

OPINION OF TRUSTEES

In Re

Complainant: Surviving Spouse
Respondent: Employer
ROD Case No: 81-261 - April 29, 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 eligibility for health benefits coverage for a surviving spouse under the terms of the Employer Benefit Plan.

Background Facts

The Complainant is the surviving spouse of a classified Employee who worked for the Respondent from October 1978 until March 25, 1980 when he claimed to have sustained a work related injury. He did not return to work and, on October 14, 1980, at age 29, he died as the result of an automobile accident.

In June 1982, the state Workmen's Compensation Board denied a claim by Complainant based on a work-related injury, but, with respect to a claim for occupational disease, awarded benefits to Complainant, as the Employee's widow, retroactive to March 24, 1980.

Respondent paid Complainant a life insurance benefit pursuant to Article III.B.1. of the 1978 Employer Benefit Plan and provided health benefits coverage for approximately one year following the Employee's death. Respondent, a sole proprietorship, was signatory to the 1981 Wage Agreement, but ceased operating in December 1981. Funds' staff has determined that Respondent does not satisfy the no longer in business criteria of the UMWA 1974 Benefit Plan.

Dispute

Is the Respondent responsible for the provision of health benefits to Complainant and her dependent children?

Positions of the Parties

Position of the Complainant: Either the Respondent or the UMWA 1974 Benefit Trust is responsible for additional health benefits coverage for Complainant and her dependent children.

Position of the Respondent: Respondent ceased operating in December 1981 and is not able to provide health benefits to Complainant and her dependent children.

Pertinent Provisions

Article II.E.(3)(ii) of the 1978 Employer Benefit Plan provides:

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:

3. At a time when such Employee or Pensioner is entitled to receive health benefits pursuant to paragraph A, B, or C of this Article II, provided that (ii) if such Employee or Pensioner died on or after the effective date of the Wage Agreement and the spouse is not eligible for a Surviving Spouse's benefit and life insurance benefits or death benefits are payable in a lump sum, then only for 60 months following the month of the death of such Employee or only for 22 months following the month of death of such Pensioner. If life insurance benefits or death benefits are not payable, health benefits shall be provided only to the end of the month in which the Employee or Pensioner died.

Article II.E.(3)(i) and (ii) of the 1981 Employer Benefit Plan provides:

E. Surviving Spouse and Dependents of Deceased Employees or Pensioners

Health benefits under Article III shall be provided to (i) any unmarried surviving spouse (who was living with or being supported by the Employee or Pensioner immediately prior to the Employee's or Pensioner's death) 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:

3. At a time when such Employee or Pensioner is entitled to receive health benefits pursuant to paragraph A, B, or C of this Article II, provided that (i) if such Employee or Pensioner died prior to the effective date of the Wage Agreement and the spouse is not eligible for a Surviving Spouse's benefit, then only for the period that the spouse is eligible to receive death benefits in installment payments pursuant to paragraph C of Article III, or (ii) if such Employee or Pensioner died on or after the effective date of the Wage Agreement and the spouse is not eligible for a Surviving Spouse's benefit and life insurance benefits or death benefits are payable in a lump sum, then only for 60 months following the month of the death of such Employee or only for 22 months following the month of death of such Pensioner. If life insurance benefits or death benefits are not payable, health benefits shall be provided only to the end of the month in which the Employee or Pensioner died.

Article III.C. of the 1981 Employer Benefit Plan provides:

C. Death Benefits

- (1) Deaths Prior to December 6, 1977

Death benefit payments shall be continued in those cases which were in pay status as of December 5, 1977, under the 1974 Benefit Plan, for deceased Employees and Pensioners, whose last classified employment was with the Employer, in the same manner and in the same amounts, as previously provided for in the 1974 Benefit Plan.

- (2) Deaths After December 5, 1977 and Prior to March 27, 1978

Death benefit payments shall be made for deaths occurring between and including December 6, 1977, and immediately prior to March 27, 1978, for Employees and Pensioners whose last classified employment was with the Employer, and who were participants in the 1974 Benefit Plan as of December 5, 1977, in the same manner and in the same amounts, as previously provided for in the 1974 Benefit Plan.

Article II.D.(3)(c)(ii) of the UMWA 1974 Benefit Plan, effective June 7, 1981, provides health benefits to the surviving spouse of an Employee whose last signatory employer is no longer in business, as follows:

(ii) if such Employee or Pensioner died on or after the effective date of the 1978 Wage Agreement and the spouse is not eligible for a Surviving Spouse's benefit and life insurance benefits or death benefits are payable in a lump sum, then only for 60 months following the month of death of such Pensioner. If life insurance benefits are not payable, health benefits shall be provided only to the end of the month in which the Employee or Pensioner died.

Discussion

Article II.E.(3)(ii) of the 1978 Employer Benefit Plan provides that the surviving spouse of an Employee who died on or after the effective date of the [1978] Wage Agreement is entitled to health benefits from the Employer for 60 months. Respondent provided benefits for only about 12 months following the Employee's death.

The 1974 Benefit Plan and Trust, effective June 7, 1981, provides health benefits for 60 months to the unmarried surviving spouse of an Employee who "died on or after the effective date of the 1978 Wage Agreement," and who would have been eligible for health benefits because his last signatory employer is no longer in business after June 6, 1981. The corresponding section of the 1981 Employer Benefit Plan, Article II.E.(3)(ii), also provides 60 months of health benefits to the surviving spouse of an Employee who "died on or after the effective date of the Wage Agreement," but does not specify which Wage Agreement. In view of the parallel provision in the 1974 Benefit Plan, however, it appears that the reference is to the 1978 Wage Agreement.

Furthermore, Article II.E.(3)(i) of the 1978 and 1981 Employer Benefit Plans, which concerns the widows of Employees who died prior to the effective date of the Wage Agreement, provides health benefits based upon the period death benefits are paid in installments pursuant to paragraph C of Article III. Article III.C. specifically refers only to death benefits in pay status prior to December 6, 1977 and to death benefits for deaths occurring between December 5, 1977 and March 27, 1978, the effective date of the 1978 Wage Agreement. Under the 1978 Wage Agreement and the 1978 Employer Benefit Plan, in lieu of a death benefit, life insurance was payable in a lump sum, and the period of eligibility for health benefits depended only upon the receipt of life insurance benefits.

Accordingly, the Trustees are of the opinion that the references to the "Wage Agreement" in Article II.E.(3) of the 1981 Employer Benefit Plan are to the 1978 Wage Agreement. Therefore, under the terms of Article II.E.(3)(ii) of the 1978 and 1981 Employer Benefit Plans, the Complainant is eligible for health benefits coverage for 60 months following her husband's death.

The Complainant also asked whether the 1974 Benefit Plan and Trust is responsible for the provision of her health benefits. The 1974 Benefit Plan provides health benefits only to the surviving spouse of an Employee whose last signatory employer is no longer in business within the meaning of the Plan. Inasmuch as an audit by Funds' staff revealed that the Respondent does not meet the no longer in business criteria, Complainant is not eligible for benefits under the 1974 Benefit Plan.

Opinion of the Trustees

The Respondent is responsible for providing health benefits to Complainant and her dependent children for 60 months following the death of Complainant's husband.