

Clackamas County School District #3J

NOTICE TO EMPLOYEES AND DEPENDENTS ABOUT COBRA CONTINUATION COVERAGE UNDER THE CLACKAMAS COUNTY SCHOOL DISTRICT #3J GROUP HEALTH PLAN

Introduction

This notice is intended to notify you and your spouse and dependents of your legal rights and obligations under the continuation coverage provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). **You and your dependents should take the time to read this notice carefully and save it with your important papers for reference in case of a qualifying event** (described below). We redistribute this notice each year to remind you of your COBRA rights.

Under COBRA, most employers (excluding church plans) with at least 20 employees must offer covered employees and their dependents (i.e., spouse and dependent children) the opportunity for a temporary extension of group health coverage (called “continuation coverage”) in certain instances where coverage under the plan would otherwise end (called “qualifying events”). The cost of this continuation coverage should be based on group rates.

The number of employees is determined by looking at 50% of the working days during the preceding calendar year. Non-employees are not counted, such as independent contractors, and part-time employees count as fractions of full-time equivalent employees.

You do not have to show that you are insurable to choose continuation coverage. For more information about your group health benefits and continuation coverage, please consult the summary plan description (SPD) for each of your group health plans. If you cannot find your copy of the SPD, you may request one from the group health plan administrator or you may call the plan administrator with questions.

Qualifying Events

If, during the course of your employment, a qualifying event occurs to you or your covered spouse or dependent children, each covered person has a separate right to elect continuation coverage. “Qualifying events” are any of the following events, if they cause you and/or your covered dependents to lose coverage under our group health plan:

- ◆ Termination of the employee’s employment (other than for gross misconduct) or reduction of hours worked which renders the employee ineligible for coverage;
- ◆ Retired employees who were covered prior to the employer’s filing of bankruptcy (including loss of coverage within 12 months of the bankruptcy proceedings);

- ◆ Death of the employee;
- ◆ Divorce or legal separation of the employee and spouse;
- ◆ For a spouse and covered dependent child(ren), the employee becoming entitled to Medicare (however, enrollment in Medicare or another group health plan at or before the time of the qualifying event does not terminate COBRA election rights); or
- ◆ For a covered dependent child, ceasing to qualify as a dependent under the plan.

Notification Responsibilities

Under the law, the employee or dependent has the responsibility to notify the plan administrator of a divorce, legal separation, or a child losing dependent status under the plan. **You or your spouse or dependent child(ren), or someone else on your behalf, must give this notice in writing within 60 days after the date your dependent would lose coverage because of the event or your family members will permanently lose the right to continuation coverage.** The plan administrator for this purpose is Karen Schiewe. We will notify the plan of an employee's death, termination or reduction in hours.

If a qualifying event happens, and you and/or your dependents give timely notice of the event, the plan administrator will notify you that you have the right to choose continuation coverage. **You must make this election within 60 days from the later of:**

- ◆ The date the plan administrator sent the notice of the right to elect continuation coverage; or
- ◆ The date you would lose coverage because of the qualifying event.

You may elect continuation coverage for all covered family members or each qualified beneficiary may decide independently whether to elect continuation coverage, including new children born or placed for adoption in your home while you are on continuation coverage. An election for a minor child may be made by the child's parent or legal guardian. **If you do not elect continuation coverage within the 60 days, your continuation rights will terminate and may not be reinstated.**

Coverage Options and Payment

If you choose continuation coverage, you are entitled to coverage that is identical to the coverage provided under the plan to similarly situated employees, spouses or dependent child(ren). You must pay the full premium for continuation coverage. Your first premium is due within 45 days after you elect continuation coverage, and must cover all months ending between the date your regular coverage ended and your payment date. Premiums for all other months are due on the first of the month, subject to a 30-day grace period. You will not receive warnings or reminders of the premiums due. **If you do not timely pay the applicable premium, in good funds, your continuation coverage will end and may not be reinstated.**

Duration of Continuation Coverage – 18, 29 or 36 Months

If your qualifying event is the employee's termination of employment or reduction in hours, your maximum continuation period is 18 months from the date your regular coverage ends, subject to the following three exceptions:

- ◆ If you are, or another qualified beneficiary is, determined under the Social Security Act to have been disabled during the first 60 days of your continuation coverage, your maximum continuation period is 29 months from the date your regular coverage ends. The premium during the extension of the continuation period will be roughly 50% higher than the regular continuation premium. If the disabled person elects the extension, all of the covered family members are charged the higher premium. **You must notify the plan administrator in writing of the Social Security determination within 60 days and while you are still on continuation coverage or you will permanently lose the right to this extension of your continuation coverage.** You must also timely notify the plan administrator in writing if the Social Security Administration decides you are no longer disabled.
- ◆ If a qualifying event other than termination of employment or reduction in hours occurs while you are on continuation coverage, the maximum continuation period for the affected dependents is 36 months from the date of the original qualifying event. "Second qualifying events" are also available to dependents during the 29-month disability extension.
- ◆ If, before termination of employment or reduction in hours, the employee becomes entitled to Medicare benefits, the maximum continuation period for the affected spouse or dependents will be the longer of 18 months from the date your regular coverage ends or 36 months from the date of the employee's earlier Medicare entitlement. "Entitled" to Medicare means enrolled in Medicare.

If your qualifying event is other than termination of employment or reduction in hours, the maximum continuation period for dependents is 36 months from the date of the qualifying event, subject to a special exception.

A spouse who loses coverage due to divorce, legal separation or death of the employee, and who was at least 55 at the date of divorce, legal separation or death, may be eligible to extend the maximum continuation period until the spouse becomes eligible for Medicare. This law applies only to Oregon, insured medical plans.

Termination of Continuation Coverage

Your continuation coverage will end, before the end of your maximum continuation period on the earliest of the following dates:

- ◆ The date as of which neither Clackamas County School District #3J nor its affiliates provide group health coverage to any of their employees;
- ◆ The first day of the month for which the premium for your continuation coverage is not timely paid in good funds;

- ◆ The date as of which you become covered, after the date of your election, under a group health plan that does not contain an exclusion or limitation with respect to any preexisting condition you may have (or the date such exclusion or limitation no longer applies to you);
- ◆ The date as of which you become entitled to Medicare, after the date of your election; or
- ◆ For continuation coverage that is extended due to your disability, the first day of the month beginning at least 31 days after a final determination that you are no longer disabled under the Social Security Act.

Other State and Federal Continuation Provisions

There may be additional group health plan continuation or portability provisions available to you, your spouse or former spouse and your dependents under state or federal law. For more information, please contact the Insurance Commissioner in the state in which you live.

If you are an Oregon resident and have been covered continuously for at least 180 days under an Oregon group *health insurance contract*, you may at any time up to the end of your maximum continuation period be eligible for portability coverage under any policy offered by the insurer, if you request such coverage within 63 days of the date your coverage otherwise would end. Please contact the insurer directly for more information.

Other State and Federal Continuation Provisions (Cont.)

You may be eligible for portability coverage from the Oregon Medical Insurance Pool (OMIP) after you have exhausted your continuation coverage. Portability coverage may be provided by OMIP in the following situations:

- ◆ If you are an Oregon resident and you lose Oregon group insurance coverage by moving out of the insurer's service area or the insurer discontinues serving the area where you live; or
- ◆ You were covered by a self-insured group health plan.

In general, you must apply for portability coverage within 63 days after termination of your group coverage; not be eligible for Medicare; have either 180 consecutive days of coverage (including any continuation coverage), or 18 months of coverage under one or more plans without a gap in coverage longer than 63 consecutive days.

OMIP offers several different portability plans. For more information, please contact OMIP directly.