BEFORE
JAMES R. COX
ARBITRATOR

VILLAGE OF BOLINGBROOK

and

INTEREST ARBITRATION
S-AA-04-077

METROPOLITAN ALLIANCE OF POLICE
BOLINGBROOK COMMAND
CHAPTER 4

DECISION AND AWARD

The Hearing in this matter was conducted by the Arbitrator in Bolingbrook, Illinois November 12, 2004. Attorney Joseph Mazzone represented the Chapter while the Village case was presented by their Attorney Lara Anderson. Following receipt and review of the delayed Transcript, each Representative filed a Post-Hearing Brief In March 2005.

This Interest Arbitration is conducted in accordance with Section 14(h) and other applicable provisions of the Illinois Labor Relations Act. The single economic issue before me for determination, Insurance, has four facets – (1) whether the Insurance Plan should be subject to modification should 50% of employees covered by Collective Bargaining Agreements with the Village become *"effected by a change in the Master Plan Document"*, (2) whether employee contributions should be made pursuant to alternatives set forth in the matrix of options proposed by the Village or in the dollar amounts of the MAP Offer, (3) whether the level of benefits, contributions and co-pays shall remain in effect in this Unit until modified either by an agreement or through arbitration in the Patrol Officer Unit at which time they would be changed to the same extent as in that Unit and (4) whether the Master Plan Document shall remain in effect for this Unit except to the extent modified for the Patrol Officer Unit.

It has been agreed that the two year term of the Agreement will commence May 1, 2005 and run through April 30, 2007 subject to a single contingency. Section 23.1 makes the Agreement *"contingent upon a finding* *by the Illinois Appellate Court that the Village of Bolingbrook has a duty or obligation to bargain with the Metropolitan Alliance of Police, Bolingbrook Command Chapter 4 or any other collective bargaining unit representing Bolingbrook Sergeants and/or Lieutenants. In the event the Illinois Appellate Court, or any subsequent court, if the matter is remanded or appealed, holds that Bolingbrook is not obligated or has no duty to bargain with the Metropolitan Alliance of Police Bolingbrook Command Chapter 4 or any other collective bargaining unit representing Bolingbrook Sergeants and Lieutenants, this agreement shall immediately become null and void in it's entirety. This Contract shall remain in effect until such time as a court of competent jurisdiction holds that Bolingbrook is not obligated or has no duty to bargain with the Metropolitan Alliance of Police Bolingbrook Command Chapter 4 or any other collective bargaining unit representing Bolingbrook Sergeants and / or Lieutenants."*

BACKGROUND

This is a first Contract. The Metropolitan Alliance of Police was certified as Bargaining Agent for Sergeants and Lieutenants August 18, 2003. The Parties have reached agreement on all terms to be incorporated into the Labor Agreement <u>except for Insurance</u>.

Bolingbrook <u>Patrol Officers</u> have been represented by the Metropolitan Alliance of Police, Chapter 3 since 1990. Their present three year Agreement expires <u>April 30, 2005 – at the end of this month</u>. Article 8.1 of that Agreement provides that Patrol Officers receive coverage under the Bolingbrook *"Complete Hospitalization Program effective <u>January 1, 2003</u> covering all full-time Village Employees including Patrol Officers and their dependents."* Contribution rates for the Patrol Officer's Unit are $30.00 a month for single coverage and $60.00 per month for dependent coverage.

Current Insurance Benefits

There has not been any change in <u>Sergeants and Lieutenant insurance contribution rates</u> since at least 1986. While changes through the adoption of the matrix approach described herein became applicable to other Village Employees (except Patrol Officers) in 2002 and 2003, no contribution modifications were made for Sergeants and Lieutenants who continued to contribute only for family coverage at a $45.00 per month rate. At that time and through the date of the Hearing here, their status as represented Officers has been under judicial challenge by the Village.

MAP'S final position

The final position of MAP is that the current level of benefits, contributions and **co-**pays being provided this Unit should remain in full force and effect up and until the benefits are modified in the Patrol Officers Unit either by Agreement or by Interest Arbitration. This Unit seeks to incorporate into this Agreement by reference any change in the Master Plan or in benefits, contributions and co-pay provision which may be made in the Plan as it affects the Patrol Unit. They have agreed to bring contributions up to the level presently being contributed by Patrol Officers upon the effective date of this Award.

MAP argues that insurance coverage and contribution rates for the Sergeants Unit should be whatever is agreed to in the Patrol Unit Negotiations – that these two related Units should receive the same insurance coverage with the same contribution obligations. They propose that the levels of benefits and the contribution rates in their Offer would remain in effect until modified as a consequence of negotiations between the Village and the Patrol Officer Unit. As they phrase it, they want to "*travel with"* the Patrol Officers on this issue.

Bolingbrook's final Position

The Village proposes that all full-time Officers in this Unit, *"Move to the same rate plan and deductible/out-of-pocket Matrix set forth in Appendix D as all the full-time Employees with the exception of the Patrol Officers for Health Insurance. Officers shall select deductible and out-of-pocket limits from the matrix set forth in Appendix D and shall pay the corresponding monthly premium as indicated in Appendix D. In addition the Officers shall receive the same prescription card benefit as the full-time Employees requiring no more than $5.00 per prescription for generic drugs and $10.00 per prescription for non-generic drugs.*

The Village also seeks that "*The Master Plan*[1] *Document for the Employee Benefit Plan of the Village of Bolingbrook initialed by the Union and the Village shall remain in force. However, their offer has the condition that "if more than 50% of the Employees covered by Collective Bargaining Agreements within the Village are affected by a change in the Master Plan Document, the Officers agree that they will be subject to the change and shall comply with the change."*

The goal of the Village is to have the Insurance Program (which presently includes the Matrix options for contributions and covers all full-time Village Employees except those in the two Law Enforcement Units) become effective for this Command Unit irrespective of whatever happens in Patrol

[11] Also referred to herein as the "Matrix Plan"

Officer Unit negotiations. They want to tie in him the insurance program for Sergeants/Lieutenants with that of all other Village employees. Adoption of their final officer would had the consequence that that such coverage and other insurance provisions would not be modified further during the terms of this Agreement unless and until 50% of Bolingbrook Employees covered by other Village Collective Bargaining Agreements make a determination to have changes <u>in the Master Plan Agreement.</u>

<u>Prior Insurance Contribution Changes</u>.

As far as the evidence shows, there had not been any change in employee contributions <u>for any rank and file employee</u> from at least 1986 through 2002. In the Patrol Officer Unit, <u>as late as 2000,</u> the Village agreed in negotiations that Officers would continue under the Village Plan with contributions that would be non contributory for single coverage and $45.00 for family coverage. There was no evidence that they had sought any increases. During those years, Bolingbrook Employees enjoyed an <u>unrivaled program of practically fully paid insurance coverage.</u> Thereafter, however, the Village did make efforts to obtain increased cost sharing participation from all employees, represented and non represented. Through the 1990's increased employee participation in insurance cost funding was a common Collective Bargaining development[2].

Unlike some other nearby Municipalities, Bolingbrook did not seek a radical change in their effort to bring Village employee contributions into line with rapidly increasing health insurance costs[3]. Rather than seek a single large contribution increase from all Unit employees – an increase which would have a significant effect on take home pay - they proposed a matrix approach though which employees would have a menu of choices. Each Employee could buy the protection he/she could afford. Such an approach was described in the AFSCME Agreement. "*In an effort to minimize the financial impact, employees shall be granted the ability to select from a*

---

[2] As I have stated in my Award in Deerfield, *"There have been dramatic health insurance cost increases over the past 10 years and it is unusual to find what is essentially non-contributory medical insurance coverage as in Deerfield. While Deerfield is basically self-insured, the costs of providing the benefit have risen substantially – 10 to 33 percent annually – during recent years and have not shown any tendency toward becoming stable. … ..Nonetheless, there is general acknowledgement that inflationary insurance costs are out of control. In response to such circumstances contributory features have been introduced into the great majority of group employee medical insurance plans."*

[3] A basic problem for municipalities and Unions is how to bring employee contributions up to a reasonable relationship with insurance costs that continue to run away <u>without unreasonably impacting take home pay.</u>

variety of deductibles and annual maximum "out of pocket" amounts. There are three types of coverage: Individual, Employee Plus One and Family Coverage". The Village proposal before me combines increased cost sharing with net benefit reductions.

Under the Bolingbrook approach, employees had an opportunity to maintain or even lower their contribution rate. The lower the contribution, the greater out of pocket costs. This matrix concept would have an overall effect of increasing the percentage of costs employees would be covering with their contributions. They could choose from a number of options which tied their contributions to an array of combinations of Deductibles and Out of Pocket costs.[4]

Currently there are four Labor organizations which represent Bolingbrook Employee Bargaining Units. There are five bargaining Units. Those Unions and the number of Employees they represent are: American Federation of State County and Municipal Employees (128), International Association of Firefighters (77), Service Employees International Union (9), and Metropolitan Alliance of Police representing Patrol Officers (83), and Sergeants and Lieutenants(20). Currently 70 of the 386 Bolingbrook Employees are non-Union.

The AFSCME, Firefighter and SEIU Units have bargained and accepted the Matrix approach. MAP Units have not. This insurance contribution approach became part of the Firefighter Agreement in September 2002, was adopted by AFSCME in March 2003 and then by the SEIU in April 2003. Insurance Contributions by employees in these three Units as well as by all non-represented employees are presently tied into one of the levels of Out of Pocket costs to be chosen from the Matrix.

During their 2002 negotiations, recognizing that Patrol Officer's contributions had grown disproportionate to Village insurance costs, MAP proposed an increase in contributory dollars. According to Interest Arbitrator

---

[4] There are ten options designated as *Plan Numbers*. The one with the highest deductible requires the lowest contribution. A $23.25 contribution for Employee coverage, $17.06 for Employee + 1 Dependent and $14.93 for Employee + Family) buys coverage subject to a $500 deductible and $1000.00 Out of Pocket. (The stated rates for Employee + 1 and Family at this level appear inaccurate – it would not normally cost less to cover the family - as reflected in rates in the other options.) The Plan with the lowest deductible - $100 – and a $600 Maximum Out of Pocket costs $65.00 for employee coverage, $85.00 for Employee + 1 Dependent and $110.00 for Employee + Family. The Plan with the second highest Deductible/Maximum Out of Pocket (3I) requires contributions of $48.25, $52.06 and $56.55 respectively. There are various combinations of Deductibles and Out of Pocket costs for each of the 10 optional contributions levels.

Fletcher's calculations, the Village sought a greater contribution effort through the Matrix approach that offered by MAP.

The present Patrol Officer Agreement is the product of the Fletcher Interest Arbitration Award which issued in May 2004. Patrol Officers now contribute both for single and dependent coverage. Article VIII reads: "*For those Officers who maintain dependent coverage it is agreed that the employee shall pay $30.00 per month for single coverage premiums and $60.00 per month toward dependent coverage premiums. The Village agrees to pay for any increase in rate during the term of this contract. The deductible for individuals shall be $100.00 and the deductible per family shall be $300.00. In addition the Village Plan shall provide a prescription card benefit for covered employees requiring no more that $5.00 per prescription for generic drugs and $10.00 per prescription for non generic drugs".*

The Arbitrator noted that the Village proposal had provided a "*Matrix of Plans under which Officers select coverage at premium levels suited to individual preference which could actually reduce the cost for an Officer below that proposed by the Union."* However, he found that the Union's proposal "*More nearly comports with the statutory criteria and it is awarded."* [5] For the first time, however, Patrol Officers were required to contribute toward single coverage.

Arbitrator Fletcher stated that he had considered the fact that other represented Employees, as a result of collective bargaining in their respective Units, were all under the same Group Hospital and Medical Plan with the contribution Matrix but, without having more detailed data as to any quid pro quo for the Matrix approach, was unwilling to place Patrol Officers under the same Plan. He concluded, *"It is universally recognized that there exists a Matrix of Health Care Plans which may be custom tailored to fit a particular Bargaining Unit. The fact that other Village Bargaining Units and non-Unionized personnel have the same Plan does not automatically require that Peace Officers also be identically covered. Compelling evidence for this Panel to conclude otherwise in this case simply is not present in the Record.".*

The present $45.00 monthly Sergeants and Lieutenants' contributions toward Family coverage, except for Addison, Berwyn, Glendale Heights and

[5] Arbitrator Fletcher measured the Village proposed increase in contributions by looking at insurance cost increases over the previous Contract term. He stated that, by use of the Matrix rates, the Village proposed to increase Employee contributions *"by a far greater percent than the 40% increase actually experienced during the term of the previous Agreement."* The basis for this conclusion was not shown in the Award.

Lombard, are lower than in any of the 14 Village Comparables. Village health insurance premium costs are now $461.79 for single Employee coverage; $692.69 for Employee + 1 coverage; and, for family coverage, a premium of $1228.39! Since 2002 when Firefighters agreed to contribute at the overall higher matrix levels, total costs for all Village employees have risen from $3,198,372 to $4,471,019 (as of 4/30/2004). The effect of these higher employee contributions since 2002 upon net costs was not disclosed in this Arbitration. The overall percentage of premium costs paid by Village employees was not made part of the evidence.

Comparables

Only four of the 14 Village comparables - Berwyn, Glendale Heights, Oak Lawn, and Oak Park - have Sergeant/Lieutenant Bargaining Units. We do not know what if any bargaining relationship there may be in these units with Patrol Officers There is certainly no language that any have a *"me too"* relationship. However, and very significantly, there is no evidence in any Union or Village Comparable of the existence of any insurance modification language such as the Village proposes here – language providing for automatic application of insurance changes which may be agreed to by 50% of represented employees in other Bargaining Units covered by the Master Plan.

Based upon the evidence before me, it is not possible to compare the benefits in policies in effect in other municipalities with the Master Plan in Bolingbrook. Furthermore we cannot make any cost/benefit comparisons. In any event, for the reasons discussed below, the Award here does not turn on either internal or external comparable employee contributions.[6]

ANALYSIS

There is a conceptual similarity between the two final proposals. Each seeks to achieve some degree of uniformity among personnel. The Union goal

[6] Without further data about the contribution option Village employees are likely to select from the matrix, it is not possible to compare deductibles and out-of-pocket costs with those in comparable communities. I do not that, of Village Comparables, only Berwyn, Carol Stream, and Tinley Park have lower deductible schedules. However, there are other differences. Addison, Bartlett, Carol Stream, Elmhurst, Oak Lawn, Oak Park, and Tinley Park require Employee coverage under an HMO and, while there is no contributions required for single HMO coverage in Berwyn, Lombard, Glendale Heights, and Woodridge, there are higher rates for Family coverage. Assessing Out-of-Pocket costs among the Village comparables, we find that all municipalities except Orland Park have generally higher Out-of-Pocket maxims under their PPO Program.

is to have the same insurance Program among Law Enforcement Officers. The Village has a wider perspective. They would achieve both present and prospective uniform benefit and contribution treatment of all Village Employees by making insurance in this Unit subject to change should *more than 50% of the Employees covered by Collective Bargaining Agreements within the Village be affected by a change in the Master Plan Document.* That could mean, for example, that were AFSME and Firefighter Units to trade off higher wages in exchange for lower insurance benefits or higher contributions, such a modified insurance package would become effective for Officers in this Unit.[7] While those two Labor Organizations are well respected, they are also self interested and there are no similar provisions in their Contracts[8]. There is no indication that they would agree to such a reciprocal effect upon their Unit were MAP Officers selecting insurance changes. The Officers in this Unit have MAP as their Bargaining Agent, not any other Labor Organization. There is no basis in any of the Comparables nor in the Arbitrator's experience for imposition of such a provision as part of an Interest Arbitration.[9]

The MAP attempt to achieve uniformity within the two Law Enforcement Units makes more sense especially from a management of human resources standpoint. It takes away the wipe sawing effect within the Police Units.

Officers in both Law Enforcement Units are represented by the same Union. There is an affinity in duties, responsibilities and Contract benefits not found in the other organized Units. There is evidence of an already agreed upon benefit nexus between the two Units. Wages in the smaller Unit are tied to levels in the larger Patrol Unit through the differential approach. The array of Contract Benefits is identical in most cases. Unlike the other Organized Units, neither has an overtime benefit. There is a unique functional integration of work. The wage differential recognizes the difference in responsibilities and managing skills.

---

[7] There would be no basis for bringing those in the SEIU Unit under such new benefit and contribution rates. There is no such enabling provision in their Contract.

[8] Under the Village Plan, Officers would be subject to having their benefits changed as a consequence of bargaining in other Units over which they have no control. As Arbitrator Fletcher stated in the Patrol Unit Interest Arbitration, there is no evidence as to what, if any, quid pro quo brought about the Matrix approach in the three non MAP Units.

[9] Section 14(h)8 includes both factors such as internal comparability and the evaluation of the likely outcome of free collective bargaining absent Interest Arbitration and other unique factors. City of Chicago and FOP Lodge 7 (Roumell, 1993) at pages 21 to 24.

Because of the close relationship between these two Units as well as the overlap in their contract negotiations, it makes industrial relations sense to treat them the same for insurance purposes – that there be a single negotiation on insurance for the Police Units and that it be in the larger Unit.

If they have not already begun, negotiations in the Patrol Unit should begin shortly. In the meantime, the increased contributions in the Union final offer would be put into effect in this Unit.

AWARD

The Award here does not turn upon comparative insurance costs. The reasonableness of the amount to be contributed for health insurance in this Unit will be determined by Patrol Officer Negotiations. The Officers in this Unit have agreed that they will pay whatever may be the outcome of Patrol Unit negotiations. The outcome here results from the comparative unacceptability of the method the Village proposes in order to achieve unit wide uniformity. This Award should not be construed to have any significance with respect to the reasonableness of the matrix proposal. Of course, less than 12 months ago, an Arbitrator has made such a finding in the Patrol Officer Unit based upon the evidence before him.

I find that the Union Offer to be the most reasonable final position in these circumstances. There are several reasons including the historical wage, benefit and work affinity between these two Units, the interest of preventing whipsawing, the proximity of negotiations in each Unit[10] and, most significantly, the failure to show any comparable provision which makes required benefit and coverage changes under an Insurance Plan in one Unit contingent upon changes agreed upon by employees covered by other Collective Bargaining Agreements.

The Union Final Offer is accordingly adopted and, together with other previously agreed upon provisions, shall be incorporated into the Labor Agreement.

James R. Cox
Arbitrator

[10] In similar circumstances the parties sometimes engage in joint bargaining.

Issued this 7th day of April 2005.