

Mini-COBRA Continuation Coverage Election

Instructions for Employers

The notice on the following pages must be sent to all beneficiaries who have qualifying events that occur on or after June 1, 2010. This notice for qualified beneficiaries includes a cover letter (summarizing some of the important specific details about their coverage should they choose to elect mini-COBRA continuation of coverage), a general summary of their rights under the law (Notice of Right to Continue Group Health Coverage for Mini-COBRA) and a form to elect or decline continuation of coverage (Mini-COBRA Continuation Coverage Election Form). Please refer to the details in the following pages, your Plan Sponsor Manual, our website for employers or other documentation we've provided that explains mini-COBRA rights.

Before sending the notice to a qualified beneficiary, please fill in the blanks on the cover letter which include:

- the date of the letter,
- your account name,
- your address,
- the contact name of the individual at your business responsible for mini-COBRA administration,
- the telephone number for that contact person,
- the qualified beneficiary's name in the salutation line,
- the date group coverage will end if the beneficiary does not elect,
- the date continuation of coverage will begin and end if the beneficiary elects,
- and the cost of continuation of coverage if the beneficiary elects.

On the Notice of Right to Continue Group Health Coverage for Mini-COBRA, enter the deadline for the beneficiary to submit his/her monthly premium payment.

On the Mini-COBRA Continuation Coverage Election Form, enter the eligibility expiration date, account name, and contact name, address, and telephone number at the bottom of the form.

Then send the entire package to the qualified beneficiary.

Date: _____

Account name: _____

Contact name: _____

Street address: _____

City, State, Zip Code: _____

Telephone number: _____

Dear: _____

We are sending this notice to you because you had a loss of our group coverage due to certain events (see following pages) that occurred on or after June 1, 2010. However, you have the opportunity to continue with our group health plan under Massachusetts mini-COBRA laws. Please read the information in this notice very carefully including the Notice of Right to Continue Group Health Coverage for Mini-COBRA.

To elect Massachusetts mini-COBRA continuation coverage, follow the instructions on the following pages to complete the enclosed Mini-COBRA Continuation Coverage Election Form and submit it to us.

If elected, continuation coverage will begin on _____ and can last until _____. Continuation coverage will cost _____. You do not have to send any payment with the Mini-COBRA Continuation Coverage Election Form. However, important additional information about payment for continuation coverage after you submit your election form is included in the following pages.

If you do not elect Massachusetts mini-COBRA continuation coverage, your coverage under the group health plan will end on _____.

If you have any questions about this notice or your rights to continuation coverage, please contact us at the phone number above.

Sincerely,

Notice of Right to Continue Group Health Coverage for Mini-COBRA

What is mini-COBRA continuation coverage?

State law gives individuals (including their spouses and/or dependents if they were covered under the group health plan) the right to continue coverage under the group health plan when the individual would otherwise have a loss of coverage due to certain qualifying events. The types of events and the length of time such a qualified beneficiary may continue coverage is shown under each situation listed below:

- **Death of an employee**

The surviving spouse and/or any dependent children may continue group coverage for up to 36 months.

- **The employee becomes ineligible for group health coverage after a termination of employment or reduction of work hours.**

All family members covered under the employee's health plan may continue group health coverage for up to 18 months. Note: If you are qualified for Medicare disability at the time you lose coverage, or within 60 days of your loss of coverage, you must notify us 60 days before the end of the 18-month period to continue coverage for an additional 11 months. The premium for the additional 11 months may be up to 150 percent of the premium for active employees.

- **Divorce or legal separation**

The spouse and/or any covered dependent children may continue group health coverage for up to 36 months.

- **The employee becomes entitled to Medicare coverage.**

The spouse, if not also enrolled in Medicare, and/or any dependent children may continue group coverage for up to 36 months.

- **A child ceases to be a dependent under the employee's family membership.**

The child may continue group coverage for up to 36 months.

- **A retiree substantially loses coverage within one year before or after we file for bankruptcy.**

The retiree, spouse, and/or dependents may continue coverage until the death of the retiree, or up to 36 months after the death of the retiree for the qualified surviving spouse and dependents.

Although you are allowed by law to continue group health coverage at your own expense, continued coverage will be terminated if:

- We cease to maintain a group health plan;
- You fail to pay the premium on time;
- You are covered under another group health plan which does not contain any exclusion or limitation with respect to any pre-existing condition; or
- You are entitled to Medicare benefits.

Continuation coverage is the same coverage that the plan gives to other participants or beneficiaries under the Plan who are not receiving continuation coverage. Each qualified beneficiary who elects continuation coverage will have the same rights under the plan as other participants or beneficiaries covered under the Plan, including open enrollment and special enrollment rights.

How can you elect mini-COBRA continuation coverage?

To elect continuation coverage, you must complete the Mini-COBRA Continuation Coverage Election Form and furnish it according to the directions on the form. **Under Massachusetts mini-COBRA law, you have 60 days after the date of this notice to decide whether you want to elect continuation coverage.** In considering whether to elect continuation coverage, you should take into account that a failure to continue your group health coverage will affect your future rights under federal law. First, you can lose the right to avoid having preexisting condition exclusions applied to you by other group health plans if you have a 63-day gap in health coverage, and election of continuation coverage may help prevent such a gap. Second, you will lose the guaranteed right to purchase individual health coverage that does not impose a preexisting condition exclusion if you do not elect continuation coverage for the maximum time available to you. Finally, you should take into account that you have special enrollment rights under federal law. You have the right to request special enrollment in another group health plan for which you are otherwise eligible (such as a plan sponsored by your spouse's employer) within 30 days after your group health coverage ends because of the qualifying event listed above. You will also have the same special enrollment right at the end of continuation coverage if you get continuation coverage for the maximum time available to you.

How much does mini-COBRA continuation coverage cost?

Generally, each qualified beneficiary may be required to pay the entire cost of mini-COBRA coverage. The amount a qualified beneficiary may be required to pay may not exceed 102 percent (or, in the case of an extension of continuation coverage due to a disability, 150 percent) of the cost to the group health plan (including both employer and beneficiary contributions) for coverage of a similarly situated plan participant or beneficiary who is not receiving continuation coverage. The required payment for each continuation coverage period for each option is described in this notice. The Trade Act of 2002 created a tax credit for certain individuals who become eligible for trade adjustment assistance and for certain retired employees who are receiving pension payments from the Pension Benefit Guaranty Corporation (PBGC).¹ If you have questions about these provisions, you may call the Health Coverage Tax Credit Customer Contact Center toll-free at 1-866-628-4282 (TTY: 1-866-626-4282). More information about the Trade Act is also available at www.doleta.gov/tradeact.

When and how must payment for mini-COBRA continuation coverage be made?

If you decide to continue coverage, your first payment will be due within 45 days of the date we receive your Mini-COBRA Continuation Coverage Election Form. This bill will cover the time period from the date continued coverage begins through the month we receive your Mini-COBRA Continuation Coverage Election Form. (Please note, therefore, that your first payment will be smaller if you make your decision within 30 days.) Once you have made the first payment for continued coverage, your premium payment must be received each month on or by the _____ day of the month to ensure that your mini-COBRA coverage remains current. Although premium payments are due on the date shown, you will be given a grace period of 30 days after the first day of the coverage period to make each monthly payment. If you fail to make a monthly payment before the end of the grace period, you will lose all rights to mini-COBRA coverage.

Keep Us Informed of Address Changes

In order to protect you and your family's rights, you should keep us informed of any changes in your address and the addresses of family members. You should also keep a copy of any notices you send to us for your records.

¹ Under the tax provisions, eligible individuals can either take a tax credit or get advance payment of 65 percent of premiums paid for qualified health insurance, including continuation coverage.

Mini-COBRA Continuation Coverage Election Form

Instructions: To elect mini-COBRA continuation coverage, complete this Mini-COBRA Continuation Coverage Election Form by the eligibility expiration date shown below and return it to us. Under Massachusetts mini-COBRA law, you have 60 days after the date of this notice to decide whether you want to elect continuation coverage.

If you do not submit a completed Mini-COBRA Continuation Coverage Election Form by the eligibility expiration date, you will lose your right to elect mini-COBRA continuation coverage. If you reject mini-COBRA continuation coverage before the due date, you may change your mind as long as you furnish a completed Mini-COBRA Continuation Coverage Election Form before the eligibility expiration date.

I am aware that coverage under my current health plan can be extended for a certain length of time at my expense.

Check the appropriate boxes:

- Yes, I (we) elect continuation coverage in my group level health benefit program.
- Yes, my spouse and/or dependents were covered under my health benefit program **and** they also choose to continue coverage.
- Yes, my spouse and/or dependents were covered under my health benefit program **BUT** they choose **NOT** to continue coverage.
- No, I do not wish to continue in my current health benefit program for the following reason:
 - I have other group health insurance coverage
 - I have elected to convert to non-group coverage
 - I am moving out of state
 - This coverage is too expensive
 - Other: _____

Signature of Beneficiary

Date

Print Name

Social Security Number

Telephone Number

Current Address _____

Eligibility expiration date: _____

Account name: _____

Contact name: _____

Street address: _____

City, State, Zip Code: _____

Telephone number: _____