

GM retiree health cuts will cause sticker shock, health execs say

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[General Motors Corp.](#) retirees are likely in for sticker shock after the company announced it is cutting health benefits for retirees older than 65.

There are about 97,000 salaried retirees and at least half will be affected by the change. The cuts were announced as part of a \$15 billion cost reduction plan for GM.

"There's going to be some shock when it comes to premiums and extra costs for what the options are," said Sue Mathiesen, director of research for [McGraw Wentworth](#), a Troy-based benefits consulting firm.

"If I were an insurance organization, I certainly would be marketing to these folks about the options that are available."

The retirees had a menu of plans available through GM, and will now get a \$300 per-month pension addition to pay for Medicare and supplemental insurances associated with it, said GM spokeswoman Michelle Bunker.

GM has contracted with [Extend Health](#) to help retirees transition out of the GM plans.

"I think that the retirees will want to take advantage of Extend Health – it will help them re-enroll and to review their options," said Bunker.

[Health Alliance Plan](#) worked with Extend Health when Ford retirees made the transition last year, said Karen Wintringham, vice president, Medicare and public sector programs for HAP.

"The task that faces us is to take a lot of time in educating these retirees, they have had these rich benefits for years and now they will be faced with a large number of choices," Wintringham said. "We did 300 seminars last year (for Ford).

"We will propose setting up small seminars where people can ask questions and be completely comfortable before they make a decision," said Wintringham, who has a meeting scheduled with GM.

"Blue Cross Blue Shield of Michigan has served GM employees for decades and we are committed to continuing to stand ready to serve GM retirees during this time of change," BCBSM said in a statement. "We will be working with GM to provide educational materials to retirees later this fall about Blue Cross Blue Shield and Blue Care Network health plans available to retirees. GM has mailed letters directly to current retirees with information and a FAQ and indicated that this information should arrive at their homes later this week."

All of the insurance companies will be prepared to work with retirees on Medicare supplemental programs, she said.

But it's going to be an education curve, Mathiesen said, because Medicare plans have various copays, deductibles and options.

"To get to the point where they were with GM, they will have to pay for supplement plans, there are 12 different ones; some will cover the deductible, some will cover emergency care out of country," Mathiesen said. "The retirees have to choose what's best for their situation."

The concern when companies discontinue insurance – even given additional payments into the pension – is that they will opt for basic Medicare, leaving themselves underinsured and creating a strain on the system, said Michael Genord, president-elect of the [Oakland County Medical Society](#).

"Any time we see a cutback like this, we see this shift and more people are underinsured, and we're seeing more doctors not accepting Medicare because it doesn't pay as well," Genord said, noting many just pocket the extra money or pay bills.

"Some of these patients won't get preventive care and will show up in emergency rooms more," Genord said. "So we see our older population not getting the care they should."

Wintringham said she doubts salaried workers will become underinsured.

"Medicare alone is probably too risky, the financial risk is too much of a chance," she said.

- Medicare meeting: The Community House in Birmingham will host "The A, B, C's (and D's) of Medicare" Oct. 28, targeted to retirees who will be enrolling in or changing their Medicare coverage for 2009. Call 248-644-5832.
- Contact Gary Gosselin at 248-374-4914 or by email at garyg@mbusinessreview.com.