

# COBRA

This summary plan description, or SPD, outlines the major provisions of the continuation coverage rights under COBRA and serves as initial notice of COBRA continuation coverage rights for participants in the Deseret Healthcare Employee Benefits Plan.

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# What Is COBRA Coverage?

The Deseret Healthcare Employee Benefits Plan has three group health components—medical, dental, and Healthcare FSA—and you may be enrolled in one or more of these components.

COBRA coverage is a continuation of plan coverage when it would otherwise end because of a qualifying life event. After a qualifying event occurs and any required notice of that event is properly provided to DMBA, COBRA coverage must be offered to each person losing plan coverage who is a qualified beneficiary. You, your spouse, and your dependent children could become qualified beneficiaries and would be entitled to elect COBRA 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. Under the plan, qualified beneficiaries who elect COBRA must pay for COBRA coverage.

The right to COBRA coverage was created by a federal law, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). For more information about your rights and obligations under the plan and under federal law, review the plan's summary plan description or contact DMBA, which is the plan administrator. The plan provides no greater COBRA rights than what COBRA requires—nothing in this document is intended to expand your rights beyond COBRA's requirements.

## Qualifying Events

### For employees

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If you're an employee, you'll be entitled to elect COBRA if you lose your group health coverage under the plan because of one of the following qualifying events:

- Your hours of employment are reduced
- Your employment ends for any reason other than your gross misconduct

### For spouses of employees

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If you're the spouse of an employee, you'll be entitled to elect COBRA if you lose your group health coverage under the plan because of one of the following qualifying events:

- 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
- You become divorced or legally separated from your spouse

If your spouse (the employee) reduces or eliminates your group health coverage in anticipation of a divorce or legal separation, and a divorce or legal separation later occurs, then the divorce or legal separation may be considered a qualifying event for you even though your coverage was reduced or eliminated before the divorce or separation.

## For dependent children of employees

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A person enrolled as the employee's dependent child will be entitled to elect COBRA if he or she loses group health coverage under the plan because of one of the following qualifying events:

- 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 child stops being eligible for coverage under the plan as a dependent child

## Qualifying Events Requiring Notice

When the qualifying event is the end of employment or reduction of hours of employment or death of the employee, the plan will offer COBRA coverage to qualified beneficiaries. You need not notify DMBA of any of these qualifying events.

For all 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), a COBRA election will be available to you only if you notify DMBA in writing within 60 days after the later of

- the date of the qualifying event, or
- the date on which the qualified beneficiary loses or would lose coverage under the terms of the plan as a result of the qualifying event.

In providing this notice, you must use the [Notice of Qualifying Event Form](#), and you must follow the *Important Notice Procedures*. If these procedures are not followed or if the notice is not provided to DMBA during the 60-day notice period, **all qualified beneficiaries will lose their right to elect COBRA.**

## Electing COBRA

Each qualified beneficiary will have an independent right to elect COBRA. Covered employees and spouses, if the spouse is a qualified beneficiary, may elect COBRA on behalf of all the qualified beneficiaries, and parents may elect COBRA on behalf of their children. Any qualified beneficiary for whom COBRA is not elected within the 60-day election period specified in the Plan's COBRA election notice **will lose his or her right to elect COBRA.**

## How Long Does COBRA Coverage Last?

COBRA coverage is a temporary continuation of coverage that generally lasts for 18 months due to employment termination or reduction of hours of work. Certain qualifying events, or a second qualifying event during the initial period of coverage, may permit a beneficiary to receive up to a maximum of 36 months of coverage under the plan's medical and dental components. These 36-month qualifying events include the death of the employee, the covered employee's divorce or legal separation, or a dependent child's losing eligibility as a dependent child.

When the qualifying event is the end of employment 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 coverage under the plan's medical and dental components for qualified beneficiaries (other than the employee) who lose coverage as a result of the qualifying event can last until up to 36 months after the date of Medicare entitlement.

For example, if a covered employee becomes entitled to Medicare eight months before the date on which his employment terminates, COBRA coverage for his spouse and children who lost coverage as a result of his termination 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 eight months).

This COBRA coverage period is available only if the covered employee becomes entitled to Medicare within 18 months before the termination or reduction of hours.

Otherwise, when the qualifying event is the end of employment or reduction of the employee's hours of employment, COBRA coverage under the plan's medical and dental components generally can last for only up to a total of 18 months.

COBRA coverage under the Healthcare FSA component can last only until the end of the year in which the qualifying event occurred. See *Healthcare FSA Component*.

The COBRA coverage periods described above are maximum coverage periods. COBRA coverage can end before the end of the maximum coverage periods described in this notice for several reasons, which are described in the plan's summary plan description.

There are also ways in which the period of COBRA coverage resulting from a termination of employment or reduction of hours can be extended. The period of COBRA coverage under the Healthcare FSA cannot be extended under any circumstances.

### Disability extension of COBRA coverage

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If a qualified beneficiary is determined by Social Security to be disabled and you notify DMBA in a timely fashion, all the qualified beneficiaries in your family may be entitled to get up to an additional 11 months of COBRA coverage, for a maximum of 29 months. This extension is available only for qualified beneficiaries who are receiving COBRA coverage because of a qualifying event that was the covered employee's termination of employment or reduction of hours. The disability must have started at some time before the 61st day after the covered employee's termination of employment or reduction of hours and must last at least until the end of the period of COBRA coverage that would be available without the disability extension (generally 18 months, as described above).

The disability extension is available only if you notify DMBA in writing of the Social Security Administration's determination of disability within 60 days after the latest of

- the date of the Social Security Administration's disability determination,
- the date of the covered employee's termination of employment or reduction of hours, or

- the date on which the qualified beneficiary loses or would lose coverage under the terms of the plan as a result of the covered employee's termination of employment or reduction of hours.

You must also provide this notice within 18 months after the covered employee's termination of employment or reduction of hours in order to be entitled to a disability extension. In providing this notice, you must use the [Notice of Disability Form](#), and you must follow the *Important Notice Procedures*. If these procedures are not followed or if the notice is not provided to DMBA during the 60-day notice period and within 18 months after the covered employee's termination of employment or reduction of hours, **there will be no disability extension of COBRA coverage.**

## Second qualifying event extension of COBRA coverage

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If your family experiences another qualifying event while receiving COBRA coverage because of the covered employee's termination of employment or reduction of hours (including COBRA coverage during a disability extension period as described above), the spouse and dependent children receiving COBRA coverage can get up to 18 additional months of COBRA coverage, for a maximum of 36 months, if the plan is properly notified about the second qualifying event.

This extension may be available to the spouse and any dependent children getting COBRA 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. This extension is only available if the second qualifying event would have caused the spouse or dependent child to lose coverage under the plan had the first qualifying event not occurred. This extension is not available under the plan when a covered employee becomes entitled to Medicare after his or her termination of employment or reduction of hours.

This extension due to a second qualifying event is available only if you notify DMBA in writing of the second qualifying event within 60 days after the date of the second qualifying event. In providing this notice, you must use the [Notice of Second Qualifying Event Form](#), and you must follow the *Important Notice Procedures*. If these procedures are not followed or if the notice is not provided to DMBA during the 60-day notice period, **then there will be no extension of COBRA coverage due to a second qualifying event.**

## Healthcare FSA Component

COBRA coverage under the Healthcare FSA will be offered only to qualified beneficiaries losing coverage who have underspent accounts. A qualified beneficiary has an underspent account if the annual limit elected by the covered employee, reduced by the reimbursable claims submitted up to the time of the qualifying event, is equal to or more than the amount of the premiums for Healthcare FSA COBRA coverage that will be charged for the remainder of the plan year.

COBRA coverage will consist of the Healthcare FSA coverage in force at the time of the qualifying event (i.e., the elected annual limit reduced by reimbursable claims submitted up to the time of the qualifying event). The use-or-lose rule will continue to apply, so any

unused amounts will be forfeited at the end of the plan year, and COBRA coverage will terminate at the end of the plan year.

Unless otherwise elected, all qualified beneficiaries who were covered under the Healthcare FSA will be covered together for Healthcare FSA COBRA coverage. However, each qualified beneficiary could alternatively elect separate COBRA coverage to cover that beneficiary only, with a separate Healthcare FSA annual limit and a separate premium. If you are interested in this alternative, contact DMBA for more information.

## Qualified Beneficiaries

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

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A child born to, adopted by, or placed for adoption with a covered employee during a period of COBRA coverage is considered a qualified beneficiary provided that, if the covered employee is a qualified beneficiary, the covered employee has elected COBRA 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

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A child of the covered employee who is receiving benefits under the plan pursuant to a qualified medical child support order (QMCSO) received by DMBA during the covered employee's period of employment with DMBA is entitled to the same rights to elect COBRA as an eligible dependent child of the covered employee.

## Other Coverage Options

Instead of enrolling in COBRA coverage, there may be other coverage options for you and your family through the Health Insurance Marketplace, Medicare, Medicaid, Children's Health Insurance Program (CHIP), 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 coverage. You can learn more about many of these options at [www.HealthCare.gov](http://www.HealthCare.gov).

### Medicare

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In general, if you don't enroll in Medicare Part A or B when you are first eligible because you are still employed, after the Medicare initial enrollment period, you have an eight-month special enrollment period to sign up for Medicare Part A or B, beginning on the earlier of

- The month after your employment ends, or
- The month after group health plan coverage based on current employment ends.



If you don't enroll in Medicare Part B and elect COBRA coverage instead, you may have to pay a Part B late enrollment penalty and you may have a gap in coverage if you decide you want Part B later. If you elect COBRA coverage and later enroll in Medicare Part A or B before the COBRA coverage ends, the plan may terminate your COBRA coverage. However, if Medicare Part A or B is effective on or before the date of the COBRA election, COBRA coverage may not be discontinued on account of Medicare entitlement, even if you enroll in the other part of Medicare after the date of the election of COBRA coverage.

If you are enrolled in both COBRA coverage and Medicare, Medicare will generally pay first (primary payer) and COBRA will pay second. Certain plans may pay as if secondary to Medicare, even if you are not enrolled in Medicare.

For more information, visit [www.medicare.gov/medicare-and-you](http://www.medicare.gov/medicare-and-you).

## Questions

Questions concerning your plan or your COBRA rights should be addressed to the contact or contacts below.

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 nearest Regional or District Office of the U.S. Department of Labor's Employee Benefits Security Administration (EBSA) in your area or visit [www.dol.gov/agencies/ebsa](http://www.dol.gov/agencies/ebsa). Addresses and phone numbers of Regional and District EBSA Offices are available through EBSA's website.

For more information about the Marketplace, visit [www.HealthCare.gov](http://www.HealthCare.gov).

## Address Changes

To protect your family's rights, let DMBA know about any changes in the addresses of family members. You should also keep a copy, for your records, of any notices you send to DMBA.

## Plan Contact Information

You may obtain information about the plan and COBRA coverage on request:

Member Services  
DMBA  
P.O. Box 45530  
Salt Lake City, UT 84145  
801-578-5600

This contact information for the plan may change from time to time. The most recent information will be included in the plan's most recent summary plan description. If you do not have a copy, you may request one from DMBA.

# Important Notice Procedures

If your notice is late or if you do not follow these notice procedures, you and all related qualified beneficiaries will lose the right to elect COBRA or will lose the right to an extension of COBRA coverage, as applicable.

## Notices must be written and submitted on plan forms

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Any notice that you provide must be in writing and must be submitted on the plan's required form. The plan's required forms are described above in this notice, and you may obtain copies from DMBA without charge or [download](#) them. Oral notice, including notice by telephone, is not acceptable. Electronic notices, including email and fax, are not acceptable.

## How, when, and where to send notices

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You must mail or hand deliver your notice:

Member Services  
DMBA  
P.O. Box 45530  
Salt Lake City, UT 84145

However, if a different address for notices to the plan appears in the plan's most recent summary plan description, you must mail or hand deliver your notice to that address. If you do not have a copy of the plan's most recent summary plan description, you may request one from DMBA.

If mailed, your notice must be postmarked no later than the last day of the applicable notice period. If hand delivered, your notice must be received by the individual at the address specified above no later than the last day of the applicable notice period. The applicable notice periods are described in *Qualifying Events Requiring Notice, Disability extension of COBRA coverage*, and *Second qualifying event extension of COBRA coverage*.

## Information required for all notices

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Any notice you provide must include the following:

- the name of the plan (DMBA Welfare Benefits Plan)
- the name and address of the employee who is or was covered under the plan
- the name(s) and address(es) of all qualified beneficiaries who lost coverage as a result of the qualifying event
- the qualifying event and the date it happened
- the certification, signature, name, address, and telephone number of the person providing the notice

## Additional information required for notice of qualifying event

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If the qualifying event is a divorce or legal separation, your notice must include a copy of the decree of divorce or legal separation. If your coverage is reduced or eliminated and later a divorce or legal separation occurs, and if you are notifying DMBA that your plan



coverage was reduced or eliminated in anticipation of the divorce or legal separation, your notice must include evidence satisfactory to DMBA that your coverage was reduced or eliminated in anticipation of the divorce or legal separation.

### Additional information required for notice of disability

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Any notice of disability that you provide must include the following:

- the name and address of the disabled qualified beneficiary
- the date that the qualified beneficiary became disabled
- the names and addresses of all qualified beneficiaries who are still receiving COBRA coverage
- the date that the Social Security Administration made its determination
- a copy of the Social Security Administration's determination
- a statement whether the Social Security Administration has subsequently determined that the disabled qualified beneficiary is no longer disabled

### Additional information required for notice of second qualifying event

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Any notice of a second qualifying event that you provide must include the following:

- the names and addresses of all qualified beneficiaries who are still receiving COBRA coverage
- the second qualifying event and the date that it happened
- if the second qualifying event is a divorce or legal separation, a copy of the decree of divorce or legal separation

### Who may provide notices

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The covered employee (i.e., the employee or former employee who is or was covered under the plan), a qualified beneficiary who lost coverage due to the qualifying event described in the notice, or a representative acting on behalf of either may provide notices. A notice provided by any of these individuals will satisfy any responsibility to provide notice on behalf of all qualified beneficiaries who lost coverage due to the qualifying event described in the notice.

## Legal Notice

*We have made every effort to accurately describe the benefits and ensure that information given to you is consistent with other benefit-related communications. However, if there is any discrepancy or conflict between information in this document and other plan materials, the terms outlined in the plan document will govern.*