

TOWN OF PLYMOUTH

11 Lincoln Street
Plymouth, MA 02360

508-747-1620 ext. 101

Dear Employee (and/or eligible dependent(s)),

YOU (AND YOUR ELIGIBLE DEPENDENT(S)) SHOULD READ THIS INFORMATION, REGARDLESS OF YOUR CURRENT EMPLOYMENT STATUS WITH THE TOWN OF PLYMOUTH.

This notice has been updated to include the language from the IRS Final COBRA Regulations effective on January 1, 2000.

This notice summarizes your rights and your obligations under COBRA, and should be reviewed, retained with other benefit documents, and referred to in the event any action is required on your part.

COBRA Continuation Coverage:

If you or your eligible dependent(s) should lose coverage under your group health plan due to a "Qualifying Event" listed below, COBRA guarantees an opportunity to elect temporary continuation of health care coverage at group rates. It is important that the Benefits Office has your current address. Notification of a "Qualifying Event," should one occur, will be sent to your last known address at the time of the event. We provide you with the following summary of information concerning COBRA and the procedures which should be followed if or when a "Qualifying Event" occurs.

If you are an employee of the Town of Plymouth, covered by one of our group health plans, you have the right to choose continuation coverage for yourself, and/or covered dependent(s), if you, and/or your covered dependent(s) lose group health coverage under the plan because of a reduction in your hours or termination of employment (for reasons other than gross misconduct).

If you are a covered spouse of an employee of the Town of Plymouth, you have the right to continuation of coverage for yourself and/or your covered dependent child(ren), if you or your covered dependent child(ren) lose group health coverage for any of the following reasons:

1. Death of the employee
2. Reduction in hours of the employee's employment or termination of employment (except due to gross misconduct)
3. Divorce or legal separation from your spouse
4. Your spouse becomes entitled to Medicare

If you are a covered dependent child(ren) of an employee of the Town of Plymouth, you have the right to continuation coverage if group health coverage is lost for any of the following reasons:

1. Death of the employee
2. Reduction in hours of the employee's employment or termination of employment (except due to gross misconduct)
3. Parent's divorce or legal separation
4. Employee becomes entitled to Medicare

5. You cease to be a "dependent child" under the terms of the plan (example: child reaching his/her age limit, or any other change in status which affects eligibility for coverage)

The covered employee or eligible dependent(s) has the responsibility to directly inform the **Town of Plymouth** of a divorce or legal separation, or a child losing dependent status under the group health plan(s) limitations.

Written notice is required within 60 days of the date of the event or the date that you would lose coverage due to a "Qualifying Event." If notice is not made within 60 days, rights to continue coverage will terminate. In situations where a covered employee discontinues coverage of a spouse in anticipation of a divorce or legal separation, the **Town of Plymouth**, when in receipt of timely notification, is required to make COBRA continuation of coverage available effective from the date of the divorce or legal separation (but not prior to that date). The written notice should include:

Date (mo/day/yr):

Dependent's Name:

Dependent's Social Security Number:

Dependent's mailing address:

Dependent's telephone:

Gender:

Date of Birth:

Relationship to Employee:

Employee's Name:

Employee's Social Security Number:

Reason for loss of coverage:

Date of loss of coverage:

Once the **Town of Plymouth** has been notified that one of these events has happened, we have the responsibility of notifying the Plan Administrator of the event. When the Plan Administrator is notified that one of these events has happened, the Plan Administrator will, in turn, notify you or the Qualified Beneficiary that you have the right to choose continuation of coverage. Under the law, you have at least 60 days from the date you would lose coverage because of one of the events described above, or from date your election notice is sent to you, whichever is later, to inform the Plan Administrator that you want continuation of coverage.

If you do not choose continuation of coverage, your group health insurance coverage will end in accordance with the provisions outlined in your plan(s).

If you choose COBRA continuation of coverage, the **Town of Plymouth** is required to give you coverage which, as of the time coverage is being provided, is identical to that coverage provided under the plan to similarly situated nonCOBRA beneficiaries or family members. Under the law, Qualified Beneficiary(ies) losing coverage has 60 days from either the date of loss of coverage or from the date of the notice to elect COBRA continuation, whichever is later. You have 45 days from the date of the initial election to make your first premium payment and pay any other premium payments that are due for periods of coverage that end before 45 days from the date of the election.

If COBRA continuation of coverage is elected, the law requires that you be afforded the opportunity to maintain continuation of coverage for three years unless you lost group health coverage due to a termination of employment or a reduction in hours. In that case, the required continuation of coverage period is 18 months. This 18 months may be extended to 36 months if other events (such as death, divorce, legal separation, or Medicare entitlement) occur during that 18 month period. A "Qualified Beneficiary" is an individual entitled to COBRA continuation of coverage. Individuals who may be qualified beneficiaries are the spouse and dependent child(ren) of a covered employee and, in certain circumstances, the covered employee. Under current law, in order to be a qualified beneficiary, an individual must generally be covered under a group health plan on the day before the event that causes a loss of coverage (such as termination of employment, or a divorce from, or death of, the covered employee). HIPAA changes this requirement so that a child born to the covered employee, or who is placed for adoption with the covered employee, during the period of COBRA continuation coverage, is also a qualified beneficiary.

Disability Extension: Under current law, if an individual is entitled to COBRA continuation of coverage because of a termination of employment or reduction in hours of employment, that plan is generally required to make COBRA continuation of coverage available to the individual for 18 months. However, if the individual entitled to the COBRA continuation of coverage is disabled (as determined under the Social Security Act) and satisfies the application notice requirements, the plan must provide COBRA continuation of coverage for 29 months, rather than 18 months. The current law also states, the individual must be disabled at the time of termination of employment or reduction in hours of employment. The Health Insurance Portability and Accountability Act of 1996 (HIPAA) made changes to current law to provide that, beginning January 1, 1997, the disability extension will also apply if the individual becomes disabled at any time during the first 60 days of COBRA continuation of coverage. HIPAA also makes it clear that, if the individual entitled to the disability extension has non-disabled family members who are entitled to COBRA continuation of coverage, those non-disabled family members are also entitled to the 29 month disability extension.

The Qualified Beneficiary must notify the **Town of Plymouth** Plan Administrator within 30 days of any final determination that the individual is no longer disabled. In no event will continuation of coverage last beyond 3 years from the date of the event that originally made a qualifying beneficiary eligible to elect coverage.

The law also provides that the COBRA continuation of coverage may end sooner for any of the following reasons:

1. If the **Town of Plymouth** no longer provides group health coverage for any of its employees.
2. If the premium for your COBRA continuation of coverage is not paid in a timely manner.
3. If you become covered by another group plan, unless the plan contains any exclusions or limitations with respect to a preexisting condition you or your covered dependents may have.
4. If you first become, after the date of election, entitled to Medicare.
5. If you extend coverage for up to 29 months due to your disability and there has been a final determination that you are no longer disabled.

You do not have to show that you are insurable to choose continuation of coverage. However, under the law, you may have to pay all or part of the premium for your continuation of coverage. There is a grace period of 30 days for payment of the regularly scheduled premium. (The law also says that at the end of

(the 18 month or 36 month COBRA continuation of coverage period, you must be allowed to enroll in an individual conversion health plan if one is available through the health plan provider.)

This law applies to the **Town of Plymouth's** group health plan. If you have any questions, please contact the Benefits Office at 508-747-1620 ext. 101. Also, if you have changed your marital status, or you or your eligible dependents have a change in address, please notify the Benefits Office.