



OREGON AFSCME

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October 7, 2011

Dear AFSCME Leader,

We are aware that many members have concerns about some of the plan design changes coming from PEBB that will be implemented beginning in 2012. In particular, there are questions and frustrations with the new Health Engagement Model (HEM), which represents significant changes for some members. These issues have all come to a head quickly given that our contract settlement, ratification process and now PEBB's open enrollment period have come bang-bang-bang, and some feel they simply haven't had enough time to digest all of the information.

As you may or may not have heard, this week our Department of Corrections-represented locals have taken the step of filing a "demand to bargain" over the impacts of the plan design changes. I'd like to make two observations about this action:

- Council 75 supports the Corrections employees' action, and your union will carry this demand forward as forcefully as we possibly can. That said, I must tell you that realistically, the state is likely to simply refuse to bargain. State statutes are very clear that we (state employee unions) have no right to bargain over PEBB plan design changes. DAS can simply say "no," and we anticipate that is exactly what will happen. But we will push forward.
- It is certainly our position, based on precedent from the past, that these Corrections-initiated demands do, in fact, cover all AFSCME-represented state employees. There is no reason for every state local to file a similar demand. In the unlikely event the state accedes to the request, we would not move forward until it was clearly understood that we were proceeding on behalf of every AFSCME state employee.

What are the next steps? In theory, we could file an Unfair Labor Practice (ULP) charge if DAS refuses our demand to bargain. However, given what appears to be clear language in state statutes that says DAS does not have to bargain plan design changes, filing such a ULP would delay by months an ultimate decision and, moreover, impact the entire open enrollment period. That does not serve you well. What we will do, however, is use our political power to demand to sit down and have meaningful discussions about this situation. In that forum, we will stridently seek out areas for possible changes and reconsiderations.

This is a difficult issue for everyone, and it's not unique to Oregon. Health care costs continue to skyrocket nationwide, and some things *are* changing. I want to assure you that your union will always fight for you — doing the best we can to get the best possible deal for your benefit dollars, as well as mitigating unpopular changes as much as possible. We will keep you informed on our progress in the weeks ahead.

Very truly yours,

A handwritten signature in black ink that reads "Ken Allen".

Ken Allen

Executive Director

Oregon AFSCME Council 75