

General Notice to Employees and Covered Dependents Regarding the Continuation of Group Health Care Coverage under COBRA

Under Federal law, most employers sponsoring group health plans are required to offer employees and their families 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. These instances are called “qualifying events.” COBRA continuation coverage must be offered to all qualified beneficiaries. A qualified beneficiary is someone who will lose coverage under the plan because of a qualifying event. This notice is intended to inform you, in a summary fashion, of your rights and obligations under the continuation coverage provisions of this law. Both you and your spouse/dependents, if applicable, should take the time to read this notice carefully.

If you are an employee of Vermont Catholic Charities, Inc., covered by The Vermont Catholic Charities, Inc., Health Care Plan, you may have a right to choose this continuation coverage if you lose your group health coverage because of the following qualifying events: a reduction in your hours of employment; the termination of your employment (for reasons other than gross misconduct on your part); or if you become a retired employee covered by the Plan and subsequently lose coverage under the Plan because of a bankruptcy proceeding in a case under Title 11 of the U.S Code with respect to Vermont Catholic Charities, Inc.

If you are the spouse of an employee covered by the Plan, you may have a right to choose continuation coverage for yourself if you lose the group health coverage under the Plan because of any of the following five qualifying events:

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;
3. Divorce or legal separation from your spouse;
4. Your spouse becomes enrolled in Medicare; or
5. A termination of your retired spouse’s coverage under the Plan due to the commencement of a Title 11 bankruptcy proceeding involving the Employer.

In the case of a dependent child of an employee covered by the Plan, he or she may have a right to continuation coverage if his or her group health coverage under the Plan is lost because of any of the following six qualifying events:

1. The death of a parent;
2. The termination of a parent’s employment (for reasons other than gross misconduct) or reduction in a parent’s hours of employment with the Employer;
3. Parent’s divorce or legal separation;
4. A parent becomes enrolled in Medicare;
5. The dependent ceases to be a “dependent child” under the Plan; or
6. A termination of a retired parent’s coverage under the Plan due to the commencement of a Title 11 bankruptcy proceeding involving the Employer.

Under this law, the employee or a family member has the responsibility to inform the Plan administrator of a divorce, legal separation, or a child losing dependent status under the Plan within 60 days of the happening of any of the aforementioned events. VCCI is responsible for notifying the Human Resources Department of an employee's death, termination of employment or reduction in hours, Medicare entitlement, or commencement of a proceeding in bankruptcy with respect to the employer within 30 days of the event.

Notice Must Be Sent To: Vermont Catholic Charities, Inc., 55 Joy Drive, South Burlington, VT. 05403. Attn: Human Resources Department. If notice is not received within the 60 day period, the dependent will not be entitled to choose continuation coverage.

When the Human Resources Department is notified that one of these events has happened, the Plan Administrator will in turn notify the individual(s) in question as to whether or not they have the right to choose continuation coverage. Under this law, you have at least 60 days from the date you would lose coverage because of one of the events described above, to inform the Human Resources Department that you want continuation of coverage.

If you do not choose continuation of coverage, your group health insurance coverage will end.

If you choose continuation of coverage, VCCI 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. This law requires that you be afforded the opportunity to maintain continuation coverage for 36 months 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. If an employee or a dependent spouse or child is disabled (within the meaning of the Social Security Act) at the time of the employee's termination of employment or reduction in work hours or within the first 60 days of his or her COBRA coverage, the entire family may be entitled to receive up to an additional 11 months of COBRA continuation coverage, for a total maximum of 29 months.

Also, if during that 18 month period, another event takes place that would also entitle a dependent spouse or child (other than a spouse or child who became covered after continuation coverage became effective) to his or her own continuation coverage, the continuation coverage may be extended for up to 36 months from the date of the first event. Such "second qualifying events" include divorce, legal separation, or a child no longer qualifying as a dependent. However, in no case will any period of continuation coverage be more than 36 months. A qualified beneficiary must notify the Human Resources Department of a second qualifying event within 30 days of the event. Notice must be sent to Vermont Catholic Charities, Inc., 55 Joy Drive, South Burlington, VT. 05403. Attn: Human Resources Department.

A child born to, adopted by, or placed for adoption with an active or former employee during his or her period of continuation coverage will have the same rights to continuation coverage as any other family member undergoing a qualifying event described above. To obtain these rights, the newly acquired child must be enrolled for continuation coverage within 30 days of his or her birth, adoption, or placement for adoption.

This law also provides that your continuation coverage may be cut short for any of the following six reasons:

1. VCCI no longer provides group health coverage to any of its employees;
2. The premium for your continuation coverage is not paid in a timely fashion;
3. You first become covered under another group health plan after the date of your election which either (a) does not include any exclusion or limitation with respect to any pre-existing condition that you or a covered family member may have, or (b) includes a preexisting condition exclusion, but the exclusion does not apply to you or the covered family member because of legal restrictions on the plan's ability to exclude the coverage of preexisting conditions;
4. You first became entitled to Medicare after the date of your election; or
5. The covered person is determined to be no longer disabled under the Social Security Act during the 11 month extended period of continuation coverage. The covered person is responsible for notifying VCCI of this determination within 30 days of the determination date.
6. For any such reason the Plan would terminate coverage of a participant or beneficiary not receiving continuation coverage (such as fraud).

You do not have to show that you are insurable to choose continuation coverage. However, you have to pay the entire premium for your continuation coverage. You will have a grace period of at least 45 days to pay any retroactive premium for the period from the date continuation coverage starts until the date you choose continuation coverage; and you will have a grace period of at least 30 days to pay any subsequent premiums.

This law also says that, at the end of the 18-month, 29-month, or 36-month continuation coverage period, you must be offered any opportunity available under the Plan or by law to convert to an individual health policy.

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 are available from the Human Resources Department.

This law presently applies to the Plan. If you have any questions about the law please contact the Human Resources Department which is responsible for administering COBRA continuation coverage. In order to protect your family's rights, you should keep your Administrator aware of any change in the addresses of family members. Also notify your Administrator of any change or if a dependent ceases to be a "dependent child" under the Plan.