
OPINION OF TRUSTEES

In Re

Complainant: Employees
Respondent: Employer
ROD Case No: 84-243 - December 18, 1986

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 the provision of health benefits coverage for Employees under the terms of the Employer Benefit Plan.

Background Facts

The Complainants have worked for the Respondent in classified positions since 1983. The Respondent provided health benefits coverage for the Complainants and their eligible dependents until December 1, 1985, under an arrangement provided through an association of Employers with which the Respondent had a contract. The Employer association subsequently filed a Petition for Relief from certain bankruptcy proceedings on March 17, 1986. The Complainants have stated that medical bills for covered services which were incurred prior to December 1, 1985 have not been paid by the Employer association or by the Respondent.

The Respondent secured coverage for its employees through a different insurance carrier beginning December 1, 1985. One of the Complainants has submitted medical invoices for services rendered to his wife after December 1, 1985, stating that the insurance carrier failed to make any payment for these invoices because the Respondent did not pay premiums for the months in which the services were rendered.

The Respondent has stated that since the Employer association had failed to pay some medical benefits on behalf of the Respondent's employees, the Respondent would assume payment of the unpaid medical bills incurred prior to December 1, 1985. The Complainants have submitted copies of letters which the Respondent sent to providers indicating that it would assume liability for payment of the Complainants' medical bills. However, the Complainants contend that payment has not been made in full and they are being sued by the providers for payment. The Complainants ask that the Respondent be found responsible for payment of all covered medical charges incurred by the Complainants and their eligible dependents during their employment with the Respondent.

Dispute

Is the Respondent responsible for payment of the medical charges incurred by the Complainants and their eligible dependents?

Positions of the Parties

Position of the Complainants: The Respondent is responsible for payment of the covered medical charges incurred by the Complainants and their eligible dependents. Although the Respondent has acknowledged its responsibility for payment of the charges incurred prior to December 1, 1985, the Complainants still have unpaid medical bills for services incurred both before and after that date.

Position of the Respondent: Pursuant to the 1984 National Bituminous Coal Wage Agreement, the Respondent acknowledges its responsibility for payment of the charges incurred prior to December 1, 1985, and has made partial payments on the Complainants' debts. The Respondent has not stated its position with regard to medical bills incurred subsequent to December 1, 1985.

Pertinent Provisions

Article XX Section (c) (3)(i) of the National Bituminous Coal Wage Agreement of 1984 provides, in pertinent part:

Section (c) 1974 Plans and Trusts

(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... The plans established pursuant to this subsection 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... 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.

The Introduction to the Employer Benefit Plan provides in pertinent part:

The Plan provides health and vision care for Employees and Pensioners and their eligible dependents, life insurance and accidental death and dismemberment

insurance for Employees and life insurance for Pensioners. These benefits are provided by (Name of Employer) through insurance carriers or professional contract administrators.

Article I (1), (2), (4) and (7) of the Employer Benefit Plan provide:

Article I - Definitions

The following terms shall have the meanings herein set forth:

- (1) "Employer" means (coal company).
- (2) "Wage Agreement" means the National Bituminous Coal Wage Agreement of 1984, as amended from time to time and any successor agreement.
- (4) "Employee" shall mean a person working in a classified job for the Employer, eligible to receive benefits hereunder.
- (7) "Dependent" shall mean any person described in Section D of Article II hereof.

Article II A. (1) and (4) of the Employer Benefit Plan provide:

Article II - Eligibility

The persons eligible to receive the health benefits pursuant to Article III are as follows:

A. Active Employees

Benefits under Article III shall be provided to any Employee who:

- (i) is actively at work* for the Employer on the effective date of the Wage Agreement; or...
- (4) A new Employee will be eligible for health benefits from the first day worked with the Employer.

* Actively at work includes an Employee of the Employer who was actively at work on September 30, 1984, and who returns to active work with the Employer two weeks after the effective date of the Wage Agreement.

Discussion

Article XX Section (c)(3)(i) of the 1984 Wage Agreement requires Employers to provide an Employee benefit plan... "implemented through an insurance carrier(s), [for] health and other non-pension benefits..." It further requires that "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." Although the Respondent in the instant case had implemented its Employer Benefit Plan through an Employer association which subsequently filed bankruptcy, such event does not relieve the Respondent of its primary obligation to provide benefits pursuant to the Wage Agreement.

Article II. A of the Employer Benefit Plan provides health benefits coverage to active employees working in classified jobs for a signatory Employer. Inasmuch as the Complainants are classified Employees of the Respondent, the Respondent is responsible for payment of the covered medical expenses incurred by the Complainants and their eligible dependents under the terms of the Employer Benefit Plan.

Opinion of the Trustees

The Respondent is responsible for payment of the covered medical expenses incurred by the Complainants and their eligible dependents under the terms of the Employer Benefit Plan.