

# 70,000 workers lose health benefits at bankrupt US steelmaker

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Seventy thousand retired and laid-off steelworkers and miners from LTV Corporation will not receive health-care or other benefits under terms of the sale of the bankrupt steelmaker. Pensions will also be cut drastically when the company's retirement fund is taken over at the end of the month by a federal agency that insures pensions.

Last week the sale of most of LTV to New York investment firm WL Ross was approved by US Bankruptcy Judge William Bodoh at a hearing in Youngstown, Ohio. Ross will pay LTV \$125 million in cash and assume \$200 million of the company's liabilities. Ross will not be responsible for any payments to the 70,000 retired and laid-off LTV workers or their families.

"We gave them everything," said Dave Ponting, who worked for LTV for 40 years as an analyst. "I served the company faithfully and I end up turned out in the cold—no severance pay, no health care, no life insurance, and a pension which will be cut in about half."

Ponting was among a group of about 50 salaried employees from Cleveland, Ohio who traveled to Youngstown to protest outside Judge Bodoh's courtroom.

On February 22, LTV announced health-care benefits for 45,000 retirees—members of the United Steelworkers of America—will end on March 31 when a fund, established in 1994 after LTV emerged from its first bankruptcy, runs out of money. LTV stopped paying into the fund last year. As recently as December, however, LTV officials said the fund would have enough money to last until August.

Benefits from the fund covered health insurance for workers who had not yet turned 65 and supplemented federal Medicare payments for workers over 65.

Former salaried employees, who were not covered by the trust fund, had their health-care and other benefits eliminated last December.

"They took everything away that I was working for," said Dave Baioni, 53, who was a unit schedule supervisor until he was laid off after 34 years on December 14. "I am one of the lucky ones. My children are grown and on their own. My wife and I were trying to build a nest egg for our retirement. Now people in my age group will be working just to survive."

In addition to eliminating health care, LTV is terminating pension funds that will be taken over by the Pension Benefit Guarantee Corporation on March 31. Under PBGC guidelines, retirees will see their pensions cut anywhere from 40 to 60 percent, and supplemental payments, given to induce workers to retire early, will be eliminated. Furthermore, the PBGC only pays benefits to workers above retirement age or who have at least 30 years of service. That means a 55-year-old worker with 25 years at LTV will not receive any pension until he or she reaches the age of 62.

Workers are eligible for health care under COBRA—the Consolidated Omnibus Budget Reconciliation Act—which enables terminated employees to buy group insurance coverage for themselves and their families for limited periods of time. The premium payments under COBRA, however, average \$7,000 a year—far more than workers receiving unemployment benefits can afford. The payments also must be made within 60 days.

"I figure it is a wash," said Ponting, who is 60 and estimates he will receive around \$1,000 a month out of a pension that should have been \$1,500 a month. "Basically your pension is being eaten up by your health benefits. COBRA will cost about \$450 for me and my wife," he added. "When it ends, an individual

plan will cost us \$575 a month.”

Sam Festor, who worked at LTV for 42 years, lost his job on December 10. His wife, who is still working for LTV, will be laid off March 28. He figures their pension will be cut in half and health insurance will cost \$557 a month. “Both of our mothers are LTV widows,” Festor said. “They are also losing their health coverage and we will have to pick it up for them.”

Other workers can’t even afford to take advantage of COBRA benefits. “It is too expensive,” said Linda McFarland, whose husband Jonoh is 55 and worked for LTV for 28 years. Jonoh is receiving \$367 a week in unemployment insurance, which runs out some time in June.

Ms. McFarland commented: “My husband had cancer seven years ago. The cancer is gone but he has diabetes as a result. With preexisting conditions, you can get insurance but the cost is too much.” She said COBRA premiums would cost her \$800 a month and that she had a \$3,000 bill from one trip to the emergency room alone. “I guess all the stress caused me to have high blood pressure. I did not have it before, but after running a CAT scan and other tests that is what they found. We will pay the bill eventually, but we can’t afford it now.”

Vicky Chapman had only 13 months on the job when she was laid off last August. “I had the least seniority, so I was the first one to go,” she said. “I was paying for COBRA until they notified me it was going up from \$200 to \$450 a month. I receive \$305 a week in unemployment, which ends March 8.”

WL Ross is a firm that specializes in buying bankrupt companies and restarting them after massive cutbacks and restructuring. According to the agreement, Ross will purchase LTV mills in Cleveland and Warren, Ohio; East Chicago, Indiana; and Hennepin, Illinois. It will not purchase LTV’s iron mines in Minnesota where 1,400 taconite miners were laid off in January 2001.

Seventy-five hundred people worked for LTV in December when it shut down operations. Ross predicts it will rehire only 3,000 of those workers when it reaches full production later this year.

The ability of WL Ross to buy LTV without assuming any “legacy costs,” i.e., pensions, health-care benefits, supplemental unemployment and other

benefits for retired and laid-off workers, has vast implications for workers throughout the steel industry.

Bethlehem Steel, the nation’s number two steel producer, is currently operating under bankruptcy protection and is looking for a buyer. Bethlehem is the only steelmaker with higher legacy costs than LTV and any buyer would seek to get out from under them as well.

For its part, the United Steelworkers of America greeted with enthusiasm the purchase of LTV by WL Ross. In a press release posted on its web site, the USWA says nothing about protecting pensions, health benefits and jobs. Instead the statement begins by describing WL Ross as “a new ally in the fight to win strong federal action to save the American steel industry.”

The union has mounted no opposition to the shutdowns, layoffs and destruction of benefits over the recent period. Instead the USWA has sought to divert the anger and frustration of workers through a nationalist campaign blaming the crisis on foreign imports. This culminated in a chauvinist spectacle last week when union officials organized a rally in Washington DC to press for trade war measures against foreign steel measures. President Bush has until March 6 to decide if he will impose a new series of tariffs against Brazil, Russia and other countries exporting steel to the US.



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