

## **IMPORTANT NOTICE ON YOUR RIGHTS TO CONTINUATION OF GROUP HEALTH COVERAGE**

To: Employee, Spouse, and Dependent Children of Seguin Independent School District:

This notice is intended to inform you, in a summary fashion, of your rights and obligations under the law (Public Law 99-272, Title X) known as COBRA (Consolidated Omnibus Budget Reconciliation Act of 1985 as amended) that requires that most employers sponsoring group health plans offer employees and their families the opportunity for a temporary extension of health coverage (called “continuation coverage”) at group rates in certain instances where coverage under the plan would otherwise end. Both you and your spouse (if applicable), should review this summary of rights, retain it with other benefit documents, and refer to it in the event that any action is required on your part.

As an employee of Seguin Independent School District, who is covered by its group health plan, you have a right to choose this continuation coverage if you lose your group health coverage because of a reduction in your hours of employment or the termination of your employment (for reasons other than gross misconduct on your part.)

If you are the covered spouse of an employee, you have the right to choose continuation coverage for yourself if you lose group health coverage for any of the following four reasons: 1) the death of an employee; 2) the termination of the employee’s employment (for reasons other than gross misconduct) or a reduction in the employee’s hours of employment; 3) divorce or legal separation from the employee; or 4) employee becomes entitled to Medicare.

In the case of a covered dependent child of an employee, he or she has the right to continuation coverage if group health coverage is lost for any of the following five reasons: 1) the death of an employee; 2) the termination of the employee’s employment (for reasons other than gross misconduct) or a reduction in the employee’s hours of employment; 3) parents’ divorce or legal separation; 4) employee becomes entitled to Medicare; or 5) the dependent ceases to be a “dependent child” under the terms of the group health plan.

In the event of any of the above, a written notice must be sent to the Seguin Independent School District Risk Manager Specialist. When Seguin ISD is notified that one of these events has happened, you will in turn be notified that you have the right to choose continuation coverage. Under the law, you have 60 days from the later of the following; the date you would lose coverage or from the date of the notice to elect continuation coverage. If and when you make this election, coverage will become effective on the day after coverage would otherwise be terminated. If you choose continuation coverage, your group health insurance coverage will terminate in accordance with the provisions outlined in your benefits handbook or other applicable plan documents. If you choose continuation coverage, your coverage will be identical to the coverage provided under the plan to similarly situated employees or family members. The law required that you be

afforded the opportunity to maintain continuation coverage for three years unless you lost group health coverage because of termination of employment or reduction in hours. In that case, the required continuation coverage period is 18 months (an extension to 29 months is available under certain circumstances to disabled persons\*) However, the law also provides that your continuation coverage may be terminated for any of the following reasons: 1) the employer/former employer no longer provides group health coverage to any of its employees; 2) the premium for your continuation coverage is not paid in a timely manner; 3) you first become, after electing COBRA continuation coverage, covered under any other group health plan, as an employee or otherwise, which does not contain any exclusion or limitation with respect to any pre-existing condition; or 4) you first become, after electing COBRA continuation coverage, entitled to Medicare.

\*Note: A Qualified Beneficiary who is determined under Title II or XVI of the Social Security Act, to have been disabled as of the date of termination of employment or reduction in hours, or within 60 days of COBRA coverage, may be eligible to continue coverage for an additional 11 months (29 months total). You must notify the employer within 60 days of the determination of disability by the Social Security Administration and prior to the end of the 18-months continuation period. The employer can charge up to 150% of the applicable premium during the 11-month extension. The disabled individual must notify the employer within 30 days of any final determination that he or she is no longer disabled. If the coverage is extended to a total of 29 months, extended coverage will cease upon a final determination that the Qualified Beneficiary is no longer disabled.

You do not have to show that you are insurable to choose continuation coverage. However, you will have to pay the group rate premium plus a 2% administrative fee for your continuation coverage. The law also requires that, at the end of the 18 month, 29 month, or 36 month continuation coverage period, you must be allowed to enroll in an individual conversion health plan provided under the current group health plan, if the plan provides a conversion privilege.

If you have any questions about your rights, please contact the Seguin Independent School District Risk Manager Specialist. If you have changed marital status, or you, your spouse, or any eligible covered dependents have changed address, please notify the Seguin Independent School District Risk Manager Specialist in writing, so that a separate notice may be sent.