

Sixth Circuit Rules Retiree Medical Benefits Were Vested for Employees and Spouses

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In a recent opinion, the U.S. Court of Appeals for the Sixth Circuit held that a company violated the terms of two collective bargaining agreements in denying retirees and their spouses lifetime vested healthcare coverage following retirement. These union employees retired under 1994 and 1997 collective bargaining agreements and the company provided healthcare insurance for the retirees and their spouses after retirement. In mid-2006, the company communicated to the employees that it was instituting a new healthcare plan under which the company contributions to premiums would be reduced and the retirees subsequently filed suit. The district court issued a split decision that ruled in favor of the plaintiffs with respect to the retiree coverage, but in favor of the defendants with respect to the spousal coverage. The Court of Appeals reversed the district court's decision and ruled in favor of the plaintiffs with respect to both the retiree and spousal coverage. In determining that both the employee and spousal coverage had vested, the Sixth Circuit cited the terms of the applicable collective bargaining agreement and extrinsic evidence such as the SPD and HR representative comments to the plaintiffs. *Moore v. Menasha Corp.*, Nos. 10-2171/2173 (6th Cir. Aug. 22, 2012).