
OPINION OF TRUSTEES

In Re

Complainant: Pensioner
Respondent: Employer
ROD Case No: 81-155 - November 28, 1983

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

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 provision of health benefits coverage for a Pensioner by the Employer under the terms of the Employer's Benefit Plan, and hereby render their opinion on the matter.

Background Facts

The Complainant, whose birthdate is October 13, 1925, was employed by the Respondent from April 25 through May 19, 1977. This was the Complainant's last signatory classified employment in the coal industry.

On May 15, 1981, the Complainant filed an Application for Pension with the UMWA Health and Retirement Funds. He was credited with 26-3/4 years of signatory classified service. Inasmuch as his last credited service ended before he attained age 55, he was authorized a Deferred Vested Pension on February 16, 1982, effective November 1, 1981.

The Respondent has been signatory to previous National Bituminous Coal Wage Agreements thru March 27, 1987 and signed the 1981 National Bituminous Coal Wage Agreement May 25, 1982, effective that date.

The UMWA Health and Retirement Funds provided the Respondent with a copy of the Complainant's pension authorization letter in February 1962. However, the Respondent has not provided the Complainant and his eligible dependents with benefits coverage.

Dispute

Is the Respondent responsible for the provision of health benefits coverage for the Complainant and his eligible dependents?

Positions of the Parties

Position of Complainant's Representative: The Complainant asks who is responsible for the provision of health benefits coverage for the Complainant and his eligible dependents.

Position of Respondent

Position of Respondent: The Respondent claims that there is no effective means whereby the Employer can prospectively monitor for violations of the limitation on earned income as it relates to an individual's eligibility for health benefits coverage. Therefore, the Respondent has refused to provide the Pensioner with health benefits coverage.

Pertinent Provisions

Article XX Section (c)(3)(i) of the National Bituminous Coal Wage Agreement of 1981 provides:

- (c) 1974 Plans and Trusts
 - (3)(i) Each signatory Employee shall establish and maintain 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 signatory classified employment was with such Employer. The benefits provided by the Employer to its eligible Participants pursuant to such plans shall be guaranteed during the term of this agreement by that Employer at levels set forth in such plans.....

Article I (1), (5) and (7) of the Employer's Benefit Plan provide:

Article I Definitions

The following terms shall have the meanings herein set forth:

- (1) "Employer" means (coal company)
- (5) "Pensioner" shall mean any person who is receiving a pension, other than (i) a deferred vested pension based on less than 20 years of credited service or, (ii) a pension Based in whole or in part on years of service credited under the terms of Article II G of the 1974 Pension Plan, or any corresponding paragraph of any successor thereto, under the 1974 Pension Plan (or any successor thereto), whose last classified signatory employment was with the Employer, subject to the Provision of Article II B of this Plan,
- (7) "Dependent" shall mean any person described in Section D of Article II hereof.

Article II B. (1)(a), (b), II B. (4), and II D. (I) of the Employer's Benefit Plan provide:

Article II - Eligibility

The persons eligible to receive the health benefits pursuant to Article III are as follows:

B. Pensioners

Health benefits and life insurance under Article III hereof shall be provided to Pensioners as follows:

- (1) Any Pensioner who is not again employed in classified signatory employment subsequent to:
 - (a) such Pensioner's initial-date of retirement under the 1974 Pension Plan, and
 - (b) June 7, 1981, shall be eligible for coverage as a Pensioner under, and subject to all other provisions of this Plan. Notwithstanding (i) and (ii) of the definition of Pensioner in Article I (5) of this Plan, 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,
- (4) Health benefits shall not be provided during any month in which the Pensioner is regularly employed at an earnings rate equivalent to at least 2500 per month.

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 paragraph A, B, or C of this Article II:

1. A spouse who is living with or being supported by an eligible Employer or Pensioner;

Article III A. (10)(b) of the Employer's Benefit Plan provides:

(10) General Provisions

- (b) Administration

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 the Beneficiaries requesting benefit payments under this Plan. The Trustees of the UMWA Health and Retirement Funds will resolve any disputes to assure consistent application of the Plan provisions which are identical to the benefit provisions of the 1950 Benefit Plan and Trust.

Discussion

Under Article II B. of the Employer's Benefit Plan, a 1974 Pension Plan deferred vested pensioner, whose pension is based on more than 20 years of credited service, is eligible for benefits coverage from his last signatory Employer during any month in which he is not re-employed in signatory classified employment and does not earn at least \$500. In February 1982, the Complainant was approved for a deferred vested pension based on 26-3/4 years of signatory classified service, effective November 1, 1981. And, there is no evidence that he has been re-employed in signatory classified employment or has earned at least \$500 during any month since that time. Nevertheless, although the Respondent, his last signatory Employer, was informed in February 1982 of the Complainant's pension eligibility, the Respondent has refused to provide any benefits coverage to the Complainant.

The Respondent states that it will not provide coverage because it has no effective means of determining whether the Complainant has complied with the limitations set forth in Article II B.(4) of the Employer's Benefit Plan. Furthermore, the Respondent would apparently require the Complainant to establish each month that he is in compliance with these limitations.

Article II B.(4) states that "[h]ealth benefits shall not be provided during any month in which the Pensioner is regularly employed at an earnings rate equivalent to at least \$500 per month." According to the information submitted by the Respondent, the Respondent has never informed the Complainant as to what evidence he must submit to establish that he has satisfied the limitations in Article II B.(4) since November 1981. Nor has the Respondent developed a procedure by which beneficiaries can demonstrate that they continue to satisfy these limitations.

As a fiduciary of an employee benefit plan governed by the Employee Retirement Income Security Act of 1974, the Respondent must administer its Employer's Benefit Plan in a reasonable manner. It is the Trustees' opinion that the Respondent has acted unreasonably in this instance because it has refused, since February 1982, to provide the Complainant with coverage effective November, 1981 without informing him as to what evidence he should submit to establish that he satisfies the limitations of Article II B.(4). Furthermore, the Respondent has not developed a procedure by which the Complainant and other Pensioners can establish that they continue to satisfy the limitations of Article II B.(4).

The Trustees note that Article III A (10)(b) of the Employer's Benefit Plan explicitly authorizes the Plan Administrator to promulgate rules and regulations necessary to effectively

Resolution of Dispute

Opinion of Trustees

Case No. 81-155

Page 5

administer the Plan. Any such rules and regulations should not impose an unreasonable burden on beneficiaries preventing them from receiving the coverage to which they are entitled. In addition, the Respondent must inform its beneficiaries of any rules and regulations it adopts.

It is the Trustees' opinion that, in this instance, the Respondent must immediately process any claims submitted by the Complainant for medical services received since May 25, 1982, the date the Respondent signed the 1981 Wage Agreement, except that the Respondent may deny coverage for any month for which it has evidence that the Complainant did not satisfy the limitations set forth in Article II B.(4). For the period since May 25, 1982, as well as for future months, the Respondent may not deny coverage to the Complainant, unless the Complainant fails to satisfy reasonable requirements adopted by the Respondent. In this regard, the Trustees note that it may be unreasonable for the Respondent to require a Pensioner to re-establish his eligibility in advance of each month. Because the Respondent has not specified how it would implement such a requirement, however, the Trustees cannot comment further on the reasonableness thereof.

Opinion of the Trustees

It is the opinion of the Trustees that the Respondent is responsible for the provision of benefits coverage for the Complainant and his eligible dependents effective May 25, 1982 for those periods in which he does not exceed the specified limitations on earned income.