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***NRLN is a coalition of 24
associations advocating the rights
of 2.1 million American retirees
from...***

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/ Ball Aerospace / Bell Atlantic / Bell
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Exelon / FedEx / Fisher Scientific Co. /
Ford / General Motors/ General Telephone
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April 21, 2009

The Honorable Henry Waxman, Chairman
Committee on Energy and Commerce
U. S. House of Representatives
2204 Rayburn House Office Building
Washington, DC 20515-0530

Dear Representative Waxman:

Recent news articles have reported the health care and life insurance benefits taken away from Delphi salaried retirees and spouses on April 1 as the result of bankruptcy court proceedings. The news media has begun to speculate that General Motors salaried retirees and spouses may be in for the same fate if GM files bankruptcy.

Given what is happening to retirement benefits in the auto industry coupled with the reduction, or elimination, of retirees' earned benefits across corporate America, it is time for Congress take action to turn back this tide. On behalf of the more than 2 million retirees from 87 companies represented by the National Retiree Legislative Network (NRLN), I urge you to immediately schedule a committee hearing to examine the rapidly vanishing retiree health care benefits. The NRLN would welcome the opportunity to testify before your committee.

Medicare-eligible GM retirees had their company-sponsored health care benefits eliminated at the beginning of this year and were given a \$300 per month increase in their pension checks. This amount doesn't come near paying for replacement of the medical, dental, vision, hearing aid, prescription drug, extended care and catastrophic coverage lost. Recently, GM disclosed that on Jan. 1, 2010, it will end health care coverage to retired salaried workers who are pre-65 and on Medicare because they are disabled. They will get only a \$260 per month medical expense credit. GM is in the process of reducing basic life insurance for salaried retirees by 50% with the first 25% cut to take place May 1, 2009.

On December 31, 2006, Chrysler ended its company-sponsored health care benefits for its Medicare-eligible salaried retirees and spouses. It replaced this substantial benefit with a "Health Care Retirement Account" of \$1,750 for a single retiree and \$3,500 for a couple—a proverbial drop in the bucket for what quality health care coverage actually costs. On June 1, 2008, Chrysler eliminated its company-sponsored group life insurance for its salaried retirees. While Ford is not in such dire financial straits as Delphi, GM and Chrysler, it has taken action similar to Chrysler in the elimination of health care benefits for Medicare-eligible retirees and provides a remuneration to purchase coverage.

Based on the NRLN's research, here are just a few of the more widely known companies who have ended coverage, or placed more of the health care costs, on post-age 65 and pre-age 65 retirees:

Aetna	Alcatel-Lucent	AT&T
Caterpillar	Chrysler	Delphi
Ford	General Motors	John Deere
Embarq Corp.,	IBM	Kodak
International Paper Co.	Hanesbrands Inc.	Sears Roebuck & Co.,
Whirlpool Corp.	Xerox.	

Private sector retirees feel they have been abandoned by their former companies and Congress has not taken action to protect the benefits they have earned. Companies' repudiation of benefit commitments through corporate bankruptcies, reorganizations or efforts to improve their balance sheets threaten to inflict disastrous losses to 20 million retirees.

The NRLN proposes that Congress enact legislation to accomplish the following:

- Prevent broken promises to retirees and mitigate the harm from the EEOC rule by providing what the NRLN calls a Maintenance of Cost Payment (MCP). The MCP would establish a fixed monthly payment to retirees equivalent to the value an employer provided prior to the reduction or cancellation of retirement benefits such as health care, prescription drugs, life insurance, long-term care, catastrophic coverage and other benefits. Under the NRLN's proposal, companies would be entitled to tax credits to encourage them to continue to offer defined benefit plans.
- With the elimination of employer-sponsored health care plans most retirees lose "catastrophic coverage" which limits out-of-pocket medical expenses to a fixed amount, such as \$1,500. Given this loss, the NRLN believes that catastrophic coverage should be added to Medicare.
- It is difficult for many men and women age 50 to 64 who have been laid off or retired early—either forced or voluntary—to purchase affordable health care insurance because of their age. They should be allowed to buy into Medicare on a cost basis.
- Funding should be provided to eliminate the "doughnut hole" in the Medicare Part D prescription drug plan.

I have asked Marta Bascom, the NRLN's Executive Director in Washington, to contact your staff to learn whether your Committee might be willing to schedule a hearing as a step toward introducing legislation that will protect employer-promised health care benefits. Marta can be reached on 703-863-9611.

Sincerely,



President, National Retiree Legislative Network