

f POST GUILD UNIT forum



Local 32035

The Washington-Baltimore Newspaper Guild

September 28, 2004

Question: *When is a 7 percent increase really a 30 percent increase?*

Answer: *When Washington Post management is talking about health insurance costs.*

Post employees recently received a late-night e-mail from Peggy Schiff, vice president for personnel, informing us that our health insurance premiums would rise 7 percent in 2005.

If only it were true.

In reality, the average premium hike for the vast majority of Post workers will be about 30 percent — if management has its way.

The story of why our costs are set to go up so much — and why Post management has been less than open about that truth — is a tale of economic short sightedness and outright deception. It has also resulted in the Guild filing a formal grievance against the company for violating its contractual obligations with regard to proposed health plan changes.

But there is a follow-up story, too — one that we hope **you** will help write by sending a note or an e-mail to Post managers, to express your disapproval of the new plan and also of the way the company sought to hide its true costs.

Some background: For the past year, Guild representatives have been meeting periodically with management in a good faith effort to help control rising medical costs for the company and employees. As we reported in previous bulletins, we have been somewhat encouraged by the small steps the paper has taken, including the inauguration of a disease management program, an emerging emphasis on prevention and even some workplace wellness projects such as the recent offering of hearing tests.

But at every turn, management has talked the cooperative talk and then balked when it came to actually implementing employee suggestions. A month ago, our offer to issue a joint management/Guild memo promoting the new FutureHealth program so flummoxed management with its implications of collaborative behavior that Peggy was compelled to write a midnight memo that very night, to make sure management's spin got to employees first.

This past Monday, Sept. 20, the Guild team (Darlene Meyer, Rick Weiss and Ceci Connolly, with Guild reps Rick Ehrmann and Tiffany Harris) met again with management, this time to discuss anticipated changes to our health insurance plan for 2005. This was more than a mere cordiality. Our contract requires management to "meet and confer" with the Guild any time it plans to make substantial changes in our health insurance plan. Vice president for labor relations Trish Dunn, along with Schiff and Ann McDaniel (the company's plan administrator) described for us what the company planned to do, and told us they would like to have our feedback by Friday the 24th.

But apparently the prospect of hearing what we had to say — and perhaps even incorporating some of our suggestions into the plan — was too much for the company to cope with. That night, Peggy was at the keyboard, crafting her 11 p.m. "done deal" communiqué.

Of course, we felt dissed. But we're big boys and girls. We met with them anyway on Friday and spelled out our concerns in detail. While we were at it, we handed them a formal grievance, claiming that they violated our contractual right to fully confer on insurance issues.

Real Dollar Costs of The Post's Health Plan Changes

- A single employee earning \$31,000 who paid \$46 a month last year for self-coverage will pay \$61 a month next year, a **33 percent increase**.
- A single employee earning \$65,000 who paid \$77 this year will have to pay \$102 a month next year, a **32 percent increase**.
- An employee earning \$65,000 choosing family coverage paid \$188 a month this year but will have to pay \$250 a month next year, a **33 percent increase**.
- And an employee earning \$100,000 and getting family coverage who paid \$234 a month this year will have to pay \$300 a month next year, a **28 percent increase**.

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30% Increase, continued from page 1

But what really made us mad, and should make you mad too, was the blatant deception in Peggy's memo — a memo perhaps worthy of Dan Rather but not of Don Graham or Bo Jones.

"For 2005, premiums for the Aetna PPO Plan will increase by around 7%," Peggy wrote. But what she and others on the Post management team were too nervous to state plainly is that **in addition** to raising premiums 7 percent (and yes, it's The Post itself raising those premiums, not Aetna, since The Post technically is self-insured. But that's a story for another day), The Post is **also** planning to shift a **larger share** of the overall premium costs off its corporate shoulders and onto ours.

Here's how it works: "Premiums" are the amount of money that it costs to cover each employee. That's the figure that's going up 7 percent. But employees don't pay the full cost of the premium. In fact, as with most companies, The Post pays the bigger share of each employee's premium and the employee pays a smaller fraction. For example, the company has been paying 88 percent of the premium for employees earning between \$30,000 and \$59,999, leaving those employees to pay 12 percent. But this year The Post will reduce its share to 85 percent, leaving employees to pay for 15 percent of the premium. That increase — from 12 percent to 15 percent — is a **25 percent real dollar increase**. Add to that the 7 percent overall increase in premiums, **and you have yourself a whopping 32 percent increase in actual costs, being deducted from your paycheck.**

Similarly, for employees earning \$65,000, the company wants to increase the percentage of the premium paid by the employee to 25 percent next year, from this year's 20 percent. And for those making \$100,000 or more, that percentage will go up to 30 percent, from the current level of 25 percent.

Management says that it's not uncommon for employees at media companies to pay 30 percent of the health premiums. That may be true, but it is uncommon for media companies to hold their employees to one percent annual salary increases, as The Post has repeatedly done with us.

So let's be fair.

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Moreover, a close look at the way the company is structuring this increase shows that it will be those in the middle income brackets who get stuck with the biggest percentage increases (roughly 32 percent for those earning \$30,000 to \$99,999), while the highest paid employees (people earning more than \$100,000, including the execs who came up with this plan) will have a smaller increase (about 27%). (People earning less than \$30,000 will see an increase of just 7 percent — an act of compassion that the company decided it could afford since, as Trish Dunn put it, there's "only about 20 people" earning that little). *continued, page 3*

Here are some questions you might want to ask Peggy Schiff, Ann McDaniel and Trish Dunn about The Post's health plan cost shifting (email or call them today!):

- What is the exact premium contribution being made by the company per employee? What was the contribution in previous years?
- Why won't the Post devise an equitable scale for premium increases in which the highest paid take the largest hit? Why not add one more salary bracket, for example, for people earning more than \$125,000?
- Since The Post sees its largest medical costs in chronic illnesses such as heart disease and diabetes, why is it unwilling to offer attractive incentives for employees to participate in disease management programs for those diseases?
- Given The Post's own data indicating that the other major cost drivers include headaches, depression and back pain, isn't it time the company begin to seriously tackle stress in the workplace?
- Why won't The Post provide a gym in the building, calorie content of meals in the cafeteria and real financial incentives for workers to get healthy and save us all money?
- Finally, why won't management work **with** its employees toward achieving goals we all support?

Health insurance costs affect everyone. Not a member? Join today. It's only one year before we begin bargaining for a new contract, where The Post must negotiate wages and benefits with the Guild. Interested in more info by email? Want to get more involved? Send your home email address to tharris@wbng.org for regular updates.

30% Increase, continued from page 2

Not to get overly political here, but this plan of hitting up the middle class and giving breaks to the wealthy reminds us of a certain tax-cut strategy devised a few blocks south of here.

Finally, did we mention that co-pays and deductibles are going up to? Well they are.

At our meeting on Friday, Guild representatives made several suggestions, including:

- Make cost increases proportional to income, even at the top of the salary scale, so middle-income employees are not subsidizing the health insurance costs of the company's richest employees.
- Break up the income brackets into smaller pieces, so costs can more accurately track actual income.
- If the company must saddle employees with a larger percentage of already rising premiums, do so to a smaller degree than it has proposed to do so far. Employee salaries have barely risen in the past several years, and health insurance increases have all but cancelled out those small raises. At the same time, Washington Post stock in the past year alone has risen in value by about 30 percent. The Post has been and continues to be a very profitable organization. On July 30, the company reported 2nd quarter revenues of \$818 million, up 16 percent from the previous year. Operating income was up 37 percent over the same period in 2003. **Who, exactly, is more in need of a break here? It just is not right that our meager raises get gobbled up by a profitable company's desire to shift some of its costs from itself onto us.**

Management rejected our advice. At the Monday meeting they expressed the belief that employees don't mind higher premiums because they like the benefits package, with all its options. We realize a good benefits package is a top priority, but at any price?

Unlike the most progressive employers in the nation, The Post has been slow to target its energies to the real cost drivers, opting instead to shift an ever-growing portion of the tab onto employees. And they can't even be honest about it. **In this campaign season, we believe Post employees deserve some straight talk, not spin.**

--The Guild's Health Cost Containment Committee: J. Darlene Meyer, Rick Weiss, and Ceci Connolly

Save the Date!

Guild Membership Meeting
Wednesday, October 13, 2004
Location and time to be announced