



Communications Workers of America

***The Union for the
Information Age***

AFL-CIO, CLC

Arbitrator Issues Decision on AT&T Mobility Health Care

December 18, 2008

CWA's long battle to protect AT&T Mobility workers from the excessive health care cost shifting demanded by the company has reached a conclusion with the arbitration decision released this week.

The Arbitrator's decision reflects agreement with CWA that AT&T Mobility's demands were out of line. The Arbitrator agreed with CWA's assessment that "the company has been thriving in this concededly competitive environment, and that it can afford to maintain, in the future, without question, a relatively generous benefit. And the union notes, with some justification, that imprudent increases in health care costs to employees may well result in their declining to sign up for coverage or to leave the workforce entirely," he said.

In contract bargaining, AT&T Mobility demanded that a tremendous amount of health care costs be shifted to workers. Under the company's original proposal, workers would have been forced to pay up to 35 percent of health care costs.

When CWA forced the company into arbitration, AT&T Mobility lowered its proposal, demanding that workers pay 29 percent of health care costs. CWA fought against this cost shifting, pointing out that the Company's demands for increased cost sharing were unreasonable and would make health care unaffordable for many Mobility workers. The Company in its final offer lowered its proposal once more to a 26% cost share.

Under the Arbitrator's decision, cost sharing for current workers will gradually increase from 14 percent of total health care costs (in the form of premium contributions and out-of-pocket expenses) in 2010 to 20 percent in 2012. By comparison, under the current plan, employees now pay 11 percent of costs. When the National Bargained Plan was first negotiated, employees paid 15 percent of costs.

The arbitrator's ruling calls for the cost share to remain at 11 percent in 2009 for incumbent employees. Under the ruling, workers hired after January 1, 2009 will pay 20 percent of health care costs. It is important to note that CWA was able to prevent the company from cost shifting in dental, vision and other benefit plans.

CWA and the Company are in discussions about how the arbitration award will be implemented. Further details will be supplied as they become available.

AT&T Wireless Workers To Pay More For Health Coverage

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(Adds comment from AT&T spokesman in the fourth paragraph.)

DOW JONES NEWSWIRES

An independent arbitrator has called for 43,000 union-represented employees at AT&T Inc.'s (T) wireless business to begin paying for 20% of their health-care coverage in 2012.

Health-care costs have skyrocketed over the past several years at a time of rising deductibles as employers have increasingly been shifting more of the cost of care to workers.

The Communications Workers of America union sued AT&T Wireless and other units last month, claiming the company was trying to avoid providing benefits to employees by manipulating consolidations and reorganizations to reassign union workers in a way that put their contractual wages, benefits, seniority and working conditions at risk.

AT&T spokesman Walt Sharp said the binding arbitration was unrelated to the lawsuit and concludes a process that also involved months-long negotiations.

The employees in question currently pay 11% of the costs of their medical coverage, and under the arbitration decision they will see their share of the costs rise three percentage points each year starting 2010. New hires will immediately begin paying a 20% share of the health costs.

In a statement, AT&T said that even with the increased cost share, employees covered under the contract still pay a smaller share than their industry peers and that the arbitrator's ruling is in line with the trend of contract agreements previously negotiated this year between AT&T and the union.

The company announced earlier this month it will cut 12,000 jobs, or 4% of its workforce, due to the slumping economy. Its shares were recently up 37 cents, or 1.2%, at \$28.58.

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