RISING COSTS, FALLING COVERAGE
THE WISCONSIN STATE AFL-CIO HEALTH CARE SURVEY

CENTER ON WISCONSIN STRATEGY

Social Work Library
University of Wisconsin - Madison
236 Social Work Building
1350 University Avenue
Madison, WI 53706-1510

May 1991

*The Center on Wisconsin Strategy (COWS) is a new research center, based at UW-Madison, that focuses on the institutional requirements of building a high-wage high-productivity economy in Wisconsin. COWS is directed by Profs. Joel Rogers and Wolfgang Streeck. The Wisconsin State AFL-CIO designed and conducted the Health Care Survey discussed here. The involvement of COWS was limited to coding and analyzing the data gathered through the survey, and reporting its findings. Coding and analysis were done by Kirsten Paap, under the supervision of Rogers. Paap and Rogers wrote the final report. For copies of Center publications and other information contact:

Center on Wisconsin Strategy
Department of Sociology
8116 Social Science
University of Wisconsin-Madison
Madison, WI 53706

608-263-3889
Introduction

Most people now recognize that America has a health care crisis. We spend more than any other nation on health care services -- 12 percent of our gross national product, as compared to no more than 10 percent among all other developed economies. But we have the worst coverage in the developed world; one in six Americans under the age of 65 is without any health care coverage, against effectively universal coverage everywhere else. We are the home of the world’s most advanced medical technology, but are failing on many basic measures of public health. U.S. male life expectancy ranks 12th in the world, female life expectancy 9th, and over the past 25 years, the U.S. has slipped from 6th to 17th place in infant mortality.

In recent years, concerns about the competitive effects of inflated health costs have added to the dissatisfaction with our system. Even as wages for production and non-supervisory workers have stagnated over the past generation, health care benefit costs have inexorably risen. These increases show up in the costs of final products, and put American producers at a disadvantage in competing with rivals with more rational and affordable health care systems. Japan, for example, spends less than half of what the U.S. does (on a per capita basis) on health care, yet leads the world in male and female life expectancy. Looking specifically at the auto industry, U.S. automakers estimate that health care benefits alone put them at production cost disadvantage that amounts to several hundred dollars per car.
Until recently, however, many observers thought that unionized American workers were immune to at least some of these problems. Union members have enjoyed health care benefits almost universally, and have been more protected than their non-unionized colleagues from employer pass-alongs of rising insurance costs. While not safe from the anti-competitive effects of rising costs, then, union members have traditionally been protected from concerns about uneven coverage and unfair payment burdens.

Increasingly, that is no longer the case. Squeezed by both insurers and competitors, employers are passing more of their health care costs onto union workers. In addition, pressures to cut back total health care benefit packages have led to reduced coverage rates among many union members, particularly among the part-time and contingent workers who occupy an increasing share of the workforce, including the unionized workforce.

It is within this context that the Wisconsin State AFL-CIO decided to poll its member locals on their recent experience with health care cost and coverage changes, the implications for their membership, and those members’ attitudes toward significant health care reform.¹ Conducted in October and November of 1990, the survey was mailed to the 1,400 AFL-CIO affiliated Wisconsin union locals. This report is based on responses received from 205 locals, a response population that is broadly representative of the union population as a whole.²

¹ A copy of the survey instrument is appended to this report.

² The respondents were placed into three broad categories: type of bargaining unit, size of bargaining unit, and average hourly wage. The types of bargaining unit included Public Sector Unions (42%), Building Trades (15%), and Private Sector Unions (43%). Unit sizes included 0-50 members (20%), 50-100 members (16%), 100-250 members (20%), 250-500 members (20%), and more than 500 members (24%). The categories of average hourly wages included $5.00-7.50 (4.5%), $7.50-10.00 (31%), $10.00-15.00 (43.5%), and above $15.00 (21%).
Among the central findings of the survey are the following:

- In step with national experience, health care costs in Wisconsin’s unionized sector have increased over the past several years at rates equal to or exceeding inflation.

- An increasing portion of these costs are being shifted onto union members themselves (as against employers). Even adjusting for inflation, employee contributions have risen dramatically, in some cases by as much as 94 percent, over the recent period.

- The number of union members who cannot afford health insurance of any kind is increasing. Nearly a third of all unions report that health insurance is simply not affordable for some of their members.

- Although most unions did not report significant reductions in the depth of coverage available to eligible employees who can afford it, increasing numbers of workers are not covered, or become uncovered upon increases in cost. Unemployed workers, retirees, part-time and/or seasonal employees, and newly-hired workers must often cover a larger portion of their monthly premium, and are therefore at the greatest risk for becoming uninsured. And only half the union locals surveyed report any coverage for part-time employees, a growing fraction of the unionized, as well as general, workforce.

- Conflict over health care costs play an increasing role in the quality of labor-management relations. One in five surveyed unions report a recent contract rejection triggered by employer proposals on health care. And at a time when strike activity has fallen to record lows, several reported strikes based on health care issues.

Despite the fact that most union members still enjoy the benefit of health insurance, 94 percent support a national health care plan for all citizens, and nearly two-thirds support tax increases to finance such a plan. As the overwhelming average support for a national health insurance plan indicates, there was not significant variation across unions in their support for this measure. Also, support for health-care-dedicated tax increases did not differ significantly across the public and private sectors.

In what follows we review these findings, considering in turn the survey’s finding with regard to increasing costs, increasing employee contributions, problems with coverage
and affordability, the implications of health care costs for labor-management relations, and member locals' attitudes toward health care reform.

**Increasing Health Care Costs**

Increased insurance costs, measured between the 1990 and the prior contract agreements, are both widespread and severe.

Seventy-nine percent of the *standard* plans reported an increase in the premiums of their *individual* policies, with monthly premiums up an average 13 percent. This exceeds the rate of inflation during the period, and amounts to a real inflation-corrected increase of 3.2 percent. In dollar terms, this represents an increase of approximately $22.00 per month per individual and $264.00 annually (in real terms, $5.32 monthly and $63.84 annually).4

During this same period the *standard family* premiums increased an average of 16 percent per month (6.2 percent after inflation), and occurred in 80 percent of the plans. This adds approximately $46.00 per month per family to the policy premiums, or $552.00 annually (in real terms, $15.47 monthly and $185.64 annually).5

Health Maintenance Organizations (HMOs), which were designed to reduce the rising costs of health care, also show cost increases. In many cases these increases are substantial enough to make the economic benefits of the HMOs negligible compared to the *standard*

---

3 Although there is slight variance between the durations of different agreements, the vast majority of AFL-CIO affiliate contracts last two or three years.

4 1990 dollars used throughout.

5 All statistics are calculated using only those data provided by the respondents. Wherever possible, missing data have been excluded and are not represented in the figures provided.
plans. This is particularly the case with the individual HMO plans, 96 percent of which were reported to have had increased costs during 1990 contract agreements. The average increase was 23 percent per monthly premium (13.2 percent after inflation) over the previous contract. This adjustment translates to approximately $27.00 per month, or $324.00 per person per year (in real terms, $13.94 and $167.28). Among the HMO family plans, much lower raises were reported. Although 90 percent of all policies reported a increase in their monthly premium, these averaged only 10 percent of the premium (in real terms, 1.2 percent increase). While not a statistically significant increase, the already high cost of these plans means substantial burdens are imposed even by minor increases. In the case of HMO family plans, for example, the average increase was $336.00 per year. Again, these are average increases in the cost of premiums. Total premium cost is of course much higher.

[Table 1 and Figures 1 and 2 about here]

Companies and unions which have traditionally sponsored these plans -- often paying most or all of the costs-- are finding that offering such coverage is becoming increasingly difficult. In 1990 the average premium of a standard individual policy was $185.00 per month, reaching $2,220.00 per employee per year. This compares to $163.00 per month ($1956.00 annually) under the prior contract. A corresponding standard family policy cost approximately $342.00 per month in 1990, or $4,104.00 per family per year. The cost under the prior contract was $296.00 per month ($3,552.00 annually).
Table 1

Monthly Insurance Premiums:
Prior and 1990 Contracts

<table>
<thead>
<tr>
<th></th>
<th>1990 ($)</th>
<th>Change ($)</th>
<th>Change (%)</th>
<th>Change REAL (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard</td>
<td>163.12</td>
<td>184.96</td>
<td>21.84</td>
<td>+13 %</td>
</tr>
<tr>
<td>Individ.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Family</td>
<td>296.29</td>
<td>342.33</td>
<td>46.04</td>
<td>+16 %</td>
</tr>
<tr>
<td>HMO</td>
<td>115.38</td>
<td>142.00</td>
<td>26.62</td>
<td>+23 %</td>
</tr>
<tr>
<td>Individ.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HMO</td>
<td>286.36</td>
<td>314.41</td>
<td>28.05</td>
<td>+10 %</td>
</tr>
<tr>
<td>Family</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

NOTE: These figures are calculated from the means of all premiums reported for the prior and 1990 contract plans (N=205). Inflation is calculated at 9.8 percent for 1988-1990, using the rate of January-June 1990 as the estimated annual rate.

Increases in Individual Policies Premiums for Standard and HMO Plans

![Bar chart showing increases in premiums for Standard and HMO plans.]

- **Standard**: $163.12 (Under Prior Contract), $184.96 (Current Contract)
- **HMO**: $115.38 (Under Prior Contract), $142 (Current Contract)
Increases In Family Policies
Premiums for Standard and HMO Plans

$400
$350
$300
$250
$200

$342.33

$296.29
Standard

$314.41

$288.36
HMO

Under Prior Contract
Current Contract
These increases are seen also under the HMO policies. In 1990, an individual HMO policy cost the employer (or employee) an average of $142.00 per month ($1,704.00 annually), up from $115.00 per month ($1380.00 annually). Family HMO policies during this span cost about $314.00 per month ($3,768.00 annually). Under the prior contract this cost was $286.00 per month ($3,432.00 per year).

[Tables 2 and 3 about here]

Even without the use of complex formulae, it is clear that these increases are significant, and that the costs of insurance are high. Assuming an annual income of $26,000.00 for each worker covered by insurance, the cost of these policies represents a high percentage of wage compensation. If translated into a cash benefit, for example, the standard individual plan would cost the employer an additional 8.5 percent of the wage, and the standard family plan another 16 percent. HMO plans represent an additional 6.5 percent for each individual and 14.5 percent for each family policy. At an annual wage of $18,000.00, the costs of insurance rise to an additional 12 percent for the standard individual plan, 23 percent for the standard family, 9.5 percent for the individual HMO, and 21 percent for the family HMO plan.

---

These estimates are based on the median of the range of reported average wages for different categories of workers. Thus, 43.5 percent of the respondents reported an average wage between $10.00 and $15.00 per hour, and the figure of $26,000.00 is the result of multiplying the median $12.00 by 40 hours by 52 weeks. Similarly, 31 percent of respondents reported an average wage of $7.50-$10.00 an hour. For this range, $8.75 is the median, and the $18,000 the estimated annual wage. The figures for the other two categories have not been used.
Table 2

Costs of Standard Plans Under the Prior and 1990 Contracts

### Individual Policies

<table>
<thead>
<tr>
<th></th>
<th>Monthly Premiums ($)</th>
<th>Annual Cost ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Premium-Prior</td>
<td>163.12</td>
<td>1,957.44</td>
</tr>
<tr>
<td>Average Premium-1990</td>
<td>184.96</td>
<td>2,219.52</td>
</tr>
<tr>
<td>High Premium-Prior</td>
<td>361.00</td>
<td>4,332.00</td>
</tr>
<tr>
<td>High Premium-1990</td>
<td>396.00</td>
<td>4,752.00</td>
</tr>
</tbody>
</table>

### Family Policies

<table>
<thead>
<tr>
<th></th>
<th>Monthly Premiums ($)</th>
<th>Annual Cost ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Premium-Prior</td>
<td>296.29</td>
<td>3,555.48</td>
</tr>
<tr>
<td>Average Premium-1990</td>
<td>342.33</td>
<td>4,107.96</td>
</tr>
<tr>
<td>High Premium-Prior</td>
<td>540.00</td>
<td>6,480.00</td>
</tr>
<tr>
<td>High Premium-1990</td>
<td>658.00</td>
<td>7,896.00</td>
</tr>
</tbody>
</table>
Table 3  
Costs of HMO Plans Under the Prior and 1990 Contracts

### Individual Policies

<table>
<thead>
<tr>
<th></th>
<th>Monthly Premium ($)</th>
<th>Annual Cost ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Premium-Prior</td>
<td>115.38</td>
<td>1,384.56</td>
</tr>
<tr>
<td>Average Premium-1990</td>
<td>142.00</td>
<td>1,704.00</td>
</tr>
<tr>
<td>High Premium-Prior</td>
<td>264.00</td>
<td>3,168.00</td>
</tr>
<tr>
<td>High Premium-1990</td>
<td>335.00</td>
<td>4,020.00</td>
</tr>
</tbody>
</table>

### Family Policies

<table>
<thead>
<tr>
<th></th>
<th>Monthly Premium ($)</th>
<th>Annual Cost ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Premium-Prior</td>
<td>286.36</td>
<td>3,436.32</td>
</tr>
<tr>
<td>Average Premium-1990</td>
<td>314.41</td>
<td>3,772.92</td>
</tr>
<tr>
<td>High Premium-Prior</td>
<td>475.00</td>
<td>5,700.00</td>
</tr>
<tr>
<td>High Premium-1990</td>
<td>475.00</td>
<td>5,700.00</td>
</tr>
</tbody>
</table>
Increased Employee Contributions

As stated earlier, it is increasingly the employees themselves who must bear these rising costs. Most frequently these cost shifts appear in the form of policy deductibles, "employee contributions" (ECs) towards monthly premiums, and employee co-payment of other costs.

Employee Contributions

ECs for the *standard individual* plans were reported by 42.5 percent of the policy holders in 1990, an increase of more than 21 percent over the previous contract. Among the 35 percent who contributed under both contracts, one-third also reported an increase in the amount of the contribution required. A similar increase has been seen among *standard family* plans, where 54.5 percent reported paying ECs in 1990, up from 44 percent during the previous agreement. Forty percent of the continuing contributors also reported an increase in the amount of the payment required.

[Table 4 about here]

Increases in Employee Contributions are found among the *HMO* plans as well as their *standard* counterparts. Under the 1990 agreements, 51 percent of *individual HMO* plans reported having to pay ECs compared with only 38 percent in the previous contract. Of the contributors who paid under both contracts, 28 percent reported an increase in their payment and 9 percent reported paying less. ECs for the *family HMO* policies increased from 52
### Table 4

**Increasing Employee Contributions (EC)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Standard Individual</strong></td>
<td>35.0 %</td>
<td>42.5 %</td>
<td>$200.00</td>
<td>$240.00</td>
</tr>
<tr>
<td><strong>Standard Family</strong></td>
<td>44.0 %</td>
<td>54.5 %</td>
<td>$285.00</td>
<td>$471.00</td>
</tr>
<tr>
<td><strong>HMO Indiv.</strong></td>
<td>38.0 %</td>
<td>51.0 %</td>
<td>$115.00</td>
<td>$139.00</td>
</tr>
<tr>
<td><strong>HMO Family</strong></td>
<td>52.0 %</td>
<td>62.0 %</td>
<td>$278.00</td>
<td>$324.00</td>
</tr>
</tbody>
</table>

### Table 5

**Monthly Employee Contributions: Prior and 1990 Contracts**

<table>
<thead>
<tr>
<th></th>
<th>Prior ($)</th>
<th>1990 ($)</th>
<th>Change ($)</th>
<th>Change (%)</th>
<th>Change REAL (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Standard Individ.</strong></td>
<td>11.56</td>
<td>16.23</td>
<td>4.67</td>
<td>40 %</td>
<td>30.2 %</td>
</tr>
<tr>
<td><strong>Standard Family</strong></td>
<td>25.76</td>
<td>34.78</td>
<td>9.02</td>
<td>35 %</td>
<td>25.2 %</td>
</tr>
<tr>
<td><strong>HMO Individ.</strong></td>
<td>7.34</td>
<td>11.20</td>
<td>3.86</td>
<td>53 %</td>
<td>43.2 %</td>
</tr>
<tr>
<td><strong>HMO Family</strong></td>
<td>18.84</td>
<td>38.35</td>
<td>19.51</td>
<td>104 %</td>
<td>94.2 %</td>
</tr>
</tbody>
</table>

NOTE: These figures are calculated from the means of all premiums reported for the prior and 1990 contract plans. Inflation rates are calculated from 1988-1990 data.
Figure 3

Employee Contributions

Individual Policies

$20
$15
$10
$5
$0

Standard Individual

Prior Contract
Current Contract

$16.23
$11.56

HMO Individual

$7.34
$11.2

Family Policies

$40
$30
$20
$10
$0

Standard Family

Prior Contract
Current Contract

$34.78
$25.78

HMO Family

$18.84
$38.35
percent of respondents to 62 percent, with increased payments reported by 43.5 percent of continuing contributors. Six and a half percent of contributors reported a decrease.

These increases in ECs have been significant in the size as well as in breadth. They range from a 35 percent increment in the *standard family* premium (25.2 percent after inflation) to a 104 percent leap under *family HMO* coverage (94.2 percent after inflation). Although one might argue that in the former case this increase results in a minor monthly addition of $9.02, this amount is equal to an annual addition of approximately $108.00, raising the employee costs for the premium alone to over $417.00 for each *family* policy. In many cases, deductibles, co-payments and other costs must also be added into this amount. The 104 percent increase in the *family HMO* policies results in an average monthly of addition of $19.51 ($234.00 annually), which raises the average EC under this plan to $460.00 per family per year. By contrast, the average EC was $226.00 under the previous contract.

[Table 5 and Figure 3 about here]

The figures for the "average ECs" are somewhat deceiving, however, since a large number of the policies still require no EC, and are averaged in as zero. The ECs which are actually paid by the various plans will naturally run a higher average. The highest reported ECs were $240.00 per month (*standard individual* plan), and $471 per month (*standard family* plan) in 1990. When figured annually, these costs amount to $2,880.00 and $5,652.00 per employee per policy. Under the previous contract these figures were $200.00 and
$285.00 ($2,400.00 and $3,420.00 annually). This represents an upward change of 20 percent and 65 percent, respectively (10.2 percent and 55.2 percent after inflation).

For the comparable HMO plans, the highest contributions in 1990 were $139.00 per month and $324.00 per month, up from $115.00 and $278.00 in the prior agreement. These are increases of 21 percent and 16.5 (11.2 percent and 6.7 percent after inflation), and amount to $288.00 and $552.00 annually. Among HMO plans, therefore, the highest ECs during 1990 totaled more than $1,600.00 for an individual policy, and more than $3,800.00 for a family plan. In short, although there are still a substantial number of workers who make no contribution towards their policy premiums, for the many people who do make these contributions the costs are very high and rising.7

Insurance Deductibles

The second form in which costs are passed on to the consumer is the insurance deductible, a preset amount which the policy holder must pay towards her or his health costs before the insurance coverage will take effect. Although there is no reported figure for the previous bargaining agreements, 87 percent of the plans reported that their standard policy included a deductible in 1990. The average of both the individual and the family deductibles rose sharply between the 1990 and previous agreements, climbing 22 percent for individual (12.2 percent after inflation) and 24 percent for family policies (14.2 percent after inflation). Currently consumers must pay an average deductible of $124.00 for individual, and $296.00 for family policies. This figure is up from $102.00 and $238.50 under the previous contract.

7 See Table 4.
Employee Co-Payment

The third form of consumer costs is the employee co-payment, a cost-sharing of charges incurred after the premium and the deductible costs. Although the most common form of this is the prescription co-payment -- in which the consumer must pay a part of her or his prescription charges -- it is also common in areas such as dental and vision benefits, major medical costs, and hospitalization. Unlike the other forms of cost-sharing, however, co-payments do not appear to be vulnerable to great increases among Wisconsin unions. Also, in both major medical and hospitalization coverage, the majority of plans are currently making no co-payment.

Among those plans which do mandate co-payments, there appears to have been little movement in terms of costs and cost increases. Co-payment of major medical coverage remained the same for 89 percent of the plans between the prior and 1990 contracts, increased for only 4 percent, and decreased for the remaining 7 percent. Hospital coverage co-payments remained steady for 88.5 percent, increased for 9.5 percent, and decreased for the remaining 2 percent. Other co-payments held steady for 89 percent of the responding plans, increased for 8 percent, and decreased for the remaining 3 percent. Those plans which did report increases did not report very large increases during this period. All this suggests that co-payments are not an immediate target of cost-containment programs.
Table 6

The State of Insurance Deductibles:
Prior and 1990 Contracts

<table>
<thead>
<tr>
<th></th>
<th>Prior ($)</th>
<th>1990 ($)</th>
<th>Change ($)</th>
<th>Change (%)</th>
<th>Change REAL (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individ.</td>
<td>101.91</td>
<td>124.03</td>
<td>22.12</td>
<td>22 %</td>
<td>12.2 %</td>
</tr>
<tr>
<td>Family</td>
<td>238.51</td>
<td>296.12</td>
<td>57.61</td>
<td>24 %</td>
<td>14.2 %</td>
</tr>
</tbody>
</table>

NOTE: These figures are calculated with the means of all deductibles reported for the prior and 1990 contract plans (N=205). Inflation is calculated from 1988-1990 rates, with the rates of January-June 1990 serving as an estimate for the full year.

Rather than being an area of stability, however, co-payments should be interpreted as an *area of little activity*. Co-payments often cover areas where there tends to be little use by consumers, and would therefore not be a high priority for cost-cutting or profit maximization. Areas such as major medical coverage serve generally only as a supplement to the basic policy, and co-payments help to temper the risk of high and unusual costs for the insurance company. One must also be aware, however, that increasing health care costs will be reflected in the *amount* of money paid by the consumer, even if the percentages paid remain the same.

**Coverage and Affordability**

*Levels of Employee Coverage*

Across all groups of respondents, the coverage of the *standard* plans has remained fairly high in traditional areas of hospitalization and major medical coverage, and appears to be somewhat lower in the less-traditional or more preventative areas such as annual physical benefits, well-baby care, and vision care and screening. Under the 1990 contract, 97 percent of all respondents reported that their *standard* plan offers hospitalization coverage, whereas 91 percent reported having major medical coverage, and 85 percent are covered for prescription drugs. Only 66 percent of respondents reported dental coverage, however, and levels dropped even further for vision benefits (39 percent), well-baby care (32 percent) and for coverage of annual physical costs (32 percent). There was no sense gained from the survey if these levels had either increased or decreased since the last contract.
Levels of coverage, as well as the costs of coverage, have been found to differ significantly between the various bargaining units. Among the public sector unions, both the depth of coverage and the employee contribution tended to correlate with the units’ wage levels. The more highly a unit’s members are paid, the more likely they are to report dental coverage, well-baby benefits, and coverage of annual physical examinations. They are also more likely, however, to pay a deductible for their coverage and to report an increase in their employee contribution for 1990.

Private sector unions tend to follow a pattern similar to their public sector counterparts, and show increases in both the benefits offered and costs paid as correlated with the wage rate. The higher the union members are paid, the more likely they are to have dental benefits, prescription benefits, and vision benefits. They are also more likely to report increases in their out-of-pocket costs. However, unlike the unions in the public sector, the highly-paid locals in the private sector are less likely to have an increased employee contribution than their lower-paid colleagues, and are also less likely to report having well-baby benefits. There is no clear reason for this difference.

The building trades -- perhaps because of the more seasonal and contingent character of their industry, and the wage and benefit schedules which are negotiated in response to that -- do not appear to follow the trends set by the public and private sector unions. There does not, for example, appear to be any correlation between the size of the bargaining unit and its
### Table 7
Coverage of Non-HMO Plans: Current (1990) Contracts

<table>
<thead>
<tr>
<th>Type of Coverage</th>
<th>Plans With Coverage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospitalization</td>
<td>97.0</td>
</tr>
<tr>
<td>Dental</td>
<td>66.0</td>
</tr>
<tr>
<td>Prescription Drugs</td>
<td>85.0</td>
</tr>
<tr>
<td>Well-Baby Care</td>
<td>32.0</td>
</tr>
<tr>
<td>Major Medical</td>
<td>91.0</td>
</tr>
<tr>
<td>Vision</td>
<td>39.0</td>
</tr>
<tr>
<td>Annual Physical Exam</td>
<td>32.0</td>
</tr>
</tbody>
</table>

### Table 8
Reductions in Coverage: New in the 1990 Contract

<table>
<thead>
<tr>
<th>Type of Coverage</th>
<th>Plans Reporting Reductions (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospitalization</td>
<td>7.5</td>
</tr>
<tr>
<td>Major Medical</td>
<td>4.0</td>
</tr>
<tr>
<td>Retiree Health Benefits</td>
<td>7.0</td>
</tr>
<tr>
<td>Coverage of Dependents</td>
<td>2.0</td>
</tr>
<tr>
<td>Drug, Alcohol and Psychiatric</td>
<td>11.0</td>
</tr>
<tr>
<td>Longer Waiting Periods for Coverage to Begin</td>
<td>4.0</td>
</tr>
<tr>
<td>Restricted Eligibility for Part-Time Workers</td>
<td>4.0</td>
</tr>
<tr>
<td>Restricted Benefits and/or Eligibility for New Hires</td>
<td>8.0</td>
</tr>
</tbody>
</table>
benefits among the units of the building trades. Some benefits, such as the coverage of annual physical examinations, do tend to be more common in the larger bargaining units, but units of 100-250 members reported fewer vision, major medical and dental benefits than both the larger and smaller units. The reason for this difference is not apparent, though units of the same size in both the public and private sectors did report higher out-of-pocket costs than their larger and smaller peers. This might suggest that units of this size have for some reason experienced a weaker bargaining position than their larger and smaller peers, or that some of the smaller units have joined forces with other groups to increase their own bargaining strength.

On the whole, benefits and coverage appear to be very strong among the building trades. But the concomitant costs and monthly premiums also tend to be higher. Because of the contingent and/or seasonal nature of their employment (as well as the greater extent to which the building trades are influenced by the economic climate of the state), workers are often forced to cover much or all of their insurance premiums, thereby pricing health care effectively out of their reach. This is a condition which does not appear to be an issue for the public and private sector unions.

In spite of the rising costs, however, it appears that the levels of coverage under the available plans have remained fairly stable between the past two contracts. Reductions in hospitalization coverage were reported by only 7.5 percent of respondents, major medical benefits by 4 percent, and reduced levels of drug, alcohol and psychiatric coverage were reported by 11 percent of the survey’s respondents. Two percent reported that coverage of dependents was reduced in the 1990 contract. Reduced benefits for retirees, restricted
eligibility for part-time workers, and restrictions in the benefits and/or eligibility for new
hires were reported by 7 percent, 4 percent, and 8 percent of respondents, respectively. Four
percent also reported longer waiting periods before the onset of coverage. In the aggregate,
therefore, there seems to have been little reduction in the depth of coverage offered in the
union- and company-sponsored plans between the prior and 1990 contract agreements.

[Table 8 about here]

A closer analysis, however, indicates that this lack of change is not in itself a
sufficient indicator of coverage stability.

*Affordability of Care*

The rising costs of health care coverage are increasingly a challenge not only for the
companies and employers who must offer the plans to their employees, but also for those
workers who must pay a portion or a percentage of their health care bill. In 1990, fully 27
percent of all responding unions -- *better than one in four* -- reported that health insurance
had simply become unaffordable for some of their members. As expected, this figure climbs
even higher among different sections of the AFL-CIO. Specifically, it reaches 39 percent
among units with 100-250 members, 55 percent among the unions of the building trades, and
62 percent among unions in which the average hourly wage is between $5.00 and $7.50.

[Figures 4-6 about here]
Unaffordability of Health Care
By Hourly Wage**

- Some Cannot Afford 63%
  $5-7.50

- Some Cannot Afford 19%
  $7.50-10.00

- Some Cannot Afford 23%
  $10.00-15.00

- Some Cannot Afford 37%
  $15.00/up

**Units in Which Some Members Cannot Afford Health Care
Unaffordability of Health Care by the Size of the Bargaining Unit

Figure 5

Some Cannot Afford
78%
50-100 members

Some Cannot Afford
90%
100-250 members

Some Cannot Afford
82%
0-50 members

Some Cannot Afford
70%
250-500 members

500+/ members

**Units in Which Some Members Cannot Afford Health Care**
Unaffordability of Health Care
By Type of Union

public sector

Some Cannot Afford 24%
76%

private sector

Some Cannot Afford 20%
80%

building/trades

Some Cannot Afford 55%
45%

ALL UNIONS

Some Cannot Afford 27%
73%

**Units in Which Some Members Cannot Afford Health Care**
It is important to remember that these numbers represent unions in which some members can no longer afford health insurance, and not the percentage of the union population that cannot afford it. Again, however, these are workers within what has traditionally been a very secure sector of society -- the organized labor force. Unions are more likely, rather than less likely, to be covered than are their non-unionized counterparts. Statistics from the U.S. Department of Labor indicate that union workers receive approximately 75 percent more in fringe benefits than non-unionized workers.  

When interpreting these statistics on coverage, one must also note that the measurements of coverage extend only to those locals and their members who are already covered. Although the results of the survey indicate that the coverage in most areas has not decreased significantly, it must be understood that this coverage is understood as coverage of those who have it, and that the resulting statistics can say nothing more than "for workers who are covered under plan X, hospitalization coverage has or has not been reduced." These statistics not only provide us with little information about the levels of benefits before the current contract agreements, but they also provide little or no information about the extent to which these benefits may have been reduced in the past. More important still, they tell us nothing about the conditions of those workers who currently have no insurance coverage at all.

---

While only a few of the responding locals reported decreases in the levels of retiree and part-time coverage, many stressed that their available policies are unaffordable for the members of these vulnerable groups. Even if the coverage offered by their plans is still extensive, all coverage is clearly worthless to those workers who cannot afford it. Many of the unions also reported existing restrictions on the eligibility of part-time workers, such as having to work a minimum of 20 or 30 hours per week, or only being eligible after three months of employment. Although only 4 percent of respondents reported an increase in the restrictions placed on the eligibility of part-time workers, this again refers only to the change occurring between the prior and 1990 contracts. It must be stressed that we lack precise information on the number and extent of restrictions already in place among the unions. Available evidence, however, suggest those to be important. Only 50 percent of the locals said that their policy even offered coverage to part-time employees during 1990, for example, and the percentage of part-time workers is increasing. Even where the coverage is offered, the EC on premiums may be much higher. One public sector union based outside of Milwaukee described its situation as one in which as much as 40 percent of the bargaining unit was part-time, with part-time workers paying as much as 50 percent of their total premium.\footnote{The issue might be usefully researched.}
Industrial Relations Implications

The challenges of providing health coverage in Wisconsin are reflected not only in the costs which are charged different sides in the labor-management equation, but also in the resulting conflicts between those two sides. Eighteen and a half percent of respondents reported that a contract was rejected in the most recent negotiations as the result of their company’s proposal on health insurance. And, at a time when strike activity has dropped close to zero, a fifth of those respondents reported that the disagreements on health proposals resulted in a strike.

Although wages were ranked slightly higher than health insurance for their importance in negotiation, the inseparability of these two issues was made clear by a union respondent who wrote, "As health care costs go up it just means there is less money at the bargaining table for wages." To improve benefits is tantamount to improving wages, and raising wages may often result in a freeze or reduction in the money provided for health care. Many unions responded somewhat differently to this question when the issue was framed in a context of strikes. Specifically, when asked about the contract item for which members would be prepared to strike, "maintaining fully paid health insurance" (selected by 38 percent of respondent local leaders) dominated wage increases (selected by 30 percent) and job security concerns (chosen by 22 percent).

In reality, of course, all these concerns are closely connected. The state of employee health insurance will not only affect each employee’s health and her or his immediate ability to work, but will also have a direct effect on her or his expendable wage and the proportion of which is actually available for non-health related consumption. These policies will affect
the future levels of employees' income (especially pension levels), and expendable income will again be dependent on the amount of the wage each employee must pour into health insurance premiums and out-of-pocket costs. In light of this, union intensity on the issue of health care is hardly surprising.

Attitudes Toward National Health Insurance

What may be surprising, at least for some, is the even greater intensity of support for national health care reform reported by local union leaders. Support of a national health plan for all citizens was extensive and almost universal among the unions surveyed. Some 93.7 percent of respondent local leaders reported their own support for such a plan, and an even higher 94.2 percent reported that their membership would support the reform. In spite of an equally widespread concern about taxes, 76.5 percent of respondents support a tax increase to finance a universal health plan, and 63.3 percent report that their membership would support such an increase as well. As the aggregate figure suggests, support for national health insurance did not vary significantly across different sectors of the union movement. Support on tax increases directed to securing the plan ran about 60 percent in both public and private sector unions, with the building trades pulling the average up with better than 80 percent support.

If these statistic are surprising, it is because they show that the union movement, representing workers with higher wages and benefits than the norm, actually leads public opinion on this issue. According to surveys conducted by the Los Angeles Times, NBC, and Louis Harris and Associates, approximately 60 percent of Americans support a
comprehensive national plan -- clearly a majority of the American population, yet more than 30 percentage points below the unionized support\textsuperscript{10}. Even enjoying the benefits of health insurance, union members wish to extend that benefit to others and to reform the system under which they themselves are operating. Health care coverage has clearly become an issue of universal importance in the United States, affecting many more than the already marginal and vulnerable citizen. Among the general public, it is now clear that when it comes to health care, almost everyone is vulnerable in some way.\textsuperscript{11} This survey makes clear, getting better control of health care costs and achieving a fairer distribution of health care benefits is an even higher priority among unionized workers than non-unionized ones.

\textsuperscript{10} "Business and Health; Most Want U.S. To Pay the Bill," \textit{New York Times}, 3 July 1990.

\textsuperscript{11} Strikingly, some 85 percent of the uninsured in Wisconsin were either employed themselves or living with at least one adult who was working. Wisconsin Department of Health and Social Services, Division of Health, Center for Health Statistics. \textit{The Uninsured in Wisconsin}. 1988.
GENERAL SECTION

1. a Local Union # ________________
   b International Union ________________________

2. a Employer with whom you bargain: ________________________

3. Do you bargain as: (Check box that applies)
   a Public Sector Union   c Private Sector
   b Building Trades

CO-PAYMENT SECTION

Employee co-payment and stop loss -- non-HMO Plan

<table>
<thead>
<tr>
<th></th>
<th>Last Labor Agreement</th>
<th>Present Labor Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>7. Major Medical</td>
<td>%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a</td>
<td>c</td>
</tr>
<tr>
<td></td>
<td>b</td>
<td>d</td>
</tr>
<tr>
<td>8. Hospital Admission</td>
<td>%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$</td>
<td></td>
</tr>
<tr>
<td></td>
<td>e</td>
<td>g</td>
</tr>
<tr>
<td></td>
<td>f</td>
<td>h</td>
</tr>
<tr>
<td>9. Other</td>
<td>%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$</td>
<td></td>
</tr>
<tr>
<td></td>
<td>i</td>
<td>j</td>
</tr>
<tr>
<td></td>
<td>k</td>
<td>l</td>
</tr>
</tbody>
</table>

If you have a "stoploss", or a limit on the total out-of-pocket expenses an employee must pay for coverage, indicate that maximum for family and single coverage:

<table>
<thead>
<tr>
<th></th>
<th>Last Labor Agreement</th>
<th>Present Labor Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>10. Stoploss</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Family</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a</td>
<td>c</td>
</tr>
<tr>
<td></td>
<td>b</td>
<td>d</td>
</tr>
<tr>
<td>Single</td>
<td>$</td>
<td></td>
</tr>
</tbody>
</table>

1. Has health insurance become unaffordable for some of your members?
   a Yes   b No

2. What percent? (Check Box that Applies)
   a 0-10%   b 10-25%   c 25-50%   d 50%+

4. Number of employees in bargaining unit:
   (Check box that applies)
   a 0-50   b 50-100   c 100-250   d 250-500   e 500+

5. Average hourly wage: (Check box that applies)
   a Under $5.00   b $5.00-$7.50   c $7.50-$10.00   d $10.00-$15.00   e $15.00+

6. Has your employer become self-insured in the last 5 years?
   a Yes   b No

COVERAGE SECTION

13. Which of the following benefits are contained in your non-HMO Plan? (Check Box that Applies)
   a Hospitalization   b Major Medical
   c Dental   d Vision
   e Prescription Drugs   f Annual Physical Exam
   g Well-baby Care

14. Does your non-HMO Plan contain a deductible?
   a Yes   b No

15. Does your non-HMO Plan provide surgical benefits at: (Check Box that Applies)
   a 100% of usual and customary   c 80% of usual and customary
   b Fee Schedule

16. Does your non-HMO Plan provide hospitalization coverage at: (Check Box that Applies)
   a 100% of usual and customary   c 80% of usual and customary
   b Flat Dollar Rate Per Day

17. Are part-time workers eligible for insurance coverage?
   a Yes   b No

18. Does your plan offer an HMO Option?
   a Yes   b No
19. Did your most recent negotiations result in an increased employee contribution toward health insurance?
  ☐ a Yes  ☐ b No

20. Is this the first increase?
   ☐ a Yes  ☐ b No

21. What is the total monthly premium of your:

<table>
<thead>
<tr>
<th>Last Labor Agreement</th>
<th>Present Labor Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>a Non-HMO Plan</strong></td>
<td></td>
</tr>
<tr>
<td>Single</td>
<td>1 $ $ 3 $</td>
</tr>
<tr>
<td>Family</td>
<td>2 $ $ 4 $</td>
</tr>
<tr>
<td><strong>b HMO Plan</strong></td>
<td></td>
</tr>
<tr>
<td>Single</td>
<td>1 $ $ 3 $</td>
</tr>
<tr>
<td>Family</td>
<td>2 $ $ 4 $</td>
</tr>
</tbody>
</table>

22. What is the employee contribution?

<table>
<thead>
<tr>
<th>Last Labor Agreement</th>
<th>Present Labor Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>a Non-HMO Plan</strong></td>
<td></td>
</tr>
<tr>
<td>Single</td>
<td>1 $ $ 3 $</td>
</tr>
<tr>
<td>Family</td>
<td>2 $ $ 4 $</td>
</tr>
<tr>
<td><strong>b HMO Plan</strong></td>
<td></td>
</tr>
<tr>
<td>Single</td>
<td>1 $ $ 3 $</td>
</tr>
<tr>
<td>Family</td>
<td>2 $ $ 4 $</td>
</tr>
</tbody>
</table>

23. Did your most recent negotiations result in cutbacks in coverage? (Please check all that apply)
   ☐ a Increase in out-of-pocket expenses  ☐ b Reductions in hospitalization coverage

24. Rank importance of the following issues in negotiation: (#1 being the highest rate)

   - a Wages
   - b Job Security
   - c Pension
   - d Health & Safety Requirements
   - e Health Insurance
   - f Vacation/Holiday

25. Which item would your membership be most willing to strike for?
   ☐ a Maintaining fully paid health insurance  ☐ b Wage increase
   ☐ c Job security  ☐ d More time off

26. During your most recent negotiations, was there a contract rejection as a result of your company’s proposal on health insurance?
   ☐ a Yes  ☐ b No

27. Was there a strike as a result of your company’s proposal on health insurance?
   ☐ a Yes  ☐ b No

28. Indicate the cost containment measures employed by your non-HMO plan both prior to and since the present labor agreement.
   Circle “Y” for “yes” and “N” for “no” in the appropriate column.

<table>
<thead>
<tr>
<th></th>
<th>Last Labor Agreement</th>
<th>Present Labor Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coordination of benefits</td>
<td>1 Y 2 N 3 Y 4 N</td>
<td>5 Y 6 N 7 Y 8 N</td>
</tr>
<tr>
<td>Mandatory second-opinion surgery</td>
<td>1 Y 2 N 3 Y 4 N</td>
<td>5 Y 6 N 7 Y 8 N</td>
</tr>
<tr>
<td>Pre-admission testing</td>
<td>1 Y 2 N 3 Y 4 N</td>
<td>5 Y 6 N 7 Y 8 N</td>
</tr>
<tr>
<td>Incentives for outpatient surgery</td>
<td>1 Y 2 N 3 Y 4 N</td>
<td>5 Y 6 N 7 Y 8 N</td>
</tr>
<tr>
<td>Hospital utilization review</td>
<td>1 Y 2 N 3 Y 4 N</td>
<td>5 Y 6 N 7 Y 8 N</td>
</tr>
<tr>
<td>Home health care</td>
<td>1 Y 2 N 3 Y 4 N</td>
<td>5 Y 6 N 7 Y 8 N</td>
</tr>
<tr>
<td>Pre-certification for hospital admission</td>
<td>1 Y 2 N 3 Y 4 N</td>
<td>5 Y 6 N 7 Y 8 N</td>
</tr>
<tr>
<td>Well-baby care</td>
<td>1 Y 2 N 3 Y 4 N</td>
<td>5 Y 6 N 7 Y 8 N</td>
</tr>
<tr>
<td>Preferred provider networks (PPO’s)</td>
<td>1 Y 2 N 3 Y 4 N</td>
<td>5 Y 6 N 7 Y 8 N</td>
</tr>
<tr>
<td>Physical fee</td>
<td>1 Y 2 N 3 Y 4 N</td>
<td>5 Y 6 N 7 Y 8 N</td>
</tr>
<tr>
<td>Hospital audit</td>
<td>1 Y 2 N 3 Y 4 N</td>
<td>5 Y 6 N 7 Y 8 N</td>
</tr>
<tr>
<td>Mammography</td>
<td>1 Y 2 N 3 Y 4 N</td>
<td>5 Y 6 N 7 Y 8 N</td>
</tr>
<tr>
<td>Case management</td>
<td>1 Y 2 N 3 Y 4 N</td>
<td>5 Y 6 N 7 Y 8 N</td>
</tr>
<tr>
<td>Alternative treatments</td>
<td>1 Y 2 N 3 Y 4 N</td>
<td>5 Y 6 N 7 Y 8 N</td>
</tr>
</tbody>
</table>

29. Would you support a national health care plan for all citizens?
   ☐ a Yes  ☐ b No

31. Would you support an income tax increase to finance such a universal health care plan?
   ☐ a Yes  ☐ b No

32. Would your membership?
   ☐ a Yes  ☐ b No

Name of person completing survey

(Telephone number)

OCTOBER 1990