
OPINION OF TRUSTEES

In Re

Complainants: Laid-off Employees and Pensioners
Respondent: Employer
ROD Case No: 98-045 - April 14, 2005

Trustees: Micheal W. Buckner, A. Frank Dunham, Michael H. Holland, 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 Employees who were laid off by the Respondent on March 19, 2003, and Pensioners whose last signatory Employer in the coal industry was with the Respondent. The Respondent is signatory to a 1998 National Bituminous Coal Wage Agreement (Wage Agreement) which terminates effective June 30, 2003. In November 2002, the Complainants began receiving notices of non-payment of their medical bills. Since then, the Complainants have received collection notices and statements from providers threatening collection action if the outstanding bills are not paid.

The Respondent is self-insured so that medical claims are submitted to a company that processes and pays the claims from funds provided by the Respondent. According to the Respondent, due to financial difficulties, the payment of covered medical claims has fallen behind. However, the Respondent states that it anticipates financial assistance from another company and expects to bring the payments up to date. According to the company that processes the Respondent's medical claims, as of April 22, 2003, medical claims had been paid up through October 31, 2002.

Dispute

Is the Respondent providing health benefits coverage for the Complainants as required under the Wage Agreement and Employer Benefit Plan?

Positions of the Parties

Position of the Complainants: The Respondent is required to pay in a timely manner the covered medical expenses incurred by the Complainants and their eligible dependents.

Position of the Respondent: Due to financial difficulties, payments of covered medical claims have fallen behind. However, with anticipated financial assistance, payment of claims should be brought up to date.

Pertinent Provisions

Article XX (c)(3)(i) of the National Bituminous Coal Wage Agreement of 1998 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 I (1), (2), (4) and (5) of the Employer Benefit Plan provides:

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.
- (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 credit 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; or (iii) a special permanent layoff pension under the terms of Article II. E (4) of the 1974 Pension Plan, during any period prior to the

person's attainment of age 55. "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 1998 Employer Benefit Plan provides:

Article II - Eligibility

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

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) December 31, 1997, 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 D. (1) (a) of the Employer Benefit Plan provides in pertinent part:

Article III - Benefits

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 1998 Wage Agreement requires an Employer to provide an Employer Benefit Plan that is implemented through an insurance carrier(s), for health and other non-pension benefits. It further requires that 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 II B. establishes that an individual who is eligible for pension benefits under the 1974 Pension Plan is eligible for health benefits under the Employer Benefit Plan. Article III D. (1) (a) of the Employer Benefit Plan provides continued benefits coverage for laid-off Employees based upon the number of hours worked for the Employer during the 24-month period immediately prior to the date last worked.

The Complainants in this case have received collection notices from health providers because the Respondent has failed to pay the Complainants' medical bills in a timely manner. In ROD 88-492, the Trustees addressed the issue of processing claims in a timely manner and found that the time taken by the Employer or its agent to process and pay undisputed health benefit claims should not cause collection action to be taken against the beneficiary, nor result in any other action that would impair the creditworthiness of the beneficiary. The Trustees also noted that the Employer must insulate and defend the beneficiary against any such actions initiated by the provider(s). Therefore, the Trustees conclude that in this case the Respondent's failure to process undisputed health benefits claims for the Complainants in a timely manner and its claim that it is financially unable to process existing health benefits claims does not conform to the requirements of the Wage Agreement or the Employer Benefit Plan nor relieve the Respondent

from its obligation to provide appropriate coverage.

Opinion of the Trustees

The Respondent's failure to process undisputed health benefits claims for the Complainants in a timely manner does not conform to the requirements of the Wage Agreement of 1998 or the Employer Benefit Plan. The Respondent's claim of financial difficulty does not relieve it of its obligation to provide coverage. The Respondent must insulate and defend the Complainants against any actions initiated by the provider(s).