

# *Laborers' Metropolitan Detroit Health Care Fund*

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## **A VERY IMPORTANT NOTICE ABOUT CONTINUATION OF YOUR GROUP HEALTH CARE COVERAGE**

TO: ALL EMPLOYEES AND DEPENDENTS PARTICIPATING IN THE  
LABORERS' METROPOLITAN DETROIT CARE FUND

A federal law requires most employers who sponsor group health care plans to offer covered employees and their families the opportunity to continue their health care coverage at group rates in certain instances (called "qualifying events") where the coverage under the plan would otherwise end.

Whenever the word "covered employee" or "employee" is used in this notice, it refers to a Plan participant who is eligible for health care coverage under the Plan and to retirees if retiree health care coverage is provided under the Plan.

This law, the Consolidated Omnibus Budget Reconciliation Act, otherwise known as "COBRA", applies to the Laborers' Metropolitan Detroit Health Care Fund. Continuation of coverage is often referred to below as "COBRA" or "COBRA coverage."

**This notice explains what your rights to COBRA coverage are as an employee, spouse, or adult dependent child as well as what obligations you must satisfy in order to be eligible for COBRA coverage. Every employee, his or her spouse (if any), and their older children (if any) should read this entire notice.**

Whenever the word "covered employee" is used in this notice, it refers to a plan participant who is eligible for health care coverage under the Plan "...as well as to retirees if health care coverage is extended to retirees".

When the term "qualified beneficiary" is used, it means anyone who is entitled to continued health care coverage under the COBRA law (e.g., employee, spouse, former spouse, widow/widower, or dependent child).

### **YOUR RIGHTS**

If you are an employee covered by the Laborers' Metropolitan Detroit Health Care Fund, you have the right to choose continuation coverage if you lose your eligibility for coverage under the Plan due to a reduction in the number of hours worked or termination of employment (unless termination is due to gross misconduct on your part).

If loss of eligibility is due to a reduction in hours or termination of employment, COBRA coverage may be purchased for a maximum of 18 months.

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If you, as an employee, qualify for continuation coverage due to a reduction in hours or termination of employment, but do not elect such coverage for your entire family, your spouse or dependent children are still entitled to elect continuation coverage on their own if the election is made within 60 days after the date on the election notice.

**If you are the spouse of an employee covered by the Plan, you have the right to choose continuation coverage for yourself if you lose coverage under the Plan when any of the following events occurs:**

1. Termination of your spouse's employment (for reasons other than gross misconduct) or a reduction in the hours worked by your spouse;
2. Death of your spouse;
3. Divorce or legal separation from your spouse; or
4. Your spouse becomes covered under Medicare.

If event (1) listed above occurs, you are entitled to a maximum of 18 months of COBRA coverage. If event (2), (3), or (4) occurs you are entitled to continuation coverage for up to 36 months minus any months of continuation coverage already provided in the months immediately preceding an event described in (2), (3), or (4).

**If you are a dependent child of an employee covered under the Plan, you have the right to continuation coverage if you lose your eligibility for coverage under the Plan when any of the following events occur (also referred to as "qualifying events"):**

1. Termination of your parent's employment (for reasons other than gross misconduct) or reduction in the number of hours worked by your parent, if he or she is a covered employee under the Plan;
2. Death of a parent, if he or she is a covered employee under the Plan;
3. Divorce or legal separation of your parents;
4. You cease to satisfy the Plan's definition of a "dependent child"; or
5. Your parent, if a covered employee under the Plan, becomes covered by Medicare.

If event (1) occurs, you are entitled to a maximum of 18 months of COBRA coverage beginning with your parent's loss of coverage under the Plan. If event (2), (3), (4) or (5) occurs, you may purchase continuation coverage for up to 36 months minus any months immediately preceding an event described in (2), (3), (4) or (5) above.

A newborn or adopted child will automatically be extended COBRA coverage if the parents already have COBRA coverage. This may involve an increase in the COBRA premium charged. In addition, a newborn child or an adopted child (or the child's custodian or guardian) may elect to continue COBRA coverage for up to 18 months or 36 months if the parent(s) are no longer entitled to COBRA. In effect, the newborn or adopted child has an independent right to continue COBRA for up to 18 or 36 months after the initial qualifying event.

### Disabled Persons

If any qualified beneficiary (you, as a covered employee, your spouse, or any dependent child) are entitled to social security disability benefits at the time of a qualifying event or within 60 days after a qualifying event, you may purchase an additional 11 months of COBRA as a disabled person (or a total of 29 months).

The additional 11 months of COBRA may be purchased not only for the disabled person but also for other family members who are not disabled (subject to the applicable premium).

To obtain the additional 11 months of COBRA coverage, the disabled person (employee, spouse, or dependent child) must apply for social security disability benefits before the end of the 18-month continuation coverage period and must notify the Fund Office within 60 days after the Social Security Administration awards social security benefits to the disabled person.

The Fund is permitted to charge a higher premium (up to 150% higher than the regular COBRA premium) for the additional 11 months of COBRA, not only for the disabled person but for other family members who opt for an additional 11 months of COBRA coverage.

## **YOUR OBLIGATIONS**

Under COBRA, the covered employee or a family member has a responsibility to notify the Fund Office about a divorce, legal separation, or a child losing dependent status under the Plan rules. Such notification should take place immediately after any of these three events occurs. If such an event is not reported to the Fund Office within 60 days after it occurs, continuation coverage is not available.

The surviving spouse (or dependent child) of a deceased employee should contact the Fund Office immediately after the employee's death. Similarly if there is a divorce or legal separation, the former spouse or legally separated spouse should notify the Fund Office immediately after the divorce or legal separation occurs. Such action will help assure that continuation coverage is offered at the earliest possible date. (The Fund Office address and phone number appear at the bottom of this notice.)

A covered employee, spouse, or dependent must notify the Fund Office immediately about any change in address so that, if any such person qualifies for continuation coverage, the COBRA election notice will be mailed to the right address. Failure to return the election notice within 60 days after it is first mailed eliminates your eligibility for COBRA coverage.

The law requires the COBRA election notice to be sent to the last known address on file at the Fund Office. If the election notice is sent to the wrong address due to your failure to notify the Fund Office about a change in address, the 60-day time limit may be exceeded in which case COBRA coverage would not be offered.

You are also required to notify the Fund Office if you or any family members are covered under another group health care plan at the time you receive a COBRA election notice (e.g., if you are covered as a dependent under your spouse's plan) or if you elect COBRA, at any time you or a family member subsequently becomes covered under another group health care plan, **including Medicare.**

The Fund Office may request specific information about your coverage under another group health care plan to be used for determining whether you are entitled to elect or to continue COBRA coverage. Under certain conditions COBRA coverage does not have to be provided if you are covered under another group health care plan. Failure to notify the Fund Office about such coverage may result in the Plan seeking reimbursement directly from you if medical expenses were paid by the Laborers' Metropolitan Detroit Health Care Fund which should have been paid by the other plan.

### **PROCEDURES FOR OBTAINING CONTINUATION COVERAGE -OTHER REQUIREMENTS-**

Once the Fund Office knows that an event has occurred which qualifies you or other family members for continuation coverage, the Fund Office will send an election notice to your last known address on file. You will have 60 days after the date on the election notice within which to notify the Fund Office on the election form whether you want the continuation coverage. If you do not elect the coverage within the 60-day time period, your right to continue your group health care coverage will end.

If you or any family members elect COBRA coverage, the Plan is required to offer coverage which, as of the time such coverage is provided, is identical to the coverage provided to similarly situated beneficiaries covered by the Plan.

You and any family members do not have to show that you are insurable to purchase COBRA coverage. However, you will have to make the required self-payment(s) for such coverage in accordance with specific due dates. The amount(s) and the due date(s) will be shown on the COBRA election notice.

"In addition to COBRA coverage, you will also have the option under this Plan to purchase alternative coverage which provides health care coverage equal to the COBRA coverage plus other benefits for a premium which is less than the COBRA premium. Details will appear on your

**CANCELLATION OF CONTINUATION COVERAGE**

The federal law provides that continuation coverage may be canceled by the Fund for any of the following reasons:

1. You do not make the required self-payments on time;
2. The plan itself terminates;
3. Your employer no longer provides group health care coverage to any of his employees;
4. You become an employee covered under some other group health care plan and immediately satisfy any waiting periods imposed under a new employer's plan for coverage of pre-existing conditions.

Under the Health Insurance Portability and Accountability Act of 1996, previous coverage may be credited toward any waiting period of up to 12 months imposed by a new employer for coverage of pre-existing conditions. If previous coverage is not sufficient to eliminate this waiting period, COBRA may be continued until the waiting period is satisfied (up to the 12 month maximum allowed under a new employer's plan).

5. You are divorced from the covered employee, remarry and become covered under you new spouse's group health care plan unless the new spouse's plan excludes or limits coverage of pre-existing condition.

If the new spouse's plan has a waiting period for coverage of pre-existing conditions, COBRA coverage must be continued until the waiting period is satisfied but no longer than a maximum of 36 months.

6. You, as an employee, a spouse, or dependent, become covered under Medicare subject to the following exception:
  - a. Although an employee's COBRA coverage may be canceled as soon as he or she is covered by Medicare, a spouse or dependent child with COBRA coverage at that time may continue purchasing such coverage **for up to 18 or 36 months** minus any months of COBRA coverage received immediately prior to the employee's coverage under Medicare. This option applies only if a spouse or dependent child is not also covered by Medicare.

Should you require information regarding benefits available under COBRA, please contact the Fund Office and the information will be mailed to you.

The information in this notice is based on our understanding of the COBRA requirements as of the date on this notice. However, further amendments of the law may be adopted and further regulations related to the law may be issued. As a result, this notice may be periodically updated and distributed to plan participants.

**Because the COBRA requirements are complicated and subject to change, it is recommended that if you have any questions about how the requirements apply to your particular situation, contact the Fund Office.**

Very truly yours,

BOARD OF TRUSTEES  
LABORERS' METROPOLITAN DETROIT HEALTH CARE FUND

