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Benefit Plan Management in a Collective Bargaining Environment

A perspective to gain trust and compromise more efficiently

By [Dave Barchet](#)

Managing employee benefit plans in a collective bargaining environment can be challenging and can lead to friction between the Employer and the union. Employee benefit offerings and wages tend to be the two biggest hurdles during the negotiation process as those are the two biggest expenses facing the Employer. We believe there are some steps that can be taken during the bargaining cycles that can help lead to a more productive, efficient and often more rewarding process when actual negotiations begin.

Educate the Members

Unfortunately, health care costs continue to rise, and keeping the same level of benefits for the union is often not sustainable. Before throwing new ideas on the table at bargaining time, the employer should be educating the union on new ideas in the health care market and sharing annual benchmarking studies. Examples of new and innovative programs for education would be:

- Narrow PPO Networks
- On-Site or Near Site Clinics (this may not be for everyone), find out the [best practices when considering onsite clinics](#)
- Concierge Services
- Technology Platforms – Price Transparency
- Compliance – Affordable Care Act Taxes and Updates on recent legislation
- Educating the members keeps them abreast of what is new in the market and can help narrow down the 1 or 2 or 3 areas to focus in on as options at negotiation time.

Conduct Frequent Meetings

If possible, set up monthly meetings. We have seen many employers create healthcare committees or advisory groups that are made up of union representation from the various bargaining units in addition to the HR and/or Finance Teams of the Employer. This venue allows for constant education to

union leadership and helps them to feel involved in the ongoing administration and decision-making of the plans. This is also a great opportunity to have representatives from your vendors in place to help build that rapport and relationship with the unions, so that all parties have a “voice.”

Be Transparent

Even if it unreasonable to set up an insurance committee or to meet monthly, sharing actual data of your plan’s experience on a monthly or quarterly basis is vitally important. This holds most true for the groups that are self-funding their plans. Key information to share would be:

- Medical Costs PEPM (per employee per month) year over year
- Pharmacy Costs PEPM year over year
- Large claims above a certain threshold (de-identified of course) with a diagnosis
- Utilization metrics of the Top 10-15 cost categories of the group
- Top 25 drugs by dollar amount and by script count
- Benchmarking Data of Plan Designs and Costs and Contributions, [read more](#)

An additional consideration is to project your plan costs out over the next 3-5 years to illustrate the “Do Nothing” impact on future costs and employee contributions. While this entails some assumptions, it certainly helps get the attention of the key stakeholders.

Many labor agreements call for the employees to pay a certain % of the premium, and if this is the case, both the employer and the union are in the same boat and have an incentive to work together to keep the plan affordable – for both the employer and the members. When the union sees this type of information, they will have a greater understanding and feel an obligation to

work closely with the employer in developing strategies and solutions to help change the trends.

Utilize Subject Matter Experts

This should not fall solely on the HR or Finance Teams within your organization. Lean on your consultant and vendor partners to assist in developing the information

to share and the topics to discuss. After all, this is what you are paying them to do.

For more information or questions regarding managing employee benefit plans in a collective bargaining environment, contact the Findley consultant you normally work with, or Dave Barchet at Dave.Barchet@findley.com, 216.875.1914.