



COBRA Benefits and Other Health Care Coverage Continuation Options

Plan Year 2025



COBRA Information Booklet

For Participants of Southwest Research Institute Health Care Plans

TABLE OF CONTENTS

I.	INTRODUCTION TO HEALTH CARE COVERAGE CONTINUATION OPTIONS UNDER COBRA	1
1	WHAT IS COBRA?	1
2	WHAT OTHER OPTIONS ARE THERE FOR CONTINUATION OF HEALTH COVERAGE?	1
3	WHAT ARE “SUMMARIES OF BENEFITS AND COVERAGE (SBCs)” AND HOW ARE THEY USEFUL IN EVALUATING HEALTH CARE COVERAGE?	1
4	HOW WILL COBRA AFFECT THE ACTIVE EMPLOYEES OF SOUTHWEST RESEARCH INSTITUTE?	1
5	WHO IS ELIGIBLE FOR COBRA CONTINUATION COVERAGE?	2
6	WHO PAYS THE PREMIUMS FOR COBRA CONTINUATION COVERAGE?	2
7	WHAT COVERAGE IS PROVIDED?	2
8	WHAT FACTORS SHOULD I CONSIDER WHEN CHOOSING COVERAGE OPTIONS?	2
9	WHAT IS A QUALIFYING EVENT?	3
10	CAN A PERSON HAVE MORE THAN ONE QUALIFYING EVENT?	4
11	WHO IS RESPONSIBLE TO NOTIFY THE INSTITUTE OF A QUALIFYING EVENT?	4
12	WHAT CAN I DO TO APPEAL A DECISION THAT DENIES MY ELECTION TO CONTINUE COVERAGE?	4
II.	INFORMATION ON ELECTION OF CONTINUATION COVERAGE UNDER COBRA.....	5
1	WHAT IS THE COBRA ELECTION NOTICE?	5
2	WHERE IS THE COBRA ELECTION NOTICE SENT?	5
3	WHEN IS THE COBRA ELECTION NOTICE SENT?	5
4	WHEN MUST A QUALIFIED PERSON(S) RESPOND TO THE COBRA ELECTION NOTICE IN ORDER TO CONTINUE COVERAGE UNDER COBRA?	5
5	WHAT HAPPENS TO MY HEALTH INSURANCE COVERAGE AFTER THE DATE OF A QUALIFYING EVENT?	6
6	WHEN IS CONTINUATION COVERAGE UNDER COBRA EFFECTIVE?	6
7	WHAT ARE THE CONSEQUENCES OF NOT ELECTING CONTINUATION COVERAGE UNDER COBRA?	6
8	WHAT HEALTH COVERAGE IS AVAILABLE TO ELECT?	6
III.	DURATION OF CONTINUATION COVERAGE UNDER COBRA	7
1	HOW LONG IS COBRA CONTINUATION COVERAGE AVAILABLE?	7
2	WHAT CIRCUMSTANCES ARE AVAILABLE FOR DEPENDENT’S COBRA CONTINUATION COVERAGE TO BE EXTENDED FROM 18 TO 36 MONTHS?	7
3	WHAT ADDITIONAL CIRCUMSTANCES ALLOW FOR COVERAGE TO BE EXTENDED BEYOND THE INITIAL 18-MONTH PERIOD?	7
4	FOR EMPLOYEES WITH 10 OR MORE CONSECUTIVE YEARS OF SERVICE AS A REGULAR EMPLOYEE, WHAT HAPPENS TO A DEPENDENT’S HEALTHCARE COVERAGE IF THE REGULAR EMPLOYEE DIES?	9
5	FOR EMPLOYEES WITH LESS THAN 10 YEARS OF SERVICE AS A REGULAR EMPLOYEE, WHAT HAPPENS TO A DEPENDENT’S HEALTH CARE COVERAGE IF THE REGULAR EMPLOYEE DIES?	9
6	HOW DOES COBRA APPLY TO A HEALTH CARE REIMBURSEMENT ACCOUNT ELECTION?	10
7	HOW DOES COBRA APPLY TO A DEPENDENT CARE REIMBURSEMENT ACCOUNT ELECTION?	10
IV.	PREMIUMS FOR CONTINUATION COVERAGE UNDER COBRA	10
1	WHAT PREMIUMS ARE REQUIRED FOR CONTINUATION COVERAGE UNDER COBRA?	10
2	HOW ARE PREMIUM PAYMENTS TO BE REMITTED?	11
3	WHAT INITIAL PREMIUM IS REQUIRED FOR COBRA CONTINUATION COVERAGE?	11
4	IS COVERAGE EFFECTIVE PRIOR TO PAYMENT OF THE COBRA INITIAL PREMIUM?	11
5	WHEN ARE ONGOING PREMIUMS DUE?	11
V.	OTHER INFORMATION FOR CONTINUATION COVERAGE UNDER COBRA.....	12
1	CAN NEW DEPENDENTS BE ADDED ONCE I AM ENROLLED IN COBRA CONTINUATION COVERAGE?	12
2	CAN ENROLLMENT CHANGES BE MADE DURING AN ANNUAL OPEN ENROLLMENT PERIOD?	12
3	WHEN CAN CANCELLATION OF COBRA CONTINUATION COVERAGE OCCUR?	12
4	HOW DOES THE HEALTH INSURANCE MARKETPLACE IMPACT COBRA CONTINUATION COVERAGE?	13
5	WHAT HAPPENS TO MY COBRA CONTINUATION COVERAGE FOR AN ADDRESS CHANGE?	13
6	WHAT ADDITIONAL PLAN INFORMATION IS AVAILABLE?	14

I. INTRODUCTION TO HEALTH CARE COVERAGE CONTINUATION OPTIONS UNDER COBRA

1 What is COBRA?

In April 1986, Congress passed the Consolidated Omnibus Budget Reconciliation Act (COBRA or the Act). One of the provisions of this Act requires employers to allow separated employees and eligible dependents (qualified persons), who would otherwise lose their health care coverage, to continue participation in their employer's medical care, dental care, and vision care (group health care) plans, including employee assistance programs. Generally, this means that an employee may continue his/her group health care plan coverage for up to 18 months if his/her employment terminates for any reason except gross misconduct. An employee's eligible dependents may also continue their coverage for up to 36 months, under certain circumstances if they were enrolled at the time they became ineligible to be a dependent. The Act also allows for continued participation in a health care reimbursement account for the remainder of the plan year.

2 What other options are there for continuation of health coverage?

In addition to COBRA, a qualified person should also consider the options available through a group health care plan offered by a spouse's employer. Qualified persons may also purchase health insurance coverage through the Health Insurance Marketplace. Further information on the Health Insurance Marketplace is included in Part V. If a qualified person or a covered dependent are hospitalized at the time of a qualifying event, the qualified person will need to check with the plan administrators to determine if s/he must be released from the hospital before new coverage takes effect. If such restrictions exist, then electing COBRA continuation coverage may be the best option.

3 What are "Summaries of Benefits and Coverage (SBCs)" and how are they useful in evaluating health care coverage?

All group health care plans are required under the ACA to describe the benefits and coverage in a standard format. These descriptions allow a qualified person to compare key components of coverage of one plan to another. The health exchanges also have provided SBCs for their plans. Separate SBCs are available for fully-insured, self-funded, public exchange and private exchange plans and include a uniform glossary of medical terms used in the SBCs. Qualified persons are encouraged to obtain this information in printed or electronic form when choosing a health care plan option.

4 How will COBRA affect the active employees of Southwest Research Institute?

COBRA will have no effect unless the employee separates from the Institute, is no longer eligible to participate in group health care plan, divorces his/her spouse, dies, or if his/her dependent child is no longer eligible to participate.

5 Who is eligible for COBRA continuation coverage?

Qualified persons eligible for COBRA continuation coverage include all regular employees and, if covered at the time of the qualifying event, their spouse and eligible dependents. Qualified persons also include a child born to or legally adopted by the qualified person during the period of COBRA coverage. Qualified persons may elect coverage continuation in the health care plan(s) they are enrolled in at the time they became ineligible as an employee, spouse, or dependent.

Remember: A qualified person or parent of a qualified person who is a child must sign up for this continuation option; it is NOT automatic.

6 Who pays the premiums for COBRA continuation coverage?

The qualified person electing continued coverage must pay the required premiums. Payments must be delivered or mailed to the Employee Benefits Office of Southwest Research Institute on or before the due date. Except following the death of a regular employee as described for medical coverage in Section III. Southwest Research Institute will not pay any part of the required premium.

7 What coverage is provided?

The qualified person will continue to be covered under the terms and conditions of the group health care plan(s) that s/he is enrolled in at the time of the event.

8 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.

9 What is a qualifying event?

A qualifying event occurs when a qualified person is covered under a Southwest Research Institute group health care plan and loses-eligibility and coverage ceases. A qualified person who experiences a qualifying event has the right to choose COBRA continuation coverage if:

- loss of health care coverage because of no longer being classified as a regular employee due to a reduction in work hours; or
- loss of health care coverage because employment with the Institute terminated for reasons other than gross misconduct.

The spouse of an employee of Southwest Research Institute covered under a group health care plan offered by the Institute who experiences a qualifying event has the right to choose COBRA continuation coverage for any of the following reasons:

- death of the spouse-employee;
- employment termination of the spouse-employee for reasons other than gross misconduct;
- spouse-employee is no longer classified as a regular employee;
- divorce or legal separation from the spouse-employee; or
- spouse-employee becomes entitled to and elects Medicare.

A dependent child of an employee of Southwest Research Institute covered under a group health care plan offered by the Institute who experiences a qualifying event has the right to choose COBRA continuation coverage for any of the following reasons:

- death of a parent-employee;
- employment termination of the parent-employee for reasons other than gross misconduct;
- parent-employee is no longer classified as a regular employee;
- divorce or legal separation of the step-parent-employee;
- parent-employee becomes entitled to and elects Medicare; or
- child ceases to be a dependent according to the terms of the group health care plan.

10 Can a person have more than one qualifying event?

Yes. Sometimes a spouse or dependent child can have a second qualifying event if the following three conditions are met:

- The first event is the employee's termination of employment or no longer classifying as a regular employee.
- The second event is one that allows 36 months of continuation of coverage (e.g., a covered employee's death or divorce).
- The second event takes place while continuation coverage is effective.

If a second qualifying event occurs, the Institute will extend the maximum coverage period from 18 to 36 months, measured from the starting date of the first event. Under no circumstances will a qualified person be entitled to more than 36 months of continuation coverage.

11 Who is responsible to notify the Institute of a qualifying event?

It is the responsibility of the employee or dependent to inform Southwest Research Institute of any qualifying event affecting enrollment or benefits continuation. The Employee Benefits Office must be notified in writing as soon as possible and in no case later than 60 days of the event (divorce or child no longer eligible). Notice may be given by email, fax, or any other written form.

12 What can I do to appeal a decision that denies my election to continue coverage?

Southwest Research Institute may deny a request to continue coverage if the qualified person did not timely notify the Employee Benefits Office of the qualified event (e.g., divorce) or of their decision to continue coverage. Coverage may also be denied when premiums are not paid when due.

All denials will be in writing, include an explanation for the denial and be mailed to the qualified person within 14 days of the Institute's becoming aware of the circumstances.

A denial request may be appealed within 30 days of the mailing of a denial letter. Appeals must be addressed to the Plan Administrator. A response to an appeal will be sent within 30 days of its receipt by the Plan Administrator.

II. INFORMATION ON ELECTION OF CONTINUATION COVERAGE UNDER COBRA

1 What is the COBRA election notice?

The COBRA election notice is designed to provide qualified persons with the following information:

- The right of each qualified person to buy back the group health insurance plan or plans
- The duration of continuation coverage and when it can be canceled
- Exact procedures for electing to continue insurance
- How to pay health insurance premiums

2 Where is the COBRA election notice sent?

The COBRA election notice is provided as a single notice to all qualified person(s) and is sent to the employee's address of record provided to the Institute through Employee Self-Service. If there is a qualified person whose legal residence is not the address of the employee, immediately notify the Employee Benefits Office with the additional address so a separate notice can be sent to them as well. A failure on the qualified person's part to provide notification of a change in address can result in a loss of continuation coverage rights.

3 When is the COBRA election notice sent?

The COBRA election notice will be sent within 14 days of the date the Institute's Employee Benefits Office is notified of the qualifying event.

4 When must a qualified person(s) respond to the COBRA election notice in order to continue coverage under COBRA?

Qualified persons have a maximum of 60 days from the date the election notice is sent to decide if they wish to elect continuation coverage. Please follow the below listed election procedures.

- Step 1 - Sign and date the enclosed Election Form.
- Step 2 - Make a copy of the Election Form to keep a record.
- Step 3 - Mail the original Election Form back to the Employee Benefits Office at the address listed on the election form. Obtain proof of mailing from the Post Office. The qualified person's election is considered to be made as of the post-marked date the election form is sent to the Employee Benefits Office. If the election form is not post-marked within 60 days of the date the COBRA election notice is sent, then rights to continue coverage under COBRA will end. No late elections will be accepted. The election may also be emailed to benefits@swri.org or faxed to (210) 522-4749.
- Step 4 - Call the Employee Benefits Office within 10 days after mailing to ensure the form has been received.

Warning About Electing Near the End of the Election Period: If a qualified person waits until near the end of the election period to mail the election form, there is a risk of not having sufficient time to correct errors, which may or may not be within the qualified person's control (such as the Post Office postmarking the election form AFTER the last date to elect, or the envelope is lost). So, if electing near the end of the election period, take all precautions, such as sending the form by certified mail or using a Certificate of Mailing, as no late elections are accepted.

5 What happens to my health insurance coverage after the date of a qualifying event?

The qualified person's last day of health insurance coverage under the group health plan is the date of the qualifying event. Any claims for medical, dental, or vision procedures or services incurred after that date, including prescription drug charges, will be denied.

The qualified person will not have active health insurance coverage during the election period.

If a health claim is submitted during this time (including prescription drug charges), it will not be paid. In addition, if a medical provider calls for verification of benefits, they will be told the qualified person currently does not have benefits. Upon **election and payment** of applicable COBRA initial premium, coverage will be **retroactively** effective as of the date of the qualifying event.

6 When is continuation coverage under COBRA effective?

Please remember group health insurance will not be reinstated until the qualified person **elects** and **pays** for the health insurance coverage. Once the applicable premiums are paid, then group health insurance coverage will be retroactively reinstated back to the qualified person's original loss of coverage date and any pending eligible claims will be released for payment. Should the qualified person receive medical procedures and/or services before reinstatement of coverage, keep any medical payment receipts and upon reinstatement submit the claims for payment.

7 What are the consequences of not electing continuation coverage under COBRA?

Please examine health insurance options, including individual plans in the Health Insurance Marketplace, carefully before deciding not to elect continuation coverage with the plan administrator or enrolling in an individual policy in the Marketplace. Going without health insurance can have serious physical and financial negative consequences.

8 What health coverage is available to elect?

Each qualified person can elect any or all of the individual medical, dental, and vision plans as well as the Employee Assistance Program that he or she was enrolled in as of the date of the qualifying event. The applicable premiums will vary depending on the plan(s) elected. If a qualified person is

covered by a region-specific HMO and are moving outside of the HMO service area, additional rights may be available to the qualified person at the time of the event. Please contact the Employee Benefits Office for additional information. Once an election of continuation coverage is made, the coverage(s) may change in the future if modifications are made to the plan(s), or when an open enrollment occurs.

III. DURATION OF CONTINUATION COVERAGE UNDER COBRA

1 How long is COBRA continuation coverage available?

After termination of employment or another qualifying event for which coverage under a group health plan ceases, a qualified person can continue coverage for either himself/herself and all eligible dependents, or just for certain eligible dependents generally for up to 18 months or until the earliest of the following events occurs:

- Institute no longer provides a medical care option, a dental care option, a vision care option, or an employee assistance program option for its active employees.
- Qualified person fails to pay the required premium within the 30-day grace period of the premium due date. No grace period is provided beyond the due date of the initial COBRA premium.
- Qualified person becomes covered under Medicare with respect to COBRA medical continuation coverage.
- Qualified person enrolls in another group health care plan.

2 What circumstances are available for dependent's COBRA continuation coverage to be extended from 18 to 36 months?

A dependent spouse or stepchild who loses healthcare coverage due to divorce or when a dependent child reaches the maximum age limit for coverage under a group health care plan is eligible for continuation coverage under COBRA for 36 months.

3 What additional circumstances allow for coverage to be extended beyond the initial 18-month period?

Once a qualified person has elected and are paying for health insurance continuation coverage, the 18 months of coverage may be extended for any of the following three reasons:

- a. *Social Security Disability* - The 18 months of continuation coverage will be extended to a maximum of 29 months, for all qualified beneficiaries, if the Social Security Administration (SSA) determines a qualified person was disabled according to Title II or XVI of the Social Security Act. A qualified person must be deemed disabled prior to the date of the qualifying

event or at any time during the first 60 days of continuation coverage. If a newborn child or adopted child is added to a covered employee's continuation coverage, then the 60-day disability window for the newborn or adopted child is measured from the date of the birth or the date of adoption. It is the qualified person's responsibility to obtain the disability determination from the SSA and provide a copy of the disability statement within 60 days of the date of determination and before the original 18 months of continuation coverage expires. This notice can be made by any of the qualified persons.

If a qualified person already has an SSA disability determination before the date of the qualifying event, notice must be made to the Employee Benefits Office within 60 days of the date of the qualifying event. If these time frames are not complied with, then the additional 11-month extension of continuation coverage will not be provided. If coverage is extended to 29 months due to a Social Security disability, premiums will equal 150% of the applicable premium during the extended 11-month coverage period.

This extension applies separately to each qualified person. If the disabled qualified person chooses not to continue coverage, the other qualified persons are still eligible for the extension. If coverage is extended, and the disabled qualified person has elected the extension, then the applicable premium rate is 150% of the COBRA rate. If only non-disabled qualified persons extend coverage, the premium rate will remain at the COBRA rate. It is also the qualified person's responsibility to notify the Employee Benefits Office within 30 days if a final determination has been made that they are no longer disabled.

- b. Secondary Events - An extension of the original 18, or above mentioned 29-month, continuation period can also occur, if during the 18 or 29 months of continuation coverage, a second qualifying event takes place (divorce, legal separation, death, a dependent child ceasing to be a dependent, and possibly a Medicare entitlement). A second event can only occur if the second event would have caused the spouse or dependent child to lose coverage had the first qualifying event not occurred. If a second event occurs, then the original 18 or 29 months of continuation coverage will be extended to 36 months from the date of the original qualifying event date for dependent qualified persons only. If a second event occurs, it is the qualified person's responsibility to notify the Employee Benefits Office in writing within 60 days of the second event and within the original 18-month continuation coverage timeline. In no event, however, will continuation coverage last beyond three years from the date of the original qualifying event. A qualified person must provide a copy of the Divorce Decree signed by a judge in order to qualify for a secondary event due to divorce.
- c. Special Medicare Entitlement Rule for Dependents Only - If the employee was entitled to Medicare benefits before the date of the above 18-month qualifying event, then the dependent qualified persons are eligible for 18 months of continuation coverage, or 36 months measured from the date of the Medicare entitlement, whichever is greater. For example, if a covered employee became entitled to Medicare eight (8) months prior to the

date on which employment terminates, the dependent qualified persons will be allowed 28 months of continuation coverage (36 - 8 = 28). The covered employee, however, is only offered 18 months.

4 For employees with 10 or more consecutive years of service as a regular employee, what happens to a dependent's healthcare coverage if the regular employee dies?

If enrolled, as of the date of death, the eligible dependent(s) of an employee with 10 or more consecutive years of service as a regular employee may continue medical coverage for two years at no cost and during the third year at 50 percent of the COBRA premium. If enrolled as of the date of death, the employee's eligible dependent(s) may continue dental care, vision care, and the Employee Assistance Program provided the dependent(s) pays the COBRA premium.

A survivor benefit is also available beyond the third year at 50 percent of the COBRA premium for medical coverage and at full cost for dental and vision coverage.

Eligible dependent(s) have 60 days from the date the election notice is provided by the Employee Benefits Office to elect continuation of coverage. Coverage will be continued as stated previously or until the earliest of the following events occurs:

- The dependent(s) ceases to qualify as a dependent or fails to pay the required premium within the 30-day grace period of the due date.
- The dependent(s) enrolls as an employee or dependent in another group health care plan.
- The former spouse remarries.
- Institute no longer provides a medical care option, a dental care option, or a vision care option for its active employees.

5 For employees with less than 10 years of service as a regular employee, what happens to a dependent's health care coverage if the regular employee dies?

If enrolled, as of the date of death, the eligible dependent(s) of an employee with less than 10 consecutive years of service as a regular employee may continue medical coverage for two years at no cost and during the third year at the COBRA premium rate. If enrolled as of the date of death, the employee's eligible dependent(s) may continue dental care, vision care, and the Employee Assistance Program provided the dependent(s) pays the COBRA premium.

No coverage(s) is available beyond the third year.

Eligible dependent(s) have 60 days from the date the election notice is provided by the Employee Benefits Office to elect continuation of coverage. Coverage will be continued as stated previously or until the earliest of the following events occurs:

- The dependent(s) ceases to qualify as a dependent or fails to pay the required premium within the 30-day grace period of the due date.
- The dependent(s) enrolls as an employee or dependent in another group health care plan.
- The former spouse remarries.
- Institute no longer provides a medical care option, a dental care option, or a vision care option for its active employees.

6 How does COBRA apply to a Health Care Reimbursement Account election?

At the time of a qualifying event, such as termination or reduction in hours, a qualified person enrolled in a Section 125 Plan Health Care Reimbursement Account may be eligible to continue their contributions by electing COBRA continuation coverage. The Employee Benefits Office should be consulted for specific details.

Any remaining amount of an employee's annual election in a Health Care Reimbursement Account at the time of a qualifying event may be claimed *only* for eligible expenses incurred on or prior to the qualifying event. If eligible expenses are incurred after the qualifying event, they may be paid from the Health Care Reimbursement Account *only* if the qualified person elects COBRA continuation coverage.

7 How does COBRA apply to a Dependent Care Reimbursement Account election?

Continuation coverage under COBRA is not available for a Dependent Care Reimbursement Account.

IV. PREMIUMS FOR CONTINUATION COVERAGE UNDER COBRA

1 What premiums are required for continuation coverage under COBRA?

If a qualified person elects to continue health insurance, a qualified person is responsible for the COBRA premium which equals the full applicable premium payment for the coverage selected, plus a 2% administration charge (i.e., 102% of the full cost). The full applicable premium includes both the employer and employee's share of the total premium. Monthly premium amounts are set on a calendar year basis, so the possibility of a rate increase or decrease in a qualified person's monthly premium amount will occur for the next calendar year. If the applicable premium is adjusted, the qualified person will be notified of the new premium rates. Any person or entity can pay the health insurance premium for a qualified person; however, it is the qualified person's responsibility to ensure the payment is made on a timely basis. If a third party agrees to pay the qualified person's continuation coverage premium, the qualified person should call the third party each month to insure that a timely premium has been made. Other options, like coverage on a spouse's plan or through the Marketplace, may be less expensive.

2 How are premium payments to be remitted?

Premium payments can be either hand delivered or mailed. If hand delivered, it must be delivered to the Employee Benefits Office. If mailed, document the date the premium is sent and call within 10 days to ensure the payment has been received. If premiums are not hand delivered, or if mailed, postmarked, within the required premium periods as described below, then health insurance continuation rights and protections may be forfeited, and coverage will not be reinstated.

Alternative payment of COBRA premiums via automatic ACH withdrawal is available. Contact the Employee Benefits Office for details.

3 What initial premium is required for COBRA continuation coverage?

A qualified person has a maximum 45 calendar days from the date of election (postmark date if mailed) to pay the initial premium. Once the election notice is received, a COBRA initial premium letter will be sent. This initial premium payment is for the retroactive coverage period from the date of loss of coverage to the date COBRA continuation coverage is elected.

If a qualified person takes full advantage of this 45-day premium payment period, however, additional premiums will also be due with this initial payment. This additional premium would cover any monthly coverage periods that fall after the date of election but within the end of the month of the 45-day initial payment due period. The qualified person is responsible for making sure the amount of the first payment is enough to cover this entire period.

No partial or late initial premiums will be accepted.

4 Is coverage effective prior to payment of the COBRA initial premium?

No. If a hospital, physician, pharmacy, or any other medical, dental or vision provider requests verification of benefits prior to payment of the COBRA initial premium, they will be told that coverage is not active, and no claims, including prescription drug charges, will be paid until the initial COBRA premium is received.

5 When are ongoing premiums due?

Once the initial COBRA premium is paid, future monthly premiums are due on the first of each month. A 30-day grace period is available following the due date.

If applicable payment is not made within the grace period, then coverage will be canceled back to the end of the prior month. Once continuation coverage is canceled it will not be reinstated. Partial payments will not be accepted. It is the qualified person's responsibility to make these monthly payments, as a monthly billing or warning notice will not be received.

Warning About Paying Near the End of the Grace Period: If waiting until near the end of the grace period to mail the premium payment, a qualified person runs the risk of not having sufficient time to correct errors, which may or may not be within his/her control (such as the Post Office postmarking payment AFTER the last date to pay or the envelope is lost). Take all precautions when paying, such as sending the payment by certified mail or using a Certificate of Mailing, as no late premiums are accepted.

If premiums are paid within the 30-day grace period, any claims submitted will be paid. However, if premiums are not paid by the end of the 30-day grace period, coverage is subject to retroactive cancellation. If COBRA continuation coverage is cancelled due to failure to pay, paid claims will be reversed, and the qualified person will be responsible for reimbursing the amount of claims paid.

V. OTHER INFORMATION FOR CONTINUATION COVERAGE UNDER COBRA

1 Can new dependents be added once I am enrolled in COBRA continuation coverage?

If, during a period of continuation coverage, a qualified person gains a new dependent (such as through marriage or birth), the new dependent(s) may be added to the coverage if notice is provided to the plan within 31-days of gaining the new dependent. In addition, benefit options may be changed at that time according to the special enrollment rules under HIPAA. Should this occur, please contact the Employee Benefits Office for additional information and procedures to follow. Be advised, however, the new dependent does not gain the status of a qualified person and will lose coverage if the qualified person who added them to the plan loses coverage. The addition of a new dependent does not extend the continuation coverage period. Premium rates will be adjusted at that time to the applicable rate.

2 Can enrollment changes be made during an annual open enrollment period?

Should an open enrollment period occur during the COBRA continuation period, a qualified person will be notified of that right as well. Each qualified person will have independent election rights to select any of the options or plans that are available for similarly situated non-COBRA participants.

3 When can cancellation of COBRA continuation coverage occur?

Continuation coverage will end before the expiration of the 18-, 29- or 36-month continuation period for any of the following reasons:

- Southwest Research Institute ceases to provide any group health plan to any of its employees or ceases to extend coverage to any dependents.

- Any required premium for continuation coverage is not paid in a timely manner as described.
- A qualified person becomes, after the date of election, covered under any other group health plan that is maintained by another employer.
- A qualified person becomes, after the date of election, entitled to Medicare benefits (under Part A and/or Part B - applies to medical coverage only).
- A qualified person notifies the Employee Benefits Office they wish to cancel continuation coverage.

Important Requirement: If a qualified person(s) becomes covered by another group health plan or becomes entitled to Medicare after electing COBRA continuation coverage, the qualified person(s) is required to notify the Employee Benefits Office in writing at that time so a determination can be made as to continued eligibility for COBRA continuation coverage.

4 How does the Health Insurance Marketplace impact COBRA continuation coverage?

Upon exhaustion of COBRA continuation coverage, health insurance coverage may be available through the Health Insurance Marketplace with no pre-existing condition limitations or exclusions. For more information about health insurance options available through a Health Insurance Marketplace, visit <https://www.healthcare.gov/>. Coverage may also be available through Medicaid or another group health plan coverage, such as a group health plan of a spouse's employer. Coverage through the Health Insurance Marketplace, Medicaid, or another group health plan may be subject to the requirements for a "special enrollment period" in effect for the other plan. If another employer group health plan is available, please contact them directly for their special enrollment period procedures.

5 What happens to my COBRA continuation coverage for an address change?

To protect COBRA continuation coverage and to receive accurate and timely information regarding continuation coverage, immediately notify the Employee Benefits Office in writing or by phone of any change in address. Failure on the qualified person's part to do so may result in delayed notifications or loss of COBRA continuation coverage options.

Cancellation of COBRA continuation coverage is effective as of the last day of the current month in which notice to cancel COBRA continuation coverage is provided to the Employee Benefits Office.

6 What additional plan information is available?

This booklet is not a description of the group health insurance plan and/or benefits. Should a qualified person need plan benefits information to assist in making the election decision, this information can be obtained from the Employee Benefits Office or by visiting <https://benefits.swri.org/>.

For more information about rights under the Employee Retirement Income Security Act (ERISA), COBRA, the Patient Protection and Affordable Care Act, and other laws affecting group health plans, visit the U.S. Department of Labor's Employee Benefits Security Administration (EBSA) website at <https://www.dol.gov/agencies/ebsa> or call their toll-free number at 1-866-444-3272. For more information about health insurance options available through the Health Insurance Marketplace, visit <https://www.healthcare.gov/>.

