

OPINION OF TRUSTEES

In Re

Complainant: Pensioner
Respondent: Employer
ROD Case No: 81-732 - January 19, 1988

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 Complainant originally sustained a work-related back injury on April 9, 1979. On April 11, 1980, the Complainant re-injured his back while performing classified work for the Respondent and was unable to return to work. On September 4, 1985, the Complainant was awarded Social Security Disability Insurance ("SSDI") benefits retroactive to April 11, 1980. On July 3, 1986, the Complainant applied for a disability pension under the UMWA 1974 Pension Plan. The Complainant was awarded a 1974 Pension Plan minimum disability pension, effective May 1, 1980. The Complainant was advised to contact his last signatory Employer, the Respondent, regarding his eligibility for health benefits coverage.

The Complainant states that the Respondent, Eastover Mining Company, ceased operations at its Brookside mine on April 8, 1983, and sold that mine to R.B. Coal Company. The Complainant states that R. B. Coal Company's name was subsequently changed to Manalapan Mining Co., which later changed its name to Appalachian Collieries. The Complainant states that these companies are non-signatory companies. The Respondent was signatory to the 1978 Wage Agreement and to the 1981 Wage Agreement which expired on September 30, 1984, but it did not sign the 1984 Wage Agreement.

The Complainant states that the Respondent has refused to provide his health benefits coverage as a Pensioner. The Complainant contends that he is entitled to health benefits coverage as a Pensioner and, therefore, either the Respondent or the UMWA 1974 Benefit Plan and Trust should provide such coverage.

The representative for the Respondent states that, under the terms of a purchase agreement, R. B. Coal Company assumed the Respondent's obligations under the 1981 Wage Agreement. A copy of the pertinent provision of that agreement was submitted by the representative for the Respondent. The Respondent contends that any obligation it may have had under the terms of the 1981 Wage Agreement to provide health benefits coverage to its Pensioners was passed on to R. B. Coal Company, and further, that any such obligation did not survive the expiration of the 1981 Wage Agreement.

Dispute

Whether the Respondent is responsible for providing health benefits coverage for the Complainant as a Pensioner.

Positions of the Parties

Position of the Complainant: The Respondent or the 1974 Benefit Plan and Trust is responsible for providing health benefits coverage for the Complainant as a Pensioner.

Position of the Respondent: Any obligation the Respondent may have had under the terms of the 1981 Wage Agreement to provide health benefits coverage for the Complainant as a Pensioner was passed on to R. B. Coal Company. Furthermore, any obligation the Respondent may have had to provide such coverage under the terms of the 1981 Wage Agreement did not survive the expiration of that Agreement.

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.

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.

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 I (1), (2) and (5) of the 1981 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 of the 1978 Employer Benefit Plan provides:

B. Pensioners

Health benefits and life insurance under Article III hereof shall 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 & 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.

Article II B. (1) of the 1981 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 1978 and 1981 Wage Agreements 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. The benefits provided pursuant to such plans are guaranteed during the terms of the respective Agreements. The Complainant became a Pensioner as defined in Article I (5) of the Employer Benefit Plans effective May 1, 1980. Inasmuch as the Complainant's last classified employment was with the Respondent and the Respondent was signatory to the 1978 and 1981 Wage Agreements, the Respondent is responsible for providing the Complainant's health benefits during the terms of those Agreements.

Although R. B. Coal Company, a non-signatory company, executed a purchase agreement wherein it assumed the Respondent's obligations under the 1981 Wage Agreement, this assumption does not relieve the Respondent of its primary obligation to provide health benefits coverage. In addition, there is no evidence of any agreement, arbitration or court decision that either Manalapan Mining Company or Appalachian Collieries is bound by the health benefits provisions of the Respondent's contract with the UMWA. Accordingly, the Trustees have no basis on which to find either Manalapan Mining or Appalachian Collieries responsible for providing health benefits coverage for the Complainant.

The issue now is whether the Respondent is contractually obligated to provide health benefits coverage for the Complainant after 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 Complainant has 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

The Respondent is responsible for providing health benefits to the Complainant from May 1, 1980 through the expiration of the 1981 Wage Agreement on September 30, 1984. 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 coverage to the Complainant following the expiration of the 1981 Wage Agreement.