AT&T retirees may have been surprised, or even shocked, recently when the company sent information related to open enrollment for the retiree medical benefits. Retirees under the age of 65, who are not eligible for Medicare, saw premium increases of hundreds of dollars a month for coverage under the standard PPO plan.

Retiree health benefits are a permissive subject of bargaining, and for the past two rounds of bargaining, the company has refused to negotiate with the union over the terms of the retiree health benefit package.

The reason for the cost shift is a result of the employer contribution cap kicking in.

- The fixed cap has the effect of limiting the employer's contribution and any health cost increases above that level are shifted to retirees.
- Retirees are required to pick up the amount of costs that exceed the cap.
- In 2012 average per retiree costs exceeded the cap by 1.3%.
- Costs grew by over 14% between 2012 and 2013, exceeding the cap by 14.4%.

There is an alternative plan which does not have a premium, but it does have a higher deductible and higher out of pocket requirements than the PPO plan.

The company refused to bargain with the union over the impact of the cost increases on retirees. Nevertheless, the union was able to persuade the company to make some adjustments to the plan it had originally planned to impose on retirees. As a result of union input, the company reduced premiums for retiree only coverage by about $37 per month; reduced deductibles in the alternative plan from $1000 individual/$2000 family to $500 individual/$1000 family; reduced the prescription drug deductible in the alternative plan and the plan for Medicare retirees by $135.

While the union was able to get the company to make some adjustments to the massive cost shifting it had planned, we all agreed it was not what we would have negotiated.

Some in the company have told retirees that the reason for the extraordinary increases is the Affordable Care Act. Nothing could be further than the truth. In fact, there are only two provisions of the Affordable Care Act that would impact AT&T's retiree health plan.

- First, improvements to Medicare, including full coverage of preventive care and recapturing overpayments to Medicare Advantage plans.
- Second, the Early Retiree Reinsurance Program, which set aside funds for employers who offer retiree health benefits, rebated $213.8 million to AT&T between 2011 and 2012 to offset the cost of claims from early retirees.

Both these provisions will have the effect of easing the company's cost burden. The company has chosen not to share that cost relief with retirees.

CWA believes the company should have done more for retirees. That after a banner year, with healthy profits, and significant dividends for shareholders, the corporation could have done much more to assure that the former employees who built the company would have a quality, affordable health plan.

We encourage retirees to express their views on the status of their health plans directly to AT&T CEO Randall Stephenson at the address below:

Randall L. Stephenson
Chairman, Chief Executive Officer
AT&T Corporation
208 South Akard Street
Dallas, Texas 75202-4206

The link below gives you some indication of the kinds of changes the Affordable Care Act might allow, and how it could be spun by the employer. When pressed, however, HR admits that it is, of course, a business decision.

http://www.aasbcr.org/bluebulletins/Vol6-No8.pdf