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STATE OF MICHIGAN

MICHIGAN EMPLOYMENT RELATIONS COMMISSION

TOWNSHIP OF HAMPTON

-and-

TEAMSTERS, LOCAL 214

MERC CASE NO. L10 H-3022 (DPW)  
MERC CASE NO. L10 H-3006 (General  
Services Employees)

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FACT FINDER'S REPORT AND RECOMMENDATIONS

BACKGROUND

Pre-Hearing

The Undersigned was notified of his appointment to be Fact Finder by letter dated January 14, 2011 from MERC Commission Member Lumberg. An initial letter, dated January 25, 2011, offering Hearing dates was not agreeable with the Parties. The Parties engaged in an exchange of correspondence relative to the issues which would be presented to the Fact Finder for resolution. The Petition filed by the Union on October 31, 2010 for the General Service Employees indicates the following:

“4. Unresolved issues in dispute and facts relating thereto that the Petitioner has engaged in good faith bargaining and mediation, and the parties have not succeeded in resolving the disputed matters.

1. Health Insurance”

A subsequent Petition dated December 31, 2010 relative to the DPW contains the same verbiage.

By communication dated March 28, 2011, three Hearing dates were offered by the Fact Finder. The Employer accepted all three. The Union, by letter dated March 29, 2011, accepted

the offered Hearing date of May 18, 2011. By letter, dated March 30, 2011, the date of May 18, 2011 was confirmed for Hearing.

Another series of correspondence between the Parties related to requests for information. The net result of the aforementioned exchange of correspondence was an escalating deterioration in the relations between the Parties.

On May 4, 2011, the Union advised the Fact Finder that it was requesting an adjournment of the May 18, 2011 Hearing in order for it to comply with information requests from the Employer. The Employer responded immediately that it wished to proceed and "the Township will proceed without the information." In a letter dated May 6, 2011, the Union addressed the Employer information request and further stated:

"Another element has now arisen in this matter. I have just learned that Hampton Township changed the insurance coverage for its retirees, effective April 1, 2011. This could affect our case.

Accordingly, I request that you forward to my office the following information:

- An outline of benefits of the current Retirees Health Insurance for all employees of Hampton Township between the ages of 60 and 65 and the associated cost of such benefits.
- An outline of benefits of the current Retirees Health Insurance for all employees of Hampton Township 65 years of age and older and the associated cost of such benefits.

As far as proceeding with the fact finding case on May 18, 2011, I am no longer available, nor is our case now complete because of this new information that has just been made known to me. I am suggesting dates in June, assuming that you will have all the information you need. I hope to have all the information I need by that time.

I want to be clear, we will not attend the fact finding hearing scheduled for Wednesday, May 18, 2011.”

In a subsequent letter dated May 16, 2011, the Union advised the Fact Finder:

“I mean no disrespect to your position as Fact Finder in the Hampton Township case. On November 29, 2010, this Local Union filed the above-referenced Unfair Labor Practice charge because of the actions of the Township Supervisor.

The Supervisor met directly with the Union bargaining committee/stewards without the Union business representative being present or notified and attempted to pressure them into agreeing to a new insurance plan. Further, the Township Supervisor allegedly threatened financial harm to the members if they did not take the new insurance. He further allegedly threatened the imposition of retroactive costs of this plan back to December 1, 2010 if we proceed to fact finding.

As health care insurance is the primary issue of both the Township and the Union, we believe the Unfair Labor Practice Charge should be litigated first, as the outcome could have a bearing on the position of both parties.

Therefore, we respectfully decline to attend the fact finding hearing scheduled for May 18, 2010 [sic] and request that it be adjourned without date.”

The Employer strongly objected to the requested adjournment.

In a communication dated May 16, 2011, the Fact Finder informed the Parties:

“I have reviewed your respective communications relative to the Fact-Finding Hearing regarding the above item.

I am not persuaded that an adjournment is warranted based on the information submitted. The Hearing will proceed as scheduled on May 18, 2011 at 10:00 AM. We will meet at the Township Offices.”

It was with great reluctance that the Fact Finder decided the Hearing on May 18, 2011 would proceed without the Union’s participation.

### **PETITION ISSUES**

The Fact Finder has reviewed the Petitions in this case – General Services and DPW – and concludes that only one issue is before him – Health Insurance.

At the Hearing on May 18, 2011, the Employer called one Witness.

Pam Wright, Township Clerk since 1996, described the Township size – 36 square miles – and population – 9,652. The Township has the following bargaining units and employees in each: Police Command - 3; Police - 6; Fire - 6; DPW - 9; and GSA - 8. The Township also has seven non-union employees – 4 Department Heads and 3 elected officials. Ms. Wright said the benefits for all of the above are basically the same. With specific reference to health care, the Witness said the benefits have “always been exactly the same ...”. She explained that the Township has maintained uniform benefits for all employees for ease of administration; cost savings and to maintain a ratio of active workers to retirees – a group with too many retirees has difficulty obtaining competitive bids for insurance. She also noted the Township has adhered to a policy whereby it negotiates a reduction in benefits rather than requesting employees to share in premium costs.

The Township and its bargaining units have had a health care re-opener so that if premiums increase by more than 10% in a year the Collective Bargaining Agreement (CBA) is reopened to discuss health care. Ms. Wright said the bargaining units have been accepting of changes in benefit levels in lieu of premium sharing. In 2010, the Township had a large increase – 16% to 18% – for health insurance. Meetings were held with the various employee groups and the Blue Cross Blue Shield Plan F was presented and offered to them as the new Medical

Insurance Plan. The cost for Plan F amounted to \$420,000 versus a cost of \$530,000 for the then existing plan.

Ms. Wright also noted the Township finances “are getting very tight”. She said property tax revenue has flat lined and State revenue sharing has decreased. The last audited Financial Statement – December 31, 2009 – reflects the Township having an excess of expenditure over revenue of \$187,000.

The Witness stated all of the other bargaining units reached an agreement with the Township to adopt Plan F. They all have a “me too” provision. The bargaining units also agreed to a zero increase in wages. The Teamsters GSA and DPW units did not agree with the Township health care proposal. The Teamsters on November 8, 2010 proposed the Teamsters Health and Welfare Plan. Ms. Wright acknowledged the Teamsters Plan had a lower cost, however, the Township had the following concerns:

- (1) employees would have to purchase an auto insurance rider;
- (2) coverage for organ transplants was less;
- (3) the Plan required a three year commitment;
- (4) the Plan would not accept non-Teamsters employees in its Plan; and
- (5) only employees age 65 and less were eligible to participate in the Plan.

The Witness noted a further concern arose by the fact that removal of these bargaining unit employees from the insured pool would result in the Township having a ratio of retirees-to-active employees of some 50% and no insurance carrier would offer a bid on such a group.

The Township on November 10, 2010 declared an impasse with the Teamsters GSA and DPW units.

## ISSUE IN DISPUTE

### Medical Insurance:

The current provision in the CBA provides as follows:

#### **“ARTICLE 30 INSURANCE PLANS**

Section 1. MEDICAL INSURANCE: The Employer shall pay one hundred percent (100%) of the monthly premium cost for the Blue Cross and Blue Shield Preferred Provider Organization (PPO) plan or, at the employee's option and subject to the carrier's restrictions, the Community Blue Plan (each plan includes a prescription drug rider with a \$5.00 co-pay for generic drugs, and a \$10.00 co-pay for non-generic drugs). Effective January 1, 2006, the Employer sponsored health care plan will change, and the Employer shall pay one hundred percent (100%) of the monthly premium cost for the Blue Cross Blue Shield of Michigan Community Blue PPO Plan 10, with a prescription drug rider of \$10.00 co-pay for generic drugs and \$40.00 co-pay for non-generic drugs. Employees also have the option of continuing the traditional Blue Cross and Blue Shield plan that existed prior to January 2, 2006, by paying the difference in monthly premium costs over the PPO plan through payroll deduction. New employee coverage shall commence as of the first open enrollment date under the insurance policy after the beginning of employment. The Township reserves the right to seek like or better coverage with other companies.”

The Option F Plan offered by the Employer has the following changes compared with the Plan currently in effect:

	<u>Current</u>	<u>Option F</u>
Deductible:	\$100/\$200	\$250/\$500
Co-Insurance:	10%	20%
Out of Pocket:	\$1,000	\$1,000/\$2,000
Preventive:	\$500 maximum	\$1,000 maximum
Office Visit:	\$20	\$30
Chiropractor:	\$20 (24 visits)	\$30 (24 visits)
Rx:	\$10 generic/\$40 brand	\$10 generic/\$40 formulary/ \$80 non-formulary

Mail Order/  
Retail 90

1 x Rx co-pay

2 x Rx co-pay

The Union Proposal (DPW):

5. Article 34 Insurance Plans: Sec (3) Proposed Teamsters Health and Welfare Plan Sec (4a) Change to read: Upon retirement from the Township, employees hired before January 1, 1994 with twenty-five (25) years of service and who are between the ages of 59 and 65, shall have their monthly premiums for medical insurance (including dental and optical) paid or reimbursed (with proof of insurance) by the Township in an amount of \$700.00 per month, for the employee and his/her eligible spouse only. Upon attaining age 65, employees who are eligible to receive medical insurance benefits pursuant to this provision shall begin to receive a Township paid Medicare supplement or reimbursement (with proof of insurance) in an amount of not to exceed \$500.00 per month for the employee and his/her eligible spouse only, in lieu of the monthly premium payment for medical insurance. Sec (4b) Change to read: Employees hired after 1/1/94 shall receive 2% monthly contribution of the employee's wages for that month into a RHSP. The employees listed below shall receive a one-time lump sum payment also into the employees RHSP.

- Robert Worden
- James Hugo
- Chad Lutz

The GSA Proposal tracks the above and contains the following:

"Susan Rupp shall be considered as an employee whom receives the benefits outlined in Sec. (2a) with a hire date of 10/10/95 and Jodie Hubner shall receive a one-time lump sum into her RHSP."

Aside from information outlined above, the Township provided medical insurance information relative to benefits received by other unionized employees for various jurisdictions located in Bay County.

**DISCUSSION AND FINDINGS**

I am satisfied the Employer has a legitimate budgetary concern as a result of expenditures exceeding revenue. On that basis, the Employer has a valid reason for seeking to reduce its



obligations. Health insurance is a major cost item and the Employer established the cost for that item has increased substantially. I also understand the Employer's interest in keeping everyone in the same insurance pool. The Teamsters Units – GSA and DPW – account for 17 of the 39 Township employees. Ms. Wright stated if the Teamsters Unit employees were no longer in the medical insurance pool, the Township would have difficulty in obtaining a bid for coverage because it has 16 retirees.

Ms. Wright also stated the Teamsters Plan would require an individual to purchase an automobile rider because it is secondary in cases involving an automobile accident. I have reviewed the Employer exhibits relative to the above and have been unable to find the basis for that claim. Another concern related to the Township having to commit to the Teamsters Plan for three years and other Township employees would not be covered by it. Retirees were also cited by Ms. Wright as a problem area under the Teamsters Plan. Specifically, she stated retirees would not be covered by the Teamsters Plan.

Insofar as retirees are concerned, it appears to your Fact Finder that the Union proposal is an attempt to track the current CBA language with the exception it provides for an increase of \$100 for retirees between the ages of 59 and 65 – \$600 to \$700 – and a same increase for those attaining age 65 – \$400 to \$500. The Teamsters Plan, according to Ms. Wright, only covered individuals under 65 years of age:

“Once you turned 65, you were done with the Teamsters Plan.”

The current CBA between the Township and Teamsters provides that, “Upon attaining age 65 ... shall begin to receive a Township-paid Medicare Supplement ...”. The Teamsters proposal provides for a Medicare Supplement albeit in an amount greater than provided in the current

CBA. Given the above, I am not persuaded the Union has abandoned the interests of retirees.

Several factors deserve consideration relative to the selection of a health care plan in this Case. The Township did obtain the concurrence of all other bargaining units to adopt its proposed plan. The Township is a small Employer and therefore one plan for all employees is preferred. One plan makes administration easier. It also conforms with the traditional manner in which health care has been made available to Township employees. While all bargaining units have unique interests, it remains a fact that, in the absence of some overriding factor, basic equality for all is a valid goal. This is especially true for a health care plan where cost, coverage and service basically impacts everyone in the same manner. In this case, I do not necessarily agree that all of the factors cited by the Employer disqualify the Teamsters Welfare Fund from consideration. On the other hand, the costs and benefits associated with the two Plans are not of such a magnitude so as to justify a change from the tradition of a single Plan which has been in existence for a long period of time in Hampton Township. Finally, adoption of the Union proposal would adversely affect the health care availability for the other Township employees and its retirees. In balancing the interests of all concerned, I conclude the Township Health Care Plan should be adopted.

One other item requires attention. The Township, on November 10, 2010, announced:

“... the Township’s firm intention to charge employees on a retroactive basis for the difference in premium costs between the current health care plan and the proposed health care plan (Plan F).”

In a letter, dated December 22, 2010, the Township offered the following:

“In an effort to mitigate the impact on employees and to permit the Township to receive some cost savings, we agreed that it may

make sense to mutually redefine the status quo during the pendency of the fact finding. Specifically, DPW and GSA employees would move to the Township proposed Blue Cross and Blue Shield plan, with the understanding that employees would be reimbursed 100% as a result of the additional co-pays in the Township proposed plan. Thus, while we are in fact finding, the Township would receive the benefit of lower monthly premiums, whereas the DPW and GSA employees would not incur additional co-pays.”

Ms. Wright stated the offer was rejected by the Union.

A Hearing was convened on May 18, 2011 and the Township presented evidence in support of its Proposal relative to Health Insurance. Thereafter, the Employer submitted a Post-Hearing Brief on July 14, 2011. Your Fact Finder, based on the submitted evidence and argument, concludes one Plan should continue for all Township employees. I recommend the date of this Recommendation be the effective date for implementation of the Employer proposed Medical Plan. Although the Recommendation herein upholds continuation of one Plan, I am not persuaded that the Township proposal for retroactive premium payment prior to the date of this Recommendation is justified.

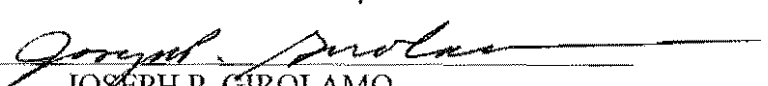
Your Fact Finder is aware that all other Township employees have accepted the Plan recommended herein. Retroactive premium payment or a reduction in pay to pay for continuation of the existing Plan, prior to the recommended effective date, is not recommended for the employees subject to this Fact Finding proceeding. I am not persuaded that the Union Proposal was one grounded on intransigence. The Union did have a viable Health Care alternative for its members. It further needs to be noted the cost to the Township for the Teamsters Health and Welfare Plan is less than the Plan Proposed by the Township. The point here is the Teamsters proposed a Plan which conformed with the cost savings sought by the

Township. Your Fact Finder recommends the continuation of one Plan for all Township employees because the alternative is not of such a benefit to the employees involved in this Fact Finding so as to overcome the negative aspects to all other Township employees which would result from the Union proposed change. The retention of one Plan benefits the Township from an administrative point of view. It also benefits all other Township employees in that it negates the concerns raised by Ms. Wright in regard to the consequences of removal of almost one-half of the participants from the Plan. Your Fact Finder does not believe anyone's interests are served by continuing the negativity which has surfaced in this case. Retroactive payment or a reduction in pay prior to the date of this Recommendation is not recommended. The ruling herein will hopefully resolve the issue and allow the Parties to resume the apparent amicable relationship which had existed in the past.

### RECOMMENDATION

It is recommended that the Township proposed Medical Insurance Plan be adopted.

It is not recommended that Bargaining Unit employees be retroactively charged or suffer any reduction in pay, prior to the date of this Recommendation, for the cost differential associated with the Plan now in effect and the Recommended Plan.

  
JOSEPH P. GIROLAMO  
FACT FINDER

Dated: August 10, 2011