Who would benefit from the health care co-op proposed by the UAW?

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With less than a week before the contracts for workers at General Motors, Ford and Fiat Chrysler factories in the US expire at midnight on September 14, the United Auto Workers is continuing to conceal the content of its negotiations from workers.

The *Wall Street Journal* and the two Detroit dailies have reported, however, that the auto executives have responded positively to a proposal from the UAW to reduce health care costs by fundamentally changing the way workers in the United States get medical benefits.

According the scheme, first outlined by UAW President Dennis Williams at the union's Detroit headquarters three months ago, the UAW wants to establish a so-called health care co-op for the companies' 141,000 hourly workers and possibly another 100,000 salaried employees. The co-op would be modeled on the UAW Retiree Medical Benefits Trust, which covers 860,000 former autoworkers and their dependents.

According to Williams, the pool of over 1 million beneficiaries would give the union leverage to negotiate better terms with health care providers so costs could be reduced without cutting benefits or forcing workers to pay more.

The UAW must think that auto workers have no memory at all. The union executives made similar pie-in-the-sky predictions in 2007, when they first proposed that a retiree trust fund be established as a Voluntary Employees' Beneficiary Association or VEBA. Then-UAW President Ronald Gettelfinger said the fund would be solvent for 80 years and would not go the way of the VEBA the UAW negotiated with Caterpillar, which went bust, leading to draconian cuts.

The major beneficiary of the VEBA, however, has not been retirees, who have faced increased costs and inferior care, but the auto corporations and their richest shareholders, who dumped their obligations at a fraction of the cost. In exchange for betraying the retirees, the UAW executives gained control of one of the largest private investment vehicles in the world.

To push the VEBA through, the UAW went so far as joining GM in a legal action against retirees who had filed a class action suit to stop the first-ever reductions in health care benefits. The *Detroit Free Press* noted at the time that legal experts said the UAW took such "an unusual step to keep disgruntled retirees from challenging the union's right to negotiate such concessions and tying the deal up in years of litigation."

From the beginning, the companies underfunded the trust by at least $36 billion with tax deductible cash and stock payments to the UAW, then wiped their hands clean of any further obligations to workers who had made them billions.

"At that time, everybody understood the VEBA would probably not cover all of retirees' health care benefits and that the UAW or trustees of the VEBA would have to make decisions about cutbacks," Steven Rattner, the investment banker the Obama administration put in charge of the auto industry restructuring in 2009, told the *Wall Street Journal*. "It was going to be their problem, not the companies' problem."

The first thing the UAW trustees did was to eliminate coverage for dental and vision care and some prescriptions and to sharply increase costs for retirees desperately trying to live on a fixed income. While some coverage was eventually restored, primarily because the fund benefited from the meteoric stock market rise since the crash of 2008, co-pays and premiums were repeatedly increased. Instead of benefit packages having to be negotiated every three or four years as part of a new labor agreement, the VEBA had the power to alter benefits every year.

"I'm not happy with the VEBA—it stinks," Tim, a retired Ford worker from Sharonville, Ohio told the *World Socialist Web Site*. "They changed my insurance without even telling me. All of a sudden bills were coming in the mail. I called and asked them why, and they told me my insurance changed. Now my co-pays for blood tests have gone up from $50 to $85.

"I worked a year, 12 hours a day with no overtime, and I had a heart attack that forced me to retire. Everything is going up. Retirees are hardly making it, and second-tier workers are making McDonald's money."

Jim, a retired GM worker from Dayton, Ohio, added, "After you stand on an assembly line for 30 years your body wears out you break down all over. You get constant medical bills and you have to live on your little pension, Social Security and Medicare benefits.

"For years, autoworkers were willing to forgo any wage increases above their guaranteed three percent in order to get health care to live longer. It was a trade off. They are simply robbing us of years and years of sacrificed wage increases.

The problem for both the companies and the union, Jim said, "is that we are still living at all. Their attitude is your pension is too much, your health benefits are too much. I heard that from the union itself. 'Some of things we won in the past,' they would say, 'were a mistake because the union never expected people to live so long.'"

Discussing the UAW proposal to extend its control over health care to hourly and salaried workers, Jim said, "Nobody trusts the union, they know the UAW is for the company. The UAW is not a workers' organization, it's an investment organization. Depending on what happens in the economy and on Wall Street, all of our benefits, which are tied up in the stock market, could be gone in a flash. If the union takes over health care, we'll be fighting the UAW."

Indeed, the UAW will have a direct financial incentive to slash benefits to retain a larger investment pie. All of the UAW trustees—which include the current bargaining team for the UAW, Dennis Williams, Cindy Estrada (GM), James Settles (Ford), and Norwood Jewell (Fiat Chrysler)—are counseled by Wall Street advisors, and they know the shorter the life expectancy of autoworkers the fewer payouts from the trust they will have to make.

"When we took over responsibility for the VEBA it made us look at health care in a different way," Williams told the *Detroit Free Press* in a recent interview. "We had to redo our investments. We brought in an expert to do that. Did we know enough about our retirees to understand what's driving cost?"

What's driving cost? The heart medicines, insulin, doctor and hospital visits that keep retirees and their spouses alive. As the *Free Press* notes, the UAW has found a remedy for that. "Williams also says VEBA administrators and the UAW have learned a good deal about containing and occasionally reducing costs of care…retirees covered by the VEBA pay substantial deductibles that they didn't pay when they were still on the factory floor…Active UAW workers hired before 2007 have no deductible now, and they value that benefit highly," the newspaper complains.

The conspiracy of the UAW and the companies to take the attack on health care to the next level—to current auto workers—is certainly being closely coordinated with the Obama administration, which has made the cutting of health care costs a principle domestic imperative. The main purpose of "Obamacare" has been to shift costs from the government and corporations to individuals, and, through increased co-pays and other mechanisms, reduce the amount of coverage and services that workers have access to.

In particular, a central plank of the Obama administration's "Affordable Care Act" is the Cadillac Tax, which will go in effect in 2018. The tax penalizes companies, employing nearly a third of all US workers, for supposedly overly generous benefits.

Autoworkers fought and won the right to such benefits in the 1940s and 1950s. Now the UAW is ganging up with the auto bosses, Wall Street and the Obama administration to destroy employer-paid benefits and to dump workers into a UAW-run insurance plan, with little more than a voucher.

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