
OPINION OF TRUSTEES

In Re

Complainant: Pensioner
Respondent: Employer
ROD Case No: 07-0069

Trustees: Marty D. Hudson, Daniel L. Fassio, Kurt A. Salvatori, and Michael H. Holland

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

Complainant was employed by Respondent from September 5, 2003, until August 6, 2007. Complainant is receiving a Disability Pension from the 1974 Pension Plan, with an effective date of September 1, 2007. Respondent is not signatory to a standard NBCWA, but signed an agreement with the UMWA in 2005 that, through a memorandum of understanding with the UMWA in 2002 (“MOU”), which was amended in 2007, adopted the base terms of the 2002 and 2007 NBCWAs. Respondent’s agreement contains a provision that applies to new employees and eliminates Respondent’s obligation to provide retiree health benefits to such new employees, unless the new employees actively perform work for Respondent for at least ten years.

Dispute

Is Respondent required to provide retiree health benefits to Complainant?

Positions of the Parties

Position of the Complainant: Complainant is receiving a Disability Pension from the UMWA 1974 Pension Plan and is, therefore, entitled to health benefits pursuant to Article XX(10) of the NBCWA.

Position of the Respondent: Complainant is a “New Hire,” within the meaning of Respondent’s agreement, with fewer than ten years of active employment for Respondent and is, therefore, not eligible for health benefits from Respondent upon retirement.

Pertinent Provisions

Section 8 of the MOU states, in pertinent part:

8. Retiree Health Care for New Hires

a). The Parties hereto agree that pursuant to Article V Section C of the Employer's Individual Benefit Plan, to jointly modify such plan and Article XX of the National Agreement, for all purposes as described herein during the term of the Agreement and any future labor agreement between the Parties hereto applicable to the [mine]. All Employees beginning Employment subsequent to the effective date of this Agreement, whether from the Combined Panel or from any other source chosen by the Employer for jobs of a classified nature as outlined in this Agreement, shall be, for all purposes, without respect to any time or benefits earned in any other employment with any other employer in the coal industry, considered to be a "New Hire" of the Employer. These "New Hires" shall begin day one with the employer earning benefits, for purposes of attaining retiree health care, that are based solely on accrued service with the Employer. All Employees hired after the effective date of this Agreement must have actively performed work for no less than ten (10) years solely with the Employer before he/she is entitled to any Employer provided health care benefits upon their retirement.

b). In regards to New Hires, the Employer shall establish and maintain an Employer benefit plan, at the levels of benefits provided other represented employees, to provide health and other non-pension benefits for New Hires. In order to be eligible for any retiree health benefits under the Employer Benefit Plan established herein, a New Hire must, upon retirement, satisfy the following criteria: (1) A New Hire must have his/her last signatory service with the Employer; and (2) such New Hire must have actively performed work for the Employer for not less than ten (10) years subsequent to the Effective date of this Agreement; and (3) such New Hire must not be eligible to receive benefits under the Coal Act or any amendment or successor thereto. (The term "Employer" as used for all purposes herein of this Agreement shall exclusively and specifically mean [Respondent]). The eligibility criteria set forth in the preceding sentence must be satisfied or no medical benefits whatsoever shall be paid by the Employer regardless of whether a New Hire subsequently becomes eligible for a pension from the 1974 Pension Plan or any other Pension Plan. The Parties hereto expressly agree that there is no other method or manner by which New Hires or their dependents may obtain retiree health care from the Employer upon retirement.

Discussion

Section 8(a) of the MOU provides that “[a]ll Employees beginning Employment subsequent to the effective date of this [MOU] . . . shall be . . . considered to be a New Hire of the Employer.” Section 8(b) of the MOU states that “[i]n order to be eligible for any retiree health benefits under the Employer Benefit Plan established herein, a New Hire must, upon retirement, satisfy the following criteria: (1) A New Hire must have his/her last signatory service with the Employer; and (2) such New Hire must have actively performed work for the Employer for not less than ten (10) years subsequent to the Effective date of this [MOU]; and (3) such New Hire must not be eligible to receive benefits under the Coal Act or any amendment or successor thereto.”

Complainant began employment with Respondent on September 5, 2003, subsequent to the effective date of the MOU, which is July 1, 2002, and is, therefore, a “New Hire” within the meaning of the MOU. Inasmuch as Complainant is a New Hire who, upon retirement, had worked for Respondent for less than ten years after the effective date of the MOU, Complainant is not eligible for retiree health benefits from Respondent.

Opinion of the Trustees

Consistent with the provisions of the MOU between Respondent and the UMWA, the Respondent is not required to provide retiree health benefits to Complainant.