

# COBRA BENEFITS INFORMATION



It is important that all covered individuals (employee, spouse, and dependent children if able) take the time to read this notice carefully and be familiar with its contents. If there is a covered dependent whose legal residence is not yours, please provide written notification to the benefits department so a notice can be sent to them as well.

Under federal COBRA law, Employers are required to offer covered employees and covered family members the opportunity for a temporary extension of health coverage (called "Continuation Coverage") at group rates when coverage under the health plan would otherwise end due to certain qualifying events. This notice is intended to inform you (and your covered dependents if any), in a summary fashion of your potential future options and obligations under the continuation coverage provisions of the COBRA law. Should an actual qualifying event occur in the future, the plan administrator will send you additional information and the appropriate election notice at that time. Please take special note, however, of your notification obligations that are included on this page.

## Qualifying Events For Covered Employee

If you are the covered employee, you may have the right to elect this health plan continuation coverage if you lose your group health coverage because of a termination of your employment (for reasons other than gross misconduct on your part) or a reduction in your hours of employment.

## Qualifying Events For Covered Spouse

If you are the covered spouse of an employee, you may have the right to elect this health plan continuation coverage for yourself if you lose group health coverage under your group health plan because of any of the following reasons:

1. A termination of your spouse's employment (for reasons other than gross misconduct) or reduction in your spouse's hours of employment
2. The death of your spouse;
3. Divorce or legal separation from your spouse; or
4. Your spouse becomes entitled to Medicare.

## Qualifying Events For Covered Dependent Children

If you are the covered dependent child of an employee, you may have the right to elect continuation coverage for yourself if you lose group health coverage because of any of the following reasons:

1. A termination of the employee's employment (for reasons other than gross misconduct) or reduction in the employee's hours of employment.
2. The death of the employee;
3. Parent's divorced or legal separation;
4. The employee becomes entitled to Medicare; or
5. You cease to be a "dependent child" under the terms of the health plan.

*\*Rights similar to those described above may apply to covered retirees, and their covered spouses, and dependents if the employer commences a bankruptcy proceeding and these individuals lose coverage within one year of or one year after the bankruptcy filing.*

## Important Employee, Spouse, and Dependent Notifications

Under the law, an employee, spouse, or other family member has the responsibility to notify their of Plan Administrator of a divorce, legal separation, or a child losing dependent status under their Group Health Plan. This notification must be made within 60 days from whichever date is later, the date of the event or the date on which health plan coverage would be lost under the terms of the insurance contract because of the event.

If this notification is not completed according to the above procedures and within the required 60 day notification period, then rights to continuation coverage will be forfeited. Carefully read the dependent eligibility rules contained in the summary plan description so you are all familiar with when a dependent ceases to be a dependent under the terms of the plan. Employer will notify the Plan Administrator of the employee's termination of employment, reduction in hours, death, or Medicare entitlement.

## Election Period And Coverage

Once the plan administrator learns a qualifying event has occurred, the plan administrator will notify covered individuals (also known as qualified beneficiaries) of their rights to elect continuation coverage. Each qualified beneficiary has independent COBRA election rights and will have 60 days to elect continuation coverage. The 60 day election window is measured from the later of the date health plan coverage is lost due to the event or from the date of COBRA notification. This is the maximum period allowed to elect COBRA as the plan does not provide an extension of the election period beyond what is required by law. If a qualified beneficiary does not elect continuation coverage within this election period, then rights to continue health insurance will end.

If a qualified beneficiary elects continuation coverage, they will be required to pay the entire cost for the health insurance, plus a 2% administration fee. Employers are required to provide the qualified beneficiary with coverage that is identical to the coverage provided under the plan to similarly situated employees and/or covered dependents. Should coverage change or be modified for similarly situated active employees, then the change and/or modification will be made to your coverage as well.

## Length Of Continuation Coverage

If the event causing the loss of coverage is a termination of employment (other than for reasons of gross misconduct) or a reduction in work hours, then each qualified beneficiary will have the opportunity to continue coverage for **18 months** from the date of the qualifying event.

## Social Security Disability

The 18 months of continuation coverage can be extended for an additional 11 months of coverage, to a maximum of 29 months, for all qualified beneficiaries if the Social Security Administration determines a qualified beneficiary was disabled according to Title II or XVI of the Social Security Act on the date of the qualifying event or becomes disabled during the first 60 days of continuation coverage. It is the qualified beneficiaries responsibility to obtain this disability determination from the Social Security Administration and provide a copy of the determination to your Plan Administrator within 60 days after the date of determination and before the original 18 months expire. It is also the qualified beneficiaries responsibility to notify your Plan Administrator within 30 days if a final determination has been made that they are no longer disabled.

## Secondary Events

Another extension of the 18-month continuation period can occur, if during the 18 months of continuation coverage, a second event takes place (divorce, legal separation, death, Medicare entitlement, or a dependent child ceasing to be a dependent). If a second event occurs, then the original 18 months of continuation coverage can be extended to 36 months from the date of the original qualifying event date for the qualified beneficiary spouse and/or dependent children. If a second event occurs, it is the qualified beneficiaries responsibility to notify your Plan Administrator in writing within 60 days of the second event and within the original 18 month COBRA timeline. In no event, however, will continuation coverage last beyond three years from the date of the event that originally made the qualified beneficiary eligible for continuation coverage.

## Length Of Continuation Coverage

If the original event causing the loss of coverage was the death of the employee, divorce, legal separation, Medicare entitlement, or a dependent child ceasing to be a dependent child under your group health plan, then each qualified beneficiary will have the opportunity to continue coverage for **36 months** from the date of the qualifying event.

## Eligibility, Premiums, And Potential Conversion Rights

A qualified beneficiary does not have to show they are insurable to elect continuation coverage, however, they must have been actually covered by the plan on the day before the event to be eligible for COBRA continuation coverage. An exception to this rule is if while on continuation coverage a baby is born to or adopted by a qualified beneficiary. If this occurs, the new born or adopted child can be added to the plan and will gain the rights of all other qualified beneficiaries. Procedures and timelines for adding these individuals can be found in your benefits booklets and must be followed. The plan administrator reserves the right to verify COBRA eligibility status and terminate continuation coverage retroactively if you are determined to be ineligible or if

there has been a material misrepresentation of the facts. A qualified beneficiary will have to pay all of the applicable premium plus a 2% administration charge for continuation coverage. These premiums will be adjusted during the continuation period if the applicable premium amount changes. In addition, if continuation coverage is extended from 18 months to 29 months due to a Social Security disability, Employer can charge up to 150% of the applicable premium during the extended coverage period. Qualified beneficiaries will be allowed to pay on a monthly basis. In addition there will be a maximum grace period of (30) days for the regularly scheduled monthly premiums. At the end of the 18 months or three years of continuation coverage, a qualified beneficiary must be allowed to enroll in an individual conversion health plan provided under your Group Health Plan if an individual conversion plan is available at that time.

## Cancellation Of Continuation Coverage

The law provides COBRA continuation coverage will end prior to the maximum continuation period for any of the following reasons:

1. Employer ceases to provide any group health plan to any of its employees;
2. Any required premium for continuation coverage is not paid in a timely manner;
3. A qualified beneficiary becomes covered under another group health plan that does not contain any exclusion or limitation with respect to any preexisting condition of such beneficiary other than such an exclusion or limitation which does not apply to or is satisfied by such beneficiary by reason of the Health Insurance Portability and Accountability Act of 1996\*;
4. A qualified beneficiary becomes entitled to Medicare;
5. A qualified beneficiary extended continuation coverage to 29 months due to a Social Security disability and a final determination has been made that the qualified beneficiary is no longer disabled;
6. A qualified beneficiary notifies Plan Administrator they wish to cancel COBRA continuation coverage.

*(Additional information on how the Health Insurance Portability and Accountability Act coordinates with COBRA will be provided to you at the time of a COBRA qualifying event).*

## Notification Of Address Change

To insure all covered individuals receive information properly and efficiently, it is important you notify your Plan Administrator of any address change as soon as possible. Failure on your part to do so will result in delayed COBRA notifications or a loss of continuation coverage options.

Any Questions? - If any covered individual does not understand any part of this summary notice or has questions regarding the information or your obligations, please contact:



Phone: (517) 351-6616 Fax: (517) 351-6633