

PANEL DECISION

In the Matter of Interest Arbitration )  
Between: )  
CITY OF BELLEVILLE, ILLINOIS )  
Employer ) ISLRB :S-MA-92-143  
And )  
LOCAL 53, INTERNATIONAL ASSOCIATION )  
OF FIRE FIGHTERS, BELLEVILLE FIRE )  
FIGHTERS )

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HEARING: JULY 13 & 14, 1992  
BRIEFS EXCHANGED: EMPLOYER - OCTOBER 3, 1992  
UNION- NO BRIEF FILED  
DECISION: NOVEMBER 15, 1992  
APPEARANCES:  
FOR THE EMPLOYER: IVAN L. SCHRAEDER  
ATTORNEY  
FOR THE UNION: MICHAEL LASS  
REPRESENTATIVE  
ARBITRATION PANEL:  
NEUTRAL CHAIRMAN: JAMES M. O'REILLY  
EMPLOYER DELEGATE: MICHAEL HAWTHORNE  
UNION DELEGATE : EDGAR SMALLWOOD

## BACKGROUND

The Interest Arbitration Case No. ISLRB S-MA-92-143 is subject to the provisions of the Illinois Public Relations Act and its Rules and Regulations.

On July 13 and 14, 1992 the Arbitration Panel conducted a hearing which was recorded and transcribed. Prior to the start of the hearing the parties were permitted to continue their negotiations which resulted in only one (1) issue remaining unresolved to be decided by the Panel. That issue, involves Article 8, Hospitalization Insurance. The parties final offers of settlement on the issue of Hospitalization are as follows:

### Employer's Final Offer of Settlement

Article 8 - Hospitalization Insurance  
Section 8.1 - Health Insurance Beginning May 1, 1992, Employer will pay towards its group health and welfare benefits plan, for each of its employees (inclusive of employee dependents if applicable) desiring coverage under such plan, an amount up to but not exceeding three hundred seven dollars and eighty-seven cents (\$307.87) monthly for the term of this Agreement. If premium costs exceed said monthly amount of three hundred seven dollars and eighty-seven cents (\$307.87), the Employer shall be required to pay only up to the following amounts in excess thereof:

- 1) Fifty percent (50%) of any increase(s) in individual employee coverage;
- 2) Fifty percent (50%) of any increase(s) in dependent coverage;

The Employer shall deduct from an employee's wages the remaining fifty percent (50%) of any increase(s) over and above the monthly premium costs of three hundred seven

dollars and eighty-seven cents (\$307.87) for individual or dependent coverage.

There shall be a sixty (60) day qualification period for new employees, during which time the employee will not be covered by the Employer's health and welfare plan, nor shall the Employer be responsible for any payments toward health and welfare coverage on behalf of said new employee.

Employees who retire from or become disabled due to employment by the Employer, and who have seven (7) years continuous service with the Employer immediately prior to said retirement or disability, are eligible to purchase health and welfare benefits as provided under the health and welfare benefits plan at the time of retirement; provided that: 1) the employee purchases the plan at the time of retirement or disability; 2) the retired or disabled employee coverage is available under the terms of the plan; 3) the retired or disabled employee pays the insurance carrier directly for said health and welfare benefits according to the terms and conditions of said plan; and 4) said plan, benefits, coverage, costs and payments, as well as any changes therein, shall be separate and apart from this Agreement and shall be not subject to the grievance procedure or any other provision of this Agreement.

Section 8.2 - Cost Containment The Employer has the option to Section 8.1 of reducing benefits and coverage in order to avoid any increase over and above the monthly premium payment of three hundred seven dollars and eighty-seven cents (\$307.87).

The Employer agrees that it will consider suggestions from the Union for methods in which the Employer may reduce the cost of insurance and/or implement effective cost-containment programs. This section does not mean that the Employer relinquishes its sole authority to select the benefit levels and options and payments provided in this Article.

Section 8.3 - Liability Limitations The failure of any provider(s) to provide any benefit for which the Employer has contracted, through a self-insured plan or under a group policy(ies) issued by an insurance company or other provider, shall result in no liability to the Employer nor to the Union, nor shall such failure be considered a breach by the Employer or the Union of any obligation undertaken under this or any other agreement.

A difference between an employee (or his/her beneficiary) and the insurance carrier(s) or provider(s) or the processor of claims shall not be subject to the

grievance procedure provided for in this or any other agreement.

## Unions Final Offer of Settlement

### Hospitalization Insurance Proposal

The Union's proposal for the Arbitration Panel's consideration in response to the City's 7/13/92 proposal is as follows:

#### ARTICAL VIII - HOSPITALIZATION INSURANCE

##### Section 8.1 Employee Medical Insurance

Each employee of the Fire Department of the City shall continue to receive the basic hospitalization, life, major medical, surgical and dental plan for himself and his dependents, as in effect on May 1, 1991. The Union shall be provided with a copy of the master insurance contract, which shall be attached hereto as Appendix A of the parties contract. The current insurance plan as to its coverages and benefits may not be changed without the mutual written agreement of the Union.

##### A. Maintenance of Benefits and Costs

Each employee covered by the terms of this Agreement shall continue to receive the same insurance benefits and coverages, without cost to the employee, as exists immediately prior to the execution of this Agreement. Any proposed changes shall only be accomplished by providing the Union with prior written notice of such proposed changes as to benefits, coverages, fees, deductibles, co-payments, maximum out-of-pocket, as well as, any cost containment measures the carrier or insurer may desire to make. Upon receipt of notice the Union and the City shall meet and negotiate as to any changes to be made in such coverages and/or benefits. In the event that the parties fail to reach a full agreement the issues in dispute shall be resolved by utilizing the procedures found under Section 14, of the Illinois Public Labor Relation Act.

##### B. Effective on or before May 1, 1993 the City may implement an Internal Revenue Code (IRC) Section 125 Plan, enabling employees to make insurance premium payments with pre-tax dollars, so long as such plan continues to be authorized by the IRC.

##### C. Effective May 1, 1993, employees covered by the terms of this Agreement shall contribute one percent (1%) of their base annual salary (base pay with rank differential but, without holiday & longevity pay)

towards the premium cost for hospitalization insurance, payable bi-weekly, provided that an IRC Section 125 Plan is available to the employees. In the event that the City fails or is unable to institute an IRC Section 125 Plan, then the employees' premium contribution shall be equal to three quarters of a percent (.75%) of the employee's base annual salary.

The balance of Article VIII to remain unchanged.

#### Summary Position

##### Position of the Employer

1. Under Section 14 (h) of the Act, the arbitration panel is required to base its findings, opinion and order upon certain listed factors, the most critical being the "comparability" factor of the wages, hours and conditions of employment of other employees of the Employer.
2. The Employers proposal provided that the Employees pay 50% of the increased cost of insurance commencing on May 1, 1992 which from the evidence provided would be 50% of the increase over \$307.87 regardless of the type of coverage. Without exception other labor contracts with the City of Belleville (Co. Ex. Nos. 2-8) provide that those covered Employees will, as a bottom line, pay for health insurance premium cost increases in a 50/50 share with the Employer. While the contractual wording may be different the end result is the same.
3. The Union's final offer shows that they not only want to pay less than any other employees covered by other contracts with the Employer but they also don't want

any participation until May 1993, which is one (1) year later than the other contracts provided.

4. In addition to the economic portion of the Employer's final offer, the balance of that offer is either identical or similar to the other contracts with the city.
5. The Employer's proposal keeps all City Employees in relative equal position as to the health insurance benefit and it allows the Employees to maintain the effect of their negotiated 1992 wage rates of 4%.
6. The Union's proposal seeks to establish a whole new system of insurance payments for its unit and there was no evidence to support its position as weighed against the criteria of Section 16114 (h) of the Act. The Arbitration Panel must adopt the Employer's final offer in this proceeding as it best meets the criteria of the law.

Position of the Union

1. The long established contractual history with regards to the fire fighters local Union is that its members make no contribution in support of health care cost. It has always been a negotiated benefit.
2. The Union is in disagreement with the Employer's proposal of shared cost of premium increases that are indexed to the rise in the cost of insurance. This is unfair and why the Union has proposed a contribution equal to a percentage of their base salary.

3. The Employer's proposal, is an economic proposal in its entirety and being a single issue if accepted would require the Union to accept as a fait accompli, unilateral decision making by the Employer on a condition of employment that would otherwise be a mandatory subject of bargaining. Further, the Union believes that the language of Section 8.3 of the Employers proposal which waives rights to the grievance procedure is also contrary to the statute.
4. The Union is proposing that effective May 1, 1993 that the Employees will contribute 1 percent if there is an IRS Section 125 provision, or .75 percent of base salary if there is no 125 provision. The Union believes that by taking less than the terms of the other protective services that this Union has already paid its share of medical cost for 1992-1993.
5. The insurance provisions in each of the contracts submitted by the Employer is in somewhat different terms as to what the language regulates or does not.
6. The Union request that the Arbitration Panel rule in its favor with regards to its final offer on Article 8, Hospitalization Insurance.

#### Discussion

The Chairman has reviewed the evidence, testimony and arguments pertaining to the parties last offer of settlement of Article VIII, Hospitalization Insurance in accordance with Section 14(g) & (h) of the Illinois Public Labor

Relations Act, dated January 1992(Jt. Ex. No.4).Article VIII contains both economic and non-economic sections which are included within the parties last offers of settlement and are discussed as follows:

Under the provisions of the contract dated May 1, 1991 thru April 30, 1992 (Jt.Ex.No.1),the cost of medical insurance was paid fully by the City of Belleville, Both the Union's and Employer's last offer of settlement recognize that Employees will share in the cost of medical insurance although the formula differs between their offers.

The Employer's arguments are convincingly supported by the comparability factor as cited within Section 14(h)(4) of the Act in that the Employer's collective bargaining agreements with its other represented Employees (Em.Ex.Nos.2-8) contain similar provisions as that presented in the Employer's last offer of settlement to the Fire Fighters Union. Without exception those agreements provide for the Employees to pay 50% of the insurance premium cost increases over \$307.87 commencing on May 1, 1992. The Union's last offer of settlement is not comparable with those agreements as the Union's effective date of the offer is one (1) year later and the Employees sharing formula is based upon a percentage of the base annual salary rather than the premium cost of insurance.

The economic issue of the cost of providing medical insurance is resolved in favor of the Employer's Proposal

(Em.Ex.No.1) which is supported by the comparability factor with other collective bargaining agreements. In addition, the Employer's proposal provides fiscal and administrative consistency for the City in its relationship to its Employees and the public that it serves.

In reviewing the other issues associated with Section 8.1, the Union had negotiated language that prevents the Employer from unilaterally changing the insurance coverage without Union approval(Jt.Ex.No.1,p.7):

The Union shall be provided with a copy of the master insurance contract. The insurance coverage shall not be changed without the approval of the Union.

The Employer with respect to this bargaining unit had given up its right to unilateral action to change the benefit levels during the term of the collective bargaining agreement. While the Employer has been able to negotiate a "Cost Containment" provision in most of the collective bargaining agreements, it is absent in the Employer's Agreement with the Operating Engineers Local 2 (Em.Ex.No.5) and as the testimony would support within the Agreement covering the Belleville Police Union (Un.Ex.No. 4,p.20-21):

It is further agreed that the schedule of benefits shall be greater than or equal to the coverage for the Group Policy presently contracted by the Employer for the officers and their families

Thus, the Employer's proposal for a cost containment provision is denied and the existing language of the Union's

Agreement(Jt.Ex.No.1) as cited above will remain a provision of Article VIII Section 8.1.

The Employer's proposal for a (60) day qualification period for new Employees is found within all of the Agreements submitted and thus the Employer's proposal would be supported by the comparability factors of those Agreements and the administrative consistency of the insurance coverage. Accordingly, the Employer's proposal is accepted.

Testimony and documents submitted under oath support that the Belleville Police Union collective bargaining agreement, which bargaining unit like the Belleville Fire Fighters comes under Section 14 of the ISLRA, does not contain any restrictions under the Insurance Coverage provision as proposed by the Employer under Section 8.3 - Liability Limitations (Emp. Ex. No.1). Further, there was no compelling evidence to support that the absence of such provisions has created an economic or administrative hardship upon the Employer so as to support a necessity to incorporate such language where none has existed before. Thus, even though such proposed language appears in other collective bargaining agreements with the Employer, there is no persuasive reason to grant a waiver of rights under the collective bargaining agreement.

While all the other collective bargaining agreements, except for that of the Belleville Police Union, contains the

Employer's proposed language for health coverage of retired or disabled Employees, such language imposes additional eligibility requirements, such as seven (7) continuous years service and removes the freeze on insurance premiums for retirees and disabled Employees for seven (7) years after their retirement or disability. The Employer presented no evidence that any of the other bargaining units gave up the same or similar language for the inclusion of the Employer's proposed language on insurance for retired and or disabled Employees. Accordingly, the Employer's proposed language for insurance coverage for retired and disabled Employees is denied and the language will remain as is in the subject Agreement (Jt. Ex. No.1). The Chairman is under the opinion that since Section 8.2 requires the hospitalization plan as provided in Section 8.1, which is changed by this decision to incorporate the Employer's proposed language into Section 1 requiring cost sharing of premiums, that such cost sharing changes are also made a part of Sections 8.2 and 8.3 of the Agreement.

Based upon all the above discussion and recognizing that the historical bargaining relationship of the Fire Fighters Union covers many years of bargaining history and that the more significant comparative bargaining relationship to the Fire Fighters Union is the collective bargaining agreement of the Belleville Police Union, the Arbitration Panel issues the following Award:

AWARD

The Arbitration Panel holds that the language of Article VIII Sections 8.1, 8.2 and 8.3 of the subject collective bargaining agreement (Jt. Ex. No.1) shall remain unchanged except where the Employer's last offer of settlement is accepted as follows:

1. Section 8.1 The following language will remain a part of this section:

The Union shall be provided with a copy of the master insurance contract. The insurance coverage shall not be changed without approval of the Union.

2. All other language of Section 8.1 shall be deleted and in its place the following language shall be inserted as contained in the Employer's last offer of settlement:

Section 8.1 - Health Insurance Beginning May 1, 1992, the Employer will pay towards its group health and welfare benefits plan, for each of its employees (inclusive of employee dependents if applicable) desiring coverage under such plan, an amount up to but not exceeding three hundred seven dollars and eighty-seven cents (\$307.87) monthly for the term of this Agreement. If premium costs exceed said monthly amount of three hundred seven dollars and eighty-seven cents (\$307.87), the Employer shall be required to pay only up to the following amounts in excess thereof:

- 1) Fifty percent (50%) of any increase(s) in individual employee coverage;
- 2) Fifty percent (50%) of any increase(s) in dependent coverage;

The Employer shall deduct from an employee's wages the remaining fifty percent (50%) of any increase(s) over and above the monthly premium costs of three hundred seven dollars and eighty-seven cents (\$307.87) for individual or dependent coverage.

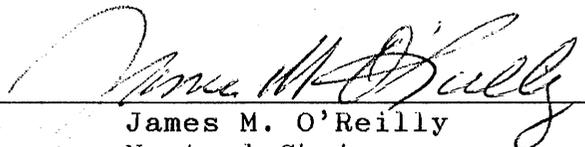
There shall be a sixty (60) day qualification period for new employees, during which time the employee will not be covered by the Employer's health and welfare plan, nor shall the Employer be responsible for any payments toward health and welfare coverage on behalf of said new employee.

3. The language of Article VIII Sections 8.1, 8.2 and 8.3 will remain unchanged except as provided in Items Nos. 1 and 2 above.

It is so ordered

Dated this November 15, 1992.

Without agreeing or disagreeing with the reasoning of the Neutral Chairman, the Arbitration Panel has concurred in the above AWARD.

  
James M. O'Reilly  
Neutral Chairman