

CONTINUATION OF INSURANCE COVERAGE (COBRA) Retiring or Terminating Employees

Please read this information carefully. You should retain this notice for your records. Please disregard this notice if: 1. you transferred employment to another NDPERS covered employer, or 2. you are still employed with your current employer and just experienced a change in your employment status.

As a result of a recent "Qualifying Event", your insurance coverage has or will terminate. Under the Federal Consolidated Omnibus Budget Reconciliation Act (COBRA), you and/or your covered dependents that are losing coverage are entitled to continue your group insurance coverage under the plan sponsored by your employer beyond the date coverage would normally end. You may have already made an election; however, we are required by federal law to provide you this notice for your records.

You and/or your covered dependents that are losing coverage are "Qualified Beneficiaries". A family member added to the covered employee's contract due to marriage or birth or placement for adoption during a period of continuation coverage will also be deemed a qualified beneficiary for COBRA purposes. The spouse or child must be added to COBRA coverage within 31 days from the date of the qualifying event. You and/or your covered dependents that are losing coverage are "Qualified Beneficiaries". A child born to you or placed for adoption with you during a period of continuation coverage will also be deemed a qualified beneficiary for COBRA purposes. A new spouse or child must be added to COBRA coverage within 31 days from the date of the qualifying event.

As qualified beneficiaries, you and/or your eligible dependents losing coverage are entitled to continue the same group insurance coverage that you had on the day before the qualifying event (provided that the company has not eliminated the policy or changed insurance carriers since the qualifying event). Additionally, you are also entitled to COBRA continuation coverage if you have other insurance coverage *prior* to electing COBRA coverage (including entitlement to Medicare).

Under the law, you have a 60-day election period during which you must inform your employer in writing or by completing an application that you want continuation coverage. This election period begins on the later of (1) the date you lose coverage due to the qualifying event or (2) the date you are provided your COBRA notification. If you are or become mentally or physically incapacitated during this election period, an appointed guardian or responsible party may elect and/or pay for COBRA continuation coverage on your behalf. If you choose COBRA continuation coverage, your election is considered made on the date you send your payment to the Plan Administrator.

There may be other coverage options for you and your family through the Health Insurance Marketplace. Refer to the information below for additional details on the Marketplace.

Additionally, you may qualify for a special enrollment opportunity for another group health plan for which you are eligible (such as a spouse's plan), even if the plan generally does not accept late enrollees, if you request enrollment within 30 days.

If you need a Certificate of Coverage (COC), please contact your insurance carrier for health and dental insurances. For vision, please contact your employer for verification of coverage.

CONTINUATION PERIOD

Your Qualifying Event entitles you and/or your covered dependents to continue coverage for the period of 18 months if you are qualifying due to the member's termination of employment. This period begins on the date your coverage under the group insurance plan would normally cease. If you have signed an Early Retirement Agreement, whereby your employer will pay the premiums for a specified period of time, the first 18 months of employer paid premium is your COBRA continuation coverage.

EXTENDED COBRA CONTINUATION COVERAGE PERIOD

Any qualified beneficiary in connection with a qualifying event may be entitled to an extension of continuation coverage from 18 to 29 months if an individual is determined under Title II or XVI of the Social Security Act to have been disabled at any time during the first 60 days of COBRA continuation coverage. The disability extension applies only if any of the qualified beneficiaries provides notice to the Plan Administrator of the disability determination within 60 days after the date the determination is issued and before the end of the original 18-month maximum coverage period. The affected individual must also notify NDPERS within 31 days of any final determination that the individual is no longer disabled. The disability extension applies separately to each qualified beneficiary including non-disabled family members who are qualified beneficiaries due to the termination or reduction in hours of employment.

In addition, if you are the spouse or dependent of an employee who has been terminated from employment or whose hours of employment have been reduced, you may receive an extension of continuation coverage if a second qualifying event occurs (such as employee death, divorce, legal separation, employee Medicare entitlement or losing dependent status under the Plan) during the original 18-month continuation coverage period. In such a case, the original 18-month period (or 29-month period in the case of a disability extension) is expanded to 36 months. This extension applies only if the Plan Administrator is notified in writing within 60 days of the second qualifying event and within the original 18 or 29-month coverage period. This extension applies to individuals who are qualified beneficiaries as a result of the first qualifying event and who are still qualified beneficiaries at the time of the second qualifying event. A reduction in hours followed by a termination of employment is not considered a second qualifying event for COBRA purposes.

PREMIUMS FOR COBRA CONTINUATION COVERAGE

You will be charged 102% of the applicable group premium rate for the level of coverage you select. Unless you expressly elect otherwise, the coverage to be continued will be that which you and/or your dependents (if any) had on the day before the qualifying event. However, be aware that each qualified beneficiary has independent COBRA election rights. The initial premium for continuation coverage must be made within 45 days of your COBRA election. Insurance rates are subject to change. Contact the NDPERS office for premium information and additional details.

Your continuation coverage will not be effective until the initial premium payment is received. If the initial premium is not made within the indicated period, you will forfeit your right to continuation coverage. Subsequent monthly premium payments are due and payable on the 15th day of each month for that month's coverage. Pursuant to COBRA law, your continuation coverage will be terminated if your premium is not received by the last day of the month for which coverage was due.

HOW TO ELECT COBRA CONTINUATION OF INSURANCE COVERAGE

1. Obtain, complete and follow the instructions on the 'CONTINUATION OF GROUP INSURANCE COVERAGE (COBRA) SFN 14120 and return it to the NDPERS office before the Election Period Expiration Date. The form can be found on the NDPERS website at www.ndpers.nd.gov.
2. Pay the initial premium required for COBRA continuation coverage within forty-five (45) days of your COBRA election date. See the Premiums for COBRA Continuation Coverage section.

TERMINATION OF CONTINUATION COVERAGE

You may lose your continuation coverage before the end of your maximum coverage period for any of the following reasons:

1. If any required premium is not paid in a timely manner, coverage will cease for you and your qualified beneficiaries.
2. If you or any of your qualified beneficiaries become covered under another group insurance plan, after the date of COBRA election, that does not contain any applicable exclusion or limitation with respect to any pre-existing condition.
3. If all of our group insurance plans are terminated (including successor plans), coverage will cease for you and your qualified beneficiaries.
4. If coverage was extended to 29 months due to a disability, coverage will cease if there is a determination that the individual is no longer disabled. Please note: Federal law requires that you inform the Plan Administrator within 31 days of a final determination that the individual is no longer disabled.
5. If you or your qualified beneficiaries become entitled to coverage under Medicare, after the date of COBRA election, coverage will cease for each individual so eligible. If you are age 65 or over and receive or have applied for Social Security (or qualify for Social Security at an earlier age due to a disabling condition) you are considered to be entitled to Medicare.
6. If you request cancellation of COBRA continuation coverage in writing.
7. If the group insurance plan terminates the coverage for cause for similarly situated active employees, then the qualified beneficiary's coverage can be terminated on the same basis (such as for submission of fraudulent claims, etc.).

IMPORTANT: The plan is required to make a complete response to any inquiry from a insurance provider regarding your right to coverage under the plan during the election period. Similar requirements exist to provide the status of COBRA coverage inquiries made by insurance care providers during any applicable premium payment grace periods. If you elect the continuation coverage, the initial payment will cover the first period of continuation coverage beginning immediately after the date that your coverage under the group insurance plan ceased. Please see Premiums for COBRA Continuation Coverage section of this document.

PLAN OR BENEFIT CHANGES

If you elect continuation coverage, you will receive the same level of benefits under the plan as similarly situated active employees. Plan benefits may be modified or amended during the period of continuation coverage that may result in a change of premiums in accordance with federal COBRA regulation. As a qualified beneficiary, you are entitled to the same open enrollment rights as active employees. This includes special enrollment rights such as adding coverage for newly acquired family members.

Please be advised that notification to an individual, who is a qualified beneficiary as the

spouse of a covered employee, shall be considered notification to all other qualified beneficiaries residing with such spouse at the time such notice is made.

HIGH DEDUCTIBLE PLAN MEMBERS

If you participate in the NDPERS High Deductible Health Plan with a Health Savings Account (HSA) and terminate employment, NDPERS is not responsible for any further employer contributions to your HSA. However, prior to depleting your funds or closing your account, please contact NDPERS to verify that all contributions have been deposited.

MARKETPLACE INSURANCE 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 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.

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

You have 60 days from the time you lose your job-based coverage to enroll in the Marketplace as a special enrollment event. After 60 days, your special enrollment period will end and you may not be able to enroll right away. In addition, during what is called an “open enrollment” period, anyone can enroll in Marketplace coverage.