

OPINION OF TRUSTEES

In Re

Complainant: Employee
Respondent: Employer
ROD Case No: 84-548 - March 10, 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 health benefits coverage under the terms of the Employer Benefit Plan.

Background Facts

The Complainant has been employed in a classified position with the Respondent since April 1985. On April 15, 1987, the Respondent corporation was purchased by the current owners. The Respondent is signatory to the National Bituminous Coal Wage Agreement ("Wage Agreement") of 1984.

The Respondent, under its previous owners, had contracted with an Employer association to provide health benefits coverage to its Employees, the Complainant included, until March 17, 1986, when the Employer association filed a Petition for Relief under Chapter 11 of the Bankruptcy Code. The Complainant has submitted copies of unpaid bills for medical services incurred in October 1985 and November 1986. The Complainant contends that he should not be responsible for payment of these bills. The Respondent has provided health benefits coverage for the Complainant through a different insurance carrier, effective March 1, 1987.

The current owners of the Respondent state that when they acquired the corporation on April 15, 1987, they believed that the Complainant's unpaid medical bills would be covered under the Plan established by the former owners. The current owners contend that they are financially unable to pay the Complainant's outstanding medical charges at this time; however, they are seeking payment from the third-party administrator which processed claims for the previous owners. The current owners contend that they have fulfilled their obligation to the Complainant by providing health benefits coverage since the date they purchased the Respondent corporation.

Dispute

Whether the Respondent is responsible for payment of the outstanding medical charges incurred by the Complainant in October 1985 and November 1986.

Positions of the Parties

Position of the Complainant: The Complainant indicates that he should not be held responsible for payment of the unpaid medical bills which were incurred during his employment with the Respondent.

Position of the Respondent: The Respondent is financially unable to pay the Complainant's outstanding medical bills which were incurred during the Complainant's employment with the previous owners of the Respondent. The current owners are not obligated to pay medical charges incurred by the Complainant prior to April 15, 1987.

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

Article II - Eligibility

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

A. Active Employees

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

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." Although the Respondent corporation was purchased by new owners on April 15, 1987, a change in ownership does not affect the corporate existence nor the corporation's debts, obligations or liabilities. Therefore, the Respondent corporation remains liable for the health benefits coverage required by the Wage Agreement.

Article II. A of the Employer Benefit Plan provides health benefits coverage for an active employee working in a classified job for a signatory Employer. The Respondent in the instant case, under its previous owners, implemented its Employer Benefit Plan through an Employer association which contracted with a third-party administrator for claims processing services. The Employer association and the third-party administrator subsequently became insolvent. Implementation of a benefit plan, in and of itself, does not relieve the Respondent corporation of its primary obligation to provide benefits pursuant to the Wage Agreement. Inasmuch as the Complainant was eligible for health benefits coverage from the Respondent as an active Employee at the time his outstanding medical charges were incurred, the Respondent is responsible for payment of those charges under the terms of the Employer Benefit Plan. The current owners' claim that the Respondent is financially unable to pay the Complainant's outstanding medical charges does not relieve it of its obligation to provide benefits under the Employer Benefit Plan and the Wage Agreement.

Opinion of the Trustees

The Respondent is responsible for payment of the covered medical charges incurred by the Complainant and his eligible dependents during his employment with the Respondent under the terms of the Wage Agreement and the Employer Benefit Plan.

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