Pittsburgh energy company cuts health care for 4,400 retired workers

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Pittsburgh-based coal and natural gas giant Consol Energy announced in June that it was eliminating health benefits for its 4,400 retired workers at the end of this year. Consol is the latest in a series of private companies to cut health benefits for its retired workforce.

The company announced plans last October to eliminate retiree health benefits by 2020, so the latest announcement moves the cut forward by four years. Some 32 percent of the retired workers will not be eligible for either Medicaid or Medicare.

Many of these workers spent years working in coal mines or gas facilities exposed to health hazards that produce black lung and various cancers, not to mention the toll taken on their bodies from the strenuous work. In most cases, the $1,200 a month insurance premium is more than a retiree's entire pension.

Consol also told its 3,800 current employees that they would not receive any health coverage when they retire. The company is cutting most workers from the defined benefits pension plan and forcing them into a 401(k) plan. Only current employees who are over the age of 40 and have 10 years of service will not be forced into the new plan.

Consol also has 5,000 retired union employees whose contracts expire in 2016. It is expected that the firm will eliminate their health care and other benefits at that time. The United Mine Workers, the bargaining agent for the retired workers, has not issued a statement about the Consol cut. In any event, it is guaranteed that the UMW will not put up a fight.

Consol no longer owns or operates a single unionized coal mine. In 2013, in what has become a common corporate shell game in the mining industry, Consol sold all its union mines to Murray Energy of Ohio, making Murray the fifth-largest coal producer in the country. Murray has subsequently cut health care and all other benefits for its 1,200 retired Consol salaried workers and plans to do the same with the union employees when the contract expires next year.

Consol has been hard hit by the drop in both coal and natural gas prices. The company's stock has fallen more than 50 percent in the past year from a high of over $46 a share down to less than $23 today. Consol stock was nearly $60 a share in 2011.

Consol is the largest producer of bituminous coal in the US, centered around production at its massive Bailey mine complex in Greene County, Pennsylvania, and a major producer of metallurgical coal. In 2010, the company moved very aggressively into natural gas drilling and fracking, with over 9,000 wells in the Marcellus Shale located throughout western Pennsylvania, New York, Maryland and West Virginia and in the Utica Shale in Ohio.

Demand for both coal and natural gas is down, the result of the ongoing global recession and the glut in natural gas caused by overproduction through shale fracking. Layoffs throughout the coal industry are common; nearly 400 coal-fired power plants have been shut down in recent years as producers switch to less expensive natural gas.

Consol Energy has taken other measures to cut costs, including laying off 165 employees in its gas drilling and exploration division and cutting capital spending on drilling by 30 percent.

Consol joins a long list of companies from Sears and Xerox to the *Washington Post*, Verizon and Kodak who have slashed health benefits for retirees under Barack Obama. According to a poll by the Kaiser Family Foundation, the percentage of businesses offering health coverage to retirees dropped from 66 percent in 1988 to just 25 percent in 2014.

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