

BEFORE THE ARBITRATOR

In the Matter of the Petition of  
SEYMOUR PROFESSIONAL POLICE OFFICERS  
UNION, LOCAL 455-A, AFSCME, AFL-CIO  
To Initiate Arbitration Between  
Said Petitioner and  
CITY OF SEYMOUR (POLICE DEPARTMENT)

Case 26  
No. 66963 MIA-2789  
Decision No. 32229-A

Appearances:

Mr. Mark DeLorme, Staff Representative, Wisconsin Council 40, AFSCME, on behalf of the Union.  
Davis & Kuelthau, S.C., by Mr. James R. Macy, on behalf of the City.

ARBITRATION AWARD

The above-captioned parties, herein “Union” and “City,” selected the undersigned to issue a final and binding award pursuant to Section 111.77 of the Municipal Employment Relations Act, herein “MERA.” A hearing was held in Seymour Wisconsin, on February 11, 2008. The hearing was not transcribed and the parties subsequently filed briefs and reply briefs which were received by May 7, 2008. The parties agreed pursuant to the undersigned’s request to extend the time that this decision should issue.

Based upon the entire record and the arguments of the parties, I issue the following Award.

BACKGROUND

The Union represents for collective bargaining purposes a bargaining unit composed of law enforcement personnel employed by the City.

The parties engaged in negotiations for a successor collective bargaining agreement, herein “agreement,” to follow the prior agreement which expired on December 31, 2006, and the Union filed an interest arbitration petition on May 11, 2007, with the Wisconsin Employment Relations Commission, herein “WERC.” The WERC appointed Susan J.M. Bauman to serve as an investigator and to conduct an investigation pursuant to Section 111.77(4)(b) of MERA and the investigation was closed on October 1, 2007. The WERC on November 29, 2007, issued an Order appointing the undersigned as the Arbitrator.

### FINAL OFFERS

**1. The Union’s Final Offer:**

1. ARTICLE 21 – GROUP INSURANCE, revise as follows:

A. Coverage – The following shall be effective upon the City’s admission to the Wisconsin Public Employers’ Group Health Plan. The City will pay up to 105% of the single premium rate of the lowest cost qualified plan in the employer’s service area for employees eligible for the Single Plan. The City will pay up to one hundred five percent (105%) of the Family premium rate of the lowest cost qualified plan in the employer’s service area for employees eligible for the Family Plan. Effective January 1, 2008, the City will pay ninety-two and one-half percent (92.5%) of the premium rate of all qualified plans in the employer’s service area for employees eligible for the Single or Family Plans. Effective January 1, 2009, the City will pay ninety percent (90%) of the premium rate of all qualified plans in the employer’s service area for employees eligible for the Single or Family Plans. The City shall not be responsible for more than one hundred percent (100% of the premium of the plan selected by the employee. If the cost of the plan selected by the employee is more than one hundred five percent (105%) of the lowest cost qualified plan, ~~as indicated above,~~ the employee shall pay the difference. (Emphasis in original).

2. APPENDIX A – WAGES, revise to reflect a 3% wage increase effective January 1, 2007, a 3% wage increase effective January 1, 2008 and a 3% wage increase effective January 1, 2009.

3. ARTICLE 31 – DURATION OF AGREEMENT, revise to reflect a three-year contract.
4. Incorporate Tentative Agreements.

**2. The City’s Final Offer:**

1. Article 21 – Insurance – Modify Section 21.01 to read:

~~The following shall be effective upon the City’s admission to the Wisconsin Public Employers’ Group Health Insurance Plan. Effective January 1, 2007, the City will pay up to one hundred five percent (105%)~~ one hundred percent (100%) of the ~~single~~ premium rate of the lowest cost qualified plan in the employer’s service area for employees eligible for the ~~Single~~ Plan. Effective January 1, 2008, the City will pay up to ~~one hundred five percent (105%)~~ ninety-five (95%) of the ~~family~~ premium rate of the lowest cost qualified plan in the employer’s service area for employees eligible for the ~~Family~~ plan. Effective January 1, 2009, the City will pay up to ninety-two and one-half percent (92 ½%) of the premium rate of the lowest cost qualified plan in the employer’s service area for employees eligible for the Plan. The City shall not be responsible for more than one hundred percent (100%) of the premium selected by the employee. If the cost of the plan selected by the employee is more than one hundred five percent (105%) of the lowest cost qualified plan, as indicated above, the employee shall pay the difference. (Emphasis in original).

2. Article 31 – Duration – 3 year agreement.
3. Wages -           Effective 1/1/07 – 3%  
                          Effective 1/1/08 – 3%  
                          Effective 1/1/09 – 3%

POSITIONS OF THE PARTIES

The Union contends that its Final Offer should be selected because its proposed comparables are most appropriate and because they favor the Union’s offer regarding overall compensation; because the “City’s reliance on total packaging costing and overall compensation is flawed”; because the cost-of-living supports its Final Offer; because the City has failed to establish the need for its proposal and has not offered the required quid pro quo; and because

“Neither the interests nor welfare of the public nor ability to pay supports the City’s offer.” The Union adds that its proposal is clear and unambiguous; that it “is appropriate and consistent with the State’s health insurance plan”; that its offer is “favored under the status quo test”; that employees who select the more expensive health care plan pay more under its offer; that the City “misapplies the cost-of-living factor”; and that the City has not offered any evidence to trigger the application of either the greatest weight criterion or the greater weight criterion.

The City maintains that its Final Offer should be selected because it is supported by its proposed comparables; because the Union’s proposal “is ambiguous and may lead to grievances”; and because the City’s offer “upholds the existing state health insurance plan’s philosophy of encouraging competition while the Union’s offer negates it.” The City also asserts that the overall compensation factor “strongly favors” its offer; that its offer is above the cost of living; that levy limits tip “the scale to favor the City’s offer”; that the state of the economy favors “the City’s more modest offer”; and that its “offer is in the interest and welfare of the public by requiring employees who select the more expensive health plan to pay for it.” The City also argues that its cast-forward costing “is commonly accepted and is the appropriate way to measure any proposed settlement”; that the “Union’s review of other benefits is not instructive nor determinative of the issue in dispute”; that it is the Union, and not the City, which is attempting to change the status quo; and that the Union has failed to meet its burden for changing the status quo.

#### DISCUSSION

The sole issue in dispute centers on health insurance since the parties have agreed upon all other issues, including wages and duration.

Pursuant to the parties' prior agreement, the City paid 105% of the health insurance premiums for the lowest cost qualified health plan under the Wisconsin Public Employer's Group Health Insurance Plan, herein "State Health Plan."

The City's offer calls for paying 100% of the lowest cost qualified health plan offered by the State Health Plan effective January 1, 2007; paying 95% of the lowest cost qualified health plan effective January 1, 2008; and paying 92.5% of the lowest cost qualified health plan effective January 1, 2009.

The Union's offer calls for the City paying 105% of the lowest cost qualified health plan offered by the State Health Plan in 2007; paying 92.5% of all qualified health plans effective January 1, 2008; and paying 90% of all qualified health plans effective January 1, 2009, provided that the City's contribution will not exceed 105% of the lowest cost plan.

As for the statutory criteria in Section 111.77(6) of the MERA, there are no issues relating to either the lawful authority of the employer; or to the stipulation of the parties; or to the wages, hours and conditions of employment for private employment in comparable communities; or to any changes in any of the statutory circumstances during the pendency of this proceeding.

The parties disagree over whether the City's cast-forward method of computing overall costs is appropriate; whether the City has the financial ability to meet the cost of the Union's proposal; and whether the CPI supports their respective positions.

Regardless of whether the City's cast-forward method is used, the parties' offers in any event are not that far apart. The Union states that under the City's proposal, "The difference

between the offers averages a mere 0.13%/year of the three year Agreement”<sup>1</sup> and that there is no cost difference between the Union’s offer and the City’s offer in 2008-2009, and the City states that “the total difference between the parties over three years is about \$3,200.”<sup>2</sup>

Given this relatively small amount of money spread out over a three year period and absent any claim of inability to pay, I find that the City has the financial ability to pay for the Union’s higher costs.<sup>3</sup>

The CPI was 4.1% in 2007 (Union Exhibit 9), which was higher than the 3% wage increase for 2007 agreed to by the parties, thereby supporting the Union’s claim that wages have not kept up with the CPI. The City points out, however, that Section 111.77(6)(f) requires consideration of total package costs when looking at overall compensation and that it totaled 5.2% in 2007 which is above the CPI (City Exhibit 7).<sup>4</sup> The CPI thus cuts both ways and does not favor either party’s offer.

The parties also disagree over whether the level of total compensation received here is or is not comparable with the external comparables. Rather than discuss this issue in detail, it suffices to simply point out that the record is mixed and that selecting either party’s offer will not

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<sup>1</sup> Union Reply Brief, at 3.

<sup>2</sup> City Reply Brief, at 4.

<sup>3</sup> While the City points out that levy limits place constraints on what the City can spend and that payment of the Union’s offer comes “at expense of something else,” the minimal amount of total money in dispute does not involve any significant trade-offs.

<sup>4</sup> The City also estimates that its total package costs will be 4.1% in 2008 and 4.5% in 2009, whereas the Union’s total package costs would be 5.6% in 2007, 4.1% in 2008, and 4.5% in 2009 (City Exhibit 7).

materially affect the bargaining unit's overall standing. I therefore find that the factors relating to overall compensation and external comparability for matters other than health insurance do not favor either party's offer.

Turning now to the comparables, there is only one internal comparable: AFSCME Local 455-A which has submitted the identical issue as here to interest arbitration. It thus plays no role in this proceeding.

As for the external comparables, Arbitrator Stanley H. Michelstetter in a prior interest arbitration proceeding involving the City and AFSCME Local 455-A determined that the following external comparables were appropriate: Bonduel; Brillion; Clintonville; Combined Locks; Gillett; Kimberly; New London; Oconto; Oconto Falls; Pulaski; and Suamico.<sup>5</sup>

Here, both parties agree that Bonduel and Gillett should not be included within the external comparables, and neither party has proposed Suamico as a comparable apparently because its police protection is provided by Brown County (City Brief, at 9).

The City proposes to delete Oconto because of its geographic distance from Seymour and it proposes to include Shawano and Hortonville because the former "is a relevant comparable although much larger" and because the latter is only 24 miles from Seymour, similar in size, and shares the traditional economic benchmarks.<sup>6</sup>

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<sup>5</sup> Seymour Employee's Union AFSCME, Local 455-A and City of Seymour, Decision No. 28957-A (Michelstetter, 1997), at 10.

<sup>6</sup> The City also asserts that its proposal is supported by the data from certain counties (City Exhibit 21). I have not considered that data because the external comparables here consist of cities and not counties.

The Union contends that “external comparables should provide some stability” and it opposes Shawano’s inclusion because Arbitrator Michelstetter rejected it as a comparable, and it opposes the inclusion of Hortonville because of its small size and its ineligibility for interest arbitration. The Union also proposes the inclusion of Oconto because Arbitrator Michelstetter included it in his comparables.

I agree that external comparables must provide stability so parties can have objective benchmarks for determining the reasonableness of their bargaining positions. That is why formerly established comparables, even for a different bargaining unit, must be given considerable weight and why they should not be overturned unless changing circumstances or other valid policy considerations exist.

Here, no evidence has been presented which warrants excluding Oconto as a comparable, which is why it remains a valid comparable. In addition, Arbitrator Michelstetter excluded Shawano as a proposed comparable (by the Union), and there is no valid basis for overturning that determination. While Hortonville apparently was not proposed as a comparable in that proceeding, there is no need to include it here since there are eight external comparables which is a representative sample.

I therefore find that the external comparables consist of Brillion; Clintonville; Combined Locks; Fox Valley Metropolitan Police Department (which includes Kimberly and Little Chute); New London; Oconto; Oconto Falls; and Pulaski.

Both parties assert that their proposals maintain the status quo and that the other side has failed to meet its burden of proving that its change is needed and that it has offered the required quid pro quo.



Since the expired agreement provided that the City must pay 110% of the premium of the lowest qualified health plan, and since both proposals seek to change the amount of the City's contribution and the amount of the employee's contribution over a three-year period, I find that both parties are trying to change the status quo and that the traditional analysis governing the status quo doctrine is inapplicable in this proceeding.<sup>7</sup>

The Union asserts that the "City's offer is significantly below the employee health insurance contributions found among the external comparables and is not competitive"; that employees in four out of the external comparables pay 10% of the monthly health insurance premium which is what it is seeking here; and that two of those comparables are under the State Health Plan. It argues that the City's offer "is also much higher for any plan other than the lowest cost plan; that there is no merit to the City's claim that "all the external comparables require higher employee health insurance contributions"; and that its offer is "mirrored" by two of the comparables. It also asserts that the "City's offer merely shifts the risk to employees" by forcing them to pay much higher premiums if "they have the audacity to choose anything lower than the lowest cost plan."<sup>8</sup>

The City maintains that while employees among the external comparables in 2007 paid an average of \$49 and \$116 towards a single and family plan, the City's offer for 2007 calls for no contribution for the lowest cost plan and for payment of \$32 and \$80 for the higher cost plans (City Exhibit 18), thereby placing its offer ahead of the external comparables. The City also

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<sup>7</sup> The Union argues that its proposal does not represent a "significant" change. I find otherwise because, as related below, it can change the nature of the competitive bidding process used to determine health insurance premiums.

<sup>8</sup> Union Reply Brief, at 7.

contends that external comparables support its proposal and it points out that it is unclear which plan is offered by Fox Valley Metropolitan (Union Exhibit 10-A), and that the Union's reliance on that comparable is misplaced. The City challenges the Union's data by claiming that it does not take into account the fact that bargaining unit employees here can use the City's flexible spending account and pay for premium contributions on a pre-tax basis, thereby saving about 30% on their health care premiums.

This latter point is well taken because the employees here can lower their premium contributions by about 30%, which may not be true for employees in the external comparables.

The data is mixed regarding the external comparables, with some of it supporting the City and some of it supporting the Union.<sup>9</sup>

Three of the comparables, i.e. Brillion, Combined Locks and Oconto Falls, participate in the State Health Plan, with Brillion and Oconto Falls using the lowest cost plan to determine the employer's contribution (City Exhibit 18). Combined Locks has the State Health Plan without tying it to the lowest cost plan. The evidence regarding Fox Valley Metropolitan is ambiguous since its contract does not identify the health insurance plan (Union Exhibit 10(a)).

At the same time, four of the comparables, i.e. Clintonville, Combined Locks, Fox Valley Metropolitan, and Oconto, in 2008 require employees to pay 10% of the health care premium, which is what the Union is proposing here (Union Exhibit 10(a)).

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<sup>9</sup> The City states that the Union "also claims that Oconto can be added to the list" of those employers who are under the State Health Plan (City Reply Brief, at 8). While the Union's Brief at 25 does state that, Oconto in fact is under a Teamsters' health plan and not the State Health Care Plan (Union Exhibit 10(a)).

The Union claims that under the City’s offer, the City “would pay 92.5% of the lowest cost plan, moving the City to the bottom of the comparables,” whereas the “Union’s offer reflects the contribution of the comparables.”

What the City pays, however, must be considered alongside with what employees will pay under the City’s offer.

As for that, employee contributions under the City’s proposal will be less than all the comparables for the lowest cost health plan, i.e. the Network Health Plan, herein “Network,” because: (1), the employees here in 2007 will not pay any premiums under that plan, whereas employees among the comparables in 2007 on average paid 11.5% and 10% for single and family plans (Union Exhibit 10(b)); (2), employees here under the Network plan in 2008 will pay 5% of the single and family premiums, i.e. \$24.46 and \$60.97, whereas employees among the comparables in 2008 will pay on average 10.6% and 9.4% for single and family coverage (Union Exhibit 10(c)); and (3), employees here under the Network plan in 2009 will pay 7.5% of the single and family premiums which are not yet determined, whereas the average premium for single and family coverage will be 11.5% and 10% among the five comparables who have settled collective bargaining agreements (Union Exhibit 10(d)).

Employees in the external comparables thus paid the following monthly premiums in 2007 under various health care plans:

<u>Municipality</u>	<u>2007 Employee Monthly Contribution</u>	
	<u>Single</u>	<u>Family</u>
Brillion	\$ 97.50	\$ 97.50
Clintonville (1)	\$ 42.86	\$117.87
(2)	\$ 38.07	\$104.69

Combined Locks	(1)	\$ 43.92	\$109.47
	(2)	\$ 46.67	\$116.33
	(3)	\$ 59.37	\$148.10
	(4)	\$ 41.01	\$102.20
Fox Valley Metro	(1)	\$ 45.57	\$113.55
	(2)	\$ 48.80	\$121.63
New London		\$ 44.80	\$125.37
Oconto		\$ 87.00	\$ 87.00 <sup>10</sup>
Oconto Falls		\$ 24.40	\$ 60.82
Pulaski		\$ 59.30	\$176.39

The City's proposal regarding the lowest cost plan for all three years therefore is superior to what employees in the comparable jurisdictions must pay over the course of the new agreement.

The same is not true for the higher cost plans.

The City's offer for 2007 would require employees to pay \$32.30 and \$80.00 for single and family coverage under the higher priced United plan, and \$62.80 and \$157.00 for single and family coverage under the higher priced Arise plan (formerly WPS). The Union's offer requires employees in 2007 to pay \$9.51 and \$24.02 for single and family coverage under the United plan, and \$40.02 and \$100.22 for single and family coverage under the Arise plan.

For 2008, the City's offer would require employees to pay \$73.06 and \$182.47 for single and family coverage under the United plan, and \$107.56 and \$268.77 for single and family

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<sup>10</sup> Since these premiums were calculated on a weekly basis, the \$87 figure is a rough approximation of the monthly premium.

coverage under the Arise plan. The Union's offer would require employees in 2008 to pay \$40.34 and \$100.56 for the United plan and \$42.92 and \$107.03 for the Arise plan.<sup>11</sup>

The City's offer therefore requires employees to pay considerably more for the higher priced plans, thereby making it more economically difficult for those employees who want a higher priced plan.

But, all of the comparables in 2007 except for Oconto Falls and New London (which has a PPO) required their employees to pay more than the premium contributions the City has proposed for the higher priced United and WPS Prevea health plans (Union Exhibit 10(b)). For 2008, only two comparables will require their employees to pay less than the 92.5% proposed here (Union Exhibit 10 (c)). For 2009, only one out of the five settled comparables will require employees to pay less than the 90% proposed here (Union Exhibit 10(d)).

Based upon all of the above, the record establishes that the City's proposal to tie employee contributions to the lowest cost health plan is supported by two of the comparables and that the employees here will pay less in premium contributions than almost any of the external comparables for the lowest cost plan. At the same time, the Union's proposal calling for a 10% employee contribution is supported by four of the comparables and its proposal regarding what employees should pay for higher priced plans is supported by some of the external comparables.

I therefore find that the external comparables are mixed and that they do not favor either party's offer.

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<sup>11</sup> Since the 2009 insurance rates are unknown, it is impossible to determine what dollar contributions will be for that year.

However, it must be noted that the State Health Plan is an excellent plan because, unlike some of the plans among the external comparables, it has no front-end deductibles or co-pays for medical care.<sup>12</sup>

In addition, a 2008 Health Plan Quality Comparison (Union Exhibit 14, Page E. 6) shows that Network, the lowest cost plan, received higher scores than United Healthcare NE, Humana-Eastern, and Arise for “Overall Quality, Wellness & Prevention, Disease Management, and Consumer Satisfaction and Experience.” The City therefore points out that Network “is also the best health care provider.” (Emphasis in original).

This dispute also centers upon which offer is in the best “interests and welfare of the public.”

The Union asserts that “It is in the interests and welfare of the public to attract and retain qualified employees,” which can only be achieved by providing employees with “a real choice of plans that are within their financial means,” and that the interests and welfare of the public also are served because “employees who select the more expensive plan pay more under the Union’s offer” (Emphasis in original). It also argues that the City’s fears about future excessive health care costs are unwarranted because “The State Health Plan is insulated and has not experienced significant premium increases in the past,” and because the City’s premium payment cannot exceed 105% of the lowest cost option.<sup>13</sup>

The City counters that “The interest and welfare of the public is preserved by the City’s offer which encourages competition among health care providers and follows the rules of

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<sup>12</sup> There are co-pays for prescription drugs and emergency room services under the State Health Plan.

<sup>13</sup> Union Reply Brief, at 6.

operating under the state health insurance plan”; that the “Union basically eliminates competition between the providers”; and that it “is certainly not in the interest and welfare of the taxpayer to reward non-competitive bids from an insurance provider.” It adds that “The State Health Insurance Plan is founded upon an employer basing its contribution on the lowest cost provider” because “it provides steerage to the most competitive provider that, in the long run, encourages competition and rewards providers that hold down costs.” It also claims that the Union’s offer may lead to litigation because it does not specify what contributions the City must make for “unqualified” health plans and that, “There was no evidence presented that the City has been unable to recruit or retain qualified employees.”<sup>14</sup>

This question relating to the lowest cost provider involves what is the best way for an employer to control its ever-escalating health care costs and what is the best way to foster competitive bidding in selecting health care carriers, as that bidding process largely determines an employer’s health care costs.

The State Health Plan helps alleviate this problem because it pools together various municipal employees and employers throughout the state and because it tries to obtain the lowest monthly premiums through competitive bidding in various geographic areas. This competition is the key to holding down health care costs because health insurance providers know that it is in their own economic self-interest to offer the lowest premiums to draw the largest number of enrollees.

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<sup>14</sup> A non-qualified plan does not offer certain minimal services mandated by the State Health Plan, but it may still be selected by an employee.

Consultant Jeff Prickette from McClure Consulting thus testified that lower cost plans force parties to negotiate and that “the point behind the lowest plan is that employees will migrate there.” He added that if there is a higher priced plan, employees with health issues will stay with the higher priced plan because they want to keep their doctors. He also said that premium contributions affect employee choice, and “That’s exactly what the state is trying to accomplish” by offering the lowest cost plan, and that there must be an incentive for employees to move to the lowest cost plan because a higher \$20 - \$30 per month premium contribution is not enough to cause employees to change their health plans.

The Union argues that “The City has presented no evidence of excessive health insurance premium increases in the foreseeable future, with the exception of the speculation of an insurance consultant with no ties or special knowledge of the State Health Plan.”<sup>15</sup>

The City’s concerns regarding higher costs are, in fact, warranted because the annual premiums for the Network plan between 2000-2008 increased by an average of 9.4%; because the annual premiums for the United plan increased by an average of 11.3%; and because the annual premiums for the Arise plan (formerly Prevea) increased by 6.7%, thereby resulting in a near doubling of the City’s health care costs (City Exhibit 11).

Furthermore, while consultant Prickette may or may not have “ties or special knowledge of the State Health Plan,” he nevertheless is an insurance expert who is very knowledgeable about the need for competition in the health care area.<sup>16</sup>

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<sup>15</sup> Union Reply Brief, at 7.

<sup>16</sup> Prickette also has no affiliation with the City and he does not help provide for any of its insurance needs.



In addition, his views were corroborated by a 2007 paper entitled “Wisconsin Health Insurance Cost Rankings 2008” prepared by Robert Kraig for Citizen Action of Wisconsin which addressed the advantages of competitive bidding under the separate State of Wisconsin’s Group Health Insurance Program which covers state employees and state retirees (City Exhibit 22). It states in pertinent part on 5:

...

The Wisconsin Group Health Insurance Program’s uniquely competitive bidding process, geographic breadth, and uniform benefits package make it a useful surrogate for regional and metropolitan private health insurance markets. In 2003, the State switched to a three-tiered bidding process, which requires members who select higher cost Tier 2 and Tier 3 plans to pay substantially higher premiums. Plans in all three tiers provide uniform benefits, with plans which score higher on several quality indicators receiving extra credits in the scoring process. As the boundaries between the tiers are not set in advance of the process, insurers have a strong incentive to bid as low as possible. Tier 2 and Tier 3 plans attract far fewer participants during the annual Open Enrollment process due to the higher premiums charged to enrollees. As the tiered system creates a powerful incentive to make the lowest responsible bid, the rates that the State of Wisconsin is able to obtain through this annual process is a barometer of the private health insurance market in each region. In addition, as the program requires a uniform benefits package across all 22 participating health plans, it offers a rare opportunity to compare relative costs for the same bundle of services.

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The paper’s references to insurers having “a strong incentive to bid as low as possible” and to having them make the “lowest responsible bid” under that health care program support Prickette’s testimony that that also is the goal of the State Health Plan.

This case thus turns upon whether the need to maintain such competitive bidding for the lowest priced health plan outweighs the right that employees have to select their own health care providers, a choice that gets more difficult to make if employees must pay much higher insurance premiums to exercise that right.

While this right is important, the “interests and welfare of the public” nevertheless require that there be the greatest possible economic competition among health care providers in order to help control insurance costs and that the “interests and welfare of the public” therefore are ill served if such competition is lessened particularly where, as here, the lowest cost health care plan being offered to employees is the best plan available.

Since there should be more competition for the City’s health care dollars if health care providers know that the City’s health care costs will be pegged to the lowest qualified health care plan and that more employees will join that plan because of its lower premiums and higher premiums for other health care plans, I conclude that the City’s Final Offer is more reasonable and that it should be selected because this factor outweighs all of the countervailing factors supporting the Union’s proposal.

Based upon the above, I therefore issue the following

AWARD

The parties’ 2007-2009 successor agreement shall contain all of the terms of the City’s Final Offer, along with all of the tentative agreements agreed to by the parties.

Dated at Madison, Wisconsin, this 16<sup>th</sup> day of July, 2008.

Amedeo Greco /s/  
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Amedeo Greco, Arbitrator