverage has been a key ingredient in our ongoing efforts to attract and retain skilled workers.

We know from experience that the longer workers remains in the industry, the more productive they become. That was the key factor in our decision a few years ago to pre-fund retiree health benefits.

Today, that creative incentive for workers to extend their careers as laborers to increase productivity and our contractors' ability to compete in the market are now being threatened by the skyrocketing costs of health care.

But beyond potential benefit reductions, this unrelenting trend of a growing share of annual increases going increasingly to cover health-fund contributions has a detrimental and lasting effect on worker morale – another critical factor in increasing worker productivity.

Clearly, the health-care crisis is not simply a worker or union issue. As partners in the construction industry, the Laborers are committed to working with our signatory employers to identify and strive to achieve health-care reform that satisfies essential principles and that best positions us to compete in the industry.

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