

Tentative hospital workers' settlement in New York

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A tentative settlement has been reached between the Local 1199 of the National Health and Human Service Employees Union, representing 50,000 workers, and the League of Voluntary Hospitals, which represents 35 private hospitals and 40 nursing homes in New York City.

The central component of the proposed 40-month contract lies in the utilization of the union's \$135 million pension fund to pay for early retirement for at least 3,000 hospital workers. Most payments would amount to around \$25,000 for a one-time payment per worker, plus health insurance until the worker becomes eligible for Medicare.

The main purpose of the deal is to allow the hospitals to reduce employment, increase productivity, and thereby reduce labor costs. At a news conference called Sunday, June 21 to explain the agreement, Bruce McIver, president of the management coalition, explained, 'We have to protect ourselves against the contingency that things may get worse in the industry as a result of more managed care and other kinds of things.' Many observers believe the hospitals will need to cut their work force by 15 percent over the next five years.

Dennis Rivera, the union president, claims that he has won job security for about 75 percent of the workers by continuing the so-called no-layoff agreement already in effect. The agreement covers all workers hired before September 17, 1992. However, this provision does not cover any health institution that closes or is in perilous financial condition.

The new contract has been made possible by the Wall Street boom, which has increased the pension fund's assets in recent years from \$3 billion to \$5.3 billion. Under the agreement the hospitals will not have to contribute a penny to the pension fund for 10 months, after which they will be able to reduce their payments

from 6.75 percent to 6.25 percent of a worker's salary.

The money saved will help create a job security fund of \$60 million a year that will be used to retrain all workers hired after September 17, 1992 who have been laid off. It is estimated that the early retirement payments could cost as much as \$150 million.

The contract also provides for a 3 percent raise for the first year, a lump sum payment of \$1,800 the second year and a 3 percent raise for the last 16 months of the contract. The union's 150-person negotiating committee unanimously approved the settlement, and the union has called off strike plans for June 30, the day the old contract expires. The membership will vote on the proposed offer in the next two weeks.

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