

## **GROUP HEALTH CONTINUATION COVERAGE UNDER COBRA**

A federal law was enacted, Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), requiring that most employers sponsoring group health plans offer employees and their families the opportunity for a temporary extension of health coverage (called "continuation coverage") at group rates in certain instances where coverage under the the Vanderbilt University Group Health Plan (the "Plan") would otherwise end.

For additional information about your rights and obligations under the Plan and under COBRA, you should review the Summary Plan Description for the Plan or contact the Plan Administrator, as specified in the Summary Plan Description.

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.) If you are an employee of Vanderbilt University (the "Employer") covered by the Plan, you have a right to choose this continuation coverage if you lose your group health coverage because of a reduction in your hours of employment with the Employer or the termination of your employment (for reasons other than gross misconduct on your part) with the Employer or you are called to active military duty.

If you are the spouse of an employee covered by the Plan, you have the right to choose continuation coverage for yourself and if you lose group health coverage under Plan for any of the following four reasons:

1. The death of your spouse;
2. A termination of your spouse's employment (for reasons other than gross misconduct) or reduction in your spouse's hours of employment with the Employer;
3. Divorce or legal separation from your spouse; or
4. Your spouse becomes entitled to Medicare.

In the case of a dependent child of an employee covered by the Plan, he or she has the right to continuation coverage if group health coverage under the Plan is lost for any of the following reasons:

1. The death of the employee;
2. A termination of the employee's employment (for reasons other than gross misconduct) or reduction in the employee's hours of employment with Employer;
3. The employee's divorce or legal separation;
4. The employee becomes entitled to Medicare; or
5. The dependent child ceases to be a "dependent child" under the Plan.

Under COBRA, you, your spouse and your dependent children who are entitled to continuation coverage because of one of the above events is considered to be a "qualified beneficiary".

Under COBRA, you, your spouse or your dependent child has the responsibility to inform the Plan Administrator of a divorce, legal separation, or a child losing dependent status under the Plan within 60 days of the date of the event or when coverage terminates, whichever occurs later. The request must be submitted in writing to Benefit *Express* with corresponding supporting documentation. For example, if the event is death, a death certificate should be submitted as supporting documentation. The Employer has

the responsibility to notify the Plan Administrator of your death, termination, reduction in hours of employment or Medicare entitlement.

If you choose continuation coverage, the Employer is required to give you coverage that is identical to the coverage provided under the Plan to similarly situated employees or family members. The law requires that you be afforded the opportunity to maintain continuation coverage for 36 months unless you lost group health coverage because of your termination of employment or reduction in hours with the Employer. In that case, the required continuation coverage period is 18 months. This 18 month period may be extended for affected individuals to 36 months from your termination of employment if other events (such as a death, divorce, legal separation, or Medicare entitlement) occur during that 18 month period. Also, if you or your spouse gives birth to or adopts a child while on continuation coverage, you will be allowed to change your coverage status to include the child.

If you lost coverage because of being called up for military service, you and your covered dependents will be entitled to 24 months of continuation coverage.

In no event will continuation coverage last beyond 36 months from the date of the event that originally made a qualified beneficiary eligible to elect coverage. The 18 months may be extended to 29 months if an individual (you, your spouse or any other covered dependent) is determined by the Social Security Administration to be disabled (for Social Security disability purposes) as of the termination or reduction in hours of employment, or within sixty days thereafter and must last until the end of the 18-month period of coverage. To be eligible for this extension, any qualified beneficiary must notify the Plan Administrator of that determination within 60 days, but not later than the end of the original 18 month period. The request must be submitted in writing to Benefit *Express* and must include the Award Letter from the Social Security Administration as supporting documentation. If the qualified beneficiary is no longer disabled such individual must also notify the Plan Administrator within 30 days of any final determination.

If you do not choose continuation coverage on a timely basis, your group health insurance coverage will end. Not choosing continuation coverage may cause a break in your continued coverage, and any such break of more than sixty-three days may cause loss of coverage portability.

The premium for continuation coverage that qualified beneficiaries are charged is based on the applicable total (the Employer and employee) premium cost under coverage for "similarly-situated" employees. The Employer charges qualified beneficiaries no more than 102% of the applicable plan option premium cost. The additional 2% above the premium cost covers the Employer's cost of administering continuation coverage.

Disabled qualified beneficiaries that are granted the special 11-month extension are charged up to 150% (rather than 102%) of the applicable plan premium during the 11 month period of extended continuation coverage.

There is a grace period of at least 30 days for payment of the regularly scheduled premium. (At the end of the 18 month, 29 month or 36 month continuation coverage period, qualified beneficiaries may be allowed to enroll in an individual conversion health plan provided under the Plan.)

### **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. All address changes should be submitted in writing to Benefit Express.

### **If you have Questions**

Questions concerning your Plan or your COBRA 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](http://www.dol.gov/ebsa). (Addresses and phone numbers of Regional and District EBSA Offices are available through EBSA's website.)

**Plan Contact Information**

If you have any questions about COBRA, Plan specific information or to report any a change in status please contact:

Benefit *Express*  
PO Box 189  
Arlington Heights, IL 60006  
(877) 837-5017

Sincerely,

Benefit Express  
Your Health Continuation Administrator