



# Continuing Your Benefits

## A COBRA How-To Guide



Under federal law, you have the right to continue your employer-sponsored health insurance coverage after you lose coverage through your employer. The “COBRA” benefit continuation rules address what benefits you may continue, how long you can continue them, and what you need to do to successfully keep your coverage.

This packet gives you all the required information. It’s very important that you read and understand its contents because it details the requirements for benefits continuation.

### 1-2-3 Quick Start

At a minimum, here’s what you need to do to enroll for COBRA continuation coverage\*:

1. Read your information.
2. Enroll (either online or via paper) by the Last Day to Elect given on your Election Notice.
3. Make your initial payment no later than 45 days from the date you elect. Your coverage will not be activated until payment is received. The best way to pay is online!

\* Under the law, it is our responsibility to provide all the information you need to make educated decisions about continuing your benefits. We recommend you carefully review this information. You are responsible for complying with the terms and conditions described in this brochure and on the enclosed forms and materials.

### Getting Started

1. **Read this entire brochure carefully.** If you have any questions, please visit TRI-AD’s COBRA Participant website or contact the Participant Service Center for assistance.
2. **Review all package contents carefully.** If you think something is missing or incorrect, please contact TRI-AD immediately.
3. **Pay attention to the deadlines!** If you miss an enrollment or payment deadline, you will lose your right to continue benefits.  
*Once your continuation rights have been lost, they cannot be reinstated.*
4. **Enroll by the Last Day to Elect given on your COBRA Continuation Coverage Election Notice.** The best way to do this is online so you know we received your elections. Alternatively, you can return the enrollment form provided with this packet. If you enroll via paper, it must be postmarked by the deadline.
5. **Make your payment to activate coverage.**



### About Your Package

Your package should contain:

- This brochure
- COBRA Continuation Coverage Election Notice
- An overview of the COBRA Participant website, including how to enroll and pay online

It may also contain additional benefits information, as requested by your employer.



# Understanding the COBRA Enrollment Timeline

## Ready

You have 60 days from the date on the enclosed Election Notice to enroll. The last day to elect is given on the notice. If you don't enroll by that deadline, you will not be able to continue coverage.



## Set

Your coverage doesn't start again until you actually pay for it. You have 45 days from the day you elect to make your first payment. If you don't pay within that 45-day window, your coverage will not be reinstated.



## Go

Once TRI-AD receives full payment, we instruct the insurance companies to reinstate your coverage. It takes them 5 to 10 business days. So, even if you enroll and pay online, it still takes time for your coverage to be reactivated.

## Understanding COBRA

This brochure contains information about COBRA rules. It's very important that you familiarize yourself with this information. Keep this brochure for future reference. If you misplace it, you can find it on TRI-AD's COBRA Participant website.



## Your Rights and Responsibilities under COBRA

Federal law requires this group health plan to allow employees and their covered family members to continue health care coverage when there is a "qualifying event" that would result in a loss of coverage under the plan.

**For employees**, a qualifying event includes loss of coverage due to :

- Reduction in hours of employment, or
- Loss of employment for any reason other than for gross misconduct.

**For spouses and/or dependent(s)**, a qualifying event includes one of the following events:

- The spouse-employee's or parent-employee's hours are reduced
- The spouse-employee's or parent-employee's employment ends for any reason other than for gross misconduct
- The covered employee's death
- Divorce or legal separation of employee and spouse
- A child stops being eligible for coverage under the plan as a "dependent child."

The benefits offered under COBRA are generally the same benefits that are offered to active employees. You also may change plans during any annual enrollment period that is offered to active employees.

## Who Is Eligible to Continue Coverage?

### Who is a "qualified beneficiary?"

A "Qualified Beneficiary" ("QB" for short) refers to anyone eligible to continue benefits under COBRA. Generally this is you and any family member(s) who were covered on the day you lost health benefits coverage that was being provided on the employer's group plan. Your spouse and/or children could be QB's.

Domestic partners and their children are often not eligible to continue their benefits because federal COBRA law does not require it. If you covered your domestic partner, and/or his/her children on your active employee benefits, check your personalized COBRA information contained in this packet to see if they are being extended COBRA continuation privileges.

### Do my covered family members have COBRA rights?

Each QB has a separate right to elect continuation coverage. For example, your spouse may elect coverage even if you do not, or you could elect to cover only one, several, or all QB dependent children. A parent may elect to continue coverage on behalf of any such dependent children. The employee or the employee's spouse can elect continuation coverage on behalf of any or all of the QB's.

Each QB who elects continuation coverage will have the same rights as other plan participants, including open enrollment and special enrollment rights.

## What Are the Coverage Periods?

<i>If you are . . .</i>	<i>And you lost coverage due to . . .</i>	<i>Then . . .</i>
An employee, spouse or dependent	<ul style="list-style-type: none"> <li>■ Employee's reduction of hours</li> <li>■ Employee's loss of employment</li> </ul>	You may generally continue coverage for up to 18 months.*
A spouse or dependent	<ul style="list-style-type: none"> <li>■ Your spouse or parent, who was the primary covered person, dies</li> <li>■ Your spouse or parent, who was the primary covered person, becomes entitled to Medicare before he or she was on COBRA</li> <li>■ Divorce or legal separation of primary covered person and spouse</li> <li>■ Reaching the limiting age as a dependent child</li> </ul>	For all of these situations, you may generally continue coverage for up to 36 months.*

\*Note: If the person through whom coverage was available as an active employee becomes entitled to Medicare benefits less than 18 months before the qualifying event, COBRA continuation coverage for the eligible spouse or dependents could last until 36 months after the date of Medicare entitlement. For example, the employee became entitled to Medicare on January 1, 2016 and lost benefits coverage on April 1, 2016. The QB (spouse or dependents) could continue COBRA coverage until December 31, 2018 (36 months from January 1, 2016).

## How Can I Extend the Length of COBRA Continuation Coverage?

You may be eligible for an extension in limited situations. Here is what's available:

- **Spouses and Dependent Children** can have a second qualifying event. These are events that occur during the first 18 months of continuation coverage that would have caused you to lose coverage if the first qualifying event hadn't occurred. These events include:
  - The covered employee's death;
  - Divorce or legal separation from the covered employee;
  - A child stops being eligible for coverage under the plan as a "dependent child," typically due to reaching the maximum covered age.
- **Disability:** If any of the QB's become disabled during the first 60 days of COBRA coverage, an 11-month extension of coverage may be available to each of the QB's who elected continuation coverage if the following conditions apply:
  - The QB must be determined under the Social Security Act (SSA) to be disabled.
  - The Social Security Administration needs to deem you disabled before or within the first 60 days of COBRA coverage and the disability must last at least until the end of the 18-month period of continuation coverage.

The maximum amount of continuation coverage available when a second qualifying event occurs is 36 months from the date continuation coverage originally started.



### Second Qualifying Events: What You Need to Do

Within 60 days after the second qualifying event occurs and BEFORE the end of the 18-month continuation period, you must notify the TRI-AD Continuation of Benefits Department of the event in writing. If you don't, you may lose your right to the COBRA extension.

In addition to the notice, you must send TRI-AD adequate documentation for us to assess whether your request is eligible. Examples are: an actual copy of your divorce decree (or court documents for separation), Medicare award notice or death certificate.

## Disability: What You Need to Do

**At the start of the disability**, you must notify the TRI-AD Continuation of Benefits Department in writing of the Social Security Administration (SSA's) determination of disability **within 60 days after the date of the SSA disability determination and before the end of the 18-month period of COBRA continuation coverage**. Include the letter from the SSA showing that you have been deemed disabled by the SSA. If you do not provide this notice within the 60-day window, you may lose your right to the disability extension.

**When disability ends:** Once a QB is no longer disabled under the SSA, you must notify TRI-AD within 30 days after the SSA makes that determination.



## When Does Coverage End?

The maximum coverage period is described on the previous page. However, coverage can end sooner than the maximum available period if any of the following applies:

- Any required premium is not paid in full, on time (by the end of the grace period),
- A covered qualified beneficiary becomes covered under another group health plan,
- A covered qualified beneficiary first becomes entitled to (enrolled in) Medicare benefits (under Part A, Part B, or both), after they have elected COBRA,
- The employer stops providing any group health plan for its employees,
- The covered qualified beneficiary is found to be no longer disabled during a disability COBRA extension, or
- A covered qualified beneficiary's continuation coverage may also be terminated for cause (e.g., fraud) if the Plan would terminate coverage of an active employee or beneficiary not receiving continuation coverage.

## Electing or Not Electing COBRA Coverage: Pros, Cons and Alternatives

### How can I elect COBRA continuation coverage? How about my dependents?

**Your best choice is to enroll online.** The TRI-AD COBRA Participant website is secure, guarantees that your election will not go astray in transit, ensures your election is complete and accurate, and means that it's processed quickly.

If you can't enroll online, you can complete the enclosed Election Form and send it to TRI-AD according to the directions on the form.

**If you mail the form**, it must be *postmarked* by the last date to elect shown on the form. Also, we encourage you to get a proof of mailing certificate from the post office (certified mail is not needed, just proof of mailing) in case it goes astray in the mail.

**If you fax the form**, you must do so by the last date to elect shown on the form. Please save the fax confirmation sheet showing that the fax went through successfully in case you need to prove you submitted it on time.

### What happens if I decide not to continue my coverage?

Deciding not to continue coverage may affect your future rights under federal law in some important ways:

- If you reject continuation coverage before the last day to elect, you may change your mind as long as you enroll before the last day to elect. However, if you do so after first rejecting continuation coverage, your coverage will be reinstated as of the date you enroll. It will not be retroactive to the date you lost coverage.

**You may be able to get coverage through the Health Insurance Marketplace that costs less than COBRA continuation coverage.**

### What is the Health Insurance Marketplace?

The Marketplace offers "one-stop shopping" to find and compare private health insurance options. In the Marketplace, you could be eligible for a tax credit that lowers your monthly premiums and cost-sharing reductions (amounts that lower your out-of-pocket costs for deductibles, coinsurance, and copayments) right away, and you can see what your premium, deductibles, and out-of-pocket costs will be before you make a decision to enroll. Through the Marketplace you'll also learn if you qualify for free or low-cost coverage from Medicaid or the Children's Health Insurance Program (CHIP). You can access the Marketplace for your state at [www.healthcare.gov](http://www.healthcare.gov).

Coverage through the Health Insurance Marketplace may cost less than COBRA continuation coverage. Being offered COBRA continuation coverage won't limit your eligibility for coverage or for a tax credit through the Marketplace.

## When can I enroll in Marketplace coverage?

You always have 60 days from the time you lose your job-based coverage to enroll in the Marketplace. That is because losing your job-based health coverage is a “special enrollment” event. **After 60 days your special enrollment period will end and you may not be able to enroll, so you should take action right away.** In addition, during what is called an “open enrollment” period, anyone can enroll in Marketplace coverage.

To find out more about enrolling in the Marketplace, such as when the next open enrollment period will be and what you need to know about qualifying events and special enrollment periods, visit [www.HealthCare.gov](http://www.HealthCare.gov).

## If I sign up for COBRA continuation coverage, can I switch to coverage in the Marketplace? What about if I choose Marketplace coverage and want to switch back to COBRA continuation coverage?

If you sign up for COBRA continuation coverage, you can switch to a Marketplace plan during a Marketplace open enrollment period. You can also end your COBRA continuation coverage early and switch to a Marketplace plan if you have another qualifying event such as marriage or birth of a child through something called a “special enrollment period.” But be careful — if you terminate your COBRA continuation coverage early without another qualifying event, you’ll have to wait to enroll in Marketplace coverage until the next open enrollment period, and could end up without any health coverage in the interim.

Once you’ve exhausted your COBRA continuation coverage and it expires, you’ll be eligible to enroll in Marketplace coverage through a special enrollment period, even if Marketplace open enrollment has ended.

If you sign up for Marketplace coverage instead of COBRA continuation coverage, you cannot switch to COBRA continuation coverage under any circumstances.

## What factors should I consider when choosing coverage options?

When considering your options for health coverage, you may want to think about:

- **Premiums:** Your previous plan can charge up to 102% of total plan premiums for COBRA coverage. Other options, like coverage on a spouse’s plan or through the Marketplace, may be less expensive.
- **Provider Networks:** If you’re currently getting care or treatment for a condition, a change in your health coverage may affect your access to a particular health care provider. You may want to check to see if your current health care providers participate in a network as you consider options for health coverage.
- **Drug Formularies:** If you’re currently taking medication, a change in your health coverage may affect your costs for medication — and in some cases, your medication may not be covered by another plan. You may want to check to see if your current medications are listed in drug formularies for other health coverage.
- **Severance payments:** If you lost your job and got a severance package from your former employer, your former employer may have offered to pay some or all of your COBRA payments for a period of time. In this scenario, you may want to contact the Department of Labor at 1-866-444-3272 to discuss your options.
- **Service Areas:** Some plans limit their benefits to specific service or coverage areas — so if you move to another area of the country, you may not be able to use your benefits. You may want to see if your plan has a service or coverage area, or other similar limitations.
- **Other Cost-Sharing:** In addition to premiums or contributions for health coverage, you probably pay copayments, deductibles, coinsurance, or other amounts as you use your benefits. You may want to check to see what the cost-sharing requirements are for other health coverage options. For example, one option may have much lower monthly premiums, but a much higher deductible and higher copayments.



## What are my alternatives to COBRA continuation coverage?

■ **Marketplace:** Instead of enrolling in COBRA continuation coverage, there may be other more affordable 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 should compare your other coverage options with COBRA continuation coverage and choose the coverage that is best for you. For example, if you move to other coverage you may pay more out of pocket than you would under COBRA because the new coverage may impose a new deductible.

When you lose job-based health coverage, it’s important that you choose carefully between COBRA continuation coverage and other coverage options, because once you’ve made your choice, it can be difficult or impossible to switch to another coverage option.

■ **Gaining coverage under another group health plan:** Under the law, you (and your covered dependents, if applicable) have the right to enroll in another group health plan for which you are otherwise eligible, such as a plan sponsored by your spouse’s employer. You will also have the same special enrollment right in any other group health plan you are eligible for at the end of the COBRA continuation coverage, if you maintain COBRA continuation coverage for the maximum available time, e.g., if you stay on COBRA for 18 months.



## Costs and Payment Rules for Continuation Coverage



### Pay Online – Secure and Hassle-Free

The safest way to pay is to log into your account and pay online from your checking or savings account.

That way, you're sure your payment was received by TRI-AD.

No checks, no stamps, no certificates of mailing, nothing to get lost... paying online is fast, secure, and worry-free.



### How much does COBRA continuation coverage cost?

Generally, each QB must pay both the employer and employee costs, plus a 2% administration fee. The cost can't exceed 102% (or, in the case of a disability extension, 150%) of the total cost of providing the same benefit to a similar active employee and/or his/her dependents. The options and costs are given on the Election Form.

### How do I pay for COBRA continuation coverage?

Once your enrollment has been processed, you can pay your continuation coverage payments in one of three ways:

- **The best way is to pay online.** Log in and review your COBRA account online. Pay your premiums securely and easily from your checking or savings account.
- **Online bill-pay is a good second choice.** Use your bank's online bill-pay feature or set up scheduled direct payments through your bank.
- **By mail.** It's best to send your payment from the post office and obtain a proof of mailing receipt. That way, you can prove you sent it and not risk losing coverage due to a mailing issue.
- **TRI-AD does not accept credit card payments at this time.**
- **Insufficient fund (NSF) checks, rejected direct payment transactions, or other checks that cannot be cashed do not constitute payment.** They are treated the same as non-payment. These situations can lead to losing your coverage, as well as additional charges by TRI-AD and/or your financial institution.

### When must I make a payment?

#### *Making your first payment for continuation coverage*

When you elect continuation coverage, you must make your first payment no later than 45 days from the date you enroll online; fax in your form; or the mailing postmark date. **Your coverage will not be reactivated until your first payment is received and processed by TRI-AD.** If you make a partial payment, the money is applied to the oldest month first, so your coverage would be reinstated from the date of loss of coverage only through the date for which you have paid. To bring your account current, you need to pay for the entire period due. If you do not bring your account current within that 45-day period, you will lose all rights to continue COBRA from your paid-through date forward. If you do not make your first payment in full within that 45-day period, you will lose all continuation coverage rights.

You are responsible for making sure that the amount of your first payment is correct. You may contact TRI-AD to confirm the correct amount of the retroactive payment.

#### **Make your online payments at [www.tri-ad.com/cobra](http://www.tri-ad.com/cobra).**

Log into your account and make your payment with a checking or savings account.

Or you may mail payments to:  
TRI-AD Continuation of Benefits Department, PO Box 2059, Escondido, CA 92033



### Ongoing payments for continuation coverage

After you make your first payment, you must make payments for each subsequent coverage period. The amount due is shown on the payment coupons you will receive after you have enrolled for continuation coverage. These payments are due on the first day of the month for that month. If you make a payment on or before the first day of the month to which it applies, your coverage under the Plan will continue uninterrupted for that month.

TRI-AD will send you new payment coupons if there is a change to your account that affects your payments.

### Payment grace periods

There is a grace period of 30 days after the first day of the month to make your payment. **If your payment is not received before the end of the grace period, your coverage will be terminated back to the end of the prior month that you had paid. Once coverage is lost, it cannot be reinstated.**

Many insurance companies track benefits eligibility based on the "paid-through" date, and consider you covered only up to the date through which you have paid. They will not process claims until the payment for the month has been made. For example, let's say you have paid through January 31 and have until February 28 to pay for February. On February 10<sup>th</sup>, you seek medical attention. When the doctor's office calls the insurance company to verify coverage, they will be told that you are not currently covered because your paid-through date has passed. Some providers will insist that you pay your COBRA premiums before they will provide service. If you wish to have uninterrupted coverage, you should pay on or before the first day of the month.

## Helpful Hint

### Ensuring Continuous Coverage

If you pay on or before the end of the month for the next month, you will ensure uninterrupted coverage. If you don't, you may end up with a gap in coverage until you bring your account current. This can affect your ability to access services.



### Payment Fast Facts

- COBRA coverage terminates if you are late with a payment, *even if you are only late by one day.*
- If you do not make your payment before the end of the payment's grace period, you will lose your coverage retroactive to the last paid-through date.
- Payment must be made online or postmarked by the grace period end date.
- Invalid payments (NSF checks, checks that are returned for any reason, denied online payments, etc.) do not constitute payment.
- There are no exceptions to these rules.



**Once coverage is lost, it cannot be reinstated!**



## Stay In Touch

Let TRI-AD know immediately if you or a covered family member moves, changes phone numbers, etc.

If you change banks, be sure to update your banking arrangements so your payments continue uninterrupted.



## Keeping In Touch with TRI-AD

**It's your responsibility to let TRI-AD know if you have a second qualifying event or change in your status that affects your benefits eligibility.** As discussed earlier, if you do not notify us promptly, you may lose certain rights under COBRA. You also need to keep TRI-AD informed of any changes in your address and the addresses of covered family members. You can update your account online through a status change or send us an email.

For your protection, please keep a copy for your records of any correspondence you send to TRI-AD.

## State Laws and Benefit Continuation

For fully insured plans, your state's laws may provide for additional continuation coverage benefits, some form of premium subsidy, and/or coverage time extensions. State requirements are placed on the insurance company, not the employer. Contact your health plan insurer for information about your state's provisions.

## Modification of Benefits

Continued coverage will be the same health coverage you and/or your dependents would have been entitled to if you had not lost coverage under the plan. The employer providing this plan reserves the right to eliminate or modify benefits offered under its health plan and to change the monthly rates. If a health plan is replaced, continuation coverage will continue under the new replacement plan. If the employer cancels health insurance for all employees, then your benefit continuation rights would end at that point in time.

## Medicare Program

When you are eligible for Medicare and Medicare is allowed by federal law to be the primary payer, the coverage provided by this health plan will be reduced by the amount of benefits allowed under Medicare for the same **covered services**. This reduction will be made whether or not you actually receive the benefits from Medicare.



**TRI-AD Continuation of Benefits  
Department, PO Box 2059,  
Escondido, CA 92033**

**[www.tri-ad.com](http://www.tri-ad.com)**

**Toll-free Phone: 888-844-1372  
(M-F 5 a.m. to 6 p.m. Pacific)**

**Fax: 760-233-4742**

**Email: [cobmail@tri-ad.com](mailto:cobmail@tri-ad.com)**

## Where to Get Help and Additional Information

**About Your Benefit Coverage:** This notice does not fully describe continuation coverage or other rights under the Plan. More information about continuation coverage and your rights under the Plan is available in your Summary Plan Description or from the employer providing the plan in which you are enrolled. If you want a copy of your Summary Plan Description, contact the employer's benefits department.

**About Federal COBRA, HIPAA, and other regulations:** If you need more information about your rights under ERISA, including COBRA, the Health Insurance Portability and Accountability Act (HIPAA), 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](http://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](http://www.healthcare.gov).

**About Your COBRA Coverage:** If you have any questions concerning the information in this brochure, the accompanying forms, or your rights to coverage, please contact TRI-AD's Participant Service Center.