



NOTICE OF IMPORTANT UPDATE: COVID-19 EXTENSIONS IMPACTING COBRA ARE ENDING

This notice is intended to inform you of important changes that may impact your rights under Federal COBRA continuation coverage laws. As you may know, throughout the COVID-19 pandemic, the government has taken various actions to provide temporary relief to benefit plan participants. Some of the most important COVID-19 relief provisions were designed to assist individuals in securing and/or preserving their rights under COBRA. The COBRA-related relief rules, which apply on an individual-by-individual basis, extend the time periods for taking certain actions, as explained in more detail below. **The COVID-19 relief provisions described in this notice will end on July 10, 2023 (which is the last day of the Outbreak Period).** Once the Outbreak Period ends, the standard time periods for taking such COBRA-related actions will, once again, apply. Please read this notice carefully to understand your rights and responsibilities under COBRA.

History of COVID-19 Relief Impacting COBRA: The COVID-19 relief provisions, which became effective March 1, 2020, extend the following COBRA-related time periods:

- The standard 60-day period to elect COBRA continuation coverage;
- The standard 60-day period to notify the plan of a COBRA qualifying event or second COBRA qualifying event (e.g., a divorce or legal separation, a dependent child ceasing to be a dependent, death, or Medicare entitlement);
- The standard 60-day period to notify the plan of a qualified beneficiary's disability determination by the Social Security Administration;
- The standard 45-day period to make the initial COBRA premium payment; and
- The standard 30-day grace period applicable to ongoing COBRA premium payments.

The temporary rules “stop the clock” for a time period of up to one year. As such, an individual is provided with an additional period of time (but no more than one year) during the pandemic to take the applicable action described above. For example, assume that Employee X experienced a COBRA qualifying event and lost plan coverage on March 15, 2022. A COBRA Election Notice was mailed to Employee X on March 30, 2022. Under normal circumstances, Employee X would have 60 days from the date the Election Notice is mailed to elect COBRA continuation coverage. Thus, in this case, the original deadline for Employee X to elect COBRA continuation coverage was May 29, 2022 (i.e., 60 days after the date the Election Notice was mailed on March 30, 2022). Under the COVID-19 relief provisions, the applicable election period would have been extended, and the revised deadline for Employee X to elect COBRA continuation coverage would have been May 29, 2023 (i.e., one year after the original deadline/60 days + one year after the date of the COBRA Election Notice was mailed).

However, the temporary rules “stop the clock” only until the end of the Outbreak Period. Once the Outbreak Period ends on July 10, 2023, the clock will begin ticking, and the applicable time periods for taking action will resume. As such, an individual's additional period of time to take action will be cut short if the end of the Outbreak Period arrives sooner than the end of the one-year period. For example, assume that Employee X experienced a COBRA qualifying event and lost plan coverage on September 30, 2022. A COBRA Election Notice was mailed to Employee X on October 1, 2022. Under

normal circumstances, Employee X would have 60 days from the date the Election Notice is mailed to elect COBRA continuation coverage (i.e., until November 30, 2022). Under the COVID-19 relief provisions, the applicable election period is extended. However, the end of the Outbreak Period (July 10, 2023) will arrive sooner than November 30, 2023 (i.e., one year after the original deadline/60 days + one year after the date of the COBRA Election Notice was mailed). As such, Employee X will have 60 days from July 10, 2023 (i.e., until September 8, 2023) to elect COBRA continuation coverage.

HOW THE END OF THE OUTBREAK PERIOD WILL IMPACT YOU

Important Note: You may have received one or more notices relating to your rights under COBRA. Any such notice would identify the standard COBRA deadlines and would not reflect the COVID-19 temporary rules that apply to you, as described in this notice. If you have questions about the deadlines that apply to you, please contact our team at COBRA@flores247.com.

1. COBRA Election Period. Under the standard COBRA rules, if you wish to elect COBRA continuation coverage, you must do so within 60 days after the date the COBRA Election Notice is mailed to you (or, if later, 60 days after the date your plan coverage is lost). However:

- **If your COBRA Election Notice was mailed to you/your plan coverage was lost before July 11, 2022**, the COVID-19 relief provisions provide you with an additional one-year period to make an election. Thus, you would be required to make an election within one year + 60 days after the COBRA Election Notice was mailed to you/your plan coverage was lost (i.e., one year after your original deadline).
- **If your COBRA Election Notice is/was mailed to you/your plan coverage was lost during the period of July 11, 2022 – July 10, 2023**, the one-year period of relief will be cut short when the Outbreak Period ends. Thus, if you wish to elect COBRA continuation coverage, you must do so within 60 days after July 10, 2023 (i.e., no later than September 8, 2023).
- **If your COBRA Election Notice is mailed to you/your plan coverage is lost after July 10, 2023**, and you wish to elect COBRA continuation coverage, you must do so within 60 days of the date the COBRA Election Notice is mailed to you (or, if later, 60 days after the date your plan coverage is lost).

If you make a timely election under the rule that applies to you, your COBRA continuation coverage will be retroactive to the date you lost plan coverage. You will also be required to pay in full all monthly premiums owed to date for such coverage. **IF YOU DO NOT ELECT COBRA CONTINUATION COVERAGE UNDER THE RULE ABOVE THAT APPLIES TO YOU, YOU WILL LOSE YOUR RIGHT TO ELECT ONGOING COVERAGE UNDER THE PLAN.**

2. Qualifying Event or Disability Determination. In order for a plan to provide you with an opportunity to elect or extend COBRA continuation coverage, you must first notify the plan of certain events. Specifically, you are required to notify the plan within 60 days of certain COBRA qualifying events or second qualifying events (e.g., divorce or legal separation, a dependent child ceasing to be a dependent, death or Medicare entitlement). You are also required to notify the plan within 60 days of a qualified beneficiary's disability determination by the Social Security Administration (which could result in a disability extension of your COBRA continuation coverage). However:

- **If the qualifying event, second qualifying event or disability determination occurred before July 11, 2022**, the COVID-19 relief provisions provide you with an additional one-year period to notify the plan of such event. Thus, you would be required to provide notice to the plan within one year + 60 days after the qualifying event or disability determination (i.e., one year after your original deadline).
- **If the qualifying event, second qualifying event or disability determination occurs/occurred during the period of July 11, 2022 – July 10, 2023**, the one-year period of relief will be cut short when the Outbreak Period ends. Thus, you must notify the plan of the qualifying event, second qualifying event or disability determination within 60 days after July 10, 2023 (i.e., no later than September 8, 2023).
- **If the qualifying event, second qualifying event or disability determination occurs after July 10, 2023**, you will be required to provide notice to the plan within 60 days of such event.

IF YOU HAVE EXPERIENCED A QUALIFYING EVENT OR SECOND QUALIFYING EVENT OR A QUALIFIED BENEFICIARY HAS RECEIVED A DISABILITY DETERMINATION FROM THE SOCIAL SECURITY ADMINISTRATION, AND YOU DO NOT NOTIFY THE PLAN UNDER THE RULE ABOVE THAT APPLIES TO YOU, YOU WILL LOSE YOUR RIGHT TO ELECT ONGOING COVERAGE UNDER THE PLAN.

3. Initial COBRA Premium Payments. Under the standard COBRA rules, if you elect COBRA continuation coverage, you are required to make the initial COBRA premium payment within 45 days after the date of your election. However:

- **If you timely elected COBRA continuation coverage (under the standard COBRA rules) before July 11, 2022**, the COVID-19 relief provisions provide you with an additional one-year period to make the initial COBRA premium payment. Thus, you are required to make the initial COBRA premium payment within one year + 45 days of your COBRA election (i.e., one year after your original deadline).
- **If you timely elect/elected COBRA continuation coverage (under the standard COBRA rules) during the period of July 11, 2022 – July 10, 2023**, the one-year period of relief will be cut short when the Outbreak Period ends. Thus, you must make your initial COBRA premium payment within 45 days after July 10, 2023 (i.e., no later than August 24, 2023). Although you may have received a termination of coverage notice (because you did not make your initial payment within the standard deadline), your coverage will be retroactively reinstated if you make your initial premium payment, plus any subsequent premium payments owed through July 2023, by August 24, 2023.
- **If you timely elect COBRA continuation coverage after July 10, 2023**, you will be required to make your initial COBRA premium payment within 45 days after the date of your election.

IF YOU DO NOT PAY YOUR INITIAL COBRA PREMIUM PAYMENT UNDER THE RULE ABOVE THAT APPLIES TO YOU, YOU WILL LOSE YOUR RIGHT TO ONGOING COVERAGE UNDER THE PLAN.

4. Ongoing COBRA Premium Payments. Under the standard COBRA rules, if you elect COBRA continuation coverage, you are required to make periodic premium payments to maintain your coverage. Such payments are typically due on the first day of each month, subject to a 30-day grace

period. If payment is not received by the 30th day following the due date, your COBRA continuation coverage will end. However:

- **With respect to any ongoing COBRA premium payment due before July 11, 2022**, the COVID-19 relief provisions provide you with an additional one-year period to make such payment. Thus, you are required to make such payment no later than one year + 30 days after the original due date.
- **With respect to any ongoing COBRA premium payment due during the period of July 11, 2022 – July 10, 2023**, the one-year period of relief will be cut short when the Outbreak Period ends. Thus, you must make such payment no later than 30 days after July 10, 2023 (i.e., no later than August 9, 2023). Although you may have received a termination of coverage notice (because you did not pay your premium(s) within the standard deadline), your coverage will be retroactively reinstated, if you pay all premium amounts owed through July 10, 2023 by August 9, 2023.
- **With respect to any ongoing COBRA premium payment due after July 10, 2023**, you will be required to make such payment no later than 30 days after the applicable due date.

IF YOU MISSED A MONTHLY COBRA PREMIUM PAYMENT, AND YOU DO NOT REMIT PAYMENT UNDER THE RULE ABOVE THAT APPLIES TO YOU, YOU WILL LOSE YOUR RIGHT TO ONGOING COVERAGE UNDER THE PLAN.

Example 1 (Electing COBRA)

Facts: Individual A works for Employer Z and participates in Employer Z’s group health plan. Individual A experiences a qualifying event for COBRA purposes and loses coverage on April 1, 2023. Individual A is eligible to elect COBRA coverage under Employer Z’s plan and is provided a COBRA election notice on May 1, 2023. What is the deadline for Individual A to elect COBRA?

Conclusion: The last day of Individual A’s COBRA election period is 60 days after July 10, 2023 (the end of the Outbreak Period), which is September 8, 2023.

Example 2 (Electing COBRA)

Facts: Individual A works for Employer Z and participates in Employer Z’s group health plan. Individual A experiences a qualifying event for COBRA purposes and loses coverage on July 12, 2023. Individual A is eligible to elect COBRA coverage under Employer Z’s plan and is provided a COBRA election notice on July 15, 2023. What is the deadline for Individual A to elect COBRA?

Conclusion: Because the qualifying event occurred on July 12, 2023, after the end of the Outbreak Period, the extensions under the COVID-19 relief provisions do not apply. The last day of Individual A’s COBRA election period is 60 days after July 15, 2023 (the date of the election notice), which is September 13, 2023.

Example 3 (Paying COBRA Premiums)

Facts: Individual B participates in Employer Y’s group health plan. Individual B has a qualifying event and receives a COBRA election notice on October 1, 2022. Individual B elects COBRA continuation

coverage on October 15, 2022, retroactive to October 1, 2022. When must Individual B make the initial COBRA premium payment and subsequent monthly COBRA premium payments?

Conclusion: Individual B has until 45 days after July 10, 2023 (the end of the Outbreak Period), which is August 24, 2023, to make the initial COBRA premium payment. The initial COBRA premium payment would include the monthly premium payments for October 2022 through July 2023. The premium payment for August 2023 must be paid by August 30, 2023 (the last day of the 30-day grace period for the August 2023 premium payment). Subsequent monthly COBRA premium payments would be due on the first day of each month, subject to a 30-day grace period.