

IMPORTANT INFORMATION

COBRA Continuation Coverage and other Health Coverage Alternatives

February 2, 2023

Dear [Click here to enter text.](#):

This notice has important information about your right to continue your health care coverage in the City of Chesapeake group health, dental, vision and medical flexible spending plan as well as other health coverage options that may be available to you, including coverage through the Health Insurance Marketplace if applicable at www.HealthCare.gov or call 1-800-318-2596. Members who are not eligible for Medicare may be able to get coverage through the Health Insurance Marketplace that costs less than COBRA continuation coverage. Please read the information in this notice very carefully before you make your decision. If you choose to elect COBRA continuation coverage, you should use the election form provided later in this notice.

Why am I receiving this notice?

You are receiving this notice because your coverage under the Plan ended on [Click here to enter a date.](#) due to:

- End of employment Reduction in hours of employment Death of employee
 Divorce or legal separation Entitlement to Medicare Loss of dependent child status
 Other (explain) _____

Federal law requires that most group health plans (including this Plan) give employees and their families the opportunity to continue their health care coverage through COBRA continuation coverage when there's a "qualifying event" that would result in a loss of coverage under an employer's plan.

What is COBRA continuation coverage?

COBRA continuation coverage is the same coverage that the Plan gives to other participants or beneficiaries who are no longer eligible to continue coverage as an employee, former employee or dependent. Each "qualified beneficiary" (described below) who elects COBRA continuation coverage will have the same rights under the Plan as other participants or beneficiaries covered under the Plan.

Who are the qualified beneficiaries?

Each person ("qualified beneficiary") in the category(ies) checked below can elect COBRA continuation coverage for the specified coverage:

	Health Insurance	Dental Insurance	Vision Insurance	Medical Flexible Spending
<i>Employee or former employee</i>				
<i>Spouse or former spouse</i>				
<i>Dependent child(ren) covered under the Plan on the day before the event that caused the loss of coverage</i>				
<i>Child who is losing coverage under the Plan because he/she is no longer a dependent under the Plan</i>				

Are there other coverage options besides COBRA Continuation Coverage?

Yes. Instead of enrolling in COBRA continuation coverage, there may be other more affordable coverage options for you and your family through the Health Insurance Marketplace, Medicaid, Medicare or other group health plan coverage options (such as a spouse’s plan) through what is called a “special enrollment period.” Some of these options may cost less than COBRA continuation coverage.

You should compare your other coverage options with COBRA continuation coverage and choose the coverage that is best for you. For example, if you move to other coverage you may pay more out of pocket than you would under COBRA because the new coverage may impose a new deductible.

When you lose job-based health coverage, it’s important that you choose carefully between COBRA continuation coverage and other coverage options, because once you’ve made your choice, it can be difficult or impossible to switch to another coverage option.

If I elect COBRA continuation coverage, when will my coverage begin and how long will the coverage last?

If elected, COBRA continuation coverage will begin on **<insert start date>** and can last until **<insert date 18 months following start date>**. Continuation coverage may end before the date noted above in certain circumstances, like failure to pay premiums, fraud, or the individual becomes covered under another group health plan.

Can I extend the length of COBRA continuation coverage?

If you elect continuation coverage, you may be able to extend the length of continuation coverage if a qualified beneficiary is disabled, or if a second qualifying event occurs. You must notify City of Chesapeake Finance Department, 757-382-6708, of a disability or a second qualifying event within a certain time period to extend the period of continuation coverage. If you don’t provide notice of a disability or second qualifying event within the required time period, it will affect your right to extend the period of continuation coverage.

For more information about extending the length of COBRA continuation coverage visit <https://www.dol.gov/sites/dolgov/files/EBSA/about-ebsa/our-activities/resource-center/publications/an-employees-guide-to-health-benefits-under-cobra.pdf>.

How much does COBRA continuation coverage cost for 2023?

Optima Health			
PPO (Closed Plan)	Premium	Admin Fee	Total
Employee Only	\$ 1,054.00	\$ 21.08	\$ 1,075.08
Employee & Spouse	\$ 2,425.00	\$ 48.50	\$ 2,473.50
Employee & Child	\$ 1,465.00	\$ 29.30	\$ 1,494.30
Employee & Children	\$ 2,256.00	\$ 45.12	\$ 2,301.12
Family	\$ 3,563.00	\$ 71.26	\$ 3,634.26

POS	Premium	Admin Fee	Total
Employee Only	\$ 897.00	\$ 17.94	\$ 914.94
Employee & Spouse	\$ 2,063.00	\$ 41.26	\$ 2,104.26

Employee & Child	\$ 1,247.00	\$ 24.94	\$ 1,271.94
Employee & Children	\$ 1,919.00	\$ 38.38	\$ 1,957.38
Family	\$ 2,993.00	\$ 59.86	\$ 3,052.86

HMO	Premium	Admin Fee	Total
Employee Only	\$ 787.00	\$ 15.74	\$ 802.74
Employee & Spouse	\$ 1,810.00	\$ 36.20	\$ 1,846.20
Employee & Child	\$ 1,094.00	\$ 21.88	\$ 1,115.88
Employee & Children	\$ 1,684.00	\$ 33.68	\$ 1,717.68
Family	\$ 2,659.00	\$ 53.18	\$ 2,712.18

CDHP/PPO	Premium	Admin Fee	Total
Employee Only	\$ 735.00	\$ 14.70	\$ 749.70
Employee & Spouse	\$ 1,691.00	\$ 33.82	\$ 1,724.82
Employee & Child	\$ 1,024.00	\$ 20.48	\$ 1,044.48
Employee & Children	\$ 1,575.00	\$ 31.50	\$ 1,606.50
Family	\$ 2,483.00	\$ 49.66	\$ 2,532.66

Anthem Dental

Basic	Premium	Admin Fee	Total
Employee Only	\$ 27.52	\$ 0.55	\$ 28.07
Employee & Spouse	\$ 56.12	\$ 1.12	\$ 57.24
Employee & Children	\$ 71.56	\$ 1.43	\$ 72.99
Family	\$ 105.84	\$ 2.12	\$ 107.96

Enhanced	Premium	Admin Fee	Total
Employee Only	\$ 34.64	\$ 0.69	\$ 35.33
Employee & Spouse	\$ 70.60	\$ 1.41	\$ 72.01
Employee & Children	\$ 90.04	\$ 1.80	\$ 91.84
Family	\$ 133.16	\$ 2.66	\$ 135.82

Davis Vision

	Premium	Admin Fee	Total
Employee Only	\$ 4.36	\$ 0.09	\$ 4.45
Employee & Spouse	\$ 7.68	\$ 0.15	\$ 7.83
Employee & Child	\$ 7.68	\$ 0.15	\$ 7.83
Employee & Children	\$ 8.72	\$ 0.17	\$ 8.89
Family	\$ 12.68	\$ 0.25	\$ 12.93

Medical Flexible Spending

The medical flexible spending premium will be determined individually as it is based on the employee's election amount and remaining available balance at the time of separation of employment from the City. If you are

enrolled in medical flexible spending and would like more information about your options under COBRA for this benefit, please contact Human Resources at 757-382-6492 or hrbenefits@cityofchesapeake.net.

Other coverage options may cost less. If you choose to elect continuation coverage, you do not have to send any payment with the Election Form. Additional information about payment will be provided to you after the election form is received by the Plan. Important information about paying your premium can be found at the end of this notice.

If you or your dependents who are losing coverage are NOT eligible for Medicare, you may be able to get coverage through the Health Insurance Marketplace that costs less than COBRA continuation coverage. You can learn more about the Marketplace below.

What is the Health Insurance Marketplace?

The Marketplace offers “one-stop shopping” to find and compare private health insurance options. In the Marketplace, you could be eligible for a new kind of tax credit that lowers your monthly premiums and cost-sharing reductions (amounts that lower your out-of-pocket costs for deductibles, coinsurance, and copayments) right away, and you can see what your premium, deductibles, and out-of-pocket costs will be before you make a decision to enroll. Through the Marketplace you’ll also learn if you qualify for free or low-cost coverage from [Medicaid](#) or the [Children’s Health Insurance Program \(CHIP\)](#). You can access the Marketplace for your state at www.HealthCare.gov.

Coverage through the Health Insurance Marketplace may cost less than COBRA continuation coverage. Being offered COBRA continuation coverage won’t limit your eligibility for coverage or for a tax credit through the Marketplace.

When can I enroll in Marketplace coverage?

You always have 60 days from the time you lose your job-based coverage to enroll in the Marketplace. That is because losing your job-based health coverage is a “special enrollment” event. **After 60 days your special enrollment period will end and you may not be able to enroll, so you should take action right away.** In addition, during what is called an “open enrollment” period, anyone can enroll in Marketplace coverage.

To find out more about enrolling in the Marketplace, such as when the next open enrollment period will be and what you need to know about qualifying events and special enrollment periods, visit www.HealthCare.gov.

If I sign up for COBRA continuation coverage, can I switch to coverage in the Marketplace? What about if I choose Marketplace coverage and want to switch back to COBRA continuation coverage?

If you sign up for COBRA continuation coverage, you can switch to a Marketplace plan during a Marketplace open enrollment period. You can also end your COBRA continuation coverage early and switch to a Marketplace plan if you have another qualifying event such as marriage or birth of a child through something called a “special enrollment period.” But be careful though - if you terminate your COBRA continuation coverage early without another qualifying event, you’ll have to wait to enroll in Marketplace coverage until the next open enrollment period, and could end up without any health coverage in the interim.

Once you’ve exhausted your COBRA continuation coverage and the coverage expires, you’ll be eligible to enroll in Marketplace coverage through a special enrollment period, even if Marketplace open enrollment has ended.

If you sign up for Marketplace coverage instead of COBRA continuation coverage, you cannot switch to COBRA continuation coverage once your election period ends.

Can I enroll in another group health plan?

You may be eligible to enroll in coverage under another group health plan (like a spouse's plan), if you request enrollment within 30 days of the loss of coverage.

If you or your dependent chooses to elect COBRA continuation coverage instead of enrolling in another group health plan for which you're eligible, you'll have another opportunity to enroll in the other group health plan within 30 days of losing your COBRA continuation coverage.

Can I enroll in Medicare instead of COBRA continuation coverage after my group health plan coverage ends?

In general, if you don't enroll in Medicare Part A or B when you are first eligible because you are still employed, after the initial enrollment period for Medicare Part A or B, you have an 8-month special enrollment period¹ to sign up, beginning on the earlier of

- The month after your employment ends; or
- The month after group health plan coverage based on current employment ends.

If you don't enroll in Medicare Part B and elect COBRA continuation coverage instead, you may have to pay a Part B late enrollment penalty and you may have a gap in coverage if you decide you want Part B later. If you elect COBRA continuation coverage and then enroll in Medicare Part A or B before the COBRA continuation coverage ends, the Plan may terminate your continuation coverage. However, if Medicare Part A or B is effective on or before the date of the COBRA election, COBRA coverage may not be discontinued on account of Medicare entitlement, even if you enroll in the other part of Medicare after the date of the election of COBRA coverage.

If you are enrolled in both COBRA continuation coverage and Medicare, Medicare will generally pay first (primary payer) and COBRA will pay second. Certain COBRA continuation coverage plans may pay as if secondary to Medicare, even if you are not enrolled in Medicare.

For more information visit <https://www.medicare.gov/medicare-and-you>.

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 will 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

¹ <https://www.medicare.gov/sign-up-change-plans/how-do-i-get-parts-a-b/part-a-part-b-sign-up-periods>. These rules are different for people with End Stage Renal Disease (ESRD).

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 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.

For more information

This notice doesn't fully describe continuation coverage or other rights under the Plan. More information about continuation coverage and your rights under the Plan is available in your summary plan description or from the Plan Administrator.

If you have questions about the information in this notice, or your rights to coverage contact the Payroll Specialist in the Finance Department, 306 Cedar Road, Chesapeake, VA 23322, 757-382-6708. If you want a copy of your summary plan description, contact Human Resources at 757-382-6492 or hrbenefits@cityofchesapeake.net.

For more information about your rights under the Employee Retirement Income Security Act (ERISA), including 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 <http://www.dol.gov/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, and to locate an assister in your area who you can talk to about the different options, visit www.HealthCare.gov.

Keep Your Plan Informed of Address Changes

To protect your and your family's rights, keep the Plan Administrator informed of any changes in your address and the addresses of family members. You should also keep a copy of any notices you send to the Plan Administrator.

Important Information About Payments

First payment for continuation coverage

You must make your first payment for continuation coverage no later than 45 days after the date of your election (this is the date the Election Notice is postmarked). If you don't make your first payment in full no later than 45 days after the date of your election, you'll lose all continuation coverage rights under the Plan. Your COBRA coverage must be effective the date following your loss of coverage. You're responsible for making sure that the amount of your first payment is correct. You may contact the Finance Department, 306 Cedar Road, Chesapeake, VA 23322, 757-382-6708 to confirm the correct amount of your first payment.

Periodic payments for continuation coverage

After you make your first payment for continuation coverage, you'll have to make periodic payments for each coverage period that follows. The amount due for each coverage period for each qualified beneficiary is shown in this notice. The periodic payments can be made on a monthly basis. Under the Plan, each of these periodic payments for continuation coverage is due by the first of the month for which the coverage is effective. If you make a periodic payment on or before the first day of the coverage period to which it applies, your coverage under the Plan will continue for that coverage period without any break. The Plan will send periodic notices of payments due for these coverage periods.

Grace periods for periodic payments

Although periodic payments are due on the dates shown above, you'll be given a grace period of 30 days after the first day of the coverage period to make each periodic payment. You'll get continuation coverage for each coverage period as long as payment for that coverage period is made before the end of the grace period. If you pay a periodic payment later than the first day of the coverage period to which it applies, but before the end of the grace period for the coverage period, your coverage will be suspended as of the first day of the coverage period and then retroactively reinstated (going back to the first day of the coverage period) when the periodic payment is received. This means that any claim you submit for benefits while your coverage is suspended may be denied and may have to be resubmitted once your coverage is reinstated.

If you don't make a periodic payment before the end of the grace period for that coverage period, you'll lose all rights to continuation coverage under the Plan.

Your first payment and all periodic payments for continuation coverage should be sent to:

**City of Chesapeake
Finance Department
306 Cedar Road
Chesapeake, VA 23322**

COBRA Continuation Coverage Election Form

Instructions: To elect COBRA continuation coverage, complete this Election Form and return it to us. Under federal law, you have 60 days after the date of this notice to decide whether you want to elect COBRA continuation coverage under the Plan.

Send completed Election Form to: City of Chesapeake, Finance Department, 306 Cedar Road, Chesapeake, VA 23322. This Election Form must be completed and returned by mail **<insert date: later of coverage end date + 60 days or notice date + 60 days>**. If mailed, it must be post-marked no later than **<insert date seven calendar days before mail date above>**.

If you don't submit a completed Election Form by the due date shown above, you'll lose your right to elect COBRA continuation coverage. If you reject COBRA continuation coverage before the due date, you may change your mind as long as you submit a completed Election Form before the due date. However, if you change your mind after first rejecting COBRA continuation coverage, your COBRA continuation coverage will begin on the date you submit the completed Election Form.

I (We) elect COBRA continuation coverage in the City of Chesapeake health, dental, vision and/or medical flexible spending plans listed below:

Name	Date of Birth	Social Security Number

Check all options that you would like to elect. You can only continue coverage in which you were enrolled through the City of Chesapeake at the time coverage ended.

	Health Insurance	Dental Insurance	Vision Insurance	Medical Flexible Spending*
<i>Employee Only</i>				
<i>Employee & Spouse</i>				
<i>Employee & Child</i>				
<i>Employee & Children</i>				
<i>Family</i>				

**Enrollment in medical flexible spending is not based on a tier.*

Signature

Date

Print Name

Print Address

Telephone number