

Carpenters Health and Security Plan of Western Washington

General Notice of COBRA Continuation Coverage Rights

A federal law (the Consolidated Omnibus Budget Reconciliation Act, COBRA, Public Law 99-272, Title X and later amendments) requires group health plans to offer covered employees and their family members the opportunity for a temporary extension of health coverage (called “COBRA Continuation Coverage”) on a self pay basis under certain circumstances called “qualifying events” where coverage would otherwise end. Employees and dependents who are entitled to elect COBRA Continuation Coverage are called “qualified beneficiaries.”

You may elect COBRA Continuation Coverage for all covered family members, or each affected family member may decide independently whether to elect COBRA Continuation Coverage, including new qualified beneficiaries added while you are on COBRA Continuation Coverage. If you elect COBRA Continuation Coverage for yourself, you automatically elect coverage for your family members, unless you state otherwise. If you or an eligible family member do not elect COBRA Continuation Coverage in a timely manner, plan coverage will end and may not be reinstated.

If you elect COBRA Continuation Coverage, you are entitled to the coverage provided under the plan to similarly situated employees or family members. If you are enrolled in both a medical and dental plan, you have the right to elect medical only coverage. However, dental benefits cannot be reinstated later. In addition, life insurance benefits are not available under COBRA, and time loss benefits are not available for any disability that begins while you are covered under COBRA. If you or an eligible dependent are covered by another plan or Medicare, the benefits of this plan are determined after the benefits of the other plan or Medicare.

Qualified Beneficiaries

A qualified beneficiary means:

- Any individual who, on the day before a qualifying event, is covered under the plan, either as an employee, or as a dependent of an employee.
- A child who is born to, adopted by, or placed for adoption with an employee (as opposed to another family member) during COBRA, provided the child is enrolled by submitting an enrollment form and a copy of the birth certificate or adoption papers to the plan administrator within 60 days of birth, adoption, or placement for adoption, and the appropriate self-payments are made. The child will have the same COBRA rights as a dependent who was covered by the plan before the qualifying event that resulted in the loss of coverage.
- A covered employee who retires on or before the date of a substantial elimination of plan coverage, in the case of a qualifying event which is an employer bankruptcy, provided the employee is eligible under the plan on the day before the bankruptcy qualifying event. A spouse, surviving spouse or dependent child of the retired covered employee is also a

qualified beneficiary, provided they were eligible under the plan on the day before the bankruptcy qualifying event.

Other dependents who are newly acquired during a period of COBRA may be enrolled in COBRA by submitting an enrollment form along with the appropriate certificates to the plan administrator within 60 days of becoming a dependent. However, such dependents will not be considered qualified beneficiaries.

Only qualified beneficiaries may extend COBRA when there is a second qualifying event.

An individual ceases to be a qualified beneficiary if COBRA is not timely elected, or when the plan's obligation to provide COBRA otherwise ends.

18-Month Qualifying Events

You and your dependents may elect COBRA for a maximum of 18 months following the date coverage would otherwise end due to one of the following qualifying events:

- Your termination of employment; or
- Your layoff or reduction in hours of employment.

If Social Security determines that a qualified beneficiary is totally disabled either before the 18-month qualifying event or within the first 60 days of COBRA, the disabled individual and all qualified beneficiaries may extend COBRA an additional 11 months beyond the original 18 months, to a maximum of 29 months. In order to qualify for this extension, the qualified beneficiary must notify the plan administrator in writing within 60 days after the date of the Social Security determination, but no later than the date that the initial 18 months of COBRA expires. A copy of the Social Security determination must be included with the written notice. Thereafter, if there is a final determination by Social Security that the individual is no longer disabled, the qualified beneficiary must notify the Trust Office in writing within 30 days of the determination. For an individual who has extended COBRA beyond the initial 18 months, COBRA will end on the earlier of 29 months from the qualifying event, or the month that begins more than 30 days after the final determination has been made that the disabled individual is no longer disabled.

36-Month Qualifying Events

A dependent may elect COBRA for a maximum of 36 months following the date coverage would otherwise end due to one of the following qualifying events:

- Death of the employee;
- Divorce or legal separation between the employee and spouse; or
- The dependent child ceases to meet the plan's definition of "dependent."

Second Qualifying Event

An 18-month period of COBRA may be extended to 36 months for the affected qualified beneficiary (spouse or child), if one of the 36-month period qualifying events occurs during the first 18 months of COBRA. In no event will COBRA extend beyond 36 months from the date coverage was first lost due to the initial qualifying event. This extension applies only if the qualified beneficiary notifies the plan administrator in writing within 60 days of the second qualifying event. The notice must identify the qualifying event that occurred. In the absence of such notice, COBRA will terminate.

Medicare Entitlement

If you have an 18-month qualifying event after becoming entitled to Medicare, your dependents may continue COBRA until the later of:

- 18 months from the date coverage would normally end due to the termination of employment or reduction in hours; or
- 36 months from the date you become entitled to Medicare.

Notice Requirements

The plan offers COBRA only after it has been notified of a qualifying event. A qualified beneficiary is responsible for notifying the plan administrator of a qualifying event that is a divorce, legal separation, or child losing dependent status. ***The qualified beneficiary must provide this notice to the plan administrator in writing within 60 days of the later of the date of the qualifying event; the date coverage would be terminated as a result of the qualifying event; or the date this booklet or other notice is provided of the procedure for electing COBRA.*** The notice must identify the individual who has experienced a qualifying event, the employee's name, and the qualifying event which occurred. If the plan administrator is not notified during the 60-day period, the qualified beneficiary will lose the right to elect COBRA.

If a child is born to, adopted by, or placed for adoption with you during a period of COBRA, you must notify the plan administrator in writing within 60 days of the birth, adoption or placement for adoption, and provide a copy of the child's birth certificate or adoption papers. If the plan administrator is not notified, the child will lose the right to receive COBRA.

In order to qualify for a Social Security disability extension, the qualified beneficiary must notify the plan administrator in writing within 60 days after the latest of: the date of the Social Security determination; the date on which the qualifying event occurs; the date coverage would be terminated as a result of the qualifying event; or the date this booklet or other notice is provided describing the procedures for electing COBRA. In any case, the notice of the Social Security determination must be provided before expiration of the initial 18 months of COBRA. A copy of the Social Security determination must be included with the written notice. Thereafter, if there is a final determination by Social Security that the individual is no longer disabled, the qualified beneficiary must notify the plan administrator in writing within 30 days of the determination.

A qualified beneficiary who first becomes, after the date of the election of COBRA, covered under any other group health plan, must notify the plan administrator in writing of the other coverage.

The plan administrator will notify qualified beneficiaries of loss of coverage due to termination of employment, reduction in work hours, or the employee's death. However, you are encouraged to inform the plan administrator of any qualifying event to best ensure prompt handling of your COBRA rights.

Election of COBRA

When the plan administrator is notified of a qualifying event, an election form is mailed to the qualified beneficiaries. The election form must be completed and returned to the plan administrator within 60 days of the later of the termination of coverage, or the date the application was sent. If the election form is not sent to the plan administrator by this date, the qualified beneficiaries will lose the right to elect COBRA.

Each qualified beneficiary has an independent right to elect COBRA. An employee or spouse may elect COBRA on behalf of other qualified beneficiaries in the family. A parent or legal guardian may elect COBRA on behalf of a minor child.

Type of Benefits

Under COBRA, a qualified beneficiary may continue medical, prescription drug, dental, and vision coverage, provided the qualified beneficiary was eligible for such benefits immediately prior to the qualifying event. Life insurance, accidental death and dismemberment benefits, and time loss benefits are not available under COBRA.

Cost and Payment

There is a cost for COBRA. Information regarding the cost will be sent with the election forms. The first payment is due 45 days from the date the election form is sent to the plan administrator. The first payment must cover all months since the date coverage would have otherwise terminated. Thereafter, payments must be made monthly to continue COBRA. All payments must be sent to the plan administrator.

COBRA eligibility will not commence, nor will claims be processed for expenses incurred following the date of the qualifying event, until the appropriate COBRA payments have been made. COBRA terminates if a monthly payment is made later than 30 days from the beginning of the month to be covered. If the initial payment, or any subsequent payment is not made in a timely fashion, COBRA terminates.

Termination of COBRA

COBRA ends on the first of the dates indicated below:

- The last day of the month the maximum coverage period for the qualifying event has ended (18, 29, or 36 months).

- The last date for which the self-payment was paid, or when the qualified beneficiary does not make the next payment in full when due. Payments must be made within 30 days of the due date.
- The date the qualified beneficiary first becomes, after the date of election of COBRA, covered under any other group health plan which does not contain any exclusion or limitation that actually applies to any pre-existing condition of the qualified beneficiary.
- The date the qualified beneficiary becomes entitled to Medicare after the date of election of COBRA.
- The last day of the month that begins more than 30 days from the final determination that the qualified beneficiary is no longer disabled as determined by Social Security. This applies only to the 19th through 29th month of disability extended COBRA.
- The date the Trust no longer provides group health coverage or the date the employee's employer no longer participates in the plan, unless the employer or its successor does not offer another health plan for any classification of its employees which formerly participated in the Trust.

COBRA is provided subject to eligibility. The plan reserves the right to terminate COBRA retroactively if the qualified beneficiary is determined to be ineligible for coverage.

Notices

Notices and self-payments that are required for COBRA must be sent in writing to the plan administrator at the following address:

Enrollment Department
 Carpenters Health and Security Trust of Western Washington
 PO Box 1929
 Seattle, Washington 98111-1929

If you have any questions about continuation coverage, please contact the plan administrator.

Election of Alternative Coverage In Lieu of COBRA

An individual who is eligible may elect one of the following alternative coverage options in lieu of COBRA Continuation Coverage:

- ***Extension of Benefits.*** If you or a dependent are totally disabled when coverage under the Employed Plan terminates, the disabled individual can apply for an Extension of Benefits. An Extension of Benefits provides continued coverage for the disabled individual but only for treatment of the condition that caused the disability. An Extension of Benefits continues for a period not to exceed 12 months but ends earlier if the disabled individual is no longer considered totally disabled. If you elect an Extension of Benefits in lieu of COBRA Continuation Coverage, you may not elect COBRA when the Extension of Benefits terminates. Please contact the Trust Office for an *Extension of Benefits Application*.
- ***Self-Contribution Coverage.*** You may elect COBRA Continuation Coverage when Self-Contribution Coverage terminates. Total coverage under Self-Contribution Coverage and

COBRA may not exceed 18 months, or 36 months in the case of a qualified beneficiary (spouse or dependent child) who has a second qualifying event.

- ***Carpenters Health and Security Plan – For Retired Carpenters.*** If you elect COBRA Continuation Coverage in lieu of the Retired Plan, you may later enroll in the Retired Plan, but only if you first exhaust the maximum coverage period under COBRA, and you complete a *Notice To Decline Coverage Agreement* at the time you elect COBRA.
- ***Self-Contribution Coverage Following Entry Into the Uniformed Services (USERRA).*** If you elect Self-Contribution Coverage upon entry into the uniformed services, COBRA Continuation Coverage may be elected following termination of Self-Contribution Coverage. Total coverage under Self-Contribution Coverage and COBRA may not exceed 24 months, or 36 months in the case of a qualified beneficiary (spouse or dependent child) who has a second qualifying event.
- ***Family Medical Leave Act (FMLA).*** COBRA Continuation Coverage may be elected following termination of leave under FMLA.
- ***Conversion Coverage.*** There is no conversion option for the medical, prescription drug, dental, or vision coverage provided by the plan.

If You Have Questions

Questions concerning your plan or your COBRA Continuation Coverage rights should be addressed to the contact or contacts identified below. 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 nearest Regional or District Office of the U.S. Department of Labor’s Employee Benefits Security Administration (EBSA) in your area or visit the EBSA website at www.dol.gov/ebsa. (Addresses and phone numbers of Regional and District EBSA Offices are available through EBSA’s website.)

Keep Your Plan Informed of Address Changes

In order to protect your family’s rights, you should keep the plan administrator informed of any changes in the addresses of family members. You should also keep a copy, for your records, of any notices you send to the plan administrator.

Plan Contact Information

Enrollment Department
Carpenters Health and Security Trust of Western Washington
PO Box 1929
Seattle WA 98111-1929
(206) 441-6514 Seattle Area
(800) 552-0635 Nationwide