

(DATE)

(NAME)
(STREET ADDRESS)
(CITY, STATE, ZIP CODE)

RE: NOTICE OF RIGHT TO ELECT GROUP INSURANCE CONTINUATION COVERAGE

This notice of rights to elect group insurance continuation coverage applies individually to the following former plan participants:

(LIST MEMBER NAMES)

It is important that all of the above read this notice carefully. In addition, if there is a covered plan participant whose legal residence is not the above, please provide us with the appropriate address so a notice can be sent to them as well.

Loss of Coverage and Qualifying Event

Your last day of insurance coverage under the group plan is (Date). Your loss of insurance is a result of your termination. Under provisions of federal law, this constitutes a "qualifying event" which allows all covered individuals the right to buy back your group insurance and continue coverage for a period of time. Covered participants continuation rights and obligations are detailed in this notification.

Individual Election Rights and Eligibility

Each individual listed above is a "qualified beneficiary" and has independent election rights to continuation coverage. This means each individual can independently elect to continue coverage, even if the covered employee does not elect to continue coverage. If elected, continuation coverage is available to qualified beneficiaries subject to their continued eligibility. (School District/ISD) reserves the right to verify eligibility and terminate continuation coverage back to the original continuation effective date, if it is determined you are ineligible or coverage was obtained through a material misrepresentation of the facts.

Length of Continuation Coverage - 18 Months

If elected and paid for, each qualified beneficiary has the right to continue coverage for a maximum 18 months from the date of the qualifying event. Two situations, however, will extend continuation coverage beyond that date if applicable.

Social Security Disability - The 18 months of continuation coverage will be extended for an additional 11 months of coverage, to a maximum of 29 months, for all qualified beneficiaries, if the Social Security Administration determines a qualified beneficiary was disabled according to Title II or XVI of the Social Security Act on the date of the qualifying event or at any time during the first 60 days of continuation coverage. If a newborn or adopted child is added to a covered employee's continuation coverage, then the 60-day disability window for the new born or adopted child is measured from the date of the birth or the date of adoption. It is the qualified beneficiary's

responsibility to obtain the disability determination from the Social Security Administration and provide a copy of the Social Security Disability determination to (School District/ISD) within 60 days of the date of determination and before the original 18 months of continuation coverage expire. This notice can be made by any of the qualified beneficiaries. If these time frames are not complied with, then the additional 11-month extension of continuation coverage will not be provided. If coverage is extended to 29 months due to a Social Security disability, premiums will equal 150% of the applicable premium during the extended 11-month coverage period.

This extension applies separately to each qualified beneficiary. If the disabled qualified beneficiary chooses not to continue coverage, the other qualified beneficiaries are still eligible for the extension. If coverage is extended, and the disabled qualified beneficiary has elected the extension, then the applicable premium rate is 150% of the rate. If only non-disabled qualified beneficiaries extend coverage, the premium rate will remain at the 102% level. It is also the qualified beneficiary's responsibility to notify (School District/ISD) within 30 days if a final determination has been made that they are no longer disabled.

Secondary Events - An extension of the original 18, or above mentioned 29 month, continuation period can also occur, if during the 18 or 29 months of continuation coverage, a second event takes place (divorce, legal separation, death, Medicare entitlement, or a dependent child ceasing to be a dependent). If a second event occurs, then the original 18 or 29 months of continuation coverage will be extended to 36 months from the date of the original qualifying event date for eligible qualified beneficiaries. If a second event occurs, it is the qualified beneficiary's responsibility to notify (School District/ISD) in writing within 60 days of the second event and within the original 18-month continuation coverage timeline. In no event, however, will continuation coverage last beyond three years from the date of the event that originally made the qualified beneficiary eligible for continuation coverage.

Electing Continuation Coverage

- Step 1 - Sign and date the enclosed election form.
- Step 2 - Make a copy of the signed election form for your records.
- Step 3 - Mail the election form back to (School District/ISD) at the address listed on the election form. It is recommended you obtain proof from the Post Office you mailed the election form. Your election is deemed made on the date the election form is sent to the plan administrator. If the election form is not postmarked within 60 days then rights to continue coverage will end. No late elections will be accepted.
- Step 4 - Call the plan administrator within 10 days to insure the election form has been received.

No Coverage During Election Period - Qualified beneficiaries will not be covered under the plan during the above election period. If a health claim is submitted during this time, it will not be paid. In addition, if a medical provider calls for verification of benefits, they will be told you currently do not have benefits, but upon election and payment of applicable premium all valid claims will be released for payment.

Retroactive Reinstatement of Insurance Coverage

Please remember that your insurance will not be re-activated until you elect and pay. If an election to continue coverage is made and applicable premiums paid as detailed in this notice, then your insurance coverage will be retroactively reinstated back to your loss of coverage date and any pending claims will be released for payment. Keep in mind, however, that it may take a period of time for the paperwork to be processed by the insurance carrier and the coverage to be re-activated. Should you receive services prior to reinstatement of your coverage, keep any payment receipts and upon reinstatement submit the claims for payment under the plan provisions.

Premium Payments

If a qualified beneficiary elects to continue insurance, a qualified beneficiary is responsible for the full applicable premium payment for the coverage selected. The applicable premium includes both the employer and employee's share of the total premium. Monthly premium amounts are fixed on a fiscal year basis, so the possibility of a rate increase or decrease in your monthly premium amount could occur next July 1st. If the applicable premium amount is adjusted, you will be notified as soon as possible prior to the new premium rates going into effect. Any person or entity can pay health insurance premium for a qualified beneficiary; however, it is the qualified beneficiary's responsibility to insure that the payment is made on a timely basis. If a third party agrees to pay your continuation coverage premium, you should call each month to insure that a timely premium has been made. Your state may also have a premium payment program that may assist you with the payment of your premiums.

Premium payments can be either hand delivered or mailed. If hand delivered, it must be delivered to personnel in the health benefits department. If mailed, document the date the premium is sent and call within 10 days to insure the payment has been received. If premiums are not hand delivered, or if mailed, postmarked, within the required premium periods as described below, then health insurance continuation rights and protections will be forfeited and coverage will not be reinstated.

Initial Premiums - If payment is sent with the election form, proceed to Monthly Premiums. A qualified beneficiary has a maximum 45 calendar days from the date of election to pay the initial premiums. This initial premium payment is for the retroactive coverage period from the date of loss of coverage to the date you elect continuation coverage. For example, if you lost health insurance on January 31, (Year) and elected continuation coverage on March 1, (Same Year), you would have until April 16, (Same Year) to pay for the retroactive month of February.

If you take full advantage of this 45-day premium payment period, however, additional monthly premiums will also be due with this initial payment. This additional premium would cover any monthly coverage periods that fall after the date of election but within the 45 day time period. For example, if you pay for February on April 16th, but needed health coverage for the month of March also, your initial premium would also have to cover that period as well. You will not be allowed to pay for March and not pay for February. This 45-day period is the maximum period in which to make the initial premium payments.

Benefits Verification - If a medical provider (hospital, physician, pharmacy, etc.) requests verification of benefits during this period, they will be told that you have elected coverage but have yet to pay the premium and that no claims, including prescription drug charges, will be paid until the premium is paid.

Monthly Premiums - Once your initial premiums are paid, future monthly premiums are due on the first of each month. You will have a maximum (15) day grace period following the due date in which to make these premium payments. If applicable payment is not made within the grace period, then coverage will be canceled back to the end of the prior month. Once continuation coverage is canceled you will not be reinstated. Partial payments will not be accepted. It is the qualified beneficiary's responsibility to make these monthly payments, as you will not receive a monthly billing or warning notice.

Benefits Verification: Any claims occurring during the month will be held pending payment being made. If a medical provider requests verification of benefits during this period, they will be told that you are covered, but that the monthly premium has not been paid, and coverage is subject to retroactive cancellation.

Coverage Available To Elect

Our records indicate on the day before the qualifying event, you were covered by MESSA group insurance for full insurance. You can elect to continue any of the coverage. The (Year/Year) monthly premiums are as follows:

	<u>Full Family</u>
Health only	(\$ Amount)
Dental only	(\$ Amount)
Vision only	(\$ Amount)

Applicable premiums will vary depending on the coverage's elected. Once an election of continuation coverage is made, the coverage's may change in the future if modifications are made to the coverage's provided to similarly situated active employees or an open enrollment occurs.

New Dependents and Open Enrollments

If, during a period of continuation coverage, a qualified beneficiary acquires new dependents (such as through marriage), the new dependent(s) may be added to the coverage according to the rules of the plan. However, the new dependents do not gain the status of a qualified beneficiary and will lose coverage if the qualified beneficiary who added them to the plan loses coverage.

An exception to this is if a child is born to or a child is placed for adoption with the covered employee qualified beneficiary. If the new born or adopted child is added to the covered employee's continuation coverage, then unlike a new spouse, the new born or adopted child will gain the rights of all other "qualified beneficiaries". The addition of a new born or adopted child does not extend the continuation coverage period. Plan procedures for adding new dependents can be found in the summary plan description. Premium rates will be adjusted at that time to the applicable rate.

In addition, should an open enrollment period occur during your continuation period, we will notify you of that right as well. Each qualified beneficiary

will have independent election rights to select any of the options or plans that are available for similarly situated non-COBRA participants.

Cancellation Of Continuation Coverage - Continuation coverage will end prior to the expiration of the 18-month (29 or 36 if applicable) continuation period for any of the following reasons:

1. (School District/ISD) ceases to provide any group health plan to any of its employees,
2. Any required premium for continuation coverage is not paid in a timely manner,
3. A qualified beneficiary becomes, after the date of election, covered under another group health plan that does not contain any exclusion or limitation with respect to any preexisting condition of such beneficiary other than such an exclusion or limitation which does not apply to (or is satisfied by) such beneficiary by reason of the Health Insurance Portability and Accountability Act of 1996,
4. A qualified beneficiary becomes, after the date of election, entitled to Medicare,
5. A qualified beneficiary extended continuation coverage to 29 months due to a Social Security disability and a final determination has been made the qualified beneficiary is no longer disabled (first day of the month after 30 days from the final determination),
6. A qualified beneficiary notifies (School District/ISD) they wish to cancel continuation coverage,
7. For cause, on the same basis that the plan terminates for cause the coverage of similarly situated non-COBRA participants.

If available, at the end of the 18 (29 or 36) months of continuation coverage, a qualified beneficiary must be allowed to enroll in the individual conversion health plan provided by MESSA. MESSA will notify you in writing of this right approximately 30 days prior to the continuation coverage expiration date.

Certificate of Health Insurance Portability

You will receive from MESSA, your Certificate of Health Insurance Portability. It details the amount of time you have been covered under our group health insurance plans.

Under the Health Insurance Portability and Accountability Act of 1996 (HIPAA), the time covered under our group health plan (including continuation coverage, if elected) may be used to reduce a new group health plan's pre-existing condition period. For example, if you were covered under our health plan for 10 months, including continuation 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 continuation coverage, if elected) ceases, to the date of enrollment in your new health plan.

Questions regarding a new health plans 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 this 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.

If you elect continuation coverage, an updated Certificate of Portability will be sent to you when your coverage ceases. If you lose the original certificate, one can be requested up to 24 months from the date your coverage (or continuation coverage) ceases.

Address Change and Plan Questions

To receive accurate and timely information regarding your continuation rights, please notify (School District/ISD) of any change in address immediately. If you have any questions as to the contents of this notice or your continuation rights, please contact (School District/ISD). This notice is not a description of actual benefits under the policy. Should qualified beneficiary need actual plan benefits information to assist in making the election decision, please call the benefits department at (School District/ISD).

Sincerely,

(Designated School Personnel)
(Title)

cc: Name File
COBRA File