

## **COBRA and your Employer's Health Flexible Spending Arrangement (FSA)**

A federal law commonly known as COBRA requires most employers with 20 or more employees that sponsor group health plans to offer covered employees and their covered dependents who would otherwise lose their coverage the opportunity for a temporary extension of health coverage (called "continuation coverage") at group rates under certain conditions. **Certain employers such as churches and employers with less than 20 employees are exempt from COBRA by law.** This notice is intended to inform you, in a summary fashion, of your rights and obligations under the continuation coverage provisions of that law with regards to your participation in our Health Flexible Spending Arrangement (FSA). Both you and your spouse should take the time to read this notice carefully. **Please note that all of the rights explained in this section are only available to employee Participants of the Health FSA (and their spouses and dependents) who have been reimbursed less from the Health FSA than they have contributed (including any contributions made on their behalf by the employer) at the time the pertinent event(s) described below occur.**

If you are a Participant covered by the Health FSA, you may choose to continue coverage if you would otherwise lose your coverage because of a reduction in hours of employment or the termination of your employment (for reasons other than gross misconduct on your part).

If you are a spouse of an employee covered by the Health FSA, you may continue coverage for yourself if you would otherwise lose coverage for any of the following reasons:

- (1) The death of your spouse;
- (2) A termination of your spouse's employment (for reasons other than gross misconduct) or reduction in your spouse's hours of employment;
- (3) Divorce or legal separation from your spouse;
- (4) Your spouse becomes entitled to (that is, covered by) Medicare; or

In the case of a dependent child of a Participant covered by the Health FSA, he or she may continue coverage if coverage would otherwise be lost for any of the following reasons:

- (1) The death of the Participant parent;
- (2) The termination of a Participant parent's employment (for reasons other than gross misconduct) or reduction in Participant parent's hours of employment;
- (3) Participant parents' divorce or legal separation;
- (4) A Participant parent becomes entitled to (that is, covered by) Medicare;
- (5) The dependent ceases to be a "dependent child" under the Health FSA.

Under the law, the employee or a family member has the responsibility to inform the Plan Administrator of the Flexible Benefits Plan of which the Health FSA is a component within 60 days of a divorce, a legal separation, a Social Security determination that the employee or a family member that was covered by the Health FSA at the time of the employee's termination or reduction of hours were/was determined to have been disabled at any time during the first 60 days of continuation coverage, or a child losing dependent status under the Health FSA. The employer has the responsibility to inform the Plan Administrator of the Flexible Benefits Plan of which the Health FSA is a component of the employee's death, termination of employment or reduction in hours, or Medicare entitlement.

When the Plan Administrator of the Flexible Benefits Plan is notified that one of these events has occurred, it will determine whether the Participant, a spouse or any dependents have the right to continue coverage and, if applicable, will notify the appropriate individual (a Qualified Beneficiary) of such rights. Under COBRA, a Qualified Beneficiary has at least 60 days from the date of the notice of COBRA continuation of coverage rights to inform the Plan Administrator that they wish to elect continuation coverage.

If a Qualified Beneficiary does not elect continuation coverage (and/or it is not elected on their behalf), their coverage under the Health FSA will end. If a Qualified Beneficiary does elect continuation coverage (and/or it is elected on their behalf), the employer is required to provide coverage for that individual, which, as of the time coverage is being provided, is identical to the coverage provided under the Plan to similarly situated employees or family members. COBRA requires that Qualified Beneficiaries be afforded the opportunity to maintain continuation coverage for the remainder of the Plan Year.

However, COBRA also provides that a Qualified Beneficiary's continuation coverage may be cut short for any of the following reasons:

- (1) The employer no longer provides coverage under any Health Plan to any of its Employees;
- (2) The premium for your continuation coverage is not paid in a timely fashion;
- (3) After you elect continuation coverage, you are covered under any Health FSA that does not include a preexisting conditions clause that applies to you or a covered dependent;
- (4) After you elect continuation coverage, you are covered under another group health plan, and any preexisting conditions exclusions or limitations of that plan do not apply or are satisfied by you. A plan's preexisting conditions exclusion period will be reduced by each month that you and your family had continuous health coverage (including COBRA continuation coverage) with no break in coverage greater than 63 days.
- (5) After you elect continuation coverage, you are entitled to (that is, covered by) Medicare.

A Qualified Beneficiary does not have to show that they are insurable to choose continuation coverage. However, under COBRA, a Qualified Beneficiary must cost for continuation coverage. The premium for Health FSA coverage is the sum of the periodic salary redirections the Participant was making to the Plan while an employee plus the amount, if any, of periodic contributions the employer made to the Participants Health FSA while the Participant was an employee plus any per Participant monthly administrative fee the employer pays to a third party administrator plus 2% of the aforementioned amounts as an administrative surcharge. The Qualified Beneficiary's payment for the cost of continuation coverage is due by the first of the month for which coverage is desired but there is also an additional grace period of 30 days to pay the premium. If you have any questions about COBRA, please contact the Plan Administrator. Also, if you have changed marital status or you or your spouse has changed addresses please notify the Plan Administrator at the address designated below.

The name and address of the Plan Administrator are:

Attn: Flex Plan Administrator  
Lee County Board of Commissioners  
Post Office Box 889  
Leesburg, GA 31763