

## Notification of COBRA Rights and Requirements (Revised 12-31-09)

Coverage may continue in certain instances where coverage under the Plan would normally end. The information below advises you of your rights and obligations under this continuation coverage, made possible under federal legislation commonly referred to as COBRA. A person who is eligible for continuation is called a "qualified beneficiary." Each qualified beneficiary, or the parent or legal guardian of a minor qualified beneficiary, has a right to make a separate election for a qualified beneficiary or for such minor. The events making a person eligible are called "qualifying events." Questions may be directed to the plan administrator. This notice does not fully describe your rights under this continuation coverage and the Plan and a more complete description regarding such rights is available in the Plan's summary plan description booklet or from the COBRA administrator.

**Eligibility for Continuation** The following qualifying events make a plan participant eligible as a qualified beneficiary. If an employee's medical coverage terminates because of termination of employment (other than for gross misconduct) or reduction of hours, the employee is a qualified beneficiary and may elect to continue the medical coverage. If you are a spouse/dependent of an employee, and were covered under the Plan at the time of the qualifying event, or born of the employee or adopted by the employee during the period of COBRA continuation and qualify as a "dependent" under the Plan, you have the right to continuation coverage if medical coverage terminated for any of the following events: (1) Death of an employee (2) Termination of the employee's employment (other than for gross misconduct) or reduction in hours worked (3) Divorce or legal separation (4) Employee becomes covered under Medicare (5) Dependent child no longer meets the definition of an eligible dependent under the Plan (6) Substantial reduction in retiree coverage due to employer bankruptcy reorganization.

**Notice of Qualifying Event/Election Period** The COBRA Administrator will provide notice of the availability of continuation coverage when the following qualifying events occur: (1) Employee's death (2) Loss of coverage due to employee's termination of employment (other than for gross misconduct) or reduction of work hours (3) Loss of coverage due to Medicare entitlement (4) Substantial reduction in retiree coverage due to employer bankruptcy reorganization. Plan participants must notify the plan sponsor in writing within 60 days of a divorce, separation, child losing dependent status in order to arrange for continuation coverage. The COBRA administrator will then provide the plan participants an election notice. An election for continuation coverage must be made within the 60-day election period beginning on the later of the date the coverage would end because of one of the qualifying events described above or the date the participant(s) is sent COBRA notice. In order for the COBRA administrator to notify you of your COBRA rights, it is important for you to keep the plan administrator advised of your current address.

**Period of Continuation** Continuation will terminate on the earliest of the following dates: (1) The end of: (a) 18 months, in the case where the coverage ended because of termination of employment (other than for gross misconduct) or reduction of hours (b) 36 months total, for dependents of the plan participant who have other including second qualifying events (c) 29 months, for employees and dependents if either the employee or a qualified dependent beneficiary is classified as disabled under the terms Title II or XVI of the Social Security Act within 60 days of the time of termination of employment or reduction of hours provided you notify the Plan Sponsor in writing within 60 days after you receive notice of disability from the Social Security Administration, and providing that you provide such notice to the Plan Sponsor before the end of the initial 18 months of COBRA continuation. (2) The date after the COBRA election on which the person first becomes: a) covered under any other group health plan, as an employee or otherwise. (NOTE: Qualified beneficiaries, i.e., employee, spouse and/or dependents, who become covered by another group insurance program, are allowed to continue COBRA coverage only if the other group insurance plan has a pre-existing condition limitation or exclusion clause that applies to that individual's coverage. COBRA coverage will continue only to the time period specified above, or if earlier, when the preexisting conditions restriction no longer applies) (b) entitled to benefits under Medicare (3) The date the premium is not paid (4) The date the plan sponsor no longer provides group health coverage to any of its employees (5) In the case where continuation of coverage is extended to 29 months, this extended coverage will be terminated the first day of the month following 30 days after the final determination that the individual is no longer disabled. You are required to notify the plan sponsor within 30 days of any event described above which would cause COBRA coverage to end.

**Election and Premium Payment** If continuation coverage is chosen, this coverage will be identical to the coverage provided under the plan prior to the qualifying event. Qualified beneficiaries choosing to continue coverage under COBRA must pay the entire premium amount (plus a 2% administration charge, or plus 50% during an 11 month disability extension) to the COBRA Administrator on a monthly basis. (Monthly premium rates are subject to change annually). Payroll deduction is not available to COBRA participants. Checks should be made payable to the COBRA Administrator, Inc. The qualified beneficiary's first payment deadline is 45 days after the date of their continuation election. The subsequent payment due date is the first day of the month for which coverage is purchased with a deadline of 30 days after the due date. Failure to pay premiums by these deadlines will result in termination of coverage. Information on current premiums is available by contacting the COBRA Administrator. Failure to elect COBRA coverage may cause you to avoid having pre-existing conditions apply to you in other group plans if you have more than a 63 day gap in health coverage, and will cause you to lose the guaranteed right to purchase individual health insurance policies that do not impose such pre-existing condition if you do not exhaust COBRA coverage. You have a right to request special enrollment under certain plans that you are eligible for if you (a) apply within 30 days of coverage termination related to the initial qualifying event or (b) apply within 30 days of exhaustion of COBRA continuation coverage. If you reject COBRA coverage before the deadline for election, you may still elect COBRA before the election deadline by completing a new election form and your coverage will be effective on the date the form is received by the Plan administrator or its designee.

# **Amendment to Notification of COBRA Rights and Requirements For American Recovery and Reinvestment Act**

The American Recovery and Reinvestment Act modifies COBRA rights and responsibilities for “assistance eligible individuals” in the following respects:

## **Assistance Eligible Individual**

An assistance eligible individual is any qualified beneficiary who (1) between September 1, 2008 and February 28, 2010 is eligible for COBRA, (2) elects COBRA, and (3) the qualifying event for such COBRA was the involuntary termination of the covered employee’s employment during the period described in (1) above.

## **Availability of Premium Reduction**

An assistance eligible individual is required to pay only 35% of the COBRA premium for COBRA coverage beginning on or after March 1, 2009 until the earliest of (1) the date the individual is eligible to elect coverage under any other group health plan (other than only dental, vision, counseling, referral services, on site first aid services, prevention and wellness care, or combination of the foregoing), or Medicare (2) the date 15 months of reduced premiums have been paid, (3) the date COBRA coverage otherwise terminates, or (4) the date COBRA coverage would have terminated if elected properly. The assistance eligible individual must notify the Plan Sponsor prior to the payment date of any reduced premium if the individual is eligible to elect other group health coverage or Medicare. A failure to do so may result in a federal penalty of 110% of the premium reduction amount.

## **Extension of Election Period**

An individual who does not have a COBRA election in effect on February 17, 2009 but who would have been an assistance eligible individual if such election were in effect on that date may elect COBRA coverage during the period beginning on February 17, 2009 and ending 60 days after receipt of this notification with coverage to commence as of March 1, 2009. Continuation coverage may not extend beyond the period allowed had the individual previously elected coverage as otherwise required by COBRA. The period beginning on the date of the qualifying event and ending on March 1, 2009 shall be disregarded for purposes of the 63-day gap in health coverage for assistance eligible individuals enrolling under this election period extension.

## **Premium Reduction Elimination**

The premium reduction is phased out for individuals whose modified adjusted gross income is between \$125,000 (\$250,000 if joint return) and \$145,000 (\$290,000 if joint return). These high income individuals may waive the premium reduction and avoid applicable recapture taxes.

## **Expedited Review of Denials**

An individual requesting treatment as an assistance eligible individual and is denied such treatment by the Plan shall be entitled to petition the U.S. Secretary of Labor or Secretary of Health and Human Services for an expedited review of that decision in such form or manner as approved by such Secretary. The decision on review shall be within 15 business days of application for review and shall be the final determination of such individual’s status.

**Further Information Further information on the premium reduction is available from Mutual Medical Plans, Inc., P.O. Box 689, Peoria, IL 61652, (800)448-4689.**