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Re: Important General Notice of COBRA Continuation Coverage Rights
The University of Chicago - 35785

To: NAME

Introduction

This is for informational purposes only. You are receiving this notice because you recently gained coverage under one or more group health components sponsored by The University of Chicago (the "Plan(s)"). The University of Chicago, which is the Plan Administrator, has retained WageWorks, Inc. to assist with its COBRA administration. The following information about your rights and obligations under a federal law known as the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (COBRA) is very important. While no action or response is required unless you or your eligible dependent(s) experience a loss of coverage under the Plan(s), both you and your covered spouse (if applicable) should read this summary of rights very carefully, retain it with other Plan(s) documents, and refer to it in the event that any action is required on your part.

COBRA requires that most employers providing group health plans offer participants and/or their covered family members the opportunity for a temporary extension of group health plan coverage ("COBRA coverage") at group rates under certain circumstances when coverage under the Plan(s) would otherwise end. 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) – such as any major medical, dental, vision, health flexible spending account ("Health FSA"), or any other employer-sponsored Plan(s) component which provides medical care - and not to any other benefits offered under the Plan(s) or by The University of Chicago (e.g., life insurance).

This notice generally explains COBRA coverage, when it may become available to you and/or your family, and what you need to do to protect your right to receive it. This notice does not fully describe COBRA coverage or other rights under the Plan(s). You will find a more detailed summary of your rights and obligations under COBRA in the applicable group health plan Summary Plan Description(s) (SPD). For additional information about your rights and obligations under the Plan(s) and under federal law, you should review the Plan(s) SPD, contact the Plan Administrator identified in that SPD, or you can contact WageWorks, Inc..

You may have other options available to you when you lose group health plan coverage. For example, you may be eligible to buy an individual plan through the Health Insurance Marketplace ("Marketplace"). By enrolling in coverage through the Marketplace, you may qualify for lower costs on your monthly premiums and lower out-of-pocket costs. You can learn more about many of these options at www.HealthCare.gov. In addition, 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 does not accept late enrollees.

What is COBRA Coverage?

COBRA coverage is continuation of group health coverage under the Plan(s) by qualified beneficiaries who lose coverage as a result of certain qualifying events (described below). After a qualifying event occurs and any required notice of that event is properly provided to the Plan Administrator, COBRA coverage must be offered to individuals who lose coverage under the Plan(s) and are qualified beneficiaries.

A qualified beneficiary is any of the following who are covered under the Plan(s) on the day before a qualifying event: (1) the employee, (2) the employee's spouse (including a retired employee), and/or (3) a dependent child (as defined by the Plan(s)). 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

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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.

You do not have to show that you are insurable to elect COBRA coverage. Under the Plan(s), however, qualified beneficiaries who elect COBRA coverage must pay for COBRA coverage. Generally, a qualified beneficiary will have to pay the "applicable premium" (as defined in COBRA) plus a 2 percent administrative fee for your COBRA coverage (and possibly a 50 percent administrative fee during the 11-month disability extension [see "Disability Extension of an 18-Month COBRA Coverage Period," below]). The "applicable premium" is the **total cost of coverage** without regard to any employer contributions, as determined in accordance with COBRA. The first COBRA premium is due 45 days after the date you make your COBRA coverage election. All subsequent premiums are typically due the first day of each month with a 30-day grace period by which a complete premium must be made.

The law also requires that, at the end of the 18-, 29-, or 36-month COBRA coverage period, you must be allowed to enroll in an individual conversion health plan provided under the current group health plan, if the plan provides a conversion privilege.

What is a Qualifying Event?

If you are a covered employee, 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).

If you are the covered spouse of a covered employee (including 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, 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 is COBRA Coverage Provided?

The University of Chicago is obligated to notify the Plan Administrator of the occurrence of these qualifying events: (1) the reduction in hours of an employee's employment; (2) the termination of the employee's employment (for reasons other than his or her gross misconduct); (3) the death of the employee; (4) the commencement proceedings under Title 11 (bankruptcy), United States Code with respect to the employer (in the case of retiree coverage only); or (5) the employee's becoming entitled to Medicare benefits (under Part A, Part B, or both).

You must give notice of some qualifying events. For the other qualifying events (i.e., divorce or legal separation of the employee and a covered dependent child losing eligibility for coverage under the Plan(s) as a "dependent child"), a COBRA election will be available to you **only** if you notify the Plan Administrator in accordance with the notice procedures of the Plan(s) no later than 60 days after the date of the qualifying event or the date on which the qualified beneficiary loses (or would lose) coverage under the terms of the Plan(s) as a result of the qualifying event, whichever is later. If you fail to provide a timely qualifying event notice in accordance with the notice procedures of the Plan(s), the qualified beneficiaries will lose their right to a COBRA election. If any health claims are mistakenly paid for expenses incurred after the qualifying event, then you and your eligible dependent(s) will be required to reimburse the Plan(s) for any claims so paid.

How do Qualified Beneficiaries Elect COBRA Coverage?

When the Plan Administrator is notified that one of these events has happened, notice of your right to elect COBRA will be provided.

Each qualified beneficiary has an independent right to make a COBRA election. Covered employees and covered spouses (if the spouse is a qualified beneficiary) may elect COBRA coverage on behalf of all the qualified beneficiaries, and parents or legal guardians (whether qualified beneficiaries or not) may elect COBRA coverage on behalf of their covered minor children who are qualified beneficiaries. However, a qualified beneficiary employee may not decline COBRA coverage on behalf of a covered spouse or an adult covered dependent child (if the spouse or adult covered dependent child is a qualified beneficiary).

Under the law, you will have 60 days from the later of the date you would lose coverage under the Plan(s) or the date the COBRA Election Notice is provided to you. Any qualified beneficiary for whom COBRA coverage is not elected within the election period specified in the COBRA election notice **will lose COBRA coverage election rights**.

How Long Does COBRA Coverage Last?

Unless specifically stated otherwise in the applicable SPD, COBRA coverage is measured from the date of the qualifying event, even if coverage is not immediately lost.

In the case of a loss of coverage due to the covered employee's termination of employment or reduction in hours of the covered employee's employment, COBRA coverage may generally last for up to 18 months.

In the case of all other qualifying events, COBRA coverage may last for up to 36 months.

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

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). In addition, you may not be able to elect COBRA coverage if the reimbursement available at the time of the qualifying event is less than the COBRA premium required to continue coverage through the end of the plan year.

The COBRA periods described above are maximum coverage periods. The law provides that COBRA coverage may be terminated prior to the end of the maximum coverage periods described in this notice for several reasons (please consult the Plan(s) applicable SPD for more information).

There are two ways in which the 18-month COBRA period of coverage resulting from a covered employee's termination of employment or reduction in hours of employment may be extended. (NOTE: The period of COBRA coverage under a Health FSA generally cannot be extended beyond the end of the plan year.)

Disability Extension of an 18-Month COBRA Coverage Period

If a qualified beneficiary is determined by the Social Security Administration ("SSA") to have been disabled under Title II or XVI of the Social Security Act, 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 only available if you notify the Plan Administrator in a timely fashion. All qualified beneficiaries who are receiving COBRA coverage because of a qualifying event that was the covered employee's termination of employment or reduction in hours may be eligible to receive up to an additional 11 months of COBRA coverage (for a total of 29 months). This disability must have started at some time prior to or within the first 60 days of the COBRA coverage period and must last at least until the end of the period of COBRA coverage that would be available without the disability extension (generally 18 months, as described above).

The disability extension is available only if you notify the Plan Administrator of the SSA's determination of disability within 60 days after the latest of (1) the date of the determination of disability by the SSA; (2) the date of the covered employee's termination or reduction in hours of the covered employee's employment; (3) the date on which the qualified beneficiary loses (or would lose) coverage under the terms of the plan as a result of the covered employee's termination or reduction in hours of the covered employee's employment; or (4) the date that you receive this notice or the SPD. Notwithstanding the 60-day period, you must provide notice of the SSA's determination of disability prior to the end of the 18-month continuation period (irrespective of when the 60-day period would otherwise end).



The Plan(s) can charge up to 150 percent of the applicable premium during the 11-month extension in most circumstances. The disabled individual must notify the employer within 30 days of any final determination that he or she is no longer disabled. If COBRA coverage is extended to a total of 29 months, extended COBRA coverage will cease on the first day of the month that begins more than 30 days after the SSA's notice that the qualified beneficiary is no longer disabled.

Second Qualifying Event Extension of COBRA Coverage

If a qualified beneficiary who is a covered spouse or covered dependent child experiences another qualifying event during the first 18 months of COBRA coverage (because of the covered employee's termination of employment or reduction in hours) or during an 11-month disability extension period (see "Disability Extension of an 18-Month COBRA Coverage Period," above), this qualified beneficiary receiving COBRA coverage may receive up to 18 additional months of COBRA coverage (for a total of 36 months from the original qualifying event), if notice of the second qualifying event is provided in accordance with applicable notice procedures.

This extension may be available to the covered spouse and any covered dependent children receiving COBRA coverage if the employee/former employee dies, becomes entitled to Medicare benefits (under Part A, Part B, or both), or gets divorced or legally separated, or if the covered dependent child stops being eligible under the Plan(s) as a "dependent child," but only if the event would have caused the spouse or dependent child to lose coverage under the Plan(s) had the first qualifying event not occurred.

Notices must generally be sent to WageWorks, Inc. in writing (by mail or electronic transmittal [e.g., [facsimile]]) to WageWorks, Inc. P.O. Box 226101, Dallas, 75222-6101; or Fax#: 877-775-9399.

If a different address and/or procedures for providing notices to the Plan(s) appear in the most recent SPD, you must follow those notice procedures or deliver your notice to that address.

Oral notice (including notice by telephone) is not acceptable.

Any notice you provide must contain the name of the Plan(s) (The University of Chicago group health plan); 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 coverage as a result of the qualifying event; and the certification, signature, name, address, and telephone number of the person providing the notice.

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 the notices described herein. 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.

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 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 the employee fails to return to or apply for work as required under USERRA. The cost to continue this coverage for periods lasting 31 days or more is 102 percent of the applicable premium. The USERRA continuation period will run concurrent with the COBRA period described herein. Notwithstanding anything to the contrary in this notice, the rights described in this notice apply only to the COBRA continuation period. Continuation of coverage following a military leave of absence covered under USERRA will be administered in accordance with the requirements of USERRA.

Are There Other Coverage Options Besides COBRA Coverage?

Yes. Instead of enrolling in COBRA Coverage, there may be other coverage options for you and your family through the 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 may cost less than COBRA Coverage. You can learn about many of these options at www.HealthCare.gov.

Keep the Plan(s) Informed of Address Changes

To protect your family's rights, it is important that you keep the Plan Administrator informed of any changes in your or your family members' addresses. In such an event, please notify The University of Chicago, 6054 S Drexel Ave, Chicago, IL 60637. You should also keep a copy, for your records, of any notices you send to the Plan Administrator and/or WageWorks, Inc..

If You Have Questions

Questions concerning the Plan(s) should be addressed to The University of Chicago, 6054 S Drexel Ave, Chicago, IL 60637. For additional information about your COBRA rights and obligations under federal law, please review the Plan(s) SPD, contact the Plan Administrator identified in the most recent SPD, or you can contact WageWorks, Inc. between 7 a.m. - 7 p.m. CT, Monday - Friday, at 1-877-822-9091 or you can go to mybenefits.wageworks.com.

In addition, you may obtain 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, by contacting the nearest Regional or District Office of 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. Addresses and phone numbers of Regional and District EBSA offices are available through the EBSA website. For more information about the Marketplace, visit www.HealthCare.gov.

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