

Appendix R
Cobra Coverage Rights

From: Human Resources Manager

To: Employees & Spouse, if applicable, with Health Coverage Benefits

Date: _____

Re: Continuation Coverage Rights Under COBRA

You (the employee) and your spouse, if applicable, should read this summary notice carefully and sign & return the attached acknowledgement to Human Resources. This notice is for your information and should be kept with your medical, dental, vision, and EAP plan information. If you received this information in the past; please consider this an update.

Introduction

You are receiving this notice because you have recently become covered under a group health plan through Whitman County Library. Whitman County Library (the “Employer/*Benefits Administrator*”²) maintains group health plans that are subject to this notice: medical, dental, vision, and an employee assistance program (EAP). If you are covered by the medical, dental, vision and/or EAP, you may elect COBRA coverage in one or more of these plans. This notice contains important information about your right to COBRA continuation coverage, which is a temporary extension of coverage under the plan. **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.** COBRA applies only to the benefits under the group health plans referenced above and not to any other plans or benefits such as life insurance, disability coverage, accidental death and dismemberment benefits.

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 when you would otherwise lose your group health coverage. It can also become available to other members of your family who are covered under the plan when they would otherwise lose their group health coverage. For additional information about your rights and obligations under the plan and under federal law, you should contact the ²*Benefits Administrator*.

The plan does not offer greater COBRA rights beyond what COBRA requires. Nothing in this notice is intended to expand your rights beyond COBRA’s requirements.

COBRA Continuation Options

You may elect to continue the coverage you had prior to the date coverage would otherwise end. Your continuation options may be medical, dental, vision, or EAP. You may elect one or more of the plans available to you.

Note that when you first enroll in COBRA, you may only continue the coverage you had as an active employee. For example, you can’t switch from the Premera WCIF 750 Plan to the Premera WCIF 500 Plan, or vice versa. Also, to elect an EAP, dental plan or vision, you must be enrolled for these benefits at the time you group coverage ends.

What is COBRA Continuation Coverage?

COBRA continuation coverage is a continuation of plan coverage when coverage would otherwise end because of a life event known as a “qualifying event.” Specific qualifying events are listed later in this notice. 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**, you will become a qualified beneficiary if you lose your coverage under the plan because either one of the following qualifying events happens:

1. Your employment ends for any reason other than your gross misconduct; or
2. Your hours of employment are reduced.

If you are the **spouse** of an employee, you will become a qualified beneficiary if you lose your coverage under the plan because any of the following qualifying events happens:

1. Your spouse dies;
2. Your spouse’s hours of employment are reduced;
3. Your spouse’s employment ends for any reason other than his or her gross misconduct; or
4. You become divorced or legally separated from your spouse.

Your dependent children will become qualified beneficiaries if they lose coverage under the plan because any of the following qualifying events happens:

1. The parent-employee dies;
2. The parent-employee’s hours of employment are reduced;
3. The parent-employee’s employment ends for any reason other than his or her gross misconduct;
4. The parents become divorced or legally separated; or
5. The child stops being eligible for coverage under the plan as a “dependent child.”

If you are on a leave of absence under the Family and Medical Leave Act of 1993 (FMLA) and do not return to active employment following the leave, a qualifying event will occur. This allows you and your dependents to continue coverage for up to 18 months from the date that the *Benefits Administrator*² receives written notice that you will not be returning to work or your FMLA leave ends, whichever one comes first, but no later than the end of the FMLA leave.

When is COBRA Coverage Available?

The plan will offer COBRA continuation coverage to qualified beneficiaries only after the *Plan Administrator*¹ has been notified that a qualifying event has occurred. When the qualifying event is the end of employment, reduction of hours of employment or death of the employee, the employer must notify the *Plan Administrator*¹ 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 notify the *Benefits Administrator*²**

within 60 days after the qualifying event occurs by completing and submitting the *Notice to Employer of Qualifying Event Form or Other Event That May Affect Duration of COBRA Coverage*. If you or a family member fails to provide this notice during the 60-day notice period, you will lose your right to elect COBRA coverage. The *Notice to Employer of Qualifying Event Form* is available in the Human Resources section of the Intranet or from the Human Resources office.

The plan provides that your spouse's coverage terminates as of the last day of the month in which a divorce or legal separation occurs. A dependent child's coverage terminates the last day of the month in which he or she ceases to be an eligible dependent under the plan (for example, after attainment of a certain age).

How is COBRA Coverage Provided?

Once the *Plan Administrator*¹ 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 on 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 for up to a total of 36 months.

When the qualifying event is the end of employment or reduction of the employee's hours of employment, the employee, spouse, and all eligible dependents may elect up to 18 months of COBRA continuation coverage. There are two ways in which this 18-month period of COBRA continuation coverage can be extended, either by a disability extension or second qualifying event extension, both described later in this notice.

Medicare Rules

The employee's understanding of Medicare eligibility rules is crucial in making a retirement date decision. Medicare entitlement can affect an individual's COBRA rights and impact how long a spouse and dependent children can continue COBRA coverage.

- If the employee becomes entitled to Medicare ***within 18 months prior to*** the qualifying event date, COBRA continuation coverage for dependent qualified beneficiaries lasts up to 36 months from the Medicare entitlement date. For example, if a covered employee becomes entitled to Medicare 8 months before the date on which his employment terminates, COBRA continuation coverage for his spouse and children can last up to 36 months from the Medicare entitlement date, which is equal to 28 months of COBRA coverage (28+8=36 months).
- If the employee becomes entitled to Medicare ***more than 18 months before*** the qualifying event, the spouse and dependent children may be eligible for COBRA continuation coverage for 18 months.
- If the employee becomes entitled to Medicare ***after*** the qualifying event date, the spouse and dependent children may be eligible for COBRA continuation coverage for 18 months.

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*¹ 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 60th day of COBRA continuation coverage and must last at least until the end of the 18-month period of continuation coverage.

The disability extension is available only if you notify the *Plan Administrator*¹ in writing of the determination by the SSA within the initial 18-month period but not later than 60 days after the date of the SSA determination.

If you have a loss of SSA disability status, you are required by law to notify the *Plan Administrator*¹ within 30 days of a final determination made by the SSA that you are no longer disabled. Once notified, your extended COBRA continuation coverage will be terminated effective the first month following the SSA's determination of loss of disability status.

Second qualifying event extension of 18-month period of continuation coverage

If your 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 they lose coverage due to:

- Your death;
- Your divorce or legal separation; or
- Your dependent children lose dependent status under the Plan.

This extension applies only if the event would have caused the enrolled family member to lose coverage under the plan had the first qualifying event not occurred.

As described above, to be eligible for this extension, you or your family members must notify the *Plan Administrator*¹ within 60 days of the later of the date of a divorce, loss of dependent eligibility or the date coverage is lost due to one of the preceding events.

Newborns and adopted children

A child who is born to or placed for adoption with the covered employee during a period of COBRA continuation coverage is a qualified beneficiary and has independent COBRA election rights.

You must notify ¹*Plan Administrator* in writing of the birth or adoption and elect coverage for your child within the plan's otherwise applicable enrollment period for newborns or adopted children. If the newborn or adopted child is determined to be disabled within 60 days of his/her birth or placement for adoption, the 29-month disability extension may be available for all covered family members.

How Can You Elect COBRA Continuation Coverage?

To elect continuation coverage, you must complete the Election Form and furnish it according to the directions on the form. Each qualified beneficiary has a separate right to elect continuation coverage. For example, the employee's spouse may elect COBRA continuation coverage even if the employee does not. COBRA continuation coverage may be elected for only one, several, or for all dependent children who are

qualified beneficiaries. A parent may elect to continue coverage on behalf of any dependent children. The employee or the employee's spouse can elect continuation coverage on behalf of all the qualified beneficiaries.

In considering whether to elect continuation coverage, you should take into account that a failure to continue your group health coverage will affect your future rights under federal law. First, you can lose the right to avoid having pre-existing condition exclusions applied to you by other group health plans if you have more than a 63-day gap in health coverage, and election of continuation coverage may help you not have such a gap. Second, you will lose the guaranteed right to purchase individual health insurance policies that do not impose such pre-existing condition exclusions if you do not get continuation coverage for the maximum time available to you. Finally, you should take into account that you have special enrollment rights under federal law. You have the right to request special enrollment in another group health plan for which you are otherwise eligible (such as a plan sponsored by your spouse's employer) within 30 days after your group health coverage ends because of the qualifying event listed above. You will also have the same special enrollment right at the end of continuation coverage if you get continuation coverage for the maximum time available to you.

How Much does COBRA Continuation Coverage Cost?

Generally, each qualified beneficiary may be required to pay the entire cost of continuation coverage. The amount a qualified beneficiary may be required to pay may not exceed 102 percent (or, in the case of an extension of continuation coverage due to a disability, 150 percent) of the cost to the group health plan (including both employer and employee contributions) for coverage of a similarly situated plan participant or beneficiary who is not receiving continuation coverage. Information on the required payment for each continuation coverage period for each option will be described in detail when you receive the election materials.

When and How Must Payment for COBRA Continuation Coverage be Made?

First payment for continuation coverage

If you elect continuation coverage, you do not have to send any payment with the Election Form. However, you must make your first payment for continuation coverage no later than 45 days after the date of your election (This is the date the Election notice is post-marked, if mailed). If you do not make your first payment for continuation coverage in full no later than 45 days after the date of your election, you will lose all COBRA continuation coverage rights under the plan. You are responsible for making sure that the amount of your first payment is correct. Payment contact information will be provided with the election material. At that time, you may contact Benefit Solutions, Inc. (BSI) at PO Box 6, Mukilteo, WA, 98275 (425.771.7359) to confirm the correct amount of your first payment.

Periodic payments for continuation coverage

After you make your first payment for continuation coverage, you will be required to make periodic payments for each subsequent coverage period. The amount due for each coverage period for each qualified beneficiary is shown in the Election Notice. The periodic payments can be made on the monthly basis. Under the plan, each of these periodic payments for continuation coverage is due on the first of the month for that coverage period. If you make a periodic payment on or before the first day of the coverage period to which it applies, your coverage under the plan will continue for that coverage period without any break. The plan will send periodic notices of payments due for these coverage periods.

Grace periods for periodic payments

Although periodic payments are due on the dates shown above, you will be given a grace period of 30 days after the first day of the coverage period to make each periodic payment. Your continuation coverage will be provided for each coverage period as long as payment for that coverage period is made before the end of the grace period for that payment.

If you fail to make a periodic payment before the end of the grace period for that coverage period, you will lose all rights to COBRA continuation coverage under the plan.

Termination of Group Coverage

You may be entitled to purchase an individual policy directly through the carrier when your COBRA continuation coverage expires. This option will only be available if there is a conversion policy under the group health plan you were enrolled in prior to your qualifying event. Contact the *Plan Administrator*¹ for more details.

If You Have Questions

Questions concerning your plan or your COBRA continuation coverage rights should be addressed to the contact or contacts identified below. For your 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. (Addresses and phone numbers of Regional and District EBSA Offices are available through EBSA's website.)

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, or any notices you send to the *Plan Administrator*¹ or the *Benefits Administrator*².

Plan Contact Information

If you (the employee) or a family member has any questions about this notice or COBRA, please contact the *Benefits Administrator*². You may also ask for additional copies of any of the required notice forms and procedures, which contains important information about plan benefits, eligibility, exclusions and limitations.

*Plan Administrator*¹: Benefit Solutions, Inc. is the plan administrator for medical, dental, vision insurance and EAP. All notices and other communications regarding the plan and regarding COBRA should be directed to the *Plan Administrator*¹. If you have questions concerning your right to purchase continuation coverage, please contact the *Benefits Administrator*².

¹*Plan Administrator/Insurer:*
Attention: WCIF COBRA Department
Benefit Solutions, Inc. (BSI)
PO Box 6
Mukilteo, WA 98275
Phone: 425.771.7359
Fax: 425.771.1226
Email: COBRA@BSITPA.com

²*Benefits Administrator:*
Human Resources
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102 S. Main
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