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Multiemployer Plans and the Future of Health Care

The June decision by the United States Supreme Court to uphold the Patient Protection and Affordable Care Act (PPACA) and its individual mandate provision has provided insurers some certainty as they prepare for a changing health insurance market in 2014.

One of the key components of the law will be the health insurance exchanges which will offer consumers choices among competing health plans, with the goal of increasing access to health insurance, minimizing gaps in coverage, and improving affordability.

A critical question going forward is to what extent federal regulators will recognize the valuable role that multiemployer insurance plans can play in the health insurance market of 2014.

Multiemployer and other union-sponsored plans have contributed greatly to the availability of health insurance to union workers in a variety of industries.¹ According to the Bureau of Labor Statistics, nearly 94 percent of union workers

have access to health care benefits as compared to only 72 percent of nonunion workers.²

Already in line with many of the key provisions of PPACA, multi-employer plans have successfully limited gaps in health care coverage. Unlike participants under single employer benefit plans, workers under multiemployer plans can keep their coverage as they move from employer to employer within the same industry. They also have coverage available in cases of disability or during limited periods of unemployment.³

To remain viable, multiemployer and other union-sponsored plans must be able to coexist with the insurance exchanges. One way is through the PPACA's premium income tax credit provision to help low to moderate-income individuals and families afford coverage available through the insurance exchanges. Multiemployer plans can successfully provide comprehensive coverage and support the integrity of the exchanges if union workers, who have their health insurance

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under these plans, are eligible for this income tax credit. This eligibility will help to offset the workers' premium costs and ensure that they can continue to receive their coverage as part of an insured group. In addition, it will allow employers, who provide coverage through collectively bargained plans, to continue offering health insurance to their workers and control their own insurance costs.

The alternative scenario is for employers to discontinue their multiemployer plans, leaving participants a choice —purchase coverage on their own through the exchanges or pay a penalty. If faced with this choice, it is possible that union workers, who have affordable benefits today, will forgo purchasing

health insurance altogether if their only option is through the exchanges. These potential interruptions in health care coverage will negate the two primary goals of the PPACA—reducing the number of uninsured and the overall cost of health care.

Multiemployer and union-sponsored plans have successfully provided health insurance coverage to millions of union workers and must be allowed to coexist with the insurance exchanges. This coexistence can ensure that more Americans, not just union members, have greater access to health insurance coverage. Otherwise, the rising number of uninsured and the growing costs of health care will remain a challenging public policy issue. ❁

(Endnotes)

¹ Zamost, N., Conley B. and Whitehead M. (2012, February). Health Exchanges and Multiemployer Plans-Can They Exist in Harmony? *Benefits Magazine*, 49, 16-22.

² See http://www.bls.gov/ncs/ebs/benefits/2011/benefits_health.htm.

³ Alston & Bird LLP. (August 30, 2011). *Treatment of Multiemployer Plans Under the Affordable Care Act*. Memorandum to the Health and Human Services Department. Retrieved from the National Coordinating Committee for Multiemployer Plans website: <http://www.nccmp.org/pdfs/NCCMP%20Follow%20Up%20Memo%20August%2030%202011.pdf>