

IMPORTANT NOTICES

Health Insurance Portability and Accountability Act (HIPAA)

The Health Insurance Portability and Accountability Act (“HIPAA”) deals primarily with how your employer can enforce eligibility and enrollment for health care benefits.

The Plan will not base eligibility rules or waiting periods on any of the following factors: health status, mental or physical medical condition, and genetic information, evidence of insurability or disability. Evidence of insurability will not be required when health care coverage is requested during a special enrollment period or during an annual enrollment.

However, the Plan may continue to provide for the exclusion of specified health conditions and apply lifetime maximums on either specific benefits or all benefits provided under the Plan. These restrictions also do not preclude the Plan from applying differing benefit levels, benefit schedules or premium rates in certain situations as provided under HIPAA.

Pre-Existing Condition Exclusions

Your medical plan imposes pre-existing condition exclusion on those covered individuals who are 19 years of age or older. This means that if you have a medical condition before enrolling in the medical plan, and you are 19 years of age or older, you might have to wait a certain period of time before the plan will provide coverage for that condition. This exclusion applies only to conditions for which medical advice, diagnosis, care, or treatment was recommended or received within a six-month period immediately prior to your effective date. Generally, this six-month period ends the day before your coverage becomes effective. However, if you were in a waiting period for coverage, the six-month period ends on the day before the waiting period begins. The pre-existing condition exclusion does not apply to pregnancy or to a child who is enrolled in the plan within 30 days after birth, adoption, or placement for adoption.

This pre-existing condition exclusion may last up to 12 months (18 months if you are a HIPAA late enrollee) from your first day of coverage, or, if

you were subject to a waiting period, from the first day of your waiting period. However, you can reduce the length of this exclusion period by the number of days of your prior “creditable coverage.” Most prior health coverage is creditable coverage and can be used to reduce the pre-existing condition exclusion if you have not experienced a break in coverage of at least 63 days. To reduce the 12-month (or 18-month) exclusion period by your creditable coverage, you should give us a copy of any certificates of creditable coverage you have received from prior coverage. If you do not have a certificate, but you do have prior health coverage, we will help you obtain one from your prior plan or issuer. There are also other ways that you can show proof of creditable coverage. Please contact us if you need help demonstrating creditable coverage.

All questions about the pre-existing condition exclusion and creditable coverage should be directed to Human Resources.

Consolidated Omnibus Budget Reconciliation Act (COBRA)

This section of the enrollment guide contains important information about your right to group health plan continuation coverage, which is a temporary extension of coverage under the Plan after you (and/or your qualified dependent) would otherwise lose group health coverage under the Plan. The right to this continuation coverage (COBRA continuation coverage) was created by Federal law under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). Under COBRA, you may elect to temporarily continue your group health coverage for yourself and any eligible dependents covered by the medical, dental, or vision plans (your employer’s group health plans) on the day of your (or your qualified dependents) group health benefits ceased because of a qualifying event. You and your eligible dependents are eligible to elect COBRA continuation coverage even if you (or they) have health coverage under another group health plan. Please read this section carefully as it generally explains COBRA continuation coverage, when it may be available to you and your eligible dependents and what you (and they) need to do to protect the right to receive it.

Eligibility for COBRA Continuation Coverage

COBRA continuation coverage is continuation of group health plan coverage when coverage would otherwise end because of a life event known as a “qualifying event”. Specific qualifying events are listed later in this section. After a qualifying event, COBRA continuation coverage must be offered to each plan participant who is a “qualified beneficiary”. You, your spouse and your dependent children could become qualified beneficiaries if group health coverage under the plan is lost because of a qualifying event. Qualified beneficiaries who elect COBRA continuation coverage must pay the full cost of COBRA continuation coverage.

Qualifying Events and COBRA Continuation Coverage

The qualifying events for COBRA continuation coverage and the maximum COBRA continuation coverage period are shown in the charts that follow.

Qualifying Event	Maximum Continuation Period
Termination of your employment (for reasons other than gross misconduct)	18 months
Reduction in your hours of employment with loss of eligibility for benefits	18 months

Employee COBRA Continuation Coverage

If you are covered by your employer’s medical, dental and/or vision plan, you have the right to COBRA continuation coverage (for the period stated) if you lose coverage due to the following qualifying events:

Qualifying Event	Maximum Continuation Period
The employee’s termination of employment (for reasons other than gross misconduct) or a reduction in the employee’s hours of eligibility for benefits	18 months
The death of the employee	36 months
Divorce or legal separation from the employee	36 months
The employee’s entitlement to Medicare	36 months

Spouse of an Employee COBRA Continuation Coverage

If you are the spouse of an employee and are covered by the employer’s medical, dental and/or vision plan, you have the right to COBRA continuation (for the period stated) if you lose coverage due to the following qualifying events:

Qualifying Event	Maximum Continuation Period
The employee’s termination of employment (for reasons other than gross misconduct) or a reduction in the employee’s hours of eligibility for benefits	18 months
The death of the employee	36 months
Divorce or legal separation from the employee	36 months
The employee’s entitlement to Medicare	36 months
Loss of eligible dependent status	36 months

Dependent Children of an Employee COBRA Continuation Coverage

Dependent children of an employee who are covered by the employer’s medical, dental and/or vision plan have the right to COBRA continuation coverage (for the period stated) if they lose coverage due to the following qualifying events:

The maximum period of COBRA continuation coverage is measured from the date of the loss of coverage due to the applicable qualifying event specified above.

The plan will offer COBRA continuation coverage to a qualified beneficiary only after Human Resources has been properly notified that a qualifying event has occurred.

You must notify Human Resources within sixty (60) days of the following qualifying events: divorce or legal separation of the employee; spouse or a dependent child losing eligibility for coverage as a dependent under the plan, or Medicare entitlement.

You must provide this notice to Human Resources within the sixty (60) day deadline or your right to COBRA continuation coverage will be lost and will not be reinstated. Notice requirements are detailed below.

A special rule applies if you drop coverage for your spouse and/or eligible dependent children because you are planning to divorce. In such a case, your spouse and/or dependent children who had previously been covered under the plan would be entitled to elect COBRA continuation coverage for up to thirty-six (36) months from the date the divorce is final, but only if the Human Resources Department is notified of the divorce within sixty (60) days from the date of final judgment. No retroactive coverage before the date of divorce is available.

If it is determined that an individual is not eligible for COBRA continuation coverage, Human Resources will notify such individual of his or her failure to qualify for COBRA continuation coverage. This notice will explain why the individual is not entitled to COBRA continuation coverage and will be sent within fourteen (14) days after the receipt of the individual's notice of a qualifying event.

Subsequent Qualifying Event

If a subsequent qualifying event that is not your termination of employment or reduction in work hours (such as your divorce, legal separation, your death or your dependent child ceasing to be eligible under the plan) occurs during an initial eighteen (18) month period of coverage COBRA continuation coverage may be extended for your eligible dependents who are qualified beneficiaries for up to a maximum period of thirty-six (36) months measured from the date of the first qualifying event. An event shall not be a subsequent qualifying event unless that event would cause a loss of coverage under the Plan independent of the initial qualifying event. The covered employee will not be eligible for an extension of your maximum 18-month period of COBRA continuation coverage for a subsequent qualifying event.

Notice of a subsequent qualifying event must be given to Human Resources within a maximum of sixty (60) days in order to extend COBRA continuation coverage. If you fail to inform

Humana Resources, you will lose your right to extend your COBRA continuation coverage and this right will not be reinstated. Notice requirements are detailed below. Please see the special COBRA continuation coverage for Disabled Persons section of this guide for information on disability as a subsequent qualifying event.

COBRA administration for your employer is conducted by your employer's Human Resources Department.

Notice Requirements

In most cases, your employer will notify you of your right to elect COBRA continuation coverage. However, if your eligible dependent has a qualifying event as a result of your divorce, legal separation, Medicare entitlement or lose their status as a dependent, you or your covered dependent must properly notify Human Resources within a maximum of sixty (60) days of the qualifying event. In addition, if you have a child born, legally adopted or placed for adoption with you during your period of COBRA continuation coverage, you must notify Human Resources within sixty (60) days of the event in order to cover the child.

Notice must be submitted to Human Resources. The form must be completed and submitted to Human Resources before the end of the applicable deadline. The forms, information and deadlines for certain events are outlined in the table below.

Failure to properly provide the required notice may result in loss of any COBRA continuation right and, if lost, this right will not be reinstated.

The Human Resources Department is the designated recipient for all COBRA continuation coverage notices.

Electing COBRA Continuation Coverage

Once Human Resources receives notice that a qualifying event has occurred, COBRA continuation coverage will then be offered to each qualified beneficiary. Each qualified beneficiary will have an independent right to elect COBRA continuation coverage. However, you may elect COBRA continuation coverage on behalf of your spouse and parents may elect COBRA continuation coverage on behalf of their children.

If you wish to elect COBRA continuation coverage, you must notify Human Resources within a maximum of sixty (60) days of the later of: (i) the date of the qualifying event or (ii) the date you received your COBRA notice from your employer. If you choose to continue benefits for yourself and your eligible dependents, before the maximum sixty (60) day election deadline, your coverage will continue uninterrupted. If you (or your eligible dependent) fail to elect COBRA continuation coverage within the maximum sixty (60) days after you are notified by Human Resources, you will lose your right to COBRA continuation coverage and that right will not be reinstated.

You must also keep Human Resources informed of all the information needed to meet its obligation of both providing notice to you or your right to COBRA continuation coverage and providing the actual COBRA continuation coverage. Such information includes your current contact information and administrative information about yourself, your spouse and/or dependents. You or your spouse's election to take COBRA continuation coverage can also be an election to cover all the other qualified beneficiaries in the family, unless the election is specific as to which qualified beneficiaries are to be covered.

You must notify the Human Resources Department to request alternate coverage if you move outside the service area of the benefit network for your elected coverage. Alternate coverage will be made available (if available) to you not later than the date of the relocation or the first day of the month following the month in which the request is made.

Special Enrollment Events and COBRA

If you have a child born to, adopted or placed for adoption with you during your period of COBRA continuation coverage, you must notify Human Resources and elect coverage within sixty (60) days of the child's birth, adoption or placement for adoption. If you get married during your COBRA continuation coverage, you may add your new spouse to your COBRA continuation coverage if you notify Human Resources within thirty-one (31) days of the date of the marriage. A new dependent may be a participant under this coverage for the remainder of your

maximum COBRA continuation period (eighteen (18), twenty-nine (29) or thirty-six (36) months, depending on the applicable qualifying event).

Cost and Payment of COBRA Premiums

You must pay the full cost for COBRA continuation coverage (plus a two percent (2%) administrative fee). Your employer will determine this cost, but it generally cannot exceed one hundred two percent (102%) of the plan's cost for providing coverage to similar situated covered active employees and their covered dependents. COBRA premiums are subject to change annually. If you and your covered dependents are receiving an additional eleven (11) months of COBRA continuation coverage due to disability as the qualifying event, your employer will determine COBRA premium which will not exceed one hundred fifty percent (150%) of the plan's cost for providing coverage, if the disabled qualified beneficiary is part of the COBRA continuation coverage group or one hundred two percent (102%) if the disabled qualified beneficiary is not receiving COBRA continuation coverage.

Once an election for COBRA continuation coverage is made, you (or your covered dependents) have a maximum of forty-five (45) days from the date of election to pay the premium for the current month and any retroactive COBRA premiums then due for the elected coverage. Although coverage is retroactive to the date of loss of coverage due to the initial qualifying event, no COBRA continuation coverage benefits will be paid until this first COBRA premium is received by Human Resources. If payment is not received within the forty-five (45) day period, then coverage will either be revoked retroactively or not become effective, you will lose your right to COBRA continuation coverage and it will not be reinstated.

All subsequent COBRA premium payments are due on the first day of the month. The plan allows a thirty (30) day grace period for payment of required COBRA premiums (except the first payment previously discussed). Even if you do not receive a bill, you must still submit your COBRA premium within the required time period. **The thirty (30) day grace period does not apply to the forty-five (45) day period for**

payment of the initial COBRA premium. If your COBRA premium payment is not postmarked by the last day of the grace period, your COBRA continuation coverage will end as of the last day of the last month for which a full COBRA premium payment was made.

If timely payment of the COBRA premium is made to the plan in an amount that is not more than fifty dollars (\$50) or ten percent (10%) less than the required COBRA premium payment, then the amount paid is deemed to satisfy the plan's requirement for full COBRA premium payment, unless Human Resources notifies the qualified beneficiary of the amount of the deficiency and allows thirty (30) days for payment of the deficiency to be made.

COBRA premiums can be paid by you or by a third party on your behalf. Here are a few other details about COBRA premium payments you need to be aware of:

- No late or reminder notices will be sent for payments that have not been made.
- Once COBRA continuation coverage is terminated, it cannot be reinstated.
- All terms and conditions that apply to active participants in the plan are also applicable to COBRA continuation coverage participants.
- All rules and procedures for filing and determining benefit claims and appeals under the plan that apply to active employees also apply to COBRA continuation coverage.

For additional information about COBRA contact Human Resources.

Trade Act Credit

The Trade Act of 2002 created a new tax credit for certain individuals who become eligible for trade adjustment assistance and for certain retired employees who are receiving pension payments from the Pension Benefit Guaranty Corporation (PBGC) (eligible individuals) and pay for health coverage. Under the new tax provisions, eligible individuals can either take a tax credit or get advance payment of 65% of premiums paid for qualified health insurance, including COBRA continuation coverage. If you have questions about these new tax provisions,

you may call the Health Coverage Tax Credit Consumer Contact Center toll-free at 866.628.4282. TTD/TTY callers may call toll-free at 866.626.4282. More information about the Trade Act is also available at www.doleta.gov/tradeact/2002act_index.asp.

Responses to Information Regarding a Qualified Beneficiary's Right to Coverage

Upon request, the plan must inform health care providers regarding the qualified beneficiary's right to coverage during the applicable grace periods. In addition, the plan is required to respond to inquiries from health care providers regarding the qualified beneficiary's right to coverage during the election period and his or her right to retroactive coverage if COBRA continuation coverage is elected.

HIPPA and COBRA

In considering whether to elect COBRA continuation coverage, you should take into account that a failure to continue your group health coverage may affect your future rights under Federal law. First, you may lose the right to avoid having pre-existing condition exclusions applied to you by other group health plans if you have more than a sixty-three (63) day gap in health plan coverage (election of COBRA continuation coverage may help you avoid such a gap). Second, you may lose the guaranteed right to purchase individual health insurance policies that do not impose a pre-existing condition exclusion if you do not elect COBRA continuation coverage for the maximum time available to you. Finally, you should take into account that you also have special enrollment rights under Federal law. You have the right to request special enrollment in another group health plan for which you are otherwise eligible (such as a plan sponsored by your spouse's employer) within thirty (30) days after your group health coverage ends because of a qualifying event listed above. You will also have the same special enrollment right at the termination of your COBRA continuation coverage if you elect COBRA continuation coverage for the maximum period available to you.

Changes in Benefits under COBRA

If you or any covered dependents elect COBRA continuation coverage, benefits will be the same as were in effect at the time of your qualifying

event. You will be able to change your plan coverage option during annual enrollment to the same extent as similarly situated active employees. You will not, however, be able to add coverage for a dependent. If the group health plan benefits of active employees change, benefits for qualified beneficiaries on COBRA continuation coverage will also change in the same manner.

Special COBRA Continuation Coverage for Disabled Persons

If you (and your covered dependents) are receiving eighteen (18) months of COBRA continuation coverage and your qualifying event is a termination of employment or a reduction of hours, your maximum COBRA continuation coverage period may be extended by eleven (11) months to up to a maximum of twenty-nine (29) months in total provided the following requirements are met:

- The Social Security Administration determines that your (or your dependent who is a qualified beneficiary) are disabled within the meaning of the Social Security Act;
- This disability exists as of the date of the qualifying event or at any time during the first sixty (60) days of COBRA continuation coverage following the qualifying event; and
- The disability lasts at least until the end of the eighteen (18) month period of COBRA continuation coverage.

Notice of the determination of disability under the Social Security Act must be provided to Human Resources within the initial eighteen (18) month coverage period and within sixty (60) days after the latest of: (1) the date of the Social Security Administration determination of disability; (2) the date on which the qualifying event occurs; (3) the date on which the qualified beneficiary loses coverage; or (4) the date on which the qualified beneficiary is informed of the obligation to provide the notice of disability. If you fail to properly notify Human Resources within the deadline above, you will lose your right to the extension of COBRA continuation coverage and this right will not be reinstated. Please refer to the Notice Requirements section

above for information about proper notice to the plan.

If the Social Security Administration determines later that the qualified beneficiary is no longer disabled, Human Resources must be properly notified within thirty (3) days of the Social Security Administration's determination. This notice will end the extended COBRA continuation coverage for all qualified beneficiaries within the coverage group. Failure to notify Human Resources that a qualified beneficiary is no longer disabled will result in termination of COBRA continuation coverage for all qualified beneficiaries within the coverage group effective on the date of the Social Security Administration determination and such coverage will not be reinstated. When the disabled qualified beneficiary becomes eligible for Medicare, Human Resources must be properly notified to end the extended coverage for the affected disabled qualified beneficiary. Please refer to the Notice section above for information about proper notice to the plan.

COBRA Continuation Coverage and Medicare

If your dependent is receiving COBRA continuation coverage and you become entitled to Medicare benefits, your coverage will end but COBRA continuation coverage for your qualified dependents may continue for up to thirty-six (36) months measured from the date of the initial qualifying event.

In addition, if you become entitled to Medicare and then later terminate employment (for reasons other than gross misconduct) or have a reduction in hours, your qualified dependents who are eligible for COBRA continuation coverage will be eligible for thirty-six (36) months of COBRA continuation coverage measured from the date you became entitled to Medicare. However, you will only be eligible for eighteen (18) months of COBRA continuation coverage measured from the qualifying event.

Termination of COBRA Continuation Coverage

COBRA continuation coverages shall not be provided beyond the earliest of the following dates:

- The date the maximum COBRA continuation coverage period expires based upon the qualifying event;
- The date the plan is terminated and no other group health plan is provided to active employees;
- The last day of the month preceding the month for which the qualified beneficiary fails to pay the premium for COBRA continuation coverage by the last day of the grace period;
- The date the qualified beneficiary first becomes entitled to Medicare, including Medicare entitlement due to End Stage Renal Disease (ESRD), after the person elects COBRA continuation coverage;
- The date that initial payment is not received within a maximum of forty-five (45) days after the election of COBRA continuation coverage is made.
- The date the qualified beneficiary first becomes covered under another group health plan or policy (and is no longer subject to, a pre-existing condition exclusion or limitation under the other group health benefit plan) after the date the person elects COBRA continuation coverage; or
- For a disabled qualified beneficiary receiving COBRA continuation coverage during the eleven (11) month disability extension period (and their covered family members), the date the disabled person receives a final determination by the Social Security Administration that he or she is no longer “disabled.” This final determination shall end COBRA continuation coverage for all qualified beneficiaries as of the later of either: (a) the first day of the months following thirty (30) days from the final determination date; or (b) the end of the COBRA continuation coverage period based on the initial qualifying event without regard to a disability extension.

If your COBRA continuation coverage is terminated for any of the reasons noted above, your coverage will end and will not be reinstated.

In the event that your COBRA continuation coverage is terminated before the end of the maximum coverage period, Human Resources will notify you of the termination of your coverage as soon as administratively possible. This notice will explain why and when COBRA continuation coverage has ended.

Contact Information for COBRA

Administrator

Questions concerning the plan or your COBRA continuation coverage right should be addressed to Human Resources if you are an active employee or if you are eligible for COBRA continuation coverage or a COBRA continuation participant. For more information about your rights under ERISA, including COBRA, HIPAA and other laws affecting group health plans, contact the nearest Regional or District Office of the U.S. Department of Labor’s Employee Benefits Security Administration (EBSA) in your area or visit the EBSA website at www.dol.gov/ebsa.