

Important Notice to Employees and Dependents of Continuation Option
(If you are married, both you and your spouse should take the time to read this notice carefully)

The Consolidated Omnibus Budget Reconciliation Act (COBRA) passed by the 99th Congress provides that when Participants (Employees and Dependents) lose their eligibility for group health coverage because of any of the events listed below, they may elect to continue group health coverage. The continued coverage can remain in effect for a maximum period of either 18, 29 or 36 months depending on the reason that eligibility terminated.

Events qualifying for 18-month continuation are loss of eligibility as a result of:

1. Reduction of Employee work hours; or
2. Employee retirement or termination (voluntary or involuntary), except for discharge for gross misconduct.
Note: The 18 months can be extended to up to 29 months when any Participant is determined by the Social Security Administration to be disabled at any time during the first 60 days of COBRA coverage and notice of such determination is provided both within 60 days of the determination and prior to termination of continuation coverage.

Events qualifying for 36-month continuation for Dependents are loss of eligibility as a result of:

1. Death of the Employee;
2. Divorce or legal separation of the Employee;
3. Medicare eligible Employee (Employee becomes eligible for Medicare, leaving Dependents without group health coverage); or
4. Children who lose coverage due to eligibility provisions (for example: limiting age, marriage).

Who is eligible for the continuation option?

Participants (Employees and Dependents) who are covered by the group health plan at the time of the qualifying event are qualified beneficiaries and are eligible to continue coverage. Each may make an independent election. A child born or adopted by the Employee during COBRA continuation is eligible to be a qualified beneficiary upon timely application.

How do the Participants apply?

1. If a qualifying event is either: (a) the divorce of an Employee; or (b) a child becoming ineligible for coverage, the eligible Participants must notify the Employer in writing. Then, the Employer will give written notice to the Participants of the continuation option. If the qualifying event is the Employee's death, Medicare eligibility, or termination of employment (or reduction of hours), the Employer will give written notice to the Participants of the continuation option.
2. The eligible Participants have 60 days to give written notice to the Employer of their desire to continue coverage. The election must specify names of covered individuals and the reason for and date of the qualifying event.
3. A Participants' coverage shall terminate upon the occurrence of any of the following:
 - a. The maximum time period expires;
 - b. A continued Participant obtains coverage after the date of election under any other group health plan (as an Employee or otherwise) which does not contain an applicable exclusion for any Preexisting Condition of the Participant;
 - c. A continued Participant becomes covered by any Medicare benefits after the date of election;
 - d. The Employer no longer provides group health coverage for Employees; or
 - e. The required payment to continue coverage is not made on a timely basis.

A continued Participant's coverage may also be terminated for fraud or intentional misrepresentation of material fact to the same extent the coverage for a similarly situated non-continued Participant could be terminated.

Benefits for a continued Participant will be the same as those for active Employees. Rates will be based upon the rates for active Employees. If the Employer changes benefits or rates, the continued Participants will receive the new benefits and a new rate.

A service fee of 2% of the premium paid by active Participants is added to the premium and is payable by the continued Participant. An extra premium of 50% may be added for Participants who extend coverage from 18 to 29 months. You are responsible for premium payment.

Contact your Employer if you have any questions about COBRA.

If continuation coverage is not elected, your group coverage will end.
Note: COBRA is not applicable to certain small groups and to churches.