

OPINION OF TRUSTEES

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In Re

Complainant: Employee  
Respondent: Employer  
ROD Case No: 81-533 - February 25, 1985

Board of Trustees: Harrison Combs, Chairman; Joseph P. Brennan, Trustee; William Miller, Trustee; Paul R. Dean, 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 the Employer's responsibility for the provision of benefits coverage for an Employee who elected HMO coverage under the terms of the Employer Benefit Plan. The Trustees hereby render their opinion on the matter.

Background Facts

The Complainant has been employed in classified work for the Respondent since October 9, 1975. Effective February 1, 198, the Complainant elected health coverage with a Federally qualified Health Maintenance Organization (HMO) to which the Respondent regularly paid a monthly charge.

On December 3, 1983, the Complainant's dependent child was admitted to a hospital for the evaluation of an intracranial lesion. The bills for this admission were submitted in a timely way to the HMO and were paid, with the exception of one bill for hospital services in the amount of \$1,982.50.

On April 17, 1984, the HMO filed for bankruptcy. The Complainant was instructed to file outstanding claims against the HMO with the Insurance Commissioner in Charleston, West Virginia. Subsequently, he was informed by a representative of that office that he would probably be held personally responsible for payment of the hospital bill. The Complainant has submitted this bill to the Employer and maintains that it should be responsible for payment. The Employer's position is that it met its obligation to the Complainant under the Employer's Benefit Plan through payment of the monthly HMO premiums and is not responsible for the bill.

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Dispute under the Employee's Benefit Plan

Is the Respondent responsible for payment of the medical claims which remain unpaid as a result of the bankruptcy of the HMO.

Position of the Parties

Position of the Complainant: The Complainant states that the Respondent should be responsible for payment of the outstanding hospital bill.

Position of the Respondent: The Respondent maintains that it met its obligation to the Complainant through payment of the monthly HMO premiums and is not responsible for the payment of the Complainant's outstanding hospital bill.

Pertinent Provisions

Article I (1), (2), (4), and (6) of the Employer Benefit Plan provide:

Article I - Definitions

The following terms shall have the meanings herein set forth: (1)

- (1) "Employer" means (coal company).
- (2) "Wage Agreement" means the National Bituminous Coal Wage Agreement of 1981, as amended from time to time and any successor agreement.
- (4) "Employee" shall mean a person working in a classified job for the Employer, eligible to receive benefits hereunder.
- (6) "Beneficiary" shall mean any person who is eligible pursuant to the Plan to receive health benefits as set forth in Article III hereof.

Article II A. (1) of the Employer Benefit Plan provides:

Article II - Eligibility

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

A. Active Employees

Benefits under Article III shall be provided to any Employee who:

(1) is actively at work\* for the Employer on the effective date of the Wage Agreement; or

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\*"Actively at work" includes an Employee of the Employer who was actively at work on March 26, 1981, and who returns to active work with the Employer within two weeks after the effective date of the Wage Agreement.

Article III A. (10) (a) of the Employer Benefit Plan provides:

Article III - Benefits

A. Health Benefits

(10) General Provisions

(a) HMO Election. Any Beneficiary as described in Article II, sections A, B, C, and E may elect coverage by a certified health maintenance organization (HMO) in lieu of the health benefits provided under the Plan, in accordance with Federal or State laws governing HMO's; provided, however, that all Beneficiaries in a family shall be governed by an HMO election.

If the monthly charge made by the HMO exceeds the monthly cost of this Plan to the Employer, the excess charge shall be paid by the Beneficiary.

Discussion

The Complainant has asked whether the Respondent is responsible for payment of medical claims' which remain unpaid as a result of the bankruptcy of the HMO.

Under Article III A (10) (a) of the Employer Benefit Plan, a beneficiary "may elect coverage by a certified health maintenance organization (HMO) in lieu of the health benefits provided under the Plan...."

The Trustees have previously interpreted the "in lieu of" language to mean that, upon election of the HMO, the beneficiary gives up all rights to those benefits enumerated in Article III. Consequently, the Trustees conclude that the payment of the monthly HMO fee by the Respondent fully satisfied all of its obligations under the Employer's Benefit Plan, and the Respondent has no further obligation to the Complainant for the period of his enrollment.

This opinion should not be construed as addressing any other protections which may be available to the Complainant under state law pertaining to the rights of a health care provider to collect on an outstanding claim under these circumstances.

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Opinion of the Trustees

The Respondent is not responsible for payment of the outstanding balance of \$1,982.50 for medical bills incurred during the Complainant's period of enrollment in the HMO.