
OPINION OF TRUSTEES

In Re

Complainant: Disabled Employee
Respondent: Employer
ROD Case No: 81-648 - 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 a disabled Employee under the terms of the Employer Benefit Plan.

Background Facts

The Complainant last worked in a classified job for the Respondent on February 24, 1984. On February 24, 1984, the Complainant became disabled because of illness and was unable to return to work. The Complainant had worked over 2,000 hours for the Respondent during the 24-month period prior to his date last worked. 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 Complainant has submitted unpaid medical bills for services rendered between November 12, 1984 and February 27, 1985. The Complainant maintains that he was entitled to continued health benefits coverage from February 24, 1984 until February 28, 1985, and that the Respondent is responsible for payment of his outstanding medical bills.

The Respondent has submitted evidence indicating that it made payments to a third-party administrator for the provision of health benefits coverage for the Complainant through February 1985. This coverage was to be provided through an association of Employers with which the Respondent had a contract. The Employer association subsequently filed a Petition for Relief from certain bankruptcy proceedings on March 17, 1986. The Respondent has stated that the Complainant's unpaid bills should be the responsibility of the Employer association. The Respondent has stated that since it did not sign the 1984 Wage Agreement, it is no longer obligated to provide health benefits for the Complainant.

Dispute

Whether the Respondent is responsible for providing health benefits to the Complainant following the expiration of the 1981 Wage Agreement.

Positions of the Parties

Position of the Complainant: The Respondent is responsible for the provision of health benefits to the Complainant under the terms of the Employer Benefit Plan.

Position of the Respondent: The Respondent did not sign the 1984 Wage Agreement and is not obligated to pay any unpaid bills incurred by the Complainant following the expiration of the 1981 Wage Agreement.

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 (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) and C.(3) of the 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.

*"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.

C. Disabled Employees

In addition to disabled Pensioners who are receiving pension benefits and are therefore entitled to receive health benefits under paragraph B of this Article II, health benefits under Article III shall also be provided to any Employee who:

- (3) Is receiving or would, upon proper application, be eligible to receive Sickness and Accident Benefits pursuant to the Wage Agreement.

Life and accident death and dismemberment insurance shall also be provided to Employees described in (3) above.

Article III.D.(1) (a) and (b) of the Employer Benefit Plan provide:

Article III - Benefits

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

(b) Disability

Except as otherwise provided in Article II, section C, if an Employee ceases work because of disability, the Employee will be eligible to continue health, life and accidental death and dismemberment insurance coverage while disabled for the greater of (i) the period of eligibility for Sickness and Accident benefits, or (ii) the period as set forth in the schedule in (a) above.

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 certain disabled Employees 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), 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 have previously concluded in ROD 81-586 (enclosed herein) 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.

Similarly, under Article III D. (1)(b) of the Employer Benefit Plan, certain disabled Employees are entitled to a specific period of health benefits coverage determined by reference to the greater of the Employee's period of eligibility for Sickness and Accident benefits or the period as set forth in Article III D. (1)(a). Under the terms of the Wage Agreement, the maximum period of eligibility for Sickness and Accident benefits is 52 weeks. The maximum period of eligibility for continued benefits coverage under Article III D. (1)(a) of the Employer Benefit Plan is the balance of the month in which the Employee last worked plus 12 months. Thus, disabled Employees who are otherwise eligible for continued coverage under Article III. D. (1)(b) are entitled to the period of continued coverage specified in the Employer Benefit Plan, as are laid-off Employees. Inasmuch as the Complainant was disabled prior to the expiration of the 1981 Wage Agreement and worked over 2,000 hours for the Respondent in the 24-month period prior to his date last worked, he is entitled to health benefits coverage from the Respondent for one year following his cessation of work.

Furthermore, although the Respondent implemented its Employer Benefit Plan through an Employer association which subsequently filed bankruptcy, these events do not relieve the Respondent of its primary obligation to provide benefits pursuant to the Wage Agreement.

Opinion of the Trustees

The Respondent is responsible for payment of covered medical expenses incurred by the Complainant from February 24, 1984 through February 28, 1985, the period provided for in Article III D. (1)(b) of the 1981 Employer Benefit Plan.