
OPINION OF TRUSTEES

In Re

Complainant: Pensioner
Respondent: Employer
ROD Case No: 98-015 – December 5, 2001

Trustees: A. Frank Dunham, Michael H. Holland, Marty D. Hudson 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 was employed by the Respondent from January 1977 until April 3, 1998, when he ceased work due to a work related accident. The Respondent provided continuation of health benefits coverage for the Complainant through April 1999. Subsequently, the Complainant elected to continue benefits coverage at his own expense under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA).

The Complainant was notified by letter dated April 16, 1999, that he was awarded an age 55 service pension under the 1974 Pension Plan effective July 1, 1998. Subsequently, the Complainant was awarded Social Security Disability Insurance (SSDI) benefits effective March 6, 1998. His eligibility for a disability pension was reviewed, and he was notified by letter dated March 24, 2000, that he was awarded a disability pension under the 1974 Pension Plan effective July 1, 1998. Following his pension award, the Complainant contacted the Respondent concerning his eligibility for health benefits coverage as a Pensioner. The Complainant states that the Respondent has refused to provide him with health benefits coverage under the Employer Benefit Plan.

The Respondent was signatory to the 1993 National Bituminous Coal Wage Agreement (“1993 Wage Agreement”), which terminated effective August 1, 1998. Subsequently, the Respondent signed a modified 1998 National Bituminous Coal Wage Agreement (“1998 Wage Agreement”), effective December 19, 1998. Under the 1998 Wage Agreement, the Respondent provides at least two benefit plans for employees and retirees: a continuation of its Employer Benefit Plan and a new pension plan (“Respondent’s Retirement Program”). This new benefit plan structure has resulted in a change in eligibility requirements and benefits. For example, Article II B. of the Employer Benefit Plan was amended to state that benefits will be provided to Pensioners who are “currently enrolled and receiving retiree medical coverage” as of the effective date of the Wage

Agreement. This clause was not in the Respondent's 1993 Benefit Plan. Additionally, under the Respondent's new Retirement Program, eligible participants receive an annuity for use in purchasing medical insurance on the open market. This program was implemented to provide benefits to certain former employees who were no longer eligible for benefits under the Respondent's Employer Benefit Plan.

Based on the provisions of the 1998 Wage Agreement and the Respondent's Employer Benefit Plan, the Respondent asserts that the Complainant is not eligible for coverage as a Pensioner under the Employer Benefit Plan. The Respondent does, however, acknowledge that the Complainant is eligible for benefits under the Respondent's Retirement Program.

Dispute

Is the Respondent required to provide health benefits coverage for the Complainant as a Pensioner under the Respondent's Employer Benefit Plan?

Positions of the Parties

Position of the Complainant: The Respondent is required to provide health benefits coverage for the Complainant as a Pensioner because of the following: 1) the Complainant's last date worked, pension application date, and effective dates of his service and disability pension are under the 1993 Wage Agreement and are prior to the effective date of the Respondent's Wage Agreement; therefore, the Complainant retired under the 1993 Benefit Plan; 2) based on precedent RODs (81-521, 81-638, 84-600, 88-564), an employer is responsible for providing health benefits retroactively to the effective date of the pension, which in this case occurred five months prior to the effective date of the 1998 Wage Agreement; and 3) the Respondent's Memorandum of Understanding cannot affect the Complainant's rights which were fixed and vested during the 1993 Wage Agreement. Additionally, the Complainant argues that he is entitled to reimbursement of his COBRA premiums because he was a pensioner at the time they were paid.

Position of the Respondent: The Respondent is not required to provide health benefits coverage for the Complainant as a Pensioner because of the following: 1) the Complainant was actively employed until March 3, 1999, and did not give notice of intent to retire prior to December 19, 1998; 2) the Memorandum of Understanding states that the 1998 Wage Agreement supersedes the terms of the 1993 Wage Agreement; 3) the Complainant does not meet the eligibility requirements of the Respondent's 1998 Employer Benefit Plan because he was not enrolled and receiving retiree medical coverage as of the effective date of the 1998 Wage Agreement; and 4) the Complainant is eligible for a pension under the Respondent's Retirement Program, and he may use the pension to purchase his own health care. Also, the Respondent alleges that the Trustees do not have jurisdiction to resolve disputes involving the Respondent's Retirement Program implemented under the 1998 Wage Agreement.

Pertinent Provisions

Article XX Section (c)(3)(i) of the National Bituminous Coal Wage Agreement of 1993 provides in pertinent part:

(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. . . .

Article XX Section (e) (5) of the National Bituminous Coal Wage Agreement of 1993 provides in pertinent part:

* * *

Disputes arising under this Agreement with regard to the Employer benefit plan established in (c) (3) above shall be referred to the Trustees. The Trustees shall develop procedures for the resolution of such disputes. In the event the Trustees decide such dispute, such decision of the Trustees shall be final and binding on the parties. . . .

Article XX, “General Description of the Health and Retirement Benefits” of the 1993 Wage Agreement states in pertinent part:

* * *

The parties expressly agree that the language references to “for life” and “until death” that are retained in this General Description are intended to mean that each Employer will provide, for life, only the benefits of its own eligible retirees who retired between February 1, 1993 and the Effective Date, or who retire during the term of this Agreement. A retiree shall be considered to be a retiree of an Employer if his last signatory classified employment was with such Employer. The benefits and benefit levels provided by an employer under its Employer Plan are established for the term of this Agreement only, and may be jointly amended or modified in any manner at any time after the expiration or termination of this Agreement.

* * *

Article XX (5) (a) (b) of the 1993 Wage Agreement provides:

(5) PENSIONS FOR DISABLED MINERS:

A miner who becomes permanently and totally disabled as a result of a mine accident occurring after the Effective Date will become eligible for pension benefits in accordance with the following schedule:

(a) If a miner has less than ten years of signatory service at the time of retirement, the miner will receive a \$215 per month pension. Such pensioner will be entitled to retain a Health Services card for life. Upon his death, his widow will retain a Health Services card until her death or remarriage, subject to the \$1000 earnings limit.

(b) If a miner has ten years or more of signatory service at the time of retirement, the miner will receive the greater of the minimum pension payable to a miner with less than ten years of signatory service or a pension based upon the years of signatory service which the miner has accumulated at the time of retirement calculated in accordance with the benefit schedule in (3) above. Such pensioner will be entitled to retain a Health Services card for life. Upon his death, his widow will retain a Health Services card until her death or remarriage, subject to the \$1000 earnings limit.

* * *

Article I (1), (2) and (5) of the 1993 Employer Benefit Plan provide:

ARTICLE I DEFINITIONS

The following terms shall have the meanings herein set forth:

- (1) "Employer" means (Insert Employer's Name).
- (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) of the 1993 Employer Benefit Plan provides:

ARTICLE II ELIGIBILITY

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, 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 V C. of the 1993 Employer Benefit Plan provides:

ARTICLE V AMENDMENT AND TERMINATION

* * *

C. Special Rule for Certain Pensioners. The Employer will provide, for life, only the benefits of its own eligible Pensioners who retired between February 1, 1993 and December 16, 1993, or who retire during the term of the 1993 NBCWA. The benefits and benefit levels provided by the Employer under this Plan are established for the term of the 1993 NBCWA only, and may be jointly amended or modified in any manner at any time after the expiration or termination of the 1998 NBCWA.

* * *

Discussion

Article II B. of the 1993 Employer Benefit Plan states that health benefits coverage shall be provided to individuals who are Pensioners under the 1974 Pension Plan. Article I (5) of the Plan defines a "Pensioner" as any person who is receiving a pension under the 1974 Pension Plan (with certain exceptions not relevant here) whose last classified employment was with the Employer. Although the Complainant did not receive notice of his pension until April 1, 1999, the Complainant was awarded a Disability pension under the 1974 Pension Plan effective July 1, 1998. Therefore, the Complainant satisfied the definition of "Pensioner" as set forth in Article I (5) of the Plan as of July 1, 1998, and the obligation to provide health benefits coverage to the Complainant began on that date. This result is consistent with the outcome of previous RODs. In RODs 78-343, 81-521, 84-437, 88-230 and 88-367, the Trustees concluded that an individual satisfies the definition of "Pensioner," as set forth in Article I (5) of the Employer Benefit Plan, as of the effective date of his pension, and that therefore, the Employer's obligation to provide health benefits coverage commences as of the pension effective date.

Because the Complainant became a Pensioner on July 1, 1998, the Complainant's eligibility for health benefits must be determined according to the agreements in effect at that time. The 1993 Wage Agreement remained in effect until August 1, 1998. Thus, it is the terms of this agreement and the accompanying 1993 Employer Benefit Plan that control this dispute. Accordingly, any analysis of the Complainant's eligibility under the 1998 Wage Agreement, Memorandum of Understanding and 1998 Employer Benefit Plan is not appropriate.

Under the heading "General Description of the Health and Retirement Benefits" Article XX of the 1993 Wage Agreement provides that "each Employer will provide, for life, only the benefits of its own eligible retirees. . .who retire during the term of this Agreement." Article XX (5) of the 1993 Wage Agreement addresses pensions for disabled miners. It provides that "A miner who becomes permanently and totally disabled as a result of a mine accident occurring after the Effective Date will become eligible for pension benefits. . . ." This article further states that "Such pensioner will be entitled to retain a Health Services card for life." Article V C. of the 1993 Employer Benefit Plan also states that "The Employer will provide, for life, only the benefits of its own eligible Pensioners. . . who retire during the term of the 1993 NBCWA." The Complainant in this case was awarded a disability pension during the term of the 1993 Wage Agreement. Therefore, the Complainant is entitled to retain a Health Services card for life.

The Complainant also seeks reimbursement for the insurance premiums he paid to maintain health coverage under COBRA. The Trustees have previously determined that when an 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 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 88-327. The Complainant in this case paid premiums directly to the Respondent for continuation of coverage under COBRA during which period the Respondent is required to provide coverage for the Complainant as a Pensioner. Therefore, the Complainant is entitled to reimbursement for the COBRA premiums.

Finally, the Respondent has raised a question concerning the Trustees' authority to decide this dispute. Specifically, the Respondent argues that the Trustees do not have jurisdiction over this ROD because it involves an issue regarding the Respondent's Retirement Program that was implemented after the enactment of the 1998 Wage Agreement. The issue in dispute, however, is not whether the Complainant is eligible for coverage under the Respondent's Retirement Program, but rather, whether he is eligible under the Respondent's 1993 Employer Benefit Plan. Under the 1993 Wage Agreement, the Trustees have jurisdiction to decide such a dispute.

Article XX, Section (c) (3) (i) of the 1993 Wage Agreement establishes that an Employer will maintain an Employee benefit plan to provide health and other non-pension benefits for its pensioners whose last signatory classified employment was with such Employer. Section (e) (5) of the same article specifically states that disputes arising under the Employer Benefit Plan "established in (c) (3) above shall be referred to the Trustees." It further states that "[i]n the event the Trustees decide such dispute, such decision of the Trustees shall be final and binding on the parties." As the issue raised by the Complainant concerns his entitlement to benefits coverage, and that entitlement is governed by the terms of the 1993 Employer's Benefit Plan, it is the Trustees' position that they have the authority to decide this case.

Furthermore, the Respondent is a contributor to the UMWA-BCOA ROD Trust ("ROD Trust"). The Administrative Services Agreement between the UMWA 1974 Pension Trust and the ROD Trust specifies the administrative services provided by the Trustees of the UMWA 1993 Benefit Plan for the ROD Trust. It states that "[t]he RODs covered by this Agreement include only those submitted by employees (or covered retirees) of employers participating in the ROD Trust." Thus, the Trustees have jurisdiction to review this dispute because the Complainant was an employee of an employer participating in the ROD Trust.

Opinion of the Trustees

The Respondent is required to provide health benefits coverage for the Complainant as a disability pensioner under the Respondent's Employer Benefit Plan effective July 1, 1998. In addition, the Respondent is required to reimburse the Complainant for the COBRA premiums.

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