

PARADOX AND ITS RESOLUTION IN THE HEALTH PLAN BENEFITS CRISIS

**Robert (Skip) Robinson, Jennae Wallach MHSA,
and Adele Amodeo MPH**

*This article describes the thrust of the health care consulting work of Robinson, Wallach & Amodeo, Inc. in working with large public jurisdictions and non-profits during the critical health care cost crisis of the 1980s and early 1990s. Reprinted from the two-part article in the quarterly publication of that time by the Northern California Council on Mediation, Berkeley, July and October 1990.
Very light updating, Skip Robinson, completed April 20, 2003.*

Two sides are lost in paradox. They hold seeming opposite and irreconcilable positions, each clear that the other side is self-centered, irrational, and wrong.

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The parties involved and their respective positions set the perfect stage for seemingly unresolvable paradox. Management feels it absolutely can't afford the health care cost spiral; labor counters that it absolutely will not allow benefit cuts and unjust cost transfers to labor.

Conflict resolution techniques (such as interest-based bargaining) can help school districts and other public jurisdictions maintain and even improve their employee health benefits in an era of rising medical costs and never-ending budget cuts.

They begin to resolve the seeming paradox when they come to recognize that both sides are true. How can they come to understand this? What then can they do?

Start by looking at the truth each side is already communicating.

Management-Side Truth: These are public funds. The jurisdiction has multiple needs for every dollar. In California and other states, Proposition 13-type legislation [Note: Please remember that this was written in 1985] has cut funds and made even these inadequate dollars subject to ever more rigorous financial planning. Health care expenses are a significant part of the whole jurisdiction's budget, and health care expenses threaten to continue escalating out of control. The jurisdiction must be careful and cautious. It must keep its costs down to reasonable levels, both now and over time. It cannot make commitments which support unchecked cost increases.

Labor-Site Truth: The employee bargaining units are here to IMPROVE conditions for workers, NOT to devalue and deteriorate their conditions. The unions don't trust management to act in the employees' best interests. They are usually convinced that management will act in ITS best interests. The unions don't want and don't intend to allow the jurisdiction to balance its budget on the backs of its workers. In a school district, the teachers and staff are the district's most precious resource in educating kids. Therefore, proper respect and benefits are obligatory.

Both sides are true. They are different narratives.

Collaborative negotiation and mediation offer skills and techniques to assist jurisdictions resolve these paradoxes through collaborative thinking and redesign of their health plans. A joint labor-management benefits study committee (in which representatives from management and all labor unions are included) can make clear and concrete the truth that each side maintains.

While not all benefits negotiations at the bargaining table are automatically adversarial, collective bargaining sessions are not as conducive for creative problem-solving as a benefits study committee working before and/or in coordination with formal negotiations. These committees can help the parties to exchange truths, fractionate intricate problems, and bring additional resources and research into the discussions.

Organizations can find ways to save significant money on health care even *without* diminishing benefits. In other words, there are a wide variety of successful mechanisms for developing humane cost-containment. The committee can focus on plan elements which will *protect each side's* highest priorities. As all sides study plan costs and plan design options together, they can come to common realizations about responsible choices to explore and potentially affirm without unacceptable loss on any side. This begins to make resolution appear practical and useful for all parties. Labor has the essence of benefits protected (or even cost-effectively expanded), while management can see sufficiently reasonable cost-management being applied.

Even when management and labor begin to study and plan successfully together on health care issues, they must still bring their health plan carrier along in the redesign process of the labor-management agreement. To facilitate this, the carrier needs to be brought into the planning process as early as practical. The better the carrier understands the predominant issues which must be resolved, the more likely the carrier will help rather than put up rules or "standard policy" as barriers to moving forward in the redesign process.

To get the carrier's best efforts, management and unions need to understand the health plan carrier's priorities.

Carrier truth: The health plan carrier can't afford to lose money. Without carefully cost-managed care, the jurisdiction's costs are going to keep spiraling up over time.

Therefore, unless the benefit plan can become more cost-efficient and with less volatile inflation, the carrier must raise its rates for that jurisdiction. The carrier knows that the jurisdiction will switch to another carrier if it raises the rates too much and too often. The carrier can't stay in the public jurisdiction market if it loses its clients. Thus, the carrier also has a predicament. Because traditional plans are becoming too costly, the carrier must raise its rates to stay in business, but it will lose its market if it does so too much.

<Management and labor can help the carrier by development of humane cost-containment strategies which enable the carrier to moderate its proposed rate increases.

The KEY is that labor, management, and carrier all have a common problem (unacceptable, damaging, continuing cost-escalation) and a potential common path to the problem's amelioration (humane cost-containment). Collaborative labor-management-carrier study and planning can work well in practice, particularly in the framework of a joint labor-management Benefits Study Committee.

The parties must acknowledge that they share a joint problem that can be solved through cooperation. Based on experience and research, the parties can identify and develop realistic options which will battle the medical care cost-inflation dragon. Everyone participates in talking and thinking through the plan's redesign. The possible redesign elements which are to be submitted to the carrier for costing purposes are first tested with management and labor for mutual acceptability. Thus, when a draft plan design goes to and comes back from the carrier, each party understands why each element is included, what the alternative could have been, and what the resulting feedback from the carrier is. Management and the unions are in the position to explain the process and the content decisions to the groups each party represents.

This process, particularly if it becomes ongoing, forms the basis for generating cost savings, more resolution, and effective health plan work for the parties in the present and as the parties turn to the future.