

# COBRA CONTINUATION COVERAGE ELECTION NOTICE

Date of Notice: \_\_\_\_\_

**To:** (Qualified beneficiary(ies)) \_\_\_\_\_  
(Address) \_\_\_\_\_  
(City, State, Zip Code) \_\_\_\_\_

**From:** (Plan Administrator) \_\_\_\_\_  
(Address) \_\_\_\_\_  
(Telephone No.) \_\_\_\_\_

**This notice has important information about your right to continue your health care coverage in the [enter name of group health plan] (the Plan), as well as other health coverage options that may be available to you, including coverage through the Health Insurance Marketplaces (at [www.healthcare.gov](http://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.**

**Please read the information in this notice very carefully before you make your decision.**

To elect COBRA continuation coverage, complete the attached COBRA Continuation Coverage Election Form and submit it to the Plan Administrator. You have 60 days after the date of this notice to decide whether you want to elect COBRA continuation coverage under the Plan. This Election Form must be completed and returned by mail. This Election Form must be post-marked no later than [insert date].

If you do not submit a completed Election Form by the due date, you will lose your 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. However, if you change your mind after first rejecting COBRA continuation coverage, your COBRA continuation coverage will begin on the date you furnish the completed Election Form.

## WHY AM I GETTING THIS NOTICE?

You're getting this notice because, if you do not elect COBRA continuation coverage, your coverage under the Plan will end on [insert date] due to [check appropriate box]:

- End of employment
- Reduction in hours of employment
- Death of employee
- Divorce or legal separation
- Eligibility for Medicare
- Loss of dependent child status

● Exhaustion of FMLA Leave

Federal law requires that most group health plans, including this Plan, give employees and their families (“qualified beneficiaries”) the opportunity to continue their health care coverage through COBRA continuation coverage when there’s a “qualifying event” that would result in a loss of coverage under an employer’s plan.

Depending on the type of qualifying event, qualified beneficiaries can include the employee (or retired employee) covered under the group health plan, the employee’s spouse and the employee’s dependent children. A dependent child may include any child born to or placed for adoption with a covered employee during the period of COBRA coverage who is properly enrolled in the Plan, or a child of the employee who is receiving benefits under the Plan pursuant to a qualified medical child support order.

**WHAT’S COBRA CONTINUATION COVERAGE?**

COBRA continuation coverage is the same coverage that the Plan gives to other participants or beneficiaries who aren’t getting continuation coverage. Each qualified beneficiary who elects COBRA continuation coverage will have the same rights under the Plan as other participants or beneficiaries covered under the Plan.

To elect COBRA continuation coverage, you must complete the Election Form and mail it to the Plan Administrator by the deadline. Each qualified beneficiary has an independent right to elect COBRA continuation coverage. Covered employees may elect COBRA continuation coverage on behalf of their spouses, and parents may elect COBRA continuation coverage on behalf of their children. If COBRA continuation coverage is not elected within the 60-day election period, a qualified beneficiary will lose the right to elect COBRA continuation coverage.

**WHO ARE THE QUALIFIED BENEFICIARIES?**

Each person (qualified beneficiary) in the category (or categories) checked below can elect COBRA continuation coverage:

- Employee or former employee: \_\_\_\_\_
- Spouse or former spouse: \_\_\_\_\_
- Dependent child(ren) covered under the Plan on the day before the event that caused the loss of coverage: \_\_\_\_\_
- Child who is losing coverage under the Plan because he or she is no longer a dependent under the Plan: \_\_\_\_\_

**ARE THERE OTHER COVERAGE OPTIONS BESIDES COBRA CONTINUATION COVERAGE?**

Yes. Instead of enrolling in COBRA continuation coverage, there may be other more affordable 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 should compare your other coverage options with COBRA continuation coverage and choose the coverage that is best for you. For example, if you move to other coverage you may pay more out of pocket than you would under COBRA because the new coverage may impose a new deductible.

**When you lose job-based health coverage, it's important that you choose carefully between COBRA continuation coverage and other coverage options, because once you've made your choice, it can be difficult or impossible to switch to another coverage option.**

## **WHEN WILL COBRA CONTINUATION COVERAGE BEGIN AND END?**

If elected, COBRA continuation coverage will begin on *[enter date]* and can last until *[enter date]*.

*[Add, if appropriate: You may elect any of the options for COBRA continuation coverage that are listed on the attached COBRA Continuation Coverage Election Form.]*

This notice shows the maximum period of COBRA continuation coverage available to the qualified beneficiaries. Under federal law, the maximum periods for COBRA continuation coverage are as follows:

- In the case of a loss of coverage due to end of employment or reduction in hours of employment, the maximum period of COBRA continuation coverage is 18 months.
- In the case of a loss of coverage due to an employee's death, divorce or legal separation, the employee's becoming entitled to Medicare benefits or a dependent child ceasing to be a dependent under the terms of the Plan, the maximum period of COBRA continuation coverage is 36 months.

Also, when the qualifying event is the end of employment or reduction of the employee's hours of employment, and the employee became entitled to Medicare benefits less than 18 months before the qualifying event, COBRA continuation coverage for qualified beneficiaries other than the employee may last until 36 months after the date of Medicare entitlement.

COBRA continuation coverage may be terminated before the date listed above if:

- Any required premium is not paid;
- A qualified beneficiary becomes covered, after electing COBRA continuation coverage, under another group health plan that does not impose any pre-existing condition exclusion for a pre-existing condition of the qualified beneficiary (effective for plan years beginning on or after Jan. 1, 2014, the health care reform law prohibits pre-existing condition exclusions);
- A qualified beneficiary becomes entitled to Medicare benefits (under Part A, Part B or both) after electing COBRA continuation coverage;
- The employer ceases to provide any group health plan for its employees; or

- There has been a final determination by the Social Security Administration that the qualified beneficiary is no longer disabled.

COBRA continuation coverage may also be terminated for any reason the Plan would terminate coverage of a participant or beneficiary not receiving COBRA continuation coverage (such as fraud).

## **CAN I EXTEND THE LENGTH OF COBRA CONTINUATION COVERAGE?**

If you elect COBRA continuation coverage, you may be able to extend your coverage if a qualified beneficiary is disabled, or if a second qualifying event occurs. You must notify the Plan Administrator of a disability or a second qualifying event within a certain time period to extend the period of continuation coverage. If you don't provide notice of a disability or second qualifying event within the required time period, it will affect your right to extend the period of continuation coverage.

### **DISABILITY EXTENSION**

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 in a timely fashion, you and your entire family may be entitled to get 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 Plan procedures for this notice, including a description of any required information or documentation, the name of the appropriate party to whom notice must be sent, and the time period for giving notice, can be found in the most recent Summary Plan Description or by contacting the Plan Administrator. 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 and within 18 months after the covered employee's termination of employment or reduction of hours, there will be no disability extension of COBRA continuation coverage. The affected individual must also notify the Plan Administrator within 30 days of any final determination that the individual is no longer disabled.

### **SECOND QUALIFYING EVENT EXTENSION**

If your family experiences another qualifying event during the 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 COBRA continuation coverage if the employee or former employee dies, becomes entitled to Medicare benefits (under Part A, Part B or both) or gets divorced or legally separated; or if the dependent child stops being eligible under the Plan as a dependent child. This extension is only available if the second qualifying event would have caused the spouse or dependent child to lose coverage under the Plan had the first qualifying event not occurred.

The Plan procedures for this notice, including a description of any required information or documentation, the name of the appropriate party to whom notice must be sent, and the time period for giving notice, can be found in the most recent Summary Plan Description or by contacting the Plan Administrator. 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, there will be no extension of COBRA continuation coverage due to a second qualifying event.

## HOW MUCH DOES COBRA CONTINUATION COVERAGE COST?

The cost of COBRA continuation coverage is provided on the attached COBRA Continuation Coverage Election Form.

Other coverage options may cost less. If you choose to elect continuation coverage, you don't have to send any payment with the Election Form. Additional information about payment will be provided to you after the Election Form is received by the Plan. Important information about paying your premium can be found at the end of this Notice.

**You may be able to get coverage through the Health Insurance Marketplace that costs less than COBRA continuation coverage. You can learn more about the Marketplace below.**

## WHAT IS THE HEALTH INSURANCE MARKETPLACE?

The Marketplace offers “one-stop shopping” to find and compare private health insurance options. In the Marketplace, you could be eligible for a new kind of tax credit that lowers your monthly premiums and cost-sharing reductions (amounts that lower your out-of-pocket costs for deductibles, coinsurance, and copayments) right away, and you can see what your premium, deductibles and out-of-pocket costs will be before you make a decision to enroll. Through the Marketplace you'll also learn if you qualify for free or low-cost coverage from Medicaid or the Children's Health Insurance Program (CHIP). You can access the Marketplace for your state at [www.healthcare.gov](http://www.healthcare.gov).

Coverage through the Health Insurance Marketplace may cost less than COBRA continuation coverage. Being offered COBRA continuation coverage won't limit your eligibility for coverage or for a tax credit through the Marketplace.

## WHEN CAN I ENROLL IN MARKETPLACE COVERAGE?

You always have 60 days from the time you lose your job-based coverage to enroll in the Marketplace. That is because losing your job-based health coverage is a “special enrollment” event. After 60 days your special enrollment period will end and you may not be able to enroll, so you should take action right away. In addition, during what is called an “open enrollment” period, anyone can enroll in Marketplace coverage.

To find out more about enrolling in the Marketplace, such as when the next open enrollment period will be and what you need to know about qualifying events and special enrollment periods, visit [www.healthcare.gov](http://www.healthcare.gov).

## IF I SIGN UP FOR COBRA CONTINUATION COVERAGE, CAN I SWITCH TO COVERAGE IN THE MARKETPLACE? WHAT ABOUT IF I CHOOSE MARKETPLACE COVERAGE AND WANT TO SWITCH BACK TO COBRA CONTINUATION COVERAGE?

If you sign up for COBRA continuation coverage, you can switch to a Marketplace plan during a Marketplace open enrollment period. You can also end your COBRA continuation coverage early

and switch to a Marketplace plan if you have another qualifying event, such as marriage or birth of a child, through something called a “special enrollment period.” But be careful though – if you terminate your COBRA continuation coverage early without another qualifying event, you’ll have to wait to enroll in Marketplace coverage until the next open enrollment period, and could end up without any health coverage in the interim.

Once you’ve exhausted your COBRA continuation coverage and the coverage expires, you’ll be eligible to enroll in Marketplace coverage through a special enrollment period, even if Marketplace open enrollment has ended.

If you sign up for Marketplace coverage instead of COBRA continuation coverage, you cannot switch to COBRA continuation coverage under any circumstances.

### CAN I ENROLL IN ANOTHER GROUP HEALTH PLAN?

You may be eligible to enroll in coverage under another group health plan (like a spouse’s plan), if you request enrollment within 30 days of the loss of coverage.

If you or your dependent chooses to elect COBRA continuation coverage instead of enrolling in another group health plan for which you’re eligible, you’ll have another opportunity to enroll in the other group health plan within 30 days of losing your COBRA continuation coverage.

### WHAT FACTORS SHOULD I CONSIDER WHEN CHOOSING COVERAGE OPTIONS?

When considering your options for health coverage, you may want to think about:

- **Premiums:** The Plan can charge up to 102% of total plan premiums for COBRA coverage (150% for an extension of COBRA coverage due to disability). Other options, like coverage on a spouse’s plan or through the Marketplace, may be less expensive.
- **Provider Networks:** If you’re currently getting care or treatment for a condition, a change in your health coverage may affect your access to a particular health care provider. You may want to check to see if your current health care providers participate in a network as you consider options for health coverage.
- **Drug Formularies:** If you’re currently taking medication, a change in your health coverage may affect your costs for medication – and in some cases, your medication may not be covered by another plan. You may want to check to see if your current medications are listed in drug formularies for other health coverage.
- **Severance payments:** If you lost your job and got a severance package from your former employer, your former employer may have offered to pay some or all of your COBRA payments for a period of time. In this scenario, you may want to contact the Department of Labor at 1-866-444-3272 to discuss your options.
- **Service Areas:** Some plans limit their benefits to specific service or coverage areas – so if you move to another area of the country, you may not be able to use your benefits. You may want to see if your plan has a service or coverage area, or other similar limitations.

- **Other Cost-Sharing:** In addition to premiums or contributions for health coverage, you probably pay copayments, deductibles, coinsurance or other amounts as you use your benefits. You may want to check to see what the cost-sharing requirements are for other health coverage options. For example, one option may have much lower monthly premiums, but a much higher deductible and higher copayments.

## FOR MORE INFORMATION

This Notice doesn't fully describe continuation coverage or other rights under the Plan. More information about continuation coverage and your rights under the Plan is available in the most recent Summary Plan Description or from the Plan Administrator.

If you have questions about the information in this Notice, your rights to coverage, or if you want a copy of the Summary Plan Description, contact *[enter name of party responsible for COBRA administration for the Plan, with telephone number and address]*.

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, visit the U.S. Department of Labor's Employee Benefits Security Administration (EBSA) website at [www.dol.gov/ebsa](http://www.dol.gov/ebsa) or call their toll-free number at 1-866-444-3272. For more information about health insurance options available through the Health Insurance Marketplace, and to locate an assister in your area who you can talk to about the different options, visit [www.healthcare.gov](http://www.healthcare.gov).

## KEEP YOUR PLAN INFORMED OF ADDRESS CHANGES

To protect your and your family's rights, keep the Plan Administrator informed of any changes in your address and the addresses of family members. You should also keep a copy of any notices you send to the Plan Administrator.

## IMPORTANT INFORMATION ABOUT PAYMENT

### FIRST PAYMENT FOR CONTINUATION COVERAGE

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 postmarked). If you don't make your first payment in full no later than 45 days after the date of your election, you'll lose all continuation coverage rights under the Plan. You're responsible for making sure that the amount of your first payment is correct. You may contact the Plan Administrator to confirm the correct amount of your first payment.

### PERIODIC PAYMENTS FOR CONTINUATION COVERAGE

After you make your first payment for continuation coverage, you'll have to make periodic payments for each coverage period that follows. The amount due for each coverage period for each qualified beneficiary is provided on the attached COBRA Continuation Coverage Election Form. The periodic payments can be made on a monthly basis. Under the Plan, each of these periodic payments for continuation coverage is due *[enter due day for each monthly payment]* 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 not 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. You'll get continuation coverage for each coverage period as long as payment for that coverage period is made before the end of the grace period. *[If Plan suspends coverage during grace period for nonpayment, include and modify as necessary:* However, if you pay a periodic payment later than the first day of the coverage period to which it applies, but before the end of the grace period for the coverage period, your coverage will be suspended as of the first day of the coverage period and then retroactively reinstated (going back to the first day of the coverage period) when the periodic payment is received. 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 don't 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.

Your first payment and all periodic payments for COBRA continuation coverage should be sent to:

(Plan Administrator)\_\_\_\_\_

(Address)\_\_\_\_\_

(Telephone No.)\_\_\_\_\_