

**G.M.P. - EMPLOYERS RETIREE TRUST
COBRA CONTINUATION COVERAGE**

VERY IMPORTANT NOTICE

On April 7, 1986, a Federal law was enacted (Public Law 99-272, Title X, commonly called "COBRA") requiring that group health plans offer participants in those plans the opportunity for a temporary extension of health coverage (called "continuation coverage") at group rates in certain instances where coverage under the plan would otherwise end. This notice is intended to inform you, in a summary fashion, of your rights and obligations under the continuation coverage provisions of the law. Both retirees and their spouses should take the time to read this notice carefully.

If you have group health coverage provided by the G.M.P.-Employers Retiree Trust ("Trust") by reason of being the spouse of a retiree, you have the right to choose continuation coverage for yourself if you lose that group health coverage by reason of divorce from your spouse. If you are covered by reason of being the surviving spouse of a retiree, you have the right to choose continuation coverage for yourself if you lose group health coverage from the Trust by reason of your remarriage within 36 months after the death of the retiree to whom you were married at the time of his or her retirement. As the spouse or surviving spouse of a retiree, you have the responsibility of informing the Trust's office in the event of such a divorce or remarriage. If such notice is not sent to the Trust's office within 60 days from the date of the divorce or remarriage, the right to choose continuation coverage would expire.

When the Trust's office is notified that the divorce or remarriage has happened, that office will in turn notify you within 14 days after receipt of notice that you have the right to choose continuation coverage. Under the law, you have up to 60 days from the date of the notice from the Trust of your right to continue coverage to inform the Trust's office that you want the continuation coverage.

If you do not choose continuation coverage, your group health insurance coverage will end, subject to your right of conversion to individual coverage.

If you choose continuation coverage, the Trust is required to give you coverage which, as of the time coverage is being provided, is identical to the coverage provided by the Trust to similarly situated spouses who have not divorced or surviving spouses who have not remarried. Thus, if during the period of continuation coverage the Trust's coverage of spouses who had not been divorced, or of surviving spouses who have not remarried, were increased, decreased, or otherwise modified, a similar increase, decrease, or modification could be made in your continuation coverage. The law requires that you be afforded the opportunity to maintain continuation coverage for 36 months following a divorce or for the remainder of the 36 months following a retiree's death in the event of remarriage.

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However, the law also provides that your continuation coverage may be cut short for any of the following reasons:

- (1) The premium for your continuation coverage is not paid;
- (2) You become covered, as an employee or otherwise, after the date you elected continuation coverage, under another group health plan, except that if such other plan excludes coverage for any pre-existing condition which you have, you may keep your continuation coverage with the Trust until it runs out at the end of the original 36-month term or is cut short for some other reason;
- (3) When similarly situated spouses who have not divorced, or similarly situated surviving spouses who have not remarried, no longer qualify for the Trust's group health coverage; or
- (4) When you first become entitled to Medicare coverage after the date you elected continuation coverage.

The Health Insurance Portability and Accountability Act of 1996 ("HIPAA") restricts the extent to which group health plans may impose pre-existing condition limitations. These rules are generally effective for plan years beginning after June 30, 1997. HIPAA coordinates COBRA's other coverage cut-off rule with these limits as follows:

If you become covered by another group health plan, and that plan contains a pre-existing condition limitation that affects you, your continuation coverage under COBRA cannot be terminated on that basis alone. However, if the other plan's pre-existing condition rule does not apply to you because of HIPAA's restrictions on pre-existing condition clauses, the Trust's plan may terminate your continuation coverage under COBRA.

You do not have to show that you are insurable to choose continuation coverage. However, under the law, you may have to pay all or part of the premium for your continuation coverage. There is a grace period of 30 days for payment of the regularly scheduled premium. The law also says that, at the end of the 36-month continuation coverage period, you must be allowed to enroll in an individual conversion health plan provided under the Trust.

This law first applied to the Trust beginning July 1, 1989 and would apply to divorced spouses and remarried surviving spouses only if the divorce or remarriage occurred on or after that date. If you have any questions about the law, please contact the Trust's office at the address shown above. Also, if you have changed marital status, or you or your spouse have changed addresses; please notify the Trust's office at the above address. Thank you.