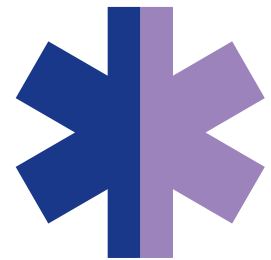


COBRA Rights & Rules

COBRA Notice and
Marketplace Information



Welcome to **COBRA**

Why am I receiving this notice?

The federal COBRA law requires that most employer Welfare Benefits programs allow continuation of health coverage under certain circumstances explained in this notice.

You are receiving this notice because you have experienced a “Qualifying Event” that has triggered your COBRA rights. This means that you experienced an event that caused you to lose employer health plan coverage. This packet of information is the formal notice that explains your right to continue the employer health plan coverage, the timing and eligibility requirements, and the specific responsibilities that you as a person covered under the plan must be aware of in order to retain your rights under COBRA. In addition, this notice provides details on other health insurance options that may be available to you, such as the Health Insurance Marketplace.

It is important that you read this notice carefully as it explains those rights, rules, and responsibilities under COBRA. Please review the information in this notice thoroughly before making a decision to either elect COBRA or decline from electing COBRA.

If you require a copy of this booklet in Spanish, please contact the COBRA administrator.

Si necesita una copia de este folleto en español, comuníquese con nuestra oficina.



What is COBRA coverage?

The short answer: COBRA is a law that allows you to continue your group health plan coverage when it would otherwise terminate.

The long answer: COBRA is an acronym for Consolidated Omnibus Budget Reconciliation Act, the federal law that governs continuation of coverage under group health plans. It is the law that allows you and any of your dependents who were covered under a group health plan the opportunity to continue your health plan coverage at your own cost if you lose that coverage due to a “Qualifying Event.” After a Qualifying Event occurs, COBRA coverage must be offered to each person losing plan coverage who is a “Qualified Beneficiary.”

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Step-By-Step Guide

Following is a step-by-step guide to the COBRA election, payment, and activation process:

- 1. Election:** You must formally elect COBRA by either electing online or by completing the enclosed Election Form.
- 2. Payment:** You must also make at least one full month's payment before VitaCOBRA can notify your insurance company(s) to start the process of retroactively reinstating your health coverage.
- 3. Coverage reinstatement:** Your prior health coverage with the employer was canceled per the Coverage End Date indicated on your Election Form. Once you elect and pay for COBRA, your coverage will be retroactively reinstated by the health insurance companies so that coverage is continuous and with no break. Reinstatement is typically within 5-10 business days of the date VitaCOBRA receives and processes your Election Form and payment. However, in some cases reinstatement may take less time and in some cases it may take more time. You can contact your health insurance company directly to confirm if reinstatement has been completed. The insurance companies generally do not notify the COBRA administrator when reinstatement is complete. Contact details are on your health insurance ID card. If reinstatement has not occurred within 10 business days, please contact VitaCOBRA.
- 4. What happens if I need to see a doctor or pick up a prescription before my coverage is reinstated?**

Notify your doctor's office you are in the process of reinstatement to COBRA. Your doctor's office will confirm next steps such as if you need to reschedule the appointment; or if you can keep the appointment and either pay the full cost of the claim during the appointment, or if you only need to pay your cost-share charged by the insurance plan for the appointment. For prescription drug coverage, your pharmacy will likely require you to pay for the prescription at your own expense. However, confirm with your pharmacy if they will refund you directly once your coverage is reinstated. Typically, this would occur within 5 business days of the date you pay the pharmacy for your prescription.
- 5. Once reinstatement to COBRA is completed:** Submit to the health insurance company(s) for reimbursement any claims for coverage you paid to the health providers while waiting for COBRA reinstatement. As COBRA is continuation of prior coverage, you will continue the same plan year deductible and other cost shares and charges imposed by the health plan per your employer health plan documents.
- 6. Health insurance ID cards:** Because COBRA is continuation of prior coverage, the insurance companies generally do not issue new enrollment ID cards and once you are reinstated to coverage through COBRA, you will continue to use your existing ID card(s). For dependent-only COBRA elections, (including events where the employee was eligible to elect, but chose not to elect), new ID cards will be issued with the oldest dependent as the "Primary Beneficiary" name on the cards. Coverage for other family members elected to COBRA on the same account will be located under the primary beneficiary name. In other words, coverage will no longer be located under the employee name. Insurance claims for each family member will also need to be submitted via the primary beneficiary name.
- 7. Social Security Disability Extension:** If you qualify for a Social Security Disability Extension, (see page 8 for full details to find out if you qualify), provide notice of the disability determination to VitaCOBRA in writing before the end of the initial 18-month period and within 60 days starting from the later of the date on which Social Security Administration (SSA) issued the disability determination letter; or the date coverage was lost following the original COBRA Qualifying Event date. For example, if your COBRA start date is July 1st and you receive a letter from SSA dated August 15th informing you of a July 5th disability determination date, you have to provide written notice to VitaCOBRA no later than October 14th (60 days from the letter issue date of August 15th). If in the same example, the letter from SSA was issued prior to the COBRA start date on February 15th you have to provide written notice to VitaCOBRA no later than August 29th (60 days from the COBRA start date of July 1st). Notices provided after the deadline will not be accepted.



Election Details & Instructions

How do I elect COBRA?

If you decide to enroll onto COBRA, indicate your health insurance election choices on the COBRA Election Form. There are two ways you can elect COBRA:

- 1. Elect Online:** You can elect COBRA and choose a payment option online through the VitaCOBRA website. Your temporary password and login ID is included in this correspondence. If you choose to elect online, please do not complete the paper Election Form included in this mailing.
- 2. Elect via Paper Form:** Or you can elect COBRA by completing the paper Election Form included in this mailing which can be returned to our office by e-mail to help@vitamail.com, by fax to (650) 961-2285, or by mail to 900 North Shoreline Boulevard, Mountain View, CA 94043-1933. If you return the form by e-mail or fax, an original copy of the paper form is not required.

Review the COBRA Election Form information carefully before completing your election. If any information is incorrect or missing, please notify VitaCOBRA immediately, and a revised form will be provided to you. Examples of information to double check include: mailing address, the health plan that you were enrolled on is not included, the health plan listed on the form is not the plan you were previously enrolled on, or a dependent who was enrolled on coverage is missing from the form.

Is there an election deadline?

Yes, and it is a FIRM deadline. You have 60 days to make your COBRA election, and, if you do not make your election within that window, your opportunity to continue COBRA coverage expires.

If you decide to elect COBRA, you must return your COBRA Election Form to VitaCOBRA within 60 days from the later of:

- The date your coverage would terminate due to the Qualifying Event; or
- The date on which the COBRA Election Notice is provided

The last day of your 60-day election period is indicated on the COBRA Election Form. If you do not elect within the 60 days, you forfeit your right to continue any COBRA coverage that you are eligible for pursuant to that Qualifying Event.

You then have 45 days to pay all current and retroactive premiums to VitaCOBRA. Your coverage will be retroactively reinstated once the premium(s) and all required re-enrollment forms (if applicable) are received. If you do not make timely payment, you will lose all continuation rights under the plan. You are responsible for making sure you send the correct premium amount.

Which health plans can I elect?

Your COBRA health insurance plan election choice(s) are indicated on the COBRA Election Form. Each Qualified Beneficiary listed on the form has an independent right to elect COBRA. In other words, there is no requirement that each person elects the same level of coverage or to elect any coverage at all. For example, if you had coverage for yourself and your spouse and children before, each of you may elect different levels of COBRA coverage. You could elect no coverage, your spouse could elect medical, dental, and vision coverage, and your children could elect medical only, etc.

In general, you may only elect coverage under the health plan that you were previously enrolled in. The two exceptions to this are that you may change plans at the normal open enrollment time and if you are in an HMO plan and move out of the HMO service area.

Who can authorize a COBRA election?

An employee or spouse who is a Qualified Beneficiary can elect COBRA on behalf of all Qualified Beneficiaries for Termination of Employment and Reduction in Work Hours events. If the election is for an adult child who has lost coverage on the plan due to age, a parent can elect on behalf of the child or children. For divorce events, only the ex-spouse (and not the employee) is required to authorize the election.

The Employee Assistance Program (EAP) is not on the election form.

If you were enrolled in an EAP plan that is not on the Election Form and you want to elect EAP through COBRA, please contact VitaCOBRA to inquire about this option.

Can I request e-mail communication?

Yes. If you prefer your written correspondence to be sent by e-mail rather than mail, please check the box on the paper Election Form. Correspondence includes and is not limited to: rate renewal/open enrollment notifications, termination of coverage confirmation, and payment balance notifications. If you elect COBRA online, it will be assumed that correspondence will be sent by e-mail, unless you send a written request to decline e-mail correspondence.

Important COBRA Election Consideration

If after electing COBRA, you decide you want to enroll onto another health plan such as your spouse's employer's plan (see later section on Health Insurance Portability and Accountability Act for more details) or a Marketplace plan (see COBRA Alternative section for more details), there are restrictions to enrolling onto another plan depending whether you terminate from COBRA voluntarily or involuntarily.

What if I do not want COBRA?

If you decide you do not want to elect COBRA, you can either simply take no further action, or you can formally indicate your declination on the Election Form (paper or online). Each Qualified Beneficiary employee, spouse, and adult dependent child age 18+ must give their consent to decline electing COBRA. Both the Qualified Beneficiary employee and spouse must give their consent to decline on behalf of any minor dependent children.

Coverage Details

When will coverage start?

Your COBRA coverage will begin the day after your employer coverage ended, as indicated on the COBRA Election Form. As such, COBRA is continuous with no break in coverage. If you elect COBRA later in your election period (for example, after a month), COBRA must still be elected retroactively with no break in coverage even if you have not incurred any health plan claims during this period.

What coverage can be continued?

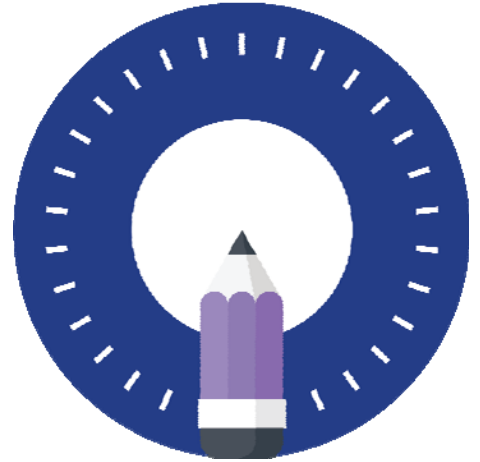
COBRA applies only to group health plans as defined by the law (typically medical, dental, vision, health reimbursement accounts, employee assistance programs, and health flexible spending accounts). Other coverages provided by your employee benefit plan (such as life and disability coverage) are not included in these continuation rights.

Your continued health coverage will be the *same* as the health coverage provided for similarly situated employees or dependents of the employer that have not had a Qualifying Event. Any future plan or rate changes affecting the benefit plans for current employees or dependents will affect your continued coverage as well.

Continuation is available *only* for coverages that you or your dependents were enrolled in at the time of the Qualifying Event.

If I elect COBRA, am I obligated to keep COBRA for the entire coverage period?

There is no obligation to continue COBRA for the maximum duration period. You can request to cancel some or all of your coverage at any time during the continuation period. For example, you can initially decide to elect both medical and dental coverage, then drop medical after one month but continue dental for the duration of the COBRA period. However, note that coverage is not pro-rated and can only be canceled at the start of a monthly payment period. Additionally, any coverage that you drop may not be re-started again in the future, even if it would otherwise be within your regular duration of coverage. Lastly, any coverage cancellation requests can either be made in writing (or via e-mail) or via phone.



COBRA Duration

How long does COBRA last?

The potential duration of COBRA varies depending on the type of COBRA Qualifying Event that has occurred. Generally, the duration is either 18 months or 36 months as listed below and as also indicated on your COBRA Election Form. In no circumstances can COBRA extend beyond a maximum period of 36 months.

18 Months: If you are an employee or the dependent of an employee, you may elect up to 18 months of continued health coverage if you lose coverage due to the employee's:

- End of employment (voluntary or involuntary, except if employment is ended due to gross misconduct)
- Reduction in work hours (to less than the minimum required to be eligible under the plan)

36 Months: If you are an employee's spouse or dependent child, you may elect up to 36 months of continued health coverage if you lose coverage due to:

- Divorce or legal separation. In some cases, this may include if a spouse is dropped from coverage *prior* to a divorce or legal separation as the event may still be considered a Qualifying Event if the drop in coverage is determined to be *in anticipation of* the divorce or legal separation.
- Death of the employee
- Medicare entitlement of the employee (if this results in a loss of coverage from the plan). In addition, if you (the employee) become entitled to Medicare and, within 18 months, experience a termination of employment or reduction in work hours resulting in a loss of coverage, your covered dependents may elect to continue coverage for the period ending 36 months after the date you became entitled to Medicare. For example, if you (the employee) become entitled to Medicare on April 1st, then you retire on August 31st and you and your spouse experience a COBRA Qualifying Event, your spouse is eligible for 31 months of COBRA and you are eligible for 18 months of COBRA starting from September 1st.

36 Months: If you are a dependent child, you may elect up to 36 months of continued health coverage if you lose coverage due to:

- No longer satisfying the dependent eligibility requirements of a plan (typically due to aging out)

If you are a retiree and your employer commences a bankruptcy proceeding, you and your dependents that lose a substantial portion of coverage within one year before or after the bankruptcy filing are also entitled to continuation coverage. Coverage may be continued for the lifetime of a retiree, or surviving spouse of a retiree who was deceased at the time of the filing. If the retiree is living at the time of the filing, dependents are entitled to up to 36 months of coverage from the date of the retiree's death.

Can COBRA ever be extended?

There are three special circumstances which allow COBRA coverage to be extended beyond an initial 18 month period.

Second Qualifying Event: If you or your dependents have a second Qualifying Event during the initial 18 months of COBRA, your dependents may continue their coverage for up to 36 months total from the date of the initial Qualifying Event. Second Qualifying Events include:

- Dependent child ceases to be an eligible dependent under the plan
- Divorce or legal separation
- Death of the employee

In order for the dependent to be eligible for COBRA, notification of the second COBRA Qualifying Event must be sent to VitaCOBRA in writing within 60 days of the occurrence of the second Qualifying Event date if your health plans have date of termination coverage; or 60 days from the end of the month following the second Qualifying Event date if your health plans have end of month coverage. To determine if your health plans provide date of termination coverage or end of month coverage, please refer to the employer welfare plan document, or you can contact VitaCOBRA directly.

Social Security Disability Extension: If you or any family member are disabled and have also been determined to have been disabled by Social Security *on or before* the date of the original Qualifying Event (end of employment or reduction of work hours) or within the first 60 days of COBRA coverage, all Qualified Beneficiaries may extend COBRA coverage for up to 29 months total, from the date of the original Qualifying Event. Non-disabled family members on COBRA coverage may also be eligible for this extension. Notice of the disability determination must be sent to VitaCOBRA in writing within 60 days starting from the later of the date on which Social Security Administration issued the disability determination letter, or the date coverage was lost following the original COBRA Qualifying Event date and before the end of the initial 18-month COBRA period.

Cal-COBRA Extension (California Fully-Insured Medical Plans Only): The Cal-COBRA extension provides up to 36 months of medical coverage from the date federal COBRA coverage began. Eligibility for this extension requires you are entitled to less than 36 months of federal COBRA, and you are enrolled in a fully-insured medical plan written in the state of California, and you are not eligible for or enrolled on Medicare. The premium charged under this extension can be up to 110% of the full plan cost. Please contact your medical insurance company directly, in writing, well in advance of the termination date of your federal COBRA coverage, to inquire about the availability of this option.

There are no circumstances where COBRA continuation coverage can be extended beyond 36 months from the original Qualifying Event date.

What causes coverage to end?

COBRA coverage can, in some cases, be terminated before the maximum coverage period expires. Coverage will terminate on the earliest of the following dates.

- Premium payment for your continued coverage is not made on time.
- After electing COBRA coverage, you become covered under another group health plan.
- After electing COBRA coverage, you first become entitled to Medicare, except Medicare entitlement for end stage renal disease.
- Your coverage is terminated for cause, such as fraud, on the same basis that coverage can be terminated for active employees.
- If you have extended COBRA coverage for up to 29 months due to disability and Social Security has made a final determination that you or your dependent is no longer disabled. (You must notify VitaCOBRA in writing within 30 days of this Social Security determination).

How do I cancel from COBRA?

Partial coverage cancellations (termination of some but not all Qualified Beneficiaries and/or health insurance plans) can be made by contacting VitaCOBRA either in writing or by phone.

We also recommend you contact VitaCOBRA if you want to make a full termination of all COBRA coverage. Yet simply not paying the next month's check payment within the required payment grace period will also result in full coverage termination. However, if you make your monthly premiums by e-payment, you must contact VitaCOBRA to request to terminate from COBRA, otherwise payments will continue to be drafted from your bank account until we receive your termination request.

All cancellations must be made no later than 30 days after the premium due date (or 45 days if you are still within the initial 45-day payment grace period). For example, a cancellation request for coverage with a premium due date of July 1st must be made no later than July 31st. Written notification must either be sent to help@vitamail.com or provided by mail to the VitaCOBRA address.

In your request, please include the COBRA account holder's name, COBRA account number, the coverage that you are terminating, and the effective date of the termination.

How to Pay For **COBRA**



What does it cost?

Your cost is the same as the cost that the employer pays to the insurance plan for any other employee or dependent. You are required to pay the entire cost of your continued health coverage. In addition, there is a 2% administration fee which is outlined in the federal COBRA law.

The cost of coverage during the 19th through the 29th month extension period for individuals under the Social Security disability extension may be up to 150% of the total cost.

You have 45 days from the day you elect COBRA to pay all COBRA premiums due from your COBRA start date through the current month. Your COBRA start date is the day after your previous coverage ended and this date is located on your COBRA Election Notice. Thereafter, you have a grace period of 30 days from the payment due date for regularly scheduled premium payments.

How do I find my payment amount?

Monthly rate information for the health insurance plan(s) you are eligible to elect through COBRA is provided on the COBRA Monthly Premium Rate Sheet or located on your online account.

What are my payment options?

Payment can be made by check, money order, bill pay from a financial institution of your choice, or by E-Payment initiated by a Banking Authorization Form which can either be completed online or on the form enclosed in your Election Notice packet.

- **E-Payment.** By completing the E-Payment Form, you are authorizing VitaCOBRA to electronically transfer premiums by direct debit from your bank account on a recurring basis. The first E-Payment transaction will take effect approximately within 1-3 business days after we process the E-Payment form (and Election Form) and the transaction will debit all current and retroactive premiums due at that time. Thereafter, all future transactions will be debited on approximately the first business day of each month. It is your responsibility to read the authorization form in full to understand the E-Payment rules.
- **Check Payment.** If you choose to pay by check, money order, or bill pay, you will receive a payment book and mailing labels after your COBRA Election Form is processed. The payment book is provided only for your convenience to help you track and pay your premiums. It is your responsibility to ensure that full premiums are paid in a timely manner, even if the payment book is never received.

Checks, money orders, and bill pay checks should be made payable to VitaCOBRA and mailed to: 900 North Shoreline Boulevard, Mountain View, CA 94043-1933.

When are my payments due?

There are different rules for the initial premium payment and for ongoing COBRA payments.

- **Initial Election Payment.** You have 45 days from the date of your COBRA election (either the date you elect online, the date you fax or email the Election Form, or the postmark date on the mailed envelope) to pay all current and retroactive premiums. As COBRA provides continuous coverage, you are required to pay retroactive to the date your prior coverage ended, with no exceptions. You are not required to submit a payment when you elect COBRA due to the initial 45 day payment period. However, the process to reinstate coverage with the health insurance company(s) cannot be started until VitaCOBRA receives your first full monthly premium. Therefore, to get the reinstatement process started, it may be advantageous for you to return the E-Payment form or include a check payment with your Election Form.

- **Ongoing Monthly Payments.** After you are established on your COBRA coverage, ongoing monthly payments are due the first day of each month. There is a grace period of 30 days from the due date of the first of the month. If you mail your payment, it must be postmarked within the 30 day grace period.

Will I receive payment reminders?

Generally, no. However, if you include your e-mail address on the election form, we will send you a courtesy e-mail reminder on approximately the 20th day of each month if your full payment has not been received for that month. Regardless of whether or not you receive a courtesy reminder, it is your responsibility to ensure that full premiums are paid in a timely manner, even if the e-mail is never received.

Is there a grace period?

The COBRA law allows for a 30-day grace period, after the premium due date, for postmarking your premium. Please note, 30 days does NOT mean 31 days. There is no way to extend the deadline, even if you are out of town or forget to make payment for any reason.

Can an exception be made occasionally?

No. Unfortunately, the grace period requirements are a matter of federal law. The contracts of the insurance carriers that provide coverage to you through your former employer allow for premium payments through the grace period, but not beyond that.

What happens if I make a late payment?

Coverage will be canceled if your full payment is not postmarked within the prescribed payment grace periods. Payments received after the end of the payment grace period which are sent from an electronic postage machine that does not include a postmarked mailing date will not be accepted. Once COBRA coverage is canceled, there is no option for reinstatement. Note that waiting until the end of the grace period to make payment may not allow enough time within the grace period to reconcile payment if your check is lost in the mail or is rejected by your bank.

What happens if a payment bounces?

If a check submitted for payment or an E-Payment transaction is rejected by your bank, coverage is subject to termination unless a replacement payment is provided to VitaCOBRA within the original prescribed time period. The payment grace period will not be extended.

If an E-Payment transaction is rejected for any reason, we will not automatically re-draft your bank account. You are responsible for ensuring you make a replacement payment by either mailing a check or money order, or requesting another E-Payment draft, within the payment grace period. Otherwise, coverage will be canceled with no option for reinstatement.

We will charge an administration processing fee for any payments rejected by your bank. This fee is currently \$25 per rejected transaction which you must send to VitaCOBRA by a separate check or money order.

If two consecutive E-Payments or checks bounce, you will be required to make your currently due payment by cashier's check or by money order.

We will not be responsible for informing you of any rejected transactions. You are responsible for ensuring that COBRA premiums are paid within the grace period and you must notify VitaCOBRA immediately of any rejected E-Payment transactions. You can log into your COBRA account online or contact the VitaCOBRA Concierge Team to confirm your payment status.

Can I track payment online?

Yes. Your payment history, including payments made, payments due, payment amount, and balance due can be accessed via your VitaCOBRA individual online account at <http://www.vitacompanies.com/login>.

When will my rates change?

Your rates will change annually, at the same time as the rate changes for actively employed plan participants. Changes in the employer rates, such as at the annual plan renewal, will be passed through to you and all other COBRA Qualified Beneficiaries. You will be notified in writing if your rates are due to change during your COBRA coverage period so that you can adjust your COBRA premium amount.

Premium Payments Recommendations

- **Choose E-Payment:** We recommend making payments by E-Payment where premium payments are automatically drafted from your bank account on the day they are due. This assures that your payments will be made on time. E-Payment rules and an authorization form are included in this mailing.
- **Avoid End of Month Payments:** We recommend that you avoid paying premiums late in the month. Mail delays and personal delays can cause premiums to be inadvertently missed. When this happens, your coverage will be retroactively canceled.
- **Check Online to Confirm Payment was Received:** You can log in to your personal COBRA account and confirm that your payment was received and processed.
- **Receive a Late-Premium E-mail Alert:** If you provide us with a current e-mail address, you will automatically receive a late-premium payment alert via e-mail. This is a courtesy notice sent via e-mail to advise you that your premium payment has not been received (it is *not* an invoice). It will be sent on approximately the 20th calendar day of each month. If you do not receive the e-mail, it is still your responsibility to ensure that premiums are paid on time.

Horror Stories to Avoid

- **Premium Due Date Confusion:** Sometimes people who pay late can “slip” a little bit, which will cause a problem. For example, if premiums are postmarked on June 28th (for June) and on July 30th (for July), and then on September 1st (for August), the August premium was paid on day 31, thus it would be considered late. Your check would be returned and coverage would be retroactively canceled back to the date of coverage in July that the prior payment was applied.
- **Mail Box/Postmark Problem:** It does not matter when you put the payment in the mailbox. It matters when the USPS actually postmarks the envelope. If you put the payment in the mailbox after the mail has been picked up on the last day of the grace period and it is postmarked the following day or if the post office makes a mistake in postmarking your envelope and it is postmarked outside of the grace period, your premium payment will be considered late and your coverage will be retroactively canceled. In addition, payments received after the end of the payment grace period which are sent from an electronic postage machine that does not include a postmarked mailing date will not be accepted.
- **Bounced Checks:** If your check bounces and you either do not know about it or are unable to provide a replacement payment before the end of the grace period (30 days), your coverage will be canceled retroactively for not paying your premium on time.



It is NOT like a phone bill!

If you pay your phone bill late, you can get caught up on your payments later and get your phone re-connected. COBRA coverage does NOT work this way. If you pay your COBRA payment after the 30 day grace period, coverage is terminated with NO option for reinstatement.

What Else Should I Know?

Who is a Qualified Beneficiary?

In general, a Qualified Beneficiary is an employee, a spouse, or a dependent child who, while enrolled on a group health plan, experiences a Qualifying Event and loses coverage from the plan as a result of the Qualifying Event.

Most importantly, you are a Qualified Beneficiary, since you have had a Qualifying Event and have received this notification.

A Qualified Beneficiary also includes a child who is born to, adopted by, or placed for adoption with a covered employee during a period of COBRA coverage, provided that the covered employee is a Qualified Beneficiary and the covered employee has elected COBRA.

A child of a covered employee who is receiving benefits under the Plan pursuant to a Qualified Medical Child Support Order (QMCSO) during the covered employee's employment is entitled to the same rights to elect COBRA as an eligible dependent child of the covered employee.



What is a Qualifying Event?

A Qualifying Event is an event that causes you (and/or your spouse and/or any dependent child) to lose group health plan benefits. Qualifying Events are defined as:

- End of the employee's employment (voluntary or involuntary, except when employment ends for gross misconduct)
- Reduction in the employee's work hours (to less than the minimum needed to remain covered by the plan)
- A dependent child ceases to be an eligible dependent under the plan
- Death of employee
- Divorce or legal separation
- Medicare entitlement of the employee (if this results in a loss of coverage from the plan)
- Employer commences a bankruptcy proceeding (for covered retirees and their dependents only)

Can I elect a different plan, such as a cheaper option?

Continuation is available only for coverages that you or your dependents were enrolled in at the time of the Qualifying Event. However, there are circumstances where you may be able to switch to another health plan either when you elect COBRA or during your COBRA coverage period:

- **Open enrollment:** If similarly situated employees and dependents can switch between health plan choices at open enrollment, COBRA Qualified Beneficiaries will be offered the same option. You will be notified by VitaCOBRA if there is an open enrollment period.
- **Moving outside the health plan service area:** If you were covered under a region-specific plan (such as an HMO) and you move outside of your health plan's service area, you will typically not be eligible to continue coverage under that plan. You may be eligible to change to another health plan if the employer has another plan that offers coverage in your new location. If you wish to avail yourself of this option to change plans due to moving outside your current plan's eligibility radius, you must notify VitaCOBRA in writing within 30 days of becoming ineligible under your current health plan, either during your COBRA election period or while you are actively covered under COBRA. A change in coverage may not be effective until the first day of the month following your written request for alternative coverage.

How do health FSA plans work under COBRA?

- Your FSA will expire the date of your employment termination. You may be reimbursed for eligible expenses incurred prior to this date. No further reimbursements may be made for services incurred after your expiration date unless you choose to extend your eligibility by continuing this coverage under COBRA.
- The monthly COBRA rate will be approximately 102% of the monthly equivalent of the salary deferrals you made as an active employee.
- Premiums are paid on an after-tax basis rather than on a pre-tax basis.
- FSA coverage elected through COBRA cannot be extended beyond the current plan year.
- Overspent FSA accounts are not eligible for continuation. This refers to accounts when as of the COBRA Qualifying Event date, the remaining annual FSA limit is less than or equal to the maximum COBRA premium that can be charged for the rest of the plan year.
- Dependent care accounts are not eligible for continuation through COBRA.
- If you have any questions about your FSA account, including estimating your COBRA FSA monthly premium amount, please contact VitaCOBRA directly.

What about Life and Disability Insurance?

Group life insurance and disability benefits are not subject to the COBRA continuation provisions. However, your life or disability policies may offer a conversion privilege. If this option is available, the insurance company must receive written notification of your request to convert within 30 days of the coverage termination date. If you wish to exercise this conversion, please contact the insurance company directly to request forms or refer to your life or disability certificate of coverage for specific requirements.

Why is the COBRA premium higher than what I paid when I was an employee?

Under COBRA, your cost is the same that your former employer pays to the insurance plan for any other employee or dependent. Under COBRA, you are required to pay the entire cost of your continued health insurance. This includes both your prior contributions as an employee plus the remainder of the cost share from the employer. In addition, there is a 2% administration fee which is outlined in the federal COBRA law. The cost of coverage during the 19th and 29th month extension period for individuals under the Social Security disability extension may be up to 150% of the total cost.

Can I elect COBRA if I am already enrolled or will soon enroll in other group health coverage or Medicare?

Whether you can elect/continue with COBRA depends on the following timing:

You are already enrolled on another employer group health plan or Medicare before you elect COBRA:

- Qualified Beneficiaries who are entitled to elect COBRA may do so even if they have other group health plan coverage or are entitled to Medicare Part A or Part B benefits on or before the date on which COBRA is elected.
- Note that having coverage provided by more than one entity will affect which entity is the primary or secondary payer of medical claims. You are responsible for contacting your insurance company directly to find out.

You become enrolled on another employer plan or become entitled to Medicare after you elect COBRA:

- If after you elect COBRA, you enroll onto another employer group health plan (for example, a spouse's employer plan or your own new employer plan), or you become entitled to Medicare Part A or Part B, you are required to cancel from COBRA, except if your Medicare Entitlement is due to end stage renal disease.
- Even though the COBRA regulations do not allow you to continue both coverages, you are still responsible for notifying VitaCOBRA in writing, or via e-mail, or via phone within 30 days of the coverage cancellation date. If not, any health claims incurred after the date coverage should have been canceled will still be retroactively declined.

Important! Medicare Secondary Payer (MSP) rules will apply if you are enrolled in, eligible to enroll, or if you waived enrolling in any part of Medicare. In other words, COBRA coverage will generally be the secondary payer of claims. It is important to note that the insurance company can still treat COBRA as the secondary payer of COBRA claims even if you waive enrolling in Medicare. You are responsible for checking with your health plan to determine which plan is the primary and secondary payer during your COBRA period.

If I choose not to elect all qualified beneficiaries to COBRA now, can I add them later?

There are two circumstances below where you can add a dependent to COBRA:

- 1. Open enrollment:** If similarly situated employees can add dependents at open enrollment, so can COBRA Qualified Beneficiaries. If at open enrollment, you enroll a family member who was formally a Qualified Beneficiary but who didn't elect COBRA within the original election grace period, you can still add the family member to COBRA, but your family member will no longer have any Qualified Beneficiary rights, such as independent election rights. In other words, the family member is not able to remain enrolled on COBRA without a Qualified Beneficiary enrolled on COBRA. Therefore, the family member added at open enrollment will be required to terminate from COBRA if all Qualified Beneficiaries on the account terminate from COBRA.
- 2. Health Insurance Portability and Accountability Act (HIPAA):** This law allows that in certain circumstances active employees may enroll spouses and children to their group health plans. Qualified Beneficiaries have these same rights to enroll a spouse and children in COBRA coverage, just as if the Qualified Beneficiary were an active employee. These rights include:
 - **New Spouse/Child:** If you acquire a new dependent (due to marriage, birth, or adoption), you may elect to add your new dependent to COBRA. You or your family member must notify both VitaCOBRA and the group health plan company in writing within 30 days of the marriage, birth or adoption, in order to enroll the dependent on COBRA.
 - **Loss of Other Group Coverage:** If your spouse or dependent children involuntarily lose other group health coverage as specified under HIPAA, you may be able to add your spouse or dependent child to your COBRA coverage. (This most typically happens when a spouse loses a job or changes jobs.)

You are responsible for notifying both VitaCOBRA and your group health plan company in writing within 30 days of the date of loss of coverage of the other group health plan coverage, in order to enroll your dependent on COBRA. If you do not provide the required notification within 30 days, you will lose your right to add your dependents under the special HIPAA event.

How do I make changes to coverage after I elect?

Any changes to COBRA including address changes, open enrollment changes, extensions to coverage, and addition of new dependents must be made in writing directly to VitaCOBRA. Any partial coverage cancellations (termination of some but not all Qualified Beneficiaries and/or health insurance plans) can either be made in writing or by phone to VitaCOBRA.

Written notification must either be sent to help@vitamail.com or provided by mail to the VitaCOBRA address.

COBRA Alternatives

Are there alternatives to COBRA?

There are three primary options to consider as alternatives to COBRA coverage. You may enroll in coverage through:

1. A spouse's or domestic partner's health plan
2. Individual health insurance directly through an insurance company
3. Individual health insurance through the Marketplace/Exchange

Important!

Sometimes other options are less expensive than COBRA. Be sure to look into these choices.

Option #1: Spouse/domestic partner coverage

If you are married or in a domestic partnership, coverage may be available through your spouse or domestic partner if they are employed and have group health coverage. Or, if a child is aged under 26, coverage may be available through the other parent (spouse) if they are employed and have group health coverage. This option may provide coverage at a lower cost since many employers subsidize the cost for dependents. You have a right to enroll in a spouse's group coverage health plan coverage since you lost other group health plan coverage. You must exercise this option with your spouse or domestic partner's employer within 30 days of your loss of your prior employer coverage and, in some cases, coverage will not have a retroactive effective date. Please note, not all group health plans allow coverage for domestic partners, so this option may not be available.

Option #2: Individual coverage direct with insurance company

Individual health insurance can be purchased directly through an individual insurance company. You may apply for individual insurance (in lieu of electing COBRA), but you must do so within a "special enrollment period." Your "special enrollment" period is 60 days from the date you lose the employer group health coverage. After 60 days, your special enrollment period will end and you may not be able to enroll until the individual plan open enrollment period which typically begins in November for coverage starting as early as January 1st.

For more information about individual health insurance options, contact health insurance company(s) who specialize in the individual market.

Option #3: Individual coverage through Marketplace/Exchange

Individual health insurance can be purchased online through a Marketplace/Exchange in lieu of electing COBRA or after your COBRA coverage expires. If you apply for individual insurance (in lieu of electing COBRA), you must do so within a "special enrollment period." Your "special enrollment" period is 60 days from the date you lose your employer health plan coverage. You may apply for insurance or enrollment in individual insurance through the Marketplace at any time during that 60 day window. After 60 days, your special enrollment period will end and you may not be able to enroll until a Marketplace "open enrollment" which typically begins in November for coverage starting as early as January 1st.

If you elect COBRA, you can switch to a Marketplace plan during a Marketplace open enrollment period. If your COBRA coverage ends involuntarily, such as you exhaust the maximum COBRA coverage period, or if the employer no longer offers you health plan coverage, you may be able to enroll in the Marketplace through the special enrollment period outside of open enrollment. The end of an employer-sponsored COBRA subsidy may also be considered an involuntary loss of coverage. Please contact your state Marketplace directly to confirm if the loss of an employer-sponsored subsidy qualifies for a special enrollment period. In addition, if you have a "qualifying life event," such as you marry or have a child, you can switch to a Marketplace plan. However, if your COBRA coverage is voluntarily terminated, such as failure to make a timely premium payment, or by your request prior to the end of the maximum coverage period, you will not be able to enroll in a Marketplace plan until the next open enrollment. If you sign up for Marketplace coverage instead of electing COBRA coverage, you cannot switch to COBRA coverage under any circumstances.

Coverage through the Marketplace may cost less than COBRA. Federal subsidies made available through the Affordable Care Act may be available through the Marketplace if your household income is between 138% and 400% of the federal poverty level. If you are eligible for a federal subsidy, the only way to get the subsidy is to be covered through the

Marketplace. Being eligible for COBRA won't limit your eligibility for coverage or for a tax credit if you enroll in coverage through the Marketplace in lieu of electing COBRA.

For more information about health insurance options available through the Marketplace, visit www.healthcare.gov or call 1-800-318-2596. If you live in California, contact Covered California at www.coveredca.com or 1-888-975-1142. For a full listing of Marketplace/Exchange information per each individual state, visit <https://www.healthinsurance.org/state-health-insurance-exchanges/> or refer to the table below.

How to Access the Marketplace/Exchange

State	Marketplace Type	Program Name	Web Address	Phone
Alabama	Federally-facilitated Marketplace	Federal Option	www.healthcare.gov	800-318-2596
Alaska	Federally-facilitated Marketplace	Federal Option	www.healthcare.gov	800-318-2596
Arizona	Federally-facilitated Marketplace	Cover Arizona	www.coveraz.com	800-318-2596
Arkansas	State-Partnership Marketplace	Arkansas Health Connector	www.arhealthconnector.org	855-283-3483
California	State-based Marketplace	Covered California	www.coveredca.com	888-975-1142
Colorado	State-based Marketplace	Connect for health CO.	www.connectforhealthco.com	855-752-6749
Connecticut	State-based Marketplace	Access Health CT	www.accesshealthct.com	860-757-5300
Delaware	State-Partnership Marketplace	Choose Health Delaware	www.choosehealthde.com/Health-Insurance	800-318-2596
District of Columbia	State-based Marketplace	DC Health Link	www.dchealthlink.com	855-532-5465
Florida	Federally-facilitated Marketplace	Florida Health Choices	myfloridachoice.org	800-396-5990
Georgia	Federally-facilitated Marketplace	Federal Option	www.healthcare.gov	800-318-2596
Hawaii	Federally-supported State-based Marketplace	Hawaii Health Connector	www.hawaiihealthconnector.com	877-628-5076
Idaho	State-based Marketplace	Your Health Idaho	www.yourhealthidaho.org	855-944-3246
Illinois	State-Partnership Marketplace	Get Covered Illinois	getcoveredillinois.gov	866-311-1119
Indiana	Federally-facilitated Marketplace	Federal Option	www.healthcare.gov	800-318-2596
Iowa	State-Partnership Marketplace	Federal Option	www.healthcare.gov	800-318-2596
Kansas	Federally-facilitated Marketplace	Federal Option	www.healthcare.gov	800-318-2596
Kentucky	State-based Marketplace	Kentucky's Healthcare Connection	kynect.ky.gov	855-459-6328
Louisiana	Federally-facilitated Marketplace	Federal Option	www.healthcare.gov	800-318-2596
Maine	Federally-facilitated Marketplace	Federal Option	www.healthcare.gov www.enroll207.com	800-318-2596
Maryland	State-based Marketplace	Maryland Health Connection	www.marylandhealthconnection.gov	855-642-8572
Massachusetts	State-based Marketplace	Massachusetts Health Connector	www.mahealthconnector.org	877-623-6765
Michigan	State-Partnership Marketplace	Federal Option	www.healthcare.gov , enrollmichigan.com	800-318-2596
Minnesota	State-based Marketplace	MNSure	http://mn.gov/hix/	855-366-7873
Mississippi	Federally-facilitated Marketplace	Federal Option	www.healthcare.gov www.healthhelpms.org	800-318-2596 877-314-3843
Missouri	Federally-facilitated Marketplace	Federal Option	www.healthcare.gov	800-318-2596
Montana	Federally-facilitated Marketplace	Federal Option	www.healthcare.gov	800-318-2596
Nebraska	Federally-facilitated Marketplace	Federal Option	www.healthcare.gov	800-318-2596
Nevada	Federally-supported State-based Marketplace	Nevada Health Link	www.nevadahealthlink.com	855-768-5465
New Hampshire	State-Partnership Marketplace	Covering New Hampshire	coveringnewhampshire.org www.healthcare.gov	800-318-2596
New Jersey	Federally-facilitated Marketplace	Federal Option	www.healthcare.gov	800-318-2596

State	Marketplace Type	Program Name	Web Address	Phone
New Mexico	Federally-supported State-based Marketplace	Be Well New Mexico	www.bewellnm.com	855-996-6449
New York	State-based Marketplace	NY State of Health	www.nystateofhealth.ny.gov	855-355-5777
North Carolina	Federally-facilitated Marketplace	Federal Option	www.healthcare.gov	800-318-2596
North Dakota	Federally-facilitated Marketplace	Federal Option	www.healthcare.gov	800-318-2596
Ohio	Federally-facilitated Marketplace	Federal Option	www.healthcare.gov	800-318-2596
Oklahoma	Federally-facilitated Marketplace	Federal Option	www.healthcare.gov	800-318-2596
Oregon	Federally-supported State-based Marketplace	Oregon Healthcare	www.oregonhealthcare.gov	800-699-9075
Pennsylvania	Federally-facilitated Marketplace	Federal Option	www.healthcare.gov	800-318-2596
Rhode Island	State-based Marketplace	Health Source RI	www.healthsourceri.com	855-840-4774
South Carolina	Federally-facilitated Marketplace	Consumer Choice dissolved, Federal Option	www.healthcare.gov	800-318-2596
South Dakota	Federally-facilitated Marketplace	Federal Option	www.healthcare.gov	800-318-2596
Tennessee	Federally-facilitated Marketplace	Federal Option	www.healthcare.gov	800-318-2596
Texas	Federally-facilitated Marketplace	Federal Option	www.healthcare.gov	800-318-2596
Utah	Federally-facilitated Marketplace	Federal Option	www.healthcare.gov	800-318-2596
Vermont	State-based Marketplace	Vermont Health Connect	healthconnect.vermont.gov	855-899-9600
Virginia	Federally-facilitated Marketplace	Federal Option	www.healthcare.gov	800-318-2596
Washington	State-based Marketplace	Washington Healthplanfinder	www.wahealthplanfinder.org	855-923-4633
West Virginia	State-Partnership Marketplace	Federal Option	www.healthcare.gov	800-318-2596
Wisconsin	Federally-facilitated Marketplace	Federal Option	www.healthcare.gov	800-318-2596
Wyoming	Federally-facilitated Marketplace	Federal Option	www.healthcare.gov	800-318-2596

What factors should I consider when choosing COBRA vs. another option?

Instead of electing COBRA, other coverage options may be more affordable. It's important that you choose carefully between COBRA and other coverage options, because once you've made your choice, it can be difficult or impossible to switch to another coverage option. When considering your options for health coverage, you may want to think about:

- 1. Premiums:** Other options such as coverage on a spouse's plan or through the Marketplace may be less expensive than COBRA.
- 2. Provider Networks:** You may want to check to see if your current health care providers participate in a network as you consider other options.
- 3. Drug Formularies:** A change in your health coverage may affect your costs for medication and in some cases, your medication may not be covered by another plan.
- 4. Severance Payments:** If your former employer is paying your COBRA premiums for a period of time through a severance agreement and you do not want to continue COBRA after the agreement period ends, you will have to wait until the next annual open enrollment period to enroll onto a spouse's plan as voluntary termination of coverage when your severance expires is not a qualifying life event under the HIPAA regulations that would trigger a special enrollment. Please contact your state Marketplace directly to confirm if the loss of an employer-sponsored subsidy qualifies for a special enrollment period.
- 5. Service Areas:** Some plans limit their benefits to specific service or coverage areas.
- 6. Other Cost-Sharing:** You may want to check what the copayments, deductibles, coinsurance, and other amounts are for alternative health coverage options. If you move to other coverage you may pay more out of pocket than you would under COBRA because the new coverage may impose a new deductible or a new out of pocket maximum.
- 7. Federal Subsidies:** If you may be eligible for a federal subsidy, you will want to secure coverage through the Marketplace as that is the only source for securing a federal subsidy.

Certificate of Group Health Plan Coverage

A Certificate of Group Health Plan Coverage has been included in this package if you were enrolled on a medical plan. It provides evidence of when your group health coverage ended to help you get special enrollment in another plan, including the Marketplace.

Federal law allows you to enroll in another group plan (such as a spouse's plan) or in Marketplace coverage if you lose your group health plan coverage. The enclosed Certificate will make it easy for you to prove that you had other coverage and when that coverage ended.

What happens after COBRA?

If you elect COBRA and your coverage ends *involuntarily*, such as you exhaust the maximum COBRA coverage period, you may be able to enroll in individual coverage either through an insurance company or through the Marketplace. At the time your COBRA coverage ends involuntarily, you will be eligible to enroll through the special enrollment period which means you do not have to wait until the annual open enrollment period. If your COBRA coverage ends *voluntarily*, such as your failure to make timely payment, you will be required to wait until the next annual open enrollment period to enroll onto a plan (typically starting in November for a January 1st effective date).

Additional Information

Additional Information

The notice does not fully describe continuation coverage or other rights under the plan. If you require additional COBRA information, please contact VitaCOBRA directly.

If you feel that you do not have enough plan information to act intelligently in electing or declining coverage, you will need to contact the health insurance company directly to request additional plan information or refer to the employer Summary of Benefit Coverage (SBC) and Summary Plan Description (SPD) documents. The SBC and other benefit plan documents are available on your online account at the VitaCOBRA website.

To receive more information about COBRA and HIPAA, visit the U.S. Department of Labor's Employee Benefits Security Administration (EBSA) website at <http://www.dol.gov/ebsa> or call their toll-free at 1-866-444-3272.

Privacy Promise

VitaCOBRA is committed to full and complete compliance with privacy regulations regarding your personal information and your health information. VitaCOBRA retains personal information necessary for the administration of COBRA coverage and health information to the extent it is provided to us by COBRA Qualified Beneficiaries in the course of servicing your coverage. VitaCOBRA does not sell your personal or health information. An outline of how we use your information and the circumstances in which we will disclose your personal or health information are outlined in the Vita Privacy Policy. For more information, please refer to the complete Vita Privacy Policy which may be found on our website: <https://www.vitacompanies.com>.



COBRA Premium Assistance

The Health Insurance Premium Payment (HIPP) Program, will pay the health insurance premiums (including COBRA premiums) for certain Medi-Cal beneficiaries. For more information visit the California Department of Health Care Services website at <http://www.dhcs.ca.gov>.

Under the Ryan White HIV/Aids Treatment Modernization Act of 2006, persons unable to work because of disability due to HIV/Aids and who are at risk of losing their private health insurance may be able to qualify for premium payment assistance through the CARE Health Insurance Premium Payment (CARE/HIPP) program. For more information visit the California Department of Public Health website at: <https://www.cdph.ca.gov>.

Eligible Pension Benefit Guaranty Corporation (PBGC) recipients, or Trade Adjustment Assistance (TAA) recipients, may be able to qualify for premium payment assistance through the Health Coverage Tax Credit (HCTC) Program. For more information, visit the Internal Revenue Service (IRS) website at https://www.irs.gov/pub/irs-utl/pbgc_information_guide.pdf.

Keep Plan Informed of Address Changes

To protect your rights, it is imperative that you keep VitaCOBRA and your insurance company informed of any address changes. This includes notifying VitaCOBRA of an alternate address for your spouse or children if your spouse or children do not reside with you. All address change requests must be submitted in writing to VitaCOBRA at help@vitamail.com.

Notice Procedures

Warning: If your notice is late or if you do not follow the notice procedures outlined in this document, you and all related Qualified Beneficiaries will lose the right to elect COBRA (or will lose the right to an extension of COBRA, as applicable). Any notice that you provide must be in writing and must include the appropriate documentation (as applicable). Verbal notice, including notice by the telephone, in person, to a supervisor while you are still employed, or to your former employer or VitaCOBRA after you are no longer employed, is not considered acceptable notice. Keep a copy of all notices for your records.

The covered employee, a Qualified Beneficiary who lost coverage due to the Qualifying Event described in the notice, or a representative acting on behalf of the covered employee or the Qualified Beneficiary may provide notices. A notice provided by any of these individuals will satisfy any responsibility to provide notice of all Qualified Beneficiaries who lost coverage due to the Qualifying Event described in this notice.

Who is the COBRA administrator?

Your employer has contracted with a specialty administrator to administer COBRA coverage. If you have any questions about this notice, your rights to elect COBRA, or your responsibilities in electing COBRA coverage, you should contact VitaCOBRA directly at:



Phone: (650) 810-1480

Email: help@vitamail.com

Fax: (650) 961-2285

Address: 900 North Shoreline Boulevard
Mountain View, CA 94043-1933

Please contact VitaCOBRA, not the employer, if you have any questions.