

## **Qualifying Event/Election Notice Of COBRA Rights**

**This notice contains important information about your right to continue your DC 37 Welfare Fund Benefits coverage.** Please read the information contained in this notice very carefully.

To elect to continue your DC37 Welfare Fund Benefits, **you must complete the enclosed Election Form and submit it to us within 60 days of the qualifying event or the date you lost eligibility for benefits.** Although your first COBRA premium payment is not due until 45 days after you elect COBRA coverage, you may send in your first payment with the COBRA election form.

If you have any questions about this notice or your rights to COBRA continuation coverage, you should contact Carol Aguirre, DC 37 Benefits Fund Trust, Accounting Department – 3<sup>rd</sup> floor, 125 Barclay Street, New York, NY 10007, (212) 815-1239.

You may elect any of the following options for COBRA continuation coverage described at the end of this notice. You do not have to send any payment with the Election Form. Important additional information about payment for COBRA continuation coverage is included in the pages following the enclosed Election Form.

### **Important Information About Your COBRA Continuation Coverage Rights**

#### **What Is Continuation Coverage?**

Federal law requires that most group plans that provide health benefits (including 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 an employer’s plan. Depending on the type of qualifying event, “qualified beneficiaries” can include the employee (or retired employee) covered under the health plan, the covered employee’s spouse/domestic partner, and the dependent children of the covered employee.

Continuation coverage is the same coverage that the Plan gives to other participants under the Plan who are not receiving continuation coverage. Each qualified beneficiary who elects continuation coverage will have the same rights under the Plan as other participants covered under the Plan.

#### **How Long Will Continuation Coverage Last?**

In the case of a loss of coverage due to end of employment or reduction in hours of employment, coverage generally will be continued for up to a total of 18 months. Under USERRA (Uniformed Services Employment and Reemployments Rights Act) individuals called up to military active duty will be continued for up to a total of 24 months. In the case of loss of coverage due to an employee’s death, divorce or legal separation 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. You will be required to pay 102% of the cost of coverage during this 18, 24 or 36-month period.

Continuation coverage will be terminated before the end of the maximum period if:

- any required premium is not paid in full on time,
- a qualified beneficiary becomes covered, after electing continuation coverage, under another group health plan that does not impose any pre-existing condition exclusion for a pre-existing condition of the qualified beneficiary,
- the employer ceases to provide any group health plan for its employee. Continuation coverage may also be terminated for any reason the Plan would terminate coverage of a participant not receiving continuation coverage (such as fraud).

### **How Can You Extend The Length Of COBRA Continuation Coverage?**

If the maximum period of your COBRA continuation coverage as indicated in this notice is 18 months, you may be entitled to extend your coverage.

If you elect 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. You must notify Carol Aguirre, DC 37 Benefits Fund Trust, Accounting Department – 3<sup>rd</sup> floor, 125 Barclay Street, New York, NY 10007, (212) 815-1239 of a disability or a second qualifying event in order to extend the period of continuation coverage. Failure to provide notice of a disability or second qualifying event may affect the right to extend the period of continuation coverage.

#### **Disability**

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 sometime before the 60th day of COBRA continuation coverage and must last at least until the end of the 18-month period of continuation coverage. You must notify Carol Aguirre, DC 37 Benefits Fund Trust, Accounting Department – 3<sup>rd</sup> floor, 125 Barclay Street, New York, NY 10007, (212) 815-1239 of the SSA determination of disability within 60 days of receiving the determination or within 60 days of the qualifying event and before the end of the 18-month continuation coverage period. Each qualified beneficiary who has elected 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 within 30 days after SSA's determination. You will be responsible for 150% of the cost of coverage during the 11-month disability extension period.

#### **Second Qualifying Event**

An 18-month extension of coverage will be available to spouses/domestic partners and dependent children who elect continuation coverage if a second qualifying event occurs during the first 18 months of continuation coverage. The maximum amount of continuation coverage available when a second qualifying event occurs is a total of 36 months. Such second qualifying events may include the death of a covered employee, divorce or separation from the covered employee or a dependent child's ceasing to be eligible for coverage as a dependent 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 continuation coverage.

### **How Can You Elect COBRA Continuation Coverage?**

To elect 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 continuation coverage. For example, the employee's spouse/domestic partner may elect continuation coverage even if the employee does not. Continuation coverage may be elected for 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/domestic partner can elect continuation coverage on behalf of all of the qualified beneficiaries.

### **How Much Does COBRA Continuation Coverage Cost?**

Generally, each qualified beneficiary may be required to pay the entire cost of continuation coverage. The amount a qualified beneficiary may be required to pay may not exceed 102 percent (or, in the case of an extension of continuation coverage due to a disability, 150 percent) of the cost for coverage of a similarly situated plan participant who is not receiving continuation coverage. The required payment for each continuation coverage period for each option is described in this notice. The cost of continuation coverage may be adjusted due to changes in coverage. However, these changes may not include **upgrades** in the COBRA coverage you have elected. In addition, the premiums charged for continuation coverage may be changed on a yearly basis or as otherwise determined by the Trustees and as permitted by law.

The American Recovery and Reinvestment Act of 2009 (ARRA) reduces the COBRA premium in some cases. The premium reduction is available to certain individuals who experience a qualifying event that is an involuntary termination of employment during the period beginning with September 1, 2008 and ending with December 31, 2009. If you qualify for the premium reduction, you need only pay 35 percent of the COBRA premium otherwise due to the plan. This premium reduction is available for up to nine months. If your COBRA continuation coverage lasts for more than nine months, you will have to pay the full amount to continue your COBRA continuation coverage. See the attached "Summary of the COBRA Premium Reduction Provisions under ARRA" for more details, restrictions, and obligations as well as the form necessary to establish eligibility.

### **When And How Must Payment For COBRA Continuation Coverage Be Made?**

If you elect continuation coverage, you do not have to send any payment with the Election Form. However, you must make your first payment for continuation coverage not later than 45 days after the date of your election. (This is the date the Election Form is postmarked, if mailed). If you do not make your first payment for COBRA continuation coverage in full not later than 45 days after the date of your election, you will lose all continuation coverage rights under the Plan. In some cases, where you have submitted a COBRA election of continuation coverage form before a triggering event has occurred (i.e. if you plan to resign or retire or your dependent child will be reaching the age of majority and you file our COBRA election form before such event), you may also have to pay the next monthly premium (which is due on the 1<sup>st</sup> of the month) with your first monthly premium within the 45-day period referenced above (subject to the 30-day grace period).

You are responsible for making sure that the amount of your first payment is correct. You may contact Carol Aguirre, DC 37 Benefits Fund Trust, Accounting Department – 3<sup>rd</sup> floor, 125 Barclay Street, New York, NY 10007, (212) 815-1239 to confirm the correct amount of your first payment.

After you make your first payment for continuation coverage, you will be required to make periodic payments for each subsequent coverage period. The amount due for each coverage period for each qualified beneficiary is shown on the attached COBRA rates and benefits sheet. The periodic payments can be made on a monthly or quarterly basis. Under the Plan, each of these periodic payments is due on the first of each month (or the first day of the quarter). Making payment on or before the period for which it applies will continue your coverage under the Plan without any break. The Plan will not send periodic notices of payments due.

### **Grace Periods For Periodic Payments**

Although periodic payments are due as stated above, you will be given a grace period of 30 days after the first day of the coverage period to make each periodic payment. Your 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 fail to pay a periodic payment before the end of the grace period, your coverage under the Plan will be suspended as of the first day of the coverage period.

However, your coverage will be retroactively reinstated (going back to the first day of the coverage period) when the periodic payment is received, as long as it is received prior to the expiration of the grace period. 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. If you fail to make a periodic payment before the end of the grace period for that coverage period, you will lose all rights to continuation coverage under the Plan.

**Your first payment and all subsequent periodic payments for continuation coverage should be sent to:**

DC 37 Benefits Fund Trust-COBRA  
125 Barclay Street  
**Attn: Accounting Department – 3<sup>rd</sup> floor**  
New York, NY 10007

### **For More Information**

This notice does not 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 Plan Administrator.

If you have any questions concerning the information in this notice, your rights to coverage, you should contact Carol Aguirre, DC 37 Benefits Fund Trust, 125 Barclay Street, Accounting Department – 3<sup>rd</sup> floor, New York, NY 10007, (212) 815-1239.

For more information about your rights under ERISA, including COBRA, the Health Insurance Portability and Accountability Act (HIPAA), and other laws affecting group health plans, contact the U.S. Department

of Labor's Employee Benefits Security Administration (EBSA) in your area or visit the EBSA website at [www.dol.gov/ebsa](http://www.dol.gov/ebsa). (Addresses and phone numbers of Regional and District EBSA Offices are available through EBSA's website.)

### **Keep Your Plan Informed of Address Changes**

In order to protect your and your family's rights, you should keep the Plan Administrator 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 to the Plan Administrator.