

## **SECTION FOURTEEN: Continuation of Coverage**

### **I. Continuation of Coverage Under COBRA**

#### **A. General Explanation of COBRA**

If you lose coverage under the Plan due to a "Qualifying Event" you and/or your eligible dependents may purchase certain health care coverage under a federal law called the "Consolidated Omnibus Budget Reconciliation Act" (COBRA). COBRA applies to medical, prescriptions, hearing, vision, EAP and dental benefits but does not apply to Life Insurance, weekly accident and sickness benefit, accidental death and dismemberment insurance, legal services, gym reimbursement, weight watchers, and Income tax preparation. You must make monthly self-payments to the Fund Office on time in order to keep your coverage under COBRA. The COBRA continuation coverage available to you will be identical to the applicable medical, prescription drug, dental, hearing, vision and EAP benefits available under the terms of and conditions of this SPD.

If you were not receiving one or more of the benefits noted above at the time your coverage terminated, you will not receive them under COBRA. You will be required to pay the full cost for the coverage you continue according to the applicable single or family rate, plus an administrative charge. If, during a period of COBRA continuation coverage, you marry, have a newborn child, adopt a child, or otherwise add a Dependent, that Dependent may be added to the coverage for the balance of the period of COBRA continuation coverage, provided you pay an increase in the cost of coverage. Otherwise, in general, once you elect a COBRA Plan of benefits and the initial contribution is made, you may not thereafter change your coverage selection. Your payments for COBRA continuation coverage must be made on time or coverage will be terminated.

#### **B. Application Requirements**

You must apply for COBRA coverage within 60 days of a qualifying event (shown in the chart in Section C) or, 60 days from the date you lose coverage, whichever is later. If you experience a "Qualifying Event," contact the Fund Office to obtain information on continuing your coverage through COBRA.

#### **C. COBRA Continuation Coverage Qualifying Events**

If one of the qualifying events described in the chart occurs and, as a result, you and/or your dependent lose coverage you and/or your dependent may be eligible to apply for coverage under COBRA for the specified length of time.

<b>Qualifying Event</b>	<b>Who May Purchase Continuation Coverage</b>	<b>For How Long</b>
Participants' termination of employment or reduction in hours or employment	Participant, spouse and dependent children	18 months
Participant's termination or reduction in hours while the participant or participant's dependent is disabled (or becomes disabled within 60 days of electing COBRA)	Participant, spouse and dependent children	29 months (18 months plus an additional 11)
Participant becomes entitled to Medicare*	Spouse and/or dependent children	36 months
Participant Dies	Spouse and dependent children	36 months
Participant gets divorced	Spouse	36 months
Child is no longer considered a dependent child by this Plan's definition	Dependent Child	36 months

\*Medicare's Secondary Payer Rules generally prohibit a group health plan from taking Medicare entitlement into account or terminating coverage of an Active Member because of Medicare. Thus, this situation will rarely result in an initial COBRA qualifying event. However, when a participant is entitled to Medicare, then loses coverage due to termination or reduction of hours, the participant's covered spouse and dependent child may extend coverage under COBRA up to a maximum of 36 months from the date of the participant's Medicare entitlement. The participant, however, is restricted to a maximum of 18 months.

**D. Impact of a Second COBRA Qualifying Event During the 18 Month COBRA Continuing Coverage Period**

If your dependents are in an 18-month COBRA continuation coverage period because of your termination of employment or reduction in hours of employment (or a 29 month period, in the case of a Social Security disability determination – see below) and one of the following qualifying events occurs, the maximum COBRA continuation period for your dependents will extend to 36 months (provided you and/or your dependents notify the Fund Office of the second qualifying event within the time-frame discussed in "Notification Responsibilities" below):

1. you divorce or legally separate;
2. you die; or
3. your child ceases to meet the Plan's definition of an eligible dependent (in this case, only the child may extend coverage).

## **E. Disability Extension of 18-Month Period of Continuation Coverage**

If you or anyone in your family covered under the Plan is determined by the Social Security Administration to be disabled and you notify the Fund Office in a timely fashion, you and your entire covered family may be entitled to receive up to 11 additional months of COBRA continuation coverage, for a total maximum of 29 months. This disability would have 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 18-month period of continuation coverage. See “Notification Requirements and Procedures” (below) for instructions on how to notify the Fund Office about a Social Security determination of disability.

## **F. Notification Requirements and Procedures**

### **1. Notification Responsibilities**

As stated previously, you and/or your dependents are responsible for providing the Fund Office with timely notice of the following qualifying events:

Your divorce or legal separation from your spouse; or a child’s ceasing to be eligible for coverage under the Plan as a “dependent child.”

In addition, you and/or dependents are responsible for notifying the Fund Office, within the time-frame noted below, of the following:

A determination by the Social Security Administration that a qualified beneficiary entitled to receive COBRA coverage with a maximum of 18 months is disabled; or a determination by the Social Security Administration that such a qualified beneficiary is no longer disabled; or the occurrence of a second qualifying event, as described under “If a Second COBRA Qualifying Event Occurs” above.

Failure to notify the Fund Office of changes to you or a family member’s eligibility may result in a delay of payment of a claim at a future date or may adversely affect you or your family’s member’s COBRA rights. To the extent you are entitled to COBRA coverage, your coverage will be effective retroactive to the date you should have lost coverage due to the change in eligibility. If you elect COBRA coverage, you will be responsible for the COBRA premiums retroactive to the date you should have lost coverage due to the change in eligibility. Failure to pay those retroactive premiums will affect your continued COBRA coverage.

**You must make sure that** the Fund Office is notified of any of the occurrences listed above. Failure to provide this notice in the form and within the timeframes described below will prevent you and/or your dependents from obtaining or extending COBRA coverage.

When the qualifying event is the termination of employment or reduction in hours of employment or the death of an employee, the Fund will determine when a qualifying event has occurred. However, you are encouraged to inform the Fund Office of any qualifying event to assure prompt handling of your COBRA rights. The Fund Office will notify you of your right to choose continuation coverage within 60 days of receiving notification of a qualifying event.

## **2. How to Provide Notice to the Fund Office**

To provide the Fund Office with notice of a qualifying event, you must submit a COBRA Notice of Qualifying Event to the Fund Office. You can obtain a copy of this notice by contacting the Fund Office. No other form of notice will be accepted by the Fund. If you have any questions about how to fill out this form, please contact Dawn O'Connor, Administrative Assistant at the Fund Office, at (401) 467-3323.

Notice should be sent by U.S. mail to the following address:

Dawn O'Connor, Administrative Assistant  
Teamsters Local 251 Health Services and Insurance Plan  
1201 Elmwood Avenue  
Providence, RI 02907-3799  
Tel.: (401)467-3323

Please keep a copy, for your records, of any notices you send to the Fund Office.

## **3. Deadlines for Notification of Qualifying Event**

Your timeframes for providing notice to the Fund Office are as follows:

- a.** If you are providing notice of a divorce, a dependent child's loss of eligibility for coverage, or a second qualifying event, you must send the notice no later than **60 days after the later of** (1) the date of the relevant qualifying event or (2) the date on which coverage would be lost under the Plan as a result of the qualifying event.
  
- b.** If you are providing notice of a Social Security Administration determination of disability, notice must be sent no later than **60 days after the latest of** (1) the date of disability determination by the Social Security Administration, (2) the date of the qualifying event, or (3) the date on which the qualified beneficiary would lose coverage under the Plan due to the qualifying event, and before the end of the first 18 months of continuation coverage.

- c. If you are providing notice of a Social Security Administration determination that you or your dependent **is no longer disabled**, notice must be sent no later than **30 days after** the date of the determination by the Social Security Administration that you or your dependent is no longer disabled.

#### **4. Who Can Provide Notice**

Notice may be provided by the qualified dependent with respect to the qualifying event (you or your dependents, as applicable) or any representative acting on behalf of the qualified dependent.

#### **5. Notice of Plan's Denial of COBRA Coverage**

Notice from one individual will satisfy the notice requirement for all related qualified dependents affected by the same qualifying event.

If you or your dependents send a notice to the Fund Office as described above and the Fund Office determines that you are not entitled to COBRA continuation coverage, the Fund Office will send you a written notice stating the reason why you are not eligible for COBRA continuation coverage. This will be provided within 14 days after the Fund Office receives your notice.

#### **6. Notice of Fund's Offer of COBRA Coverage/ Electing Coverage**

Once the Fund is notified of a qualifying event of Social Security disability determination, it will send you information about the monthly cost of your COBRA coverage and an election form for you to complete and return. You and/or covered dependents have **60 days** to make your COBRA election from the later of:

- the date you would have lost coverage because of the qualifying event; or
- the date you received the election form and COBRA information from the Fund Office.

#### **G. Paying for COBRA**

You and your dependents are required to pay the entire cost of continued group health coverage at group rates. Generally, the cost will not be more than 102% of the cost of these benefits to the Fund. However, the Fund does charge 150% of the cost of the benefits during the additional 11 months for loss of coverage due to disability.

You must send your first payment within 45 days following submission of the COBRA election form. Your first payment for COBRA continuation coverage must include payments for any months retroactive to the day you and/or dependents' coverage under the Plan terminated. In other words, you cannot have a month without coverage—you must pay for each month from the date you lost coverage under the Teamsters Local 251 Health Services and Insurance Plan.

Your COBRA payments are **due on the first of the month** for coverage for the following month. You will not receive a monthly invoice.

#### **H. Reasons Why Your COBRA Coverage May be Cut Short**

Your coverage may be cut short for any of the following reasons:

- 1.** You do not pay your premium to the Fund Office on time;
- 2.** You become covered under any other group health plan as an employee, unless the plan contains an exclusion or limitation on any preexisting condition that you have;
- 3.** You become entitled to Medicare (under Part A, Part B, or both);
- 4.** You are reinstated to active benefits;
- 5.** Your coverage has been extended to 29 months and it is determined that you are no longer disabled; or
- 6.** The Fund no longer provides group health coverage.