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## Judge lets IBC raise some retirees' health premiums

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After a more affordable alternative was identified, a bankruptcy judge allowed [Interstate Bakeries Corp.](#) to raise health insurance premiums dramatically for about 1,500 nonunion retirees.

Judge Jerry Venters had said not so fast to the increases during a March 23 omnibus hearing in Interstate Bakeries' Chapter 11 case in U.S Bankruptcy Court for the Western District of Missouri.

But Venters allowed the increases during a Wednesday hearing, after an attorney representing the retirees said he had found more affordable coverage through [National Employee Benefit Companies](#) (NEBCO), a Rhode Island company.

The attorney, David Ferguson, said the retirees had been notified that they could pay \$177 a month for a plan that covers only generic drugs or \$298 a month for a plan that covers 50 percent of the cost of branded drugs.

Interstate Bakeries had sought to increase monthly premiums to \$912 from \$235 for nonunion retirees who are 65 and older and to \$388 from \$250 for nonunion retirees between 60 and 64.

"This is a good result for everyone," Venters said.

Ferguson argued March 23 that Interstate should not be allowed to increase the premiums because it had not followed prescribed steps for requesting benefit modifications.

But Venters said he didn't view the premium increases as "benefit modifications" according to bankruptcy law because the plan in question is 100 percent employee-financed.

Venters agreed with Eric Ivester, a lawyer with [Skadden Arps Slate Meagher & Flom LLP](#), who argued that Interstate Bakeries was not seeking to modify the benefits; it just seeks to recalculate the retirees' payments to cover rising benefit costs.

Nevertheless, Venters withheld approval for the premium increases until Wednesday to give the retirees time to make other arrangements.

Ferguson said the retirees were switching to NEBCO plans at the rate of about 100 a day.

"We anticipate 900 of them will sign up for one of the two options," he said.

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