

# Retirees sue S. Lake Tahoe over health benefits

By Kathryn Reed

Retirees from the city of South Lake Tahoe are suing their former employer over the changes to the health benefits that took effect the first of this year.

“What the city has done essentially is thrown the retirees under the bus. They don’t have the power to negotiate now that they are retired,” Joe Rose, attorney with Rose Law in Sacramento, told *Lake Tahoe News*. “These were loyal public servants. They should be able to sit down with the city leadership and have a meaningful dialog. If we can’t resolve our disagreements, we will do our best to resolve the retiree benefits in court.”

The city in July rejected the initial claim filed by the firm on behalf of the nearly 160 retirees who are part of the city of South Lake Tahoe Retirees Association. The lawsuit was filed Dec. 1 in U.S. District Court in Sacramento. The suit was filed now because the statute of limitations to do so is Dec. 31.

City Attorney Tom Watson did not return a phone call.

City Manager Nancy Kerry on Thursday said she was unaware of the lawsuit.

“First I’ve heard of it,” Kerry told *Lake Tahoe News* when called Dec. 3. “I have not received a filing or been served or anything.”

It was Kerry’s idea, and one the council unanimously approved a year ago, to revamp the health care plan for current and retired workers. By changing the health care plan, eliminating

retiree health benefits for employees not yet retired, and modifying coverage the city estimated a cost savings of \$1.5 million a year for three years beginning with last fiscal year.

Retirees don't have a separate contract with the city once they retire. They are subjected to whatever the current employees agree to.

The retirees' attorney contends the agreements entered into when they were working provided a certain level of health care, and that they are legally binding and enforceable. He believes what the city did was illegal, and is seeking to have the prior benefits package restored. Retirees are also seeking to be reimbursed for any health care expenses incurred since the change took place that would have been covered by the previous plan, and they want the city to pay their attorneys' fees.

The changes adopted last fall created what is called Plan A. That is a basic health plan that has a \$5,500 deductible. The city picks up the cost for singles, couples and families. Vision and dental are no longer offered. If people want a better plan, they may pay the difference for it.

South Lake Tahoe is the only public entity in the Lake Tahoe Basin that offers any retirees medical coverage.