

Continuation Coverage Rights Under COBRA

Introduction

You are receiving this notice because you have recently become covered under a group health plan (the Plan). This notice contains important information about your right to COBRA continuation coverage, which is a temporary extension of coverage under the Plan. **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.**

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 when you would otherwise lose your group health coverage. It can also become available to other members of your family who are covered under the Plan when they would otherwise lose their group health coverage. For additional information about your rights and obligations under the plan and under federal law, you should review the Plan's Summary Plan Description or contact the Plan Administrator.

What is COBRA Continuation Coverage?

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 events are listed later in this notice. After a qualifying event, COBRA continuation coverage must be offered to each person who is a "qualified beneficiary". You, your spouse and your dependent children could become qualified beneficiaries if coverage under the Plan is lost because of the qualifying event. Under the Plan, qualified beneficiaries who elect COBRA continuation coverage must pay for COBRA continuation coverage.

If you are an 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 an employee, you will become a qualified beneficiary if you lose your coverage under the Plan because of any of the following qualifying events takes place:

- Your spouse dies;
- Your spouse's hours of employment are reduced;
- Your spouse's employment ends for any reason other than his/her gross misconduct;
- Your spouse becomes entitled to Medicare benefits (under Part A, Part B, or both); or
- You become divorced or legally separated from your spouse.

Your dependent 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 reasons other than his/hers gross misconduct
- The parent-employee becomes entitled to Medicare benefits (Part A, Part B, or both);
- The parents become divorced or legally separated; or
- The child stops being eligible for coverage under the plan as a "dependent child".

When is COBRA Coverage Available?

The Plan will offer Cobra continuation coverage to qualified beneficiaries only after the Plan Administrator has been 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, or the employee's becoming entitled to Medicare benefits (under Part A, Part B, or both), the employer must notify the Plan Administrator of the qualifying event.

You Must Give Notice of Some Qualifying Events

For the other qualifying events (divorce or legal separation of the employee and spouse or a dependent child's losing eligibility for coverage as a dependent child), the employee, beneficiary or their representative must give notice of the event according to the procedures outlined in this section. Failure to follow these procedures may result in a loss of eligibility for continuation coverage.

- 1) The notice must be in writing.
- 2) The written notice must be sent to the individual listed in #4 below within 60 days of the latest of:
 - a. The event date
 - b. The date the individual would lose coverage due to the event
 - c. In the case of the employee's disability, the date of the disability determination by the Social Security Administration
- 3) The notice must include the following information:
 - o The Name and Address of the individuals requesting coverage or extension of continuation coverage
 - o A description of the event and event date
 - o If the event is due to the disability of the employee, a copy of the determination letter approving total disability status must be included
- 4) The written notice must be sent to:

**Human Resources-COBRA Plan Administrator
Behcon, Inc.
1825 E. Northern Avenue, Suite 100
Phoenix AZ 85020**

How is COBRA Coverage Provided?

Once the Plan Administrator receives the 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 on behalf of their spouses, and parents may elect COBRA continuation coverage on behalf of their children.

COBRA continuation coverage is a temporary continuation of coverage. When the qualifying event is the death of an employee, the employee's becoming entitled to Medicare benefits (under Part A, Part B, or both), your divorce or legal separation, or a dependent child's losing eligibility as a dependent child,

COBRA continuation coverage lasts for up to a total of 36 months for eligible spouses and dependents of an employee, and 18 months for eligible employees. When the qualifying event is the end of employment or reduction of the employee's hours of employment, COBRA continuation coverage generally lasts only for a total of 18 months.

If an employee becomes entitled to Medicare benefits then within 18 months experiences a qualifying event which is the end of employment or reduction of the employee's hours of employment, COBRA continuation coverage for his spouse and children can last up to 36 months after the date of Medicare entitlement, which is equal to 28 months after the date of the qualifying event (26 months minus 8 months).

There are two ways in which an 18-month period of COBRA continuation coverage can be extended:

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 and you notify the Plan Administrator in a timely fashion, you and your entire family may be entitled to receive up to an additional 11 months of COBRA continuation coverage, for a total maximum of 29 months. The disability would have to have started at some time before the 60th day of COBRA continuation coverage and must last at least until the end of the 18-month period of continuation coverage.

Another qualifying event occurs while receiving 18 months of COBRA continuation coverage

If your family experiences another qualifying event while receiving 18 months of COBRA continuation coverage, the spouse and dependent children in your family can get up to 18 additional months of COBRA continuation coverage, for a maximum of 36 months, if notice of the second qualifying event is properly given to the Plan. This extension may be available to the spouse and any dependent children receiving continuation coverage if the employee or former employee dies, or gets divorced or legally separated, or if the dependent child stops being eligible under the Plan as dependent child, but only if the event would have caused the spouse or dependent child to lose coverage under the Plan had the first qualifying event not occurred.

Notice must be provided to the employer or administrator of the request for disability extension or second qualifying event extension. The employee, beneficiary or their representative must give notice of the event according to the procedures outlined in this section. Failure to follow these procedures may result in a loss of eligibility for continuation coverage.

- 1) The notice must be in writing.
- 2) The written notice must be sent to the individual listed in #4 below within 60 days of the latest of:
 - a. The event date
 - b. The date the individual would lose coverage due to the event
 - c. In the case of the employee's disability, the date of the disability determination by the Social Security Administration
- 3) The written notice must include the following information:
 - a. The name and address of the individuals requesting continuation coverage or extension of continuation coverage
 - b. A copy of the determination letter approving total disability status
- 4) The written notice must be sent to:

**Human Resources-COBRA Plan Administrator
Behcon, Inc.
1825 E. Northern Avenue, Suite 100
Phoenix AZ 85020**

If You Have Questions

Questions concerning your Plan or COBRA continuation coverage 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 and 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) in your area or visit the EBSA website at:

www.dol.gov/ebsa

Address and phone numbers of Regional and District EBSA offices are available through EBSA's website.

Keep Your Plan Informed of Address Changes

In order to protect your family's rights, you should keep the Plan Administrator 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.

Plan Contact Information

Human Resources-COBRA Plan Administrator
Behcon, Inc.
1825 E. Northern Avenue, Suite 100
Phoenix AZ 85020
602-889-7555 Phone
602-889-7553 Fax