

Employee Benefit Plans Under Collective Bargaining

[Reprinted (with additional data) from the January, May, and
September 1948 issues of the Monthly Labor Review]

Bulletin No. 946

UNITED STATES DEPARTMENT OF LABOR

Maurice J. Tobin, *Secretary*

BUREAU OF LABOR STATISTICS

Ewan Clague, *Commissioner*



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Letter of Transmittal

UNITED STATES DEPARTMENT OF LABOR,
BUREAU OF LABOR STATISTICS,
Washington, D. C., October 20, 1948.

The SECRETARY OF LABOR :

I have the honor to transmit herewith several articles, illustrative collective-bargaining contract clauses, and a selected bibliography on employee benefit plans under collective bargaining. The materials in this bulletin comprise part of a general long-range study of insurance, sickness, medical care, and retirement plans conducted jointly by the Bureau of Labor Statistics, and the Social Security Administration and Public Health Service of the Federal Security Agency.

The materials for this bulletin were assembled in the Bureau's Division of Industrial Relations by Abraham Weiss (who also participated in planning the over-all study), with the assistance of Evan Keith Rowe. Joseph Zisman of the Bureau of Research and Statistics, Social Security Administration, and members of the staff of the Industrial Hygiene Division of the Public Health Service participated in the planning of the over-all study, and in the conduct of several of the field surveys.

EWAN CLAGUE, *Commissioner.*

HON. MAURICE J. TOBIN,
Secretary of Labor.

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Employee Benefit Plans Under Collective Bargaining

Introduction

Within recent years there has been a growing trend toward the inclusion of various insurance, sickness, and retirement plans in agreements between employers and unions. Because of the increasingly important role of such plans in collective bargaining negotiations, the Bureau has assembled three articles on this subject which first appeared in the *Monthly Labor Review*. Previous *Monthly Labor Review* articles on the same subject are not reproduced here because they were released as separate bulletins. These are listed in Appendix II, Selected Bibliography.

The first article in this bulletin, *Benefit Plans under Collective Bargaining*, presents a current over-all picture of the scope and characteristics of such plans. In addition, it traces the growth and development of employee-benefit plans and summarizes postwar developments in this field. Reference is also made to the regulation of health and welfare funds by the Labor Management Relations Act and to decisions of the National Labor Relations Board on employers' obligations to bargain collectively on employee-benefit plans.

The second article, *Medical Service Plans Under Collective Bargaining*, is a comparative study of the origin, growth, and development of two outstanding medical service plans established through collective bargaining, namely: The Labor Health Institute in St. Louis sponsored by the St. Louis

Board of the United Retail and Wholesale Union (CIO), the Union Health Center in Philadelphia established under the terms of an agreement between the Philadelphia Waist and Dress Manufacturers' Association, and the International Ladies' Garment Workers' Union (AFL) acting through the Philadelphia Joint Board Waist and Dressmakers' Union.

The final article, *Employee-Benefit Program of Consolidated Edison*, is a detailed presentation of a company program embracing both medical care and insurance benefits. The plan, initiated over half a century ago, has in recent years come within the scope of the company's collective-bargaining agreement with the union.

Two appendices are also included in this bulletin. The first contains a number of health, welfare, and retirement benefit clauses excerpted from collective bargaining agreements on file in the Bureau. They are neither model contract clauses nor are they necessarily representative of practice in the industry, but rather a sample selection which indicates a variety of approaches. On the other hand, they may well serve as a reference guide to those who participate in collective bargaining negotiations.

The Selected Bibliography on *Employee-Benefit Plans Under Collective Bargaining* is included as Appendix II for those who may be interested in further study of the subject.

Benefit Plans Under Collective Bargaining

More than 3 million workers—over twice the number in early 1947—were covered by some type of health, welfare, and/or retirement benefit plan under collective-bargaining agreements by mid-1948. This coverage includes benefit plans negotiated as a part of labor-management agreements, and those originally established by employers and later incorporated into an agreement.

This rapidly growing trend toward the inclusion of such plans for employees in collective bargaining contracts represents a determined attempt by unions to cope with the dangers of insecurity facing workers and their families from wage loss and medical expense due to illness or to injury not covered by workmen's compensation. The Social Security Act and State workmen's compensation

laws provide some measure of financial protection against unemployment, dependent old age, death, and job loss through work injury, but not against nonoccupational illness or injury. Only three States—Rhode Island, California, and New Jersey—have adopted such benefit systems for workers covered by unemployment insurance. Federal legislation in this field applies only to railroad workers, for whom benefits became effective in July 1947.

The emphasis placed by unions and employers on illness and injury benefits is widespread. Adoption of such programs through collective bargaining, however, is still a comparatively new phenomenon in industrial relations, and has created problems in labor-management relations of the employers' obligation to bargain collectively on health-benefit and pension plans. Recent decisions of the National Labor Relations Board indicate that such benefits are subject to collective bargaining, but the issues involved have been submitted to the courts for final determination.

Growth and Development of Plans

Unions' and employers' concern with problems affecting the health and welfare of workers is not new. In fact, most of the older craft unions have had for many years plans for rendering financial aid to their members. Many of these unions started as fraternal or benevolent associations. Their objective was not only to raise wages and improve working conditions, but also to supply sickness, unemployment, old-age, and mortuary aid to the members or their widows. Such plans were financed entirely by union members, through membership dues or special assessments. After World War I rising benefit costs, financial instability due to the depression, and the enactment of the Social Security Act in 1935 led many unions to revise or terminate their self-financed benefit schemes. Others have continued and are still effective.

Employers also have for many years made available, both with and without employee contributions, medical aid to workers in the form of direct medical services, hospitalization, and cash payments during disability, as well as group life insurance and pension plans. The railroads or companies closely associated with them were the first to set up formal plans for old-age and disa-

bility relief.¹ Between 1900 and 1930, the number of welfare plans sponsored by employers increased substantially. Organized labor, because it had no voice in the administration and was not protected by contractual obligations, never wholeheartedly endorsed such plans.

A Bureau survey of 15,636 manufacturing establishments, in 1945 and 1946, disclosed that 47 percent had insurance or pension plans for plant workers. Life insurance plans were found in 37 percent, health insurance in 30 percent, and retirement pension systems only in 5 percent of the manufacturing plants.²

Employers have also assisted in the formation of employee mutual benefit associations which, in most instances, are supported solely by employees, and which supply some financial assistance to disabled workers.³

Health and welfare programs under collective bargaining have been in effect, in isolated cases, since the late twenties.⁴ On the whole, progress was slow during the 1930's, and at the outbreak of World War II relatively few union agreements made provision for health and welfare benefits and/or old-age pensions.

The war period stimulated the growth of plans and also brought a number of existing employer plans within the scope of union agreements. Wartime wage stabilization regulations limited the amount of wage increases which employers could grant, but, at the same time, permitted the adoption of reasonable employee insurance and pension benefits. Early in 1945, the National and Regional War Labor Boards, in a number of cases, held that employers should not modify or discontinue their group insurance plans during the life of their union agreements. The Boards also ordered employers, in some cases, to include existing unilateral benefit plans within the agreement.

Other factors contributing to the growth of health and welfare plans, whether employer sponsored or established through collective bargaining,

¹ Murray W. Latimer: *Industrial Pension Systems in the United States and Canada*, 1932 (p. 20).

² *Extent of Insurance and Pensions in Industrial Employment*, in *Monthly Labor Review*, July 1947.

³ Office space and clerical help are generally furnished by the employer.

⁴ The first agreement, according to records of the Bureau of Labor Statistics, involved employees of the Newburgh, N. Y., Public Service Corporation and was negotiated by the Amalgamated Association of Street and Electric-Railway Employees (AFL) May 1, 1926. This agreement provided for a life insurance policy of \$1,000 and weekly sick benefits of \$15. (*Monthly Labor Review*, February 1930, p. 10.)

were favorable tax regulations and a growing feeling, in many quarters, that existing social security benefits, as provided by the Social Security Act of 1935, no longer were adequate. Based on experience with their own benefit schemes, as well as the demands of their members, unions became increasingly aware of the need for protecting their members from the hazards of sickness and accident and for providing medical-care assistance.

Health benefit plans put into operation through collective bargaining are of two major types. The first, and by far the most predominant pattern, is some form of a group insurance program. Operated through commercial insurance companies, it provides cash reimbursement to the workers to compensate them in part for loss of wages resulting from sickness, for hospital expense, cost of surgery, and, less frequently, for other medical expenses. The second and less prevalent type of plan provides service which includes hospitalization and care rendered by a physician in the home and clinic.

In a number of industries, the existence of these plans is the direct result of union sponsorship and collective bargaining; in others, they represent a pre-existing employer-sponsored plan which has been incorporated into the union contract. Current programs differ from earlier union or company welfare plans in several respects: (1) The plans are part of the collective-bargaining agreement and affect all the workers covered by the agreement; (2) they are financed entirely or in considerable part by the employer; (3) the funds involved are union or jointly administered; (4) benefits are generally more comprehensive in coverage and amount.

Status and Characteristics of Plans, 1948

About 45 percent of the 3 million workers included under some type of employee-benefit plan, it is estimated, are covered by plans which provide health and welfare benefits, except retirement.⁵ Such plans include one or more of the following benefits: Sickness or accident, hospitalization, surgical, maternity, medical care (services or cash), accidental death or dismemberment, welfare assistance, life insurance, and death.⁶ About 44 percent are covered by plans which provide one or more of these specific benefits, as well as pensions, and about 11 percent are covered solely by retirement or pension provisions.

Health, welfare, and retirement benefit plans under collective bargaining are known to exist in some form, and in varying degrees, within the jurisdiction of nearly 100 national and international unions surveyed having an estimated total membership of slightly over 12,000,000. Of the remaining 100 unions surveyed, at least 40 operate in fields such as State or Federal Government where written collective-bargaining agreements do not generally exist, although some groups of employees are covered by benefits, or on railroads where health and retirement benefits are provided by law. Some unions did not reply; others stated no such plans existed; and still others furnished insufficient information to determine whether such benefit programs existed within their jurisdiction.

Some plans are union-, industry-, or area-wide in their coverage, as in the case of the United Mine Workers (Ind.), the International Ladies Garment Workers (AFL), and the Amalgamated Clothing Workers (CIO). In the majority of instances, however, plans are confined to various union locals in a particular area.

Large numbers of workers in the following industries are covered by some type of health, welfare, and/or retirement benefit plan under collective bargaining: Coal mining, clothing (men's and women's), textiles and hosiery, millinery, building trades, machinery (particularly electrical), rubber, office and professional workers, paper, furniture, shipbuilding, steel, utilities, retail and wholesale trade, local transportation, fur and leather, cleaning and dyeing, hotel and restaurant, telephone and telegraph, playthings, and jewelry.

About 450,000 workers in coal mining, at least 875,000 in clothing and textiles, and 150,000 or

⁵ Estimates are based on a questionnaire survey made by the Bureau of Labor Statistics as part of a continuing study of health and welfare benefits under collective bargaining, conducted jointly with the Social Security Administration and the U. S. Public Health Service. The questionnaire was sent to 200 national and international unions (AFL, CIO, and independent) during the later half of 1947 and early 1948, and was supplemented by material on file in the Bureau as well as other available sources. A limited amount of field work was also undertaken in connection with the study.

Previous Bureau estimates indicated that at least 600,000 workers were covered by various types of health-benefit plans under collective-bargaining agreements in 1945 (see BLS Bull. No. 841) and that approximately 1,250,000 were covered by early 1947 (BLS Bull. No. 900). The estimate of 3 million is not directly comparable with the earlier figures, since the present survey is of somewhat broader scope and includes life insurance and pension or retirement plans not generally included in the earlier studies.

⁶ Inasmuch as the primary objective of the survey was to ascertain the extent and coverage of workers under these plans, no attempt was made to determine the coverage by specific type of benefit. Such data are not available in most cases at the national or international union offices.

more bus, street, and electric railway workers are covered by some type of plan under collective bargaining. In the steel industry, approximately 138,000 workers are covered in over 300 contracts; about an equal number of workers are covered in agreements of the United Electrical and Radio Workers (CIO).

A uniform plan is sponsored by some national and international unions for adoption in the collective bargaining agreements of their districts, joint boards, councils, locals, etc. Currently, between 25 and 30 unions are known to follow this pattern. The majority of employee-benefit plans, however, are negotiated on a local or regional basis. Although a uniform plan may be sponsored by a union, it does not follow that the plan is incorporated in all of the various collective-bargaining agreements of its local affiliates. It is often but a proposed goal, particularly where collective bargaining is centered at the local level.

National unions, which do not sponsor a uniform plan, assist their locals in negotiating a benefit program. In some cases, the national union supplies the local with information of a general character and with copies of welfare plans in effect in the same or a similar industry. In contrast, other national unions make available their representatives to aid the local in negotiations, or provide actuarial advice, information on costs and administration of various plans, and technical assistance in analyzing management proposals. Some unions retain technical experts to assist in developing these programs. As a result of this extensive aid and close supervision by the parent organization, considerable similarity is found among the plans adopted by the various local unions.

Administration of existing benefit plans, with few exceptions, fall into four basic types: (1) Those administered solely by the union, (2) those administered jointly by the union and employer, (3) those administered by union and employer representatives and a neutral person, and (4) those administered by a private insurance carrier which undertakes the responsibility for determining eligibility claims and payments of benefits.⁷

Plans administered by the union, or jointly by the union and employer, usually require that participants be union members in good standing. If

the benefit program is handled by an insurance company, the coverage usually is not restricted to union members unless the agreement provides that the union shall purchase the insurance.

In the majority of plans underwritten by an insurance company, benefit coverage (except life insurance) generally ceases upon termination of employment or at the end of the policy month. Life insurance coverage generally terminates at the end of the policy month following severance of employment. Extended coverage for hospitalization and surgery is often provided employees disabled at the time of lay-off. In union-administered plans, workers are quite often eligible for benefits during slack seasons or lay-offs provided they remain members in good standing with the union. Under an area- or industry-wide plan, employees can usually transfer from employer to employer without loss of coverage.

Most of the plans created under collective bargaining are financed entirely by the employer, either through the contribution of a specified percentage of his pay roll (usually 2 or 3 percent, higher in some cases), or by outright purchase of insurance policies. Payments into the bituminous coal and anthracite funds are based on a flat contribution of 20 cents for each ton of coal produced "for use or for sale." The recent Kaiser-Frazier-UAW-CIO agreement provides for payment by the employer on the basis of 5 cents per hour worked by each employee. If the plan is of a contributory character, the amount the employer contributes may be specified in detail or the employer may assume all costs of the plan over and beyond a stipulated contribution made by the individual worker through regular wage deductions. The present trend is toward complete financing of the plan by the employer, or toward lowering the employee's share of the cost in a contributory plan.

The present tendency is to increase the number of different benefits provided, as well as to liberalize existing benefits. Medical services, particularly of a preventive nature, and pension programs are currently receiving special attention. The program of the St. Louis Labor Health Institute, which evolved from a plan sponsored by the local joint council of the CIO Retail and Wholesale Department Store Union, is a noteworthy example of the trend toward furnishing more medical care; the establishment of additional health centers

⁷ See footnote 11, p. 6, for the provisions of the Taft-Hartley Act dealing with the administration of welfare funds.

by the International Ladies' Garment Workers' Union (AFL) outside the New York market area illustrates the manner by which preventive medical services are being extended to greater numbers of workers.⁸ Plans for the establishment of health centers have recently been announced by the Amalgamated Clothing Workers (CIO) and the New York Clothing Manufacturers' Exchange, as well as by the AFL New York Hotel Trades Council and the Hotel Association of New York City.

Weekly disability benefits are usually based on an employee's average weekly earnings—ranging to as high as 60 percent of his regular income. Most benefits start on the eighth day in case of illness and on the first day in case of accidents. An increasing number of unions are proposing that the waiting period for illness be shortened. The maximum time allowed for receiving benefits is generally from 13 to 26 weeks (6 weeks in case of pregnancy) for any one continuous disability, although a number of plans allow continuous coverage for 52 weeks, as in the case of the Upholsterers' (AFL) plan.

Hospital benefits may take the form either of cash reimbursement for a specified period (often 31 days for any one continuous disability) or the provision of service, such as characterizes the various so-called Blue Cross plans. Surgical insurance usually provides cash reimbursement in accordance with a schedule of maximum benefits allowable for specific types of surgical operations performed in a hospital. These maxima may range from \$5 for minor operations to as high as \$225 for major operations in a few plans.

Hospital coverage for dependents is provided in some plans, but additional contributions by the employee are usually required.

Postwar Developments

During the war and the immediate postwar period, organized labor stepped up its drive for health and pension plans. Such demands no longer were considered as "fringe" issues. Many unions sought and, in a number of cases, obtained new benefit plans or succeeded in bringing existing plans within the scope of the collective bargaining agreement. The United Mine Workers proposed the establishment of a welfare and retire-

ment fund during the 1945 bituminous-coal contract negotiations. They obtained such a fund in May 1946 in the Krug-Lewis agreement following Government seizure of the mines. The United Automobile Workers (CIO), in negotiations with General Motors Corp. in August 1945, proposed that the company finance a social security fund. It created a social-security committee to study various types of employee social-security plans and to promote the union's social-security program.

In October 1947, the union and the Ford Motor Co. reached agreement on a pension plan, but the agreement was rejected by the workers in a referendum vote. Employees were given the choice of a 7-cent hourly wage increase and the retirement program, or a 15-cent wage package as agreed to by the other major automobile producers, consisting of an 11½-cent pay increase and six paid holidays. The second alternative was accepted by the workers. On June 11, 1948, the UAW obtained its first major employee welfare plan under collective bargaining when the Kaiser-Frazer Corp. agreed to put 5 cents for each hour worked by its employees into a jointly administered social-security fund.

In December 1945, the Amalgamated Clothing Workers of America (CIO) concluded an agreement with the manufacturers and contractors of men's and boys' clothing which provided retirement benefits, equal to those under Federal Old-Age and Survivors Insurance, for approximately 150,000 employees. Payments under this plan went into effect January 1, 1947. This is in addition to death benefits, weekly disability payments, and hospital expense and maternity benefits which were obtained in previous years.

The International Brotherhood of Electrical Workers (AFL) and the National Electrical Contractors Association negotiated an agreement in September 1946 under which contractor members of the association became contributors to the IBEW pension fund (in existence since 1928). Contributing union members reaching age 65, after 20 years' membership in good standing, are paid \$50 a month. The employer contributions amount to 1 percent of gross pay rolls.

The United Steelworkers of America (CIO) and the United States Steel Corp. reached an agreement in 1947 to participate in a joint study of the problem of insurance coverage for the corpora-

⁸ For description of these plans, see *Monthly Labor Review*, January 1948 (p. 34), or p. 7-13 of this bulletin.

tion's employees. It was further provided that "when agreement is reached with the union on the elements of the new plan, methods of financing and administration, it will be adopted and put into effect."⁹ One of the first contractual insurance plans in the basic steel industry was negotiated in May 1947 by this union with the Allegheny-Ludlum Steel Corp., providing life insurance, accidental death and dismemberment, sickness and accident, hospitalization, and surgical and maternity benefits. This agreement replaced a company-established, noncontractual, contributory insurance plan. This union also signed an agreement in May 1947 with the Aluminum Co. of America, providing death, sickness and accident, and hospitalization benefits.

Regulation of Health and Welfare Funds. The pressure arising from union demands for "health and welfare" and the growth and increasing importance of such plans¹⁰ focused the attention of Congress on the administration and disposition of the funds built up by employer contributions. Concern over the uses to which such funds might be put if the union were sole administrator led Congress to prescribe certain rules and regulations governing the purpose and administration of welfare funds in the Labor Management Relations Act of 1947 (Taft-Hartley Act).¹¹

Employer's Obligation To Bargain. Increased union demands for the establishment of health and welfare plans or for a voice in administering or modifying existing employer plans have also brought to a head the question of an employer's obligation to bargain collectively on such issues. The National Labor Relations Board, in two recent cases, ruled that employers must bargain on these matters.

⁹ Letter of April 19, 1947, from J. A. Stephens, vice president, U. S. Steel Corp. of Delaware, to Phillip Murray, president, United Steelworkers of America, attached to basic agreement between the union and the corporation.

¹⁰ The number of workers covered by health-benefit plans negotiated between employers and unions, it is estimated, more than doubled from 1945 to early 1947.

¹¹ Public Law 101 (80th Cong., 1st sess.), section 302. This section of the act specifies that health and welfare arrangements must provide for a trust fund established for the sole benefit of employees, their families, and dependents. The purposes for which payments may be made out of the trust are limited. Except for plans established before Jan. 1, 1946, any plan must be set out fully in writing and must provide for bipartisan administration, with some arrangement for a neutral person to break dead locks. Payments intended to be used for purchasing pensions or annuities for employees must be made into a separate trust which cannot be used for any other purpose.

In the Inland Steel Co. case, the Board held on April 12, 1948, that "under the Labor Management Relations Act, employers must bargain with their employees on pension or retirement plans if the employees request it."¹² The union's request that the company bargain with it regarding the application of, and amendments to, its existing pension plan was rejected by the company. The union specifically objected to the company's action in automatically retiring employees at age 65. The company contended that the establishment of its pension plan and the termination of employment pursuant to the terms of the pension plan were not proper subjects for collective bargaining.

The substance of the NLRB ruling was that unions have a right to bargain collectively on rates of pay, wages, hours of work, or other conditions of employment; that pensions are included in the term "wages"; and that the union's interest in pensions is therefore no different from its interest in the wage structure; and that the age terms of retirement fall within the category of "conditions of employment."

The Board likewise held on June 17, 1948, that the Labor Management Relations Act required an employer to bargain with the representatives of his employees on any group health and accident insurance program covering them.¹³ This decision arose out of a complaint by the United Steelworkers of America (CIO) that the W. W. Cross and Co. had refused to bargain on the union's request for an insurance plan, but that it had later unilaterally established the terms and conditions of such a program. The Board ordered the company "to refrain from taking any action with respect to its group health and accident insurance program which affects any of the employ-

¹² NLRB Release R-62, dated Apr. 13, 1948. The order to bargain was conditioned upon the union's compliance within 30 days with the filing and affidavit requirements of the Labor Management Relations Act. The union involved is the United Steelworkers of America (CIO).

¹³ Shortly prior to this decision, a NLRB trial examiner (following the reasoning in [the Inland Steel decision]) ruled that group insurance was a mandatory subject for collective bargaining when requested by the authorized bargaining agent. (Case No. 7-CA-37, May 11, 1948.) In this case (on which the NLRB as a whole has not yet ruled), the General Motors Corp. announced a new group insurance plan to be effective Feb. 1, 1948, after the union had requested the company to negotiate such a plan with it. A temporary order, issued at the Board's request, restrained the company from putting into effect its new insurance plan insofar as it covered or affected employees represented by the United Auto Workers (CIO).

ees in the unit represented by the union, without prior consultation with the union and, in addi-

tion * * * to bargain collectively with the union upon request."¹⁴

Medical Service Plans Under Collective Bargaining

Unions, in negotiating health programs for inclusion in agreements, have adopted two general approaches. One is the cash benefit plan, under which visits to doctors, hospitalization, maternity, and surgical costs are provided through employer pay-roll contributions (premium payments) to a commercial or union-owned insurance carrier.¹⁵ The other is the medical service plan, under which medical care is provided through a health center supported by employer pay-roll contributions at little or no cost to the workers. Although the medical service plan covers relatively few workers compared with the cash benefit type, the comprehensive medical care sought for low income groups through such voluntary, private organizations merits particular attention.

In the early part of 1947, representatives of the Bureau of Labor Statistics and the United States Public Health Service studied two comparable medical service plans established through collective bargaining: The Labor Health Institute in St. Louis and the Union Health Center in Philadelphia.

Origins of the Plans

Both medical service plans were started in the war years. Favorable business conditions, part of operating expenditures offset through tax deductions, and wage stabilization regulations, which made direct wage increases difficult to obtain, stimulated the establishment of the health centers. The Philadelphia Union Health Center was established in March 1943, under the terms of an agreement between the Philadelphia Waist and Dress Manufacturers' Association and the International Ladies' Garment Workers' Union (AFL) acting through the Philadelphia Joint Board Waist and Dressmakers' Union. This was the first ILGWU plan to be established under collective bargaining, the earlier centers having been maintained by the

union through dues and assessments.¹⁶ Funds to operate the new venture were obtained from employers' contributions of 3½ percent,¹⁷ beginning in June 1942, and raised to 6 percent in 1946, including unemployment benefits. A sick benefit and vacation fund was also financed from these contributions.¹⁸

Unlike the ILGWU in Philadelphia, the St. Louis Board of the United Retail and Wholesale Union (CIO) had no model health center previously set up by the union. The local union officials had been members of a consumer group health association, organized by a physician who later became the medical director of the Labor Health Institute, and they were convinced that no "insurance package" could meet the health needs of the workers. The employers were not so easily convinced, however. Although conferences on the proposed medical service plan were held in 1944, agreements covering the projected Labor Health Institute were not obtained until the summer and fall of 1945. For the first few months of its existence, the new health center was conducted from the office of its medical director, largely with the aid of a loan later repaid to the union. By November 1945, sufficient funds were accumulated from the employer pay-roll contributions of 3½ percent¹⁹ to enable the Labor Health Institute to move into its own quarters in a downtown office building.

Membership and Eligibility

The Philadelphia program serves about 15,000 workers, of whom 10,000 are in dressmaking and 5,000 in knit goods, cloaks, raincoats, department stores, and south New Jersey dress firms. The nondressmakers' locals have their own agreements

¹⁴ NLRB Case No. 1-C-2676 in the matter of W. W. Cross and Co. and United Steelworkers of America (CIO). As in the Inland Steel case, the Board's order was conditioned upon the union's compliance with the filing and affidavit requirements of the act.

¹⁵ Some plans provide for contributions to a union administered fund.

¹⁶ The ILGWU founded the first union health center in New York in 1911. For a description of this plan, see *Monthly Labor Review*, February 1947 (p. 201).

¹⁷ In 1945, average earnings in the Philadelphia ladies' garment industry were reported at \$32 per week.

¹⁸ The break-down is 2 percent for health center, hospitalization, surgical and sickness, 2 percent for vacations, and 2 percent for unemployment insurance and administrative costs.

¹⁹ In 1946, average earnings in the companies covered by the St. Louis Labor Health Institute were reported to be about \$33 per week.

providing for health insurance funds. Under existing arrangements they are not direct participants in the Union Health Center, but reimburse the health insurance fund of the Waist and Dressmakers' Joint Board on a fee-for-service basis for those members who avail themselves of the center's facilities.²⁰

In St. Louis the several locals of the Retail and Wholesale Union bargain separately with individual employers, most of whom have agreed to the standard health benefits clause. In March 1947, 23 employers in wholesale establishments—dry goods, hardware, food, candy—and 15 small shoe-repair shops were parties to agreements covering somewhat less than 3,000 workers (since increased to 5,000). In addition, about 2,000 dependents of these workers were participating in hospitalization benefits obtained through the St. Louis Labor Health Institute for which they themselves paid. A small number of special members were drawn from the staffs of the union and the institute; additional members were drawn from a group health association, a cooperative organization in existence for 10 years and now contracting with the Labor Health Institute for services.

In Philadelphia, a worker becomes eligible after 6 months' membership in the union, provided he is not more than 13 weeks in arrears in dues, regardless of the length of time his employer has been contributing to the fund. No provision is made for participation of outsiders.²¹

In St. Louis, employees of a company agreeing to contribute to the health fund must wait 30 days before becoming eligible. Workers newly hired by companies already under the medical service plan must wait 60 days. Membership under the St. Louis plan is open to all workers in the bargaining unit, whether union members or not.²²

Policy-Making Bodies

The St. Louis Labor Health Institute was organized under the laws of the State of Missouri as a nonprofit corporation. Under the bylaws of the

institute, control and management are functions of the board of trustees, composed of 27 members, of whom 18 are members of the union, 8 are employers, and 1 is a public member (currently a university professor). As a practical matter, a much smaller number of union and employer representatives serve on the board. The union members of the board are elected at the annual meeting by the regular members of the institute from candidates nominated by a committee of the board of trustees. Employer representatives are nominated and elected by the board of trustees as a whole. Between the quarterly meetings of the board, the executive committee of 9, of whom two-thirds are union members elected by the board of trustees from among its own number, supervises the activities and carries out the policies of the St. Louis Labor Health Institute. The board of trustees is authorized to "approve and enforce all plans, projects and policies of the institute, hear reports of semiannual audits of the financial records of the institute, and have general supervision of the St. Louis Labor Health Institute."

The health insurance fund of the Philadelphia Waist and Dressmakers Joint Board is controlled by a Health Insurance Fund Committee consisting of two representatives (designated by the joint board) from each of seven of the eight locals²³ comprising the joint board. Three additional members of the committee hold office by virtue of official positions on the joint board. The committee is divided into health center, sick benefit, vacation fund, and appeals subcommittees.

Since the Philadelphia Health Insurance Fund Committee is an offspring of the Dress and Waistmakers' Joint Board, no important decisions are made without the concurrence of the parent body. All funds are deposited in a bank account, maintained in the name of the Health Insurance Fund Committee, from which all payments are made. The committee decides on the amount to be appropriated "to any one or more" of its purposes. The committee elects three officers from among its members including the director of the Union Health Center. An affirmative vote of a majority of the committee may alter or amend the rules and regulations of the fund. Only dress and waistmakers' locals are represented on the

²⁰ Members of nondressmaker locals report to their own locals first and then are referred to the Union Health Center.

²¹ Dependents may obtain technical services (X-ray, metabolism tests, etc.) at reduced cost upon referral by a private physician.

²² Most of the agreements with contributing firms provide for a modified union shop.

²³ The agreements of one of the locals do not provide for contributions to the Health Insurance Fund.

Philadelphia Health Insurance Fund Committee, although, as previously indicated, outside locals participate in the health center. Employers are not represented on the administrative board nor is there a separate advisory employer body.

Day-to-Day Administration

The organization of the St. Louis Labor Health Institute for day-to-day operations places key authority in the hands of the president of the board of trustees and the medical director. The former is also director of the joint board of the union and has general supervision of the activities of the institute. The president makes "regular reports and recommendations to the board of trustees on plans, finances, and projects." Between meetings of the board, the president is responsible to the executive committee. The bylaws empower the president to recommend to the board of trustees a medical director and a business administrator. The medical director is authorized to select professional personnel and supervise the functioning of the medical program. He also has "final authority on the extent of medical services to be rendered any individual," and reports regularly to the board of trustees. The business administrator engages all non-professional personnel with the approval of the president and reports directly to the president.

Although there are no physicians on the board of trustees, two representatives of the medical staff attend board meetings. A union and an employer representative (members of the board) attend the business conferences of the medical staff. In this manner an exchange of views is obtained between medical and lay persons.

At the Philadelphia Union Health Center, the administrative director reports monthly to the health center and sick benefit committees, inasmuch as he is responsible for the day-to-day operations of these programs. (The vacation and fair-income funds are handled in the office of the joint board.) One step removed in authority from him is the medical director who is selected by the Health Insurance Fund Committee; he has immediate responsibility for administration of the medical service plan. On matters of appointments to the professional staff, adding medical departments or equipment, the medical director makes his recommendations to the lay director,

who in turn goes before the Health Insurance Fund Committee for final authorization. Unlike the St. Louis organization, in which the medical director reports directly to the board of trustees, greater authority is placed with the lay director under the Philadelphia plan. Whatever the formal division of responsibility, effective day-to-day administration of these two plans results from teamwork between lay and medical administrators.

Medical Staff

The medical staff of the St. Louis Labor Health Institute is an autonomous unit under the supervision of the medical director, assisted by an associate medical director. Staff appointments are initiated by the medical director, subject to the approval of the 23 physicians and surgeons employed by the institute. The medical men select their own chief of staff, and committees on facilities, equipment, and make recommendations on salaries. Most of the staff physicians are specialists in their fields, as evidenced by the fact that all, except the general practitioners and dentists, are diplomates of specialty boards. All staff physicians are employed on a part-time basis at the minimum rate of \$5 an hour, this employment supplementing their private practices. The caliber of the institute's medical staff is admittedly of high quality, as attested to by the staff members' standing in the medical profession in St. Louis.

In Philadelphia, the health center's medical staff is selected by the medical director, subject to the formal approval of the lay director and the Health Insurance Fund Committee. A staff of 22 part-time physicians and 3 consultants serve the Philadelphia garment workers. Staff members average 6 hours a week and are paid at the minimum rate of \$6 an hour. Although there are no staff committees, it is planned to form a medical committee on scientific matters to confer on problems affecting the center. The medical director also intends to have the professional staff choose its own members in the future.

Group Practice

Both centers endeavor to conduct group practice under which the associated specialists and general practitioners get the benefit of each other's opinions

through staff consultations. It is pointed out that under a prepayment group practice plan a patient may be given tests, X-rays, or further examinations that may be required, without delay or additional costs. Such pooling of knowledge and skills, as well as equipment, it is claimed, makes possible complete utilization of all advances in medical science at a greatly reduced cost. In practice, it has not always been possible to realize fully the theoretical advantages of group medicine at these health centers. A number of the St. Louis physicians interviewed expressed the opinion that when the staff is composed of specialists with few general practitioners, there is a tendency to withhold criticism of one another's work because of the aura of infallibility which surrounds specialization. In Philadelphia, the extent of group practice is limited by the scope of the plan which confines medical care to diagnosis and therapy of ambulatory cases on referral by private physicians. Most of the doctors interviewed joined the health center for reasons other than their interest in the labor movement. A reason frequently given for joining the staffs of these organizations was the opportunity afforded thereby to supplement private practice. In the absence of medical service plans, the same doctors would be treating some of the same patients at a clinic or hospital without remuneration. From a professional standpoint, all are interested in the ready availability of technical services and of consultation with fellow physicians under group practice.

Medical Services Provided

The two health centers differ in extent of medical services provided the membership. The St. Louis Labor Health Institute offers the workers complete medical care described by its medical director as "portal to portal medicine." The Philadelphia Union Health Center restricts its services to treatment of ambulatory cases, i. e., patients who can be treated at the center. Doctors' visits to the home are not included, while hospitalization and surgical fees are extended only on a limited cash benefit basis. The difference in approach is explained largely by the fact that no established pattern was set by the Retail and Wholesale Union, whereas the Philadelphia Dress Joint Board followed in the footsteps of its predecessor—the Union Health Center in New York. However,

in Philadelphia the worker receives complete ambulatory care, while in New York medical attention is limited to an amount equivalent to \$25 a year per member. In part, too, the difference in approach between the two plans is attributable to the St. Louis union leaders' experience in a consumer group health association.

Union officials and the medical director of the St. Louis Institute were determined from the start to obtain for the members the best and most complete medical care available, even though it meant a large initial investment for facilities, equipment, and staff. In their view, it was extremely important to leave no gaps in the development of a complete medical-care program that might defeat the fundamental aim of safeguarding the workers' health. A general physical check-up alone was inadequate, if not followed up by the necessary treatments, however elaborate they might be. It was also considered essential to the success of the program that the members understand the importance of preventive as well as curative measures and the need for visiting the Labor Health Institute at regular intervals. The fact that medical care problems are often linked with sociological conditions was recognized by adding a psychiatrist and a medical social worker to the professional staff.

Under the St. Louis plan, a worker is entitled to the following medical care without cost to himself: Diagnosis and treatment by general practitioner and specialist (such as eye, ear, nose and throat, skin, internal medicine, gynecology, obstetrics, and pediatrics); home and hospital calls by staff physicians; technical services (such as X-ray, fluoroscope, physiotherapy, and laboratory tests); regular physical examinations and routine dental care; and major and minor surgery. Hospitalization costs are covered by Labor Health Institute participation in the local Blue Cross Plan. (In general, provisions are 60 days per contract year in member hospital at no cost for room and specified extras; additional days at discount.) Extra charges, not covered by Blue Cross, are paid by the institute. Pharmaceutical and surgical appliances are provided at reduced costs. The institute has purchased an apartment house to be converted to a hospital as an addition to the medical center.

The Philadelphia Union Health Center operates its limited medical service plan with modern

medical facilities and equipment. In addition to the standard departments, orthopedics, minor surgery, dermatology, and endocrinology are included. Technical departments cover X-ray, electrocardiogram, basal metabolism, physiotherapy, and clinical laboratory. Ambulatory care is furnished the worker without cost, except for pharmaceuticals and appliances provided at reduced prices. Dependents of members are not treated at the center, but for a reduced fee they may obtain services of the technical departments on referral by private physicians. If the required medical specialty is not available at the center, the patient is referred to a qualified doctor whose fees are paid by the Union Health Center.

Membership in the St. Louis Labor Health Institute is open to families of regular members on a dues-paying basis (\$3 a year for adults, \$1 a year for each child). Families may obtain medical services on a reduced fee-for-service basis. In October 1947, a new family plan was introduced under which an employee, a spouse, and children under 18 become eligible for full medical services and hospitalization, provided the employer agrees to remit 5 percent of the employees' gross pay.

The policy under the Philadelphia plan is to encourage members to obtain an annual physical examination at the center but to consult their own doctor on other occasions if they can afford to do so. When treatment or special diagnosis are required, the private doctor usually refers the member to the center which uses its facilities as long as the patient can be treated as an ambulatory case. The record of diagnosis and treatment is made available to the referring physician. This procedure is followed to maintain the traditional relationship between the referring physician and a diagnostic center.

Should the worker require surgery, the Philadelphia Health Insurance Fund allows \$25 toward defraying the cost of a major operation—as defined by the medical director. Hospitalization benefits are \$2 a day up to and including 12 days of hospitalization in any benefit year.²⁴ In addition, sick benefits are payable at the rate of \$10 a week for a maximum of 10 weeks in any one benefit year after a 9-day waiting period, whether or not hospi-

talization is required.²⁵ Before a worker may receive hospitalization or sick benefits, a physician must certify the existence of a disability. If the doctors engaged in this work are not on the regular staff of the Union Health Center, they are compensated for each visit.

In general, these medical service plans exclude care of injuries or diseases incurred in the course of employment which are provided for under compensation laws,²⁶ and treatment in a sanitarium or public institution. Tuberculosis and alcoholism are not treated after diagnosis has been made.²⁷ Under the St. Louis plan, newly hired workers who become members subsequent to the company's date of entry in the institute are excluded for treatment of pre-existing chronic conditions. However, no exception is made in the initial group which represents 90 percent of the members.

Worker Utilization of Services

Both health centers faced a serious problem at the start in obtaining adequate participation in the medical service plans. Workers' failure to utilize the services was attributed to the inertia of accustomed ways of obtaining medical care, i. e., calling upon the family doctor only when absolutely necessary. It took time for workers to understand what was available to them free of charge. Fear that disabling conditions might somehow be revealed to employers or affect their jobs also was a factor in retarding utilization.

In St. Louis, the Retail and Wholesale Union attempts to bring the advantages of the Labor Health Institute to the attention of its members through health education pamphlets, a health column in the union newspaper, and forums under the auspices of health and safety shop councils at work places. To a limited extent, the institute has provided in-plant medical services, such as mass inoculation against influenza. In some instances, employers use the institute for pre-hiring physical examinations. It is planned eventually

²⁴ Although the St. Louis Medical Service Plan does not provide for cash sick benefit allowances, most of the agreements of the Retail and Wholesale Union with member companies of the Labor Health Institute cover sick leave to the extent of 10, 20, 30, or 7, 14, 21 days a year at the regular rate of pay for continuous service ranging from 1 to 10 years. Workers may, if they wish, utilize services of an LHI physician to certify disabling illness.

²⁵ However, the Philadelphia ILG plan includes care of industrial injuries and illnesses.

²⁷ The ILG has long made provision for tuberculosis care in the form of cash benefits (\$250) or sanitarium care.

²⁴ It is proposed to increase the surgery allowance to \$50, and the hospitalization benefits to \$3 a day up to 31 days.

to widen this phase of medical service so that the Labor Health Institute will staff the medical departments of contributing employers. In an effort to expand its activities, the Retail and Wholesale Union has interested a number of AFL and CIO unions in St. Louis in the possible use of the institute's facilities if they succeed in negotiating medical service plans.²⁸

The Philadelphia Union Health Center does not press health education; nor does it plan to bring in other unions or embark upon industrial medicine. Officials of the center have not undertaken an extended program because of fear that facilities would soon become overtaxed.

Union Approach to the Plans

Since employers' contributions to health funds are regarded by the unions as a substitute for a wage increase, control of the funds is considered to be of primary concern to the unions and their memberships. To assure adherence to the objectives of the program and to protect the workers' interest as consumer of the medical services which it affords, union officials of both the Labor Health Institute and the Union Health Center contend that medical service plans must be union-administered as to both basic policy-making functions and day-to-day operations.²⁹ Their view recognizes the wide latitude to be given the medical administrator in professional matters. However, it does not conceive of the medical administrator as co-equal in ultimate authority but rather as an employee of the medical center.

Union suspicion of bipartite or tripartite (including medical representation) control is explained by the fact that some employers actively opposed the medical service plan and accepted it only after strike action. Since the program entails an added cost to the employer (partly discounted by income tax deduction), it is vulnerable to attack when business declines. Union officials are of the

opinion that minority employer representation on the governing body is desirable. This enables employers to understand more clearly what the problems of a medical service plan are and makes for more responsible criticism. Opposition of organized medicine to prepayment group medical care plans accounts to some extent for the disinclination of unions to agree to medical representation on the governing body. Finally, union administered medical service programs add considerably to the prestige of unions; the member cannot come away without the impression that these benefits are available because of the unions' efforts.

Given a union administered medical service plan, the question facing unions is how comprehensive to make it. If the health center is one of a number of benefits, it must compete for available funds. When the health center is the recipient of the entire contribution, it can develop a comprehensive medical care program. Clearly, too, multiple cash benefits, however limited each may be, necessarily curtail the scope of medical services unless financial contributions and facilities are increased.

The medical director may be generally expected to demand increased and improved services. Union officials and the lay director are usually persuaded to expand, with an eye to future curtailment when financial reserves contract.

Employer Approach to the Plans

Employer attitudes toward medical service plans included in the survey may be summarized as acceptance on the part of some, "wait and see" on the part of others, and opposition by a third group. In the ladies' garment industry where benefit plans have become standard collective-bargaining provisions, employer acceptance is based on the principle of industry responsibility for the health and welfare of its workers. In St. Louis, some employers were of the opinion that the medical service plan was producing a favorable effect upon worker efficiency and morale, but others were skeptical of its advantages and preferred to make up their minds at a later date. Employers who opposed the St. Louis plan contended that insurance would be cheaper, particularly since workers were not utilizing the

²⁸ For the calendar year 1946, the Union Health Center reported that 1,500 separate individuals utilized 35,650 services (a service is defined as a visit to any department or technical unit). About 100 individuals a day were treated; referral cases averaged from 70 to 80 a month. For the period July 1945-December 1946, the Labor Health Institute reported that 1,700 separate individuals utilized 20,300 services in the medical center, and about 2,400 services outside the medical center. Complete statistics on cost of operation are not available.

²⁹ Under the Labor Management Relations Act of 1947, health-welfare plans in effect prior to Jan. 1, 1948, are not required to provide for equal representation in the administration of the plan.

facilities of the plan, and that employers were being denied equal participation in the administration and control of the Labor Health Institute.

In their opinion, the cost of operating the institute would be the first object of employer attack in the event of a business recession.

Employee-Benefit Program of Consolidated Edison³⁰

Medical care comprises the core of the employee-benefit plan of the Consolidated Edison Co. of New York, Inc. This plan, which was initiated 57 years ago, is sponsored in part by the employer and in part by the employer and the employees jointly. In recent years, it has come within the scope of the collective-bargaining agreement. Under this company's health and medical care program, more services are made available at a lower cost than under most similar programs. Sick pay, weekly cash sick benefits, group life insurance, and retirement benefits are also provided under the employee-benefit plan.

Coverage for complete medical care and for cash disability benefits is effected through membership in the Sick Benefit Fund of the Consolidated Edison Employees' Mutual Aid Society, Inc., which is open to regular employees paid on a weekly or biweekly basis. Nonmember employees may participate in any of the services which are available at the six company clinics, generally referred to as Medical Bureaus.

During 1947, operation of the company's medical department cost approximately \$1,100,000. The company bore 65 percent of the cost of the cash disability benefits and the medical care program. The difference was paid by the employees, through their contributions to the mutual aid sick benefit fund. The group life insurance is also financed jointly by the employees and the company. The retirement system is financed entirely by the company.

The Consolidated Edison Co., which furnishes electric, gas, and steam service to New York City

and parts of Westchester County, N. Y., employs over 29,000 workers, about 10 percent of whom are women. The average age of the employee is 44. The average length of service for all employees is 18 years; for women employees, it is about 16 years. The average pay (including overtime) for all weekly employees amounted to \$61.21 a week, for the year 1947.

The company has engaged in collective bargaining with the recognized representatives of its employees since 1937. Currently, it has an agreement with the Utility Workers' Union of America (CIO). About 26,000 workers are represented in the bargaining unit. This group corresponds to the number who are eligible for membership in the employees' mutual aid society. The present collective agreement, like all those previously in force, provides that "for the duration of this contract but without commitment or liability thereafter," the company "will continue in force substantially its present system and provisions for the welfare of employees, including group insurance, medical service, sickness allowances, mutual aid benefits." Apparently no conflict has ever arisen in connection with this commitment. The company states that the employees consider the benefits an integral part of the terms and conditions of employment.

The Mutual Aid Society

Virtually 100 percent of the employees eligible participate in the company's benefit program through the medium of the employees' mutual aid society, which was organized in 1891. At the end of 1947, membership in the society totaled 24,658.

Benefit membership in the society is open to all regular employees paid on a weekly or semi-monthly basis, who have had 3 months of service. Supervisory and executive employees are excluded.

³⁰ Based on interviews with company and union representatives and officials of the employees' mutual aid society, and a visit to the main clinic of the company.

The Bureau of Labor Statistics, in cooperation with the Social Security Administration and the Public Health Service, has been studying employee-benefit plans for workers under collective-bargaining agreements. Two approaches have been used: (1) a study of the agreements to determine the extent and the characteristics of such plans; and (2) a field survey to analyze the operation and experience of selected plans. The operation of two collectively bargained plans was described in *Medical Service Plans Under Collective Bargaining*, in the January 1948 Monthly Labor Review and is reprinted in this bulletin (p. 7-13).

Membership in the society's sick benefit fund entitles employees to full participation in the medical care program and to sick benefit payments in the event that absence occasioned by sickness or nonoccupational accident exceeds the period during which the company provides sick pay allowance (equivalent to full pay).

The mutual aid society is administered by an elected board of managers of 15 members, all of whom are members of the society and participate in its benefit programs. Seven board members are selected by the employees each year for 2-year terms, and one member is appointed by the company on a full-time basis for a 1-year term, to act as liaison agent between it and the society. The board of managers elects its own officers. The administrative expenses of the society, which has a staff of 10, are paid by the company.

The board of managers supervises and administers the society's sick benefit fund. It makes the final decisions on all matters pertaining to the fund, except those concerning investment of the society's funds which are subject to the company's approval. The company has the right to audit the society's books and records at reasonable intervals.

Employees pay approximately 1 cent for each \$1.80 of their base pay, as dues to the society's sick benefit fund. Employees in salary brackets over \$57 a week make proportionately larger contributions. The company matches the employees' contributions.

Any balance that is left, after payments for sick benefits and transfers to the sick benefit reserve fund have been made, is contributed by the society each month to the company to assist in financing the medical care program.

Cash Benefits. An employee who is disabled as a result of a non-work-connected illness or injury receives sick pay from two sources—the company and the society's sick benefit fund (provided, of course, he is a member of such fund).

Employees on sick leave receive company sick allowances at the rate of 1 week's pay for each year of service. Members of the society who are still sick after company allowances have been fully paid then receive payments from the society's sick benefit fund. These amount to approximately 80 percent of their basic regular weekly salary for a period not to exceed 26 weeks in any 52 consecutive weeks, or 26 weeks in cases

of chronic illness, irrespective of its duration or its recurrence.³¹

Cash sickness benefits are paid when employees are unable to work because of sickness, disability, or nonoccupational injury, except when these are due to use of intoxicants or drugs or to pregnancy. Benefits are not paid while an employee is receiving workmen's compensation.³²

There is no waiting period for company sick allowances. After 2 days, medical certification is required, either by an employee's personal physician or by a company doctor.

Sicknesses of 4 consecutive weeks are checked for diagnosis and probable length of illness by the company's medical director and the attending physician.

Toward the end of the allowed time for company sick pay allowances, the company personnel office forwards to the society a memorandum which includes the doctor's prognosis of time necessary for recovery, approved by the medical director. Sick benefits are then allowed by the society. Sickness benefits, in all cases, are disbursed weekly through the company's medical and pay-roll departments.

The mutual aid society had a total income of \$913,206 in 1947, provided in equal parts by the members and the company. The society paid out \$163,000 in cash sickness benefit payments during 1947.

Company sick allowances (at the rate of 1 week's pay for every year of service) amounted to about \$1,864,000 in 1947, and accounted for about 92 percent of the cash disability benefits received by company employees. The fact that the great majority of days of disability are compensated for by the company is largely due to the high average length of service of its employees. As a result, cash disability payments by the society are required only in cases of prolonged illness or for short-service employees.

*Group Health and Medical Service Program.*³³ General medical service in the office, clinic, home, and

³¹ Employees with chronic illnesses who have exhausted their benefit payments are still eligible for medical care.

³² Workmen's compensation is not part of the society's plan, but such cases are cared for by the company's medical staff. The company pays for such compensation on the basis of a full week's pay.

³³ In addition to the medical care program, the usual preventive services of an industrial hygiene program are provided by the company (except for periodic health examinations, which are voluntary with the employees). All prospective employees receive a pre-placement medical examination.

hospital is provided by the society to members of the sick benefit fund. To obtain these benefits, company doctors or company owned or sponsored facilities must be used. Medical services are available without cost when obtained according to the prescribed rules and regulations. When necessary, the company's specialists are available for consultation by a member's family physician, at no charge to the member.

The medical plan includes: Medical care for any disability, whether work-connected or not, at a company medical bureau or at a district doctor's office; treatment for accident or illness at home by a district doctor; diagnosis and treatment by specialists (in all cases, members of their respective specialty boards); dental care; and eye examinations and prescriptions for glasses. The following services are available whether prescribed by a company or a family doctor: Medicines (prescriptions); X-ray and laboratory services; physiotherapy; check-up after illness to determine fitness for work; hospitalization in an authorized hospital ward, including surgical and medical care; immunization against certain of the preventable communicable diseases; and treatment for allergies. In individual cases, the mutual aid society has extended the benefits of the medical service department to include psychiatry, the employee paying a portion of the cost. Tuberculosis and maternity cases are not covered.

In cooperation with the company's medical department and the Blood Bank of Queens County, Inc. (a nonprofit organization), the mutual aid society has recently organized a blood bank for its members and their immediate families (wives and children). Without any cash outlay, the employee may obtain blood of the right type and Rh factor from the blood bank. Employees are asked to volunteer as blood donors.

Medical care is under the supervision of the company's medical department, which includes the full-time medical director and his 2 full-time assistants, 33 physicians and specialists, 17 nurses, 9 pharmacists, 33 district doctors, 44 district dentists, 1 dispensary dentist, 1 dental hygienist, and 2 physiotherapists. In addition, 22 specialists are on call as the need for their services arises.

The company's 6 medical bureaus are located at the main office and at its key plants. During the bureau's office hours—8:30 a. m. to 5:15 p. m. Monday through Friday—employees may receive

preventive treatment, diagnostic aid, check-ups after illness, routine physical examinations, and treatment during illness. The staffs consist of part-time, salaried doctors, who may engage in private practice when not on duty. Visits to the bureaus are by appointment. An employee may consult the doctor of his choice. If he requires care while on the job, the appointment must be made through his immediate supervisor.

A district doctor is a private physician paid by the company for home and office calls, on a fee-for-service basis—\$2 for office visits and \$3 for home visits. He is paid \$4 for all original calls for his services received on Saturdays, Sundays, and holidays. Each district doctor has his own territory. However, an employee entitled to medical service may choose any doctor on the staff. Compliance with his choice depends on the availability of the doctor selected.

A member may obtain the services of a district doctor by calling his supervisor between the hours of 8:30 a. m. and 5:15 p. m., Monday through Friday. The call is relayed to the medical department, which acts as the control office. If services are required on Saturday or Sunday, the member calls the company's main office between the hours indicated above. After hours, and in an emergency, he may obtain any physician's services, pay for the visit himself, and request a district doctor to take over his case the next day. District doctors are not authorized to accept direct requests for home calls unless members pay for the services.

At 23 affiliated hospitals, ward accommodation, including physician's or surgeon's care, is furnished without charge to mutual aid society sick benefit members. The member must, however, pay for special services, such as X-ray treatments, private-duty nurse's care, special medications, and appliances, and for hospitalization for chronic diseases beyond a maximum limit required for diagnosis. Arrangements for hospitalization must be made through the medical bureau whether the patient is under the care of the medical department or a private physician. An employee who chooses and pays for private or semiprivate room care instead of ward care is reimbursed at the rate of \$4 a day.

Members who, in order to obtain hospital coverage for their dependents, also belong to the Associated Hospital Service of New York (Blue Cross

plan) may choose for themselves either the society's or the Blue Cross plan of hospitalization, but they cannot be granted full benefits by both for the same service. They can be reimbursed by the mutual aid society for the period in excess of the hospitalization coverage under the Blue Cross plan, at a rate not to exceed \$4 a day.³⁴

Ambulance service is provided only in the boroughs of Manhattan, Bronx, Brooklyn, and Queens, and must be authorized by a medical bureau or by the district doctor.

Prescriptions ordered by either a company or a family physician are filled without charge at any of the company's five pharmacies within office hours. Proprietary preparations and patent medicines are not supplied by the company's pharmacies.

Emergency dental care, which includes extractions, prophylactic treatment, and denture work, is provided at the company's main office medical bureau. For other dental care, company dentists are available at their private offices; appointments—usually after working hours—are arranged through the medical department.

The dental services provided include prophylactic treatment, fillings (except gold), extractions (except impacted teeth or those requiring surgery), X-rays, and complete or partial dentures (to members with 2 years' standing in the mutual aid society). Special types of work, such as bridges, ordodontures, and root canal work are not provided.

Laboratory tests, such as fluoroscopic examination, cardiograms, and metabolism tests, are provided at the main office medical bureau. X-rays and other laboratory services, provided entirely by private practitioners and paid by the company on a fee-for-service basis, may be obtained only with the approval of the company doctor. Requests for such services by a private physician must be approved by the medical department.

Care at a convalescent home at the cost of \$1 a day can be arranged for members through the medical department and the Green Mountain Lake Foundation. The foundation was estab-

³⁴ It is estimated that 60 percent of the society's members carry hospital insurance for their dependents. The worker cannot purchase this insurance unless he is also covered by the policy. The society is considering affiliating with the Health Insurance Plan of New York (HIP), which would provide coverage for dependents and eliminate duplication of coverage for its members.

lished by the company late in 1945 to assist sick benefit members of the mutual aid society to pay the cost of certain medical services not included in the schedules of the society and the medical department. This assistance is limited to members considered unable to meet the cost of such services without hardship. The foundation is a nonprofit membership corporation. Its 18 members—representatives of the company and the mutual aid society—serve as trustees to direct and oversee its operation and establish its policies.

Union and Employee Participation. The union does not actively participate in direction of the medical care program, the administration of which is entrusted to the medical department of the company.

Although the employees through the mutual aid society contribute over a third to the cost of the medical department, there is no joint labor-management supervision of the health program. Employees, as members of the mutual aid society, have a definite voice in its operation, however, through the medical service committee, chosen from the society's board of managers. (Present composition of the medical service committee of 3 includes 1 employee who is a union member and another who is a chief steward of the union.) The committee presents the grievances, problems, or suggestions of the society's members, concerning medical services, to the medical director for review and determination. The medical director's decision is final; in case of disagreement, the contract between the society and the company permits either party to withdraw on 90 days' notice.

The union has no officially designated representatives on the board of managers. However, union officials are asked to suggest competent employees as nominees for the board and to comment on the society's nomination slate before its submission to the membership for vote.

The society gives consideration to all union requests and consults with union officials on those matters which in any way concern the welfare of the employees. For publicity purposes, the society uses both the official union paper and the company's plant organ.

No determination has been made, the company reports, of whether a complaint regarding its benefit program is within the scope of the union grievance procedure, although the union maintains

that any complaint over the services or activities of the medical department or any other aspect of the company's welfare program can be processed as a grievance through the regular grievance procedure. The union justifies its stand on the ground that it has the right to negotiate with management whenever the employees' welfare is affected adversely.

Union officials concluded: "You can't get better medical service as far as group medicine is concerned." Nevertheless, they and the mutual aid society representatives find certain gaps in the program, such as lack of coverage for dependents, night home service by district doctors, and obstetrical care.

Company representatives point out that the company can justify its expenditures for its employees' medical care on the grounds of safety and morale, and that the State public utilities commission considers these expenditures properly absorbable in the company's rate (price) structure. The company maintains, however, that it cannot justify any expenditure for employees' dependents.

District doctor service on a 24-hour basis has been requested by some employees. The exclusion of night calls is based largely on the company's fear that this service would be abused if provided. This fear, many workers feel, is unjustified, since availability of care, by day, without expense, would limit the volume of night calls to a minimum. Most workers accept the principle of day doctor service, the company reports, and, since it is the employee, and not his dependents, who is served, the absence of night calls is not serious.

The failure to include maternity services constitutes another gap in the medical program, since 10 percent of the employees are women and such services represent a major part of their medical needs. The exclusion of such services appears to be an extension of the company's policy against the continued employment of mothers.

Group Life Insurance

The constitution of the mutual aid society provides that the board of managers shall procure group life insurance "through the company or otherwise." The company has maintained a group life insurance plan since 1912, underwritten by a commercial insurance carrier. All regular employees are eligible to participate.

Coverage under the plan is provided in an amount equal to approximately one and one-third times the employee's basic annual salary. For this protection the employee pays \$2.60 a year for the first thousand dollars of coverage and \$7.20 a year for each additional thousand. Employee premium payments, which are made through regular deductions from earnings, represent approximately one-third of the total premium costs. The company pays the remainder.

Members totally and permanently disabled before the age of 60 receive the face value of the insurance, and interest, payable in 60 equal monthly installments, instead of payment at death to their beneficiaries.

The company has an insurance department, which assumes responsibility for paying premiums, filing reports, and other contacts with the commercial insurance carrier. Claims and other details of the plan are administered by the insurance carrier. Details as to the insurance of new employees and the filing of claims for death or disability benefits are handled by the company's personnel department.

Retirement Plan

In addition to its health and insurance programs, the company maintains a voluntary noncontributory pension plan, which is administered by the personnel department. Although the company in its agreement with the union has stated its intention to continue the plan for the term of the agreement, continuance beyond that period is at the company's discretion. This has caused some concern on the part of the union and its members. However, historically, the plan has had continuity.

The union favors a contractual plan, and as one step to setting the plan on a contractual basis, it has sponsored bills in the New York State Legislature to permit gas or electric corporations to allocate to operating expenses contributions to a contractual pension retirement plan operated and maintained for employees, and to any reserves necessary therefor.

Without referring to the bill, the Edison Co. took the position that a substantial reserve fund would have to be set up if a contractual pension plan were instituted. The company's liability for past service is very great, because of the present high average age (44) and average length

of service (18 years) of its employees, and the very low quit rate. A major difficulty in financing the suggested contractual plan would presumably be that the reserve fund for past service could not be chargeable to operating expenses but would have to come out of surplus; therefore, the stockholders would have to approve such a fund. Company spokesmen also indicated that a modification or cancellation of the existing plan would not affect those employees receiving pensions.

Employees are eligible for benefits under the plan when they are retired for age or for physical disability, and, at the discretion of the company board of directors, for other reasons. Retirement is compulsory at age 65 for men and at age 60 for women. Disability retirement may be made effective at any age.

Pension benefits under the plan are payable in the form of either a retirement annuity which affords the pensioner an assured monthly income for the rest of his life, or a separation allowance which provides income for a limited number of

months or weeks, determined by the total amount of the allowance payable in the particular case. To be eligible for an annuity, the employee's service and age must total 75 or more. Combinations of service and age which total less than 75 warrant the payment of a separation allowance.

Benefits average 2 percent of average basic salary per year of service, and are determined by the following factors: (1) Age at retirement and length of continuous service (limited to the last 30 years prior to retirement), which determine the benefit rate, and (2) average basic salary. The maximum total amount which any employee can receive under the pension plan is \$15,000 annually. Government old-age benefits are deducted from pensions payable under the plan. Pension payments cease upon the death of the retired employee.

The pension plan is financed, not as insurance, but out of operating expenses, on a year-to-year basis. During 1947, the company paid out \$3,883,909 in pension payments.

Appendix I.—Sample Employee-Benefit Clauses in Collective Bargaining Agreements

Continuation of Existing Group Insurance Benefits

The company has now in effect certain insurance coverage and hospitalization benefits. It is agreed that such benefits shall continue for the life of this agreement. [Blockson Chemical Co.—Joliet, Ill.—International Chemical Workers Union (AFL), Local No. 4. Effective date of agreement, July 1, 1947.]

Employer-Financed Group Insurance Plans

Details of Benefits Not Listed

The company also agrees to stand all premium cost on the health, accident, and hospitalization insurance plan in effect as of August 31, 1946, and insured with the ——— Life Insurance Co. as of that date. [Brockway Glass Co., Inc.—Brockway, Pa.—Glass Bottle Blowers Association of the United States and Canada (AFL), Local No. 110. Effective date of agreement, June 1, 1947.]

Blue Cross Hospitalization Plan

It is agreed that the existing straight hospitalization plan (Blue Cross), which now covers some of the employees shall be immediately extended to cover all of the employees to whom this contract is applicable, and it is further agreed that the entire cost of said straight hospitalization plan covering all of said employees shall be borne entirely by the company. [Elmhurst Rubber Co., Inc.—Elmhurst, Long Island, N. Y.—United Rubber, Cork, Linoleum and Plastic Workers of America (CIO), Local No. 153. Effective date of agreement, May 1, 1948.]

Multiple Benefits Listed

The management shall institute a system of group insurance which it shall maintain at its sole expense during the term of this agreement and any extension and renewal thereof, providing all of the following benefits for all of the employees covered by this agreement.

(1) *Weekly Accident and Sickness Benefits*—Weekly benefits in cases of disability due to accident or sickness not covered by the applicable Workmen's Compensation Law shall be \$14 per week for a period of 13 weeks beginning with the first day of disability due to accident and the eighth day of disability due to sickness for each separate disability.

(2) *Hospital Expense Benefits*—Benefits shall be paid for at the rate of \$4 per day beginning on the first day of admittance into the hospital and continuing up to a period as designated in the insurance contract for each separate admittance to the hospital. This will also cover further benefits as outlined in the insurance contract.

(3) *Surgical and Operation Benefits*—Surgical benefits will be paid up to \$125 according to the standard \$125 surgical schedule as indicated by the insurance company. [Goodall-Sanford, Inc.—Sanford, Maine—United Textile Workers of America (AFL), Local No. 1802. Effective date of agreement, August 1, 1947.]

Detailed Multiple-Benefit Clause; Coverage for Dependents at Employee's Expense Optional With Employee

A. The company agrees to maintain in force during the life of this agreement the following insurance benefits (all as more fully provided in the group policy or policies) for each employee of the company covered by this agreement:

- (1) Life insurance of \$1,000, payable on death, plus an additional \$1,000 if death is due to accidental means.
- (2) Permanent disability benefits as set forth in the group insurance policy.
- (3) Weekly sickness and accident benefits computed on the basis of the employee's basic weekly earnings, as follows:

<i>Basic weekly earnings</i>	<i>Weekly benefits</i>
Less than \$30.....	\$15
\$30 but less than \$36.....	18
\$36 but less than \$42.....	21
\$42 but less than \$48.....	24
\$48 but less than \$54.....	27
\$54 and over.....	30

Such benefits shall begin, in the case of sickness, on the eighth day of disability, and in the case of nonoccupational accident, on the first day of disability, and shall continue for a maximum of twenty-six (26) weeks for any one disability, provided that no employee over 60 shall be entitled to such benefits for more than one twenty-six (26) week disability in any one year. "Basic weekly earnings" shall mean the employee's hourly rate at the time of the disability multiplied by the standard workweek prevailing in the company.

(4) Medical expense benefits beginning with the first medical attendance in the case of accident and beginning with the fourth medical attendance in the case of sickness in the amount of three dollars (\$3) for each doctor's visit at the home or hospital, and two dollars (\$2) for medical attendance other than at home or hospital, limited, however, to three medical attendance in each period of seven (7) consecutive days and not more than 50 attendances as the result of any one disability. No benefits under this paragraph shall be payable for dental work or treatment, nor for eye examination or the fitting of glasses, nor for X-rays, drugs, dressings, or medicines, nor for medical expenses incurred during

disability resulting from pregnancy, which term includes resulting childbirth or miscarriage.

(5) Reimbursement for fees charged for surgical operations up to \$150 according to the surgical schedule attached to the group policy, with provision for commensurate benefits for operations not listed in said schedule.

(6) Daily hospital benefits equal to a maximum of six dollars (\$6) per day for a maximum of seventy (70) days for any one disability, and reimbursement for special hospital services as provided in the group policy up to a maximum of sixty dollars (\$60) for any one disability.

(7) In case of disability resulting from pregnancy, including resulting childbirth or miscarriage, the employee shall be entitled to the weekly sickness benefits provided in subparagraph (3) of this paragraph A for a maximum period of six (6) weeks, and will be entitled also to the obstetrical benefits set forth in the schedule of operations and hospital benefits for not more than a maximum of fourteen (14) days.

(8) During a period of temporary lay-off or leave of absence, the system of insurance provided herein shall be continued for a period of one (1) month beyond the end of the policy month during which the employee has ceased work.

(9) The personal benefits provided by this paragraph A not in effect prior to the execution of this agreement shall become effective on the first day of the month next succeeding the execution of this agreement for all insured employees who are actively at work on that date. If an insured employee is absent on that date, his increased personal benefits will become effective automatically on the date of his return to active work. A new employee will be insured after having been continuously employed by the company for one (1) month, if then actively at work, and if not then actively at work, the benefits will become effective automatically on the date of his return to active work.

(10) The benefits set forth in subparagraphs (3), (4), (5), (6), (7) and (10) of this paragraph A are for non-occupational injury or sickness which shall mean:

- (a) Any injury not arising out of or in the course of employment; or
- (b) Any sickness for which no benefits are payable under any applicable workmen's compensation or occupational disease law.

B. Employees who desire may, at their own expense, arrange for pay-roll deductions for hospital and surgical benefits for dependents at seventy (70) cents per week per employee (45 cents per week for hospital benefits and 25 cents per week for surgical benefits), provided 75 percent of all employees with eligible dependents shall elect to participate and authorize the company to make pay-roll deductions. The term "dependents" as used herein shall mean a wife and unmarried children over three (3) months and under eighteen (18) years of age.

C. If, during the term of this agreement or any extension or renewal thereof, there shall become effective any com-

pulsory State or Federal system of employee-group insurance financed by compulsory contributions from employers, including the company herein, which system duplicates in whole or in part the system of benefits provided in this paragraph A of this section 5A, then the obligation of the company as hereinabove provided shall be modified so that its obligation will be to provide benefits that will, when added to the benefits under such compulsory system, equal the benefits of the employees as hereinabove provided. In the event such compulsory State or Federal system shall be financed by compulsory contributions from both employees and employers, then the benefits hereinabove provided shall be reduced and any savings in costs to the company shall be utilized to provide additional life insurance benefits. [Felters Co., Inc.—Millbury, Mass.—Textile Workers Union of America (CIO), Local No. 232. Effective date of agreement, April 3, 1947.]

Employer Contributions To Union Fund To Purchase Group Insurance.

Whereas, the union has established a comprehensive insurance program, for the purpose of maintaining a social security program under which its members may be entitled to receive benefits under the provisions hereinafter set forth:

- A. Accident benefits.
- B. Dismemberment benefits.
- C. Death benefits.
- D. Sick benefits.
- E. Medical benefits.
- F. Surgical benefits.
- G. Hospital benefits.

and whereas, the employer now desires to obtain said insurance benefits for his employees who are members of this union and who shall be eligible to participate in the benefits above described under the provisions hereinafter set forth.

Now, therefore, the employer hereby agrees to forward to the Upholsterers' International Union Social Security Department, 1500 North Broad Street, Philadelphia 21, Pa., each and every month, in advance, between the first (1st) and fifth (5th) day of every month, beginning with October 5, 1947, a sum equaling three (3) percent of the gross wages earned by his employee-members of this union, for transmittal to the insurance carrier(s). The said sum of three (3) percent shall be calculated on the basis of the total aggregate wages earned by said employee-members during the pay period of four (4) or five (5) weeks, terminating during the preceding calendar month.

The above described sum of three (3) percent shall be forwarded by the employer to the Upholsterers' International Union of North America, Social Security Fund, as above described, for transmittal by the Upholsterers' International Union Social Security Department to the insurance company(s) providing the benefits herein stated.

In consideration of said money forwarded to the Upholsterers' International Union Social Security Department as herein provided, the Upholsterers' International Union

Social Security Department agrees to procure such insurance coverage which will extend, beginning the date the employer's first contribution is due as set forth in the preceding paragraph, the benefits herein stated to said employee-members.

The union has contracted for the issuance of blanket coverage insurance policy or policies to provide for the payment of the foregoing benefits as therein provided. The rights and duties of all parties including the union, the employer, and the employee-members shall be governed by the provisions of said blanket coverage policy or policies which are incorporated in and made part of this provision.

The union agrees that the program of social security benefits hereinabove described shall be maintained in full force and effect for the entire period of time during which this agreement is in effect and the terms hereof fully complied with in all respects by the employer.

The employer agrees that the union shall have the right to substitute the insurance company now providing said insurance coverage provided the present benefits to employee-members are maintained in full force and effect for the entire period of time during which this agreement is in effect and the terms hereof fully complied with in all respects by the employer.

The blanket insurance policy or policies herein mentioned having been executed and delivered in Philadelphia, Pa., it is hereby mutually agreed that the laws of the Commonwealth of Pennsylvania shall govern the validity and interpretation of the within social security provision and the said policy or policies herein mentioned.

In the event any rules and regulations issued by the United States Government concerning the operation of the above described program should make necessary any changes in the program hereinabove described, such changes shall automatically become part of this agreement during the effective period of operation of such rules and regulations. Parties hereto further agree automatically to do any and all things necessary to effectuate compliance with the pertinent provisions of the aforesaid act and said rules and regulations. [American Wicker Works—Minneapolis, Minn.—Upholsterers' International Union of North America (AFL), Local No. 1859. Effective date of Agreement, August 21, 1947.]

Jointly Financed Group Insurance Plans

Life, Accident and Sickness Insurance—Employer To Pay Half the Cost.

The company will offer to the employees a group insurance plan as follows:

	<i>Amount</i>
Life insurance.....	\$1,000
Accident and sickness insurance first day for accident; eighth day for sickness; 13 weeks benefits.....per week...	15

The company agrees to pay one-half of the cost of such group insurance. [United Alum Co., Inc.—Kings Mills, Ohio—United Mine Workers of America, District No. 50,

Local No. 13113. Effective date of agreement, March 20, 1947.]

Health, Hospitalization and Accident Insurance—Employee Cost Not to Exceed Specified Amount. Joint Committee to Administer Dividends.

It is agreed, by the company and union, that a health, hospitalization, and accident policy shall be taken out on the basis of an equal share in the costs of the premiums, such contracts to cover the following liabilities in accordance with standard contracts heretofore in general use:

- \$23 weekly benefits, first day after accident and after three (3) days in case of sickness.
- \$5 per day hospitalization for a period of 31 days.
- \$25 hospital expense.
- \$150 surgical expense.

The plan as outlined above shall be presented to the employees, who shall have the privilege of accepting or rejecting this coverage on an individual basis.

The cost of this insurance will be not more than approximately \$0.61 each 2-week pay day to each employee and to the company.

Any monies refunded as dividends from the health and accident plan are to be administered by a joint committee of the union and the company, such committee to be set up immediately. [Milwaukee Solvay Coke Co.—Milwaukee, Wis.—International Chemical Workers Union (AFL), Local No. 152. Effective date of agreement, June 1, 1947.]

Life, Health, Accident and Hospitalization Insurance—No Details. Dependents Covered. Employee Cost Specified.

The company agrees to provide life, health, accident and hospitalization insurance for all of its regular employees under a group insurance plan. The policy also will provide hospitalization and surgical benefits for the employee's wife, children over 3 months and under 18 years of age. Employees desiring to participate in the group insurance program shall indicate such intention by signing the necessary application forms and authorize deductions for the premiums.

The cost of this entire coverage shall be paid by the company except that the employee shall pay 25 cents per week by deducting \$1 each 4 weeks.

The coverage provided by the policy is to be set forth in detail in literature provided by the insurance company and a copy will be available to each employee. Employees desiring further information regarding the provisions of the policy may obtain it by calling on the local agent of the insurance company.

The policy is to become effective September 1, 1947, or as soon thereafter as possible. [American Plywood Corp.—New London, Wis.—United Brotherhood of Carpenters and Joiners of America (AFL), Local No. 2890. Effective date of agreement, August 18, 1947.]

Details of Benefits Not Specified. Dependent Coverage Optional With Employee. Division of Dividends on Same Ratio as Payments.

The company will inaugurate a plan, to be underwritten by the — Life Insurance Co., covering group life insurance, nonoccupational accident and sickness benefits, hospital care, and such other benefits as are provided by the plan.

The company will pay one-half of the employee cost for each employee subscribing to the service and will deduct one-half of the cost from the employees' earnings. If the employee also elects to cover his family under the same plan or in any other way increase his premium, the company will also deduct all of the additional premium from the employee's earnings.

All deductions to be made from the third pay received each month. Annual dividends are to be divided between the company and the employees on the same ratio as the payments.

This article which covers a new departure may be amended by mutual agreement concerning the distribution and use of the dividends. [Central Aluminum Castings Corp.—Chicago, Ill.—International Union, United Automobile, Aircraft and Agricultural Implement Workers of America (CIO), Local No. 845. Effective date of agreement, June 2, 1947.]

Group Insurance Plan: Hospitalization Noncontributory; Other Benefits, Contributory

The employer shall provide Blue Cross hospitalization insurance for individual employees and their families at no expense to the employee.

The employer shall provide group insurance which will give the employees the following schedule of benefits:—

- (1) Life insurance: \$1,500.
- (2) Accidental death and dismemberment insurance: \$1,500 according to scale.
- (3) Medical expense: \$2 for office and hospital visits; \$3 for home visits or elsewhere for treatment by physician starting with the first visit for non-industrial accident cases and the fourth visit for sickness, to the extent of fifty visits.
- (4) Surgical benefits: Maximum of \$150 according to scale.

Life, accidental death and dismemberment, surgical benefits and medical expense as above are contingent on weekly contributions by all employees in the amount of twenty-two (22) cents weekly.

A booklet setting forth the details of the entire insurance program shall be placed in the hands of each employee. [American Wringer Co., Inc.—Woonsocket, R. I.—Industrial Trades Union of America (IND.). Effective date of agreement, December 1, 1947.]

Welfare and Retirement Fund—Employer Financed

A. It is hereby stipulated and agreed by the contracting parties hereto that there is hereby created a fund to be designated and known as the "United Mine Workers of America Welfare and Retirement Fund." During the life of this agreement, there shall be paid into such fund by each operator signatory hereto the sum of twenty (20) cents per ton of two thousand (2,000) pounds on each ton of coal produced for use or for sale. Such fund shall have its place of business in Washington, District of Columbia, and it shall be operated by a board of trustees, one of whom shall be appointed as a representative of the employers, one of whom shall be appointed as a representative of the United Mine Workers of America, and one of whom shall be a neutral party selected by the other two. In the event of resignation, death, inability or unwillingness to serve of the trustee appointed by the operators or the trustee appointed by the United Mine Workers of America, the operators shall appoint the successor of the trustee originally appointed by them and the United Mine Workers of America shall appoint the successor of the trustee originally appointed by it.

The operators signatory hereto do hereby appoint Ezra Van Horn of Cleveland, Ohio, as their representative on said board of trustees. The United Mine Workers of America do hereby appoint John L. Lewis of Washington, D. C., as its representative on said board of trustees. It is further stipulated and agreed by the joint contracting parties that the aforesaid two trustees shall with all dispatch designate and name a third and neutral trustee. Said three trustees so named and designated shall constitute the board of trustees to administer the fund herein created.

In the event of a deadlock on the designation or agreement as to the neutral trustee, or any future neutral trustee, an impartial umpire shall be selected either by agreement of the two trustees, representatives of the contracting parties hereto, or by petition by either of the contracting parties hereto to the United States District Court for the District of Columbia for the appointment of such an impartial umpire, all as made and provided in section 302 (c) of the "Labor Management Relations Act, 1947."

It is agreed by the contracting parties hereto that the trustees herein provided for shall serve for the duration of this contract and as long thereafter as the proper continuation and administration of said trust shall require.

It is agreed that this fund is an irrevocable trust created pursuant to section 302 (c) of the "Labor Management Relations Act, 1947," and shall endure as long as the purposes for its creation shall exist. Said purposes shall be to make payments from principal or income or both, of (1) benefits to employees of said operators, their families and dependents for medical or hospital care, pensions on retirement or death of employees, compensation for injuries or illness resulting from occupational activity or insurance to provide any of the foregoing, or life insurance, disability and sickness insurance or accident insurance;

(2) benefits with respect to wage loss not otherwise compensated for at all or adequately by tax supported agencies created by Federal or State law; (3) benefits on account of sickness, temporary disability, death or retirement; (4) benefits for any and all other purposes which may be specified, provided for or permitted in section 302 (c) of the "Labor Management Relations Act, 1947," as agreed upon from time to time by the trustees, including the making of any or all of the foregoing benefits applicable to the individual members of the United Mine Workers of America and their dependents; and (5) benefits for all other related welfare purposes as may be determined by the trustees within the scope of the provisions of the aforesaid "Labor Management Relations Act, 1947." Subject to the stated purposes of this fund, the trustees shall have full authority within the terms and provisions of the "Labor Management Relations Act, 1947," and other applicable law, with respect to questions of coverage and eligibility, priorities among classes of benefits, amounts of benefits, methods of providing or arranging for provisions for benefits, investment of trust funds, and all other related matters.

The aforesaid trustees shall designate a portion (which may be changed from time to time) of the payments herein provided based upon proper actuarial computations, as a separate fund to be administered by said trustees herein described and to be used for providing for pensions or annuities for the members of the United Mine Workers of America or their families or dependents and such other persons as may be properly included as beneficiaries thereunder.

It is further agreed that the detailed basis upon which payments from the fund will be made shall be resolved in writing by the aforesaid trustees at their initial meeting, or at the earliest practicable date that may by them thereafter be agreed upon.

Title to all the monies paid into said fund shall be vested in and remain exclusively in the trustees of the fund, and it is the intention of the parties hereto that said fund shall constitute an irrevocable trust and that no benefits or monies payable from this fund shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any attempt so to anticipate, alienate, sell, transfer, assign, pledge, encumber or charge the same shall be void. The monies to be paid into said fund shall not constitute or be deemed wages due to the individual mine worker, nor shall said monies in any manner be liable for or subject to the debts, contracts, liabilities or torts of the parties entitled to such money, i. e., the beneficiaries of said trust under the terms of this agreement.

The obligation to make payments to the "United Mine Workers of America Welfare and Retirement Fund" under this contract shall become effective on July 1, 1948, and the first actual payments are to be made on August 20, 1948, and thereafter continuously on the 20th day of each succeeding calendar month covering the production of all coal for use or sale during the preceding month.

It is stipulated and agreed by the contracting parties hereto that the trustee designated by the United Mine

Workers of America shall be the chairman of the trustees of the fund provided for in this agreement.

It shall be the duty of the operators signatory hereto, and each of them, to keep said payments due said fund, as hereinabove described and provided for, current and to furnish to the United Mine Workers of America and to the trustees hereinabove designated a monthly statement showing the full amount due hereunder for all coal produced for use or for sale from each of the several individual mines owned or operated by the said operators signatory hereto. Payments to said fund shall be made by check payable to "United Mine Workers of America Welfare and Retirement Fund" and shall be delivered or mailed to the office of said fund located at 907 Fifteenth Street, N.W., Washington, D. C., or as otherwise designated by the trustees.

It is stipulated and agreed by the contracting parties hereto that an annual audit of the fund hereinabove described shall be made by competent authorities to be designated by the trustees of said fund. A statement of the results of such audit shall be made available for inspection of interested persons at the principal office of the trust fund and at such other places as may be designated by the trustees.

Failure of any operator signatory hereto to make full and prompt payments to the "United Mine Workers of America Welfare and Retirement Fund" in the manner and on the dates herein provided shall, at the option of the United Mine Workers of America, be deemed a violation of this agreement. This obligation of each operator signatory hereto, which is several and not joint, to so pay such sums shall be a direct and continuing obligation of said operator during the life of this agreement and it shall be deemed a violation of this agreement if any mine to which this agreement is applicable shall be sold, leased, subleased, assigned, or otherwise disposed of for the purpose of avoiding the obligation hereunder.

Action which may be required hereunder by the operators for the appointment of a successor trustee representing them, or which may be required in connection with any other matter hereunder, may be taken by those operators who at the time are parties hereto, and authorization, approval, or ratification of operators representing fifty-one (51) percent or more of the coal produced for use or sale during the calendar year previous to that in which the action is taken shall be sufficient and shall bind all operators.

B. It is hereby stipulated and agreed by the contracting parties with respect to the fund created by section 4 (a) of the National Bituminous Coal Wage Agreement dated May 29, 1946 (commonly known as the Krug-Lewis Agreement), as follows:

(1) The operators signatory hereto agree to make payments into said fund on or before July 15, 1947, on account of all coal produced for use or sale up to and including June 30, 1947, with respect to which payment has not heretofore been made, such payments to be on the basis heretofore made by said operators under the provisions of the Krug-Lewis Agreement.

(2) The operators signatory hereby renounce and forever release any and all claims to or interest in payments made into said fund.

(3) The Trustees appointed pursuant to this agreement are hereby authorized and directed to accept into the new trust fund hereby created and to devote for the purposes hereinabove specified and enumerated, any and all trust funds remaining unexpended or unobligated in said trust fund so created by section 4 (a) of the Krug-Lewis Agreement.

(4) The parties hereto agree that the best interest of the beneficiaries of said trust fund would be served by having all unexpended or unobligated funds therein transferred as above provided, and agree that the trustees thereof should transfer such funds to the new trust fund created by this agreement.

C. It is stipulated and agreed by and between the contracting parties that the monies collected under section 10 of the Krug-Lewis Agreement for the benefit of the fund designated as "Medical and Hospital Fund" as provided for in section 4 (b) of said Krug-Lewis Agreement shall be transferred to the trustees of the "United Mine Workers of America Welfare and Retirement Fund" as established by this agreement and said monies shall be coordinated into the aforesaid fund and be made subject to the stated purposes hereinabove set out.

It is stipulated; understood and agreed by the contracting parties hereto that present practices with respect to wage deductions and their use for provision of medical, hospital and related services shall continue during the term of this contract or until such earlier date or dates as may be agreed upon by the United Mine Workers of America and any operator signatory hereto.

D. It is the intent and purpose of the contracting parties hereto that full cooperation shall by each of them be given to each other, the trustees named under this section and to all affected mine workers to the eventual coordination and development of policies and working agreements necessary or advisable for the effective operation of this fund. [National Bituminous Coal Wage Agreement as amended, effective July 1, 1948—United Mine Workers of America (Ind.)]

Medical Health Center Fund

Employer and union hereby recognize the advantage to employees of a medical health center which shall be open to all employees of employer, who are members in good standing of a local union affiliated with the Philadelphia Joint Board of the Amalgamated Clothing Workers of America, and who comply with provisions herein set forth, and such persons and groups as shall be approved for the purpose by a two-thirds vote of all of the trustees. Employer agrees to contribute to a fund established under this agreement and similar agreements between the union and other employers to be known as the:

Men's Apparel Industry Health Center Fund (hereinafter referred to as "Industry Health Fund") for the purpose of maintaining the Men's Apparel Industry Health

Center. The Men's Apparel Industry Health Center shall be organized, maintained and administered as follows:

A. The Men's Apparel Industry Health Center and Industry Health Fund shall be received, held, and administered by a committee of trustees consisting of ten (10) representatives of union and ten (10) representatives of the manufacturers. The committee may make all necessary and appropriate rules and regulations for its government, not inconsistent with the provisions of this agreement, and shall operate and maintain the health center. The ten (10) members of the board of trustees, on behalf of union (herein called union trustees) shall be designated by the Philadelphia Joint Board and the ten (10) representatives of manufacturers (herein called industry trustees) shall be designated by the president of the Philadelphia Clothing Manufacturers Association. All decisions and resolutions of the Board of Trustees shall become effective and valid only upon the unanimous vote of both classes of trustees. Each class of trustee shall cast its vote upon the determination of a two-thirds majority in number of such class. It is the intention of this agreement that both classes of trustees shall be required to act jointly in the event that they cannot agree upon any matter; then the matter shall be referred to the Impartial Arbitrator of the men's clothing industry of the city of Philadelphia, and his decision shall be final and binding upon the parties hereto. The position of Chairman of the Committee of Trustees shall alternate each year between an industry representative and a union representative.

B. Commencing with the first pay-roll week following the vacation period of July 1946, employer shall pay into the Industry Health Fund three-fourths of 1 ($\frac{3}{4}$ of 1) percent of the gross earnings of all union employees who are members of the Philadelphia Joint Board. These earnings will include the cost-of-living bonus, overtime, if any, as well as holidays with pay, but will not include any vacation payments.

C. By the provisions of preceding paragraph 1, section 9 (f), the employer has agreed to pay 2.5 percent of the contract price of garments manufactured for him by contractors, of which amount 0.6 percent shall be paid to the Industry Health Fund. This payment shall commence with the first pay-roll week following the vacation period of July 1946. The payments provided for in preceding paragraph B and in this paragraph shall only be based upon shops wherein the employees are members of local unions affiliated with the Philadelphia Joint Board of the Amalgamated Clothing Workers of America.

D. Employer agrees that the funds received by the trustees of the health center shall be utilized first, to the extent of three hundred fifty thousand (\$350,000) dollars as provided in paragraph G-II hereof and the balance shall be utilized for the maintenance and operation of the health center and expended under the direction of the aforementioned health center fund committee of trustees or their successors.

E. The committee of trustees, in its discretion, shall have the right to establish a nonprofit corporation for the purpose of holding title to the property of, and to manage the health center, and may turn over to said corporation, subject, however, to the provisions of this agreement, the funds and assets which may have come into their possession.

F. Union agrees in accordance with its bylaws and constitution to levy an assessment in the sum of twenty (\$20) dollars on each of its members who are employed by employer and upon those members who may hereafter belong to the union, which shall be utilized for the purpose of purchasing the said buildings, real estate, and equipment, etc. Union shall pay the said special assessments into a building fund established by the committee of trustees to a maximum of three hundred fifty thousand (\$350,000) dollars when an equal amount is likewise paid into said building fund from the Industry Health Fund. The monies in said building fund shall be deposited in a bank selected by the trustees and shall be withdrawn only upon the signature of an industry trustee and a union trustee and shall be used for the cost of construction or purchase of the building, the land, and the equipment therein contained, and for the repayment of any obligation or mortgage occasioned by the construction and equipment. Pending the purchase and completion of appropriate building and equipment, trustees are empowered to invest the funds upon deposit with any banks in the United States of America, or purchase any Government bonds, or such other securities which shall be legal for trust funds in the Commonwealth of Pennsylvania. Interest on any mortgage or incumbrance shall be paid from the joint fund. After the land, building, and original equipment have been fully paid for, the receipts from the twenty (\$20) dollar assessment of new members in excess of the amount of three hundred fifty thousand (\$350,000) dollars shall be paid by Union to the trustees and may be utilized by the trustees for operating expenses similarly with the other payments received from employers, provided that employer shall make the payment required under 2-B hereof.

G. The trustees, in addition to the powers herein set forth and not in limitation thereof, shall have the power:

I. To determine whether a suitable building shall be leased, purchased or constructed.

II. Shall join with union to merge the funds available from the twenty (\$20) dollar assessment for the building fund to a maximum of three hundred fifty thousand (\$350,000) dollars with an equal amount from the Industry Health Fund derived from the percentage payments called for in paragraph 2B, and after said merger of both funds then title to the buildings, real estate, equipment, etc., purchased from joint funds shall belong to the board of trustees or their successors or to a nonprofit corporation organized by said trustees in accordance with the provisions of this agreement, subject, however, to the terms and conditions of this agreement.

III. May determine what reserves shall be held in cash or legal investments in order to effectuate the purpose of this agreement.

H. The employer shall furnish to the trustees, upon request, such information and reports as they may require in the performance of their duties under any of the agreements. The trustees, or any authorized agent or representative of the trustees, shall have the right at all reasonable times during business hours to enter upon the premises of the employer and to examine and copy such of the books, records, papers and reports of the employer as may be necessary to permit the trustees to determine whether the employer is fully complying with the provisions hereof.

I. No employee shall have the option to receive instead of the benefits provided for by this agreement any part of the contribution of the employer. No employee shall have the right to assign any benefits to which he may be or become entitled to under any of the agreements or to receive a cash consideration in lieu of such benefits either upon termination of the trust herein created, or through severance of employment or otherwise.

J. This supplemental agreement and the collective bargaining agreement shall be construed as a single document, and all of the provisions of the collective bargaining agreement relating to the administration and enforcement thereof (including provisions for arbitration) shall apply to the administration and enforcement of this supplemental agreement.

K. In the event that the union receives written notice from one or more of the trustees, designated by the trustees for that purpose, that the employer has failed to pay in full any sums due the trustees, and that such failure has continued for five (5) days, the union may direct its members to discontinue work in the plant of the employer and to discontinue work upon clothing being manufactured for the employer by contractors until all sums due from the employer have been paid in full. The remedy provided for in this subparagraph shall be in addition to all other remedies available to the union and the trustees and may be exercised by the union, anything in the collective bargaining agreement to the contrary notwithstanding.

The trustees, in their own names as trustees, may institute or intervene in any proceeding at law, in equity, or in bankruptcy for the purpose of effectuating the collection of any sums due to them from the employer under the provisions of this agreement.

L. In no event will the employer be entitled to the return of any part of any contribution made hereunder.

M. Neither the execution of this agreement nor any provisions herein contained, or contained in any other agreement affecting the same, shall be deemed to release the employer from any contribution or contributions provided for in any prior agreement or agreements, and which have become due and payable.

N. The trustees and their successors shall not be personally liable for any matter in connection with the management and operation of the said trust and the trust shall indemnify and save harmless each and every trustee from any claims, liabilities or costs of any nature in connection with the operation of the said trust.

No trustee shall be liable for any action taken or omitted by him in good faith, nor for the acts or omissions of any agent, employee, or attorney selected by the trustees with reasonable care, nor for any act or omission of any other trustee.

O. The trustees shall provide for an annual audit of the trust funds and shall prepare a statement of the results of said audit, which shall be available for inspection by persons having an interest under this agreement at the principal office of the trustees, and also at the office of the Philadelphia Joint Board, Amalgamated Clothing Workers of America, and at the office of the Philadelphia Clothing Manufacturers Association.

P. Upon the expiration of this agreement, or any renewal thereof, if no provision is mutually made for the continuance of the health center, then the board of trustees shall have the discretion to determine whether they shall operate the center insofar as funds may be available or may be obtained from any source or, in their sole discretion they may liquidate, sell, assign, or transfer the property, equipment or other assets belonging to the health center and transfer said property and assets to any other institution, public or private, in the city of Philadelphia which will utilize the said funds or property for the purpose of carrying out, insofar as may be possible, the furnishing of clinical medical care to the members of the Philadelphia Joint Board of the Amalgamated Clothing Workers of America similar to the manner provided in this agreement.

3. The provisions of this supplemental agreement shall expire the 15th day of May 1952, similarly with the provisions of the contract between the Philadelphia Joint Board, Amalgamated Clothing Workers of America, and employer, dated May 15, 1945, to which this shall be a supplement and which said agreement shall continue in full force and effect except as amended in writing by the parties and this supplemental agreement. [Coleby Tailoring Company—Philadelphia, Pa.—Philadelphia Joint Board Amalgamated Clothing Workers of America (CIO). Effective date of supplemental agreement, August 15, 1948].

Pension or Retirement Plans

Noncontributory Plan

The company agrees to continue, during the term hereof, the present pension plan, the provisions of which are as follows:

(I) (a) Any employe who has completed twenty-five (25) years of continuous service with the company (and its predecessor) and has reached the age of sixty-five (65) years (in the case of female employes the age shall be fifty-five (55) years) may voluntarily retire upon a regular pension.

(b) The company may require an employe with twenty-five (25) years of continuous service to retire on

a pension if the employe has reached the age of sixty-eight (68) years (for female employes the age shall be fifty-eight (58) years).

(c) The amount of the aforesaid pension shall be fifty (50) dollars per month for employes with twenty-five (25) years of continuous service with an additional one (1) dollar per month for every year of service in excess of twenty-five (25) years; provided, however, that in no case shall a pension exceed seventy-five (75) dollars per month.

(d) (i) The company may retire, upon a modified pension, employes coming within the following classifications: Any employe over seventy (70) years of age with less than twenty-five (25) years but more than fifteen (15) years of service may be retired on a pension at the rate of two (2) dollars per month for each year of service.

(ii) Any employe who is permanently incapacitated and has had at least twenty (20) years of service will be retired on a pension of rate two (2) dollars per month for each year of service up to twenty-five (25) years, with an additional one (1) dollar per month for each year of service in excess of twenty-five (25) years.

Provided, that in the case of any person who shall hereafter be put on a pension and who is also then or at any time thereafter contemporaneously receiving workmen's compensation, employer's liability, occupational disease or similar compensation payments from the company or from its insurance carrier, the amount of such payments shall be a credit against the amount of pension payment to which he shall be entitled; Provided further, that the maximum continuous amount of sick leave to which an employe shall be entitled during the entire course of his employment without breaking the continuity of his employment, so far as calculation of years of continuous employment for pension purposes is concerned, shall be 2 years.

(II) The aforesaid pensions shall be in lieu and satisfaction of pensions from the PRT Co-Operative Association.

(III) The revocation, by the agreement of February 21, 1946, of the first two provisos which were contained in section 701 of the agreement of October 15, 1945, and which said two provisos have been eliminated from the foregoing provisions of this section 701, is with respect to employes going on pension since February 11, 1946 and pension payments since February 11, 1946 to pensioners who went on pension from and after February 11, 1944. The amendments made in section 701 by the agreement of February 13, 1947, which amendments have been incorporated and reflected in the foregoing provisions of this section 701, are retroactive to February 11, 1944 for the purpose of determining whether any former employes who had left the service of the company since February 11, 1944 are qualified for pensions under this section as so amended, but payments to any thereof who are so qualified will begin February 11, 1947 and no retroactive payment will be made. [Philadelphia Transportation Co.—Philadelphia, Pa.—Transport Workers

Union of America (CIO), Local No. 234. Effective date of agreement, August 21, 1947].

Contributory Plan

Membership. An employee may become a member of the plan on the first day of the month after the following conditions have been met:

- (a) He has been in service at least 5 years.
- (b) He is under 64½ years of age.

An eligible employee may become a member of the plan by signing the card provided for that purpose. Each member will receive a certificate of his membership in the plan.

An employee who does not become a member of the plan when first eligible may do so at a later date. In such a case, membership will commence on the first day of the month after the card is signed, and he will receive no retirement annuity or other benefits for service before that date.

Retirement Date. The normal retirement date is the first day of the month coinciding with or next following the 65th birthday. Retirement annuity payments commence on the normal retirement date and continue as long as the member lives.

With the consent of the company, a member may retire before the normal retirement date on a reduced amount of retirement annuity.

A member will not be permitted to remain in service after the normal retirement date except with the special consent of the company. If a member is permitted to remain in service after the normal retirement date, his and the company's contributions will stop and retirement annuity payments will commence as if the member had actually retired on the normal retirement date.

Members' Contributions. Each member will contribute 2 percent of his earnings up to \$3,000 per year.

A member whose earnings are over \$3,000 per year will contribute 2 percent of the first \$3,000 of his earnings each year and 4 percent of the excess of his earnings over \$3,000 each year.

Members' contributions will be deducted from their earnings each pay day. In determining the rate of contribution, earnings are computed from January 1, of each year. Thus, a member will contribute 2 percent of his earnings until his total earnings in each year have reached \$3,000 (counting all earnings from January on, regardless of the date he becomes a member), and 4 percent of his earnings during the remainder of that calendar year.

Retirement Annuity and Company's Contributions. Each member who remains in service until his normal retirement date will receive a retirement annuity to be paid monthly. The yearly amount of this retirement annuity will be 50 percent of the member's total contributions under the plan.

The company will pay the excess of the cost of the above retirement annuity over the member's contributions.

The company will pay considerably more than one-half of the cost of this retirement annuity.

The company intends to provide, without cost to the employees, an additional retirement annuity for each employee who became a member of the plan as of June 1, 1942, and who had then been in service at least 6 years. The yearly amount of this retirement annuity will be 1 percent of the member's yearly rate of earnings on June 1, 1942, multiplied by the number of completed years of continuous service, excluding the first 5 years of such service. The company expects to make payments to the insurance company over a period of years, and each such payment will be applied to purchase these retirement annuities for eligible employees in order of nearness to retirement date.

All benefits and contributions under the plan are independent of, and in addition to, benefits and taxes under the Federal Social Security program.

NOTE.—Refer to examples of the amounts of members' contributions and retirement annuities.

Death Before Retirement. If a member dies before his retirement annuity payments commence, his beneficiary will receive the member's contributions plus 2 percent interest, compounded annually, on each contribution from the June first following the date it was paid to the first of the month in which death occurs.

A member may change his beneficiary at any time.

Benefits After Retirement. The regular retirement annuity is paid as long as the member lives after his retirement date, and if he dies before receiving total retirement annuity payments at least equal to his contributions with interest, the balance will be paid to his beneficiary. Interest is at the rate of 2 percent compounded annually, on each contribution from the June first following the date it was paid to his retirement date.

Instead of receiving the benefits described in the preceding paragraph, the member may elect a reduced retirement annuity to be paid as long as he lives, with the further provision that all or a part of this reduced retirement annuity will be continued after his death during the remaining lifetime of a person (known as the joint annuitant) named by him.

A member may elect this form of retirement annuity at any time more than 5 years before his retirement annuity payments commence; otherwise, satisfactory evidence of his good health will be required.

NOTE: Further information concerning this form of retirement annuity and the conditions governing its election will be included in the certificate issued by the insurance company.

Termination of Service. If a member leaves the service before his retirement annuity payments commence, he may elect one of the following options:

(a) He may leave his contributions and interest with the insurance company and receive a retirement annuity beginning at his normal retirement date.

If he has been a contributing member of the plan for 10 years and is age 40 or over, the retirement annuity will be

that purchased by both his own and the company's contributions. The retirement annuity for service before June 1, 1942 will be included only to the extent it has been purchased before the member leaves service.

If he has been a contributing member of the plan for less than 10 years or is under age 40, the retirement annuity will be that purchased by his own contributions only.

(b) He may have his contributions returned to him with 2 percent interest, compounded annually on each contribution from the June first following the date it was paid to the first of the month in which the election is made. The insurance company will ordinarily make the payment in one sum, but it reserves the right to spread the payment over 12 months.

If he elects this option, all of his benefits under the plan will be canceled.

NOTE.—A member may not withdraw his contributions or interest as long as he remains in the service of the company, or borrow against them at any time.

Temporary Absence. A temporary absence, authorized by the company (such as sickness, accident, military service, or leave of absence), will not be considered termination of service and will be governed as follows:

(a) If earnings continue during the absence, contributions by the member and the company will continue on the basis of such earnings.

(b) If earnings cease, contributions by the member and the company will cease, but the retirement annuity previously purchased will not be affected. Upon resumption of earnings, contributions will be resumed.

If a member's service is terminated during a period of temporary absence, the provisions governing termination of service will apply.

Assignments. No assignments of any of the benefits under this plan will be valid or recognized.

Contracts. The member's rights and benefits, under the plan outlined in this booklet, will be governed by the group annuity contract issued by the — Life Insurance Co. to Excel Corp.

Future Changes in Plan. Any suggested change to the plan shall be negotiated and mutually agreed upon by the company and the bargaining committee. Also, the insurance company has the right to make changes in the contract after May 30, 1947. No change or suspension will affect the retirement annuity or other benefits already purchased by the member's and the company's contributions.

If the plan is discontinued, each member will receive a retirement annuity to commence at the normal retirement date, including the regular death benefit provisions, but without the right to withdraw contributions. Whether or not the member remains in the service of the company, the amount of the retirement annuity will be that purchased by both the member's and the company's contributions before discontinuance. [Excel Corp.—Elkhart, Ind.—International Union, United Automobile, Aircraft and Agricultural Implement Workers of America (CIO), Local No. 764. Effective date of agreement May 1, 1948.]

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