The health care crisis is back. There is intensifying sentiment across the country that universal coverage is our only way out.

The labor movement has used historically such opportunities for change to win health benefits at the bargaining table and strengthen the social safety net. Eighty years of incremental victories and many failed attempts at major health reform have taught labor a crucial lesson: we must build a powerful grassroots movement to drive our effort to achieve universal coverage, or it is doomed to be corrupted by those wedded to the status quo.

Now is the right time for reform. (Am J Public Health. 2003;93:95–98)
1925 and chartered by the American Federation of Labor to make life and health insurance available to union members in the construction industry. It remains an integral part of the construction industry today, with Taft–Hartley funds across the country. Taft–Hartley health insurance funds soon became institutions in the garment, transportation, and retail store industries.

The Great Depression and the election of President Franklin D. Roosevelt in 1932 gave labor an opportunity to make health insurance an important national priority. The prospects for reform dwindled, however, when the American Medical Association and businesses threatened to oppose the Social Security Act; universal health care was taken off the table in return for a political compromise on Social Security.

Labor unions pressed ahead at the bargaining table, however. Blue Cross plans, first created when Texas hospitals proposed that teachers pay $0.50 per week to a nonprofit, state-chartered company to guarantee payment of hospital bills, became a feature of collective bargaining for unions that did not own their own health and welfare funds’ insurance plans. After establishing a “prepaid group practice” to provide health care to workers building the Grand Coulee Dam, Kaiser Permanente grew rapidly throughout California, largely through relationships with the International Longshoremen and Warehousemen Union and the Retail Clerks Union.

In the face of federally mandated wage and price controls during World War II, employers began to offer health insurance to attract workers in a tight labor market. Although President Truman’s national health insurance plan was defeated in 1949, the Internal Revenue Service reaffirmed that employers’ health care costs were tax deductible in 1954. The American employer-based health insurance system was born out of the congresional defeat of national health insurance, and unions went back to the bargaining table to win their struggles for health care.

The framework for labor’s health insurance agenda became clear: collective bargaining would serve as the leverage point to expand coverage at each workplace. The drive for national health care insurance had faltered with the New Deal and the Fair Deal, yet it remained a central and compelling part of labor’s agenda for reform.

Labor’s next opportunity to win health care reform came with the election of President John F. Kennedy. Social Security was well established as the retirement insurance program for all Americans, and it became the key to an effective incremental strategy to secure health insurance for people older than 65 years. Labor’s own retirees were the vanguard of the campaign, with the creation of the National Council of Senior Citizens. The National Council of Senior Citizens has today been transformed into the Alliance of Retired Americans, and it became the key to an effective incremental strategy to secure health insurance for people older than 65 years.

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Reuther’s vision, with Meany’s support, was to create the next step in labor’s drive for universal health care: the Health Security Plan, a national single-payer health plan. They won support from unions for a national campaign—the Committee of 100—that would involve leading physicians, entertainers, and political leaders from across the country. Senator Edward M. Kennedy was the lead sponsor of the plan. But the campaign did not have the support of business. Meanwhile, it had a new opponent: the commercial insurance industry, which had become firmly entrenched thanks to labor’s success in winning benefits at the bargaining table.

A turning point in labor’s drive for federal health care legislation came in 1974. President Richard Nixon declared a crisis in health care and proposed enactment of a “pay or play” universal health insurance plan. Nixon, big business, and the insurance industry rejected the Kennedy-sponsored, single-payer Health Security Plan. Labor and the Democratic congress sought to hold out for the plan. Compromise proved to be impossible, and the bill died. The drive for universal health insurance was once again in a holding pattern, while the nation battled skyrocketing energy and health care costs throughout the Ford, Carter, Reagan, and George H.W. Bush administrations. Labor was under relentless attack at the bargaining table and in Washington, where the Business Roundtable, the Chamber of Commerce, and the National Association of Manufacturers joined forces to block labor law reform and national health insurance.
Meanwhile, the wages of working families fell continuously from 1973 through 1994, while the number of uninsured Americans rose. Industrial workers were laid off by the thousands and, to survive, many took low-wage, nonunion jobs without health insurance (see Mishel et al.).

LABOR AND THE CLINTON HEALTH PLAN

Labor was determined to press its case for national health insurance as it approached the 1992 presidential campaign. In the late 1980s, labor and business hammered out a new model of health care cost containment—managed care. From that effort it became clear to both labor and management that cost shifting had a real impact on premium levels. Companies that did not provide health insurance for their workers were responsible for shifting as much as 28% of health care cost increases to businesses that did provide health insurance. Uninsured Americans still got sick, and when they went to the hospital, their costs were simply tacked on to the bills of insured patients. A business–labor coalition might at last bring a national health plan to fruition.

When President Clinton unveiled his plan, he called for an employer mandate, requiring payments of 7.9% of payroll to health alliances that would finance competing managed care plans. Employees would then choose among health plans that met alliance standards. The exceptions to this requirement soon overwhelmed the plan as large employers and Taft–Hartley funds scrambled to find a way to maintain their independence from the health alliances and, instead, become designated health alliances themselves. Public employees soon joined the exemption effort, and the structural integrity of the plan began to unravel.

Not surprisingly, the 7.9% payroll requirement became the focal point for business opposition. Small businesses without unions held firm to their decision to oppose any payroll requirement whatsoever, regardless of the subsidy offered. The Business Roundtable created a health care committee, chaired by the chief executive officer of Prudential Insurance Company. It soon joined the small-business opposition. Any hope of a business–labor coalition to promote and support the Clinton plan vanished. Labor did everything possible to hold off the inevitable demise of the Clinton plan, but congressional Republicans, sensing a major campaign issue, convinced business contributors to remain firmly opposed to it.

PROSPECTS FOR REFORM

For the labor movement, universal health care is both an economic and a social justice issue. During its almost century-long struggle to achieve universal coverage, labor has campaigned for patient safety and engaged in collective bargaining and joint efforts with employers to achieve health benefits for workers and their families. Labor will be instrumental in achieving comprehensive reform. As the delegates pledged at the AFL-CIO convention in 2001, “The union movement always has led the way in setting high standards for affordable and quality health care for our members and in securing legislative and other reforms to expand health care access and options for the public at large. We have long fought for universal health coverage, and we continue to do so.”

In the midst of the war on terrorism, too many Americans lack health security because they are uninsured or underinsured or have been laid off and are facing exorbitant premiums to continue their coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). Most are just a paycheck away from losing their health care coverage. Indeed, most of the uninsured are working 2 or 3 jobs and they still can’t afford health insurance for their families or themselves. Costs continue to skyrocket and businesses say they have no alternative but to cut benefits and shift the burden to their employees and the government. Managed care has failed to control costs, senior citizens go without the prescription drugs they need, and workers once again strike just to keep the health care they have. Meanwhile, the current Bush administration fights coverage for laid-off workers and a desperately needed increase in state Medicaid payments and creates a new tax preference for defined-contribution health plans, protecting corporate profits and shifting the financial risk of illness from insurers to individual policyholders.

Workers need reform, not tax credits. And now, as always, labor is at the forefront of the reform effort, still committed to the very real goal of universal coverage.

CAN WE REKINDLE REFORM?

Can we rekindle reform? Yes, we can. But the history of failed health care reform efforts has a central lesson to teach us: We cannot rekindle reform without building a grassroots social movement to drive our reform efforts.

It is time to rebuild the kind of movement that established
In another important child coverage expansion effort, SEIU worked with other unions through the AFL-CIO South Bay Labor Council in Santa Clara and San Francisco counties in California to pass programs that cover a remaining hole in the pediatric safety net. Children of undocumented workers and children whose working parents earn too much for state and federal assistance programs, yet are not covered by an employer, now have health care through the county. Nearby San Mateo County is slated to begin a similar effort January 2003.

In Wisconsin, the AFL-CIO hopes to achieve nothing less than universal coverage. It has proposed legislation to cover every working family, using the same sort of mandatory employer tax imposed for workers’ compensation or unemployment insurance. Unions across the state are pressing the case with the employers with whom they negotiate contracts.

Recognizing that 30% of health costs have been attributed to rising drug costs in recent years, SEIU has worked tirelessly to pass legislation that lowers drug costs. Again, states have attempted to take up the slack stemming from inaction in Washington, DC. In Maine, SEIU was instrumental in the passage of Maine Rx and Healthy Maine, the first state legislative efforts to institute fair drug prices. The Healthy Maine program has enrolled 110,000 Mainers who now get an average 25% discount on drugs, and states across the country are watching the Maine Rx case as the state prepares to battle the drug lobby before the US Supreme Court.

Our belief is that only by bringing the issue of universal coverage to the forefront of the political debate and making it a central issue in electoral politics can we create the right environment for change. In the last year alone, SEIU members around the country talked to more than 40,000 members at worksites and union meetings, held 60 health care accountability sessions with elected officials in communities around the country, organized 8 health care rallies, and knocked on 90,000 doors to engage voters on health care issues. Most recently, 110 SEIU members in New Hampshire talked with voters as they left their September 10th primary polling places. More than 4000 departing voters pledged to become “health care voters” in November—to support only candidates with an effective plan to lower insurance costs, expand access, and make prescription drugs more affordable.

In poll after poll, voters rank health care as a central economic issue. The Bush administration sees this as a threat and attempts to shift our focus abroad. The question now is whether we—labor, consumers, providers, and advocates—can maintain a focus on issues at home.

After nearly 8 decades of frustration, the time is right for a serious, focused campaign to win secure, affordable, quality health care for all Americans. The time has come to rekindle health reform.

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References

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