

**SUMMARY OF
CONTINUATION COVERAGE RIGHTS UNDER COBRA AND STATE LAW**

A. Introduction

You are receiving this notice because you are a participant entitled to health care benefits under the San Francisco Electrical Workers Health & Welfare Plan. This notice contains important information about your right to purchase COBRA continuation coverage, which is a temporary extension of health coverage under the Plan. Your COBRA right begins after you have used all of your hour bank coverage (if any) and you used the Plan's self pay option for 12 months. The right to COBRA continuation coverage was created by a federal law having the title, the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (known as COBRA).

This notice generally 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. This notice provides only a summary of your COBRA rights. For more information about your rights and obligations under the Plan and federal law, you may review the Plan's Summary Plan Description or obtain the Plan Document from the Plan office as follows:

COBRA Administrator
San Francisco Electrical Workers Health & Welfare Plan
720 Market Street, Suite 700
San Francisco, CA 94102

The Plan office is responsible for administering COBRA continuation coverage.

B. COBRA Continuation Coverage

COBRA continuation coverage is a continuation of Plan coverage when coverage would otherwise end because of an event known as a "qualifying event." Specific qualifying events are described later in this notice. COBRA continuation coverage must be offered to each person who is a "qualified beneficiary."

1. Qualified Beneficiaries. A qualified beneficiary is someone who will lose coverage under the Plan because of a qualifying event. Depending on the type of qualifying event, employees, spouses of employees, and dependent children of employees may be qualified beneficiaries. Under the Plan and federal law, qualified beneficiaries who elect COBRA continuation coverage are required to pay for COBRA continuation coverage.

- a. Employee. If you are an employee, you will become a qualified beneficiary if you lose your coverage under the Plan because either one of the following qualifying

events happens:

- (1) Your hours of employment are reduced, or
 - (2) Your covered employment ends for any reason other than your gross misconduct.
- b. Spouse. If you are the spouse of an employee, you will become a qualified beneficiary if you lose your coverage under the Plan because any of the following qualifying events happens:
- (1) Your spouse dies;
 - (2) Your spouse's hours of employment are reduced to such a level that he or she loses his coverage under the plan;
 - (3) Your spouse's employment ends for any reason other than his or her gross misconduct;
 - (4) Your spouse becomes enrolled in Medicare (Part A, Part B, or both) after an election of COBRA has been made; or
 - (5) You become divorced or legally separated from your spouse.
- c. Dependent Children. Your dependent children will become qualified beneficiaries if they will lose coverage under the Plan because any of the following qualifying events occur:
- (1) The parent-employee dies;
 - (2) The parent-employee's hours of employment are reduced;
 - (3) The parent-employee's employment ends for any reason other than his or her gross misconduct;
 - (4) The parent-employee becomes enrolled in Medicare (Part A, Part B, or both);
 - (5) The parents become divorced or legally separated; or
 - (6) The child stops being eligible for coverage under the plan as a "dependent child."

C. Notice of Qualifying Event

The Plan will offer COBRA continuation coverage to qualified beneficiaries only after the Plan Office has received written notice that a qualifying event has occurred.

1. Employer Obligation. When the qualifying event is your termination of employment or reduction of hours of employment (causing you to lose coverage), the Plan Office will learn of the qualifying event based on the employer transmittal reports and the Plan's records regarding your hour bank and self pay period.

2. Employee Obligation. For other qualifying events (death, divorce or legal separation of the employee and spouse, a dependent child's losing eligibility for coverage as a dependent child or the employee's entitlement to Medicare (Part A, part B or both)), **you must notify the Plan Office of**

the qualifying event, including a written description of the change and effective date. For a divorce or legal separation, you should include a copy of the divorce judgment or legal separation order; if the qualifying event is the employee's death, include the death certificate. The Plan requires that you notify the Plan within 60 days after the qualifying event occurs. You must send your notice to the address listed on page 1 of this notice.

Once the Plan Office receives notice that a qualifying event has occurred, COBRA will be offered to each qualified beneficiary. 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, whichever is later.

D. Maximum Period for COBRA

1. 36 Months COBRA Coverage—Several Reasons. COBRA continuation coverage is only temporary continuation of coverage. When the qualifying event is the death of the employee, enrollment of the employee in Medicare (Part A, Part B, or both), your divorce or legal separation, or a dependent child losing eligibility as a dependent child, COBRA continuation coverage may be purchased for up to 36 months. The premium is 102% of the cost of coverage as determined by the Board of Trustees.

2. 18 Months Coverage—Loss of Employment or Reduction in Hours. When the qualifying event is the loss of employment or reduction of the employee's hours of covered employment, COBRA continuation coverage may be purchased for up to 18 months.

3. COBRA Extended Past 18 Months. There are three ways in which this 18-month period of COBRA continuation coverage can be extended.

a. Disability extension of 18-month period of continuation coverage. If you or a family member covered under the Plan is determined by the Social Security Administration to be disabled at any time during the first 60 days of COBRA continuation coverage and you provide timely written notice to the Plan Office you and your eligible family members can receive up to an additional 11 months of COBRA continuation coverage, for a total of 29 months. During the 11-month disability extension period you will be charged 150% of the cost of coverage. You should ensure that the Plan 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. **This notice should be sent to the address set forth on page 1, along with a copy of the Social Security Award.** (See Section C below for a description of extended California COBRA which is available in certain situations.)

b. Second qualifying event extension of 18-month COBRA period. If your family experiences another qualifying event while receiving COBRA continuation coverage, the spouse and dependent children in your family are eligible to purchase additional months of COBRA continuation coverage up to a maximum of 36 total months of COBRA. This extension is available to the spouse and dependent children if the former employee dies, enrolls in Medicare (Part A, Part

B, or both), or becomes divorced or legally separated. The extension is also available to a dependent child when that child stops being eligible under the Plan as a dependent child. You must notify the Plan of the second qualifying event within 60 days of the second qualifying event including an explanation of the second qualifying event and effective date. For a divorce or legal separation, you should include a copy of the court judgment. If the employee died, enclose a death certificate. This notice must be sent to the Plan Office at the address listed on the first page of this notice.

c. California COBRA Extension-Medical Benefits.

1. HMO. If you enrolled in an HMO (Health Maintenance Organization) plan, such as Kaiser, California law requires the HMO to extend your medical continuation coverage for up to 36 months from the start of COBRA coverage (combined federal and state COBRA extensions) in certain situations (This is not a Plan rule but is instead a California law requirement). California COBRA Extension does not apply to vision, dental or other ancillary benefits coverage. The California COBRA Extension will apply to you only if you have an 18-month or 29-month COBRA Qualifying event.

To be eligible for the California COBRA Extension, you must have exhausted your federal COBRA coverage and you must be enrolled in an HMO on the date your federal COBRA coverage ends. You will be charged a premium that is consistent with the California COBRA Extension, which is 110% of the cost of coverage.

If you are enrolled in the Plan's self-funded option (instead of Kaiser) at the time your COBRA ends, this extension will not apply.

2. California Senior COBRA After Coverage Ends. If you are enrolled in an HMO on the date COBRA coverage ends, you may be eligible for further benefits under the California Senior COBRA Continuation Coverage. This coverage applies to employees age 60 or over who were employed by an employer for five or more consecutive years immediately prior to termination of employment and their spouses who meet certain eligibility requirements under state law. The extended coverage terminates upon your becoming eligible for Medicare or at turning age 65. You should contact your HMO for more information. This extra coverage does not apply if you started COBRA or Cal-COBRA prior to attaining age 60.

3. Conversion Option. Under California law, if you are enrolled in an HMO you may have the option of converting your group coverage to individual coverage with the HMO. If this applies, you may have only a limited time to convert your medical coverage so you should contact your HMO for information on any conversion rights you may have, and the costs prior to the date of your loss of coverage. The law does not apply to dental or vision benefits. Conversion plans do not provide the same level of coverage as the Plan for employees and they generally cost more.

If You Have Questions

If you have questions about your COBRA continuation coverage, you may contact the Plan Office at the address and phone number noted above or you may contact the nearest Regional or District Office of the U.S. Department of Labor's Employee Benefits Security Administration (EBSA). Addresses and phone numbers of Regional and District EBSA Offices are available through EBSA's website at www.dol.gov/ebsa.

Keep Your Plan Informed of Address Changes

To protect your family's rights, you should keep the Plan Office informed of any changes in the addresses of family members. You should also keep a copy for your records of any notices you send to the Plan.

