



September 15, 2011

MEMORANDUM

TO: Scot Long, IBEW Local 1357
FROM: Paul A. Tom, Principal
SUBJECT: IBEW LOCAL 1357

Question #1 If IBEW 1357 were to go on strike, as a result of a break-down in negotiations with Hawaiian Telcom, what happens to medical coverage provided by the Employer to the Employee and their dependents?

Answer There are a number of factors that would determine when and how coverage would be continued or stopped. First of all, let's assume that a strike occurs on the last day of a calendar month. Since there is no Collective Bargaining Agreement (CBA) in effect, the Employer's obligation to provide health care coverage would cease as of the last day of the month.

Question #2 What happens if the strike occurs on the first day of the calendar month?

Answer Coverage would cease as of the first day of the month.

Question #3 What happens if the strike occurs on the 10th, 15th, 20th, or 25th of the month?

Answer If the Employer is paying 100% of the premium, the Employer could make a request to the insurer to do a pro-rated cancellation, i.e. If a strike occurs on the 20th of the month, coverage would end on the 20th of the month and any premium that they paid for the remainder of the month would be refunded to the Employer.

Question #4 What happens if the Employee contributes to the monthly premium and the strike occurs on the 20th day of the month?

Answer Since the Employee's contribution is deducted in advance of the coverage and paid in full; in my opinion, the Employer and the insurance company are obligated to continue the coverage until the end of the month.

In the event of a strike, regardless of when the strike occurred, if coverage is terminated as of the day of the strike, then the Employees must be given a COBRA Notice, which would allow them to Self-Pay, to the respective insurers that they are enrolled in for medical, prescription drug, dental, and vision coverage.

One of the arguments that the Employer uses in a Collectively Bargained Strike situation is that the health plans are sponsored by the Employer; and therefore, they have sole control, along with the insurance carrier, on the effective date of termination or beginning of coverage when a CBA is no longer in effect.

However, all of the answers that I have furnished to you on the respective questions or assumptions are subject to insurance regulations, National Labor Relations Act, as it governs the Collective Bargaining Agreements and impasse, and any vested contractual rights.

I hope this gives you some insight into the different aspects of what could affect the termination of health insurance coverage. The information I furnished to you is not a legal opinion, it is a professional opinion as a Consultant practicing in the health care benefits arena.

Should you have any questions, please contact me. Thank you.



PAUL A. TOM

PAT:mr