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Freelancers turn to unions for help on health insurance

By [TAMMY JOYNER](#)

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Dee Giarratano has never had much use for unions.

"I've pretty much been against unions most of my working life," the 48-year-old Atlanta resident said.

"I'm a huge believer in free-market competition. It's been my experience that unions have priced themselves out of the market."

These days, however, the self-employed computer programming consultant has "a different take on unions."

As an independent worker, he's had a tough time finding affordable health insurance. He currently pays about \$475 a month in a risk pool run by Blue Cross Blue Shield. That's roughly half of what he pays to rent his condo.

Lately, Giarratano has run across several cases where unions or some semblance of them have teamed with big health insurers to provide health coverage. The concept is intriguing to Giarratano.

"It's an incredibly wise marketing tactic on unions' part," said Giarratano, managing partner of eJobCost LLC, which provides Web-based services and sells software to construction firms.

"Free-market systems aren't gonna cut it. There's going to be more and more people like me turning to collective bargaining entities for some relief from high health insurance," he said.

"I wonder if the health care crisis is going to be the rebirth of unions?"

While lawmakers play political football with the nation's health insurance dilemma, some unusual alliances have been formed to run interference for a growing but largely overlooked group: freelancers like Giarratano. Freelance, self-employed, consultant, temp and other independent workers account for about a third of the U.S. work force.

This month a New York nonprofit group founded by a recipient of the MacArthur foundation "genius" award began offering health insurance to independent workers and their families in 30 states, including Georgia.

The Freelancers Union already provides insurance to some 15,000 New Yorkers, some of whom became freelancers after the Sept. 11, 2001, terrorist attacks.

"People should be able to do the kind of work they want to do. They shouldn't be making that decision based on getting health insurance," said Sara Horowitz, a New York labor attorney and third-generation union organizer who founded the freelancers' group.

"I was trying to think about the next phase after craft and industrial unions [and realized] people were working in a new way," Horowitz said. "I wanted to build another form of unionism and the No. 1 need was health insurance."

The Freelancers Union has about 50,000 members nationwide, including writers, nannies, computer programmers, financial analysts, Web designers and glass blowers.

Under the plan announced June 5, insurance will be provided through a unit of UnitedHealthcare called Golden Rule, the company's individual insurer.

Members have a choice of a variety of coverage and access to UnitedHealthcare's national network of 535,000 doctors and other health professionals, as well as 4,700 hospitals.

"The Freelancers Union serves a huge population of freelancers across the country and others who have to buy their own health insurance," said Golden Rule representative Ellen Laden. "It was a good fit for Golden Rule, which also serves that market.

"There are millions of freelancers who remain uninsured because they're not aware that there are affordable health insurance plans out there. This is an issue we hope to address."

The Freelancer-Golden Rule alliance is unusual, said Paul Fronstin of the Employee Benefit Research Institute. But the plans offered aren't.

"Anybody can get a high-deductible plans these days," he said. "The thing I'm surprised about is that they exclude office visits and prescription drugs. That's the core of a health plan. It's the core of why you need insurance."

Even so, he said, the plans may help certain individuals, mainly young people who are healthy and only need coverage for emergencies.

"People with conditions, older people or people with kids, it may not make sense," he added.

'System unraveling'

The concept has merit, according to some economists and insurance experts.

"What these folks are doing makes a lot of sense," said Jared Bernstein, senior economist at the Economic Policy Institute, a pro-union think tank in Washington.

"No way can you stand around and wait for Congress to work this out. People have real health care needs today, and the employer-based system is slowly unraveling," he said.

While traditional unions have provided collective bargaining and purchasing power for decades, Bernstein said it's a relatively new concept for "quasi-union" groups like the Freelancers Union.

They can provide group-purchasing power for freelancers who "probably don't have a lot of say about working conditions, standards and far less likely to have fringe benefits like health care and pensions.

"So they're able to get better prices than the individual market."

Union membership in the United States has steadily declined during the past 25 years, according to the U.S. Department of Labor's Bureau of Labor Statistics.

In 2006, the number of people belonging to unions fell by 326,000 to 15.4 million.

At the same time, organizations like the freelancers group, which provide networking and other services, have quietly emerged.

Atlanta freelancer Sarah Banick recently joined the Freelancers Union lured by the prospects of more affordable insurance.

"I'm interested in their insurance if they add more features," she said. Pre-existing medical conditions make it difficult for her to join now.

"You still have to qualify as an individual, which if you have any pre-existing condition can make it difficult to qualify."

Like Giarratano, she's in the Blue Cross Blue Shield pool. She pays \$450 a month, which is more than her mortgage.

"And I'm terrified they're going to jump this summer," said Banick, a freelance marketing and communications specialist.

Banick fears if her insurance gets too high she may be forced to "get a regular job" with a large corporation.

While some of the plans may appear sparse in coverage and may not cover some routine health expenses, Laden defended the program.

"It's the kind of plan that may help prevent a medical bankruptcy."

Better than leaflets

Medical bills are the cause of more than half of all personal bankruptcies in the United States, according to the Health Insurance Resource Center.

At the weekly gathering of an informal group of freelancers called the Writers List, the topic of insurance comes up at least "once a quarter," said Jennifer French Echols.

"There's limited numbers of firms that provide independent insurance to individuals," said French Echols, who has been freelancing for about eight years.

"There's got to be an easier, more competitive way to find affordable health insurance."

When told about the Freelancers plan, Giarratano said, "This is fascinating. They're going to clean up in Atlanta. There's a lot of freelancers here."

The union irony wasn't lost on him either.

"You don't need people handing out leaflets anymore."

HOW IT WORKS

Below are some examples of the rates Atlantans would pay if they chose a plan from Golden Rule through the Freelancers Union. The examples are only summaries. Rates are based on a number of factors, including plan


design, deductible, optional benefits, geographical area, health rating and others.

- **A single man in his late 20s** living in Atlanta who chooses a Saver 80 plan might pay about \$47 a month in premiums depending on the deductible he picks. The Saver 80 plan doesn't include doctor's office visits or outpatient prescription drugs. It does cover inpatient and outpatient expenses at 80 percent once the calendar year deductible is met. It covers all expenses once the amount exceeds \$15,000.
- **A husband and wife** in their mid-30s with two children under age 10 living in Atlanta might pay \$376 a month in premiums if they choose HSA 100 with a \$3,800 family deductible. That plan pays 100 percent of covered expenses once the calendar year deductible is met. This includes doctor's office visits and outpatient prescription drugs.
- **That same family of four** would pay about \$328 a month if they went with a more traditional co-pay Saver plan. It has a \$2,500 deductible. This plan covers inpatient and outpatient covered expenses at 80 percent up to \$15,000, then at 100 percent. It also covers some outpatient drugs and doctor's office visits with a co-pay.

Want to know more? Go to www.freelancersunion.org and click on insurance or call 1-877-468-0966.

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