

Union Retirees Win Certification In Class Action Regarding Lifetime Medical Insurance Benefits

January 9, 2018 | [Unions And Union Membership, Labor Relations](#)



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Retiree benefits are a huge issue for many employers – from pure economic cost to administrative burdens. Accordingly, some companies have moved to limit or cut such benefits entirely. Of course, when doing so, companies need to navigate various legal issues, including under the Employee Retirement Income Security Act (ERISA) and, to the extent a union is in the picture, the National Labor Relations Act and/or Labor Management Relations Act (LMRA). A federal court decision this month illustrates some of the complexities a company may encounter when attempting to reduce or eliminate retiree benefit costs. In a case that was initiated against PPG Industries, Inc. back in 2005, numerous retirees of various unions – including the United Steelworkers and United Automobile Workers – allege that PPG violated ERISA and the LMRA by breaching collective bargaining agreements that provided lifetime health insurance benefits to the retirees with the company bearing the full cost of the benefits. Specifically, the plaintiffs allege that PPG violated the agreements by shifting some of the cost away from the company and to the retirees. [On Jan. 5](#), the plaintiffs scored a win when a federal judge certified the plaintiffs as a class. That is, the lawsuit is formally progressing as a class action. PPG is hardly the only company facing litigation like this. For example, just last year the Steelworkers union secured a victory when it defeated a motion to dismiss and [forced a company to arbitration](#) over claims the employer slashed benefits for retirees in violation of a labor agreement. Accordingly, companies considering or implementing modifications to retiree benefits must thoroughly account for the myriad of legal issues that may be implicated by such changes. Developing a thoughtful strategy around the various laws in play may help limit possible legal obstacles or exposure.

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