INITIAL NOTICE OF COBRA RIGHTS

TO: Participants, Covered Spouses and Dependents in the OEBB Sponsored Group Health Plans

SUBJECT: Group Health Plan Continuation Coverage

Thank you for your recent enrollment in the group health plan offered by your school district through the Oregon Educators Benefit Board (OEBB)! This notice is meant to inform you and your eligible dependents of your COBRA rights if, in the future, coverage is lost through the group health plan which you are ***currently*** enrolled in.

This required notification contains important information about your and your eligible dependents' rights to COBRA continuation coverage, which is a temporary extension of coverage under the Plan. This continuation coverage is commonly referred to as COBRA coverage, since it complies with the requirements of the federal Consolidated Omnibus Budget Reconciliation Act of 1985. COBRA coverage can become available to you when you would otherwise lose your group health coverage under the Plan. It can also become available to your spouse and dependent children, if they are covered under the Plan, when they would otherwise lose their group health coverage under the Plan. This notice does not fully describe COBRA coverage under the Plan. For additional information about your rights and obligations under the Plan and under federal law, you should review the Group Health Plan's "Summary Plan Description" or contact the OEBB Plan Administrator.

This Special Notice will summarize for you:

- Who is eligible for continuation of coverage
- When you can elect this continuation coverage
- What you have to do to make the required election
- How long this coverage lasts
- How much this coverage will cost

You May Have Other Options Available to You When You Lose Group Health Coverage.

For example, you may be eligible to buy an individual plan through the Health Insurance

Marketplace. By enrolling in coverage through the Marketplace, you may qualify for lower costs on you monthly premiums and lower out-of-pocket costs. Additionally, you may qualify for a 30-day special enrollment period for another group health plan for which you are eligible (such as a spouse's plan), even if that plan generally doesn't accept late enrollees.

What is COBRA Coverage

COBRA coverage is a continuation of Plan coverage when coverage would otherwise end because of a life event known as a "qualifying event." Specific qualifying events are listed later in this notice. After a qualifying event occurs and any required notice of that event is properly provided, COBRA coverage must be offered to each person losing Plan coverage who is a "qualified beneficiary." You, your spouse, and your dependent children could become qualified beneficiaries if coverage under the Plan is lost because of the qualifying event. (Certain newborns, newly adopted children, and alternate recipients under QMCSOs may also be qualified beneficiaries.) Under the Plan, qualified beneficiaries who elect COBRA must pay for COBRA coverage.

Who is Eligible for COBRA Coverage

Employees

You are eligible for continuation coverage if you are covered under an OEBB-sponsored group health plan on the date you have a qualifying event (see the discussion under the next section).

Spouse/Dependents

You are eligible for continuation coverage if you are covered as a spouse or dependent under an OEBB sponsored group health plan on the date you or the covered employee has a qualifying event.

Newborns/Newly Adopted

If you are an employee who has elected COBRA coverage, you have the option of adding children who are born or placed for adoption during the COBRA coverage period. The option of adding newborns or newly adopted children is not available to spouses or dependents that have elected COBRA coverage. If you add a newborn or newly adopted child, you are responsible for paying any increase in the premium charges for this additional coverage.

When Continuation Coverage is Available

If You Are the Covered Employee

If your employment with a school district offering OEBB-sponsored group health benefits ends, or if your hours are reduced below the number required for group health coverage, you may elect to continue your group coverage. However, if you are terminated for gross misconduct, you are not eligible for continuation coverage.

If You Are the Covered Spouse of a Covered Employee

If you are covered under an OEBB-sponsored group health plan as a covered spouse, you may elect to continue your group coverage if it would end because of one of the following qualifying events:

Termination of employment or reduction of hours of your spouse

(unless the termination was for gross misconduct);

Death of your spouse;

Divorce or legal separation;

Your spouse becomes entitled to Medicare benefits.

If You Are a Covered Dependent of a Covered Employee
If you are covered under an OEBB-sponsored group health plan as a covered dependent, you may elect to continue your group coverage if it would end because of one of the following qualifying events:

Termination of employment or reduction of hours of the covered employee (unless the termination was for gross misconduct);

Death of the covered employee;

The covered employee's divorce or legal separation;

The covered employee becomes entitled to Medicare;

You no longer qualify for coverage as a dependent under the group health plan.

Electing COBRA Coverage

COBRA coverage is not automatic. If you want to receive this coverage, you must elect it.

When OEBB receives notice that an event qualifying you or your family for COBRA coverage has occurred OEBB's third party administrator, Benefit Help Solutions (BHS), will send you and your affected family members a written notice advising you of your election rights and the deadline for making your election. You will have at least 60 days from the date your coverage is lost to make your election. ***If COBRA coverage is not elected within the time allowed, group health insurance coverage for you and your family will end on the date you no longer qualify for group coverage.***

> ***Important:*** In order to receive this notice from OEBB, you, your spouse or your dependent must notify your entity (school district, ESD, community college, special district, etc.) of divorce or legal separation or when a child loses dependent status. This notice must be given within 60 days of the date of the event. ***If you do not notify your Educational Entity within this 60-day period, you and your family cannot obtain COBRA continuation coverage.***

Your employing entity has the responsibility for notifying OEBB of your termination of employment, reduction of hours, death or Medicare entitlement.

If you have changed your marital status, or if you or your spouse has changed addresses, you must notify us of that change in writing.

COBRA Benefits

When you first come on to COBRA coverage, you will receive the same coverage that you were receiving under your OEBB sponsored group health plan immediately before you qualified for COBRA.

While you are on COBRA coverage, your group health benefits will continue to be identical to those provided under the plan to similarly situated active employees and their covered spouses or dependents. Once you are on COBRA, you will have the same ability to change your coverage as the active employees. Generally, coverage changes can be made during the next open enrollment period.

Please note that COBRA coverage is available only for your group health benefits (medical, dental, vision and prescription drugs).

Length of Continuation Coverage

This section will explain the general rule for how long COBRA coverage lasts. The next section will explain the special extended coverage available for surviving, divorced or legally separated spouses who are 55 or older.

COBRA coverage will last for 18 months from the date of the covered employee's termination of employment or reduction in hours. However, if you lose your group health coverage for any of the other reasons discussed earlier, the continuation coverage period is 36 months from the date the event occurred.

If, during the 18-month continuation of coverage period, you elect COBRA coverage following your termination of employment or reduction in hours and another event occurs that entitles your covered spouse or dependent child to their own continuation coverage (such as divorce, legal separation, the covered employees death or Medicare entitlement), your covered spouse or dependent's continuation of coverage is extended to 36 months from the date of your termination of employment or reduction in hours.

If you are on COBRA coverage because of the covered employee's termination of employment or reduction of hours, the 18-month COBRA continuation period may be extended to 29 months if the Social Security Administration determines that the covered employee, spouse or dependent who has COBRA coverage qualifies for Social Security disability benefits. Regardless of whether it is the covered employee or a covered spouse or dependent who is disabled, the 29-month extended coverage period will apply to all family members who have COBRA coverage, even if they are not disabled. To qualify for this extension, the Social Security Administration must determine that the covered person was disabled at any time during the first 60 days of COBRA coverage. You must notify OEBB of the Social Security Administration's disability determination. You must give OEBB this notice no later than 60 days after the disability determination or the end of the initial 18-month COBRA coverage period, whichever comes first.

In no case will COBRA coverage last longer than 36 months from the date of the event that originally made you eligible to elect continuation coverage. In addition, your continuation coverage may be cut short for ***any*** of the following reasons:

Your school district stops providing group health benefits;

The premium for your continuation coverage is not paid on time;

You become entitled to Medicare;

You become covered under another group health plan (unless that plan does not cover your pre-existing condition -- see discussion below); or

You extended your continuation coverage to 29 months when you qualified for Social Security disability payments, and Social Security makes a final determination that you are no longer disabled. (You must notify us within 30 days if Social Security determines you are no longer disabled.)

When the 18-month, 29-month or 36-month COBRA coverage period ends, you will be allowed to enroll in an individual conversion health plan if this conversion feature is provided under your school districts group health plan at that time. No medical exam is necessary in order to obtain an individual health policy to replace your group coverage.

Extended Coverage for Surviving, Divorced or Legally Separated Spouses 55 or Older

Who Is Eligible. You are eligible for special extended group health plan coverage if:

You are the surviving spouse or a divorced or legally separated spouse of a covered employee ***and***

You are at least 55-years-old at the time of your spouse's death or the divorce or legal separation.

If you meet both these requirements, you can also elect to cover any dependent children who would lose coverage under our Plan because of the death, divorce or legal separation.

Benefits Available. When you initially enroll for special extended coverage, you will receive the same medical, dental, vision care or prescription drug expense benefits that you were receiving through your spouse or former spouse. Once you are on special extended coverage, you will continue to have the same benefits and coverage options that are available to active employees.

Length of Extended Coverage. There are no set time limits on this special extended coverage, as there are for COBRA coverage. The special extended coverage will end when:

You fail to pay the required premium on time;

You become covered under another group health plan, whether as a covered employee or a covered spouse;

You become eligible for Medicare; or

We terminate the group health plan without replacing it.

You Must Notify OEBB. To apply for this special extended coverage, you must notify OEBB, in writing, no later than the deadline shown below.

EVENT	NOTICE DEADLINE
Spouse's death	30 days after date of death
Divorce or Legal Separation	60 days after date of legal separation or entry of divorce decree

If you do not notify OEBB of the death or the divorce or legal separation by the deadline, you lose the right to elect this coverage.

When you write to OEBB, you must include your current mailing address.

Electing Special Extended Coverage. Within 14 days of the date we receive your notice, we will send you a form for you to elect the special continuation coverage. We will also tell you the amount of the premiums charged and how to make your payments.

You must return your election form within 60 days of the date we mailed it to you. If you miss this deadline, you lose the right to elect this coverage.

Premium Payments. The rules on the amount and timing of your premium payments are the same as for regular COBRA coverage (see **Cost of Coverage** below).

Alternative Coverage

Instead of enrolling in COBRA continuation coverage, there may be other coverage options for you and your family through the Health Insurance Marketplace, Medicaid, or other group health plan coverage options (such as a spouse's plan) through what is called a "special enrollment period." Some of these options cost less than COBRA continuation coverage. You can learn more about many of these options at www.healthcare.gov.

Healthcare FSA Information

If your entity offers the benefit of a Healthcare FSA to its active employees, this benefit may be offered under COBRA to qualified beneficiaries. In most cases only those qualified beneficiaries with underspent accounts will be eligible to continue their Healthcare FSA through the end of the plan year for which the qualifying even occurred. A qualified beneficiary has an underspent account if the annual limit elected by the covered employee, reduced by reimbursable claims submitted up to the time of the qualifying event, is equal to or more than the amount of the premiums for the OEBB Healthcare FSA COBRA coverage that will be charged for the remainder

of the plan year. COBRA coverage will consist of the OEBB Healthcare FSA coverage in force at 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 the COBRA coverage for the FSA plan may terminate at the end of the plan year. Unless otherwise elected, all qualified beneficiaries who were covered under the OEBB Healthcare FSA will be covered together for Healthcare FSA COBRA coverage. However, each qualified beneficiary could alternatively elect separate COBRA coverage to cover that beneficiary only with a separate Healthcare FSA annual limit and a separate premium. If you are interested in this alternative, contact your FSA COBRA administrator during business hours for more information.

Alternate Recipients Under QMCSOs

A child of the covered employee who is receiving benefits under the Plan pursuant to a qualified medical child support order (QMCSO) received by the employing entity during the covered employee's period of employment is entitled to the same rights to elect COBRA as an eligible dependent child of the covered employee.

Cost of Coverage

You will have a 45-day grace period from the date you elect COBRA coverage to make your initial premium payment. (Payment of your claims will be suspended, however, until your premium payment is received). After that, premium payments must be made on their regular due date. You will pay the premiums for your COBRA coverage directly to Benefit Help Solutions.

Plan Contact Information

To ensure that all covered individuals receive information properly and timely, it is important that you notify OEBB of any change in dependent status or any address change of any family member as soon as possible. Certain changes must be submitted in writing. Failure on your part to notify OEBB of any changes may result in delayed notification or loss of continuation of coverage options.

If you have any questions, or need to give OEBB any of the written notices discussed in this Special Notice, please contact OEBB at:

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1 (888) 4MY-OEBB
1 (888) 469-6322