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SPRINGDALE : Benefits for four wrong, suit says

BY RICHARD MASSEY

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SPRINGDALE - A Springdale resident filed a lawsuit Tuesday in Washington County Circuit Court claiming four aldermen have received illegal health insurance benefits since 2006.

Anita Davis filed the suit on behalf of herself and "all others similarly situated," and in the filing describes Aldermen Jeff Watson, Jim Reed, Mike Overton and Bobby Stout each as a "recipient of illegal and unauthorized benefits." The suit lists as defendants the city and each of the four officials.

The suit, which will ask for class-action status for all city taxpayers, seeks \$65,162 in restitution. In the suit, Davis claims there is no state or city law giving the city authority to provide health insurance to aldermen.

Davis is represented by attorney Brian L. Campbell of Springdale.

Citing Springdale's Personnel and Procedures Manual, the suit claims health insurance is authorized only for "all regular employees who work an average of 30 hours or more per week."

The suit argues that aldermen do not meet the work requirement for insurance eligibility.

The city pays 70 percent of health-care premiums while the employee pays the remaining 30 percent. The same is true for aldermen.

City Attorney Jeff Harper said he had not seen the lawsuit Tuesday. But he said that he knows of no law that prevents the city from paying the premiums. Harper said Springdale has offered such benefits for more than 25 years.

The suit asks the court to force Overton to repay \$11,578, Reed to repay \$13,207, Watson to repay \$19,052 and Stout \$21,324. It also asks that the court serve as refund administrator.

During budget season, Alderman Kathy Jaycox, who does not use city health insurance, suggested that aldermen keep the city plan but start paying the entire premium. The recommendation, however, did not make it out of committee.

For 2009, aldermen budgeted \$25,960 for health insurance for themselves.

Telephone messages left for Overton and Watson were not returned Tuesday afternoon.

Stout recently dropped city insurance in favor of a plan offered by his employer, Lowe's. He would not comment on the suit.

Reed, who according to the suit has had city insurance since 2007, recently used the benefits when he had heart surgery.

Reed said that each year, the municipal budget includes a line item for insurance premiums for aldermen. Each year, that line item, along with the entire budget, has been approved by the City Council.

"As long as there's approval, it's legal," Reed said.

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Contact: webmaster@nwanews.com