Re: General COBRA Information for: Caltech Health Plan

You are receiving this Notice as an employee and/or eligible dependent covered under one or more of the group health plans sponsored by Caltech (the “Plan(s)”). Caltech has retained WageWorks to provide assistance with their COBRA responsibilities. One of our tasks is to provide you with important information about your right to COBRA continuation of coverage under one or more of the group health plans. Please note: you are NOT being offered COBRA at this time. The information in this Notice is intended to inform you about your COBRA rights and obligations in the event that you or one of your eligible dependents loses coverage under one or more of the Plans. When you become eligible for COBRA, you may also become eligible for other coverage options that may cost less than COBRA continuation coverage.

While no action or response is required unless you or your eligible dependent(s) actually have a loss of coverage under one or more of the eligible health Plan(s), both you and your eligible dependent(s) should read the information carefully, and keep it with your records. If you experience a loss of coverage in the future, please refer to this overview for guidance about your rights and responsibilities.

Note: This Notice does not fully describe continuation coverage under COBRA or other rights under the Plan(s) and a more complete description can be provided by contacting the Plan Administrator (Caltech) and/or referring to the applicable health plan Summary Plan Description. There is a more detailed description of your rights under COBRA and the coverage under the Plan(s) under which you have become covered in the applicable Summary Plan Description(s).

This Notice provides a brief overview of your rights and obligations under the current COBRA law. The Plan (as outlined below) offers no greater COBRA rights than what the COBRA statute requires, and this Notice should be construed accordingly.

You may have other options available to you when you lose group health 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.

About the COBRA Law

COBRA refers to a Federal law (Consolidated Omnibus Budget Reconciliation Act of 1985), which applies to most employers who sponsor group health insurance plans for their employees and eligible dependents. For COBRA purposes, a group health plan includes any major medical plan, dental plan, vision plan, health FSA, or any other employer sponsored group plan which provides medical care.
The law requires that employees and certain eligible dependents (including children) who lose coverage under a group health plan must be given the opportunity to continue coverage on a temporary basis. The maximum length of time coverage may be continued depends upon the reason coverage is lost. An employee and/or eligible dependents who loses coverage as a result of a qualifying event is called a “Qualified Beneficiary”.

**COBRA Qualifying Events**

Listed below are “qualifying events” which result in the right to continue coverage under COBRA. Please note that the maximum period of time coverage can be continued depends on the type of qualifying event.

**Eighteen (18) Month Maximum Continuation (experienced by a covered employee):**

1. Termination of Employment (for reasons other than “gross misconduct”)
2. Reduction of Work Hours (causing you to become ineligible for benefits)

If you experience one of the events listed above, you and any other impacted qualified beneficiary will be notified of the right to elect continuation coverage.

**Disability Extension to twenty-nine (29) months.** This extension will apply when any Qualified Beneficiary is determined by the Social Security Administration to have been disabled at any time prior to or within the first sixty (60) days of COBRA coverage resulting from a termination of employment or reduction of work hours causing you to become ineligible for benefits, and continues to be disabled at the end of the initial 18-month period of coverage.

For the disability extension to apply, you must provide a copy of the SSA Determination of Disability letter within the 18-month COBRA period but no later than 60 days after the latest of: (1) the date of the SSA Determination of disability; (2) the date on which the qualifying event occurs; or (3) the date on which the qualified beneficiary loses coverage.

**Second Qualifying Event Extension to thirty-six (36) months.** If a Qualified Beneficiary experiences a second qualifying event during the 18- or 29-month COBRA continuation coverage resulting from termination of employment or reduction of work hours, then the eligible dependent(s) will qualify for an extension of COBRA continuation coverage of up to 36 months from the original qualifying event. A covered employee or qualified beneficiary must provide notice of the second qualifying event within 60 days of the event in order to qualify for the extension. Events eligible for the extension of coverage are those listed below (but only to the extent that they would have caused a loss of coverage under the Plan(s) if it was the initial qualifying event):

**Thirty-Six (36) Month Maximum Continuation (experienced by a covered eligible dependent):**

1. Death of an Employee
2. Divorce or legal separation
3. Dependent child no longer meets the Plan’s definition of a dependent

In addition, if you become entitled to Medicare and then experience a qualifying event or reduction in hours of employment within 18 months of the Medicare entitlement, your qualified beneficiary eligible dependent(s) may elect to continue coverage for up to 36 months from the Medicare entitlement.

**Your IMPORTANT Qualifying Event Notice Obligations**

If your eligible dependents(s) loses coverage under the Plan because of divorce, legal separation, or your child no longer meets the Plan’s definition of “dependent”, then you or your eligible dependent(s) must notify Caltech of the loss. Written notice **MUST** be provided no later than sixty (60) days after the event or the date coverage terminates, whichever is later. Oral notice, including by telephone, is not acceptable. The notice can be mailed first class or faxed to Caltech. You may be required to provide additional information to support the qualifying event (e.g. a divorce decree, etc).

If Caltech is provided timely notice of the divorce, legal separation, or a child’s loss of dependent status, we will notify the affected Qualified Beneficiaries of the right to elect continuation coverage.

If Caltech is not provided notice of the divorce, legal separation, or a child’s loss of dependent status during this sixty (60) day period, COBRA continuation will not be offered. If any claims are mistakenly paid for expenses incurred after the divorce, legal separation, or a child’s loss of dependent status, then you and your eligible dependent(s) will be required to reimburse the Plan for any claims so paid.
If your eligible dependent(s) loses coverage as a result of your death or your entitlement to Medicare, Caltech will automatically notify your eligible dependent(s) of the right to elect continuation coverage.

**Other Notification Requirements**
In order to protect your family’s rights, you should notify the Plan Administrator, Caltech, immediately when the name or address changes for you or any covered eligible dependent. For your records, you should also keep a copy of any notices you send to the Plan Administrator.

**COBRA Continuation Coverage**
If you lose coverage as a result of one of the qualifying events listed above, you may elect to continue the same coverage that you had immediately preceding the qualifying event; however, that continuation coverage is subject to changes made by the Employer to the same coverage maintained by similarly situated active employees. You have the same right to change your coverage that similarly situated active employees have (including any open enrollment rights to change coverage). Once you receive your election notice from the Plan Administrator, you have 60 days from the later of the date of the Notice or the date coverage is lost as a result of the qualifying event to elect coverage. If you elect coverage you may be required to pay up to 102% of the applicable premium and possibly up to 150% of the applicable premium during a disability extension. The first premium is due 45 days after the date you make your election for coverage. All subsequent premiums are due the first day of the coverage period (with a 30-day grace period). Premiums are typically due on the first day of each month.

**Other Coverage Options besides COBRA Continuation 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 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).

**For More Information**
For more information about your rights under the Employee Retirement Income Security Act (ERISA), including COBRA, the Patient Protection and Affordable Care Act, and other laws affecting group health plans, contact 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.) If you have questions, or need additional information, you should contact the Plan Administrator, Caltech, or the service provider, WageWorks at (844) 319-7858. For more information about the Marketplace, visit [www.healthcare.gov](http://www.healthcare.gov).