

General Notice

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COBRA Continuation Coverage Notice (and Addendum)

Important Information About Your COBRA Continuation Coverage Rights

The Consolidated Omnibus Reconciliation Act of 1985 (COBRA) requires that Iowa State University allow qualified persons (as defined below) to continue group health coverage after it would otherwise end. COBRA applies to group health plans maintained by an employer for medical, dental, vision, prescription, medical reimbursement and certain Employee Assistance Programs. COBRA does not apply to life insurance or disability benefits.

This Notice explains COBRA continuation coverage, when it may become available to you and your family, and what you need to do to protect your right to get it. Please review this Notice carefully and keep with your records. If you are married or have a domestic partner, please have your spouse/domestic partner review these materials also. If any individual who is covered under the Plan(s) for which you are being offered continuation coverage does not live with you, you must advise the Iowa State University Benefits Office immediately so a Notice and an Election Form can be forwarded to him or her. COBRA notices will always be sent to the last known address of the covered employee or Qualified Beneficiary.

COBRA continuation coverage is a continuation of Plan coverage when it would otherwise end because of a life event. This is also called a "Qualifying Event." Specific Qualifying Events are listed below. It is the same coverage that the Plan gives to other participants or beneficiaries under the Plan. After a Qualifying Event, COBRA continuation coverage must be offered to each person who is a "Qualified Beneficiary." You, your spouse/domestic partner, and your dependent child(ren) could become Qualified Beneficiaries if coverage under the Plan is lost because of the Qualifying Event. Each Qualified Beneficiary who elects continuation coverage will have the same rights under the Plan as other participants or beneficiaries covered under the Plan, including open change and special enrollment rights, if applicable. Under the Plan, Qualified Beneficiaries who elect COBRA continuation coverage must pay for COBRA continuation coverage.

I. Qualifying Events/Qualified Beneficiaries.

Those individuals eligible for COBRA continuation coverage as Qualified Beneficiaries are as follows:

- A. An employee, Spouse/Domestic Partner and any Dependent Child(ren) whose coverage ends due to termination of employee's employment for a reason other than gross misconduct (18 months).
- B. An employee, Spouse/Domestic Partner and any Dependent Child(ren) whose coverage ends due to a reduction in employee's work hours/layoff (18 months).
- C. An employee's former Spouse/Domestic Partner and any Dependent Child(ren) whose coverage ends due to divorce or legal separation (36 months). (Also, if an employee eliminates coverage for his/her Spouse/Domestic Partner in anticipation of a divorce or legal separation, and a divorce or legal separation later occurs, the later divorce or legal separation would be considered a Qualifying Event even though the ex-Spouse/Domestic Partner lost coverage earlier. If the ex-Spouse/Domestic Partner notifies Iowa State University within 60 days of the later divorce or legal separation and can establish that the coverage was eliminated earlier, in anticipation of the divorce or legal separation, COBRA coverage may be available for the period after the divorce or legal separation.
- D. An employee's Spouse/Domestic Partner and/or Dependent Child(ren) whose coverage ends due to the employee's election to drop out of the plan upon entitlement to Medicare (36 months). If an employee enrolls under Medicare Part A or B before experiencing a Qualifying Event based on terminating employment or a reduction in hours, the maximum coverage for the employee's Spouse/Domestic Partner and/or Dependent Child(ren) will be the longer of 36 months beginning with the employee's enrollment under Medicare and 18 months (29 months with a disability extension) beginning with the date the employee would have had a Qualifying Event based on terminating employment or a reduction in hours/layoff.
- E. An employee's surviving Spouse/Domestic Partner and/or Dependent Child(ren) whose coverage ends due to the employee's death (36 months).
- F. An employee's child whose coverage ends because the child ceases to be a Dependent Child under the terms of the Plan (36 months).
- G. An Employee's newborn child or child placed for adoption during a period of continuation coverage. You (or a guardian) have the right to elect continuation coverage for the child, provided the child satisfies the otherwise applicable Plan eligibility requirements (18 or 36 months from the date of Qualifying Event).
- H. Dependent Child(ren) of the covered Employee who is receiving benefits under the Plan pursuant to a Qualified Medical Child Support Order (QMCSO) received by the Plan Administrator during the covered Employee's period of employment with the Plan Administrator is entitled to the same rights to elect COBRA as an eligible Dependent Child(ren) of the covered Employee upon occurrence of a Qualifying Event.
- I. The original 18-month period of coverage available to a Qualified Beneficiary may be extended for an additional 18 months if a secondary event occurs during the initial 18-month continuation period. A secondary event is a termination or reduction of hours/layoff followed by 1) Death of the (former) employee; 2) Medicare enrollment of the (former) employee; 3) Divorce or legal separation of the (former) employee; 4) Dependent Child of the

(former) employee ceasing to be a dependent. In secondary events, the 36 months of coverage extends from the date of the original Qualifying Event.

- J. If a bankruptcy proceeding under Title 11 of the United States Code results in the loss of coverage of a retired employee covered under the Plan, the retired employee is a Qualified Beneficiary and is entitled for coverage as long as he/she lives. This also applies to the retiree's Spouse/Domestic Partner and any Dependent Child(ren). If the retiree dies, the maximum coverage for any surviving Spouse/Domestic Partner and Dependent Child(ren) is 36 months after the retiree's death.

II. Notification of Qualifying Events. The Plan will offer COBRA continuation coverage to Qualified Beneficiaries only after the Plan Administrator (employer) has been notified that a Qualifying Event has occurred. Under the law, the employer is responsible for knowing when any of the following Qualifying Events occurs: 1) Voluntary termination; 2) Involuntary termination; 3) Reduction of hours/layoff; 4) Death of employee; 5) Medicare enrollment of employee; and 6) Employer's bankruptcy under Title 11 of the U. S. Code. The employee or a family member has the responsibility to inform Iowa State University Benefits Office of a divorce, legal separation, or a Dependent Child losing dependent status under the Plan within 60 days of the date of the event or the date on which coverage would end under the Plan because of the event, whichever is later. In addition you must notify the insurance carrier if a disabled employee or family member is determined to be no longer disabled. The notice must be given in writing. Notice will be deemed given when delivered to the appropriate address by hand or by nationally recognized overnight courier service (costs prepaid), sent by facsimile with confirmation of transmission by the transmitting equipment, or received, or rejected, by the addressee if sent by certified mail, return receipt requested.

To enroll a newborn child(ren) onto COBRA during a period of continuation coverage, or to enroll a child(ren) placed for adoption, you or a family member must notify the insurance carrier of the birth or placement within the same time limits that pertain to enrollment of like dependents acquired by active employees.

III. Election of Coverage. Each Qualified Beneficiary has the right to independently elect coverage for himself/herself. Any or all Qualified Beneficiaries may elect to continue coverage without regard to the elections made by the other Qualified Beneficiaries. Parents may elect to continue coverage on behalf of their Dependent Child(ren) only. If your employer maintains three separate employer plans (such as medical, dental and vision plan) you have the right to pick only those Plan, you want. However, if the employer maintains only one consolidated group health plan (which may include medical, dental and vision) you must, in this case, elect or decline to elect COBRA coverage for the consolidated group health plan as a whole.

To continue coverage, complete the enclosed Election Form and return it to the address or fax number indicated on the Form. The Election Form must be completed and returned within 60 days after the Date of Notification reflected on the Election Form or within 60 days after the coverage would otherwise end, whichever is later. If this Election Form is not returned within the 60-day period, the continuation option expires. A Qualified Beneficiary may change a prior rejection of the continuation coverage any time until the end of the applicable 60-day period.

In considering whether to elect continuation coverage, you should take into account that a failure to continue your group health coverage may affect your future rights under federal law, depending on the plan year of your group health plan. First, you can lose the right to avoid having pre-existing condition exclusions applied to you (this does not apply to dependents under age 19) by other group health plans if you have more than a 63-day gap in health coverage, and election of continuation coverage may help you not have such a gap. You should take into account that you have special enrollment rights under federal law. You may 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/Domestic Partner's employer) within 30 days after your group health coverage ends because of the Qualifying Event listed in Section I. 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.

IV. COBRA Premiums. You must pay the entire premium amount as shown on the enclosed election form for your COBRA coverage. Your COBRA premium(s) include an additional 2% which is used to cover administrative expenses. If your COBRA coverage is extended to 29 months due to the disability provisions explained in Section VI, Item C, COBRA regulations allow premiums to be increased to 150% of the otherwise applicable premium for the 19th through 29th months of COBRA coverage.

It will be your responsibility to pay monthly plan contributions by check or money order made payable to each insurance vendor or by automatic account withdrawal. Your first initial payment is due on or before the 45th day after electing COBRA coverage; you will be invoiced for the initial contribution(s) unless you have opted for automatic account withdrawal. Failure to pay the premium by the due date will result in termination of coverage retroactive to the last day of the month in which premiums were paid.

Your first payment must cover the cost of continuation coverage from the time your coverage under the Plan(s) would have otherwise terminated through the end of the current month being billed. You are responsible for making sure that the amount of your first payment is enough to cover this entire period. It is important to note that, if you have chosen the automatic account withdrawal as your payment option, the initial withdrawal from your designated checking or savings account may be more than one month in order to pay your account through Wellmark's current billing period. If you have questions regarding continuation coverage or payments, please feel free to call the Customer Service number listed on your Wellmark ID card. If you do not have your ID card, please call 1-800-524-9242 to speak with a Customer Service Representative.

After the initial premium, your monthly premium payment is due on the first day of each month for that month's COBRA coverage (for automatic account withdrawal, Wellmark allows a premium payment due date of the 1st or the 5th of the month). There is a grace period which expires on the 30th day after the first of the month. If a monthly premium payment is not remitted or cannot be withdrawn from the designated account (for automatic account withdrawal), for any reason, it is your responsibility to ensure that the premium payment is remitted by the end of the grace period for the month for which the premium payment is being paid, in order for coverage to continue. If you do not make the premium payment within the 30 day grace period, COBRA coverage will be cancelled retroactively to the first of the month.

If you have chosen automatic account withdrawal, premium payments will be withdrawn from your designated checking or savings account on the designated day (1st or 5th) of each month. If remitting premium payments after submission of the Election Form, the premium payments should be mailed with your Wellmark ID number included, to the following address:

Wellmark Blue Cross and Blue Shield
PO Box 1313
Des Moines, IA 50306-1313

There are specific times within the determination period when a Plan(s) may increase a Qualified Beneficiary's COBRA premium:

- 1) The Plan has charged less than the maximum amount allowed.
- 2) The permitted increase for the disability extension period begins in the 19th month
- 3) A Qualified Beneficiary chooses to become covered under a more expensive Plan, when offered, or adds a new benefit, when offered.
- 4) A Qualified Beneficiary adds a family member, as allowed by the Plan, that would cause the applicable premium to be higher for that family unit size.

V. COBRA Provisions.

- A. Any Qualified Beneficiary may elect coverage for an eligible dependent (spouse, newborn child, adopted child, etc.) acquired during a period of continuation. Qualified Beneficiaries must apply to the Wellmark for coverage of acquired eligible dependents within the same limits that pertain to enrollment of like eligible dependents acquired by active employees. Please refer to your Benefit Webpage for provisions regarding dependent eligibility and effective dates. Elections that are not made on a timely basis will be declined.
- B. Your continued coverage(s) will be subject to the same benefit and rate changes, when applicable, as the Plan. You will be notified of any changes in benefits or premium rates.
- C. During open change you will have the same options under COBRA coverage as active employees covered under the Plan. In addition, HIPAA's (Health Insurance Portability and Accountability Act of 1996) special enrollment rights will apply to those who have elected COBRA.
- D. If a Qualified Beneficiary moves outside the service area of a region-specified benefit package, the coverage will be changed to the same coverage available to an active employee moving to the same area.
- E. A complete description of plan provisions and benefits is outlined in your Benefit Webpage.

VI. Duration of COBRA coverage.

- A. If the Qualifying Event is termination of the covered employee's employment or a reduction in hours/layoff, COBRA coverage continues for up to 18 months from the date on which coverage would otherwise end.
- B. If the Qualifying Event is a divorce or legal separation, the death of the covered employee, the covered employee's enrollment to Medicare, or the loss of Dependent Child status under the terms of the Plan, coverage continues for up to 36 months from the date on which coverage would otherwise terminate.
- C. If a Qualified Beneficiary or family member is disabled, an 18-month continuation coverage period may be extended to a maximum of 29 months for all Qualified Beneficiaries enrolled under the covered employee's contract, if the following conditions are met: 1) the Social Security Administration determines that the Qualified Beneficiary or family member is disabled at any time during or prior to the first 60 days of continuation coverage;

and 2) the Qualified Beneficiary provides the insurance carrier with a copy of the determination within the 18-month coverage period and not later than 60 days after a) the date the determination is made by the Social Security Administration, b) the date of the qualifying event, or c) the date on which the Qualified Beneficiary loses coverage under the Plan due to the qualifying event, using the delivery procedures specified in Section II. COBRA regulations allow the premium for COBRA coverage to be increased to 150% of the otherwise applicable premium, after the 18 months of coverage, when COBRA coverage is extended due to disability. The non-disabled family members may also be charged up to 150% of the applicable premium if the disabled individual is part of the coverage.

- D. Coverage for a Qualified Beneficiary who is a Spouse/Domestic Partner or Dependent Child(ren) of the covered (former) employee can increase to a maximum of 36 months if any of the following events occur during the initial 18-month continuation period: 1) the covered (former) employee dies; 2) the covered (former) employee and Spouse/Domestic Partner are divorced or legally separated; 3) (for the Dependent Child(ren) only) the Dependent Child(ren) loses status as a Dependent Child(ren) under the Plan; 4) the covered (former) employee enrolls in Medicare. Request for such extended continuation must be sent to the insurance carrier within 60 days after occurrence of any qualifying event. The request must be in writing using the delivery procedures specified in Section II. Upon receipt of your request, Wellmark will provide you with an election form for your completion.
- E. COBRA coverage will terminate (before the end of the maximum coverage periods as described in paragraphs A through D above) on the earliest of the following dates:
1. Retroactive to the first day of the month for which Qualified Beneficiary's monthly premium is not paid timely;
 2. On the date the employer ceases to maintain any Plan for its employees;
 3. On the date a Qualified Beneficiary enrolls in Medicare (applies only to the person enrolling in Medicare);
 4. Retroactive to the first of the month or on the date a Qualified Beneficiary becomes covered, after electing continuation coverage under another group health plan that does not impose any pre-existing condition exclusion period for a pre-existing condition of the Qualified Beneficiary (note: there are limitations on plans imposing a pre-existing condition exclusion period and such exclusions will become prohibited beginning in 2014 under the Affordable Care Act);
 5. For a Qualified Beneficiary entitled to 29 months of COBRA coverage due to his/her disability or the disability of a Qualified Beneficiary or family member under the same qualifying event, coverage will terminate during the 11-month extension if the Social Security Administration later determines that the formerly-disabled Qualified Beneficiary or family member is no longer disabled. The individuals affected must notify the insurance carrier within 30 days of any final determination that the Qualified Beneficiary or family member is no longer disabled. Coverage will terminate the first of the month following 30 days after the date of the final determination that the Qualified Beneficiary or family member is no longer disabled. If a Qualified Beneficiary or family member is deemed no longer disabled, COBRA coverage for all Qualified Beneficiaries who were entitled to the disability extension will also terminate.

VII. Individual Purchase (Conversion). Does not apply to residents outside of Iowa or South Dakota. When continuation coverage ends, conversion coverage may be available from insurance carrier for you and/or your Spouse/Domestic Partner and Dependent Child(ren). An application for conversion coverage and payment of the required premium must be made within 31 days after the COBRA continuation coverage ends. Prescription drug, dental and vision coverage are not available as conversion coverages.

Please note the benefits provided by Wellmark individual plans and the Wellmark conversion policies will not be identical to the coverage provided under the Plan and will be subject to different premium rates. If you wish to receive information about the benefits available under the individual plans or conversion policies and the associated premium rates, contact Wellmark's Direct Marketing Department at 1-800-722-1795 for additional information.

VIII. For More Information. This Notice does not fully describe continuation coverage or other rights under the Plan. More information about continuation coverage and your rights under the Plan may be available in your summary plan description or from Iowa State University. You may request a copy of your summary plan description from the University Human Resources, Benefits Office, 3810 Beardshear Hall, Ames, Iowa 50011 or by going to the Benefits web page: <http://www.hrs.iastate.edu/hrs/benefits>.

For more information about your rights under Employee Retirement Income Security Act (ERISA), including COBRA, the Patient Protection and Affordable Care Act, 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 or visit the EBSA website at www.dol.gov/ebsa. (Addresses and phone numbers of Regional and District EBSA Offices are available through EBSA's website.) For more information about health insurance options available through a Health Insurance Marketplace, visit www.healthcare.gov.

IX. Keep Your Plan Informed of Address Changes. In order to protect your family's rights, you should keep Iowa State University and the COBRA Administrator (if you have COBRA coverage) informed of any changes in the address of family members. You should also keep a copy, for your records, of any notices you send to Iowa State University or the COBRA Administrator.

X. Questions. If you have any questions regarding continuation coverage or payments, please feel free to call the Customer Service number listed on your Wellmark ID card. If you do not have your ID card, please call 1-800-524-9242 to speak with a Customer Service Representative, or mail your questions to the following address:

Wellmark Blue Cross and Blue Shield
COBRA Administrator, Station 3W395
PO Box 9232
Des Moines, IA 50306-9232

ADDENDUM TO GENERAL NOTICE AND COBRA CONTINUATION COVERAGE NOTICE

IMPORTANT INFORMATION REGARDING OTHER HEALTH COVERAGE ALTERNATIVES

When you become eligible for COBRA, you may also become eligible for other coverage options that may cost less than COBRA continuation coverage. For example, you may be eligible to buy an individual plan through the Health Insurance Marketplace. By enrolling in coverage through the Marketplace, you may qualify for lower costs on your monthly premiums and lower out-of-pocket costs. Additionally, 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 doesn't accept late enrollees.

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 monthly 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), if you request enrollment within 30 days of the loss of coverage.

If you or your dependent(s) 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.