

General Notice of COBRA Continuation Coverage Rights

Sample COBRA OnQue Notice

June 3, 2015

Mr. John Doe
123 Main Street
Anytown, CA 00000

From: County Of Mecosta

Subject: Your Group Health Coverage Continuation Rights under COBRA

IMPORTANT INFORMATION ABOUT THIS NOTICE

PURPOSE OF THIS NOTICE: You are enrolled, or soon will be enrolled in group health benefits under County Of Mecosta Group Health Plan. This coverage entitles you to rights under the Consolidated Omnibus Budget Reconciliation Act of 1985, a federal law known as COBRA, which guarantees your right to continue health coverage that would otherwise be lost due to the occurrence of certain events. The purpose of this notice is to inform you of your rights and obligations under COBRA if you experience one of these events in the future.

This notice also contains information about other health coverage alternatives that may be available to you through the Health Insurance Marketplace at www.healthcare.gov or call 1-800-318-2596. You may be able to get coverage through the Health Insurance Marketplace that costs less than COBRA continuation coverage.

WHO MUST READ THIS NOTICE: Each addressee, including the parent or legal guardian of dependent children who are plan participants, *must* read this notice.

TERMS USED IN THIS NOTICE:

- "you" and "your" refer to each addressee of this notice;
- "we," "us" and "our" refer to County Of Mecosta;
- "plan" refers to one or more health plans maintained by us that are subject to COBRA.

ADDRESS CORRECTIONS: If any plan participant does not live at the above address, you must inform us immediately of the correct mailing address. You should also keep a copy, for your records, of any notices you send to the Plan Administrator.

PLAN ADMINISTRATOR:

County Of Mecosta
400 Elm Street
Room - 202
Big Rapids, MI 49307

Administrative Contact:

Ellen Mitchell, Benefits Coordinator
(231) 592-0790

COBRA is the federal law that guarantees a temporary continuation of group health coverage when eligibility for such coverage is lost due to the occurrence of a qualifying event. This notice provides a general explanation of COBRA continuation coverage, when and to whom it may become available, and what you must do to protect your right to receive it. These topics are covered:

- COBRA Qualifying Events and Maximum Coverage Periods;
- Qualified Beneficiaries;
- Premium Payments;
- Available Coverage;

- Your Event Reporting Obligations;
- Your COBRA Election Rights;
- Extending COBRA Coverage; and,
- Adding Dependents to COBRA Coverage.

You May Have Other Options Available to You When You Lose Group Health Coverage. For example, you may be eligible to buy an individual plan through the Health Insurance Marketplace. By enrolling in coverage through the Marketplace, you may qualify for lower costs on your monthly premiums and lower out-of-pocket costs. You may only have 60 days from your loss of group coverage to apply for coverage in the Health Insurance Marketplace. Additionally, you may qualify for a 30-day special enrollment period for another group health plan for which you are eligible (such as a spouse's plan), even if that plan generally doesn't accept late enrollees.

COBRA Qualifying Events and Maximum Coverage Periods

What Is a Qualifying Event? A qualifying event is a certain type of event that causes an individual to lose eligibility for coverage under a COBRA-eligible plan.

Loss of Eligibility Is Required. To be COBRA-qualifying, the event must result in a loss of eligibility under the plan rules; the employee's voluntary termination of his or her coverage, or the coverage of a spouse or dependent child, is never a qualifying event.

The Events Listed Below Do Not Always Trigger a Loss of Eligibility. For example, some plans do not terminate coverage when a divorce or legal separation occurs, and plans rarely terminate coverage when an active employee becomes entitled to Medicare. For more information about plan eligibility rules, refer to the summary plan description or contact the plan administrator.

COBRA Qualifying Events

Events Applicable to <u>Employees</u>	Maximum Coverage
Termination of employment for reasons other than gross misconduct	18 months
Reduction in hours of employment	18 months
Events Applicable to <u>Spouses</u>	
Termination of employee's employment for reasons other than gross misconduct	18 months
Reduction in the employee's hours of employment	18 months
Death of the employee	36 months
Divorce or legal separation from the employee	36 months
Employee becomes entitled to Medicare benefits	36 months
Events Applicable to <u>Dependent Children</u>	
Termination of employee's employment for reasons other than gross misconduct	18 months
Reduction in employee's hours of employment	18 months
Death of the employee	36 months
Divorce or legal separation of the employee	36 months
Ceases to be a dependent under the plan	36 months
Employee becomes entitled to Medicare benefits	36 months

Qualified Beneficiaries

Employees, Spouses and Dependent Children Covered employees, spouses and dependent children are qualified to elect COBRA continuation coverage when a qualifying event occurs. Employees and family members who are qualified to elect COBRA are called **qualified beneficiaries**.

Children Covered under a Qualified Medical Child Support Order. A child of the covered employee who is enrolled in COBRA-eligible coverage due to a Qualified Medical Child Support Order received by County Of Mecosta during the covered employee's employment has the same COBRA rights as an eligible dependent child of the covered employee.

Can a Domestic Partner Be a Qualified Beneficiary? Under federal law, a domestic partner of an employee, whether of the same or opposite sex, cannot be a qualified beneficiary under COBRA and thus does not have the right to independently elect COBRA coverage. However, an employee who elects COBRA may add the domestic partner to his or her coverage without having to wait for the next open enrollment period, provided the domestic partner was actively enrolled under the employee's group coverage on the day before the qualifying event.

Dropping Coverage in Anticipation of a Qualifying Event If an employee drops the coverage of a dependent spouse or child in anticipation of a qualifying event, such as divorce or legal separation, the dependent will be entitled to COBRA benefits from the date coverage would otherwise have been lost as a result of the qualifying event.

Bankruptcy May Be a Qualifying Event for Retirees and Their Families. If we file a proceeding in bankruptcy under Title 11 of the United States Code, and that bankruptcy results in the loss of coverage of any retired employee under the plan, the retired employee is a qualified beneficiary with respect to the bankruptcy. The retired employee's spouse, surviving spouse and dependent children will also be qualified beneficiaries if the bankruptcy results in the loss of their coverage under the plan.

Premium Payments

You Are Required to Pay the Premiums for Your Coverage under COBRA. You are required to pay 100% of your COBRA premium. An administration fee may be added to the premium as allowed by law.

Available Coverage

If you become qualified for continuation coverage under COBRA, we will offer coverage that is identical to the group coverage provided to you on the day before the qualifying event occurred. If coverage under the plan is modified for similarly situated active employees, your COBRA coverage will be identically modified. Once enrolled in COBRA, all qualified beneficiaries will have the same options to change coverage as do similarly situated active employees. Be aware that COBRA continuation coverage may not be available for voluntary benefits.

County Of Mecosta Group Health Plan currently offers the following COBRA-eligible coverage. The coverage offered is subject to change at any time.

- Dental & Vision Only
- Health Flexible Spending Arrangement (health FSA)
- Medical

Maximum Coverage Period for Health FSA. The maximum continuation period of enrollment in a health flexible spending arrangement (health FSA) under COBRA may be limited to the balance of the current health FSA plan year. Qualified beneficiaries who have overspent their health FSA account allocations for the plan year may not be permitted to continue health FSA coverage under COBRA.

Are There Other Coverage Options Besides COBRA Continuation Coverage? Yes. 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" which may be as short as 30 days from your loss of group health insurance. Some of these options may cost less than COBRA continuation coverage. You can learn more about many of these options at

Your Event Reporting Obligations

You must notify the plan administrator when certain life events occur. Failure to provide timely notification of these events may result in the loss of COBRA rights for one or more qualified beneficiaries. Notification procedures are enclosed with this notice; contact the plan administrator if you need assistance.

Events Requiring Immediate notification:

- A change in address for any covered family member.

Events Requiring Notification within 30 Days:

- A family member, after electing COBRA, becomes covered under another group health plan;
- The Social Security Administration determines that a family member, after electing COBRA, is no longer disabled;

Events Requiring Notification within 60 Days:

- The Social Security Administration (SSA) determines that a family member who is a COBRA qualified beneficiary, is disabled;
Note: The 60-day period is counted from the latest of: 1) the date of the determination of disability by the SSA, 2) the date of the initial qualifying event, or 3) the date when coverage was originally lost.
- Divorce or legal separation;
- Death of the employee while one or more family members are receiving COBRA coverage;
- A family member, after electing COBRA, becomes entitled to Medicare; or
- A child loses dependent status under the plan, such as ineligibility due to age.

Refer to the enclosed notification procedures for details regarding your reporting obligations.

Your COBRA Election Rights

We Will Notify You of Your COBRA Election Rights. When we receive timely notification that you have experienced a qualifying event, we will send you a notice called the "Notice of Right to Elect COBRA Continuation Coverage." The election notice summarizes your rights and obligations with respect to the qualifying event and includes instructions for electing COBRA.

Extending COBRA Coverage

When the qualifying event is termination of employment or reduction in hours, qualified beneficiaries may be entitled to extend the maximum continuation period as a result of certain subsequent qualifying events.

Extension Due to Medicare Entitlement

If the employee is entitled to Medicare at the time he or she experiences an 18-month qualifying event, his qualified beneficiary spouse and dependent children may be entitled to an extension of the 18-month period to a maximum of 36 months. Be aware that this 36-month coverage period is measured from the employee's Medicare entitlement date, not from the original 18-month COBRA start date. For example, an employee and her spouse are covered under the group health plan at the time she voluntarily terminates her employment. If she became entitled to Medicare six months prior to the start of the 18-month COBRA coverage period, then her spouse's actual continuation coverage period will be a maximum of 30 months (36 months measured from the Medicare entitlement date; 30 months from the COBRA start date).

SSA Disability and the 29-Month Maximum Coverage Period If the Social Security Administration (SSA) determines that a qualified beneficiary is disabled, the 18-month COBRA coverage period may be extended by 11 months to a maximum of 29 months from the date COBRA coverage began. The extension applies to the disabled qualified beneficiary and to all other qualified beneficiaries who initially elected COBRA and who are still enrolled in continuation coverage at the time the disability determination is reported to the plan administrator. The following conditions must be met to qualify for the 11-month extension:

1. The SSA must determine that the qualified beneficiary is disabled;
2. The onset date of the disability, as determined by the SSA, must be no later than the 60th day of COBRA coverage^{*}; and,
3. The plan administrator must be notified of the SSA determination of disability within the original 18-month coverage period, but no later than 60 days after the latest of: 1) the date of the determination of disability by the SSA, 2) the date of the initial qualifying event, or 3) the date when coverage was originally lost.

* If the disabled individual is a child who is born to, adopted by, or placed for adoption with the employee during his or her period of COBRA continuation coverage, the first 60-day period of COBRA coverage is measured from the date of birth, adoption or placement for adoption.

An administration fee of no more than 50 percent of the monthly premium may be charged during the 11-month extension period. Also be aware that the law requires you to notify the plan administrator within 30 days after the date of any final determination by the SSA that the qualified beneficiary is no longer disabled.

Second Qualifying Events That Extend the Coverage Period to 36 Months When certain events occur, the maximum coverage period for the spouse and/or a dependent child, if they are qualified beneficiaries, may be extended from 18 or 29 months to a maximum of 36 months from the date COBRA coverage began. The plan administrator must be notified of a second qualifying event within 60 days of its occurrence.

Events that may extend coverage to 36 months are:

- Divorce or legal separation from the employee;
- Death of the employee; and
- A child loses dependent status under the plan (only the child is eligible for the extension).

Medicare Entitlement as a Second Qualifying Event

Under rare circumstances, if an employee becomes entitled to Medicare *after* he elects COBRA coverage, his qualified beneficiary spouse and/or dependent children will be entitled to an extension of the coverage period to a maximum of 36 months. In most cases, such an extension is not permitted.

Adding Dependents to COBRA Coverage

Depending on plan eligibility rules, you may be permitted to add dependents to coverage after you have elected COBRA. In certain circumstances, a dependent added to coverage will be a qualified beneficiary, having independent election and continuation rights. In many cases, however, dependents added to coverage are not qualified beneficiaries; they do not have independent election rights, nor can they continue coverage independently of the person who added them.

For More Information about Your Rights

This notice does not fully describe continuation coverage or other rights under the plan. For more information about your rights under the plan, refer to your summary plan description or contact the plan administrator.

If You Have Questions

Questions concerning your Plan or your COBRA continuation coverage rights should be addressed to the contact or contacts identified in this notice. 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 Health Insurance Marketplace, visit www.healthcare.gov.