
OPINION OF TRUSTEES

In Re

Complainant: Laid-off Employees
Respondent: Employer
ROD Case No: 84-545 - July 26, 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 the provision of benefits coverage for laid-off Employees under the terms of the Employer Benefit Plan.

Background Facts

The Complainants were employed in classified positions with Genoa Coal Company ("Genoa") until July 15, 1987, when they were laid off and Genoa ceased operations. Genoa was signatory to the National Bituminous Coal Wage Agreement ("Wage Agreement") of 1984.

On August 12, 1987, Genoa filed a Petition for relief under Chapter 11 of the Bankruptcy Code. The Respondent, Benafuels, Inc. ("Benafuels"), took over the operations of Genoa, and was deemed a successor to Genoa for collective bargaining purposes. On October 8, 1987, Benafuels and the UMWA entered into a Tentative Memorandum of Understanding wherein Benafuels agreed to recognize the 142 employees who were panel members of Genoa and to pay their unpaid wages, fringe benefits and outstanding medical bills out of an escrow account established and funded by Benafuels. Benafuels also agreed to provide health benefits coverage in accordance with the 1984 Wage Agreement.

The representative for the Complainants contends that the Respondent, Benafuels, as the successor to Genoa, is responsible for providing continued health benefits coverage for the Complainants who were laid off by Genoa, throughout their individual periods of eligibility under the terms of the Employer Benefit Plan. In the alternative, the representative asks whether the UMWA 1974 Benefit Plan and Trust is responsible for providing continued benefits coverage for the Complainants.

The Respondent, Benafuels, states that the Complainants are not and have never been employed by Benafuels. The Respondent states that the intent of its Memorandum of Understanding with the UMWA was to pay the unpaid wages, fringe benefits and medical bills which were owed to the panel members of Genoa at the time Genoa filed bankruptcy. The representative contends that there was no agreement to provide continued health benefits coverage for the laid-off employees of Genoa; it does provide health benefits coverage for those laid-off Employees of Genoa who were recalled to work for the Respondent.

Dispute

Whether the Respondent or the 1974 Benefit Plan and Trust is responsible for providing continued health benefits coverage for the Complainants who were laid off by Genoa Coal Company.

Positions of the Parties

Position of the Complainants: The Respondent is responsible for providing continued health benefits coverage for the Complainants as laid-off Employees of Genoa Coal Company because the Respondent is the successor to Genoa and it agreed to provide such coverage.

Position of the Respondent: The Respondent is not responsible for providing health benefits coverage for the Complainants who were laid off by Genoa Coal Company. The Respondent never employed the Complainants, nor did it agree to provide such coverage as a successor to Genoa.

Pertinent Provisions

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

(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.

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

Article III - Benefits

D. General Provisions

(1) Continuation 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 <u>Date Last Worked</u> |
|---|--|
| 2,000 or more hours 12 months | Balance of month plus |
| 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 National Bituminous Coal Wage Agreement of 1984 requires a signatory Employer to establish and maintain an Employer Benefit Plan to provide health and other non-pension benefits for its Employees. The Wage Agreement stipulates that benefits provided by the Employer pursuant to such Plan shall be guaranteed during the term of the

Agreement by that Employer at levels set forth in such Plan. Article III. D. (1)(a) of the Employer Benefit Plan requires a signatory Employer to provide continued health benefits coverage for each laid-off Employee for a period based on the number of hours worked for the Employer during the 24-month period prior to the date last worked. Inasmuch as the Complainants were employed by Genoa Coal Company until they were laid off on July 15, 1987, they are entitled to continued health benefits coverage from Genoa Coal Company as required under Article III. D. (1)(a) of the Plan.

The representative for the Complainants contends that by virtue of its execution of the Tentative Memorandum of Understanding, the Respondent, Benafuels, agreed to provide continued health benefits coverage for the Complainants as a successor to Genoa Coal Company. The parties to the Tentative Memorandum of Understanding agreed that Benafuels would recognize 142 employees on the Genoa/Lone Star panels, and pay their unpaid wages, fringe benefits, and outstanding medical bills out of an escrow account established and funded by Benafuels. The agreement states in part, "Upon satisfaction of these obligations,... the contributions [to the escrow fund] shall continue until such time as the equivalent of three weeks wages for each active employee is accrued." Thus, the language of the agreement indicates that Benafuels would pay the amounts owed to the panel members at the time of the agreement, and then fund the escrow account only to a level sufficient to guarantee the payment of wages for all eligible employees of Benafuels. There is no indication that the escrow account was established to provide continued health benefits coverage for the laid-off Employees of Genoa Coal Company.

The parties to the Tentative Memorandum of Understanding further agreed that health benefits coverage would be provided in accordance with Article XX of the 1984 Wage Agreement. Inasmuch as Article XX of the Wage Agreement requires a signatory Employer to provide health benefits and other non-pension benefits for its Employees and Pensioners, it is reasonable to assume that the parties intended that Benafuels would provide health benefits coverage to its active Employees (those Genoa employees who were rehired by Benafuels). Had the parties intended that Benafuels would assume the health benefits obligations of Genoa Coal Company to its laid-off Employees, surely they would have used unequivocal language to specify that result. Therefore, absent evidence of a court decision or an express agreement that Benafuels is responsible for providing continued health benefits coverage for the laid-off Employees of Genoa Coal Company, Benafuels is not responsible for providing such coverage for the Complainants.

The Complainants have asked in the alternative whether coverage might be provided under the 1974 Benefit Plan and Trust. Under that Plan, a beneficiary is entitled to coverage 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, Benafuels, Inc., is not responsible for providing continued health benefits coverage for the Complainants.