

State Supreme Court ruling affects retiree health benefits

By Denny Walsh, Sacramento Bee

In a development that may help Sacramento County retirees regain lost health-care subsidies, the California Supreme Court ruled last week that counties can be bound by an “implied contract” with retired employees.

In a federal lawsuit that was filed in April, the Sacramento County Retired Employees Association is challenging the county’s drastic reduction of subsidies that help retirees pay for medical and dental insurance.

As a cost-saving measure in tough economic times, the Board of Supervisors slashed the subsidy in 2010 by \$100 a month – from a maximum of \$244 to \$144 – and then, in 2011, to a maximum of \$80.64 a month.

The association, which claims a membership of approximately 8,000, alleges in its complaint that the board’s actions breach an implied contract in violation of the U.S. and California constitutions.

The “substantial subsidy” provided by board actions from 1993 through 2009 is evidence of “a legislative intent to create a contractual right, because it induced plaintiffs to remain employed with the county and they relied upon it in deciding when to retire,” attorney Mark Merin wrote in a brief opposing the county’s motion to dismiss the suit.

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