

OPINION OF TRUSTEES

In Re

Complainants: Pensioners
Respondent: Employer
ROD Case No: 81-210 - January 13, 1987

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 under the terms of the Employer Benefit Plan.

Background Facts

The Complainants are Pensioners whose last classified signatory employment was with the Respondent. The Respondent was signatory to the National Bituminous Coal Wage Agreement ("Wage Agreement") of 1978, which expired on March 27, 1981, and it did not sign the 1981 Wage Agreement. Two of the Complainants in this dispute became Pensioners effective prior to March 27, 1981. The remaining two Complainants became Pensioners effective after March 27, 1981.

The representative for the Complainants asks that the Respondent be found responsible for providing health benefits for the Complainants as Pensioners. In the alternative, the representative asks that the 1974 Benefit Plan and Trust provide benefits.

The Respondent has failed to respond to repeated correspondence from the Funds regarding its position in this dispute.

Dispute

Whether the Respondent is responsible for providing health benefits to the Complainants as Pensioners.

Positions of the Parties

Position of the Complainants: The Respondent or the 1974 Benefit Plan and Trust is responsible for the provision of health benefits to the Complainants as Pensioners.

Position of the Respondent: The Respondent has failed to present its position in this dispute.

Pertinent Provisions

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

(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.

Article I(1),(2) and (5) of the 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. of the Employer Benefit Plan provides:

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 also 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 II 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.

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 pensioners whose last classified employment was with such Employer. Inasmuch as two of the Complainants last worked in classified signatory jobs for the Respondent and were Pensioners effective prior to the expiration of the 1978 Wage Agreement, the Respondent is responsible for providing these two Complainants with health benefits coverage during the term of the 1978 Wage Agreement.

The issue here, however, is whether the Respondent is contractually obligated to provide health benefits coverage to each of the four Complainants as Pensioners following the expiration of the 1978 Wage Agreement when it 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 pensioners does not extend beyond the expiration of the Wage Agreement.

The representative for the Complainants has also requested in the alternative that coverage be provided under the 1974 Benefit Plan and Trust. Under that, Plan, individuals are entitled to coverage only if it is determined that the individual's last Employer is "no longer in business". Such determination is made by the Trustees under established procedures separate from the Resolution of Dispute procedure.

Opinion of the Trustees

The Respondent is responsible for providing health benefits during the term of the 1978 Wage Agreement to the two Complainants who became Pensioners prior to March 27, 1981. 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.