

# Delta Air Lines to add \$200 monthly health insurance charge for unvaccinated staff

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Delta Air Lines (DAL.N) on Wednesday said employees will have to pay \$200 more every month for their company-sponsored healthcare plan if they choose to not be vaccinated against COVID-19.

The move to add a surcharge to health insurance contributions is the latest tactic by corporate America to push employees to get the shots to fight the pandemic.

A number of U.S. companies, including Delta competitor United Airlines (UAL.O), have mandated shots for their employees to protect their operations from the highly contagious Delta variant of the coronavirus, which has especially hit parts of the country with lower vaccination levels.

President Joe Biden has also urged private businesses to require employees to be vaccinated.

Hours after Delta Air announced the surcharge, Canadian rival Air Canada (AC.TO) said workers who are not vaccinated by Oct. 30 will face termination or be sent on unpaid leave. It has also made full vaccination a condition of employment for new employees.

Surging coronavirus infections have clouded the outlook for airline companies. American Airlines (AAL.O) said on Wednesday its August revenue was trending below its internal forecast due to a slowdown in bookings and a rise in cancellations.

The comments came two weeks after Southwest Airlines (LUV.N) issued a profit warning, citing the impact of the Delta variant on its business.

Shares of U.S. airline companies, however, have risen in the past two days on hopes that Monday's full approval of the Pfizer (PFE.N) and BioNTech (22UAY.DE) COVID-19 vaccine by the Food and Drug Administration would drive up the vaccination rate and slow down new infections.

In a staff memo, Delta Air Chief Executive Ed Bastian said the monthly surcharge would take effect on Nov. 1. He said the surcharge is necessary to address the financial risk the Atlanta-based airline faces from the decision to not vaccinate.

Wade Symons, partner and regulatory resources group leader at global consulting firm Mercer, reckons U.S. companies have reached a "tipping point" for taking stricter measures to motivate employees to get vaccinated.

"We anticipate more companies will announce vaccine mandates and surcharges in the coming weeks," he said.

The firm's data shows a quarter of U.S. employers with workforces of 500 or more charge employees extra for company-sponsored healthcare plans if they use tobacco.

## PROOF OF INOCULATION

A Delta Air spokesperson said the average hospital stay for COVID-19 has cost the company \$40,000 per person. The surcharge would apply to the entire workforce and proof or documentation of vaccination will be needed to avoid it, the spokesperson said.

Chris Riggins, spokesman for the Air Line Pilots Association at Delta, said the union does not intend to oppose the proposed surcharge because it would not affect the healthcare plan it has negotiated with the airline for its members.

But since most of the pilots are not covered by the union-negotiated plan, Riggins said they would see an increase in their healthcare costs if they decide to remain unvaccinated.

In the memo, Bastian said 75 percent of Delta Air's workforce has been vaccinated. However, all the employees who have been hospitalized with COVID-19 in recent weeks were not fully vaccinated, he said.

While Delta had refrained from making the shots mandatory for its staff, its latest move was in sharp contrast to the policy being pursued by rivals such as American Airlines and Southwest Airlines, which are “strongly encouraging” their employees to get vaccinated.

American Airlines is offering vaccinated employees an additional day off in 2022 and \$50 through its employee recognition platform.

Bastian said unvaccinated Delta employees will be required to wear masks in all indoor settings, effective immediately.

Any employee in the United States who is not fully vaccinated will be required to take a COVID-19 test every week. The mandatory testing will start on Sept. 12.

Those who test positive for the virus will be required to isolate and remain out of the workplace, Bastian said.

The company will offer COVID-19 pay protection starting Sept. 30 only to fully vaccinated employees who are experiencing a breakthrough infection, he said.

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