

CONTINUATION OF COVERAGE

Government entities are subject to the continuation of coverage provisions of the Public Health Services Act which essentially duplicates the provisions of the Consolidated Omnibus-Budget Reconciliation Act (COBRA). The following is intended to comply with the Public Health Services Act.

The coverage which may be continued under this provision consists of health coverage. It does not include life insurance benefits, Accidental death and dismemberment benefits, or income replacement benefits. Health coverage includes medical benefits as provided under the Plan.

Qualifying Events. Under this provision, the following Covered Persons whose coverage would otherwise end may continue coverage under the Plan:

- (1) Covered Dependents of a covered Employee who dies.
- (2) A covered Employee and his covered Dependents upon the Employee's termination of employment (other than termination for gross misconduct) or whose work hours have been reduced to less than the minimum required for coverage under the Plan.
- (3) A covered spouse (and any affected covered Dependents) upon divorce or legal separation.
- (4) Covered Dependents of a covered Employee whose termination from the Plan is due to the covered Employee becoming eligible for benefits under Medicare.
- (5) A covered Dependent Child who attains the maximum age at which Dependent Children may be covered under the Plan, or otherwise becomes ineligible under the Plan's terms.
- (6) A covered Retiree and their covered beneficiaries whose benefits were substantially reduced within one year of the Employer filing for Chapter 11 bankruptcy.
- (7) The last day of a leave under the Family Medical Leave Act.
- (8) The call-up of reservist in the United States military or National Guard to active duty.

Notification Requirements.

- (1) When eligibility for continuation of coverage results from a spouse being divorced or legally separated from a covered Employee or a Child's attainment of the maximum age for coverage under the Plan, the Employee or Dependent must notify the Employer of that event within sixty (60) days of the event. **Failure to provide notification to the Employer will result in the person forfeiting their right to continued coverage.**
- (2) The Employer must submit such notice to TCSIG or its designated representative within thirty (30) days of receipt.
- (3) Within fourteen (14) days of receiving notice, TCSIG or its designated representative shall advise the Employee or Dependent of his or her rights to continue coverage.
- (4) After receiving notice, the Employee or Dependent has sixty (60) days to decide whether to elect continued coverage. This sixty (60) day period begins on the later of:
 - (a) The date coverage under the Plan would otherwise end; or
 - (b) The date the person receives the notice from TCSIG or its designated representative of his or her rights to continuation of coverage.

If the Employee or Dependent chooses to have continuation of coverage, he must advise TCSIG or its designated representative in writing of this choice. TCSIG or its designated representative must receive this

written notice no later than the last day of the sixty (60) day period. If the election is mailed, the election must be postmarked on or before the last day of the sixty (60) day period.

- (5) Within forty-five (45) days after the date the person notifies TCSIG or its designated representative that he has chosen continuation of coverage, the person must pay the initial premium. The initial payment shall be the amount needed to provide coverage from the date continued benefits begin to the date that the election was made. Thereafter, premiums for the continued coverage are to be paid monthly, and are due in advance, on the first day each month.
- (6) The Employee, Dependent or their designated representative must pay the premium for the coverage being continued.

Family Members Acquired During Continuation. A spouse or Dependent Child newly acquired during continuation of coverage is eligible to be enrolled as a Dependent. The standard enrollment provision of the Plan applies to enrollees during continuation of coverage. A Child born to or placed for adoption with the covered Employee during the period of continuation of coverage shall be eligible for an extension of continuation of coverage due to a second qualifying event. A Child born to or placed for adoption with the former spouse of a covered Employee shall not be eligible for the extension of continuation of coverage due to a second qualifying event. The Plan shall provide a special thirty (30) day enrollment period to enroll such Child (ren).

Subsequent Qualifying Events. Once covered under continuation of coverage, it is possible for a second qualifying event to occur, including:

- (1) Death of an Employee.
- (2) Divorce or legal separation from an Employee.
- (3) Employee's entitlement to Medicare.
- (4) Child's loss of Dependent status.

If one of these subsequent qualifying events occurs, a Dependent may be entitled to a second continuation period. This period will in no event continue beyond thirty-six (36) months from the date of the first qualifying event.

Except as specified in Family Members Acquired During Continuation above, only a person covered prior to the original qualifying event is eligible for the second continuation period as the result of a subsequent qualifying event. A Dependent acquired during continuation of coverage is not eligible to continue coverage as the result of a subsequent qualifying event.

For example: (1) Continuation may begin due to termination of employment. During the continuation, if a Child reaches the upper age limit of the Plan, the Child is eligible for a second continuation period. This second continuation would end no later than thirtysix (36) months from the date of the first qualifying event, (i.e., the termination of employment). (2) An Employee terminates and elects continuation of coverage for himself and his spouse. They would be allowed continuation of coverage for up to eighteen (18) months. If during the eighteen (18) months, the Employee becomes entitled to Medicare, the spouse would be eligible for additional continuation up to a total of thirty-six (36) months from the date of the first qualifying event.

When Continuation Of Coverage Begins. When continuation of coverage is elected, and the premium paid, coverage is reinstated back to the date of the loss of coverage, so that no break in coverage occurs. However, for an Employee on an approved leave under the Family Medical Leave Act, continuation of coverage shall begin on the last day of the leave. Coverage for Dependents acquired and properly enrolled during the continuation period begins in accordance with the enrollment provisions of the Plan.

End Of Continuation. Continuation shall end on the earliest of the following dates:

- (1) Eighteen (18) months from the date continuation began for an Employee whose coverage ended because of a reduction of hours or termination of employment.

- (2) Thirty-six (36) months from the date continuation began for Dependents whose coverage ended because of the death of the Employee, divorce or legal separation from the Employee, or the attainment of the maximum age of eligibility by a Dependent.
- (3) The end of the period for which premium is paid if the Covered Person fails to make a premium payment on the date specified by TCSIG.
- (4) The date coverage under this Plan ends and the Employer offers no other group health benefit plan.
- (5) The date the Covered Person becomes entitled to Medicare.
- (6) The date the Covered Person becomes covered under any other group health plan.
- (7) In the case of bankruptcy proceeding, the period until the death of the Retiree, and widows or widowers of Retirees who died before the Employer's bankruptcy are entitled to lifetime continuation of coverage. However, if a Retiree dies after the Employer's bankruptcy, the surviving spouse and Dependent Children may only elect an additional thirty-six (36) months of continuation of coverage after the death.

In the event an Employer terminates its participation in this Plan, all persons under continuation of coverage through that Employer shall transfer to the Employer's new plan, and continuation of coverage under this Plan shall cease.

Extension For Disabled Individuals. Continuation of coverage may extend from eighteen (18) months to twenty-nine (29) months if the qualified beneficiary receives a determination from the Social Security Administration that the person was disabled at the time of the qualifying event, or within sixty (60) days of the qualifying event. The disabled person and the family members who were covered prior to the qualifying event are eligible for up to twenty-nine (29) months of continuation of coverage. In order to be eligible for the additional eleven (11) month extension, the qualified beneficiary must submit proof of the determination of disability by the Social Security Administration to TCSIG or the Claims Administrator within the initial eighteen (18) month continuation of coverage period and no later than sixty (60) days after the Social Security Administration's determination. Extended coverage will end the month that begins thirty (30) days after the person is no longer considered disabled.