



Federal Law requires the attached notice be provided to all employees and their spouses participating in group health plans.

Dear Employees and Dependents:

The Consolidated Omnibus Budget Reconciliation Act of 1985 (Known as "COBRA") requires that an employee and his/her spouse receive the attached "COBRA NOTIFICATION RIGHTS" if they participate in certain employer sponsored group health plans.

Benefits Direct is your COBRA Administrator. COBRA is the Federal Law that allows covered employees and their covered spouse or qualified dependents to continue health coverage if it is lost due to specific reasons as specified in the law.

It is important that you and any covered spouse or covered dependent read the information in its entirety. Under the law, a covered spouse has the right to elect COBRA continuation coverage, even if the employee waives the right to elect.

The "COBRA NOTIFICATION RIGHTS" explains the steps you must take if you, your covered spouse or your covered dependent(s) lose coverage. For this reason, be sure to keep the NOTIFICATION RIGHTS in your permanent records. If you have any questions regarding this notice, please call Human Resources.

VERY IMPORTANT NOTICE

COBRA NOTIFICATION RIGHTS FOR HEALTH PLAN CONTINUATION

Please read completely and provide this information to your covered spouse and child(ren).

In 1985, a federal law as enacted that allowed coverage, provided by certain employers who sponsor a group health plan, to be continued if the coverage was lost for various reasons. This law is called the Consolidated Omnibus Budget Reconciliation Act, commonly referred to a "COBRA". For legal reference, the law is listed as Public Law 99-272, title X. The following notice provides in summary fashion the COBRA rights you and your dependents may have. It is important for you to read this information because they may have the right to continue coverage on their own, even if you personally elect not to continue coverage for yourself. Please maintain this notice in your permanent records.

This information is being provided by WFSI as part of its benefits enrollment or re-enrollment process. The Company has contracted with Benefits Direct for the administration of the program and, should you elect COBRA coverage, you will be contracted and deal directly with their organization. This notice is brought to you in a Question and Answer format.

Please read the entire notice:

Terminology you need to know:

Qualifying Events – Specific circumstances that will cause a loss of health plan coverage.

Qualifying Beneficiary – Individual(s) eligible to continue coverage. This is the employee, the spouse and/or the child(ren) who, as the day before the qualifying event, is covered under the group health plan. A Qualified Beneficiary also includes a child born to or adopted by a covered employee during the period of COBRA coverage.



Under what circumstances can my health coverage continue under COBRA?

If you are a covered employee: If you are an employee covered by your group health plan, you have the right to choose continuation coverage if you lose coverage under your group health plan for any of the following reasons:

1. A reduction in your hours of employment.
2. The termination of your employment (for reasons other than misconduct).

If you are the spouse of a covered employee: If you are the spouse of an employee covered by your group health plan, you have the right to choose continuation coverage if you lose coverage under your group health plan for any of the following reasons:

1. The death of the covered employee.
2. The termination of the covered employee's employment (for reasons other than gross misconduct).
3. A reduction in the covered employee's hours of employment.
4. Divorce or legal separation from the covered employee.
5. The covered employee becomes entitled to Medicare.

If you are a covered dependent child: If you are a dependent child covered by your group health plan, you have the right to choose continuation coverage if you lose coverage under your group health plan for any of the following reasons:

1. The death of the covered employee.
2. The termination of a covered employee's employment (for reason other than misconduct).
3. A reduction in the covered employee's hours of employment.
4. The covered employee's divorce or legal separation.
5. The covered employee becomes entitled to Medicare.
6. You cease to be a "dependent child" under the group health plan.

What steps are required by the employer and me to assure the rights of coverage continuation?

Your employer has the responsibility to notify Benefits Direct when one of the following "Qualifying Events" occurs:

1. The covered employee's death.
2. The covered employee's termination of employment (for reasons other than gross misconduct).
3. Reduction in hours of the covered employee's employment resulting in a loss of coverage.
4. The covered employee's divorce or legal separation.
5. The covered employee becomes entitled to Medicare.
6. You cease to be a "dependent child" under the group health plan.

You or a covered Family Member is required to notify your employer when one of the following Qualifying Events occurs:

1. The divorce of the covered employee.
2. Legal separation of the covered employee.
3. Covered child losing dependent child status under the group health plan.

Notification must be made to the employer in writing within 60 days of the date of the later of the 1) Qualifying Event(s) or 2) the date loss of coverage would occur as a result of the Qualifying Event, or the right to continue coverage will be lost.

An election package will be mailed to you or a Qualified Beneficiary by the Company within 14 days of being notified of the Qualifying Event



How much time do I have to elect COBRA continuation?

You have 60 days to inform Benefits Direct in writing that you want continuing coverage. The 60-day period begins on the later of:

1. The day you lose coverage under the employer's group health plan, or
2. The date the Company postmarked the Election Package.

Even if you do not receive an Election Package from the Company, it is your responsibility to contact the Benefits Direct in writing before the 60 day period has ended.

Special note:

Benefits Direct reserves the right to reject at any time any attempted election of continuation coverage, if the individual is not entitled to such coverage. This rejection may take place on a retroactive basis, even if Benefits Direct previously accepted payment of one or more premiums for continuation coverage.

If I elect to continue through COBRA, when will my health coverage be reinstated?

Your health Coverage is reinstated retroactively to the date of your loss of coverage under your group health plan once you have paid your first full month's premium. Payment must be made retroactively commencing with your loss of coverage. Claims will not be honored for coverage periods for which full premiums have not been made.

What happens if I do not elect COBRA and then wish to revoke my COBRA waiver?

If you reject COBRA coverage, your coverage under your group health plan will automatically end as of the last date you are covered under your group health plan. If you revoke your waiver of COBRA election, you must do so within the 60 day election period. If you revoke your waiver of COBRA election in a timely fashion, group health coverage will be restored prospectively; the group health coverage is not required to be restored retroactively to the date of the loss of coverage. The date of reinstatement will be determined by the Plan Administrator.

Special note: Why should I continue under COBRA?

Under the rules of the Health Insurance Portability and Accountability Act of 1996 (HIPAA), you can reduce the pre-existing condition limitation under a new employer's plan if you have had a period of prior "creditable coverage". Creditable coverage includes any comprehensive health plan coverage, including COBRA coverage. Because COBRA counts as creditable coverage, you should consider continuing coverage under COBRA.

For example, assume you had coverage under your prior employer's group health plan for 10 months. You leave employment and subsequently become employed by a new employer. The new employer's health plan has a 12 month pre-existing condition limitation. Because this 12 month limitation can be reduced by the period of prior coverage (in this case 10 months from the previous employer), the pre-existing condition limitation under the new employer's plan is only 2 months. However **if you have a period of 63 or more days** before your most recent enrollment date in which you were not covered under a group health plan (not counting enrollment waiting periods), **you will lose all periods of creditable services.** Therefore, if you do not know whether you will be employed after losing employment, you should consider continuing your coverage under COBRA, as COBRA counts towards periods of creditable coverage.

Under HIPAA, insurers may not refuse to offer individual policy coverage to, or deny enrollment of, an eligible individual who has completed 18 months of group health plan coverage and who does not have any other health insurance coverage. In addition, the insurer cannot impose any pre-existing condition limitations if an individual has had 18 months of prior creditable coverage. Because exhaustion of COBRA coverage is also required under federal law for you to receive the individual



policy without the possibility for declination and without the pre-existing condition limitation, you should consider continuing coverage under COBRA.

What type of coverage will I have if I elect to continue?

This means that you will have the same coverage under COBRA as you did prior to the Qualifying Event.

How long will coverage last if I, my spouse, or dependent child(ren) elects to continue coverage?

This depends upon the reason why coverage was lost. The following lists the length of continuation coverage.

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|---|------------|
| <input type="checkbox"/> Termination of employment | 18 months* |
| <input type="checkbox"/> Reduction of hours | 18 months* |
| <input type="checkbox"/> Divorce or legal separation | 36 months |
| <input type="checkbox"/> Medicare Entitlement of covered employee | 36 months |
| <input type="checkbox"/> Dependent no longer eligible | 36 months |
| <input type="checkbox"/> Death of covered employee | 36 months |

*In some limited instances, as described above, COBRA coverage may be extended for additional periods.

When are premiums due for the COBRA coverage?

- Once you elect to continue coverage under COBRA, Benefits Direct will bill you for the applicable COBRA premium.
- The initial premium must be postmarked on or before 45 days of the date you postmark your election to continue coverage under COBRA. The initial payment must be for the total amount due as of the date paid.
- All other premiums must be postmarked on or before 30 days of the due date. The due date is the first day of the period of coverage. For example, the premium of the month of April is due no later than April 30.
- Payment must be in the form of a check or money order and made payable to Benefits Direct.

If payment is postmarked after the end of the grace period, it will not be accepted and coverage will be terminated retroactive to the last period paid in full.

Special notes regarding premium payments:

The federal law, COBRA, does not require bills to be sent. Although Benefits Direct will send you a bill, if you do not receive a bill, it is your responsibility to remit full payment within the proper time period.

- No late or reminder notice will be sent for payments that have not been made.
- Partial payments are not payment in full and will not be accepted. Payment must be made in full or coverage will be terminated.
- Payments received that are returned from the bank for insufficient funds will result in termination of coverage if a replacement payment in the form of a cashier's check, certified check or a money order is not made with a grace period.
- Payments should be mailed to the address indicated on the premium statement. Contact Benefits Direct if a statement is not received.
- Federal law allows your employer to charge a 2% administrative charge (50% in certain cases of disability) in addition to the regular group premium.
- You may be eligible for state or local assistance to pay the premium for your continuation coverage. For more information, contact your local Medicaid Office or the office of your State Insurance Commissioner.
- If payments for COBRA premiums are made by someone other than the Qualified Beneficiary, it is still the Qualified Beneficiary's responsibility to verify that premium payments



are made in full and within the required time period. Premium payments made by a third party must be properly identified as payable with respect to the Qualified Beneficiary.

How can COBRA coverage terminate before the end of the 18, 29 or 36 month period?

1. The employer no longer provides group health coverage for any of its employees.
2. The premium for your continuation coverage is not paid in full within the grace period.
3. You first become, after the date of your COBRA election, covered under another group health plan, unless the new group health plan contains an exclusion or limitation with respect to any pre-existing condition that you may have and the pre-existing condition limitation is not reduced under the guidelines of HIPAA.
4. You first become, after the date of your COBRA elections, entitled to Medicare.

Can COBRA coverage ever be extended for additional months?

If you are the spouse or dependent child of a covered employee, the 18 month period may be extended up to 36 months if a multiple Qualifying Event occurs during the original 18 month COBRA period. A multiple Qualifying Event is one of the following:

1. Death of the covered employee.
2. Divorce from the covered employee.
3. Legal separation for the covered employee.
4. Medicare entitlement of the covered employee if coverage is lost.
5. Loss of dependent child status.
- 6.

The employee or a family member is responsible for notifying Benefits Direct in writing within 60 days of the multiple Qualifying events. If this notification is not made within the 60 day period, the right to extend continuation coverage from up to 18 months to up to 36 months may be lost.

Special notes:

- The multiple Qualifying Event must occur during the original 18 month COBRA period.
- In no event will continuation coverage last beyond 36 months from the date of the event that originally made a Qualifying Beneficiary eligible to elect coverage.
- If you are determined to be disabled by the Social Security Administration, Qualified Beneficiaries may extend the original 18 month coverage period for an additional 11 months. Please refer to the next section regarding disability determination.

What happens if I am determined to be disabled by Social Security?

If the Social Security Administration determines that you or another Qualified Beneficiary in your family is disabled during the first 60 days of COBRA coverage, the 18 month continuation period may be extended up to 29 months. If this occurs, coverage for all family members who are qualified beneficiaries (even non-disabled qualified beneficiaries) can be extended up to 29 months. The employee or a family member is responsible for notifying Benefits Direct within 60 days of receiving the disability determination from the Social Security Administration. Notification to Benefits Direct must also be made within the original 18 month COBRA period. Benefits Direct must receive a copy of the "Notice of Award" letter from the Social Security Administration. If these steps are not followed, the right to extend continuation coverage from up to 18 months up to 29 months will be lost.

Important: If notice is received from the Social Security Administration that the individual is no longer disabled, you must notify Benefits Direct within 30 days. Coverage for affected Qualified Beneficiaries will end at the end of the original 18 month COBRA coverage period or if later, the first day of the month that is more than 30 days after the final determination that the disabled Qualified Beneficiary whose disability resulted in the availability of the disability extensions is no longer disabled.



Additional Information

If after you elect COBRA and you have a change in marital status, need to add a newly eligible dependent, have a change in dependent child status under the plan (e.g. cease to be a full time student), have a change in employment status, or you and your spouse have changed addresses, you must notify BENEFITS DIRECT in writing within 30 days. Failure to do so may prohibit the change to occur, cause claims to be denied or will prohibit GPA from contacting or billing you.

WFSI and GPA intend to comply with the requirements of the Federal Law governing continuation coverage. There is no intent to provide any type of continuation coverage beyond the minimum Federal Law requirements, nor any State continuation laws. You should contact your State Insurance Department to determine if additional rights are available under State Law.