

Introduction

This notice contains important information about your right to a temporary extension of coverage under the State Employees Group Insurance Program (the Plan) as well as other health coverage alternatives that may be available to you through the Health Insurance Marketplace. The right to continuation coverage was created by a federal law, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), as well as by certain state laws. Continuation coverage may become available to you and to your qualified dependents covered under the Plan when you would otherwise lose your group health, dental and life coverage, as well as participation in the Medical-Dental Expense Account. **This notice generally explains continuation coverage, when it may become available to you and your qualified dependents, and what you need to do to protect the right to receive it.** This notice gives only a summary of your continuation coverage rights. For more information about your rights and obligations under the Plan and under federal law, you should either review the Plan's Summary Plan Description or Certificate of Coverage.

The Plan Administrator is the State of Minnesota, Minnesota Management & Budget, State Employee Group Insurance Program. The Plan Administrator is responsible for administering continuation coverage.

Continuation coverage

Continuation coverage is a continuation of Plan 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. Continuation coverage must be offered to each person who is a "qualified beneficiary." A qualified beneficiary is someone who will lose coverage under the Plan because of a qualifying event. Depending on the type of qualifying event, employees, spouses of employees, and dependent children of employees may be qualified beneficiaries. Under the Plan, qualified beneficiaries who elect continuation coverage must pay for it.

There may be other health coverage options for you and your family. You may be able to buy coverage through the Health Insurance Marketplace. In the Marketplace, you could be eligible for a tax credit that lowers your monthly premiums and you can see what your premium, deductibles, and out-of-pocket costs will be before you make a decision to enroll. COBRA eligibility does not limit or exclude your eligibility for a health coverage tax credit through the Marketplace. Additionally, you may qualify for a special enrollment opportunity for another group health plan for which you are eligible (such as a spouse's plan), even if the plan generally does not accept late enrollees, if you request enrollment within their specified timeframe.

If you are an employee, you will become a qualified beneficiary if you will lose your coverage under the Plan because either one of the following qualifying events happens:

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

If you are the spouse of an employee, you will become a qualified beneficiary if you will lose your coverage under the Plan because any of the following qualifying events happens:

1. Your spouse dies;
2. Your spouse's hours of employment are reduced;
3. Your spouse's employment ends for any reason other than his or her gross misconduct; or
4. You become divorced or legally separated from your spouse.

Dependent children will become qualified beneficiaries if they will lose coverage under the Plan because any of the following qualifying events happens:

1. The parent-employee dies;
2. The parent-employee's hours of employment are reduced;
3. The parent-employee's employment ends for any reason other than his or her gross misconduct; or
4. The child stops being eligible for coverage under the plan as a "dependent child."
5. 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 the State of Minnesota, 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.

When is continuation coverage available?

The Plan will offer continuation coverage to qualified beneficiaries only after the plan Administrator has been notified that a qualifying event has occurred. When the qualifying event is the end of employment or reduction of hours of employment, death of the employee, or commencement of a proceeding in bankruptcy with respect to the employer, the Plan Administrator must be notified of the qualifying event within 30 days following the date coverage ends. Please note, for the purpose of COBRA coverage, the date of the qualifying event is the COBRA event date.

You must give notice of some qualifying events

For 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), you must notify the Plan Administrator. The Plan requires you to notify the Plan Administrator within 60 days after the qualifying event occurs. You must send this notice to: Minnesota Management & Budget, State Employee Group Insurance Program, Suite 400, 658 Cedar Street, St. Paul, MN, 55155.

How is continuation coverage provided?

Once the Plan Administrator receives notice that a qualifying event has occurred, continuation coverage will be offered to each of the qualified beneficiaries. Each qualified beneficiary will have an independent right to elect continuation coverage. Covered employees may elect continuation coverage on behalf of their spouses, and parents may elect continuation coverage on behalf of their children. For each qualified beneficiary who elects continuation coverage, that coverage will begin on the date that Plan coverage would otherwise have been lost.

Continuation coverage is a temporary continuation of coverage.

- When the qualifying event is a dependent child losing eligibility as a dependent child, continuation of medical and dental coverage lasts for up to 36 months.
- When the qualifying event is the death of the employee or divorce or legal separation, continuation of medical and dental coverage may last indefinitely.
- 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, continuation of medical and dental 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 8 months before the date on which his employment terminates, continuation coverage for his spouse and children 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, continuation coverage generally lasts for up to a total of 18 months. This 18-month period of continuation coverage can be extended if a second qualifying event occurs.

Second qualifying events

1. Extension of 18-month period of continuation coverage

If your family experiences another qualifying event while receiving 18 months of continuation coverage, the spouse and dependent children in your family can get additional qualified beneficiary becomes covered months of health and dental continuation coverage, up to a combined maximum of 36 months, if notice of the second qualifying event is properly given to the Plan. This extension is available to the spouse and dependent children if the employee or former employee dies, gets divorced or legally separated, or if the dependent child stops being eligible under the Plan as a dependent child, but only if the event would have caused the spouse or dependent child to lose coverage under the Plan had the first qualifying event not occurred. **In all of these cases, you must make sure that the Plan Administrator is notified of the second qualifying event within 60 days of the second qualifying event. This notice must be sent to: Minnesota Management & Budget, State Employee Group Insurance Program, Suite 400, 658 Cedar Street, St. Paul, MN, 55155**

2. Disability extension of 18-month period of continuation coverage

If you or a qualified dependent covered under the Plan is determined by the Social Security Administration to be disabled and you notify the Plan Administrator in a timely fashion, you and your qualified dependents can receive up to an additional 11 months of health and dental continuation coverage, for a total maximum of 29 months. The disability would have to have started at some time before the 60th day of continuation coverage and must last at least until the end of the 18-month period of continuation coverage. You must make 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 continuation coverage. This notice should be sent to: Minn. Management & Budget, State Employee Group Insurance Program, Suite 400, 658 Cedar Street, St. Paul, MN, 55155.

Continuation of life insurance

For **life insurance**, employees have the option to continue basic life/manager's life, employee optional life, spouse optional life, and child life insurance in the event of termination of employment, layoff, or reduction in hours. Dependents do **not** have the right to continue life insurance on their own. All or any portion of the life insurance benefits in force at the time the qualifying event occurs may be continued at the employee's expense. The maximum period for continuation of life insurance is 18 months, or until covered by other group insurance, whichever is earlier.

Continuation of the Medical-Dental Expense Account

For the **Medical-Dental Expense Account**, you may continue participation by electing to contribute to the plan through monthly payments on an after-tax basis. Coverage will end on the earliest of the following dates:

- The end of the plan year, December 31, or
- The end of the period for which contribution is paid, if the required contribution is not paid on a timely basis; or
- The date the plan is terminated, if ever. (For additional information about continuation of pre-tax accounts, please see the Plan Year Summary, available at [121benefits website](#))

Continuation of the Health Reimbursement Arrangement (HRA) Plan

For the **Health Reimbursement Arrangement (HRA) Plan**, you may continue participation by paying the required premium. The length of COBRA continuation depends upon the qualifying event:

- When the qualifying event is a dependent child losing eligibility as a dependent child, continuation lasts for up to 36 months.
- When the qualifying event is the death of the employee or divorce or legal separation, continuation may last indefinitely.
- When the qualifying event is termination from employment, then the continuation coverage runs for a period of 18 months following the date that coverage ended.
- The HRA Plan Administrator may offer an alternative continuation plan which you may elect in lieu of COBRA. Please contact your Human Resources office for additional information about COBRA continuation of the HRA Plan.

Continuation coverage for employees who retire or become disabled

There are special rules for employees who become disabled or retire. It is **your responsibility** to contact your agency's Human Resources office or the Minnesota Management & Budget to become informed about those rules.

How much does COBRA continuation coverage cost?

Generally, each qualified beneficiary may be required to pay the entire cost of continuation coverage. The amount a qualified beneficiary may be required to pay may not exceed 102 percent (or, in the case of an extension of continuation coverage due to a disability, 150 percent) of the cost to the group health plan (including both employer and employee contributions) for coverage of a similarly situated plan participant or beneficiary who is not receiving continuation coverage.

Grace periods for monthly payments

Payment is due on the date provided on your billing statement. You will be given a grace period of 30 days for receipt of your payment after the first day of each monthly coverage period. Your continuation coverage will be provided for each coverage period as long as payment for that coverage period is made before the end of the grace period for that payment. If you fail to make a monthly payment before the end of the grace period for that coverage period, you will lose all rights to continuation coverage under the Plan. If charges are due from a previous month, cancellation may occur at any time without further notice. Claim costs incurred during an unpaid period will be the responsibility of the individual.

All payments and all periodic payments for continuation coverage should be sent to: Minnesota Management & Budget, State Employee Group Insurance Program, P.O. Box 64243, St Paul, MN 55164.

If you have questions

If you have questions about your continuation coverage, you should contact Minnesota Management & Budget, your agency's Human Resources office, or you may contact the nearest Regional or District Office of the U.S Department of Labor's Employee Benefits Security Administration (EBSA). Addresses and phone number of Regional and District EBSA Offices are available through EBSA's web site at 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 mnsure.org or healthcare.gov.

Keep your plan informed of address changes

In order to protect your rights and those of your qualified dependents, you should keep the Plan Administrator informed of any changes in your address and the addresses of your qualified dependents. You should also keep a copy, for your records, of any notices you send to the Plan Administrator.