

OPINION OF TRUSTEES

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In Re

Complainant: Pensioners and Laid-off Employees  
Respondent: Employer  
ROD Case No: 81-589 - July 28, 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 and laid-off Employees under the terms of the Employer Benefit Plan.

Background Facts

The Respondent operated under contract with Island Creek Coal Company and was signatory to the National Bituminous Coal Wage Agreement ("Wage Agreement") of 1981, which expired on September 30, 1984. The Respondent last produced coal under its contract with Island Creek Coal Company on September 26, 1984. At that time it notified its Employees of its intention to cease operations and lay off its Employees.

Two of the Complainants in this dispute have stated that they last worked for the Respondent in classified jobs helping to close the mine on September 27, 1984. One of those Complainants has stated that all of the Respondent's active Employees were laid off at that time. Funds' records indicate that both of the above-mentioned Complainants worked over 2,000 hours for the Respondent in the 24-month period prior to being laid off.

Funds' records indicate that the Respondent terminated health benefits coverage for all of the Complainants, approximately fifteen laid-off Employees and four 1974 Plan Pensioners, on November 8, 1984. The Respondent indicates that it does not consider itself obligated to provide any further benefits coverage to the Complainants who worked under the contract with Island Creek Coal Company. The Respondent has stated that under that contract, Island Creek was responsible for payment of insurance premiums for the Complainants. It suggests that liability

for any additional coverage should be assigned to Island Creek. The Respondent subsequently negotiated a new mining contract with a different company, SOHO Coal Company, and signed the 1984 Wage Agreement on December 19, 1985.

The Complainants' representative contends that the Respondent is responsible for providing health benefits for the Complainants beyond November 8, 1984. In the alternative, the Complainants have asked that the 1974 Benefit Plan and Trust provide benefits.

### Dispute

Whether the Respondent is responsible for providing health benefits to the Complainants as Pensioners and laid-off Employees beyond November 8, 1984, the date coverage was terminated.

### 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 for their individual periods of eligibility beyond November 8, 1984.

Position of the Respondent: The Respondent is not responsible for the provision of health benefits following the expiration of the 1981 Wage Agreement.

### Pertinent Provisions

Article XX (c)(3)(i) of the National Bituminous Coal Wage Agreement of 1981 [1984] 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...The plans established pursuant to this subsection are incorporated by reference and made a part of this Agreement, and the terms and conditions under which the health and other non-pension benefits will be provided under such plans are as to be set forth in such plans.

Article I (1), (2), (4) and (5) of the 1981 [1984] 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 [1984], 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.
- (5) "Pensioner" shall mean any person who is receiving a pension, other than (i) a deferred vested pension based on less than 20 years of credited service, or, (ii) 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, under the 1974 Pension Plan (or any successor thereto), whose last classified signatory employment was with the Employer, subject to the provisions of Article II B of this Plan.

Article II A. (1) and (4) and B. (1) of the 1981 [1984] Employer Benefit Plan provide:

Article II - Eligibility

The persons eligible to receive the 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 Wage Agreement; or
  - (4) A new Employee will be eligible for health benefits from the first day worked with the Employer.
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\*Actively at work includes an Employee of the Employer who was actively at work on March 26, 1981 [September 30, 1984], and who returns to active work with the Employer two weeks after the effective date of the Wage Agreement.

B. Pensioners

Health benefits and life insurance under Article III hereof shall be provided to Pensioners as follows:

- (1) Any Pensioner who is not again employed in classified signatory employment subsequent to
  - (a) such Pensioner's initial date of retirement under the 1974 Pension Plan, and
  - (b) June 7, 1981 [October 1, 1984], shall be eligible for coverage as a Pensioner under, and subject to all other provisions of this Plan. Notwithstanding (i) and (ii) of the definition of Pensioner in Article I 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.

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:

Numbers of Hours Worked for the Employer in the 24 Consecutive Calendar Month Period Immediately Prior to the Employee's Date Last Period of Coverage Continuation Worked	from the Date Last Worked
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

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 is contractually obligated to provide such coverage to its laid-off Employees and Pensioners during the period following the expiration of the 1981 Wage Agreement and prior to the date the Respondent became signatory to the 1984 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), ruled that an Employer's contractual obligation to provide health benefits to its Pensioners does not extend beyond the expiration of the Wage Agreement. Therefore, the Respondent is not responsible for providing health benefits to its Pensioners beyond the expiration of the 1981 Wage Agreement. Inasmuch as the Respondent signed the 1984 Wage Agreement on December 19, 1985, it resumed its responsibility to provide health benefits to its Pensioners as of that date. Although the Respondent suggests that a contractual agreement between it and Island Creek assigned liability for their health benefits coverage to Island Creek, such contract does not relieve the Respondent of its primary obligation to provide coverage to its Pensioners under the 1984 Wage Agreement.

With respect to the laid-off Employees, 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 Employer Benefit Plan.

### Opinion of the Trustees

Under the controlling language of the applicable Wage Agreement and Plan documents and in light of the Fourth Circuit's decisions, the Respondent is not responsible for providing health benefits to its Pensioners following the expiration of the 1981 Wage Agreement and prior to the effective date of the 1984 Wage Agreement executed by the Respondent. The Respondent is responsible for providing health benefits to its Pensioners during the term of the 1984 Wage Agreement, effective the date it became signatory, December 19, 1985.

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The Respondent is also responsible for providing continued benefits coverage after November 8, 1984 for its laid-off Employees during their individual periods of eligibility as determined under the terms of the 1981 Employer Benefit Plan.