

May 28, 2004

Kaiser Bankruptcy COBRA
Q & A

Q: Will the plan offered under COBRA consist of the same coverage currently available (*i.e.* same deductible, annual and lifetime maximums, co-pays, and RX coverage)?

A: Generally, no. It will depend on the plan in which you currently participate and the plan in which you will participate after electing COBRA coverage.

Q: What is the definition of “Lifetime Cobra Option”? Is it measured by the retiree’s life ? Does the coverage continue for a surviving spouse and dependent children after the death of the retiree?

A: Lifetime COBRA means that the retiree is eligible for coverage for the retiree’s life, unless coverage terminates in a COBRA terminating or disqualifying event (*i.e.* failure by the participant to pay premiums on time or the Company no longer provides *any* group health plan to *any* employee). In the event that the retiree dies, a surviving spouse may continue COBRA coverage for life as well. Any dependent children may continue COBRA coverage until they reach the age of majority under the plan.

Q: Is the “Lifetime COBRA Option” in effect only if the retiree enrolls in COBRA during the period of initial eligibility or does the retiree have a lifetime option of enrolling?

A: The “Lifetime COBRA Option” is only in effect if the retiree enrolls in COBRA *during the period of initial eligibility*. Participants *do not* have a lifetime enrollment option and will *not* be eligible to enroll in the COBRA option after the initial eligibility period.

Q: Once a participant elects COBRA coverage, will the COBRA plan be a group health plan or an individual plan where the company is no longer involved?

A: COBRA coverage will be provided under a group health plan.

Q: Will the plan provided under COBRA be classified a new plan and therefore when the new plan starts would the deductible and annual maximums also start over at zero?

A: If the participant has been in a United Healthcare (“UHC”) plan and will remain in a UHC plan, the participant will receive credit for deductible amounts already paid and all services provided under the current plan will be credited towards annual maximums under the COBRA plan. If the participant is not currently participating in a UHC plan (*i.e.* the participant is now covered by a non-UHC HMO), no credit will be provided for deductibles or annual maximums.

Q: Can the employee and the spouse elect different coverage?

A: No. Both retiree and spouse must elect the same coverage.

Q: Can a spouse elect COBRA coverage if a retiree rejects coverage?

A: Yes. A spouse currently receiving retiree medical coverage may make an independent COBRA election if the retiree rejects coverage.

Q: If the current coverage/plan terminates May 31, 2004, are covered retirees, dependents and surviving spouses covered for medical expenses during the month of June?

A: No. Qualified beneficiaries must elect COBRA coverage and pay for such COBRA coverage for the month of June. If a COBRA election is not made and paid for in a timely manner, coverage will end as of May 31, 2004.

Q: If a participant is currently undergoing treatment, is that treatment covered until it is completed?

A: The existing health care plans will remain in effect for covered services that are performed on or before May 31, 2004, even though the claims may not be processed until June or later. Beginning June 1, 2004, however, additional or ongoing treatment would be covered *only if* the participant elects and pays for COBRA coverage.

Q: Can a retiree elect to participate in both COBRA and the VEBA?

A: The VEBA trustees have not advised us whether participants in COBRA are eligible for the VEBA.

Q: Do retirees have the ability to sign up for retroactive coverage (to June 1, 2004) under COBRA after a period of several months?

A: In order to continue health care coverage under COBRA, the participant must complete the Bankruptcy COBRA Election Form and return it to the COBRA administrator *no later than* July 31, 2004. After that time the COBRA coverage election will no longer be available.

Q: How does the tax credit work?

A: The Health Coverage Tax Credit provides a refundable tax credit for 65% of a taxpayer's expenses for qualified health insurance covering the taxpayer and certain qualifying family members for each eligible coverage month beginning in the taxable year. The credit may be claimed either in advance, on a monthly basis, as health plan premiums are due, or subsequent to payment, upon the filing of federal income tax returns. The tax credit is available to retirees whose pensions are paid by the Pension Benefit Guaranty Corporation and who are not eligible for Medicare.

Q: Will pre-1976 retirees and surviving spouses who were not subject to premiums now be required to pay premiums? If so, where can they learn of the amount of their premium payments?

A: Pre-1976 retirees and surviving spouses who were not subject to premiums will now be required to pay premiums. This group has received COBRA notices that indicate the amount of premium payments.

Q: Will new medical and prescription identification cards be issued?

A: UHC and Express Scripts will issue new identification cards.

Q: What coverage is available under COBRA?

A: KACC Point of Service Plan is available to retirees under age 65. The Kaiser Aluminum Managed Indemnity Plan [Out of Area Plan] is available to retirees over age 65 and retirees under age 65 in a non-network area. In addition, there is a Prescription Drug/Custodial Care Plan.

Q: After submitting the election form, will retirees receive monthly statements as they do under the current plan?

A: COBRA beneficiaries will receive monthly statements, however regardless of whether a statement is received, payment must be made by the deadline described in the COBRA Notice. Your COBRA coverage will be terminated if timely payment is not made regardless of whether you received a monthly statement. The monthly statement is a courtesy that we will extend at this time and not in any way connected to your obligation to pay -- your payment is due with or without whether or not you review the statement. In addition, we reserve the right to discontinue the statement at any time.

Q: Who is eligible to elect bankruptcy COBRA?

A: Retirees, surviving spouses and dependents are covered by the plan at the time of plan termination are covered by the plan.

Q: If I am covered by the plan now but don't pay my May premium am I eligible for bankruptcy COBRA coverage?

A: No. If you do not pay your May premium by the due date you will not be entitled to elect bankruptcy COBRA coverage at any time.

Q: What will the co pays, deductibles, out of pocket limits be under bankruptcy COBRA?

A1: For salaried retirees, co pays, deductibles, out of pocket limits under bankruptcy COBRA will be as follows:

[Please click here for Bankruptcy plans 6-1-04.xls](#)