

C O B R A

(CONSOLIDATED OMNIBUS BUDGET RECONCILIATION ACT)

IMPORTANT NOTICE FOR YOU AND YOUR COVERED DEPENDENTS: CONTINUATION OF GROUP HEALTH COVERAGE FOR QUALIFIED PERSONS

Federal law requires that your group plan allow qualified persons (as defined below) to continue group health coverage after it would otherwise end. For this purpose, the term, "group health coverage", includes coverage of any medical, dental, vision care, and prescription drugs that are included in your group health plan.

A. Qualified Persons The following persons qualify for continuation:

- (1) An employee whose coverage would otherwise end due to: (a) termination of employment for a reason other than gross misconduct, or (b) a reduction in the employee's workhours; and
- (2) An employee's former spouse (and any children), whose coverage would otherwise end due to divorce or legal separation; and
- (3) An employee's surviving spouse and/or children, whose coverage would otherwise end due to the employee's death; and
- (4) An employee's spouse and/or children, whose coverage would otherwise end due to the employee's election to drop out of the group health plan upon the employee's entitlement to Medicare; and
- (5) An employee's child, whose coverage would otherwise end due to ceasing to be a dependent child under the generally applicable requirements of the plan.

Exception: Continuation is not available to any dependent who is a covered employee under another group health plan.

B. Monthly Premiums A person who elects continuation will be required to pay the entire cost for the continued coverage. At the employer's option, a 2% surcharge can be added to each monthly premium to help defray the administrative expenses.

C. Continuation Period Continued coverage will end on the earliest of the following dates:

- (1) For qualified persons described in A(1) above (pertaining to termination of employment or reduction in work hours), coverage has been continued for 18 months; or
- (2) For all other qualified persons, coverage has been continued for 36 months; or
- (3) With respect to each qualified persons, the date that persons becomes covered under another group health plan.
- (4) With respect to each qualified person the date that person becomes entitled to Medicare; or
- (5) The end of the premium period for which the premium is paid, if the required premium is not paid on a timely basis; or
- (6) The date the group health plan is terminated and not replaced.

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- D. Individual Purchase (conversion)** When continued coverage ends, the person may apply for individual purchase, provided he/she is not then eligible for similar benefits, which would result in over insurance. Application for Individual Purchase and payment of the required premium, must be made within 31 days after the continued coverage ends. Coverage of Dental, Vision Care, or Prescription Drugs are not included with the Individual Purchase. The provisions of this Section D are contingent on the then current group health plan containing rights for such Individual Purchase (Conversion).
- E. Notice Requirements** If a person qualified for continuation due to divorce, legal separation, or casing to be a dependent child, either the employee or the qualified person must so notify the Northwest Allen County Schools business office. This notice should be given before the qualifying event, or as soon as possible thereafter (but not more than 30 days after the qualifying event).

The Northwest Allen County Schools must give qualified persons written notice of their continuation rights, obligations, and premium costs within 14 days after receipt of the notice described above, or within 14 days after any other qualifying event (termination of employment, death of the employee, etc.) becomes known to the employer.

- F. Election Requirements** The qualified person must make written election within 60 days after the later of (1) the date coverage would otherwise end, or (2) the date of the employer's written notice. The election form must be returned to the employer within the stated 60-day period; otherwise, the continuation option expires. The initial premium must be included with the election form. However, if the election is made more than one month after the date coverage would otherwise end, arrangement may be made to delay (for up to 45 days) payment of that part of the initial premium that applies to the premium period **preceding** the election.
- G. Effective Date** The continuation provisions described above are effective for the group plan on September 1, 1986.