

STATE OF MICHIGAN
DEPARTMENT OF LABOR
EMPLOYMENT RELATIONS COMMISSION

LABOR AND INDUSTRIAL
RELATIONS DIVISION
Michigan State University

GOODRICH BOARD OF EDUCATION

-and-

GOODRICH EDUCATION ASSOCIATION

No. D77-G-2118

MAR - 2 AM 9 10

Goodrich Board of Education
RECEIVED

FINDINGS OF FACT

By: JULIAN ABELE COOK, JR.
Fact Finder
140 South Saginaw, Suite 777
Pontiac, Michigan 48058
Phone: 313-338-6458

FOREWORD

A hearing in this matter was held before this Fact Finder on December 20, 1977 at the Michigan Education Association Office in Burton, Michigan.

Appearing for the Goodrich Education Association ("Association") was Ms. Helen Little.

Appearing for the Goodrich Area Schools' Board of Education ("Board") was Mr. James Myal.

INTRODUCTION

This Fact Finding was brought upon the request of the Goodrich Education Association. When originally submitted to the Michigan Employment Relations Commission, there were approximately fifteen (15) issues to be submitted to Fact Finding. However, thirteen (13) of the approximately fifteen (15) issues had been resolved and/or dropped prior to the Hearing date. The two (2) issues remaining are discussed more fully hereinbelow. The parties are to be commended for the manner in which they approached Fact Finding, and for their succinct and forthright presentations of the issues.

The two (2) issues presented for Fact Finding are related only in that they deal with health - employee fringe benefits. The first issue addresses itself to dental insurance, while the second issue concerns health insurance. This Fact Finder will discuss each separately.

I

DENTAL INSURANCE

This issue has been extensively bargained by the parties. Exhibit A of the Association indicates that the positions held at the opening of the bargaining on April 19, 1977 and the positions held at the time of Fact Finding have been significantly changed for both parties. For instance, while the Board has gone from no position to one of agreement with the Association as to levels of coverage, the Association has significantly changed its demands as to levels of coverage. Accordingly, this Fact Finder finds that there has been good-faith bargaining regarding the issue of dental coverage.

Left yet to be resolved on this issue is the matter of the carrier of the dental insurance. Since the beginning of bargaining, the Association has consistently linked its position on levels of coverage with the provision that the coverage be provided by a designated carrier; to wit, the Delta Dental Plan of Michigan. The position of the Board is that it should be free to contract with a carrier of its own choosing who can provide the coverage at the best overall cost.

POSITION OF THE ASSOCIATION

The Association presents several arguments in support of its position.

First, the Association maintains that whatever its position had been relative to the level of coverage, it has always been

linked to that coverage which has been, and is being, provided by Delta.

Second, the Association argues that the Delta Plan has been, and is being used, by a significant number of school districts throughout the State, which, in turn is a significant factor in showing it's acceptability within public school environment. (See Exhibit I). In addition, the Association argues that the Delta Plan has widespread use in Genesee and Lapeer Counties. (See Exhibit G).

Third, the Association submits that Delta is the dominant dental insurance carrier, both in Michigan and nationwide. (See Exhibit I).

Fourth, the Association argues that the choice of the dental carrier is a proper issue for bargaining. (See Exhibits J and K).

Fifth, and finally, the Association argues that, overall, Delta is the best available plan.

POSITION OF THE BOARD

The Board's first argument against Delta is based upon it's being locally administered by MESSA (Michigan Education Special Services Association), which, presumably, is a subsidiary of the Michigan Education Association, the parent organization of the Goodrich Education Association. The Board suggests that this relationship may, in some way which has not been made clear, affect the coverage to be provided.

Secondly, the Board argues that it should be allowed to place the contract relating to dental coverage for open bidding. By doing so, the Board believes that it can obtain the most favorable rate for the negotiated coverage. The Board also points out that the Associa-

tion is not the only unit it bargains with and that the Board could, by combining coverage contracts of several bargaining units, achieve economies of scale.

ANALYSIS OF ISSUE I (DENTAL INSURANCE)

The first issue that must be examined is whether or not the selection of a carrier is a proper issue for bargaining. The case of City of Roseville v Local #1614, International Association of Firefighters, AFL-CIO, 53 Mich App 547 (1974), is instructive. The issue in Roseville was whether or not the choice of the carrier of hospitalization insurance was a proper issue for bargaining. The Michigan Court of Appeals answered in the affirmative. While Roseville is limited to hospitalization insurance, this Fact Finder must necessarily note the similarity between hospitalization and dental insurance, in that both are health-related fringe benefits. The rationale of Roseville must be found to be applicable to this matter. Thus, it is determined that the choice of carrier of dental insurance is a proper issue of bargaining.

This being true, the relative merits of the positions of the Board and Association have been thoroughly reviewed, analyzed, and considered.

The Board makes a strong economic argument based on a competitive bidding process and potential economy of scale. The exhibits submitted by the Board clearly show that the competitive bidding process can result in genuine savings to the Board. However, it should be noted the coverages (that were placed for bid) were protective of interests and property of the Board. (See Exhibit 5).

Dental insurance is for the protection of the employee - a significant difference.

This Fact Finder takes cognizance of the Association's firmness in maintaining Delta as the carrier of it's choice, regardless of level of coverage. This must be assumed to be a result of the Association's belief that Delta can best provide coverage for it's membership. The premier position of Delta nationwide, in Michigan, and it's obvious popularity in the "industry" of public school education, (as shown by Exhibits F, G and I) cannot be overlooked by this Fact Finder. Economy of scale, as argued by the Board, can be a two-edged sword. It is just as likely that Delta can offer such savings based on it's size.

The relationship of MESSA and Delta is found not to be of major significance to this Fact Finding process. The Board, in raising this matter, failed to provide any substantive evidence to support it's argument that the relationship between MESSA and Delta would provide any meaningful negative impact.

CONCLUSION

On the basis of the foregoing, it is evident to this Fact Finder that the choice of Delta as the carrier is compelling and with merit.

Accordingly, this Fact Finder concludes that Delta should be the Bargained-for carrier of dental insurance.

II

HEALTH CARE INSURANCE

The second issue presented for Fact Finding relates to health and accident insurance. It, too, is an issue which has been subject to extensive bargaining from the opening of bargaining until the Fact Finding. The respective positions show considerable movement for both. This Fact Finder finds, therefore, that there has been good-faith bargaining.

The health and accident controversy is one where the Board is essentially asking to keep the present contract language, while the Association wishes to make some change. The Board states that the present contract language, which provides for funding at Blue Cross-Blue Shield premium levels, is sufficient. Under this language, an employee can choose Blue Cross-Blue Shield coverage which is to be funded in full by the Board, regardless of cost increases during the term of the contract. As an alternative, the employee can choose coverage under MESSA (which, in the event of the selection of the so-called Super-Med II Plan, would result in a contribution by the employee of any difference between the cost of Blue Cross-Blue Shield and MESSA coverage).

The key is that funding is set at the premium level of Blue Cross-Blue Shield. The proposal of the Association is in agreement with the right of the employee to choose between Blue Cross-Blue Shield and MESSA. However, it differs from the Board's proposal, in that it would have the Board held responsible for the full funding, regardless as to which program is selected by the employee. So, if MESSA Super-Med I were higher than Blue Cross-Blue Shield, it would be fully funded by the Board.

POSITION OF THE ASSOCIATION

The Association submits several reasons for its position.

First, the Association argues that employees should have the right to select their own coverage, and, in addition, their premiums should be paid in full by the Board regardless as to which coverage is chosen.

Second, the Association stresses the competitive nature of the MESSA Plan (also known as "Super Med I"). The Blue Cross-Blue Shield rate and coverage appears to be comparable to the Super Med I rate and coverage, at the present time.

Third, the Association responds to Board arguments of rapidly escalating MESSA rates by showing that Blue Cross-Blue Shield have also risen dramatically.

Fourth, citing the Roseville case (supra), the Association impliedly argues that because choice of carrier is a proper issue of the bargaining process, the premium procedure relative to the issue is also subject to bargaining.

POSITION OF THE BOARD

The Board's position on the second issue is based primarily on projections. The Board argues that the rapid rise in MESSA rates shows mismanagement, as well as a likelihood of future mismanagement. On the other hand, Blue Cross-Blue Shield, with supposedly better management, would be less likely to rise in any dramatic manner.

ANALYSIS

The rates shown in the Board's exhibits are based upon the

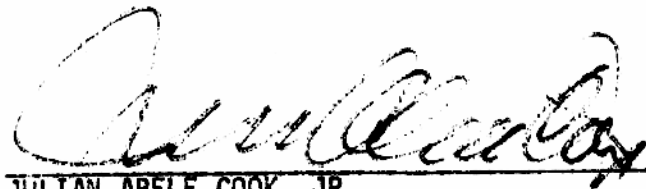
schedules of rates for other counties, such as Oakland. This Fact Finder had some difficulty placing any great reliance on the Board's exhibits, in the absence of additional documentation.

What is clear, however, is that both Blue Cross-Blue Shield and MESSA have sustained significant and substantial rate increases in the last several years. This Fact Finder must take notice of the common knowledge that medical and hospitalization costs have soared nationally. The Board's suggestion that MESSA's rate increases were due, in substantial part, to mismanagement appears to be without merit. Moreover, by raising the relationship between MESSA and the Association as it did in the dental issue, without any substantive evidence with which to support it's position, the Board appears to be relying on innuendo, and not on fact.

Of great import is Exhibit P. This exhibit clearly shows that if the Association's bargaining position were in force today, the Board would be saving funds. The Association argues persuasively that it's position is already existing in a substantial number of similar contracts.

CONCLUSION

It is the conclusion of the Fact Finder that the position of the Association is correct, and, accordingly, should be adopted.


JULIAN ABELE COOK, JR.
Fact Finder

Dated: February 24, 1978