

# COBRA CONTINUATION COVERAGE RIGHTS

## ASEA Health Benefits Trust

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Fax: 509-323-7614 • Website: [www.aseahealth.org](http://www.aseahealth.org)

You are receiving this notice because you have recently gained coverage under a group health plan, the ASEA/AFSCME Local 52 Health Benefits Trust (the Plan). This notice has important information about your right to COBRA continuation coverage, which is a temporary extension of group health coverage under the Plan. **This notice generally explains COBRA coverage, when it may become available to you and your family and what you need to do to protect the right to receive it.** When you become eligible for COBRA, you may also become eligible for other coverage options that may cost less than COBRA continuation coverage. The description of COBRA continuation coverage contained in this notice, applies only to the group health plan benefits offered under the Plan, and not to any other benefits offered under the Plan or by the State of Alaska (such as life insurance, disability, or accidental death and dismemberment benefits).

The right to COBRA continuation coverage was created by a federal law, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). COBRA continuation coverage can become available to you and other members of your family when group health coverage would otherwise end. For additional information about your rights or obligations under the Plan and under federal law, you should review the Plan Booklet or contact the Health Trust Administrator.

**You may have other options available to you when you lose group health coverage.** For example, you may be eligible to buy an individual plan through the Health Insurance Marketplace. By enrolling in coverage through the Marketplace, you may qualify for lower costs on your monthly premiums and lower out-of-pocket costs. Additionally, you may qualify for a 30-day special enrollment period for another group health plan for which you are eligible (such as a spouse's plan), even if that plan generally doesn't accept late enrollees.

With the exception of a special provision for participants who lose coverage because of temporary layoff (including layoff as a seasonal worker) or leave of absence without pay, the Plan provides no greater COBRA rights than what COBRA requires. Nothing in this notice is intended to expand your rights beyond COBRA's requirements.

### What is COBRA continuation coverage?

COBRA coverage is a continuation of Plan coverage when coverage would otherwise end because of a life event known as a "qualifying event." Specific qualifying events are listed later in this notice. After a qualifying event, COBRA continuation coverage must be offered to each person who is a "qualified beneficiary." You, your spouse, and your dependent children could become qualified beneficiaries if coverage under the Plan is lost because of the qualifying event. Under the Plan, qualified beneficiaries who elect COBRA must pay for COBRA continuation coverage.

### Who is entitled to elect COBRA?

If you are an employee, you will become a qualified beneficiary if you lose your coverage under the Plan if one of the following qualifying events happens:

- Your hours of employment are reduced, or
- Your employment ends for any reason other than your gross misconduct.

If you are the spouse of an employee, you will become a qualified beneficiary if you lose your coverage under the Plan if one of the following qualifying events happens:

- Your spouse dies;
- Your spouse's hours of employment are reduced;
- Your spouse's employment ends for any reason other than his or her gross misconduct;
- Your spouse becomes entitled to Medicare benefits (under Part A, Part B or both); or
- You become divorced or legally separated from your spouse.

Your dependent children will become qualified beneficiaries if they lose coverage under the Plan if one of the following qualifying events happens:

- The parent-employee dies;
- The parent-employee's hours of employment are reduced;
- The parent-employee's employment ends for any reason other than his or her gross misconduct;
- The parent-employee becomes entitled to Medicare benefits (under Part A, Part B or both);
- The parents become divorced or legally separated; or
- The child ceases being eligible for coverage under the Plan as a "dependent child" under the definition provided by the Plan.

### When is COBRA continuation coverage available?

The Plan will offer COBRA continuation coverage to qualified beneficiaries only after the COBRA Plan Administrator has been notified that a qualifying event has occurred. The employer must notify the COBRA Plan Administrator of the following qualifying events:

- The end of employment or reduction of hours of employment;
- Death of the employee; or
- The employee becomes entitled to Medicare benefits (under Part A, Part B or both).

**For all other qualifying events, you must notify to the Plan Administrator within 60 days.** The events that require such

notice are divorce or legal separation of the employee and spouse or a dependent child's loss of eligibility for coverage as a dependent child to be eligible for coverage under the Plan as a dependent child. A COBRA election will be available only if you notify the COBRA Plan Administrator in writing within sixty (60) calendar days after the later of (1) the date of the qualifying event or (2) the date on which the qualified beneficiary loses (or would lose) coverage under the terms of the Plan as a result of the qualifying event. You must follow the Notice Procedures for Notice of Qualifying Event that appears at the end of the form. If these procedures are not followed, or if the notice is not provided in writing to the COBRA Plan Administrator within the 60-day notice period, you will lose your right to elect COBRA continuation coverage. The Notice of Qualifying Event (Form & Notice Procedures) can be obtained from the COBRA Plan Administrator at no charge..

### **How is COBRA continuation coverage provided?**

Once the COBRA Plan Administrator receives notice that a qualifying event has occurred, COBRA continuation coverage will be offered to each of the qualified beneficiaries. Each qualified beneficiary will have an independent right to elect COBRA continuation coverage. Covered employees may elect COBRA continuation coverage on behalf of their spouses and parents may elect COBRA continuation coverage on behalf of their children.

COBRA continuation coverage is a temporary continuation of coverage that generally lasts for 18 months due to employment termination or reduction of hours of work. Certain qualifying events or a second qualifying event during the initial period of coverage may permit a beneficiary to receive a maximum of 36 months of coverage.

There are also ways in which this 18-month COBRA continuation coverage can be extended:

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

If you or anyone in your family covered under the Plan is determined by the Social Security Administration to be disabled and you notify the COBRA Plan Administrator in writing and in a timely fashion, you and your entire family may be entitled to receive up to an additional 11 months of COBRA continuation coverage for a maximum of 29 months. This extension is available only for qualified beneficiaries who are receiving COBRA coverage because of a qualifying event that was the covered employee's termination of employment or reduction of hours of employment. The disability would have 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 COBRA continuation coverage. The disability extension is available only if you notify the Health Trust Administrator in writing of the Social Security Administration's determination of disability within 60 days after the latest of:

- The date of the Social Security Administration's disability determination;
- The date of the covered employee's termination of employment or reduction of hours of employment;
- and

- The date on which the qualified beneficiary loses (or would lose) coverage under the terms of the Plan as a result of the covered employee's termination or reduction of hours of employment.

You must also provide this notice within 18 months after the covered employee's termination of employment or reduction of hours of employment in order to be entitled to a disability extension.

In providing this notice, you must use the form entitled "Notice of Disability (Form & Notice Procedures)," and you must follow the Notice Procedures for Notice of Disability that appears at the end of the form. If these procedures are not followed, or if the notice is not provided in writing to the COBRA Plan Administrator during the 60-day notice period and within 18 months after the covered employee's termination of employment or reduction of hours of employment, then there will be no disability extension of COBRA coverage. The Notice of Disability (Form & Notice Procedures) can be obtained from the COBRA Plan Administrator at no charge.

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

If your family experiences another qualifying event during the 18 months of COBRA continuation coverage, the spouse and dependent children in your family can receive up to 18 additional months of COBRA continuation coverage for a maximum of 36 months if the COBRA Plan Administrator is properly notified in writing about the second qualifying event. This extension may be available to the spouse and any dependent children receiving COBRA continuation coverage if the employee or former employee dies, gets divorced or legally separated, becomes entitled to Medicare benefits (under Part A, Part B or both); or if the dependent child ceases to be eligible as a dependent under the terms of the Plan. This extension is only available if the second qualifying event would have caused the spouse or dependent child to lose coverage under the Plan had the first qualifying event had not occurred.

This extension due to a second qualifying event is available only if you notify the Health Trust Administrator in writing of the second qualifying event within 60 days after the later of (1) the date of the second qualifying event or (2) the date on which the qualified beneficiary would lose coverage under the terms of the Plan as a result of the second qualifying event (if it had occurred while the qualified beneficiary was still covered under the Plan). In providing this notice, you must use the form entitled "Notice Second Qualifying Event (Form & Notice Procedures)," and you must follow the Notice Procedures for Notice of Second Qualifying Event that appears at the end of the form. If these procedures are not followed or if the notice is not provided in writing to the Health Trust Administrator during the 60-day notice period, then there will be no extension of COBRA continuation coverage due to a second qualifying event. The Notice of Second Qualifying Event (Form & Notice Procedures) can be obtained from the COBRA Plan Administrator at no charge.

### **Health Care Reimbursement Account Plan Component**

COBRA coverage under the Health Care Reimbursement Account Plan component will be offered only to qualified beneficiaries losing coverage who have under-spent accounts. A qualified beneficiary has an under-spent account if the annual limit elected

by the covered employee, reduced by reimbursements up to the time of the qualifying event is equal to or more than the amount of the premiums for the Health Care Reimbursement Account coverage that will be charged for the remainder of the plan year. COBRA continuation coverage will consist of the Health Care Reimbursement Account coverage in force at the time of the qualifying event (i.e., the elected annual limit reduced by expenses reimbursed up to the time of the qualifying event). The use-it-or-lose-it rule will continue to apply, so any unused amounts will be forfeited at the end of the plan year, and COBRA continuation coverage will terminate at the end of the plan year. Unless otherwise elected, all qualified beneficiaries who were covered under the Health Care Reimbursement Account Plan will be covered together for Health Care Reimbursement Account Plan COBRA continuation coverage. However, each beneficiary has separate election rights, and each could alternatively elect separate COBRA continuation coverage to cover that beneficiary only, with a separate Health Care Reimbursement Account annual limit and a separate premium. If you are interested in this alternative, contact the Health Trust Administrator for more information.

### **Are there other coverage options besides COBRA Continuation Coverage?**

Instead of enrolling in COBRA continuation coverage, there may be other coverage options for you and your family through the Health Insurance Marketplace, Medicaid, or other group health plan options (such as a spouse's plan) called a "special enrollment period." Some of these options may cost less than COBRA continuation coverage. You can learn more about many of these options at [www.HealthCare.gov](http://www.HealthCare.gov).

### **If You Have Questions**

This notice doesn't 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 Health Trust Administrator. If you have any questions about your rights to COBRA continuation coverage, you should contact Zenith American Solutions, COBRA Plan Administrator for the ASEA/AFSCME Local 52 Health Benefits Trust. The toll-free number is 1-866-553-8206 and the mailing address is PO Box 5434, Spokane, WA 99205.

For more information about your rights under the Employee Retirement Income Security Act (ERISA), including COBRA, the Patient Protection and Affordable Care Act (PPACA), and other laws affecting group health plans, contact the nearest Regional or District Office of the U.S. Department of Labor's Employee Benefits Security Administration (EBSA) in your area or visit [www.dol.gov/ebsa](http://www.dol.gov/ebsa). Addresses and phone numbers for Regional and District EBSA Offices are available through EBSA's website. For more information about the Health Insurance Marketplace visit [www.HealthCare.gov](http://www.HealthCare.gov).

Note that this Plan is a non-federal governmental plan, which is exempt from ERISA; however, COBRA does apply to this Plan and the information on the DOL website is instructive, but there may be some distinctions between the provisions of COBRA applicable to governmental plans and those offered to private-sector ERISA plans.

### **Keep the COBRA Plan Administrator Informed of Address Changes and Changes in Your Family Information**

To protect your family's rights, you should keep the COBRA Plan Administrator informed of any changes in the addresses of family members. In addition, you have the obligation to report to the Health Trust Administrator any changes in your family eligibility information. You should also keep, for your records, a copy of any notices you send to the and proof of mailing of such notices.

### **Plan Contact Information**

You may obtain information about the Plan and COBRA continuation coverage on request from:

Zenith American Solutions, COBRA Plan Administrator  
PO Box 5434  
Spokane, WA 99205

You may also receive a copy of the Plan Booklet upon request by contacting the COBRA Plan Administrator at the address or phone number listed above.