

HEALTH CARE FSA GENERAL NOTICE OF CONTINUATION COVERAGE RIGHTS UNDER COBRA

001001

NAME

ADDRESS

ADDRESS

July 7, 2014

Introduction

You are receiving this notice because you are covered under the Health Care Flexible Spending Arrangement plan offered through the Office of Group Benefits (hereinafter referred to as “Health Care FSA”). This notice contains important information about your right to COBRA continuation coverage, which is a temporary extension of your Health Care FSA coverage under certain circumstances when coverage would otherwise end. **This notice generally explains Health Care FSA COBRA coverage, when it may become available to you and your family, and what you need to do to protect the right to receive it. This notice supersedes all other Health Care FSA COBRA General Notices provided to you.** The description of COBRA coverage contained in this notice applies only to the Health Care FSA and NOT to any other benefits offered by the Office of Group Benefits (for example, OGB Plan coverage administered by Blue Cross Blue Shield of Louisiana, life insurance, accident/disability insurance, cancer insurance, or dental insurance).

The right to COBRA coverage is a continuation of coverage right created by a federal law, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). COBRA continuation coverage provided by a state government plan is governed by the Public Health Services Act (PHSA). These laws require that most health plans (including the Health Care FSA) give “qualified beneficiaries” the opportunity to continue their health care coverage when there is a “qualifying event” that would result in a loss of coverage. Depending on the type of qualifying event, “qualified beneficiaries” can include the employee covered under the Health Care FSA, the covered employee’s spouse, and the dependent children of the covered employee. (Certain newborns, newly adopted children, and alternate recipients under NMSNs may also be qualified beneficiaries. This is discussed in more detail in separate paragraphs below.)

This notice does not fully describe COBRA coverage or other rights under the Health Care FSA. For additional information about your rights and obligations under the Health Care FSA and under federal law, you should get a copy of the Health Care FSA Plan document through the Office of Group Benefits (OGB) as specified below. The Health Care FSA provides no greater COBRA rights than what COBRA and the PHSA require. That is, nothing in this notice is intended to expand your rights beyond public sector COBRA’s requirements for the Health Care FSA.

You may have other options available to you when you lose Health Care FSA coverage. For example, you may be able 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 Health Care FSA for which you are eligible (such as a spouse's Health Care FSA), even if that Health Care FSA generally does not accept late enrollees, if you request enrollment within 30 days of the qualifying event.

What Is Health Care FSA COBRA Coverage?

Health Care FSA COBRA coverage is a continuation of Health Care FSA coverage when coverage would otherwise end because of a life event known as a "qualifying event." Specific qualifying events are listed later in this notice. Health Care FSA COBRA coverage is the same coverage that the Health Care FSA gives to other participants or beneficiaries under the Health Care FSA who are not receiving COBRA coverage. You, your spouse, and your dependent children could become qualified beneficiaries and would be entitled to elect Health Care FSA COBRA coverage if coverage under the Health Care FSA is lost because of the qualifying event. After a qualifying event occurs and any required notice of that event is properly provided to the OGB, Health Care FSA COBRA coverage must be offered to each person losing Health Care FSA coverage who is a "qualified beneficiary" if the respective Health Care FSA account is underspent. (See below regarding how OGB determines whether a Health Care FSA account is underspent.) Under the Health Care FSA, qualified beneficiaries who elect Health Care FSA COBRA coverage must pay the entire cost of the coverage.

Who Is Entitled to Elect Health Care FSA COBRA Coverage?

If you are an employee, you will be entitled to elect Health Care FSA COBRA if you lose your Health Care FSA coverage because either one of the following qualifying events happens:

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

If you are the spouse of an employee, you will be entitled to elect Health Care FSA COBRA if you lose your Health Care FSA coverage because any of the following qualifying events happens:

- 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; or
- You become divorced from your spouse. Also, if your spouse (the employee) reduces or eliminates your Health Care FSA coverage in anticipation of a divorce, and a divorce later occurs, then the divorce may be considered a qualifying event for you even though your coverage was reduced or eliminated before the divorce. If you notify the OGB within 60 days after the divorce and can establish that the employee cancelled the coverage in anticipation of the divorce, the Health Care FSA COBRA coverage may be available for the period after the divorce.

A person enrolled as the employee's dependent child will be entitled to elect Health Care FSA COBRA, if he or she loses group Health Care FSA coverage because any of the following qualifying events happens:

- 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; or
- The child stops being eligible for coverage under the Health Care FSA as a "dependent child."

When Is Health Care FSA COBRA Coverage Available?

When the qualifying event is the end of employment or reduction of hours of employment or death of the employee, the Health Care FSA will offer Health Care FSA COBRA coverage to qualified beneficiaries only after: (1) the OGB has been timely notified that a qualifying event has occurred; and, (2) the OGB has determined that the respective Health Care FSA account is underspent. The participant employer must notify the OGB of any of these qualifying events within 30 days following the date of the qualifying event.

COBRA coverage under the Health Care FSA will be offered only to qualified beneficiaries losing coverage who have underspent their 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 Health Care FSA COBRA coverage that would be charged for the remainder of the plan year. For the former covered employee who elects Health Care FSA COBRA coverage, Health Care FSA COBRA will consist of the Health Care 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/or grace period, and Health Care FSA COBRA coverage will terminate at the end of the plan year and/or grace period. The Grace Period is two (2) months and fifteen (15) days immediately following the end of the Plan Year when participants may incur Qualifying Medical Care Expenses to be reimbursed from their respective unused benefits remaining at the end of the immediately preceding plan year.

Unless otherwise elected, all qualified beneficiaries who were covered under the Health Care FSA will be covered together for the Health Care FSA COBRA coverage. However, each qualified beneficiary could alternatively elect separate Health Care FSA COBRA coverage to cover the beneficiary only, with a separate Health Care FSA annual limit and a separate premium.

You Must Give Notice of Some Qualifying Events

For the other qualifying events (divorce of the employee and spouse, or a dependent child's losing eligibility for coverage as a dependent child), you must notify the OGB in writing within 60 days after the qualifying event occurs. In providing this notice, you must use the Health Care FSA's form entitled "Notice of Qualifying Event Form" (you may obtain a copy

of this form from the OGB at no charge, or you can download the form at www.groupbenefits.org), and you must follow the notice procedures specified in the box at the end of this notice entitled “Notice Procedures.” If these procedures are not followed or if the notice is not provided to the OGB during the 60-day notice period, THEN ALL QUALIFIED BENEFICIARIES WILL LOSE THEIR RIGHT TO ELECT HEALTH CARE FSA COBRA.

Electing Health Care FSA COBRA

Once the OGB receives timely notice that a qualifying event has occurred and determines that the Health Care FSA account is underspent, each qualified beneficiary will have an independent right to elect Health Care FSA COBRA. Covered employees and spouses (if the spouse is a qualified beneficiary) may elect Health Care FSA COBRA on behalf of all of the qualified beneficiaries, and parents may elect Health Care FSA COBRA on behalf of their children. **Any qualified beneficiary for whom Health Care FSA COBRA coverage is not elected within the 60-day election period specified in the Health Care FSA’s COBRA election notice WILL LOSE his or her right to elect Health Care FSA COBRA.**

How much does Health Care FSA COBRA coverage cost?

Each qualified beneficiary is required to pay the entire cost of Health Care FSA COBRA coverage. The amount a qualified beneficiary may be required to pay may not exceed 102 percent of the cost for Health Care FSA coverage of a similarly situated plan participant or beneficiary who is not receiving Health Care FSA COBRA coverage.

How Long Does Health Care FSA COBRA Coverage Last?

COBRA coverage under the Health Care FSA can last only until the end of the grace period following the end of the year in which the qualifying event occurred. Health Care FSA COBRA coverage will automatically terminate before the end of the plan year and/or grace period if any required premium is not paid in full on time.

More Information About Individuals Who May Be Qualified Beneficiaries

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

A child born to, adopted by, or placed for adoption with a covered employee during a period of Health Care FSA COBRA coverage is considered to be a qualified beneficiary provided that, if the covered employee is a qualified beneficiary, the covered employee has elected Health Care FSA COBRA coverage for himself or herself. The child’s Health Care FSA COBRA coverage begins on the child’s date of birth, date of adoption, or placement for adoption. The child must satisfy the otherwise applicable Health Care FSA eligibility requirements (for example, regarding age). The Health Care FSA COBRA coverage lasts for as long as Health Care FSA COBRA coverage lasts for other family members of the employee— through the end of the grace period following the end of the Health Care FSA plan year as long as all required premiums are paid in full and on time.

Alternate recipients under NMSNs

A child of the covered employee who is receiving benefits under the Health Care FSA, pursuant to a National Medical Support Notice (NMSN) received by the OGB during the covered employee's period of employment with the participant employer, is entitled to the same rights to elect Health Care FSA COBRA as an eligible dependent child of the covered employee.

For more information

This notice does not fully describe Health Care FSA COBRA coverage or other rights under the Health Care FSA. More information about Health Care FSA COBRA coverage and your rights under the Health Care FSA is available from the OGB.

If you have any questions concerning the information in this notice, your rights to coverage, or if you want a copy of your Health Care FSA Plan document, you should contact:

**Office of Group Benefits
Flexible Benefits Administration
Post Office Box 44036
Baton Rouge, Louisiana 70804
225.925.3739
225.925.4860 (FAX)**

For more information about your rights under the Public Health Services Act, including public sector COBRA, the Patient Protection and Affordable Care Act (PPACA), and other laws affecting group health plans, visit the U.S. Department of Labor's Employee Benefits Security Administration (EBSA) website at www.dol.gov/ebsa, or call their toll-free number at 1-866-444-3272. For more information about health insurance options available through a Health Insurance Marketplace, visit www.healthcare.gov.

Keep Your Health Care FSA Informed of Address Changes

In order to protect your family's rights, you should keep the OGB informed of any changes in the addresses of your family members. You should also keep a copy, for your records, of any notices you send to the OGB.

Notice Procedures

Warning: 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 Health Care FSA COBRA coverage.

Notices Must Be Written and Submitted on Health Care FSA Forms: Any notice that you provide must be in writing and must be submitted on the Health Care FSA's required form (the Health Care FSA's required forms are described above in this notice, and you may obtain copies from the OGB without charge, or you can download the form at www.groupbenefits.org). Oral notice, including notice by telephone, is not acceptable. Electronic e-mailed notices are not acceptable.

How, When, and Where to Send Notices: You must mail, hand-deliver, or FAX your notice to:

**Office of Group Benefits
Flexible Benefits Administration
7389 Florida Blvd., Ste. 400 (70806)
Post Office Box 44036
Baton Rouge, Louisiana 70804
225.925.3739
225.925.4860 (FAX)**

If mailed, your notice must be postmarked no later than the last day of the applicable notice period. If hand-delivered or faxed, 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 the paragraphs above titled "When Is Health Care FSA COBRA Coverage Available?," "You Must Give Notice of Some Qualifying Events," and "Electing Health Care FSA COBRA.")

Information Required for All Notices:

Any notice you provide must include: (1) the name and address of the employee who is (or was) covered under the Health Care FSA; (2) the name(s) and address(es) of all qualified beneficiary(ies) who lost coverage as a result of the qualifying event; (3) the qualifying event and the date it happened; and, (4) the certification, signature, name, address, and telephone number of the person providing the notice.

Who May Provide Notices:

The covered employee (i.e., the employee or former employee who is or was covered under the Health Care FSA), 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.