SAG-AFTRA’s Health Plan restructuring faces massive opposition

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19 August 2020

The Screen Actors Guild?American Federation of Television and Radio Artists (SAG-AFTRA) union sent out a memo to its 160,000 members announcing that its health plan will undergo a massive restructuring. The move has provoked enormous opposition from current and retired performers and other media professionals who need health care coverage more than ever due to the continued spread of COVID-19.

The three basic modifications, which will come into full effect on January 1, 2021, are:

1. Changes to the earnings requirements that will reduce the number of participants who qualify for the plan.
2. Increased premiums that result in more revenue to the plan.
3. Benefit changes that reduce plan cost but increase participants’ out-of-pocket costs.

The type of coverage received under SAG-AFTRA’s health care plan has been based on income. To get Tier I coverage a union member has to have an income of at least $35,020 a year. The inferior Tier II coverage has an income threshold of at least $18,040 a year. Income is typically based on wages paid for individual film, TV, stage or recording sessions and residuals from past performances.

The restructuring eliminates the two tiers and brings the threshold to $25,950 a year for participants under 65. For many retired members over 65, the new plan means loss of SAG-AFTRA health care, since they will no longer be allowed to use their residuals income to qualify for the new threshold, with a few exceptions, until 2022.

This will translate into a loss of supplemental coverage for a vulnerable layer of older members, as well as primary coverage for many others who, in light of today’s state of the entertainment industry, find it hard, if not impossible, to get sufficient sessional union work (and residuals if applicable) to reach the $25,950 annual threshold.

The union argues that those who no longer qualify for coverage can either pay for COBRA coverage—out of workers’ own pockets—or may be eligible for coverage through the Affordable Care Act (Obamacare). After the first year, during which the plan offers a discounted COBRA rate, this will mean substantially higher premiums and other costs for low-income individuals and families.

Premiums are being increased considerably. The union fund is also demanding that members with more dependents pay a steeper increase. Therefore, an individual participant will be hit by a 25 percent increase. Add one dependent and the premium will jump 52.5 percent. With two or more dependents the increase is a whopping 99.2 percent, or nearly double the old premium.

The new plan will now exclude spouses who may have an employer’s plan. Moreover, deductibles are also doubled (from $250/500 to $500/1,000) and the out-of-pocket maximum for out-of-network services is being eliminated, potentially exposing members to financial disaster.

Rank-and-file opposition has been massive. A petition launched by a few performers received nearly 14,000 signatures in three days and social media sites have blown up with denunciation of the union.

David Christian, for example, wrote, “I worked my tail off for 28 years to get lifetime medical at 65, and to have the SAG/AFTRA Health Plan Trustees pull the insurance that we've all worked so hard for is unconscionable and an absolute betrayal.”

Todd Giebenhain said, “I have Cystic Fibrosis and this is tantamount to war against our own members. Which therefore inherently threatens the entire industry. We need extra assurances that we will be covered by our union at all costs, at all debt levels possible, during this pandemic. This action against the sick and retired, let alone every individual actor, is exactly the opposite. Completely inexcusable and evil. Lifetimes of work, and trust in the eventual benefits of our contributions, amounting to a death sentence for many. What good is keeping the Health Fund in the black for future years if it causes the union to implode upon itself in the meantime?”

Gerald Webb commented, “Our leadership has failed us. Worse, they put a theatrical contract in front of us to vote on knowing the poor state of the pension plan and hid it from us until after the contract vote.”

George Bryson added, “60 years as a SAG member. Now I don’t make the money I used to make. It’s ok. I’ve got health insurance from SAG. I’m old and now can relax. Now you’re stripping my health insurance away. Your decision is going to kill me and many of my retired, older, SAG member friends. Horrible decision!”

The union claims that, out of the 33,000 current health plan participants and their 32,000 dependents, 3,300 members and 2,700 dependents won't qualify according to the new eligibility requirements. This is a substantial underestimation of the damage that is based only on preliminary data. The reality will doubtlessly be harsher since entertainment production remains shut down and making any sessional income this year is practically impossible.

The fact that only 20 percent of the total SAG-AFTRA membership is even eligible for coverage, moreover, speaks volumes about the state of the entertainment industry and the precarious conditions for hundreds of thousands of artists and performers who have do not even have medical coverage.

Claims by some of the union health fund trustees that the union waged a huge battle to protect medical coverage are nothing but lies. David White, SAG-AFTRA's national executive director, chief negotiator and health fund trustee recently told a membership conference, "It's union trustees versus management trustees on many of these decisions."

The SAG-AFTRA Health Plan is governed by a board of 40 trustees, made up of 20 union trustees and 20 producer trustees. It is based on the corporatist program of labor-management collusion, which has produced disastrous consequences for workers in every industry. In order to protect the profits of the giant entertainment firms, the union signed agreements that allowed them to make contributions to the fund that were far below the rate of medical cost inflation.

Last month, SAG-AFTRA pushed through a new, three-year contract with television and theatrical producers with less than 30 percent of the membership voting. While SAG-AFTRA President Gabrielle Carteris called the deal "a terrific wage package and an outsized increase in SAG-AFTRA Health Plan contributions," the agreement included only a one percent increase in the producers' contribution to the fund in the first year, with options to divert 0.5 percent from workers' meager three percent wage increases in years two and three.

Both the producers and the union trustees are pointing to increasing deficits to justify the cuts. The fund has been suffering since the SAG and AFTRA merger in 2017. What followed was a succession of fund deficits: $48 million in 2018, $50 million in 2019, with a projected $141 million this year and $83 million next year. The board advised that, at the current rate, reserves would have run out by 2024 and the restructuring was "necessary in order to protect the plan."

With the producers responsible for 80 percent of the plan's funding, the union—which maintains a formal separation from the union trustees—has claimed that the economic downturn as the chief reason for the restructuring. However, industry executives have made it clear that the cuts were planned long before the pandemic.

Michael Estrada, Chief Executive Officer for the plan, commented in a Zoom conference that rising health care costs were the chief driving force for the benefit reductions. "In order to ensure the long-term sustainability of the health plan, the trustees must balance the relationship between revenues and expenses," declared Estrada. "Since they have less control over the revenue to the plan, primarily determined by the bargaining parties, the trustees focused their attention on expenses."

SAG-AFTRA officials have feigned surprise and shock over the cuts. It is simply not credible, however, that only a month or so before the announcement of a major health care coverage restructuring the president of the union had no idea about what was being planned. It is far more likely that this was worked out between the union and management behind the backs of union members.

At a more fundamental level, the union's collusion in the attack on health care benefits is the result of the capitalist profit system, which the unions fully support. In fact, the American Federation of Teachers, the United Auto Workers, the Teamsters and other unions control *trillions* of dollars in pension and health care funds, which have become a lucrative source of investment income for the union bureaucracy. These union business executives now have a financial incentive to cut benefits and lower the life expectancy of union members in order to retain more money in these investment funds.

This is why performers and every other section of workers need to build new organizations of struggle, rank-and-file committees, independent of the unions, to fight for what workers need and not what the corporate and financial oligarchy say is affordable.

The mobilization of workers to fight the pandemic and demand full health care coverage for all has to be guided by a socialist program in opposition to both corporate-controlled parties, including Democratic presidential nominee Joseph Biden who, as vice president in the Obama administration, oversaw the greatest transfer of wealth from the working class to the super-rich in US history.