

COBRA & USERRA

COBRA & USERRA Continuation Rights



What is COBRA Continuation Coverage?

Under federal law, you and/or your dependents must be given the opportunity to continue health coverage when there is a “qualifying event” that would result in loss of coverage under the plan. You and/or your dependents will be permitted to continue to same coverage under which you or your dependents were covered on the day before the qualifying event occurred, unless you move out of that plan’s coverage area or the plan is no longer available. You and/or your dependents cannot change coverage options until the next open enrollment period.

How Long is COBRA Continuation Available?

COBRA continuation is available, for you and your dependents, for up to 18 months from the date of the following qualifying events if the event would result in a loss of coverage under the plan:

- your termination of employment for any reason; or
- your reduction in work hours.

COBRA continuation coverage is available, for your dependents, for up to 36 months from the date of the following qualifying events if the event would result in a loss of coverage under the plan:

- your death;
- your divorce; or
- for a dependent child, failure to continue to qualify as a dependent under the plan.

Under the Uniformed Services Employment and Reemployment Rights Act (**USERRA**), COBRA continuation is available, for you and your dependents, for up to 24 months, while on active status in the US Marine Corps, Army, Navy, Air Force, Coast Guard, and/or Public Health Service Commissioned Corps, as well as the reserve components of each of these services, from the date of the following qualifying events if the event would result in a loss of coverage under the plan:

- your termination of employment due to being called to active service;
- your reduction in work hours due to being called to active service.

Secondary Qualifying Events

If, as a result of your termination of employment or reduction in work hours, your dependent(s) have elected COBRA continuation coverage, and one or more dependents experience another COBRA qualifying event, the affected dependent(s) may elect to extend their COBRA continuation coverage for an additional 18 months (7 months if the secondary event occurs within the disability extension period) for a maximum of 36 months from the initial qualifying event. The second qualifying event must occur before the end of the initial 18 months of COBRA continuation coverage or within the disability extension period discussed below. Under no circumstances will COBRA continuation coverage be available for more than 36 months from the initial qualifying event. Secondary qualifying events are: your death; your divorce; or, for a dependent child, failure to continue to qualify as a dependent under the plan.

Disability Extension



If, after electing COBRA continuation coverage due to your termination of employment or reduction in work hours, you or one of your dependents is determined by the Social Security Administration (SSA) to be totally disabled under Title II or XVI of the SSA, you and all your dependents who have elected COBRA continuation coverage may extend such continuation for an additional 11 months, for a maximum of 29 months from the initial qualifying event.

To qualify for the disability extension, all of the following requirements must be satisfied:

1. SSA must determine that the disability occurred prior to or within 60 days after the disabled individual elected COBRA continuation coverage; and
2. A copy of the written SSA determination must be provided to the plan administrator within 60 calendar days after the date the SSA determination is made AND before the end of the initial 18-month continuation period.

If the SSA later determines that the individual is no longer disabled, you must notify the plan administrator within 30 days after the date the final determination is made by SSA. The 11-month disability extension will terminate for all covered persons on the first day of the month that is more than 30 days after the date the SSA makes a final determination that the disabled individual is no longer disabled.

All causes for "Termination of COBRA Continuation" listed below will also apply to the period of disability extension.

Medicare Extension for Your Dependents



When the qualifying event is your termination of employment or reduction in work hours and you become enrolled in Medicare (Part A, Part B or both) within the 18 months before the qualifying event, COBRA continuation coverage for your dependents will last up to 36 months after the date you became enrolled in Medicare. Your COBRA continuation coverage will last for up to 18 months from the date of your termination of employment or reduction in work hours.

Termination of COBRA Continuation

COBRA continuation coverage will be terminated upon the occurrence of any of the following:

- the end of the COBRA continuation period of 18, 29 or 36 months, as applicable;
- failure to pay the required premium within 45 calendar days after the due date;
- cancellation of your company's policy with the vendor, as applicable;
- after electing COBRA continuation coverage, a qualified beneficiary enrolls in Medicare (Part A, Part B, or both);
- after electing COBRA continuation coverage, a qualified beneficiary becomes covered under another group health plan, unless the qualified beneficiary has a condition for which the new plan limits or excludes coverage under a pre-existing condition provision. In such case coverage will continue until the earliest of: (a) the end of the applicable maximum period; (b) the date the pre-existing condition provision is no longer applicable; or (c) the occurrence of an event described in one of the first three bullets above; or
- any reason the plan would terminate coverage of you or your dependents or beneficiary who is not receiving continuation coverage (e.g., fraud).



Moving Out of Employer's Service Area or Elimination of a Service Area

If you and/or your dependents move out of the employer's service area or the employer eliminates a service area in your location, your COBRA continuation coverage under the plan will be limited to out-of-network coverage only. In-network coverage is not available outside of the employer's service area. If the employer offers another benefit option, you may elect COBRA continuation coverage under that option.



Employer's Notification Requirements

Your employer is required to provide you and/or your dependents with the following notices:

- An initial notification of COBRA continuation rights must be provided within 90 days after your (or your spouse's) coverage under the plan begins (or the plan first becomes subject to COBRA continuation requirements, if later). If you and/or your dependents experience a qualifying event before the end of that 90-day period, the initial notice must be provided within the time-frame required for the COBRA continuation coverage election notice as explained below.
- A COBRA continuation coverage election notice must be provided to your and/or your dependents within the following time-frames:
 - a. if the plan provides that COBRA continuation coverage and the period within which an employer must notify the plan administrator of a qualifying event starts upon the loss of coverage, 44 days after loss of coverage under the plan;
 - b. if the plan provides that COBRA continuation coverage and the period within which an employer must notify the plan administrator of a qualifying event starts upon the occurrence of a qualifying event, 44 days after the qualifying event occurs; or
 - c. in the case of a multi-employer plan, no later than 14 days after the end of the period in which employers must provide notice of a qualifying event to the plan administrator.

How to Elect COBRA Continuation Coverage



The COBRA coverage election notice will list the individuals who are eligible for COBRA continuation coverage and inform you of the applicable premium. The notice will also include instructions for electing COBRA continuation coverage. You must notify the plan administrator of your election no later than the due date stated on the COBRA election notice. If a written election notice is required, it must be post-marked no later than the due date stated on the COBRA election notice. If you do not make proper notification by the due date shown on the notice, you and your dependents will lose the right to elect COBRA continuation coverage. If you reject COBRA continuation coverage before the due date, you may change your mind as long as you furnish a completed election form before the due date.

Each qualified beneficiary has an independent right to elect COBRA continuation coverage. Continuation coverage may be elected for only one, several, or for all dependents who are qualified beneficiaries. Parents may elect to continue coverage on behalf of their dependent children. You or your spouse may elect continuation coverage on behalf of all the qualified beneficiaries. You are not required to elect COBRA continuation coverage in order for your dependents to elect COBRA continuation.

How Much Does COBRA Continuation Coverage Cost?



Each qualified beneficiary may be required to pay the entire cost of continuation coverage. The amount may not exceed 102 percent of the cost to the group health plan (including both employer and employee contributions) for coverage of a similarly situated active employee or family member. The premium during the 11-month disability extension may not exceed 150 percent of the cost to the group health plan (including both employer and employee contributions) for coverage of a similarly situated active employee or family member. For example:

If the employee alone elects COBRA continuation coverage, the employee will be charged 102 percent (or 150 percent) of the active employee premium. If the spouse or one dependent child alone elects COBRA continuation coverage, they will be charged 102 percent (or 150 percent) of the active employee premium. If more than one qualified beneficiary elects COBRA continuation coverage, they will be charged 102 percent (or 150 percent) of the applicable family premium.

When and How to Pay COBRA Premiums

First payment for COBRA continuation

If you elect COBRA continuation coverage, you do not have to send any payment with the election form. However, you must make your first payment no later than 45 calendar days after the date of your election. (This is the date the Election Notice is postmarked, if mailed.) If you do not make your first payment within that 45 days, you will lose all COBRA continuation rights under that Plan.



Subsequent payments

After you make your first payment for COBRA continuation coverage, you will be required to make subsequent payments of the required premium for each additional month of coverage. Payment is due on the first day of each month. If you make a payment on or before its due date, your coverage under the plan will continue for that coverage period without any break.

Grace periods for subsequent payments

Although subsequent payments are due by the first day of the month, you will be given a grace period of 30 days after the first day of the coverage period to make each monthly payment. Your COBRA 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. However, if your payment is received after the due date, your coverage under the plan may be suspended during this time. Any providers who contact the plan to confirm coverage during this time may be informed that coverage has been suspended. If payment is received before the end of the grace period, your coverage will be reinstated back to the beginning of the coverage period. This means that any claim you submit for benefits while your coverage is suspended may be denied and may have to be resubmitted once your coverage is reinstated. If you fail to make a payment before the end of the grace period for the coverage period, you will lose all rights to COBRA continuation coverage under the Plan.

You Must Give Notice of Certain Qualifying Events

If you or your dependent(s) experience one of the following qualifying events while enrolled in COBRA, you must notify the plan administrator within 60 calendar days after the later of the date the qualifying event occurs or the date coverage would cease as a result of the qualifying event:

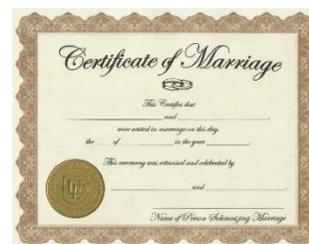
- Your divorce;
- Your child ceases to qualify as a dependent under the plan; or
- The occurrence of a secondary qualifying event as discussed under “Secondary Qualifying Events”, on page 1 of this section (this notice must be received prior to the end of the initial 18-or 29-month COBRA period).

(Also refer to the section titled “Disability Extension”, on page 2 of this section, for additional notice requirements.)

Notice must be made in writing and must include: the name of the plan, name and address of the employee covered under the plan, name and address(es) of the qualified beneficiaries affected by the qualifying event; the qualifying event; the date the qualifying event occurred; and supporting documentation (e.g., divorce decree, birth certificate, disability determination, etc.).

Newly Acquired Dependents

If you acquire a new dependent through marriage, birth, adoption or placement for adoption while your coverage is being continued, you may cover such dependent under your COBRA continuation coverage. However, only your newborn or adopted dependent child is a qualified beneficiary and may continue COBRA continuation coverage for the remainder of the coverage period following your early termination of COBRA coverage or due to a secondary qualifying event. COBRA coverage for your dependent spouse and



any dependent children who are not your children (e.g., step-children or grandchildren) will cease on the date your COBRA coverage ceases and they are not eligible for a secondary qualifying event.

The only way to receive prescription coverage under COBRA is to elect to receive the Medical Benefit under COBRA.

