

OPINION OF TRUSTEES

In Re

Complainant: Employee
Respondent: Employer
ROD Case No: 173, June 30, 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 eligibility of the Employee's parent for health benefits under the Employer's Benefit Plan and hereby render their opinion on the matter.

Background Facts

The Employee is an active mineworker eligible for health benefit coverage under the Employer's Plan. The Employee owns a home in Cullman County, Alabama, where he lives with his wife, children, and mother-in-law. The Employee's mother lives in a house, which is owned and maintained by the Employee, in a nearby county. He states that he furnishes 100% of her financial support, including the payment of utility bills, food, clothing, and transportation. The Employee reports that he spends part of his time in his mother's house.

On March 7, 1979, the Employee submitted an application to the Employer, requesting the addition of his mother as his dependent, thereby entitling her to health benefit coverage. The Employee stated that his mother was dependent upon him and had been living in the same household with him for a continuous period of at least one year. The Employer provided health benefit coverage for the Employee's mother, based on the above stated information.

The Employer advised that its Insurance Carrier has paid medical bills in excess of \$3,000.00, for services provided to the Employee's mother. The Employer has refused to pay additional benefits, stating that the mother is not an eligible dependent.

Dispute

Is the Employer responsible for the provision of health benefit coverage to the Employee's mother?

Position of the Parties

Employee's Position: The Employee claims that his mother is eligible for benefits under the terms of the Employer's Plan, because she is his dependent. In addition, the Employee claims that the Employer should pay all of the pending bills incurred by his mother because the Employer approved coverage for his mother and issued a health service card, and in reliance on that approval, the Employee incurred expenses before the Employer denied payment.

Employer's Position: The Employer claims that the Employee's mother does not satisfy the requirements of Article II D (3) of the Employer's Plan concerning dependents and, therefore, is ineligible for health benefits. In addition, the Employer claims that the Employee submitted a false and incorrect statement when he applied for benefits for his mother and thereby should reimburse the Employer for the benefits he has already received for his mother.

Pertinent Provisions

Article II, Section D (3) of the Employer's Benefit Plan provides:

D. Eligible Dependents

Health benefits under Article III shall be provided to the following members of the family of any Employee, Pensioner, or disabled Employee receiving health benefits pursuant to paragraphs A, B, or C of this Article II:

- (3) A parent of an eligible Employee, Pensioner, or spouse, if the parent has been dependent upon and living in the same household with the eligible Employee, or Pensioner for a continuous period of at least one year.

Question and Answer H-22, approved by the Trustees on July 17, 1979, provides, in part, as follows:

Subject: Health Benefits; Dependency Determination, Support

Question: What are the guidelines for determining the eligibility of persons for health benefits as dependents of employees, disabled employees and pensioners?

Answer: In general, a person is considered dependent on a participant if the participant regularly provides over one-half of the person's support. Support includes the fair rental value of lodging, reasonable cost of board, clothing, miscellaneous household services and educational expenditures, excluding scholarships. Support is not limited to necessities. Support is regular if it is provided on a yearly basis. Guidelines for determining dependency of family members of employee, disabled employee and pensioner participants for health benefit coverage purposes are as follows:

- (3) Parents: Parents must have been living as dependents in the participant's household for a continuous period of one year to qualify. In determining dependency, income from all sources is considered, including Social Security, Black Lung, and pensions, as well as earning from employment. If a parent's aggregate income exceeds \$200 a month, the parent does not qualify as a dependent for health benefit purposes. If there are two parents whose combined income exceeds \$400 a month, neither parent qualifies as a dependent for health benefit purposes.

Discussion

Under Article II, Section D (3) of the Employer's Plan, health benefits are provided to a parent of an eligible employee if the parent has been dependent upon and living in the same household with the eligible employee for a continuous period of at least a year. Q & A H-22 further clarifies that a parent is considered dependent for the purpose of determining eligibility for health benefits if the employee lives with the parent and provides over one-half of the parent's support on a yearly basis.

Although the Employee provides over one-half of his mother's support, the Employee's mother does not live in the same household as the Employee and did not live with him at the time he applied for her benefit coverage. Therefore, she never satisfied the requirements for eligibility as a dependent under the Employer's Plan and is not eligible for health benefit coverage.

The Employee claims that the Employer is responsible for payment of charges incurred to date by his mother because the Employer provided her with a health service card, which she used in reliance on that approval. The Employer claims that because the Employee submitted a false and incorrect statement when he applied for addition of his mother as a dependent, he should reimburse the Employer for all the payments made. Because the exemption granted to the Trustees by the Department of Labor only authorizes the Trustees to resolve disputes pertaining to the nature of benefits and questions of eligibility arising under the terms of the Employer's Plan, the Trustees may not render an opinion on the merits of these issues.

Opinion of the Trustees

The Trustees are of the opinion that, under the terms of the Employer's Plan, the Employer is not required to provide health benefit coverage to the Employee's mother.