

Federally Regulated Benefits

COBRA Continuation Coverage

If you leave LMU or no longer meet the eligibility requirements for LMU Flex, you and your dependents may be eligible to continue your medical and dental/vision coverage and health care flexible spending account (FSA) under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA).

COBRA requires most employers that sponsor group health plans to offer covered employees and their families the opportunity for a temporary extension of health insurance coverage (called continuation coverage) should coverage end because of certain qualifying events. The COBRA rate is 102% of your LMU health insurance premium.

COBRA Qualifying Events

A qualifying event includes any of the following that cause you, your spouse, or your dependent children to lose coverage under the LMU medical or dental/vision plans:

- An employee's termination of employment for reasons other than gross misconduct,
- An employee's reduction in hours,
- An employee's death,
- An employee's legal separation or divorce,
- A dependent child no longer qualifies as a dependent under the terms of the medical or dental/vision plans, or
- An employee's entitlement to Medicare.

If you are the spouse of an employee and you lose LMU coverage under the medical or dental/vision plans for any of these reasons, you have the right to choose continuation coverage for yourself (and/or your dependent children).

Qualified Beneficiaries

A "qualified beneficiary" is generally an individual covered by a group health plan on the day before a qualifying event. You, your spouse, and your dependent children are considered qualified beneficiaries. Newborn children and children placed with you for adoption during the first 60 days of your COBRA coverage are also considered qualified beneficiaries.

COBRA Notice Obligations

Under COBRA, you or one of your family members has the responsibility of informing Human Resources of a divorce, legal separation, or a child's loss of dependent status under the medical or dental/vision plans within 60 days of the event. Failure to do so could jeopardize your entitlement to COBRA. LMU has the responsibility of informing you or your family member of the opportunity to elect COBRA continuation coverage upon your death, Medicare entitlement, termination of employment, or reduction in hours.

COBRA Election and Coverage

When LMU is notified or determines that one of the qualifying events described above has occurred, Human Resources will notify you or your family member of the right to choose continuation coverage. Under COBRA, continuation coverage must be elected within 60 days (measured from the date coverage is lost or the notice is mailed, whichever is later). *If you do not choose COBRA continuation coverage, your health care coverage will end.*

If you choose continuation coverage, LMU is required to offer you coverage that is identical to the coverage being administered to current LMU employees and dependents. No Evidence of Good Health is needed to continue coverage. You may elect to continue any or all medical and dental/vision plans under which you were covered on the day before the qualifying event. Even if you (the employee) do not elect continuation coverage, your spouse and dependent children can elect to continue any and all health plans under which they were covered on the day before the qualifying event.

Health Care Flexible Spending Accounts (FSAs)

Under certain circumstances, you may be eligible to continue participation in your Health Care FSA for the balance of the current year. You must continue to make regular monthly contributions on an after-tax basis in order to continue having access to funds remaining in your account. If you do not continue participation, you will be reimbursed for eligible expenses incurred prior to the date your FSA contributions ended. Any amount left in your account will be forfeited. Contact Human Resources for more information if you currently are enrolled in a health care spending account and wish to continue your coverage.

Maximum COBRA Period and Costs

If coverage is lost due to termination of employment or reduction in hours, the maximum period of continuation coverage is 18 months from the date of the qualifying event. This 18 months may be extended up to 36 months, measured from the date of the initial qualifying event, for covered dependents, if other qualifying events (such as death or divorce) occur during the original 18-month period. If coverage is lost due to death, divorce, or loss of dependent status, the maximum period of continuation coverage is 36 months from the date of the qualifying event. You pay 100% of the cost of coverage, plus a 2% administrative fee. If you are disabled, as determined by the Social Security Administration, on the date of the qualifying event or within 60 days of that date, you and your covered dependents may be eligible to continue coverage for a maximum period of 29 months from the date of the qualifying event. You must notify Human Resources within 60 days of the Social Security determination and prior to the end of the original 18-month continuation period. The cost for the disability extension may be up to 150% of the full premium during the 11-month extension.

California employees terminating employment at age 60 or older with at least five years of service with LMU may qualify for a special extension of benefits. Contact the insurance company/health care provider in writing within 30 calendar days prior to the date continuation coverage under federal COBRA is scheduled to end for further information on your eligibility and to elect this additional extension of coverage. The carrier may charge up to 213% of the premium during the COBRA extension period.

Effective September 1, 2003, Qualified Beneficiaries who begin COBRA coverage on or after January 1, 2003 have additional coverage continuation rights under California law. In order to receive the extension, a qualified beneficiary must first exhaust all available continuation

coverage under federal COBRA. If COBRA coverage is available for a period of less than 36 months, qualified beneficiaries may extend the term of their coverage for up to a total of 36 months measured from the date of the initial qualifying event. In order to receive the extension, contact the insurance company/health care service plan in writing within 30 calendar days prior to the date continuation coverage under federal COBRA is scheduled to end. The carrier may charge up to 110% of the premium during the COBRA extension period.

COBRA Termination

Your COBRA coverage will end for any of the following reasons:

- The covered person's eligibility expires
- You or your dependent(s) subsequently become covered under another employer's group health plan that does not contain any limitations or exclusions of the plan with respect to pre-existing conditions for you and/or your enrolled dependent(s)
- You or your dependent(s) subsequently become entitled to Medicare

- The premium for your continuation coverage is not paid on time
- LMU no longer provides group health coverage to any of its employees
- The disabled person's Social Security disability determination expires

Special Rule for Medicare Entitlement

Medicare entitlement of an LMU employee is a COBRA qualifying event that allows the affected spouse or dependent children to extend continuation coverage for a maximum period of 36 months from the date of the original qualifying event.

Conversion

Following the termination of active coverage or when COBRA is exhausted, you may qualify to convert certain coverage to an individual health plan. Call your insurance carrier for more information.

Note: This only summarizes your right to continue coverage through COBRA. For complete details or if you have questions, contact Human Resources.