Detroit emergency manager proposes elimination of retiree health care

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Detroit's emergency manager is considering eliminating health care coverage for city retirees as part of bankruptcy proceedings aimed at implementing a wholesale attack on the entire working class.

According to media reports, Kevyn Orr, who has been given virtually dictatorial powers over the city, is considering replacing health care coverage for retirees under the age of 65 with a monthly sum of $125 a month to subsidize the purchase of private health insurance on a new state market set up under the framework of President Obama's health care overhaul.

About half the city's retirees are under 65. Retirees over 65 would be shifted to Medicare, the federal health care program. Medicare benefits are under relentless attack at a national level by both Democrats and Republicans.

Detroit's labor relations director, Lamont Satchel, said that the shift would cut the city's annual health care costs from $170 million to $50 million. It would, in effect, shift $120 million a year onto the backs of retired city workers.

Brian O'Keefe, a lawyer representing two retiree associations, said the proposed stipend "would be a relatively small percentage of what is currently being paid in health care benefits."

At best, a $125 monthly stipend would cover the premium for inadequate care that would include large out-of-pocket deductible and copay expenses.

The health care markets included in Obama's so-called Affordable Health Care Act (ACA) are set to go into effect in January in Michigan. Orr's proposal confirms that the central purpose of this overhaul was to cut health care costs for corporations and the government, shifting a greater burden on to the backs of workers.

Because the coverage and cost of benefits under the ACA have not yet been announced, it is unknown what the proposed stipend would buy. A police department retiree, John Day, told the *Detroit Free Press*, "It would buy nothing. It would buy absolutely nothing. The whole thing is, I don't know—it's appalling."

Orr spokesman Bill Nowling would not confirm the figure for the monthly payoff amount announced by Satchel, the *Free Press* reported. Nowling also indicated that Orr's position is that the elimination of health care would not necessarily require the approval of the bankruptcy judge, because unlike the pension benefits, which are protected by law in the state of Michigan, altering health care benefits is considered "part of the city's normal course of business."

The plan to eliminate health care benefits was "floated" last July in meetings between the emergency manager's office and union and pension representatives. The *Free Press* claims that "retirees have known since June that Orr intended to move them either to the state health care exchanges or Medicare," but details of the plan were not discussed. The "floating" of the plan was to feel out union leaders and bring them on board. ATU Local 26 President Henry Gaffney and AFSCME District Council Representative Ed McNeil complained about the cuts and the lack of "transparency" in the process, but made it clear that no organized action would take place.

At Wednesday's announcement, lip service was given to the possibility of the pension system providing additional financial assistance, the possibility of state tax credits for hardship cases and "one-on-one" advice to retirees. However this pans out, the termination of city-funded health care will be a huge blow to retirees.

At the same time, active Detroit city workers face increases in their health care benefits as well. Annual deductibles for single city workers with no dependents may increase from $200 to $750. For married city workers with a family, annual deductibles would increase to $1,500. The cap for out-of-pocket expenses would also be raised sharply.