



12/11/07
11:00am

MEMORANDUM


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Date: December 10, 2007

To: The Honorable Addie L. Greene, Chairperson, and Members,
Palm Beach County Board of County Commissioners

From: Ernie Chasseur, 
Assistant County Attorney

RE: Impasse Resolution Meeting
Tuesday, December 11, 2007, 11:00 a.m.

Attachment(s)

cc: Gary M. McCallister, Staff Representative, Communications Workers of America
Rick Poulette, President, Communications Workers of America, Local 3181

**Palm Beach County
Board of County
Commissioners**

- Addie L. Greene, Chairperson
- Jeff Koons, Vice Chair
- Karen T. Marcus
- Robert J. Kanjian
- Mary McCarty
- Burt Aaronson
- Jess R. Santamaria

County Administrator
Robert Weisman

The County annually evaluates employee premium contribution levels for each of the group health insurance plans offered to its employees. As a result of the County's evaluation for 2008, it determined that an increase to employee premium contribution levels was warranted. The Communication Workers of America, Local 3181 (the "Union"), opposed the County's proposed increase and requested to negotiate. Even though the County and the Union have negotiated in good faith, they have been unable to agree and are now at impasse. The County and the Union have agreed to refer this impasse directly to the Palm Beach County Board of County Commissioners for resolution. Consequently, an Impasse Resolution Meeting has been scheduled for Tuesday, December 11, 2007, at 11:00 a.m.

At this meeting, the Board, sitting as a neutral body, will hear presentations from both the County and the Union and take public comment. After giving equal consideration to the merits of each party's position, the Board must make a fair and impartial decision to resolve the impasse and take such action that it deems to be in the public interest, including the interest of the public employees involved.

Attached for further consideration are the following items:

- 1.) Impasse Resolution Meeting Procedures;
- 2.) Palm Beach County Management's Position;
- 3.) Memorandum of Understanding Between the County and the Union; and
- 4.) The County and the Union's joint letter to the Florida Public Employee's Relation Commission notifying the Commission of the impasse.

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Impasse Resolution Meeting Procedures

1. The County and the Union will each designate up to four representatives to present its position.
2. The representatives from both parties will be seated at the table facing the dais.
3. Each party will be limited to ten(10) minutes to present and explain its position. If the Board asks a question during either presentation, the party may request additional time.
4. The County will present its position first.
5. After both the County and the Union have made their presentations, the Board will have further opportunity to ask questions.
6. If a representative at the table feels that a person not at the table but present in chambers could give a more informed answer to a question, then that person will be allowed to come forward and answer the question.
7. The Board will take public comment pursuant to the General Rules & Procedures for Public Participation at Board of County Commission Meetings.
8. After giving equal consideration to the merits of each party's position, the Board, sitting as a neutral body, will make a fair and impartial decision to resolve the impasse and take such action that it deems to be in the public interest, including the interest of the public employees involved.

Palm Beach County Management's Position

The Palm Beach County Board of County Commissioners, together with small and large employers nation-wide, has seen double digit increases in the cost of health insurance for the better part of the current decade. These increases are fueled by components such as medical inflation, costs associated with the promotion of prescription drugs, an aging workforce, and advanced medical technology. These costs continue to escalate at a time when local government revenues are being reduced by legislative action, and may be further impacted in the next calendar year by proposed constitutional changes.

The total cost of our self-insured health plan has grown from \$35M in plan year 2004 to an estimated \$57.6M for plan year 2008. The strategies the Board has employed in an attempt to control these escalating costs have included; a shift from a fully insured health plan to a self-insured health plan, and, effective in plan year 2005, a five year strategy that limited its overall funding of the plan to no more than 90% of the total cost (with employees bearing the cost balance).

To accomplish this each year, claims experience and associated costs are reviewed for necessary changes and premium adjustments. For plan year 2005, physician, ER, inpatient, and drug formulary co-payments were adjusted and premium contributions were set to true actuarial rates by tier of coverage. Modest premium increases were passed on for plan years 2006 and 2007, with the benefits remaining unchanged since 2005 (with the exception of minor plan enhancements).

National surveys by Mercer and Kaiser Family Foundation have illustrated that the average large employer offering an HMO plan passes on a \$60 - \$75 monthly premium to individual participants. Locally, the City of West Palm Beach, Palm Beach County Sheriff's Office, City of Royal Palm Beach, Public Defender, Tax Collector, State Attorney's Office, and the Property Appraiser all require an individual contribution to their HMO plans ranging from \$18.00 per month to over \$100.00. None of these employers offer a health plan to employees at no cost. It is noted that some public employers in our area, including the School Board, the Clerk and Comptroller, and many cities, continue to provide individual HMO coverage at no cost to the employee.

For plan year 2008, following a previous plan year with a significant spike in claims experience, management is proposing a 15% increase for employees with dependent coverage, and for the first time, a \$10 individual monthly contribution to the employee-only tier of the HMO. These contribution increases generate an additional \$1,072,307 in revenue to the fund, for a total employee contribution of \$6,223,473. No adverse changes to the health plan designs have been proposed.

Each year, if increases to contribution amounts or benefit reductions are proposed, management negotiates the impacts of the proposed changes with the CWA bargaining unit representatives. Since July 2007, the County and the CWA have been negotiating the impact of increasing the rates of employee contribution, as described above.

The County's initial proposal was to increase the contribution for single coverage HMO to \$15 per month. The CWA and the County agreed to a final proposal, which included a monthly contribution for HMO single coverage of \$10 per month, and an increase to the family coverage contributions of approximately 15%. This proposed settlement was put before the CWA membership in a ratification vote on October 23, 2007. The proposal was defeated by the membership. Therefore, the County and the Union have jointly declared an impasse in these negotiations. Pursuant to Florida Statute 447, the County and CWA have agreed to put the issue before the Board of County Commissioners for resolution of the impasse.

It is the position of Management that the appropriate resolution to the impasse is to begin requiring, effective immediately, individual employees to contribute to the HMO plan, and to also implement the proposed increases for the dependent coverage. These recommended changes are fair, reasonable, and consistent with the practices of many local and national employers.

The following chart describes the current and proposed rates, and the number of employees enrolled in each plan:

Plan	Tier	Projected Enrollees		(Current) 2007	<i>Proposed</i> 2008	Monthly
		General	CWA	Monthly Rate	<i>Monthly Rate</i>	Funding Increase
HMO	EE Only	1,582	566	\$ -	\$ 10.00	\$ 10.00
	EE + 1	796	259	\$ 100.07	\$ 115.08	\$ 15.01
	Family	1,086	399	\$ 177.28	\$ 203.87	\$ 26.59
POS	EE Only	460	39	\$ 20.00	\$ 30.00	\$ 10.00
	EE + 1	96	11	\$ 190.76	\$ 219.37	\$ 28.61
	Family	38	10	\$ 292.11	\$ 335.93	\$ 43.82
PPO	EE Only	29	4	\$ 192.19	\$ 221.02	\$ 28.83
	EE + 1	9	0	\$ 620.77	\$ 713.89	\$ 93.12
	Family	3	1	\$ 1,021.85	\$ 1,175.13	\$ 153.28

JM :CWA-DISTRICT 3-FLL

FAX NO. :9547333445

Dec. 04 2007 02:57PM P2

12/03/2007 15:46 5616166893

PBC HUMAN RESOURCES

PAGE 02/03

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING dated this 3rd day of December, 2007, is jointly entered and submitted by Palm Beach County, ("County"), and the Communications Workers of America, Local 3181 ("Union").

Background

The County provides a selection of group health insurance plans to eligible employees and their eligible dependents. Employee premium contributions are deducted from employee payroll checks and applied toward the County's cost of providing group health coverage. The amount of an employee's premium contribution depends on the plan selected by the employee and the number of eligible dependents covered.

The County annually evaluates employee premium contribution levels. As a result of the County's evaluation for 2008, it determined that an increase to employee premium contribution levels was warranted. The Union opposed the County's proposed increase and requested to negotiate. Even though the County and the Union have negotiated in good faith, they have been unable to agree and are now at impasse.

Impasse Hearing

The County and the Union have agreed to waive the appointment of a special magistrate by the Florida Public Employees Relations Commission ("PERC"), and wish to refer this impasse directly to the Palm Beach County Board of County Commissioners (the "Board") for resolution.

The impasse hearing before the Board will be scheduled as follows:

Date: Tuesday, December 11, 2007.
 Time: 11:00 a.m.
 Location: Palm Beach County Government Center
 Jane M. Thompson Memorial Chambers
 301 North Olive Avenue - 6th floor
 West Palm Beach, Florida 33401

The County and the Union acknowledge that neither the County nor the Union, nor any person or representative speaking for or on behalf of the County or the Union, may communicate directly or indirectly, either orally or in writing, with the Board or any individual member or members of the Board during the time period from November 29, 2007 (the date of the parties' joint letter notifying PERC of the impasse), up to the time of the impasse hearing, regarding any issue, subject or matter that touches on the merits of either the County's or the Union's position. This prohibition does not include procedural matters that pertain only to the scheduling or conduct of the hearing.

OM : CWA-DISTRICT 3-FLL

FAX NO. : 9547333445

Dec. 04 2007 02:57PM P3

PAGE 03/03

12/03/2007 16:46 5616166893

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Notwithstanding the above prohibition, the County and the Union may submit a written statement to the Board setting forth their position, along with any documentation they want the Board to consider. A complete copy of any written statement or documentation submitted to the Board must be simultaneously provided to the other party.

The County and the Union will each designate up to four representatives to present its position at the impasse hearing, which will be conducted as follows:

1. The representatives from both parties will be seated at the table facing the dais.
2. Each party will be limited to ten(10) minutes to present and explain its position. If the Board asks a question during either presentation, the party may request additional time.
3. The County will present its position first.
4. After both the County and the Union have made their presentations, the Board will have further opportunity to ask questions.
5. If a representative at the table feels that a person not at the table but present in chambers could give a more informed answer to a question, then that person will be allowed to come forward and answer the question.
6. The Board will take public comment pursuant to the General Rules & Procedures for Public Participation at Board of County Commission Meetings.

At the conclusion of the impasse hearing, the Board, after giving due consideration to all information presented, shall render a decision to take such action as it deems to be in the public interest, including the interest of the public employees involved, to resolve the issue at impasse.

IN WITNESS WHEREOF, the County and the Union have executed this Memorandum of Understanding and acknowledge that the terms have been completely read and voluntarily accepted.

PALM BEACH COUNTY, a Political
Subdivision of the State of Florida

COMMUNICATIONS WORKERS OF
AMERICA, LOCAL 3181

By: Janis Brunell
JANIS BRUNELL
Director, Palm Beach County
Human Resources Department

By: Gary M. McCallister
GARY M. McCALLISTER
CWA Staff Representative for South
Florida, Communications Workers of
America, District 3



Human Resources

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**Palm Beach County
Board of County
Commissioners**

Addie L. Greene, Chairperson

Jeff Koons, Vice Chair

Karen T. Marcus

Robert J. Kanjian

Mary McCarty

Burt Aaronson

Jess R. Santamaria

County Administrator

Robert Weisman

November 21, 2007

Donna Maggert Poole, Chair
Public Employees Relations Commission
Room 150
4050 Esplanade Way
Tallahassee, FL 32399-0950

RE: Declaration of Impasse and Agreement to Waive Appointment of Special Magistrate.

Dear Ms. Poole:

This joint letter from the Palm Beach County Board of County Commissioners ("County"), and the Communication Workers of America, Local 3181 ("Union"), shall serve as notice to the Public Employee Relations Commission that the County and the Union have reached an impasse regarding the County's proposed increase to the employee premium contribution level toward the County's cost of providing group health insurance coverage to bargaining unit employees. The County and the Union have been negotiating this issue since July, 2007, and are unable to come to an agreement.

In addition, this joint letter shall serve as the County's and the Union's written agreement pursuant to F.S. §447.403(2)(a), to waive appointment of a special magistrate and proceed directly to resolution of the impasse by the legislative body, the Palm Beach County Board of County Commissioners, pursuant to F.S. §447.403(4)(d).

JAMES BRUNELL, Director
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