



School Administrators Association of New York State

SAANYS
LEGAL DEPARTMENT

8 Airport Park Boulevard | Latham, New York 12110

Phone: (518) 782-0600 | www.saanys.org

Health Insurance in Retirement, Appeal Decision

December 2022 News & Notes

Protecting your retirement health insurance benefit is more important than ever. Being aware of the protections afforded to you by contract and New York's Retirement Health Insurance Moratorium Act is one step towards securing your right to your deserved retirement health insurance.

On November 23, 2022, the Appellate Division, Second Department in *Matter of Perrotta v. Syosset CSD*, overturned a judgment from the Supreme Court, Nassau County, which dismissed a retired SAANYS member's hybrid action seeking to overturn a hastily enacted school district policy that deprived the retiring member free health insurance in retirement for life.

Ms. Perrotta had an individual employment contract that guaranteed her with the same health insurance benefit enjoyed by members of the Syosset Principal's Association, namely 100% district paid health insurance for life once reaching constructive retiree status under the rules of the New York State Health Insurance Plan (NYSHIP). Ms. Perrotta submitted her letter of retirement from Syosset. The Board approved her retirement. Although she retired from Syosset she intended and did, in fact, start working at another school district. The Board at the very same meeting she submitted her retirement letter, approved a new policy that prohibited constructive retirees under the NYSHIP plan, like Ms. Perrotta, from receiving free health insurance from Syosset until she retired into the NYSTRS system and began to receive a pension. Instead, the new policy required Ms. Perrotta to contribute 50% for individual coverage and 65% for family coverage until she began to receive her state pension. This policy violated the NYSHIP's participating agency regulations as well as her contract and the Moratorium Law as explained below.

After Ms. Perrotta filed her lawsuit, the district moved to dismiss case asserting its actions were not arbitrary, capricious, irrational, or contrary to law. The court summarily dismissed her breach of contract claim as well as her declaratory judgment cause of action. In the Appellate Division's opinion, the court noted that because the district reduced her individual contribution rates to 50% but did not affect the rates for members of the Principals Association, the District violated the Moratorium Law.

The Moratorium Law prohibits a school district from unilaterally altering retirement health insurance benefits for retirees without collectively bargaining the same change for active employees, which did not occur here. Essentially, the statute prevents a school district from providing retirees with lesser benefits than active employees and ensures retirees who are no longer represented in the current bargaining unit maintain their rights. (*Matter of Altic v. Board of Educ*). The Court's action effectively nullified the policy, paving the way for Ms. Perrotta to be reinstated in the NYSHIP plan through Syosset at no cost. Based on the decision, Ms. Perrotta is entitled to incidental damages including the higher premiums she paid for coverage under her husband's NYSHIP plan.

The appeals court also reinstated Ms. Perrotta's breach of contract and declaratory judgment claims holding that the court had illegally dismissed them.

SAANYS is frequently involved in litigating matters regarding retirees' health insurance and is committed to preserving members' hard-earned retirement health benefits. If you are a retiree and have recently faced a

reduction in your health insurance benefits, be sure to check if your school district reduced their contributions for active employees and contact the SAANYS Legal Department for assistance.

“The contents of this communication are intended to convey general information only and not to provide legal advice or opinions. The contents of this communication should not be construed as, and should not be relied upon for, legal advice in any circumstance or fact situation. The information presented in this communication may not reflect the most current legal developments. No action should be taken in reliance on the information contained in this communication and we disclaim all liability in respect to actions taken or not taken based on any or all of the contents of this site to the fullest extent permitted by law. An attorney should be contacted for advice on specific legal issues.”