
OPINION OF TRUSTEES

In Re

Complainant: Laid-off Employees
Respondent: Employer
ROD Case No: 11-0028 – February 5, 2015

Trustees: Michael H. Holland, Joseph R. Reschini, Michael McKown, and
Marty D. Hudson

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

Respondent notified Complainants on April 30, 2012, that the mine in which Complainants worked would be idled for approximately 30 – 60 days while management negotiated with a key customer to accept delivery of the mine’s coal. During May 2012, Respondent issued employees low earnings slips so that they could receive temporary unemployment benefits during the idle period. Respondent’s efforts to reach an agreement with the key customer ultimately proved unsuccessful, and, on May 31, 2012, Respondent notified the UMWA at least 60 days in advance, as required by the Worker Adjustment and Retraining Notification (“WARN”) Act, of its decision to permanently close the mine and to lay off Complainants, effective July 31, 2012. Most of the Complainants did not work during the two-month period from May 31, 2012, until the effective date of the layoffs, July 31, 2012. However, some of the Complainants worked at the mine during this period to load out a pit of uncovered coal while another group of the Complainants worked in temporary assignments at another mine and preparation plant until July 31, 2012. Respondent paid Complainants their full wages during the sixty-day period immediately prior to the effective date of the layoffs – regardless of whether they performed any work for Respondent during this time – to avoid liability under the WARN Act.

Respondent informed Complainants of the dates on which their health benefits would expire based on their last date worked and then laid off Complainants on July 31, 2012. Respondent concedes that all of the Complainants worked at least 2,000 hours for Respondent in the 24-month period immediately prior to their dates last worked thereby qualifying each of them for a full year of continued health benefits coverage from Respondent. Respondent informed the majority of the Complainants, who did not perform any work for Respondent after April 30, 2012, that they would receive continued health benefits coverage until April 30, 2013. Complainants claim that they should receive continued health benefits coverage until July 31, 2013, because Respondent laid them off on July 31, 2012.

Dispute

Is Respondent required to provide continued health benefits coverage to Complainants until July 31, 2013?

Positions of the Parties

Position of the Complainants: Respondent is required to provide health benefits to Complainants until July 31, 2013, because Respondent laid them off on July 31, 2012.

Position of the Respondent: Respondent is required to provide health benefits to each Complainant for one year following the date on which each such Complainant last worked.

Pertinent Provisions

Article III.D(1)(a) of the Employer Benefit Plan states in pertinent part:

ARTICLE III. BENEFITS

D. General Provisions

- (1) Continuation of Coverage
 - (a) Layoff

If an Employee ceases work because of layoff, continuation of health, life and accidental death and dismemberment insurance coverage is as follows:

Number of Hours Worked for the
Employer in 24 Consecutive Calendar
Month Period Immediately Prior to the
Employee's Date Last Worked

Continuation from the
Date Last Worked

2,000 or more hours

Balance of month plus 12
months

* * *

Discussion

Article III.D(1)(a) of the Employer Benefit Plan requires an Employer to provide health benefits to a laid-off Employee for a period measured from the laid-off Employee's date last worked. Respondent concedes that each Complainant is entitled to health benefits from Respondent for the 12 months following the month of such Complainant's date last worked. The Employer Benefit Plan does not define the term "date last worked," but the Trustees have decided that a laid-off Employee's date last worked may be a date for which the Employee received back pay even if such date is subsequent to the last date the Employee actually worked for the Employer (See RODs 81-466 and 84-403). Given that employers are liable for back pay to certain employees for violating the WARN Act, the Funds treats payments employers make to their employees for violating, or to settle possible violations of, the WARN Act as back pay for pension credit purposes.

Respondent notified the UMWA of the layoffs on May 31, 2012, and paid Complainants their full wages for the sixty-day period thereafter to avoid violating the WARN Act. Inasmuch as Respondent paid Complainants during this sixty-day period to avoid violating, or to settle possible violations of, the WARN Act, Respondent's payments to Complainants during this sixty-day period are back pay. Given that Complainants received back pay, they are entitled to health benefits from Respondent for 12 months following the last month for which they received back pay.

Opinion of the Trustees

Respondent is required to provide health benefits to Complainants through July 31, 2013.