

## **Comparison of ILWU-PMA to Collectively Bargained Health Plans**

The Pacific Maritime Association contracted with NORC at the University of Chicago to survey collectively bargained health plans in 2022. The survey was limited to multi-employer plans with at least 200 covered lives. This memo compares the ILWU-PMA Welfare Plan (“ILWU-PMA plan”) to the survey results for these collectively bargained health plans<sup>1</sup> examining features such as costs, covered benefits, and cost sharing. Seventy-three plans responded to the survey and were weighted to the population of collectively bargained health plans. The ILWU-PMA Plan administers healthcare benefits to the active and retired longshore workers of the West Coast, as well as their dependents and survivors.<sup>2</sup>

The ILWU-PMA plan is more expensive than other collectively bargained health plans, yet workers are not required to contribute to the cost of premiums. Further, cost sharing is lower than among other similar plans. When one looks at average premiums for employer-sponsored insurance (ESI), published annually in a long-running survey by the Kaiser Family Foundation, the contrast is all the more striking. The average monthly premium for single coverage in 2022 for ESI was \$645.<sup>3</sup> The ILWU-PMA plan provides minimal cost health benefits to plan members, who pay zero premiums, and has far lower cost sharing for services than its collectively bargained counterparts or compared to those with ESI. Other findings examining differences in cost sharing, covered benefits and other areas are discussed in subsequent sections below.

The ILWU-PMA plan is similar in terms of eligibility and coverage in some respects to other collectively bargained health plans, as well as to ESI. For example, virtually all individuals with coverage through collectively bargained plans or ESI were offered family coverage. However, most collectively bargained health plans required that individuals work a certain number of hours before coverage would begin (the average was 407.6 hours, or approximately 2.5 months). ESI data for comparing waiting periods and required hours to maintain eligibility were not reported by the Kaiser Family Foundation 2021 Employer Health Benefits Survey Annual Report. Eligibility for the ILWU-PMA plan is the first of the month following the date of employment.

As noted above, premium costs and employee contributions to health benefits differ substantially between the ILWU-PMA plan, collectively-bargained plans, and ESI. The ILWU-PMA plan has no premium cost for their members, for either single or family plans. In contrast, the monthly average premium for collectively bargained health plans was \$658 for single coverage, and \$1,632 for family coverage. ESI costs \$645 and \$1,852 a month for single and family coverage, respectively.

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<sup>1</sup> These plans are collectively bargained between an employer or group of employers and the union.

<sup>2</sup> <https://www.benefitplans.org/aboutus.html>

<sup>3</sup> Kaiser Family Foundation 2021 Employer Health Benefits Survey Annual Report.

Notwithstanding the high premium costs, the ILWU-PMA plan did not require members to share any part of the cost of the monthly health benefits premium for single or family coverage in 2022. Free health benefits have become much less common over time in ESI. The 2021 Kaiser/HRET Employer Health Benefits annual survey indicated 12% of those with single coverage and 4% with family coverage pay no premium.<sup>4</sup> The monthly average for collectively bargained health plans was \$78 for single coverage, while among workers with ESI, the average contribution for single coverage was \$108. The same pattern holds true for family coverage: \$347 per month for collectively bargained health plans, and a \$497 monthly contribution for those with ESI (which comprises 28% of the total premium). The ILWU-PMA plan – with \$0 in premium contributions for its workers – is not only generous relative to other collectively bargained health plans, but even more so compared to ESI.

Cost sharing in the form of deductibles, as well as services that may be covered by the plan before the plan member has satisfied the deductible, are similarly far more generous in the ILWU-PMA plan. For example, the ILWU-PMA plan provides a separate base plus benefit applicable to a myriad of out of network services. It has no deductible for in-network providers. In comparison, 55.3% of individuals in collectively bargained health plans did face a deductible for in-network services in 2022, as did 85% of workers with ESI. Moreover, the prevalence of deductibles has increased over time for ESI, as enrollment in PPOs and plans with saving account features like health savings accounts has grown. Among those who had a deductible, the annual average for those using in-network providers was \$1,495 for collectively-bargained plans, and \$1,669 for those with employer coverage—versus \$0 in the ILWU-PMA plan for network providers. One sees a similar pattern among deductibles for out of network providers. Lastly, 19.6% and 28.1% of collectively bargained plans required members to satisfy the deductible before they had out-of-network coverage even for office visits and prescription drugs, respectively. While most collectively bargained plans required a copayment (70.2%) or coinsurance (18.6%) for office visits with physicians in 2022, the ILWU-PMA plan features no such cost-sharing in-network. Only 9.6% of all collectively bargained plans offered no-cost sharing for office visits, which is similar to employer-sponsored plans at 6%. Once again, the ILWU-PMA plan is fairly unique relative to other plans by requiring no out of pocket payment to see a network physician. The ILWU-PMA plan does have an out-of-pocket limit for out-of-network providers for single coverage, as did 88.3% of collectively bargained plans. This out-of-pocket limit for the ILWU-PMA plan, however, is much lower than for all collectively bargained plans (\$1,000 versus \$3,888, respectively). The effect of lower cost-sharing is to increase the use of services, both effective and ineffective ones.

Most collectively bargained plans, including the ILWU-PMA plan, offer comprehensive benefits to their members. For example, 95% of collectively bargained plans covered chiropractic services, 82.2% covered occupational therapy, and 74.9% covered speech therapy. The ILWU-PMA plan, however, also refrains from placing limits on certain benefits where such limits are

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<sup>4</sup> Kaiser Family Foundation 2021 Employer Health Benefits Survey Annual Report.

common, such as in-vitro fertilization, other fertility treatments, and bariatric surgery. None of the collectively-bargained health plans offer long-term care to their members.

Finally, the ILWU-PMA plan is far more generous with its prescription drug benefits than collectively bargained plans and employer-sponsored plans in general. All ILWU-PMA plan prescription drug copayment amounts (i.e., \$1) are lower than the averages for collectively bargained plans and ESI across all drug tiers. The average copayments for collectively bargained plans were \$13 for generic drugs, \$26 for preferred drugs, \$58 for non-preferred drugs, and \$40 for fourth tier drugs. One-dollar copayments could be a disincentive for employees to use lower cost generic or preferred brand equivalents.