

District Council 37 Health & Benefit Fund

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Important Information About Your COBRA Continuation Coverage Rights

What Is Continuation Coverage?

Federal law requires that most group health plans (including this Plan) give employees and their families the opportunity to continue their health care coverage when there is a "qualifying event" that would result in a loss of coverage under an employer's plan. Depending on the type of qualifying event, "qualified beneficiaries" can include the employee (or retired employee) covered under the group health plan, the covered employee's spouse, and the dependent children of the covered employee.

Continuation coverage is the same coverage that the Plan gives to other participants or beneficiaries under the Plan who are not receiving continuation coverage. Each qualified beneficiary who elects continuation coverage will have the same rights under the Plan as other participants or beneficiaries covered under the Plan, including open enrollment and special enrollment rights.

Please note that, as an alternative to COBRA, a retired employee may elect modified health coverage for himself/herself and his/her spouse under the Plan's Retiree Program. Generally, the following individuals who pay the designated cost for coverage are eligible to elect retiree coverage: (1) retirees 65 years or older who have ten years of service; or (2) Disabled Retirees who have a Social Security Disability Award and fifteen years of service. Your spouse is only eligible to participate in the Retiree Program if he/she is enrolled in Medicare. Please consult the summary plan description and contact the Fund Office for more information on the Retiree Program and the modified benefits that it provides. **Please note that if you elect modified health coverage under the Retiree Program you may not later to continue coverage under COBRA.**

How Long Will Continuation Coverage Last?

In the case of a loss of coverage due to end of employment or reduction in hours of employment, coverage generally may be continued only for up to a total of 18 month. In the case of losses of coverage due to an employee's death, divorce or legal separation, 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 less than 18 months before the qualifying event, COBRA continuation 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.

Continuation coverage will be terminated before the end of the maximum period if:

- *any required payment for COBRA coverage is not paid in full on time,*
- *the qualified beneficiary first becomes, after electing COBRA coverage, covered under another group health plan (as an employee or otherwise) that does not impose any pre-existing condition exclusion or limitation applicable to the individual,*
- *the qualified beneficiary first becomes entitled to Medicare benefits (under Part A, Part B or both) after electing continuation coverage,*
- *the group health coverage provided to the qualified beneficiary is terminated (and the Board of Trustees is not required by COBRA to provide other group health coverage that it maintains, if any), or*
- *coverage has been extended for up to 29 months due to disability and there has been a final determination by the Social Security Administration that the individual is no longer disabled. In this case, coverage will end as of the month that begins more than 30 days after the date of such final determination.*

Continuation coverage may also be terminated for any reason the Plan would terminate coverage of a participant or beneficiary not receiving continuation coverage (such as fraud).

You do not have to prove insurability to be entitled to continuation coverage. However, continuation coverage is provided subject to your (and your family members') eligibility for coverage under the Plan. The Board of Trustees of the Plan reserves the right to terminate continuation coverage retroactively if you (or a member of your family) are determined to be ineligible for coverage. Once your continuation coverage terminates for any reason, it cannot be reinstated.

How Can You Extend the Length of Continuation Coverage?

If the maximum period of COBRA continuation coverage shown on the first page of this notice is 18 months, you may be able to extend your COBRA continuation coverage. If you elect continuation coverage, an extension of the 18-month period of coverage may be available if a qualified beneficiary is disabled (for Social Security purposes) or a second qualifying event occurs. You must notify the Fund Office in writing of a disability or a second qualifying event in order to extend the period of continuation coverage. Failure to provide timely notice of a disability or a second qualifying event may affect the right to extend the period of continuation coverage. You may also obtain continuation coverage (in addition to COBRA) after your COBRA coverage ends if you are age 62 and meet certain conditions (described below).

Disability

An 11-month extension of coverage may be available if any of the qualified beneficiaries is determined by the Social Security Administration (SSA) to be disabled. The disability has to have started at some time before the 60th day of COBRA continuation coverage and must last at least until the end of the 18-month period of continuation coverage.

The notice must be sent to the Fund Office within 60 days of the latest of: (i) the date of the disability determination by the Social Security Administration; (ii) the date of the initial qualifying event; or (iii) the date of the loss of coverage due to the initial qualifying event, and notice must be provided before the end of the initial 18-month COBRA continuation period.

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 by SSA to no longer be disabled, you must notify the Plan of that fact within 30 days after SSA's 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.

You must notify the Plan in writing within 60 days after a second qualifying event occurs if you want to extend your continuation coverage. The notice must include the covered employee's name, the type of second qualifying event, the date on which the event occurred, and the name(s) of the qualified beneficiary(ies) whose coverage may be extended due to the second qualifying event. In addition, you must include with the notice a copy of the employee's death certificate, divorce decree, proof of legal separation, or a copy of the child's birth certificate or other appropriate proof, as applicable depending on the event.

Employees Age 62 and Older

If you are 62 or older when you become eligible and elect COBRA continuation coverage, you may elect to continue coverage for yourself on a self-pay basis (at 150% of the COBRA rate) after your COBRA coverage expires, but not beyond age 65. Your spouse and eligible dependents are not

eligible for this additional continuation coverage. You can elect this extended coverage only if you notify the Fund Office on the Election Form of your intention to continue coverage until age 65.

How Can You Elect COBRA Continuation Coverage?

To elect continuation coverage, you must complete the Election Form 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 a failure to continue your group health coverage will affect your future rights under federal law. First, you can lose the right to avoid having pre-existing condition exclusions applied to you by other group health plans if you have more than a 63-day gap in health coverage, and election of continuation coverage may help you not have such a gap. Second, you will lose the guaranteed right to purchase individual health insurance policies that do not impose such pre-existing condition exclusions if you do not get continuation coverage for the maximum time available to you. Finally, 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 Continuation 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. If you are age 62 or older when you become eligible and you elect the special continued coverage beyond the 18-month COBRA period, you will be charged 150% of the Plan's COBRA rate for the coverage you receive after the initial 18-month period. The required payment for each continuation coverage period for each option is described in this notice.

The amount charged for continuation coverage may be adjusted due to changes in coverage. In addition, even in the absence of any changes in coverage, amounts charged for continuation coverage may change on a yearly basis or as otherwise permitted by applicable law.

The Trade Act of 2002 created a new tax credit for certain individuals who become eligible for trade adjustment assistance and for certain retired employees who are receiving pension payments from the Pension Benefit Guaranty Corporation (PBGC) (eligible individuals). Under the new tax provisions, eligible individuals can either take a tax credit or get advance payment of 65% of premiums paid for qualified health insurance, including COBRA continuation coverage. If you have questions about these new tax provisions, you may call the Health Coverage Tax Credit Customer Contact Center toll-free at 1-866-628-4282. TTD/TTY callers may call toll-free at 1-866-626-4282. More information about the Trade Act is also available at www.doleta.gov/tradeact/2002act.

When and How Must Payment For COBRA Continuation Coverage Be Made?

First payment for continuation coverage

If you elect COBRA continuation coverage, you do not have to send any payment with the Election Form. However, you must make your first payment for continuation coverage not later than 45 days after the date of your election. (This means 45 days after the date that your Election Form is

post-marked, if mailed). If you do not make your first payment for continuation coverage in full within this 45-day period, you will lose all rights to COBRA continuation coverage under the Plan and your coverage will terminate as of the date indicated in this notice. Your first payment must include the periodic payments that are due through the date you make the first payment, subject to the 30-day grace period described below. You are responsible for making sure that the amount of your first payment is correct. You may contact the Fund Office 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 in this notice. The periodic payments can be made on a monthly basis. Under the Plan, each of these periodic payments for continuation coverage is due on the 1st day of the month for that coverage period. 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. Grace periods for periodic payments

Although periodic 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 periodic 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 periodic 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 periodic 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 periodic payments for continuation coverage should be made payable to **DC 37 Health & Benefit Fund** and should be sent to **P. O. Box 816, New York, NY 10108**.

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 the Fund Office at P. O. Box 816, New York, NY 10108 or 212.334.0096.

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 and your family's rights, you should keep the Plan Administrator informed of any changes in your address and the addresses of family members. You should also keep a copy, for your records, of any notices you send to the Plan Administrator.

Paperwork Reduction Act Statement

According to the Paperwork Reduction Act of 1995 (Pub. L. 104-13) (PRA), no persons are required to respond to a collection of information unless such collection displays a valid Office of Management

and Budget (OMB) control number. The Department notes that a Federal agency cannot conduct or sponsor a collection of information unless it is approved by OMB under the PRA, and displays a currently valid OMB control number, and the public is not required to respond to a collection of information unless it displays a currently valid OMB control number. See 44 U.S.C. 3507. Also, notwithstanding any other provisions of law, no person shall be subject to penalty for failing to comply with a collection of information if the collection of information does not display a currently valid OMB control number. See 44 U.S.C. 3512.

The public reporting burden for this collection of information is estimated to average approximately four minutes per respondent. Interested parties are encouraged to send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the U.S. Department of Labor, Office of the Chief Information Officer, Attention: Departmental Clearance Officer, 200 Constitution Avenue, N.W., Room N-1301, Washington, DC 20210 or email DOL_PRA_PUBLIC@dol.gov and reference the OMB Control Number 1210-0123.