

# COBRA Continuation Coverage

The Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), is a federal law that requires plans to offer a temporary extension of benefits to employees and eligible dependents (qualified beneficiaries) who would otherwise lose coverage under a plan. Qualified beneficiaries include you and each Dependent who was covered under the Plan on the day before a qualifying event occurs and who would lose coverage as a result of a qualifying event. Children born, adopted, or placed for adoption have the same COBRA rights as a spouse or other Dependent who was covered by the Plan before the event that triggered COBRA continuation coverage.

Under COBRA, you may continue the benefits available to you prior to your loss of coverage for you and/or your Dependents, without evidence of good health.

## Active Employee Qualifying Events

As an Active Employee, you are eligible for COBRA continuation coverage if you lose coverage due to:

- Your termination of employment (except due to gross misconduct); or
- A reduction of your hours of employment, causing loss of coverage.

## Dependent Qualifying Events

Your Dependents are eligible for COBRA continuation coverage in the event of:

- Your termination of employment or reduction in the number of hours you work;
- Your death;
- Your divorce or legal separation;
- A child no longer meeting the Plan's definition of Dependent; or
- Your entitlement to Medicare.

A Dependent may also include someone you marry or gain as a child during a period of continuation coverage after a loss of Active Employee Benefits.

## Notification to the Fund Office

If you and/or your Dependents become eligible for COBRA continuation coverage due to your termination of employment, reduction in hours, Medicare entitlement, or death, your Employer must notify the Fund Office within 30 days after the occurrence.

By law, within 60 days after your Dependent becomes eligible for COBRA continuation coverage because of legal separation or divorce, you or the Dependent must notify the Fund Office of that qualifying event. If you or your Dependents do not contact the Fund Office during the 60-day period, COBRA continuation coverage will not be available.

Notification should be made in writing to the Fund Office and should include the Active Employee's name and member identification number, qualified beneficiary's name, the qualifying event entitling them to COBRA continuation coverage, and the date of the event. Failure to provide timely notice may prevent you and/or your Dependents from obtaining or extending COBRA continuation coverage.

Active Employees, qualified beneficiaries, or any representative acting on behalf of the Active Employee or qualified beneficiary may provide notice. Notice from one individual will satisfy the notice requirement for all related qualified beneficiaries affected by the same qualifying event.

### **Electing COBRA Continuation Coverage**

Within 45 days of receipt of notice(s), the Fund Office will send you and/or your Dependents an election form to continue coverage with instructions or, if you are not eligible, information as to why you are not eligible to elect this coverage. To be eligible for COBRA continuation coverage, you must return the completed election form to the Fund Office within 60 days after the date the Fund Office notifies you of your loss of coverage and eligibility for COBRA continuation coverage. This 60-day period is referred to as an election period.

- Each member of your family who would lose coverage because of a qualifying event is entitled to make a separate COBRA continuation coverage election.
- If you do not elect COBRA continuation coverage for your Dependents when they are entitled to COBRA continuation coverage, your Dependents have the right to elect COBRA continuation coverage for themselves. Your spouse may elect COBRA continuation coverage for herself or himself and any children who are covered by the Plan on the date of the qualifying event.
- This provision applies if international trade adversely affects your employment. If you are certified by the U.S. Department of Labor (DOL) as eligible for benefits under the Trade Act of 2002, you may be eligible for both a new opportunity to elect COBRA continuation coverage and an individual Health Insurance Tax Credit. If you and/or your Dependents did not elect COBRA continuation coverage during your election period, but are later certified by the DOL for Trade Act benefits, you may be entitled to an additional 60-day COBRA continuation coverage election period beginning on the first day of the month in which you were certified. However, in no event would this benefit allow you to elect COBRA continuation coverage later than six months after your coverage ended under the Plan.
- If you are losing coverage under the Plan based on your intent to retire and you elect coverage under the Retiree Plan of benefits offered by the Automobile Mechanics' Local No. 701 Union and Industry Welfare Fund, such election will constitute a waiver of your right to COBRA continuation coverage under the Classic Bargained Plan.

If the Fund Office does not receive your completed election form within the 60-day election period, coverage will automatically terminate for you and/or your Dependents effective as of the original date coverage was lost. Failure to return the completed form within the time limit will also automatically terminate the right to continuation of benefits.

## **Type of Coverage**

If you or your Dependent is eligible for and elects COBRA continuation coverage after a loss of coverage under Active Employee Benefits, the Plan will provide coverage for Medical, Prescription Drug, Dental and Vision care, as well as your existing HRA (if any), all covered in the same rate.

You or your Dependent(s) would be responsible for paying the full premium cost of coverage plus administrative charges for COBRA continuation coverage. The cost of COBRA continuation coverage is determined based on Plan experience and applicable government regulations. Your premium will be due no later than 45 days after you elect coverage. The first payment must retroactively cover the period of time from the date on which your coverage was lost up through and including the current month. After that, payments are due monthly and must be continuous.

Failure to submit the initial required premium payment within the time limit specified automatically terminates the continuation of benefits and the right to continuation of benefits.

## **COBRA Continuation Coverage Period**

Generally, you may continue coverage under COBRA for a period of up to 18 months from the date (or up to 29 months for disabled individuals, as described in the next section) your employment terminates or there is a reduction in the number of hours you work.

Your Dependents may qualify to continue coverage for a period of up to 36 months under the following qualifying events:

- You and your spouse become divorced or legally separated;
- You become entitled to Medicare;
- Your child loses eligibility as a Dependent; or
- Your death.

If COBRA continuation coverage is obtained after one qualifying event and a second qualifying event, as listed above, occurs during the initial 18-month COBRA continuation coverage period, your Dependent would then be eligible for an additional 18 month COBRA continuation coverage period (a total of 36 months from the date of the first qualifying event).

## Coverage for Disabled Individuals

### Example: COBRA Qualifying Events

If you are terminated, lose coverage under Active Employee Benefits, continue coverage under COBRA and then divorce six months later, you would be eligible for COBRA continuation coverage for a total of 18 months from the date of the first qualifying event (your termination). Your Dependents could extend their coverage for up to an additional 18-month period for a total of 36 months from the date of the first qualifying event (your termination).

If the Social Security Administration determines that you or one of your Dependents was totally and permanently disabled on the day your employment ended, or within 60 days after that, COBRA continuation coverage may be continued up to a maximum of 29 months, instead of 18 months for all covered family members who have elected COBRA continuation coverage. For coverage to continue, you must notify the Fund Office, in writing:

- Before the 18-month period ends; and
- Within 60 days of the date of the disability.

You must include any documentation of the determination of disability with a written request for extended coverage.

The cost of extended COBRA continuation coverage for disabled individuals and all other qualified beneficiaries for whom coverage is extended under this provision is determined based on Plan experience and applicable government regulations. The premium cost of such extended coverage is greater than that of continued coverage.

When the disability ends, you must notify the Fund Office within 30 days. The extended coverage will end for each qualified beneficiary covered under this extension unless he or she is still within the initial 18-month period of continued coverage.

## When COBRA continuation coverage Ends

You lose your right to COBRA continuation coverage if:

- The Plan no longer provides medical, prescription drug, dental, and/or vision care coverage to any Participants;
- You do not pay the required premium when due;

- You become covered under another group medical plan. Note however, that if you have a pre-existing condition not covered by the other plan, your COBRA continuation coverage may be continued;
- You become entitled to Medicare; or
- The period of time for COBRA continuation coverage has expired.