Information on timelines for Cadillac tax negotiations

This document contains illustrative timelines to show when negotiations for health insurance benefits will take place for three groups of public employees:

- 1) State employees
- 2) School employees
- 3) Municipal employees

The Cadillac tax is a 40 percent excise tax that will apply to the value of health insurance benefits over certain thresholds beginning in January 2018. In many cases, negotiations for public employee contracts will take place this year--in the summer and fall of 2015--to determine health insurance benefits in contracts that will be in place when the Cadillac tax takes effect.

Timeline for the Cadillac tax negotiations

1. STATE EMPLOYEES

201	15		20	2017	2018		
Apr July	Sept Dec	Jan	Apr	July	July thru Dec		Jan
<mark>We are here</mark>							
	Collective bargaining between union and the State begins for state employees whose contract expires 6/30/16	Administration submits budget to legislature (the Pay Act)	Legislature has the right to refuse to fund; then back to the table in May- June; retroactive plan benefits	, June 2018		Contracts remain in effect through FY 2018	Cadillac tax in effect
	Wrap up						
	by mid-						
	Dec						

JFO/jm; April 6, 2015

Timeline for the Cadillac tax negotiations

2. SCHOOL EMPLOYEES

2015					_	2016							2018	
	Apr	July	Sept	Oct	Dec] [Jan	early Mar	Apr	July	thru Dec			Jan
	We are here													
	Collective bargaining between union and district for school employees should wrap up in spring 2015 for 7/1/15 contract year	New FY budgets and contracts take effect		Start of scho delibera	•		School budgets approved by Boards	Town mtg votes on budget although some districts have votes in April or May	for school employees	New FY - budgets and new contracts take effect				Cadillac tax in effect
				collective begins begins begins begins and consideration and consideration whose considerations are spires 6	etween district for aployees ontract		All budgets are FY 7/1 thru 6/30							

Notes:

School districts typically have at least two bargaining units- professional staff and support staff. Many districts also have non-union employees.

School districts are often bargaining with at least one employee group two out of three years.

School districts now bargain as an SU- even though each district may have different contract terms.

School districts typically settle 1, 2 or 3 year agreements. With the uncertainty around health care, there are fewer 3-year agreements.

Unknown how many districts have contracts that take them into FY 17 and therefore have little time to consider Cadillac tax.

Many districts have added reopener language to allow ability to respond to Cadillac tax and other changes in the health care arena.

No school district has voluntarily given up grandfathered plans and left VEHI by design.

School districts have been aware of Cadillac tax but assumed Green Mountain Care made the issue obsolete.

Timeline for the Cadillac tax negotiations

3. MUNICIPAL EMPLOYEES

			-								
2015							2		2017	2018	
	Apr	July	Sept	Oct	Dec	Jan	early Mar	July	Dec		Jan
	<mark>We are here</mark>				·	·			•		
	Collec	ctive barga	ining	Start of to	wn budget	Complet	e Town mtg approves	Contract takes effect;			Cadillac tax
	betwee	n union an	d town	negot	iations	town	budget for FY 2017;	if 2-yr contract, thru June 2018			in effect
	for mur	nicipal emp	oloyees			budget	(most July-June, few cal yr)	if 3-yr contract, thru June 2019			

Notes:

Smaller towns often do not use collective bargaining; manager or Select Board decides

employees 1-50: all in exchange; only 10-20 of 200 towns use collective bargaining

employees 51-100: almost all collective bargaining; all in exchange in 2016

employees >100: several are self-insured

Burlington is self-insured

Rutland

Brattleboro

Montpelier

Town of Hartford?

Chittenden Transportation Authority?

Chittenden Housing Authority?

JFO/jm; April 6, 2015