

New Jersey Transit

Summary for Health Coverage for Striking/Locked-out Workers

March 2, 2016

The following outlines your options for Health Care coverage in the event of a strike or lock-out. For detailed information please refer to the attached document titled “Insurance Coverage for Striking NJT Employees.”

1. **When will my Health Care Coverage through NJT end:** There are a few different scenarios that could come into play – NJT could end it immediately, it could end the last day of the month on which the strike occurs, or it could end on the last day of the 3rd month following the month in which the strike begins. Much has to do with the actions NJT takes, and we believe they will terminate your benefits immediately. Details are provided in Section #1 on the attachment.
2. **What are my options for Health Care Coverage once it is terminated by NJT:** You will have 4 options – a) Obtain coverage from your spouse’s employer if such coverage is offered; b) purchase coverage from the Health Care Marketplace under the Affordable Care Act; c) purchase COBRA coverage, which provides you with the same coverage you already have, or d) if you don’t need coverage, then do nothing. See details in Section 2 of the attachment.
3. **What if I’m on a Leave of Absence (LOA) from NJT when the strike occurs:** Our position is if you’re presently on a LOA from NJT then your insurance as provided by NJT will continue at no cost to you. Once your LOA is over, you will then have to purchase coverage on your own. Please refer to Section 3 of the attachment for details. Of course, NJT may decide that they have a right to terminate your coverage whether or not you are on a LOA, in which case you will have to obtain your own coverage. However if they do make such a determination then we will take legal action against them.

We have taken enormous strides to assure that the information we are providing you is as accurate as possible. However much of what happens will be determined by the actions taken by NJT. Please contact your Union Representative if you have any additional questions.

Thanks for your SOLIDARITY during these difficult times!

Insurance Coverage for Striking NJT Employees

March 2, 2016

Sisters and Brothers,

If and when a strike against NJT occurs or NJT invokes a lock-out, our members and their families will still have health insurance available to them through several different means: a continuation of coverage known as COBRA, through a spouse's coverage, or through the ACA Public/Private Health Care Marketplace. COBRA is a federal law which guarantees that persons adversely affected by certain employment disruptions are not at risk of losing all health coverage. The following is a brief synopsis of what may happen in the event of a strike or lock-out and what your options are.

1. **When Your Coverage Will End:** At this time there is uncertainty as to just when your health coverage will end with NJT. While it has been rumored that NJT will terminate coverage for you and your family members immediately in the event of a strike, i.e. on March 13, 2016, we are not certain that they'll maintain that position and they have not indicated what will occur in the event of a lock-out. The Union Coalition has taken the position that coverage can only be terminated according to the terms of the Summary Plan Descriptions (SPDs) of your plans, PPO, HMO, and Traditional Plan. All have the same terms as to "When Coverage Ends" which provide for as much as three months of continued coverage. However, it will likely take some time to resolve any legal dispute over when coverage can be terminated. Therefore, members must be prepared to protect themselves in the event that NJT terminates coverage immediately or shortly after a strike or lock-out.

For COBRA purposes, the termination of coverage is considered a "**Qualifying Event**" (this term will be referred to later and is explained on the US Department of Labor website at <http://www.dol.gov/ebsa/publications/cobraemployee.html>).

2. **Your Options If and When Coverage Ends:**
 - a. **Spouse's Plan** – If you are married and your spouse has the option of obtaining health insurance for family members, then you can have your spouse notify his/her employer that coverage under your plan has been terminated and you wish to have coverage under his/her plan. This is probably the easiest and safest route (and maybe the least expensive) to take. You will most likely have to provide your spouse's employer with a copy of the COBRA notification you receive from NJT.
 - b. **Coverage through the ACA Health Care Public/Private Marketplace:** - This may be your least advantageous option as coverage under the New Jersey plans appears to be quite expensive with high deductibles and copays. You can review the available plans by going to www.healthcare.gov .

- c. **COBRA Coverage** – As stated above, once your coverage ends, you will have the right to apply for COBRA coverage. COBRA requires continuation coverage to be offered to covered employees, their spouses, former spouses, and dependent children when group health coverage would otherwise be lost due to certain specific events – events known as “Qualifying Events.” The benefits you are entitled to under COBRA are the same as the ones you are receiving while working.

Continuation coverage is much more expensive than the amount that active employees are required to pay for group health coverage since all of the cost is charged to individuals receiving continuation coverage. Each member of your family who is currently covered has a separate right to coverage. This means that you can elect COBRA coverage for all or just some of the individuals in your family. The costs for COBRA coverage are broken down into four categories: Single, Husband/Wife, Parent/Child, and Family. You may select the coverage that suits your needs, and the prices vary depending on the coverage you select. A chart outlining the various NJT COBRA costs is attached, reflecting the most current information available to us. Additionally, you must select COBRA coverage that is comparable to the coverage you are presently receiving, i.e. if you’re in the PPO plan then you must select the PPO COBRA, and so on. You may not change plans other than through the usual open enrollment process. When a “**Qualifying Event**” does occur, the Plan is required to notify you in writing that your coverage will/has been terminated and that you have the option to elect COBRA, and just what those options are. Once notified, you get 60 days from the date you are furnished the notice or from the date your coverage was terminated, whichever comes later, to make the COBRA election. You have the full 60 day period to decide if you want coverage or not.

What this means is that you can wait up to 60 days to notify NJT, or the COBRA administrator as outlined in the instructions you receive, of your election. So if you or your family members had no, or very little, medical claims during this 60-day period then COBRA would most likely not be to your advantage. Once you notify them that you elect COBRA the benefits are retroactive back to the date of your termination of coverage. After you elect COBRA coverage, you have 45 days to make your first premium payment. If you ultimately decide not to make the payment, your election of COBRA coverage does not become effective. So if for some reason within the 60-day and 45-day periods you and/or your family did unfortunately incur some substantial medical claims, then COBRA may be your best choice and worth the price. You’ll have to weigh the medical costs against the COBRA costs.

Please note, if you waive COBRA coverage during the 60-day election period, you must be permitted later to revoke your waiver of coverage and to elect continuation coverage as long as you do so during the initial 60 day election period. However under this circumstance continuation coverage will begin on the date you revoke the waiver and *will not* be retroactive back to the initial date

your coverage was terminated. This being the case, we do not believe that it is in anyone's best interest to waive the COBRA coverage. Instead, wait the 60 days and make the determination then whether or not you need coverage as the coverage is retroactive. As to notifying NJT of your election, the election is considered to have been made on the date that it is sent to the plan administrator. We suggest that you should mail the form to them *certified mail - return receipt requested*. This way you will have U.S. Post Office documents indicating when you mailed the form, and also indicating when they received it. Allow yourself sufficient time before the deadline in order to make sure the election is timely – preferably no later than the 58th day.

- 3. Coverage for Employees on Medical, FMLA, or Military Leave:** NJT has not taken a position as to whether or not it intends to terminate coverage for employees who are on a medical, FMLA, or military leave. Based on applicable legal authority, the Union Coalition's position is that employees on such leave at the time a strike begins are not considered strikers and instead continue on their leave status with the medical benefits otherwise available to them during their leave, including supplemental sickness benefits for those who are receiving them. If their leave were to expire during a strike, only at that point would such employees be considered to be striking, thereby triggering a "Qualifying Event" and requiring NJT to notify you in accordance with above rules. However, since NJT has not indicated its intent with respect to employees on medical, FMLA, or military leave, these employees need to understand their COBRA rights and the other options as outlined in this communication since they may need to protect themselves by exercising these options while legal issues surrounding their coverage are being resolved.

So What Does This All Mean to You: Even if NJT immediately terminates the Health and Welfare Coverage for you and your family if and when a strike or lock-out occurs, you will have the option to continue coverage. However, it will be at your own expense and at a very high cost. Those of you without any dire medical issues should take advantage of the 60-day enrollment period to decide if you need the coverage or not. Only elect the coverage if you truly need it. If you wait until the end of the 60 day period and then elect coverage, your first premium payment will be due within *45 days* of your election, giving you a 105 day window before your first premium payment is due. And if you do elect coverage and don't use any benefits, then you simply can choose not to pay the premium. Of course those of you who have ongoing medical issues and need the coverage immediately may have no other choice but to obtain continuing health insurance through one of the above options.

While we are doing everything in our power to avert a strike, at this moment it looks as though a strike is a very real possibility for which we must be prepared. And while we don't expect the strike to last for 60 days or more, we cannot say for certain. So the election of COBRA rests solely in your hands. All we can do is provide the information and guidance found above. If you have any questions pertaining to the foregoing please don't hesitate to contact your Union Representative.

New Jersey Transit COBRA Rates Effective March 2016

With 2% Adm.		<u>Single</u>		<u>Husband/Wife</u>		<u>Parent/Child</u>		<u>Family</u>
Blue Card PPO/RX		865.28		2,145.82		1,391.65		2,397.51
Horizon HMO/RX		725.76		1,801.04		1,147.32		1,994.07
Traditional/RX		851.84		2,127.54		1,378.83		2,376.96
Direct Dental		26.97		53.92		49.88		80.85
Vision		1.44		3.08		2.88		4.92