

CONSOLIDATED OMNIBUS BUDGET RECONCILIATION ACT OF 1985 (COBRA)

A Federal Law called the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) requires most employers sponsoring group health plans to offer employees and their families (*if eligible*) the opportunity for a temporary extension of health coverage at group rates in certain instances where coverage would otherwise end (called “qualifying events”). This section outlines your rights and obligations with respect to continuation of the health benefits provided under the Plan.

To be eligible to continue coverage under COBRA, you must be enrolled in the Plan when your coverage ends because of a qualifying event.

COBRA ELIGIBILITY

Qualifying Events for You

COBRA coverage is available to you if coverage would otherwise end if:

- Your regularly scheduled hours are reduced so that you are no longer eligible to participate in the Fund's welfare benefits program.
- You voluntarily or involuntarily terminate your employment for any reason (including retirement) other than gross misconduct.

Qualifying Events for Your Dependents

COBRA coverage is available to your eligible Dependents if coverage would otherwise end if:

- Your regularly scheduled hours are reduced so that you are no longer eligible to participate in the Fund's welfare benefits program.
- You (the active Employee) voluntarily or involuntarily terminate employment for any reason (including retirement) other than gross misconduct.
- You (the active Employee) retire.
- You (the active Employee) die, become divorced, legally separated or become entitled to Medicare.
- Your Dependent Child ceases to be eligible for Fund coverage. For example, he or she reaches the maximum age limit for coverage.

HOW COBRA COVERAGE WORKS

In order to have the opportunity to elect COBRA Continuation Coverage after a divorce, legal separation, or a child ceasing to be a “Dependent Child” under the Plan, you and/or a family member must notify the Fund Office in writing of that event no later than 60 days after that event occurs. Notice should be sent to:

Local 731 Welfare Fund
1000 Burr Ridge Parkway, Suite 301
Burr Ridge, IL. 60527

The Fund Office will send you information about COBRA coverage.

You should notify the Fund Office promptly and in writing of termination of employment, reduction in hours, retirement, divorce, legal separation or entitlement to Medicare. Your family members must notify the Fund Office promptly and in writing in the event of your death.

Under Federal Law your employer is required to notify the Fund on your behalf under these circumstances:

Your voluntary/involuntary termination	30 days
Your reduction of hours	30 days
Your death	30 days
Employer's bankruptcy	30 days
Your eligibility for Medicare	14 days of its learning of the event*
Your divorce or legal separation	14 days of its learning of the event*

* You must notify your employer within 60 days of the event.

HOW TO ELECT COBRA CONTINUATION COVERAGE

When your employment terminates or your hours are reduced so that you are no longer entitled to coverage under the Plan, or when the Fund Office is notified on a timely basis that you died, divorced, or that a Dependent Child loses Dependent status, the Fund Office will provide you and your COBRA eligible dependents notice of the date that your coverage under the group ends and your rights to elect continuation of coverage under COBRA. Under the law you and or your eligible dependents will have the later of 60 days from the qualifying event or the date that the notice is sent by the Fund office to elect continuation of coverage. If the Fund does not receive election prior to the 60-day period, you will forfeit your rights for continuation.

Each qualified beneficiary has a 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.

In considering whether to elect continuation coverage, you should take into account that a failure to continue your group health coverage will affect your future rights under federal law. First, you can lose the right to avoid having pre-existing condition exclusions applied to you by other group health plans if you have more than a 63-day gap in health coverage. Second, you will lose the guaranteed right to purchase individual health insurance policies that do not impose such pre-existing condition exclusions if you do not get continuation coverage for the maximum time available to you. Finally, 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 the qualifying event listed above. You will also have the same special enrollment right at the end of continuation coverage if you get continuation coverage for the maximum time available to you.

THE COBRA CONTINUATION COVERAGE THAT WILL BE PROVIDED

If you choose COBRA Continuation Coverage, you will be entitled to the same health coverage that you had when the event occurred that caused your health coverage under the Plan to end, but you must pay for it. See the section on the Cost of COBRA Coverage for information about how much COBRA will cost you and about grace periods for payment of those amounts. If there is a change in the health coverage provided by the Plan to similarly situate active Employees and their families; that same change will be made in your COBRA Continuation Coverage.

COST OF COBRA COVERAGE

Individuals who continue full coverage under COBRA pay 102% of the Plan's cost, on an after-tax basis, except in cases of disability. See the section below entitled COBRA Coverage in Cases of Social Security Disability for details.

PAYING FOR COBRA COVERAGE

The amount you, your covered Spouse, and/or your covered Dependent Child(ren) must pay for COBRA coverage will be payable monthly. The Plan is permitted to charge the full cost of coverage for similarly situated active Employees and families, plus an additional 2% (for a total charge of 102%). The COBRA Continuation Coverage charge is different in cases of extended coverage due to Social Security disability. See that section for further information.

The Fund Office will notify you of the cost of the coverage at the time you receive your notice of entitlement to COBRA coverage, and of any monthly COBRA premium amount changes. The cost of COBRA Continuation Coverage may be subject to future increases during the period it remains in effect.

There will be an initial grace period of 45 days to pay the first amounts due starting with the date COBRA coverage was elected. If this payment is not made when due, COBRA Continuation Coverage will not take effect. After that, payments are due on the first day of each month. **If payment is not received by the end of the applicable grace period, your COBRA coverage will terminate retroactive to the date of the last payment is received. Once coverage has been terminated, you will lose your right to continuation coverage.**

COBRA AT-A-GLANCE

COBRA Coverage May Continue For:	If the Following Event Occurs and Coverage is Lost:	Maximum Length of COBRA Coverage:
You and Your Eligible Dependents	<ul style="list-style-type: none">Your employment ends (for example, you resign) for any reason except gross misconductYour regularly scheduled hours are reduced so that you are no longer eligible to participate in the Fund's welfare benefits program	18 months from the date of loss of coverage (29 months if you or your eligible Dependent is Social Security disabled*).
Your Eligible Dependents Only	<ul style="list-style-type: none">You dieYou are divorced or legally separatedYour Child(ren) no longer qualifies as an eligible Dependent under the Plan	36 months from the date of loss of coverage

* See COBRA Coverage in Cases of Social Security Disability for more details.

Other Options for Health Coverage

You may be eligible to purchase an individual or family plan through the Health Insurance Marketplace (as created by Health Care Reform). By enrolling in coverage through the Marketplace, you may qualify for lower monthly premiums and lower out-of-pocket costs. Contact www.healthcare.gov for more information.

You may also qualify for a 30-day special enrollment for another group plan for which you are eligible for (such as a spouse's health coverage), even if that plan generally does not accept late enrollees.

You may also qualify for Medicaid.

DURATION OF COBRA COVERAGE

Your COBRA coverage can continue for up to 18, 24, 29, or 36 months depending on the qualifying event.

The Continuation Coverage period begins on the date you and/or your Dependents lose coverage (rather than on the date of the qualifying event).

18 MONTHS

COBRA health coverage can continue for up to 18 months if you lose Fund health coverage because of:

- Your reduction in hours
- Your change from active to inactive work status due to your:
 - Resignation
 - Discharge (except for discharge for gross misconduct)
 - Disability
 - Strike
 - Layoff
 - Retirement
 - Leave of absence (other than leave under the Family and Medical Leave Act)

24 MONTHS

COBRA health coverage can continue for up to a total of 24 months if you and/or your eligible Dependent(s) elect coverage while you are performing Military Service in accordance with the USERRA Section of this SPD.

29 MONTHS

COBRA health coverage can continue for up to a total of 29 months if you or an eligible Dependent becomes permanently disabled (as determined by the Social Security Administration), within the first 60 days of COBRA coverage, and you or your Dependent notifies the Fund Office of the determination no later than 60 days after it was received and before the end of the initial 18month period.

36 MONTHS

COBRA health coverage for your Dependents can continue for up to a total of 36 months from the date any one of the following qualifying events occurs:

- Your death.
- Your divorce.
- Your Dependent is no longer eligible for Fund coverage.

COBRA COVERAGE IN CASES OF SOCIAL SECURITY DISABILITY

If you, your Spouse, or any of your covered Dependent Child(ren) are entitled to COBRA coverage for an 18-month period, that period can be extended for the Covered Person who is determined to be entitled to Social Security Disability Income benefits, and for any other covered family members, for up to 11 additional months (for a total of 29 months) if all of the following conditions are satisfied:

- The disability occurred on or before the start of COBRA coverage, or within the first 60 days of COBRA coverage.

- The disabled Covered Person receives a determination of entitlement to Social Security Disability Income benefits from the Social Security Administration.
- The Plan must be notified in writing by you or by the disabled Covered Person or another family member that the determination was received:
 - No later than 60 days after it was received; and
 - Before the 18-month COBRA continuation period ends.

This extended period of COBRA coverage will end at the **earlier** of:

- The last day of the month, 30 days after Social Security has determined that you and/or your Dependent(s) are no longer disabled.
- The end of 29 months from the date of the COBRA qualifying event.
- The date the disabled individual becomes entitled to Medicare.

You must notify the Plan when you are no longer disabled.

COST OF COBRA COVERAGE IN CASES OF SOCIAL SECURITY DISABILITY

If the 18-month period of COBRA Continuation Coverage is extended because of disability, the cost will be 150% of the rate that has been in effect the first 18 months. The Plan will charge Employees and their families 150% of the cost of coverage for the COBRA family unit that includes the disabled person for the 11-month period following the 18th month of COBRA Continuation Coverage. Any family units that do not include the disabled person will be charged 102% of the cost of coverage.

ACQUIRING A NEW DEPENDENT(S) WHILE COVERED BY COBRA OR OTHER HEALTH INSURANCE COVERAGE

If you acquire a new Dependent through marriage, birth, or placement for adoption while you are enrolled in COBRA Continuation Coverage, you may add that Dependent to your coverage for the balance of your COBRA coverage period.

To enroll your new Dependent for COBRA coverage, you must notify the Fund Office in writing. There may be a change in your COBRA premium amount in order to cover the new Dependent.

If COBRA coverage ceases for you before the end of the maximum 18, 29, or 36 months COBRA coverage period, COBRA coverage also will end for your newly added Spouse. However, COBRA coverage can continue for your newly added newborn child, adopted child or child placed with you for adoption until the end of the maximum COBRA coverage period if the required premiums are paid on time. Check with the Fund for more details on how long COBRA coverage can last.

LOSS OF OTHER GROUP HEALTH PLAN COVERAGE OR OTHER HEALTH INSURANCE COVERAGE

If, while you (the Member) are enrolled in COBRA Continuation Coverage, your Spouse or eligible Dependent lose their coverage under another group health plan, you may enroll them in your COBRA for the remainder of the period of continuation of coverage. However, adding a Spouse or Dependent child may cause an increase in the amount you must pay for COBRA Continuation Coverage.

The loss of other coverage must be due to exhaustion of COBRA Continuation Coverage under another plan, termination as a result of loss of eligibility for the coverage, or termination as a result of employer contributions toward the other coverage being terminated. Loss of eligibility does not include a loss due to failure to pay premiums on a timely basis or termination of coverage for cause.

NOTICE OF UNAVAILABILITY OF COBRA COVERAGE

In the event the Plan is notified of a qualifying event but determines that an individual is not entitled to the requested COBRA coverage, the individual will be sent, by the Fund Office an explanation indicating why COBRA coverage is not available. This notice of the unavailability of COBRA coverage will be sent according to the same timeframe as a COBRA election notice.

MULTIPLE QUALIFYING EVENTS WHILE COVERED BY COBRA

If, during an 18-month period of COBRA Continuation Coverage resulting from loss of coverage because of your termination of employment or reduction in hours, you die, become divorced or legally separated, or if a covered child ceases to be a Dependent Child under the Plan, the maximum COBRA Continuation period for the affected Spouse and/or child is extended to 36 months from the date of your termination of employment or reduction in hours.

For example, assume you lose your job (the first COBRA-qualifying event), and you enroll yourself and your covered Spouse for COBRA coverage. Three months after your COBRA coverage begins, you and your Spouse divorce and your Spouse is no longer eligible for Plan coverage. Your Spouse can continue COBRA coverage for an additional 33 months, for a total of 36 months of COBRA coverage.

This extended period of COBRA Continuation Coverage is **not** available to anyone who became your Spouse after the termination of employment or reduction in hours. However, this extended period of COBRA Continuation Coverage is available to any child(ren) born to, adopted by, or placed for adoption with you (the active Employee) during the 18-month period of COBRA Continuation Coverage.

In no case are you entitled to COBRA Continuation Coverage for more than a total of 18 months if your employment is terminated or you have a reduction in hours (unless you are entitled to an additional COBRA Continuation Coverage period on account of Social Security disability). As a result, if you experience a reduction in hours followed by termination of employment, the termination of employment is not treated as a second qualifying event and COBRA may not be extended beyond 18 months from the initial qualifying event.

WHEN COBRA COVERAGE MAY BE TERMINATED

Once COBRA coverage has been elected, it may be terminated on the occurrence of any of the following events:

- The first day of the time period for which you don't pay the COBRA premiums within the required time period.
- The date on which the Plan is terminated.
- The date, after the date of the COBRA election, on which you or your eligible Dependent(s) first become covered by another group health plan and that plan does not contain any legally applicable exclusion or limitation with respect to a preexisting condition that the Covered Person may have.
- The date, after the date of the COBRA election, on which you or your eligible Dependent(s) first become entitled to Medicare (usually age 65).
- When active Employee coverage would be terminated for cause (for example, you submit fraudulent claims to the Fund).
- When the Employer that employed you prior to the qualifying event has stopped contributing to the Plan and (1) the Employer establishes one or more group health plans covering a significant number of the Employer's Employees formerly covered under this Plan, or (2) the Employer starts contributing to another multiemployer plan that is a group health plan.

NOTICE OF EARLY TERMINATION OF COBRA CONTINUATION COVERAGE

The Plan will notify a qualified beneficiary if COBRA coverage terminates earlier than the end of the maximum period of coverage applicable to the qualifying event that entitled the individual to COBRA coverage. This written notice will explain the reason COBRA terminated earlier than the maximum period, the date COBRA coverage terminated and any rights the qualified beneficiary may have under the Plan to elect alternate or conversion coverage. The notice will be provided as soon as practicable after the Fund Office determines that COBRA coverage will terminate early.

WHEN COBRA COVERAGE ENDS

Your COBRA coverage ends on the earliest of the date that:

- Any of the above-listed events occurs.
- The COBRA period (18, 29, or 36 months) ends.

IMPORTANT NOTE: YOU MUST PAY THE FUND OFFICE MONTHLY!

The Fund is not required to issue payment notices. Late payment will cause rejection of direct pay benefits. If you have any questions about COBRA continuation coverage, please contact the Fund Office.

NOTE: Payment for COBRA or Self Payment is due before insurance benefits are provided. Payment should be received by the Fund Office no later than the last day of the month in order to be eligible for insurance benefits the following month. For example, payment must be received by June 30th for insurance coverage in July. There is a 30-day grace period for ongoing COBRA premiums or Self Payments, however no claims will be paid until payment is received.