

Sent October 23, 2007

SEND:

- 1) Sticker ULP
- 2) Medical Report

Dear Respected Members,

I again apologize for the length of this email, but a lot is happening and the Board wanted to keep you up-to-date.

Contract Negotiations:

Contract negotiations have stalled. On Monday, October 15th, the City and RCHEA were scheduled for a full day of negotiations. However, at the start of the meeting, the City announced that: 1) it's negotiating team was scheduled to meet with the Mayor at 11 a.m.; and 2) that the City's attorney needed to leave at 12:15 for a private appointment. This reduced our negotiating time to just 1.5 hours. That afternoon, the RCHEA team offered a new approach: to meet with the City without attorneys present. The City accepted and met with RCHEA for about 3.5 hours Tuesday morning. That day had shown some promise and as a result you heard the Mayor suggest that progress was being made at the Council Meeting. RCHEA met again with the City for 3 hours on Wednesday – a meeting which proved fruitless. In the end, the City continued it's resistant rhetoric. That Wednesday afternoon, the City issued us a statement that read in part "...we feel that no additional progress can be made at this time." RCHEA then issued another request for a counter-proposal, which has been promised to us several times now but as of this writing has not been furnished. It should be noted that RCEHA has invited the Mayor to attend our discussions twice now in an effort to share our concerns and substantiate our facts. Unfortunately she has declined both of our invitations. The RCHEA Negotiation Team is working with our Attorney to discuss next steps. As an aside, we just learned that the City has hired a full-time, limited duration, labor relations manager. We are not sure at this time what his role in negotiations will be, if any.

Council Meetings:

The Board would like to thank all of those who showed up to support RCHEA's Attorney David Campbell at the last City Council Meeting. We estimated that nearly 85 people attended. The start of the meeting was delayed as the City worked for more than half an hour to craft a statement to RCHEA Members. Once the meeting started, our Attorney submitted RCHEA's Medical Report regarding the City's RedMed plan to the Council and verified each and every statement made by Denine Garrison at the last Council Meeting. **The Board is once again asking that you please plan to attend the next Council Meeting in another show of solidarity (November 5th at 7:15 p.m. – NOTE: the meeting is on Monday due to Tuesday's elections).** At this meeting we would like for many Members to read a statement along with the Board to the City Council during the "Items From the Audience" portion of the meeting. If you are interested, please see Kiran Gadepalli for further instructions.

Medical Report:

As you know, for some time the General Membership has questioned the management of the City's Medical/Health Care Fund. While many of our fellow RCHEA Members assist in administration of the fund and we intend no disrespect to them, the Board did hire a third-party medical expert (DiMartino Associates) to review the plan for anomalies. Please find attached the RCHEA Medical Report. Parts of this report were shared with Council at the October 2nd meeting and the full report was given to Council at the October 15th Meeting. In short, the major conclusions of the Report state that, while the RedMed Plan is generally well managed:

- 1) The City has charged higher than necessary premiums resulting in the build up of the medical reserve to over \$3.2 million. The State recommends that self-insured plans maintain a fund balance equal to 4 months of IBNR. In Redmond's case for 2006, this would amount to approximately \$1.9 million. So in 2006 the City not only exceeded its own goal of 2.5 x IBNR, it exceeded the State's expectation by \$1.3 million. The City's goal for its reserve (2.5 IBNR) exceeds by more than 30% the State's expectation of a four-month reserve. Even if this excessive reserve standard were justified, it has been exceeded by about three quarters of a million dollars.
- 2) This reserve was partly built by the 20% dependent premiums paid by RCHEA's members. Total dependent premiums exceeded the cost of providing coverage for your dependents, thus you were overcharged to help build the reserve. Dependent premiums have exceeded dependent claims by at least 1 million dollars.
- 3) Without spending a dime, the City could use part of the excess funds to provide a rate reduction, a refund, or premium "holidays" (no premiums for a specified number of months) to provide some recompense to RCHEA members.
- 4) Lastly, a serious concern remains regarding the City's plan. The claims and revenue figures presented to the State's auditors differ from those in the City's underlying records. The City has not yet offered an explanation.

Sustainability Event ULP Update:

As you know, RCHEA believed that the actions taken by Management requiring our attendance at the Sustainability Event and ordering us not to wear any stickers or buttons were sufficient cause to file another Unfair Labor Practice (ULP) claim with the Washington State Public Employment Relations Commission (PERC) because the City's response was: 1) a fundamental infringement of our First Amendment Rights; and 2) was preemptive and retaliatory in nature. PERC has preliminarily ruled in RCHEA's favor (ruling attached) and now the City has 21 days to respond. David Campbell also sent a letter to Management urging them to: a) stop intimidating staff; b) stop interfering with union business; and c) to cease and desist violating fundamental employee rights. The City has not responded.

Miscellaneous:

Please see Denine Garrison if you would like a RCHEA Button.

Lastly, the Board would like for each of you to know that it is grateful for your support, encouragement, and patience. We feel that this contract strives to regain some lost ground in an attempt to bring balance, fairness, and respect to our organization.

Thank you for your continued support. I hope this information has been helpful in understanding the activities of the Board.

Respectfully,

Tom Barry
RCHEA Vice-Chair
Negotiating Committee Chair