

# LABOR CENTER REPORTER

 INSTITUTE OF INDUSTRIAL  
RELATIONS LIBRARY

APR 23 1981

UNIVERSITY OF CALIFORNIA  
BERKELEYNumber 4  
November 1979

HEALTH CARE: LABOR'S PRIORITY

The American citizen is confronted today with a bewildering variety of proposed legislative solutions to problems in the health care system, including comprehensive national health insurance, catastrophic health insurance, and a national health service.

Organized labor is particularly interested in a satisfactory Congressional remedy, since it has had a frustrating experience in having to allocate more and more negotiated money to pay for health benefits which have increased in cost much faster than the general rate of inflation. The cost escalation has not resulted in health care of greater accessibility to working people, or of better quality.

Most of the major unions, including AFL-CIO affiliates, Autoworkers, and Teamsters, have lined up behind the comprehensive national health insurance bill of Sen. Kennedy and Rep. Waxman. The Kennedy-Waxman bill would mandate that adequate health insurance be provided by private insurance companies for all employed Americans and their families, and would expand Medicare and Medicaid to better protect the elderly and the poor.

Union members currently covered by negotiated health insurance would continue to use their same program under the Kennedy-Waxman bill, but would receive an expanded range of benefits in most cases. The employer would continue to pay the insurance premium, and there would no longer be any deductions or limits on benefit coverage to the recipient.

## 1. The Health Non-System

The failings of the current health care system are easy to see. Although Americans spend more for health than any other nation in the world, 18 countries have lower infant mortality rates and 10 countries have longer life expectancy than the U.S.

In 1963, the nation's health bill was \$32.4 billion, less than 6% of the Gross National Product (GNP). By 1983, without major legislation, total U.S. health expenditures are expected to be \$323 billion, roughly 10% of the GNP. This is a 1000% increase in 20 years.

The average family of four will see its yearly health bill shoot up from \$533 in 1963 to \$3,590 in 1983.

There are still major disparities in health care coverage. Over 24 million Americans have no health insurance at all, and another 60 million Americans have inadequate health insurance. These people are faced with financial catastrophe if they fall seriously ill.

## 2. Congressional Proposals

Health care reform proposals over the past decade have fallen into three types, each with its own version of the problem to be solved and each with its own tailor-made solution.

BERKELEY, CA 94720  
(415) 642-0323UNIVERSITY OF CALIFORNIA, BERKELEY  
CENTER FOR LABOR RESEARCH AND EDUCATION  
INSTITUTE OF INDUSTRIAL RELATIONS

The comprehensive national insurance proposals, of which the Kennedy-Waxman bill is the latest, see the need to insure access to care for all citizens regardless of age, income, or occupation. They provide health insurance for everyone, either directly or through the private insurance corporations. By mandating a fixed national budget for health that cannot be surpassed, they also try to insure that the medical establishment will not just use the system to raise its prices.

Major medical or catastrophic health insurance bills have been put forward by more conservative politicians led by Sen. Long. They feel the need only to protect the finances of those individuals who have serious medical problems requiring large payments. The bill currently being prepared by President Carter is essentially a major medical proposal in that it excludes federal payment for expenses up to \$2,500 per year per person, and limits coverage to employed persons and their dependents.

The national health service proposal authored by Rep. Dellums and supported by the Mineworkers and the United Electrical Workers, sees the profit-making nature of the American health delivery system as the basis of the problem. It would completely reorganize the system by making all facilities federally owned but locally controlled. Dellum's proposed system would be financed through taxes on employers and a progressive income tax.

### 3. Labor's Concern with the Kennedy Bill

A key compromise in the current Kennedy bill allows the private insurance companies to handle the collection and disbursement of health care payments. Made to increase the acceptability of the bill to industry and conservative critics, this compromise threatens to undermine the cost-containment provisions of the bill.

Use of the private insurance companies is an expensive way to process claims. The AFL-CIO has looked to the experience of the Canadian health insurance program to see the amounts of money that could be saved by bypassing the private companies and having the government directly collect and pay providers of health care. The cost of administering the Canadian hospital insurance program is 1.15% of the total hospital expense. This is far below the administration expense of 8.9% for hospital claims for Blue Cross, the major American hospital administrator.

Some health care experts believe that it will be impossible for the U.S. Congress to pass any kind of comprehensive health care program, and that long run reform will depend instead on how existing health planning legislation is implemented. However, many political observers now feel that the national health care issue may be actively featured in the presidential politics of 1980--as a part of Sen. Kennedy's active involvement. If so, the comprehensive approaches favored by organized labor stand to benefit enormously both in public understanding and in prospects for more careful consideration by Congress.

Jamie Robinson

*This article does not necessarily represent the opinion of the Center for Labor Research and Education, the Institute of Industrial Relations, or the University of California. The Reporter's Editorial Board is solely responsible for its contents. Labor organizations and their press associates are encouraged to reproduce for further distribution any materials in these reports.*