

UNITED STATES DEPARTMENT OF LABOR

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Health-Benefit
Programs Established Through
Collective Bargaining
1945



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Letter of Transmittal

UNITED STATES DEPARTMENT OF LABOR,
BUREAU OF LABOR STATISTICS,
Washington, D. C., July 9, 1945.

The SECRETARY OF LABOR:

I have the honor to transmit herewith a report on the health-benefit plans established through collective bargaining. The study is based on an examination of approximately 12,000 union agreements in the Bureau's files, as well as on correspondence and interviews with employer and union representatives. The plans described cover more than 600,000 workers, but this figure is not necessarily all-inclusive of workers covered by benefit plans established through collective bargaining. The primary purpose of this study was not to obtain statistics on the extent of health-benefit plans, but to learn about the provisions of the more representative types.

This study was prepared by Everett M. Kassalow and Jean R. Nelson under the supervision of Florence Peterson, Chief of the Industrial Relations Division.

A. F. HINRICHS, *Acting Commissioner.*

Hon. L. B. SCHWELLENBACH,
Secretary of Labor.

(IV)

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Health-Benefit Programs Established Through Collective Bargaining

Provision for health-benefit programs as a part of the contractual relationship between employers and unions was almost unknown a few years ago. Although a number of companies had provided within-plant medical service to their employees for many years and a few had established group health-insurance programs, these were administered by the employer and were subject to alteration or discontinuance at his will. Many were started as a part of a general welfare program designed to win employee loyalty and discourage union organization. Organized labor, having no voice in their administration and suspecting the motives for which they were established, has never wholeheartedly endorsed company benefit plans.

In response to their members' need for protection against total loss of income during sickness, a number of unions have established benefit programs of their own which are financed through membership dues or special assessments.¹ Many of these, however, cover permanent disability and old age rather than short periods of illness.

During recent years an increasing number of unions have succeeded in having health-benefit plans included in the terms of their agreements with employers, and several international unions have established special facilities for helping their locals negotiate such plans. Although a number of the provisions in current agreements signify the substitution of contractual arrangements for already established employer-administered or union-administered benefit plans,² many of them are new; some of the latter have been negotiated in lieu of wage increases which could not be obtained under the wartime wage stabilization program.

To strengthen their case for employee participation in administration, some unions favor the policy of having employees contribute toward the payment of premiums. On the other hand, some unions have obtained virtual control of administration of programs which are financed entirely by employers. In a majority of cases the health-benefit programs are underwritten by private insurance companies; such group policies usually include, in addition to the sick-benefit provisions, accidental-death and dismemberment benefits, which are not described in this report.

¹ Some of these were described in Bureau of Labor Statistics Bulletin No. 465: *Beneficial Activities of American Trade-Unions*.

² Recently an employer proceeded to install a group-insurance program after rejecting the union's request to include such a plan in the union agreement. The union objected, and the case was appealed to an arbitrator, who upheld the union's position; thereupon the company agreed to cancel the policy. Another local of the same union is pressing charges of unfair labor practices against a company which is trying to establish an insurance plan outside the union contract.

General Characteristics of Health-Benefit Programs

The health-benefit plans described in the following pages cover more than 600,000 workers employed under agreements negotiated by unions in various industries. This coverage figure, however, is not all-inclusive, being based on agreements and other material on file in the Bureau of Labor Statistics. No attempt has been made to determine statistically the extent of such provisions in union agreements. The purpose of this report is, rather, to present a brief description of some of the more representative types of health-benefit plans established recently by employer-union contracts.

Most of the plans described in this report have been negotiated by the following unions: International Ladies' Garment Workers' Union (A. F. of L.), Amalgamated Clothing Workers of America (C. I. O.), United Hatters, Cap, and Millinery Workers International Union (A. F. of L.), Textile Workers Union of America (C. I. O.), United Textile Workers of America (A. F. of L.), International Fur and Leather Workers Union of America (C. I. O.), United Electrical, Radio, and Machine Workers of America (C. I. O.), Upholsterers International Union of North America (A. F. of L.), United Furniture Workers of America (C. I. O.), Industrial Union of Marine and Shipbuilding Workers of America (C. I. O.), Hotel and Restaurant Employees' International Alliance and Bartenders' International League of America (A. F. of L.), Paper Workers Organizing Committee (C. I. O.), United Retail, Wholesale and Department Store Employees of America (C. I. O.), and the Amalgamated Association of Street, Electric Railway, and Motor Coach Employees of America (A. F. of L.). The Trade Union Agency, a New York consultant firm, acts as representative for several of these unions in their health-insurance negotiations.

ADMINISTRATION OF PROGRAMS

Health-benefit programs provided by collective-bargaining agreements may be divided into three types, according to their method of administration: (1) Those administered solely by the union, (2) those administered jointly by the union and employer, and (3) those administered by a private insurance company which undertakes the responsibility for determining eligibility claims and payment of benefits. Under the third type of plan, the employer may pay the premium directly to the insurance company, or he may make payment to a special union fund from which premium payments are made to an insurance company. Even when the plan is underwritten by a private insurance company, the union and employer frequently share in the responsibility of administration. For example, a joint committee of union and company representatives may review all claims and, when necessary, jointly sign drafts on the insurance company. Under some insurance-company plans all claims are filed through the union.

A little more than a third of the employees covered by health-benefit programs included in this report are under plans which are jointly administered by the union and employer. Another third are covered by programs for which insurance companies assume the major administrative responsibility; and somewhat less than a third are under those administered solely by the union.

FINANCING OF PLANS

Most of the health-benefit plans included in this report are financed entirely by the employer. This is true of all the union-administered plans, almost all the jointly administered programs, and more than half of those administered by insurance companies. Only a few of the jointly administered plans and less than half of those administered by the insurance company require both employees and the employer to contribute to the financing of the health program.

Most agreements stipulate that the employer shall contribute a specified percentage of his pay roll (usually 2 or 3 percent) to meet his obligations under the benefit plan, although in some cases no exact amount is specified.³ Under the latter arrangement the employer either defrays all the expenses on a current basis, or supplements regular employee contributions with such money as may be required from time to time.

BENEFITS PROVIDED

In the main, health-benefit plans provided under union agreements include weekly cash benefits during periods of illness and of disability caused by nonoccupational accidents, hospital and surgical expenses, and, in some cases, payment of doctor bills. As might be expected, benefits tend to be higher under plans negotiated in industries having relatively high wage scales. Dental care and medical preventive work, such as periodic examinations, are not commonly provided under these plans, although many large companies maintain these types of service.

An important exception among benefit programs established under collective bargaining is found in the programs conducted by the International Ladies' Garment Workers Union, which include medical services and preventive medical work, such as X-ray examinations, in addition to weekly cash-benefit payments. This work is carried on through the union's health centers in New York City, Philadelphia, and Fall River.

Recently the St. Louis Joint Council of the United Retail, Wholesale and Department Store Employees negotiated a health-benefit plan under which a health institute, designed to offer extensive medical services to employees and their dependents, will be established.

With the important exception of programs in the men's and women's clothing industries (see pp. 204 and 207), most of the plans include weekly disability benefits ranging from about 50 to 60 percent of an employee's regular earnings, or, where fixed benefits are stipulated, from \$10.50 to \$20 per week. The maximum time allowed for receiving benefits usually ranges from 13 to 26 weeks (6 weeks in case of pregnancy) for any one continuous disability, although several plans allow continuous coverage for 52 weeks. Under almost all the plans the payment of benefits commences on the eighth day of disability in case of illness, and on the first day in accident cases.

Payments for hospital services ranging from \$4 to \$5 per day for 31 days, are usually allowed for any one continuous disability, but are limited to 12 or 14 days in maternity cases or cases involving any

³ The cost of the life insurance or accidental-death and dismemberment benefits, where provided, absorbs a substantial share of the employer's contribution, but, as indicated previously, these features are not discussed in this report.

condition resulting from pregnancy. Frequently an additional \$25 is allowed for special hospital expenses. Payment for medical service is not commonly provided, although a few plans allow specified payments for doctors' services up to a maximum of 50 visits for any one disability, which usually begins with the first treatment in case of accident, and the fourth in case of illness. Maximum surgical benefits under most of the plans range from \$100 to \$175, and these plans frequently furnish a schedule of surgical allowances for different types of operations. Hospitalization coverage for dependents is provided in some plans, but it sometimes entails additional contributions by the employee.

Many of the programs do not provide a fixed daily hospital payment, but instead provide a service benefit through the Blue Cross Associated Hospital Service. This service generally furnishes semiprivate hospital accommodations, plus unlimited use of operating rooms, X-ray, anesthetics, special medications such as penicillin, etc., for 21 days in any year; thereafter half of the regular hospital expenses are paid for an additional 180 days. Usual maternity hospital benefits under the Blue Cross plan are \$6 per day for 10 days, but in specified types of cases the regular hospitalization benefits are paid.

ELIGIBILITY REQUIREMENTS

Disability caused by occupational accidents which are covered by workmen's compensation are excluded from coverage in virtually all of the health-benefit plans.

Almost none of the health-benefit programs provided through collective bargaining require the medical examination of covered employees, although pre-employment medical examinations may be in operation in some of the plants. Except that disability payments are frequently limited to 13 weeks for any single disability for persons over 60 years of age, there are no age limitations.

Under the Blue Cross plan, no hospital benefits are allowed for communicable diseases, pulmonary tuberculosis, and mental or nervous disorders; also, in most cases the Blue Cross plan does not cover maternity or preexisting physical conditions during the first 11 months after enrollment, although in some areas this provision can be waived where a specified number (50 or 75 percent) of those eligible participate in the plan.

Temporary employees usually are not covered; the group health-insurance plans underwritten by private insurance companies ordinarily provide that new employees participate after having been continuously employed for a definite period of time, ranging from 1 to 6 months. Union membership in good standing is generally required in all plans administered by the union alone or jointly with the employer, whereas membership is not required in most insurance-company programs, unless the agreement empowers the union itself to contract with an insurance company.

The question of how long an employee should be covered during periods of temporary lay-off, seasonal slack periods, and leaves of absence is usually the subject of considerable negotiation in establishing a benefit plan. Although it is during such periods that need for protection is often greatest, employers and insurance companies frequently oppose the covering of any employees who are not on the

active pay roll. Very few of the health-benefit plans established under collective bargaining specifically include the length of time during which coverage continues after lay-off, but there is increasing recognition of this problem. Some unions contend that as long as the laid-off employee has a "reasonable expectancy" of returning to the job, he should be protected by the benefit program. The majority of plans underwritten by private insurance companies simply state that the insurance continues in force until the end of the policy month in which the lay-off commences, provided the premiums are paid during this time. Some insurance-company plans provide that, in event of temporary lay-off or leave of absence, health and hospital benefits continue for 1 or 2 months. Under one jointly administered plan, group accident and health insurance continues for 4 months after lay-off.

Under union-administered plans, protection of laid-off employees is, to a considerable extent, a problem for the union alone to decide. In practice, employees usually are eligible for benefits during slack seasons and lay-offs if they maintain their union membership. One union-administered plan provides that "unemployed members behind in dues payments may be declared eligible by the benefit fund committee."

TRANSFER AND CONVERSION OF POLICIES

The privilege of conversion to individual insurance policies upon termination of employment or upon transfer to another job (either in the same or another industry) is of considerable importance to the individual worker. The industry-wide programs, such as exist in various branches of the furniture, fur, textile, and women's apparel industries as well as in the New York hotel plan, permit transfer of coverage from plant to plant, sometimes with a probationary requirement with the new employer, during which time the original employer continues the payment of premiums. Some group-hospitalization plans, such as the Blue Cross, may be transferred upon termination of employment to an individual plan, with a slight increase in cost.

SURPLUS FUNDS AND LIQUIDATION OF PLANS

Union-administered or joint plans, not underwritten by an outside insurance company, usually provide for the conversion of surplus funds into increased benefits; some of those jointly financed specify that contributions required from participating employees be decreased. A few of the group-insurance plans which are jointly financed include provisions for the sharing of dividends. Several such plans in operation in some of the large shipyards provide that any declared dividends shall be payable to the company, and that the employees' proportionate shares shall be used for the workers as a group, to reduce or waive contributions.

Several of the jointly administered and jointly financed benefit programs provide for the distribution of remaining funds in the event of termination of the program. Generally, any money on hand is to be distributed to the general funds of the local union and the company, in proportion to their respective contributions. One jointly administered, employer-financed plan states: "If the parties hereto

fail to renew this agreement at the expiration date, the board of trustees created herein shall continue to function and carry out the purposes of said fund until all monies will be exhausted."

ENFORCEMENT OF PROVISIONS

Under some plans, particularly those administered by insurance companies, benefits would be automatically discontinued if the employer failed to pay the necessary monthly premiums. To insure continued coverage, one agreement covering a group of employers provides a series of penalties against employers who default in the payment of premiums; if, after notice, the employer fails to correct such default, the union may demand a bond equivalent to one-fourth of the annual premiums; and, furthermore, any employer who fails to provide proper insurance coverage for an employee is personally liable for the same benefits the worker would have received from the insurance company. The agreement further provides that the union may call a strike on 5 days' notice if the employer fails to live up to his health-insurance obligations.

Another agreement negotiated with an employers' association states that in the event any employer fails to meet his financial obligations under the health-benefit plan, the union may take "appropriate action to enforce such payment," notwithstanding the no-strike clause in the agreement. This same agreement also authorizes the union to examine the employer's records and papers, in order to ascertain whether he is complying with the provisions of the health plan. Another agreement with an employers' association states that failure to make proper remittances to the union's health fund "shall be deemed a violation of this agreement, for which a member of the association shall forfeit all rights and privileges hereunder."

In anticipation of Government-sponsored health-insurance legislation which might involve duplication of costs to employers, some agreements include "escape clauses." For example, one agreement provides that if either the State or the Federal Government enacts health legislation whose benefits parallel any of those established by the collective-bargaining agreement, the latter become "inoperative and canceled in the policy," and the employer is "relieved of the cost thereof, in order to avoid duplication of costs."

Plans Administered by Insurance Companies

About a third of the employees covered by health-benefit programs included in this report are employed under plans underwritten and administered by insurance companies. Such arrangements occur most frequently in the textile, street-and-electric-railway, ship-building, furniture, and electrical-machinery agreements. Some are also in effect in the rubber, paper, public-utilities, fur and leather-tanning industries, nonferrous-metal mining, retail trade, and hotel and restaurant agreements.

Once the benefits and coverage have been determined through collective bargaining, the employer is free under some agreements to contract for such insurance coverage with any company he chooses. Other agreements specify that he pay his contribution directly to the

union, which in turn contracts for the insurance. Under some plans the union and employer jointly select the insurance company.

Financing.—Most of the workers covered by programs included in this report which are administered by the insurance company are not required to pay any of the costs. Employer-financed plans are provided in all the agreements studied in the rubber, upholstery, and leather-tanning industries and in most of the textile and electrical-machinery agreements. Provisions for sharing of costs by employer and employees are prevalent in the shipbuilding, street-and-electric-railway, and utilities agreements.

The size of the premiums under the systems financed exclusively by the employer ranges from 1 to 5 percent of the weekly pay roll, although some agreements merely state that the employer agrees to bear all costs of the plan, without giving any indication of the amount. In plans the cost of which is borne jointly, the employer's share is usually from 50 to 70 percent of the total premiums. In most instances the employee's share of the premium ranges from 30 to 50 cents weekly, but if benefits are graduated according to earnings, employees who are entitled to weekly disability allowances of \$35 or \$40 contribute as much as \$1.57 per week.

Administration.—Although the insurance company establishes the rules and regulations and finally passes on the eligibility of claims, it is quite common for unions to have a voice in the day-to-day administration of health-benefit programs underwritten by insurance companies. This is especially true in the filing of claims, adjustment of complaints, and elimination of possible misunderstandings among employees concerning benefit payments, coverage, and eligibility.

Agreements in the shipbuilding and electrical-machinery industries frequently stipulate that the union is to have an equal voice with the management in the administration of the insurance programs as well as in the installation of new benefits. The American Federation of Hosiery Workers has appointed shop committees in those companies with which it has negotiated health-insurance programs, to adjust individual complaints and grievances, prevent malingering, and see that the employer is paying the necessary premiums to the insurance company. In some industries the union locals have established special insurance departments to assist members in filing claims. In some companies the personnel office is authorized to draw drafts for the payment of benefits; in other cases, employees file claims directly with an insurance adjuster's office.

Upon proper evidence, usually in the form of a doctor's certificate, the insurance company authorizes the employer, or the employer and the union jointly, to issue drafts to employees to cover the benefits provided by the policy. In cases in which the Blue Cross hospitalization plan is in effect, an official card is presented to the hospital at the time of admission, and the Blue Cross pays the hospital directly. If the employee is allowed a fixed daily benefit, he pays the hospital bill himself and is later reimbursed by insurance company or union.

TEXTILE WORKERS UNION OF AMERICA (C. I. O.)

According to statements made by the Textile Workers Union of America (C. I. O.), agreements including health-insurance plans have been negotiated for more than 100,000 members in the various

branches of the textile industry. The agreements specify the benefits which are to be provided, provisions for coverage during periods of lay-off, eligibility requirements, and methods of enforcement. With certain exceptions (including the plan of the American Federation of Hosiery Workers, see p. 199), the employer is free to select the insurance company as long as the benefits provided in the policies adhere to the agreement provisions; the union reserves the right to reject the policy if it does not correspond to the general plan for the industry. Generally all claims are handled by the employer, who transmits them to the insurance company.

Practically all the T. W. U. A. plans are employer-financed. With slight variation in the benefits afforded, the insurance covers death, sickness, and nonoccupational accidents, besides providing allowances for surgical aid, hospitalization, and maternity care; under a few agreements hospitalization coverage is extended to workers' dependents. This union also has negotiated a few plans, jointly financed and administered, in the rayon-manufacturing industry, but benefits under these plans are limited to payments for sickness and nonoccupational accidents, with no provision for hospitalization.

Under the T. W. U. A. plans, a worker usually must be employed in the industry for 6 months before he is eligible for coverage, and coverage is retained by employees transferring to other plants in the same industry where the insurance program is in effect. An employee on temporary leave of absence is covered for 3 months after such leave commences. Should he obtain a job elsewhere in the industry, however, he must wait 3 weeks before he is eligible for insurance protection.

Most of the plans provide for the following benefits:

Hospitalization allowance, usually \$5 per day, for a maximum of 31 days for any one illness (maternity cases 12 or 14 days). A few of the plans also provide hospitalization benefits of \$4 per day for dependents of the insured worker. Extra hospital expenses up to \$25 for employees (\$20 for dependents, where covered) and surgical aid up to \$150, depending on the type of operation performed.

Weekly benefits for sickness and nonoccupational accidents ranging from \$10.50 to \$17.00, up to 13 weeks (maternity benefits for a maximum of 6 weeks), following a 7-day waiting period in cases of sickness, but none for accident cases.

Federation of Dyers, Finishers, Printers, and Bleachers of America (C. I. O.)

This division of the T. W. U. A. has negotiated individual agreements, incorporating a uniform health-benefit plan, with companies employing a total of about 20,000 workers in the textile dyeing, finishing, and printing industry. The plan is on an employer-pay-all basis, and management is free to select the insurance company under which it is to be covered, as long as the benefit schedule stipulated in the collective-bargaining agreement is followed. Benefits are paid through the employer's office, but the management is required to furnish a monthly report, on a form provided by the union, to the union office. This report details the benefits paid, expenses, etc., and enables the union to evaluate the plan from time to time.

New employees are "required to pass a probationary period of 6 months" before they are eligible to participate in the program. Workers transferring from one insured shop in the industry to another are covered after a 3-week probation with the new employer. Any worker on a temporary leave of absence is covered for hospitalization and surgical insurance for 3 months, and for sickness and accident

insurance for 2 months. Hospitalization benefits are furnished to dependents, without charge to the worker.

The plan provides the following benefits:

Weekly disability benefits (commencing on the eighth day in case of illness and the first day for accidents) of \$17 for 13 weeks for any one period of disability. (Employees 60 years of age and over are limited to a total of 13 weeks in any consecutive 12-month period.)

Hospital benefits of \$5 per day, for 31 days for any one period of disability. An additional \$25 is allowed for extra hospital charges such as X-rays, anesthetics, laboratory, and operating and delivery-room charges. Maximum surgical reimbursement is \$150. In the event the policy is terminated, employees are eligible for hospitalization and surgical benefits for a period of 3 additional months in connection with a continuous disability sustained while the policy was still in effect.

In maternity or any other case due to pregnancy the weekly benefit period for the worker is limited to 6 weeks, and the hospitalization allowance is limited to 14 days. The plan provides for the payment of maternity hospital benefits for a period of 9 months after the termination of the policy.

Hospitalization expenses for dependents (defined as a wife, but not a husband, and unmarried children between 3 months and 18 years old) are reimbursed to a maximum of \$4 per day for 31 days. An allowance of \$20 is made for special hospital expenses. Dependents' maternity hospital benefits are \$4 per day for 10 days. If the policy is terminated, hospitalization coverage for dependents is extended as in the case of the worker.

American Federation of Hosiery Workers

The health-insurance program of this branch of the T. W. U. A., covering an estimated 22,000 workers, differs somewhat from the other plans in the textile industry. For example, the agreement entered into by this union and the American Federation of Full-Fashioned Hosiery Manufacturers of America, Inc., states that "in no event shall the employer's premium liability exceed 2 percent of each weekly pay roll, and if the policy requires a greater premium, the difference will be paid by the employee members of the union."

Details of the hosiery-industry insurance plan, including the selection of the insurance company, the nature and type of insurance, coverage, and related matters, were worked out by a joint committee appointed by the manufacturers' association and the union, and policies are issued in the joint names of the manufacturers' association and the union. Although the premiums are paid directly to the insurance company by the employer, adjustments are processed, not through the employer's office, but through an insurance adjuster's office authorized by the insurance company to handle claims and extend such services as may be required. Although the insurance company has final responsibility for administration of the plan, insurance shop committees, composed of workers appointed within the local unions, check on the progress of the plan within their own shops and adjust complaints regarding the payment of claims. The union's insurance committee also investigates cases of malingering.

The group policy establishes the following benefits:

Weekly sick and accident benefits equal to 60 percent of the employee's average wages, up to a maximum of 52 weeks, after a 7-day waiting period for sickness but none for accidents. Benefits for disabilities or operations caused by diseases of the female generative organs are provided only if the employee has been continuously insured for 6 months previous to such disability.

Payment of doctor bills of \$3 per visit if such service is rendered at home, \$2 if at office, up to 50 visits for any one disability, but limited to 3 in any 1 week. Payments begin with the first treatment in accident cases, the fourth in sickness cases.

Hospital expenses up to \$5 a day, for a period not exceeding 50 days, and surgical benefits ranging from \$5 to \$175, depending upon the nature of the operation. Maternity benefits up to 6 weeks, at 60 percent of the average weekly salary, with hospital expenses up to 12 days, provided the employee has been continuously insured for a minimum of 9 months.

UNITED ELECTRICAL, RADIO, AND MACHINE WORKERS OF AMERICA (C. I. O.)

Group health-insurance programs are being negotiated by the U. E. R. M. W. A. in increasing numbers in various branches of the industry,⁴ and at present, according to the union, they cover about 75,000 employees. The majority of them call for the assumption of the entire cost by the employer, although joint union-management reviews of employees' claims are frequently provided. Booklets announcing the plan, as well as the insurance policies, contain the name of the union and the employer. In some instances, special arrangements have been made to extend the group-health benefits for a maximum of 30 to 60 days during periods of lay-off. Plans of the U. E. R. M. W. A. generally make provision for the conversion of some of the benefits, like hospitalization, to an individual basis if the employee should leave the shop where he is insured. In those instances in which the employer and the employees share in the cost, the agreements stipulate that there shall be a division of dividends, in proportion to the amount of the premium each pays.

Payments for any one period of disability are usually limited to 13 weeks, but in a few cases they are extended to 26 weeks. Weekly disability benefits for maternity are included in all agreements, but are limited to 6 weeks. The amount of sickness and accident benefits under most of these plans depends upon the employee's regular (40-hour week) earnings. For example, two typical plans in effect in two electrical-machinery plants include the following schedules of sickness and accident benefits, payable for 13 weeks:

PLANT A		PLANT B	
Weekly earnings:	Weekly benefit	Weekly earnings:	Weekly benefit
Under \$30.....	\$15	Under \$25.....	\$10
\$30 to \$45.....	20	\$25 and under \$35.....	15
\$45 to \$55.....	30	\$35 and under \$50.....	20
\$55 and over.....	35	\$50 and under \$65.....	25
		\$65 and under \$75.....	35
		\$75 and over.....	40

Under most of the plans surgical reimbursement is allowed up to \$150. Nearly all of the plans provide hospitalization benefits underwritten by the Blue Cross but several establish a flat hospitalization benefit, usually \$5 per day. Some of the union's plans extend hospitalization benefits to the insured employee's dependents, but these plans generally require the employee to contribute, in addition to the premiums paid by the employer. While doctors' bills are usually not included among the benefits, one agreement provides for reimbursement for medical service beginning with the doctor's second visit at home, in the hospital, or at his office.

INTERNATIONAL FUR AND LEATHER WORKERS UNION (C. I. O.)

Group-insurance programs of the I. F. L. W. U. are now in effect in a number of cities, but most of the employees covered are in New

⁴ The international office has issued a bulletin of instructions (UE Guide to Group Insurance) which has been of great assistance to its locals.

York and New Jersey. According to the union, I. F. L. W. U. agreements covering approximately 15,000 employees include health-benefit programs.

Most of the plans are employer-financed, through 2- or 3-percent pay-roll contributions. This money is turned over to the local union, which in turn contracts with a private insurance company—in most cases, with the Blue Cross.

The plans in various locals of the union vary, depending upon the amount of employer contribution in each instance. A typical plan establishes a range in benefits from \$16.50 to \$25, depending upon the employee's regular earnings, for 13 weeks for any one period of disability, with maternity benefits limited to 6 weeks. This plan also provides daily hospital benefits of \$5, payable for 31 days for each period of disability, and a maximum allowance of \$25 for miscellaneous hospital expenses. Surgical reimbursement up to \$150 is provided. The agreement with the New York Joint Board of Fur Dressers and Dyers, covering about 4,000 workers, has a similar plan, except that hospital benefits are provided through the Blue Cross.

UPHOLSTERERS INTERNATIONAL UNION (A. F. OF L.)

The Upholsterers International Union has negotiated health-insurance plans for more than 8,000 workers in a number of the larger cities in the country. The employers finance these programs by contributing 2 percent of their gross pay roll to the international union which, in turn, purchases policies from an insurance company. Claims are processed through the union.

Benefits are as follows:

Weekly allowances, amounting to 60 percent of the employee's average weekly wage, for as long as the disability continues up to 52 weeks, with payment beginning on the eighth day in case of illness and on the first day for accidents; hospital expenses up to \$4 a day for a period not exceeding 50 days; doctor bills up to \$3 per visit at home and \$2 at the doctor's office, to a total of 50 visits for any disability, but limited to 3 visits per week, with payments beginning for the first treatment in case of accident, and the fourth in case of illness; surgical allowance up to \$175. In case of maternity, weekly disability payments are limited to 6 weeks, and hospital benefits are allowed only for 12 days.

UNITED TEXTILE WORKERS OF AMERICA (A. F. OF L.)

The United Textile Workers of America, through its woolen and worsted department, has negotiated several health-insurance plans covering workers in the New England area. The cost of these plans is borne in shares of two-thirds for the employer and one-third for the workers,⁶ with the workers sharing in the dividends in the same ratio. The plan provides benefits of \$14 per week for a maximum of 13 weeks for any one continuous disability resulting from nonoccupational accident or illness, hospitalization at \$4 per day for 31 days (14 days in maternity cases), surgical expenses up to \$100, and \$20 for special hospital expenses.

This union also has negotiated health-insurance plans in other branches of the textile industry in the New England and Middle Atlantic area which are financed entirely by the employer. Surgical

⁶ The union "insisted on contributing toward the premium in this health program * * * thereby making it part of their union contract and giving the union voice in the application of same." Officers Report to the Eighth Biennial Convention of United Textile Workers of America (1944).

and hospital benefits are similar to those furnished to the woolen and worsted workers, but weekly disability benefits are only \$10. However, allowance is made for physicians' calls at the rate of \$3 for each house or hospital call and \$2 for each office visit, with a maximum of 3 calls per week and 30 calls for each separate disability period.

UNITED FURNITURE WORKERS OF AMERICA (C. I. O.)

Several thousand workers are covered by a uniform health-insurance plan negotiated by the United Furniture Workers of America. To date, it covers employees in the New York and New Jersey area only; however, the union is seeking to extend the program to other sections of the country, and also expects to obtain coverage for nonunion employees when the plans are extended to shops which are not covered by closed- or union-shop contracts.

The plan is financed entirely by the employers, who pay 3 percent of their weekly pay rolls into the union's insurance trust fund, which is governed by five trustees—all members of the union's national executive board. The union contracts with a private company for the weekly accident and sickness benefits, surgical benefits, dismemberment benefits, and life insurance, and with the Blue Cross for the hospitalization benefits. All claims are submitted through the local union offices.

Weekly benefits for nonoccupational illnesses range from \$10 to \$27.50 per week, based on the employee's earnings. The maximum for any one period of disability is 13 weeks, except that disability benefits during maternity leave are limited to 6 weeks. Surgical reimbursement is limited to \$150. When the program was initially instituted by the union on October 1, 1944, it provided hospitalization benefits under the Blue Cross plan only for employees, but recently the union extended the plan to provide hospitalization benefits for the employees' families as well. The costs of the family-hospitalization coverage, as well as all the other benefits of the program, are being paid for by the employers' contributions.

**AMALGAMATED ASSOCIATION OF STREET AND ELECTRIC RAILWAY EMPLOYEES
(A. F. OF L.)**

A substantial number of agreements negotiated by this union contain group-insurance plans. Most of these are underwritten and administered by private insurance companies and financed jointly by the employer and employees, but several are financed entirely by the employers.

Flat weekly benefits are provided in the various plans, ranging from \$10 to \$30, generally for a maximum of 13 weeks for each different period of disability, although some provide payments up to 26 weeks. Hospitalization allowances are usually \$4 or \$4.50 daily, for 30 to 90 days. In some plans an additional sum, usually about \$20, is allowed for special hospital expenses. Several plans provide hospitalization protection for the employee's dependents, although not of the same amounts nor generally for so long a period as for the employee. In plans which include surgical benefits, the maximum allowance is commonly \$150.

INDUSTRIAL UNION OF MARINE AND SHIPBUILDING WORKERS (C. I. O.)

Health-insurance plans are included in some of the agreements negotiated by the Marine and Shipbuilding Workers. Most of them are jointly financed, with employees paying half of the cost. The majority of the plans adjust weekly benefits to the employee's regular straight-time weekly earnings, and under this arrangement benefits may vary from \$10 to \$40. Several, however, particularly those negotiated during the past year, establish a flat weekly sickness and accident benefit for all employees. One agreement, for example, provides a flat weekly disability benefit of \$21.

Benefits for nonoccupational accidents generally commence with the first day of disability; sickness payments start on the eighth day under some plans and on the fourth day in others. Daily hospital benefits are usually \$5 (a few plans allow \$6) for a maximum of 31 days (70 days in one plan) for any one continuous disability. Most of the plans allow an additional \$25 or \$30 for any special hospital charges, such as X-ray, anesthetic, delivery room, etc. According to a few plans, if an employee's insurance ceases for any reason, his hospitalization coverage continues for 3 months. Maximum surgical benefits are \$150.

HOTEL AND RESTAURANT EMPLOYEES' INTERNATIONAL ALLIANCE (A. F. OF L.)

The Hotel and Restaurant Alliance has not adopted a uniform policy of obtaining health benefits in its collective-bargaining agreements, but a few of the important sections of this union have secured such benefits for their members. One of the most recently negotiated plans is that with the Hotel Association of New York by the New York Hotel Trades Council (A. F. of L.), of which the New York locals of the Hotel and Restaurant Employees' Alliance are members. This program, which covers about 25,000 workers in 134 unionized hotels and is financed entirely by the employers, was made part of the city-wide hotel agreement, following the unanimous award of an impartial three-man commission appointed to study the problem.

During the first 6 months of the plan's operation employers were required to contribute 6 percent of their weekly pay roll; at the end of that period this was reduced to 3 percent. The contributions are made to an insurance fund, which is administered by a board of trustees composed of the executive board members of the Trades Council, with an advisory committee consisting of the board of governors of the Hotel Association. Benefit payments began on March 1, 1945, after contracts were signed with a regular insurance company to furnish disability benefits, and with the Blue Cross to provide hospitalization.

Hospitalization benefits are provided for employees and their dependents, in accordance with the Blue Cross plan. All benefit checks are signed by a representative of the trustees.

To be eligible for the insurance benefits, the employee must be a member of the union for 6 months and an employee of union-contract hotels for 4 months. However, returning veterans who are honorably discharged are insured immediately without a waiting period. Weekly sickness benefits under the plan are \$10 per week for female members and \$12 per week for male members, with a maximum of 26 weeks'

benefits for any one period of disability, except that benefits for maternity cases are limited to 6 weeks, and those for members over 60 years of age to 26 weeks in any one year.

PAPER WORKERS ORGANIZING COMMITTEE (C. I. O.)

A number of agreements negotiated by the Paper Workers Organizing Committee establish employer-financed health-insurance plans. These plans commonly provide daily hospital benefits of \$5 for 31 days, up to \$150 for surgical expenses, and \$25 for additional hospital fees. Weekly disability benefits, commencing on the first day in case of accidents and on the eighth day in case of sickness, vary according to the workers' earnings as follows:

Weekly earnings:	Weekly benefit
Under \$22.50.....	\$10
\$22.50 to \$29.99.....	15
\$30.00 to \$39.99.....	20
\$40.00 and over.....	25

Union-Administered Benefit Plans

Of the health-benefit plans described in this report, those covering somewhat less than a third of the workers require that the union assume all, or the major share, of the responsibility for administering the program.⁶ Plans of this type are found principally in the women's apparel industry, although more than 20,000 laundry workers in New York City and a few fur and millinery shops are also covered by union-administered benefit provisions.

These union-administered plans are financed entirely by the employer or a group of employers who agree to pay a stipulated amount, usually a percentage of the weekly pay roll, to a benefit fund established within the union. Rules and conditions under which benefits are to be paid are adopted by the union, although usually subject to the approval of the employers. In several agreements the employer and union jointly determine the amount of benefits and the rules and regulations which are ultimately to be administered by the union. According to the New York laundry workers' agreement, the employers' association is permitted to examine the books of the insurance fund, and some of the ladies' garment workers' health plans require the union to submit periodic financial reports to contributing employers. Others, however, specify that "neither the association nor any of its employers shall have any right, title, or interest in and to said fund or the administration thereof."

INTERNATIONAL LADIES' GARMENT WORKERS' UNION (A. F. OF L.)

The benefit programs currently in effect for members of the International Ladies' Garment Workers' Union are an outgrowth of the union's welfare and health programs formerly financed entirely by the members. They now cover, according to the union, about 150,000 employees in the women's apparel industry. With few exceptions, they are financed entirely by employer contributions. These plans

⁶ All plans which are administered through insurance companies are covered in the preceding section, including those in which the employers' contributions are turned over to the unions which, in turn, take out group policies with private insurance companies.

include vacation payments in addition to sick-benefit payments and medical services; some also include retirement provisions, but none provide death benefits. The employer usually contributes from 3 to 4 percent of his gross pay roll, but only part (from a third to a half) of this amount is allocated for health benefits, the rest being used to finance the vacation and retirement provisions (not discussed here).

Failure to pay the required contributions to the benefit fund, or falsification of forms, or failure to file necessary forms is considered a violation of the collective bargaining contract.

Employers' contributions are turned over to the appropriate joint boards of the union which are responsible for the administration of the programs. According to several of the more important plans, the amount of benefit, as well as the rules and regulations under which claims are paid, is determined by a committee of employer and union representatives. In other instances the determination of benefits and other rules is entirely in the hands of the union. Under all the programs the actual payment of claims, as well as appeals from decisions of the benefit committee, is handled through the union's office.

Union health centers.—The I. L. G. W. U. programs stress medical care, and the union has established health centers in most of the important clothing areas. The health center in New York City has been in operation since 1912, the one in Philadelphia was established in 1943, and that in Fall River was opened in 1944. Until 1943, the New York center was financed by local union contributions, any deficits being met by the international. Since then, a large part of this center's financial support has been derived from funds paid to the union under health-insurance programs included in union agreements. The health center's services have been expanded considerably during the past year, and it now acts as an agency for the certification of benefit claims, its physicians making recommendations approving or disapproving cash-benefit payments under the insurance program. The Philadelphia health center is an outgrowth of a collective-bargaining agreement between the union and the women's apparel manufacturers' association which also established health benefits. The Fall River center, also established under the terms of a collective agreement, provides medical services to some 4,000 members in that city and the surrounding New England area, including Providence, New Bedford, West Warwick, Pawtucket, Warren, and Taunton.

Each member of the I. L. G. W. U. living or working in the vicinity of New York, Philadelphia, or Fall River is entitled to free annual medical examinations, as well as free X-ray, electrocardiographs, and other medical services furnished at the centers. Members in the New York dress industry also receive free optical examinations every 3 years, under a recently negotiated plan, and treatment or glasses, when necessary, furnished without cost, at the union's health center.

Health benefits provided.—To be eligible for benefits, the worker usually must have been a member of the union in good standing for at least 6 months (in some cases 9 months), with not more than 4 weeks' dues unpaid.

Although some of the agreements recently negotiated do not contain detailed provisions as to the amount of benefits, the usual allowances range from \$6 to \$15 weekly, for from 10 to 13 weeks in any year, with payments beginning on the eighth day of illness. Hospitalization benefits are \$2 to \$5 a day for 21 days, with some plans limiting

hospitalization benefits to 12 days. Neither weekly disability nor hospital benefits are paid in pregnancy cases, but one plan provides a \$25 cash benefit for postnatal care. In tubercular cases, the workers are given the choice of a cash benefit payment of \$200 to \$250, or treatment in a sanatorium for the entire period of illness.

NEW YORK CITY LAUNDRY WORKERS (C. I. O.)

The New York City Laundry Workers Division of the Amalgamated Clothing Workers of America and three laundry employers' associations have negotiated a benefit plan which is financed by employers, who contribute 1 percent of their weekly pay rolls. These funds are administered by a seven-man union board, known as the "benefit fund committee," and sickness, nonoccupational accident, and death benefits are provided. A benefit fund and claims office, patterned after a regular insurance company office, has been established by the union to take charge of the day-to-day administration of the program; but appeals from decisions of the claims office may be made to the benefit fund committee.

Weekly sickness and accident benefits of \$8 per week are payable after the first week of disability, up to a maximum of 12 weeks in any year. In addition to the cash payments, visiting nurses are sent to members' homes when necessary, but hospitalization benefits are not provided. Unemployed members are eligible for benefits upon special arrangements with the benefit fund committee.

UNITED HATTERS, CAP, AND MILLINERY WORKERS (A. F. OF L.)

Cap and men's hat locals of the United Hatters, Cap and Millinery Workers in several cities, including New York, Chicago, St. Louis, and Philadelphia, have recently negotiated union-administered health benefit agreements. The employers contribute 2 percent of their weekly pay roll to the local's health benefit fund, which is administered by a board of trustees. In some locals the board is chosen by the membership only; in others the employers are also represented.

Under the New York cap makers' plan, disability benefits amount to 50 percent of the members' average weekly earnings, up to a maximum of \$30 per week for 20 weeks during any year, with benefits starting on the first day in accident cases and on the eighth day in sickness cases. Hospitalization benefits are \$4 daily for a maximum of 30 days during any 1 year; surgical benefits are not to exceed \$50 for any operation.

Jointly Administered Plans

There are two principal types of jointly administered health-benefit plans provided in current union agreements—those which are confined to a single company, and those which are negotiated on an industry- or area-wide basis. Under the single-company plans included in this report, a fund is built up by employees' dues or pay-roll deductions, with the employer either matching the employees' payment, or, at least paying the costs of administration. A committee of union and company representatives is usually designated to administer the program. Unlike group-insurance plans underwritten by

private insurance companies, in which profits, if any, are returned to policyholders in the form of dividends, the surplus in these plans is used for increasing benefit payments or for reducing contributions. Individual-company plans of this type are not very common, although a few are in effect in the chemical industry.

Jointly administered plans which cover an entire industry or area are more common and include more than a third of all the workers under benefit plans included in this report. The largest single group of employees covered by any benefit program established through collective bargaining is the group covered by the jointly administered program negotiated by the Amalgamated Clothing Workers with the Men's and Boys' Clothing Manufacturers' Association. Plans of this type also exist in some branches of the women's apparel industry, in the millinery industry, and in a recently negotiated agreement covering retail and wholesale clerks in St. Louis.

Although these benefit programs are jointly controlled, day-to-day administration is actually in union hands. The employers participate in establishing the general terms and policies and also exercise veto power over proposals to modify existing benefit arrangements. Most of the plans, including all those negotiated by the Amalgamated Clothing Workers of America, place the entire cost upon the employer.

AMALGAMATED CLOTHING WORKERS OF AMERICA INSURANCE PROGRAM

More than 200,000 workers are covered by the jointly administered health-insurance programs negotiated by the Amalgamated Clothing Workers of America (C. I. O.), about 125,000 of whom are employed by companies under the Men's and Boys' Clothing Manufacturers Association agreement. This latter plan is an outgrowth of negotiations which were initiated by the A. C. W. A. in 1941, at which time the association and the union agreed to conduct a study of the possibility of establishing a health and insurance fund on a national basis. In February 1942 the parties agreed on a plan, and a standard form was drawn up, to be used as a supplement to the individual collective-bargaining agreements negotiated with all employers belonging to the association. Contributions to the fund began at that time, but payment of benefits did not begin until February 1, 1944, by which time sufficient reserves had been accumulated. This program now operates in 17 States, covering most of the important organized men's clothing markets. An additional 15,000 workers are covered under a separate but similar insurance program in effect in Chicago.⁷

The A. C. W. A. national insurance plan is financed entirely by manufacturers and contractors, who contribute 2 percent of their weekly pay rolls into the Amalgamated Insurance Fund, which is administered by a board of trustees composed of 12 members of the executive board of the union. Before the trustees can "enter into any insurance contract, or purchase any insurance policy, or make any change in any outstanding policy * * *" they must obtain the consent of an advisory committee, composed of 11 members of the association representing the employers. The resources of the Amalgamated Insurance Fund are employed to operate the Amalgamated Life

⁷ In Chicago, in 1940, the clothing manufacturers and contractors and the A. C. W. A. agreed to convert a previously existing unemployment-benefit fund, made up by employer's contributions, into a health and benefit plan. This benefit plan, the first of its kind in the industry, was instituted after the passage of the Federal Social Security Act had made this private unemployment-insurance program obsolete.

Insurance Co., a capital-stock insurance company chartered under the laws of New York State, with a board of directors composed of union and employer representatives. This company issues policies to eligible members of the A. C. W. A. employed by contributing employers and pays the benefits.

All workers in the men's clothing industry (including learners and clerks, as well as production workers) who have been members in the A. C. W. A. for at least 6 months, and who have worked for an employer at least a day in each of 6 different months, of which 1 month must have been within the last 4 months, are automatically insured. Employees in closely connected branches of the clothing industry, such as single-pants shop workers, sportswear, and sheep-lining and leather workers are also covered by the A. C. W. A. insurance program. Employees are covered as long as they are employed in any shop included in the plan, and for 4 months after lay-off from the industry, but insurance terminates upon withdrawal, suspension, or expulsion from the union. If a worker is disabled and eligible for weekly benefits on the day insurance terminates, the insurance continues until the end of the period for which benefits are payable.

Weekly benefits for sickness and nonoccupational accidents are \$12 for men and \$8 for women, for a maximum of 13 weeks in any 12 consecutive months (rather than for any continuous disability). For accidents resulting in disability of 7 days or more, payment of benefits begins from the first day of such disability. In the case of illness resulting in disability for 14 days or more, payment of benefits begins on the eighth day of disability. Confinement to bed or at home is unnecessary, but the member must be under a doctor's care and unable to work, and must have notified the office not later than 20 days after the first day of his disability. The plan includes hospitalization benefits of \$5 per day for 31 days in any one year, and \$25 for additional expenses. No regular weekly or hospital benefits are paid for disability resulting from pregnancy, but a flat \$50 maternity benefit is furnished.

UNITED RETAIL, WHOLESALE AND DEPARTMENT STORE EMPLOYEES OF AMERICA (C. I. O.)

The St. Louis Council of the United Retail, Wholesale and Department Store Employees of America and a number of employers recently completed a plan to establish a health institute to be financed by the employers, who will contribute at the rate of 3½ percent of their total pay roll, for all workers covered by the agreement.

The Labor Health Institute, as it is called, will be administered by a board of trustees composed of 18 members of the union, 6 employer representatives, and 3 representatives of community interests. An advisory council, composed of a representative from each signatory firm and a union member from each such firm, will advise on policy and act as the connecting link between the trustees and the employees in each plant. A medical director, empowered to select other professional personnel, will be selected by the trustees, who are also empowered to appoint a manager who will be responsible for the administration of the institute.

The program does not provide cash weekly benefits, but offers the following services, the details of which have not yet been formulated:

Hospitalization; periodic health examinations; general practitioners' and specialists' care in the office, home, and hospital; maternity care; surgery and deliveries; routine laboratory tests; X-rays, fluoroscopic studies, and unusual laboratory tests; physiotherapy (sun lamp, diathermy); injections (except unusual medicines); periodic dental diagnosis; periodic eye diagnosis; orthopedic care; personal counseling service; industrial-health and safety consultant service; health education; health conservation (preventive measures, vaccinations, etc.); revolving fund for new projects such as day nursery, rest camps; reserve for institute functions during unemployment.

Workers who wish to do so, will be permitted to make their own private payments to the institute for the purpose of extending some of these services to their dependents. The plan specifically excludes certain services; for example, preexisting chronic diseases which are listed as exemptions when the initial examination is completed (no exemptions to be applied to members in the union when the plan goes into effect for any group), compensable accidents, and dental care.