

OPINION OF TRUSTEES

In Re

Complainants: Laid-off Employee
Respondent: Employer
ROD Case No: 84-422 - July 25, 1989

Board of Trustees: Joseph P. Connors, Sr., Chairman; Paul R. Dean, Trustee; William Miller, Trustee; Donald E. Pierce, Jr., Trustee; Thomas H. Saggau, 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 a laid-off Employee under the terms of the Employer Benefit Plan.

Background Facts

The Complainant was employed in a classified position by the Respondent from August 18, 1986 until December 29, 1986, when the Complainant was laid off. Funds' records indicate that the Complainant worked over 500 hours for the Respondent during the 24-month period prior to the Complainant's date last worked. The Respondent provided health benefits coverage for the Complainant through the Bituminous Industry Trust/Business Insurance Trust ("BIT") and California Life Insurance. The Complainant has submitted copies of unpaid bills for medical services rendered between September 14, 1986 and February 19, 1987. A representative for California Life Insurance states that the Complainant's medical bills have been approved for payment, but it is awaiting the settlement of the carrier's bankruptcy. Information indicates that both BIT and California Life Insurance ceased paying health benefits claims for services rendered prior to April 30, 1987 due to the insolvency of BIT and California Life Insurance.

Dispute

Whether the Respondent or the UMWA 1974 Benefit Plan and Trust is required to pay the Complainant's medical bills that are unpaid due to the insolvency of BIT and California Life Insurance.

Positions of the Parties

Position of the Complainant: The Complainant asks whether the Respondent or the UMWA 1974 Benefit Plan and Trust is required to pay his medical bills that are unpaid due to the insolvency of BIT and California Life Insurance.

Position of the Respondent: The Respondent has not replied to repeated correspondence from Funds' staff requesting its position in this dispute.

Pertinent Provisions

Article XX Section (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) and (4) 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 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.

Article II A. (4) of the Employer Benefit Plan provides:

Article II - Eligibility

A. Active Employees

- (4) A new Employee will be eligible for health benefits from the first day worked with the Employer.

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

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 Section (c)(3)(i) of the 1984 Wage Agreement requires an Employer to provide an Employer 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."

Article II. A. of the Employer Benefit Plan provides health benefits coverage to an active employee working in a classified job for a signatory Employer. In addition, Article III. D. (1)(a) provides continued benefits coverage for a laid-off Employee for a defined period based upon the number of hours worked for the Employer during the 24-month period immediately prior to the date last worked. Because the Complainant had worked for the Respondent for more than 500 hours in the 24-month period immediately prior to his layoff, the Respondent continued to be responsible for the Complainant's health benefits for the balance of the month in which the Complainant last worked plus six months, or through June 30, 1987.

The Respondent implemented its Employer Benefit Plan through an employer trust fund and insurance carrier. The employer trust fund and the carrier subsequently became insolvent. Implementation of a plan through a carrier, in and of itself, does not relieve the Respondent of its primary obligation to provide benefits pursuant to the Wage Agreement. Inasmuch as the

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Complainant was eligible for health benefits coverage from the Respondent at the time the medical charges in question were incurred, the Respondent is responsible for payment of those charges under the terms of the Employer Benefit Plan.

The Complainant has asked in the alternative whether benefits might be provided by the 1974 Benefit Plan and Trust. Under that Plan, a beneficiary may be entitled to coverage if his last signatory employer is "no longer in business." However, a "no longer in business" determination is made according to established procedures separate from the ROD process.

Opinion of the Trustees

The Respondent is responsible for payment of the covered medical charges incurred by the Complainant and his eligible dependents during the Complainant's employment with the Respondent and during his period of eligibility for continued benefits coverage consistent with the terms of the Wage Agreement and the Employer Benefit Plan.