

OPINION OF TRUSTEES

In Re

Complainant: Pensioner
Respondent: Employer
ROD Case No: 81-684 - 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 began working for the Respondent in a classified position in August 1981. On December 18, 1981, the Complainant sustained a work-related injury and was unable to return to work. The Complainant has stated that the Respondent cancel led his health benefits coverage on December 19, 1981.

The Complainant was awarded Social Security Disability Insurance ("SSDI") benefits in June 1982, with a disability onset date of December 18, 1981. He applied for a disability pension under the UMWA 1974 Pension Plan and his application was approved, effective January 1, 1982. The Complainant was advised to contact his last signatory Employer, the Respondent, concerning the provision of health benefits coverage. A copy of that letter was sent to the Respondent. The Complainant maintains that the Respondent has refused to provide any health benefits coverage since benefits were terminated on December 19, 1981.

Funds' staff have been unable to obtain a statement from the Respondent as to when the Complainant's benefits coverage was terminated. The Respondent has only stated that it went bankrupt in 1983 and is financially unable to provide health benefits coverage for the Complainant. The Complainant was signatory to the National Bituminous Coal Wage Agreement ("Wage Agreement") of 1981, but did not sign the 1984 Wage Agreement.

Dispute

Is the Respondent responsible for the provision of health benefits coverage for the Complainant under the terms of the Employer Benefit Plan?

Position of the Parties

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

Position of the Respondent: The Respondent is no longer in business and financially unable to provide health benefits coverage for the Complainant.

Pertinent Provisions

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

Article XX Health and Retirement Benefits

(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 set forth in such plans.

Article I (1), (2), (4) and (5) 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.
- (3) "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 B (1) 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:

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.

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

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:

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

(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 for Pensioners whose last signatory 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, United Mine Workers of America, et a . 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.

Complainant has also requested in the alternative that coverage be provided under the 1974 benefit Plan and Trust. Under that Plan, a beneficiary is entitled to coverage only if it is

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determined that the beneficiary's last Employer is "no longer in business". Such determination is made by the Trustees under established procedures separate from the ROD procedure.

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 continued health benefits coverage for the Complainant as a disabled employee from December 19, 1981 until January 1, 1982, and as a Pensioner from January 1, 1982 through September 30, 1984.