



VERY IMPORTANT NOTICE
Group Health Continuation under COBRA
(Consolidated Omnibus Budget Reconciliation Act)
For the LEE COUNTY BENEFITS PLAN

If you, your spouse, or your dependent children lose coverage under our health, dental, vision and flex spending plans because of a *qualifying event*, then you may have the right to elect continuation coverage under the Public Health Services Act, also known as **COBRA** coverage.

Who May Elect Continuation Coverage?

An employee, spouse or dependent child who has coverage under our group health and dental plan on the day before a qualifying event may elect continuation coverage. An employee may also elect continuation coverage for children born or adopted by the employee during the continuation period.

For families that lose coverage, each family member can separately elect continuation coverage. However, unless otherwise specified, an employee's election to continue coverage will be deemed to include an election of continuation for the employee's spouse and dependent children. Similarly, a spouse's election to continue coverage will be deemed to include an election of continuation for any dependent child covered by the plan.

Although an employee and spouse can continue coverage on behalf of other family members, they cannot decline coverage on behalf of other family members. For example, if an employee declines continuation coverage, the spouse or dependent child can elect to continue their coverage.

What Is Continuation Coverage?

If you or your child experiences a qualifying event, you may continue the health coverage you had immediately before the event occurred. If you continue coverage, you will not have to provide proof of insurability in order to continue coverage, and during open enrollment periods, you will have the same rights as active employees to change your coverage.

What Is a Qualifying Event?

A *qualifying event* occurs when you or a dependent child loses coverage under Lee County's health and dental plan because:

- ♦ A covered employee terminates employment for any reason other than gross misconduct or has a reduction in hours to fewer than the number required for plan participation.
- ♦ A covered employee dies.
- ♦ A covered employee becomes divorced from the spouse.
- ♦ A covered employee, or retiree becomes covered by Medicare.
- ♦ A covered child loses dependent status under a plan.

Do I Have to Notify Lee County of Any Qualifying Events?

Employees or their families must notify Lee County in the event of a divorce, or when a child no longer qualifies as a covered dependent under the plan within 60 days after these events occur. *Individuals failing to notify Lee County of these events within the 60-day period will not be permitted to continue coverage.*

Can I Have More Than One Qualifying Event?

Sometimes, a spouse or dependent child can have more than one qualifying event. A second qualifying event occurs if the following three conditions are met:

- ♦ The first event is the employee's employment termination or reduction in hours.
- ♦ The second event is a sort that gives rise to 36 months of continuation coverage (e.g., a covered employee's death or divorce).
- ♦ The second event takes place while continuation coverage is in effect.

If a second qualifying event occurs, we will extend the maximum coverage period from 18 months to 36 months, measured from the date of the first qualifying event. A qualified beneficiary is not entitled to more than 36 months of continuation coverage.

How Do I Elect Continuation Coverage?

If you and/or dependent children have a qualifying event, we will send you a notice of your continuation rights. At that time, you will have up to 60 days to decide whether you want to continue your health coverage through the Lee County plan. This election period will end 60 days from the later of the following two dates:

- ♦ The date coverage would otherwise terminate.
- ♦ The date the company notifies you of your continuation rights.

How Long Can I Continue Coverage?

If the qualifying event is employment termination or reduction in hours, the maximum period of time you can continue coverage is 18 months from the date of the qualifying event. For other qualifying events, the maximum period is 36 months. However, if the employee is covered by Medicare prior to the time of the termination or reduction, the period of coverage for the spouse and dependents will end after 18 months or, if greater, 36 months from the date the employee became covered by Medicare.

Can Lee County Terminate My Continuation Coverage Before the Maximum Coverage Period Ends?

Lee County can terminate your continuation coverage before the maximum coverage period ends for any of the following reasons:

- ♦ Payment for continuation coverage is not received on a timely basis.
- ♦ After electing continuation coverage, you become covered by another group health plan maintained by another employer that does not limit or exclude your coverage for any preexisting medical condition.
- ♦ After electing continuation coverage, you become covered by Medicare.
- ♦ Lee County ceases to provide group health plan coverage for all active employees.
- ♦ For cause, such as submission of a fraudulent claim.

Do I Have to Pay for My Continuation Coverage?

You must pay the full cost of continuation coverage, plus 2 percent for Lee County's administrative expenses. We will include information on the cost of continuation coverage and the payment terms in notices to individuals who have a qualifying event.

Do Special Provisions Apply to the Disabled?

If the Social Security Administration determines that you were disabled at any time during the first 60 days of continuation coverage, you can request an extension in the maximum coverage period from 18 to 29 months. This extension applies not only to the disabled individual, but also to covered family members.

To obtain this extended coverage, you must notify the plan administrator at the address below within 60 days of Social Security's disability determination and 18 months of the qualifying event.

If you receive this extended coverage, you must pay 102 percent of the full cost of the continuation coverage for the first 18 months. After 18 months, the required payments will increase from 102 percent to 150 percent of the full cost of coverage if the disabled individual elects the extended coverage. Otherwise, the required payments will remain at 102%.

If you receive the extended coverage, you are required by law to notify the plan administrator that you are no longer disabled within 30 days of any such determination made by Social Security. Once notified, your extended coverage will be terminated effective the first month beginning more than 30 days after Social Security's determination.

Who Can I Contact If I Have Questions About Continuation Coverage?

If you have any questions about continuation coverage, please contact Lee County Human Resources - Benefits at 239-533-2245.

This General Notice does not fully describe COBRA or the Lee County Benefits Plan. More complete information is available by reviewing the Summary Plan Documents located on our web site at www.lee-county.com. Click on County Departments; scroll down to Human Resources; click on Employee Benefits; scroll to the bottom of the page and select Summary Plan Documents; choose the plan you wish to view.

HIPAA (Health Insurance Portability and Accountability Act)

This legislation was passed to allow employees certain rights with respect to health plan waiting periods, special enrollments and pre-existing conditions. HIPAA requires employers providing group health coverage to employees to provide a Certificate of Creditable Coverage (also known as a HIPAA Certificate) to any participant who, for any reason, is no longer participating in the plan. If your last day of coverage is less than 63 days from the date you become eligible to enroll in the Lee County Health plan, all pre-existing conditions will be waived. HIPAA states that pregnancy will not be considered a pre-existing condition. If you have any questions regarding your rights under the COBRA and HIPAA legislation, please contact us at 239-533-2245.