Michigan House Democratic leader proposes assault on public employee health care

Seeks to slash $900 million

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The Democratic leader of the Michigan House of Representatives is proposing a plan to consolidate and reorganize health care for public employees, in a thinly concealed attempt to slash their benefits and increase out of pocket costs.

House Speaker Andy Dillon, who represents a district in west suburban Detroit, advanced his proposal several weeks ago as a way to help close a projected fiscal 2009-2010 budget deficit that could reach $2.7 billion. Since that time his plans have picked up considerable support within the political establishment and the big business media. Dillon's name is now broached as a likely Democratic gubernatorial nominee to replace Governor Jennifer Granholm, who will not seek reelection in 2010.

Dillon's planned attack on public employees comes under conditions where Michigan's unemployment rate stands at 15.2 percent, the highest in the United States. Unemployment offices have been overwhelmed with a backlog of 100,000 claims involving problems or disputes. Some 450,000 workers are currently receiving unemployment checks.

The state has carried out wave after wave of budget cuts. In July Democratic Governor Jennifer Granholm imposed unpaid furlough days for state workers and the elimination of dental and vision care for adult recipients of Medicaid.

Dillon says his proposal, details of which have not been released, would save the state $900 million a year when fully implemented. He is calling for the elimination of locally bargained health benefits and the pooling of all 400,000 state and local employees into a single insurance plan that would "standardize benefits." He also calls for the elimination of "unnecessary treatment," a euphemism for medical rationing.

Dillon claims that the state would realize administrative savings by covering all state and local employees, including teachers, under one plan. In reality the projected savings would come primarily through forcing workers to shoulder a greater proportion of health care costs and by reducing their benefits. As a report in the July 26 edition of the *Detroit Free Press* noted, "To save mega millions you have to cut benefits or make employees pay more."

Michigan House and Senate Republicans have hailed Dillon's proposal, as has Detroit Mayor Dave Bing, a Democrat. The big business press, both liberal and conservative, is also lining up behind the so-called "reform" of health care for public sector workers, claiming their health benefits are too generous and need to be brought in line with the private sector. This in spite of the fact that state employees, who number 55,000, have been forced to give up some $300 million in health care benefit reductions over the past three years.

Teachers are a particular target of Dillon and his big business backers. About 45 percent of teachers and school workers are presently covered under a plan affiliated with the Michigan Education Association. According to the MEA, Michigan teachers have given up $900 million in overall concessions over the past three years in order to avoid cuts to their health benefits.

Last fall teachers in the Wayne-Westland school district west of Detroit struck for the first time in 36 years. The main issue was the district's attempt to force

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teachers to quit the MEA-affiliated health insurance program and join a self-insurance plan. In the end the teachers kept their health care plan but had to accept a $480 per year co-pay.

Governor Granholm has yet to endorse Dillon's proposed assault on public employee health care; however a spokesperson said she "welcomed the discussion." The governor indicated she was hesitant for Michigan to begin "health reform" until the shape and extent of the Obama administration's changes in the health care system is known. However, Obama's health care plan, far from representing reform, entails a counterrevolution in health care aimed at reducing costs by forcing working people to pay more for less coverage. The aims of Dillon's proposals are in line with those of the Obama administration.

Granholm also cited concern that Dillon's plan would divert the legislature from seeking "real solutions" to the budget crisis, that is further massive cuts in education and social programs.

The Michigan Education Association opposed Dillon's proposal, echoing Granholm's position that it was a "diversion." However, there is no doubt that the teacher and public employee unions will go along with whatever cuts the Democrats impose. The Detroit Federation of Teachers is remaining silent in the face of massive attacks by Robert Bobb, the emergency financial administrator appointed by Governor Granholm to run the Detroit Public Schools. Bobb has ordered the closing of 29 schools and recently forced 2,600 teachers and staff members at supposedly "failed" schools to reapply for their jobs.

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