

OPINION OF TRUSTEES

In Re

Complainants: Pensioners
Respondent: Employer
ROD Case No: 81-719 - June 29, 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 Pensioners under the terms of the Employer Benefit Plan.

Background facts

Each of the Complainants last worked in a classified signatory job for the Respondent. One of the Complainants was awarded an Age 55 retirement pension under the UMWA 1974 Pension Plan, effective January 1, 1983; the other Complainant was awarded an Age 55 retirement pension, effective March 1, 1984. 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 representative for the Complainants has stated that the Respondent terminated health benefits coverage on or about January 1, 1983. He asks whether the Respondent or the UMWA 1974 Benefit Plan and Trust is responsible for providing health benefits to the Complainants beyond that date. The Respondent has stated that it ceased operations in December 1982 and is financially unable to provide the Complainants with health benefits. The Respondent contends that the 1974 Benefit Plan and Trust is responsible for providing such benefits to the Complainants.

Dispute

Whether the Respondent or the 1974 Benefit Plan and Trust is responsible for providing health benefits coverage to the Complainants after such coverage was terminated by the Respondent on or about January 1, 1983.

Positions of the Parties

Position of the Complainants: The Respondent or the 1974 Benefit Plan and Trust is responsible for the provision of health benefits to the complainants.

Position of the Respondent: The Respondent is financially unable 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) o; the Employer Benefit Plan provides:

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.

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 classified employment was with such Employer. The Wage Agreement stipulates that benefits provided by the Employer pursuant to such Plan shall be guaranteed during the term of the Agreement. The Respondent's claim that it is financially unable to provide health benefits does not, in and of itself, relieve the Respondent of its obligation to provide such benefits under the Wage Agreement. Inasmuch as the Complainants' last signatory classified employment was with the Respondent, the Respondent is responsible for providing the Complainants' health benefits coverage from their respective pension effective dates through the expiration of the 1981 Wage Agreement.

The issue then is whether the Respondent is 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.

The representative for the Complainants has also requested in the alternative that coverage be provided under the 1974 Benefit Plan and Trust. Under that Plan, an individual is entitled to coverage only if it is determined that the individual'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

The Respondent is responsible for providing health benefits to the Complainants from their respective pension effective dates through the expiration of the 1981 Wage Agreement on September 30, 1984. Given 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 Complainants following the expiration of the 1981 Wage Agreement.