

**STATE OF MICHIGAN**  
**COURT OF APPEALS**

---

MARY JO BEGGS,

Plaintiff-Appellant/Cross-Appellee,

v

MICHIGAN AFFILIATED HEALTHCARE  
SYSTEM,

Defendant-Appellee/Cross-Appellant.

---

UNPUBLISHED

January 3, 1997

No. 183687

LC No. 94-077629-NO

Before: McDonald, P.J., and Bandstra and C.L. Bosman,\* JJ.

PER CURIAM.

Plaintiff appeals by right the order denying her motion for summary disposition and dismissing with prejudice her claim that defendant violated the Municipal Health Facilities Corporations Act, MCL 331.1101 *et seq.*; MSA 14.1148(101) *et seq.*, when it eliminated various employment benefits. The trial court dismissed plaintiff's claim because it concluded that the statute was intended to protect only vested benefits, and that none of the benefits that had been eliminated were vested. Defendant cross-appeals from the trial court's partial denial of its motion for summary disposition, in which the court found that plaintiff's claim was not barred by the ninety-day statute of limitations provision set forth at MCL 331.1307(4); MSA 14.1148(307)(4) and that plaintiff had stated a claim with regard to those terms and conditions of employment that had vested. We affirm the denial of plaintiff's motion for summary disposition and the dismissal of plaintiff's claim.

We review the trial court's decisions on issues of statutory interpretation and summary disposition motions de novo. *Saraski v Dexter Davison Kosher Meat & Poultry*, 206 Mich App 347, 351; 520 NW2d 383 (1994); *Borman v State Farm Fire & Casualty Co*, 198 Mich App 675, 678; 499 NW2d 419 (1993), *aff'd* 446 Mich 482; 521 NW2d 266 (1994). Defendant Michigan Affiliated Healthcare System (MAHS) is the surviving corporation created by the merger of Ingham Medical Center Corporation, a nonprofit entity formerly operated by Ingham County, and Lansing General Hospital. The Municipal Health Facilities Corporations Act prohibits a governmental entity from entering into a contract or agreement under which the contractor or transferee is to continue

---

\* Circuit judge, sitting on the Court of Appeals by assignment.

operating a municipal health care facility unless the contractor or transferee agrees to “continue the terms and conditions of employment of employees of the affected health care facility.” MCL 331.1307(2)(c); MSA 14.1148(307)(2)(c). Pursuant to this requirement, this same language was included in the merger agreement. Following the merger, MAHS eliminated certain employment benefits, including longevity benefits. Plaintiff, a registered nurse formerly employed by Ingham Medical Center Corporation and presently employed by MAHS, brought suit claiming that this action was in violation of § 307(2)(c) and the merger agreement.

Upon cross motions for summary disposition, the trial court first concluded that the statute applies to both union and non-union employees. That conclusion was correct. Subsection 307(2)(c) does not discriminate between union and non-union employees; it requires contractors and transferees to “continue the terms and conditions of employment of employees of the affected health care facility.” Under the plain language of this provision, any employee who had an employment contract is protected, not just those whose contracts were collectively bargained.

Plaintiff argued that she was entitled to judgment because she had a vested right to longevity benefits. The court dismissed plaintiff’s claim with prejudice on the basis of its conclusion that plaintiff did not have a vested right to the longevity benefits she had enjoyed at Ingham Medical Center. The court found that the employee handbook in effect during plaintiff’s employment before the merger “permitted Ingham Medical Center to unilaterally rescind the longevity bonus policy at any time, and that this right . . . carried over to [MAHS] after the hospital merger, as a term and condition of Plaintiff’s employment.”

The Legislature’s apparent motivation in including § 307(2) was to prevent the nullification of employment agreements following a sale or lease of the assets of a health care corporation or the purchase of health care services under contract. Generally, where a transfer of corporate assets occurs, the transferee is not bound by the liabilities, contractual or otherwise, of the transferor. See *Fenton Area Public Schools v Sorensen-Gross Construction Co*, 124 Mich App 631, 641; 335 NW2d 221 (1983); *Pelc v Bendix Machine Tool Corp*, 111 Mich App 343, 351; 314 NW2d 614 (1981). Similarly, a contractor’s employees are not generally protected by the employment agreements of the principal. See *Local 80 Sheet Metal Workers Int’l Ass’n v Tishman Construction Corp*, 103 Mich App 784, 789-790; 303 NW2d 893 (1981). The Legislature apparently recognized the threat to existing employment agreements posed by a statute authorizing the transfer of a health care corporation’s assets or a contract for health care services and, in § 307(2)(c), specifically provided that “the contractor or transferee shall continue the terms and conditions of employment of employees of the affected health care facility.”

Having determined that the purpose of the statute was to preserve employment agreements, the dispositive question is whether plaintiff had an employment agreement. In this regard, the trial court correctly found the Ingham Medical Center employee handbook to be controlling. That handbook provided that plaintiff had no employment agreement because she was an at-will employee. While the statute requires that the terms and conditions of plaintiff’s employment prior to the merger be maintained, those terms and conditions were and remain subject to unilateral modification by the

employer at any time. Consequently, the trial court did not err in dismissing plaintiff's claim with prejudice.<sup>1</sup>

Because we have concluded that the trial courts' dismissal of plaintiff's claims was correct for other reasons, we need not consider defendant's arguments regarding the ninety-day statute of limitations.

We affirm.

/s/ Gary R. McDonald  
/s/ Richard A. Bandstra  
/s/ Calvin L. Bosman

<sup>1</sup> Although the trial court spoke in terms of vesting, § 307(2) protects all rights employees enjoyed under a previous employment agreement, whether they arose as a matter of vesting or not. In the present case, plaintiff's claims were properly dismissed because she had no employment agreement, being an at-will employee.