

**INTERNATIONAL ASSOCIATION OF MACHINISTS
AND AEROSPACE WORKERS
AND
ALASKA AIRLINES, INC.
SYSTEM BOARD OF ADJUSTMENT**

IN THE MATTER OF ARBITRATION
BETWEEN

RACHAEL RAGNO ACKERMAN,

Grievant,

INTERNATIONAL ASSOCIATION
OF MACHINISTS AND AEROSPACE
WORKERS

Union,

and

ALASKA AIRLINES, INC.,

Company/Employer.

Hearing Before The System Board of
Adjustment

IAM Grievance No. 004521
(HMO Contribution Rates)

John B. LaRocco, Chairperson
Isabel Dukes, IAM Member
Keith Abernathy, Company Member

ORDER

This matter is before the IAM-Alaska System Board of Adjustment (“System Board”) on the joint motion of the parties regarding remedy. On December 20, 2016, the System Board ruled that Alaska “violated its contractual obligation to ‘contribute the same amount towards the funding of any applicable HMO as it contributes to the same tier of coverage for the PPO plan’” for Clerical, Office, and Passenger Service employees. Order at 30. The System Board ordered Alaska to cease and desist from violating the CBA within 30 days, and remanded the issue of remedy to the parties for their resolution. *Id.* The System Board retained jurisdiction over the grievance if the parties were unable to agree upon an appropriate remedy within 60 days. *Id.*

Alaska Airlines, on January 20, 2017, began contributing the same percentage amount towards the funding of any applicable HMO as it contributes to the same tier of coverage for the PPO plan for both full-time and part-time employees. It then retroactively made this adjustment to be effective January 1, 2017. In accordance with the System Board's order, the parties reached an agreement resolving all outstanding issues, subject to the approval of the System Board.

The System Board has reviewed the proposed resolution and finds that it has been reached in full compliance with the terms of the December 20, 2016 Award and the terms of the applicable collective bargaining agreement.

Accordingly, the System Board enters the following Consent Order:

- I. The remedy shall apply to all current and former employees who were enrolled in the Kaiser South HMO at any point on or after January 1, 2007.
- II. Retroactive Remedy
 1. The total estimated remedy for the period January 1, 2007 through December 31, 2016 is \$1,296,934.58.
 2. For the time period January 1, 2007 through December 31, 2013, employees will be reimbursed a set dollar amount for each year during which they were enrolled in the Kaiser South HMO. The reimbursement will be based on the employee's selected tier of coverage (employee, employee & spouse, employee & children, family) and their employment status (full-time or part-time) at the time of selection for each calendar year, as set forth in Schedule A attached hereto.
 3. For the time period January 1, 2014 through December 31, 2016, Alaska will reimburse each employee who participated in the Kaiser South HMO for the difference between the amount in dollars that Alaska paid for their HMO coverage and the amount in dollars that Alaska paid for the same tier of coverage under the PPO plan. Alaska shall calculate the actual reimbursements based on the dollar amounts paid by both the Company and enrolled employees.¹ The

¹ The reimbursements will be calculated by subtracting the actual health care premium contributions made by employees enrolled in the Kaiser South HMO (EE:HMO) from the

estimated total reimbursement for each year is shown at Schedule B attached hereto.

4. Alaska shall remit payment to all affected employees within 45 days of the date stated below, with all necessary taxes withheld for current employees. Former employees shall receive 1099s.

III. Going-Forward Remedy

For the period beginning January 1, 2017 until such time as Article 25 (D)(2)(i) of the COPS collective bargaining agreement is amended, Alaska will continue contributing the same percentage towards all HMOs as it does for the same tier of coverage for the PPO plan.

IV. Dispute Resolution

1. Disputes over individual eligibility, reimbursement calculations, or payments under this agreement must be raised by employees within ninety (90) days of the date of payment under § II (4) above. All challenges must be submitted, with supporting evidence, to Alaska's Health Benefits and Medical Relations Department during that period. Alaska will promptly advise the IAM General Chairperson of any such challenges, and shall issue a decision in writing within 45 days, providing a copy to the Union.
2. Employees will bear the burden of establishing that the original disbursements were incorrect and must provide documentary evidence in support of their position when they submit their challenge. Evidence may include paychecks, medical records, or other documents that show proof of enrollment or payroll deduction.
3. Disputes over reimbursements from the years 2007-2013 shall be limited to the issue of the employee's enrollment status and enrolled tier of coverage at the time of selection for each calendar year, not the dollar amount of the reimbursement, for a given year.
4. Disputes over reimbursements from the years 2014-2016 may include the issue of the actual dollar amount of the reimbursement, based on the evidence submitted.

difference between Alaska's contribution to the PPO (ER:PPO) and the total cost of the Kaiser South HMO (TC:HMO).

Formula: [TC:HMO – ER:PPO] – EE:HMO = reimbursement

5. All covered disputes shall be discussed in conference between Alaska and the IAM. Remaining disputes may be referred by either party to Arbitrator LaRocco for resolution consistent with the terms of the Opinion and Award dated December 20, 2016, and with this Agreement, within 30 days of the decision set out in § IV(1) above.

V. System Board's Jurisdiction

The System Board retains jurisdiction in this matter to hear and resolve disputes between the parties regarding the application and interpretation of the Consent Order filed within the time limits set forth above. Absent a timely dispute filed pursuant to § IV above, the System Board's jurisdiction will expire.

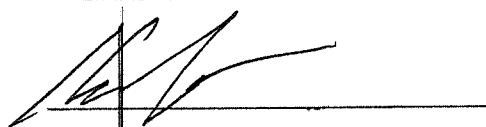
DATED: June 7, 2017

I concur/ I dissent

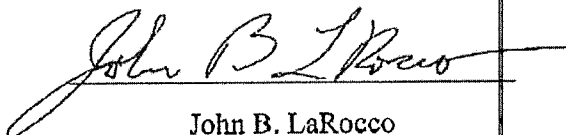


Isabel Dukes
Union Member

I concur/ I dissent



Keith Abernathy
Company Member



John B. LaRocco
Neutral Member
Arbitrator

Schedule A

The schedule of yearly reimbursements for 2007 through 2013 shall be as follows:

Full-Time Employees

Year	Employee	Employee & Spouse	Employee & Child(ren)	Employee & Family
2007	\$641.68	\$1,283.62	\$1,090.96	\$1,732.90
2008	\$993.98	\$1,987.96	\$1,689.74	\$2,683.72
2009	\$635.96	\$1,283.88	\$1,092.00	\$2,800.72
2010	\$100.10	\$199.94	\$169.78	\$269.88
2011	\$617.50	\$1,647.36	\$1,400.10	\$2,223.52
2012	\$406.38	\$813.28	\$691.08	\$1,097.46
2013	\$973.18	\$1,946.36	\$1,654.38	\$2,627.56

Part-Time Employees

Year	Employee	Employee & Spouse	Employee & Child(ren)	Employee & Family
2007	\$481.26	\$962.52	\$818.22	\$1,299.74
2008	\$343.98	\$688.22	\$585.00	\$928.98
2009	\$517.66	\$1,047.28	\$890.76	\$1,408.16
2010	\$75.14	\$150.02	\$127.40	\$202.28
2011	\$617.50	\$1,235.52	\$1,049.88	\$1,667.90
2012	\$304.72	\$609.96	\$518.44	\$823.16
2013	\$730.08	\$1,459.64	\$1,240.72	\$1,970.54

The total estimated reimbursement for all affected employees in this time period is \$840,491.26.

Schedule B

The estimated total reimbursement for each year will be as follows:

2014	2015	2016
\$70,057.28	\$245,923.22	\$140,462.82

The total estimated reimbursement for all affected employees in this time period is \$456,443.32.