



January 17, 2012

Andrew Abramson  
Reporter  
2751 S. Dixie Highway  
West Palm Beach, FL 33405

Via eMail [andrew\\_abramson@pbpost.com](mailto:andrew_abramson@pbpost.com)

Andrew we tried to meet with the Mayor but on advice of the City attorney, she refused. This is the eMail requesting the meeting. We thought that it would be fair to speak with her before speaking to the Post about the current insurance situation.

From: Alberto Leal/WESTPALM  
To: JMuoio@wpb.org, EMitchell@wpb.org, PMSA-Officers@wpb.org  
Cc: "Blanca Suarez" <BSuarez@wpb.org>, "Leila Bryan" <LBryan@wpb.org>, "Joshua McDermott" <JMcDermott@wpb.org>, "Joseph Brenner" <joseph.brenner@seiu.org>  
Date: 01/16/2012 04:44 PM  
Subject: Meeting request

Honorable Mayor Muoio,

Last Friday afternoon PMSA and SEIU received an unexpected call from the Palm Beach Post to get our input about the current health care situation. Although we did not provide them any information, they seem to be in possession of the memo the Units sent employees.

Both Units declined to comment and requested that any story be postponed until we had a chance to address the issue with you.

The Units would appreciate a few minutes of your valuable time. Please let us know if after 2:15pm Tuesday Jan 17, 2012 is a good time.

Sincerely,

Al Leal, PMSA  
JBrenner, SEIU

Let's addresses the various question and City's viewpoints you presented to PMSA and SEIU last Friday January 13, 2012. Then we will discuss why the employees' Union rejected the City's proposal.

As you may already know, the City and the PMSA and SEIU Bargaining Units are at impasse over the health insurance issue. As far as we are aware, the City has kept all information from all employees except the Unions. Had it not been for the Memo dated January 7, 2012 the unrepresented employees would still not have a clue about the changes the City is proposing to the 2012 health insurance plan.

The Units fear that just as the City's December 30, 2011 memo misrepresented some facts, so may some of the information you receive from the City.

Here are some of the City's contentions and the Unit's angle on them:

- The changes to the insurance premium are minimal – This is correct, as the premium tables show on the 12/30/2011 memo.
- The insurance co-payments are minimal – This is not true. The Unit's Co-Pay calculator shows a typical 68% increase in co-payments over 2011.
- The Executive Health Care Reimbursement is used to recruit top talented executives to the City - Perhaps true in a better economic climate. Today, however, this is unnecessary as many equally qualified executives can fill these positions without the need for this plan. This translates into savings to the taxpayers.

- If the Executive Plan is relinquished, the savings would be insignificant – The Units believe that this would not be the case; but let's say that it was, ask any tax payer if any savings are insignificant in a time of financial crisis or hardship.
- The employees can cut costs by going to the City's Employee Clinic – This is sometimes true; but not always. The Clinic has a place between a first aid station and an Urgent Care Walk-in Clinic. But they cannot accommodate:
  - (a) Medical inpatient / outpatient procedures
  - (b) Short or Long Term Therapies
  - (c) Issues requiring Emergency Rooms Usage
  - (d) Obstetrical Care & Delivery
  - (e) Office Surgery
  - (f) They are not able to dispense name brand prescriptions

So that our position is better understood, we'll start with the definition of some terminology. The City's Insurance plan has these components; the premium which is what employees pay for the Plan and is deducted from each paycheck. The other component is the non-reimbursable Out-of-Pocket expenses, in the form of co-payments, paid by the employees each time that services are rendered.

Co-Payment – A specific dollar amount that employees are required to pay each time for:

- ii) Prescriptions
- iii) Physician Services
  - (a) Primary Care Office Visit
  - (b) Specialist Office Visit
  - (c) Office Surgery
  - (d) Pre-Natal Visits
- iv) Urgent Care Clinic
- v) Therapies (Phy., Occ., Speech, Chiropractic)
- vi) Hospital Services
  - (a) Inpatient
  - (b) Outpatient
  - (c) Obstetrical Care & Delivery
  - (d) Emergency Room
  - (e) Physician Services rendered at Hospital
- vii) Mental & Nervous Treatments

The co-pays for these services have increased dramatically and the employees have reached a breaking point. Since the membership can ill afford the proposed increase in copayments outlined in the 2012 proposed plan, they rejected the City's Health Insurance Proposal. While the salaries for our members have remained flat for nearly four years; the cost of living has been increasing at a rate in excess of 3% per year for the same time period

The Unit's membership have "stepped up to the plate" by bearing a greater work load since vacated positions are NOT being filled. As a result:

- Every employee endures increased responsibilities, as we struggle to provide the same level of service.
- Members dedicate to the City, consistently and continuously, more hours per week.
- Extended work hours prohibits many employees from holding part time employment elsewhere to supplement the income to afford the insurance increases.
- Taking time off is unconscionable as the mountain of work grows.
- City has tried to fill the void with volunteers, they are not enough and are no match for the experienced City employee in both job performance and dedication.

The membership understands the City's current financial situation and in order to cooperate; during the past three to four years, the Units made concessions in our contracts. Here are some:

- Ceased merit increase pay received after Sept.-2009 (Returning employees to Fiscal Year 2008-2009 Salaries).
- Minimized promotional salary increases.
- Stipends for new hires, have been suspended indefinitely.

- Longevity pay for new hires and those with insufficient seniority, has been suspended indefinitely.
- Educational assistance has been suspended indefinitely
- Performance based merit increases have been suspended indefinitely although, at the Mayor's request, we agreed to reinstate reviews.
- Across the board (ATB) cost of living increases have been suspended indefinitely.
- Lastly, five furlough days have been instituted. Resulting in a 2% salary reduction for each of the last two fiscal years.

PMSA and SEIU bargained the current contracts in good faith, now the City intends to break faith. Through mismanagement of the budgetary process by proposing to pass the burden of an increase on to the rank and file employees. It is obvious that the health insurance was purposely under budgeted.

PMSA and SEIU feels that it is unfair, that those without a vested interest negotiated an increase on our behalf while the Units were kept out of the negotiations.

PMSA and SEIU feels that the time has come for the City to stop reimbursing the Non-Elected Executive Management 100% of their family's out of pocket medical, vision, and dental expenses and that the monies saved be used to offset the increase from CIGNA. Using this proposal would reduce the cost of the 2012 proposed plan. The time has come for all to equally share the cost of the health insurance. When will the needs of the employees be prioritized? The "little guy" can no longer afford to subsidize the executive medical, vision, and dental plans.

Will the executives lead by example during this financial crisis? Employees at times have been reprimanded for conveying the wrong perception to either fellow employees or the general public. Shouldn't the same standard apply to City management? PMSA and SEIU feel that the City has misrepresented the facts regarding the proposed health insurance increases to the rank and file employees and the full impact and contingent liabilities represented by the Executive Care reimbursement plan.

Andrew, PMSA and SEIU appreciates your time and hope that you are able to inform the community on behalf of fairness and on behalf of a targeted and demoralized workforce.

Most sincerely,

Al Leal  
PMSA Coordinator

Joseph Brenner  
SEIU

## **\*\*\* P R E S S   R E L E A S E \*\*\***

On December 15, 2011, the City of West Palm Beach declared impasse with both the Professional Managers and Supervisors Association (PMSA) and the Service Employees International Union (SEIU) regarding requested changes in the Medical Insurance Plan for our members.

Currently, the overwhelming majority of the City employees participate in a medical insurance plan where the costs are shared by the employees and the City. Employees pay a portion of the monthly medical insurance premium and have out of pocket expenses like co-payments for doctor visits and prescription medicines. This cost sharing arrangement is in use widely amongst the other municipalities in PBC. However, certain City executives and senior management have a far more generous plan where 100% of their costs for medical care are paid for by the City. The City pays 100% of the monthly insurance premium and provides reimbursement for all of their out of pocket expenses (“Executives 100% plan”).

The Unions’ position is that this double standard is unfair, unnecessary, and no longer justified given the current economic downturn and resulting fiscal situation in the City. The Unions are requesting that the employees who are in the “Executives 100% plan” are placed on the same cost sharing plan that the union members are on and the savings be used to offset the new increases in overall healthcare costs for everyone.

Implementing the Unions’ recommendations benefits the taxpayers by allowing the City to budget a fixed, known cost for medical expenses for all employees including senior and executive management employees. The existing medical plan creates a “blank check” for medical costs for a select group of employees.

The Unions’ have bargained in good faith with the City to bring about this fair and reasonable change. The City refused to discuss this option and instead declared impasse..

As indicated by Patrick Cooney, Director of Human Resources, The City has “... no documents responsive to your request for City Ordinance and statutes that authorize or establish the executive benefits package and pay structure.”

The units are not aware of any reimbursement limits under this Executive Health Care Reimbursement Plan.

The Units encourage the Inspector General of Palm Beach County to conduct a review of this Executive Health Care Reimbursement Plan. Without statutory limits in place, the Tax payers of West Palm Beach may have been obligated by the City Commission for virtually unlimited medical expenses for a privileged group of 22 individuals.

Could this be why the City keeps so many millions in contingency or reserves?

Do the Bond holders of City Bonds know about the scale of this potential liability?

If anyone of the executive group needed a heart transplant that could cost in the neighborhood of \$1,750,000 including postoperative care for 6 months, how much would insurance cover? How much would tax payers have to pay? These questions need to be answered! Also, how much would premiums increase the following year for the under privileged rank and file employees?