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STATE OF WISCONSIN
BEFORE THE ARBITRATOR

JAN 08 1987

WISCONSIN EMPLOYMENT
RELATIONS COMMISSION

In the Matter of the Petition of

TEAMSTERS GENERAL LOCAL
UNION NO. 200

To Initiate Mediation-Arbitration
Between Said Petitioner and

WAUKESHA COUNTY
(HIGHWAY DEPARTMENT)

Case 88
No. 36293
MED/ARB-3764
Decision No. 23530-A

APPEARANCES:

Marshall R. Berkoff and Thomas P. Godar on behalf of the County
Scott D. Soldon on behalf of the Union

On June 17, 1986 the Wisconsin Employment Relations Commission appointed the undersigned Mediator-Arbitrator pursuant to Section 111.70(4)(cm) 6b. of the Municipal Employment Relations Act in the dispute existing between the above named parties. Pursuant to statutory responsibilities the undersigned conducted a mediation session between the parties on August 28, 1986 which did not result in resolution of the dispute. The matter was thereafter presented to the undersigned in an arbitration hearing conducted on October 16, 1986 for final and binding determination. Post hearing exhibits and briefs were filed by the parties which were exchanged by December 10, 1986. Based upon a review of the foregoing record, and utilizing the criteria set forth in Section 111.70(4)(cm) Wis. Stats., the undersigned renders the following arbitration award.

ISSUE:

The only issue in dispute between the parties involves medical and dental insurance. For 1986, the County proposes that it make premium contributions equal to the cost for the traditional insurance plan provided by Blue Cross/Blue Shield (\$206.41 for family and \$74.14 for single), and employees opting for more expensive HMOs would pay the difference. For 1987, the County would improve the traditional medical insurance plan by removing the surgical medical care cap of \$10,000, increasing the major medical cap from \$50,000 to \$250,000, and deleting the provision by which it only pays for one doctor's visit per day while an employee is receiving hospital medical care. The County would pay 90% of the traditional (Blue Cross/Blue Shield) medical insurance plan. In addition, it would provide a new dental insurance plan with a premium cost of \$30.79 per month for family and \$8.68 per month for single coverage. Employees would also have the option of choosing a slightly more expensive dental HMO. The County would pay 90% of the premium cost for the least expensive family or single dental insurance plans.

The Union proposes continuation of the status quo under which the County would pay 100% of the premium costs of the traditional Blue Cross/Blue Shield medical insurance plan.

COUNTY POSITION:

Under the County's offer, in 1986 the County would pay an additional \$25.55 towards the premium cost of the family plan and \$9.16 towards the cost of the single plan. This represents a 14% increase in insurance costs from 1985 to 1986

Assuming that insurance costs will not increase for 1987--the cost for dental insurance for 1987 has been guaranteed by the providers--the County will pay \$213.48 towards the cost of family medical and dental insurance in 1987, or an increase of \$7.47 over 1986 towards family insurance benefits.

Through the two year contract period, this represents an increase in the County's paid health insurance premium insurance cost of \$671.00 per employee for family coverage.

The total value of the County's offer for 1986 and 1987 averages \$4,434.00 per employee. The rolled up wage increase alone is over 8.1%. In the context of this generous package, which includes a new dental insurance benefit, the County's offer to increase the amount it will pay towards health insurance benefits, while at the same time seeking a modest sharing of insurance premium costs during the second year of the contract, is reasonable. Under these circumstances it is clear that the County's intent is not to diminish the value of the benefit package it provides its employees, but instead it seeks to gain an increased employee awareness of health insurance costs and increased employee consumerism in the health care market.

The County's position is further supported by the fact that the cost of health insurance continues to rise at an alarming rate. In a year when inflation was at less than 1%, health insurance costs for the County rose more than 14%. The County's proposal is designed to stimulate a greater appreciation for the fact that health care dollars are real dollars to both the employees and the Employer. Hopefully, this awareness will curtail the use of unnecessary medical services and the rate of increase of medical costs to the County employees over the long term. This would serve the long term interests of the public and the welfare of the County in countering ever increasing insurance rates.

Internal comparables also support the County's proposal. In fact, only the Teamsters unit, or 5% of the County's employees, has not voluntarily agreed to participate in sharing a percentage of medical insurance premium costs. Achieving internal consistency among County employees in this regard is clearly a legitimate and meritorious County goal.

Other jurisdictions in the area have also successfully worked with employees represented by various Unions to achieve a sharing in health care costs. In fact, of 30 municipalities in the area, only eight provide the full premium payment for health and dental coverage. The others have programs whereby employees may be compelled to pay towards traditional or HMO insurance if they so choose, or meet the full cost of dental care out of their own pocket. Furthermore, a majority of the counties in Wisconsin have successfully achieved programs whereby some of their represented employees participate directly in sharing the cost of medical insurance. In fact, there is strong evidence of a growing acceptance in the public sector to have employees become vested with the consumerism of insurance costs

External private sector comparables also support the reasonableness of the County's offer in that in that sector most employees already directly share in health care costs.

It should also be noted that the change requested by the County is not a dramatic change in the status quo since the employees are already committed to sharing a certain level of medical expenses. In this regard, during the contract hiatus the employees pay the difference between the premium level fixed in the prior agreement and any premium increase demanded by the insurer. Thus, employees are currently paying \$25.00 towards their family coverage or \$9.00 towards their single coverage. Relatedly, under the County's proposal, there would no longer be this abrupt change during a contract hiatus since the County would pick up 90% of increases which might occur during a future contract hiatus. Furthermore, the major medical insurance now provided by the County is a co-pay plan under which employees pay 20% of the items covered only under the major medical plan and not the base plan. Finally, since the County is only paying for that insurance level equivalent to the Blue Cross/Blue Shield premium, employees who choose any of the three HMO plans are currently paying a portion of their health insurance costs. Based on the foregoing, a radical change is not being requested by the County.

It should be noted also that the County's proposal includes a cap of 1-1/2% of an employee's gross monthly rate of pay that employees might have to pay towards their insurance. While this does not affect any current employees, if medical costs were to increase very significantly, this cap would insure that employees would not be paying a disproportionately high percentage of their wages towards medical insurance.

UNION POSITION:

In comparable counties and municipalities the vast majority of employers are paying 100% of health insurance premiums, as well as 100% of retirement contributions. Many municipalities have no dental coverage, and those which do generally are funded by the employer at 100% of the cost.

Although some small municipalities in the greater Metropolitan Milwaukee Area do provide for employee contributions for health insurance benefits, these small municipalities are not comparable to the County and should not be sufficient to overcome the coverage which exists in comparable counties. Furthermore, there is no evidence indicating that the municipalities which have cost sharing provisions have obtained such arrangements recently. It is as likely that they have had such provisions for many years and that their employees agreed to accept them. But in this case, the County seeks to impose these conditions unilaterally upon a bargaining unit which does not want them.

With respect to the County's internal comparability argument, it should be noted that at the time of the hearing, three units had not finally agreed to accept the County's proposal. Moreover, comparisons with other Wisconsin counties generally receive greater weight in interest arbitration proceedings such as this¹

Lastly, arbitrators often require parties proposing changes such as the one at issue herein to justify such proposed changes by demonstrating that a

¹ Citations omitted

compelling need exists,² and here no substantial reason has been presented to justify the need for the change proposed by the County.

DISCUSSION.

The undersigned agrees that since the County is proposing a significant change in the insurance benefits which it traditionally has provided unit employees, it has the burden of demonstrating that a substantial and legitimate justification exists for such change, and that it is offering the employees a fair quid pro quo for the requested change.

With respect to the sufficiency of the justification for the requested change, the undersigned believes that the County has persuasively demonstrated that there is a legitimate basis for the change. This conclusion is based upon the fact that the costs of medical insurance are increasing at a rate far in excess of the rate of inflation, that the vast majority of other County employees have recognized this problem and have expressed a willingness to enter into cost sharing arrangements similar to that proposed by the County herein in order to try to get a handle on this problem in the long term, and that such cost sharing arrangements are not all that unusual among public employer-employee relationships in the area, as well as across the State of Wisconsin. On the latter point, the record does not indicate that a clear and uniform pattern of insurance benefits exists among comparable public sector employers, and accordingly, it cannot be said that the County's proposal in this regard is out of line with the benefits comparable employees are receiving.

Having concluded that the County has demonstrated that a legitimate basis for the proposed change exists, the undersigned must now assess whether the County has proposed a fair quid pro quo for the requested change. In this regard the record demonstrates that the County's offer will result in significantly increased contributions by the County toward insurance benefits over the two year contract period, and more importantly, it will afford unit employees the opportunity to participate in a new dental insurance program which should be of significant economic benefit to many unit employees. Based upon both of these considerations, the undersigned is of the opinion that the County proposal does include a fair quid pro quo for the change it has requested.

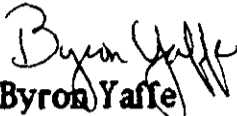
Accordingly, based upon all of the foregoing considerations, the undersigned concludes that the County's insurance proposal is the more reasonable of the two at issue herein, and therefore, the undersigned hereby issues the following.

² Citations omitted.

ARBITRATION AWARD

The County's final offer shall be incorporated into the parties' 1986-87 collective bargaining agreement.

Dated this 8th day of January, 1987 at Madison, Wisconsin.


Byron Yaffe
Arbitrator