

SEIU HEALTH AND WELFARE FUND

VERY IMPORTANT NOTICE -YOUR RIGHTS TO CONTINUE GROUP HEALTH CARE COVERAGE UNDER THE SEIU HEALTH AND WELFARE PLAN

This notice is addressed to you and everyone in your family who is covered under the SEIU Health and Welfare Plan. It is intended to give all of you a summary of your legal rights and obligations regarding continuation of your health coverage. Every adult family member should take the time to read this notice carefully.

Your Right to Continue Your Health Coverage:

Your health coverage under the SEIU Health and Welfare Fund (the “Plan”) terminates on the date shown in the Application for COBRA Continuation Coverage. Under a federal law commonly known as “COBRA”, you have the right to continue that coverage without interruption for up to 18 or 36 months as shown in that application. You do not have to show that you are insurable to choose COBRA Continuation Coverage.

If you choose COBRA Continuation Coverage, you will be entitled to the same type of coverage that you had before the event that triggered COBRA, but you must pay for it. If there is a change in the health coverage provided under the Plan to similarly situated active employees and their families, that same change will be made in your COBRA Continuation Coverage. In addition during open enrollment periods, you may make the same changes in your health care coverage(s) that are available to similarly situated active employees and their families.

IF YOU AND/OR ANY OF YOUR COVERED DEPENDENTS DO NOT CHOOSE COBRA CONTINUATION COVERAGE BY THE DATE SHOWN IN THE ATTACHED APPLICATION, YOU AND/OR THEY WILL NOT HAVE ANY GROUP HEALTH COVERAGE FROM THIS PLAN AFTER COVERAGE ENDS. YOU WILL NOT BE SENT A MONTHLY BILL.

How to Elect COBRA Continuation Coverage:

Complete the enclosed application for continuation of health coverage, and return it to the address shown in the lower right corner of that form so that it is received no later than the last day to elect shown on the attached chart at the end of this notice. COBRA Continuation Coverage may be elected for some members of the family but not others (including one or more dependents even if the employee does not elect it), as long as those for whom it is chosen were covered by the Plan on the date of the qualifying event (termination of employment, death, divorce, etc.) that led to the loss of regular health coverage under the Plan. A parent may elect or reject COBRA Continuation Coverage on behalf of dependent children living with him or her. If you return the form, but do not indicate on whose behalf you are electing COBRA Continuation Coverage, we will act as if you have elected COBRA for everyone covered on the date of the Qualifying Event.

You will be responsible for paying the amount due for the period prior to the time your request for COBRA Continuation Coverage is received. You will have 45 days from the date you elect COBRA coverage to make this payment, but no benefits will be paid or covered services provided until your payment is received.

YOUR REQUEST FOR COBRA CONTINUATION COVERAGE WILL BE REJECTED IF THE APPLICATION IS NOT RECEIVED BY THE LAST DAY TO ELECT SHOWN IN THE APPLICATION.

Addition of New Dependents:

If while you are enrolled for COBRA Continuation Coverage, you marry, have a newborn child, or have a child placed with you for adoption, you may enroll that spouse or child for coverage for the balance of the period of your COBRA Continuation Coverage, by doing so within 60 after the birth, marriage, or placement. Adding a child or spouse may cause an increase in the amount you must pay for COBRA Continuation Coverage.

Any Qualified Beneficiary can add a new spouse or child to his or her COBRA Continuation Coverage. However, the only newly added family members who have the rights of a Qualified Beneficiary, such as the right to stay on COBRA Continuation Coverage longer in certain circumstances, are children born to, adopted, or placed for adoption with the covered employee. Adding a new dependent may cause an increase in the amount you must pay for COBRA Continuation Coverage.

Loss of Other Group Health Plan Coverage:

If, while you are enrolled for COBRA Continuation Coverage your spouse or dependent loses coverage under another group health plan, you may enroll the spouse or dependent for coverage for the balance of the period of COBRA Continuation Coverage. The spouse or dependent must have been eligible but not enrolled for coverage under the terms of the plan and, when enrollment was previously offered under the plan and declined, the spouse or dependent must have been covered under another group health plan or had other health insurance coverage.

The loss of coverage must be due to exhaustion of COBRA Continuation Coverage under another plan, termination as a result of loss of eligibility for the coverage, or termination as a result of employer contributions toward the other coverage being terminated. Loss of eligibility does not include a loss due to failure of the individual or participant to pay premiums on a timely basis or termination of coverage for cause.

You must enroll the spouse or dependent within 30 days after the termination of the other coverage.

How Long Your COBRA Continuation Coverage Lasts:

If you lost your coverage under the Plan because of a termination of employment or reduction in hours, you and your eligible family members can maintain COBRA Continuation Coverage for a maximum period of 18 months from the date of that event

If the employee's dependents lose their coverage under the Plan because of the employee's death or entitlement to Medicare, the employee's legal separation or divorce, or because the employee's child is no longer a "dependent" under the Plan, eligible family members may maintain COBRA Continuation Coverage for a maximum period of 36 months **from the date of loss of coverage.**

When a Second Qualifying Event Occurs:

If, during an 18 month period of COBRA Continuation Coverage after loss of coverage due to an employee's termination of employment or reduction in hours, the employee dies or becomes entitled to Medicare, the spouses separate or divorce, or a child loses dependent status under the Plan, the maximum COBRA Continuation Coverage period is extended to 36 months from the employee's termination of employment or reduction in hours. This extension only applies to members of the former employee's family who were covered by the Plan *before* the reduction or termination of the employee's employment, and to children of the employee who were born, adopted, or placed for adoption while the employee was on COBRA Continuation

In no case is an employee whose employment terminated or who had a reduction in hours entitled to COBRA Continuation Coverage for more than a total of 18 months (unless the employee is entitled to an additional period of up to 11 months of COBRA Continuation Coverage on account of disability as described in the following section). As a result, if an Employee experiences a reduction in hours followed by termination of employment, the termination of employment is not treated as a second qualifying event and COBRA may not be extended beyond 18 months from the initial qualifying event.

In no case is anyone else entitled to COBRA Continuation Coverage for more than a total of 36 months (except for retirees who become entitled to COBRA Continuation Coverage because of a Chapter 11 bankruptcy reorganization proceeding on the part of their company).

Please be sure to notify the Plan Administrator promptly if a second event of this type occurs, so that the Plan's records of your coverage entitlement can be modified. The premium for your COBRA Continuation Coverage may need to be reduced if fewer members of your family will be covered in the future, or otherwise adjusted based on the change in the mix of coverage.

Extended Coverage in Certain Cases of Disability:

- If, during or before the first 60 days of an 18-month period of COBRA Continuation Coverage, the Social Security Administration (SSA) makes a formal determination that you or a covered dependent spouse or child are totally and permanently disabled so as to be entitled to Social Security Disability Income benefits, the 18-month maximum period of COBRA Continuation Coverage can be extended for up to 11 more months (for a total of 29 months) for all Qualified Beneficiaries who have elected COBRA Continuation Coverage.

This extension is available only if:

- the Social Security Administration determines that the individual's disability began within the first 60 days of COBRA coverage; and

- you or another family member notifies the Plan Administrator of the Social Security Administration determination within 60 days after that determination was received by you or another covered family member; and
- that notice is received by the Plan Administrator before the end of the 18-month COBRA Continuation period.

When COBRA Continuation Coverage May Be Cut Short:

The law also provides that COBRA Continuation Coverage may be cut short for any of the following reasons:

1. The Employer no longer provides group health coverage to any of its employees;
2. You do not pay the amount due for your COBRA Continuation Coverage on time;
3. You or one of your covered family members become covered under another group health plan that does not contain any exclusion or limitation with respect to a preexisting condition that you or they may have or that, by law, may no longer exclude or limit coverage for any of your or their preexisting conditions;
4. You or one of your covered family members becomes entitled to Medicare;
5. When the employer that employed you prior to the qualifying event has stopped contributing to the Plan and (1) the employer establishes one or more group health plans covering a significant number of the employer's employees formerly covered under this Plan, or (2) the employer starts contributing to another multiemployer plan that is a group health plan; or
6. When you or one of your family members files a false claim or statement.

Paying for Your COBRA Continuation Coverage:

By law, any person who elects COBRA Continuation Coverage will have to pay the full cost of the COBRA Continuation Coverage. Your monthly cost depends on the coverage(s) you select and the number of family members you elect to cover. The current monthly premiums for the type of health coverage that you have had as an active employee are shown in the chart at the end of this notice. The costs are generally fixed for a twelve-month period (January 1 – December 31), but are likely to change each year.

COBRA Premium Payment Schedule:

You do not have to send payment when you apply. However, no benefits will be paid until the initial payment is received. The initial payment for the COBRA Continuation Coverage is due 45 days after COBRA Continuation Coverage is actually elected. If this payment is not made when due, COBRA Continuation Coverage will not take effect. After that, payments are due on the first day of each month, but there will be a 30-day grace period to make those payments. Payment is considered made when it is postmarked. No benefits are payable during a grace period unless the premium is received for this period.

If payments are not made within the time indicated in this paragraph, COBRA Continuation Coverage will be cancelled as of the first day of the month in which your payment was due.

Confirmation of Coverage Before Election or Payment of the Cost of COBRA Continuation Coverage:

If a Health Care Provider requests confirmation of coverage, and you, your Spouse or Dependent Child(ren) have:

- elected COBRA Continuation Coverage, but the amount required for COBRA Continuation Coverage has not been paid while the grace period is still in effect; or
- not yet elected COBRA Continuation Coverage, but are within the COBRA election period but have not yet elected COBRA; then

COBRA Continuation Coverage will be confirmed, but with notice to the Health Care Provider that the cost of the COBRA Continuation Coverage has not been paid (or elected, if that is the case), that no claims will be paid until the amounts due have been received, and that the COBRA Continuation Coverage will terminate effective as of the due date of any unpaid amount if payment of the amount due (or election) is not received by the end of the grace period. Once payment is received, the Plan will reinstate coverage retroactive from the date of the Qualifying Event.

What If You Will be Covered Under Another Group Health Plan?

If you are or expect to be covered by another employer-sponsored health plan (including a plan of your spouse's employer), a federal law called the Health Insurance Portability and Accountability Act of 1996 (HIPAA) guarantees you certain rights under that plan, which you should consider when making your decision about COBRA Continuation Coverage.

Under HIPAA, the period during which a group health plan may exclude or limit coverage for many preexisting conditions is reduced or eliminated if the person had previous health coverage under another group health plan. However, credit is not given for earlier coverage if it was allowed to lapse, without replacement, for at least 63 days. If there will be some delay before you can enroll in the new plan, a break in health coverage can be avoided by maintaining COBRA Continuation Coverage in the meantime.

Whom to Contact if You Have Questions or To Give Notice of Changes in Your Circumstances:

If you have any questions about your COBRA rights, please contact:

**Fund Administrator
1800 Massachusetts Avenue
Suite 301
Washington, D.C. 20036
PHONE: 202 730-7548
Toll Free: 800-251-1777**

Fund Office Hours: Monday-Friday 8:00 a.m.- 6:00 p.m.

You must notify the Fund Administrator within 60 days and in writing at the above address and fax number if any of the following events occur:

- you have changed marital status;
- you have a new dependent child
- you or a covered dependent spouse or child has been determined to be totally and permanently disabled by the SSA;
- a dependent ceases to be a “dependent child” as that term is defined by the Plan;
- a member of your family who has elected COBRA Continuation Coverage becomes entitled to Medicare coverage; or
- you, your spouse, or any of your covered dependents change your address.

Retain This Notice

If you elect COBRA Continuation Coverage, you should keep this notice for future reference.