

AT&T will take \$1B non-cash charge for health care

March 26 2010



In this March 23, 2010 photo, AT&T President and CEO Randall Stephenson delivers a keynote speech during the CTIA wireless show, in Las Vegas. AT&T said Friday, March 26, it will take a \$1 billion non-cash charge in the first quarter related to the health care overhaul.(AP Photo/Isaac Brekken)

(AP) -- AT&T Inc. said Friday it will take a \$1 billion non-cash charge in the first quarter related to the health care overhaul.

AT&T's charge is the largest announced so far. Earlier this week, AK Steel Corp., Caterpillar Inc., Deere & Co. and Valero Energy announced similar accounting charges, saying the health care law that President Barack Obama signed Tuesday will raise their expenses.

AT&T said the charge is to reflect the change of the tax treatment of Medicare subsidies. Companies say the health care overhaul will make a subsidy that companies receive for retiree drug coverage taxable in 2011.

AT&T also said it is looking into changing the health care benefits it offers to active and retired workers because of the legislation. Analysts say retirees could lose the prescription drug coverage provided by their former employers.

AT&T rival Verizon Communications Inc. was among 10 companies that sent a letter to congressional leaders in December warning that their costs would increase with the [health care](#) changes. Verizon did not immediately return a phone call seeking comment.

AT&T shares climbed 7 cents to \$26.22 in afternoon trading.

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