

District Council 1707, Local 95
Head Start Employees Welfare Fund

COBRA Continuation Coverage

Following is important information about your right to COBRA continuation coverage, which is a temporary extension of the group health coverage you received through the District Council 1707 Local 95 Head Start Employees Welfare Fund (the “Plan”). Following is a general explanation of 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.

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 to other members of your family when you and/or your family members would otherwise lose group health coverage under the Plan.

What is COBRA Continuation Coverage

COBRA continuation coverage is a continuation of group health coverage when coverage would otherwise end because of a life event known as a “qualifying event” (qualifying events are listed below). COBRA continuation coverage must be offered to each person who is a “qualified beneficiary.” A qualified beneficiary is someone who will lose group health coverage under the Plan because of the occurrence of a qualifying event. Depending on the type of qualifying event that occurs, employees, spouses of employees, and dependent children of employees may become qualified beneficiaries. Under the Plan, qualified beneficiaries who elect COBRA continuation coverage are required to pay for their coverage.

Qualifying Events and Qualified Beneficiaries

An employee will become a qualified beneficiary if he or she loses group health coverage under the Plan because either one of the following qualifying events happens:

- (1) His or her hours of employment are reduced, or
- (2) His or her employment ends for any reason other than gross misconduct.

An employee’s spouse will become a qualified beneficiary if the spouse will lose group health coverage under the Plan because any of the following qualifying events happens:

- (1) The employee dies;
- (2) The employee’s hours of employment are reduced;
- (3) The employee’s employment ends for any reason other than his or her gross misconduct;
- (4) The employee becomes enrolled in Medicare (Part A, Part B, or both); or
- (5) The employee and his or her become divorced or legally separated.

Dependent children will become qualified beneficiaries if they will lose group health coverage under the Plan because any of the following qualifying events happens:

- (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."

When is COBRA Continuation Coverage Available

The Plan will offer COBRA continuation coverage to qualified beneficiaries only after the Fund Administrator has been notified that a qualifying event has occurred. If COBRA continuation coverage is elected on a timely basis, COBRA continuation coverage will begin on the date that Plan coverage would otherwise have been lost.

Notification of the Occurrence of Qualifying Events

Employer's Notification Obligations

When the qualifying event is the end of employment or reduction of hours of employment, death of the employee, the employee's becoming entitled to Medicare benefits (under Part A, Part B, or both) the employer must notify the Fund Administrator of the occurrence of a qualifying event within 30 days following the date coverage ends.

Your Notification Obligations

For the other qualifying events (divorce or legal separation of the employee and spouse or a dependent child's losing eligibility for coverage as a dependent child), the employee or a family member must notify the Fund Administrator within 60 days after the qualifying event occurs.

How is COBRA Continuation Coverage Provided

Electing COBRA Coverage

Once the Fund Administrator receives notice that a qualifying event has occurred, COBRA continuation coverage will be offered to each of the qualified beneficiaries. Each qualified beneficiary has an independent right to elect COBRA continuation coverage. However, elections need not be separate: an employee can elect COBRA continuation coverage for him or herself and his or her covered spouse; and either parent can elect COBRA continuation coverage for a child who is a qualified beneficiary.

Duration of COBRA Continuation Coverage

COBRA continuation coverage is a temporary continuation of group health coverage. When the qualifying event is the death of the employee, enrollment of the employee in Medicare (Part A, Part B, or both), the employee's divorce or legal separation, or the employee's dependent child losing eligibility as a dependent child, COBRA continuation coverage lasts for up to 36 months.

When the qualifying event is the end of the employee's employment or reduction of the employee's hours of employment, COBRA continuation coverage lasts for up to 18 months. There are two ways in which this 18-month period of COBRA continuation coverage can be extended.

1. Disability Extension of 18-Month Period of continuation Coverage

If the employee or a family member is determined by the Social Security Administration to be disabled at any time during the first 60 days of his or her COBRA continuation coverage each member of the employee's family whose COBRA continuation is in effect may become eligible to receive up to an additional 11 months of COBRA continuation coverage, for a maximum of 29 months of continuation coverage. To become eligible for the disability extension of coverage, notification of the Social Security Administration's determination must be provided to the Fund Administrator 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 Fund Administrator at: District Council 1707, Local 95 Head Start Employees Welfare Fund, 75 Varick Street, Suite 1500, New York, NY 10013.

2. Second Qualifying Event Extension of 18-Month Period of Continuation Coverage

If members of the employee's family for whom continuation coverage is in effect, experience another qualifying event, the employee's spouse and dependent children can get additional months of COBRA continuation coverage, up to a maximum of 36 months. 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 gets divorced or legally separated. The extension also is available to a dependent child when that child stops being eligible for group health coverage under the Plan as a dependent child. In all of these cases, you must make sure that the Fund Administrator is notified of the second qualifying event within 60 days of the second qualifying event.

In addition, when the qualifying event is the end of employment or reduction of the employee's hours of employment, and the employee became entitled to Medicare benefits less than 18 months before the qualifying event, COBRA continuation coverage for qualified beneficiaries other than the employee last until 36 months after the date the employee became entitled to Medicare.

Cost of COBRA Continuation Coverage

COBRA participants must pay monthly premiums for coverage. In general, the COBRA premium is based on the full group rate per covered person set at the beginning of the plan year, plus 2 percent for administrative costs.

However, if the COBRA continuation coverage period is extended due to disability, the COBRA premium during the 11-month extension period (months 19 through 29) is based on the full group rate per covered person, plus 50 percent for administrative costs.

Early Termination of COBRA Continuation Coverage

COBRA continuation coverage ends before the maximum continuation period set forth above if one of the following occurs:

- A qualified beneficiary becomes covered under another group health plan (provided that the other plan does not have preexisting condition limitations affecting the qualified beneficiary).
- A qualified beneficiary becomes enrolled in Medicare. (Covered dependents who are not enrolled in Medicare can continue coverage under COBRA until the maximum continuation period is reached.)
- During the 11-month disability extension period, there is a final Social Security determination that the applicable qualified beneficiary is no longer disabled.

- Monthly premium payments are not made on a timely basis.
- The Fund ceases to provide group health benefits to any employee.

If You Have Questions

If you have questions about COBRA continuation coverage, as noted above, you can contact the Fund Administrator. You may also 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 Us Informed of Address Changes

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