Clarifications to the New Health and Welfare Plan

Some participants posed some truly relevant questions about coverage under scenarios not covered in the examples in the amendment. I sought and received information from our attorneys and consultants regarding these questions. There have been a few clarifications of the amendment by our attorneys and consultants listed below:

Example #1. *Assume I have already qualified for Tier 1 coverage at the beginning of this scenario. I earn $8000 each month for January, February, March, April, and May. Then I leave town on tour with a band for the summer and earn $0 each month with local 22 for June, July, and August. Then I return to DC and earn $8000 each month in September, October, November, and December. Do I have coverage for the entire year?*

The other important question I have is what happens next July if there is no work in the first 6 months of 2021? What is the maximum self-pay rate for each month of the second half of 2021 for a family? Is it the cobra rate or 13% of $3792? Does this change if we earn $100 each month?

Reply

Under the participant's scenario, he would have coverage for the entire year. Work in June, July, and August provides coverage for September, October, and November. Although the participant would not meet the Minimum Monthly Earnings Requirement ($3,791.67) in June, applying the "lookback" rule would give the participant coverage for September because, between May and June, he earned $8,000, which is more than twice the Minimum Monthly Earnings Requirement ($7,583.34). The lookback rule would also provide coverage for October (based on April – July earnings) and November (based on March – August earnings).

If there was no work for July through December, that would affect coverage for October 2021 through March 2022. If there was no work in July and the participant could not qualify on a lookback basis, then self-pay would be approximately $492.92 (13% of $3,791.67) for three months, then the participant would pay the COBRA rate until he requalifies under the Minimum Monthly Earnings Requirement. If he earned $100 each month, he would still only be entitled to self-pay for three months, but the self-pay amount would be approximately $479.92 (13% of $3,691.67).

Example #2.

The section about self-pay on pages 1 and 2, I was asking about the transition year, 2021. Is it correct that we can self-pay at the $492.92/month rate for 6 months during the transition year if we satisfy the 50% threshold for earnings in 2020? That is the only thing I need clarification on.

Reply

The $492.92/month rate is only the maximum rate under the new three-month self-pay rule. For those eligible to self-pay up to six months under the pre-amendment rule, the monthly rate is the rate established by the Trustees.

The existing (and transition year) rule provides that a Participant who satisfies 50% of the earnings threshold in 2020 may self-pay for up to six months in 2021. The monthly rate for self-pay under this rule is "determined annually by the Trustees based on the estimated cost to provide the coverage." (Amendment page 5.) For 2020, the Tier 1 self-pay rate for an active Local 22 participant was $684.02/month. Please note that the Trustees have not yet set the 2021 self-pay rate.