



NOTICE TO EMPLOYEES
OF HEALTH INSURANCE CONTINUATION COVERAGE

****VERY IMPORTANT NOTICE****

On April 7, 1986, a new federal law was enacted [Public Law 99-272, Title X] requiring that most employers sponsoring group health plans offer employees and their families the opportunity for a temporary extension of health coverage (called "continuation coverage") at group rates in certain instances where coverage under the plan would otherwise end. This notice is intended to inform you, in a summary fashion, of your rights and obligations under the continuation coverage provisions of the new law. *Both you and your spouse should take the time to read this notice carefully.*

If you are an employee of the Town of Duxbury covered by our Blue Cross/Blue Shield Health Plan, you have a right to choose this continuation coverage if you lose your group health coverage because of a reduction in your hours of employment or the termination of your employment (for reasons other than gross misconduct on your part), or if you are a retiree, because your employer has filed for reorganization under Chapter 11 of the Bankruptcy Code.

If you are the spouse of an employee (or a retiree for reason 5, below) covered by Blue Cross, you have the right to choose continuation coverage for yourself if you lose group health coverage under Blue Cross for any of the following five reasons:

1. Death of your spouse;
2. The termination of your spouse's employment (for reasons other than gross misconduct) or a reduction in your spouse's hours of employment;
3. Divorce or legal separation from your spouse; or
4. Your spouse becomes entitled to (that is, covered by) Medicare; or
5. Your spouse's employer files for Chapter 11 reorganization.

In the case of a dependent child of an employee (or of a retiree for reason 6, below) covered under Blue Cross, he or she has the right to continuation coverage if group health coverage under Blue Cross is lost for any of the following six reasons:

1. The death of a parent;
2. The termination of a parent's employment (for reasons other than gross misconduct) or a reduction in parent's hours of employment with the Town;
3. Parent's divorce or legal separation;
4. A parent becomes entitled to (that is, covered by) Medicare; or
5. The dependent ceases to be a "dependent child" under Blue Cross; or
6. The parent's employer files for Chapter 11 reorganization.

Under this law, the employee or a family member has the responsibility to inform the Town Manager's office within 60 days of a divorce, legal separation, of the Social Security determination that you or a family member that was covered by Blue Cross at the time of the employee's termination or reduction in 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 Blue Cross. The Town of Duxbury has the responsibility to notify Blue Cross of the employee's death, termination of employment or reduction in hours, or Medicare entitlement.

When Blue Cross is notified that one of these events has happened, Blue Cross will in turn notify you that you have at least 60 days from the date of the notice of your COBRA continuation of coverage rights to inform Blue Cross that you want continuation coverage.

If you do not choose continuation coverage, your group health insurance coverage will end.

If you choose continuation coverage, the Town of Duxbury is required to give you coverage 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. The law requires that you be afforded the opportunity to maintain continuation coverage for three years unless you lost group health coverage because of a termination of employment or reduction in hours. In that case, the required continuation coverage period is 18 months. However, the 18-month period may be extended to 29 months when the Social Security Administration determines that you, or another family member covered by Blue Cross at the time of termination of employment or reduction of hours, were/was determined to have been disabled at any time during the first 60 days of continuation coverage and you inform Blue Cross before the end of the 18-month period. If, during an 18-month continuation coverage period another event takes place that might otherwise result in your health coverage ending, coverage may be extended.

In no case, other than for a covered retiree and the retiree's covered family members during the company's bankruptcy proceedings, may the total amount of continued coverage be more than 36 months.

However, this law also provides that your continuation coverage may be cut short for any of the following reasons:

1. The Town of Duxbury no longer provides group health coverage to any of its employees;
2. The premium for your continuation coverage is not paid in a timely fashion;
3. You are covered under another group health plan that does not include a preexisting conditions clause that applies to you or to a covered dependent;

[Effective for group health plans with plan years beginning on or after July 1, 1997: 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. (This provision applies individually to each individual with Cobra coverage)]

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.

When your COBRA coverage ends, you will receive certification of the duration of your COBRA coverage.]

4. You are entitled to (that is, covered by) Medicare.

You do not have to show that you are insurable to choose continuation coverage. However, under this law, you must pay the entire premium for your continuation coverage; you will have a grace period of 30 days to pay the premium. [The law also says that, at the end of the 18-month, 29-month or 36-month continuation coverage period, you must be allowed to enroll in an individual conversion health plan provided under Blue Cross/Blue Shield.

If you have any questions about this law, please contact the Town Manager's Office at 781-934-1108 or Blue Cross/Blue Shield Customer Service at 1-800-782-3675. Also, if you have changed marital status, or you or your spouse have changed addresses, please notify both the Town and Blue Cross/Blue Shield at the above telephone numbers.