
OPINION OF TRUSTEES

In Re

Complainant: Pensioner
Respondent: Employer
ROD Case No: 81-607 - May 28, 1986

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 the provision of health benefits coverage for a pensioner under the terms of the Employer Benefit Plan.

Background Facts

The Complainant's last classified signatory employment in the coal industry was with the Respondent in November of 1980. The Complainant applied for pension benefits and was awarded an age 55 retirement pension under Article II F (3) of the 1974 Pension Plan, effective January 1, 1981. The Respondent provided the Complainant and his eligible dependents with health benefits coverage until March 1984.

The Respondent has refused to provide health benefits coverage for the Complainant and his eligible dependents after March 1984, claiming that it is no longer in business and has no assets. The Respondent has indicated that it was an independent contractor for Island Creek Coal Company and that a contractual agreement assigns the obligation to provide health benefits coverage to Island Creek. The Respondent has not signed the National Bituminous Coal Wage Agreement of 1984.

The Complainant continued to receive a 1974 Pension Plan pension until his death on October 29, 1985. The representative of the Complainant asks whether the Respondent is responsible for providing health benefits coverage for the Complainant and his eligible dependents until the Complainant's death. The representative also asks whether the Respondent is responsible for providing death benefits and health benefits coverage to the Complainant's eligible surviving dependents.

Dispute

Is the Respondent responsible for the provision of health benefits coverage for the Complainant as a pensioner under the 1974 Pension Plan and for the provision of health benefits coverage and the death benefits payment to the Complainant's eligible surviving dependents?

Position of the Parties

Position of the Complainants: The representative of the Complainant asks whether the Respondent is responsible for providing health benefits coverage for the Complainant and his eligible dependents until Complainant's death, and for providing health benefits coverage and the death benefits payment to the Complainant's eligible surviving dependents.

Position of the Respondent: The Respondent is not responsible for health and other non-pension benefits for the Complainant and his eligible dependents because the Respondent is no longer in business and financially unable to provide those benefits.

Pertinent Provisions

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

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. 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 forth in such plans.

Article I (1), (2) and (5) of the 1981 Employer Benefit Plan provides:

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.
- (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 B. (1) (a) and (b) of the 1981 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 1981 Wage Agreement 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 Complainant's last signatory classified employment was with the Respondent, the Respondent was responsible for his health benefits coverage during the term of the 1981 Wage Agreement.

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, Unite 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

Given the controlling language of the applicable Wage Agreement and Plan documents and in the light of the Fourth Circuit's recent decisions, the Respondent is not responsible for providing health benefits to the Complainant following the expiration of the 1981 Wage Agreement. However, the Respondent is responsible for the provision of health benefits coverage for the complainant and his eligible dependents, effective January 1, 1981, and throughout the term of the 1981 Wage Agreement.