Teamsters suffer major cuts in medical coverage, as a result of moneys diverted by Hoffa from their fund to the Central States Pension Fund.

July 17, 2006: Effective August 1, all Michigan cartage Teamsters covered by the NMFA will have major cuts in medical coverage, as a result of moneys diverted from their fund to the Central States Pension Fund. The Michigan Fund informed all affected members of the cuts in a July 3 letter.

The Michigan Fund reported that the Hoffa freight leadership diverted money from health coverage over “emphatic objections” of the health plan. For the third year in a row, all contractual health and welfare increases in employer contributions under the NMFA were diverted from health to the Central States Pension Fund.

Medical Cuts

Cuts include basic medical going from 100 percent coverage in network to 80 percent; annual out-of-pocket maximum jumps to $750 per individual and $1,500 per family in network, while out of network will be $1,500 and $3,000. Co-pays are increased; outpatient cancer rider is eliminated; weekly accident and sickness benefits and death benefits reduced; and numerous other cuts will increase expenses to affected Teamsters. The Fund has set up a two-tier arrangement, with freight going down to a new “TIF 2” level, while others will remain at “TIF 1.”

***Hoffa asserts that he has the right to change the NMFA without a vote of the affected members,* and has done that to divert contractual money from health to pension for three straight years. The Central States Health and Welfare Fund has dealt with this diversion by serious cuts, essentially killing retiree health care. A 56-year-old Teamster retiring with 30-and-out on Central States Health and Welfare now must pay $1,220 per month for medical coverage for the Teamster and spouse.**

The diversion by the Hoffa administration hurts 2,000 Michigan cartage Teamsters and also may eventually hurt the 900 freight Teamsters in the Wisconsin Health Fund. Milwaukee Local 200 has held educational meetings with affected members and retirees and has taken a vote on what members think should be done with the 60 cents per hour increase in employer contributions due on Aug. 1. The Wisconsin Fund could maintain benefits if the 60 cents would at least be split between health and pension. The Central States employers want all of it diverted to the pension fund to reduce the employers’ unfunded liability.