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OPINION OF TRUSTEES

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In Re

Complainant: Pensioner  
Respondent: Employer  
ROD Case No: 88-327 - July 30, 1991

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 reimbursement of health insurance premiums for a Pensioner under the terms of the Employer Benefit Plan.

Background Facts

On March 18, 1988, the Complainant was involved in a mine accident while working in a classified position for the Respondent. The Complainant was unable to work from April 14, 1988 until July 10, 1988 due to injuries sustained in the accident. He returned to work on July 11, 1988, but ceased work again on July 20, 1988 because of disability. The Complainant was awarded Workers' Compensation benefits as a result of his Injury and, on September 9, 1989, an Administrative Law Judge determined that the Complainant was eligible for Social Security Disability Insurance benefits with a disability onset date of March 18, 1988.

The Complainant subsequently applied for disability pension benefits from the UMWA 1974 Pension Plan, and he was notified by letter dated March 29, 1990, that he was eligible for a 1974 Pension Plan disability pension, effective May 1, 1988. The Complainant was also notified that because he had worked in July 1988, he was not paid pension benefits for that month. The Complainant was advised to contact his last signatory employer, the Respondent, concerning his eligibility for health benefits coverage.

The Respondent provided continued health benefits coverage for the Complainant as a disabled Employee from July 20, 1988 through July 31, 1989. Thereafter, the Complainant elected to continue coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) and he paid the premiums to the Respondent for such coverage for the months of August 1989 and September 1989. The Complainant was without coverage from October 1,

1989 until March 1990, when the Respondent was notified of the Complainant's disability pension award and reinstated the Complainant's coverage retroactive to August 1, 1989.

The Complainant's spouse states that the Respondent has failed to reimburse them for the insurance premiums they paid for coverage during August and September 1989 and for medical expenses they paid during the period they were without coverage. The Respondent states that the insurance premiums paid by the Complainant for COBRA coverage are not refundable. The Respondent states that it will reimburse the Complainant for covered medical expenses when the Complainant submits his original receipts along with claim forms completed by the providers.

### Dispute

Is the Respondent required to reimburse the Complainant for premiums paid for coverage during August and September 1989, and for medical expenses paid for services rendered after October 1, 1989?

### Positions of the Parties

Position of the Complainant: Because the Respondent reinstated the Complainant's health benefits coverage retroactive to August 1, 1989, it is required to reimburse the Complainant for the premiums he paid for coverage during August and September 1989, and for medical expenses he paid for services rendered after October 1, 1989.

Position of the Respondent: The Respondent is not required to reimburse the Complainant for premiums paid for August 1989 and September 1989 because COBRA premiums are not refundable. The Respondent will reimburse the Complainant for covered medical expenses upon receipt of proper documentation.

### Pertinent Provisions

Article I (1), (2), (4) and (5) 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.

- (5) "Pensioner" shall mean any person who is receiving a pension, other than (i) a deferred vested pension based on less than 20 years of credited service, or (ii) a pension based in whole or in part on years of service credited under the terms of Article II G of the 1974 Pension Plan, or any corresponding paragraph of any successor thereto, under the 1974 Pension Plan (or any successor thereto), whose last classified signatory employment was with the Employer, subject to the provisions of Article II B of this Plan.

Article II B. (1) and C. (3) of the Employer Benefit Plan provide:

#### Article II - Eligibility

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

B. Pensioners

Health benefits and life insurance under Article III hereof shall be provided to Pensioners as follows:

- (1) Any Pensioner who is not again employed in classified signatory employment subsequent to
- (a) such Pensioner's initial date of retirement under the 1974 Pension Plan, and
  - (b) February 1, 1988, shall be eligible for coverage as a Pensioner under, and subject to all other provisions of this Plan. Notwithstanding (i) and (ii) of the definition of Pensioner in Article I(S) of this Plan, any such Pensioner who was eligible for benefits under the 1974 Benefit Plan as a Pensioner on December 5, 1977, shall be eligible for such benefits, subject to all other provisions of this Plan.

C. Disabled Employees

In addition to disabled Pensioners who are receiving pension benefits and are therefore entitled to receive health benefits under paragraph B of this Article II, health benefits under Article III shall be provided to any Employee who:

- (3) Is receiving or would, upon proper application, be eligible to receive Sickness and Accident Benefits pursuant to the Wage Agreement.

Article III D. (1) (a) and (b) 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

(b) Disability

Except as otherwise provided in Article II, section C, if an Employee ceases work because of disability, the Employee will be eligible to continue health, life and accidental death and dismemberment insurance coverage while disabled for the greater of (i) the period of eligibility for Sickness and Accident benefits, or (ii) the period as set forth in the schedule in (a) above.

Discussion

Article III D. (1)(b) of the Employer Benefit Plan provides continued benefits coverage for an Employee who ceases work because of disability for the greater of (i) the period of eligibility for Sickness and Accident benefits, or (ii) the period based on the number of hours worked as set forth in Article III D.(1) (a). Article II B. of the Plan provides health benefits coverage for a

Pensioner who is receiving a 1974 Pension Plan, with certain exceptions not relevant here. The Complainant in this case received 12 months of continued coverage from July 20, 1988 through July 31, 1989, which is the maximum period of coverage continuation provided a disabled Employee under Article III D. of the Employer Benefit Plan. Upon receiving notification in March 1990 that the Complainant had been awarded a 1974 Plan disability pension effective May 1, 1988, the Respondent reinstated the Complainant's health benefits coverage effective August 1, 1989, the day after his coverage as a disabled Employee had been terminated. Inasmuch as the Complainant received coverage as a disabled Employee through July 31, 1989 and is entitled to coverage under the Employer Benefit Plan thereafter as a Pensioner, the Respondent is required to reimburse the Complainant for covered medical expenses incurred during his eligibility for coverage under the Employer Benefit Plan, provided proper documentation is submitted.

The Trustees have held that an Employer who is obligated to provide coverage is not responsible for reimbursement of the cost for insurance premiums when the insurance was purchased by an Employee from a third party insurer. See RODs 81-17, 81-640 and 84-437. However, when the Employee has paid the Employer for the cost of insurance premiums to maintain coverage during a period when the Employer is obligated to provide coverage, the Trustees have held that the Employer is required to reimburse the Employee for the cost of the Insurance premiums. See RODs 88-146, 88-169, 88-178, 88-195 and 88-383 (copies enclosed herein). In this case, the Complainant paid premiums directly to the Respondent for a continuation of coverage under COBRA for a period of two months, August and September 1989, during which the Respondent is required to provide coverage for the Complainant as a Pensioner. Therefore, consistent with the Trustees decisions in RODs 88-146, 88-169, 88-178, 88-195 and 88-383, the Complainant in this case is entitled to reimbursement for the COBRA premiums he paid for the months of August and September 1989.

#### Opinion of the Trustees

The Respondent is required to provide health benefits coverage for the Complainant as a Pensioner effective May 1, 1988 and, therefore, must reimburse the Complainant for premiums paid for a COBRA continuation of coverage during August and September 1989. The Respondent is required to reimburse the Complainant for covered medical expenses incurred after October 1, 1989 during the Complainant's eligibility for coverage under the Plan, provided proper documentation is submitted.