

## **\*\*CONTINUATION COVERAGE RIGHTS UNDER COBRA\*\***

### INTRODUCTION

This notice contains important information about the right to COBRA Continuation Coverage, which is a temporary extension of coverage under the Plan. 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 Employees and their enrolled dependent spouses and children when coverage would otherwise be terminated. **This notice generally explains COBRA Continuation Coverage, when it may become available, and how to protect the right to receive it.** This notice gives only a summary of COBRA Continuation Coverage rights. For more information, contact the Plan Administrator: **Montana Association of Counties Health Care Trust (MACoHCT), P. O. Box 6668, Helena, Montana 59604-6668.** The Plan Administrator is responsible for administering COBRA Continuation Coverage.

### COBRA CONTINUATION COVERAGE

COBRA Continuation Coverage is a continuation of 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, but no other dependents, may be qualified beneficiaries if covered by the Plan on the date of the qualifying event. Under the Plan, qualified beneficiaries who elect COBRA Continuation Coverage must pay for COBRA Continuation Coverage.

An Employee who is covered under the Plan will become a qualified beneficiary if coverage is lost under the Plan because either one of the following qualifying events happens:

1. The Employee becomes ineligible for coverage because the Employee’s hours of employment are reduced, or
2. The Employee’s employment ends for any reason other than gross misconduct.

Spouses of an employee who are covered under the Plan will become a qualified beneficiary if coverage is lost under the Plan because any of the following qualifying events happens:

1. Death of the Employee;
2. The Employee becomes ineligible for coverage because the Employee’s hours of employment are reduced;
3. The Employee’s employment ends for any reason other than his or her gross misconduct;
4. The Employee becomes enrolled in Medicare (Part A, Part B, or both); or
5. The Employee becomes divorced or legally separated from his/her spouse.

The Employee’s Dependent children will become qualified beneficiaries if coverage is lost under the Plan because any of the following qualifying events happens:

1. The parent-employee dies;
2. The Employee becomes ineligible for coverage because 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.”

The Plan will offer COBRA Continuation Coverage 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 of the employee in Medicare (Part A, Part B, or both), the employer must notify the Plan Administrator of the qualifying event within thirty (30) days after any of these events.

**For any 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), the Employee must notify the Plan Administrator. The Plan requires the Employee to notify the Plan Administrator within 60 days after the qualifying event occurs. The Employee must send this notice to: MACoHCT, P.O. Box 6668, Helena, MT 59604-6668. Failure to provide notice within the time required will result in loss of eligible for COBRA Continuation Coverage.**

Once the Plan Administrator receives notice that a qualifying event has occurred, COBRA Continuation Coverage will be offered to each of the qualified beneficiaries. For each qualified beneficiary who elects COBRA Continuation Coverage, COBRA Continuation Coverage will begin on the date that Plan coverage would otherwise have been lost.

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), the Employee’s divorce or legal separation, or a dependent child losing eligibility as a dependent child, COBRA Continuation Coverage lasts for a maximum of 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 18 months. There are two ways in which this 18-month period of COBRA Continuation Coverage can be extended.

#### DISABILITY EXTENSION OF 18-MONTH PERIOD OF CONTINUATION COVERAGE

If the Employee or his/her Dependents who are covered under the Plan is determined by the Social Security Administration to be disabled at any time before the qualifying event or within sixty (60) days after the qualifying event, and the Plan Administrator is notified in a timely fashion, the Employee and his/her eligible Dependents who are covered under the Plan can receive up to an additional 11 months of COBRA Continuation Coverage, for a total maximum of 29 months. The Plan Administrator must be provided with a copy of the Social Security Administration’s disability determination letter within sixty (60) days of the date of the determination and before the end of the 18-month period of COBRA Continuation Coverage. This notice should be sent to: MACoHCT, P.O. Box 6668, Helena, MT 59604-6668.

#### SECOND QUALIFYING EVENT EXTENSION OF 18-MONTH PERIOD OF CONTINUATION COVERAGE

If another qualifying event occurs while receiving COBRA Continuation Coverage, the spouse and dependent children of the Employee can get additional months of COBRA Continuation Coverage, up to a maximum of 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, MACoHCT Administration must be notified of the second qualifying event within sixty (60) days of the second qualifying event. This notice must be sent to: MACoHCT, P.O. Box 6668, Helena, MT 59604-6668. Failure to provide notice within the time required will result in loss of eligibility for COBRA Continuation Coverage.**

## MONTHLY PREMIUM PAYMENTS

A Qualified Beneficiary is responsible for the full cost of continuation. Monthly premium for continuation of coverage must be paid in advance to the Plan Administrator. The premium required under the provisions of COBRA is as follows:

1. For a Qualified Beneficiary: The premium is the same as applicable to any other similarly situated non-COBRA Participant plus an additional administrative expense of up to a maximum of two percent (2%).
2. Social Security Disability: For a Qualified Beneficiary continuing coverage beyond eighteen (18) months due to a documented finding of disability by the Social Security Administration within 60 days after becoming covered under COBRA, the premium may be up to a maximum of 150% of the premium applicable to any other similarly situated non-COBRA Participant.
3. For a Qualified Beneficiary with a qualifying Social Security Disability who experiences a second Qualifying Event:
  - A. If another Qualifying Event occurs during the initial eighteen (18) months of COBRA coverage, such as a death, divorce, legal separation or Medicare entitlement, the monthly fee for qualified disabled person may be up to a maximum of one hundred and two percent (102%) of the applicable premium.
  - B. If the second Qualifying Event occurs during the nineteenth (19<sup>th</sup>) through the twenty-ninth (29<sup>th</sup>) month (the Disability Extension Period), the premium for a Qualified Beneficiary may be up to a maximum of one hundred fifty percent (150%) of the applicable premium.

## OTHER PROVISIONS APPLICABLE TO COBRA CONTINUATION

Payment of Claims. Payment of claims while covered under this COBRA Continuation Coverage Provision will be contingent upon the receipt by the Employer of the applicable monthly premium for such coverage. The monthly premium for continuation coverage under this provision is due the first of the month for each month of coverage. A grace period of thirty (30) days from the first of the month will be allowed for payment. Payment will be made in a manner prescribed by the Employer.

## QUESTIONS

Any questions about COBRA Continuation Coverage should be directed to the Montana Unified School Trust administration office or 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](http://www.dol.gov/ebsa).

## INFORM THE PLAN OF ADDRESS CHANGES

**In order to protect the Employee's family's rights, the Employee should keep the Plan Administrator informed of any changes in the addresses of family members.** The Employee should also keep a copy, for his/her records, of any notices sent to the Plan Administrator.