

## TO BE GIVEN TO ALL NEW EMPLOYEES

### CONTINUATION COVERAGE

#### \*\*\*VERY IMPORTANT NOTICE\*\*\*

A federal law [Public Law 99-272, Title X, commonly known as COBRA] requires that most employers sponsoring group health plans offer employees and their families the opportunity for a temporary extension of health coverage (called “continuation coverage”) at group rates in certain instances where coverage under the plan would otherwise end (“Qualifying Events”). This notice is intended to inform you, in a summary fashion, of your rights and obligations under the continuation coverage provisions of the law. Both you and your spouse should take the time to read this notice carefully.

#### WHO IS COVERED

**Employees.** If you are an employee of NECA Local #145 IBEW Health and Welfare Plan (The Plan) covered by the Plan, you have a right to choose this continuation coverage if you lose your group health coverage because of a reduction of your hours of employment or the termination of your employment (for reasons other than gross misconduct on your part).

**Spouses of employees.** If you are the spouse of an employee covered by the Plan, you are a “Qualified Beneficiary” and have the right to choose continuation coverage for yourself if you lose group health coverage under the Plan for any of the following five reasons:

1. the death of your spouse;
2. termination of your spouse’s employment (for reasons other than gross misconduct) or reduction in your spouse’s hours of employment;
3. divorce or legal separation from your spouse;
4. your spouse becoming entitled to Medicare; or
5. the commencement of certain bankruptcy proceedings, if your spouse is retired.

**Dependent children.** A dependent child of an employee covered by the Plan also is a “Qualified Beneficiary” and has the right to continuation coverage if group health coverage under the Plan is lost for any of the following six reasons:

1. the death of a parent;
2. the termination of a parent’s employment (for reasons other than gross misconduct) or reduction in a parent’s hours of employment with the Plan;

3. parents' divorce or legal separation;
4. a parent becoming entitled to Medicare;
5. the dependent ceasing to be a "dependent child" under the Plan; or
6. a proceeding in a bankruptcy reorganization case, if the parent is retired.

A child born to, or placed for adoption with, the covered employee during a period of continuation coverage also is a Qualified Beneficiary.

**Separate elections.** If there is a choice among types of coverage under the plan, each of you who is eligible for continuation of coverage is entitled to make a separate election among the types of coverage. Thus, a spouse or dependent child is entitled to elect continuation of coverage even if the covered employee does not make that election. Similarly, a spouse or dependent child may elect a different coverage from the coverage that the employee elects.

### **YOUR DUTIES UNDER THE LAW**

Under the law, the employee or a family member has the responsibility to inform the Plan of a divorce, legal separation, or a child losing dependent status under the Plan, within 60 days of the date of the event. In addition, the employee or a family member must inform the Plan of a determination by the Social Security Administration that the employee or covered family member was disabled during the 60-day period after the employee's termination of employment or reduction in hours, within 60 days of such determination and before the end of the original 18-month continuation coverage period. (See "Special rule for disability," below.) If, during continued coverage, the Social Security Administration determines that the employee or family member is no longer disabled, the individual must inform the Plan of this redetermination within 30 days of the date it is made.

### **EMPLOYER'S DUTIES UNDER THE LAW**

The Plan has the responsibility to notify the Plan of the employee's death, termination of employment or reduction in hours, or Medicare eligibility. Notice must be given to the Plan within 60 days of the happening of the event. When the Plan is notified that one of the events has happened, the Plan will in turn notify you that you have the right to choose continuation coverage. Under the law, you have at least 60 days from the date you would lose coverage because of one of the events described above to inform the Plan that you want continuation coverage.

### **CHOOSING CONTINUATION COVERAGE**

If you do not choose continuation coverage within the time period described above, your group health insurance coverage will end.

If you choose continuation coverage, the Plan is required to give you coverage that, as of the time coverage is being provided, is identical to the coverage provided under the plan to similarly situated employees or family members. This means that if the coverage for similarly situated employees or family members is modified, your coverage will be modified. (“Similarly situated” refers to current employees or their dependents who have not had a qualifying event.)

### **HOW LONG WILL COVERAGE LAST?**

The law requires that you be afforded the opportunity to maintain continuation coverage for **36 months**, unless you lost group health coverage because of a termination of employment or reduction in hours. In that case, the required continuation coverage period is **18 months**. Additional qualifying events (such as a death, divorce, legal separation, or Medicare entitlement) may occur while the continuation coverage is in effect. Such events may extend an 18-month continuation period to **36 months**, but in no event will coverage extend beyond 36 months from the date of the event that originally made the employee or a qualified beneficiary eligible to elect coverage. You should notify the Plan if a second qualifying event occurs during your continuation coverage period.

**Special rules for disability.** If the employee or covered family member is disabled at any time during the first 60 days of continuation coverage, the continuation coverage period is **29 months** for all family members, even those who are not disabled. The disability that extends the continuation coverage period must be determined by the Social Security Administration. The employee or family member must inform the Plan within 60 days of the date of disability determination and before the end of the original 18-month continuation coverage period. If, during continued coverage, the Social Security Administration determines that the employee or family member is no longer disabled, the individual must inform the Plan of this redetermination within 30 days of the date it is made. If an employee or family member is disabled and another qualifying event (other than bankruptcy of the Plan) occurs within the 29-month continuation period, then the continuation coverage period is **36 months** after the termination of employment or reduction in hours.

**Special rule for Retirees.** In the case of a Retiree or an individual who was a covered surviving spouse of a Retiree on the day before the filing of a Title 11 bankruptcy proceeding by the Plan, coverage may continue until the death and, in the case of the spouse or dependent child of a Retiree, 36 months after the date of death of a Retiree.

**Continuation coverage may be cut short.** The law provides that your continuation coverage may be cut short prior to the expiration of the 18-, 29-, or 36-month period for any of the following five reasons:

1. The Plan no longer provides group health coverage to any of its employees.
2. The premium for continuation coverage is not paid in a timely manner (within the applicable grace period).

3. Any time after the latest date that COBRA coverage may be elected under this plan, the individual becomes covered under another group health plan (whether or not as an employee) that does not contain any exclusion or limitation with respect to any preexisting condition of the individual (other than an exclusion or limitation that, after July 1, 1997, does not apply to, or is satisfied by, the individual under the provisions of the Health Insurance Portability and Accountability Act of 1996).
4. The individual becomes entitled to Medicare any time after the latest date that COBRA coverage may be elected under this plan.
5. Coverage has been extended for up to 29 months due to disability (see “Special rules for disability”) and there has been a final determination that the individual is no longer disabled.

You do not have to show that you are insurable to choose continuation coverage. However, under the law, you may have to pay all or part of the premium for your continuation coverage. (The law also says that, at the end of the 18-, 29-, or 36-month continuation coverage period, you must be allowed to enroll in any individual conversion health plan provided under the Plan).

Once your continuation coverage terminates for any reason, it cannot be reinstated.

This notice is a summary of the law and therefore is general in nature. The law itself and the actual Plan provisions must be consulted with regard to the application of these provisions in any particular circumstances.

### **QUESTIONS?**

If you have any questions about the law, please contact the Plan: *name and business address* . Also, if you have changed marital status, or you or your spouse have changed addresses, please notify the Plan at the above address.