More large US companies drop retirees from health plans

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Large US companies are limiting or ending company-sponsored health care plans for retirees eligible for Medicare. Booting retirees off health plans has been increasing, according to the Kaiser Family Foundation.

In 1988, 66 percent of companies employing over 200 workers offered retiree health benefits to active workers. This figure declined dramatically last year to 28 percent. Among businesses employing more than 5,000 employees, fewer than half offered these benefits to workers in 2013.

The *Wall Street Journal* reports that Rockwell Automation, a Fortune 500 company producing industrial automation and information solutions, will stop offering retiree health care plans in the next five years.

Following a popular corporate tendency in the elimination of health care, Rockwell Automation will provide workers with a defined contribution to go toward purchasing a Medicare Advantage plan on a private exchange. Retirees and spouses will obtain between $652 and $900 per year.

Claudi Vanrossenbeek, 78, was employed 43 years at Allen-Bradley Co., which was purchased by Rockwell in 1985. The *Journal* reports that Vanrossenbeek and her husband will each get $900 to spend on their Humana plans, costing $960 per year.

General Electric also says it will formally terminate existing health plans for its retired nonunion employees in 2015 and give retirees and spouses $1,000 a year to buy health plans on a private exchange. “It’s a slap in the face for all the people who built GE,” retiree James Garner, 84, told the *Journal*. “I do not feel the same about GE, and I never will.”

According to the Kaiser Family Foundation, almost 15 million people, or about one in three people covered by Medicare, have a retiree health plan. Medicare usually pays 80 percent of most medical costs, and plans offered by companies have traditionally covered all or most of the remaining out-of-pocket costs, granting retirees some protection against costly medical bills.

The supplemental private exchange plans come at a price and will not entirely cover the remaining medical expenses. Adding to the financial pressures, most retirees are not working, and their yearly incomes are fixed and low. According to the Kaiser Family Foundation, half of those eligible for Medicare have incomes below $23,500 and have less than $66,700 in home equity. In 2012, people with Medicare spent on average $4,772 per household on health care.

Such attacks are taking place in both the public and private sectors. In Detroit, a savage restructuring plan will eliminate health care for 23,500 retirees and dependents, in clear violation of the Michigan state constitution. Health care coverage and pensions, once thought untouchable in the past, are now under attack in Illinois, Pennsylvania, California, and in municipalities across the country.

The assault on health care coverage for workers and retirees has intensified as the Great Recession has emboldened the ruling class to carve up health care plans and other benefits. The principal role of the Affordable Care Act (ACA), commonly known as Obamacare, has been to reduce health care costs for big business and the government, while reducing care and shifting costs to working families and retirees. The ACA is now serving as a model for a further gutting of health care for workers and retirees.

For more than a decade, large US employers have been chipping away at employee health care benefits by instituting more “consumer-driven” health plans. Through this cost sharing, they aim to force employees to self-ration medical care. In the near future, the types of cuts in retiree health care at large companies such as Rockwell Automation and General Electric will be more and more common for active workers as well.

Ezekiel Emanuel, who served as a special adviser to the Obama administration on health care reform, has predicted that by 2025, traditional employer-sponsored coverage at most companies will be replaced by defined contributions to workers to purchase coverage on private exchanges—as GE and Rockwell are now doing in relation to retirees—or the elimination of insurance coverage altogether.