

# COURT RULES AGAINST RETIREE LIFETIME HEALTH BENEFITS

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**Practices & Industries**

Employee Benefits

The US Court of Appeals for the Sixth Circuit reversed a district court's decision to continue a group of retirees' lifetime health benefits. Generally, employers may reserve the right to prospectively amend or terminate welfare benefits, such as medical benefits. However, medical benefits may vest if a company contractually agrees to provide them for some future period. In this case, the plaintiffs were two groups of retirees, each covered under a separate collective bargaining agreement (CBA) with the defendant company. After the CBAs expired, the company sought to terminate the retirees' medical coverage. The retirees' sued, claiming that they were entitled to lifetime medical coverage pursuant to the terms of their CBAs. In ruling in the company's favor, the Circuit Court noted that neither CBA contained a promise to provide benefits for the lifetime of the retiree and no indication that the provisions relating to retiree health care were exempt from the general durational clause governing the agreement. Furthermore, the court noted that there were no ambiguities in the CBAs that would require the court to look at any extrinsic evidence to determine the intent of the parties. This case is a reminder of the importance for parties to collective bargaining agreements (or other agreements such as employment agreements) to clearly draft their intentions regarding the duration of welfare benefits in those agreements. *Fletcher, et al. v. Honeywell Int'l, Inc.*, (6<sup>th</sup> Cir. 2018).