STATE OF WISCONSIN
BEFORE THE ARBITRATOR

In The Matter Of The Petition Of	
WISCONSIN PROFESSIONAL POLICE ASSOCIATION LAW ENFORCEMENT EMPLOYEE RELATIONS DIVISION	Case 75, No. 64403 MIA-2647 Decision No. 31296-A
To Initiate Interest Arbitration Between Said Petitioner and	
WAUSHARA COUNTY	

APPEARANCES:

Mr. Thomas Bahr, Business Agent, 340 Coyier Lane, Madison, Wisconsin 53713, on behalf of the Wisconsin Professional Police Association/Law Enforcement Employee Relations Division.

Attorney James R. Macy, Davis & Kuelthau, 219 Washington Avenue, P.O. Box 1278, Oshkosh, Wisconsin 54903-1278, on behalf of the Waushara County.

The Wisconsin Professional Police Association/Law Enforcement Employee Relations Division, hereinafter referred to as the Association, filed a petition with the Wisconsin Employment Relations Commission to initiate interest arbitration pursuant to Section 111.77 of the Municipal Employment Relations Act with respect to an impasse between it and Waushara County, hereinafter referred to as the County. The undersigned was appointed as arbitrator to hear and decide the dispute, as specified by order of the Wisconsin Employment Relations Commission, dated March 30, 2005. Hearing was held on June 24, 2005, affording the parties full opportunity to present evidence, testimony, and argument. Post-hearing initial briefs and the County's reply brief were exchanged by October 14, 2005, marking the close of the record. The Association chose not to file a reply brief.

PARTIES' FINAL OFFERS

The Association's final offer:

1. Article 23 – Health Insurance

   a) Increase current plan deductibles to:
   $200.00 for single plan
   $400.00 for employee + 1 plan
   $600.00 for family plan

   b) Rx Co-Pays:
   $10.00 for generic
   $15.00 for brand

   c) Include a Wellness Benefit

2. Appendix "A" – Wages

   Effective 1-1-05: Across-the-board increase of 3.0%
   Effective 1-1-06: Across-the-board increase of 2.0%
   Effective 7-1-06: Across-the-board increase of 2.0%
   Effective 1-1-07: Across-the-board increase of 3.0%

The County's final offer:

1. Article 23 – Health Insurance

   Modifications to the benefit plan as proposed and as attached, effective January 1, 2006. [The modifications are summarized as follows:]

BENEFIT	CURRENT		PROPOSED	
	PPO	NON-PPO	PPO	NON-PPO
LIFETIME MAXIMUM	$1,000,000	$1,000,000	$1,500,000	$1,500,000
DEDUCTIBLE	$110-Individual $220-Employee + 1 $330 - Family	$110 – Individual $220 – Employee + 1 $330 - Family	Option #1: $250 – Individual $500 – Employee + 1 $750 – Family Option #2: $1000 – Individual $2000 – Employee + 1 $3000 – Family (Employee can select either Option #1 or Option #2 on an annual basis for the calendar year)	Option #1: $250 – Individual $500 – Employee + 1 $750 – Family Option #2: $1000 – Individual $2000 – Employee + 1 $3000 – Family (Employee can elect either Option #1 or Option #2 on an annual basis for the calendar year.)

OUT-OF-POCKET LIMIT (INCL. DEDUC.)	$310-Individual $620-Employee + 1 $830 - Family	$510-Individual $1020 - Employee + 1 $1330 - Family	Option #1: $450 – Individual $900 – Employee + 1 $1250 – Family Option #2: $1200 – Individual $2400 – Employee + 1 $3500 – Family	Option #1: $650 – Individual $1300 – Employee + 1 $1750 – Family Option #2: $1400 – Individual $2800 – Employee + 1 $4000 – Family
QUALIFIED PRACTITIONER OFFICE VISITS	$10 co-pay per visit, deductible waived	Deductible then 80%	$20 Co-pay per visit Deductible waived	Deductible then 80%
EMERGENCY ROOM	Deductible, then 90%	Deductible then 80%	$50 Co-pay, Waived if admitted	$50 Co-pay Deductible, then 80%
WELLNESS BENEFIT **COVERS:**	Deductible, then 90% Routine physical exams, routine x-rays & lab test, routine pap smears, routine immunizations, routine bone density testing & well child care (the office visit co-pay does not apply to this benefit).	Deductible then 80% Routine physical exams, routine x-rays & lab test, routine pap smears, routine immunizations, routine bone density testing & well child care (the office visit co-pay does not apply to this benefit).	#1 – 100% #2 – 100% Deductible Waived Routine physical exams, routine x-rays & lab test, routine pap smears, prostrate exams, mammograms, routine immunizations, routine bone density testing & well child care (the office visit co-pay does not apply to this benefit).	#1 - $250 Max., then subject to Ded. & Co-ins. #2 – 100%, UCR Routine physical exams, routine x-rays & lab test, routine pap smears, prostrate exams, mammograms, routine immunizations, routine bone density testing & well child care (the office visit co-pay does not apply to this benefit).
PRESCRIPTION DRUGS	Retail & Mail Order Co-pays: $5.50/generic, $11.00/brand name Limited to 90-day supply or 100-unit dosage, whichever is greater (retail or mail order)	Retail & Mail Order Co-pays: $5.50/generic, $11.00/brand name Limited to 90-day supply or 100-unit dosage, whichever is greater (retail or mail order)	Rx Co-pays: Generic: $7.00 – 90 day supply (retail/mail) Brand: $20 – 34 day supply (retail/mail) Brand: $20 – 90 day supply (mail only) Brand: $30 – 90 day supply (retail)	Rx Co-pays: Generic: $7.00 – 90 day supply (retail/mail) Brand: $20 – 34 day supply (retail/mail) Brand: $20 – 90 day supply (mail only) Brand: $30 – 90 day supply (retail
CHIROPRACTIC	$10 Co-pay/visit, ded. waived	$10 Co-pay/visit, ded. waived	$20 Co-pay/visit, ded. waived	Ded. then 80%
ROUTINE MAMMOGRAMS	Ded., then 90%	Ded., then 80%	Included in Wellness Benefit	Included in Wellness Benefit
ROUTINE PROSTRATE EXAMS	Not covered	Not covered	Included in Wellness Benefit	Included in Wellness Benefit

In addition, for those employees who select the Option 2 plan, the County shall pay $750 per year for each single plan (per family) and each family plan into a Health Reimbursement Account. The Health Reimbursement Account will be in the employee's individual names for use for vision, dental or medical expenses. Monies not used in any particular year shall roll over to the next year in the employee's individual non-interest bearing account. Monies in the account may be used toward the payment of health insurance premiums upon retirement.

2. Duration Modify to read:

35.01 This Agreement shall be in full force and effect January 1, 2005 through and including December 31, 2006, and shall be automatically renewed from year to year thereafter unless either party gives written notice to the other party of its intent to initiate negotiations by August 1, 2006, or any subsequent August 1.

3. Wages

Effective January 1, 2005	3.0%
Effective January 1, 2006	2.0%
Effective July 1, 2006	3.0%

STATUTORY CRITERIA

The criteria to be utilized by the Arbitrator in rendering the award are set forth in Section 111.77(6), Stats., as follows:

(6) In reaching a decision the arbitrator shall give weight to the following factors:

(a) The lawful authority of the 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 these costs.

(d) Comparison of the wages, hours and conditions of employment of the employes involved in the arbitration proceeding with the wages, hours and conditions of employment of other employes performing similar services and with other employes generally:

1. In public employment in comparable communities.

2. In private employment in comparable communities.

(e) The average consumer prices for goods and services, commonly known as the cost of living.

(f) The overall compensation presently received by the employes, including direct wage compensation, vacation, holidays and excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment, and all other benefits received.

(g) Changes in any of the foregoing circumstances during the pendency of the arbitration proceedings.

(h) 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 or in private employment.

ASSOCIATION'S POSITION

Section 111.77(6)(a) Stats., provides that in reaching a decision the arbitrator must give weight to the lawful authority of the employer. The County did not present evidence that it lacked the lawful authority, or that there were legal deficiencies, to meet the Association's offer, so that criteria does not apply.

The parties included several Tentative Agreements in their Final Offers. Neither party assessed any costs with such changes, and they should not be determinative here.

When considering which Final Offer to choose, the Arbitrator must give weight to the interests and welfare of the public. The Association contends that its offer best serves the public's interests by maintaining the morale and health of its officers and thus retaining the most qualified officers. Consideration must be given to the fact that they work side-by-side officers of other departments. The Association maintains that high morale is imperative for law enforcement officers to maintain a professional demeanor.

No evidence has been provided which would indicate that the County lacks the financial ability to meet the costs of the Association's Final Offer. Thus, inability to pay is not a factor and should not be considered by the Arbitrator.

The parties agree on the comparables of: Adams, Green Lake, Marquette, Portage, Waupaca, and Wood Counties. The County also proposes Winnebago County. While Winnebago County's equalized value is nearly seven times Waushara County, the Association does not object to its inclusion.

The parties propose identical wage increases for the first two years. The Association's proposal of a three-year agreement includes a 3% increase in the third year. Comparable departments have either two- or three-year terms. Two of the six comparables are settled through 2005, two settled through 2006, while the remaining two have expired in 2004 and have not reached settlement for their successor.

The County asserts that the wage increases in 2004 through 2006 were due to a "catch-up" issue, without acknowledging that employees hired on or after 2006 will contribute 15% of the Health Insurance premium, as compared to 10% contributions for employees hired prior to that date. Association Exhibit 4L and County Exhibit 24 suggest that the wage rate increases proposed for 2005 and 2006 are consistent with the comparable pool in consideration of the increased payments employees make toward health insurance benefits.

With respect to the Health Insurance changes suggested by both parties, the Association suggests that it has recognized the need to address the issue of cost sharing in a more reasonable manner. The Association's changes are consistent with the level of participation of officers in comparable departments. Waushara County Deputies will pay more toward deductible costs than any other department, with the exception of Green Lake County. Indeed, the health plans of 5 of 6 of the external comparables do not require any payment toward deductibles by the employees, while Portage County has a single/family deductible of $100/$200. This clearly indicates the willingness of the Association to assist the County by shifting costs to the employees to reduce or stabilize premium increases.

The Association also proposes to increase employee contributions toward drug costs by increasing the current co-pays for generic and brand prescriptions. This exceeds all comparables participation, but for Green Lake County which has a slightly higher co-pay. Waushara County employees averaged 23 prescriptions per year. This change would represent increased out-of-pocket expenses of $4.50 or $4.00 for generic or brand prescriptions. The County's Final Offer, on the other hand, would increase the employee's cost by $1.50 for generic and $9.00 for brand prescriptions.

With respect to the internal comparable settlement criteria, there are not settlements beyond 2004 and therefore that criterion is of limited use in this matter.

Both parties have submitted evidence on the cost-of-living. The Association argues that its Final Offer is consistent with settlements among its comparables. The Association's Final Offer, when measured against the Consumer Price Index should be deemed to meet these criteria.

The Association has provided information on overall compensation for the comparable departments as well as for this bargaining unit. The benefit levels of these officers correspond to the law enforcement officers of the external comparables to varying degrees. However, no benefit elevates any member of the Association's position to such an extent that its Final Offer is unreasonable.

In order for a party to justify a change, it should satisfy a three-pronged test: (1) does the present contract language give rise to conditions that require change; (2) does the proposed language remedy the condition; and (3) does the proposed language impose an unreasonable burden upon the other party? Here, both parties recognize that changes must be made in the current language to assist the County in obtaining some relief in the escalating costs of Health Insurance. The Association has made changes to the Plan that reduce or stabilize the premiums for the County. The County's own witness acknowledges that the changes are a "start." The proposed changes assist in the premium costs without being an undue burden on the employees. The Association's Final Offer would increase expenditures of approximately 0.5% or more of wages. The County's Final Offer would, on the other hand, cost an employee upwards of 6.1 % of equivalent out-of-pocket wage exposure alone. That would be unduly burdensome on the deputies.

While the County will likely argue that the Association's Final Offer regarding Health Insurance is somehow defective or incomplete. The Association has submitted a Final Offer based upon negotiations with the County and its representatives. The specified changes, along with the status quo of the other components not listed provide a complete picture of the proposed changes to the health plan. There is no question that with regard to mail order or 90 day supply, the status quo remains. Equally, the Association's Wellness benefit is clear. Vander Bloomen testified that the Association's proposal mirrored the County's proposal. During negotiations the County apparently understood the exact components of the Association's Wellness benefit proposal and did not ask for any clarification. To the extent that the County now asserts that it did not know all the components of the Association's plan is a disingenuous argument that should be rejected.

With the Association's three-year proposal, as compared to the County's two-year proposal, there is extended labor peace, and it would not send the parties back to the bargaining table at the conclusion of these proceedings. In addition, the internal Agreements submitted by the County range from one to three years.

Fore the foregoing reasons the Association concludes that its Final Offer should be considered more reasonable than the County's and should be adopted by the Arbitrator. The Association cites arbitral authority in support of its position.

COUNTY'S POSITION

At the outset, the County notes that Waushara County has a very diverse group of industries. A large percentage of the workforce in the County will be retiring within the next few years. Its economic climate is not positive.

Administrative Coordinator Behringer is responsible for insurance issues, and the concerns with rising costs of health care have been of critical importance. The County provides a very rich Health Insurance benefit. Though it was originally a WPS-HMP, neither WPS nor any other commercial carrier offers such a plan because of its rich structure. Though the County has looked to change Health Insurance plans, the unions have vehemently opposed plans with fewer benefits. The County's witnesses testified that a comparable product could not be found.

In 2004 the County attempted to change the Health Insurance plans. It had received a 20% increase in premiums for 2004. However, the unions wanted to study the matter. One-year agreements were therefore entered into to allow for further study. The County has continued to work with the unions to make changes. The Association has participated in the Health Insurance Study Group.

Three insurance groups were discussed: Group Health Trust, Midwest Security Administrators, and the County's insurance plan. Consultant Hurtz met with the committee, reviewing various components of Health Insurance and available options.

At the November 10, 2004 meeting the Personnel Committee chose to stay with the GHT for 2005 but implemented recommended changes for non-union employees.

The Association understood the County's position on changing the Health Insurance. However, the Association was unwilling to make the changes that the County sought. The Association would consider an undefined Wellness benefit, the $50 emergency room co-pay with language protecting true emergencies, and some increase in deductibles.

The paper trail reflects the County's ongoing attempt to control Health Insurance costs through educating employees and staff, developing a Study Group, and obtaining information on changing plan benefits. Despite the County honoring a request to fully study the matter in 2004 and 2005, the Association was not, and is not, willing to make any substantive changes to the plan necessary to help control costs. Due to budget restrictions and the most recent State budget changes, the County is in dire need of making changes to the health benefit plan. The County's offer is clearly more reasonable in attempting to control the cost of this very expensive and rich benefit.

County Exhibit 11 reflects that from 1983 to 2005 Health Insurance increases have ranged from 12% to 14%. From 2000 to 2005 the average increase is 18%. The increases are significantly above the Consumer Price Index.

Health Insurance premiums should be viewed as a component of total compensation. Between 2001 and 2004 it has increased from 12% of compensation to 18%. To get a handle on the costs County employees were educated on what items were driving the increased premiums. Under the current plan, once the employee meets the deductible, the employee then goes to the emergency room for routine health matters.

However, emergency room visits are three times the cost of a regular office visit. The evidence reflects that Waushara County is clearly above the norm in emergency room visits.

The County's proposal addresses the emergency room use problem with a $50 co-pay unless the employee was admitted to the hospital. The Association's proposal, on the other hand, does not address this critical cost issue.

Another area of rising health care costs is prescription drug costs. The County proposes a $7 generic co-pay. While more significant changes would better stabilize the increasing costs, the Consultant's recommendations would be a good start. Those recommendations were adopted by the County and include a three-tier drug card of $7/$20/$30.

The County and the unions also reviewed deductibles. The evidence reflects that under the County's Final Offer, employees will continue to pay less than employees do under the WCG Group Health Trust Plan.

As a result of the information provided to the Study Group, the County revised its insurance plan to include two options. Both options increased the deductibles and co-pays for prescription drug costs, and added a $50 emergency co-pay (waived if admitted). The Wellness benefit was changed in terms of deductible and coverage.

There are two major concerns with the Association's proposal. First, it does not indicate whether prescription co-pays are for a 30-day supply or a 90-day supply, nor whether it includes mail order. In addition, there is a question whether the Wellness benefit is 100% or whether it is up to the deductible.

Under the County's offer, if the employee chooses to stay with the PPO, the Wellness program is covered at 100% and the deductible is waived under Option 1 and Option 2. If an employee goes to a non-PPO provider, the Wellness program has a $250 maximum and then is subject to the deductible and co-insurance under Option 1; and is paid at 100% under Option 2. The County always proposed a Wellness program that applied differently, depending upon the insurance option and PPO choice.

The Association contends its Wellness benefit was the same as the County's; however, the County's Wellness program was built upon its proposed two different insurance options. The Association's does not have two options. Vander Bloomen acknowledged the Association's offer did not indicate which part of the Association's Wellness proposal would apply. He further acknowledged the inherent problems with the Association's offer on mail orders. This should not be clarified after the selection of final offers.

The Association has not been receptive to changing insurance benefits, as reflected in its offer. Its offer fails to address the need for employees to take ownership in how employees use Health Insurance. It does not do enough to get people thinking about their insurance use. To that end, the County's Final Offer is reasonable in terms of industry trends, professionals' recommendations, and the only offer which could be quoted for determining premiums.

The Kaiser Family Foundation survey reflects that there is a growing interest in consumer-directed health plans, particularly with a high deductible coupled with a personal or health savings account option. That survey also indicated that prescription drug spending is one of the fastest growing components.

The current health plan has been in place at the County since 1992. The carrier that started that plan no longer offers the plan because it is too rich. Consultant Hurtz is unaware of any commercial carrier that offers this plan. Her organization is willing to tailor the current plan at the County's request.

Escalating Health Insurance costs are a problem facing every organization in the public and private sectors. The County is not asking to cut the benefits; it is merely asking that employees have a stake in the cost of maintaining the current Health Insurance program. The County's offer addresses the critical need for employers to get a handle on Health Insurance spending, while the Association's does not.

The State's budget proposals would limit the County's ability to raise revenues. The County has taken various measures to control spending, such as limiting the number of patrol cars on the road to avoid overtime when officers are on vacation or sick leave.

Subsection 7 of Sec. 111.70(4)(cm), Stats., requires that arbitrators give greatest weight to any law or directive issued by a state legislature or administrative office that places limitations on expenditures or the collection of revenues. If the State passes its two -year budget, the County believes that at some point there will have to be some tough decisions. Ultimately, the County may not be able to pay for the Association's Final Offer. Subsection 7 clearly applies in this case. The County asks that the Arbitrator identify this greatest weight factor based upon the information supplied by the County.

In a previous interest arbitration award Arbitrator Bellman selected the external comparables of: Adams, Green Lake, Marquette, Portage, Waupaca and Winnebago Counties. The Association also proposes Wood County. However, Wood County is two counties removed and the Association provided little statistical data to support its inclusion. Because no convincing evidence was produced, Arbitrator Bellman's selection of counties should be used.

Waushara County's insurance premium for single coverage is 32% higher than the average for the comparables and 12% higher for the family premium. The County's Final Offer would allow the premiums to be more in line with the external comparables.

The County's changes would ultimately save the employees money. The County calculates that an employee under Option 1 would save \$214 to \$446 and between \$319 and \$665 under Option 2. Although there would be an increase in deductibles, the savings under the County's offer would be more than the Association's because the premiums under the Association's offer are unknown.

Under the County's offer there is an advantage because there are two options. Option 2 is designed for employees and retirees who do not anticipate a lot of usage. While the deductibles are higher, the County would provide them \$750 to assume some of that risk. The County notes that retirees have been seeking some relief from high Health Insurance costs.

With respect to the wage proposal, the Final Offers are identical, except the Association also proposes a third year with a 3% increase. The County has kept up with the external comparables on wages, so there is little need for catch-up, nor has there been a hiring problem. The Association's evidence does not support a wage settlement for 2007. None of the comparable counties have settled beyond 2006. There is no justification for the Association's third year wage offer. The evidence reflects that there is little turnover among the employees. The County's wage and benefit structure is more than competitive.

The Association's proposal to lock up the contract through 2007 includes only minimal changes in the Health Insurance program, which is contrary to industry trends and would not control costs during a time of controlled budget costs. It also locks in a very rich plan that is not in line with the industry. In addition, the other units only have two-year contract durations. The Association's duration proposal is unreasonable because it locks in an unparalleled benefit.

In response to the Association's arguments, while the Association claims no evidence was provided indicating that the County would not have the lawful authority to meet its offer, the County put forth unrefuted testimony that there was a strong possibility that the County would not be able to meet the Association's offer. The proposed budget has passed and the new money available would not be able to meet the Association's offer. Subsection 7 of Sec. 111.70(4)(cm) requires the Arbitrator to give greatest weight to any law or directive issued by a state legislative or administrative office that limits expenditures. Under the new law the County has severe limitations on its ability to raise revenues sufficient to fund the existing insurance plan.

The County agrees with the Association that it is important to preserve morale and retain qualified officers. However, the County's offer does not demoralize current employees. There is no evidence to support that claim. Rather, the record reflects that turnover is exceptionally low. If anything, the County's offer will permit officers to be more cost-conscious when making health care decisions.

Though the Association claims that a contract covering 2007 will extend labor peace, employers facing critical budgetary issues will find it difficult to agree to wage increases and benefits too far into the future. Furthermore, none of the other comparable units are settled beyond 2006.

The Association notes that five of the six comparable health plans do not require any payment toward deductibles by the employees. The Association's position is a far cry from what employers are facing in terms of rising Health Insurance premiums. Employers are designing plans which allow employees to become more conscious of the cost of this high priced benefit. The County quotes Arbitrator Grenig from Milwaukee Board of School Directors, Dec. No. 31105 (8/05) where he accepts the Board's final offer that changed insurance plans. Both parties acknowledge the need to change the current language to obtain some relief in the escalating costs of Health Insurance. The Association contends that the County's offer will cost up to 6.1% of equivalent wage out-of-pocket exposure; however, there is no evidence to support that claim.

Although the Association contends that Vander Bloomen's testimony made the Wellness benefit clear, under cross-examination he testified that there is nothing in the Association's offer which tells the County which part of the Wellness program applies under the current plan. The County's Wellness proposal depends on which insurance option is chosen. The Association proposed taking the Wellness program without offering help with the cost problems. The Association's proposal is vague. To accept the positive aspects of the County offer without cost controls is not reasonable or clear.

In conclusion, the County's Final Offer should be chosen because: it does not change the Health Insurance plan or coverage, but it instead increases some of the benefits within the plan's structure and it maintains health care costs; the County's proposed changes are reasonable within the industry standards; the Association's proposal is problematic; the County may not be able to afford the Association's proposal; the external comparables support the County's offer; there is no indication of a retention or hiring problem; and the Association's three year proposal is not consistent with the other units and would lock in an expensive insurance benefit.

ANALYSIS

APPROPRIATE GROUP OF EXTERNAL COMPARABLES

The Association asserts that both parties used the external comparables of Adams, Green Lake, Marquette, Portage, Waupaca, and Wood County, but that the County also included Winnebago County. However, the County contends that the parties should continue to use the external comparables established by Arbitrator Bellman in Waushara County Health Department, Dec. No. 26111-A (1990), of: Adams, Green Lake, Marquette, Portage, Waupaca, and Winnebago County.

Winnebago County is an external comparable established by Arbitrator Bellman in his 1990 Award and reiterated by other arbitrators, including Arbitrator Oestreicher in Waushara County, Dec. No. 29660-A (1999). In any event, no justification is proffered for changing the long-established external comparable group of: of Adams, Green Lake, Marquette, Portage, Waupaca, and Winnebago County; they will continue to be applied here.

FINAL OFFERS

There are three components to each party's Final Offer: (1) Wages, (2) Duration, and (3) Health Insurance benefit plan modifications. Each issue will be addressed in turn.

(1) WAGES AND DURATION

The parties have identical wage increase proposals for 2005 and 2006: a 3% increase for 2005, a 2% increase on January 1, 2006 and a 2% increase on July 1, 2006. Those external comparables that have settled have agreed to similar wage increases, listed as:

EXTERNAL COMPARABLE WAGE SETTLEMENTS

COUNTY	2005	2006	2007
ADAMS	1/1 2.00% 7/1 2.00%	1/1 2.00% 7/1 2.00%	NOT SETTLED
GREEN LAKE	1/1 $1.00 + 3.00% (Investigator/Deputy) 1/1 $0.50 + 3.00% (Corrections/Sec../Matron) 7/1 2.00%	1/1 $0.25 + 3.00% (Matron) 1/1 3.00% (All Other Classifications) 7/1 2.00%	NOT SETTLED
MARQUETTE	3.00%	NOT SETTLED	NOT SETTLED
PORTAGE	NOT SETTLED	NOT SETTLED	NOT SETTLED
WAUPACA	NOT SETTLED	NOT SETTLED	NOT SETTLED
WINNEBAGO	1/1 3.00% 10/1 $0.15	1/1 3.00% 4/1 $0.20 10/1 $0.15	NOT SETTLED
WAUSAHARA	COUNTY'S FINAL OFFER: 3.00% ASSOC'S FINAL OFFER: 3.00%	COUNTY'S FINAL OFFER: 1/1 2.00% 7/1 2.00% ASSOC'S FINAL OFFER: 1/1 2.00% 7/1 2.00%	COUNTY'S FINAL OFFER: NO PROPOSAL ASSOC'S FINAL OFFER: 3.00%

Because the parties' 2005 and 2006 wage proposals correspond to the settled external comparables, the Wage increases for those two years do not appreciably affect the outcome.

The Association proposes a three-year agreement that would extend through 2007 with a 3% across-the board increase for the third year; the County proposes a two-year agreement. Because no comparable has settled for 2007, the Association's third year Wage proposal may or may not be reasonable. Furthermore, the County makes a cogent argument that locking in a third year in these times of tightening budgets with increasing Health Insurance costs is problematic. Under the Association's Final Offer, the "Cadillac" Health Insurance plan would essentially continue for a third year at the same time the State of Wisconsin has mandated more restrictive municipal budgets. Responding to the budget constraints is a higher priority than an additional year of labor peace. The County's proposal on duration is therefore slightly favored.

(2) HEALTH INSURANCE

As is so often the case in today's economic climate, Health Insurance is the concern that is driving this matter. It is undisputed that the current Health Insurance plan for this bargaining unit is a "Cadillac" plan. It may well have been the case that over the years the Association made other economic sacrifices to retain the plan.

Nonetheless, medical and Health Insurance cost increases in the private and public sectors are causing considerable consternation throughout the country. While there is robust discussion as to which end of the medical care pipeline causes the increases, employers are faced with some difficult choices. No one has yet come up with a simple solution that all will find palatable. Furthermore, as the County points out, while its Health Insurance costs have been going up, its budget has become more restrictive.

The 2005 Health Insurance premiums for this bargaining unit can be examined against the external comparables' premiums in the following table:

EXTERNAL COMPARABLES - HEALTH INSURANCE PREMIUMS

COUNTY/CARRIER	PLAN	PREM.- S.	PREM.-F.	% ER. CONTRIB. SINGLE	% ER. CONTRIB. FAMILY
ADAMS WPS	PPO	$542.54	$1,301.09	90%	90%
GREEN LAKE WCA	PPO	$439.79	$909.25	Employee Contribution: $30/month	Employee Contribution: $65/month
MARQUETTE UNITY COMMUNITY	HMO	$459.80	$1,131.10	Hired before 1/1/04 95% -HMO, 90% - Standard Plan; Hired after 1/1/04 85% - HMO, 80% - Standard	Hired before 1/1/04 95% -HMO, 90% - Standard Plan; Hired after 1/1/04 85% - HMO, 80% - Standard
PHYSICIANS PLUS	HMO	$379.10	$929.30	Hired before 1/1/04 95% -HMO, 90% - Standard Plan; Hired after 1/1/04 85% - HMO, 80% - Standard	Hired before 1/1/04 95% -HMO, 90% - Standard Plan; Hired after 1/1/04 85% - HMO, 80% - Standard
DEAN CARE	HMO	$367.40	$900.10	Hired before 1/1/04 95% -HMO, 90% - Standard Plan; Hired after 1/1/04 85% - HMO, 80% - Standard	Hired before 1/1/04 95% -HMO, 90% - Standard Plan; Hired after 1/1/04 85% - HMO, 80% - Standard
NETWORK FOX VALLEY	HMO	$490.50	$1,207.80	Hired before 1/1/04 95% -HMO, 90% - Standard Plan; Hired after 1/1/04 85% - HMO, 80% - Standard	Hired before 1/1/04 95% -HMO, 90% - Standard Plan; Hired after 1/1/04 85% - HMO, 80% - Standard
UNITED HEALTH CARE	HMO	$419.20	$1,029.50	Hired before 1/1/04 95% -HMO, 90% - Standard Plan; Hired after 1/1/04 85% - HMO, 80% - Standard	Hired before 1/1/04 95% -HMO, 90% - Standard Plan; Hired after 1/1/04 85% - HMO, 80% - Standard
PORTAGE SELF-FUNDED	PPO	$534.44	$1,189.61	90%	90%
WAUPACA SELF-INSURED	PPO	$466.12	$1,096.46	90%	90%
WINNEBAGO NETW. HEALTH NETW. HEALTH SELF-FUNDED	 HMO HMO PPO	 $442.33 $380.32 $532.92	 $1,150.05 $988.83 $1,319.01	 92.5% 92.5% 92.5%	 92.5% 92.5% 92.5%

WAUSHARA COUNTY HEALTH INSURANCE – CURRENT AND FINAL OFFERS

WAUSHARA (CURRENT PLAN)	PPO	$600.94	$1,251.94	HIRED BEFORE 1/1/92 90% HIRED AFTER 1/1/92 85%	HIRED BEFORE 1/1/92 90% HIRED AFTER 1/1/92 85%
WAUSHARA (COUNTY'S FINAL OFFER)	OPTION 1 OPTION 2	$540.85 $486.76	$1,126.75 $1,014.07	HIRED BEFORE 1/1/92 90% HIRED AFTER 1/1/92 85%	HIRED BEFORE 1/1/92 90% HIRED AFTER 1/1/92 85%
WAUSHARA (ASSOCIATION'S FINAL OFFER)	PPO	NOT STATED	NOT STATED	HIRED BEFORE 1/1/92 90% HIRED AFTER 1/1/92 85%	HIRED BEFORE 1/1/92 90% HIRED AFTER 1/1/92 85%

The table reflects that the County's 2005 premiums rank near the top of the external comparables' premiums.

In addition, the record indicates that the annual Health Insurance premium increases for this bargaining unit have averaged 18% from 2000 to 2005. It appears that the County attempted to work with the Association over the last couple of years to jointly study the problem of increasing Health Insurance costs. Some relief is in order.

In this regard, the County cites Arbitrator Weisberger's analysis in Kenosha County (Jail Staff), Dec. No. 30797-A (2004). The undersigned finds her commentary particularly on point:

> In this area of rapidly escalating health costs, which are producing a spreading crisis throughout our nation, it is not unreasonable to expect that all County employees, including members of this bargaining unit, will absorb some of the increases for their health care. It is also not unreasonable that the County wishes its employees to be covered by a health plan that promotes turning patients into knowledgeable and cost-conscious consumers of health care services. Whether this consumerism approach will become a significant key to controlling future health care costs is yet to be determined but steps taken in this direction hold out some promise. … In light of rapidly rising costs for health care services and prescription drugs the County's effort to enlist assistance from all its employees to help control this large – and rapidly escalating – County budget item is a common route taken by many public as well as private sector employers who continue to provide the bulk of funding for these key job benefits … [T]he county would be remiss if it failed to explore seriously ways to contain at least some of its rapidly rising health care expenditures. (p. 14)

With that background, both parties recognize there is a problem, and they propose certain benefit modifications in the Health Insurance plan. The Association proposes an increase in the deductibles and the drug co-pays. The County creates two insurance options. Depending upon which option an employee chooses, there would be different increases in the deductibles, co-pays, out-of-pockets and drug co-pays. The parties' proposed changes to address the problem are outlined as:

WAUSHARA COUNTY HEALTH INSURANCE – CURRENT AND FINAL OFFERS

WAUSHARA	PLAN	DEDUCTIBLE	CO-PAY	OUT-OF-POCKET	DRUG CARD CO-PAY
CURRENT	PPO	Individual $110 Employee + 1 $220 Family $330	PPO: 90%/10% of first: Individual : $2000 Emp + 1: $4000 Family: $5000 Non-PPO: 80%/20% of first: Individual : $2000 Emp + 1: $4000 Family: $5000	PPO: Individual : $310 Emp + 1: $620 Family: $830 Non-PPO: Individual : $510 Emp + 1: $1020 Family: $1330	$5.50/$11 $5.50/$11
COUNTY'S PROPOSAL	PPO	OPTION #1 Individual $250 Employee + 1 $500 Family $750 OPTION #2 Individual $1000 Employee + 1 $2000 Family $3000	Same as Current	PPO – OPTION #1 Individual $450 Employee + 1 $900 Family $1250 PPO – OPTION #2 Individual $1200 Employee + 1 $2400 Family $3500 Non-PPO – OPTION #1 Individual $650 Employee + 1 $1300 Family $1750 Non-PPO – OPTION #2 Individual $1400 Employee + 1 $2800 Family $4000	$7/$20/$30
ASSOCIATION'S PROPOSAL	PPO	Individual $200 Employee + 1 $400 Family $600	Same as Current Plan	Not Stated	$10/$15

In addition, Option 2 under the County's Final Offer also includes a contribution by the County of $750 into a Health Reimbursement Account.

Section 111.77, Stats., requires that arbitrators consider external and internal comparable data. The external comparable Health Insurance deductibles, co-pays and out-of-pockets are as follows:

EXTERNAL COMPARABLES – HEALTH INSURANCE

COUNTY/CARRIER.	PLAN	DED. S.	DED. F.	CO-PAY	OUT-OF-POCKET	DRUG CARD CO-PAY
ADAMS						
WPS	PPO	$0.00	$0.00	10%/90%	$0	$2
GREEN LAKE						
WCA	PPO	$500.00	$1000	PPO: 100% NON-PPO: 80%/20%	PPO: $500/$100 NON-PPO: $1000/$2000	$10/$20/$30
MARQUETTE						
UNITY COMMUNITY	HMO	$0.00	$0.00	$0.00	$300-SINGLE $600 -FAMILY	$5/$15/$35
PHYSICIANS PLUS	HMO	$0.00	$0.00	$0.00	$300-SINGLE $600 -FAMILY	$5/$15/$35
DEAN CARE	HMO	$0.00	$0.00	$0.00	$300-SINGLE $600 -FAMILY	$5/$15/$35
NETWORK FOX VALLEY	HMO	$0.00	$0.00	$0.00	$300-SINGLE $600 -FAMILY	$5/$15/$35
UNITED HEALTH CARE	HMO	$0.00	$0.00	$0.00	$300-SINGLE $600 -FAMILY	$5/$15/$35
PORTAGE						
SELF-FUNDED	PPO	In-Network	$100/200	100%	$100/200	$5/$10/$20
		Out-Of-Network	$200/$4001	Co-Payment after ded. is met; 80% of first $2000 of covered expenses; thereafter rest of calendar year	$600/$800 (includes deductible)	$5/$10/$20
WAUPACA SELF-INSURED	PPO	In-Network	$0.00	90%/10%	$500 –S; $1000 – F	$3/$5
		Out-Of-Network	$200/$500	80%/20% after deductible is met	$1200 – S; $1400 - F	$3/$5
WINNEBAGO						
NETWORK HEALTH	HMO	$0.00	$0.00	$0.00	$0.00	$5/$15/$30
NETWORK HEALTH	HMO	$250	$500	$80%/20%	$2000 – Single $4000 – Family	$5/$15/$30
SELF-FUNDED	PPO	$0.00	$0.00	$0.00	$0.00	$10/$20/$40

The table reflects a wide range in deductibles and co-pays for the external comparables. No trend can be discerned from this data, and it therefore does not support either party’s Final Offer. Furthermore, none of the five internal comparable bargaining units have settled. The Final Offers must be reviewed without the normal guidance provided by the internal and external comparables. The key components of the proposed benefit modifications shall therefore be analyzed independently of such data.

Both offers include a Wellness benefit. The County's Wellness benefit has some improvements over the current Wellness benefit. Those improvements are tied, to a certain extent, to the Health Insurance option that is chosen. The Association's proposal also includes a Wellness benefit that mirrors the County's. (Tr. p. 92) The County contends the Association's Wellness Benefit is problematic because it is contingent upon the County's proposals. While that assertion is plausible, the undersigned finds the Association's Wellness proposal creates, at a minimum, some ambiguity. In addition, under the Association's Final Offer, there would be an improved Wellness benefit with relatively modest increases in deductibles and co-pays. Such a proposal runs contrary to the need to limit the premium increases.

The County obtained a premium quote for its proposed Health Insurance benefit modifications; however, it is unknown what the premiums would be under the Association's proposed modifications. Without that information, the Association's proposal would cause some difficulty in costing the County's budget.

Although the County's restructured Health Insurance benefits are relatively substantial, as noted above, the trend in Health Insurance is to develop plans where the consumers are more involved in medical choices which result in a certain appreciation of the economic impact of those decisions. The County's proposal more closely follows that path. Furthermore, under Option 2 of the County's Final Offer, the employee's costs will partly be offset with the $750 annual contribution to a Health Reimbursement Account. The bottom line is that, while the County is proposing several changes in co-pays and deductibles, those changes more adequately address the skyrocketing Health Insurance costs than the Association's proposal.

CONCLUSION

The undersigned has considered the statutory criteria, the evidence, and arguments of the parties. Based upon the foregoing analysis, it is concluded that, because of: (1) the need to restrict the duration of the labor agreement (particularly given the escalating Health Insurance costs and the tightening municipal budgets), (2) certain above-described ambiguities in the Association's Final Offer, and (3) the need for more substantial changes in the Health Insurance benefit structure to address rising premiums, the County's Final Offer is preferable.

Therefore, the undersigned makes and issues the following

AWARD

> The County's Final Offer is to be incorporated into the 2005-2006 collective bargaining agreement between the parties, along with those provisions agreed upon during their negotiations, as well as those provisions in their expired agreement which they agreed were to remain unchanged.

Dated in Madison, Wisconsin, on November 14, 2005, by

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Andrew M. Roberts