COBRA CONTINUATION COVERAGE

This section contains important information about your right to COBRA continuation coverage, which is a temporary extension of coverage under the Plan. The right to COBRA continuation coverage was created by federal law, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). COBRA continuation coverage can become available to you and to other members of your family who are covered under the Plan when you would otherwise lose your group health coverage. This section explains COBRA continuation coverage, when it may become available to you and your family, and what you need to do to protect the right to receive it.

The Plan Administrator is the International Union of Operating Engineers Local 399 Health and Welfare Trust at 2260 S. Grove Street, Chicago, IL 60616-1823, (312) 372-9870. The Plan Administrator is responsible for administering COBRA continuation coverage.

COBRA continuation coverage is a continuation of medical, prescription drug, vision, and dental coverage that would otherwise end because of a qualifying event. COBRA continuation coverage is offered to each person who is a qualified beneficiary. A qualified beneficiary is someone who will lose coverage under the Plan because of a qualifying event. Depending on the type of qualifying event, participants, spouses of participants, and dependent children of participants may be qualified beneficiaries. Under the Plan, qualified beneficiaries who elect COBRA continuation coverage must pay for COBRA continuation coverage.

If you are a covered person, you become a qualified beneficiary if you lose your coverage under the Plan because one of the following qualifying events occurs:

- Your hours of employment are reduced so that your eligibility terminates; or
- You have a loss of coverage due to provisions in the Agreement with the employer regarding a leave of absence or FMLA; or
- Your employment or coverage ends for any reason other than your gross misconduct.

If you are the spouse of a covered person, you become a qualified beneficiary if you lose your coverage under the Plan because any of the following qualifying events occur:

- Your spouse dies; or
- Your spouse's hours of employment are so reduced that eligibility terminates; or
- Your spouse loses coverage due to provisions in the collective bargaining agreement regarding extension of employer contribution in the event of a medical leave or FMLA; or
- Your spouse's employment or coverage ends for any reason other than gross misconduct; or
- You become divorced from your spouse.

Dependent children become qualified beneficiaries if they lose coverage under the Plan because any of the following qualifying events occur:

- The participant dies; or
- The participant's hours of employment are so reduced that eligibility terminates; or
- The participant's employment or coverage ends for any reason other than gross misconduct; or
- The participant becomes divorced or legally separated; or
- The child stops being eligible for coverage under the Plan as a dependent child.

The Plan offers COBRA continuation coverage to qualified beneficiaries only after the Plan Administrator has been notified that a qualifying event has occurred. When the qualifying event is the end of employment or reduction of hours of employment, or death of the participant, the employer must notify the Plan Administrator of the qualifying event within 60 days. Information will be sent to the participant, or family, if applicable, regarding the option to enroll in COBRA continuation coverage.

For the other qualifying events (divorce of the participant and spouse or a dependent child's losing eligibility for coverage as a dependent child), you, the spouse or the dependent child must notify the Fund Office within 60 days after the qualifying event occurs. You must send this notice to the COBRA Coordinator. You, the spouse or the dependent child must send this notice to:

COBRA Coordinator
International Union of Operating Engineers
Local 399 Health & Welfare Fund
2260 S. Grove Street
Chicago, IL 60616-1823
(312) 372-9870

Failure to provide notification to the Fund Office within 60 days of loss of dependent coverage will result in the loss of rights to elect COBRA continuation coverage.

Once the Fund Office receives notice that a qualifying event has occurred, COBRA continuation coverage will be offered to each of the qualified beneficiaries. For each qualified beneficiary who elects COBRA continuation coverage, COBRA continuation coverage will begin on the date of the qualifying event; or on the date that Plan coverage would otherwise have been lost.

COBRA continuation coverage is a temporary continuation of coverage. When the qualifying event is the death of the participant, divorce, or a dependent child losing eligibility as a dependent child, COBRA continuation coverage lasts for up to 36 months.

When the event is the expiration of the participant's coverage due to termination or reduced hours, COBRA continuation coverage lasts for up to 18 months. There are two ways in which this 18-month period of COBRA continuation coverage can be extended, as described in the next section.

If you become covered by Medicare while you are an active employee and you later experience a qualifying event (for example, you experience a reduction in your hours or you retire), your dependents may be eligible for continued coverage until the later of:

- 36 months from the date you first became covered by Medicare while an active employee; or
- The maximum coverage period for the qualifying event (18 months in the case of termination of coverage due to retirement).

Disability Extension of 18-Month Period of COBRA Continuation Coverage

If the Social Security Administration determines that you or any of your covered family members are disabled at any time during the first 60 days of COBRA continuation coverage and you notify the Fund Office in a timely fashion, you and your entire family can receive up to an additional 11 months of COBRA continuation coverage, for a total maximum of 29 months.

You must make sure that the Fund Office is notified of the Social Security Administration's determination within 60 days of the date of the determination and before the end of the 18-month period of COBRA continuation coverage. You must provide a copy of the Social Security Administration's determination to the COBRA Coordinator (see address above).

You must also notify the Fund Office within 30 days of the date the Social Security Administration determines that you are no longer disabled.

Second Qualifying Event Extension of 18-Month Period of COBRA Continuation Coverage

If your family experiences another qualifying event while covered under an 18-month COBRA continuation period, the spouse and dependent children in your family can get additional months of COBRA continuation coverage, up to a maximum of 36 months. The extension is available to the spouse and dependent children if the former participant dies, or gets divorced. The extension also is available to a dependent child when that child stops being eligible under the Plan as a dependent child. In all of these cases, make sure that the Plan Administrator is notified of the second qualifying event within 60 days of the second qualifying event. This notice must be sent to the COBRA Coordinator (see page 26). If you do not notify the Fund Office within 60 days of one of these events, you forfeit your COBRA rights. Verbal notice is not binding until you confirm it in writing.

If a child is born to you (the covered person), adopted by you or placed with you for adoption during the first 18-month continuation period, that child will have the same election rights when a second qualifying event occurs as a person who was your dependent on the day before the first qualifying event.

Election Period

Both you and the Fund have responsibilities if qualifying events occur that make you and your covered dependents eligible for COBRA continued coverage.

When you notify the Fund Office that a qualifying event has occurred, the Fund Office will give you and/or your qualified beneficiary an election form to complete. The election form explains a qualified beneficiary's right to continued coverage under COBRA.

You and your covered dependents have 60 days in which to elect COBRA continued coverage, beginning on the later of the date:

- Your coverage terminates because of the qualifying event; or
- You or your covered dependents are notified of the right to elect COBRA continued coverage.

You have 45 days from the date you elect continuation coverage to pay your initial COBRA premium.

Type of Coverage

While you are receiving COBRA continuation coverage, your medical, prescription drug, dental and vision benefits under COBRA will remain the same as the applicable benefits offered to similarly situated active employees, including any changes that are made to the Plan. Weekly disability income, unless the disability income benefit began while actively employed, life insurance and AD&D benefits are not continuing coverages through COBRA.

Cost of COBRA Continued Coverage

In most cases, you and your covered dependents will be required to pay 102% of the full group cost for COBRA continued coverage. If you or a qualified beneficiary are eligible for extended COBRA coverage due to disability (as determined by the Social Security Administration), you or your qualified beneficiary will pay 150% of the full group cost for COBRA continued coverage from the 19th through the 29th month of coverage.

You must pay for coverage in monthly installments, and you must make your first payment no later than 45 days after the date you elect to continue coverage. Subsequent payments will be due on the first of each month, with a 30-day grace period. Contribution rates are effective each January 1st for the following 12-month period. If the cost of these benefits for active employees changes in the future, these cost changes may affect the cost of your COBRA continuation coverage. You will be notified in advance of any changes in the cost of coverage.

Early Termination of COBRA Continued Coverage

Your right to purchase COBRA continued group coverage may end before the expiration of the maximum coverage period if:

- The required premium is not paid on time; or
- The Fund terminates the Plan for all employees; or
- You or your covered dependent(s) become entitled to Medicare (except that if a covered person becomes entitled to Medicare, covered family members may continue COBRA coverage for up to the maximum time period allowable); or
- You or your covered dependent(s) become covered under another group health plan (as an employee or otherwise).

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

Important Information for Dependents

The spouse and dependent child have independent rights to elect COBRA continuation coverage during the Election Period if the member loses coverage.

A dependent losing eligibility under this Plan can notify the Plan Administrator within 60 days of the loss of dependent status, i.e., divorce, or reaching maximum age as a dependent child. Failure to notify the Plan Administrator in writing within 60 days of becoming an ineligible dependent will result in loss of rights to elect COBRA continuation coverage.

Other Coverage Options

Instead of enrolling in COBRA continuation coverage, there may be other coverage options for you and your family through:

- The Health Insurance Marketplace (or insurance exchange)*; or
- Other group plan coverage options (such as a spouse's plan) through what is called a "special enrollment period"; or
- Medicaid or Medicare.

Some of these options may cost less than COBRA continuation coverage. You can learn more about many of these options at www.healthcare.gov.

*In the Marketplace, you could be eligible for a tax credit that lowers your monthly premiums and you can see what your premium, deductibles and out-of-pocket costs will be before you make a decision to enroll. Being eligible for COBRA does not limit your eligibility for coverage for a tax credit through the Marketplace.

Questions?

Questions concerning your Plan or your COBRA continuation coverage rights should be addressed to:
IUOE • Local 399 Health & Welfare Trust Fund (Plan Administrator)
Attn: COBRA Coordinator
2260 S. Grove Street, Chicago, IL 60616-1823
(312) 372-9870 - H&W Option #3

Keep your Plan Administrator Informed of Address Change

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 of any notices you send to the Plan Administrator for your records.