

# BIAW HEALTH INSURANCE TRUST

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## Administrative Manual

## Key Contacts

For answers to questions about benefits issues — and for help with claims questions — contact the customer service department of the applicable insurance company. Telephone numbers are shown in the table below.

| Benefit Plan                      | Insurance Company                                | Telephone Number / Website Address   |
|-----------------------------------|--|--|
| Medical Plans Available           | <b>Regence BlueShield</b>                        | (888) 370-6156 (toll-free)<br>www.wa.regence.com<br>www.myRegence.com<br>or www.bluecares.com<br>(nationwide provider directory) |
|                                   | <b>Asuris Northwest Health</b>                   | (888) 370-6162 (toll-free)<br>www.asuris.com   |
| Basic Life/AD&D Insurance         | <b>Regence Life and Health Insurance Company</b> | (800) 794-5390 (toll-free)<br>www.regencelife.com  |
| Vision                            | <b>Regence BlueShield</b>                        | (888) 370-6156 (toll-free)   |
| Dental                            | <b>Regence BlueShield</b>                        | (888) 370-6156 (toll-free)   |
|                                   | <b>Regence Life and Health Insurance Company</b> | (800) 286-1129 (toll-free)   |
| Employee Assistance Program (EAP) | <b>Reliant Behavioral Health</b>                 | (866) 750-1327 (toll-free)   |

## Contacting EPK & Associates

You may also contact EPK & Associates anytime you have questions about your responsibilities or if you need help in working with the insurance companies. You may contact us as follows:

- by telephone at **(425) 641-7762 or (800) 545-7011 ext. 5 (toll-free)**. Our staff is available to talk with you during office hours from 7:00 am to 5:00 pm, Monday through Friday. If you call outside of office hours, please leave a message and we will call you the next business day
- by fax at **(425) 641-8114**
- by email at **admin@epkbenefits.com**
- by website at **www.epkbenefits.com**
- by mail at:

**EPK & Associates, Inc.**  
15375 SE 30th Place, Suite 380  
Bellevue, WA 98007

## Introduction

You have an important job as your company's representative for the BIAW Health Insurance Trust. You are the link between the employees in your company, the insurance companies that provide the benefit plans, and the Trust that sponsors the coverages.

EPK & Associates, the Trust contract administrator, has prepared this Administrative Manual to assist you. It's intended to:

- clarify your role as administrator of your company's health insurance plans
- provide detailed information about your responsibilities when specific events occur — including what you need to do when an employee first becomes eligible for coverage, how to make coverage changes, and what steps you need to take when an employee leaves the company
- help you understand the benefits offered through the Trust and how they work

This Administrative Manual is for use by your company's administrator — it is not intended for distribution to employees. It will be updated periodically as plans and administrative procedures change over time. Please insert all revised pages into the appropriate sections of your binder and destroy obsolete sections.

*This manual is provided as a tool to help company administrators in the administration of their BIAW Health Insurance Trust plans. It is not intended as a description of plan benefits, nor is it intended for distribution to employees.*

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## Roles & Responsibilities

The BIAW Health Insurance Trust is a non-profit, member owned and operated health insurance purchasing program. It's sponsored by the **Building Industry Association of Washington** and directed by a Board of Trustees selected by the Building Industry Association.

The purpose of the Trust is to allow participating employers to join together to purchase health care coverage for their employees. By purchasing this coverage as a large group, building industry employers receive the advantages of:

- significantly lower health care insurance rates through increased purchasing power
- expanded health care plan options
- enhanced customer service — both for you and your employees

To ensure that the Trust can continue to offer these advantages, it's important that you, EPK & Associates and the insurance companies understand and fulfill the responsibilities outlined in this section.

### Your Role

As administrator of your company's BIAW Health plans, your key responsibility is to provide the following:

- **recordkeeping** — maintaining all records for employees in your company
- **communicating** — acting as a contact person for employee health care questions and concerns and working with the insurance companies — and EPK & Associates — to answer questions regarding benefits
- **processing** — initiating enrollment, changes and cancellations by providing the appropriate forms to EPK & Associates

### EPK & Associates' Role

EPK & Associates, Inc. is the contract administrator hired by the BIAW Health Insurance Trust Board of Trustees. As contract administrator, EPK & Associates acts as the Trust's agent in working with the health care insurance companies offering coverage through the Trust. Specific responsibilities include:

- preparing monthly billing statements for participating companies
- updating the billing system to reflect enrollment changes
- paying monthly premium costs to the applicable insurance companies on behalf of enrolled employees and their dependents
- assisting member companies with the day-to-day administration of their BIAW Health Insurance programs
- administering the BIAW Health Insurance Trust program according to the insurance carriers contracts

To fulfill our responsibilities to the Trust and participating companies, EPK & Associates depends on complete, correct and timely information from you.

## Insurance Companies' Role

The insurance companies that currently offer health care plans through the Trust are listed under **Key Contacts** on the first page of this manual. Services provided by participating insurance companies generally include:

- interpreting plan provisions
- paying claims for covered services and supplies
- updating and distributing health care plan information within legally required time frames — including Summary Plan Descriptions (SPDs) and Summaries of Material Modification (SMMs)
- serving as a resource to you and other company representatives when you or the employees you represent have questions regarding benefits

# Employer Participation Agreement

Your ***Employer Participation Agreement*** is the legal contract under which you, EPK & Associates and the participating insurance companies administer the Trust insurance program for your company. In addition to information about your company, this agreement shows:

- the specific Medical, Dental, Vision and Life/AD&D insurance coverages that your company has chosen
- your company's definition of a full-time employee
- the probationary period selected by your company
- rehire policy
- part-time to full-time policy
- whether, at the time the agreement is signed, your company is subject to COBRA continuation of health care coverage requirements. See the **When Coverage Ends** and **COBRA Continuation** sections of this manual for details about COBRA administration

**Since your *Employer Participation Agreement* is a binding contract, it's critical that your in-house benefit administration conforms to the provisions of the agreement and be uniformly applied to all employees.** Changes to the *Employer Participation Agreement* — except for deletion of dental and vision coverage, and a change in COBRA status — may be made only during the annual open enrollment for benefits, which occurs each April 1.

You should insert a copy of your company's current, completed *Employer Participation Agreement* for easy reference.

## Eligibility

To be eligible for the BIAW Health Insurance Trust, your company must meet all of the following criteria:

- be a current, active member of the BIAW or other organization authorized by the BIAW. Membership in the BIAW or authorized organization must be maintained each year to continue participation in the Trust
- be in the building or construction related industry as its principal line of business
- be an active, income-generating business

## Eligible Plan Participants

If your company is eligible for and chooses to participate in the Trust benefit plans, all **active full-time** employees that meet the following requirements are eligible for coverage:

- work the number of hours per week (20-40 hours) specified in your *Employer Participation Agreement*
- have completed the probationary period that was in effect for your company on the employee's date of hire
- are paid on a regular basis through your payroll system and appear on your company's quarterly report of wages filed with the State Employment Security Department. In Washington, this is form 5208-B

The following dependents of eligible employees are also eligible to participate in the medical, dental and vision plans, as applicable to your company:

- legal spouse
- children — including natural, adopted and step children — under age 26
- domestic partners — the company must have adopted its own internal policy defining Domestic Partnership. A copy of the policy must be filed with EPK & Associates.
- state registered domestic partners — no internal Domestic Partner policy is required. All applications must include copy of State Domestic Partnership Registration.

## Probationary Period

The probationary period before coverage can begin is the zero to six-month period specified on your *Employer Participation Agreement*. For employees who are hired or change to full-time status:

- on the 1st of a calendar month, that month will count toward the probationary period
- on the 2nd to 5th of a calendar month, that month can count toward the probationary period, as long as this is the company's uniform policy and is indicated on the employee's application
- after the 5th of a calendar month, the probationary period will begin on the first of the following month

If your company has a part-time to full-time policy on file with EPK, part-time capacity may also be counted toward the employee's probationary period following a change to eligible full-time status, as long as this policy is applied uniformly to all employees.

## Who Is Not Eligible

Individuals are not eligible to participate in the Trust plans offered through your company if they are:

- former active employees

- employees who have not completed your company's probationary period
- independent or sub-contractors
- retirees
- part-time employees (that is, who don't meet the hours worked per week requirement stated in your *Employer Participation Agreement*)
- inactive owners

The insurance companies may conduct periodic eligibility verification audits to ensure that your company is complying with eligibility requirements. The insurance companies are entitled to recover damages from you, your company, employees, any person to whom benefits were paid, or anyone else responsible for misleading the insurance company about an individual's eligibility for participation in the Trust plans.

## Rehired Employees

Upon rehire, employees who previously participated in the Trust plans have the same eligibility requirements as newly hired active full-time employees. The probationary period for a rehired employee may, however, be waived if your company has an approved *Trust Rehire Policy* form on file with EPK & Associates and all conditions specified on the form are met.

Check to see if your company has an approved *Trust Rehire Policy* form on file with EPK & Associates. If it does, review the maximum period of absence your company has selected for waiver of the probationary period.

You may want to include a copy of the completed *Trust Rehire Policy* form behind this page of the manual. A sample copy of this form is included in the **Sample Forms** section of this manual.

## Eligibility During Leave of Absence

A participating employee who goes on an employer approved leave of absence with the intent to return to work can remain eligible for coverage for up to 90 calendar days of leave — as long as this policy is applied uniformly to all employees. The 90-day period starts on the first day of the month following the employee's last day of work.

If your company is subject to COBRA requirements, the leave is considered a COBRA qualifying event and COBRA regulations apply to the continuation of coverage. If your company is not subject to COBRA, an employee is entitled to a 30-day extension of coverage after it would otherwise end.

Employee's who are on a leave of absence for longer than 90 days — with the exception of leaves resulting from FMLA or injuries covered under Labor & Industries — will need to meet the same eligibility requirements that apply to new or, if applicable, rehired employees.

You must return a completed *Change Transmittal* form to EPK & Associates to cancel coverage for an employee who does not return to work from a leave of absence at the end of the 90-day period in which coverage was extended.

For more information about COBRA eligibility, see the **COBRA Continuation** section of this manual. You may also contact EPK & Associates for details about COBRA eligibility or, if your company is not subject to COBRA, for information about the 30-day extension of coverage.

## Enrollment

The insurance contract requires that at least a minimum number of employees in your firm enroll for coverage. These enrollment requirements depend on the number of eligible employees who work for your company. If your company employs:

- 2-5 eligible employees, all employees must enroll in the Trust plans offered by your company
- 6-10 eligible employees, one employee may choose to waive participation in the Trust plans. All other eligible employees must enroll
- 11 or more eligible employees, at least 80% must enroll for coverage. Any or all of the remaining 20% of eligible employees may choose to waive participation in the Trust plans

*For example:*

If your company has 20 eligible employees, at least 16 must be enrolled for coverage under the Trust plans. As many as four employees may choose to waive coverage.

To be covered when initially eligible, EPK & Associates must receive a completed *Employee/Subscriber Application* form within 15 days of the employee's eligibility date.

For companies that have waivers available, employees who are eligible and choose to waive coverage under the Trust plans must complete the *Employee Waiver of Insurance* form within 30 days of their initial eligibility.

Ensure that completed *Employee/Subscriber Application* forms are received by EPK & Associates **no later than the 15th of the calendar month following the date the employee's probationary period ends**. Employee's whose enrollment applications are received after this date may not be eligible to enroll for coverage until the next open enrollment period in April of each year.

If you have employees who are waiving coverage, you must return completed *Employee Waiver of Insurance* forms to EPK & Associates **within 30 days following the completion of the employees' probationary periods**. Employees who do not have a form on file with EPK & Associates within this time frame may not be eligible to enroll for coverage until the next open enrollment period — even if they lose eligibility for other coverage during the year.

Sample *Employee/Subscriber Application* and *Employee Waiver of Insurance* forms are included in the **Sample Forms** section of this manual.

## Enrollment Changes During the Year

Enrollment changes may generally be made only during the annual open enrollment period each April. Under the following circumstances, however, you may make changes to employee coverage between open enrollment periods:

- If you acquire a dependent either through adoption, placement for adoption, birth of a child, marriage or state registered domestic partnership, you and your dependents may apply for coverage prior to the next open enrollment date. The BIAW Trust Administrator must receive your application within 30 days of marriage or state registered domestic partnership, or within 60 days of birth, placement for adoption, or date of assumption of total or partial legal obligation for support of a child in anticipation of adoption. Coverage for you and your dependents will begin retroactive to either the date of birth of a natural newborn, the date of placement of an adoptive child, the date of assumption of total or partial legal obligation for support of a child in

anticipation of adoption, in the case of marriage or state registered domestic partnership, on the first day of the month following the date of marriage or state registered domestic partnership provided the application is received by the BIAW Trust Administrator within the perimeters stated above.

- an employee may add coverage for him or herself and other eligible dependents if coverage under the Trust plans was waived due to other coverage. To qualify, the employee must:
  - have a *Employee Waiver of Insurance* form on file with EPK & Associates indicating that coverage was waived because of other coverage
  - request enrollment within 30 days of the date other coverage was lost
  - have lost the health insurance or other group health plan coverage because:
    - the health insurance was provided under COBRA, and the COBRA period was exhausted
    - the coverage was non-COBRA coverage and the coverage terminated due to loss of eligibility for coverage (including loss resulting from legal separation, divorce, death, termination of employment, or reduction in the hours)
    - the coverage was non-COBRA coverage and employer contributions for the coverage were terminated. Under this provision, an employer's reduction (but not cessation) of contributions would not trigger a special enrollment right
- an employee may cancel coverage for dependents at the end of any month
- coverage cancels at the end of the month in which the participant and/or dependents are no longer eligible. See the **When Coverage Ends** section for more information
- changes in the employee's beneficiary for life insurance benefits may be made at any time. Similarly, changes or corrections to employee information — such as name, address, birth date or Social Security number — may be made at any time

To add coverage for an employee or eligible dependents, you must return a completed *Employee/Subscriber Application* form to EPK & Associates by the 15th day of the month in which coverage is to begin (except as described above). This form may also be used to change a beneficiary for Life insurance.

To cancel coverage for an employee and/or the employee's dependents, return a *Change Transmittal* form to EPK & Associates by the 15th of the month following the month in which coverage ended. This form may also be used to update/correct employee information.

EPK & Associates will confirm enrollment changes in writing. Report any discrepancies to EPK & Associates within seven days of receiving the confirmation.

If you don't receive a confirmation, call EPK & Associates immediately at **(425) 641-7762 or (800) 545-7011 ext. 5 (toll-free)**.

## When Coverage Starts

Coverage under the Trust plans begins on the contractual effective date — that is, the first of the month following completion of the employee’s probationary period— provided the following requirements are met:

- the employee enrolls within 15 days of the eligibility date\*
- the employee is employed on the date coverage is scheduled to start

Notify EPK & Associates within 15 days of the contractual effective date if an employee is not employed on that date.

**If your Company is COBRA eligible, you must provide each employee and, if applicable, his or her enrolled spouse with a notice of his or her rights and obligations under COBRA when they first become covered under the BIAW Health Insurance Trust.** Keep in mind, this requirement also applies to spouses who are added to coverage at a later date. Notices must be mailed to the employee and spouse via first class mail.

A sample notice *Summary of Rights and Obligations Regarding Continuation of Group Health Plan Coverage* is included in the **Sample Forms** section of this manual. See the **COBRA Continuation** section of this manual for more information.

\*Refer to the **Enrollment** section of this manual for information on special enrollment provisions.

## Monthly Payments

EPK & Associates sends detailed monthly billing statements for the coming month's premium to your company before the end of the month. Checks for payments should be made out to the **BIAW/BIAW Trust** and returned to EPK & Associates.

Payments are due on the first day of the billed month.

If full payment is not received:

- by the 1st of the billed month, your account will be in delinquent status. This can result in a variety of coverage and claim payment problems that may affect your employees, their health care providers and the insurance carriers
- within 30 days of the payment due date, coverage will be canceled retroactively to the last day of the month for which full monthly payment was received. In this case, any partial monthly payments will be refunded and your company will not be eligible to reapply for participation in the Trust for at least 24 months

*For example:*

For coverage during the month of January:

- EPK mails billing statements to you on or about December 20-22
- Your payment is due to EPK & Associates by January 1
- Payment is in delinquent status if not received by January 1
- Participation in the Trust is canceled, retroactively to December 31, if payment is not received by January 31

Payments returned to EPK & Associates (non-sufficient funds, stop payment, etc.) must be replaced with guaranteed funds, i.e., money order, cashier's check, within 5 working days of being notified. A \$20 fee will be assessed on all returned drafts.

Failing to replace returned drafts within 5 working days may result in coverage being canceled retroactively to the last day of the month for which full payment was received.

## When Coverage Ends

Coverage under the Trust plans ends for an employee on the first day of the month following his or her last day of work, or loss of eligibility due to:

- change in status from full-time to part-time employment
- failure to pay required premiums
- termination of eligibility for the plans, for example, because your company is no longer eligible for the Trust
- termination of the plans

Coverage for enrolled dependents ends when the employee's coverage ends, or on the first day of the month following any of the following events:

- for a spouse, following divorce
- for children, when they no longer meet the definition of an eligible child. Health insurance coverage will also end for children if, as provided under applicable federal and state law, they are no longer covered under a court decree or administrative order requiring the employee to provide health care coverage
- termination of Domestic Partnership

If your company is subject to COBRA continuation requirements, employees and/or their dependents may be eligible to extend health care coverage for a period of time by paying the cost of coverage. See the next section, **COBRA Continuation** for more information.

Return a completed *Change Transmittal* form to EPK & Associates within 15 days of the date an employee or enrolled dependent lose eligibility under the Trust plans. Keep in mind, provisions of the Trust do not allow retroactive cancellation of coverage.

If your company is subject to COBRA, you must provide an employee or dependent the following within 44 days of the date coverage is lost under the Trust plans:

- a *Notice of Right to Continue Group Health Insurance Coverage*
- a *Continuation Coverage Election* form

Samples of the *Notice to Continue Health Care Insurance Coverage* and the *Continuation Coverage Election* form are included in the **Sample Forms** section of this manual. For more information, see the **COBRA Continuation** section of this manual.

If your company is not subject to COBRA — or when COBRA coverage ends — employees and their dependents may be eligible to convert their Trust coverage to a group conversion plan. For more information, see *When You Are No Longer Eligible for Coverage* in the benefits booklet.

## COBRA Is An Employer Law

It is the responsibility of the employer to understand all the requirements of the federal COBRA law and fully comply with its requirements. The information contained in this manual, your benefits booklet, and model notifications is only intended to be a summary of COBRA administration rights and obligations, not a complete description of the law. Additional information can be found by contacting the U.S. Department of Labor directly or by visiting their web site at [www.dol.gov](http://www.dol.gov). Because of the importance of administering COBRA correctly—**we strongly encourage you to review COBRA and your company's COBRA administration requirements with your legal counsel.**

## Overview—Continuation of Group Health Insurance (COBRA)

When group health insurance coverage ends, the federal Consolidated Omnibus Budget Reconciliation Act (COBRA) requires **eligible** employers to offer individuals who are losing coverage (known as qualified beneficiaries) the opportunity to purchase continued group health care coverage, including medical, dental and vision coverage if applicable, on a self-pay basis for a limited period of time. A “qualified beneficiary” is:

- an employee, spouse or dependent child who had coverage under a Trust health care plan on the day before the qualifying event that causes a loss of coverage under the Trust health care plan
- a child who is born or placed for adoption with a covered employee or qualified beneficiary, if the child is enrolled in a Trust health plan as described in the **Enrollment** section of this manual

Group health insurance continuation coverage (COBRA) is the same medical, dental and vision coverage as that provided under the Trust plan to active employees with similar family situations. If the Trust plan or the cost of the plan changes for active employees, then the coverage or cost will also change for participants continuing the group health plan under COBRA provisions. Life insurance and AD&D coverage are not considered group health plans and may not be continued under COBRA, but may be converted to individual policies.

### Determining if Your Company is Subject to COBRA

Your company must comply with COBRA requirements if it employed 20 or more employees on at least 50% of its typical business days in the previous calendar year. All full-time and part-time common law employees of an employer are taken into account in determining whether an employer had 20 or more employees; however, an individual who is not a common law employee of the employer is not taken into account such as self-employed individuals, independent contractors, and directors.

Each full-time employee counts as one employee and each part-time employee counts as a fraction, with the numerator of the fraction equal to the number of hours worked by that employee and the denominator equal to the number of hours that must be worked on a typical business day in order to be considered a full-time employee. The determination of the number of hours required to be considered a full-time employee is based upon the employer’s employment practices, except that in no event may the hours required to be considered a full-time employee exceed eight hours for any day or 40 hours for any week.

#### *Example #1:*

On January 1, 2004, the company looks back over the calendar year 2003. If your company employed 22 employees on at least 50% of its typical business days in 2003, it is subject to COBRA for **all** of calendar year 2004 even if you employ less than 20 employees in 2004.

COBRA also requires that the employee of related employers be aggregated for purposes of the 20-employee test.

Example #2 illustrates this rule:

#### *Example #2:*

ABC Company participates in the BIAW Group Insurance Trust. The sole shareholder of ABC Company also owns 100% of the stock of the XYZ Company. XYZ Company does not participate in the BIAW Trust. In calendar year 2003, ABC Company employs 15 employees and XYZ Company employs 10 employees on at least 50% of their typical business days. For purposes of COBRA, the employees of ABC Company and the employees of XYZ Company are aggregated (total of 25 employees for calendar year 2003). Both the ABC Company and the XYZ Company are subject to COBRA for all of calendar year 2004.

In making the COBRA eligibility determination all employees are counted—whether or not they are covered under the Trust plans—including full-time, part-time, temporary, union employees, and in some cases employees of related companies.

It is the responsibility of the employer to determine if you are subject to the COBRA requirements and as you can see from the above information, this determination is not always an easy one to make. Since the consequences of failing to comply with COBRA requirements can be severe, you should discuss questions about your company's COBRA status with your legal counsel at the beginning of each calendar year. This is especially critical if you have tentatively concluded that your company is not subject to COBRA.

### What if Your Company is Not COBRA Eligible?

If your company is not COBRA eligible you **cannot** offer COBRA continuation coverage.

If your company is not subject to COBRA, conversion plans are available for your employee from the insurance carriers. Please refer to the benefits booklet, *When You Are No Longer Eligible For Coverage*, section for information on these plans.

## Overview of COBRA Qualifying Events

A COBRA qualifying event occurs when one of the events listed in the COBRA statute causes the covered employee, or the spouse or a dependent child of the covered employee, to lose coverage under the plan. For this purpose, to lose coverage means to cease to be covered under the same terms and conditions as in effect immediately before the qualifying event.

**Qualifying Events For Covered Employee**—If you are the covered employee, you will become a qualified beneficiary and have the right to elect this health plan continuation coverage if you lose your group health coverage because of a termination of your employment (for reasons other than gross misconduct on your part) or a reduction in your hours of employment.

**Qualifying Events For Covered Spouse**—If you are the *covered* spouse of an employee, you will become a qualified beneficiary and have the right to elect this health plan continuation coverage for yourself *if* you lose group health coverage because of any of the following reasons:

1. A termination of your spouse's employment (for reasons other than gross misconduct) or reduction in your spouse's hours of employment;
2. The death of your spouse;
3. Final divorce from your spouse.

**Qualifying Events For Covered Dependent Children**—If you are the *covered* dependent child of an employee, you will become a qualified beneficiary and have the right to elect continuation coverage for yourself *if* you lose group health coverage because of any of the following reasons:

1. A termination of the parent-employee's employment (for reasons other than gross misconduct) or reduction in the parent-employee's hours of employment;
2. The death of the parent-employee;
3. Parent's final divorce or;
4. You cease to eligible for coverage as a "dependent child" under the terms of the health plan.

The length of continuation coverage is determined by the actual event. If the event is a termination of employment or a reduction of hours on the part of the employee, then qualified beneficiaries are eligible to continue coverage in general for a maximum period of 18 months. If the event is the death of the employee, final divorce, or a dependent child ceasing to be eligible as a dependent under the terms of the plan, then qualified beneficiaries are eligible to continue coverage in general for a maximum time period of 36 months.

## Qualifying Events—Employer Responsibilities

It is the responsibility of the employer to know when the following qualifying events occur. These qualifying events include, termination of employment, reduction of hours and death of the employee.

## Qualifying Events—Employee/Qualified Beneficiary Responsibilities

It is the responsibility of the covered employee, spouse, dependent, or representative of the qualified beneficiary to notify the Employer Plan Administrator of a final divorce or a dependent child ceasing to be a dependent child under the terms of the group health plan. Notification of these events **must be made within 60 days of the date of the event or from the date of loss of coverage**. Notification must be made in accordance with the reasonable notification procedures that have been established by the plan administrator. These notification procedures must be described in detail in the initial “general” notification that is provided by the employer upon commencement of coverage under the plan. A failure to notify the plan within the required timelines will cause continuation coverage rights to be forfeited.

# Employer COBRA Notification Requirements

If your company is COBRA eligible, you have the responsibility of providing **three** required COBRA notifications to plan participants. The first being provided when coverage under the plan commences, the second when a COBRA qualifying event actually occurs, and third if a determination is made that continuation coverage is not available. If you would like these notices in Word format, please contact EPK & Associates, Inc.

## 1. Initial “General” COBRA Notification

**You** are required to provide each *covered* employee and *covered* spouse with written notification of their rights and obligations under COBRA when they first become covered under the Trust health care plans or within 90 days of the start of that coverage. For more information on when coverage under the plan commences, see *When Coverage Starts* in this manual.

**Single Notice Rule:** You may satisfy the requirement to provide notice to a covered employee and the covered employee’s spouse by furnishing a single notice addressed to both the covered employee and the covered employee’s spouse, if, on the basis of the most recent information available to you, the spouse resides at the same location as the covered employee. **If a covered spouse lives at a different address or if the spouse’s coverage under the plan commences after the date on which the covered employee’s coverage commences, then a separate notice would have to be provided to the covered spouse at that time.** For example, if a single employee marries and adds the new spouse to the group health plan according to health care plan rules, then an initial general notice must be sent to the covered spouse at that time.

**Model Notice.** Contained in this section is a model notice that is intended to assist you in discharging the notice obligations of this section. The model reflects US Department of Labor notification requirements. In order to use the model notice, you must appropriately add relevant information where indicated in the model notice, select among alternative language, and supplement the model notice to reflect applicable plan provisions. Items of information that are not applicable to a particular plan may be deleted.

**Reasonable Employee/Qualified Beneficiary Notification Procedures.** As stated above, it is the responsibility of the qualified beneficiary to notify the plan administrator of a final divorce or if a covered dependent child is ceasing to be eligible for coverage under the plan due to age, marital status, or no longer being financially dependent on the employee. **Failure to provide notice within the required time frame of 60 days will result in loss of eligibility for group health insurance continuation coverage.** However, it is your responsibility in the Initial “General” COBRA Notification to establish reasonable procedures for the qualified beneficiary to follow when making this notification. At a minimum, your reasonable procedures should specify the individual or entity designated to receive such notices; specify the means by which notice may be given; and describe the information concerning the qualifying event that you deem necessary in order to provide continuation coverage.

## 2. COBRA “Election” Notification—“Notice of Right to Continue Group Health Insurance Coverage”

**You** are required to provide each *covered* employee, *covered* spouse, and *covered* dependent with written notification of their rights to elect to continue and pay for their group health insurance continuation coverage when a qualifying event occurs.

**Timing:** A COBRA election notice shall be provided to *each* qualified beneficiary not later than 44 days after the date of the qualifying event, or, if the loss of coverage date is being used as the qualifying event date, then not later than 44 days from the loss of coverage date.

**Special notice rule:** The notice shall be furnished to each qualified beneficiary or individual, except that an administrator may provide notice to a covered employee, the covered employee's spouse, and each qualified beneficiary who is the dependent child of a covered employee by furnishing a single notice addressed to both the covered employee and the covered employee's spouse, if, on the basis of the most recent information available to you, the covered employee's spouse and dependent child(ren) reside at the same location as the covered employee.

The notice shall be written in a manner calculated to be understood by the average plan participant and should clearly identify each qualified beneficiary who is recognized by the plan as being entitled to elect continuation coverage with respect to the qualifying event.

**Model notice.** Contained in this section is a model notice that is intended to assist you in discharging the notice obligations of this section. Use of the model notice is not mandatory. The model reflects US Department of Labor notification requirements. In order to use the model notice, you must appropriately add relevant information where indicated in the model notice, select among alternative language, and supplement the model notice to reflect applicable plan provisions. Items of information that are not applicable to a particular plan may be deleted.

### 3. Notice of Unavailability of Continuation Coverage

In the event you are not notified of a final divorce or a dependent child ceasing to be a dependent child under the terms of the group health plan within the 60 days as required by plan and COBRA rule, a determination can be made that the individual is not entitled to continuation coverage because of their failure to follow the reasonable notification procedures. If continuation coverage is not going to be offered, you shall provide to the individual an explanation as to why the individual is not entitled to elect continuation coverage. Notice shall be furnished in the same time period that would apply if you had determined the individual was entitled to elect continuation coverage.

# Employer COBRA Qualifying Event Notification Procedures

Once you have determined a qualifying event has occurred, the following steps must be taken.

## 1. Termination of Health Insurance—Retroactive Reinstatement

**You** are *required* to cancel coverage of a qualified beneficiary from active group coverage by providing to EPK & Associates a completed *Change Transmittal* form. If a qualified beneficiary has a claim that occurs after the loss of coverage date, it will not be considered an eligible expense and will be denied payment. However, if the qualified beneficiary elects **and pays** for continuation coverage in the appropriate time periods, then their group health insurance under the Trust will be reactivated by EPK & Associates back to the loss of coverage date. Any valid claims will be released for payment as long as the former employer has also paid their group's current amount due.

## 2. COBRA Election Notice Procedures

As described in the ***Employer COBRA Notification Requirements*** section, you are required to provide each qualified beneficiary within 44 days of a qualifying event:

- *COBRA Election Notice—Notice of Right To Continue Group Health Insurance Coverage (Model COBRA Continuation Coverage Election Notice)*
- *Continuation Coverage (COBRA) Election form*

A model *Notice of Right To Continue Group Health Insurance Coverage* and *Continuation Coverage Election form* are included in this section. If a qualified beneficiary wishes to elect to continue their group health insurance, the *Continuation Coverage Election form* is sent directly by the qualified beneficiary to EPK & Associates for processing.

Mail the notice and election form to the qualified beneficiary's last known address via first class mail, certified mail or certificate of mailing. If a qualified beneficiary lives at a different address than the covered employee, for example; because of a divorce or a dependent ceasing to be a dependent, then the notice is to be sent to that address.

Failure to send the notice within the 44-day COBRA notification period can have severe consequences for your firm. Additionally, failure by an employer to timely provide a COBRA notice does not terminate a qualified beneficiary's right to continuation of group health coverage. However, such a failure will eliminate any obligation on the part of the Trust and/or its insurance carriers to provide this continuation coverage under the plan. This effectively means that the firm will self-fund any claims the qualified beneficiary incurs.

### 3. Employer Administration Fundamentals

To insure that the employer properly administers their responsibilities under COBRA and to prevent against errors, it is recommended by federal regulators that the employer take the following administration steps.

- Establish Written COBRA Standard Operating Procedures (SOPS)
- Document all notifications (who, what, where, why, and how)
- Train all personnel involved in administration of COBRA
- Establish an audit system to insure all notices were sent in a timely manner
- Periodically review all COBRA notifications to insure they are updated in a timely manner

## COBRA Election Period

A qualified beneficiary must elect continuation of group health insurance coverage by returning a completed and **signed** *Continuation Coverage Election* form to EPK & Associates within 60 days after the later of:

- the date he or she is sent the *Notice of Right to Continue Group Health Insurance Coverage* (as long as that notice is sent within the required timeframe), or
- the date coverage under the Trust health plan ends

Elections are deemed made on the date the Election Form is sent to EPK & Associates. If a qualified beneficiary fails to elect continuation coverage during the 60-day election period, he or she will no longer be eligible to continue their group health insurance coverage. **No late COBRA elections will be accepted.**

**Example:** An unmarried employee without children who is receiving coverage under a Trust health plan voluntarily terminates employment on January 1, 2004. The *Notice of Right To Continue Group Health Insurance Coverage* is sent by you on January 15, 2004, but coverage under the Trust does not end until January 31, 2004. In this example, the qualified beneficiary would have 60 days to elect continuation coverage from January 31, 2004 since this is the later of the two dates. However, if you did not send the *Notice of Right To Continue Group Health Insurance Coverage* until February 5, 2004, then the qualified beneficiary would have 60 days from February 5, 2004 since February 5th is now the later of the two dates.

## Duration of Continued Group Health Insurance

### How Long will Continuation Last?

In the case of loss of coverage due to end of employment or reduction in hours of employment, coverage may be continued for up to 18 months. In the case of losses of coverage due to an employee's death, final divorce, or a dependent child ceasing to be a dependent under the terms of the Plan, coverage may be continued for up to 36 months. Page one of this notice shows the maximum period of continuation coverage available to the listed qualified beneficiaries.

Continuation coverage will be terminated before the end of the maximum period if any required premium is not paid on time, if a qualified beneficiary becomes covered under another group health plan that does not impose any pre-existing condition exclusion for a pre-existing condition of the qualified beneficiary, if a covered employee enrolls in Medicare, or if 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 or beneficiary not receiving continuation coverage (such as fraud).

## Group Health Insurance “COBRA” Payments

Qualified beneficiaries who elect to continue their group health insurance must pay the full cost of the group health insurance coverage, plus a 2% administration fee. All payments are made by the qualified beneficiary directly to EPK & Associates.

For current continuation coverage rates, contact EPK & Associates at (425) 641-7762 or (800) 545-7011 ext 5 (toll-free)

Once a qualified beneficiary elects continuation coverage by sending the election form to EPK & Associates, they must pay their initial continuation coverage payment within 45 days of the date they elected continuation coverage. This payment is to cover the initial rate months - the period from the date coverage under the Trust plans ends through the 45th day after coverage is elected. If payment is not made within this 45-day period, then rights to continuation coverage are lost and any claims occurring after the loss of coverage date will remain unpaid.

After this initial payment, monthly payments are due on the first of each month for that month's coverage. Checks for payments should be made out to the “**BIAW/BIAW Trust**” and sent to:

BIAW Health Insurance Trust  
c/o EPK & Associates, Inc.  
15375 SE 30th Pl, #380  
Bellevue, WA 98007

The qualified beneficiary has a 30-day grace period following the monthly due date in which to make full payments. Delinquent notices are not provided to the qualified beneficiary. If payments are not postmarked within the grace period, coverage will be canceled retroactively to the last day of the month for which full monthly payment was made.

**Note: Once canceled, continuation coverage cannot be reinstated.**

## EPK & Associates' Responsibilities

EPK & Associates takes the responsibility for the following continuation coverage related duties for your firm:

- Once the qualified beneficiary elects to continue, process the Continuation Coverage Election form
- Denying late COBRA elections and communicating with qualified beneficiary
- Providing monthly billing statements to continuation coverage participants (not required by law)
- Processing and collecting COBRA payments
- Forwarding eligibility and enrollment information to the applicable insurance companies
- Reinstating group health insurance coverage
- Answering all qualified beneficiary written and telephone inquiries
- Terminating continuation coverage when applicable
- Notifying qualified beneficiaries of termination of coverage
- Notification of premium changes
- Notification of plan changes
- Processing open enrollment changes
- Notifying qualified beneficiaries of conversion rights upon expiration of coverage
- Processing second qualifying events
- Administering continuation coverage disability extensions
- Notification of early COBRA termination

## When COBRA Coverage Ends

Please refer to the benefits booklet for information on cancellation of COBRA coverage.

Please see the ***When You Are No Longer Eligible For Coverage*** section in the benefits booklet for information on conversion plans available when your COBRA continuation ends.