



**SUMMARY OF RIGHTS AND OBLIGATIONS
FOR CONTINUATION OF HEALTH PLAN COVERAGE (COBRA)**

(This is your initial COBRA notice to inform you of your COBRA rights. You are not being offered COBRA at this time.)

TO: University of Alaska Employee, Spouse and/or Dependents

This Notice is intended to summarize your rights and obligations under the continuation coverage provisions of the law and is subject to change without notice as interpretation or changes in the law occur. The University of Alaska health care plan (the Plan) offers no greater COBRA rights than what the COBRA statute requires, and this notice should be construed accordingly. **Both you and your spouse, if any, should read this notice carefully and keep it with your records. If your spouse and/or dependent(s) do not reside with you, it is your responsibility to provide the University of Alaska with their addresses so this notice can be sent to them.**

You may have other options available to you when you lose group health coverage. For example, you may be eligible to buy an individual plan through the Health Insurance Marketplace. 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.

I. What is COBRA?

The right to COBRA continuation coverage was created by a federal law, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). COBRA requires most employers sponsoring group health plans to offer employees and their families the opportunity to elect a temporary extension of health coverage (called "continuation coverage") at group rates in certain instances where coverage under the plan would otherwise end because of a life event known as a "qualifying event." After a qualifying event, COBRA continuation coverage must be offered to each person who is a "qualified beneficiary." You, your spouse, and your dependent children could become qualified beneficiaries if coverage under the Plan is lost because of the qualifying event.

The University of Alaska maintains several group health plans that are subject to this notice:

- ◆ Premera Blue Cross Blue Shield of Alaska and VSP:
 - UA Choice Plan (with 750 Plan, HDHP and CDHP options)
- ◆ Health Care Flexible Spending Account administered by ASIFlex

Qualified beneficiaries who elect continuation coverage are required to pay the entire premium for COBRA continuation coverage.

II. When Does COBRA Apply to Me and/or My Dependents?

A. Employees: If you are an *employee* covered by the University of Alaska's group health plan, you have a right to elect this continuation coverage if you lose your group health coverage because of one of the following two qualifying events:

- (1) Reduction in your hours of employment (i.e., below 20 hours per week or leave without pay).
- (2) Termination of your employment (for reasons other than gross misconduct on your part).

B. Spouse of an Employee: If you are the *spouse* of an employee, you have the right to elect continuation coverage for yourself if you lose coverage under the Plan for any of the following qualifying events:

- (1) The death of your spouse (the covered employee).
- (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 University of Alaska to less than the 20 hours per week required to maintain benefits.
- (3) Your spouse becomes entitled to Medicare benefits (under Part A, Part B, or both).
- (4) Divorce or legal separation from your spouse.
(Also, if an employee drops his or her spouse from coverage in anticipation of a divorce or legal separation, and a divorce or legal separation later occurs, then the later divorce will be considered a qualifying event even though the ex-spouse lost coverage earlier. If the ex-spouse notifies the administrator within 60 days of the divorce and can establish that the coverage was dropped earlier in anticipation of divorce, then COBRA coverage may be available for the period after the divorce or legal separation.)

C. *Dependent Child(ren):* In the case of a ***dependent child*** of an employee, he or she has the right to continuation coverage if group health coverage under the Plan is lost for any of the following qualifying events:

- (1) The death of the parent-employee.
- (2) Termination of the parent-employee's employment (for reasons other than gross misconduct).
- (3) Reduction in the parent-employee's hours of employment with the University of Alaska to less than the 20 hours per week required to maintain benefits.
- (4) The parent-employee becomes entitled to Medicare benefits (under Part A, Part B, or both).
- (5) Parents' divorce or legal separation.
- (6) The dependent child ceases to be a "dependent child" under the Plan.

III. When Will I and/or My Covered Dependents Receive a COBRA Notice and Election Form upon Loss of Coverage?

A. *Divorce/Legal Separation:* The Plan provides that your spouse's coverage terminates on the last day of the month following the date of the divorce or legal separation.

B. *Ineligible Dependent(s):* A dependent child's coverage terminates the last day of the month following the date he or she ceases to be an eligible dependent under the Plan.

Under the COBRA statute, you (the employee) or a family member has the responsibility to notify the University of Alaska upon a divorce, legal separation, or a child losing dependent status. To notify the University of Alaska of a qualifying event for a spouse or dependent, you must submit a dependent enrollment/drop form to UA HR. You or a family member *must* provide this notice no later than 60 days after the date of the divorce, legal separation, or a child losing dependent status.

If you or a family member fails to provide this notice to the University of Alaska during this 60-day notice period, any family member who loses coverage will NOT be offered the option to elect continuation coverage. Furthermore, if you or a family member fails to notify the University of Alaska, and any claims are mistakenly paid for expenses incurred after the date of the divorce, legal separation, or a child losing dependent status, then you and your qualifying family members will be required to reimburse the Plan for any claims so paid.

If the University of Alaska is provided timely notice of a divorce, legal separation, or a child's losing dependent status that has caused a loss of coverage, the University of Alaska's COBRA Plan Administrator will notify the affected family members of the right to elect continuation coverage.

C. *Termination of employment (other than for gross misconduct), or reduction in hours to less than the 20 hours per week required to maintain benefits:* You (the employee) and/or your qualifying family member(s) will be notified of the right to elect continuation coverage automatically (i.e., without any action required by you or a family member) upon the following events that result in a loss in coverage: the

employee's termination of employment (other than for gross misconduct), or reduction in hours to less than the 20 hours per week required to maintain benefits. Coverage ends due to these qualifying events on the last day of the month following the event.

You (the employee) or your qualifying family member(s) must elect continuation coverage within 60 days after the Plan coverage ends, or, if later, 60 days after the COBRA Plan Administrator provides you or your family member notice of the right to elect continuation coverage. *If you or your qualifying family member(s) do not elect continuation coverage within this 60-day election period, you will lose your right to elect continuation coverage.* Your (or your qualifying family member's) election, if mailed, is effective on the day the election is sent to the COBRA Plan Administrator.

A covered employee or the spouse of the covered employee may elect continuation coverage for all qualifying family members. The covered employee, and his or her spouse and dependent children each have an independent right to elect continuation coverage. Thus, a spouse or dependent child may elect continuation coverage even if the covered employee does not (or is not deemed to) elect it. You or your qualifying family member can elect continuation coverage even if you or the family member are covered under another employer-sponsored group health plan at the time, or are entitled to Medicare.

IV. What Coverage Can Be Continued under COBRA? What Premiums are Required?

Ordinarily, you or your qualified family member will be offered COBRA coverage that is the same coverage that you, he or she had on the day before the qualifying event. Therefore, a person (employee, spouse or dependent child) who is not covered under the Plan on the day before the qualifying event is generally not entitled to COBRA coverage except, for example, where there is no coverage because it was eliminated in anticipation of a qualifying event like divorce. If the coverage for similarly situated employees or their family members is modified, COBRA coverage will be modified the same way.

If you are covered by a medical Plan, you will be offered the opportunity to elect COBRA coverage under this Plan. (Note: Certain exceptions apply to the Health Care Flexible Spending Account.)

The premium payments for the "initial premium months" must be paid for you (the employee) and any qualifying family member by the 45th day after electing continuation coverage. The initial premium months are the months that end on or before the 45th day after the date of the COBRA election. All other premiums are due on the 1st of the month for which the premium is due, subject to a 30-day grace period.

V. What is the Maximum Coverage Period under COBRA?

A. 36 Months. If you (spouse or dependent child) lose group health coverage because of the employee's death, divorce, or legal separation, or because you lose your status as a dependent under the Plan, the maximum coverage period (for spouse and/or dependent child) is three years (36 months) from the date of the qualifying event.

B. 18 Months. If you (employee, spouse, or dependent child) lose group health plan coverage because of the employee's termination of employment (other than for gross misconduct) or reduction in hours, the maximum continuation coverage period (for the employee, spouse and dependent child) is 18 months from the date of the qualifying event. There are two exceptions:

(1) **Disability Extension:** If an employee or family member is determined to be disabled (for Social Security purposes) by the Social Security Administration at any time during the first 60 days of continuation coverage (running from the date of termination of employment or reduction of hours), the continuation coverage period for all qualified beneficiaries under the qualifying event is 29 months from the date of termination or reduction in hours. For the 29-month continuation period to apply, notice of the determination of disability under the Social Security Act must be provided to the University of Alaska or the COBRA Plan Administrator both within the 18-month coverage period **and** within 60 days after the date of the determination.

(2) **Second Qualifying Event:** If a second qualifying event that gives rise to a 36-month maximum coverage period (for example, the death or divorce of the former employee, or a dependent child losing status as a dependent under the Plan) occurs within an 18-month or 29-month coverage period, the

maximum coverage period for enrolled dependents becomes 36 months from the date of the initial termination or reduction in hours.

- C. **Shorter Maximum for Health FSAs.** The maximum COBRA period for a health FSA (if there is a positive account balance as of the date of the qualifying event) ends on the last day of the Plan year in which the qualifying event occurred. If there is a negative account balance as of the date of the qualifying event, no COBRA coverage will be offered.

VI. Can Dependent Children Be Added to My COBRA Plan(s) after My Qualifying Event?

If, during the continuation coverage period, a child is *born to, adopted by or placed for adoption with the covered employee* and the covered employee has elected continuation coverage for himself or herself, the child is considered a qualified beneficiary. The covered employee or other guardian has the right to elect continuation coverage for the child, provided the child satisfies the otherwise applicable plan eligibility requirements (e.g. age). The covered employee or family member must notify the COBRA Plan Administrator within 60 days of the birth, adoption or placement to enroll the child on COBRA, and COBRA coverage will last as long as it lasts for other family members of the employee.

The 60-day period is the Plan's normal enrollment window for newborn children, adopted children or children placed for adoption. *If the covered employee or family member fails to notify the COBRA Plan Administrator in a timely fashion, the covered employee will NOT be offered the option to elect COBRA coverage for the child.*

VII Are There Other Coverage Options Besides COBRA Continuation Coverage?

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.

VIII. If You Have Questions...

If you (the employee) or a qualifying family member has any questions about this notice or about COBRA in general, please contact UA HR. *The Handbook*, which contains important information about Plan benefits, eligibility, exclusions and limitations, and additional benefits information, can be found on the University of Alaska's benefits web site at www.alaska.edu/benefits.

UA HR | (907) 450-8200 (ph.) | (907) 450-8201 (fax) | ua-hr@alaska.edu

For more information about your rights under COBRA, the Patient Protection and Affordable Care Act, 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 www.dol.gov/ebsa. For more information about the Marketplace, visit www.healthcare.gov.

Remember: if your marital status changes, if a dependent ceases to be eligible for coverage under the Plan, or if there is a change of address for you or your spouse, you *must* immediately notify the University of Alaska. Your cooperation is greatly appreciated.

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