

OPINION OF TRUSTEES

In Re

Complainants: Laid-off Employees
Respondent: Employer
ROD Case No: 84-558 - April 20, 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 under the terms of the Employer Benefit Plan.

Background Facts

The Complainants were employed in classified jobs for the Respondent, Red Hawk Coal Corporation, until July 1987, when they were laid-off and the Respondent ceased operations. Information submitted to the Funds indicates that the Complainants' health benefits coverage was terminated on June 30, 1987.

The representative for the Complainants states that after the mine operated by Red Hawk Coal Corporation was completely worked out in July 1987, the owners began operations at another mine site under the name of Eagle Delta Coal Corporation. Eagle Delta Coal Corporation is currently operating. The representative asks who is responsible for providing the Complainants' health benefits coverage beyond June 30, 1987.

Dispute

Whether the Respondent is responsible for providing the Complainants' health benefits coverage beyond June 30, 1987.

Positions of the Parties

Position of the Complainants: The representative for the Complainants asks who is responsible for providing the Complainants' health benefits coverage beyond June 30, 1987.

Position of the Respondent: The Respondent has not responded to repeated correspondence from Funds' staff regarding 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:

(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.

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:

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

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 II A. (4) of the Employer Benefit Plan provides that active Employees shall be eligible for health benefits coverage from the first day worked for the Employer. Article III D. (1)(a) provides that such coverage shall continue for each laid-off Employee for a period based on the number of hours worked by the Employee for the Employer during the 24-month period prior to the date last worked. Inasmuch as the Complainants were active Employees of the Respondent until July 1987, and laid-off Employees thereafter, the Respondent is responsible for providing

health benefits coverage for the Complainants during their individual periods of eligibility as determined under the terms of the Employer Benefit Plan.

Although Eagle Delta Coal Corporation is reportedly owned by the same owners as Red Hawk Coal Corporation and is reportedly utilizing some of the same employees and equipment, there is no evidence that Eagle Delta Coal Corporation expressly assumed the health benefit obligations of Red Hawk Coal Corporation. In addition, there is no evidence of a court decision that Eagle Delta Coal Corporation is responsible for providing health benefits coverage for Red Hawk Coal Corporation's laid-off Employees. Accordingly, there is no basis on which to find Eagle Delta Coal Corporation responsible for providing health benefits coverage for the Complainants.

A beneficiary is entitled to coverage under the UMWA 1974 Benefit Plan and Trust only 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, Red Hawk Coal Corporation, is responsible for providing health benefits coverage for the Complainants during their individual periods of eligibility as determined under the terms of the Employer Benefit Plan.