
OPINION OF TRUSTEES

In Re

Complainant: Employee
Respondent: Employer
ROD Case No: 84-089 - June 25, 1986

Board of Trustees: Joseph P. Connors, Sr., Chairman; Paul R. Dean, Trustee; William B. Jordan, Trustee; William Miller, Trustee; Donald E. Pierce, Jr., Trustee.

Pursuant to Article IX of the United Mine Workers of America ("UMWA") 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 level of health benefits coverage under the terms of the Employer Benefit Plan.

Background Facts

The Complainant began classified employment with the Respondent on October 11, 1984. He was laid off on November 8, 1984, having worked a total of 120 hours during his period of employment. The Respondent provided health benefits coverage through December 31, 1984.

Because his wife was pregnant at the time, the Complainant approached the Respondent about exercising his right to convert his health benefits coverage following the expiration of the coverage provided by the Respondent. He was advised of the cost and told by the Respondent that it would accept his payments for coverage and pass them along with its payments to its third-party administrator for inclusion in its group plan. For the months of January and February 1985, these payments were made directly to the third-party administrator, under an arrangement provided through an association of Employers with which the Respondent had a contract. This third-party arrangement was discontinued, however, and the remittance for coverage was made for March 1985 directly to the Employer association. The Employer association filed a Petition for Relief from certain Bankruptcy proceedings dated March 17, 1986.

In January 1985, the Complainant's wife experienced a complicated childbirth. Expenses associated with the childbirth were incurred throughout the period of January, February and March 1985, totalling more than \$30,000. No payment has been made on these outstanding bills since that time. Therefore, the Complainant has asked that the Respondent be found responsible for the payment of these charges.

The Respondent has stated that it is not responsible for these claims as the Complainant worked only 120 hours in the period of his employment, and was therefore, entitled to only thirty days of coverage following his last employment. The Respondent claims that it permitted the Complainant to make his own payments for coverage for the months of January, February and

March, when the disputed claims were incurred, and that it is not responsible for the Complainant's debt.

The Respondent also has claimed that it does not consider itself to be signatory to the 1984 National Bituminous Coal Wage Agreement. The record shows, however, that although the Respondent has not executed the formal Agreement, on October 1, 1984, it signed a 1984 Letter of Agreement to be "bound by and comply fully with the terms and conditions of the agreement successor to the 1981 National Agreement which has been negotiated between the United Mine Workers of America and the Bituminous Coal Operators Association (BCOA)...."

Dispute

Is the Respondent responsible for payment of the medical charges incurred by the Complainant's wife during January, February and March of 1985?

Position of Parties

Position of the Complainant: The Respondent is responsible for payment of the medical charges incurred by the Complainant's wife during January, February and March of 1985.

Position of the Respondent: The Respondent is not responsible for payment of the charges in question as it has met its contractual obligations under the Employer Benefit Plan, even though it does not consider itself to be signatory to the 1984 National Bituminous Coal Wage Agreement.

Pertinent Provisions

Article XX Section (c) (3)(i) of the National Bituminous Coal Wage Agreement of 1984 provides, in pertinent part:

Section (c) 1974 Plans and Trusts

(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... The plans established pursuant to this subsection are incorporated by reference and made a part of this Agreement, and the terms and conditions under which the health and other non-pension benefits will be provided under such plans are as to be set forth in such plans.

The Introduction to the Employer Benefit Plan provides in pertinent part:

The Plan provides health and vision care for Employees and Pensioners and their eligible dependents, life insurance and accidental death and dismemberment insurance for Employees and life insurance for Pensioners. These benefits are provided by (Name of Employer) through insurance carriers or professional contract administrators.

Article I (1), (2) and (4) of the Employer Benefit Plan provide:

Article I - Definitions

The following terms shall have the meanings herein set forth:

1. "Employer" means (coal company).
2. "Wage Agreement" means the National Bituminous Coal Wage Agreement of 1984, 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.

Article III D. (1) (a) and (3) (b) of the Employer Benefit Plan Provide:

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 |

(3) Conversion Privilege

(b) Health Benefits

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 date coverage terminates. The type of policy, coverage and premiums therefore are subject to the terms and conditions set forth by the insurance carrier.

Discussion

The Respondent has stated that it does not consider itself to be signatory to the 1984 National Bituminous Coal Wage Agreement. Nevertheless, it believes that it has satisfied the obligation of the Employer Benefit Plan with respect to the dispute. In ROD 84-055 the Trustees addressed the question of the status of an Employer which signed a Letter of Agreement, with respect to its obligations to comply with the terms of the Wage Agreement. In their decision, the Trustees concluded that a signed Letter of Agreement is sufficient to bind an Employer to the terms of the agreement. Therefore, having signed a Letter of Agreement on October 1, 1984, the Respondent is considered signatory to the Wage Agreement and bound by its terms.

Article XX Section (c)(3)(i) requires Employers to provide an Employee benefit plan ..."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."

In a situation such as this, the Employer Benefit Plan imposes two obligations on the Employer.

First, under Article III D(1)(a), an Employer is obligated to provide a laid-off Employee with continuation of coverage for the prescribed period set forth in the schedule of that provision. The Respondent met that obligation by furnishing the Complainant with benefits coverage through December 31, 1984.

Second, under Article III D(3)(b), an Employer is obligated to make available to such a laid-off Employee a conversion arrangement when the Employee's benefits coverage under the Plan terminates. Here, the facts show that the Complainant submitted timely payments to the Respondent for the months in question, as the latter had proposed. Under the particular facts of this case, however, it must be concluded that the Respondent failed to make available to the claimant conversion health benefits coverage as contemplated by the Plan. Accordingly, in this instance, the Respondent did not meet the obligation imposed by Article III D(3)(b).

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The Respondent is responsible for payment of covered medical expenses incurred by the Complainant and his eligible dependents for the period of January through March 1985.