

- MODEL -

Model Group Health Insurance Continuation Coverage Additional Election Form

(For use by group health plans to notify qualified beneficiaries who are or would be an Assistance Eligible Individual but are not enrolled in continuation coverage (including those who never elected AND those who elected but subsequently discontinued coverage) with qualifying events that occurred during the period from September 1, 2008 through February 16, 2009.)

Date of Notification: (March 31, 2009)

Matt and Robbin Isbell, and all covered dependent(s)
123 Main Street
Hometown, Michigan 49008

IMPORTANT NOTICE REGARDING YOUR GROUP HEALTH INSURANCE CONTINUATION COVERAGE RIGHTS AND THE POSSIBILITY OF A SECOND ELECTION PERIOD AND REDUCED PREMIUM PAYMENTS

This notice contains important information about your group health insurance continuation coverage and applies individually to the following plan participants: **Matt Isbell, Robbin Isbell, Peter Isbell and Molly Isbell.** (Instead of using names, qualified beneficiary's can be identified by class or status.)

It is being provided to you at this time because a recent federal law change **may** impact your rights to continue group health insurance coverage in the [*enter name of the group health plan*] (the Plan). You may be eligible to elect, or re-elect continuation coverage at reduced premium rates. It is critical that all covered individuals take the time to read this notice carefully and be familiar with its contents. A single notice is being provided to all participants, since based upon the information provided to the plan, all plan participants reside at the same location. If a plan participant has a different legal residence, please provide immediate written notification to the benefits department with the enclosed **Address Notification Form** so a separate notice can be sent to them as well.

Qualifying Event and Original Election Period

On [September 1, 2008] you experienced a qualifying event that resulted in a loss of your group health insurance. This loss of health insurance resulted from the employee's voluntary or involuntary termination of employment or a reduction in hours. Under federal COBRA law, this constituted a "**qualifying event**" which allowed you the right to buy back your group health insurance and continue the coverage for a maximum period of 18 months at the full cost of the health insurance (100%) plus a 2% administration charge. At that time, you were notified of your rights and provided a 60-day election period. Our records indicate you failed to elect continuation coverage during this first election period, or that you elected to continue coverage at the 102% premium rate but subsequently discontinued the coverage.

Second Election Period and 65% Premium Reduction For "Assistance Eligible Individuals"

Under provisions of the American Recovery and Reinvestment Act of 2009 some qualified beneficiaries, otherwise know as "assistance eligible individuals" **MAY** be eligible for a second 60 day election period and a temporary 65% continuation coverage premium reduction for up to nine (9) months beginning on or after February 17, 2009. **You are receiving this notice because you MAY be eligible for this opportunity.** To help determine if you are eligible for this second election period and the reduced premium, it is critical you read this notice and attached documents.

Individual Election Rights and Eligibility

If classified as an "Assistance Eligible Individual" each individual listed above is a "qualified beneficiary" and has independent election rights to continuation coverage, and will have the second election period and the reduced premium. For example, a spouse could elect continuation coverage even if the covered employee does not elect to continue coverage. Or a parent could elect to continue coverage on behalf of their dependent child who lost coverage as a result of the qualifying event. Premium rates, however, will be determined by the number of qualified beneficiaries electing to continue coverage. If elected, continuation coverage is available to qualified beneficiaries subject to their continued eligibility. (Name of Plan Administrator) reserves the right to verify eligibility and terminate continuation coverage back to the original continuation effective date, if it is determined you are ineligible or coverage was obtained through a material misrepresentation of the facts.

STOP AND DETERMINE IF YOU ARE AN “ASSISTANCE ELIGIBLE INDIVIDUAL!

To be considered for a second election period and premium reduction, a former qualified beneficiary must meet **ALL** of the following requirements.

An “**Assistance Eligible Individual**”:

MUST be eligible for continuation coverage at any time during the period from September 1, 2008 and February 16, 2009

MUST have experienced a qualifying event that was the “**involuntary termination of employment**” of the employee that occurred between September 1, 2008 through February 16, 2009.

MUST have been a qualified beneficiary in connection with the qualifying event (including any new dependents born, adopted, or placed for adoption with the ex-employee between the date coverage was lost and February 17, 2009).

MUST have been offered continuation coverage but did not elect, OR elected continuation coverage as a result of the involuntary termination qualifying event and subsequently discontinued coverage (for reasons other than becoming eligible for another group health plan or Medicare).

MUST NOT be eligible for Medicare; AND

MUST NOT be eligible for coverage under any other group health plan, such as a plan sponsored by a new employer or a spouse’s employer.

“REQUEST FOR TREATMENT AS AN ASSISTANCE ELIGIBLE INDIVIDUAL FORM”

To assist you in determining your eligibility, please review the enclosed “**REQUEST FOR TREATMENT AS AN ASSISTANCE ELIGIBLE INDIVIDUAL FORM**” and answer the statements listed for each former qualified beneficiary. A former qualified beneficiary must be able to answer YES to each statement. If you do, sign and date the form and send it with a new Election Form to [*enter name of party responsible for plan administration, with telephone number and address*]. The Plan Administrator will review your application and make a final determination of your eligibility as an “Assistance Eligible Individual”.

The qualifying event MUST have been an “involuntary termination of employment”. If the original qualifying event was anything other than an involuntary termination of employment (such as the death of the employee, divorce, a dependent ceasing to be a dependent under the terms of the plan, etc.) then the former qualified beneficiary is NOT an “Assistance Eligible Individual” and **NOT** eligible for a second election period or reduced premiums.

Second Election Period - Maximum 60 Days

If, after completing the “**Request for Treatment as an Assistance Eligible Individual**” you believe you are eligible for a second election period and reduced premium, you need to elect or re-elect continuation coverage. You have a maximum of 60 days from the date of this notice to decide if you wish to elect continuation coverage. Please follow the below listed election procedures.

Note the last day to elect continuation coverage is (June 1, 2009)!

- Step 1 - Sign and date the enclosed Election Form.
- Step 2 - Sign and date the enclosed “Request for Treatment as an Assistance Eligible Individual” Form
- Step 3 - Make a copy of both forms for your records.
- Step 4 - Mail the Election Form and Request for Treatment as an Assistance Eligible Individual Form back to (Name of Plan Administrator) at the address listed on the election form. It is recommended you obtain proof from the Post Office you mailed the election form. Your election is deemed made on the date the election form is sent to the plan administrator. If the election form is not postmarked by (June 1, 2009), then rights to continue coverage will end. No late elections will be accepted.
- Step 5 - Call the plan administrator within 10 days after mailing to insure the forms have been received.

No Health Coverage During Election Period - Since you have been uncovered since you failed to originally elect continuation coverage, or from the date you let your continuation coverage lapse, you will remain uncovered during the above election period. If a health claim is submitted during this time, it will not be paid. In addition, if a medical provider calls for verification of benefits, they will be told you currently do not have benefits, but upon election and payment of applicable premium all valid claims will be released for payment.

Length of Continuation Coverage (12 Months) - Coverage Will Begin On March 1, 2009!

If approved as an "Assistance Eligible Individual", and you elect during the second 60 day election period and pay the reduced premium, your group health insurance continuation coverage will NOT be retroactive back to your original loss of coverage date, but will begin on March 1, 2009. Any claims you had from your original loss of coverage date through February 28, 2009 will remain unpaid. In addition, your original 18 months of continuation coverage will still be measured from the date of your original event of (9/1/2008). You will only be eligible for (12) months of continuation coverage. It will begin on (March 1, 2009) and can last until (February 28, 2010).

Three situations, however, may extend continuation coverage beyond the above date if applicable.

Social Security Disability - The 18 months of continuation coverage may be extended for an additional 11-months of coverage, to a maximum of 29 months, for all qualified beneficiaries, if the Social Security Administration determines a qualified beneficiary was disabled according to Title II or XVI of the Social Security Act. A qualified beneficiary must be deemed disabled prior to the date of the qualifying event or at any time during the first 60 days of continuation coverage. If a newborn or adopted child is added to a covered employee's continuation coverage, then the 60-day disability window for the newborn or adopted child is measured from the date of the birth or the date of adoption. It is the qualified beneficiaries responsibility to obtain the disability determination from the Social Security Administration and provide a copy of the disability statement within 60 days of the date of determination and before the original 18 months of continuation coverage expire. This notice can be made by any of the qualified beneficiaries. See the below listed procedures for making this notice. Important Note: If a qualified beneficiary already has a disability determination prior to the date of the qualifying event, notice must be made to the plan administrator within 60 days of the date of the qualifying event. If these time frames are not complied with, then the additional 11-month extension of continuation coverage will not be provided. If coverage is extended to 29 months due to a Social Security disability, premiums will equal 150% of the applicable premium during the extended 11-month coverage period.

This extension applies separately to each qualified beneficiary. If the disabled qualified beneficiary chooses not to continue coverage, the other qualified beneficiaries are still eligible for the extension. If coverage is extended, and the disabled qualified beneficiary has elected the extension, then the applicable premium rate is 150% of the rate. If only non-disabled qualified beneficiaries extend coverage, the premium rate will remain at the 102% level. It is also the qualified beneficiaries responsibility to notify (Plan Administrator) within 30 days if a final determination has been made that they are no longer disabled.

Secondary Events - An extension of the original 18, or above mentioned 29 month, continuation period can also occur, if during the 18 or 29 months of continuation coverage, a second qualifying event takes place (divorce, legal separation, death, or a dependent child ceasing to be a dependent). A second event can only occur if the second event would have caused the spouse or dependent child to lose coverage under the Plan had the first qualifying event not occurred. If a second event occurs, then the original 18 or 29 months of continuation coverage will be extended to 36 months from the date of the original qualifying event date for dependent qualified beneficiaries. If a second event occurs, it is the qualified beneficiary's responsibility to notify the plan administrator in writing within 60 days of the second event and within the original 18-month continuation coverage timeline. See the below listed procedures for making this notice. In no event, however, will continuation coverage last beyond three years from the date of the event that originally made the qualified beneficiary eligible for continuation coverage.

Social Security Disability/Second Qualifying Event Notification Procedures

1. Complete the enclosed COBRA Qualifying event notification form.
2. Make a copy of the form for your records.
3. Attach the required documentation depending upon the qualifying event.
4. Mail the notification form to the address listed on the form and document your mailing.
5. Call within 10 days to insure the notification form has been received.

Special Medicare Entitlement Rule For Dependents Only - If the employee had become entitled to Medicare benefits prior to the date of the above 18-month qualifying event, then the dependent qualified beneficiaries are eligible for 18 months of continuation coverage, or 36 months measured from the date of the Medicare entitlement, whichever is greater. For example, if a covered employee becomes entitled to Medicare eight (8) months prior to the date on which employment terminates, the dependent qualified beneficiaries will be offered 28 months of continuation coverage ($36 - 8 = 28$). The covered employee, however, is only offered 18 months. If this is the case, please contact the plan administrator immediately so a correct determination can be made regarding the length of continuation coverage. (Enter procedures)

Consequences of Not Electing To Continue Your Group Health Insurance

Please examine your options carefully before declining any health care coverages. You should be aware that companies selling individual health insurance typically require a review of your medical history that could result in a higher premium or you could be denied coverage entirely.

In considering whether to elect continuation coverage, you should take into account that a failure to continue your group health coverage will affect your future rights under federal law. First, you could lose the right to avoid having pre-existing condition exclusions applied to you by other group health plans if you have more than a 63-day gap in coverage, and election of continuation coverage may help you not have such a gap. Second, you will lose the guaranteed right to purchase individual health insurance policies that do not impose such pre-existing condition exclusions if you do not maintain continuation coverage for the maximum time available to you. Finally, you should take into account that you have special enrollment rights under federal law. You have the right to request special enrollment in another group health plan for which you are otherwise eligible (such as a plan sponsored by your spouse's employer) within 30 days after your group health coverage ends because of the qualifying event listed above. You will also have the same special enrollment right at the end of continuation coverage if you get continuation coverage for the maximum time available to you.

Reduced Premium Payments

If a qualified beneficiary elects to continue health insurance, a qualified beneficiary is normally responsible for the full (100%) applicable premium payment for the coverage selected, plus a 2% administration charge. The applicable premium includes both the employer and employee's share of the total premium. Monthly premium amounts are fixed on a (calendar year) basis, so the possibility of a rate increase or decrease in your monthly premium amount could occur next (January 1, 2010).

However, if approved as an "Assistance Eligible Individual" a 35% payment on behalf of the qualified beneficiary will be considered full payment. The (ABC Company) will pay the remaining 65% of the premium. The following group health insurance premiums will apply.

Current Single 102% Monthly Premium Payment: \$408.00

Reduced Family 35% Monthly Premium Payment: \$142.80

Current Family 102% Monthly Premium Payment: \$1,020.00

Reduced Family 35% Monthly Premium Payment: \$357.00

Please take time to once again review your premium responsibilities.

1. You will not receive a monthly billing.
2. Your 35% group health insurance premiums are due on the first of each month.
3. If not paid by the first of each month, you are provided a maximum 30-day grace period.
4. **NO LATE PREMIUMS ARE ACCEPTED.**
5. If you fail to pay the required premium, your health insurance will be cancelled and you will not be reinstated.
6. If a third party will be paying your continuation coverage premiums, it is your responsibility to notify them of the correct monthly premium payment.

All monthly payments for continuation coverage should be sent to: [*enter appropriate payment address*].

You may contact [*enter appropriate contact information, e.g. the Plan Administrator or other party responsible for continuation coverage administration under the Plan*] to confirm the correct amount of your first reduced premium payment or to discuss payment issues.

(If employee has been laid off or put on a reduced work schedule because of a trade import/export situation, add the following paragraph) The Trade Act of 2002 created a new tax credit for certain individuals who become eligible for trade adjustment assistance and for certain retired employees who are receiving pension payments from the Pension Benefit Guaranty Corporation (PBGC). Under the tax provisions, eligible individuals can either take a tax credit or get advance payment of 80% of premiums paid for qualified health insurance, including continuation coverage, for coverage before January 1, 2011 and temporary extensions of the maximum period of continuation coverage for PBGC recipients (covered employees who have a nonforfeitable right to a benefit any portion of which is to be paid by the PBGC) and TAA-eligible individuals. If you have questions about these tax provisions, you may call the Health Care Tax Credit Customer Contact Center toll-free at 1-866-628-4282. TTD/TTY callers may call toll-free at 1-866-626-4282. More information about the Trade Act is also available at www.doleta.gov/tradeact.

Length of Reduced Premium Payments If You Qualify

If approved as an "Assistance Eligible Individual" ***be advised, the reduced premium assistance is NOT retroactive back to your original effective date.*** If you had elected continuation coverage when originally offered coverage and that coverage lapsed, you will not be reimbursed for any premiums that were paid at the full 102% for that past coverage.

If you qualify for the 35% reduced monthly premium payment, you will qualify for a maximum period of nine months of premium assistance. It will begin with your [March, 2009] premium, and assuming you remain on continuation coverage and remain eligible for premium assistance, it will end with your [November, 2009] premium payment. You will be required to pay the full 102% monthly premium again starting with your [December, 2009] monthly payment.

Early Termination of Subsidy: Assuming you are approved, your reduced premium assistance can be terminated earlier than the nine months because of one of the following reasons:

1. You become eligible (not covered), for another group health plan maintained by a new employer or the group plan maintained by your spouse's employer. If, however, you become eligible for coverage under a new employer's plan, but the plan has a waiting period before coverage will go into effect, you will be able to maintain the reduced premium subsidy during the waiting period.
2. You become eligible for Medicare.
3. Continuation coverage is cancelled if the employer ceases to provide any group health plans.
4. A qualified beneficiary reaches the end of their maximum continuation coverage period.

IMPORTANT INFORMATION REGARDING REQUESTING TREATMENT AS AN ASSISTANCE ELIGIBLE INDIVIDUAL

After sending in your Election Form and **Request For Treatment As An Assistance Eligible Individual**, the information and the Plan Administrator will either approve or deny the application. If the application is approved, you will be notified of the approval. If the application is denied, you will be notified of the reason for denial. If you are denied treatment as an "Assistance Eligible Individual" you will have the right to appeal the denial to the U.S. Department of Labor by calling the DOL at 1-866-444-3272 at which point they will provide an expediated review with a decision in 15 days.

• IMPORTANT INFORMATION ABOUT YOUR RESPONSIBILITIES AND POTENTIAL INDIVIDUAL TAX LIABILITES OF PREMIUM REDUCTION •

Notification of Eligibility Under Another Group Plan or Medicare: If you are approved for premium assistance, and begin paying the reduced 35% premium, you **MUST** immediately notify the Plan Administrator in writing (by using the enclosed notification form) or contact [*enter name of party responsible for the premium reduction administration with telephone number and address*] when you become eligible for other group health plan coverage under another employer's group health plan (or your spouse's employer's plan). If you fail to notify the Plan Administrator you may be subject to a tax penalty equal to 110% of the premium subsidy.

Electing Premium Reduction Disqualifies You For The Health Coverage Tax Credit: If you are eligible for the Health Coverage Tax Credit, which would be more valuable than the premium reduction, you will have received a notice from the IRS.

Premium Subsidy Recaptured For Certain High Income Individuals: If the amount of your Modified Gross Income for a tax year is more that \$125,000 (or \$250,00 for married couples filing a joint federal income tax return) all or part of the premium subsidy paid on your behalf by the [ABC Company] will be considered an increase in your individual income tax liability for the year. If you think your income may exceed the amounts above, you may wish to **waive** your right to the premium subsidy by contacting the Plan Administrator. For more information, consult your tax preparer or visit the IRS webpage at www.irs.gov.

Health Coverage's Available To Elect

Our records indicate on the day before the qualifying event, each qualified beneficiary was covered by (Name of Group Health Plan) for (medical, dental, and vision). (Single Plan - Each qualified beneficiary can elect to continue all three coverages as a package. The plan does not allow the plan to be unbundled. **If Separate Plans** - Each qualified beneficiary can elect to continue all three coverage's or any single coverage or any combination of the three coverage's. The applicable premiums will vary depending on the coverage's elected.) If you are covered by a region specific HMO and are moving outside of the HMO service area, additional rights may be available to you at the time of the event. Please call the benefits department for additional information. Once an election of continuation coverage is made, the coverage's may change in the future if modifications are made to the coverage's provided to similarly situated active employees or an open enrollment occurs.

[If the plan permits Assistannce Eligible Individuals to elect to enroll in coverage that is different than coverage in which the individual was enrolled at the time the qualifying event occurred, insert:

"To change the coverage option(s) for your COBRA continuation coverage to a different group health insurance plan than what you had on the last day of employment, complete the "Form for Switching COBRA Continuation Coverage Benefit Options" and return it to us. Available coverages are: [insert list of available coverage options]. The different coverage must cost the same or less that the coverage the individual had at the time of the qualifying event: be offered to active employees: and cannot be limited to only dental coverage, vision coverage, counseling coverage, a felexible spending arrangement (FSA), including a health reimbursement arrangement that qualifies as an FSA, or an on-site medical clinic.]

New Dependents and Open Enrollments

If, during a period of continuation coverage, a qualified beneficiary gains a new dependent (such as through marriage or birth), the new dependent(s) may be added to the coverage according to the rules of the plan. In addition, you may be able to change your benefit options at that time according to the special enrollment rules under HIPAA. Should this occur, please consult your plan documents or plan administrator for additional information and procedures to follow. Be advised, however, the new dependent does not gain the status of a qualified beneficiary and will lose coverage if the qualified beneficiary who added them to the plan loses coverage. The addition of a new dependent does not extend the continuation coverage period. Plan procedures for adding new dependents can be found in the (summary plan description). Premium rates will be adjusted at that time to the applicable rate. In addition, should an open enrollment period occur during your continuation period, we will notify you of that right as well. Each qualified beneficiary will have independent election rights to select any of the options or plans that are available for similarly situated non-COBRA participants.

Cancellation Of Continuation Coverage

Continuation coverage will end prior to the expiration of the 18 month (29 or 36 if applicable) continuation period for any of the following reasons:

1. (Name of Employer) ceases to provide any group health plan to any of its employees;
2. Any required premium for continuation coverage is not paid in a timely manner as described;
3. A qualified beneficiary becomes, after the date of election, covered under another group health plan that does not contain any exclusion or limitation with respect to any preexisting condition of such beneficiary other than such an exclusion or limitation which does not apply to (or is satisfied by) such beneficiary by reason of the Health Insurance Portability and Accountability Act of 1996;
4. A qualified beneficiary becomes, after the date of election, entitled to Medicare benefits (under Part A, Part B, or both);
5. A qualified beneficiary extended continuation coverage to 29 months due to a Social Security disability and a final determination has been made the qualified beneficiary is no longer disabled (first day of the month after 30 days from the final determination);
6. A qualified beneficiary notifies (Name of Plan Administrator) they wish to cancel continuation coverage.
7. For cause, on the same basis that the plan terminates for cause the coverage of similarly situated non-COBRA participants.

Important Requirement: If you become covered by another group health plan or become entitled to Medicare after electing to continue your group health insurance, you are required to notify us in writing at that time so a determination can be made as to your continued eligibility for our group health insurance. (Enter the address notice is to be sent.)

Conversion Coverage

If available, at the end of the 18 (29 or 36) months of continuation coverage, a qualified beneficiary must be allowed to enroll in the individual conversion health plan provided by (Name of Group Health Plan). (Name of Plan Administrator) will notify you in writing of this right approximately 30 days prior to the continuation coverage expiration date.

Address Change and Questions

To receive accurate and timely information regarding your continuation rights, please notify (Name of Plan Administrator) of any change in address immediately by completing the enclosed Address Notification Form and mailing to the listed address. You should keep a copy of the form for your own records and call within 10 days to insure that it has been received.

Remember this notice is not a complete description of your actual health plan benefits or full COBRA rights. Should a qualified beneficiary need actual plan benefits information to assist in making the election decision, please consult your (summary plan description). You can get a copy of your summary plan description from (Enter name, address and telephone number of appropriate party). Should you have any continuation coverage questions regarding the information contained in this or any future notice, you should contact the parties listed below. For more information about your rights under ERISA, including COBRA, the Health Insurance Portability and Accountability Act (HIPAA), and other laws affecting group health plans, contact the nearest Regional or District Office of the U.S. Department of Labor's Employee Benefits Security Administration (EBSA) in your area. Addresses and phone numbers of Regional and District EBSA Offices are available through EBSA's web site at www.dol.gov/ebsa.

For More Information

This notice does not fully describe all your continuation coverage rights or other rights under the Plan. More information about all your continuation coverage rights is available in your original COBRA election notice, the summary plan description, or from the Plan administrator. For more information, you should contact [*enter name of party responsible for continuation coverage administration for the Plan, with telephone number and address*].

Private sector employees seeking more information about rights under ERISA, including COBRA, the Health Insurance Portability and Accountability Act (HIPAA), and other laws affecting group health plans, can contact the U.S. Department of Labor's Employee Benefits Security Administration (EBSA at 1-866-444-3272 or visit the EBSA website at www.dol.gov/ebsa. State and local governmental employees should contact HHS-CMS at www.cms-hhs.gov/COBRAcontinuationofCov/ or NewCobraRights@cms.hhs.gov.

Additional Information To Be Included in COBRA Notification Package.

1. DOL Model "Request For Treatment As An Assistance Eligible Individual"
2. DOL Model Election Form
3. DOL "Summary of COBRA Premium Reduction Provisions under ARRA" Factsheet
4. DOL Model for "Switching COBRA Continuation Coverage Benefit Options" if selected by employer
5. DOL Model "Qualified Beneficiary Notice To Plan Administrator of Plan Eligibility"

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