



NOTICE OF CONTINUATION OF COBRA RIGHTS (COBRA)

The right to COBRA coverage was created by the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). COBRA coverage may become available to you and your family members when you would otherwise lose your health care coverage.

This notice generally explains COBRA coverage, when it may become available to you and your family, and what you must do to protect your rights to receive it. **Both you and your spouse should read this notice carefully.**

QUALIFYING EVENTS

"Qualifying Events" are certain events that cause an individual to lose health care coverage. Qualifying Events that trigger your right to COBRA coverage are:

- Voluntary or involuntary termination of the covered employee's employment for reasons other than "gross misconduct";
- Reduced hours of work for the covered employee, resulting in ineligibility for health coverage;
- Divorce or legal separation of the covered employee;
- Death of the covered employee;
- Loss of status as an "eligible dependent child" under plan rules;
- The covered employee becomes entitled to Medicare, resulting in ineligibility for coverage; or
- The employer files a Chapter 11 bankruptcy (only applicable to retired employees and their dependents covered under a retiree medical program).

The Qualifying Event you experience determines your notice requirements and the amount of time you may retain COBRA coverage.

WHEN AND HOW YOU MUST GIVE NOTICE

You, your spouse, or dependent child must notify the University Benefits Department of a divorce or legal separation, or a child losing dependent status within **60 days** of the event. (The Plan is required to provide notice to you and/or your enrolled dependents of the right to elect COBRA coverage due to any of the other Qualifying Events.) To provide this notice, you may complete the Health Care Coverage Change Form available on the internet at www.hr.utah.edu/ben/forms or in the University Benefits Department. Alternatively, your spouse or dependent child may give written notice of the Qualifying Event to the University's Benefits Department at the address listed at the end of this Notice. The written notice must provide the individual's name and current mailing address, the specific Qualifying Event and the date of the Qualifying Event. If written notice is not provided to the Benefits Department within **60 days** after the date of the Qualifying Event, all rights of that individual to elect COBRA coverage will be lost. If you experience a Second Qualifying Event or are determined by the Social Security Administration to be disabled, you must also notify the University Benefits Department.

QUALIFIED BENEFICIARIES

Each individual who was covered under the University's Health Care Plan on the day before the Qualifying Event is a "Qualified Beneficiary" and has independent rights to purchase COBRA coverage. An exception is if coverage is reduced or eliminated in anticipation of a Qualifying Event. Qualified Beneficiaries include the covered employee, employee's spouse, and dependent child or children.

INDIVIDUAL ELECTION RIGHTS

Each Qualified Beneficiary can elect COBRA coverage independently, even if the covered employee chooses not to elect COBRA coverage. **The Plan Administrator may terminate your COBRA coverage retroactively if you are determined to have been ineligible for coverage.**

LENGTH OF COBRA COVERAGE

The length of COBRA coverage offered **depends** on your Qualifying Event. If the Qualifying Event is termination of employment or a reduction of work hours, Qualified Beneficiaries are given the opportunity to continue COBRA coverage for **18 months**. If the Qualifying Event is death of the covered employee, divorce or legal separation, or loss of dependent status, COBRA coverage is available for **36 months**. If a Qualified Beneficiary is determined to have been disabled on the date of the Qualifying Event or during the first 60 days of COBRA coverage, additional coverage may be available (see Social Security Disability below).

ELECTING COVERAGE

Qualified Beneficiaries have **60 days** from the date of the Qualifying Event or if later, from the date of the notice offering COBRA, to elect COBRA coverage. (You are not eligible to elect COBRA coverage if you, your spouse, or dependent child failed to notify the University's Benefits Department of a divorce, legal separation or a child losing dependent status within **60 days** of the event.) If neither you nor your spouse or dependent child(ren) elect COBRA continuation coverage during the applicable election period, your health care coverage will end according to the terms of the Plan. The Plan will not pay claims for services provided on and after the date coverage ends and you, your spouse and your dependents will have no right to elect COBRA coverage at a later date.

COBRA PREMIUM PAYMENTS

If you elect COBRA coverage, you will be responsible to pay the full cost of coverage plus a 2% administration fee. The COBRA premiums, including this fee, will be listed on your "Notice of Right to Elect Continuation Coverage (COBRA)." **Coupons will be provided for premium payments; however, in the event you do not receive coupons, you are responsible for remitting payments timely to avoid termination of coverage.**

INITIAL PAYMENT

Payment must be received by the University Benefits Department within **45 days** of the date you elect COBRA coverage. Your first premium payment will include premiums due retroactive to the date you lost coverage as a result of your Qualifying Event. If your first payment is not received timely, COBRA coverage will not be effective and you will lose all rights to COBRA coverage.

SUBSEQUENT PAYMENTS

Payment for each subsequent period is due on the first day of each month. You will have a **30-day** grace period from the premium due date to make subsequent payments. If the COBRA premiums are not paid within the grace period, your COBRA coverage will terminate as of the end of the last period for which payment was received and you will lose all further rights to continue COBRA coverage.

SECOND QUALIFYING EVENT

Qualified Beneficiaries, other than the employee who enrolled in COBRA coverage as a result of the employee's termination of employment or reduction of work hours, who experience another Qualifying Event (divorce, legal separation, death of the covered employee, Medicare entitlement, or loss of dependent status), may extend COBRA coverage beyond 18 months (or 29 months if there has been a disability extension) to 36 months. You must provide a written notice to the University Benefits Department within **60 days** of the second Qualifying Event and during the original 18-month COBRA coverage period (or 29-month period if there has been a disability extension) in order to extend COBRA coverage to **36 months**. The written notice must provide the individual's name and current mailing address, the specific Qualifying Event and the date the event occurred. COBRA coverage will never extend beyond **36 months** of the date of the original Qualifying Event.

SOCIAL SECURITY DISABILITY

If your Qualifying Event is termination of employment or reduction in hours and you are determined by the Social Security Administration to have been disabled on the date of the Qualifying Event or during the first 60 days of COBRA coverage, you and/or your enrolled dependents may obtain an extension of coverage from 18 months to 29 months. It is your responsibility to obtain the disability determination from the Social Security Administration and to provide a copy of the determination to the

University Benefits Department within **60 days** of the date the determination is made and before the end of the original **18-month** COBRA period. ***If you do not notify the University Benefits Department and provide the determination within these time frames, you will not be eligible for the 11-month extension of COBRA coverage.*** If coverage is extended for an additional 11 months due to Social Security disability, your COBRA premiums will be adjusted to 150% of the full cost during the extended 11-month coverage period. It is also your responsibility to provide a written notice to the University Benefits Department within **30 days** if a final determination is made that you are no longer disabled.

CHANGES IN COBRA COVERAGE

You will have the same rights to enroll dependents and change elections with respect to the University Health Care Plan as active employees of the University. Changes to coverage may be made during the University's Open Enrollment period each year.

NEWBORNS AND ADOPTEEES

A child who is born to or placed for adoption while you are enrolled in COBRA coverage can be added to your COBRA coverage upon proper notification (Health Care Coverage Change Form or written notice) of the birth or placement. Notification must be received within **3 months** of the date of birth or placement (if notification is not received within **3 months** of the date of birth or placement, you will not be able to add the child to your coverage until the next Open Enrollment period). The child will not have an independent right to purchase COBRA coverage. The child's COBRA coverage will terminate when your COBRA coverage terminates, unless you terminate his/her coverage voluntarily at an earlier date.

FLEXIBLE SPENDING ACCOUNTS

If you have been participating in the University's Flexible Benefit Plan at the time of your Qualifying Event and would like to retain access to any fund balance in your flexible spending account, please contact the Benefits Department to obtain additional information. You may be allowed to continue participation in the Flexible Benefit Plan through the end of the plan year in which the Qualifying Event occurred. If you fail to make payment, your participation in the Flexible Benefit Plan will terminate and expenses incurred after the termination date will not be eligible for reimbursement.

FINANCIAL AID

Some states offer financial aid to help certain individuals pay for COBRA coverage. Contact your appropriate state agency regarding availability and eligibility requirements.

TRADE ADJUSTMENT ASSISTANCE (TAA)

If you are a TAA-eligible individual and do not elect continuation coverage during the **60-day** COBRA election period that was a direct consequence of the TAA-related loss of coverage, you may elect continuation coverage during a second **60-day** election period that begins on the first day of the month in which you are determined to be eligible.

TERMINATION OF COBRA COVERAGE

Your COBRA coverage under the Plan will end for you and/or your enrolled dependents if any of the following occurs:

- The required premium payments are not paid within the timeframe allowed;
- You notify the COBRA administrator that you wish to cancel your coverage;
- The applicable period of COBRA coverage ends;
- You become entitled to Medicare benefits;
- The date you reach the Lifetime Maximum Benefit under the Plan;
- The University terminates its group health plan(s);
- You have extended COBRA coverage due to Social Security disability and a final determination is made that you are no longer disabled, coverage for all who had qualified for the disability extension will end as of the later of:
 - the last day of 18 months of continuation coverage, or
 - the first day of the month that is more than 30 days following the date of the final determination of the nondisability;
- After the date of your COBRA election, you become covered under another group health plan that does not contain any

exclusion or limitation for any of your pre-existing conditions. If you become covered by another group health plan with a pre-existing condition limitation that affects you, your COBRA coverage can continue. If the other plan's pre-existing condition rule does not apply to you, you are no longer eligible to continue COBRA coverage; or

- An event occurs that permits termination of coverage under the University Health Care Plan for an individual covered other than pursuant to COBRA (e.g., submitting fraudulent claims).

CONVERSION POLICY

At the end of your applicable maximum COBRA period, you may be allowed to convert your coverage to an individual insurance policy (**provided this option is still available**) if you were enrolled in the ValueCare Basic, ValueCare Preferred or Indemnity medical plan options, provided the following conditions are met:

- The maximum period of COBRA coverage has been reached;
- You have no other group coverage;
- You are not covered by Medicare;
- You convert all individuals that were covered on COBRA to the individual policy;
- Coverage has been continuous for at least 6 months prior to the end of COBRA coverage;
- An event has not occurred that permits termination of coverage (e.g., submitting fraudulent claims);
- Loss of eligibility is not the result of failure to pay a required premium payment; and
- You exercise your right to obtain a conversion policy within sixty (60) days following loss of COBRA coverage.

The conversion policy will not be identical to your previous coverage under the University plan. The conversion policy will not include dental benefits or maternity benefits. However, if you were pregnant prior to obtaining the conversion policy, expenses for that pregnancy will be covered. If the conditions mentioned above are met, the conversion policy requires no medical underwriting and no pre-existing condition waiting period will be imposed.

If you are interested in obtaining a conversion policy you must contact Regence BlueCross BlueShield of Utah within **60 days** following loss of coverage at (800) 624-6519 or (801) 333-2100. If you reside outside the state of Utah, contact your local BlueCross BlueShield representative.

If you were enrolled in the University of Utah Health Plan, a conversion policy is **not** available through UUHP. However, you may contact Regence BlueCross BlueShield of Utah and request information regarding an individual policy (medical underwriting will be required).

QUESTIONS, NOTICES AND ADDRESS CHANGE

This notice does not fully describe COBRA 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 University Benefits Department.

The University's COBRA Administrator is Sandy Suarez, 420 Wakara Way, Suite 105 Salt Lake City, UT 84108, telephone (801) 581-7447 (the contact person may change from time to time).

If you divorce or legally separate or lose eligibility as a dependent child under the University Health Care Plan, you must provide the required written notice to the University Benefits Department at the address set forth below within **60 days**.

In order to protect your Family's rights, you should keep the University Benefits Department informed of any change in address for you, your spouse, or enrolled dependent children.

If you have any questions or need additional information, please contact the University Benefits Department.

University of Utah Benefits Department
420 Wakara Way, Suite 105, Salt Lake City, Utah 84108
Phone: (801) 581-7447 :: Fax: (801) 585-7375
Email: benefits@hr.utah.edu