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WISCONSIN EMPLOYMENT RELATIONS COMMISSION

In the Matter of the Petition of:

THE INTERNATIONAL ASSOCIATION OF MACHINISTS, DISTRICT #10

For Final and Binding Arbitration Between said Petitioner

and

RACINE COUNTY

Appearances: Marianne Goldstein Robbins, Attorney at Law, for the Union
Victor J. Long, Attorney at Law, for the Employer

This procedure is a voluntary impasse resolution procedure authorized under Wisconsin Statutes Section 111.70 (4) (cm) to establish a successor labor agreement covering 1990 and 1991. In accordance with the parties stipulation the procedure and criteria to be followed in the interest arbitration are those included in Wisconsin Statutes Section 111.70 (4) (cm). Prior to arbitration the parties agreed on a number of minor changes in the collective bargaining agreement which were set forth in a stipulation attached hereto and marked Joint Exhibit No. 3. The Union and the Employer have agreed that the arbitrator shall include the provisions set forth in the stipulation contained in Joint Exhibit 3 as part of his final award.

The parties final offers address health insurance and wages. The offers are indentical with respect to wage increases and the provision for premium cost sharing requiring ninety percent of the premium to be contributed by the Employer and ten percent by the employees. The only remaining issue for determination involves the Employer's proposal to alter the health insurance packages available to employees within the bargaining unit.

Currently all employees have the option between two self funded plans. One has a deductible of $100.00 single/$200.00 family, co-payment under which the employees pays twenty percent and the Employer eighty percent of the next $2000.00 single/$4000.00 family and a one million dollar lifetime maximum The other is a low premium plan with $500.00 deductible. Employees hired prior to January 1, 1984 have the option of a traditional plan under which employees receive full basic medical coverage after a $100.00 individual/$200.00 family deductible with a twenty percent employee and eighty percent Employer co-payment for major medical expenses and no lifetime maximum. All employees have the option of receiving a lump sum payment for opting out of the health insurance or the choice of the HMO programs offered by Employers or Compcare, which has separate premium levels for Racine, Burlington and Milwaukee. The Union proposes to maintain this range of benefits and its proposal is attached hereto and marked Joint Exhibit 1.

The Employer proposes limiting the self funded options to one modified version of the $100.00/$200.00 deductible with coinsurance requiring the employee to pay 20% of the next $2000.00 for covered charges each calendar year. Under this modified plan there is an additional $25.00 deductible for drug precriptions, a fifty percent reduction in coverage of psychiatric drug and alcohol rehabilitation from 120 days to 60 days, maximum benefits of $1,000,000.00 per person and a pre-admission certification plan. The opt out payment would no longer exist and new employees hired after March 1, 1990 would no longer be able to select an HMO alternative. The Compcare options in Milwaukee and Racine would no longer exist and the Burlington Compcare program would be discontinued as soon as an alternate HMO became available. The Employer's proposal is attached hereto and marked Joint Exhibit 2.

Historically the Employer paid one hundred percent of the cost of health insurance for this bargaining unit. This was true through the 1981-1982 labor agreement and again in 1983. During that period of time the deductible was limited to $50.00 single/$150.00 family. Basic medical coverage was provided one hundred percent and major medical coverage involved a twenty percent employee/eighty percent Employer co-payment. In 1984 the parties agreed to a number of cost cutting measures. Those employees hired prior to January 1, 1984 maintained the same health insurance program as before but those employees hired after January 1, 1984 were required to pay $100.00 single/$200.00 family deductible. Thereafter the next $2000.00 single/$4000.00 family expense was subject to the 80%/20% co-payment. There was a lifetime maximum of one million dollars and the new plan required a mandatory second opinion for elective surgery. In negotiations for the 1986-1987 labor agreement the parties agreed to maintain the traditional basic/major medical plan available to employees hired prior to January 1, 1984 but provided additional cost cutting by applying the higher $100.00/$200.00 deductible and mandatory second opinion for elective surgery to the basic plan. The parties also provided the first HMO coverage through Compcare. HMO coverage was new and the Union agreed to cap the Employer's contribution to the premium. Given the level of premiums it was anticipated that the Employer would pick up the entire cost but the cap provided the Employer with protection if this was not the case. The parties minimized the cost of health insurance further by providing a lump sum buy out for employees who opted not to take medical insurance and an additional HMO option.

Negotiations for the 1988-1989 collective bargaining agreement provided a cap on the Employer's payment of health insurance premiums. The cap was placed at a level that covered virtually the entire premium. The agreement provided that the Employer could establish a pre-admission certification plan subject to further negotiations with respect to the penalty for failure to comply with the certification requirements. It removed the maximum on the basic/major medical insurance plan available to those employees who were hired before 1984. All other options were maintained with the addition of Employers as an HMO option.

The parties have been able to negotiate cost saving measures with respect to health insurance. In doing so the parties have preserved the ability of those hired prior to January 1, 1984 to maintain the basic self funded plan. The deductible has increased, a mandatory second opinion for elective surgery has been applied and a provision for a pre-admission certification plan was provided; but basic medical coverage at one hundred percent after the deductible has been maintained. In the last collective bargaining agreement the Employer improved the basic plan by removing the major medical maximum in order to obtain a voluntary settlement. The parties have also agreed to provide a number of health insurance options at a lower cost than the basic $100.00/$200.00 deductible self funded plans, the high deductible/low premium self funded option and the opt out lump sum incentive and two HMO programs.

The Employer's proposal would retract the agreements which the parties have reached in the past and impose the co-pay plan on all those utilizing the self funded plan and impose the self funded co-pay plan on all new hires. The current system of caps on the Employer's contribution for family insurance coverage was reached by a voluntary settlement. The Union agreed to the establishment of caps within the context of negotiating a total package that was acceptable to its members.

UNION'S POSITION

The Union argues that the Employer has historically paid one hundred percent of the cost of the health insurance in the court house bargaining unit. It contends that the parties have been able to negotiate cost saving measures with respect to the health insurance but have preserved the ability of those hired prior to January 1, 1984 to maintain the basic self funded plan. It points out that the deductible has been increased, a mandatory second opinion has been applied and provisions for a pre-admission certification plan have been provided but basic medical coverage at one hundred percent after deductible has been maintained. The Union asserts that the parties have agreed to provide a number of health insurance options at a lower cost than the basic $100.00/$200.00 deductible self funded plan including a high deductible/low premium self funded option and an opt out lump sum incentive and two HMO programs. It takes the position that the changes in the type of health insurance benefit plan proposed by the Employer should be agreed upon through negotiation. The Union argues that this is not a case in which the proposals have been widely accepted by other employees for a number of years. It concedes that the Employer proposals have been adopted by some units but point out that they have not been accepted by others. The Union takes the postion that there is no justification for breaking the long established pattern established by negotiation. It points out that the Employer not only seeks to alter the long established agreement that employees hired prior to January 1, 1984 retain the basic health insurance plan, but it also

seeks to retract the incentives that it proposed in the prior round of bargaining to obtain a voluntary settlement, ie the removal of the maximum from the basic plan, and remove low cost health insurance options that are now available to employees. The Union argues that the Employer has presented no valid basis for altering the pattern established by the voluntary settlements in prior years. It asserts that its proposal is far more reasonable in relation to the health insurance provided to employees in comparable communities. The Union points out that a major change proposed by the Employer is a requirement that all employees utilizing standard health insurance participate in a modified version of the co-pay plan established in 1984 for new hires. It asserts that under the Employer's proposal, employees are not only required to pay a deductible but in addition they must pay twenty percent of the next $2000.00 single/$4000.00 family medical costs which amounts to an outlay of up to $1000.00 per family in addition to the employee's share of the premium. The Union takes the position that no other comparable community requires employees to take a co-payment plan across the board and each of them has as its only program or as an option full payment of basic medical expenses. It argues that the cities of Racine, Kenosha and Milwaukee and the counties of Milwaukee, Waukesha and Rock all provide one hundred percent coverage after deductible for basic medical expenses and Kenosha has two plans, one of which provides full coverage of basic as one option, and 80/20 co-pay, similar to the options available under the Union's proposal. The Union contends that the Employer's proposal reduces benefits in the area of psychiatric and drug alcohol rehabilitation and proposes an additional deductible for prescription drugs. It asserts that all other comparable communities have provided more complete coverage than that proposed by the Employer in the area of psychiatric, drug and alcohol care. The Union concedes that not all comparable communities provide HMOs, but it asserts that those that do provide a number of alternatives that are available to all employees. It contends that the Employer's cost for health insurance is within the same range as those of comparable communities and in all of those communities except Waukesha employers pay the full amount of the premium. The Union argues that the internal comparisons with other bargaining units do not favor the Employer's offer. It asserts that as of the beginning of 1990 virtually all bargaining units shared the same options as the court house unit and the Employer paid a dollar amount that essentially covered the entire premium. It points out that highway employees have received an arbitrator's award giving them a ninety percent/ten percent cost sharing arrangement and those employees maintain all of the existing options previously available to them and another bargaining unit settled maintaining dollar amounts that covered the current premiums. The Union argues that the Employer's proposal was rejected by all except one of its large bargaining units and the nursing home employees who acccepted the proposal were unaware of the premium increase. It asserts that employees in the deputy's unit, human services unit, teachers and teacher's aides unit and the highway unit have all maintained the basic health insurance plan as well as the options for HMO and high deductible/low premium. It takes the position that these units together with the court house unit represents 61.76% of the Employer's representative employees. The Union argues that of the Employer's 1539 employees or former employees eligible for insurance, only 111 are covered by the plan which the

Employer now proposes as the only self funded plan and the only plan for new employees. It asserts that the internal pattern among units with a choice has been to reject the Employer's offer and the significant internal comparisons favor its offer. The Union points out that the Employer's offer here is not identical to that accepted by certain other units because it bars all new hires after March 1, 1990 from participation in an HMO. It asserts that there have been forty nine employees in this category and twenty two have selected HMOs and would be removed from their chosen plan at the end of the year and might be forced to change physicians as well as coverage. The Union asserts that the cost savings that the Employers alleges would result from its plan are speculative and cannot form the basis for selecting a proposal and there is not adequate justification or a quid pro quo that would compensate for the proposed change.

EMPLOYER'S POSITION

The Employer argues that the current system of caps on the Employer's contributions for premiums must be changed because of the large increase in those premiums. It contends that both final offers result in identical employee premium costs for 1990 and both produce significant reductions from their prior contract with the $250.00 cap. The Employer asserts the only employees confronted with additional deductible and co-insurance costs are five employees with family coverage and seventeen employees with single coverage. It asserts this represents a maximum liability of $800.00 per family and $400.00 per single employees which represents a total additional liability of $10,800.00 per year. The Employer takes the position that this potential increase in cost is more than offset by the reduced premium payment for those employees with family coverage. It asserts the total cost to the employees is significantly less when comparing the prior contract provisions with its final offer. The Employer points out that its offer and the Union's offer represent significant increases in its cost as compared to the last collective bargaining agreement and the difference between the two is the cost of the insurance buyouts. It asserts that the requirement of a ten percent premium contribution by employees included in both proposals provides incentives for employees not to enroll when they don't need the coverage and it is superfluous for the Employer to pay an additional amount to employees to not enroll. The Employer argues that its proposed changes are necessary to avoid adverse selection and an HMO option and/or multiple self funded options increase costs because each employee selects the most advantageous coverage. It asserts that the current provision for pre-admission authorization includes no penalties while its offer includes a minimal penalty of $200.00 for failure to obtain pre-admission authorization. The Employer contends that its proposal of sixty days of coverage for drug, alcohol nervous and mental disorders far surpasses the state mandated coverages and will have minimal impact on employees but is necessary to provide some protection against the future escalation of the cost of that benefit. It argues that the prescription drug deductible will result in significant savings for some employees. The Employer asserts that it is extremely unlikely that its million dollar maximum proposal would ever impact

an individual employee but does provide it with catastrophic protection. It points out that the plan includes the ability to recover the lifetime maximum benefit. The Employer concedes that employees hired after March 1, 1990 who elected an HMO will be forced into the self funded plan but points out that would not occur till March 1, 1991. It argues that its proposal has been implemented for all of its non-represented employees, elected officials, sheriff's department command staff, Ridgewood local 310, Ridgewood local 5039 and Racine County Attorneys Association. The Employer asserts that these employees represent a total of 350-450 employees. It contends that the issues in the current proceedings are significantly different from those in the Department of Public Works arbitration because it proposes only a ten percent premium contribution from employees. It points out that it is assuming a greater burden of the increasedcost under its proposal than the employees would under either offer and its proposal addresses the major issues raised in the Department of Public Works arbitration. The Employer argues that the Union external comparables are of no relevance because the current situation includes a bargaining history that has led to the implementation of caps on the Employer contribution for family coverage. It takes the position that none of the comparable jurisdictions have similar circumstances involving caps and it is unfair and inappropriate to use them in establishing an insurance program for this bargaining unit.

DISCUSSION

In September of 1989 the Employer was advised that its health insurance cost for 1990 and 1991 would increase almost 100% over the cost for 1989. It obtained a study from a consulting actuary to determine how its insurance cost could be reduced. Among the recommendations were premium sharing, co-payment of medical costs and a reduction in the number of plans from which the employees could choose in order to avoid adverse selection. It also recommend a reduction in the number of days of treatment for drug alcohol and mental disorders.

As a result of this study the Employer's health insurance proposal for 1990 and 1991 provided that employees would contribute ten percent of the single or family premium for the coverage selected by the employee. For the remainder of the 1990 health insurance year both Compcare and Employers HMOs would be offered. Effective with the 1991 health insurance year Employers or a comparable HMO and Compcare Burlington would be offered to employees who were hired prior to March 1, 1990. Compcare Burlington would be discontinued when the HMO offered by the Employer other than Compcare provided service in the Burlington area. The Employer's proposal also provided that effective March 1, 1990 only one self funded plan would be offered and it would provide maximum benefits of one million dollars per person, a deductible of $100.00 with a limit of two deductibles per family per year, the employee would pay twenty percent of the next $2,000.00 coverage charges each calendar year and the maximum liabilty of the employees would be $500.00 per calendar year for single coverage and $1000.00

per calendar year for family coverage. Employees hired prior to March 1, 1990 would continue to have the option of enrolling in the self funded plan or the HMO during each open enrollment period. Employees hired after March 1, 1990 would only have the option of enrolling in the self funded plan. Employees who retired prior to March 1, 1990 would continue with whatever coverage was in effect as of March 1, 1990. If they chose to change coverage in the future they could select between the self funded plan or the HMO. Employees who retired after March 1, 1990 would have the option of the self funded plan or the HMO during each open enrollment period.

The Union's proposal provided that employees would pay ten percent of the monthly premium of the insurance plan selected by the employee and the Employer would contribute ninety percent towards the premium. It proposed that the Employer continue all of the health insurance options that were in effect at the expiration of the 1988/1989 collective bargaining agreement. Those plans that were in effect then included Plan II, which had a deductible of $100.00 per person/$200.00 per family. The employee paid twenty percent of the next $2000.00 of medical expenses and the insurer paid eighty percent. The insurer paid one hundred percent of expenses in excess of $2000.00 and the maximum out of pocket for a year medical expense of a single employee was $500.00 and for a family was $1000.00. It provided for a lifetime maximum of one million dollars. That is similar to plan offered by the Employer for 1990/1991 except that it proposes that psychiatric care and chemical dependency care be limited to sixty days rather than one hundred and twenty days and a $25.00 deductible for drugs and the maximum benefit be $1,000,000.00. The Union's proposal included Plan III which provided for a $100.00 per person/$200.00 per family deductible with no co-insurance on basic coverage and a 365 day limit for hospitalization and a $10,000.00 limit on doctor charges per illness and eighty percent major medical coverage after basic plan limits exceeded and no lifetime maximum. The Employer's proposal would eliminate Plan III. The Union also proposed that employees be offered the option of Plan IV which included a $500.00 per person/$1000.00 per family deductible and 80%/20% co-payment of the next $5000.00 and 100 percent thereafter. The maximum out of pocket per year would be $1500.00 for a single person and $2500.00 for family and it provided for a million dollar lifetime maximum. The Employer's proposal would eliminate this option for employees. The Union's proposal provided that employees would have the option of selecting between Employers HMO or Compcare HMO. The Employer's proposal would eliminate Compcare as an option and employees hired after March 1, 1990 would not be offered an HMO option. The Union's proposal would also continue the employee's option of foregoing medical insurance and receiving a cash payment of $500.00 each year. The Employer's proposal would eliminate this buy-out option.

In 1989 the Plan II premiums for single and family coverage were $76.81 per month and $215.57 per month. Effective March 1, 1990 the Plan II premiums for single and family coverage increased to $151.52 and $425.17. Plan III rates in 1989 for single and family coverage were $81.08 and $227.55. Effective March 1,

1990 the rates for that plan increased to $159.99 per month for single coverage and $448.92 per month for family coverage. The Plan IV rates effective March 1, 1990 were $115.00 for single and $325.00 for family coverage. In 1989 Employers HMO premium was $109.50 for single coverage and $288.00 for family coverage. Effective March 1, 1990 those rates increased to $128.00 for single coverage and $337.00 for family coverage. In 1989 Compcare Racine premium was $111.90 per month for single coverage and $290.93 per month for family coverage. Effective March 1, 1990 the single coverage premium was $131.89 and the family coverage was $342.89. In 1989 Compcare Burlington had an $89.61 per month premium for single coverage and $232.98 per month premium for family coverage. Effective March 1, 1990 Compcare Burlington single coverage premium increased to $105.61 per month and family coverage was $274.59 per month. In 1989 Compcare Milwaukee was $100.42 per month for single coverage and $261.08 per month for family coverage. Effective March 1, 1990 that rate increased to $118.36 per month for single coverage and $307.71 for family coverage. The most dramatic premium increase was for Plan III which is a plan the Employer proposes to eliminate. The major effect of the Employer's proposal would be to reduce the number of health insurance options available to employees from the three self funded plans and two HMOs to one self funded plan and one HMO would be available for employees hired prior to March 1, 1990. The employees hired after March 1, 1990 would only have the option of enrolling in the self funded plan. The other major impact would be to eliminate the insurance buy-out of $500.00 to each employee.

Neither the proposal of the Union nor the proposal of the Employer departs from the cost pattern of the Comparable Group A. The Employer's proposal would have a cost of $425.17 per month for family coverage and it would contribute $382.65 per month toward the premium. The Union proposal would have a cost of $448.92 per month for family coverage for the most expensive option (Plan III) and the Employer would contribute $404.03 per month toward the premium. Other options would have lower costs and the Employer's total annual contribution toward the purchase of insurance for it employees would be $345,045.26 for either the Employer's proposal or the Union's proposal. In Comparable Group A the Employer's monthly contributions for family coverage range froma low of $354.00 per month by the City of Racine to a high of $474.21 by Waukesha County. Either the Union's proposal or the Employer's proposal falls within the cost pattern of Comparable Group A.

Currently there are 131 employees participating in the various health insurance options offered by the Employer. Only two employees in the bargaining unit with family coverage and six employees with single coverage are currently participating in the self funded Plan II offered that the Employer proposes to continue with some modifications. Five employees with family coverage and seventeen employees with single coverage are participating in the self funded Plan III that the Employer proposes to eliminate. One employee with family coverage and one employee with single coverage participate in the self funded Plan IV that the Employer proposes to eliminate. Fifty five employees with family coverage

and thirty seven employees with single coverage are currently participating in the HMO that the Employer proposes to continue for those employees who were employed prior to March 1, 1990. Seven employees participate in the HMO plan that the Employer proposes to eliminate. Twenty employees receive the $500.00 cash insurance buy-out each year.

The Union proposes a comparable group consisting of adjacent counties with populations greater than one hundred thousand and cities in those counties with populations in excess of seventy thousand. The comparable group includes Kenosha County, Milwaukee County, Waukesha County, Rock County, City of Racine, City of Kenosha and City of Milwaukee. The Employer objects to the inclusion of Milwaukee County and the City of Milwaukee in the comparable group but has not otherwise disputed the propriety of the comparisions. The arbitrator finds that the inclusion of Milwaukee County and the City of Milwaukee tends to distort the comparable group somewhat because of its size, but it does not invalidate it completely. Accordingly the comparable group proposed by the Union, hereinafter referred to as Comparable Group A, will be utilized by the Arbitrator.

One of the major changes that the Employer has included in its proposal is a requirement that all employees utilizing standard health insurance participate in a modified version of Plan II. Under Plan II employees are not only required to pay a deductible but would also pay twenty percent of the next $2000.00 of coverage charges each year. No municipality in the Comparable Group A requires employees to take a co-payment plan across the board. Each of them has as its health insurance program, or as an option, full payment of basic medical expenses. Milwaukee County, the City of Milwaukee, Waukesha County and Rock County all provide one hundred percent coverage after the deductible for basic medical expenses. Kenosha county has two plans, one of which provides full coverage of basic medical expenses as one option and 80/20 co-pay as the other option, similar to the Union's proposal. The Employer proposes requiring co-payment of basic medical expenses for all employees and it has reduced benefits in the area of psychiatric and drug and alcohol rehabilitation and proposed a deductible for prescription drugs. The City of Milwaukee, Waukesha County and Rock County all provide 120 days psychiatric, drug and alcohol care, as is now provided by the Employer and proposed by the Union. Kenosha County provides 120 days for drug and alcohol rehabilitation and 70 days for psychiatric care and the City of Kenosha provides 70 days care that is restorable 90 days following discharge. Milwaukee County provides 70 days at full coverage and an additional 90 days at eighty percent coverage for a total of 160 days. Milwaukee County, the City of Milwaukee and Waukesha County are the only municipalities in the Comparable Group A that offer HMOs. They provide a number of alternatives that are available to employees. None limit HMO options to one carrier or bar new employees from such coverage. The evidence indicates that the Employer's proposal breaks with the pattern of health insurance programs available in Comparable Group A.

The Employer argues that the Union comparables have no relevance because it has a bargaining history that has led to implementation of caps on its contributions for family coverage and none of the municipalities in Comparable Group A have a similar bargaining history involving caps. It takes the position that it is unfair and inappropriate to use these comparables in establishing insurance coverage for the bargaining unit. The Arbitrator disagrees. Perhaps the bargaining history might tend to invalidate the comparison with Comparable Group A if the Employer proposed to continue the same type of insurance program that it has developed in its bargaining history. That is not the case. The Employer's proposal would make a radical departure from the insurance programs that has been developed by the Employer and the Union during the bargaining history. The Employer's proposed revision of its insurance program makes a comparision of its new proposal within the municipalities in the comparable group valid. The Employer and the Union have reached agreements through the years on insurance programs that are substantially different from those in the communities in Comparable Group A and a comparison of the two did not have much validity because of the difference in bargaining history. Now however the Employer proposes to eliminate programs developed by it and the Union through bargaining over the years and initiate one that is new and different. Under those circumstances a comparison of the Employers proposal with comparable communities is valid.

Both the Employer and the Union take the position that the internal comparisons with other bargaining units favor their position. As of the beginning of 1990, all of the Employer's bargaining units had the same options and employees hired prior to January 1, 1984 were able to maintain full coverage for basic medical expenses as provided by Plan III. All units had the high deductible/low premium Plan IV and Employers and Compcare HMOs. The Employer and the highway department employees became involved in an interest arbitration. The highway department employees proposed a cost sharing premium based on a 90%/10% split. The Employer sought to maintain a dollar cap of $260.00 per month on its contribution toward the monthly premium for health insurance coverage because of the dramatic increase in premiums that was scheduled to take effect on March 1, 1990. The Arbitrator in that proceeding selected the highway department's final offer which maintained all of the existing options previously available to them and established a 90%/10% premium sharing arrangement. Another bargaining unit reached an agreement with the Employer that included a dollar cap that covered the then existing premium. When the Employers increase in premiums went into effect on March 1, 1990 the result was a direct employee cost of as much as $200.00 per month for family health insurance premiums. The Employer approached other bargaining units and offered the 90%/10% cost sharing of premiums arrangement that was included in the highway departments arbitration award, but added a provision that employees accept a modified Plan II as the only standard insurance option and exclude new employees from any HMO option. That proposal was rejected by the larger bargaining units who were aware of the premium increase. Employees in the sheriff's department, human services, teachers and teachers aides and the highway department employees have all maintained the basic health insurance Plan III as well as the option for HMOs and high

deductible/low premiums. Those bargaining units together with the Union represent 61.76 percent of the Employers represented employees. Of the Employer's 1539 employees or former employees eligible for insurance, only 111 are covered by the modified Plan II which the Employer proposes as the only self funded plan and the only plan for new employees. The pattern among the Employer's bargaining units has been to reject the offer. The majority of the Employer's bargaining units of substantial size rejected its proposal and the significant internal comparisons favor the Union's offer. The Employer's proposal has been accepted or implemented by only 350 to 400 represented and non-represented employees. It argues that the issues in this arbitration are significantly different from those of the highway department arbitration because its proposal addresses the concerns of the Arbitrator in that proceeding. The fact is that the internal comparison indicates that no more than 400 represented and non-represented employees are covered by a proposal similar to that of the Employer and over 1100 have health insurance coverage similar to that proposed by the Union. Obviously the internal comparisons favors the Union's proposal. Neither the Employer not the Union presented evidence with respect to any of the statutory critera other than the internal and external comparisons, the cost of the proposals and the history of bargaining. Accordingly the arbitrator finds that none of the other criteria favor either the Employer's proposal or the Union's.

The major components of the proposed changes are the elimination of Plan III and Plan IV coverages, the requirement that new hires enroll in the self funded plan, the eventual elimination of HMOs for employees hired after March 1, 1990 and the elimination of the buy-out option. The Employer's proposal to eliminate Plan III and IV and to eliminate the HMO option for employees hired after March 1, 1990 might reduce the Employer's cost and would make the insurance program easier to administer. The elimination of the buy-out program would be an economy. The arbitrator is sympathetic to the Employer's desire to eliminate the buy-out program because there is no longer any necessity for it. As the Employer pointed out in its brief the 90%/10% payment of premiums provides sufficient motivation to discourage employees from participating in the insurance program unless it is necessary. Under the Union's proposal the buy-out program is probably nothing more than a bonus payment to those employees who do not elect to participate in the Employer's insurance program. There is no longer any justification for that buy-out option and the inclusion of it in the Union's proposal weakens its position. The Employer's proposal has real disadvantages to the bargaining unit. Those now electing Compcare coverage and new employees electing any HMO will be denied that choice and perhaps the choice of the physicans they now have. The Employer's proposed modified Plan II will mean a reduction in psychiatric, alcohol and drug rehabilitation care and an additional deductible for precription drugs.

The Arbitrator is sympathetic with the Employer's desire to reduce the number of options available to the employees. However, as the bargaining history shows, the Employer's proposal would eliminate a number of options that the Employer and Union have agreed should be included in the package. The Employer would eliminate the plans that most members of the bargaining unit have selected and substitute a less desirable modification of the existing Plan II. The Arbitrator thinks that some reduction in the number of options available and the elimination of the insurance buy-out makes sense. The justification for the insurance buy-out no longer exists and a reduction in the number of options might eliminate some of the adverse selection that the Employer thinks have increased its costs. But there is no justification for eliminating the health insurance options the employees find most desirable and imposing one that only 8 of the 131 members of the bargaining unit have selected. Were it not for the fact that the Union's proposal continues the insurance buy-out provision that was agreed upon in the past, the Employer's costs would be the same regardless of which proposal was selected by the Arbitrator. If the Employer had proposed the continuation of the old insurance program with the elimination of the insurance buy-out the Arbitrator might have selected its proposal rather than the Union's proposal that includes the insurance buy-out. The proposal that the Employer has made does have the advantage of eliminating the insurance buy-out but it is too radical a departure from the type of insurance program that has been agreed upon by the parties in the past to justify its imposition by the Arbitrator.

A balancing of the considerations and equities attributable to the offers of each party weighs in favor of the Union's proposal. The internal and external comparability factors favor the Union offer. The cost factor would favor the Employer's proposal because it eliminates the insurance buy-out annual cost of $13,500.00 It no longer serves any real purpose other than to provide a windfall for those employees who obtain insurance coverage elsewhere or elect to do without. None of the other statutory critera favor one proposal over the other to any distinguishable degree. The determining consideration is the provision in the Employer's proposal to eliminate the insurance plans the bargaining units have found most desirable and impose in its stead one that has been selected by only 8 employees out of the 131 in the bargaining unit. That change alone, as radical a departure from the past as it is, does not reduce the Employer's costs at all.

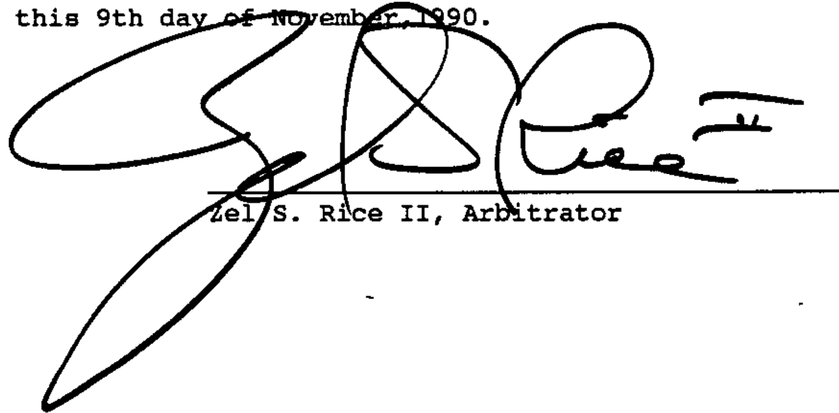
The Employer is concerned with its escalating health insurance cost and it is to the benefit of both it and the employees to seek a plan that will control costs. The 90%/10% premium sharing that was agreed upon by the parties was certainly a step in the right direction. The Employer's proposal to eliminate those health insurance options that the employees found most desirable does not reduce the Employer's costs and has an adverse impact upon the employees. Under those circumstances there is no justification for the Arbitrator to impose a new insurance program that alters the status quo.

It therefore follows in the above facts and discussion thereon that the undersigned renders the following

AWARD

After full consideration of the criteria set forth in the statutes and after careful and extensive evaluation of the exhibits and briefs of the parties, the Arbitrator finds that the Union's final offer more closely adheres to the statuatory criteria than that of the Employer and directs that the Union's proposal contained in Joint Exhibit 1 be incorporated into an agreement containing the other items to which the parties have agreed. As per the stipulation of the parties, their agreements to changes in the collective bargaining agreement contained in Joint Exhibit 3 are made a part of this award and it is directed that they be made a part of the new collective bargaining agreement.

Dated at Sparta, Wisconsin this 9th day of November, 1990.



Zel S. Rice II, Arbitrator

JOINT EXHIBIT #1

MAY 9, 1990

FINAL OFFER

SUBMITTED BY:

COURTHOUSE AND OFFICE EMPLOYEES UNIT

BELLE CITY LODGE NO. 437 DISTRICT NO. 10 IAMAW

FOR INTEREST ARBITRATION WITH

RACINE COUNTY UNIT I

CASE 124 NO. 43324 - MM - 4350

THIS OFFER SHALL INCLUDE ALL ITEMS TENTATIVELY AGREED UPON BY THE PARTIES

JOINT EXHIBIT NUMBER 1

DURATION: Two (2) years.

HEALTH INSURANCE: The Union proposes the continuation of all health insurance plans that were in effect at the expiration of the 1988, 1989 collective bargaining agreement.

ARTICLE 18:04
HEALTH INSURANCE: [illegible] with [illegible]

Effective March 1, 1990 and for the duration of the agreement, the County will contribute 90% towards the monthly premium of the insurance plan elected by the employee. Employees will contribute the remaining 10%.

SCHEDULE A - WAGES: Adjust all wages by the following percentages:

January 1, 1990	4%
January 1, 1991	4%

JLH/pan
opeiu#9, afl-cio

05/09/90

JOINT EXHIBIT NUMBER 2

May 24, 1990

REVISED FINAL OFFER

submitted by

RACINE COUNTY

for interest arbitration with

COURTHOUSE AND OFFICE EMPLOYEES UNIT
BELLE CITY LODGE NO. 437, DISTRICT 10
INTERNATIONAL ASSOCIATION of MACHINISTS
AND AEROSPACE WORKERS

Case 124 No. 43324 MM-4350

This offer shall include all items tentatively agreed upon by the parties and the following items:

Article 18.04 - Health Insurance

Delete the entire section and replace with the following

"[illegible] percent of the single or family premium [illegible] selected by the employee [illegible] payment [illegible] be made through payroll deduction from the [illegible] of each month. The County will continue the IRS Secti[illegible] plan [illegible] basis, if [illegible] employee chooses [illegible] subject to IRS regulations.

(b) For the remainder of the 1990 health insurance year Compcare and Employers HMO's will be offered. Effective with the 1991 health insurance year, Employers (or a comparable HMO) and Burlington Compcare will be offered. Burlington Compcare will be discontinued when the HMO offered by the County, other than Compcare, provides services in the Burlington area.

The County reserves the right to change the HMO carrier provided the coverages and availability of services are substantially equivalent or superior to the Employers HMO plan in effect at the time of the change.

(c) Effective March 1, 1990 only one self-funded plan will be offered and will include the following provisions:

MAXIMUM BENEFIT:	$1,000,000 per person.
DEDUCTIBLE:	$100 with a limit of two (2) deductibles per family per year.
COINSURANCE:	Employee pays 20% of next $2,000 of covered charges each calendar year.
MAXIMUM LIABILITY:	$500 per calendar year for single coverage.
	$1,000 per calendar year for family coverage.

(d) Employees hired prior to March 1, 1990 will continue to have the option of enrolling in the self-funded plan or the HMO, during each open enrollment period. Employees hired after March 1, 1990 will only have the option of enrolling in the self-funded plan.

(e) Employees who retired prior to March 1, 1990, under the provisions of Article XXI of this agreement, will continue with whatever coverage is in effect as of March 1, 1990. If they choose to change coverage in the future, they may select between the self-funded plan or the HMO. Employees who retire after March 1, 1990, under the provisions of Article XXI of this agreement, will have the option of the self-funded plan or the HMO, during each open enrollment period."

(f) Bidding of Insurance

1. Prior to soliciting bids for insurance coverage(s) the County will notify the Union of it's intention to bid the insurance or administration of the plan.
2. If the existing company is the successful bidder, no additional action is required.
3. If a new company is selected, the County will provide the Union with a copy of the new benefit booklet as soon as it is available.
4. Within one month of receipt of the booklet, the Union will notify the County of any changes that the Union believes to be a reduction in benefits. The Union and the County will then meet to discuss those issues.
5. The Union may then grieve the issues starting at the Personnel & Community Services Committee step.

Schedule A - Wages

Adjust all wages by the following percentages:

January 1, 1990 4%

January 1, 1991 4%

Included in final award

Article

2.02 Add marital status to list of prohibited discrimination.

14.10 Add the following sentence to this section:

"An employee's request for one (1) day of vacation will not be unreasonably denied by the supervisor."

16.05 Delete this section regarding FICA withholding for sick leave benefits and renumber the subsequent section.

18.02 Change the following sentences:

"Regular part-time or limited term employees who work 1560 hours or more per calendar year will not be required to contribute any portion of the cost of their insurance benefit coverages. Regular part-time or limited term employees who were eligible for insurance benefit coverages prior to July 1, 1981, would continue to receive such coverages at no cost to them."

to read:

"Regular part-time or limited term employees who work 1560 hours or more per calendar year will be required to contribute the same portion of the cost of their insurance benefit coverages as regular full-time employees. Regular part-time or limited term employees who were eligible for insurance benefit coverages prior to July 1, 1981, would continue to receive such coverages on the same basis as regular full-time employees."

25.01 d) Delete the phrase "which would include the cost of living allowance additive."

27.01 Two-year contract. Substitute January 1, 1990 for January 1, 1988. Substitute December 31, 1991 for December 31, 1989.

28.02	Amend to read:
	"All full-time maintenance engineers, janitors and correctional clerks will be provided with uniforms or coveralls to be worn during all work hours."
Schedule "A"	Title changes in print shop, title changes in DA's office.

DA's office:	Clerk Typist III to Legal Clerk I	
	Legal Steno II to Legal Clerk II	
Print Shop:	Multilith Operator I to Printer	
	Multilith Operator II to Lead Printer	