

OPINION OF TRUSTEES

In Re

Complainants: Pensioners and Surviving Spouses
Respondent: Employer
ROD Case No: 81-724 - August 11, 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 under the terms of the Employer Benefit Plan.

Background Facts

The Complainants are Pensioners and the surviving spouses of Employees and Pensioners whose last signatory classified employment in the coal industry was for the Respondent. Two (2) of the surviving spouses are widows of Employees who died as a result of mine accidents which occurred while they were working in classified jobs for the Respondent. The remaining two (2) surviving spouses in this dispute are receiving Surviving Spouse benefits under the UMWA 1974 Pension Plan.

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. In a letter dated April 1, 1987, the Respondent notified the Complainants that, effective April 30, 1987, it would no longer provide the Complainants' health benefits coverage.

The representative for the Complainants contends that the Respondent or the 1974 Benefit Plan and Trust is responsible for providing health benefits for the Complainants. The Respondent contends that since it is not signatory to the 1984 Wage Agreement, it has no obligation to provide health benefits to the Complainants after the expiration of the 1981 Wage Agreement.

Dispute

Whether the Respondent is responsible for providing health benefits to the Complainants, as Pensioners and surviving spouses, following the expiration of the 1981 Wage Agreement.

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 not responsible for the provision of health and other non-pension benefits 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 (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 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 E. (1) and (2) 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 1(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.

E. Surviving Spouse

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;
- (2) Under conditions which qualify such spouse for a Surviving Spouse benefit under the 1974 Pension Plan or any successor thereto;

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. In addition, Article II E. of the Employer Benefit Plan provides health benefits for the eligible surviving spouses of Employees and Pensioners whose last classified employment was with the Employer. Inasmuch as the Complainants are Pensioners and the surviving spouses of Employees and Pensioners whose last signatory classified employment was with the Respondent, the Respondent was responsible for their health benefits coverage during the term of the 1981 Wage Agreement. The issue here 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 Cor., 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. Accordingly, the Respondent is not responsible for providing health benefits coverage for its Pensioners after September 30, 1984. Inasmuch as the surviving spouse of an Employee who died as a result of a mine accident, and the surviving spouse of a Pensioner, who is receiving a Surviving Spouse benefit, have the same eligibility period as a Pensioner, such surviving spouses should be treated the same way as Pensioners under the Employer Benefit Plan. Accordingly, the Respondent is not responsible for providing health benefits coverage after September 30, 1984 for the surviving spouses of Employees who died as a result of mine accidents, nor for its Pensioners' surviving spouses who are receiving Surviving Spouse benefits.

The Complainants' representative has also asked whether coverage may be provided under the 1974 Benefit Plan and Trust. Under that Plan, a beneficiary is entitled to coverage only if it is 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

Under the controlling language of the 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.