

General Notice of Continuation of Coverage

Introduction

This notice has important information about continuation coverage, which is a temporary extension of coverage under the Plan. **This notice explains continuation of coverage, when it may become available to you and your family, and what you need to do to get it.** When you become eligible for continuation of coverage, you may also become eligible for other coverage options that may cost less than continuation coverage.

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 60-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.

What is continuation coverage?

Continuation coverage is a continuation of Plan coverage when it would otherwise end because of a life event. This is also called a "qualifying event." Specific qualifying events are listed later in this notice. After a qualifying event, continuation coverage may be offered to each person who is a "qualified beneficiary". You, your spouse, and your dependent children could become qualified beneficiaries if coverage under the Plan is lost because of the qualifying event. Qualified beneficiaries who elect continuation coverage must pay for continuation coverage.

If you're an employee, you'll become a qualified beneficiary if you lose your coverage under the Plan because of the following qualifying events:

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

If you're the spouse of an employee, you'll become a qualified beneficiary if you lose your coverage under the Plan because of the following qualifying events:

- 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;
- Your spouse becomes entitled to Medicare benefits (under Part A, Part B, or both); or
- You become divorced or legally separated from your spouse.

Your dependent children will become qualified beneficiaries if they lose coverage under the Plan because of the following qualifying events:

- 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;
- The parent-employee becomes entitled to Medicare benefits (Part A, Part B, or both);
- The parents become divorced or legally separated; or
- The child stops being eligible for coverage under the Plan as a "dependent child."

When is continuation coverage available?

Continuation coverage is offered to qualified beneficiaries and must be requested within a 60-day window from the later of the date coverage ends or the date the Continuation of Coverage Election Notice is provided.

How is continuation coverage provided?

Once Human Resources is notified that a qualifying event has occurred, continuation coverage may be requested by the qualified beneficiaries. Each qualified beneficiary may choose to elect continuation coverage. Covered employees may elect continuation coverage on behalf of their spouses, and may elect continuation coverage on behalf of their children. Continuation coverage is a temporary continuation of coverage that generally lasts for 18 months due to employment termination or reduction of hours of work. Certain qualifying events, or a second qualifying event during the initial period of coverage, may permit a beneficiary to receive a maximum of 36 months of coverage. There are also ways in which this 18-month period of continuation coverage can be extended:

Disability extension of 18-month period of continuation coverage

If you or anyone in your family covered under the Plan is determined by Social Security to be disabled and you notify Human Resources in a timely fashion, you and your entire family may be entitled to get up to an additional 11 months of continuation coverage, for a 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 apply early enough in your initial 18 months of continuation of coverage so that Social Security will have time to process your claim, approve it, and send you the Notice of Award letter. A copy of your Social Security Notice of Award letter must be provided within 60 days of receipt.

Second qualifying event extension of 18-month period of continuation coverage

If your family experiences another qualifying event during the 18 months of continuation coverage, the spouse and dependent children in your family can get up to 18 additional months of continuation coverage, for a maximum of 36 months, if the Plan is properly notified about the second qualifying event. This extension may be available to the spouse and any dependent children getting continuation coverage if the employee or former employee dies; becomes entitled to Medicare benefits (under Part A, Part B, or both); gets divorced or legally separated; or if the dependent child stops being eligible under the Plan as a dependent child. This extension is only available if the second

qualifying event would have caused the spouse or dependent child to lose coverage under the Plan had the first qualifying event not occurred.

Are there other coverage options besides Continuation Coverage?

Yes. Instead of enrolling in 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 continuation coverage. You can learn more about many of these options at www.healthcare.gov.

Keep your Plan informed of address changes

Let Human Resources know about any changes in your address or the addresses of family members. You should also keep a copy, for your records, of any notices you send to Human Resources.

If you have questions and for Plan information

Questions concerning your Plan or continuation coverage should be addressed to Human Resources: Email - askHR@baylor.edu or phone - 254-710-2000.

For more information about the Marketplace, visit www.HealthCare.gov.