

Health Care FSA COBRA ELECTION NOTICE

for the Health Care FSA offered through the Office of Group Benefits

Date July 4, 2014

Dear: NAME
ADDRESS
ANY CITY, LA 99999

Introduction

This notice contains important information about your right to continue your health care coverage in the Health Care Flexible Spending Arrangement plan offered through the Office of Group Benefits (hereinafter referred to as “Health Care FSA”), as well as other health coverage options that may be available to you through the Health Insurance Marketplace at 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 contained in this notice very carefully. We use the pronoun “you” in this notice (including in the enclosed Election Form) to refer to the individual named above.

Electing Health Care FSA COBRA

To elect Health Care FSA COBRA continuation coverage, complete the enclosed Election Form and submit it to the Office of Group Benefits, following the instructions at the end of the Election Form. If you do not elect Health Care FSA COBRA, your coverage under the Health Care FSA ends effective **DATE** due to **your divorce**.

The event, **your divorce**, that caused you to lose coverage under the **Health Care FSA** is called your “qualifying event” in this notice, and the date, **DATE**, is considered the date of your qualifying event. As a result of this qualifying event each person (“qualified beneficiary”) in the categories below is entitled to elect COBRA under the Health Care FSA, which will continue group health care coverage under the Health Care FSA until **December 31, 2014**.

- Spouse or former spouse
- Dependent child(ren) losing Health Care FSA coverage

Health Care FSA COBRA Coverage Duration

If elected, Health Care FSA COBRA coverage begins effective **DATE** and can last until **December 31, 2014**. Because the Health Care FSA provides a Grace Period of 2 months and 15 days following the end of the Plan Year, you will have this same COBRA coverage period as similarly situated active employees who are covered under the Health Care FSA.

Health Care FSA COBRA Coverage Premium Calculation Factors

The Health Care FSA COBRA premium is based upon three factors, the covered employee's Health Care FSA elected annual limit, \$\$\$\$\$\$; the remaining available Health Care FSA coverage, \$\$\$\$\$\$; and, whether the qualified beneficiary electing coverage is the covered employee or his dependent. The actual required Health Care FSA COBRA monthly premium is provided on page four (4) of this Notice.

Payment of Premiums

You do not have to send any payment with the Election Form. Important additional information about payment for Health Care FSA COBRA coverage is included in the pages following the Election Form. You may be able to get coverage through the Health Insurance Marketplace that costs less than COBRA continuation coverage.

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.

Contact Information

The Office of Group Benefits is the COBRA Administrator for the Health Care FSA. If you have any questions about this notice or your rights to elect COBRA, you should contact:

Office of Group Benefits
Flexible Benefits Administration
P.O. Box 44036
Baton Rouge, Louisiana 70804
225.925.3739
225.925.4860 (FAX)

HEALTH CARE FSA

COBRA ELECTION FORM

INSTRUCTIONS: To elect COBRA coverage, complete the reverse side of this “Health Care FSA COBRA Election Form” and return it to the Office of Group Benefits. Under federal law, you must have 60 days after the date of this notice (or, if later, 60 days after the date that Health Care FSA coverage is lost) to decide whether you want to elect COBRA coverage under the Health Care FSA.

Mail or FAX completed “Health Care FSA COBRA Election Form” to:

**Office of Group Benefits
Flexible Benefits Administration
Post Office Box 44036
Baton Rouge, Louisiana 70804
225.925.4860 (FAX)**

This “Health Care FSA COBRA Election Form” must be completed in writing and mailed or faxed to the department and address specified above. The following are not acceptable as COBRA elections and will not preserve COBRA rights: oral communications regarding COBRA coverage, including in-person or telephone statements about an individual’s COBRA coverage; and electronic e-mail communications. If mailed, your election must be postmarked no later than DATE. If faxed, it must be received by the department at the number specified above no later than DATE.

IF YOU DO NOT SUBMIT A COMPLETED ELECTION FORM BY THE DUE DATE SHOWN ABOVE, YOU WILL LOSE YOUR RIGHT TO ELECT HEALTH CARE FSA COBRA. If you reject COBRA before DATE, you may change your mind as long as you furnish a completed “Health Care FSA COBRA Election Form” before DATE.

Read the important information about your rights included in the pages after the “Health Care FSA COBRA Election Form.”

HEALTH CARE FSA **COBRA ELECTION FORM**

I elect Health Care FSA COBRA continuation coverage in the Plan as indicated below:

Health Care FSA COBRA monthly premium

\$###.##

Name

Date of Birth

**Relationship
to Employee**

SSN

a. _____

b. _____

c. _____

d. _____

If you need additional lines, please attach an additional 8½ by 11 sheet of paper. Use the same format as provided here, a-d.

Signature

Date

Print Name

Relationship to Employee

Print Address

Telephone number

This Election Form will be deemed to include an election on behalf of all of the qualified beneficiaries arising from the qualifying event (your divorce) and you will owe the corresponding premium, unless you check the box below.

☐ This is an election of Single COBRA coverage and not an election on behalf of other qualified beneficiaries.

Certification, Signature, and Date:

I certify that the above information is true and correct.

Signature

Date

IMPORTANT INFORMATION ABOUT

YOUR COBRA CONTINUATION COVERAGE RIGHTS

What is COBRA coverage?

COBRA coverage is a continuation of Plan coverage required under Federal law. This law requires that most group health plans (including this Health Care FSA) give “qualified beneficiaries” the opportunity to continue their health care coverage when there is a “qualifying event” that would result in a loss of coverage under an employer’s plan. Depending on the type of qualifying event, “qualified beneficiaries” can include the employee (or retired employee) covered under the group health plan, the covered employee’s spouse, and the dependent children of the covered employee. (Certain newborns, newly adopted children, and alternate recipients under NMSNs may also be qualified beneficiaries. This is discussed in more detail in separate paragraphs below.)

COBRA coverage is the same coverage that the Health Care FSA gives to other participants or beneficiaries under the Health Care FSA who are not receiving COBRA coverage. Each qualified beneficiary who elects COBRA will have the same rights under the Health Care FSA as other participants or beneficiaries covered under the Health Care FSA elected by the qualified beneficiary, including special enrollment rights.

The description of COBRA coverage contained in this notice applies only to the Health Care FSA and NOT to any other benefits offered by the Office of Group Benefits (for example, OGB Plan coverage administered by Blue Cross Blue Shield of Louisiana, life insurance, accident/disability insurance, cancer insurance, or dental insurance).

The Health Care FSA provides no greater COBRA rights than what COBRA requires—nothing in this notice is intended to expand your rights beyond COBRA’s requirements for qualifying Health Care FSA.

Health Care FSA COBRA

COBRA coverage under the Health Care FSA will be offered only to qualified beneficiaries losing coverage who have underspent accounts. A qualified beneficiary has an underspent account if the annual limit elected under the Health Care FSA 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 Health FSA COBRA coverage that will be charged for the remainder of the plan year. COBRA coverage will consist of the Health Care FSA COBRA coverage in force at the time of the qualifying event (i.e., the elected annual limit reduced by reimbursable claims submitted up to the time of the qualifying event). All qualified beneficiaries who were covered under the Health Care FSA will be covered together for Health Care FSA COBRA coverage. However, each qualified beneficiary could alternatively elect separate COBRA coverage to cover that qualified beneficiary only, with a separate Health Care FSA annual coverage limit and a separate COBRA premium. **The use-or-lose rule will continue to apply, so any unused amounts will be forfeited at the end of the Grace Period following the**

end of the plan year, and COBRA coverage will terminate at the end of the Grace Period at the end of the plan year. The Grace Period is two (2) months plus fifteen (15) days immediately following the end of a Plan Year when Participants may incur Qualifying Medical Care Expenses to be reimbursed from their respective unused Benefits remaining at the end of the immediately preceding plan year.

How can you elect Health Care FSA COBRA?

To elect Health Care FSA COBRA, you must complete the “Health Care FSA COBRA Election Form” according to the directions on the “Health Care FSA COBRA Election Form” and mail or fax it to the Office of Group Benefits by the date specified on the Election Form. **Failure to do so will result in loss of the right to elect COBRA coverage under the Health Care FSA.** Each qualified beneficiary has a separate right to elect COBRA. For example, the employee’s spouse may elect COBRA even if the employee does not. COBRA may be elected for only one, several, or for all dependent children who are qualified beneficiaries. A parent may elect COBRA on behalf of any dependent children. The employee or the employee’s spouse (if the spouse is a qualified beneficiary) can elect COBRA on behalf of all of the qualified beneficiaries.

You may elect COBRA under the Health Care FSA under which you were covered on the day before the qualifying event. COBRA coverage under the Health Care FSA is offered only to certain qualified beneficiaries and is available only until the end of the Grace Period following the end of the Plan Year.

Qualified beneficiaries who are entitled to elect COBRA may do so even if they have other group health plan coverage or are entitled to Medicare benefits on or before the date on which COBRA is elected.

How long will COBRA coverage last?

COBRA coverage under the Health Care FSA can last only until the end of the Grace Period following the end of the year in which the qualifying event occurred. COBRA coverage will automatically terminate before the end of the maximum period if any required premium is not paid in full on time.

How much does COBRA coverage cost?

Each qualified beneficiary is required to pay the entire cost of COBRA coverage. The amount a qualified beneficiary may be required to pay may not exceed 102% of the cost to the Health Care FSA for coverage of a similarly situated plan participant or beneficiary who is not receiving COBRA coverage. The required monthly payment for the Health Care FSA COBRA coverage is described in this notice.

When and how must payment for COBRA coverage be made?

All COBRA premiums must be paid by check.

First payment for COBRA coverage

If you elect Health Care FSA COBRA, you do not have to send any payment with the Election Form. However, you must make your first payment for COBRA coverage not later than 45 days after the date of your election. (This is the date your Health Care FSA Election Form is postmarked, if mailed, or the date your Health Care FSA Election Form is received by the individual at the address specified for delivery of the Election Form by fax.) **If you do not make your first payment for COBRA coverage in full within 45 days after the date of your election, you will lose all COBRA rights under the Health Care FSA.**

Your first payment must cover the cost of Health Care FSA COBRA coverage from the time your coverage under the Health Care FSA would have otherwise terminated up through the end of the month before the month in which you make your first payment. (For example, Sue's employment terminates on September 30, and she loses coverage on September 30. Sue elects COBRA on November 15. Her initial premium payment equals the premiums for October and November and is due on or before December 30, the 45th day after the date of her COBRA election.) You are responsible for making sure that the amount of your first payment is correct. You may contact the **Office of Group Benefits, Flexible Benefits Administration, Post Office Box 44036, Baton Rouge, Louisiana 70804, 225.925.3739**, to confirm the correct amount of your first payment.

The first payment must be received by the Office of Group Benefits before any medical expenses will be processed.

Monthly payments for COBRA coverage

After you make your first payment for Health Care FSA COBRA coverage, you will be required to make monthly payments for each subsequent month of COBRA coverage. The amount due for each month for each qualified beneficiary is shown in this notice. Under the Health Care FSA, each of these monthly payments for COBRA coverage is due on the first day of the month for that month's COBRA coverage. If you make a monthly payment on or before the first day of the month to which it applies, your COBRA coverage under the Health Care FSA will continue for that month without any break. The Office of Group Benefits will not send periodic notices of payments due for these coverage periods (that is, **we will not send a bill to you for your COBRA coverage— it is your responsibility to pay your Health Care FSA COBRA premiums on time**).

Grace periods for monthly payments

Although monthly payments are due on the first day of each month of COBRA coverage, you will be given a grace period of 30 days after the first day of the month to make each monthly payment. Your COBRA coverage will be provided for each month as long as payment for that month is made before the end of the grace period for that payment. However, if you pay a monthly payment later than the first day of the month to which it applies, but before the end of the grace period for the month, your coverage under the Health Care FSA will be suspended as of the first day of the month and then retroactively reinstated (going back to the first day of the month) when the monthly 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 fail to make a monthly payment before the end of the grace period for that month, you will lose all rights to COBRA coverage under the Health Care FSA.

Your first payment and all monthly payments for COBRA coverage should be mailed to:

**Office of Group Benefits
Cash Management/FSA
Post Office Box 44036
Baton Rouge, Louisiana 70804**

However, if the Health Care FSA notifies you of a new address for payment, you must mail all payments for Health Care FSA COBRA coverage to the department at the address specified in that notice of a new address.

Your payment is considered to have been made on the date that it is postmarked. You will not be considered to have made any payment if your check is returned due to insufficient funds or otherwise.

More information about individuals who may be qualified beneficiaries

Children born to or placed for adoption with the covered employee during COBRA coverage period

A child born to, adopted by, or placed for adoption with a covered employee during a period of COBRA coverage is considered to be a qualified beneficiary provided that, if the covered employee is a qualified beneficiary, the covered employee has elected COBRA coverage for himself or herself. The child's Health Care FSA COBRA coverage begins on the child's date of birth, date of adoption, or placement for adoption. The child must satisfy the otherwise applicable Plan eligibility requirements (for example, regarding age). The COBRA coverage lasts for as long as COBRA coverage lasts for other family members of the employee, through the end of the Grace Period following the end of the Health Care FSA plan year.

Alternate recipients under NMSNs

A child of the covered employee who is receiving benefits under the Plan pursuant to a National Medical Support Notice (NMSN) received by the Office of Group Benefits during the covered employee's period of employment with the participant employer is entitled to the same rights to elect COBRA as an eligible dependent child of the covered employee.

Health Insurance Marketplace

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 (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 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.

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 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 does not fully describe COBRA coverage or other rights under the Health Care FSA. More information about COBRA coverage and your rights under the Health Care FSA is available from the Office of Group Benefits.

If you have any questions concerning the information in this notice, your rights to coverage, or if you want a copy of your Health Care FSA plan document, you should contact:

**Office of Group Benefits
Flexible Benefits Administration
Post Office Box 44036
Baton Rouge, Louisiana 70804
225.925.3739
225.925.4860 (FAX)**

For more information about your rights under the Public Health Services Act, including public sector 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, or call their toll-free number at 1-866-444-3272. For more information about health insurance options available through a Health Insurance Marketplace, and to locate an assister in your area who you can talk to about the different options, visit www.HealthCare.gov.

Keep your plan informed of address changes

In order to protect your and your family's rights, you should keep the Office of Group Benefits informed of any changes in your address and the addresses of family members. You should also keep a copy, for your records, of any notices you send to the Office of Group Benefits.

Notice Procedures

Warning: If your notice is late or if you do not follow these notice procedures, you and all related qualified beneficiaries will lose the right to COBRA coverage.

Notices Must Be Written and Submitted on Health Care FSA Forms: Any notice that you provide must be in writing and must be submitted on the Health Care FSA's required form (the Health Care FSA's required forms are described above in this notice, and you may obtain copies from the Office of Group Benefits without charge, or you can download the form at www.groupbenefits.org). Oral notice, including notice by telephone, is not acceptable. Electronic e-mailed notices are not acceptable.

How, When, and Where to Send Notices: You must mail or FAX your notice to:

**Office of Group Benefits
Flexible Benefits Administration
Post Office Box 44036
Baton Rouge, Louisiana 70804
225.925.3739
225.925.4860 (FAX)**

If mailed, your notice must be postmarked no later than the last day of the applicable notice period. If faxed, your notice must be received by the individual at the number specified above no later than the last day of the applicable notice period. (The applicable notice periods are described in the paragraphs above titled "How long will COBRA coverage last?")

Information Required for All Notices:

Any notice you provide must include: (1) the name of the Health Care FSA; (2) the name and address of the employee who is (or was) covered under the Health Care FSA; (3) the name(s) and address(es) of all qualified beneficiary(ies) who lost coverage as a result of the qualifying event; (4) the qualifying event and the date it happened; and (5) the certification, signature, name, address, and telephone number of the person providing the notice.

Who May Provide Notices:

The covered employee (i.e., the employee or former employee who is or was covered under the Plan), 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 notices. 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.