

WageWorks, Inc.
P.O. Box 34740
Louisville, KY 40232-4740

BENEDIRECT

by WageWorks[®]

SAMPLE COBRA Continuation Coverage Election Notice

SAMPLE LETTER AND
INFORMATION



Your actual COBRA Continuation Coverage Election Notice will be sent to your home address on file.

IMPORTANT NOTICE REGARDING YOUR COBRA CONTINUATION COVERAGE

The following notice contains important information about your right to continue coverage through the group health plan benefits sponsored by **Your Employer** (the “Plan(s)”) as well as other health coverage options that may be available to you*, including coverage through the Health Insurance Marketplace (“Marketplace”). Your COBRA Election Form lists these specific benefits. Please see your Summary Plan Description (“SPD”) for specific details about the Plan(s). Please make sure you read the information contained in this notice very carefully as it describes your rights and obligations under the COBRA regulations and keep this entire notice in a safe place to refer to as needed. More information regarding the Marketplace is provided at the end of this notice.

Enclosed in this packet you will find the following:

- **COBRA Election Notice and Other Health Coverage Alternatives** — this outlines your COBRA rights, including deadlines, duration of coverage(s), and your payment responsibilities.
 - o If you elect COBRA coverage, please note your coverage effective date will be as shown in this notice. This is generally the first day after your loss of coverage and cannot be changed.
 - o It is **your** responsibility to make timely payments even if you do not receive an invoice or coupons.
 - o If you have been deemed disabled by the Social Security Administration, please refer to the **“Can I Extend the Length of COBRA Coverage?”** section of this notice.
 - o If you become enrolled in other group health plan coverage or entitled to Medicare (under Part A, Part B, or both), please refer to the **“If I Elect COBRA Coverage, When Will My Coverage Begin and How Long Will the Coverage Last?”** section of this notice.
- **COBRA Election Form Instructions** — this is a summary of the important effective and deadline dates.
- **COBRA Election Form** — this is the required form which must be returned to our office on or before 12/30/2019 if you wish to elect COBRA coverage. Make sure you fill out the form completely and include your signature.

If you have any questions or require further clarification about this notice or your rights to COBRA coverage, please feel free to contact our office so we may assist you. Our Customer Service Representatives are available Monday through Friday between 7:00 am and 7:00 pm (Central) and can be reached at 1-800-526-2720. For questions regarding the Marketplace, please go to www.HealthCare.gov or call 1-800-318-2596. If you would like to speak to a licensed benefits advisor to help you understand all of your coverage options, please call Simply Covered at 1-877-470-3996.

Note: Notices are sent to the last known address on file with your plan sponsor. If the address(es) on this front page are not correct for each and every named qualified beneficiary, you must immediately notify WageWorks, Inc. and provide correct addresses so that we can provide them with this notification and election form. Otherwise, they may not receive notice of their rights and obligations under applicable law and lose their opportunity to elect continuation coverage.

If you have questions regarding the Plan(s) or to request a copy of your SPD, please contact **Your Employer**

* This document uses the terms "you" and "your" to refer equally to each qualified beneficiary identified in this notice.

Important information from **Your Employer**

This section is reserved for any Employer/Client note to their COBRA participants, if applicable.



COBRA ELECTION NOTICE AND OTHER HEALTH COVERAGE ALTERNATIVES

Date of Notice: 10/29/2019

Participant Name: John Test and Mary Test – (Account #:88888888)

Employer: **Your Employer**

Qualifying Event: End of Employment

To: JohnTest and Eligible Covered Dependents of JohnTest (if applicable)

You are receiving this notice because your coverage under the Plan(s) will end/has ended as of 9/30/2019 due to the qualifying event designated above. **Your Employer** has retained WageWorks, Inc. to notify you in summary fashion of your rights and obligations regarding a temporary continuation of group health coverage according to a federal law called the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (COBRA). WageWorks, Inc. is the COBRA benefits service provider under the Plan(s).

What is COBRA Coverage?

COBRA permits qualified beneficiaries to elect to continue group health coverage under the Plan(s) listed in this notice for a limited period if coverage is lost as a result of certain events (“qualifying events,” described below). A qualified beneficiary is any of the following who is covered under the Plan(s) the day before the qualifying event: (1) the employee (including a retired employee), (2) the employee’s spouse (including the spouse of a retired employee), and/or (3) a dependent child (as defined by the Plan(s)) (including the dependent child of a retired employee). Also, a child who is born to, adopted by, or placed for adoption with a covered employee during a COBRA coverage period is considered a qualified beneficiary if enrolled in accordance with the terms of the Plan(s). A child of the covered employee receiving benefits pursuant to a qualified medical child support order (QMCSO), if enrolled in accordance with the terms of the Plan(s), is entitled to the same rights to elect COBRA coverage as any other covered dependent child. If any qualified beneficiary timely elects and pays for COBRA coverage for any of the Plan(s) listed in this notice, such coverage will be reinstated retroactively to the date it would have otherwise terminated.

COBRA coverage is generally the same coverage provided under the Plan(s) to similarly situated active individuals who are not on COBRA. Each qualified beneficiary who elects COBRA coverage will have the same rights under the Plan(s) as other similarly situated non-COBRA participants covered under the Plan(s) components elected by the qualified beneficiary, including special enrollment and annual enrollment rights (other than for Health Flexible Spending Account [Health FSA] coverage, for which there are special rules described below). COBRA (and the description of COBRA coverage contained in this notice) generally applies only to the group health plan benefits offered under the Plan(s) and not to any other benefits offered under the Plan(s) or by **Your Employer** (e.g., life insurance).

What is a Qualifying Event?

For covered employees, you may elect COBRA coverage if you lose coverage under the Plan(s) because of either one of the following qualifying events: (1) your hours of employment are reduced; or (2) your employment ends for any reason (other than gross misconduct on your part).

For the covered spouse of a covered employee (including the spouse of a retired employee), you may elect COBRA coverage if you lose coverage under the Plan(s) because of any of the following qualifying events: (1) the covered employee dies; (2) the covered employee’s hours of employment are reduced; (3) the covered employee’s employment ends (for reasons other than gross misconduct); (4) the covered employee becomes entitled to Medicare under Part A, Part B, or both (typically, this will not be a qualifying event for spouses of active employees due to the Medicare Secondary Payer rules); or (5) you and the covered employee divorce or legally separate. Also, if the covered spouse’s coverage is reduced or dropped by the covered employee in anticipation of a divorce or legal separation, and a divorce or legal separation later occurs, then the divorce or legal separation may be considered a qualifying event for the spouse even though the coverage was canceled or reduced before the divorce or legal separation. If the ex-spouse notifies the Plan Administrator within 60 days after the divorce or legal separation and the Plan Administrator determines, at its sole discretion based on the applicable facts and circumstances, that the coverage was dropped in anticipation of the divorce or legal separation, then COBRA coverage may be available beginning with the date of the divorce or legal separation (if properly elected).

For a covered dependent child of the covered employee (including the dependent child of a retired employee), you may elect COBRA coverage if you lose coverage under the Plan(s) because of any of the following qualifying events: (1) the covered employee dies; (2) the covered employee’s hours of employment are reduced; (3) the covered employee’s employment ends (for reasons other than gross



misconduct); (4) the covered employee becomes entitled to Medicare under Part A, Part B, or both (typically, this will not be a qualifying event for dependent children of active employees due to the Medicare Secondary Payer rules); (5) the covered employee and his/her spouse divorce or legally separate; or (6) you cease to be eligible for coverage under the Plan(s) as a “dependent child.”

Covered retired employees, covered spouses of retired employees, surviving spouses of retired employees, and covered dependent children of retired employees also have a right to elect COBRA coverage if retiree coverage is lost within one year before or after the commencement of proceedings under Title 11 (bankruptcy), United States Code.

How Can I Elect COBRA Coverage?

To elect COBRA coverage, you must complete the enclosed COBRA Election Form and submit it to WageWorks, Inc. as stated on the COBRA Election Form no later than the end of your election period, which is 12/30/2019. Under federal law, you have 60 days after the later of the date of this notice or the date coverage is lost under the Plan(s) to elect COBRA coverage. Any qualified beneficiary for whom COBRA is not elected within this election period will lose all rights to continue coverage under COBRA. See the COBRA Election Form Instructions in this packet for the Plan(s)'s procedures for revoking a waiver of COBRA coverage. If an election form is mailed, the postmark date will be used to determine if the election was made within the election period. If transmitted electronically (e.g., online), your election must be received by WageWorks, Inc. no later than the last day of the applicable election period.

You may also use the form to elect coverage for any other qualified beneficiaries identified in this notice. Each qualified beneficiary will have an independent right to elect COBRA. Covered employees and covered spouses (if the spouse is a qualified beneficiary) may elect COBRA on behalf of all the other qualified beneficiaries, and parents or legal guardians (whether qualified beneficiaries or not) may elect COBRA on behalf of their covered minor children who are qualified beneficiaries. If the election doesn't specify whether the coverage is for self-only or not, it will be assumed that the election is for all qualified beneficiaries identified in this notice. However, a qualified beneficiary employee or spouse may not decline coverage on behalf of his or her spouse or non-minor children (if the spouse or non-minor child is a qualified beneficiary). Your SPD will have more information on your election rights and obligations. If you need additional COBRA Election Forms, you should contact WageWorks, Inc..

Qualified beneficiaries who are entitled to elect COBRA coverage may do so even if they have other group health plan coverage or are entitled to Medicare benefits (under Part A, Part B, or both) on or before the date on which COBRA coverage is elected.

In considering whether to elect COBRA coverage, you should take into account that a failure to continue your group health coverage will affect your future rights under federal law. 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 coverage ends because of the qualifying event listed above. You will also have the same special enrollment right at the end of COBRA coverage if you maintain COBRA coverage for the maximum time available to you. In addition, see the section of this notice titled “Are There Other Options Besides COBRA Coverage?” for a discussion of special enrollment in the Marketplace.

If I Elect COBRA Coverage, When Will My Coverage Begin and How Long Will the Coverage Last?

Generally, COBRA coverage is measured from the date of the qualifying event and not the loss of coverage date, even if coverage is not immediately lost as a result of the qualifying event unless stated otherwise in the applicable SPD.

In the case of a loss of coverage due to the end of employment or the reduction in hours of employment, coverage may generally be continued for up to 18 months.

When the qualifying event is the end of employment or reduction of the employee's hours of employment, and the employee became entitled to Medicare (under Part A, Part B, or both) less than 18 months **before** the qualifying event, COBRA coverage for qualified beneficiaries (other than the employee) who lose coverage as a result of the qualifying event can extend up to 36 months **from the date of the employee's Medicare entitlement**. For example, if a covered employee becomes entitled to Medicare 8 months before the date on which her employment terminates, COBRA coverage for her spouse and children who lost coverage as a result of her termination of employment can last up to 36 months after the date of Medicare entitlement, which is equal to 28 months after the date of the qualifying event (36 months minus 8 months).

In the case of a loss of coverage due to an employee's death, divorce or legal separation, an employee's becoming entitled to Medicare (under Part A, Part B, or both), or a dependent child ceasing to be a dependent under the terms of the Plan(s), coverage may be continued for up to 36 months provided that timely notice of the qualifying event was provided within 60 days of the later of the date of the event or the date coverage is lost as a result of the qualifying event (unless otherwise specified in the group health plan SPD).



If retiree coverage is lost within one year before or after the commencement of proceedings under Title 11 (bankruptcy), United States Code, COBRA coverage may last for the retired employee for life; COBRA coverage may last for the covered spouse and dependent children of the retired employee's for the life of the retiree (and if they survive the retiree employee, for 36 months after the retired employee's death); and, if the retired employee is not living when the qualifying event occurs, but the retired employee's surviving spouse is covered by the Plan(s), then COBRA coverage may last for the surviving spouse for life.

COBRA coverage under a Health FSA may only last through the end of the plan year in which the qualifying event occurs (unless stated otherwise in the group health plan SPD). Generally, this coverage may not be extended beyond the end of the plan year (see "Special Health FSA Rule," below) except for a grace period or carryover applicable to the plan year.

Once your maximum coverage period expires, you **may** be able to convert to an individual health insurance policy, if the Plan(s) provides a conversion privilege. If the Plan(s) provides a conversion privilege, you will receive notification within 180 days of the date your COBRA coverage is scheduled to expire so that you may obtain further information from your insurance company. In addition, you may want to contact the insurance carrier or the insurance department in the state in which you reside. Some states have enacted laws that require insurance carriers to extend coverage beyond the maximum COBRA coverage period.

The COBRA periods described above are maximum coverage periods. COBRA coverage may terminate before the end of the maximum coverage periods described above under the following circumstances: (1) when premiums are not paid timely; (2) when **Client Name** no longer maintains any group health plan for any of its employees; (3) when a person who has elected COBRA coverage becomes covered by another group health plan as a covered employee or otherwise (NOTE: you or a family member is obligated to notify WageWorks, Inc. immediately when a qualified beneficiary becomes covered by another group health plan); (4) when a person who has elected COBRA coverage becomes entitled to Medicare (under Part A, Part B, or both), COBRA coverage for that person only may end on the date of Medicare entitlement (NOTE: you or a family member is obligated to notify WageWorks, Inc. immediately when a qualified beneficiary becomes entitled to Medicare); (5) when coverage was extended due to disability (as described below), and the disability no longer exists as determined by the Social Security Administration, the extended COBRA coverage for all qualified beneficiaries (not just the disabled qualified beneficiary) will terminate on the date that is the later of (a) the first of the month that begins more than 30 days after the Social Security Administration's determination; or (b) the end of the COBRA period that applies without regard to the disability extension; or (6) coverage may be terminated for cause, such as submitting fraudulent claims (NOTE: a termination of coverage for cause will be made on the same basis as used for terminating coverage for any active covered employee and covered dependents). If coverage is terminated early, you may lose eligibility for a conversion option, which might otherwise have been available.

Special Health FSA Rule

If you have coverage under a Health FSA that is an excepted benefit (as defined by HIPAA's portability rules), you may only continue coverage through the end of the plan year in which the qualifying event occurs (unless stated otherwise in the group health plan SPD), except for a grace period or carryover applicable to the plan year. Moreover, only those who have "underspent" their respective accounts as of the date of the qualifying event may elect Health FSA coverage. A qualified beneficiary has an "underspent" account if the account balance at the time of the qualifying event is equal to or more than the amount of the premiums for Health FSA COBRA coverage that will be charged for the remainder of the plan year. COBRA coverage will consist of the Health FSA coverage in force at the time of the qualifying event (that is, the elected annual limit, plus any applicable carryover permitted by the Plan(s), reduced by reimbursable claims submitted up to the time of the qualifying event). The "use-it-or-lose-it" rule will continue to apply, so any unused amounts will be forfeited at the end of the plan year, and COBRA coverage will terminate at the end of the plan year (unless stated otherwise in the group health plan SPD), subject to any applicable grace period or carryover attributable to the plan year.

Special Rules for Leaves of Absence Due to Services in the Uniformed Services

If a covered employee takes a leave of absence to perform services in the Uniformed Services (as addressed in the Uniformed Services Employment and Reemployment Rights Act [USERRA]) that is expected to last 31 days or more, the covered employee may be able to continue health coverage for the employee and any covered dependents until the earlier of 24 months from the date the leave began or the date that the employee fails to return to work as required under USERRA. The cost to continue this coverage during periods of 31 days or more is 102 percent of the applicable premium. The USERRA continuation period will run concurrent with the COBRA period described herein. The rights described in this notice apply only to the COBRA continuation period. Notwithstanding anything to the contrary in this notice, continuation of coverage during a military leave of absence covered under USERRA will be administered in accordance with the requirements of USERRA.



Can I Extend the Length of COBRA Coverage?

Disability

If a qualified beneficiary is determined by the Social Security Administration (“SSA”) to have been disabled, all of the covered qualified beneficiaries may be entitled to receive an additional 11 months of COBRA coverage, for a maximum of 29 months. This extension is only available for qualified beneficiaries who are receiving COBRA coverage because of a qualifying event that was the covered employee’s termination of employment or reduction of hours. This disability must have started prior to or within the first 60 days of the COBRA period and must last at least until the end of the period of COBRA coverage that would otherwise be available without the disability extension (generally 18 months, as described above). The disability extension is available only if you mail written notice of the SSA’s determination to WageWorks, Inc. before the end of the 18-month COBRA period or the 60-day notice period (described below), whichever occurs first. The SSA determination document must include **the date you became disabled**. If the date is not on your documentation, you must contact your local SSA office to obtain this information to send to WageWorks, Inc. in order to apply for the 11-month extension. The 60-day notice period ends 60 days after the latest of (1) the date of the SSA’s disability determination; (2) the date of the qualifying event (i.e., the covered employee’s termination of employment or reduction of hours); (3) the date on which the qualified beneficiary loses (or would lose) coverage under the terms of the Plan(s) as a result of the covered employee’s termination of employment or reduction of hours; or (4) the date that you receive this notice or the SPD. If applicable notice procedures are not followed or if the notice is not provided during the applicable notice period, then you may be determined to be ineligible to receive the disability extension. This determination is at the sole discretion of the Plan Administrator. If the qualified beneficiary is determined by the SSA to no longer be disabled, you must notify WageWorks, Inc. in writing within 30 days of the SSA’s determination.

Second Qualifying Events

If a qualified beneficiary receiving COBRA coverage experiences another qualifying event during the 18- or 29-month COBRA coverage period following the employee’s termination of employment or reduction of hours, the qualified beneficiary spouse and/or dependent children receiving COBRA may receive up to a maximum of 36 months from the qualifying event date (or from the loss of coverage date if COBRA is measured from that date) that was a termination of employment or reduction in hours of employment if notice of the second qualifying event is properly given to the Plan(s). A qualified beneficiary will only be entitled to an extension if the same event would have caused a loss of coverage under the Plan(s) if it were the original event. The extension may be available to the qualified beneficiary spouse and/or dependent children for one of the following reasons: (1) divorce or legal separation from the covered employee; (2) the covered employee becomes entitled to Medicare but dependents do not; (3) the dependent child no longer meets definition of a “dependent” according to the terms of the Plan(s); or (4) the death of a covered employee. **In all of these cases, you must notify WageWorks, Inc. of the second qualifying event within 60 days of the event. You will not be entitled to the extension if you fail to provide timely notice.** The notice must include the names and addresses of all qualified beneficiaries, the type of event, the date of the event, and any additional information deemed necessary by the Plan(s) for making the appropriate determination applicable to the notice (e.g., a copy of the decree of divorce or legal separation, a death certificate or published obituary, a birth certificate to establish the date that a child reached the limiting age).

How Much Does COBRA Coverage Cost?

Once coverage has been elected, full premiums must be paid on a timely basis for coverage to remain in effect. Generally, each qualified beneficiary is required to pay the entire cost of COBRA coverage. The amount a qualified beneficiary may be required to pay may not exceed 102 percent (or, in the case of an extension of COBRA coverage due to a disability, 150 percent when coverage includes the disabled person) of the cost to the group health plan (including both employer and employee contributions for coverage of a similarly situated plan participant or beneficiary who is not receiving COBRA coverage). Please refer to the COBRA Election Form Instructions concerning how to make premium payments and the COBRA Election Form for the specific premium amount(s). The basic rates may change annually, usually following open enrollment.

Your initial premium payment must be made within 45 days after the date you elect to continue coverage. Your election date is the date on which your completed COBRA Election Form is postmarked (if mailed) or the date on which your COBRA election is successfully submitted electronically (e.g., online). For example, if an election is postmarked on March 15, the premium must be paid no later than April 29. Your initial premium amount must include all premiums due for coverage from the date coverage would have otherwise terminated through the last day of the monthly coverage period ending on or before the 45th day following the date of the COBRA election. For example, assume coverage ended on January 31 and an election to continue coverage was dated March 15. Premiums for February and March must be paid by April 29, the 45th day after the date of the election. If coverage ended on January 22 instead of January 31, you would owe premiums for the nine remaining coverage days in January in addition to the premiums for February and March.



After the initial premium payment is made, you'll have to make periodic payments for each coverage period that follows. The amount due for each coverage period for each qualified beneficiary is shown in the COBRA Election Form included in this packet. The periodic payments can be made on a monthly basis. Under the Plan(s), each of these periodic payments is due on the first of each month for that month of COBRA coverage. In addition, you will have a 30-day grace period following the due date. Premiums must be paid in full by the end of the grace period to avoid retroactive cancellation. **Your postmark date will determine the date premium payment is considered made.**

IMPORTANT: If you pay a monthly payment later than the first day of the month to which it applies, but before the end of the grace period for that month, your coverage under the Plan(s) may be suspended as of the first day of the month and then retroactively reinstated (going back to the first day of the month) when the monthly payment is received. This means that any claims for benefits you submit for coverage while coverage is suspended may not be processed and paid until after you have timely paid the full premium. WageWorks, Inc. will not request an update of eligibility for any qualified beneficiary until the monthly premium due is received and applied. Depending upon the timing of receipt of a premium payment, it may take several days to process and update eligibility with your insurance carrier(s).

Premium payments are considered paid on the date you mail them (as evidenced by your postmark date). If your premium payment is made by check, your premium is treated as unpaid if your check is returned because of insufficient funds or there is otherwise a discrepancy with your payment (e.g., funds are not immediately available or verifiable, an invalid banking account number, unsigned checks, incorrect payment amounts, payments sent to the wrong address, late or missed pickups by the United States Postal Service). WageWorks, Inc. cannot guarantee you will be notified of the discrepancy in time to correct your payment prior to the end of any applicable grace period. You must make full payment within the required time period, including a grace period, to prevent cancellation. **If you submit any premium payment after the required postmark date, or if you submit any premium payment and you are otherwise ineligible for coverage, these payments will be refunded to you. Acceptance of premium payments by WageWorks, Inc. is not an indication that coverage is in force. If your coverage is canceled for non-payment of premiums, you cannot reinstate it.**

If you fail to make a monthly payment before the end of the grace period for that month, you will lose all rights to COBRA coverage under the Plan(s) and your coverage will end as of the last day of the last month for which you made a full and timely premium payment. If claims are paid for expenses incurred during a month for which premium was not paid timely, you will be required to reimburse the Plan(s) for the claims paid. WageWorks, Inc. is a third-party administrator and is not engaged in the provision of health care benefits. Any deposit of payment by WageWorks, Inc. prior to return of such money will not constitute an acceptance of the premium payment. Waiting until the end of the grace period to make your payment could also put you at risk of not having sufficient time to correct errors. In the event the employer or plan sponsor terminates the Plan(s) (through voluntary termination or bankruptcy) your group health coverage may be terminated retroactively. In this event, WageWorks, Inc. cannot guarantee a refund of your payment if WageWorks, Inc. has already forwarded that payment to the employer or plan sponsor for payment on your behalf.

What if I Am Eligible for Trade Adjustment Assistance?

The Trade Act of 2002 created the Health Coverage Tax Credit (HCTC) for certain individuals who become eligible for trade adjustment assistance and for certain retired individuals who are receiving pension payments from the Pension Benefit Guaranty Corporation (PBGC) ("Eligible Individuals"). The HCTC expired on January 1, 2014, but was retroactively reinstated and modified by the Trade Adjustment Assistance Reauthorization Act of 2015 for coverage periods beginning before January 1, 2020. Under these tax provisions, Eligible Individuals can either take a tax credit or receive advance payment of 72.5 percent of premiums paid for qualified health insurance, including COBRA coverage. For more information, visit www.irs.gov/HCTC.

What Notice(s) Must Be Provided to WageWorks, Inc.?

After you have elected COBRA coverage, you or a family member must provide written notice promptly when and if the following events occur: (1) when the mailing address for any covered person changes or moves out of the benefit area (NOTE: a new address may impact your eligibility for any Plan(s) components in which you are enrolled; you will also need to contact your insurance carrier(s) to confirm eligibility); (2) when a qualified beneficiary is determined by the SSA to be disabled; (3) when a disabled covered person is no longer determined to be disabled; (4) when any qualified beneficiary becomes entitled to Medicare; (5) when any qualified beneficiary becomes covered by another group health plan; (6) when any qualified beneficiary's marital status changes; (7) when any dependent child ceases to meet the eligibility requirements under the terms of the Plan(s); and (8) when a child is born to, adopted by, or placed for adoption with any qualified beneficiary.



Any required notice that the qualified beneficiary is required to furnish must be sent in writing to WageWorks, Inc. P.O. Box 34740 Louisville, KY40232-4740. If different addresses and/or notice procedures for providing required notices to the Plan(s) appear in the most recent SPD of the Plan(s), you must follow those notice procedures and/or deliver your notice to that address. If you do not have a copy of the most recent SPD, you may request one from **Client Name**. Oral notice (including notice by telephone) is not acceptable. If mailed, your postmark date will determine the date on which the required notice was given. If transmitted electronically (e.g., e-mail), your notice must be received by WageWorks, Inc. no later than the last day of the applicable notice period.

Any notice you provide to WageWorks, Inc. must contain the name of the Plan(s) (the group health plan benefits sponsored by **Your Employer** the name, WageWorks, Inc. account number or Social Security number, and address of the employee/former employee who is or was covered under the Plan(s); the name(s) and address(es) of all qualified beneficiaries who lost or will lose coverage as a result of the second qualifying event (if applicable); the second qualifying event (e.g., a divorce or legal separation, the covered employee's death, a child's loss of dependent status) (if applicable); and the certification, signature, name, address, and telephone number of the person providing the notice.

Any notice you provide to the Plan Administrator must also contain the information indicated directly above, unless other procedures are specified in the most recent SPD. Contact **Your Employer** to request a copy of your SPD.

The employee/former employee who is or was covered under the Plan(s), a qualified beneficiary who lost coverage due to the qualifying event described in the notice, or a representative acting on behalf of either may provide notices. A notice provided by any of these individuals will satisfy any responsibility to provide notice on behalf of all qualified beneficiaries who lost coverage due to the qualifying event described in the notice.

Any determinations concerning the Plan(s) are at the sole discretion of the Plan Administrator.

Are There Other Options Besides COBRA Coverage?

Instead of enrolling in COBRA coverage, there may be other more affordable coverage options for you and your family through the Marketplace, Medicaid, or other group health plan coverage options (such as plan sponsored by your spouse's employer) through what is called a "special enrollment period." Some of these options may cost less than COBRA coverage. You should compare your other coverage options with COBRA coverage and choose the coverage that is best for you. For example, if you move to other coverage you may pay more out of pocket than you would under COBRA because the new coverage may impose a new deductible. When you lose job-based health coverage, it is important that you choose carefully between COBRA coverage and other coverage options, because once you've made your choice, it can be difficult or impossible to switch to another coverage option. Also, if you elect coverage through the Marketplace, you may experience a gap in coverage between the date you lose coverage under the group health plan and the date coverage through the Marketplace begins (whereas you will not experience a gap if you elect and pay for COBRA coverage).

The Marketplace offers "one-stop shopping" to find and compare private health insurance options. In the Marketplace, you could be eligible for a tax credit that lowers your monthly premiums and cost-sharing reductions (amounts that lower your out-of-pocket costs for deductibles, coinsurance, and copayments) right away, and you can see what your premiums, deductibles, and out-of-pocket costs will be before you make a decision to enroll. Through the Marketplace, you'll also learn if you qualify for free or low-cost coverage from Medicaid or the Children's Health Insurance Program (CHIP). You can access the Marketplace for your state at www.HealthCare.gov.

Coverage through the Marketplace may cost less than COBRA coverage. Being offered COBRA coverage won't limit your eligibility for coverage or for a tax-credit through the Marketplace (unless you are a current employee and the COBRA coverage is affordable and provides minimum value).

When Can I Enroll in Marketplace Coverage?

You always have 60 days from the time you lose your job-based coverage to enroll in the Marketplace. That is because losing your job-based coverage is a "special enrollment event." **After 60 days your special enrollment period will end and you may not be able to enroll, so you should take action right away.** In addition, during what is called an "open enrollment" period, anyone can enroll in Marketplace coverage. To find out more about enrolling in the Marketplace, such as when the next open enrollment period will be and what you need to know about qualifying events and special enrollment periods, visit www.HealthCare.gov.



I Elect COBRA Coverage, Can I Switch to Coverage in the Marketplace?

If you elect COBRA coverage, you can switch to a Marketplace plan during a Marketplace open enrollment period. You can also end your COBRA coverage early and switch to a Marketplace plan if you have another qualifying event such as marriage or birth of a child through something called a "special enrollment period." NOTE: if you terminate your COBRA coverage early without another qualifying event, you will have to wait to enroll in Marketplace coverage until the next open enrollment period, and could end up without any health coverage in the interim. Once you've exhausted your COBRA coverage and the coverage expires, you will be eligible to enroll in Marketplace coverage through a special enrollment period, even if Marketplace open enrollment has ended.

What About If I Choose Marketplace Coverage and Want to Switch Back to COBRA Coverage?

If you sign up for Marketplace coverage instead of COBRA coverage, you cannot switch back to COBRA coverage after your election period ends under any circumstances.

Can I Enroll in Another Group Health Plan?

You may be eligible to enroll in coverage under another group health plan (such as a spouse's plan) if you request enrollment within 30 days of the loss of coverage. If you or your dependent chooses to elect COBRA coverage instead of another group health plan for which you are eligible, you will have another opportunity to enroll in the other group health plan within 30 days of losing your COBRA coverage.

What Factors Should I Consider When Choosing Coverage Options?

- **Premiums:** Your previous plan can charge up to 102 percent of total plan premiums for COBRA coverage. Other options, like coverage on a spouse's plan or through the Marketplace, may be less expensive.
- **Provider Networks:** If you are currently receiving care or treatment for a condition, a change in your health coverage may affect your access to a particular health care provider. You may want to check to see if your current health care providers participate in a network as you consider other options for health coverage.
- **Drug Formularies:** If you are currently taking medication, a change in your health coverage may affect your costs for medication — and in some cases, your medication may not be covered by another plan. You may want to check to see if your current medications are listed in drug formularies for other health coverage.
- **Severance Payments:** If you lost your job and received a severance package from your former employer, your former employer may have offered to pay some or all of your COBRA payments for a period of time. In this scenario, you may want to contact the Department of Labor at 1-866-444-3272 to discuss your options.
- **Service Areas:** Some plans limit their benefits to specific service or coverage areas — so if you move to another area of the country, you may not be able to use your benefits. You may want to see if your plan has a service or coverage area, or other similar limitations.
- **Other Cost-Sharing:** In addition to premiums or contributions for health coverage, you probably pay copayments, deductibles, coinsurance, or other amounts as you use your benefits. You may want to check to see what the cost-sharing requirements are for other health coverage options. For example, one option may have much lower monthly premiums, but a much higher deductible and higher copayments.

For More Information

This notice does not fully describe COBRA coverage or other rights under the Plan(s). More information about COBRA coverage and your rights under the Plan(s) is available in your SPD or from the Plan Administrator. Your SPD includes additional details about the Plan(s), including contact information for your Plan Administrator. Please consult **Client Name** to request a copy of your SPD if needed.

You may also contact WageWorks, Inc., which is the COBRA Service Provider for the Plan(s), if you have any questions about this notice or your COBRA coverage rights and obligations under federal law.

WageWorks, Inc.
 P.O. Box 34740
 Louisville, KY 40232-4740
 Phone: 1-800-526-2720
 Website: <https://benedirect.wageworks.com>



For more information about your rights under the Employee Retirement Income Security Act (ERISA), including COBRA, the Health Insurance Portability and Accountability Act (HIPAA), 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 or call their toll-free number at 1-866-444-3272. For more information about health insurance options available through the Marketplace, and to locate an assister in your area who you can talk to about the different options, visit www.HealthCare.gov.

Keep Your Plan Informed of Address Changes

To protect your and your family's rights, keep **Your Employer** informed of any changes in your address and the addresses of family members. You should also keep a copy of any notices you sent to **Your Employer** or WageWorks, Inc..



COBRA ELECTION FORM INSTRUCTIONS

Participant Name: JohnTest – (Account #: {88888888})

Employer: **Your Employer***Date of Coverage Loss: **XXXXXX**Date of Notice: **XXXXXX****COBRA Coverage Start Date (if Elected): **XXXXXX*****Maximum COBRA Eligibility End Date (if Elected): **XXXXXX**

Qualifying Event: End of Employment

Election Deadline: **XXXXXX**

If you choose to elect COBRA coverage, please complete the attached COBRA Election Form and mail it to WageWorks, Inc. at P.O. Box 34740 Louisville, KY 40232-4740. You may also fax the completed COBRA Election Form to 1-833-514-6416.

IF YOU WANT TO ELECT ONLINE: You can complete your enrollment online at <https://benedirect.wageworks.com>. The information you provide in connection with your online enrollment is kept confidential in accordance with the WageWorks, Inc. privacy policy, which you can find at <https://benedirect.wageworks.com>. (Note: This option is available to covered employees only; dependent access is unavailable.)

Notes:**Electing COBRA Coverage**

- o Oral elections will not be accepted. Elections must be made in accordance with these COBRA Election Form Instructions.
- o Your election must be made on or before **XXXXXX**. If you mail your election to WageWorks, Inc., it must be postmarked on or before **XXXXXX**. If WageWorks, Inc. does not receive the COBRA Election Form and/or premium payment(s), you will be responsible for proving that you mailed these by the applicable deadline(s) described in this notice. You may follow up with WageWorks, Inc. several days after you have mailed to the form to ensure WageWorks, Inc. received it. If you electronically submit your COBRA election, you must successfully submit it in accordance with the online instructions on or before 11:59 PM (Central) on **XXXXXX**.
- o If you do not elect COBRA coverage by 12/30/2019, you will lose your right to elect COBRA coverage.
- o If you reject your right to COBRA coverage before the Election Deadline, you may change your mind as long as you do so before the original Election Deadline, which is 12/30/2019. Unless otherwise provided in the Plan(s)' SPD, you can revoke a waiver of the right to COBRA coverage by submitting a completed COBRA Election Form in accordance with the instructions above before the original Election Deadline. However, if you change your mind after first rejecting COBRA, **Your employer** is not required to provide COBRA coverage for the period ending with the date on which your revocation is made (which means you could possibly have a gap in coverage).

* See below for individual plan termination dates.

** See below for individual plan continuation start dates.

*** See "Special Health FSA Rule," below, for maximum COBRA eligibility periods under a Health FSA component.



Paying for COBRA Coverage

- o If you choose to elect COBRA coverage, you do not have to send any premium payment(s) with the COBRA Election Form.
- o If you choose to elect COBRA coverage, you must make your initial COBRA coverage premium payment within 45 days of the date of your election. Upon your election, you may receive an invoice or coupons for the cost of COBRA coverage from the date on which you lost or will lose active coverage under the Plan(s) through the end of the current month. COBRA coverage under the Plan(s) will be canceled, and reinstatement not allowed, if this first premium payment is not made within 45 days of the date of the original election of COBRA coverage. **Please refer to the “How Much Does COBRA Coverage Cost?” section of this notice for more information regarding initial and subsequent premium payments.**
- o Once your election is processed, you may receive a courtesy invoice or coupons for the COBRA premium(s) due each coverage period. Subsequent premium payments will be due by the premium due date and full payment must be made by the grace period end date **even if you do not receive an invoice or coupons**. Premium payments are considered paid on the date you mail them (as evidenced by the postmark date). You must make full payment within the required time period, including a grace period, to prevent cancellation. **If you submit any premium payment after the required postmark date, or if you submit any premium payment and are otherwise ineligible for coverage, these payments will be refunded to you. Acceptance of premium payments by WageWorks, Inc. is not an indication that coverage is in force.**
- o Please note that your **initial and ongoing payments** will be sent to a different address than the COBRA Election Form. Please make checks payable to: WageWorks, Inc., P.O. Box 650650 Dallas, TX 475265-0650.
- o Note: The payment address only accepts regular USPS mail; overnight packages are not accepted.
- o Payments generally post to your account within 5 to 7 business days of mailing or submitting your payment online (if applicable).
- o You may make premium payments online (transfer fees may apply) by accessing your account at <https://benedirect.wageworks.com>.

If you have any questions or require further clarification about your premium payments, please contact WageWorks, Inc. at 1-800-526-2720.



WageWorks, Inc.
 P.O. Box 34740
 Louisville, KY 40232-4740

Date

COBRA ELECTION FORM

Participant Name: John Test -- Account #: 88888888	
Employer: Your Employer	Election Deadline: XXXXXX

Section A1. Group Health Plan Component(s)

Place an "X" in the box adjacent to the monthly cost of the group health plan component(s) you are selecting. Please note that you may not obtain coverage above that which was in effect on your Date of Coverage Loss.

PlanType / Plan	Coverage Level	Monthly Cost	Date of Group Health Coverage Component Loss	COBRA Coverage Start Date if Electing
Medical				
Medical Premiums	<input type="checkbox"/> Beneficiary Only <input type="checkbox"/> Beneficiary + Spouse/Partner <input type="checkbox"/> Beneficiary + Spouse + 1 Child <input type="checkbox"/> Beneficiary + Child(ren)			
Dental				
Dental Premiums	<input type="checkbox"/> Beneficiary Only <input type="checkbox"/> Beneficiary + Spouse/Partner <input type="checkbox"/> Beneficiary + Spouse + 1 Child <input type="checkbox"/> Beneficiary + Child(ren)			

Coverage Class	Monthly Cost
Sample Medical Plan (333333)	*
	*
Sample Dental Plan (444444)	*
	*



Section B. Participant Information

Each person identified in this section is recognized by the Plan(s) as being entitled to elect COBRA with respect to the qualifying event. Please verify our records are accurate and make changes as necessary. You MUST select the plan type for each individual identified below that you intend to cover. If you need additional COBRA Election Forms, please contact WageWorks, Inc. at 1-800-526-2720 or you can go to <https://benedirect.wageworks.com>.

Participant Name	Plan Type	Relationship	Birth Date	Gender
John Test	<input type="checkbox"/> Medical	Employee		
	<input type="checkbox"/> Dental	Employee		
Mary Test	<input type="checkbox"/> Medical	Spouse		
	<input type="checkbox"/> Dental	Spouse		
Brian Test	<input type="checkbox"/> Medical	Child		
	<input type="checkbox"/> Dental	Child		

Section C. Medicare Entitlement

Is the covered employee enrolled in Medicare Part A, Part B or both? Yes No

If yes, please provide the enrollment date, as shown on the Medicare card: _____

Applicant's Authorization and Agreement:

By my signature below:

- I elect COBRA continuation of the group health plan component(s) checked in Section A1 under the Plan(s);
- I understand that any COBRA election I make above is assumed to include an election for all other qualified beneficiaries identified above except as specified otherwise above;
- I understand that claims may not be paid by the insurance carrier(s) until my initial premium payment has been received, processed, and applied; and
- I attest that I have read and understand the information provided to me in this notice.

Deadline for Election: **XXXXXX**

Signature of Participant

Date

Print Name of Participant

Email Address

Primary Phone Number

(Election Forms received without a signature will be rejected and potentially cause delay in your COBRA coverage.)





LCI COBRA Rates

2020 COBRA Rates

Coverage Level	Medical	Dental	Vision
Single Coverage	\$ 469.67	\$19.94	\$ 5.26
Team Member + Spouse	\$ 985.42	\$39.87	\$10.48
Team Member + Child(ren)	\$ 912.94	\$58.69	\$11.23
Family	\$1,454.68	\$87.42	\$17.92

