FOREMEN'S UNION

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BULLETIN ____ March 2014

STOP WORK MEETING
THURSDAY, APRIL 3, 2014 7 PM @ the Cruise Terminal

March 14, 2014 General and March 21, 2014 Run-Off Election Results:

President: Danny Miranda
Vice President: Edward Alexander
Sec. Treasure: Mike Trudeau
Sergeant-at-Arms: Tommy Statham
Labor Relation Committee: Rudy Alba, Frank F. North and Mark Grgas
Port Hueneme: Fernando Basua
San Diego: Mike Reyes
Trustees: Al Galuppo, Robert Uranga, and Jimmy Gyerman
District Council: Louis Hill
Contract Observers: Rudy Alba and Frank North
Executive Board: Rudy Alba, Frank North, Jeff Potter, Joe Cortez, Bill Paige, Duane Martinez, Gene Banday, Vince Grgas, Dean Spittle, Mark Grgas, Gary Gonzales, Bobby Rollins, Danny Babich, Marco Geich and Joe Danelo

Cesar Chavez's Birthday March 31: Is a **paid holiday** in observance of *Cesar Chavez's birthday* and any work performed that day will be at the **overtime rate of pay**.

The 3rd annual Steve Saggiani "That's Right Safety First" Memorial Golf Tournament: will be held Friday, May 2, 2014 at the Costa Mesa Country Club with a 1 pm shotgun start. If you are interested in playing, making a donation or volunteering your time please contact Mike Trudeau at 310-489-9494. All donations are tax deductible and applications are available in the office.

Health and Welfare Benefits: The most important demand in our bargaining is our health and welfare benefits.

Watch Out: The ACA is coming! The Cadillac Tax will speed up cost shifting beginning in 2018, a 40% excise tax will be levied on all insurance costs in excess of $10,200 per year for single coverage and $27,500 for family coverage (the threshold is slightly higher for certain "high-risk professions" and certain benefits are excluded from these calculations). The tax is levied on insurance provider, or the employer or union health plan, is self-insured. About 20% of workers will be affected when the tax takes effect in 2018. However, in high-cost states like Massachusetts, over 50% of the workers will be immediately affected. The tax disproportionately impacts older and sicker workforces. In addition, to the tax threshold is adjusted annually by the CPI percentage increase for that year. Since medical costs often increase at three or more times the annual CPI percentage increase, by the mid-2020s nearly all union-negotiated health benefits (as presently constituted) will be subject to the tax. The employer response to this tax will be to cut benefits and shift costs onto workers in order to stay below the threshold. It has already affected major national contract bargaining at corporations like Verizon and GE. In response to this tax, 40% of all large employers plan to institute high deductible health plans by 2014. **Look out for**: High-deductible and defined contribution plans replacing many corporate health plans. Union-supported Multi-Employer plans forced to make major cuts in benefits and increases in co-pays to avoid being subject to the 40% excise tax.

Subsidized exchange plans could undercut union benefits. Because Multi-Employer plans are classed as "employer plans", participants will not be eligible for subsidies that they would receive if they purchased insurance to a state insurance exchange. Since subsidies apply to incomes up to 4 times the federal poverty level (over $90,000 a year for a family of four), this puts Multi-Employer Plans at a huge competitive disadvantage. A non-union hotel, for example, could have almost all of its employees receive subsidized coverage from the exchange while a unionized hotel participating in a Multi-Employer Plan would receive no subsidies. **Look out for**: Employers demanding to accept Multi-Employer Plans, causing a downward spiral as the plan is left with obligations to older, sicker and retired workers.

Some Employers May Try to Leave Multi-Employer Plans to Receive a Tax Credit: Many employers cover under Multi-employer Plans are considered "small" employers under the ACA (93% of all union firms in the construction industry, for example our "small employers"). The ACA allow small employers with less than 50 full-time employees to purchase benefits from state exchanges. Employers with less than 25 employees with an average wage of under $50,000 will receive a 50% tax credit if they purchase insurance on the exchange but no tax credit if they pay into a MEP. This will create an incentive for employers to leave the union plans and buy into the exchanges. **Look out for**: Non-union employers undercutting union market share in construction, entertainment, hospitality and similarly structured industries. Union employers demanding the elimination of their Multi-employer Plan obligations.

Retirees Will Be Pushed to the Exchanges: the ACA will have little impact on retirees over the age of 65. They will continue to receive Medicare as their primary insurance and unions will continue to negotiate supplemental coverage when possible. However, because the state exchanges will provide subsidized insurance with no pre-existing conditions or other bars to coverage, the ACA will accelerate the elimination of retiree medical benefits for under 65 retirees. Retirees purchasing benefits on the exchange cannot receive an employer subsidy but may be eligible for federal subsidy. In some cases, cost shifting may be so severe that retirees would be better off purchasing their own insurance. Employers may also contract with private exchanges and give their pre-65 retirees a defined contribution to purchase benefits from them. **Look out for:** An acceleration of employer demands to eliminate retiree medical benefits now that retirees have "options" available to them on the state plans. The use of private exchanges to eliminate retiree benefits.

Private Exchanges Are Coming: 56% of all employers are planning to move to "private exchanges" as a way to meet their health care obligation under the ACA. In a private exchange, and employer designates a set amount of "credit" for each employee. The employee can then select from a "menu" of benefits available through private exchange and pay the difference between the "credit" and the cost of the selected benefits. As long as all employees receive minimal "affordable" coverage as defined by the ACA (coverage that reimburses approximately 60% of covered expenses at a cost no greater than 9.5% of family income for individual coverage), employers will incur no penalties or fees. This migration to defined contribution benefits coupled with the assertion that health care is an individual responsibility is the most insidious consequence of the ACA. **Look out for**: Private exchanges accelerating the trend to convert defined-benefit medical plans and to defined contribution plans and the use of "personal choice" as a euphemism for cost shifting.

<u>We will keep you updated as information becomes available</u>.

<u>Medical Claims</u>: Please bring any outstanding medical claims to the office so that we may process them as soon as possible to avoid being taken to collections.

<u>Fired Longshoremen</u>: Any time you fire a Longshoremen it is your responsibility to call the Longshore dispatch hall for the replacement Not the Superintendents.

In Solidarity:

Daniel G. Miranda	Edward Alexander	Mike Trudeau
President	Vice President	Secretary – Treasurer

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