

Special Committee on Aging

Access to Adequate Health Insurance: How Does the Equal Employment Opportunity Commission's Recent Rule Affect Retiree Health Benefits?

May 17, 2004

OPENING STATEMENT of Senator John Breaux

I would first like to take this opportunity to thank all of the witnesses who have come to testify and I would like to thank Chairman Craig for his support of this hearing. We are going to hear a number of different, but all equally valuable, viewpoints during today's hearing.

The Committee considered it important to hold this hearing for a number of reasons. As most of you know, the Equal Employment Opportunity Commission or EEOC recently issued a proposed final rule stating that it would not be a violation of the Age Discrimination in Employment Act (ADEA) for employers to offer varying levels of health benefits to their retirees based on their age and/or Medicare eligibility. There has been some controversy about this rule and its potential effects and our purpose today is to lay out both sides of the issue and have a productive debate about the best possible outcome.

Employer-sponsored health coverage for retirees is far from uniform. Some employers offer coverage only to early retirees who have not yet become Medicare-eligible. Others may offer varying levels of coverage to retirees, sometimes based on whether they have enrolled in Medicare. According to the Kaiser Family Foundation, who we'll hear from today, more than 3 million retirees aged 55-64 are covered by employer-sponsored health plans. Additionally, of seniors over 65 who are covered by Medicare, about one-third also have an employer-sponsored plan which supplements their Medicare coverage. However, the percentage of large employers offering retiree health benefits has dropped - falling from 66% in 1998 to 38% in 2003. And the majority of the firms still offering coverage have shifted some of the cost of coverage onto retirees by increasing premiums, reducing benefits, or increasing cost-sharing.

In order to preserve existing employer-sponsored retiree health benefits, the recently passed Medicare Prescription Drug, Improvement, and Modernization Act included generous subsidies to those employers who continue to offer health benefits to their retirees. We hope that this will give employers the help they need to keep offering those much-needed benefits to seniors.

It is within the context of this retiree health coverage landscape that we must consider the EEOC's recent rule. Today I hope to hear from our witnesses how the rule could affect different groups of retirees. For example, would it have more of an effect on younger (pre-65) retirees, or on Medicare-eligible retirees, or might it affect both groups. And we should also consider what the implications are for retiree health coverage in the absence an EEOC rule.

Thank you again and I look forward to hearing testimony from our panel of witnesses.

Before introducing the witnesses, I would like to recognize other Senators for any opening remarks.