



TOWN OF ANDOVER

Human Resources
36 Bartlet Street
Andover, MA 01810
978-623-8500
www.andoverma.gov
www.aps1.net

To: All New Employees
From: Rita Marconi, Benefits & Compensation Manager
Re: COBRA Initial Notification

It is important that all covered individuals (employees, spouse and dependent children, if applicable) take the time to read the attached notice carefully and be familiar with its contents. If there is a covered dependent not living at your current residence, please provide written notification to the Human Resources Department so a notice can be sent to them as well.

Under federal COBRA Law, the Town of Andover is required to offer covered employees and covered family members the opportunity for a temporary extension of health coverage (called "Continuation Coverage") at group rates when coverage under the health plan would otherwise end due to certain qualifying events. This notice is intended to inform you (and your covered dependents, if any) in summary fashion of your potential future options and obligations under the continuation coverage provisions of the COBRA law. Should an actual qualifying event occur in the future, additional information will be sent, along with the appropriate election notice. Please take special note, however, of your notification obligations described in the attached notice.

Your signature below indicates that you have read and understood your rights and obligations with regard to COBRA continuation coverage. Should you have any questions, please contact me at 978/623-8521.

Employee Signature

Date

Print Name

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From: Rita Marconi, Benefits & Compensation Manager
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IMPORTANT NOTICE
INITIAL COBRA NOTIFICATION

It is important that all covered individuals (employee, spouse and dependent children, if applicable) take the time to read this notice carefully and be familiar with its contents. If there is a covered dependent not living at your current residence, please provide written notification to the Human Resources Office so a notice can be sent to them as well.

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Qualifying Events for Covered Employee

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

Qualifying Events for Covered Spouse

If you are the covered spouse of an employee, you may have the right to elect this health plan continuation coverage for yourself if you lose group health coverage through the Town of Andover because of any of the following reasons:

1. A termination of your spouse's employment or reduction in spouse's hours of employment with the Town of Andover;
2. The death of your spouse;
3. Divorce or legal separation from your spouse; or
4. Your spouse becomes entitled to Medicare.

Qualifying Events for Covered Dependent Children

If you are the covered dependent child of an employee, you may have the right to elect continuation coverage for yourself if you lose group health coverage through the Town of Andover because of any of the following reasons:

1. A termination of the employee's employment;
2. The death of the employee;
3. Parent's divorce or legal separation;
4. The employee becomes entitled to Medicare; or
5. You cease to be eligible as a "dependent child" under the terms of the health plan.

Important Employee, Spouse and Dependent Children Notifications Required

Under the law, the employee, spouse or other family member has the responsibility to notify the Human Resources Office of a divorce, legal separation or a child losing dependent status under the Town's health plan. This notification must be made within 60 days from whichever date is later, the date of the event or the date on which the health plan coverage would be lost under the terms of the contract. Please put your notification in writing to the Benefits Specialist, or call Human Resources at 978/623-8531.

If this notification is not completed according to the above procedures and within the required 60 day notification period, then rights to continuation coverage will be forfeited. Carefully read the dependent eligibility rules contained in the summary plan description so you are familiar with what events will cause a dependent to become ineligible for coverage under the terms of the contract, such as age or student status. In the case of an employee's termination of employment or reduction of hours, notification will come from the employee's supervisor.

Election Period and Coverage

Once the plan administrator learns that a qualifying event has occurred, covered individuals (also known as qualified beneficiaries) will be promptly notified of their rights to elect continuation coverage. Each qualified beneficiary has independent COBRA election rights and will have 60 days to elect continuation coverage. The 60 day election window is measured from the later of the date coverage is lost or from the date of notification. This is the maximum period allowed to elect COBRA as the plan does not provide an extension of the election period beyond which is required by law. If a qualified beneficiary does not elect continuation coverage within this election period, then rights to continue health insurance will end.

If a qualified beneficiary elects continuation coverage, they will be required to pay the entire cost of the health insurance premium, plus a 2% administration fee. The Town of Andover is required to provide the qualified beneficiary with coverage that is identical to the coverage provided under the plan to similarly situated employees and/or covered dependents. Should coverage change or be modified for similarly situated active employees, then the change and/or modification will be made to your coverage as well.

Length of Continuation Coverage - 18 months

If the event causing the loss of coverage is a termination of employment (other than for gross misconduct) or a reduction in work hours, then each qualified beneficiary will have the opportunity to continue coverage for a maximum of 18 months from the date of the qualifying event. There are two exceptions to this rule, as described below.

Social Security Disability: The 18 months of continuation coverage can be extended for an additional 11 months of coverage, to a maximum of 29 months, for all qualified beneficiaries if the Social Security Administration determines a qualified beneficiary was disabled according to Title II or XVI of the Social Security Act on the date of the qualifying event or at any time during the first 60 days of continuation coverage. It is the qualified beneficiary's responsibility to obtain this disability determination from the Social Security Administration and provide a copy of the determination to the Human Resources Office within 60 days after the date of determination and before the original 18 months expire. It is also the qualified beneficiary's responsibility to notify Human Resources within 30 days if a final determination has been made that they are no longer disabled.

Secondary Events: Another extension of the 18-month continuation period can occur, 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). If a second event occurs, then the original 18 months of continuation coverage can be extended to 36 months from the date of the original qualifying event only for the covered spouse and/or dependent children. If a second event occurs, it is the qualified beneficiary's responsibility to notify the Human Resources Office in writing within 60 days of the second event and within the original 18 month COBRA time line. In no event, however, will continuation coverage last beyond three years from the date of the original event that made the qualified beneficiary eligible for continuation coverage.

Length of Continuation Coverage - 36 Months

If the original event causing the loss of coverage was the death of the employee, divorce, legal separation, Medicare entitlement, or a dependent child ceasing to be eligible under the Town of Andover's group health plan, then the covered spouse and/or dependent children will have the opportunity to continue coverage for 36 months from the date of the qualifying event.

Eligibility, Premiums and Potential Conversion Rights

A qualified beneficiary does not have to show they are insurable to elect continuation coverage, however, they must have been covered by the plan at the time of the qualifying event to be eligible for COBRA continuation coverage. An exception to this rule is if while on continuation coverage a baby is born to or adopted by a qualified beneficiary. If this occurs, the newborn or adopted child can be added to the plan and will gain the rights of all other qualified beneficiaries. Procedures and time lines for adding these individuals can be found in the benefits certificate on file with the Human Resources Office. The plan administrator reserves the right to verify COBRA eligibility status and terminate continuation coverage retroactively if you are determined to be ineligible or if there has been a material misrepresentation of the facts.

A qualified beneficiary will have to pay all of the applicable premium plus a 2% administration charge for continuation coverage. These premiums will be adjusted in the future if the applicable premium amount changes. In addition, if continuation coverage is extended from 18 months to 29 months due to a Social Security disability, the Town of Andover can charge up to 150% of the applicable premium during the extended coverage period. Qualified beneficiaries will be allowed to pay on a monthly basis. In addition there will be a maximum grace period of thirty (30) days for the regularly scheduled monthly premiums. At the end of the 18 months or three years of continuation coverage, a qualified beneficiary may be allowed to enroll in an individual conversion health plan provided under Blue Cross/Blue Shield of Massachusetts if an individual conversion plan is available at that time.

Cancellation of Continuation Coverage

The law provides that COBRA continuation coverage will end prior to the maximum continuation period for any of the following reasons:

1. The Town of Andover ceases to provide any group health plan to any of its employees;
2. Any required premium for continuation coverage is not paid in a timely manner;
3. Any required beneficiary becomes covered under another group health plan that does not contain any exclusion or limitation with respect to any pre-existing condition of such beneficiary other than such an exclusion or limitation which does not apply to or is satisfied by such beneficiary by reason of the Health Insurance Portability and Accountability Act of 1996;
4. A qualified beneficiary becomes entitled to Medicare;
5. A qualified beneficiary extended continuation coverage to 29 months due to a Social Security disability and a final determination has been made that the qualified beneficiary is no longer disabled;
6. A qualified beneficiary notifies the Human Resources Office that they wish to cancel COBRA continuation coverage.

Notification of Address Change

To insure all covered individuals receive information properly and efficiently, it is important that you notify the Human Resources Office of any address change as soon as possible. Failure on your part to do so will result in delayed COBRA notifications or a loss of continuation coverage options.

Any Questions?

If any covered individual does not understand any part of this summary notice or has questions regarding the information or your obligations, please contact the Human Resources Office at the address and/or telephone number below.

**Town of Andover
Human Resources Office
36 Bartlet Street
Andover, MA 01810
978/623-8521**