

Comp Docs' Fees Boost Costs

For-Profit Referrals Revealed During Capitol Hearings

Doctors who profit by referring injured and ailing workers to medical facilities in which they hold financial interest are jacking up the cost of California workers' compensation by \$356 million a year, an Assembly committee was told this week in Sacramento.

This bombshell was dropped Tuesday as the Health Committee heard arguments on Assembly Bill 819 by Jackie Speier, D-South San Francisco, which would prohibit the for-profit referrals.

It provided a spectacular opening

for the workers' compensation debate that appears certain to be a dominating concern of the 1992 Legislature.

Jack Henning, executive secretary-treasurer of the California Labor Federation, told committee members that the new revelations provide startling insight into the reasons benefits paid to injured workers in this state are among the lowest in the country while costs paid by employers are among the highest.

The \$356 million is roughly 3

percent of \$10 billion California employers paid last year for workers' compensation insurance, Henning pointed out.

"It is outrageous that these funds should be drained off while benefits to injured California workers rank 36th in the nation and while premiums on compensation insurance place increasingly heavy burdens upon employers," the state AFL-CIO leader declared.

He said, "The collusion linking doctors with commercial medical companies defamed the medical

profession and violated what should be an oath of fiscal integrity."

Henning urged approval of AB 819, which the committee granted.

The fireworks were contained in a report prepared by the William M. Mercer Co., a nationwide employee benefit consulting firm. Case histories upon which the findings are based were provided by Industrial Indemnity Corp., one of the largest of the workers' compensation insurance carriers operating in California.

While for-profit medical referrals

drive up all medical costs, the effects are especially apparent in workers' compensation cases, according to Gregory Johnson and Alex Swedlow who conducted the study and presented the findings.

"One of the most important cost drivers in American medicine is the economic incentive for physicians to send patients to facilities in which they have an ownership interest," Johnson and Swedlow state.

"Workers' compensation is an especially fertile area to study this

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L.A. Hails Las Vegas Marchers

Las Vegas Frontier Hotel strikers, footsore but elated, were being saluted in Los Angeles today after marching 300 miles in 10 days across the Southern California desert.

Their purpose was to publicize the boycott against the Frontier and to dramatize the need for federal legislation banning the use of scabs to permanently replace workers who exercise their legal right to strike.

Welcoming committees assured the marchers they had succeeded on both efforts.

Today the Frontier strikers and hundreds of other trade unionists were to gather at 4:30 p.m. at Pershing Square in downtown L.A. and walk to City Hall for a rally scheduled to start at 5 p.m.

The major event takes place tomorrow evening in Hollywood.

Secretary-Treasurer Thomas R. Donahue of the AFL-CIO is to head a delegation of national, international and local labor leaders who will salute the marchers during a benefit reception set to begin at 6 p.m. at Musicians Local 47 Hall, 817 North Vine St.

Jack Henning, executive secretary-treasurer of the California Labor Federation, and his counterpart, Blackie Evans, head of the Nevada AFL-CIO, will speak along with Bill Robertson, head of the sponsoring Los Angeles County Federation of Labor.

Also greeting the strikers will be activists from the entertainment industry, including Ed Asner, Joe



Frontier Hotel and Casino strikers leave Las Vegas on the first leg of their 300-mile trek to Los Angeles led by Jim Arnold, secretary-treasurer of HERE Local 226.

Spano and Barry Gordon.

More than 500 members of five local unions were forced out onto the picket line Sept. 1 when Margaret Elardi, owner of the hotel and casino, refused to agree to the same contract signed by other major employers on the Las Vegas Strip and then cut wages and took away pensions and medical benefits.

On strike are members of Culinary Workers Local 226 and Bartenders Local 165 of the Hotel Employees and Restaurant Employees, Teamsters Local 995, Operating Engineers Local 501, and Carpenters Local 1780.

Elardi had scabs waiting in the wings. Union members, reconciled to a long strike, invoked a boycott.

They called for support from Californians whose patronage supports a large part of the Las Vegas resort industry.

A dozen strikers walked all the way from Las Vegas to the Los Angeles County line, following old Route 66 because the California Highway Patrol denied them per-

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Members of the California State Employees Association have voted overwhelmingly to resist Gov. Pete Wilson's unilateral wage and benefit cuts with a strike, if necessary.

The vote was better than 20 to one to reject the governor's demands in mail balloting conducted throughout CSEA, Local 1000 of the Service Employees.

"We won't strike until we have exhausted our other options," Perry Kenny, director of CSEA's Civil Service Division, told the news media.

Meanwhile there were these additional developments in the months-long confrontation between public employees and the governor:

- The Third District Court of Appeal refused to overturn a Sacramento Superior Court ruling that the governor has no right to cut state worker pay or reduce benefits without a collective bargaining agreement.

- A campaign for signatures to place a public pension protection initiative on the statewide ballot was launched by a broad-based coalition of public employee unions, taxpayer organizations and community activists.

- The governor was criticized by Yolanda Solari, CSEA president and a vice president of the California Labor Federation, for taking a "political stance" with his latest budget proposals, "harping on his wage cut demand" while continuing to "ignore numerous cost-cutting proposals the union has made at the bargaining table."

The strike authorization ballot gives CSEA a mandate, Kenny said. CSEA is the largest of the unions representing state employees

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'Test of Faith' Medical Bill Advances

Before a massive turnout of AFL-CIO retirees organizations, neighborhood senior groups, consumer groups, church representatives and members of the Congress of California Seniors from throughout the state, the Senate Committee on Revenue and Taxation voted approval of Senator Nick Petris' health insurance bill at its first committee meeting of the 1992 legislative year.

In his testimony for the measure, Jack Henning, Executive Secretary-Treasurer of the California Labor Federation, said that the bill would be a test of faith in labor's eyes for the legislative elections of 1992.

There was heavy applause made by trade unionists and the allied health care activists in response to

Henning's prediction regarding the 1992 legislative elections.

The Petris bill, SB 36, will be heard by the Senate Appropriations Committee on Monday, January 27.

Backers of the bill packed the main floor and gallery of the largest Senate meeting chamber and filled one-half of the Assembly's largest chamber where supporters viewed committee testimony on television screens.

In his testimony Henning told of the plight of approximately six million Californians who possess no health program of any kind.

He noted also that health and welfare programs were the salvation of members who could not possibly meet the soaring costs of doctor and

medical bills.

He cited the example of a young union member's son requiring \$65,000 worth of doctor and hospital service in the month immediately following birth. The bill was covered in full by the father's union health and welfare plan.

Henning said, however, that employers throughout the state and nation were attacking such plans either by eliminating them through collective bargaining or greatly reducing their scope for protection and further, requiring exorbitant payments for union member participation.

He said attacks on the union plans were the number one item on the agenda of employers throughout California and the nation.

This means no lasting security for union families in the existing health and welfare plans, he said.

He said that union-employer conflict on the issue is creating basic collective bargaining turbulence and that the need for a health insurance plan at state or national level was therefore all the more commanding.

The massive labor-liberal turnout was due largely to the activities of the California Labor Federation union retiree efforts in collaboration with the Congress of California Seniors.

The state AFL-CIO retiree effort was headed by Bill Price, director of retiree affairs for the federation. Price also testified before the

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Labor Rips L.A., S.F. Railcar Imports

Proposals to use tax dollars to buy public transit railcars from foreign corporations while American unemployment rolls grow were blasted by organized labor this week in Los Angeles and in the San Francisco Bay Area.

In Oakland, the Alameda County Central Labor Council denounced secrecy surrounding negotiations between the Bay Area Rapid Transit District (BART) and three firms — one American and two Japanese — seeking a contract to build 250 new cars at a cost of possibly half a billion dollars.

Insult is added by the fact that one of the Japanese bidders is Kawasaki, which is on the AFL-CIO national boycott list for union-busting at a rail car plant it took over in

Yonkers, New York.

At Los Angeles, the L.A. County Federation of Labor has scheduled a news conference today to publicize its outrage over the decision of the L.A. County Transportation Commission to award the Sumitomo Corporation a \$121.8 million contract for cars to run on a new light rail line even though a U.S. company submitted a lower bid.

The American bidder is Morrison-Knudsen Corp. in both cases.

It isn't known whether Morrison-Knudsen is low bidder for the BART contract because the Bay Area transit board is claiming that a state law passed last year entitles it to negotiate secretly with any and all bidders.

State Sen. Quentin Kopp, independent from San Francisco, author of the new law, says that what BART is doing isn't what he had in mind at all.

"Public business should be conducted in the public's view," said Owen Marron, executive secretary-treasurer of the Alameda council and a vice president of the California Labor Federation.

"We are deeply disturbed that one of the bidders involved in the secret negotiations is Kawasaki Corporation, which is on the AFL-CIO unfair list because it fired American workers and replaced them with imported Korean nationals when it took over the former Otis Elevator plant at Yonkers for rail car production," Marron added.

The third BART bidder is the Japanese combine of Kinki Sharyo/Citoh.

At Los Angeles, Morrison-Knudsen's bid clearly is lower than that submitted by Sumitomo.

But a majority of the L.A. County Transit Commission members apparently were beguiled by Sumitomo's argument that totally automated cars in its proposal would cost more but would save wages by running without drivers on the new "Green Line" between Norwalk and El Segundo.

A resolution passed by the L.A. County Federation of Labor points out that hiring a few operators to ride in the cabs of Morrison-Knudsen's trains wouldn't be such a bad idea, given the current eco-

nomic and employment conditions.

The federation's resolution points out also that the Sumitomo driverless trains could not be integrated into any other transit link, such as the "Blue Line," which already is up and running.

In the meantime, one member of L.A. County Transportation Commission is calling for creating a new plant to build the thousands of railcars and buses that will be needed in the next 30 years locally, creating jobs for Los Angeles residents.

"We have the talent. We have the money. We have the need," Commissioner Nick Patsaouras declared. He cited the General Motors plant at Van Nuys, which GM says it will close next year with a loss of about 2,000 jobs.

Corporate Tax Loophole Stays

A labor-backed bill aimed at closing a major tax loophole for corporations was defeated this week in the State Senate Appropriations Committee.

Senate Bill 82 by Quentin Kopp, San Francisco independent, would have rewritten Proposition 13 rules for reassessment of real estate after change of ownership. Currently corporations are virtually immune from reassessment no matter how often their ownership changes through sale and purchase of their stock. Kopp has estimated that his bill would have provided \$1 billion a year for local taxing agencies, including cities, counties and school districts, thereby easing the state's budget crunch.

Five of the seven committee Democrats voted in favor of SB 82, but they came up short when the Democratic chairperson, Robert Presley of Riverside, sided with the Republican minority.

Democrats Ayala, Alquist, Leroy Greene, Dills and Lockyer voted in favor. Republicans Bergeson, Beverly, Davis and Leonard voted against it and were joined by Presley and Killea, an independent. Democrat Torres abstained.

Jack Henning, executive secretary-treasurer of the California La-

bor Federation, said labor would continue to work for legislation closing corporate loopholes.

Meanwhile, a bill to weaken prevailing wage regulations for rural hospital construction was withdrawn in the Senate Industrial Relations Committee in the face of labor objections.

SB 517 by Kenneth Maddy, R-Fresno, would have allowed use of the weaker federal prevailing wage standards in rural hospital construction.

Tom Rankin, research director of the state federation, and Charles Reiter, legislative advocate for the State Building and Construction

Trades Council of California, assured Maddy that unions would work with hospital agencies to expedite construction despite fund shortages.

"Labor is aware of the economic problems confronting rural hospitals and will work with them to find ways to control construction costs," Rankin told the committee.

"But we cannot go along with erosion of our California prevailing wage standards," Rankin added.

Also in the Industrial Relations Committee, a measure aimed at protecting health care workers imperiled by AIDS sailed through with bi-partisan approval.

SB 890 by Lockyer is a successor to the bill passed by the Legislature last year but vetoed by the governor that would have established a presumption of eligibility for workers' compensation for health care workers who fall ill themselves after treating patients infected with blood-borne pathogens.

The 1992 bill does not include the presumption of compensability. However, it contains strong requirements for prophylactic care for health care workers who are so exposed.

The measure goes next to the Appropriations Committee.

COPE Proposals Due by April 10

April 10 has been set as the deadline for submission of endorsement recommendations by central labor councils for action at the Pre-Primary Election Convention of the California AFL-CIO's Committee on Political Education (COPE).

The date was announced this week by Jack Henning, executive secretary-treasurer of the California Labor Federation and head of state COPE.

The Pre-Primary Convention is scheduled for April 16 at the San Francisco Airport Hilton Hotel. Henning said the official call to convention would be mailed to affiliates in the next few weeks.

Convention delegates will be vot-

ing upon COPE endorsements for U.S. Senate, House of Representatives, California Legislature, and statewide propositions on the ballot of the June 2 primary election.

Since March 6 is the final day on which candidates can file, central labor councils will have slightly more than a month to complete their recommendations, the state AFL-CIO leader pointed out.

If councils that share a district cannot agree upon a candidate, the recommendation to the convention will be made by the federation Executive Council when it convenes as the state COPE governing board on April 14 and 15, immediately prior to the convention.

Kay Regas, Former Fed Aide, Dies

Memorial services were held last Sunday at San Bruno for Kay Regas, a trade union activist for five decades, who retired four years ago as secretary to Jack Henning of the California Labor Federation.

"After 50 years in the labor movement Kay was as fervent a union member as when she joined in the 1930s," Henning said this week. "We will always remember her devotion to labor and all good liberal causes, as loyal at the end as at the beginning."

Although Regas had been under treatment for cancer, she succumbed to complications of emphysema, her family reported.

She was born in San Francisco on Aug. 8, 1918, the daughter of a produce shipper who was known as California's spinach king. She graduated from old Polytechnic High School and from secretarial school and worked briefly for an insurance company before taking a job in the offices of Boilermakers' Local 6. From that time on, she worked only for the labor movement.

She moved next to the Pacific Coast Labor Bureau, which provided unions with economic, legal and financial expertise and helped map strategies for dealing with employers.

"You could say my indoctrination into the labor movement began in earnest at the Labor Bureau," she



Kay Regas

recalled in later years. "I worked with Henry Melinkow, Sam Kagel, Al Brundage, Harry Pollard, Roland Davis, Dick Liebes and many others who have been important to trade unions. I met many of the greatest labor leaders of the times."

Regas was office manager at Pacific Coast Labor Bureau in 1943 when she married Gene Merrill, a U.S. Navy signalman who was to be her husband for 27 years. A year later she followed Merrill to San Diego, where she immediately found employment with a Machinists

lodge and where her daughter, Marcia, was born.

Back in San Francisco at the end of World War II, Regas became the mother of a son, Raymond, and was hired as secretary to Wendell Phillips, head of the Bakery Wagon Drivers.

Her next employer was the California Conference of Machinists, headquartered then in San Francisco, and after that she was hired as secretary to Jack Hogg, executive secretary of Carpenters Local 2164 and president of the S.F. Building and Construction Trades Council. Next she became secretary to Gordon Littman, director of Bay Counties Carpenter Apprenticeship Program, and she remained there until quitting to work and spend full-time as a homemaker.

She was interested only in a part-time job when she came to the California Labor Federation, but events propelled her back into full-time union work.

The year was 1970. Jack Henning, recently returned from his years as ambassador to New Zealand, was just taking over as executive secretary-treasurer of the state AFL-CIO organization in succession of Tommy Pitts.

Henning persuaded Regas to join the federation staff full time as his secretary. She remained until her retirement in June of 1987.

"It has truly been an uplifting job," Regas said as she departed for retirement. "I have loved every minute of it."

She was a member of Local 3 of the Office and Professional Employees for nearly half a century.

Survivors include, her sister, Vivian Gromm of Santa Rosa; two grandchildren and two great grandchildren.

Daughter Marcia Sanchez, now of Seattle, is an internationally known flamenco dancer who teaches and performs as "La Romera."

Her son Ray is a member of Carpenters Local 217 at San Mateo. Ray also is a performer of popular and blues music. He flew home two weeks ago from Buenos Aires, Argentina, where he has been pursuing his musical career.

Henning delivered the eulogy during the memorial services, which were held at St. Andrew's Episcopal Church in San Bruno. Albin J. Gruhn, president of the state federation, read a poem, "Ode to Kay," which was composed by Ann-Marie O'Raidy of the federation staff on the occasion of Regas' retirement.

The family is suggesting to persons who inquire about memorials that they make contributions in Regas' memory to the charities of their choice.

Central Councils Conference Reset

The conference of central labor councils in AFL-CIO Region VI has been rescheduled to Wednesday and Thursday, Feb. 26 and 27, Regional Director Dave Sickler announced this week.

The location remains the same: Palm Springs Raddison Hotel. Originally the conference was called for Feb. 10 and 11.

Datebook

Sixth Annual Western Workers Labor Heritage Festival: Jan. 17-19, Laney College, Oakland

Conference on 'America's Choice: High Skills or Low Wages': Jan. 30, Los Angeles, Airport Hyatt Hotel.

LCLAA Statewide General Membership Meeting: Jan. 31-Feb. 1, Grand Hotel, Anaheim.

COPE Retiree Program open house events: Feb. 16, central labor councils throughout California.

Central Labor Councils Conference for AFL-CIO Region VI: Feb. 26 and 27, Palm Springs Raddison Hotel.

LCLAA Western Regional Conference: March 5-7, Harbortown Resort Hotel, Ventura.

Executive Council quarterly meeting: March 11-12, Radisson Hotel, Sacramento.

A. Philip Randolph Institute California State Conference: March 26-29, San Bernardino Hilton Hotel, San Bernardino.

Executive Council Pre-COPE meeting: Tuesday, April 14, S.F. Airport Hilton Hotel.

Pre-Primary Election COPE Endorsing Convention: Thursday, April 16, S.F. Airport Hilton Hotel.

Joint Legislative Conference: May 18-20, Radisson Hotel, Sacramento.

Executive Council pre-convention meeting: July 22-24, Grand Hyatt Hotel, San Francisco.

19th Biennial Convention of the California Labor Federation: July 27-29, Grand Hyatt Hotel, San Francisco.

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AFL-CIO/CLC NEWS

Nordstrom Accused Again

Nordstrom Inc. has been slapped with an unfair labor practice charge alleging that raises were withheld from more than 150 Bay Area workers in retaliation for voting to join the Teamsters.

The upscale, anti-union clothing specialty chain will have to cough up about \$800,000 in back pay and interest if the charge is sustained by a National Labor Relations Board administrative law

judge who is scheduled to hear the case in April at Oakland.

Seattle-based Nordstrom already faces class action suits for millions of dollars in back pay and damages for employees forced to work off the clock to provide extra services to customers.

The new accusation involves employees at Nordstrom's Northern California distribution center in Newark, Alameda County, who voted in August

of 1989 to be represented by Teamsters Local 856. They still haven't achieved a contract.

The general counsel of the NLRB charges that John Nordstrom, co-chairman of the corporation, personally told the Newark employees in April of 1990 that there would be no annual raises for them while the company was negotiating with the union. The complaint states that two other Nordstrom execu-

tives said the same thing at other times.

The Oakland office of the NLRB refused to accept the original complaint but was overruled when the union appealed to Washington, D.C.

Julie Wall, Teamster representative, said the charge vindicates the union's charge that Nordstrom management has been attempting illegally to convince workers they'd be better off if they hadn't voted to organize.

State Workers...

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and the only one so far to call for strike authorization.

"We will maintain our opposition to the governor's demands for take-backs and use whatever option is at our disposal, including the bargaining table, Legislature and courts," Kenny continued. "And if necessary, we now have authorization to use the strike."

The union leaders remained steadfastly silent about their strike preparations.

Valid ballots were returned by more than half of the members of CSEA. The final tally was 20,772 to 959.

The Court of Appeal ruling is yet another setback for the governor's strategy of stonewalling at the bargaining table, obtaining declarations of impasse from appointees on the Public Employment Relations Board, and using impasse as an excuse for unilaterally imposing his "best and final offer" with wage and benefit cuts totaling about 15 percent of the average state employee's remuneration.

A Sacramento Superior Court judge ruled that the state's public employee collective bargaining law prohibits unilateral imposition of

any cuts, whether or not there is impasse in negotiations.

The Court of Appeal action leaves the Superior Court ruling in effect pending a full hearing on an appeal by the governor. No hearing date has been set, and in the meantime state worker's pay and benefits remain intact.

Californians for Pension Protection is the title of the coalition working to place on the ballot an initiative safeguarding public employee retirement funds.

The aim is to get back the \$1.9 billion Wilson skimmed off reserves of the California Public Employees Retirement System (CalPERS) last year with assistance from the Legislature and to prevent a repetition.

Sponsors aim at gathering a million signatures by mid-April to ensure they have the 616,000 valid voter signatures necessary to qualify the initiative for the November ballot.

Taxpayer organizations are joining with public employee unions in support of the initiative because of concern over fiscal chaos in the event that CalPERS or any other public employee retirement system is unable to meet its obligations.



Photo by Mike Myslinski, CSEA, SEIU Local 1000

Yolanda Solari, second from left, president of the California State Employees Assn., is joined by retirees turning out at Sacramento to launch the petition drive to place the public pension protection initiative on the statewide ballot. From left are Bob Thomas, Solari, Merle Cale, John Canfield and Marian Neuberger.

Vegas...

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mission to walk on the shoulder of Interstate 15.

They were joined by a constant stream of supporters, some walking for a day or two and others marching for a few hours. Major rallies along the way were coordinated by the Riverside and San Bernardino Counties Central Labor Council at Victorville last Monday and at Colton on Wednesday night.

Messages of support and congratulations for the stand against permanent replacement of strikers poured in from across the country.

President Lane Kirkland of the AFL-CIO declared that the hiring of permanent replacement scabs in the Frontier strike "once again underscores the importance of the labor movement's legislative fight to win passage of the proposed Workplace Fairness Bill now pending before the Senate as S. 55."

Participants in the march spoke eloquently for themselves.

"I wanted to do this march so my children won't have to fight to earn a decent living," said Sonja Washington, 29, a member of Bartenders Local 165.

"We have the right to strike against employers like the Frontier," declared Shirley Brooks, 32, of Culinary Workers Local 226. "After working our whole lives for the company, we have the right to collect a pension. And we can't live off \$4.50 an hour, either."

Mike Johnson, 32, of Carpenters Local 1780, put it this way:

"I'm not doing this march for myself. I'm doing it for all the unions in the country — for our right to strike."

Unemployed Get Extended Benefits

Jobless Californians who have exhausted their basic 26 weeks of unemployment insurance benefits in the deepening recession now are eligible to receive extended benefits for 20 additional weeks.

The new extension became effective Jan. 5. It adds seven weeks of benefits to the 13 weeks of extended benefits that already were in effect in this state.

As much as \$211 million could be

placed into the pockets of more than 209,000 California workers, according to estimates by Thomas P. Nagle, director of the state Employment Development Department.

Extended benefits are available under the compromise jobless pay emergency bill signed into law by George Bush last November after the president had blocked

earlier legislation backed by the national AFL-CIO.

The trigger mechanism is based upon a formula including the state's unemployment rate and the numbers of workers whose basic benefits are being exhausted. Once triggered on, the 20 weeks extended eligibility remains in effect for a minimum of 13 weeks. This will keep it in effect at least through the week of April 4.

Comp Docs' Fees...

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question because it offers full coverage to the patient. Unlike most employee benefit plans, which require co-payments and deductibles, workers' compensation offers "first dollar" coverage. Therefore, the patient is relatively passive in the delivery of medical care and has no economic incentive to resist physician direction.

About \$1.1 billion of the workers' comp bill goes for physical therapy, diagnostic imaging procedures and psychiatric services "frequently characterized by physician ownership and investment," the report states.

Dr. Laurens White, past president of the California Medical Association, urged approval of AB 819. His is the position taken also by the American Medical Association.

However, the current leadership of the CMA opposes the measure. So do other California doctors' groups.

Existing law prohibits the payment of fees to doctors for referral of patients. But the law currently allows licensed health care professionals to refer patients to laboratories, pharmacies, clinics or health care facilities in which they have ownership interest as long as their financial return is based upon investment and not upon numbers of referrals or money the referrals bring in.

Speier's AB 819 would prohibit referral to any medical facility in which the referring doctor has an ownership interest.

There are some exceptions to the ban. Such referrals would be allowed when the patient referred is a doctor's patient of record, when no alternative facility is available, or when delay would endanger the patient.

Johnson and Swedlow reported that they searched for a link between doctors' financial interest in medical services and frequency

with which they referred patients.

They found:

- Injured workers were referred to physical therapy clinics 66 percent of the time when doctors first treating them owned a share of the clinic and only 32 percent of the time when the doctor had no ownership interest.

"We believe this phenomenon generates approximately \$233 million in services delivered for economic rather than clinical reasons," the report states.

- Seventy-eight percent of physicians ordering costly Magnetic Resonance Imaging (MRI) diagnosis and CT scans had financial interest in the facilities used, and where an independent review program was used. 32 percent of such tests were denied as being of no use to the patient.

"Given that an estimated \$300 million is spent on diagnostic testing in the California workers' compensation system, we estimate that

\$234 million worth is performed by facilities with physician ownership and investment.

"With this total, we estimate \$74 million worth of imaging and scanning is done for referral-for-profit rather than for clinical need," the report states.

- Psychiatric testing and evaluation in stress claims was found to be 28 percent more expensive when there was a referral-for-profit relationship between doctor and clinic.

The researchers estimate that this translates into an additional \$49 million a year in expenses for California employers.

"Everybody complains about rising medical costs, but no one seems to do anything about it," Johnson and Swedlow conclude.

"Assembly Bill 819 affords California and the nation the opportunity to take hold of one of the most important cost-drivers: referral-for-profit."

IWC Grinds Away at 8-Hr. Day

The California Industrial Welfare Commission has backed away—at least temporarily—from abolishing the eight-hour day for tens of thousands of workers covered by the state's mercantile industry wage order and legalizing instead a 12-hour day with no overtime pay.

Final action on the mercantile industry 12-hour day was delayed after labor representatives argued that nothing so drastic should be undertaken as long as the labor movement is without one of the two IWC seats, the seats assigned to it by state law.

One or the other of the two labor seats has been left vacant for most of the past two years, first by former Gov. George Deukmejian and then by Gov. Pete Wilson, both Republicans.

There was, however, little cause for labor celebration as the IWC held its year-end meeting on Dec. 20 in San Francisco.

The commission majority signaled its intent to push ahead with a 12-hour day for workers employed in broadcasting and in the packing, preparation and shipping of agricultural products. Wage boards were named to make recommendations on proposals put forward by employers in those industries.

The commissioners did heed labor's demands for immediate examination of the adequacy of the state's \$4.25 minimum wage.

But they set into motion the same time-consuming process that has enabled the anti-labor majority to add years of delay to the minimum wage reviews even though the California Labor Code states that the IWC must act every second year to keep the wage high enough to "provide the proper standard of living" for any worker in the state.

Tom Rankin, research director of the California Labor Federation, objected to IWC action on the mercantile industry 12-hour day or any matter potentially adverse to the

Scab-Pusher on Wage Board

The person responsible for hiring scabs to "permanently replace" 600 striking Teamsters in Stockton has been named to a state wage board that will consider whether employers ought to be allowed to work employees 12 hours a day without overtime pay.

Vincent H. Brown, Jr., director of industrial relations at Diamond Walnut Growers, Inc., was appointed by the California Industrial Welfare Commission to the wage board that will recommend whether to wipe out the eight-

hour day and legalize a 12-hour, no-overtime day under Wage Order Eight, which covers the corporation that employs him.

Brown was nominated for the wage board by presidents of four California agricultural enterprises, including his own boss, President Gerald L. Barton of Diamond Walnut.

They recommended Brown as a person of "integrity" with a "deep concern for the welfare of employees."

welfare of wage-earners as long as organized labor is without its full representation on the IWC. Jim Quillin, executive secretary-treasurer of the California Conference of Machinists, also protested.

The motion to delay action on the mercantile industry 12-hour day was made by the sole commissioner from labor, Robert Hanna, the recently retired executive secretary-treasurer of the California Conference of Carpenters.

Hanna got the support of the public member, Muriel Morse, a Los Angeles personnel consultant, who has sided with the employer representatives in previous 12-hour day ballots.

The employer members also assented. They are Lynell Pollock, a Yolo County agri-business operator, and James Rude, a hospital corporation executive from Sacramento.

Pollock indicated she wanted the matter back on the IWC agenda for a regular monthly meeting to be held March 20, probably in San Francisco.

Rankin also reminded the commission majority of its obligation under state law to protect the state's lowest-paid, most vulnerable workers. He pointed out that during earlier hearings evidence was over-

whelming that workers are harmed when stripped of historic eight-hour-day protections.

Quillin told the commissioners that their 12-hour day actions give competitive advantage to non-union employers, thereby undermining the collective bargaining process and depressing the earnings of California workers.

Auto mechanics are covered by the mercantile wage order, and Quillin pointed out that highway safety would be imperiled by lapses on the part of mechanics fatigued after successive 12-hour days.

"There is no compelling reason to institute this change now," Quillin declared. "No employees are lined up asking to work 12-hour days."

Quillin, a former state labor commissioner in charge of California labor law enforcement, warned that the IWC's proposal for polling of workers before imposition of the 12-hour day would provide little or no protection in the face of employer coercion.

He also decried the 12-hour day as bad public policy.

"It makes no sense to expand working hours to 12 a day when people are scrambling for jobs," he said.

Hearings on the mercantile industry wage order were completed a year ago. Imposition of the 12-hour day was delayed initially because employer organizations came back to the IWC with demands for additional concessions over and above those granted earlier when the commission stripped eight-hour-day protections out of five previous wage orders. What they asked would have wiped out virtually all daily overtime pay, even for work in excess of 12 hours, and enabled employers to keep large numbers of workers on call without work schedules and with no hour or overtime protections whatsoever.

This was headed off after the California Labor Federation argued that the IWC would have to start over again, holding hearings and impaneling a new wage board, in order to grant the employers' last-minute requests.

One of the new wage boards named Dec. 20 will consider legalizing 12-hour days for the thousands of Californians covered by Broadcast Industry Wage Order 11 in jobs relating to "broadcast and taping for radio and television."

Two wage orders and, therefore, two wage boards, are involved in the proposed legalization of 12-hour

days in the agricultural products industries. One, Wage Order Eight, covers packing sheds and producers who prepare products away from the farm. The other, Wage Order 13, deals with products packed on the farm where they are produced.

The IWC's minimum wage action was taken after Rankin reminded the commissioners of their statutory responsibility to review adequacy of the wage every second year and upgrade it when necessary.

It is a responsibility that the anti-labor majority on the IWC has been flouting with impunity since the start of the Deukmejian Administration nearly a decade ago. Legislation putting teeth into the requirement for biennial wage reviews has been vetoed repeatedly.

The minimum wage review formally launched Dec. 20 would have been opened at the end of 1988 if the IWC had been abiding by the law that requires action every second year.

One adjustment in the wage has been approved since George Deukmejian took office as governor and appointed the anti-labor majority that now controls the IWC.

Rankin presented the commissioners with an economic study commissioned by the California Labor Federation showing the grievous erosion in the value of the minimum wage that has taken place during the Deukmejian and Wilson administrations.

Rankin also presented results of studies by university economists refuting the employer argument that any increase in minimum wage results in layoffs of the low-paid workers the wage is intended to protect.

Rankin also cited the IWC's own surveys of California employers.

"Even your own study, based only on questions put to employers, shows that job loss argument is a phony issue," the state AFL-CIO representative declared.

Rankin argued also for immediate action to spare employers a large increase like the 90 cents per hour they had to come up with after the IWC's 1988 minimum wage adjustment—the only one approved since Jerry Brown was governor.

"Your goal should be implementation of a new minimum wage by July 1, and to accomplish this you need to impanel a wage board immediately," Rankin told the commissioners.

Instead, the commission majority agreed to hold a series of hearings to determine whether they ought to impanel a wage board and put the reopening into high gear.

This is the process that has stretched out the delays. Past experience indicates the pre-hearing can be stretched out through 1992, delaying wage board action until 1993 and adding one year and perhaps two to a review that already is two years overdue.

Morse moved to set the hearing dates during the IWC's January meeting, which is scheduled for 10:30 a.m. Friday, Jan. 24, in Room 1158 of the State Building Annex at 455 Golden Gate Ave., San Francisco.

Medical...

(Continued from page 1)

committee telling of the depth of retiree concerns.

Union participation was highlighted by three busloads of participants organized by the San Francisco Labor Council headed by Walter Johnson, secretary-treasurer of the Council.

Owen Marron, with the assistance of Bob Martin, president of the labor council's retiree FORUM, brought two busloads of participants from Alameda County.

Panels to Ponder 12-Hr. Day Proposals

Here are the persons appointed by the state Industrial Welfare Commission to three wage boards that will make recommendations on petitions by employers to strip eight-hour-day protections out of three of California's industrial wage orders and legalizing a 12-hour day with no overtime pay.

Wage Order 11 (broadcasting and taping for radio and television):

Chair—Joseph F. Gentile, attorney, arbitrator, law professor and member of the Los Angeles County Employee Relations Commission; **alternate chair**—Maurice J. (Bob) Corwin, Northridge, retired NBC executive.

Labor members—Tom Rankin, research director, California Labor Federation; Don Crosatto, business representative, Machinists District Lodge 190, Oakland; Bruce Doering, Hollywood, Local 659 of the International Association of Theatrical State Employees; Perry J.

(Jack) Ten Hoor, North Hollywood, CBS sound engineer and member of IATSE, IBEW and NABET.

Labor alternates—Barry Broad, Sacramento, California Teamsters Public Affairs Council; James Earl Jackson, business manager and financial secretary, IBEW Local 45, Hollywood; Paul D. Supton, attorney, San Francisco.

Employer members—Bernard J. Gehan, Burbank, NBC vice president for public relations; Irving Novick, Hollywood, vice president for labor relations, West Coast, of Capital Cities/ABC, Inc.; Susan Grody Ruben, S.F. attorney; William Corbin, general manager, KHSL-TV, Chico.

Employer alternates—Kari J. Winston, vice president and general manager, KBIG Radio, Los Angeles; Lila Luna, business manager, KQVR-TV, Sacramento; Joseph R. Eick, vice president and general manager, Porterville Broadcasting, Inc.

Wage Order Eight (off farm

processing of agricultural products after harvest):

Chair—Morris E. Davis, Oakland, attorney and arbitrator; **alternate chair**—John Bennett, attorney, Palo Alto.

Labor members—Rankin, Rome Aloise, vice president, Teamsters Local 853, Oakland; Carol Ambrosini, United Food and Commercial Workers Local 78-B, Porterville; Ruben V. Salazar, business agent, UFCW Local 1036, Goleta.

Labor alternates—Broad and Michael Lyons, Salinas, president, UFCW Local 78-B.

Employer members—James Bogart, Grower-Shipper Vegetable Association, Salinas; Vincent H. Brown, Jr., Diamond Walnut Growers, Inc., Stockton; Ted Dinckler, Jr., field manager, Pro-Ag, Inc., Lindsay; Phillip A. Sellar, Blue Diamond Growers, Sacramento.

Employer alternates—David S. Payne, vice president for human resources, Dole Dried Fruit and Nut Co., Fresno; Randy J. Vogt, agri-

business controller, Pandol Brothers, Inc., Delano; Richard Matoian, director of government relations, California Grape and Tree Fruit League, Fresno; K.B. Smith, executive vice president, California Cotton Ginners Association, Fresno.

Wage Order 13 (preparing agricultural products for market on farms where grown):

Chair—Matthew Goldberg, Oakland, attorney-arbitrator; **alternate chair**—John Bennett, attorney, Palo Alto.

Labor members—Aloise, Rankin, Lyons and Salazar.

Labor alternates—Broad and John Govea, attorney, Salinas.

Employer members—Bogart, Vogt, Stan Lester, president, Yolo County Farm Bureau; Rick Starratt, manager, San Antonio Orchard Co., Ontario.

Employer alternates—Matoian, Smith, William Marrs, attorney, Valencia.

Asbestos Experts, Victims at S.F. Seminar

The continuing public health problems of asbestos will be discussed during a public symposium set for 9 a.m. to 5 p.m. Friday, Feb. 21, at Cowell Theater, in Fort Mason Center, San Francisco.

Panelists include Tony Mazzocchi, assistant to the president of the Oil, Chemical and Atomic Workers, and Paul Brodeur, journalist, environmental activist and best-selling

author.

Also scheduled to participate are Molly Joel Coye, MD, director of the California Department of Health Services; James Fite, executive director of White Lung Association; Sus Rivas and Heather Maurer, Asbestos Victims of America, and Professor Ray Sentes of Regina University in Saskatchewan, where asbestos continues to be mined and

processed for export to third-world countries.

The moderator is Harry F. Wartenick, S.F. attorney.

The event is organized by the non-profit Center for Visual Arts in the Public Interest, of Boston.

"Breath Taken! The Landscape and Biography of Asbestos," an acclaimed photo exhibit by Bill Ravanese, will have its West Coast pre-

miere at Fort Mason during the Symposium.

The program will include a roundtable discussion featuring Ravanese, environmentalist Barry Castel Castelman, cultural historian Arthur Sabatini and Mary Vogel of the Asbestos Victims Special Trust Fund.

Information can be obtained by phoning Ray Goldstein at (415) 433-0440.