
OPINION OF TRUSTEES

In Re

Complainant: Pensioner
Respondent: Employer
ROD Case No: 88-369 - August 27, 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 reimbursement for health insurance premiums paid by a beneficiary under the terms of the Employer Benefit Plan.

Background Facts

On September 17, 1987, while employed in a classified position by the Respondent, the Complainant sustained an injury for which Workers Compensation benefits were awarded. The Complainant was unable to return to work and he applied for Social Security Disability Insurance (SSDI) benefits on January 25, 1988. The Respondent provided continued health benefits coverage for the Complainant as a disabled Employee through September 30, 1988. The Complainant then elected to convert to an individual insurance policy and he paid premiums to maintain coverage from October 1, 1988 until he was awarded SSDI benefits.

On February 16, 1990, an Administrative Law Judge determined that the Complainant was eligible for SSDI benefits with a disability onset date of September 17, 1987. On February 21, 1990, the Complainant applied for a UMWA 1974 Pension Plan disability pension. His application was approved and he elected a pension effective date of August 1, 1988. When the Respondent was notified of the Complainant's disability pension award, it reinstated the Complainant's health benefits coverage as of the effective date of his pension.

The Complainant claims that the Respondent should now either reimburse him for the premiums he paid to maintain coverage beyond September 1988 or pay him an amount equal to the Complainant's medical expenses which would have been the Respondent's responsibility to pay except for the fact that the Complainant had purchased private insurance.

Dispute

Whether the Respondent is required to either provide reimbursement for insurance premiums paid by the Complainant or pay the Complainant an amount equal to the total Plan-covered medical expenses incurred during the period the Complainant paid his own insurance premiums.

Positions of the Parties

Position of the Complainant: The Respondent is required to reimburse the Complainant for premiums paid to maintain coverage beyond September 30, 1988 because, at the time the premiums were paid, the Complainant did not know that he would eventually be entitled to health benefits coverage as a Pensioner and he needed insurance coverage in order to obtain ongoing medical treatment of an injury. Alternatively, the Respondent should pay the Complainant an amount equal to his total medical expenses which would have been the Respondent's responsibility to pay if the Complainant had not purchased private insurance.

Position of the Respondent: As noted in previous decisions of the Trustees in RODs 81-17, 81-640 and 84-437, there are no Plan provisions which address reimbursement for health insurance premiums paid by a beneficiary and, therefore, the Respondent is not required to reimburse the Complainant for premiums he paid to maintain coverage for a period during which he was later determined eligible for coverage as a Pensioner. The Respondent is not required to provide payment for the Complainant's medical expenses which were covered under his individual insurance policy or by other parties because there is no actual dispute with respect to those expenses.

Pertinent Provisions

Article I (1), (2) 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.
- (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 8 of this Plan.

Article II 8. (1) of the Employer Benefit Plan provides:

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.

Article III. A. (10)(e) and (f) of the Employer Benefit Plan provide in pertinent part:

(10) General Provisions

(e) Subrogation

The Plan does not assume primary responsibility for covered medical expenses which another party is obligated to pay or which another insurance policy or other medical plan covers. Where there is a dispute between the carriers, the Plan shall, subject to provisions 1 and 2 immediately below, pay for such covered expenses but only as a convenience to the Beneficiary eligible for benefits under the Plan and only upon receipt of an appropriate indemnification or subrogation agreement; but the primary and ultimate responsibility for payment shall remain with the other party or carrier.

Obligations to pay benefits on behalf of any Beneficiary shall be conditioned:

1. upon such Beneficiary taking all steps necessary or desirable to recover the costs thereof from any third party who may be obligated therefore, and
2. upon such Beneficiary executing such documents as are reasonably required by the Plan Administrator, including, but not limited to, an assignment of rights to receive such third party payments, in order to protect and perfect the Plan's right to reimbursement from any such third party.

(f) Non-Duplication

The health benefits provided under this Plan are subject to a non-duplication provision as follows:

1. Benefits will be reduced by benefits provided under any other group plan, including a plan of another Employer signatory to the Wage Agreement, if the other plan:
 - (i) does not include a coordination of benefits or non-duplication provision, or
 - (ii) includes a coordination of benefits or non-duplication provision and is the primary plan as compared to this Plan.

Discussion

The issue of whether an Employer is obligated to reimburse a participant for premiums paid to purchase private health coverage for a period during which the participant is later determined eligible for coverage from that Employer has previously been addressed by the Trustees in RODs 81-17, 81-640, 81-660, 84-437 and 88-161 (copies enclosed herein). In those decisions, the Trustees concluded that the Employer's obligation in such situations is limited to reimbursing a beneficiary for Plan-covered medical expenses that are incurred during the beneficiary's period of eligibility; the Employer is not required to reimburse the beneficiary for premiums paid to purchase private health insurance coverage. The National Bituminous Coal Wage Agreement of 1988 and the Employer Benefit Plan established pursuant thereto contain no specific provisions requiring an Employer to reimburse beneficiaries for private health insurance premiums paid during a period for which the Employer is required to provide coverage pursuant to the Plan. Accordingly, the Respondent is not required to reimburse the Complainant for premiums paid for private health insurance coverage.

Article III. A. (10)(f) of the Employer Benefit Plan addresses the issue of "non-duplication" of benefits. It provides that benefits under the Employer Plan will be reduced by benefits provided under "any other group plan." Because the Complainant purchased individual and not group insurance, benefits under the Employer Plan may not be reduced by the amount of the benefits covered by that individual policy.

The Respondent contends that the Complainant was also involved in an accident during the relevant period and that as the result of the accident, certain of the Complainant's medical expenses may be the responsibility of third parties. Coverage of those expenses under the Employer Plan is governed by Article III. A. (10)(e) entitled "Subrogation." In potential third party liability situations, the plan "does not assume primary responsibility for covered medical expenses which another party is obligated to pay or which another Insurance policy or medical plan covers." If the Respondent contends that certain expenses are the responsibility of third parties, it may follow the procedures outlined in section (e), including requiring the Complainant to sign an indemnification agreement before payment is made.

Opinion of the Trustees

The Respondent is required to provide health benefits coverage for the Complainant as a Pensioner, effective August 1, 1988. The Respondent is not required to provide reimbursement for premiums paid by the Complainant for private health insurance coverage between October 1988 and February 1990. The Respondent is required to provide benefits for Plan-covered medical expenses that were covered under the individual insurance policy purchased by the Complainant, but may follow the procedures outlined in Article III. A. (10) (e) with respect to expenses which may be the responsibility of a third party due to the Complainant's accident.