

In the Matter of Act 312 Statutory Arbitration between:

LAKE COUNTY BOARD OF COMMISSIONERS and  
LAKE COUNTY SHERIFF  
Employer,

-and-

POLICE OFFICERS ASSOCIATION OF MICHIGAN,  
Union.

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MERC Case No. L 02 H-9003

Appearances:

For the Employer: John R. McGlinchey  
Cohl, Stoker, Toskey & McGlinchey

For the Union: Patrick J. Spidell  
Business Agent

Also Present: Linda L. Blair, Phillip Maiville, Robert Hilts, Ron Brown, Joe Luce,  
Judy Wenzel, Jim Clark, Shelley Myers, and Oscar Rye.

I.  
**PANEL'S FINDINGS, CONCLUSIONS, AND ORDER**

**BEFORE AN ACT 312 PANEL CONSISTING OF:**

Benjamin A. Kerner, Chair  
John R. McGlinchey  
Patrick J. Spidell

Dated: November 24, 2004.

## II. LEGAL AUTHORITY.

Pursuant to 1969 Public Act 312, as amended by 1972 Public Act 127, M.C.L.A. 423.231 et. seq., the arbitration panel convened on September 21, 2004, and conducted an evidentiary hearing at the Lake County Courthouse, 800 10<sup>th</sup> Street, Baldwin, Michigan. The purpose of the hearing was to resolve a pending labor dispute between the parties. Each party was represented. Adequate opportunity was afforded at the hearing for the presentation of all exhibit information and testimony. Each party had an opportunity to cross-examine the witnesses for the other side. Briefs were filed on or before October 19, 2004. The case is now ready for decision.

## III. ISSUES IN DISPUTE.

A. Wages for 2003; 2004; 2005.

B. Health Insurance.

## IV. PRE-HEARING ACTIVITIES.

The parties had a pre-hearing conference by telephone call on May 21, 2004, at which time many of the details concerning the conduct of the hearing were stipulated. Regarding the subject of comparables, there was at that time a significant disagreement about which communities would provide a suitable comparison for Lake County. However, through the efforts of the parties' representatives, this matter was resolved; and, on or before July 2, 2004, the parties agreed that the following communities would constitute comparables for the purposes of this proceeding:

Crawford County

Missaukee County

Montmorency County, and

Oscoda County.

In addition, of course, the parties stipulated that the internal bargaining and non-represented units would be appropriate for the Panel to consider as comparables. These include the corrections unit; the dispatch unit; the command officers unit; and the non-represented group of employees.

Finally, during the pendency of the case, specifically after the close of hearing, and upon the filing of Last Best Offers, it became obvious that one of the primary areas of pre-hearing disagreement had been resolved. The issue of wages produced Last Best Offers of 2.5% increase for 2003; 2.5% increase for 2004; and 2.5% increase for 2005 on behalf of both the Employer and the Union. Thus, the issue of wages is settled on the basis of these identical Last Best Offers and the parties are directed to incorporate such offers in their new collective bargaining agreement (including the retroactivity of wage increases).

#### V. POSITIONS OF THE PARTIES (LAST BEST OFFERS)

Health insurance.

The Employer proposed in its Last Best Offer that a schedule of payments will apply to all employee-selected health insurance options and that there shall be three options: the Blue Cross PPO Plan 2 option, for which the two-person premium (by way of illustration) would be \$50.67 per month; the POS option for which the two-person premium would be \$103.81 per month; and the Traditional

BC/BS plan, for which the two-person premium would be \$115.28 per month.

The premiums expressed above are for 2003.

For 2004, employees with the Blue Cross PPO-Plan 2 will pay one-half the premium increase up to \$75.67 per month. POS and Traditional BC/BS plan participants will pay 100% of the increase in premiums.

For 2005, employees with the Blue Cross PPO-Plan 2 will pay one-half the premium increase up to \$100 per month. POS and Traditional BC/BS plan participants will pay 100% of the increase in premiums.

In addition, the Employer would permit an employee to elect "No Coverage" or to waive health insurance coverage, if and only if medical insurance coverage for the employee exists elsewhere. A specified credit would be provided to an employee electing to waive health insurance coverage: \$106 for single person coverage; \$222 for two-person coverage; and \$249 for family coverage.

The Union's Last Best Offer anticipates that the Employer will continue to make the existing two options for employee health insurance coverage available and in addition will institute coverage under the Blue Cross PPO-Plan 2. As regards the PPO plan, "The Employer shall pay 100% of the premium cost for employees' health insurance under the Blue Cross/Blue Shield PPO Plan-2. A \$10/ \$20 drugs rider shall be included. The Employer shall also make available the Point of Service [POS] Plan and the Traditional [Blue Cross/Blue Shield] plan" on the same terms and conditions as were expressed in the Employer's Last Best Offer, i.e., with employee contribution to premiums.

In the Union's Last Best Offer, there is provision for waiver of health insurance by "an employee who is covered as a dependent on a spouse's or parent's hospitalization policy." The amount of credit afforded such employee is \$106 for single person; \$222 for two-person coverage; and \$249 for family coverage.

#### VI. FINDINGS, ANALYSIS, and CONCLUSIONS.

##### HEALTH INSURANCE PREMIUMS.

The Employer presented evidence concerning health insurance plans, their availability and the payment of premiums. It offered Employer Exh. #20, showing that for internal comparables, all three options are currently available to correction officers, to dispatchers, and to the non-represented group of employees. All groups pay a portion of the premium, a minimum of \$75.67 per month for 2004 (going up to \$333 per month for family coverage under the BC-BS Traditional plan). Similar to the Employer's proposal for the Sheriff Deputies, "In 2005, employees [in the corrections unit, the dispatcher unit and the non-represented group] with the PPO plan will pay 50% of the premium increase up to \$100 per month. POS and Traditional plan participants will pay 100% of the premium increase." [E' er. Exh. #20]

However, in the command officers' unit, employees are provided either BC/BS Traditional or POS with no requirement for employee contribution. The Command Officers' contract is currently under submission to Act 312 arbitration.

On the related subject of dental /vision insurance, the Employer provided evidence that in effect shows that all employees of this Employer are treated

similarly. That is, the corrections unit, the dispatch unit, the command officers unit, and the non-represented unit, as well as the deputies have dental insurance provided; for some units, it appears that family coverage is provided by the Employer; but in other units, the employee can elect family coverage and pay a small monthly premium. Likewise all employee groups of this Employer are provided with vision insurance; and in some units, family coverage requires an additional employee-paid premium.

On the broader subject of the overall compensation available to deputies, the Employer presented evidence showing that they have an excellent retirement benefit. It allows for retirement at age 50 with 25 years' service; or at age 60 with 10 years' service. There is no employee contribution, unlike three of the four comparables, which all (except for Montmorency) require employee payroll contributions ranging from 2.0% to 3.6%. [E'er. Exh. # 10]. Furthermore, for the disability insurance benefit, Lake County deputies enjoy at least as good a benefit as any of the comparables. [E'er. Exh. # 9. Two of the comparables provide no benefit.] This benefit is at no cost to the employee. Finally, in regard to vacation accruals, the number of vacation days available to Lake County deputies is higher than all but Crawford County deputies. For an officer with 5 years of seniority, it is 15 days' vacation, for an officer with 12 years of service, vacation accrual is 20 days per year. [E'er. Exh. # 3]. In sum total, argues the Employer, the benefits achieved by Lake County deputies are intrinsically attractive, and constitute a sizeable addition to gross pay. In addition, they are attractive bene-

fits by comparison with those offered in other communities that are the agreed comparables.

The Union presented evidence of the health insurance plans in effect in the other jurisdictions deemed by the parties to be comparable communities. In Crawford County, the employer pays the cost of coverage of Blue Cross/Blue Shield MVF-1 program with Master Medical riders and a prescription drug rider. The Crawford County deputies are permitted to enroll in an HMO, and they pay the difference in premium above the regular Blue Cross/Blue Shield premium.

[U. Exh. #6, p.2]

In Missaukee County, the employer provides a group health insurance plan, and agrees to pay for the full premium cost of BC/BS PPO-4. That is the single subscriber cost. The employee may pay for an upgrade to BC/BS PPO 1 and/or provide family coverage, by paying the increase in premiums occasioned by such coverage. There are certain provisions for Employer payment of expenses "not paid by the insurance carrier solely due to the deductible/in-network co-pay provisions of the BC/BS PPO Medical plan." [U. Exh. #6, p. 4]

Montmorency County provides deputies with Community Blue PPO, Plan 3, with drug rider [\$5/10] with certain amendments and conditions and pays the cost for the full premium. The employer is responsible to reimburse \$750 deductible for all eligible employees. Employees have certain co-payments. "Once the employee has reached their maximum deductible, the County shall be responsible for all additional co-payments for eligible Blue Cross services thereafter on an annual basis." [U. Exh. #6, p. 5-6, U. Exh. #4, p. 30].

In Oscoda County, the employer provides Blue Cross/ Blue Shield Community Blue PPO Option 1 with prescription rider [\$10/40] (and others). The Employer pays the cost of premiums for the covered employee, as well as for eligible family members (dependents). [U. Exh. #6, p. 7 and U. Exh. #5, p. 24].

From this welter of detail, a few essential points emerge. First, the health insurance options currently available for Lake County deputies are the same as are provided to Lake County Command Officers, either Blue Cross/Blue Shield Traditional or Point of Service plan, with a drug rider. Secondly, other employee groups of this Employer including the corrections officers, the dispatchers, and the non-represented group have three options available, including Blue Cross PPO-Plan 2, with drug rider. Thirdly, those employees just identified who select any of the three options for health insurance coverage pay an employee premium contribution ranging from \$75.67 to \$333 per month in 2004. [E'er. Exh. #20].

Fourthly, there is a different preferred method of handling health insurance coverage and premiums among the external comparables. The evidence shows that in all four comparables—Crawford, Missaukee, Montmorency, and Oscoda—the employer pays the premiums, at least for its employee. There are various provisions governing deductibles and co-pays: in two Counties (Missaukee and Montmorency) there is reimbursement of deductibles up to some limit.

Section 9 of Act 312, M.C.L. 423.239(d), allows the Panel to consider a, "Comparison of the wages, hours and conditions of employment of the employ-

ees involved in the arbitration proceeding with the wages, hours, and conditions of employment of employees performing similar services and with other employees generally (i) in public employment in comparable communities." Pursuant to this section, the Panel has above considered the comparison of wages, health insurance benefits, and total compensation of deputies in a comparable group [external comparables] comprised of Crawford County, Missaukee County, Montmorency County and Oscoda County.

Also pursuant to this section of the statute, the parties stipulated in the pre-hearing phase of these proceedings that the Panel could consider the wages and other conditions of employment and total compensation paid to other employees of Lake County [internal comparables]. Although the panel notes that none of these employees, strictly speaking, has duties identical to those of deputies or faces risks similar to deputies, there is a basis for comparability, first as specified in the statute ("other employees generally"); and secondly, the dispatchers and corrections officers are allied to law enforcement; and thirdly, as a practical matter, because the increases or changes in terms of employment granted to one bargaining unit in a county has reverberating effects on other units, and similarly, a change in a condition of employment effective for other units (both bargaining units and employee groups) is responsive to the concerns of the same governing body, the impact of the same employment policies, and the same overall limitations. Given this introduction, the Panel has considered the conditions of employment effective for command officers, dispatchers, corrections officers, and the unrepresented group.

In regard to these internal comparables, the Employer has successfully cost-shifted a portion of the burden of health insurance premiums to its employees, by a participation formula which is illustrated in the Employer's Last Best Offer [E'er. Exh. # 25]. Employees who select the Blue Cross PPO-Plan 2 option currently pay \$75.67 per month for family coverage (and, in 2005, will pay one-half the premium increase up to \$100 per month). In addition, employees of this Employer in the corrections, dispatcher, and non-represented groups who have selected the POS option or the Traditional BC/BS option are required to pay the full amount of premium increases over the 2004 and 2005 plan years. The Employer seeks by its Last Best Offer here to extend the regime of cost-sharing which it has already instituted with the corrections unit, the dispatchers unit, and the non-represented group to the Sheriff's deputies.

Although the evidence is not unequivocally in favor of one party or the other, on balance, the factor of the comparison of the health insurance premium benefit with "other employees performing similar services and with other employees generally" M.C.L. 423.239(d) including employees of this Employer is a persuasive factor. The Panel also gives credence to the factor of the overall compensation presently received by members of the deputies' bargaining unit.

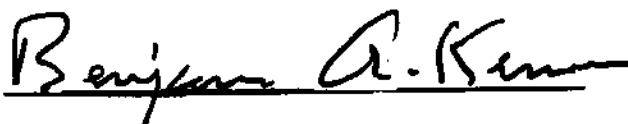
The internal comparables include virtually all the other employees of this Employer. While the command officers are currently in Act 312 proceedings, the dispatchers, the corrections officers, and the non-represented group of employees have identical options for health insurance coverage and payment of premi-

ums. Where, as here, the Employer makes a conscientious attempt to treat similarly situated employees alike—and succeeds in voluntary collective bargaining with other units—the arbitration Panel should think twice before rejecting that attempt, in favor of other arrangements, more commonly accepted by the external comparables.

In regard to the overall compensation package available to the members of the bargaining unit, the Panel is persuaded that the total compensation available is intrinsically excellent. When the 2.5% wage increases for 3 years are factored in, it can be readily seen that the wages, by themselves, are very close to the mean for all comparables. [E'er. Exh. 1]. In addition, Lake County deputies enjoy a superior retirement program; a paid up vision and dental programs and paid up disability benefit insurance. The vacation accrual is excellent, by any comparison. In short, the overall compensation of the deputies supports the concept of some level of cost-sharing in the health insurance benefit as a feature of the benefit package. The Employer's proposal will be ordered incorporated in the parties' collective bargaining agreement where currently Article 14.A. Section 1 (Hospitalization Insurance) is located and it will be effective on the first of the month following the signing of this Order.

VII. ORDER.

The Panel adopts the Last Best Offer of the Employer on the subject of health insurance, effective prospectively on the first of the month following signing of this Order.



Benjamin A. Kerner, Panel Chair

11/24/04



John R. McGlinchey, Employer Delegate

I dissent from the Order of the Panel.

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Patrick J. Spidell, Union Delegate