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Federal Court Rules in Favor of County of Orange on Retiree Medical Issue

(Santa Ana, CA) — The County of Orange has won a major victory in a lawsuit over retiree medical benefits filed by the Retired Employees Association of Orange County.

On August 13, U.S. District Judge Andrew J. Guilford granted the County's Motion for Summary Judgment in the suit filed in November 2007, finding that "...no contractual right to vested pooling exists" in the area of medical benefits for retirees. The County acted in 2007 to split the health insurance pools for active and retired employees, ending a practice that found active employees subsidizing the health insurance premiums for retired employees. The organization representing retired employees claimed that employees who were retired as of January 1, 2008 were entitled to a pooling benefit for life. However, the Court found there was "...no legislative language expressing a continuing obligation to use the premium methodology" and found that "...there is no language indicating that pooling would be a 'continuing obligation."

"We appreciate the Court's affirmation that the Board of Supervisors has full authority to establish the terms of compensation for its workforce and has the right to take actions needed to ensure rising benefit costs do not overwhelm the County's finances," said John M.W. Moorlach, Chairman of the Board of Supervisors. "The splitting of health insurance pools and other benefit changes significantly reduced the County's unfunded liabilities and were necessary and fiscally responsible actions."