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## Right Flier: Newsletter of the AAUP-WSU Volume 14, Number 4, 2013-2014

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# The Right Flier

## The Newsletter of AAUP-WSU

Volume 14, Number 4  
2013-2014

Editors: Marty Kich and Linda Farmer

### The Coming Battle over Health Benefits

by

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and

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In January we will start negotiations for successor CBAs for both the NTE and TET faculty. One of the most important issues we will face is health insurance. The administration has already imposed unilateral changes in the health insurance it offers to all other employees, effective January 2014. Fortunately, because we have a union and good CBAs, the administration cannot force such changes on us. So, for the first time since we have had collective bargaining at WSU, BUFMs will actually have different health care plans than other employees.

#### CBA? MOU? NTE? WT\*??

This newsletter and other documents you receive from AAUP-WSU are replete with acronyms. Please see <http://www.wright.edu/administration/aaup/acronyms.pdf> when you encounter one whose meaning you don't know.

Our current contracts, which expire in June 2014, set our health benefits and premiums through the end of the calendar year 2014. Thus, the soonest that any changes in our health insurance and/or premiums can occur is January 2015. The plans available to BUFMs in the current calendar year will be available through the end of 2014.

What kinds of changes is the administration likely to propose when negotiations for successors to our current CBAs begin in January, 2014? We can get a clue from the changes they have chosen to unilaterally impose on other employees.

### Changes for the Worse Imposed on Other WSU Employees

**First**, the administration has unbundled all of the health benefits for other employees. They no longer pay a single premium for health, dental, and vision insurance combined. The Affordable Care Act (ACA, aka Obamacare) notwithstanding, dental and vision insurance are *not* required. Other employees who elect to receive dental insurance and/or vision insurance pay a separate premium, over and above the health insurance premium.

At first giving people “choice” might seem like a good thing. If you have 20-20 eyesight, why would you pay for vision insurance? If your teeth are sound, why would you buy dental insurance? The trouble with people opting out is that a problem called “adverse selection” ensues. When people who are healthy opt out, they leave only the sick in the pool of insured persons, thus raising the cost of insurance for those who remain. As the cost rises, the incentive grows for healthier people to leave. In the end, only the sickest people remain in the pool. So the administration’s strategy in unbundling benefits ultimately leads to dental and vision insurance so expensive that no one will elect to have this coverage, effectively eliminating this benefit.

**Second**, the administration has eliminated the HMO, replacing it with a “low deductible” PPO with a 90-10 co-insurance rate. The following table, which shows how much one would pay for various in-network services, offers a quick comparison between the two:

<b>How Much One Pays</b>		
<b>Services</b>	<b>Current (2013) HMO</b>	<b>New (2014) “90-10” PPO</b>
Deductible (individual)	\$0	\$125
Deductible (family)	\$0	\$250
Out of pocket max (individual)	\$500	\$750
Out of pocket max (family)	\$1,000	\$1,500
Inpatient hospital services	\$250, regardless of the total bill	10% of the total bill, after the deductible is met
Outpatient facility services	\$0	10% of the total bill, after the deductible is met
Primary care physician office visit	\$15	\$15
Specialist physician office visit	\$15	\$25
Urgent care	\$15	\$40
Emergency room	\$75	\$200
<b>Monthly Premiums for a nonunionized employee making \$75,000 to \$99,999 per year</b>		
Employee only	\$125.92	\$130.86
Employee plus one	\$236.05	\$252.18
Employee plus two or more	\$324.50	\$355.94

To illustrate how the plans differ, suppose you went to an outpatient facility and incurred a total bill of \$5,000. Under our current HMO, you would pay nothing. But under the new 90-10 PPO, you would pay your \$125 deductible plus 10% of the remaining \$4,875 – that’s \$487.50 – for a total of \$612.50.

However, the unilateral changes for the worse do not end here. The administration is also raising the premiums; see the bottom of the table above. To illustrate, the monthly premium for employee +1 coverage for an employee earning between \$75,000 and \$99,999 rises from \$236.05 to \$252.18 per month (including dental and vision), an increase of 7%.

For an employee at the midpoint of this salary range (i.e., one earning \$87,000 a year), the combined effect of the lessened coverage and the increased monthly premium yields an annual loss of \$806.06, which equates to a 0.9% pay cut.

**Third**, the administration has also done away with the current PPO, which has no deductible and a 90-10 co-insurance rate, and has replaced it with a PPO having a \$250 deductible and 80-20 coinsurance. A comparison similar to the one outlined in the table above shows that raised premiums and lowered coverage yield a 0.43% effective pay cut for our same illustrative employee.

According to Horan, the administration's current health insurance consulting firm, if the administration had kept the current HMO and PPO in place, (the HMO and PPO that are available to all BUFMs through 2014), the increase in cost to the University would have been about \$640,000, which is roughly two-tenths of one percent of the WSU's annual operating expenses. Instead of bearing this increased cost, the administration increased the premium charged to non-AAUP employees and lowered the coverage as indicated in the table and text above.

## **The Lesser Greater of Two Evils**

Now there are two ways the administration can shift costs to employees. First, it can raise premiums; and second, it can start charging deductibles where none existed before, increase co-pays, increase co-insurance, and increase the maximum out-of-pocket expense. Needless to say, the administration did *both* for the other employees – those that are not protected by our CBAs.

The first option, raising premiums, spreads the rising cost of health care over all employees, i.e., those over who are sick and those who are well. This is the fundamental idea behind insurance. We all pool our resources, and in the case of health care, we hope that we will not have to use our insurance. But if we are unlucky and get sick, the premiums paid by those who are not sick help pay for the care of those who are sick.

The second option – charging deductibles, increasing co-pays, increasing co-insurance, and increasing the out-of-pocket maximums – shifts the cost increases onto those who are sick. Ultimately, this leads to a system where it is each man and woman for himself or herself. Forcing individuals who are sick to pay more undermines the principle of insurance – pooled (or shared) risk – and moves us closer to a model in which each individual is responsible for covering his or her own medical costs. This means that those who earn more, like the administrators who unilaterally imposed these changes on all other employees, will be better able to pay for high quality medical care than the administrative assistants and custodians who face these increases.

Unfortunately, the administration selected to use the second option as well as the first.

Again, it is important to note that had it not been for our CBAs, we would have had these costs imposed on us.

Clearly we can expect the administration to put on the table proposals for higher premiums and lower benefits, further shifting the cost of health insurance on to the backs of the faculty.

## **Wellness Programs**

More than six years ago, we proposed that the administration implement a wellness program; such a program could have moderated the rise in health care costs *and* helped us enjoy healthier lives. Unfortunately, the administration was unwilling to consider any of our proposals along these lines in the last two rounds of negotiations. However, it did spend over \$100,000 hiring Aon Hewitt, a consulting firm, to look at health care costs at WSU and suggest ways in which a wellness program might reduce rising health care costs. However, after spending all this money with Aon Hewitt, it decided to abandon the idea of developing a wellness program.

Then last year, about one month before open enrollment, the administration tried to impose what it misleadingly called a wellness program on faculty. It did in fact impose this half-baked program on other employees. Apparently, this idea came about because the administration decided to declare 2013 the year of wellness. Perhaps this was to make it appear to the Board of Trustees that they were being proactive in trying to control health care costs. Their idea of a wellness program was to have employees submit to biometric testing or face a mid-year increase in health insurance premiums. While biometric testing may be a part, albeit rather small one, of a wellness program, it is not by itself a real wellness program. The administration was certainly aware of this fact since it then paid Aon Hewitt to begin designing a

wellness program. Once again, we had to point out to the administration that it could not unilaterally impose these changes; negotiating first with the AAUP-WSU was required.

## To Sum It Up

So, what can we expect from the administration in the upcoming round of negotiations? It doesn't take a rocket scientist to figure out that the administration will be proposing all the changes that it has imposed on other employees, making medical care more expensive and raising premiums to boot, resulting in a further cut in real compensation.

In the past, AAUP-WSU has had to fight off proposed changes like those we anticipate here. Our success in doing so has depended upon a few key factors.

First among these is having the overwhelming majority of BUFMs belong to AAUP-WSU! See sidebar, right, and please *join AAUP-WSU* if you have not already done so.

The second dimension of our power is the membership's willingness to participate in the important work of the union. For example, *knock on doors* of your colleagues, and ask them to join AAUP-WSU too! *Respond* to the pre-bargaining survey recently distributed to all RCMs. (If you did not receive e-mail on November 14 about this survey, that's because you were not a chapter member!) *Volunteer* to run for an Executive Committee or Chapter Council position.

The third dimension of our success lies in our membership's willingness to actively participate in a contract campaign, by which we mean publicly supporting the positions our Negotiating Team takes during actual bargaining. In follow-up newsletters, we will share examples of how concrete actions taken by our members during negotiations have won the day. But for now, the basic message is *be ready and willing to act*. We hope that AAUP-WSU never has to use our ultimate weapon, our legal right to strike. But, when our members take lesser actions during a contract campaign, the administration is reminded that it just might have to deal with our ultimate weapon unless it is reasonable in negotiations.

### **Two Different Questions:**

Am I a Bargaining Unit Faculty Member?

Am I a member of AAUP-WSU?

You are receiving this newsletter because you are in one of the two Collective Bargaining Units represented by AAUP-WSU: the older one for Tenure-Eligible and Tenured "TET" faculty, and the newer one for Non-Tenure-Eligible "NTE" faculty.

But, you may not be a member of AAUP-WSU ...

... even though you are a BUFM.

... even though a fee going to AAUP-WSU is deducted from your monthly paycheck.

... even if you signed a yellow "collective bargaining authorization card" during the unionization campaign for NTE faculty.

To actually be a member of AAUP-WSU, you must have filled out and returned a membership form like the one on the last page of this newsletter!



## AAUP-WSU Membership Form

I, the undersigned, wish to join the Wright State University Chapter of the AAUP as a regular chapter member with voting privileges. I am aware that the annual dues for Bargaining Unit Faculty are identical to fair share fees, resulting in no additional deduction from my salary.

Name (please print): \_\_\_\_\_

Signature: \_\_\_\_\_

UID number: \_\_\_\_\_

Department: \_\_\_\_\_

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

### \* Current Annual AAUP-WSU Dues for Bargaining Unit Faculty:



*Please indicate your category with a checkmark in the appropriate box:*

- 9 - month (academic year) contract — 0.700% of Annual Base Salary
- 12 - month (fiscal year) contract — 0.573% of Annual Base Salary

Excepting faculty with administrative positions or appointments in matrix departments (School of Medicine — College of Science and Mathematics), almost all Bargaining Unit faculty have 9-month (academic year) contracts.

Please send by campus mail or U.S. mail, or deliver this form to the AAUP-WSU chapter office, x3608. The relevant addresses are:

Campus mail address: AAUP-WSU  
123 Allyn Hall

U. S. mail address: AAUP-WSU  
123 Allyn Hall  
Wright State University  
3640 Colonel Glenn Highway  
Dayton, Ohio 45435-0001

Office location: 123 Allyn Hall

*Thank you for your membership in AAUP-WSU!*

admin approved RCM Membership form for both Bargaining Units — Friday, November 1, 2013

Campus mail: AAUP-WSU  
123 Allyn Hall  
U.S. mail: AAUP-WSU  
123 Allyn Hall  
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