

OPINION OF TRUSTEES

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In Re

Complainant: Employee  
Respondent: Employer  
ROD Case No: 84-655 - July 21, 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 Complainant has been employed in a classified position with the Respondent since April 1986. In June 1986, the Respondent corporation was purchased by the current owner. The Respondent is signatory to the National Bituminous Coal Wage Agreement ("Wage Agreement") of 1984.

The Respondent, under its previous owner, had provided health benefits coverage for the Complainant 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. The Complainant has submitted a copy of an unpaid hospital bill for medical services rendered in May 1986. The Complainant would like to know who is responsible for the unpaid hospital bill.

Dispute

Whether the Respondent is responsible for payment of the outstanding medical charges incurred by the Complainant in May 1986.

Positions of the Parties

Position of the Complainant: The Complainant asks who is responsible for payment of the unpaid hospital bill which was incurred in May 1986 during his employment with the Respondent.

Position of the Respondent: The Respondent has not responded to repeated correspondence from Funds' staff requesting 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:

(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. (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

- (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." Although the Respondent corporation was purchased by a new owner in June 1986, a change in ownership does not affect the corporate existence nor the corporation's debts, obligations or liabilities. Therefore, the Respondent corporation remains liable for the health benefits coverage required by the Wage Agreement.

Article II. A of the Employer Benefit Plan provides health benefits coverage for an active Employee working in a classified job 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 corporation of its primary obligation to provide benefits pursuant to the Wage Agreement. Inasmuch as the Complainant was eligible for health benefits coverage from the Respondent as an active Employee at the time his 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 Complainant and his eligible dependents during his employment with the Respondent under the terms of the Wage Agreement and the Employer Benefit Plan.