

# Southern California Lumber Industry Welfare Fund

Established Jointly by Employers and Local Unions

Telephone (562) 463-5080 ♦ (800) 824-4427 ♦ Facsimile (562) 463-5894

## ADDITIONAL IMPORTANT INFORMATION ABOUT YOUR COBRA CONTINUATION COVERAGE RIGHTS

### What is continuation coverage?

Federal law requires that 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 the Plan. Depending on the type of qualifying event, “qualified beneficiaries” can include the 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.

### 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 months. In the case of losses of coverage due to an employee’s death, divorce or legal separation, the employee’s becoming entitled to Medicare benefits 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 benefits 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.

### How can you extend the length of COBRA continuation coverage?

If you elect continuation coverage, an extension of the maximum period of coverage may be available if a qualified beneficiary is disabled or a second qualifying event occurs (see below for further information). You must notify the Southern California Lumber Industry Welfare Fund, c/o Benefit Programs Administration, 13191 Crossroads Parkway North, Suite 205, City of Industry, CA 91746-3434 of a disability or a second qualifying event in order to extend the period of continuation coverage. Failure to provide notice of a disability or second qualifying event may affect the right to extend the period of continuation coverage.

### *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 60<sup>th</sup> day of COBRA continuation coverage and must last at least until the end of the 10-month period of continuation coverage. Notice of a SSA disability must be in writing and sent to the Administrative Office within 60 days from the later of the date of the disability determination by the SSA, the date which you (or your dependent) are informed through the furnishing of a Summary Plan Description and Plan Document or the general COBRA notice of both the responsibility to provide the notice and the Fund’s procedures for providing such notice to the Administrative Office. The notice must contain the name of the Plan, your name and the name(s) of your dependent(s), the disability, the date of the SSA disability award, and your (and your dependent(s)) address (es). 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 in writing within 30 days after SSA’s determination under the same notification procedures set out above.

## *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 under COBRA with an initial qualifying event combined with a second qualifying event is 36 months. Such second qualifying events may include the death of a covered employee, the covered employee's becoming entitled to Medicare benefits (under Part A, Part B or both), or a dependent's child ceasing to be eligible for coverage as a dependent under the Plan. These events can be a second qualifying event only if they would have caused the qualified beneficiary to lose coverage under the Plan if the first qualifying event had not occurred. You must notify the Plan within 60 days after a second qualifying event occurs if you want to extend your continuation coverage under the notification procedures set out above except that the notification must contain the second qualifying event and the date of the second qualifying event.

### 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.

### How much does COBRA continuation coverage cost?

Each qualified beneficiary is required to pay the entire cost of continuation coverage. The amount a qualified beneficiary is 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 this Plan for coverage of a similarly situated Plan participant or beneficiary who is not receiving continuation coverage. The required payment for each continuation coverage period is described in the Notice of Rights and Election Form.

### *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 or 31 days after the due date 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.

### For more information

This notice does not fully describe COBRA 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 and the Plan Document or from the Administrative Office.

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 and Plan Document, you should contact Southern California Lumber Industry Welfare Fund, c/o Benefit Programs Administration, 13191 Crossroads Parkway North, Suite 205, City of Industry, CA 91746-3434, (562) 463-5080.

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, contact the U. S. Department of Labor's Employee Benefits Security Administration (EBSA) in your area or visit the EBSA website at [www.dol.gov/ebsa](http://www.dol.gov/ebsa). (Addresses and phone numbers of Regional and District EBSA offices are available through EBSA's website.)

### Keep Your Plan Informed of Address Changes

In order to protect your and your family rights, you should keep the Administrative 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 Administrative Office.