US steelmakers attack employee health care

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Steelmakers ArcelorMittal and US Steel each took steps over the past month to shift health care costs onto the backs of workers or retirees. On October 23, ArcelorMittal unilaterally shifted nonunion salaried employees to a Consumer-Driven Health Plan, with higher out-of-pocket costs. On November 13, US Steel warned that retirees should expect higher health care premiums next year.

Union contracts for 30,000 workers expired at both companies on September 1, but the United Steelworkers (USW) has ordered workers to continue working under the terms of a "continue to work" agreement. Both companies are demanding steep concessions on health care, pensions, contracting and scheduling.

On October 23, ArcelorMittal unilaterally announced plans to switch all nonunion salaried employees from a traditional employer-sponsored health plan to a more expensive Consumer-Driven Health Plan (CDHP). In a November 3 statement, ArcelorMittal CEO of Flat Carbon Andrew Harshaw attributed this decision to the slump in the steel industry, and primarily to the Obama administration's Affordable Care Act (ACA). He approvingly cites the ACA's aim of "encouraging consumers to be more selective when choosing health care benefits to help drive down overall health care costs for the greater US population, and its tax on "Cadillac" health plans with "comprehensive, low deductible plans which encourage overuse of the health care system."

In other words, ArcelorMittal is adhering to the Obama administration's goal of shifting health care costs onto the backs of workers, forcing them to forego necessary medical treatment and ultimately shortening lifespans.

The statement cites its proposed monthly premiums of $65 per month for an individual, and $198 per month for a family, claiming that these are low rates compared to other health plans. However, workers are required to pay 20 percent of in-network health care costs and must pay 100 percent of costs until an unspecified deductible is met, which could result in huge out-of-pocket costs.

The ArcelorMittal statement cites a study by human resources consulting firm Mercer noting that the percentage of employers with over 500 employees that offer CHDPs has increased from 39 percent in 2013 to 48 percent in 2014. For employers with over 20,000 employees, the number rose from 63 percent to 72 percent over the same period.

The USW responded to this announcement by claiming that the attacks on salaried workers are "unnecessary" and "unfortunate," but "we recognize the non-represented salary employees have their compensation plans and we have ours," and "at-will and non-represented employees have no recourse to resist or fight back."

In an October 30 post the USW bargaining committee for ArcelorMittal noted that the company's demands included "tripling the share we currently contribute and significantly reducing our coverage and benefits." In a clear warning that the USW has no intention of seriously resisting the cuts demanded by ArcelorMittal, it at the same time assured management that it is committed "o negotiating a fair contract that allows ArcelorMittal to remain competitive."

US Steel has sent letters warning retirees to expect higher health care premiums in the coming year, says a post on the USW's web site dated November 13. The letter also announced a December 16 deadline for open enrollment for retiree benefits. This could pressure older workers into retirement if the contract negotiations are not concluded by that date.

For its part the USW merely called an increase in premiums a "worst case scenario."

Specialty steelmaker Allegheny Technologies, Inc. (ATI) is demanding similar steep health concessions,

which could amount to over $10,000 per family per year. ATI began locking out 2,200 workers in six states August 14. ATI has announced plans to terminate health coverage for ATI workers on November 30, forcing them to either pay $1,800 per month for COBRA insurance, or participate in the USW-sponsored “major medical” plan, which covers only emergency health care.

The slowdown of global steel demand, particularly in China, has driven down prices, placing pressure on steel industry profits. The World Steel Association forecasts a 1.7 percent decrease in demand in 2015. As of October 8, steel prices held at $170/ton, down 58 percent from a 2014 high of $400/ton. Chinese state-owned Sinosteel delayed an interest payment due on 2 billion yuan ($0.3 billion) of 5.3 percent notes last week.

Everywhere, the steel industry is attempting to offload this burden on the backs of workers, with the unions as willing accomplices. In Australia, BlueScope Steel recently pushed through 500 job cuts at its Port Kembla works with the assistance of the Australian Workers Union, and may completely shut down its New Zealand operations. In the UK, steel companies are attempting to ax thousands of jobs.