

## **COSTS OF COBRA COVERAGE**

The 1996 National Agreement established a requirement that an employee must perform seven (7) days compensated service in any month in order to have coverage the following month. The collective bargaining agreement further provides an additional three (3) month's coverage following the last month of earned coverage. Understanding those two requirements is essential in order to determine how many months COBRA payments will have to be paid to continue coverage in the event you are fired for a period beyond the date to which your coverage extends. Article V of the 1996 National Agreement states as follows:

*The Railroad Employees National Health and Welfare Plan ("the Plan") is amended, effective June 1, 1996, as provided in this Section. In order for an Eligible Employee (as defined by the Plan) to continue to be covered by the Plan during any calendar month by virtue of rendering compensated service or receiving vacation pay in the immediately preceding calendar month (the "qualifying month"), such employee must have rendered compensated service on, or received vacation pay for, an aggregate of at least seven (7) calendar days during the applicable qualifying month. Any calendar day on which an employee assigned to an extra list is available for service but does not perform service shall be deemed a day of compensated service solely for purposes of this Section. Existing Plan provisions pertaining to eligibility for and termination of coverage not specifically amended by this Section shall continue in effect.*

Your insurance will continue for three (3) months following the month in which you last performed seven days service as above for a total of four (4) months. After that you can continue your insurance by paying a COBRA payment (amounts shown on the last page) each month until you can return to fulfill the seven (7) day requirement above.

Please note the following scenarios pertaining to continuing insurance via COBRA payments:

- If you are fired in a month before you have accumulated at least seven (7) total days of any of the following: (1) rendered compensated service, (2) paid vacation or PL days, (3) marked up on an extra board but not used, then you must begin counting the four months of remaining health insurance coverage beginning the first of THIS month! **Example:** You are working a non-guaranteed assignment and were fired on November 10th but were only paid for six (6) days during that month. You did not earn insurance for December so you will have four months of insurance as follows: November (earned in October) then three (3) months additional coverage beginning on December 1<sup>st</sup>. Your insurance will end on the last day February of the following year which is a total of four months beginning November 1, 2006. You will have to begin making COBRA payments on March 1, 2007 and until you return and fulfill the seven (7) day requirement shown above. At a minimum you will have to pay COBRA payments for three (3) months: March, April and May. That is assuming that you work seven (7) days in May after returning on May 9<sup>th</sup> to earn insurance for the month of June.
- Second example: if you are fired on November 28, 2007 and worked at least seven (7) during November then you are assured coverage in December. You will therefore begin

counting your four months of continued health insurance coverage on December 1, 2007, and will lose your insurance on March 31, 2007. You will have to begin COBRA payments on April 1, 2007 and until you return and fulfill the seven (7) day requirement above. Since you earned insurance for the month of December by working seven (7) days in November before getting fired, your three (3) additional months will be January, February and March. At the minimum you will have to pay COBRA payments for three (3) months: April, May and June. You pay for June because you would return no earlier than May 26<sup>th</sup>, which is too late in the month to earn seven (7) days compensation to be insured in the following month, and will require paying another COBRA payment for the month of June.

- There are other possible scenarios that might require paying COBRA payments for four (4) months or more depending on one's work performance. In addition, there is the possibility that arbitration (if that is required to get a return to work) might be postponed beyond 180 days. In the last year our general committee has had to postpone scheduled arbitration hearings more than once because the Federal government had not funded the National Mediation Board (NMB). The arbitration neutrals could neither hear cases nor issues decisions. In those events the COBRA payments could be required for a longer period of time.
- As GC Gore explained in his email to you, cases that are "sustained in full" (usually involving payment of lost time) would also reimburse an employee for their COBRA payments. If the member is returned to work under a "leniency reinstatement" (where they waive their rights to appeal) or their case was "sustained in part" (meaning they are returned to work but without payment for lost time) the COBRA payments would not be repaid.

**Following are COBRA Costs (eff. 11/01/06):**

*[NOTE: All payments are voluntary. One could omit any one of the additional coverages, such as dental, if they wished. All totals in red assume they will accept ALL coverages listed.]*

**Employee:**

\$523.60/mo. - United Health Major Medical/Drug Coverage

\$24.80/mo. - Dental Coverage

\$5.31/mo. - Vision Coverage

**\$553.71 per month TOTAL**

**Spouse:**

Same as above.

**\$553.71 per month TOTAL**

**Child NOT previously covered (one that you add under COBRA):**

Same as above.

**\$553.71 per month TOTAL**

**Children (the ones you had covered before) no matter how many:**

\$281.06/mo. - United Health Major Medical/Drug Coverage

\$41.96/mo. - Dental Coverage

\$1.17/mo. - Vision Coverage

**\$324.19 per month TOTAL**

**In other words:**

**Single Employee pays - \$553.71 per month TOTAL**

**Married Employee w/o children pays - \$1,107.42 per month TOTAL**

**Married Employee with children pays - \$1,431.61 per month TOTAL**

**Singled Parent pays - \$877.90 per month TOTAL**

**YOU WILL NEED TO CONSIDER THESE COSTS WHEN YOU LOOK AT HOW MUCH JOB INSURANCE YOU HAVE!**

**THESE EXAMPLES ARE IF YOU RETURN IN 180 DAYS. IF YOUR CASE MUST GO TO ARBITRATION IT COULD TAKE LONGER THAN SIX (6) MONTHS TO GET YOU BACK AND YOUR COSTS COULD BE FOR A LONGER PERIOD. Even if your arbitration case resulted in your being paid back for some of those extra months you would have to continue to pay them until that decision was submitted by the neutral.**