

# 804

Spring 2010



# HEALTH FUND UPDATE

## Turning Around the Crisis in Our Health Fund

**Straight talk about where we stand, how we got here, and what we can do to protect our benefits for the future.**

The new Local 804 leadership team inherited a Health Fund in crisis. Financial reports revealed that for years the Fund has been running multi-million dollar deficits. Fund actuaries projected we would be in the red by June of next year.

UPS was demanding severe benefit cuts, including increasing all co-pays and massively hiking the cost of retiree healthcare to more than \$1,100 a month for family coverage.

The company's plan also included establishing a minimum age for retiree healthcare of 55 years old.

The critical decisions about the future of our benefits were about to be taken out of our hands and put into the hands of an outside arbitrator who could have implemented all of these cuts and more.

We were not going to let that happen. Instead we rolled up our sleeves and got to work.

### Taking on UPS

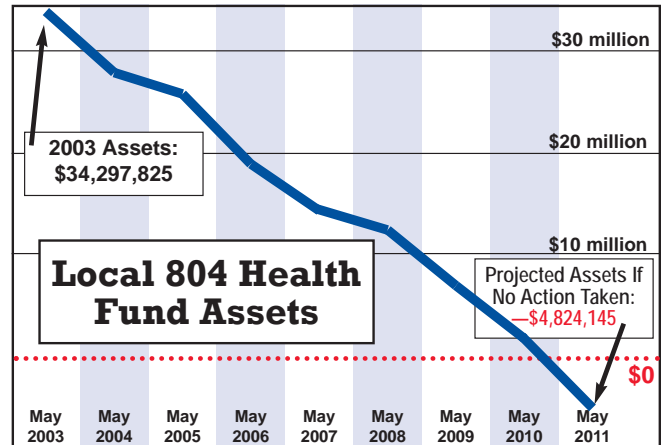
The new union trustees did our due diligence. We met with attorneys, actuaries and experts. We told UPS their proposals were unacceptable. And we sat down to hammer out a tough agreement that protects the membership. As a result:

- We protected affordable healthcare for Local 804 members and our families.
- We prevented the massive hikes to retiree healthcare and guaranteed that members with 25 years of service will continue to be eligible for retiree healthcare at any age.
- We strengthened the Fund's finances by getting UPS to put 65¢ of the \$1 per hour increase in benefit contributions due this year under the contract into the Health Fund. The other 35¢ will go into the Pension Fund.

The agreement with the company trustees also includes some bitter pills to swallow: including higher co-pays, higher out-of-pocket expenses on out-of-network claims, and an increase in the cost of retiree healthcare.

### A Healthy Fund is Run Into the Red

The responsibility for these cuts lie squarely on the shoulders of the company and former union trustees who inherited a strong, healthy fund and ran it into the ground.



As recently as 2003, our Fund had \$34.3 million in reserves, enough to pay one year's worth of benefits. Unfortunately as the cost of healthcare rose, not enough funds were negotiated in the 2002 and 2008 contracts to pay for our benefits.

Even worse, the company and our former union trustees secretly agreed to reduce the money going into the Health Fund in 2005 and diverted millions from our Health Fund to our Pension Fund. Local 804 members were never told a word about this.

### The Battle Ahead

We know these benefit changes will not be popular with the membership. But we're not willing to play politics with your healthcare. We didn't create this crisis in the Local 804 Health Fund. But we are determined to fix it.

The interim agreement will stabilize our Health Fund and stop the bleeding—while protecting your benefits. But the battle for the future of our benefits will continue.

As part of the agreement, we are required to sit down with the company trustees this fall to negotiate a plan to restore the Fund to firm financial footing and to build up six months in reserves by Dec. 31, 2015.

Building up these reserves will not be easy. If healthcare costs continue to rise, then the company's contributions are expected to once again fall short of the monthly cost of our health benefits by 2013.

Our contract expires in 2013. We all need to be ready to make UPS deliver the contribution increases we'll need to protect our medical benefits and retiree healthcare.



**“I’ve got at least 15 years to go at UPS, so I’m depending on the Fund to be strong for the long-term. I don’t like these benefit changes any more than anybody else. But they’re worth it to provide security for my future.”**

Pete Hinchcliffe  
Package Driver

# Stay In Network to Save Your Money

Starting June 1, the cost of seeing an out-of-network provider is going way up.

Protect your health and your wallet by seeing a network provider.

Only a small number of members go out-of-network for their medical care. Of the 113,041 claims paid by the Local 804 Fund last year, just 6.6 percent were out of network.

But those out-of-network claims cost our Fund, on average, almost three times as much as in-network claims.

To stop your Health Fund from hemorrhaging millions of dollars, strict new rules have been adopted governing out-of-network claims.

**Cost of Out-of-Network Visits Will Go Up June 1**

Effective June 1, all out-of-network claims will be paid at the same amount as they would have been paid if they were in network.

You can continue to go out-of-network, but you will have to pay the difference in cost. This difference could be significant.

Avoid sticker shock by staying in-network or researching the cost difference in advance. The Fund can help.

To find an in-network provider or get answers to your question, visit the Health Fund website at [www.local804fund.com](http://www.local804fund.com). Or call the Fund at 718-786-5410.



**“After years of rumors, we’re finally getting solid information. Now, at least we know where we stand and how to use our plan to save ourselves money and to save the Fund money. Our benefits are going to be a major issue in the next contract and we’ve all got to be ready.”**

Martin Cruz  
Porter

# Protect Your Wallet and Your Union Health Fund

**If it’s not an emergency, don’t go to the ER.**

**Visit your doctor or an Urgent Care Clinic.**

Emergency room visits for non-emergencies are bleeding your union Health Fund.

Emergency room visits cost our Health Fund \$3 million a year.

Many of these visits are for legitimate emergencies. And if you have a real emergency, you should absolutely go to the ER.

But our Health Fund wastes money every year on ER treatments for non-emergencies, like fever, cough, and headaches.

The average emergency room claim costs the Health Fund \$1,000.

Starting June 1, the co-pay for an emergency room visit will be \$200 unless the patient is admitted to the hospital.

Emergency treatment is slow, inconvenient and expensive.

If you need medical care right away, but it’s not an emergency, you can save time and avoid the \$200 co-pay by visiting an in-network Urgent Care clinic.

Protect your wallet and get the care you need.

When it’s not an emergency, go to your doctor or an Urgent Care clinic.

To find an in-network Urgent Care clinic near you, download a complete listing at: [www.local804fund.com](http://www.local804fund.com).

# Summary of Changes to Your Health Benefits

Effective June 1, the Health Fund is implementing several changes to your benefits.

These changes are needed to save the plan from insolvency and to protect affordable healthcare for your family—now and in the future.

Review these changes carefully. If you have questions, visit the Fund website at [www.local804fund.com](http://www.local804fund.com)

Or call the Fund at 718-786-5410.

## Emergency Room Co-Pay

A \$200 co-payment will apply to all emergency room visits. This co-pay will be waived if the patient is admitted.

## Prescription Drug Co-Pays

- A co-pay of \$15 will apply to generic drugs for active Teamsters.
- A co-pay of \$20 will apply for generic drugs for retirees.
- Retirees must use the mail order service for maintenance drugs.

## Other Co-Pays

- The co-pay for network lab work will be \$20.
- A co-pay of \$20 will apply for network radiology.

# The Rising Cost of Retiree Healthcare

Local 804 retiree healthcare coverage is second to none—and that's how it should be. Retirees built this company and our union.

The UPS management trustees tried to massively raise the cost of retiree healthcare and make some Local 804 members ineligible altogether. We said no. But we had to increase premiums to deal with the Fund's exploding costs and multi-million dollar losses.

The fee charged to retirees for health coverage has been frozen at \$225/month since Nov. 2005. During the same period, the cost of retiree health benefits has skyrocketed.

To protect retiree healthcare for the future, our Fund had to take action.

Effective June 1, the cost of health coverage for Local 804 retirees will change as follows:<sup>1</sup>

- Single coverage: \$325/month
- Member plus one: \$425/month
- Member plus family: \$525/month

“UPS tried to hike the cost of retiree healthcare to as much as \$1,100 a month and to eliminate it altogether for members who aren't 55 years old.



“If the company had succeeded, I would not have been able to retire like I planned.

“Local 804 stood up to the company—just like we stood up during the contract and stopped UPS from taking away 25 & Out from new hires.

“Thanks to our union, I can retire this year.

“Local 804 members fought to win 25 & Out and affordable retiree healthcare. We can't give them back.”

Lou Nunziata  
Feeder Department

<sup>1</sup> To keep up with the rising healthcare costs, these rates will go up by 10 percent each year beginning Jan. 1, 2012.

A Message from Your Union Trustees on the Health Fund

# Your Health Fund, Your Future

You may have already heard about the financial crisis we inherited at the Local 804 Health Fund and pending changes to your benefits.

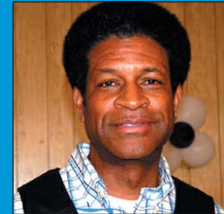
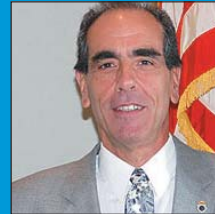
As your union trustees on the Health Fund, we're committed to putting the rumors to rest and providing you with the facts.

Effective June 1, the Health Fund is implementing several changes to save the Fund from insolvency and to protect your health benefits for the future.

These changes, and steps you can take to protect your health and your wallet, are outlined in this bulletin.

The Fund will be sending out its own notice soon.

The Local 804 Health Fund belongs to the members. You deserve to know where our Fund stands, how it got into its current state, and what steps we can take as a union to protect our benefits for the future.



## Your Union Voice on the Health Fund

The 804 Health Fund is jointly overseen by four trustees named by Local 804 and four employer trustees. Your Union Trustees on the Health Fund are Tim Sylvester, Jim Reynolds, Pete Mastrandrea and Larry McIver. We will operate with transparency and keep you informed. It's your money!



# HEALTH FUND UPDATE

## Local 804 General Membership Meeting

Sunday, April 18  
10 a.m.

Washington Irving H.S.

40 Irving Place, Manhattan  
between 16th St. and 17th St.

Meeting will include an  
update on the Local 804  
Health and Pension Funds.

Local 804, Delivery and  
Warehouse Employees, IBT  
34-21 Review Avenue  
Long Island City, NY 11101