

CONTINUATION COVERAGE RIGHTS UNDER COBRA

You (as a covered employee, retiree, spouse or dependent) are receiving this notice because you have recently become covered under the *Bates College Group Health Plan* or *are participating in the Bates College Medical Reimbursement Account* (the "Plan"). This notice contains important information about your right to COBRA continuation coverage, which is a temporary extension of coverage under the Plan. COBRA (and the description of COBRA coverage contained in this notice) applies only to the group health plan benefits offered under the Plan (the Medica/Vision, Dental, Medical Spending Account components) and not to any other benefits offered under the Plan or by Bates College (such as life insurance, disability, or accidental death or dismemberment benefits). **This notice generally explains COBRA continuation coverage, when it may become available to you and your family, and what you need to do to protect the right to receive it. Failing to follow the requirements of this notice can result in the loss of your COBRA rights.**

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 when you would otherwise lose your group health coverage. It can also become available to other members of your family who are covered under the Plan when they would otherwise lose their group health coverage. This notice does not fully describe COBRA continuation coverage or other rights under the Plan. For additional information about your rights and obligations under the Plan and under federal law, you should review the Plan's Summary Plan Description or contact the Plan Administrator. The party responsible for administering COBRA continuation coverage, or that party's address and telephone number, may change from time to time. For the most recent information, check the Plan's most recent Summary Plan Description (if you do not have a copy, you may request one from the Plan Administrator).

What is 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 "qualifying event." Specific qualifying events are listed later in this notice. After a qualifying event, COBRA continuation coverage must be offered to each person who is a "qualified beneficiary." You, your spouse, and your dependent children could become qualified beneficiaries if coverage under the Plan is lost because of the qualifying event. (Certain newborns, newly-adopted children and alternate recipients under QMCSOs may also be qualified beneficiaries. This is discussed in more detail in separate paragraphs below.) Under the Plan, qualified beneficiaries who elect COBRA continuation coverage must pay for COBRA continuation coverage. COBRA continuation coverage begins on the date that regular Plan coverage is lost.

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

- Your hours of employment are reduced; or
- 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 lose your coverage under the Plan because any of the following qualifying events happens:

- Your spouse dies;
- 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 (under Part A, Part B, or both); or
- You become divorced or legally separated from your spouse. If an employee cancels coverage for his or her spouse in anticipation of a divorce or legal separation, and a divorce or legal separation later occurs, then the

divorce or legal separation will be considered a qualifying event even though the ex-spouse lost coverage earlier. If the ex-spouse notifies the administrator within 60 days after the divorce or legal separation, and can establish that the employee canceled the coverage earlier in anticipation of the divorce or legal separation, then COBRA coverage may be available for the period after the divorce or legal separation.

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

- The parent-employee dies;
- 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 parent-employee becomes entitled to Medicare benefits (Part A, Part B, or both);
- The parents become divorced or legally separated; or
- The child stops being eligible for coverage under the plan as a "dependent child."

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

When is COBRA Coverage Available?

The Plan will offer COBRA continuation coverage to qualified beneficiaries only after the Plan Administrator has been timely notified that a qualifying event has occurred. When the qualifying event is the end of employment or reduction of hours of employment, death of the employee, commencement of a proceeding in bankruptcy with respect to the employer, or the employee's becoming entitled to Medicare benefits (under Part A, Part B, or both), the employer must notify the Plan Administrator of the qualifying event.

You Must Give Notice of Some Qualifying Events

For the other qualifying events (divorce or legal separation of the employee and spouse or a dependent child's losing eligibility for coverage as a dependent child), you must notify the Plan Administrator using the procedures specified in the box below entitled "Notice Procedures". If these procedures are not followed, any spouse or dependent child who loses coverage will NOT BE OFFERED THE OPTION TO ELECT CONTINUATION COVERAGE.

NOTICE PROCEDURES

Under the law, the employee or a family member has the responsibility to inform the Plan Administrator of a divorce, a legal separation, or a child losing dependent status under the Plan, within 60 days of the date of the event. See **enclosed Notice of COBRA Qualifying Event**. In addition, the employee or a family member must inform the Bates College Personnel Office of a determination by the Social Security Administration that the employee or covered family member was disabled during the 60-day period after the employee's termination of employment or reduction in hours, within 60 days of such determination and before the end of the original 18-month continuation coverage period (see "Special rules for disability", below). If, during continued coverage, the Social Security Administration determines that the employee or family member is no longer disabled, the individual must inform the Plan Administrator of this redetermination within 30 days of the date it is made.

How is COBRA Coverage Provided?

Once the Plan Administrator receives timely notice that a qualifying event has occurred, COBRA continuation coverage will be offered to each of the qualified beneficiaries. Each qualified beneficiary will have an independent right to elect COBRA continuation coverage. Covered employees may elect COBRA continuation coverage on behalf of their spouses, and parents may elect COBRA continuation coverage on behalf of their children. 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's becoming entitled to Medicare benefits (under Part A, Part B, or both), your divorce or legal separation, or a dependent child's losing eligibility as a dependent child, COBRA continuation coverage lasts for up to a total of 36 months. When the qualifying event is the end of employment or reduction in 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, if 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). Otherwise, when the qualifying event is the end of employment or reduction of the employee's hours of employment, COBRA continuation coverage generally lasts for only up to a total of 18 months. There are two ways in which this 18-month period of COBRA continuation coverage can be extended.

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 and you notify the Plan Administrator in a timely fashion, you and your entire family may be entitled to receive up to an additional 11 months of COBRA continuation coverage, for a total maximum of 29 months. The disability would have 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. The Plan requires you to follow the procedures specified in the box above, entitled "Notice Procedures". In addition, your notice must include the name of the disabled qualified beneficiary, the date that the qualified beneficiary became disabled, and the date that the Social Security Administration made its determination. Your notice must also include a copy of the Social Security Administration's determination. If this determination changes in the future (for example, the Social Security Administration determines you are no longer disabled) you must notify the Plan of this change within 30 days. **If these procedures are not followed or if the notice is not provided in writing to the Plan Administrator within the required period, THEN THERE WILL BE NO DISABILITY EXTENSION OF COBRA CONTINUATION COVERAGE.**

Second qualifying 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, 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. The Plan requires you to follow the procedures specified in the box above, entitled "Notice Procedures". In addition, your notice must also name the second qualifying event and the date it happened. If the second qualifying event is a divorce or legal separation, your notice must include a copy of the divorce or legal separation decree. **If these procedures are not followed or if the notice is not provided in writing to the Plan Administrator within the required period, THEN THERE WILL BE NO EXTENSION OF COBRA COVERAGE DUE TO SECOND QUALIFYING EVENT.**

Medicare extension for spouse and dependent children

If a qualifying event that is a termination of employment or reduction of hours occurs within 18 months after the covered employee becomes entitled to Medicare, then the maximum coverage period for the spouse and dependent children will end three years from the date the employee became entitled to Medicare (but the covered employee's maximum coverage period will be 18 months).

Special rules for health FSAs

The maximum COBRA coverage period for a health flexible spending arrangement (Medical Reimbursement Account) maintained by the employer ends on the last day of the Plan year in which the qualifying event occurred. No COBRA coverage is provided if the qualified beneficiary has overspent his or her account as of the date of the qualifying event.

Children born to or placed for adoption with the covered employee during COBRA period

A child born to, adopted by or placed for adoption with a covered employee during a period of continuation coverage is considered to be a qualified beneficiary provided that, if the covered employee is a qualified beneficiary, the covered employee has elected continuation coverage for himself or herself. The child's COBRA coverage begins when the child is enrolled in the Plan, whether through special enrollment or open enrollment, and it lasts for as long as COBRA coverage lasts for other family members of the employee. To be enrolled in the Plan, the child must satisfy the otherwise applicable Plan eligibility requirements (for example, regarding age).

Alternate recipients under QMCSOs

A child 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 employer is entitled to the same rights under COBRA as a dependent child of the covered employee, regardless of whether that child would otherwise be considered a dependent.

If You Have Questions

Questions concerning your Plan or your COBRA continuation coverage rights should be addressed to the contract 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 the Plan Administrator 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 Plan Administrator.

Plan Contact Information

Plan Administrator: Bates College Human Resources Department

Plan Name: Bates College Group Health Plan, and the Bates College Medical Reimbursement Account

Street Address: 215 College Street

City, State, Zip Code: Lewiston, ME 04240

Telephone Number: (207)786-6140

Facsimile Number: (207)786-6170



Notice of a COBRA Qualifying Event

This form is part of the Plan's COBRA Initial Notice. To obtain more information about this form, the Plan's notice procedures, and your COBRA rights and obligations, refer to your COBRA Initial Notice or contact the Human Resources Department

When to use this form:

- You become divorced from your spouse covered under the Plan;
- You are legally separated from your spouse;
- Your child loses dependent status (attained age 26)

Deadline: In order to avoid forfeiture of your dependent's COBRA continuation rights, the deadline for providing this Notice of a COBRA Qualifying Event is 60 days after the later of (1) the qualifying event; or (2) the date on which the covered spouse or dependent child would lose coverage under the terms of the Plan as a result of the qualifying event.

Please Complete the Following:

Your Name _____
(Please Print)



Type of Qualifying Event

You become divorced from your spouse covered under the Plan

You are legally separated from your spouse

Your child loses dependent status (have attained age 26)

Date of Event _____
(Divorce, Separation or Dependent Graduation or Birth Date)

Dependent Name _____ SSN _____

Dependent Address – Street _____

City, State Zip _____

Your Signature _____ Date _____