
OPINION OF TRUSTEES

In Re

Complainants: Laid-off Employees
Respondent: Employer
ROD Case No: 84-588 - April 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 and other non-pension benefits for laid-off Employees under the terms of the Employer Benefit Plan.

Background Facts

The Complainants were employed in classified jobs with the Respondent until December 26, 1986, when they were laid-off. The representative for the Complainants states that during the Complainants' layoff, the Respondent allowed supervisors to perform classified work on March 19 and 20, May 5 and 28, and June 3, 1987. Grievances were filed by the Complainants and were settled on April 27, 1987 and June 5, 1987, by the respective payments of one shift of pay to each of three of the Complainants and two shifts of pay to one of the Complainants. The representative for the Complainants asks whether the Complainants are entitled to an additional period of continued health benefits coverage as a result of payments they received as settlement of their grievances.

The representatives for the Respondent maintain that the Complainants agreed to the terms of the settlement which provided only for the payment of a specified amount of money to each of the Complainants. The representatives contend that the Complainants, by accepting the settlement which is final and binding, gave up their rights to any additional remedy or benefits. The representatives further contend that since there has been no arbitration decision that the Respondent violated the terms of the National Bituminous Coal Wage Agreement ("Wage Agreement") of 1984 or that the Complainants are entitled to an award of backpay, the Complainants are not entitled to any additional period of continued health benefits coverage as a result of settlement payments received from the Respondent.

Dispute

Whether the Complainants are entitled to additional periods of health benefits coverage as a result of settlements reached by the Complainants and the Respondent.

Positions of the Parties

Position of the Complainant: The Complainants ask if they are entitled to additional periods of health benefits coverage as a result of payments received as settlement of their grievances.

Position of the Respondent: Since the Complainants last worked for the Respondent on December 26, 1986, and there has been no arbitration award of backpay, the Respondent is not responsible for providing any additional periods of health benefits coverage for the Complainants.

Pertinent Provisions

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. (1) and (4) of the Employer Benefit Plan provide:

Article II - Eligibility

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

- A. Active Employees

Benefits under Article III shall be provided to any Employee who:

- (1) is actively at work* for the Employer on the effective date of the Wage Agreement; or

* Actively at work includes an Employee of the Employer who was actively at work on September 30, 1984, and who returns to active work with the Employer two weeks after the effective date of the Wage Agreement.

* * *

- (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 II A. of the Employer Benefit Plan requires the Employer to provide health and other non-pension benefits coverage for active Employees. In addition, Article III. D. (1) (a) provides for continued benefits coverage for an Employee who ceases work because of layoff. Under the provisions of Article III. D. (1)(a), an Employee's eligibility for continuation of coverage is based on the total number of hours worked for the Employer during the 24-month period prior to his date last worked.

Each of the Complainants in this case contends that his "date last worked" for continuation of coverage purposes should be the date for which grievance pay was sought. The Respondent argues that the period for which backpay was sought should not be deemed the Complainants' "date last worked" because the Complainants' grievances were settled and there was no arbitration decision requiring backpay. The Respondent contends that the settlements reached by the Complainants and the Respondent are final and binding and preclude the Complainants from seeking any additional remedy, such as extended health benefits coverage.

The Trustees have addressed similar disputes in RODs 81-422, 81-466, 81-632 and 84-557 (copies enclosed herein). In RODs 81-422, 81-466 and 81-632, an arbitrator found that the Employees were entitled to compensation for lost earnings (backpay) for periods following layoffs by their Employers. Consequently, the Trustees decided in those cases that an Employee awarded backpay from an employer for a particular period shall be considered to have "worked" for the employer and is therefore entitled to health benefits coverage on the basis of such constructive employment. The Trustees' decision in ROD 84-557 (copy enclosed herein) differs from the decisions in the above-mentioned RODs in that the Trustees were governed by a court decision, in ROD 84-557, which specifically directed that Employees not actually employed by the Employer were not to receive health benefits from the Employer as the result of an award of backpay. Given the specific instructions of the court, the Trustees declined to hold that the Employee in that case was entitled to health benefits coverage from the Employer. However, the court provided no reasoning that would require the same result in other cases under the Employer Benefit Plan in the absence of a specific finding by a court.

It is to be noted that Article I. A. (12) of the 1974 Pension Plan provides in part that:

"Hours Worked" shall mean . . . hours for which back pay . . . is awarded or agreed to by an Employer, to the extent that such award or agreement is intended to compensate an Employee for periods which the Employee would have been engaged in a performance of duties for the Employer."

While the terms of the 1974 Pension Plan do not control the interpretation and application of the Employer Benefit Plan, the foregoing language at least is indicative of how the parties have treated this type of fact situation for credited pension service purposes.

The grievances in this case were settled at an early stage of the grievance procedures for the payment of several shifts of pay. There is no indication e record of any finding or admission that the Complainants should have worked for the Respondent or that amounts paid were intended to

compensate the Complainants for periods during which they should have been employed, rather than simply to represent sums paid to settle a dispute. While the settlement was couched in terms of "shifts of pay," copies of the grievance forms submitted in this dispute clearly indicate that the Respondent denied the violations of the Wage Agreement alleged in the grievances. Accordingly, the Trustees' have no basis on which to find that the settlement payments received by the complainants constitute awards of backpay. Therefore, the dates for which grievance pay was sought cannot be treated as the Complainants' "last date worked" for continuation of coverage purposes.

Opinion of the Trustees

The Respondent is not required to provide any additional periods of continued health benefits coverage for the Complainants on the basis of the settlement of the Complainants' grievances.