Continuation of Group Health Coverage (COBRA)

Highlights

When you and/or your covered dependents would otherwise lose health coverage, a federal law known as “COBRA” (which stands for the Consolidated Omnibus Budget Reconciliation Act of 1985) may allow you to pay for continuation of that coverage. COBRA applies to medical, dental and vision coverage, and, in some circumstances, to coverage under the Health Care Flexible Spending Account (the “Health Care FSA”). This section summarizes your options for COBRA continuation of health coverage.

COBRA applies if a “qualifying event” occurs that would otherwise cause you or a covered dependent to “lose coverage.” COBRA calls each person who would lose coverage a “qualified beneficiary.” Each qualified beneficiary has an independent right to elect COBRA coverage. For medical, dental, and vision benefits, COBRA coverage can last up to 18 or 36 months, depending on the qualifying event. The 18 months can be extended to 29 months if a disability is involved, as described on page 3. For the Health Care FSA, COBRA coverage can last until the end of the Plan Year in which the qualifying event occurred.

COBRA coverage can be expensive. COBRA premiums can be as much as 102% of the actual cost of providing coverage (150% for disability extensions, discussed later). Remember that Turner subsidizes part of the cost of non-COBRA medical and dental coverage for active employees and their families. COBRA does not include this employer subsidy, so your COBRA premiums may be quite a bit higher than what you paid as an active employee.

Please refer to the Administrative Information section of this Summary Plan Description for additional information on claims procedures, plan administration, your rights under the plan, and Turner’s rights under the plan, including the ability to amend or terminate the plan or any component of it at any time in accordance with applicable law and the discretion to interpret all plan documents and make factual determinations. If there is a conflict between this Summary Plan Description and the official plan documents, the plan documents will govern.

Qualifying Events

A qualifying event is any of the following events that cause you and/or a covered spouse or dependent to lose coverage under the health plan. Qualifying events for which you may elect to continue health coverage for you, your covered spouse and/or your covered dependents under COBRA are:

- Your employment with Turner ends for a reason other than your gross misconduct
- A reduction in your hours worked (that cause you to lose coverage)

Qualifying events for which your covered spouse and/or covered dependents may elect to continue their health care coverage under COBRA are:

- You become divorced or legally separated
- You become entitled to Medicare
- Your child is no longer eligible for dependent coverage
- You die

Remember, for COBRA to apply, the event must cause a loss of coverage.

Losing Coverage

A loss of coverage means that, because of the qualifying event, you, your covered spouse, and/or your covered dependents cease to be covered on the same terms and conditions as in effect immediately before the qualifying event. This includes the loss of eligibility for coverage as well as an increase in the cost of coverage caused by the qualifying event. A loss of COBRA coverage itself does not count, however.

Qualified Beneficiaries

A qualified beneficiary is each person who, on the day before a qualifying event, is covered under a health plan (other than COBRA continuation coverage) and would lose that coverage because of the qualifying event. For example, in the case of a terminated employee with family coverage, this would be the employee and each covered member of his family. Qualified beneficiaries also include children who are born to or placed for adoption with you during your COBRA continuation coverage.
Each qualified beneficiary has an independent right to elect COBRA continuation coverage. This means qualified beneficiaries may elect COBRA coverage for themselves, regardless of whether other family members who also are qualified beneficiaries elect or decline coverage.

Qualified beneficiaries who elect COBRA continuation coverage may change health plans or add/drop eligible dependents at annual enrollment. However, dependents who are not themselves qualified beneficiaries do not become qualified beneficiaries if they are added or dropped at annual enrollment. Special enrollment rights (see page 5) may allow a qualified beneficiary to add coverage for new dependents or dependents who lose other coverage, although such added persons do not themselves become qualified beneficiaries (except in the case of your newborn or adopted child or a child placed for adoption with you).

Your Choices

COBRA applies only to the Medical, Dental and Vision Plans, and in some cases to the Health Care FSA. The right to elect COBRA continuation applies only if the person had the corresponding coverage when the qualifying event occurred. For example, if you had medical, dental, and vision coverage but no Health Care FSA, then you would be offered COBRA coverage of medical, dental, and vision, but not COBRA coverage of a Health Care FSA. Each qualified beneficiary has an independent right to elect COBRA continuation for medical, dental, and vision coverages he or she would lose. For example, if you had family medical, dental, and vision coverage and participated in a Health Care FSA, then you and each covered family member could elect COBRA continuation of medical, dental, vision and/or the Health Care FSA. A parent may elect continuation with respect to any dependent child who is a qualified beneficiary.

However, you cannot decline COBRA coverage for your spouse — your spouse must decline coverage.

COBRA coverage is the same group health coverage that is offered to similarly-situated non-COBRA active participants and dependents. Ordinarily, this would be the same coverage the qualified beneficiary had on the day before the qualifying event occurred.

A Few Words About the Health Care Flexible Spending Account (FSA)

COBRA only applies to the Health Care FSA for the Plan Year in which the qualifying event occurred, and then only if the maximum benefit available for the rest of the year under the Health Care FSA is greater than the COBRA premiums for the Health Care FSA for the remainder of that year. You will receive a COBRA election form if you are eligible to continue participation in the Health Care FSA.

Note that COBRA premium payments for the Health Care FSA are on an after-tax basis, unlike regular premium payments for the Health Care FSA, which are deducted from your paycheck before taxes.

COBRA does not apply to the Dependent Care FSA.

The Benefits

The 18, 29 and 36 month COBRA continuation periods below are the maximum times COBRA coverage may last. COBRA coverage ends at midnight on the date any one of the following events occurs:

- The applicable COBRA continuation period ends. This may be 18, 29 or 36 months, and for the Health Care FSA, it is the end of the Plan Year in which the qualifying event occurred
- Premium payments are not made within a 30-day grace period (or 45 days for initial payment). Termination is retroactive to the last day for which payment was made
- Turner no longer offers any health care coverage
- After the date COBRA is elected, the covered person first becomes covered by another group health plan (not sponsored by Turner) that does not contain a pre-existing condition limitation affecting the covered person
- After the date COBRA is elected, the covered person first becomes entitled to Medicare. For this purpose, “entitled” means the effective date of enrollment in either Medicare Part A or B, whichever occurs earlier. It does not mean mere eligibility to enroll
- In the case of a disability extension (namely from 18 to 29 months), there has been a final determination under the Social Security Act that the person is no longer disabled. In this case, COBRA ends on the first day of the

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month that is more than 30 days after the final determination is issued. This termination provision does not apply, however, if a second qualifying event occurred during the first 18 months of COBRA coverage.

When counting the 18, 29 or 36 month periods, the periods are measured from the date of the qualifying event, even if the qualifying event does not result in a loss of coverage under the plan until a later date. The date of the qualifying event is the date you lost eligibility for coverage.

**Up to 18 Months**

COBRA coverage allows qualified beneficiaries to elect to continue their coverage for up to 18 months if you or they otherwise would lose coverage because of the following qualifying events:

- Your employment with Turner ends (unless because of your gross misconduct)
- A reduction in your hours worked that causes a loss of coverage

In addition, certain events may extend the 18-month COBRA continuation by another 18 months, to a total of up to 36 months from the original qualifying event:

- Second Qualifying Event: If your spouse or dependents experience a second qualifying event within the original 18-month period, they (but not you) may extend the COBRA continuation period for up to an additional 18 months (for a total of up to 36 months from the original qualifying event)
- Medicare Entitlement: If you became entitled to Medicare while employed (even if it was not a qualifying event for your covered dependents because their coverage was not lost or reduced) and then a second qualifying event (for example, your termination of employment or reduction in hours of work) happens within 18 months, your spouse and/or dependents may elect COBRA continuation for up to 36 months from the date you became entitled to Medicare

**Up to 29 Months**

The 18-month period may be extended to 29 months if a qualified beneficiary is disabled (as determined by the Social Security Administration) on the date of your termination of employment, reduction in work hours, or commencement of a Personal or Military Leave or at any time during the first 60 days of COBRA continuation coverage due to such event, each qualified beneficiary (whether or not disabled) may extend COBRA continuation coverage for up to an additional 11 months (for a total of up to 29 months from the original qualifying event). To qualify for this disability extension, the Plan Administrator must be notified of the person’s disability status both within 60 days after the Social Security disability determination is issued and before the end of the original 18-month COBRA continuation period. Also, if Social Security determines that the qualified beneficiary is no longer disabled, you are required to notify the Plan Administrator within 30 days after this determination.

If a second qualifying event occurs at any time during a 29-month disability continuation period, then each qualified beneficiary who is a spouse or dependent child (whether or not disabled) may further extend COBRA coverage for 7 more months, for a total of up to 36 months from the termination of employment or reduction in hours of employment, or commencement of Personal or Military Leave.

**Up to 36 Months**

COBRA allows qualified beneficiaries to elect to continue their health care coverage for up to 36 months if they otherwise would lose coverage because of the following qualifying events:

- You become divorced or legally separated
- You become entitled to Medicare. For this purpose, “entitled” means the effective date of enrollment in either Medicare Part A or B, whichever occurs earlier. It does not mean mere eligibility to enroll
- Your child is no longer eligible for dependent coverage
- You die

**Steps to Follow**

**Divorce or Separation or Child Becoming Ineligible**

If you divorce or become legally separated, or your child reaches the maximum age for coverage 25 (dental and vision) and 26 (medical only), and you have health coverage for any of these persons, then you must
notify the Benefits Service Center by calling the number listed in your Benefit Provider Directory. You must call within 30 days from the date of the event or, if later, from the date your spouse or dependent would lose coverage because of the qualifying event. The representative will notify the Benefits Service Center of the qualifying event. The Benefits Service Center will then send any qualified beneficiaries a COBRA notice at the last known address describing the continuation options and premiums, and a form for electing continuation coverage. If you or your dependent is already continuing coverage through COBRA, contact the Benefits Service Center directly.

All Other Qualifying Events

For all other qualifying events, the Benefits Service Center will notify any qualified beneficiaries — at the last known address — of the right to continue health care coverage under COBRA. The notice will describe the continuation options and premiums, and will contain a form for electing continuation coverage.

Returning the Election Form and Payment

To elect COBRA coverage, return the election form to the Benefits Service Center within 60 days and pay the initial premium within 45 days of the election. Any qualified beneficiaries who wish to continue health care coverage must return the election form to the Benefits Service Center within 60 days from the date notice is provided or coverage is lost because of the qualifying event, whichever is later. Each qualified beneficiary has an independent right to elect COBRA coverage.

However, if an employee or spouse elects coverage but does not specify that it is only for himself/herself, then that election is deemed to include an election of coverage on behalf of all other qualified beneficiaries with respect to that qualifying event.

If no response is made by the deadline, then the right to continue coverage is lost. Mental incapacity or death may extend this deadline.

Disability Extension

To extend coverage to 29 months because of a qualified beneficiary’s disability, you must notify the Benefits Service Center of the disability. If the qualified beneficiary is approved by the Social Security Administration for disability income within 18 months of the COBRA qualifying event and the disability income is retroactive so that the disability existed on the date of your qualifying event or within the first 60 days of COBRA coverage, you must notify the Benefits Service Center within 60 days of the determination and within the 18-month period in order to qualify for the disability extension described on page 175 by forwarding a copy of the letter from the Social Security Administration.

If you have questions about COBRA eligibility or coverage, call the Benefits Service Center at 877 887 6266, option 7 and speak to a COBRA Representative.

What Else You Should Know

Cost

COBRA coverage can be expensive. COBRA premiums can be as much as 102% of the actual cost of providing coverage (150% for certain disability extensions, discussed below). This may be quite a bit higher than what you pay as an active employee because Turner subsidizes part of the cost of non-COBRA medical and dental coverage for active employees and their families, but COBRA does not include Turner’s subsidy.

When a qualified beneficiary becomes entitled to COBRA continuation coverage, he or she will receive a notice explaining the continuation options and how to elect them. That notice will state the premium costs associated with those options.

You must pay premiums at the times specified. Your initial payment (including all unpaid premiums retroactive to the date coverage otherwise would have ended) is due within 45 days after the date you elect COBRA. All other premium payments have a 30-day grace period.

Special rules apply to the cost of disability extensions. For disability extensions (months 19-29), the COBRA premiums may be up to 150% of the actual cost of providing coverage. (For months 1-18, the premiums remain at 102%, even if the person is disabled.) The premiums for the 19th through 29th months of coverage under the disability extension may be up to 150% of the full cost of coverage for all family members participating in the same coverage option as the disabled individual, but are 102% for any family members participating in a different coverage option than the disabled individual.
However, if a second qualifying event occurs during the first 18 months of coverage, the 102% rate applies to the full 36 months even if the individual is disabled.

If a second qualifying event occurs during the disability extension period (that is, during the 19th through 29th months), then the rate for the 19th through 36th months is 150% for all family members participating in the same coverage option as the disabled individual, but still 102% for any family members in a different coverage option than the disabled individual.

Other Group Health Coverage

If any qualified beneficiary becomes covered under another group health plan after COBRA continuation coverage has been elected, you or that beneficiary must notify the Benefits Service Center immediately. COBRA coverage for that qualified beneficiary may be terminated if the other coverage does not contain a pre-existing condition limitation that applies to the qualified beneficiary.

COBRA and the Family and Medical Leave Act (FMLA)

Taking FMLA leave is not a qualifying event. However, if you fail to return to employment with Turner at the end of your FMLA leave, then you and any of your dependents who had health coverage when the leave began and who otherwise would lose that coverage because of your failure to return would experience a qualifying event on the last day of the FMLA leave or, if later, the day coverage is lost. COBRA notices and election forms would be sent accordingly to any qualified beneficiaries at that time. You do not have to continue health coverage during your FMLA leave to be eligible for COBRA, and your right to COBRA continuation coverage cannot be conditioned upon repayment of any premiums your facility may have paid on your behalf during FMLA leave.

COBRA and Bankruptcy

Special COBRA rules apply to retirees if Turner goes into bankruptcy. In the unlikely event such a bankruptcy occurs, affected persons will receive notice of their COBRA rights.

COBRA and Medicare

Once you become entitled to Medicare (see page 173), you are not eligible for COBRA coverage. If you have dependents who are not yet entitled to Medicare, those dependents may be eligible for COBRA coverage when you become entitled to Medicare.