

UC Retirees Stripped of Benefits Get a Leg Up

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FRANCISCO (CN) - An appeals court revived claims against the University of California for canceling the medical benefits of four workers who retired after decades of service. The case has major implications for public employees fighting with counties up and down the state to keep their health insurance coverage. "It's a statewide issue because counties are looking for ways to save money," said Dov Grunschlag, an attorney for the retirees. "The legal issue in a number of cases is whether there is a contractual right to receive these benefits. This case helps to show that in the right circumstances, there can be a contractual commitment." Joe Requa, Wendell Moen, Jay Davis and Donna Ventura petitioned the court for help in 2010. They all retired from the university-run Lawrence Livermore National Laboratory between 1996 and 2006. Up until 2008, they received medical benefits from the University of California, like all UC employees. But in 2007, the

Department of Energy ended its lab-management contract with the university, and the UC Regents terminated the retirees' health insurance. A private consortium assumed responsibility for their health coverage, and the retirees were assured that they would continue to receive equivalent benefits. But those new benefits ended up costing the retirees thousands of dollars more a year. "It's not the same coverage, not the same benefits, and it's at higher cost than if they continued to be part of the University of California plan," said Grunschlag, of Carter, Carter, Fries and Grunschlag. "The UC is a huge institution with many thousands of employees of all ages so the premiums and cost are spread over lots of age groups. What happened here, and one of the reasons here that our clients are upset, is they are now in a pool of old folks whose insurance is being priced just on that group." Last year, an Alameda County judge issued a demurrer ruling that found the retirees had failed to provide evidence of an implied contract with the university. But the group gained some ground after a "lively" hearing before Division Five of the state's First Appellate District, Grunschlag said. At oral argument, both sides offered definitions to a passage of the employee handbook on UC retirement benefits that reads: "After you have five years of UCRS service credit, or when you are age 62, you have a non-forfeitable (vested) right to a retirement benefit that is based on both your own and Regents' contributions." While the Regents argued that this passage does not apply to medical benefits, "our take on it was that this just another statement that shows that once you are entitled to getting a pension then you are also vested in the right to get health insurance," Grunschlag said. The three-justice panel agreed with the retirees unanimously. "In essence, the Regents argue that because retirees have not produced the evidence that will prove their case, we need not accept the truth of the allegations in the FAP," Presiding Justice Barbara Jones wrote for the court, abbreviating first amended petition. "The cases the Regents cite in support of this rather extraordinary argument do not come close to supporting it." The panel affirmed dismissal only of the retirees' claim for impairment of express contract.