

SUPREME COURT OF CONNECTICUT

Poole v. City of Waterbury

266 Conn. 68 (2003) · Decided September 30, 2003

SUMMARY

The Connecticut Supreme Court considered whether retired Waterbury firefighters and widows had vested contractual rights to the specific medical benefits provided under collective bargaining agreements in effect when the firefighters retired. The court held that the plaintiffs had a vested right to medical benefits generally, but not to the specific indemnity plan then in effect, and therefore reversed the trial court's judgment granting injunctive relief.

CASE DETAILS

COURT	Supreme Court of Connecticut
WRITING FOR THE COURT	Katz, J.
JURISDICTION	Connecticut
DECIDED	September 30, 2003
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Retired firefighters and widows sought injunctive relief and damages after the defendants converted them from traditional indemnity medical plans to a managed care plan. The Superior Court found a vested contractual right to the specific indemnity plan and ordered reinstatement. The defendants appealed; the Supreme Court of Connecticut transferred and consolidated the appeal.
STANDARD OF REVIEW	Contract interpretation based on definitive contract language is reviewed as a question of law; interpretation of an ambiguous contract based on extrinsic evidence is reviewed for clear error. The court also applied plenary review to the legal question whether a presumption favoring or disfavoring vesting should apply.
PRECEDENTIAL VALUE	Published Connecticut Supreme Court opinion; precedential
PARTIES	City of Waterbury, Waterbury Financial Planning and Assistance Board, Waterbury Retirement Board, Named individual defendants v. Poole and other retired Waterbury firefighters and widows of retired firefighters

TOPICS

employee benefits

employment contracts

contract interpretation

contracts

equitable relief

PRACTICE AREAS

contracts

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QUESTIONS PRESENTED

1. Whether the retirees' right to medical benefits survived expiration of the collective bargaining agreements and therefore vested.
2. Whether the vested right encompassed the specific medical plan in effect when each retiree retired.
3. Whether the defendants' conversion from the traditional indemnity plan to a managed care plan violated the retirees' vested contractual right.

HOLDINGS

1. The collective bargaining agreements created a vested right to medical benefits generally that survived expiration of the agreements.
2. Neither a presumption against vesting nor a presumption in favor of vesting applies; courts must apply ordinary principles of contract interpretation.
3. The retirees did not have a vested right to the exact medical plan in effect at retirement.
4. The conversion did not violate the retirees' vested contractual right because the record did not establish that the managed care plan substantially reduced benefits or substantially increased costs for the retirees as a group.

KEY QUOTATIONS

"We conclude that, although the plaintiffs have a vested right to medical benefits generally, they do not have a vested right to the specific benefits prescribed in the collective bargaining agreement in effect at the time of the retirees' retirement." (71)

"Therefore, we reject both presumptions and conclude that the best course is to apply our well established principles of contract interpretation." (87)

"Accordingly, in order for the plaintiffs to prevail, they must demonstrate that the changes to their benefits are not substantially commensurate with the benefits provided under the agreements in effect at the time of the retirees' retirement, when viewing the group of plaintiffs as a whole." (105)

FACTUAL BACKGROUND

Waterbury and its firefighters' union entered a series of collective bargaining agreements providing medical benefits to retirees, including a traditional indemnity plan. After a state-created oversight board imposed a successor agreement during Waterbury's financial crisis, the city converted the retirees to a managed care plan with copayments, network restrictions, and utilization management. The trial court found that the retirees had a

vested right to the specific indemnity plan, but the Supreme Court concluded that the agreements vested a right to medical benefits generally, not to an unalterable specific plan.

PROCEDURAL HISTORY

The plaintiffs filed an application for prejudgment remedy and a complaint in the Superior Court alleging breach of contract, ultra vires conduct, unconstitutional takings, and impairment of contract rights. After a hearing treated as both the temporary and permanent injunction hearing, the trial court ruled for the plaintiffs, finding a vested right to the specific pre-1999 indemnity plan and ordering reinstatement. The Supreme Court of Connecticut reversed and remanded with direction to render judgment for the defendants.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

Remand with direction to render judgment for the defendants.

CASES CITED

- Litton Financial Printing Division v. National Labor Relations Board, 501 U.S. 190, 207, 111 S. Ct. 2215, 115 L. Ed. 2d 177 (1991)
- United Food & Commercial Workers International Union v. Gold Star Sausage Co., 897 F.2d 1022, 1026 (10th Cir. 1990)
- Bidlack v. Wheelabrator Corp., 993 F.2d 603, 606-10 (7th Cir.), cert. denied, 510 U.S. 909 (1993)
- Pineman v. Oechslein, 195 Conn. 405, 415-17, 488 A.2d 803 (1985)
- Fennell v. Hartford, 238 Conn. 809, 816-17, 681 A.2d 934 (1996)
- American Federation of Grain Millers v. International Multifoods Corp., 116 F.3d 976, 980 (2d Cir. 1997)
- Rosetto v. Pabst Brewing Co., 217 F.3d 539, 543 (7th Cir. 2000), cert. denied, 531 U.S. 1192 (2001)
- International Union, United Automobile, Aerospace & Agricultural Implement Workers of America, U.A.W. v. Skinner Engine Co., 188 F.3d 130, 137-39, 141 (3d Cir. 1999)
- Anchorage v. Gentile, 922 P.2d 248, 252, 256-57 (Alaska 1996)
- Maurer v. Joy Technologies, Inc., 212 F.3d 907, 914-17 (6th Cir. 2000)
- Roth v. Glendale, 237 Wis. 2d 173, 184-89, 614 N.W.2d 467 (2000)
- DeLeo v. Nusbaum, 263 Conn. 588, 593, 821 A.2d 744 (2003)
- Niehaus v. Cowles Business Media, Inc., 263 Conn. 178, 188-89, 819 A.2d 765 (2003)
- United Illuminating Co. v. Wisvest-Connecticut, LLC, 259 Conn. 665, 670-71, 791 A.2d 546 (2002)
- Levine v. Advest, Inc., 244 Conn. 732, 746, 714 A.2d 649 (1998)
- Southeastern Connecticut Regional Resources Recovery Authority v. Department of Public Utility Control, 244 Conn. 280, 290, 709 A.2d 549 (1998)
- Levine v. Massey, 232 Conn. 272, 278, 654 A.2d 737 (1995)

- Hare v. McClellan, 234 Conn. 581, 597, 662 A.2d 1242 (1995)
- HLO Land Ownership Associates Ltd. Partnership v. Hartford, 248 Conn. 350, 357, 727 A.2d 1260 (1999)
- Buell Industries, Inc. v. Greater New York Mutual Insurance Co., 259 Conn. 527, 546 n.17, 791 A.2d 489 (2002)
- Diehl v. Twin Disc, Inc., 102 F.3d 301, 309-11 (7th Cir. 1996)
- Helwig v. Kelsey-Hayes Co., 93 F.3d 243, 247, 250 (6th Cir. 1996), cert. denied, 519 U.S. 1059 (1997)
- Frillici v. Westport, 264 Conn. 266, 277, 823 A.2d 1172 (2003)
- International Union, United Automobile, Aerospace & Agricultural Implement Workers of America v. Yard-Man, Inc., 716 F.2d 1476, 1479-82 (6th Cir. 1983)
- Law Enforcement Labor Services, Inc. v. Mower, 483 N.W.2d 696, 697-701 (Minn. 1992)
- Myers v. Schenectady, 244 App. Div. 2d 845, 846-47, 665 N.Y.S.2d 716 (1997), appeal denied, 91 N.Y.2d 812, 695 N.E.2d 717, 672 N.Y.S.2d 848 (1998)
- Howe v. Varsity Corp., 896 F.2d 1107, 1110 (8th Cir. 1990)