

COBRA CONTINUATION COVERAGE ELECTION NOTICE  
NOTE: ALL INFORMATION CONTAINED IN THIS NOTICE IS SUBJECT TO VERIFICATION

Mailed on: Date

Group # : XXX Group Name  
Active Location : XX  
COBRA Location : XX  
Group Name

Dear Addressee

Address

Address

This notice contains important information about your right to continue your health care coverage in Employer's Group Health Plan. Please read the information contained in this notice carefully.

The American Recovery and Reinvestment Act of 2009 (ARRA) reduces the COBRA premium in some cases. You are receiving this election notice because you experienced a loss of coverage that occurred during the period that begins with September 1, 2008 and ends with December 31, 2009 and you may be eligible for the temporary premium reduction for up to nine months. To help determine whether you can get the ARRA premium reduction, you should read this notice and the attached documents carefully. In particular, reference the "Summary of the COBRA Premium Reduction Provisions under ARRA" with details regarding eligibility, restrictions, and obligations and the "Application for Treatment as an Assistance Eligible Individual." **If you believe you meet the criteria for the premium reduction, complete the "Application for Treatment as an Assistance Eligible Individual" and return it with your completed Election Form.**

To elect COBRA continuation coverage, follow the instructions on the next page to complete the enclosed Election Form and submit it to us

If you do not elect COBRA continuation coverage, your coverage under the Plan will end on [date following termination date of coverage] due to:

- |  |   |
|--|---|
| <input type="checkbox"/> TERMINATION OF EMPLOYMENT – VOLUNTARY   | <input type="checkbox"/> ENTITLEMENT TO MEDICARE          |
| <input type="checkbox"/> TERMINATION OF EMPLOYMENT – INVOLUNTARY | <input type="checkbox"/> REDUCTION IN HOURS OF EMPLOYMENT |
| <input type="checkbox"/> DIVORCE OR LEGAL SEPARATION             | <input type="checkbox"/> LOSS OF DEPENDENT CHILD STATUS   |
| <input type="checkbox"/> DEATH OF EMPLOYEE                       |   |

Each person ("qualified beneficiary") listed below is entitled to elect COBRA continuation coverage, which will continue group health care coverage under the Plan for up to 18 months:

Employee or former Employee : Name of employee  
Spouse or former Spouse : Name of spouse

If elected, COBRA continuation coverage will begin on begin date and can last until end date.

See the enclosed page titled \*Applicable Coverage/Rates\* for the coverage that may be continued and the applicable monthly rates. You do not have to send any payment with the Election Form. However, your coverage will not be reinstated until the completed Election Form and premiums due are received and processed by our office. This process may take 7-10 days in some cases. Any claim(s) submitted for benefits may be denied and may have to be resubmitted once all premiums due have been paid and your coverage is reinstated. Important additional information about payment for COBRA continuation coverage is included in the pages following the Election Form.

If any of the qualified beneficiaries listed above no longer lives at this address, please contact us immediately so that we may notify him/her of his/her COBRA continuation rights.

If you have questions about this notice or your rights to COBRA continuation coverage, you should contact:

NCAS  
P.O. Box 3065  
Fairfax, VA 22038  
(888) 715-6227 or (703) 934-6283

**\*\*APPLICABLE COVERAGE/RATES\*\***

Group # : XXX Group Name  
Active Location : XX  
COBRA Location : XX  
Group Name

Subject Employee : EE Name Qualified Beneficiary/ies: EE Name and Covered Dependents

Please note that the rates shown below are subject to change based on your eligibility for the premium reduction. Please contact NCAS at (888) 715-6227 or (703) 934-6283 if you have any questions regarding your eligibility for the premium reduction or the amount of premium.

RATE EFFECTIVE DATE	COVERAGE	PLAN	ENROLLMENT LEVEL	MONTHLY RATE
XX/XX/2009	MEDICAL	XXX	XXX	\$ XXX.XX
XX/XX/2009	MEDICAL	XXX	XXX	\$ XXX.XX

**\*\*Please complete and return all election/enrollment forms in this packet to NCAS\*\***

NCAS  
P.O. Box 3065  
Fairfax, VA 22038  
(888) 715-6227 or (703) 934-6283



**IMPORTANT INFORMATION  
ABOUT YOUR COBRA CONTINUATION COVERAGE RIGHTS**

**1. What is continuation coverage?**

Federal law requires that most group health plans (including this Plan) give employees and their families the opportunity to continue their health care coverage when there is a “qualifying event” that would result in a loss of coverage under an employer’s plan. Depending on the type of qualifying event, “qualified beneficiaries” can include the employee (or retired employee) covered under the group health plan, the covered employee’s spouse, and the dependent children of the covered employee.

Continuation coverage is the same coverage that the Plan gives to other participants or beneficiaries under the Plan who are not receiving continuation coverage. Each qualified beneficiary who elects continuation coverage will have the same rights under the Plan as other participants or beneficiaries covered under the Plan, including open enrollment and special enrollment rights.

**2. How long will continuation coverage last?**

In the case of a loss of coverage due to end of employment or reduction in hours of employment, coverage generally may be continued only for up to a total of 18 months. In the case of losses of coverage due to an employee’s death, divorce or legal separation, the employee’s becoming entitled to Medicare benefits or a dependent child ceasing to be a dependent under the terms of the plan, coverage may be continued 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. This notice shows the maximum period of continuation coverage available to the qualified beneficiaries.

Continuation coverage will be terminated before the end of the maximum period if:

- any required premium is not paid in full on time,
- a qualified beneficiary becomes covered, after electing continuation coverage, under another group health plan that does not impose any pre-existing condition exclusion for a pre-existing condition of the qualified beneficiary,
- a qualified beneficiary becomes entitled to Medicare benefits (under Part A, Part B, or both) after electing continuation coverage, or
- the employer ceases to provide any group health plan for its employees.

Continuation coverage may also be terminated for any reason the Plan would terminate coverage of a participant or beneficiary not receiving continuation coverage (such as fraud).

**3. How can you extend the length of COBRA continuation coverage from an 18-month qualifying event?**

If you elect continuation coverage, an extension of the maximum period of coverage may be available if a qualified beneficiary is disabled or a second qualifying event occurs. You must notify, in writing, NCAS of a disability and the Plan Administrator of a second qualifying event in order to extend the period of continuation coverage. Failure to provide written notice of a disability or second qualifying event may affect the right to extend the period of continuation coverage.

## *Disability*

An 11-month extension of coverage may be available if any of the qualified beneficiaries is determined by the Social Security Administration (SSA) to be disabled. The disability has to have started at some time before the 60<sup>th</sup> day of COBRA continuation coverage and must last at least until the end of the 18-month period of continuation coverage. You must provide a copy of the written determination of disability from the Social Security

Administration to NCAS within 60 days of the date of the Social Security Administration's determination of disability and prior to the end of the 18-month continuation period. Each qualified beneficiary who has elected continuation coverage will be entitled to the 11-month disability extension if one of them qualifies. If the qualified beneficiary is determined by SSA to no longer be disabled, you must notify NCAS of that fact within 30 days after SSA's determination.

## *Second Qualifying Event*

An 18-month extension of coverage will be available to spouses and dependent children who elect continuation coverage if a second qualifying event occurs during the first 18 months of continuation coverage. The maximum amount of continuation 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, the covered employee's becoming entitled to Medicare benefits (under Part A, Part B, or both), 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. You must notify the Plan Administrator in writing with proper documentation within 60 days after the second qualifying event occurs if you want to extend your continuation coverage.

## **4. How can you elect COBRA continuation coverage?**

To elect continuation coverage, you must complete the Election Form and furnish it according to the instructions on the form. Each qualified beneficiary has a separate right to elect continuation coverage. For example, the employee's spouse may elect continuation coverage even if the employee does not. Continuation coverage may be elected for only one, several, or for all dependent children who are qualified beneficiaries. A parent may elect to continue coverage on behalf of all of the qualified beneficiaries.

In considering whether to elect continuation coverage, you should take into account that a failure to continue your group health coverage will affect your future rights under the federal law. First, you can lose the right to avoid having pre-existing condition exclusions applied to you by other group health plans if you have more than a 63-day gap in health coverage, and election of continuation coverage may help you not have such a gap. Second, you will lose the guaranteed right to purchase individual health insurance policies that do not impose such pre-existing condition exclusions if you do not get continuation coverage for the maximum time available to you. Finally, you should take into account that you have special enrollment rights under federal law. You have the right to request special enrollment in another group health plan for which you are otherwise eligible (such as a plan sponsored by your spouse's employer) within 30 days after your group health coverage ends because of the qualifying event listed above. You will also have the same special enrollment right at the end of continuation coverage if you get continuation coverage for the maximum time available to you.

## **5. How much does COBRA continuation coverage cost?**

Generally, each qualified beneficiary is required to pay the entire cost of continuation coverage. The amount a qualified beneficiary is required to pay may not exceed 102 percent (or, in the case of an extension of continuation coverage due to a disability, 150 percent) of the cost to the group health plan (including both employer and employee contributions) for coverage of a similarly situated plan participant or beneficiary who is not receiving continuation coverage. The required payment for each continuation coverage period for each option is described in this notice.

The American Recovery and Reinvestment Act of 2009 (ARRA) reduces the COBRA premium in some cases. The premium reduction is available to certain individuals who experience a qualifying event that is an involuntary termination of employment during the period beginning with September 1, 2008 and ending with December 31, 2009. If you qualify for the premium reduction, you need only pay 35 percent of the COBRA premium otherwise due to the plan. This

premium reduction is available for up to nine months. If your COBRA continuation coverage lasts for more than nine months, you will have to pay the full amount to continue your COBRA continuation coverage. See the attached “Summary of the COBRA Premium Reduction Provisions under ARRA” for more details, restrictions, and obligations as well as the form necessary to establish eligibility.

If applicable: The Trade Act of 2002 created a new tax credit for certain individuals who become eligible for trade adjustment assistance and for certain retired employees who are receiving pension payments from the Pension Benefit Guaranty Corporation (PBGC). Under the tax provisions, eligible individuals can either take a tax credit or get advance payment of 65% of premiums paid for qualified health insurance, including continuation coverage. ARRA made several amendments to these provisions, including an increase in the amount of the credit to 80% of premiums for coverage before January 1, 2011 and temporary extensions of the maximum period of COBRA continuation coverage for PBGC recipients (covered employees who have a nonforfeitable right to a benefit any portion of which is to be paid by the PBGC) and TAA-eligible individuals. If you have questions about these new tax provisions, you may call the Health Coverage Tax Credit Customer Contact Center toll-free at 1-866-628-4282. TTD/TTY callers may call toll-free at 1-866-626-4282. More information about the Trade Act is also available at [www.doleta.gov/tradeact/](http://www.doleta.gov/tradeact/).

## **6. When and how must payment for COBRA continuation coverage be made?**

### *First payment for continuation coverage*

If you elect continuation coverage, you do not have to send any payment with the Election Form. However, you must make your first payment for continuation coverage not later than 45 days after the date of your election. (This is the date the Election Form is postmarked, if mailed.) If you do not make your first payment for continuation coverage in full not later than 45 days after the date of your election, you will lose all continuation coverage rights under the Plan. You are responsible for making sure that the amount of your first payment is correct. You may contact NCAS to confirm the correct amount of your first payment.

### *Regular payments for continuation coverage*

After you make your first payment for continuation coverage, you will be required to make regular payments for each subsequent coverage period. The amount due for each coverage period for each qualified beneficiary is shown in this notice. The regular payments are to be made on a monthly basis. Under the Plan, each of these regular payments for continuation coverage is due on the first day of the coverage period. If you make a regular payment on or before the first day of the coverage period to which it applies, your coverage under the Plan will continue for that coverage period without any break.

### *Grace period for regular payments*

Although regular payments are due on the dates shown above, you will be given a grace period of 30 days after the first day of the coverage period to make each regular payment. Your continuation coverage will be provided for each coverage period as long as payment for that coverage period is made before the end of the grace period for that payment. However, if you pay a regular payment later than the first day of the coverage period to which it applies, but before the end of the grace period for the coverage period, your coverage under the Plan may be suspended as of the first day of the coverage period and then retroactively reinstated (going back to the first day of the coverage period) when the regular payment is received. This means that any claim you submit for benefits while your coverage is suspended may be denied and may have to be resubmitted once your coverage is reinstated.

If you fail to make a regular payment before the end of the grace period for that coverage period, you will lose all rights to continuation coverage under the Plan.

Your first payment and all regular payments for continuation coverage should be sent to: NCAS, P.O. Box 79921, Baltimore, MD 21279-0921.

Premium payment coupons will be issued to you. You will be responsible for paying the full premium when due even if you do not receive a coupon booklet.

If you have any questions concerning the information in this notice or your rights to coverage, you should contact your COBRA Administrator, NCAS, by mail at P.O. Box 3065, Fairfax, VA 22038 or by telephone at: (888) 715-6227 or (703) 934-6283. If you want a copy of your summary plan description, you should contact your Plan Administrator.

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 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.)

#### **7. Keep your Plan Informed of Address Changes**

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

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