
OPINION OF TRUSTEES

In Re

Complainants: Laid-off Employees and Pensioner
Respondent: Employer
ROD Case No: 84-318 - June 18, 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 the provision of health benefits coverage under the terms of the Employer Benefit Plan.

Background Facts

The Complainants are laid-off Employees and a Pensioner whose last signatory classified employment was for the Respondent. Two of the laid-off Complainants last worked for the Respondent on September 17, 1986. The remaining laid-off Complainants last worked for the Respondent on September 29, 1986, when the Respondent ceased operations. Each of the laid-off Complainants worked over 2000 hours during the 24-month period prior to his date last worked. The Respondent provided the Complainants with health benefits coverage through October 31, 1986, when all coverage was terminated.

The Complainants' representative contends that the Respondent is responsible for providing the Complainants with health benefits coverage during their individual periods of eligibility beyond October 31, 1986. The Respondent claims that it has ceased operations and is financially unable to provide health benefits coverage for the Complainants. On April 15, 1987, the United Mine Workers of America 1974 Benefit Plan and Trust determined that, as of that date, the Respondent is not financially unable to provide health benefits and, therefore, does not satisfy the no-longer-in-business provisions of Article II E.(4) of the UMWA 1974 Benefit Plan and Trust.

Dispute

Whether the Respondent is responsible for providing the Complainants with health benefits coverage beyond October 31, 1986, under the terms of the Employer Benefit Plan.

Positions of the Parties

Position of the Complainants: The Complainants are entitled to health benefits coverage during their individual periods of eligibility beyond October 31, 1986, as determined under the terms of the Employer Benefit Plan.

Position of the Respondent: The Respondent has ceased operations and is financially unable to provide the Complainants with health benefits coverage.

Pertinent Provisions

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

(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), (4) and (5) 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.
- (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 A.(1) and (4) and B.(1) of the Employer Benefit Plan provide:

Article II - Eligibility

The persons eligible to receive the health benefits pursuant to Article 111 are as follows:

A. Active Employees

Benefits under Article 111 shall be provided to any Employee who:

- (1) 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.

B. Pensioners

Health benefits and life insurance under Article 111 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) October 1, 1984, 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.

* 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.

Article III D. (1)(a) of the Employer Benefit Plan provides:

Article III- Benefits

D. General Provisions

(1) Continuation of Coverage

(a) Layoff

If an Employee ceases work because of layoff, continuation of health, life and accidental death and dismemberment insurance coverage is as follows:

<u>Number of Hours Worked for the Employer in the 24 Consecutive Calendar Month Period Immediately Prior to the Employee's Date Last Worked</u>	<u>Period of Coverage Continuation from the Date Last Worked</u>
2,000 or more hours	Balance of month plus 12 months
500 or more but less than 2,000 hours	Balance of month plus 6 months
Less than 500 hours	30 days

Discussion

Article XX(c)(3)(i) of the 1984 National Bituminous Coal 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 as well as Pensioners whose last signatory classified employment was with such Employer. The Wage Agreement stipulates that benefits provided by the Employer pursuant to such Plan shall be guaranteed during the term of this Agreement by that Employer at levels set forth in such Plan. The Respondent's claim that it is financially unable to provide health benefits does not relieve it of its obligation to provide such benefits under the Wage Agreement.

Article II B. of the Employer Benefit Plan provides that an individual who is eligible for pension benefits under the UMWA 1974 Pension Plan is eligible for health benefits coverage under the Employer Benefit Plan. Article III D. (1)(a) of the Employer Benefit Plan provides for continued health benefits coverage for a laid-off Employee based on the number of hours worked for the Employer during the 24-month period immediately prior to the date last worked. Inasmuch as the Complainants are laid-off Employees and a Pensioner whose last signatory classified employment was with the Respondent, the Respondent is responsible for providing the Complainants with health benefits coverage for their individual periods of eligibility as determined under the terms of

the Employer Benefit Plan. As stated above, the United Mine Workers of America 1974 Benefit Plan and Trust has determined that, as of April 15, 1987, the Respondent does not satisfy the no-longer-in-business provisions of Article II E.(4) of the United Mine Workers of America 1974 Benefit Plan and Trust.

Opinion of the Trustees

The Respondent is responsible for providing the Complainants with health benefits during their individual periods of eligibility beyond October 31, 1986, as determined under the terms of the Employer Benefit Plan.