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NAME
ADDRESS
CITY, ST ZIP

INITIAL COBRA NOTICE TO EMPLOYEES, SPOUSES AND DEPENDENTS

Introduction

You recently became covered under *(group name)*'s group health plan (the Plan). If this coverage ends some day, you may be able to continue that coverage under circumstances and conditions outlined in the rest of this letter. This notice contains important information about your right to COBRA continuation coverage, 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 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 your right to receive it.** 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* contact the Plan Administrator.

If you participate in the *(enter plan name)* Medical Reimbursement Flexible Spending Account (FSA), you may be able to elect COBRA for the FSA if you have a positive balance in your account at the time of your qualifying event. You will receive additional information about this if you have a qualifying event.

COBRA continuation coverage for the Plan is administered by: *(enter COBRA administrator name, address, phone number, and email address.)*

Qualified Beneficiaries and Qualifying Events

COBRA continuation coverage is a continuation of Plan coverage when coverage would otherwise end because of an event known as a "qualifying event." COBRA continuation coverage must be offered to each person who is a "qualified beneficiary." Qualified beneficiaries are employees, their spouses and dependent children who were covered under the health plan the day before a qualifying event. A retiree may also be a qualified beneficiary as indicated below.

If you are an employee, you will become a qualified beneficiary if you lose your coverage under the Plan because one of the following qualifying events occurs:

- Your hours of employment are reduced, or
- Your employment ends for any reason other than 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 occurs:

- Your spouse dies;
- Your spouse's hours of employment are reduced;
- Your spouse's employment ends for any reason other than gross misconduct;
- You become divorced or legally separated from your spouse.

Your dependent children will become qualified beneficiaries if they will lose coverage under the Plan because any of the following qualifying events occurs:

- The parent-employee dies;
- The parent-employee's hours of employment are reduced;
- The parent-employee's employment ends for any reason other than gross misconduct;
- The parents become divorced or legally separated;
- The child is no longer eligible for coverage under the plan as a "dependent child."

Sometimes, filing a proceeding in bankruptcy under title 11 of the United States Code can be a qualifying event. If a proceeding in bankruptcy is filed with respect to (*employer's name*), and that bankruptcy results in the loss of coverage of any retired employee covered 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 bankruptcy results in the loss of their coverage under the Plan.

Notice Obligations

The Plan will offer COBRA continuation coverage to qualified beneficiaries only after the Plan Administrator has been 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, or commencement of a proceeding in bankruptcy with respect to the employer, the employer must notify the Plan Administrator of the qualifying event within 30 days following the date coverage ends.

Notices You Must Give: For other qualifying events, under the COBRA statutes, you, your spouse, or dependent has the responsibility to inform the Plan Administrator if you and your spouse divorce, become legally separated or your dependent child loses eligibility under the plan. The notice must be provided no later than 60 days after the date coverage terminates under the plan due to the divorce, legal separation, or loss of eligibility (see your plan handbook for details regarding when plan coverage terminates). The notice must include the following information: 1) The name of your former employer; 2) The name and social security number of the policy holder; 3) The affected beneficiary(ies); 4) The event (i.e., divorce); and 5) The date the event occurred. You must send the notice to the group's employment office (*insert name and address*) in writing or by phone. *If you, your spouse or dependent fails to provide the notice during the 60-day time period, any spouse or dependent child who loses coverage will not be offered the option to elect continuation coverage.*

If the Plan Administrator is notified within the 60-day period of a divorce, legal separation, or a child's losing dependent status, then the Plan Administrator will notify the affected family member(s) of COBRA continuation election rights.

Each qualified beneficiary will have an independent right to elect COBRA continuation coverage. An employee may elect continuation coverage for all qualified beneficiaries, or each qualified beneficiary may decide independently whether to elect. Covered employees may elect COBRA on behalf of their spouses, and parents may elect COBRA on behalf of their children. Under the law, qualified beneficiaries have 60 days from the later of the date they would lose coverage because of one of the events described above or the date the notice of their continuation rights was sent, to inform the plan administrator that they want to continue coverage. If timely election is not made, your group health plan coverage will end as of the loss of coverage date and may not be reinstated, subject to any rights you may have under any state/federal law to convert your group coverage to an individual or portability policy.

If you terminate your spouse's coverage in anticipation of divorce or legal separation, the spouse may be eligible for continuation coverage when the divorce or legal separation is finalized. It is your responsibility to inform the Plan Administrator if coverage is terminated in anticipation of a qualifying event.

Keep Your Plan Informed of Address Changes

If you, your spouse or your dependent child has an address change, you must notify **(enter COBRA administrator name)** so that notification of COBRA election rights can be sent to affected family members. You should also keep a copy, for your records, of any notices you send to **(enter COBRA administrator name)**.

Length of Continuation Coverage

If loss of health coverage occurs due to termination of employment or a reduction in hours, qualified beneficiaries are entitled to 18 months of continued coverage. Termination of employment and reduction in hours are the only qualifying events for which an employee can be eligible for continuation coverage.

For a spouse and/or dependent child, COBRA continuation coverage lasts for up to 36 months when the qualifying event is the death of the employee, employee and spouse divorce or legally separate, or a dependent child loses eligibility under the Plan. These events can also be second qualifying events for the spouse and/or dependent child.

If a second qualifying event occurs within an 18-month or 29-month coverage period, then the maximum coverage period (for a spouse or dependent child) becomes 36 months from the date of the initial termination of employment or reduction in hours. **You must make sure that the Plan Administrator is notified of the second qualifying event within 60 days of the second qualifying event. This notice must be sent to (enter COBRA administrator name).**

If the qualifying event of termination of employment or reduction of hours occurs within 18 months after the employee becomes enrolled in Medicare, then the maximum coverage period (for the spouse and dependent child) ends 36 months from the date the employee became enrolled in Medicare. .

If you or anyone in your family covered under the Plan is determined by the Social Security Administration to be disabled at any time during or prior to the first 60 days of COBRA continuation coverage and **you notify** the Plan Administrator within 60 days from the later of the date of the Social Security Administration's disability determination or the date coverage was lost due to the qualifying event of termination of employment or reduction in hours, you and your entire family can receive up to an additional 11 months of COBRA continuation coverage, for a total maximum of 29 months. The notice of approval for disability benefits by the Social Security Administration should be sent to: **(enter COBRA administrator name)**.

Special notice for Oregon insureds: As required by Oregon Law, a covered spouse, age 55 or older, and covered dependents who lose Oregon insurance coverage due to divorce, legal separation, or death of the employee may be eligible to extend the maximum continuation period until the spouse becomes eligible for Medicare or enrolls in another group health plan.

COBRA Continuation Coverage

If you choose COBRA continuation coverage within the specified timeframe, **(Group name)** is required to give you coverage that is identical to the coverage provided under the plan to similarly situated employees or family members at the time of your election. Under the law, qualified beneficiaries may have to pay all or part of the premium for their continuation coverage, which in general, will be 102% of the full cost of providing coverage to active individuals under the plan. The premium may increase to 150% of the cost of coverage under the plan if the coverage is extended beyond 18 months due to Social Security disability.

The first premium payment for continuation coverage is due within 45 days after the date of your election for continuation coverage. This payment must include the amount necessary to cover all months that have ended between the date regular coverage ended and the payment date. Subsequent payments are due on the first of each month; however, as allowed by law, qualified beneficiaries will have a grace period of 30 days to pay the premium. The law does not require that you be billed for premium due. **If you do**

not pay the applicable premium, in good funds, when due, your continuation coverage will end and may not be reinstated.

Termination of COBRA Coverage

A qualified beneficiary's continuation coverage will end, before the end of the maximum continuation period, on the earliest of the following dates:

1. The date **(Group Name)** no longer provides group health coverage to any of its employees;
2. The first day of the month for which the premium for continuation coverage is not paid in a timely fashion in good funds;
3. The date the qualified beneficiary first becomes, after electing continuation coverage, covered under another group health plan that does not contain any exclusion or limitation with respect to any pre-existing condition the qualified beneficiary may have;
4. The date the qualified beneficiary first becomes, after electing continuation coverage, enrolled in Medicare benefits; or
5. For continuation coverage that is extended by disability, the first day of the month beginning at least 31 days after a final determination that a relevant qualified beneficiary is no longer disabled under the Social Security Act. Qualified beneficiaries are required to notify **(enter COBRA administrator name)** within 30 days that the relevant qualified beneficiary is no longer disabled.
6. Coverage is terminated for cause (e.g., a participant submits a fraudulent claim).

Important Information

During and/or at the end of a qualified beneficiary's continuation period, if timely application is made, the qualified beneficiary may have additional rights to other coverage, including conversion and/or portability plans, which may be available under state and/or federal law. Qualified beneficiaries should contact the insurance company providing their coverage or the Insurance Commissioner in their state.

When coverage under the group health plan offered by **(group name)** ends, qualified beneficiaries will be provided with a Certificate of Creditable Coverage. Qualified beneficiaries may need to furnish the Certificate if they become eligible under a group health plan that excludes coverage for certain "pre-existing" medical conditions. Qualified beneficiaries may also need this Certificate to buy a personal insurance policy that does not contain exclusion for pre-existing medical conditions. Qualified beneficiaries who do not receive a Certificate, or who wish to request a certificate at any time with 24 months after coverage under the group health plan ends, may contact the insurance carrier to request a certificate.

Special Notice for Medicare Eligibles: We strongly suggest that qualified beneficiaries who are eligible for Medicare consult the Social Security Administration about the need to enroll in both Parts A and B of Medicare. The date your Medicare Coverage becomes effective may affect your eligibility for COBRA coverage. Please contact your plan administrator if you have questions regarding how Medicare may affect your COBRA eligibility.

If You Have Questions

If you have questions about your COBRA continuation coverage, you should contact your group's employment office 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 numbers of Regional and District EBSA Offices are available through EBSA's website at **www.dol.gov/ebsa**.

Potential qualified beneficiaries should save this notice with their important papers for reference in case of a qualifying event.