

Obamacare bails out union pension plans, too

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Union bosses who have mismanaged benefits for their own members are poised to receive a \$10 billion bailout from U.S. taxpayers in the form of a “reinsurance program” that has been folded into the healthcare bill, according to the Workforce Fairness Institute (WFI).

This provision should be viewed as part of a larger payback effort the Obama White House and top congressional figures have set up in exchange for the support they have received from organized labor, Katie Packer, executive director of WFI said.

Section 164 of the Affordable Health Choices Act of 2009 [provides](#) that the government pay 80 cents on the dollar to corporate and union insurance plans for claims between \$15,000 and \$90,000 for retirees age 55 to 64. Union health insurance funds only have about 30 cents available to cover each dollar of anticipated claims, according to the Lewin Group and other research outfits.

If this provision were to be passed as part of the overhaul package favored by the Obama Administration, the \$10 billion figure would probably expand overtime as union plans continue to come under financial pressure, Packer said.

“What we want to see is some kind of accountability,” she said. “These union bosses make promises that they can’t keep. I don’t know what exactly they are doing with union dues and other money but they seem to have hundreds of millions of dollars to spend every time there is a campaign. It’s the labor bosses that have put the companies over a barrel and extracted commitments that they know were unsustainable. Now they expect the taxpayers to bail them out and they use their own workers as victims.”

In an [email](#) letter to supporters, the United Auto Workers (UAW) urged their membership to support the Obama plan and specifically cites the benefits outlined in section 164. It concludes with a call for activism that draws from key alliances.

“Not surprisingly, insurance companies and various right-wing groups are mounting a campaign to block health care reform. To counter their dishonest, disruptive scare tactics, UAW activists need to join with our progressive allies in sending a strong message to members of Congress that NOW is the time to pass genuine health care reform,” the letter says.

The union bailout provision can be found in multiple versions of the bill, which indicates it is being pushed by powerful labor officials who maintain influence with the White House and Congress, Packer said.

In the 2008 election cycle, labor union political action committees (PACS) contributed over \$66 million dollars to congressional candidates with 92 percent of those contributions going to Democrats, according to OpenSecrets.org.

The Employee Free Choice Act, which includes the controversial Card Check and binding arbitration measures, remains the major priority for labor bosses, Packer said. But the bailout money labor backers in Congress attempted to conceal in the healthcare bill shows that union paybacks remain in motion, Packer said.

“We see paybacks to labor bosses over and over again,” she said. “We saw it with the bailout to General Motors and Chrysler, we also saw it with the restrictions on companies that don’t use union workers with the stimulus bill. The Employee Free Choice Act is the coup de grace, but the payback remains on going.”

President Obama received almost \$28 million in independent expenditures from the Service Employees International Union (SEIU) for his 2008 campaign, while Labor Secretary Hilda Solis received \$10,000 from the SEIU’s PAC for her congressional race. SEIU has been a leading proponent of Card Check and binding arbitration.