

# COBRA General Notice

## Continuation Coverage Rights

To: \_\_\_\_\_ Date: \_\_\_\_\_  
[Name of plan participant] [Date of notice]

### **INTRODUCTION**

THIS NOTICE contains important information about your right to COBRA continuation coverage, when you become covered under an employer sponsored health plan or flexible spending account under a company's qualified cafeteria plan ("Plan") that is considered a group health plan under COBRA. COBRA continuation coverage is a temporary extension of coverage under such 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 a Plan when you would otherwise lose your group health 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 the right to receive it.** This notice gives you only a summary of your COBRA continuation coverage rights. For more information about your rights and obligations under a Plan and under federal law, you should either review the Plan's Summary Plan Description or get a copy of the Plan Document from the Plan Administrator.

COBRA continuation coverage may be administered by your employer or by the health plan's insurance carrier or by a third party plan administrator. This notice will answer many of the most common questions about COBRA. However, please contact the Human Resources Department, the owner or an officer of the company to learn more about your COBRA continuation coverage rights and how to sign up for COBRA if it becomes necessary.

### **COBRA CONTINUATION COVERAGE**

COBRA continuation coverage is a continuation of Plan coverage when coverage would otherwise end because of a life event known as a "qualifying event". Specific qualifying events are listed later in this notice. COBRA continuation coverage must be offered to each person who is a "qualified beneficiary". A qualified beneficiary is someone who will lose coverage under a Plan because of a qualifying event. Depending on the type of qualifying event, employees, spouse of employees, and dependent children of employees may be qualified beneficiaries. Under the Plan, qualified beneficiaries who elect COBRA must pay for COBRA continuation coverage.

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

- (1) Your hours of employment are reduced, or
- (2) Your employment ends for any reason other than your 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 happens:

- (1) Your spouse dies;
- (2) Your spouse's hours of employment are reduced;
- (3) Your spouse's employment ends for any reason other than his or her gross misconduct;
- (4) Your spouse becomes enrolled in Medicare (Part A, Part B, or both); or
- (5) You become divorced or legally separated from your spouse.

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

- (1) The parent-employee dies;
- (2) The parent-employee's hours of employment are reduced;
- (3) The parent-employee's employment ends for any reason other than his or her gross misconduct;
- (4) The parent-employee becomes enrolled in Medicare (Part A, Part B, or both);
- (5) The parents become divorced or legally separated; or
- (6) The child stops being eligible for coverage under the Plan as a "dependent child."

If a Plan provides retiree health coverage, then 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 a Plan, and that bankruptcy results in the loss of coverage of any retired employee covered under a 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 the bankruptcy results in the loss of their coverage under a Plan.

A 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, commencement of a proceeding in bankruptcy with respect to the employer if retiree health coverage is provided under a Plan, or enrollment of the employee in Medicare (Part A, Part B, or both), the employer must notify the Plan Administrator of the qualifying event within 30 days following the date coverage ends.

**For the other qualifying events (divorce or legal separation of the employee and spouse or dependent child's losing eligibility for coverage as a dependent child), you must notify the Plan Administrator. The Plan requires you to notify the Plan Administrator within 60 days after the qualifying event occurs. You must send this notice to the employer.**

Once the Plan Administrator receives notice that a qualifying event has occurred, COBRA continuation coverage will be offered to each of the qualified beneficiaries. For each qualified beneficiary who elects COBRA continuation coverage, COBRA continuation coverage will begin on the date that Plan coverage would otherwise have been lost.

COBRA continuation coverage is a temporary continuation of coverage. When the qualifying event is the death of the employee, enrollment of the employee in Medicare (Part A, Part B, or both), your divorce or legal separation, or a dependent child losing eligibility as a dependent child, COBRA continuation coverage lasts for up to 36 months, but only if the event would have caused the spouse or dependent child to lose coverage under the Plan had the first qualifying event not occurred..

When the qualifying event is the end of employment or reduction of the employee's hours of employment, COBRA continuation coverage lasts for up to 18 months. There are three ways in which this 18-month period of COBRA continuation coverage can be extended.

### **1. DISABILITY EXTENSION OF 18-MONTH PERIOD OF CONTINUATION COVERAGE**

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 the first 60 days of COBRA continuation coverage and you notify the Plan Administrator in a timely fashion, you and your entire family can receive up to an additional 11 months of COBRA continuation coverage, for a total maximum of 29 months. **You must make sure that the Plan Administrator is notified of the Social Security Administration's determination within 60 days of the date of the determination and before the end of the 18-month period of COBRA continuation coverage. This notice and a copy of determination by the Social Security Administration should be sent to the owner of the company and the head of the human resources department.**

#### **Special Rule for Flexible Spending Accounts**

The Flexible Spending Account will only be available for continuation of coverage if your available balance at the time of the COBRA qualifying event is more than the total contributions you will make for the remainder of the Plan Year under COBRA. Your available balance is your annual election for the flexible spending account benefits for the Plan Year less any reimbursable claims submitted before the qualifying event. COBRA contributions for the remainder of the Plan Year shall include a 2-percent administrative fee. You or your qualified spouse or dependent will not be eligible to make a COBRA election for the flexible spending account in any subsequent Plan Year.

### **2. SECOND QUALIFYING EVENT EXTENSION OF 18-MONTH PERIOD OF CONTINUATION COVERAGE**

If your family experiences another qualifying event while receiving COBRA continuation coverage, the spouse and dependent children in your family can get additional months of COBRA continuation coverage, up to a maximum of 36 months. This extension is available to the spouse and dependent children if the former employee dies, enrolls in Medicare (Part A, Part B, or both), gets divorced or legally separated, or if a dependent child stops being eligible under the Plan as a dependent child, but only if the event would have caused the spouse or dependent child to lose coverage under the Plan had the first qualifying event not occurred. **In all of these cases, 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 the owner of the company and the head of the human resources department.**

#### **Special Rule for Flexible Spending Accounts**

The same rule that applies for disability extensions (see above) also applies for second qualifying event extensions.

### **3. EXTENSION UNDER STATE LAW**

State Law may mandate an extension of the 18-month period of COBRA continuation coverage.

### **COBRA CONTINUATION COVERAGE DURING FAMILY OR MEDICAL LEAVE**

During any period during which you are a participant in a Plan and take a family or medical leave as defined in the Family and Medical Leave Act, any benefit elections in force for you shall remain in effect. While you are on paid leave, contributions shall continue. If you are on an unpaid leave, you may elect to prepay required contributions (on a pre-tax basis if the employer provides such a plan) before the commencement of such unpaid leave. Alternatively, you may elect to make such payments on a monthly basis (after-tax only) in accordance with an arrangement that the Plan Administrator shall provide. If coverage is not continued during the entire period of the family or medical leave because you decline to pay the premium, the coverage must be reinstated upon reemployment with no exclusions or waiting periods. If you do not return to work upon completion of the leave, you must pay the full cost of any healthcare coverage that was continued on your behalf during the leave.

#### **EXPANDED COBRA COVERAGE UNDER STATE LAW**

Please consult your benefits administrator to determine the availability of expanded COBRA coverage under your state's laws. Additional premiums and qualification requirements may apply.

### **IF YOU HAVE ANY QUESTIONS**

If you have questions about your COBRA continuation coverage, you should contact the owner or the head of the human resources department 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](http://www.dol.gov/ebsa).

### **KEEP YOUR PLAN INFORMED OF ADDRESS CHANGES**

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

#### **Plan Contact Information**

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*Name of group health plan*

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*Name (or position), address and phone number of officer or owner of company (from whom information about the plan and COBRA continuation coverage can be obtained on request)*