Important Information About Your COBRA Coverage Rights and Other Health Coverage Alternatives

What is COBRA coverage?
COBRA coverage is the same coverage the Plan provides to other Plan participants or beneficiaries who are not receiving COBRA coverage. Each Qualified Beneficiary who elects COBRA coverage (1) has the same rights under the Plan as other participants or beneficiaries covered under the Plan; and (2) has an independent right to elect COBRA coverage. This means COBRA coverage may be elected for any or all Qualified Beneficiaries.

A Qualified Beneficiary's right to elect COBRA coverage applies only to the Plan they had the day before the Qualifying Event.

Who are Qualified Beneficiaries?
Qualified Beneficiaries may include the employee (or retired employee) covered under the group health Plan, the covered employee's spouse and dependent child(ren), child(ren) born to or adopted by the covered employee during the COBRA coverage period, and alternate recipients under a Qualified Medical Child Support Order (QMCSO).

How long will COBRA coverage last?
- If your Qualifying Event is termination or reduction in employment hours, COBRA coverage may continue for up to a total of 18 months.
- If your Qualifying Event is an employee's death, divorce or legal separation, or a dependent child ceasing to be a dependent under the terms of the Plan, COBRA coverage may continue for up to a total of 36 months.
- If, within 18 months before the termination or reduction in employment hours, the employee became entitled to Medicare, COBRA coverage for Qualified Beneficiaries, other than the employee, generally may last until 36 months after the date of Medicare entitlement.

COBRA coverage under the Saltchuk Plan's Healthcare Flexible Spending Account (FSA) may continue until the end of the plan year in which the Qualifying Event occurred.

COBRA coverage can terminate before the maximum COBRA coverage period if, for example:
- COBRA premium is not paid in full and on time;
- a Qualified Beneficiary becomes covered under another group health plan;
- a covered employee becomes entitled to Medicare benefits (under Part A, Part B, or both) after electing COBRA coverage;
- the employer ceases to provide any group health plan for its employees;
- during a Disability Extension period (described below), the disabled Qualified Beneficiary is no longer disabled as determined by the Social Security Administration (SSA); or
- there has been a misrepresentation in an application for enrollment or in claim for benefits, or other fraud committed.

How do I elect COBRA coverage?
To elect COBRA coverage, enroll online or by phone through bswift. Each Qualified Beneficiary has an independent right to elect COBRA coverage (for example, the employee's spouse may elect COBRA coverage even if the employee does not). COBRA coverage may be elected for some or all Qualified Beneficiaries (for example, an employee may elect COBRA coverage for some but not all their dependent children).
- A parent or legal guardian may elect COBRA coverage on behalf of any Qualified Beneficiary minor child.
- The employee or the employee's spouse may elect COBRA coverage on behalf of all Qualified Beneficiaries.
- A Qualified Beneficiary may not decline COBRA coverage for another adult Qualified Beneficiary.

Can I extend the length of COBRA coverage?
If you elect COBRA coverage, you may be able to extend coverage if a Qualified Beneficiary is disabled or a Second Qualifying Event occurs. You must notify the COBRA Administrator (bswift) of a disability or a Second Qualifying Event to extend the period of COBRA coverage. If you fail to provide notice of a disability or Second Qualifying Event within the required time period, you will lose the right to extend your COBRA coverage.

Disability Extension
If a Qualified Beneficiary is determined by the Social Security Administration (SSA) to be disabled, and the COBRA Administrator (bswift) is notified in a timely fashion, all of the Qualified Beneficiaries may be entitled to get up to an additional 11 months of COBRA coverage, for a maximum of 29 months.

The Disability Extension is available if the:
- Qualifying Event is the employee's termination or reduction of hours;
- disability started before the 61st day after the covered employee's termination of employment or reduction of hours;
- disability lasts at least until the end of the COBRA coverage period that would be available without the Disability Extension (generally, 18 months); and
- COBRA Administrator (bswift) is properly notified, as outlined below.

NOTICE of Disability Determination: You must notify the COBRA Administrator (bswift) of the Social Security Administration's (SSA) determination of disability. This notice, along with a copy of the SSA's determination, must be provided before the end of the first 18 months of COBRA coverage, and within 60 days of the latest of the:
- date of the employee's termination of employment or reduction of hours;
- date of the SSA's disability determination; and
- date on which the Qualified Beneficiary loses (or would lose) coverage under the terms of the Plan due to the covered employee's termination of employment or reduction of hours.

You must follow the "Notice Procedures" outlined at the end of this document. If these Notice Procedures are not followed, and if notice is not provided to the COBRA Administrator (bswift) during the 60-day notice period and before the first 18 months of COBRA coverage concludes, THERE WILL BE NO DISABILITY EXTENSION OF COBRA COVERAGE.

Second Qualifying Event Extension
If you experience another (Second) Qualifying Event during the initial 18 months of COBRA coverage (or during the 29 months of Disability Extension coverage), the spouse and dependent child(ren) in your family receiving COBRA coverage can get up to 18 additional months of COBRA coverage, for a maximum of 36 months, as long as the COBRA Administrator (bswift) is properly notified within 60 days of the Second Qualifying Event.

The Second Qualifying Event Extension is available if the:
- employee dies;
- employee becomes entitled to Medicare benefits (under Part A, Part B, or both);
- employee gets divorced or legally separated; OR
- dependent child(ren) stops being eligible under the Plan as dependent child(ren);

AND the
- Second Qualifying Event would have caused the spouse or dependent child to lose coverage under the Plan had the first Qualifying Event not occurred; AND
- COBRA Administrator (bswift) is notified of the Second Qualifying Event within 60 days of the Second Qualifying Event.

You must follow the "Notice Procedures" outlined at the end of this document. If these Notice Procedures are not followed, and the notice is not provided to the COBRA Administrator (bswift) during the 60-day notice period, THERE WILL BE NO EXTENSION OF COBRA COVERAGE DUE TO A SECOND QUALIFYING EVENT.

In no event will COBRA coverage last beyond three years (36 months) from the date of the event that originally made the Qualified Beneficiary eligible for COBRA coverage.

For more information about extending the length of COBRA coverage, visit: http://www.dol.gov/sites/dolgov/files/EBSA/about-ebsa/our-activities/resource-center/publications/an-employees-guide-to-health-benefits-under-cobra.pdf.

Are there other coverage options besides COBRA coverage?
Yes. Instead of enrolling in COBRA coverage, there may be other more affordable options for you and your family through the Health Insurance Marketplace, Medicaid, Medicare, or other group health plan coverage options (such as a spouse's plan) through what is called a "Special Enrollment" period. Some of these options may cost less than COBRA coverage.

You should compare your other coverage options with COBRA coverage and choose the coverage 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 is important you choose carefully between COBRA coverage and other coverage options, because once you have made your choice, it can be difficult or impossible to switch to another coverage option.

What is the Health Insurance Marketplace?
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 lowering your monthly premiums and cost-sharing reductions (amounts that lower your out-of-pocket costs for deductibles, coinsurance, and copayments) right away, and you can see what your premium, deductibles, and out-of-pocket costs will be before you make a decision to enroll.

Through the Marketplace you will also learn if you qualify for free or low-cost coverage from Medicaid or the Children's Health Insurance Program (CHIP). You may access the Marketplace for your state at www.healthcare.gov.

Coverage through the Marketplace may cost less than COBRA coverage. Being offered COBRA coverage will not 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, as it qualifies as a Special Enrollment event. After 60 days, your Special Enrollment period will end, and you may not be able to enroll, so you should act right away. In addition, during what is called an "Open Enrollment" period, anyone can enroll in Marketplace coverage. To find out more about enrolling in the Marketplace, including 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.

If I sign up for COBRA coverage, can I switch to coverage in the Marketplace? What if I choose Marketplace coverage and want to switch back to COBRA coverage?
If you sign up for COBRA coverage, you may switch to a Marketplace plan during the Marketplace Open Enrollment period. You may also end your COBRA 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 - if you terminate COBRA coverage early without another Qualifying Event, you will have to wait until the next Open Enrollment period to enroll in Marketplace coverage and could end up without any health coverage in the interim.

Once you have exhausted your COBRA coverage and the coverage expires, you are eligible to enroll in Marketplace coverage through a Special Enrollment period, even if the Marketplace Open Enrollment ended. If you sign up for Marketplace coverage instead of COBRA coverage, you cannot switch to COBRA coverage once your election period ends.

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 choose to elect COBRA coverage instead of enrolling in another group health plan for which you are eligible, you will have another opportunity to enroll in the other group health plan within 30 days of exhausting your COBRA coverage. (Note: Loss of coverage because you did not pay your COBRA premiums will not qualify you for a Special Enrollment period in another plan.)

Can I enroll in Medicare instead of COBRA coverage after my group health plan coverage ends?
In general, if you do not 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 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 do not enroll in Medicare Part B and elect COBRA coverage instead, you may have to pay a Part B late enrollment penalty and have a gap in coverage if you decide you want Part B later. If you elect COBRA coverage and enroll in Medicare Part A or B before the COBRA coverage period ends, the Plan may terminate your COBRA 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 other parts of Medicare after the date of the election of COBRA coverage.

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

For more information visit: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: The Saltchuk group health plan may charge up to 102% of total plan premiums for COBRA coverage (up to 150% of total plan premium for a COBRA Disability Extension). Other options, like coverage on a spouse's plan or through the Marketplace, may be less expensive.
Provider Networks: If you are 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 verify if your current health care providers participate in a network as you consider health coverage 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 limitations.
Drug Formularies: If you are 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.

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 premiums, but a much higher deductible and higher copayments.
Severance Payments: If you lost your job and received 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.

Keep your Plan informed of address changes
To protect you and your family's rights, remember to inform the COBRA Administrator (bswift) of any changes in your address or the addresses of family members.

For more information
This notice does not fully describe COBRA coverage or other rights under the Plan. More information about COBRA coverage and your rights under the Plan is available in your Summary Plan Description (SPD) or from the Plan Administrator (bswift). If you have any questions about the information in this notice, your rights to coverage, or if you want a copy of your SPD, you should contact the COBRA Administrator (bswift) at Saltchuk Benefits Center at **866-365-2413**.

For more information about your rights under ERISA, including COBRA, the Patient Protection and Affordable Care Act, 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 or call their toll-free number at **1-866-444-3272**. For more information about health insurance options available through a Health Insurance Marketplace, and to locate an assister in your area who can talk to you about the different options, visit www.healthcare.gov.

Important Information About COBRA Coverage Payment

Once your COBRA election is completed, you will receive additional information from your COBRA Administrator (bswift) confirming premiums due and how to submit your premium payment. Your COBRA premium may not exceed 102% (or, in the case of an extension of COBRA coverage due to disability, up to 150%) of the total cost to the Plan for coverage of a similarly situated plan participant or beneficiary who is not receiving COBRA coverage.

First payment for COBRA coverage
You must make your first COBRA coverage premium payment no later than 45 days after the date your COBRA coverage election is submitted. If you do not make your first premium payment in full, you will lose all COBRA coverage rights under the Plan. You are responsible for ensuring the amount of your first payment is correct. You may contact the COBRA Administrator (bswift) to confirm the correct amount of your first payment.

Monthly payments for COBRA coverage
After you make your first premium payment for COBRA coverage, subsequent premium payments will be due monthly. The monthly amount due for each Qualified Beneficiary is shown in the COBRA Election Instructions Form. Under the Plan, each monthly payment for COBRA coverage is due on the first day of the month for that month's COBRA coverage. If you make your monthly premium payment on or before the monthly due date, your COBRA coverage will continue for that month without any break. You are responsible for ensuring your monthly premium payments are accurate and paid timely.

Grace periods for monthly payments
Although monthly premium 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 monthly premium payment. You will have COBRA coverage if premium payment is made before the end of the grace period for that month's payment. If you pay your monthly payment later than the first day of the month, but before the end of the month's grace period, your coverage will be suspended as of the first day of the month, then retroactively reinstated (going back to the first day of the month) when the monthly payment is received. This means any claim you submit for benefits while your coverage is suspended may be denied and may have to be resubmitted, once coverage is reinstated.

If you do not make a monthly premium payment before the end of the month's grace period, you will lose all rights to COBRA coverage under the Plan.

Your first payment and all monthly payments for COBRA coverage should be postmarked by the due date. You may make your payments online at saltchukcompanies.bswift.com or by mail. All mailed payments for COBRA coverage should be made payable to "bswift - Saltchuk" and sent to:

bswift-Saltchuk
PO Box 860620
Minneapolis, MN 55486-0620

Notice Procedures

Any notice you provide must be submitted to the COBRA Administrator (bswift).

How and when to notify bswift
Send notice either through the COBRA Administrator's (bswift's) website, at saltchukcompanies.bswift.com, or by calling **866-365-2413**. Phone calls are recorded.

Information required for all notices
To ensure accurate notice, be prepared to provide the following if you call, or go to the COBRA Administrator's (bswift's) website: (1) Saltchuk GROUP HEALTH PLAN); (2) the name and address of the employee who is (or was) covered under the Plan; (3) the name(s) and address(es) of all Qualified Beneficiary(ies) who lost coverage as a result of the Qualifying Event; (4) the Qualifying Event and the date it happened; (5) the name, address, and telephone number of the person providing the notice; and (6) the information you are notifying the COBRA Administrator (bswift) about.

Additional Information Required for Notice of Disability
A notice of disability must include: (1) the name and address of the disabled Qualified Beneficiary; (2) the date the Qualified Beneficiary became disabled; (3) the names and addresses of all Qualified Beneficiaries who are still receiving COBRA coverage; (4) the date the Social Security Administration made its determination of disability; (5) a copy of the Social Security Administration's determination; and (6) a statement as to whether the Social Security Administration has subsequently determined the disabled Qualified Beneficiary is no longer disabled.

Additional Information Required for Notice of Second Qualifying Event
A notice of a Second Qualifying Event must include: (1) the names and addresses of all Qualified Beneficiaries who are still receiving COBRA coverage; and (2) the Second Qualifying Event and the date it happened.

Who May Provide Notice
The covered employee (i.e., the employee or former employee who is or was covered under the Plan), a Qualified Beneficiary who lost coverage due to the Qualifying Event, or a representative acting on behalf of either may provide notice.