



To Newly Enrolled Employee And All Covered Dependents

Office of Benefits  
Administration

## ENCLOSED GROUP HEALTH INSURANCE INITIAL NOTIFICATION

The enclosed notice applies individually to the following plan participants:

### **The enclosed notice does not mean you are losing your group health insurance!**

The notice simply outlines covered participants potential future options and more importantly your notification obligations under the federal Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) should you ever lose your health insurance in the future for certain reasons.

- Step #1: Please read the notice carefully. It is important that each individual covered under the plan read the notice and be familiar with the information.
- Step #2: If there is a covered dependent whose legal residence is not the same as yours, you are required to provide in writing to the USC Office of Benefits Administration the appropriate address so that a separate notice can be sent to him or her as well. Please use the enclosed Address Notification Form for this purpose.
- Step #3: **Understand Your Notification Obligations!** Under the terms of the group health plan, only a spouse and eligible dependents, as defined by the health insurance policy, can be covered under the plan. Therefore, under the rules of the policy and federal law, you or a covered spouse/dependent are required to notify the plan administrator of a divorce/legal separation or if a covered dependent ceases to be a dependent under the terms of the group health plan. Please take special note of the section in the notice that details your notification obligations and the appropriate steps to take when making this notification. Should you fail to follow the outlined notification procedures, any available rights will be lost.
- Step #4: Place this notice in your records for future reference.

Should you have any questions concerning this notice or your notification obligations, please do not hesitate to call Kevin Johnson, Benefits Counselor, 213-437-1839.

University of  
Southern California  
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Los Angeles,  
California 90089-1264  
Tel: 213 740-6027  
Fax: 213 437-1853  
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[http://www.usc.edu/  
dept/benefits](http://www.usc.edu/dept/benefits)

## INITIAL NOTIFICATION - VERY IMPORTANT NOTICE

CHERYL L. MORALES  
10005 LA CANADA WAY  
Sunland, CA 91040

This notice of possible future group health insurance continuation coverage rights applies individually to the following plan participants: **CHERYL L. MORALES**

It is important that all covered individuals take the time to read this notice carefully and be familiar with its contents. If there is a covered dependent whose legal residence is not the same as yours, please use the enclosed **Address Notification Form** to notify the USC Office of Benefits Administration so that a notice can be sent to him or her as well.

**Introduction.** You are receiving this notice because you have recently become covered under one or more USC sponsored group health plans under the University of Southern California Medical Care Plan (the Plan). This notice contains important information about your right to COBRA continuation coverage, which is a temporary extension of coverage under the Plan. The right to COBRA continuation coverage was created by a federal law, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). COBRA continuation coverage can become available to you and to other members of your family who are covered under the Plan when you would otherwise lose your group health coverage. This notice generally explains COBRA continuation coverage, when it may become available to you and your family, and what you need to do to protect the right to receive it. This notice gives only a summary of your COBRA continuation coverage rights. For more information about your rights and obligations under the Plan and under federal law, you should either review the Plan's Summary Plan Description or get a copy of the Plan Document from the Plan Administrator. The Plan Administrator is the University of Southern California. COBRA continuation coverage for the Plan is administered by USC Office of Benefits Administration, CPB 1100, Los Angeles, CA 90089-8106, 213-437-1839.

**Please take special note of your notification obligations, which are highlighted on Page 3.**

**COBRA Continuation Coverage.** COBRA continuation coverage is a continuation of 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 notice. COBRA continuation coverage must be offered to each person who is a "qualified beneficiary." A qualified beneficiary is someone who will lose coverage under the Plan because of a qualifying event. Depending on the type of qualifying event, employees, spouses of employees, and dependent children of employees may be qualified beneficiaries. Under the Plan, qualified beneficiaries who elect COBRA continuation coverage must pay the entire cost for COBRA continuation coverage, plus a 2% administration fee. The University of Southern California is required to provide the qualified beneficiary with coverage that is identical to the coverage provided under the plan to similarly situated non COBRA participants and/or covered dependents. Should coverage change or be modified for non COBRA participants, then the change and/or modification will generally be made to your coverage as well.

If you are an employee, you will become a qualified beneficiary if you will lose your coverage under the Plan because either one of the following qualifying events happens: (1) Your hours of employment are reduced, or (2) Your employment ends for any reason other than your gross misconduct.

If you are the spouse of an employee, you will become a qualified beneficiary if you will lose your coverage under the Plan because any of the following qualifying events happens: (1) Your spouse dies; (2) Your spouse's hours of employment are reduced; (3) Your spouse's employment ends for any reason other than his or her gross misconduct; (4) Your spouse becomes enrolled in Medicare (Part A, Part B, or both); or (5) You become divorced or legally separated from your spouse. Your dependent children will become qualified beneficiaries if they will lose coverage under the Plan because any of the following qualifying events happens: (1) The parent-employee dies; (2) The parent employee's hours of employment are reduced; (3) The parent-employee's employment ends for any reason other than his or her gross misconduct; (4) The parent-employee becomes enrolled in Medicare (Part A, Part B, or both); (5) The parents become divorced or legally separated; or (6) The child stops being eligible for coverage under the plan as a "dependent child."

Sometimes, filing a proceeding in bankruptcy under title 11 of the United States Code can be a qualifying event. If a proceeding in bankruptcy is filed with respect to the University of Southern California, and that bankruptcy results in the loss of coverage of any retired employee covered under the Plan, the retired employee is a qualified beneficiary with respect to the bankruptcy. The retired employee's spouse, surviving spouse, and dependent children will also be qualified beneficiaries if bankruptcy results in the loss of their coverage under the Plan.

**Important Employee, Spouse, and Dependent Notifications Required.** The Plan will offer COBRA continuation coverage to qualified beneficiaries only after the Plan Administrator has been notified that a qualifying event has occurred. When the qualifying event is the end of employment or reduction of hours of employment, death of the employee, commencement of a proceeding in bankruptcy with respect to the employer, or enrollment of the employee in Medicare, the University of Southern California will notify the USC sponsored health plan of the qualifying event within the later of 30 days of any of these events or 30 days following the date that coverage ends. You should also notify the USC Office of Benefits Administration of any of these qualifying events within 15 days of such event. For the other qualifying events (divorce or legal separation of the employee and spouse, a dependent child's losing eligibility for coverage as a dependent child.), you must notify the Plan Administrator. The Plan requires you to notify the Plan Administrator within the later of 60 days following the date of the date of the qualifying event.

You must send this notice to the USC Office of Benefits Administration in writing and include the following information: the name of the covered employee, the name of the covered dependent, the plan affected, a description of the event, and the date of the event. Verifying documentation must accompany the notification, such as a HIPAA certificate from another employer, or the face page of a divorce or separation decree. Carefully read the dependent eligibility rules contained in the *Your Benefits* booklet so you are all familiar with when a dependent ceases to be a dependent under the terms of the Plan. If this notification is not completed according to the above procedures and within the required 60 day notification period, then rights to continuation coverage will be lost.

**Election Period And Coverage.** Each qualified beneficiary has independent COBRA election rights and will have 60 days to elect continuation coverage. The 60 day election window is measured from the later of the date health plan coverage is lost due to the qualifying event or from the date of COBRA notification. This is the maximum period allowed to elect COBRA, as the plan does not provide an extension of the election period beyond what is required by law. If a qualified beneficiary does not elect continuation coverage within this election period, then rights to continue health insurance will end and they cease to be a qualified beneficiary.

For each qualified beneficiary who elects COBRA continuation coverage, COBRA continuation coverage will begin on the first of the month following the loss of coverage. When the qualifying event is the death of the employee, enrollment of the employee in Medicare (Part A, Part B, or both), your divorce or legal separation, or a dependent child losing eligibility as a dependent child, COBRA continuation coverage lasts for up to 36 months. When the qualifying event is the end of employment (other than for reasons of gross misconduct) or reduction of the employee's hours of employment, COBRA continuation coverage lasts for up to 18 months. There are two ways in which this 18-month period of COBRA continuation coverage can be extended.

**Disability extension of 18-month period of continuation coverage.** If you or anyone in your family covered under the Plan is determined by the Social Security Administration to be disabled at any time during the first 60 days of COBRA continuation coverage and you notify the Plan Administrator in a timely fashion, you and your entire family can receive up to an additional 11 months of COBRA continuation coverage, for a total maximum of 29 months. You must make sure that the Plan Administrator is notified of the Social Security Administration's determination within 60 days of the date of the determination and before the end of the 18-month period of COBRA continuation coverage. This notice should be sent to: the University of Southern California Office of Benefits Administration. In the case of a new born or adopted child who is added to a covered employee's COBRA coverage, the first 60 days of continuation coverage for the new born or adopted child is measured from the date of the birth or the date of the adoption.

This extension applies separately to each qualified beneficiary. If the disabled qualified beneficiary chooses not to continue coverage, all other qualified beneficiaries are still eligible for the extension. If coverage is extended, and the disabled qualified beneficiary has elected the extension, the applicable premium rate is 150% of the premium rate. If only the non-disabled qualified beneficiaries extend coverage, the premium rate will remain at the 102% level. It is also

the qualified beneficiary's responsibility to notify the University of Southern California within 30 days of a final determination that he or she is no longer disabled.

**Second qualifying event extension of 18-month period of continuation coverage.** If your family experiences another qualifying event while receiving COBRA continuation coverage, the spouse and dependent children in your family can get additional months of COBRA continuation coverage, up to a maximum of 36 months. This extension is available to the spouse and dependent children if the former employee dies, or gets divorced or legally separated. The extension is also available to a dependent child when that child stops being eligible under the Plan as a dependent child. In all of these cases, you must make sure that the Plan Administrator is notified of the second qualifying event within 60 days of the second qualifying event and within the original 18 month COBRA deadline. This notice must be sent to: the University of Southern California Office of Benefits Administration. In no event, however, will continuation coverage last beyond three years from the date the original qualifying event. A termination of employment following a reduction in hours is not considered a second event for COBRA purposes.

**Eligibility, Premiums, And Potential Conversion Rights** - A qualified beneficiary does not have to show they are insurable to elect continuation coverage, however, they must have been actually covered by the Plan to be eligible for COBRA continuation coverage. An exception to this rule is if while on continuation coverage a baby is born to or adopted by a covered employee qualified beneficiary. If this occurs, the new born or adopted child can be added to the Plan and will gain the rights of all other qualified beneficiaries. The COBRA timeline for the new born or adopted child is measured from the date of the original qualifying event. Procedures and timelines for adding these individuals can be found in the *Your Benefits* booklet and must be followed. The USC Office of Benefits Administration reserves the right to verify COBRA eligibility status and terminate continuation coverage retroactively if you are determined to be ineligible or if there has been a material misrepresentation of the facts.

**Cost of Cobra Coverage.** A qualified beneficiary will have to pay all of the applicable premium plus a 2% administration charge for continuation coverage. These premiums will be adjusted in the future if the applicable premium amount changes. In addition, if continuation coverage is extended from 18 months to 29 months due to a Social Security disability, the University of Southern California can generally charge up to 150% of the applicable premium during the extended coverage period. Qualified beneficiaries will be allowed to pay on a monthly basis. In addition there will be a maximum grace period of (30) days for the regularly scheduled monthly premiums. At the end of the continuation coverage, a qualified beneficiary may be allowed to enroll in an individual conversion health plan **if an individual conversion plan is available at that time.**

**Cancellation Of Continuation Coverage** - The law provides COBRA continuation coverage **will end prior** to the maximum continuation period for any of the following reasons:

1. University of Southern California ceases to provide any group health plan to any of its employees;
2. Any required premium for continuation coverage is not paid in a timely manner;
3. A qualified beneficiary first becomes, after the date of COBRA election, covered under another group health plan that does not contain any exclusion or limitation with respect to any preexisting condition of such beneficiary other than such an exclusion or limitation which does not apply to or is satisfied by such beneficiary by reason of the Health Insurance Portability and Accountability Act of 1996;
4. A qualified beneficiary first becomes, after the date of COBRA election, entitled to Medicare;
5. A qualified beneficiary extended continuation coverage to 29 months due to a Social Security disability and a final determination has been made that the qualified beneficiary is no longer disabled;
6. A qualified beneficiary notifies the University of Southern California Office of Benefits Administration that they wish to cancel COBRA continuation coverage.
7. For cause, on the same basis that the Plan terminates the coverage of similarly situated non COBRA participants.

**Any Questions?** - If any covered individual does not understand any part of this notice or has questions regarding the information or your obligations, please contact:

USC Office of Benefits Administration  
Attn. Kevin Johnson  
CPB 1100

Los Angeles, CA 90089-8106  
Phone: 213-437-1839 Fax: 213-437-1853

or you may contact the nearest Regional or District Office of the U.S. Department of Labor's Employee Benefits Security Administration (EBSA). Addresses and phone numbers of Regional and District EBSA Offices are available through EBSA's website at [www.dol.gov/ebsa](http://www.dol.gov/ebsa).

**Keep Your Plan Informed of Address Changes.** In order to protect your family's rights, you should keep the Plan Administrator informed of any changes in the addresses of family members. Failure to do so will result in delayed COBRA notifications or a loss of continuation coverage options. You should also keep a copy, for your records, of any notices you send to the USC Office of Benefits Administration.



**Notification of a COBRA Qualifying Event or Social Security Disability**

**ATTENTION EMPLOYEE, SPOUSE, OR DEPENDENT:**

This form is to be completed by a covered employee, spouse, or dependent to report events to the University of Southern California Office of Benefits Administration (USC OBA) as required under provisions of the federal Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). Failure to inform the University in a timely manner will result in a loss of health insurance continuation rights that are available under COBRA. Should you have any questions about this notification, contact the USC OBA (213-740-6027).

**INSTRUCTIONS:**

Please submit this completed form and supporting documentation to the University of Southern California Office of Benefits Administration. The notice must be submitted within 60 days after the later of (a) the date of the qualifying event, or (b) the date that the qualified beneficiary would lose coverage on account of the qualifying event.

Name of Covered Employee: \_\_\_\_\_

Name of Person Filing this Report: \_\_\_\_\_

Relationship to Employee: \_\_\_\_\_

Please check one:

Divorce                      Date of Event: \_\_\_\_\_ (Include copy of court documents)

Legal Separation              Date of Event: \_\_\_\_\_ (Include copy of court documents)

Child Ceasing To Be Eligible Under the Terms of the Plan      Date of Event: \_\_\_\_\_

Social Security Disability      (Include Social Security Disability determination within 60 days from the date the determination is made.)

\_\_\_\_\_  
SIGNATURE OF Person Filing this Report

\_\_\_\_\_  
DATE

**Current Mailing Address of Qualified Beneficiary of Person Filing this Report:**

Street Address: \_\_\_\_\_

City, State, Zip \_\_\_\_\_

Telephone: \_\_\_\_\_

**Mail or Fax Completed Form To:**

USC Office of Benefits Administration  
CPB 1100  
Los Angeles, CA 90089-8106  
Fax: 213-437-1853



**COBRA ADDRESS NOTIFICATION FORM**  
Office of Benefits Administration CPB 1100  
Los Angeles, CA 90089-8106  
Fax: 213-437-1853

To the covered employee,

If you have a dependent that is covered by a university health plan whose legal residence is not yours (dependent child covered by court order, living with an ex-spouse, etc.), you are required to provide us with the proper address so an initial COBRA notice can be sent to him or her as well. This does not include a dependent child (whose legal residence is still the same as yours), but is away at school. Should you have any questions, please call Kevin Johnson at 213-437-1839 immediately.

**This information must be provided to the University of Southern California Office of Benefits Administration on commencement of coverage under a University sponsored group health plan.**

**COVERED DEPENDENT ADDRESS INFORMATION**

Name of Covered Dependent: \_\_\_\_\_

Name of Guardian, Ex-spouse, etc. \_\_\_\_\_

Street Address \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Telephone No: \_\_\_\_\_

**COVERED DEPENDENT ADDRESS INFORMATION**

Name of Covered Dependent: \_\_\_\_\_

Name of Guardian, Ex-Spouse, etc. \_\_\_\_\_

Street Address \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Telephone No: \_\_\_\_\_

**COVERED DEPENDENT ADDRESS INFORMATION**

Name of Covered Dependent: \_\_\_\_\_

Name of Guardian, Ex-spouse, etc. \_\_\_\_\_

Street Address \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Telephone No: \_\_\_\_\_