

**(Personalized Notice)**  
**123 Home Address**  
**Hometown, State 00000**

**Date:**

**RE: New Hire/Commence of Coverage Notice**

It is important that all covered individuals (employee, spouse, and dependent children, if applicable) take the time to read this notice carefully and be familiar with its contents. If there is a covered dependent whose legal residence is not yours, please provide written notification so a notice can be sent to them as well.

Under federal COBRA law, your employer is required to offer covered employees and covered family members the opportunity for a temporary extension of health coverage (called "Continuation Coverage") at group rates when coverage under the health plan would otherwise end due to certain qualifying events. This notice is intended to inform you (and your covered dependents, if any), in a summary fashion of your potential future options and obligations under the continuation coverage provisions of the COBRA law. Should an actual qualifying event occur in the future, CBA Benefit Services will send you additional information and the appropriate election notice at that time. **Please take special note, however, of your notification obligations which are highlighted below!**

**Qualifying Events For Covered Employee \*** - If you are the covered employee, you may have the right to elect this health plan continuation coverage **if** you lose your group health coverage because of a termination of your employment (for reasons other than gross misconduct on your part) or a reduction in your hours of employment.

**Qualifying Events For Covered Spouse \*** - If you are the covered spouse of an employee, you may have the right to elect this health plan continuation coverage for yourself **if** you lose group health coverage because of any of the following reasons:

1. A termination of your spouse's employment (for reasons other than gross misconduct) or reduction in your spouse's hours of employment;
2. The death of your spouse;
3. Divorce from your spouse; or
4. Your spouse becomes entitled to Medicare.

**Qualifying Events For Covered Dependent Children \*** - If you are the covered dependent child of an employee, you may have the right to elect continuation coverage for yourself **if** you lose group health coverage because of any of the following reasons:

1. A termination of the employee's employment (for reasons other than gross misconduct) or reduction in the employee's hours of employment;
2. The death of the employee;
3. Parent's divorce;
4. The employee becomes entitled to Medicare; or
5. You cease to be a "dependent child" under the terms of the health plan.

\*Rights similar to those described above may apply to covered retirees, and their covered spouses, and dependents if the employer commences a bankruptcy proceeding and these individuals lose coverage within one year of or one year after the bankruptcy filing.

**Important Employee, Spouse, and Dependent Notifications Required**

Under the law, the employee, spouse, or other family member has the responsibility to notify the employer of a divorce, legal separation, or a child losing dependent status. This notification must be made within 60 days from whichever date is later, the date of the event or the date on which health plan coverage would be lost under the terms of the insurance contract because of the event.

If this notification is not completed according to the above procedures and within the required 60 day notification period, then rights to continuation coverage will be forfeited. Carefully read the dependent eligibility rules contained in your benefit booklet so you are all familiar with when a dependent ceases to be a dependent under the terms of the plan. Your employer will notify CBA Benefit Services of the employee's termination of employment, reduction in hours, death, or Medicare entitlement.

**Election Period and Coverage** - Once CBA Benefit Services learns a qualifying event has occurred, we will notify covered individuals (also known as qualified beneficiaries) of their rights to elect continuation coverage. Each qualified beneficiary has independent COBRA election rights and will have 60 days to elect continuation coverage. The 60 day election window is measured from the later of the date health plan coverage is lost due to the event or from the date of COBRA notification. This is the maximum period allowed to elect COBRA as the plan does not provide an extension of the election period beyond what is required by law. If a qualified beneficiary does not elect continuation coverage within this election period, then rights to continue health insurance will end and they cease to be a qualified beneficiary.

If a qualified beneficiary elects continuation coverage, they will be required to pay the entire cost for the health insurance, plus a 2% administration fee. The employer is required to provide the qualified beneficiary with coverage that is identical to the coverage provided under the plan to similarly situated non COBRA participants and/or covered dependents. Should coverage change or be modified for non COBRA participants, then the change and/or modification will be made to your coverage as well.

**Length of Continuation Coverage - 18 Months.** If the event causing the loss of coverage is a termination of employment (other than for reasons of gross misconduct) or a reduction in work hours, then each qualified beneficiary will have the opportunity to continue coverage for 18 months from the date of the qualifying event.

**Social Security Disability** - The 18 months of continuation coverage can be extended for an additional 11 months of coverage, to a maximum of 29 months, for all qualified beneficiaries if the Social Security Administration determines a qualified beneficiary was disabled according to Title II or XVI of the Social Security Act on the date of the qualifying event or at any time during the first 60 days of continuation coverage. In the case of a new born or adopted child that is added to a covered employee's COBRA coverage, the first 60 days of continuation coverage for the new born or adopted child is measured from the date of the birth or the date of the adoption. It is the qualified beneficiaries' responsibility to obtain this disability determination from the Social Security Administration and provide a copy of the determination to CBA Benefit Services within 60 days after the date of determination and before the original 18 months expire.

This extension applies separately to each qualified beneficiary. If the disabled qualified beneficiary chooses not to continue coverage, all other qualified beneficiaries are still eligible for the extension. If coverage is extended, and the disabled qualified beneficiary has elected the extension, then the applicable premium rate is 150% of the premium rate. If only the non-disabled qualified beneficiaries extend coverage, the premium rate will remain at the 102% level. It is also the qualified beneficiaries' responsibility to notify CBA Benefit Services within 30 days if a final determination has been made that they are no longer disabled.

**Secondary Events** - Another extension of the 18 or above mentioned 29 month continuation period can occur, if during the 18 or 29 months of continuation coverage, a second event takes place (divorce, legal separation, death, Medicare entitlement, or a dependent child ceasing to be a dependent). If a second event occurs, then the original 18 or 29 months of continuation coverage can be extended to 36 months from the date of the original qualifying event date for eligible dependent qualified beneficiaries. If a second event occurs, it is the qualified beneficiaries' responsibility to notify CBA Benefit Services in writing within 60 days of the second event and within the original 18 or 29 month COBRA timeline. In

no event, however, will continuation coverage last beyond three years from the date of the event that originally made the qualified beneficiary eligible for continuation coverage. A reduction in hours followed by a termination of employment is not considered a second event for COBRA purposes.

**Length of Continuation Coverage - 36 Months.** If the original event causing the loss of coverage was the death of the employee, divorce, legal separation, Medicare entitlement, or a dependent child ceasing to be a dependent child under the health plan, then each qualified beneficiary will have the opportunity to continue coverage for 36 months from the date of the qualifying event.

**Eligibility, Premiums, and Potential Conversion Rights** - A qualified beneficiary does not have to show they are insurable to elect continuation coverage, however, they must have been actually covered by the plan on the day before the event to be eligible for COBRA continuation coverage. An exception to this rule is if while on continuation coverage a baby is born to or adopted by a covered employee qualified beneficiary. If this occurs, the new born or adopted child can be added to the plan and will gain the rights of all other qualified beneficiaries. The COBRA timeline for the new born or adopted child is measured from the date of the original qualifying event. Procedures and timelines for adding these individuals can be found in your benefits booklets and must be followed. CBA Benefit Services reserves the right to verify COBRA eligibility status and terminate continuation coverage retroactively if you are determined to be ineligible or if there has been a material misrepresentation of the facts.

A qualified beneficiary will have to pay all of the applicable premium plus a 2% administration charge for continuation coverage. These premiums will be adjusted during the continuation period if the applicable premium amount changes. In addition, if continuation coverage is extended from 18 months to 29 months due to a Social Security disability, your employer can charge up to 150% of the applicable premium during the extended coverage period. Qualified beneficiaries will be allowed to pay on a monthly basis. In addition there will be a maximum grace period of (30) days for the regularly scheduled monthly premiums. At the end of the 18, 29, or 36 months of continuation coverage, a qualified beneficiary must be allowed to enroll in an individual conversion health plan provided under the Health Plan if an individual conversion plan is available at that time.

**Cancellation of Continuation Coverage** - The law provides COBRA continuation coverage will end prior to the maximum continuation period for any of the following reasons:

1. The employer ceases to provide any group health plan to any of its employees;
2. Any required premium for continuation coverage is not paid in a timely manner;
3. A qualified beneficiary first becomes, after the date of COBRA election, covered under another group health plan that does not contain any exclusion or limitation with respect to any preexisting condition of such beneficiary other than such an exclusion or limitation which does not apply to or is satisfied by such beneficiary by reason of the Health Insurance Portability and Accountability Act of 1996;
4. A qualified beneficiary first becomes, after the date of COBRA election, entitled to Medicare;
5. A qualified beneficiary extended continuation coverage to 29 months due to a Social Security disability and a final determination has been made that the qualified beneficiary is no longer disabled;
6. A qualified beneficiary notifies CBA Benefit Services they wish to cancel COBRA continuation coverage;
7. For cause, on the same basis that the plan terminates the coverage of similarly situated non COBRA participants.

**Notification of Address Change** - To ensure all covered individuals receive information properly and efficiently, it is important you notify CBA Benefit Services of any address change as soon as possible. Failure on your part to do so will result in delayed COBRA notifications or a loss of continuation coverage options.

**Any Questions?** - Remember, this notice is simply a summary of your potential future options under COBRA. Should an actual qualifying event occur and it is determined that you are eligible for COBRA, you will be notified of all your actual

COBRA rights at that time. If any covered individual does not understand any part of this summary notice or has questions regarding the information or your obligations, please contact CBA Benefit Services 1-866-880-0068.