



Notice Date: 01/02/2019

Notice of Initial COBRA Rights

You are receiving this notice because you are covered under a group health plan (the "Plan") sponsored by your employer. It is intended to inform you, in a summary fashion, of your potential future options and obligations under the continuation coverage provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"). Under COBRA, your employer is 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 Plan would otherwise end due to certain "Qualifying events". It is important that all covered individuals read this notice carefully and be familiar with its contents. This notice does not fully describe continuation coverage or other rights under the Plan. More complete information is available from your employer and in the Plan's Summary of Benefits and Coverage, Summary Plan Description and Plan Document.

Your employer is not required to offer COBRA (and this notice does not apply to you) if all employers maintaining the Plan normally employed fewer than 20 full-time employees on a typical business day during the preceding calendar year. If you are not eligible for COBRA, you may be eligible for state continuation coverage. Contact the Plan for more information.

You may have other options available to you when you lose group health coverage. Instead of enrolling in COBRA continuation coverage, there may be other coverage options for you and your family through the Health Insurance Marketplace, Medicaid, or other group health plan coverage options (such as a spouse's plan) through what is called a "special enrollment period." Some of these options may cost less than COBRA continuation coverage. You can learn more about many of these options at www.healthcare.gov.

Qualifying Events

If you are the covered employee, you may have the right to elect COBRA 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. If you are the covered spouse 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: the death of your spouse; termination of your spouse's employment (for reasons other than gross misconduct) or reduction in your spouse's hours of employment; divorce from your spouse; or your spouse becomes entitled to Medicare. If you are the covered dependent child of an employee, you may have the right to elect COBRA for yourself if you lose group health coverage because of any of the following reasons: the death of the employee; termination of the employee's employment (for reasons other than gross misconduct) or reduction in the employee's hours of employment; parents' divorce; the employee becomes entitled to Medicare; or you cease to be a dependent child under the terms of the health plan.

If the Plan provides retiree health coverage, filing a proceeding for reorganization under the Bankruptcy Code can be a qualifying event. If a proceeding in bankruptcy is filed with respect to your employer, and that bankruptcy results in the loss of coverage of any retired employee covered under the Plan, the retired employee will become a qualified beneficiary with respect to the bankruptcy. The retired employee's spouse and dependent children will also become qualified beneficiaries if bankruptcy results in the loss of their coverage under the Plan.

If you are a reservist called to active duty and your employer does not voluntarily maintain coverage for the continuation coverage period, the employee, spouse and covered dependents may be eligible to continue coverage under the Uniformed Services Employment and Reemployment Rights Act (USERRA). Contact your employer for more information.

Under the law, the employee, spouse, or other family member has the responsibility to notify the employer of a divorce, legal separation, or a child losing dependent status under the 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. Your employer has the responsibility to notify National Benefit Services of the employee's death, termination, reduction in hours of employment or Medicare entitlement. If this notification is not completed according to the above procedures within the required notification period, then rights to continuation coverage will be forfeited.

Once National Benefit Services learns a qualifying event has occurred, it will then notify all qualified beneficiaries of their right 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 period is measured from the later of the date health plan coverage is lost due to the event or from the date of COBRA notification, unless the Plan provides an extension of the election period beyond that required by law. If a qualified beneficiary does not elect continuation coverage within this election period, then rights to continue health insurance will end.

Length of Continuation Coverage

You have the right to continuation coverage for up to 18 months from the date of the qualifying event 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.

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 qualified beneficiary is deemed disabled (as determined by Title II or XVI of the Social Security Act), at any time during the first 60 days of COBRA continuation coverage; and the qualified beneficiary notifies National Benefit Services, within 60 days after the determination of disability is made by the Social Security Administration, and within the initial 18-month period of coverage. It is the qualified beneficiary's responsibility to obtain this disability determination from the Social Security Administration and provide a copy of the determination to National Benefit Services, within 60 days after the date of determination and before the original 18 months expire. It is also the qualified beneficiary's responsibility to notify National Benefit Services within 30 days if a final determination has been made that they are no longer disabled.

If you are the covered spouse or dependent child(ren) of an employee, an extension of the 18-month continuation period can occur if , during the 18 months of continuation coverage, a second event takes place (divorce, 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 beneficiary's responsibility to notify National Benefit Services in writing within 60 days of the second event and within the original 18 month continuation period. 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.

If you are the covered spouse or dependent child(ren) of an employee, you have the right to continuation coverage for up to 36 months from the date of the qualifying event if the original event causing the loss of coverage was the death of the employee, divorce, Medicare entitlement, or a dependent child ceasing to be a dependent child under the Plan.

Qualified beneficiaries do not have to show they are insurable to elect continuation coverage; however, they must have been actually covered by the Plan for at least one day prior to the qualifying event to be eligible for COBRA. Although a qualified beneficiary participating in COBRA has the same rights as an active participant to add dependents to the Plan, those additional dependents may not be qualified beneficiaries. An exception to this rule is if, while on continuation coverage, a baby is born to or adopted by an employee/former employee. Procedures and deadlines for adding these individuals can be found in your summary plan description and must be followed. Your employer 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.

Cost of Continuation Coverage

A qualified beneficiary will have to pay the entire applicable premium plus an administration charge for continuation coverage as allowed by law, currently 2% of the total premium. These premiums will be adjusted in the future 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, your employer can charge up to 150% of the applicable premium during the extended coverage period. Premiums are due every month for continuation coverage. In addition there will be a maximum grace period of 30 days for the regularly scheduled monthly premiums.

Termination of Continuation Coverage

Continuation of coverage will end prior to the maximum period if:

- Your employer ceases to provide any group health plan to any of its employees;
- Any required COBRA premium is not paid in a timely manner;
- A qualified beneficiary becomes covered under another group health plan;
- A qualified beneficiary becomes entitled to Medicare after the qualifying event except when the qualifying event is loss of retiree coverage due to the employer's bankruptcy;
- 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;
- A qualified beneficiary notifies National Benefit Services that they wish to cancel COBRA.
- A qualified beneficiary participates in activity which would otherwise allow the Plan to terminate an active employee's coverage (e.g. submission of a fraudulent claim).

It is important that you notify Test Employer and National Benefit Services of any address change or change in marital status as soon as possible. Failure on your part to do so will result in delayed COBRA notifications or a loss of continuation coverage options. You must also notify National Benefit Services within 30 days of other group health coverage, Medicare entitlement or the termination of your Social Security disability status. COBRA continuation coverage which is provided improperly due to your failure to provide notice does not bind the Plan to provide further coverage.

More Information

For more information on general Plan terms contact Test Employer. For more information about COBRA contact National Benefit Services, toll free at (800) 274-0503, Option #4. For more information about your rights under the Employee Retirement Income Security Act (ERISA), including COBRA, the Patient Protection and Affordable Care Act, 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 www.dol.gov/ebsa. (Addresses and phone numbers of Regional and District EBSA Offices are available through EBSA's website.) For more information about the Marketplace, visit www.HealthCare.gov.

The following languages are supported and are required to be supported in accordance with PPACA 2014.

SPANISH (Español): Para obtener asistencia en Español, llame al (866) 442-6272

TAGALOG (Tagalog): Kung kailangan ninyo ang tulong sa Tagalog tumawag sa (866) 442-6272

CHINESE (中文): 如果需要中文的帮助, 请拨打这个号码 (866) 442-6272

NAVAJO (Dine): Dinek'ehgo shika at'ohwol ninisingo, kwiiijigo holne' (866) 442-6272