

STATE OF OHIO
BEFORE THE STATE EMPLOYMENT RELATIONS BOARD

In the Matter of Fact-Finding Between

Fraternal Order of Police,
Ohio Labor Council, Inc.

Employee Organization

CASE NO's. 11-MED-10-1447
11-MED-10-1448
11-MED-10-1449
11-MED-10-1450

Brown County Sherriff

Employer

Fact-Finder Jerry B. Sellman
Date of Report: May 1, 2012

FACT-FINDER'S REPORT AND RECOMMENDATION

APPEARANCES:

FOR THE EMPLOYEE ORGANIZATION:

Mark A. Scranton – FOP/OLC, Inc. Representative, Representing the Union

FOR THE EMPLOYER:

Jessica A. Little, Esq. – Brown County Prosecuting Attorney, representing the Employer.

INTRODUCTION

This matter concerns a Fact-finding proceeding between the Brown County, Ohio Sheriff (hereinafter referred to as the “Employer”) and Fraternal Order of Police, Ohio Labor Council, Inc. (hereinafter referred to as the “FOP/OLC” or the “Union”). The State Employment Relations Board (SERB) duly appointed the undersigned as Fact-Finder in this matter. A Fact-finding hearing was held on April 19, 2012, at which time the Fact-Finder invited the parties to enter into mediation pursuant to the Ohio Administrative Code and the Policies of SERB in an effort to find consensus on all remaining disputed provisions of the new Collective Bargaining Agreement. While progress was made, the Parties were unable to find total consensus on one major issue and the hearing commenced.

The open issue identified by both parties included:

Article 25 - Hospitalization

The Fact-finding proceeding was conducted pursuant to the Ohio Collective Bargaining Law as well as the rules and regulations of the State Employment Relations Board, as amended. During the Fact-finding proceeding, this Fact-Finder provided the parties the opportunity to present arguments and evidence in support of their respective positions on the issues remaining for this Fact-Finder’s consideration. The parties waived the taking of a transcript.

In making the recommendations in this report, consideration was given to all reliable evidence presented relevant to the outstanding issue before him and consideration was given to the following criteria listed in Rule 4117-9-05 (K) of the State Employment Relations Board:

- (1) Past collectively bargained agreements, if any, between the parties;
- (2) Comparison of the unresolved issues relative to the employees in the bargaining unit with those issues related 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 public service or in private employment.

I. BACKGROUND

The FOP/OLC is the exclusive representative of all full-time Employees of the Brown County, Ohio Sheriff's department, except the Chief Deputy and the Sheriff. There are approximately thirty-five employees in the multiple bargaining units, all of which have elected to engage in bargaining together. The sole issue before this Fact-Finder is health insurance.

The parties met on November 18, 2011, December 8, 2011, January 4, 2012 and February 29, 2012 to craft a new Collective Bargaining Agreement. They were able to resolve all issues, with the exception of Article 25 concerning Hospitalization (Health Insurance).

The Brown County Sheriff is the Employer in this proceeding, but the provider of insurance is the Brown County Board of Commissioners (the Commissioners). The Sheriff cannot offer an insurance package that is not approved by the Commissioners. As a result, the Commissioners attended the hearing and provided information and arguments concerning what language they were willing to accept in the new collective bargaining agreement.

UNRESOLVED ISSUE

1. ARTICLE 25– HOSPITALIZATION

The Union’s Position

The Union proposes that the Employer contribute Eighty-five percent (85%) and eligible bargaining unit employees contribute a maximum of fifteen percent (15%) of the established monthly premium toward the cost of the employee’s insurance premium. Should there be an increase in insurance premiums during the duration of the Agreement, bargaining unit members’ insurance premiums shall not increase more than the percentage wage increase received by a top paid deputy sheriff. In no event will bargaining unit members pay more for insurance than any other non-bargaining, General Fund employees.

While the County currently partially funds the Health Savings Accounts of bargaining unit employees electing coverage at levels mutually agreeable to the Union, the Union desires that the new collective bargaining agreement include language that the coverage would be at least sixty percent (60%) of the deductible (which it currently is).

The Union also desires language in the contract that will allow employees receiving medical insurance benefits through another family member working for Brown County to opt out from the Employer’s health insurance plan and be eligible for the one thousand dollar (\$1000) payment without having to establish such other medical insurance benefits.

The Union argues that while it understands that insurance costs are rising every year, the proposed nearly fifty-one percent increase for 2012 is not justified when looking at County’s budget and the cost of premiums paid by other employees in Brown County. While the County indicates that premiums have increased due to adopting a self-insured plan, the cost of the insurance premium has not increased; only the amount needed for self-funded reserves.

Notwithstanding the stated need for increased reserves, the County has not raised their contribution above the same \$690,000.00 they have allocated the past two years when there had been no increase to the premium rates.

When one compares the contribution rates of employees in the adjoining counties of Clermont, Clinton, Highland, and Adams, the average employee health insurance contribution is 18.75%, with Adams County employees paying 12%. The proposed twenty-five percent (25%) by the County Commissioners results in these units paying the highest employee insurance contribution rates in the area.

Notwithstanding the proposed increases in employee contributions to health insurance premiums, the County has reduced the percentage other county employees are paying for insurance. Most other employees are paying anywhere from ten percent (10%) of the premium to fifteen percent (15%) of the premium. There is no justification for requiring these bargaining units to pay twenty-five percent (25%) of the premium costs.

The Employer's Position

The Employer in its pre-hearing statement originally proposed that the bargaining-unit members pay twenty-five percent (25%) of the insurance premiums, which it claims is similar to the base cost passed on to other employees in the County. As a result of mediation efforts, it was willing to increase the Employer's share of the premium to eighty-two and one half percent (82.5%) and decrease the bargaining unit employees' share to seventeen and one half percent (17.5%) of the premium cost.

In order to contain and manage the escalating cost of health insurance, in 2010, the Brown County Commissioners adopted a self-funded insurance program for all county employees, including the bargaining units. The program is structured as follows: employees are

responsible for a deductible, such as \$2,500 for individual, and \$5,000 for a family; after the deductible is met, the Brown County Commissioners pay the first \$40,000 in medical expenses; after the \$40,000 threshold is met, a “re-insurer” pays the remaining exposure up to a maximum lifetime amount. The employee contribution is determined by the Commissioners after estimating the expenditures from the fund and then making a calculation reflecting the amount the Commissioners can contribute from the general fund.

To administer this plan, the Commissioners contracted with a fee-based Third Party Administrator, Meritain. Further, the Commissioners purchase “re-insurance” from Companion Life. In order to get reinsurance, premiums to Companion Life are subject to many variables, such as LASER agreements. LASER Agreements are agreements with the Employer to exclude high risk employees, whose insurance claims must be paid entirely by the Employer.

In the past two years, even though employee contributions remained level, costs have increased. To keep the program solvent, the Commissioners have been forced to increase the employee contributions to the plan. In order to maintain the level of insurance provided to county employees in prior years, the County decided that its best option was to establish a self-insured health insurance program. When it established the new programs, the total amount of insurance premium contributions increased due to not only the premium cost, but reinsurance costs and the amount of contributions that needed to be paid into a reserve to fund the self-insured program. The following chart sets forth the anticipated costs incurred by the new program and the projected costs associated with the county employees.

V1.9 2-24-12	2012 Current census current premium	Suggested 100% Meritain Premium	9% factor reduction	Monthly Gross Premium	E 6
73 single	\$301.89	\$542.54	\$493.72	36,041.00	
30E/spouse	\$633.96	\$1,017.56	\$925.98	27,779.00	
23E/child	\$573.58	\$909.24	\$827.41	19,030.00	
49/ Family	\$905.66	\$1,496.83	\$1,362.12	66,743.00	
		Monthly Premium		149,593.00	
		Annual Premium		1,795,116.00	
		Agg & Spec Premium		\$330,786.00	
		Meritain Admin & Rental Fee		\$101,412.60	
		100% Expected Claims		\$921,879.00	
		Laser Liability @ 100%		\$435,000.00	
				\$1,789,077.60	
	Migrate to Aetna medical network			\$1,775,184.00	
	Same ScripWorld pharmacy network		Premium Claims negative	-\$1,789,077.60	
			positive	-\$13,893.60	
	This is the funding formula we used-			\$6,039.00	

Based upon the above analysis, the County Commissions determined how much it could contribute to a premium cost and how much it would charge each employee group. While all of the employee groups were subject to the same premium contribution, different groups paid different amounts because other employee units in the county had other sources of revenue and could further supplement the employee's share of the premium contribution. As an example, the County Job and Family Services unit has revenue from State and Federal funds and the County Job and Family Services unit uses some of that revenue to further reduce the premiums paid by employees working for it. Since the Sheriff's Department does not have the revenue streams as does the County Job and Family Services unit, the Sheriff's department cannot contribute as

much money to offset the cost of insurance to its employees.

The following chart reflects the reduction in proposed premiums contributions after payments by the County and payments by each employee unit.

	Employee 60/40%	Employee 70/30%	Employee 75/25%	Employee 85/15%	Employee 92/8%
Single	\$197.49 \$120.76	\$148.12 \$120.76	\$123.43	\$74.06	\$39.50
Spouse	\$370.39 \$253.58	\$277.79 \$253.58	\$231.50	\$138.90	\$74.08
Child	\$330.96 \$229.43	\$248.22 \$229.43	\$206.85	\$124.11	\$66.19
Family	\$544.85 \$362.26	\$408.64 \$362.26	\$340.53	\$204.32	\$108.97

Gold numbers are 2011 employee's share of premium

While the Commissions are willing to increase their contribution to the members of this bargaining unit, it cannot provide the increases sought by this bargaining unit.

Discussion, Findings and Recommendation

During uncertain economic times, county contributions to health insurance premiums should be carefully examined. Here, it is laudable that the County Commissioners have sought a health insurance program that would stabilize insurance premiums and provide insurance coverage consistent with that received by county employees in the past. The County decided that

a self-funded plan would eventually save the employees money on premium contributions while providing the same level of service.

In establishing a self-funded plan, premiums in the first year are determined by calculating the cost of reserves necessary to pay claims, the cost of a third-party administrator, the reserve fund needed to pay a determined level of costs and the cost of reinsurance for claims above the determined level of claims. If the employees are healthy in the first year of the plan and claims are down, either cost savings or stabilization of insurance costs should result.

In the case of Brown County, Ohio, the amount of the premiums clearly went up in this first year; the bargaining-unit employees of the Sheriff's officer encountered an almost fifty-one percent (51%) increase. The primary complaint of the bargaining-unit employees is not that they believe they should be exempted from increases, but that the County Commissions, who are the providers of insurance to the Sheriff, should treat them more equally to other employees in the County. Most other employees received at least a ten percent (10%) further reduction from the initial proposed employee contribution; the bargaining unit did not receive that. The Union argues that the Sheriff is in agreement with the increases, but the County Commissions will not approve it.

Based upon the economic factors presented, health insurance premium contributions by employees in the bargaining unit with those of other public and private employees doing comparable work as cited, giving consideration to factors peculiar to the area and classification involved, the interest and welfare of the public, the ability of the public employer to finance and administer the issue proposed herein, and the effect of the adjustments on the normal standard of public service, my recommendation is for a fifteen percent (15%) contribution by the employee organization and an eighty-five percent (85%) contribution by the Employer toward health care

premiums during the term of the Agreement, commencing April 1, 2012.

The Fact-Finder would also note that the other requested language changes proposed by the Union should be incorporated into Article 25 in order to keep their insurance package competitive with adjoining counties.

RECOMMENDATION

It is recommended that Article 25, HOSPITALIZATION, effective April 1, 2012, provide that eligible bargaining unit employees contribute fifteen percent (15%) toward the monthly premium cost of the employees' insurance premium and the Brown County Sheriff's Office contribute eighty-five percent (85%) of the monthly premium toward the cost of the employee's insurance premium. The language in Article 25 shall be amended as follows:

Article 25 HOSPITALIZATION

- A. The Brown County Sheriff's Office will offer medical insurance coverage for eligible bargaining unit employees pursuant to the same terms and conditions as insurance is offered to all other non-bargaining, General Fund Brown County employees, except where such terms and conditions are expressly modified by this Article. Effective April 1, 2012, the Brown County Sheriff's Office will contribute the same amount for each employee's monthly health care premiums as is contributed to other non-bargaining County General Fund employees for coverage, except that the Employer shall contribute a minimum of eighty-five percent (85%) of the monthly premium toward the cost of the employee's insurance premium and eligible bargaining unit employees shall contribute a maximum of fifteen percent (15%). In no event will bargaining unit members pay more for insurance than any other non-bargaining, General Fund employees.**

Should other non-bargaining Brown County General Fund employees be offered a "holiday" or "reprieve" from premium contributions, the same benefit will be offered to employees covered by this agreement.

- B. It is agreed and understood that the schedule of benefits for bargaining unit employees electing insurance coverage shall be the same as procured by the Board of County Commissioners and set forth for all other Brown County non-bargaining General Fund employees, including all conditions, payments and premium contributions as specified or required by individual carriers/providers of the health insurance plan and/or the County.**

In the event the County continues to utilize a Health Savings Account (“HSA”), the County will partially fund the HSA of bargaining unit employees electing coverage in the following amounts on an annual basis in the following amounts whichever is greater):

**Single Coverage: \$1500 or sixty (60) percent of deductible
Employee and Spouse: \$3000 or sixty (60) percent of deductible
Employee and Child: \$3000 or sixty (60) percent of deductible
Family: \$3000 or sixty (60) percent of deductible**

The Employer’s portion of the employee’s HSA will be funded in pro-rata monthly contributions. The Employer shall contribute a minimum of one hundred and twenty-five dollars (\$125) per month for each eligible bargaining unit employee electing Single coverage. Additionally, the Employer shall contribute a minimum of two hundred and fifty dollars (\$250) per month for each eligible bargaining unit employee electing either Employee and Spouse, Employee and Child, or Family coverage. This number will increase in accordance with any increase specified above. However, employees electing coverage under the County’s health insurance plan may seek assistance with medical and prescription costs on a case-by-case basis consistent with the County’s Health Savings Hardship Policy effective April 1, 2010.

It is further agreed and understood that during the term of this Agreement, such individual carriers/providers may, through no fault of the Employer, Union, or employees cease coverage. Should such occur, any employee adversely affected shall be given the opportunity to enroll with an alternative carrier with the appropriate premium rates subject to the premium rate applied herein or to waive coverage and receive an appropriate pro-rata amount of the waiver of coverage payment.

Additionally, it is agreed and understood that during the term of this Agreement specific carriers/providers under the plan may unilaterally institute payments or conditions which modifications will be required for subscription to that carrier/provider.

A bargaining unit employee’s eligibility to obtain County health insurance benefits is based upon the following:

- 1. An employee who is on the active payroll (receives pay) for a period of five (5) days in any month is entitled to this benefit.**

- 2. An employee who does not receive pay for at least five (5) days in any month will be responsible for payment of the total premium due for continued hospitalization coverage.**
- C. The Brown County Sheriff's Office will continue to provide a \$10,000 AD & D policy in conjunction with the hospitalization policy as stated in paragraph A above.**
- D. The Brown County Board of Commissioners shall be the sole arbiters of the carrier of the Brown County hospitalization plan.**
- E. The Employer shall continue to try to make available to bargaining unit members and their eligible dependents substantially similar group health and hospitalization insurance coverage and benefits. The Employer reserves the right to change or provide alternate insurance carriers, health maintenance organizations, or benefit levels or to self-insure as it deems appropriate for any form or portion of insurance coverage referred to in this Article. The Employer will not be responsible for changes unilaterally imposed by an insurance provider in benefits, co-payment provisions or deductibles so long as the Employer uses its best efforts to minimize changes by incumbent insurance providers from one plan year to another. Should the group and hospitalization insurance coverage and benefits change, the Employer, upon written request of the Union, agrees to meet in good faith, consider options and discuss the effects of the changes. Written request from the Union must be presented within fourteen (14) calendar days of the notice of the change.**
- F. The Employer reserves the right to institute cost containment measures relative to insurance coverage, so long as it tries to maintain a substantially similar level of benefits. Such changes may include, but are not limited to, mandatory second opinions for elective surgery, pre-admission and continuing admission review, preferred provider provisions, prohibition on weekend admissions except in emergency situations, and mandatory out-patient elective surgery for certain designated surgical procedures. Should the group and hospitalization insurance coverage and benefits change, the Employer, upon written request of the Union, agrees to meet in good faith, consider options and discuss the effects of the changes. Written request from the Union must be presented within fourteen (14) calendar days of the notice of the change.**
- G. The extent of coverage under the insurance policies referred to in this Agreement shall be governed by the terms and conditions set forth in said policies or plans. Any questions or disputes concerning said insurance policies or plans or benefits thereunder shall be resolved in accordance with the terms and conditions set forth in said policies or plans and shall not be subject to the grievance and arbitration procedure set forth in this Agreement. The failure of any insurance carrier(s) or plan administrator(s) to provide any benefit for which it has contracted or is obligated shall result in no liability to the Employer, nor shall such failure be**

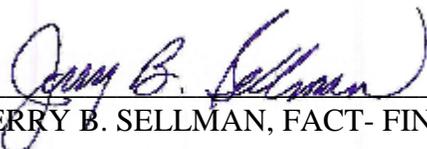
considered a breach by the Employer of any obligation undertaken under this or any other Agreement. However, nothing in this Agreement shall be construed to relieve any insurance carrier(s) or plan administrator(s) from any liability it may have to the Employer, bargaining unit member or beneficiary of any bargaining unit member.

- H. Employees who are eligible for the County’s health insurance and waive coverage and at the completion of twelve (12) months without coverage shall receive a payment of one thousand dollars (\$1000) per year by way of separate check. Employees will be required to show they have proof of health insurance coverage to be eligible for payment. Employees receiving medical insurance benefits through another family member working for Brown County will be eligible for the one thousand dollar (\$1000) payment. In the event that the employee opts back into the coverage during the twelve (12) month period, the employee will be paid a pro-rata portion of the bonus for each month during which he/she opted out of coverage. Employees who are not enrolled in the Health Plan shall be eligible for payment on April 1 of each year, provided that they are otherwise eligible pursuant to the above terms.**
- I. In the event that the County returns to a “conventional or traditional” health insurance coverage plan similar to the type of coverage plan in effect prior to April 1, 2009, the Employer shall pay a minimum of eighty-five percent (85%) of the monthly premium of the plan chosen from the hospitalization, surgical, major medical plan or HMO plan made available to eligible bargaining unit employees of the Brown County Sheriff’s Office, whereas, eligible bargaining unit employees electing coverage shall pay a maximum of fifteen percent (15%) of the monthly premium. In no event will bargaining unit members pay more for insurance than any other non-bargaining, General Fund employees.**

CONCLUSION

In conclusion, this Fact-Finder hereby submits the above referenced recommendation on the outstanding issue presented to him for his consideration. Further, the Fact-Finder incorporates all tentative agreements previously reached by the parties and recommends that they be included in the Parties’ Final Agreement.

May 1, 2012



JERRY B. SELLMAN, FACT- FINDER

CERTIFICATE OF SERVICE

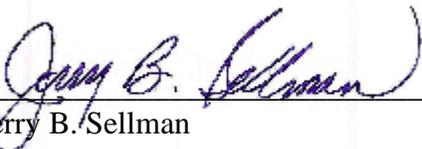
The undersigned certifies that a true copy of the Fact-finder's Report was sent by E-mail on May 1, 2012 to:

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