What is COBRA continuation coverage? Federal Law and Minnesota Law require that most group health plans (including this Plan) give employees and their families 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. Continuation coverage is the same coverage that the Plan gives to other participants or beneficiaries under the Plan who are not receiving continuation coverage. 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 enrollment and special enrollment rights.

You may have other options available to you. 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.

How long will continuation coverage last? In the case of a loss of coverage due to end of employment (including retirement) or reduction in hours of employment, coverage generally may be continued only for up to a total of 18 months. In the case of losses of coverage due to an employee’s death, divorce or legal separation, the employee’s becoming entitled to Medicare benefits or a dependent child ceasing to be a dependent under the terms of the Plan, coverage may be continued for up to a total of 36 months. When the qualifying event is the end of employment or reduction of the employee's hours of employment, and the employee became entitled to Medicare benefits less than 18 months before the qualifying event, COBRA continuation coverage for qualified beneficiaries other than the employee lasts until 36 months after the date of Medicare entitlement. (Employees who retire from the District can continue their health and dental insurance coverage indefinitely.) This notice shows the maximum period of continuation coverage available to the qualified beneficiaries.

For fully insured plans, Minnesota Law permits an indefinite period of continuation when the qualifying event is the employee’s retirement, death or divorce. In these three (3) circumstances continuation will continue until:

1. Such time as the group ceases offering group health coverage to any employees;
2. The qualified beneficiary fails to pay the required premium;
3. Coverage of the qualified beneficiary is terminated for cause (e.g. fraudulent claims);
4. Enrollment in other group coverage.

Continuation coverage will be terminated before the end of the maximum period if:

- Any required premium is not paid in full on time (please notify us in writing if you would like to cancel your coverage);
- A qualified beneficiary becomes entitled to Medicare benefits (under Part A, Part B, or both) after electing continuation coverage; or
- The Duluth Public Schools No. 709 no longer provides a group health plan for its employees.

Continuation coverage may also be terminated for any reason the Plan would terminate coverage of participant or beneficiary not receiving continuation coverage (such as fraud).

How can you extend the length of COBRA continuation coverage? If you elect continuation coverage, an extension of the maximum period of coverage may be available if a qualified beneficiary is disabled or a second qualifying event occurs. You must notify Shelly St. Germaine in the Benefits Department of a disability or a second qualifying event in order to extend the period of continuation coverage. Failure to provide notice of a disability or second qualifying event may affect the right to extend the period of continuation coverage.

- **Disability.** An eleven month extension of coverage may be available if any of the qualified beneficiaries is determined by Social Security to be disabled. The disability has to have started at some time before the 60th day of COBRA continuation coverage and must last at least until the end of the 18 month period of continuation coverage. Each qualified beneficiary who has elected continuation coverage will be entitled to the 11 month disability extension if one of them qualifies. If the qualified beneficiary is determined by Social Security to no longer be disabled, you must notify the Plan of that fact within 30 days after Social Security’s determination.

Under Minnesota State Law, the employee is considered disabled for the first 24 months if he or she is unable to perform their regular duties, even without a Social Security disability determination. After 24 months, a disabled employee may stay on the Plan as long as they are able to engage in any paid employment. While only the employee’s disability is considered, eligible dependents may also continue coverage.

- **Second Qualifying Event.** An 18 month extension of coverage will be available to spouses and dependent children who elect continuation coverage if a second qualifying event occurs during the first 18 months of continuation coverage. The maximum amount of continuation coverage available when a second qualifying event occurs is 36 months. Such second qualifying events may include the death of a covered employee, divorce or separation from the covered employee, the covered employee’s becoming entitled to Medicare benefits (under Part A, Part B, or both), or a dependent child’s ceasing to be eligible for coverage as a dependent under the Plan. These events can be a second qualifying event only if they would have caused the qualified
beneficiary to lose coverage under the Plan if the first qualifying event had not occurred. You must notify the Plan within 60 days after a second qualifying event occurs if you want to extend your continuation coverage.

Are there other coverage options besides COBRA Continuation Coverage? Yes. Instead of enrolling in COBRA continuation, there may be other 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 can learn more about many of these options at [www.healthcare.gov](http://www.healthcare.gov).

How can you elect COBRA continuation coverage? To elect continuation coverage, you must complete the Election Form and furnish it according to the directions on the form. Each qualified beneficiary has a separate right to elect continuation coverage. For example, the employee’s spouse may elect continuation coverage even if the employee does not. Continuation coverage may be elected for only one, several, or for all dependent children who are qualified beneficiaries. A parent may elect to continue coverage on behalf of any dependent children. The employee or the employee’s spouse can elect continuation coverage on behalf of all of the qualified beneficiaries.

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. 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.

How much does COBRA continuation coverage cost? Generally, each qualified beneficiary may be required to pay the entire cost of continuation coverage. The amount a qualified beneficiary may be required to pay may not exceed 102% (or, in the case of an extension of continuation coverage due to a disability, 150%) of the cost to the group health plan (including both employer and employee contributions) for coverage of a similarly situated plan participant or beneficiary who is not receiving continuation coverage. The required payment for each continuation coverage period for each option is described in this notice. Please notify the Benefits Department in writing if you would like to cancel your coverage.

When and how must payment for COBRA continuation coverage be made? First payment for continuation coverage - If you elect continuation coverage, you do not have to send any payment with the Election Form. However, you must make your first payment for continuation coverage not later than 45 days after the date of your election. (This is the date the Election Notice is post-marked, if mailed.) If you do not make your first payment for continuation coverage in full not later than 45 days after the date of your election, you will lose all continuation coverage rights under the Plan. You are responsible for making sure that the amount of your first payment is correct. You may contact the Benefits Department to confirm the correct amount of your first payment.

Monthly payments for continuation coverage. After you make your first payment for continuation coverage, you will be required to make monthly payments for each subsequent coverage period. The amount due for each coverage period for each qualified beneficiary is shown in this notice. Under the Plan, monthly payments for continuation coverage are due on the last business day of the month. If you make your monthly payment on or before the first day of the coverage period to which it applies, your coverage under the Plan will continue for that coverage period without any break. The Plan will send monthly notices of payments due for these coverage periods.

Grace periods for monthly payments. Although monthly payments are due on the dates shown above, you will be given a grace period of 30 days after the first day of the coverage period to make each monthly payment. Your continuation coverage will be provided for each coverage period as long as payment for that coverage period is made before the end of the grace period for that payment. If you fail to make a monthly payment before the end of the grace period for that coverage period, you will lose all rights to continuation coverage under the Plan. Automatic withdrawal is also available and encouraged to avoid late payments.

Your first payment and all monthly payments for continuation coverage should be sent to: Duluth Public Schools No. 709, Accounts Receivable, 215 N. First Avenue E., Duluth, MN, 55802

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 is available in your summary plan description or from the Plan Administrator. If you have any questions concerning the information in this notice, your rights to coverage, or if you want a copy of your summary plan description, you should contact the Benefits Department at (218) 336-8723, 215 N. First Avenue E., Duluth, MN 55802.

For more information about your rights under 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](http://www.dol.gov/ebsa). (Addresses and phone numbers of regional and district EBSA offices are available through EBSA’s website.) For more information about the Marketplace, visit [www.HealthCare.gov](http://www.HealthCare.gov).

Keep Your Plan Informed of Address Changes. To protect you and your family’s rights, you should keep the Plan Administrator 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 Plan Administrator.