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IN THE MATTER OF ARBITRATION

BETWEEN

CHIPPEWA COUNTY

AND

CHIPPEWA COUNTY HIGHWAY DEPARTMENT EMPLOYEES
AND CHIPPEWA COUNTY FARM EMPLOYEES, LOCAL NO. 736 AFSCME, AFL-CIO

CASE 175

NO. 46591 -

INT/ARB 6230

Decision No. 27277-A

AWARD OF ARBITRATION

A hearing on the issue as set forth below was held on September 3, 1992 in Chippewa Falls, Wisconsin before the undersigned arbitrator. Appearances for the parties were as follows:

Stephen L. Weld, Attorney
Weld, Riley, Preen & Ricci
715 South Barstow
Eau Claire, Wisconsin 54702-1031 FOR THE COUNTY

Steven Day, Staff Representative
Wisconsin Council 40
AFSCME, AFL-CIO
P. O. Box 1937
Eau Claire, Wisconsin 54702-1937 FOR THE UNION

All parties were afforded full opportunity to examine and cross-examine witnesses and adduce relevant evidence.

Chippewa County (hereinafter shall be referred to as the County) and Chippewa County Highway Department Employees and Chippewa County Farm Employees, Local No. 736, AFSCME, AFL-CIO, (hereinafter shall be referred to as the Union).

The County submitted Exhibits Number 1 through 65 consisting of approximately 156 pages into the record. The Union submitted 11 Exhibits consisting of approximately 1090 pages. Approximately 75 percent of the time of the hearing was spent in identifying and explaining the contents of these Exhibits. The proceedings were not transcribed, however the parties filed post hearing briefs.

Upon the entire record and with due consideration being given to the positions advanced by the parties, I make the following:

BACKGROUND

The County and the Union are parties to a collective bargaining agreement wherein the Union represents all the regular full

time and regular part time employees of the Highway Department and the County Farm excluding confidential, supervisory and clerical support employees. The latest contract between the parties was effective from January 1, 1989 to December 3, 1991. At the time of this hearing there were 63 highway and 3 farm employees.

On June 11, 1992 the Wisconsin Employment Relations Commission issued an order requiring that arbitration be initiated for the purpose of resolving the impasse arising in the collective bargaining between the County and the Union herein affecting the wages, hours and conditions of employment of all the regular full time and regular part time employees of the County as heretofore set forth. The undersigned thereafter was selected by the parties as the arbitrator herein to resolve said impasse.

THE FINAL OFFERS

The issue herein is defined by the final offer of the parties. The parties stipulated that the only item not agreed upon and the sole item to be resolved herein is Health Insurance.

The Union's proposal on Health Insurance is: All items not addressed by this final offer to remain status quo as in the present agreement dated 1/1/89 - 12/31/91.

The County proposes that all items remain as in the pre-existing contract except:

1. ARTICLE 25 - INSURANCE

Section 1, revise to read as follows:

If an employee was hired before January 1,

1990, effective January 1, 1992, through June 30, 1992, the County will pay the full cost of insurance coverage. If an employee was hired before January 1, 1990, effective July 1, 1992, the County will pay a dollar amount equal to 96½% of the single and family premiums for the County's self-funded group hospital/surgical/medical insurance. If an employee was hired before January 1, 1990, effective October 1, 1993, the County will pay a dollar amount equal to 93% of the single and family premiums for the County's self-funded group hospital/surgical/medical insurance. If an employee was hired on or after January 1, 1990, the County will pay a dollar amount equal to 80% of the single and family premiums for the County's self-funded group hospital/surgical/medical insurance. For all employees, health insurance premiums will be prorated on a per hour basis. No payment of health insurance premiums shall be earned for time off without pay. Upon termination of employment with Chippewa County, however, coverage will continue until the end of the month at no additional premium cost to the employee.

The coverage shall be substantially equivalent to that which is in place or have the prior approval of the union to change. Major medical coverage shall include a \$100 per person or \$300 per family (3 - \$100 deductibles in a family deductible provision). The Major medical coverage shall also have an 80/20% co-pay provision on the next \$5,000 of coverage. Pre-existing condition for new employees, second opinion for non-emergency surgery, and same day surgery provisions (as set out in the health manual booklet) shall be available to employees. \$100 per year, per employee coverage on routine physicals and \$100 per year, per person on mammogram (including radiologist reading) shall be applied to the appropriate deductible. The County agrees to implement a Section 125 and 129 (IRC) plan.

The article pertaining to insurance in the contract between the parties expiring on 12/31/91 reads:

ARTICLE 25 - INSURANCE

Section 1. Full-time employees shall be offered the equivalent of their respective existing group hospital/surgical/medical insurance in effect January 1, 1983. The County shall pay one hundred percent (100%) of the single and family premium of those employees electing to take such coverage who were hired before January 1, 1989. There will be a 80% employer, 20% employee

split of the health insurance premium for employees hired after January 1, 1989 for 24 months after date of hire. A \$100.00 per person or maximum \$200.00 per family deductible provision to the basic health insurance program (not Major Medical) will be effective upon ratification. Pre-existing conditions for new employees, reimbursements of medical bills for single employees up to \$50.00, second opinion for non-emergency surgery (covered under major medical coverage) and admittance to the hospital the day prior to non-emergency surgery are in effect.

Wisconsin Statute Section 111.70(4)(cm)7 directs the arbitrator to give weight to the factors found at subsections (a) through (j) in making any decision under the arbitration procedures authorized in that paragraph. The undersigned has therefore reviewed all of the evidence presented at the hearing and considered all of the arguments of the parties in the light of the statutory criteria, such criteria being:

- a. The lawful authority of the municipal employer.
- b. Stipulations of the parties.
- c. The interests and welfare of the public and the financial ability of the unit of government to meet the costs of any proposed settlement.
- d. Comparison of wages, hours and conditions of employment of the municipal employees involved in the arbitration proceedings with the wages, hours and conditions of employment of other employees performing similar services.
- e. Comparison of the wages, hours and conditions of employment of the municipal employees involved in the arbitration proceedings with the wages, hours and conditions of employment of other employees generally in public employment in the same community and in comparable communities.
- f. Comparison of the wages, hours and conditions of employment of the municipal employees involved in the arbitration proceedings with the wages, hours and conditions of employment

of other employees in private employment in the same community and in comparable communities.

- g. The average consumer prices for goods and services, commonly known as the cost-of-living.
- h. The overall compensation presently received by the municipal employees, including direct wage compensation, vacation, holidays and excused time, insurance and pension, medical and hospitalization benefits, the continuity and stability of employment, and all other benefits received.
- i. Changes in any of the foregoing circumstances during the pendency of the arbitration proceedings.
- j. Such other factors not confined to the foregoing which are normally or traditionally taken into consideration in the determination of wages, hours, and conditions of employment through voluntary collective bargaining, mediation, fact-finding, arbitration or otherwise between the parties, in the public service of in the private employment.

The parties agree on the six contiguous counties which should be considered comparable to Chippewa County, the county involved herein, and they are Barron, Clark, Dunn, Eau Claire, Rusk and Taylor. The County also includes in its list the City of Chippewa Falls and the Union in addition to including the City of Chippewa Falls also lists the City of Eau Claire, Chippewa Falls Board of Education, Eau Claire Board of Education, City of Menomonie and Menomonie Board of Education.

No objections were made at the hearing or in their briefs by either party to the other party's adding comparables to those originally agreed upon.

POSITION OF THE PARTIES

The Union in its final offer as previously set forth maintains that the County proposal regarding concessions in the health insurance coverage for the employees in the unit are unjustified for the following reasons:

1. The Union has made health insurance concessions in the near past, over and above what most of the external comparisons have surrendered.
2. Perhaps because of these concessions, the County's actual cost of providing health insurance coverage for its employees is extremely low in comparison with other area counties and other area employers.
3. There is no valid "quid pro quo" offered in return for this cost-shifting.
4. The majority of other internal bargaining unit employees have not accepted the County's cost-shifting proposal.
5. The manner in which this cost-shifting is proposed goes against area health insurance trends.
6. The burden of this cost-shifting falls extremely heavy, not only on new employees to be hired in the future, but on employees already in the unit well before the expiration date of the current contract.

In support of its contention that it has made health insurance concessions in the past the Union sets forth that in the 1986-88 contract the County paid 100% of the premium payments for all single and family plans and there were no "new employee" provisions.

In the agreement for 1989-91 the Union agreed that new employees hired after January 1, 1989 whether single or family plan began paying 20% of premiums for 24 months before returning to 100% premium payment by the County. Since then eight current

employees have paid premiums under that concession.

The basic benefits deductible under the '89-'91 contract was increased to \$100 - single and \$200 family with \$50 still deductible for single.

The Union further contends that during this same period it also agreed to low wage increases in comparison to the Consumer Price Index.

The Union states that the County's actual cost of providing health insurance to its employees is extremely low maintaining that the County already enjoys some of the lowest employer costs in the area.

As to the comparison of the County's cost to that of the cost to the six contiguous counties and the City of Chippewa Falls, Chippewa County pays \$31.08 per month less than the average per month of the primary comparables #1 single plan. Chippewa County pays \$139.16 per month while the average of the 6 contiguous counties is \$170.24. Five of the comparables pay more and two of the comparables pay less than Chippewa County. The County paying the most, Taylor pays \$230.00 per month while the county paying the least, Dunn, pays \$102.20. Therefore the difference between Chippewa and Taylor, the highest paying county is \$90.84 per month, while the difference between Chippewa and the lowest paying county, Dunn, is \$16.46 per month.

The Union maintains that Chippewa County pays \$47.64 less per month per family plan than the average of the comparables family plans and that six of the seven comparables pay more per family plan.

Chippewa County pays \$116.54 less per month than Barron County which pays the most, while Chippewa County pays \$5.64 more than Dunn County which pays the least of the seven comparables.

The Union states that the County's proposed 1993 premium rate increase of six percent and the same County forecast for 1994 is an extremely low rate increase in this day and age. The Union contends that this indicates that the Union health insurance concessions in 1989-91 have worked in holding down the County's low cost of health insurance.

The Union contends that no valid "Quid Pro Quo" was offered in return for the proposed health concessions. The Union in its brief states that Chippewa County is "not a wage leader; not among the primary comparables, not in the state". Although this is correct as shown by Union's Ex. 5 pages 7-9 neither is it far below the average. The Union also contends that Chippewa County's state rankings in the three classifications shown in Union Exhibit 5 go down in 1991 and 1992 and that County is actually paying a few cents less over the three year contract. The Union further contends that the County is actually paying less than the comparable average over the three year contract in its Exhibit 5 (pages 4-6).

Under the County's offer of health insurance cost-shifting, the 63 highway workers will pay over thirty six thousand dollars in new health insurance concessions thus giving them an actual average wage increase of 9.5% or an average of 3.16% per year. There are four employees who were hired on April 23, 1990 who understood at the time that they would only have to pay 20% of their

premiums for twenty four months. Three of the four have health insurance and under the County's final offer these three would have to pay \$5,650.00 over the life of the contract.

The Union points out that the County's represented employees are divided into five bargaining units, Highway/Farm, (67) Support Staff, (126) Professional, (25) Sheriffs, (37) and Nurses, (14) and that only the Sheriffs unit has settled on its contract leaving 86% of the total number of County employees not having accepted the County's health insurance proposal thus discounting the County's stressing the importance of Sheriffs Department settlement.

The Union in support of its position that the manner in which the cost-sharing is proposed goes against area health insurance trends and states that with the exception of one secondary plan in Taylor County, not one of the primary external comparables (including the City of Chippewa Falls) expects premium payment from single plan employees on any of the available plans (Union Ex. 4 page 3) Clark County under its "new employee" provisions, expects no payment from single plan employees (Union Ex. 4 pg. 9) Not one of the secondary external comparables set forth in Union Ex. 6 (page 3) expects single premium payment and the Union states that there is no precedent for this type of cost-shifting.

The County contends that the sole issue involved in this dispute is whether employees will be required to contribute toward the cost of their health insurance. The County maintains that its plan contains improvements in benefits and coverage and that its plan provides for implementation of an employee con-

tribution toward the cost of single family and family health insurance for all employees as follows:

For Employees Hired Prior To 1/1/96

Effective 7/1/92, employees contribute 3.5%
Effective 10/1/93, employees contribute an
additional 3.5%

For Employees Hired After 1/1/96

Employees contribute 20%

The County further sets forth that prior to 1989 the County paid the full cost of health insurance premiums for all employees. In the last three-year contract (1989-91), the parties negotiated a health insurance premium contribution from those employees who were hired after January 1, 1989. That group was required to pay 20% of their health insurance premiums for a period of 24 months. Under the County's proposal, employees hired after January 1, 1990 (none of whom having reached their 24 month anniversary by January 1, 1992, the effective date of this contract) will continue to make a 20% contribution. Those employees who were hired in calendar year 1989 and have, therefore passed their 24 month anniversary would contribute 3.5% of the premium cost as of July 1, 1992 and an additional 3.5% of the premium on October 1, 1993. Thus, those employees hired in 1989 would be treated the same as employees hired prior to 1989.

The County further contends that health insurance premiums and other costs related to health care have increased dramatically in recent years. In the five year period between 1987 - when the Highway Department employees became covered under the County's self-funded plan -- and 1992, the County's health insurance premiums increased 117% for single coverage (from 64.14 to 139.16)

and 108% for family coverage (from \$164.82 to \$343.46). As of January 1993, those premiums will again increase to \$147.70 (single) and \$365.80 (family). The entire increase in those premium costs have been absorbed by the County, with the exception of the seven employees hired after 1/1/89 who have contributed 20% of the cost in their first 24 months of employment.

In response to the Union's contentions that the County's premiums are the lowest among the comparable counties (ER Ex. 19-21) the County states "the County has worked very hard over the past several years to control and maintain health insurance costs The premiums are relatively low because the County has aggressively monitored the administration of the plan and implemented cost containment features such as requiring a second opinion for surgery, designating specific types of surgery to be done on an outpatient only basis and limiting coverage for pre-existing conditions. In addition it added and then increased the deductible for basic health care."

ANALYSIS

The undersigned has carefully examined the exhibits submitted by the parties and the briefs submitted and has separated the facts to what he considers to be important and relevant herein and makes his decision on those facts.

As to the County's contention that its plan contains improvements in the benefits and coverage, the Union has not addressed this contention so I must assume that the County's plan does contain those improvements even though such improvements were not

specifically pointed out on the record.

The County points out that prior to 1989 it paid the full cost of the insurance premiums for all the employees and that in the last three year contract the parties negotiated a health insurance premium contribution from those employees who were hired after January 1, 1990 and those employees were required to pay 20% of their premiums for a period of 24 months after January 1, 1990. There were other provisions added to those concessions. I have studied this provision and find that it has very little bearing on the total impact of the County's proposal since there are so few employees involved in that category.

As to the County's contention that health insurance premiums and other costs have increased dramatically in recent years and that premiums increased from \$64.14 to \$139.16 for single and from \$164.82 to \$343.46 or an annual increase of \$8.54 for single and \$38.34 for family or percentagewise of approximately 13% for single and 23% for family, these increases in all probability occurred in all health insurance premiums throughout the county as well as in the comparables herein. The test however is what is the cost of the premiums to the County for the years beginning with 1992 and how does it compare with the comparables.

County Exhibit 20 and Union Exhibit 4 - page 7 show that Chippewa County in relation to the seven comparables is the third lowest in the single plan and the second lowest in the family plan.

In the single plan Chippewa County pays \$31.08 per month less than the average of the comparables and \$47.64 less per month than the average of the comparables.

In the opinion of this arbitrator the comparison of Chippewa County's cost for health insurance premiums to those of the comparables agreed upon by the parties is of great importance. It would certainly be a factor in considering the County's proposal regarding to have its employees pay a portion of the health insurance premiums if the County was one of the County's at the top of the list in its cost of premiums. However that is not the case here; in fact the County is near the bottom of the list as shown above.

As to the County's contention that ". . . it has worked hard over the past several years to control and maintain health insurance costs . . .," that work apparently has paid off by lowering the cost to be paid by the County as well as the premiums paid by employees. From the explanation of how these costs were reduced . . . "The premiums are relatively low because the County . . . aggressively monitored the administration of the plan and administered cost containment features such as requiring a second opinion for surgery, designing specific types of surgery to be done on an outpatient only and limiting coverage for pre-existing coverage" which indicates that some reductions were made in the coverage for the employees.

In addition to its position that the County has by its efforts reduced health premium costs it states that the "Union's argument that the comparables do not support an employee contribution for single contribution" by pointing out that the 12 employees taking single coverage are, according to commentators, not likely to become better health care consumers or take an increased interest in controlling health insurance costs if they

have no monetary interest in the cost of health insurance - single as well as family - is vital if plan participants are to become better consumers.

The arbitrator must agree with the Union that there was no evidence introduced of a high number of employee claims or excessive deductions from the self-fund account.

The County maintains that the reasonableness of its offer is demonstrated by the law enforcement unit's willingness to voluntarily accept the County's offer and voluntarily contribute toward the cost of health insurance. The Company policy according to the County's brief regarding department head and management was that if, any employee group agreed to contribution, the department heads and management groups would be treated the same. Thus, three units now will have employee contributions. It is important, states the County, for the morale of the law enforcement unit as well as the department heads and management personnel that the remaining units be required to make the same contributions.

In answer to County's allegation above the Union states that the County's represented employees are divided into five bargaining units, 67 Highway/Farm employees, represented by AFSCME, 126 Support Staff employees, represented by Teamsters, 25 Professional employees, represented by Teamsters, 37 Sheriffs represented by W.P.P.A., and 14 Nurses represented by LAW making a total of 269 represented employees. The number of department heads and management group was not listed by either party.

The Union contends that attaching much significance at all to one or two small internal settlements would be misplaced.

Jerilyn Drost a member of the Chippewa County Board testified that Resolution No. 31-92 was introduced on May 12, 1992 over a month after the final offers of the parties were exchanged. The resolution is attached hereto as Union Exhibit 7 page 5 and made a part hereof.

Drost further testified on cross-examination by the Union counsel that the motion to adopt this resolution was defeated and was to be reviewed after the pending arbitration. Drost further testified that as of January 1, 1993 non-union personnel were to pay 3.5% and July 1, 1993 a second 3.5% is to be paid.

On August 13, 1992 counsel for the County by letter to Steve Day, representative of the Union advising him that the County had settled its contract with the County Law Enforcement employees, that settlement being similar to that proposed and rejected by the department heads, etc.

In an article appearing in the Leader-Telegram dated May 13, 1992 and a careful reading of it would indicate that the County had no policy regarding insurance with the department heads and management as set forth in the County's brief and in fact the policy would be the opposite as stated by Supervisor Evelyn Maloney that "six years ago the County gave up a provision for employees to pay 20 percent of the insurance costs in exchange for lower wages" Union Exhibit #7 page 7 is attached hereto.

It is undenied that four of the five units, representing 232 of the county's 261 employees up to the date of the hearing herein had not accepted the County's health insurance proposal.

The Union states there is no merit to the County's argument that its employees make insurance concessions since there is no

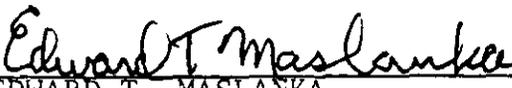
evidence to indicate a high number of employee claims, no evidence of excessive deductions from the self-fund account and there is no evidence of an inability to pay on the part of the County. To this the arbitrator must agree.

Both the County and the Union have raised factors to be considered in their favor such as Cost of Living, concessions made by employees of other employers in regard to wages, is there a quid pro quo, other public sector and private sector employees and other arguments. The undersigned feels that the County's argument that the morale of heads of departments and management, and the law enforcement unit would suffer if the remaining units were not required to make the same contributions to health insurance has been previously addressed. The undersigned has considered all of the parties arguments and positions and based on all of the relevant evidence concludes that:

It is the opinion of the undersigned that the final offer of the Union is the more appropriate one of the two final offers before the arbitrator.

AWARD

The final offer of the Union herein shall be incorporated into the parties collective bargaining agreement.


EDWARD T. MASLANKA
ARBITRATOR

DATED: November 12, 1992

RESOLUTION NO. 31-92

RESOLUTION ESTABLISHING MEDICAL INSURANCE COST SHARING
BY INCUMBENT ELECTED OFFICIALS AND
NON-UNION POSITIONS

WHEREAS, the medical insurance costs have dramatically increased in recent years, and

WHEREAS, persons first employed by Chippewa County after 1/1/90 are obligated to pay 20% of the medical insurance cost, and

WHEREAS, elected officials whose initial terms commence January 4, 1993, shall pay 20% of the medical insurance cost, and

WHEREAS, the County is presently bargaining with union employees to cost share medical coverage, and

WHEREAS, benefit parity is in the best interest of the County and its employees.

NOW, THEREFORE, BE IT RESOLVED that incumbent elected county officials, re-elected in 1992, shall pay 10% of the medical insurance cost effective with the commencement of their term January 4, 1993.

BE IT FURTHER RESOLVED that all non-union personnel employed prior to 1/1/90 shall pay 10% of the medical insurance costs effective July 1, 1992.

Dated this 12th day of May, 1992.

Date Rec'd. _____

Lewis S. Wolfe
Lewis S. Wolfe

Frank L. Woodford
Frank L. Woodford

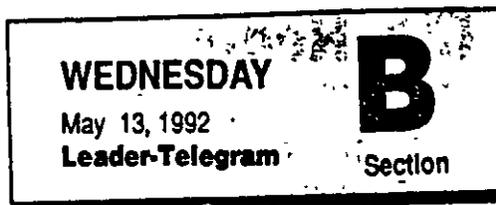
Lavene Ludwigson

APPROVED
Jessie K. Kuehl
Corporate Counsel

County Auditor

motion to adopt DEFEATED

*... of sub... review after...
led by Linda - letter to Dept Heads - no bargaining until after Union agreement.*



County board defeats insurance proposal

CHIPPEWA FALLS — Two attempts to make county officials re-elected this November pay a portion of their medical insurance coverage were defeated by the Chippewa County Board on Tuesday.

Some supervisors said making the officials pay 10 percent of their medical insurance coverage would be unfair. Currently the county pays 100 percent of the costs for the officials.

"This proposal absolutely puts a substantial penalty on the management people and I don't think this is fair," Supervisor Larry Willkom of the town of Lafayette said.

"This resolution is not intended to penalize any group," said Supervisor Lewis Wolfe.

The resolution would have required incumbent officials re-elected in November to begin paying 10 percent of the medical insurance costs starting Jan. 4, along with all non-union personnel.

Wolfe said the latest the county could change the pay or benefits of

the next term of elected officials is this month, under state law.

"We're trying to get every employee to pay a little for their insurance," Wolfe said.

But Supervisor Evelyn Maloney said, "I think this is a little bit too much." Six years ago the county gave up a provision calling for employees to pay 20 percent of the insurance costs in exchange for lower salaries. Maloney said another change would be bad for the morale of non-union employees.

"You're doing something here that isn't right," Sheriff Al Dachel said, adding the county would be open to an unfair labor practice complaint if it passed the resolution.

An amendment by Wolfe to review the insurance coverage payments after settlements with the county's labor unions was defeated 14-13, and the resolution itself was rejected 17-10.

— Rod Stetzer