

CHAPTER 8

United Mine Workers of America: Evolution of The Promise and Alternatives for Funding Post-Retirement Health Benefits

Michael D. Foster

Jackson & Kelly

Charleston, West Virginia

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§ 8.01. Introduction.

Recent proposed legislation and judicial decisions have addressed the issue of securing sufficient funding for the United Mine Workers of America 1974 Benefit Plan & Trust (1974 Benefit Trust) and the United Mine Workers of America 1950 Benefit Plan & Trust (1950 Benefit Trust). Funding is needed to provide lifetime health care benefits to retirees, their beneficiaries, and the surviving spouses of retirees who are eligible to receive benefits from either of the United Mine Workers of America's (UMWA) retirement plans, and whose former employers no longer have any obligation to provide health care benefits. This Chapter will explore the historical development of the UMWA Health & Retirement Funds (Funds), examine the promises which have been made to retirees, the judicial enlargement of the scope of the Funds, the severity of the current underfunding, and finally, legislative and judicial attempts to secure additional funding for the 1950 and 1974 Benefit Trusts.

§ 8.02. Historical Overview of The UMWA Health & Retirement Funds.

[1]--1945 to 1973.

The idea of an industry-wide program to provide health benefits to classified employees and retirees was raised by the UOWMA during 1945 when it proposed a royalty of 10¢ per ton on coal to be paid to the UMWA by signatory employers. This royalty would provide for its member's "modern medical and surgical service, hospitalization, insurance, rehabilitation, and economic protection."⁽¹⁾ The employers rejected the royalty concept, and the UMWA dropped the health care proposal from the 1945 negotiations. The issue of an industry-wide health benefit program arose again 1946, and the inability of the UMWA and the employers to agree on this and other issues led President Truman to sign Executive Order No. 9728 which directed the Secretary of the Interior, J. A. Krug, to take possession of and operate all mines producing bituminous coal.⁽²⁾

Eight days after the Executive Order, on May 29, 1946, the UMWA and the Secretary of the Interior executed a wage contract which is commonly referred to as the "Krug-Lewis Agreement." Section 4 of the Krug-Lewis Agreement established a welfare and retirement fund to be managed by three trustees and to be funded by a 5¢ per ton contribution on coal produced for sale or use. The Krug-Lewis Agreement also established a medical and hospital fund, also to be managed by three trustees, but to be funded from wage deductions. The trustees of both Funds had full authority with respect to questions of coverage and eligibility, priorities among classes of benefits, amounts of benefits, methods of providing or arranging for the provision of benefits, and all related matters.⁽³⁾

In subsequent negotiations with the UMWA, the Bituminous Coal Operators' Association (BCOA) rejected