

2421

STATE OF MICHIGAN
DEPARTMENT OF LABOR & ECONOMIC GROWTH
MICHIGAN EMPLOYMENT RELATIONS COMMISSION
ACT 312, PUBLIC ACTS OF 1969 AS AMENDED

In the Matter of:

CITY OF ECORSE

-and-

MERC Case No. D10 E-0559

POLICE OFFICERS ASSOCIATION
OF MICHIGAN

ARBITRATION PANEL OPINION AND AWARD CLARIFICATION

George T. Roumell, Jr., Chairman
Howard L. Shifman, City Delegate
William Birdseye, POAM Delegate

APPEARANCES:

FOR THE CITY OF ECORSE:

FOR POLICE OFFICERS ASSOCIATION
OF MICHIGAN:

Howard L. Shifman, Attorney

William Birdseye, Business Representative

On December 21, 2011, the Panel signed an Opinion and Award in this matter. It came to the attention of the Chairman that in the area of health care it was necessary to clarify the intention of the majority of the Panel as to one item in reference to retiree health care.

By way of background, it was noted in the Opinion that the City of Ecorse was facing fiscal difficulties requiring the appointment of an Emergency Financial Manager. This fact caused the Chairman to move with caution as the aim was to recognize the City's precarious financial situation and at the same time to save jobs. This included recognizing that the cost of health care insurance was significant and required some sharing of premiums by the employees

in order to reach a viable Collective Bargaining Agreement to meet the joint aim of keeping the City financially viable while saving jobs.

With these twin goals in mind, the Chairman noted during the hearings the City's request to address retiree health care and the cost that such health care presented. It was the intention of the Chairman to address this issue by treating the retirees, in terms of cost sharing, the same as active employees at least as to current employees, as contrasted to new hires.

The current dispute comes to the Panel on the question of the obligation of retirees to pay 20% for their retiree healthcare.

The Union takes the position that there should be no payment for retirees because of the significant changes in healthcare as well as the mirroring language on retiree healthcare.

On the other hand, the City takes the position that the obligation for such payment existed in the prior contract, the obligation for the 20% payment is in this contract, the employees retired with an obligation of a 20% payment and the mirroring and retiree language covers the payment of the 20% as well. The City also takes the position that the 20% payment would be based on the cost of the retiree's healthcare, not that of the actives. The Union disagrees.

The Chairman agrees in part with both parties. The obligation to pay 20% remains since it was an obligation during the time that the employees were working and the obligation was not eliminated at retirement. The obligation also exists due to the mirroring language. Accordingly, employees are required to pay a 20% premium for their healthcare and that continues into retirement.

That does not totally resolve the issue, however. The issue involves whether the 20% of premium is of the retiree's insurance or does it match the actual dollar value of the 20% being

paid by the active employees?

While it is a close question, the Chairman believes in balancing the interests and also to carry out the Chairman's initial intention, retirees should be obligated to pay 20%, but that 20% number should be the actual dollars paid by active employees for their health care.

Thus, to clarify Paragraph 16 "Hospital and Dental" of the December 21, 2011 Award, the Panel issues this Clarification Award.

CLARIFICATION AWARD

Paragraphs 1 through 15 and 17 through 22 of the December 21, 2011 Award are hereby reaffirmed. Paragraph 16 is clarified as follows:

16. Hospital and Dental

- A. The City shall provide all employees and retirees HAP medical and dental coverage with \$100 ER/\$30 office visit and Rx Co pays of \$ 5/\$25/\$50 with Step and Prior Authorization. City may adjust this further as needed.**
- B. All eligible retirees in this Bargaining Unit will be required to enroll in Medicare Part A and B at their expense.**
- C. Premium Sharing**
Employees will be required to pay through a payroll deduction 20% of their healthcare cost monthly.
- D. The City will have the right to move to self-insurance, wrap around plans and/or consolidating or changing carriers. Upon execution of contract, these provisions regarding health care will become the basis of comparison with any other option. From this base, the City will agree to provide substantially similar coverage.**
- E. To be eligible for retiree health insurance, an individual must have 25 years of actual service with the City's Police Department.**
- F. The insurance provided under this Paragraph to retirees shall be provided to retirees and their spouses only, provided that the retiree shall pay the same premiums as**

active employees.

G. Eliminate Retiree Healthcare for new hires.

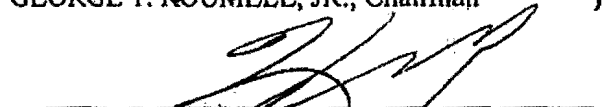
H. Section 35.5

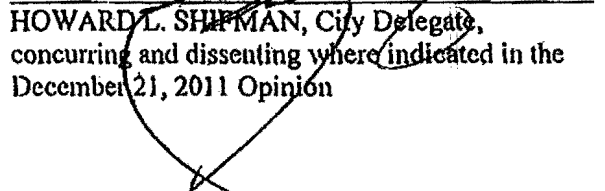
Change to read: The payment shall be quarterly rather than monthly. Opt out is not available to employees who receive their medical coverage through the City.

I. Should hospitalization and medical care benefits provided to active employees as defined in this Article change in this contract and future contracts as defined by this Article change in this contract and future contracts, then hospitalization and medical care benefits provided for retirees who shall also be changed to the same hospitalization and medical care benefits coverage provided to active employees. Should hospitalization and medical care benefits coverage provided to active employees cease for any reason, the insurance last covering the retirees will remain in effect.

J. These provisions are effective as of the December 21, 2011 Award.


GEORGE T. ROUMELL, JR., Chairman


HOWARD L. SHIPMAN, City Delegate,
concurring and dissenting where indicated in the
December 21, 2011 Opinion


WILLIAM BIRDSEYE, POAM Delegate,
concurring and dissenting where indicated in the
December 21, 2011 Opinion

August 6, 2012