

Today's Date 05/21/2014

*****IMPORTANT INFORMATION ABOUT YOUR HEALTH COVERAGE*****

You're receiving this notice because you recently gained coverage under a group health plan. This COBRA Notice contains important information about your right to continue your health care coverage if, in the future, it is terminated due to a COBRA qualifying event. For certain qualifying events, such as divorce or a child's loss of dependent status, you must submit a notice to your employer using the form enclosed in this packet. Please read all of the information and instructions contained in this packet carefully and become acquainted with both your rights and obligations under COBRA.

When you become eligible for COBRA, you may also become eligible for other coverage options that may be less costly than COBRA continuation coverage. For instance, you may be able to purchase an individual plan through the Health Insurance Marketplace (for which you may qualify for lower costs on your monthly premiums and lower out-of-pocket expenses). You may also be eligible for Medicaid, or other group health plan coverage options (such as your spouse's) due to special enrollment rights. You can learn more about some of these options at www.healthcare.gov.

This notice and any notification requirements pertain to the health plans listed below which are sponsored by your employer. You may be enrolled in some, but not all, of these plans. For details regarding the benefits provided by the plans, please refer to your Summary Plan Description ("SPD") or contact your employer.

Employer Sponsoring The Health Plan(s)

Sample and Demo Company
Karen Neville
3633 136th
Bellevue, WA 98037-

Phone 425-452-9901

COBRA Administrator Issuing This Notice

COBRA Management Services
P.O. Box 53525
Bellevue, WA 98015

Phone 866-517-7580

Fax 425-699-9347
services@cobramanagement.com

Health plans sponsored by your employer that are covered by this notice:

Medical
Dental
Vision

Dan Marino
100 Main Street
test, IA 55555

Important Notice of Future Rights to COBRA Continuation Coverage

Note: This notice gives only a summary of your COBRA continuation coverage rights ("COBRA"). The plans provide no greater COBRA rights than what COBRA requires – nothing in this notice is intended to expand your rights beyond COBRA's requirements.

This notice contains important information about your future rights to COBRA. You are receiving this notice because you have recently become covered under some or all of your employer's health plan(s). COBRA can become available when you, or your enrolled spouse or children, lose coverage under a health plan due to a listed "qualifying event". This notice generally explains COBRA, when it may become available to you and your family, and what you need to do to protect the right to receive it. COBRA, and the description of COBRA contained in this notice, applies only to the group health plan benefits and not to any other benefits offered by your employer such as life insurance, disability, or accidental death and dismemberment benefits.

What is COBRA Coverage?

The right to COBRA coverage was created by a federal law, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). COBRA is a temporary continuation of group health plan coverage when coverage would otherwise end because of a life event known as a "qualifying event." Taking a family or medical leave under the federal Family & Medical Leave Act (FMLA) is not a COBRA qualifying event. An employee qualifies for COBRA if s/he does not return to work after the FMLA leave ends. After a qualifying event occurs, and any required notice of that event is properly provided to the employer, COBRA coverage must be offered to each person losing plan coverage who is a "qualified beneficiary." You, your spouse, or your children could become qualified beneficiaries and each has an independent right to elect COBRA coverage. Certain newborns, a newly-adopted child and alternate recipients under a Qualified Medical Child Support Order (QMCSO) may also be qualified beneficiaries. Qualified beneficiaries who elect COBRA continuation coverage must pay for COBRA coverage.

When it applies to an employee

If you are an employee, you will be entitled to elect COBRA if you lose your group health coverage because any of the following qualifying events happen and you lose coverage under a plan:

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

When it applies to a spouse or domestic partner*

If you are the spouse of an employee, or a domestic partner entitled to COBRA exactly the same as a spouse under the terms of your plan(s), you will be entitled to elect COBRA if you lose your group health coverage because any of the following qualifying events happen and you lose coverage under a plan.

- (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) You become divorced or legally separated from your spouse. Note: If an employee cancels your group health coverage in anticipation of a divorce or legal separation and a divorce or legal separation later occurs, then the divorce or legal separation will be considered a qualifying event even though your coverage was reduced or eliminated before the divorce or legal separation;
- (5) Your spouse becomes entitled to Medicare (Part A, B, or both) and you lose coverage because of that event. Typically, this does not happen due to other Federal regulations.

* Domestic partners are not recognized under federal law and COBRA. However, some health plans confer spousal rights upon domestic partners that include their own obligations and requirements that are beyond the scope of this notice. Entitlement will be determined by the specific eligibility provisions of your plans and could differ from any general statements in this notice. For more information, review your plan booklet, contact the health plan carrier or contact your human resources department.

When it applies to a dependent child

A person enrolled as the employee's dependent child will be entitled to elect COBRA if he or she loses group health coverage because any of the following qualifying events happens and the dependent child loses coverage under a plan:

- (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 child stops being eligible under the plan as a "dependent child";
- (5) The parent-employee becomes entitled to Medicare (Part A, B, or both) and the child loses coverage because of that event. Typically, this does not happen due to other Federal regs.

Other coverage and COBRA

Qualified beneficiaries who are entitled to elect COBRA may do so even if they have other group health plan coverage or are entitled to Medicare benefits *on or before the date* on which COBRA is elected.

When is COBRA Coverage Available?

When the qualifying event resulting in a loss of coverage under a plan is the end of employment or reduction of hours of employment, death of the employee or the employee becoming entitled to Medicare benefits, the plan will offer COBRA coverage to qualified beneficiaries. And, sometimes, filing a proceeding for a Chapter 11 bankruptcy can be a qualifying event for retiree plans only. You don't need to notify the employer of the above qualifying events.

More information about individuals who may be qualified beneficiaries

Children born to or placed for adoption with the covered ex-employee during the COBRA Period

A child born to, adopted by or placed for adoption with a covered ex-employee during a period of COBRA coverage is considered to be a qualified beneficiary and has elected COBRA coverage. The child's coverage begins when the child is enrolled in the Plan, whether through special enrollment or open enrollment, and it lasts for as long

as COBRA coverage lasts for other family members of the employee. To be enrolled in the Plan, the child must satisfy the otherwise applicable Plan eligibility requirements (for example, regarding age).

Alternate recipients under QMCSOs

A child of the covered employee who is receiving benefits under the employer's Plan(s) pursuant to a Qualified Medical Child Support Order (QMCSO) that was received during the covered employee's period of employment is entitled to the same rights under COBRA as a dependent child of the covered employee regardless of whether that child would otherwise be considered as a dependent.

You Must Give Notice of Divorce, Legal Separation, or a Child's Loss of Dependent Status

For the qualifying events resulting in a loss of coverage due to divorce or legal separation of the employee and spouse or a dependent child's losing eligibility for coverage as a dependent child, a COBRA election will be available to you only if you notify the employer in writing within 60 days after the qualifying event occurs or, if later, the date on which the spouse or covered child would lose coverage under the plan as a result of the qualifying event. This is the "notification period".

In providing this notice, you must use the attached form entitled "Notice of a Change in Status for COBRA Entitlement" and follow the procedures detailed on it. Oral notice will not suffice. If you do not have a form, you may request one from the employer or CMS. Requesting a form will not extend the 60-day notification period. If the procedures detailed on the form are not followed and complete notification is not provided, including the timely submission of any requested proof within the 60-day notification period, a spouse, or dependent child who loses coverage will not be offered the option to elect continuation coverage.

How Long Does COBRA Coverage Last?

COBRA is a temporary continuation of coverage. When the qualifying event is the death of the employee, the covered employee's divorce or legal separation, or a dependent child losing eligibility as a dependent child, or the employee's becoming entitled to Medicare benefits (Part A, B, or both) and you lose coverage because of that event, COBRA continuation coverage can last for up to a total of 36 months.

Exception: If the employee became entitled to Medicare within the 18-month period before the end of employment or a reduction in the hours of employment, then COBRA coverage for qualified beneficiaries other than the employee lasts until 36 months after the date of Medicare entitlement. For example, if a covered employee becomes entitled to Medicare 8 months before the date on which his employment terminates, COBRA coverage for the spouse and children can last up to 36 months after the date of Medicare entitlement, which is equal to 28 months after the date of the qualifying event (36 months minus 8 months).

COBRA coverage can last for up to a total of 18 months when the qualifying event is the end of employment or reduction of the employee's hours of employment,

Shorter maximum period for a health FSA

The maximum COBRA period for a health flexible spending arrangement (health FSA) maintained by the employer ends on the last day of the Plan Year in which the qualifying event occurred. Refer to your SPD for more detailed information.

Early termination of COBRA

The COBRA coverage periods described above are maximum coverage periods and COBRA coverage can end before the end of the maximum coverage periods for reasons detailed in your COBRA Election Notice if you should experience a qualifying event and become entitled to COBRA.

Extension of the 18-Month Coverage Period

There are two ways in which the 18-month period of COBRA resulting from a termination of employment or reduction of hours can be extended. You will be provided with details of these extensions if you should become entitled to COBRA. The following is a summary and does not include the notification deadline or procedures for obtaining these extensions. In no event will COBRA continuation coverage exceed a period of 36 months.

Social Security Administration determined disability extension of COBRA

If a qualified beneficiary is determined by the Social Security Administration (the "SSA") to be disabled, all of the qualified beneficiaries in your family who are receiving COBRA coverage may be entitled to receive an additional 11 months of COBRA coverage. The disability must have started at some time before the 61st day after the covered employee's termination of employment or reduction of hours qualifying event or loss of coverage, whichever is later.

Second qualifying event extension of COBRA

If a spouse or child experiences another qualifying event while receiving COBRA, including COBRA coverage during a disability extension period as described above, the spouse and dependent children can get 18 additional months of COBRA coverage. This extension may be available to the spouse and dependent children if the former employee dies or gets divorced or legally separated, or if dependent child stops being eligible under a plan.

If You Have Questions

If you have questions about your plans or your COBRA rights, you should contact either the Employer or CMS. 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, 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. For more information about the Marketplace, visit www.healthcare.gov.

Keep Your Plan Informed of Address Changes

In order to protect your family's rights, you should keep your employer informed of any changes in the addresses of family members.

Maintain Copies for Your Records

You should also keep a copy, for your records, of any notices or forms you send to your employer or CMS.

**Notice of a Change in Status Resulting in COBRA Entitlement
Divorce, Legal Separation, or a Child's Loss of Dependent Status**

General Instructions: Use this notice to notify the employer's benefits administrator of a change in status, called a qualifying event, that results in a loss of health plan coverage and may entitle a spouse or dependent child to COBRA for up to 36-months. If entitled to COBRA, s/he will be called a qualified beneficiary.

Procedure: This form, and any required or requested documentation, must be completed and returned to the employer's benefits administrator within the 60-day notification period (refer to the next section) by mail or personal delivery unless an alternate means of notification is approved in advance by the employer's benefits administrator. Oral notice is not acceptable. Refer to your General Notice, your Summary Plan Description (plan booklet), or contact your employer for the mailing address.

Notification Period: There is a 60-day notification period that begins with the date of the qualifying event or, if later, the date coverage is lost. This form, and any requested documentation, must be provided to the employer's benefits administrator within the 60-day notification period. You are responsible for providing proof of timely submission. **If the submission is not timely, you may lose your rights to COBRA without any chance for reinstatement.**

Who May Provide Notice: The covered employee, a family member or a representative acting on their behalf may provide notice for all related qualified beneficiaries.

More Information: Consult your Summary Plan Description or contact the employer's benefits administrator for more information regarding your rights and obligations under COBRA. Providing this notice does not confer any rights beyond those specified in the Summary Plan Description or under COBRA.

Change in Status: Check the one that applies. Additional proof, such as a divorce decree, may be requested. You will have 15 business days to provide the requested information; however, all required documentation must be provided within the 60-day notification period.

☐ Death of employee.

☐ Divorce, legal separation or dissolution of domestic partnership (if applicable)

Note: not all plans allow for COBRA for domestic partners.

☐ Child no longer meets the plan requirements to maintain dependent eligibility.

Employee name: _____

Name of dependent(s) losing coverage: _____

Date of qualifying event: _____

I certify that the above information is true and correct.

Completed by: employee ☐ spouse ☐ domestic partner ☐ dependent child ☐ other ☐ (describe at bottom)

Print Name: _____

Signature: _____ **Date:** _____

Phone Number: _____ **Email:** _____

Address to which correspondence should be mailed: _____
