

OPINION OF TRUSTEES

In Re

Complainant: Employee
Respondent: Employer
ROD Case No: 81-375- February 10, 1984

Board of Trustees: Harrison Combs, Chairman; John J. O'Connell, Trustee; Paul R. Dean, Trustee.

Pursuant to Article IX of the United Mine Workers of America 1950 Benefit Plan and Trust, and under the authority of an exemption granted by the United States Department of Labor, the Trustees have reviewed the facts and circumstances of this dispute concerning the conversion of benefits coverage for a laid-off Employee under the terms of the Employer's Benefit Plan and hereby render their opinion on the matter.

Background Facts

The Complainant was employed by the Respondent for several years prior to being laid-off on May 16, 1982. During the 24 consecutive calendar month period immediately prior to his date last worked, the Complainant worked in excess of 2,000 hours for the Respondent, qualifying him for continued health benefit coverage through May 31, 1983, which he received.

At the expiration of his period of eligibility, the Complainant exercised his option to convert his insurance coverage and paid the \$620 premium for a three month period to the insurance carrier within the 31 day conversion period.

Shortly thereafter, the Complainant's wife incurred bills for services related to pregnancy, She was advised by the insurance carrier that the converted policy did not provide the same level of coverage as previously provided under the Employer's Benefit Plan and, specifically, that services related to pregnancy were not equally covered. The Complainant claims that \$9,952,80 of the total charges has not been paid by the converted plan,

Because the Complainant had not submitted the matter to the Plan Administrator for a final decision prior to requesting resolution by the Trustees, there was, technically, no dispute for the Trustees to consider, Nevertheless, when the Funds referred the issue to the Plan Administrator for consideration, he chose to deny coverage for the claims in question and to respond to the Trustees regarding the Resolution of Dispute request. As a result, a bona fide dispute existed and the issue is considered for resolution based on the preceding facts.

Dispute

Is the coverage provided under the individual conversion privilege required to be similar to that under the Employer's Benefit Plan? Is the Respondent responsible for payment of the outstanding charges not paid by the conversion plan?

Positions of Parties

Position of the Complainant: Coverage provided under the conversion privilege should be similar to that provided under the Employer's Benefit Plan.

Position of the Respondent: The Complainant was informed of the conversion privilege prior to his termination of continuation of coverage. He was advised that the private plan would not provide the same level of benefits coverage as the Employer's Benefit Plan. Since the charges were incurred on or after July 25, 1983 and the Complainant's eligibility for continuation of coverage had ended May 31, 1983, this dispute is only applicable in relation to his eligibility for coverage.

Pertinent Provisions

Article III D. (3) (b) of the Employer's Benefit Plan provides:

- (b) When health benefits coverage terminates, a beneficiary may, upon application, convert, without medical examination, to a policy issued by the insurance carrier provided such application is made to the insurance Carrier within 31 days after the coverage terminates. The type of policy, coverage and--premiums therefore are subject to the terms and conditions set forth by the insurance carrier.

Discussion

Article III D. (3) (b) of the Employer's Benefit Plan provides that a beneficiary may convert to a policy issued by the insurance company if application is made within the specified time limits, The Complainant was provided with and exercised his conversion option within that time period.

The Complainant claims, however, that the policy issued by the insurance carrier was inconsistent with that provided under the Employer's Benefit, Plan. While this was in fact the case, Article III D. (3) (b) of the Employer's Benefit Plan clearly specifies that the type of policy, coverage and premiums offered by the insurance carrier at the time of conversion are subject to the terms and conditions set forth by the insurance carrier. There is no requirement that coverage be the same as that provided under the Employer's Benefit Plan. Therefore, the obligations of the

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Respondent, as a former Employer, were met by virtue of its making available a plan for conversion.

Opinion of the Trustees

The Respondent has complied with its contractual obligations and is not responsible for the payment of charges incurred after the expiration of the Complainant's eligibility under the Employer s Benefit Plan.