

## INFORMATION REGARDING COBRA ELIGIBILITY DUE TO A QUALIFYING EVENT

Consolidated Omnibus Reconciliation Act of 1985 (COBRA)

Under federal COBRA law, the State of Indiana is required to offer covered employees and eligible dependents the opportunity to continuation of health coverage at group rates when coverage is lost due to certain specific events. **The information provided below is a shortened version of the actual notice provided at the time that a qualified event is experienced and should be used only as a reference tool.**

The loss of health insurance resulting from a qualified event allows all covered individuals the right to buy back group health insurance and continue the coverage for a period of time under provisions of COBRA. Covered participant's COBRA rights and obligations are detailed in this notification.

Each individual who was covered under the plan on the day before the event is a "qualified beneficiary" and has independent election rights to continuation coverage. This means each dependent that was covered can elect independently to continue coverage, even if the covered employee chooses not to continue coverage. However, continuation coverage is available to qualified beneficiaries subject to their continued eligibility.

After the employer is notified that a qualifying event has occurred, the covered individuals (also known as qualified beneficiaries) will be notified of their rights to elect continuation coverage. Each qualified beneficiary has independent COBRA election rights and will have 60 days to elect continuation coverage. The 60 day election window is measured from the later of the date health plan coverage is lost due to the event or from the date of COBRA notification. This is the maximum period allowed to elect COBRA, as the plan does not provide an extension of the election period beyond what is required by law. If a qualified beneficiary does not elect continuation coverage within this election period, then rights to continue health insurance will end and they cease to be a qualified beneficiary

You may not be covered under the plan during the election period. However, if a COBRA election is made and applicable premiums paid, then your health insurance plan will be reactivated back to your loss of coverage date and pending claims will be released for payment.

If you elect to continue your health insurance, a qualified beneficiary is responsible for the full applicable premium payment for the coverage selected, plus a 2% administration charge. The applicable premium includes both the employer and employee's share of the total premium.

Under the provisions of COBRA, each qualified beneficiary can elect to continue all the coverages or any single coverage or any combination of the coverages. The applicable premiums will vary depending on the coverage elected. If you are covered by a region specific HMO and are moving outside of the HMO service area, additional rights may be available to you at the time of the event.

If the event causing the loss of coverage is a termination of employment or a reduction in work hours, then each qualified beneficiary may continue coverage for up to 18 months from the date of the qualifying event.

If the original event causing the loss of coverage was the death of the employee, divorce, legal separation, Medicare entitlement, or a dependent child ceasing to be a dependent, then each qualified beneficiary will have the opportunity to continue coverage for up to 36 months from the date of the qualifying event.

You will receive a Certificate of Health Insurance Portability which details the amount of time covered under the group health insurance plan.

Under the Health Insurance Portability and Accountability Act of 1996 (HIPAA), the time covered under the group health plan (including COBRA coverage, if elected) may be used to reduce a new health plan's pre-

existing condition period. For example, if you were covered under our health plan for 10 months, including COBRA coverage, and your new health plan has a 12 month pre-existing condition clause for new enrollees, the new plan would subtract 10 months from the 12 month pre-existing condition period, which would leave you with only a two month pre-existing condition period. However, for your coverage under our plan to be counted under a new health plan, there must not be a break in coverage for more than 63 days from the time our plan (including COBRA coverage, if elected) ceases, to the date of enrollment in your new health plan.

Questions regarding a new health plan's pre-existing condition period and the impact HIPAA will have, should be directed to your new health plan. If you obtain other health insurance, present the Certificate of Health Insurance Portability to your new health insurance plan and they will determine if any benefits are available to you in this matter.