



PacificSource  
HEALTH PLANS

**CONTINUATION COVERAGE RIGHTS UNDER COBRA**

FROM: \_\_\_\_\_ (the employer)  
ADDRESS: \_\_\_\_\_ PHONE: \_\_\_\_\_  
TO: \_\_\_\_\_

**What This Notice is About:** You are receiving this notice because you recently became covered under the company's group health plan, hereafter referred to as "the Plan." 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 group health coverage.

This notice explains COBRA continuation coverage in general, when coverage may become available to you and your family, and what you need to do to protect your right to receive it. This notice gives only a summary of your COBRA continuation rights. For more information about your rights and obligations under the Plan and under federal law, you should review your Member Benefit Handbook or Summary Plan Description, or contact the Plan Administrator.

**COBRA Continuation Coverage:** COBRA continuation coverage is a continuation of the Plan's coverage when coverage would otherwise end because of a life event known as a "qualifying event." Specific qualifying events are listed below. COBRA continuation coverage must be offered to each person who is a "qualified beneficiary." A qualified beneficiary is someone who will lose coverage under the Plan because of a qualifying event. Depending on the type of qualifying event, employees, spouses of employees, and dependent children of employees may be qualified beneficiaries. Under the Plan, qualified beneficiaries who elect COBRA continuation coverage are responsible for payment of COBRA continuation coverage premium.

**Qualifying Events:** If you are an employee, you will become a qualified beneficiary if you will lose your coverage under the Plan due to one of the following qualifying events:

- (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 due to one of the following qualifying events:

- (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 from your spouse. If an employee cancels coverage for his or her spouse in anticipation of a divorce and a divorce later occurs, then the divorce will be considered a qualifying event even though the ex-spouse lost coverage earlier. If the ex-spouse notifies the plan administrator within 60 days after the divorce and can establish that the employee canceled the coverage earlier in anticipation of the divorce, then COBRA coverage may be available for the period after the divorce.

Your dependent children will become qualified beneficiaries if they will lose their coverage under the Plan due to one of the following qualifying events:

- (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
- (6) The child stops being eligible for coverage under the Plan as a “dependent child.”

**To Retirees Covered Under the Plan (when applicable):** Sometimes, filing a proceeding in bankruptcy under Title 11 of the United States Code can be a qualifying event. If the employer sponsoring the Plan files a proceeding in bankruptcy, and that bankruptcy causes retired employees covered by the Plan to lose their coverage, then those retired employees are qualified beneficiaries. Retired employees’ spouses and dependent children will also be qualified beneficiaries if bankruptcy results in the loss of their coverage under the Plan.

**Employer Notification Requirements:** The Plan will offer COBRA continuation coverage to qualified beneficiaries only after the Plan Administrator has been notified in a timely manner 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 by the employer (for covered retirees only), 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.

**Your Notification Requirements:** For other qualifying events (divorce or a 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 **in writing** within 60 days after either the qualifying event or the loss of coverage, whichever is later, using the procedure specified below. If these procedures are not followed or if the notice is not provided in writing to the Plan Administrator during the 60-day notice period, any spouse or dependent child who loses coverage will not be offered the option to elect continuation coverage.

**Notification Procedures:** Any notice that you provide must be in writing. Oral notice, including notice by telephone, is not acceptable. You must mail or deliver your notice to the Plan Administrator. If mailed, your notice must be postmarked no later than the last day of the required notice period. Any notice you provide must include the name and address of the employee covered under the Plan and the names and addresses of the qualified beneficiaries. Your notice must also name the qualifying event and the date it happened. If the qualifying event is a divorce, your notice must include a copy of the divorce decree.

**Electing COBRA Continuation Coverage:** Once the Plan Administrator receives timely 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 within the allotted time, COBRA continuation coverage will begin on the date that Plan coverage would otherwise have been lost. **If you, your spouse, or your dependent children do not elect continuation coverage within this 60-day election period, you will lose your right to elect continuation coverage.**

**Coverage Periods:** 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 a dependent child losing eligibility as a dependent child, COBRA continuation coverage lasts for up to 36 months.

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.

**Disability Extension:** If you or anyone in your family covered under the Plan is determined by Social Security Administration to be disabled at any time during the first 60 days of COBRA continuation coverage, you and your entire family can receive up to an additional 11 months of COBRA continuation coverage, for a maximum of 29 months total. You must make sure that the Plan Administrator is notified in writing of the Social Security Administration’s determination within 60 days after the date of the determination and before the end of the 18-month period of COBRA continuation coverage.

**Second Qualifying Event Extension:** 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 period of coverage of 36 months total. This extension is available to the spouse and dependent children if the former employee dies or gets divorced. The extension is also available to a dependent child when that child stops being eligible under the Plan as a dependent child. In all of these cases, you must make sure the Plan Administrator is notified in writing of the second qualifying event within 60 days of the second qualifying event. In regards to a second qualifying event, you must follow the notification procedures outlined above. In case of divorce, your notice must include a copy of the divorce decree. If notice is not provided

in writing to the Plan Administrator within the required 60-day period, then there will be no extension of COBRA continuation coverage due to a second qualifying event.

**Medicare Extension for Spouse and Dependent Children:** If a termination of employment or a reduction of hours is the qualifying event and it occurs within 18 months after the employee becomes entitled to Medicare, then the maximum coverage period for the spouse and dependent children will end three years from the date the employee became entitled to Medicare.

**Newborn and Adopted Children:** A child born to, adopted by, or placed for adoption with a covered employee during a period of continuation coverage is considered to be a qualified beneficiary provided that the covered employee has elected continuation coverage for himself or herself. The child's COBRA coverage begins when the child is enrolled in the Plan through special 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.

**Alternative Recipient under a Qualified Medical Child Support Order (QMCSO):** A child who is receiving benefits under the Plan pursuant to a QMCSO received by the Plan Administrator 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 the child would otherwise be considered a dependent.

**If You Have Questions:** If you have questions about your COBRA continuation coverage, you should contact your Plan Administrator 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.

**Names, Addresses, and Telephone Numbers:**

Plan Administrator Name: \_\_\_\_\_ Phone: \_\_\_\_\_

Address: \_\_\_\_\_

COBRA Administrator Name (if different from Plan Administrator): \_\_\_\_\_

Address: \_\_\_\_\_ Phone: \_\_\_\_\_