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## OPINION OF TRUSTEES

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### In Re

Complainants: Pensioners  
Respondent: Employer  
ROD Case No: 81-600 - July 10, 1986

Board of Trustees: Joseph P. Connors, Sr., Chairman; Paul A. 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 under the terms of the Employer Benefit Plan.

### Background Facts

The Complainants are Pensioners last employed in classified work by the Respondent. The Respondent was signatory to the National Bituminous Coal Wage Agreements ("Wage Agreement") of 1978 and 1981; the 1981 Wage Agreement expired on September 30, 1984. The Respondent ceased its coal mining operations on August 15, 1983.

The Respondent asserts it is not responsible to provide health benefits coverage to the Complainants. The Respondent claims it had a contractual agreement with Island Creek Coal Company which assigns liability for health benefits coverage to Island Creek.

Complainant A became a Pensioner effective September 1, 1979; he was provided health benefits as a pensioner until the Respondent terminated his coverage in October 1980. Complainant A asserts that the Respondent is required by the terms of the 1978 Wage Agreement and the 1981 Wage Agreement to provide him with health care benefits from the effective date of his pension.

Complainant B became a Pensioner effective March 1, 1983; he has provided evidence that he was denied health benefits coverage for medical services rendered between January 16, 1985 and February 22, 1985. Complainant B asserts that the Respondent is required by the terms of the 1981 Wage Agreement to provide benefits from the effective date of his pension.

### Dispute

Whether the Respondent is responsible for providing health benefits to Complainants as pensioners.

#### Positions of the Parties

Position of Complainants: The Respondent is responsible for the provision of health benefits to Complainants as pensioners.

Position of Respondent: The Respondent is not responsible for the provision of health benefits to the Complainants as it was a contractor for Island Creek Coal Company. The Respondent has ceased coal related operations and is not financially able to provide health benefits to the Complainants.

#### Pertinent Provisions

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

(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. Such plans shall also include that each signatory Employer continue to make the death benefit payments in pay status as of December 5, 1977, for deceased Employees and pensioners under the 1974 Pension Plan whose last signatory classified employment was with such Employer, in the same manner and in the same amounts as previously provided for in the 1974 Benefit Plan and Trust. 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) and (5) 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.
- (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 & 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.B.(1) of the Employer Benefit Plan provides:

#### ARTICLE II - Eligibility

##### 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, 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(5) of this Plan, 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.

#### Discussion

Article XX(c)(3)(i) of the 1978 and 1981 Wage Agreements requires a signatory employer to establish and maintain an employer benefit plan to provide health and other non-pension benefits for its pensioners whose last classified employment was with such employer. Inasmuch as the Complainants' last signatory classified employment was with the Respondent, the Respondent was responsible for their health benefits coverage as pensioners during the terms of the 1978 and 1981 Wage Agreements. Although the Respondent maintains that a contractual agreement between it and Island Creek Coal Company assigns liability for health benefits coverage to

Island Creek, such a contract does not relieve the Respondent of its responsibility to provide coverage to the Complainants under the Wage Agreements.'

The issue here, however, is whether the Respondent was contractually obligated to provide such coverage beyond the expiration of the 1981 Wage Agreement when the Respondent did not sign 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), has ruled that an Employer's contractual obligation to provide health benefits to its pensioners does not extend beyond the expiration of the Wage Agreement.

#### Opinion of the Trustees

The Respondent is responsible for providing health benefits to Complainant A from the effective date of his pension throughout the term of the 1978 Wage Agreement and subsequently throughout the term of the 1981 Wage Agreement.

The Respondent is responsible for providing health benefits to Complainant B from the effective date of his pension through the expiration date of the 1981 Wage Agreement. Given the controlling language of the applicable Wage Agreement and Plan documents and in light of the Fourth Circuit's recent decisions, the Respondent is not responsible for providing health benefits to the Complainants following the expiration of the 1981 Wage Agreement.