

OPINION OF TRUSTEES

In Re

Complainants: Laid-off Employees
Respondent: Employer
ROD Case No: 81-564 - November 20, 1989

Board of Trustees: Joseph P. Connors, Sr., Chairman; Paul R. Dean, Trustee; William Miller, Trustee; Donald E. Pierce, Jr., Trustee; Thomas H. Saggau, 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 laid-off Employees under the terms of the Employer Benefit Plan.

Background Facts

The Complainants were employed in classified positions with the Respondent until January 2, 1985, when they were laid off. The Respondent was signatory to the Coal Haulers' Contract between the UMWA and the Western Pennsylvania Coal Haulers Association, effective June 8, 1981 through September 30, 1984. Article XVII of the Coal Haulers' Contract adopted Article XX of the National Bituminous Coal Wage Agreement of 1981. On or about the expiration date of the Coal Haulers' Contract, the Respondent and the UMWA signed a Memorandum of Agreement which extended the terms of the Coal Haulers' Contract providing health, life and accidental death and dismemberment insurance coverage from October 1, 1984 through November 16, 1984.

A representative for the Complainants has submitted evidence which indicates that the Respondent was advised on November 15, 1984 that no additional extensions would be granted at the expiration of the contract extension on November 16, 1984, but that work would continue on a day by day basis during the course of contract negotiations under the terms of the 1981 Agreement. The representative has stated that negotiations continued until the week of January 1, 1985. The Complainants continued working for the Respondent after November 16, 1984 until January 2, 1985, when they reported for work but were told that the Respondent no longer required their services. The Respondent maintains that, because of the unprofitability of its coal hauling operations, it was forced to change the direction of its business and permanently lay off

its Employees. The Respondent ceased its coal hauling operations and did not sign a subsequent agreement with the UMWA.

The representative for the Complainants has stated that the Respondent terminated health benefits coverage for the Complainants as of January 2, 1985. According to the representative, the Complainants were without coverage until January 20, 1985, when the Union called a selective strike against the Respondent and the Complainants began receiving benefits from the strike fund. The representative has stated that during the selective strike, the Complainants also received unemployment benefits for their individual periods of eligibility; the Respondent did not contest such benefits because it considered them permanently laid-off employees. The representative has also stated that the selective strike continued until August 1986.

Dispute

Whether the Respondent is responsible for providing health and other non-pension benefits to the Complainants beyond January 2, 1985, when such benefits were terminated.

Positions of the Parties

Position of Complainants: The Respondent or the 1974 Benefit Plan and Trust is responsible for the provision of health benefits to the Complainants beyond January 2, 1985.

Position of Respondent: The Respondent has ceased its coal hauling activities and is not responsible for the provision of health and other non-pension benefits following the expiration of the Coal Haulers' Contract.

Pertinent Provisions

Article XVII of the Coal Haulers' Contract between the Employer and the UMWA provides:
Article XVII--Health and Retirement Benefits

Section (a) Adoption of Article XX of the National Bituminous Coal Wage Agreement of 1978
[sic]

Article XX of the National Bituminous Coal Wage Agreement of 1981, Health and Retirement Benefits, set forth hereafter at Section (b), is adopted, but only insofar as it pertains to the 1974 Pension Plan and Trust and the 1974 Benefit Plan and Trust, and provided, that in consideration of each party of the first part (member companies of the Western Pennsylvania Coal Haulers' Association Labor Relations Division and individual signatories hereto) implementing through insurance carrier(s) the full health and non-pension benefits specified by the 1974 Benefit Plan and Trust for its Employees covered by this Agreement, as well as for retired and/or disabled Employees covered by the 1974 Pension Plan and Trust and such other persons whose entitlement to benefits under the terms of the 1974 Benefit Plan and Trust devolves from

classified employment with such Employer, each party of the first part shall have no responsibility to make contributions to or otherwise be responsible for benefits provided under the "1974 Benefit Trust" except as provided in Section (d) (1) (iv), of Article XX of the National Bituminous Coal Wage Agreement of 1981.

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

Article XX - Health and Retirement Benefits

Section (c) 1974 Plans and Trusts

(3)(i) Each signatory Employer 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), (2), and (4) 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 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.

Article II. A. (1) and (4) of the Employer Benefit Plan provide:

Article II - Eligibility

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

*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 two weeks after the effective date of the Wage Agreement.

- (4) A new Employee will be eligible for health benefits from the first day worked with the Employer.

Article III. D. (1) (a) of the Employer Benefit Plan provides:

D. General Provisions

(1) Continuation of Coverage

(a) Layoff

If an Employee ceases work because of layoff, continuation of health, life and accidental death and dismemberment insurance coverage is as follows:

Number of Hours Worked for the Employer in the 24 Consecutive Calendar Month Period Immediately Prior to Period of Coverage the Employee's <u>Last Worked Date Last Worked</u>	Date Continuation from the
2,000 or more hours	Balance of month plus 12 months
500 or more but less than 2,000 hours	Balance of month plus 6 months
Less than 500 hours	30 days

Discussion

The Respondent was signatory to the Coal Haulers' Contract which adopted Article XX of the 1981 Wage Agreement. Article XX (c)(3)(i) of the 1981 Wage Agreement requires a signatory Employer to establish and maintain an Employer Benefit Plan to provide health and other non-pension benefits to its Employees. The issue here is whether the Respondent was contractually obligated to provide such coverage to the Complainants beyond the expiration of the Coal Hauler's Contract when the Respondent did not sign a subsequent agreement with the UMWA.

The Trustees have previously concluded in ROD 81-586 (copy enclosed herein) that active Employees who were laid off prior to the expiration of the Wage Agreement are entitled to the

period of health benefits coverage specified by the Wage Agreement. Inasmuch as the Complainants were working under the terms of the Wage Agreement as extended on a day by day basis when they were laid off on January 2, 1985, they are entitled to the period of continued health benefits coverage specified by the Wage Agreement. Inasmuch as the Respondent was struck on January 20, 1985, and the Complainants have indicated that coverage was provided by the strike fund beginning January 20, 1985 and continuing beyond January 31, 1986, when the maximum period of eligibility for continued benefits coverage expired, the Respondent is responsible for providing continued health benefits coverage for the Complainants from January 2, 1985 until January 20, 1985.

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, a beneficiary is entitled to coverage only if it is determined that the beneficiary's last Employer is "no longer in business." Such determination is made by the Trustees under established procedures separate from the ROD procedure.

Opinion of the Trustees

The Respondent is responsible for providing continued benefits coverage for the Complainants from January 2, 1985 until January 20, 1985.