

Notification of Rights to Continue Health Care Benefits

(Maintain a copy of this Notice for your records)

Introduction

This notice contains important information about your right to COBRA continuation coverage, which is a temporary extension of coverage under a Group Health Plan. The right to COBRA continuation coverage applies to the Health Care Plan, the Dental Care Plan, the Vision Plan, the Medical Personal Spending Account and the Flexible Reimbursement Account for eligible Faculty and Staff of Vanderbilt University. 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 to other members of your family who are covered under the Plan when you would otherwise lose group health coverage. **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.** This notice is intended to inform you, in a summary fashion, of your rights and obligations under the continuation coverage provisions of the law. Both you and your spouse should take the time to read this notice carefully. For more information about your rights and obligations under the Plan and under federal law, you should review each Plan's Summary Plan Description or you can contact Vanderbilt University Human Resources at (615) 322-8330.

The Plan Administrator is responsible for administering COBRA continuation coverage. The Plan Administrator is the Associate Vice Chancellor for Human Resource Services. You may contact the Plan administrator by writing to Vanderbilt University, Human Resource Services, Attn: Plan Administrator, VU Station B 357700, 2301 Vanderbilt Place, Nashville, TN 37235-7700 or by calling (615) 322-8330.

COBRA Continuation Coverage

COBRA continuation coverage is a continuation of Group Health 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 dependent children of employees may be qualified beneficiaries. Under the Plan, qualified beneficiaries who elect COBRA continuation coverage are required to pay the full premium for the COBRA continuation coverage.

COBRA Qualifying Events

If you are an **employee**, you will become a qualified beneficiary if you lose your coverage under the Plan because:

1. Your hours of employment are reduced, or
2. 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:

1. Your spouse dies;
2. Your spouse's hours of employment are reduced;
3. Your spouse's employment ends for any reason other than his or her gross misconduct;
4. Your spouse becomes enrolled in Medicare (Part A, Part B, or both);
5. You become divorced or legally separated from your spouse; or
6. Your spouse drops you from coverage because of an anticipated divorce during an open enrollment period.

Your **dependent children** will become qualified beneficiaries if they lose coverage under the Plan because:

1. The parent-employee dies;
2. The parent-employee's hours of employment are reduced;
3. The parent-employee's employment ends for any reason other than his or her gross misconduct;
4. The parent-employee becomes enrolled in Medicare (Part A, Part B, or both);
5. The parents become divorced or legally separated; or
6. The child stops being eligible for coverage under the plan as a "dependent child."

If you experience a COBRA qualifying event for a reason other than anticipated divorce, then your Group Health Plan coverage will end effective the last day of the month in which the event occurs.

If you are a spouse of an employee and are dropped from group health insurance coverage by the employee during an Open Enrollment period in anticipation of a divorce, then your coverage will end effective the first day of the new plan year. The employee has the responsibility to notify the Plan Administrator, during the same open enrollment period, whether this action was taken in anticipation of a divorce. Once the divorce becomes finalized, you may be eligible for COBRA continuation coverage. If you lose coverage due to an anticipated divorce, the Plan Administrator must be notified of the final divorce within sixty (60) days.

If you do not choose continuation coverage, then your Group Health Plan coverage will remain terminated. However, if you chose to elect COBRA continuation coverage due to experiencing a COBRA qualifying event, then once the appropriate initial payment is received, Vanderbilt is required to reinstate your coverage, which, as of the time coverage is being provided, is identical to the coverage provided under the plan to similarly situated employees. The initial COBRA payment must include premiums from the first day of COBRA coverage through the current month in which the initial payment is being made. Once received, your coverage will be reinstated retroactively back to the date in which coverage was lost.

Electing COBRA Continuation Coverage

COBRA continuation coverage will be offered 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 enrollment in Medicare (Part A, Part B, or both), Vanderbilt must notify the Plan Administrator of the qualifying event (1) within thirty (30) days of any of these events or (2) within thirty (30) days following the date coverage ends.

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), you must notify the Plan Administrator. The Plan requires you to notify the Plan Administrator within sixty (60) days after the qualifying event occurs. You must send this notice to: **Vanderbilt University, Attention COBRA, VU Station B 357700, 2301 Vanderbilt Place, Nashville, TN 37235-7700.**

Once the Plan Administrator receives notice that a qualifying event has occurred, COBRA continuation coverage will be offered to each of the qualified beneficiaries. This will be performed by providing COBRA information and election materials via first class mail to your last known address. You will have sixty (60) days from the later of (1) the date you lost coverage or (2) the date COBRA notification materials were provided, to return your COBRA continuation coverage election form, notifying the Plan Administrator that you want COBRA continuation coverage. For each qualified beneficiary who elects COBRA continuation coverage, coverage will be reinstated on the date that Plan coverage would otherwise have been lost, provided that the initial payment has been received.

Those who wish to elect COBRA continuation coverage at their own expense should return his/her election form to the COBRA Administrator as specified above. This election form should be mailed to **Vanderbilt University, Attention: COBRA, VU Station B 357700, 2301 Vanderbilt Place, Nashville, TN 37235-7700**, and must be received at this address to be considered timely.

Length Of COBRA Continuation 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 Medicare (Part A, Part B, or both), your divorce or legal separation, or a dependent child losing eligibility as a dependent child, COBRA continuation coverage lasts for up to thirty-six (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 eighteen (18) months. There are two ways in which the eighteen (18) month period of COBRA continuation coverage can be extended:

Disability Extension

If you or anyone in your family covered under the Plan is determined by the Social Security Administration to be disabled at any time during the first sixty (60) days of COBRA continuation coverage and you notify the Plan Administrator in a timely fashion, you and your entire family can receive up to an additional eleven (11) months of COBRA Continuation coverage. You must make sure that the Plan Administrator is notified of the Social Security Administration's determination of disability within sixty (60) days of the date of the determination and no later than the end of the first eighteen (18) months of COBRA continuation coverage. If such notice is provided, coverage may be extended up to a maximum of twenty-nine (29) months from the date of the qualifying event, or until the first month that begins more than thirty (30) days after the date of any final determination that the person is no longer disabled (whichever is earlier). If the qualified beneficiary is determined by the Social Security Administration to no longer be disabled, the Plan Administrator must be notified within thirty (30) days of the determination. These notices should be sent to: **Vanderbilt University, Attention COBRA, VU Station B 357700, 2301 Vanderbilt Place, Nashville, TN 37235-7700.**

Second Qualifying Event Extension

If your family experiences another qualifying event while receiving COBRA continuation coverage, the spouse and dependent children in your family can get additional months of COBRA continuation coverage, up to thirty-six (36) months. This extension is available to the spouse and dependent children if the former employee dies, enrolls in Medicare (Part A, Part B, or both), or gets divorced or legally separated. The extension is also available to a dependent child when that child stops being eligible under the Plan as a dependent child. In all of these cases, you must make sure that the Plan Administrator is notified of the second qualifying event within sixty (60) days of the second qualifying event. This notice must be sent to: **Vanderbilt University, Attention COBRA, VU Station B 357700, 2301 Vanderbilt Place, Nashville, TN 37235-7700.**

Additional COBRA Information

The law provides that COBRA continuation coverage periods can be shortened for any of the following reasons:

1. Vanderbilt no longer provides group health coverage to any of its employees;
2. The monthly COBRA continuation coverage premium is not paid (actually received by Vanderbilt University Human Resources within thirty (30) days of the due date);
3. You obtain group coverage under another plan, which is not subject to a pre-existing condition limitation or such limitation has been satisfied;
4. You become entitled to Medicare; or
5. You were divorced from a covered employee and subsequently remarry and are covered under your new spouse's group health plan.

Payment For COBRA Continuation Coverage

You do not have to show that you are insurable to choose COBRA continuation coverage. However, under the law, you will have to pay the full premium for your COBRA continuation coverage. During the eighteen (18) or thirty-six (36) month periods of COBRA continuation coverage, 102% of the full applicable Plan's premium is required. During the additional eleven (11) months of COBRA continuation coverage for disability, 150% of the full applicable Plan's premium is required.

Once COBRA continuation coverage is elected, the initial payment must be received no later than forty-five (45) days from the election date. However, please be advised that if you chose to take advantage of this additional forty-five (45) day initial payment period, your initial payment must include payment of all premiums from the first day of COBRA continuation coverage through the current month. Also, monthly premiums are not pro-rated and are based on the date of the qualifying event. Your initial COBRA continuation coverage payment should be mailed to **Vanderbilt University, Attention: COBRA, VU Station B 357700, 2301 Vanderbilt Place, Nashville, TN 37235-7700.**

Monthly payments following the initial payment are due on the first of the month in which coverage is intended, and must be received within thirty (30) days of the due date. All payments should be made in the form of a check or money order payable to **Vanderbilt University** and mailed to **Vanderbilt University, Attention: COBRA, VU Station B 357700, 2301 Vanderbilt Place, Nashville, TN 37235-7700.** In order for payments to be considered timely, they must be received at this address no later than the last day of the applicable grace period. If you make a COBRA premium payment on or before its due date, your coverage will continue for that coverage period. If you fail to make a COBRA premium payment before the end of the grace period, you will lose all rights to continuation coverage. The Plan Administrator will provide monthly COBRA billing statements in advance for the next billing period, in an effort to inform participants of premiums due. However, it is the responsibility of the COBRA continuation coverage participant to keep apprised of his/her account status, and to ensure that monthly premiums are paid timely, in order to avoid a loss of COBRA continuation coverage due to the non-payment of premiums.

Terminating COBRA Continuation Coverage

Voluntary requests for the future termination of COBRA continuation coverage must be made in writing by the individual that elected the COBRA continuation coverage and addressed to **Vanderbilt University, Attention: COBRA, VU Station B 357700, 2301 Vanderbilt Place, Nashville, TN 37235-7700.** COBRA termination requests must include the COBRA participant's name and social security number, a brief statement specifically indicating the desire to discontinue the COBRA coverage, the effective date in which coverage is intended to end and the COBRA participant's signature.

Questions

If you have any questions about your COBRA continuation coverage, you should contact **Vanderbilt University, Attention: COBRA, VU Station B 357700, 2301 Vanderbilt Place, Nashville, TN 37235-7700 (615/322-8330).** 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, you may 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 website at www.dol.gov/ebsa.

Address Changes

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