
OPINION OF TRUSTEES

In Re

Complainant: Employees
Respondent: Employer
ROD Case No: 02-017 – September 15, 2004

Trustees: A. Frank Dunham, Michael H. Holland, Marty D. Hudson and
Elliot A. Segal.

The Trustees have reviewed the facts and circumstances of this dispute concerning the provision of benefits under the terms of the Employer Benefit Plan.

Background Facts

The Complainants are actively employed by the Respondent, a signatory employer. According to the Complainants, the Respondent has failed to provide health benefits coverage as prescribed by the 2002 National Bituminous Coal Wage Agreement (Wage Agreement) and the Employer Benefit Plan. Specifically, the Complainants state they should have each received a lump sum health care payment of \$1,000 as of January 1, 2004, to meet their deductible under the Employer Benefit Plan for 2004. As of May 2004, the Respondent has not provided the Complainants with a lump sum health care payment as required under the 2002 Wage Agreement.

The Complainants submitted a copy of a Memorandum of Understanding signed by the Respondent and the United Mine Workers of America (“UMWA”), dated December 18, 2002, which states that “ The Union agrees that [the Employer’s name] will have the first six months of the year 2003 to make payments that relates [sic] to the following: 1) Clothing Allowances; 2) \$600.00 Bonus for 2002 and 3) \$1,000.00 for Medical Insurance in 2003.” Thus, the Memorandum of Understanding allowed the Respondent to pay the Complainants \$1,000 for Medical Insurance (lump sum health care payment) for 2003 by no later than June 30, 2003.

The Complainant states that under the terms of the Employer Benefit Plan, his coverage does not begin until he has met a \$750 deductible and contends that the \$1,000 payment should be used to pay the deductible. The Complainant also states that due to the Respondent’s late payment of the lump sum health care payment for 2004, he has not received benefits as established under the Employer Benefit Plan.

Dispute

Is the Respondent's implementation of its health coverage plan in violation of the 2002 Wage Agreement and the Employer Benefit Plan?

Positions of the Parties

Position of the Complainants: The Respondent's implementation of its health coverage plan is in violation of the 2002 Wage Agreement and the Employer Benefit Plan.

Position of the Respondent: The Respondent has not responded to numerous requests from Funds' staff for its position in this dispute.

Pertinent Provisions

Article XX (GENERAL DESCRIPTION OF THE HEALTH AND RETIREMENT BENEFITS)
(10) c. of the National Bituminous Coal Wage Agreement of 2002 provides, in pertinent part:

(10) HEALTH CARE:

c. Health Care Payment/Deductible

On January 1 of each year during the term of this Agreement... each eligible participant will receive a lump sum health care payment of \$1,000. For purposes of this provision, "eligible participants" means active Employees, laid-off Employees, and disabled Employees prior to eligibility for Medicare benefits, who are participants in the Employer Plan maintained pursuant to this Article....

* * *

Article I. (1), (2) and (4) of the 2002 Employer Benefit Plan provides:

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 2002, 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 person eligible to receive the health benefits pursuant to Article III are as follows:

A. Active Employee

- (1) is actively at work^{1*} for the Employer on the effective Date of the Wage Agreement; or

* * *

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

Article III. A. (8) provides in pertinent part:

Article III Benefits

(8) Co-Payments and Deductibles

Effective January 1, 2002, the benefits provided in this Plan shall be subject to the co-payments and deductibles set forth below and such co-payments and deductibles shall be the responsibility of the Beneficiary.

* * *

Deductibles for covered Health Benefits refer to the first portion of covered benefits that must be paid by a Beneficiary during a calendar year before any amount will be paid by the Plan. The first \$750 of all covered medical expenses incurred by any covered family member will be counted toward satisfying the deductible. Vision care and prescription drug expenses are not subject to the deductible. Any deductible applicable to a covered benefit must be met before co-pays apply. In no event will the deductible applicable to a family for a calendar year exceed the 75 percent of the gross amount of the Health Care payment paid for that year to that family either from the Employer or from the UMWA 1974 Pension Plan pursuant to Article XX (General Description) (10) c. of the 2002 NBCWA. Deductibles are established as follows:

* Actively at work includes an Employee of the Employer who was actively at work on December 31, 2001, and who returns to active work with the Employer two weeks after the Effective Date of the Wage Agreement.

<u>Benefit</u>	<u>Deductible</u>
Physician, Hospital or other non-pharmacy services	\$750.00 per family
The following payment will be required as an additional deductible, and will apply regardless of whether the original deductible has been met for the year:	
Any specified service obtained without required precertification	\$300.00, not applied to annual out-of-pocket maximum

* * *

Discussion

Article XX (c)(3)(i) of the 2002 Wage Agreement requires each signatory Employer to establish and maintain an Employer Benefit Plan to provide health and other non-pension benefits for its Employees. It further stipulates that benefits provided by the Employer pursuant to such Plan shall be guaranteed during the term of the Agreement by that Employer at levels set forth in such Plan.

Article II A. (1) and (5) of the Employer Benefit Plan provide health benefit coverage for active Employees working in classified jobs for a signatory Employer. The Complainants are active Employees; therefore, they are eligible for health benefits coverage under Article II A. (1) and (5) of the Employer Benefit Plan.

According to Article III A. (8), “Deductibles for covered Health Benefits refer to the first portion of covered benefits that must be paid by a Beneficiary during a calendar year before any amount will be paid by the Plan. The first \$750 of all covered medical expenses incurred by any covered family member will be counted toward satisfying the deductible.”

Article XX (10) c. of the Wage Agreement of 2002 provides that “On January 1 of each year during the term of this Agreement . . . each eligible participant will receive a lump sum health care payment of \$1,000.” It further states that “For the purposes of this provision, ‘eligible participants’ means active Employees, laid-off Employees, and disabled Employees prior to eligibility for Medicare benefits, who are participants in the Employer Plan maintained pursuant to this Article. . . . A health care payment shall not be paid to any individual who is not then entitled to Employer-provided benefits under the Employer Plan.”

The Complainants are active Employees entitled to Employer-provided benefits and are not eligible for Medicare benefits; therefore, they are entitled to a lump sum health care payment as of January 1, 2004. The Memorandum of Understanding submitted addressed the lump sum health care payment for 2003 which allowed the Respondent the first six months of the year 2003 to make such payment. No Memorandum of Understanding was submitted that addressed the payment for 2004. Therefore, the Respondent was required to make a lump sum payment to the Complainants as of January 1, 2004.

Opinion of the Trustees

The Respondent's implementation of its health coverage plan is inconsistent with the express provisions of the 2002 Wage Agreement and the Employer Benefit Plan. The Respondent was required to provide a lump sum health care payment to the Complainants as of January 1, 2004, under Article XX (10) c. of the 2002 Wage Agreement.