



NOTICE about your Continuation of Coverage Rights under COBRA

Introduction

This Notice has important information about your right to COBRA continuation coverage, which is a temporary extension of coverage under the Kentucky Employees' Health Plan ("KEHP" or "the Plan"). KEHP has retained WageWorks, Inc. to provide administration services and assistance with its COBRA responsibilities. WageWorks, on behalf of KEHP, will provide you with important information about your right to COBRA continuation of coverage under the Plan.

This Notice explains COBRA continuation coverage, when it may become available to you and your family, and what you need to do to protect your right to get it. When you become eligible for COBRA, you may also become eligible for other coverage options that may cost less than COBRA continuation coverage.

While no action or response is required unless you or your eligible dependent(s) actually have a loss of coverage under the Plan, both you and your eligible dependent(s) should read the information carefully, and keep it with your records. If you experience a loss of coverage in the future, please refer to this overview for guidance about your rights and responsibilities.

Note: This Notice does not fully describe continuation coverage under COBRA or other rights under the Plan. A more complete description can be provided by contacting KEHP or the Plan's COBRA Administrator, WageWorks. Also, there is a more detailed description of your rights under COBRA in the applicable Summary Plan Description which can be viewed at kehpn.ky.gov.

This Notice provides a brief overview of your rights and obligations under the current COBRA law. The Plan offers no greater COBRA rights than what the COBRA statute requires, and this Notice should be construed accordingly.

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. In Kentucky, the Health Insurance Marketplace is referred to as kynect. 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.

About the COBRA Law

COBRA refers to a Federal law (Consolidated Omnibus Budget Reconciliation Act of 1985), which applies to most employers who sponsor group health insurance plans for their employees and eligible dependents. For COBRA purposes, a group health plan includes any major medical plan, the

waiver general purpose HRA, a health FSA, or any other employer-sponsored group plan which provides medical care.

The law requires that employees and certain eligible dependents (including children) who lose coverage under a group health plan must be given the opportunity to continue coverage on a temporary basis. The maximum length of time coverage may be continued depends upon the reason coverage is lost. An employee or eligible dependent who loses coverage as a result of a Qualifying Event is called a "Qualified Beneficiary". You, your spouse, and your dependent children could become Qualified Beneficiaries if coverage under the Plan is lost because of a Qualifying Event. Under the Plan, Qualified Beneficiaries who elect COBRA continuation coverage must pay for COBRA continuation coverage.

COBRA Qualifying Events

Listed below are "Qualifying Events" which result in the right to continue coverage under COBRA. Please note that the maximum period of time coverage can be continued depends on the type of Qualifying Event.

- Eighteen (18) Month Maximum Continuation (experienced by a covered employee)

- 1.) Termination of Employment (for reasons other than "gross misconduct")
- 2.) Reduction of Work Hours (causing you to become ineligible for benefits)

If you experience one of the events listed above, you and any other impacted Qualified Beneficiary will be notified of the right to elect continuation coverage.

- Disability Extension to twenty-nine (29) months.

This extension will apply when any Qualified Beneficiary is determined by the Social Security Administration ("SSA") to have been disabled at any time prior to or within the first sixty (60) days of COBRA coverage resulting from a termination of employment or reduction of work hours causing you to become ineligible for benefits, and continues to be disabled at the end of the initial 18-month period of coverage.

For the disability extension to apply, you must provide a copy of the SSA Determination of Disability letter within the 18-month COBRA period but no later than 60 days after the latest of: (1) the date of the SSA Determination of disability; (2) the date on which the Qualifying Event occurs; or (3) the date on which the Qualified Beneficiary loses coverage.

- Second Qualifying Event Extension to thirty-six (36) months.

If a Qualified Beneficiary experiences a second Qualifying Event during the 18-or 29-month COBRA continuation coverage resulting from termination of employment or reduction of work hours, then the eligible dependent(s) will qualify for an extension of COBRA continuation coverage of up to 36 months from the original Qualifying Event. A covered employee or Qualified Beneficiary must provide notice of the second Qualifying Event within 60 days of the event in order to qualify for the extension. Events eligible for the extension of coverage are those listed below (but only to the extent that they would have caused a loss of coverage under the Plan if it was the initial Qualifying Event):

- Thirty-Six (36) Month Maximum Continuation (experienced by a covered eligible dependent):

- 1) Death of an Employee
- 2) Divorce or legal separation

3) Dependent child no longer meets the Plan's definition of a dependent

In addition, if you become entitled to Medicare and then experience a Qualifying Event or reduction in hours of employment within 18 months of the Medicare entitlement, your Qualified Beneficiary eligible dependent(s) may elect to continue coverage for up to 36 months **from the Medicare entitlement.**

- Retirees:

Sometimes, filing a proceeding in bankruptcy under Title 11 of the United States Code can be a Qualifying Event. If a proceeding in bankruptcy is filed with respect to your sponsoring employer, and that bankruptcy results in the loss of coverage of any retired employee covered under the Plan, the retired employee will become a Qualified Beneficiary. The retired employee's spouse, surviving spouse, and dependent children will also become Qualified Beneficiaries if bankruptcy results in the loss of their coverage under the Plan.

Your IMPORTANT Qualifying Event Notice Obligations

If your eligible dependent(s) loses coverage under the Plan because of divorce, legal separation, or your child no longer meets the Plan's definition of "dependent", then you or your eligible dependent(s) must notify KEHP (through your Insurance Coordinator or Human Resource Generalist) of the loss. **Written** notice **MUST** be provided no later than sixty (60) days after the event or the date coverage terminates, whichever is later. Oral notice, including by telephone, is not acceptable. You may be required to provide additional information to support the Qualifying Event (e.g. a divorce decree, etc.).

If KEHP is provided timely notice of the divorce, legal separation, or a child's loss of dependent status, WageWorks will notify the affected Qualified Beneficiaries of the right to elect continuation coverage.

If KEHP is not provided notice of the divorce, legal separation, or a child's loss of dependent status during this sixty (60) day period, COBRA continuation will not be offered. If any claims are mistakenly paid for expenses incurred after the divorce, legal separation, or a child's loss of dependent status, then you and your eligible dependent(s) will be required to reimburse the Plan for any claims so paid.

If your eligible dependent(s) loses coverage as a result of your death or your entitlement to Medicare, WageWorks will automatically notify your eligible dependent(s) of the right to elect continuation coverage.

Other Notification Requirements

In order to protect your family's rights, you should notify KEHP (through your Insurance Coordinator or Humana Resource Generalist), immediately when the name or address changes for you or any covered eligible dependent. For your records, you should also keep a copy of any notices you send to KEHP.

COBRA Continuation Coverage

If you lose coverage as a result of one of the Qualifying Events listed above, you may elect to continue the same coverage that you had immediately preceding the Qualifying Event; however,

that continuation coverage is subject to changes made by the Employer to the same coverage maintained by similarly situated active employees. You have the same right to change your coverage that similarly situated active employees have (including any open enrollment rights to change coverage). Once you receive your election notice from the COBRA Administrator, you have 60 days from the later of the date of the notice or the date coverage is lost as a result of the Qualifying Event to elect coverage. If you elect coverage you may be required to pay up to 102% of the applicable premium and possibly up to 150% of the applicable premium during a disability extension. The first premium is due 45 days after the date you make your election for coverage. All subsequent premiums are due the first day of the coverage period (with a 30-day grace period). Premiums are typically due on the first day of each month.

Other Coverage Options besides COBRA Continuation Coverage

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 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.

For More Information

Question concerning your Plan should be addressed to the Plan Administrator, KEHP, at the number listed below. Questions concerning your COBRA continuation coverage rights should be addressed to WageWorks at the number and address listed below. You may also review your Plan's Summary Plan Description at kehpk.ky.gov for more information about your COBRA continuation of coverage rights.

For more information about your rights under the Employee Retirement Income Security Act (ERISA), including COBRA, the Patient Protection and Affordable Care Act, and other laws affecting group health plans, contact the U.S. Department of Labor's Employee Benefits Security Administration (EBSA) in your area or visit the EBSA website at www.dol.gov/ebsa. (Addresses and phone numbers of Regional and District EBSA Offices are available through EBSA's website.)

For more information about the Marketplace, visit www.HealthCare.gov.

Plan Contact Information:

1) COBRA Administrator:

WageWorks, Inc.
P.O. Box 14055
Lexington, KY 40512-4055
Toll-Free Number: (877) 502-6272
www.WageWorks.com

2) The Plan - Kentucky Employees' Health Plan:

Department of Employee Insurance
501 High Street, 2nd Floor
Frankfort, KY 40601
Member Services Branch Phone: (888) 581-8834 or (502) 564-6534
kehpk.ky.gov