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Welch v. Brown

United States District Court, E.D. Michigan, Southern Division - March 29, 2013 - F.Supp.2d - 2013 WL 1292373

Court issues preliminary injunction blocking implementation of modified municipal retiree health care benefits by appointed emergency city manager.

This case involved the alteration of lifetime health insurance benefits of retired municipal workers in the City of Flint. Plaintiffs allege that through a number of collective bargaining agreements ("CBAs") they were promised lifetime health benefits identical or comparable to the plans in place when they retired.

Defendant was appointed as Emergency Manager for Flint and subsequently issued several orders that unilaterally modified the terms of the CBAs. Plaintiffs filed for a preliminary injunction enjoining the enactment of the modifications.

The court found that plaintiffs demonstrated a likelihood of success on the merits as to their Contract Clause and Due Process claims with respect to those plaintiffs who derive their health care benefits from CBAs. The court also that plaintiffs had demonstrated a likelihood of success on the merits as to their Due Process claim with respect to those plaintiffs who derive their health care benefits from city ordinance.

Plaintiffs' motion for a preliminary injunction was granted. "Defendants are hereby enjoined from modifying the contracts and/or ordinances governing Plaintiffs' health-care benefits, and to the extent that modification has already occurred, the contracts and ordinances are restored to the status quo ante."