

# IMPORTANT INFORMATION: COBRA Continuation Coverage and other Health Coverage Alternatives

Date of Notice: 11/6/2024

Heather Newhart  
PO Box 161346  
San Diego, CA 92176

Dear Heather Newhart

This notice contains important information about your right to continue your health care coverage in the Dreams for Change group health plan, as well as other health coverage alternatives that may be available to you through the Health Insurance Marketplace. Please read the information contained in this notice very carefully.

You 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.

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## **Why am I getting this notice?**

You are getting this notice because your coverage under the Plan will end on 12/1/2024 due to end of employment

Federal law requires that most group health plans (including this plan) give employees and their families the opportunity to continue their health coverage through COBRA continuation coverage when there is a qualifying event that would result in the 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 not getting continuation coverage. Each qualified beneficiary (described below) who elects COBRA continuation coverage will have the same rights under the Plan as

## **Who are the qualified beneficiaries?**

Each person (qualified beneficiary) in the category(ies) checked below can elect COBRA

- Employee or former employee
- Spouse or former spouse
- Dependent child(ren) covered under the Plan on the day before the event that caused the loss of coverage
- Child who is losing coverage under the Plan because he or she is no longer a dependent under the Plan

## **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, or other group health plan coverage options (such as a spousal plan) through what is called a special enrollment period. Some of these options may cost less than COBRA continuation coverage for participants or beneficiaries covered under the Plan.

If you are eligible for other group health coverage, such as through a new employer's plan or a spouse's plan (not including excepted benefits, a qualified small employer health reimbursement arrangement (QSEHRA), or a health flexible spending arrangement (FSA)), or if you are eligible for Medicare, you are not eligible for ARP premium assistance. However, if you have individual health insurance coverage, like a plan through a Marketplace, or if you have Medicaid, you may be eligible for ARP premium assistance if you elect COBRA continuation coverage. You will not be eligible for a premium tax credit, or advance payments of the premium tax credit, for Marketplace coverage for months you are enrolled in COBRA continuation coverage and you may not be eligible for months during which you remain an employee but are eligible for COBRA continuation coverage with premium assistance because of a reduction of hours. If you're eligible for Medicare, consider signing up during its special enrollment period to avoid a coverage gap when your COBRA coverage ends and a late enrollment penalty.

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. Also, keep in mind that if you elect COBRA continuation coverage with premium assistance, then you may qualify for a special enrollment period to enroll in Marketplace coverage when your premium assistance ends. You may use the special enrollment period to enroll in Marketplace coverage with a tax credit if you end your COBRA continuation coverage when your premium assistance ends and you are otherwise eligible.

When you lose job-based health coverage, it is important that you choose carefully between COBRA continuation coverage and other coverage options, because once you have made your choice, it can be difficult or impossible to switch to another coverage option until the next open enrollment period.

**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 12/1/2024 and can last until 6/1/2026. If your COBRA qualifying event was the employee's reduction in hours or involuntary termination of employment, you may be eligible for ARP premium assistance from April 1 (or your COBRA eligibility date if later) through September 30, 2021.

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 or entitled to Medicare.

**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 Dreams for Change of a disability or a second qualifying event within a certain time period to extend the period of continuation coverage. If you do not 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/ebsa/publications/cobraemployee.html>.

**How much does COBRA continuation coverage cost each month?**

Employee Medical Coverage: \$881.06

Employee Dental Coverage: \$22.46

Employee Vision Coverage: \$8.11

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.

**You may be able to get coverage through the Health Insurance Marketplace that costs less than COBRA continuation coverage.**

To learn more, contact our agent at (619) 463-5475 or [jeff@castlebenefits.com](mailto:jeff@castlebenefits.com)

## **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, and out-of-pocket costs will be before you make a decision to enroll. Under the ARP, individuals and families may be eligible for a temporary increase in their premium tax credit, and advance payments of the premium tax credit, for this year, with no one who is eligible paying more than 8.5% of their household income towards the cost of the benchmark plan or a less expensive plan for plan years 2021 and 2022. Through a Marketplace, you can also learn if you may qualify for free or low-cost coverage from Medicaid or the Children's Health Insurance Program (CHIP). People in most states use HealthCare.gov to apply for and enroll in Marketplace coverage; if your state has its own Marketplace platform you can find contact information for your State Marketplace here: <https://CoveredCa.com>

Being offered COBRA continuation coverage won't limit your eligibility for Medicaid. It also won't limit your eligibility for Marketplace coverage or for a subsidy through a Marketplace, if you are a former employee of the employer offering the coverage. But you won't be eligible for a subsidy or a tax credit during any month that you're enrolled in COBRA continuation coverage. Therefore, if you want to use a special enrollment period to enroll in Marketplace coverage with a subsidy or a tax credit, you must end your COBRA continuation coverage before your Marketplace coverage starts.

## **When can I enroll in Marketplace coverage?**

Marketplace-eligible consumers can enroll in Marketplace coverage if they qualify for a special enrollment period. For example, Marketplace-eligible consumers always have 60 days from the time they lose your job-based coverage to enroll in the Marketplace, or they can apply up to 60 days beforehand if they know they'll lose coverage ahead of time. After 60 days, the special enrollment period will end and Marketplace-eligible consumers may not be able to enroll unless they qualify for another special enrollment period, so they should take action right away if they want to enroll in Marketplace coverage. In addition, during what is called an "open enrollment" period, Marketplace-eligible consumers can enroll from November 1 – December 15 in Marketplace coverage that starts on January 1. Finally, they may apply for and, if eligible, enroll in Medicaid coverage at any time.

Additionally, under the ARP, individuals and families may be eligible for a temporary increase in their premium tax credit and advance payment of the premium tax credit for 2021 and 2022, with no one who is eligible paying more than 8.5% of their household income towards the cost of the benchmark plan or a less expensive plan.

## **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 will 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 exhaust your COBRA continuation coverage and the coverage expires, you will 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 under any circumstances.

### **Can I enroll in another group health plan**

You may be eligible to enroll in coverage under another group health plan (like a spouses 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 are eligible, you will have another opportunity to enroll in the other group health plan within 30 days of losing your COBRA continuation coverage.

### **What factors should I consider when choosing coverage options?**

When considering you options for health coverage, you may want to think about:

- Premiums:

Your previous plan can charge up to 102% of total plan premiums for COBRA coverage. Other options, like spousal coverage through the Marketplace, may be less expensive.

- Provider Networks

If you are 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 are 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 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 1-866-444-3272 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 does not 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, your rights to coverage, or if you want a copy of your summary plan description, contact Heidi Holmes at (619) 944-2838

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 [www.dol.gov/ebsa](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](http://www.HealthCare.gov).

**Keep Your Plan Informed of Address Changes**

To protect your and your 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.

# Cobra Continuation Coverage Election Form

Instructions: To elect COBRA continuation coverage, complete this 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:

Heidi Holmes  
Dreams for Change  
PO Box 16327  
San Diego, CA 92176

This Election Form must be completed and returned by US mail.

It must be post-marked no later than 1/6/2025.

If you do not submit a completed Election Form by the due date shown above, you will 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. Read the important information about your rights included in the pages after the Election Form.

(We) elect COBRA continuation coverage under the referenced employer group plan:  
Name ■ Date of Birth ■ Relationship to Employee ■ SSN (or other identifier)

- 1. \_\_\_\_\_
- 2. \_\_\_\_\_
- 3. \_\_\_\_\_
- 4. \_\_\_\_\_
- 5. \_\_\_\_\_
- 6. \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Relationship to persons listed above

\_\_\_\_\_  
Print Address

\_\_\_\_\_  
Telephone Number

## **Important Information About Payment**

### **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 do not make your first payment in full no later than 45 days after the date of your election, you will lose all continuation payment is correct. You may contact [enter appropriate contact information, e.g., the Plan Administrator or other party responsible for COBRA administration under the Plan] to confirm the correct amount of your first payment.

### **Periodic payments for continuation coverage**

After you make your first payment for continuation coverage, you will 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 on the first of the month for which coverage is provided.

### **Grace periods for periodic payments**

Although periodic payments are due on the dates shown above, you will be given a grace period of 30 days after the first day of the coverage period to make each periodic payment. You will be covered as long as as payment for that coverage period is made before the end of the grace period.

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