

## QUALIFYING EVENT / ELECTION NOTICE OF COBRA RIGHTS

**This notice contains important information about your rights to continue your Fund benefits coverage, as well as other health coverage alternatives that may be available to you through the Health Insurance Marketplace.** Please read the information contained in this notice very carefully.

To elect to continue your Fund benefits, **you must complete the enclosed Election Form and submit it to us within 60 days (starting on the later of the date you are furnished with the election notice or the date you would lose coverage).** Although your first COBRA premium payment is not due until 45 days after you elect COBRA coverage, you are encouraged to 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 **Aflowa Zaza**, DC 37 Benefits Fund Trust, Accounting Department, 55 Water Street, 22<sup>nd</sup> Fl., New York, NY 10041, (212) 815-1239, or email to *COBRA @dc37.net*.

**There may be other coverage options for you and your family that may cost less than COBRA.** You can purchase coverage through the **Health Insurance Marketplace** at [www.healthcare.gov](http://www.healthcare.gov). The Marketplace offers “one-stop shopping” to find and compare private health insurance options. In the Marketplace, you may be eligible for a tax credit which lowers your monthly premiums right away, and you can see what your premiums, deductibles, and out-of-pocket costs will be before you make a decision to enroll.

Being eligible for COBRA does not limit your eligibility for coverage or a tax credit through the Marketplace. Additionally, you may qualify for Medicaid, or 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. For more information about the Health Insurance Marketplace, visit [www.healthcare.gov](http://www.healthcare.gov), or call (800) 318-2596.

You should compare your other coverage options with COBRA continuation coverage and choose the coverage that is best for you. For example, if you move to other coverage you may pay more out of pocket than you would under COBRA because the new coverage may impose a new deductible. When you lose job-based health coverage, it’s important that you choose carefully between COBRA continuation coverage and other coverage options, because once you’ve made your choice, it can be difficult or impossible to switch to another coverage option.

You always have 60 days from the time you lose your job-based coverage (if applicable) to enroll in the Marketplace. That is because losing your job-based health coverage is a “special enrollment” event. **After 60 days your special enrollment period will end and you may not be able to enroll, so you should take action right away.** In addition, during what is called an “open enrollment” period, anyone can enroll in Marketplace coverage.

If you sign up for COBRA continuation coverage, you can switch to a Marketplace plan during a Marketplace open enrollment period. You can also terminate your COBRA continuation coverage early and switch to a Marketplace plan if you have another qualifying event such as marriage or birth of a child through something called a “special enrollment period.” But be careful though - if you terminate your COBRA continuation coverage early without another qualifying event, you’ll have to wait to enroll in Marketplace coverage until the next open enrollment period, and could end up without any health coverage in the interim.

Once you’ve exhausted your COBRA continuation coverage and the coverage expires, you’ll be eligible to enroll in Marketplace coverage through a special enrollment period, even if Marketplace open enrollment has ended.

**If you sign up for Marketplace coverage instead of COBRA continuation coverage, you cannot switch to COBRA continuation coverage under any circumstances.**

**IMPORTANT INFORMATION**  
**ABOUT YOUR COBRA CONTINUATION COVERAGE RIGHTS**

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.

**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 in 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?**

Continuation coverage begins on a monthly basis closest to the date of the Qualifying Event.

In the case of a loss of coverage due to the 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 Reemployment 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 child ceasing to be a dependent under the terms of the Plan, coverage may be continued for up to a total of 36 months.

In the case of an employee’s death, the surviving spouse and any dependent children are automatically provided with 12 months of COBRA continuation coverage (Core & non-Core benefits) at no charge through the **DC 37 Survivor Benefit**. In order to maintain COBRA benefits past the 12-month period, the surviving beneficiaries must complete the enclosed election form and submit it to us within 60 days of the date that the Survivor Benefits terminate, indicating the level of coverage requested during the remaining 24-month period. 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 employees. 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 COBRA 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 **Aflowa Zaza**, DC 37 Benefits Fund Trust, Accounting Department, 55 Water Street, 22<sup>nd</sup> Fl., New York, NY 10041, (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.

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 Aflowa Zaza 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.

In considering whether to elect continuation coverage, 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 a qualifying event listed above. You will also have the same special enrollment right at the end of the continuation coverage if you get continuation coverage for the maximum time available to you.

### **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% (or, in the case of an extension of continuation coverage due to a disability, 150%) 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.

### **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 1st 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 **Aflowa Zaza**, DC 37 Benefits Fund Trust, Accounting Department, 55 Water Street, 22<sup>nd</sup> Fl., New York, NY 10041, (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 payments for continuation coverage should be sent to:**

**DC 37 Benefits Fund Trust**  
55 Water Street, 22<sup>nd</sup> Fl.  
New York, NY 10041  
**Attn: Accounting Department**

**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 **Aflowa Zaza**, DC 37 Benefits Fund Trust, Accounting Department, 55 Water Street, 22<sup>nd</sup> Fl., New York, NY 10041, (212) 815-1239, or email to *COBRA@dc37.net*.

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, visit the U.S. Department of Labor's Employee Benefits Security Administration (EBSA) website at [www.dol.gov/ebsa](http://www.dol.gov/ebsa) or call their toll-free number at (866) 444-3272. For more information about health insurance options available through the Health Insurance Marketplace, visit [www.healthcare.gov](http://www.healthcare.gov).

**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. Please write to DC 37 Health & Security Plan, Enrollment Eligibility Unit, 55 Water Street, 22<sup>nd</sup> Fl., New York, NY 10041. Or call (212) 815-1620.