

SAN FRANCISCO ELECTRICAL WORKERS HEALTH & WELFARE PLAN  
720 Market St., Ste 700  
San Francisco, CA 94102

**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. “COBRA” is an acronym for the Consolidated Omnibus Budget Reconciliation Act of 1985, a federal law allowing you and certain family members to purchase coverage from the Plan after your regular coverage has ended for certain specified reasons, such as a reduction in hours or your termination of employment. Your COBRA right begins with your first month of coverage that is not provided by your hour bank.

This notice explains COBRA coverage in general terms, and what you must do to protect your 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. 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.

This notice is only a summary. For more information about your rights and obligations under the Plan and federal law, please review the Plan’s Summary Plan Description and Plan Document from the Plan Office at:

COBRA Administrator  
San Francisco Electrical Workers Health & Welfare Plan  
720 Market Street, Suite 700  
San Francisco, CA 94102  
Tel: (415) 263-3670

The Plan office is responsible for administering COBRA continuation coverage.

**B. Who May Receive COBRA Coverage**

COBRA coverage is potentially available to each person who is a “qualified beneficiary.” 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. A qualifying event is an event resulting in the loss of Plan coverage as follows:

- Employee. For an employee, when his or her hour bank is insufficient to maintain Plan coverage because:
  - (i) the employee’s hours of employment have been reduced; or
  - (ii) the employee’s covered employment has ended for any reason other than gross misconduct.
- Spouse. For a spouse of an employee, when Plan coverage is lost because:
  - (i) the employee spouse loses Plan coverage for either of the two reasons described immediately above;
  - (ii) the employee spouse dies;

- (iii) the employee spouse becomes enrolled in Medicare (Part A, Part B, or both) after a COBRA election has been made; or
- (iv) the spouse becomes divorced or legally separated from the employee.

➤ Dependent Children. For a dependent child, when Plan coverage is lost because:

- (i) the employee loses Plan coverage for either of the two reasons that apply to the employee;
- (ii) the employee dies;
- (iii) the employee becomes enrolled in Medicare (Part A, Part B, or both);
- (iv) the parents become divorced or legally separated; or
- (v) the child ceases to be eligible for Plan coverage as a dependent.

Children Born or Adopted During COBRA Coverage Period. A child born to, adopted by, or placed for adoption with a covered employee during a period of COBRA coverage is considered to be a qualified beneficiary provided that, if the covered employee is a qualified beneficiary, the covered employee has elected COBRA coverage for himself or herself. The child's COBRA coverage begins when the child is enrolled in the Plan, whether through special enrollment or open enrollment, and it lasts for as long as COBRA coverage lasts for other family members of the employee. To be enrolled in the Plan, the child must satisfy the otherwise applicable Plan eligibility requirements.

Alternate Recipients Under QMCSOs. A child of a covered employee who is receiving benefits under the Plan pursuant to a qualified medical child support order (QMCSO) received by the Plan Office during the covered employee's period of employment is entitled to the same rights to elect COBRA as an eligible dependent child of the covered employee.

### **C. Notice of Qualifying Event**

The Plan will offer COBRA coverage to qualified beneficiaries only after the employee's hour bank has been drawn down to the point that it can no longer provide coverage because a qualifying event (or, if later, after a disabled employee's no-cost disability coverage has ended).

1. Termination or Reduction of Hours. The Plan Office will ordinarily learn of an employee's qualifying event based on the employer transmittal reports and the Plan's records supporting the employee's hour bank. These qualifying events are a termination of employment or a reduction in the hours of the employee's employment, and will be deemed to have occurred on the last day of the second month preceding the first month for which the employee's hour bank is insufficient to provide coverage by reason of the termination or reduction in hours (*e.g.*, May 31 if July is the first month of no hour bank coverage).

2. Employee Obligation for Other Qualifying Events. 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), the employee must notify the Plan Office of the qualifying event, including a written description of the event and effective date. For a divorce or legal separation, a copy of the divorce judgment or legal separation order should be included. If the qualifying event is the employee's death, the death certificate should be included. The Plan requires that the employee notify the Plan within 60 days after the qualifying event occurs. The notice should be sent to the address listed on page 1 of this notice.

Once the Plan Office determines that a qualifying event has occurred, COBRA will be offered to each appropriate qualified beneficiary. For each qualified beneficiary who elects COBRA continuation coverage, COBRA continuation coverage will begin on the first day of the month immediately following the last month of hour bank coverage (or, in the case of a disabled employee, after no-cost disability coverage has ended).

### **D. Electing COBRA**

Each qualified beneficiary has an independent right to elect COBRA. Employees and spouses (if the spouse is a qualified beneficiary) may elect COBRA on behalf of all of the qualified beneficiaries, and parents may elect COBRA on behalf of their children. Any qualified beneficiary for whom COBRA is not elected within the 60-day election period specified in the Plan's COBRA election notice will lose his or her right to elect COBRA. Because the Plan charges one flat premium for both single and family coverage, most employees who elect COBRA elect for the entire family (though there may be reasons to elect separate coverage).

A qualified beneficiary may elect either core coverage only or both core and non-core coverage. "Core coverage" is major medical coverage only. "Non-core coverage" is dental and vision care coverage, and must be elected together if at all. Non-core coverage cannot be elected without core coverage.

**E. Maximum Period for COBRA**

1. 36-Month Maximum Coverage Period. COBRA coverage is only temporary. When the qualifying event is the death of the employee, enrollment of the employee in Medicare, divorce or legal separation, or a dependent child losing dependent status, COBRA coverage may be purchased for up to 36 months.

2. 18-Month Maximum Coverage Period. When the employee incurs a qualifying event and thereafter loses coverage, COBRA coverage may be purchased for up to 18 months, though it can end earlier for reasons discussed in the Summary Plan Description. Also, the 18-month maximum coverage period can be extended as follows:

a. *Social Security Disability Award Extension.* If any family member is determined by the Social Security Administration to be disabled at any time during the first 60 days of COBRA continuation coverage and timely written notice is provided to the Plan Office, then any family member can elect an additional 11 months of COBRA coverage, for a total of 29 months. You must notify the Plan Office of the Social Security Administration's determination within 60 days of the date of the determination and before the end of the initial 18-month COBRA coverage period. The notice should be sent to the address on page 1, along with a copy of the Social Security Award.

b. *Second Qualifying Event Extension.* If a spouse or dependent experiences another qualifying event while receiving COBRA coverage, the spouse and dependent will be eligible for additional months of COBRA coverage up to a maximum of 36 total months of coverage. This extension is available to the spouse and any dependent child receiving COBRA coverage if the employee or former employee dies or gets divorced or legally separated, or if the dependent child stops being eligible under the Plan as a dependent child, but only if the event would have caused the spouse or dependent child to lose coverage under the Plan had the first qualifying event not occurred. This extension is not available under the Plan when a covered employee becomes entitled to Medicare after his or her termination of employment or reduction of hours. You must notify the Plan of the second qualifying event within 60 days of its occurrence, and include an explanation of the second qualifying event and effective date. Notice must be sent to the Plan Office at the address listed on page 1 of this notice. For a divorce or legal separation, you should include a copy of the court judgment. If the employee has died, enclose a death certificate.

**F. Cost of COBRA Coverage**

1. General Rules. Under the law, the maximum monthly coverage payment generally that can be charged by the Plan for COBRA coverage is 102% of the cost of that coverage, which is determined by the Board of Trustees.

2. Disability May Affect the COBRA Monthly Coverage Payment. Subject to certain conditions and limitations described in Section 3.6 of the Summary Plan Description, an employee who is unable to work due to disability may qualify for up to six months of no-cost disability coverage following hour bank coverage. After this no-cost disability coverage ends, COBRA coverage becomes available. A reduced-cost COBRA monthly coverage payment may apply for up to the first six of the employee's maximum 18 months of COBRA coverage. This reduced-cost COBRA coverage rule for disabled employees is explained fully in Section 3.6 of the Summary Plan Description and will also be explained by letter from the Plan Office if you are approved for no-cost disability coverage.

Separate from any reduced-cost COBRA premium for which you may qualify, if you qualify for the 11-month disability COBRA extension period based on a Social Security Administration disability award, your monthly coverage payment can be as high as 150% of the cost of coverage. The Board of Trustees has the discretion to establish all COBRA monthly coverage payments, so long as the required payment does not exceed the maximum amount. See Appendix B of the Summary Plan Description for the current COBRA monthly coverage payment amounts.

**G. Additional Notice and Election Procedures**

If your notice or election is late or if you do not follow these procedures, you and your qualified beneficiaries will lose the right to elect COBRA (or will lose the right to an extension of COBRA coverage, as applicable).

***Notices Must Be Submitted on Plan Forms.*** Any notice or election that you provide must be submitted on the Plan’s required form. The election form that applies for the 18 month qualifying event is attached to this notice. Other elections forms may be obtained from the Plan Office without charge. Oral notice, phone notice and e-mail notice are not acceptable. Notice should be made by regular mail or hand delivery.

***How, When and Where to Send Notices.*** You must mail or hand deliver your notice to the COBRA Administrator listed above. If mailed, your notice must be postmarked no later than the last day of the applicable notice period. If hand delivered, your notice must be received by the individual at the address specified above no later than the last day of the applicable notice period.

***Additional Information Required for Notice of Disability.*** Any notice of disability that you provide to establish the 11-month COBRA extension period must include (i) the name and address of the disabled qualified beneficiary, (ii) the date that the qualified beneficiary became disabled, (iii) the names and addresses of all qualified beneficiaries who are still receiving COBRA coverage, (iv) the date that the Social Security Administration made its determination, (v) a copy of the Social Security Administration’s determination and (vi) a statement whether the Social Security Administration has subsequently determined that the disabled qualified beneficiary is no longer disabled.

***Additional Information Required for Notice of Second Qualifying Event.*** Any notice of a second qualifying event that you provide must include (i) the names and addresses of all qualified beneficiaries who are still receiving COBRA coverage, (ii) the second qualifying event and the date that it happened and (iii) if the second qualifying event is a divorce or legal separation, a copy of the decree of divorce or legal separation.

**H. State Continuation Coverage**

California insurance law requires the Kaiser HMO and the Blue Shield HMO to offer an extension of the maximum continuation coverage period for HMO enrollees whose 18 month COBRA maximum coverage period is expiring. Under this state law, the combined federal COBRA and state extension coverage cannot exceed 36 months. The additional state extension does not apply to dental and vision coverage. If you are getting close to exhausting your 18 month COBRA coverage and may wish to extend coverage further, you should contact the HMO in which you are participating to inquire about Cal-COBRA.

**I. Other Coverage Options**

Coverage options other than COBRA may be available to you. You may, for example, obtain health coverage under an individual policy through the Health Insurance Marketplace, Medicaid or some other group health plan (such as a spouse’s plan) through what is called a “special enrollment period.” Any of these options may be less expensive than COBRA, and you may be eligible for premium tax credits and cost-sharing reductions that reduce your overall out-of-pocket cost. In general, however, if you elect COBRA, you will not be able to drop COBRA coverage and enroll through the Health Insurance Marketplace unless you are enrolling during the Marketplace’s annual open enrollment period or one of the special enrollment rules applies.

Visit California's Department of Managed Care website for information regarding additional HMO continuation coverage options. (See: [http://www.dmhc.ca.gov/dmhc\\_consumer/hp/hp\\_individual.aspx](http://www.dmhc.ca.gov/dmhc_consumer/hp/hp_individual.aspx).)

**J. If You Have Questions**

If you have questions about COBRA, HIPAA, the Affordable Care Act and other health coverage laws, 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](http://www.dol.gov/ebsa). For more information about the Marketplace, visit [www.HealthCare.gov](http://www.HealthCare.gov).

**K. 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.

