

Continuation Coverage Rights Under COBRA

(General Notice)

Introduction

You are receiving this notice because you are eligible for or have recently become covered under a Marshfield Clinic Health System group health and/or dental plan(s). This notice contains important information about your right to COBRA continuation coverage, which is a temporary extension of coverage under the Plan. The right to COBRA continuation coverage was created by a federal law, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). COBRA continuation coverage can become available to you and to other members of your family who are covered under the Plan when you would otherwise lose your group health and/or dental coverage. **This notice provides a general explanation of continuation coverage as to when it may become available to you and your family and what you need to do to protect the right to receive it.** This notice gives only a summary of your COBRA continuation coverage rights. For more information about your rights and obligations under the Plan and federal law, you should either review the benefit Plan's Summary Plan Description or get a copy of the Plan document from the Plan administrator.

The Plan administrator is
Marshfield Clinic Health System,
Human Resources, benefits manager
1000 N. Oak Avenue
Marshfield WI 54449,
715-387-5004

The Plan administrator is responsible for administering COBRA continuation coverage.

COBRA continuation coverage

COBRA continuation coverage is a continuation of Plan coverage when coverage would otherwise end because of a life event known as a "life changing event." Specific life changing events are listed later in this notice. COBRA continuation coverage must be offered to each person under the Plan because of a life changing event. Depending on the type of life changing event, employees, spouses of employees, and dependent children of employees may be qualified beneficiaries. Under the Plan, qualified beneficiaries who elect COBRA continuation coverage must pay the full cost for COBRA continuation coverage.

If you are an employee, you will become a qualified beneficiary if you will lose your coverage under the Plan because either one of the following life changing events happens:

- Your hours of employment are reduced.
- You are engaged in active military service for more than 31 days.
- Your employment ends for any reason other than your gross misconduct.

If you are the spouse of an employee, you will become a qualified beneficiary if you will lose your coverage under the Plan because any of the following life changing events:

- Your spouse dies.
- Your spouse is engaged in active military service for more than 31 days.
- Your spouse's hours of employment are reduced.
- Your spouse's employment ends for any reason other than his or her gross misconduct.
- Your spouse becomes entitled to Medicare benefits (Part A, Part B, or both).

- You become divorced from your spouse. If an employee cancels coverage for his or her spouse in anticipation of a divorce and a divorce later occurs, then the divorce will be considered a life changing event even though the ex-spouse lost coverage earlier; if the ex-spouse notifies the administrator within 60 days after the divorce and can establish that the employee canceled the coverage earlier in anticipation of the divorce, then COBRA coverage may be available for the period after the divorce.

Your dependent children will become qualified beneficiaries if they will lose coverage under the Plan because one of the following life changing events happens:

- The parent-employee dies.
- The parent-employee is engaged in active military service for more than 31 days.
- The parent-employee's hours of employment are reduced.
- The parent-employee's employment ends for any reason other than his or her gross misconduct.
- The parents become divorced.
- The child stops being eligible for coverage under the plan as a "dependent child".
- The parent employee becomes entitled to Medicare benefits (Part A, Part B, or both).

Sometimes, filing a proceeding in bankruptcy under title 11 of the United States Code can be a life changing event. If a proceeding in bankruptcy is filed with respect to Marshfield Clinic Health System, and that bankruptcy results in the loss of coverage of any retired employee covered under the Plan, the retired employee is a qualified beneficiary with respect to the bankruptcy. The retired employee's spouse, surviving spouse, and dependent children will also be qualified beneficiaries if bankruptcy results in the loss of their coverage under the Plan.

Your responsibility

For life changing events (divorce of the employee and spouse, employee becoming entitled to Medicare benefits, or a dependent child's losing eligibility for coverage as a dependent child), you must notify the Human Resources, benefits manager. The Plan requires you to notify the benefits manager within 60 days after the life changing event occurs. Notification may be submitted in writing, person or by direct telephone contact (messages not acceptable) to Marshfield Clinic Health System Human Resources, benefits manager.

Once the benefits manager receives notice that a life changing event has occurred, COBRA continuation coverage will be offered to each of the qualified beneficiaries. For each qualified beneficiary who elects COBRA continuation coverage, COBRA continuation coverage will begin on the date that the Plan coverage would otherwise have been lost.

If you or your spouse or dependent children do not elect continuation coverage within this 60-day election period, you will lose your right to elect continuation coverage.

COBRA continuation coverage is a temporary continuation of coverage. When the qualifying event is the death of the employee, the employee becoming entitled to Medicare benefits (under Part A, Part B, or both), your divorce or legal separation, or a dependent child losing eligibility as a dependent child, COBRA continuation coverage lasts for up to 36 months.

When the life changing event is the end of employment or reduction of the employee's hours of employment, COBRA continuation coverage lasts for up to 18 months. Continuation coverage lasts for up to 24 months in the event of active military service.

When the qualifying event is the end 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. For example, a covered employee becomes entitled to Medicare 8 months before the date on which his employment terminates, COBRA continuation coverage for his spouse and children can last up to 36 months after the

date of Medicare entitlement, which is equal to 28 months after the date of the qualifying event (36 months minus 8 months).

There are two ways in which the COBRA continuation coverage can be extended.

1. Disability extension of 18-month period of continuation coverage

If you or anyone in your family covered under the Plan is determined by the Social Security Administration to be disabled at any time during the first 60 days of COBRA continuation coverage and you notify the benefits manager in a timely fashion, you and your entire family can receive up to an additional 11 months of COBRA continuation coverage, for a total maximum of 29 months. You must make sure that the benefits manager is notified of the Social Security Administration's determination and before the end of the 18-month period of COBRA continuation coverage.

This notice should be sent to

Marshfield Clinic Health System,
Human Resources, benefits manager
1000 N. Oak Avenue
Marshfield WI 54449

2. Second life changing event extension of 18-month period of continuation coverage

If your family experiences another qualifying event while receiving 18 months of COBRA continuation coverage, the spouse and dependent children in your family can get up to 18 additional months of COBRA continuation coverage, for a maximum of 36 months, if notice of the second qualifying event is properly given to the Plan. This extension may be available to the spouse and any dependent children receiving continuation coverage if the employee or former employee dies, becomes entitled to Medicare benefits (under Part A, Part B, or both), or gets divorced or legally separated, or if the dependent child stops being eligible under the Plan as a dependent child, but only if the event would have caused the spouse or dependent child to lose coverage under the Plan had the first qualifying event not occurred.

In all of these cases, you must make sure that the benefits manager is notified of the second life changing event within 60 days of the second life changing event.

This notice should be sent to

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Human Resources, benefits manager
1000 N. Oak Avenue
Marshfield WI 54449

If you have questions

Questions concerning your Plan or your COBRA continuation coverage rights should be addressed to the contact or contacts identified 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, 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.)

Keep your Plan informed of address changes

In order to protect your family's rights, you should keep Human Resources informed of any changes in the addresses of family members.

You should also keep a copy, for your records, of any notices you send to the Marshfield Clinic Health System, Human Resources, benefits manager
1000 N. Oak Avenue
Marshfield WI 54449

715-387-5004



**Marshfield Clinic
Health System**