
OPINION OF TRUSTEES

In Re

Complainant: Surviving Spouse
Respondent: Employer
ROD Case No: 81-692 - September 21, 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 the provision of health benefits coverage under the terms of the Employer Benefit Plan.

Background Facts

The Complainant is the surviving spouse of an Employee who died as the result of a mine accident while working in a classified job for the Respondent on November 23, 1981. The Respondent was signatory to the National Bituminous Coal Wage Agreement ("Wage Agreement") of 1981, which expired on September 30, 1984, but did not sign the 1984 Wage Agreement.

The Complainant has stated that she was notified by certified letter of September 22, 1984 that her health benefits coverage would be terminated at the expiration of the 1981 Wage Agreement on September 30, 1984. The letter indicated that on that date the Respondent's obligation to provide coverage would cease. The Complainant has stated that following the termination of her coverage she contacted the Respondent and arranged to pay her own health insurance premiums to continue coverage. Beginning in November 1984, the Complainant paid such premiums directly to the Respondent who contracted with an Employer association to provide coverage for the Complainant as well as for other employees, retirees, and their dependents. The Employer association terminated such coverage on February 28, 1986, and subsequently filed a Petition for Relief under Chapter 11 of the Bankruptcy Code.

The representative for the Complainant asks whether the Respondent is responsible for providing the Complainant with health benefits coverage after September 30, 1984 or for continuing the conversion arrangement which was in effect until February 28, 1986. The Respondent contends that it has fulfilled its obligation to the Complainant under the Employer Benefit Plan by providing health benefits coverage through September 30, 1984. The Respondent states that at

the time the Employer association terminated the group plan, it attempted to obtain group rates with another carrier for the Complainant and other retirees, but was unsuccessful.

Dispute

Whether the Respondent is responsible for providing health benefits coverage for the Complainant following the expiration of the 1981 Wage Agreement or for continuing the conversion arrangement which was in effect until February 28, 1986.

Positions of the Parties

Position of the Complainant: The representative for the Complainant asks whether the Respondent is responsible for providing health benefits coverage after the expiration of the 1981 Wage Agreement on September 30, 1984 or for continuing the conversion arrangement which was in effect until February 28, 1986.

Position of the Respondent: The Respondent fulfilled its obligation to the Complainant under the Employer Benefit Plan by providing health benefits coverage through September 30, 1984.

Pertinent Provisions

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

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 E. (1) of the Employer Benefit Plan provides:

Article II - Eligibility

The persons eligible to receive the health benefits pursuant to Article III are as follows:

E. Surviving Spouse and Dependents of Deceased Employees or Pensioners

Health benefits under Article III shall be provided to (i) any unmarried surviving spouse (who was living with or being supported by the Employee or Pensioner immediately prior to the Employee's or Pensioner's death) and (ii) such spouse's unmarried surviving dependent children as defined in subparagraphs (2) and (5) of paragraph D, of an Employee or Pensioner who died:

- (1) As a result of a mine accident occurring on or after the effective date of the Plan while the Employee was working in a classified job for the Employer;

Article III D. (3)(b) of the Employer Benefit Plan provides:

Article III - Benefits

D. General Provisions

- (3) Conversion Privilege
(b) Health Benefits

When health benefits coverage terminates, a Beneficiary may, upon application, convert, without medical examination, to a policy issued by the insurance carrier provided such application is made to the insurance carrier within 31 days after the coverage terminates. The type of policy, coverage and premiums therefor are subject to the terms and conditions set forth by the insurance carrier.

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 Employees and Pensioners whose last classified employment was with such Employer. The Wage Agreement stipulates that the benefits provided by the Employer pursuant to such Plan shall be guaranteed during the term of the Agreement. Article II E. (1) of the Employer Benefit Plan provides health benefits for the unmarried surviving spouse of an Employee who died as the

result of a mine accident while working in a classified job for the Employer. Inasmuch as the Complainant is the unmarried surviving spouse of an Employee who died as the result of a mine accident, the Respondent is responsible for, and did provide, health benefits coverage for the Complainant during the term of the 1981 Wage Agreement.

The issue here is whether the Respondent is contractually obligated to provide the benefits set forth in the Employer Benefit Plan 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 and other non-pension benefits to its Pensioners does not extend beyond the expiration of the Wage Agreement. Inasmuch as the surviving spouse of an Employee who died as the result of a mine accident has the same eligibility period as a Pensioner, such a surviving spouse should be treated the same way as a Pensioner under the Employer Benefit Plan. Accordingly, the Respondent is not obligated to provide the Complainant's health benefits coverage or to a conversion privilege after September 30, 1984.

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 the Complainant or for offering the Complainant a conversion privilege following the expiration of the 1981 Wage Agreement.