

What is BUBB Doing for State Employees?

Many New Programs Brought to Employees Through Competition

by Douglas Crooks

Many state employees cannot give an answer when asked the purpose of the Bargaining Unit Benefits Board. Of those who do know it administers insurance programs for over half the State's employees, many ask, "What does BUBB do for me?"

To say that BUBB has gotten state employees the best benefits possible sounds like public relations hype. A look at the performance of this State board though, shows this heady statement to be true.

Prior to BUBB's creation in August of 1979, state employees had little say in the design of their insurance benefits packages, nor were they allowed to use all the dollars they negotiated for these benefits. Instead, they were locked into an insurance plan designed by the management-dominated Oregon State Employees Benefit Board.

With the formation of BUBB an atmosphere of competition was created. The result has been the offering of a far greater range of insurance programs.

Under BUBB, state employees have:

- Three times the number of free health insurance programs other state employees are offered, including a comprehensive family health plan at no monthly out-of-pocket premium.
- The choice of health maintenance organization (HMOs) programs in 20 counties, rather than in 10 counties;
- Free dependent dental benefits;
- A health plan design that keeps hospital utilization below the national average and thus keeps overall costs down; and
- A stabilization fund, where negotiated benefit dollars that are not used to pay premiums are used in succeeding years to hold down the impact of rate

increases. Prior to BUBB, these dollars stayed in the State agency budgets.

In the past two years the programs offered by SEBB have also improved, but it is interesting to note that these improvements have usually been a copy of programs that BUBB had already implemented. In fact, when SEBB asked insurance companies to bid on its plan design for 1981-1982, Blue Cross was the only company to formally reply and they dictated changes in plan design that were virtually identical to the plan that was already being offered by BUBB.

Despite its demonstrated ability to design and implement creative, cost-effective insurance benefit programs, BUBB's very existence is being threatened by a Legislature that is demanding that more be done to stop the spiraling cost

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Addressing a Dilemma: Trade-Offs in Demands for Wages and Benefits

by Chuck Mendenhall

It comes as no great revelation that health care costs have increased astronomically over the past decade. In fact, from 1965 until 1980, the total expenditures for health related services in the U.S. increased over 420 percent. Doctors' fees, hospital fees, lab fees and, at the end of the progression, insurance premiums have risen proportionately to this four-fold increase.

It is obvious that costs in this area have far outstripped the rate of inflation. Less evident, but equally alarming though, is the growing problem of the fewer dollars that are available for wages as benefit costs escalate.

In the 1979-1981 State budget, approximately \$725 million was earmarked for personnel expenses. In the 1981-1983 budget, that dollar figure has grown to over \$1 billion. The increase in wages

and benefits and the balance between the two is receiving heightened attention from all impacted groups and should be of real concern to employees and to the State as well.

This issue becomes much more graphic when you look closely at the current salary and benefits package between the State and OPEU. Part of the salary settlement included a flat \$55 per month increase, while increases necessary to meet basic health and dental insurance needs amounted to another \$95 per month. It is evident that the balance is weighted heavily toward benefits—a trend that is almost sure to continue as insurance costs increase.

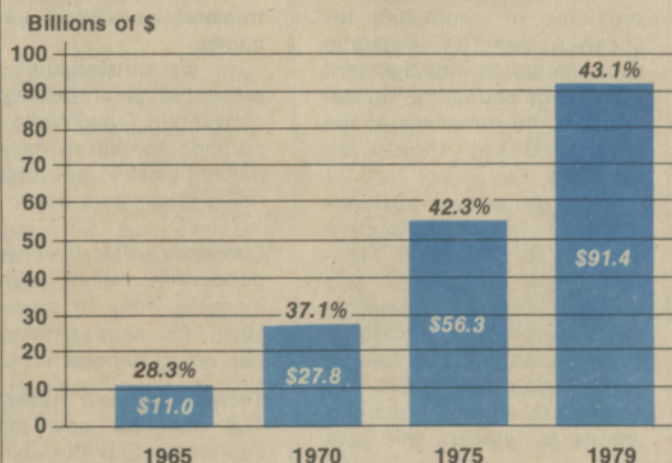
To be sure, the sharp increase in insurance costs—both to the employee and to the State—has not gone unnoticed. Oregon legislators are examining this issue closely and may make some significant and critical decisions regarding state employees' insurance benefits in the near future.

The charge facing state employees and public sector unions is clear—they need to become absolute experts in the health care field. They must bargain strongly and then stretch negotiated benefits in an effort to provide the best insurance value that is available.

The Bargaining Unit Benefits Board, which OPEU helped create in 1979, has four union representatives and is working hard to develop the best insurance coverage at the lowest costs for all represented employees. The work of the board will not be enough though, unless state employees and their unions also make significant contributions to addressing the dilemma of rising health care costs.

Mr. Mendenhall is chairman of the Bargaining Unit Benefits Board.

Annual Local, State & Federal Government Health Expenses; % of National Health Expenses



*In part, the increase in health care costs for public employees is due to the increasing numbers of federal, state and local employees. In 1965, the total number of federal, state and local employees was 10.1 million. By 1980, employees in these governments had increased to 16.2 million.