Tabletalk

Winter 2011

a bargaining resource

Tabletalk –
your bargaining resource –
is published four times a year to provide CUPE Local bargaining committees, elected officers and servicing representatives useful information for preparing – and negotiating – bargaining demands. Tabletalk's three-hole-punch style makes it easy to keep in reference binders. Feel free to make copies or use the material to fit your members' needs.

Please email Susan Attenborough at research@cupe.ca with corrections, questions, suggestions, or contributions.

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Bargaining Benefits – Reining in the Cost of Generic Drugs

Prescription drugs drive up the cost of benefits for both public and workplace plans. Since 2006 B.C., Alberta, Manitoba, Ontario, Quebec, and Newfoundland and Labrador have taken steps to limit the cost of generic drug pricing. (Unfortunately, no Canadian government has yet to take on the makers of "brand name" drugs, which, unlike generic drug makers, are given significant protection from competition by the federal government.) Let's look at how the cost of generic drugs affects bargaining.

What influences the cost of generic drugs?

Generic drug manufacturers don't incur the cost of research, testing, and development so they can produce the drug more cheaply and theoretically pass those savings on to consumers. However, as a 2006 study on non-patented drug prices conducted by the Patented Medicine Prices Review Board found Canadians pay between 21 and 51 per cent more than consumers in 8 other countries for the 100 top-selling generic drugs. Why? For years, generic drug manufacturers have paid an incentive to pharmacies to stock their generic alternative. The highest bidder wins the pharmacy's shelf space, and the cost of these incentives inflates the price of the drugs.

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(Generic Drugs cont.)

To combat high generic drug costs Alberta, Ontario, B.C., Quebec, and Newfoundland and Labrador have regulated the price of generic drugs to be a fixed percentage of the brand name price.

- In Alberta, generic drug prices are fixed at 45 per cent of the cost of the brand name drug.
- In Ontario, the percentage is currently 50 per cent, but is slated to drop to 25 per cent by 2014.
- B.C. set prices at 35 per cent.
- As of 2007, Quebec and Newfoundland and Labrador require the reimbursement price to be no more than the lowest price found on any other provincial formulary for the same drug.

How does regulating generic drug prices affect workplace plans?

Governments in Alberta, Quebec, Manitoba, and Newfoundland and Labrador now ensure consistent pricing for both public and private plans. Ontario is phasing in protection over several years. In other jurisdictions, prices paid for the same generic drug may differ substantially between public and private plans. (Source: *Generic Drug Pricing And Access In Canada: What Are The Implications?* SECOR June 2010)

Generic Drug Facts

- In 2008, the use of generic prescription drugs saved Canada's health-care system approximately $3-billion when compared with the price of brand name drugs.
- The average price of a brand-name prescription in Canada is $64.19, while the average price of a generic prescription is $26.07.
- Generic drugs are identical to brand name in quality, purity and effectiveness. The only difference may be in the filler (which can affect how the body absorbs the drug) or coating of the generic medication.
- Most brand-name drugs are imported to Canada, however the vast majority of the generic drugs sold in Canada are made here, attracting jobs and investment.

Pharmacies are seeking ways to replace the revenue lost to these regulations. One option they have is to raise dispensing fees, which have remained stable for decades.

As employees with an employer-based drug plan are sometimes required to pay part of the dispensing fee, employees may end up facing higher costs, even while costs of generic drugs decrease for the employer.

How does the cost of generic drugs affect bargaining?

1) Dispensing fee caps (a limit on the amount the plan reimburses when you fill a prescription)

- If you have a cap, make sure it is high enough to protect members if fees increase.
- **If you don't have a dispensing fee cap, keep it that way!** No cap means the plan will pay for any increases in dispensing fees.
- Annual caps: If your plan has a dispensing fee cap, it is often applied to each prescription. Plan members who require a lot of prescriptions will pay each time. Try to negotiate an **annual maximum** after which the plan will pay the total dispensing fee, protecting members who require more prescriptions.

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(Generic Drugs cont.)

2) The combination of legislated cost reduction for generic drugs, plus the fact that the patents are ending on a number of popular brand name drugs, means we can expect to see an impact on the cost of prescription drugs in benefit plans.

    - Ask the employer to account for savings from generic drugs, and to engage the union in how to apply the savings to the plan or reduce premiums.
    - According to Hewitt Associates, employers can expect the Ontario portion of their prescription drug plan costs to drop by approximately 8 per cent immediately, and by 16 per cent within two years. Make sure the employer accounts for the savings to retiree drug plans too.

It is not very often that drug plans achieve cost savings! The opportunity provided by generic drug legislation and patent expiry will be an opportunity to increase fairness and reduce costs for plan members and employers. ■

Politicians Keep Out!

New study documents negative effects when governments intervene in labour disputes

The C.D. Howe Institute has released a study suggesting that politicians intervening in labour disputes ought to consider the long-term and potentially unintended results of their actions.

Authors Benjamin Dachis and Robert Hebdon— a former OPSEU negotiator— examined past government interventions and found that:

- Banning strikes increases public-sector wage levels appreciably; legislation requiring compulsory arbitration in disputes involving public employees has increased wages by about 1.2 percent per settlement.
- Back-to-work legislation reduces the likelihood of a freely settled contract in the next round of negotiations, perpetuating the cycle of government intervention.
- Allowing union certification only through a secret ballot decreases the number of strikes and lowers the wage costs of unionized employees.

For more information see the original report, *The Laws of Unintended Consequence: The Effects of Labour Legislation on Wages and Strikes*, at www.cdhowe.org/pdf/commentary_304.pdf. ■

CUPE Saskatchewan health care providers achieve settlement

On August 13 the CUPE Health Care Council and two other unions finally achieved a tentative agreement with the Saskatchewan Association of Health Organizations (SAHO) after nearly two years of contract negotiations. The settlement—ratified by 95 per cent of CUPE members on September 23—covers all 25,000 health care providers in the province represented by the CUPE Health Care Council, SEIU (Service Employees' International Union), and SGEU (Saskatchewan Government Employees Union).

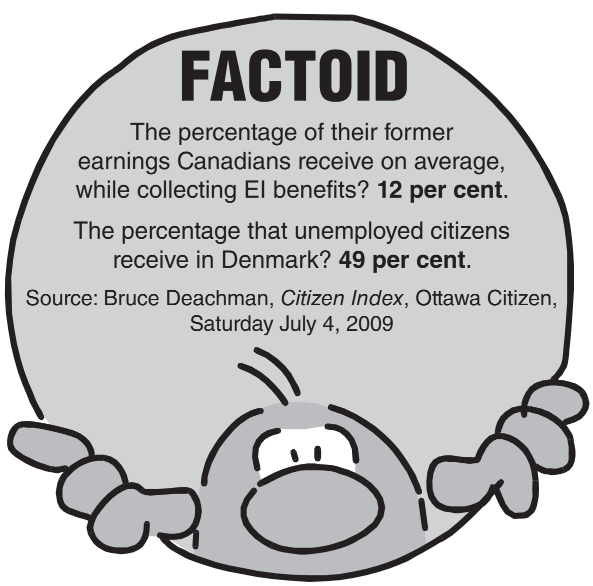
The tri-union bargaining coalition successfully pushed back Saskatchewan Association of Health Organizations (SAHO) demands for concessions and managed to win modest monetary gains for members. The agreement preserves seniority rights in the area of lay-offs, provides improved shift differentials and full retroactivity on the wage rates for members, including retirees and those on lay-off.

Legislation passed just before negotiations began labeled more than 80 per cent of CUPE's health care providers essential and denied them the right to strike. The legislation severely limited the union's bargaining power and made effective job action impossible.

"We believe it is the best agreement possible given the Sask Party government's essential services legislation which crippled our power at the table," said CUPE Health Care Council president Gordon Campbell.

The health care providers include special care aides, licensed practical nurses, food services workers, laundry, housekeeping and activity personnel, maintenance, administrative, clerical, emergency medical personnel, therapeutic and recreational workers, and medical technologists and technicians.

Ratification of the agreement brings a lengthy and difficult bargaining process to a close. Congratulations to the Health Care Council for effectively pushing back employer concession demands, under such challenging circumstances. ■



FACTOID

The percentage of their former earnings Canadians receive on average, while collecting EI benefits? **12 per cent**.

The percentage that unemployed citizens receive in Denmark? **49 per cent**.

Source: Bruce Deachman, *Citizen Index*, Ottawa Citizen, Saturday July 4, 2009

EI Premiums – Rates to Rise

Is the recession over? The Harper government thinks so. They've increased EI premiums.

Premiums will increase five cents from $1.73 to $1.78 for every $100 of insurable earnings for 2011. Employers contribute 1.4 times the employee's premiums or 7 cents per $100 of earnings. You will see the change reflected in your pay cheque starting in January 2011.

The EI premium freeze was part of the Conservatives' "Economic Action Plan" designed to help the country out of the recession. Since Canada's economy and overall jobs picture has improved, the Harper government considers the freeze is no longer needed. The Canadian Labour Congress (CLC) challenged the government saying that the freeze should continue until the recovery is more stable and unemployment rates dip below 8 per cent.

In a letter to Finance Minister Jim Flaherty, the CLC argued that the costs should be charged to the stimulus fund until the economy is in better shape. The current recovery is tenuous and unemployment rates are still unacceptably high.

It seems the closest the Conservative government can come to addressing the deficiencies of the EI program is with the following pilot projects:

> EI premiums are based on earnings. If you earn the maximum or more your premiums will be $43,200 X 1.73 = $743.36 each year. Your employer pays 1.4 times your premium– $1,046.30 for employees earning the maximum or more. The province of Quebec has opted out of the federal system and runs its own program.

#1. "Working while on claim" enables workers to pick up some work here and when available without breaking their claim and having to reapply. It was supposed to end in December 2010 but has been extended to August 2011.

#2. "Best 14 weeks" refers to the calculation of benefits. Benefit rates are calculated based on the highest 14 weeks of insurable earnings over the last 52 weeks, which may provide better wage replacement. This provision was set to end in October 2010 but has been extended to June 2011.

#3. "New entrants/reentrants" reduced qualifying hours from 910 to 840 to increase accessibility to claiming EI benefits. This pilot ended in December 2010.

#4. "Five extra weeks" provided five extra weeks of benefits for all claimants in the Harper government's Economic Action Plan. This ended September 2010.

This patchwork of projects applies to some regions and not others, and does not address long term problems with the EI system.

The Harper government's increase of EI premiums contradicts the recommendations of experts at both the CLC and the Caledon Institute. Raising payroll taxes at this time just doesn't make sense. ■

Trade Deal threatens Public Services

Don't be surprised if you haven't heard about the latest trade deal the Conservative government is negotiating. It's called CETA, or the "Canada-European Union Comprehensive Economic and Trade Agreement," and the Harper government hasn't exactly been public about the negotiations.

The agreement with the European Union boosts business interests, and threatens public services and environmental standards. CETA threatens to privatize many of our valued public services like municipal water systems and electrical utilities by making it easier for foreign and multinational companies to sell their services to local governments.

International businesses see public services as a way to make profit, not a way to ensure fair access to improve quality of life. The EU is pushing for full access to purchasing and contracting in municipalities, municipal organizations, school boards and publicly funded academic, health and social service entities.

Opposition is growing. More than 200 people attended a rally in Ottawa on October 22 to protest CETA. CUPE National President Paul Moist wrote to Prime Minister Harper demanding that talks cease until there is public consultation and that proposals be made public instead of negotiating behind closed doors.

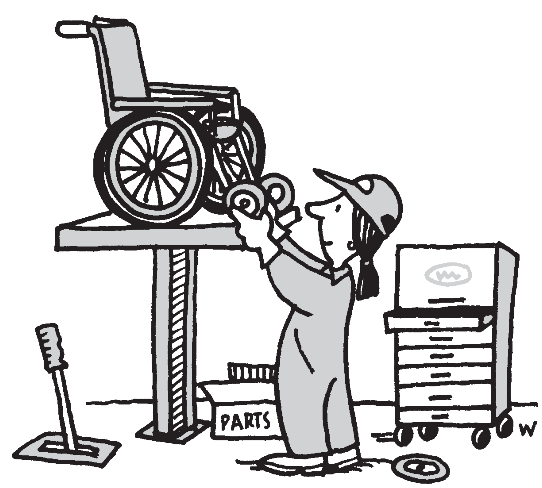
See the letter online at cupe.ca/trade/moist-harper-public-eu-trade-deal.

To find out more about how you can help fight CETA, go to tradejustice.ca. ■

Innovative Language

New language covers repairs to mobility devices

Local 79 negotiated this language to protect members who use wheelchairs or scooters. It recognizes that the employer should be responsible for compensating employees for use during work time in the same way that people who drive cars receive a car allowance or mileage rate for upkeep and maintenance of that vehicle. ■



CUPE Local 79 and the Toronto Community Housing Corporation (TCHC) expiry December 31, 2011

18.07 Transportation
Effective date of ratification, TCHC has agreed to compensate local 79 members who use personal assistive mobility devices, such as motorized wheelchairs or scooters as their primary mode of transportation during work hours, for the purposes of doing business for TCHC. The reimbursement must be approved by the Director, Labour Relations and Employee Services. TCHC will pay 50% of repair costs upon submitting a receipt for the above mentioned device not to exceed $500.00 per annum per employee.

Consumer Price Index

In the midst of a slowly recovering economy, consumer inflation is rising not because of underlying price pressures but because of increases to sales taxes (HST in Ontario and B.C.) and hikes to electricity prices in some provinces.

Consumers saw prices continue to rise from October 2009 to 2010. During that year prices rose 2.4 per cent. Energy prices were one of the main culprits:

- Prices at the pump were 8.8 per cent higher than a year earlier.
- Prices for electricity increased 8.1 per cent.
- Natural gas prices rose 10.6 per cent.

Car prices were up 4.9 per cent in the 12 month period from October 2009 to 2010. Plus, the cost of car insurance rose, as premiums increased 4.6 per cent during that same period.

Have you noticed your grocery bills going up? Food prices rose 2.2 per cent from October 2009 to October 2010. Higher prices were recorded for meat, fresh vegetables, and non-alcoholic beverages. Consumers also paid more for food at restaurants.

All provinces recorded price increases on a year-over-year basis in October. Gasoline prices drove those increases in every province.

In B.C. prices rose 2.4 per cent between October 2009 and 2010. B.C. residents saw gasoline prices increase 9.2 per cent compared to a 8.7 per cent increase in Quebec, and 4.5 per cent in Alberta.

Alberta continues to show the slowest growth in inflation, but consumers there still paid more for passenger vehicles, property taxes, gasoline and natural gas.

Looking to the future, forecasters expect consumer prices at the national level to rise between 1.8 per cent and 2.4 per cent on average for 2011.

Sources: Statistics Canada and *The Economic Climate September 2010* ■

Consumer Price Index by province, October 2009 to October 2010

	% change
Canada	**2.4**
Newfoundland and Labrador	3.0
Prince Edward Island	2.3
Nova Scotia	2.9
New Brunswick	1.8
Québec	1.4
Ontario	3.4
Manitoba	1.2
Saskatchewan	2.1
Alberta	1.2
B.C.	2.4

Source: Statistics Canada, *The Daily*, Thursday, Nov. 23, 2010

Current and Upcoming "Key" Negotiations — November 15, 2010 (covering 500 or more employees)

Federal Jurisdiction

Employer	Union	Employees	Status	Expiry Month
Public Sector				
Government of Canada	Various unions	166,870	Bargaining/ Tentative Agreement	Dec 09 / Dec 11
Saskatchewan Telecommunications	CEP	3,460	Bargaining	Mar 10
Canada Post Corporation	CUPW	54,0000	Bargaining/Arbitration	Sep 09 / Jan 11
Private Sector				
Air Canada	Various unions	26,180	Bargaining	Feb 11 / Mar 11

Provincial and Territorial Jurisdictions

Employer	Union	Employees	Status	Expiry Month
Public Sector				
Government of Prince Edward Island	PEIUPSE	1,950	Arbitration	Mar 10
Government of Nova Scotia	NSTU	10,000	Bargaining	Jul 10
Capital District Health Authority	NSGEU	8,350	Bargaining	Oct 10
Health Association Nova Scotia	NSNU	3,580	Bargaining	Oct 09
Government of Nova Scotia	CUPE	1,650	Bargaining	Oct 09
Halifax Regional School Board	CUPE	770	Bargaining	Jul 09
Government of New Brunswick	NBUPPE/CUPE	6,630	Bargaining	Feb 09 / Dec 09
Comité patronal de négociation du secteur de la santé et des services sociaux	Various unions	46,710	Bargaining/ Tentative Agreement	Mar 10
City of Montréal	Various unions	15,700	Bargaining/Arbitration	Mar 09
Gouvernement du Québec	Various unions	9,110	Bargaining/ Tentative Agreement	Mar 10
City of Québec	Various unions	3,100	Arbitration	Dec 06/ Dec 10
Universities	Various unions	16,620	Bargaining	Apr/Jun/Aug 10
Ontario Hospital Association	SEIU	15,000	Arbitration	Oct 09
Government of Manitoba	MGEU	13,500	Bargaining	Mar 10
Government of Saskatchewan	STF	12,000	Bargaining	Aug 10
City of Saskatoon	CUPE	1,490	Bargaining	Dec 09
City of Regina	CUPE	1,200	Bargaining	Dec 09
Government of Alberta	AUPE	22,000	Bargaining	Aug 10
Community Social Services Employers Association	BCGEU	15,000	Bargaining	Mar 10
Health Employers Association of British Columbia	HSABC	14,000	Bargaining	Mar 10
Private Sector				
Canada Safeway Limited (Alberta)	UFCW Canada	10,725	Bargaining	Mar 10
Construction Sector	Various unions	8,900	Bargaining	Apr 10

Upcoming Key Negotiations

Employer	Union	Employees	Status	Expiry Month
Provincial and Territorial Jurisdictions, Public Sector				
Ontario Hospital Association	Various unions	57,970		Mar 11
Government of New Brunswick	NBNU	5,800		Dec 10
Toronto Transit Commission	ATU	8,970		Mar 11

Source: Strategic Policy Analysis, and Workplace Information Directorate Labour Program—HRSDC, November 15, 2010