ARBITRATION OPINION AND AWARD

In the Matter of Arbitration Between

GENERAL TEAMSTERS UNION LOCAL 662

and

CHIPPEWA COUNTY

Case 173
No. 46589 INT/ARB-6228
Decision No. 27325-A

ARBITRATOR: John W. Friess
Stevens Point, Wisconsin

UNIT: Chippewa County Professional Employees--
Social Services and Courthouse
25 Professional employees

HEARING: October 16, 1992
Chippewa Falls, Wisconsin

RECORD CLOSED: November 20, 1992

AWARD DATE: January 18, 1993

APPEARANCES:

For the Employer: WELD, RILEY, PRENN & RICCI, S.C.

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ARBITRATION OPINION AND AWARD

Chippewa County Professional Employees
and
Chippewa County

BACKGROUND AND JURISDICTION

This dispute concerns the negotiation of a collective bargaining contract between the Chippewa County Social Services and Courthouse Professionals represented by General Teamsters Local 662 (Employees, Union) and Chippewa County (County, Employer) to replace their old contract which expired on December 31, 1991.

The parties exchanged their initial proposals on September 17, 1991 and met thereafter on four occasions in an effort to reach an accord. On November 25, 1991, the Union filed a petition with the Wisconsin Employment Relations Commission (WERC, Commission) requesting arbitration pursuant to the Section 111.70(4)(cm) of the Wisconsin Statutes. On February 14, 1992, David E. Shaw, a member of the Commission's staff, conducted an investigation which revealed that the parties were deadlocked in their negotiations. By June 25, 1992, the parties had submitted their final offers and Investigator Shaw notified the Commission that the parties remained at impasse and the dispute was certified by the Commission for arbitration. On July 7, 1992, the Commission submitted a panel of arbitrators to the parties. John W. Friess of Stevens Point was selected as Arbitrator and was notified by the Commission on July 21, 1992.

An arbitration hearing was held on October 16, 1992 at the Chippewa County Courthouse in Chippewa Falls, Wisconsin. At that hearing exhibits were presented and testimony was heard. It was agreed that briefs would be exchanged through the Arbitrator and mailed by the parties postmarked by November 6, 1992. Reply briefs, if any, would be sent to the Arbitrator and each party postmarked one week after receipt of the briefs. The parties agreed the record would remain open for additional Chippewa County-related evidence until receipt of the reply briefs by the Arbitrator. Briefs and reply briefs were filed with the Arbitrator as agreed, the last one of which was received November 19, 1992. Subsequently, no other evidence was received and the record was closed on November 20, 1992.

The Arbitrator is granted authority to hear the evidence and issue an arbitration award under Section 111.70(4)(cm) 6 and 7 of the Wisconsin Municipal Employment Relations Act. The Arbitrator is obligated under the terms of the statute to choose the entire final offer of the Employer or the Union. Section 111.70(4)(cm) 7 sets forth 10 criteria the Arbitrator is obligated to utilize in making the decision. These criteria are itemized in the statute and are quoted verbatim in "Appendix A." For this award, these criteria will be identified as: (a) lawful authority; (b) stipulations; (c) interests and welfare of the public; (d) comparisons--other employees; (e) comparisons--other public employees; (f) comparisons--private employees; (g) cost of living; (h) overall compensation; (i) changes; and (j) other factors.

The employees involved in this proceeding are composed of a collective bargaining unit represented by the Union which consists of certain employees of Chippewa County. Specifically, all regular full-time and regular part-time professional employees of the Chippewa County Social Services Department, Unified Services and Institutions, excluding administrative, managerial, supervisory, confidential, clerical and temporary employees. There are 25 professional employees in the unit.

STIPULATIONS AND FINAL OFFERS

STIPULATIONS

During the certification process the parties submitted the issues to which they agreed. These issues are stated in a document entitled "Tentative Agreements for Chippewa County Professional Social Services Department May 25, 1992 *Amended From April 28 Draft." In addition, during pre-hearing discussions and at the arbitration hearing, the parties agreed that the parties' offers on the wages issue were really the same. As a result the parties stipulated to the Union's language on the wages issue. Therefore, this issue, along with the other stipulated issues, will not be discussed in this award.

FINAL OFFERS

Both parties have submitted proposals covering a period of three years. Based upon the final offers there are two issues involved in this dispute: wages and health insurance. However, as discussed above, because the parties have stipulated that there is no dispute regarding the wages issue, the proposed changes in the health insurance will comprise the sole issue in dispute in this case. The following are the positions of the parties on the health insurance issue:

The County wishes to make revisions in Section 1 of ARTICLE 25 - INSURANCE that would affect several components of the health insurance benefit. Specifically, the County is proposing:

"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 96 1/2% 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 deductible (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 conditions 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 Union wishes to keep the current contract language of Section 1, ARTICLE 25 - INSURANCE, which reads as follows:

"INSURANCE

Section 1. Full time employees shall be offered the equivalent of existing group hospital/surgical/medical insurance in effect January 1, 1983 with pre-existing conditions for new employees remaining in effect. 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, 1990. There will be an 80% Employer/20% Employee split of the health insurance premium for the employees hired after January 1, 1990 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), pre-existing conditions for new employees, second opinion for non-emergency surgery and same-day surgery provisions shall be as per Health Insurance Booklet."

[There was considerable debate at the hearing over the interpretation of the current language: "...for 24 months after hire date." As I pointed out to the parties, I have no jurisdiction to decide application and interpretation issues. However, it appears the parties have come to terms on this issue: the Employer apparently has accepted the Union's interpretation of this clause. Namely, the County in its brief made at least 3 references to the "24 month" clause (ER Brief pp 4, 11, & 19) and in each instance interprets the language as a 2-year only (first 24 months of employment) 20% premium contribution, after which the contribution level is dropped to 0%. Therefore, I too will use this as the meaning of the clause.]

ISSUES SUBJECT TO ARBITRATION

As mentioned above, there is one issue in dispute related to the final offers of the parties: health insurance. During the briefing process the parties raised two other issues relevant to this arbitration that will be addressed in this decision: the submission by the Employer of two sets of exhibits. These issues will be addressed individually in the DISCUSSION below.

DISCUSSION

INTRODUCTION

The Arbitrator in these cases is charged with determining the more reasonable of two offers, and to order the implementation by the parties, in full, either one or the other. In this case the parties both have certainly developed very reasonable offers--ones that are fairly close both in terms of economics as well as principle. As stipulated by the parties, the wage increase proposals are identical--4% per year for the three years. Of most concern and in dispute are the changes proposed by the Employer regarding the health insurance. The crux of the proposed change is the amount of employee contribution to the insurance premium, which to some extent the Union supports by offering to maintain a status quo insurance provision that itself contains an employee premium contribution. So, the job of the Arbitrator will be to decide which of two fairly reasonable offers is more reasonable in relation to the ten statutory criteria.

The report of my thinking and decisions will be accomplished in this DISCUSSION section. I will provide a brief summary of each of the parties arguments and positions (headed "**The Union**" and "**The Employer**") as I discuss the issue. "**Discussion:**" follows the summary of the parties' positions and indicates the start of my analysis and opinion. Before discussing the substantive issues, the parameters for the analysis of the evidence and argument will be established.

EVALUATION OF EVIDENCE

I would like to begin this section by commending the parties on the amount (small) and type (professional) of evidence that was presented in this case. Too often parties submit reams and reams of evidence that could take literally weeks to read. I am very impressed in the amount and quality of both exhibits and written argument the parties prepared for this case. Very professional charts and graphs made understanding the parties positions a lot easier. Both sides in this dispute should be proud of the case each presented to this Arbitrator.

The Union in its brief objects to the inclusion in the record of two sets of Employer's exhibits: Employer Exhibits 44-50 (non-county

comparables); and Employer Exhibits 10-14 (labor economics news articles). I will deal with these two evidence issues here.

Submitted Evidence

Employer Exhibits 44-50 (non-county comparables)

The Union objects to the submission by the Employer of data on employee groups not in the primary comparable group. The Union maintains these exhibits to be inconclusive and irrelevant--they provide selective information without the supporting evidence as to background and total compensation for these employee groups (Chippewa County villages and cities, school districts, and private employers).

Discussion: It is unclear to me the exact nature of the Union's objection and request here--at least, in terms of what, if anything, the Union is asking the Arbitrator to do about the evidence in question. The exhibits have been accepted into the record and I see no reason to exclude them at this point. Regarding the relevancy of these exhibits, I believe Section 111.70(4)(cm) 7. specifically requires the Arbitrator to "give weight" to the criteria (e) comparisons--other public employees, and (f) comparisons--private employees. These exhibits are very relevant to this case. The Union's comments regarding the conclusions that ought to be drawn, and the fact that some of the documents have little supporting documentation, will be considered below in placing weight on the criteria and evidence within that criteria grouping.

Regarding the data on private employers in Chippewa County (ER 46-50), notwithstanding the Union's objections, I would like express my appreciation to the Employer for the work in obtaining this data. Arbitrators are often criticized for not paying close enough attention to what is happening in the private sector. The fact is most arbitration records are void of good, comprehensive private sector data. The exhibits presented here were prepared from a professionally developed and conducted survey of area private sector businesses. It is hard not to pay attention to evidence when it is so professionally prepared!

Employer Exhibits 10-14 (labor economics news articles)

The Union also in its brief (p. 2) objects to the inclusion of Employer Exhibits 10 - 14: news articles relating to labor economics of the area and state. As with the above objection, I see no substantive reason to eliminate these exhibits, and will take the Union's concerns into consideration when placing weight on this evidence. (Generally speaking, as news articles go, I tend to place them down on the list of accurate and convincing evidence.)

REASONABLENESS TESTS

Normally the ten statutory criteria are sufficient for determining the reasonableness of the final offers, but when a language change is proposed by one or both parties, criteria and level of burden of proof need to be established by the Arbitrator. Therefore, two reasonableness tests' criteria will be discussed in this section: change tests and comparative tests.

Change Tests

Health Insurance Language Change

Discussion: The only issue in this case is the language change being proposed by the Employer for the County's health insurance plan. Usually the party proposing a language change is required to demonstrate (to prove) that its proposal is reasonable. Different burdens of proof are required depending on whether or not a change is actually being proposed, and then, if so, the kind (or degree) of change it is.

The Employer in its brief made extensive reference to a previous decision of mine (Howards Grove School District, No. 43261 INT/ARB-5483, 9/25/90) in which I discussed in (gruesome?) detail the idea of change in collective bargaining and arbitration. I think the County's attention to my thoughts as expressed in that decision are very germane to this case, or any other case in which a party is proposing some kind of language change. I will not repeat my lengthy discussion here, but will rely on the principles described there for deciding what, if any, change test is needed in this case. The questions are: Is a change actually being proposed? If so, what kind of change is being suggested? And based on this, what level of burden of proof is required by the proposing party?

Is a Change Being Proposed?

Discussion: The Employer is proposing new language for the health insurance section of the contract. I think both parties agree, and I concur, that there is a change being proposed here. There are actually a number of changes being proposed. The major change proposed seeks to make permanent (or without a sunset time/date) the amount of contribution (20%) employees hired after 1/1/90 will be required to make to health insurance premiums. Based on this, I conclude that a change is in fact being proposed.

What Kind of Change Is Being Proposed?

The importance of determining the kind or degree of a contract language change can not be over stressed. If a significant change is being proposed by a party, there ought to be a substantial burden of proof (and passing of rigorous tests) required by that party in order to prevail in arbitration. If on the other hand, a less significant change is being offered, a lessor burden of proof (and less rigorous testing) should be required.

The Employer suggests in its brief that its proposed changes are not that significant--actually ordinary in nature. Quoting Arbitrator Slavney (Washington County, 1991), Vernon (Kiel, 1991), and me (Howards Grove, 1990) the County maintains that its change is in a frequently negotiated economic area and as such, requires a lesser burden of proof.

The Union argues that the change proposed by the County is not the kind that will inflict pain for only the moment (this contract period), but the kind that goes on forever. The Union maintains that the Employer's proposal makes significant and lasting changes in the employee group creating a fundamental inequity that will forever make parity impossible in this bargaining unit.

Discussion: As indicated by me in a previous award (Howards Grove, 1990), I think there are four degrees or levels of contractual change:

Type	Example Changes
- technical	typographical corrections; article re-numbering
- ordinary	contract dates; wage increase percentages
- substantial	insurance benefit level; salary schedule structure
- critical	removal of grievance procedure; elimination of seniority

It is important to analyze the proposed language to determine which type it is.

As mentioned above, the County's proposed language has not one change, but numerous (12 by my count). In order to completely understand the nature of these changes, I have developed Chart I (on the next page).

Based upon Chart I there are three kinds of differences in the 12 clause components between the Unions (existing) language and the Employer's (proposed) language: where a technical change is proposed; where a normal change is proposed; and where it is unclear whether or not a substantive change is being proposed.

There are six components where clear changes are being proposed (first, second, seventh, and last three components). In each of them, I believe the changes to be of the *ordinary* type. That is, each has to do with a "difference in the form and content that is commonplace and usual, and/or takes place or is considered on a regular basis." (Friess, Howards Grove, 1990: p.11) The record is quite clear in this case as to how often the parties negotiated the health insurance benefit as part and in the course of their regular collective bargaining. While the parties seem to like three year contracts, the last several times at the table they negotiated changes in one or more of these components. It seems the amounts of employee contribution, deductible, and/or co-payment percentages are a somewhat regular part of the contract changes for these parties. Given this, it is hard to see these proposed changes as anything other than *ordinary*.

There are three components (three, four and five) where, given the data in the record, it is not possible to tell if anything other than a *technical* change is being proposed. There are no corresponding/comparable language

CHART I
CHIPPEWA COUNTY PROFESSIONALS LABOR CONTRACT
COMPARISON OF INSURANCE CLAUSES

CLAUSE COMPONENT	UNION (EXISTING)	COUNTY (PROPOSED)	CHANGE/ TYPE
Employee Premium Contribution (Pre-1/1/90)	0%	0%; 3.5%; 7%	Yes/ Ordinary
Employee Premium Contribution (Post-1/1/90)	20% for 2 yrs, then 0%	20%	Yes/ Ordinary
Calculation of Premiums	?	prorated per hour	unk
Payment of premiums during non-paid leave	?	none	unk
Premium payment upon termination	?	to end of month	unk
Type of policy	"equivalent" to 1/1/83 policy	"substantially equivalent" to current	Yes/ Technical
Base deductible	$100 single $200 family	none (eliminated)	Yes/ Ordinary
Major medical deductible	$100 single $300 family	$100 single $300 family	Yes/ Technical
Co-payment	80/20% $1,000/person max	80/20% $1,000/person max	Yes/ Technical
Routine Exams	None	$100 toward deductible	Yes/ Ordinary
Mammograms	None	$100 toward deductible	Yes/ Ordinary
IRC Plan	None	Yes	Yes/ Ordinary

components in the existing language, and the record contains no indications of the past or current practice regarding these issues (at least that I could find). Thus, it is not possible to determine whether the Employer's addition of these items are actually proposed changes of substance or just a codification of current practice. Because the Union does not even mention these additions, I will assume these proposed changes are of no substantive concern to the parties. While these could be classified a *technical* changes, I will leave them as *unknown*.

A final group contains three components (six, eight, and nine). With the exception of one, the changes are *technical* in nature, and should have no impact upon the benefit level or costs to the Employer and employees. As to the sixth one (the exception) the addition of "substantially" and the elimination of the reference to the 1983 insurance benefit level could possible be a *substantial* change. As with the three unknown components mentioned above, the Union raises no concerns regarding this change in the language, so I will again assume no substantial or even ordinary change is being proposed.

The Union contends that the County's change to a "permanent" 20% premium contribution by employees hired on or after 1/1/90 from a "temporary" two year situation is a "concession that goes on forever." I cannot disagree more. While a precedent is sometimes set by negotiated or arbitrated terms of a contract, those same items are usually "fair game" for the next round of bargaining. In fact, the instant record shows (as mentioned above) the parties here change the terms of their health insurance nearly every time they come to the table! The Union knows very well: little, if anything, in labor relations is set in stone.

The Union also brings up the issues of equity and parity--suggesting these be used as criteria for judging the reasonableness of the Employers offer. The point being that if the Employer's language is adopted by the Arbitrator, two groups of employees will be created: those that were employed prior to 1/1/90 and those hired after 1/1/90. The difference in level of insurance benefit will forever create an inequity in total compensation that will make parity among the unit employees impossible. There are two parts to the Union's concern: parity and permanence.

I'm not sure I understand the significance of total compensation parity as described here by the Union. There are similar (and purposeful) inequities in other benefits in the current contract that I am sure are supported by the Union. Is the Union really working for total compensation parity in this unit? If so, there would have to be *substantial*, perhaps *critical* changes in other areas of compensation: things like vacations, sick leave, longevity pay, etc. These areas create inequities on purpose--to reward employees who remain with the organization for more than a few months or a couple of years.

Whether or not the 20% for two years was implemented in order to <u>create</u> an inequity in order to reward more senior employees is probably irrelevant. The fact is, the clause operates to do just that. As with probationary periods, vacations, longevity pay, and the salary system, this insurance premium payment arrangement serves to provide improved benefits for those who stay longer with the organization. This is a common, reasonable, and

inequitable practice (even though it may have a new twist in the health insurance premium area).

The Employer's offer (to have current employees eventually pay 7% and new employees pay 20%) is essentially a way of "grand-fathering/-mothering" the current employees; a common, reasonable, and inequitable practice in contracts such a this.

A more important point, I think, is that the Union here agrees with the situation of inequality of premium contribution by supporting the status quo language--the language that created the two groups in the first place. By not objecting to an existing inequity, and further, by arguing to maintain the current premium sharing system that contains the exact unequal sharing of premium costs (20% for some, and 0% for others), the Union is in a poor position to argue for parity. Now, had the Employees proposed something like a straight 5% (across the board) premium contribution by all the employees, not only would it have supported its parity position, but would have crafted a far more reasonable (at least to this Arbitrator) offer.

And regarding the permanence of the two group inequity: under the County's offer, eventually over time the split unit will become whole again as new employees (hired after 1/1/90) replace professionals resigning or retiring. As the employer points out, eventually all employees will have a hire date of after 1/1/90. Point of fact: it is the Union's status quo proposal that maintains the inequity forever!

The Union now probably thinks I am missing the point of its expressed concerns and demonstrated abhorrence with the Employer's proposal. Not at all. It's just that this is not an equity or parity issue. The Union, by accepting and supporting the existing language, by default, accepts the concept of non-equal contributions to the health insurance premiums--accepts and supports the inequity and non-parity. The central issue here is one of economic reasonableness. The central question is: Is it reasonable for any part of this public sector professional employees' group to contribute 20% to their health insurance premiums; and/or for another part of the unit to contribute 7%? Although equity and parity could be important criteria by which to measure the reasonableness of some issues, for the reasons just stated, I have to reject them as relevant criteria in this dispute.

In conclusion, since the changes being proposed by the Employer are of the *technical* and/or *ordinary* type, no substantial burden of proof, with corresponding test(s), will be required by the Employer in convincing the Arbitrator of the reasonableness of its offer. The comparative tests contained in the ten statutory criteria are a sufficient burden of proof for implementation of *technical* and *ordinary* changes through arbitration.

[The Employer suggests, and then argues its case very persuasively based upon, a four-element, substantial-burden-of-proof test suggested by Arbitrator Vernon (Elkhart Lake, 1990). Since only a "normal" level of proof will be required in this case as determined above, I will respond the County's arguments presented to meet this test as I discuss the issue with regards to the statutory criteria.]

Comparative Tests

Relevant Statutory Criteria

The parties presented little or no evidence relating to some of the criteria. Thus, these criteria will receive little or no weight in this arbitration decision: (a) lawful authority of the Employer; (c) the public interest and ability to pay; (i) changes; and (j) other factors. The other criteria will be weighted, considered, and discussed in general terms in the next section.

Primary Comparable Group

Both parties agree that the six counties contiguous to Chippewa County should make up the primary comparable group for comparisons with other public sector professional employees. Therefore, for this arbitration, the following counties will make up the primary comparable group: Barron, Rusk, Taylor, Clark, Eau Claire, and Dunn.

ANALYSIS AND OPINION

In this section I will discuss the health insurance issue using the criteria enumerated above. Based upon the opinions of the parties from the evidence and argument, I rank and place weight on the criteria this way: (d) comparisons--other employees (highest/major); (e) comparison--other public employees (high/major); (b) stipulations (next/considerable); (h) overall compensation (low/fair); (f) comparisons--private employees (lower/fair); and (g) cost of living (lowest/minor). Most of the discussion and emphasis of this decision will be place on the criteria of highest priority and weight.

Health Insurance

The only issue in dispute in this case is the changes in the health insurance language being proposed by the County. Each party presents its case as follows:

The Employer argues that insurance rates continue to increase at a high rate and the excessive rates warrant taking steps to reduce costs. Despite the fact Chippewa County is self-insured and has already taken major steps to reduce health care costs, there has been an increase of over 100% in premium costs in the past five years. The County must continue to take meaningful steps to control its health insurance costs to keep from draining away dollars from employee wages and other compensation. The County maintains that there is a trend among the primary comparables toward employee participation in the cost of health care premiums. The County also argues that the internal comparables support its offer in that the County's law enforcement unit and the County's non-union employees both have agreed to the Employer's plan for cost sharing. The County's offer includes an important combination of concessions fashioned to add up to a "quid pro quo" to off-set employee costs for the proposed changes, namely: an extra .5% in wage increases each year for three years; the elimination of the deductible for basic health care

expenses; the addition of $100 each for routine physicals and mammograms to be applied to the deductible; and implementation of a IRC Section 125 Plan. In view of the record before the Arbitrator that clearly indicates the reasonableness of the Employer's offer, the County's offer should be selected.

The Union maintains that the employees (especially those hired after 1/1/90) are already sharing in a considerable portion (20%) of their health insurance premiums costs. Contrary to the views of the County, it does make a difference to these employees that they are making this contribution and it will make a substantial difference to them if they have to keep making this high contribution if the County's offer is adopted. The Union points out that the County's offer is also unreasonable when considering the comparable communities. Chippewa County has one of the best plans and yet is on the low range among the comparables for health care and premium costs. This situation may very well be the result of previous concession made by the Union in bargaining over the past 10 years. The Union suggests that what the Employer offers now is not going to impact on health care costs--it only shifts the burden from the Employer to the employees. Further, the Union submits that the so-called "quid pro quo" offered by the County in no way reimburses the employees in this unit for the new out-of-pocket costs associated with the 7% and 20% premium payments required by the Employer's proposal. The Union states that it is clear from the facts and arguments presented in this case that the Union's offer is most reasonable and must be selected by the Arbitrator.

Discussion: This health insurance proposal is an important issue for both the Employer who funds most of an expensive insurance plan and the employees some of whom already contribute heavily to their premiums. Important in the decision here is that there appears to be a long history of strong internal consistency, but there is no current pattern among the county units. With only two of the organized County units settled and the rest in the arbitration process, it is hard to tell where the internal pattern may end up. There is, however, some guidance with regard to the external comparables (the contiguous counties), as well as other public and private sector employees in the area.

The core issue in this dispute, I believe (and as I have indicated above, p.6), relates to the Employer's desire to make permanent, or without end, the contribution to the health insurance premium (20%) of employees hired after 1/1/90 (the second component on Chart I, p.8). This change, over the current situation in which new employees pay 20% for only 2 years, of all those proposed will have the most profound and lasting economic impact on the current and future employees in this unit. To emphasize this, if, for discussion sake, Chippewa County had a 50% turn-over rate per year, then <u>every</u> employee would be making a 20% contribution to their health insurance premiums before this new agreement expired. Is this a reasonable level of premium cost sharing for professional public employees?

While the Employer's argument that the comparables overwhelmingly support employee contributions to health insurance premiums is true, the County seems to overlook the fact that some employees are already making a substantial contribution to their premiums. There is one internal organized unit that has voluntarily settled (Deputies) and they have agreed to the

Employer's proposal. However, the only other contract (Highway) has been settled through arbitration in favor of the Union. There is not much support for either offer among the current internal comparable settlements.

The external comparable units do, on the whole, have contracts that require some employee contribution to health insurance premiums. However, the average contribution appears to be in the 5% range, with a couple requiring 15% for standard plans. No Employer among the comparable county units requires a contribution as high as 20% for a standard plan. While one governmental unit (City of Chippewa Falls) actually has an employee contribution of 20% for the family plan, according to the Employer's own exhibit (ER 44) this is an anomaly. There is little support for the County's proposed change among the external comparables.

There is, however, support for the County's offer among the private sector employers. Many require substantial employee contributions; as high in some cases as 70% - 80%. These seem to be not the normal though, because the average family premium employee contribution is around 31% for the 46 area employers (ER 49). While this is instructive in looking at trends, as indicated above, little weight is place upon these comparisons.

Another important issue has to do with the Employer's proposal to require all other (more senior) employees to contribute 7% toward health insurance premiums. With this, the County proposes an implementation plan which, over a little less than a two year period, the 7% is phased in. There is more support among all the criteria for this part of the Employer's offer. A 7% employee contribution, while on the high side, is a reasonable requirement based on all the comparable data and other measurements. If the Employer had proposed a straight (across-the-board) 7% employee contribution, its position would have been considerably strengthened. Other things remaining equal, the County would have found it a lot easier to convince an arbitrator (at least this Arbitrator) that its offer was reasonable.

But the problem is (which I suspect is the Union's primary concern), the County really doesn't want employees to contribute only 7%--the goal, which would be reached sooner or later under the County's offer, is 20% contribution by all employees. Essentially I think the Employer here is trying to take advantage of the demonstrated willingness of the Employees to share the burden of health insurance premium. The County's proposal changes new employees temporary, two-year 20% contribution (not an unreasonable approach) to a permanent contribution by converting the unit through attrition to an unreasonably high contribution amount (an unreasonable method). On this point, I find the Employer's proposal unreasonable.

Another part to this dispute is the high costs to the Employer of this health plan. While the County's costs appear to be fairly reasonable and result in Chippewa County being near the bottom with respect to insurance premium costs as compared with other counties, it is still an expensive plan to maintain. The Employer does deserve to implement cost saving measures to counter the high and increasing costs. But, by proposing 12 different component changes to the health insurance language, I wonder if the Employer isn't trying to implement too much, too fast. Still, there are some important and interesting parts to the Employer's proposal that the County believes to be cost controlling and a "buy out" of the proposed increase in premium

contributions: $100 each physical exam and mammograms; elimination of deductible relating to basic services; and implementation of IRC Plan.

Of all the supposed "cost controlling" measures proposed by the County in its offer, the $100 each for physical exams and mammograms has the most potential to contain and reduce medical costs in the long run of any other proposed changes. Each of these has prevention and early detection potential that could significantly impact on the overall medical costs of this group of employees and ultimately reduce medical costs and premiums. What is most interesting and appealing about these proposed "benefits" is the way they appear to be administered (by applying the $100 to the appropriate deductible). These procedures are not only preventive in nature, but when administered as they are, also provide a strong incentive for employees to take the exams. The employee will have to pay the cost for the exams (thus the Union's rejection as this off-setting the premium contribution increase), but will have their deductible credited for the exam cost up to $100. Thus the savings comes later that deductible year for future medical expenses that would be covered under the deductible. In my opinion, these procedures are so important in terms of their health prevention and potential at significant costs savings, it would be in the Employer best interest to institute these procedures even without Union "concessions."

The Employer should be applauded also for its attempt to simplify the health insurance benefits by eliminating one of the deductibles. I am a professional who works regularly with these kinds of issues and numbers, and I found myself confused by the various deductibles, co-payments, premium contributions, etc., etc. The average employee and benefits person trying to understand and administer these different procedures must also share in my confusion from time to time. The Employer's desire to reduce the confusion by eliminating a deductible is over-shadowed here by its language proposal which is very complex and lengthy. If only the County had been able to draft a clause which could have be a bit shorter and less complex, so that it would be easier for the average non-legal employee, County manager, or even arbitrator, to comprehend.

The IRC Plan which "banks" the employees' insurance premiums from pre-tax earnings is also a creative way to try to save money. The Union in its brief (p. 12) indicates that, under different circumstances, it would probably be interested in this apparently "win-win" procedure.

The question remains, with all that the Employer "throws into the pot" (including the .5% "excess wage increase" each year for 3 years): Is there a "buy out" of the health insurance premium contribution? On this I tend to agree with the Union. While each of the County plan additions in themselves are "pot sweeteners," together they just do not add up to the substantial cash contributions made by the employees (7% and 20%). For instance (if I understand this right): the $100 for mammogram is only a savings if 1) one is a woman; 2) the exam is taken and paid for; and 3) major medical expenses exceed the maximum deductible for that person for the year. The same is true for the basic deductible: an employee would realize a "savings" only if there were hospital costs incurred that previously would have been chargeable to the deductible. This is like my wife saying she saved me $100 by spending $400 at a 20%-off-sale! It is only a savings if you would have spent the money anyway. As with the sale, the incentive is for employees to spend more in an

effort to try to "capture" the savings. There is nothing certain about health care needs and expenses; and as a matter of fact, the less you spend, the better (or healthier) you are. But the premium costs, and the employee contributions, are there no matter what. To the Union, and to me, all these potential savings just doesn't add up to counter the increases in real cash out-lay: there is no real "buy out."

In summary, I find: the County's proposed language is complex and lengthy, but not necessarily inconsistent or inappropriate; there is very little, if any, support among the higher weighted public sector comparables for the County's high (7% and 20%) employee contribution to insurance premiums proposal, but some support among the lower weighted private sector comparables; the County's method of converting the employee group from a somewhat reasonable, moderate contribution of 7% to an unreasonably high contribution of 20% through attrition takes advantage of the Employee's willingness to contribute to the insurance premiums; the Employer succeeds in presenting some innovative proposals that could be significant long-term cost saving measures based on prevention and early detection (physical and mammogram exams), but the measures, along with the "extra" wage increases, do not amount to a "buy out" of the proposed Union's concession on the premium contributions.

Overall, based upon the considerations mentioned above, I find the Union status quo position to be more reasonable than the Employer's offer to make complex changes in the health insurance language.

CONCLUSION

Based upon the reasons stated above, and taking into consideration all the evidence before me, weighing the statutory criteria, and deciding the reasonableness of each of the parties' proposals on the issue in dispute, I find, overall, the Union's offer is more reasonable than the County's offer and make the following:

AWARD

The final offer of the Chippewa County Social Services and Courthouse Professionals represented by General Teamsters Local 662, along with the agreed upon stipulations, shall be incorporated into the 1992-1994 collective bargaining agreement between the parties.

Dated this 18th day of January, 1993 at Stevens Point, Wisconsin.

John W. Friess
Arbitrator