

## **CONTINUATION COVERAGE RIGHTS UNDER COBRA**

### **What is 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. After a qualifying event, COBRA continuation coverage must be offered to each person who is a "qualified beneficiary." You, your spouse, and your dependent children could become qualified beneficiaries if coverage under the Plan is lost because of the qualifying event. Under the Plan, qualified beneficiaries who elect COBRA continuation coverage must pay for COBRA continuation coverage.

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

- Your hours of employment are reduced, or
- 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 lose your coverage under the Plan because any of the following qualifying events happens:

- Your spouse dies;
  - Your spouse's hours of employment are reduced;
  - Your spouse's employment ends for any reason other than his or her gross misconduct;
  - Your spouse becomes entitled to Medicare benefits (under Part A, Part B, or both); or
  - You become divorced or legally separated from your spouse.
- Your dependent children will become qualified beneficiaries if they lose coverage under the Plan because any of the following qualifying events happens:

- The parent-employee dies;
- The parent-employee's hours of employment are reduced;
- The parent-employee's employment ends for any reason other than his or her gross misconduct;
- The parent-employee becomes entitled to Medicare benefits (Part A, Part B, or both);
- The parents become divorced or legally separated; or
- The child stops being eligible for coverage under the plan as a "dependent child."

Qualified beneficiaries also include a child born to or placed for adoption with the covered employee who satisfies the plan eligibility requirements and becomes covered under the Plan during the period of COBRA coverage.

### **Retirees (only if the Plan provides retiree health coverage)**

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 your sponsoring employer, and that bankruptcy results in the loss of coverage of any retired employee covered under the Plan, the retired employee will become a qualified beneficiary with respect to the bankruptcy. The retired employee's spouse, surviving spouse, and dependent children will also become qualified beneficiaries if bankruptcy results in the loss of their coverage under the Plan.

### **When is COBRA Coverage Available?**

The 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, or the employee's becoming entitled to Medicare benefits (under Part A, Part B, or both), the employer must notify the Plan Administrator of the qualifying event.

### **You Must Give Notice of Some Qualifying Events**

**For the other qualifying events (divorce or legal separation of the employee and spouse or a dependent child's losing eligibility for coverage as a dependent child) causing a loss of coverage, you must notify Human Resources, Core Financial Services, or the COBRA administrator in writing within 60 days after the later of the date the qualifying event occurs or the date that you would lose benefits due to a qualifying event. The employee or family member can provide notice on behalf of themselves as well as other family members affected by the qualifying event. The written notice of the qualifying event should be sent to Human Resources, Core Financial Services, or the COBRA administrator.**

If you need help acting on behalf of an incompetent beneficiary, please contact **Human Resources, Core Financial Services, or the COBRA administrator.**

### **How is COBRA Coverage Provided?**

Once the Plan Administrator receives notice that a qualifying event has occurred, COBRA continuation coverage will be offered to each of the qualified beneficiaries. Each qualified beneficiary will have an independent right to elect COBRA continuation coverage. Covered employees may elect COBRA continuation coverage on behalf of their spouses, and parents may elect COBRA continuation coverage on behalf of their children.

COBRA continuation coverage is a temporary continuation of coverage. When the qualifying event is the death of the employee, the employee's becoming entitled to Medicare benefits (under Part A, Part B, or both), your divorce or legal separation, or a dependent child's losing eligibility as a dependent child, COBRA continuation coverage

lasts for up to a total of 36 months. When the qualifying event is the end of employment or reduction of the employee's hours of employment, and the employee became entitled to Medicare benefits less than 18 months before the qualifying event, COBRA continuation 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 continuation coverage for his 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). Otherwise, when the qualifying event is the end of employment or reduction of the employee's hours of employment, COBRA continuation coverage generally lasts for only up to a total of 18 months. There are two 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 and you notify **Human Resources, Core Financial Services, or the COBRA administrator** in writing in a timely fashion, you and your entire family may be entitled to receive an additional 11 months of COBRA continuation coverage for a total maximum of 29 months. The disability would have to have started at some time before the 60th day of COBRA continuation coverage and must last at least until the end of the 18-month period of continuation coverage. The qualified beneficiary must provide the written determination of disability from the Social Security Administration to **Human Resources, Core Financial Services, or the COBRA administrator** within 60 days of the latest of the date of the disability determination by the Social Security Administration, the date of the qualifying event or the benefit termination date; and prior to the end of the 18-month COBRA continuation period. You will be required to pay up to 150% of the group rate during the 11-month extension.

#### ***2) Second qualifying event extension of 18-month period of continuation coverage***

If your family experiences another qualifying event while receiving 18 months of COBRA continuation coverage, the spouse and dependent children in your family can get up to 18 additional months of COBRA continuation coverage, for a maximum of 36 months, if notice of the second qualifying event is properly given to the Plan. This extension may be available to the spouse and any dependent children receiving continuation coverage if the employee or former employee dies, becomes entitled to Medicare benefits (under Part A, Part B, or both), or gets divorced or legally separated, or if the 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.

#### ***\*\*Extended Cal-COBRA Coverage for California Employees***

*The Plan must offer any qualified beneficiary who is entitled to less than 36 months of continuation coverage under COBRA and has exhausted such coverage the opportunity to extend coverage under Cal-COBRA to a total of 36 months from the date the qualified beneficiary's continuation coverage began. A qualified beneficiary electing such further continuation coverage must pay to the group plan, on or before the due date of each payment but not more frequently than on a monthly basis, not more than 110 percent of the applicable rate charged for a covered employee or, in the case of dependent coverage, not more than 110 percent of the applicable rate charged to a similarly situated individual under the group benefit plan being continued under the group contract.*

#### **If You Have Questions**

Questions concerning your Plan or your COBRA continuation coverage rights should be addressed to the contact or contacts identified below. 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) in your area or visit the EBSA website at [www.dol.gov/ebsa](http://www.dol.gov/ebsa). (Addresses and phone numbers of Regional and District EBSA Offices are available through EBSA's website.)

#### **Please Note**

Some states offer financial aid to help certain individuals pay for COBRA coverage. Contact your appropriate state agency regarding availability and eligibility requirements. Additionally, under certain circumstances, COBRA coverage may be paid with pre-tax dollars from a cafeteria plan under Section 125.

#### **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 **Human Resources, Core Financial Services, or the COBRA administrator.**

#### **Plan Contact Information**

**Human Resources  
Core Financial Services or your assigned COBRA administrator**



State of California—Health and Human Services Agency  
Department of Health Care Services



EDMUND G. BROWN JR.  
GOVERNOR

Health Insurance Premium Payment (HIPP) Program  
**NOTICE TO TERMINATING EMPLOYEES**

The California Department of Health Care Services will pay health insurance premiums for certain persons who are losing employment and have a medical condition that requires a physician's treatment. In order to qualify for the **Health Insurance Premium Payment (HIPP) Program**, you must meet **ALL** of the following conditions:

1. Must currently be on Medi-Cal;
2. Must have a medical condition that requires a physician's treatment. The estimated average monthly **cost-savings** to Medi-Cal must be 1.1 or greater;
3. Must have a current health insurance policy, COBRA or CAL-COBRA continuation policy, or a COBRA conversion policy in effect or available at the time of application;
4. Health insurance policy **must** cover your medical condition;
5. Application must be completed and returned in time for the State of California to process your application and pay your premium;
6. Health insurance policy **must not** be issued through the California Managed Risk Medical Insurance Board, or the California Major Risk Medical Insurance Program;
7. **Must not** be enrolled in a Medi-Cal related prepaid health plan, County Health Initiative, Geographic Managed Care Program, County Medical Services Program (CMSP), and/or Medicare; and
8. If a non-custodial parent has been ordered by the court to provide the health insurance, the child will not be eligible for the HIPP Program.

**FOR PERSONS DISABLED BY HIV/AIDS**  
**CARE/HIPP Program**

Under the Ryan White Comprehensive AIDS Resources Emergency (CARE) Act of 1990, persons unable to work because of disability due to HIV/AIDS and are losing their private health insurance may qualify for premium payment assistance through the CARE Health Insurance Premium Payment (CARE/HIPP) Program for up to 29 months, if they meet the following criteria:

1. Have applied for Social Security Disability Insurance (SSDI), Supplemental Security Income (SSI), State Disability Insurance (SDI), or other disability programs;
2. Are currently covered by a health insurance plan (COBRA, Cal-COBRA individual or group), which includes outpatient prescription drug coverage and HIV-related treatment services;
3. Are not currently on the AIDS Drug Assistance Program (ADAP) for any outpatient prescription drug that can be covered by private insurance;
4. Have a total monthly income of no more than 400 percent of the current federal poverty level; and
5. Will be eligible for the Medi-Cal/HIPP or a County Organized Health System (COHS) HIPP Program by the end of the 29-month coverage period (some clients may be eligible for extended program coverage).