
OPINION OF TRUSTEES

In Re

Complainant: UMWA Executive Board Member
Respondent: Employer
ROD Case No: 132 January 27, 1981

Board of Trustees: Harrison Combs Chairman; John J. O'Connell, Trustee; Paul R. Dean, Trustee.

Pursuant to Article IX of the United Mine Workers of America 1950 Benefit Plan and Trust, and under the authority of an exemption granted by the United States Department of Labor, the Trustees have reviewed the facts and circumstances of this dispute concerning the claims reimbursement procedure implemented by the Employer and hereby render their opinion on the matter.

Background Facts

On April 15, 1980, the Employer notified all active employees under the Employer's Plan that as of May 1, 1980, the insurance company would implement a new procedure for reimbursement of claims under \$1.00. As of that date, the insurance carrier would no longer issue checks to employees for claims under \$1.00. Instead, all claims under \$1.00 would be held by the insurance clerk at the mine until an Employee had submitted claims aggregating \$10.00, at which point the claims would be submitted to the insurance company for reimbursement. Nevertheless, if by three months an Employee's claims did not aggregate \$10.00 his claims would be submitted for reimbursement. The Employer further stated that because a substantial portion of the insurance carrier's backlog could be attributed to claims for amounts less than \$1.00, this procedure was adopted to keep claims handling at a minimum and allow timely processing of larger claims.

Dispute

Is this claims reimbursement procedure in conflict with Article XX (10) of the National Bituminous Coal Wage Agreement of 1978 ("Wage Agreement") or the Employer's Plan?

Positions of the Parties

Position of Complainant: Article XX, (10) Explanatory Note, is explicit about the amount of co-payments required. This claims reimbursement procedure is in conflict with the co-payment provision because it forces the Employee to pay an amount greater than the specified co-payment for physician services and drug charges.

Position of Employer: The claims reimbursement procedure is in full compliance with Article III, Section A (9)(b) of the Benefit Plan, which states: "The Plan Administrator is authorized to promulgate rules and regulations to implement the plan, and such rules and regulations shall be binding upon all persons dealing with beneficiaries claiming benefits under this plan." This reimbursement procedure only delays, not refuses, payment on claims under \$1.00, and, in any event, such delays will be for no longer than three months. This procedure enables the Employer to provide an efficient claims service and allows turn-around time on claims to be held at a minimum.

Pertinent Provisions

- o Article XX, (10), Explanatory Note on Employer Provided Health Plans of the Wage Agreement provides as follows:

All benefits will be at the level of benefits provided by the 1974 Benefit Plan prior to July 1, 1977 except for the following co-payments by the patient:

	<u>Working Mothers</u>	<u>Non-Working Mothers</u>
Prescription Drugs	\$5.00 per prescription	\$5.00 per prescription
Physician Charges	\$7.50 per visit	\$5.00 per visit

No family will have to pay more than the following amount of co-payments in any year:

	<u>Working Mothers</u>	<u>Non-Working Mothers</u>
Prescription Drugs	\$ 50.00	\$ 50.00
Physician Charges	<u>\$150.00</u>	<u>\$100.00</u>
TOTAL	\$200.00	\$150.00

- o Article III, Section A (8) of the Employer's Plan provides as follows:
Certain benefits provided in this plan shall be subject to the co-payments set forth below and such co-payments shall be the responsibility of the Beneficiary. The Plan Administrator shall implement such procedures as deemed appropriate to achieve the intent of these co-payments, Beneficiaries and providers shall provide such information as the Plan Administrator may require to effectively administer these co-payments, or such Beneficiaries or providers shall not be eligible for benefits or payments under this Plan.

Any over payments made to a provider who overcharges the Plan in lieu of collecting the applicable co-payment from a participant or beneficiary shall be repaid to the Plan Administrator by such provider.

- o Article III, Section A (9)(b) of the Employer's Plan provides as follows:

The Plan Administrator is authorized to promulgate rules and regulations to implement the Plan, and such rules shall be binding upon persons dealing with the Beneficiaries claiming benefits under this Plan.

Discussion

Article III, Section A (8) of the Employer's Plan requires active Employees to make co-payments of no more than \$7.50 per physician visit, up to a yearly maximum of \$150.00, and no more than \$5.00 per prescription, up to a yearly maximum of \$50.00. An Employee who has reached the yearly co-payments maximum is not required to pay for physician visits or prescription charge. In the event he does pay for them, he is reimbursed in full. An Employee who has not met the yearly co-payments maximum must pay charges up to the co-payments maximum per transaction for physician visits or prescriptions. Such an Employee is reimbursed for any amount paid in excess of the required co-payment.

The claims reimbursement procedure in question does not apply to Employees who have reached their yearly co-payments maximum. And, with respect to Employees who have not reached their yearly co-payments maximum, the procedure only applies to those having reimbursable claims of less than \$1.00.

The procedure allows the Plan Administrator to delay the processing of an Employee's reimbursable claims of less than \$1.00 until his claims total \$10.00, but, in no event, for more than three months. Significantly, the procedure does not deny reimbursement of any amounts due the Employee.

The Wage Agreement does not prescribe a time limit within which the Administrator must reimburse Employees. Similarly, the Employer's Plan does not prescribe such a time limit.

Article III A (8) of the Employer's Plan authorizes the Plan Administrator to implement procedures "appropriate to achieve the intent of the co-payments provision." The processing of any reimbursement claim involves some delay. The delay here may be three months but only if an Employee's outstanding claims under \$1.00 do not total \$10.00. A delay of three months for such claims is not, in itself, unreasonable. More importantly, by eliminating the individual processing of such claims, the procedure reduces the total number of claims the Plan Administrator must process, allowing for more efficient reimbursement of larger claims. Thus, the procedure is reasonable and appropriate.

Opinion of the Trustees

The Trustees are of the opinion that the procedure implemented by the Employer to reimburse Employees on claims aggregating less than \$10.00 is not in conflict with Article XX (10) of the National Bituminous Coal Wage Agreement of 1978 or the Employer's Plan.