

Carpenters Health and Security Plan of Western Washington

COBRA Coverage Election Notice

This notice contains important information about your right to continue your health care coverage in the Carpenters Health and Security Plan of Western Washington (the Plan), as well as other health coverage alternatives that may be available to you through the Health Insurance Marketplace. Please read the information contained in this notice very carefully.

Introduction

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 that are entitled to elect COBRA Coverage are called “qualified beneficiaries.”

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

If you elect COBRA 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 group plan or Medicare, the benefits of this plan are determined after the benefits of the other group plan or Medicare.

Who Is A “Qualified Beneficiary”?

- 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 and/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 that 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.

How Long Will Continuation Coverage Last?

In the case of a loss of coverage due to end of employment, whether it is voluntary or involuntary or reduction in hours of employment, coverage generally may be continued for up to a total of 18 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 dependent child ceasing to be a dependent 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 of the employee's hours of employment, and the employee became entitled to Medicare benefits less than 18 months before the qualifying event, COBRA 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.

How Can You Extend the Length of COBRA 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 Carpenters Trusts 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 11-month extension of coverage may be available if any of the qualified beneficiaries is determined under the Social Security Act (SSA) to be disabled. The disability has to have started at some time on or before the 60th day of COBRA Coverage and must last at least until the end of the 18-month period of continuation coverage. Each qualified beneficiary who has elected continuation coverage will be entitled to the 11-month disability extension if one of them qualifies. If the qualified beneficiary is determined to no longer be disabled under the SSA, you must notify the Plan of that fact within 30 days after that determination.

Second Qualifying Event

An 18-month extension of coverage will be available to spouses and dependent children who elect continuation coverage if a second qualifying event occurs during the first 18 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 legal 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 the 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.

How Can You Elect COBRA Coverage?

To elect continuation coverage, you must complete the COBRA Application 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.

How Much Does COBRA 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.

When and How Must Payment for COBRA Coverage Be Made?

First payment for continuation coverage

If you elect continuation coverage, you do not have to send any payment with the COBRA Application. However, you must make your first payment for continuation coverage not 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 in full not later than 45 days after the date 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. You may contact Participant Services at Carpenters Trusts to confirm the correct amount of your first payment.

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 for each qualified beneficiary is shown on your application. The periodic payments can be made on a monthly basis. Under the plan, each of these periodic payments for continuation coverage is due upon receipt of the bill but not later than 30 days from the beginning of the month to be covered. If you make a periodic payment on or before the first day of the coverage period to which it applies, your coverage under the plan will continue for that coverage period without any break. The plan will send periodic notices of payments due for these coverage periods.

Grace periods for periodic payments

Although monthly payments are due on the dates shown above, you will be given a grace period of 30 days after the first day of the coverage period to make each monthly 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. However, if you pay a monthly payment later than the first day of the coverage period to which it applies, but before the end of the grace period for the 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

monthly 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.

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 monthly payments for continuation coverage should be sent to:

Carpenters Trusts of Western Washington
PO Box 1929
Seattle, WA 98111-1929

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, the employee's becoming entitled to Medicare benefits or a 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.

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, a COBRA Application is mailed to the qualified beneficiaries. The COBRA Application 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 COBRA Application is not sent to the plan administrator by this date, the qualified beneficiaries will lose the right to elect COBRA.

Cost and Payment

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 preexisting condition of the qualified beneficiary. Please 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.
- 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.
- The date the qualified beneficiary first becomes entitled to Medicare benefits (under Part A, Part B, or both).

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.

If you have any questions about continuation coverage, please contact Participant Services at Carpenters Trusts.

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 Coverage:

- **Health Insurance Marketplace.** Instead of enrolling in COBRA, there may be other more affordable coverage options available through the Health Insurance Marketplace. If you or your dependents enroll in coverage through the Marketplace you may qualify for lower monthly premiums and lower out-of-pocket costs than under COBRA. If you or your dependents elect COBRA, you can switch to a Marketplace plan during the Marketplace open enrollment. You and your dependents may also be able to end COBRA early and switch to a Marketplace plan if there is an event that gives rise to a special enrollment period, such as marriage or birth of a child. However, if COBRA is terminated early without an event that gives rise to a special enrollment, then Marketplace coverage is not available until the next Marketplace open enrollment period. Once COBRA is exhausted and expires, special enrollment is also available through the Marketplace, even if the open enrollment ended. If a Market Place plan is selected instead of COBRA, then COBRA may not thereafter be elected unless there is a new COBRA qualifying event. For information about health insurance options available through the Health Insurance Marketplace, and to locate an assister in a particular geographic area who can provide information about the different options, visit www.HealthCare.gov.
- **Extension of Benefits.** If you or a dependent are totally disabled when coverage under Employee Coverage 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 Coverage, you may not elect COBRA when the Extension of Benefits terminates. Please contact Carpenters Trusts for an *Extension of Benefits Application*.

- **Self-Contribution Coverage.** You may elect COBRA 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.
- **Retiree Coverages.** If you elect COBRA Coverage in lieu of Retiree Coverage, you may later enroll in Retiree Coverage, 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 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 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.

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 Participant Services at Carpenters Trusts. The address and telephone number are provided 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, visit the U.S. Department of Labor's Employee Benefits Security Administration (EBSA) website at www.dol.gov/ebsa or call their toll-free number at 1-866-444-3272. For more information about health insurance options available through a Health Insurance Marketplace, visit www.healthcare.gov.

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

Participant Services
Carpenters Trusts of Western Washington
PO Box 1929
Seattle WA 98111-1929

(206) 441-6514 Seattle Area
(800) 552-0635 Nationwide
www.ctwww.org

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