

OPINION OF TRUSTEES

In Re

Complainant: Laid-off Employees
Respondent: Employer
ROD Case No: 88-681 - July 8, 1993

Board of Trustees: Michael H. Holland, Chairman; Thomas F. Connors, Trustee; Marty D. Hudson, Trustee; Robert T. Wallace, Trustee.

The Trustees have reviewed the facts and circumstances of this dispute concerning the provision of benefits for laid-off Employees under the terms of the Employer Benefit Plan.

Background Facts

The Complainants were employed in classified positions with the Respondent until December 31, 1992, when the Respondent ceased operations and the Complainants were laid off.

The Respondent is signatory to the National Bituminous Coal Wage Agreement ("Wage Agreement") of 1988 which expired on February 1, 1993. The Respondent notified the Complainants by letter dated February 26, 1993 that their health benefits coverage would expire effective February 28, 1993 and that they could continue such coverage at their own expense.

The representative for the Complainants contends that the Respondent is responsible for providing continued health benefits coverage for the Complainants beyond February 28, 1993, during their individual periods of eligibility as determined under the terms of the Employer Benefit Plan and the 1988 Wage Agreement.

Dispute

Is the Respondent required to provide health benefits coverage for the Complainants as laid-off Employees beyond February 28, 1993?

Positions of the Parties

Position of the Complainants: The Respondent is required to provide continued health benefits coverage for the Complainants beyond February 28, 1993.

Position of the Respondent: The Respondent has ceased operations and is not obligated to provide health benefits coverage beyond the expiration of the 1988 Wage Agreement.

Pertinent Provisions

Article XX Section (c)(3)(i) of the National Bituminous Coal Wage Agreement of 1988 provides:

(3)(i) Each signatory Employer shall establish and maintain an Employee benefit plan to provide, implemented through an insurance carrier(s), health and other non-pension benefits for its Employees covered by this Agreement as well as pensioners, under the 1974 Pension Plan and Trust, whose last signatory classified employment was with such Employer. The benefits provided by the Employer to its eligible Participants pursuant to such plans shall be guaranteed during the term of this Agreement by that Employer at levels set forth in such plans. Such plans shall also include that each signatory Employer continue to make the death benefit payments in pay status as of December 5, 1977, for deceased Employees and Pensioners under the 1974 Pension Plan whose last signatory classified employment was with such Employer, in the same manner and in the same amounts as previously provided for in the 1974 Benefit Plan and Trust. The plans established pursuant to this subsection are incorporated by reference and made a part of this Agreement, and the terms and conditions under which the health and other non-pension benefits will be provided under such plans are as to be set forth in such plans.

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 II. A. (4) of the Employer Benefit Plan provides:

Article II - Eligibility

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

A. Active Employees

- (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:

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

Discussion

Article XX(c)(3)(i) of the 1988 Wage Agreement requires a signatory Employer to establish and maintain an Employer Benefit Plan to provide health and other non-pension benefits to its Employees and Pensioners. The issue here is whether the Respondent is contractually obligated to provide such coverage to the Complainants beyond the expiration of the 1988 Wage Agreement.

The Trustees have previously decided in RODs 84-683,84-629,84-622,84-605,84-599 (copies enclosed herein) that active Employees who were laid off prior to the expiration of the Wage Agreement are entitled to the period of health benefits coverage specified by the Wage Agreement. Therefore, inasmuch as the Complainants were laid off prior to the expiration of the 1988 Wage Agreement, the Respondent is required to provide health and other non-pension

Opinion of Trustees

ROD Case No. 88-681

Page 4

benefits coverage to the Complainants during their individual periods of eligibility for coverage as laid-off Employees, as determined under Article III. D. (1)(a) of the Employer Benefit Plan and established pursuant to the 1988 Wage Agreement and incorporated by reference therein.

Opinion of the Trustees

The Respondent is responsible for providing continued health benefits coverage for the Complainants during their individual periods of eligibility beyond February 28, 1993 as set forth in Article III. D. (1) (a) of the Employer Benefit Plan.