

## COBRA Notice of Rights

**COBRA continuation coverage is a temporary extension of group health coverage under the Plan. The right to COBRA 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 under the Plan. This notice generally explains COBRA coverage, when it may become available to you and your family, and what you need to do to protect the right to receive it. COBRA (and the description of COBRA coverage contained in this notice) applies only to the group health plan benefits offered under the Plan and not to any other benefits.**

### What is COBRA Coverage?

COBRA coverage is a continuation of group health coverage under the Plan 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 occurs and any required notice of that event is properly provided to the COBRA Administrator, COBRA coverage must be offered to each person losing Plan coverage who is a "qualified beneficiary." You, your spouse, and your dependent children could become qualified beneficiaries and would be entitled to elect COBRA if coverage under the Plan is lost because of the qualifying event.

COBRA coverage is the same coverage that the Plan gives to other participants or beneficiaries under the Plan who are not receiving COBRA coverage. Each qualified beneficiary who elects COBRA will have the same rights under the Plan as other participants or beneficiaries covered under the Plan. Under the Plan, qualified beneficiaries who elect COBRA must pay for COBRA coverage.

If you are an employee, you will become a qualified beneficiary if you will 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 will 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 enrolled in Medicare (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 will 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 enrolled in Medicare (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."*

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 the employer sponsoring the Plan, and that bankruptcy results in the loss of coverage of any retired employee covered under the Plan, the retired employee is a qualified beneficiary with respect to the bankruptcy.

The retired employee's spouse, surviving spouse, and dependent children will also be 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 to qualified beneficiaries only after the COBRA 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, or enrollment of the employee in Medicare (Part A, Part B, or both), the employer must notify the COBRA Administrator of the qualifying event. In addition, if the Plan provides retiree health coverage, then commencement of a proceeding in a bankruptcy with respect to the employer is also a qualifying event where the employer must notify the COBRA 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), **you must notify your COBRA Administrator** using the contact information provided above. The Plan requires you to notify your COBRA Administrator within 60 days after the later of (1) the date of the qualifying event; or (2) the date on which the qualified beneficiary loses (or would lose) coverage under the terms of the Plan as a result of the qualifying event. In providing this notice, you must use the form entitled "*Employee/Spouse/ Dependent Notice of Qualifying Event Form and Procedures*" and you must follow the procedures specified on the form.

You may obtain a copy of the *Employee/Spouse/Dependent Notice of Qualifying Event Form and Procedures* from the COBRA Administrator using the contact information provided below. If these procedures are not followed or if the notice is not provided in writing to the COBRA Administrator during the 60-day notice period, you will lose your right to elect COBRA.

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

Once the COBRA 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. Covered employees and spouses (if the spouse is a qualified beneficiary) may elect COBRA on behalf of all of the qualified beneficiaries, and parents may elect COBRA on behalf of their children. Any qualified beneficiary for whom COBRA is not elected within the 60-day election period specified in the Plan's COBRA election notice will lose his or her right to elect COBRA coverage. For each qualified beneficiary who elects COBRA continuation coverage, COBRA continuation coverage will begin either (1) on the date of the qualifying event or (2) on the date that Plan coverage would otherwise have been lost, depending on the nature of the Plan.

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 legal separation, 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 two ways in which this 18-month period of COBRA continuation coverage can be extended.

### ***Disability Extension of 18-month Period of Continuation Coverage***

If a qualified beneficiary is determined by the Social Security Administration to be disabled and you notify the COBRA Administrator in a timely fashion, all of the qualified beneficiaries in your family may be entitled to receive up to an additional 11 months of COBRA coverage, for a total maximum of 29 months. This extension is available only for qualified beneficiaries who are receiving COBRA coverage because of a qualifying event that was the covered employee's termination of employment or reduction of hours. The disability must have started at some time before the 61st day after the covered employee's termination of employment or reduction of hours and must last at least until the end of the period of COBRA coverage that would be available without the disability extension (generally 18 months, as described above). Each qualified beneficiary will be entitled to the disability extension if one of them qualifies. The disability extension is available only if you notify the COBRA Administrator using the contact information provided below in writing and include a copy of your Social Security Administration's determination letter of disability within 60 days after the latest of:

- The date of the Social Security Administration's disability determination;
- The date of the covered employee's termination of employment or reduction of hours; and
- The date on which the qualified beneficiary loses (or would lose) coverage under the terms of the Plan as a result of the covered employee's termination of employment or reduction of hours.

You must also provide this notice within 18 months after the covered employee's termination of employment or reduction of hours in order to be entitled to a disability extension.

Failure to provide a copy of the Social Security Administration's determination letter to the COBRA Administrator during the 60-day notice period and within 18 months after the covered employee's termination of employment or reduction of hours will result in a loss of entitlement for the disability extension of COBRA coverage.

### ***Second Qualifying Event Extension***

An extension of coverage will be available to spouses and dependent children who are receiving COBRA coverage if a second qualifying event occurs during the 18 months (or, in the case of a disability extension, the 29 months) following the covered employee's termination of employment or reduction of hours. The maximum amount of COBRA coverage available when a second qualifying event occurs is 36 months. Such second qualifying events may include the death of a covered employee, divorce or legal separation from the covered employee or a dependent child's ceasing to be eligible for coverage as a dependent under the Plan. These events can be a second qualifying event only if they would have caused the qualified beneficiary to lose coverage under the Plan if the first qualifying event had not occurred.

This extension due to a second qualifying event is available only if you notify the COBRA Administrator using the contact information provided below in writing of the second qualifying event within 60 days after the later of (1) the date of the second qualifying event; or (2) the date on which the qualified beneficiary would lose coverage under the terms of the Plan as a result of the second qualifying event (if it had occurred while the qualified beneficiary was still covered under the Plan).

In providing this notice, you must use the form entitled "(Employee/Spouse/ Dependent Notice of a Qualifying Event (Form & Notice Procedures)," and you must follow the procedures specified on the form.

Failure to follow the procedures or failure to provide the notice in writing to the COBRA Administrator during the 60-day notice period will result in a loss of entitlement for the second qualifying event extension.

### ***Address Changes***

In order to protect your family's rights, you should keep the COBRA Administrator informed of any changes in the addresses of yourself or your family members. You should also keep a copy, for your records, of any notices you send to the COBRA Administrator.

## **Questions?**

For information about your COBRA rights and obligations under the Plan, you should review the Plan's Summary Plan Description or contact COBRA-Plus®, the COBRA administrator. COBRA-Plus® contact information is provided below.

If you have additional questions about your COBRA continuation coverage, 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 Web site at [www.dol.gov/ebsa](http://www.dol.gov/ebsa)<http://www.dol.gov/ebsa>.

### **COBRA Administrator Address & Contact Information**

***COBRA-Plus®***

***203 10th St N***

***PO Box 869***

***Fargo, ND 58107-0869***

***Toll Free: 866.451.3399***

***Phone: 701.451.3399***

***Web Site: [www.discoverybenefits.com](http://www.discoverybenefits.com)***

***Plan Administrator***

***Banner Health***

***1441 N. 12th Street***

***Phoenix, AZ 85006***