

GENERAL COBRA NOTICE

MODEL COBRA GENERAL NOTICE

WARNING:

This is a model general COBRA notice, based on a model notice provided by the U.S. Department of Labor (Lockton has modified the DOL's model notice in certain respects). Certain provisions might not be appropriate for your plan or plans.

If you intend to utilize this model, take care to conform it to the particulars of your plan or plans. Your Lockton account service team can help you do this. Highlighted text connotes information that should be verified or inserted, as appropriate.

December 13, 2019

Re: CONTINUATION COVERAGE RIGHTS UNDER COBRA

You are receiving this Notice of COBRA healthcare coverage continuation rights because you have recently become covered under one or more group health plans. The plan (or plans) under which you have gained coverage are listed at the end of this Form, and are referred to collectively as "the plan" except where otherwise indicated.

This notice contains important information about your right to COBRA continuation coverage, which is a temporary extension of healthcare coverage under the plan. The right to COBRA continuation coverage was created by a federal law, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). COBRA continuation coverage can become available to you and/or to other members of your family who are covered under the plan when you and/or they would otherwise lose the group health coverage. This notice gives only a summary of your COBRA continuation coverage rights. ***This notice generally explains COBRA continuation coverage, when it may become available to you and your family, and what you need to do to protect the right to receive it.*** For more information about your rights and obligations under the plan and under federal law, you should either review the plan's Summary Plan Description or contact the Plan Administrator. In some cases the plan document also serves as the Summary Plan Description.

Note you may have other options available to you when you lose group health coverage. When you become eligible for COBRA, you may also become eligible for other coverage options not provided by your employer that may cost less than COBRA continuation coverage. For example, you may be eligible to buy an individual plan through the Health Insurance Marketplace. By enrolling in coverage through the Marketplace, you may qualify for lower costs on your monthly premiums and lower out-of-pocket costs. Additionally, you may qualify for a 30-day special enrollment period for another group health plan for which you are eligible (such as a spouse's plan), even if that plan generally doesn't accept late enrollees.

COBRA Continuation Coverage and "Qualifying Events"

COBRA continuation coverage is a continuation of plan coverage when coverage would otherwise end because of a life event known as a "qualifying event." Specific qualifying events are listed later in this notice. COBRA continuation coverage must be offered to each person who is a "qualified beneficiary." A qualified beneficiary is someone who will lose coverage under the plan because of a qualifying event. Depending on the type of qualifying event, employees, spouses of employees, and eligible children of employees may be qualified beneficiaries. Certain newborns, newly-adopted children and alternate recipients under qualified medical child support orders may also be qualified beneficiaries. This is discussed in more detail in separate paragraphs below. Under the plan, qualified beneficiaries who elect COBRA continuation coverage generally must pay for this continuation coverage.

If you are a covered **employee**, you will become a qualified beneficiary if you lose your coverage under the plan because either one of the following qualifying events happens:

- ❖ Your hours of employment are reduced, or
- ❖ Your employment ends for any reason other than your gross misconduct.

If you are the **spouse of a covered employee**, you will become a qualified beneficiary if you lose your coverage under the plan because any of the following qualifying events happens:

- ❖ Your spouse dies;

- ❖ Your spouse's hours of employment are reduced;
- ❖ Your spouse's employment ends for any reason other than his or her gross misconduct;
- ❖ Your spouse becomes enrolled in any part of Medicare (it is extremely rare for coverage of an employee's dependents to be terminated on account of the employee's Medicare enrollment); or
- ❖ You become divorced or legally separated from your spouse. Note that if your spouse cancels your coverage in anticipation of a divorce or legal separation and a divorce or legal separation later occurs, then the divorce or legal separation will be considered a qualifying event even though you actually lost coverage earlier. ***If you notify the Plan Administrator or its designee within 60 days after the divorce or legal separation and can establish that the employee canceled the coverage earlier in anticipation of the divorce or legal separation, then COBRA coverage may be available for a period after the divorce or legal separation (but not for the period between the date your coverage ended, and the date of divorce or legal separation).*** But you must provide timely notice of the divorce or legal separation to the Plan Administrator or its designee or you will not be able to obtain COBRA coverage after the divorce or legal separation. See the rules in the box below, under the heading entitled, "Notice Requirements," regarding the obligation to provide notice, and the procedures for doing so.

Your covered ***eligible children*** will become qualified beneficiaries if they lose coverage under the plan because any of the following qualifying events happens:

- ❖ The parent-employee dies;
- ❖ The parent-employee's hours of employment are reduced;
- ❖ The parent-employee's employment ends for any reason other than his or her gross misconduct;
- ❖ The parent-employee becomes enrolled in any part of Medicare (it is extremely rare for coverage of an employee's dependents to be terminated on account of the employee's Medicare enrollment);
- ❖ The parents become divorced or legally separated; or
- ❖ The child stops being eligible for coverage under the plan as an "eligible child."

Notice Requirements

The plan will offer COBRA continuation coverage to qualified beneficiaries only after the Plan Administrator or its designee has been ***timely notified*** that a qualifying event has occurred. When the qualifying event is:

- ❖ the end of employment or reduction of hours of employment,
- ❖ death of the employee,

the employer (if the employer is not the Plan Administrator) must notify the Plan Administrator of the qualifying event within 30 days following the date coverage ends.

IMPORTANT:

For the other qualifying events (divorce or legal separation of the employee and spouse or an eligible child's losing eligibility for coverage as an eligible child), you or someone on your behalf must notify the Plan Administrator or its designee in writing within 60 days after the qualifying event occurs, using the procedures specified below. If these procedures are not followed or if the notice is not provided in writing to the Plan Administrator or its designee during the 60-day notice period, any spouse or eligible child who loses coverage will not be offered the option to elect continuation coverage.

NOTICE PROCEDURES:

Any notice that you provide must be *in writing*. Oral notice, including notice by telephone, is not acceptable. You must mail, fax or hand-deliver your notice to the person, department, or firm listed below, at the following address:

Brandy Wallace
Vice President, Employee Services
(314) 739-1900
940 Westport Plaza Drive, Suite 101
St. Louis, Missouri 63146

If mailed, your notice must be postmarked no later than the last day of the required notice period. Any notice you provide must state:

- ❖ the *name of the plan or plans* under which you lost or are losing coverage,
- ❖ the *name and address of the employee* covered under the plan,
- ❖ the *name(s) and address(es) of the qualified beneficiary(ies)*, and
- ❖ the *qualifying event* and the *date* it happened.

If the qualifying event is a *divorce or legal separation*, your notice must include *a copy of the divorce decree or the legal separation agreement*.

There are other notice requirements in other contexts. See, for example, the discussion below under the heading entitled, “*Duration of COBRA Coverage*.” That explanation describes other situations where notice from you or the qualified beneficiary is required in order to gain the right to COBRA coverage.

Once the Plan Administrator or its designee receives *timely notice* that a qualifying event has occurred, COBRA continuation coverage will be offered to each of the qualified beneficiaries. Each qualified beneficiary will have an independent right to elect COBRA continuation coverage. Covered employees may elect COBRA continuation coverage for their spouses, and parents may elect COBRA continuation coverage on behalf of their children. For each qualified beneficiary who elects COBRA continuation coverage, COBRA continuation coverage will begin on the date of the qualifying event. *If you or your spouse or eligible children do not elect continuation coverage within the 60-day election period described above, you will lose your right to elect continuation coverage.*

Duration of COBRA Coverage

COBRA continuation coverage is a temporary continuation of coverage. When the qualifying event is the death of the employee, enrollment of the employee in any part of Medicare, your divorce or legal separation, or an eligible child losing eligibility as an eligible child, COBRA continuation coverage lasts for up to **36 months**.

When the qualifying event is the end of employment or reduction of the employee's hours of employment, COBRA continuation coverage lasts for up to **18 months**.

There are *three ways* in which the period of COBRA continuation coverage can be extended...

1. Disability extension of 18-month period of continuation coverage.

If you or anyone in your family covered under the plan is determined by the Social Security Administration to be disabled as of the date of the qualifying event or at any time during the first 60 days of COBRA continuation coverage *and you notify*

the Plan Administrator or its designee in writing and in a timely fashion, you and your entire family can receive up to **an additional 11 months** of COBRA continuation coverage, for a total maximum of **29 months**.

*You must make sure that the Plan Administrator or its designee is notified in writing of the Social Security Administration's determination within **60 days** after (i) of the date of the determination or (ii) the date of the qualifying event or (iii) the date coverage is lost due to the qualifying event, whichever occurs last. But in any event the notice must be provided before the end of the 18-month period of COBRA continuation coverage.* The plan requires you to follow the procedures specified in the box above, under the heading entitled "Notice Procedures." In addition, your notice must include

- ❖ the name of the disabled qualified beneficiary,
- ❖ the date that the qualified beneficiary became disabled, and
- ❖ the date that the Social Security Administration made its determination.

Your notice must also include a copy of the Social Security Administration's determination. *If these procedures are not followed or if the notice is not provided in writing to the Plan Administrator or its designee within the required period, then there will be no disability extension of COBRA continuation coverage.*

2. Second qualifying event extension of 18-month period of continuation coverage.

If your family experiences *another qualifying event* while receiving COBRA continuation coverage, the spouse and eligible children in your family can get additional months of COBRA continuation coverage, up to a maximum of **36 months** (including the initial period of COBRA coverage).

This extension is available to *the spouse* and *eligible children* if, while they and the covered former employee are purchasing COBRA coverage, the former employee:

- ❖ dies,
- ❖ gets divorced or legally separated.

The extension is also available to an *eligible child* when that child stops being eligible under the plan as an eligible child.

*In all of these cases, you must make sure that the Plan Administrator or its designee is notified in writing of the second qualifying event within **60 days** after (i) the date of the second qualifying event or (ii) the date coverage is lost, whichever occurs last.* The plan requires you to follow the procedures specified in the box above, under the heading entitled "Notice Procedures." Your notice must also *name the second qualifying event and the date it happened*. If the second qualifying event is a divorce or legal separation, your notice must include *a copy of the divorce decree or legal separation agreement*.

*If these procedures are not followed or if the notice is not provided in writing to the Plan Administrator or its designee within the required **60-day** period, then there will be no extension of COBRA continuation coverage due to the second qualifying event.*

3. Medicare Extension for Spouse and Eligible Children.

If a qualifying event that is a termination of employment or reduction of hours occurs within 18 months after the covered employee becomes entitled to any part of Medicare, then the maximum coverage period for the spouse and eligible children is **36 months** from the date the employee became entitled to Medicare (but the covered employee's maximum coverage period will be 18 months).

Shorter Maximum Coverage Period for Health Flexible Spending Accounts

The maximum COBRA coverage period for a health flexible spending arrangement (health "FSA") maintained by the employer ends on the last day of the cafeteria or flexible benefits plan "plan year" in which the qualifying event occurred. In addition, if at the time of the qualifying event the employee has withdrawn (during the plan year) more from the FSA than the employee has had credited to the FSA, no COBRA right is available at all.

OTHER RULES AND REQUIREMENTS

Same Rights as Active Employees to Add New Dependents. A qualified beneficiary generally has the same rights as similarly situated active employees to add or drop dependents, make enrollment changes during open enrollment, etc.

Contact the Plan Administrator for more information. See also the paragraph below titled, “*Children Born or Placed for Adoption with the Covered Employee During COBRA Period*,” for information about how certain children acquired by a covered employee purchasing COBRA coverage may actually be treated as qualified beneficiaries themselves. ***Be sure to promptly notify the Plan Administrator or its designee if you need to make a change to your COBRA coverage. The Plan Administrator or its designee must be notified in writing within 30 days of the date you wish to make such a change (adding or dropping dependents, for example).*** See the rules in the box above, under the heading entitled, “*Notice Procedures*,” for an explanation regarding how your notice should be made.

Children Born to or Placed for Adoption with the Covered Employee During COBRA Period. A child born to, adopted by, or placed for adoption with a covered employee or former employee during a period of continuation coverage is considered to be a qualified beneficiary provided that, if the covered employee or former employee is a qualified beneficiary, the employee has elected COBRA continuation coverage for himself or herself. The child’s COBRA coverage begins when the child is enrolled in the plan, whether through special enrollment or open enrollment, and it lasts for as long as COBRA coverage lasts for other family members of the employee. To be enrolled in the plan, the child must satisfy the otherwise applicable plan eligibility requirements (for example, age requirements). ***Be sure to promptly notify the Plan Administrator or its designee if you need to make a change to your COBRA coverage. The Plan Administrator or its designee must be notified in writing within 30 days of the date you wish to make such a change.*** See the rules in the box above, under the heading entitled, “*Notice Procedures*,” for an explanation regarding how your notice should be made.

Alternate Recipients Under Qualified Medical Child Support Orders. A child of the covered employee or former employee who is receiving benefits under the plan pursuant to a Qualified Medical Child Support Order (QMCSO) received by the Plan Administrator during the employee’s period of employment with the employer is entitled the same rights under COBRA as an eligible child of the covered employee, regardless of whether that child would otherwise be considered a dependent. ***Be sure to promptly notify the Plan Administrator or its designee if you need to make a change to your COBRA coverage. The Plan Administrator or its designee must be notified in writing within 30 days of the date you wish to make such a change.*** See the rules in the box above, under the heading entitled, “*Notice Procedures*,” for an explanation regarding how your notice should be made.

Are there other coverage options besides COBRA Continuation Coverage?

Yes, other coverage options not sponsored by your employer may be available. Instead of enrolling in COBRA continuation coverage, there may be other coverage options for you and your family through the Health Insurance Marketplace, Medicaid, or other group health plan coverage options (such as a spouse’s plan) through what is called a “special enrollment period.” Some of these options may cost less than COBRA continuation coverage. You can learn more about many of these options at www.healthcare.gov.

If You Have Questions

Questions concerning your plan or your COBRA continuation rights should be addressed to the contact or contacts identified below. For more information about your rights under ERISA, including COBRA, the Health Insurance Portability or Accountability Act (HIPAA), and other laws affecting group health plans, contact the nearest Regional or District Office of the U.S. Department of Labor’s Employee Benefits Security Administration (EBSA). Addresses and phone numbers of Regional and District EBSA Offices are available through EBSA’s Web site at www.dol.gov/ebsa.”

Keep Your Plan Informed of Address Changes

In order to protect your family’s rights, you should keep the Plan Administrator or its designee informed of any changes in the addresses of family members. You should also keep a copy, for your records, of any notices you send to the Plan Administrator or its designee.

Plan Contact Information

Brandy Wallace
Vice President, Employee Services
940 Westport Plaza Drive, Suite 101
St. Louis, Missouri 63146
(314) 739-1900