

TEAMSTERS LOCAL UNION NO. 856 HEALTH AND WELFARE FUND

1182 MARKET STREET, SUITE 320 • SAN FRANCISCO, CALIFORNIA 94102

P.O. BOX 24513 • OAKLAND, CALIFORNIA 94623

Telephones (415) 777-3707 • (800) 297-4595 • www.healthfund856.org

DATE: October 2014
TO: Employees of City of San Bruno
FROM: Board of Trustees
RE: Right to Decline Coverage

Why am I receiving this notice?

The Board of Trustees, in light of the Affordable Care Act, has agreed to accept contributions pursuant to collective bargaining agreements which allows employees who have medical coverage from another source to “opt out” of coverage under the Teamsters Local Union No. 856 Health & Welfare Fund. You are receiving this notification because your collective bargaining agreement, memorandum of understanding or subscription agreement has been amended to permit employees the right to opt out of medical coverage.

What if I do not want to opt out of medical coverage under the Teamsters Local Union No. 856 Health & Welfare Fund?

If you do not wish to decline coverage under the Teamsters Local Union No. 856 Health & Welfare Fund, you need do nothing. Your coverage will continue under the Teamsters Local Union No. 856 Health & Welfare Fund so long as you meet the ongoing eligibility rules of the Plan.

Can any employee of City of San Bruno opt out of coverage?

No, only employees who provide adequate proof of alternative medical coverage to the employer and who provide to the employer a written acknowledgment of a review of this form are permitted to opt out of coverage.

If I do wish to opt out of coverage due to other medical coverage, where do I obtain proof of that other medical coverage?

You must obtain the proof of other medical coverage from the other plan which is providing medical coverage to you. For example, you may be covered as a dependent spouse under your wife's or husband's medical coverage through her or his work. In such a case you would need to contact the plan of her or his employer in order to obtain the acceptable proof of other medical coverage.

If I do have alternative medical coverage, can opting out of coverage under the Teamsters Local Union No. 856 Health & Welfare Fund have potentially adverse consequences under my other medical coverage?

Perhaps. Some medical plans include provisions which provide that if an eligible dependent has medical coverage available through their employment and declines that medical coverage, then the amounts payable to the eligible dependent will be reduced by all amounts which would be paid by the other plan if the individual had not declined coverage. Some plans include provisions where, if an eligible dependent declines coverage available through employment, no benefits are payable in terms of that eligible dependent. You must investigate your alternative health care coverage and determine whether or not such restrictions might apply if you opt out of coverage under the Teamsters Local Union No. 856 Health & Welfare Fund.

How does opting out of coverage under the Teamsters Local Union No. 856 Health & Welfare Fund impact my potential prospective retiree coverage under that Fund?

Most collective bargaining agreements requiring contributions to the Teamsters Local Union No. 856 Health & Welfare Fund include provisions for employer contributions in order to provide retiree coverage. You should check with the Local Union as to whether or not your contract provides for retiree coverage. Retiree coverage is dependent upon separate and distinct eligibility requirements. For almost all retirees, the major requirements are that the individual have 120 months of eligible coverage under the Teamsters Local Union No. 856 Health & Welfare Plan and 12 consecutive months of coverage under the Teamsters Local Union No. 856 Health & Welfare Plan immediately prior to retirement. (Retiree eligibility rules are described in detail in your Summary Plan Description and the Statements of Material Modifications to the Summary Plan Description.) During periods when you have opted out of coverage under the Teamsters Local Union No. 856 Health & Welfare Fund, you will not accrue any eligibility for prospective retiree coverage under the Teamsters' Fund.

If I decide to opt out of coverage, can I ever re-enroll in the Teamster Local Union No. 856 Health & Welfare Fund?

Yes. You may enroll in the Teamsters Local Union No. 856 Health & Welfare Fund at your employer's next annual open enrollment. You must of course meet all of the eligibility requirements at the time of re-enrollment. Your coverage will be effective under the Teamsters Local Union No. 856 Health & Welfare Fund consistent with the annual enrollment process.

Individuals who decline coverage also have Special Enrollment Rights under HIPAA. Under these federal laws and regulations, an otherwise eligible individual who has opted out of coverage under the Teamsters Local Union No. 856 Health & Welfare Fund and who loses eligibility under their other health and welfare fund may, within 30 days of that loss of coverage, enroll in the Teamsters Local Union No. 856 Health & Welfare Fund. Coverage will be effective the first day of the month following that enrollment. In the same fashion, if an otherwise eligible employee who has declined coverage under this Fund obtains a new spouse or dependent by marriage, birth, adoption or placement for adoption, the individual previously declining coverage has 30 days in which to request special enrollment under the Teamsters Local Union No. 856 Health & Welfare Fund.

What are the consequences if I opt out of coverage under the Teamsters Local Union No. 856 Health & Welfare Fund, lose my alternative coverage and fail to timely request special enrollment under the Teamsters Local Union No. 856 Health & Welfare Fund?

If you fail to timely request special enrollment during a special enrollment period following a loss of coverage, you could be without coverage at least until the employer's next annual enrollment despite the fact that you might meet the eligibility requirements of the Teamsters' Plan throughout that period. Not maintaining health coverage would subject you to tax penalties under the Affordable Care Act. Not maintaining medical coverage would also mean that you would have to pay all of your medical bills from your own assets.

If you wish to decline coverage, complete this form and return the completed form to _____. Retain a copy for your records. **If you do not wish to decline coverage, do nothing.**

I confirm I have reviewed this form and desire to decline coverage.

(Signature)

(Print Name)

(Date)