

Delphi retirees could see more expensive health care coverage if Congress doesn't extend credit

By JOSEPH SZCZESNY

Thousands of retirees, including former Delphi salaried workers, whose pension plans have been taken over by Pension Benefit Guarantee Corp. could face new cuts this month.

David Kudla, a chief executive officer and chief investment strategist of Mainstay Capital Management LLC in Grand Blanc, a registered investment adviser, said this week in a note to clients many pensioners could find their health coverage much more expensive if Congress doesn't act quickly.

"Delphi (salaried) retirees and thousands of other former workers currently receiving assistance for their health care premiums will see a cost increase effective Feb. 13 unless additional funding provided by the Health Coverage Tax Credit gets extended," Kudla said in a note.

Kudla said it appears there is bi-partisan support for extending government assistance in paying the premiums.

"The HCTC currently pays 80 percent of health care premiums for individuals who are receiving benefits from the Pension Benefit Guaranty Corporation," he said.

Without the extension, this coverage will become much more expensive as monthly premiums will increase substantially for many retirees.

"It could mean an increase in health care premium payouts of up to 75 percent for those retirees already affected by reduced pensions," Kudla said.

"This doesn't only apply to Delphi. There are a lot of other companies in Michigan that have terminated their pension plans and turned them over to the PBGC," said

Kudla, whose client base includes not only retirees from General Motors and Delphi but many other companies as well.

Delphi's salaried retirees have filed a lawsuit in federal court to get the full pensions reinstated, claiming it was unnecessary for the PBGC to take over their pensions.

Delphi's pension plan was terminated and taken over by the PBGC in July 2009.

Starting in 2002, the HCTC had covered 65 percent of eligible individual health care premiums. This coverage was expanded to 80 percent with the passing of the Trade Adjustment Assistance Health Coverage Improvement Act, as part of ARRA of 2009, which approved funding for the increase in assistance.

The credit was designed help retirees once employed by companies adversely affected by overseas trade.

The Health Coverage Tax Credit is being supported by Sen. Sherrod Brown (D-Ohio), who has introduced legislation to extend the credit for another 18 months. Sen. Rob Portman (D-Ohio) said he and Sen. Roger Wicker, R-Miss., wrote to Sen. Mitch McConnell, Senate minority leader, and others asking for help in extending the credit, according to the Dayton Daily News, in Dayton, Ohio, where hundreds of former Delphi employees live.

Without the credit, the monthly health insurance cost for a typical 61-year-old Delphi salaried retiree would be \$1,907. But with the credit, which covers 80 percent of a person's premium, that monthly health insurance cost falls to \$381, according to the Delphi Salaried Retirees Association.