

COBRA INITIAL NOTICE CONTINUATION COVERAGE RIGHTS UNDER COBRA

Introduction

This notice contains important information about your right to COBRA continuation coverage, which is a temporary extension of coverage under the University of Nebraska sponsored medical, dental, vision, and health care reimbursement account (the Plans) health care coverage. 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 Plans when you would otherwise lose your 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 gives only a summary of your COBRA continuation coverage rights. For more information about your rights and obligations under the Plans and under federal law, you should review the university's benefits web site as well as the Plan Documents.

The COBRA Plan Administrator is responsible for administering COBRA continuation coverage. The COBRA Plan Administrator may be contacted at the University of Nebraska, Keith Dietze, Room 217 Varner Hall, 3835 Holdrege Street, Lincoln, NE, 68583-0742.

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 Plans 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. Certain newborns, newly-adopted children and alternate recipients under a Qualified Medical Child Support Order (QMCSO) may also be qualified beneficiaries. This is discussed in more detail in separate paragraphs below. **Under the Plans, qualified beneficiaries who elect COBRA continuation coverage must pay for COBRA continuation coverage.**

If you are an employee, you will become a qualified beneficiary if you will lose your coverage under the Plans because either one of the following qualifying events happens:

- (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 will lose your coverage under the Plans because any of the following qualifying events happens:

- (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); or
- (5) You become divorced [or legally separated] from your spouse. If an employee cancels coverage for his or her spouse in anticipation of a divorce [or legal separation,] and a divorce [or legal separation] later occurs, then the divorce [or legal separation] will be considered a qualifying event even though the ex-spouse lost coverage earlier. If the ex-spouse notifies the COBRA Plan Administrator within 60 days of the decree of dissolution of marriage date and can establish that the employee canceled the coverage

earlier in anticipation of the divorce [or legal separation], then COBRA coverage may be available for the period after the divorce [or legal separation].

Your dependent children will become qualified beneficiaries if they will lose coverage under the Plans because any of the following qualifying events happens:

- (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."

The Plans will offer COBRA continuation coverage to qualified beneficiaries only after the COBRA Plan Administrator has received timely notice that a qualifying event has occurred including 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).

Important: 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 COBRA Plan Administrator. The Plans require you to notify the COBRA Plan Administrator in writing within 60 days after the later of the qualifying event or the loss of coverage, using the procedures specified in the box below. **If these procedures are not followed or if the notice is not provided in writing to the COBRA Plan Administrator during the 60-day notice period, any spouse or dependent child who loses coverage will NOT BE OFFERED THE OPTION TO ELECT CONTINUATION COVERAGE.**

Notice Procedures: Any notice that you provide must be in writing. Oral notice, including notice by telephone, is not acceptable. You must mail your notice to the COBRA Plan Administrator. If mailed, your notice must be postmarked no later than the last day of the required notice period. Any notice you provide must state the name of the Plans such as the medical, dental, vision, and health care reimbursement account, the name and address of the employee covered under the Plans, and the name(s) and address(es) of the qualified beneficiary(ies). Your notice must also name the qualifying event and the date it happened. If the qualifying event is a divorce, your notice must include a copy of the divorce decree.

Once the COBRA Plan Administrator receives timely notice that a qualifying event has occurred, COBRA continuation coverage will be offered to each of the qualified beneficiaries. For each qualified beneficiary who timely elects COBRA continuation coverage, COBRA continuation coverage will begin on the date that Plan coverage would otherwise have been lost. **If you or your spouse or dependent children do not elect continuation coverage within this 60-day election period, YOU WILL LOSE YOUR RIGHT TO ELECT 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 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 several ways in which this 18-month period of COBRA continuation coverage can be extended.

Disability Extension of 18-Month Period of Continuation Coverage

If you or anyone in your family covered under the Plans is determined by the Social Security Administration to be disabled at any time during the first 60 days of COBRA continuation coverage and you notify the COBRA Plan Administrator in a timely fashion, you and your entire family can receive up to an additional 11 months of COBRA continuation coverage, for a total maximum of 29 months. You must make sure that the COBRA Plan Administrator is notified in writing of the Social Security Administration's determination within 60 days after the date of the determination and before the end of the 18-month period of COBRA continuation coverage. The Plans require you to follow the procedures specified in the box above, entitled "Notice Procedures." In addition, your notice must include the name of the disabled qualified beneficiary, the date that the qualified beneficiary became disabled, and the date that the Social Security Administration made its determination. Your notice must also include a copy of the Social Security Administration's determination. **If these procedures are not followed or if the notice is not provided in writing to the COBRA Plan Administrator within the required period, THEN THERE WILL BE NO DISABILITY EXTENSION OF COBRA CONTINUATION COVERAGE.**

Second Qualifying Event Extension of 18-Month Period of Continuation Coverage

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 a maximum of 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 Plans as a dependent child. In all of these cases, you must make sure that the COBRA Plan Administrator is notified in writing of the second qualifying event within 60 days of the second qualifying event. The Plans requires you to follow the procedures specified in the box above, entitled "Notice Procedures." Your notice must also name the second qualifying event and the date it happened. If the second qualifying event is a divorce, your notice must include a copy of the divorce decree. **If these procedures are not followed or if the notice is not provided in writing to the COBRA Plan Administrator within the required 60-day period, THEN THERE WILL BE NO EXTENSION OF COBRA CONTINUATION COVERAGE DUE TO A SECOND QUALIFYING EVENT.**

Shorter Maximum Coverage Period for Health Care Reimbursement Account (Health FSA)

COBRA coverage under the Health Care Reimbursement Account (Health FSA) is available to a qualified beneficiary provided the employee has not overspent their Health Care Reimbursement Account as of the time of the qualifying event. An employee that has overspent their account is not entitled to continue coverage under the Health Care Reimbursement Account. If applicable, the maximum COBRA coverage period for a Health Care Reimbursement Account maintained by the employer ends on the last day of the plan year in which the qualifying event occurs.

Children Born to or Placed for Adoption with the Covered Employee during COBRA Period

A child born to, adopted by or placed for adoption with a covered employee during a period of continuation coverage is considered to be a qualified beneficiary provided that, if the covered employee is a qualified beneficiary, the covered employee has elected continuation coverage for himself or herself. The child's COBRA coverage begins when the child is enrolled in the Plans, whether through special enrollment or open enrollment, and it lasts for as long as COBRA coverage lasts for other family members of the employee. To be enrolled in the Plans, the child must satisfy the otherwise applicable Plan eligibility requirements (for example, regarding age).

Alternate Recipients under QMCSO

A child of the covered employee who is receiving benefits under the Plans pursuant to a Qualified Medical Child Support Order (QMCSO) received by the COBRA Plan Administrator during the covered employee's period of employment with the employer is entitled to the same rights under COBRA as a dependent child of the covered employee, regardless of whether that child would otherwise be considered a dependent.

If You Have Questions

If you have questions about your COBRA continuation coverage, you should contact the COBRA Plan Administrator or the nearest Regional or District Office of the U.S. Department of Labor's Employee Benefits Security Administration. Information about COBRA provisions for governmental employees is available from the Centers for Medicare & Medicaid Services, Private Health Insurance Group, 7500 Security Boulevard, Mail Stop S3-16-16, Baltimore, MD 21244-1850 or you may call (410) 786-1850.

Keep Your Plan Informed of Address Changes

In order to protect your family's rights, you should keep the COBRA 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 COBRA Plan Administrator.