

# **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 AND OTHER HEALTH COVERAGE ALTERNATIVES**

### What is COBRA 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 group health plan, the covered employee’s spouse, and the dependent children of the covered employee.

COBRA 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 COBRA 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.

### Are there other coverage options besides COBRA continuation coverage?

Yes. Instead of enrolling in COBRA continuation coverage, there may be other more affordable coverage options for you and your family through the Health Insurance Marketplace, Medicaid, or other group health plan coverage options (such as a spouse’s plan) through what is called a “special enrollment period.” Some of these options may cost less than COBRA continuation coverage.

You should compare your other coverage options with COBRA continuation coverage and choose the coverage that is best for you. For example, if you move to other coverage you may pay more out of pocket than you would under COBRA because the new coverage may impose a new deductible.

When you lose job-based health coverage, it’s important that you choose carefully between COBRA continuation coverage and other coverage options, because once you’ve made your choice, it can be difficult or impossible to switch to another coverage option.

### How long will COBRA continuation coverage last?

In the case of the loss of coverage due to end of employment or reduction in hours of employment, coverage generally may be continued 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 the 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 available to the qualified beneficiaries.

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

If you elect COBRA 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 COBRA continuation coverage. Failure to provide notice of a disability or second qualifying event may affect the right to extend the period of COBRA continuation coverage.

### *Disability extension of 18-month period of COBRA continuation coverage*

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 18-month period of COBRA continuation coverage. Notice of 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 COBRA continuation and your (and your dependent(s)) address(es). Each qualified beneficiary who has elected COBRA 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 the SSA's determination under the same notification procedures set out above.

### *Second qualifying event extension of 18-month period of continuation coverage*

An 18-month extension of coverage will be available to spouses and dependent children who elect COBRA continuation coverage if a second qualifying event occurs during the first 18 months of COBRA continuation coverage. The maximum amount of continuation coverage 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 child ceasing to be eligible for coverage 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 COBRA 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 COBRA 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 COBRA continuation coverage. For example, the employee's spouse may elect continuation coverage even if the employee does not. COBRA 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 COBRA continuation coverage on behalf of all of the qualified beneficiaries.

In considering whether to elect COBRA continuation coverage, 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 a qualifying event listed above. You will also have the same enrollment right at the end of COBRA continuation coverage if you get COBRA continuation coverage for the maximum time available to you.

#### How much does COBRA continuation coverage cost?

Each qualified beneficiary is required to pay the entire cost of COBRA continuation coverage. The amount a qualified beneficiary is required to pay may not exceed 102 percent (or, in the case of an extension of COBRA continuation coverage due to disability, 150 percent) of the cost to this Plan for coverage of a similarly situated Plan participant or beneficiary who is not receiving COBRA continuation coverage. The required payment for each COBRA 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 COBRA 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.

**You may be able to get coverage through the Health Insurance Marketplace that costs less than COBRA continuation coverage.** You can learn more about the Marketplace below.

#### What is the Health Insurance Marketplace?

The Marketplace offers "one-stop shopping" to find and compare private health insurance options. In the Marketplace, you could be eligible for a new kind of tax credit that lowers your monthly premiums and cost-sharing reductions (amounts that lower your out-of-pocket costs for deductibles, coinsurance, and copayments) right away, and you can see what your premium, deductibles, and out-of-pocket costs will be before you make a decision to enroll. Through the Marketplace you'll also learn if you qualify for free or low-cost coverage from Medicaid or the Children's Health Insurance Program (CHIP). You can access the Marketplace for your state at [www.HealthCare.gov](http://www.HealthCare.gov).

Coverage through the Health Insurance Marketplace may cost less than COBRA continuation coverage. Being offered COBRA continuation coverage won't limit your eligibility for coverage or for a tax credit through the Marketplace.

#### When can I enroll in Marketplace coverage?

You always have 60 days from the time you lose your job-based coverage to enroll in the Marketplace. That is because losing your job-based health coverage is a "special enrollment"

event. **After 60 days your special enrollment period will end and you may not be able to enroll, so you should take action right away.** In addition, during what is called an “open enrollment” period, anyone can enroll in Marketplace coverage.

To find out more about enrolling in the Marketplace, such as when the next open enrollment period will be and what you need to know about qualifying events and special enrollment periods, visit [www.HealthCare.gov](http://www.HealthCare.gov).

If I sign up for COBRA continuation coverage, can I switch to coverage in the Marketplace? What about if I choose Marketplace coverage and want to switch back to COBRA continuation coverage?

If you sign up for COBRA continuation coverage, you can switch to a Marketplace plan during a Marketplace open enrollment period. You can also end your COBRA continuation coverage early and switch to a Marketplace plan if you have another qualifying event such as marriage or birth of a child through something called a “special enrollment period.” But be careful - if you terminate your COBRA continuation coverage early without another qualifying event, you’ll have to wait to enroll in Marketplace coverage until the next open enrollment period, and could end up without any health coverage in the interim.

Once you’ve exhausted your COBRA continuation coverage and the coverage expires, you’ll be eligible to enroll in Marketplace coverage through a special enrollment period, even if Marketplace open enrollment has ended.

If you sign up for Marketplace coverage instead of COBRA continuation coverage, you cannot switch to COBRA continuation coverage under any circumstances.

Can I enroll in another group health plan?

You may be eligible to enroll in coverage under another group health plan (like a spouse’s plan), if you request enrollment within 30 days of the loss of coverage.

If you or your dependent chooses to elect COBRA continuation coverage instead of enrolling in another group health plan for which you are eligible, you will have another opportunity to enroll in the other group health plan within 30 days of losing your COBRA continuation coverage.

What factors should I consider when choosing coverage options?

When considering your options for health coverage, you may want to think about:

- Premiums: Your previous plan can charge up to 102% of total plan premiums for COBRA coverage. Other options, like coverage on a spouse’s plan or through the Marketplace, may be less expensive.
- Provider Networks: If you’re currently getting care or treatment for a condition, a change in your health coverage may affect your access to a particular health care provider. You may want to check to see if your current health care providers participate in a network as you consider options for health coverage.
- Drug Formularies: If you’re currently taking medication, a change in your health coverage may affect your costs for medication – and in some cases, your medication may not be covered by another plan. You may want to check to see if your current medications are listed in drug formularies for other health coverage.
- Severance payments: If you lost your job and got a severance package from your former employer, your former employer may have offered to pay some or all of your COBRA payments for a period of time. In this scenario, you may want to contact the Department of Labor at 1-866-444-3272 to discuss your options.

- **Service Areas:** Some plans limit their benefits to specific service or coverage areas – so if you move to another area of the country, you may not be able to use your benefits. You may want to see if your plan has a service or coverage area, or other similar limitations.
- **Other Cost-Sharing:** In addition to premiums or contributions for health coverage, you probably pay copayments, deductibles, coinsurance, or other amounts as you use your benefits. You may want to check to see what the cost-sharing requirements are for other health coverage options. For example, one option may have much lower monthly premiums, but a much higher deductible and higher copayments.

#### 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 or (800) 824-4427.

For more information about your rights under ERISA, including COBRA, the Health Insurance Portability and Accountability Act (HIPAA), the Patient Protection and Affordable Care Act, and the 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](http://www.dol.gov/ebsa) or call their toll-free number at 1-866-444-3272. For more information about health insurance options available through the Health Insurance Marketplace, visit [www.HealthCare.gov](http://www.HealthCare.gov).

#### Keep Your Plan Informed of Address Changes

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