

HEALTHCARE COVERAGE FOR WORKERS ON PUBLIC WORKS

ISSUE: California Shouldn't Reward Contractors for NOT Providing Healthcare Coverage

California taxpayers benefit when employers provide healthcare coverage to their workers. While current law requires construction workers to be paid prevailing wages on public works projects nothing requires any portion of these wages to be used for healthcare coverage. Any lapse in coverage becomes a taxpayer burden.

The recent repeal of the "Individual Mandate" under the federal Affordable Care Act is projected to lead to 1.7 million fewer Californians with health insurance over the next decade, with experts predicting that many young, healthy people may choose to drop coverage if it is not required. Beginning in 2019, the increased treatment of illness, injury and life-threatening conditions for uninsured workers and their families in our emergency rooms and hospitals will significantly drive up costs for taxpayers at the state and local level.

The State of California sets the prevailing wage rates for public works contracts that accommodate for healthcare costs. Responsible contractors then provide their employees with healthcare coverage. For example, CAL SMACNA contractors spend between \$13 to \$15 (per hour worked) to provide healthcare coverage for each employee. In public works, however, the state awards contracts to the "lowest cost" contractor regardless to whether or not they actually provide healthcare. This is bad public policy because the taxpayer assumes under prevailing wages that healthcare costs have already been paid and when it isn't they get stuck with the cost of uninsured workers and their families seeking public assistance for their healthcare.

KEY POINTS:

- **Contractors who don't provide healthcare to their workers are treated the same by the State of California as those contractors who do provide healthcare.** Current Public Contract Code sets the prevailing wage rate to accommodate for healthcare costs. Yet, nothing in the law requires contractors or workers to expend any portion of this wage provided by taxpayers on healthcare as intended.
- **Taxpayers are harmed twice** when uncovered workers and their families seek treatment for any illness, injury or life-threatening condition in hospital emergency rooms at the expense of the taxpayer.
- **California's goal of increasing healthcare coverage and reducing costs is defeated** as young construction workers will opt for cash instead of health coverage under the recent repeal of the ACA's "Individual Mandate".
- **A 5% bid preference in public works for contractors who provide credible healthcare coverage** to their workers would allow for fair competition, increase healthcare coverage and reduce costs.

BILL

AB 1080 (Gonzalez-Fletcher) provides a 5% bid preference in public works for contractors who provide credible healthcare coverage for their employees.

POSITION: SUPPORT

ABOUT CAL SMACNA

California Association of Sheet Metal and Air Conditioning Contractors, National Association (CAL SMACNA) is a non-profit trade association representing over 600 union sheet metal and air conditioning contractors who employ more than 25,000 men and women throughout the state of California. These contractors perform commercial and residential heating, ventilating, and air conditioning; architectural and industrial sheet metal; as well as stainless kitchen equipment, manufacturing, testing and balancing, siding and decking. Our mission is to provide legislative and regulatory advocacy and program services. Our goal is to help unify the voice of our industry for the combined benefit of our companies, our employees, our communities and our industry.