
OPINION OF TRUSTEES

In Re

Complainant: Pensioner
Respondent: Employer
ROD Case No: 93-031 - October 10, 1996

Trustees: Thomas F. Connors, Michael H. Holland, Donald E. Pierce, Jr. and
Elliot A. Segal.

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

Background Facts

The Complainant last worked for the Respondent, his last signatory employer, on June 3, 1987. The Complainant, whose date of birth is November 4, 1938, was awarded a UMWA 1974 Pension Plan deferred vested pension effective November 1, 1993, based on 21.25 years of credited service.

The Complainant's representative claims that the Respondent has failed to provide health benefits coverage as prescribed by the National Bituminous Coal Wage Agreement (Wage Agreement) of 1993. Specifically, the representative states that the Respondent has failed to provide coverage at the level prescribed by the terms of the Wage Agreement and that the Respondent has refused to provide the Complainant an annual health care bonus of \$1000. The Complainant has submitted paid medical bills that indicate the Complainant is responsible for a \$10.00 co-payment and an unpaid medical bill dated January 13, 1994.

Dispute

Has the Respondent failed to provide coverage for the Complainant at the level prescribed by the 1993 Wage Agreement?

Positions of the Parties

Position of the Complainant: The Respondent has failed to provide coverage at the level prescribed by the 1993 Wage Agreement.

Position of the Respondent: The Complainant is not eligible for the \$1,000 health care bonus because he is eligible for Medicare. The medical bill dated January 13, 1994, has been paid in full.

Pertinent Provisions

Article XX (GENERAL DESCRIPTION OF THE HEALTH AND RETIREMENT BENEFITS)
(10) c. of the National Bituminous Coal Wage Agreement of 1993 provides, in pertinent part:

(10) HEALTH CARE:

c. Health Care Bonus/Deductible

On January 1 of each year during the term of this Agreement... each eligible participant will receive a lump sum health care bonus of \$1,000.00. For purposes of this provision, "eligible participants" means active Employees, laid-off Employees, and disabled Employees prior to eligibility for Medicare benefits, who are participants in the Employer Plan maintained pursuant to this Article....

* * *

During the term of this Agreement, 1974 Pension Plan Pensioners under age 65, and surviving spouses under age 65, whose last signatory employer is signatory to this Agreement (or to an Agreement with identical employee benefit obligations) will receive the \$1,000 payment described in the preceding paragraph from the 1974 Pension Plan...Notwithstanding the foregoing, no payment shall be made...to any disabled individual eligible for Medicare benefits.

* * *

Notwithstanding the foregoing...(iii) the deductible for a disabled employee, or a disabled pensioner under age 65, will cease to be in effect beginning with the first calendar year following his or her eligibility for Medicare benefits....

Article I. (2) and (5) of the 1993 Employer Benefit Plan provides:

Article I Definitions

(2) "Wage Agreement" means the National Bituminous Coal Wage Agreement of 1993, 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 B of this Plan. "Pensioner" shall not mean any individual entitled to benefits under section 9711 of the Internal Revenue Code of 1986, as amended by the Coal Industry Retiree Health Benefit Act of 1992.

Article II. B. (1) provides:

Article II Eligibility

B. Pensioners

Health benefits 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, 1993, 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(5) 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. (8) provides in pertinent part:

Article III Benefits

(8) Co-Payments and Deductibles

Effective January 1, 1994, the benefits provided in this Plan shall be subject to the co-payments and deductibles set forth below and such co-payments and deductibles shall be the responsibility of the Beneficiary.

Co-payments for covered Health Benefits are established below. Co-payments for services or supplies subject to a deductible only apply after the deductible has been met in full for the year.

Participating Provider Lists (PPLs) implemented by the Employer pursuant to Article IV may include participating hospitals, physicians, pharmacies and other providers. The Plan payment for hospitals and related benefits provided from a non-PPL source will be limited to 90% of the amount that would have been paid by the Plan if the benefit had been provided by a provider on a PPL (or actual charges, if less).

Physician Office Visits:

In PPL: \$10.00 per office visit (up to an annual maximum of \$200 per family)

Non-PPL: \$15.00 per office visit

Hospital and Related Charges:

In PPL: No Co-payment

Non-PPL: Balance of charges after Plan pays 90% of the PPL rate for covered services from a non-PPL source.

Prescription Drugs (Co-pays do not apply to out-of-pocket maximum):

In PPL: \$4.50 per prescription¹

Non-PPL: \$9.00 per prescription¹

Mail Order: No co-payment

Discussion

The Complainant receives a pension under the UMW 1974 Pension Plan, effective November 1, 1993. Article I (5) of the Plan defines a "Pensioner" as any person who is receiving a pension, other than a deferred vested pension based on less than 20 years of credited service and excludes individuals who are entitled to benefits under the Coal Industry Retiree Health Benefit Act of 1992. Inasmuch as the Complainant is receiving a deferred vested pension based on 21.25 years and is not entitled to benefits under the Coal Industry Retiree Health Benefits Act of 1992, the Complainant satisfies the definition of Pensioner as set forth in Article I (5) of the Employer Benefit Plan.

Article II. B. of the Employer Benefit Plan establishes that an individual who is eligible for pension benefits under the 1974 Pension Plan is eligible for health benefits coverage under Article III of the Employer Benefit Plan. Article III. A. of the Employer Benefit Plan specifies the benefits which are to be provided under the Employer Benefit Plan. Article III. A. (8) of the Employer Benefit Plan specifies the co-payments which are the responsibility of the beneficiary for medical services and prescriptions. The paid medical bills submitted by the Complainant

indicate that the Complainant is responsible for a \$10.00 co-payment. Inasmuch as the required co-payment under the Plan is \$10.00 per visit to a physician on a Participating Providers List (up to an annual maximum of \$200), there is no evidence that the Respondent's health coverage plan

¹ Note: For purposes of this co-payment provision, a prescription or refill shall be deemed to be each 30 days (or fraction thereof) supply.

is inconsistent with the express provisions of the Wage Agreement and the 1993 Employer Benefit Plan.

Article XX (10) c. of the Wage Agreement of 1993 provides that the lump sum health care bonus of \$1,000 will not be paid to "any disabled individual eligible for Medicare benefits." Inasmuch as the Complainant became eligible for Medicare effective October 1991, the Complainant is not entitled to a lump sum health care bonus of \$1,000. However, as a disabled pensioner who is under age 65 and eligible for Medicare, he is not subject to the \$1,000 deductible.

Opinion of the Trustees

The Respondent is not required to provide a health care bonus of \$1,000 to the Complainant.