

# The Teamsters/UPS conspiracy to slash workers' health care

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More than a quarter million UPS drivers and warehouse workers face a gang-up by the company and the Teamsters union, which are seeking to push through sellout contracts that will further funnel wealth from the workers to the corporation and shareholders.

Conditions for UPS workers are already an outrage. Delivery drivers are forced to work up to 70 hours per week, particularly during peak season, and must maintain a frenetic pace in vans that can reach up to 130 degrees Fahrenheit in the summer.

In the warehouse, most workers are part-time and can be paid as little as \$10 per hour. They labor in hot factories with no air conditioning. Injuries for drivers and warehouse workers are commonplace due to the unsafe quotas.

The Teamsters-UPS tentative contract would worsen these conditions. Part-time workers' wages would rise to \$15.50 by 2022. This is not enough to live on today, and it will be worth even less in four years. The contract will slash wages for drivers by creating a new "hybrid" role that will also be used to extend part-time condition to deliveries.

Many UPS workers, particularly those in the warehouses, tell us that the only reason they have stayed at the job is because of the health care benefits, which were won in bitter class battles by UPS workers in the mid-twentieth century. This is, itself, an indictment of capitalism and both the Democratic and Republican parties, which have systematically opposed and dismantled government-provided health care for the working class.

Many workers are unaware, however, of the ongoing conspiracy of the Teamsters with UPS management to destroy their health care benefits.

This agenda was implemented as part of negotiations for the 2013 contract. Under the agreement, which was

pushed through over widespread opposition, UPS ended its employer-provided health insurance. The company offloaded its health care obligations for current employees onto the Central States Health and Welfare Plan fund, which is jointly controlled by the company and the Teamsters. The fund was subsequently renamed Teamcare in 2014.

More than 140,000 workers were shifted from the company plan to Teamcare. The new coverage required workers in many regions to pay new weekly contributions of \$90 in addition to higher deductibles, premiums and co-pays with fewer options for care providers.

For UPS, the significance of the change was that it allowed the company to offload all obligations to meet the rising costs of providing health care benefits to its employees. It provided a one-off lump sum payment to the Teamcare fund of \$2.3 billion and agreed to make regular contributions to the fund as set out in agreements with the Teamsters.

In its annual financial report for 2013-2014, addressed to Wall Street creditors and financial investors, UPS management boasted about the fortunes that could be funneled to profits because of this change.

Under the heading, "Liability Transfer," the company said it had "removed a significant liability from our balance sheet," which would "control the volatility of healthcare inflation [i.e., increasing health costs], and removes the risk associated with providing future retiree healthcare."

It added that the new model would "allow us to negotiate our contributions toward healthcare costs going forward." In other words, the company would be able to reach backroom deals with the Teamsters to slash its healthcare payments for workers. This will prepare the conditions for a financial crisis in the fund

that will be used to justify sharp cuts to workers' benefits.

For the Teamsters bureaucracy, the change meant gaining joint control of a fund of more than \$5 billion.

In exchange for getting control of this vast investment fund, the Teamsters agreed to take on responsibility for directly cutting workers' health benefits. Indeed, it has a direct material interest in doing so as the company cuts its contributions to the fund.

In the past four years, many workers have experienced increased costs as a result of the switch to Teamcare. Daniel, a driver of 25 years in Los Angeles, told us that the company and union had been "chipping away at our benefits, our health benefits. Every contract it seems like we're paying more when the company is making record profits."

"They used to cover prescription drugs that were name branded, and we had a choice," he said, but now "we take the generic one." He added that he's "getting bills for going to the doctor that I never used to get. That tells me they're not paying as much as they used to. All this started when the union started taking over the health care. We were better off when it was on the UPS plan, but the union took over and now we are paying here and there."

Daniel added that the union would "bargain hunt, give us less coverage and pocket the money left over. They were probably so happy that they got a hold of the care fund, and the company doesn't have to deal with it."

The attack on UPS workers' health benefits follows the model of the conspiracy by the United Auto Workers union with the auto companies, which in 2007 established the Voluntary Employee Beneficiary Association fund to shift their responsibilities for health care costs to the UAW. The corporations saved billions of dollars by withdrawing their obligations, while the UAW took control of an underfunded trust financed by automotive stock.



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