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## OPINION OF TRUSTEES

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### In Re

Complainants: Employees  
Respondent: Employer  
ROD Case No: 84-547 - July 26, 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 level of health benefits coverage under the terms of the Employer Benefit Plan.

### Background Facts

The Complainants are classified Employees of the Respondent. The representative for the Complainants indicates that the Benefit Plan implemented by the Respondent through Connecticut General Life Insurance did not provide health benefits coverage at the level prescribed by the terms of the Employer Benefit Plan established pursuant to the National Bituminous Coal Wage Agreement ("Wage Agreement") of 1984. The representative for the Complainants has submitted a copy of the Respondent's Summary Plan Description which indicates that benefit payments were subject to a \$100 deductible for each of the first three family members enrolled and, thereafter, benefits were paid up to 80% of the cost of service. The representative states that the Respondent agreed to pay or reimburse the Complainants for any medical costs they would be required to pay under the 80/20 plan in excess of the 12-month maximum co-payment amount established under the Employer Benefit Plan pursuant to the 1984 Wage Agreement.

The Respondent states that it changed insurance carriers from Connecticut General Life Insurance to Blue Cross and Blue Shield, effective January 1, 1988. Under the current plan, benefit payments are subject to a \$100 deductible for each of the first three family members enrolled and, thereafter, benefits are paid up to 80% of the cost of service. The Respondent contends that, by virtue of its agreement to pay or reimburse the Complainants for any costs exceeding the 12-month maximum co-payment amount specified under the Employer Benefit Plan, it is essentially providing the level of benefits required under the terms of the 1984 Wage Agreement. The Respondent also states that the plan implemented through Blue Cross/Blue

Shield provides the same life insurance benefits and lower prescription drug co-payments as compared to the benefits required under the Employer Benefit Plan.

### Dispute

Is the Respondent's use of an 80/20 health coverage plan in violation of the 1984 Wage Agreement?

### Positions of the Parties

Position of the Complainant: The Respondent is in violation of the 1984 Wage Agreement by its use of an 80/20 health coverage plan.

Position of the Respondent: The Respondent is providing the level of coverage required under the 1984 Wage Agreement because each of the Complainants is ultimately only responsible for payment of the co-payment amounts required under the Employer Benefit Plan.

### Pertinent Provisions

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

(c) 1974 Plans and Trusts

(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 provides:

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

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\* 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.

Article III A. (8) of the Employer Benefit Plan provides in pertinent part:

Article III - Benefits

A. Health Benefits

(8) Co-payments

Certain benefits provided in this Plan shall be subject to the co-payments set forth below and such co-payments shall be the responsibility of the Beneficiary. The Plan Administrator shall implement such procedures as deemed appropriate to achieve the intent of these co-payments.

Co-payments for Health Benefits are established as follows:

<u>Benefit</u>	<u>Co-Payment</u>
(a) Physician services as an out-	Working Group -- \$7.50 per

patient as set forth in section A (2) and physician visits in connection with the benefits set forth in section A(3), paragraph (c) but only for pre- and post-natal visits if the physician charges separately for such visits in addition to the charge for delivery, and paragraphs (g) through (m), paragraph (n) except inpatient paragraph (o) and section A(7) paragraph (f). visit up to a maximum of \$150 per 12-month period(\*) per family.  
Non-working Group -- \$5 per visit up to a maximum of \$100 per 12-month period(\*) per family.

(b) Prescription drugs and insulin, \$5 per prescription or refill as set forth in section A(4) and take-home drugs following a hospital confinement as set forth in section A(1)(a). up to a \$50 maximum per 12-month period(\*) per family.

Note: For purposes of this co-payment provision, a prescription or refill shall be deemed to be each 30 days (or fraction thereof) supply.

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\* The 12-month periods shall begin on the following dates: March 27, 1984; March 27, 1985; March 27, 1986 and March 27, 1987.

### Discussion

Article III. A. (8) of the Employer Benefit Plan provides that certain benefits provided under the Plan shall be subject to co-payments of \$5.00 or \$7.50, and such co-payments shall be the responsibility of the beneficiary. The usual procedure for filing claims as contemplated under the terms of the Wage Agreement is one in which the beneficiary is expected to authorize the provider to bill the insurance carrier for services rendered and to pay only the co-payment charge set forth in Article III. A. (8), until the specified maximum yearly amount is reached.

Article XX Section (c)(3)(i) of the 1984 Wage Agreement requires each signatory Employer... "to establish and maintain an Employee benefit plan to provide, implemented through an insurance carrier(s), health and other non-pension benefits for its Employees..." The Wage Agreement stipulates that benefits provided by the Employer pursuant to such Plan shall be guaranteed during the term of the Agreement at levels set forth in such Plan. Levels of benefits to be provided to Employees, Pensioners and their dependents and survivors which are established through collective bargaining may not be unilaterally changed. The Trustees conclude that the

Respondent's use of an 80/20 health coverage plan is inconsistent with the provisions of the Wage Agreement and the Employer Benefit Plan.

Opinion of the Trustees

The Respondent's use of an 80/20 health coverage plan is inconsistent with the express provisions of the 1984 Wage Agreement and the Employer Benefit Plan.