

[Insert logo image here]

[Fund name
Address
City, State, Zip Code]

COBRA Offering Notification

Page 1 of 7

John Smith
123 Sample Street
Baltimore, MD 21227

Member ID:	XXX-XX-6789
Date Printed:	10/05/2022

Please Retain for Future Reference

This notice contains important information about your right to continue your health care coverage in the basys Health & Welfare Fund. Please read the information contained in this notice very carefully.

To elect COBRA continuation coverage, please complete the enclosed Election Form on the next page and submit it to the Fund in the enclosed envelope.

Each person ("qualified beneficiary") in the category(ies) shown on the next page is entitled to elect COBRA continuation coverage, which will continue group health care coverage under the Plan for up to 18 months.

There may be other coverage options for you and your family. You can buy coverage through the Health Insurance Marketplace and may be eligible for a tax credit that lowers your monthly premiums immediately. You can view your premium, deductibles, and out-of-pocket costs before you decide 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. If you have any questions about this notice or your rights to COBRA continuation coverage, you should contact the Plan Administrator.

INSTRUCTIONS: To elect COBRA continuation coverage, complete this Election Form and return it to us. Under Federal Law, you have 60 days after the date of this notice to decide whether you want to elect COBRA continuation coverage under the Plan.

Send completed Election Form to:

[Fund Name]
[Address]
[City, State, Zip Code]

This Election Form must be completed and returned by mail or hand-delivered to the Fund Office no later than 60 days from: a) the date of this letter or b) your last day of coverage.

If you do not submit a completed Election Form by 60 days from the date of this letter shown above, you will lose your right to elect COBRA continuation coverage. If you reject COBRA continuation coverage before the due date, you may change your mind if you furnish a completed Election Form before the due date. However, if you reconsider after first rejecting COBRA continuation coverage, your COBRA continuation coverage will begin on the date you furnish the completed Election Form.

[Insert logo image here]

[Fund name
Address
City, State, Zip Code]

COBRA Election Form

Page 2 of 7

John Smith
123 Sample Street
Baltimore, MD 21227

Member ID:	XXX-XX-6789
Date Printed:	10/05/2022

Please Retain for Future Reference

Coverage Information:

Coverage End Date:	07/31/2019
Qualifying Event:	Reduction of Hours
Available Extension:	18 Months
Qualifying Event Date:	01/01/2019

Coverage Offered:

COVERAGE	TYPE	RATE	BENEFICIARIES
Medical Only	Employee Only	\$150.00	0,1
Medical Only	Family	\$300.00	0,1
Medical, Dental and Vision	Employee Only	\$250.00	0,1
Medical, Dental and Vision	Family	\$500.00	0,1

Qualified Beneficiaries Offered:

QB#	NAME	BIRTH DATE	GENDER	RELATIONSHIP	IS THERE OTHER INSURANCE AVAILABLE?	ELECTING COBRA Y/N?
0	John Smith	07/08/1980	M	Member		
1	Mary Smith	08/08/1983	F	Spouse		

Signature: _____ Date: _____

If elected, COBRA continuation will begin on 01/01/2019.

Sincerely,
COBRA Administrator

IMPORTANT INFORMATION ABOUT YOUR COBRA CONTINUATION COVERAGE RIGHTS

What is continuation of coverage?

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 an employment-related plan. Depending on the type of qualifying event, "qualified beneficiaries" can include the 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.

How long will continuation coverage last?

In the case of a loss of coverage due to end of employment or reduction in hours of employment, coverage generally may be continued for up to a total of 18 months. In the case of losses of coverage due to an employee's death, divorce or legal separation, the employee's becoming entitled to Medicare benefits, or a dependent child ceasing to be a dependent under the terms of the plan, coverage may be continued for up to a total of 36 months. When the qualifying event is the end of employment or reduction of the employee's hours of employment, and the employee became entitled to Medicare benefits less than 18 months before the qualifying event, COBRA continuation coverage for qualified beneficiaries other than the employee lasts until 36 months after the date of Medicare entitlement. This notice shows the maximum period of continuation coverage available to the qualified beneficiaries.

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 entitled to Medicare benefits (under Part A, Part B, or both) after electing continuation coverage,
- the Plan ceases to provide any health benefit coverage for any employees, or
- a qualified beneficiary begins coverage under another group health plan after electing continuing coverage.

Continuation coverage may also be terminated for any reason the Plan would terminate coverage of a participant or beneficiary not receiving continuation coverage (such as fraud).

How can you extend the length of COBRA continuation coverage?

If you elect 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 the Fund Office of a disability or a second qualifying event 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.

Disability

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 must have started at some time before the 60th day of COBRA continuation coverage and must last at least until the end of the 18-month period of continuation coverage. To get the 11-month disability extension, you must provide a copy of your notice from the Social Security Administration (SSA) granting disability benefits to the Plan Administrator no later than 30 days after you receive the notice, or by the 60th day of your COBRA continuation coverage, whichever is later. 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.

Second Qualifying Event

An 18-month extension of coverage will be available to spouses 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 36-months. Such second qualifying events may include the death of a covered employee, divorce or separation from the covered employee, the covered employee's becoming entitled to Medicare benefits (under Part A, Part B, or both), 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 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.

When and how must payment for COBRA continuation coverage be made?

First payment for continuation coverage.

If you elect continuation coverage, 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. Your first payment must include all coverage months commencing with the first day of COBRA eligibility.

Monthly payments for Continuation Coverage

After you make your first payment for continuation coverage, you will be required to make monthly payments for each subsequent month of coverage. The amount due for each month is shown in this notice. Under the Plan, each of these monthly payments for continuation coverage is due on the first day of the month for which coverage is provided. 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 monthly payments

Although monthly 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 the month to make each payment. Your continuation coverage will be provided for each month if payment for that month is made before the end of the grace period for that payment. However, if you make payment later than the first day of the month to which it applies, but before the end of the grace period, 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 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.

Benefits while your coverage is suspended may be denied and may have to be resubmitted once your coverage is reinstated. If you don't 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 monthly payments for continuation coverage should be sent to:

[Fund name]

[Address]

[City, State, Zip]

Can I enroll in another group health plan?

You may be eligible to enroll in coverage under another group health plan (like a spouse's plan), if you request enrollment within 30 days of the loss of coverage. If you or your dependent chooses to elect COBRA continuation coverage instead of enrolling in another group health plan for which you're eligible, you'll have another opportunity to enroll in the other group health plan within 30 days of losing your COBRA continuation coverage.

Are there other coverage options besides COBRA Continuation Coverage?

Yes. Instead of enrolling in COBRA continuation coverage, there may be other more affordable coverage options for you and your family through the Health Insurance Marketplace, Medicaid, or other group health plan coverage options (such as a spouse's plan) known as a "special enrollment period." Some of these options may cost less than COBRA continuation coverage.

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 decided, it can be difficult or impossible to switch to another coverage option.

You may be able to get coverage through the Health Insurance Marketplace that costs less than COBRA continuation coverage.

What is the Health Insurance Marketplace?

The Marketplace offers "one-stop shopping" to find and compare private health insurance options. In the Marketplace, you could be eligible for a new kind of tax credit that lowers your monthly premiums and cost-sharing reductions (amounts that lower your out-of-pocket costs for deductibles, coinsurance, and copayments) immediately. You can preview your premium, deductibles, and out-of-pocket costs before you enroll. Through the Marketplace you'll also learn if you qualify for free or low-cost coverage from Medicaid or the Children's Health Insurance Program (CHIP). You can access the Marketplace for your state at www.HealthCare.gov or call 1(800)318-2596 / TTY: 1(855)889-4325.

Coverage through the Health Insurance Marketplace may cost less than COBRA continuation coverage. Being offered COBRA continuation coverage won't limit your eligibility for coverage or for a tax credit through the Marketplace.

When can I enroll in Marketplace coverage?

You have 60 days from the time you lose your job-based coverage to enroll in the Marketplace. 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, be sure to act right away. In addition, during "open enrollment" period, anyone can enroll in Marketplace coverage.

To find out more about enrolling in the Marketplace, such as when the next open enrollment period will be and what you need to know about qualifying events and special enrollment periods, visit www.HealthCare.gov, or call 1(800)318-2596 / TTY: 1(855)889-4325.

If I sign up for COBRA continuation coverage, can I switch to coverage in the Marketplace?

What if I choose Marketplace coverage and want to switch back to COBRA continuation 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 end 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 a "special enrollment period."

NOTE: 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.

For more Information

This notice does not fully describe continuation coverage or other rights under the Plan. More information about continuation of 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, or if you want a copy of your summary plan description, you should contact the basys Fund Office, 3700 Koppers Street, Suite #400, Baltimore, MD 21227, (410) 850-4900.

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.

To protect you and your family's rights, 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 and any notices you send to the Plan Administrator.

Can I enroll in Medicare instead of COBRA continuation coverage after my group health plan coverage ends?

In general, if you don't enroll in Medicare Part A or B when you are first eligible because you are still employed, after the initial enrollment period for Medicare Part A or B, you have an 8-month special enrollment period^[1] to sign up, beginning on the earlier of

- The month after your employment ends; or
- The month after group health plan coverage based on current employment ends.

If you don't enroll in Medicare Part B and elect COBRA continuation coverage instead, you may have to pay a Part B late enrollment penalty and you may have a gap in coverage if you decide you want Part B later. If you elect COBRA continuation coverage and then enroll in Medicare Part A or B before the COBRA continuation coverage ends, the Plan may terminate your continuation coverage. However, if Medicare Part A or B is effective on or before the date of the COBRA election, COBRA coverage may not be discontinued on account of Medicare entitlement, even if you enroll in the other part of Medicare after the date of the election of COBRA coverage.

If you are enrolled in both COBRA continuation coverage and Medicare, Medicare will generally pay first (primary payer) and COBRA will pay second. Certain COBRA continuation coverage plans may pay as if secondary to Medicare, even if you are not enrolled in Medicare.

For more information visit <https://www.medicare.gov/medicare-and-you>

What factors should I consider when choosing coverage options?

When considering your options for health coverage, you may want to think about:

- **Premiums:** Your previous plan can charge up to 102% of total plan premiums for COBRA coverage. Other options, like coverage on a spouse's plan or through the Marketplace, may be less expensive.
- **Provider Networks:** If you're currently getting care or treatment for a condition, a change in your health coverage may affect your access to a particular health care provider. You may want to check to see if your current health care providers participate in a network as you consider options for health coverage.
- **Drug Formularies:** If you're currently taking medication, a change in your health coverage may affect your costs for medication – and in some cases, your medication may not be covered by another plan. You may want to check to see if your current medications are listed in drug formularies for other health coverage.
- **Severance payments:** If you lost your job and got a severance package from your former employer, your former employer may have offered to pay some or all of your COBRA payments for a period of time. In this scenario, you may want to contact the Department of Labor at 1-866-444-3272 to discuss your options.
- **Service Areas:** Some plans limit their benefits to specific service or coverage areas – so if you move to another area of the country, you may not be able to use your benefits. You may want to see if your plan has a service or coverage area, or other similar limitations.
- **Other Cost-Sharing:** In addition to premiums or contributions for health coverage, you probably pay copayments, deductibles, coinsurance, or other amounts as you use your benefits. You may want to check to see what the cost-sharing requirements are for other health coverage options. For example, one option may have much lower monthly premiums, but a much higher deductible and higher copayments.

[1] <https://www.medicare.gov/sign-up-change-plans/how-do-i-get-parts-a-b/part-a-part-b-sign-up-periods>. These rules are different for people with End Stage Renal Disease (ESRD).