Health Insurance Eligibility
State Case # 06-G-037
Arbitrator Howell Lankford

This was a contract interpretation dispute. The ASEA grieved the State's refusal to make health insurance contributions to the ASEA Trust for the portion of the month between each new employee's 31st consecutive day of employment and the 1st of the next calendar month.

When the Trust began providing coverage it decided that it would not provide coverage for a new hire until it had received payment from the State for that employee, i.e., not until the first of the month following that new hire's 31st day of employment. The Trust continued in that fashion for the first several years of its existence. In 2005, the Trust decided to change the eligibility for coverage to the 31st day of employment and asked the State to change its practice and begin making pro-rata payments for the gap period. The State declined and the Union filed the grievance leading to the arbitration.

The Union's arguments divide into two classes, those that depend on the interpretation and application of statutory language and those that do not.

The Union argued that AS 39.30.090 requires the State to make a health insurance contribution on the 31st day of employment. The State argued that since the Trust began providing health insurance in 2001 it was exempt from the statute. The State's argument was further supported by a previous litigation in which a Superior Court judge had concluded that the statutory provisions did not apply.[1]

The Union also argued that in light of the magnitude of the overall effort required to transition from State provided coverage to the Trust, this smaller issue was not noticed and that the parties should have understood that the State would be making the gap payments. Second, the Union argued that the State's practice was unfair because under the State plan as well as other union Trust plans employees began coverage on the 31st day.

The arbitrator concluded that the same arguments that the Union used to prevail in its previous litigation make it impossible for it to prevail in this arbitration; if the Trust is not restricted by the cited statute, either directly or through the bargaining agreement, then the Trust cannot be required by that very statute to provide coverage during the gap period. Additionally, the Union's claim that the parties should have understood the State would be making gap period payments is not supported by the bargaining history or prior administration of the agreement.

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[1] That court case arose over the coverage of employees with spouses in other State bargaining units. The Trust proposed an optional coverage structure that would allow such an employee to get most of their insurance coverage through their spouse's State paid insurance, thus reducing the Trust's risk exposure and cost at the expense of the self-insured State plan. The Trust, in their lawsuit, argued that the statute did not apply, exactly the opposite position taken in the instant grievance.