

County of Milwaukee
Interoffice Communication

DATE: 11/16/2018
TO: Theodore Lipscomb, Sr., Chairman Milwaukee County Board of Supervisors
FROM: Donna Brown-Martin, Director, Department of Transportation
SUBJECT: Status of Contract Negotiations with Amalgamated Transit Union

BACKGROUND

The labor agreement between Milwaukee Transport Services, Inc. (MTS) and the Amalgamated Transit Union (ATU) Local #998 expired on March 31, 2018. MTS and ATU have agreed to extend the contract thru December 31, 2018 so that both parties can continue to negotiate a new Collective Bargaining Agreement (CBA).

Negotiations toward a new CBA began in February 2018. Progress has been slow and the scheduling of negotiation sessions intermittent. To date, there have been fewer than 10 negotiation sessions.

On October 24, 2018, the negotiation teams for both MTS and ATU met at the Transit Administration Building to review a presentation by a representative of United Healthcare, and a representative of Willis Towers Watson to learn more about healthcare cost drivers. Information shared at the meeting compared MTS employee demographics and healthcare costs to industry averages; some of the more interesting points are summarized below:

- Demographics
 - Transit employees tend to be older than average for insured individuals
 - Family size tends to be larger than average
 - SE Wisconsin healthcare costs tend to be higher than average
 - Plan design tends to be richer than average, even for government/public sector/education
 - 2,888 individuals are insured by Transit under 961 healthcare plans for active employees and another 991 healthcare plans for retirees
 - 58% of those insured by Transit are healthy or have low-to-moderate risk
 - 37% of those insured by Transit have chronic or complex health issues
 - Catastrophic cases (defined as those costing \$50,000 or more) have increased in number and severity compared to United Healthcare's norm/average
- Costs
 - Transit healthcare plan costs \$19,221 per employee per year.
 - MCTS covers 77% of costs, whereas government/public sector/education plans cover 64%;
 - Government/public sector/education plan participants pay an average of 21% of program costs; Transit employees pay 13% or \$480 less per year than average
 - MCTS is spending \$7,089 per employee per year more than average
 - 21% of Companies provide wellness plan credits; there is no Wellness Plan for represented Transit employees
 - 88% of Government/public sector/education plans have co-insurance; Transit employees do not currently have co-insurance or pay out-of-pocket expenses beyond the deductible

Healthcare costs \$30 million per year, with about 20% of that for Rx drugs and 80% for medical services/administration. Through negotiations we are seeking agreement on changes that will bring Transit closer in line with other government/public sector/education plan benefits and costs.

Meanwhile there are additional opportunities to provide for healthier employees in the long-run:

- Extending the wellness plan to non-represented employees can provide for healthier employees and lower costs in the long-run.
- 45% of those insured by Transit who could have been supported with clinical programs were unable to be reached (e.g. current phone number not on record, or insured person refused to call nurse back to discuss his/her health).
- Preventive screenings can be improved; we are falling short in cervical cancer screenings and colorectal screenings.
- Transit employees use Emergency Room about 720 times each year at a cost of about \$1 million, which is 23.4% more often than the average/norm for United Healthcare; there is an opportunity to convert some of these visits over to urgent care centers.

At the time of writing this report, additional mediation sessions were scheduled for November 7th and 8th.

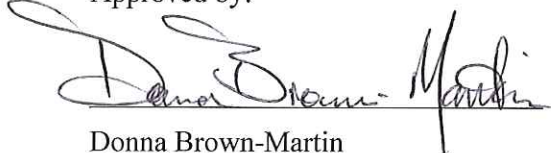
RECOMMENDATION

This report is for informational purposes unless otherwise directed.

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Approved by:



Donna Brown-Martin
Director, Department of Transportation

cc: Chris Abele, County Executive
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John Weishan, Jr., Chair Transportation, Public Works and Transit Committee
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