
OPINION OF TRUSTEES

In Re

Complainant: Pensioners
Respondent: Employer
ROD Case No: 07-0007 – September 19, 2007

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

Complainants are two Pensioners receiving pensions from the 1974 Pension Plan. Pensioner A is receiving a Special Permanent Layoff Pension with 21 years of credited service and an effective date of April 1, 1998. Pensioner B is receiving an Age 55 Pension with an effective date of March 1, 1998. Pensioner A applied for health benefits from the UMWA 1993 Benefit Plan several months prior to attaining the age of 55. His application was denied because his last signatory Employer, the Respondent, was determined to be financially able to provide health benefits to its eligible retirees. Pensioner A was sent a letter directing him to contact the Respondent for any health benefits to which he might be entitled.

Pensioner A's application for health benefits was denied by Respondent because Pensioner A's earnings exceed the \$1,000 monthly limit that is contained in the 1998 National Bituminous Coal Wage Agreement (Wage Agreement) and the corresponding 1998 Employer Benefit Plan.

Pensioner B is currently employed part-time at a rate of earnings below \$1,000 per month and would like to accept additional work without losing his health benefits. There is no limitation in the 2007 Wage Agreement or Employer Benefit Plan.

Respondent was last signatory to the 1998 Wage Agreement and provides health benefits to eligible pensioners under the 1998 Employer Benefit Plan.

Dispute

Should the Respondent continue to apply the earnings limit at the level contained in the 1998 Wage Agreement but eliminated from the 2007 Wage Agreement?

Positions of the Parties

Position of the Complainants: The Health Plan Administrator denied benefits based on the earnings limit that was contained in the 1998 Wage Agreement, but was eliminated from the 2007 Wage Agreement. Respondent must provide Health Benefits to eligible Pensioners regardless of earnings because the current Wage Agreement does not contain an earnings limit.

Position of the Respondent: Respondent is not signatory to the 2007 Wage Agreement and therefore cannot be held to the terms of that Agreement. The last Agreement to which the Respondent was signatory is the 1998 Wage Agreement, which contains the \$1,000 monthly earnings limit. Respondent is not obligated to comply with terms of an Agreement that it did not sign.

Pertinent Provisions

Article XX Section (c)(3)(i) of the 1998 National Bituminous Coal Wage Agreement states 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 and who are not eligible to receive benefits from a plan maintained pursuant to the Coal Act.

* * *

Article XX (10) of the 1998 National Bituminous Coal Wage Agreement states in pertinent part:

Health care benefits provided under the Employer Benefit Plan are guaranteed during the term of this Agreement subject to the terms of this Agreement at the level of benefits provided in the Employer Benefit Plan.

Article I (5) of the 1998 Employer Benefit Plan states in pertinent part:

ARTICLE I DEFINITIONS

(5) "Pensioner" shall mean any person who is receiving a pension, other than (i) a deferred vested pension based on less than 20 years of credited service, (ii) a pension based in whole or in part on years of service credited under the terms of Article II G of the 1974 Pension Plan, or any corresponding paragraph of any successor thereto, under the 1974 Pension Plan (or any successor thereto), whose last classified signatory employment was with the Employer, subject to the provisions of Article II B of this Plan; or (iii) a special permanent layoff pension under the terms of Article II.E(4) of the 1974 Pension Plan, during any period prior to the person's attainment of age 55. "Pensioner" shall not mean any individual entitled to benefits under section 9711 of the Internal

Revenue Code of 1986, as amended by the Coal Industry Retiree Health Benefit Act of 1992.

Article II B.(1) of the 1998 Employer Benefit Plan states in pertinent part:

Article II Eligibility

B. Pensioners

Health benefits under Article III hereof shall be provided to Pensioners as follows:

(1) Any Pensioner who is not again employed in classified signatory employment subsequent to

(a) such Pensioner's initial date of retirement under the 1974 Pension Plan, and

(b) December 31, 1997, shall be eligible for coverage as a Pensioner under, and subject to all other provisions of this Plan. Notwithstanding (i) and (ii) of the definition of Pensioner in Article I(5) of this Plan, any such Pensioner who was eligible for benefits under the 1974 Benefit Plan as a Pensioner on December 5, 1977, shall be eligible for such benefits, subject to all other provisions of this Plan.

* * *

(4) Health benefits shall not be provided during any month in which the Pensioner is regularly employed at an earnings rate equivalent to at least \$1,000 per month.

Article II B.(1) of the 2007 Employer Benefit Plan states in pertinent part:

ARTICLE II ELIGIBILITY

B. Pensioners

Health benefits under Article III hereof shall be provided to Pensioners as follows:

(1) Any Pensioner who is not again employed in classified signatory employment subsequent to

(a) such Pensioner's initial date of retirement under the 1974 Pension Plan, and

(b) December 31, 2006, shall be eligible for coverage as a Pensioner under, and subject to all other provisions of this Plan. Notwithstanding (i) and (ii) of the definition of Pensioner in Article I(5) of this Plan, any such Pensioner who was eligible for benefits under the 1974 Benefit Plan as a Pensioner on December 5, 1977, shall be eligible for such benefits, subject to all other provisions of this Plan.

Discussion

Article XX (c)(3)(i) of the 1998 Wage Agreement requires a signatory Employer to establish and maintain an Employer Benefit Plan to provide health and other non-pension benefits for its Pensioners whose last classified employment was with such Employer. It further states that “benefits provided by the Employer...shall be guaranteed during the term of this Agreement by that Employer at levels set forth in such plans...” The Respondent provides health benefits consistent with this Article.

Complainants meet the definition of “Pensioner” contained in Article I (5) of the 1998 Employer Benefit Plan and the requirements of Article II B.(1) of the 1998 Employer Benefit Plan. The issue is whether the Complainants must also meet the requirements of Article II B. (4) of the 1998 Employer Benefit Plan. Although the eligibility requirements contained in Article II B.(1) remained the same in each of the subsequent Employer Benefit Plans, the earnings limit contained in the 1998 Wage Agreement and Article II B. (4) of the 1998 Employer Benefit Plan was eliminated from the 2007 version of the documents. Respondent is not signatory to the 2007 Wage Agreement.

The Respondent was last signatory to the 1998 National Bituminous Coal Wage Agreement. Pursuant to that Wage Agreement, it maintains the 1998 Employer Benefit Plan. Article II B. (4) of the 1998 Employer Benefit Plan contains an earnings limit for Pensioners of \$1,000 per month, exceeding which would result in the loss of Health Benefits for that month. Eliminating the earnings limit from a subsequent Wage Agreement does not alter the terms of the plan under which the Respondent provides health benefits, unless Respondent is a signatory to that Agreement. Thus, in the Complainants’ cases, the earnings limitation of \$1,000 will remain in effect as long as the Respondent’s Employer Benefit Plan continues.

A similar issue was previously addressed in ROD case No. 98-043. In that case, the Trustees determined that the earnings limitation contained in the 1998 Employer Benefit Plan continued to apply despite a change to the provision in the 2002 Plan. The Trustees concluded that the last Wage Agreement to which the Respondent was signatory and the terms of its corresponding Benefit Plan remained in effect.

Respondent also raised the question of Trustee jurisdiction in this matter. Respondent is on the current list of companies that have fulfilled their obligation to contribute to the UMWA-BCOA ROD Trust, and therefore, the Trustees have jurisdiction to issue an opinion in this matter.

Opinion of the Trustees

The earnings limitation of \$1,000 remains in effect as long as the Respondent’s 1998 Employer Benefit Plan continues.