

## CONTINUATION COVERAGE RIGHTS UNDER COBRA

### Introduction: (General Information only)

You are receiving this notice because you may have recently become covered under your employer's Section 125 Flexible Benefits Plan. This notice contains important information about your right to COBRA continuation coverage should you terminate employment, which is a temporary extension of coverage under the Plan. 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 Plan when you would otherwise lose your group health 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 should you become eligible. This notice gives only a summary of your COBRA continuation coverage rights. For more information about your rights and obligations under the Plan and under federal law, you should either review the Plan's Summary Plan Description or get a copy of the Plan Document from the Plan Administrator.

The Plan Administrator is your employer named in this SPD. The Plan Administrator is responsible for administering COBRA continuation coverage. The party responsible for administering COBRA continuation coverage, or that party's address and telephone number, may change from time to time. For the most recent information, check the Plan's most recent Summary Plan Description (if you do not have a copy, you may request one from the Plan Administrator).

### 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. COBRA continuation coverage must be offered to each person who is a "qualified beneficiary." A qualified beneficiary is someone who will lose coverage under the Plan because of a qualifying event. Depending on the type of qualifying event, employees, spouses of employees, and dependent children of employees may be qualified beneficiaries. (Certain newborns, newly-adopted children and alternate recipients under QMCSOs may also be qualified beneficiaries. This is discussed in more detail in separate paragraphs below). 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 will lose your coverage under the Plan because either one of the following qualifying events happen: **(1)** Your hours of employment are reduced, or **(2)** Your employment ends for any reason other than your gross misconduct.

If you are the spouse of an employee, you will become a qualified beneficiary if you will lose your coverage under the Plan because any of the following qualifying events happen: **(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; **(4)** Your spouse becomes enrolled in Medicare (Part A, Part B, or both); or **(5)** You become divorced or legally separated from your spouse. If an employee cancels coverage for his or her spouse in anticipation of a divorce (or legal separation), and a divorce (or legal separation) later occurs, then the divorce (or legal separation) will be considered a qualifying event even though the ex-spouse lost coverage earlier. If the ex-spouse notifies the administrator within 60 days after the divorce (or legal separation) and can establish that the employee cancelled the coverage earlier in anticipation of the divorce (or legal separation), the COBRA coverage may be available for the period after the divorce (or legal separation).

Your dependent children will become qualified beneficiaries if they will lose coverage under the Plan because any of the following qualifying events happen: **(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 parent-employee becomes enrolled in Medicare (Part A, Part B, or both); **(5)** The parents become divorced or legally separated; or **(6)** The child stops being eligible for coverage under the plan as a "dependent child."

The Plan will offer COBRA continuation coverage to qualified beneficiaries only after the Plan Administrator has been timely 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, commencement of a proceeding in bankruptcy with respect to the employer, or enrollment of the employee in Medicare (Part A, Part B, or both), the employer must notify the Plan Administrator of the qualifying event within 30 days of any of these events.

**Important: 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 Plan Administrator. The Plan requires you to notify the Plan Administrator in writing within 60 days after the later of the qualifying event or the loss of coverage. If these procedures are not followed or if the notice is not provided in writing to the Plan Administrator during the 60-day notice period, any spouse or dependent child who loses coverage will NOT BE OFFERED THE OPTION TO ELECT CONTINUATION COVERAGE.**

Once the Plan Administrator receives timely notice that a qualifying event has occurred, COBRA continuation coverage will be offered to each of the qualified beneficiaries. For each qualified beneficiary who timely elects COBRA continuation coverage, COBRA continuation coverage will begin on the date that Plan coverage would otherwise have been lost. If you or your spouse or dependent children do not elect continuation coverage within this 60-day election period, **YOU WILL LOSE YOUR RIGHT TO ELECT CONTINUATION COVERAGE.**

COBRA continuation coverage is a temporary continuation of coverage. Qualifying event is the death of the employee, enrollment of the employee in Medicare (Part A, Part B, or both), your divorce or legal separation, or a dependent child losing eligibility as a dependent child.

The maximum COBRA coverage period for a health flexible spending arrangement (health FSA) maintained by the employer ends on the last day of the Plan year in which the qualifying event occurred. If at the time of a qualifying event you or your eligible dependent are eligible for COBRA under the (health FSA) you will be notified and offered the right to elect continued coverage under the plan for the balance of the plan year following the event.

#### **Children born to or placed for adoption with the covered employee during COBRA period**

A child born to, adopted by or placed for adoption with a covered employee during a period of continuation coverage is considered to be a qualified beneficiary provided that, if the covered employee is a qualified beneficiary, the covered employee has elected continuation coverage for himself or herself. The child's COBRA coverage begins when the child is enrolled in the Plan, whether through special enrollment or open enrollment, and it lasts for as long as COBRA coverage lasts for other family members of the employee. To be enrolled in the Plan, the child must satisfy the otherwise applicable Plan eligibility requirements.

#### **Alternate recipients under QMCSOs**

A child of the covered employee who is receiving benefits under the Plan pursuant to a Qualified Medical Child Support Order (QMCSO) received by the Plan Administrator during the covered employee's period of employment with the employer is entitled to the same rights under COBRA as a dependent child of the covered employee, regardless of whether that child would otherwise be considered a dependent.

#### **Trade Act of 2002**

**If You Have Questions:** If you have questions about your COBRA continuation coverage, you should contact your employer or you may contact the nearest Regional or District Office of the U. S. Department of Labor's Employee Benefits Security Administration (EBSA), addresses and phone number of Regional and District EBSA Offices are available through EBSA's website at [www.dol.gov/ebsa](http://www.dol.gov/ebsa).