



Mechanics Dispatch

Teamsters United. United We Win.

Arbitration Update May 2, 2015

A decision has been reached in the sub UA medical arbitration case. The majority decision is sustained in part and denied in part. The Board ruled that the institution of a 90-10 coinsurance violated Art 16 of the Collective Bargaining Agreement. With respect to the other increases such as co pays and out of pocket maximums the Board ruled that those elements were not in violation of Article 16. According to the decision; *"The remedy is remanded to the parties for a period of 60 days, after which the remedy will be returned to the Board for resolution. The Board maintains jurisdiction of the remedy portion of this Award."* When a remedy has been agreed upon it will be reported in the Dispatch.

What this decision established was that the with the HMO's there was a three decades old practice of not instituting, or describing a possible, split in respect to coinsurance. In writing the opinion the arbitrator found; *"Thus, the language in the Agreement providing employees with an HMO option, when read together with the Company's description of its HMO offerings, in the context of the Company's practice over more than 30 years, persuades a majority of the Board that the Company violated Article 16.A.2. of the Agreement when it imposed 90% co-insurance as part of its HMO offerings, a change that was not in line with employee expectations."*

While it is disappointing that the out of pocket maximums were not considered protected aspects of the plan, in practice, the co-insurance would be the big reason for why a member would hit that limit. In other words the ruling on the co-insurance essentially shields most members of HMO plans from ever paying close to the out of pocket maximums. As the Board discussed; *"A majority of the Board agrees that the effects of introducing co-insurance into a long-standing existing program can be significant. At worst, in the case of inpatient services, in the absence of annual out-of-pocket maximums, the financial impact on employees can be extreme. At best, with an existing annual out-of-pocket maximum cap, it is likely that more employees will be bumping up against that cap and, in some cases, chronically."*

The full decision along with the transcripts can be found here.

<http://teamsterair.org/sites/teamsterair.org/files/uploads/arbtranscriptday1-3.pdf>
<http://teamsterair.org/sites/teamsterair.org/files/uploads/arbitrationtranscriptday2.pdf>

(Please note that the court reporter made a mistake in the day one hearing and titled this hearing as between Continental and the IBT. The day two transcript is correct.)

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rcfisher7@yahoo.com

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