

# IMPORTANT INITIAL NOTICE

## GENERAL NOTICE OF COBRA CONTINUATION COVERAGE RIGHTS

### **Introduction**

This notice contains important information about your right to COBRA continuation coverage, which is a temporary extension of your health insurance coverage. This notice generally explains COBRA continuation coverage, when it may become available to you and your family, and what you need to do to protect the right to receive it.

The right to COBRA continuation coverage was created by a federal law, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). COBRA continuation coverage can become available to you and to other members of your family who are covered under the group's plan when you would otherwise lose your group health coverage. This notice only gives a summary of your COBRA continuation coverage rights. For additional information about your rights and obligations under the Plan and under federal law, you should review the Plan's Summary description or contact the Plan Administrator.

### **COBRA continuation coverage for the Plan is administered by:**

### **What Is COBRA Continuation Coverage?**

COBRA continuation coverage is a continuation of group coverage when coverage would otherwise end because of a life event known as a "qualifying event." Specific qualifying events are listed below. After a qualifying event, COBRA continuation coverage must be offered to each person who is a "qualified beneficiary." You, your spouse, and your dependent children could become qualified beneficiaries if coverage under the Plan is lost because of the qualifying event. Under the Plan, qualified beneficiaries who elect COBRA continuation coverage must pay for COBRA continuation coverage.

If you are an employee of the spouse or dependent child of an employee, you will become a qualified beneficiary (max 18 months of coverage) if you will lose your group coverage under the Plan because either one of the following qualifying events happens:

As an employee, there are two types of qualifying events where COBRA would apply:

1. Termination (of employment) for any reason except gross misconduct.
2. Reduction in work hours.

If you are the spouse or dependent of an employee, you will also become a qualified beneficiary (maximum 36 months of coverage) if you will lose your coverage under the Plan because any of the following qualifying events happens:

As the spouse of an employee, there are five types of qualifying events where COBRA would apply:

1. Termination of the covered employee's employment for any reason except gross misconduct.
2. Reduction work hours by the covered employee.
3. Covered employee becoming covered by Medicare.
4. Divorce or legal separation.
5. Death of covered employee.

As the dependent children of an employee, there is only one qualify event where COBRA would apply:

1. Loss of dependent child status.

### **When Is COBRA Coverage Available?**

The Plan will offer COBRA continuation coverage to qualified beneficiaries only after the Plan Administrator has been notified that a qualifying event has occurred. When the qualifying event is the end of employment or reduction of hours of employment, death of the employee, or the employee's becoming entitled to Medicare benefits, the employer must notify the Plan Administrator of the qualifying event.

### **You Must Give Notice of Some Qualifying Events**

**For the other qualifying events (divorce or legal separation of the employee and spouse, or a dependent child's losing eligibility for coverage as a dependent child), you must provide notice in writing to the Plan Administrator (see first page) within 60 days after the Qualifying Event occurs. Failure to provide this notice within the 60 days means that you may not be offered COBRA continuation coverage.**

### **How is COBRA Coverage Provided?**

Once the Plan Administrator receives notice that a qualifying event has occurred, COBRA continuation coverage will be offered to each of the qualified beneficiaries. Each qualified beneficiary will have an independent right to elect COBRA continuation coverage. Covered employees may elect COBRA continuation coverage on behalf of their spouse, and parents may elect COBRA continuation coverage of behalf of their children. COBRA continuation coverage is a temporary continuation of coverage. When the qualifying event is the death of the employee, divorce or legal separation, or a dependent child's losing eligibility as a dependent child, COBRA continuation coverage lasts of up to 36 months. When the qualifying event is the end of employment or reduction of the employee's hours of employment, and the employee became entitled to Medicare benefits less than 18 months before the qualifying event, COBRA continuation coverage for qualified beneficiaries other than the employee lasts until 36 months after the date of Medicare entitlement. For example, if a covered employee becomes entitled to Medicare eight (8) days before the date on which his employment terminates, COBRA continuation coverage for his spouse and children can last up to 36 months after the date of Medicare entitlement, which is equal to 28 months after the date of the qualifying event (36 months minus 8 months). Otherwise, when the qualifying event is the end of employment or reduction of the employee's hours of employment, COBRA continuation coverage generally lasts for only up to a total of 18 months. There are two ways in which the 18-month period of COBRA continuation coverage can be extended.

- ***Disability extension of 18-month period of continuation coverage:*** If you or anyone in your family covered under the Plan is determined by the Social Security Administration to be disabled and you notify the Plan Administrator in a timely fashion, you and your entire family may be entitled to receive up to an additional 11 months of COBRA continuation coverage, for a total maximum of 29 months. The disability would have to have started at some time before the 60<sup>th</sup> day of COBRA continuation coverage and must last at least until the end of the 18

month period of continuation coverage. **You must notify the COBRA Plan Administrator in writing (see first page) of the Social Security Administrator's determination within 60 days of the date of the determination and before the end of the 18 month period of COBRA continuation coverage. Failure to provide this notice within the 60 days means that you may not be offered the COBRA disability extension.**

- ***Second Qualifying Event extension of 18-month period of continuation coverage:*** If you family experiences another qualifying event while receiving 18 months of COBRA continuation coverage, the spouse and dependent children in your family can get up to 18 additional months of COBRA continuation coverage, for a maximum of 36 months, if notice of the second qualifying event is properly given to the Plan. This extension may be available to the spouse and any dependent children receiving continuation coverage if the employee or former employee dies, becomes entitled to Medicare, or gets divorced or legally separated, or if the dependent child stops being eligible under the Plan as a dependent child, but only if the event would have caused the spouse or dependent child to lose coverage under the Plan had the first qualifying event not occurred. In each of these cases, **you must notify the COBRA Plan Administrator in writing (see first page) of the second Qualifying Event within 60 days of the second Qualifying Event and before the end of the 18-month period of COBRA continuation coverage. Failure to provide this notice within the 60 days means that you may not be offered the COBRA extension.**

### **ACA Marketplace and Other Coverage Options**

There may be other coverage options for you and your family. When key parts of the health care law take effect, you'll be able to buy coverage through the Health Insurance Marketplace. In the Marketplace, you could be eligible for a new kind of tax credit that lowers your monthly premiums right away, and you can see what your premium, deductibles, and out-of-pocket costs will be before you make a decision to enroll. Being eligible for COBRA does not limit your eligibility for coverage for a tax credit through the Marketplace. Additionally, you may qualify for a special enrollment opportunity for another group health plan for which you are eligible (such as a spouse's plan), even if the plan generally does not accept late enrollees, if you request enrollment within 30 days.

### **If You Have Questions**

Questions concerning your Plan or your COBRA continuation coverage should be addressed to the contacts shown on the first page. For more information about your rights under ERISA, including COBRA, the Health Insurance Portability and Accountability Act (HIPAA), and other laws affecting group health plans, contact the nearest Regional or District Office of the U.S. Department of Labor's Employee Benefits Security Administration (EBSA) in your area or visit the EBSA website at [www.dol.gov/ebsa](http://www.dol.gov/ebsa) (Addresses and phone numbers of Regional and District EBSA Offices are available through EBSA's website). The new Department of Labor "Health Benefits Advisor" at [www.dol.gov/elaws/ebsa/health/](http://www.dol.gov/elaws/ebsa/health/) provides consumer information about health benefits.

### **Keep Your Plan Informed of Address Changes**

In order to protect your family's rights, you should keep the Plan Administrator informed of any changes in the addresses of family members. You should also keep a copy, for your records, of any notices you send to the Plan Administrator.