

INITIAL COBRA NOTIFICATION

All individuals covered under City of Seguin Employee Benefit Trust (Employee, Spouse, and dependent children, if able) should take the time to read this notice carefully and be familiar with its contents.

Under Federal law, City of Seguin is required to offer covered employees and covered family members the opportunity for a temporary extension of health coverage (called “Continuation Coverage”) at group rates in certain instances where coverage under the plan would otherwise end due to certain qualifying events. This notice is intended to inform you (and your covered dependents, if any), in a summary fashion, of your potential rights and obligations under the continuation coverage provisions of the law.

You May Have Other Options Available To You When You Lose Group Health Coverage – Instead of enrolling in COBRA continuation coverage, 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.

Qualifying Events for Covered Employee – If you are an employee of City of Seguin covered by City of Seguin Employee Benefit Trust, you have a right to choose this continuation coverage if you lose your group health coverage because of a reduction in your hours of employment or termination of your employment for reasons other than gross misconduct on your part.

Qualifying Events for Covered Spouse – If you are the spouse of an employee covered by City of Seguin Employee Benefit Trust for any of the following four reasons:

- (1) **The death of your spouse;**
- (2) **A termination of your spouse’s employment (for reasons other than gross misconduct) or reduction in your spouse’s hours of employment with City of Seguin;**
- (3) **Divorce or legal separation from your spouse; or**
- (4) **Your spouse becomes entitled to Medicare.**

Qualifying Events for Covered Dependent Children – In the case of a dependent child of an employee covered by City of Seguin Employee Benefit Trust, he or she has the right to continuation coverage if group health coverage under the City of Seguin Employee Benefit Trust is lost for any of the following five reasons:

- (1) **The death of the employee of City of Seguin;**
- (2) **A termination of the employee’s employment (for reasons other than gross misconduct) or reduction in the employee’s hours of employment with City of Seguin;**
- (3) **Parent’s divorce or legal separation;**
- (4) **The employee of City of Seguin becomes entitled to Medicare; or**
- (5) **The dependent child ceases to be a “dependent child” under City of Seguin Employee Benefit Trust.**

Under the law, the employee or a family member has the responsibility to inform City of Seguin of a divorce, legal separation, or a child losing dependent status under City of Seguin Employee Benefit Trust

within 60 days of the date of the event. City of Seguin has the responsibility to notify the Plan Administrator of the employee's death, termination, reduction in hours of employment or Medicare entitlement. Similar rights may apply to certain retirees, spouses, and dependent children if your employer commences a bankruptcy proceeding and these individuals lose coverage.

When the Plan Administrator is notified that a qualifying event has occurred, the Plan Administrator will in turn notify covered individuals (qualified beneficiaries) of their right to elect continuations coverage. Each qualified beneficiary has independent election rights and has 60 days from the later of the date coverage is lost under the City of Seguin Employee Benefit Trust or from the date of notification to elect continuation coverage. This is the maximum period allowed to elect COBRA as the plan does not provide an extension of the election period beyond what is required by law. **If a qualified beneficiary does not elect continuation coverage within this election period, then rights to continue health insurance end.**

If you choose continuation coverage, City of Seguin is required to give you coverage which, as of the time coverage is being provided, is identical to the coverage provided under the plan to similarly situated employees or family members. The law requires that you be afforded the opportunity to maintain continuation coverage for 3 years unless you lost group health coverage because of a termination of employment or reduction in hours. In that case, the required continuation coverage period is 18 months. This 18 months may be extended to 36 months if other events (such as a death, divorce, legal separation, or Medicare entitlement) occur during that 18 month period. In no event will continuation coverage last beyond 36 months from the date of the event that originally made a qualified beneficiary eligible to elect coverage.

The 18 months may be extended to 29 months if an individual is determined by the Social Security Administration to be disabled (for Social Security disability purposes) at any time during the first 60 days of COBRA coverage and the Plan administrator is notified of the determination within 60 days of the date the individual is determined to be disabled and before the end of the 18-month period. The affected individual must also notify the Plan Administrator within 30 days of any final determination that the individual is no longer disabled. This eleven (11) month extension is available to all individuals who are qualified beneficiaries due to a termination or reduction in hours of employment.

A child who is born to or placed for adoption with the covered employee during a period of COBRA coverage is eligible to become a qualified beneficiary. In accordance with the City of Seguin Employee Benefit Trust, and the requirements of Federal law, these qualified beneficiaries can be added to COBRA coverage upon proper notification to the Plan Administrator of the birth or adoption.

The law also provides that continuation coverage may end for any of the following reasons:

- (1) City of Seguin no longer provides group health coverage to any of its employees;**
- (2) The premium for continuation coverage is not paid on time;**
- (3) A qualified beneficiary becomes covered under another group health plan, after the date of the qualified beneficiary's COBRA election, that does not contain any exclusions or limitation with respect to any pre-existing conditions you may have;**
- (4) A qualified beneficiary becomes entitled to Medicare, after the date of the qualified beneficiary's COBRA election;**

(5) A qualified beneficiary extends coverage for up to 29 months due to a Social Security disability and a final determination has been made that the qualified beneficiary is no longer disabled.

You do not have to show that you are insurable to choose continuation of coverage. However, continuation coverage under COBRA is provided subject to your eligibility for coverage; City of Seguin reserves the right to terminate your COBRA coverage retroactively if you are determined ineligible.

Under the law, you may have to pay all or part of the premium for your continuation coverage. There is a grace period of at least 30 days for payment of the regularly scheduled premium. **The law also says that, at the end of the 18 month or 3 year continuation coverage period, you must be allowed to enroll in an individual conversion health plan if it is provided under City of Seguin Employee Benefit Trust.**

If you have changed marital status, or you, your spouse, or any eligible covered dependents have changed address, please notify the City of Seguin Employee Benefit Trust, 205 N. River Street, Seguin, TX 78155, so that a separate notice may be sent.

If you have any questions about the COBRA law, please contact City of Seguin, 205 N River, Seguin, TX 78155.