
OPINION OF TRUSTEES

In Re

Complainant: Disabled Employee
Respondent: Employer
ROD Case No: 84-440 - July 28, 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 Complainant was working in a classified job for the Respondent when he was injured on October 9, 1985. As a result of his injury, he was unable to return to work and was awarded Workers' Compensation. During the 24-month period prior to October 9, 1985, the Complainant worked over 2,000 hours for the Respondent. The Complainant has stated that he was eligible to receive Sickness and Accident ("S&A") benefits-for a period of 52 weeks, or until October 9, 1986. The Respondent provided the Complainant with health benefits coverage until October 9, 1986.

The Respondent sent a certified letter dated February 10, 1987 to the Complainant notifying him that his health benefits coverage had been terminated on October 9, 1986, and informing him of the conversion privilege under the Employer Benefit Plan. The Respondent sent the Complainant a conversion enrollment form and informed him that if he wished to convert to an individual policy, he should complete the enrollment form and return it to the Respondent's personnel office within thirty (30) days.

The Complainant has submitted outstanding medical bills for services provided to him from October 10, 1986 to November 5, 1986. The Complainant contends that because he was not notified at the time his health benefits coverage was terminated, the Respondent is responsible for payment of these outstanding bills. The Complainant states that if the Respondent had notified him upon termination of his health benefits coverage, he would have exercised his option to convert to an individual policy. The Complainant has stated that when the Respondent finally offered him the conversion option in February 1987, he had already secured emergency health benefits coverage through a third-party plan.

The Respondent states that if the Complainant had elected to convert to an individual policy in February 1987, his outstanding medical bills would have been paid. The Respondent contends that inasmuch as the Complainant did not complete and return the conversion enrollment form provided to him in its letter of February 10, 1987, the Complainant chose not to convert to an individual policy. The Respondent states that, accordingly, it is not responsible for payment of the Complainant's outstanding medical bills.

Dispute

Whether the Respondent is responsible for payment of the outstanding medical bills incurred by the Complainant after October 9, 1986.

Positions of the Parties

Position of the Complainant: The Respondent should have notified him when his health benefits coverage was terminated. Because the Respondent failed to provide such notice, and did not offer the Complainant the conversion privilege upon termination of his health benefits coverage, the Respondent is responsible for payment of the outstanding medical bills incurred by the Complainant from October 10, 1986 to November 5, 1986.

Position of the Respondent: The Respondent notified the Complainant on February 10, 1987 that this health benefits had been terminated effective October 9, 1986, and informed him of the conversion privilege at that time. Inasmuch as the Complainant did not exercise his conversion option when it was offered, the Respondent is not responsible for payment of the Complainant's outstanding medical bills.

Pertinent Provisions

Article I (1), (2), (3) 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.
- (3) "Plan Administrator" shall be the Employer, a subsidiary of the Employer, an affiliated company of the Employer or an employee of the Employer, as designated by the Employer.

- (4) "Employee" shall mean a person working in a classified job for the Employer, eligible to receive benefits hereunder.

Article II C. (3) of the Employer Benefit Plan provides:

Article II - Eligibility

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

C. Disabled Employees

In addition to disabled Pensioners who are receiving pension benefits and are therefore entitled to receive health benefits under paragraph B of this Article II, health benefits under Article III shall be provided to any Employee who:

- (3) Is receiving or would, upon proper application, be eligible to receive Sickness and Accident Benefits pursuant to the Wage Agreement.

Life and accidental death and dismemberment insurance shall also be provided to Employees described in (3) above.

Article III A. (10)(b) of the Employer Benefit Plan provides in pertinent part:

A. Health Benefits

(10) General Provisions

(b) Administration

The Plan Administrator shall give written notice to each employee of the termination of extended coverage under the Benefit Plan. Such notice shall explain the conversion privileges of the Benefit Plan and the enrollment procedures to be followed. Failure to provide such notice shall not extend coverage beyond the period otherwise provided in the Benefit Plan.

Article III D. (1)(a) and (b) and (3)(b) of the Employer Benefit Plan provide:

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:

Number of Hours Worked for the Employer in the 24 Consecutive Calendar Month Period Immediately Prior to the Employee's Date Last Worked	Period of Coverage Continuation from the Date Last Worked
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

(b) Disability

Except as otherwise provided in Article II, Section C, if an Employee ceases work because of disability, the Employee will be eligible to continue health, life and accidental death and dismemberment coverage while disabled for the greater of (i) the period of eligibility for Sickness and Accident benefits, or (ii) the period as set forth in the schedule in (a) above.

(3) Conversion Privilege

(b) Health Benefits

When health benefits coverage terminates, a Beneficiary may, upon application, convert, without medical examination, to a policy issued by the insurance carrier provided such application is made to the insurance carrier within 31 days after the date coverage terminates. The type of policy, coverage and premiums therefor are subject to the terms and conditions set forth by the insurance carrier.

Discussion

Article II C. (3) of the Employer Benefit Plan provides health, life and accidental death and dismemberment insurance to a disabled Employee who is eligible to receive Sickness and Accident ("S&A") benefits pursuant to the Wage Agreement. Article III D. (1)(b) provides continued benefits coverage for an Employee who ceased work because of disability for the

greater of (i) the period of eligibility for Sickness and Accident benefits, or (ii) the period based on the number of hours worked for the Employee in the 24-month period prior to his last date worked. According to work hours reported to the Funds by the Respondent, the Complainant worked over 2,000 hours for the Respondent during the 24-month period prior to October 9, 1985, his last date worked. Accordingly, the Respondent is responsible for the provision of health benefits for the Complainant for the balance of the month plus 12 months from October 9, 1985, or through October 31, 1986.

Article III D. (3)(b) of the Employer Benefit Plan provides that upon the termination of health benefits coverage, a beneficiary may convert to a policy issued by the insurance carrier. Under Article III A. (10)(b), the Plan Administrator shall give written notice to an Employee of the termination of extended coverage and of the conversion privileges of the Plan. Under Article III. A. (10)(b), failure to provide such notice shall not extend coverage beyond the period otherwise provided in the Plan. Accordingly, although the Respondent failed to provide a timely written notice to the Complainant of the termination of his benefits coverage and of the conversion privilege available to him, the Respondent is not responsible for providing health benefits coverage to the Complainant after October 31, 1986.

Opinion of the Trustees

The Respondent is responsible for payment of the outstanding medical bills for covered services incurred by the Complainant through October 31, 1986. The Respondent is not responsible for payment of the outstanding medical bills incurred by the Complainant after October 31, 1986.