

COBRA Information Letter

NFP

259 Willow Street Unit 2 Yarmouth Port, MA 02675.
508-619-0162 www.nfp.com/ne

Town of Oxford Employees:

This notice summarizes your rights and obligations under the group health continuation coverage provision of COBRA. You and your spouse should read this notice carefully. Should you qualify for COBRA coverage in the future, the group health plan administrator or the company will send you the appropriate notification.

Federal law requires your employer to 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 plan would otherwise end.

TO QUALIFY FOR COBRA COVERAGE

Employees. As an employee of the company covered by our health plan, you have the right to elect this continuation coverage if you lose your group health coverage because of a reduction in your hours of employment or the termination of your employment (for reasons other than gross misconduct on your part).

Retirees. As a retiree, spouse of a retiree, or dependent child of a retiree, of the company you have the right to elect this continuation coverage if you lose your group health coverage because the company declares certain forms of bankruptcy and you lose your group health care coverage within one year before or after the bankruptcy proceedings.

Spouses. As the spouse of an employee covered by our benefits plan you have the right to choose continuation coverage for yourself if you lose group health coverage under our plan for any of the following reasons:

- The death of your spouse who was an employee of the company
- A termination of your spouse's employment (for reasons other than gross misconduct)
- A reduction in your spouse's hours of employment
- Divorce or legal separation from your spouse
- Your spouse becomes entitled to Medicare

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

- The death of a parent who was an employee of the company.
- The termination of a parent's employment (for reasons other than gross misconduct) or reduction in a parent's hours of employment with the company

COBRA Information Letter

- Parent's divorce or legal separation
- A parent who was an employee of the company becomes entitled to Medicare
- The dependent ceases to be a "dependent child" under our health plan.

YOUR NOTICE OBLIGATIONS

Under the law, the employee or a family member has 60 days from (1) the date of the event or (2) the date on which coverage would be lost, whichever is later, to inform the Plan Administrator of the employee's divorce or legal separation, or of the employee's child losing dependent status under our health plan. Please give notice by placing your notice in writing and mailing it to the Plan Administrator. Failure to give notice within the time limits can result in COBRA coverage being forfeited.

The company has the responsibility to notify the Plan Administrator of the employee's death, termination of employment, reduction in hours, or Medicare entitlement.

The Plan Administrator is:
Joanne Frederick, HR Specialist
Town of Oxford
325 Main Street
Oxford, MA 01540

TO ELECT COVERAGE

When the plan administrator is notified that one of these events has happened, the plan administrator will in turn notify the employee, spouse and dependents that they have the right to choose COBRA continuation coverage. The employee and spouse have independent election rights. The employee, spouse and dependents have 60 days from either (1) the date coverage is lost under our health plan or (2) the date of the notice, whichever is later, to respond informing the plan administrator that they want to elect continuation coverage. There is no extension of the election period.

If an employee, spouse or dependent does not elect continuation coverage within this election period, then rights to continue group health insurance will end.

If an employee, spouse or dependent chooses continuation coverage and pays the applicable premium, the company is required to provide coverage which, as of the time coverage is being provided, is identical to the coverage provided under the plan to similarly situated active employees or family members. If the company changes or ends group health coverage for similarly situated active employees, your coverage will also change or end.

OTHER COVERAGE OPTIONS BESIDES COBRA

COBRA Information Letter

Yes. Instead of enrolling in COBRA continuation coverage, there may be other coverage options for you and your family through the Health Insurance Marketplace, Medicaid, or other group health plan coverage options (such as a spouse's plan) through what is called a "special enrollment period." Some of these options may cost less than COBRA continuation coverage. You can learn more about many of these options at www.HealthCare.gov.

By enrolling in coverage through the Marketplace, you may qualify for lower costs on your monthly premiums and lower out-of-pocket costs. Additionally, you may qualify for a 30-day special enrollment period for another group health plan for which you are eligible (such as a spouse's plan), even if that plan generally doesn't accept late enrollees.

DURATION OF COBRA COVERAGE

Termination or Reduction in Hours. If group health coverage was lost because of a termination of employment (other than for reasons of gross misconduct) or a reduction in work hours, the continuation coverage period is 18 months from the date of the qualifying event, if elected.

Employees, Spouses or Dependents with Disabilities. The 18 months of continuation coverage can be extended to 29 months if the Social Security Administration determines that the employee, spouse or dependent child was disabled on the date of the qualifying event according to Title II (Old Age Survivors and Disability Insurance) or XVI (Supplemental Security Income) of the Social Security Act. Disabilities that occur after the qualifying event do not meet the criteria for the extended COBRA coverage period.

The employee, spouse or dependent must obtain the disability determination from the Social Security Administration and notify the plan administrator of the result within 60 days of the date of disability determination and before the close of the initial 18-month period. The employee, spouse or dependent has 30 days to notify the plan administrator from the date of a final determination that he or she is no longer disabled.

Multiple Events. The 18-month continuation period can also be extended, if during the 18 months of continuation coverage, a second event takes place (divorce, legal separation, death, Medicare entitlement, or a dependent child ceasing to be a dependent). The 18 months of continuation coverage will be extended to 36 months from the date of the original qualifying event. Upon the occurrence of a second event, it is the employee's, spouse's or dependent's responsibility to notify the plan administrator within 60 days of the event and within the original 18-month COBRA period. COBRA coverage does not last beyond 36 months from the original qualifying event, no matter how many events occur.

DURATION OF COBRA COVERAGE

Other Qualifying Events. If group health coverage was lost because of the death of the employee, divorce, legal separation, Medicare entitlement, or a dependent child ceasing to be a

COBRA Information Letter

dependent child under our health plan, then the continuation coverage period is 36 months from the date of the qualifying event, if elected.

COBRA CANCELLATION

The law provides that continuation coverage may be cut short for any of the following reasons:

- The company no longer provides group health coverage to any of its employees
- The premium for continuation coverage is not paid in a timely manner
- The employee, spouse or dependent becomes covered under another group health plan that does not contain any exclusion or limitation with respect to any preexisting condition
- The employee or spouse becomes entitled to Medicare
- The employee, spouse or dependent extended continuation coverage to 29 months due to a Social Security disability and a final determination has been made that he or she is no longer disabled
- The employee, spouse or dependent notifies the plan administrator that they wish to cancel continuation coverage.

FURTHER INFORMATION

If you have any questions about the law or your obligations, please contact the Plan Administrator.

The Plan Administrator is:
Joanne Frederick, HR Specialist
Town of Oxford
325 Main Street
Oxford, MA 01540