

Taft What?

How Taft-Hartley Health Care Funds Serve Millions of Families

Millions of American working families – including hundreds of thousands of LIUNA members – depend on Taft-Hartley multi-employer funds for health care coverage. The name is due to their regulation under the Taft-Hartley Labor Management Relations Act. As the nation moves forward with health care reform, Congress must understand how Taft-Hartley funds function.

In all, as many as 30 million workers and family members depend on Taft-Hartley health care funds.

- Most union workers in the construction industry, as well as many workers in other industries, such as transportation, maritime and manufacturing, depend on Taft-Hartley funds for health care.
- Many workers covered by Taft-Hartley funds work in transient, project-based, mobile or seasonal jobs. Without these funds – paid for by workers themselves through contract negotiations – millions more American workers and families would be uninsured.
- Taft-Hartley funds provide crucial health care coverage for retirees, many of whom are in physically demanding jobs that force retirement before the age of Medicare eligibility.

Taft-Hartley funds are multi-employer plans, allowing workers to retain the same health insurance even as they move from employer to employer.

- Taft-Hartley funds are paid for by workers, not employers. They are administered independently of employers. When negotiating contracts, unions utilizing Taft-Hartley funds typically negotiate a total compensation amount, which is then allocated between workers' paychecks and other benefits, including health care.
- Union workers covered by Taft-Hartley plans are acutely aware of the cost of health care – every dollar that goes towards escalating health care costs comes from their paychecks. Workers do not want to give up take-home pay for more health coverage than they need.

Taft-Hartley funds spread the responsibility for health care across a common workforce. Everyone pays and everyone benefits.

- Workers generally become eligible for coverage upon working a given number of hours – and remain covered during limited periods of unemployment, which are common in the construction industry. Health care reform should strengthen the ability of Taft-Hartley funds to provide coverage during extended periods of unemployment.
- Taft-Hartley plans are governed by ERISA, which protects them against multiple, conflicting and sometimes costly state laws.

Taft-Hartley plans are leading the effort to control costs.

- Because health care under Taft-Hartley funds comes directly from workers' paychecks, there is more incentive to control costs through preventative care, disease management and group purchasing coalitions. While these efforts make a significant difference, they are not enough to overcome cost-shifting and overall care inflation.