

### Introduction

The following information is intended to inform you, in a summary fashion, of your rights and obligations under the continuation of coverage provisions of Minnesota and Federal Law. You should take the time to read this notice carefully. If your spouse and/or adult children are covered under the St. Paul Public School's (the District) group health insurance plan, they should also take the time to read this notice carefully. If your covered spouse and/or covered adult dependents do not reside with you, please provide them with a copy of this notice.

### What is Continuation Coverage?

#### *Persons Entitled to Continuation Coverage*

In addition to Federal Law, Minnesota Law requires that most employers sponsoring group health insurance plans offer Minnesota resident employees and their families the opportunity to continue their health and/or dental insurance coverage when there is a "qualifying event" that would result in a loss of coverage under the employers plan. Persons entitled to continuation coverage are "qualified beneficiaries" and may include the employee covered under the group health plan, the covered spouse, and covered dependent children depending on the nature of the qualifying event. An employee who is participating in the group life insurance policy may also elect to continue the coverage for up to 18 months when eligibility as an active employee is terminated.

#### *Nature of Continuation Coverage*

Continuation coverage is the same coverage that the group health plan gives to other participants or beneficiaries under the plan who are not receiving continuation coverage. Each qualified beneficiary who elects continuation coverage will have the same rights under the group health plan as other participants or beneficiaries covered under the plan, including special enrollment rights.

### How Long Will Continuation Coverage Last?

#### *Maximum Continuation Period*

In the case of loss of group health plan coverage due to termination of employment (other than for gross misconduct) or a reduction in work hours, coverage may be continued for a maximum period of 18 months. If you were totally disabled (as defined by Minnesota Law) when the termination or reduction in work hours occurred, Minnesota law allows qualified beneficiaries to continue coverage for the entire period of time for which the employee is totally disabled. COBRA also allows for special coverage should a covered employee, spouse or dependent become disabled within 60 days following an employee's termination of employment or reduction in hours for reasons other than disability. Coverage for all covered individuals may then be continued for up to 29 months (standard 18 months plus an additional 11 months). The extended continuation period applies to health and/or dental insurance only (life insurance is limited to the standard 18 months).

Under the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) if an employee is absent from employment due to military service, they may elect to continue coverage on a COBRA-like basis. The maximum period of coverage they may elect will be the lesser of the 24 month period beginning on the date on which the absence began; or the day after the date on which the person fails to apply for or return to work. If you don't elect to continue coverage during your military service, you have the right to be reinstated in your employer's health plan when you are reemployed, generally without any waiting periods or exclusions (e.g., pre-existing condition exclusions) except for service connected illnesses or injuries.

Group health plan coverage may be continued for a maximum period of 36 months if the loss of group health plan coverage is due to the following:

1. Employee/parent becomes enrolled in Medicare
2. Dependent child ceases to be a dependent under the terms of the group health plan

If you lose group health and/or dental insurance coverage because of a divorce or the death of the employee, Minnesota Law requires that you be afforded the opportunity to maintain coverage until you become covered under another group health plan or become enrolled in Medicare.

#### *Termination of Continuation of Coverage Before the End of the Maximum Period*

Continuation of coverage will be terminated before the end of the maximum continuation period for any of the following reasons:

1. The Employer no longer provides group health insurance coverage to any of its employees; 2. The premium for your continuation coverage is not paid on time;
3. You become covered under another group health insurance plan that does not include any pre-existing conditions clause that applies to you or to a covered dependent;
4. After making a COBRA election, the qualified beneficiary first becomes enrolled in Medicare;
5. A final determination has been made that the qualified beneficiary is no longer totally disabled (as defined in Minnesota law). Termination of coverage is effective in the month that begins more than 30 days after the final determination.
6. For any reason the group health plan would terminate coverage of a plan participant or beneficiary not receiving continuation coverage (e.g. fraud);
7. Your period of military service comes to an end and you fail to reapply for coverage/employment

### **How Can You Extend the Length of the Group Health Plan Continuation Coverage?**

If you elect continuation coverage, an extension of the maximum period of 18 months of coverage may be available if a second qualifying event occurs. You must notify the District of a disability or second qualifying event in order to extend the period of continuation coverage. Failure to provide notice of a disability or a second qualifying event may affect the right to extend coverage.

#### *Continuation on Disability*

An 11 month extension of group health plan continuation (total 29 month continuation period) may be available if any of the qualified beneficiaries (including dependents) becomes disabled within 60 days of the termination of employment or reduction in hours. In order to be entitled to the 29 month continuation, the qualified beneficiary must satisfy all of the following conditions:

1. The disability must be approved by the Social Security Administration; and
2. The disability must have occurred prior to the end of the 60 day election period for continuation coverage; and
3. The qualified beneficiary must notify the District within 60 days of the Social Security approval of the disability; and
4. The qualified beneficiary must notify the District regarding the Social Security determination of disability prior to the expiration of the 18 month continuation of coverage period

If the qualified beneficiary is determined by the Social Security Administration to no longer be disabled, you must notify the District of the fact within 30 days of the Social Security decision.

#### *Second Qualifying Event*

If a second qualifying event occurs during the first 18 months of continuation coverage, spouses and dependent children who elected continuation will have available an additional 18 months extension of continuation coverage. The maximum amount of continuation coverage available when a second qualifying event occurs is 36 months.

Second qualifying events include:

1. Death of the employee; or
2. Divorce from the employee; or
3. The covered employee enrolls in Medicare; or
4. A dependent child ceases to be eligible for coverage as a dependent under the plan

You must notify the District within 60 days after a second qualifying event occurs in order to extend your continuation coverage.

## **How Can You Elect Continuation Coverage?**

### *Separate Elections*

Each qualified beneficiary has a separate independent right to elect group health plan continuation coverage. For example, both the employee and the employee's spouse may elect continuation coverage or only one of them. Parents may elect to continue coverage on behalf of their dependent children only.

### *Time Limits for Elections*

A qualified beneficiary must elect continuation coverage within 60 days from the date of the qualifying event or the loss of group health plan coverage due to the qualifying event, whichever is later. Failure to do so will result in a loss of the right to elect continuation coverage under the group health plan.

### *Problems in Failing to Elect Continuation Coverage*

In considering whether to elect continuation coverage, you should take into account that failure to continue your group health plan will affect your future rights under federal law.

First, you may have a pre-existing conditions exclusion applied to your coverage under other group health plans if you have more than a 63 day gap in your health coverage, and election of continuation coverage (along with premium payment) will eliminate any gap in coverage.

Second, if you fail to elect group health plan continuation, you will lose the guaranteed right to purchase individual health insurance policies that do not impose a pre-existing conditions exclusion. The guaranteed right to purchase such individual policies applies only where you accept continuation coverage for the maximum continuation period available to you.

If you are eligible for continuation due to military service and do not elect to continue coverage, you have the right to be reinstated in your employer's health plan when you are reemployed, generally without any waiting periods or exclusions (e.g., pre-existing condition exclusions) except for service connected illnesses or injuries.

### *Special Enrollment Rights in Other Group Health Plans*

You have the right to request special enrollment in another group health plan for which you are otherwise eligible (such as a plan sponsored by your spouse's employer) within 30 days after your group health plan coverage ends because of a qualifying event.

You will also have the same enrollment right at the end of continuation coverage if you maintain continuation coverage for the maximum time available to you.

## **How Much Does Continuation Coverage Cost?**

### *Typical / Common Qualifying Events*

For typical qualifying events (including resignation, reduction in hours, loss of dependent status, etc.), each qualified beneficiary will be required to pay the entire cost of continuation coverage. The amount a qualified beneficiary will be required to pay will not exceed 102 percent of the cost to the group health plan (including both employer and employee contributions) for coverage of a similarly situated plan participant (covered employee) or beneficiary (covered dependent) who is not receiving continuation coverage

### *Involuntary termination or layoff*

Employees who experience involuntary termination or layoff between the dates of September 1, 2008 and December 31, 2009 may be eligible for a federal subsidy of 65% towards the COBRA continuation premiums for a period of 9 months following their qualifying event.

### *Disability*

If the qualified beneficiary is totally disabled, the amount they will be required to pay will not exceed 100% of the cost of the group health plan coverage (including both employer and employee contributions) for 18 months. If the qualified beneficiary is continuing

group health plan coverage due to a disability that occurred within 60 days of termination of employment or reduction in hours, the group health plan may charge up to 150 percent of the premium cost for months 19 through 29 of your disability extension.

#### *Military*

If you have continuation coverage due to military service and your leave is shorter than 31 days, you will not be required to pay more than the regular employee share of the premium.

### **When and How Must Payment For Continuation Coverage Be Made?**

#### *Method of Payments Accepted*

SPPS accepts two options to pay for coverage – check, or electronic account withdrawal. Sorry, cash payments cannot be accepted.

#### *Time Limit for First Payment*

You must make your first payment for group health plan continuation coverage within 45 days from the date you make an election for continuation coverage (this is the date the election notice is post marked if mailed). If you do not make your first payment for your continuation coverage within the 45 day period, you will lose all continuation rights under the plan.

#### *Amount of First Payment*

Your first premium payment must cover the cost of the continuation coverage from the time your coverage under the plan would have otherwise terminated up to the time you make your first payment. You are responsible for making sure that the amount of your first payment is enough to cover this entire period. You may contact the District, to confirm the amount of your first payment.

#### *Premium Payments After the First Payment*

After you make your first payment for continuation coverage you will be required to pay for continuation coverage for each subsequent month of coverage. Under the plan, these periodic payments are due on the first day of each month. You will be given a 30 day grace period to make each premium payment. Your continuation coverage will be provided for each coverage period as long as payment for that coverage is made before the end of the grace period.

#### *Suspension of Grace Period Coverage for Non-Payment*

If you make a monthly payment for continuation coverage later than the due date but during its grace period, your coverage under the group health plan will be suspended as of the due date and then retroactively reinstated going back to the due date, when the monthly premium is made. This means that any claim you submit for benefits while your coverage is suspended may be denied and the claim may have to be resubmitted once your coverage has been reinstated.

#### *Loss of Coverage Due to Non-Payment During the Grace Period*

If you fail to make a monthly premium payment beyond the end of the grace period you will lose all rights to continuation coverage under the group health plan.

### **Do You Have The Right To Other Health Insurance Coverage After Continuation Coverage Ends?**

Under the group health plan you have the right, when your group health plan coverage ends, to enroll in an individual health insurance policy without providing proof of good health. The benefits provided under such a conversion policy may not be identical to those provided under the group health plan. You may exercise this right in lieu of electing continuation coverage, or you may exercise this right after you have received the maximum continuation coverage available to you under COBRA.

You should note that if you enroll in an individual conversion policy you lose the right under federal law to purchase individual health insurance that does not impose any pre-existing conditions limitations when your conversion policy coverage ends.

If you are on continuation coverage due to military service and your military service ends, you have the right to be reinstated in your employer's health plan when you are reemployed, generally without any waiting periods or exclusions (e.g., pre-existing condition exclusions) except for service connected illnesses or injuries.

## **What Notification Procedures Are To Be Used When The Plan Participant Or Beneficiary Is Required to Notify the Plan Administrator?**

### *Events Requiring Notification*

Under Federal and Minnesota law, the employee or family member has the responsibility to inform the District of the following qualifying events:

1. a divorce
2. a dependent child losing dependent status
3. disability (for the purpose of extending continuation coverage)
4. second qualifying events (for the purpose of extending continuation coverage)
5. intent to commence period of military service

If you, your dependent or your representative fail to notify the plan administrator within 60 days of one of the above events all continuation of coverage rights will be lost.

### *Notification Procedures*

Notification to the plan administrator must be in writing and:

1. disclose the nature of the event; and
2. include the date the event occurred
3. include the name(s) and current address(es) of those persons entitled to continuation coverage; and
4. enclose documentation verifying and confirming the qualifying event; and
5. include the name(s) and address(es) of those persons who are to receive information on continuation coverage in the future if different from those that are entitled

Notification must be hand delivered or mailed to:

St. Paul Public Schools  
Human Resources  
360 Colborne  
St. Paul, MN 55102

Notification must be post marked within 60 days from the date of the qualifying event, second qualifying event or, if applicable, loss of group health plan coverage date, whichever is later.

## **For More Information**

This notice does not fully describe continuation coverage or other rights under the group health plan. More information about continuation coverage and your rights under the group health plan is available from the District by contacting the Human Resources Department 651-767-8200.

For more information about your rights under ERISA, including COBRA, the Health Insurance Portability and Accountability Act (HIPAA), 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 [www.dol.gov/EBSA](http://www.dol.gov/EBSA).

## **Keep Your Plan Informed of Address Change**

In order to protect your family's rights, you should keep the 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 plan administrator.

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