

# CENTRAL STATES, SOUTHEAST AND SOUTHWEST AREAS HEALTH AND WELFARE FUND

## IMPORTANT INFORMATION ABOUT YOUR COBRA CONTINUATION COVERAGE RIGHTS

### **A. What is continuation coverage?**

Federal law requires that most group health plans (including this Plan) give employees and their families the opportunity to continue their health care coverage where there is a "qualifying event" that would result in a loss of coverage under the Plan. Depending on the type of qualifying event, "qualified beneficiaries" can include the employee (or retired employee) covered under the group health plan, the covered employee's spouse, and the dependent children of the covered employee.

Continuation coverage is the same coverage that the Plan gives to other participants or beneficiaries under the Plan who are not receiving continuation coverage. Each qualified beneficiary who elects continuation coverage will have the same rights under the Plan as other participants or beneficiaries covered under the Plan, including open enrollment and special enrollment rights.

### **B. How long will continuation coverage last?**

In the case of a loss of coverage due to end of employment or reduction in hours of employment, coverage generally may be continued only for up to a total of 24 months. In the case of losses of coverage due to an employee's death, divorce or legal separation, the employee's becoming entitled to Medicare benefits or a child ceasing to be an eligible child under the terms of the Plan, coverage may be continued for up to a total of 36 months. When the qualifying event is the end of employment or reduction in the employee's hours of employment, and the employee became entitled to Medicare benefits less than 24 months before the qualifying event, COBRA continuation coverage for qualified beneficiaries other than the employee lasts until 36 months after the date of Medicare entitlement. This notice shows the maximum period of continuation coverage available to the qualified beneficiaries.

Continuation coverage will be terminated before the end of the maximum period if:

- Any required premium is not paid in full on time,
- A qualified beneficiary becomes covered, after electing continuation coverage, under another group health plan that does not impose any pre-existing condition exclusion or pre-existing condition of the qualified beneficiary (note: there are limitations on plans' imposing a preexisting condition exclusion and such exclusions will become prohibited beginning in 2014 under the Affordable Care Act),
- A covered employee becomes entitled to Medicare benefits (under Part A, Part B, or both) after electing continuation coverage, or
- The employer ceases to provide any group health plan for its employees.

Continuation coverage may also be terminated for any reason the Plan would terminate coverage of a participant or beneficiary not receiving continuation coverage (such as fraud).

### **C. How can you extend the length of COBRA continuation coverage?**

If you elect continuation coverage, an extension of the maximum period of coverage may be available if a qualified beneficiary is disabled or a second qualifying event occurs. You must notify the Plan of a disability or a second qualifying event in order to extend the period of continuation coverage. Failure to provide notice of a disability or second qualifying event may affect the right to extend the period of continuation coverage.

#### Disability

An extension of coverage to 29 months for qualifying events caused by the end of employment or a reduction in hours, pursuant to Section 3.16(b) of the Plan, may be available if any of the qualified beneficiaries is determined by the Social Security Administration (SSA) to be disabled. The disability has to have started at some time before the 60<sup>th</sup> day of COBRA continuation coverage and must last at least until the end of the original 24 month period of continuation coverage. You must also notify the Plan within 60 days of the date of the disability determination by the SSA and before the end of the initial 24 month period of continuation coverage. You must send a copy of the disability award from the SSA to:

Central States, Southeast and Southwest Areas Health & Welfare Fund  
Attn: Indicative Records Department  
P.O. Box 5112  
Des Plaines, IL 60017

Each qualified beneficiary who has elected continuation coverage will be entitled to the disability extension if one of them qualifies. If the qualified beneficiary is determined by SSA to no longer be disabled, you must notify the Plan of that fact within 30 days after SSA's determination.

#### Second Qualifying Event

An extension of coverage to 36 months will be available to spouses and dependent children who elect continuation coverage if a second qualifying event occurs during the first 24 months of continuation coverage. The maximum amount of continuation coverage available when a second qualifying event occurs is 36 months. Such second qualifying events may include the death of a covered employee, divorce or separation from the covered employee, the covered employee's becoming entitled to Medicare benefits (under Part A, Part B, or both) or a dependent child's ceasing to be eligible for coverage as a dependent under the Plan. These events can be a second qualifying event only if they would have caused the qualified beneficiary to lose coverage under the Plan if a first qualifying

event had not occurred. You must notify the Plan within 60 days after a second qualifying event occurs if you want to extend your continuation coverage.

**D. How can you elect COBRA continuation coverage?**

To elect continuation coverage, you must complete the election form and furnish it according to the directions on the form. Each qualified beneficiary has a separate right to elect continuation coverage. For example, the employee's spouse may elect continuation coverage even if the employee does not. Continuation coverage may be elected for only one, several, or for all dependent children who are qualified beneficiaries. A parent may elect to continue coverage on behalf of any dependent children. The employee or the employee's spouse can elect continuation coverage on behalf of all of the qualified beneficiaries.

In considering whether to elect continuation coverage, you should take into account that you have special enrollment rights under federal law. You have the right to request special enrollment in another group health plan for which you are otherwise eligible (such as a plan sponsored by your spouse's employer) within 30 days after your group health coverage ends because of the qualifying event listed above. You will also have the same special enrollment right at the end of continuation coverage if you get continuation coverage for the maximum time available to you.

**E. How much does COBRA continuation coverage cost?**

Generally, each qualified beneficiary may be required to pay the entire cost of continuation coverage. The amount a qualified beneficiary may be required to pay may not exceed 102 percent (or, in the case of an extension of continuation coverage due to a disability, 150 percent) of the cost to the group health plan (including both employer and employee contributions) for coverage of a similarly situated plan participant or beneficiary who is not receiving continuation coverage. The required payment for each continuation coverage period for each option is described in this notice.

**F. When and how must payment for COBRA continuation coverage be made?**

First payment for continuation coverage

If you elect continuation coverage, you do not have to send any payment with the election form. However, you must make your first payment for continuation coverage no later than 45 days after the date of your election (this is the date the election notice is post marked, if mailed). If you do not make your first payment for continuation coverage within 45 days of your election, you will lose all continuation coverage rights under the Plan. You are responsible for making sure that the amount of your first payment is correct. **Your first payment must be made from the loss of coverage date through the current week.**

Periodic payments for continuation coverage

After you make your first payment for continuation coverage, you will be required to make periodic payments for each subsequent coverage period. The amount due for each coverage period is shown in this notice. The periodic payments can be made on either a weekly or monthly basis. **Under the Plan, each of these periodic payments for continuation coverage is due on the first day of the coverage period for which coverage will be in effect.** However, if you pay a periodic payment on or before the first day of the coverage period to which it applies, your coverage under the Plan would continue for that coverage period without any break.

Grace periods for periodic payments

**Although periodic payments are due on the dates mentioned above, you will be given a grace period of 30 days from the first day of the coverage period to make each periodic payment.** Your continuation coverage will be provided for each coverage period as long as payment for that coverage period is made before the end of the grace period for that payment and the coverage periods are sequential. However, if you pay a periodic payment later than the first day of the coverage period to which it applies, but before the end of grace period for that coverage period, your coverage under the Plan will be suspended as of the first day of the coverage period and then retroactively reinstated (going back to the first day of the coverage period) when the periodic payment is received. This means that any claim you submit for benefits while your coverage is suspended may be denied and may have to be resubmitted once your coverage is reinstated.

Special grace period for premium assistance extension

The Department of Defense Appropriation Act, 2010 provides an extended period of time for certain periods of coverage. If you have reached the end of the reduced premium period before the legislation extended it to 15 months, you can make a retroactive payment of the reduced premium(s) for the period(s) of coverage immediately following what would have been the last period subject to the premium reduction. This payment must be made by February 17, 2010 or, if later, within 30 days from the date this notice was provided to you.

**If you fail to make a periodic payment before the end of the grace period for that coverage period, you will lose all rights to continuation coverage under the Plan.** Your first payment and all periodic payments for continuation coverage should be sent to the following:

Central States, Southeast and Southwest Areas Health and Welfare Fund  
Self Payments Department  
Dept. 10291  
Palatine, IL 60055-0291

### **G. For More Information**

This Notice does not fully describe continuation coverage or other rights under the Plan. More information about continuation coverage and your rights under the Plan is available in your Summary Plan Description or from the Plan Administrator.

If you have any questions concerning the information in this notice, your rights to coverage, or if you want a copy of your Summary Plan Description, you should contact the Plan's Toll-Free Department at 1-800-323-5000.

For more information about your rights under ERISA, including COBRA, the Health Insurance Portability and Accountability Act (HIPAA) and other laws affecting group health plans, contact the U.S. Department of Labor's Employee Benefits Security Administration (EBSA) at 1-866-444-3272 or visit the EBSA website at [www.dol.gov/ebsa](http://www.dol.gov/ebsa). For more information about health insurance options available through a Health Insurance Marketplace, visit [www.healthcare.gov](http://www.healthcare.gov).

### **H. Keep your Plan informed of address changes**

In order to protect the continuation coverage rights of you and your family, please keep the Plan administrator informed of any changes in your address and the addresses of your family members. You should also keep a copy, for your records, of any notices you send to the Plan administrator.