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A Hatchet Job So Bad It's Good

In the past, the insurance industry's power has been a major barrier to health-care reform. Most notably, the industry paid for the infamous "Harry and Louise" ads that helped kill the Clinton plan. But times have changed.

America's Health Insurance Plans, or AHIP, released a report attacking the reform plan just passed by the Senate Finance Committee. Some news organizations gave the report prominent, uncritical coverage. But health-care experts quickly, and correctly, dismissed it as a hatchet job. And the end result of AHIP's blunder may be a better bill than we would otherwise have had.

For 2009, it turns out, is not 1993. Once again, Republicans have tried to kill reform with smears and scare stories. But all they seem to have killed with their cries of "socialism" and warnings about "death panels" is their own credibility. Some form of health-care reform is highly likely to pass. So it's a different game than it was 16 years ago. And it's a game that the insurance industry apparently doesn't know how to play.

The motivation for the AHIP report seems to have been the decision by the Finance Committee to weaken the penalties for individuals who don't sign up for insurance, even as it retains regulations requiring that insurers offer the same policies to everyone, regardless of medical history. The industry worries that some people will game the system, remaining uninsured as long as they're healthy, then signing up when they get sick. This is, believe it or not, a valid concern. Many health-care economists believe that a strong individual mandate, requiring that almost everyone sign up, will be needed to make health reform work. And the Finance Committee probably did weaken the mandate too much.

But AHIP, apparently unable to help itself, didn't stop there. Instead, the report threw every anti-reform argument the authors could think of at the wall, hoping that something would stick. One argument was particularly striking: the claim that attempts to limit Medicare spending would lead to higher insurance premiums. In fact, the report assumes that 100 percent of any reduction in Medicare payments to hospitals will translate into higher costs for patients with private insurance.

The only way to justify this claim is to assume that all hospitals are purely charitable institutions, charging as little as they possibly can. Now, some hospitals may fit this description. But all of them?

What's more, this argument stands the usual logic of markets on its head: if you believe AHIP's story, competition raises prices instead of reducing them. And it doesn't matter where the competition comes from: anyone who gets a better deal, whether it's Medicare or a private insurer, makes life worse for everyone else. I don't believe that, and neither should you. Of course, the report doesn't mention these implications. The only bad competition it talks about is competition from the government. Specifically, it claims that a public insurance option would be a bad thing — not because it would be inefficient, but because the public plan would negotiate better prices. Isn't that an argument for, not against, such a plan?

Which brings us to the ways in which AHIP may have done health reform a favor.

As I said, the individual mandate probably should be stronger than it is in the Finance Committee's bill. But there's a reason the mandate was weakened: fear that too many people would balk at the cost of insurance, even with the subsidies provided to lower-income individuals and families. So why not address that cost?

Aside from making the subsidies larger, which they should be, there are at least two changes to the legislation that would help limit costs. First, health exchanges — special, regulated markets in which individuals and small businesses can buy insurance — can be made stronger, in effect giving small buyers a better bargaining position. Second, the public option — missing from the Finance Committee's bill — can be brought back in, giving private insurers some real competition.

The insurance industry won't like these changes, but that matters less than it did a week ago. There's also another point, which House Speaker Nancy Pelosi has stressed. Part of the opposition to a strong individual mandate comes from the sense that Americans will be forced to buy policies from a greedy insurance industry. Giving people, literally, another option — the right to buy into a public plan instead — would defuse that opposition. Even with stronger exchanges and a public option, health reform would probably increase, not reduce, insurance industry profits. But the insurers wanted it all. The good news is that by overreaching, they may have ensured that they won't get it.

*Paul Krugman, emphasis added
October 18, 2009 Edition*

Union News



AFL-CIO News Service, graphic(s) added

Settlement of 20-Year-Old Anti-Union Hiring Cases Shows Need for Employee Choice: In a case that clearly illustrates the need for real labor law reform, four construction unions have reached a settlement with Fluor Daniel over the company's practice of discriminating against union organizers who apply for work. It took nearly 20 years for the cases to be resolved and some of the original workers in the cases have died. Fluor, one of the nation's largest engineering and construction companies, will pay \$12 million in back pay and interest to 167 union members who were denied jobs. Each member will receive between \$8,000 and \$217,000. The settlement ends several cases before the National Labor Relations Board, brought by three of the unions—Boilermakers, Electrical Workers and Plumbers and Pipe Fitters. The United Brotherhood of Carpenters is also a party to the litigation. Some of the cases date back to the early 1990s.



Public Option: The Contest: Are you an artist with an activist streak and belief that our broken health care system needs to be fixed now? Put your skills to work for health care reform with Public Option Please (POP) just-launched group's visual arts contest and to promote public option as a vital part of health care reform. The contest is designed to cut through the Washington Beltway "insider" clutter and provide a vehicle for artists to make the moral case for health care reform and take part in the debate currently raging in Congress. Apple Via, director of the POP contest, says: *This is a chance for artists around the country to help express the human side of the equation. Now, instead of only hearing from the big insurance companies about protecting their profits, these artists will be making the moral case for health care as a human right. They can help shape a vision of a future where health care is available for all and nobody has to die to protect a corporate bottom line.*

Nurses Back Franken Bill to Eliminate Heavy Lifting: Direct care registered nurses are injured at a higher rate than laborers, movers and truck drivers because they reposition, move and lift patients, according to the U.S. Bureau of Labor Statistics. A proposed bill would protect the health of RNs, ensure patients get the care they need and decrease work injuries, say leaders of the United American Nurses (UAN) and the Minnesota Nurses Association (MNA). The Nurse and Health Care Worker Protection Act of 2009 (S. 1788), introduced by Sen. Al Franken (D-Minn.), requires the Occupational Safety and Health Administration (OSHA) to develop and implement a standard to eliminate, as much as possible, manual lifting of patients through the use of mechanical devices. The bill is a companion measure to H.R. 2381, introduced this session in the House by Rep. John Conyers (D-Mich.).



Chamber Pot: The day after Barack Obama was elected president, we at the AFL-CIO in Washington, D.C., draped the front of our building with a massive banner: "We're Turning Around America." In January, we added another banner supporting passage of the Employee Free Choice Act. The AFL-CIO building is just around the corner from the Chamber of Commerce. So apparently after stewing for these many months, the Chamber decided to drape itself in its own banner, imitation being the sincerest form of flattery. The banner proclaims the ludicrous—yet at an estimated \$100 million, massively funded—campaign the Chamber announced yesterday to shore up free enterprise and create jobs. Or, as Politics Daily puts it: **U.S. Chamber of Commerce Relaunches Capitalism.** Chamber President Tom Donohue, who last week was battling Apple Inc. and other corporations about their decisions to leave the Chamber over its antediluvian climate change stance, had this to say about the campaign: *The free enterprise system, which has done so much for so*

many, is facing great challenges.

ILWU Members Pitch in to Help Samoan Tsunami Survivors: After the recent tsunami in Samoa and American Samoa, members of the International Longshore and Warehouse Union (ILWU) helped provide aid in a big way. When members of the Samoan community in Southern California asked union workers if they would help send a massive shipment of tsunami relief supplies to the two islands, the workers did what union members do best: They came together to help those in need. The Sept. 29 tsunami killed more than 200 people. Thousands of Samoans are homeless and hundreds are injured. The ILWU members volunteered to donate their time to load 15 containers of supplies for the tsunami victims. Union officials, led by ILWU President Robert McEllrath, worked with industry leaders to secure donated containers and to get the shipping company to waive the \$45,000 fee that is ordinarily charged for such a load. The ship left for the islands October 14th.



Root: ‘Office Space’ Taps Universal Frustration with Workplace: At Union City, Chris Garlock of the Metropolitan Washington (D.C.) Council speaks with Stephen Root, who’s in town for Saturday’s D.C. Labor Film Fest showing of “Office Space,” the 1999 funny-because-it’s-true comedy about a demeaning workplace. With the economic crisis making workers who have jobs feel more and more at the mercy of their employers, Root says, “Office Space” is as relevant as ever, even on its 10th anniversary: *It’s the underbelly of America. Everywhere there are cubicles and people just like the characters in the movie. We’ve all been there, or know someone who has. Just like in the movie, everybody’s afraid of losing their jobs. And there are a*

lot less jobs out there now.

Kyl and Hatch Block Unemployment Aid for Tens of Thousands of America’s Jobless: Because of the actions of two Republican senators, every day this month 7,000 jobless workers have lost their unemployment insurance (UI) coverage. Each day these two Republicans continue to stand in the way of Senate passage of a UI extension, 7,000 more workers will run out of benefits. Senate Majority Leader Harry Reid (D-Nev.) has tried twice to bring the UI measure to a vote on the Senate floor. First Sen. Jon Kyl (R-Ariz.), then Sen. Orrin Hatch (R-Utah) blocked action. Christine Owens, executive director for the National Employment Law Project (NELP), says workers are “devastated” by the Republican roadblock. Unemployed workers across the country are devastated and dismayed by the failure of the U.S. Senate to extend their lifeline. Every day, 7,000 additional workers are facing the total loss of benefits, in many cases after struggling to find work for more than a year and a half.



AFSCME Members Make ‘House Calls for Health Care’: Across the country this weekend, AFSCME nurses and community leaders made house calls, getting their neighbors mobilized to pass health care reform that provides affordable coverage to everyone. These nurses and volunteers asked the people they visited to contact their senators and House members and demand health care reform that really works. Clad in green scrubs, the AFSCME members went door to

door in key states, including Arkansas, Nebraska, Maine, Ohio, North Dakota, Louisiana, Indiana and Delaware. Working America members also took part in door-to-door canvasses for health care reform. Valentina Zamora-Arreola, a registered nurse in Arkansas, said that health care workers see every day the need for a fairer system: *One of the most important things that we want to see is that healthcare reform is done right. We want to make sure that nurses have their voice out there. We deal with the people when they are sick and we want to make sure that we are looking at healthcare reform options and that we have a public health option.*

Young America Wants Health Care Reform



From town hall shouting matches to talking heads on television, senior citizens and retiring baby boomers have dominated the spotlight in the current health care debate.

All the while, the plight of perhaps the most vulnerable cohort in America—young adults from 18 to 34—has largely been neglected or glossed over. This critical oversight must be addressed. These “young invincibles,” as they are often described, are disproportionately uninsured or underinsured, yet are still highly likely to need costly medical care.

The dire state of health insurance for young adults in America is a mirror of its wider health care failings. The steady erosion of workplace rights and of employment opportunities has hit this group particularly hard. Some 31 percent of young people say their employer offers no health care option, according to a 2009 AFL-CIO study.

A government report found that 50 percent of young adults working for small firms were uninsured. Young Americans with no insurance are overwhelmingly unable to afford insurance without an employer contribution and live with the daily fear that a single medical event could send them into a spiral of debt. The 13.7 million young uninsured are not invincible—they are a significant cohort that desperately needs meaningful reform.

The grim data about young Americans’ health care woes illustrates the way in which the robustness of the health care and labor sectors are inextricably linked. More than any other single group, young invincibles suffer from unemployment (25.4 percent for 19-to-23-year-olds), underemployment and lack of benefits.

[An SEIU study](#) showed that in Pennsylvania, insurance premiums rose 6.4 percent faster than wages, with predictable results. [AFSCME has pointed out](#) that as premiums rise, unions’ bargaining power falls, and labor leaders must use all their power simply to preserve health care. The introduction of a new, equitable health insurance program for young Americans would have positive ripple effects throughout the economy.

For young adults facing the specter of unemployment or lack of insurance, the picture is bleak indeed. Health care is ruinously expensive, underlying conditions such as asthma or diabetes are grounds for disqualification and fewer employers than ever offer the option of insurance. Fortunately, real reform is achievable.

Building on the growing feeling of disenfranchisement, young adults now have a voice in the debate and can offer a prescription for how to begin addressing the insurance woes that plague this group.

Organizations such as [Young Invincibles](#) have issued a concrete and attainable series of goals for Congress to include in the health care bill. These include a cap on insurance premiums for low-income Americans, an extension of parental health benefits until age 26 and a public option that would make affordable insurance available to **all**.

Finally, any bill that passes must eliminate insurance companies' ability to deny coverage for chronic ailments or to charge outrageous deductibles for those unlucky enough to live with hypertension or heart disease or for anyone at all.

The ramifications of significant health care reform are enormous. By reducing the likelihood of a catastrophic slide into debt, reform will yield a generation of young workers who are more independent and productive and a labor landscape that remains vibrant. It is time for us to push hard for reform. The stakes have never been higher.

We hope you can [join us](#).

Ari Matusiak is co-founder of Young Invincibles, a national campaign committed to raising the voices of 18-to-34-year-olds and mobilizing young Americans to demand quality, affordable health care for all Americans.

