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Brief on Labor Management Cooperation Submitted to the Commission on the Future of Worker-Management Relations

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Comments

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HOT TOPICS
"Future Worker Management"

HealthSpan and SEIU Local 113
Brief on Labor Management Cooperation

To

The Commission on the Future of Worker/Management Relations

HealthSpan is a not for profit health care system headquartered in Minneapolis, Minnesota with approximately 15,000 employees throughout the state. The corporation consists of owned and affiliated acute care hospitals and long-term care facilities; owned and affiliated medical practice groups; over 3,200 affiliated physicians; and a supportive diversified business providing home care, medical equipment and transportation services within the upper Midwest. HealthSpan provides health care for 27 percent of the Twin Cities Metropolitan area market.

Forty-three percent of the 12,300 hospital employees employed by HealthSpan are represented by labor organizations certified under the National Labor Relations Association (NLRA). Labor organizations representing employees involved in existing cooperative efforts are Service Employees International Union (SEIU), Local 113; Minnesota Nurses Association (MNA); International Union of Operating Engineers, Local 70; Minnesota Licensed Practical Nurses Association (MLPNA); Association of Diagnostic Imaging Technicians; and Plumbers and Pipefitters International Union, Local 561.

SEIU Local 113, Minnesota's Health Care Workers Union, AFL-CIO represents over 10,000 Minnesota health-care workers including service workers, RNs and LPNs, X-Ray and Laboratory Technicians, dental hygienists, pharmacists and psychotherapists. These members are represented in hospitals, nursing and group homes, health maintenance organizations and private clinics. Two thousand Local 113 members are currently employed by HealthSpan.

Background/History

Human Resources from United and Childrens' Hospitals of St. Paul, MN, began meeting in 1983 with Local 113 and other labor organizations to explore options for expanding hospital and labor organization relationships. Discussions between the hospitals and the unions resulted in a commitment to develop a labor-management committee (LMC) structure during 1984. The structure would provide an opportunity to more effectively discuss workplace issues outside the bargaining and grievance procedure process. Initial assistance, training in LMC processes and facilitation was provided by Federal Mediation and Conciliation Services (FMCS).

Three labor management committees, one for each bargaining unit, were established. Management and labor separately selected their own committee representatives. Management representatives included the Human Resources Vice President, Operations Vice President, Personnel Manager and selected department heads. The elected head of each union, the staff member assigned to the particular bargaining unit and stewards were selected by the union.

In 1985, the LMC process received a Labor Management Cooperative Grant from FMCS. The \$50,000 grant provided funding to hire an internal labor management coordinator who would facilitate the evolving labor management cooperative process at the hospitals. At the conclusion of the 18 month grant period, joint funding and supervision of the labor management coordinator position was continued.

In 1988, Health One (parent company to United Hospital) and Health Central merged to form a new Health One. LMC processes were expanded within the new company to new bargaining units and locations.

Discussions to establish a jointly sponsored continuous quality improvement (CQI) process for the company led to an examination of existing practices and processes within the labor-management committee arena. A corporate wide Labor Management/CQI structure was developed to ensure equal support for labor management cooperation and quality improvement; enhance union and management relationships. Risks and benefits of cooperation and critical success factors were identified. As equal partners in the process, a written agreement has been developed. The "Co-Sponsorship Agreement" sets in place the cornerstones and foundations for success needed to accelerate our cooperative process. The agreement identifies our relationship, and establishes the boundaries and relationship of cooperation to the collective bargaining agreements and the rights and obligations of both the employer and unions. (*Critical Success Factors* - Exhibit 1; *Co-Sponsorship Agreement* - Exhibit 2)

In March 1993, Health One and LifeSpan merged to form yet another new company, HealthSpan Corporation. While Health One had developed significant opportunities for labor and management to cooperate, LifeSpan had not. Both labor and management are currently in the process of building upon, enhancing and continuing current relationships by working through issues, establishing a framework and setting ground rules.

Costs and competitive business conditions have required the hospitals to re-examine how health care is delivered. Jointly managed patient care redesign and cost reduction processes have been initiated at several locations. The processes are being jointly developed and managed in a manner that allows management and labor to keep their obligations and rights to represent separate interests while focusing on necessary change in a wide variety of work processes.

FMCS's early direct assistance and ongoing support by FMCS, the Bureau of Mediation Services of the State of Minnesota, Metropolitan Hospitals Labor Management Council, and Twin Cities Area Labor Management Council have been instrumental in creating the environment for change. The National Center for Dispute Settlement has provided a model and consultative assistance within which we have self designed our cooperative process.

In response to specific question areas requested by the commission, we submit the following as a present state analysis of our process:

The Twin Cities health care market is a highly competitive market that includes multi-employer bargaining relationships. Labor and management recognize that multi-employer bargaining by its nature brings limitations in adequately addressing HealthSpan and labor

unions' specific day to day operational issues. The company's interest is in creating a pro-employee environment and recognizing the union as legal representative of employees. The unions' interest is in representing those workers and ensuring employment security. To provide security the company must be successful. Cooperative efforts provide an opportunity for labor and management to come together around mutual interests for the betterment of both parties.

HealthSpan has undergone a process to determine our mutual interests, appropriate stakeholder groups for inclusion in our cooperative processes and have designed a specific approach for labor unions and company. Each stakeholder group has determined its own representation and has been involved in the labor management and CQI process development. As a result we have multiple levels of involvement tied together in a unified structure. (*Structure - Exhibit 3*)

Corporate Labor Management/CQI Council

A 25 member joint Labor Management/CQI Council consisting of executives throughout the corporation and labor union leaders was developed. Its purpose is to: 1) support quality improvement; 2) develop a culture of trust, respect, joint decision-making and problem solving; and 3) develop and provide on-going support, education and direction concerning the joint corporate quality vision and labor relations policies. Council membership is determined by the each stakeholder group with each monthly meeting being co-chaired by management and labor. Decision making is by consensus.

The corporate Council discusses strategic business issues, financial performance and direction within the company. The "Rights and Obligations" section of the Co-Sponsorship Agreement indicates that management will involve labor in a wide variety of problem solving activities. As labor and management continue to build more cooperative relationships, and define areas of mutual interest it is expected that the boundaries of success will continue to expand and broaden.

Operating Unit Labor Management/CQI Councils

Joint Labor Management/CQI Councils have been established at each organized operating unit. Membership on those committees is determined by identification of stakeholder groups and selection of representatives from those groups. They operate within the parameters of the Co-Sponsorship Agreement. A key organizing concept has been the corporate wide LM-CQI Council providing a framework within which individual operating units and labor organizations develop their cooperative partnership. Operating unit LM/CQI Councils are responsible for developing and implementing a cooperative labor relations strategy and continuous quality improvement at the hospital/operating unit level. Each Council develops its LM/CQI implementation plan consistent with the operating unit culture. The result is a strategic plan which is then reviewed through a chartering process by the corporate council. Unit councils may establish a joint Guidance Team to manage the CQI team and project selection process or retain those functions.

Bargaining Unit Labor Management Committees

The labor management process has continued to expand and evolve since its beginning in 1984. Bargaining unit specific LMCs have continued. Currently, 13 LMCs exist with several more in the developmental stage. Membership is determined by each committee with

a variety of mechanisms in place for member rotation. Bargaining unit LMC's are responsible for the transformation of the nature of the relationship between labor and management into a collaborative relationship, the facilitation of labor management relationships throughout the organization, improving communication; providing a problem-solving framework and increasing employee involvement in day to day operations of the employer in addition to other activities at the bargaining unit level. LMC's regularly spinoff work to sub groups lead by LMC members. They provide a vital feedback and communications link between the LM-CQI Councils at the facility and the bargaining unit membership.

Operating unit LM/CQI Councils and LMCs meet once a month. Most committees are co-chaired by a labor and management representative. They operate with established ground rules and with consensus agenda setting and decision making. Some committees establish agendas off action items identified at the previous meeting. Other committees establish agendas through the co-chairs, communicating them prior to the meeting. Committees meet on the employer's premises during regular working hours with employees compensated according to their contractual labor provisions. Separate budget items have been set up for CQI and in most cases labor management cooperative efforts including any sub-group or task force meetings resulting from the processes. This includes payment of time or replacement costs of an employee to be released from work.

CQI Process Improvement Teams

Process Improvement Teams are formed through a joint overview process established by each Operating Unit LM/CQI Council. Team membership is voluntarily determined. Team leaders are selected by the team. Facilitators for teams are selected by the LM/CQI Council and trained internally in a specifically designed program.

Selected significant accomplishments have been:

- Development of Employee Relations Principles, the Co-Sponsorship Agreement and an Employment Security Policy merging the LMC and CQI processes.
- Facilitator training of Union Business Agents, Council and LMC members, managers and bargaining unit members. A result is the beginning of the integration of quality improvement techniques and data driven decision making into LMC and other labor relations discussions.
- Selection of over 150 CQI teams with significant financial and process improvements resulting from their efforts.
- Improved steward-supervisor/business agent-manager relationships.
- Establishment of joint decision making on contracting-in/subcontracting-out of work which resulted in improved quality and a savings in excess of \$500,000.
- Closing of an 800 bed hospital affecting 1,800 employees; developing a jointly managed placement process which resulted in placing all but 100 employees at a cost savings of at least \$5,000,000. (*Health One Downsizes - Exhibit 4*)

- Development of joint workplace safety programs.
- Joint contract interpretation training following contract negotiations.
- Projected cost improvements in excess of \$10,000,000 through work redesign.

Before starting a labor management process, it is important to be sure of your commitment to the process. This is a business decision for management and an organizational decision for labor. Developing a process that will succeed requires a clear understanding by both labor and management that the necessary changes in relationships do not happen overnight. Effective working relationships require trust and good faith, and are built one step at a time. They require a significant investment of time, resources, training and degree of risk to design a process that reflects organizational cultures and meets the relationship needs of both management and labor. How you begin is the key. This means labor and management need to clearly define what their separate interests and goals are for the cooperative process, be dedicated to the concept of cooperation; and be willing to share, learn and change.

A key to HealthSpan's success was the investment we made from the beginning. Organizational values, Employee Relations Principles, staff support, budget, training and education supported the joint attention to process, structures, ownership, control and implementation.

Through our experiences, we have learned several lessons. They include:

- Involving the unions early in developing employee involvement processes.
- Middle management involvement in developing and managing any joint process is critical. They are stakeholders and will resist if left out.
- Training in group process and labor management cooperation principles is necessary at every level in the process.
- As relationships develop, the decision making process needs to move away from information sharing and consulting, and move toward collaboration and consensus.
- Invoking a "No Surprise" principle into your relationships will significantly improve the labor management relationship.
- Communicate - Communicate - Communicate

If we had to do it all over again, we would. It is our hope that the Commission can find ways to support cooperation between labor and management. We have enriched our working relationships, significantly improved the work lives of those people employed by HealthSpan, expanded the opportunity for labor organizations to meet their memberships' needs, and improved the company's financial and organizational effectiveness. Labor and management are equal partners in defining and benefiting from areas of mutual interest.

Thank you for the opportunity to address the commission. We support your efforts to improve labor relations and look forward to supplying any additional information to help you in your deliberations.

Critical Success Factors

HealthSpan

Labor-Management Cooperation

Management

- Clear definition of management interests and goals
- Dedication to the concept at all levels
- Willingness to devote time and resources
- Active/visible leadership involvement
- Open Communication
 - Sharing information
 - Listening to new ideas
- Willing to change
- Willing to take the lead in establishing trust and good faith

Union

- Clear definition of the union's interests and goals
- Involvement from day one
- Communication with membership
- Clear recognition of possible dangers
- Active/visible leadership involvement
- Ability to commit to trust and good faith