



ARCA/MCA

Southern California

ALERT



Issue II July 2004

Airconditioning, Refrigeration and Mechanical Contractors Association of Southern California, Inc.



www.arcamca.org



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Health & Welfare Issues

Health and Welfare benefits are important to each and every one of us. Yet, in today's competitive environment it is important that a balance is struck between benefit levels and benefit costs. The Airconditioning and Refrigeration Industry Health & Welfare Fund offers to its participants a choice between PacifiCare (36% participation), Kaiser (18% participation), Fee for Service (43% participation) and Secure Horizons (3% participation). The Inland Refrigeration Health Plan offers PacifiCare, and the Southern California Pipe Trades Health Plan offers Affiliated Health Funds.

The Airconditioning and Refrigeration Industry Health & Welfare Fund plan actuary, Kaufmann and Goble, has determined that the increase cost to maintain the current plan benefits as of September 1, 2004, would be \$1.28 per hour. And to rebuild over the next three years the reserve level back to a six month reserve, the hourly contribution would have to be increased by an additional \$0.67 per hour for three years. Representatives of UA Local 250 and District Council 16 have allocated the September 1, 2004 increase to taxable wages. This means the plan would be deficit spending within the next few months. To offset this deficit, the Trust Fund Board of Trustees would find it necessary to adjust the current level of benefits.

Annual cost increases for medical plans have become the norm. In May 2003, the Kaiser Plan increased by 16.7% and the PacifiCare Plan increased 22%. During 2003, the Plan is projected to decrease Plan assets by \$1.6 million, or about \$0.62 per hour. An important component of the health plan is the cost of prescription drugs. In 2003, the average monthly cost of prescription drugs was significantly higher for retirees compared to active participants. The monthly prescription drug cost per active participant was \$99.44, for a non-Medicare retiree it was \$207.47, and for a Medicare retiree it was \$270.21. This monthly prescription drug cost is a very important part the overall Plan costs and the monthly retiree cost.

There also has been considerable discussion regarding the retiree health care plan. The Board of Trustees studied the retiree health care plan for nearly two years before reaching a unanimous decision to increase the monthly cost to retirees. The new formula was based on the premise that the longer a person worked in the industry the greater the subsidy to that participant's cost, and conversely, the shorter the years of service to the industry the less subsidy to that participant. If the new retiree copay formula is reduced in any amount, that reduction would have to be made up by active em-

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President's Message

In our last edition of ARCA/MCA Alert, I communicated one of our Association's objectives to identify and recruit more individuals within our Association of contractors to participate on joint management/labor committees. These committees include:

- ARCA/MCA Board of Directors
- Trustee Positions
- Local Management / Labor Committees
- National MCAA/MSCA Committees
- ARCA/MCA Succession Planning



Ken Westphal

We sought to increase member participation to better understand our own needs and wants, ensure ARCA/MCA is a provider of services required to meet our member's objectives and strengthen our industry at your level of contracting. Today, more than 25 individuals from 20 member companies volunteer their time on key industry committees to meet the objectives of our Association.

These individual members reflect an important increase in the level of active participation. One such example is the level of participation at the Service Managers Roundtable as well as ARCA/MCA sponsored training sessions and general industry meetings.

At our Board of Directors, Jay Sparlin was appointed representing Hill Phoenix. New Trustee members include Bob Carder of Air-Ex, Peter Buongiorno of Barr Engineering, Bob Lake of Mesa/Emcor, and Steve Smith of ACCOES.

On a National level, Joe Urban of Thermalair serves on the MSCA Board of Managers and the Education Committee. Bob Lake of Mesa/Emcor participates on the MSCA Marketing Committee and I was recently appointed to serve on the MCAA Industry Funds Committee.

It is important that our Association continue to expand its participation within our industry, and in particular that of our contractors. Succession Planning will continue to be a very high priority of ARCA/MCA to increase our market share and profitability.

MES Orientation

In August the Mechanical Equipment Serviceman/Tradesman Committee will be holding its annual breakfast/open house for both MES and MEST employees and their contractors. The committee will be presenting a brief description of the daytime program and the classes that will be offered.

The open house will be at 7:30 am, at the Los Angeles campus on Tuesday morning August 24th and at the Orange County campus on Tuesday morning August 31st. This will be a perfect time to sign up for classes that will start in mid October.

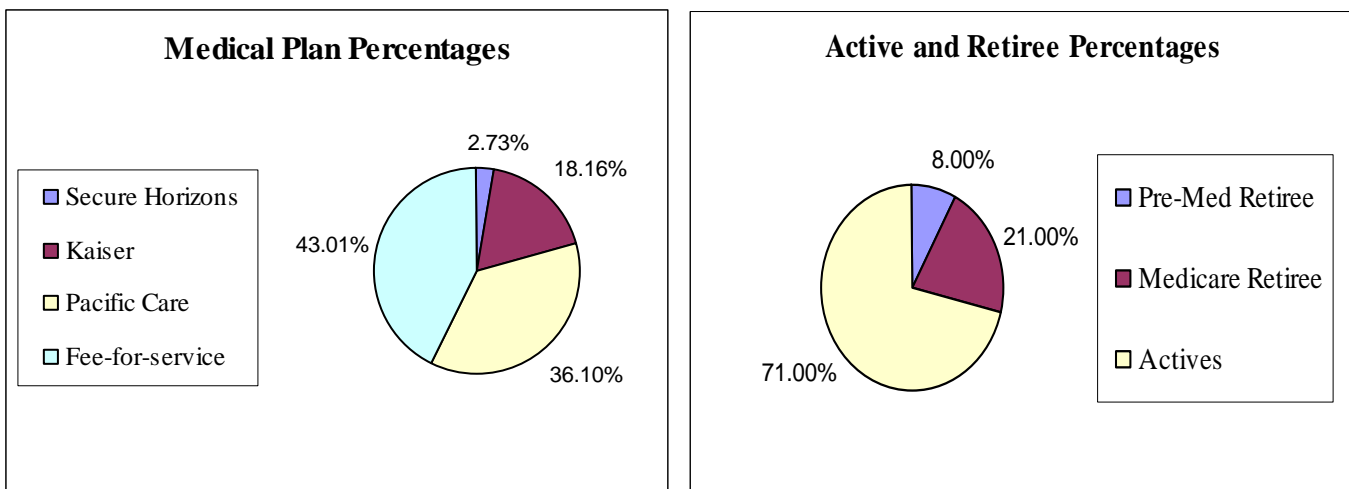
See you there!

(Continued from page 1)

ployees. Currently the subsidy cost is \$1.64 per hour.

This plan has been and continues to be subsidized by the active members of the plan. The Board of Trustees (labor and management) unanimously voted to approve the change in the retiree copay that went in effect January 1, 2004. This copay increase was necessitated by substantial increases in the cost of providing retiree health benefits.

If the higher cost of retiree health care were passed on to the active plan participants, in a short time we would see the existence of the retiree plan threatened. If the current employment trend continues, in just a few years, we will see less and less active employees carrying the cost for more and more retirees. This problem mirrors the problem of the federal Social Security and Medicare systems. Fortunately, the Trustees had the foresight to



Service Managers Roundtable Update

The June meeting of the Service Managers Roundtable took place at the Los Angeles and Orange County Training Centers. The service managers continue to take advantage of the I-TV capability, making participation easier and a more efficient use of time. The meeting began with a discussion regarding the impact of fuel and material costs. The highlight of the meeting was a presentation and discussion about the hiring and use of Mechanical Equipment Serviceman (MES) and Mechanical Equipment Serviceman Tradesman (MEST) employees under the terms of the National Service Agreement. Currently the industry is utilizing more than one hundred and twenty-five of these employees. Proper use of these classifications increases the competitiveness of a company and enhances the employment opportunities of apprentices and journeyman. The service managers concluded the meeting with discussions about the training voucher program, the termination of the Industry Recovery Fund, and the MSCA Star Qualified Contractor Program and the UA Star Certification Program. Thermalair and Cal-Air were congratulated for being recognized as MSCA Star Qualified Contractors!

The next meeting of the Service Managers Roundtable is September 14, 2004. The meetings begin promptly at 11:00 a.m. and conclude no later than 1:00 p.m. Lunch is provided at both locations. Notify the ARCA/MCA office if you would like to have your name added to the ARCA/MCA service managers email contact list.

ARCA/MCA

SOUTHERN CALIFORNIA

ALERT

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Calendar of Events July August September 2004

JULY 2004

1-2		United Association International Training Conference (Florida)
8	10:00 am	PIPE Board of Directors meeting
14	10:00 am	SCPT Administrative and Delinquency Committees
15	9:00 am	ACRT Delinquency & Benefits Committees
20	9:30 am	Inland Benefits Fund Board of Trustees
21	8:00 am	SCPT Appeals Committee
21	10:00 am	SCPT Board of Trustees
28	5:00 pm	ARCA/MCA Annual Membership Meeting (Pacific Palms Resort, City of Industry, CA)
31		AEC Conference (Whistler, BC)

AUGUST 2004

1-4		AEC Conference (Whistler, BC)
2	5:00 pm	Inland JAC and Training Trustees
12	10:00 am	ARCA/MCA Board of Directors
17	4:00 pm	Joint Apprentice Committee (JAC)
18	10:00 am	SCPT Finance Committee
18	10:00 am	CLC meeting in Sacramento
23	8:00 am	ACRT Investment Committee
23	10:00 am	ACRT Board of Trustees
24	7:30 am	MES and MEST Orientation at Los Angeles Training Center
31	7:30 am	MES and MEST Orientation at Orange County Training Center

SEPTEMBER 2004

1	9:30 am	Joint Industry Council at LA Training Center
13	5:00 pm	Inland JAC and Training Trustees
14	11:00 am	Service Managers Roundtable
14	4:00 pm	Joint Apprentice Committee (JAC)
17-22		International Foundation Legislative Conference (New Orleans, LA)
25	6:00 pm	JJATC Apprentice Graduation Banquet

ARCA/MCA Southern California Mission Statement

The Mission of the Airconditioning, Refrigeration and Mechanical Contractors Association of Southern California, Inc. (ARCA/MCA) is to exceed the expectations of the Association's member companies. The Association will provide a link of communication that will address, advance, and inform the Association membership of the latest updates on legislation, technology, and issues pertinent to the Airconditioning, Refrigeration and Mechanical Contracting Industry. The success of the Association in achieving this Mission is to be based on integrity and loyalty to its members. We will strive to be diligent and flexible by supplying services the membership needs to be competitive in an ever-changing business environment.

CLC UPDATE Workers' Compensation
(submitted by Politico)

June 14, 2004

Changes to California's workers' compensation system became effective on Monday, April 19, 2004, with the passage of Senate Bill 899 (SB 899). With some exceptions, the changes affect all pending claims but do not require revising or reopening any past decisions.

Highlights of the new law include:

Allows employers and insurers to contract with approved provider networks for treating work-related injury and illness and thus control treatment indefinitely. Employees may seek second and third opinions from their choice of doctors within the network. An injured worker who is unsatisfied with network doctors' recommendations may appeal to an Independent Medical Reviewer (IMR). If the IMR agrees with the injured worker, the injured worker may seek treatment from a doctor of his or her own choosing, and the employer loses medical control.

Specifies that employees may only pre-designate treating physicians who are part of the employer's health benefits plan.

Limits temporary disability (TD) payments to 24 months from the first payment. Certain injuries have extended TD periods of up to 240 weeks within five years from the date of injury.

Requires an employer/insurer to authorize medical treatment within one day of receiving an occupational injury claim, even though the claim may be delayed for up to 90 days for investigation. Limits liability for pre-acceptance medical treatment at \$10,000.

Refers all medical disputes regarding disability to a panel of Qualified Medical Examiners (QME) for resolution.

Restores former vocational rehabilitation benefits for injuries that occurred prior to January 1, 2004.

Encourages good faith reporting of fraud and protects the reporting party from civil liability.

Promotes return to work programs by providing employers of fewer than 50 employees with subsidies for workplace modifications and special equipment.

Provides incentives to employers of 50 or more employees who return disabled employees to work. Allows a 15% reduction in permanent disability payments if an employer brings an employee back to the same job, at the same pay, or accommodates him or her with a modified job, as long as the job pays at least 85% of the previous job and lasts for at least 12 months.

Gives injured workers who work for employers of 50 or more employees who are not offered return to regular, modified, or alternative work a 15% increase in their permanent disability award.

Expands alternative dispute resolution procedures allowing employers and groups of employers of union-represented employees to negotiate pilot programs.

Replaces current law favoring employee interests in litigation with one that requires all parties to be treated as equals.

Excludes workers' compensation from penalty enforcement under SB 796, the "Sue Your Boss" law signed by former Governor Davis in 2003.

Retroactively eliminates the primary treating physician presumption of correctness, but does not permit reopening prior decisions.

Limits the requirement that insurers review illness and injury prevention programs to those insured's with an experience modification factor over 2.0.

Revises penalty structure to reduce penalties on most violations but includes a penalty of up to \$400,000 for an employer/insurer whose frequency of violations indicates a general practice of non-compliance.

Requires that the causes of an injury or illness be classified as either work related and or not work related for the purposes of determining disability. Requires doctors to address this issue in medical reports.

Prohibits permanent disability awards in excess of 100% for any region of the body over an employee's lifetime.

Revises the standard for evaluating permanent disability from "ability to compete in the open labor market" to "diminished future earning capacity," with the final determination to be based on AMA Guides.

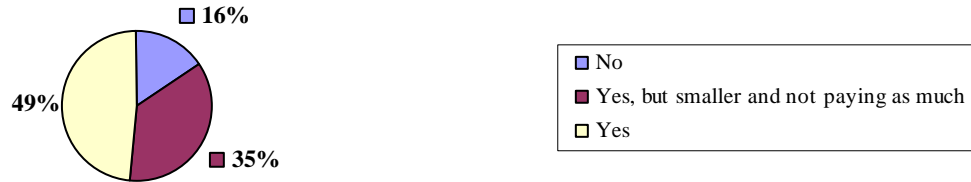
Increases benefits for injured workers with more than 70% disability and reduces benefits for those with less than 15% disability.

How Secure is Social Security?

Will Social Security be around when you are 65?

Source: Junior Achievement/Allstate Foundation poll of 1000 respondents ages 13-18 conducted in 2003.

Margin of error 3%



EVIDENCE DOES NOT SUPPORT TOXIC MOLD THREAT

A recent National Academy of Sciences (NAS) report on mold in buildings concludes, "the available evidence does not link mold or other factors associated with building moisture to all the serious health problems that some attribute to them." The report continues, however, "excessive indoor dampness is a widespread problem that warrants action." A nine-member expert panel of the NAS' Institute of Medicine (IOM) reviewed the mold issue at the request of the Centers for Disease Control. The IOM panel found that scientific evidence is limited, but available data showed that mold can exacerbate asthma and cause coughing, wheezing and other upper-respiratory symptoms in otherwise healthy people. Because dampness in buildings is a widespread problem, and much scientific uncertainty exists, the panel called for better building design, construction and maintenance to minimize such problems. Pre-publication copies of *Damp Indoor Spaces and Health* are available from the National Academies Press at 1-800-624-6242 or go to <http://www.nap.edu>. **MSCA Dateline June 25, 2004**

Editor's Note (This issue was discussed at the June 2004 Service Manager round table meeting. Copies of the executive summary were provided to all in attendance.)

Saving for Retirement

Many fear the high federal budget deficit will lower Social Security Benefits. More than 6 in 10 are likely to increase their retirement savings. Percentage increase in retirement savings by age:
(USA Today March 2004)

