

does not gain the status of the qualified beneficiary and will lose coverage if the qualified beneficiary who added them to the plan loses coverage.

An exception to this is if a child is born to or a child is placed for adoption with the covered employee qualified beneficiary. If the new born or adopted child is added to the covered employee's continuation coverage, then unlike a new spouse, the new born or adopted child will gain the rights of all other "qualified beneficiaries." The addition of a new born or adopted child does not extend the continuation coverage period. Procedures for adding new dependents can be found in your selected health plan's summary plan description. Contribution rates will be adjusted at that time to the applicable rate.

Should an open enrollment occur during your continuation period, each qualified beneficiary will have independent right to select any of the options or plans that are available for similarly situated non-COBRA participants. COBRA participants are offered the same rights as similarly situated active employees during the employer's open enrollment period. You may change plans and add/delete eligible dependents. Dependents added during open enrollment will not have the same COBRA rights as the "qualified beneficiaries."

What are the special application rules in California?

Individuals who are employed by California employers at the time they become eligible for COBRA continuation coverage and whose COBRA coverage would otherwise end in 18 months may, under Cal-COBRA, continue their coverage with the same group carrier or HMO for up to a total of 36 months. Cal-COBRA only applies to employers with 2 – 19 employees.

Is COBRA coverage affected if an employee does not return to work?

If coverage lapses during the FMLA period due to non-payment of COBRA contributions on the part of the employee, and the employee does not return to work at the end of the FMLA period, the employer is obligated under the new COBRA rules to offer COBRA continuation coverage at the time.

Can Cal-COBRA extend my coverage?

If you are covered under federal COBRA, and you exhaust federal COBRA and you have less than 36 months of federal COBRA coverage, you may have the opportunity to continue coverage for a maximum of 36

months through a combination of federal COBRA and Cal-COBRA.

When you extend your federal COBRA coverage under state Cal-COBRA, you have the opportunity to continue the same health plan as under federal COBRA. However, if you have non-medical coverage under COBRA (dental and vision care) from a specialized health plan, you cannot continue this under state Cal-COBRA.

The contribution amount under state Cal-COBRA may be up to 110% of premium. Just like the contribution for federal COBRA, you will have to pay the entire contribution yourself. You should receive written notification of the coverage available prior to the end of your federal COBRA coverage.

FOR MORE INFORMATION

This notice does not fully describe continuation coverage or other rights under the Plan. More information about continuation coverage and your rights under the Plan is available in your health plan's summary plan description or from your Plan Administrator.

If you have any questions concerning the information in this notice, your rights to coverage, or if you want a copy of your summary plan description, you should contact your former employer.

For more information about your rights under ERISA, including COBRA, the Health Insurance Portability and Accountability Act (HIPAA), 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 or call their toll-free number at 1-866-444-3272. For more information about health insurance options available through Covered California, visit www.CoveredCA.com.

Keep your plan informed of address changes

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



What is continuation coverage?

Federal law requires that most group health plans (including this Plan) give employees and their families the opportunity to continue their health care coverage when there is 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 covered employee's spouse, and the dependent children of the covered employee.

Continuation coverage is the same coverage that the Plan gives to other participants or beneficiaries under the Plan who are not receiving continuation coverage. Each qualified beneficiary who elects continuation coverage will have the same rights under the Plan as other participants or beneficiaries covered under the Plan, including open enrollment and special enrollment rights.

There may be other coverage options for you and your family through the Covered California Individual Marketplace. With Covered California's Individual Marketplace, you could be eligible for financial assistance that lowers your monthly premiums right away, and you can see what your premium, deductibles, and out-of-pocket costs will be before you make a decision to enroll. Being eligible for COBRA does not limit your eligibility for coverage or your eligibility for financial assistance through Covered California. Additionally, you may qualify for a special enrollment opportunity for another group health plan for which you are eligible (such as a spouse's plan), even if the plan generally does not accept late enrollees, if you request enrollment within 30 days of loss of coverage.

If you have any questions about your rights to COBRA continuation coverage, please contact your former employer.

How long will continuation coverage last?

In the case of a loss of coverage due to end of employment or reduction in hours of employment, coverage generally may be continued for up to a total of 18 months. In the case of losses of coverage due to an employee's death, divorce or legal separation, the employee becoming entitled to Medicare benefits or a dependent child ceasing to be a dependent under the terms of the plan, coverage may be continued 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, 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 lasts until 36 months after the date of Medicare entitlement. This notice shows the maximum period of continuation coverage available to the qualified beneficiaries.

Continuation coverage will be terminated before the end of the maximum period if:

- Any required premium is not paid in full on time;
- A qualified beneficiary becomes covered, after electing 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 (Note: there are limitations on plans' imposing a preexisting condition exclusion and such exclusions became prohibited beginning in 2014 under the Affordable Care Act);
- A qualified beneficiary becomes entitled to Medicare benefits (under Part A, Part B, or both) after electing continuation coverage; or,
- The employer ceases to provide any group health plan for its employees.

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

How can you extend the length of federal COBRA continuation coverage?

If you elect continuation coverage, an extension of the maximum period of coverage may be available if a qualified beneficiary is disabled or a second qualifying event occurs. You must notify your former employer of a disability or a second qualifying event in order to extend the period of continuation coverage. Failure to provide notice of a disability or second qualifying event may affect the right to extend the period of continuation coverage.

Disability

An 11-month extension of coverage may be available if any of the qualified beneficiaries is determined by

Important Information About Your COBRA Continuation Coverage Rights

the Social Security Administration (SSA) to be disabled. The disability has 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. Each qualified beneficiary who has elected continuation coverage will be entitled to the 11-month disability extension if one of them qualifies. If the qualified beneficiary is determined by SSA to no longer be disabled, you must notify the Plan of that fact within 30 days after SSA's determination.

Second qualifying event

An 18-month extension of coverage will be available to spouses and dependent children who elect continuation coverage if a second qualifying event occurs during the first 18 months of continuation coverage. The maximum amount of continuation coverage available when a second qualifying event occurs is 36 months. Such second qualifying events may include the death of a covered employee, divorce or separation from the covered employee, the covered employee's becoming entitled to Medicare benefits (under Part A, Part B, or both), or a dependent child's ceasing to be eligible for coverage as a dependent under the Plan. These events can be a second qualifying event only if they would have caused the qualified beneficiary to lose coverage under the Plan if the first qualifying event had not occurred. You must notify the Plan within 60 days after a second qualifying event occurs if you want to extend your continuation coverage.

Social Security Disability/second qualifying event notification procedures

- If the secondary event is Social Security Disability determination, submit a copy of the letter from the Social Security Office to your former employer.
- If the second qualifying event is the subscriber's eligibility to Medicare, submit a copy of the Medicare card to your former employer.
- Call within 10 days to ensure the notification form has been received.

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 continuation coverage even if the employee does not. 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 of the qualified beneficiaries.

In considering whether to elect continuation coverage, 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?

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. The required payment for each continuation coverage period for each option is described in this notice.

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 not later than 45 days after the date of your election. (This is the date the Election Notice is post-marked.) 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 continuation coverage rights under the Plan. This initial premium payment is for the retroactive coverage period from the date of loss of coverage to the current date. You are responsible for making sure that the amount of your first payment is correct.

Benefits verification

If a medical provider (hospital, physician, pharmacy, etc.) requests verification of benefits during this period, they will

be told that you have elected coverage but have yet to pay the premium and that no claims, including prescription drug charges, will be paid until the premium is received.

Periodic payments for continuation coverage

After you make your first payment for continuation coverage, you will be required to make monthly payments for each subsequent coverage month. The amount due for each coverage month is shown in this notice. Each of these monthly payments for continuation coverage is due on the first of each 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 not send periodic notices of payments due for these coverage periods.

Grace periods for monthly payments

Although monthly payments are due on the first of each month, you will be given a grace period of a maximum of 30 days after the first day of the month period to make each periodic payment. Your continuation coverage will be provided for each month as long as payment for that month is made before the end of the grace period for that payment. However, if you pay a periodic payment later than the first day of the coverage month to which it applies, but before the end of the grace period for the coverage period, your coverage under the Plan will be suspended as of the first day of the coverage month and then retroactively reinstated (going back to the first day of the coverage period) when the 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 fail to make a periodic payment before the end of the grace period for that coverage period, you will lose all rights to continuation coverage under the Plan.

All payments for continuation coverage should be sent to your former employer unless your former employer specifies otherwise.

What about COBRA continuation coverage while covered by Medicare?

When an individual is covered by Medicare and then becomes covered under the COBRA Continuation plan, Medicare generally becomes primary coverage. The coverage being continued under COBRA continuation will take the place of secondary payer.

When an individual is covered under COBRA Continuation plan and then becomes covered by Medicare, the participant is no longer eligible for COBRA continuation and must therefore request termination of coverage under COBRA.

What if no qualified beneficiaries are indicated?

If the Election Form does not specify who the election is for, all covered participants will be enrolled for continuing medical benefits. The COBRA election form needs to be completely filled out according to your election preference.

Are there special Medicare entitlement rules for dependents?

If the employee had become entitled to Medicare benefits prior to the date of the original 18-month qualifying event, then the dependent qualified beneficiaries are eligible for 18 months of continuation coverage, or 36 months measured from the date of the Medicare entitlement, whichever is greater. The covered employee however, is only offered 18 months.

It is the responsibility of the qualified beneficiary or covered dependent to notify your former employer within 60 days of the 2nd qualifying event and within the original 18 or 29-month continuation timeline. Employees who first experience a reduction in work hours followed by termination shall only be eligible for 18 months of COBRA continuation coverage from date of reduction in hours.

Are there special rules for military call-up?

Military reservists and their covered family members are entitled to 24 months of continuation coverage.

The employees and their covered dependents are offered 24 months of federal COBRA continuation coverage, rather than the standard 18 months. These are effective for coverage elections occurring on or after the bill's enactment (October 7, 2004).

What are registered domestic partners and legally married same-sex couples' rights?

Legally registered domestic partners and legally married same-sex spouses qualify as spouses and thus qualified beneficiaries under federal law for COBRA purposes.

What happens to new dependents during open enrollment?

If, during a period of continuation coverage, a qualified beneficiary gains a new dependent, the new dependent