



## COBRA Continuation Coverage Election Notice

### IMPORTANT INFORMATION: COBRA Continuation Coverage and other Health Coverage Alternatives

**This notice has important information about your right to continue your health care coverage in the Plan, as well as other health coverage options that may be available to you, including coverage through the Health Insurance Marketplace at [www.HealthCare.gov](http://www.HealthCare.gov) or call 1-800-318-2596. You may be able to get coverage through the Health Insurance Marketplace that costs less than COBRA continuation coverage.** Please read the information in this notice very carefully before you make your decision. If you choose to elect COBRA continuation coverage, you should use the election form provided later in this notice.

#### Why am I getting this notice?

Federal law requires that most group health plans (including this Plan) give employees and their families the opportunity to continue their health care coverage through COBRA continuation coverage when there's a "qualifying event" that would result in a loss of coverage under an employer's plan. The reason that your coverage under the Plan is ending is described in the cover letter to this notice.

#### What's COBRA continuation coverage?

COBRA continuation coverage is the same coverage that the Plan gives to other participants or beneficiaries who aren't getting continuation coverage. Each "qualified beneficiary" (described below) who elects COBRA continuation coverage will have the same rights under the Plan as other participants or beneficiaries covered under the Plan.

#### Who are the qualified beneficiaries?

Each person who is eligible to elect COBRA continuation coverage ("qualified beneficiary") is described in the cover letter.

#### Are there other coverage options besides COBRA Continuation Coverage?

Yes. Instead of enrolling in COBRA continuation coverage, there may be other more affordable 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 may cost less than COBRA continuation coverage.

You should compare your other coverage options with COBRA continuation 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's important that you choose carefully between COBRA continuation coverage and other coverage options, because once you've made your choice, it can be difficult or impossible to switch to another coverage option.

#### If I elect COBRA continuation coverage, when will my coverage begin and how long will the coverage last?

The enclosed letter describes the date your COBRA coverage would begin and the latest date it would end. However, continuation coverage may end before the date noted in the cover letter under certain circumstances, like failure to pay premiums, fraud, or the individual becomes covered under another group health plan.

#### Can I extend the length of COBRA continuation coverage?

If the enclosed letter states that your Plan coverage is ending because of loss of employment or a reduction in hours of employment, and you elect continuation coverage, you may be able to extend the length of continuation coverage if a qualified beneficiary is disabled, or if a second qualifying event occurs. You must notify Paragon Benefits COBRA Department of a disability or a second qualifying event within a certain time period to extend the period of continuation coverage. A second qualifying event includes divorce, death of the employee, the employee becoming entitled to

Medicare, or a child losing dependent status under the Plan. If you don't provide notice of a disability or second qualifying event within the required time period, it will affect your right to extend the period of continuation coverage. These time periods are described in the COBRA General Notice that is provided to you when you first become covered under the Plan. In addition, for more information about extending the length of COBRA continuation coverage visit <http://www.dol.gov/ebsa/publications/cobraemployee.html>.



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### How much does COBRA continuation coverage cost?

The enclosed letter describes your cost for COBRA continuation coverage. Other coverage options (for example, if you decide not to continue coverage for everyone who is currently covered under your coverage) may cost less. If you choose to elect continuation coverage, you don't have to send any payment with the Election Form. Important information about paying your premium can be found at the end of this notice.

**You may be able to get coverage through the Health Insurance Marketplace that costs less than COBRA continuation coverage.** You can learn more about the Marketplace below.

### What is the Health Insurance Marketplace?

The Marketplace offers “one-stop shopping” to find and compare private health insurance options. In the Marketplace, you could be eligible for a new kind of 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 premium, 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](http://www.HealthCare.gov).

Coverage through the Health Insurance Marketplace may cost less than COBRA continuation coverage. Being offered COBRA continuation coverage won't limit your eligibility for coverage or for a tax credit through the Marketplace.

### 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 health 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](http://www.HealthCare.gov).

### If I sign up for COBRA continuation coverage, can I switch to coverage in the Marketplace? What about if I choose Marketplace coverage and want to switch back to COBRA continuation coverage?

If you sign up for COBRA continuation coverage, you can switch to a Marketplace plan during a Marketplace open enrollment period. You can also end your COBRA continuation 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.” But be careful though - if you terminate your COBRA continuation coverage early without another qualifying event, you'll 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 continuation coverage and the coverage expires, you'll be eligible to enroll in Marketplace coverage through a special enrollment period, even if Marketplace open enrollment has ended.

If you sign up for Marketplace coverage instead of COBRA continuation coverage, you cannot switch to COBRA continuation coverage under any circumstances.

### Can I enroll in another group health plan?

You may be eligible to enroll in coverage under another group health plan (like 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 continuation coverage instead of enrolling in another group health plan for which you're eligible, you'll have another opportunity to enroll in the other group health plan within 30 days of losing your COBRA continuation coverage.

### What factors should I consider when choosing coverage options?

When considering your options for health coverage, you may want to think about:

- **Premiums:** Your previous plan can charge up to 102% of total plan premiums for COBRA coverage. Other



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options, like coverage on a spouse's plan or through the Marketplace, may be less expensive.

- **Provider Networks:** If you're currently getting 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 options for health coverage.
- **Drug Formularies:** If you're 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 got 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 doesn't fully describe continuation coverage or other rights under the Plan. More information about continuation coverage and your rights under the Plan is available in your summary plan description or from the Plan Administrator.

If you have questions about the information in this notice, your rights to coverage, or if you want a copy of your

summary plan description, contact Paragon Benefits COBRA Department at the address shown in the cover letter.

For more information about your rights under the Employee Retirement Income Security Act (ERISA), including COBRA, the Patient Protection and Affordable Care Act, and other laws affecting group health plans, visit the U.S. Department of Labor's Employee Benefits Security Administration (EBSA) website at [www.dol.gov/ebsa](http://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 Health Insurance Marketplace, and to locate an assister in your area who you can talk to about the different options, visit [www.HealthCare.gov](http://www.HealthCare.gov).

#### Important Information about Payment

##### First payment for continuation coverage

You must make your first payment for continuation coverage no later than 45 days after the date of your election (this is the date the Election Notice is postmarked). If you don't make your first payment in full by then, you'll lose all continuation coverage rights under the Plan. You're responsible for making sure that the amount of your first payment is correct. You may contact Paragon Benefits COBRA Department to confirm the correct amount of your first payment.

*Mail your payment to:*

**Paragon Benefits, Inc.  
PO Box 12288  
Columbus, GA 31917  
Attn. COBRA Department**

*All checks should be made payable to:*

**Paragon Benefits, Inc.**

##### Monthly payments for continuation coverage

After you make your first payment for continuation coverage, you'll have to make monthly payments for each coverage period (month) that follows. The amount due for each coverage period is shown in the cover letter. Each of these payments for continuation coverage is due on the first day of the coverage period. If you elect COBRA coverage and make the first premium payment, we will send you an information packet that tells you the due day for each monthly coverage period after that.



## COBRA Continuation Coverage Election Notice

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If you do not make a payment on or before the due date, your coverage under the Plan for that coverage period will end unless you make payment within the grace period (see below). A coupon book will be sent to you at the beginning of your COBRA coverage, but it is your responsibility to make payments each month and the Plan will not send reminder notices of payments due for these coverage periods.

*Mail your payment to:*  
**Paragon Benefits, Inc.**  
**PO Box 12288**  
**Columbus, GA 31917**  
**Attn. COBRA Department**

*All checks should be made payable to:*  
**Paragon Benefits, Inc.**

#### Grace periods for monthly payments

Although your payments are due on the first day of each coverage period, you'll be given a grace period of 30 days after the due date to make payment for that coverage period. You'll get continuation coverage for that period as long as payment for that period is made before the end of the grace period. If you make a monthly payment later than due date, but before the end of the grace period, your coverage will be suspended as of the first day of that coverage period and then retroactively reinstated (going back to the first day of the period) when the payment is received. This means that any claim you submit for benefits while your coverage is suspended may be denied and may have to be resubmitted once your coverage is reinstated.]

If you don't make a payment before the end of the grace period for that coverage period, you'll lose all rights to continuation coverage under the Plan.

Your first payment and all following payments