

# CWA and Health Care Reform



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## Our Stake in Health Care Reform

- Our health care system is in trouble
- Elected officials are talking about it
- Any significant changes will take time
- By beginning serious conversations now, we can get ready to address any proposal
- To protect CWA members, we have to be in the conversation every step of the way

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## The U.S. Health Care System Isn't Working

- 28 million without health insurance
  - 77% of uninsured are in working families
- 29% are underinsured
- Americans borrowed about \$88 billion to pay for healthcare in 2018
- 69% of Americans think health care should be the top priority for the President and Congress.

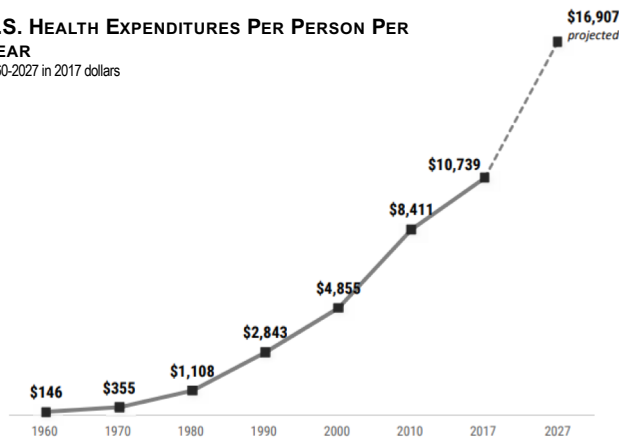


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## We Spend More and More on Health Care

**U.S. HEALTH EXPENDITURES PER PERSON PER YEAR**  
1960-2027 in 2017 dollars



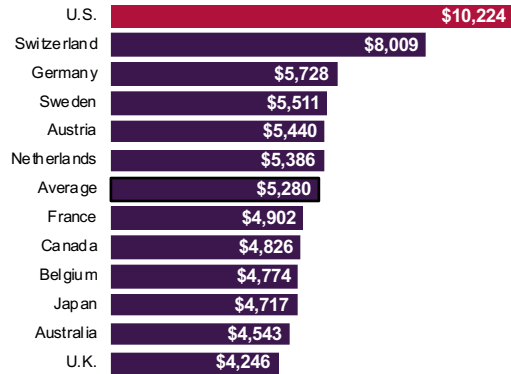
Source: National Health Expenditures Data, U.S. Centers for Medicare & Medicaid Services, [www.cms.gov/research-statistics-data-and-systems/statistics-trends-and-reports/nationalhealthexpenddata](http://www.cms.gov/research-statistics-data-and-systems/statistics-trends-and-reports/nationalhealthexpenddata)

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## We Spend More than Any Other Industrialized Country . . .

**HEALTH CARE SPENDING PER PERSON**  
2017, in U.S. dollars



Source: Bradley Sawyer and Cynthia Cox, "How does health spending in the U.S. compare to other countries?," Kaiser Family Foundation, 12/7/18, [www.healthsystemtracker.org/chart-collection/health-spending-u-s-compare-countries](http://www.healthsystemtracker.org/chart-collection/health-spending-u-s-compare-countries)

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## . . . Yet We Have Worse Outcomes

- The U.S. ranks 27th in terms of life expectancy at 78 years old (Japan is number one at 84)
- The U.S. ranks 46th in terms of maternal mortality and 45th in terms of child mortality rates.



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## ACA Made Significant Improvements

### Many successes:

- First major reform since Medicare & Medicaid in 1965
- Covered an additional 20-24 million people.
- Reduced total health care spending.
- Banned private insurance companies from denying coverage for pre-existing conditions.

### But...

- Millions still uncovered
- Continued and increasing cost-shifting from employers to workers.
- Still a complex and confusing system and limited health provider networks

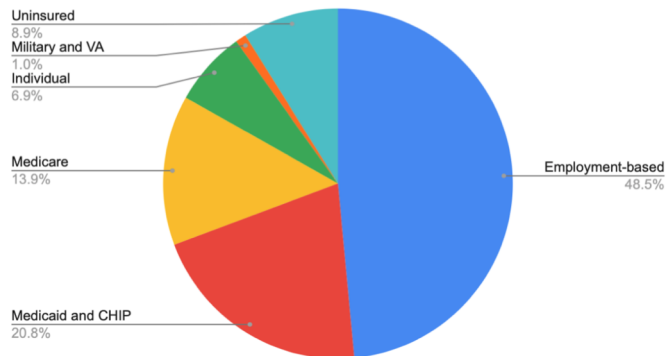


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## U.S. Health Care Insurance System Is Employer-Based

Sources of Healthcare Coverage in the U.S.



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## Healthcare Is a Major Issue at the Bargaining Table

- Healthcare insurance costs keep going up
- Employers keep trying to shift more and more of those costs onto us.
- More and more bargaining power goes to protecting our healthcare benefits.



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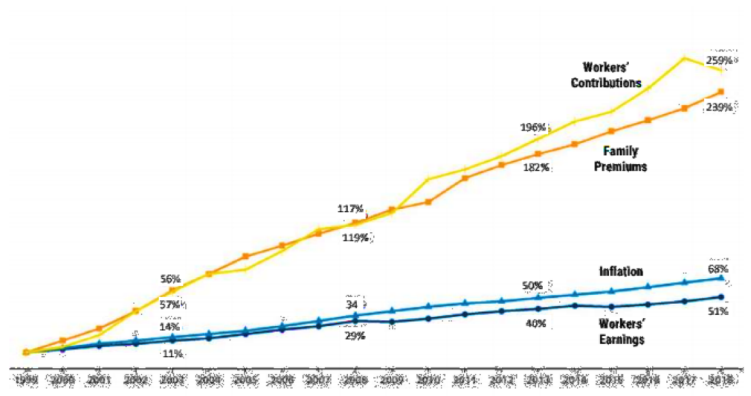
*How does health care affect collective bargaining?*

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## Workers' Costs Have Far Outpaced Wages

CUMULATIVE INCREASES IN FAMILY PREMIUMS, WORKER CONTRIBUTIONS TO FAMILY PREMIUMS, INFLATION, AND WORKERS' EARNINGS 1999-2018



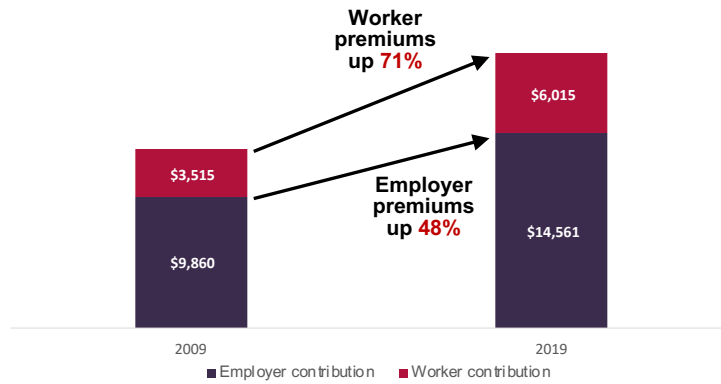
Source: Kaiser Family Foundation, Employer Health Benefits Survey 2018, [www.kff.org/slideshow/2018-employer-health-benefits-chart-pack](http://www.kff.org/slideshow/2018-employer-health-benefits-chart-pack) (slides 3 and 6)

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## Employers Shift Increasing Costs onto Workers

AVERAGE CONTRIBUTIONS TO FAMILY PREMIUM 2009-2019



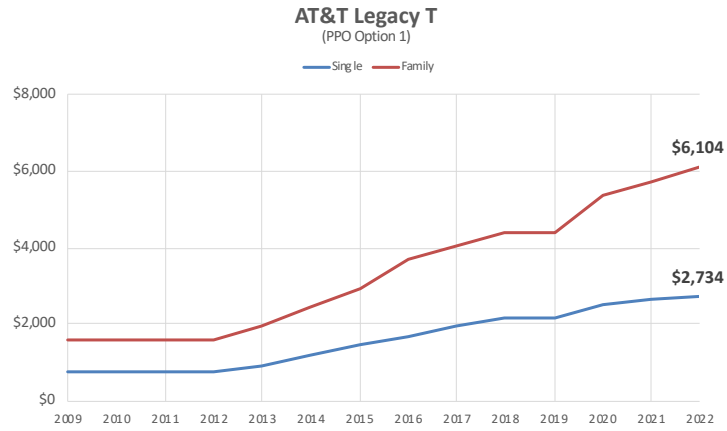
Source: Kaiser Family Foundation, [www.kff.org/interactive/premiums-and-worker-contributions-among-workers-covered-by-employer-sponsored-coverage-1999-2019](http://www.kff.org/interactive/premiums-and-worker-contributions-among-workers-covered-by-employer-sponsored-coverage-1999-2019)

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## Rising Costs for CWA Members – AT&T Legacy T

**“UPFRONT” COSTS FOR EMPLOYEES**  
Contributions to Premiums + Deductibles



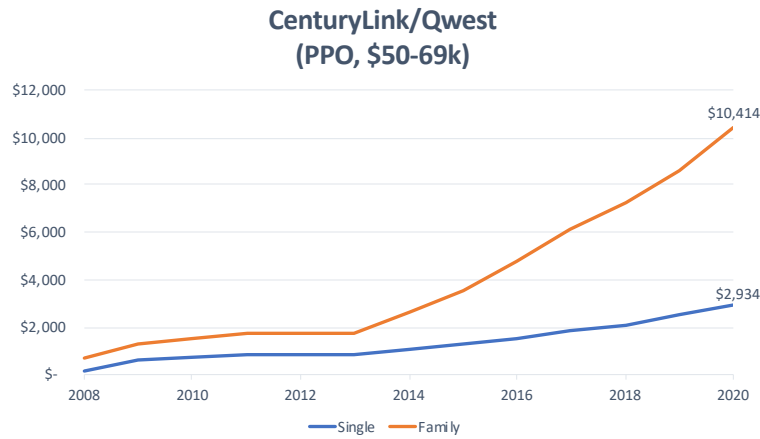
Source: CWA Research Dept.

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## Rising Costs for CWA Members – CenturyLink/Qwest

**“UPFRONT” COSTS FOR EMPLOYEES**  
Contributions to Premiums + Deductibles



Source: CWA Research Dept.

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## Limited or No Protection for Health Care for Retirees

- Retiree health care **isn't a mandatory subject**
- Some CWA employers **won't bargain** retiree health care
  - Free to make unilateral changes or cut off
- Employers who bargain now can stop with the next contract
- Some CWA employers have **no retiree health care benefits** (or are phasing them out)

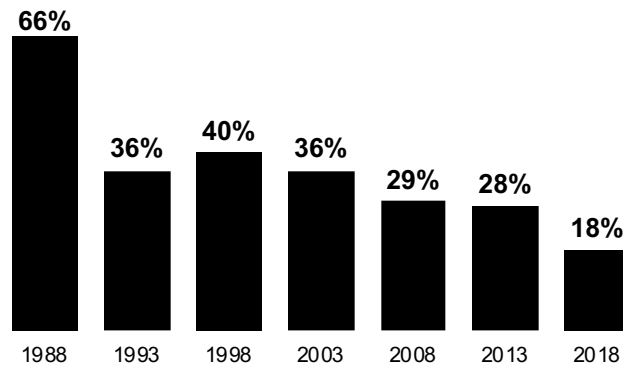


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## Retiree Benefits Rapidly Vanishing

Percentage of Firms Offering Retiree Health Benefits  
(Among Large Firms that Offer Health Benefits to Active Workers)



Large firms have 200 or more workers. Large firms are far more likely than smaller employers to offer any retiree healthcare benefits.  
Source: Kaiser Family Foundation, [www.kff.org/report-section/2018-employer-health-benefits-survey-section-11-retiree-health-benefits/attachment/figure-11-1](http://www.kff.org/report-section/2018-employer-health-benefits-survey-section-11-retiree-health-benefits/attachment/figure-11-1)

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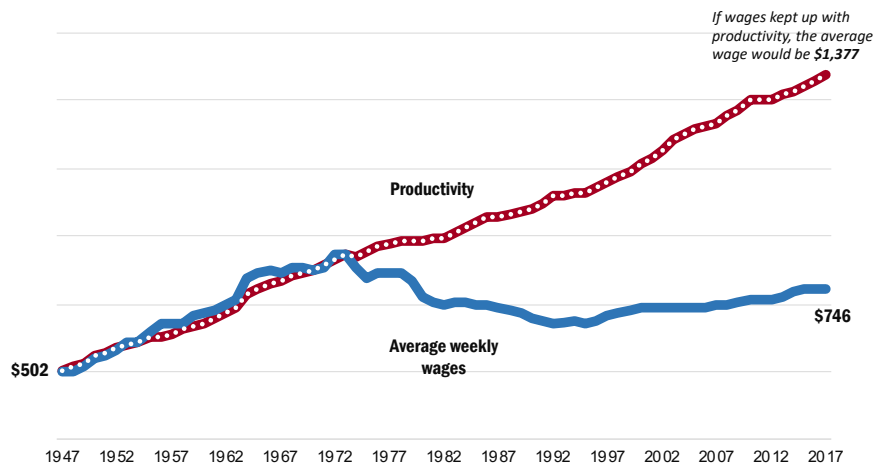


## Can the U.S. afford to do something different?

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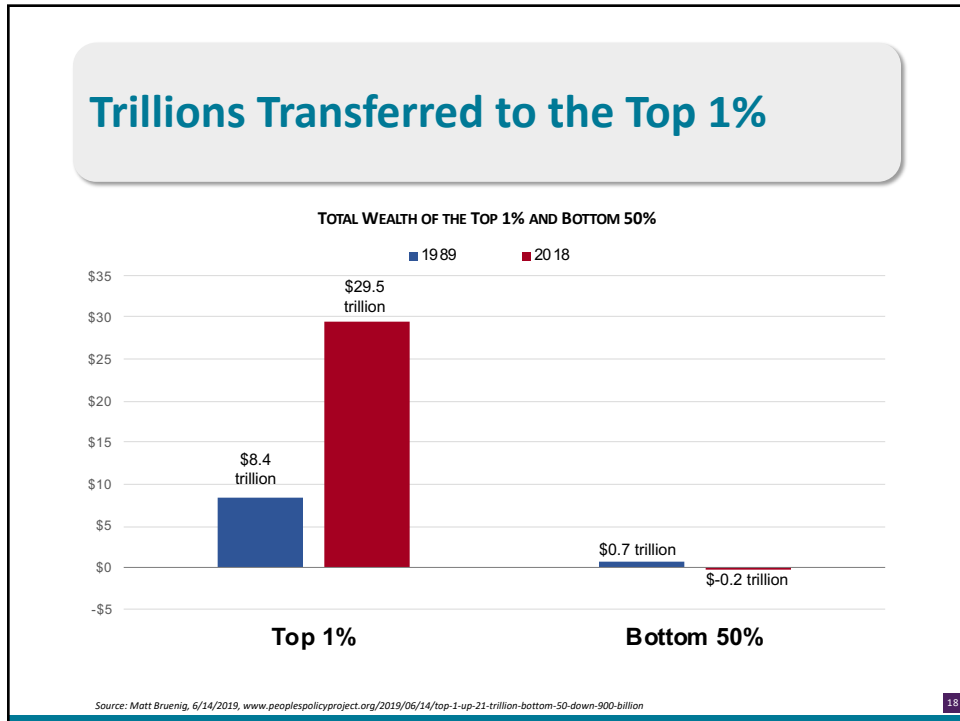
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## Wages Haven't Kept Up with Productivity



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## Possible Taxes on Corporations & the Ultra-Wealthy

	Estimated annual revenue
<b>Wealth tax</b> <i>Annual tax of 1 to 2% on net worth of more than \$50 million</i>	\$260 to \$435 billion
<b>Estate tax</b> <i>Restore the estate tax – up to 77% tax rate on estates larger than \$1 billion</i>	\$31 to \$40 billion
<b>Marginal income tax</b> <i>Restore the marginal income tax rate to 70% on incomes over \$10 million</i>	\$38 billion
<b>Long-term capital gains</b> <i>Tax long-term capital gains as ordinary income and tax stock appreciation</i>	\$150 to \$200 billion
<b>Pay gap tax</b> <i>Tax corporations with large CEO-to-worker pay gaps</i>	\$150 billion
<b>Financial transaction tax</b> <i>Tax Wall Street stock (.5%) and bond (.1%) transactions</i>	\$220 billion
<b>Corporate taxes</b> <i>Restore the corporate tax rate to 35%</i>	\$125 to \$300 billion
<b>New employer payroll tax</b> <i>Proposals range from 8.2% to 31%</i>	\$600 billion to \$1.5 trillion

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So, how would health care reform impact CWA members?



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## Labor Is Already at the Table

- Bernie’s “Workplace Democracy” proposal
  - Union employers required to enter new contract negotiations
  - Process overseen by NLRB to assure all savings passed on to workers
  - Unions can bargain for services not covered by Medicare
- Warren’s plan changes
  - Longer transition period
  - Union health plans could be grandfathered into the new system
  - Employer savings “are passed on to workers in full”
    - Employers must pay 98% of current health costs to fund M4A
    - Union employers can bargain to reduce payment if savings are given to workers

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## Improved Medicare for All

- **Covers everyone** in the U.S.
- **Replaces employer-based** and all other private insurance (after transition period)
- No premiums, deductibles, or co-pays
- **Expands benefits** of current Medicare.
- **No networks.** Covers all providers.
- Would **cost less** than current health care system

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## End to For-Profit Insurance Companies

- Takes profit motive out of health care insurance
  - For-profit insurance companies have an incentive to limit and deny care
  - Deductibles and co-pays discourage people from using health care
- Takes away complexity & cost
  - Providers deal with dozens of insurance companies, each with many plans
  - For every 10 physicians providing care, almost seven additional people are engaged in billing-related activities

Source: "The Astonishingly High Administrative Costs of U.S. Health Care," New York Times, 7/15/18, [nytimes.com/2018/07/16/upshot/costs-health-care-us.html](https://www.nytimes.com/2018/07/16/upshot/costs-health-care-us.html)

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## Financing Options

- Savings from moving to a single payer health plan
- Employers pay into Medicare instead of paying for insurance
- Various combination of taxes on wealth and highest incomes



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## Example of Potential Savings for CWA Employers and Members

For employees	For employers
<i>Medicare for All would eliminate all premiums, deductibles, and co-pays</i>	<i>Employers pay a 20% payroll tax instead of paying for insurance*</i>
Current costs for employees	Current cost for h.c. insurance
- All costs for employees	- Cost of new 20% payroll tax
<b>= Savings to employees</b>	<b>= Savings to employer</b>

**\*This is just one idea for paying for Medicare for All!**

There's a wide range of proposals, including employer payroll taxes at different levels and various wealth and high-income taxes in different combinations.

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## Legacy AT&T Would Save More than \$10 Million Just for Bargaining Unit Employees

	Legacy AT&T
Current spending - medical <i>(Actives and retirees)</i>	\$51.8 million
- Cost of 20% payroll tax	- 41.4 million
<b>= Savings to company</b>	<b>\$10.4 million</b>
<b>Savings to employees &amp; retirees</b> <i>(No premiums, deductibles, or co-pays)</i>	<b>\$16.4 million</b>

\*Savings are for medical costs for bargaining unit employees and pre-Medicare retirees only.

Source: CWA Research Dept.

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## CenturyLink/Qwest Would Save More than \$10 Million Just for Bargaining Unit Employees

	CenturyLink/Qwest
Current spending - medical <i>(Actives and retirees)</i>	\$155 million
- Cost of 20% payroll tax	- 89 million
<b>= Savings to company</b>	<b>\$66 million</b>
<b>Savings to employees &amp; retirees</b> <i>(No premiums, deductibles, or co-pays)</i>	<b>\$61.5 million</b>

\*Savings are for medical costs for bargaining unit employees and pre-Medicare retirees only.

Source: CWA Research Dept.

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## Other Financing Proposals

- Warren Proposal
  - Employers pay 98% of current health care spending
  - Amount goes down over time
- PERI Proposal\*
  - Employers pay 10% payroll tax
  - Employees pay reduced premiums but have no other costs

\*Political Economy Research Institute, University of Massachusetts Amherst,  
[www.peri.umass.edu/publication/item/1127-economic-analysis-of-medicare-for-all](http://www.peri.umass.edu/publication/item/1127-economic-analysis-of-medicare-for-all)

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## Medicare for America

- Expands Medicare to **anyone without employer insurance**
  - **Premiums and cost-sharing** for incomes over certain level\*
- **Employers choose** whether to offer health insurance or pay new payroll tax
- **Employees choose** whether to stay in employer-based plan or enroll in Medicare
- **No “networks”**
  - But not all providers accept Medicare patients

\*Premiums capped at 8% of income. No premiums or cost-sharing below:  
\$25,000 for household of 1    \$35,000 for household of 2    \$43,000 for household of three

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## Impact of Medicare for America on CWA Employers

- No immediate automatic savings
- Employers can choose to make contributions to Medicare instead of offering insurance
- Current financing proposal:
  - Roll back Republican 2017 tax cuts
  - Additional 5 percent tax on income over \$500,000
  - Increase Medicare payroll taxes
  - Increase net investment income tax rate
  - New taxes on tobacco, alcohol and sugary drinks

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## Would a Government-Run Health Plan Be Any Good?

- 80% of those over 65 think Medicare “works well”
- Medicare and Medicaid recipients rate coverage and quality highly:

	Medicare/ Medicaid	Private insurance
	% rating excellent/good	
Your healthcare coverage <i>(e.g., services covered, choice of providers)</i>	<b>79%</b>	<b>70%</b>
Quality of the healthcare you receive	<b>79%</b>	<b>85%</b>



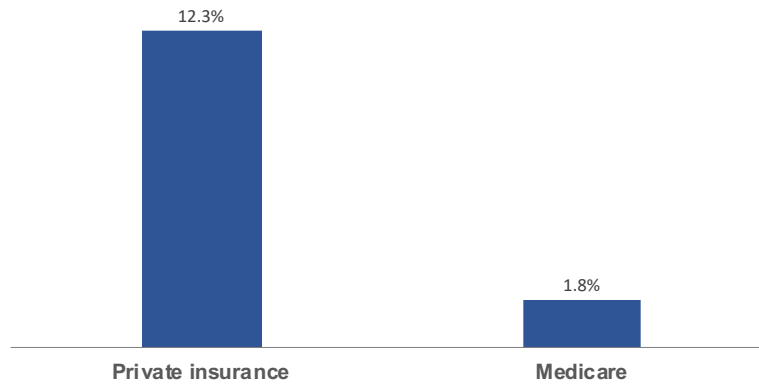
Sources: Kaiser Family Foundation; Gallup, [news.gallup.com/poll/245195/americans-rate-healthcare-quite-positively.aspx](https://news.gallup.com/poll/245195/americans-rate-healthcare-quite-positively.aspx)

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## Medicare Is Far More Efficient Than Private Insurance

OVERHEAD COSTS AS % OF TOTAL HEALTH EXPENDITURES, 2000-2015



Source: Center for Economic & Policy Research, [cepr.net/blogs/cepr-blog/overhead-costs-for-private-health-insurance-keep-rising-even-as-costs-fall-for-other-types-of-insurance](https://cepr.net/blogs/cepr-blog/overhead-costs-for-private-health-insurance-keep-rising-even-as-costs-fall-for-other-types-of-insurance), citing Centers for Medicare and Medicaid Services; Medicare Trustees Reports, 2011-16

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# What does the American public think?



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## Polls Show Support for Major Reform

Government should do more to provide insurance **85%**

Very important to have a plan that covers everyone **89%**

Source: Kaiser Family Foundation, 11/26/2019, [www.kff.org/slideshow/public-opinion-on-single-payer-national-health-plans-and-expanding-access-to-medicare-coverage](http://www.kff.org/slideshow/public-opinion-on-single-payer-national-health-plans-and-expanding-access-to-medicare-coverage)

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## A Majority Support Expanding Medicare . . .

*Polls show a range of responses:*

Support Medicare for All	<b>55-65%</b>
Support public option and optional Medicare for All	<b>70-90%</b>

For example, 2018 and 2019 polls from KFF Health Tracking Polls; Reuters; PBS Newshour-Marist

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## . . . But Support Drops Sharply If it Eliminates Private Insurance

*Do you favor or oppose having a national health plan, sometimes called Medicare-for-All?*



*Would you favor or oppose a Medicare-for-All plan if it would eliminate private insurance companies?*



Source: KFF Health Tracking Poll, 1/23/2019, [www.kff.org/health-reform/poll-finding/kff-health-tracking-poll-january-2019](http://www.kff.org/health-reform/poll-finding/kff-health-tracking-poll-january-2019)

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## Many Unclear on How Reform Would Work

- Support for Medicare for All or optional Medicare depends on whether they think:
  - They can keep private insurance
  - They will pay more in taxes
  - They will pay premiums, deductibles, or co-pays
  - They will be able to access health services they need
  - All U.S. residents will have health insurance

Source: KFF, 11/26/2019, www.kff.org/slideshow/public-opinion-on-single-payer-national-health-plans-and-expanding-access-to-medicare-coverage/

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## Opposition Will Be Strong

- Right wing will use scaremongering to take away Democrats' advantage on health care
- We need to make sure health care isn't used to divide and distract our members

"GOP strategists say they'll use [health care] proposals to pummel Democrats."

"Trump [told] a group of senior citizens that 'maniac' Democrats would rip away their health care."

"What the Republicans are trying to do is chip away at the Democrats' advantage on health care," said GOP strategist Ford O'Connell.

"All of the Democrat plans would devastate our health care system." -Donald Trump

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### Small group discussion

*What is the discussion we should have with the broader CWA membership?*

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### Takeaways

1. Our health care system isn't working. It costs too much, covers too few people, and puts enormous strain on our families.
2. It's harder and harder to protect our health care benefits through bargaining.
3. The U.S. is the wealthiest country in the history of the world. If we want to fix this problem, we can.
4. We need to understand how any health care reform would affect CWA members and our contracts.
5. Republicans will use health care however they can to attack any Democratic candidate.

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## Appendix

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## Medicare for All Would Cost Less Than Current Health Care System

Area of savings	% of current spending
Overhead, profit, and executive pay	9.0%
Drug pricing	5.9%
Uniform rates	2.8%
Waste and fraud	1.5%
<b>Total</b>	<b>19.2%</b>

Source: Robert Pollin, James Heintz, Peter Arno, Jeannette Wicks-Lim, and Michael Ash, "Economic Analysis of Medicare for All," University of Massachusetts Amherst, Political Economy Research Institute, November 2018.

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## Pros & Cons of Improved Medicare for All

Pros	Cons
<ul style="list-style-type: none"> <li>Covers everyone in U.S.</li> <li>Expands services covered by Medicare</li> <li>Universal, simplified coverage (no in-network/out-of-network)</li> <li>No premiums or cost sharing for any health services</li> <li>Removes health costs from bargaining table creating opportunities for other gains</li> <li>Saves money by reducing administrative waste</li> <li>Eliminates for-profit insurance companies</li> <li>Ends “job lock”</li> </ul>	<ul style="list-style-type: none"> <li>Unclear tax burden</li> <li>Unclear path for employees to capture employer money previously spent on health benefits</li> <li>No choice of coverage - everyone has the same plan</li> <li>Rapid implementation may cause confusion, backlash</li> <li>Skepticism about government-run health insurance.</li> </ul>

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## Pros & Cons of Medicare for America

Pros	Cons
<ul style="list-style-type: none"> <li>Covers 28 million now without health insurance</li> <li>Enrolls millions now on individual plans</li> <li>Enrolls newborns at birth</li> <li>Expands services covered by Medicare</li> <li>May lead to savings for consumers enrolled in the plan</li> <li>Ends “job lock”</li> </ul>	<ul style="list-style-type: none"> <li>Premiums and cost-sharing (sliding scale)</li> <li>Doesn't remove health costs from bargaining table</li> <li>Skepticism about government-run health insurance.</li> <li>Less reduction in administrative waste therefore reducing overall savings</li> <li>Possible adverse selection leading to a higher cost “medicare” pool - which could also increase overall costs.</li> <li>Doesn't lessen complexity of dealing with hundreds of insurance companies</li> </ul>

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