STATE OF WISCONSIN
BEFORE THE ARBITRATOR

In the Matter of the Petition of

TEAMSTERS "GENERAL" LOCAL
UNION NO. 200

To Initiate Arbitration
Between Said Petitioner and

CITY OF NEW BERLIN

Case 90
No. 54587
INT/ARB-8043
Decision No. 29061-A

APPEARANCES:

Roger Walsh on behalf of the City
Andrea Hoeschen on behalf of the Union

On May 12, 1997 the Wisconsin Employment Relations Commission appointed the undersigned Arbitrator pursuant to Section 111.77(4)(cm)6. and 7. of the Municipal Employment Relations Act in the dispute existing between the above named parties. A hearing in the matter was conducted on July 8, 1997. Briefs were exchanged by the parties and the record was closed by September 24, 1997. Based upon a review of the foregoing record, and utilizing the criteria set forth in Section 111.70(7) Wis. Stats. the undersigned renders the following arbitration award.

ISSUE:

The only substantive issue in dispute between the parties pertains to health insurance premium contributions. In that regard the City proposes changing from a current full pay system to employee contributions of five dollars ($5.00) per month for a single plan and fifteen dollars ($15.00) per month for a family health care plan, effective April 1, 1997. The Union proposes maintenance of the status quo in this regard.

The City also proposes removal of the language in the parties' last agreement providing that the City pay the full premium for any offered HMO program, and an amount up to seven percent (7%)

higher than the highest HMO premium towards the standard health insurance program offered by the City.

UNION POSITION

Comparables support the Union's offer. In that regard another arbitrator used 25 communities as comparables for the City in another arbitration proceeding, and those comparables should be used herein, with the exception of River Hills, which neither party has submitted information on.

There is no pattern of premium sharing among the comparables, and nearly all of the comparables that do have premium sharing offset it with higher wages.

Of the 24 comparables for which there is adequate wage and benefit information, 12 offer at least one health plan that requires no premium sharing. Three others had family premiums of less than $15 per month in 1996. Only four comparables had employee contributions of $15 or more per month.

The comparables with employee contributions of $14 or more compensated for the premium sharing with higher wages.

The City's proposed change would eliminate the HMO option, leaving employees with only one health care plan from which to choose. Most comparables allow employees significantly more choice in their health care providers.

In this regard, fourteen comparables guarantee employees a choice between a traditional health care plan and at least one HMO or PPO.

Furthermore, City employees' wages do not support premium sharing. The City's 1996 mechanic wage ranks 18th among 22 comparables, and the water/sewer operator wage ranks 12th among 13 comparables. The net effect of the City's final offer is that mechanics' would enjoy only a 3% wage increase in 1996; and the net percentage increase would be even less for the 21 employee classifications earning less than mechanics.

The City has failed to present evidence of a health care cost problem, nor has the City offered a quid pro quo for premium sharing. The City's proposed wage increase is similar to the 1996 wage increases

for most of the comparables. In this regard, four comparables had wage increases of 3.5%, four had wage increases of less than 3.5%, and three had wage increases exceeding 3.5%. Also, the City's proposal offers employees less choice in health care than they formerly had, since it eliminates the choice of an HMO. In fact, the City has presented no justification for a change in the status quo. The City offered no comparisons to show that its health care costs exceed those of comparable employers, or that they are rising more than other City expenditures.

The City relies entirely on the internal comparables to support its offer. While internal comparables are important, they are only one of several criteria which are usually considered in proceedings such as this. The City still has the burden to justify a change in the status quo, which it has failed to do.

Also, the internal comparables in this case do not establish a pattern. Two other City units have accepted varying portions of the City's final offer. The City's offer on retirement contributions is different from that settled on by the police unit. The City's proposed change in bereavement leave is different from that upon which the AFSCME represented unit settled. Finally, the health care benefits provided to the police unit are different and significantly better than those offered to the employees in this unit.

Article XI of the parties Agreement provides:

"The City shall pay the monthly premium for the regular full-time employees of the City towards any HMO program offered by the City and an amount up to seven percent (7%) higher than the highest HMO premium towards the standard health insurance program offered by the City."

Under said language the City has the option of controlling costs by offering one or more modestly priced HMOs. This could result in a situation where employees who wish to maintain traditional coverage would have to participate in a premium sharing arrangement.

CITY POSITION:

In the recent round of negotiations, two of the three City bargaining units reached a voluntary settlement of a three year contract

covering 1996-1998. Said settlements all involved the same wage increase as has been agreed to between the City and Union in this matter, which is a 3.5% increase for the first year, a 3.5% increase for the second year, and a 3%-1% split increase in the third year.

Both employee groups in the two other bargaining units voluntarily agreed to employee contributions toward health insurance for the first time.

The City's proposal in this dispute is that effective April 1, 1997, the beginning of the second year of the Agreement, the employees will pay the same contribution to health insurance premiums that employees in the City's other two bargaining units have been paying since May, 1996 in the police bargaining unit and January, 1997 in the AFSCME unit.

All prior agreements between the parties provided that the City would pay the full premium for the HMO plans, and an additional seven percent above the highest HMO premium toward a standard health insurance plan. Employees in this unit have paid from $1.85 per month to $25.82 per month toward a single standard plan premium, and from $3.95 to $97.72 per month toward a family standard plan premium. Such employee contributions have occurred in six of the twelve years preceding 1997.

Since 1995 the City has offered one health insurance plan, which contains both HMO and standard plan benefits. The City has paid the full premium of the plan for this bargaining unit.

Clearly the internal comparables support the City's proposal.

The employee premium contribution amounts proposed by the City would be definite and fixed, unlike prior employee premium contributions.

Prior arbitration cases involving the City have utilized up to twenty five comparable municipalities. Based upon the nature of the issue involved herein, the arbitrator should review all relevant information from any comparable municipality submitted by either party, which amounts to twenty five municipalities.

Utilizing such a comparable base, it is noteworthy that 15 of the 25 municipalities require employees to make some sort of contribution

to health insurance premium costs. In three municipalities that do not require an employee contribution, only an HMO plan is offered. The average employee contribution in municipalities that do not participate in the State Plan is $20.51 per month toward the single plan, and $44.73 per month toward the family plan.

Also, arbitral authority favors utilization of internal comparables when selecting a final offer when a definite pattern exists, as is the case here.

The internal pattern of settlements in this case is of even greater significance since the external comparables also support the City's position herein.

The Union argues that South Milwaukee should not be utilized as a comparable. South Milwaukee should be so utilized since it is one of Milwaukee's south side suburbs surrounded by four municipalities all of which are external comparables acceptable to the Union.

Of those comparables that the Union asserts do not require premium sharing, one, Brookfield, is working off a 1995 contract, and employee contribution to health insurance premiums is a disputed issue in the parties' current negotiations. Similarly, though Muskego is included in this population, effective January 1, 1997 there will be a monthly employee premium contribution of $5 for a single plan and $10 for a family plan. If South Milwaukee is added to the mix, 13 of 25 do not require employee contributions, including the uncertain situation in Brookfield.

However, in four of these 13, the plan that requires no premium sharing is the Family Health HMO. In another of the 13, there are two HMOs that require no premium sharing.

Contrary to the Union's assertion, seven municipalities require employee contributions to a family plan of $15 or more per month.

It is also noteworthy that if employees participate in the City's IRS Section 125 program, which allows employees to use pre tax dollars to pay for health insurance premium contributions, they will save approximately 28%, which reduces their contribution to about $3.60 per month for a single plan and $10.80 per month for a family plan.

Currently the City offers only one health care plan to its employees, the PrimeCare Plus plan, which combines an HMO plan, a Preferred Provider Option plan (PPO) and an out of network plan, all in one policy. The City's proposal does not change the type of health care plan offered by the City. Thus the Union's argument about the City eliminating an employee's choice should not be an issue in this proceeding.

Similarly, wages are not an issue in this proceeding. The wage increase agreed upon is the same increase agreed upon in the two other City units. Both of these units also receive wages that rank toward the bottom of the comparables. There is also no data in this record indicating the City's historical ranking of wages.

The City's proposal does not amount to a significant change in the status quo, and in fact can be construed as a reduction in the existing amount of the employee health insurance premium. The City's proposal merely levels out the employee contribution to the average amounts employees in the unit have paid during the past 12 years.

Quid pro quos are generally needed only when there has been a substantial or significant change in a negotiated policy or benefit. This is not the case here. Relatedly, the City did not provide the other two units who accepted its proposal in this regard a quid pro quo for doing so.

It can hardly be disputed that health care costs are a legitimate problem for both employers and employees at this time, as well as in the recent past, and premium sharing constitutes a legitimate attempt to address these problems.

DISCUSSION:

The record in this matter discloses the following relevant factual considerations:

Though the City's three bargaining units do not have identical terms and conditions of employment, the settlements the City has achieved with the other two bargaining units clearly are consistent with the City's proposal in this dispute. Relatedly, no quid pro quos were given to employees in the other two bargaining units to gain their agreement on the issue in dispute herein.

No matter what set of external comparables is utilized, about half of the external comparable municipalities have agreements which provide for a range of employee contributions toward health insurance premiums which range from contributions less than to contributions more than the City has proposed herein. Relatedly, in some instances comparable municipalities which provide employees at least one choice where they need not contribute to their health insurance premiums, said employees, in order to take advantage of this benefit must utilize HMO health care providers.

The issue in dispute is not based upon financial difficulties the City is having in its effort to provide affordable health insurance benefits. Instead, it is based upon the City's desire to provide uniform benefits in this regard and to assure that employees as well as the City will become stakeholders in controlling future increases in health care costs.

Unit employees rank relatively low in their wage rates when compared to external comparables. Relatedly, the increases agreed upon in this bargain appear to be in line with the range of increases which have been implemented among external comparables.

The City's proposal does not reduce the number of health care options currently available to unit employees.

What does all of this mean? In the undersigned's opinion the reasonableness of the City's proposal is clearly supported by internal comparables. In addition, the problem the City is attempting to address, namely getting a handle on ever increasing health care costs and making employees stakeholders in that effort, is a legitimate one.

With respect to the issue whether the change proposed herein is substantial or significant, requiring a quid pro quo or clear comparability support, the undersigned concedes that the change requested by the City does constitute a concession from the Union which will adversely affect the value of the parties' wage bargain; however, it is also apparent that the value of the wage increase the parties have agreed upon will not be significantly reduced for employees taking advantage of the City's IRS Section 125 program, nor does it appear that adoptions of the City's proposal will result in wage increases which are out of line with comparable external settlements. Under such circumstances, the undersigned is not

persuaded that a quid pro quo is necessary in this dispute, particularly since one was not granted to employees in the City's other two bargaining units. While the City's proposal does not have overwhelming external comparable support, the undersigned believes that there is sufficient external comparability to support the City's position, particularly when internal comparables, the legitimacy of the problem the City is trying to address, and the relatively minor impact the City's proposal will have on the value of the wage increases the parties have agreed to are taken into consideration. Relatedly, the undersigned does not believe the record supports the Union's contention that the City's offer will reduce the health care choices available to employees who worked for the City under prior agreements.

Perhaps it should be noted before ending the discussion portion of this award that the parties have not argued, and the undersigned has therefore not addressed any issues referred to in Sec. 111.70 (4)(cm) 7., and 7g. WI Statutes.

Based upon all of the foregoing considerations, the undersigned hereby renders the following:

ARBITRATION AWARD

The City's final offer shall be incorporated into the parties' 1996-98 collective bargaining agreement.

Dated this 25th day of October, 1997 at Chicago, IL 60640

Byron Yaffe
Arbitrator