

To: The Employee and/or Dependents of Participants in the Cornell University Endowed Health Plan, Dental Plan, Vision Plan, and/or Flexible Spending Accounts

From: Gordon L. Barger

Re: Your Rights Under COBRA

VERY IMPORTANT NOTICE

On April 7, 1986, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) was signed into law (U.S. Public Law 99-272, Title X). Under COBRA, most employers sponsoring group health plans must offer covered workers 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 provision of the COBRA law. All persons covered under the Cornell University- sponsored, endowed health plan, dental plan, vision plan or Flexible Spending Accounts, (FSA) should take the time to read this notice carefully.

The Plan Administrator is Cornell University, HR Services and Transitions Center, 395 Pine Tree Road, Ithaca, New York 14850 and the phone number is (607) 255-3936. COBRA continuation for the Plan is administered by PayFlex Inc., P.O. Box 14394, Lexington, KY 40512-4394. The phone number is (888) 678-7835, Central Time or www.payflexdirect.com

If you are an employee of Cornell University covered by one of the endowed health plans, dental plan, vision plan or FSA you have a right to choose continuation coverage if you lose your coverage because of a reduction in 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 one of the endowed health plans, dental plan, vision plan, or FSA you have a right to choose this continuation coverage for yourself, if you lose eligibility under one of these plans for any of the following reasons, known in the law as “qualifying events:”

- 1) The death of your spouse;
- 2) A termination of your spouse’s employment;
- 3) Reduction in your spouse’s hours of employment, resulting in a loss of coverage;
- 4) Divorce or a court order of legal separation from your spouse; or
- 5) Your spouse becomes entitled to Medicare.

In the case of a dependent child of an employee covered by an endowed health plan, dental plan, vision plan or FSA the child has the right to continuation coverage, if eligibility under one of these plans is lost for any of the following “qualifying events:”

- 1) The death of an employee/parent;
- 2) The termination of a parent’s employment;
- 3) Reduction in the parent’s hours of employment, resulting in a loss of coverage;
- 4) Parents’ divorce or a court order of legal separation;
- 5) The employee/parent becomes entitled to Medicare; or
- 6) The dependent no longer meets the definition of “dependent child” under one of these plans.

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 with respect to Cornell University, and that bankruptcy results in the loss of coverage of any retired employee covered under the Plan, the retired employee is a qualified beneficiary with respect to the bankruptcy. The retired employee’s spouse, surviving spouse, and dependent children will also be qualified beneficiaries if bankruptcy results in the loss of their coverage under the Plan.

Under COBRA, the covered worker or a family member has the responsibility to inform Cornell University of certain qualifying events, such as divorce, legal separation, or a child losing dependent status under the endowed health, dental and vision plans. Such notice must be made within 60 days of the event or the date on which coverage would be lost because of the event. The office to notify is the Office of Human Resources, HR Services and Transitions Center, 395 Pine Tree Rd., Ithaca, NY 14850, or by phone at (607) 255-3936 or via e-mail hrservices@cornell.edu

When HR Services and Transitions Center is notified that one of the above named events has happened, we will in turn notify you that you have the right to choose continuation coverage. Under the COBRA law, you have 60 days from the date of your qualified event to inform Cornell University that you want continuation coverage.

If you do not choose continuation coverage, your group health, dental, vision insurance(s) and FSA coverage will end.

If you choose continuation coverage, COBRA requires the University to offer you coverage, identical to the coverage provided under the plan to active employees or family members.

COBRA further requires that continuation coverage be offered for up to 18 months for employees and their covered family members when the qualifying event is either a termination of employment or a substantial reduction of hours in employment that would result in the loss of coverage.

Spouses and dependent children will be offered the opportunity to maintain continuation coverage for up to 36 months (3 years) on their own certificate, if the qualifying event is the divorce or legal separation of the parents, or the child reaching age 26. Children may remain on the endowed health, dental and vision plans up to December 31 of the year they turn age 26, then they become eligible for COBRA coverage.

If you or anyone in your family covered under the Plan is determined by the Social Security Administration to be disabled at any time during the first 60 days of COBRA continuation coverage and you notify the Plan Administrator in a timely fashion, you and your entire family can receive up to an additional 11 months of COBRA continuation coverage, for a total maximum of 29 months. You must be sure that the Plan Administrator is notified of the Social Security Administration's determination within 60 days of the date of the determination and before the end of the 18-month period of COBRA continuation coverage. This notice should be sent to Cornell University's COBRA Administrator, **PayFlex Inc., P.O. Box 14394, Lexington, KY 40512-4394.**

In addition, if your family experiences another qualifying event while receiving COBRA continuation coverage, the spouse and dependent children in your family may get additional months of COBRA continuation coverage, up to a maximum of 36 months. This extension is available to the spouse and dependent children if the former employee dies, enrolls in Medicare (Part A, Part B, or both), or gets divorced or legally separated. The extension is also available to a dependent child when that child stops being eligible under the Plan as a dependent child. **In all these cases, you must notify PayFlex Inc. at (888) 678-7835 of the second qualifying event within 60 days of the second qualifying event. This notice must be sent to PayFlex Inc, P.O. Box 14394, Lexington, KY 40512-4394.**

COBRA provides that your continuation coverage may be lost prior to the full coverage period for any of the following reasons:

- 1) Cornell University no longer provides group health coverage to any of its employees;
- 2) The premium for your continuation coverage is not paid;
- 3) You become covered under another group health plan that does not contain any provision restricting or limiting coverage of a "pre-existing medical condition;"
- 4) You become entitled to Medicare.

You do not have to show that you are insurable to choose continuation coverage. However, you will have to pay the entire premium for your continuation coverage, including the employer share usually available to active employees, plus a 2% administrative fee. There is a 45-day "grace period" for you to pay your regularly scheduled premiums.

If you have any questions about COBRA, or you or your spouse have had a change in employment status, family status or home address, please call the HRSTC at (607) 255-3936, or via e-mail hrrservices@cornell.edu, or at 395 Pine Tree Road, Ithaca NY 14850.

The foregoing information summarizes your rights under the federal law known as COBRA. Cornell University secures all your rights under this and other federal laws, but in some instances Cornell's offering may exceed COBRA requirements. Please refer to the plan descriptive material for a more complete statement of plan coverage's in all respects.

Welcome to your new coverage under one of the endowed health plans, dental plans, vision plan and/or FSA. Let us know if we can help, using the addresses shown above.