

**VERY IMPORTANT NOTICE**  
**GROUP HEALTH CONTINUATION COVERAGE UNDER COBRA**

On April 7, 1986, a federal law was enacted (Public Law 99-272, Title X) requiring that most employers sponsoring group health plans 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. This notice is intended to inform you, in a summary fashion, of your rights and obligations under the continuation coverage provisions of the new law. (Both you and your spouse should take the time to read this notice carefully.)

If you are an employee of Montgomery County covered by a Montgomery County Health Benefit Plan, you have a right to choose this continuation coverage because of a reduction in your hours of employment or the termination of your employment (for reasons other than gross misconduct on your part.)

If you are the spouse of an employee covered by a Montgomery County Health Benefit Plan, you have the right to choose continuation coverage for yourself if you lose group health coverage under a Montgomery County Health Benefit Plan for **any** of the following four reasons:

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 entitled to Medicare

In the case of a dependent child of an employee covered by a Montgomery County Health Benefit Plan, he or she has the right to continuation coverage if group health coverage under a Montgomery County Health Benefit Plan is lost for **any** of the following five reasons:

1. The death of a parent
2. A termination of a parent’s employment (for reasons other than gross misconduct) or reduction in a parent’s hours of employment
3. Parent’s divorce or legal separation
4. A parent becomes entitled to Medicare
5. The dependent child ceases to be a “dependent child” under Montgomery County Health Benefit Plan

Under the law, the employee or a family member has the responsibility to inform Montgomery County Health Benefit Plan’s Plan Administrator of a divorce, legal separation, or a child losing dependent status under Montgomery County Health Benefit Plan within 60 days of the date of the event or the date on which coverage would end under the Plan because of that event, whichever is later. Montgomery County has the responsibility to notify the Plan Administrator of the employee’s death, termination, reduction in hours of employment or Medicare entitlement. Similar rights may apply to certain retirees, spouses, and dependent children if your employer commences a bankruptcy proceeding and these individuals lose coverage.

When the Plan Administrator is notified that one of these events has happened, the Plan Administrator will in turn notify you that you have the right to choose continuation coverage. Under the 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 Plan Administrator that you want to elect continuation coverage. If you do not choose continuation coverage, your group health coverage will end.

If you choose continuation coverage, Montgomery County is required to give you coverage which, as of the time coverage is being provided, is identical to the coverage provided under the plan for similarly situated active employees or family members. The law requires that you be afforded the opportunity to maintain continuation coverage for three years 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. This 18 months may be extended to 36 months if other events (such as death, divorce, legal separation, or Medicare entitlement) occur during that 18 month period.

The 18 months may be extended to 29 months if an individual is determined to be disabled (for Social Security disability purposes) and the Plan Administrator is notified of that determination within 60 days of COBRA continuation coverage. Under the Health Insurance Portability and Accountability Act of 1996 (HIPAA), if the individual entitled to the disability extension has qualified beneficiaries who are entitled to COBRA continuation coverage, those qualified beneficiaries are also entitled to the 29 month disability extension.

**Definition of a Qualified Beneficiary:** Individuals entitled to COBRA continuation coverage are called qualified beneficiaries. Individuals who may be qualified beneficiaries are the spouse and dependent children of a covered employee and, in certain cases, the covered employee. Under current law, in order to be a qualified beneficiary an individual must generally be covered under a group health plan on the day before the event that causes a loss of coverage (such as a termination of employment, or a divorce from or death of the covered employee). HIPAA changes this requirement so that a child who is born to the covered employee, or who is placed for adoption with the covered employee, during a period of COBRA continuation coverage is also a qualified beneficiary.

However, the law also provides that your continuation coverage may be cut short for **any** of the following five reasons:

1. Montgomery County no longer provides group health coverage to any of its employees
2. The premium for your continuation coverage is not paid within the stated grace period
3. You become covered under another group health plan that does not contain any exclusion or limitation with respect to any pre-existing condition you may have
4. You become entitled to Medicare
5. You extended coverage for up to 29 months due to your disability and there has been a final determination that you are no longer disabled.

You do not have to show that you are insurable to choose continuation coverage. However, continuation coverage under COBRA is provided subject to your eligibility for coverage; the Montgomery County Health Benefit Plan Administrator reserves the right to terminate your COBRA coverage retroactively if you are determined to be ineligible.

Under the law, you may have to pay all or part of the premium for your continuation coverage. There is a grace period of 31 days for payment of the regularly scheduled premium.

If you have a change of marital status or you or your spouse have changed addresses, please notify the Office of Human Resources.