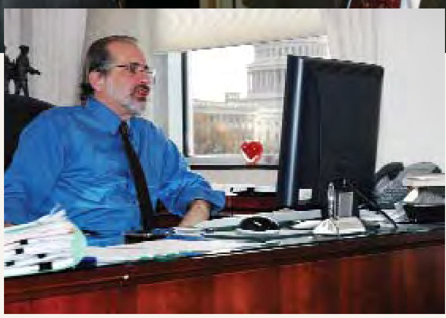
NALC takes on health care excise tax



Top: President Fred Rolando (l), explains the complexity of taxing so-called "Cadillac health plans" to Senate Majority Leader Harry Reid during a benefit.

Above: Rolando joined a teleconference of officials for the Communication Workers of America, the American Postal Workers Union and the American Federation of Goverment Employees to inform the news media of the potential impact of the tax on postal and federal employees.

With the U.S. Senate tangled up in a contentious fight over health insurance reform, the NALC stepped up efforts to derail a proposed excise tax that would penalize millions of middle-income workers, including active and retired letter carriers, and other proposals that threaten the stability of the Federal Employees Health Benefits Program.

As this issue went to press, the NALC was moving on several fronts to influence the health care debate, including briefing Senate and House staff members to lay out the facts and consequences of the various proposals that would hurt letter carriers.

At the same time, the union's legislative field staff, working in conjunction with the AFL-CIO, was working at the grass roots level to make key lawmakers aware of the issues and to rally support for progressive universal health insurance.

"I want to urge members to stay alert to developments as this process moves forward," NALC President Fred Rolando said. "The stakes are high for us as working people and for our whole country. I will keep our e-Activists posted on important developments and I encourage everyone to be prepared to act quickly to contact members of Congress as the situation warrants."

In early December, President Rolando and the leaders of four other major labor unions sent a joint letter to Senate Majority Leader Harry Reid (D-NV), urging him to seek an alternative to the proposed tax on health insurance plans that provide benefits above certain arbitrary benchmarks.

Speaking for about 5 million members, the five labor leaders applauded Reid's hard work in moving the health care reform agenda forward. But they said they were "deeply troubled" by the tax proposal.

Stressing that they still support efforts to provide quality, affordable health care, the labor leaders said, "We continue to believe that an excise tax on [so-called Cadillac] health care plans is both bad politics and bad policy. In fact, the tax would have a devastating impact on exactly the type of good, comprehensive health care plans this reform should be promoting."

Joining Rolando in the December 1 letter were Communications Workers President Larry Cohen, Teamsters President James P. Hoffa, United Food and Commercial Workers President Joseph T. Hansen, and National Education Association President Dennis Van Roekel.

Instead of curbing excessive benefits for executives, the tax would harm millions of workers who have union-negotiated health care coverage. While the tax technically is on insurance companies that offer plans with benefits above a certain threshold, the cost would be passed along to workers, the union leaders said.

They warned the tax would have a harmful impact on plans that cover older workers and retirees, workers in high-cost regions or high-risk occupations, or plans primarily serving women. The 40 percent tax would force many plans to reduce important benefits and encourage employers to cut back on family coverage.

A few days after sending the letter, Rolando joined officials from the CWA, APWU and AFGE for a news conference on the potential impact of the tax on postal and federal employees. The annual tax bite in 10 years could be more than $1,500 for singles and more than $2,000 for family coverage, based on projected medical inflation.

The leaders called on the Senate to adopt the funding provisions already approved by the House, including a strong employer mandate and a surtax on the 0.3 percent wealthiest Americans who enjoyed substantial tax cuts over the past eight years.

As the Senate prepared for the decisive votes on the legislation before the Christmas recess, a last-minute proposal was floated to use the Office of Personnel Management, the agency that runs the Federal Employees Health Benefits Program, to ensure the availability of one or two not-for-profit health insurance plans in state-based health exchanges to be set up in 2013.

NALC and other federal unions went into action to protect members' interests with respect to FEHBP. While few details were immediately available, the unions made it clear that opening FEHBP plans like the NALC HBP to the general public was unacceptable and that any new plans administered by FEHBP must be maintained as separate risk pools so as to not increase the cost of premiums for postal and federal employees. ✉