

# Obama's health care "reform" and the Verizon strike

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In demanding deep cuts to workers' health insurance plans, telecommunications giant Verizon has cited President Obama's 2010 health care "reform" and its tax levies against so-called "Cadillac plans."

The element of the health care law in question, the Patient Protection and Affordable Care Act (PPACA), imposes a staggering 40 percent tax on plans with an annual cost exceeding \$10,200 for individuals or \$27,500 for a family, beginning in 2018. Reportedly all of the workers who struck at Verizon this month would fall under the new tax levy. These workers currently pay no health care premiums. Verizon is demanding that they contribute \$1,200 to \$3,000 per year, part of the \$20,000 per worker pay and benefits cuts the corporation is demanding.

Verizon's demands reveal the reactionary character of Obama's health care law. The plan was never about "extending health coverage to all Americans," as Obama repeatedly asserted. Its intention was to drive down the health care costs for American corporations and the government, while ensuring the profits of the insurance, pharmaceutical, and HMO industries. The punitive taxation of "Cadillac" or "luxury" plans—euphemistic terms for decent health care plans that cover workers and their dependents—is an invitation for corporations to slash health care coverage.

It also illustrates the treacherous role of the trade union executives and their cheerleaders in "left" groupings like the International Socialist Organization (ISO). Obama's 2010 health care law was enthusiastically backed by the AFL-CIO, including the two unions involved in the Verizon strike, the Communication Workers of America (CWA) and the International Brotherhood of Electrical Workers (IBEW). In little more than one year, that reform has been used as the hammer to dismantle the benefits and

incomes of 45,000 CWA and IBEW workers.

Verizon has repeatedly cited the health care law in justifying its demands. In a message to unionized workers sent out before the strike, Verizon wrote, "Under the 2010 Patient Protection and Affordable Care Act, an excise tax will be levied on healthcare plans with very generous plan design components (so-called 'Cadillac plans')... This excise tax is projected to cost the company as much as \$200 million in 2018 when the tax is imposed; however, Verizon is required to account for this cost now. Accordingly, we will need to modify plan designs to avoid the impact of this tax."

In another statement on the strike, Verizon wrote, "Health care costs continue to rise," the company stated. "Verizon's health care plans are classified as 'Cadillac Plans' by the US government, and cost the company \$4 billion annually covering 800,000 employees, retirees and their families."

The AFL-CIO, the IBEW, and the CWA have remained silent on their role in supporting the very legislation that is now being used against the workers they nominally represent. When Obama put forward the proposal for special taxes on quality employee health care plans, the unions raised only nominal objections while making clear that they would not allow this to stand in the way of their enthusiastic backing for the law as a whole.

A December 2009 Associated Press article cited the CWA as a specific example of this thinking. "While the unions would like to see the measure stripped in that process," the AP wrote, CWA President Larry Cohen "said he was not prepared to threaten to withdraw the CWA's support for the overall health care measure if the tax stays in place."

Shortly before the House of Representatives voted on Obama's health care law, IBEW President Ed Hill

issued a video statement calling on workers to back it. “IBEW has joined with the majority of the labor movement to support the bill,” Hill said. “The final product is personally one which I believe is in your best interest...This is a time to support our president as he strives to improve the lives of working people all across this nation.”

In numerous articles and statements from 2009 and 2010, the *World Socialist Web Site* warned workers that the health care legislation would result in precisely the opposite outcome.

In a perspective written in July of 2009, the WSWs wrote of Obama’s plan that “[i]t is a counterrevolution in health care, being carried out in the profit interests of the giant pharmaceutical companies, insurance conglomerates and hospital chains, as well as the corporations, which will be encouraged to terminate health care for their employees and force them to buy insurance plans providing less coverage at greater out-of-pocket expense.” (See: “Obama’s health care counterrevolution”)

An article written in 2010 reported that the tax on “Cadillac” plans was already resulting in corporations slashing their health care. “A spokesman for aircraft manufacturer Boeing [said] that concerns over the impending tax were one of the reasons the corporation just announced a 50 percent increase in insurance deductibles for its workers. Other companies with higher-cost plans are expected to either reduce benefits, shift costs to their employees, or dump coverage outright.” (See: “Incentives in US health care bill for employers to drop coverage”)

The relationship of the Obama health care law to the Verizon strike has been raised by a few “left” friends of the Democratic Party and the unions. One blogger for *In These Times* presents the imposition of the “Cadillac” tax on Verizon workers as if it were some sort of mistake.

“President Obama could release a statement saying it is wrong for companies to shift excise tax costs to workers (seven years before the tax goes into effect)—something Obama said would not happen when the legislation passed last year,” writes Steve Early.

In fact there is no mistake. In Verizon’s demands that workers pay thousands of dollars for their health insurance, Obama’s plan is having its desired impact. This is also made clear by his role in the strike, during

which the FBI, part of Obama’s Justice Department, participated in an intimidation campaign justified by bogus claims of “sabotage.”

Nor was the union executives’ support for the health care law an accident. Their backing of the legislation was based on the exact same motivation as that of the Obama administration and the corporations: ensuring the profitability of US big business.

It is for this very reason that Verizon workers can have no confidence in the “negotiations” being carried out by the CWA and IBEW union executives. They are more than willing to offer up drastic cuts in Verizon’s contribution to health care—as well as wage cuts and changes to work rules—in exchange for guarantees from Verizon that it will protect their dues base.

The complicity of the unions and the Democratic Party with big business in attacking workers’ access to health care, so clearly illustrated in the struggle at Verizon, demonstrates the essentially political character of the defense of working class living standards.

The social right to jobs, health care, and good wages requires that workers break from the Democratic Party and the trade unions, which are just as dedicated to the profit demands of the corporations as the Republican Party and the corporations. Workers can fight for their own class interests only through their independent political and industrial organization on the basis of a socialist program.



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Socialist Equality Party visit:

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