

This COBRA rights notice applies to you if you elect a Novant Health medical plan, dental plan, vision coverage or health care FSA



**GENERAL NOTICE OF YOUR RIGHTS  
GROUP HEALTH CONTINUATION COVERAGE UNDER COBRA**

**THIS LETTER IS FOR YOUR INFORMATION ONLY. PLEASE RETAIN FOR FUTURE REFERENCE.  
THERE HAS NOT BEEN A CHANGE IN YOUR STATUS WITH NOVANT HEALTH, INC.**

This letter contains important information about your employee benefits plan(s). Please read the entire letter.

On April 7, 1986, a federal law called COBRA was enacted (Public Law 99-272, Title X), requiring that most employers sponsoring group health plans offer employees and their families (qualified beneficiary/ies) the opportunity for a temporary extension of health 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 as a qualified beneficiary and obligations under COBRA. Both you and your spouse, if applicable, should take the time to read this notice carefully. This notice does not fully describe COBRA or other rights under the Novant Health group health plan ("Group Health Plan"). For additional information you should review the Group Health Plan's Summary Plan Description or contact the Novant Health Plan Administrator at (800) 890-5420. Also, you may visit the Department of Labor website ([www.dol.gov](http://www.dol.gov)) for more information on COBRA.

**You may have other options available to you when you lose group health coverage.** For example, you may be eligible to buy an individual plan through the Health Insurance Marketplace. By enrolling in coverage through the Marketplace, you may qualify for lower costs on your monthly premiums and lower out-of-pocket costs. Additionally, you may qualify for a 30-day special enrollment period for another group health plan for which you are eligible (such as a spouse's plan), even if that plan generally doesn't accept late enrollees.

**QUALIFYING EVENTS**

If you are an employee of Novant Health covered by the Group Health Plan, you have a right to choose COBRA if you lose your group health 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 the Group Health Plan, you have the right to choose COBRA for yourself if you lose group health coverage under the Group Health Plan for any of the following 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 with Novant Health;
3. Divorce or legal separation from your spouse; or
4. Your spouse becomes entitled to Medicare.

In the case of a dependent child of an employee covered by the Group Health Plan, he or she has the right to choose COBRA if the Group Health Plan is lost for any of the following reasons:

1. The death of the parent-employee;
2. A termination of the parent-employee's employment (for reasons other than gross misconduct) or reduction in the parent-employee's hours of employment with Novant Health;
3. The parent-employee's divorce or legal separation;

4. The parent-employee became entitled to Medicare prior to his/her qualifying event; or
5. The dependent child ceases to be a dependent child under the Group Health Plan.



Children born to or adopted by a covered employee during the continuation coverage period may also elect continuation coverage, provided that the covered employee has elected COBRA coverage for himself or herself. The coverage period will be determined according to the date of the qualifying event that resulted in the covered employee's COBRA coverage.

Sometimes, filing a bankruptcy under Title 11 of the United States Code can be a qualifying event. If a proceeding in bankruptcy is filed with respect to Novant Health and that bankruptcy results in the loss of coverage of any retired employee under the Group Health 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 Group Health Plan.

### **COVERAGE PROVIDED**

Under COBRA, the employee or a family member has the responsibility to inform the Novant Health Plan Administrator at (800) 890-5420 of a divorce, legal separation, or a child losing dependent status under the Group Health Plan within 60 days of the later of (1) the date of the qualifying event or (2) the date on which coverage would be lost as a result of the qualifying event.

**If notification is not made within 60 days after the applicable qualifying event occurs or if you do not timely provide any additional documentation or information (if requested) in a timely manner, your notification will be rejected and COBRA coverage will not be offered.**

Novant Health has the responsibility to notify the COBRA administrator of the employee's death, termination, and reduction in hours of employment or Medicare entitlement. Once the plan receives notice that a qualifying event has occurred, COBRA coverage will be offered to each qualified beneficiary. Each qualified beneficiary will have an independent right to elect COBRA coverage for 60 days from the later of the date coverage is lost under the plan or the date of notification to elect COBRA coverage. Covered employees may elect COBRA coverage on behalf of their spouse, and parents may elect COBRA coverage on behalf of their eligible dependent children. If a qualified beneficiary does not elect COBRA/continuation coverage within this period, the right to COBRA/continuation coverage will terminate.

If you elect COBRA, Novant Health is required to give you and your covered dependents, if any, coverage that is identical to the coverage provided under the plan to similarly situated employees or family members. Under COBRA, you may have to pay all or part of the premium for your continuation coverage.

### **PERIOD OF COVERAGE**

COBRA requires that you be afforded the opportunity to maintain 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 COBRA period is 18 months.

The 18-month period may be extended to 29 months if an individual is determined by the Social Security Administration (SSA) to be disabled (for Social Security purposes) at any time during the first 60 days of COBRA coverage or before COBRA coverage began and you are still disabled at the end of the original maximum continuation period of coverage (generally 18 months). To benefit from this extension, a qualified beneficiary must notify WEX Health, Inc. at (866) 451-3399 of that determination within 60 days of the later of (1) the date the qualified beneficiary is determined to be disabled by the Social Security Administration; (2) the date of the qualifying event; and (3) the date on which the qualified beneficiary would lose coverage because of the qualifying event, and before the end of the original 18-month period.

If the above notification is not made within 60 days of the date of the disability determination made by the Social Security Administration and before the end of the 18-month period of COBRA/continuation coverage, or if you do not provide the additional documentation or information (if requested) in a timely manner, your notification will be rejected and any additional COBRA/continuation coverage beyond the original 18-month period will not be offered.

The affected individual must also notify WEX Health, Inc. within 30 days of any final determination that the individual is no longer disabled.

## SECOND QUALIFYING EVENT EXTENSION

If the original event causing the loss of coverage was a termination (other than for gross misconduct) or a reduction in hours, another extension of the 18-month continuation period may occur, if during the 18 months of COBRA coverage, a qualified beneficiary experiences certain secondary qualifying events:



1. Divorce or legal separation
2. Death
3. Medicare entitlement
4. Dependent child ceasing to be a dependent

You will be required to have certain information available about your qualifying event, including: the type of qualifying event (divorce, legal separation, losing dependent coverage); the date of the divorce, legal separation or dependent losing coverage; the name and Social Security number of the covered employee; and the name, address and Social Security number of the covered spouse or dependent who is losing coverage.

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 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 eight months before the date on which his employment terminates, COBRA coverage for his spouse and eligible dependents 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 coverage generally lasts for only up to a total of 18 months. There are two ways in which this 18-month period of COBRA coverage can be extended.

If a second qualifying event does take place, COBRA provides that the qualified beneficiary may be eligible to extend COBRA up to 36 months from the date of the original qualifying event. If a second qualifying event occurs, it is the qualified beneficiary's responsibility to inform WEX Health, Inc. within 60 days of the event. In no event, however, will COBRA last beyond three years from the date of the event that originally made the qualified beneficiary eligible for COBRA. If COBRA coverage is elected, the coverage previously in effect will generally be continued. From time to time, some changes in coverage are possible. For example, benefits and cost will be modified as regular changes are made to the plan. Once you make your election, you will have up to 45 days to pay your first COBRA coverage premium, which will include any make-up premiums you missed. COBRA coverage will be effective the day after the qualifying event or the last day of active coverage, whichever is later. Premiums will be equal to the entire cost of the coverage, with an additional two percent to cover administrative expenses.

If the above notification is not made within 60 days after the second qualifying event occurs or if you do not provide any additional documentation or information (if requested) in a timely manner, your notification will be rejected and any additional COBRA coverage beyond the original 18- (or 29-) month period will not be offered.

### SPECIAL RULE FOR HEALTH FSAs

COBRA coverage under the Novant Health FSA will be offered only to qualified beneficiaries losing coverage that have under-spent accounts. A qualified beneficiary has an under-spent account if the annual limit elected by the covered employee, reduced by reimbursable claims submitted up to the time of the qualifying event, is equal to or more than the amount of the premiums for the Novant Health Health FSA COBRA coverage that will be charged for the remainder of the plan year. COBRA coverage will consist of the Novant Health Health FSA coverage in force at the time of the qualifying event. The use-it-or-lose-it rule will continue to apply, so any unused amounts will be forfeited at the end of the plan year, and the COBRA coverage for the FSA plan will terminate at the end of the plan year.

Unless otherwise elected, all qualified beneficiaries who were covered under the Novant Health Health FSA will be covered together for Health FSA COBRA coverage. However, each qualified beneficiary could alternatively elect separate COBRA coverage to cover that beneficiary only with a separate Health FSA annual limit and a separate premium. If you are interested in this alternative, contact WEX Health, Inc. at (866) 451-3399 during business hours for more information.

### SPECIAL RULE FOR EMPLOYEES IN THE UNIFORMED SERVICES

If you are an employee and your coverage under the plan terminates due to your service in the uniformed services, you may elect special continuation coverage under the Uniformed Services Employment and Reemployment Rights Act (USERRA) for yourself and your covered spouse and covered dependents. This special continuation of

coverage may extend for up to 24 months beginning from the date your plan coverage would otherwise terminate due to your service in the uniformed services. Service in the uniformed services includes your performance of duty on a voluntary or involuntary basis in the Armed Forces (including the Coast Guard and the Reserves), the Army National Guard, the Air National Guard, and the commissioned corps of the Public Health Service. If you believe this special continuation of coverage rule applies to you, please contact your human resources contact at your employer.



### **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 Novant Health during the covered employee's period of employment with Novant Health is entitled to the same rights to elect COBRA as an eligible dependent child of the covered employee.

### **PLAN CONTACT INFORMATION**

To ensure that all covered individuals receive information properly and timely, it is important that you notify our Customer Service Department at (866) 451-3399 of any change in dependent status or any address change of any family member as soon as possible. Certain changes must be submitted to us in writing. You should keep a copy, for your records, of any notices you send. Failure on your part to notify us of any changes may result in delayed notification or loss of continuation of coverage options.

### **OTHER COVERAGE OPTIONS**

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

### **ENROLLMENT IN MEDICARE**

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 8-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. For more information visit <https://www.medicare.gov/sign-up-change-plans/how-do-i-get-parts-a-b/part-a-part-b-sign-up-periods>.

If you don't enroll in Medicare Part B and elect COBRA continuation 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 continuation coverage and later enroll in Medicare Part A or B before the COBRA continuation coverage ends, the Plan may terminate your continuation 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 continuation 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 <https://www.medicare.gov/medicare-and-you>.

For more information about your rights under 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/ebsa](http://www.dol.gov/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).

If you have any questions about COBRA, please contact our Customer Service Department at (866) 451-3399 during business hours.

Sincerely,  
WEX Health, Inc.