

**THE NEW YORK STATE  
PUBLIC EMPLOYMENT RELATIONS BOARD**

**IN THE MATTER OF FACT-FINDING  
between  
THE VILLAGE OF HORSEHEADS, NY  
and  
CSEA LOCAL 1000, UNIT #6359**

**Case Number M2011-146  
Report and Recommendations  
of  
Timothy W. Gorman,  
Fact Finder**

**Appearances:**

For the Union:           Shawn M. Lucas, Labor Relations Specialist  
                                  CSEA Local 1000, Unit #6359

For the Company:       James W. Roemer, JR, Esq.  
                                  Roemer, Wallens Gold & Mineaux, LLP

**Also Present:**

Walt Herbst, Village Mayor  
George F. Koliwasky, Trustee  
Sean M. Lohmuller, Bargaining Unit President  
David Stow, Bargaining Unit Vice President

**Date of Hearing:**       April 30, 2012

**Date of Report:**       May 28, 2012

## **INTRODUCTION**

In accordance with Civil Service Law §209.3, the New York State Public Employment Relations Board appointed me as Fact Finder in an impasse between the Village of Horseheads, New York and the CSEA Local 1000, Unit 6359. On April 30, 2012 a fact-finding hearing was held at the Village of Horseheads offices. At this hearing both parties were given full opportunity to present oral and documentary evidence. At the end of the hearing and per an agreement between the parties, no briefs were filed and I declared the hearing closed.

## **BACKGROUND**

The Village of Horseheads, New York (hereafter the Employer or the Village) and The Civil Service Employees Association, Local 1000, Unit 6359 (hereafter the Union) are parties to a collective bargaining agreement. This agreement expired on May 31, 2011. Bargaining for a new agreement began in May 2011 with the assistance of a mediator. Despite the mediator's best effort the parties were unable to reach an agreement for a new contract. The Village subsequently declared an impasse and filed with the New York State Public Employment Relations Board for fact-finding.

## **OUTSTANDING ISSUES**

At the hearing the parties identified two issues of dispute:

- (1) Healthcare, which includes: plan options and premium contributions, movement of employees between plans, and health savings accounts (HSA).
- (2) Wage increases.

# SUMMARY OF THE PARTIES' POSITIONS

## THE VILLAGE

### **1. Healthcare**

The Village's stated goal is to eventually have all employees, both Union and Non-Union under a Preferred Provider Organization (PPO) health insurance plan. Currently all non-union personnel are already under a PPO plan. However, the Village realizes that a transition to the PPO plan would take time; therefore, it offered a compromise to the Union in a Memorandum of Understanding dated December 6, 2011(E-4) (see below).

**Plan Options and Premium Contribution** - The Village proposes to still have two health plans available to the bargaining unit, an indemnity plan and a PPO plan. However, it asserts that, as the plans stand now, the premium contributions are reversed from what they should be, considering the costs of the respective plans. These cost and contribution figures are below:

Monthly cost of insurance coverage to Village in 2012 dollars:

Insurance Rates	2012	2012
	<u>Indemnity</u>	<u>PPO</u>
Individual Medical and Dental	\$ 744.75	\$ 625.22
Family Medical and Dental	\$1479.03	\$1175.86

Premium contributions by bargaining unit members (as of the last CBA) are:

Indemnity Plan:

2008	Single	\$18 per bi-weekly pay,	2009	\$19 per bi-weekly pay
2008	Family	\$20 per bi-weekly pay,	2009	\$21 per bi-weekly pay

PPO Plan :

2008	Single	\$24 per bi-weekly pay,	2009	\$26 per bi-weekly pay
2008	Family	\$24 per bi-weekly pay,	2009	\$26 per bi-weekly pay

Since the indemnity plan currently has lower contribution rates than the PPO plan, even though the indemnity plan costs the Village far more, there is no incentive for any bargaining unit member to ever convert to the PPO plan.

In a July 21, 2011 proposed offer to settle negotiations between the Village of Horseheads and CSEA (U-1), the Village made the following offer to the Union:

Current health insurance premium contributions shall be converted to a percentage of premium. In fiscal year June 1, 2011 - May 31, 2012, premium contributions shall be 3.50% for family premium and 6.50% for individual premium. In the second fiscal year of the Agreement (June 1, 2012 - May 31, 2013), premium contributions will be 5.00% of family premium and 7.50% individual premium. In the third fiscal year of the Agreement (June 1, 2013 - May 31, 2014), premium contributions for both family and individual will be 7.50% of premium.

In a Memorandum of Understanding with the Union dated December 6, 2011 (E-4), the Village, seeking to assuage the apprehension that premium contributions, when expressed as a percentage of total premium, would not protect bargaining unit members from a large increase in the plan's overall cost (i.e. if the total plan cost to the Village increased so would the members' contribution because said contribution is expressed as a percentage of this increase, not a flat dollar amount), offered both plans to the bargaining unit with flat dollar amount contributions. This is as follows:

PPO Plan :	<u>Individual</u>	<u>Family</u>
02/01/12 -12/31/12	\$19 per bi-weekly pay	\$20 per bi-weekly pay
01/01/13 -12/31/13	\$23 per bi-weekly pay	\$30 per bi-weekly pay
01/01/14 - 05/31/14	\$25 per bi-weekly pay	\$45 per bi-weekly pay

Indemnity Plan:	<u>Individual</u>	<u>Family</u>
02/01/12 -12/31/12	\$47 per bi-weekly pay	\$74 per bi-weekly pay
01/01/13 -12/31/13	\$52 per bi-weekly pay	\$86 per bi-weekly pay
01/01/14 -05/31/14	\$54 per bi-weekly pay	\$107 per bi-weekly pay

**Movement Between Plans** - The Village also states that in an effort to get more bargaining unit employees into the PPO plan, effective 02/01/12 employees hired before 01/01/12 can elect either the Indemnity Plan or the PPO Plan. Employees hired on or after 01/01/12 will be eligible to enroll in only the PPO Plan.

**Health Savings Account** - The Village proposes to set up a Health Savings Account (HSA) for unit members. If the members choose the PPO plan the Village would contribute to the plan as follows: For employees choosing the PPO individual coverage, the Village's contribution to the HSA would be \$300 annually. For employees choosing the PPO family coverage, the Village's contribution to the HSA would be \$600 annually. If employees chose the indemnity plan, the Village would make no contribution to the HSA.

## **2. Wages**

The Village has proposed that wage increases would be as follows: Effective May 31, 2011 the salary schedule would be amended cumulatively by 2% on June 1, 2011, 2% on June 1, 2012, 3% on June 1, 2013.

The Village reasons that the benefit level of the two insurance plans, Indemnity and PPO, are nearly identical when one considers the contribution to the HSA by the Village to help soften out-of-pocket expenses incurred by the employees. The PPO plan, because of its

lower cost to the Village, allows for a more generous wage increase than would otherwise be possible if the Village just kept the PPO and Indemnity plans as they currently exist in the expired contract without the Village's proposed changes.

Lastly, the Village points to the fact that the Memorandum of Understanding dated December 6, 2011(E-4) was agreed to by the Village and CSEA negotiating committees, but voted down by the union general membership.

## **THE UNION**

### **1. Healthcare**

The Union asserts that its members prefer and most still take the indemnity plan and they have little interest in the PPO plan. Also, with the Village's proposed contribution amount, as outlined in its last proposal (E-4), being much higher when compared to the indemnity plan contribution in the expired contract, the monetary difference and thus the cost to the employee is too severe.

**Plan Options and Premium Contribution** -The last proposal from the Village more than doubles the indemnity plan premium contribution for bargaining unit members. In the first year of the new contract the increase would be from the current \$19 per pay to \$47 per pay for employees taking individual coverage and an increase from \$21 to \$74 for those choosing family coverage. Furthermore, this contribution amount increases every year thereafter. The Union also objected to the elimination of a \$600 bonus (see J-1, CBA section 29.6) if an employee did decide to go with the PPO plan. The Union proposed the following plan contributions with yearly caps on total contributions:

PPO Plan:

	<u>Individual</u>	<u>Family</u>
01/01/12 -12/31/12	\$30 per bi-weekly pay	\$30 per bi-weekly pay
01/01/13 -12/31/13	\$32 per bi-weekly pay	\$32 per bi-weekly pay
01/01/14 -12/31/14	\$34 per bi-weekly pay	\$34 per bi-weekly pay

Indemnity Plan:

	<u>Individual</u>	<u>Family</u>
01/01/12 -12/31/12	\$21 per bi-weekly pay	\$21 per bi-weekly pay
01/01/13 -12/31/13	\$22 per bi-weekly pay	\$22 per bi-weekly pay
01/01/14 -12/31/14	\$23 per bi-weekly pay	\$23 per bi-weekly pay

**Movement Between Plans** - The Union objects to the inability of its members to move from one plan to another. Employees hired on or after 01/01/12 would be required to enroll in the PPO Plan and do not have the option after a certain period to move to the Indemnity plan. The Union is willing to consider having both plans available to its members, but only if there is the ability to move freely between the two at agreed upon intervals.

**Health Savings Account** - The Union does not object to a HSA plan but the Village's contribution amounts of \$300 for individuals and \$600 for families per year are simply insufficient when one considers the cost of today's medical care. A family with children can run through the \$600 limit quite quickly and then would be stuck with out-of-pocket expenses to make up this deficit. As stated above, the Union also objects to the elimination of the \$600 bonus if an employee did decide to go with the PPO plan as this could help defray out-of-pocket expenses.

## **2. Wages**

The Village's proposed wage increases of 2% on June 1, 2011, 2% on June 1, 2012, and 3% on June 1, 2013 are simply insufficient as they would be eaten up by the increased costs to the members of the proposed health insurance plan. This is magnified by the

elimination of the \$600 bonus. The Union seeks wage increases of 3% in 2011, 3% in 2012, and 3% in 2013, with all increases to be retroactive.

In conclusion, the Union states that because of the above reasons it cannot accept the Village's last proposal.

## **FACT FINDER'S DISCUSSION AND RECOMMENDATIONS**

In stating their cases to me the parties presented the various costs of the plans, the options available, their willingness or unwillingness to accept these plans and their costs, along with the associated proposed wage increases suggested by each party. However the Village and the Union did not make any comparisons to other healthcare plans for other like or similar localities or bargaining units. It is therefore up to me to assess what is reasonable using the parties' presentations and exhibits.

### **1. Healthcare**

**Plan Options and Premium Contribution** - There is merit in the Village's assertion that the premium contributions are the reverse of what they should be, considering the costs of the respective plans. The indemnity plan should require a larger contribution by bargaining unit employees simply because it costs more. The current indemnity plan costs 20% more than the PPO plan, but in the 2009 contract the employee contribution to the indemnity plan is 26% less than the PPO plan for an individual plan, and 19% less for a family plan. This is also true when we examine the Union's proposed plan contributions. Given the total cost of the two plans to the Village I find its proposal to be reasonable.

Recommendation - The parties should adopt the contributions as outlined below:

PPO Plan :	<u>Individual</u>	<u>Family</u>
02/01/12 -12/31/12	\$19 per bi-weekly pay	\$20 per bi-weekly pay
01/01/13 -12/31/13	\$23 per bi-weekly pay	\$30 per bi-weekly pay
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01/01/13 -12/31/13	\$52 per bi-weekly pay	\$86 per bi-weekly pay
01/01/14 -05/31/14	\$54 per bi-weekly pay	\$107 per bi-weekly pay

**Movement Between Plans** - Because the Village is willing to offer both the indemnity and PPO plans to the current bargaining unit members, I believe it is fair to limit new hires to only the PPO plan.

Recommendation - Effective 02/01/12 employees hired before 01/01/12 can elect either the Indemnity Plan or the PPO Plan. Employees hired on or after 01/01/12 will be eligible to enroll in only the PPO Plan.

**Health Savings Account** - The Union's concern about the amount of the Village's contribution to the Health Savings Account (HSA) is warranted considering that the Village wishes to eliminate the \$600 PPO bonus payment in their recently expired contract (see J-1, CBA section 29.6).

Recommendation - For employees choosing the PPO individual coverage the Village's contribution to the HSA would be \$350 annually. For employees choosing the PPO family coverage the Village's contribution to the HSA would be \$700 annually. The \$600 PPO bonus payment will be eliminated. There will be no HSA contribution by the Village for employees choosing the indemnity plan.

## 2. Wages

The parties are not very far apart as to wage increases. The Village proposes increases of 2% in 2011, 2% in 2012, and 3% in 2013. The Union proposes increases of 3% in 2011, 3% in 2012, and 3% in 2013. Because the parties did not offer any other similar contract settlements for which the Fact Finder could draw information, I must again determine what is reasonable given all of the other points of contention in this impasse, the general economy and other settlements.

Recommendation - Given the current state of the economy and drawing from recent settlements that I have seen or been involved in, I believe the Village's proposed increases of 2% in 2011, 2% in 2012, and 3% in 2013 (retroactive) are reasonable and proper.

### **CONCLUSION**

It was clear from the hearing that the parties do have mutual respect for each other even while zealously representing their respective interests. I believe the parties negotiated in good faith a memorandum of understanding (MOA) with terms they both believed to be reasonable. Recommendations that would constitute major changes to this MOA would be unwarranted on the evidence presented, and would do harm to the parties' good relationship, as well as the collective bargaining process as a whole.

It is my hope that this report and recommendation, along with above-mentioned mutual respect will serve as a catalyst to restart the parties' negotiations and lead to an agreement that is mutually beneficial to all.

Date: \_\_\_\_\_ Signed: \_\_\_\_\_

Timothy W. Gorman, Fact Finder