

OPINION OF TRUSTEES

In Re

Complainants: Pensioners and Surviving Spouses
Respondent: Employer
ROD Case No: 340 - June 20, 1986

Board of Trustees: Joseph P. Connors, Sr., Chairman; Paul R. Dean, Trustee; William B. Jordan, Trustee; William Miller, Trustee; Donald E. Pierce, Jr., Trustee.

Pursuant to Article IX of the United Mine Workers of America ("UMWA") 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 health benefits coverage for pensioners and the surviving spouses of pensioners under the terms of the Employer Benefit Plan.

Background Facts

The Complainants are Pensioners and the surviving spouses of Pensioners who last worked in classified coal industry service for the Respondent. The Respondent was signatory to the National Bituminous Coal Wage Agreement ("Wage Agreement") of 1978, which expired on March 26, 1981. The Respondent did not sign the 1981 Wage Agreement, but provided health benefits coverage to its 1974 Plan Pensioners through August 1983.

The Complainants contend that the Respondent, as their last signatory employer, is responsible for the provision of their health benefits. The Respondent contends that its obligation to provide health benefit coverage for the Complainants ended with the expiration of the 1978 Wage Agreement.

Dispute

Whether the Respondent is responsible for providing health benefits to Complainants after the expiration of the 1978 Wage Agreement.

Positions of the Parties

Position of Complainants: The Respondent is responsible for the provision of health benefits to Complainants as Pensioners and the surviving spouses of Pensioners.

Position of Respondent: Respondent has ceased its coal mining activities and is not responsible for the provision of health benefits following the expiration of the 1978 Wage Agreement.

Pertinent Provisions

Article XX(c)(3)(i) of the National Bituminous Coal Wage Agreement of 1978 provides:

(3)(i) Except as provided in (ii) below, effective on June 1, 1978, each signatory Employer shall establish 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 classified employment was with such Employer. The benefits provided pursuant to such plans shall be guaranteed during the term of this Agreement by each Employer at levels set forth in such plans. Such plans shall also include that each signatory Employer continue to make the death benefit payments in pay status as of December 5, 1977, for deceased Employees and pensioners under the 1974 Pension Plan whose last classified employment was with such Employer, in the same manner and in the same amounts as previously provided for in the 1974 Benefit Plan and Trust. The plans established pursuant to this subsection are incorporated by reference and made a part of this Agreement, and the terms and conditions under which the health and other non-pension benefits will be provided under such plans are as to be set forth in such plans.

Article I(1), (2) and (5) of the 1978 Employer Benefit Plan provide:

ARTICLE I. Definitions

The following terms shall have the meanings herein set forth:

- (1) "Employer" means (Employer's Name).
- (2) "Wage Agreement" means the National Bituminous Coal Wage Agreement of 1978, as amended from time to time and any successor agreement.
- (5) "Pensioner" shall mean any person who is receiving a pension, other than a deferred vested pension based on less than 20 years of credited service, under the United Mine Workers of America 1974 Pension Plan (or any successor thereto) whose last classified employment was with the Employer.

Article II. B and E of the 1978 Plan provide in pertinent part:

B. Pensioners

Health benefits and life insurance under Article III hereof shall be provided to any Pensioner who is receiving pension benefits under the 1974 Pension Plan, or any

successor thereto, provided that (i) the Pensioner is not receiving a pension based in whole or in part on years of service credited under the terms of Article III G of the 1974 Pension Plan, or any corresponding paragraph of any successor thereto, or (ii) that the Pensioner is not receiving a deferred vested pension based on less than 20 years of credited service. Notwithstanding (i) and (ii) immediately above, 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. Health benefits shall not be provided for any month in which the Pensioner earns more than \$200.

E. Surviving Spouse and Dependents of Deceased Employees or Pensioners

Health benefits under Article III shall be provided to (i) any unmarried surviving spouse and (ii) such spouse's unmarried surviving dependent children as defined in subparagraphs (2) and (5) of paragraph D, of an Employee or Pensioner who died:

- (2) Under conditions which qualify such spouse for a Surviving Spouse benefit under the 1974 Pension Plan or any successor thereto ...

Discussion

Article XX(c)(3)(i) of the 1978 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. Inasmuch as the Complainants are pensioners and the surviving spouses of pensioners whose last signatory classified employment was with the Respondent, the Respondent was responsible for their health benefits coverage during the term of the 1978 Wage Agreement.

The issue here, however, is whether the Respondent was contractually obligated to provide such coverage beyond the expiration of the 1978 Wage Agreement when the Respondent did not sign the 1981 Wage Agreement. The United States Court of Appeals for the Fourth Circuit, in Dist. 29, United Mine Workers of America, et al. v. Royal Coal Co., 768 F. 2d 588, 592 (4th Cir.1985) and Dist. 17, United Mine Workers of America et al. v. Allied Corp., etc., 765 F. 2d 412, 417 (4th Cir, 1985) (en banc), has ruled that an Employer's contractual obligation to provide health benefits to its pensioners does not extend beyond the expiration of the Wage Agreement.

Opinion of the Trustees

Given the controlling language of the applicable Wage Agreement and Plan documents and in light of the Fourth Circuit's recent decisions, the Respondent is not responsible for providing health benefits to the Complainants following the expiration of the 1978 Wage Agreement.