
OPINION OF TRUSTEES

In Re

Complainant: Employee
Respondent: Employer
ROD Case No: 88-382 - June 19, 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 provision of health benefits coverage for an Employee's parents under the terms of the Employer Benefit Plan.

Background Facts

The Complainant is a classified Employee of the Respondent, a signatory Employer. The Complainant states that his parents have lived with him since April 1987. He contends that he provides over one-half of their support and that they are eligible for health benefits coverage as his dependents.

In June 1990, the Respondent reviewed documentation of the Complainant's parents' income and household expenses and denied the Complainant's request to enroll them as dependents for health benefits coverage. The Complainant's mother subsequently retired from employment and began receiving a pension effective July 1, 1990. As a result, the Respondent reconsidered its previous dependency determination. On August 9, 1990, the Complainant was notified that the Respondent maintained its denial of coverage under the Employer Benefit Plan because the Complainant's parents' income exceeded their share of household expenses. In December 1990, the Respondent allowed additional expenses for the Complainant's parents' health insurance, medical care, car insurance and vehicle maintenance. However, the Respondent maintained its denial of coverage on the basis that the Complainant does not provide over one-half of his parents' support.

Dispute

Whether the Respondent is required to provide health benefits coverage for the Complainant's parents.

Positions of the Parties

Position of the Complainant: The Respondent is required to provide health benefits coverage for the Complainant's parents because they reside in the Complainant's household and the Complainant provides more than one-half of their support.

Position of the Respondent: The Respondent is not required to provide health benefits coverage to the Complainant's parents because the Complainant does not provide more than one-half of their support.

Pertinent Provisions

Article I (1), (2), (4) and (7) 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.
- (7) "Dependent" shall mean any person described in Section D of Article II hereof.

Article II D. (3) of the Employer Benefit Plan provides:

Article II - Eligibility

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

D. Eligible Dependents

Health benefits under Article III shall be provided to the following members of the family of any Employee, Pensioner, or disabled Employee receiving health benefits pursuant to paragraphs A, B, or C of this Article II:

- (3) A parent of an eligible Employee, Pensioner or spouse, if the parent has been dependent upon and living in the same household (residence) with the eligible Employee or Pensioner for a continuous period of at least one year;

For purposes of this paragraph D, a person shall be considered dependent upon an eligible Employee, Pensioner or spouse if such Employee, Pensioner or spouse provides on a regular basis over one-half of the support to such person.

Discussion

Article II D. of the Employer Benefit Plan states that health benefits coverage under Article III shall be provided to an Employee's parent, if the parent has been living in the same household with the eligible Employee for a continuous period of at least one year and the Employee provides over one-half of the parent's support. According to Q&A H-2 (81) (copy enclosed herein), support includes the fair rental value of lodging, reasonable cost of board, clothing, miscellaneous household services and education expenditures; support is not limited to necessities. Q&A H-2 (81) also indicates that, in determining dependency of a participant's parents, income from all sources is considered, including Social Security, Black Lung and pensions, as well as earnings from employment.

The Respondent has calculated annual household expenses totaling approximately \$16,853.00, on the basis of actual and estimated expenses submitted by the Complainant. As the household consists of the Complainant and his parents, each person's pro rata portion of these expenses is \$5,618.00. In addition, the Complainant submitted information to the Respondent concerning expenses which are directly attributed to the Complainant's parents, rather than the household as a whole. These expenses -- premiums for automobile and health insurance and estimates of monthly vehicle maintenance and medical bills -- totaled approximately \$2,171.00. In calculating total annual expenses for the Complainant's parents, the Respondent allowed an additional \$2,000 per year for undocumented incidental expenses. Combining the Complainant's parents' pro rata portions of household expenses (\$11,236.00), their direct expenses of \$2,171.00 and the additional \$2,000 allowed by the Respondent, shows total annual expenses for the Complainant's parents of \$15,407.00.

When this ROD was filed, the Complainant submitted additional evidence to document his parents' actual automobile insurance and medical expenses for 1990. This evidence shows additional expenses of \$466.87 which were not included in the Respondent's previous calculations of the Complainant's parents' vehicle and medical expenses. Whether this amount is added to the \$2,171.00 previously allowed by the Respondent for such expenses or is considered included in the \$2,000.00 the Respondent allowed for undocumented incidental expenses, the Complainant's parents' total annual expenses would equal approximately \$15,874.00 at most, on the basis of the information provided.

The Complainant's parents' combined annual income from Social Security and pensions equals approximately \$15,620.00. Thus, their income provides considerably more than 50% of their annual support requirements. Accordingly, the Trustees conclude that the Complainant does not provide over one-half of their support and the Respondent is not required to provide health benefits coverage for the Complainant's parents.

Opinion of the Trustees

The Respondent is not required to provide health benefits coverage for the Complainant's parents under the terms of the Employer Benefit Plan.