STATE OF WISCONSIN

BEFORE THE ARBITRATOR

In the Matter of the Petition of

LABOR ASSOCIATION OF WISCONSIN, INC.

For Final and Binding arbitration
Involving Law Enforcement Personnel
in the Employ of

GREEN COUNTY (SHERIFF'S DEPARTMENT)

Case 100
No. 42429 MIA-185
Decision No. 26605-A

Appearances:

DeWitt, Porter, Huggett, Schumacher & Morgan, S.C., Attorneys at Law, by Mr. Howard Goldberg appearing on behalf of the County.

Mr. Dennis A. Pedersen, Labor Consultant, Labor Association of Wisconsin, Inc. appearing on behalf of the Association.

ARBITRATION AWARD:

On September 11, 1990, the Wisconsin Employment Relations Commission appointed the undersigned Arbitrator pursuant to Section 111.77 (4)(b) of the Municipal Employment Relations Act, to issue a final and binding award to resolve an impasse arising in collective bargaining between Green County Deputy Sheriff's Association, referred to herein as the Association or the Union, and Green County (Sheriff's Department) referred to herein as the County or the Employer, with respect to the issues specified below. The proceedings were conducted pursuant to the provisions of Wis. Stats. 111.77(4)(b) which limits the authority of the Arbitrator to the selection of the final offer of one party without modification. The proceedings were conducted at Monroe, Wisconsin on December 17, 1990, at which time the parties were present and given full opportunity to present oral and written evidence and to make relevant argument. The proceedings were not transcribed, however, briefs and reply briefs were filed in the matter. Final briefs were received by the arbitrator on February 13, 1991.

THE ISSUES:

Two issues remain in dispute between the parties. The disputed issues are health insurance deductibles, and the percentage increases that are to become effective on July 1, 1989 and July 1, 1990.

The Association proposes that the health insurance provisions be modified so that the Employer will pay 90 percent of the premium for both single and family coverage for health insurance. The predecessor agreement provided that the Employer would pay 90 percent of the premium for family coverage and 100 percent of the premium for single coverage.

The Employer proposes that the parties convert their health insurance to "CARE SHARE" health insurance plan in lieu of the existing coverage. The significant differences between the CARE SHARE plan and the plan presently in force is that CARE SHARE will provide a $150 deductible per year for single coverage and up to three $150 deductibles ($450 max) for family coverage. Additionally, CARE SHARE will increase the cost to the insured for prescriptions from $2.00 to $5.00.

With respect to the general increase, the Union proposes that 4 percent become effective July 1, 1989 and 5 percent become effective July 1, 1990.

The Employer proposes that the general increase be 4.25 percent effective July 1, 1989 and 6 percent July 1, 1990.

DISCUSSION:

WIS Stats 111.77 (6) set forth the factors to which the Arbitrator shall give weight in determining which party's final offer should be adopted. The factors are:

(a) The lawful authority of the employer
(b) Stipulation 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 from 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, medication, fact-finding, arbitration or otherwise between the parties, in the public service or in private employment.

The Arbitrator will consider the record evidence and the parties' arguments in light of the statutory criteria found at 111.77 (6) a through h.

As noted in the Issues section of this Award, there are two issues separating the parties. The percentage of wage increase and health insurance deductibles. The final offers of the parties reflect that the Employer is offering a higher general increase than is the Union. The Union offer also reflects that the Employer will only be required to pay 90 percent of the health insurance premiums for single employees where in the past under the predecessor agreement, the Employer had paid 100 percent. Under the Union proposal, the Employer will continue to pay 90 percent of the family health insurance premiums as it has in the past. The Employer offer proposes that for health insurance new deductibles be established up to a maximum of $450 per year for a family, and $150 per year for a single employee. The Arbitrator is faced with a choice of selecting the final offer of the Employer which provides a higher wage increase, but institutes deductibles on health insurance or that of the Association which provides a lower general increase and participation of 10 percent premium payment by employees with single health insurance coverage but which maintains the prior health insurance coverage which has no deductibles. The question for the Arbitrator is whether the superior wage offer of the Employer is sufficient so as to warrant the introduction of the deductibles which are provided in the CARE SHARE plan of health insurance proposed by the Employer.

It is obvious that if the sole dispute were the amount of general increase to become effective July 1, 1989 and July 1, 1990, the Employer offer is more favorable to the employees in the bargaining unit than as that of the Union because it is 1-

1/4 percent higher than the Union offer over the term of the agreement. The question remains, however, as to whether the Employer offer is sufficient so as to offset the disadvantage to employees in the unit because of the proposed deductibles in the health insurance program. Additionally, the Employer has the obligation to establish that there is justifiable need for the institution of the deductibles which it proposes and that the deductibles will resolve the problem.

We consider first whether the evidence supports a need on the part of the Employer to propose a change in the health insurance coverages. Employer Exhibit #9 sets forth the historical costs of health insurance premiums for bargaining unit employees. The record evidence establishes that in January 1, 1988, the family health insurance premium for WPS-HMP was $250 per month and single coverage was $100 per month. In April 1, 1989, the premium became $300 per month for family coverage and $120 per month for single coverage. Effective September 1, 1989, the premium escalated to $350 per month for family coverage and $140 per month for single coverage, and effective October 1, 1990, the premium increased to $390 per month for family coverage and $155 per month for single coverage. The foregoing represents approximately a 55 percent premium increase for family coverage between January 1, 1988 and October 1, 1990.

In addition to the approximate 55 percent premium increase between January 1, 1988 and October 1, 1990, the Employer was required to transfer funds into its health insurance account totaling $215,000 for the period commencing in July 1988 and entering in January of 1990. The Employer self-funds up to the amounts of the stop loss and the fund transfers were necessary to pay incurred claims. None of the fund transfers of the Employer were charged back to premium increases which would impact the employees with family coverage who pay 10 percent of the premium for that coverage.

Based on the evidentiary submissions as described in the preceding two paragraphs, the undersigned concludes that the record establishes a need for cost control measures for health insurance. The conclusion that cost control measures are necessary squares with the observations of this Arbitrator in numerous cases throughout the period of the 1980's where parties have attempted to institute modifications in their health insurance programs in effort to reduce the spiraling costs of that coverage. While many efforts have been made throughout the 80's, the problem continues to plague the parties in their bargaining relationships throughout the State in both the private and public sector. Because the problem has continued to resurface throughout the past decade, it can only be concluded that the parties have not been able to arrive at a satisfactory resolution of the problem.

The undersigned has concluded that the record establishes a need for cost containment. It remains to be determined whether the change to the WPS CARE SHARE program will provide a solution to the problem of escalating health insurance costs. The CARE SHARE program will institute a deductible of $150 for individual coverage and up to $450 for family coverage per year. The record evidence at Employer Exhibit #9 establishes that the monthly premiums for family coverage will become $350 per month for family coverage and $140 per month for single coverage, if CARESHARE is adopted.This compares to $390 per month for family coverage under the existing coverage, and $155 per month under single coverage. Thus, the proposal of the Employer creates a more favorable premium relationship thereby reducing the cost of the insurance coverage to the Employer by $40 per month for family coverage and $15 per month for single coverage. The foregoing data established that the proposed health insurance coverages contained in the final offer of the Employer will provide relief from the health insurance increases it incurred under the prior coverages. It follows therefrom that the record evidence establishes that the change proposed by the Employer meets the objective of containing and reducing the spiraling costs of furnishing the health insurance to employees in the unit.

It remains to be determined whether the superior wage offer of the Employer is sufficient so as to warrant the additional cost incurred by unit employees by reason of the institution of the deductibles. In making that determination, the undersigned looks to two comparisons. The first comparison is the amount of the additional wages the employees will receive if the Employer offer is adopted. The record evidence establishes that if the Employer offer is adopted, employees will receive 1/4 percent larger increase for the year commencing July 1, 1989 and 1 percent larger increase for the year commencing July 1, 1990. We find from Employer Exhibit #11 that the average base wage in the bargaining unit for 1989 is $9.46 per hour. If we apply the proposed general increase of the Union effective July 1, 1989 to the average annual wage, we find that the average wage will become $9.84 per hour rounded to the nearest penny. If the Employer final offer is adopted effective July 1, 1989, the average wage will become $9.86 per hour rounded to the nearest penny. Thus, the Employer offer generates $.02 per hour more for the year 1989 when making comparison of the average wage in the bargaining unit. For the year 1990, if the Employer offer is adopted, the average wage becomes $10.45 per hour effective July 1, 1990 rounded to the nearest penny. If the Association offer is adopted, the average wage becomes $10.33 per hour rounded to the nearest penny. Thus, the average wage effective July 1, 1990

becomes $.12 per hour higher for the year than if the Employer offer is adopted than if the Association offer is adopted.

Assuming that employees work the customary 2,080 hours per year, the $.12 per hour differential between the offer of the Employer and the offer of the Association results in an average annual wage increase of $249.60 more if the Employer offer is adopted than if the Association offer is adopted. If one compares the additional monies earned under the Employer offer of $249.60 to the maximum potential of deductibles paid in health insurance in a year, we see that an employee with single coverage will fare better under the Employer offer because he is limited to one $150 deductible per year. Employer Exhibit #17 establishes that there are 8 employees with single coverage, and if one assumes that each of those eight employees were to pay the $150 deductible, they will have received $99.60 more under the Employer offer than they would have received under the Association offer.

Employer Exhibit #17 also indicates that there are 6 family coverages provided for employees in the unit where potentially two deductibles could apply and there are 17 family coverages in force in the unit where the 3 deductibles could apply. For the 6 employees with two deductibles, assuming that both deductibles were used, those employees would fare better under the Association offer than that of the Employer offer by $50.40 per year. Making the same comparisons for the 17 families with 3 potential deductibles assuming that all of the deductibles were met, we find that the Association offer would generate $200.40 per year more to the employees in the unit where 3 deductibles were satisfied than the Employer offer would generate.

The record establishes that the majority of the employees in the unit have the family coverage and that 17 of those with family coverage have the potential of using the 3 deductibles each year. The record establishes that the majority of the employees in the unit would fare better under the Association offer than under the Employer offer, assuming that all of the deductibles were met.

We have concluded that the Association offer is fiscally more beneficial to the majority of the employees in the unit, assuming that all of the deductibles are utilized, than is that of the Employer. That, however, is not the only measure to be considered in evaluating the respective merits of the parties' offers. There is in evidence the settlement patterns which have emerged for Sheriff's Departments. Employer Exhibit #3 establishes that the sworn personnel of the Sheriff's Department in Columbia County negotiated a wage increase of 3.1 percent for the year 1990. Employer Exhibit #4 establishes that employees in the Sheriff's Department in Iowa County negotiated a 4 percent increase for the year 1990.

Employer Exhibit #5 establishes that employees in the law enforcement unit of Lafayette County negotiated a 3.5 percent wage increase for the year 1990. Employer Exhibit #6 sets forth wages in force for Sauk County for the years 1988 and 1989, however, no data is available for the percentage increases in Sauk County because at the time of arbitration hearing, Sauk County was also in arbitration. Thus there is in evidence in this proceeding only data with respect to percentage wage increases for 3 other counties. Those settlements average approximately 3.5 percent for the year 1990. The Employer offer of 6 percent is approximately 2.5 percent above that average while the Union offer of 5 percent is approximately 1.5 percent above that average. Since this is the only data in the record furnished to the Arbitrator for comparisons, the undersigned must rely on the data furnished. Furthermore, the Union has provided no settlement data relating to percentage wage increases among comparable counties. The undersigned draws an inference from the lack of that settlement data that the percentage increases for the year 1990 among comparable counties in law enforcement units would work adversely to the Union position. Based on that conclusion, the undersigned places reliance the limited data furnished by the Employer exhibits. We have concluded that the Employer offer calculates to approximately 2.5 percent above the average of the three counties percentage increases for the year 1990. Using the same approach as was used in comparing the differentials between the Employer and Union offer when considering the additional wage increases compared to the amount of potential costs to the employees by reason of the deductibles in the health insurance, we find that the Employer offer of 6 percent is 2.47 percent above the average of the percentages of settlement of the 3 counties for the year 1990. The 2.47 percent translates to $.296 per hour. On the basis of a 2,080 hour year, the increase generated based on the average wage rate which was in effect in 1988 will result in $616.51 more than if the parties had settled for the average settlement of 3.53 percent.

We have determined that the maximum deductible under the Employer's proposed health insurance plan is $450 per year for a family with 3 dependents. The evidence establishes that the Employer's wage proposal for 1989 and 1990 will generate a wage increase of $616.51 higher than the wage increase which would have been generated if the parties had merely settled for a wage increase equal to the average settlements. From the foregoing, it is clear that the Employer wage offer when compared to the average settlements, exceeds the amount of potential deductible to employees in the unit by $166.51. It follows from the foregoing that when comparing the patterns of settlement with the offers of the parties including the offsets for costs to employees in the unit for the deductibles proposed for health

insurance by the Employer, the Employer offer of 4.25 percent and 6 percent is supported by the record evidence.

We now consider whether the deductibles proposed by the Employer for health insurance are unique or whether they are supported by the comparables. The Employer at its Exhibit #1 furnishes data showing the results of a survey the Employer took dealing with health insurance coverages among counties within the state of Wisconsin which are either adjacent to or similar in size to Green County. The Union opposes the consideration of these counties, asserting that most of the counties contained in the survey do not constitute comparable employers. The undersigned will consider all of the data contained within Employer Exhibit #1, because it is the opinion of this arbitrator that the comparison of health insurance benefits need not be limited to the traditional comparables of adjacent counties of comparable size. The counties surveyed by the Employer include Calumet, Clark, Columbia, Crawford, Door, Douglas, Grant, Iowa, Lafayette, Lincoln, Oconto, Oneida, Pierce, Richland, Rock, Sauk, and Shawano County. (The Employer also included Stevenson County, Illinois which the arbitrator will exclude from consideration because it lies outside the boundaries of the State of Wisconsin.) The record establishes that of the 16 counties surveyed by the Employer, 15 counties have deductibles in their health insurance coverage. Only Douglas County provides no deductible for health insurances. Additionally, 10 of the surveyed counties provide for a co-pay provision in their health insurance plan, a provision not proposed by the Employer in its final offer. From the foregoing it is clear that deductibles and co-pay provisions in health insurance plans are the rule rather than the exception. It follows from the foregoing that when considering the practice among other counties of similar population the Employer proposal for health insurance is supported by this record.

When considering health insurance coverage among other bargaining units employed by Green County we find a different picture. No collective bargaining unit in Green County presently has deductibles for health insurance for employees within the units with whom the County bargains. Only the non-represented employees have the proposed coverage contained in the employer final offer here. The employer instituted unilaterally the deductible coverages it proposes here for those employees. Consequently, the "internal comparables" do not support the employer offer as it relates to the deductibles for health insurance. The record, however, establishes that the Employer bargains with the employees in this bargaining unit in off-years compared to the remaining bargaining units with which the employer bargains. The record also establishes that the Employer

proposal to the other bargaining units is identical to the final offer of the Employer in this dispute as it relates to health insurance deductibles. (Union Exhibit #30)

Finally, the undersigned considers the cost of living criteria. Employer offer over the two-year agreement totals 10.25%. If the maximum deductible is reached by employees, it will result in a cost to those employees of $450. The $450 over a 2080 year calculates to 22¢ per hour. We have determined that 1% increase on the average wage in the unit which was in effect in 1988 calculates to 12¢ per hour. We can calculate from this data that the employees who experience the full deductible will have an adverse impact of 1.83% which must be subtracted from the total wage proposal of the Employer, which results in a net increase over the 2 years of 8.42%. By way of comparison, the union offer over the two years totals 9%. Thus, the net percentage increase of the employer offer, assuming that all employees arrive at the maximum deductible, is .58% more than that of the employer's proposed net percentage increase. The undersigned has considered the increases in the cost of living for the two years in question and concludes that the union offer is closer to the cost of living increases over those two years and that of the employer by 8.5%. It follows that the union offer is supported by the cost of living criteria.

Summary and Conclusions

The undersigned has concluded that record evidence supports a need for cost containment and that the record establishes that the proposal of the employer will result in achieving that purpose. The undersigned has further concluded that when comparing the differences between the offers of the parties, the employer's superior wage offer offsets the deductibles the employer proposes for some, but no all employees in the unit. The undersigned has further concluded that when comparing the patterns of settlement to the employer offer, the employer offer exceeds those patterns by a percentage sufficient to offset the deductibles which it has proposed. The undersigned has further concluded that the external comparables support the employer's offer with respect to the health insurance deductibles while the internal comparables do not. Finally, the undersigned has concluded that the cost of living supports the association proposal when considering the net percentage increase proposed by the employer and the percentage increase proposed by the union over the two-year term of the contract.

After careful deliberation and consideration, the undersigned now concludes that the Employer offer should be adopted. Given all of the foregoing conclusions, the undersigned is persuaded that the cost containment proposed by the employer provides adequate compensation and that while the cost of living supports the Union proposal, the differential between the Union proposal of 9% and the

employer's net proposed increase of 8.42% is not so great as to require the adoption of the union offer.

Therefore, based on the record in its entirety, and the discussion set forth above, after considering all of the arguments of the parties and the statutory criteria, the undersigned makes the following:

AWARD

The final offer of the employer, along with the stipulations of the parties as certified to the Wisconsin Employment Relations Commission, and those provisions in the predecessor collective bargaining agreement which remained unchanged throughout the bargaining process, are to be incorporated into the party's collective bargaining agreement which becomes effective July 1, 1989.

Dated at Fond du Lac, Wisconsin, this 12th day of April, 1991.

Jos. B. Kerkman,
Arbitrator