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STATE EMPLOYMENT RELATIONS BOARD
STATE OF OHIO

In the Matter of Fact-Finding Between)
CCNO CORRECTIONS SUPERVISORS))
ASSOCIATION, LOCAL 53/IUPA)

and)

CORRECTIONS COMMISSION OF)
NORTHWEST OHIO)

FINDINGS AND RECOMMENDATIONS

CASE NO. 06-MED-03-0326

CHARLES Z. ADAMSON, FACT-FINDER

For CCNO Corrections Supervisors
Association, Local 53/IUPA

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The undersigned was appointed Fact-Finder in this dispute by the State Employment Relations Board (SERB) on July 6, 2006 pursuant to Section 4117.14(C)(3) of the Ohio Revised Code in respect to a unit of Corrections Supervisors employed by the Employer.

I. HEARING

A hearing was held on December 19, 2006 as to the issues where the parties had reached an impasse. The issues at an impasse are the following:

1. Health Insurance
2. Wages

II. CRITERIA

In compliance with Ohio Revised Code, Section 4117.14(C)(4)(3) and Ohio Administrative Code Rule 4117-9-05(J) and 4117-9-05(K), the Fact-Finder considered the following criteria in making the findings and recommendations contained in this report:

- (1) Past collectively bargained agreements between the parties;
- (2) Comparison of the unresolved issues relative to the employees in the bargaining unit with those issues to other public and private employees doing comparable work, giving consideration to factors peculiar to the area and classification involved;
- (3) The interest and welfare of the public, the ability of the public Employer to finance and administer the issues proposed, and the effect of the adjustments on the normal standard of public service;
- (4) The lawful authority of the public employer;
- (5) Any stipulations of the parties;
- (6) Such other factors, not confined to those listed above, which are normally or

traditionally taken into consideration in the determination of issues submitted to mutually agreed upon dispute settlement procedures in the public service or in the private employment.

BACKGROUND

The Employer, a 642 bed facility, is the largest regional jail in the State of Ohio. It is a governmental hybrid providing correctional services to Defiance County, Henry County, Fulton County, Lucas County, Williams County and the City of Toledo. It employs approximately 200 employees; the unit involved herein consists of 20 Corrections Supervisors. There are two other bargaining units which are also represented by the International Union of Police Associations, AFL-CIO.

The applicable collective bargaining agreement was effective July 1, 2003 and expired June 30, 2006. The successor agreement involved herein is a three year contract effective January 1, 2007. As indicated above, the two issues in this matter involve health insurance (Article 22, Fringe Benefits, in the current agreement) and wages (Article 23, Wages in the current agreement).

ISSUES AND RECOMMENDATIONS

HEALTH INSURANCE

The Employer's Position

Article 22, Fringe Benefits, Section 22.1 of the applicable contract set forth the provisions of the employees' health insurance benefits as follows:

Article 22

Fringe Benefits

Section 22.1

Insurance Benefits. The Employer will supply group health insurance for all regular full-time employees. The Employer will pay ninety-five percent (95%) of the monthly premium cost, and the employee will share the cost by paying, through payroll deduction, five percent (5%) of the monthly premium cost based on the coverage type (single, two-party or family), provided that the employee's monthly premium cost may not increase more than ten percent (10%) in any twelve (12) month period. The co-pay for prescription medications will be Five Dollars (\$5.00) for generic medications and Ten Dollars (\$10.00) for brand name medications. The Employer shall also provide a life insurance benefit in the amount of Forty Thousand Dollars (\$40,000.00) at no cost to the employee.

The Employer proposes to modify Section 22.1 as follows:

ARTICLE 22, FRINGE BENEFITS

CCNO PROPOSAL

Modifies Section 22.1

Insurance Benefits. The Employer will supply group health insurance for all regular full-time employees. The group health insurance plan shall incorporate 90%/10% coinsurance levels, deductibles not to exceed \$100 individual/\$200 family and annual out-of-pocket maximums not to exceed \$2,000 per individual/\$4,000 per family. The Employer will pay ninety five percent (95%) of the monthly premium cost, and the employee will share the cost by paying, through payroll deduction, five ten percent (510%) of the monthly premium cost based on the coverage type (single, two-party or family), ~~provided that the employee's monthly premium cost may not increase more than ten percent (10%) in any twelve (12) month period.~~ The co-pay for prescription medications will be Five Dollars (\$5.00) for generic medications and Ten Dollars (\$10.00) for brand name medications. The Employer shall also provide a life insurance benefit in the amount of Forty Thousand Dollars (40,000.00) at no cost to th employee.

The language in the Employer's proposal that is highlighted by a double underline is new language. A single line through the old language indicates that the Employer wishes to have this language stricken from its proposed modification to Section 22.1.

The Employer provided several arguments in support of its rationale for a change in

Article 22, Section 22.1 which will be dealt with in detail below. First, it asserts that the Employer's first dollar health care coverage without any co-insurance or deductibles leaves it in a vulnerable position to extraordinary increases in the cost of health insurance. Second, it maintains that overall health costs increase for 2007 for this employer will be thirty four percent (34%). Third, it asserts that the Employer's first dollar health care coverage compares very favorably to the jurisdictions that use the Employer's correctional facility as well as to other multi-county/multi-city correctional facilities. Fourth, it notes that the 2003 SERB report on the cost of health care insurance in the State of Ohio public sector reflected that employee contributions toward the cost of health care averaged 11.2% of the monthly cost of a single plan and 12.6% of the monthly cost of a family plan. It notes, however, that the Employer's proposal as to health insurance only requires a contribution rate of 10% from the members of the applicable collective bargaining unit.

In support of its position the Employer provided a number of charts and graphs. In respect to the average total annual health benefit costs per employee for the years 2002 through 2005, graphic data reflected the following as to State of Ohio government employees, all government employees in the United States, with the exception of Federal government employees, and the Employer's employees.

In 2002 the average annual health benefit employer cost for each government employee was \$4,605 while the Employer's cost for each of its employees was \$8,027. In 2003 the employer cost of the annual health benefit for each nationwide government employee was \$5,503 while the cost for the CCNO employee was \$7,860. In 2004 the employer cost of nationwide government employees per employee was \$5,881 while it cost the Employer \$8,048 for each of

the employees in the unit involved herein.

For the year 2005 a comparison was made among all three governmental entities. Employees of national government entities, with the exception of the Federal government, State of Ohio employees and CCNO employees. In 2005 the nationwide government costs per employee health insurance was \$6,690, for the State of Ohio the per employee cost was \$7,395 and the cost for each CCNO employee was \$10,952.

According to the Employer's insurance agency, the Sky Insurance Agency, which is part of Sky Bank, in the years 2007, 2008 and 2009 there is an annual ten to fourteen percent (10% to 14%) increase projected for the annual health benefit cost per CCNO employee. Sky provided projected cost figures for nationwide government employees, excluding the Federal government, Ohio government employees and the employees of the Employer as follows:

	<u>National Government Employees</u>	<u>Ohio Government Employees</u>	<u>The Employer's Employees</u>
2006	\$7,138.00	\$8,061.00	\$13,492.00
2007	\$7,852.00	\$8,867.00	\$14,841.00
2008	\$8,637.00	\$9,754.00	\$16,325.00
2009	\$9,501.00	\$10,729.00	\$17,958.00

Sky also provided charts comparing the CCNO current health plan with area county benefit plans and the Ohio Department of Rehabilitation and Corrections plan. The significant features of the CCNO medical plan are as follows: There is no deductible for either single or family coverage and there is no employee contribution for co-insurance after the deductible is satisfied. The out-of-pocket maximum (including deductible) is unlimited. The office visit co-pay

for an employee is \$10, the emergency room co-pay is \$10 and the urgent care co-pay is \$10. The monthly employee contributions for members of this bargaining unit are as follows: Single \$18.32. Two person \$37.22. Family \$50.53. The CCNO prescription plan provides that employees pay \$5 for a generic prescription and \$10 for a brand name prescription.

A review of the plans for Fulton County expiring, Fulton County current, Defiance County current, Paulding County current, Henry County current and Williams County as compared to the CCNO employees who pay nothing for a deductible provided the following information. The various county employees are covered by plans which have substantial deductible provisions ranging from \$200 individual; \$400 family for Defiance County to \$250/\$500 for Williams County. Henry County's current plan has \$1,500 deductible for an individual and \$3,000 for a family. The Fulton County figures are not comparable because their health plan is based on a health savings account.

In respect to co-insurance, the expiring plan for employees of Fulton County, and the Defiance County, Paulding County, Henry County and Williams County plans require twenty percent (20%) co-insurance contribution after satisfying deductibles while CCNO employees are not required to make any contribution in this respect. As indicated above, the CCNO plan has no deductible feature.

The current CCNO plan is also superior in respect to the out-of-pocket maximum, including deductible provision; it is unlimited. The current Fulton County expiring plan provides \$1,000 for a single and \$2,000 for family out-of-pocket. The current Fulton plan requires \$3,000 out-of-pocket maximum for single and \$6,000 for family. The Defiance County current plan is \$2,950 - single and \$5,900 - family.

Paulding County's current plan requires out-of-pocket for single employees \$2,000 and \$4,000 for a family; Henry County's out-of-pocket maximum is \$6,500 for single and \$13,000 for family. Williams County current plan requires out-of-pocket maximum \$1,500 for single and \$3,000 maximum for a family.

A review of the other area counties net office visit co-pays, emergency room visit co-pays and urgent care visit co-pays reflects that all the employees covered by these county plans pay more than flat \$10 fee paid by CCNO employees for office visit co-pay, emergency room visit co-pay and urgent care visit co-pay. It is interesting to note that county employees of Williams County, where the Employer's correctional facility is located, currently pay \$15 for an office visit co-pay, \$75 for an emergency co-pay and \$35 for an urgent care visit co-pay.

All of the area county benefit plans charge employees more for prescription than the CCNO employees pay. For example, the current Williams County plan covering generic and brand name drugs requires \$15, \$30 and \$50 payments, depending on whether the prescription drug is generic or brand.

The following comparison figures are significant in respect to monthly employee contributions:

	<u>Single</u>	<u>Two Person</u>	<u>Family</u>
CCNO	\$18.32	\$37.22	\$50.53
Fulton County Expiring Plan	\$38.96	\$38.96	\$97.48
Fulton County Current Plan	\$39.00	\$39.00	\$98.50

Defiance County Current Plan	\$50.00	\$100.00	\$150.00
Paulding County Current Plan	\$112.04		\$281.12
Henry County Current Plan	\$50.00	\$100.00	\$150.00
Williams County Current Plan	-0-		\$100.00

In the recommended benefit changes proposed by the Employer for the years 2007, 2008, 2009, there is a deductible for employees who stay within the network of \$100 for single and \$200 for family. Under the current plan there is no deductible for single and family who stay within the network. Under the current plan non-network medical costs \$100 for single, \$300 for family. In the recommended plan it would cost \$200 single and \$400 family.

In the co-insurance provisions in the current plan, if an employee either single or family plan stays within the network, the CCNO employee pays nothing. Currently if the CCNO employee goes out of the network, the split is seventy percent (70%) paid by the Employer and thirty percent (30%) paid by the employee. In the recommended plan, the Employer would pay for ninety percent (90%) co-insurance for both single and family. The employee would pay ten percent (10%). For non-network coverage the contribution would remain the same as the current plan - seventy percent (70%)/thirty percent (30%).

Currently, the CCNO plan has no out-of-pocket maximum, including deductible, for either single/family, network or non-network. In the recommended plan staying in the network would require a single person to have \$2,000 out-of-pocket maximum; for a family it would be \$4,000 maximum. Non-network would be \$4,000 for a single employee and \$8,000 for family coverage.

The drugs co-pay prescription plan in the proposed plan would remain the same as the current plan - \$5.00 for a generic prescription, \$10 for brand whether its retail or mail order.

As indicated above, currently CCNO employees' premium contributions are as follows: Single \$18.32; two person \$37.22; family \$50.53. In the recommended plan the employees' premium contributions would be ten percent (10%) for each employee with no distinction made as to whether the coverage was for single, a couple or family.

A significant comparison has to be made when reviewing the current CCNO plan as to contributions for premium co-pays for the categories of single, two person and family with the proposed plan. Under the current plan a single person pays \$18.32 per month for medical coverage. This would increase to \$61.02 per month. Under the current plan coverage for two persons is \$37.22. This would increase to \$116.97 per month. Under the current plan the contribution for a family is \$50.53. This would be raised in the new contract to \$167.09.

These premium co-pay are important because a comparison not only should be made for the premium co-pays for the surrounding counties but also for the Ohio Department of Rehabilitation and Corrections (ODRC). Currently, in the ODRC there are two plans - a preferred provider plan and an HMO plan. In the preferred provider plan the single person employees' monthly contribution is \$46.97. The family employee contribution is \$128.30. In the HMO plan a single person coverage is \$50.41. Family coverage is \$137.50.

The result of the comparison between the proposed CCNO plan and the current ODRC plan reflects that, in a family coverage, each CCNO employee in this category would pay \$29.59 more than the family coverage for the ODRC HMO plan and \$38.79 more than the ODRC family plan.

The Union's Position

The Union asserts that the new three year contract should preserve the status quo for health coverage in the instant matter. It argues that there are no other regional jails in the area for valid comparison purposes and points out that only the Lucas County Jail employees' contract should be compared for analytical purposes by the undersigned. The Union points out that the Lucas County Correction Sergeants perform comparable work to the Corrections Supervisors involved herein but annually receive approximately \$8,000 more in wages than the Employer's Corrections Supervisors.

The Union criticizes the Sky Insurance presentation and recommendation. It claims that a valid comparison cannot be made between the health plan and wages of the Employer's Correction Supervisors and correction supervisors in various rural counties or other rural locations.

The Union notes that, in the recently expired contract between the parties, the Union made substantial wage concessions with a first year increase of one percent (1%), a second year increase of two percent (2%) and a third year increase of three percent (3%) when faced with the Employer's assertion that it had financial problems. The Union argues that the undersigned should look at the health and wages issues in their totality since they are both money issues. It points out that under the Employer's proposal for new health coverage and a two percent (2%) increase for each of the three years of the new contract, the employees would end up with a prohibitively high health care cost per month. The new health care costs would effectively erase any benefit derived from the Employer's proposed wage increases of two percent (2%) annually for the three year term of the contract. In essence, the Union's position is that the employees

involved herein don't make enough in wages to afford the Employer's proposed health care cost increases.

The Employer responded to this argument by indicating that the employees received a \$700 signing bonus when the last contract was agreed upon by the parties and a generous wage package which provided for one percent (1%) increase the first year, two percent (2%) the second year and three percent (3%) the third year. It also noted that in the last contract there was no increase in employee health care contributions. Further, it pointed out that in 2004 the Employer instituted a policy for new hires where there was thirty day wait for health insurance coverage. Since there is an approximately fifteen percent (15%) turn-over in the Employer's personnel, this reduces the Employer's costs because the hiring of replacement employees results in a lower Employer payroll for the unit involved herein.

The Employer explained that it is partially self-insured so that it is liable for the first \$50,000 of claims for each employee. Thereafter, the Employer's health insurance company begins to pay the claims. The Employer stated that a thirty four percent (34%) projected rise in health care costs over the next three year is based on the health care insurance provider's past experience with the Employer. The Employer is required to keep a balance of \$437,000 in a stop loss account to cover payment for each employee's health claims before the \$50,000 claim ceiling is reached for the Employer's liability in this respect. The insurance underwriter requires the Employer to pay the first \$50,000 of employee claims because the current insurance plan in the contract between the parties has so many initial costs where the employee makes no contribution and the Employer covers all costs.

According to the Employer, during the past year, the health costs for the Employer were

substantially higher than other years because of the large number of claims submitted by the members of the bargaining unit for serious illnesses which required substantial health, hospital and surgical payments. The last health insurance year compared unfavorably with the employee's previous health care cost history when the employees and their families required substantially less health care.

The Employer reiterated that no other employer is currently burdened with a health plan where the employees pay no deductible and no co-insurance. The Employer did acknowledge, however, that in 2006 there was a \$200,000 carry over remaining from the health insurance plan which was returned to the various employer members of CCNO in accordance with past practice.

Findings and Recommendations

As indicated above there are six criteria that SERB requires the undersigned to consider in making findings and recommendations. One of the criteria involves comparing employees performing comparable work while giving consideration to "...factors peculiar to the area and classification involved." Another criterion is the ability of the public employer to finance and administer a particular contract provision dealing with the employees' wages and/or benefits. Keeping these guidelines in mind, the undersigned is not going to recommend a proposal which would be too burdensome to the various members of CCNO, i.e. the county corrections authorities and the City of Toledo, funded by the tax paying public in the various jurisdictions. There is no question that the cost of health care for employees has continued to rise over the years. It a problem that faces all employers in this country, whether public or private, since the United States is the only industrialized nation that does not have a national health care plan. As a result, a fact-finder who must make recommendations as to health and wages, is confronted with

an act of balancing the needs of the employees with the responsibility of employer to keep overall employment costs within an annual budget.

Some years ago public sector employers were able to provide generous health care coverage for their employees with either no contribution by the employees or minimal contributions by them toward their health care costs. As the cost of health care has risen over the years this situation has resulted in substantially all employers requiring employees to make contributions to the cost of their annual health in greater or lesser amounts. In the instant matter, the health care costs and the costs of wages must be considered one total package. Employees are going to be required to make a greater contribution toward their health care costs. However, a recommendation should not be made where the total health care and wage package results in employees receiving little in the way of wage increases.

In view of the above and the record as a whole, it recommended that the Employer's health insurance proposal be adopted. The premium co-pay will be raised as follows: for single \$18.32 a month to \$61.02 a month; for two persons, the \$37.22 a month co-pay will be raised to \$116.97 a month; the family premium co-pay will be from \$50.53 to \$167.09.

This is an approximately a ten percent (10%) increase for the period of the new three year contract where the projected costs of health coverage is approximately thirty four percent (34%). The out-of-pocket maximum will change from the current unlimited plan to \$2,000 for a single or \$4,000 for two persons or a family. The current plan which contains no deductible will be raised to \$100 for a single and \$200 for a family. Under the current plan there is no contribution for co-insurance. This will be changed to a ninety percent (90%)/ten percent (10%) split with the Employer paying ninety percent (90%) of the co-insurance and the insured employee paying ten

percent (10%). This compares favorably to the plans in Fulton, Defiance, Henry and Williams Counties. The Lucas County plan appears to provide more generous coverage and benefits for the employees covered by it. However, a valid comparison cannot be made between the cost of living in Lucas County, which contains the large Toledo metropolitan area, and rural Williams County, where the Employer's facility is located.

WAGES

The Employer's Position

The Employer proposes that the employees in the unit involved herein receive a two percent (2%) wage increase effective January 1, 2007, January 1, 2008 and January 1, 2009. In support of its position it indicates that the most recent consumer price indices show an increase of 1.3% for urban consumers or .9% for urban wage earners and clerical workers for the twelve month period ending October, 2006. In addition, the most recent SERB Annual Wage Settlement Report shows a state-wide increase of 2.79% and an average county-wide increase for all the counties in Ohio of 2.6%. Further, the most recent BNA survey reports an average state-local government wage increase of 2.9%.

The Employer also points out that CCNO has the highest corrections officer and corrections supervisor wage rates of multi-counties/multi-city correctional facilities in Ohio. As indicated above, there are three other facilities of this type in addition to CCNO.

The collective bargaining bulletin issued by BNA on October 12, 2006 indicates the following wage increases and percentages for the first three quarters of 2006 for state and local governments. In 2006, to date, the settlement for the first year averages 2.9%, the settlement for the second year averages 3.2%, the settlement for the third year averages 3.1%. In this same

bulletin, first year wage increases and revised benefits are set forth by regions. In the mid-west the first year increase is 3% while the multi-state first year increase is 2.9%.

A comparison is then made based on a wage survey in December, 2006 of the hourly starting rates for regional correctional facilities in Ohio. CCNO is compared with the other three regional correctional facilities - Multi-County Correctional Center, Southeastern Ohio Regional Jail and Tri-County Regional Jail. In 2006 the starting rate for a CCNO correction supervisor of \$17.90 exceeded that for a similar position in the Tri-County Regional Jail (\$17.05) and the Southeastern Regional Jail (\$13.03).

The SERB and Clearing House Benchmark Report of December 18, 2006 reflects entry level and top level annual wages for correction sergeants in a number of Ohio counties and regional jails. There is a substantial range in this respect depending on such factors as location, population and distance from major population centers. Annual entry levels range from \$25,168 in Jackson County to \$51,480 in affluent Geauga County. The average entry level for the correction sergeant classification is \$37,546.28 with the top level average being \$39,434.92. Currently the Employer's correction sergeants start at \$37,087 and reach a top level of \$40,179.

The Union's Position

The Union argues that the Employer's comparison to other multi-county correction facilities is not valid since some of these facilities, particularly the southeast Ohio facility, are located in an area where the cost of living is very low. It asserts that the facility involved herein is an ACA accredited jail which requires more duties for the members of the bargaining unit. It also indicates that CCNO has been "the most cost efficient correctional facility in Ohio". It maintains that bargaining unit employees have been the major contributors to these distinctions and

consequently should be compensated by a fair wage.

The Union also points out that the Social Security increase for the year 2007 is 3.3% and there is a 1% increase in employee contributions to PERS. Further, it asserts that the City of Maumee Court personnel receive a 2% raise every six months, Lucas County personnel are paid \$51,000 per year and Williams County probation officers received a 5% raise.

The Union takes the position that the following increases are warranted for the bargaining unit employees: five percent (5%) in the first of the contract and four percent (4%) increases for the second and third contract years. It notes that in the negotiations for the current contract the Employer claimed financial hardship and that any wage increase in excess of the contract one percent (1%) and two percent (2%) would have caused substantial hardship to the Employer. The Union asserts that over the term of the contract substantial funding was returned to counties services by the Employer. The Union attributes this surplus to be a benefit earned by the concessions made by the Union in entering into the current applicable contract. Further, the Union argues that the substantial increase in the employee's cost of health premiums will result in an overall wage decrease for the employees if they only receive the annual two percent (2%) wage increases proposed by the Employer for the new three year contract.

Findings and Recommendations

As indicated above there are six criteria that SERB requires the undersigned to consider in making findings and recommendations. One of the criteria involves comparing employees performing comparable work while giving consideration to "...practice peculiar to the area and classification involved." Another criterion is the ability of the public employer to finance and administer particular contracts dealing with the employee's wages and/or benefits. With these

guidelines in mind, the undersigned will not recommend a proposal which will be too burdensome to the taxpayers who fund the agency. However, an equitable solution requires the employees to receive wages comparable to corrections supervisors working in similar type communities.

The key factors being considered in making this recommendation are the SERB annual wage settlements, the consumer price index for the year 2006 and state and local government settlements for 2006.

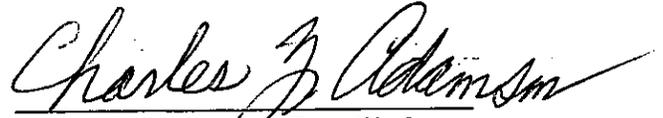
Obviously, the Correction Supervisor wages at CCNO cannot be compared with the wages for a similar position at the Southeastern Ohio Regional Jail which is located in one of the poorest areas of the state where the cost of living is very low. Of more importance is the SERB Benchmark Report of December 18, 2006 reflecting the annual wages for corrections sergeants in a number of Ohio counties. The CCNO supervisors' current annual wage compares favorably with the average wage for this employment classification of \$37,546.28. Currently, CCNO supervisors receive \$37,087.05 after one year, progress to \$37,859.25 after 5 years and reach the top rate of \$40,179.30 after 20 years.

The undersigned is not unmindful of the fact that a recommendation has been made in the instant matter for the employees to pay substantial increases for their health care. However, as indicated above, because of the rising cost of health care, a long overdue adjustment was warranted in that respect.

Accordingly, in view of the above and the record as a whole, the undersigned recommends that the employees involved herein receive the following wage increases in the new collective bargaining agreement:

Effective January 1, 2007 – 3%
Effective January 1, 2008 – 3%
Effective January 1, 2009 – 3%

Cleveland, Ohio
Cuyahoga County
January 18, 2007


Charles Z. Adamsen, Fact-Finder