

LiUNA!

UNITE HERE!

January 27, 2014

The Honorable Harry Reid
Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable Nancy Pelosi
Minority Leader
United States House of Representatives
Washington, D.C. 20515

Dear Leaders Reid and Pelosi:

Recently Secretary of Labor Tom Perez sent a letter to some Members of Congress regarding the proposed “excepted benefits” regulations issued on December 20, 2013 by the Labor Department, Health and Human Services and Treasury under the Affordable Care Act (ACA). That letter has been construed by some to suggest that the very serious concerns of “Taft-Hartley” multi-employer health and welfare trust funds and other non-profit self-funded plans with the ACA have been addressed. This is simply not true regardless of the Secretary’s good intentions.

The concerns of more than one million members that we collectively represent, their families, our health and welfare funds, and the employers we work with have not been addressed by these or any other ACA regulations. Neither the “excepted benefits” regulations nor the December 2, 2013 HHS regulations regarding the transitional reinsurance contribution (the “belly button tax”) provide a solution to the problems of our not-for-profit plans imposed by the ACA. Few, if any, of our joint labor-management trust funds will realize any benefit from the regulations as proposed.

The ACA, as implemented, undermines fair marketplace competition in the health care industry. Health and welfare trust funds that have provided comprehensive medical coverage to millions of people for generations will be forced to unfairly subsidize giant commercial insurers already slated to receive a trillion dollars in government subsidies over the next ten years. The temptation for employers to drop coverage that we were promised we could keep will be overwhelming. Nothing to date addresses this fundamental inequity in the ACA.

The ACA also unbalances competition in the construction, hospitality and dozens of other industries. The law imposes new costs and mandates on employer sponsors of health and welfare trust funds, but leaves irresponsible companies free of any obligation to contribute towards their employees’ health insurance. While responsible employers struggle to provide unsubsidized benefits, other employers will send workers and their families to the Health

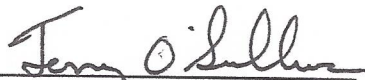
unsubsidized benefits, other employers will send workers and their families to the Health Exchanges for government subsidized coverage or government-paid Medicaid coverage, avoiding financial responsibility. With most employers in the construction industry employing fewer than 50 workers, many of them will even avoid the "free rider penalty" applicable to "large employers."

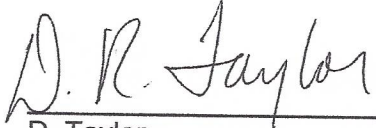
Once we realized the ACA would not let us keep the health care we had, we spent three years presenting the Administration with reasonable fixes to the ACA's problems. All of them were rejected and the proposed regulations offer virtually no assistance toward any of these solutions.

We were bitterly disappointed upon reading the proposed regulations put forward by the Administration. If the Administration honestly thinks that these proposed rules are responsive to our concerns, they were not listening or they simply did not care. We have examined various health exchanges and should members be forced to purchase insurance on an exchange, their out of pocket costs are likely to be significant, reaching into the thousands of dollars even if they are eligible for a subsidy under the act. It would be a sad irony indeed if the signature legislative accomplishment of an Administration committed to reducing income inequality cut living standards for middle income and low wage workers.

We appreciate all of your efforts on this important issue, and would be pleased to discuss this perspective with you.

Respectfully,


Terry O'Sullivan
General President
LIUNA


D. Taylor
General President
UniteHere