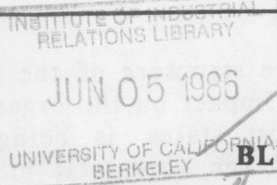


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BLUE CROSS/BLUE SHIELD ORGANIZING DRIVE

by Allen Cheadle

Several steps are now being taken by the AFL-CIO to reverse the decline in union membership and union power. The blueprint for many of the reforms is the report "The Changing Situation of Workers and Their Unions," the product of a committee chaired by Thomas Donahue, Secretary-Treasurer of the AFL-CIO. Proposed reforms include: creation of an "associate" status for non-members entitling them to union health benefits, a credit card for union members and better use of the media in building the image of unions. The Donahue report has been criticised for emphasizing cosmetic reforms that do not go to the root of the crisis faced by unions--namely a failure to organize, particularly in private-sector service industries.

However the Federation is now making progress toward attacking the organization problem. A report on a drive to organize the Blue Cross and Blue Shield health insurance associations was presented to the executive committee at the AFL-CIO winter meetings in Bal-Harbour, Florida this February. The organizing drive is still in the research and study phase and no precise plans have been laid. Nonetheless it is worthwhile to look at the beginnings of this project, its motivations and potential for success.

Why Blue Cross/Blue Shield? -- The insurance industry is one of the fastest growing segments of the service sector, and the health insurance companies have shared in this growth. It is also relatively unorganized, with fewer than ten percent of the workforce belonging to unions. The Blue Cross and Blue Shield Association (BC/BS), the largest provider of health insurance, is a loose association of 85 separate member plans, divided principally along state lines. Blue Cross plans cover primarily hospital inpatient care while Blue Shield pays mainly for physician services. Blue Cross and Blue Shield are separate entities in some states but have merged in others (e.g., California). The plans are independent organizations, responsible for their own labor relations policies. The other providers that have entered the health insurance market are typically large multi-line integrated financial companies (e.g., Transamerica Corp.).

BC/BS has been targeted within the insurance industry for two reasons. First, there have been inquiries by BC/BS employees concerning the possibility of organization. BC/BS workers have requested help in organizing at several locations and have raised issues of concern that might form the basis for an organizing drive. Second, many unions maintain health policies with BC/BS. Thus a coordinated campaign to reevaluate union business with BC/BS could be used as leverage to force both a neutral management posture towards the campaign/election, and a better contract once a unit is recognized.

Outline of the Plan -- Nothing is set at this time (and probably will not be for several months) but the basic shape of the organizing drive is emerging. The novel feature of the campaign is the attempt to coordinate efforts by nine (so far) separate unions. The unions that have agreed to cooperate are: United Auto Workers, Office and Professional Workers, Communication Workers of America, Steelworkers, International Union of Electronic Workers, AFSCME, Service Employees International, United Food and Commercial Workers, and the Retail, Wholesale and Department Store Clerks union. The current thinking is to assign a different union to organize each plan, thereby avoiding destructive competition, while at the same time using the collective leverage of all nine through their health insurance policies.

The largest group of workers targeted will be the large clerical staff required to process insurance claims and applications. These jobs are staffed mainly by women and much of the work involves video display terminals. Issues that have been raised include promotional policies and sick leave (since many of the women require maternity and child care leave). The importance of wages as an issue will vary from plan to plan.

Industry Dynamics and Prospects for Success -- The competitive structure of the health insurance industry is changing, which will have both a positive and negative impact on the organizing campaign. BC/BS, long the dominant provider of health insurance in most states, is being threatened by competition both from Health Maintenance Organizations and from large, for-profit, multi-line insurers. One indication of the erosion of the BC/BS Association's position is the attempt by Congress to take away their non-profit status during the recent tax reform debate. Membership in the Blue Cross and Blue Shield Association has been declining slowly but steadily over the last five to ten years. One consequence of the membership loss and increased competition is an emerging awareness of the importance of cost and utilization controls on the part of BC/BS management.

The vulnerability of BC/BS to competition will give the association increased incentives to fight the organizing drive and to resist contact demands once a unit is organized. Large gains won by unions may further worsen the competitive position of the plans and lead to a faster erosion of membership. BC/BS has already demonstrated a willingness to hire sophisticated management attorneys in order to thwart past union organizing campaigns.

Some of the tactics used to fight unions were demonstrated in a 1980-81 strike against Blue Shield of California by Local 3 of the Office and Professional Workers Union in San Francisco (LCR #131). The local's otherwise strong effort was defeated by a relocation of the majority of Blue Shield's operations to non-union facilities in Southern California. The relocation was promoted by the federal government through the Health Care Financing Administration (HCFA) which paid for the expenses of the move, ignored delays in Medicare claims processing which resulted from the move, and used other government agencies to fill the gap in providing information about Medicare while the move was in progress. Similar tactics can be expected to thwart the current campaign.

On the positive side, the competition in the industry makes BC/BS more vulnerable to the revaluation by individual unions of their health insurance coverage. The LCR analysis of the 1980-strike concluded that pressure on BC/BS through its business with unions could have had a significant impact on the outcome of the strike. Unions negotiate more than \$8 billion worth of health coverage through various providers and insurers in California, and a substantial fraction of that amount is for BC/BS insurance. This leverage was not used in the 1980-81 Local 3 strike, partly because of a lack of ability to coordinate the effort. Finally, increased competition makes the potential consequences of a strike much more damaging.

Perhaps the most significant factor determining the success or failure of the organizing drive will be the ability of the nine cooperating unions to work together. In any one state only one union will stand to reap the benefits from a successful campaign, but the other eight will still be required to play a role commensurate with their involvement with BC/BS as customers. The organizing drive will be a significant test of whether unions can work together and organize workers that have not traditionally been organized in the past. The campaign bears watching and we will report on it further as it develops.

-- Allen Cheadle

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