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## OPINION OF TRUSTEES

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### In Re

Complainants: Laid-off Employees  
Respondent: Employer  
ROD Case No: 88-113 - October 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 continuation of health benefits coverage for laid-off Employees under the terms of the Employer Benefit Plan.

### Background Facts

On January 5, 1989, the Complainants were laid off by the Respondent, a signatory employer. The Respondent sent a letter dated January 23, 1989 to the Complainants stating that, as laid-off Employees, they are entitled to the continuation of health, life and accidental death and dismemberment insurance coverage through January 31, 1990, unless they accept employment with another employer. In the same letter, the Respondent promulgated a rule requiring the Complainants to report their employment status every month on a questionnaire sent to them by the Respondent. Initially, the complainants were told that failure to return the questionnaire would be interpreted (by the Employer) as an acknowledgement that the Employee had found other employment and the Employee's insurance coverage would be terminated. After this dispute was filed, the Respondent revised the letter to say, "Failure to return the questionnaire may result in a delay of the processing of your [the Employee's] claims."

### Dispute

Whether the Respondent has the right under the Plan to require the Complainants to report their employment status on a monthly basis.

### Positions of the Parties

Position of the Complainants: The Respondent does not have a right to require the Complainants to report their employment status on a monthly basis because such requirement imposes an

undue burden upon the Complainants, and it conflicts with the notification requirements set forth in Article III. D. (1)(f) of the Employer Benefit Plan.

Position of the Respondent: The rule in question is a reasonable exercise of the Plan Administrator's authority under Article III. A. (10)(b). It does not conflict with the requirements of Article III. D. (1)(f), and it is necessary to ensure that ineligible beneficiaries do not receive health benefits coverage.

#### 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 1988, 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. A. (10)(b) of the Employer Benefit Plan states in part:

#### (10) General Provisions

#### (b) Administration

The Plan Administrator is authorized to promulgate rules and regulations to implement and administer the Plan, and such rules and regulations shall be binding upon all persons dealing with the Beneficiaries claiming benefits under this Plan.

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

#### 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:

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

(f) Other Employment

Notwithstanding the foregoing, in the event an Employee accepts employment during a period of continued coverage under paragraph (a), health, life and accidental death and dismemberment insurance coverage will terminate as of the date of such employment. If, however, such employment subsequently terminates prior to the date the Employee's coverage under paragraph (a) otherwise terminates, such Employee's health, life and accidental death and dismemberment insurance coverage will be reinstated following the later of (i) termination of such employment or (ii) any continued health coverage resulting therefrom, and will continue to the date such coverage under paragraph (a) would have otherwise terminated. It is the obligation of the Employee to notify the Employer within 10 days by certified mail of both the acceptance and termination of such employment; failure to provide such notice will result in permanent termination of coverage. Nothing in this paragraph shall extend coverage beyond the date determined pursuant to paragraph (a).

Discussion

Under Article III. A. (10)(b), an Employer is authorized to promulgate rules and regulations to implement and administer the Plan. The Trustees have determined in prior RODs that an Employer may implement an administrative rule only if the rule is reasonable and has been effectively communicated to the beneficiaries. See RODs 81-697, 84-042, and 84-484 (copies enclosed herein).

In this case, the Respondent notified the Complainants that during their layoff they were required to report their employment status by answering a questionnaire mailed to them each month. The Respondent claims that this requirement permits it to identify Employees who have accepted other employment and thereby ensures that ineligible beneficiaries are not receiving coverage.

Article III. D. (1)(f) of the Plan states that benefits coverage terminates when a laid-off Employee accepts other employment. This section further provides that, if an Employee fails to give notice to the employer of such employment within 10 days by certified mail, the termination of benefits coverage is permanent. Thus, the Employer Benefit Plan expressly addresses the consequences of an Employee's failure to notify the Employer of his status, and the only stated conditions under Article III. D. (1)(f) for termination of benefits coverage are acceptance of new employment and failure by the Employee to give the Employer proper notice of the same. Accordingly, the Respondent's notice to the Complainants that benefits coverage will terminate if the Complainants fail to respond to the Respondent's questionnaire is contrary to the termination provision of Article III. D. (1)(f). Similarly, the Respondent's notice to the Complainants that failure to respond to the questionnaire may result in a delay in benefit payments also goes beyond Article III. D. (1)(f), penalizing the Complainants in a manner not authorized by the Plan. Finally, as to the Respondent's periodic inquiries about the Complainants' employment status, Article III. D. (1)(f) would not preclude such inquiries and, therefore, such inquiries by the Respondent would be considered a reasonable monitoring action.

#### Opinion of the Trustees

The Respondent's rule in this instance is not within the scope of its authority under Article III. A. (10)(b) and may not therefore be enforced.