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OPINION OF TRUSTEES

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In Re

Complainant: Employees  
Respondent: Employer  
ROD Case No: 02-022 – April 19, 2006

Trustees: Micheal W. Buckner, A. Frank Dunham, Michael H. Holland, 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 include Employees who are currently employed by the Respondent and former Employees who incurred medical bills while employed by the Respondent. The representative for the Complainants claims that the Respondent has failed to pay health claims in a timely manner as required by the terms of the National Bituminous Coal Wage Agreement and the Employer Benefit Plan. As a result, the Complainants have received collection notices and statements from providers threatening collection action if the outstanding bills are not paid.

On March 11, 2005, a Funds' staff member spoke with the Respondent's Plan Administrator who stated that Acordia was the Respondent's insurance carrier until April 1, 2004, when the Respondent then changed to Corporate Benefit from April 1, 2004 to September 30, 2004. Allied Benefits Administration has been the insurance carrier since October 1, 2004. In February 2005, the Plan Administrator stated that he received a large envelope of claims from Corporate Benefit. Some of the claims had been paid and others were duplicates. He stated that he informed employees that if they had unpaid claims for services prior to October 2004, they should send him a copy of the bills.

A representative for the Respondent submitted information indicating that many of the medical bills originally submitted in the dispute have been paid. For example, according to the Respondent's representative, a bill submitted by one of the Complainants for an emergency room service dated March 27, 2004 was paid by the Respondent on July 14, 2005. Another example is a request for reimbursement for prescription drugs purchased in March 2003 and April 2004. The Respondent reimbursed the Complainant on February 22, 2005.

After the ROD was filed, the representative for the Complainants worked with the Plan Administrator to sort through the unpaid claims in an attempt to settle the dispute. According to the Complainants' representative, although the Respondent paid a number of outstanding claims

originally submitted, late payment of claims by the Respondent continues to be an on-going problem for the Employees. Therefore, the representative requested that the dispute be presented to the Trustees for review.

The Respondent is signatory to a modified 2002 National Bituminous Coal Wage Agreement (“2002 Wage Agreement”), effective January 1, 2003 through December 31, 2006. This Agreement provides health coverage under an 80/20 plan and requires Employees to pay a premium payment which is deducted monthly from the Employees’ gross pay.

### Dispute

Is the Respondent providing health benefits coverage for the Complainants as required under the terms of the National Bituminous Coal Wage Agreement and Employer Benefit Plan?

### Positions of the Parties

Position of the Complainants: The Respondent is not providing health coverage as required under the terms of the National Bituminous Coal Wage Agreement and Employer Benefit Plan because the Complainants receive collection notices and statements from providers threatening collection action if the outstanding bills are not paid.

Position of the Respondent: The Respondent is providing health benefits coverage for the Complainants as required under the terms of the Employer Benefit Plan and Wage Agreement. Many of the medical bills originally submitted in the dispute have been paid. Furthermore, the information submitted by the Complainants’ representative “was selective in an obvious attempt to portray the Company [as] not making payment[s] or progress surrounding the medical bill dilemmas.”

### Pertinent Provisions

Article XX (c)(3)(i) of the National Bituminous Coal Wage Agreement of 2002 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 2002 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 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. (5) of the 2002 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

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

#### Discussion

Article XX (c)(3)(i) of the 2002 Wage Agreement requires an Employer to provide an Employer Benefit Plan that is 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 2002 Employer Benefit Plan provides health benefits coverage to active employees working in classified jobs for a signatory Employer.

The Complainants in this case have received collection notices because the Respondent has failed to pay the Complainants' medical bills in a timely manner. Although the Employer Benefit Plan does not specify a time period for processing and payment of medical claims, Department of Labor regulations require the payment of a clean claim—a claim that does not need additional information to be processed—within 30 days. The Funds, for example, reviews seventy percent of claims within a four-day period and pays a reviewed claim within seven to ten days. Ninety percent of claims are reviewed within a ten-day period.

In ROD 98-046, the Trustees addressed the issue of processing undisputed or clean claims in a timely manner and found that the time taken by the Employer or its agent to process and pay health benefit claims should not cause collection action to be taken against the beneficiary nor result in any other action that would impair the creditworthiness of the beneficiary. The Trustees also noted that the Employer must insulate and defend the beneficiary against any such actions initiated by the provider(s).

The Respondent claims that it is making “progress surrounding the medical bill dilemmas” and has paid many of the original claims. However, based on the information submitted by the Respondent concerning the claims it has paid—a medical claim dated March 27, 2004 was paid on July 14, 2005—the Respondent’s progress is insufficient.

#### Opinion of the Trustees

The Respondent’s failure to process clean or undisputed health benefits claims for the Complainants in a timely manner does not conform to the requirements of the National Bituminous Coal Wage Agreement or the Employer Benefit Plan. The processing time taken by the Respondent or its agent to adjudicate undisputed health benefit claims may not cause collection action to be taken against a Complainant nor result in any other action that would impair the creditworthiness of a Complainant. The Respondent must insulate and defend Complainants against any such actions initiated by the provider(s).