

## **EDUCATION & LABOR COMMITTEE**

**Congressman George Miller, Chairman**

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Thursday, September 25, 2008  
Press Office, 202-226-0853

### **Rep. Tierney Statement at Committee Hearing on “Safeguarding Retiree Health Benefits”**

WASHINGTON, D.C. – *Below are the prepared remarks of U.S. Rep. John Tierney (D-MA), who chaired the committee hearing on “Safeguarding Retiree Health Benefits.”*

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Good morning.

Through the years, millions of workers have retired believing that they would be provided with the health care benefits that they were promised by their employer, benefits that they earned.

What many of those workers found was their former employer eventually made a cost-cutting decision to renege on that promise and cut or reduce those health care benefits.

As a result, some retirees may have been forced to endure a drastic decline in their standard of living in order to pay for the out-of-pocket health care costs. Others may have been unable to obtain new coverage because of a preexisting condition. And many may have opted to go without health care coverage because of its cost, taking a gamble and hoping to get by until they become Medicare-eligible.

I requested and am grateful to chair today’s Education and Labor Committee hearing because – like many of my colleagues – I believe our retirees deserve better; hard work should not be rewarded with tough times; fairness must be restored.

Unlike pension plans, the Employee Retiree Income Security Act of 1974 – popularly known as ERISA – does not impose mandatory “vesting” requirements with respect to health benefits. Consequently, many courts have upheld that there is no legal protection for employees.

I have authored legislation – H.R. 1322 – to remedy this and ensure that the reasonable health benefit expectations of retirees from ERISA-sponsored regulated group health plans are fulfilled.

Specifically, H.R. 1322:

- Prohibits profitable plan sponsors from canceling or reducing promised retiree health benefits;
- Establishes an enforceable obligation to restore promised health benefits previously taken away from retirees;
- Creates an “Emergency Retiree Health Loan Guarantee Program” to assist with the obligation to restore retiree health benefits.

Spurring the need to enact this legislation is the fact that more and more workers are approaching retirement age. According to the Census Bureau, the number of individuals 65 years or older is projected to increase by 73% by 2025. The number of individuals between 55 and 64 years old is expected to grow by 36%.

Today's hearing serves as an important opportunity to discuss how we can better safeguard retiree benefits, and I look forward to hearing from the witnesses.

I now yield to the Ranking Member for his opening statement.

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