

OPINION OF TRUSTEES

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In Re

Complainants: Pensioners and Surviving Spouse  
Respondent: Employer  
ROD Case No: 81-725 - 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 spouse of a Pensioner, whose last signatory classified employment in the coal industry was for the Respondent. The surviving spouse is receiving a Surviving Spouse benefit under the UMWA 1974 Pension Plan. The Respondent was signatory to the National Bituminous Coal Wage Agreement ("Wage Agreement") of 1981, which expired September 30, 1984. On November 29, 1984, the Respondent signed a Memorandum of Agreement extending the terms of the 1981 Wage Agreement until January 31, 1985. The Respondent did not sign any subsequent extension of the 1981 Wage Agreement 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 asks whether the Respondent or the UMWA 1974 Benefit Plan and Trust is responsible for providing health benefits for the Complainants and their dependents. 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 January 31, 1985.

Dispute

Whether the Respondent is responsible for providing health benefits to the Complainants and their dependents after January 31, 1985, the expiration date of the extension 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 and their dependents.

Position of the Respondent: The Respondent is not obligated to provide health and other non-pension benefits for the Complainants after January 31, 1985.

### 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 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. (2) of the Employer Benefit Plan provide:

#### Article II - Eligibility

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.

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:

- (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. Inasmuch as the Complainants are Pensioners, and the surviving spouse of a Pensioner, 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 and during the period in which a Memorandum of Agreement was in effect.

The issue here, however, is whether the Respondent is contractually obligated to provide such coverage after the expiration of the Memorandum of Agreement on January 31, 1985, 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. By virtue of an executed Memorandum of Agreement, the Respondent extended the terms of the 1981 Wage Agreement until January 31, 1985. Accordingly, the Respondent is not responsible for providing health benefits coverage for its Pensioners after January 31, 1985. Inasmuch as the surviving spouse of a Pensioner, who is receiving a Surviving Spouse benefit, 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 responsible for providing health benefits coverage after January 31, 1985 for the surviving spouse who is receiving a Surviving Spouse benefit.

The Complainants' representative 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 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 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 after January 31, 1985, the expiration date of the extension to the 1981 Wage Agreement.