

MILWAUKEE DRIVERS HEALTH & WELFARE TRUST FUND

NOTICE OF "COBRA" CONTINUATION PROCEDURES and YOUR "COBRA" CONTINUATION COVERAGE RIGHTS

COBRA Continuation Coverage in General

Federal law requires that most group health plans (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 the group health plan. Depending on the type of qualifying event, "qualified beneficiaries" can include the employee (or retired employee) covered under the group health plan, the covered employee's spouse, and the dependent children of the covered employee.

Continuation coverage is the same coverage that the Plan gives to other participants or beneficiaries 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 or beneficiaries covered under the Plan, including special enrollment rights.

If you have a newborn child, adopt a child or have a child placed with you for adoption or legal guardianship (for whom you have financial responsibility) while COBRA continuation coverage is in effect, you may add the child to your coverage. You must notify the Fund Office in writing of the birth or placement and provide a completed enrollment form and other necessary documentation (i.e. birth certificates, legal documents) in order to have this child added to your coverage. Children born, adopted or placed for adoption or legal guardianship as described above-have the same COBRA rights as a spouse or dependents who were covered by the Plan before the event that triggered COBRA continuation coverage. Like all qualified beneficiaries with COBRA continuation coverage, their continued coverage depends on timely and uninterrupted payments on their behalf.

There may be other coverage options for you and your family. When key parts of the health care law take effect, you will be able to buy coverage through the Health Insurance Marketplace. In the Marketplace, you could be eligible for a new kind of tax credit that lowers your monthly premiums right away, and you can see what your premium, deductibles, and out-of-pocket costs will be before you made a decision to enroll. Being eligible for COBRA does not limit your eligibility for coverage for a tax credit through the Marketplace. Additionally, you may qualify for a special enrollment opportunity for another group health plan for which you are eligible (such as a spouse's plan), even if the plan generally does not accept late enrollees, if you request enrollment within 30 days.

Qualifying Event

A **"qualifying event"** occurs when there is a loss of eligibility for the employee or an eligible dependent due to the following:

1. The employee's reduction in hours (lay off) or termination of employment.
2. The employee's death.
3. The employee's divorce or legal separation.
4. The employee's entitlement to Medicare.
5. An eligible dependent child ceasing to qualify as a dependent child under the Plan.

When You Lose Eligibility

The attached election form shows the date your eligibility for health care benefits terminate as well as the qualifying event causing such termination. You now have the right to continue the same benefits provided under the active employee plan, **excluding** Life Insurance, Accidental Death and Dismemberment Benefit and the Weekly Accident and Sickness Benefit. You and each eligible dependent have the right to elect one of the following:

1. Elect medical, dental and vision coverage.
2. Elect medical coverage and reject vision and dental benefits.
3. Reject all COBRA continuation coverage.

Important Considerations in Determining Whether to Elect COBRA

In determining whether to elect continuation coverage, you should consider the following:

- First, you should take into account that you have special enrollment rights under Federal Law. You have the right to request special enrollment in another group health plan for which you are otherwise eligible (such as a plan sponsored by your spouse's employer) within 30 days after your group health coverage ends because of the qualifying event listed above. You will also have the same special enrollment rights at the end of continuation coverage if you elect COBRA continuation coverage for the maximum time available to you.
- Second, as previously stated, you may be able to purchase coverage in the Marketplace, formerly known as the Exchange. Depending on your household income, you may be eligible for premium or cost-sharing subsidies. You generally have up to 60 days to enroll but you may be permitted to apply before your coverage ends in order to avoid a coverage gap.

Election of COBRA Continuation Coverage

To elect continuation coverage, you must complete the enclosed 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 may elect continuation coverage, even if the employee does not. Continuation coverage may be elected for only 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 can elect continuation coverage on behalf of all of the qualified beneficiaries.

A qualified beneficiary must elect coverage by the date specified on the Election Form. Failure to do so will result in loss of the right to elect continuation coverage under the Plan. A qualified beneficiary may change a prior rejection of continuation coverage any time until that date. However, if you change your mind after first rejecting COBRA continuation coverage, your COBRA continuation coverage will begin on the date you furnish the completed Election Form.

How Much Does 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 of the cost to the group health plan (including both employer and employee contributions) for coverage of a similarly situated Plan participant or beneficiary who is not receiving continuation coverage. The required payment for continuation coverage for each continuation coverage period for each option is described in this notice.

When and How Must Payment for Continuation Coverage Be Made?

First Payment for Continuation Coverage

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 Notice is post-marked, if mailed.) If you do not make your first payment for 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. You are responsible for making sure that the amount of your first payment is correct. You may contact the Administrative Manager to confirm the correct amount of your first payment.

Periodic Payments for Continuation Coverage

After you make your first payment for continuation coverage, you will be required to make periodic payments for each subsequent month of coverage. The amount due for each coverage period for each qualified beneficiary is shown in this notice. The periodic payments must be made on a monthly basis. Under the Plan, each of these monthly payments for continuation coverage is due on the first day of the month. If you make a monthly payment on or before the first day of the month to which it applies, your coverage under the Plan will continue for that month without any break. The Plan will not send monthly notices of payments due.

Grace Periods for Periodic Payments

Although periodic payments are due on the first day of each month, you will be given a grace period of 30 days after the first day of each month to make each payment. Your continuation coverage will be provided for each month as long as payment for that month is made before the end

of the grace period for that payment. However, if you pay a monthly payment later than the first day of the month to which it applies, but before the end of the grace period for that month, your coverage under the Plan will be suspended as of the first day of the month and then retroactively reinstated (going back to the first day of the month) when the monthly payment is received. 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 monthly payment before the end of the grace period for that payment, you will lose all rights to continuation coverage under the Plan.

Your first payment and all period payments for continuation coverage should be sent to:

**Milwaukee Drivers Health and Welfare Trust Fund
10020 West Greenfield Avenue
Milwaukee, Wisconsin 53214**

Period of Coverage

If health care coverage is lost because of your termination of employment or reduction in hours of work (for reasons other than total disability) the maximum COBRA continuation coverage period is 18 months from the date of the qualifying event; however, if a second qualifying event occurs during this 18 month period, the maximum COBRA continuation coverage period will be extended to 36 months from the date of initial qualifying event.

If an employee loses eligibility for benefits under the Plan within 18 months after his entitlement to Medicare, the maximum COBRA continuation periods for his dependent will not terminate before the end of the 36-month period starting with his entitlement to Medicare.

If health care coverage is lost because of the employee's death, divorce, or entitlement to Medicare or the dependent child ceasing to qualify as a dependent child under the Plan, the maximum COBRA continuation coverage period is 36 months from the date of the initial qualifying event.

Prior to the expiration of the maximum continuation period, your COBRA continuation coverage may terminate for any of the following reasons:

1. You fail to pay the premium for your continuation coverage.
2. You become covered under another group health plan (except as noted below in the section entitled "Special Extension with Regard to Pre-existing Conditions).
3. You become entitled to Medicare.
4. The Fund no longer maintains any group health plans.

Special Extension with Regard to Pre-Existing Conditions

If you and your dependents become covered under another group health plan, and you or one of your dependents has a health problem which is excluded from or limited as to coverage under the new plan, you must be allowed to continue your COBRA continuation coverage under this Plan until you have a total of 18 or 36 months of creditable coverage, whichever is applicable.

Disability after COBRA Continuation Coverage Begins

If the Social Security Administration determines that you (or a member of your family who is also eligible for COBRA continuation coverage) were totally and permanently disabled on the day you lost eligibility for health coverage under the Plan as an active employee, or within 60 days after that, you or your disabled family member may elect to keep COBRA coverage for 29 months instead of the usual 18 months. (Previously, this special extension was only available for people who were disabled on the date of the COBRA triggering event.) In addition, other members of your family who have elected COBRA coverage can now keep it for the extended period, if they choose.

You or your disabled family member must notify the Fund Office, in writing, of the Social Security disability determination within sixty (60) days of the date it is issued, and before the end of the initial COBRA coverage period. You or your disabled family member must also notify the Fund Office within thirty (30) days of the date of any final determination by the Social Security Administration that you or your family member is no longer disabled. As with all COBRA coverage, a disabled beneficiary's eligibility for this extension depends on the timely and uninterrupted payment of premiums on his/her behalf. If your dependents have COBRA coverage extending past 29 months, (i.e., 36 months maximum coverage is granted for certain qualifying events.) then no further extension will be granted because of disability.

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 Administrative Manager. If you have any questions concerning the information in this notice, your rights to coverage, or if you want a copy of your Summary Plan Description, you should contact the Administrative Manager at:

Milwaukee Drivers Health and Welfare Trust Fund
10020 West Greenfield Avenue
Milwaukee, Wisconsin 53214
414-258-2336 or 800-255-3340

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. (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 Administrative Manager 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 Administrative Manager

Sincerely,

Board of Trustees
MILWAUKEE DRIVERS HEALTH & WELFARE TRUST FUND

5545879v2/01186.001