

OPINION OF TRUSTEES

In Re

Complainants: Employees
Respondent: Employer
ROD Case No: 84-509 - February 3, 1988

Board of Trustees: Joseph P. Connors, Sr., Chairman; Paul R. Dean, Trustee; William B. Jordan, Trustee; William Miller, Trustee; Donald E. Pierce, Jr., Trustee.

Pursuant to Article IX of the United Mine Workers of America ("UMWA") 1950 Benefit Plan and Trust, and under the authority of an exemption granted by the United States Department of Labor, the Trustees have reviewed the facts and circumstances of this dispute concerning the provision of health benefits coverage under the terms of the Employer Benefit Plan.

Background Facts

The Complainants are classified employees of the Respondent. The Respondent provided health benefits coverage for the Complainants through the Bituminous Industry Trust/Business Insurance Trust ("BIT") and California Life Insurance until April 30, 1987, when the BIT was terminated. Due to insolvency, the BIT and California Life Insurance have ceased paying health benefits claims for services rendered prior to April 30, 1987. Information submitted by the representative for the Complainants indicates that the Respondent intends to pay the balance due on any medical claims after the assets of the employer trust fund and the insurance carrier are distributed and any funds received by the Respondent are paid toward the Complainants' claims on a prorata basis. There is no information indicating when such a distribution will be made. The representative for the Complainants contends that the Complainants should not be subjected to this lengthy process and that the Respondent is responsible for payment of the Complainants' covered medical expenses which are unpaid due to the insolvency of BIT and California Life Insurance.

Dispute

Whether the Respondent is responsible for payment of the outstanding medical charges incurred by the Complainants and their eligible dependents during the Complainants' employment with the Respondent.

Positions of the Parties

Position of the Complainants: The Respondent is responsible for payment of the covered medical charges incurred by the Complainants and their eligible dependents and such payment should be made without further delay.

Position of the Respondent: The Respondent has not responded to repeated correspondence from Funds' staff regarding its position in this dispute.

Pertinent Provisions

Article XX Section (c)(3)(i) of the National Bituminous Coal Wage Agreement of 1984 provides in pertinent part:

- (3)(i) Each signatory Employer shall establish and maintain an Employee benefit plan to provide, implemented through an insurance carrier(s), health and other non-pension benefits for its Employees covered by this Agreement as well as pensioners, under the 1974 Pension Plan and Trust, whose last signatory classified employment was with such Employer. The benefits provided by the Employer to its eligible Participants pursuant to such plans shall be guaranteed during the term of this Agreement by that Employer at levels set forth in such plans.

Article I (1), (2) and (4) of the Employer Benefit Plan provide:

Article I - Definitions

The following terms shall have the meanings herein set forth:

- (1) "Employer" means (Employer's Name).
- (2) "Wage Agreement" means the National Bituminous Coal Wage Agreement of 1984, as amended from time to time and any successor agreement.
- (4) "Employee" shall mean a person working in a classified job for the Employer, eligible to receive benefits hereunder.

Article II A. (1) and (4) of the Employer Benefit Plan provide:

Article II - Eligibility

The persons eligible to receive the health benefits pursuant to Article III are as follows:

- A. Active Employees

Benefits under Article III shall be provided to any Employee who:

- (1) is actively at work* for the Employer on the effective date of the Wage Agreement; or

*Actively at work includes an Employee of the Employer who was actively at work on September 30, 1984, and who returns to active work with the Employer two weeks after the effective date of the Wage Agreement.

- (4) A new Employee will be eligible for health benefits from the first day worked with the Employer.

Discussion

Article XX Section (c)(3)(i) of the 1984 Wage Agreement requires an Employer to provide an Employer Benefit Plan... "implemented through an insurance carrier(s), [for] health and other non-pension benefits..." It further requires that "benefits provided by the Employer to its eligible Participants pursuant to such plans shall be guaranteed during the term of this Agreement by that Employer at levels set forth in such plans."

Article II. A of the Employer Benefit Plan provides health benefits coverage to active employees working in classified jobs for a signatory Employer. The Respondent in the instant case implemented its Employer Benefit Plan until April 30, 1987 through an employer trust fund and insurance carrier. The employer trust fund and the carrier subsequently became insolvent. Implementation of a plan through a carrier, in and of itself, does not relieve the Respondent of its primary obligation to provide benefits pursuant to the Wage Agreement. Inasmuch as the Complainants were eligible for health benefits coverage from the Respondent as active Employees at the time their outstanding medical charges were incurred, the Respondent is responsible for payment of those charges under the terms of the Employer Benefit Plan.

Opinion of the Trustees

The Respondent is responsible for payment of the covered medical charges incurred by the Complainants and their eligible dependents during their employment with the Respondent under the terms of the Employer Benefit Plan.