
OPINION OF TRUSTEES

In Re

Complainant: Laid-off Employees
Respondent: Employer
ROD Case No: 81-586 - June 30, 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 laid-off Employees under the terms of the Employer Benefit Plan.

Background Facts

The Complainants are laid-off Employees of the Respondent, which operated under contract with Island Creek Coal Company ("Island Creek"). The Complainants worked for the Respondent until September 27, 1984, when the Respondent ceased operations and laid off the Complainants. The Respondent was signatory to the National Bituminous Coal Wage Agreement ("Wage Agreement") of 1981, which expired on September 30, 1984, and did not sign the 1984 Wage Agreement. The Complainants were provided health benefits coverage during their periods of employment with the Respondent and were provided continued health benefits coverage during their layoff until November 8, 1984, when all coverage was terminated.

The representative for the Complainants claims that the Respondent is responsible for providing continued health benefits coverage for the Complainants beyond November 8, 1984 during their individual periods of eligibility as determined pursuant to Article III D. (1)(a) of the Employer Benefit Plan. The Respondent claims that it mined coal under a contract with Island Creek and that under that contract Island Creek agreed to provide health benefits for the Respondent's Employees. The Respondent asserts that Island Creek is thereby responsible for providing any additional continued health benefits coverage for the Complainants beyond November 8, 1984.

Dispute

Whether the Respondent is responsible for providing continued health benefits coverage for the Complainants after November 8, 1984.

Positions of the Parties

Position of the Complainants: The Respondent is responsible for providing continued health benefits coverage for the Complainants as laid-off Employees beyond November 8, 1984 during their individual periods of eligibility as determined pursuant to Article III D. (1) (a) of the Employer Benefit Plan.

Position of the Respondent: The Respondent is a contractor for Island Creek Coal Company and as such is not responsible for the provision of health benefits for the Complainants.

Pertinent Provisions

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

(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 (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.

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

Article II - Eligibility

The persons eligible to receive health benefits pursuant to Article III are 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 Agreement; or
- (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:

| <u>Number of Hours Worked for the Employer in the 24 Consecutive Calendar Month Period Immediately Prior to the Employee's Date Last Worked</u> | <u>Period of Coverage Continuation from the Date Last Worked</u> |
|---|--|
| 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 |

*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.

Discussion

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 and Pensioners. The issue here is whether the Respondent was contractually obligated to provide such coverage to its laid-off Employees beyond the expiration of the 1981 Wage Agreement when the Respondent did not sign the 1984 Wage Agreement.

Opinion of Trustees
Resolution of Dispute
Case No. 81-586
Page 4

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), ruled that an Employer's contractual obligation to provide health benefits to its Pensioners does not extend beyond the expiration of the Wage Agreement.

However, the National Labor Relations Board, in Coalite, Inc., Case 10-CA-20797 (Cates, ALJ September 5, 1985), found that health benefits for laid-off Employees are "not . . . inextricably intertwined with benefits for pensioners." Further, the Benefit Plan treats laid-off Employees differently from Pensioners. Under Article III. D. (1) (a) of the Employer Benefit Plan, laid-off Employees are entitled to a specific period of health benefits coverage determined by reference to the number of hours they worked prior to layoff, whereas, no period of coverage is designated for retirees. Accordingly, the Trustees conclude that active Employees who were laid off prior to the expiration of the 1981 Wage Agreement are entitled to the period of health benefits coverage specified by the Wage Agreement.

Opinion of the Trustees

The Respondent is responsible for providing the Complainants with benefits coverage for the period set forth in Article III. D. (1)(a) of the 1981 Employer Benefit Plan.