

SPEEDWAY CHAIRMAN'S REPORT #312

DATE: 4/19/05

GM STATE OF THE BUSINESS, PART I

The regularly scheduled annual UAW-GM Key 4 meeting was held last Thursday (4-14-05) in Dearborn, MI. where attendees were presented considerable information by UAW top leadership and GM executives. The agenda was to discuss GM's current 'state of the business'. My report to the membership will be in two parts due to the amount of material needing to be covered. The focus of *this* report will be on **health care** and the associated rising costs/burden to General Motors North American Operations as reported in last Thursday's meeting. My *next* Chairman's report will detail GM's state of the business relative to automotive sales, forecasts, statistics, performance measures, etc.

Prior to the meeting, it had been widely speculated that General Motors would ask the UAW to reopen our 2003 collective bargaining agreement in an effort to lower GM's health care costs. According to UAW President Ron Gettelfinger, General Motors has NOT asked the union to reopen the contract. The UAW President is quoted as saying "*We're very comfortable with where we're at. As long as we work within the framework of our agreement, we'll make joint efforts to lower costs wherever it's possible, whether it pertains to health care or whether it pertains to other measures. But we're going to stay within the confines of the agreement.*"

During the meeting, GM spokesmen (executives) offered the following information: **a)** in 2004, GM spent \$5.2 billion on health care covering 1.1 million salaried and hourly employees, retirees, and family members. It was projected that GM's cost of health care could reach 5.8 billion in 2005 (nearly \$15 million/day.) **b)** company spokesmen state that \$1,500.00 of cost per GM vehicle is attributed to the cost of maintaining health care coverage for those eligible to receive benefits. The cost of steel to build one vehicle is less than \$1,500.00. **c)** GM is spending more on health care than on new product development. **d)** GM has realized a 54% increase (\$26 billion) in health care costs over 2000 figures. **e)** GM's cost to provide prescription drug coverage has increased by 72% since 2000.

UAW President Ron Gettelfinger and/or Vice President Richard Shoemaker addressed the group by making the following comments: *The UAW is **not** willing to open up our National Agreement simply to shift the burden of health care cost from the corporation to the individual worker. *The UAW and GM agree health care costs are a huge burden on corporations. If costs are to be lowered, governmental involvement will be necessary. While GM spokesmen feel our government is showing little or no interest in helping corporations lower health care costs in the near future, the UAW believes if health care issues are to be addressed by government; huge corporations will be heard louder than individual workers...hence, no need to shift burden to the "individuals". *In the past, the UAW has demonstrated a willingness to answer GM's call for help and successfully make improvements in order to remain competitive (e.g. Health & Safety, quality). The UAW stands ready to help GM reduce its health care costs by exploring "un-tapped" areas where significant saving opportunities exist such as; expanding the scope of mail order prescriptions, electronic prescriptions, and preventative health care measures (e.g. fitness/wellness).

M-PLAN / FIDELITY

Beginning January 2005, GM contracted Fidelity to handle its health care administration along with other benefit services. During the state of the business meeting, considerable discussion centered on inadequacies within Fidelity's administration of health care and/or all benefits (medical and pension). Specific to health care administration, Fidelity is said to be delinquent in paying M-Plan. M-Plan is tired of waiting on their money. Health care providers aren't being paid in a timely manner. As a result, (in some cases) physicians and pharmacies that accept M-Plan are now asking for payment in full "up-front" or are directly billing the patient rather than processing the claim. The end result is we can be subjected to paying the entire bill. Then we wait to be reimbursed.

There have been other "problems" with Fidelity's administration of GM's health care program. For example, I am told a limited number of our members (M-Plan only) have recently tried to "use their insurance to obtain prescription drugs and/or health care provider (physician) services only to be informed the policy had been cancelled. Similar situations may have occurred with a limited number of Ft. Wayne Truck & Bus members (M-Plan only). To be sure, M-Plan hasn't gone away and GM has not filed bankruptcy. GM has allocated the necessary funds to pay its health care bill...now Fidelity needs to pay M-Plan so health care providers can be paid for services. The bottom line is GM must pressure Fidelity to fix its problems immediately!!! In fact, during the state of the business meeting, Vice President Shoemaker plainly stated his feelings by saying that GM must *put a stop to these problems or the UAW will be hesitant to help with other issues concerning health care.*

Meanwhile, if you are currently enrolled in the M-Plan option and have encountered any recent "difficulties" in using your insurance benefits, you should contact your Local 933 Benefit Plan Representatives for assistance. Also, if you would like to contact the M-Plan Customer Solutions Center, their toll free number is 1-800-816-7526 or locally at (317) 571-5320. I will continue a communicate with our membership should any new developments occur regarding health care.

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