

Raley's scraps health coverage for some retirees

By Darrell Smith, Sacramento Bee

Raley's will stop providing health coverage to its retired hourly employees 65 and older in July 2012, the supermarket chain said in a letter to retirees.

The letter, dated Oct. 24 and signed by Michael Teel, Raley's president and chief executive officer, said the chain is struggling to maintain profitability amid a down economy, increased competition and escalating health costs.

"Unfortunately, due to the economic downturn and increased competition we are struggling to sustain our business," the letter read. "We have ... determined that Raley's can no longer cover the cost of this benefit."

Raley's declined to comment Friday, but Jerry Landers, its senior director of human resources, issued a written statement reiterating the reasons for the change given in the letter.

The statement also noted, "We are continuing to provide generous medical coverage for our retirees under the age of 65, which is the most expensive time for individuals to purchase their own plans."

But retired hourly workers over age 65, like Shirley Kinnett, 75, of Sacramento will have to pay for the coverage out of pocket starting July 1, 2012, carving out cash from a fixed income.

"I know retirees are going to be distraught by this. They've got to be," Kinnett said.

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