

INITIAL COBRA NOTIFICATION - VERY IMPORTANT NOTICE

It is important that all covered individuals (employee, spouse, and dependent children if able) take the time to read this notice carefully and be familiar with its contents. If there is a covered dependent not living at your address, please provide written notification to the Payroll/Benefits Office so a notice can be sent to them as well.

Under federal COBRA law, the Southington Board of Education is required to offer covered employees and/or covered family members the opportunity to 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/or your covered dependents, if any), in a summary fashion of the potential future options and obligations under the continuation coverage provisions of the COBRA law. Should an actual qualifying event occur in the future, the plan administrator 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 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 under one of the Board of Education's group health plans currently with Anthem Blue Cross/Blue Shield, 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 with the Southington Board of Education;
2. The death of your spouse;
3. Divorce or legal separation 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 under one of the Board of Education's group health plans currently with Anthem Blue Cross/Blue Shield, 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 with the Southington Board of Education;
2. The death of the employee of the Southington Board of Education;
3. Parent's divorce or legal separation;

4. The employee of the Southington Board of Education becomes entitled to Medicare; or
5. You cease to be a "dependent child" under the terms of the health plan.

Important Employee, Spouse and Dependent Notifications Required.

Under the law, the employee, spouse, or other family member has the responsibility to notify the Payroll/ Benefits Office, of a divorce, legal separation, or a child losing dependent status under one of the Southington Board of Education's group plans currently administered by Anthem Blue Cross/Blue Shield. 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. The employee, spouse, or dependent is to give such notification directed to the Payroll/Benefits Office, in writing, noting the individual, the event, and the date of such occurrence. 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 the summary plan description so you are all familiar with them when a dependent ceases to be a dependent under the terms of the plan. The Southington Board of Education will notify the Payroll/Benefits Office of the employee's termination of employment, reduction in hours, death, or Medicare entitlement.

Election Period and Coverage- Once the plan administrator learns a qualifying event has occurred; the plan administrator will then 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 qualifying 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.

If a qualified beneficiary elects continuation coverage, he/she will be required to pay the entire cost for the health insurance, plus a possible 2% administration fee. The Southington Board of Education is required to provide the qualified beneficiary with coverage that is identical to the coverage provided under the plan to similarly situated employees and/or covered dependents. Should coverage change or be modified for similarly situated active employees, 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 at any time during the first 60 days of continuation coverage. It is the qualified beneficiary's responsibility to obtain this disability determination from the Social Security Administration and provide a copy of the determination to the Payroll/Benefits Office, within 60 days after the date of determination and before the original 18 months expire. It is also the qualified beneficiary's responsibility to notify Payroll/Benefits Office within 30 days if a final determination has been made that they are no longer disabled.

Secondary Events - Another extension of the 18 month continuation period can occur, if during the 18 months of continuation coverage, a secondary 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 months of continuation coverage can be extended to 36 months from the date of the original qualifying event date for the qualified beneficiary spouse and/or dependent children. If a second event occurs, it is the qualified beneficiary's responsibility to notify the Payroll/Benefits Office in writing within 60 days of the secondary event and within the original 18 month COBRA timeline. In no event, however, will continuation coverage last beyond thirty six (36) months from the date of the event that originally made the qualified beneficiary eligible for continuation coverage.

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 aforementioned group 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 at the time of the qualifying event to be eligible for COBRA continuation coverage. The plan administrator 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 in the future 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, the Southington Board of Education 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 months or three years of continuation coverage, a qualified beneficiary must be allowed to enroll in an individual conversion health plan provided under Anthem Blue Cross/Blue Shield if an individual conversion plan is available at that time.

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

1. The Southington Board of Education ceases to provide any group health plan to the employee group from which the eligible member was separated;
2. Any required premium for continuation coverage is not paid in a timely manner;
3. A qualified beneficiary becomes covered under another group health plan that does not contain any exclusion or limitation with respect to any pre-existing 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 becomes 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 Payroll/Benefits Office that they wish to cancel COBRA continuation coverage.

*Additional information on how the Health Insurance Portability and Accountability Act coordinates with COBRA will be provided to you at the time of a COBRA qualifying event.

Notification of Address Change - To insure all covered individuals receive information properly and efficiently, it is important you notify the Southington Board of Education, Payroll/Benefits Office, 200 North Main Street, Southington, CT 06489 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 of coverage options.

Any Questions? - If any covered individual does not understand any part of this summary notice or has questions regarding the information or your obligations, please contact the Payroll/Benefits Office at (860) 628-3200 ext 326.