

HOPE COLLEGE EMPLOYEE BENEFIT PLAN
INITIAL NOTICE OF
COBRA CONTINUATION COVERAGE RIGHTS

Introduction

Hope College (the "College") provides COBRA continuation of health care coverage ("COBRA coverage") under the Hope College Employee Benefit Plan (the "Plan"). You are receiving this notice because you have recently become covered under the Plan. This notice contains important information about your right to COBRA continuation coverage, which is a temporary extension of group health coverage under the Plan under certain circumstances when coverage would otherwise end. Non-health benefits such as disability and life insurance are not eligible for continuation. **This notice generally explains COBRA continuation coverage, when it may become available to you and your family, and what you need to do to protect the right to receive it.**

The right to COBRA coverage was created by a federal law, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). COBRA coverage can become available to you, your spouse and dependent children who are covered under the Plan when you would otherwise lose your group health coverage under the Plan. The Plan provides no greater COBRA rights than those required by law. Nothing in this Notice is intended to expand your rights beyond COBRA's requirements. This notice gives only a summary of your COBRA continuation coverage rights. For more information about your rights and obligations under the Plan and under federal law, you should review the Plan's Summary Plan Description or contact the Plan Administrator. The Plan Administrator is:

Hope College
Attn: Benefits Manager
100 East 8th Street, Suite 210
Holland, MI 49423
Telephone: 616-395-7811

The Plan Administrator is responsible for administering COBRA continuation coverage.

What is COBRA Continuation Coverage?

COBRA coverage is a continuation of Plan coverage when coverage would otherwise end because of a life event known as a "**qualifying event**." Specific qualifying events are listed later in this notice. After a qualifying event occurs and any required notice of that event is properly provided to the Plan Administrator, COBRA coverage may be offered to each person losing Plan coverage who is a "qualified beneficiary."

Who is Eligible to Elect COBRA Continuation Coverage?

After a qualifying event, COBRA coverage must be offered to each person who is a "qualified beneficiary." A qualified beneficiary is someone who will lose coverage under the Plan because of a qualifying event. Depending on the type of qualifying event, employees, spouses of employees, and dependent children of employees may be qualified beneficiaries. Under the Plan, qualified beneficiaries who elect COBRA coverage must pay for COBRA coverage.

How do You Elect COBRA Coverage?

Each qualified beneficiary will have an independent right to elect COBRA coverage. Covered employees and spouses (if the spouse is a qualified beneficiary) may elect COBRA on behalf of all qualified beneficiaries and parents may elect COBRA on behalf of their children. Any qualified beneficiary for whom COBRA is not elected within the 60-day election period specified in the Plan's COBRA election notice **WILL LOSE HIS OR HER RIGHT TO ELECT COBRA.**

When Are You Eligible to Elect Coverage?

If you are a covered **employee**, you will become a qualified beneficiary and entitled to elect COBRA coverage if you lose your coverage under the Plan because either one of the following qualifying events happen:

- (1) Your hours of employment are reduced, or
- (2) Your employment ends for any reason other than your gross misconduct.

If you are the **spouse** of an employee, you will become a qualified beneficiary if you lose your coverage under the Plan because any of the following qualifying events happen:

- (1) Your spouse (employee) dies;
- (2) Your spouse's hours of employment are reduced.
- (3) Your spouse's employment ends for any reason other than his or her gross misconduct;
- (4) Your spouse becomes entitled to Medicare benefits (Part A, Part B, or both); or
- (5) You become divorced or legally separated from your spouse. Also, if your spouse (the covered employee) reduces or eliminates your group health coverage in anticipation of a divorce or legal separation, and a divorce or legal separation later occurs, then the divorce or legal separation may be considered a qualifying event even though your coverage was reduced or eliminated before the divorce or separation. The Plan is not responsible for any claims incurred between the date coverage was dropped and the date COBRA coverage begins.

Persons enrolled as the covered employee's **dependent children** will become qualified beneficiaries and entitled to elect COBRA coverage if they lose coverage under the Plan because any of the following qualifying events happen:

- (1) The death of the employee (parent);
- (2) The parent-employee's hours of employment are reduced;
- (3) The parent-employee's employment ends for any reason other than his or her gross misconduct;
- (4) The parent-employee becomes entitled to Medicare benefits (Part A, Part B, or both);
- (5) The parents become divorced or legally separated; or
- (6) The child stops being eligible for coverage under the plan as a "dependent child."

Sometimes, filing a proceeding in bankruptcy under title 11 of the United States Code can be a qualifying event. If a proceeding in bankruptcy is filed with respect to Hope College and that bankruptcy results in the loss of coverage of any retired employee covered under the Plan, the retired employee is a qualified beneficiary with respect to the bankruptcy. The retired employee's spouse, surviving spouse, and dependent children will also become qualified beneficiaries if the bankruptcy results in the loss of their coverage under the Plan.

Plan Administrator Notice Requirement

The Plan will offer COBRA continuation coverage to qualified beneficiaries only after the Plan Administrator has been notified that a qualifying event has occurred. When the qualifying event is the end of employment or reduction of hours of employment, death of the employee, commencement of a proceeding in bankruptcy with respect to the employer, or the employee's becoming entitled to Medicare benefits (under Part A, Part B, or both), the Plan Administrator is responsible for the notification.

Your Notice Requirements

You are responsible for notifying the Plan Administrator of the other qualifying events (divorce or legal separation of the employee and spouse or a dependent child's losing eligibility for coverage as a dependent child). Notice must be given within 60 days of the later of 1) the date of the qualifying event; and 2) the date on which the qualified beneficiary loses (or would lose) coverage under the terms of the Plan as a result of the qualifying event. You must send this notice to the Plan Administrator at the address shown above. You must include evidence of the event, such as a copy of the divorce decree or court order changing dependent status. The evidence must establish the date of the qualifying event.

If you fail to notify the Plan Administrator of a qualifying event in a timely manner, you (or your spouse or dependent) will not be eligible for COBRA continuation coverage.

Once the Plan Administrator receives notice that a qualifying event has occurred, COBRA continuation coverage will be offered to each of the qualified beneficiaries. Each qualified beneficiary will have an independent right to elect COBRA continuation coverage. Covered employees may elect COBRA continuation coverage on behalf of their spouses, and parents may elect COBRA continuation coverage on behalf of their children. COBRA continuation coverage will begin on the date of the qualifying event. Any qualified beneficiary for whom COBRA is not elected within the 60-day election period specified in the Plan's COBRA election notice will **lose his or her right to elect COBRA coverage.**

How Long May You Continue Coverage?

COBRA coverage is a temporary continuation of coverage. When the qualifying event is the death of the employee, the employee's becoming entitled to Medicare benefits (under Part A, Part B, or both), the covered employee's divorce or legal separation, or a dependent child losing eligibility as a dependent child, COBRA coverage can last for up to 36 months. However, COBRA coverage under the medical expense reimbursement account provisions of the Plan can last only until the end of the plan year in which the qualifying event occurred – see the paragraph below entitled "Limitations on COBRA Continuation of Medical Expense Reimbursement Benefits."

When the qualifying event is the end of employment or reduction of the employee's hours of employment, and the employee becomes entitled to Medicare benefits less than 18 months before the qualifying event, COBRA coverage for qualified beneficiaries other than the employee who loses coverage as a result of the qualifying event can last until up to 36 months after the date of Medicare entitlement.

For example, if a covered employee becomes entitled to Medicare eight (8) months before the date on which employment terminates, COBRA coverage under the Plan's medical program for the spouse and children who lost coverage as a result of the termination can last up to 36 months after the date of Medicare entitlement, which is equal to 28 months after the date of the qualifying event (36 months minus 8 months). This COBRA coverage period is available only if the covered employee becomes entitled to Medicare within 18 months BEFORE the termination or reduction of hours. [However, COBRA coverage under the medical expense reimbursement program can last only until the end of the plan year in which the qualifying event occurred – see the paragraph below entitled "Limitations on COBRA Continuation of Medical Expense Reimbursement Benefits."]

Otherwise, when the qualifying event is the end of employment or reduction of the employee's hours of employment, COBRA continuation coverage under the Plan's medical program generally can last for only up to a total of 18 months. However, COBRA coverage under the medical expense reimbursement program can last only until the end of the year in which the qualifying event occurred – see the paragraph below entitled "Limitations on COBRA Continuation of Medical Expense Reimbursement Benefits."

The COBRA coverage periods described above are maximum coverage periods. COBRA coverage can end before the end of the maximum coverage periods described in this Notice for several reasons, which are described in the Plan's Summary Plan Description. There are two ways in which the period of COBRA coverage under the Plan's medical program coverage[s] resulting from termination of employment or reduction of hours can be extended. (The period of COBRA coverage under the medical expense reimbursement program cannot be extended under any circumstances.)

Disability extension of 18-month period of continuation coverage

If a qualified beneficiary is determined by the Social Security Administration to be disabled and you notify the Plan Administrator in a timely fashion, all of the qualified beneficiaries in your family may be entitled to receive up to an additional 11 months of COBRA continuation coverage, for a total maximum of 29 months. This extension is available only for qualified beneficiaries who are receiving COBRA coverage because of a qualifying event that was the covered employee's termination of employment or reduction of hours. The disability would have to have started at some time before the 61st day after the covered employee's termination of employment or reduction of hours and must last at least until the end of the period of COBRA coverage. The disability extension is available only if you notify the Plan Administrator in writing of the Social Security Administration's determination of disability within 60 days after the latest of:

- The date of the Social Security Administration's disability determination;
- The date of the covered employee's termination of employment or reduction of hours; and
- The date on which the qualified beneficiary loses or (would lose) coverage under the terms of the Plan as a result of the covered employee's termination of employment or reduction of hours.

You must also provide this notice within 18 months after the covered employee's termination of employment or reduction of hours in order to be entitled to a disability extension.

Send this notice to the Plan Administrator at the address shown above. **If you fail to notify the Plan Administrator of the Social Security determination within 60 days of the determination and prior to expiration of the 18-month continuation period, you will not be eligible for the 11-month extension.**

Second qualifying event extension of COBRA coverage

If your family experiences another qualifying event while receiving COBRA coverage because of the covered employee's termination of employment or reduction of hours (including COBRA coverage during a disability extension period as described above), the spouse and dependent children receiving COBRA coverage can get up to 18 additional months of COBRA coverage, for a maximum of 36 months, if the notice of the second qualifying event is properly given to the Plan. This extension may be available to the spouse and any dependent children receiving COBRA coverage if the employee or former employee dies, becomes entitled to Medicare benefits (under Part A, Part B, or both), gets divorced or legally separated, or if the dependent child stops being eligible under the Plan as a dependent child but only if the event would have caused the spouse or dependent child to lose coverage under the Plan had the first qualifying event not occurred. This extension due to a second qualifying event is available only if you notify the Plan Administrator in writing of the second qualifying event within 60 days after the later of 1) the date of the second qualifying event; and 2) the date on which the qualified beneficiary would lose coverage under the terms of the Plan as a result of the second qualifying event (if it had occurred while the qualified beneficiary was still covered under the Plan). **If you fail to give this notice within the 60-day period, you will not be eligible for the second qualifying event extension.**

Limitations on COBRA Continuation of Medical Expense Reimbursement Benefits

You may maintain continuation coverage for medical expense reimbursement benefits only through the end of the plan year in which the event causing you to lose coverage occurs. Additionally, continuation coverage for medical expense reimbursement benefits will only be available if the maximum amount you are required to pay for such continuation coverage is less than the maximum benefit available to you under the medical expense reimbursement program for the remainder of the plan year.

More information about individuals who may be qualified beneficiaries

Children born to or placed for adoption with the covered employee during COBRA coverage.

A child born to, adopted by, or placed for adoption with a covered employee during a period of COBRA coverage is considered to be a qualified beneficiary provided that, if the covered employee is a qualified beneficiary, the covered employee has elected COBRA coverage for himself or herself. The child's COBRA coverage begins when the child is enrolled in the Plan, whether through special enrollment or open enrollment, and it lasts for as long as COBRA coverage lasts for other family members of the employee. To be enrolled in the Plan, the child must satisfy the otherwise applicable plan eligibility requirements (for example, regarding age).

Alternate Recipients under QMCSOs

A child of the covered employee who is receiving benefits under the Plan pursuant to a qualified medical child support order (QMCSO) received by the employer during the covered employee's period of employment with the employer is entitled to the same rights to elect COBRA as an eligible dependent child of the covered employee.

If you have questions

Questions concerning your Plan or your COBRA coverage rights should be addressed to the contact or contacts identified below. For more information about your rights under ERISA, including COBRA, the Health Insurance Portability and Accountability Act (HIPAA), and other laws affecting group health plans, contact the nearest Regional or District Office of the U.S. Department of Labor's Employee Benefits Security Administration (EBSA) in your area or visit the EBSA website at www.dol.gov/ebsa. (Addresses and phone

numbers of Regional and District EBSA Offices are available through the EBSA's website - www.dol.gov/ebsa.)

Keep Your Plan Informed of Address Changes

In order to protect your family's rights, you must notify the Plan Administrator in writing of any changes in the addresses of family members, or change in your marital status. You should also keep a copy, for your records, of any notices you send to the Plan Administrator.

Plan Contact Information

You may obtain information about the Plan and COBRA coverage on request from:

Hope College
Attn: Connie VanderZwaag, Benefits Manager
Hope College
100 East 8th Street, Suite 210
Holland, MI 49423
Telephone: (616)395-7818

The contact information for the Plan may change from time-to-time. The most recent information will be included in the Plan's most recent Summary Plan Description. If you do not have a copy you may request one from the employer.