
OPINION OF TRUSTEES

In Re

Complainant: Employees
Respondent: Employer
ROD Case No: 98-021 - January 15, 2003

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 Complainants are two Employees currently employed in classified jobs who are eligible for health benefits coverage from the Respondent, a signatory employer. Both Complainants work and reside in the State of West Virginia, and both have established common-law marriages which are recognized under the Respondent's Employer Benefit Plan.

The Respondent states that because the State of West Virginia does not recognize common-law marriage, the Complainants are responsible for the payment of the tax on the fair market value of the medical benefits received by the Complainants' domestic partners [common-law spouses]. Accordingly, the Respondent requested that each Complainant sign a statement indicating that "because a domestic partner may not qualify as a dependent of the employee under the Internal Revenue Code, the fair market value, net of the employee contributions, for the coverage received by the domestic partner under the [Respondent's name] benefits plans will be treated as wages paid to the employee for purposes of Income tax withholding and employment taxes, and such wages are fully taxable to the employee."

Dispute

Is the Respondent's requirement that the Complainants pay taxes on the cost of providing health coverage for their common-law spouses in violation of the 1998 Wage Agreement and the Employer Benefit Plan?

Positions of the Parties

Position of the Complainants: The Respondent's requirement that the Complainants pay taxes on the cost for providing health coverage for their common-law spouses is in violation of the 1998 Wage Agreement and the Employer Benefit Plan.

Position of the Respondent: The Respondent's requirement that the Complainants pay taxes on the cost for providing health benefits coverage for their common-law spouses is not in violation of the Employer Benefit Plan because the State of West Virginia does not recognize common-law marriages.

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 1998, 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 A. (1) and (4) of the Employer Benefit Plan provide:

Article II - Eligibility

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

A. Active Employees

Benefits under Article III shall be provided to any Employee who:

- (1) is actively at work* for the Employer on the effective date of the Wage Agreement; or...

*Actively at work includes an Employee of the Employer who was actively at work on December 31, 1997, and who returns to active work with the Employer two weeks after the Effective Date of the Wage Agreement.

- (4) A new Employee will be eligible for health benefits from the first day worked with the Employer.

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

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:

- (1) A spouse who is living with or being supported by an eligible Employee or Pensioner;

Question and Answer H-1 (81) provides:

Subject: Health Benefits; Common-Law Marriage, Children of a Common-Law Marriage

Reference: (50B) II C; (74B) 11 C

Question:

If a participant enters a common-law relationship, what is the health benefit status of:

- (1) the common-law spouse?
- (2) a 10-year old child, by a former marriage, of the common-law spouse?
- (3) a child born of the common-law marriage?

Answer:

If there is no living spouse of either party in the background, a valid common-law marriage exists if the relationship has been one of substantial and continuous duration and the parties have been living together openly as married persons and are recognized as such in the community.

Assuming a valid common-law marriage has been established, the dependent spouse will be eligible for health benefits and the children will also be eligible if they are dependent on the participant.

Discussion

Article II B. of the Employer Benefit Plan provides health benefits coverage for the spouse of an Employee. The issue of a common-law spouse's eligibility for health benefits coverage has previously been addressed by the Trustees (see RODs 156, 81-685, 84-256, 88-162 and 88-245). The Trustees found that if a valid common-law marriage is established, the dependent spouse will be eligible for health benefits coverage under the Employer Benefit Plan.

Although the Respondent in this case is providing coverage for the Complainants' common-law spouses, the Respondent claims it is doing so pursuant to company policy rather than due to an obligation of the Employer Benefit Plan. The Respondent alleges that it is not required to cover the Complainants' common-law spouses because the State of West Virginia does not recognize such marriages. However, in ROD 78-156, the Trustees clearly determined that "[a] common law spouse is a "spouse" for all purposes under the Plan. And the fact that state law may not recognize common law marriages is immaterial." Thus, a common-law spouse is recognized as a spouse under the Employer Benefit Plan.

The principle issue the Complainants raise in this case, however, is whether the Respondent can require the Complainants to pay taxes on the cost of providing health coverage to their common-law spouses. While the Trustees do not have the authority to resolve tax issues under the terms of the Wage Agreement, the employer's ability to withhold taxes must be made in the context of the common-law spouse being an eligible beneficiary under the Employer Benefit Plan.

Opinion of the Trustees

The Respondent is required to provide health benefits coverage to the Complainants' common-law spouses as eligible dependents under the Employer Benefit Plan.