

WELFARE, ANNUITY AND APPRENTICESHIP SKILL IMPROVEMENT & SAFETY FUNDS

of the

International Union of Operating Engineers

Local 15, 15A, 15B, 15C & 15D, A.F.L.-C.I.O.

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COBRA Premium Increase Letter and Important Information About the New COBRA Subsidy

This notice contains important information about COBRA premiums and rights under the Welfare Fund benefits.

INCREASE IN COBRA PREMIUMS AS OF APRIL 1, 2021

We are providing you and your family with this announcement letter to inform you of changes adopted by the Board of Trustees regarding the COBRA premiums the Fund currently charges to individuals who are on COBRA. Under Federal law, plans are allowed to charge COBRA beneficiaries the same amount for the total cost of coverage for active employees, plus a two percent administration fee.

Plans are also allowed to recalculate the COBRA premiums once per year as of their "COBRA determination period", and pass along any change in premiums for COBRA participants at the beginning of each new determination period. The Plan's COBRA determination period is the 12-month period from April 1st through March 31st. The Plan currently charges a single composite rate regardless of how many people in the family elect COBRA and this rate has not been increased in many years.

In an effort to maintain the strong financial position of the Welfare Fund, and after extensive deliberation, the Board of Trustees has adopted the following monthly premiums effective April 1, 2021.

	<u>CORE</u> (Medical Only)	<u>NON CORE</u> (Medical, Dental, Optical)
Individual	\$693.18	\$725.21
Family	\$1,779.92	\$1,866.40

If you are currently on COBRA, you will notice that this new premium amount is no longer based on a composite rate and different rates will now apply depending on whether COBRA Continuation Coverage is elected for a single person or for an entire family.

Please note that the Welfare Fund's monthly premiums are lower than what many other Welfare Fund's charge their COBRA participants. Individual Core Rates of other Welfare Funds can range between \$700 to \$800 and Family Core Rates range between \$1,900 and \$2,400.

COBRA SUBSIDY EFFECTIVE APRIL 1, 2021

By now many of you have heard that the American Rescue Plan Act of 2021, which was signed into law on March 11, 2021, and includes a six-month federally financed COBRA subsidy covering the full COBRA premium for eligible individuals. The new COBRA subsidy will be available starting April 1, 2021 through September 30, 2021.

While we are waiting for further guidance from the federal government, we wanted to give you some information about the subsidy now.

Eligibility for the COBRA subsidy

Employees who lose (or have already lost) their health coverage due to job loss or reduction in hours are eligible for this subsidy, as are family members who also lose (or lost) coverage along with the employee. However, the subsidy is not available if the employee voluntarily terminates employment. The temporary subsidy is available to any such employee (or family member) who:

- Is enrolled in COBRA or becomes eligible for COBRA on or after April 1, 2021, and before the subsidy ends on September 30, 2021
- Became eligible for COBRA prior to April 1, 2021, and the period of COBRA coverage to which they would be entitled (18 months) includes any month between April and September of 2021 — even if the individual did not elect COBRA when it was initially offered or elected COBRA but discontinued it before April 1, 2021

Amount and Length of the subsidy

During the six-month period from April 1st through September 30th of 2021, the federal government will pay the full COBRA premium (100% of the above amount). The subsidy will last for six months at most. You will not pay a premium for any months of coverage that fall within the subsidized COBRA period. The federal government will pay the Health Fund directly for your subsidized coverage, so you are not required to make any payments during the subsidy period. However, you will need to pay the premiums for months before April 1, 2021 or after September 30, 2021, the six month subsidized period.

The subsidy will end earlier if:

- The individual's maximum period of COBRA coverage (generally, 18 months) ends earlier than September 2021.
- The individual becomes eligible for coverage under another group health plan or Medicare.

Please note you will be required to notify the Fund if you become eligible for such coverage and will be subject to penalty if you fail to do so.

Questions

The Fund is working on the administrative details of the COBRA subsidy and will reach out again as soon as additional information is available. Because we are waiting for notices provided by the Department of Labor, there is a possibility that we will not have your enrollment materials ready by April 1. If you have not received your COBRA information by the time your coverage is scheduled to begin, please rest assured that you will have the opportunity to enroll, and your enrollment will be retroactive to your coverage start date.

If you have questions about COBRA continuation coverage under the Plans, you should contact the Fund Office.