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Illinois Judge Keeps Chicago Retiree Healthcare Case Alive.

CHICAGO — A lawsuit challenging Chicago’s move to save money by phasing out lifetime subsidized healthcare for its retired workers can move forward in part, an Illinois judge ruled on Thursday.

Cook County Circuit Court Judge Neil Cohen found that a portion of a constitutional claim in the lawsuit can proceed, according to Clint Krislov, an attorney for city retirees who filed the lawsuit. The ruling cited a 2014 Illinois Supreme Court decision that public sector workers’ healthcare benefits are protected by the state constitution’s pension clause.

The judge dismissed two contractual claims, but is allowing the city retirees who filed the lawsuit to submit amended claims, which Krislov said will be done.

“We’re pleased we will be able to go forward to enforce the lifetime benefits these wonderful people earned,” Krislov said.

Chicago and its four retirement systems had filed motions to dismiss the entire complaint.

“We are pleased the court dismissed most of the remaining claims against the city, but are disappointed the court did not dismiss all of the plaintiffs’ claims with prejudice,” said Chicago Law Department spokesman Bill McCaffrey.

The retirees are seeking refunds for rising health insurance premiums because of a phase-out of a city subsidy. Krislov has said the refunds would date back to 2013 and total about \$110 million and that Chicago Mayor Rahm Emanuel included \$31 million in retiree healthcare savings in his budget for the fiscal year that begins Jan. 1.

With its finances buckling under a \$20 billion unfunded pension liability, Chicago has been scrambling to reduce costs. The upcoming budget includes a record \$543 million phased-in property tax hike dedicated to public safety worker pensions.

Chicago is also awaiting a decision by the Illinois Supreme Court on the constitutionality of a 2014 law that boosted funding for the city’s municipal and laborers’ pension systems and reduced cost-of-living increases for retirees. The high court in May used the state constitution’s pension clause to toss out a 2013 law that unilaterally cut benefits for state workers.

By REUTERS

DEC. 3, 2015, 7:03 P.M. E.S.T.

(Reporting by Karen Pierog; Editing by David Gregorio and Lisa Shumaker)