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U.S. Supreme Court Case Could Alter Retiree Health Benefit Landscape

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The U.S. Supreme Court has agreed to review a 2013 Sixth Circuit decision that could alter the way collective bargaining agreement provisions covering retiree health benefits are interpreted.

In *Tackett v. M&G Polymers*, the employer had a number of collective bargaining agreements with the United Steel Workers of America. At some point, the parties began to bargain in regard to company-paid health benefits for those employees who had retired from the plant. The 2005-2008 CBA stated that the employer's share of retirees' health-care costs would be capped annually; this essentially duplicated earlier cap agreements between the employer and union. These cap agreements obligated the retirees to make contributions toward their health-care costs to the extent that those costs exceeded the amount that the employer had agreed to pay. When, the company attempted to enforce the agreement, the union and the retirees sued.

The district court sided with the retirees and entered a permanent injunction requiring the company to continue to pay the full cost of the retirees' health benefits. Last October, the Sixth Circuit affirmed, relying on its earlier decision in *UAW v. Yard-Man, Inc.*, in which the Supreme Court generally held that once a CBA provides for retiree health benefits they are presumed to vest upon retirement, unless the CBA has explicit language to the contrary. The company sought Supreme Court review. Last Monday, the Supreme Court agreed to consider the issue during its 2014-2015 session. A decision isn't expected until next year.

Companies should monitor developments in this case as the Supreme Court may significantly alter the nature of employers' obligations for retiree health benefits under a collective bargaining agreement.

Naturally, if a company is interested in filing, or joining in, an amicus brief in support of the defendants, please contact:

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