

I

On October 30, 2000, the plaintiff filed the present complaint against the trustees of the United Mine Workers of America 1993 Benefit Plan (“1993 Plan”), claiming that the defendants “discriminated against [him] in obtaining the right he is entitled to . . . in contraversion [sic] of 29 USCS [sic] § 1140,”¹ and that the defendants “have applied the . . . regulations . . . in an arbitrary and capricious manner.” (Compl. at 2.) Jurisdiction is vested in this court pursuant to 28 U.S.C.A. § 1331 (West 1993) and 29 U.S.C.A. § 1132(e) (West 1999). The parties have briefed the issues and the case is now ripe for decision.²

On December 16, 1993, the United Mine Workers of America (“UMWA”), entered into a collective bargaining agreement with the Bituminous Coal Operators’ Association, Inc. which resulted in adoption of the 1993 Plan, a multi-employer agreement governing the availability of medical benefits for coal miners. Under Article IX(2) of the 1993 Plan, an applicant is to be awarded health benefits if he or she: (A) would have been eligible for benefits under the UMWA 1950 Benefit Plan but for the

¹ That section provides that “It shall be unlawful for any person to discharge, fine, suspend, expel, discipline, or discriminate against a participant or beneficiary for exercising any right to which he is entitled under the provisions of an employee benefit plan.” 29 U.S.C.A. § 1140 (West 1999).

² I will dispense with oral argument because the facts and legal contentions are adequately presented in the materials before the court and argument would not aid the decisional process. None of the parties requested oral argument.

passage of the Coal Industry Retiree Health Benefit Act of 1992, 26 U.S.C.A. §§ 9701-722 (West Supp. 2001) (“Coal Act”), and is not entitled to benefits under the Coal Act; (B) quit working prior to December 16, 1993; and (C) retired under the 1974 Plan and last worked for a coal company who was obligated to contribute, and did in fact contribute, to the 1993 Benefit Trust. (Defs.’ Mot. Summ. J. Ex. B at 10.)

The plaintiff filed an application for benefits under the 1993 Plan on September 13, 1997. In rejecting that application, the defendants relied on two disqualifying considerations. First, the plaintiff worked last on April 19, 1995, contrary to Article IX(2)(b) of the 1993 Plan. Second, his last relevant employer, Bird Coal Company, did not sign the 1993 Plan and was thus not required to make contributions to the 1993 Benefit Trust. Accordingly, the plaintiff likewise failed to satisfy Article IX(2)(c) of the 1993 Plan.

In response, the plaintiff filed the instant complaint. In due course, both sides filed motions for summary judgment. In the plaintiff’s motion, he argues that application of the 1993 Plan violates his due process and equal protection rights, and effectuates a taking of his property prohibited by the United States Constitution. The plaintiff likewise raises those claims with respect to Congress’s passage of the Coal Act. Each of the plaintiff’s contentions will be addressed in turn.

II

As an initial matter, the defendants have asserted that because the plaintiff only raised his due process and takings claims in his motion for summary judgment, those claims are procedurally barred. Under Federal Rule of Civil Procedure 15(a), however, I will consider those claims as amendments to the complaint and address all assertions contained in the plaintiff's motion for summary judgment.

As to the defendants, the plaintiff's constitutional claims must fail. It is well settled that a plaintiff must allege some sort of governmental action to support a claim for violations of the Due Process Clause,³ *see County of Sacramento v. Lewis*, 523 U.S. 833, 842 (1998), the Equal Protection Clause,⁴ *see Hillsborough v. Cromwell*, 326 U.S. 620, 623 (1946), and the Takings Clause,⁵ *see First English Evangelical Lutheran Church of Glendale v. County of Los Angeles*, 482 U.S. 304, 316 (1987). Here, the plaintiff concedes that the defendants were not government actors. (Pl.'s Mot. Summ. J. at 7.)

³ "No person shall . . . be deprived of life, liberty, or property, without due process of law." U.S. Const. amend. V.

⁴ "[N]or shall any State . . . deny to any person within its jurisdiction the equal protection of the laws." U.S. Const. amend. XIV, § 2. The Equal Protection Clause of the Fourteenth Amendment has been deemed an inherent component of the Due Process Clause of the Fifth Amendment. *See Bolling v. Sharpe*, 347 U.S. 497, 498-99 (1954).

⁵ "[N]or shall private property be taken for public use, without just compensation." U.S. Const. amend. V.

The plaintiff also asserts that Congress, in enacting the Coal Act, violated those same constitutional provisions.

With respect to the plaintiff's due process claim, "[i]t is difficult to exaggerate the burden that [the plaintiff] must overcome to carry the day on this argument." *Holland v. Keenan Trucking Co.*, 102 F.3d 736, 740 (4th Cir. 1996). This is because congressional legislation, passed pursuant to its commerce power and aimed at regulating economic matters, carries a heavy presumption of validity. Thus, the test is whether the legislation at issue is rationally related to a legitimate legislative purpose and whether Congress employed rational means to achieve its purpose. *See id.* at 740-41.

In light of that standard and assuming the existence of a "property" right afforded protection under the Fifth Amendment, I find that the Coal Act survives constitutional scrutiny.⁶ Recognizing the "vital importance" of a stable coal industry, Congress acted to resolve disputes between miners and coal companies with respect to benefit plans, thereby guaranteeing the stability of retired coal workers' benefits. *See id.* at 740.

⁶ It is unclear whether the plaintiff, as a facially intended third-party beneficiary of the 1993 Plan, has a property interest that might be enforced under the Due Process Clause of the Fifth Amendment. *See Organized Fishermen of Fla. v. Hodel*, 775 F.2d 1544, 1548-49 (11th Cir. 1985) (intimating that the existence of a contract might vest enforceable property rights in a third-party beneficiary), *see also Washlefske v. Winston*, 234 F.3d 179, 184 (4th Cir. 2000) ("[W]e look outside the Takings Clause to traditional rules of property law to determine whether a constitutionally protected property interest exists.").

Likewise, the means employed were rationally related to the intended purpose. The group chosen by Congress to fund these benefit plans were the same employers who profited from the beneficiaries of the plan. *See id.* at 741.

Likewise, because the alleged discrimination at issue does not jeopardize the exercise of a fundamental right or categorize on the basis of an inherently suspect characteristic, the Equal Protection Clause requires only that the classification rationally further a legitimate interest. *Nordlinger v. Hahn*, 505 U.S. 1, 10 (1992). Under that standard, I must examine the Coal Act to determine “if the varying treatment of different groups or persons is so unrelated to the achievement of any combination of legitimate purposes that [I] can only conclude that the government’s actions were irrational.” *Kimel v. Fla. Bd. of Regents*, 528 U.S. 62, 84 (2000). In light of the preceding discussion, I find that Congress had such a legitimate purpose.

Addressing his claim under the Takings Clause, the plaintiff again bears a substantial burden in demonstrating that Congress, in adopting the Coal Act, effectuated an unconstitutional taking of his property. The process for evaluating a regulation’s constitutionality under the Takings Clause involves an examination of the justice and fairness of the contested governmental action. *See Eastern Enters. v. Apfel*, 524 U.S. 498, 523 (1998) (plurality opinion). While the Court has declined the adoption of any set formula for identifying a taking forbidden by the Fifth Amendment,

opting instead for an ad hoc, factual inquiry, there are three factors assigned “particular significance” in making such an assessment: (1) the economic impact of the regulation on the claimant; (2) the extent to which the regulation has interfered with distinct investment-backed expectations; and (3) the character of the governmental action. *Connolly v. Pension Benefit Guar. Corp.*, 475 U.S. 211, 224-25 (1986).

Considering these several factors and again assuming the existence of a property interest capable of being taken by Congressional action, I find that no unconstitutional taking has occurred in this case.⁷ First, there is no suggestion that the 1993 Plan was even adopted in response to the Coal Act. However, to the extent that it had any effect upon the plaintiff’s health benefits for purposes of ruling upon a motion for summary judgment, the Coal Act provides “substantially the same” health benefits to retirees and their dependents as were received under preceding collective bargaining agreements. *Eastern Enters.*, 524 U.S. at 514. Second, Congress has taken nothing for public use and has only imposed additional obligations that are otherwise within its power to impose. This interference with the property rights of an employee, arising from a public program adjusting the benefits and burdens of economic life to promote the common good, does not constitute a taking requiring government compensation. *See*

⁷ Because legislative analysis under the Due Process and Takings Clauses “is correlated to some extent,” *Eastern Enters.*, 524 U.S. at 537, the existence of a property right under the Takings Clause is again in question here.

Connolly, 475 U.S. at 224-25. Furthermore, with respect to both its nature and purpose, companies who employed retirees covered under the Coal Act and thereby benefitted from their service, are simply assigned responsibility for providing the health care benefits promised in their various collective bargaining agreements. *Eastern Enters.*, 524 U.S. at 514.

Additionally, while the plaintiff places considerable emphasis upon the Court's holding in *Eastern Enterprises* as support for his position, I find such reliance to be misplaced. As an initial matter, *Eastern Enterprises* produced no majority opinion, holding only that, as to the coal company there at issue, application of the Coal Act constituted an unconstitutional taking under the Fifth Amendment. *Eastern Enters.*, 524 U.S. at 537-38. More important to the distinction made here, however, was the plurality's rationale that "[t]he distance into the past that the Act reaches back to impose a liability on Eastern and the magnitude of that liability raise substantial questions of fairness." *Id.* at 534. Unlike the circumstances confronted by the *Eastern Enterprises* Court, I cannot say that the Coal Act, as applied to the plaintiff here, "goes [so] far" as to constitute a taking. *Pa. Coal Co. v. Mahon*, 260 U.S. 393, 415 (1922). Accordingly, no unconstitutional taking has taken place.

Finally, the plaintiff challenges the defendants' denial of his application for health benefits as an arbitrary and capricious act. Because the 1993 Plan gives the

defendants discretionary authority to determine eligibility for benefits or to construe the terms of the Plan, their denial of the plaintiff's health benefits must be reviewed for abuse of discretion. *See Firestone Tire & Rubber Co. v. Bruch*, 489 U.S. 101, 111, 115 (1989); *Boyd v. Trustees of United Mine Workers Health & Retirement Funds*, 873 F.2d 57, 59 (4th Cir.1989).

Under this deferential standard, the defendants' "decision will not be disturbed if it is reasonable, even if this court would have come to a different conclusion independently." *Ellis v. Metropolitan Life Ins. Co.*, 126 F.3d 228, 232 (4th Cir.1997). Such a decision is reasonable if it "is the result of a deliberate, principled reasoning process and if it is supported by substantial evidence." *Brogan v. Holland*, 105 F.3d 158, 161 (4th Cir. 1997) (internal quotations omitted). "Substantial evidence . . . is evidence which a reasoning mind would accept as sufficient to support a particular conclusion . . . [and] consists of more than a mere scintilla of evidence but may be somewhat less than a preponderance." *LeFebre v. Westinghouse Elec. Corp.*, 747 F.2d 197, 208 (4th Cir.1984) (quoting *Laws v. Celebrezze*, 368 F.2d 640, 642 (4th Cir.1966)).

When viewed in light of this standard, the defendants did not abuse their discretion in denying benefits to the plaintiff under the 1993 Plan. Substantial evidence

supports their conclusion that the plaintiff did not satisfy the requirements of medical coverage pursuant to Article IX(2) of the 1993 Plan.

III

For the foregoing reasons, the plaintiff's motion for summary judgment will be denied, the defendants' motion for summary judgment will be granted, and a final judgment will be entered.

Dated: July 31, 2001

United States District Judge