

Kaiser Permanente settles overtime suit for \$9 million

Kaiser Foundation Health Plan recently paid \$9 million to settle a class-action lawsuit alleging overtime violations. The mediated settlement, which has yet to be approved by the California Superior Court in Alameda County, will be paid to approximately 136,000 current and former employees.

The employees filed suit in December 2005 alleging that the health maintenance organization violated the Fair Labor Standards Act and a number of state laws, including California Labor Code sections 201, 202, 203 and 226(a), along with California Business and Professions Section 17200.

In a statement issued after the settlement was announced, Kaiser spokesman Matthew Schiffgens said that the “miscalculation has been unintentional on Kaiser Permanente’s part, caused by certain systems limitations, multiple and complex labor contract provisions covering overtime, and historic pay practices.”

Kaiser, based in Oakland, said it is working with union leaders to determine a fair interim payment to cover the time between the court’s approval of the settlement and when their system is fixed.