

The Equal Employment Opportunity Commission (EEOC or Commission) enforces the Age Discrimination in Employment Act or ADEA-April 22, 2004

The Equal Employment Opportunity Commission (EEOC or Commission) enforces the Age Discrimination in Employment Act or ADEA, which prohibits age discrimination in all aspects of employment. On April 22, 2004, the Commission voted 3-1 to approve a rule that would allow employers to coordinate the health benefits they offer retirees with Medicare (or comparable state health benefits), without violating the ADEA.

What will the Commission's rule do?

Most employers that currently offer retirees health benefits coordinate those benefits with Medicare benefits. Some provide their retirees with health insurance to "bridge" the gap between the time they retire and the time they become eligible for Medicare. Others also give supplementary benefits to retirees who are eligible for Medicare.

The Commission's draft final rule will allow employers, including state and local governments, to continue these common practices and remain in compliance with the age discrimination law. Similarly, the rule will allow unions to negotiate for health benefits that coordinate with Medicare. The rule allows retirees to continue to receive the benefits they are currently getting.

- Employers who provide health benefits to retirees under the age of 65 can continue to do so. These types of plans are called Medicare bridge plans and are often used to provide health benefits to workers who retire before they become eligible for Medicare.
- Employers can also continue to provide supplemental health benefits to Medicare-eligible retirees (retirees age 65 and older) without having to show that the benefits are identical to any benefits provided to early retirees who cannot receive Medicare benefits. In many cases, these plans, sometimes called Medicare wrap-around or supplement policies, provide retirees with prescription drug coverage.

The rule does not affect the benefits that employers provide to their current employees.

The Commission is aware of the concerns that have been expressed about the potential impact of the rule. The Commission believes that many of these concerns have arisen because of misunderstandings or incomplete information about the draft final rule. These questions and answers are intended to address those concerns and explain why the Commission believes the rule will safeguard retiree health benefits, not eliminate them.

For more information on this topic, visit the Equal Employment Opportunity Commission's website at www.eeoc.gov.