

OPINION OF TRUSTEES

---

In Re

Complainants: Pensioners  
Respondent: Employer  
ROD Case No: 81-728 - December 10, 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 a Pensioner under the terms of the Employer Benefit Plan.

Background Facts

The Complainants are Pensioners whose last classified signatory employment in the coal industry was for the Respondent. The Respondent was signatory to the National Bituminous Coal Wage Agreement ("Wage Agreement") of 1978, which expired on March 26, 1981, but did not sign the 1981 or 1984 Wage Agreements. The Respondent provided the Complainants with health benefits coverage through March 1986. The representative for the Complainants asks whether the Respondent is responsible for providing health benefits coverage for the Complainants.

The representative for the Respondent states that the Respondent has not been engaged in the coal mining operation since June 12, 1980 when it sold all of its assets. In addition, the representative contends that the Respondent is out of business and is not financially able to provide health benefits coverage to its retired miners and their dependents. Furthermore, the representative for the Respondent states that the Respondent was signatory to the 1978 Wage Agreement and did not sign the 1981 Wage Agreement; therefore, the Respondent's obligation to provide benefits to its retirees does not extend beyond the term of the 1978 Wage Agreement. The representative contends that under the 1978 Wage Agreement, the 1974 Benefit Plan and Trust is liable for providing benefits for the Complainants as the Respondent is no longer in business.

Dispute

Is the Respondent responsible for providing health benefits coverage for the Complainants?

#### Positions of the Parties

Position of Complainant: The representative for the Complainants asks whether the Respondent is responsible for providing health benefits coverage for the Complainants.

Position of Respondent: The representative for the Respondent contends that inasmuch as the Respondent was signatory to the 1978 Wage Agreement and not the 1981 Wage Agreement, its obligation to provide health benefits coverage does not extend beyond the term of the 1978 Wage Agreement. In addition, the representative contends that inasmuch as the Respondent is no longer in business, the 1974 Benefit Plan and Trust is responsible for providing the Complainants' health benefits coverage.

#### Pertinent Provisions

Article XX(c)(3)(i) of the National Bituminous Coal Wage Agreement of 1978 provides:

(3)(i) Except as provided in (ii) below, effective on June 1, 1978, each signatory Employer shall establish 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 classified employment was with such Employer. The benefits provided pursuant to such plans shall be guaranteed during the term of this Agreement by each 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 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 will be 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 1978 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 1978, as amended from time to time and any successor agreement.

- (5) "Pensioner" shall mean any person who is receiving a pension, other than a deferred vested pension based on less than 20 years of credited service, under the United Mine Workers of America 1974 Pension Plan (or any successor thereto) whose last classified employment was with the Employer.

Article II. B. of the Employer Benefit Plan provides:

B. Pensioners

Health benefits and life insurance under Article III hereof shall also be provided to any Pensioner who is receiving pension benefits under the 1974 Pension Plan, or any successor thereto, provided that (i) the Pensioner is not receiving 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, or (ii) that the Pensioner is not receiving a deferred vested pension based on less than 20 years of credited service. Notwithstanding (i) and (ii) immediately above, 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. Health benefits shall not be provided for any month in which the Pensioner earns more than \$200.

Discussion

Article XX(c)(3)(i) of the 1978 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 its pensioners whose last classified employment was with such employer. Inasmuch as the Complainants' last signatory classified employment was with the Respondent, the Respondent was responsible for the Complainants' health benefits coverage during the term of the 1978 Wage Agreement.

The issue is whether the Respondent was contractually obligated to provide such coverage beyond the expiration of the 1978 Wage Agreement when the Respondent did not sign the 1981 or 1984 Wage Agreements. 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 held 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 Respondent contends that the 1974 Benefit Plan and Trust is responsible for providing health benefits coverage for the Complainants. Such determination is made by the Trustees under established procedures separate from the ROD procedure. 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."

Opinion of Trustees  
Resolution of Dispute  
Case No. 81-728  
Page 4

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 following the expiration of the 1978 Wage Agreement.