

## Continuation of Coverage Under COBRA

The Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), allows you to extend certain coverage for yourself and your eligible dependents when certain circumstances, or qualifying events, would normally cause coverage to end. **This section explains COBRA continuation coverage, when it may be available to you and your family, and what you need to do to protect your right to get it.** These qualifying events and the duration of coverage are shown on the following chart:

<u>If You Have This Qualifying Event(1)</u>	<u>Coverage May Continue for</u>	<u>For a Maximum Duration of</u>
Your hours are reduced so that you no longer meet eligibility requirements (2)	You and your dependents	18 months (3)
You die	Your dependents	36 months
You become entitled to Medicare (Part A, Part B, or both) (4)	Your dependents	36 months
You are divorced or legally separated from your spouse	Your dependents	36 months
Children no longer qualify as eligible Dependents	Your dependent children	36 months

1. If a second qualifying event occurs within the 18 or 29 month COBRA continuation period, the period of coverage may be extended for up to 36 months from the first COBRA event. This extension may be available to your spouse and dependent children getting COBRA continuation coverage if you die; become entitled to Medicare benefits (under Part A, Part B, or both); get divorced or legally separated; or if your dependent child stops being eligible under the Plan as a dependent child. This extension is only available if the second qualifying event would have caused your spouse or dependent child to lose coverage under the Plan had the first qualifying event not occurred.
2. For reasons other than gross misconduct.
3. Twenty-nine (29) months if you or your dependents are disabled at the time or within 60 days. You must notify the Administrative Office before the end of the 18 month period and within 60 days of the disability determination. If either you or your dependent is no longer considered disabled by the Social Security Administration, you must notify the Administrative Office within 30 days of the determination.
4. Being eligible for Medicare at the time of your COBRA event does not prevent you from choosing COBRA for yourself.

If a proceeding in bankruptcy under title 11 of the United States Code is filed with respect to the plan sponsor, and that bankruptcy results in the loss of coverage for you as a retired employee covered under the Plan, you will be offered COBRA continuation coverage. Your spouse, surviving spouse, and dependent children will also be offered COBRA continuation coverage if bankruptcy results in the loss of their coverage under the Plan. COBRA continuation coverage will be offered for up to 36 months for this qualifying event.

COBRA continuation coverage is identical to the group medical, family supplemental, prescription drug, dental, vision care and member assistance coverage you and your family have through the Fox Valley Laborers Health and Welfare Fund. Loss of Time, Death, and Accidental Dismemberment Benefits are **not** continued. You do not have to provide evidence of good health to continue coverage. When you become eligible for COBRA, you may also become eligible for other coverage options that may cost less than COBRA continuation coverage.

It is your responsibility to inform the Administrative Office, in writing, of a divorce, legal separation, or a child losing dependent status. You should also notify the Administrative Office of any qualifying event within 60 days of the event or you may lose your right to continue coverage. Once the Administrative Office is notified of an event that affects your coverage or your dependents' coverage, you will be notified within 14 days whether or not you have the right to choose continuation coverage. You must let the Administrative Office know that you want continuation coverage within 60 days of the date you or your dependent would lose coverage or 60 days from the date you receive notice of your right to elect continuation coverage, if later. You may elect COBRA continuation coverage on behalf of your spouse and your children. Your spouse and/or dependent children will also be given the opportunity to continue coverage independently from you.

If you choose to continue coverage, you or your dependents will be required to pay the COBRA rates as set by the Board of Trustees. Your COBRA cost is 102% of the cost of coverage. If you become eligible for Social Security disability benefits your COBRA cost is 150% of the cost of coverage starting with the 19<sup>th</sup> month. These rates may change from time to time. You will be notified of the rate when you are notified that you are eligible. In addition, you will be notified if the rates change. If you do not elect to continue coverage, your health care coverage under the Fund will end. Your initial payment for coverage retroactive to the date your coverage began must be made within 45 days following the initial 60 day election period. Ongoing payments are due on the first day of every month for that month's coverage. You have a 30-day grace period to make each payment. If you do not pay your required COBRA payment before or within the 30-day grace period, your COBRA coverage ends.

Coverage is not generally available to anyone who was not participating in the Fund before the loss of coverage. However, if a child is born to you, adopted by you, or placed for adoption with you while you are on COBRA, that child can be added to your coverage. Once you elect COBRA continuation coverage, you may not change your coverage for any reason other than those specifically listed in this section.

You may have other options available to you when you lose group health coverage. For example, you may be eligible to buy an individual plan through the Health Insurance Marketplace. By enrolling in coverage through the Marketplace, you may qualify for lower costs on your monthly premiums and lower out-of-pocket costs. Additionally, you may qualify for a 30-day special enrollment period for another group health plan for which you are eligible (such as a spouse's plan), even if that plan generally doesn't accept late enrollees.

## **COBRA Credit**

**Active Participants** who are eligible for COBRA continuation coverage if the Fund does not receive contributions from your employer for 270 or more hours of work during a contribution quarter. However, if the Fund receives some contributions from your employer during a contribution quarter, you will receive COBRA credit, for up to two eligibility quarters. COBRA credit is the appropriate Welfare rate times the number of hours reported. This COBRA credit can be applied toward your COBRA premium payments for the corresponding eligibility quarter.

COBRA credit is limited to two consecutive eligibility quarters. COBRA credit earned during the first contribution quarter does not carry over to the second contribution quarter. COBRA credits for the second eligibility quarter are based on hours reported in the corresponding contribution quarter. After the second eligibility quarter on COBRA, no more COBRA credit will be granted.

**Non-Bargained Participants** are not eligible for COBRA Credit.

## **Other coverage options besides COBRA Continuation Coverage**

Instead of enrolling in COBRA continuation coverage, there may be other coverage options for you and your family through the Health Insurance Marketplace, Medicaid, or other group health plan coverage options (such as a spouse's plan) through what is called a "special enrollment period." Some of these options may cost less than COBRA continuation coverage. You can learn more about many of these options at [www.healthcare.gov](http://www.healthcare.gov).

## **When COBRA Continuation Coverage Ends**

Coverage extended through COBRA will end for you and your eligible dependents when any of the following events occur:

- at the end of the 18-, 29-, or 36-month period;
- you do not pay your premiums on time;
- you or a dependent becomes covered under any other group health care plan after your COBRA continuation coverage under this Plan started;
- you or a dependent becomes entitled to Medicare after choosing COBRA;
- you are no longer determined to be disabled during your extended period of coverage for up to 29 months (loss of your Social Security benefit); or
- if this Fund stops providing coverage for all its participants.

If you have any questions about continuation of coverage through COBRA, please contact the Administrative Office below.

Administrative Office  
Fox Valley Laborers Health and Welfare Fund  
2371 Bowes Road, Suite 500  
Elgin, Illinois 60123-5523  
1-847-742-0900 or Toll Free 1-866-828-0900

For more information about your rights under the Employee Retirement Income Security Act (ERISA), including COBRA, the Patient Protection and Affordable Care Act, 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 [www.dol.gov/ebsa](http://www.dol.gov/ebsa). (Addresses and phone numbers of Regional and District EBSA Offices are available through EBSA's website.) For more information about the Marketplace, visit [www.HealthCare.gov](http://www.HealthCare.gov).

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

To protect your family's rights, let the Administrative Office (see above for contact information) know about any changes in the addresses of family members. You should also keep a copy, for your records, of any notices you send to the Administrative Office.