To:      Kalamazoo College Employees
From:    Human Resources Department
Re:      Continuation of Health Coverage

On April 7, 1986, the Federal Government enacted Public Law 99-272, Title X, known as the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"), requiring that most employers sponsoring health plans offer employees and their families the opportunity for a temporary extension of health coverage (called "continuation coverage") at group rates in certain circumstances where coverage under the plan would otherwise end. This notice is intended to inform you, in a summary fashion, of your rights and obligations under the continuation coverage provisions of the law. Both you and your spouse should take the time to read this notice carefully.

If you are an employee of Kalamazoo College covered by a Kalamazoo College sponsored group health plan, you have the right to choose continuation coverage if you lose your group health coverage because of a reduction in your hours of employment or the termination of your employment (for reasons other than gross misconduct on your part).

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

1) The death of your spouse;
2) A termination of your spouse's employment (for reasons other than gross misconduct) or reduction in your spouse's hours of employment;
3) Divorce or legal separation from your spouse; or
4) Your spouse becomes entitled to Medicare;

In case of a dependent child of an employee covered by Kalamazoo College's group health plan, he or she has the right to continuation of coverage if that health coverage is lost for any of the following five reasons:

1) The death of a parent;
2) The termination of a parent's employment (for reasons other than gross misconduct) or reduction in a parent's hours of employment with Kalamazoo College;
3) Parent's divorce or legal separation;
4) A parent becomes entitled to Medicare; or
5) The dependent ceases to be a "dependent child" as defined under the Kalamazoo College sponsored group health plan.

Under the law, the employee or a family member has the responsibility to inform the Human Resources Department at Kalamazoo College (the Plan Administrator) of a divorce, legal separation, or a child losing dependent status under Kalamazoo College's group health plan within 60 days of the event or the date on which coverage would be lost because of the event. Kalamazoo College will notify qualified beneficiaries of their right to continuation coverage in the event of the employee's death, termination of employment or reduction in hours, or Medicare entitlement.

Rights similar to those described above may apply to retirees, spouses and dependents if the employer commences a bankruptcy proceeding and these individuals lose coverage.
When Kalamazoo College is notified that one of these events has happened, Kalamazoo College will in turn notify you that you have the right to choose continuation coverage. Under the law, you have at least 60 days from the date you would lose coverage because of one of the events described above to inform Kalamazoo College that you want continuation coverage.

If you do not choose continuation coverage, your group health insurance coverage will end.

If you choose continuation coverage, Kalamazoo College is required to give you coverage that, as of the time coverage is being provided, is identical to the coverage provided under the plan to similarly situated employees or family members. The law requires that you be afforded the opportunity to maintain continuation coverage for three years unless you lose Group Health Coverage because of a termination of employment or reduction in hours. In that case, the required continuation period is 18 months. The 18-month period may be extended to 36 months if another qualifying event -- for example, divorce, legal separation, death, or Medicare entitlement -- occurs during that 18-month period. The 18-month period may be extended to 29-months if an individual is determined to be disabled under the Social Security Act at any time during the first 60 days of COBRA coverage and Kalamazoo College is notified of that determination within 60 days. The affected individual must also notify Kalamazoo College of any final determination that the individual is no longer disabled.

On August 21, 1996, a new Federal law, the Health Insurance Portability and Accountability Act of 1996 ("HIPPA")[Public Act 104-191], was enacted which changed the continuation coverage requirements of COBRA.

A child that is born to or placed for adoption with the covered employee during a period of COBRA coverage will be eligible to become a qualified beneficiary.

The law also provides that your continuation coverage may be cut short for any of the following five reasons:

1) Kalamazoo College no longer provides group health coverage to any of its employees;
2) The premium for your continuation coverage is not paid on time;
3) You become covered under another group health plan that does not exclude or put a limitation on any preexisting condition you may have;
4) You become entitled to Medicare; and
5) You extended coverage for up to 29 months due to your disability and there has been a final determination that you are no longer disabled.

You do not have to show that you are insurable to choose continuation coverage. However, under the law, you may have to pay all or part of the premium for your continuing coverage. There is a grace period of 30 days for the regularly scheduled premium payment.

If you have any questions about COBRA please contact the Human Resources Department, Kalamazoo College, 1200 Academy Street, Kalamazoo, MI 49006. Also, if you have changed your marital status, or you or your spouse have changed address, please notify Kalamazoo College at the above address.