



Article XIII, Health and Welfare, Section 13.1 of the Collective Bargaining Agreement provides that “[f]or 2014, this Article may be re-opened to negotiate solely the County contribution to the health insurance premium.” The Parties were unable to resolve during bargaining the County’s contribution to the health insurance premium effective April 1, 2014. As a result, the Bureau of Mediation Services (“BMS”) received a written request from the Union to submit the unresolved issue to conventional interest arbitration. The BMS determined that the following item was certified for arbitration pursuant to Minn. Stat. § 179A.16, subd. 2 and Minn. Rule 5510.2930:

1. What shall be the County’s contribution towards the Teamsters Local 346 Health Plan for bargaining unit members effective April 1, 2014?

The Arbitrator, Richard John Miller, was selected by the Parties from a panel submitted by the BMS. A hearing in the matter convened on September 25, 2014, at 9:00 a.m. in the Commissioner’s Board Room at the Clearwater County Courthouse, Bagley, Minnesota. The Parties were afforded full and ample opportunity to present evidence and arguments in support of their respective positions.

The Parties’ representatives elected to file electronically post hearing briefs, with an agreed-upon date of no later than October 10, 2014. The post hearing briefs were submitted in accordance with those timelines. The Arbitrator then exchanged

the briefs electronically to the Parties' representatives, after which the record was considered closed.

**ISSUE ONE: WHAT SHALL BE THE COUNTY'S CONTRIBUTION TOWARDS THE TEAMSTERS LOCAL 346 HEALTH PLAN FOR BARGAINING UNIT MEMBERS EFFECTIVE APRIL 1, 2014?**

**POSITION OF THE PARTIES**

The existing Contract language in Article XIII, Health and Welfare, Section 13.1 reads as follows in relevant part:

13.1 HEALTH INSURANCE. Clearwater County shall provide hospitalization/medical coverage and shall pay the full rate of premium for single coverage through March 31, 2013. Employees electing family coverage shall contribute to said coverage by paying thirty-five percent (35%) of said premium through March 31, 2013. April 1, 2013, the County will contribute eight hundred dollars (\$800.00) per month toward the cost of the monthly premium for Teamsters Local No. 346's health insurance plan.

\*\*\*

For 2014, this Article may be re-opened to negotiate solely the County contribution to the health insurance premium.

The Union's position is to modify the existing Contract language in Section 13.1, effective April 1, 2014, by the following language:

April 1, 2014, the County will contribute eight hundred fifty dollars (\$850.00) per month toward the cost of the monthly premium for Teamsters Local No. 346's health insurance plan.

The County's position is to modify the existing Contract language in Section 13.1, effective April 1, 2014, by the following language:

April 1, 2014, the County will contribute eight hundred twenty-nine dollars (\$829.00) per month toward the cost of the monthly premium for Teamsters Local No. 346's health insurance plan.

The difference between the Parties' positions is \$29 per month.

**AWARD**

Modify the existing Contract language in Section 13.1, effective April 1, 2014, by the following language:

April 1, 2014, the County will contribute eight hundred thirty-eight dollars (\$838.00) per month toward the cost of the monthly premium for Teamsters Local No. 346's health insurance plan.

**RATIONALE**

A bit of bargaining history is needed in this case. There are currently six bargaining units in the County, including the CCOs. AFSCME Council 65 represents the Social Services employees and the Highway employees. The Minnesota Nurses Association represents the County's Public Health Nurses. The Deputies are represented by Teamsters Local 346. The Courthouse employees and the CCOs are both represented by Teamsters Local 320.

In 2011, all County bargaining units were covered by the County's health and welfare plans. In 2011, the Social Services, Public Health Nurses and Deputies split family insurance premium increases 50%-50% between the employees and the County. The County paid for full single premium coverage.

As a result of an arbitration decision rendered by Arbitrator Nancy Powers, the CCOs were allowed to retain the previous contract language for 2011 and 2012. Clearwater County and Teamsters Local No. 320, BMS Case No. 11-PN-0927 (Powers, 2012). The continuation of this contract language meant that any premium increases in the family health plans would be split 65% Employer-35% employee, with the Employer paying for full single. The Highway employees also had the same 65%-35% split. As County Commissioner John Nelson noted in his testimony, it became a major County objective in negotiations to divide future family insurance premium increases for all organized bargaining units on a 50%-50% basis.

In 2012, a strong settlement pattern existed among bargaining units, including the Highway unit, as they agreed to split the family insurance premium increases 50%-50%. In 2012, the Deputies left the County health and welfare plan for their own plan.

According to the testimony of Commissioner Nelson, during bargaining for the 2013-15 contract, the CCO unit proposed retaining its 65%-35% split through April, 2013, at which time it would switch to the Teamsters Local 346 health insurance plan with a flat dollar County contribution of eight hundred dollars (\$800.00) per month to the plan's composite premium for single and family coverage.

Commissioner Nelson testified that he brought the CCO proposal to the County Board. He gave the proposal his support, despite the fact that it could have a negative effect on the County's insurance pool, because the switch afforded substantial savings to CCOs who elected family insurance. Accordingly, the County agreed to the CCO proposal and believed that the 65%-35% split was eliminated from all the County's bargaining units effective April, 2013, including the CCOs. As Commissioner Nelson further noted, the 50%-50% split is now the County formula used for all premium increases.

The County's current negotiated agreements are for 2013, 2014 and 2015. The negotiated settlements with the CCOs and the Deputies provide for an insurance re-opener to address increases in the insurance premium for 2014 and 2015. The settlements with the Social Services, Highway, Public Health, and Teamsters Courthouse Units provide that any family premium increase in 2014 will be split 50%-50% between the parties. The Deputies have not agreed to this 50%-50% split and are awaiting the results of this arbitration case. The County's final position reflects the 50%-50% division of premium negotiated with its four non-essential units of employees.

The generally accepted standard in interest arbitration is for the arbitrator to determine what the parties would have negotiated if they had been able to negotiate a voluntary

settlement for themselves. The County alleges that its settlements with its four non-essential groups reflect the outcome the Parties would have negotiated as a voluntary settlement because they are, in fact, the outcome that was negotiated in the County.

The Union maintains that the 65%-35% family health insurance split that was previously negotiated by the Parties and affirmed by Arbitrator Powers for the 2011-2012 contract years was not conceded for a 50%-50% split during negotiations for the 2013-2015 contract years.

While it was the belief of the County that the Union agreed to a 50%-50% split, there is no convincing or compelling evidence that there was an agreement or a "meeting of the minds" on this split. It would appear that the County believed that there was a 50%-50% split, and the Union believed that the County was going to maintain the 65%-35% split that had previously existed for many contract years. As such, it is better for the Parties to negotiate their intent during the 2015 re-opener for the County contribution to the health insurance premium, which is right around the corner. In the meantime, the 65%-35% split, as affirmed by Arbitrator Powers, is the operative split and was so awarded accordingly.

The question of the Parties' intent as to the appropriate split is compounded by the fact that CCOs stayed with the County

insurance plan until April 1, 2013, when they joined the Teamsters Local 346 Health Fund (hereinafter "the Fund").

The Fund does not distinguish between single and family coverage for determining premiums as what was the case under the former County insurance plan. Rather, the Fund charges a composite, or "flat," rate for both single and family coverage. For the period of time under consideration, the rate is \$960.74 per month. All employees pay a portion of the premiums "out-of-pocket" regardless of whether they have single or family coverage. Here, if the Union's position had been awarded, each employee would have paid \$110.74 per month. If the County's position had been awarded, each employee would have paid \$131.74 per month. Under the award, each employee will pay \$122.74 per month.

In addition, the insurance premium increased \$58.00 per month. Acceding to the Union's position of a \$50 per month increase, the split would be 86% Employer-14% employee. The awarded increase of \$38 per month maintains the 65%-35% split.

The difference between the Union's proposed \$850 per month and the County's proposed \$829 per month is \$21 per employee per month. With 11 employees eligible for insurance, the total would be \$231 per month or \$2,079 for the period of April 1, 2014 to December 31, 2014. Since the County concedes that it has the ability to pay for the Union's position of an increase

of \$50 per month, it also has more ability to pay for the awarded increase of \$38 per month, which is less than the Union's position.

Another consideration is the internal pattern should not be a controlling factor since it will be broken regardless of the award or the Parties' positions. Had the County's final position been awarded, the pattern will be broken since it will not be paying 100% of the premium for singles. Granted, the Fund charges a composite rate but, if the pattern is going to be rigidly adhered to, the County should pay 100% of their coverage to maintain the internal pattern. The County never advanced this position at the arbitration hearing.

If the Union's position had been awarded, the internal pattern would have been broken because the increase will not be split 50%-50%. Clearly, the internal pattern cannot be maintained regardless of the outcome of this case.

Finally, the County is receiving a financial windfall from CCOs participating in the Fund as conceded by the County. The Union's proposal of a \$50 per month increase is cheaper for the County than their own insurance plans. The County would be saving money under the Fund's composite rate and the Union's proposal of an \$850 monthly contribution. The County will even save more money under the awarded increase of \$38 per month to \$838 per month.

The Parties are to be complemented on their professional conduct at the hearing and the comprehensiveness of their oral presentations and their written post hearing briefs.

---

Richard John Miller

Dated October 23, 2014, at Maple Grove, Minnesota.