

**VERY IMPORTANT NOTICE**  
**GROUP HEALTH CONTINUATION COVERAGE UNDER COBRA**

On April 7, 1986, a federal law was enacted (Public Law 99-272, Title X) requiring that, most employers sponsoring group health plans offer employees and their families the opportunity for a temporary extension of health coverage (called "continuation coverage") at group rates in certain instances where coverage under the plan would otherwise end. This notice is intended to inform you, in a summary fashion, of your rights and obligations under the continuation coverage provisions of the law. (Both you and your spouse should take the time to read this notice carefully.)

If you are an employee covered by Nebraska Association of County Officials Group 3100 administered by Blue Cross and Blue Shield of Nebraska (hereafter referred to as the NACO Group 3100) you have a right to choose this continuation coverage if you lose your group health coverage because of a reduction in your hours of employment or the termination of your employment (for reasons other than gross misconduct on your part.)

If you are the spouse of an employee covered by NACO Group 3100, you have the right to choose continuation coverage for yourself if you lose group health coverage under NACO Group 3100 for any of the following four reasons:

- (1) The death of your spouse;
- (2) A termination of your spouse's employment (for reasons other than gross misconduct) or reduction in your spouse's hours of employment;
- (3) Divorce or legal separation from your spouse; or
- (4) Your spouse becomes entitled to Medicare.

In the case of a dependent child of an employee covered by NACO Group 3100, he or she has the right to continuation coverage if group health coverage under NACO Group 3100 is lost for any of the following five reasons:

- (1) The death of a employee;
- (2) The termination of a employee's employment (for reasons other than gross misconduct) or reduction in a parent's hours of employment;
- (3) Employee's divorce or legal separation
- (4) A employee becomes entitled to Medicare; or
- (5) The dependent ceases to be a "dependent child" under NACO Group 3100.

Under the law, the employee or a family member has the responsibility to inform NACO of a divorce, legal separation, or a child losing dependent status under NACO Group 3100 within 60 days of the date of the event or the date in which coverage would end under the Plan because of event whichever is later. Your employer has the responsibility to notify NACO of the employee's death, termination, reduction in hours of employment, or Medicare entitlement. Similar rights may apply to certain retirees, spouses, and dependent children if your employer commences a bankruptcy proceeding and these individuals lose coverage.

When NACO is notified that one of these events has happened, NACO will in turn notify you that you have the right to choose continuation coverage. Under the law, you have at least 60 days from the date you would lose coverage because of one of the events described above, or the date notice of your election rights is sent to you, whichever is later, to inform NACO that you want continuation coverage.

If you do not choose continuation coverage on a timely basis, your group health insurance coverage will end.

If you choose continuation coverage your employer is required to give you coverage which, as of the time coverage is being provided, is identical to the coverage provided under the plan to similarly situated employees or family members. The new law requires that you be afforded the opportunity to maintain continuation coverage for 36 months unless you lost group health insurance coverage because of a

termination of employment or a reduction in hours. In that case, the required continuation coverage period is 18 months. This 18 months may be extended to 36 months if other events (such as death, divorce, legal separation, or Medicare entitlement) occur during that 18 month period.

In no event will continuation coverage last beyond 36 months from the date of the event that originally made a qualified beneficiary eligible to elect coverage. The 18 months may be extended to 29 months if a qualified beneficiary is determined by the Social Security Administration to be disabled (for Social Security disability purposes) at any time during the first 60 days of COBRA coverage. This 11-month extension is available to all individuals who are qualified beneficiaries due to a termination or reduction in hours of employment. To benefit from this extension, a qualified beneficiary must notify the Plan Administrator of that determination within 60 days and before the end of the original 18-month period. The affected individual must also notify the Plan Administrator within 30 days of any final determination that the individual is no longer disabled.

A child who is born to or placed for adoption with the covered employee during a period of COBRA coverage will be eligible to become a qualified beneficiary. In accordance with the terms of the NACO Group Health Plan and the requirements of federal law, these qualified beneficiaries can be added to COBRA coverage upon proper notification to NACO of the birth or adoption.

However, the law also provides that your continuation coverage may be cut short for any of the following five reasons:

- (1) Your employer no longer provides group health coverage to any of its employees;
- (2) **The premium for your continuation coverage is not paid on time;**
- (3) The qualified beneficiary becomes covered by another group health plan that does not contain any exclusion or limitation with respect to any preexisting condition he or she may have;
- (4) The qualified beneficiary becomes entitled to Medicare after the date of their COBRA election;
- (5) The qualified beneficiary extends coverage for up to 29 months due to disability and there has been a final determination that the individual is no longer disabled.

\*The Health Insurance Portability and Accountability Act of 1996 (HIPAA) restricts the extent to which group health plans may impose pre-existing condition limitation. These rules are generally effective for plan years beginning after June 30, 1997. HIPAA coordinates COBRA's other coverage cut-off rule with these new limits as follows.

\*If you become covered by another group health plan and that plan contains a pre-existing condition limitation that affects you, your COBRA coverage cannot be terminated. However, if the other plan's pre-existing condition rule does not apply to you by reason of HIPAA's restrictions on pre-existing condition clauses, the NACO Group Health Plan may terminate your COBRA coverage.

You do not have to show that you are insurable to choose continuation coverage. However, continuation coverage under COBRA is provided subject to your eligibility for coverage; NACO reserves the right to terminate your COBRA coverage retroactively if you are determined to be ineligible.

Under the law, you may have to pay all or part of the premium for your continuation coverage. There is a grace period of at least 30 days for payment of the regularly scheduled premium. The law also says that, at the end of the 18 month, 29 month or 36 month continuation coverage period, you must be allowed to enroll in an **individual** conversion health plan provided under NACO Group 3100.

This law became applicable to NACO Group 3100 effective on July 1, 1986. If you have any questions about the law, please contact NACO, 1335 H St., Lincoln, NE 68508. Also, if you have changed marital status, or you or your spouse have changed addresses, please notify Nebraska Association of County Officials at the above address.